



Nifty Metal Index Note – August 31, 2024

Overview on Metal sector and Nifty Metal Index:

- India ranks amongst top 5 producers of metals including: Aluminium, Steel and Iron etc.
- Iron and Steel exports have grown steadily and have still remained higher than pre-pandemic levels despite of imposition of export duty post the peak of 2021. Exports of zinc, aluminium and copper have also experienced steady growth.
- Going forward, as the demand for metals is rising, Indian steel exports are expected to grow by more than 3x till 2050.
- Nifty Metal Index provides exposure to 15 stocks from Indian Metals and Mining sector, listed in National Stock Exchange. The index consists of companies involved in extraction, processing and distribution of metals including iron ore, steel, aluminium, zinc, copper etc.
- In the past 5 Years, Nifty Metal Index has generated a return of 34.7% vis-à-vis 22.7% return of Nifty 500 Index. *(Refer performance comparison table on page 2)*
- Nifty Metal index outperformed Nifty 500 and Nifty 50 five times in the past ten years *(Refer Calendar year performance table on page 3)*
- Increasing government incentives through Steel PLI scheme is likely to generate investment of ~INR 30,000 Cr in metal sector. Infrastructural developments in India are also likely to contribute to more than 25% of metal demand in the coming decade. Looking at thriving demand for metals, investors seeking to gain exposure to expanding Indian metal industry may invest in Nifty Metal Index. *(Source: Data as on August 31, 2024. Mirae Asset Internal Research)*

Introduction:

The Nifty Metal Index comprises of fifteen stocks from metals and mining sector listed on National Stock Exchange of India (NSE). It provides investors and market intermediaries a benchmark that captures the capital market performance of the Indian Metals and Mining sector. Nifty Metal Index is computed using free float market capitalization method.

Particular	Description
Name	Nifty Metal Index
Number of Constituents	15
Selection and Weighing	Periodic Capped Free Float
Stock Capping	No single stock shall be more than 33% and weightage of top 3 stocks cumulatively shall not be more than 62% at the time of rebalancing.
Eligible Stocks	Minimum Listing History of 1 month & available in F&O segment
Universe	Nifty 500 Index
Review & Reconstitution	Semi-Annual
Index Launch Date	July 12, 2011
Back-Tested Data Available Since	January 01, 2004
Variants	Price Return & Total Return Index
Currency Denomination	Indian Rupees (INR)
Base Value of Index	1,000

**Data as on August 31, 2024. National Stock Exchange (NSE). Past performance may or may not sustain in future. The above is performance of the Index and category of schemes and does not in any manner indicate the performance of any individual scheme of Mutual Fund.*

Eligibility Criteria for Selection of Constituent Stocks:

- Companies should form part of Nifty 500 at the time of review. In case, the number of eligible stocks representing a particular sector within Nifty 500 falls below 10, then deficit number of stocks shall be selected from the universe of stocks ranked within top 800 based on both average daily turnover and average daily full market capitalisation based on previous six months period data used for index rebalancing of Nifty 500.
- Companies should form a part of the Metals sector.
- The company's trading frequency should be at least 90% in the last six months.
- The Company should have a minimum listing history of 1 month as on the cut-off date.
- Final selection of companies shall be done based on the free-float market capitalization.
- Weightage of each stock in the index is calculated based on its free-float market capitalization such that no single stock shall be more than 33% and weightage of top 3 stocks cumulatively shall not be more than 62% at the time of rebalancing.

Index Re-Balancing:

Index 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. The rebalancing will be effective from last business day of March and September. Weights are reset on a quarterly basis.

Source: NSE, Data as on August 31, 2024.

Performance comparison:

Period	Nifty Metal Index	Nifty 500 Index	Nifty 50 Index
15 Years	9.2%	14.2%	13.3%
10 Years	14.3%	15.3%	13.6%
7 Years	17.5%	16.7%	15.7%
5 Years	34.7%	22.7%	19.4%
3 Years	19.9%	18.9%	15.2%
2 Years	26.4%	25.6%	20.5%
1 Year	41.9%	41.6%	32.6%
2024 YTD	18.3%	23.1%	17.3%
6 Months	13.2%	17.0%	13.7%
3 Months	-3.0%	12.9%	12.5%

**Data as on August 31, 2024. National Stock Exchange (NSE), Past performance may or may not sustain in future. The index return is in Total Return Variant. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund*

- In the past 5 Years, Nifty Metal Index has generated a return of 34.7% vis-à-vis 22.7% and 19.4% return of Nifty 500 and Nifty 50 Index respectively.
- Nifty Metal Index has given a significant run-up in the past three years, driven by increasing global demand for metals.
- On a five-year horizon, Nifty Metal index has outperformed all other sectoral indices.

Period	Nifty Metal Index	Nifty Auto Index	Nifty Bank Index	Nifty IT Index	Nifty FMCG Index	Nifty Oil & Gas Index
15 Years	9.2%	18.4%	14.6%	18.1%	18.2%	14.2%
10 Years	14.3%	14.2%	13.2%	17.1%	14.3%	17.4%
7 Years	17.5%	15.0%	11.9%	24.5%	15.5%	18.5%
5 Years	34.7%	31.5%	14.0%	24.2%	18.6%	26.3%
3 Years	19.9%	38.9%	13.1%	9.5%	19.0%	25.1%
2 Years	26.4%	41.8%	15.0%	25.1%	21.9%	27.7%
1 Year	41.9%	68.2%	17.8%	40.1%	25.8%	75.4%
2024 YTD	18.3%	41.6%	7.3%	22.2%	12.5%	42.6%
6 Months	13.2%	25.8%	9.5%	15.0%	17.0%	14.9%
3 Months	-3.0%	12.5%	5.2%	23.4%	17.6%	16.1%

**Data as on August 31st 2024. National Stock Exchange (NSE), Past performance may or may not sustain in future. The index return is in Total Return Variant. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund.*

Calendar-year performance:

- Historic data shows that the Nifty Metal Index has outperformed Nifty 500 Index five times in the past decade.
- Post 2008 financial crisis, Nifty Metal Index experienced a significant recovery in 2009 with returns of 232.5% as the markets corrected along with oil and gas sector. Overall, Nifty Metal has shown quicker recovery post economic downturns.

Period	Nifty Metal Index	Nifty 500 Index	Nifty 50 Index
2023	19.1%	26.9%	21.3%
2022	25.3%	4.2%	5.7%
2021	73.4%	31.6%	25.6%
2020	18.0%	17.9%	16.1%
2019	-9.6%	9.0%	13.5%
2018	-16.8%	-2.1%	4.6%
2017	54.0%	37.7%	30.3%
2016	48.4%	5.1%	4.4%
2015	-29.4%	0.2%	-3.0%
2014	8.4%	39.3%	32.9%
2013	-12.2%	4.8%	8.1%
2012	19.4%	33.5%	29.4%
2011	-47.2%	-26.4%	-23.8%
2010	0.9%	15.3%	19.2%
2009	232.5%	91.0%	77.6%
2008	-73.3%	-56.5%	-51.3%
2007	143.3%	64.6%	56.8%
2006	98.1%	36.2%	41.9%

*Data as on December 31st 2023 (Calendar Year- CY). National Stock Exchange (NSE), **Past performance may or may not sustain in future.** The index return is in Total Return Variant. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund.

Constituents of Nifty Metal Index and Key Metrics:

Sr.	Company Name	Basic Industry	Wt. (%)	Sales - 3 Yr. Avg Growth	Net Income Y-o-Y Growth	Debt/ Common Equity	Return on Assets	Return on Equity
1.	Tata Steel Ltd.	Iron &Steel	18.9	17%	51%	95%	-2%	-5%
2.	Hindalco Industries Ltd.	Aluminium	15.4	20%	25%	57%	4%	10%
3.	JSW Steel Ltd.	Iron &Steel	13.5	34%	-64%	113%	4%	12%
4.	Adani Enterprises Ltd.	Trading	11.9	45%	116%	167%	2%	9%
5.	Vedanta Ltd.	Diversified	11.8	20%	37%	x	x	x
6.	Jindal Steel & Power Ltd.	Iron &Steel	5.3	15%	-21%	39%	8%	14%
7.	APL Apollo Tubes Ltd.	Iron &Steel	3.9	30%	0%	32%	11%	22%
8.	Jindal Stainless Ltd.	Iron &Steel	3.8	61%	-13%	42%	9%	21%
9.	NMDC Ltd.	Iron &Steel	3.8	19%	19%	13%	17%	23%
10.	Steel Authority of India Ltd.	Iron &Steel	2.9	17%	-62%	64%	2%	5%
11.	National Aluminium Co Ltd.	Aluminium	2.5	17%	80%	0%	11%	14%
12.	Hindustan Zinc Ltd.	Zinc	1.9	0%	19%	60%	x	x
13.	Hindustan Copper Ltd.	Copper	1.6	-1%	140%	10%	9%	14%
14.	Ratnamani Metals & Tubes Ltd.	Iron &Steel	1.4	31%	-21%	5%	16%	22%
15.	Welspun Corp Ltd.	Iron &Steel	1.4	40%	47%	35%	8%	21%

*Data as on August 31, 2024. ACE MF, Bloomberg. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same and the Fund may or may not have any future position in these sector(s)/stock(s)/issuer(s).

Conclusion:

Overall, growth in Indian infrastructure and manufacturing sector has caused an increase in demand for metals. Increased infrastructure spend is expected to contribute 25-30% of metal demand in the next decade. Production for steel and iron has seen steady growth due to increasing urbanisation. Capital inflow due to Steel PLI Schemes are expected to generate an investment of ~INR 30,000 Cr. Moreover, Sustainability controls like 'Metal Scrapping Policy' and 'Steel Quality Control' may contribute to increased efficiency in the sector. Also, government initiatives like Production Linked Incentives (PLI) have driven more demand for metals from manufacturing sectors. As metals are becoming more crucial for India's economic prosperity, investors seeking to gain from growing Indian metal industry may invest in Nifty Metal Index.

**Source: InvestIndia.org. As per latest data available as on August 2024.*

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