

Growth at a Fair Price

High growth companies that are available at fair valuations

High Risk

Index Value

649.09

CAGR

40.29%

smallcase rationale

Growth companies experience positive earnings and cash flows, while growing at a rate faster than the overall economy.

- Generally, growth companies have a lot of investment opportunities to reinvest their earnings and not pay dividends. Fast growing business and rising earnings allow them to command high valuations
- But, everything has a fair price and irrespective of the quality of the product, one should never overpay. This rule is applicable in the case of growth companies as well
- Such companies are good investment opportunities, however because of their high valuations, it is difficult to judge whether they are fairly priced
- This smallcase is a collection of companies experiencing earnings growth and, witnessing margin improvement.
- In addition, only the companies experiencing increasing return on capital, and available at justifiable valuations are selected

Created by **smallcase Research** SEBI Reg. Number **INH200005984** Subscription Type **Free**

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Methodology



Defining the universe

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



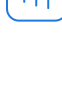
Research

The smallcase Research 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



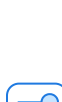
Stock Screening

- 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

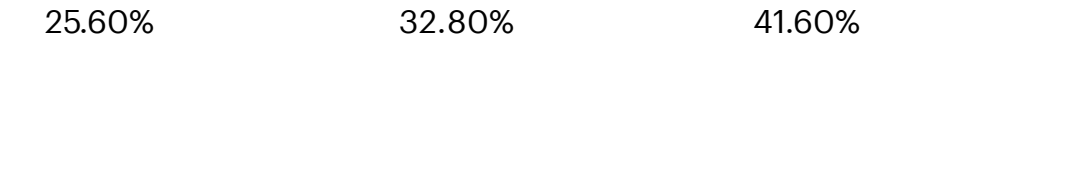
Ratio	smallcase	NIFTY Smallcap
PE Ratio	9.04	16.84
PB Ratio	1.86	1.42
Sharpe Ratio	1.85	1.01
Dividend Yield (%)	1.52	1.30

Important Dates

Inception Date **March 3, 2014** Launch Date **April 4, 2016** Benchmark **NIFTY Smallcap**

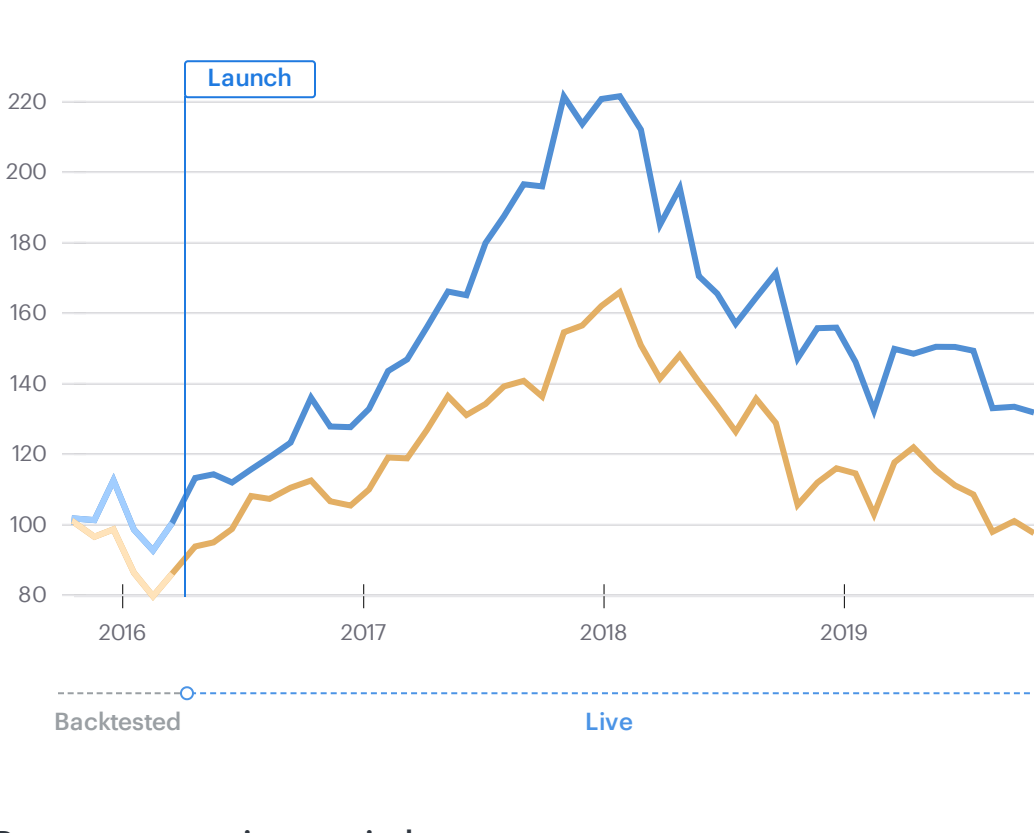
Review Frequency **Quarterly** Last Reviewed **September 13, 2019** Next Review On **December 13, 2019**

Market Cap Distribution



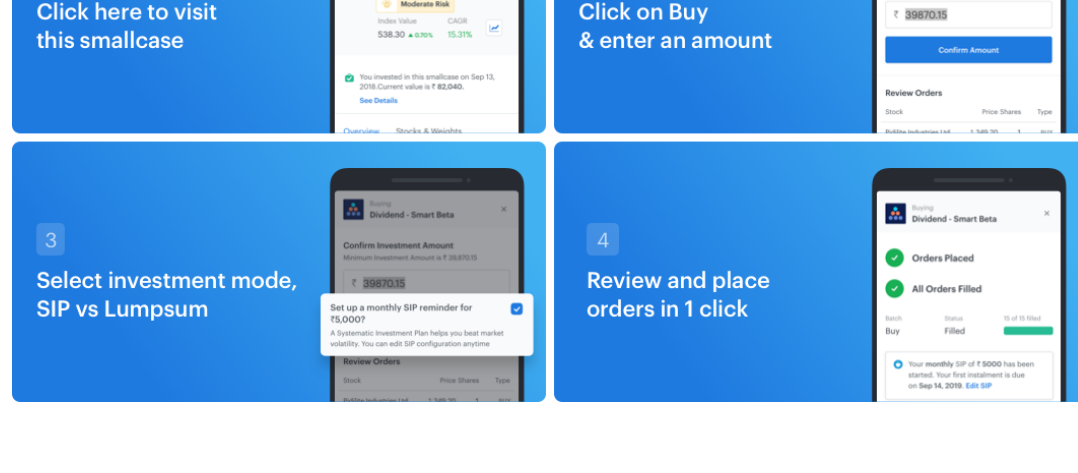
Past Performance Comparison with NIFTY Smallcap

● Growth at a Fair Price with ● NIFTY Smallcap



Returns over various periods

6M Returns	1Y Returns	3Y Returns	5Y Returns
smallcase -9.12%	smallcase -15.21%	smallcase 10.97%	smallcase 108.03%
NIFTY Sm... -17.58%	NIFTY Sm... -13.24%	NIFTY Sm... -4.58%	NIFTY Sm... 2.51%



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 is 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 daily 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

Disclosure

smallcases are only created by SEBI registered Research Analysts, Investment Advisers and Portfolio Managers. Details like Name and SEBI registration number of the creator of this smallcase can be found on the first page of the factsheet.

Smallcases represent a collection of stocks/ETFs picked by the smallcase creator to represent a particular theme, idea or strategy and is not a recommendation or advice. Thus, smallcases should not be construed as an investment advice and investors should exercise due diligence and consult their Investment Advisor before investing. Stocks and ETF investing is subjected to market risk.

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