# Dividend - Smart Beta

Companies increasing their dividends on a consistent basis

Medium Volatility

6Y CAGR
11.89% Since: July 20, 2018

## smallcase rationale

Stock returns consist of two parts--price return and dividend return. Generally, retail investors overlook the dividend returns generated by a stock before investing, but in the long-term, dividend returns become very important and significant.

- This smallcase picks only liquid stocks from the top 150 market cap stocks listed on NSE
- Companies that have consistently increased their dividends over the last 5 years are selected
- The final list of stocks are selected on the basis of high dividend yield
- The selected stocks are weighted using a mathematical model that minimizes the volatility of the smallcase

This passive investing smallcase is ideal to generate market-beating returns over the long-term by earning more through dividends.

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

Invest in this smallcase here

## Methodology

### Defining the universe

All publicly traded companies on the National Stock Exchange of India are sorted by marketcap. Only the top 150 companies on the basis of marketcap are included in the universe

### Research

The Windmill Capital team studies research papers and documented various smart beta algorithms and strategies. Algorithms 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

Depending on the strategy, Windmill Capital team picks a quantitative weighting scheme to be applied

### Rebalance

This smallcase has a quarterly rebalance schedule. Once every quarter, the research team reviews this smallcase to add or drop stock/ETFs, if applicable

## Ratios

| Ratio | smallcase | Equity Large Cap |
|---|---|---|
| PE Ratio | 45.06 | 24.47 |
| PB Ratio | 7.22 | 4.34 |
| Sharpe Ratio | 1.10 | 1.11 |
| Dividend Yield (%) | 1.22 | 1.13 |

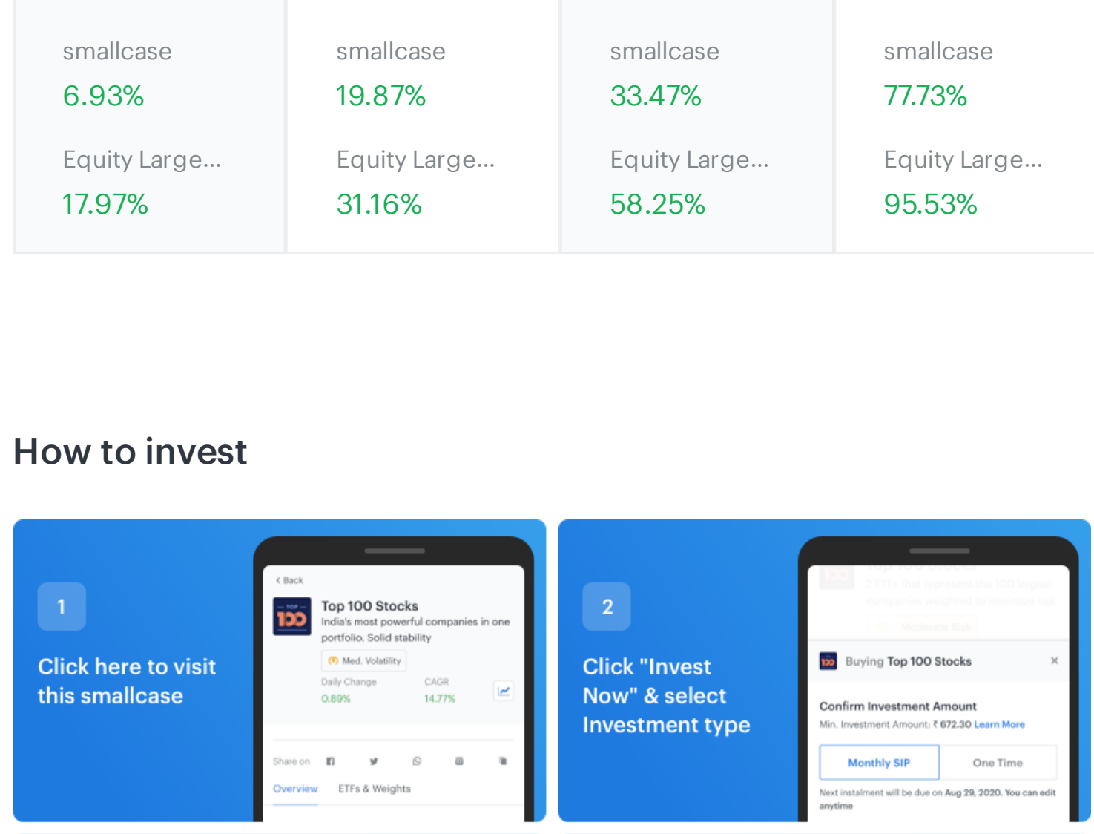
## Important Fields

| Inception Date | Launch Date | Marketcap Category |
|---|---|---|
| August 31, 2007 | July 20, 2018 | Equity Large Cap |
| **Review Frequency** | **Last Reviewed** | **Next Review On** |
| Quarterly | March 4, 2024 | June 4, 2024 |

## Market Cap Distribution

| ● Large Cap | ● Mid Cap | ● Small Cap |
|---|---|---|
| 67.67% | 32.33% | 0.00% |

## Live Performance vs Equity Large Cap

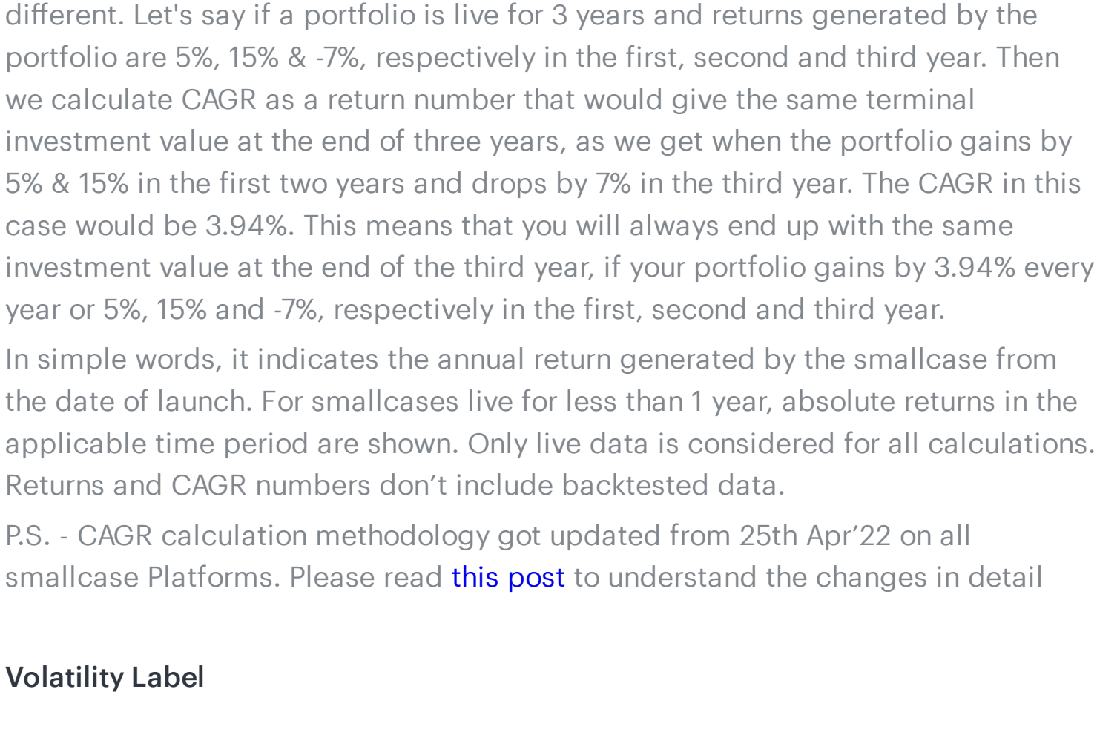


Note: Live performance includes rebalances. It is a tool to communicate factual return information and should not be seen as advertisement or promotion.

## Returns over various periods

| | 6M Returns | 1Y Returns | 3Y Returns | 5Y Returns |
|---|---|---|---|---|
| smallcase | 6.93% | 19.87% | 33.47% | 77.73% |
| Equity Large... | 17.97% | 31.16% | 58.25% | 95.53% |

## How to invest



1 Click here to visit this smallcase

2 Click "Invest Now" & select Investment type

3 Enter your investment amount

4 Review and place orders in 1 click

## Definitions and Disclosures

### CAGR

CAGR (compounded annual growth rate) is a useful measure of growth or performance of a portfolio. Every year returns generated by a portfolio are different. Let's say if a portfolio is live for 3 years and returns generated by the portfolio are 5%, 15% & -7%, respectively in the first, second and third year. Then we calculate CAGR as a return number that would give the same terminal investment value at the end of three years, as we get when the portfolio gains by 5% & 15% in the first two years and drops by 7% in the third year. The CAGR in this case would be 3.94%. This means that you will always end up with the same investment value at the end of the third year, if your portfolio gains by 3.94% every year or 5%, 15% and -7%, respectively in the first, second and third year.

In simple words, it indicates the annual return generated by the smallcase from the date of launch. For smallcases live for less than 1 year, absolute returns in the applicable time period are shown. Only live data is considered for all calculations. Returns and CAGR numbers don't include backtested data.

P.S. - CAGR calculation methodology got updated from 25th Apr'22 on all smallcase Platforms. Please read this post to understand the changes in detail

### Volatility Label

Changes in stock/ETF prices on a daily basis result in fluctuations to the investment value of your portfolio. In order to help investors understand the extent of fluctuation they might observe with their smallcase investment, every smallcase is categorized into one of the three volatility buckets - High, Medium and Low Volatility. This is done by comparing the smallcase's volatility against that of the Nifty 100 Index.

If the daily change in the investment value of a portfolio is too drastic, it means prices of stocks/ETFs in the portfolio are changing very rapidly. Such portfolios have High Volatility. Investing in High Volatility smallcases means that changes in your investment values can be very sudden and drastic, whereas fluctuations in the investment value of Low Volatility smallcases are expected to be lower in comparison.

For more information about how volatility is calculated, please check here

### 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)

For smallcases where manager has not prescribed any weights, equal weights are assumed for calculations.

### Review

Rebalancing is the process of periodically reviewing and updating the constituents of a smallcase. This is done to ensure that constituents 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

For smallcases where manager has not prescribed any weights, equal weights are assumed for calculations.

### Comparison of live performance

To help investors make informed decisions, smallcase platform provide many tools. One of the tools provided on the platform is the comparison of the live performance of the smallcase. This comparison is a tool to communicate factual return information and should not be seen as advertisement or promotion. Following methodology is used to provide users different options to compare the performance of the smallcases

- All smallcases have an option to compare the live performance against returns generated by Bank FDs, Inflation and Equity asset class
  - FD returns are calculated using the data available from RBI. The annual data for 1-3 year deposit rates is considered. This data is used to compute a daily index series, where the annual returns of the series correspond to the annual deposit rates provided by the RBI. For instance, if the annual deposit rates for year 1 is 6% and year 2 is 7%, the total return of the series after 2 years is calculated as 1*(1+6%)*(1+7%) - 1 = 13%. This series is also utilised to determine the CAGR between any 2 specified dates
  - Inflation returns are calculated using the data available from IMF. The annual percent change in average consumer prices is considered. This data is used to compute a daily index series, where the annual returns of the series correspond to the annual inflation rates provided by the IMF. For instance, if the annual inflation rates for year 1 is 6% and year 2 is 7%, the total return of the series after 2 years is calculated as 1*(1+6%)*(1+7%) - 1 = 13%. This series is also utilised to determine the CAGR between any 2 specified dates
  - Equity returns represent the returns generated by Nifty 50 Index
- All smallcases have an option to compare the live performance against the returns generated by Equity Largecap section of the market - represented by Nifty100 index
- Each smallcase is categorized into one of the market cap categories using the methodology explained in the section above. Following options are made available, as per the marketcap category of the smallcase

| Market Cap Category | Comparable Option |
|---|---|
| Largecap | Nifty 100 |
| Midcap | Nifty Midcap 150 |
| Smallcap | Nifty Smallcap 100 |
| Large & Midcap | Nifty LargeMidcap 250 |
| Mid & Smallcap | Nifty MidSmallcap 400 |
| Multicap | Nifty 500 |

### General Investment Disclosure

Charts and performance numbers on the platform do not include any backtested data. Please refer to the Returns Calculation Methodology to check how returns are calculated on the platform. Data used for calculation of historical returns and other information is provided by exchange approved third party data vendors and has neither been audited nor validated by the Company. For smallcases where weights are not provided by the creator, Equal weights are used to calculate all returns, numbers and ratios on the platform.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Investors should consider consulting their financial advisor while considering any investment decisions.

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