

# Lead with Momentum

introducing

**Motilal Oswal**

**Nifty 500 Momentum 50 Index Fund**

Aim to benefit from the momentum of top 50 performing stocks

**NFO PERIOD**

**4<sup>th</sup> to 18<sup>th</sup> Sep 2024**

**MOTILAL OSWAL**

MUTUAL FUND

**THINK EQUITY  
THINK MOTILAL OSWAL**





# The Momentum Factor

## What is the basis?

Stocks which are going up may continue further going up & vice-versa



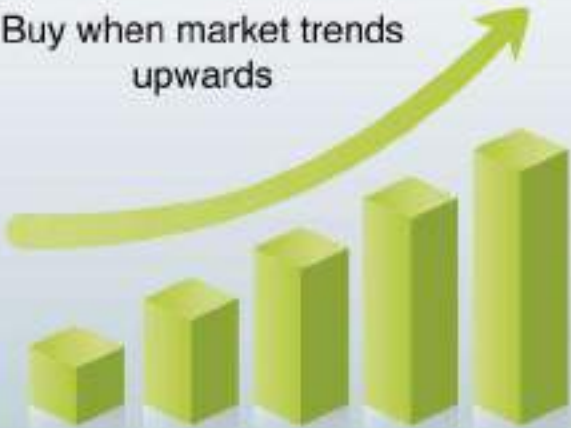
Bhaav bhagwaan che (Price is the Almighty): For momentum, price is everything as stock performance forms the underlying basis for entry/exit



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

## How does it work?

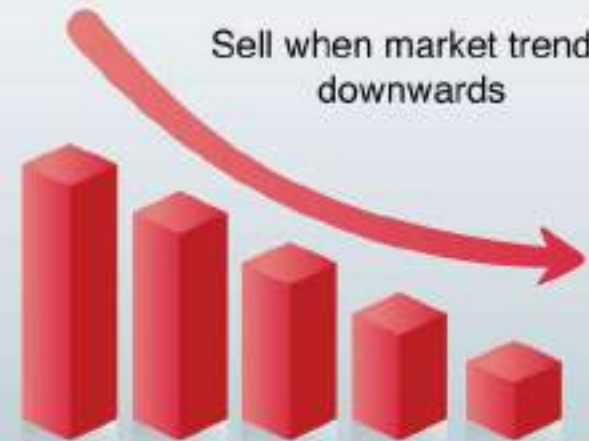
Buy when market trends upwards



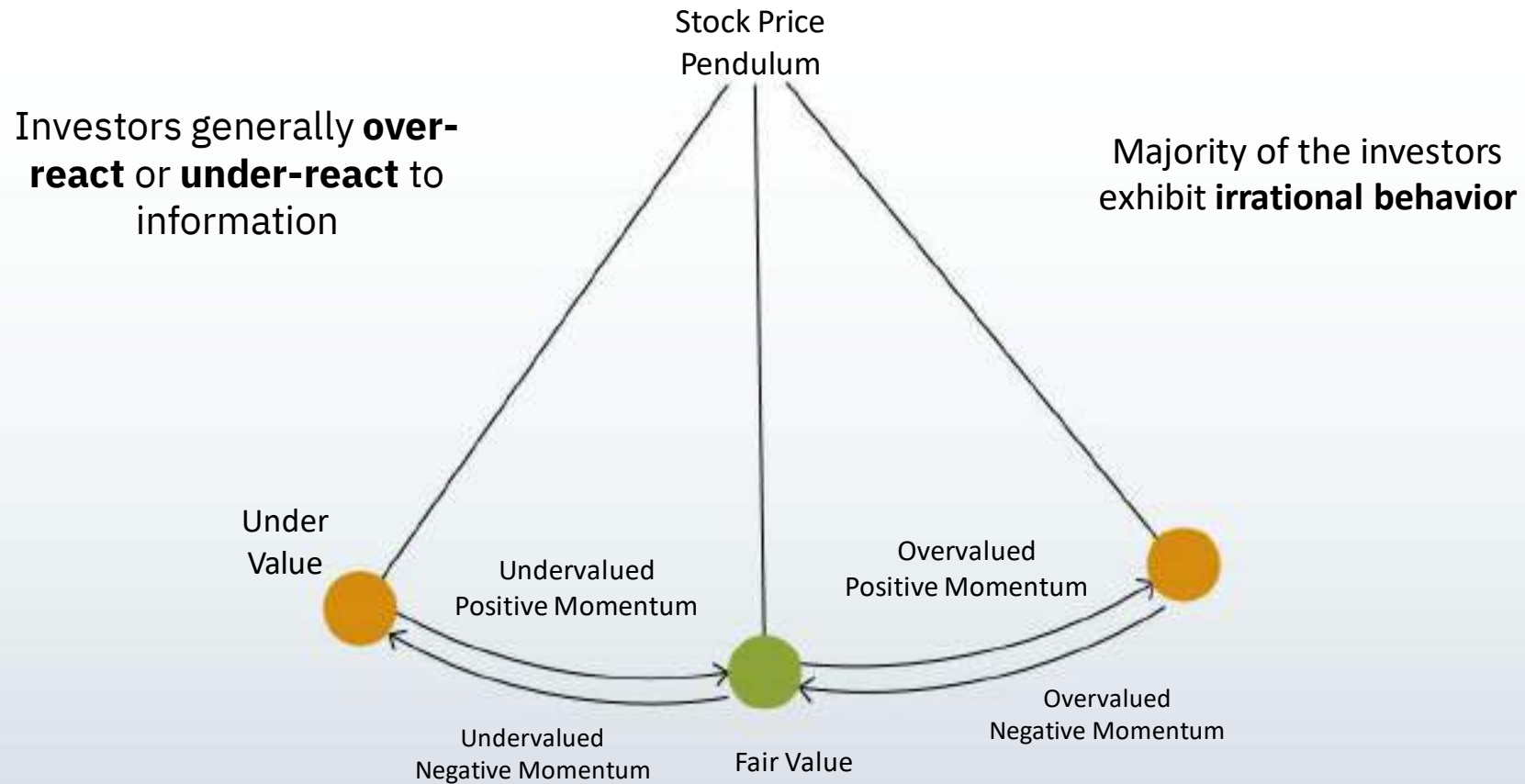
Trend solidifies



Sell when market trends downwards







“The premier market anomaly is momentum. Stocks with low returns over the past year tend to have low returns for the next few months, and stocks with high past returns tend to have high future returns.”

– Eugene Fama and Ken French (fathers of Efficient Market Hypotheses)

## Factor & Momentum AUM

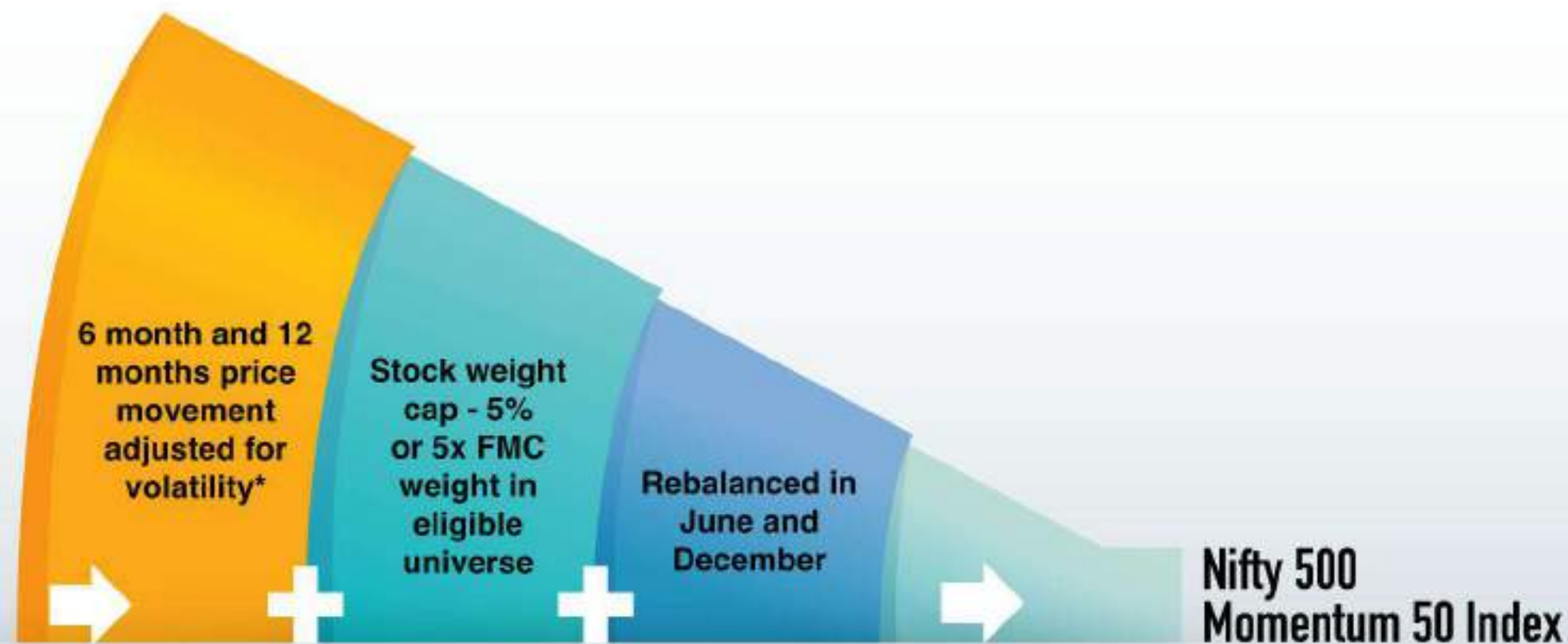


Factor investing is fairly new in India, however out of the total AUM in the Factor funds Momentum fund has the highest share



# **Nifty 500 Momentum 50 Index**

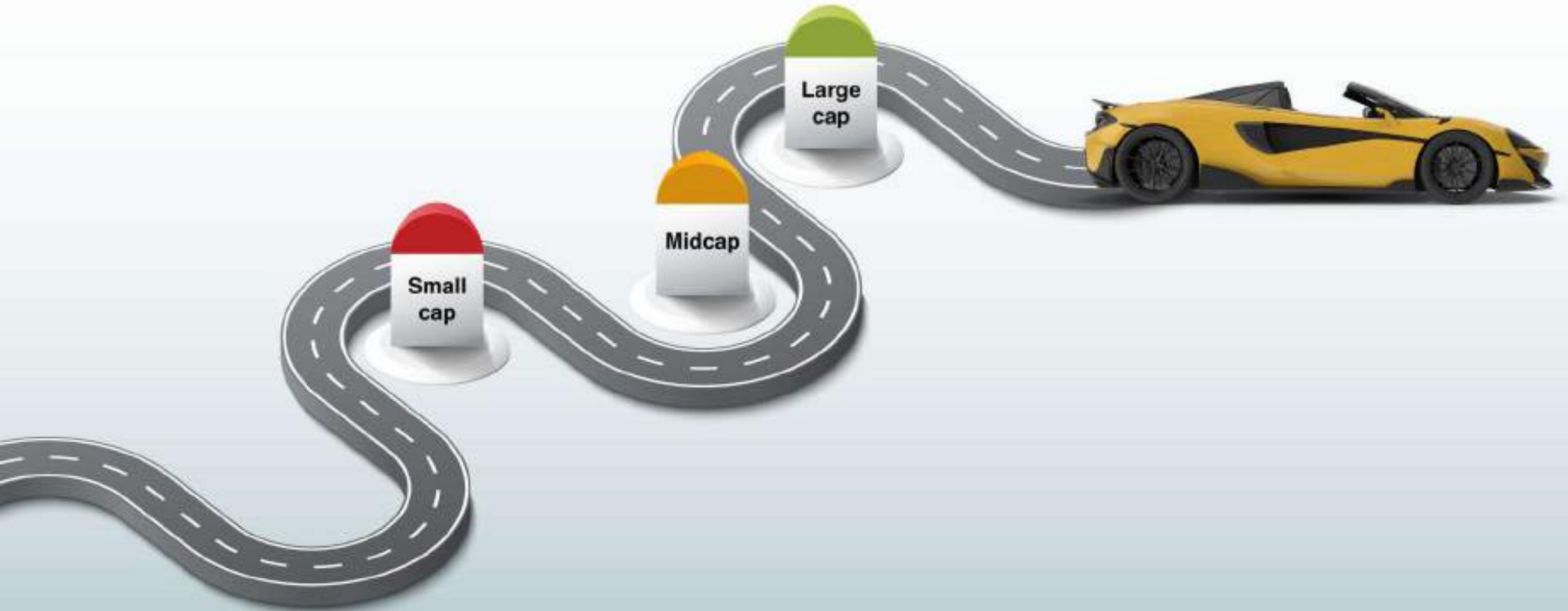
## Constituents of Nifty 500 Index



## Why Nifty 500 Momentum 50 TRI?



Offer exposure to stocks that are in highest momentum across Large, Mid and Smallcap segment of Nifty 500 composition





Value of ₹1,00,000 invested on 01-April-2005

**15X**

(15.2%) CAGR

**15,35,531**

**Nifty 50 TRI**

Since April-2005, Nifty 50 TRI has grown 15x

**76X**

(25.2%) CAGR

**76,74,855**

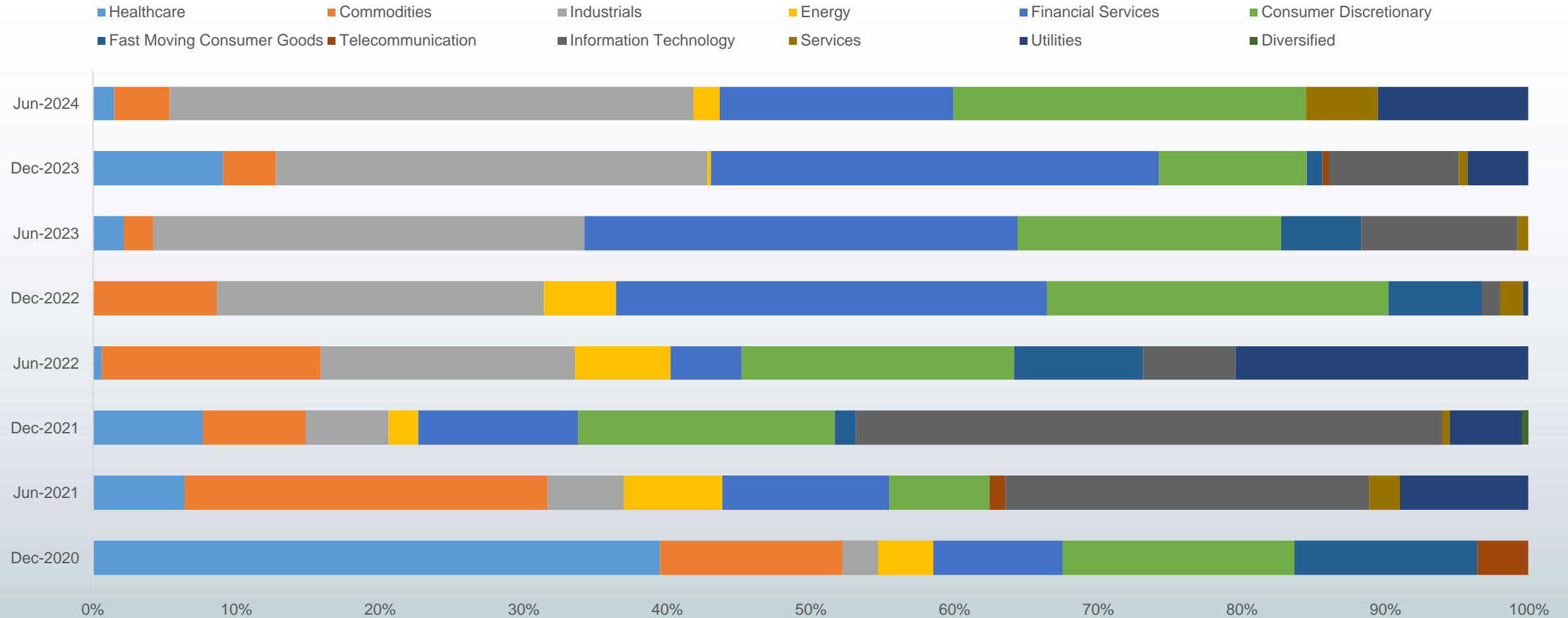
**Nifty 500 Momentum 50 TRI**

Over the same period, Nifty 500 Momentum 50 TRI has grown 76x

## Excess return over Nifty 50 TRI



## Nifty 500 Momentum 50 Index can catch market trends early with dynamic sector rotation



Source/Disclaimer: NSE. Data from 30-Jun-21 to 30-Jun-24 Macro Economic Sectors as per AMFI Industry Classification as on 30-Jun-24. The stocks/sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. The sectors may or may not be part of our portfolio/strategy/schemes. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future and is not a guarantee of any future returns

Nifty 500 Momentum 50 Index can catch market trends early with dynamic sector rotation

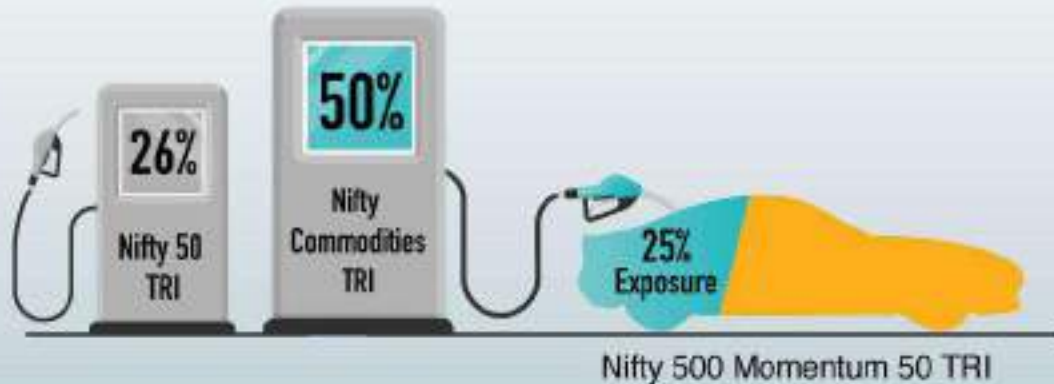
2020



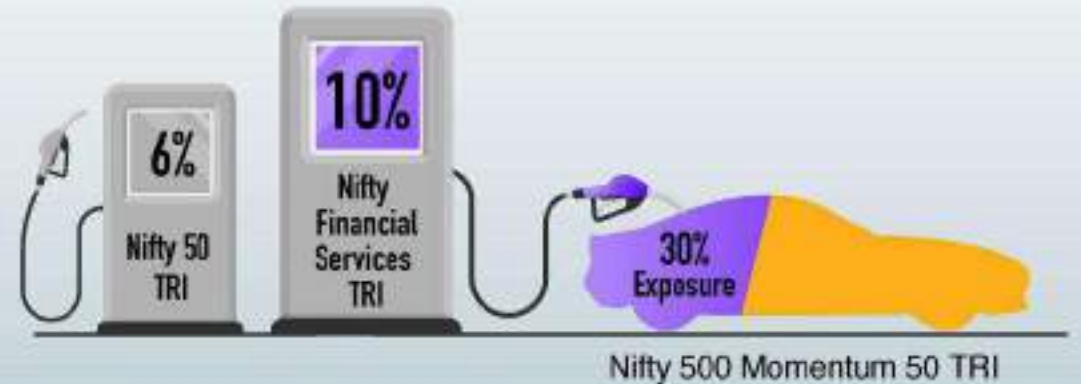
2021



2021



2022



Source/Disclaimer: NSE. Data from 01-Jan-20 to 31-Dec-22 Macro Economic Sectors as per AMFI Industry Classification as on 31-Dec-22. The stocks/sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. The sectors may or may not be part of our portfolio/strategy/schemes. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future and is not a guarantee of any future returns





Momentum tends to significantly outperform in Bull market cycles

## Historical Performance of Factors In India



## Top 10 Constituents

Company Name	Weight
TRENT LTD.	5.2%
ADANI PORTS AND SPECIAL ECONOMIC ZONE LTD.	5.1%
BHARAT ELECTRONICS LTD.	4.8%
BAJAJ AUTO LTD.	4.7%
MAHINDRA & MAHINDRA LTD.	4.7%
REC LTD.	4.4%
SIEMENS LTD.	4.4%
HINDUSTAN AERONAUTICS LTD.	4.3%
POWER FINANCE CORPORATION LTD.	4.0%
TATA POWER CO. LTD.	3.6%
<b>Total</b>	<b>45.4%</b>

## Size Coverage AMFI: Nifty 500 Momentum 50



## Basic Industry (AMFI): Nifty 500 Momentum 50



Nifty500 Momentum 50 TRI has outperformed the Nifty 50 TRI in 12 out of last 19 years\*



Source/Disclaimer: niftyindices. Performance as of close of 31-Dec-06 to 31-Jul-24 . \*2024 till year to date. 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 future and is not a guarantee of any future return. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

Data Label		1 year	3 year	5 year	10 year	15 year
<b>NIFTY 500 Momentum 50 TRI</b>	<b>CAGR</b>	75.2%	33.7%	35.9%	25.7%	23.8%
Nifty 50 TRI		27.8%	17.9%	18.9%	13.8%	13.2%
<b>NIFTY 500 Momentum 50 TRI</b>	<b>Annualised Volatility</b>	22.5%	20.8%	22.2%	20.3%	18.9%
Nifty 50 TRI		12.7%	14.0%	19.2%	17.5%	16.5%
<b>NIFTY 500 Momentum 50 TRI</b>	<b>Risk Adjusted Returns</b>	3.3	1.6	1.6	1.3	1.3
Nifty 50 TRI		2.2	1.3	1.0	0.8	0.8



	3 Year Rolling Returns		5 Year Rolling Returns	
	Nifty 50 TRI	Nifty 500 Momentum 50 TRI	Nifty 50 TRI	Nifty 500 Momentum 50 TRI
Average	12.6%	20.2%	12.2%	19.6%
Median	12.5%	19.1%	13.0%	21.6%
Min	-5.0%	-15.3%	-1.6%	-4.7%
Max	42.2%	66.7%	23.8%	33.8%
Returns Range	% of observation			
Negative	1.9%	3.4%	0.1%	1.8%
0% to 10%	33.2%	17.1%	29.7%	12.4%
10% to 15%	30.1%	17.4%	43.1%	13.6%
15% to 20%	64.9% { 23.4%	79.4% { 14.4%	70.2% { 22.7%	85.8% { 15.9%
Above 20%	11.4%	47.6%	4.4%	56.3%

Source/Disclaimer: niftyindices, MOAMC Performance as of close of 01-Apr-05 to 31-Jul-24 . 250 trading days assumed in one year 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 future. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Past Performance may or may not be sustained in future and is not guarantee of any future return.

Nifty 50 TRI	1 Year	3 Year	5 Year	10 Year
<b>Returns</b>	35.8%	21.6%	21.5%	16.3%
<b>Amount Invested</b>	1,20,000	3,60,000	6,00,000	12,00,000
<b>Market Value</b>	<b>1,42,080</b>	<b>4,93,699</b>	<b>10,23,798</b>	<b>28,16,054</b>

Nifty 500 Momentum 50 TRI	1 Year	3 Year	5 Year	10 Year
<b>Returns</b>	82.0%	45.6%	41.1%	27.4%
<b>Amount Invested</b>	1,20,000	3,60,000	6,00,000	12,00,000
<b>Market Value</b>	<b>1,68,187</b>	<b>6,76,678</b>	<b>16,24,340</b>	<b>51,48,319</b>

Data as of close of Jul 31, 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, with zero cost/expenses. Past performance may or may not be sustained in the future

Source/Disclaimer: niftyindices: Performance as of close of 01-Aug-14 to 31-Jul-24. 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 future. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. The SIP amount, tenure of SIP, expected rate of return are assumed figures for the purpose of explaining the concept of advantages of SIP investments.. The actual result may vary from depicted results depending on scheme selected. It should not be construed to be indicative of scheme performance in any manner. The above are not scheme SIP returns, but simulation of index SIP returns. Past performance may or may not be sustained in future and is not a guarantee of any future return.

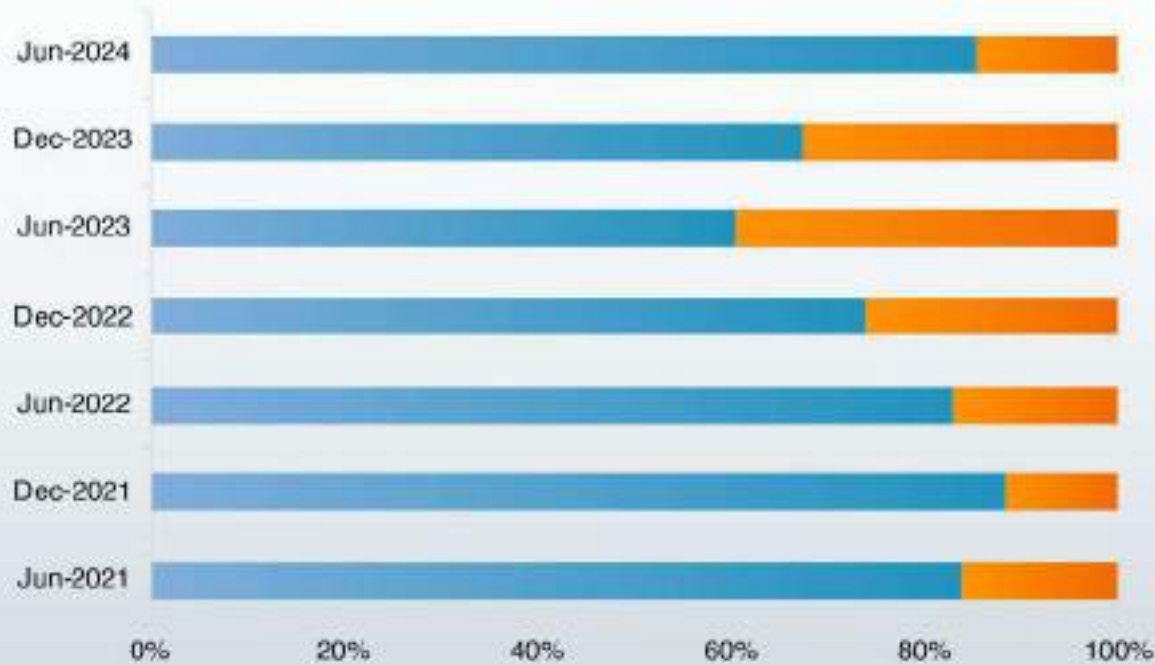
# Nifty200 Momentum 30 TRI vs Nifty500 Momentum 50 TRI

	Nifty200 Momentum 30	Nifty500 Momentum 50
<b>Universe</b>	200 stocks (Large and Midcap)	500 stocks (Large, Mid and Smallcap)
<b>Momentum</b>	6 month and 12 month	6 month and 12 month
<b>Number of stocks</b>	30	50
<b>3 Yr. Avg. L / M / S cap holding</b>	<b>Large – 77%</b> <b>Mid – 23%</b> <b>Small – 0%</b>	<b>Large – 47%</b> <b>Mid – 32%</b> <b>Small – 21%</b>
<b>5 Yr. CAGR</b>	<b>30.2%</b>	<b>35.9%</b>
<b>5 Yr. Volatility (Risk)</b>	<b>21.7%</b>	<b>22.2%</b>

Source/Disclaimer: niftyindices. Performance as of close of 31-Jul-19 to 31-Jul-24 . \*2024 till year to date. 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 future and is not a guarantee of any future return. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

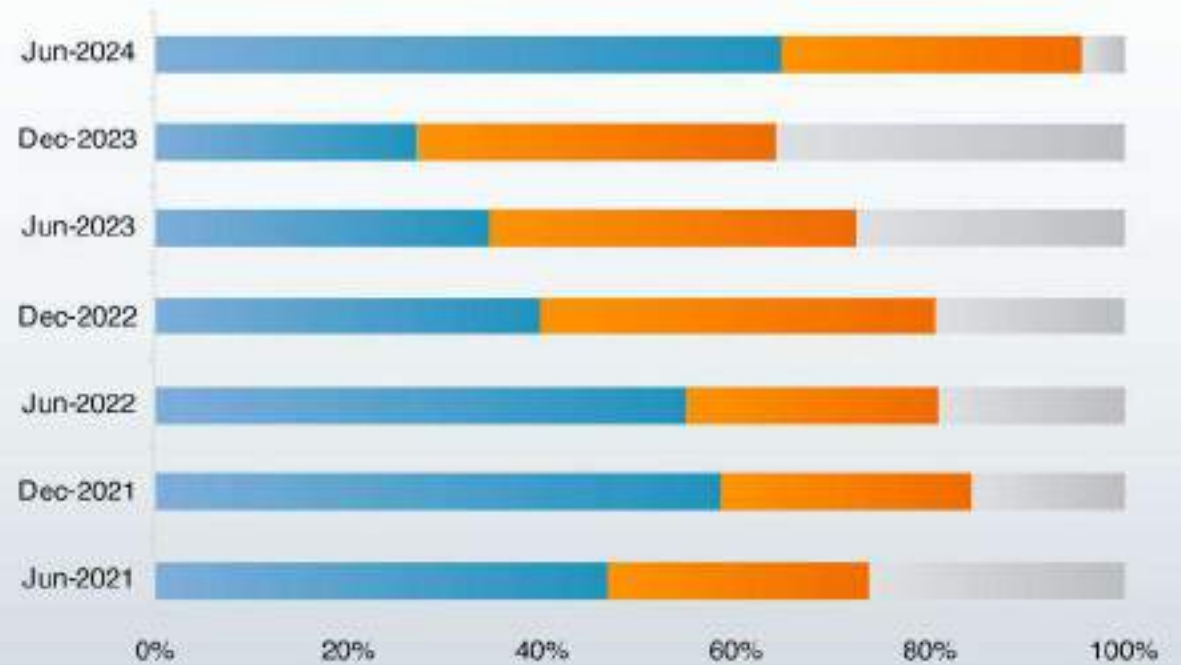
## Nifty200 Momentum 30

■ Large Cap ■ Mid Cap ■ Small Cap



## Nifty 500 Momentum 50

■ Large Cap ■ Mid Cap ■ Small Cap



Source/Disclaimer: NSE. Data from 30-Jun-21 to 30-Jun-24 Macro Economic Sectors as per AMFI Industry Classification as on 30-Jun-24. The stocks/sectors mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. The sectors may or may not be part of our portfolio/strategy/schemes. It should not be construed as investment advice to any party. Past performance may or may not be sustained in future and is not a guarantee of any future returns



## Excess return over Nifty 200 Momentum 30 TRI



Offer exposure to Momentum from the universe of Large, Mid and Small caps

Low cost exposure to Momentum Factor

Rules-based and Transparent methodology

Potential to outperform in upward trending markets

A decorative vertical pattern on the left side of the slide, consisting of a grid of squares in shades of orange and white, with a slight perspective effect.

# **Motilal Oswal Nifty 500 Momentum 50 Index Fund**



## Type of Scheme

An open ended fund replicating/tracking Nifty500 Momentum 50 Total Return Index



## Investment Objective

The investment objective of the scheme is to provide returns that, before expenses, correspond to the total returns of the securities as represented by Nifty500 Momentum 50 Total Return Index, subject to tracking error. However, there is no guarantee or assurance that the investment objective of the scheme will be achieved



## Minimum Application Amount

**Lumpsum and SIP** – Rs 500/- and in multiples of Re 1/- thereafter

### Ongoing basis:

**Lumpsum and SIP** – Rs 500/- and in multiples of Re 1/- thereafter



## Load Structure

**Entry Load:** Nil

**Exit Load:** 1% if redeemed on or before 15 days from allotment date, Nil if redeemed after 15 days from allotment date



## Fund Manager

Mr. Swapnil Mayekar

Mr. Rakesh Shetty (debt component)



## Benchmark

Nifty500 Momentum 50 Total Return Index



## Total Expense Ratio

To be announced

Source/Disclaimer: MOAMC. Data as on 31-Jul-24 Mutual funds are subject to market risk, read all scheme documents carefully



## Name of the scheme

Motilal Oswal Nifty 500 Momentum 50 Index Fund (An open ended fund replicating / tracking the Nifty 500 Momentum 50 Total Return Index)

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

- Return that corresponds to the Returns of Nifty 500 Momentum 50 Total Return Index subject to tracking error
  - Long term capital growth
- \*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**Scheme Risk-o-meter**



**Investors understand that their principal will be at Very High risk**

**Benchmark Risk-o-meter**  
Nifty 500 Momentum 50 Total Return Index



**Benchmark Riskometer is at Very High risk**

The Scheme being an index scheme follows a passive investment technique and shall only invest in Securities comprising one selected index irrespective of its market conditions.

The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.



# Annexure

# Strong outperformance to Nifty500

Nifty500 Momentum 50 TRI has significantly outperformed the Nifty 50 TRI over the last 15 years



The Nifty 500 Momentum 50 has strongly outperformed the Nifty 50 which can be primarily attributed to the recent rally in the mid-cap and small-cap space which show how the Index broadly captures the momentum from all the 3 segments

Nifty500 Momentum 50 TRI has historically seen drawdown for longer period than Nifty 50 TRI



Source/Disclaimer: niftyindices: Performance as of close of 01-Apr-05 to 31-Jul-24. 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 future and is not a guarantee of any future return. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.



	Nifty200 Momentum 30 Index	Nifty500 Momentum 50 Index
<b>Constituents</b>	30	50
<b>Universe</b>	Nifty 200	Nifty 500
<b>Eligibility Criteria</b>	1. Listing history of 1 year 2. Available for trading in derivative segment	1. Listing history of 1 year
<b>Score</b>	6-month and 12-month <b>price return</b> , adjusted for volatility	6-month and 12-month <b>price return</b> , adjusted for volatility
<b>Weightage</b>	FF MCap * Normalised Momentum Score	FF MCap * Normalised Momentum Score
<b>Capping</b>	Lower of 5% or 5 x FF Mcap	Lower of 5% or 5 x FF Mcap
<b>Reconstitution</b>	Semi-annually in June and December	Semi-annually in June and December

Source/Disclaimer: Niftyindices. Data as on 31-Jul-24 ; \*Computed using combination of 6 month and 12 month returns, adjusted for volatility. For detailed methodology please visit [niftyindices.com](http://niftyindices.com). The above table is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy.

	Data Label	Nifty200 Momentum 30 TRI	Nifty 500 Momentum 50 TRI	Nifty 50 TRI
Annualized Returns	1 year	67.7%	75.2%	27.8%
	3 year	26.7%	33.7%	17.9%
	5 year	30.2%	35.9%	18.9%
	10 year	23.8%	25.7%	13.8%
	15 year	21.8%	23.8%	13.2%
Annualized Volatility	1 year	20.1%	22.5%	12.7%
	3 year	19.7%	20.8%	14.0%
	5 year	21.7%	22.2%	19.2%
	10 year	19.3%	20.3%	16.5%
	15 year	18.2%	18.9%	16.9%

Source/Disclaimer:niftyindices: Performance as of close of 01-Apr-05 to 31-Jul-24. 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 future and is not a guarantee of any future return. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

## Illustration – How Momentum is calculated

An illustration on how Normalized Momentum Score is calculated for the Nifty500 Momentum 50 Index

Stock Name	Sector	Returns		Std. Dev of Daily Returns (12m)	Momentum Ratio		Z-score			Normalised Momentum Score	Rank	Selection
		6m	12m		6m	12m	6m	12m	Weighted Avg. Z-score			
Alpha	IT	33%	42%	36.8%	0.90	1.14	1.07	1.31	1.19	2.19	1	Yes
Bravo	IT	45%	8%	53.0%	0.85	0.14	1.00	0.15	0.58	1.58	2	Yes
Charlie	Realty	12%	30%	41.8%	0.29	0.72	0.25	0.82	0.54	1.54	3	No
Delta	Consumer Goods	-25%	-35%	39.5%	-0.63	-0.89	-0.97	-1.04	-1.01	0.50	4	No
Echo	Automobile	-41%	-47%	44.6%	-0.92	-1.05	-1.36	-1.23	-1.29	0.44	5	No

Source/Disclaimer: The table above is used to explain the methodology and concept for illustration purpose only and should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. For detailed methodology please visit [niftyindices.com](http://niftyindices.com). Z Score =  $(x - \mu) / \sigma$  X = observation.  $\mu$  = Mean of all the observations in the universe.  $\sigma$  = Standard Deviation of all the observations in the universe. M = average of Normalized Momentum Score = If > 0 then add 1. If < 0,  $(1 - \text{Score})^{-1}$ . – The weight is derived by multiplying the free float market cap with the Normalized Momentum Score of that stock.



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