Ametra FactorAlpha SmallCap PMS

Enhancing Size Premium with Factor Rotation

HIGH VOLATILITY | SMALLCAP STRATEGY

31 JULY 2026

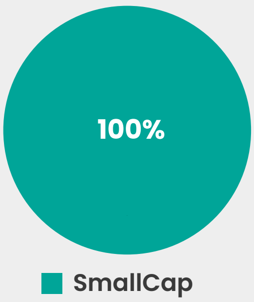
Operational Information

Live Date	21-Oct-2024
Inception Date	30-Dec-2005
Review Frequency	Discretionary

Portfolio Characteristics

Benchmark	Nifty SmallCap 100 TRI
Number of Holdings	28
Minimum Investment	INR 50,00,000
CAGR (Since Inception)	34.12%
Volatility (Since Inception)	26.58%
Maximum Drawdown	-61.88%
Expense Ratio	2.00%
Geography	India Focused
Instruments	Stocks

Asset Allocation



Investment Philosophy

The Fama-French 3-Factor Model, introduced in the early 1990s, highlighted the tendency for small-cap stocks to outperform large-cap stocks over the long term. This phenomenon makes intuitive sense, as small-cap stocks often represent younger, high-growth companies, while large-cap stocks are typically established firms with stable cash flows. Recent performance data reinforces this view: from December 2019 to July 2024, the Nifty Smallcap 100 index returned an impressive 237%, compared to just 120% for the Nifty 100 index.

However, investing in small-cap stocks comes with significant risks, including the potential for prolonged periods of underperformance. For instance, from December 2007 to December 2019, the Nifty 100 delivered a robust return of 136%, while the Nifty Smallcap 100 index only managed a mere 16%. This translates to an annualized return of about 1%, falling short of the average savings account yield of 3-4% per year. This trend is not unique to India; in the U.S., large-cap benchmarks have substantially outperformed small-cap indices, returning nearly 350% since 2010 compared to just 200% for small caps. Such evidence suggests that small-cap alpha heavily depends on market timing, making a passive investment approach riskier.

To address these challenges, a tactical factor rotation strategy can enhance returns by adapting to varying market conditions. This strategy involves dynamically adjusting factor exposures—favoring high-risk factors like Momentum, Alpha, and Value during bull markets, while shifting to lower-risk factors in bear markets. For example, between December 2007 and December 2019, the Nifty SmallCap 250 Quality 50 Index achieved nearly 200% returns, starkly contrasting with the Nifty Smallcap 100 index's 16% return. By strategically reallocating investments based on prevailing market conditions, investors can better manage the inherent volatility of small-cap investments and potentially improve their long-term performance.

Methodology

UNIVERSE

NSE and BSE listed securities in Smallcap segment that have passed the investability screens created by Ametra would be selected.

WEIGHING

Individual security weights in factor portfolios are assigned by pre-defined rules. Based on tactical signals, Portfolio weight for each factor portfolio is decided.

SELECTION

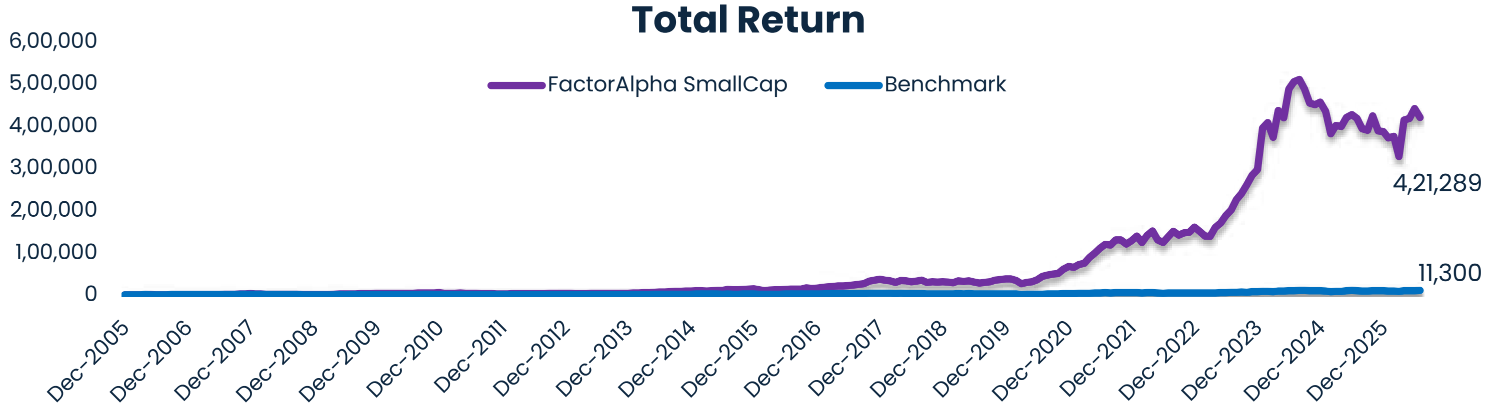
Securities are assigned with different factor scores, 20 distinct factor portfolios are constructed using predefined rules. Tactical signals are then used to identify suitable portfolios.

REBALANCING

Tactical Calls are issued monthly, resulting in adjustments to portfolios and the allocation weights assigned to them. Factor portfolios adhere to their own independent review schedules.

*Data shown for portfolio reflect historical performance before transaction cost adjustments.
*Since Inception is annualized data from December 31, 2005. All Return Numbers are calculated based on TWRR.
*The information displayed above is extracted from exchange approved third party vendors i.e. FactSet and Accord.

Total Return



*Historical performance chart tracking INR 1,000 invested on Dec 31st, 2005, including back-tested data before transaction cost adjustment.

Return Performance

* 1M, 3M, 6M, 1YR and Since Live Date return represent live performance returns
* Returns for other period include backtest data.

	Absolute Returns (%)			Annualized Returns (%)					
	1M	3M	6M	1 YRS	Since Live Date	3 YRS	5 YRS	10 YRS	Since Inception
FactorAlpha SmallCap	-4.80	1.47	13.03	0.63	-5.15	27.73	28.50	40.04	34.12
Benchmark	2.68	7.68	14.99	8.39	1.41	18.68	13.63	13.25	12.50
Excess Returns	-7.48	-6.21	-1.96	-7.76	-6.56	9.05	14.87	26.79	21.62

Risk Measures

*Volatility, Beta and Correlation - based on daily data
* Return/Risk Ratio – based on CAGR and Volatility

*Beta, Alpha and Correlation with respect to Portfolio's Benchmark

	Volatility (%)		Risk-Adjusted Returns	
	FactorAlpha SmallCap	Benchmark	FactorAlpha SmallCap	Benchmark
1 YR	21.38	18.08	0.03	0.41
3 YRS	23.64	20.46	1.17	0.91
5 YRS	25.42	20.11	1.12	0.68
10 YRS	25.65	21.00	1.56	0.63
15 YRS	24.85	20.84	1.39	0.61
Since Inception	26.58	25.58	1.28	0.49

	Beta	Alpha (%)	Correlation
	FactorAlpha SmallCap	FactorAlpha SmallCap	FactorAlpha SmallCap
1 YR	0.98	0.00	0.81
3 YRS	0.91	10.10	0.79
5 YRS	1.00	14.87	0.80
10 YRS	0.98	26.90	0.80
15 YRS	0.97	21.89	0.81
Since Inception	0.78	22.86	0.75

Worst Drawdowns

*Drawdown - based on daily data

	2008 Financial Crisis	2013 BoP Crisis	2020 Covid Crisis
FactorAlpha SmallCap	-61.88%	-52.79%	-42.03%
Benchmark	-77.14%	-55.09%	-64.21%

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Glossary

CAGR (compounded annual growth rate)/**Annualized return** is the average annual growth rate of an investment over a period of time.

Volatility (Standard deviation) measures the rate of fluctuations in the price of security from its mean over a period of time. It is a statistical measure of its dispersion of returns.

Excess Return (positive or negative) is the portfolio's return relative to the return of the benchmark.

Beta is a measure of relative volatility of a portfolio to the market's upward or downward movements. A beta greater than 1.0 means a fund will move more than the market, while beta less than 1.0 identifies a portfolio that will move less than market. The beta of market is always 1.0.

Alpha (Jensen's) is a risk adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolios or investment's beta and the average market return.

Drawdown measures the downside volatility of how much an investment is down from its peak before it recovers back

Ametra Investment Disclosure

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For Support - Contact us at support@ametra.in for any queries and assistance.
Website: https://ametra.in/disclosure
Tel: +91-9019469258

Principal Officer
Name: Karan
Contact No: +91-9606867120
Email: principalofficer.pms@ametra.in

Compliance Officer
Name: Darshana Kothari
Contact No: +91-9606020794
Email: compliance@ametra.in