



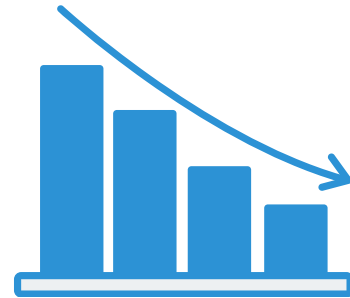
CLOVEKWEALTH

CLOVEK QUANT+ PORTFOLIO

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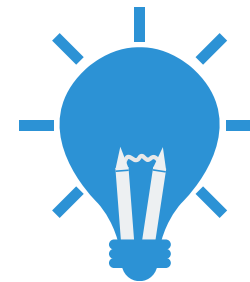
PORTFOLIO OVERVIEW

Quant+ is an investment portfolio designed using a **factor-based** investing strategy, focusing on **momentum** and **quality**. Our approach is to generate superior returns by selecting **high-quality** stocks with **strong momentum**, aiming to capitalize on **trends** while maintaining a **favorable risk profile**. Built on a **rigorous, data-driven model**, **Quant+** employs a **data-driven approach** to screen, score, and rank stocks objectively. Our research team conducts **subjective analysis** to refine and validate stock selections, ensuring a disciplined investment approach. The portfolio is **well-diversified** across market caps and sectors, avoiding overexposure to any single area, and includes **proper exit strategies** to minimize risk during downturns.



Data-driven Quantitative Approach

Employs a data-driven approach to screen, score, and rank stocks objectively.



Factor-based Investing

Combines momentum and quality factors to enhance portfolio resilience and performance.



Subjective Analysis

Our research team conducts subjective analysis to refine and validate stock selections.

PORTFOLIO OBJECTIVES

1

Achieve Superior Risk-Adjusted Returns

The primary objective is to generate higher returns compared to traditional benchmarks while maintaining a favorable risk profile. By investing in stocks with strong momentum and quality attributes, the portfolio aims to capitalize on sustained trends and financial stability.

2

Capitalize on Momentum Trends

The strategy seeks to ride the upward trends of stocks that have demonstrated strong performance in the recent past. The idea is that stocks exhibiting positive momentum will continue to perform well in the near term, thereby maximizing gains.



PORTFOLIO OBJECTIVES

3

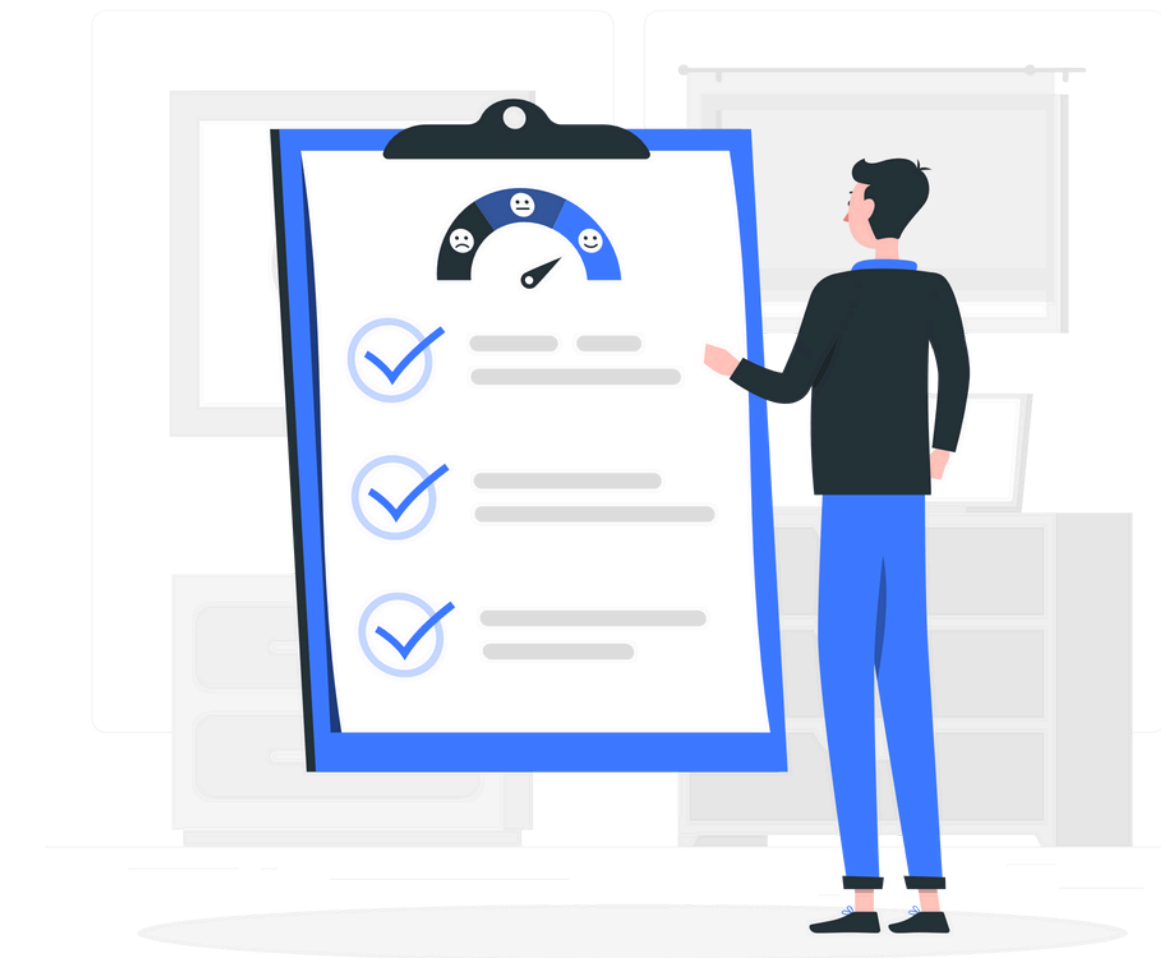
Implement a Systematic, Data-Driven Approach:

The portfolio relies on a rigorous quantitative methodology to select stocks, minimizing the influence of emotions and biases in investment decisions. This systematic approach ensures consistency and discipline in the investment process.

4

Enhance Stability through Quality Factors:

By incorporating quality factors such as earnings per share (EPS) growth and price-to-earnings (P/E) ratio, the portfolio aims to enhance its stability. High-quality stocks tend to be more resilient during market downturns, providing a smoother investment experience.



MOMENTUM AND QUALITY AS FACTORS



MOMENTUM

In our portfolio strategy, momentum plays a crucial role by identifying stocks that have demonstrated strong recent performance. This approach allows us to capture potential uptrends in stock prices, maximizing returns over the short to medium term.



QUALITY

Quality is equally essential as we prioritize stable earnings per share (EPS) growth. By focusing on EPS trends, we select stocks with solid financial fundamentals and consistent profitability. This emphasis on quality helps promote stable returns, ensuring resilience in varying market conditions.

METHODOLOGY



Defining the universe:

Nifty 500, representing the top 500 companies based on full market capitalisation and average daily turnover.



Research & Screening:

Selection of stocks is based on a quantitative methodology, to select high-quality stocks demonstrating strong momentum. This methodology is backtested across various market conditions to validate its robustness.



METHODOLOGY

1. *Momentum Score Calculation:*

Metric Used: Sharpe Ratio for Risk Adjusted Returns

Formula: Sharpe Ratio = (Return - Risk-Free Rate) / Standard Deviation

Steps:

- Calculate the actual return over the last 12 months for each stock.
- Subtract the risk-free rate from the actual return.
- Compute the standard deviation (SD) of daily returns and annualize it.
- Divide the excess return by the annualized SD.
- Calculate the z-score for the risk-adjusted returns to standardize the momentum scores.

2. *EPS Delta Growth Calculation:*

Metric Used: EPS (Earnings per Share) Delta Growth

Steps:

- Calculate the EPS growth from the same quarter of the previous year to the most recent quarter.
- Calculate the z-score for EPS delta growth to standardize this quality metric.



METHODOLOGY

3. Earnings Yield Calculation:

Metric Used: Price-to-Earnings (P/E) Ratio

Steps:

- Invert the P/E ratio (1/P/E) so that ideas with lower value rank higher.
- Calculate the z-score for the Earnings Yield ratio to standardize this quality metric.

4. Final Score Calculation:

Formula: $Z_Final_Score = 0.6 * Z_Momentum + 0.2 * Z_EPS + 0.2 * Z_EarningsYield$

60% weight to momentum score.

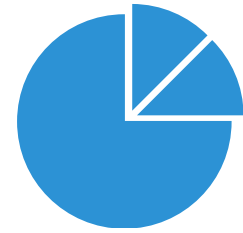
40% weight to quality factors (20% to EPS growth and 20% to Earnings Yield).



METHODOLOGY

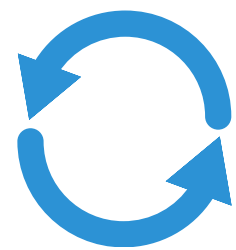


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Weighing:

Weights are determined by the quality of the stock, with higher-quality stocks receiving greater weights. To ensure broad market diversification and minimise risks, minimum and maximum weight criteria are applied, along with careful consideration of theme and sector exposure.



Rebalance:

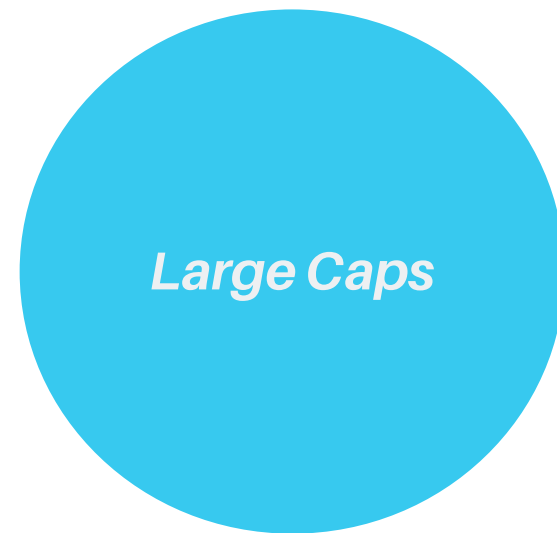
This portfolio has a monthly rebalance schedule. Once every month, the research team will review this portfolio to add or drop stocks, if applicable.



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PORTFOLIO COMPOSITION

A total portfolio of 50 Stocks



Large Caps

20 Large cap stocks with **50%** of portfolio weights.



Mid Caps

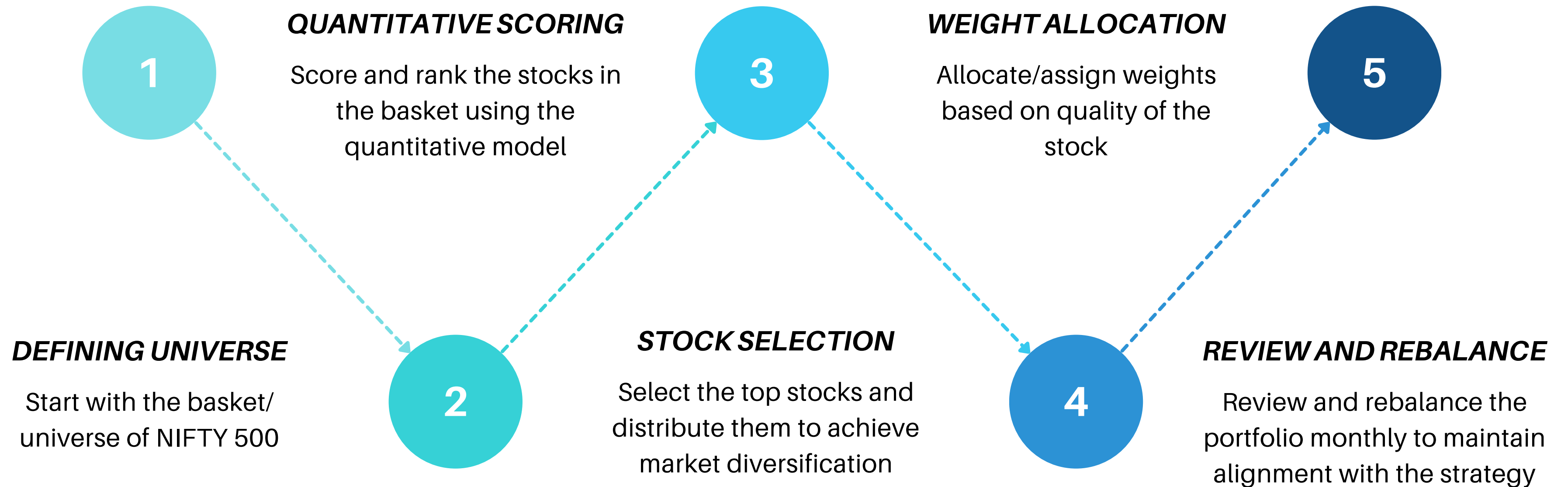
15 mid cap stocks with **25%** of the portfolio weights.



Small Caps

15 small cap stocks with **25%** of the portfolio weights.

PORTFOLIO CONSTRUCTION



PORTFOLIO REVIEW

1

Frequency

Monthly re-balancing to keep the portfolio aligned with our methodology.

2

Review Process

Reassess the momentum and quality scores of each stock.

3

Adjustments

Replace stocks that no longer meet the criteria. Adjust weights as necessary to maintain the optimized portfolio.

RISK MANAGEMENT

1

Declining Volume

Exit stocks showing declining volume alongside poor performance, and underperforming with significantly lower than average volume, indicating potential liquidity issues.

2

Declining Short term Momentum

Evaluate the momentum score over 1-3 months, removing stocks if their momentum score falls below a certain threshold, indicating momentum decay.

3

Sector Position Sizing

Limit exposure to each sector, reducing exposure to underperforming sectors and increasing exposure to overperforming sectors.

4

Benchmark Performance

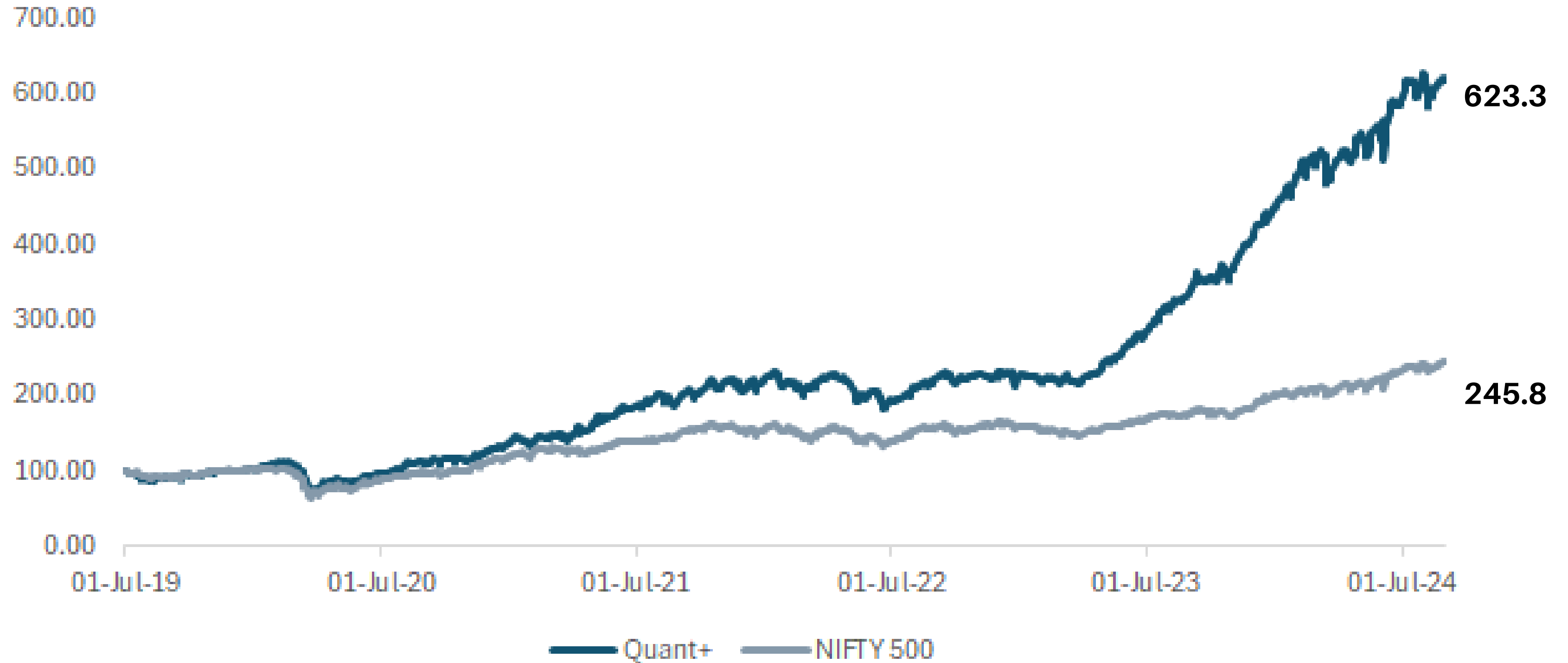
Remove stocks that underperform a benchmark index by a predetermined margin to maintain competitive returns.

5

Fundamental Analysis

Monitor stock specific fundamentals and exercise caution with stocks undergoing corporate actions like earnings announcements and stock splits.

PORTFOLIO BACKTEST (TILL AUG' 24)



Portfolio launch Date: 4th July 24

Last 1Y Return (Backtested): 84.5% (Portfolio) Vs 40.2% (NIFTY 500)

DRAWDOWN & WIN-LOSS STATISTICS (SINCE JAN 1ST 2023)

Quant+ Vs. NIFTY 500

Total trading days backtested: 369

Quant+ beating NIFTY 500: 234 days

Quant+ underperforming NIFTY 500: 135 days

Win Percentage: 63%

Total instances of negative returns/drawdown (Quant+): 126

Instances where the drawdown was larger than NIFTY 500: 89

Quant+ Vs. NIFTY Smallcap 250

Total trading days backtested: 369

Quant+ beating NIFTY Smallcap 250: 213 days

Quant+ underperforming NIFTY Smallcap 250: 156 days

Win Percentage: 58%

Total instances of negative returns/drawdown (Quant+): 126

Instances where the drawdown was larger than NIFTY Smallcap 250: 78



SCENARIO ANALYSIS



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Negative Benchmark Returns (<0%)				
Month	Portfolio	NIFTY 50	NIFTY 100	NIFTY 500
Jan-23	-3.03%	-2.94%	-4.00%	-3.79%
Feb-23	-1.24%	-1.77%	-2.47%	-2.22%
Mar-23	0.49%	-0.52%	-0.30%	-0.73%
Aug-23	5.96%	-2.43%	-2.31%	-0.74%
Oct-23	2.50%	-2.30%	-2.35%	-2.63%
Mar-24	-0.30%	-0.05%	0.26%	-0.47%
May-24	-0.67%	-0.52%	-0.10%	0.09%

Moderate Benchmark Returns (0%-3%)				
Month	Portfolio	NIFTY 50	NIFTY 100	NIFTY 500
May-23	8.28%	2.13%	2.50%	3.04%
Jul-23	9.66%	1.67%	1.86%	2.54%
Sep-23	4.79%	1.04%	1.00%	1.28%
Jan-24	10.24%	-0.07%	0.53%	1.71%
Feb-24	3.24%	1.32%	2.21%	1.58%
Apr-24	5.29%	0.64%	1.43%	2.46%
Jul-24	4.00%	2.74%	2.84%	2.97%
Aug-24	-0.94%	1.14%	0.96%	0.87%

High Benchmark Returns (>3%)				
Month	Portfolio	NIFTY 50	NIFTY 100	NIFTY 500
Apr-23	7.33%	3.83%	3.94%	4.23%
Jun-23	8.03%	3.79%	3.77%	4.25%
Nov-23	12.73%	6.02%	6.64%	7.50%
Dec-23	7.02%	7.22%	7.76%	7.25%
Jun-24	4.46%	3.21%	2.72%	3.50%

WHY SHOULD ONE INVEST?

1

POTENTIAL FOR HIGHER RETURNS

Riding the momentum of strong performers to potentially achieve consistent returns over time.

3

DIVERSIFIED OPPORTUNITIES

Selecting winners across market caps and sectors for broad market exposure.

5

SYSTEMATIC PORTFOLIO CONSTRUCTION

Quantitative methodology to select stocks, minimizing the influence of emotions and biases in investment decisions.

2

HIGH-QUALITY IDEAS

Focus on high-quality stocks with strong momentum, making the portfolio resilient against market risks.

4

EXPERT ANALYSIS

Subjective analysis of the selected stocks by our expert research team to refine and validate stock selections.

KEY INFORMATION

TICKET SIZE	BENCHMARK	TIME HORIZON	NO. OF STOCKS	FEES
Rs. 12 Lakhs (+/- 5%)	NIFTY 500	3+ Years	50 Stocks	2.5% AUA + Taxes

KEY PORTFOLIO RISKS

Model Risk

Quant+ relies on quantitative models based on historical data to predict market movements. These models may not account for sudden economic changes, geopolitical events, or market anomalies, potentially leading to inaccurate predictions and underperformance relative to expectations or benchmarks.

High Turnover Risk

Frequent monthly rebalancing in Quant+ can lead to higher transaction costs, such as brokerage fees and commissions, which may reduce overall returns. Increased trading activity can also result in higher tax liabilities from short-term capital gains, impacting net gains and long-term growth opportunities.

Market Risk

Momentum strategies depend on market sentiment, which can change rapidly and unpredictably. Sudden shifts in investor mood can lead to abrupt declines in stock prices, affecting the performance of momentum stocks and increasing the risk of losses.

Liquidity Risk

Given the strategy and composition, certain stocks in the Quant+ portfolio may face liquidity issues during market distress, particularly if they are circuit stocks. Reduced liquidity during volatile market conditions could impact the ability to quickly buy or sell such stocks without significantly affecting their market price.

Drawdown & Statistics

During market distress, drawdowns on a portfolio level can be higher than 40% within any particular year while the same at a stock level can be higher than 50%. The ideal investment horizon for the portfolio should be more than 3 years to minimize the risk of capital loss. Drawdowns can be explained as maximum capital loss an investor may suffer considering he invests at peak and exits at bottom within a given timeframe.

RESEARCH TEAM



SACHIN KAPOOR, CFA

Founder & Chief Investment Officer
Clovek Wealth

He holds a CFA designation from the CFA Institute, USA, and an MBA from ICFAI, with 17 years of experience in the Asset Management industry and Capital Markets.



ANKIT BHANJA

Quant Analyst
Clovek Wealth

He holds an MBA degree in Finance from IMT Ghaziabad and a Bachelor's degree in Computer Science from HITS, Chennai, with 3 years of experience in the BFSI segment with TCS.

OTHER IN-HOUSE PORTFOLIOS



CLOVEKWEALTH

1

CLOVEK PERSEVERANCE

Long-term wealth creation by investing into quality businesses through a top-down approach.

1) Top-down approach, 2) Well-diversified across sectors having volatility / beta comparable with NIFTY50, 3) Large-cap bias.

Performance (till 31st Jul' 2024): **25.0% CAGR**
Since Inception 13th Nov' 2020.

2

CLOVEK INDIA OPPORTUNITIES

Long-term wealth creation by investing into quality businesses through a bottom-up approach with thesis backed on company specific stories with a blend of top-down approach.

1) Bottom-up approach, 2) Well-diversified across sectors having volatility / beta comparable with NIFTY500, 3) Small & Mid-cap bias.

Performance (till 31st Jul' 2024): **19.7% CAGR**
Since Inception 11th Apr' 2022.

3

CLOVEK DEEP VALUE

Long-term wealth creation by investing into businesses which have significant price value mismatch.

1) Bottom-up approach, 2) Well-diversified across sectors having volatility / beta comparable with NIFTY Small-cap 250, 3) Small-cap bias.

Performance (till 31st Jul' 2024): **41.3% CAGR**
Since Inception 02nd Sep' 2022.

DISCLOSURE



STATUTORY DETAILS

Name of the Investment Advisor: Clovek Wealth Management Pvt Ltd
Type of Registration: Non-Individual
Validity of Registration: July 27th 2020 to Perpetual
Registered Office Address: B-915, Tower B, Advant IT Park, Sector - 142, Noida, U.P. - 201305
Contact No: 0120 - 4953325
SEBI Registration No: INA100014879
BASL Membership No: BASL1599
CIN: U67100UP2019PTC118958

Details of Principal Officer

Name: Sachin Kapoor
Contact No: 0120 - 4953325
Mail ID: po@clovekwealth.com

Details of Compliance Officer & Grievance Officer

Name: Shubham Mathur
Contact No: +91 9716903952
Mail ID: shubham.mathur@clovekwealth.com

SEBI Local Office Address: Eldeco Corporate Chambers II, 3rd Floor, Picup Bhawan Rd, Vibhuti Khand, Gomti Nagar, Lucknow, Uttar Pradesh - 226010

STANDARD WARNING: Investment in securities market is subject to market risks. Read all the related documents carefully before investing.

DISCLAIMER: Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.



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THANK YOU!



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