

Plexus Management Services

NFO Review: MOST Shares M50 - Motilal Oswal ETF

Offer Period	30th Jun 2010 – 19th July 2010
Scheme Type	An open ended Index Exchange Traded Fund
Unit Price & Subscription:	Unit Price : Rs. 10 per unit, Subscription : Rs. 10,000/-
Load & options.	Entry Load : NIL; Exit Load: NIL
Fund Objective:	The Scheme seeks investment return that corresponds (before fees and expenses) generally to the performance of the MOST 50 Index (Underlying Index), subject to tracking error.
Benchmark:	MOST 50 Index and S&P CNX Nifty Index
Fund Manager	Mr. Rajnish Rastogi

Idea Distiller:

At the core of it it is an Index fund, but a tweaked Index fund. The idea clearly is to provide a differentiator in the index category, thus eliminating active management costs.

Asset allocation:

Item	Percentage
Securities constituting MOST 50 Index:	90%-100%
Debt & Cash equivalent:	0%-10%

Peer Scheme

Kotak Sensex ETF

Track record:

Management	Fund Manager
Risk: NA	Risk: NA
Return: NA	Return: NA

Scheme DNA:

Unique Idea: ★ ★ ★
Return Possibility: ★ ★ ★
Risk: ★ ★
Opera ability/Complexity: ★ ★ ★ ★

Comments:

A very new, different idea with a high degree of novelty attached. The tinkering with the Nifty constituents with an eye on the financial parameters is a completely new take and likely to better reflect growth options compared to the passive tracking of the Nifty index. The low cost and better liquidity of the scrips universe is certain to provide a kicker to the growth numbers (versus passive Nifty tracking) and safety and liquidity. The only hitch is the restrictive universe, but perhaps for the first foray of the fund house, it is actually better as the costs for monitoring is also lessened.

Oomph appeal:

High Considering the fact that explaining it to the large investing class is going to be a deterrent and somehow active managed funds so far has performed better than the largely passive, index oriented funds. **I would buy.**