

# Kotak Active Momentum Fund

NFO Period: 29<sup>th</sup> Jul to 12<sup>th</sup> Aug 2025

## *Frequently Asked Questions*

### 1. What Is Momentum Investing?

Momentum investing seeks to capitalize on the momentum of existing market trends, leveraging price or earnings movements to drive investment decisions.

Source: MSCI

### 2. What Is Earnings Momentum?

Instead of tracking just stock price trends, the earnings momentum focuses at companies whose profits (**earnings per share - EPS**) are increasing. This is indicated by: -

- Stocks where analysts are upgrading earnings forecasts
- Companies with **positive earnings surprises** during quarterly results

### 3. What Is The Investment Strategy Of Kotak Active Momentum Fund?

The fund follows a structured, multi-step investment strategy designed to build a diversified portfolio of 40–50 stocks.

It begins by selecting the top 250 stocks by total market capitalization from the Nifty 500 Index universe. From this pool, stocks are excluded based on specific criteria such as:

- Non-Availability Of Analyst Estimates.
- Score Poorly On Governance Standards
- Score Poorly On Excessive Leverage And Rapid Growth In Balance Sheets
- Stocks Traded For Less Than 1 Year
- Highly Illiquid Stocks

The remaining stocks are then evaluated using an **Enhanced Earnings Factor Model** to identify high-potential investments.

### 4. What Is The Enhanced Earning Factor Model?

The model uses **uptick in earnings and sales** along with **analyst upgrades & downgrades** as the factors for evaluating momentum in the stocks. The model relies on consensus estimates from multiple analysts.

### 5. Why Earnings Momentum Over Traditional Price Momentum?

There is a significant difference in Price & earnings momentum:-

Price Momentum	Earnings Momentum
Identifies stocks showing strong price trends across time periods	Selects stocks based on earnings revisions and analyst ratings.
Uses stock price movements	Uses EPS growth, EBIT growth, Sales growth etc. i.e. backed by fundamentals
Based on investor behaviour and market sentiment	Based on improvement in quality of earnings

Earnings are a **fundamental indicator** of a company’s performance. Historically, **price has followed earnings**. By focusing on earnings momentum, the fund aims to identify stocks with strong underlying business performance before the market fully prices them in—offering a more **data-driven approach** to momentum investing. This strategy helps the fund avoid the pitfalls of chasing price trends that may lack fundamental support, and instead, builds a portfolio based on **sustainable growth signals**.

### 6. Will The Fund Have A Market Cap Bias?

No, the fund will be market cap agnostic. Its allocation across large, mid, and small cap stocks will be determined by the output of the Enhanced Earnings Factor Model, rather than any predefined bias.

However, based on back-tested data from January 2014 to April 2025, the model portfolio has historically shown an average allocation of approximately 57% to mid caps, 39% to large caps, and 4% to small caps, indicating a natural tilt toward large-cap stocks due to model-driven selection.

Note: The Enhanced Earnings factor model is rebalanced quarterly, Last rebalancing was in April 2025.

### 7. Does The Fund Have A Sector Bias?

No, the fund is sector agnostic and shall invest across sectors depending on the output of the Enhanced Earnings Factor Model.

### 8. Why Invest In Kotak Active Momentum Fund?

Kotak Active Momentum Fund adopts a disciplined, model-based investment approach centred on the **Enhanced Earnings Factor Model**, which targets stocks demonstrating **positive earnings surprises** - a leading indicator of price momentum. This model-based framework helps eliminate emotional and behavioural biases in stock selection.

Key benefits of investing in this fund include:

- **Market Cap And Sector Agnostic:** Reduces concentration risk by allowing flexibility across the market spectrum.
- **Systematic Stock Selection:** Based on earnings momentum, ensuring a data-driven process.
- **Timely Review And Rebalancing:** Enhances responsiveness to market dynamics and earnings trends.

## 9. How Will The Scheme Allocate Its Assets?

The asset allocation under the Scheme, under normal circumstances, is as follows:

Instruments	Indicative allocations (% of total assets)
Equity and Equity related instruments based on Momentum theme	80-100%
Equity and Equity Related Securities Other than Momentum theme	0-20%
Debt and Money Market Securities	0-20%
Units of REITs & InvITs	0-10%

For detailed asset allocation, please refer to Scheme Information Document.

## 10. What Will The Scheme's Performance Be Benchmarked To?

The scheme's performance will be benchmarked to Nifty 500 TRI.

## 11. What Is The Exit Load Of Kotak Active Momentum Fund?

- For redemption / switch out within 90 days from the date of allotment: 0.5%.
- If units are redeemed or switched out on or after 90 days from the date of allotment - Nil.

## 12. Who Are The Fund Managers Of The Scheme?

Mr. Rohit Tandon (over 21 years of experience in equity research and fund management) will be manager for Equity and Overseas investment of the Scheme. Mr. Abhishek Bisen (has been associated with the Kotak AMC since Oct'2006) will be the Fund Manager for debt investment of the Scheme.

## 13. What Are The Features Of The Scheme?

This is an open-ended thematic scheme by Kotak Mahindra Mutual Fund which will be investing in Momentum theme.

## 14. What Are The NFO Details?

NFO opens on 29th July, 2025 & closes on 12th August, 2025.


Minimum Application Amount:

During NFO - Rs. 5000/- and any amount thereafter

Initial Purchase/Switch in - Rs. 5000/- and any amount thereafter

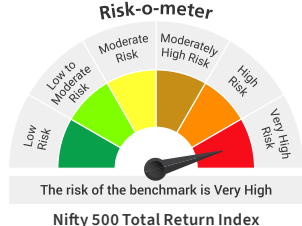
SIP Purchase - Rs. 500/- (Subject to a minimum of 10 SIP installments of Rs. 500/- each)

## Riskometer



**Risk-o-meter**

The risk of the scheme is Very High



**Risk-o-meter**

The risk of the benchmark is Very High

Nifty 500 Total Return Index

**KOTAK ACTIVE MOMENTUM FUND**

An Open-ended Equity Scheme following momentum theme.

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

- Long term capital growth.
- Investment predominantly in equity & equity related instrument exhibiting momentum characteristics.

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.  
(The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and same may vary post NFO when actual investments are made)

[www.kotakmf.com](http://www.kotakmf.com) | Toll free number 1800 309 1490 |     

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.