

Headline: Small Investors enter markets via ETFs	All Editions
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TRACKING | TRENDS

■ Investment in Nifty ETFs increased by nearly six times in financial year 2016

Small investors enter markets via ETFs

DC CORRESPONDENT
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Exchange Traded Funds (ETFs) are gaining popularity among small investors in India with equity-based ETFs seeing a huge jump in assets under management over the past one year. The ETFs based on Nifty-50 index have seen a fivefold increase in AUM in FY16. The total AUM of Nifty ETFs as at the end of March 31, 2016 stood at ₹8,533 crore as compared to ₹1,251 crore as on March 31, 2015.

ETFs are group of securities, which are traded

like individual stocks on an exchange. ETFs can track equity indices, bonds and commodities among others. A small time retail investor can buy ETFs for as little as about ₹100 and these can be bought and sold as a share on the exchange with a minimum trading lot of one unit. These instruments also carry a lower management costs when compared to mutual funds.

"ETFs are well researched, relatively small value and low-cost products. This product suits the need of retail investors. We believe that current and

upcoming ETFs benchmarked to the Nifty family of indices will give various investment options to the retail investors and will be instrumental in wealth creation," said Mukesh Agarwal, CEO, India Index Products & Services Limited (IISL).

The total AUM of equity based ETF has reached ₹15,066 crore in FY16, up 52 per cent from ₹7,231 crore in FY15. The AUM of ETFs benchmarked to Nifty now commands an impressive market share of 85 per cent.

"Over the last 2-3 years, an increasing number of

small investors have taken exposure to the market through ETF. This has also improved liquidity in these counters making it easier for investors to enter and exit the market. Earlier, only gold ETFs enjoyed good liquidity in the market. Moreover, the ability to take exposure to a basket of stocks, which are part of either Sensex or Nifty at a very nominal amount has also made the product more attractive. This trend is expected to gain further strength in coming days," said Uday Narayan Dubey, vice president, wealth at Value Plus.

WHAT IS ETF?

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WHAT ARE THE BENEFITS?

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