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INDEX FUNDS
Simple Investing. Broad Market Participation.

What is an Index Fund?

An index fund is a mutual fund that aims to replicate the performance of a particular market index, such as the Nifty 50 or Nifty Midcap 150. Instead of actively selecting stocks to outperform the market, it follows the index's composition and weighting methodology, subject to tracking differences.

Why consider index funds?

1. **Low Expense Ratio:**
   Index funds generally have lower expense ratios than comparable actively managed funds because they require less active research and portfolio management.
2. **Rule-Based Investing:**
   Index funds follow a defined methodology rather than relying on a fund manager's stock-selection decisions. This can help reduce manager-selection uncertainty.
3. **Suitable for Long-Term Wealth Creation:**
   For investors seeking market-linked growth over a suitable investment horizon, index funds can be a useful component of a diversified portfolio.
4. **Diversification in One Investment:**
   A single fund provides exposure to multiple companies represented in its underlying index, reducing dependence on any one stock. The degree of diversification depends on the index.

Is an Index Fund Always Better?

Not necessarily. Index funds aim to deliver returns broadly in line with their benchmark, less expenses and tracking difference. Active funds seek to outperform their benchmarks through research and stock selection.

In certain market segments, particularly small caps or more specialised categories, skilled active management may offer advantages. The outcome depends on the fund, its costs, the benchmark and market conditions.

The objective is not to choose passive over active in every situation, but to choose the right investment approach for the right market segment.

Market Based Index Funds:

Sl. No.	Name of Index	5 Year Total Return	Top 5 Stocks	Top Performers
1.	Nifty Next 50	11.44%	1. Divi's Laboratories 2. TVS Motor Company 3. Hindustan Aeronautics 4. Tata Motors 5. Adani Power	1. SBI Nifty Next 50 Index Fund 2. Kotak Nifty Next 50 Index Fund
2.	Nifty 100	7.06%	1. HDFC Bank 2. ICICI Bank 3. Reliance Industries 4. Bharti Airtel 5. Larsen & Toubro	1. Axis Nifty 100 Index Fund 2. HDFC Nifty 100 Index Fund
3.	Nifty Midcap 150	14.76%	1. Multi Commodity Exchange of India 2. Federal Bank 3. Laurus Labs 4. One 97 Communications 5. Hero MotoCorp	1. Motilal Oswal Nifty Midcap 150 Index Fund 2. Nippon India Nifty Midcap 150 Index Fund

Sectoral Index Funds:

1. **Healthcare Index Funds:** The healthcare sector benefits from long-term demand for medical services, pharmaceuticals, diagnostics and healthcare infrastructure, driven by rising healthcare needs and greater health awareness.

2. **Financial Services ex-Bank Index Funds:** These funds provide exposure to non-banking financial businesses such as insurance, NBFCs and other financial institutions, offering diversification within the financial services sector beyond traditional banks.

Sl. No.	Name of Index	5 Year Total Return	Top 5 Stocks	Top Performers
1.	Nifty Healthcare	13.17%	1. Sun Pharmaceutical Industries 2. Divi's Laboratories 3. Apollo Hospitals Enterprise 4. Laurus Labs 5. Cipla	1. DSP Nifty Healthcare Index Fund 2. ICICI Pru Nifty Pharma Index Fund
2.	Nifty Financial Services Ex-Bank	10.18%	1. Bajaj Finance 2. Shriram Finance 3. BSE 4. Bajaj Finserv 5. Multi Commodity Exchange of India	1. Kotak Nifty Financial Services Ex Bank Index Fund

Gold ETF Fund of Funds:

Why Consider Gold ETF Fund of Funds (FoFs) in Your Portfolio?

- **Portfolio Diversification:** Gold can complement equity and debt investments, as its price movements may differ from those of financial assets.
- **Hedge Against Uncertainty:** Gold is often considered during periods of geopolitical tensions, economic uncertainty and market volatility, although its price can also decline.
- **Convenience:** A Gold ETF FoF allows investors to invest in gold through a mutual fund without needing a Demat account.
- **Long-Term Portfolio Balance:** A measured gold allocation may help diversify portfolio risks, depending on market conditions and the investor's overall asset allocation.

Top Performing Gold ETF FOFs:

Sl. No.	Name of Gold ETF FOF	5 Year Return
1.	HDFC Gold ETF FOF	25.06%
2.	SBI Gold Fund	24.84%
Benchmark: Domestic Price of Physical Gold		**26.30%**

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Regards,
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* Mutual funds are subject to market risks. Please read all scheme-related documents carefully before investing. Past performance does not indicate future results. Investments are subject to market fluctuations, and there is no assurance of returns.