



Add momentum to your goals



HDFC NIFTY200 Momentum 30 Index Fund

An open ended scheme replicating/tracking NIFTY200 Momentum 30 Index (TRI)

NFO Period:

9-23 February, 2024

HDFC Asset Management Company Limited has been managing equity Index Solutions for over 20 years.

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Why Smart Beta Investing?



Endeavors to provide better risk-adjusted returns than market cap weighted indices



Rules based & transparent
Stock selection and weightage determined by index methodology



Backed by extensive empirical research by academic researchers and index providers[^]



Popular globally



^{*}Source: ETFGI.com. Data as of Jan 2023 [#]Source: ETFGI.com. Data as of Jan 2018. Refers to Smart Beta Equity ETF/ETPs (ETPs = Exchange Traded Products). [^] Notable research papers include:

• Jegadeesh, N. and S.Titman. 1993. Returns to buying winners and selling losers: Implications for stock market efficiency. The Journal of Finance - [link](#)

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- ✓ Momentum-based Smart Beta investing involves stock selection and weighting based on the Momentum factor, rather than size (market cap) which is used for commonly followed indices like NIFTY 50
- ✓ NIFTY200 Momentum 30 Index selects top 30 stocks from the NIFTY 200 based on their Normalized Momentum Score (NMS)
- ✓ Passively managed

Factor	Index stock selection	Metrics used to define Factor
Momentum	Buy stocks which have high Normalized Momentum Score	6 and 12-month price return / Std. Deviation*

- ✓ NIFTY200 Momentum 30 Index adapts to changing market conditions as stock market winners keep changing
- ✓ This has helped the strategy to generate higher long-term returns than the NIFTY 200 TRI historically

* Annualised standard deviation of lognormal daily returns of the stock for 1 year
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Momentum	
What?	<ul style="list-style-type: none"> ☛ NIFTY200 Momentum 30 Index selects top 30 stocks from the NIFTY 200 based on their Normalized Momentum Score (NMS)
Why?	<ul style="list-style-type: none"> ☛ Momentum index adapts to changing market conditions as stock market winners keep changing ☛ The strategy has historically generated higher long-term returns than the NIFTY 200 TRI
When?	<ul style="list-style-type: none"> ☛ Markets in which trends persist i.e. stocks with positive momentum continue to rise

Parameter	NIFTY200 Momentum 30 Index
Universe / Parent Index	NIFTY 200
Eligibility criteria for the Index	Stocks with F&O and listing history > 1y are eligible
Score / Stock selection process	Normalized Momentum Score is obtained by combining: 50% 12-month Price Return + 50% 6-month Price Return, adjusted for volatility
Number of stocks	Top 30 stocks based on their Normalized Momentum Score
Weights and Capping	Stock capped at lower of 5% or 5x Free Float Market Cap weight
Portfolio Review	Semi-annual (Jun and Dec)

Source: NSE Indices Limited. * For detailed methodology, please visit the Appendix on slide 21 and www.niftyindices.com

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Simplified Illustration: Choosing high Momentum Stocks

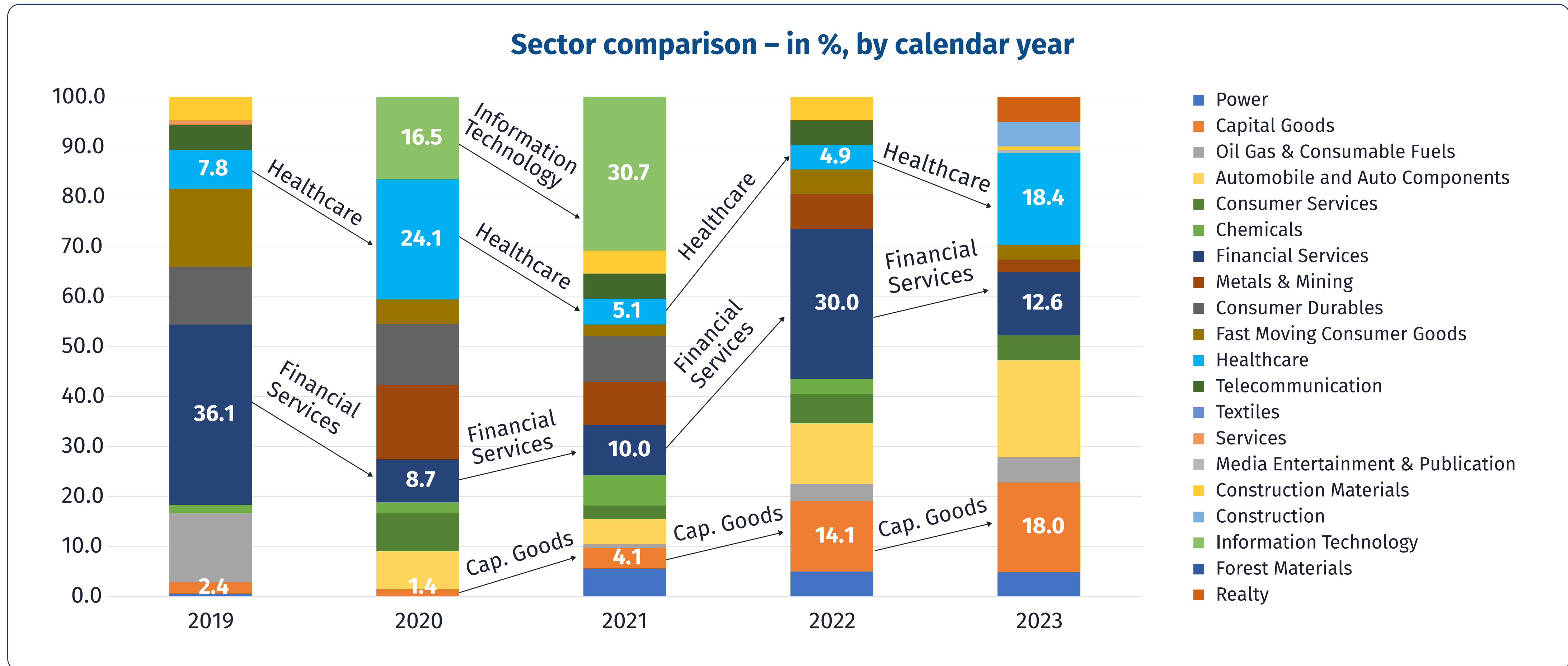
Stock	Returns		Std. Deviation of Daily Returns (12 month)	Momentum Ratio (MR)			Selection
	6 month	12 month		6 month	12 month	50% 6 month + 50% 12 month MR	
A	30%	60%	17%	1.8	3.5	2.6	Yes
B	20%	30%	25%	0.8	1.2	1.0	Yes
C	-15%	45%	21%	-0.7	2.1	0.7	No
D	10%	-15%	28%	0.4	-0.5	-0.1	No
E	-20%	-30%	35%	-0.6	-0.9	-0.7	No

The above is an illustration for educative purposes only. **HDFC AMC is not guaranteeing or forecasting stock selection.**

For detailed illustration, please see the Appendix on slide 22. For detailed methodology, please see the Appendix on slide 21 or visit www.niftyindices.com

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NIFTY200 Momentum 30 Index adapts to changing market conditions as stock market winners keep changing(1)



Source: NSE Indices Ltd. Internal calculations. Data as of December rebalance for each respective calendar year.

Past performance may or may not be sustained in the future and is not a guarantee of any future returns.

HDFC AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns or stock selection.

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NIFTY200 Momentum 30 Index adapts to changing market conditions as stock market winners keep changing(2)

Momentum in Action – Some examples

Period	Sector Index	6 month return	12 month return	Impact on NIFTY200 Momentum 30 Index
Dec-20	NIFTY IT Index	50.5%	37.2%	Increased weight to IT stocks
Dec-20	NIFTY Healthcare Index	21.2%	42.5%	Increased weight to Healthcare stocks
Dec-22	NIFTY Financial Services Index	20.8%	-0.5%	Increased weight to Financial Services stocks
Dec-22	NIFTY IT Index	15.8%	-14.8%	Decreased weight to IT stocks

Source: NSE Indices Ltd. Internal calculations.

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- ✓ The parent NIFTY 200 Index contains the largest* 100 largecaps and 100 midcaps by market cap
- ✓ The NIFTY200 Momentum 30 Index aims to track the performance of the top 30 companies within the NIFTY 200 selected based on their recent momentum
- ✓ The index is rebalanced with semi-annual frequency in June and December

Key Index Stats

	NIFTY200 Momentum 30 TRI	NIFTY 200
Price Earnings Ratio (P/E)	21.45	23.46
Price Book Ratio (P/B)	3.95	3.93
Dividend yield	1.37%	1.15%

Source: NSE Indices, internal calculations. As of Jan 31, 2024

* For detailed methodology, please visit the Appendix on slide 21 and www.niftyindices.com
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Top 10 constituents of NIFTY200 Momentum 30 Index

Company Name	Weightage (%)
Tata Motors Ltd.	5.65
REC Ltd.	5.48
Bajaj Auto Ltd.	5.46
Power Finance Corporation Ltd.	5.20
Coal India Ltd.	5.10
Dr. Reddy's Laboratories Ltd.	5.00
Hindustan Aeronautics Ltd.	4.89
Trent Ltd.	4.78
NTPC Ltd.	4.72
TVS Motor Company Ltd.	4.61
Total of Top 10 constituents	50.89

Source: NSE Indices, internal calculations. As of Jan 31, 2024

NIFTY200 Momentum 30 Index – Providing exposure to largecaps and midcaps

S.No.	Company Name	Large/ Midcap	S.No.	Company Name	Large/ Midcap
1	Bajaj Auto Ltd.	Large Cap	16	Alkem Laboratories Ltd.	Mid Cap
2	Bharat Electronics Ltd.	Large Cap	17	Aurobindo Pharma Ltd.	Mid Cap
3	Coal India Ltd.	Large Cap	18	Bharat Forge Ltd.	Mid Cap
4	DLF Ltd.	Large Cap	19	Bharat Heavy Electricals Ltd.	Mid Cap
5	Dr. Reddy's Laboratories Ltd.	Large Cap	20	Colgate Palmolive (India) Ltd.	Mid Cap
6	Hindustan Aeronautics Ltd.	Large Cap	21	Escorts Kubota Ltd.	Mid Cap
7	Larsen & Toubro Ltd.	Large Cap	22	Hero MotoCorp Ltd.	Mid Cap
8	NTPC Ltd.	Large Cap	23	Ipca Laboratories Ltd.	Mid Cap
9	Power Finance Corporation Ltd.	Large Cap	24	L&T Finance Holdings Ltd.	Mid Cap
10	Punjab National Bank	Large Cap	25	Lupin Ltd.	Mid Cap
11	Polycab India Ltd.	Large Cap	26	NMDC Ltd.	Mid Cap
12	REC Ltd.	Large Cap	27	Oberoi Realty Ltd.	Mid Cap
13	Tata Motors Ltd.	Large Cap	28	The Ramco Cements Ltd.	Mid Cap
14	Trent Ltd.	Large Cap	29	Sun TV Network Ltd.	Mid Cap
15	TVS Motor Company Ltd.	Large Cap	30	Zydus Lifesciences Ltd.	Mid Cap

Source: NSE Indices, AMFI internal calculations. As of Jan 31, 2024. Based on AMFI Classification of listed companies for the 6 months ended 31/12/2023
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NIFTY200 Momentum 30 Index – Comparative Sector Distribution

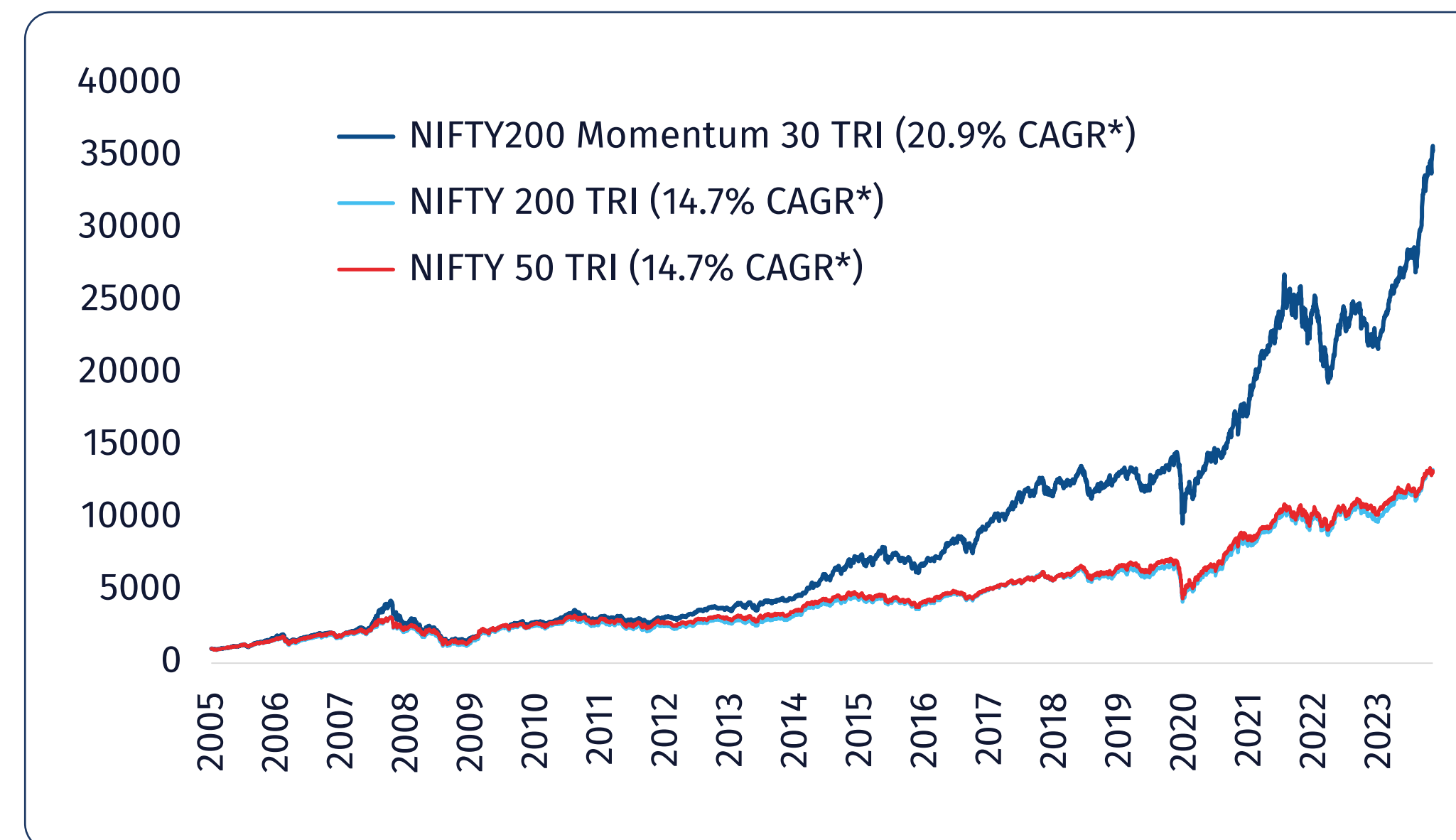
Sector	NIFTY200 Momentum 30 (%)	NIFTY 200 (%)	Differences vs Benchmark (%)
Capital Goods	17.2	3.1	14.1
Automobile and Auto Components	20.0	6.6	13.3
Healthcare	18.3	5.2	13.1
Realty	4.9	1.0	3.9
Consumer Services	4.8	2.7	2.1
Construction	4.6	3.2	1.4
Power	4.7	4.0	0.7
Media Entertainment & Publication	0.4	0.2	0.3
Textiles	0.0	0.2	-0.2
Metals & Mining	2.4	3.4	-0.1
Services	0.0	1.3	-1.3
Chemicals	0.0	1.5	-1.5
Construction Materials	0.7	2.4	-1.7
Telecommunication	0.0	2.5	-2.5
Consumer Durables	0.0	3.0	-3.0
Oil Gas & Consumable Fuels	5.1	10.4	-5.3
Fast Moving Consumer Goods	3.0	8.2	-5.2
Information Technology	0.0	11.1	-11.1
Financial Services	14.0	30.0	-16.0

Source: NSE Indices, internal calculations. As of Jan 31, 2024

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NIFTY200 Momentum 30, NIFTY 200 and NIFTY 50 TRI – Performance since inception

Return Periods	CAGR* as on Jan 31, 2024		
	NIFTY200 Momentum 30 TRI	NIFTY 200 TRI	NIFTY 50 TRI
1 year	57.2%	30.9%	24.3%
3 year	31.2%	20.4%	18.2%
5 year	23.2%	17.4%	16.3%
10 year	23.4%	16.1%	14.9%
15 year	22.8%	16.6%	15.8%
Since inception (April 01, 2005)	20.9%	14.7%	14.7%



Heatmap Key Rank 1 Rank 2 Rank 3

The NIFTY200 Momentum 30 TRI has outperformed the NIFTY 200 TRI and NIFTY 50 TRI over the last 1,3,5 and 10 years respectively

Source: NSE Indices Ltd. and internal calculations. As on Jan 31, 2024. Apr 01, 2005 has been chosen as the base date since all 3 indices have values from this date onwards. **Past performance may or may not be sustained in the future and is not a guarantee of any future returns. HDFC AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns.** *CAGR: Compounded Annual Growth Rate

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NIFTY200 Momentum 30, NIFTY 200 and NIFTY 50 TRI – FY Performance

	NIFTY200 Momentum 30 TRI	NIFTY 200 TRI	NIFTY 50 TRI	Market Situation
FY06	79.7%	63.7%	67.4%	
FY07	4.7%	11.0%	14.3%	Market peak before Global Financial Crisis
FY08	40.9%	23.5%	25.1%	
FY09	-34.9%	-38.5%	-35.4%	
FY10	62.9%	86.4%	75.3%	Recovery post Global Financial Crisis
FY11	14.1%	9.5%	12.4%	
FY12	-0.3%	-7.9%	-8.2%	
FY13	16.4%	7.6%	8.7%	
FY14	21.4%	19.3%	19.5%	
FY15	60.2%	33.1%	28.2%	
FY16	-4.4%	-6.9%	-7.8%	
FY17	40.2%	24.0%	20.2%	
FY18	21.6%	12.4%	11.8%	
FY19	11.6%	11.9%	16.4%	Narrow market with few stocks rallying
FY20	-16.4%	-26.1%	-25.0%	
FY21	62.4%	74.6%	72.5%	Recovery post COVID correction
FY22	37.7%	21.4%	20.3%	
FY23	-9.2%	-1.1%	0.6%	Impact of Fed tightening, Russia-Ukraine war
FY24YTD	59.9%	33.9%	26.4%	

Heatmap Key Rank 1 Rank 2 Rank 3

	NIFTY200 Momentum 30 TRI
Number of Financial Years*	18
Years of Outperformance over NIFTY 200 TRI	13 (72.2%)
Years of Outperformance over NIFTY 50 TRI	13 (72.2%)

Source: NSE Indices Ltd. and internal calculations. FY is Financial Year FYTD: Financial Year To Date. *Does not include data of FY24FYTD.

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NIFTY200 Momentum 30, NIFTY 200 and NIFTY 50 TRI – Rolling Returns

Return Periods	Average Rolling Returns			Std. Deviation of Rolling Returns			Return-Risk Ratio		
	NIFTY200 Momentum 30 TRI	NIFTY 200 TRI	NIFTY 50 TRI	NIFTY200 Momentum 30 TRI	NIFTY 200 TRI	NIFTY 50 TRI	NIFTY200 Momentum 30 TRI	NIFTY 200 TRI	NIFTY 50 TRI
1 year	22.6%	16.5%	16.2%	27.9%	25.9%	24.0%	0.81	0.64	0.68
3 year	17.9%	12.3%	12.3%	9.1%	7.5%	6.9%	1.98	1.64	1.77
5 year	17.9%	12.0%	11.9%	6.3%	4.8%	4.6%	2.84	2.50	2.61
10 year	18.8%	12.1%	11.9%	3.0%	2.7%	2.6%	6.37	4.50	4.62

Heatmap Key Rank 1 Rank 2 Rank 3

The NIFTY200 Momentum 30 TRI has generated higher average rolling returns over 1, 3, 5 and 10 year horizons compared to the NIFTY 200 and NIFTY 50 TRI

Source: NSE Indices Ltd. and internal calculations. Based on daily rolling returns of NIFTY200 Momentum 30 TRI, NIFTY 200 TRI and NIFTY 50 TRI. Return Period: Apr 1, 2005 to Jan 31, 2024 for the abovementioned indices, since all 3 indices have values from Apr 1, 2005 onwards. Return Risk Ratio = Average Rolling Returns/Std. Deviation of Rolling Returns. **Past performance may or may not be sustained in the future and is not a guarantee of any future returns. HDFC AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns.**

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Presenting
**HDFC NIFTY200
Momentum 30
Index Fund**

An Open-ended scheme
replicating/tracking the NIFTY200
Momentum 30 (TRI)



Growth Potential

Endeavors to provide better risk-adjusted returns than market cap weighted indices. Parent index NIFTY 200 consists of large and midcaps



Rules based & transparent

Stock selection and weightage determined by index methodology



Dynamic Strategy

NIFTY200 Momentum 30 Index adapts to changing market conditions as stock market winners keep changing



Lower Cost

Ideal vehicle for long-term investment due to lower expense ratios

The HDFC NIFTY200 Momentum 30 Index Fund could be suitable for investors who:

- ✓ Prefer low-cost index exposure to the Momentum factor, which endeavors to outperform broad market indices
- ✓ Have a high volatility tolerance

Key Risks

- ✓ Index constituents are selected based on their recent 6-month and 12-month performance. Recent trends may or may not sustain in the future
- ✓ Trends may reverse abruptly, affecting performance in the short term until the portfolio adjusts to new market conditions
- ✓ Historically, the index has exhibited higher volatility of returns than broad market indices like the NIFTY 200, NIFTY 50 etc.
- ✓ Sectoral concentration may be higher as compared to broad market indices
- ✓ The above list of risks is not exhaustive. Please read all scheme related documents carefully



Trusted for 20 in Index Solutions

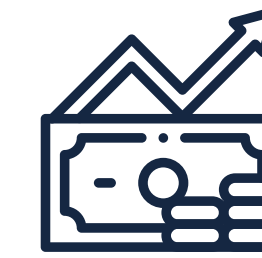
HDFC AMC has been a trusted fund manager in Index Solutions for 20+ years



Wide Product Range

19 ETFs, 17 Index Funds & 3 FoFs including:

- ✓ Market-cap based – 7 ETFs and 7 Index Funds
- ✓ Sector based – 4 ETFs
- ✓ Smart Beta based – 5 ETFs and 2 Index Funds
- ✓ Commodities – 2 ETFs and 2 Fund of Funds
- ✓ Debt – 8 Index Funds, 1 ETF
- ✓ International – 1 Fund of Fund



One of the largest funds across several categories:

- ✓ Market-cap based Index Funds
- ✓ Commodity ETFs with over 12+ years of history
- ✓ Smallcap ETF category

	HDFC NIFTY200 Momentum 30 Index Fund
Type of Scheme	An open ended scheme replicating/tracking NIFTY200 Momentum 30 Index (TRI)
Investment Objective	To generate returns that are commensurate (before fees and expenses) with the performance of the NIFTY200 Momentum 30 Index TRI (Underlying Index), subject to tracking error. There is no assurance that the investment objective of the Scheme will be realized.
Fund Manager	Mr. Nirman Morakhia and Mr. Arun Agarwal
Benchmark Index	NIFTY200 Momentum 30 Total Returns Index (TRI)
Entry / Exit Load	Nil
Min. Investment Amount	During NFO Period and continuous offer period (after scheme re-opens for repurchase and sale): Purchase and additional purchase: Rs. 100 and any amount thereafter Note: Allotment of units will be done after deduction of applicable stamp duty and transaction charges, if any.

Under normal circumstances, the asset allocation (% of Net Assets) of the Scheme’s portfolio will be as follows:

Types of Instruments	Minimum Allocation (% of Total Assets)	Maximum Allocation (% of Total Assets)	Risk Profile
Securities covered by NIFTY200 Momentum 30 Index	95	100	Very High
Debt Securities & Money Market Instruments, units of Debt Schemes of Mutual Funds@	0	5	Low to Medium

@ investments will be made Cash or cash equivalents i.e. Government Securities, T-Bills and Repo on Government Securities, units of Liquid and Overnight Mutual Fund Schemes for liquidity purposes.

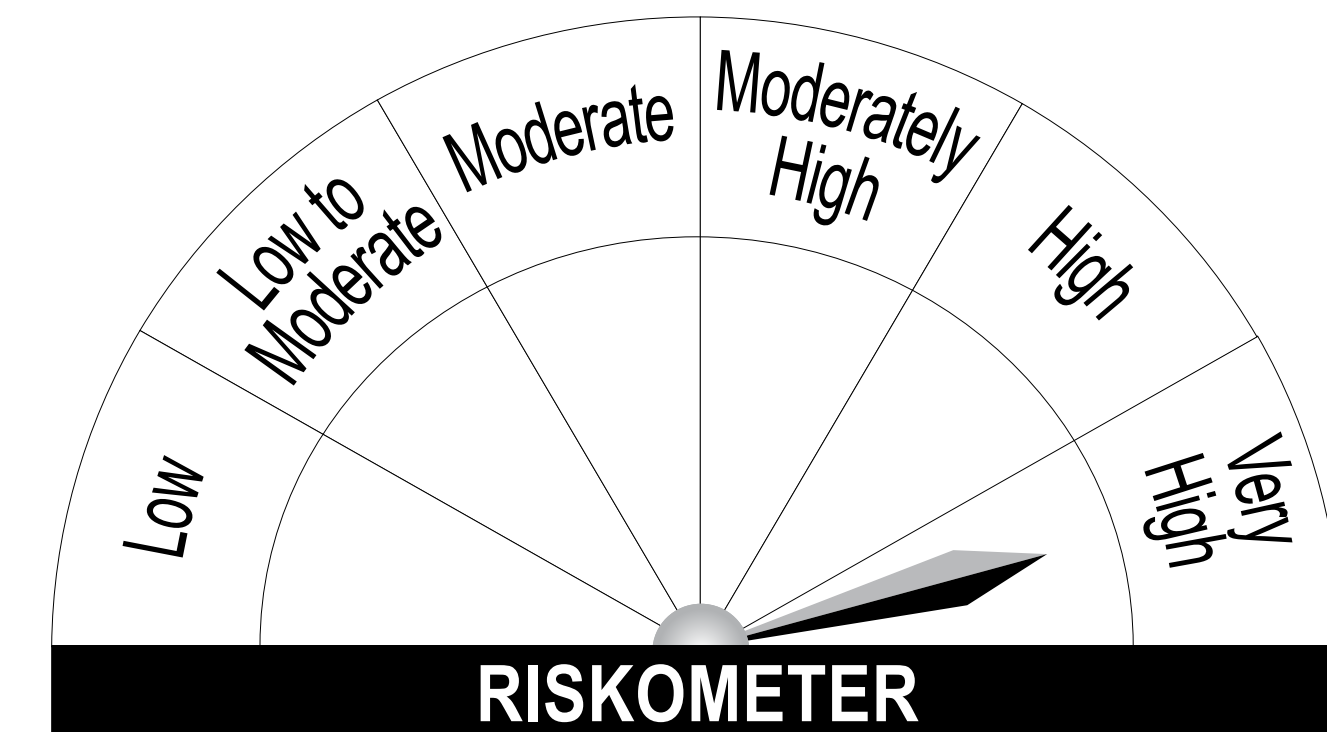
This product is suitable for investors who are seeking*:

- Returns that are commensurate (before fees and expenses) with the performance of the NIFTY200 Momentum 30 Index (TRI), over long term, subject to tracking error.
- Investment in equity securities covered by the NIFTY200 Momentum 30 Index

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

#The product labeling assigned during the 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.

Riskometer#



RISKOMETER
Investors understand that their principal will be at very high risk

Parameter	NIFTY200 Momentum 30 Index
Universe / Parent Index	NIFTY 200
Eligibility criteria for the Index	Stocks with F&O and listing history > 1y are eligible
Metrics used to define factor	<p>12 month Momentum Ratio (MR12) = 12 month Price return / σ_p</p> <p>6 month Momentum Ratio (MR6) = 6 month Price return / σ_p</p> <p>Where Std.Deviation (σ_p) : Annualized standard deviation of lognormal daily returns of the stock for 1 year</p>
Score / Stock selection process	<p>Weighted Average Z score is calculated for each eligible stock as follows: Weighted Average Z Score = 50% x (12 month Momentum Z Score) + 50% x (6 month Momentum Z Score)</p> <p>Normalized Momentum Score is then calculated as Normalized Momentum Score = (1+ Wgt. Average Z score) if Wgt. Average Z score ≥ 0, (1- Weighted Average Z score)⁻¹ if Wgt. Average Z score < 0</p>
Number of stocks	Top 30 stocks based on their Normalized Momentum Score
Weights and Capping	<p>Weight = Normalized Momentum Score x FFMCap</p> <p>Stock capped at lower of 5% or 5x FFMCap weight</p>
Portfolio Review	Semi-annual (Jun and Dec)

Source: NSE Indices Limited. * For detailed methodology, please visit www.niftyindices.com

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Appendix – Simplified Illustration: Choosing high Momentum Stocks

Stock	Returns		Std. Deviation of Daily Returns (12 month)	Momentum Ratio (MR)			Z-Score			Normalized Momentum Score	Selection
	6 month	12 month		6 month	12 month	Combined 6 & 12 month MR	6 month	12 month	Weighted Avg. Z-Score		
A	30%	60%	17%	1.8	3.5	2.6	1.6	1.5	1.5	2.5	Yes
B	20%	30%	25%	0.8	1.2	1.0	0.5	0.1	0.3	1.3	Yes
C	-15%	45%	21%	-0.7	2.1	0.7	-1.1	0.6	-0.3	0.8	No
D	10%	-15%	28%	0.4	-0.5	-0.1	0.0	-1.0	-0.5	0.7	No
E	-20%	-30%	35%	-0.6	-0.9	-0.7	-1.0	-1.2	-1.1	0.5	No

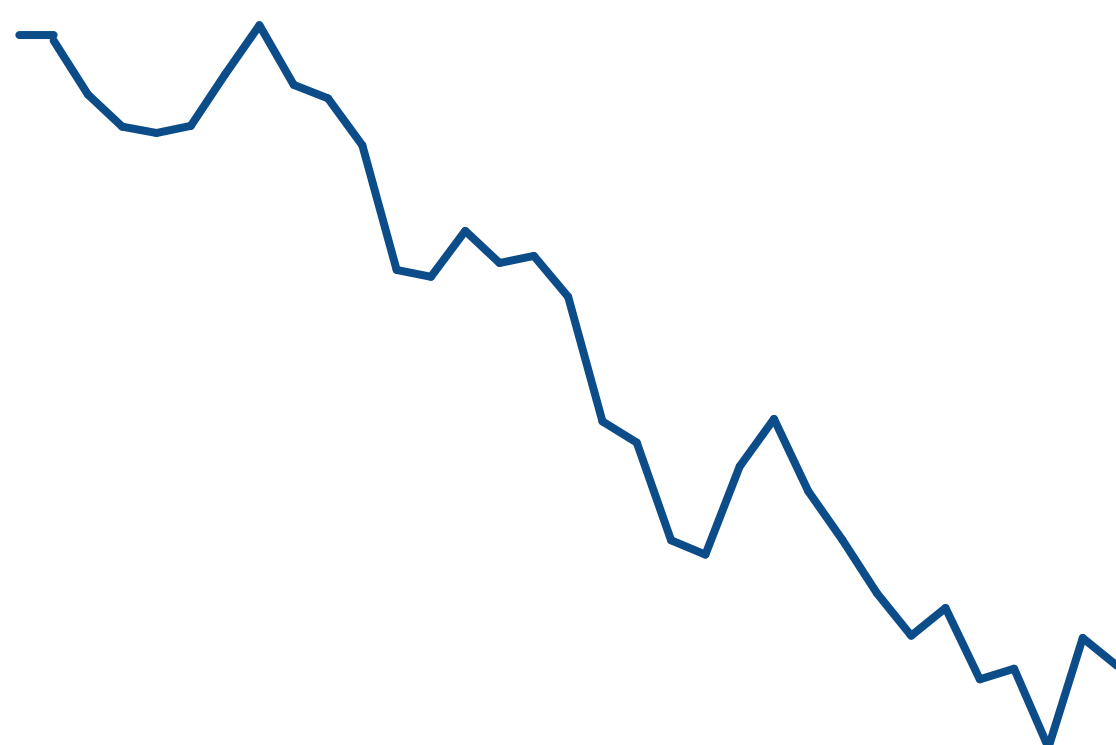
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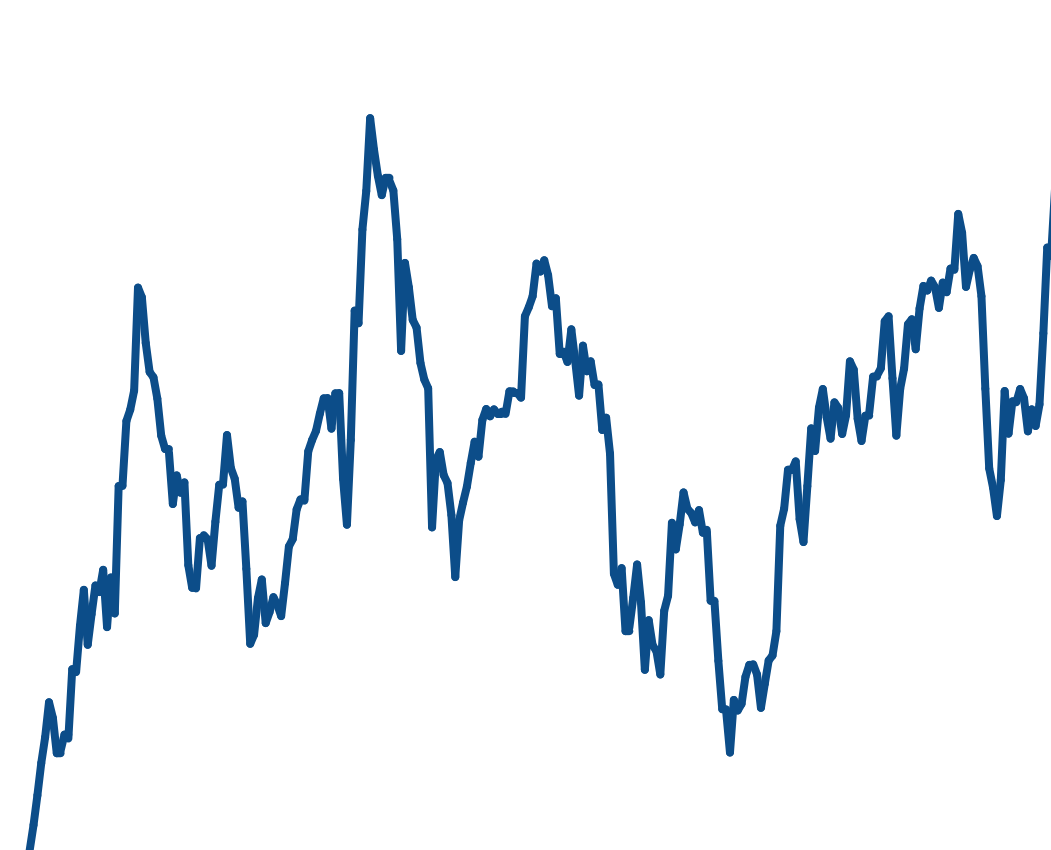
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Appendix – Stylized Illustration: Choosing a portfolio of high momentum stocks with less volatility

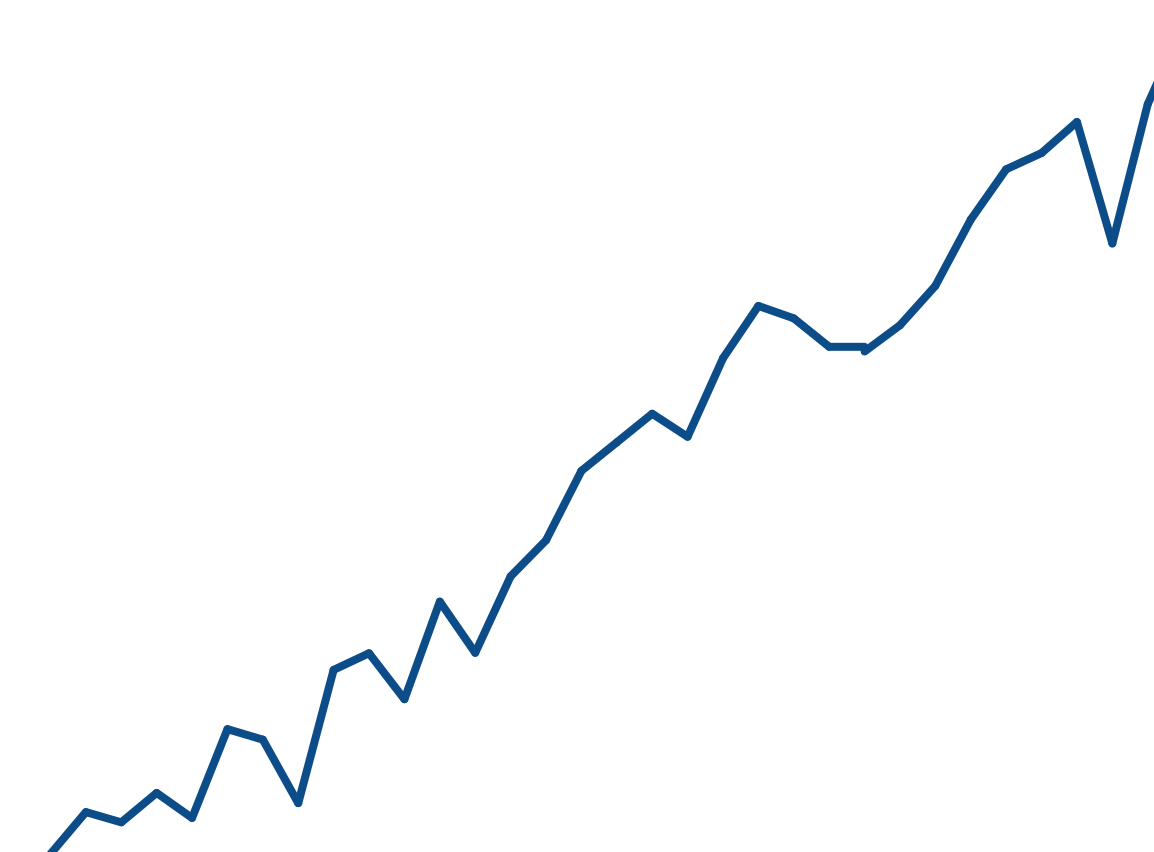
Downtrend ✘



Volatile uptrend ✘



Less volatile uptrend ✔



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Thank You