



INDF

NIFTY INDIA FINANCIALS ETF

March 2021

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WHAT IS INDF?

What is INDF?

- ✓ INDF is an Exchange Traded Fund (ETF) that tracks the Nifty Financial Services 25/50 Index. INDF trades on the NYSE in US Dollars during US market hours.
- ✓ This index is comprised of Indian banks, financial institutions, housing finance companies, insurance companies and other financial services companies in India.

HOLDINGS SNAPSHOT		
As of December 31, 2020		
Company Name	Ticker	% Holding
HDFC Bank Ltd.	HDFCB IN	17.76%
Housing Development Finance Corporation	HDFC IN	15.34%
ICICI Bank Ltd.	ICICIB IN	12.32%
SBI Life Insurance Company Ltd.	SBILIFE IN	4.53%
State Bank of India Ltd.	SBIN IN	4.52%
HDFC Life Insurance Company Ltd.	HDFCLIFE IN	4.51%
ICICI Lombard General Insurance Company Ltd.	ICICIGI IN	4.49%
HDFC Life Insurance Company Ltd.	HDFCLIFE IN	4.29%
Bajaj Finance Ltd.	BAF IN	4.48%
Kotak Mahindra Bank Ltd.	KMB IN	4.46%

Indices are unmanaged and do not reflect the effect of fees. One cannot invest directly in an index. Holdings are subject to change.

The INDF Team



Manny Singh

Manny co-founded and served as CIO of Kavi Asset Management, a NY-based hedge fund launched in partnership with the Blackstone Group in 2015. Prior to that, Manny worked directly for Julian Robertson at Tiger Management (2009-2014), helping manage Mr. Robertson's private and public equities portfolio. He received a Bachelor's degree in Electrical Engineering from the Indian Institute of Technology, Delhi; a Master's degree in Electrical Engineering from Stanford University where he was a Fellow of the Stanford School of Engineering; and an MBA from the Wharton School, where he was a Palmer Scholar. He has been granted 14 US patents.



Amit Anand

Amit co-founded Adi Capital Management, a global long-short equities fund in 2014. Prior to that, Amit was a senior analyst at Axial Capital Management (2005-2013). At Axial, Mr. Anand was responsible for identifying and researching investments in the business services, TMT and consumer sectors. Prior to that, he worked at Pegasus Capital Advisors (2004-2005) and Merrill Lynch (2003-2004), where he was an investment banking analyst. He holds a B.A. in Economics & Iberian Studies from Dartmouth College (2003).



Nicholas Thadaney

Nicholas was formerly President and CEO, Global Equity Markets, TMX Group, and a member of the senior management team. Prior to joining TMX group in 2015, Nicholas was Chief Executive Officer of ITG Canada Corp. since 2005 with responsibility for managing all aspects of the business as well as a Member of ITG's Global Executive Committee. Previously he was Director of Sales and Trading of ITG Canada's Institutional Equities business from 2000 to 2005. As an active community member, Nicholas also serves as part of several industry associations, boards and registered charities.



WHY INDIA?

What Drew Us Back To India: Accelerating Change

E-Wallet transactions are now larger than credit cards/debit cards combined ⁽¹⁾

Indians consume more data per smartphone user than anyone else in the world ⁽²⁾



Digital “leapfrogging” = faster and less capital-intensive access to consumer goods, communications and financial inclusion for the middle class

The Case For Investing In India

India is expected to become the **third-largest economy** in the world by 2030

Top 10 economies' nominal GDP

In USD tr

Rank	1981	1991	2001	2011	2020E	2030E	USD tr
1	United States	United States	United States	United States	United States	United States	33.3
2	Japan	Japan	Japan	China	China	China	28.3
3	Germany	Germany	Germany	Japan	Japan	India	6.5
4	France	France	United Kingdom	Germany	Germany	Japan	4.0
5	United Kingdom	United Kingdom	France	France	France	Germany	4.0
6	Italy	Italy	China	United Kingdom	United Kingdom	United Kingdom	2.9
7	Canada	Canada	Italy	Brazil	India	Brazil	2.8
8	Mexico	Spain	Mexico	Italy	Italy	France	2.5
9	China	China	Canada	Russia	Brazil	Italy	1.6
10	Spain	Brazil	Spain	India	Canada	Canada	1.6

Source: UBS "Is India the new China?", July 2020

The Case For Investing In India

Our “Durable Growth” Checklist - Things INDF Team Members Have Focused On While Investing



Demographics: India is the only large economy which will significantly **add to its labor force** over the next decade. 65% of the workforce will be millennial by 2025⁽¹⁾.



Urbanization: Helping **lift millions of people into the middle class** each year⁽²⁾.



Access to digital economy: India had **over 400mm smartphone users** by the end of 2020, allowing consumers to leapfrog directly into the digital economy.



Low base of credit penetration: India's personal loan/credit card penetration of approximately 2% of GDP dwarfs that of Indonesia (4%), Thailand (7%) and China (9%).

(1) Source: Bloomberg News analysis of United Nations population-projection data, August 31, 2017.

(2) Source: Dutt, Ravallion, and Murgai: “Growth, Urbanization and Poverty Reduction in India.” Published February 2016.

The Case For Investing In India

Recent Announcements By US Tech Champions

Reliance Jio-Google smartphone deal threatens Chinese phone makers

3 min read . Updated: 20 Jul 2020, 05:30 PM IST

Sankalp Phartiyal, Reuters

The new Jio-Google smartphone is set to pose a major challenge to Chinese phone makers such as Xiaomi and BBK Electronics, owner of the Realme, Oppo and Vivo brands, which currently dominate a \$2 billion market for sub-\$100 smartphones in India

SOUTH ASIA BRIEF

Why Google and Facebook Are Racing to Invest in India

It's not just about tapping into a growing digital market. Indian companies are expanding Western partnerships to keep China out.

BY RAVI AGRAWAL | JULY 16, 2020, 4:56 PM

TOP 5 INVESTORS IN JIO

Company	Investment (₹ cr)	Stake (%)	Valuation (₹ trn)
Facebook	43,574	9.99	4.36
Google	33,737	7.73	4.36
Vista Equity Partners	11,367	2.32	4.90
KKR	11,367	2.32	4.90
Public Investment Fund	11,367	2.32	4.90

Total investment
₹1.52 trillion

Stake sale
32.97%

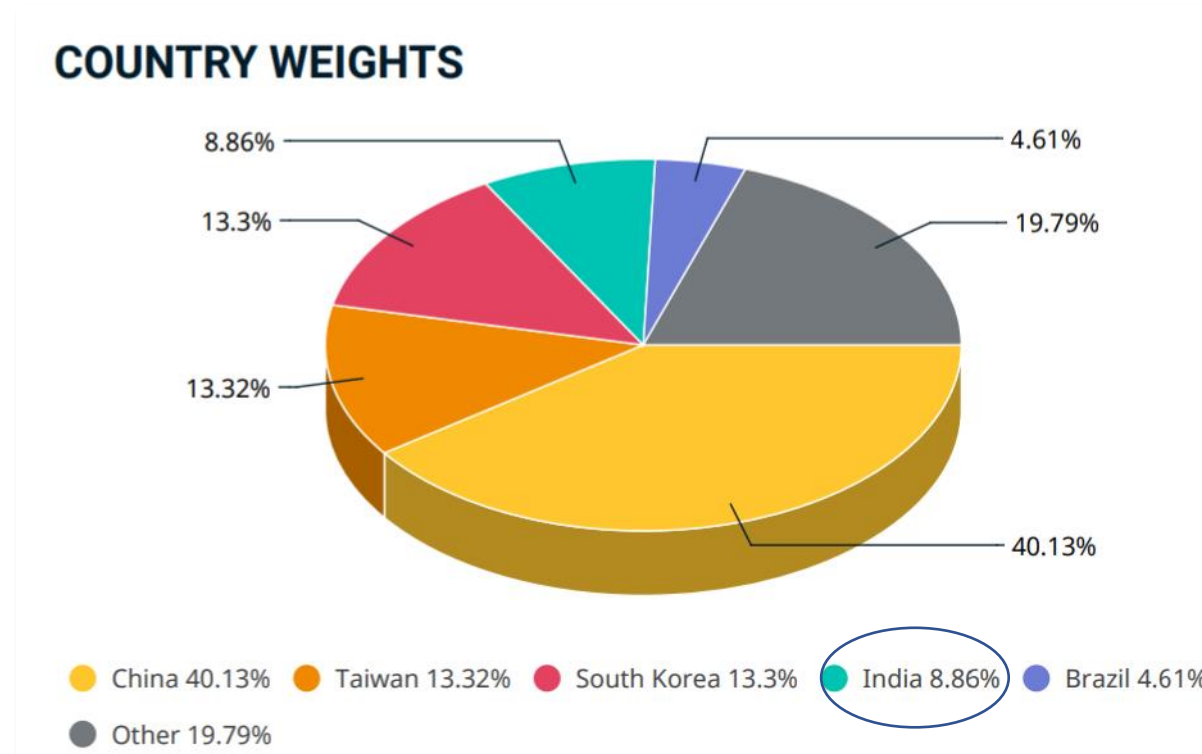
Source: Reuters, Foreign Policy, Business Standard



WHY INDF?

The Major EM Index Underweights India Relative To Its Size And Growth Potential

MSCI Emerging Markets Index – as of January 31, 2021



Key Pitfall Of The Average Indian Index: Corporate Governance

Of the 500 companies in the S&P BSE 500 Index, 320 are majority-owned by their founding families (“promoters”)

Promoter holdings	No. of companies
0	14
Less than 10%	4
Between 10-25%	15
Between 25-50%	133
Between 50-75%	302
Between 75-90%	18
Between 90-100%	0

Compiled by BS Research Bureau
Source: Capitaline

Source: Business Standard infographic published July 31, 2017. The term promoter in the Indian context refers to founding/controlling person or family.

Key Issues: Financial transparency, shadow leverage, related-party dealings, nepotism

Key Pitfall Of The Average Indian Index: Corporate Governance

Opinion Markets Insight

India cracks down on 'promoter' era of impunity

Swaggering behaviour of influential corporate figures highlights India's bad loan crisis

SIMON MUNDY



Indian tycoon Vijay Mallya outside Westminster Magistrates' Court in London last month © AFP

Simon Mundy in Mumbai NOVEMBER 29 2017

Billionaire tycoon Sajjan Jindal was in celebratory spirits last week, hitting Twitter with a string of posts extolling a new tightening of India's corporate insolvency regime.

"When a common man can endure the pain of losing his house upon defaulting," wrote Mr Jindal, chairman of the steel and infrastructure conglomerate JSW Group, "why shouldn't corporate [borrowers]?"

SHIVINDER SINGH'S ALLEGATIONS AGAINST ELDER BROTHER WITH NCLT

Malvinder, Godhwani Colluded to Divert ₹1,223 Crore from Religare and Fortis

Says routing of funds to RHC didn't help holding co, instead resulted in value loss that far exceeded the amount diverted

Arun Kumar & Prabha Raghavan

New Delhi: Shivinder Mohan Singh, the former promoter of Fortis Healthcare and Religare Enterprises, has made scathing allegations against elder brother Malvinder Mohan Singh and Sunil Godhwani in his petition filed with the National Company Law Tribunal (NCLT).

The younger Singh alleged that Malvinder Singh and Godhwani, the former chief of Religare, colluded to divert ₹50 crore from Religare Finvest Ltd., a wholly owned subsidiary of Religare, and another ₹173 crore from Fortis Healthcare to RHC Holding Pvt Ltd, the flagship holding company of the Singh brothers.

Additionally, Malvinder Singh forged the signature of Aditi S Singh, wife of Shivinder Singh, in RHC documents, according to the petition.

The routing of funds to RHC did not help the holding company in any meaningful way and instead resulted in a value loss that far exceeded the amount diverted, Shivinder Singh alleged in the petition, a copy of which is with ET.

"Malvinder Singh and Sunil Godhwani, by putting RHC in a debt trap, acted prejudicially to the interest of its creditors and shareholders," he said in the petition.

"Their financial malfeasance "destroyed a company worth ₹5,000 crore," the younger Singh's lawyer argued at the NCLT on Thursday when the case was first heard.

"There are instances of Aditi Singh being shown as present for the board meeting of RHC when she was in fact abroad," according to the petition, citing a board resolution dated September 25, 2014.

The tribunal ordered the Singhs to maintain status quo on directorship and shareholding in RHC after Shivinder Singh's lawyer asked it to prevent Malvinder Singh from transferring, selling, alienating or creating any third party rights or interest over the company.



IN GOOD TIMES Shivinder Singh (left), Malvinder Singh (centre) and Sunil Godhwani

SHIVINDER MOHAN SINGH in the petition filed with NCLT

Malvinder Singh and Sunil Godhwani, by putting RHC in a debt trap, acted prejudicially to the interest of its creditors and shareholders

It also granted Shivinder Singh permission to inspect and take copies of RHC's statutory records using a chartered accountant and the company secretary of Shivi Holdings, which he owns.

Malvinder Singh and Godhwani have been directed to file their replies to the younger Singh within two weeks, following which Shivinder Singh will get two weeks to file a response. The NCLT will hear this case next on October 9.

LEGAL BATTLE

Malvinder and Godhwani have been directed to file their replies to the suit within two weeks, following which Shivinder will get two weeks to file a response. NCLT will hear this case next on Oct 9

with Laxmi Vilas Bank on November 19, 2016, against which RHC and its subsidiary Ramchem Pvt were granted a loan of about ₹750 crore. It was alleged in the petition.

"This eroded Religare Finvest Limited capital base and the loan availed by RHC against the fixed deposit remains outstanding till date," Shivinder Singh said.

He also claimed that Malvinder Singh, as executive chairman of Fortis Healthcare and Religare, made Fortis Healthcare extend ₹73 crore in inter-corporate deposits to RHC, which was used preferentially to pay the company's creditors.

"These loans have put the company in a precarious position. Because of this leveraging, there has been a burdening on subsidiaries (like Fortis and Religare), which has forced them to de-subsidarise them," said a person directly aware of the developments, on condition of anonymity.

"The acts jeopardised attempts to sell stakes in Religare and Fortis, Shivinder Singh argued, because the delay in strategic transactions contributed to secured lenders of RHC losing patience and selling or dumping pledged Religare shares.

Ranjana Roy Goyal, managing partner of RRG & Associates, the law firm that filed Shivinder Singh's petition in the NCLT, refused to comment on the grounds that the matter is sub-judice.

Malvinder Singh, or persons acting in his behalf, caused Religare Finvest to create a fixed deposit of about ₹750 crore

Case for acts of oppression and mismanagement are usually filed by minority shareholders against a majority shareholder. These are very rare instances where an equal joint venture partner has filed such a petition against the other partner," said Saurav Kumar a partner at IndusLaw. "The accusations of wealth erosion, etc. made in the petition are quite severe in nature and a detailed investigation as to the circumstances under which such accusations were made needs to be conducted... The NCLT has rightfully ordered a status quo in the matter so that a further investigation could be conducted."

THE FUND DIVERSIONS Singh and Godhwani diverted ₹750 from listed company Religare's wholly owned non-banking finance subsidiary Religare Finvest to RHC through Laxmi Vilas Bank, according to the petition.

Malvinder Singh, or persons acting in his behalf, caused Religare Finvest to create a fixed deposit of about ₹750 crore

LENDING RISKS

In Jan '19, Essel Group promoters delayed payments to fund houses which had debt instruments popularly called loan against shares (LAS) Stocks in group cos were given to fund houses as collateral against loans the promoters had taken from them After the promoters delayed

payments, some of the fund houses too had to defer repayment to their investors

At least two fund houses — HDFC MF and Kotak MF — got Sebi notices

Several other fund houses also have LAS on their books but they are yet to come up for repayment



COMPANY BOARD PLANS TO APPROACH SEBI SOON

CG Power Board Moves to Remove Avantha Holdings as Promoter

Power Issues

ALLEGATIONS: Financial and corporate governance irregularities

INVESTIGATION REVEALS: 9 TRANSACTIONS that did not follow due process and did not have board approval

CG POWER allegedly lost ₹3,000 crore in these transactions

ACTION TAKEN: CHAIRMAN & CFO asked to step down. CEO resigned. FY18 financials restated

SEBI: BARRED PROMOTER, other entities from securities market

MCA: SUMMONED KEY officials, former auditors



Rachita.Prasad@timesgroup.com

Mumbai: The board of CG Power & Industrial Solutions (CG) has initiated the process to remove the Gautam Thapar-led Avantha Holdings, now owning an insignificant stake, as the company's promoter in the wake of its alleged role in financial irregularities at the power-equipment maker.

The promoter entities together hold only 8,574 shares in the loss-making CG, which may have lost ₹3,000 crore due to alleged financial irregularities involving nine transactions.

"The board cannot de-classify a promoter. It has to be done by the regulator. The board has taken legal advice and would be soon approaching Sebi on this," a CG spokesperson told ET.

The board has already ousted Thapar and chief financial officer VR Venkatesh for their roles in these transactions that included alleged related-party transfers and round-tripping without board approval. The company's managing director and chief executive officer KN Neelkant resigned on Monday after being sent on leave since the alleged irregularities came to light.

"CG needs to raise equity and restructure debt to reduce the liquidity stress. A change in promoter would be helpful in taking this ahead with potential investors and existing lenders," the company spokesperson said.

A source close to Thapar said, "We have no view into what the board of CG is plan-

ning next but hope that proper process is followed in taking the right decisions aligned to the larger interest of all shareholders. Unfortunately, what has been done with the Vaish Report has created confusion, is misleading and has eroded value and has cost the shareholders dearly."

According to Sebi, when a promoter is reclassified as a public investor, he has to relinquish both special rights and control over the affairs of the listed firm, and will

not be allowed to hold more than 10% stake. The promoter would not be allowed to have any representation on the board of directors or act as a key managerial person in the listed entity. The regulator now allows such a listed entity to be considered as a 'listed entity with no promoter', as against the earlier-used term 'professionally managed'.

A CG board member, on the condition of anonymity, said: "This is not the first time that a change of promoter is happening; probably the first time it is happening under these circumstances. How can they remain promoters when their stake is so insignificant? As things stand today CG is a board-managed company and no shareholder has intervened in its working so far."

Continued on ►► Money Matters

Key Pitfall Of The Average Indian Index: Corporate Governance

Only a few companies have no “promoter” ownership;
majority are **private-sector banks**

No promoter, no problem

HDFC	Balmer Lawrie
ITC	Federal Bank
L&T	Dhanlaxmi Bank
ICICI Bank	Karnataka Bank
IDFC	South Indian Bank
CARE	City Union Bank

Source: *The Hindu Businessline*, published December 9, 2014.

Private-Sector Financials are the FANGs of India

U.S. FANGs

Indian Private-Sector Financials

Facebook | Amazon | Netflix | Google

HDFC Bank | ICICI Bank | Bajaj Finance



Shareholder Returns: Steady compounders of shareholder value through top line growth and smart capital allocation



Solid business models: Consistently gained market share and had a defensible “moat” against new competition



Growth companies: Grew faster than overall GDP



Historically Investable: Large, liquid equity securities



Shareholder Returns: Steady compounders of shareholder value through top line growth and smart capital allocation



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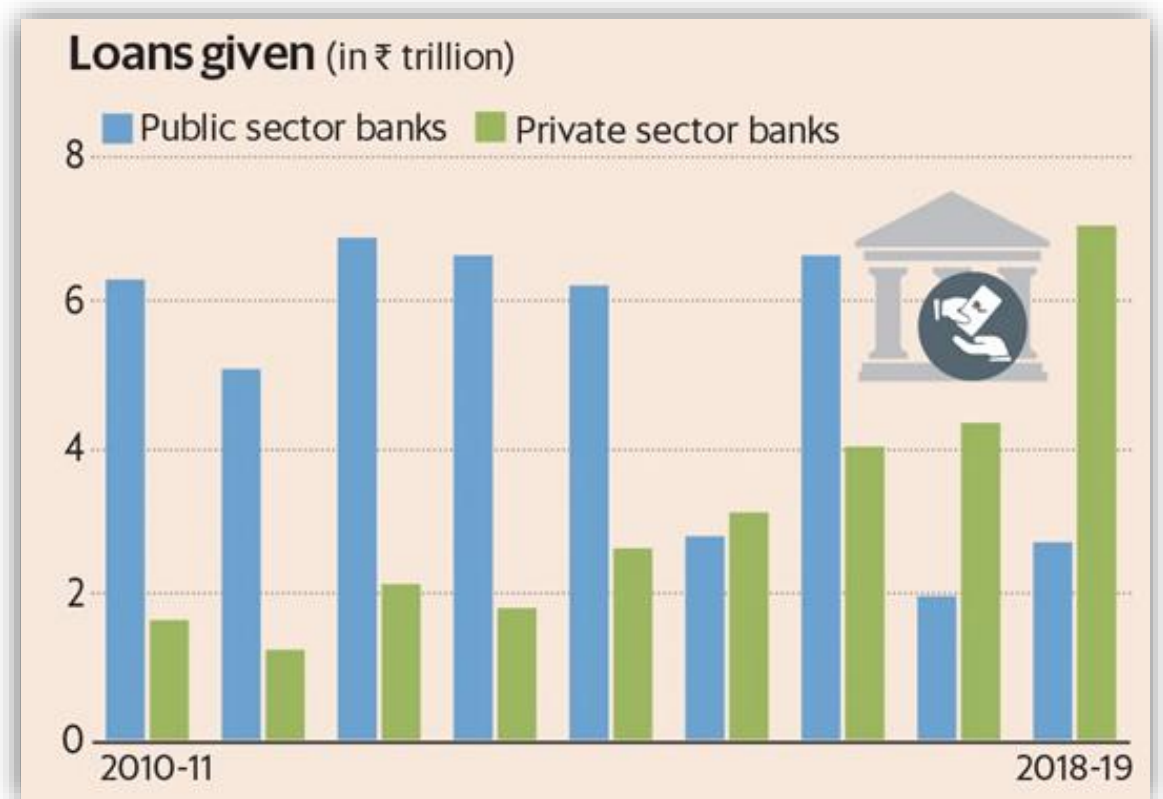


Historically Investable: Large, liquid equity securities

Why Have Indian Private Sector Financials Performed So Well?

- Indian GDP has grown
- Total credit has grown approximately 2x the rate of GDP growth
- Private sector financial companies have taken share from state-run banks, so they have grown even faster
- For example, the largest private sector bank – HDFC Bank – has grown its assets and earnings at a high-teens compounded annual growth rate (CAGR) over the last 5 years

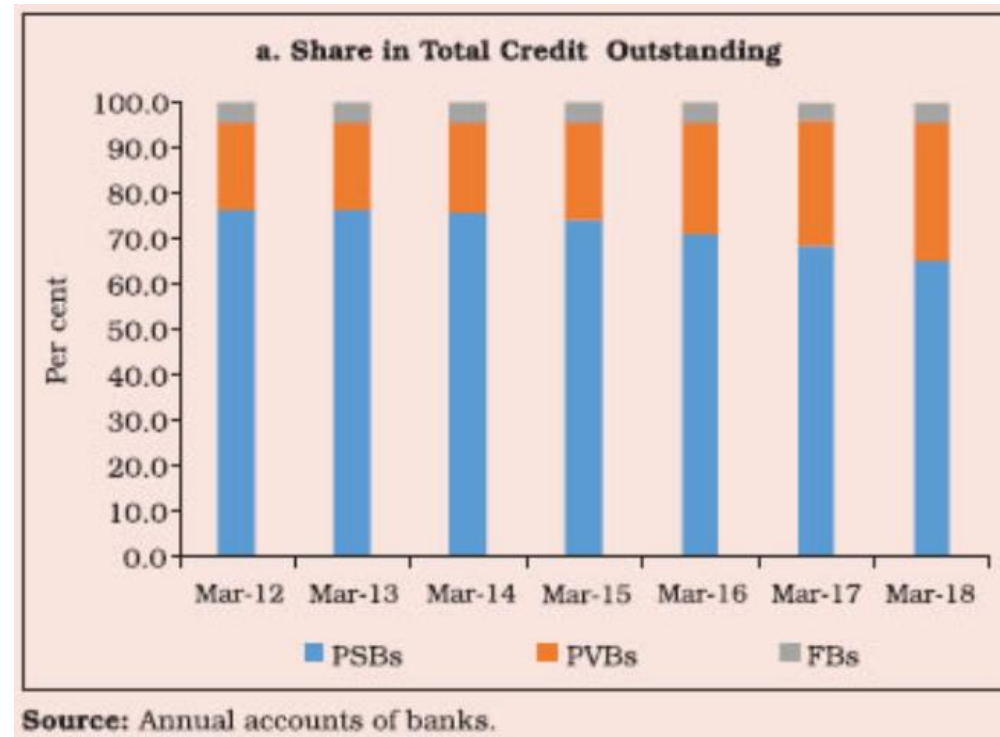
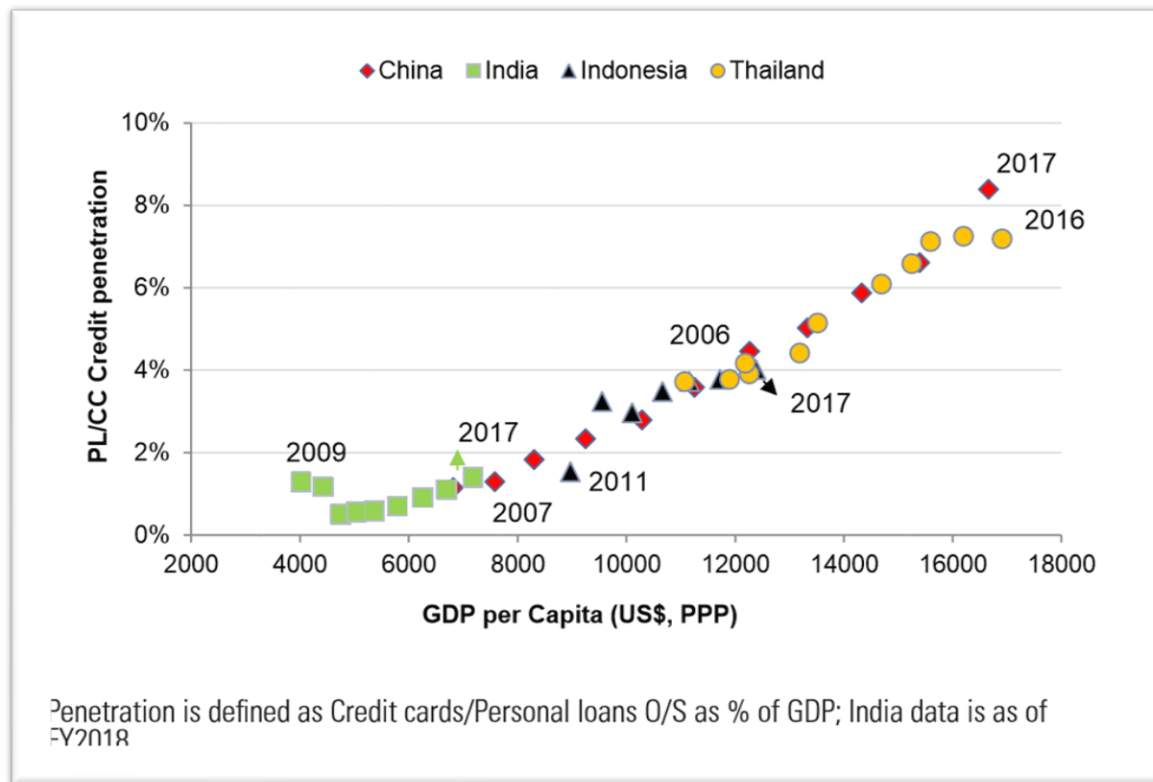
Private sector banks have taken share vs. state-run banks and may have years of runway



Potentially Decades Of Runway For Growth

Overall consumer credit penetration is lower in India than comparable economies

State-owned banks have lost share but still hold the majority of total assets (~60%)

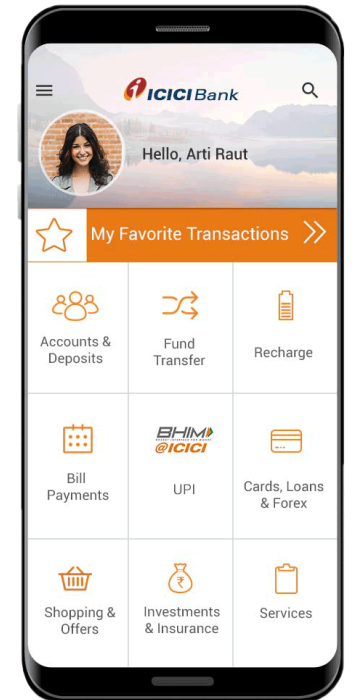


Where Would You Rather Bank?

Inside a state-owned Indian bank branch

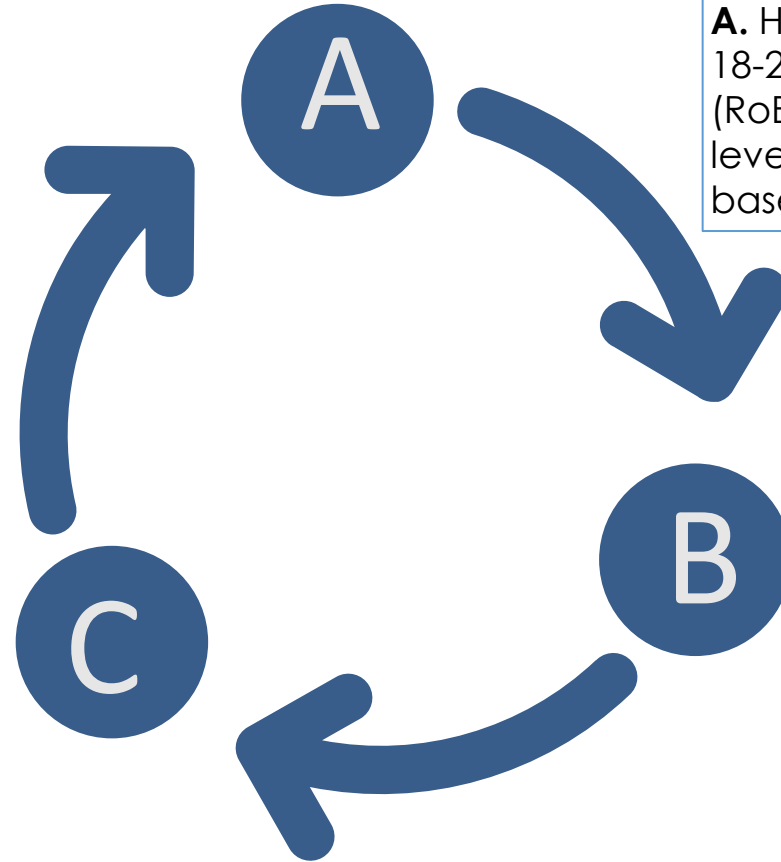


Inside an ICICI Bank Branch and the ICICI App, where 80% of customer transactions happen



HDFC Bank Case Study: “Rinse & Repeat”

C. HDFC Bank's stock price compounds in line with earnings growth (25% average annual return over last 5 years). Since HDFC Bank consistently trades at a premium to book value, it can issue stock accretively to increase its equity base and maintain its runway for growth



A. HDFC Bank produces an 18-20% return-on-equity (RoE) every year, which it leverages to grow its asset base

B. HDFC Bank's asset base and hence earnings grow at a high teens/low 20% rate every year



POST-COVID PERSPECTIVE

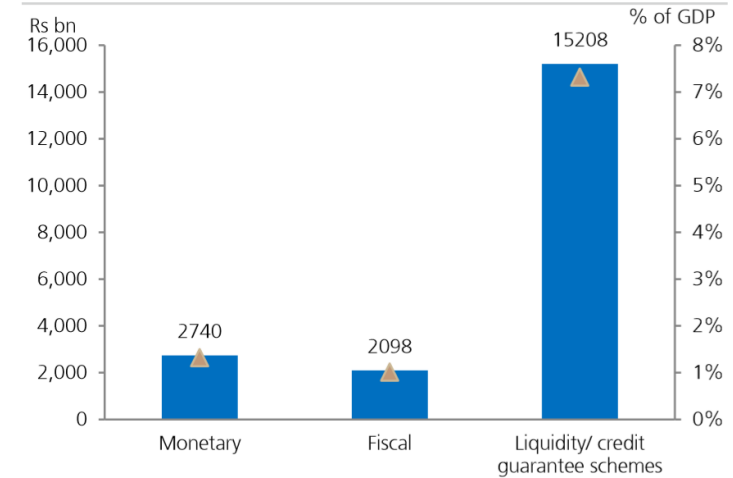
India's Covid-19 Stimulus

- In contrast to the US stimulus program which has centered around large direct transfers to individuals and small businesses and the Fed's direct purchase of financial assets ("demand side response"), India's stimulus has focused on incentivizing banks to lend ("supply side reform").
- Combined with RBI's rate cuts, India's stimulus is likely to be more bank-friendly in the medium term.
- Sovereign credit guarantee has the potential to improve credit growth as well as loan losses going forward.

"If there was no sovereign guarantee for some of the weaker MSMEs, we would be more cautious. But if the sovereign is stepping in, we will step up. That's the bottom line."

- Uday Kotak, Kotak Bank Founder & CEO, on May 13, 2020

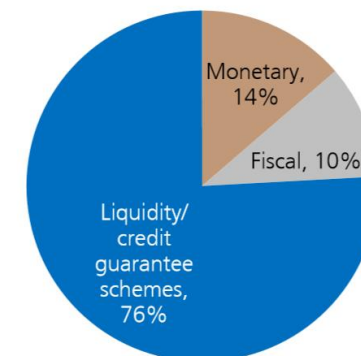
Figure 1: India's economic support package of Rs20trn



Note: Monetary support includes CRR cut, MSF (marginal standing facility) cut.
Source: Ministry of Finance, RBI, UBS

Figure 2: India's economic support package (% share)

% share in total



Source: Ministry of Finance, RBI, UBS

Credit Quality In the Banking System

Private Sector Banks **Outperformed**
State-Controlled Banks Coming Out of the GFC

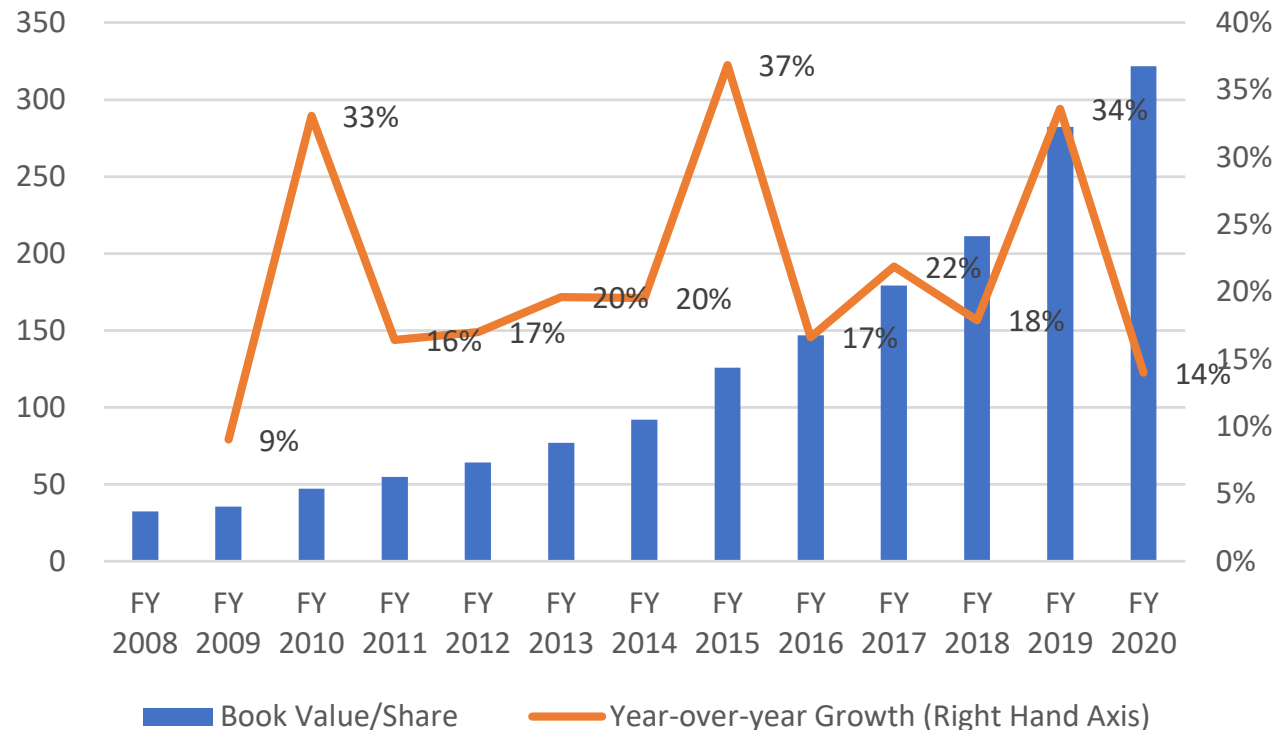
Name of Bank	2008-09	2012-13
State Bank of India	1.79	2.10
Bank of Baroda	0.31	1.28
Punjab National Bank	0.32	2.16
ICICI bank	2.09	0.77
HDFC Bank	0.63	0.20
Axis Bank	0.40	0.36
Standard Chartered Bank	1.37	1.63
HSBC Bank	1.42	0.33
Citibank	2.63	1.47

(Source: RBI)

Note: Figures above represent Net NPA (NNPA) Ratios. NPA stands for "Non-Performing Assets". Net Non-Performing Assets is a measure that describes the percent of loans that have defaulted as a percent of a financial institution's total loan book in a given period, net of the allowance that a financial institution has accrued against those defaulted loans.

Historical Earnings Resiliency of HDFC Bank

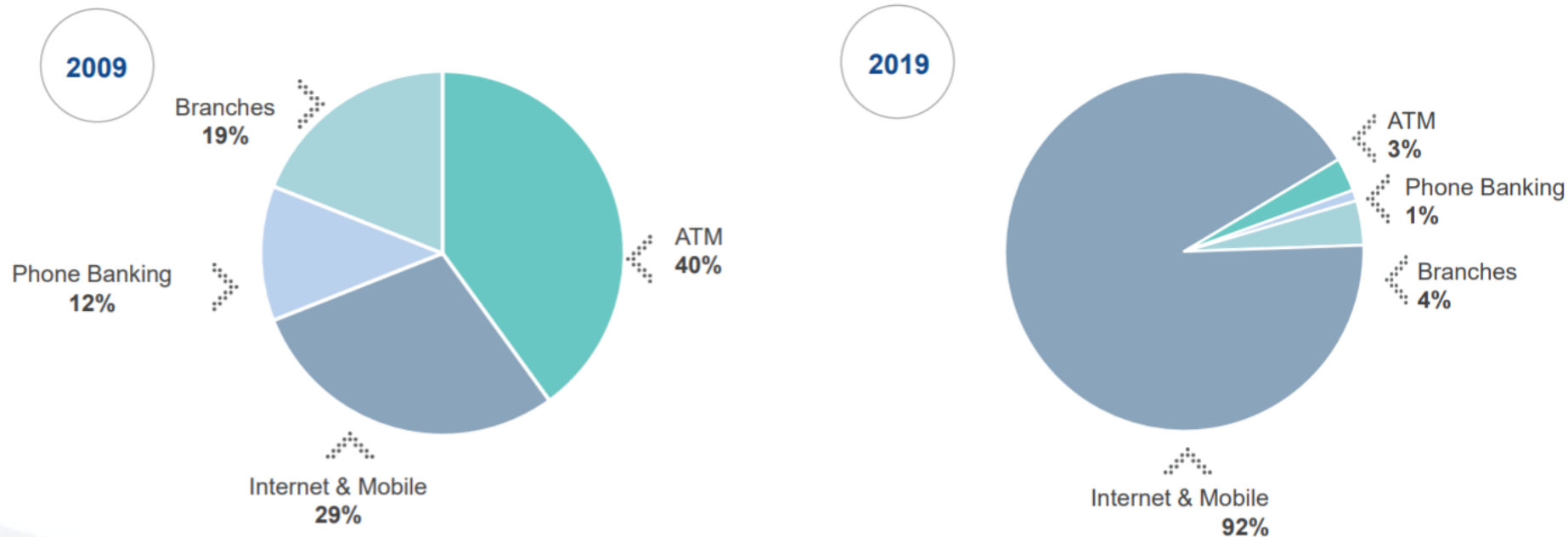
HDFC Bank Book Value **Grew**
Through The Global Financial Crisis (GFC)



Social Distancing In The Long Run: Creating Digital Winners (1/3)

HDFC Bank Has Transformed Itself Into An **Online** Service Provider Over The Last Decade

Number of Transactions By Channel

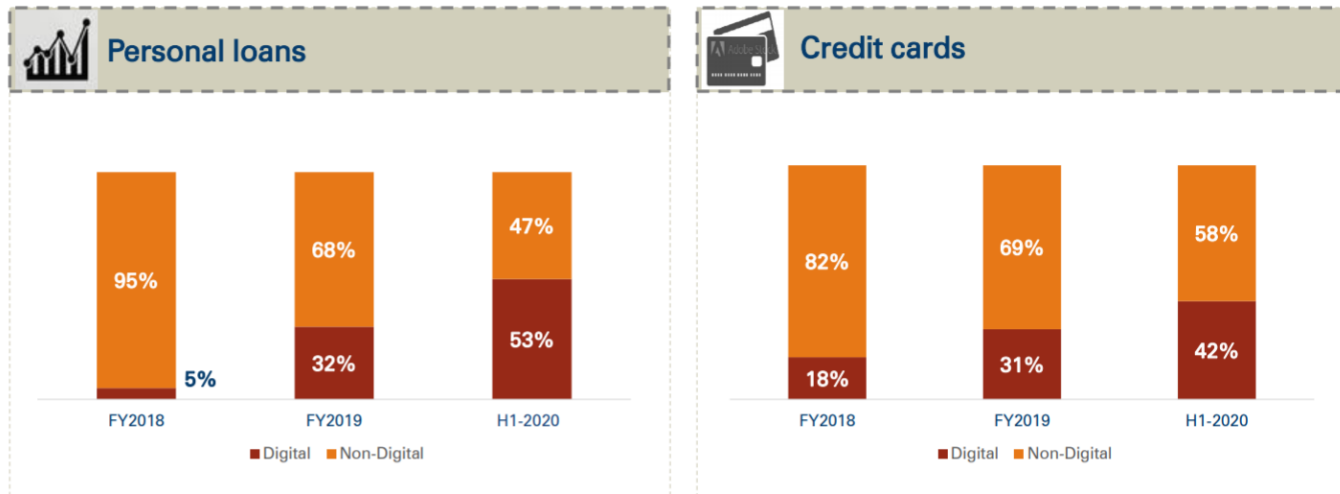


Social Distancing In The Long Run: Creating Digital Winners (2/3)

ICICI Bank Is Acquiring A Growing % of Assets From **Fully Digital** Channels

2

Share of digital sourcing: personal loans & cards



Cost of acquisition and delinquencies (90+) substantially lower



Percentage share based on count of customers. Digital includes insta and digitally sourced customers with physical KYC

19

26

Social Distancing In The Long Run: Creating Digital Winners (3/3)

SBI, HDFC, ICICI have 3 out of the top 10 finance apps in India – continued share gains vs. smaller banks in an era of social distancing

iOS Top App Charts [About this report](#) [Save](#) [Subscribe & Share](#) [Export](#)

Device: iPhone Country/Region: India Category: Finance In App Purchase: All Apps Date: Mar 23, 2020

Reveal app downloads, revenue, user retention, active users and more

India - Finance 11:00pm UTC+5 (Mar 23, 2020 6:00pm UTC+1)

#	Free	Paid	Grossing
1	Google Pay for India (Tez) Google	Money Manager (+PC Editing) Realbyte	Moneycontrol - Markets & News Network18
2	PhonePe - India's Payments App PhonePe	Daily Expense Log Prabhu Saitu	StockEdge Kredent InfoEdge Private Limited
3	Moneycontrol - Markets & News Network18	HomeBudget with Sync Anishu	Spendee Budget & Money Trac... Cleevio
4	YONO SBI: Banking and Lifestyle State Bank of India	Cash Book Mini paditech paditech	Splitwise Splitwise
5	Kite @ Zerodha Zerodha	ControlMoney - Track Live Data... Suneet Amrute	Checkbook - Account Tracker Fengge
6	HDFC Bank MobileBanking HDFC Bank	Loan Calculator Pro SVT software	Wally - Smart personal finance Wally
7	BHIM - Making India Cashless NPCI	My Cash Book MOHAN KUMAR M	Market-Watch Abhinav Singhal
8	iMobile by ICICI Bank ICICI Bank	Expenses OK - expenses tracker Mobion	Investing.com Stocks & Finance Investing.com
9	Binomo: Make Money Investing Binomo	iXpenseIt FYI mobileware	NetDania Stock & Forex Trader NetDania SRL
10	Upstox Pro by RKSVM RKSVM	Income OK - income & expenses Mobion	Money Manager (+PC Editing) Realbyte

Source: App Annie. Data as of March 23, 2020.



PUTTING IT ALL TOGETHER

Summary

- ✓ India Thesis: Financial companies are potentially both an **engine** and **prime beneficiary** of growth of the Indian economy over the coming decade.
- ✓ Valuation Thesis: Multiples for major Indian Financials are currently around historical average. ⁽¹⁾
 - HDFC Bank forward P/E multiple 24x vs. 23x average
 - ICICI Bank forward P/E multiple 20x vs. 19x average
 - Axis Bank forward P/E multiple 16x vs. 17x average
- ✓ Digital Thesis: Private sector financials have become **digital powerhouses**; this may help them gain share during an extended period of social isolation.

(1) Source: S&P CapitalIQ. Data as of February 28, 2021. Forward P/E multiple refers to price to next twelve months earnings expected by analyst consensus. Average represents last 3-year average forward P/E multiple.



Source: ETF.COM

INDF In the News

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A duo of former managers from legendary hedge fund Tiger Management launched an Indian financials ETF in October that's already up 29%. They share 6 must-buy stocks with huge upside potential.

Vicky Ge Huang 2 hours ago

[f](#) [✉](#) [⋮](#)

etfexpress

NEWS REPORTS DIRECTORY EVENTS AWARDS NEWSLETTER

ESG LAUNCHES REGULATION TECHNOLOGY MOVES MARKETS IN MY OPINION [ETFLIVE NORTH AMERICA](#)

NEWS / FUNDS

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New ETF gives pure play access to India's financial services stocks for the first time

BY BEVERLY CHANDLER | 20/11/2020 - 3:52PM



INDF (NYSE: INDF) is available to global investors on the Kristal.AI platform

NYSE-listed [INDF](#) is the first pure-play India Financials ETF. INDF is now available at [Kristal.AI](#), a global, digital-first wealth platform.

NEW YORK ([PRWEB](#)) December 16, 2020 -- [INDF](#), the first pure-play India Financials ETF listed on the NYSE, is now available to investors globally through a partnership with Kristal.AI, a global, digital-first wealth platform based in Singapore.

Important Risk Information

Carefully consider the Funds' investment objectives, risk factors, charges and expenses before investing. This and additional information can be found in the Fund's prospectus, which may be obtained by visiting <https://indiafinancials.com/investor-materials>. Read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. International investments may also involve risk from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, and from economic or political instability. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. The Fund's investments in securities of issuers located or operating in India, as well as its ability to track the Index, also may be limited or prevented, at times, due to the limits on foreign ownership imposed by the Reserve Bank of India ("RBI"). Narrowly focused investments and investments in smaller companies typically exhibit higher volatility. Financial services companies are subject to extensive governmental regulation, which may limit both the amounts and types of loans and other financial commitments they can make, the interest rates and fees they can charge, the scope of their activities, the prices they can charge and the amount of capital they must maintain. There is no guarantee the fund will achieve its stated objective.

The presentation contains a manager's opinion and should not be regarded as investment advice or recommendation of specific securities.

A new or smaller fund is subject to the risk that its performance may not represent how the fund is expected to or may perform in the long term. In addition, new funds have limited operating histories for investors to evaluate and new and smaller funds may not attract sufficient assets to achieve investment and trading efficiencies.

Shares are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns. The market price returns are based on the official closing price of an ETF share or, if the official closing price isn't available, the midpoint between the national best bid and national best offer ("NBBO") as of the time the ETF calculates current NAV per share, and do not represent the returns you would receive if you traded shares at other times. NAVs are calculated using prices as of 4:00PM Eastern Time.