

Exceptional & Rich India 100™ Factsheet

AS OF JANUARY 13, 2023

Description

Exceptional & Rich India 100 Index [E&R India 100] has been created to improve the statistical and scientific design flaws of the market capitalization methodology used in the S&P BSE 100, which is widely regarded as the best single gauge of large-cap India equities. Unlike market capitalization methodology which is risk-increasing and return-reducing owing to its concentration, the E&R is designed to own 100 large-cap Indian equities, and deliver higher risk-weighted excess returns while maintaining low tracking error vs. the S&P BSE 100.

Index Attributes

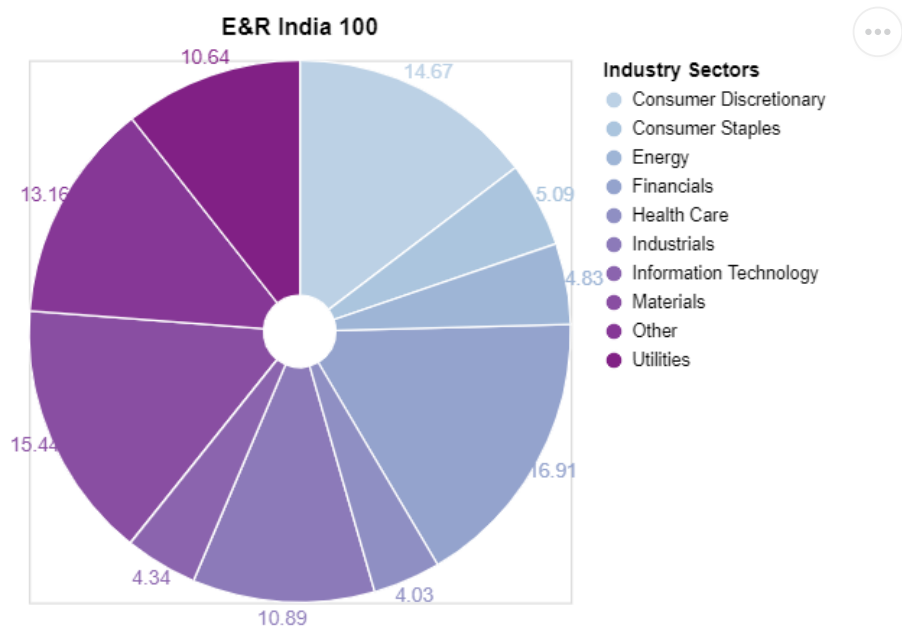
Launched on January 3, 2023, the E&R India 100 leads a new generation of Smart Beta Indices that electronically delivers investable fund processes direct to Institutional and Individual investors. The lack of secondary market delivery is an essential attribute for the Index as it reduces the overall systematic risk inherent in Exchange Traded Funds today and allow the final investor to only pay-for-alpha above the S&P BSE 100.

Methodology

The methodology is based on a modern science innovation, which uses Reversion-Divergence framework to dynamically score, weight and rebalance components in a group to deliver higher risk-weighted excess returns. The method removes the conflict between Efficient and Inefficient market thinking, statistically normal and non-normal behavior, or in simple terms the conflict between Value and Growth investing. The methodology is not Size biased, and obviates the need for concentration and running after winners but rather adopts a slower weight readjustment compared to the S&P BSE 100.

1. Exceptional & Rich India 100 - Inception date January 2007

1.1. Sector Breakdown

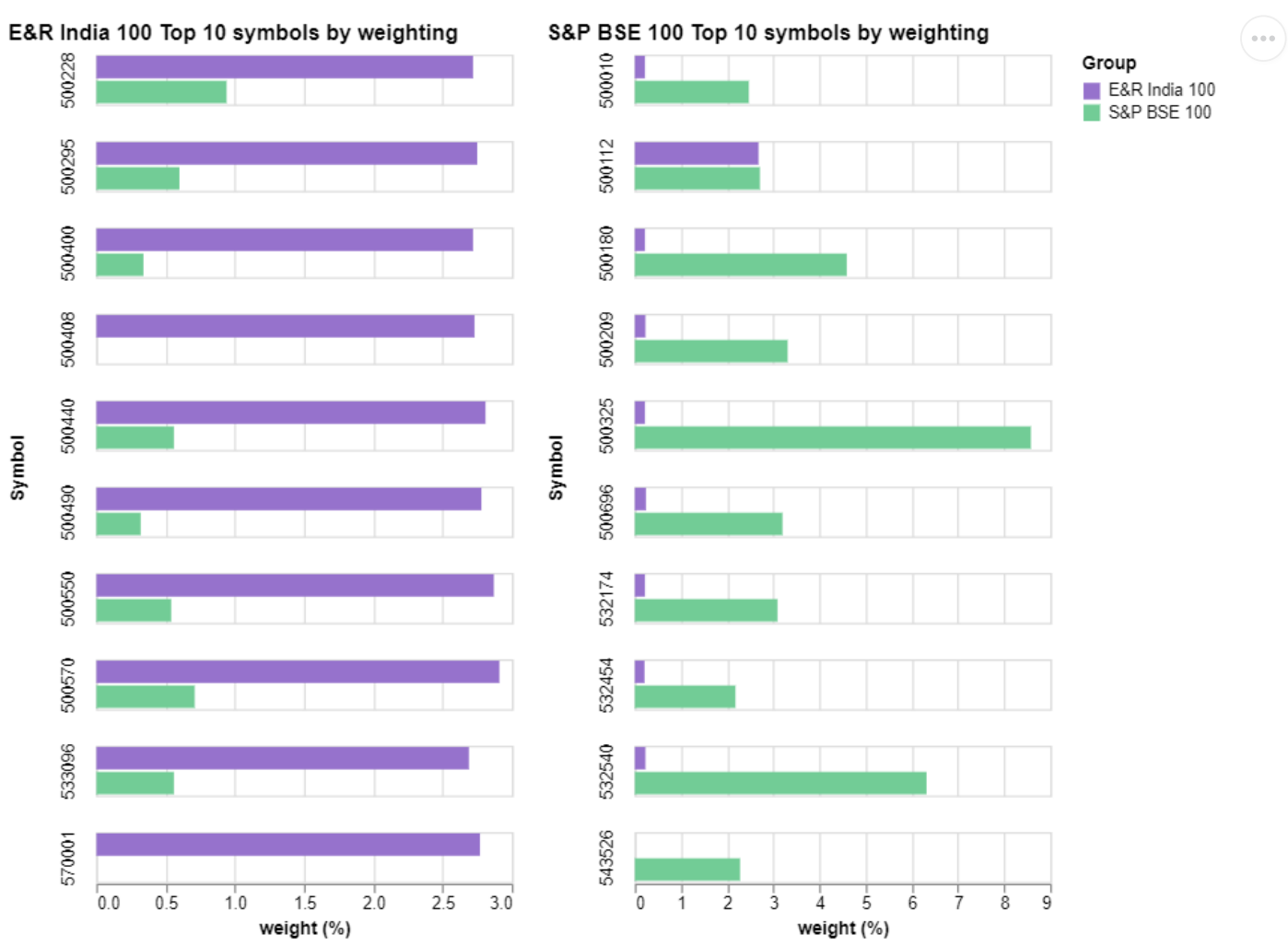


1.2. Top 10 Components

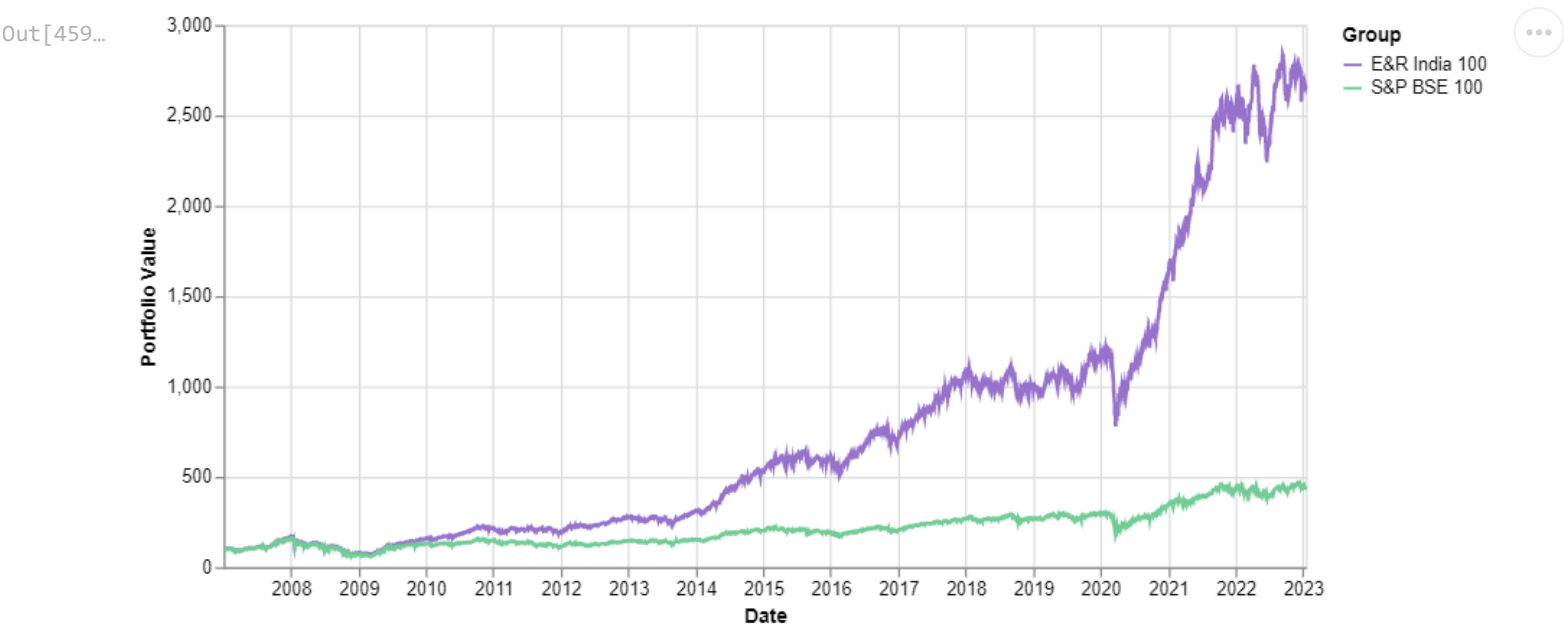
Out[457...

	Nr./Symbol	Name	Current Price	P&L(%)	E&R India 100 Proportion(%)
1	500570	Tata Motors Limited	415.25	5.39	2.91
2	500550	Siemens Ltd	2944.10	3.77	2.87
3	500440	Hindalco Indust	487.95	1.66	2.81
4	500490	Bajaj Hold	5695.65	0.59	2.78
5	570001	Tata Motors Ltd Dvr	213.05	0.38	2.77
6	500295	Vedanta Limited	317.50	-0.63	2.75
7	500408	Tata Elxsi	6253.00	0.99	2.73
8	500228	J S W Steel	757.10	-1.43	2.72
9	500400	Tata Power Co. Ltd	207.60	-1.73	2.72
10	533096	Adani Power	281.80	-0.56	2.69

1.3. Top 10 Comparisons



1.4. Performance Plot Since January 2007

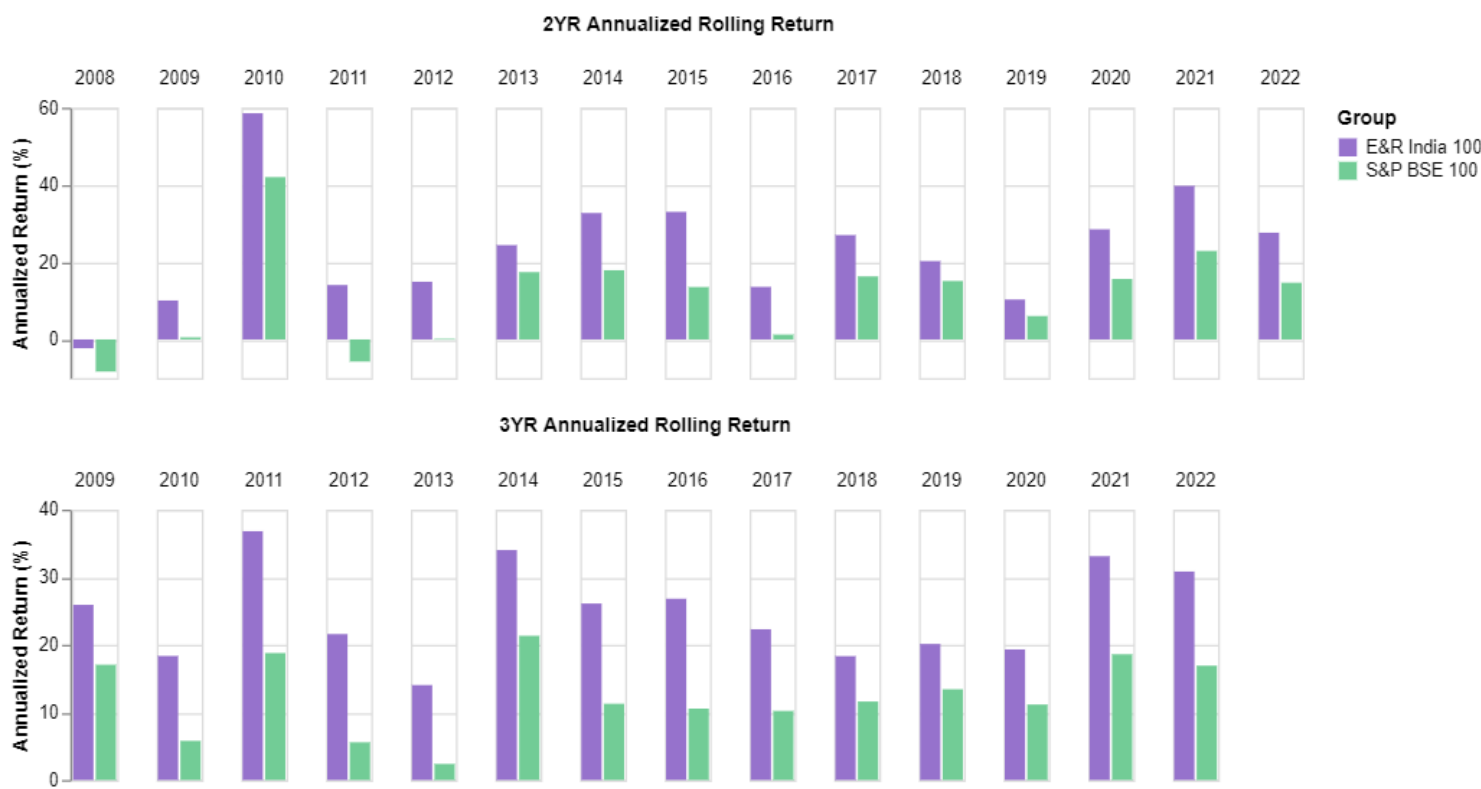


1.5. Performance Metrics

The table illustrates the performance across various parameters. The Performance (%) of Portfolio from different starting points, Current portfolio value of the funds invested at inception, Annualized (%) Returns, Annualized Standard Deviation (%), Average Tracking Error (%) and Average Information Ratio (%).

Nr./Name		E&R India 100	S&P BSE 100
1	Performance (%) since January 2008	1462.44	182.24
2	Performance (%) since January 2013	861.94	206.99
3	Performance (%) since January 2018	148.20	66.32
4	Performance (%) since January 2023	-0.82	-0.91
5	Current Portfolio Value (Invested in January 2007)	2659.40	446.18
6	Annualized (%) Return (Since January 2007)	22.68	9.77
7	Annualized Std. Deviation (%)	19.44	21.26
8	Average Tracking Error (%)	7.24	-
9	Average Information Ratio (%)	1.69	-

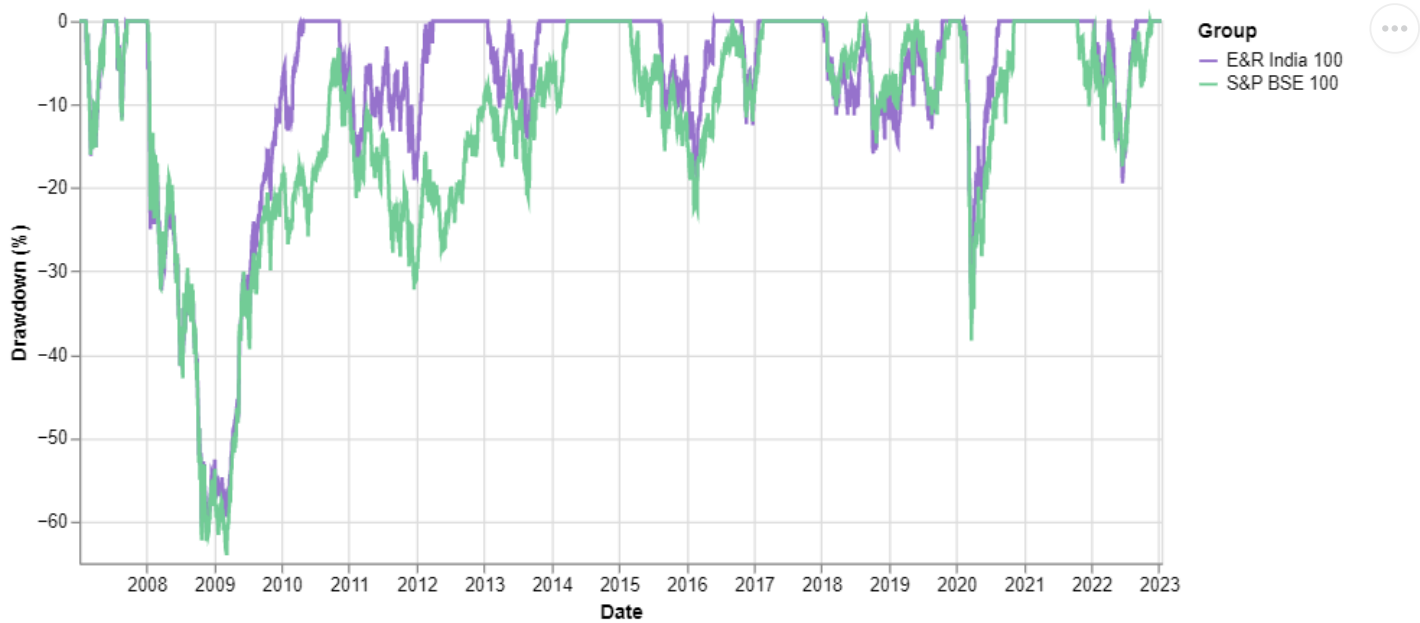
1.6. Annualized Rolling Return



1.7. Drawdown Analysis

A daily time series plot illustrating drawdowns of more than 10% from peak equity.

Out[462...



Out[463...

	Nr./Portfolio Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	8-Feb-07	22-May-07	-16.10	103
2	-	23-Jul-07	18-Sep-07	-11.54	57
3	-	4-Jan-08	5-Apr-10	-60.37	822
4	-	9-Nov-10	14-Mar-12	-18.96	491
5	-	21-Jan-13	16-May-13	-10.01	115
6	-	17-May-13	29-Oct-13	-14.16	165
7	-	6-Aug-15	1-Jun-16	-18.87	300
8	-	24-Oct-16	27-Jan-17	-12.56	95
9	-	8-Jan-18	27-Aug-18	-11.21	231
10	-	31-Aug-18	18-Oct-19	-15.98	413
11	-	7-Feb-20	19-Aug-20	-35.69	194
12	-	17-Jan-22	4-Apr-22	-12.35	77
13	-	11-Apr-22	8-Sep-22	-19.55	150
14	-	15-Sep-22	28-Feb-23	-13.35	166

Out[464...

	Nr./Benchmark Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	7-Feb-07	22-May-07	-16.05	104
2	-	24-Jul-07	19-Sep-07	-11.97	57
3	-	7-Jan-08	28-Mar-14	-63.85	2272
4	-	3-Mar-15	6-Sep-16	-22.57	553
5	-	8-Sep-16	21-Feb-17	-12.05	166
6	-	23-Jan-18	30-Jul-18	-10.21	188
7	-	28-Aug-18	27-May-19	-14.70	272

	Nr./Benchmark	Drawdowns (%)	Start date	End date	Maximum (%)	Days
8		-	3-Jun-19	28-Nov-19	-11.28	178
9		-	17-Jan-20	9-Nov-20	-38.32	297
10		-	18-Oct-21	25-Nov-22	-17.22	403

Bibliography

[1] Matia, Kaushik and Pal, Mukul and Stanley, H. Eugene and Salunkay, H., Scale-Dependent Price Fluctuations for the Indian Stock Market. EuroPhysics Letters, Aug 2003

[2] M. Pal, M. Shah, A. Mitroi, Temporal Changes in Shiller’s Exuberance Data, SSRN, Feb 2011

[3] M. Pal, Mean Reversion Framework, SSRN, May 2015

[4] M. Pal, Markov and the Mean Reversion Framework, SSRN, May 2015

[5] M. Pal, Momentum and Reversion, Aug 2015

[6] M. Pal, What is Value, SSRN, Sep 2015

[7] M. Pal, M. Ferent, Stock Market Stationarity, SSRN, Sep 2015

[8] M. Pal, Reversion Diversion Hypothesis, SSRN, Nov 2015

[9] M. Pal, How Physics Solved your wealth problem, SSRN, Oct 2016

[10] M. Pal, Human AI, SSRN, Jul 2017

[11] M. Pal, The Size Proxy, Aug 2017

[12] M. Pal, The Beta Maths, SSRN, Mar 2017

[13] Maureen, O. Bhattacharya, A. ETFs and Systematic Risk. CFA Research Institute, Jan 2020

[14] M. Pal, [3N] model of life, SSRN, Apr 2021

[15] M. Pal, The S&P 500 Myth, SSRN, Jul 2022

[16] M. Pal, The Snowball Effect, SSRN, Jul 2022

[17] M. Pal, Mechanisms of Psychology, SSRN, Jun 2022


AlphaBlock Research:

Mukul Pal
mukul@alphablock.org

Florina Pal
florina@alphablock.org

Patricia Ratiu
patricia@alphablock.org

Ciprian Tiric
ciprian.tiric@alphablock.org

Visit our GitHub repository: 

contact@alphablock.org

CONFIDENTIALITY NOTICE: The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it, It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this email and then delete it from your system. We are neither liable for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt.
