

# Kotak Small Cap Fund

Small cap fund - An open-ended equity scheme predominantly investing in small cap stocks

30<sup>th</sup> November 2024



## Fund Facts

**Allotment Date:** 24 February 2005.

**Benchmark:** Nifty Smallcap 250 TRI (Tier 1)  
Nifty Smallcap 100 TRI (Tier 2)

**AUM:** ₹17,732.03 crs



## Fund Manager\*

Mr. Harish Bihani



## Minimum Investment Amount

**Initial & Additional Investment**  
₹100 and any amount thereafter

**Systematic Investment Plan (SIP)**  
₹100 and any amount thereafter

**Ideal Investments Horizon**  
5 Years & Above



## Risk Ratios

Standard Deviation <sup>\$</sup>	13.89%
Beta <sup>\$</sup>	0.70
Sharpe <sup>\$</sup>	0.83
Portfolio Turnover	26.48%
(P/E)	42.29
P/BV	5.76



## Total Expense Ratio\*\*

Regular Plan: 1.64%  
Direct Plan: 0.49%



## About the Fund

- Identifies the hidden growth potential of small cap sized companies
- Better growth potential as most small caps are under owned and under researched
- Well-diversified portfolio with focus on bottom up stock picking approach



## Portfolio Action

- The fund positioning continues to be such that it is overweight domestic businesses with focus on leaders in the respective sectors.

**The fund has underperformed in the last one year led by:**

- Low float PSU stocks moving up sharply in the last one year
- High weightage in Building materials, Home improvement, Consumer Durables and FMEG names which have been impacted by demand slowdown and higher competition. This should highly likely turn for the better in FY25 as the Real Estate cycle continues to be strong which should percolate to better demand for these products in the coming year.
- High weightage in Chemicals. The portfolio names will likely witness turn around in their business performance in 2HFY25 and aid performance.
- High weightage in Apparel names which has been impacted by the capital cycle. Initial signs of recovery in Q4FY24 points to better earnings ahead.
- The fund had no weightage in the Hospitals/ Radiology segment and lower weightage in the Pharma segment. This is being gradually corrected given that some of these businesses are structural plays on India growth with reasonably high moats.
- However most of our investee companies continues to perform well and it's a matter of time before the fund catches up as fundamentals continues to remain strong.
- Is this the first time the fund is underperforming? Answer is no. Even in 2017 for 6-8 months we saw underperformance when the broader market did exceptionally well. However in CY 2018, in next 3-4 months we could recover more than what we lost and we ended the year with a positive alpha of 11% (vs NSE Small cap 100). Current cycle is no different. The fund had a great 4yr run till July-22, but the current rally in markets has been led more by value stocks (not necessary good businesses) in broader market space. Most of our stocks have not participated in the same extent to other stocks in small cap space. In other words, our top holdings are taking a breather. We have seen in the past cycles, that finally great valuations outperform over longer periods even though they go through short periods of stagnation/consolidation. As we have been communicating, the core of our strategy is to protect the downside during drawdown even if we underperform for a short period during an upcycle.
- Bottom up portfolio building remains our core strategy. Our Focus is on companies with leadership, low leverage, high cash flows and reasonable valuations.
- In the near term some of our top holdings are taking breather after sharp run over last couple of years and in some cases pressure on margins has led to some downgrade in earnings. We continue to believe that most of them have long runway for growth and the correction/consolidation period could be a good time to increase weight.
- Over the last few months, gradually we have brought down our overweight on consumer durable sector to align with the risk weights, but still it continues to be the largest overweight for the fund.
- Incrementally we have added some weight to auto ancillaries, healthcare and services sector. In Pharma we are adopting a very stock specific approach.
- We are running underweight on financials, oil & gas and overweight on consumer durables, capital good, auto and auto ancillaries.



## Market Cap^^

Month	Large (%)	Mid (%)	Small (%)	Debt & Money Market (%)
November-24	5.28	15.89	76.65	2.18
October-24	5.77	16.33	75.73	2.17
September-24	5.76	17.00	73.70	3.54
August-24	7.01	16.84	72.35	3.80
July-24	6.81	17.92	71.57	3.70
June-24	5.90	15.18	73.39	5.53



## Top 10 Stocks^^

Stocks	% to Net Assets	Stocks	% to Net Assets
Cyient Ltd.	3.32%	Aster Dm Healthcare Ltd	2.63%
Techno Electric & Engineering Company Ltd	2.96%	Century Plyboards (India) Ltd.	2.62%
Vijaya Diagnostic Centre Pvt	2.94%	Ratnamani Metals & Tubes Ltd.	2.57%
Krishna Institute Of Medical	2.69%	Garware Technical Fibres Ltd.	2.36%
Blue Star Ltd.	2.63%	Sansera Engineering Ltd.	2.32%

## Top 10 Sector^^

Sector	30th November 2024			31st October 2024			30th September 2024		
	Scheme	Benchmark	Ow/Uw	Scheme	Benchmark	Ow/Uw	Scheme	Benchmark	Ow/Uw
Capital Goods	15.50	13.19	2.32	14.76	13.23	1.53	13.28	13.05	0.22
Consumer Durables	14.47	6.59	7.88	14.95	6.64	8.31	14.92	6.84	8.08
Healthcare	14.29	12.78	1.51	13.15	12.70	0.45	12.68	11.66	1.02
Automobile and Auto Components	9.29	4.15	5.14	9.72	4.22	5.50	10.52	4.38	6.14
Consumer Services	6.93	3.60	3.34	5.47	3.58	1.89	5.52	3.67	1.85
Construction	6.11	4.74	1.37	6.47	4.82	1.65	6.53	5.04	1.49
Chemicals	5.64	7.04	-1.40	5.90	7.13	-1.23	5.85	7.30	-1.45
Services	4.67	3.29	1.38	5.25	3.31	1.94	5.05	3.17	1.87
Financial Services	4.19	20.61	-16.42	4.68	20.28	-15.60	4.79	20.40	-15.62
Realty	3.56	2.60	0.95	3.51	2.58	0.93	3.62	2.79	0.83

^^Source: <https://www.kotakmf.com/mutual-funds/equity-funds/kotak-smallcap-fund/reg-g>

OW – Overweight, UW – Underweight

## What In and What's Out: November 2024\$

New Entry	Complete Exit
KEI Industries Ltd.	GPT Healthcare Ltd.
Medplus Health Services Ltd.	Persistent Systems Ltd.
Suraksha Diagnostic Ltd	
Swiggy Ltd.	

## Scheme Performance - Regular Plan Growth Option

February 24, 2005	Kotak Small Cap Fund - Reg Growth	Nifty Smallcap 250 TRI # (Tier 1)	ALPHA (Tier 1)	Nifty Smallcap 100 TRI # (Tier 2)	ALPHA (Tier 2)	Nifty 50 TRI ##	Kotak Small Cap Fund - Reg Growth (₹)	Nifty Smallcap 250 TRI # (Tier 1)(₹)	Nifty Smallcap 100 TRI # (Tier 2)(₹)	Nifty 50 TRI ## (₹)
Since Inception	18.27%	NA	NA	15.17%	3.10%	14.68%	2,75,978	NA	1,63,237	1,49,998
Last 1 Year	31.98%	34.52%	-2.54%	32.59%	-0.62%	21.27%	13,198	13,452	13,259	12,127
Last 3 Years	18.77%	24.77%	-6.00%	21.52%	-2.75%	13.76%	16,755	19,424	17,944	14,723
Last 5 Years	30.80%	30.76%	0.04%	27.35%	3.45%	16.21%	38,342	38,278	33,546	21,208

Scheme Inception date is 24/02/2005. Mr. Harish Bihani has been managing the fund since 20/10/2023. Different plans have different expense structure. The performance details provided herein are of regular plan Past performance may or may not be sustained in future. All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns >= 1 year: CAGR (Compounded Annualised Growth Rate). Note: Point to Point (PTP) Returns in INR shows the value of 10,000/- investment made at inception. Source: ICRA MFI Explorer. # Name of Scheme Benchmark. ## Name of Additional Benchmark. TRI - Total Return Index, In terms of para 6.14 of SEBI Master circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, the performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark Index instead of Price Return Variant (PRI). Alpha is difference of scheme return with benchmark return.

### Scheme Performance - Direct Plan Growth Option

January 01, 2013	Kotak Small Cap Fund - Dir - Growth	Nifty Smallcap 250 TRI # (Tier 1)	ALPHA (Tier 1)	Nifty Smallcap 100 TRI # (Tier 2)	ALPHA (Tier 2)	Nifty 50 TRI ##	Kotak Small Cap Fund - Dir - Growth (₹)	Nifty Smallcap 250 TRI # (Tier 1)(₹)	Nifty Smallcap 100 TRI # (Tier 2)(₹)	Nifty 50 TRI ## (₹)
Since Inception	21.88%	18.27%	3.61%	15.59%	6.29%	13.84%	1,05,685	73,890	56,197	46,895
Last 1 Year	33.55%	34.52%	-0.96%	32.59%	0.96%	21.27%	13,355	13,452	13,259	12,127
Last 3 Years	20.30%	24.77%	-4.47%	21.52%	-1.22%	13.76%	17,410	19,424	17,944	14,723
Last 5 Years	32.57%	30.76%	1.81%	27.35%	5.22%	16.21%	41,010	38,278	33,546	21,208

Scheme Inception date is 24/02/2005. Scheme Inception date for Direct Plan Growth Option is 01/01/2013. Mr. Harish Bihani has been managing the fund since 20/10/2023. Different plans have different expense structure. The performance details provided herein are of direct plan. Past performance may or may not be sustained in future. All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns >= 1 year: CAGR (Compounded Annualised Growth Rate). Note: Point to Point (PTP) Returns in INR shows the value of 10,000/- investment made at inception. Source: ICRA MFI Explorer. # Name of Scheme Benchmark. ## Name of Additional Benchmark. TRI - Total Return Index, In terms of para 6.14 of SEBI Master circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, the performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark Index instead of Price Return Variant (PRI). Alpha is difference of scheme return with benchmark return.

### SIP Performance - Regular Plan Growth Option

Monthly SIP of Rs 10,000	Since Inception	10 Years	7 Years	5 Years	3 Years	1 Year
Total amount invested (₹)	23,80,000	12,00,000	8,40,000	6,00,000	3,60,000	1,20,000
Total Value as on November 29, 2024 (₹)	2,03,25,971	39,06,581	21,92,254	12,77,811	5,29,911	1,35,661
<b>Scheme Returns (%)</b>	<b>18.66</b>	<b>22.34</b>	<b>26.98</b>	<b>30.82</b>	<b>26.84</b>	<b>25.24</b>
Nifty Smallcap 250 (TRI) Returns (%)	NA	21.07	26.99	34.15	33.58	21.78
Alpha*	NA	1.27	-0.01	-3.32	-6.74	3.45
Nifty Smallcap 250 (TRI) (₹)#	NA	36,47,194	21,93,093	13,81,299	5,79,651	1,33,578
Nifty Smallcap 100 (TRI) Returns (%)	14.72	18.91	24.49	31.81	33.36	19.32
Alpha*	3.94	3.43	2.49	-0.99	-6.52	5.92
Nifty Smallcap 100 (TRI) Returns (₹)#	1,25,11,247	32,45,711	20,07,849	13,07,847	5,77,992	1,32,077
Nifty 50 (TRI) (₹)^	1,06,98,431	26,35,378	15,07,646	9,41,398	4,59,240	1,26,207
Nifty 50 (TRI) Returns (%)	13.43	15.04	16.42	18.08	16.50	9.80

Scheme Inception : - February 24, 2005. The returns are calculated by XIRR approach assuming investment of ₹10,000/- on the 1st working day of every month. XIRR helps in calculating return on investments given an initial and final value and a series of cash inflows and outflows and taking the time of investment into consideration. Since inception returns are assumed to be starting from the beginning of the subsequent month from the date of inception. The SIP Performance is for Regular Plan – Growth Option. Different plans have different expense structure.

# Benchmark; ^ Additional Benchmark. TRI – Total Return Index, In terms of para 6.14 of SEBI Master circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024, the performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark Index instead of Price Return Variant (PRI). Alpha is difference of scheme return with benchmark return.

Disclosures: To Know More about Fund Managers Top 3 & Bottom 3 scheme performance,

[https://kotakmf.com/documents/Funds\\_Managed\\_by\\_Fund\\_Managers\\_Regular\\_Plan](https://kotakmf.com/documents/Funds_Managed_by_Fund_Managers_Regular_Plan).

## SIP Performance - Direct Plan Growth Option

Monthly SIP of Rs 10,000	Since Inception	10 Years	7 Years	5 Years	3 Years	1 Year
Total amount invested (₹)	14,30,000	12,00,000	8,40,000	6,00,000	3,60,000	1,20,000
Total Value as on November 29, 2024 (₹)	67,30,643	42,52,967	23,23,059	13,31,990	5,41,006	1,36,568
<b>Scheme Returns (%)</b>	<b>23.97</b>	<b>23.91</b>	<b>28.63</b>	<b>32.59</b>	<b>28.38</b>	<b>26.75</b>
Nifty Smallcap 250 (TRI) Returns (%)	20.69	21.07	26.99	34.15	33.58	21.78
Alpha*	3.28	2.84	1.64	-1.55	-5.20	4.97
Nifty Smallcap 250 (TRI) (₹)#	54,04,467	36,47,194	21,93,093	13,81,299	5,79,651	1,33,578
Nifty Smallcap 100 (TRI) Returns (%)	18.29	18.91	24.49	31.81	33.36	19.32
Alpha*	5.69	5.00	4.14	0.78	-4.98	7.44
Nifty Smallcap 100 (TRI) Returns (₹)#	46,03,604	32,45,711	20,07,849	13,07,847	5,77,992	1,32,077
Nifty 50 (TRI) (₹)^	36,26,382	26,35,378	15,07,646	9,41,398	4,59,240	1,26,207
Nifty 50 (TRI) Returns (%)	14.68	15.04	16.42	18.08	16.50	9.80

Scheme Inception : - January 02, 2013. The returns are calculated by XIRR approach assuming investment of ₹10,000/- on the 1st working day of every month. XIRR helps in calculating return on investments given an initial and final value and a series of cash inflows and outflows and taking the time of investment into consideration. Since inception returns are assumed to be starting from the beginning of the subsequent month from the date of inception. The SIP Performance is for Regular Plan – Growth Option Different plans have different expense structure.

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\*All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Source: ICRA MFI Explorer. \*\*\*As per para 1.9 of of SEBI Master circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2024/90 dated June 27, 2024

<sup>§</sup>Source: ICRAMFI Explorer. Standard Deviation is calculated on Annualized basis using 3 years history of monthly returns.

\*\*Total Expense Ratio includes applicable B30 fee and GST as on 30th November 2024.

## Riskometer



The above riskometer is based on the scheme portfolio as on 30th November 2024. An addendum may be issued or updated on the website for new riskometer.

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Investors may consult their financial expert before making any investment decision.

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