

**The Naked Trader**  
High-vigour, low-debt companies selected as per the criteria set out by Robbie Burns in 'The Naked Trader'

Index Value  
**514.88**  
CAGR  
**28.45%**  
since March 3, 2014

**Moderate Risk**

**smallcase rationale**

This smallcase is created on the basis of investment criteria set out by Robbie Burns, a UK-based trader, in his book 'The Naked Trader: How Anyone Can Make Money Trading Shares'. These criteria have been adapted to Indian stock market conditions to build this smallcase.

- First, the financial vigour of stocks is checked and only those stocks whose revenue, earnings and dividend payouts have increased in the most recent financial year are selected
- Next, companies whose debt burdens are low relative to their operating profits are selected. Low-debt companies pay low interest, which automatically boosts profitability. Such companies are relatively better off even when the business environment is facing a downturn
- In addition to this, the model also checks for ratios like PE, so that reasonably-priced stocks are selected

Created by **Windmill Capital** SEBI Reg. Number **INH200007645** Subscription Type **Free**

[Invest in this smallcase here](#)

**Methodology**



**Defining the universe**

All publicly traded companies on the National Stock Exchange of India, covering 90% market capitalization, are included in the universe



**Research**

The Windmill Capital team studies research papers and documented investment philosophies and strategies. Ideas and strategies are then adapted for the Indian markets, with which a criteria for stock screening is finalized



**Stock Screening**

- Proprietary liquidity filters are applied to remove ill-liquid stocks from the universe
- A special check is applied to remove stocks, where a significant part of the promoter holdings are pledged, to define the investable universe
- The model criteria identified in the previous step is applied on the investable universe to select qualifying stocks



**Weighting**

This list of selected stocks is equal weighted



**Historical back-testing**

All model based smallcases are checked for historical outperformance to ensure that only consistently outperforming models are selected



**Rebalance**

This smallcase has a quarterly rebalance schedule. Once every quarter, the research team reviews this smallcase and drops stocks which do not meet the model criteria and adds new stocks

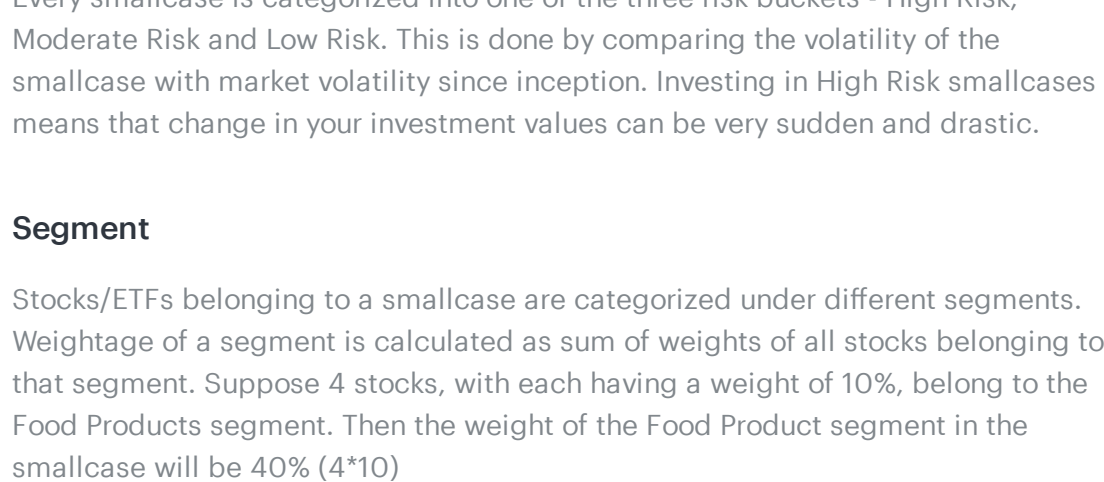
**Ratios**

Ratio	smallcase	Equity Smallcap
PE Ratio	7.81	18.69
PB Ratio	1.93	2.10
Sharpe Ratio	1.35	0.93
Dividend Yield (%)	2.96	1.82

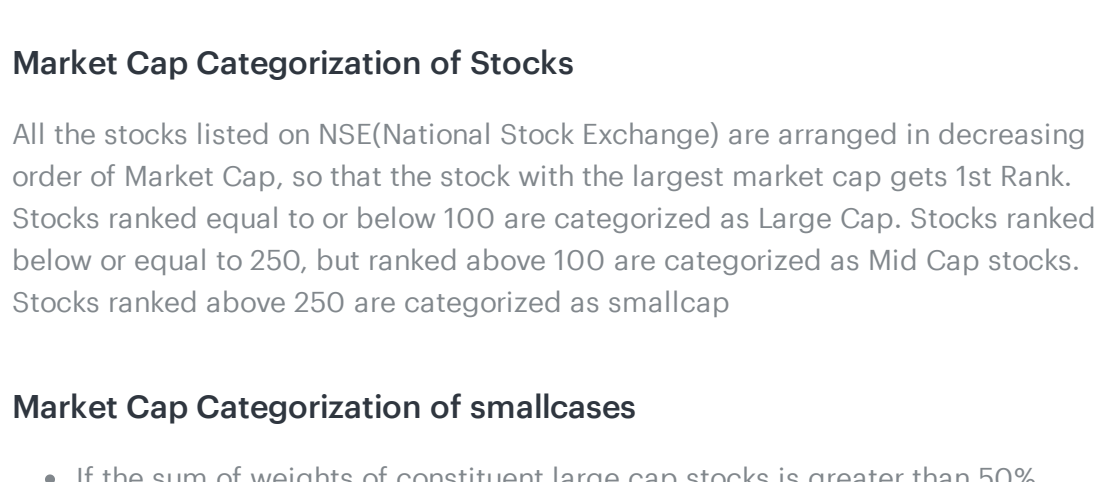
**Important Fields**

Inception Date **March 3, 2014** Launch Date **October 29, 2018** Marketcap Category **Equity Smallcap**  
Review Frequency **Quarterly** Last Reviewed **September 16, 2020** Next Review On **December 16, 2020**

**Market Cap Distribution**



**Past Performance Comparison with Equity Smallcap**



**Returns over various periods**

3M Returns	6M Returns	1Y Returns	3Y Returns
smallcase <b>13.97%</b>	smallcase <b>50.1%</b>	smallcase <b>10.2%</b>	smallcase <b>-16.81%</b>
Equity Sm... <b>20.12%</b>	Equity Sm... <b>49.23%</b>	Equity Sm... <b>6.4%</b>	Equity Sm... <b>-31.08%</b>

**How to invest**

**Definitions and Disclosures**

**Index Value**

Index value for all smallcases start from 100 since their inception date and helps investors easily calculate the returns generated since inception or between two specific dates. For example, if the current index value of the smallcase is 150, it means it has generated 50% since its inception. If the index value of a smallcase was 215 last month and the current index value if 245, it means it has generated (245/215)-1 = 13.9% return in last one month

**CAGR**

CAGR (compounded annual growth rate) is a useful measure of growth or performance of a portfolio. It represents the growth/return rate that gets you to the current value of the investment, starting from the initial investment value and assuming that investment has been compounding at the fixed growth/return rate for the period.

In simple words, it indicates the annual return generated by the smallcase from the date of inception

**Risk Label**

Change in value of your investment, due to changing prices of stocks on a portfolio basis is called the Risk. If the daily change in the investment value of portfolio is too drastic, it means prices of stocks in the portfolio are changing very rapidly. Such portfolios have High Risk.

Every smallcase is categorized into one of the three risk buckets - High Risk, Moderate Risk and Low Risk. This is done by comparing the volatility of the smallcase with market volatility since inception. Investing in High Risk smallcases means that change in your investment values can be very sudden and drastic.

**Segment**

Stocks/ETFs belonging to a smallcase are categorized under different segments. Weightage of a segment is calculated as sum of weights of all stocks belonging to that segment. Suppose 4 stocks, with each having a weight of 10%, belong to the Food Products segment. Then the weight of the Food Product segment in the smallcase will be 40% (4\*10)

**Review**

Rebalancing is the process of periodically reviewing and updating the constituents of a smallcase. This is done to ensure that stocks & weights in the smallcase continue to reflect the underlying theme or strategy

**Market Cap Categorization of Stocks**

All the stocks listed on NSE(National Stock Exchange) are arranged in decreasing order of Market Cap, so that the stock with the largest market cap gets 1st Rank. Stocks ranked equal to or below 100 are categorized as Large Cap. Stocks ranked below or equal to 250, but ranked above 100 are categorized as Mid Cap stocks. Stocks ranked above 250 are categorized as smallcap

**Market Cap Categorization of smallcases**

- If the sum of weights of constituent large cap stocks is greater than 50%, then smallcase is categorized as Largecap
- If the sum of weights of constituent mid cap stocks is greater than 50%, then smallcase is categorized as Midcap
- If the sum of weights of constituent small cap stocks is greater than 50%, then smallcase is categorized as Smallcap
- If the sum of weights of constituent large cap stocks is greater than 30%, sum of weights of mid cap stocks are greater than 30%, and sum of weights of large cap and mid cap stocks are greater than 80%, then smallcase is categorized as Large & Midcap
- If the sum of weights of constituent small cap stocks is greater than 30%, sum of weights of mid cap stocks are greater than 30%, and sum of weights of small cap and mid cap stocks are greater than 80%, then smallcase is categorized as Mid & Smallcap
- If none of the above conditions are met, then smallcase is categorized as Multicap
- Marketcap category of a smallcase might be different from the above mentioned, if the creator/manager of the smallcase specifically defines a particular category

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