For the new age

21^{st} CENTURY INVESTOR

SAMCO MUTUAL FUND
HEXASHIELD TESTED INVESTMENTS

Disclaimer

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

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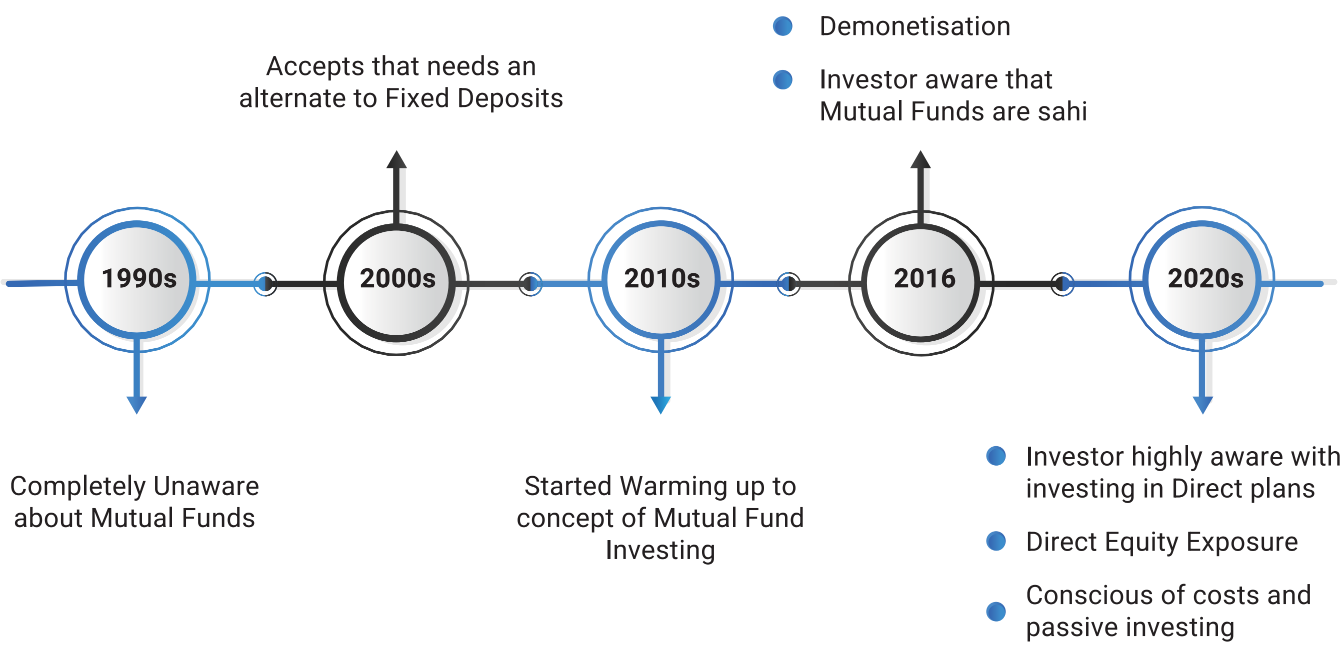
A massive shift is happening in Investment Behaviour

Investor Awareness → **Investor Consciousness**

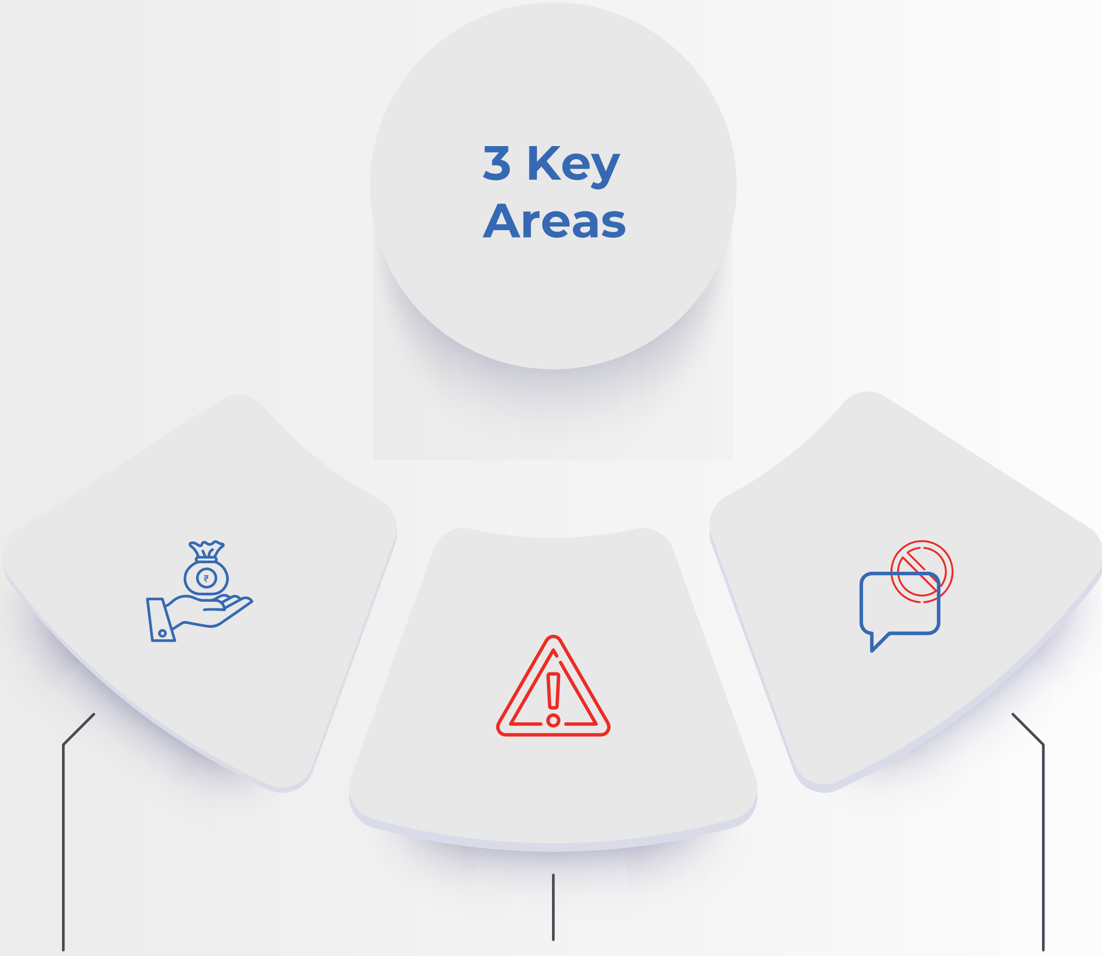
We now live in a world of **Conscious Investing**

A massive behavioural shift is happening in the investment behaviour of new generation investors. They are better informed, more aware about investing than yesteryear investors. There has been a shift from push demand to pull demand. Earlier generations needed to be hard sold equity and mutual fund investing as an alternative to fixed deposits. However, the new set of investors seeks to actively invest in equity linked assets for creating wealth. New generation investors are more conscious, more aware of various facets of investing, they understand cost of investing, various asset classes, risk reward ratios etc. We are moving from investor awareness to Investor consciousness. Upgrade to service this 21st century investor.

The journey from Investor Awareness to **Investor Consciousness**



Investor Consciousness is being exhibited in **3 key areas**



Cost-Conscious

New generation investors are more aware of the cost of investments and are openly adapting passive funds and even direct active equity investing to save fees.

Risk-Conscious

Investors are now aware and conscious about various nuances of risk. In the past, investors had a false sense of security associated with asset managers with brand heritage. However, there is evolved understanding that exposure to risk comes from the underlying securities held by an asset manager and therefore investors no more blindly trust asset managers because of brand or distribution reach.

No generic advice

The new age investor needs authentic reasons to invest in every product that is being offered to them. There is a massive migration from category purchases to product purchases. There is an active and conscious need for an investor to understand products in detail and seek to invest in differentiated opportunities.

Introducing
The HexaShield Tested Mutual Fund for
21st Century Conscious Investor

SAMCO
MUTUAL FUND
HEXASHIELD TESTED INVESTMENTS

Cars go through an extreme stress test

to ensure your safety!

We do the same with

your money

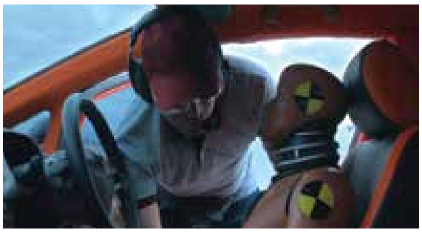
SAMCO MUTUAL FUND
HEXASHIELD TESTED INVESTMENTS

Introducing
HexaShield Tested Investing

Hexashield Tested Investing is a strategy to put to work money with businesses that can endure and survive in a variety of stressful situations and generate superior long term risk adjusted returns.

It relies on understanding the resilience of companies based on SAMCO's HexaShield framework which tests and evaluates every company and institution on 6 most important facets of risks and stress. These tests are meant to measure every company's ability to maintain enough buffer to stay afloat under extreme scenarios. The HexaShield tests are also designed to understand if these companies can generate high cash returns on capital employed in a variety of economic conditions including extremely adverse economic conditions. This rigorous scientific and statistical process helps get a deep understanding of risks, reduces room for bias and personal beliefs, inculcates discipline and enhances the probability of success.

Companies that pass the HexaShield test often exhibit 2 characteristics - they survive as a going concern during severe economic distress and operate as true compounding machines in normal economic cycles.



How does
HexaShield Tested Investing work?

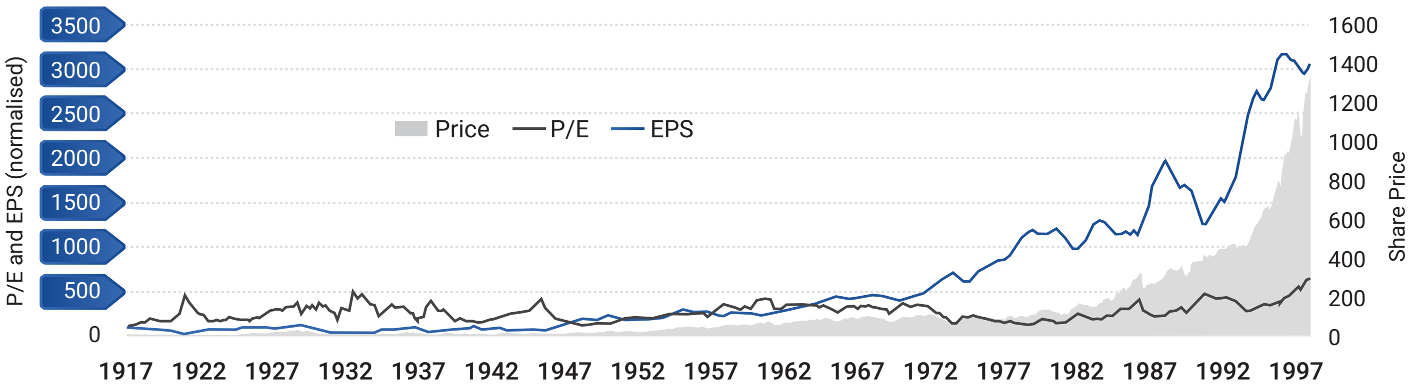
HexaShield tested investing is only investing in companies that pass these rigorous HexaShield tests and score highly under the HexaShield Framework.

The underlying premise of HexaShield tested investing is that we live in an increasingly disruptive world where lives of businesses have gotten shorter and that the source of all long term returns is simple - businesses generating high returns on capital and their ability to reinvest at incrementally high rates.

On the first aspect, a recent study by McKinsey found that the average life-span of companies listed in Standard & Poor's 500 was 61 years in 1958. Today, it is less than 18 years. McKinsey believes that, in 2027, 75% of the companies currently quoted on the S&P 500 will have disappeared. Therefore, it's important to only be invested in companies that showcase the ability to survive in a disruptive world, a quality that is exhibited by companies that pass the HexaShield tests.

Secondly, over the long term, investing boils down to one simple fact as summarised succinctly by Mr. Buffett - *"Leaving the question of price aside, the best business to own is one that over an extended period can employ large amounts of incremental capital at very high rates of return."*

A breakdown of the returns of the S&P 500 ***(Figure 1)*** of the last century beautifully illustrates this point. Even if an investor would have invested at the lowest multiple in 1917 and cashed out at the highest multiple of the century in 1999, the return attributable to the expansion of earnings would merely be 2.3%. This can be easily calculated on a Texas BA II Plus calculator by inputting -5.3 as Present Value (PV), 34 as Future Value (FV), period (N) at 82 years and computing the return would throw up 2.3% as the CAGR over 82 years. During the same period, the S&P 500 actually delivered returns of 11.6% on a compounded basis which means that 9.3% p.a. (i.e. 11.6% - 2.3%) actually came from the compounding of re-invested earnings over time. This contributed to 80% of the total returns.



	01/12/1917	01/05/1999	Annualised CAGR	% of return
Return from P/E growth	5.3x	34.0x	2.3%	20%
Return from EPS and EPS growth			9.3%	80%
S&P 500 total return			11.6%	

(Figure 1)

Therefore, the ability of a company to be a truly compounding machine which is characterised by its ability to generate a high return of capital and reinvest at a high incremental rate is the core and that's a quality that is exhibited by companies that pass the HexaShield tests.

The Process of

HexaShield Testing

SAMCO's HexaShield testing framework is built on the principles of scalability and co-relation. It is designed to do complex sensitivity and scenario analyses across various risk and return drivers.

The core of the HexaShield testing exercises covers many stages including

01
Planning Scenarios

02
Identifying Risk and Return Drivers

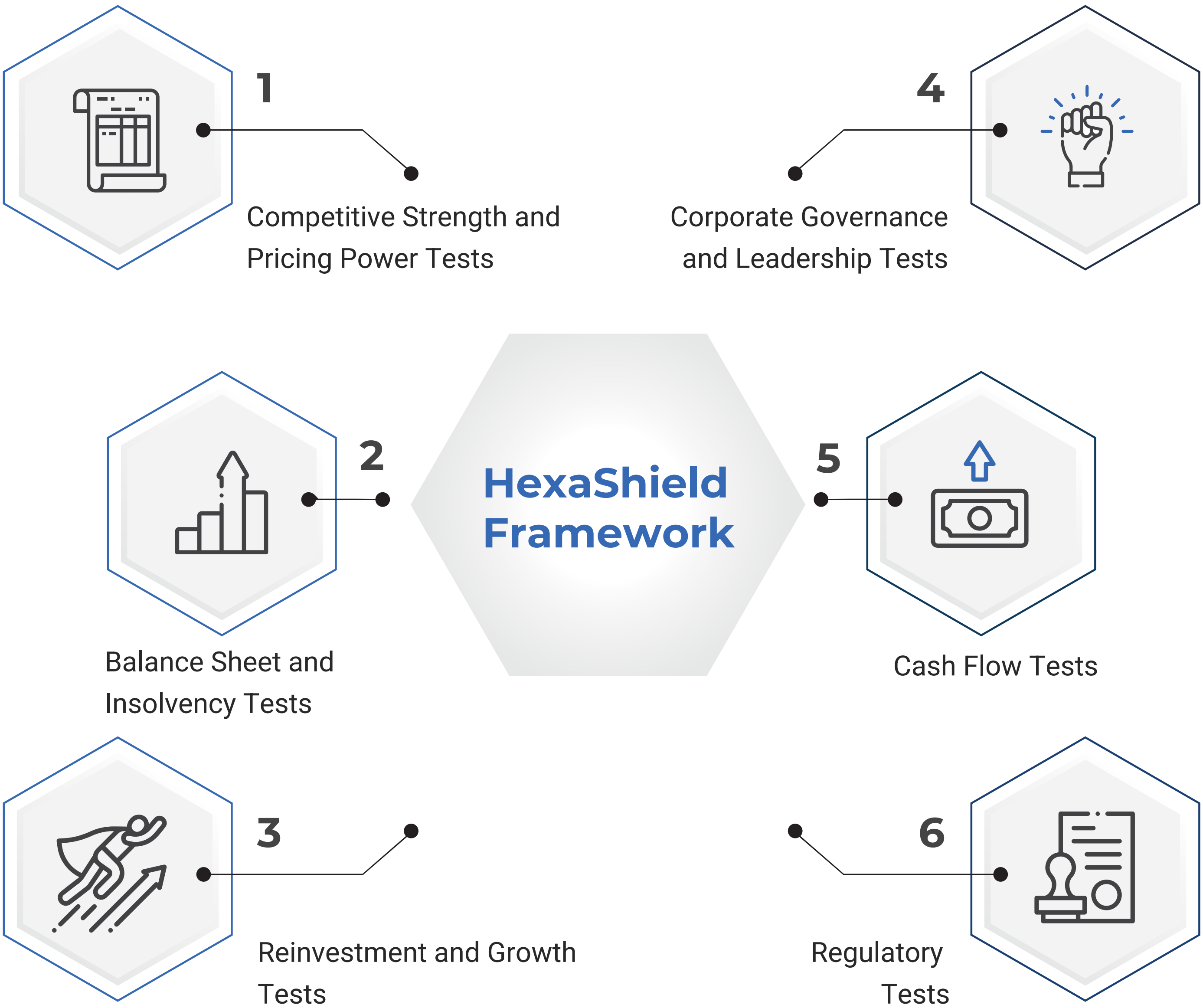
03
Building and Maintaining a stable and reasonable base reference system

04
Storing different Hexashield tested models for different aspects

05
Calculating various risk and return metrics while deriving the final HexaShield testing outcome

HexaShield - Samco Mutual Fund's
Proprietory Framework

A Closer look at the HexaShield framework that is used to evaluate HexaShield tested companies:

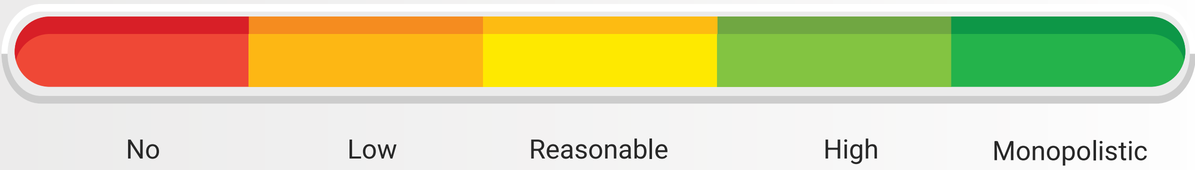


1. Competitive Strength and Pricing Power Tests

The competitive advantage or moat of the company is one of the most important factors that determine whether a business will be able to generate a high rate of return. Competitive and pricing HexaShield tests in the HexaShield framework are designed to test the impact on the business in extremely competitive situations. Companies that pass the HexaShield test on this parameters are the one's which usually have a reasonably high pricing power due to the nature of goods and services that they produce. This pricing power usually comes from the fact that there is an intangible component in the products or services provided which makes it difficult for the business to be completely commoditised. It also is a function of whether a business is built on a business to consumer model or a business to business model. Business buyers employ staff whose sole raison d’être is to drive down the cost of purchase which significantly diminishes the ability of the business to protect margins and consequently a reasonable rate of return.

The competitive strength and ability to pass the HexaShield test is evaluated in a range:

Competitive Strength and Pricing Power Test



Monopolistic Competitive & Pricing Strength: These businesses have extremely high competitive strength. They can protect margins and pass on all cost increases to customers without significant impact. Their competitive advantage is so strong that they emerge extremely resilient even if they are put through extreme competitive stress.

High Competitive & Pricing Strength: These businesses have high competitive strength. Their competitive advantage is reasonably strong and they operate businesses that are able to generate above average returns even as competitive intensity increases.

Reasonable Competitive & Pricing Strength: These businesses have reasonable competitive strength. Their competitive advantage is moderately strong and meet benchmark returns even if competitive intensity increases.

Low Competitive & Pricing Strength: These businesses are nearly commodity plays with minor differentiations. While they may survive in a competitive environment, they usually fail to build a sustainable compounding machine in a highly competitive environment.

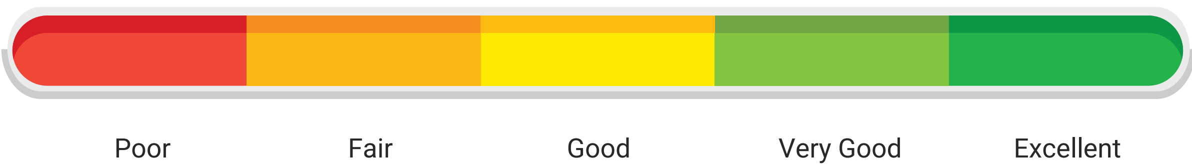
No Competitive & Pricing Strength: These businesses are commodity players and usually price takers and usually fail to survive and also can't be sustainable compounding machines in a highly competitive environment.

Companies such as InfoEdge that operates Naukri.com and exchange platforms such as IEX or MCX typically have extremely strong competitive strength and pricing power. This usually is also a function of the two way network effects that have been built by these companies. Companies with reasonable pricing power are those where there is a lot of competitive intensity but an intangible moat such as brand recall, distribution network, etc allows them to charge a premium and protect margins in stress. Businesses like Dominos Pizza, Asian Paints, etc fall in this category. On the bottom end of the spectrum are pure commodity plays such as cement, steel or aluminium companies which are typically price takers of prevailing prices in global markets.

2. Balance Sheet and Insolvency Tests

Balance sheet and insolvency HexaShield tests evaluate the impact of various shocks to an organisation's balance sheet. It helps figure out whether the company has enough capital to survive stressful conditions and still remain solvent. A strong balance sheet usually results in lower cost of capital which in turn becomes a massive driver of value creation. Companies that need a disproportionate amount of debt to generate returns, usually end up having stressed balance sheets with no room for error and consequently, extremely high risk. Companies need to be put through these HexaShield tests with cognisance to the fact that lines of credits can be withdrawn any time, often with disastrous consequences given the illiquidity of certain companies' asset base.

Balance Sheet & Insolvency Test



The balance sheet and solvency strength is evaluated in a range as:

Excellent: These businesses have strong balance sheets and practically zero debt balance sheet or insolvency stress. These are unlikely to go bankrupt even in extremely stressful situations due to the lack of leverage as well as relatively highly liquid nature of the asset base.

Very Good: These businesses have very good balance sheets with relatively negligible leverage. This results in above average capital adequacy and solvency even in stressful situations.

Good: These businesses have good balance sheets where capital adequacy and solvency meet benchmarks when put through stress.

Fair: These businesses have good balance sheets but need a high amount of leverage to generate a reasonable return. Further, while they generally make a reasonable return, when put through stress, they end up failing and falling short on capital adequacy and solvency benchmarks.

Poor: These businesses have terrible balance sheets staring down the barrel of death by debt.

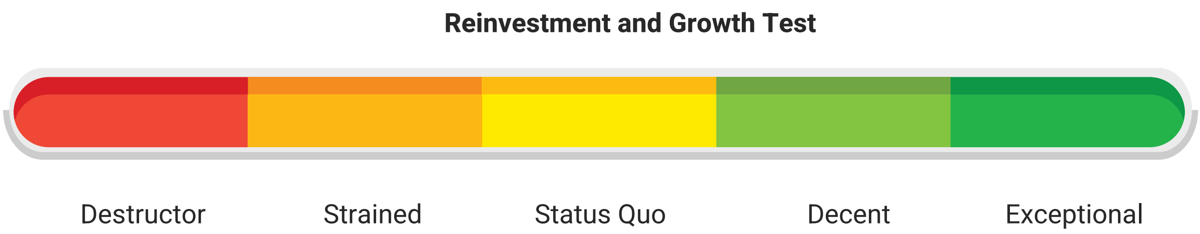
Companies such as Microsoft, Hindustan Unilever or Nestle have excellent balance sheet strength and will remain solvent even in extremely stressful situations. On the other hand, a lot of companies in the telecom, utilities, textiles, metals, aviation space amongst others have balance sheets that are barely solvent and any exogenous shock puts them on the brink of bankruptcy.

3. Reinvestment and Growth Tests

When the growth goes away, equities become bonds because when the growth is zero, the returns expected are merely the interest rates (earnings divided by market value) and not really the compounding. If growth goes away perpetually, then businesses cannot really quote higher than the net worth and when the outlook deteriorates further and turns negative, it will quote at a discount to the net worth. In other words, when the growth is away, the stocks become bonds. Growth is the key glue which allows the firm value to be much higher than the net worth or the value to have a power to reflect a strong multiple of the profits rather than being treated as a limited life concern. When growth is there, equities are treated as a going concern, and when the growth goes away, equities are treated as bonds or bond minus.

For creating outstanding value through investing, one of the most important foundations is earnings and its growth. It is narrated ad infinitum that price is nothing but a slave of earnings and its relentless growth over a period of time. If earnings are real and in cash and if they keep growing, then that will definitely reflect in the price and the sustainability of earnings growth into the market cap compounding. Re-investment and growth HexaShield tests evaluate the impact of recession or depression on earnings and consequently the return on capital. They also test the impact on overall return on capital employed if incremental deployment of capital happens at lower rates which usually happens due to lack of market size or opportunity.

The outcome of re-investment and growth Hexashield tests are evaluated in a range as:



Exceptional: These businesses generate above average returns when put through stress of negative growth environments and have a huge size of opportunity to re-invest at an above average incremental return on capital.

Decent: These businesses generate above average returns when put through stress of negative growth environment however have a limited opportunity to re-invest capital and grow which reduces compounding capability.

Status Quo: These businesses generate average returns when put through stress of negative growth environment but have a little to no opportunity to re-invest capital and grow. This reduces them to bond like businesses.

Strained: These businesses struggle to consistently grow in normal situations and end up being value destroyers when put through HexaShield tests.

Destructor: These are the worst quality businesses and end up being massive value destroyers across cycles.

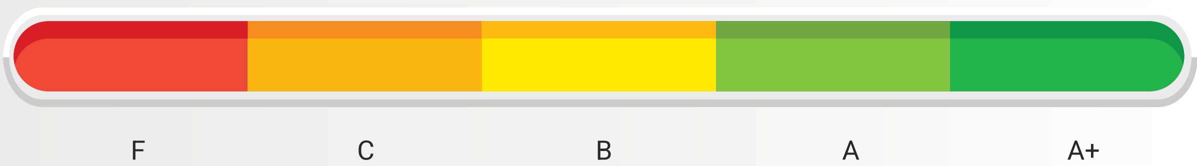
Several companies operating in the consumer space such as Colgate, Castrol have high returns on capital but usually fail growth and re-investment HexaShield tests. Companies that usually do well in these are ones that have a very large market opportunity (usually global) or are operating in a severely under penetrated category. Companies in the retail space such as Avenues Supermart or in retail financing space score well on growth HexaShield tests due to the size of the opportunity. Companies that spend and money in R&D that usually end up creating new categories do very well. One such example is that of Microsoft which used cashflows from the Microsoft Office licensing business to build a very large cloud business. Similar was the case in Facebook which used cashflows from the facebook platform to acquire multiple businesses such as Instagram and WhatsApp to continue to expand its market opportunity.

4. Corporate Governance and Leadership Tests

Leadership quality and quality of governance have a far bigger impact on real returns than most people care to understand. Management quality is not as inscrutable or undecipherable, as is generally believed. It is a real factor, with a real impact on value of a firm and can be quantitively evaluated with analysis of capital allocation and capital distribution decisions. The corporate governance and leadership tests considers stress at granular levels which includes stress at promoter levels, board independence, accounting practices, conglomerate complexity, promoter pledges, etc. The results are then aggregated to give a firm-wide view of the impact on a company's survival ability and compounding capabilities.

The outcome of governance and leadership tests are evaluated in a range as:

Corporate Governance and Leadership Test



A+: These are outstanding companies with truly independent boards and with a large number of high quality professionals/promoters running the business. This often reduces continuity and key man risks to a business.

A: Good companies with good management and reasonably independent boards but subject to high control from a specific group of persons.

B: Governance standards and leadership meet benchmarks.

C: While optically governance standards and management quality meet benchmark compliance requirements, there is a firm wide failure when put through stress.

F: Poor quality of governance with no protection for minority investors.

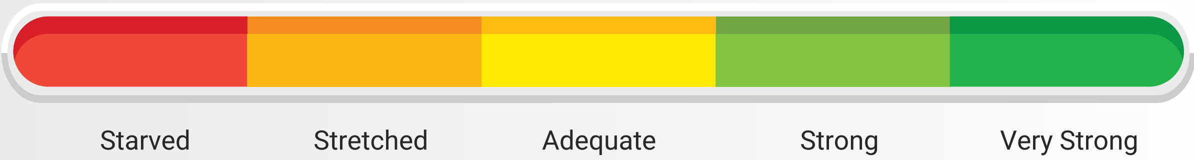
Businesses such as Infosys or HDFC Bank are businesses with truly independent boards. The number of independent directors on board actually far exceeds the number of executive/ promoter directors. This implies that independent directors usually have much stronger voting power to truly protect the interest of the minority shareholders. At the same time, the pedigree of independent directors is also important which can be judged from current and past Independent directorships in other companies. In family owned businesses, independent directors usually are on board to meet compliance requirements but lack true independence to protect minority shareholder interest. Also, several businesses have a key man risk since they are overly dependent on the leadership of one key individual. Such businesses usually fail HexaShieldtests because any adversity to the leader could actually bring down the entire organisation and completely destroy shareholder value. Businesses such as TCS, Dabur, Hindustan Unilever score very well on these tests because they have a large talent resource pool and organisational success is not dependent on one individual. On the contrary, these businesses have built CEO factories for their internal leadership to continually step up.

5. Cash Flow Tests

Cash Flow is the only enduring reality and economic value creation is closely related to the cash flows generated over the useful life of a business. Cash flow tests help evaluate the ability of the company to convert its operating profits into cash when put through shocks. The cash flow tests will determine what is the incremental capital that is needed in stressful times and whether a business already has the required reserve capital and if not, will the capital be available to the business in an economically stressful environment and also at a reasonable cost of capital. These ultimately are critical in the overall equation of the business to survive and create value.

The outcome of Cash flow tests are evaluated in a range as:

Cash Flow Test



Very Strong: These businesses have a very strong cash position and also a very strong cash conversion cycle and have negligible impact when put through cash suffocation tests.

Strong: Strong companies have a good cash position and an above average cash conversion cycle and have a slight impact when put through cash suffocation tests.

Adequate: These companies have just adequate cash and an average cash conversion cycle and have a moderate impact on capital requirements and returns when put through cash suffocation tests.

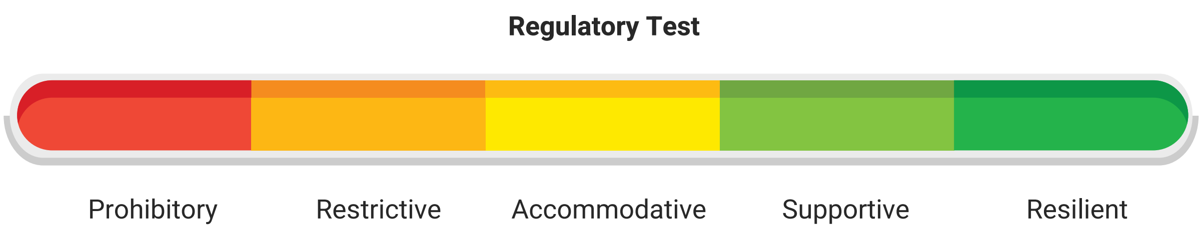
Stretched: These companies while solvent have huge liquidity constrains and are stretched for cash. There is a large adverse impact on capital requirements and returns when put through cash suffocation tests.

Starved: These are businesses literally starved for cash operating from end to end. Any stress on the cash positions exponentially increases the probability of an insolvency outcome.

6. Regulatory Tests

Regulations have a sizeable impact on businesses and high regulatory intervention or frequent changes in regulatory impositions can change the course of a business strategy overnight. Hence, regulations in some industries pose as impediments to growth of a business rather than act as drivers of expansion. There is a fine line between regulations acting as entry barriers to a business or dampening a company's growth and understanding this difference is essential to judge if a business will have the freedom to compound its cash flows or go down the path of liquidation. Regulatory tests help evaluate the impact of adverse regulatory actions on a business' earnings power and balance sheet position and consequently it's impact on value creation.

The outcome of Regulatory tests are evaluated in a range as:



Resilient: Businesses are relatively insulated and regulations have relatively low impact. In fact, regulations act as an entry barrier for competition, and strengthen the position of the incumbent.

Supportive: Impact of regulations is moderately supportive for business growth.

Accommodative: Despite a tough regulatory regime, there is an accommodative stance for businesses to grow.

Restrictive: Increasing regulatory tightness usually becomes restrictive for growth either due to impact on earnings power or due to increased capital requirements to comply with a tightening regime.

Prohibitory: Regulatory position is prohibitory for business and can be a catalyst for value destruction due to misalignment of regulators and business interests.

Highly regulated businesses where regulators are focussed on curbing demand or prohibiting consumption such as cigarettes, liquor usually score poorly on these HexaShield tests. On the other hand in businesses like banking, asset management, insurance, etc where entry barriers are high which restrict competition amongst incumbents and the regulator is focussed on growing demand, there is a huge opportunity to create wealth for shareholders.

Investible universe of

HexaShield Tested Companies

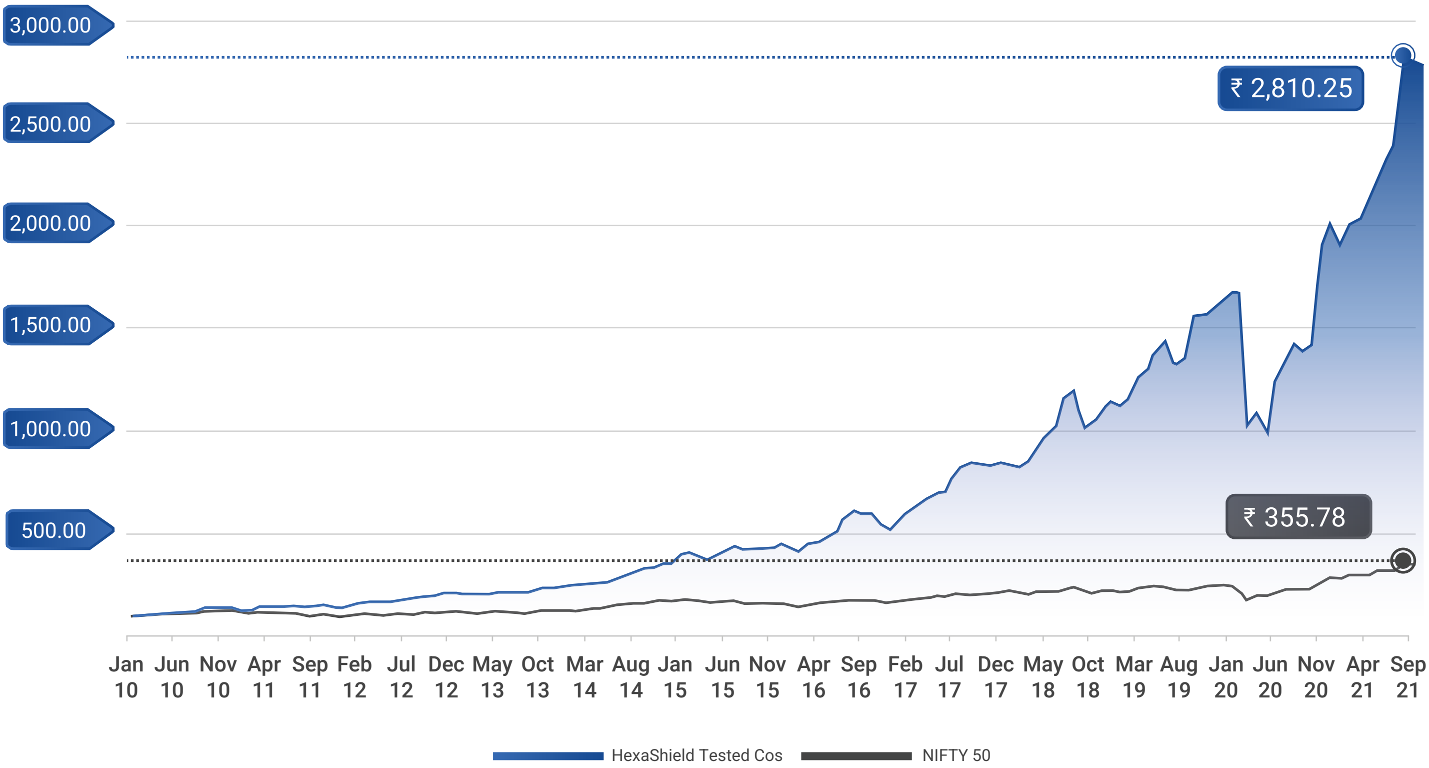
Like humans, companies also chase excellence in order to be successful therefore being an average player in a competitive landscape rarely enables a business to generate consistent above average returns. The Hexashield tested framework therefore puts businesses through extreme pressure scenarios to filter out the businesses that stand tall and emanate excellence despite any adversity. It observes if companies pass the test on various fundamental factors and only the ones that cross the benchmark percentage hurdle in all 6 pillars will be eligible to be a part of our investment universe. The companies which fail to cross the benchmark level on even a single pillar will fail the test.

Because of the rigorous Hexashield tested process, out of a universe of over 50000+ listed Global and Indian equities, our investible universe is narrowed down to a select group of 100-120 across the world. In fact, in India, only 15 out of the NIFTY 50 companies pass the HexaShield test for inclusion in the investible universe.

HexaShield Test : Pass

HexaShield Test : Fail

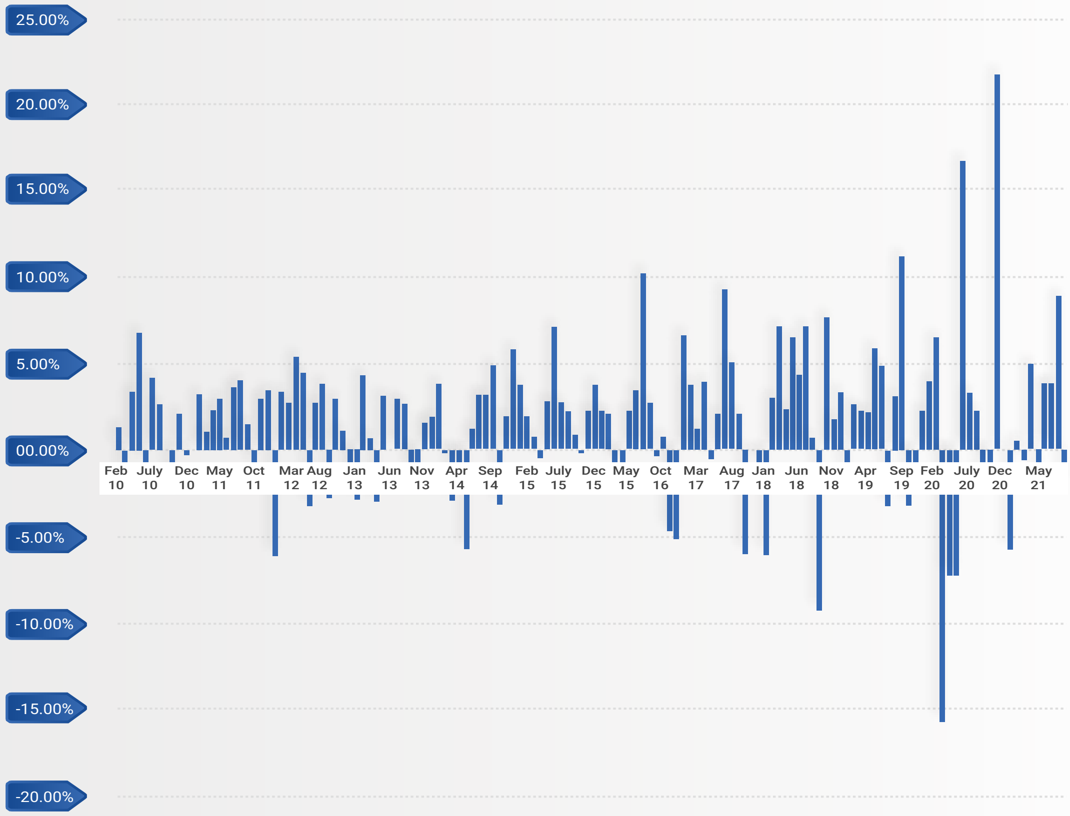
The results of a backtest of the HexaShield Tested framework clearly illustrate that HexaShield tested businesses not only reduce risk but significantly generate higher long term risk adjusted return.



Note

The above graph is for conceptual illustration and explanation only. The above graph tracks an equal-weighted allocation to 15 HexaShield tested companies of the NIFTY that pass Samco's HexaShield test as on 1st Jan 2010. It assumes Rs. 6.67 invested equally in each of the 15 companies and tracks price performance of the same. The 15 Hexashield tested businesses that passed HexaShield test as on 1st Jan 2010 considered are BAJAJAUTO, WIPRO, HCLTECH, HINDUNILVR, ASIANPAINT, ITC, DIVISLAB, NESTLEIND, INFY, TCS, BAJFINANCE, BAJAJFINSV, HDFCBANK, HDFC, KOTAKBANK. Past hypothetical illustrative back test results are neither an indicator nor a guarantee of future results. Actual results shall vary from analysis. Samco makes no representation or warranty, either expressed or implied regarding future performance. In the preparation of the graph, the AMC has used information that is publicly available, including information developed in-house. However, the AMC does not warrant the accuracy, reasonableness and/ or completeness of any information.

Also stocks of HexaShield tested businesses have consistently outperformed their peers



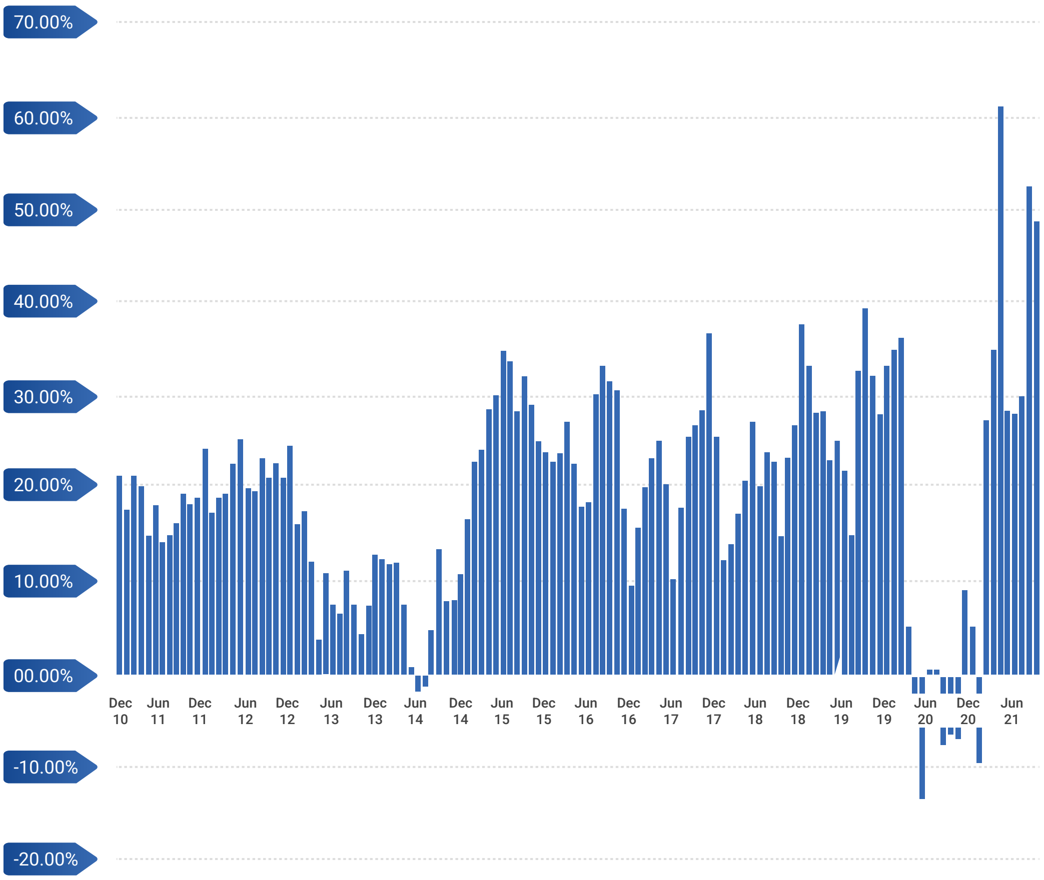
Monthly Excess Return

HexaShield Tested Business	
Average Monthly Excess Return	1.62%
Total Number of Months	140
Number of Months of Outperformance	95
% of Months	68%
Average Excess Return in Outperforming months	3.72%
Average Less Return in Underperforming months	-2.80%

<u>Note</u>

The above table computes monthly returns of investment portfolio of equal weighted allocation to 15 HexaShield tested companies of the NIFTY that pass SAMCO's HexaShield test as on 1st Jan 2010. It assumes Rs. 6.67 invested equally in each of the 15 companies and tracks monthly return data of the constructed portfolio. The above table is for conceptual illustration and explanation only. Past hypothetical illustrative back test results are neither an indicator nor a guarantee of future results. Actual results shall vary from analysis. SAMCO makes no representation or warranty, either expressed or implied regarding future performance. In the preparation of the graph, the AMC has used information that is publicly available, including information developed in-house. However, the AMC does not warrant the accuracy, reasonableness and/ or completeness of any information.

The outperformance is seen in both monthly as well as annual periods



12 month rolling excess return

Hexashield Tested Business	
Average Annual Excess Return	19.52%
Total Number of Rolling Periods	130
Number of Periods of Outperformance	122
% of periods of outperformance	93.8%
Average Excess Return in Outperforming months	21.22%
Average Less Return in Underperforming months	-6.35%

Note

The above table computes annual rolling returns of investment portfolio of equal weighted allocation to 15 HexaShield tested companies of the NIFTY that pass SAMCO's HexaShield test as on 1st Jan 2010. It assumes Rs. 6.67 invested equally in each of the 15 companies and tracks annual rolling return data of the constructed portfolio. The above table is for conceptual illustration and explanation only. Past hypothetical illustrative back test results are neither an indicator nor a guarantee of future results. Actual results shall vary from analysis. SAMCO makes no representation or warranty, either expressed or implied regarding future performance. In the preparation of the graph, the AMC has used information that is publicly available, including information developed in-house. However, the AMC does not warrant the accuracy, reasonableness and/ or completeness of any information.

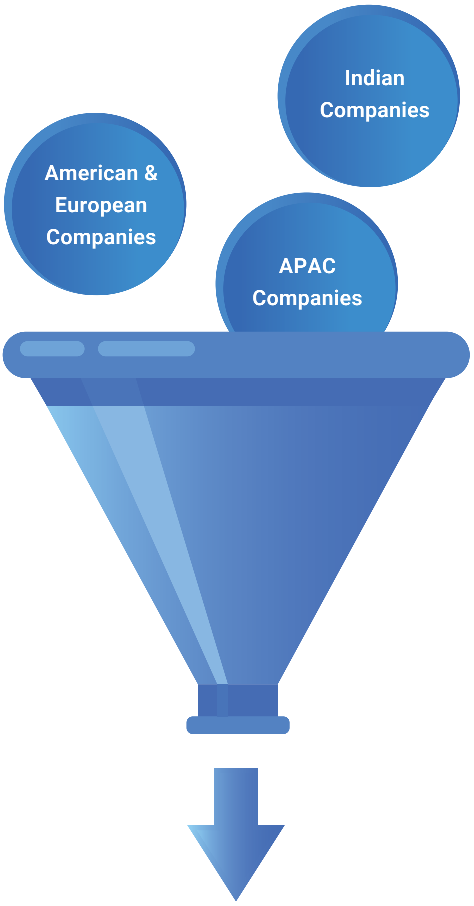
Integrating HexaShield Tested Investing while Building Products at Samco Mutual Fund

As an asset manager, Samco is committed to offering products that are truly HexaShield tested and that can generate superior risk adjusted returns over the long term.

Investment is subject to a lot of fads and cycles. A good example was the Infra mania from 2004-2008 when Infra, power and capital good stocks rose to valuations which could not be supported by any rational analysis. If you weren't invested in these stocks in that period (and we wouldn't have been because they would have failed our HexaShield tests) then you would have underperformed the market. We would be happy to have done so, as we would never own a share in a company which we did not think was both good and at worst fairly valued. We would not own something because it is fashionable and might go up. Because eventually it goes down. Usually by a lot.

Our endeavour at Samco shall be to offer funds that are built as solid concentrated portfolios of 20-30 Hexashield tested companies that are constructed across market caps and themes based on SEBI's scheme categorisation framework.

We do not believe that we need to raise a new fund for every possible investment technique and for every new fad and to hope that at least some of them succeed in a random process and that you don't notice the ones which don't. Which is why as an asset manager, we will refrain from offering a myriad of funds and specifically refrain from being categories that definitely fail our HexaShield tests such as Infra Funds, PSU Funds, Power Funds, Dividend Yield Funds, etc.



Investible Universe of 100 stocks across the globe that pass the HexaShield Test

Construct Portfolios of 20-30 stocks across market caps and themes based on SEBI Scheme Categorization

Funds from Samco MF which shall have a unique combination of HexaShield tested businesses based on the attributes of each product

No Funds where constructed portfolios effectively fail HexaShield tests

- No PSU Funds
- No Infra Funds
- No Fund for every new fad
- No Fund in every SEBI category

Our
Goal

Our goal is to be

India's Best Mutual Fund

that generates Highest Risk Adjusted Return over the Long term

Samco aims to be a truly active fund with India’s first AMC to disclose active share daily

The average equity fund manager owns far too many stocks and in effect tracks the index. So, the result is that investors are getting an index fund less the manager’s fees and costs of dealing, which are also expensive. This structure makes underperformance against the index inevitable.

Why do fund managers do this? Because for them the greatest risk is not underperforming the index with investors money. It is stepping out of line with their peers. Especially if they fail. Warren Buffett famously said, ‘Failing conventionally is the route to go; as a group lemmings may have a rotten image, but no individual lemming has ever received bad press.’

The only way to succeed in the world of investing is breaking out from the crowd. Our goal at Samco is to introduce investors to the methodology of HexaShield tested investing which investors have not been able to access before.

SAMCOs HexaShield Test framework results in very few companies truly passing the HexaShield test. In fact, 70% of the index components fail it. So portfolios constructed shall be widely divergent from portfolios directly tracking the index. At Samco, we embrace divergence from the Index.

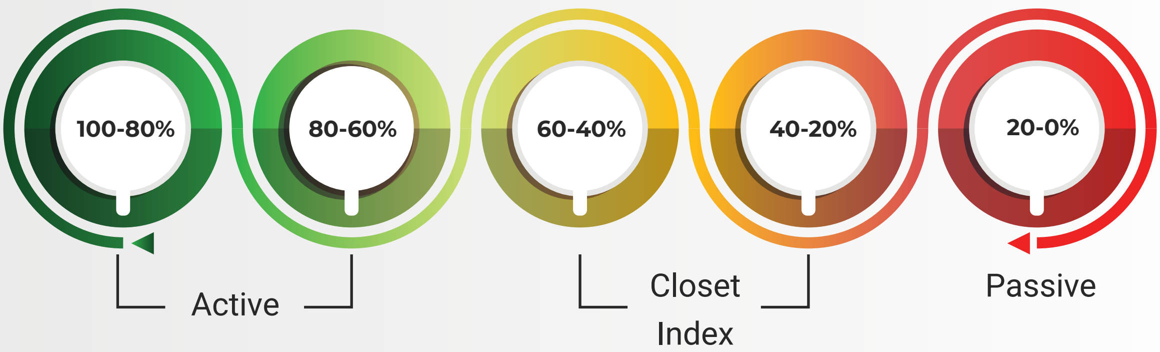
Moving away from the crowd, Samco Mutual Fund will transparently disclose active Share to Indian Investors, so they know that when they are paying a fee, it’s certainly for buying something widely different from the Index.

What is an
Active Share?

Active Share measures the fraction of a portfolio (based on position weights) that differs from the benchmark index. The only way that an equity fund manager can outperform a given benchmark is by taking positions that differ from those in the benchmark. Active Share will always fall between 0% and 100% where 0% will indicate a truly passive index fund and a higher percentage closer to 100% will show true active management with portfolio stocks diverging from the benchmark.

The Active Share measure was developed by Martijn Cremers and Antti Petajisto, both Yale professors.

Active Share Levels



The above table states the various levels of active share depicting the amount of active management in a fund compared to the benchmark.

0 to 20% - Truly passive **INDEX FUNDS** with stock weightages same as the benchmark. No divergence from the benchmark index

20% to 60% - **CLOSET INDEXERS** with some amount of active management. Claim to be active but hardly any divergence from the benchmark index

60% to 100% - True **ACTIVE MANAGEMENT** with portfolio weightages of stocks significantly different from the benchmark index.

Why do Funds with low active share find it difficult to perform? Investors today are performance conscious

Why do Funds with low active share find it difficult to perform?

The primary reason for underperformance of low active share funds is statistical as we will demonstrate below. Portfolios with low active share, need an extremely large outperformance from the active components to achieve the same outcome as compared to portfolios with a relatively higher active share.

To top it off, fund managers that run closet indexing or index hugging portfolios/strategies need to also account for asset management fees and dealing costs which eat away a large part of investor returns. Imagine a fund that mirrors the index to the extent of 70-80%, the return will likely mirror the index and then once you deduct a 2% total expense ratio, underperformance is inevitable. Index hugging is a classic recipe for consistent underperformance.

In effect, a highly active fund manager only needs an excess of 2.2% on the active portion of the portfolio versus 6.7% for the lower active share manager to reach the same level of gross returns.

Let's take a look at an example of a fund portfolio A with a 90% active share and a fund portfolio B with a 30% active share.

Portfolio A

Fund Portfolio with 90% Active share

	Weight		Return		Weighted Return
Passive share	10%	x	8%	=	0.8%
Active share	90%	x	10.2%	=	9.2%
			(2.2% + 8%)		**10.0% Gross Return**

Portfolio B

Fund Portfolio with 30% Active share

	Weight		Return		Weighted Return
Passive share	70%	x	8%	=	5.6%
Active share	30%	x	14.7%	=	4.4%
			(6.7% + 8%)		**10.0% Gross Return**

To achieve the same return

The passive share return is 8% in both cases but the active portion of return in case of Fund A (10.2%) is lower than Fund B (14.7%).

So in effect, the fund manager A will have to put in relatively less effort to make an excess return of 2.2% over and above the passive return (8%+**2.2%**=10.2%) v/s the fund manager B who will have to work harder to make the additional 6.7% returns above his passive return (8%+**6.7%**=14.7%) in order to reach the same level of a 10% gross return.

Since the percentage of additional return generation of the active portion over the passive portion is much lower in case of Fund A (with a higher 90% active share), the return is relatively attainable and sustainable. Hence, to reiterate, in effect a highly active share fund manager only needs an excess of 2.2% on the active portion of the portfolio versus 6.7% for the lower active share manager.

Why does this matter?

A high level of active share demonstrates that we manage a truly distinctive portfolio. Our value offering to our investors is building a sufficiently diversified portfolio while pursuing our goal to outperform our benchmarks over the long-term. To this end, we make high conviction investments in 15 to 30 companies we believe have significant potential and are truly HexaShield tested.

Our
Endeavour

Samco Mutual Fund to be a Truly Active HexaShield Tested Mutual Fund

HexaShield Tested Mutual Fund built on HexaShield Frame-work investing only in businesses pass-ing the HexaShield tests.

Truly Active Mutual Fund being first AMC to disclose daily Active Share.

Partner
with us

Winners of the future in the Mutual Fund industry will be those who:

- Are trusted by customers as advisors of truly distinct active funds.
- Give an authentic and not a generic reason to convince the fence-sitters and loyalists that you and the fund are doing whatever it takes to help them sleep well.

There is a paradigm shift happening in the mutual fund industry as investors increasingly become conscious.

The industry is at a massive inflection point where new leaders will emerge and we invite you to partner with us on this journey and create huge value for customers and consequently all other stakeholders.

Partner with

India's HexaShield Tested Active Asset Manager

www.samcomf.com

Adding value
to our partners

Each empanelled partner will get their customised co-branded Samco Mutual Fund video ad.

Samco - A Full Stack Wealth Tech Platform

Innovating financial technology for the future

About
Samco Group

In 2015, Samruddhi Stock Brokers Limited was rebranded as Samco Securities Limited under the leadership of Jimeet Modi - Founder & Group CEO.

Samco Group heavily invested to set up a financial technology research & development centre at Chennai to help build products that helps investors make right decisions in trading & investment processes using machine learning algorithms and artificial intelligence.

Samco Group has always been in the forefront in using new technologies for innovating to ensure seamless and easy access of unique trading & investment platforms for everyone.

Key Milestones of
Samco Group

Established Samruddhi Stock Brokers Limited

Started as a stock broking company by providing retail investors an opportunity to invest in the capital markets with ease.

1993

Launch of Giga Trading App - StockNote

StockNote is a powerful stock trading & investment platform by Samco, driven by AI & machine learning.

April 2018

Launch of StockBasket

StockBasket is an expert-curated ready-made basket of quality stocks designed for the financial needs of investors for the long term. It is India's first long term investment platform.

Sep 2019

Samco Mutual Fund gets final approval from SEBI

Samco Mutual Fund will focus on creating value for investors using cutting edge financial technology. With our strong investor centric approach we aspire to create ripples in actively managed mutual fund space.

July 2021

May 2015

Launch of Samco Securities

Samco Securities - is one of the fastest growing discount broking company giving access to sophisticated financial technology that can assist in creating wealth to retail investors at low-cost.

Nov 2018

Launch of RankMF

RankMF is one of India's first technology driven proprietary mutual fund research & investment platform to assist investors choose right mutual funds at the right time to create superior returns.

May 2021

Launch of KyaTrade

KyaTrade is a platform where you can get high-quality researched ideas and recommendations with a predefined target, stop loss, and position sizing which can be traded instantly with a simple swipe on the screen.

The

Samco Suite

Stock Note
The Giga Trading Platform

Empowering investors with the power of AI and advanced analytics for stock trading & investment.

SAMCO Stock Ratings

Analysing more than 20 Mn data points to rate every stock between 1 to 5 stars based on 50+ rating parameters.

Margin Products

Giving the highest leverage for trading and investing across segments

Stock Plus

Cash Plus

BTPT
BUY TODAY, PAY IN TWO DAYS

SAMCO
THE WEALTHY HABIT

GIGA

StockBasket SIP
THE BETTER INVESTMENT

Create wealth with small periodic investments in basket of quality stocks.

StockBasket
THE BETTER INVESTMENT

StockBasket Switch
THE BETTER INVESTMENT

StockBasket Smartswitch helps you improve your portfolio score by recommending you to switch your poor quality stocks to portfolios of superior quality stocks.

TRADING ENGINE

RANK MF
KAUNSA MUTUAL FUND SAHI HAI

SmartSIP

An innovative order execution tool to generate superior returns than a regular SIP.

Smart Switch

POWER UP YOUR PORTFOLIO

A smart mutual fund portfolio evaluation & recommendation tool to switch poor quality schemes with good quality schemes.

Basket

Baskets of best mutual funds to achieve financial goals in a specific time horizon & risk-appetite.

RANK MF PARTNERS

A complete online ecosystem for mutual fund investors pan india to acquire new clients and grow AUM.

KYATRADE
Instant Trading Ideas, a Swipe away

Intraday Ideas

Instant stream of high conviction intraday trading ideas with end to end strategy and execution from buy to sell with targets & stop losses.

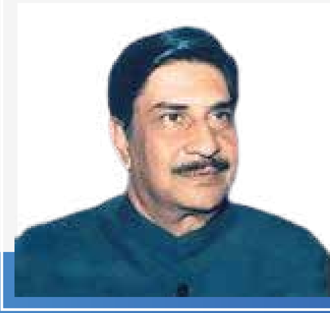
Investment Ideas

Instant stream of high conviction stock investment ideas with a 1:4 risk reward ratio & a 70% accuracy.

Samco Trustee Private Limited

Board of Directors

Ghyanendra Nath Bajpai
Independent Director



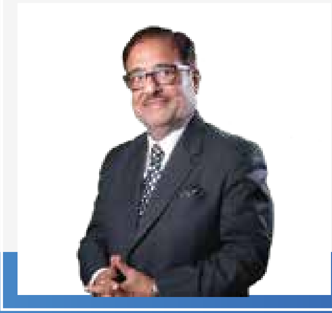
Prabhat Kumar
Independent Director

Shailesh Ramji Ghedia
Independent Director

Sanjiv J Kapur
Associate and Non - Executive Director

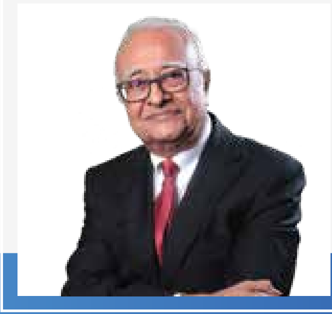
Samco Asset Management Private Limited

Board of Directors



Ashok Kacker
Independent Director

Jimeet Vipul Modi
Founder and Director



Kanu H Doshi
Associate and Non - Executive Director

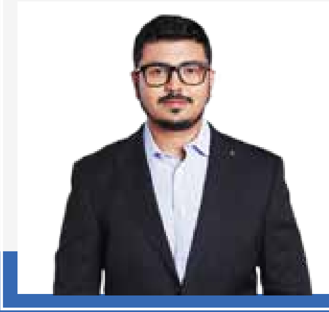
Ishwar Naik
Independent Director

Samco Asset Management Private Limited

Core Leadership Team

Viraj Gandhi
Chief Executive Officer

UmeshKumar Mehta
Chief Investment Officer



Chirag Joshi
Chief Growth Officer

Nirali Bhansali
Fund Manager - Equity

Paras Matalia
Fund Manager &
Head of Equity Research

Dhawal Dhanani
Fund Manager -
Overseas Investments

C. Balasubramanian
Company Secretary &
Compliance Officer

Sachin Shetty
Head - Operations

Sadath Ali Khan
Head - Investor Services

Samco Group

Central Leadership Team

Mahesh Morbia
Chief Finance Officer

Pratik Adani
Chief Technology Officer

Ulhas Joshi
Head - Mutual Fund Sales

Nilesh Sharma
ED and President

Zonal Head - North

Rishi Dhawan

9650311044

J&K, Himachal Pradesh, Punjab, Haryana, Uttarakhand, New Delhi, Uttar Pradesh

Zonal Head - East

Shatadru Gupta

9831614400

Bihar, Jharkhand, Odisha, West Bengal and North East

Zonal Head - South

Anantharaman

9884491997

Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Kerala

Zonal Head - Central and Rest of Maharashtra

Saumitra Bhalekar

9767906767

Rest of Maharashtra, Goa, Madhya Pradesh, Chhattisgarh

Zonal Head - Gujarat and Rajasthan

Sumit Khandelwal

9714555501

Gujarat, Rajasthan

Mumbai - Cluster Head

Girishwer Singh

9833319334

Mumbai

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Visit

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022-41708999

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Senapati Bapat Marg, Prabhadevi (West), Mumbai 400 013, India.
CIN No: U65929MH2019PTC334121

Samco Mutual Fund

SEBI Mutual Fund registration no: MF/077/21/03

SAMCO MUTUAL FUND
HEXASHIELD TESTED INVESTMENTS