

Nifty 200 Momentum 30 (N200 M30)

17th April 2026

Mutual Fund Note – Smart Beta

Executive Summary

In our initial [Strategy Note](#) post the commencement of the US-Iran conflict, we had reiterated focusing on upside capture vis-à-vis being concerned around downside capture. Since then, the geopolitical situation has escalated and de-escalated multiple times – and yet – our strategy to focus on capturing the upside in today’s markets remains strong.

In this market, we would like to **capture the upside** by investing in the smart beta index – Momentum, in the Nifty 200 universe.

Fund Name	Nifty200 Momentum 30 Index	Std. Dev (5 years)	19.31
Category	Smart Beta - Momentum	Beta (with Nifty 50, 5 years)	1.17
P/E	23.21	Top 10 Stocks (Concentration %)	48.83
P/B	4.00	Number of Sectors	12
Div. Yield	0.94	Number of Stocks	30

Source: Nifty Indices, Pravia Research; As on March’2026

Rationale for Investment into Nifty 200 Momentum 30:

- **Focus on Upside Capture –**
 - Index has Up Capture (last 5 years) of ~138% v/s Nifty 50
- **Favourable Return Divergence –**
 - We believe the time to start allocating is now
- **Concentrated portfolio –**
 - Index is overweight positions on real-economy facing sectors
- **Higher Beta in a down market –**
 - Investment in higher beta indices means investments should move more than the market in an upcycle

Key Risks:

- **West Asia Crisis –**
 - Continued US-Iran war will cause markets to fall.
- **Higher Downside Capture –**
 - If markets fall from current levels, the index will fall more than the market.
 - 5-year down capture v/s Nifty 50 is 141.3%
- **Sharper falls vis-à-vis market –**
 - Index has higher volatility – increasing uncertainty in down markets
- **We are assuming history repeats itself –**
 - Since Nifty 200 Momentum 30 was launched as an index in Aug’20, a lot of the data and hence analysis is back tested.



Allocation strategy → We position this fund in the Smart Beta Index fund category in client portfolios. Despite being only 30 stocks in the portfolio, the weight of the top 10 holdings is still lesser than Nifty 50 – indicating it is reasonably diversified. We are reiterating our upside capture thesis via investment into the Smart beta index.

We believe markets are currently favourable for investment into Nifty 200 Momentum 30 Index Fund – direct growth. We would like to allocate via a 3-month staggered approach.

Detailed Note

Momentum as a strategy follows the following strategy – Stocks which are winners will keep winning in the future (increase in price), and losers will keep losing (decrease in price). Momentum as a strategy performs well in an uptrend, recovery and re-rating phases. **We believe we are in a recovery phase now, which will be followed by an uptrend.**

Nifty 200 Momentum 30 Index has the following methodology - simplified. Top 30 stocks with the highest Normalized Momentum Scores are included in the Index.

Methodology:

Each stock is ranked using a **Normalized Momentum Score**, built from two return windows:

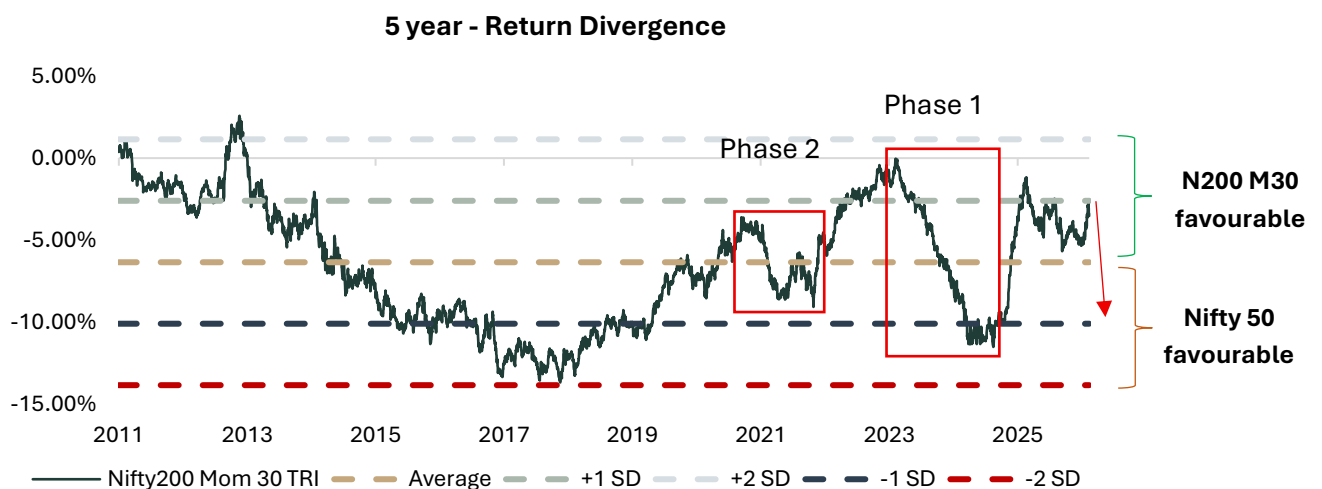
- **6-month price return ÷ volatility** (50% weight)
- **12-month price return ÷ volatility** (50% weight)

Dividing by volatility adjusts for risk, giving a **Momentum Ratio** for each period. These ratios are then standardized (converted to Z-scores) relative to the universe, and averaged into a single composite score.

The final score is expressed as:

- **1 + weighted Z-score** for positive momentum stocks – keeping winners in the index
- **1 – weighted Z-score** for negative ones – removing losers from the index

The below chart highlights a strategy which we use to evaluate positioning across smart beta strategies. Currently, Nifty 200 Momentum 30 TRI is at a +1 SD v/s Nifty 50 TRI – indicating allocation initiation. We have back tested this data, and the previous times where Allocation was above +1 SD, Nifty 200 momentum 30 TRI has outperformed Nifty 50 TRI – as highlighted below.



Source: Pravia Research, Nifty Indices; Data as on 13th Apr'2026



Phase 1	Nifty 50 TRI	N200 M30 TRI	Phase 2	Nifty 50 TRI	N200 M30 TRI
11-Apr-23	25,793	22,730	24-Nov-20	18,515	15,122
15-Jun-24	34,711	44,784	26-Dec-21	24,406	24,794
CAGR	28.59%	77.59%	CAGR	28.92%	57.55%

Source: Nifty Indices

We believe Nifty 200 Momentum 30 is in a similar situation – poised to outperform Nifty 50 after recently underperforming.

Nifty 200 Momentum 30 has a concentrated portfolio, with only 12 sectors, which are as follows vis-à-vis 34 in the Nifty 200 universe and 24 in the Nifty 50 universe.

Sectors	N200 M30	Nifty 200	Nifty 50
Finance	26.02	7.74	4.94
Automobile & Ancillaries	23.82	7.88	6.60
Bank	16.67	22.43	29.13
Chemicals	6.07	1.83	0.96
Non - Ferrous Metals	5.75	1.94	1.25
Telecom	4.81	4.21	5.34
Insurance	3.82	1.21	1.40
Healthcare	3.65	6.03	4.68
Aviation	3.65	0.58	0.87
IT	2.15	8.48	9.40
Retailing	2.03	2.54	2.33
Infrastructure	1.61	2.99	4.02
Others	-0.05	0.21	-0.01

Source: Ace MF; As on March'2026; All numbers are in % terms

This concentrated portfolio has a real-economy focus on themes – with sectors like Auto & Anc, Chemicals, Non-ferrous metals and Aviation having higher weights than benchmarks.

Top 10 stocks of the Momentum index vis-à-vis benchmarks are very different:

Nifty200 Momentum 30		Nifty 50		Nifty 200	
Stock Name	Weight (%)	Stock Name	Weight (%)	Stock Name	Weight (%)
State Bank Of India	5.76	HDFC Bank Ltd.	10.94	HDFC Bank Ltd.	7.36
Hindalco Industries Ltd.	5.75	Reliance Industries Ltd.	8.87	Reliance Industries Ltd.	5.97
Shriram Finance Ltd.	5.16	ICICI Bank Ltd.	8.42	ICICI Bank Ltd.	5.67
Eicher Motors Ltd.	5.11	Bharti Airtel Ltd.	5.34	Bharti Airtel Ltd.	3.60
Bharti Airtel Ltd.	4.81	Infosys Ltd.	4.28	Infosys Ltd.	2.88
TVS Motor Company Ltd.	4.61	Larsen & Toubro Ltd.	4.02	Larsen & Toubro Ltd.	2.70
Bajaj Finance Ltd.	4.55	State Bank Of India	3.97	State Bank Of India	2.67
Asian Paints Ltd.	4.48	Axis Bank Ltd.	3.26	Axis Bank Ltd.	2.19
BSE Ltd.	4.37	ITC Ltd.	2.71	ITC Ltd.	1.82
Hero MotoCorp Ltd.	4.24	Mahindra & Mahindra Ltd.	2.58	Mahindra & Mahindra Ltd.	1.73
Top 10 stocks	48.83	Top 10 stocks	54.39	Top 10 stocks	36.60

Source: Ace MF; As on March'2026



Performance (As on 16th April 2026) –

Trailing Returns			Calendar Year Returns		
	N200 M30 TRI	Nifty 50 TRI		N200 M30 TRI	Nifty 50 TRI
1 Month	6.73%	3.37%	YTD	-1.86%	-7.29%
3 Months	-1.60%	-5.78%	2025	-4.57%	11.88%
6 Months	-3.62%	-5.18%	2024	21.27%	10.06%
1 Year	10.84%	4.39%	2023	41.71%	21.30%
2 Years	-0.27%	5.76%	2022	-5.45%	5.69%
3 Years	18.72%	12.00%	2021	53.81%	25.59%
5 Years	15.02%	11.89%	2020	19.89%	16.09%
10 Year	18.19%	13.28%	2019	10.55%	13.48%
			2018	-1.66%	4.64%
			2017	57.46%	30.27%
			2016	9.54%	4.38%

Source: Ace MF

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