



Banking Tracker

Companies to efficiently track and invest in the banking sector

High Risk

Index Value

239.93

CAGR

17.16%

smallcase rationale

The Indian banking system consists of 27 public sector banks, 26 private sector banks, 46 foreign banks, 56 regional rural banks, 1,574 urban cooperative banks and 93,913 rural cooperative banks, in addition to cooperative credit institutions.

- During FY06-17, deposits grew at a CAGR of 12.03% and reached USD 1.54 trillion by FY17
- Access to banking system has improved over the years due to persistent government efforts to promote banking-technology and promote expansion in unbanked and non-metropolitan regions
- Financial and economic conditions in India are far superior to any other country. Indian banks are generally resilient and have withstood the global downturn well
- Digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level 5 in the Faster Payments Innovation Index (FPPI).

This smallcase comprises private and public sector banks to allow investors to efficiently track and invest in the banking sector.

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 does an in-depth research, along with internal presentations and decides the sub-sectors and segments to be included in the tracker



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
- All stocks in the investable universes, belonging to the selected sub-sectors are checked individually to ensure perfect theme fit
- Final stocks are selected on the basis of combined rank calculated using various parameters like valuations, market share growth, earnings growth, profitability, earnings quality, intrinsic value & institutional holdings



Weighting

The list of selected stocks is weighted such that the risk contribution of each stock in the smallcase is equal. By focusing on risk instead of marketcap or value, this weighting scheme provides better diversification and protection against market volatility



Rebalance

This smallcase has a quarterly rebalance schedule. Once every quarter, sector trackers are reviewed by our research team to ensure the current list of constituents and their weights remain true to the theme

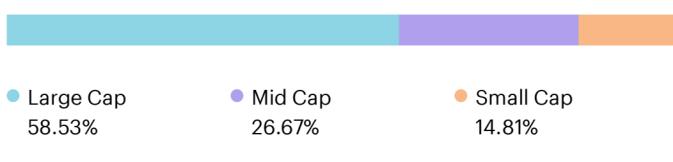
Ratios

Ratio	smallcase	NIFTY
PE Ratio	24.35	22.02
PB Ratio	1.56	3.09
Sharpe Ratio	0.73	0.90
Dividend Yield (%)	0.56	1.25

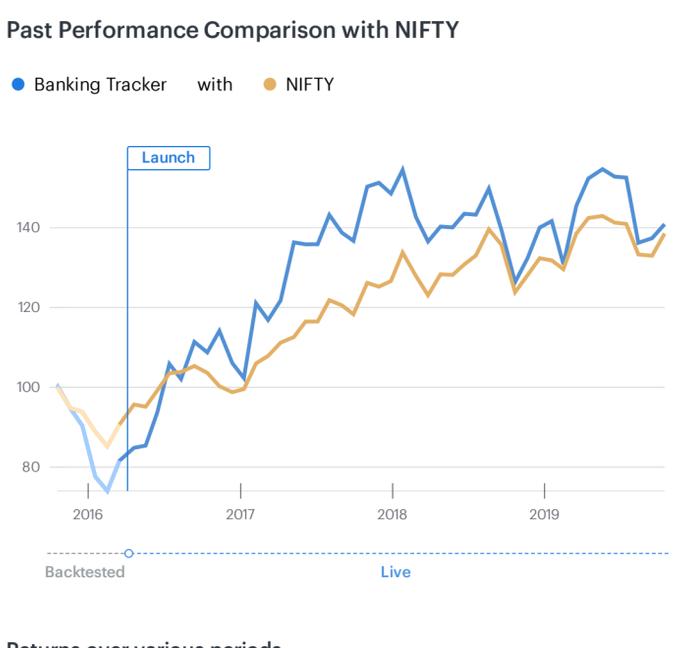
Important Dates

Inception Date: March 3, 2014 Launch Date: April 4, 2016 Benchmark: NIFTY
 Review Frequency: Quarterly Last Reviewed: September 13, 2019 Next Review On: December 13, 2019

Market Cap Distribution

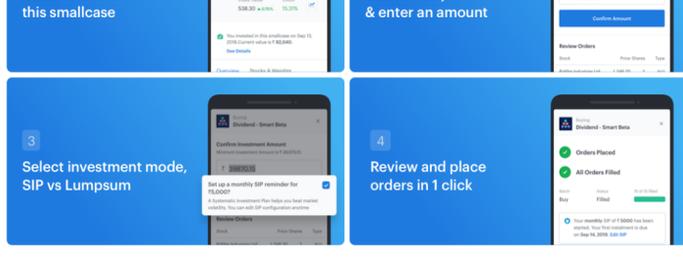


Past Performance Comparison with NIFTY



Returns over various periods

6M Returns	1Y Returns	3Y Returns	5Y Returns
smallcase -5.21%	smallcase 8.05%	smallcase 25.06%	smallcase 24.51%
NIFTY -1.43%	NIFTY 7.97%	NIFTY 40.94%	NIFTY 35.43%



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.

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