

GOOD MOVES START SMALL



Tata Small Cap Fund aims to invest in stocks of companies that are in growth mode and have a potential to make it big in the market.

TATA **SMALL CAP FUND**

(An open ended equity scheme predominantly investing in small cap stocks)

NFO opens: 19th October, 2018 | NFO closes: 2nd November, 2018

This product is suitable for investors who are seeking*:

- Long Term Capital Appreciation.
- Predominant investment in equity/equity related instruments of small cap companies.

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



Investors understand that their principal will be at Moderately High risk

Small Cap Universe:

As per the new SEBI regulation, based on 6-month average market capitalization of companies across recognized stock exchanges, the definitions are as below:

- **Large Cap:** 1st-100th company in terms of full market capitalization
- **Mid Cap:** 101st-250th company in terms of full market capitalization
- **Small Cap:** 251st company onwards in terms of full market capitalization

With more than 5,000 listed stocks in the Indian market, the Small Cap universe post the new SEBI categorization has widened, as Large and Mid Cap companies comprise only the top 250 stocks.

The rest is an opportunity set for Small Cap investments.

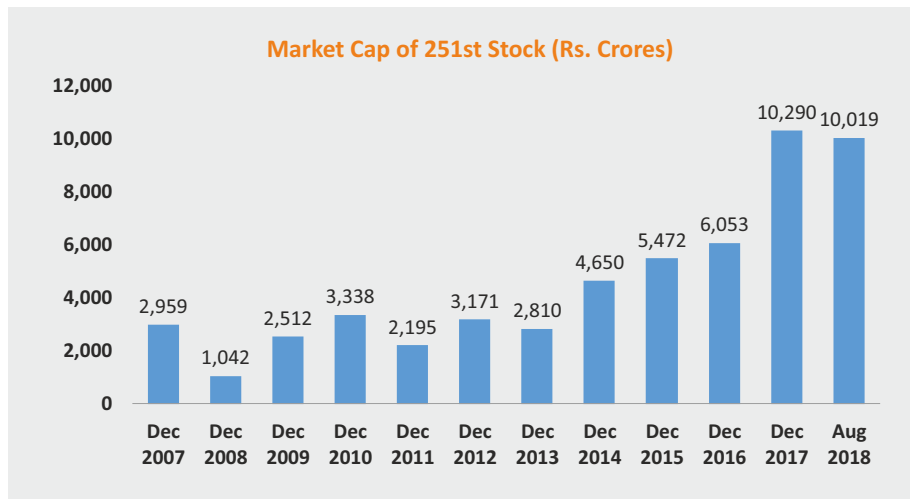
Market Cap Classification



Small Cap Opportunity

1. Small is getting bigger:

In the last decade, India has seen a consistent growth year-on-year. Further, the structural long-term growth story of India remains intact. Small Cap stocks have also grown significantly in this time frame. The market cap of the 251st stock since 2007 has multiplied ~3x times till Aug 2018. This market cap has potential to keep growing in coming years and small will get bigger and bigger!



Market Cap of Stocks on BSE. Data Source - Capitaline

2. SEBI Categorization:

- SEBI last year specified the Market cap definition to be followed by Mutual Funds
- Simultaneously, SEBI also specified, minimum Large Cap and Midcap Exposure for Large & Midcap funds
- These measures acted as a catalyst for overheated markets, leading to fund portfolios shifting small cap allocations to large & mid-caps, accentuating the correction especially in the small cap segment of the markets
- Small Caps are currently overlooked and hence, there is a potential opportunity for long term investors

3. Small Caps – Breeding Ground for Multi baggers

Small caps compared to Large and Mid-caps have a higher spectrum to grow in every aspect of a business. Over time, a fundamentally strong small cap business has a potential to grow multi-fold in terms of their market cap and become a formidable business entity, rewarding their stakeholders.

Small Caps - Breeding Ground for Multi Baggers (As on August 31, 2018)					
Current Market Cap Bands	Large Cap	Mid Cap	Small Cap - Above 5000 Cr	Small Cap - Between 2501 Cr to 5000 Cr	Small Cap - Between 1000 Cr to 2500 Cr
Upto 25% Return	20	29	20	34	50
26% to 50% Return	5	9	2	3	6
51% to 100% Return	11	16	6	20	13
1x to 5x	52	59	52	55	111
6x to 10x	5	17	6	17	30
Above 10x	2	12	16	25	38
Upto -25% Return	4	5	1	6	8
-26% to -50% Return		3	2	6	5
-51% to -100% Return	1		3	7	5
Total	100	150	108	173	266

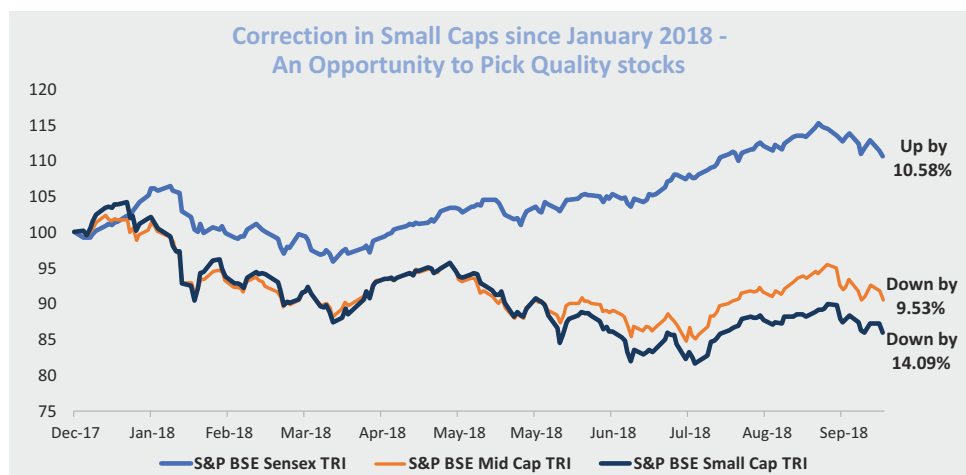
* 5 Year Returns as on 31st August 2018. Data Source – Bloomberg. Market Cap definition is as per SEBI Circular dated October 6 2017 on categorization and rationalization of Mutual Fund schemes.

Small Caps - Breeding Ground for Multi Baggers (As on January 31, 2018)					
Current Market Cap Bands	Large Cap	Mid Cap	Small Cap - Above 5000 Cr	Small Cap - Between 2501 Cr to 5000 Cr	Small Cap - Between 1000 Cr to 2500 Cr
Upto 25% Return	56	59	40	47	69
26% to 50% Return	26	37	36	45	89
51% to 100% Return	5	21	21	40	48
1x to 5x		2		1	11
Upto -25% Return	3	8	9	19	22
-26% to -50% Return			1	1	3
Total	90	127	107	153	242

* 5 Year Returns as on 31st January 2018. Data Source – Bloomberg. Market Cap definition is as per SEBI Circular dated October 6 2017 on categorization and rationalization of Mutual Fund schemes.

4. Valuations:

Recent market valuations suggest potential investment opportunities in Small caps. Small cap index valuations have corrected ~14%, since January 2018, as compared to a correction of ~10% in both large and mid-cap indices. Further, the range of correction in individual small cap stocks is higher than the represented small cap index.



* 4Q Trailing PE Data Source – NSE.COM. As on 18th September 2018

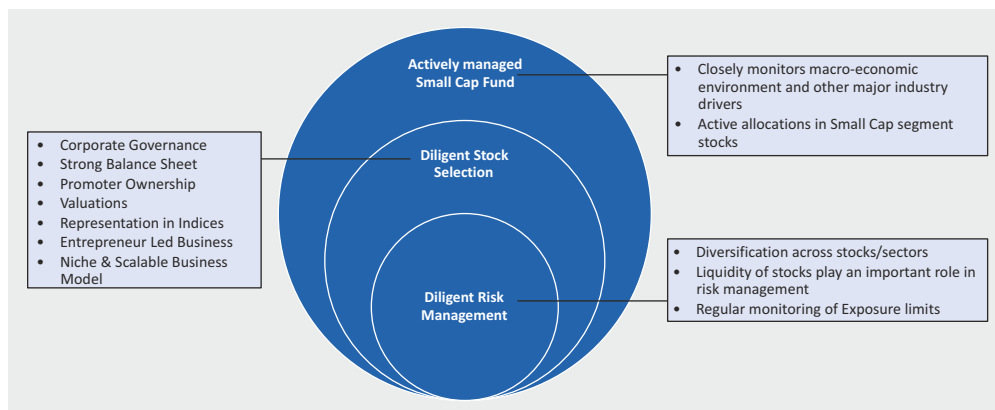
5. Under Researched Potential:

Small cap stocks are widely under researched, potentially ignoring the opportunities provided in the small cap segment.



As on 31st August 2018. Data Source – Bloomberg. About 8 Midcap Stocks as per SEBI Classification are part of Nifty Small Cap 250 Index

Why Tata Small Cap Fund?



Scheme Details:

Scheme Name	TATA SMALL CAP FUND
NFO Dates	Opens on 19th October 2018. Closes on 2nd November 2018
Investment Objective	The investment objective of the scheme is to generate long term capital appreciation by predominantly investing in equity and equity related instruments of small cap companies.
Fund Manager	Chandraprakash Padiyar
Benchmark	Nifty Small cap 100 TRI Index
Min. Investment Amount	Rs. 5,000/- and in multiple of Re.1/- thereafter
Load Structure	Entry Load: Nil; Exit Load: 1% of the applicable NAV, if redeemed or switch out from the scheme on or before expiry of 24 Months from the date of allotment of units.
Plans & Options	Regular & Direct Plans with Growth & Dividend Options

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