

PRESS RELEASE

Samco Mutual Fund Launches its First NFO “Samco Flexi Cap Fund”

(An open-ended equity scheme that aims to provide capital appreciation by investing in equity and equity-related securities across market capitalization.)

- Samco Flexi Cap Fund aims to create wealth for investors a **3E step strategy**-
 - Investing in **efficient** companies at an **efficient price** and maintaining **efficient costs**.
 - The scheme will follow a growth investing strategy investing in Indian and Global Equities in a proportion of 65% (Indian Equities) - 35% (Global Equities).
- Samco Mutual Fund to set new transparency and disclosure benchmarks with Industry-first disclosures:
 - Scheme's Active share – which shows to what degree is the fund different from index
 - Voluntary Dealing cost – shows how the scheme will be extremely cost efficient and avoid unnecessary portfolio churn to keep cost low for investors
- Samco publishes a Unit Holder's Handbook to detail the strategy and help investors understand the process

Mumbai, January 6th, 2022: Samco Mutual Fund today announced the launch of its first NFO “Samco Flexi Cap Fund”. The NFO opens on 17th of Jan 2022 and closes on 31st Jan 2022.

Jimeet Modi, Founder and Director of Samco Asset Management Pvt Ltd said “We are excited to launch Samco Flexi Cap Fund as Samco's first fund offering. In line with our goal, the fund is designed as a truly active fund and will aim and endeavour to maintain a high active share. This shall ensure that investors get their money's worth and a truly differentiated fund when they pay an active asset management fee. This is a refreshing change in a world where closet indexing has become mainstream.”

Samco Flexi Cap Fund follows the **3E strategy** to build a portfolio designed to generate a high risk adjusted return.

1. Invest in **Efficient** Companies: The scheme shall invest only efficient companies that have an ability to sustainably generate a high return on capital in cash adjusted for discretionary growth expenditures. Samco targets to invest in businesses with 25%+ adjusted return on capital. The scheme shall invest in 25 stocks across market caps from India and the Globe in a proportion of 65% - 35% of the net assets of the scheme. These stocks shall be from universe of 125 companies that have passed Samco's HexaShield framework.

2. At an **Efficient** Price: The scheme will only invest in securities at reasonable/ efficient prices when the relative yield for stocks is reasonable vis-a-vis the rest of the comparative universe.

3. Maintain an **Efficient** portfolio turnover and cost: The third pillar of the strategy is aimed at reducing hidden dealing costs and improve performance. Investors believe that Total expense ratio is the only cost that is incurred by them as a part of their investments. But there is also a hidden cost which is not disclosed in any of these figures: the cost of dealing within the fund. When a fund manager or an investor deals in stocks, he or she pays brokerage commissions, securities transaction tax at 0.1 per cent, exchange transaction charges, stamp duty, SEBI fees and the difference between the broker's bid and offer prices (the spread) often referred to as the impact cost. Total cost of investments incurred by investors = TER of Scheme + Voluntary dealing cost
Samco Mutual fund is the first mutual fund in India that will transparently disclose all voluntary dealing costs. Voluntary dealing costs are all costs incurred by the fund manager for purchases and sales excluding the costs incurred for involuntary transactions such as fund inflows/outflows. This shall be computed as a percentage of the AUM. This will help investors compute the total cost of investments which is a sum of the TER and voluntary dealing costs.

Commenting on the launch Mr Umesh Kumar Mehta, CEO of Samco Asset Management Pvt Ltd said “Samco Flexi Cap Fund is a unique and a pure equity fund in the Flexi Cap Category by its design. Unlike other funds, it only seeks to invest in Indian Equities and Global Equities. No other assets like corporate debt, REITs, derivatives, etc are permitted which will allow the scheme to be a pure equity scheme. It’s 25 stock portfolio construction strategy ensures that investors enjoy benefits of reasonable concentration and diversification unlike other strategies which may be overly diversified. Further, investors get exposure to high growth global names and yet since 65% of portfolio will be Indian equities, the applicable taxation would be that of long-term capital gains for equities i.e., 10% after 1 year. This works as a great optimal structure for investors. Further, we are proud to be the first AMC to publish a Unit Holder’s handbook which explains in detail how investors’ money shall be managed. This ensures transparency of process and helps investors have clear expectations from the fund.”

Mrs. Nirali Bhansali, Equity Fund Manager of the Samco Flexi Cap Fund said “We have constructed the Samco Flexi Cap fund as a simple 3-step buy and hold strategy that shall invest in some of the worlds fast growing and capital efficient companies that can compound capital over the long term. Investors will get exposure to high growth companies globally since the fund shall invest 35% of its assets in global stocks. Further, since the strategy is designed to reduce the portfolio turnover, we shall endeavor to have low voluntary dealing costs so that Investors total cost of investment is reasonable. We are excited to set new standards with our disclosures on active share as well voluntary dealing costs.”

The Fund Manager of the scheme shall be Mrs. Nirali Bhansali and the dedicated fund manager for overseas investments shall be Mr. Dhawal Dhanani.

About Stress tested investing using HexaShield Framework

Samco Mutual Fund’s stress tested investing is powered by an inhouse proprietary HexaShield Framework which evaluates each listed company across the globe on 6 different business parameters. These tests are meant to measure every company’s ability to maintain enough buffer to stay afloat under extreme scenarios. The HexaShield tests are also designed to understand if these companies can generate high cash returns on capital employed in a variety of economic conditions including extremely adverse economic conditions. This rigorous scientific and statistical process helps get a deep understanding of risks, reduces room for bias and personal beliefs, inculcates discipline and enhances the probability of success. Companies that pass the stress test often exhibit 2 characteristics - They survive as a going concern during severe economic distress. - Operate as true compounding machines in normal economic cycles.

Most listed companies end up failing the stress test. In fact, only 40 out of NIFTY 500 index constituents and 15 out of the NIFTY 50 constituents pass Samco’s stress test framework. Only a limited number of companies that pass the stress test certified via the HexaShield framework will find place in the Samco Mutual Fund’s scheme portfolio.

These stress tested business have demonstrated capabilities to generate much superior risk adjusted returns.

About Samco Asset Management

Samco Asset Management Pvt Ltd. (www.samcomf.com) is the asset manager to the Samco Mutual Fund having SEBI registration No MF-077/21/03 having its registered office at 1003-A, 10th Floor, Naman Midtown, Senapati Bapat Marg, Prabhadevi (Samco), Mumbai 400013. The Board of Directors and Core team are annexed herewith in the Corporate Profile.

Details about the Sponsor, Samco Securities Limited, (www.samco.in) is a wealth-tech start-up headquartered in Mumbai, which is one of India's fastest growing companies in the Discount Broking Industry with over 250000 customers.

The company aims to solve problems and at an extremely affordable cost for its customers who actively trade or invest in the Indian capital markets with the use of algorithms, data science and artificial intelligence.

Details about the Trustee Company, Samco Trustee Pvt Ltd is the trustee to Samco Mutual Fund having its registered office at 1003-A, 10th Floor, Naman Midtown, Senapati Bapat Marg, Prabhadevi (Samco), Mumbai 400013. The Board of Directors and their profile are annexed herewith in the Corporate Profile.

Attached Annexure for further reference as follows

Annexure 1 - Why is Samco Flexi Cap Fund different from other funds?

Annexure 2 - 10 Reasons to invest in Samco Flexi Cap Fund

Annexure 3 - 3-Step Strategy to create wealth with Samco Flexi Cap Fund

Disclaimer: Past performance is not an indicator of future returns. Samco MF makes no representation or warranty, either expressed or implied regarding future performance.

Media Contacts

Chirag Joshi, CMO Samco Group

📞 +91 98202 77990 ✉️ chirag@samco.in

Piyush Tewari

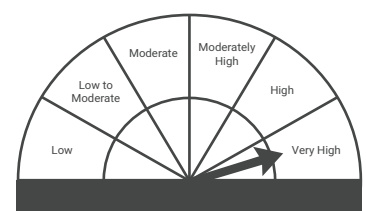
📞 +91 8369127059 ✉️ piyush@conceptpr.in

This product is suitable for investors who are seeking *:

- To generate long-term capital growth;
- Investment in Indian & foreign equity instruments across market capitalization;

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Risk-o-meter



Investors understand that their principal will be at very high risk

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Annexure-1

Why is Samco Flexi Cap Fund different from other funds?

- **Deep Research Selection, not buying everything.**

Proprietary Stress-Tested Investing Framework

Built on proprietary Stress Tested investing framework that combines top-down and bottom-up research in investment management process to identify truly stress tested companies that are innovative, efficient and resilient across markets and geographies. Companies are strictly selected only from a universe of ~125 stress tested companies. Most other asset managers are invested in 400-600 stocks across market caps.

- **Truly Global Exposure, not just US.**

25 of India & the Globe's most efficient Companies

We will aim to capture across the world in a mix of 65% Indian + 35% Global Equities. These will be a true mix of companies from US, Europe, Japan and other APAC companies besides India.

- **Growth Strategy, not value**

High growth potential companies, not a value strategy

The fund aims to only invest in companies with great growth potential and hence investors will get exposure to companies aggressively investing for growth. We are not value investors and don't intend to run value investment strategy.

- **Truly Active Fund, not index hugging**

High Active Share. India's First AMC to disclose Active Share.

Fund shall be a truly active fund with an active share of over 80%-85%, highest in the category. This shall ensure that investors get a truly differentiated fund and not an index hugging fund when they pay for asset management fees.

- **Strict 25 Stock Portfolio, not over – diversified**

Right balance of diversification and concentration

Unlike other Flexi Cap funds that run 50-60 portfolios, The fund shall run a strict 25 stock portfolio and hence investors get the benefits of diversification and reasonable concentration.

- **Low voluntary dealing costs to add to performance, not excessive turnover**

India's first fund to disclose Voluntary dealing costs

Samco Flexi Cap Fund is India's first fund to disclose Voluntary dealing costs. Samco will run a true buy and hold strategy which shall ensure low portfolio turnover and therefore low voluntary dealing costs. The differential in VDCs vis-à-vis the industry could be significant to the extent 1-1.5% which will also contribute to performance.

- **Pure Equity Fund with only Equity Exposure, No Nonsense**

Pure Equity Fund with no exotic instruments like debt/derivatives, etc

The fund will be fully always invested giving true equity exposure to investors. The Funds will not undertake any debt exposure/derivative/hedging and will remain true to label of being a pure equity fund.

Annexure-2

10 Reasons to invest in Samco Flexi Cap Fund

- **Exposure to the most efficient stress tested companies in India and across the Globe**

Samco Flexi Cap Fund will invest in only 25 of the most efficient stress-tested businesses across the world. These efficient businesses have far outperformed their peers and benchmark due to their ability to consistently generate an above average return on capital in cash. They are resilient across cycles and offer great opportunities to compound capital over time.

- **High Growth Potential**

The fund aims to only invest in companies with great growth potential and hence investors will get exposure to companies aggressively investing for growth. We will aim to capture fast growing companies across the world in a mix of 65% Indian + 35% Global Equities.

- **Truly Active Fund with high Active Share**

Fund shall be a truly active fund with an active share of over 80%-85%, highest in the category. This shall ensure that investors get a truly differentiated fund and not an index hugging fund when they pay for asset management fees.

- **Market Cap Agnostic**

The Fund shall invest in companies across all market caps – Mega, Large, Mid and Small Caps so that investors get access to businesses across all sizes and scale.

- **Right balance of diversification and concentration**

Unlike other Flexi Cap funds that run 50-60 portfolios, The fund shall run a strict 25 stock portfolio and hence investors get the benefits of diversification and reasonable concentration.

- **Low voluntary dealing costs to add to performance**

Samco Flexi Cap Fund is India's first fund to disclose Voluntary dealing costs. Samco will run a true buy and hold strategy which shall ensure low portfolio turnover and therefore low voluntary dealing costs. The differential in VDCs vis-à-vis the industry could be significant to the extent 1-1.5% which will also contribute to performance.

- **Tax Efficient**

The fund offers global exposure but at Indian Equity capital gain taxation structure due to the construct of the fund with minimum 65% Indian Equity. That makes it one of the most tax efficient instruments vis-à-vis PMS's or AIFs or fully global tax products.

- **Global Exposure without LRS restrictions**

Investors can get global exposure with the fund without getting constrained by LRS restrictions of 2,50,000 USD per investor per annum.

- **Stress-Tested Investing Framework**

Combines top-down and bottom-up research in investment management process to identify truly stress tested companies that are innovative, efficient and resilient across markets and geographies. Companies are strictly selected only from a universe of 125 stress tested companies.

- **Pure Equity Fund with no exotic instruments**

The fund will be fully always invested giving true equity exposure to investors. The Funds will not undertake any debt exposure/derivative/hedging and will remain true to label of being a pure equity fund.

Annexure-3

3-Step Strategy to create wealth with Samco Flexi Cap Fund

- **Step 1 – Buy Stress Tested Efficient Companies**

Samco FlexiCap Fund will invest in only 25 of the most efficient stress-tested businesses across the world. These efficient businesses have far outperformed their peers and benchmark due to their ability to consistently generate an above average return on capital in cash. They are resilient across cycles and offer great opportunities to compound capital over time.

- **Step 2 - Try To Buy At An Efficient Price**

Even for the highest quality companies there will be a valuation at which they are no longer attractive investments which is why it's important that we don't end up paying inefficient prices for our wonderful stress tested efficient businesses. We understand that our universe of companies will always be more expensive than the rest of the market and we are willing to pay that premium for the quality but we constantly remind ourselves of trying to avoid paying too large a premium. This is important because we want our companies to invest for growth and not refrain from making growth expenditures.

- **Step 3 – Maintain Efficient Portfolio Turnover And Reduce Voluntary Dealing Costs To Improve Performance**

The third pillar of our strategy is aimed at reducing these hidden costs and consequently improve performance. After managing to buy good companies at reasonable prices (or better) we hope that we need take no further action. This will then facilitate the compounding of our investments over time as the companies continue to reinvest their cash flows. This also minimises the frictional cost of trading.

Samco Mutual fund is the first mutual fund in India that will transparently disclose all voluntary dealing costs.