WINDMILL CAPITAL

Last Updated on: 17 Apr 2024

CANSLIM-esque - Asset Allocation Version

Efficient, growing companies with positive momentum and diversification benefits of gold & debt

Medium Volatility

2Y CAGR
11.82% Since: October 30, 2021

smallcase rationale

This is an asset allocation version of the CANSLIM-esque smallcase.

- The underlying theme of the smallcase mimics the pure equity version smallcase "CANSMLIM-esque"
- CANSLIM model revolves around seven criteria - current earnings, annual earnings, the new factor, supply and demand, leader vs laggard, institutional ownership and market direction. These criteria have been modified for the Indian stock markets
- This smallcase consists of companies that have recorded greater than 10% earnings per share growth over the previous 2 years and also have a high return on equity. High EPS growth in tandem with high ROE indicates that the company is making money at a fast pace while managing capital efficiently
- Future expectations regarding earnings growth have also been taken into account
- Additionally, only stocks that have been showing strong upward price movement and have performed better than 75% of all stocks over the previous 1 year are included
- To reduce the risk of the smallcase, we include other asset classes like gold and debt which is not done in the original smallcase. Thus,this version of the smallcase provides better risk-adjusted returns, especially during market turmoil

This smallcase is suitable for those who want the benefit of the "CANSLIM-esque" smallcase strategy with added protection of asset allocation to safeguard against prolonged market downturns. This version of smallcase reduces fluctuation in portfolio value while providing a smooth wealth creation journey.

Created by	SEBI Reg. Number	Subscription Type
Windmill Capital	INH200007645	Paid

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

Rebalance

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

Ratios

Ratio	smallcase	Equity Smallcap
PE Ratio	50.05	33.35
PB Ratio	7.37	4.45
Sharpe Ratio	1.34	0.97
Dividend Yield (%)	0.49	0.59

Important Fields

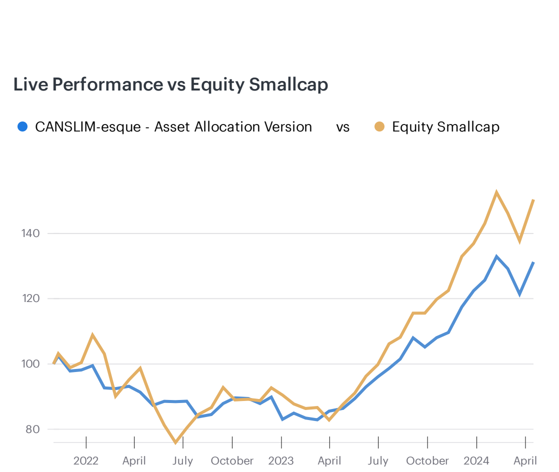
Inception Date	Launch Date	Marketcap Category
February 28, 2014	October 30, 2021	Equity Smallcap
Review Frequency	**Last Reviewed**	**Next Review On**
Weekly	April 13, 2024	April 20, 2024

Market Cap Distribution

Large Cap 8.27% | Mid Cap 25.55% | Small Cap 66.18%

Live Performance vs Equity Smallcap

CANSLIM-esque - Asset Allocation Version vs Equity Smallcap

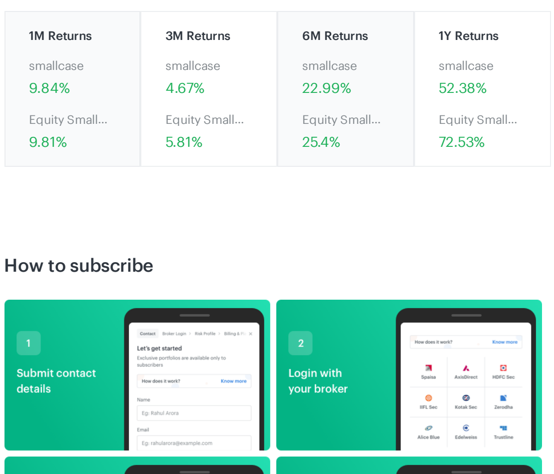


Note: Live performance includes rebalances. It is a tool to communicate factual return information and should not be seen as advertisement or promotion.

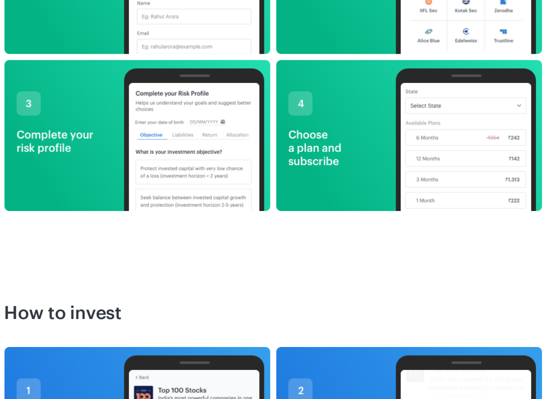
Returns over various periods

	1M Returns	3M Returns	6M Returns	1Y Returns
smallcase	9.84%	4.67%	22.99%	52.38%
Equity Small...	9.81%	5.81%	25.4%	72.53%

How to subscribe



How to invest



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, the 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 backdated 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 stocks/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 for every year. 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 derive 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 derive 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 - 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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Details of our Associates –

Smallcase Technologies Private Limited (Holding Company) bearing CIN: U74900KA2015PTC081722 with its registered office at No 51, 3rd Floor, Le ParcRichmonde Richmond Road, Shantala Nagar Bangalore, 560025.

Anchorage Technologies Private Limited having CIN: U74220KA2021PTC142979 with its registered office at #51, 3rd Floor, Le Parc Richmonde, Richmond Road, Shanthala Nagar, Richmond Town, Bangalore - 560025

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Nexum Finvest Private Limited (NFPL) bearing CIN U64990KA2023PTC172732 with its registered office address as: No 51, 3rd Floor, Le Parc Richmonde Richmond Road, Shanthala Nagar, Bangalore – 560025

Zerodha Asset Management Private Limited bearing CIN: U67190KA2021PTC155726 with its registered office address as: INDIQUBE PENTA New No. 51 (Old No.14), Richmond Road, Bangalore - 560025

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Contact Details:
Support Telephone: 08041207234
Support Email: notifications@windmill.capital

Compliance Office Details:
Name: Ajoy Bharadwaj
Email: compliance@windmill.capital
Contact: 8296014433

Grievance Office Details:
Name: Ajoy Bharadwaj
Email: compliance@windmill.capital
Contact: 8296014433