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MUTUAL FUND

Nifty Large Midcap 250 Index: A better way to invest in large and mid-caps?

If you are investing in equity mutual funds, you are likely aware that they come with some risk. But that does not mean you can't take steps to manage it. One effective strategy to lower portfolio risk is through diversification. Equity funds are typically divided into different categories like large-cap, mid-cap, and small-cap funds. You can achieve diversification by investing in the large- and mid-cap segments together through the Nifty Large Midcap 250 Index.

Are you curious to know if this is a better way to invest across both large- and mid-cap stocks? Read this article to find out.

What is the Nifty Large Midcap 250 Index?

The Nifty Large Midcap 250 Index maintains a balanced portfolio of 100 large-cap and 150 mid-cap companies listed on the National Stock Exchange (NSE). These are represented by the Nifty 100 and Nifty Midcap 150 indices, respectively. The index maintains an even split, with 50% allocated to large-cap stocks and 50% to mid-cap stocks. This implies that if you invest Rs 5,000 into the fund, Rs 2500 would be allocated to the 100 large-cap companies and the remaining Rs 2500 to mid-cap companies. The weights in the Nifty Large Midcap 250 Index are reset every quarter.

The index invests in the following industries:

1. Capital Goods 8.78%
2. Construction Materials 1.82%
3. Financial Services 25.15%
4. Healthcare 7.26%
5. Power 3.09%
6. Metals & Mining 3.36%
7. Services 1.9%
8. Oil Gas & Consumable Fuels 6.97%
9. Fast Moving Consumer Goods 6.41%
10. Consumer Services 3.55%
11. Automobile and Auto Components 7.95%
12. Chemicals 3.56%
13. Telecommunication 3.11%
14. Information Technology 8.85%
15. Realty 2.08%

- 16. Consumer Durables 3.22%
- 17. Textiles 0.49%
- 18. Media Entertainment & Publication 0.1%
- 19. Construction 2.11%
- 20. Diversified 0.25%

How to invest in the Nifty Large Midcap 250 Index?

You can invest in the Nifty Large Midcap 250 through a mutual fund that tracks the index.

Advantages of investing in the Nifty Large Midcap 250 Index

Here are some benefits of investing in the Nifty Large Midcap 250 Index:

- **Diversification:** The Nifty Large Midcap 250 Index gives you exposure to both large and mid-cap stocks through a single investment. Instead of spreading your money across separate funds, you can enjoy the benefits of both segments in one place, which helps streamline your portfolio.
- **Pre-built portfolio:** You get access to a pre-created portfolio of top-performing stocks with the Nifty Large Midcap 250 index. There is no need to handpick individual stocks yourself. You can invest in a fund that tracks the index, and you automatically get the same level of diversification.
- **Convenience:** It is easy to invest in a mutual fund that tracks the Nifty Large Midcap 250 Index. You can invest through a Systematic Investment Plan (SIP) or make a lump sum investment. Either way, it offers flexibility to suit your investing style.

Conclusion

If you are looking to explore both the mid-cap and large-cap segments, the Nifty Large Midcap 250 Index could be a convenient option. Once you decide whether to go for an SIP or a lump sum investment, you can get started right away and enjoy a diversified portfolio without the hassle of managing multiple funds.

An investor education initiative by Edelweiss Mutual Fund

All Mutual Fund Investors have to go through a onetime KYC process. Investor should deal only with Registered Mutual Fund (RMF).

For more info on KYC, RMF and procedure to lodge/redress any complaints, visit - <https://www.edelweissmf.com/kyc-norms>

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.