

# Add Alpha to your Portfolio



## Introducing Bandhan Nifty Alpha 50 Index Fund

NFO Opens: 25<sup>th</sup> October 2023 | NFO Closes: 6<sup>th</sup> November 2023

### What is factor investing?

Factor investing is a rule-based strategy for selecting stocks with attributes linked to potentially <sup>1</sup>higher returns or reduced risk. The core idea behind factor investing is to know which specific factors, beyond the overall market, make some investments perform better or worse and target those factors in a rule-based manner.

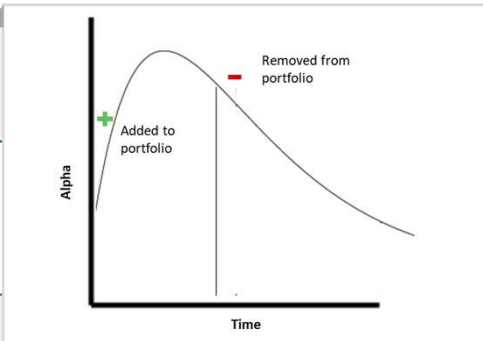
One can target multiple factors, but some of the most commonly tracked factors are **Momentum, Alpha, Low Volatility, Quality, and Value.**

### What is an Alpha strategy?

In simple terms, <sup>2</sup>Alpha is expressed as the excess returns in relation to the market after adjusting for risk.

#### Basic Premise

The alpha factor strategically invests in securities displaying significant alpha compared to the market, and it systematically exits those positions as its alpha diminishes.



<sup>2</sup>Jensen's Alpha is the difference between the actual returns of a stock/portfolio and those that could have been earned on a benchmark portfolio with the same amount of risk.

### About Nifty Alpha 50 Index

#### Eligibility Criteria



Minimum listing history of 1 year

Top 300 stocks based on #M.cap



Stock Universe

#### Stock selection



Top 50 companies with the highest <sup>2</sup>Alpha

Proportional to Alpha score



Weightage

<sup>^</sup>Exercise repeated every 3 months – Mar, Jun, Sep and Dec to determine entry and exit of stocks

Source- NSE. For detailed methodology, refer to [https://www.niftyindices.com/Methodology/Method\\_NIFTY\\_Equity\\_Indices.pdf](https://www.niftyindices.com/Methodology/Method_NIFTY_Equity_Indices.pdf).

<sup>#</sup>Free Float Market Capitalization. <sup>^</sup>Effective date

<sup>1</sup>MSCI Foundations of factor investing

<sup>2</sup>Jensen's alpha-  $\alpha = R_p - (R_f + \beta (R_m - R_f))$ -return generated by the stock,  $R_f$ - Risk free rate,  $\beta$ - Stocks Beta,  $R_m$ - expected market return.

## Why add exposure to the Alpha factor?



- 1 Performance:** The Nifty Alpha 50 index has historically delivered an alpha of ~5% over the Nifty 50 Index on a 3- and 5-year rolling return basis. As of the end of 30th Sep 2023, the Nifty Alpha 50 Index delivered ~17% return vs ~12% by Nifty 50 on a 3-year rolling return basis.
- 2 Adapts to changing market conditions:** Different sectors perform differently across various market/business cycles. The Alpha strategy adapts to the changing market conditions to leverage compelling investment opportunities.
- 3 Complementing strategy to a broad-market exposure fund:** The Alpha strategy is an aggressive strategy and would complement a broad-market exposure fund. It may potentially enhance portfolio return.

Source- NSE. Data as of the close of 01<sup>st</sup> April 2005 to 30<sup>th</sup> September 2023. Performance results may have inherent limitations, and no representation is being made that any investor will or is likely to achieve. Past performance may or may not be sustained in the future.

## Who should invest?



Investors with a high-risk appetite



Investors exploring factor-based investing



Investors seeking to add aggressive strategy to their portfolio

<b>Benchmark</b>	Nifty Alpha50 TRI	<b>Fund Manager</b>	Mr. Nemish Sheth	<b>Minimum Application Amount</b>	Lumpsum purchase - Rs. 1000/- and in multiples of Re. 1/- thereafter SWP - Rs. 200/- and any amount thereafter STP - Rs. 100/- and any amount thereafter
<b>Exit Load</b>	Nil				

Scheme Riskometer



Investors understand that their principal will be at Very High Risk

Benchmark Riskometer



Nifty Alpha50 TRI

### Bandhan Nifty Alpha 50 Index Fund (An open ended scheme tracking Nifty Alpha 50 Index)

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

- To create wealth over a long term.
- Investment in equity and equity related instruments belonging to Nifty Alpha 50 Index

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

Distributed by:

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

The Disclosures of opinions/in house views/strategy incorporated herein is provided solely to enhance the transparency about the investment strategy / theme of the Scheme and should not be treated as endorsement of the views / opinions or as an investment advice. This document should not be construed as a research report or a recommendation to buy or sell any security. This document has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of Bandhan Mutual Fund. The information/ views / opinions provided is for informative purpose only and may have ceased to be current by the time it may reach the recipient, which should be taken into account before interpreting this document. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision and the security may or may not continue to form part of the scheme's portfolio in future. Investors are advised to consult their own investment advisor before making any investment decision in light of their risk appetite, investment goals and horizon. The decision of the Investment Manager may not always be profitable; as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time. Neither Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)/ Bandhan Mutual Fund Trustee Limited (formerly IDFC AMC Trustee Company Limited) / Bandhan AMC Limited (formerly IDFC Asset Management Company Limited), its Directors or representatives shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information