

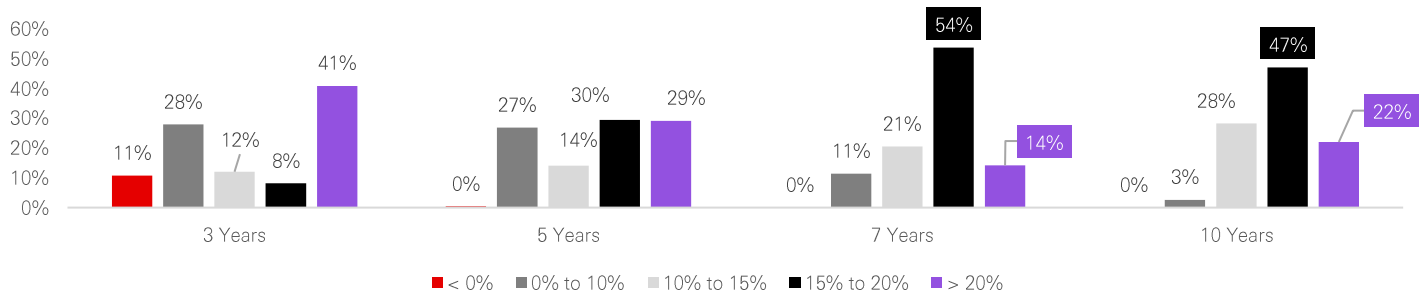
Aim for potential alpha generators

October 2023

Historically, Small Cap companies have outperformed other segments of the market cap in the long term and may have potential to provide better growth opportunities. While Large Cap stocks are extensively researched, Small Cap stocks are under researched and under owned. Small Cap stocks often present relatively rare and significant growth opportunities over a long term. Small Cap Funds aims to invest in such Small Cap stocks.

Small Cap Funds

Return distribution of Small cap funds



Multi-baggers of tomorrow

High earnings growth potential

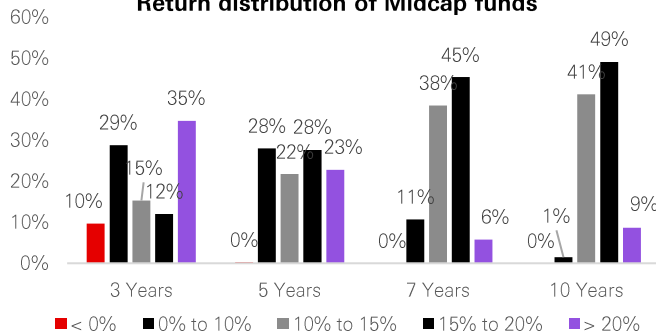
Under-researched and under-owned

Opportunities to spot pricing anomalies

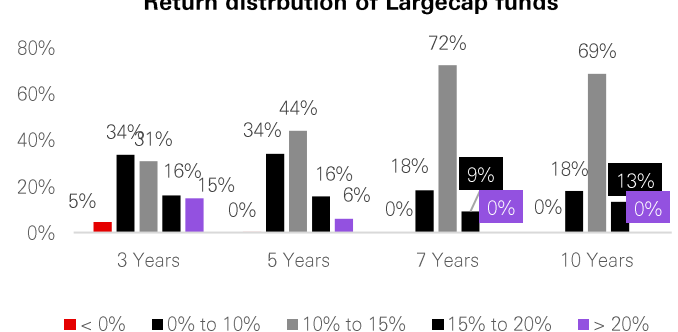
Diversity and alpha potential

As depicted in the charts for 10 years period, Small Cap funds have shown 22% distribution for more than 20% return range while Large Cap funds have shown 0% distribution. Also, in 7 years period Small Cap funds have shown 54% distribution for between 15% to 20% return range while Large Cap funds have shown 9% distribution for the same period. Large Cap funds have shown 72% distribution for between 10 – 15% return range. This shows that Small Cap funds have given return in excess of 15% more number of times.

Return distribution of Midcap funds



Return distribution of Largecap funds



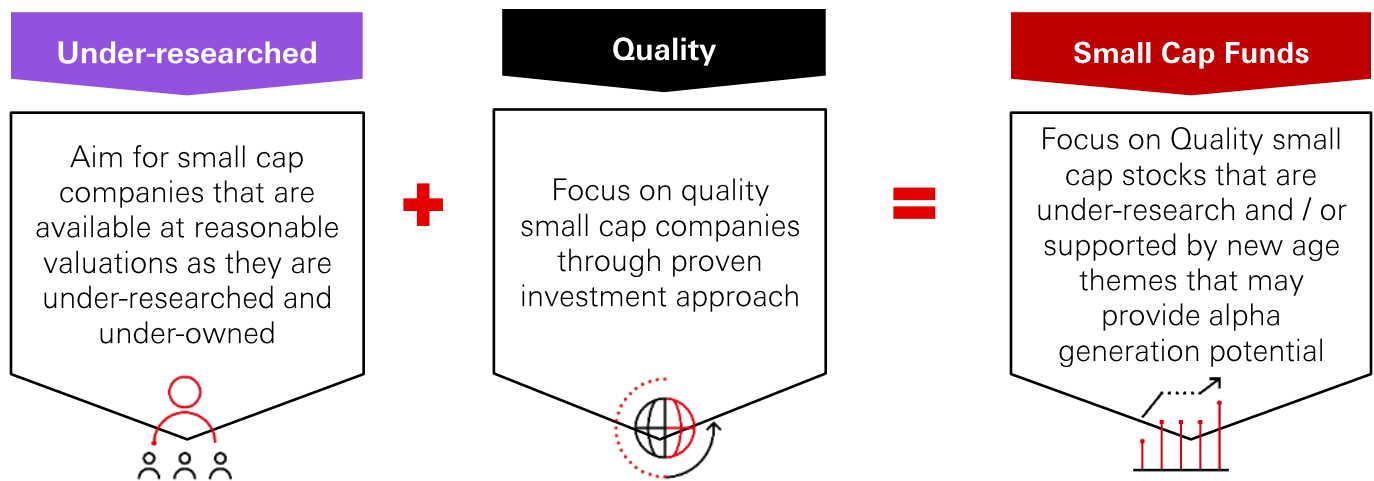
Small Cap funds may offer more probability of delivering high alpha

Source: CRISIL, Data as on 30 September 2023, Large Cap Funds are represented by weighted average index of 27 Large cap funds representing the Large Cap category. Return distribution based on a daily rolling returns of various holding periods. Period considered: 1 January 2005 – 30 September 2023, Returns of Large cap funds is average of CRISIL ranked schemes of the respective category. Note - Mid Cap Funds are represented by weighted average index of 24 Mid cap funds representing the Mid Cap category. Returns of Mid cap funds is average of CRISIL ranked schemes. Small Cap Funds are represented by weighted average index of 21 Small Cap funds representing the Small Cap category, Investors are requested to refer CRISIL Mutual Fund Ranking Methodology for more details on parameter used to arrive the graph above. [Click here](#) for CRISIL Mutual Fund Ranking Methodology. The above graphs/ analysis should not be construed as an investment advice or research report or recommendation to buy or sell in any stock/sector/cap. **Past performance may or may not be sustained in the future and is not indicative of future results.** The above chart does not provide indicative / assured returns or any guarantee

Why Small Cap Funds?

- Small cap stocks may have a high growth potential in the long term
- Small Cap Fund invests in smaller size businesses at their early stage of development
- These businesses may have better growth potential in revenue and profits as compared to Large Cap stocks
- These fund seek an exposure in Small Cap stocks for higher alpha generating opportunities
- At least 65% exposure to stocks beyond the top 250, in terms of market capitalisation
- Aims to invest in undervalued, under-owned, and under researched segments that may deliver better growth

Aim to focus on Small Cap Funds



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