

Add **momentum** to your investment journey



Introducing

Bandhan Nifty 500 Momentum 50 Index Fund

(An open-ended scheme tracking Nifty 500 Momentum 50 Index)

Invest Now

NFO Opens: 14th October 2024

NFO Closes: 24th October 2024

Factors & Factor Investing



A Factor helps to explain or identify characteristics that drives a stock's price in the market

eg. Ever noticed how some movies, even without a strong storyline, attract huge crowds just because of the star cast? That's the star's 'X-factor' at work!



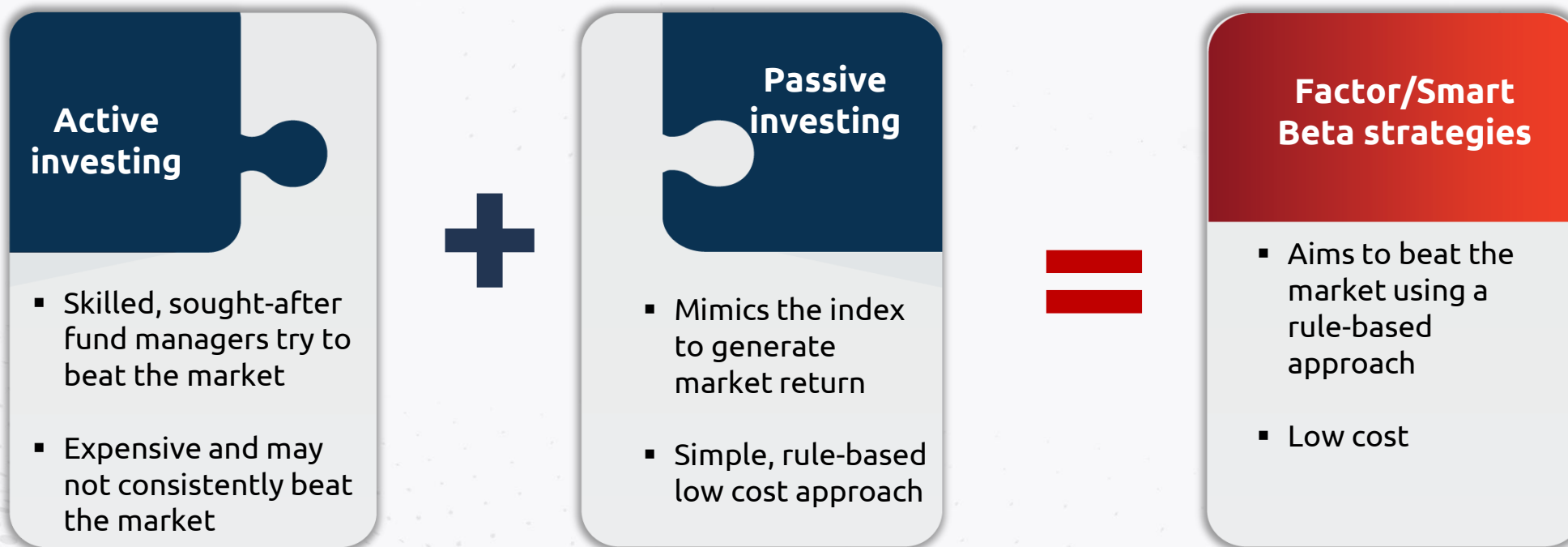
Core idea behind factor investing is to know which specific factors, beyond the overall market make some investments do better or worse

eg. Think of two drivers in identical cars. Their performance varies not because of the car, but due to their unique driving strategies. It's not just about having the right vehicle—it's about how you drive it.

Picking stocks with specific factors can help investors build a portfolio that may produce superior risk-adjusted returns compared to the market

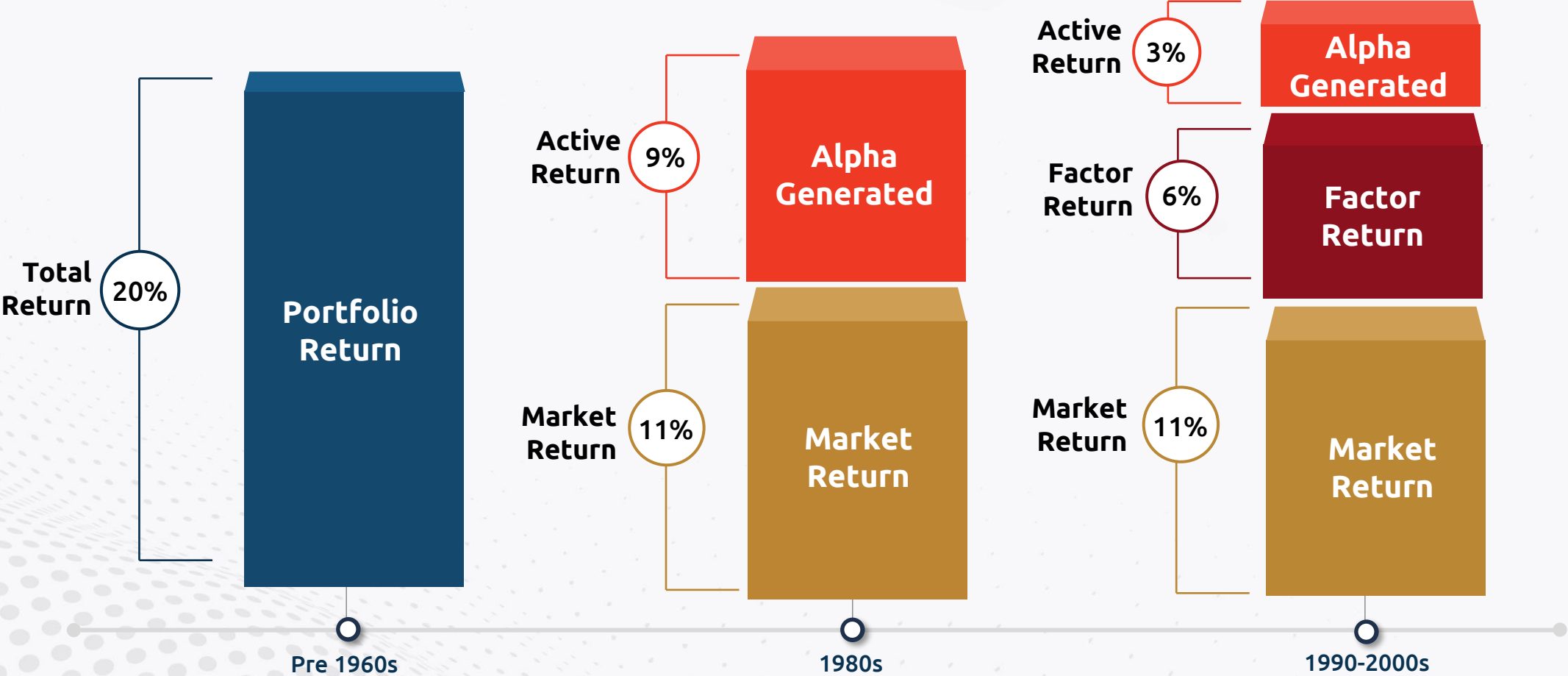
Bridging Active and Passive Investing

'Factors' might sound new, but the concept has been part of investing for years. Active fund managers have long used these factors to manage portfolios.



Demystifying drivers of portfolio returns

An Illustration of how portfolio return was dissected over the years



4 Source/Disclaimer: A brief history of factor investing- Allianz Global Investor. The above illustration assumes that fund X has delivered 20% and the return attribution over a different period. The above graph is used to explain the concept and is for illustration purposes only and should not be used for the development or implementation of an investment strategy.

Widely used style factors

Each factor aims to capture excess return to stocks with the following characteristics



Momentum/ Alpha

Stocks with stronger past performance



Low Volatility

Stocks with lower than average volatility



Quality

Stocks with lower debt, stable earning and other quality metrics



Value

Stocks with low prices relative to their fundamental value



Size

Stock with lower market capitalization

Understanding Factor Behaviour

Different factors can be used to create tailored strategies, each targeting specific stock behaviours



Factor investing- Benefits & Risks

Benefits

- Backed by research and evidence.
- It follows predefined rules and does not involve subjective investment decisions.
- Can help to improve portfolio returns or reduce risks.
- Increased diversification.

Risks

- Factors may perform differently depending on market conditions, leading to underperformance during certain market conditions.
- Timing factors can be difficult, as factors may exhibit mean-reverting or trending behavior.
- Some factors may exhibit high concentration in a certain sector or style.

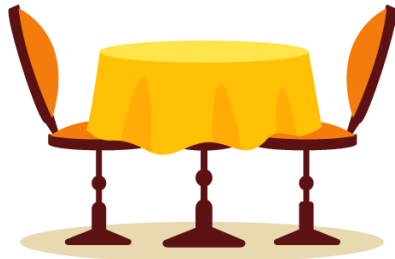




Introducing the Bandhan Nifty 500 Momentum 50 Index Fund

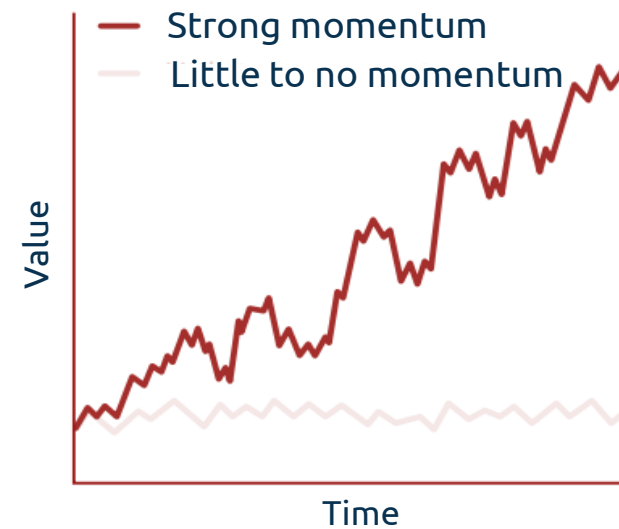
Momentum Investing is a Habit You Already Follow!

Everyday Analogy



When choosing a restaurant, you're more likely to go for one that's been consistently getting positive reviews. That's momentum.

The momentum factor attempts to capture excess returns to stocks with stronger past performance.



Let's Deep Dive into Momentum Factor

What is Momentum Factor?

- The momentum strategy invests in stocks that are outperforming and reduces exposure to stocks that are underperforming.
- It is based on the premise that stocks that have performed well in the recent past are likely to continue doing so.
- Simply, the strategy works on the philosophy 'Trend is your friend'.
- Momentum factor works because investors generally tend to over-react or under-react to information.

How does it work?

'Buy high, Sell higher'



Understanding the strategy



Not trying to catch the bottom

The strategy picks a stock after it has moved and proven its strength



Not trying to catch tops

The strategy exits a stock not at the peak but once it identifies that the trend is continuing downward

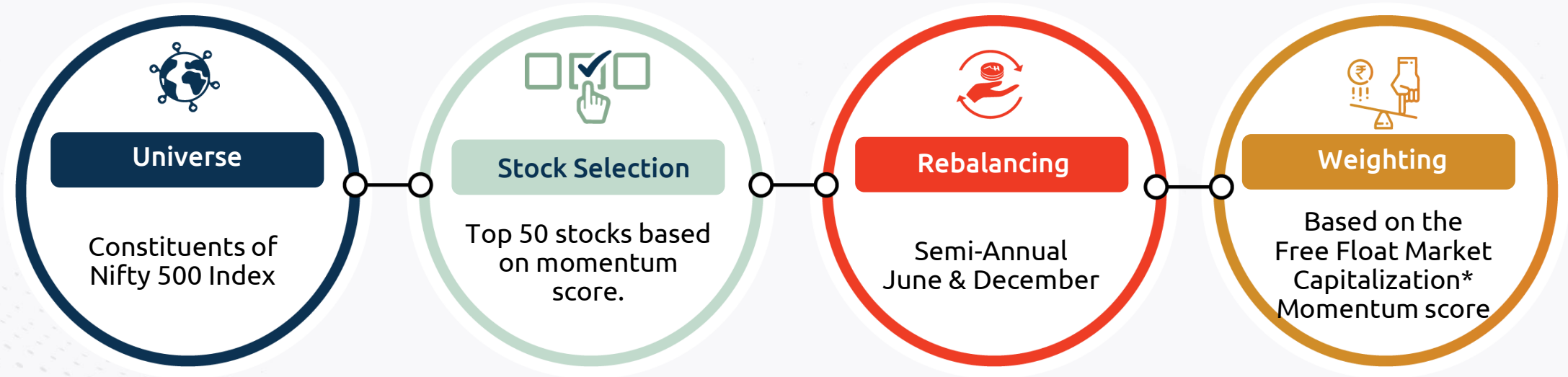


Ride the trend

Instead of predicting peaks or bottoms, the focus is on identifying and capitalizing on the market's prevailing direction



Index Methodology



Momentum score is calculated based on 6-month & 12-month returns, adjusted for volatility

Historical outperformance to broader indices

Parameter	Periodicity	Nifty 50 TRI	Nifty 500 TRI	Nifty 500 Momentum 50 TRI
Annualized Returns	1 year	32.6%	41.6%	69.5%
	3 year	15.2%	18.9%	30.3%
	5 year	19.4%	22.7%	35.8%
	10 year	13.6%	15.3%	24.7%
Annualized Volatility	1 year	13.1%	14.2%	23.2%
	3 year	14.1%	14.5%	20.9%
	5 year	19.1%	18.6%	22.2%
	10 year	16.5%	16.3%	20.3%
Risk Adj. Return	1 year	2.48	2.92	2.99
	3 year	1.08	1.31	1.45
	5 year	1.02	1.22	1.61
	10 year	0.83	0.94	1.21

- Momentum Strategy outperformed broader indices across tenure
- The strategy generated higher risk adjusted return with relatively elevated volatility

Source/Disclaimer: NSE Data; Performance as of the close of 31st August 2024. Performance results have many 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. The above table is used to explain the concept and is for illustration purposes only and should not be used for the development or implementation of an investment strategy.

Outperformance on rolling basis

3 Year Rolling Return	Nifty 50 TRI	Nifty 500 TRI	Nifty 500 Momentum 50 TRI
Average	12.5%	12.8%	20.0%
Minimum	-5.0%	-8.7%	-15.4%
Maximum	41.9%	38.2%	66.5%

5 Year Rolling Return	Nifty 50 TRI	Nifty 500 TRI	Nifty 500 Momentum 50 TRI
Average	12.2%	12.1%	19.4%
Minimum	-1.9%	-1.9%	-4.8%
Maximum	23.3%	22.9%	36.2%

The Nifty 500 Momentum 50 TRI has outperformed broader market indices across various tenure

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Captures sector rotation

Macro-economic sector	Jun-19	Dec-19	Jun-20	Jan-21	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24
Financial Services	40.6%	43.7%	9.7%	14.6%	11.6%	11.2%	4.9%	29.9%	30.2%	31.2%	16.3%
Industrials	1.8%	1.9%	2.8%	4.3%	5.3%	5.7%	17.6%	22.8%	30.1%	30.0%	36.5%
Consumer Discretionary	14.5%	18.4%	13.2%	8.5%	7.0%	17.9%	19.0%	23.9%	18.3%	10.2%	24.5%
Information Technology	15.6%	0.0%	0.0%	23.6%	25.3%	40.8%	6.4%	1.3%	10.9%	9.0%	0.0%
Healthcare	7.0%	8.5%	39.3%	29.0%	6.4%	7.7%	0.6%	0.0%	2.2%	9.1%	1.5%
FMCG	0.4%	5.6%	13.1%	5.0%	0.0%	1.4%	9.0%	6.5%	5.6%	1.1%	0.0%
Commodities	10.7%	3.6%	12.5%	8.9%	26.0%	7.2%	15.3%	8.7%	2.0%	3.7%	3.9%
Utilities	0.0%	0.0%	0.0%	0.0%	8.9%	5.0%	20.4%	0.4%	0.0%	4.2%	10.5%
Energy	6.2%	13.1%	4.3%	4.5%	6.2%	2.0%	6.7%	5.0%	0.0%	0.3%	1.8%
Telecommunication	0.0%	5.1%	5.0%	0.0%	1.1%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%
Services	2.6%	0.0%	0.0%	1.5%	2.2%	0.6%	0.0%	1.6%	0.7%	0.6%	5.0%

The Momentum Strategy effectively captures sector rotation by rebalancing semi-annually in June and December

Captures momentum in market capitalization

Index allocation to Market Capitalization	Jun-19	Dec-19	Jun-20	Jan-21	Jun-21	Dec-21	Jun-22	Dec-22	Jun-23	Dec-23	Jun-24
Large Cap	75.0%	73.7%	70.3%	44.4%	41.8%	58.4%	54.7%	36.5%	34.5%	27.3%	64.7%
Mid Cap	18.4%	21.8%	19.9%	39.2%	27.1%	25.9%	28.2%	42.7%	37.9%	36.7%	31.2%
Small Cap	6.6%	4.6%	9.8%	16.4%	31.2%	15.7%	17.1%	20.8%	27.6%	36.0%	4.1%
Grand Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

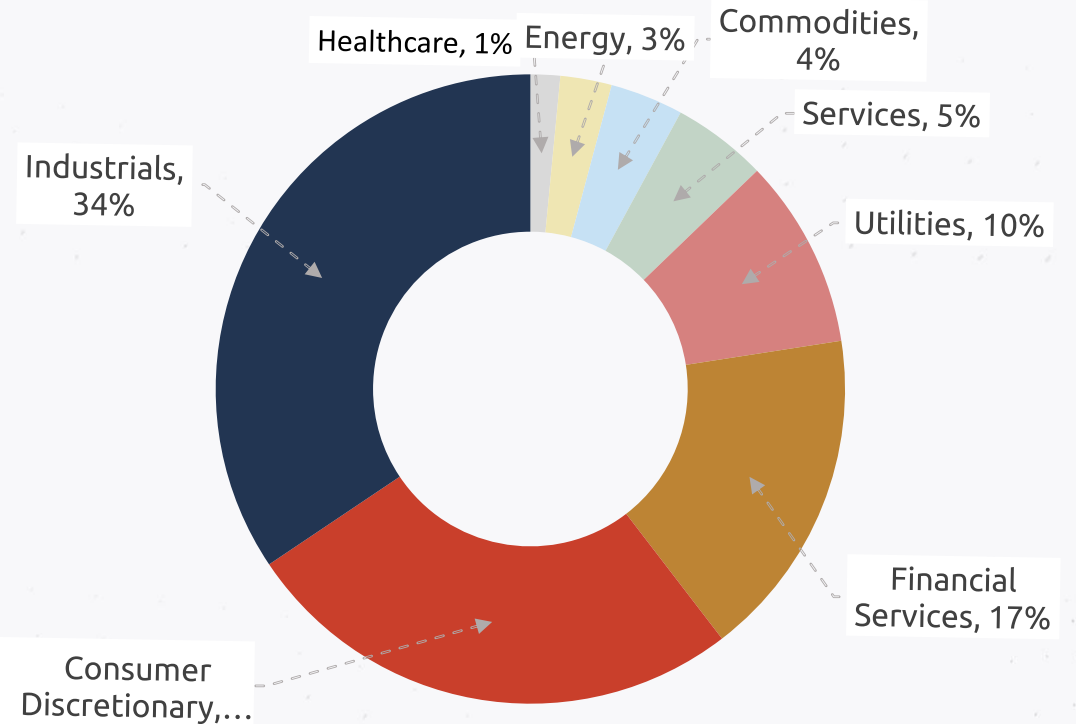
Effectively captures the momentum in the market capitalization also

Nifty 500 Momentum 50 Index - Top 10 Stock Holdings & Index Sector

TOP 10

Sr. No	Stock Name	Macroeconomic Sector	Weight
1	Trent Ltd.	Consumer Disc.	6.4%
2	Bajaj Auto Ltd.	Consumer Disc.	5.4%
3	Adani Ports & SEZ	Services	4.9%
4	Bharat Electronics Ltd.	Industrials	4.6%
5	Mahindra & Mahindra Ltd.	Consumer Disc	4.6%
6	REC Ltd.	Financial Services	4.3%
7	Siemens Ltd.	Industrials	4.3%
8	Hindustan Aeronautics	Industrials	4.2%
9	Power Finance Corp	Financial Services	4.0%
10	Tata Power Co. Ltd.	Utilities	3.5%
Total			46.2%

Macro Economic Sector Classification



Source/Disclaimer: NSE Data as on 31st August 2024; Macro-economic sector based on AMFI classification. The sectors/stocks mentioned above are for illustration purposes and should not be used for development/implementation of an investment strategy. The sector may/may not be part of our portfolio/strategy/scheme. It may not be construed as investment advice to any party.

Who should invest?

1 Investors with a high-risk appetite

2 Investors having a long-term investment horizon.

3 Investors seeking to add aggressive strategy to their portfolio



Limitations to the Momentum Strategy

Adapts to changing market dynamics with a lag



May witness higher drawdowns compared to broader indices



Momentum, just like other factors is cyclical



Key Takeaways



The momentum strategy invests in winning stocks while cutting underperformers, based on the belief that recent successes will persist.

1



The strategy targets stocks that have shown strength and exits when downward trends are confirmed. It focuses on capitalizing on the prevailing market direction rather than predicting peaks and troughs.

2



The Nifty 50 Momentum 50 Index captures the performance of the top 50 stocks with strong positive momentum.

3



On a 3-year & 5-year rolling return basis, the strategy has delivered an 8% alpha compared to broader indices.

4



Historically, the strategy has gained from allocating more to market movers, reinforcing the momentum principle and showing that stocks with strong performance are likely to sustain their upward trajectory.

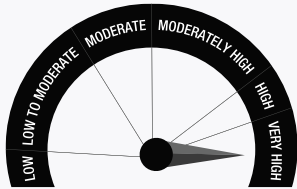
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Bandhan Nifty 500 Momentum 50 Index Fund Details

Type of scheme	An open-ended scheme tracking Nifty 500 Momentum 50 Index
NFO Dates	14 th to 24 th October 2024
Benchmark	Nifty 500 Momentum 50 TRI
Exit Load	<ul style="list-style-type: none"> • 0.25% - if redeemed on or before 15 days from the allotment date • Nil – if redeemed after 15 days from the allotment date
Fund Manager	Mr. Nemish Sheth
Investment Objective	The investment objective of the Scheme is to replicate the Nifty 500 Momentum 50 Index by investing in securities of the Nifty 500 Momentum 50 Index in the same proportion/weightage with an aim to provide returns before expenses that track the total return of the Nifty 500 Momentum 50 Index, subject to tracking errors. However, there is no assurance or guarantee that the objectives of the scheme will be realized and the scheme does not assure or guarantee any returns.
Minimum application amount	<p>Lumpsum purchase – Rs. 1,000/- and in multiples of Re. 1/- thereafter Additional purchase – Rs. 1,000/- and in multiples of Re. 1/- thereafter</p> <p>Repurchase/Redemption – Rs. 500/- or the account balance of the investor, whichever is less</p> <p>SIP - Rs. 100/- and in multiples of Re. 1 thereafter [Minimum 6 installments]</p> <p>SWP - Rs. 200/- and any amount thereafter STP - Rs. 500/- and any amount thereafter</p>

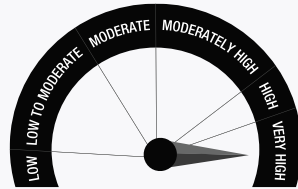
Disclosure & Product Label

Benchmark
Riskometer



Nifty 500 Momentum 50
Index

Scheme
Riskometer



Investors understand that
their principal will be at
Very High risk

Bandhan Nifty 500 Momentum 50 Index Fund

An open - ended scheme tracking Nifty 500 Momentum 50 Index

This product is suitable for investors who are seeking*:

- Create wealth over a long term.
- Investment in equity and equity related instruments forming part of Nifty 500 Momentum 50 Index.

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

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

The Disclosures of opinions/in-house views/strategy incorporated herein are provided solely to enhance the transparency about the investment strategy/theme of the Scheme and should not be treated as an endorsement of the views/opinions or as 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 based on information, which is already available in publicly accessible media or developed through analysis of Bandhan Mutual Fund. The information/views/opinions provided are for informative purposes only and may have ceased to be current by the time it reaches 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 the future. Investors are advised to consult their 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/Bandhan Mutual Fund Trustee Limited/Bandhan AMC Limited, its Directors, or its 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.



**Thank
You**



Annexures

Our factor offerings

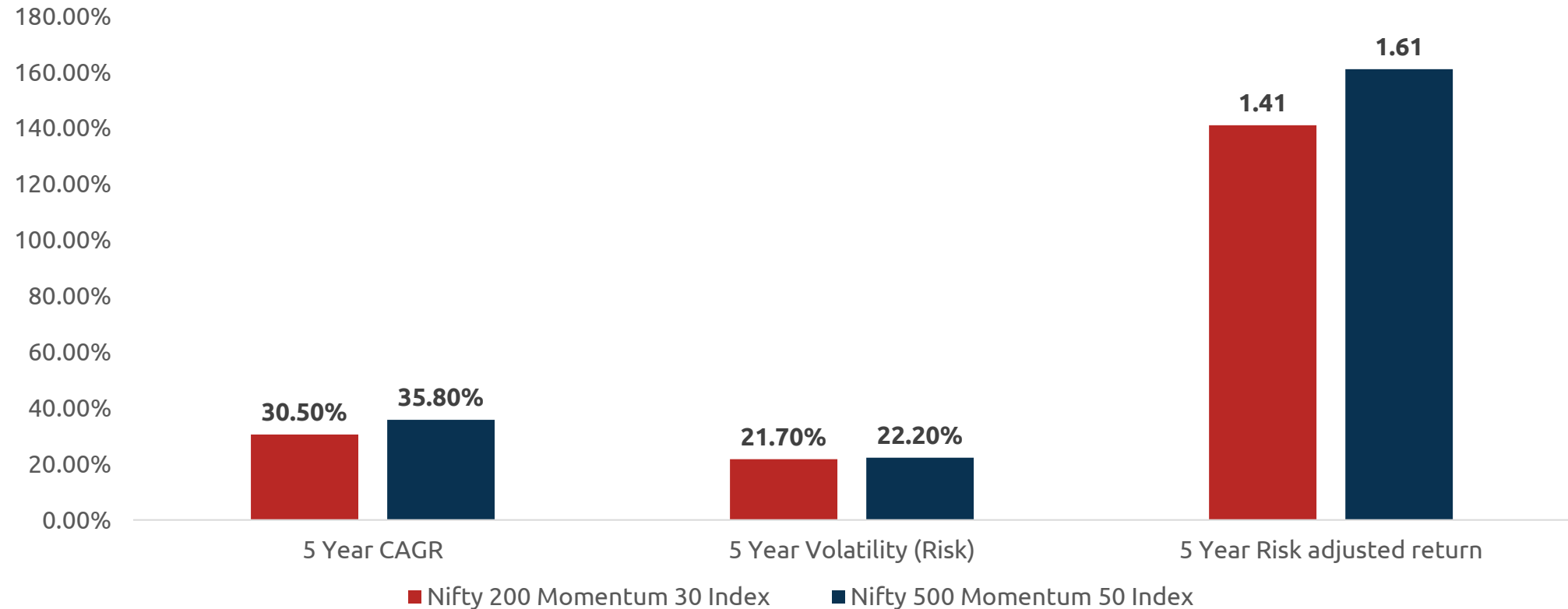
Particulars	Index fund tracking the below factor indices	
	Nifty 500 Momentum 50 Index	Nifty 500 Value 50 Index
Universe	Large, Mid & Small Cap (Top 50 stocks based on Momentum score)	Large, Mid & Small Cap (Top 50 stocks)
Stock Selection	Top 50 stocks with high momentum score.	Top 50 stocks with high value score
Descriptor	6m & 12m price return adjusted for volatility	Higher (E/P), (B/P), (S/P) and Dividend Yield
Weighing	FFMcap*Momentum Score	FFMcap*Value Score
Rebalancing	SEMI (Jun & Dec)	SEMI (Jun & Dec)

Nifty 200 V/S Nifty 500

Particulars	Index fund tracking the below factor indices	
	Nifty 200 Momentum 30 Index	Nifty 500 Momentum 50 Index
Constituents	30	50
Universe	200 stocks	500 stocks
Eligibility Criteria	<ul style="list-style-type: none"> ❖ Listing history of 1 year ❖ Availability for trading in derivative segment 	<ul style="list-style-type: none"> ❖ Listing history of 1 year
Descriptor	6m & 12m price return adjusted for volatility	6m & 12m price return adjusted for volatility
Weighing	FFMcap*Normalized Momentum Score	FFMcap*Normalized Momentum Score
Rebalancing	Semi annually(Jun & Dec)	Semi-annually (Jun & Dec)

Nifty 200 V/S Nifty 500

Index fund tracking the below factor indices



Higher risk adjusted returns with higher annualized returns

Parameter	Periodicity	Nifty 50 TRI	Nifty 500 TRI	Nifty 200 Momentum 30 TRI	Nifty 500 Momentum 50 TRI
Annualized Returns	1 year	32.6%	41.6%	68.9%	69.5%
	3 year	15.2%	18.9%	25.4%	30.3%
	5 year	19.4%	22.7%	30.5%	35.8%
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	5 year	19.1%	18.6%	21.7%	22.2%
	10 year	16.5%	16.3%	19.4%	20.3%
Risk Adj. Return	1 year	2.48	2.92	3.33	2.99
	3 year	1.08	1.31	1.29	1.45
	5 year	1.02	1.22	1.41	1.61
	10 year	0.83	0.94	1.19	1.21

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