

## SBI QUANT FUND

**INVESTMENTS SIGNIFICANTLY  
BACKED BY DATA  
TO MANAGE BIASES**

**NFO Period:**

**4<sup>th</sup> Dec 2024-18<sup>th</sup> Dec 2024**



# SBI QUANT FUND

An open-ended equity scheme following quant-based investing theme

This product is suitable for investors who are seeking<sup>^</sup>:

- Long term Capital appreciation
- Investment in equity and equity related instruments selected based on Quant model

<sup>^</sup>Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**Riskometer**



Investors understand that their principal will be at very high risk

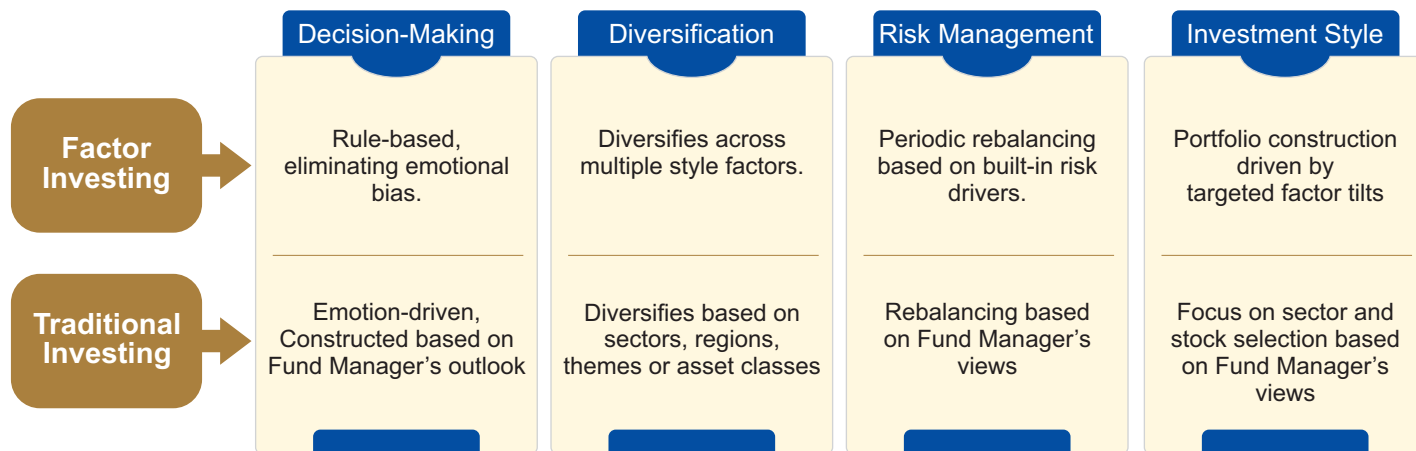
**Benchmark Riskometer:  
BSE 200 TRI**



The benchmark riskometer is at Very High risk

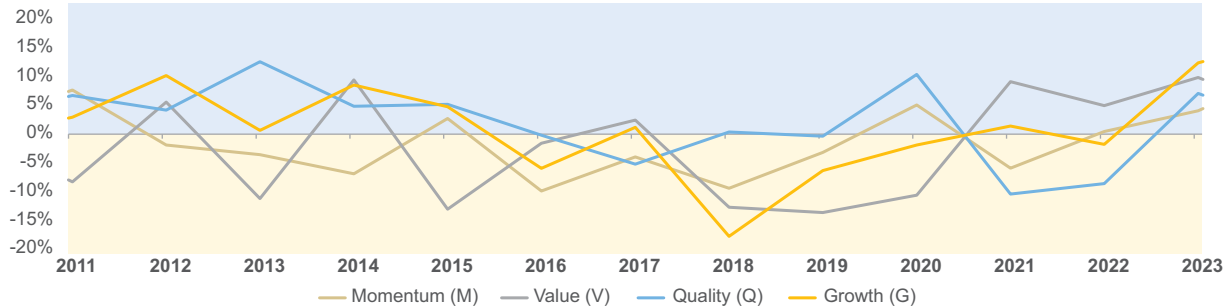


# How is Factor Investing different from traditional Investing



# How have factors performed over time

## Factor Active Performance (CY) vs BSE 200



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Rank 1	M	G	Q	V	Q	Q	V	Q	Q	Q	V	V	G
Rank 2	Q	V	G	G	G	V	G	M	M	M	G	M	V
Rank 3	G	Q	M	Q	M	G	M	V	G	G	M	G	Q
Rank 4	V	M	V	M	V	M	Q	G	V	V	Q	Q	M

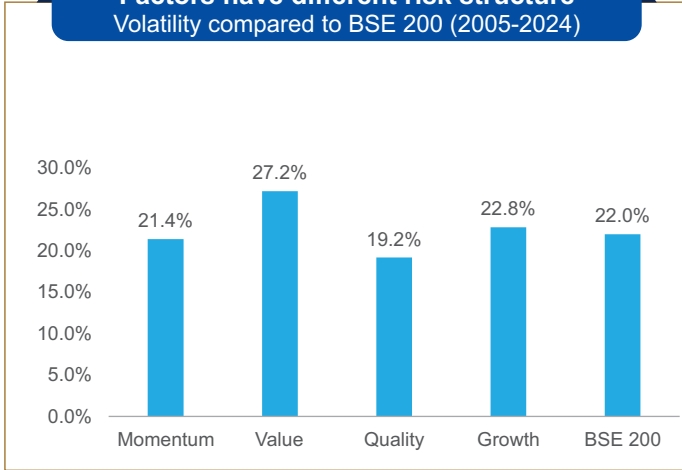
- Relying on a single factor can be risky due to the cyclical nature of markets, as no factor consistently outperforms across all periods.
- A diversified multi-factor approach can help mitigate underperformance during unfavorable market conditions for a particular factor.

Source: SBIFML Research, data as on Jan 2011 to Dec 2023

# Factors have different risk & return profile

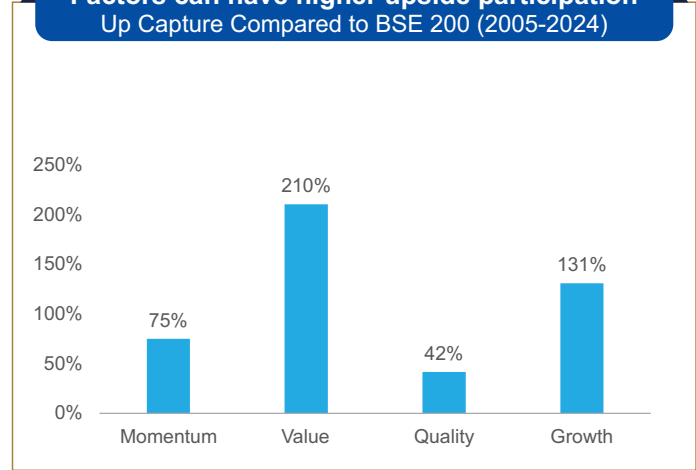
## Factors have different risk structure

Volatility compared to BSE 200 (2005-2024)



## Factors can have higher upside participation

Up Capture Compared to BSE 200 (2005-2024)



Quality is a less volatile factor relative to other factors and broader markets

In rising markets, Value and Growth capture market upside better than other factors

Source: SBIFML Research, data as on Jan 2005 to Oct 2024. The data shown above pertains to the Index and does not in manner indicate performance of any scheme of the Fund

# Why Multi-Factor Portfolio



**Cyclical Nature of Factors:** Individual factors tend to perform in different market cycles, leading to periods of outperformance and underperformance.



**Multi-Factor Diversification:** Combining multiple factors provides diversification, helping to smooth out the volatility of individual factor performance.



**Enhanced Risk-Adjusted Returns:** A multi-factor approach aims to deliver better risk-adjusted returns by balancing the strengths and weaknesses of different factors.



**Reduced Drawdowns:** Diversifying across factors can help in mitigating large drawdowns during market downturns.



**Investment Ease:** Multi-factor strategies simplify investing by integrating various factors, reducing the need for managing separate allocations

# SBI Multi-Factor Model



## Momentum

- Near & Long-Term Price Performance
- 52 Week Highs

## Growth

- Earnings Growth,
- Earnings Revisions,
- Upgrades & Downgrades

## Value

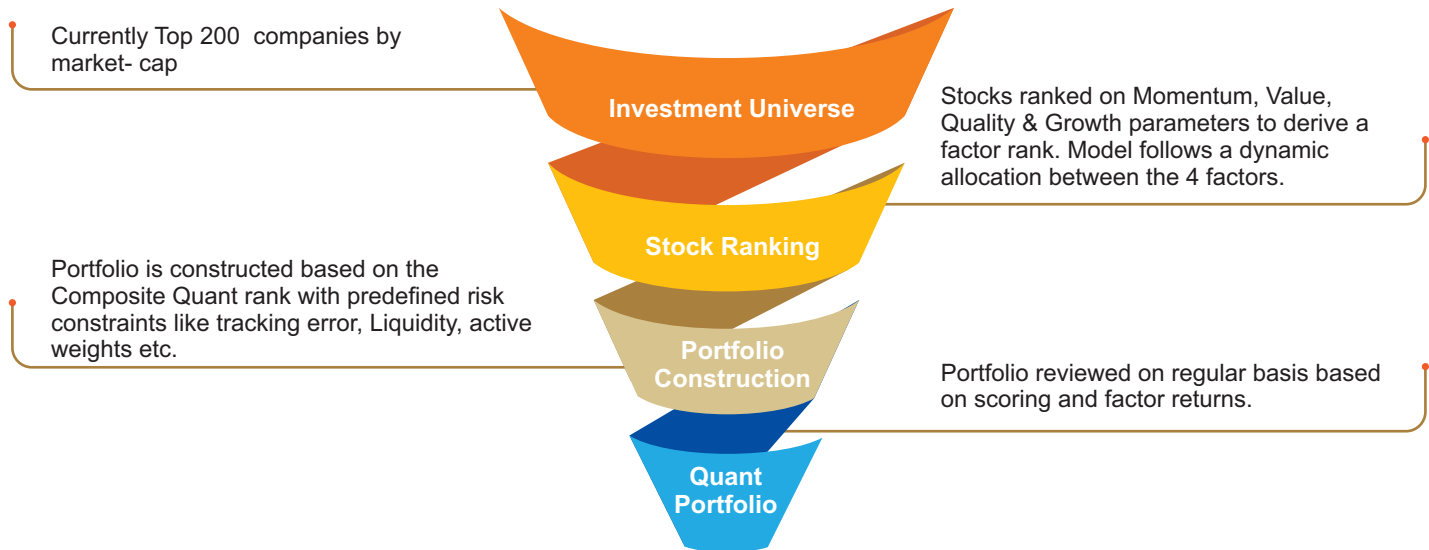
- Ratios like Trailing & Forward Valuations, Dividend Yield, EV/Sales

## Quality

- Ratios like ROE, Leverage
- Consistence in Earnings

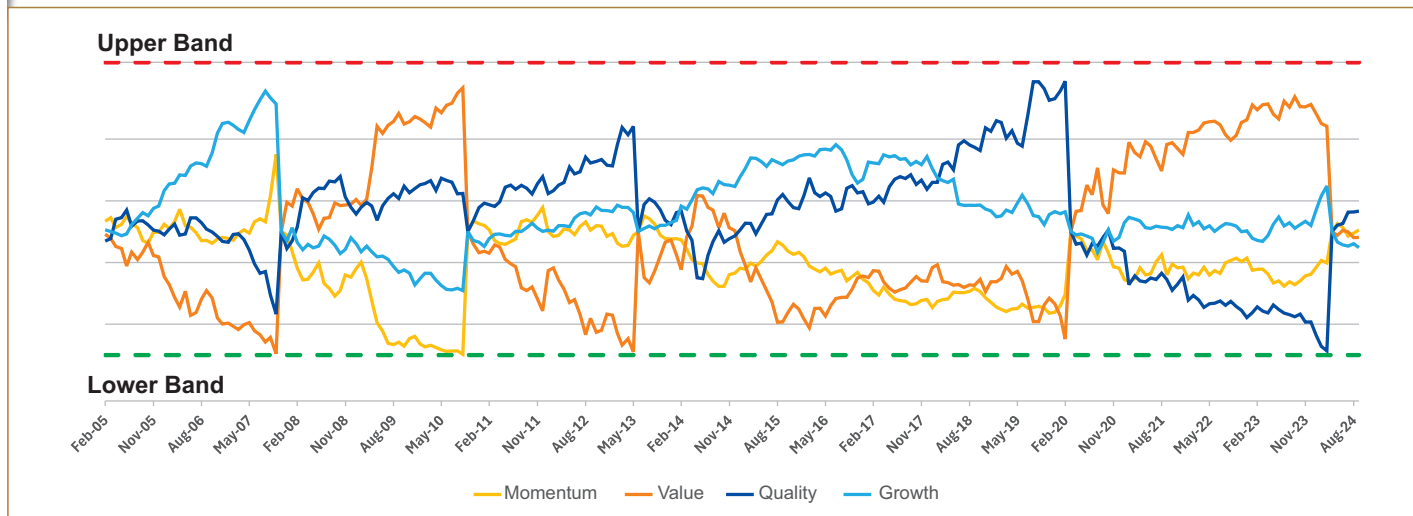
The above listed parameters is an indicative list and the model may use additional parameters within each factor. Further, the above framework is currently adopted by the Scheme and is subject to change in accordance with the provisions of the SID & depending on the market conditions.

# SBI Multi-Factor Model



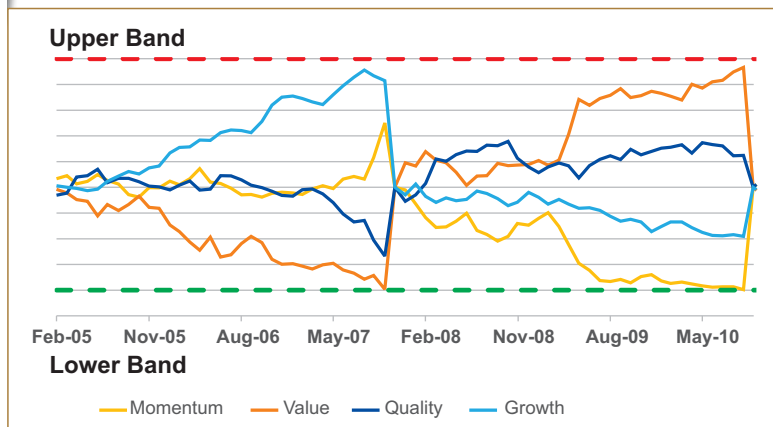


## SBI Multi-Factor Model: Dynamic Allocation (Contd.)



- All four factors are adjusted on a monthly basis based on their past performance.
- Whenever any of the factor hits the extreme i.e. either the upper band or lower band, the model is rebalanced, and each factor is assigned an equal weight.

# SBI Multi-Factor Model: Dynamic Allocation (Contd.)



- » Growth
- » Momentum
- » Quality
- » Value
- » BSE 200

	Jan 05 - Nov 07	Dec 07 - Oct 10
Growth	299%	23%
Momentum	256%	-3%
Quality	114%	56%
Value	97%	99%
BSE 200	182%	4%

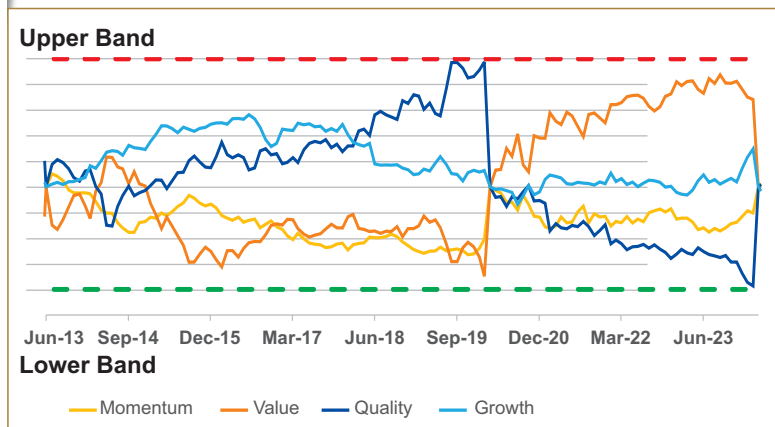
The above graph highlights the dynamic nature of the model, showing how different factor performances across specified periods has led to rebalancing. The first rebalancing instance spans Jan 2005 to Nov 2007, followed by a second from Dec 2007 to Oct 2010.

**Pre-Crisis (Jan 2005 - Nov 2007):** During this expansion phase, the model tilted towards Growth and Momentum factors, capturing the bullish market environment. Growth and Momentum delivered returns of 299% and 256%, respectively, surpassing the BSE 200's 182% gain.

**Crisis Period (Dec 2007 - Oct 2010):** As the financial crisis unfolded, the model dynamically shifted its focus towards Value and Quality. Quality achieved a stable return of 56%, while Value rebounded with a robust 99% return, outperforming the BSE 200's modest 4% growth.

**Source:** SBIFML Research. SBI Quant model performance is post fees and expenses of 2.5% p.a. **Past performance may or may not sustain in future.** All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Jan 2005 to 31st Oct 2010.

# SBI Multi-Factor Model: Dynamic Allocation (Contd.)



- » Quality
- » Growth
- » Momentum
- » Value
- » BSE 200

	Jun 13 - Mar 20	Apr 20 - Apr 24
Quality	123%	120%
Growth	47%	261%
Momentum	28%	198%
Value	-6%	332%
BSE 200	55%	187%

This graph highlights the recent two rebalancing periods from Jun 13-Mar 20 and then from Apr-20 to Apr-24.

**Pre-COVID Period (Jun 2013 - Mar 2020):** From 2013 to 2020, Quality was the dominant factor in the markets. The model's emphasis on Quality yielded a robust 123% return, outpacing both BSE 200 (55%) and other factors like Growth and Momentum, while Value struggled.

**Post-COVID Period (Apr 2020 - Apr 2024):** In 2020, Value came back as factor in Indian markets. The model, also, shifted emphasis to Value and Growth, capturing the market recovery with returns of 332% and 261%, respectively.

**Source:** SBIFML Research. SBI Quant model performance is post fees and expenses of 2.5% p.a. **Past performance may or may not sustain in future.** All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Jan 2005 to 31st Oct 2024. Rolling Return Analysis is based on monthly observations

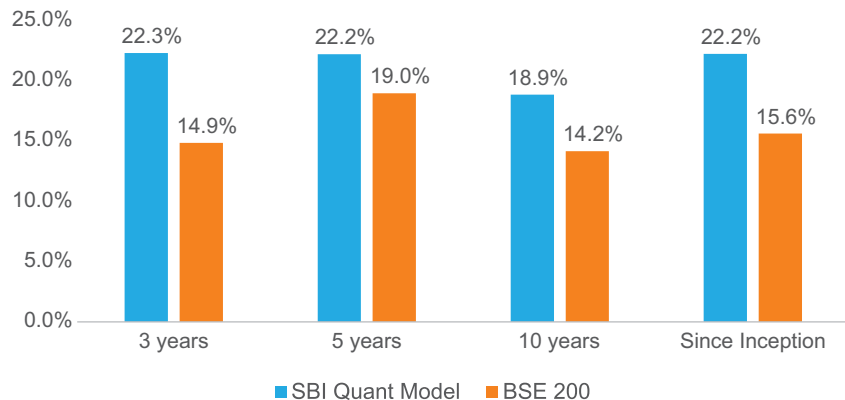
# SBI Quant Fund

## Back-testing Results



# SBI Multi-Factor Model: Trailing Performance

Performance as on 31st October 2024

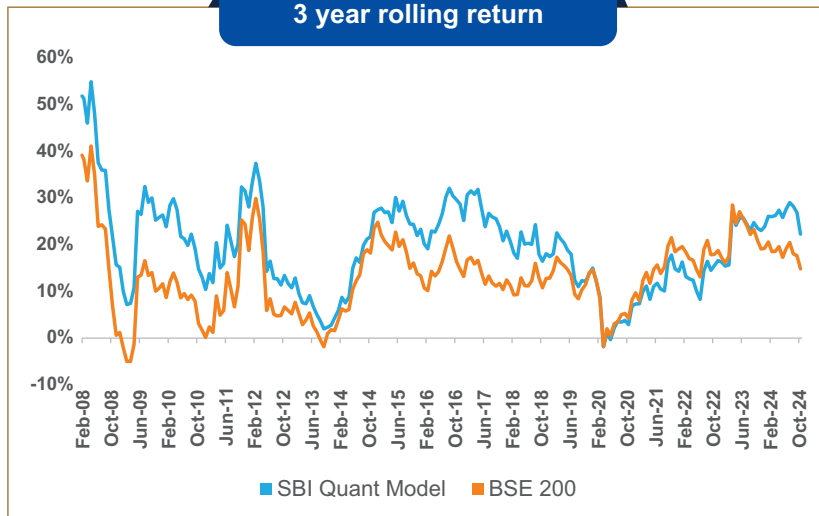


Our back tested model has consistently outperformed the BSE 200, demonstrating superior returns across various time frames

**Source:** SBIFML Research. SBI Quant model performance is post fees and expenses of 2.5% p.a. **Past performance may or may not sustain in future.** All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Jan 2005 to 31st Oct 2024.

# SBI Multi-Factor Model: Rolling Performance (1/2)

3 year rolling return



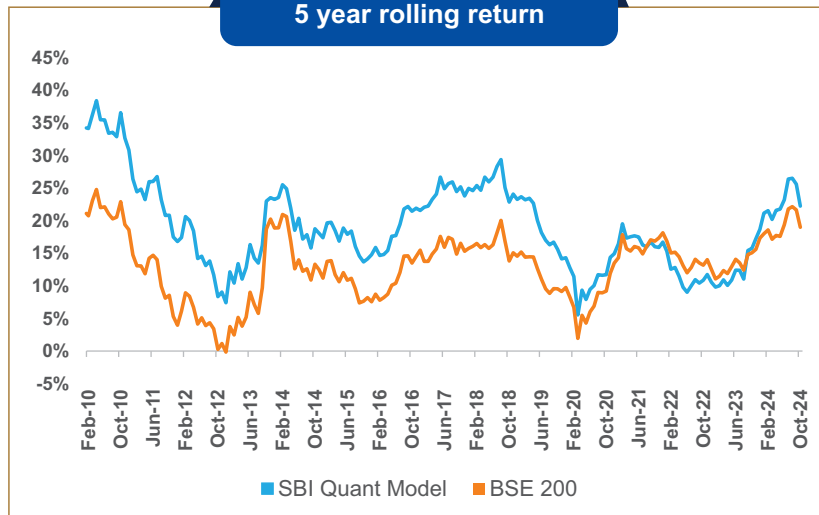
Return Range	SBI Multi-Factor Model	BSE 200
Negative	1	3.5
0% to 8%	10.9	20.3
8% to 12%	10.9	17.3
12% to 15%	77.2% { 10.4	58.9% { 19.3
Above 15%	66.8	39.6

Return Range	SBI Multi-Factor Model	BSE 200
Min (%)	-1.9	-5
Max (%)	55	41.2
Average (%)	19.8	13.5

**Source:** SBIFML Research. SBI Quant model performance is post fees and expenses of 2.5% p.a. **Past performance may or may not sustain in future.** All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Jan 2005 to 31st Oct 2024. Rolling Return Analysis is based on monthly observations

## SBI Multi-Factor Model: Rolling Performance (2/2)

5 year rolling return

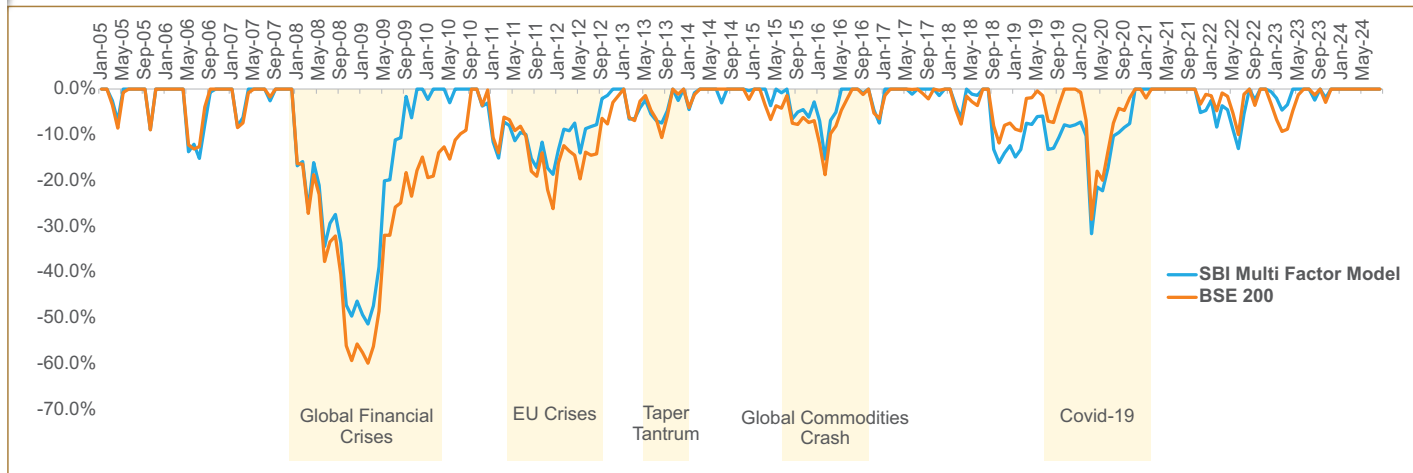


Return Range	SBI Multi-Factor Model	BSE 200
Negative	0	0.6
0% to 8%	1.7	15.7
8% to 12%	15.2	20.2
12% to 15%	83.1% } 13.5	63.5% } 27
Above 15%		

Return Range	SBI Multi-Factor Model	BSE 200
Min (%)	5.6	-0.2
Max (%)	38.4	24.8
Average (%)	19.1	13

**Source:** SBIFML Research. SBI Quant model performance is post fees and expenses of 2.5% p.a. **Past performance may or may not sustain in future.** All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Jan 2005 to 31st Oct 2024. Rolling Return Analysis is based on monthly observations

# SBI Multi-Factor Model : Drawdown Analysis



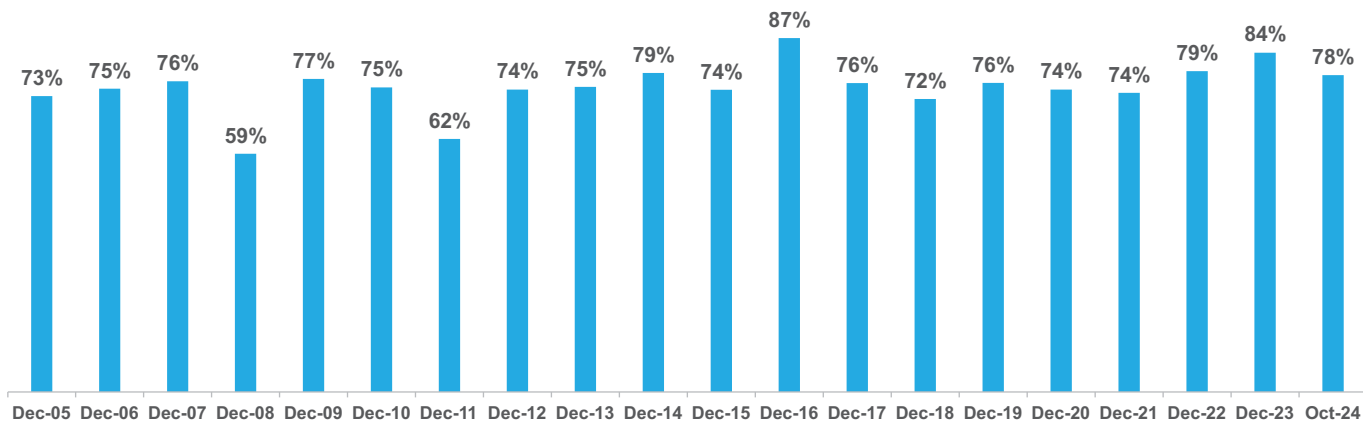
The SBI Quant Model demonstrates resilience in market downturns and recovers faster than the BSE 200 due to its nimble, adaptive strategy. For example, during the 2008 crisis and COVID-19 crash, it contained losses more effectively than BSE 200. This adaptability allows the model to quickly pivot during market shifts, can provide investors with a more stable journey through volatility.

**Source:** SBIFML Research. SBI Quant model performance is post fees and expenses of 2.5% p.a. **Past performance may or may not sustain in future.** All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Jan 2005 to 31st Oct 2024.



# SBI Multi-Factor Model : High Active Share

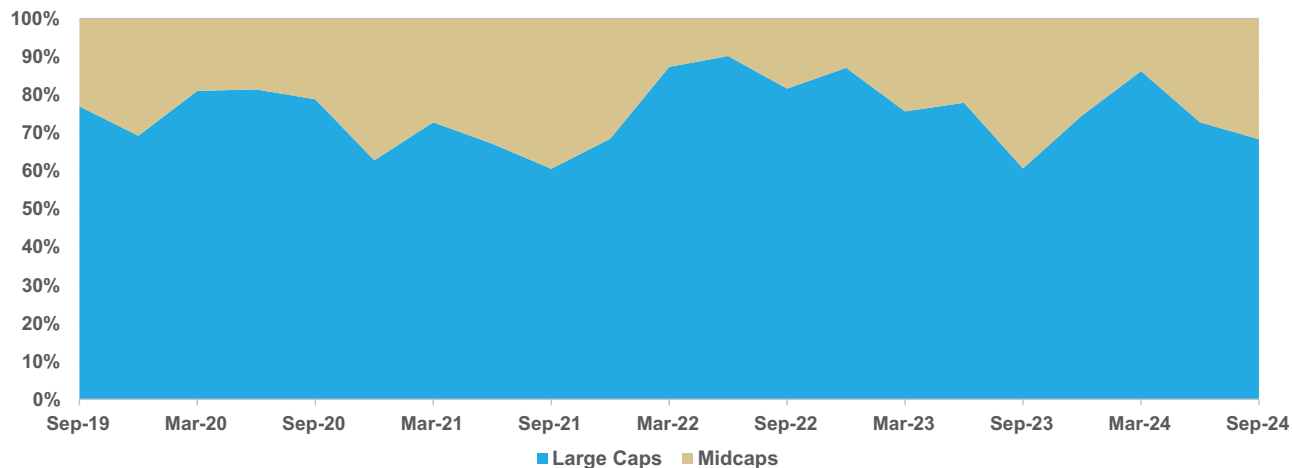
## Model Active Share to BSE 200



**Source:** SBIFML Research. All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Dec 2005 to 31st Oct 2024.

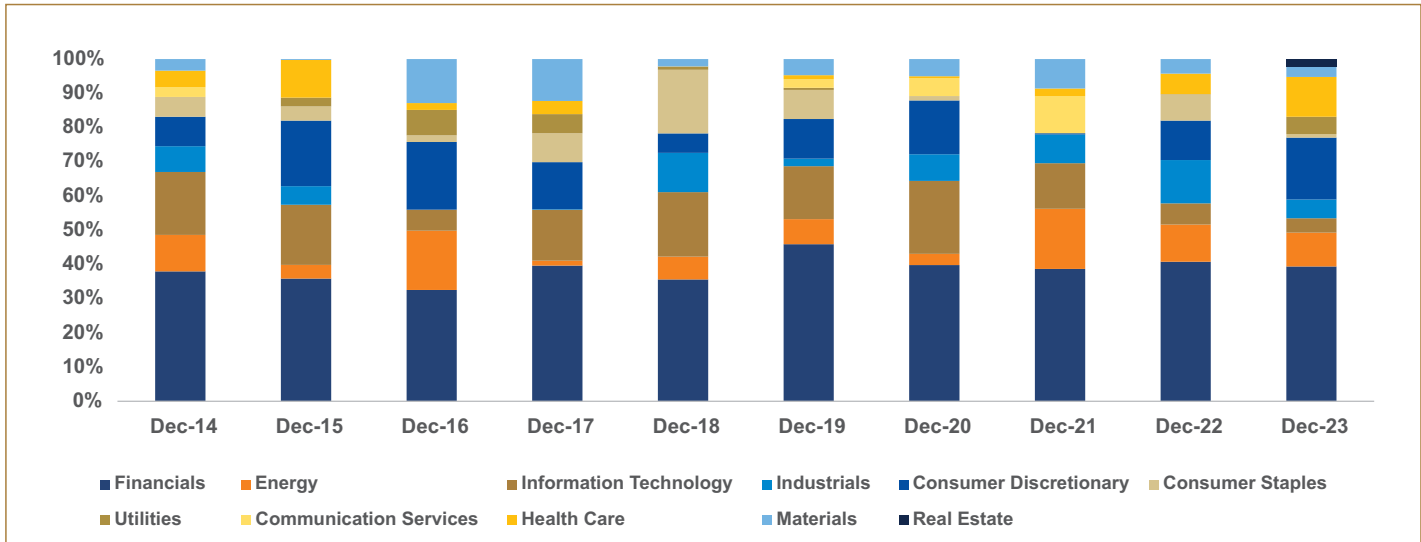
# SBI Multi-Factor Model : Market Cap Allocation

## Market cap Allocation



**Source:** SBIFML Research. All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 1st Dec 2005 to 30th Sep 2024.

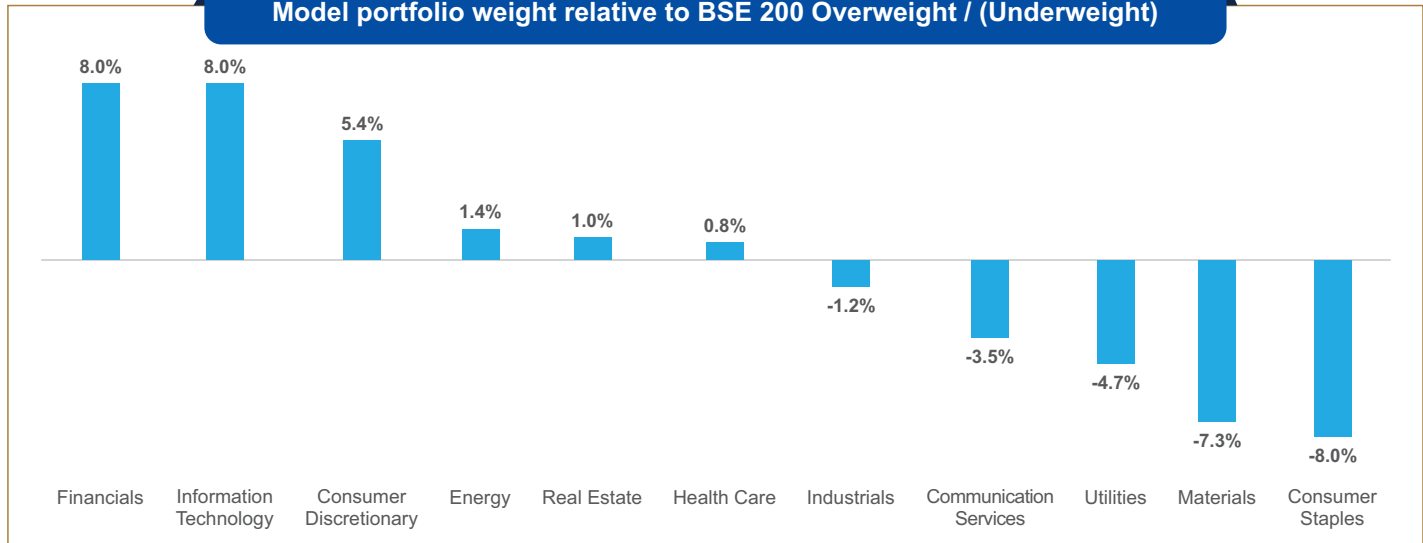
# SBI Multi-Factor Model : Sector Rotation



**Source:** SBIFML Research. All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data is from 31st Dec 2014 to 31st Dec 2023.

# SBI Multi-Factor Model : Diversification Benefit

Model portfolio weight relative to BSE 200 Overweight / (Underweight)



**Source:** SBIFML Research. All information contained in this slide is for illustration purpose only to show how quant models function. The back tested result does not in any way indicate the performance of the Scheme. Data as on 31st Oct 2024.

# SBI Quant Fund: Fund Facts



**Scheme Name**  
SBI Quant Fund



**Type of scheme**  
An open-ended equity scheme following Quant based investing theme



**NFO Dates**  
4th Dec 2024 - 18th Dec 2024



**Benchmark**  
BSE 200 TRI



**Minimum Investment Amount**  
₹ 5000/- and in multiples of ₹ 1 thereafter



## Investment Objective

The scheme shall seek to generate long term capital appreciation by investing in equity and equity related instruments selected based on quant model theme.

However, there is no assurance that the investment objective of the scheme will be achieved.



## Fund Manager

Ms. Sukanya Ghosh

Mr. Pradeep Kesavan is the dedicated fund manager for overseas securities



## Plans / Options

Direct & Regular Plans

(with Growth, Income Distribution cum capital withdrawal (IDCW) Payout, Transfer & Reinvestment Option)



## Exit Load

For exit on or before 6 months from the date of allotment: 0.50% of applicable NAV; For exit after 6 months from the date of allotment: Nil



## Additional Purchase

₹ 1000/- and in multiples of ₹ 1 thereafter

## Disclaimer

This presentation is for information purposes only and is not an offer to sell or a solicitation to buy any mutual fund units/securities. The views expressed herein are based on the basis of internal data, publicly available information & other sources believed to be reliable. Any calculations made are approximations meant as guidelines only, which need to be confirmed before relying on them. These views alone are not sufficient and should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. All opinions and estimates included here constitute our view as of this date and are subject to change without notice. Neither SBI Funds Management Limited, SBI Mutual Fund nor any person connected with it, accepts any liability arising from the use of this information. The recipient of this material should rely on their investigations and take their own professional advice.

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

