



IT Tracker

Companies to efficiently track and invest in the IT sector

Moderate Risk

Index Value

168.84

CAGR

10.07%

smallcase rationale

The global IT & ITeS market reached USD 1.2 trillion in 2016-17, while the global sourcing market reached USD 173-178 billion. India remained the world's top sourcing destination in 2016-17 with a share of 55 per cent.

- Indian IT & ITeS companies have set up over 1,000 global delivery centres in over 200 cities around the world
- The internet industry in India is likely to double to reach USD 250 billion by 2020, growing to 7.5% of GDP
- Revenues of the IT BPM industry are estimated to be at around USD 154 billion in FY 2016-17. The industry is expected to grow to USD 350 billion by 2025
- The contribution of the IT sector to India's GDP stood at 7.7 per cent in 2016
- Indian IT exports are projected to grow at 7-8% in 2017-18 to USD 126 billion

This smallcase comprises IT & ITeS and online services companies to allow investors to efficiently track and invest in the information technology sector.

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

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Methodology



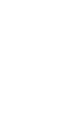
Defining the universe

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

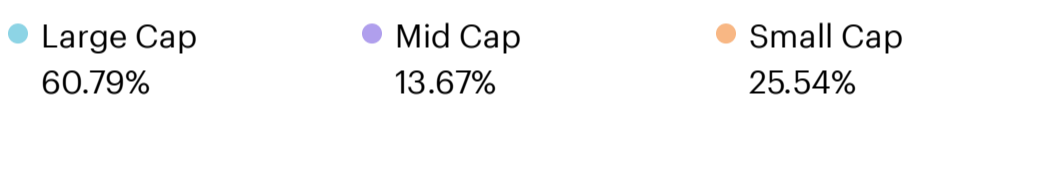
Ratios

Ratio	smallcase	NIFTY
PE Ratio	17.24	20.53
PB Ratio	3.63	2.88
Sharpe Ratio	1.17	0.90
Dividend Yield (%)	1.63	1.34

Important Dates

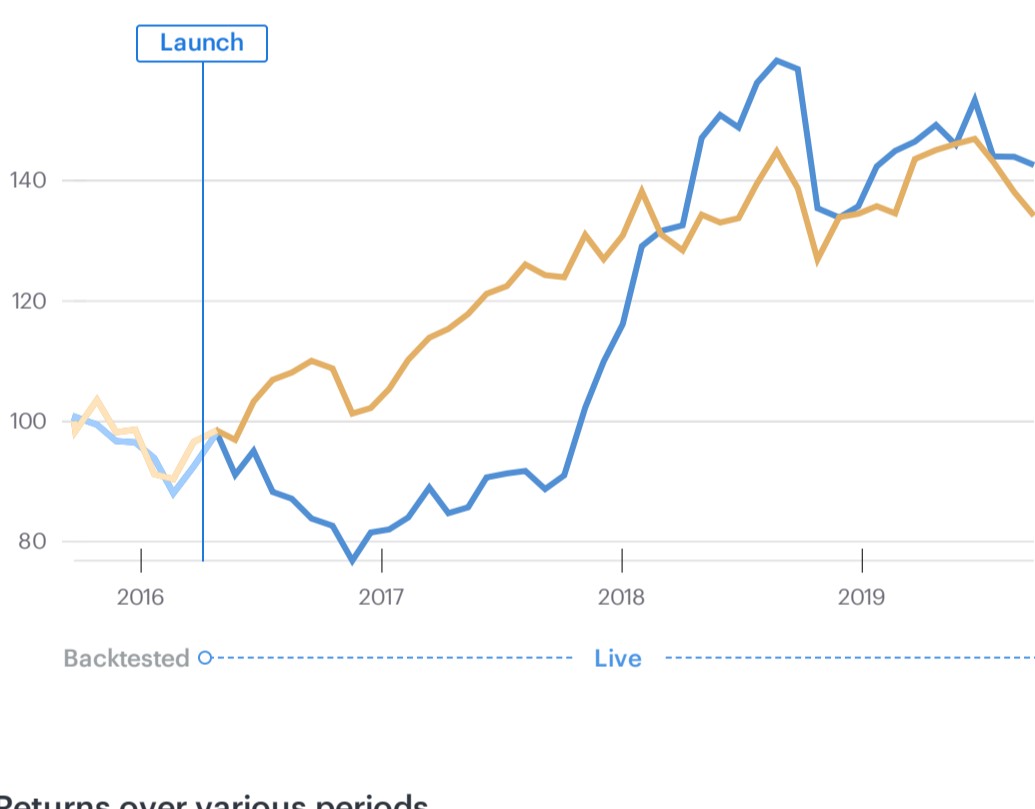
Inception Date	Launch Date	Benchmark
March 3, 2014	April 4, 2016	NIFTY
Review Frequency	Last Reviewed	Next Review On
Quarterly	September 13, 2019	December 13, 2019

Market Cap Distribution



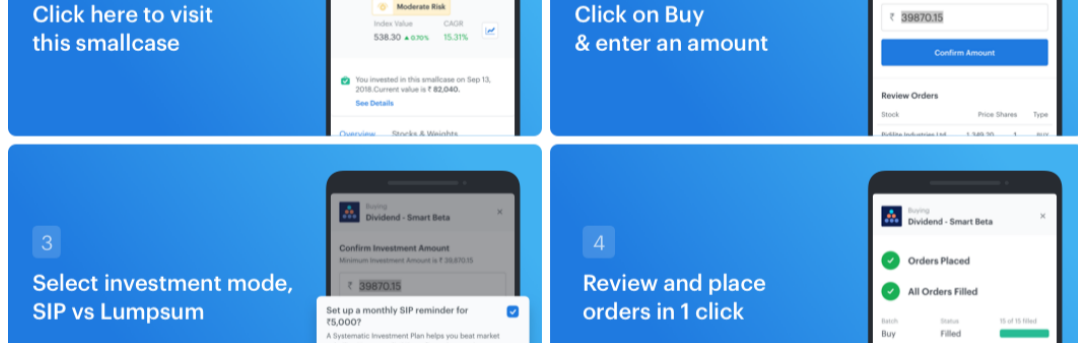
Past Performance Comparison with NIFTY

● IT Tracker with ● NIFTY



Returns over various periods

6M Returns	1Y Returns	3Y Returns	5Y Returns
smallcase -2.06%	smallcase -11.07%	smallcase 71.09%	smallcase 41.34%
NIFTY -4.52%	NIFTY -3.5%	NIFTY 25.19%	NIFTY 29.92%



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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