

NFO Opens on **15/06/2023**

NFO Closes on **29/06/2023**

SAMCO
MUTUAL FUND

“

Form is the one factor
that makes all the
DIFFERENCE

- *Ian Thorpe*
Australian Olympic swimmer

**TO AIM FOR
PERFORMANCE
PICK PLAYERS IN FORM**

“

Good form is the
foundation of winning

- *Vince Lombardi*
former Green Bay Packers football coach

“

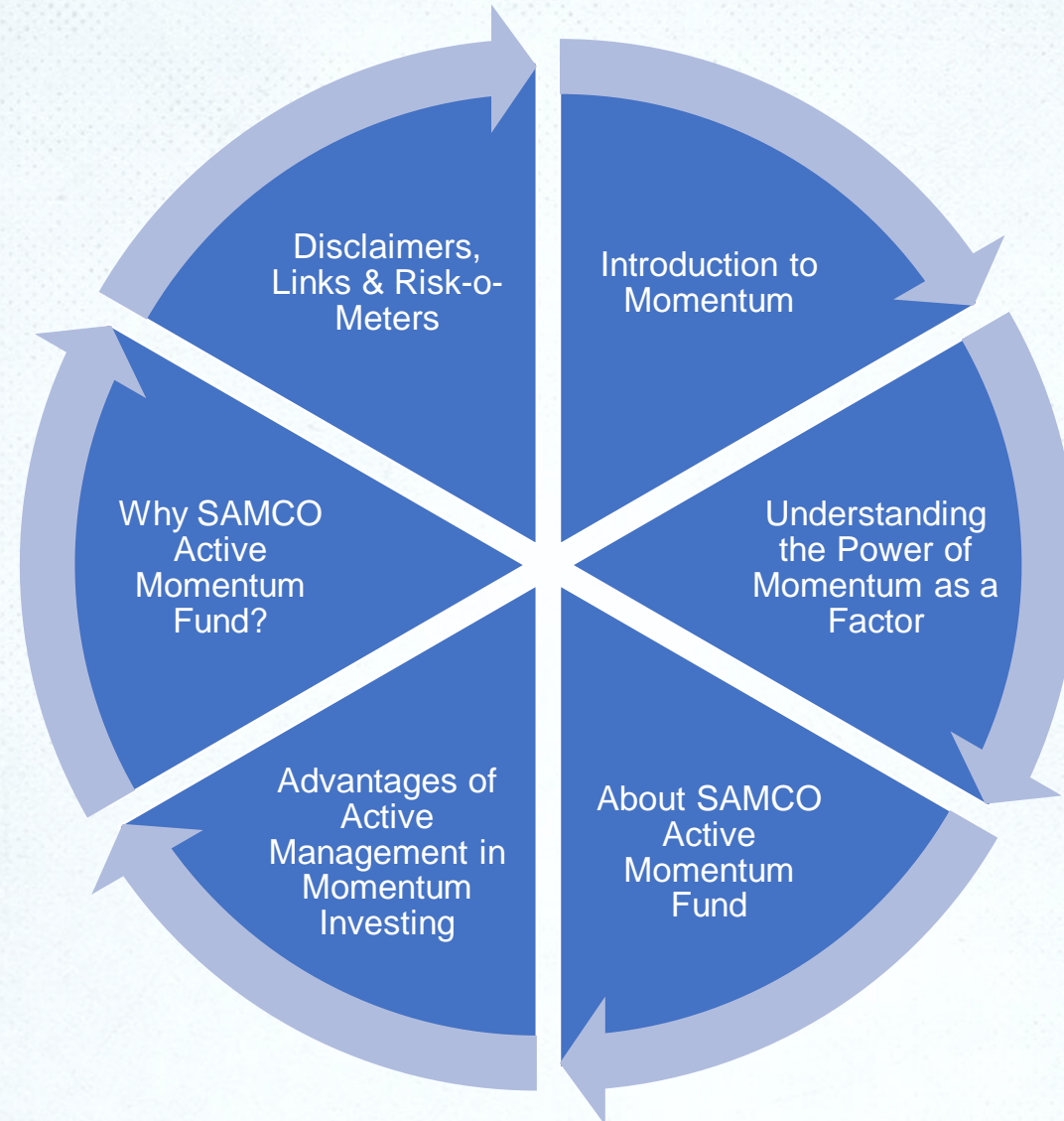
When you're in good form,
everything seems to click.
You feel confident and can
take on anything

- *Michael Jordan*
former NBA basketball player

Invest in

Samco Active Momentum Fund

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Introduction to Momentum

The Basics of Momentum Investing

What is Momentum?

- Momentum in physics is defined as 'mass in motion'. As per the Newton's first law of motion that says a body will remain in uniform motion in a straight line unless acted upon by an external force.
- Momentum refers to the tendency of winning stocks to continue to perform well and losing stocks to perform poorly in the near future. In Momentum strategy the stocks are also selected based on their performance in the past with the idea that they will continue to outperform. The investors are attracted to a company whose price is on an upward trajectory thus opening a new way of buying at high and selling at higher, instead of the traditional idea of buying at low and selling at high, generating higher returns. Momentum strategies exploit this continuation in return patterns in order to make a profit.





Understanding Momentum through the lens of cricket

- In cricket, it is always said that a player who is performing well and is in “Form” would continue to perform well and the selection of that player within the team depends upon his recent form, performances and consistency to perform well.
- Form = Momentum
- The same works in investing as well. In Momentum investing, stocks are also selected based on their performance in the past with the idea that they will continue to outperform.

Understanding Momentum through a cricket case study

- Who do you think has played more?

Particulars	Player A	Player B
Age	23	23
Indian team debut	04-Oct-18	31-Jan-19
Awards	Broke Sachin Tendulkar's Record - Youngest player to get the Duleep Trophy Debut, <u>Captain</u> of U-19 World cup winning team	BCCI Award for 2 years

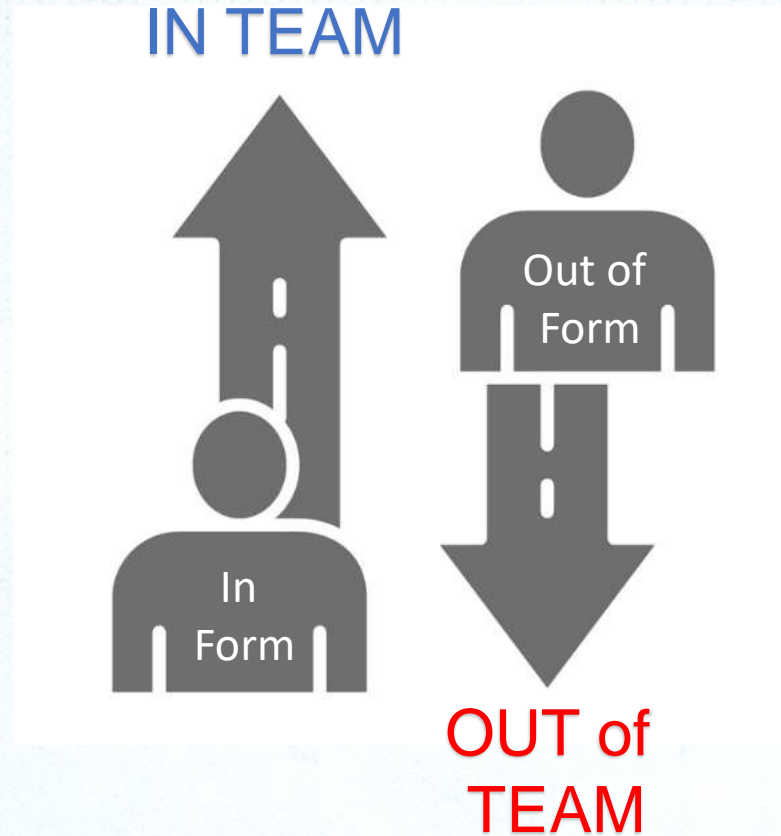
Shubman Gill's form trumps Prithvi Shaw's talent

Despite starting later, due to better form & performances, Shubman Gill made it to the Indian Team and has played more than Shaw who started earlier, demonstrating the role of form.

Shubman Gill stayed, Shaw was dropped.

Particulars	Prithvi Shaw	Shubman Gill
Age	23	23
Indian team debut	04-Oct-18	31-Jan-19
Awards	Broke Sachin Tendulkar's Record - Youngest player to score Duleep Trophy Debut, Captain of U-19 World cup winning team	BCCI Award for 2 years
Last Match played for India	23-Jul-21	22-Mar-23
No of Matches Played	12	45

Simply put, Momentum investing means picking stocks that are in form and dropping those that go out of form.



How is Momentum defined & identified?

Stocks in Momentum could be selected via Time Series Momentum or Relative Strength Momentum which are two distinct measures used to evaluate the performance of stocks.

Time-series momentum, also known as absolute momentum, assesses a stock's past performance by considering its own returns independently from the returns of other stocks.

- *As a sports analogy - think about standalone outstanding innings by a batsmen or 5-wicket spells by bowlers which stand out as great performances.*

On the other hand, cross-sectional momentum, measures a stock's performance in comparison to other stocks.

- *As a sports analogy - think about top scorers, top wicket takers, man of series, etc in a multi team series which identifies top players amongst hundreds of players.*

Why does momentum work?

There is no universal explanation for why the momentum factor works but information diffusion is one of the possible explanations on why momentum works.

To take another analogy from cricket to understand this better - Parents are the first ones to know when a child is extra ordinary at playing cricket, next family knows, then coaches find them and in the end when the player plays on TV, the entire world comes to know. Just like that promoters are the first ones to know if and when their business is going to do extremely well, then their employees, stakeholders come to know, next are the institutional investors and when that news is finally announced on TV, the entire class of retail investors come to know. Momentum generally lasts while the information flows from the promoters to retail investors. Momentum as a strategy aims to capture the trend from early on and aims to benefit from a prolonged trend in stock prices.



Understanding the power of momentum

An analysis from empirical research



“MSCI RESEARCH SHOWS, ON A HISTORICAL BASIS, THE MOMENTUM FACTOR HAS BEEN ONE OF THE STRONGEST GENERATORS OF EXCESS RETURNS.”

Momentum is one of the most persistent factor to generate excess returns in all assets be it equity, commodity and forex and over 215+ years of history.

*Source: MSCI Factor Research,
Two Centuries of Multi-Asset Momentum (Equities, Bonds,
Currencies, Commodities, Sectors and Stocks) - 2015 by
Christopher Geczy and Mikhail Samonov.*

MSCI Momentum World Momentum Index Vs. MSCI World Index

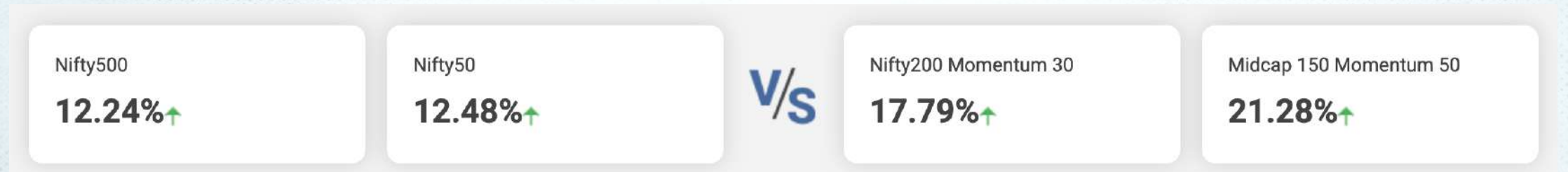


Source: MSCI, Samco Research

Price data for MSCI World Index and MSCI Momentum index from June 1994 till March 2023. Disclaimer: Past returns are no indication of future returns. The index returns do not indicate returns of the scheme and are only mentioned for illustration of momentum as a factor

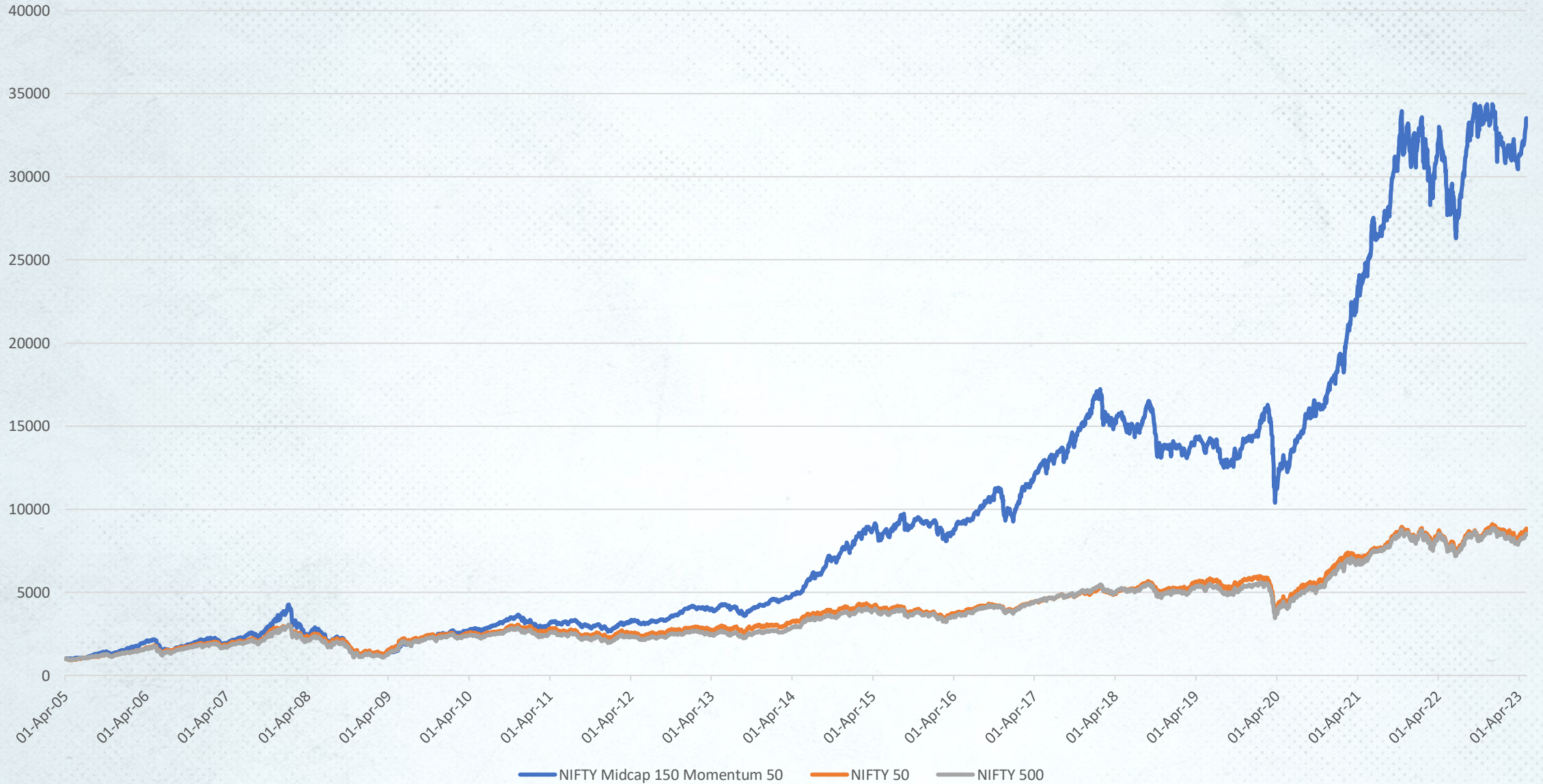
Momentum as a factor works strongly in India as well

Historically the two momentum indices from NSE (India) also beat the broader markets as well as their base indices by a huge margin.



Source : Nifty Indices, Samco Research Disclaimer: Returns mentioned are CAGR returns from 1st April 2005 till 28th April 2023. Past returns are no indication of future returns. The index returns do not indicate returns of the scheme and are only mentioned for illustration of momentum as a factor.

Nifty Midcap 150 Momentum 50 vs NIFTY Broad market indices



Price data from April 2005 till April 2023. Disclaimer: Past returns are no indication of future returns. The index returns do not indicate returns of the scheme and are only mentioned for illustration of momentum as a factor.

Introducing SAMCO Active Momentum Fund

(An open-ended equity scheme following momentum theme)

India's 1st active momentum fund that aims to invest in stocks that are showing momentum characteristics such as breakouts, price leadership, etc using a proprietary momentum seeking algorithm to generate superior risk adjusted returns.

Invest in SAMCO Active Momentum Fund



SAMCO
ACTIVE MOMENTUM FUND
(An open-ended equity scheme following momentum theme)

NFO Opens : 15th June 2023
NFO Closes : 29th June 2023

This product is suitable for investors who are seeking* :

- Long Term Capital Appreciation;
- An actively managed thematic equity scheme that invests in stocks exhibiting momentum characteristics

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
(The product labelling assigned during the New Fund Offer is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when actual investments are made)

Risk-o-meter



Investors understand that their principal will be at very high risk.

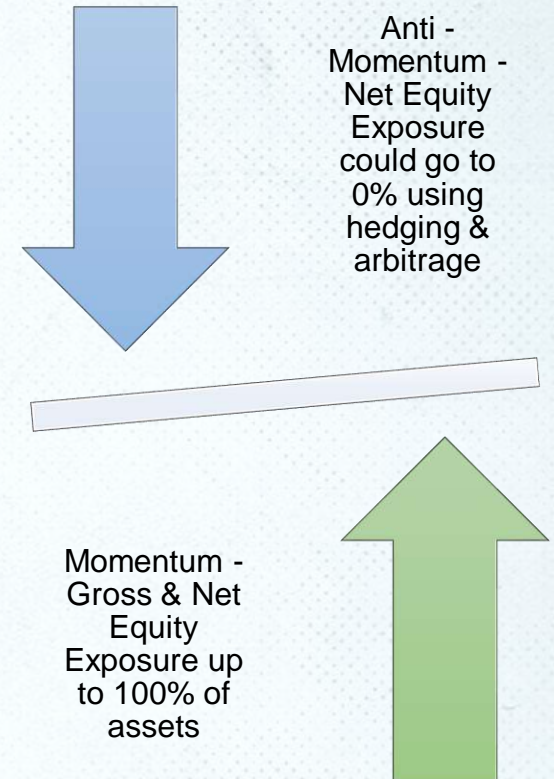
<https://www.youtube.com/watch?v=HoRmT9fTeJY>

SAMCO
MUTUAL FUND

Asset Allocation Strategy

Instruments	Indicative allocations (% of net assets)		Risk Profile
	Minimum	Maximum	
Equity & Equity related instruments of momentum theme	80%	100%	High to Very High
Equity and Equity related securities of other Companies	0%	20%	High to Very High
Debt and Money Market instruments	0%	20%	Low to Moderate

The scheme may use 100% of net assets of Equity & Equity related instruments derivative exposure only for hedging purpose.



Scheme Design



Scheme Type

Thematic



Benchmark

Nifty500 TRI



Exit Load

2% in 1st Year and
1% in 2nd year



Minimum Investment Amount

₹ 5,000 and in multiples of
₹1/- thereafter

The Pillars of the SAMCO Active Momentum Strategy

To invest in stocks that are showing momentum characteristics

Hold till the trend is your friend

To sell the stocks that are losing momentum

Let winners run

Cut losers

Sit out in times of Anti Momentum

Typical Journey of a Momentum Stock



TradingView

Source: TradingView, Samco Research. Note that the above information is for illustration purposes only. The sector(s)/stock(s) mentioned in this slide do not constitute any recommendation and SAMCO Mutual Fund may or may not have any future position in this sector(s)/stock(s).

Understanding the strategy



Not trying to catch bottoms

Usually enter a stock after it's moved and proven its strength



Not trying to catch tops

Usually exits a stock after major top is formed. Usually, will give some chances and time before exiting the stock

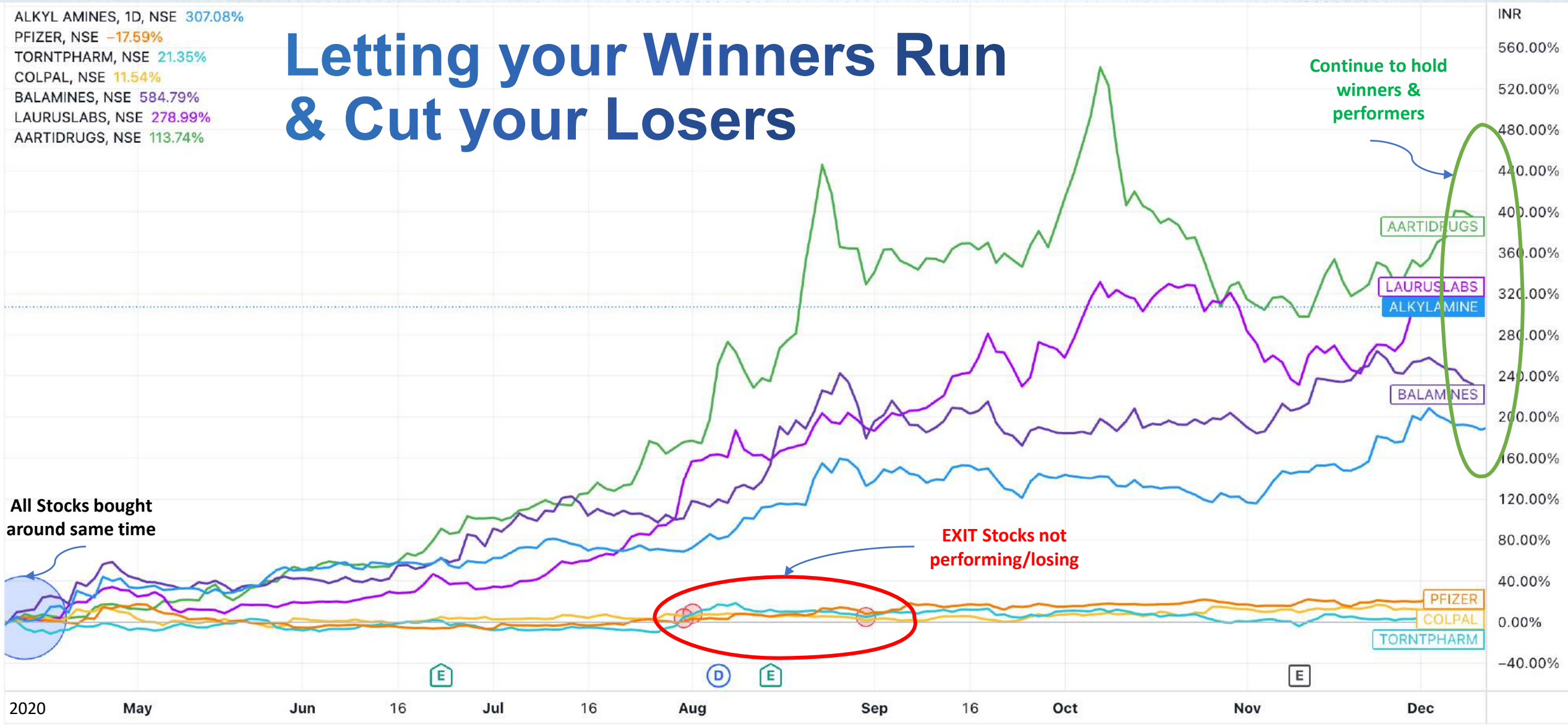


Ride the trend

Major gains to be made from riding the trend, not by catching tops and bottoms

ALKYL AMINES, 1D, NSE 307.08%
 PFIZER, NSE -17.59%
 TORNTPHARM, NSE 21.35%
 COLPAL, NSE 11.54%
 BALAMINES, NSE 584.79%
 LAURUSLABS, NSE 278.99%
 AARTIDRUGS, NSE 113.74%

Letting your Winners Run & Cut your Losers



All Stocks bought around same time

EXIT Stocks not performing/losing

Continue to hold winners & performers

TradingView ● Entry Zone ● Exit Zone

Source: TradingView, Samco Research. Note that the above information is for illustration purposes only. The above buy and sell signals are based on back-tested results.

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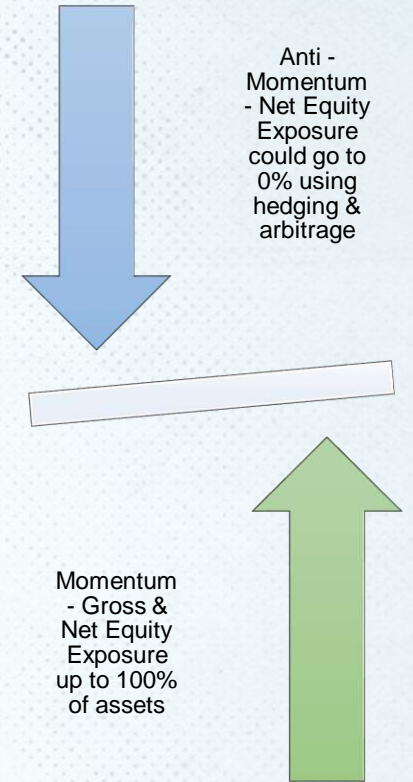


Where there is momentum, there is also anti-momentum

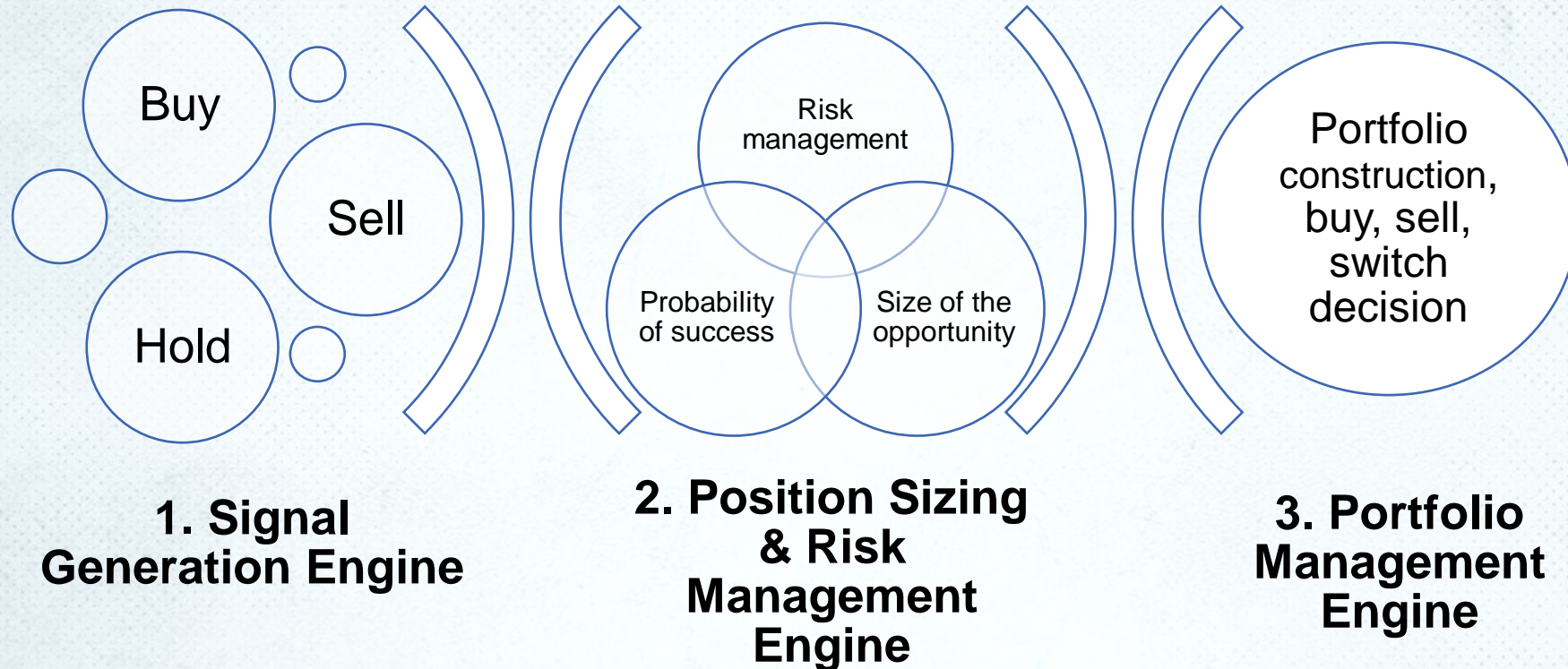
There are phases of deep falls/bear markets from time to time. In periods of Anti - Momentum, the scheme shall hedge positions and while gross equity exposure in momentum stocks to remain > 80%, Net equity exposure could reduce to 0% in times of extreme anti - momentum



In such periods of anti-momentum, there is a high probability of losses and hedging helps minimize the impact of severe falls.



The Engines & Technology driving the SAMCO Active Momentum Fund



Data points used to identify momentum

Price

Volume

F&O Data
including OI,
etc

Sectoral and
broad market
indices

Money flows

Bulk / Block
data

Insider
trading data

Shareholding
pattern

Impact cost
data

General
Qualitative
data

Portfolio Construction

Investible Universe - 750 Stocks from Large, Mid, Small & Micro Caps

Risk Management Screen - Remove Circuit Stocks, Illiquid Stocks, Red Flag Stocks ~ Eliminate about 50-100 stocks from Universe

Run SAMCO's Momentum Seeking Algorithms

Construct Portfolio of 50-70 stocks

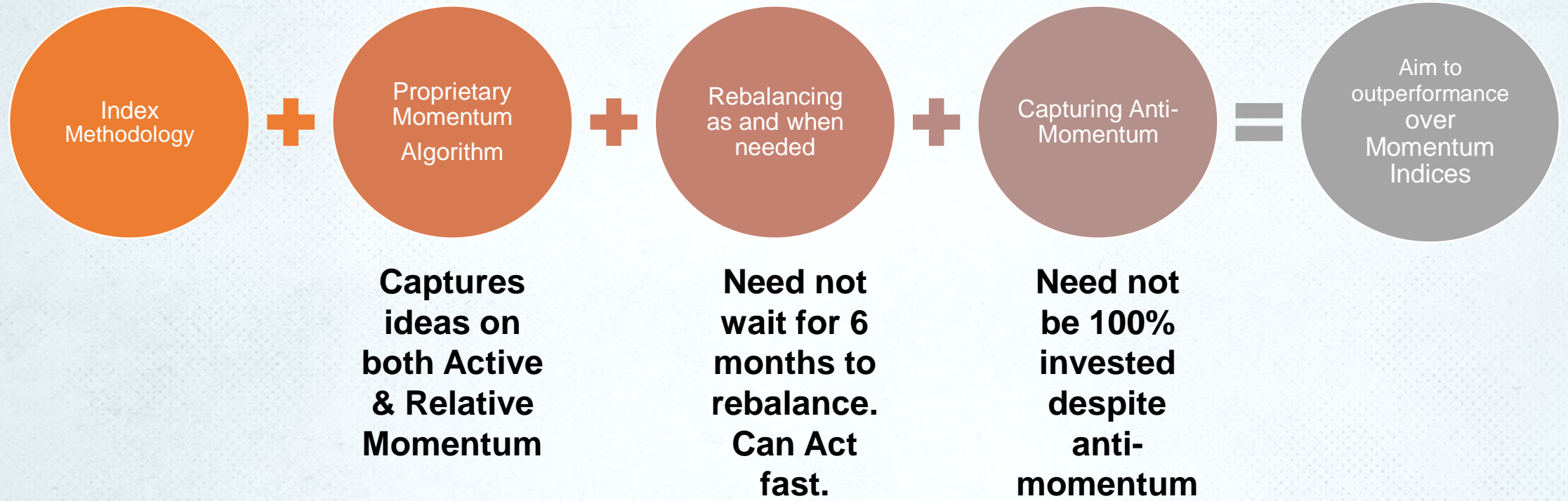
Advantages of Active Management in Momentum Investing

Understanding the advantages of Active Management in Momentum Investing

Advantages of Active Management in Momentum investing

Particulars	Active	Passive
Exposure management in times of momentum & anti-momentum	Invested only during times of Momentum, hedged when there is Anti-Momentum	Invested 100% of times
Speed & Agility in Rebalancing	As and when needed	Lagged at 6-months
Stock selection basis Relative & Absolute momentum	Uses both Relative & Absolute Momentum	Uses only Relative Momentum
Number of stocks in portfolio	Not fixed, based on capital and position sizing	Capped up to 50 currently
Universe for Identification of opportunities	Nifty 750 stocks	Limited Universe only

Active Strategy aims to outperform passive



Scheme Features

Fund Manager : Mr. Paras Matalia (C.A.)

Scheme Type : An open-ended equity scheme following momentum theme

NFO Period : 15th June 2023 to 29th June 2023

Plans : Regular Plan - Growth & Direct Plan - Growth

Minimum Application : Lumpsum - ₹5000 & SIP - ₹500 and in multiples of ₹1/- thereafter*

!!! Important : Subscriptions in this scheme shall be accepted during NFO & be restricted post NFO until further notice. !!!

***Only SIPs registered during NFO period shall be accepted. Fresh SIPs restricted post NFO, until further notice.**

No restrictions on redemptions post NFO. Redemptions shall be subject to exit load.



Why SAMCO Active Momentum Fund?

The Investment case

Why should you invest in SAMCO Active Momentum Fund?

India's first & only Active momentum Fund

- *Selects stocks in form, drops stocks out of form*

Powerful Momentum Seeking Algorithm & Framework

- *Use of technology & big data to mine deep data and generate insights to identify both absolute and relative momentum*

Captures Momentum across a wide universe

- *Aims to find hidden opportunities from a wide investible universe of 750 stocks allows identification of opportunities from the time companies are small or micro sized companies.*

Robust Risk Management

- *Negative filters to avoid outliers, Hedging during periods of anti momentum*

Speed & Agility

- *Rebalancing in real time on loss of form & momentum*

The case for momentum as a factor in an investors' asset allocation

Cliff Asness: Asness, the co-founder of AQR Capital Management, recommends allocating between **5% to 10%** of a portfolio to momentum strategy as part of a diversified investment strategy.

Richard Bernstein: Bernstein, the CEO of Richard Bernstein Advisors, recommends allocating between **20% to 30%** of a portfolio to momentum strategy, as part of a diversified investment approach.

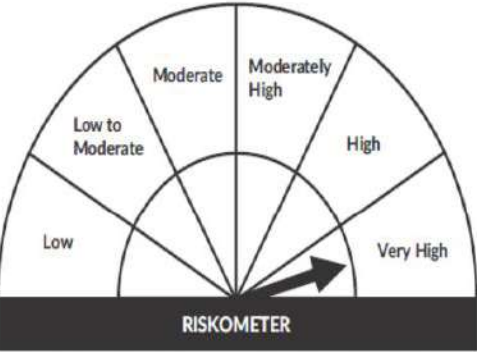
Wes Gray: Gray, the CEO of Alpha Architect and the author of "Quantitative Value," recommends allocating between **10% to 30%** of a portfolio to momentum strategy, depending on the investor's risk tolerance.

Michael Kitces: Kitces, the director of wealth management at Pinnacle Advisory Group, recommends allocating between **10% to 25%** of a portfolio to momentum strategy, depending on the investor's risk tolerance.


Gary Antonacci: Antonacci, the author of the book "Dual Momentum Investing," recommends allocating between **20% to 30%** of a portfolio to a momentum strategy, depending on the investor's risk tolerance.

Disclaimers, Links & Risk-0-Meters

Product Label & Risk-o-meter


Scheme Name	This Product is Suitable for Investors Who Are Seeking [^]	Riskometer of the Scheme
<p>Samco Active Momentum Fund (An open-ended equity scheme following momentum theme)</p>	<ul style="list-style-type: none"> • Long-term capital appreciation; • An actively managed thematic equity scheme that invests in stocks exhibiting momentum characteristics <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	 <p>Investors understand that their principal will be at very high risk</p>
		<p><i>It may be noted that risk-o-meter of the Scheme specified above is based on the scheme characteristics and may vary post NFO, when the actual investments are made. The same shall be updated in accordance with provisions of SEBI circular dated October 5, 2020 on Product labelling in mutual fund schemes on ongoing basis</i></p>

Links

Download Scheme Information Document
(SID) 

[Click Here for SID](#)

<https://sam-co.in/SAMFSID>

Download Key Information Memorandum
(KIM) & Application form 

[Click Here for KIM](#)

<https://sam-co.in/SAMFKIM>

Also Available on:



Disclaimers

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