



# Nifty50

Journey of 25 Years (1995 - 2021)



## Introduction

Nifty 50 Index is a broad-based index consisting of 50 blue chip large and liquid stocks listed on the National Stock Exchange of India. Since inception, the Nifty 50 Index has successfully become the 'stock of the nation', helping investors gauge the pulse of Indian capital market. It has lived up to its core purpose of providing a

fair representation of the Indian equity market focusing on portfolio diversification, liquidity and replicability. Over the years, the Nifty 50 has become the most widely used benchmark for exchange traded products on Indian equity market.

## Evolution of Nifty 50

Nifty 50 Index has an inception date of November 3, 1995. The index was constructed using a unique concept of impact cost, which helps in the selection of highly liquid stocks and results in the creation of a replicable index. Initially, index constituents were weighted based on their full market capitalization, however, starting June 26, 2009, the index computation was changed to free float methodology.

At inception, Nifty 50 constituents captured 33.7% of full market capitalization and 62.2% of turnover of active traded equities on NSE. Over the years, market representation in terms of full market capitalization by Nifty 50 constituents has grown to 53.2%, and in terms of turnover, representation is currently 32.5% of active traded equities on NSE.

### Nifty 50 Attributes across years

Nifty 50 Attributes across years	2021	2015	2005	1995
Market Representation by Full MCAP (%)*	53.2	57.6	57.9	33.7
Market Representation by Average Turnover (%)*	32.5	45.1	42.2	62.2
Cumulative weight of top five stocks (%)	41.2	34.7	38.5	31.7
Cumulative weight of bottom five stocks (%)	2.2	1.7	2	1.8

\*Based on 6-month average as of Dec 31 (except for 2021 which is as of Nov 30). Weights for 2021 are as of December 15, 2021; Weights for 2015, 2005 and 1995 are as of December 31 for the respective year. Weights for 2021 and 2015 are calculated based on Free-Float market capitalization; Weights for 2005 and 1995 are based on Full market capitalization.

The Nifty 50 currently has exposure to 13 sectors. Since Nifty 50 index's inception, the weights of sectors have changed over time due to evolving market dynamics. For example, the IT sector was not represented at the time of inception, but as of December 15, 2021, it represents

17.9% of weight in the index. Similarly, weights of stocks from the financial services sector have grown from 20% to 37%, while weights of Consumer goods and Metals sectors have declined from 19.0% to 10.8% and 10.9% to 3.4% respectively over the same time period.

### Sector composition of Nifty 50 across years

Sector	2021	2015	2005	1995
FINANCIAL SERVICES	37.0	31.0	12.8	20.0
IT	17.9	16.3	20.0	-
OIL & GAS	11.9	9.1	25.0	9.8
CONSUMER GOODS	10.8	10.1	8.0	19.0
AUTOMOBILE	5.1	9.9	6.8	12.2
METALS	3.4	2.8	5.5	10.9
PHARMA	3.3	7.3	4.2	2.7
CONSTRUCTION	3.0	3.7	1.8	4.5

## Sector composition of Nifty 50 across years

Sector	2021	2015	2005	1995
CEMENT & CEMENT PRODUCTS	2.5	2.8	2.5	5.5
TELECOM	2.2	2.2	6.3	-
POWER	1.8	2.6	1.5	2.0
SERVICES	0.7	0.8	1.1	1.1
FERTILISERS & PESTICIDES	0.5	-	-	1.9
TEXTILES	-	-	-	2.2
CHEMICALS	-	-	0.8	5.8
CONSUMER SERVICES	-	-	-	1.9
MEDIA, ENTERTAINMENT & PUBLICATION	-	0.8	0.5	-
INDUSTRIAL MANUFACTURING	-	0.5	3.1	0.6

Weights for 2021 are as of December 15, 2021; Weights for 2015, 2005 and 1995 are as of December 31 for the respective year. Weights for 2021 and 2015 are calculated based on Free-Float market capitalization; Weights for 2005 and 1995 are based on Full market capitalization.

## 12 companies present in Nifty 50 since inception

Reliance Industries Ltd.	Hindustan Unilever Ltd.	Tata Motors Ltd.
HDFC Bank Ltd.	ITC Ltd.	Tata Steel Ltd.
Housing Development Finance Corporation Ltd.	State Bank of India	Hindalco Industries Ltd.
ICICI Bank Ltd.	Bajaj Auto Ltd.	Larsen & Toubro Ltd.

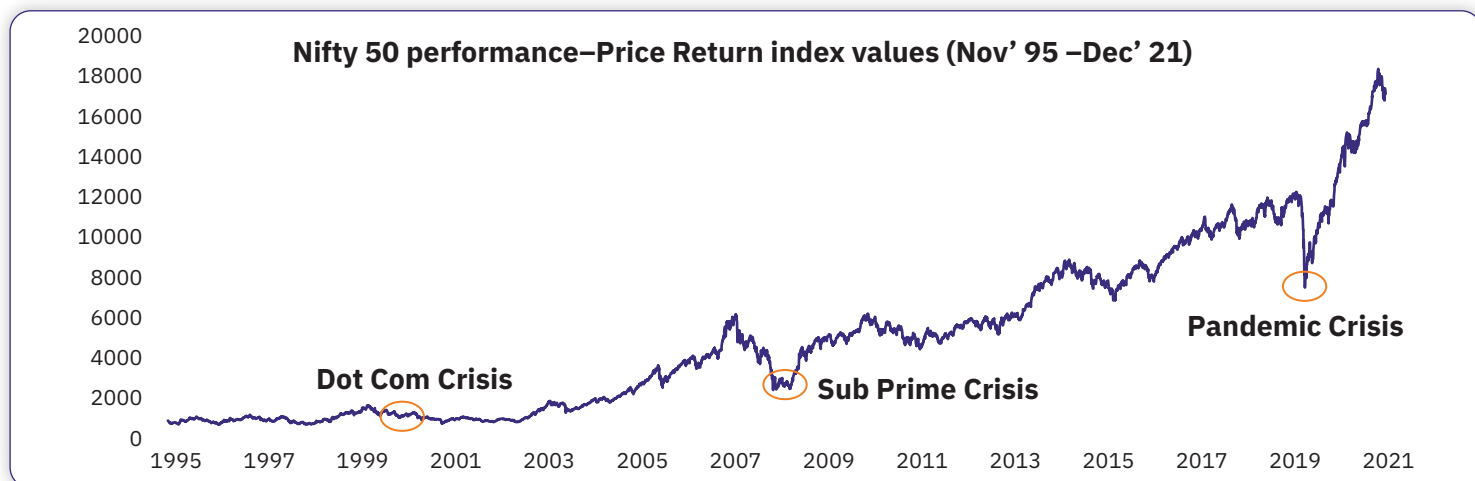
Each of the 12 companies in the above table was present on the inception date of the Nifty 50 in November 1995

and are currently still in the Nifty 50 as of December 15, 2021.

## Nifty 50 Total Return index Performance

Since June 30, 1999, the Nifty 50 Total Return (TR) index has given annualized returns of 14.2% CAGR with annualized volatility of 22.9%. TR index assumes dividends are reinvested in the index and hence represent both Price Return (PR) and Dividend return. The Nifty 50 TR

index has returned 11.8% CAGR, 17.6% CAGR and 28.4% CAGR over the last 15 years, 5 years and 1 year respectively. Volatility has been 22% over the last 15 years, 18.2% over the last 5 years and 15.8% over the last 1 year. All data are as of December 15, 2021.



## Return and Volatility Profile of Nifty 50 TR index (As of Dec 15, 2021)

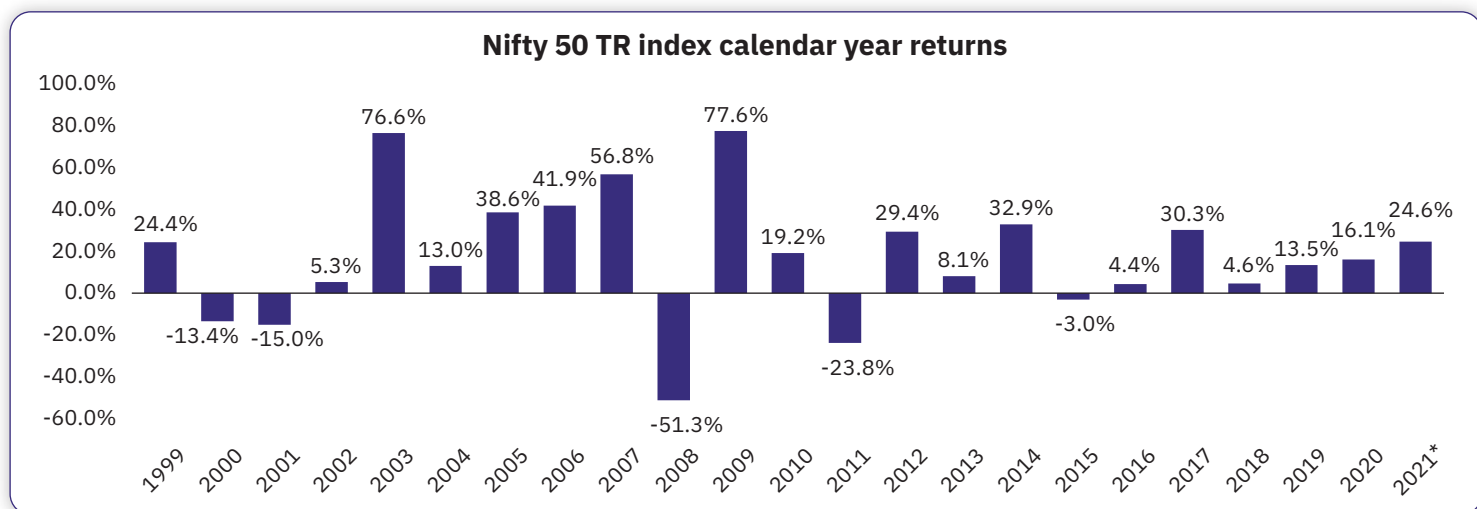
Period	Returns	Volatility
Since June 30, 1999	14.2%	22.9%
15 Years	11.8%	22.2%
10 Years	15.2%	17.0%
7 years	12.5%	17.5%
5 years	17.6%	18.2%
3 years	18.2%	21.7%
1 Year	28.4%	15.8%

Returns data is CAGR returns as of Dec 15, 2021

## Calendar Year Returns for Nifty 50 TR index

In terms of calendar year returns between 1999 and 2020, the Nifty 50 TR index has given positive returns in 17 out of 22 calendar years. Returns were between 0 to 20% in 8 calendar years, 20 to 40% in 5 calendar years

and exceeded 40% in 4 calendar years. Out of the 5 calendar years where the Nifty 50 TR index had negative returns, returns were between 0 to -20% in 3 calendar years and less than -20% in 2 calendar years.



Data for the year 1999 is from Jun 30, 1999 to Dec 30, 1999. \*Data for 2021 is till December 15, 2021

## Rolling Returns for Nifty 50 TR index

### Percentage of total instances of positive and negative returns on a daily rolling basis

Investment Horizon	Nifty 50 TR index					
	Negative returns	Positive returns				
		<0% CAGR	>=0% CAGR	0-5% CAGR	5-10% CAGR	10-15% CAGR
10 years	0.0%	100.0%	0.0%	20.0%	32.1%	47.9%
7 years	0.0%	100.0%	0.1%	19.9%	40.3%	39.8%
5 years	0.1%	99.9%	6.5%	24.3%	31.4%	37.7%
3 years	7.6%	92.4%	10.1%	20.2%	24.6%	37.5%
2 years	20.0%	80.0%	10.7%	12.9%	11.1%	45.4%
1 year	25.8%	74.2%	8.0%	9.0%	11.4%	45.8%

Data as of Dec 15, 2021

The Nifty 50 TR index has delivered positive returns 74%-92% of the time over horizons of 1, 2 and 3 years, based on daily rolling return analysis. As the investment horizon increased to 5 years and longer, the frequency of outperformance approached 100% for 7-year and 10-year horizons. For the 7-year investment horizon,

based on daily rolling return analysis, the Nifty 50 TR index has delivered a return of more than 15% p.a. for 39.8% of the time. Likewise, for the 10-year investment horizon, based on daily rolling return analysis, the Nifty 50 TR index has delivered a return of more than 15% p.a. for 47.9% of the time.

## Passive funds launched on Nifty 50 Index

### Domestic Presence - ETFs

Nifty 50 is the most widely used ETF benchmark in the Indian domestic market with 16 ETFs accounting for 52% of total equity ETF AUM tracking Indian domestic

markets. The total AUM of all the ETFs tracking the Nifty 50 index is Rs. 163,287 Cr as of November 30, 2021.

Sr. No	Scheme Name	Aum (in Rs. Cr.)	Sr. No	Scheme Name	Aum (in Rs. Cr.)
1	SBI ETF Nifty 50	118,703	9	Aditya Birla SL Nifty ETF	443
2	UTI-Nifty ETF	31,396	10	Tata Nifty Exchange Traded Fund	371
3	Nippon India ETF Nifty BeES	5,113	11	AXIS Nifty ETF	64
4	ICICI Pru Nifty ETF	3,088	12	Invesco India Nifty ETF	60
5	Kotak Nifty ETF	1,581	13	Motilal Oswal M50 ETF	27
6	HDFC Nifty 50 ETF	1,123	14	Indiabulls Nifty50 Exchange Traded Fund	16
7	Mirae Asset Nifty 50 ETF	649	15	IDFC Nifty ETF	16
8	LIC MF ETF NIFTY	625	16	Quantum Nifty ETF	12

Source: CMOTS. Data as of November 30, 2021

### Domestic Presence – Index Funds

There are 18 Index funds on the Nifty 50 index in the Indian domestic market. The total AUM of Index funds on Nifty 50 is Rs. 16,105 Cr. which accounts for 52% of

the total equity Index Fund AUM as of November 30, 2021.

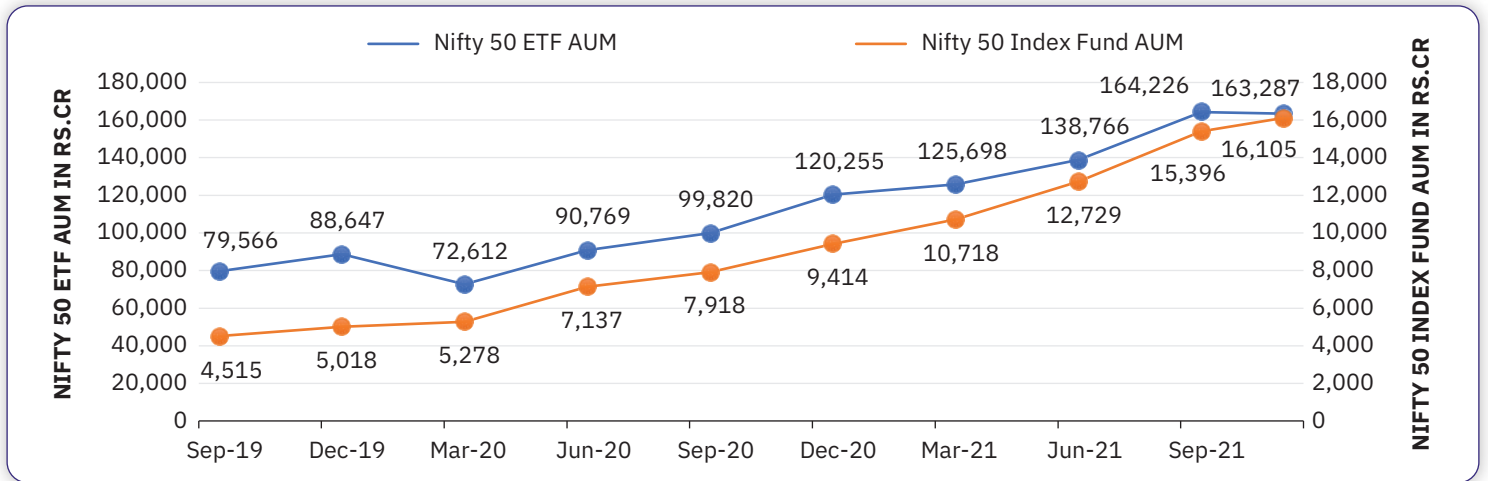
Sr. No	Scheme Name	Aum (in Rs. Cr.)	Sr. No	Scheme Name	Aum (in Rs. Cr.)
1	UTI-Nifty Index Fund	5,455	10	Tata Index Nifty Fund	208
2	HDFC Index Fund-Nifty 50 Plan	4,164	11	Navi Nifty 50 Index Fund	153
3	ICICI Pru Nifty Index Fund	2,287	12	DSP Nifty 50 Index Fund	133
4	SBI Nifty Index Fund	1,643	13	Motilal Oswal Nifty 50 Index Fund	115
5	Franklin India Index Fund-NSE Nifty Plan	447	14	Kotak Nifty 50 Index Fund	107
6	Nippon India Index Fund - Nifty	405	15	L&T Nifty 50 Index Fund	80
7	IDFC Nifty Fund	335	16	LIC MF Index Fund - Nifty Plan	50
8	Aditya Birla SL Index Fund	296	17	Edelweiss Nifty 50 Index Fund	11
9	IDBI Nifty Index Fund	213	18	Taurus Nifty Index Fund	2

Source: CMOTS. Data as of November 30, 2021

## ETF and Index Fund AUM trend of Nifty 50

The total AUM of ETFs on Nifty 50 stands at Rs. 163,287 Cr as of November 30, 2021 as against Rs. 79,566 Cr as of September 30, 2019, which has grown at ~39% CAGR. The total AUM of Index Funds on Nifty 50 stands

at Rs. 16,105 Cr as of November 30, 2021 as against Rs. 4,515 Cr as of September 30, 2019, which has grown at ~80% CAGR.



Source: CMOTS; Data as of November 30, 2021

### International Presence - ETFs

Global ETF providers like iShares and DWS Xtrackers have chosen Nifty 50 as a benchmark to launch ETFs on Indian markets. There are 7 international ETFs based on

Nifty 50 with total AUM of USD 1.07 Bn as of November 2021.

Sr. No	ETF Name	Aum (USD Mn)	Sr. No	ETF Name	Aum (USD Mn)
1	iShares India ETF	717	5	ETFs NAM India Nifty 50 ETF	24
2	Next Funds Nifty 50 Linked ETF	134	6	Fubon Nifty 50 ETF	18
3	Xtrackers Nifty 50 Swap ETF	127	7	KSM ETF Nifty 50	2
4	Kiwoom KOSEF Synth India ETF	49			

Source: ETFGI; Data as of November 2021

### Derivatives on Nifty 50

Derivatives on Nifty 50 Index are currently traded on 3 exchanges globally, namely

1. NSE

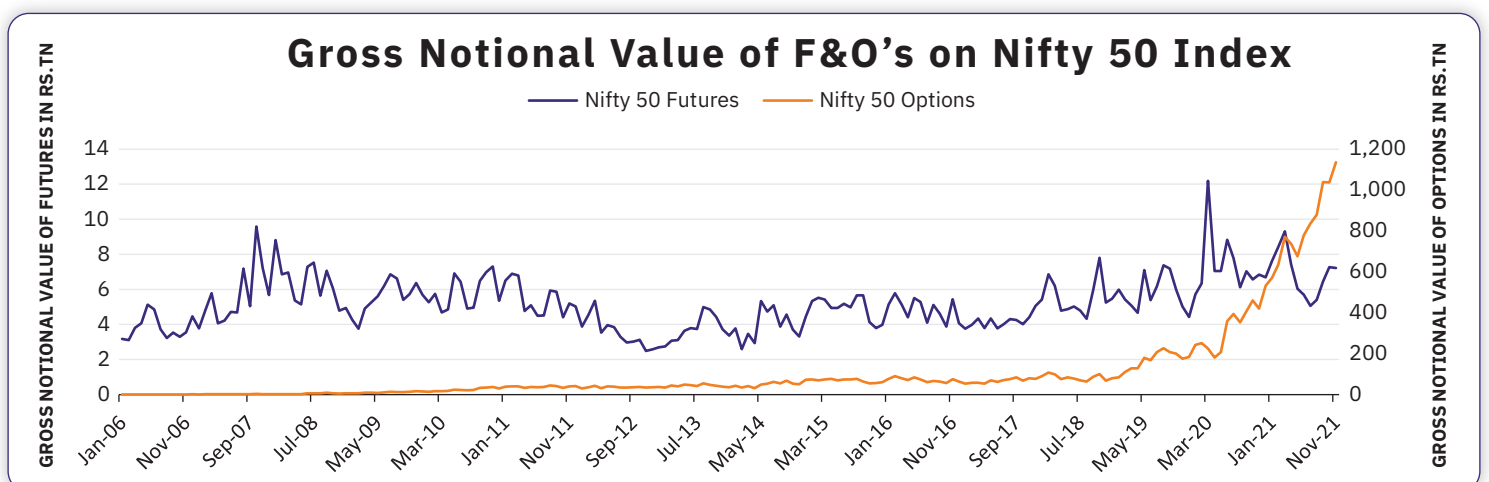
2. NSE IFSC

3. Singapore Stock Exchange

#### Domestic presence:

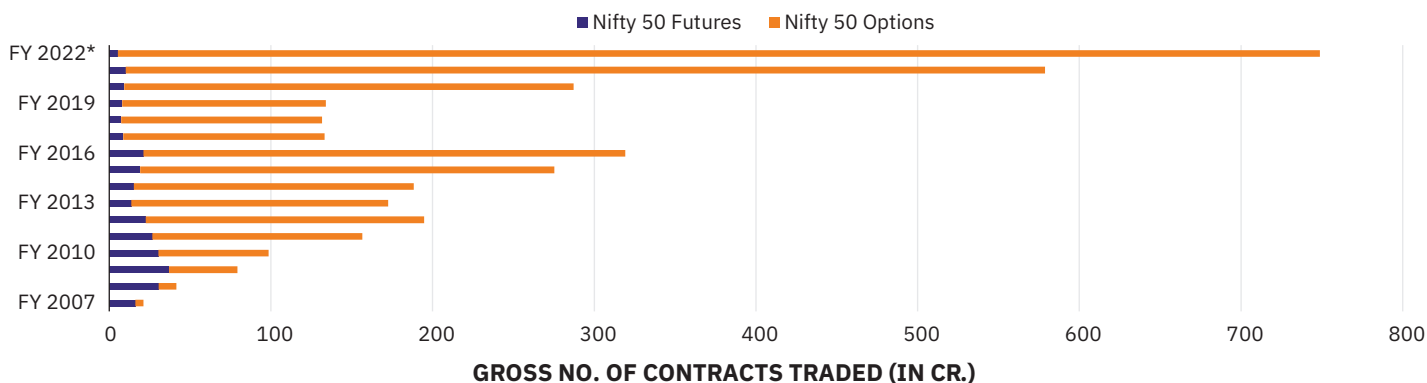
Futures and options contracts on Nifty 50 are widely traded on National Stock Exchange of India Ltd. (NSE). Since 2006, average monthly notional value of Nifty 50

futures and options is Rs. 5.2 Tn. and Rs. 111.0 Tn. respectively.



Data period from January 2006 till November 2021; Based on Gross Notional turnover value

### Gross No. of contracts traded (in Cr.) in F&O on Nifty 50 Index



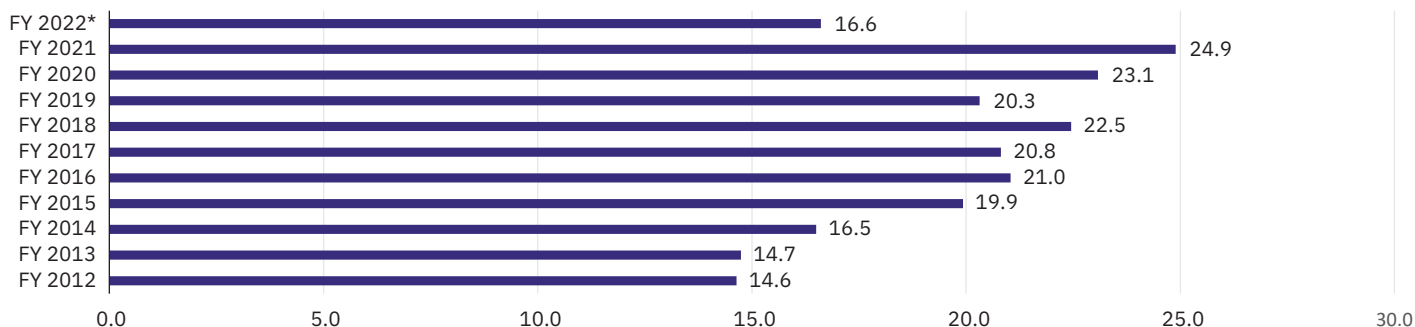
Data period from April 2006 till November 2021. \*From April 2021 to November 2021

### International Market:

On Singapore stock exchange, no. of contracts traded have consistently increased from 14.6 Mn. in FY 2011-12 to 16.6 Mn. in FY 2021-22 YTD till November

2021. Since April 2011, 19.5 Mn. contracts have traded on average in a financial year.

### No. of Contracts traded on Nifty 50 futures at Singapore Stock Exchange (in Mn.)

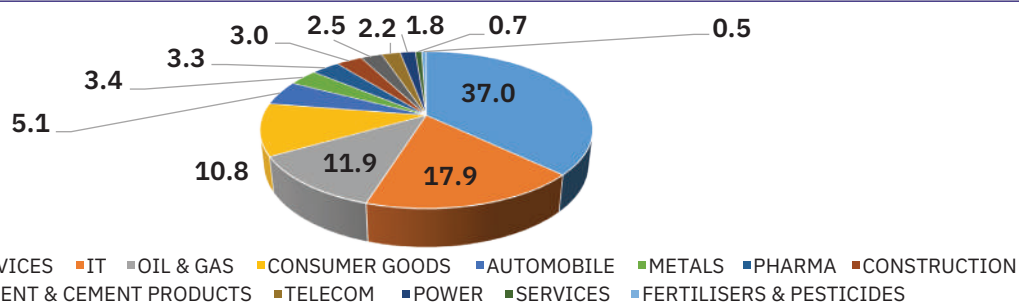


Source: Data period from Apr 2011 – Nov 2021. \*From April 2021 to November 2021

## Current Characteristics of Nifty 50

Nifty 50 index constituents have an aggregate average full market capitalization of Rs. 132.4 lakh Cr. and aggregate average daily turnover of ~Rs. 25,000 Cr. based on 6-month average data November 2021 ended. Current constituents of Nifty 50 capture 63.4% of free float market capitalization and 32.5% of turnover of the entire equity market. As of December 15, 2021, the Nifty 50 traded at a P/E of 23.75 (calculated using consolidated earnings) and P/B of 4.3. As of December 15, 2021, the top 10 stocks by weight contribute to 58.3% and bottom 10 stocks contribute to

5% by weight in the Nifty 50 Index. Currently there are 5 stocks with weight greater than 5%, with Reliance Industries Ltd. having the highest weight of 10.27%. There are a total of 26 stocks in the Nifty 50 which contribute more than 1% by weight. As of December 15, 2021, the Nifty 50 consists of stocks from 13 sectors. The Financial Services sector with 11 constituents, has the highest weightage of 37%. The IT sector with 5 constituents has next highest weight of 18%.



Data as of December 15, 2021

## Nifty 50 Methodology

The Nifty 50 Index tracks the performance of a portfolio of 50 largest and most liquid Indian securities. Top 50 companies are selected from the universe of Nifty 100 based on free-float market capitalization and liquid companies having average impact cost of 0.50% or less for 90% of the observations for a basket size of Rs. 10 Crores. The constituents should have derivative contracts available on NSE.

Nifty 50 is re-balanced on semi-annual basis. The cut-off date is January 31 and July 31 of each year, i.e. for semi-annual review of indices, average data for six months ending the cut-off date is considered. Four weeks prior notice is given to market from the effective date.

## Do You Know Facts?

There are 12 companies which are part of Nifty 50 since inception

1

Across 25 years, there have been 101 inclusions in Nifty 50, averaging 4 per year.

2

There are 7 ETFs based on Nifty 50 listed internationally having AUM of USD 1.07 Bn.

3

Derivatives on Nifty 50 index are traded on 3 exchanges globally

4



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