



Groww Nifty 500 Momentum 50 ETF FOF

(An open-ended fund of fund scheme investing in units of Groww Nifty 500 Momentum 50 ETF)

NFO Period: 03 April - 17 April 2025



What is momentum investing?

Momentum investing is a strategy that focuses on buying stocks that are trending upwards and exiting once the trend subsides, based on the belief that these trends will continue for some time. Assets trending in one direction often continue in that direction, driven by the herd mentality of market participants.



Seeks to identify stocks with upward momentum:

Focuses on stocks trending upwards, with the aim of buying high and selling higher.



Aims to focus on price trends:

Prioritizes stock price movements as a key factor, rather than relying solely on company fundamentals.



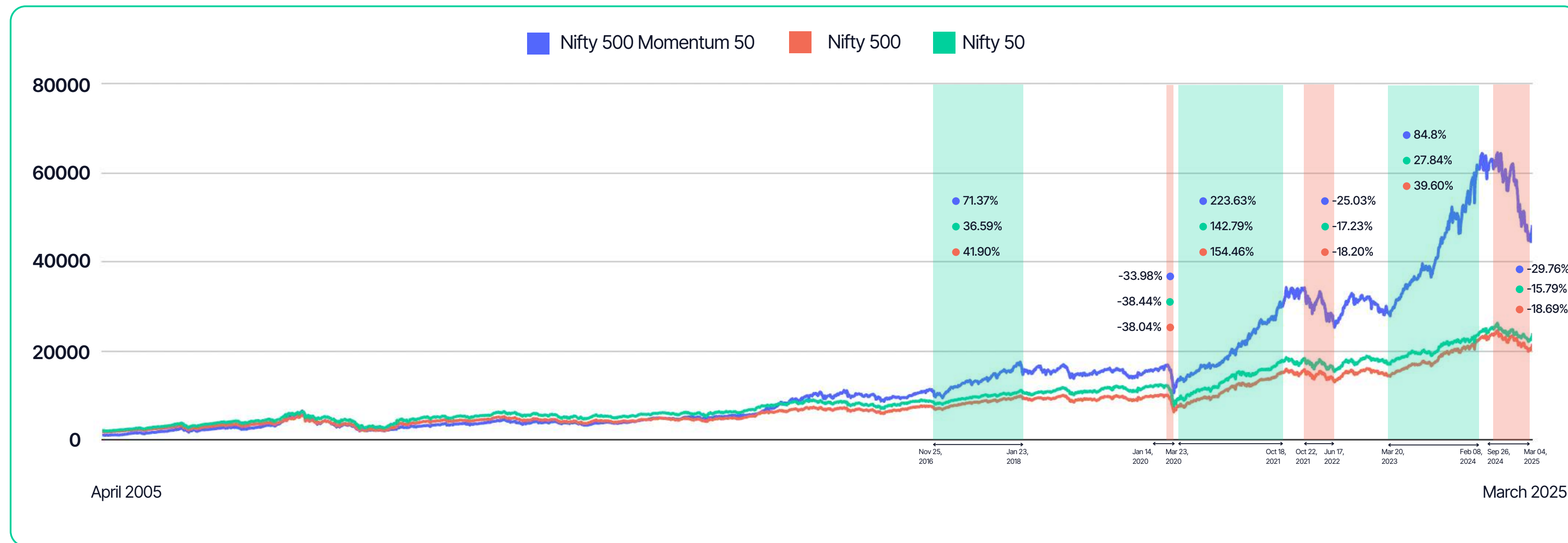
Aims to capture momentum:

Aims to capitalize on momentum and exit before a trend reverses.

How has **momentum investing** performed?

Nifty 500 Momentum 50 Index has historically outperformed the market

In a 20 year period, the Nifty 500 Momentum 50 Index has historically outperformed other indices.



Source : NSE, March 24, 2025 | Data from April 2005 to March 24, 2025

Past performance may or may not be sustained in future and is not a guarantee of any future returns. The above is the performance of the index and does not in any manner indicate the performance of any individual scheme of the mutual fund. Please consult your financial advisor before investing.

Nifty 500 Momentum 50 Index has historically outperformed the broader market

The Nifty 500 Momentum 50 Index has delivered relatively higher returns than the Nifty 500 Index over the past 15 years.

CAGR	1 year	3 years	5 years	10 years	15 years
Nifty 50	6.65%	11.75%	23.69%	12.08%	11.86%
Nifty 500	6.37%	13.86%	26.23%	13.08%	12.49%
Nifty 500 Momentum 50	-4.02%	14.83%	32.30%	17.69%	20.13%
Nifty 200 Momentum 30	-7.63%	12.55%	26.10%	17.09%	18.33%

CAGR - Compound annual growth rate

Source - NSE, March 28, 2025

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Momentum investing exhibits potential for outperformance

Consistency as compared to Nifty 500 -

% of times each index has beaten Nifty 500 over past 10 years rolling returns period with daily frequency.

	Nifty 500 Momentum 50	Nifty 100	Nifty 50	Nifty 200 Momentum 30
1 year rolling returns	73.67%	28.25%	29.96%	77.99%
3 years rolling returns	97.61%	32.40%	30.62%	96.39%
5 years rolling returns	100.00%	43.32%	36.93%	99.98%

Source - NSE, March 24, 2025

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Momentum investing may be used as a potential strategy to benefit from market recovery

Momentum investing has been at par or better than the broader market in **~70%** of the market recovery periods.

Trough point	Recovery	Trough to peak		
		Nifty 500 Momentum 50	Nifty 50	Nifty 500
29 April 2005	21 June 2005	5.67%	13.97%	11.57%
28 October 2005	25 November 2005	16.72%	14.96%	9.71%
14 June 2006	16 October 2006	48.36%	42.29%	44.02%
05 March 2007	17 May 2007	18.13%	17.89%	18.95%
21 August 2007	19 September 2007	22.99%	13.27%	16.64%
27 October 2008	01 October 2010	119.42%	146.88%	156.96%
20 December 2011	15 May 2013	57.84%	37.36%	37.70%
28 August 2013	18 October 2013	15.18%	16.17%	16.46%
25 February 2016	02 September 2016	23.76%	27.73%	30.25%
26 December 2016	23 February 2017	27.42%	13.03%	15.10%
26 October 2018	02 April 2019	14.51%	16.84%	15.87%
19 September 2019	07 November 2019	10.91%	12.14%	11.55%
23 March 2020	06 November 2020	61.59%	61.98%	61.81%
17 June 2022	11 November 2022	24.43%	19.68%	21.06%
% times recovery higher than Nifty 500		70.14%		

Source - NSE, February 28, 2025

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Favorable risk-adjusted returns in the long-run

Sharpe Ratio Comparison: Nifty 500 vs. Nifty 500 Momentum 50

<u>Sharpe ratio</u>	<u>1 year</u>	<u>5 years</u>	<u>10 years</u>	<u>15 years</u>
Nifty 500 Index	0.02	3.29	1.02	0.55
Nifty 500 Momentum 50 Index	-1.52	3.68	1.61	1.83

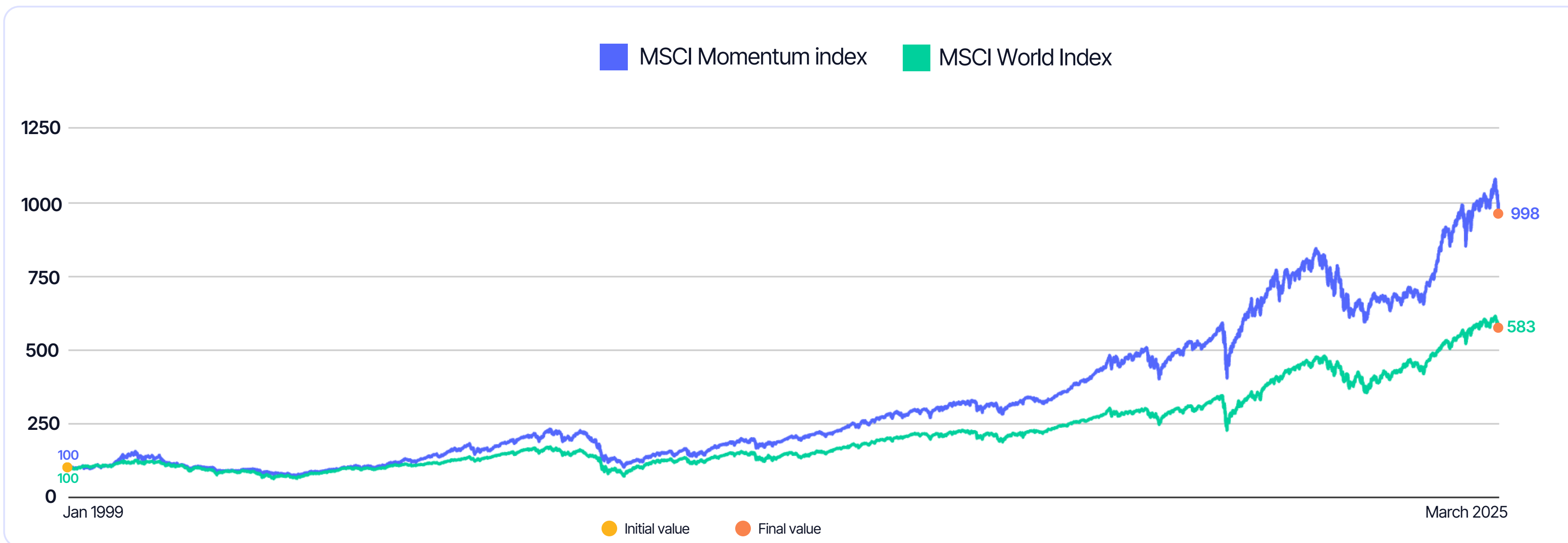
Source - NSE, March 28, 2025

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Momentum has outperformed other indices globally

MSCI Momentum Index has historically outperformed the MSCI World Index in the majority of periods.



Source : NSE, March 24, 2025

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**Why the momentum strategy
has historically **outperformed**
the market**

What drives momentum in stock buying and selling?

Material information can spread and potentially influence the cycle of upward momentum in a stock price, as it may affect investor sentiment and market perception, possibly leading to increased buying activity.

The typical sequence through which material information is disseminated:



Underreaction to firm-specific news

Underreaction to material information causes a delayed adjustment in stock prices as investors gradually incorporate the news over time. This slow reaction creates momentum, where the stock price continues to move in the same direction as more investors act on the information.

Momentum investing aims to capitalise on this delay by:



Seeking stocks that have recently risen:

There may be continued price adjustments, with potential for stock prices to further increase.



Aiming to sell stocks that have recently fallen:

Stock prices may continue to move downward, as the price gradually adjusts based on new information.

Example:

If a company reports better-than-expected earnings, its stock price may rise initially and potentially continue to increase as more investors respond to the news.

Behavioural bias and herd mentality

Investors are often influenced by the behavior of others, which can contribute to the continued price movement.

This creates a cycle of influence, with different types of investors active at each stage:



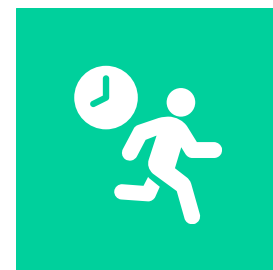
Early investors:

A small group of initial investors may identify and purchase an asset, potentially driving its price higher.



Momentum traders:

As a price trend becomes noticeable, other investors may decide to buy a stock, further accelerating the trend.



Late adopters:

As a trend gains more visibility, more investors may enter the market. This may prolong the price movement.

Introducing the index

The Nifty 500 Momentum 50 Index

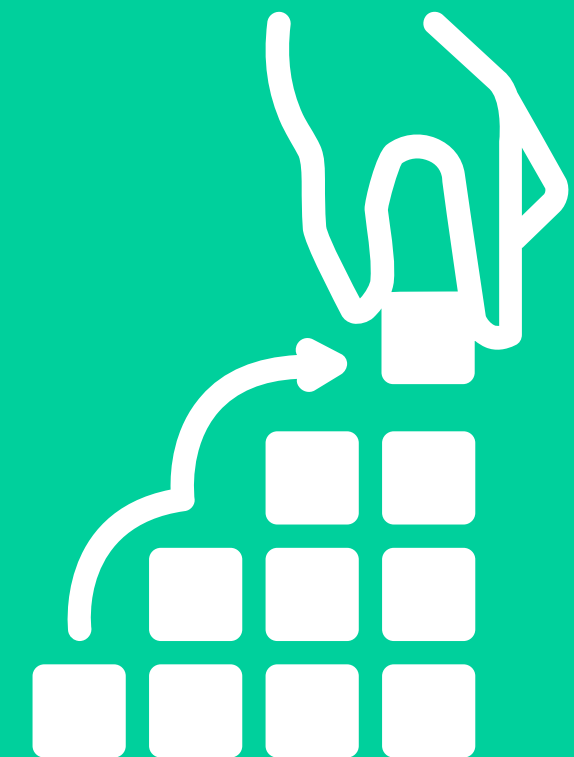
How is the index formed?

The Nifty 500 Momentum 50 Index tracks the performance of 50 stocks selected based on their normalized momentum score from the Nifty 500 Index. The weight of each stock in the index is based on the combination of the stock's momentum score and its free float market capitalization.

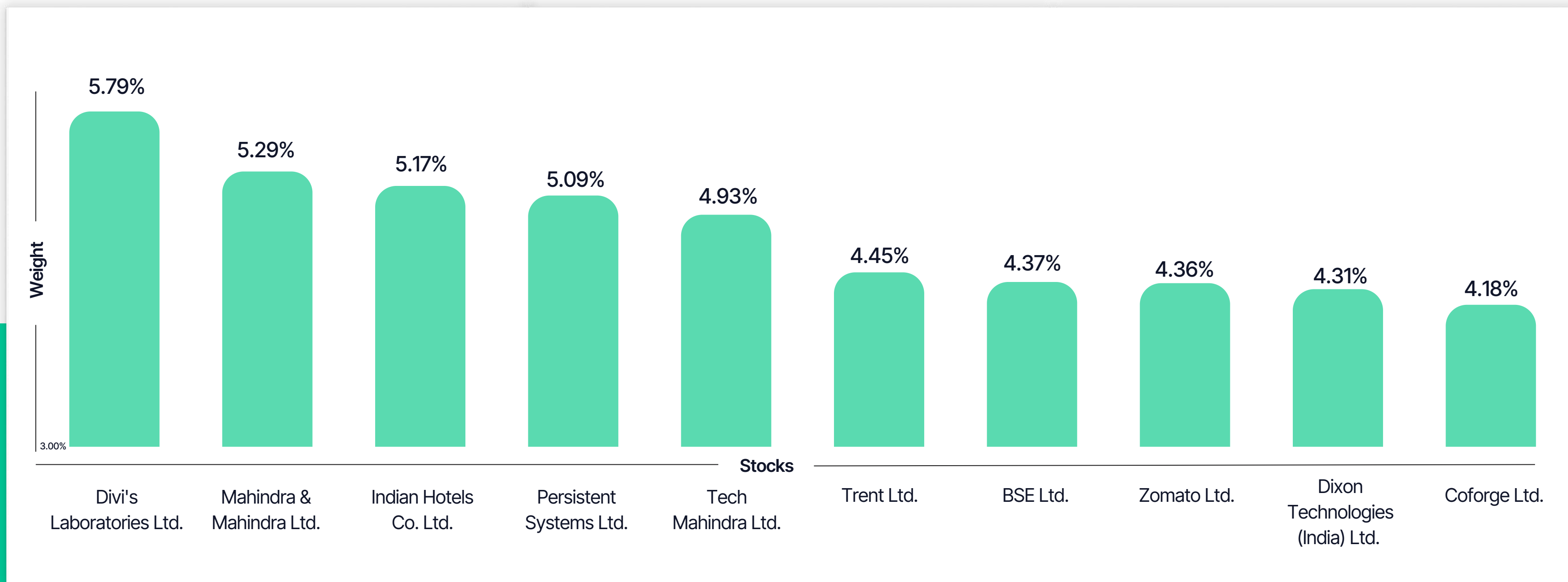
- »» The momentum score is based on the **12-month momentum ratio** and the **6-month momentum ratio** of the stock.
- »» The momentum ratio is calculated as the stock's price return divided by the standard deviation of that return.

$$\text{Momentum ratio} = \frac{\text{Price return}}{\text{Standard deviation}}$$

- »» The strategy aims to select stocks with the highest returns over the 6-month and 12-month periods, along with low volatility.



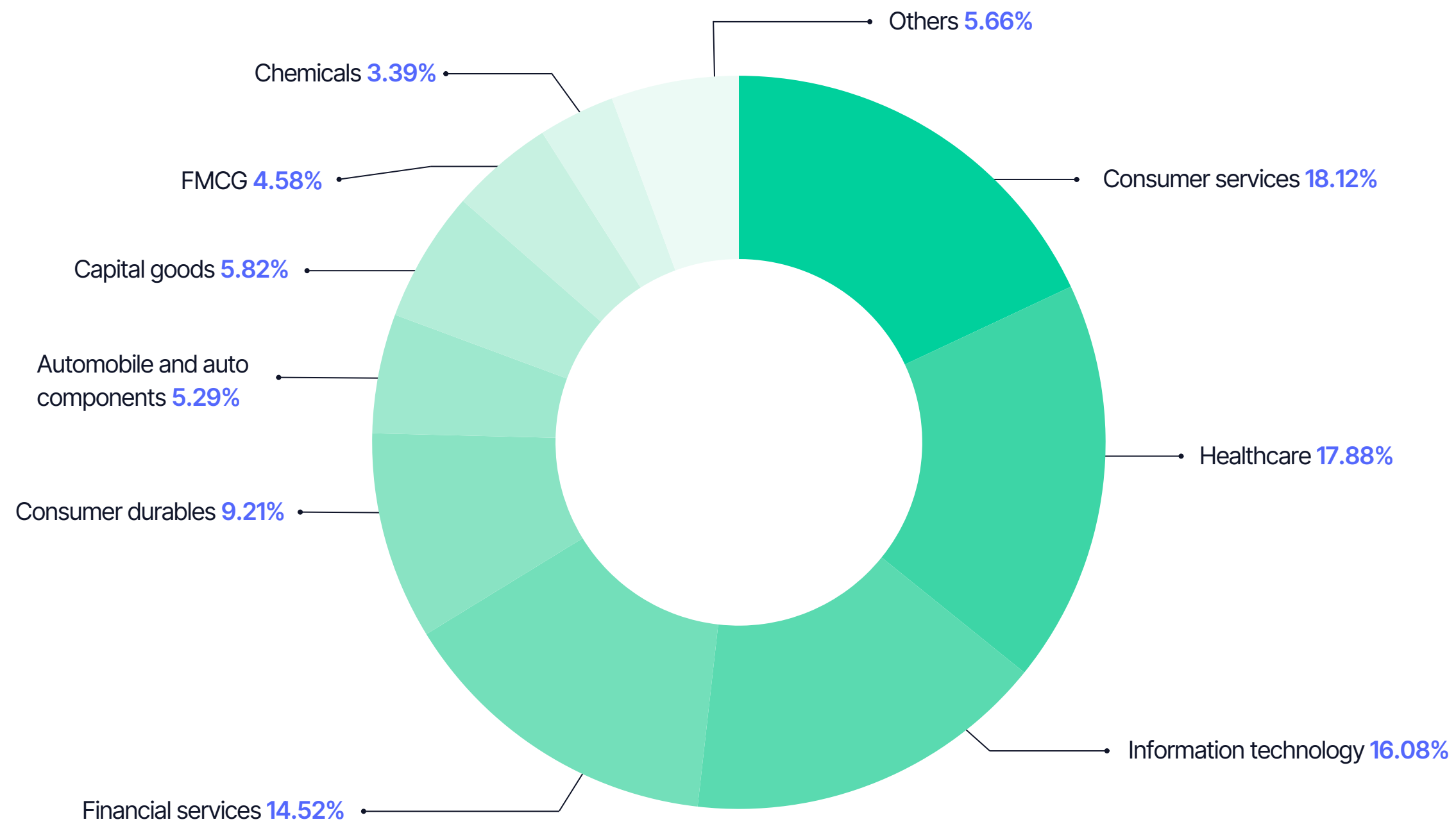
Top 10 constituents by weightage



Source - [NSE](#), March 28, 2025

The Companies form part of the Nifty 500 Momentum 50 – TRI as on March 28, 2025. The Companies referred herein should not be construed as recommendations, advice to buy, sell or in any manner transact in the Company and neither should it be considered as Research report from Groww Asset Management Ltd/Groww Mutual Fund. The scheme may or may not have exposure in the Companies. Please consult your financial advisor before investing.

Sector representation



Source - [NSE](#), March 28, 2025

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Market cap weightage

Market capitalisation	Weightage
Large cap	34.63%
Mid cap	47.98%
Small cap	16.37%



Decoding **momentum investing**

Frequent rebalancing to capture favourable trends

Momentum investing drives portfolio rebalancing by focusing on stocks with recent price trends

The shifts between September 2024 and February 2025 show how stocks with upward momentum receive higher allocations resulting in drastic shifts in sector weightages.

Sectors	Holding percentage in September 2024	Holding percentage in February 2025
Alcohol	-	3.77
Automobile & ancillaries	19.69	5.47
Bank	1.64	-
Business services	-	0.76
Capital goods	24.41	3.20
Chemicals	1.17	3.14
Construction materials	-	0.22
Consumer durables	2.93	7.92
Crude Oil	2.07	1.09
Diamond & jewellery	0.99	1.89
Electricals	-	0.94
Finance	14.41	9.64
FMCG	-	0.51

Sectors	Holding percentage in September 2024	Holding percentage in February 2025
Healthcare	1.42	17.72
Hospitality	-	5.01
Infrastructure	2.35	0.59
Iron & steel	1.43	0.95
Information technology	-	25.63
Logistics	4.72	-
Non-ferrous metals	1.59	1.07
Power	10.25	-
Realty	2.29	0.58
Retailing	6.67	9.44
Ship building	1.98	0.73
Others	-0.02	-0.27
Grand total	100	100

Source: AceMF, February 28, 2025

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Momentum investing is typically best executed through a mutual fund or ETF structure

Potentially cost-effective execution

- Taxes are not applicable when a mutual fund or ETF buys and sells stocks, unlike when an individual buys and sells stocks.
- Mutual fund brokerage fees are calculated based on transaction value, rather than the number of trades, thus transaction frequency has no bearing on brokerage costs.

Relatively easier execution

- Executing quantitative investing strategies can be challenging due to the complex algorithms required to track stock movements and select the right stocks.
- This issue gets resolved through the mutual fund / ETF route, where the index's logic is pre-determined and auto-executed periodically.



Summary: Why consider Groww Nifty 500 Momentum 50 ETF FOF?

1

Seeks momentum:

This fund aims to identify stocks with the potential to benefit from upward price movements.

2

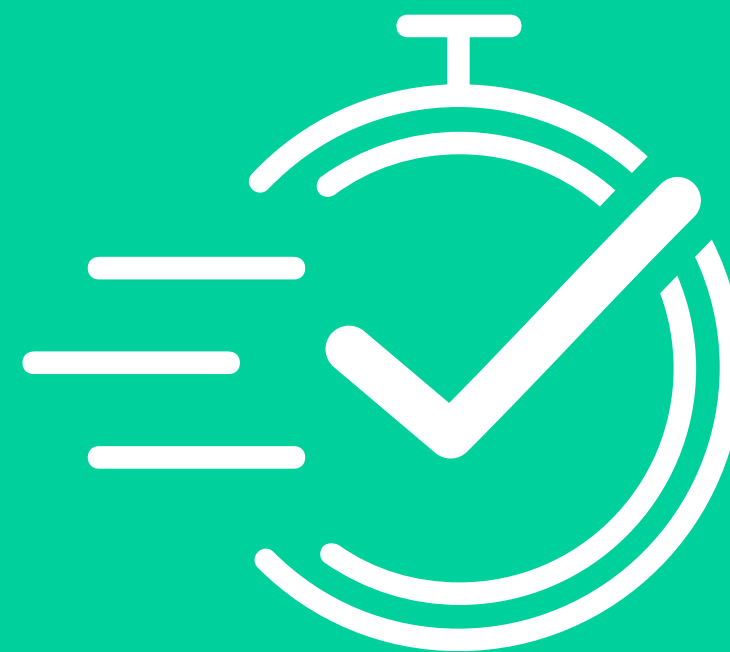
Historic outperformance with potentially better risk-adjusted returns:¹

Momentum strategies have historically outperformed broader indices with higher Sharpe ratios over time.

3

Potentially swifter recovery from market downturns:²

Momentum investing has historically outpaced the broader market in ~70% of post-bear market recovery periods, indicating its potential for quicker recovery.



Source 1: NSE, March 28, 2025, For historic data please refer to slide 8.

Source 2: NSE, March 28, 2025. For historic data please refer to slide 7.

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Groww Nifty 500 Momentum 50 ETF FOF may be suitable for

This scheme may be considered by investors seeking



Long term capital appreciation.



Investment in units of Groww Nifty 500 Momentum 50 ETF which invests in equity and equity-related instruments of the Nifty 500 Momentum 50 Index.



Scheme details

Name of the Scheme	Groww Nifty 500 Momentum 50 ETF FOF
Scheme Type	An open-ended fund of fund scheme investing in units of Groww Nifty 500 Momentum 50 ETF
Scheme Benchmark	Nifty 500 Momentum 50 Index - TRI
Category	Fund of Fund – Domestic (FOF)
Investment Objective	The investment objective of the Scheme is to generate long-term capital growth by investing in units of the Groww Nifty 500 Momentum 50 ETF. However, there can be no assurance or guarantee that the investment objective of the scheme will be achieved
Fund Manager	Nikhil Satam
Minimum Investment Amount	Rs. 500 and in multiples of Rs.1/- thereafter
Exit Load	a) If redeemed within 30 days from the date of allotment: 1%; b) If redeemed after 30 days from the date of allotment: Nil





Groww Nifty 500 Momentum 50 ETF FOF

(An open-ended fund of fund scheme investing in units of Groww Nifty 500 Momentum 50 ETF)

PRODUCT LABEL#		
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> Investment predominantly in units of Groww Nifty 500 Momentum 50 ETF Long-term capital appreciation Exposure to Momentum stocks 	Scheme Riskometer	Benchmark Riskometer
	<p>RISKOMETER</p> <p>Investor should understand that their principal will be at Very High Risk</p>	<p>Nifty 500 Momentum 50 Index - TRI</p> <p>RISKOMETER</p> <p>The Benchmark is at Very High Risk</p>

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

#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 actual investments are made.

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The investors are bearing the recurring expenses of the scheme, in addition to the expense of the other schemes in which the Fund of Fund Scheme makes investments.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

