



 **SAMCO**  
**MUTUAL FUND**

# Samco

## Active Momentum Fund

(An open-ended equity scheme following momentum theme)

Using proprietary **Momentum Seeking Algorithm**

Scheme Reopens for Subscription on

**31<sup>st</sup> January 2024**

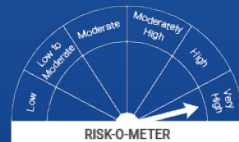


This product is suitable for investors who are seeking\* :

- 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.

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.

# Disclaimers

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- **MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**
- The views expressed herein are based on our current views and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied herein. Past performance may or may not be sustained in future. Neither Samco AMC and Samco Mutual Fund (the Fund) nor any person connected with them, accepts any liability arising from the use of this document. Stocks/Sectors referred hereto are illustrative and not recommended by the Fund / Samco AMC. The Scheme(s) offered by the Fund may or may not have any present or future positions in these stocks/sectors/instruments. Samco Mutual Fund/AMC is not guaranteeing/offering/communicating any indicative yields or guaranteed returns on investments made in the scheme(s) of the Fund.
- Simulated data is used for the purposes of explanation of the concept. Back tested, hypothetical or simulated performance results have inherent limitations. Past hypothetical back test results are neither an indicator nor a guarantee of future results. Actual results shall vary from analysis. SAMCO makes no representation or warranty, either expressed or implied regarding future performance. This disclaimer is to be applied all slides of the presentation.



# Table of Content

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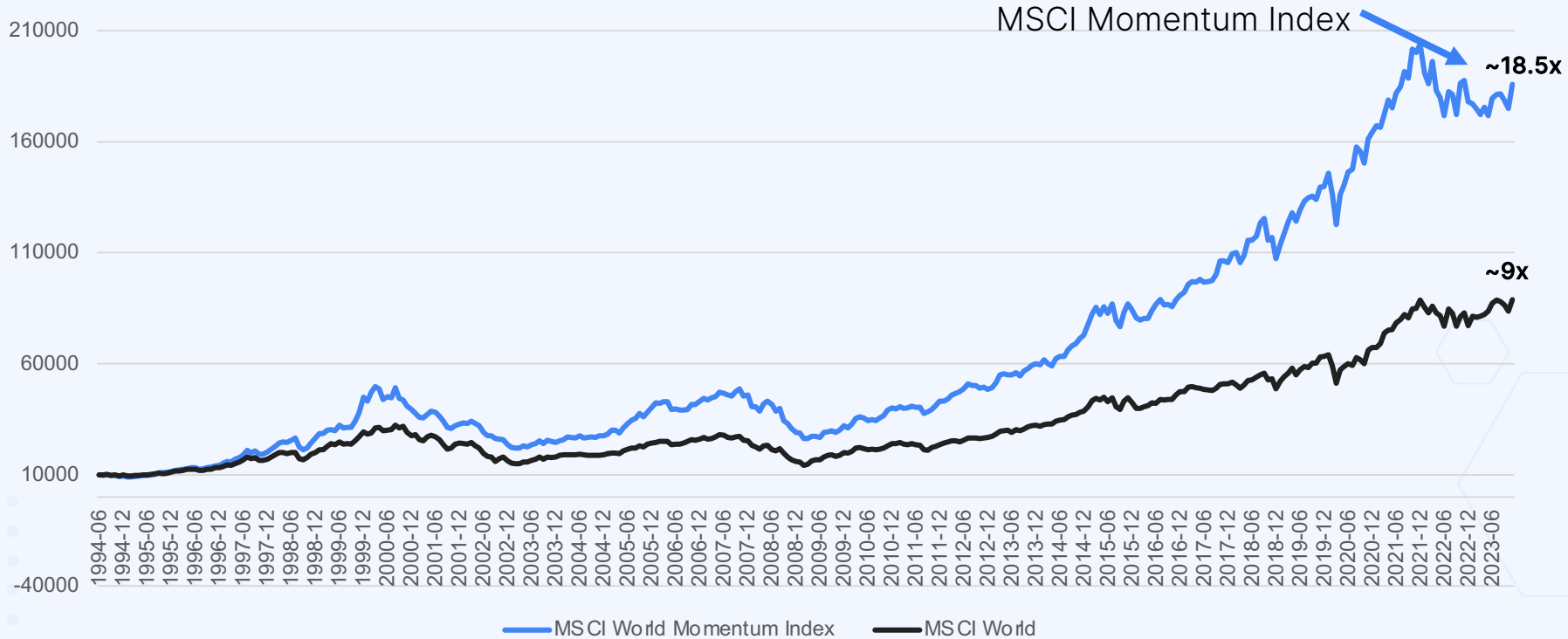
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# Power of the Momentum Strategy

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# MSCI World Index Vs MSCI World Momentum Index



# The most PREMIER anomaly

THE JOURNAL OF FINANCE • VOL. LXIII, NO. 4 • AUGUST 2008

## Dissecting Anomalies

EUGENE F. FAMA and KENNETH R. FRENCH\*

### ABSTRACT

The anomalous returns associated with net stock issues, accruals, and momentum are pervasive; they show up in all size groups (micro, small, and big) in cross-section regressions, and they are also strong in sorts, at least in the extremes. The asset growth and profitability anomalies are less robust. There is an asset growth anomaly in average returns on microcaps and small stocks, but it is absent for big stocks. Among profitable firms, higher profitability tends to be associated with abnormally high returns, but there is little evidence that unprofitable firms have unusually low returns.

THESE ARE PATTERNS IN AVERAGE stock returns that are considered anomalies because they are not explained by the Capital Asset Pricing Model (CAPM) of Sharpe (1964) and Lintner (1965). For example, Banz (1981) finds that stocks with low market capitalization (small stocks) have abnormally high average returns. Stocks with high ratios of book value to the market value of equity also have unusually high average returns (Rosenberg, Reid, and Lanstein (1985), Chan, Hamao, and Lakonishok (1991), Fama and French (1992)). Haugen and Baker (1996) and Cohen, Gompers, and Vuolteenaho (2002) find that more profitable firms have higher average stock returns, while Fairfield, Whisenant, and Yohn (2003) and Titman, Wei, and Xie (2004) show that firms that invest more have lower stock returns. A literature initiated by Sloan (1996) finds that higher accruals predict lower stock returns. Pulling together earlier evidence that returns after stock repurchases are high (Krennery, Lakonishok, and Vermaelen

Daniel and Titman (2006) and Pontiff and Woodgate (2008) show that there is a negative relation between net stock issues and average returns. The premier anomaly is momentum (Jegadeesh and Titman (1993)): Stocks with low returns over the last year tend to have low returns for the next few months and stocks with high past returns tend to have high future returns. Like the patterns in average returns associated with net stock issues, accruals, profitability, and asset growth, return momentum is left unexplained by the three-factor model of Fama and French (1993) as well as by the CAPM.

\*Eugene F. Fama is from the Graduate School of Business, University of Chicago, and Kenneth R. French is from the Amos Tuck School of Business, Dartmouth College. We acknowledge the helpful comments of John Cochrane, Wayne Ferson, Robert Stambaugh, a referee, and seminar participants at the Wharton School and the Swedish School of Economics.

Daniel and Titman (2006) and Pontiff and Woodgate (2008) show that there is a negative relation between net stock issues and average returns. The premier anomaly is momentum (Jegadeesh and Titman (1993)): Stocks with low returns over the last year tend to have low returns for the next few months and stocks with high past returns tend to have high future returns. Like the patterns in average returns associated with net stock issues, accruals, profitability, and asset growth, return momentum is left unexplained by the three-factor model of Fama and French (1993) as well as by the CAPM.



# Tested over 215 years of history

The second contribution of this study is the extension of the price momentum history back to 1800 for this extended sample of assets, both within and across six asset classes. We test for the cross-sectional momentum effect on the mostly untested monthly data from 1800 to 2014. For example, to our knowledge all studies of cross-sectional country-level momentum begin at or after 1965 (Moskowitz, Ooi and Pedersen (2012)). However, there are two recent papers that extend trend and industry momentum tests into the 19<sup>th</sup> century (Lempriere *et al.* (2014), and Szakmary and Zhou (2013)). We document that on average, since 1800, momentum effect appears significant in all asset classes, except in commodity spot prices where it is significantly opposite.<sup>7</sup> In Figure III, we plot the 10-year rolling and log-cumulative excess returns of the average of the six intra-asset class momentum portfolios (country-equities, currencies, country-bonds, commodities, country-sectors, U.S. stocks) plus one cross-asset class momentum portfolio (equities, currencies, bonds, and commodities). Generating a 215-year history of global multi-asset class price momentum, we document that the effect is consistently significant in each asset class, across asset classes, and in combination.

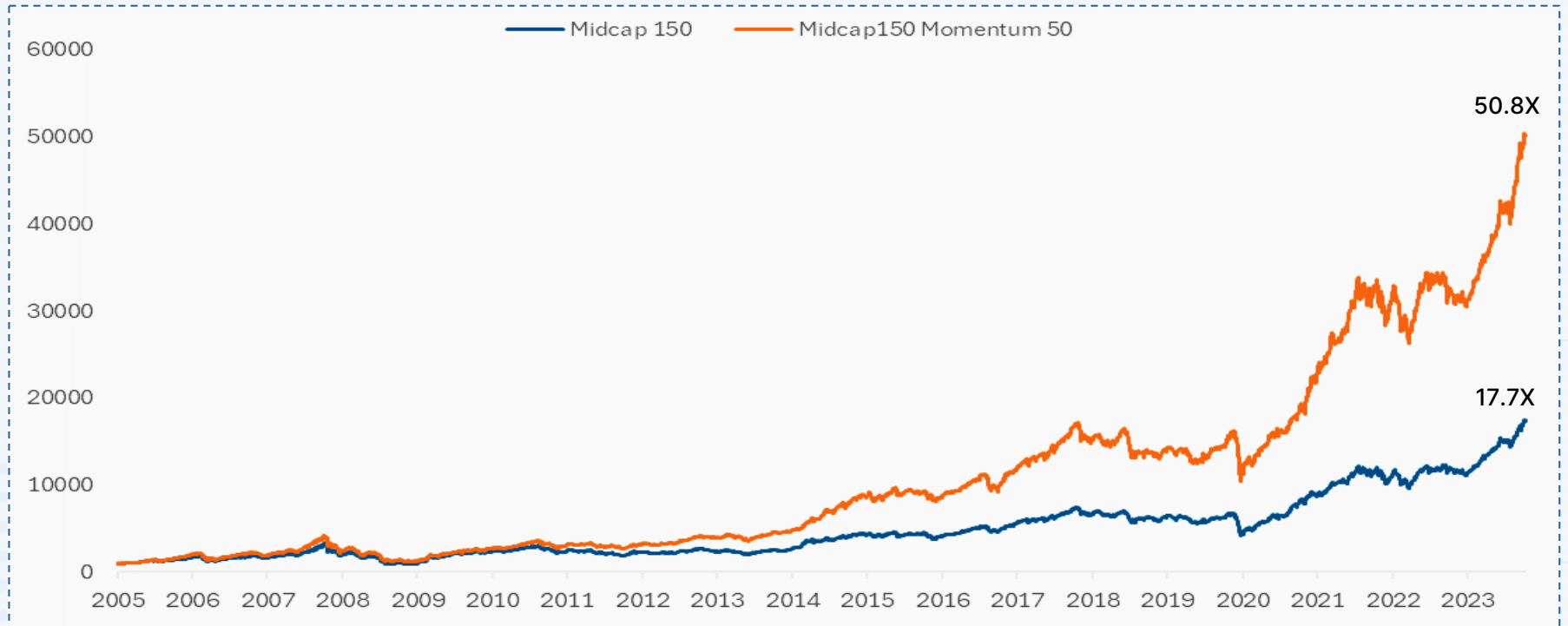
Between 1800 and 2014, country-equity momentum has the largest average long-short spread of 0.88% per month (t-stat 10.6), followed by currencies with a spread of 0.51% per month (t-stat 9.6). Inverse commodity momentum generates 0.45% per month (t-stat 5.5), U.S. stock momentum generates 0.51% per month (t-stat 6.0), country-neutral sector momentum generates 0.36% per month (t-stat 6.6), and global country bond momentum averages 0.13% per month (t-stat 2.3). Cross-asset class momentum strategy, consisting of four asset classes, generates 0.45% per month (t-stat 10.2). The equally-weighted combination of the six intra-asset class level plus one cross-asset class momentum strategies averages a long-short spread of 0.45% per month (t-stat 15.4).

The third contribution of this study is the replication of the dynamic beta property of the widely studied in the U.S. stock momentum portfolios (Grundy and Martin (2001), Gezzy and Samonov (2016)). We confirm that the long-short momentum portfolios exhibit significant variation of beta to the average return of the corresponding asset class from which portfolios are formed, consistent with literature. These effects are present in each of the six asset classes and in the cross-asset class momentum. One consequence of this effect is evidenced by the large

<sup>7</sup> Since commodity futures data essentially start after 1959, we measure commodity momentum and return using changes in spot prices, which significantly differ from the futures returns.

portfolio (equities, currencies, bonds, and commodities). Generating a 215-year history of global multi-asset class price momentum, we document that the effect is consistently significant in each asset class, across asset classes, and in combination.

# Midcap 150 vs. Midcap 150 Momentum 50 performance



Source: NSE Indices, Data as on January 20, 2024



# Recap on the strategy

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# The Strategy

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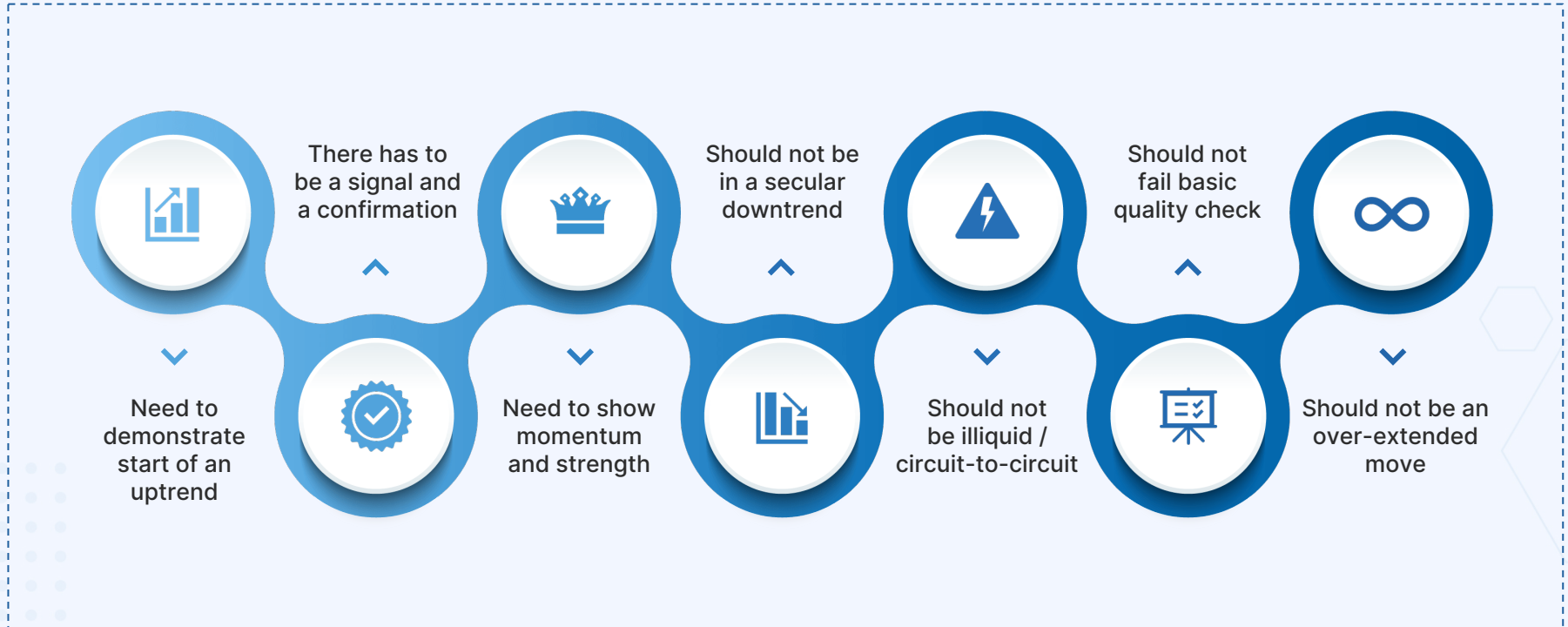
- To invest in stocks that are showing momentum characteristics; &
- To sell the stocks that are losing momentum



# Breakdown of Samco's Proprietary Momentum seeking Algo



# How are stocks selected?

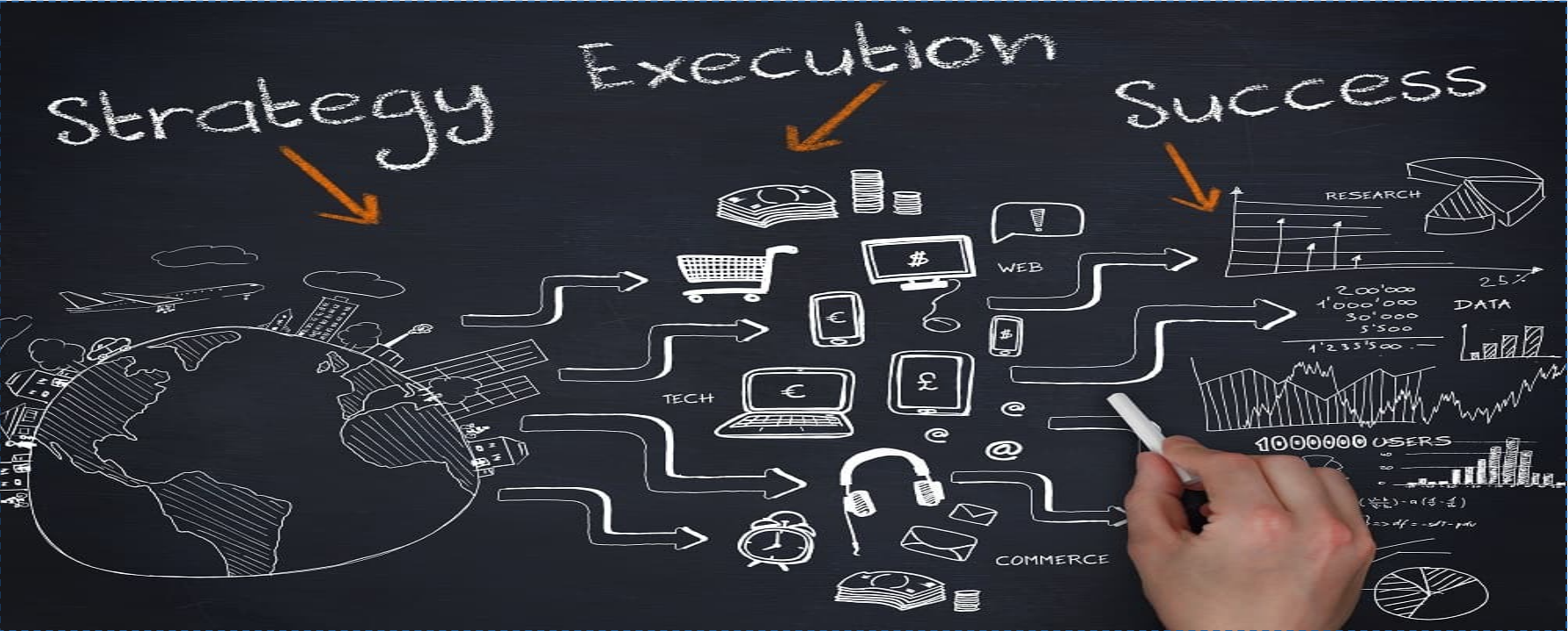


# Benefits of Active momentum strategy

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Particulars	Active
Exposure	Invested only during times of Momentum, out of markets when there is Anti-Momentum
Rebalancing	As and when needed
Relative & Absolute	Uses both Relative & Absolute Momentum
No of stocks	Not fixed, based on capital and position sizing
Universe	Across Market cap

# Strategy vs Execution





Samco Active Momentum Fund

# Portfolio Update

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As on 31<sup>st</sup> December 2023

# Factsheet Extract

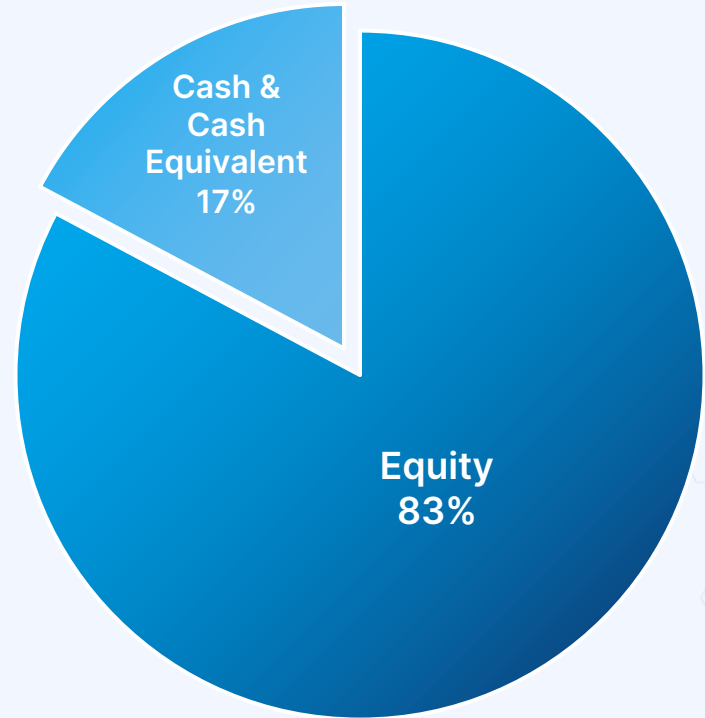
As on 31<sup>st</sup> December 2023

Portfolio as on December 31, 2023			
Issuer	Industry	% to Net Assets	% to Derivatives
<b>Indian Equity and Equity Related Total</b>		<b>82.78%</b>	<b>-2.99%</b>
Man Infraconstruction Ltd	Construction	6.75%	
Swan Energy Ltd	Realty	6.22%	
Ajanta Pharma Ltd	Pharmaceuticals & Biotechnology	4.17%	
Inox Wind Ltd	Electrical Equipment	4.04%	
CreditAccess Grameen Ltd	Finance	3.84%	
Power Finance Corporation Ltd	Finance	3.63%	-2.99%
Tips Industries Ltd.	Entertainment	3.57%	
FDC Ltd	Pharmaceuticals & Biotechnology	3.40%	
Ratnamani Metals and Tubes Ltd	Industrial Products	3.36%	
REC Ltd	Finance	3.35%	
SJVN Ltd	Power	3.27%	
Parag Milk Foods Ltd	Food Products	3.06%	
Cochin Shipyard Ltd	Industrial Manufacturing	2.86%	
Shriram Finance Ltd	Finance	2.17%	
United Spirits Ltd	Beverages	2.01%	
Ramkrishna Forgings Ltd	Industrial Products	2.01%	
NBCC (India) Limited	Construction	1.95%	
Datamatics Global Services Ltd	IT - Services	1.76%	
Elecon Engineering Company Ltd	Industrial Manufacturing	1.50%	
Grasim Industries Ltd	Cement & Cement Products	1.42%	
Godrej Industries Ltd	Diversified	1.34%	
Procter & Gamble Hygiene and Health Care Ltd	Personal Products	1.30%	
Sarda Energy and Minerals Ltd	Ferrous Metals	1.30%	
Nippon Life India Asset Management Ltd	Capital Markets	1.28%	
Hero MotoCorp Ltd	Automobiles	1.18%	
LIC Housing Finance Ltd	Finance	1.09%	
Adani Power Ltd	Power	1.06%	
Power Grid Corporation of India Ltd	Power	1.00%	
Zensar Technologies Ltd	IT - Software	0.98%	
Tata Consumer Products Ltd	Agricultural Food & other Products	0.98%	
Newgen Software Technologies Ltd	IT - Software	0.90%	
Tilaknagar Industries Ltd	Beverages	0.82%	
Gokaldas Exports Ltd	Textiles & Apparels	0.78%	
Orient Cement Ltd	Cement & Cement Products	0.70%	
Tata Consultancy Services Ltd	IT - Software	0.67%	
Bharat Electronics Ltd	Aerospace & Defense	0.57%	
HDFC Asset Management Company Ltd	Capital Markets	0.54%	
Wockhardt Ltd	Pharmaceuticals & Biotechnology	0.53%	
Maharashtra Seamless Ltd	Industrial Products	0.50%	
Eclerx Services Ltd	Commercial Services & Supplies	0.47%	
Indian Oil Corporation Ltd	Petroleum Products	0.28%	
Eicher Motors Ltd	Automobiles	0.17%	
<b>TREPS, Cash, Cash Equivalents &amp; Net Current Asset</b>		<b>17.22%</b>	
<b>Total Net Assets</b>		<b>100.00%</b>	

# Portfolio Allocation

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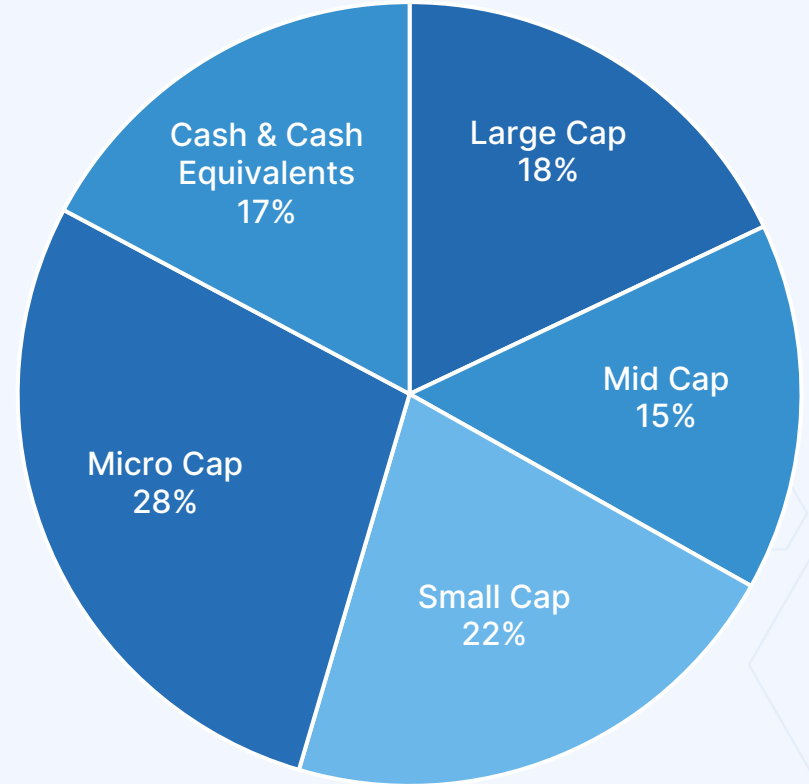
Equity Exposure at 82.78%



As on 31<sup>st</sup> December 2023

# Market Cap Allocation

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As on 31<sup>st</sup> December 2023

# Sector Allocation

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Sector	Weight
Finance	14.08%
Construction	8.70%
Pharmaceuticals & Biotechnology	8.10%
Realty	6.22%
Industrial Products	5.87%
Power	5.33%
Industrial Manufacturing	4.36%
Electrical Equipment	4.04%
Entertainment	3.57%
Food Products	3.06%
Beverages	2.83%
IT - Software	2.55%
Cement & Cement Products	2.12%
Capital Markets	1.82%
IT - Services	1.76%
Automobiles	1.35%
Diversified	1.34%
Ferrous Metals	1.30%
Personal Products	1.30%
Agricultural Food & other Products	0.98%
Textiles & Apparels	0.78%
Aerospace & Defense	0.57%
Commercial Services & Supplies	0.47%
Petroleum Products	0.28%
Cash & Cash Equivalent	17.22%

As on 31<sup>st</sup> December 2023

# Top 10 Stocks

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Company Name	%
Man Infraconstruction Ltd	6.75%
Swan Energy	6.22%
Ajanta Pharma Ltd	4.17%
Inox Wind	4.04%
CreditAccess Grameen Ltd	3.84%
Power Finance Corporation Ltd	3.63%
Tips Industries Ltd	3.57%
FDC Ltd.	3.40%
Ratnamani Metals and Tubes Ltd	3.36%
REC Ltd	3.35%

# Momentum stocks does not always mean expensive stocks

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As of 31 <sup>st</sup> December 2023	SAMF	Benchmark	+/- Bmk
P/B – Daily (Average)	5.98	6.63	-0.64
P/E – Daily (Average)	27.64	30.36	-2.71



Advantages of  
**Samco Active Momentum Fund**

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# Advantages of Samco's Proprietary Momentum Seeking Algo

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Discovers  
hidden gems



Multi-Baggers



No human  
biases involved



Efficiently  
captures  
momentum



The logo for SAMCO Mutual Fund, featuring a stylized 'S' symbol followed by the text 'SAMCO' in a large, bold, sans-serif font, and 'MUTUAL FUND' in a smaller, bold, sans-serif font below it.

**SAMCO**  
**MUTUAL FUND**

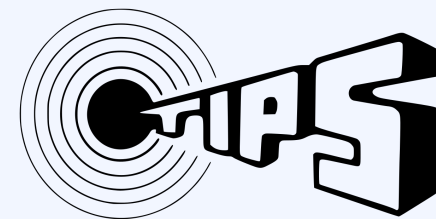
Discovery of  
**hidden gems**

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# Proprietary Momentum Seeking Algo uncovers new ideas

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SAMF is the only MF scheme to own these names!



# Hidden Gems

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Company Name	No of Analyst covering
Man Infraconstruction Limited	0
Swan Energy Limited	0
TIPS Industries Limited	0
Adani Power Limited	0
FDC Limited	0
Elecon Engineering Company Limited	0
Sarda Energy & Minerals Limited	0
Wockhardt Limited	0
Godrej Industries Limited	0
Tilaknagar Industries Limited	0
Datamatics Global Services Limited	0
Maharashtra Seamless Limited	1

Source – Refinitiv. As on 20<sup>th</sup> January 2024.



Momentum  
**Multi-Baggers**

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# Proprietary Momentum Seeking Algo – Multi-baggers

Have given more than 100% return since signal date

Company Name	Buy Signal Date	Buy Signal Price	Price as on 20th Jan 2024	% Change
Cochin Shipyard Ltd	28-Jul-23	346.13	874.30	152.59%
SJVN Ltd	6-Jul-23	45.17	110.75	145.18%
Newgen Software Technologies Ltd	19-Jul-23	358.55	824.45	129.94%
Inox Wind Ltd	21-Jul-23	200.10	435.85	117.82%

Disclaimer - The above buy signals are based on back-tested results. The past hypothetical backtested results are neither an indicator nor a guarantee of future results. Actual results shall vary from analysis.

# Proprietary Momentum Seeking Algo

Have rise by more than 50% return since signal date

Company Name	Buy Signal Date	Buy Signal Price	Price as on 20th Jan 2024	% Change
Power Finance Corporation Ltd	03-Nov-23	238.15	418.90	75.90%
Man Infraconstruction Ltd	01-Aug-23	131.00	221.05	68.74%
Nippon Life India Asset Management Ltd	21-Jul-23	306.81	510.60	66.42%

Disclaimer - The above buy signals are based on back-tested results. The past hypothetical backtested results are neither an indicator nor a guarantee of future results. Actual results shall vary from analysis.

The logo for SAMCO Mutual Fund, featuring a stylized 'S' icon followed by the text 'SAMCO' in a large, bold, sans-serif font, and 'MUTUAL FUND' in a smaller, all-caps, sans-serif font below it.

**SAMCO**  
MUTUAL FUND

# No Biases

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# No human biases – Cochin Shipyard



# No human biases – Cochin Shipyard



# No human biases – Tips Industries



# No human biases – Tips Industries



# No human biases – Inox Wind



# No human biases – Inox Wind



# No human biases – Newgen Software



# No human biases – Newgen Software



Source – TradingView, Samco Research.



# Chasing Momentum w/o restrictions

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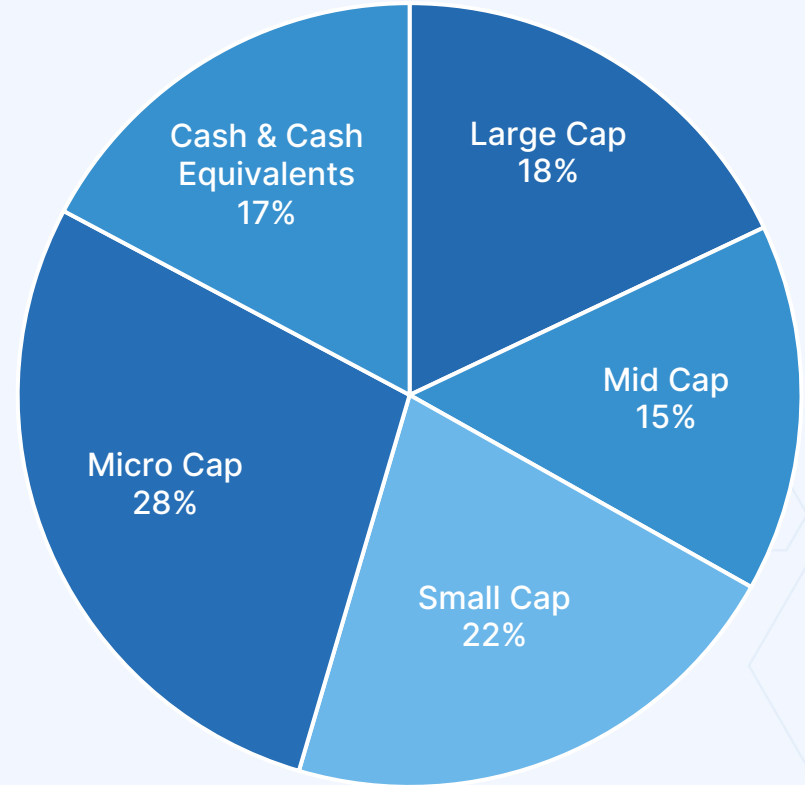
# Where is the current momentum – Market Cap Classification



Source – TradingView, Samco Research. Data is from 12<sup>th</sup> July 2023 till 15<sup>th</sup> January 2024

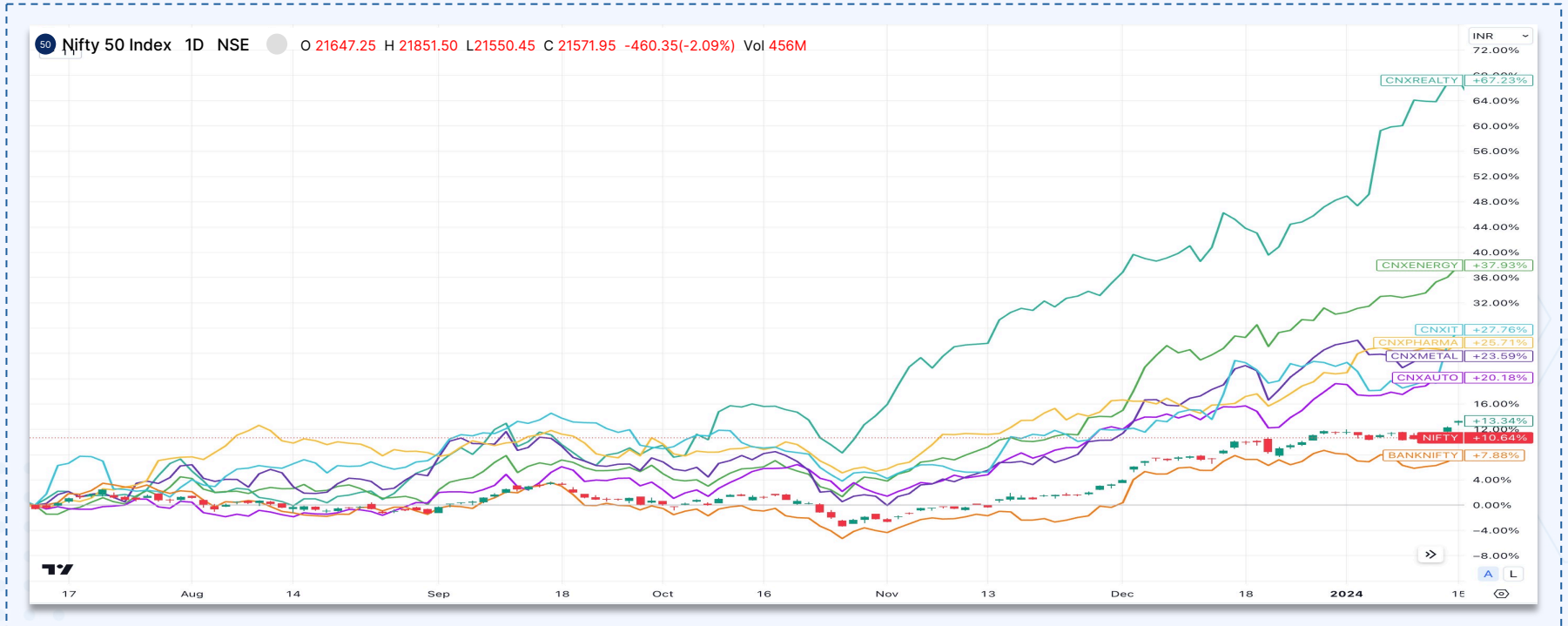
# SAMF Market Cap Allocation

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As on 31<sup>st</sup> December 2023

# Where is the current momentum – Sectoral



Source – TradingView, Samco Research. Data is from 12<sup>th</sup> July 2023 till 15<sup>th</sup> January 2024

# SAMF Sector Allocation

---

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As on 31<sup>st</sup> December 2023

# SAMF Top 10 Stocks

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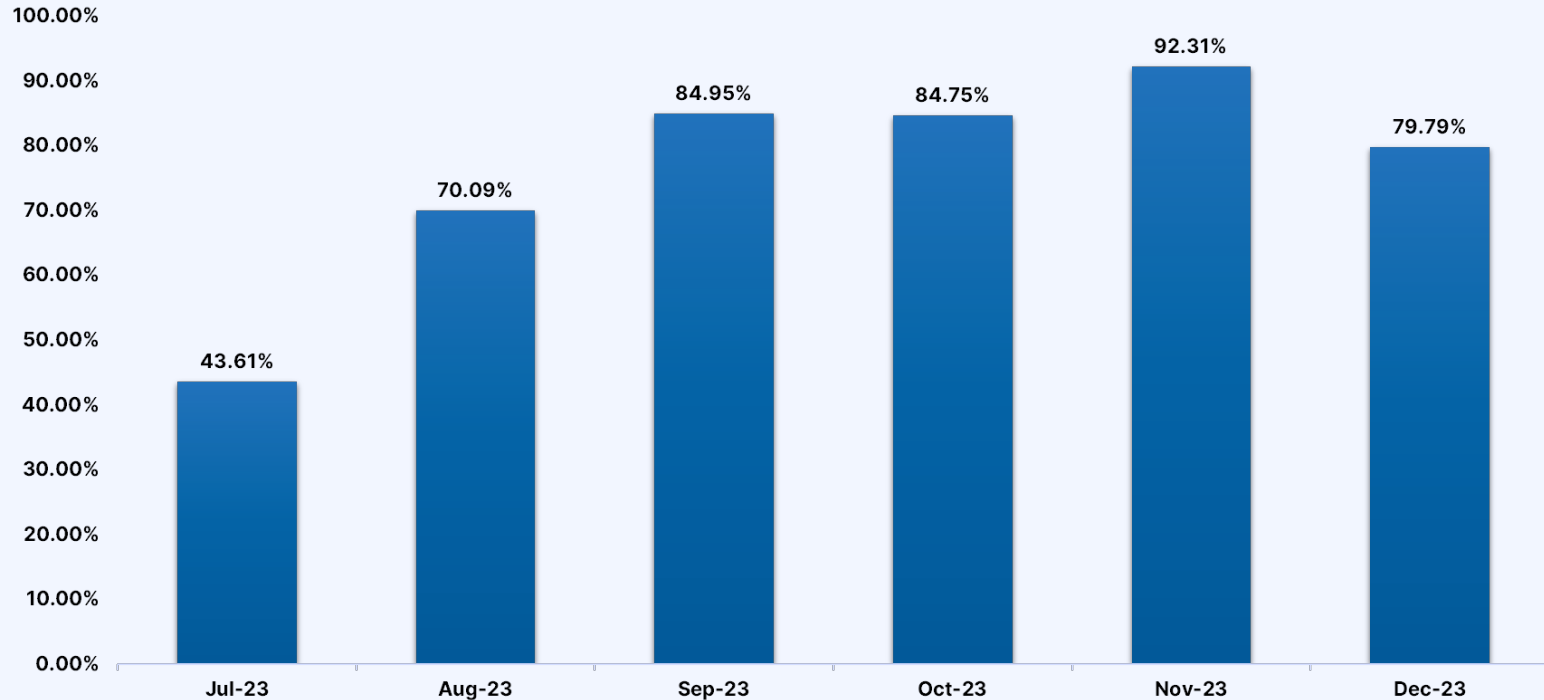
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Why this is  
**the right time?**

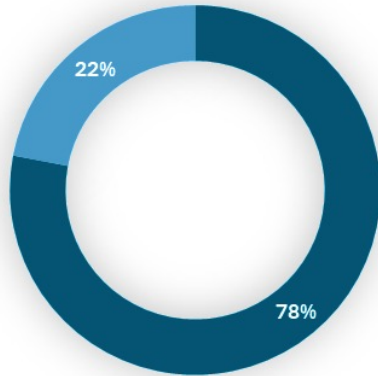
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# SAMF NET EQUITY EXPOSURE



## Net Equity Exposure - Pre vs Post

**Current Net Equity Exposure**

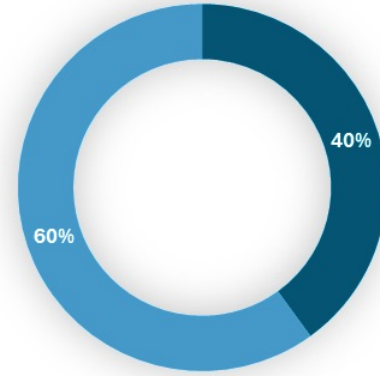


■ Net Equity Exposure    ■ TREPS, Cash and Cash Equivalents

Assuming INR 500 crores of inflows



**POST inflows - Equity Exposure**



■ Net Equity Exposure    ■ TREPS, Cash and Cash Equivalents

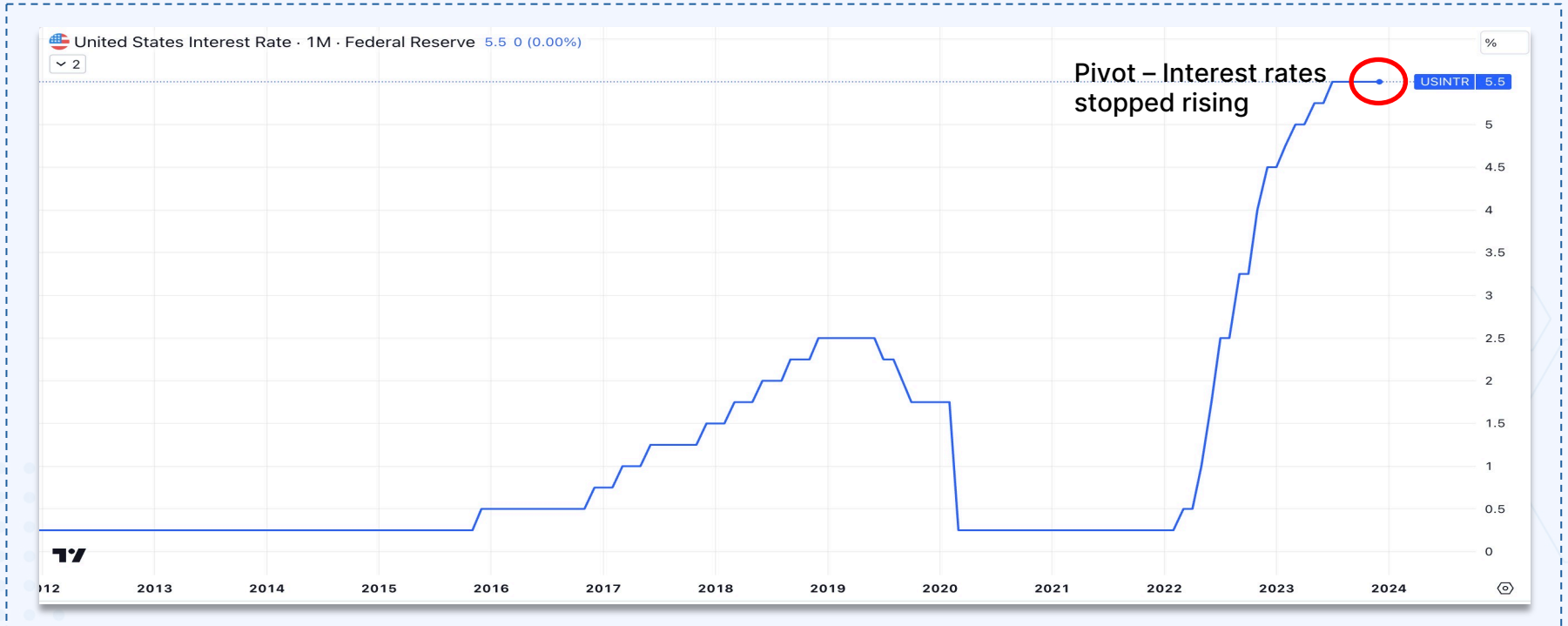


Favorable

# Interest Rate Scenario

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# Interest rate pivot



Source – TradingView, Samco Research. Data is from 12<sup>th</sup> July 2023 till 15<sup>th</sup> January 2024



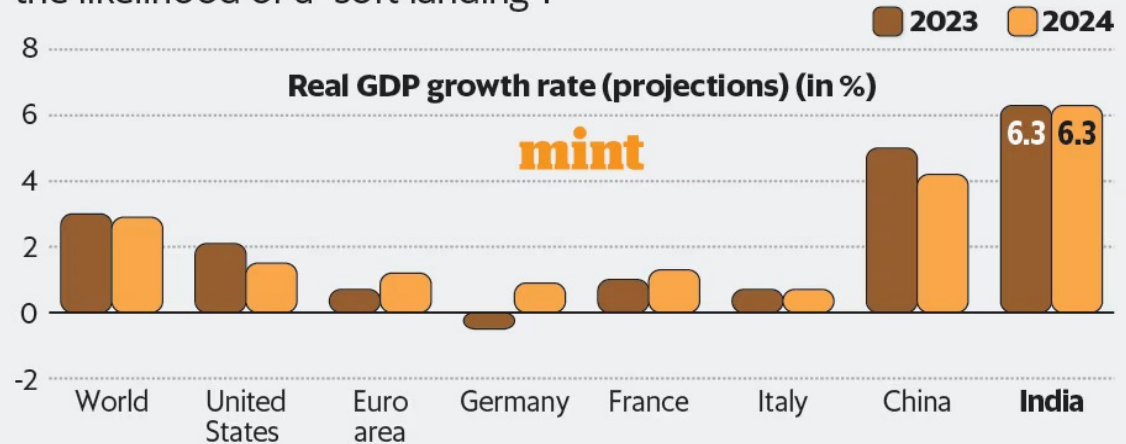
Favorable  
**Growth Rates**

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# The Fastest growing large economy for 2024

## Soft landing

IMF's chief economist Pierre-Olivier Gourinchas said the global growth forecast of 3% for 2023 and 2.9% for 2024 has increased the likelihood of a "soft landing".



Note: For India, the figures are on a fiscal year basis, with 2023 denoting the year ending March 2024, and so on.

Source: IMF World Economic Outlook, October 2023

# The Fastest growing large economy for next 2 years

**Indian economy  
to grow 6.3% in  
FY24 and FY25:  
IMF**

## Synopsis

Indian economy is likely to log 6.3% growth in FY24 and FY25 on the back of macroeconomic and financial stability, International Monetary Fund's Executive Board said Tuesday. The multilateral body expects investment to rise to 31.9% of GDP by FY25 and savings to rise to 30%.



**Indian economy** is likely to log 6.3% growth in FY24 and FY25 on the back of macroeconomic and financial stability, International Monetary Fund's Executive Board said Tuesday.

"India's economy showed robust growth over the past year. Headline **inflation** has, on average, moderated

although it remains volatile. Employment has surpassed the pre-pandemic

The logo for SAMCO Mutual Fund, featuring a stylized 'S' symbol followed by the text 'SAMCO' and 'MUTUAL FUND' below it.

**SAMCO**  
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# Political Stability

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# Certainty in terms of policies

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World ▶ Europe US Americas Asia Australia Middle East Africa Inequality Global development

**2024: Year of elections**  
Narendra Modi



**Hannah Ellis-Petersen** *in Delhi*  
Sun 31 Dec 2023 04:02 EST

## BJP win in India's 2024 general election 'almost an inevitability'

Concerns raised over what a third term for Narendra Modi would mean for the country amid rising Hindu-Muslim tension

# India's TINA Moment (TINA – There Is No Alternative)

THE HINDU  
**businessline.**

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## Opinion poll predicts return of Modi govt in 2024

Updated - December 26, 2023 at 12:46 PM. | New Delhi

**The ABP News-CVoter said that according to the survey the NDA appears to be "comfortably ahead" with all the BJP-ruled states**

BY PTI

COMMENTS SHARE

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# REOPENS

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Scheme Reopens for Subscription on  
**31<sup>st</sup> January 2024**

# Fund Managers for the Scheme

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**CIO & Fund Manager - Equity**  
**Mr. Umeshkumar Mehta**



**Fund Manager - Equity**  
**Mr. Paras Matalia**

# Scheme Features

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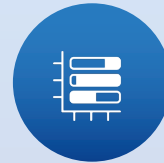
## Benchmark

NIFTY 500 TRI



## Minimum SIP Amount

Rs. 500



## Scheme type

Thematic



## Minimum Application Amount

Rs. 5,000



## Plans

Direct & Regular



## Exit Load

2% in 1<sup>st</sup> Year and  
No exit load after 1  
year

# Product Label & Risk-o-meter

## Samco Active Momentum Fund

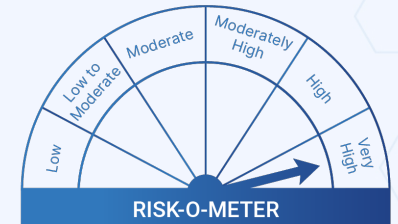
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Risk-o-meter



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# Thank You