

## Growth & Income - Mid-Cap Version

Efficiently managed dividend paying companies screened using Kevin Matras' criteria

**Moderate Risk**

Index Value

364.31

CAGR

26.36%

### smallcase rationale

This smallcase is based on the investment criterion set out by Kevin Matras, a US based investment expert, in his book "Finding #1 Stocks: Screening, Backtesting and Time-Proven Strategies".

- For better suitability, all the criteria have been adapted for the Indian markets
- Companies which utilize their investments efficiently will be able to manage consistent earnings growth. This smallcase selects companies having better ROE and earnings growth compared to their respective sector averages
- Sometimes, companies can manipulate earnings through bad accounting practices, but its harder to do that with cash. Thus, this smallcase uses the P/OCF (price to operating cash flow) ratio instead of PE (price to earnings) ratio to select companies available at attractive valuations
- Additionally, this smallcase only selects companies experiencing positive dividend growth

This is a Mid-Cap version of smallcase. Check the standard version here

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 Midcap
PE Ratio	8.31	17.09
PB Ratio	2.11	2.11
Sharpe Ratio	1.69	1.07
Dividend Yield (%)	2.66	1.58

### Important Dates

Inception Date: March 3, 2014    Launch Date: March 14, 2017    Benchmark: NIFTY Midcap

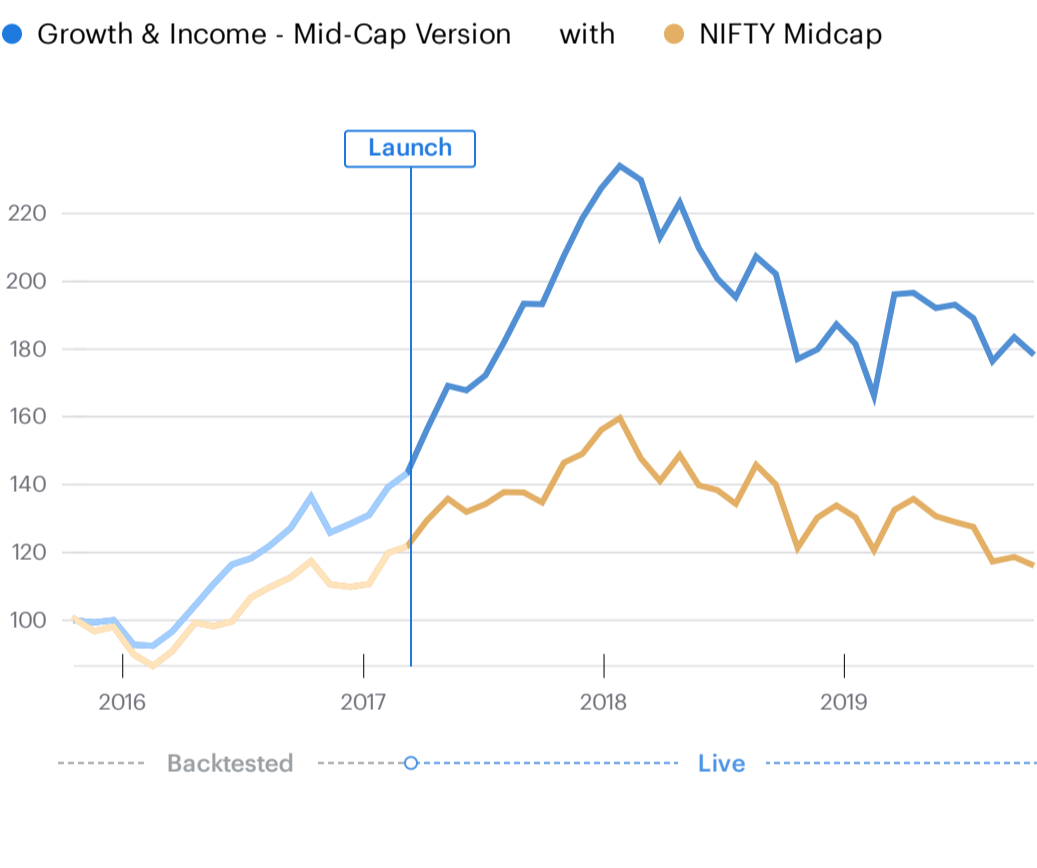
Review Frequency: Quarterly    Last Reviewed: September 13, 2019    Next Review On: December 13, 2019

### Market Cap Distribution



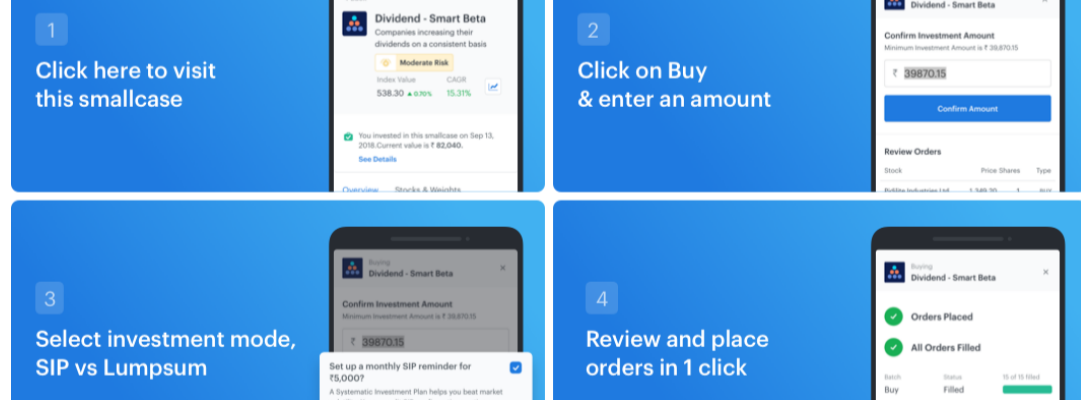
### Past Performance Comparison with NIFTY Midcap

● Growth & Income - Mid-Cap Version    with    ● NIFTY Midcap



### Returns over various periods

6M Returns	1Y Returns	3Y Returns	5Y Returns
smallcase -5.79%	smallcase -3.62%	smallcase 49.22%	smallcase 95.75%
NIFTY Mid... -12%	NIFTY Mid... -8.94%	NIFTY Mid... 9.27%	NIFTY Mid... 24.75%



### 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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