

# TATA

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## SMALL CAP FUND

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



## GOOD MOVES START SMALL

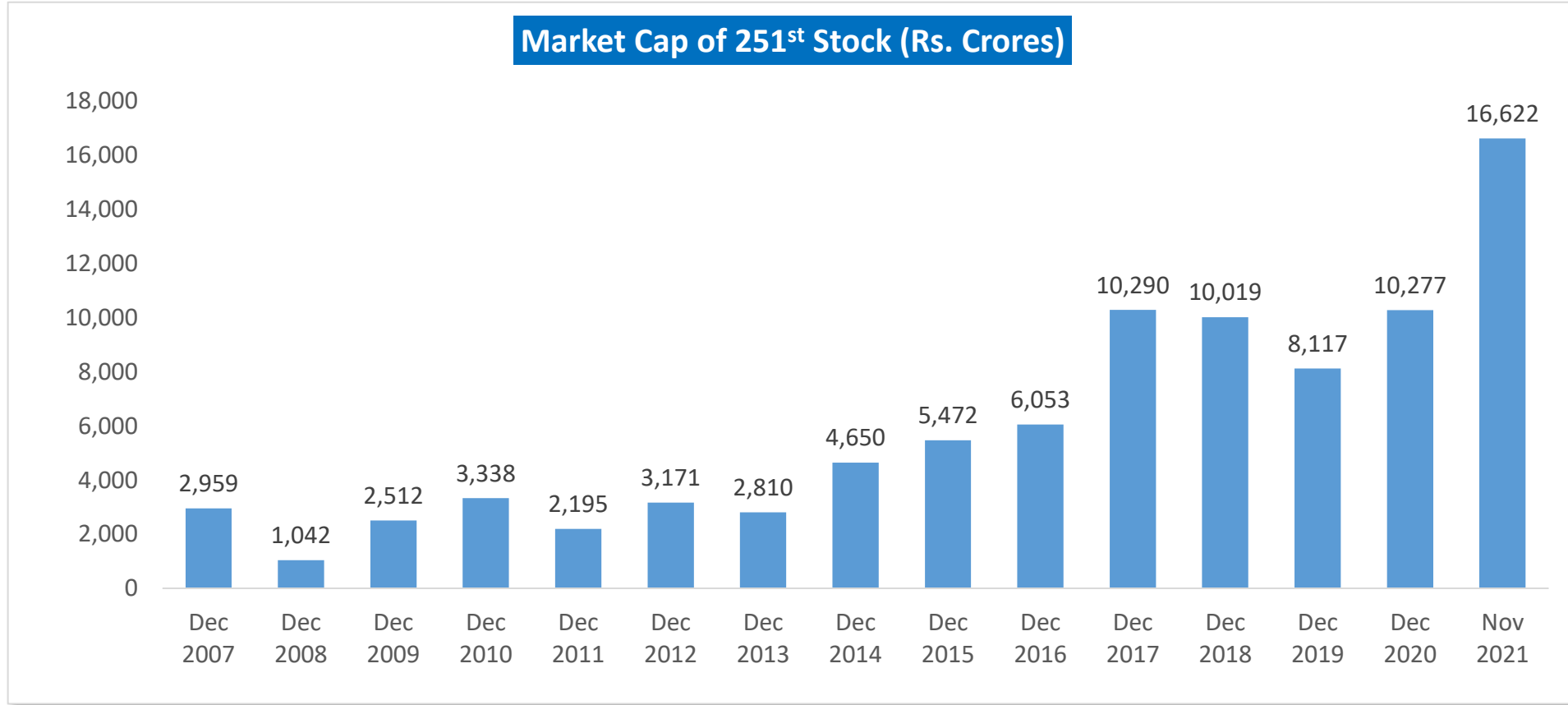
**This product is suitable for investors who are seeking\*:**

- 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 Very High Risk



**SMALL CAP MARKET CAP EVOLUTION AS PER NEW DEFINITION**

Fund Category (excl Arbitrage Funds & Passive Funds)	AUM (Rs Crs)	Large Cap Exposure	Mid Cap Exposure	Small Cap Exposure	Non Equity Exposure
Open Ended Equity Funds (Excl Small Cap)	912,518	63%	25%	9%	4%
Hybrid Funds	270,472	53%	10%	5%	32%
Solutions (Retirement & Child Benefit)	24,376	42%	12%	10%	36%
Closed Ended & Interval (Equity & Hybrid)	13,438	52%	16%	15%	17%
Small Cap Funds	69,795	3%	20%	73%	4%
<b>Total Equity Assets in MF Industry</b>	<b>1,290,599</b>	<b>57%</b>	<b>21%</b>	<b>12%</b>	<b>11%</b>

**ALL DIFFERENT CATEGORY OF FUNDS PROVIDE LOWER EXPOSURE TO SMALL CAP INVESTING**

# EXCLUSIVE EXPOSURES

Exclusive to Small Caps
Abrasives
Advertising
Agricultural Products
Amusement Parks/ Other Recreation
Animation
Batteries
Cement Products
Chemicals - Organic
Compressors / Pumps
Computers - Hardware
Construction Civil
Copper & Copper Products
Cycles
Depositories And Other Intermediaries
Digital Entertainment
Diversified Commercial Services
Diversified Services
Dredging
Dyes And Pigments
Education
E-learning
Electrodes
Engineering/ Construction Products
Exchange
Ferro & Silica Manganese
Film Production, Distribution & Exhibition
Glass - Consumer

Exclusive to Small Caps
Industrial Equipment
Industrial Glasses
It Education
It Enabled Services - Hardware
Man Made Fibres/Blended
Media & Entertainment
Medical Equipment & Supplies
Network Equipments
Offshore Support Solution Drilling
Other Industrial Products
Other Textile Products
Other Utilities
Packaging
Paper And Paper Products
Petrochemicals
Photographic Products
Pig Iron
Plastic Products - Consumer
Plywood Boards/ Laminates
Power Trading
Precious Metals
Print Media
Printing & Publication
Printing & Stationery
Printing Inks
Railways
Railways Wagons

Exclusive to Small Caps
Ratings
Refractories
Rubber
Sanitary Ware
Ship Building & Allied Services
Shipping
Software - Telecom
Spinning-cotton/Blended
Sponge Iron
Sugar
Telecom - Cables
Telecom - Equipment
Textile Machinery
Toll Bridge Operator
Tour, Travel Related Services
Trading
Trading - Auto Ancillaries
Trading - Chemicals
Trading - Telecom
Trading - Textile Products
Trading - Textiles
Transmission Towers
Waste Management
Water Supply & Management
Wellness

# SMALL CAPS – BREEDING GROUND FOR MULTI BAGGERS



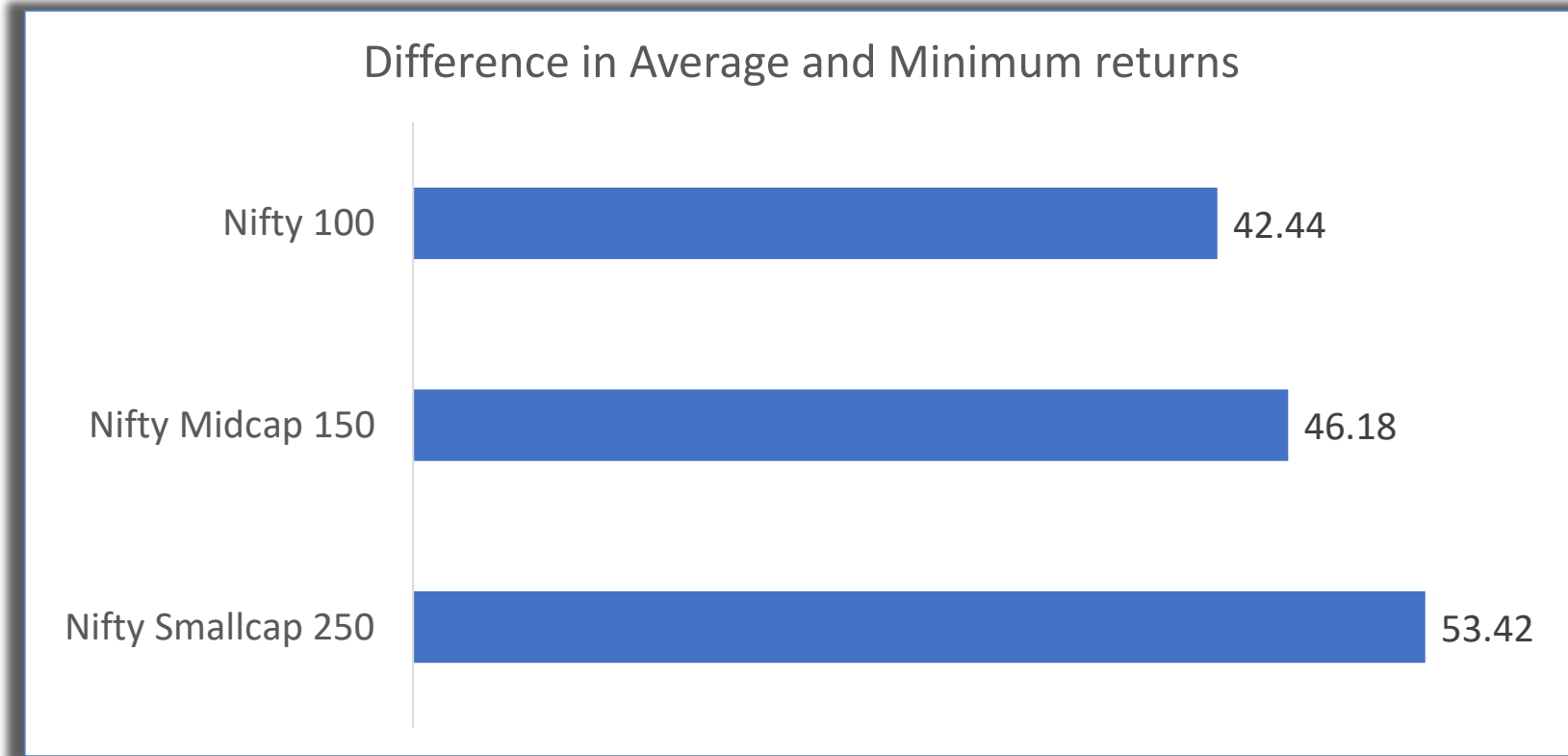
SMALL CAPS - BREEDING GROUND FOR MULTI BAGGERS (FY16 to FY21)					
Current Market Cap Bands	Large Cap	Mid Cap	Small Cap - Above 7500 Cr	Small Cap - Between 4000 Cr to 7500 Cr	Small Cap - Between 1000 Cr to 4000 Cr
Upto 25% Return	2	13	2	5	31
26% to 50% Return	9	13	3	8	28
51% to 100% Return	17	20	6	15	39
1x to 5x	39	47	30	33	84
6x to 10x	2	7	2	5	12
Above 10x	2	4	3	2	2
Upto -25% Return	6	8	4	7	34
-26% to -50% Return	6	8	1	7	32
-51% to -100% Return	3	2	3	3	28
<b>Total*</b>	<b>86</b>	<b>122</b>	<b>54</b>	<b>85</b>	<b>290</b>

5 Year Returns - FY21. ● Data Source – Capitalline. ● Market Cap definition is as per SEBI Circular

\* Stocks with track record less than 5 years have not been included

Return Bands/Market Cap	FY2018			FY2019		
	Top 100 Stocks	Next 150 Stocks	Next 250 Stocks	Top 100 Stocks	Next 150 Stocks	Next 250 Stocks
Above 50%	12	22	39	9	6	13
21% to 50%	25	28	44	25	22	17
0% to 20% Return	27	35	41	28	40	30
0% to -20% Return	21	25	36	24	47	59
-21% to -50%	6	17	20	9	19	74
Below -50%	0	1	2	0	2	4
Return Bands/Market Cap	FY2020			FY2021		
	Top 100 Stocks	Next 150 Stocks	Next 250 Stocks	Top 100 Stocks	Next 150 Stocks	Next 250 Stocks
Above 50%	2	6	4	69	106	171
21% to 50%	6	11	11	22	28	36
0% to 20% Return	13	12	14	6	8	10
0% to -20% Return	22	30	23	1	2	4
-21% to -50%	38	47	88	1	0	2
Below -50%	17	32	70	0	0	0

**STRONG CASE FOR PROFESSIONAL ACTIVE MANAGEMENT**



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### ABOUT THE FUND



- Tata Small Cap Fund focuses on buying businesses which can grow over the next 3-4 years along with focusing on strong balance sheet and available at reasonable valuations. Given the high volatility and uncertainty associated with small caps, its imperative to make the right picks.
- Since inception, Tata Small Cap Fund has been able to reduce capital drawdowns vis-à-vis the benchmark index. The fund aims to deliver risk adjusted returns focussing on stocks available at reasonable valuations in this segment, The fund is ideal for investors seeking long term capital appreciation.

## Actively managed Small Cap Equity Fund

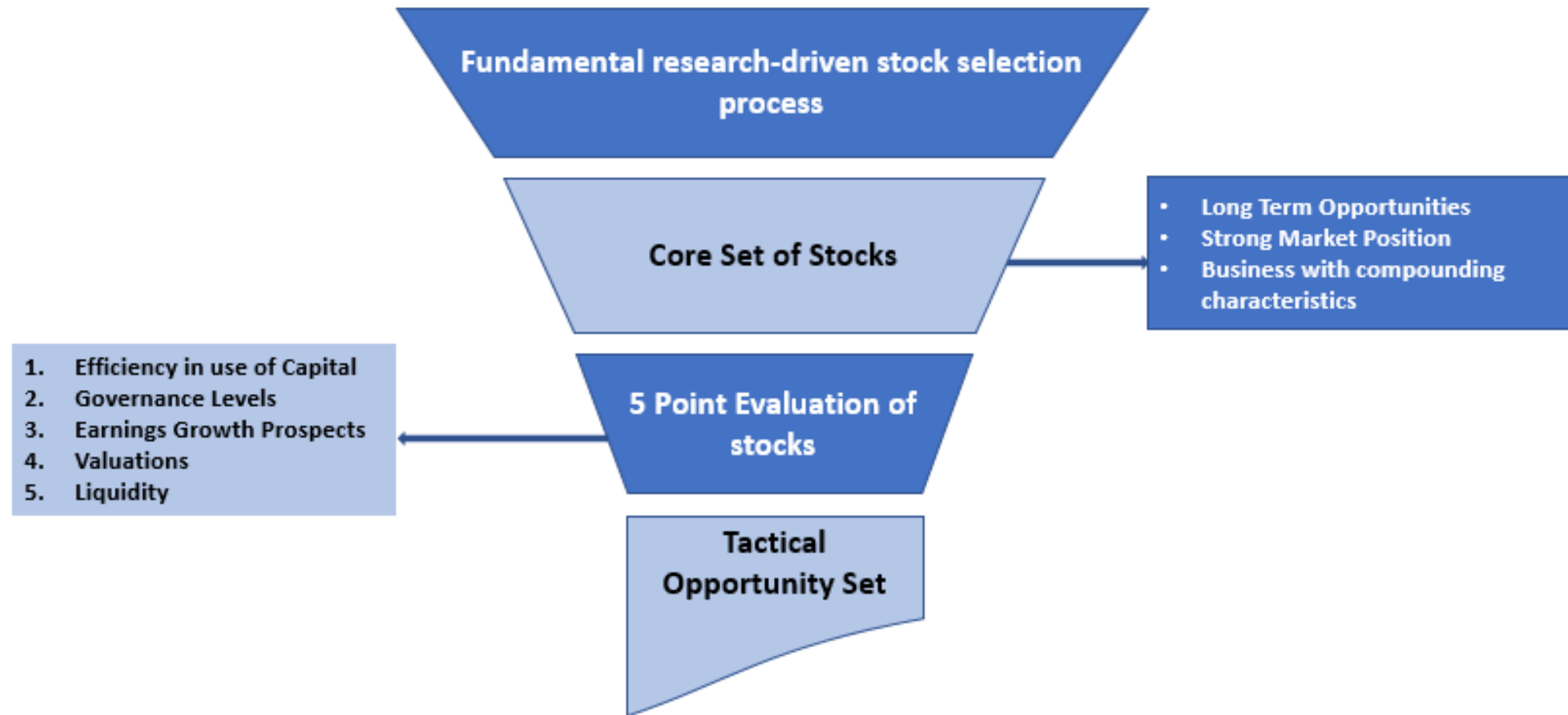
- Closely monitors macro-economic environment and other major industry drivers
- Active allocations in Small Cap segment stocks

## Ideal for Investors with Aggressive Risk profile

- Aims to identify small cap stocks which might have potential for high growth
- Places high importance on fundamental strengths of the business and company
- Portfolio of well Researched companies

## Diligent Risk Management

- Diversification across stocks/sectors
- Liquidity of stocks play an important role in risk management
- Regular monitoring of Exposure limits



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### CURRENT POSITIONING



- **Philosophy:** Our investment philosophy is to identify companies which can grow in terms of profitability and cash flows with strong balance sheets where business can surprise the markets over a period of time in terms of delivery of earnings which in turn can lead to rerating of valuations
- **Performance:** The companies in the portfolio have been delivering strong surprises on profitability and growth even in a tough environment and hence rerating of valuations as expected is high. Some factors which have been common across our winners—Increasing top line, Decreasing costs, Zero or very low leverage, decent free cash flows, working capital management, Lower interest costs, All time high operating margins and high ROE/ROCE levels.
- **Way Ahead:** 70% of our portfolio consists of stocks we intend to hold for the next 3 years, where we see scope for incremental re-rating. While the remaining 30% are good businesses, markets have realised value and there may be no further rerating. This part of the portfolio we are booking profits in and reallocating in favour of new set of businesses. We are setting up the building blocks for the next 3 years today.

Invested in Quality Businesses	Low Churn	Challenge of exits
<ul style="list-style-type: none"> <li>• Our primary criteria for stock selection remains ‘Growth at reasonable price’. We are looking for businesses which can grow earnings at a strong pace with free cash generation and available at a reasonable price</li> </ul>	<ul style="list-style-type: none"> <li>• The portfolio aims for a low churn strategy. Although in the near future we may see some churn as we are in the middle of the portfolio reallocation and expect this exercise to be complete over the next 6 months or so</li> </ul>	<ul style="list-style-type: none"> <li>• Exiting small cap positions is a challenge. There is a risk of heavy discounts if such exits are not planned in advance</li> <li>• It’s a challenge to protect downside when a rally gets over in 2-3 yrs time. Generally, every small cap stock rallies and so the focus is on what to buy, how high a price to buy at and when to exit</li> </ul>
Adequate Cash Positions	Size of Holdings	Concentration
<ul style="list-style-type: none"> <li>• The fund maintains adequate cash levels at all times to accommodate for redemptions as liquidating investments isn't ideal</li> <li>• The cash levels will also help minimise the impact of opportunistic investors investing only to gain from the expected rally, safeguarding the long term investors</li> <li>• Recent profit booking has resulted in high cash levels, which we expect to redeploy of the next 6 months</li> </ul>	<ul style="list-style-type: none"> <li>• Smallcaps as per definition is the 251st company from a market capitalization perspective and below. Currently, ~11,700 crore market cap and below.</li> <li>• Optimal size of a small cap fund is below Rs 2000 cr. Given the relatively illiquid nature of small cap stocks, a large size fund can make maneuvering challenging during weak market environment.</li> </ul>	<ul style="list-style-type: none"> <li>• There are limited businesses at any given point in time which can grow earnings at a fast pace with free cash generation and available at a reasonable price and hence we end up having a relatively concentrated portfolio.</li> <li>• When there is a broad based rally sometimes concentration in the short term may lead to relatively lower performance. However, ultimately what drives sustainable returns is earnings/cashflow growth delivered by companies and this trend normalizes over the medium to long term. Patience in Small Cap segment is very important and investors need to take a 3-5 years investment horizon.</li> </ul>

<b>Benchmark*</b>	Nifty Smallcap 100 TRI
<b>Monthly Average AUM</b>	Rs. 1808.09 Crores
<b>Inception Date</b>	November 12,2018
<b>Expense Ratio</b>	Direct-0.36 Regular- 2.31
<b>Fund Manager</b>	Chandraprakash Padiyar
<b>Assistant Fund Manager</b>	Satish Chandra Mishra
<b>Options</b>	Growth & IDCW
<b>Weightage of top 10</b>	39.91

Statistic	Fund	Benchmark
Std. Dev	24.79	31.99
Sharpe Ratio	0.29	0.19
Portfolio Beta	0.75	1.00
R Squared	0.93	1.00
Treynor	2.80	1.78
Jenson	0.76	NA

\*As a consequence of SEBI circular on Uniformity of Benchmarks, effective 1st Dec 2021—The scheme’s benchmark has been revised to Nifty Smallcap 250 TRI

Top 10 Holdings (%)		
Company	Fund	Benchmark
Allcargo Logistics Ltd.	5.84	
Greenply Industries Ltd.	4.57	
Redington (india) Ltd.	4.55	
Radico Khaitan Ltd	4.23	2.27
Quess Corp Ltd.	3.92	1.50
Basf India Ltd.	3.88	0.80
Kirloskar Pneumatic Company Ltd.	3.63	
Tube Investments Of India Ltd.	3.59	
Honda India Power Products Ltd.	2.93	
Gujarat Pipavav Port Ltd.	2.77	

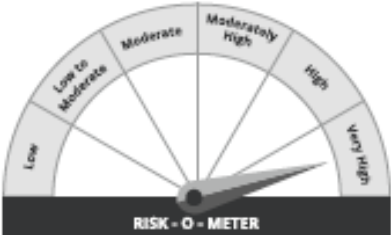
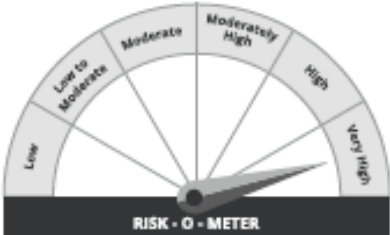
Top 10 Sectors(%)		
Sector	Fund	Benchmark
Services	19.55	3.29
Industrial Manufacturing	18.65	9.58
Consumer Goods	16.73	10.17
Automobile	5.16	0.63
Chemicals	5.00	6.43
Healthcare Services	4.86	0.50
Financial Services	4.65	22.21
Textiles	3.10	4.12
Consumer Services	2.65	2.26
Cement & Cement Products	2.27	2.62



<b>Scheme Name</b>	<b>TATA SMALL CAP FUND</b>
<b>Investment Objective</b>	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. There is no assurance or guarantee that the investment objective of the Scheme will be achieved. The Scheme does not assure or guarantee any returns.
<b>Type Of Scheme</b>	An Open Ended Equity Scheme predominantly investing in small cap stocks.
<b>Fund Manager</b>	Chandraprakash Padiyar & Satish Chandra Mishra
<b>Benchmark*</b>	Nifty Small cap 100 TRI Index
<b>Min. Investment Amount</b>	Rs. 5,000/- and in multiple of Re.1/- thereafter
<b>Load Structure</b>	Entry Load: Nil; Exit Load: 1) Redemption/Switch-out/SWP/STP on or before expiry of 12 Months from the date of allotment: If the withdrawal amount or switched out amount is not more than 12% of the original cost of investment – NIL 2) Redemption/Switch-out/SWP/STP on or before expiry of 12 Months from the date of allotment: If the withdrawal amount or switched out amount is more than 12% of the original cost of investment - 1% 3) Redemption/Switch-out/SWP/STP after expiry of 12 Months from the date of allotment – NIL (w.e.f. 03 June, 2019)
<b>Plans &amp; Options</b>	Regular & Direct Plans with Growth & IDCW Options

\*As a consequence of SEBI circular on Uniformity of Benchmarks, effective 1st Dec 2021—The scheme’s benchmark has been revised to Nifty Smallcap 250 TRI

# THANK YOU

Product Label	TATA Smallcap Fund	Nifty Smallcap 100 TRI
<p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Long Term Capital Appreciation.</li> <li>• Predominant investment in equity/equity related instruments of small cap companies.</li> </ul> <p><b>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them</b></p>	 <p><b>RISK - O - METER</b></p> <p>Investors understand that their principal will be at Very High Risk</p>	 <p><b>RISK - O - METER</b></p> <p>Investors understand that their principal will be at Very High Risk</p>

Definition of Small Cap Companies: Small Cap companies are those companies which are classified as small cap companies by Securities and Exchange Board of India(SEBI) or Association of Mutual Funds in India (AMFI). At present Small Cap: 251st company onwards in terms of full market capitalization.

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