



Nifty 50 : Journey to 20,000

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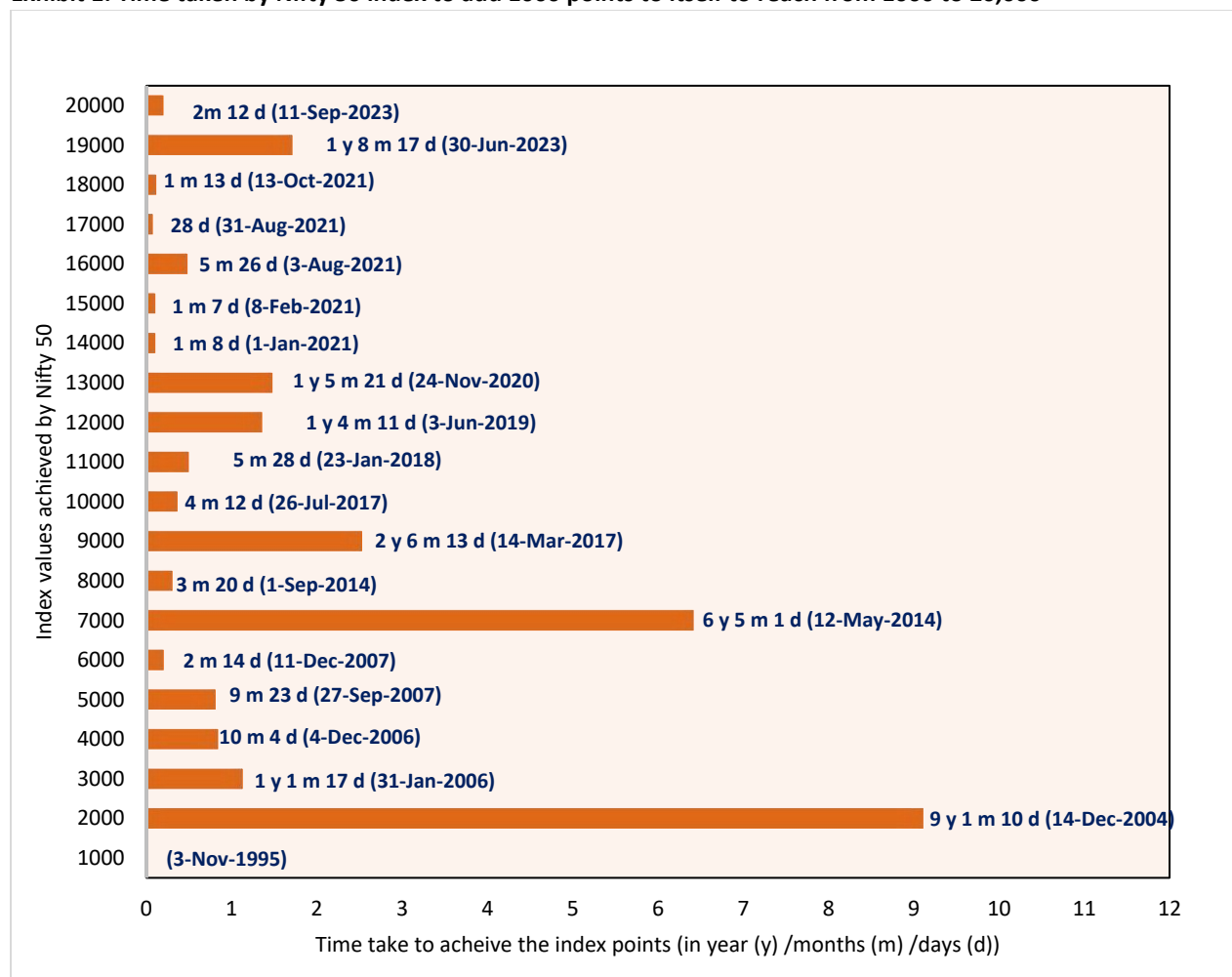
Nifty 50 Index is a broad-based index consisting of 50 blue chip large and liquid stocks traded on the National Stock Exchange of India. Since its inception in November 1995, the Nifty 50 Index has successfully become the 'stock of the nation', helping investors gauge the pulse of Indian capital market. 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. Nifty 50 collectively represents approximately 52% of the total full market capitalization and around 63% of the free float market capitalization of listed stocks on the NSE, based on 6 month average as of June 30,2023.

Over the last 27 years, the Nifty 50 has become the most widely used benchmark for exchange traded products on Indian equity market. It has gained immense popularity among domestic and international investors who rely on it to track the performance of the Indian equity market and make informed investment decisions.

Nifty50 - from 1,000 to 20,000 mark

Nifty 50, started its voyage in November 1995 with a base value of 1000 and touched 20,000 on September 11th, 2023, taking 27 years, 10 months and 8 days. The below graph depicts the incremental time that Nifty 50 index has taken to add 1000 points to itself to reach from 1000 to 20,000.

Exhibit 1: Time taken by Nifty 50 index to add 1000 points to itself to reach from 1000 to 20,000



As can be seen in the graph above, the index took 21 years and 8 months and 21 days to reach 10,000 on 26th July 2017. From 10,000 it took another 6 years and 1 month and 16 days to reach 20,000.

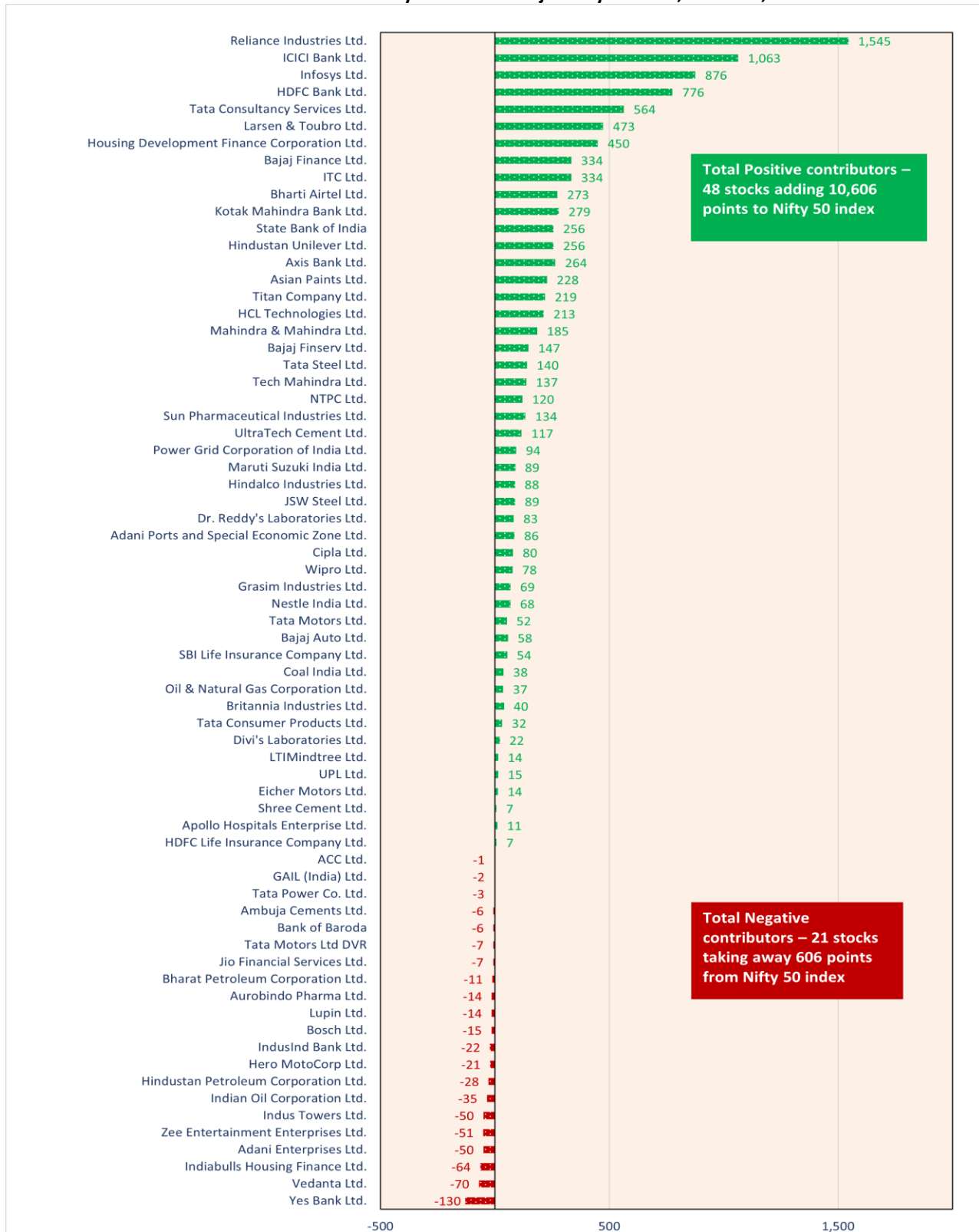
The overall journey of Nifty 50 index from 1000 to 20,000 has been eventful and has tide through periods of economic growth and downturn. It has created tremendous value for investors over the years.

Points contributed by the index constituents to reach from 10,000 to 20,000 mark

From 10,000 to 20,000 mark, there have been in all 69 unique stocks that were part of the Nifty 50 index due to various periodic inclusions and exclusions in the index. On an overall basis, from 10,000 mark to 20,000 mark in Nifty 50, 48 out of these 69 stocks, have contributed positively while the other 21 stocks have contributed negatively to the index performance. These 48 positive contributor stocks have in all added 10,606 points to the Nifty 50 index, whereas the other 21 negative contributor stocks have taken away 606 points from the Nifty 50 index. So cumulatively these 69 stocks have added 10,000 points to the index to help it reach from 10,000 to 20,000. More specifically, Reliance Industries Ltd. has been the top contributor with 1,545 index points and Yes Bank Ltd. has been the top negative contributor with -130 index points.

The below graph depicts the individual contribution of each stock in Nifty 50 in its journey from 10,000 to 20,000.

Exhibit 2: Contribution of each stock in the Nifty 50 index in its journey from 10,000 to 20,000 mark



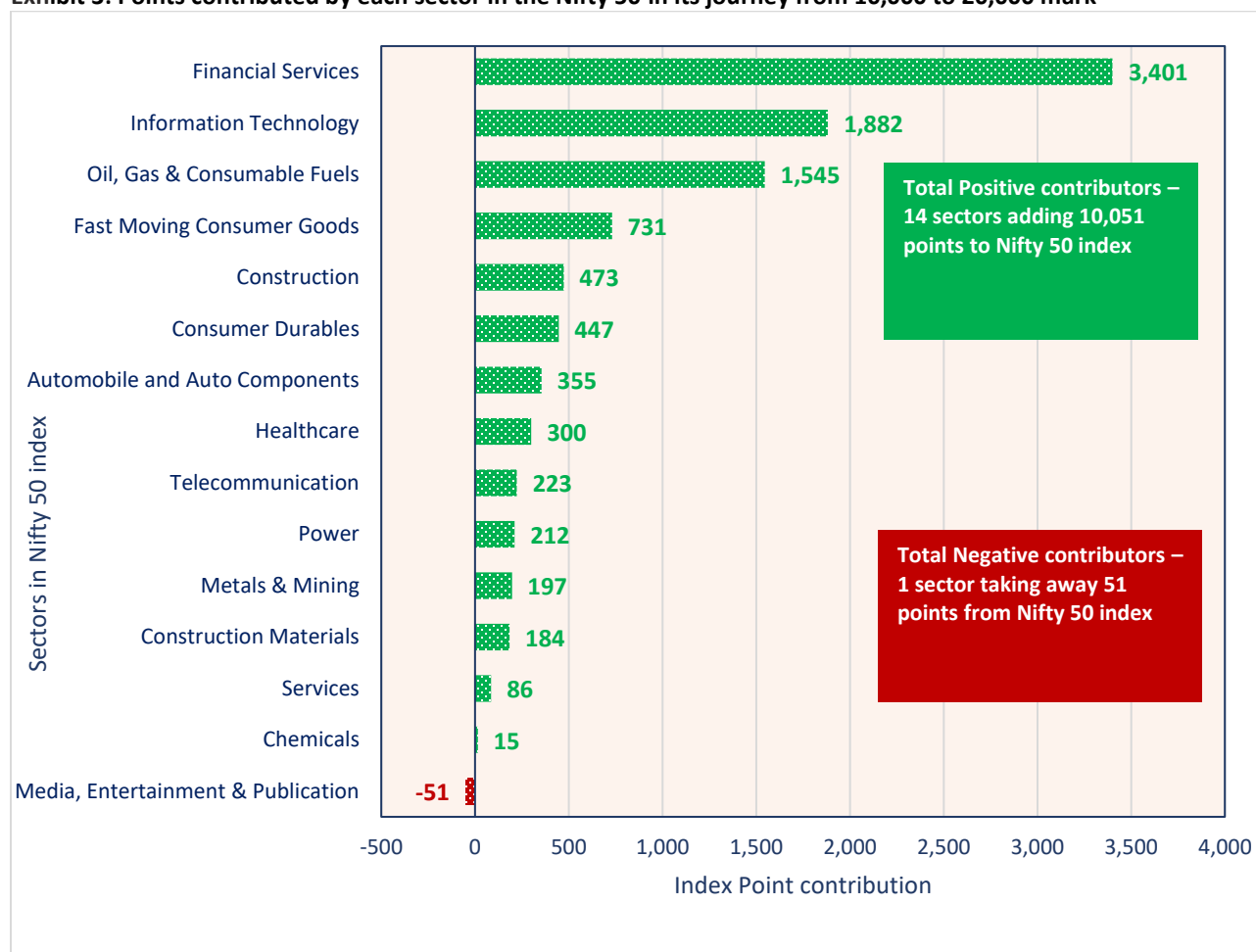
Analysis for the period from July 26, 2017 (when Nifty 50 index hit 10,000 for the first time) till September 11th, 2023

Points contributed by each sector in the Nifty 50 index to reach from 10,000 to 20,000 mark

In its journey from 10,000 to 20,000 mark, there have been 15 sectors that have been part of the Nifty 50 index. 14 out of these 15 sectors, have contributed 10,051 points to the index while 1 sector has taken away 51 points from the index. The Financial services sector has been the top performing sector for the Nifty 50 index over the years, has added 3,401 points to index journey from 10,000 to 20,000. Information Technology and Oil, Gas & Consumables sectors are the next best performing sectors for the index adding 1,882 and 1,545 points to the index respectively. Media, Entertainment & Publication sector is the only sector that contributed negatively taking away 51 points from the Nifty 50 index.

The below graph depicts the individual sector contribution in Nifty 50 in its journey from 10,000 to 20,000.

Exhibit 3: Points contributed by each sector in the Nifty 50 in its journey from 10,000 to 20,000 mark

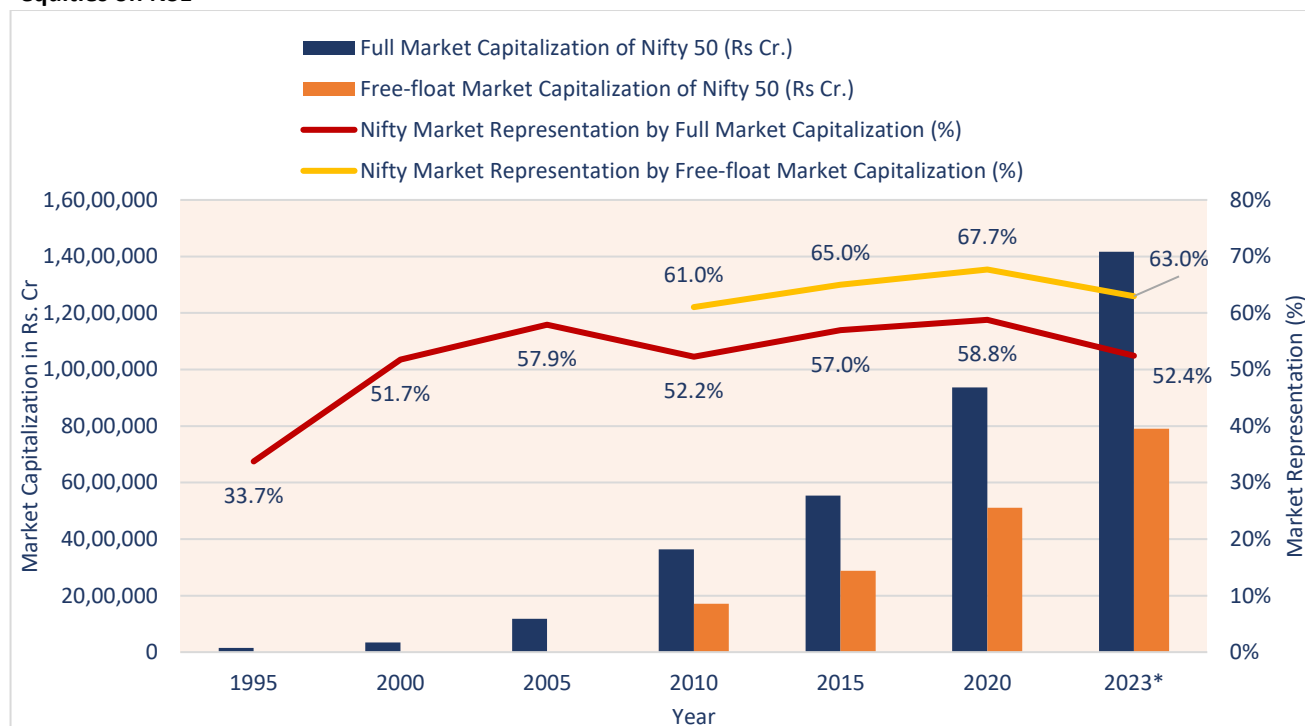


Analysis for the period from July 26, 2017 (when Nifty 50 index hit 10,000 for the first time) till September 11th, 2023.

Nifty 50 - in terms of market cap representation

The below graph depicts the trend of full and free-float market representation and market capitalization of the Nifty 50 index.

Exhibit 4: Trend in Full Mcap and Free-float Mcap of Nifty 50 & its representation of market capitalization of traded equities on NSE



*Market representation of the Nifty 50 for 2023 is calculated based on 6 month June 2023 ended avg. full mcap, Market representation of the Nifty 50 for 2020, 2015, 2010, 2005, 2000 is calculated based on 6 month December ended avg. full mcap data for the respective years and for 1995 is calculated based on 6 month November 1995 ended.

The full market capitalization of the companies in the Nifty 50 index has increased by 98x from Rs. 1.44 trillion in November 1995 to Rs.141 trillion in June 2023 reporting a healthy growth rate of ~18% CAGR.

During the same period, the overall full market capitalization coverage of the Nifty 50 companies to the total traded equities at NSE has grown from 33.7% to 52.4%. The free float market capitalization has increased from Rs. 17 trillion in 2010 to Rs. 79 trillion in June 2023 witnessing a growth in Free float market capitalization coverage of the Nifty 50 companies from 61% in December 2010, to 63% in June 2023.

Nifty 50 - in terms of sector representation

With Indian equity market witnessing multiple structural reforms during the past decades, the Nifty 50 composition also has undergone several alterations reflecting the true dynamics of the Indian economy and financial markets - thus accomplishing its purpose of being the resilient benchmark for the Indian equity markets. For instance, one of the central drivers for economic development of an emerging economy is establishment and prominence of banks and financial institutions that facilitates development of robust and resilient financial system providing credit facilities which in turn accelerates growth of the nation. This is also reflected in the Nifty 50 composition, where exposure to financial services sector has increased from ~20% at inception in 1995 to ~38% in June 2023. The weight of Fast moving Consumer goods sector which was among one of the largest sectors of Nifty 50 in 1995 has declined from 19% to 9.8% as of June 2023. Similarly, the Metals and mining sector which was the third largest sector of the Nifty 50 in 1995 has witnessed a major decline in the weight (~70%) from 10.9% in 1995 to 3.5% in 2023. Further, Information Technology sector which was crawling in 1995 having no presence in Nifty 50 index has today emerged as one of the key drivers of the economy with its weight in Nifty 50 increasing to 12.7% in June 2023.

The below table depicts the sector representation of the Nifty 50 index across years.

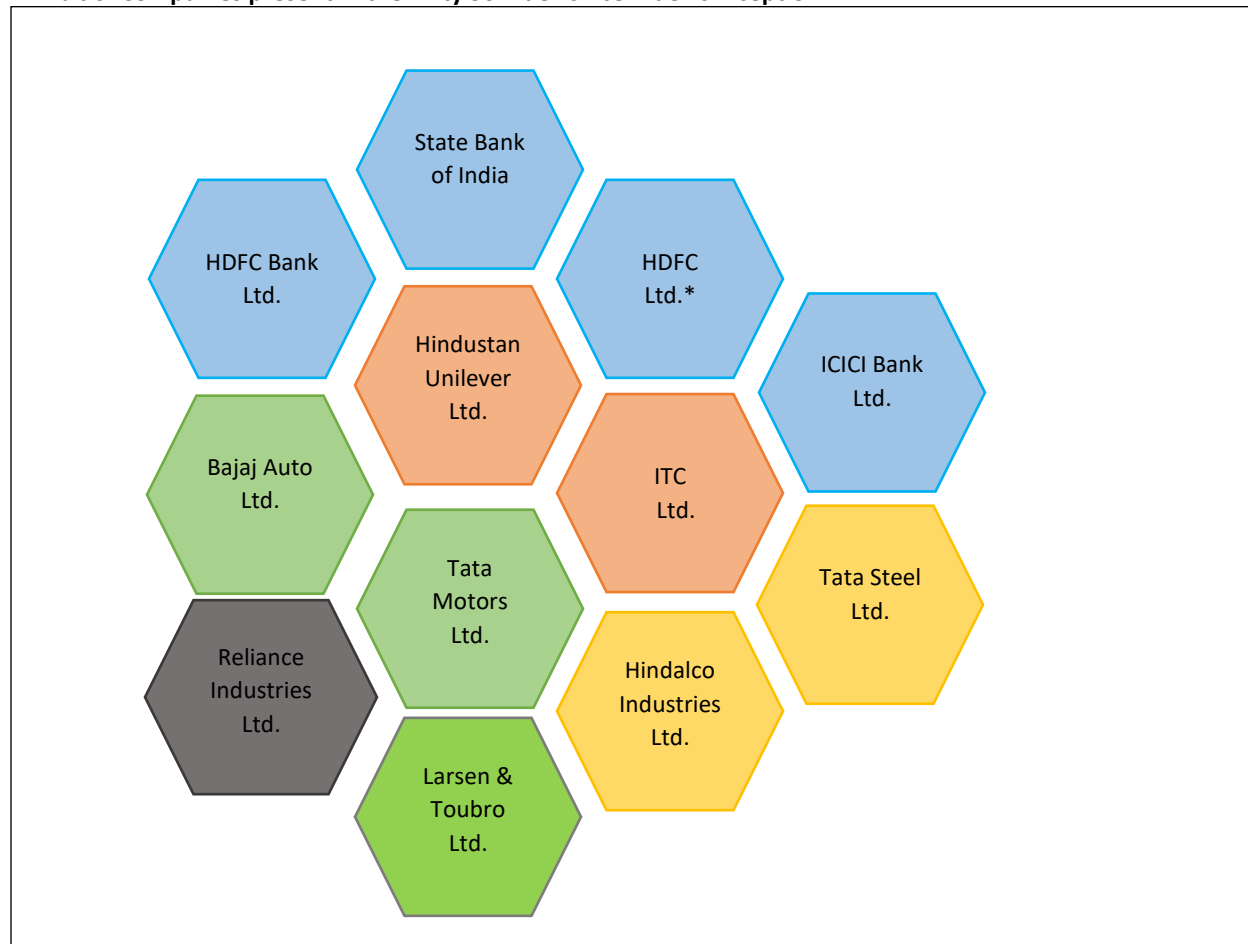
Exhibit 5: Weightage and representation of sectors across years.

| Sector | 2023* | 2022 | 2015 | 2005 | 1995 |
|------------------------------------|-------|------|------|------|------|
| Financial Services | 37.6 | 37.7 | 31 | 12.8 | 19.7 |
| Information Technology | 12.7 | 14 | 16.3 | 20 | - |
| Oil, Gas & Consumable Fuels | 12.0 | 12.7 | 10.6 | 25 | 9.8 |
| Fast Moving Consumer Goods | 9.8 | 8.6 | 8.7 | 8 | 19 |
| Automobile and Auto Components | 6.0 | 5.3 | 9.9 | 6.8 | 12.2 |
| Metals & Mining | 3.5 | 4.2 | 1.3 | 5.5 | 10.9 |
| Healthcare | 3.9 | 3.8 | 7.3 | 4.2 | 2.7 |
| Construction | 3.5 | 3.1 | 3.7 | 1.8 | 4.5 |
| Consumer Durables | 3.3 | 3.1 | 1.4 | - | - |
| Telecommunication | 2.6 | 2.5 | 2.2 | 6.3 | - |
| Power | 2.1 | 1.9 | 2.6 | 1.5 | 2 |
| Construction Materials | 1.9 | 1.8 | 2.8 | 2.5 | 5.5 |
| Services | 0.7 | 0.8 | 0.8 | 1.1 | 1.1 |
| Chemicals | 0.4 | 0.5 | - | 0.8 | 7.7 |
| Media, Entertainment & Publication | - | - | 0.8 | 0.5 | - |
| Capital Goods | - | - | 0.5 | 3.1 | 0.6 |
| Textiles | - | - | - | - | 2.2 |
| Consumer Services | - | - | - | - | 1.9 |

*Weights of the sectors are as of December 31 for the respective year. Weights for 2022 and 2015 are calculated based on Free-Float market capitalization; Weights for 2005 and 1995 are based on Full market capitalization. *Weight of sector for 2023 are as of 30th June 2023 and are based on Free-Float market capitalization.*

Nifty 50 – Twelve companies part of index since inception

Exhibit 6: Companies present in the Nifty 50 index since index’s inception



Nifty 50 tracks the performance of top 50 large cap companies selected based on Free Float Market capitalization (subject to other index criteria) and as a part of its semi-annual review, excludes the stocks that would have fallen in market capitalization and adds emerging stocks that would have increased in market capitalization thereby increasing the exposure of the index to emerging stocks and sectors. Despite these semi-annual reviews of the Nifty 50 index, there are 12 companies in exhibit no.6 above that have been in the index from index’s inception in 1995 till date.

**HDFC Ltd. was part of the Nifty 50 index till its merger with HDFC Bank Ltd. in July 2023.*

Nifty 50 – in terms of risk and returns delivered

Annualised return and risk profile of Nifty 50 Index

Since June 30, 1999, to September 11, 2023, the total return version of the Nifty 50 index (including dividends) has delivered annualized returns of 13.9% with annualized volatility of 22.4%. As can be seen in the table depicted below, Nifty 50 has delivered stable returns over the long-term horizon period in the range of approximately 13% to 15% except for the last 15 years (12.1%), which had a base period of pre global financial crisis.

Annualised volatility has been 20.2% over the last 15 years, 19.3% over the last 5 years and 10.8% over the last 1 year, which shows that the volatility of the index has reduced in the short term investment horizon period. Over the last 3 years, the Nifty 50 index had a return to risk ratio of 1.44, while over the last 10 years, it has been 0.86.

The below table depicts the annualised returns and risk profile of the Nifty 50 index as on September 11, 2023

Exhibit 7: Annualised return and risk profile of the Nifty 50 index

| Annualised Return and Annualised Volatility Profile of Nifty 50 TR index | | | |
|--|-------------------|-----------------------|----------------------|
| Period | Annualised Return | Annualised Volatility | Return to risk ratio |
| Since June 30, 1999 | 13.9% | 22.4% | 0.62 |
| 15 years | 12.1% | 20.2% | 0.60 |
| 10 years | 14.3% | 16.6% | 0.86 |
| 7 years | 13.7% | 17.3% | 0.79 |
| 5 years | 13.5% | 19.3% | 0.70 |
| 3 years | 21.8% | 15.1% | 1.44 |
| 1 year | 13.3% | 10.8% | 1.23 |

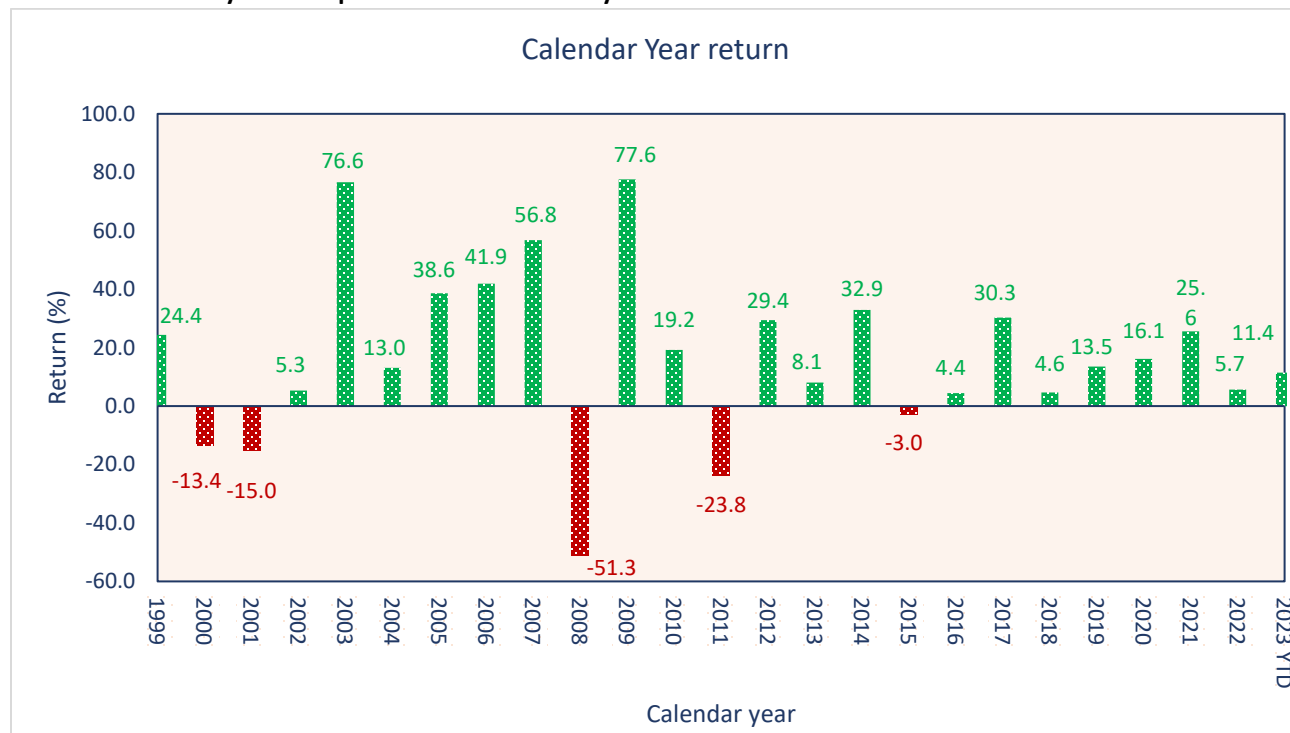
Returns based on Total Return index values that includes Price return and Dividends; Data as on September 11th 2023.

Calendar year-wise return of the Nifty 50 Index

Out of the 23 complete calendar years that the index has witnessed, Nifty 50 index delivered positive total returns in 18 calendar years. Of these 18 calendar years, the Nifty 50 delivered greater than 30% returns in 7 calendar years out of which for 3 calendar years the returns have been greater than 50%.

The below graph depicts the calendar year wise performance of the Nifty 50 index.

Exhibit 8: Calendar year-wise performance of the Nifty 50 TR index



*YTD for 2023 is as of September 11th, 2023 when Nifty 50 reached 20,000. 1999 return calculated from June 30, 1999, to December 31, 1999; Returns based on TR Index values

Daily rolling return analysis of the Nifty 50 Index

The below table depicts the analysis of the Nifty 50 index on a daily rolling return basis.

Exhibit 9: Daily rolling return analysis of the Nifty 50 index

| Investment Horizon | Analysis based on daily rolling returns | | | | | | |
|--------------------|---|------------------|------------|-------------|-----------|-----|--------------|
| | Percentage of total instances | | | | | | |
| | Negative returns | Positive returns | | | | | Average CAGR |
| <0% CAGR | >=0% CAGR | 0-5% CAGR | 5-10% CAGR | 10-15% CAGR | >15% CAGR | | |
| 10 years | 0.00% | 100.00% | 0% | 18% | 40% | 43% | 14.20% |
| 7 years | 0.00% | 100.00% | 0% | 18% | 46% | 36% | 14.93% |
| 5 years | 0.08% | 99.92% | 6% | 22% | 36% | 36% | 15.33% |
| 3 years | 6.98% | 93.02% | 9% | 19% | 24% | 41% | 15.27% |
| 2 years | 18.46% | 81.54% | 10% | 13% | 12% | 47% | 15.19% |
| 1 year | 24.56% | 75.44% | 9% | 10% | 12% | 44% | 16.22% |

**Analysis done since June 30, 1999 to September 11th, 2023, based on TR Index values*

The Nifty 50 TR index has delivered positive returns ~75%-93% 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 extent of positive returns approached 100%.

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 36% of the time. Likewise, for the 10-year investment horizon, the Nifty 50 TR index delivered an average return of 14.20% based on daily rolling return analysis, and a return of more than 15% p.a. for 43% of the time.

Nifty 50 index – The most popular index for Passive funds

Indian Passive fund industry has witnessed unprecedented growth in asset size and number of passive funds over the last 5 years. As on June 30, 2023, there are in all 360 passive funds in India (including Equity, Debt and Commodity passive funds both ETFs and Index funds) with a total asset size of Rs. 7.37 trillion. Out of these 360 passive funds, there are 232 passive funds with a total Asset under management (AUM) of Rs. 5.14 trillion tracking the equity indices. And out of these 232 passive equity funds, 36 passive funds with a total AUM Rs. 2.67 trillion track the Nifty 50 index alone which accounts for more than 50% of the equity passive AUM.

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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