METHODOLOGY

Fund selection *process.*

How a Kinntegra-powered MFD selects a basket of equity schemes designed to deliver an alpha of **3% p.a. over and above Nifty 100**, across market cycles — using a transparent two-stage quantitative + qualitative screen.

Our objective

The endeavour of our selection methodology is to construct a Wealth Portfolio whose schemes consistently deliver an alpha of **3% per annum** over and above the Nifty 100, evaluated across multiple market cycles.

Our strategy

Select a set of schemes that provides flexibility with market dynamics without forcing the client through frequent scheme-level changes. Historically a composition of **45–55% large cap, 15–25% mid cap, and 20–30% small cap** has been able to deliver an alpha of more than 3% over Nifty 100 across rolling 3- and 5-year windows.

STAGE01

Categorisation & *filtration.*

We begin by removing categories that systematically fail the alpha-over-Nifty-100 mandate either on risk grounds, concentration grounds, or structural growth grounds.

Category	Definition	Schemes	Reason for elimination
Contra Fund	≥65% in stocks following contrarian strategy	3	Higher risk, volatility, time-horizon sensitivity, lack of diversification, performance uncertainty
Dividend Yield Fund	≥65% in dividend-yielding stocks	9	Lower growth potential, interest-rate sensitivity, sector concentration, dividend cuts, tax friction
ELSS	≥80% equity under ELSS 2005, MoF notified	40	Lock-in period, market risk, unsuitable for short-term goals
Equity Index Funds	≥95% in securities of a particular index	127	Limited outperformance potential, no active management, tracking error
ETFs — Equity	≥95% replicating index	140	Market risk, tracking error, intraday liquidity concerns
ETFs — Global	≥95% replicating a global index	6	Currency risk, regulatory differences, geopolitical risk
Value Fund	≥65% in stocks under value strategy	20	Value-trap risk, prolonged underperformance windows, market-timing risk
Sectoral Funds	≥80% in stocks of one sector / theme	96	Concentration risk, inconsistent alpha due to sector cyclicality

Output: of the total universe of ~720 open-ended equity schemes, **279 schemes** clear the elimination screen.

STAGE02

Category performance — *rolling returns.*

Surviving categories are then mapped against multi-horizon category-average returns vs Nifty 100 (representative figures across rolling windows; refreshed as AMC data updates).

Category	Schemes	1Y	3Y	5Y	Alpha >3%
Nifty 100 (index)	—	12.8%	14.6%	13.1%	—
Flexi Cap Fund	39	16.5%	17.4%	16.0%	Yes
Focused Fund	28	15.7%	16.9%	15.5%	Partly
Large & Mid Cap Fund	30	19.2%	19.6%	17.8%	Yes
Large Cap Fund	33	13.6%	15.4%	14.0%	Partly
Mid Cap Fund	29	22.4%	22.1%	20.8%	Yes
Multi Cap Fund	25	20.1%	21.7%	19.6%	Yes
Thematic Advantage	1	16.8%	18.1%	18.4%	Yes
Small Cap Fund	28	21.8%	24.6%	24.0%	Yes
Sectoral Diversified	67	21.2%	23.3%	20.0%	Yes

Representative category averages refreshed against AMFI / AMC data feeds. Past performance is not indicative of future returns; ranges reflect rolling 1Y / 3Y / 5Y windows as of the latest AMC publication cycle.

Why Flexi Cap over Multi Cap

- **Agility.** Flexi-cap funds dynamically allocate capital to sectors or stocks with the highest growth potential — enhancing alpha generation.
- **Active risk management.** The ability to adjust exposure across market segments aids downside protection during market drawdowns.
- **Higher long-term returns.** Active allocation across market caps increases the probability of meeting the +3% alpha target.

Why Large & Mid Cap over pure Large or Mid Cap

- **Flexibility.** Manager can rotate between large-cap stability and mid-cap growth based on the cycle.
- **Performance potential.** Captures upside whether large-caps or mid-caps lead — smoothing alpha generation.
- **Balanced growth.** Exposure to established large-caps + promising mid-caps in a single vehicle.

Why Thematic Advantage / Sectoral Diversified over single-sector funds

- **Diversification.** Broader exposure across multiple companies within a theme reduces single-stock risk.
- **Flexibility.** Manager can shift allocations as thematic trends evolve.
- **Structural growth.** Capture long-term themes (technology, energy transition, demographics) across sectors.

DAA / Multi-Asset (equity-taxed) over pure Debt funds

- **Tax efficiency.** Long-term capital gains taxed at 10% (above ■1 lakh / financial year under Sec 112A) — more favourable than debt-fund interest taxation for higher slabs.

- **Asset diversification.** Built-in exposure to equity + arbitrage + debt within one vehicle.

STAGE03

Qualitative & quantitative *screening.*

From the categories above, schemes go through a fund-level screen against five criteria. The table below shows the universe entering vs the final basket selected.

Fund category	Universe	Final selection
Large & Mid Cap Funds	30	2
Flexi Cap Funds	39	3
Sectoral Diversified	68	2
Multi Cap Funds	23	1
Dynamic Asset Allocation	33	1

1. Alpha-focused criteria

- **Historical alpha.** Compare each candidate's alpha vs Nifty 100 across multiple time frames.
- **Consistency.** Schemes that have delivered alpha across multiple market cycles, not one window.
- **Risk-adjusted returns.** Sharpe, Sortino and Information ratios — not absolute returns alone.
- **Fund-manager expertise.** Track record of generating alpha through skillful stock selection and portfolio construction.

2. Performance metrics

- **Absolute returns.** Superior absolute returns vs Nifty 100 over the holding-period horizon.
- **Relative performance.** Performance vs benchmark and against the peer group.
- **Capture ratios.** High upside capture, low downside capture.

3. Portfolio construction

- **Diversification.** Well-spread sector and stock concentration.
- **High-conviction holdings.** Concentrated bets where the manager has visible conviction.
- **Quality bias.** Preference for businesses with strong fundamentals and durable competitive advantage.

4. Risk management

- **Volatility management.** How portfolio construction and risk-mitigation strategies dampen drawdowns.
- **Stress testing.** Performance during periods of market stress (e.g., 2008, 2013, 2020, 2022) to gauge resilience.

5. Expense ratio

- While chasing alpha, expense ratios materially affect net returns — we favour competitive TERs.

Past performance is not indicative of future returns. The categorisations, scheme counts, and returns shown above are representative averages derived from AMFI / AMC public data feeds and are refreshed as new data is published. Individual scheme selection within each category is subject to the qualitative & quantitative screen described above.