

# Navigate the market tides with high-momentum<sup>^</sup> stocks

**AXIS NIFTY500 MOMENTUM 50 INDEX FUND**

**NFO PERIOD: 24<sup>th</sup> Jan to 7<sup>th</sup> Feb 2025**

Risk-o-meter and Product label refer slide # 14

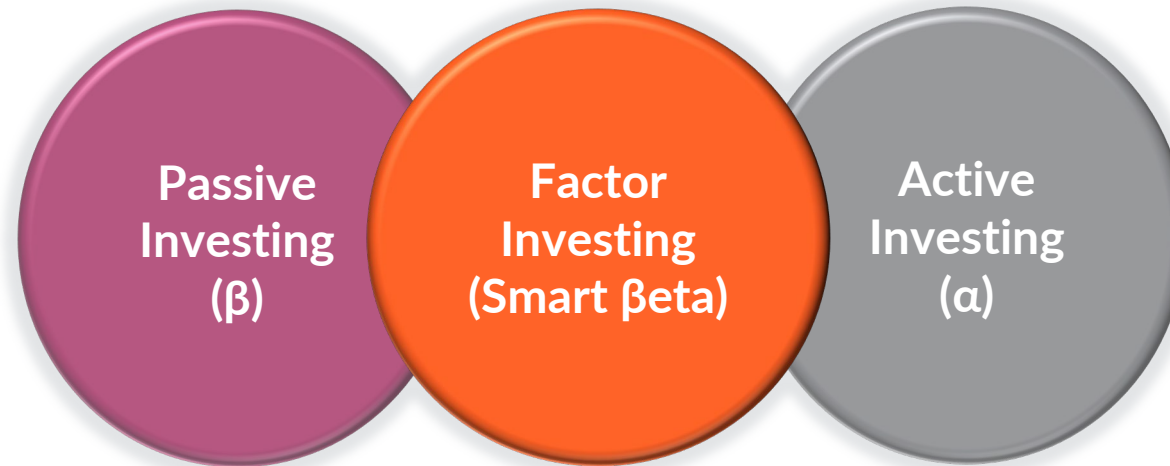


# What is Factor Investing?



# Factor Investing – Combination of both worlds

Factor investing sits between Active and Passive investing and looks to combine the best of both worlds



| Passive Investing    | Factor Investing  | Active Investing                          |
|----------------------|---|---|
| Market Return        | Combination of both worlds (beta and alpha)<br>(aka - Smart Beta / Factors) | Potential to outperform market            |
| Low cost             |   | Stock Selection based on stock attributes |
| Rule based framework |   | Fund Manager risk                         |
| Transparent          |   | Identify factors to generate alpha        |

Chart above is to explain the concept of factor investing; however, the scheme (underlying) follows a passive investing strategy.

# What are Factors?

A factor is any characteristic that helps explain the long-term risk and return of an asset/stock. Among many, commonly popular factors are **Momentum, Low Volatility, Quality and Value.**

Like in cricket attacking, classic and defensive batsmen play an important role to build solid batting lineup; adding factor(s) to your portfolio, could make difference to your portfolio performance.

## Attack



**MOMENTUM** investing capitalizes aggressively during the bull markets, like an attacking batsman.

## Class



**VALUE** investing relates to classic approach and performs during recovery phase like a batsman's class to build solid innings.

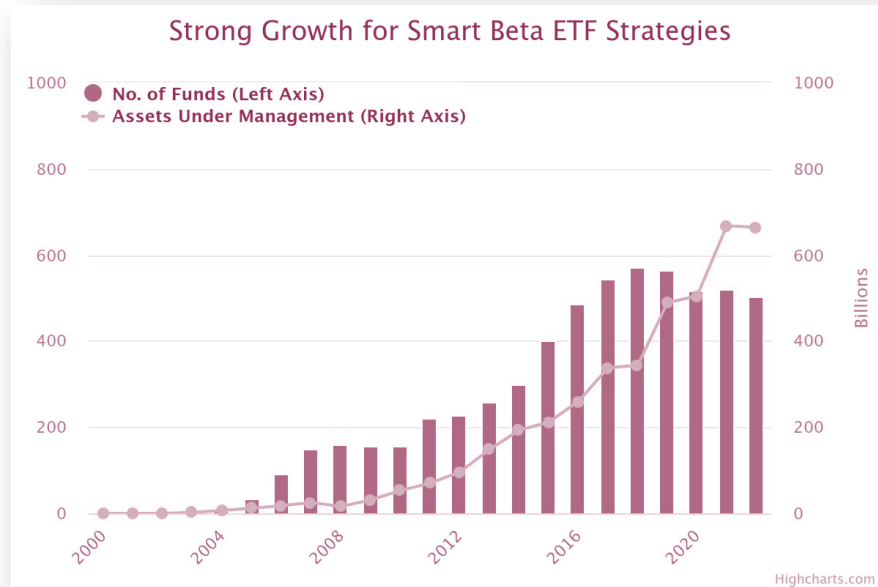
## Defence



**LOW VOLATILITY & QUALITY** investing aims for stable returns while reducing risk like a defensive batsman protecting their wicket.

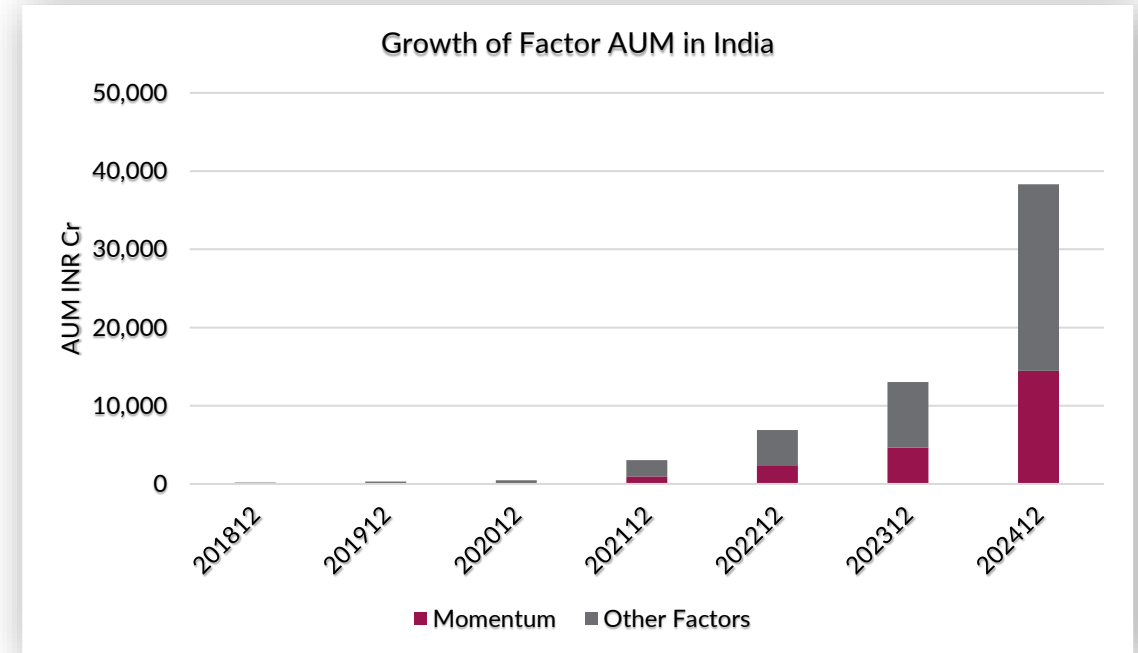
# USD 664 Billion AUM tracking Factors in USA

India grew to INR 38,000 cr as of Dec 2024 from 484 cr in Dec 2020



Source: <https://www.morganstanley.com/articles/factor-investing-explained>; Data as of Dec 2022

- Factor funds in US dates back as early as year 2000
- With 500+ factor funds, US has grown to USD 665 bln AUM as of Dec 2022

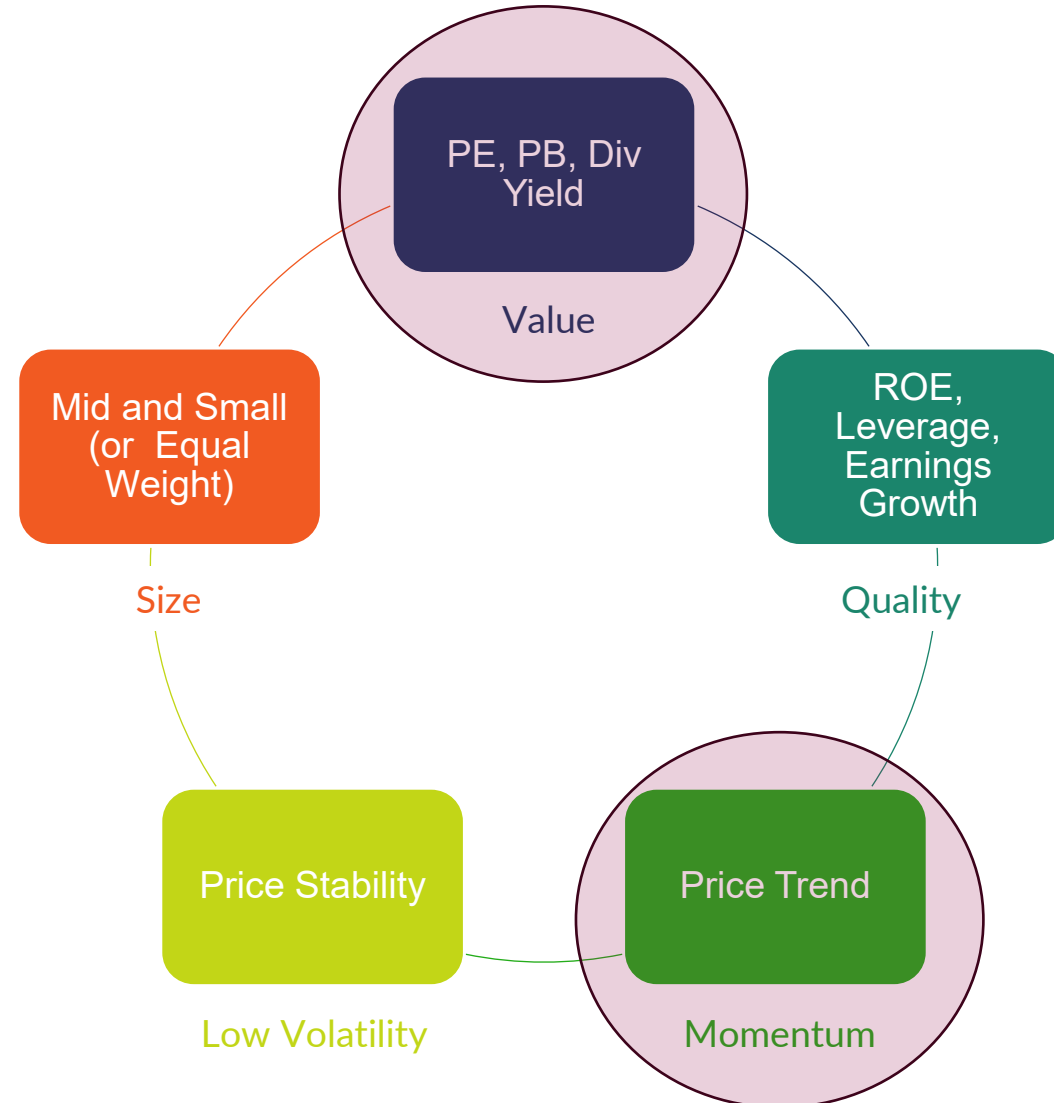


Source: ACE MF, Data as of Dec 2024

- Over last 4 years investors in India started showing interest in Factor based strategy
- Today it is already INR 38,000 cr. from INR 484 cr. 4 year ago.
- Momentum has share of 40% in the overall factor AUM in India

# Are you a Factor investor?

Do you look for one or more of the following when selecting which stocks to invest in?



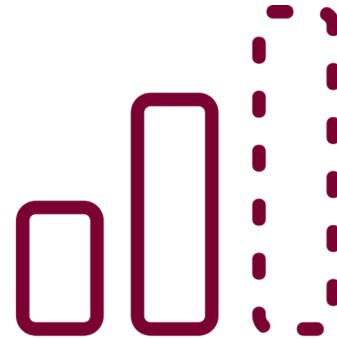


# Introducing Momentum Factor



## Momentum investing is about **finding winners.**

The momentum factor refers to the tendency of **winning stocks to continue performing well in the near term.**



Momentum is categorized as a “persistence” factor i.e., it tends to benefit from continued trends in markets.



You are more likely to see a movie of a director whose past couple of films have been critically acclaimed than a director who has given flops.



# Momentum Investing: Approach

The momentum index takes into consideration the relative **risk-adjusted return** of each stock over recent history say - **past 6 months and 12 months**.

## How does it work?



It has no concern with company's underlying fundamental performance and essentially says 'buy high & sell higher'

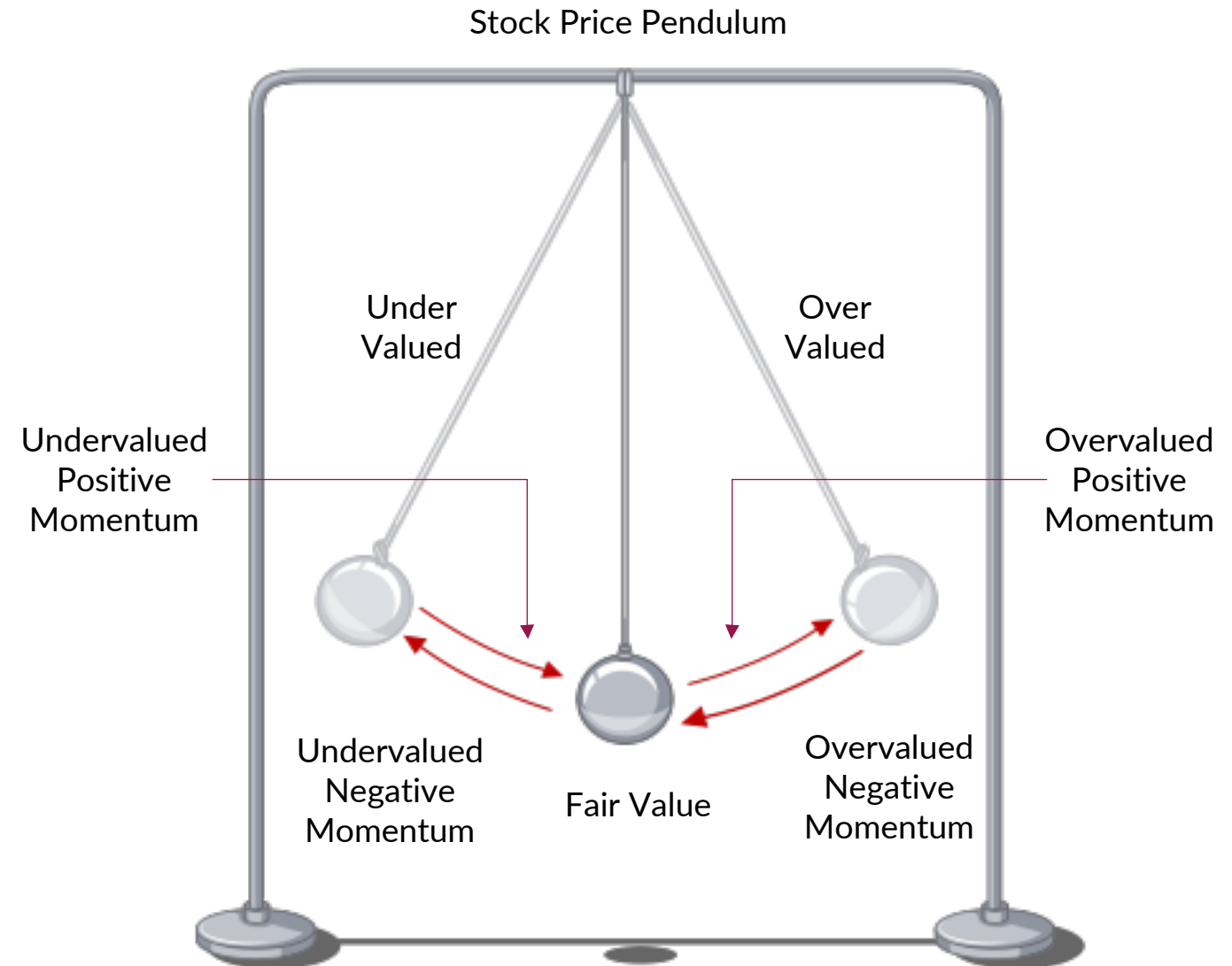
### Bhaav bhagwaan che (Price is the Almighty):

For momentum, price is everything as stock performance forms the underlying basis for entry/exit

# Momentum Investing: Why it works?

Influenced by behavioural biases

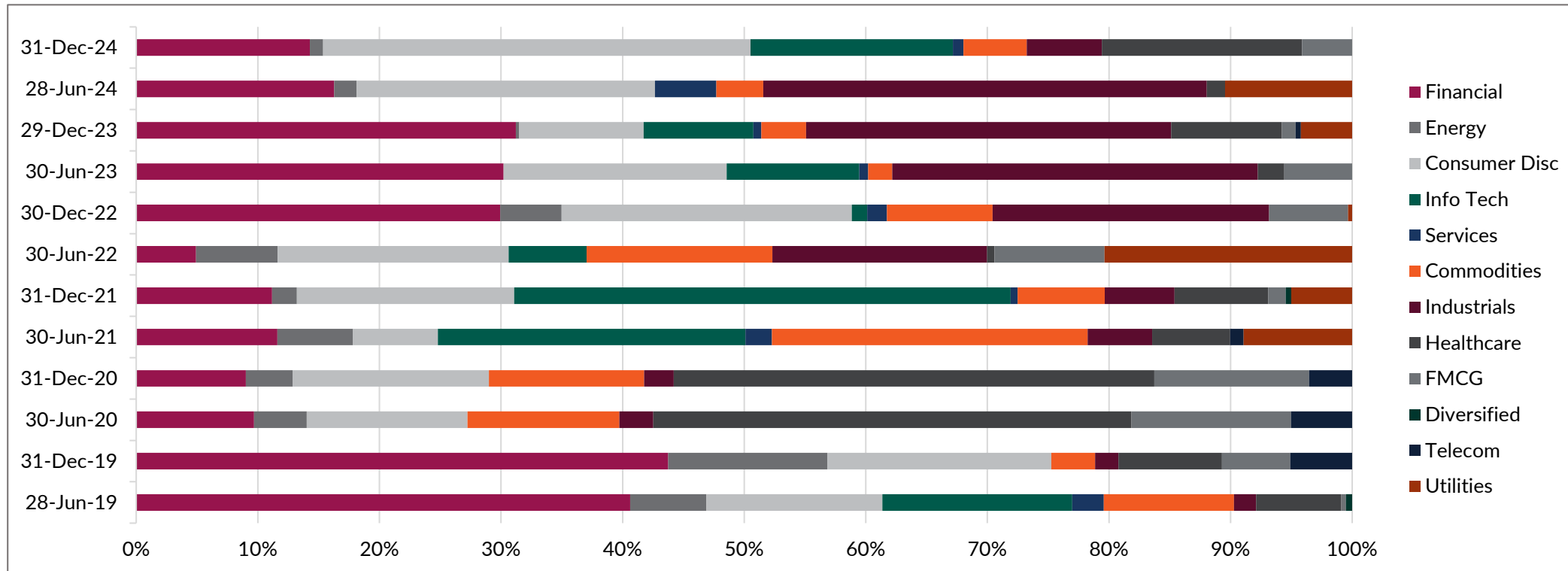
- Momentum investing thrives due to the influence of **behavioral biases that perpetuate price trends**.
- As investor behavior often deviates from perfect rationality, these market inefficiencies present opportunities for momentum strategies to capitalize on trends arising from these anomalies.
- It can be a good complement to other factor strategies or overall investor's portfolio



# Momentum Investing: Adapts to market trends

Dynamically adjust to emerging sectoral trends

### Historical Sector Weight Movements in Nifty500 Momentum 50 Index



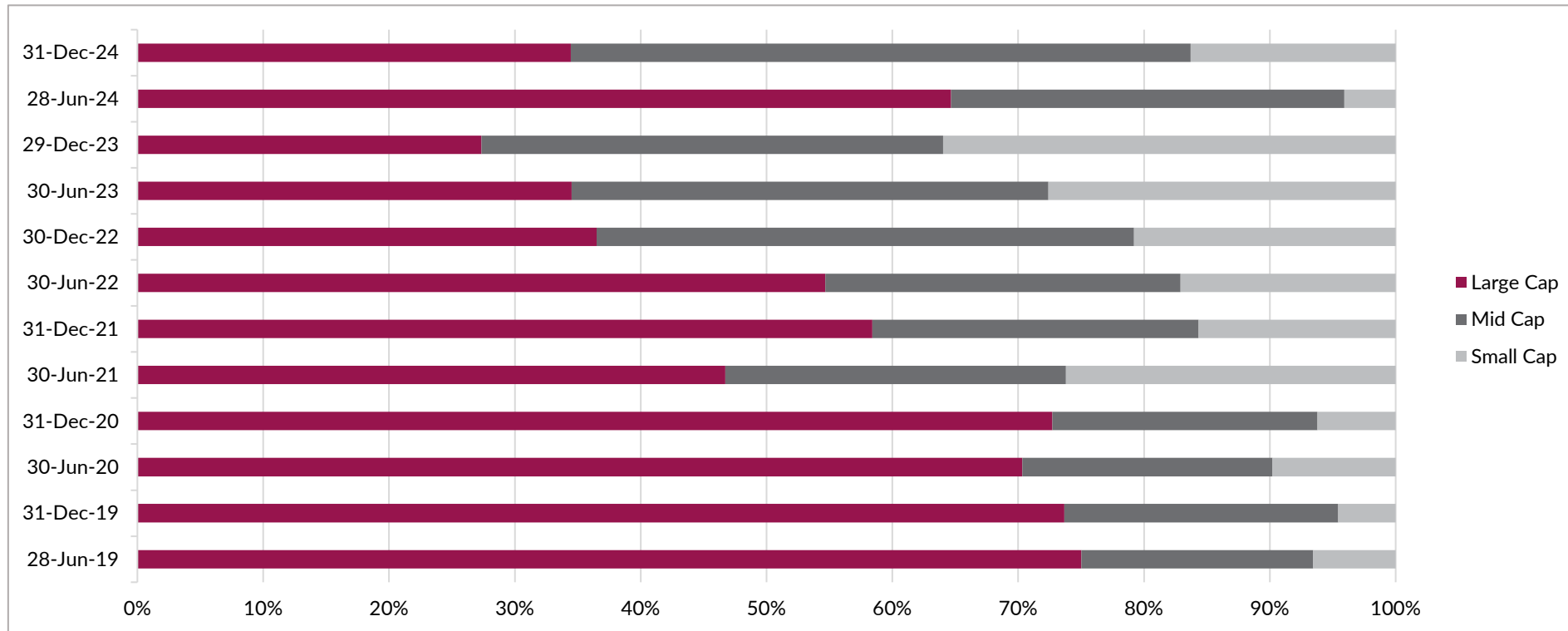
Source: Nifty Indices, ACE MF, Data 28-Jun-2019 to 31-Dec-2024. Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.



# Momentum Investing: Adapts to market trends

Dynamically adjust to large-, mid- and small-cap trends

### Historical Cap Weight Movements in Nifty500 Momentum 50 Index



Source: Nifty Indices, ACE MF, Data 28-Jun-2019 to 31-Dec-2024. Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

# Axis NIFTY500 Momentum 50 Index Fund

 **AXIS MUTUAL FUND**

**15**  
YEARS AS YOUR  
INVESTMENT  
PARTNER



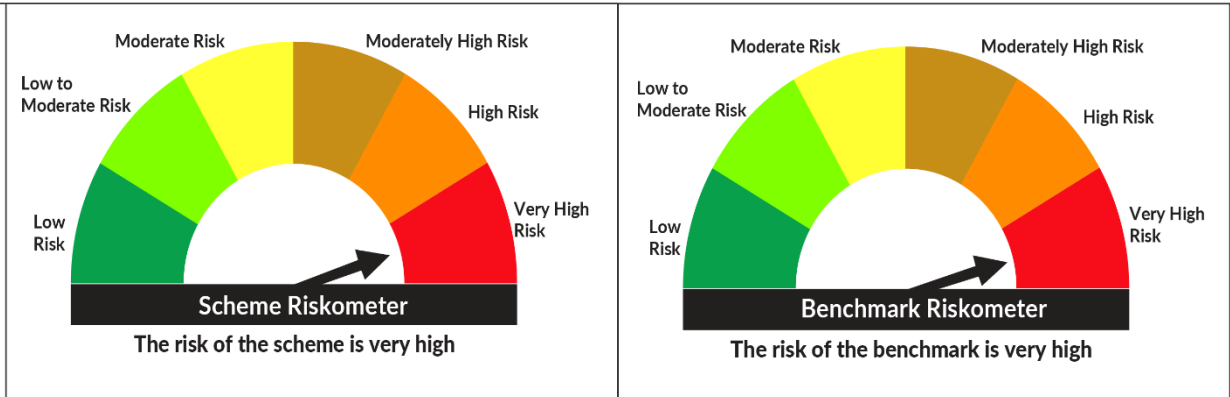
## Axis Nifty500 Momentum 50 Index Fund

(An Open-Ended Index Fund tracking Nifty500 Momentum 50 TRI)

### Benchmark: Nifty500 Momentum 50 TRI

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

- Long term wealth creation solution
- An Index fund that seeks to track returns by investing in a basket of Nifty500 Momentum 50 stocks and aims to achieve returns of the stated total return index, subject to tracking error.



**\*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



# Scheme Details

## Axis Nifty500 Momentum 50 Index Fund

### NFO Dates:

Opens : 24<sup>th</sup> Jan 2025

Closes : 7<sup>th</sup> Feb 2025



### Type of Scheme

An Open-Ended Index Fund tracking Nifty500 Momentum 50 TRI



### Inception Date

To be announced



### Minimum Application size

- During NFO: Rs. 100 and in multiples of Re. 1/- thereafter
- On Continuous basis: Rs. 100 and in multiples of Re. 1/- thereafter



### Investment Objective

To provide returns before expenses that correspond to the Nifty500 Momentum 50 TRI subject to tracking error.  
There is no assurance that the investment objective of the scheme will be achieved.



### Exit Load

0.25% - If redeemed / switch out within 15 days of allotment  
Nil - If redeemed/ switched out after 15 days from the date of allotment



### Fund Manager

- Mr. Karthik Kumar
- Mr. Sachin Relekar



### Benchmark

Nifty500 Momentum 50 TRI



### Total Expense Ratio

To be announced

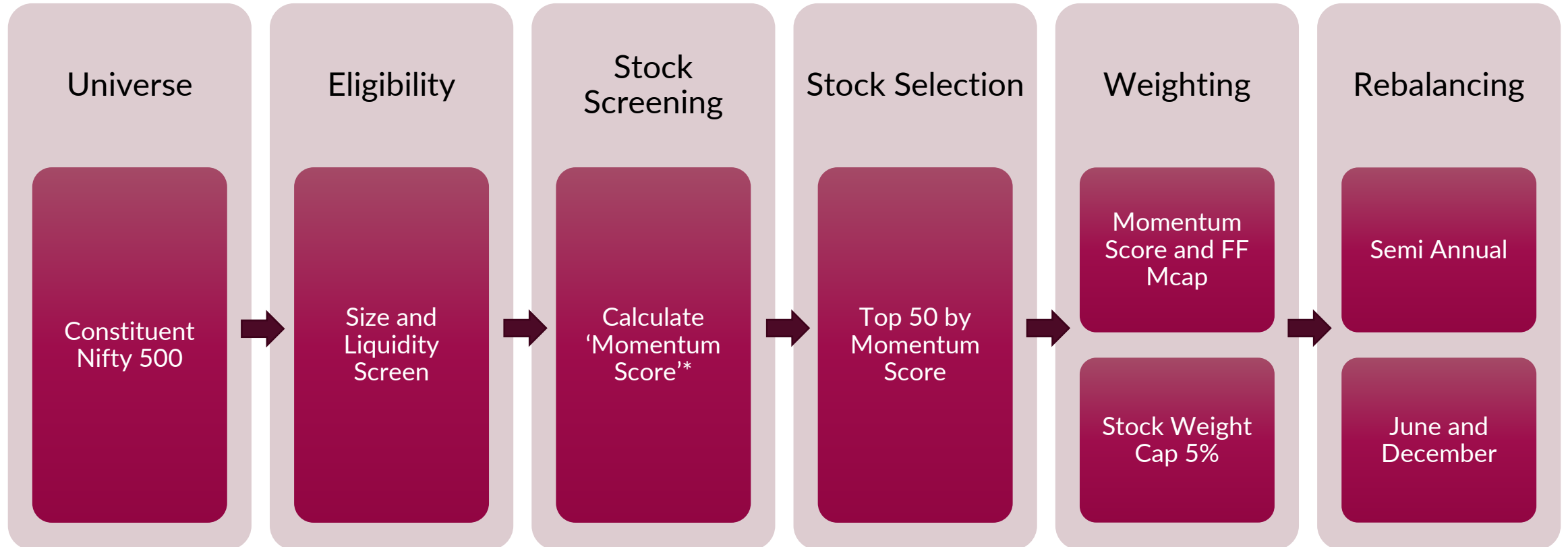
# NIFTY500 Momentum 50 Index Fund

Deep Dive



# Index: Methodology

## Snapshot



\*Momentum Score is calculated using stocks risk adjusted performance over last 6 months and 12 months



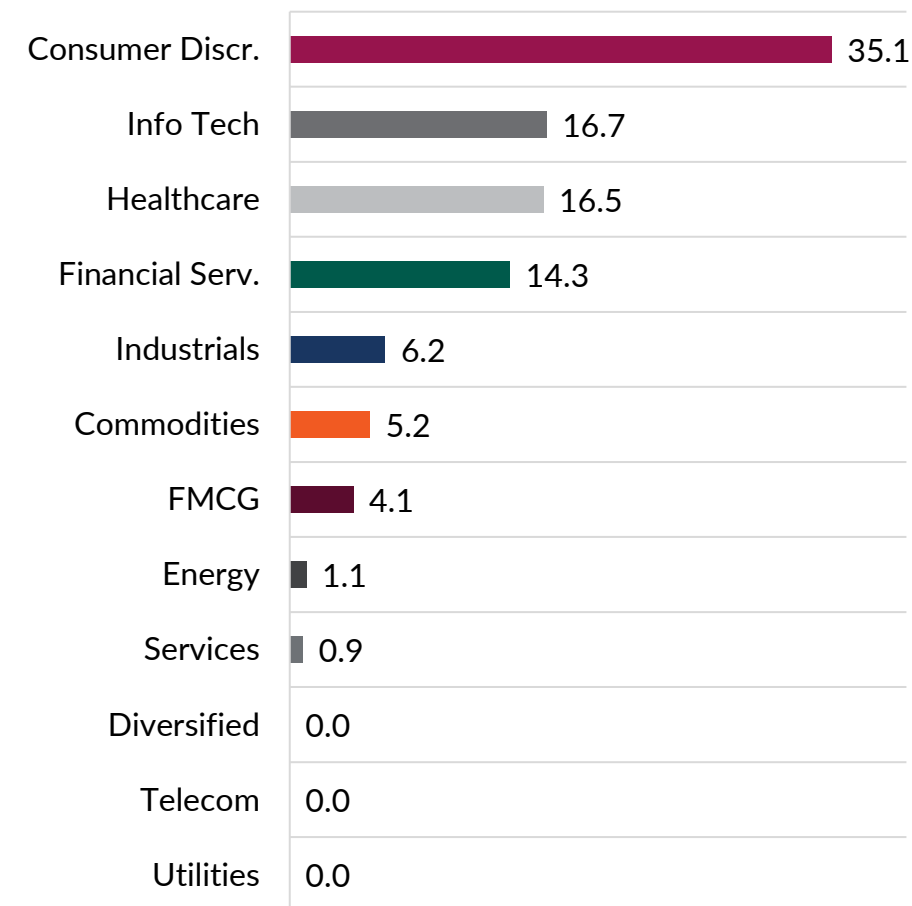
# Index: Composition

## Top 10 Stocks, Size and Sector weights

| Company Name                    | Weight (%)  | Macro Sector    | Size      |
|---------------------------------|-------------|-----------------|-----------|
| Divi'S Laboratories Ltd.        | 5.1         | Healthcare      | Large Cap |
| Zomato Ltd.                     | 5.0         | Consumer Disc.  | Large Cap |
| Mahindra & Mahindra Ltd.        | 5.0         | Consumer Disc.  | Large Cap |
| Persistent Systems Ltd.         | 5.0         | Info. Tech.     | Mid Cap   |
| Trent Ltd.                      | 5.0         | Consumer Disc   | Large Cap |
| Tech Mahindra Ltd.              | 4.9         | Info. Tech.     | Large Cap |
| Dixon Technologies (India) Ltd. | 4.9         | Consumer Disc.  | Mid Cap   |
| Indian Hotels Co. Ltd.          | 4.8         | Consumer Disc.  | Mid Cap   |
| PB Fintech Ltd.                 | 4.2         | Financial Serv. | Mid Cap   |
| Info Edge (India) Ltd.          | 4.2         | Consumer Disc.  | Large Cap |
| <b>Total Weight</b>             | <b>48.0</b> | --              | --        |

| Size (SEBI)  | Weight       |
|--------------|--------------|
| Large Cap    | 34.5         |
| Mid Cap      | 49.2         |
| Small Cap    | 16.3         |
| <b>Total</b> | <b>100.0</b> |

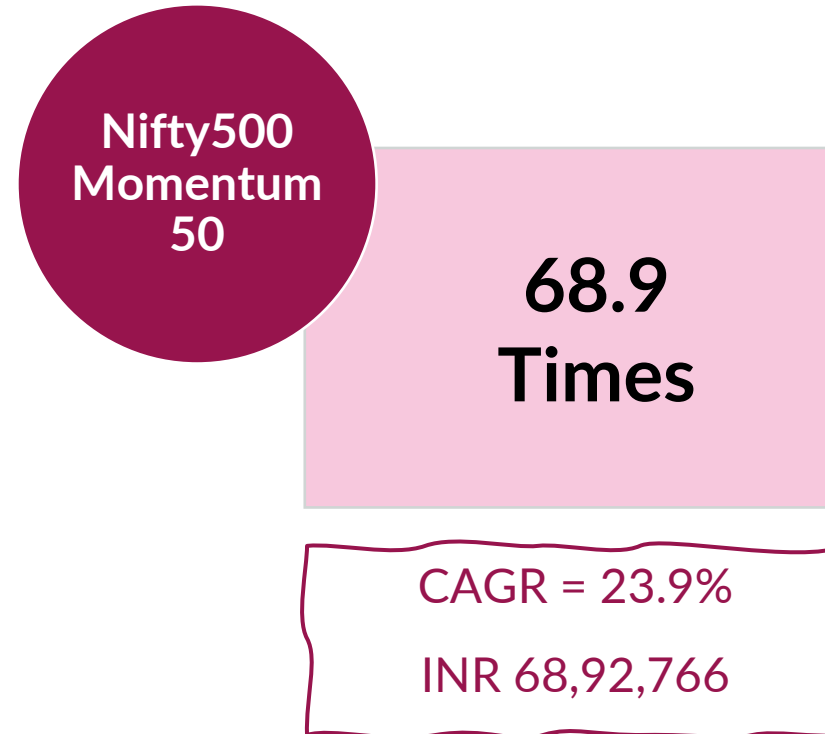
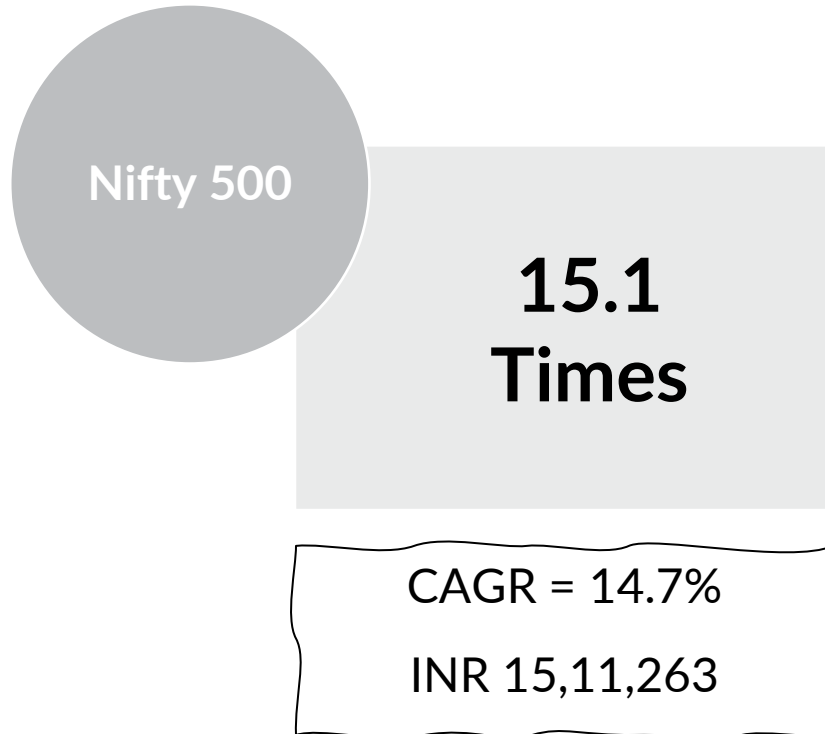
## Macro Sector Weight (%)



Source: Nifty Indices, Data as of 31-Dec-2024. Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only. <https://niftyindices.com/indices/equity/strategy-indices/nifty500--momentum--50>

# Staying long term helps

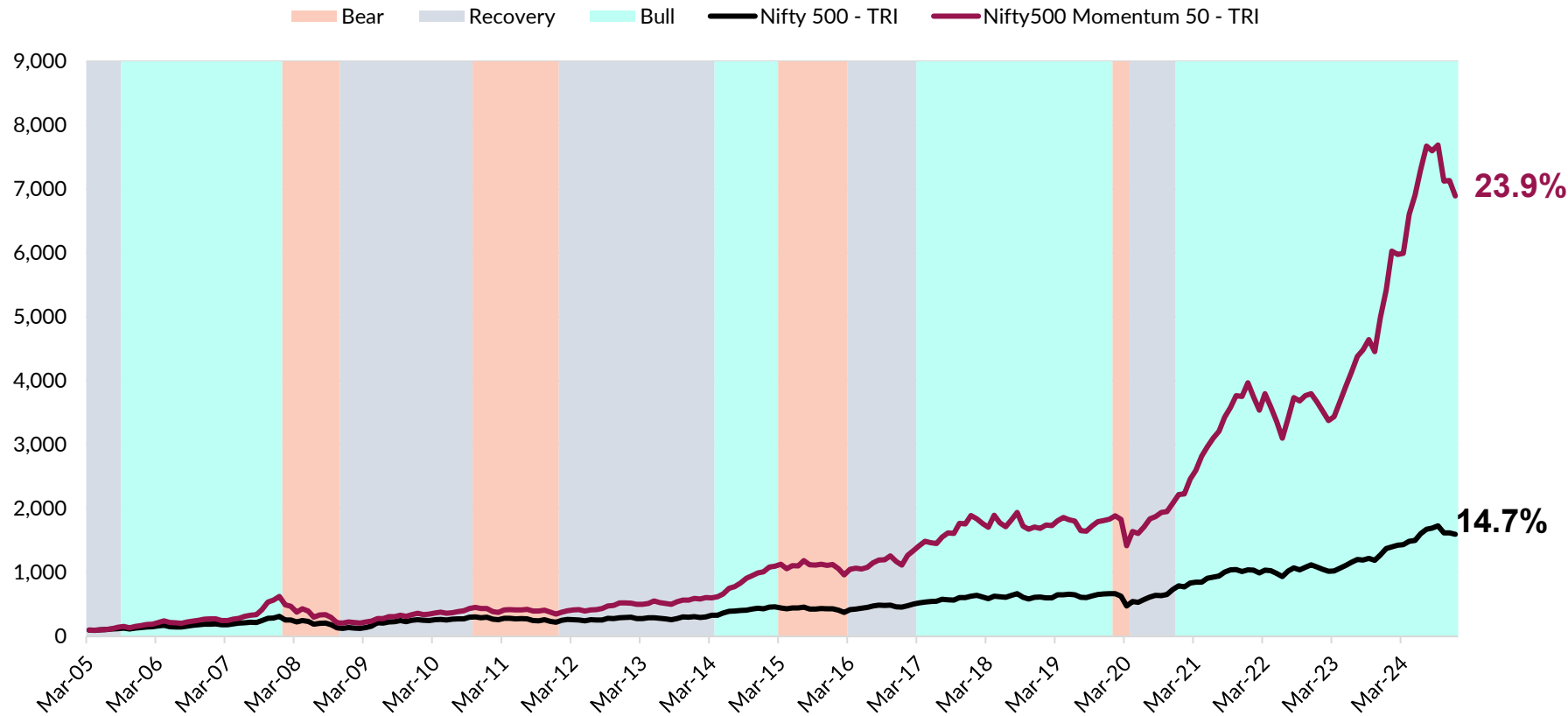
Value of 1,00,000 invested as on 1<sup>st</sup> Apr 2005 up to 31<sup>st</sup> Dec 2024



# Index: Performance Chart

Nifty500 Momentum 50 has outperformed Nifty 500 over long term

Historical Performance



Source: NSE Indices, Data from 31-Mar-2005 to 31-Dec-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

# Index: Risk-Return Profile

|                                | Data Label     | NIFTY 50 - TRI | NIFTY 500 - TRI | Nifty500 Momentum 50 - TRI | Nifty200 Momentum 30 - TRI |
|--------------------------------|----------------|----------------|-----------------|----------------------------|----------------------------|
| CAGR                           | 1 Year         | 10.1%          | 16.2%           | 27.2%                      | 21.3%                      |
|                                | 3 Year         | 12.2%          | 15.4%           | 20.2%                      | 17.6%                      |
|                                | 5 Year         | 15.5%          | 19.0%           | 30.3%                      | 24.6%                      |
|                                | 7 Year         | 13.6%          | 14.3%           | 20.3%                      | 18.4%                      |
|                                | 10 Year        | 12.4%          | 13.9%           | 21.2%                      | 20.1%                      |
|                                | 15 Year        | 12.0%          | 12.8%           | 21.7%                      | 19.6%                      |
|                                | Since Mar 2005 | 14.6%          | 15.1%           | 23.9%                      | 20.6%                      |
| Annualized \ Volatility (Risk) | 1 Year         | 10.8%          | 11.8%           | 19.7%                      | 17.0%                      |
|                                | 3 Year         | 13.0%          | 13.3%           | 19.1%                      | 17.7%                      |
|                                | 5 Year         | 18.6%          | 18.1%           | 21.5%                      | 21.0%                      |
|                                | 7 Year         | 17.3%          | 16.9%           | 20.2%                      | 19.4%                      |
|                                | 10 Year        | 16.3%          | 16.1%           | 19.8%                      | 18.9%                      |
|                                | 15 Year        | 16.5%          | 16.1%           | 18.6%                      | 18.0%                      |
|                                | Since Mar 2025 | 21.1%          | 20.4%           | 22.3%                      | 22.3%                      |

- Nifty500 Momentum 50 Index has outperformed Nifty 500 index with substantial margin over various periods



# Index: Rolling Returns

| Data Label         | 1 Year Rolling Returns         |                            | 3 Year Rolling Returns |                            | 5 Year Rolling Returns |                            |
|--------------------|--------------------------------|----------------------------|------------------------|----------------------------|------------------------|----------------------------|
|                    | NIFTY 500 - TRI                | Nifty500 Momentum 50 - TRI | NIFTY 500 - TRI        | Nifty500 Momentum 50 - TRI | NIFTY 500 - TRI        | Nifty500 Momentum 50 - TRI |
| Average            | 17.2%                          | 27.8%                      | 12.7%                  | 20.1%                      | 12.3%                  | 19.4%                      |
| Median             | 13.3%                          | 20.8%                      | 13.2%                  | 19.0%                      | 12.9%                  | 21.4%                      |
| Min                | -60.6%                         | -67.5%                     | -8.7%                  | -15.3%                     | -1.5%                  | -4.8%                      |
| Max                | 121.4%                         | 162.1%                     | 38.5%                  | 66.7%                      | 22.4%                  | 32.8%                      |
| <b>CAGR Ranges</b> | <b>% of total observations</b> |                            |                        |                            |                        |                            |
| Negative           | 20.8%                          | 21.9%                      | 6.4%                   | 3.4%                       | 1.0%                   | 1.9%                       |
| 0% to 10%          | 22.2%                          | 12.1%                      | 27.3%                  | 17.2%                      | 28.8%                  | 12.5%                      |
| 10% to 15%         | 10.2%                          | 8.3%                       | 27.6%                  | 17.5%                      | 34.2%                  | 14.0%                      |
| 15% to 20%         | 57.1% } 7.6%                   | 65.9% } 6.9%               | 66.3% } 21.2%          | 79.3% } 14.5%              | 70.1% } 32.8%          | 85.6% } 15.7%              |
| Above 20%          | 39.3%                          | 50.8%                      | 17.6%                  | 47.3%                      | 3.1%                   | 55.9%                      |

Source: NSE Indices, Data from 31-Mar-2005 to 31-Dec-2024; 250 trading days assumed to be 1 rolling years. Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

# Index: SIP Returns

| Nifty500 Momentum 50 Index | 1 Year   | 3 Year   | 5 Year    | 10 Year   |
|----------------------------|----------|----------|-----------|-----------|
| XIRR (Returns)             | 3.8%     | 30.6%    | 31.6%     | 24.0%     |
| Amount Invested            | 1,20,000 | 3,60,000 | 6,00,000  | 12,00,000 |
| Market Value               | 1,22,425 | 5,57,624 | 13,03,359 | 42,82,530 |

Nifty500 Momentum 50 TR Index noted the XIRR of 24.0% over last 10 years.

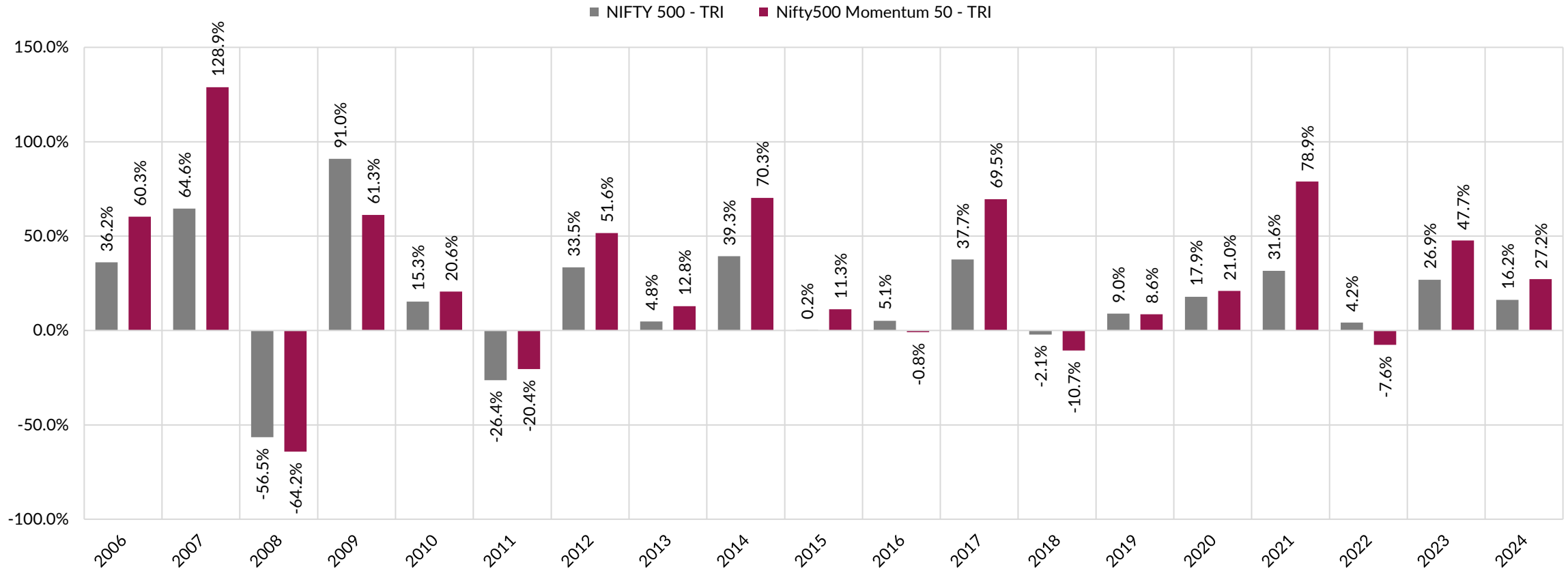
| Nifty 500 Index | 1 Year   | 3 Year   | 5 Year    | 10 Year   |
|-----------------|----------|----------|-----------|-----------|
| XIRR (Returns)  | 6.2%     | 19.5%    | 20.8%     | 16.4%     |
| Amount Invested | 1,20,000 | 3,60,000 | 6,00,000  | 12,00,000 |
| Market Value    | 1,23,952 | 4,79,520 | 10,06,825 | 28,34,756 |

Data as 31-Dec-2024, for SIP returns, monthly investment of INR 10,000 invested on the first business day of every month has been considered. Performance is calculated using Total Return Index (TRI), with zero cost / expenses and tracking difference / error. Past Performance may or may not be sustained in future.

Source: NSE and BSE Indices, Data as of 31-Dec-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.






# Index: Calendar Year Returns

Nifty500 Momentum 50 noted outperformance in 13 out of 19 CY performances



Source: NSE Indices, Data from 31-Dec-2005 to 31-Dec-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

# Key Take Away

-  The strategy aims to capture the stock with strong recent performance by identifying companies with high price performance in recent history.
-  Nifty500 Momentum 50 Index aims to offer exposure to India's top 50 'momentum' stocks across size and sectors. This helps eliminate the need to take cap/size specific exposures to Momentum strategy.
-  Nifty500 Momentum TRI has outperformed Nifty 50, Nifty 500 and Nifty200 Momentum 30 TRI with substantial margin
-  It can be a good complement to other style factor strategies or overall investor's portfolio.
-  Momentum investing has been around for decades and is supported by economic theory and empirical data\*.



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*“Perhaps the best-known investment paradigm is buy low, sell high. I believe that more money can be made buying high and selling at even higher prices.”*

Richard H Driehaus, CIO and Founder,  
Driehaus Capital Management

**Thank You!**

