

AN AMC DRIVEN BY
**RULE-BASED
ACTIVE INVESTING**

FACTSHEET - FEBRUARY 2022



MONTHLY UPDATE

“The cost of discipline is always less than the price of regret. So, self-discipline is the biggest investment of successful life” - DR.APJ Abdul Kalam

When we embarked on our rule based active investment journey over a decade ago, we believed that the primary benefit of the approach was to eliminate human biases that interfere with discipline. As investors experienced this benefit, its value became apparent which resulted in increased customer participation and persistence. When we brought this approach to mutual fund investing a few months ago, it was an extension of our continued belief in the primary benefit of the approach along with the added advantage of investment style diversification.

To be clear, the benefit of this approach is not that it always outperforms the index or other strategies. There are times in the past when it has outperformed, just as there are times when it has underperformed. Its benefit has been and continues to be its ability to remain disciplined regardless of its performance so that the benefit of this discipline is available over time.

This has held our Dynamic Asset Allocation (DAA) Protocol in good stead in the past with its worst periods of relative short term underperformance typically being followed by periods of relative outperformance. An analysis of the five worst periods of 3 month returns can be seen in the table below

Date	Last 3 month performance			Next 6 Months Returns		
	DAA Protocol	Benchmark*	Difference	DAA Protocol	Benchmark*	Difference
2008-12-12	-30.48%	-10.77%	-19.71%	51.73%	29.71%	22.02%
2006-07-24	-22.52%	-9.09%	-13.43%	33.55%	20.15%	13.40%
2013-08-07	-14.40%	-5.49%	-8.90%	20.00%	6.69%	13.31%
2011-12-23	-8.76%	-0.33%	-8.43%	12.85%	7.56%	5.29%
2020-03-27	-21.05%	-13.70%	-7.35%	36.62%	17.51%	19.11%

*Nifty 50 Hybrid Composite Debt 50:50 Index

Above table is for illustration purposes only

Past performance may or may not be sustained in future.

To be clear once again, this cannot be taken as an indication of what the future may hold. It's just an analysis of what has been observed in the past and as the quote made famous by our industry goes “Past performance is not indicative of future results”.

Also, the objective of this note is not to focus on the performance of our protocol. Performance, both absolute and relative, changes rapidly based on market conditions and is an outcome of the investment approach. And as far as our rule based active investing approach goes, there are a few aspects that are worth reiterating.

We develop investment rules that are based on a thorough analysis of past data. Rules that work well together are combined to create protocols that are used to make investment decisions. The decision making and its periodicity is pre-defined and follows established principles. There is no human intervention in the process, an aspect specifically designed to eliminate human biases. There are no deviations from the established protocols which makes the process inherently disciplined and time-bound. The lack of human discretion and inherent discipline distinguishes this approach and allows a unique diversification opportunity.

The last few months have been challenging as markets seek to consolidate. Through this time, our single minded focus has been to ensure adherence to our protocols at all times. We continue to believe that this is the best way to serve our investors.

NJ BALANCED ADVANTAGE FUND

An open-ended dynamic asset allocation fund

Report as on February 28, 2022

Investment Objective:

The investment objective of the Scheme is to generate capital appreciation by dynamically allocating its assets between equity and specified debt securities. However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.

Type of the scheme:

An open-ended dynamic asset allocation fund

Entry Load: NA

Exit Load (with effect from February 1, 2022):

- NIL Exit load – for 5% of the units upto completion of 30 days
 - The “First In First Out (FIFO)” logic will be applied while selecting the units for redemption
 - Waiver of Exit load is calculated for each inflow transaction separately on FIFO basis and not on the total units through multiple inflows
 - The load free units from purchases made subsequent to the initial purchase will be available only after redeeming all units from the initial purchase
- All units redeemed /switched-out in excess of the 5% load free units will be subject to the below mentioned exit load.
 - 1.00% - if Units are redeemed/switched-out on or before 30 days from the date of allotment
 - Nil - if redeemed after 30 days from the date of allotment.

Benchmark: NIFTY 50 Hybrid Composite Debt 50:50 Index

Name of the Fund manager: Mr. Rishi Sharma
 Work experience: Over 14 years
 He has been managing this fund since 29 October, 2021.

Plans: Regular Plan and Direct Plan

Options: Growth and IDCW

Date of Allotment: October 29, 2021

Performance: Since the scheme has not completed 1 year, performance data not provided.

Total Expense Ratio#

Regular Plan 1.91%
 Direct Plan 0.53%

Monthly Average AUM INR 5201.66 Crores
Closing AUM INR 5107.30 Crores

Minimum Investment Amount

INR 500 and multiples of INR 1

Additional Investment Amount

INR 500 and multiples of INR 1

NAV (as on 28 February, 2022)

Direct IDCW 9.49
 Direct Growth 9.49
 Regular IDCW 9.53
 Regular Growth 9.53

Other Parameters (as on 28 February, 2022)

Average Maturity* 50 days
 Modified Duration* 50 days
 Yield to Maturity 3.52%
 Macaulay Duration* 50 days
 Portfolio Turnover Ratio 0.38

*Total Expense Ratio is as on the last business day of the month and includes Additional Expenses and Goods & Service Tax on Management Fees.

*Calculated on amount invested in debt securities (including accrued interest), deployment of funds in TREPS.

Note: Portfolio Beta, Standard Deviation, R Squared and Sharpe Ratio of the Scheme are not computed owing to the short time frame since launch of the Scheme.

IDCW history is not available as no income is distributed since inception of the scheme.

PORTFOLIO

ISSUER	INDUSTRY/RATING	% TO NET ASSETS
EQUITY ^		53.82%
Solar Industries India Limited	Chemicals	1.74%
Sonata Software Limited	Software	1.52%
Tata Steel Limited	Ferrous Metals	1.27%
Power Grid Corporation of India Limited	Power	1.22%
Procter & Gamble Hygiene and Health Care Limited	Consumer Non Durables	1.18%
Gujarat State Petronet Limited	Gas	1.17%
SKF India Limited	Industrial Products	1.13%
JSW Steel Limited	Ferrous Metals	1.13%
Tata Consultancy Services Limited	Software	1.12%
Hindustan Unilever Limited	Consumer Non Durables	1.10%
Mphasis Limited	Software	1.10%
Alkem Laboratories Limited	Pharmaceuticals	1.06%
UPL Limited	Pesticides	1.02%
Torrent Power Limited	Power	1.01%
Gland Pharma Limited	Pharmaceuticals	1.00%
Astral Limited	Industrial Products	1.00%
Persistent Systems Limited	Software	0.98%
MindTree Limited	Software	0.97%
Dr. Lal Path Labs Limited	Healthcare Services	0.78%
JSW Energy Limited	Power	0.68%
Oil & Natural Gas Corporation Limited	Oil	0.67%
The Federal Bank Limited	Banks	0.66%
GAIL (India) Limited	Gas	0.66%
Coal India Limited	Minerals/Mining	0.64%
Bajaj Auto Limited	Auto	0.64%
Atul Limited	Chemicals	0.62%
Indian Oil Corporation Limited	Petroleum Products	0.61%
Marico Limited	Consumer Non Durables	0.60%
Cholamandalam Financial Holdings Limited	Finance	0.59%
Colgate Palmolive (India) Limited	Consumer Non Durables	0.59%
Bata India Limited	Consumer Durables	0.58%
SRF Limited	Chemicals	0.58%
Escorts Limited	Auto	0.58%
Dabur India Limited	Consumer Non Durables	0.58%
Polycab India Limited	Industrial Products	0.58%
Pidilite Industries Limited	Chemicals	0.57%
Grasim Industries Limited	Cement & Cement Products	0.57%
Larsen & Toubro Limited	Construction Project	0.57%
HDFC Bank Limited	Banks	0.57%
Britannia Industries Limited	Consumer Non Durables	0.56%
Bajaj Finserv Limited	Insurance	0.56%
ACC Limited	Cement & Cement Products	0.55%
Asian Paints Limited	Consumer Non Durables	0.55%
Chambal Fertilizers & Chemicals Limited	Fertilisers	0.55%
Hindustan Petroleum Corporation Limited	Petroleum Products	0.55%
Divi's Laboratories Limited	Pharmaceuticals	0.54%
LIC Housing Finance Limited	Finance	0.54%
Infosys Limited	Software	0.54%
REC Limited	Finance	0.54%
Nestle India Limited	Consumer Non Durables	0.54%
Gujarat Gas Limited	Gas	0.54%
Bharat Petroleum Corporation Limited	Petroleum Products	0.54%
ICICI Lombard General Insurance Company Limited	Insurance	0.53%
Abbott India Limited	Pharmaceuticals	0.53%
Berger Paints (I) Limited	Consumer Non Durables	0.53%
IPCA Laboratories Limited	Pharmaceuticals	0.53%
Bayer Cropscience Limited	Pesticides	0.53%
SBI Life Insurance Company Limited	Insurance	0.52%
Hatsun Agro Product Limited	Consumer Non Durables	0.52%

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PORTFOLIO

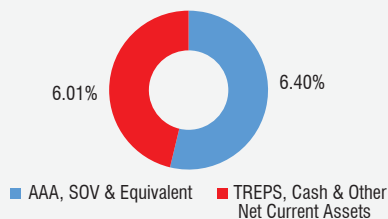
INDUSTRY ALLOCATION OF EQUITY HOLDING NET OF ARBITRAGE POSITION	% TO NET ASSETS
Software	9.08%
Consumer Non Durables	7.18%
Pharmaceuticals	4.14%
Industrial Products	4.11%
Chemicals	3.51%
Power	2.91%
Ferrous Metals	2.40%
Gas	2.36%
Cement & Cement Products	2.11%
Insurance	2.10%
Pesticides	2.03%
Petroleum Products	1.69%
Finance	1.67%
Banks	1.22%
Auto	1.22%
Healthcare Services	1.11%
Consumer Durables	1.09%
Capital Markets	0.98%
Oil	0.67%
Minerals/Mining	0.64%
Construction Project	0.57%
Fertilisers	0.55%
Auto Ancillaries	0.47%

ISSUER	INDUSTRY/RATING	% TO NET ASSETS
Havells India Limited	Consumer Durables	0.51%
HDFC Asset Management Company Limited	Capital Markets	0.51%
Oracle Financial Services Software Limited	Software	0.51%
Dalmia Bharat Limited	Cement & Cement Products	0.50%
Grindwell Norton Limited	Industrial Products	0.50%
Ambuja Cements Limited	Cement & Cement Products	0.49%
PI Industries Limited	Pesticides	0.48%
HDFC Life Insurance Company Limited	Insurance	0.48%
Tech Mahindra Limited	Software	0.48%
L&T Technology Services Limited	Software	0.48%
Carborundum Universal Limited	Industrial Products	0.47%
UTI Asset Management Company Limited	Capital Markets	0.47%
Balkrishna Industries Limited	Auto Ancillaries	0.47%
Larsen & Toubro Infotech Limited	Software	0.47%
Wipro Limited	Software	0.46%
Ajanta Pharma Limited	Pharmaceuticals	0.46%
Coforge Limited	Software	0.46%
Finolex Industries Limited	Industrial Products	0.44%
Radico Khaitan Limited	Consumer Non Durables	0.43%
Metropolis Healthcare Limited	Healthcare Services	0.34%
ARBITRAGE POSITION ^		33.77%
DEBT SECURITIES		6.40%
Government Securities		0.59%
8.15% GOI (MD 11/06/2022)	Sovereign	0.30%
5.09% GOI (MD 13/04/2022)	Sovereign	0.29%
Treasury Bills		5.81%
182 Days Tbill (MD 28/04/2022)	Sovereign	1.95%
364 Days Tbill (MD 30/03/2022)	Sovereign	0.98%
182 Days Tbill (MD 09/06/2022)	Sovereign	0.97%
182 Days Tbill (MD 21/07/2022)	Sovereign	0.96%
364 Days Tbill (MD 27/10/2022)	Sovereign	0.95%
TREPS, Cash & Other Net Current Assets		6.01%
Net Assets		100.00%

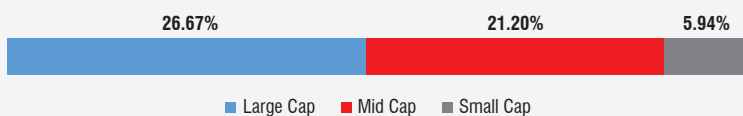
PORTFOLIO CLASSIFICATION BY ASSET CLASS (%)



PORTFOLIO CLASSIFICATION BY RATING CLASS (%)



MARKET CAPITALIZATION (% OF NET ASSETS)



Market Capitalization as per SEBI - **Large Cap:** 1st - 100th company, **Mid Cap:** 101st - 250th company and **Small Cap:** 251st company onwards in terms of full market capitalization

This product is suitable for investors who are seeking*:

- Long term capital growth
- Dynamic asset allocation between equity and specified debt securities.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

SCHEME RISK-O-METER



Investors understand that their principal will be at **Very High Risk**

BENCHMARK RISK-O-METER



NIFTY 50 Hybrid Composite Debt 50:50 Index: **High Risk**

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

HOW TO READ A MUTUAL FUND FACTSHEET?

Fund Manager:

An employee of the asset management company such as a mutual fund or life insurer, who manages investments of the scheme. He is usually part of a larger team of fund managers and research analysts.

Application Amount for Fresh Subscription:

This is the minimum investment amount for a new investor in a mutual fund scheme.

Minimum Additional Amount:

This is the minimum investment amount for an existing investor in a mutual fund scheme

Yield to Maturity:

The Yield to Maturity or the YTM is the rate of return anticipated on a bond if held until maturity. YTM is expressed as an annual rate. The YTM factors in the bond's current market price, par value, coupon interest rate and time to maturity.

SIP:

Systematic Investment Plan (SIP) works on the principle of making periodic investments of a fixed sum. It works similar to a recurring bank deposits. For instance, an investor may opt for an SIP that invest Rs. 500 every 15th of the month in an equity fund for a period of three years.

NAV:

The NAV or the net asset value is the total asset value per unit of the mutual fund after deducting all related and permissible expenses. The NAV is calculated at the end of every business day. It is the value at which the investor enters or exits the mutual fund.

Benchmark:

A group of securities, usually a market index, whose performance is used as a standard or benchmark to measure investment performance of mutual funds, among other investments. Some typical benchmarks include the NIFTY, Sensex, BSE200, BSE500, 10-Year G-Sec.

Entry Load:

A mutual fund may have a sales charge or load at the time of entry and/or exit to compensate the distributor/agent. Entry load is charged at the time an investor purchases the units of a mutual fund. The entry load is added to the prevailing NAV at the time of investment. For instance, if the NAV is Rs. 100 and the entry load is 1%, the investor will enter the fund at Rs. 101.

Note: SEBI, vide circular dated June 30, 2009 has abolished entry load and mandated that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor.

Exit Load:

Exit load is charged at the time an investor redeems the units of a mutual fund. The exit load is deducted from the prevailing NAV at the time of redemption. For instance, if the NAV is Rs. 100 and the exit load is 1%, the redemption price would be Rs. 99 per unit.

Modified Duration:

Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.

Standard Deviation:

Standard deviation is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility.

Sharpe Ratio:

The Sharpe Ratio, named after its founder, the Nobel Laureate William Sharpe, is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk.

Beta Ratio:

Beta is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.

AUM:

AUM or assets under management refers to the recent / updated cumulative market value of investments managed by a mutual fund or any investment firm.

Holdings:

The holdings or the portfolio is a mutual fund's latest or updated reported statement of investments / securities. These are usually displayed in terms of percentage to net assets or the rupee value or both. The objective is to give investors an idea of where their money is being invested by the fund manager.

Nature of Scheme:

The investment objective and underlying investments determine the nature of the mutual fund scheme. For instance, a mutual fund that aims at generating capital appreciation by investing in stock markets is an equity fund or growth fund. Likewise, a mutual fund that aims at capital preservation by investing in debt markets is a debt fund or income fund. Each of these categories may have sub-categories.

Rating Profile:

Mutual funds invest in securities after evaluating their creditworthiness as disclosed by the ratings. A depiction of the mutual fund in various investments based on their ratings becomes the rating profile of the fund. Typically, this is a feature of debt funds.

Total Expense Ratio:

The Expenses of a mutual fund include management fees and all the fees associated with the fund's daily operations. Expense Ratio refers to the annual percentage of a fund's assets that is paid out in expenses.

Average Maturity:

The average time of maturity of all the debt securities held in a portfolio. It states the weighted average maturity of the assets in the portfolio.

Portfolio Yield:

The income return on an investment. This refers to the interest or IDCW (previously known as Dividend) received from a security and are usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.

Risk Free Return:

The theoretical rate of return attributed to an investment with zero risk. The risk-free rate represents the interest on an investor's money that he or she would expect from an absolutely risk-free investment over a specified period of time.

Portfolio Turnover Ratio:

This is a measure of the fund's trading activity, which is computed by taking the lesser of purchases or sales (excluding all securities with maturities of less than one year) and dividing by average monthly net assets.

Macaulay duration:

The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

Tracking Error:

The divergence between the price behavior of a position or portfolio and the price behavior of a benchmark.

DISCLAIMER

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