

DSP NIFTY 1D Rate Liquid ETF FAQ

(NSE - LIQUIDETF | BSE - 541097 | ISIN - INF740KA1EU7)

An open ended scheme investing in Tri Party REPO, Repo in Government Securities, Reverse Repo and similar other overnight instruments.
A relatively low interest rate risk and relatively low credit risk.

January 2023

1. Where will the product invest?

The ETF will invest primarily through a portfolio of Tri-Party Repo, Repo in Government Securities, Reverse Repos and similar other overnight instruments.

2. What is the benchmark of the product?

Nifty 1D Rate Index

3. What is the benefit of investing in the product?

DSP NIFTY 1D Rate Liquid ETF can be an ideal investment avenue for capital market participants wanting to park idle funds in one of the most convenient way. Settlement is same as an equity share so a client will sell stock and buy Liquid ETF simultaneously or sell Liquid ETF and buy the stock.

4. Is there a size restriction for this product?

DSP NIFTY 1D Rate Liquid ETF will invest in primarily in overnight securities by replicating the Nifty 1D Rate Index and hence size will not be a constraint for this segment of the debt market.

5. Will the investor get liquidity on the exchange while trading in the product?

Investors will always get two way quotes given by the market maker when they come to purchase or sell units on the exchange.

6. What is 20/25 rule? Does it apply to this product?

20/25 rule mandates at least 20 investors in a mutual fund scheme and maximum of 25% holding by a single investor to avoid concentration risk.

Since it is an ETF, 20/25 rule does not apply to this product.

7. Is Securities Transaction Tax (STT) applicable?

As DSP NIFTY 1D Rate Liquid ETF is debt fund STT is not applicable on buying or selling of ETF units.

8. Will the broker charge brokerage in case of DSP NIFTY 1D Rate Liquid ETF ?

As the return on DSP NIFTY 1D Rate Liquid ETF is very less, generally brokers waive off the brokerage and DP charges. Confirm with your broker about the same before you buy ETF units on exchange.

9. What are other indicative charges (other than brokerage) levied on transaction in Liquid ETFs?

Following charges (other than brokerage) are levied:

1. Exchange fee is levied @ 0.00345% by NSE & BSE
2. Stamp duty is levied @ 0.015% of transaction value (earlier @ 0.0005% *).

Example of Charges levied on DSP NIFTY 1D Rate Liquid ETF transaction of Rs.10 Lacs

Particular	Purchase transaction	Sale Transaction
Brokerage	0	0
Exchange Fees	34.5	34.5
SEBI Turnover Fees	1	1
GST on Exchange Fees & SEBI Turnover Fees (18%)	6.39	6.39
Stamp Duty*	150	0
Total Cost	191.89	41.89
Cost as % of purchase/ sale price	0.019%	0.004%
Total cost of Buy & Sell transaction	0.023%	

* W.e.f. 01 July 2020, rate of stamp duty has been revised to 0.015% from 0.0005% earlier. Also stamp duty is leviable only on Buy transaction (& not on sell transaction)

10. How should one trade on the exchange to get the best execution?

DSP NIFTY 1D Rate Liquid ETF is the most liquid under ETF category on NSE & BSE. Further, unlike other ETFs generally in case of Liquid ETF, buy / sell quotes are provided at very narrow margin. You will see at most of the time bulk order are filled at Rs. 1000.01 & Rs. 999.99

ALWAYS PLACE LIMIT ORDER WHILE BUYING OR SELLING LIQUID ETF ON NSE OR BSE.

11. Is demat account compulsory for buying DSP NIFTY 1D Rate Liquid ETF?

Yes. Demat account is mandatory for making investment in DSP NIFTY 1D Rate Liquid ETF

12. Can the holders in the investment application be different with the holders in the demat account?

No. The holders in the investment application has to be in the same order as the holders in the demat account.

13. Are units of Liquid ETF listed on the exchange?

Units of DSP NIFTY 1D Rate Liquid ETF are listed on National Stock Exchange & Bombay Stock Exchange. Following are the scrip code/symbol

NSE - LIQUIDETF

BSE - 541097

ISIN - INF740KA1EU7

14. Will the units be allotted in fractions / decimals?

Units will be allotted up to 3 decimal places. For e.g. 2560.349 units.

15. Whether IDCW is going to be declared in DSP NIFTY 1D Rate Liquid ETF?

IDCW will be declared & reinvested on a daily basis and dividend accrued for the entire week will be paid to the Investor on weekly basis.

16. Since IDCW is paid out on weekly basis, will accrual happen on unpaid IDCW for the period it's not paid to investors?

Yes. IDCW will be accrued & paid on unpaid dividend to investors.

17. Will the IDCW be credited to trading account (with broker) or directly in bank account?

IDCW will be directly credited to investor's bank account available in the BENPOS (Beneficiary Position).

18. When will payout of IDCW happen?

Daily IDCW will be accumulated and credited to the bank account of the investors once in 7 days on every Monday. In case any such Monday falls on a non-business day, the credit will be done on the next business day.

19. Is there any minimum amount for IDCW to be paid?

There is no minimum limit for IDCW .

20. Does IDCW accrual start to happen from date of purchase of Liquid ETF?

- o **Purchase through stock exchange** - IDCW accrual will start from the date units are credited to demat account (i.e T+1 day)
- o **Direct purchase from AMC** - IDCW accrual will start from the date units are created by AMC which is typically date of purchase

21. Till what date IDCW will be accrued in case of sale transaction?

- o **Sale through stock exchange** - IDCW accrual will happen till the date units are debited from demat account
- o **Direct sale from AMC** - IDCW accrual will be till the date of redemption

22. Can the fractional units be sold on the exchange?

Fractional units (less than one unit) cannot be sold on the Exchange. However, an investor can redeem the fractional units in the following 2 ways:

1. Approach the Stock Exchange Member Broker who offers buying and redeeming MF units over the Stock Exchange Platform, BSE STAR MF in case of BSE and MFSS in case of NSE. The investor has to approach the Stock Exchange broker and inform them to redeem the units through the stock exchange platform. The Stock Exchange Broker will arrange to submit the redemption request to the RTA after collecting required details / documentation from the investor.
2. Investors can approach and submit a redemption request to their Depository before the cut off time of 3.00 pm. Basis the redemption request by the investor, the depository will block the units in the investor's Demat account and process the redemption request. DPs will accordingly inform the RTAs on the redemption based on which RTA will process the redemption.

23. Can an investor directly buy / sell units of DSP NIFTY 1D Rate DSP NIFTY 1D Rate from the Fund House?

Units can be directly bought / sold from the Fund House only if the units are in creation size. 2500 units at Rs. 1,000/- NAV and in multiples of 1 unit thereafter for subscription, 2500 units and in multiples of 0.001 units for redemption.

24. Are there any charges for buying/selling units of DSP NIFTY 1D Rate Liquid ETF from the fund house?

Stamp duty is levied @0.005% when buying units of Liquid ETF from the fund house. However, the entire stamp duty will be borne by the AMC and investor will not be chargeable for the same.

25. How does the investor directly redeem the Units by approaching the Fund?

Units can be directly redeemed with the Fund House where the units to be redeemed is minimum 2500 units and in multiples of 0.001 units. Investors will have to approach the Fund House with a physical redemption request. Before submitting the redemption request, the investor should transfer the units to be redeemed from their Demat account to the AMC Demat account.

26. How can one buy DSP NIFTY 1D Rate Liquid ETF?

If an investor wants to buy a small quantity of Liquid ETF, say 100 units, he will have to approach his broker to buy on NSE/BSE. DSP NIFTY 1D Rate Liquid ETF units are just like equity shares listed and traded on the exchange and the process for buying and selling is the same as is applicable for equity shares.

27. How can one sell Liquid ETF?

If an investor wants to sell a small quantity of Liquid ETF, say 100 units, he will have to approach his broker to sell on NSE/BSE. Liquid ETF units are just like equity shares listed and traded on the exchange and the process for buying and selling is the same as is applicable for equity shares.

28. What is the settlement cycle for DSP NIFTY 1D Rate Liquid ETF bought/sold on the exchange?

T+1 is the settlement cycle, similar to equity shares traded on the exchange

29. Can a non resident investor invest in DSP NIFTY 1D Rate Liquid ETF

Yes. A non resident investor can buy directly on the exchange.

30. How does an investor know the holding of units on any date?

As the units are in demat mode, the investor will have to approach their depository to know the unit holding. Depositories offer online facility for the investors to view their holding statement.

31. Will the daily IDCW distributed by the fund be subject to dividend distribution tax (DDT)?

No, DDT will no more be applicable. With effect from 01-04-2020, the Finance Act, 2020 has abolished the Dividend Distribution Tax(DDT) and moved to the traditional system of taxation wherein Mutual Funds do not pay DDT on income distributed and, the unit holders are liable to pay tax on such income at the normal applicable tax rates/slab rates plus applicable surcharge and cess thereon.

32. What is the tax liability of gains in DSP NIFTY 1D Rate Liquid ETF in the hands of investor?

IDCW

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Capital Gain

In DSP NIFTY 1D Rate Liquid ETF, IDCW is accrued everyday & paid on weekly basis, while the NAV of the fund remains same. Therefore, at the time of redemption / switch out, sale price generally equals the purchase price thereby leading to negligible or NIL income liable to capital gains.

33. What are the applicable rates at which TDS would be deducted?

As per section 194K of The Income Tax Act, 1961 (introduced vide The Finance Act, 2020), TDS shall be deducted on the IDCW amount paid to a resident investor if the same exceeds Rs. 5,000 for a financial year . For non-resident investors, TDS on IDCW shall be deducted under section 196A of The Income Tax Act, 1961. Refer table below for effective TDS rates.

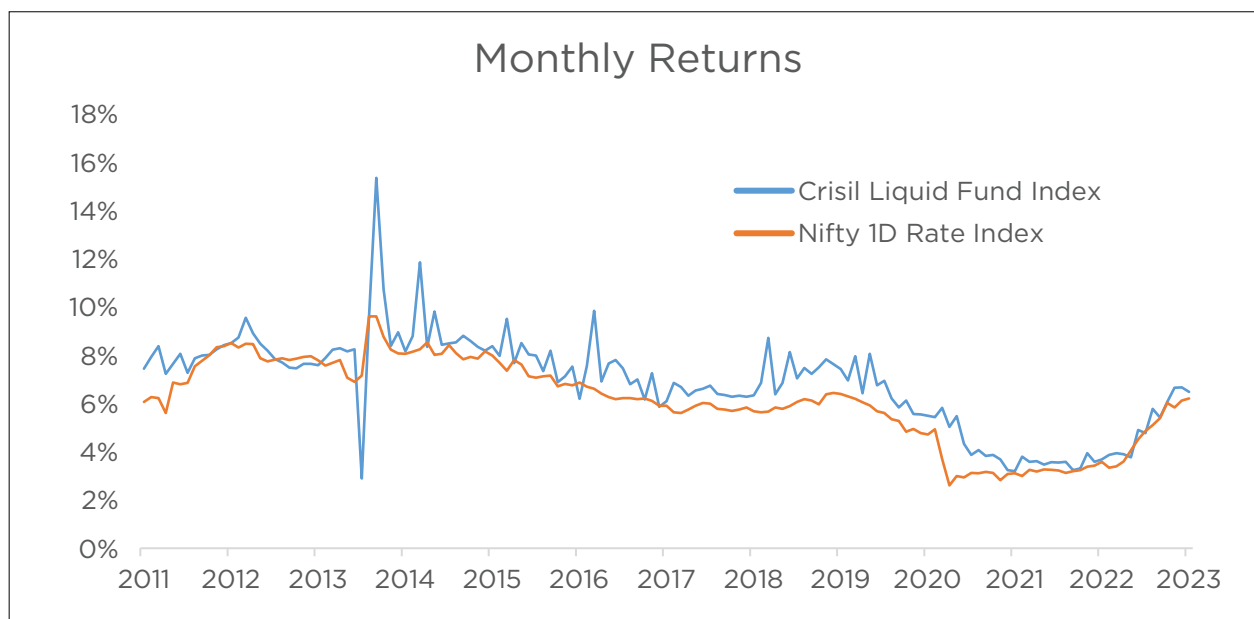
Sr. No.	Investor Category	TDS rate	IDCW amount	Sur-charge	Cess	rate
1	All Resident Investors (Individual & Non Individual)	10%	Any Amount	-	-	10.000%
2	Non Resident Individuals (NRI), & NRIs Individuals without PAN	20%	0 to 50L	0%	4%	20.800%
			50L to 1 Cr	10%	4%	22.880%
			> 1 Cr to 2 Cr	15%	4%	23.920%
			> 2 Cr to 5 Cr	15%	4%	23.920%
			> 5 Cr and above	15%	4%	23.920%
3	Resident investors without PAN, invalid PAN, PEKRAN	20%	Any Amount	-	-	20.000%
4	FII/ FPI (Foreign company)	20%	1 Cr to 10 Cr	2%	4%	21.216%
			10 Crore & above	5%	4%	21.84%
5	Non resident (other than company)					
	(a) Co-operative society	20%	1cr to 10cr	7%	4%	22.258%
			More than 10cr	12%	12%	4%
(B) Firm	20%	More than 1cr	12%	12%	4%	23.296%

34. How will the unit holder get the TDS certificate for the TDS deducted by the Mutual Fund?

On a quarterly basis after the TDS return is filed by the Fund, the certificate for TDS deducted during the quarter will be emailed / sent to the investor after the end of the quarter. The TDS amount will also reflect in Form 26AS at the Income Tax return e-Filing Portal.

The investor can login with their credentials at the e-Filing Portal under <http://www.incometaxindiaefiling.gov.in> and check Form 26AS under the menu “My Account” for the TDS deducted.

35. How are the returns of the Nifty 1D Rate Index vs CRISIL Liquid Fund Index?



Source - MFIE. Annualised monthly return till 31 Jan 2023. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the Index and do not in any manner indicate the returns/performance of the Scheme. It's not possible to invest directly in Index

Calendar Year Returns

Year	Crisil Liquid Fund Index	Nifty 1D Rate Index
CY 2011	8.1%	7.2%
CY 2012	8.5%	8.4%
CY 2013	9.0%	8.3%
CY 2014	9.2%	8.4%
CY 2015	8.2%	7.5%
CY 2016	7.5%	6.5%

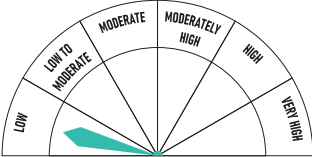
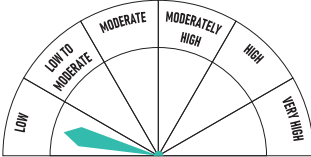
Calendar Year Returns

Year	Crisil Liquid Fund Index	Nifty 1D Rate Index
CY 2017	6.6%	6.0%
CY 2018	7.6%	6.2%
CY 2019	6.9%	5.8%
CY 2020	4.6%	3.4%
CY 2021	3.6%	3.3%
CY 2022	5.1%	4.8%
YTD 2023*	6.7%	6.4%

Source - MFIE. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments. These figures pertain to performance of the Index and do not in any manner indicate the returns/performance of the Scheme.

* Annualised return till 31 Jan 2023. It's not possible to invest directly in Index

PRODUCT LABELLING

<p>DSP NIFTY 1D Rate Liquid ETF (An open ended scheme investing in Tri Party REPO, Repo in Government Securities, Reverse Repo and similar other overnight instruments. A relatively low interest rate risk and relatively low credit risk)</p> <p>This open ended Liquid ETF is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> • Current income with high degree of liquidity • Investment in Tri Party REPO, Repo in Government Securities, Reverse Repo and similar other overnight instruments 	<p>Scheme Riskometer</p>  <p>RISKOMETER</p>	<p>Benchmark Riskometer</p>  <p>RISKOMETER</p> <p>BENCHMARK: NIFTY 1D RATE INDEX</p>
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* Investors should consult their financial advisers if in doubt about whether the Scheme is suitable for them.

DSP NIFTY 1D Rate Liquid ETF:

Potential Risk Class Matrix: The potential risk class matrix of DSP NIFTY 1D Rate Liquid ETF based on interest rate risk and credit risk is as follows:

Potential Risk Class			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)	A-I	-	-
Moderate (Class II)	-	-	-
Relatively High (Class III)	-	-	-

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