

Exceptional & Rich BSE 29™ Factsheet

Inception date April 2023

Description

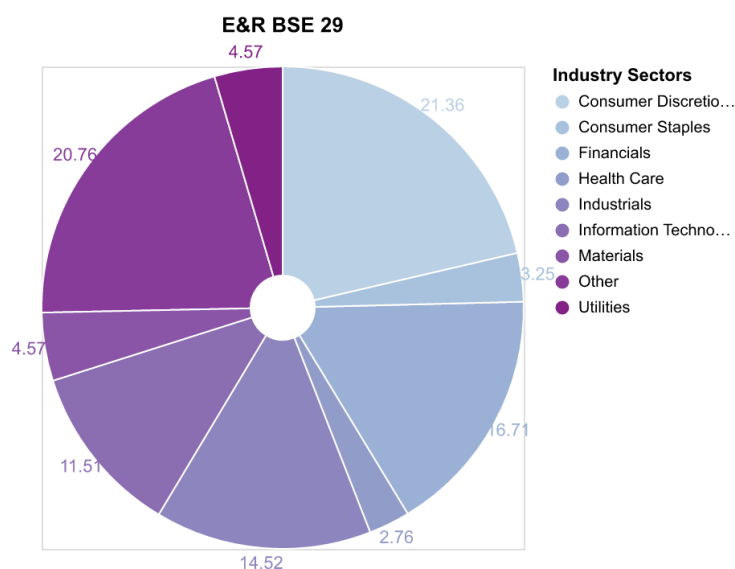
Exceptional & Rich BSE 29 Index [BSE 29] has been created to improve the statistical and scientific design flaws of the market capitalization methodology used in the S&P BSE Mid Cap Index, which is widely regarded as the best single gauge of large-cap India equities. Unlike market capitalization methodology which is risk-increasing and return-reducing owing to its concentration, the E&R is designed to own 29 large-cap India equities, and deliver higher risk-weighted excess returns while maintaining low tracking error vs. the S&P BSE Mid Cap Index.

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 Mid Cap Index.

1. Exceptional & Rich BSE 29

1.1. Sector Breakdown (percentage)

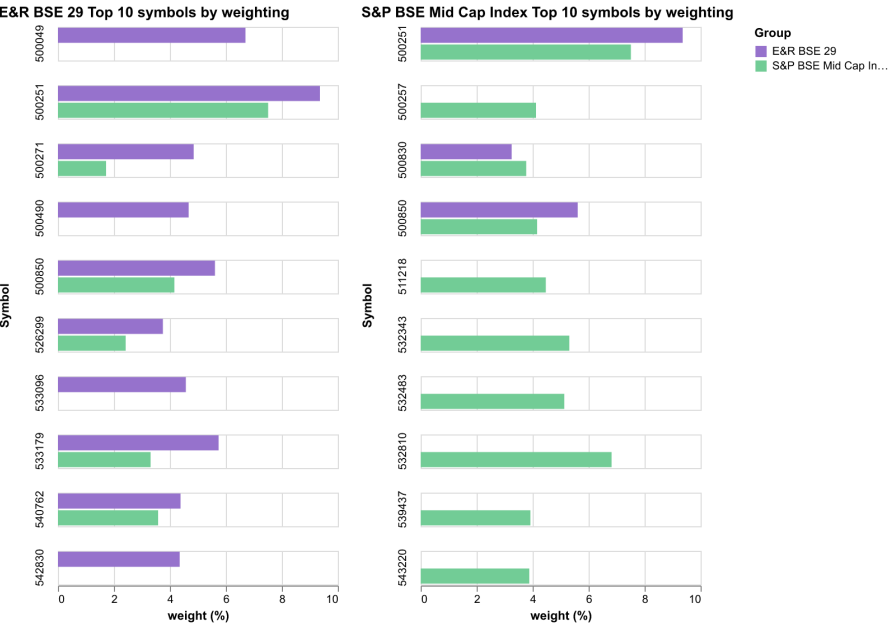


1.2. Top 10 Components

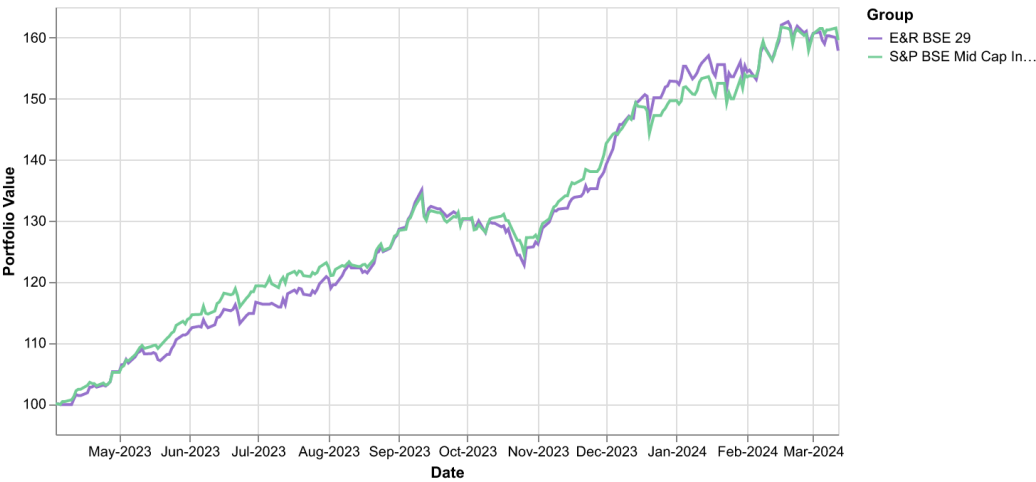
	Nr./Symbol	Name	Current Price	P&L(%)	E&R BSE 29 Proportion(%)
1	500251	Trent Ord Shs	4009.65	2.37	9.36
2	500049	Bharat Electronics Ltd	204.35	46.86	6.70
3	533179	Persistent Systems Ord Shs	8202.95	26.97	5.74
4	500850	Indian Hotels Ord Shs	568.65	25.91	5.61
5	500271	Max Financial Services Limited	978.75	54.30	4.85
6	500490	Bajaj Holdings And Investment Ord Shs	8579.00	23.10	4.67
7	533096	Adani Power Ord Shs	555.85	-1.10	4.57
8	540762	Tube Investment of India Ltd	3544.75	10.78	4.38
9	542830	Indian Railway Catering and Tourism Corporation Ltd	920.65	-1.87	4.35
10	526299	Mphasis Ord Shs	2425.85	-2.63	3.75

*In case components hit maximum weight constraints they are rebalanced back to lower inception weights.

1.3. Top 10 Comparisons



1.4. Performance Plot Since April 2023



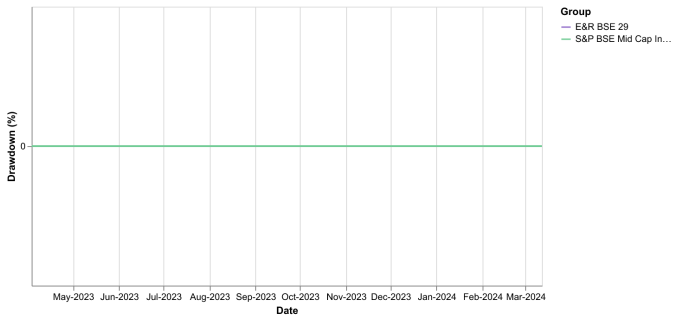
1.5. Performance Metrics

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 BSE 29	S&P BSE Mid Cap Index
1	Performance (%) since January 2024	3.31	6.62
2	Current Portfolio Value (Invested in April 2023)	157.86	159.59
3	Annualized (%) Return (Since April 2023)	62.32	64.21
4	Annualized Std. Deviation (%)	12.41	11.6
5	Average Tracking Error (%)	4.38	-
6	Average Information Ratio (%)	-0.16	-

1.6. Drawdown Analysis

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



Nr./Portfolio Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	-	-	-

Nr./Benchmark Drawdowns (%)	Start date	End date	Maximum (%)	Days
1	-	-	-	-

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
- [18] M. Pal, The [3N] model of life, SSRN, Feb 2023
- [19] M. Pal, R. Fenesi, O.D. Cigan, A.G. Berciu, R.C. Tiric, F. Pal, D. Todor, E.H. Dulf, Revolutionizing Active Investing With Machine Learning, SSRN, Jan 2024
- [20] M. Pal, R.C. Tiric, F. Pal, Machine Beta, Statistical Factors, Non-Linear Mechanisms And The [3N] Methodology, SSRN, Jan 2024



AlphaBlock Research:

Mukul Pal

mukul@alphablock.org

Florina Pal

florina@alphablock.org

Bianca Bradea

bianca.bradea@alphablock.org

Ciprian Tiric

ciprian.tiric@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.



alphablock



241 Renforth Drive, Toronto, M9C 2K8, Ontario, Canada



contact@alphablock.org