

FMCG Tracker

Companies to efficiently track and invest in the FMCG sector

Moderate Risk

Index Value

218.46

CAGR

15.19%

smallcase rationale

The FMCG sector is the 4th largest sector in the Indian economy and is expected to grow at a CAGR of 20.6% to reach USD 103.7 billion by 2020 from USD 49 billion in 2016.

- Retail market is estimated to reach USD 1.1 trillion by 2020 from USD 672 billion in 2016
- In 2016-17, revenue of the FMCG sector reached USD 49 billion and is expected to grow at 9-9.5% in FY18
- The urban segment recorded a market size of around USD 29.4 billion in 2016-17
- Government has allowed 100% FDI in food processing and single-brand retail and 51% in multi-brand retail, which would provide high visibility for FMCG brands in organised retail markets, bolstering consumer spending and encouraging more product launches
- Rural consumption has also increased and the rural FMCG market is expected to grow at a CAGR of 14.6% to reach USD 220 billion by 2025

This smallcase comprises food & beverages, tobacco, household products, batteries and personal products companies to allow investors to efficiently track and invest in the FMCG 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	40.65	22.02
PB Ratio	7.26	3.09
Sharpe Ratio	0.99	0.90
Dividend Yield (%)	1.29	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

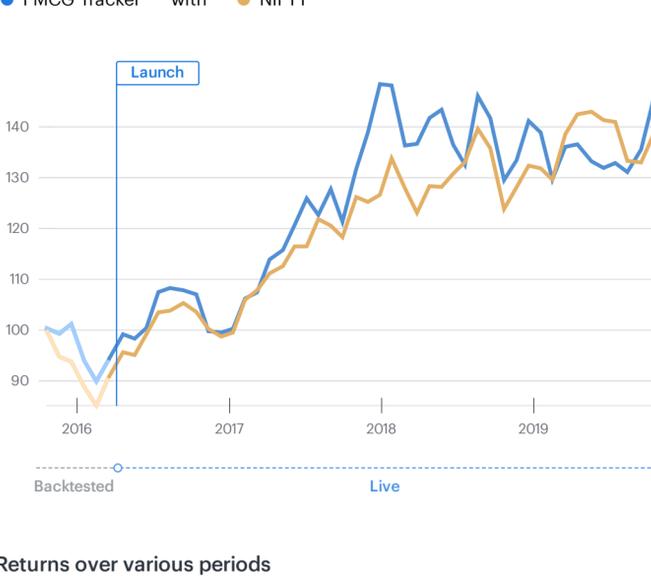
Market Cap Distribution



● Large Cap 79.35% ● Mid Cap 13.57% ● Small Cap 7.08%

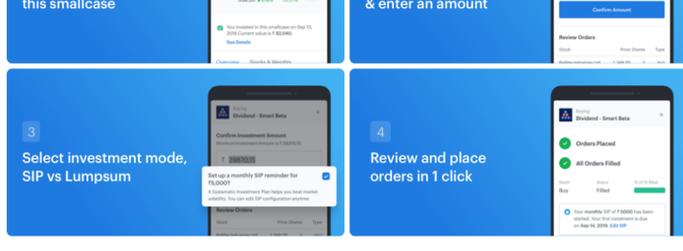
Past Performance Comparison with NIFTY

● FMCG Tracker with ● NIFTY



Returns over various periods

6M Returns	1Y Returns	3Y Returns	5Y Returns
smallcase 8.06%	smallcase 10.09%	smallcase 50.83%	smallcase 60.57%
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 value 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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