

 **Nifty50**

Capturing the pulse of the nation

July 2024





Introduction

India, being a developing economy, has exponential growth potential, which makes it an attractive investment destination globally. One way to participate in India's growth story is through investment in Indian blue-chip companies.

Blue-chip companies are renowned for their stability, reliability and long - standing reputation in the financial markets. These firms are typically industry leaders with established track records of profitability. Investing in blue-chip companies is often a cornerstone of a diversified investment portfolio, offering investors a sense of security and steady returns amidst market volatility.

These companies are characterized by large market capitalizations and greater liquidity. These companies

contribute to the economy by generating employment, increasing production, attracting foreign capital and providing stability and confidence to the financial markets of a country. The Nifty 50 includes fifty of the largest and most actively traded stocks across various sectors listed on the NSE. It serves as a barometer of the Indian equity market and is widely used by investors, analysts, and fund managers to gauge the performance of the country's blue-chip companies. It has played a pivotal role in helping investors assess the pulse of the Indian Capital Market in the last 28 years. Although comprising of only 50 stocks, it represents approximately 57% of the free-float market capitalization of all stocks listed on the NSE.

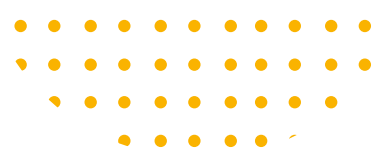
About Nifty 50 Index

The Nifty 50 index has a base date of November 03, 1995. It represents the country's top 50 blue-chip companies across various sectors. The weight of each stock in the index is based on its free-float market

capitalization. The index is reviewed on a semi-annual basis in March and September using 6-month average data as of January 31, and July 31 respectively. The index construction steps are highlighted below:

Exhibit 1: Nifty 50 index methodology





Coverage of the Nifty 50 index:

The Nifty 50, comprising 50 blue chip companies, collectively represent approximately 47% of the total full market capitalization, around 57% of the total free-float market capitalization, and approximately

28% of the total liquidity of all the traded equity stocks on the NSE, based on a 6-month average as of March 28, 2024.

Exhibit 2: Coverage of the Nifty 50 viz-a-viz all listed and permitted to trade equity stocks on NSE



*Based on 6-month average March 28, 2024 ended data





Evolution of Nifty 50

Since its inception in November 1995, the Nifty 50 index has witnessed remarkable growth in its market capitalization coverage, expanding from 33.7% to 47.35% of the total traded equities at the National Stock Exchange (NSE) as of March 2024.

In terms of turnover coverage, the Nifty 50 index has also experienced notable changes over the years. Initially standing at 62.2% in November 1995, the average turnover coverage has moderated to 28.34% as of March 2024.

Exhibit 3: Nifty 50 attributes across years

Nifty 50 Attributes across years						
Attributes (%)	2024 [^]	2019	2014	2009	2005	1995
Market Representation by Full MCAP (%) *	47.35%	58.55%	59.00%	59.15%	57.90%	33.70%
Market Representation by Average Turnover (%) *	28.34%	56.01%	43.89%	52.39%	42.20%	62.20%
Cumulative weight of top five stocks (%)	39.00%	41.34%	34.19%	38.47%	38.50%	31.70%
Cumulative weight of bottom five stocks (%)	3.00%	2.00%	1.78%	2.26%	2.00%	1.80%

* Weight for 2024[^] is as of last trading day of March, weight for 2019, 2014, 2009, 2005 and 1995 are as of last trading day of December. Weights for 2024, 2019 and 2014 are calculated based on Free-Float market capitalization; Weights for 2009, 2005 and 1995 are based on Full market capitalization. Market representation of the Nifty 50 for 2024 is calculated based on 6-month March 2024 ended avg. full mcap and avg. turnover data, Market representation of the Nifty 50 for 2019, 2014, 2009, 2005 & 1995 is calculated based on 6-month December ended avg. full mcap and avg. turnover data for the respective years.

Sectoral composition of the Nifty 50 vis-à-vis overall listed market

The Nifty 50 portfolio provides sectoral exposure pattern that is broadly similar to the one observed in the

universe of all traded equity stocks on the NSE as depicted in Exhibit 4.

Exhibit 4: Sector exposure of Nifty 50 viz-a-viz all traded equity stocks at NSE

Macro-Economic Sector	Nifty 50 (%)	All listed & permitted to trade equity stocks on NSE (%)
Financial Services	33.53	27.91
Information Technology	13.04	15.79
Energy	12.87	9.28
Consumer Discretionary	10.49	9.17
Fast Moving Consumer Goods	8.15	8.97
Commodities	5.80	7.91
Industrials	4.52	7.04
Healthcare	4.44	5.84
Telecommunication	3.25	3.75
Utilities	2.90	2.35
Services	1.00	1.82
Diversified	-	0.18

Source : NSE Indices. *All data as on March 28, 2024



Sectoral exposure of the Nifty 50 index

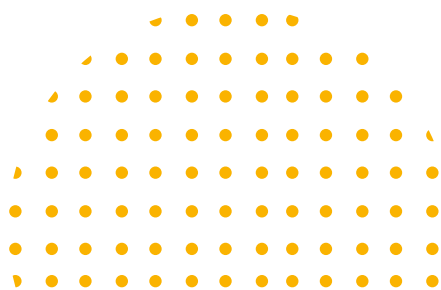
Understanding the sectoral composition is essential for assessing the index's diversification and risk profile. As on March 28, 2024, the Nifty 50 index has exposure to 13 sectors. Financial Services (33.53%), Information Technology (13.04%) and Oil, Gas & Consumable Fuels

(12.87%) are the highest weighted sectors of the Nifty 50 index. There are 11 companies in Financial Services sector with weights ranging from 0.67% to 11.07%. Construction Materials and Services are the lowest weighted sectors in the index.

Exhibit 5: Sectoral exposure of the Nifty 50 Index

Sr. No	Sector	No. of stocks in the sector	Weight of the stocks in the sector (%)			
			Total weight	Minimum weight	Maximum weight	Average weight
1	Financial Services	11	33.53	0.67	11.07	3.05
2	Information Technology	6	13.04	0.46	5.44	2.17
3	Oil, Gas & Consumable Fuels	4	12.87	0.58	10.22	3.22
4	Fast Moving Consumer Goods	5	8.15	0.59	3.86	1.63
5	Automobile and Auto Components	6	7.58	0.56	1.87	1.26
6	Construction	1	4.52	4.52	4.52	4.52
7	Healthcare	5	4.44	0.45	1.78	0.89
8	Metals & Mining	4	3.79	0.80	1.31	0.95
9	Telecommunication	1	3.25	3.25	3.25	3.25
10	Consumer Durables	2	2.92	1.30	1.61	1.46
11	Power	2	2.90	1.28	1.62	1.45
12	Construction Materials	2	2.00	0.86	1.14	1.00
13	Services	1	1.00	1.00	1.00	1.00
	Total	50	100.00	0.45	11.07	1.99

Source: NSE Indices; Data as on March 28, 2024





Sector composition of Nifty 50 across years

Since inception, the weights of sectors in the Nifty 50 index 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 March 28, 2024, it represents 13.04% of weight in the index. Similarly, weights of stocks from the financial services

sector have grown from 20% at inception to 33.53% now, while weights of Fast-Moving Consumer goods and Metals & Mining sectors have declined from 19.0% to 8.15% and 10.9% to 3.79% respectively over the same time-period.

Exhibit 6: Sectoral composition of Nifty 50 across years

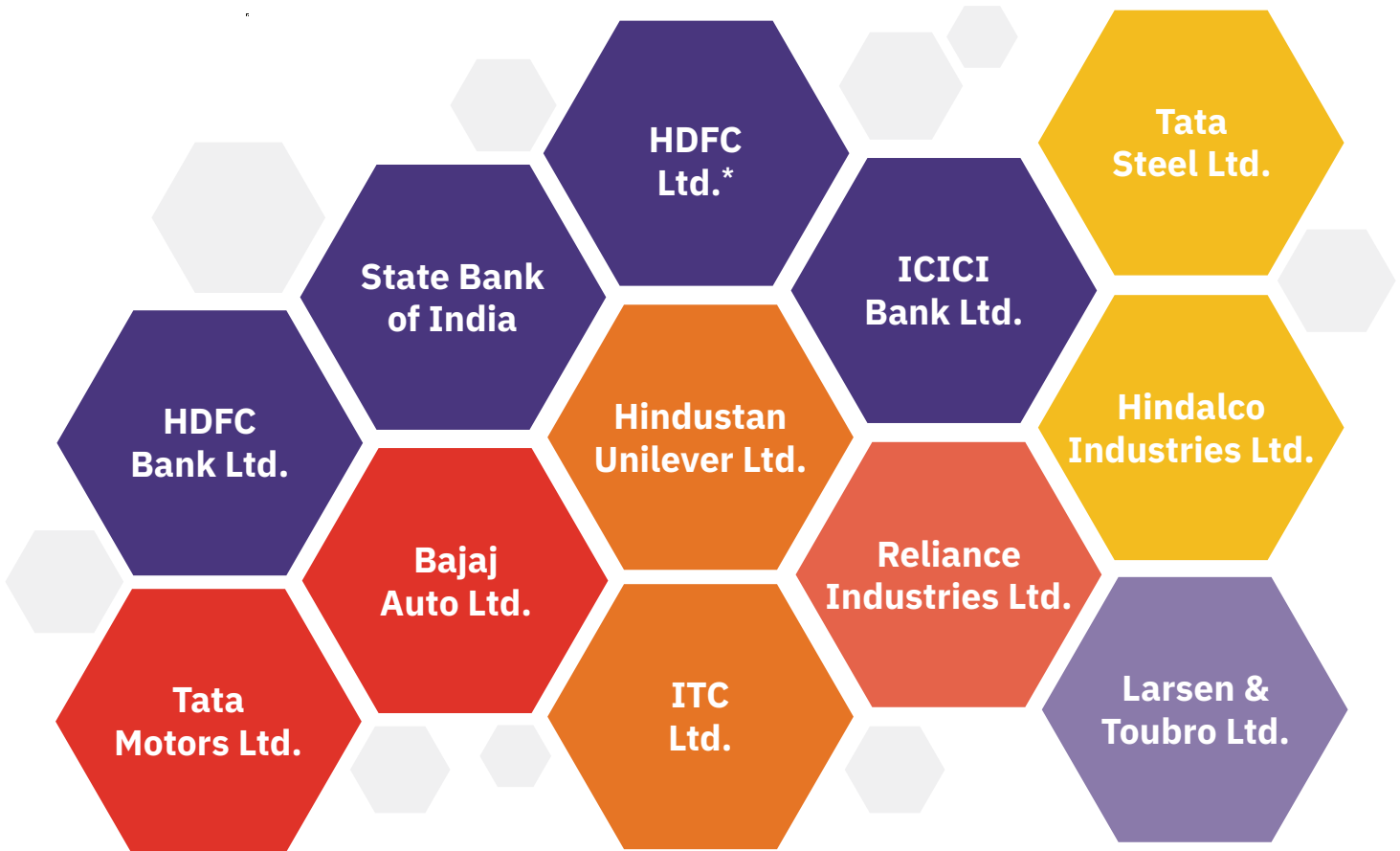
Sector	2024*	2019	2014	2009	2005	1995
Financial Services	33.53	41.98	31.74	22.65	12.80	20.00
Information Technology	13.04	12.77	15.72	12.57	20.00	-
Oil, Gas & Consumable Fuels	12.87	12.51	9.25	17.89	25.00	9.80
Fast Moving Consumer Goods	8.15	11.24	10.48	6.10	8.00	19.00
Automobile and Auto Components	7.58	5.72	9.29	5.24	6.80	12.20
Construction	4.52	3.20	4.58	8.24	1.80	4.50
Healthcare	4.44	2.11	6.05	2.37	4.20	2.70
Metals & Mining	3.79	3.25	4.03	8.81	5.50	10.90
Telecommunication	3.25	2.15	1.74	4.05	6.30	-
Consumer Durables	2.92	-	-	-	-	-
Power	2.90	1.95	2.68	4.69	1.50	2.00
Construction Materials	2.00	1.49	2.84	3.36	2.50	5.50
Services	1.00	0.56	-	-	1.10	1.10
Chemicals	-	0.64	-	-	0.80	7.70
Media, Entertainment & Publication	-	0.44	0.74	-	0.50	-
Capital Goods	-	-	0.86	4.04	3.10	0.60
Textiles	-	-	-	-	-	2.20
Consumer Services	-	-	-	-	-	1.90

Weights of the sectors are as on December 31 for the respective year. Weights for 2024, 2019 and 2014 are calculated based on Free-Float market capitalization; Weights for 2005 and 1995 are based on Full market capitalization. *Weight of sector for 2024 are as of March 28, 2024 based on Free-Float market capitalization.



Twelve companies present in Nifty 50 since inception

Exhibit 7: Companies present in Nifty 50 since inception



Each of the 12 companies in the above table have been in the index from inception till March 28, 2024.
 *HDFC Ltd. was part of the Nifty 50 index until its merger with HDFC Bank Ltd. in July 2023.

Nifty 50 Index Performance

Exhibit 8: Performance of Nifty 50 since inception

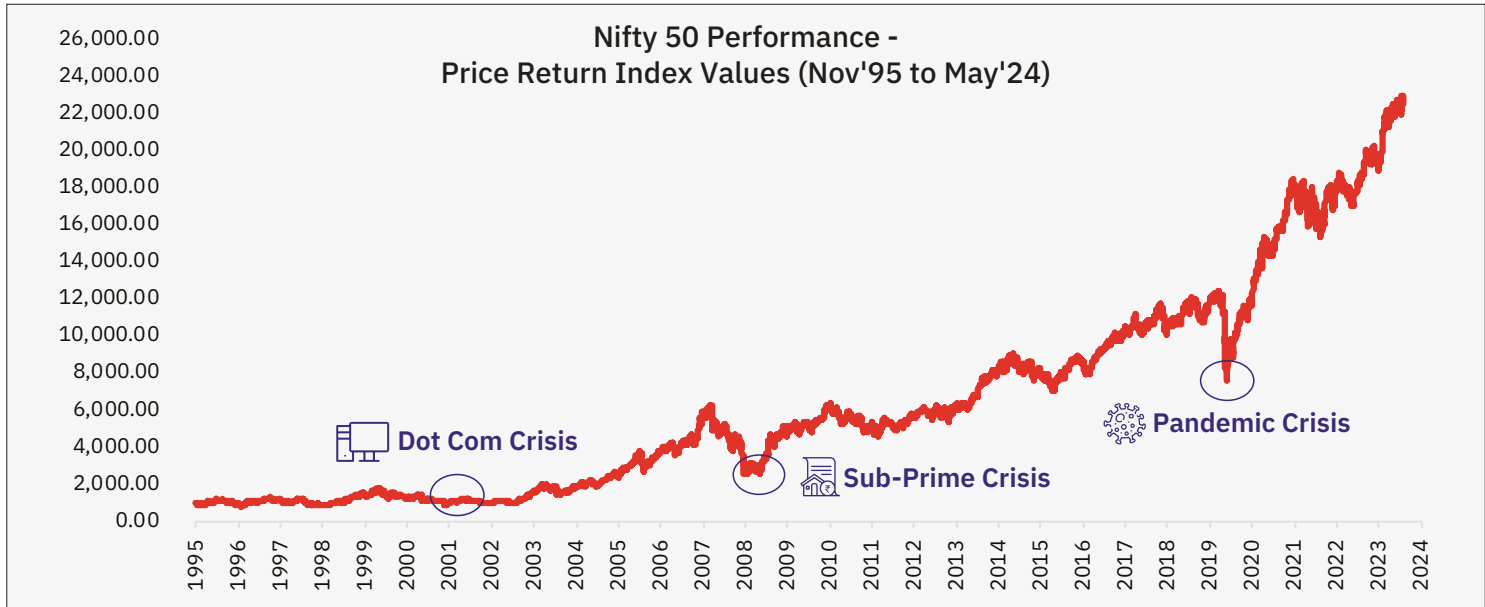




Exhibit 9: Annualized return and volatility profile of Nifty 50 TR index

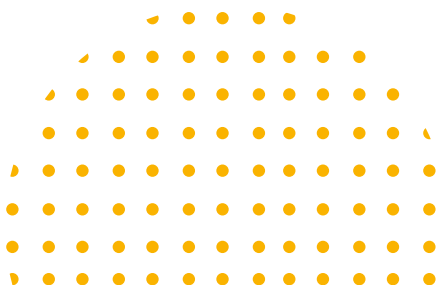
Annualised Return and Annualised Volatility Profile of Nifty 50 TR index (As of March 31, 2024)			
Period	Returns	Volatility	Return to Risk
Since Inception (June 30, 1999)	14.10%	22.25%	0.63
15 years	15.63%	18.05%	0.87
10 years	14.16%	16.48%	0.86
7 years	14.93%	17.21%	0.87
5 years	15.28%	19.07%	0.80
3 years	16.31%	13.71%	1.19
1 year	30.08%	9.77%	3.08

Returns are calculated based on TR index values. Returns greater than one year are annualized, the returns up to one year are absolute returns; The TR values of the Nifty 50 index are available from June 30, 1999.

Since June 30, 1999, the Nifty 50 Total Return (TR) index has delivered annualized returns of 14.10% with annualized volatility of 22.25%. TR index assumes dividends are reinvested in the index and hence represents both Price Return (PR) and Dividend return. The Nifty 50 TR index has delivered a 15.63% CAGR, 15.28% CAGR and 30.08% CAGR over the last 15 years, 5 years and 1 year respectively. In September of 2023, the Nifty 50 crossed the 20,000 mark. Volatility has

been 18.05% over the last 15 years, 19.07% over the last 5 years and 9.77% over the last 1 year. Over the last 3 years, the Nifty 50 index had a return to risk ratio of 1.19.

While the volatility of the index returns has varied, overall, the index has maintained a reasonable risk-return profile.



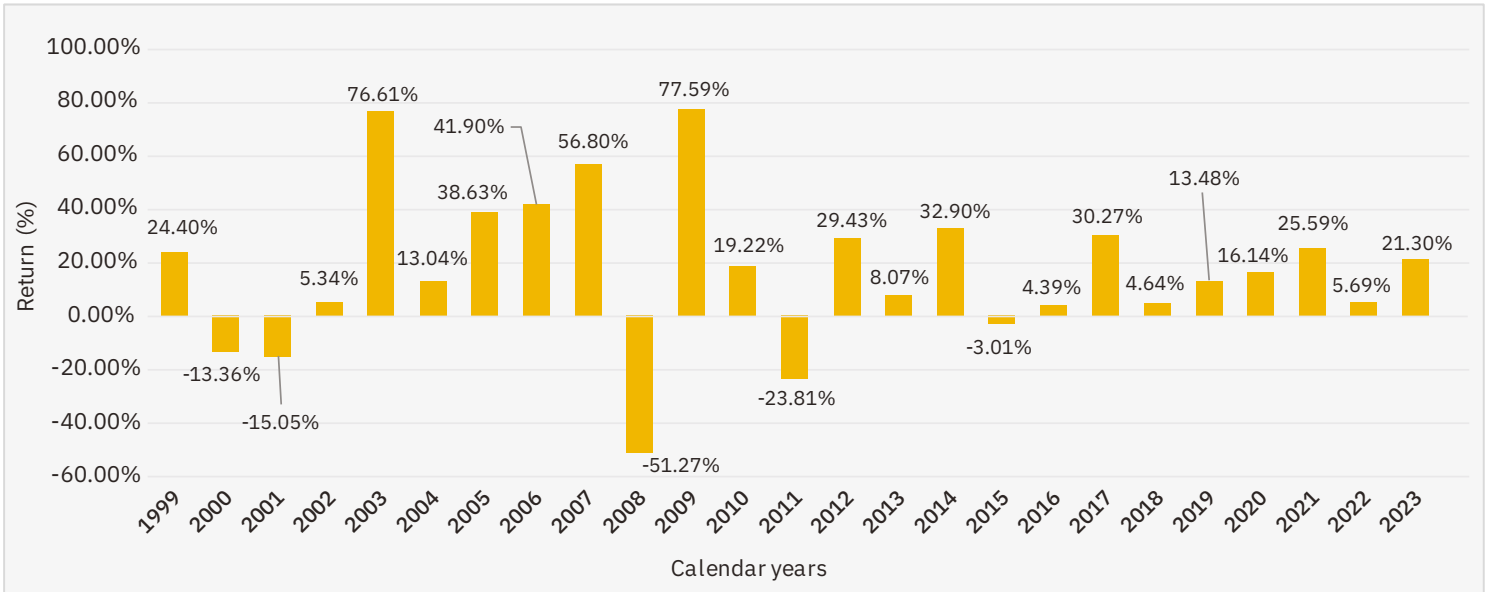


Calendar Year Returns for Nifty 50 TR index

The Nifty 50 TR index showed a mix of positive and negative returns over the last 25 years. It experienced significant volatility during the global financial crisis in 2008 but rebounded strongly in subsequent years. The

years 2013, 2015, 2016, 2018 and 2022 had relatively lower returns, while 2014, 2017, 2019, 2020, 2021, and 2023 witnessed stronger performance.

Exhibit 10: Calendar year performance of Nifty 50 TR index

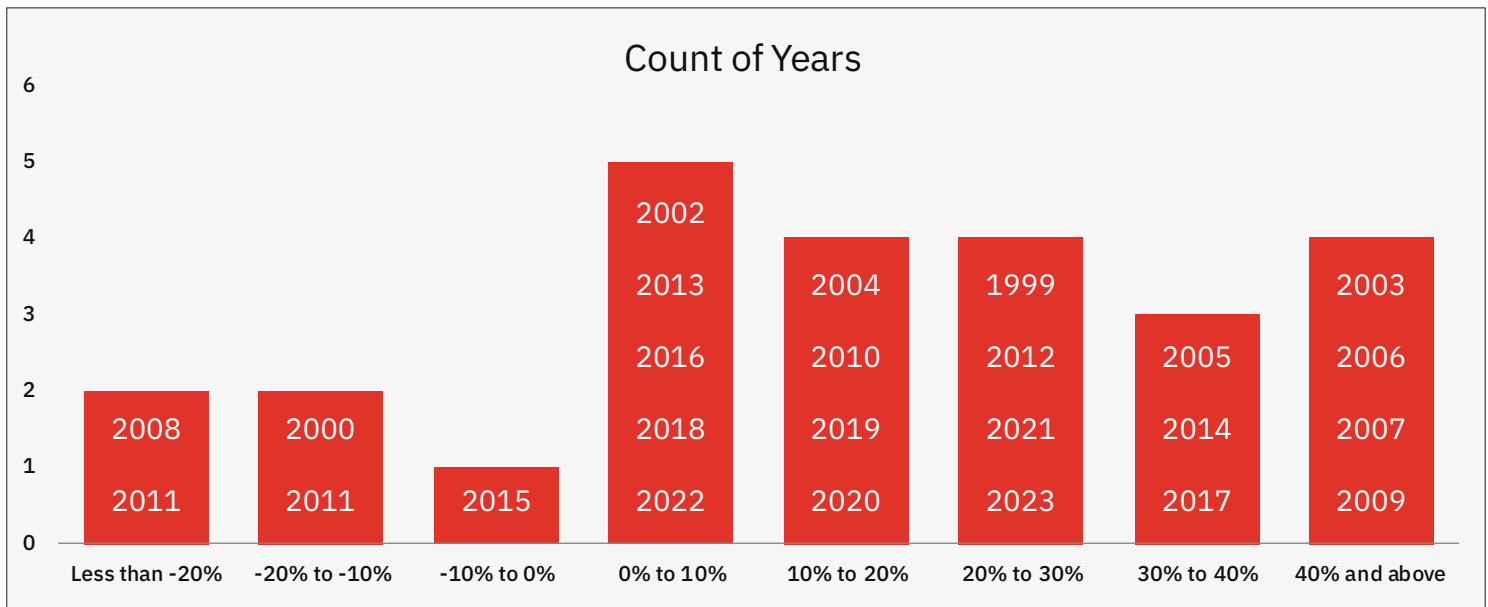


Return based on TR index values. Return for 1999 is calculated from June 30, 1999, to December 31, 1999. Return for 2024* is calculated from December 29, 2023 to March 28, 2024

The Nifty 50 TR index has delivered positive returns in 20 out of 25 calendar years. Returns were between 0% to 10% in 5 calendar years, 10% to 30% in 8 calendar years and exceeded 30% in 7 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.

Exhibit 11: Calendar year returns range of Nifty 50 TR index





Rolling Returns for Nifty 50 TR index

Exhibit 12: Daily rolling return analysis of the Nifty 50 TR index

Analysis based on daily rolling returns										
Investment Horizon	Percentage of total instances						Return Analysis			
	Negative returns	Positive returns					Return Attributes			
	<0% CAGR	>=0% CAGR	0-5% CAGR	5-10% CAGR	10-15% CAGR	>15% CAGR	Min CAGR	Max CAGR	Median CAGR	Average CAGR
10 years	0.0%	100.0%	0.0%	16.9%	41.5%	41.6%	5.13%	22.39%	14.24%	14.20%
7 years	0.0%	100.0%	0.0%	17.3%	45.6%	37.0%	4.90%	30.48%	13.57%	14.93%
5 years	0.1%	99.9%	5.8%	21.5%	36.3%	36.4%	-1.03%	47.21%	13.34%	15.33%
3 years	6.8%	93.2%	9.0%	18.1%	23.8%	42.3%	-15.22%	62.12%	13.35%	15.33%
2 years	18.0%	82.0%	9.9%	13.1%	13.2%	45.8%	-20.99%	64.76%	13.48%	15.09%
1 year	23.9%	76.1%	9.0%	10.2%	11.9%	44.9%	-55.38%	107.92%	13.01%	16.29%

Source: NSE Indices. Analysis period is from June 30, 1999 to March 28, 2024; Data based on TR index values.

The Nifty 50 TR index has delivered positive returns ~93% of the time over horizons of 3 years, based on daily rolling return analysis. As the investment horizon increased to 7 years and longer, the frequency of positive returns approached 100%. For the 10-year horizon, the maximum return was 22.39% and the minimum return was 5.13%, the average return being 14.20%. For the 7-year investment horizon, the Nifty 50 TR index has delivered an average return of 14.93% based on daily rolling return analysis, with a return of more than 15% p.a. for 37% of the time. Likewise, for the 5-year investment horizon, the Nifty 50 TR index delivered an average return of 15.33% based on daily

rolling return analysis, and a return of more than 15% p.a. for 36.4% of the time.

Overall, the analysis shows that for longer investment horizons, such as 10 years and 7 years, the Nifty 50 index has consistently delivered positive returns. The median and average CAGRs are relatively stable across different horizons, indicating a consistent performance by the index. However, for shorter-term horizons, such as 1 year and 2 years, the index has shown more variability in returns, with ~18% to ~24% instances experiencing negative returns.





FY 2024 the year in review:

a) Automobile and Auto Components, Financial Services and Oil, Gas & Consumable fuels were the top 3 contributors to the returns generated by Nifty 50 in FY 2024

The table below, summarizes the contribution of each sector to the total return of the index for the last financial year (2023-24). As can be seen, the Automobile and Auto Components, Financial Services and Oil, Gas and Consumable Fuels sectors have been among the best performers while the Chemicals Sector contributed negatively to the index return.

Diving deeper into these annual contributions, the table below also showcases the quarterly contribution of

each sector to the overall index return. The top performing sectors – Automobile and Auto Components and Oil, Gas and Consumable Fuels have given positive returns in each of the 4 quarters whereas the Financial Services Sector exhibited volatility with alternating positive and negative returns in each quarter. The Chemicals sector has consistently given negative returns in each quarter, thereby taking away from the annual return.

Exhibit 13: Sectoral Contribution to the Index Return

Sector	Annual Contribution	Quarterly Contributions			
	Mar'23 to Mar'24	Apr-Jun (Q1)	July-Sep (Q2)	Oct-Dec (Q3)	Jan-Mar (Q4)
Oil, Gas & Consumable Fuels	6.09%	1.09%	0.56%	1.42%	1.96%
Financial Services	4.74%	4.06%	-0.97%	2.81%	-1.32%
Automobile and Auto Components	4.39%	1.36%	0.40%	0.94%	1.25%
Construction	2.53%	0.49%	0.81%	0.71%	0.30%
Information Technology	2.53%	0.05%	0.92%	1.41%	-0.08%
Healthcare	1.94%	0.49%	0.35%	0.28%	0.61%
Power	1.71%	0.22%	0.40%	0.59%	0.35%
Metals & Mining	1.62%	0.50%	0.29%	0.58%	0.10%
Telecommunication	1.55%	0.42%	0.15%	0.31%	0.52%
Fast Moving Consumer Goods	1.36%	1.50%	-0.36%	0.89%	-0.69%
Consumer Durables	0.82%	0.66%	-0.05%	0.38%	-0.21%
Services	0.75%	0.11%	0.09%	0.18%	0.25%
Construction Materials	0.64%	0.15%	0.09%	0.38%	-0.03%
Chemicals	-0.17%	-0.02%	-0.04%	-0.02%	-0.07%

Source: NSE FixedIn attribution tool



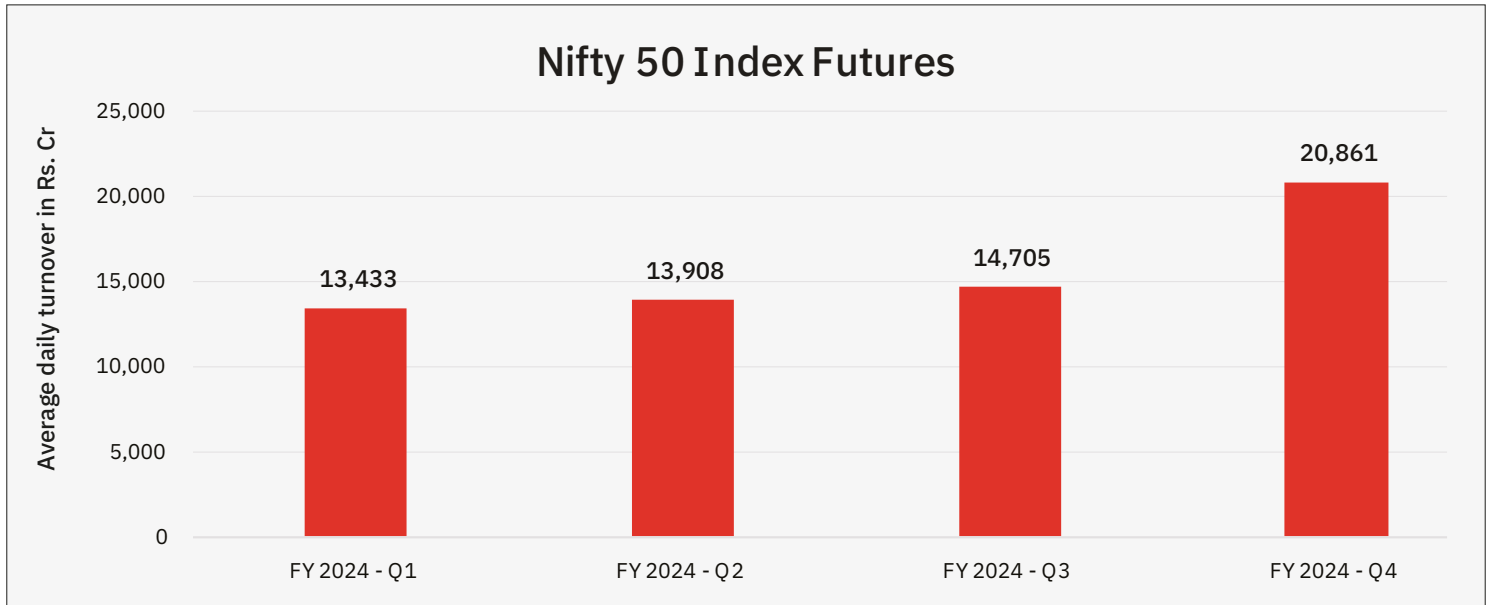


b) Derivatives on Nifty 50 index:

Nifty 50 is one of the actively traded instruments on the NSE's derivatives segment. The average daily turnover of the Nifty 50 index futures has increased from Rs.

13,433 Cr in Q1 of FY 2024 to Rs. 20,861 Cr in Q4 of FY 2024.

Exhibit 14: Average Daily Turnover of the Nifty 50 Index futures traded on NSE's derivative segment in FY 2024

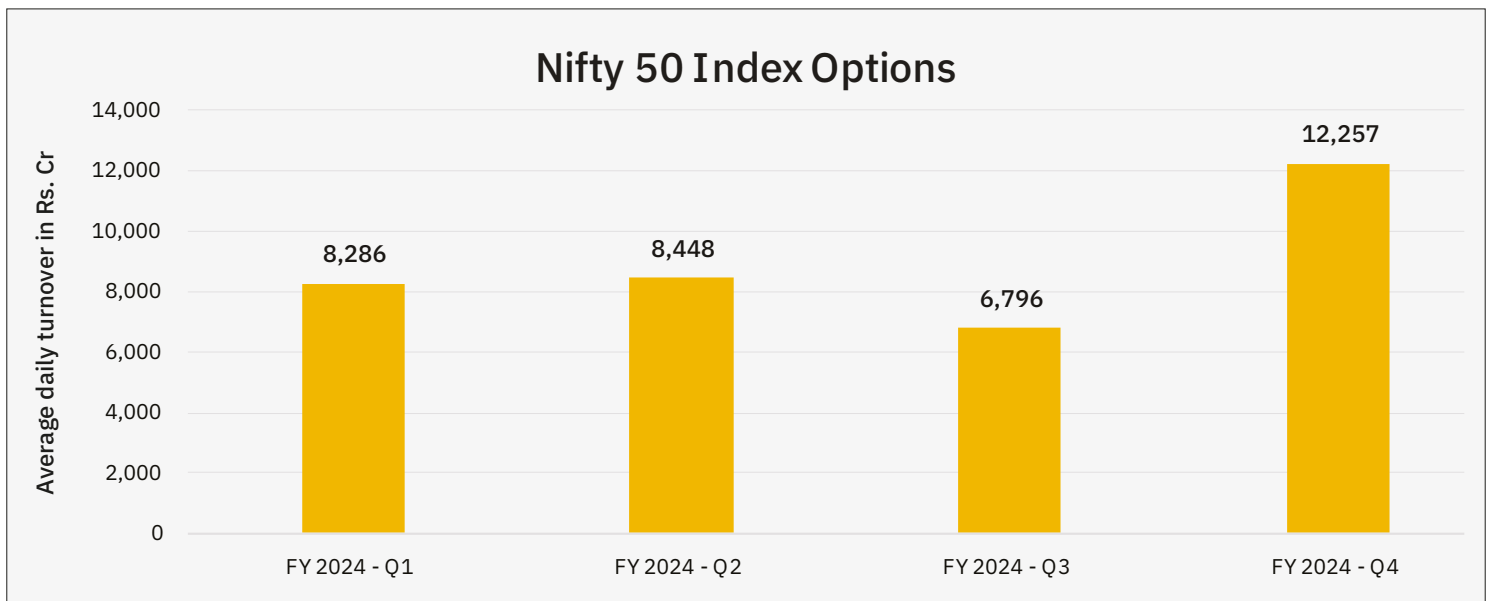


Source: NSE

The average daily premium turnover of the Nifty 50 index options has increased from Rs. 8,286 Cr in Q1 of

FY 2024 to Rs. 12,257 Cr in Q4 of FY 2024

Exhibit 15: Average Daily Premium Turnover of the Nifty 50 Index Option on NSE's derivative segment in FY 2024



Source: NSE



c) Passive funds on Nifty 50 Index

Domestic Presence

As on March 28, 2024, there are 274 passive funds in India with a total AUM of Rs. 6.67 trillion. Out of these 274 passive funds, there are 152 ETFs and 122 index funds tracking the equity indices with a total AUM of Rs. 5.63 trillion and Rs.1.03 trillion respectively. There are 37 passive funds (18 ETFs and 19 index funds) tracking the Nifty 50 index with a total AUM Rs.

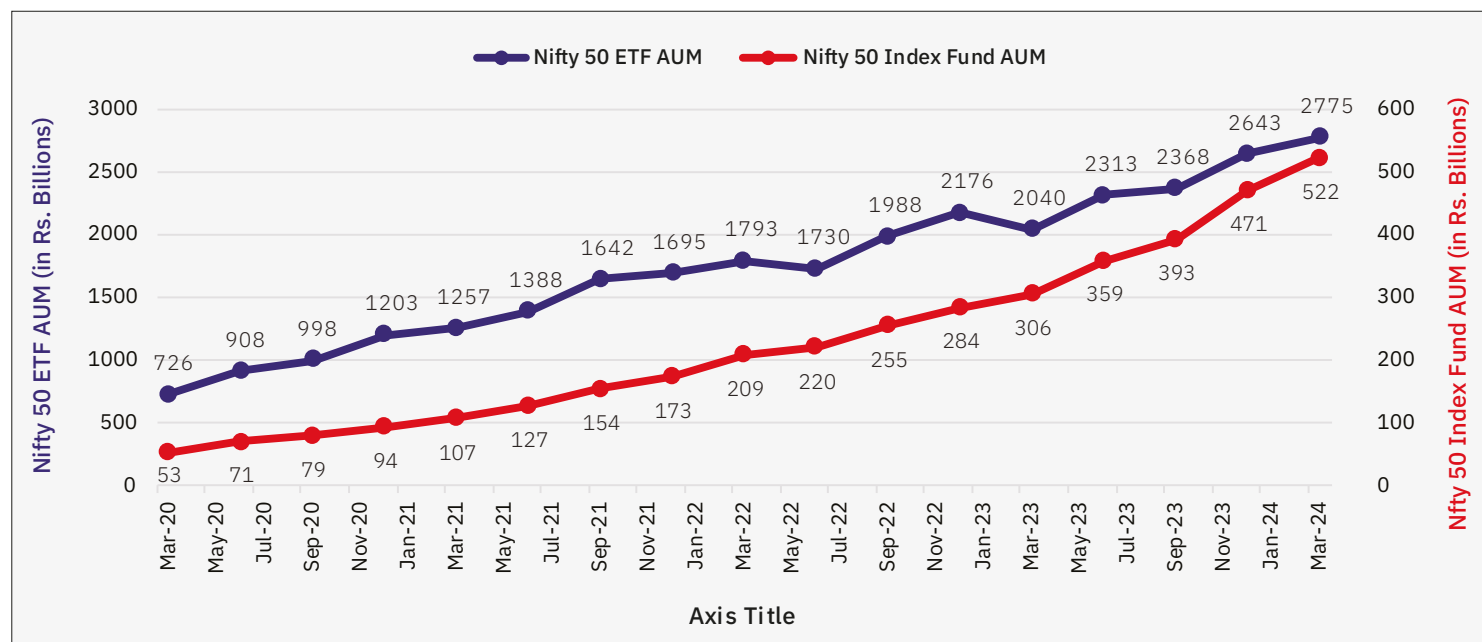
3297 billion (Rs. 2775 billion AUM of the Nifty 50 ETFs and Rs. 522 billion AUM of Nifty 50 Index funds). The AUM of ETFs tracking the Nifty 50 index accounts for 49 % of the total equity ETF AUM and the AUM of Index funds tracking the Nifty 50 accounts for 50% of the total equity index fund AUM as of March 28, 2024.

Exhibit 16: AUM of the ETFs and Index Funds on Nifty 50 index

Sr. No	Mutual Fund	ETFs AUM in Rs. Billion	Index Fund AUM in Rs. Billion
1	SBI Mutual Fund	1770	69
2	UTI Mutual Fund	502	162
3	Nippon India Mutual Fund	237	15
4	ICICI Prudential Mutual Fund	140	72
5	HDFC Mutual Fund	32	128
6	Mirae Asset Mutual Fund	23	-
7	Kotak Mahindra Mutual Fund	23	6
8	Aditya Birla Sun Life Mutual Fund	22	8
9	LIC Mutual Fund	8	3
10	Axis Mutual Fund	6	4
11	Tata Mutual Fund	6	7
12	DSP Mutual Fund	3	5
13	Invesco Mutual Fund	1	-
14	Bajaj Finserv Mutual Fund	1	-
15	Quantum Mutual Fund	1	-
16	Motilal Oswal Mutual Fund	0	5
17	Bandhan Mutual Fund	0	12
18	Navi Mutual Fund	0	17
19	Franklin Templeton Mutual Fund	-	7
20	HSBC Mutual Fund	-	2
21	Baroda BNP Paribas Mutual Fund	-	1
22	Edelweiss Mutual Fund	-	1
23	Taurus Mutual Fund	-	0
	Total	2775	522

Source: CMOTS. Data as of March 28, 2024.

Exhibit 17: Trend in AUM of the ETFs and Index Funds linked to Nifty 50 index for last 3 years



Source: CMOTS; Data as of March 28, 2024

International Presence – ETFs & Index Funds

There are 9 international ETFs based on Nifty 50 with total AUM of USD 2266 Mn and 6 international index funds with total AUM of USD 855 Mn as of March 28, 2024.

Exhibit 18: AUM of the international ETFs and index funds on the Nifty 50 index

Sr. No	Issuer Name	ETF/Index Fund	AUM (USD Mn)
1	iShares (Blackrock)	ETF	869
2	Nomura Asset Management	ETF	395
3	Mirae Asset Global Investments	ETF	233
4	Samsung Asset Management Co Ltd	ETF	227
5	DWS Group (DWS)	ETF	195
6	Kiwoom Asset Management	ETF	154
7	Fubon Asset Management	ETF	93
8	Global X Management (AUS) Limited	ETF	79
9	KSM Mutual Funds Ltd.	ETF	22
10	Daiwa Asset Management Co. Ltd.	Index Fund	729
11	Mitsubishi UFJ Asset Management	Index Fund	71
12	Sumitomo Mitsui Trust Holdings	Index Fund	24
13	Norinchukin Zenkyoren Asset Management	Index Fund	20
14	au Asset Management Corporation	Index Fund	11
15	T&D Asset Management Co. Ltd	Index Fund	1

Source: ETFGI; Data as of March, 2024.



Signing off.....



The Nifty 50, comprising 50 large Indian companies, is India's flag ship Index, these 50 companies collectively represent approximately 47% of the total full market capitalization, around 57% of the total free-float market capitalization, and approximately 28% of the total liquidity of all the traded equity stocks at the NSE, based on a 6-month average data as of March 28, 2024.



As of March 28, 2024, the Financial Services, Information Technology, and Oil, Gas and Consumable Fuels sectors dominate the composition of the Nifty 50 index, with their weights collectively adding up to 59.44%.



From June 30, 1999, till March 28, 2024, the Nifty 50 index has delivered 14.10% CAGR with annualized volatility of 22.25%.



The Nifty 50 index has delivered positive returns in 20 out of 25 calendar years.



On a daily rolling return basis, the Nifty 50 has delivered positive returns, 100% of the time over the longer horizon periods of 7 years and 10 years.



Automobile and Auto Components, Financial Services and Oil, Gas and Consumable Fuels were among the top contributors to the index return in the last financial year while the Chemicals sector contributed negatively.



The impressive growth in AUM of the passive funds on the Nifty 50 reflects the increasing adoption and recognition of the Nifty 50 as a preferred benchmark in the Indian equity market. As of March 28, 2024, there are 37 passive funds (18 ETFs and 19 Index Funds) tracking the Nifty 50 index with a total AUM of Rs. 3297 billion.

For more information on the Index methodology and factsheet, please visit us at www.nseindia.com

About NSE Indices Limited:

NSE Indices Limited (formerly known as India Index Services & Products Ltd. - IISL), a subsidiary of NSE, provides a variety of indices and index related services for the capital markets. The company focuses on the index as a core product. The company owns and manages a portfolio of indices under the Nifty brand of NSE, including the flagship index, the Nifty 50. Nifty equity indices comprise of broad-based benchmark indices, sectoral indices, strategy indices, thematic indices and customised indices. NSE Indices Limited also maintains

fixed income indices based on Government of India securities, corporate bonds, money market instruments and hybrid indices. Many investment products based on Nifty indices have been developed within India and abroad. These include index based derivatives traded on NSE and NSE International Exchange IFSC Limited (NSE IX) and a number of index funds and exchange traded funds. The flagship 'Nifty 50' index is widely tracked and traded as the benchmark for Indian Capital Markets.

For more information, please visit: www.niftyindices.com

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