

# THE FACTOR FRONTIER

**ASSET MANAGEMENT**

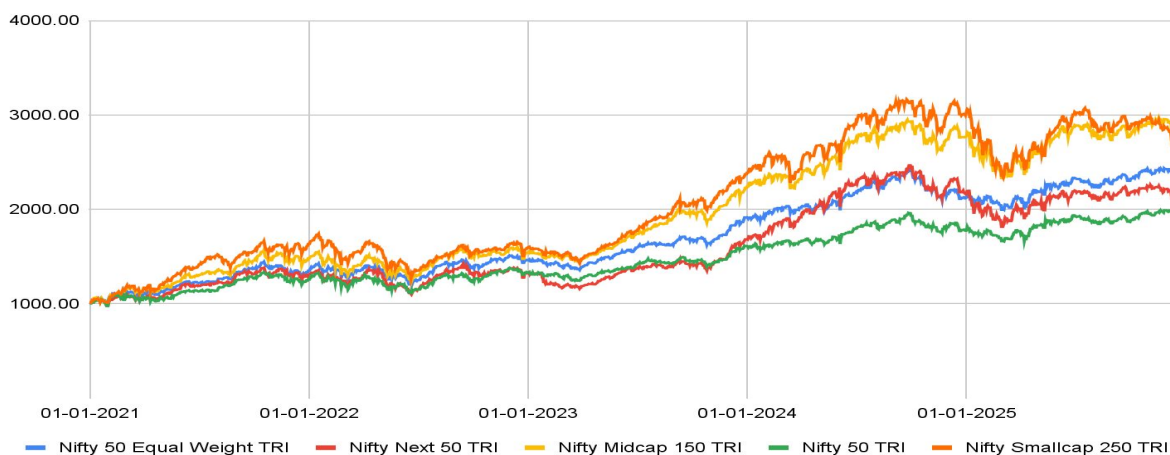
BUILT ON RULES

YOUR QUARTERLY GUIDE TO FACTOR INVESTING.

EDITION 11 | December 2025

## Market Outlook

Market Cap Indices Performance (Last 5 Years)



Source: CMIE | Data from 31st December, 2020 to 31st December, 2025

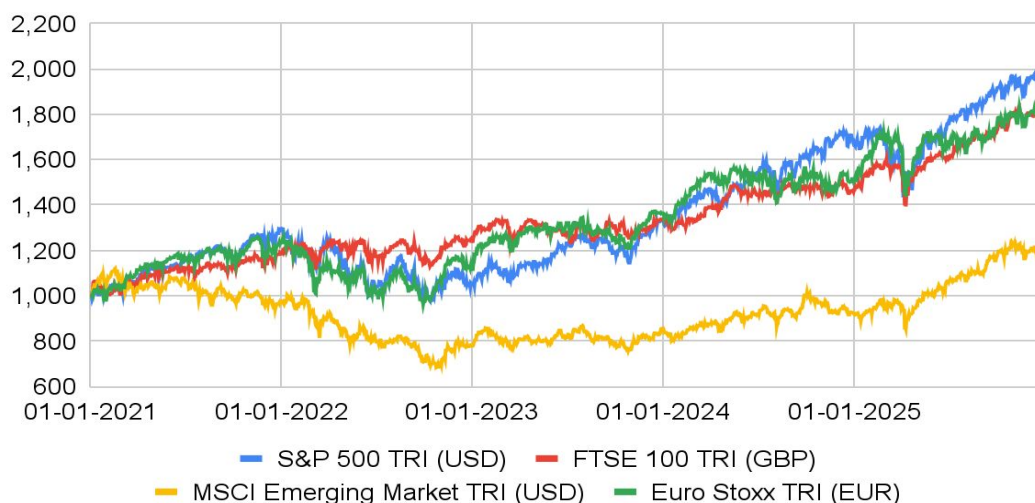
Over the past quarter (1Q), the Nifty 50 TRI led with 6.33%, closely followed by the Nifty Midcap 150 TRI at 5.99% and the Nifty 50 Equal Weight TRI at 5.79%. The Nifty Next 50 TRI returned 2.33%, while the Nifty Smallcap 250 TRI delivered 0.04%. Over the past year (1Y), the Nifty 50 Equal Weight TRI led significantly with 14.81%, followed by the Nifty 50 TRI at 11.88%. The Nifty Midcap 150 TRI returned 5.98% and the Nifty Next 50 TRI returned 2.90%. The Nifty Smallcap 250 TRI was the only index with a negative return at -5.48%.



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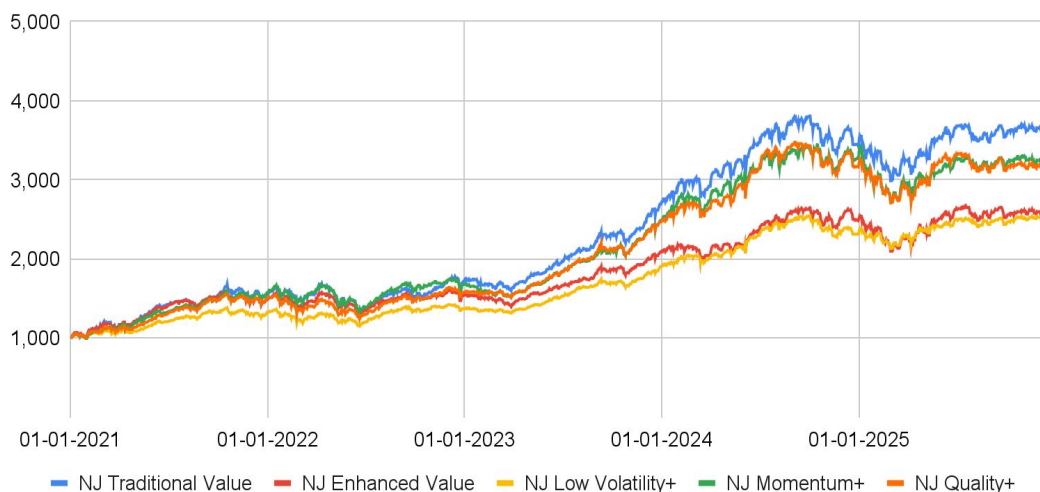
## Global Indices Performance (Last 5 Years)



Source: Bloomberg | Data from 30th September, 2020 to 31st December, 2025

Performance over the prior quarter shows the FTSE 100 TRI (GBP) leading with a 6.86% return, followed by the Euro Stoxx TRI (EUR) at 5.05%, MSCI Emerging Market TRI (USD) at 4.73%, and the S&P 500 TRI (USD) at 2.65%. Looking at the previous year's performance, the MSCI Emerging Market TRI (USD) was the strongest performer with 33.57%, significantly outpacing the FTSE 100 TRI (GBP) at 25.82%, the Euro Stoxx TRI (EUR) at 21.20%, and the S&P 500 TRI (USD) at 17.88%.

## NJ Factor Indices Performance (Last 5 Years)



Source: NJ Smart Beta | Data from 30th September, 2020 to 31st December, 2025

For the previous quarter, NJ Traditional Value performed the best at 3.88%, followed by NJ Low Volatility+ at 3.68%. NJ Momentum+ returned 2.99%, NJ Enhanced Value returned 2.21%, and NJ Quality+ had the lowest return at 1.00%. Looking at the previous year, NJ Low Volatility+ delivered the highest return at 9.06%, followed by NJ Traditional Value at 6.69% and NJ Enhanced Value at 3.06%. NJ Momentum+ saw a slight decrease of 0.71%, and NJ Quality+ had the largest decline at 1.12%.

## Recent Point to Point Performance

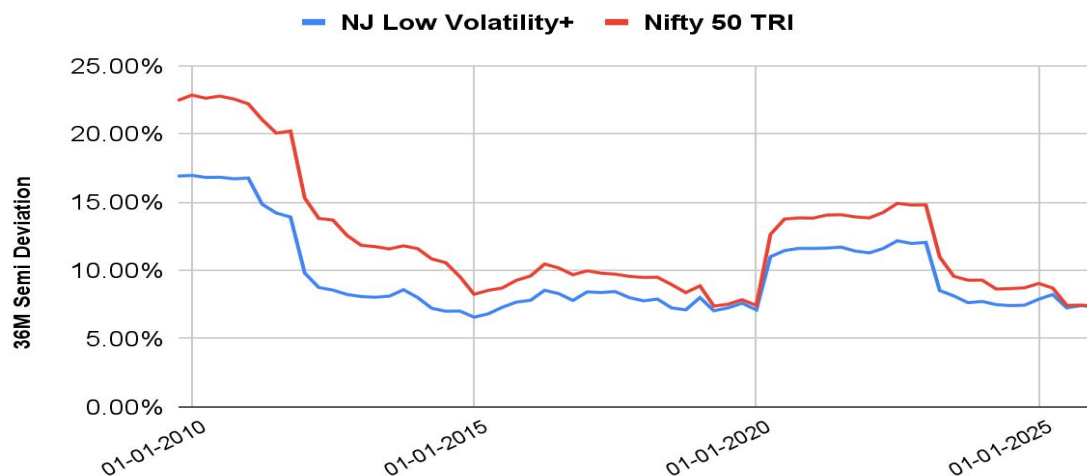
Point-to-Point returns summary

	NJ Quality+	NJ Enhanced Value	NJ Momentum+	NJ Low Volatility+	NJ Traditional Value	NIFTY 50 TRI
MTD(%)	-0.28%	-0.47%	1.19%	-1.29%	1.39%	-0.06%
3M(%)	6.33%	2.50%	3.88%	1.00%	3.50%	4.45%
6M(%)	2.92%	-3.72%	0.39%	-5.56%	-0.95%	-0.30%
YTD(%)	12.21%	13.22%	13.82%	8.47%	5.99%	9.63%
1Y(%)	11.88%	-0.06%	6.69%	-1.12%	-6.64%	10.56%
3Y (ann.)(%)	14.32%	13.50%	29.00%	25.89%	23.81%	23.18%
5Y (ann.)(%)	14.68%	15.19%	29.86%	25.76%	33.16%	20.37%
10Y (ann.)(%)	14.02%	8.37%	17.89%	19.73%	26.84%	15.87%
All-time(ann.)(%)	12.19%	10.74%	16.33%	18.99%	25.57%	16.77%

Data from 30th Sep, 2006 to 31st Dec, 2025

## Historical Factor Trends

### NJ Low Volatility+ vs Nifty 50 TRI: Historical 36M Semi Deviation



Source: CMIE, NJ Smart Beta | Data from 30th Sept, 2009 to 31st Dec, 2025

### NJ Low Volatility+ : Historical 36M Beta Against Nifty 50



Source: CMIE, NJ Smart Beta | Data from 30th Sept, 2009 to 31st Dec, 2025

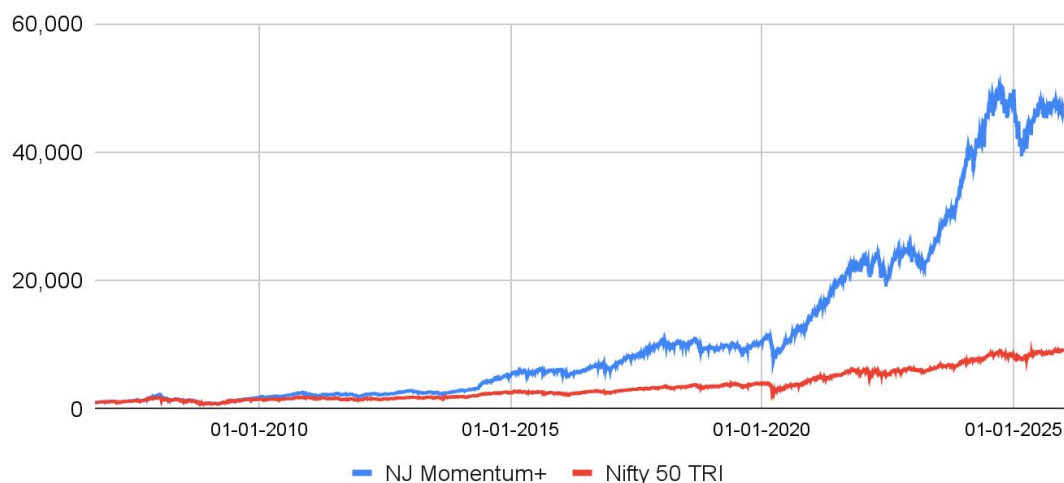
## NJ Low Volatility+ and Nifty 50 TRI Parameter Averages

Parameter	NJ Low Volatility+	Nifty 50 TRI
36M Weekly Annualised Volatility	12.11%	11.57%
36M Weekly Beta	0.86	1.00

As on 31st December, 2025

The NJ Low Volatility+ strategy exhibited a lower weekly beta of 0.86 compared to the Nifty 50 TRI benchmark, which had a beta of 1.00, indicating that NJ Low Volatility+ has been less sensitive to market movements over the three-year weekly period. Additionally, the weekly annualised volatility for NJ Low Volatility+ stood at 12.11%, slightly higher than the Nifty 50 TRI at 11.57%.

## NJ Momentum+ vs Nifty 50 TRI : Cumulative Growth Chart



Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 31st Dec, 2025

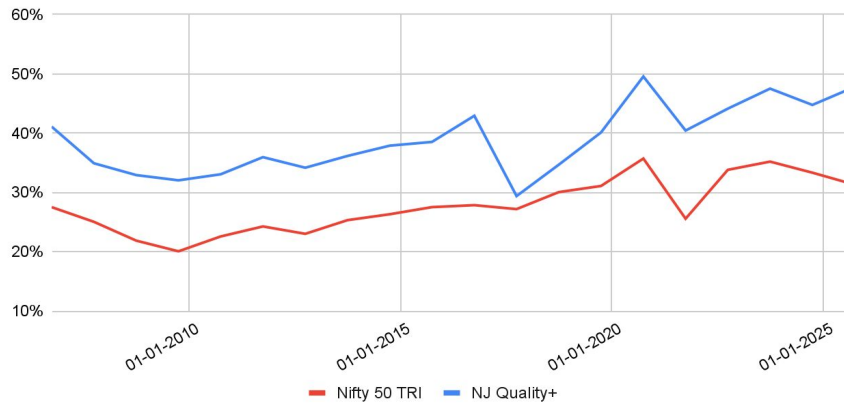
Parameter	YTD Return	1-Year Return	3-Year CAGR	5-Year CAGR	10-Year CAGR	Since Inception CAGR
NJ Momentum+	13.82%	6.69%	29.00%	29.86%	17.89%	16.33%
Nifty 50 TRI	9.63%	10.56%	23.18%	20.37%	15.87%	16.77%

As on 31st December, 2025

NJ Momentum+ has outperformed Nifty 50 TRI in all periods analyzed except for the 1-Year Return and Since Inception CAGR. For instance, NJ Momentum+ boasts a 3-Year CAGR of 29.00% compared to Nifty 50 TRI at 23.18%, a 5-Year CAGR of 29.86% versus 20.37%, and a 10-Year CAGR of 17.89% versus 15.87%. Additionally, NJ Momentum+ recorded a higher YTD Return of 13.82% compared to Nifty 50 TRI at 9.63%. However, Nifty 50 TRI showed a stronger 1-Year Return at 10.56% compared to 6.69% for NJ Momentum+, and a higher Since Inception CAGR at 16.77% versus 16.33% for NJ Momentum+.

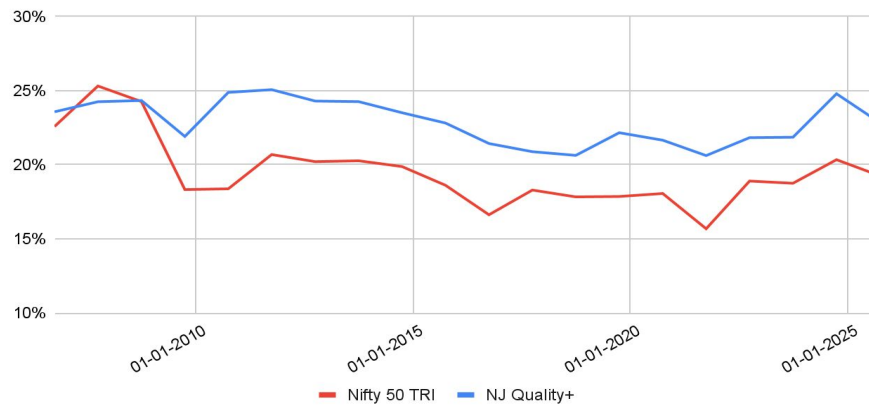
## Historical Trends in NJ's Quality+ Model

### NJ Quality+ vs Nifty 50 TRI : Dividend Payout



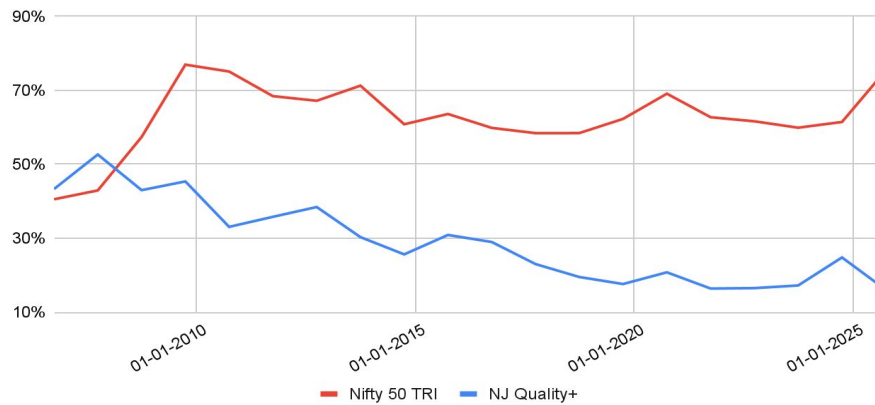
Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sept, 2025

### NJ Quality+ vs Nifty 50 TRI : Return on Equity



Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sept, 2025

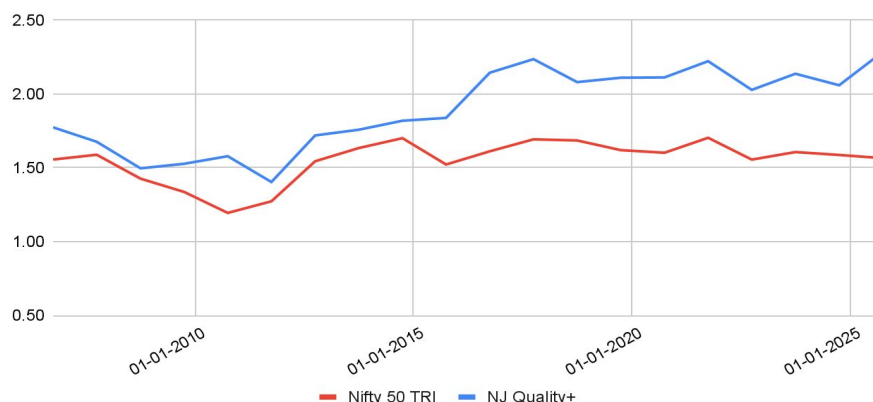
### NJ Quality+ vs Nifty 50 TRI : Debt-to-Equity



Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sept, 2025



### NJ Quality+ vs Nifty 50 TRI : Current Ratio



Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sept, 2025

### NJ Quality+ and Nifty 50 TRI Parameter Averages

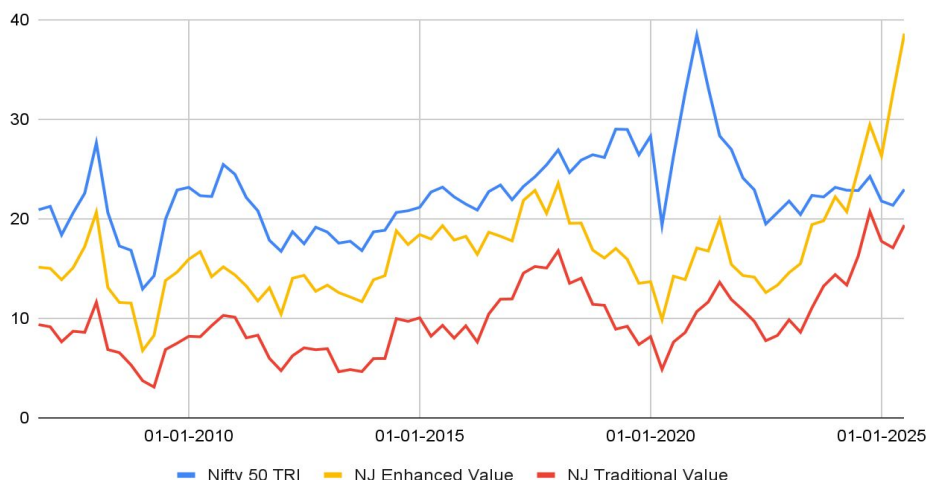
Parameter	NJ Quality+	Nifty 50 TRI
Dividend Payout	44.76%	33.33%
ROE	24.79%	20.34%
Debt To Equity	24.80%	61.45%
Current Ratio	2.06	1.59

As on 3th Sept 2025. Numbers represent simple averages of all constituents.  
Debt to Equity ratio is considered for non lending companies only. Only Non-Financial companies have been included in Current Ratio.  
Chart has been plotted based on annual data.

The NJ Quality+ fund exhibits superior quality metrics compared to the Nifty 50 TRI, demonstrating a higher Dividend Payout of 44.76% versus 33.33%, and a significantly better Return on Equity (ROE) at 24.79% against 20.34%. Furthermore, NJ Quality+ maintains a considerably lower Debt To Equity ratio of 24.80% compared to 61.45% for Nifty 50 TRI, and boasts a stronger Current Ratio of 2.06 versus 1.59, indicating better short-term liquidity.

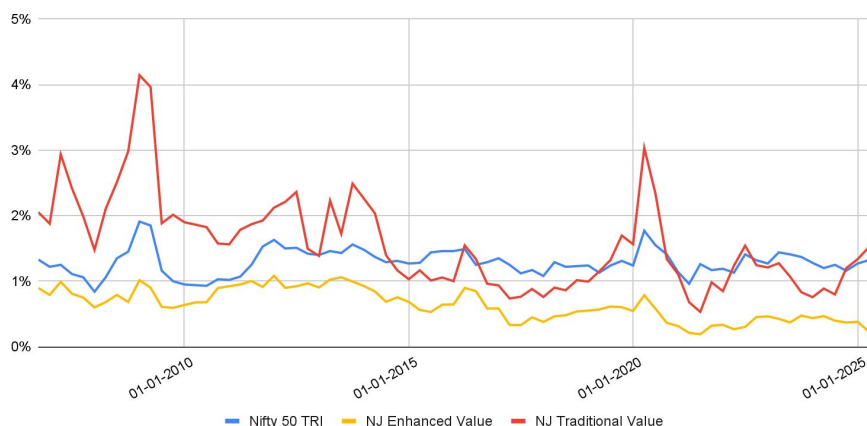
### Historical Trends in NJ Traditional Value and NJ Enhanced Value

#### NJ Value vs Nifty 50 TRI : Price to Earnings



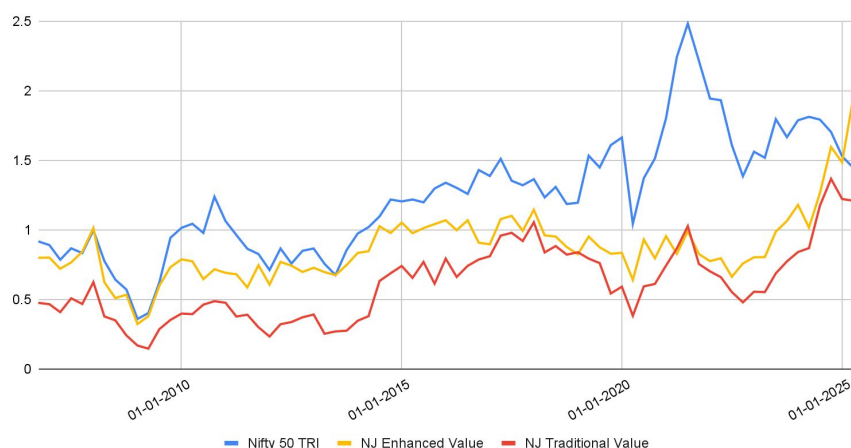
Source: CMIE, NJ Smart Beta, Nifty Indices | Data from 30th Sep, 2006 to 30th Sept, 2025

### NJ Value vs Nifty 50 TRI : Dividend Yield



Source: CMIE, NJ Smart Beta, Nifty Indices | Data from 30th Sep, 2006 to 30th Sept, 2025

### NJ Value vs 50 TRI : PE to Growth



Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sept, 2025

## NJ Traditional Value, NJ Enhanced Value and Nifty 50 TRI Parameter Averages

Parameter	NJ Traditional Value	NJ Enhanced Value	Nifty 50 TRI
PE to Growth	1.39	2.31	1.54
Dividend Yield	1.38%	0.21%	1.24%
Price to Earnings	19.38	38.61	22.97

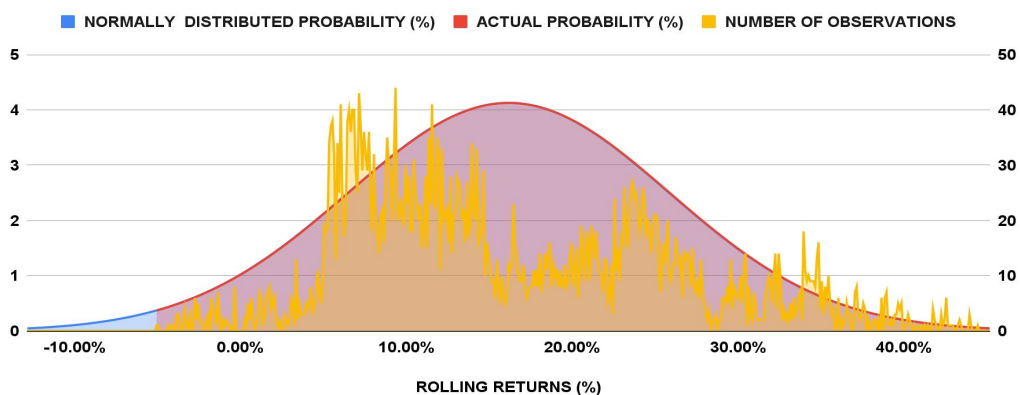
As on 30th Sept, 2025. Numbers for PE to Growth, Dividend Yield and PE represent harmonic mean of all constituents. Loss Making companies have not been considered while calculating average. Chart has been plotted based on quarterly data. Dividend Yield and Price to Earnings of Nifty 50 TRI are taken from the official website of Nifty Indices.

The NJ Enhanced Value portfolio shows a significantly higher Price to Earnings ratio and PE to Growth, suggesting higher growth expectations but also a greater valuation premium compared to NJ Traditional Value and Nifty 50 TRI. The NJ Traditional Value offers the highest Dividend Yield, indicating a focus on income, while its valuations are the lowest. Nifty 50 TRI sits in the middle across all three metrics.

# Risk and Return Statistical Analysis of Factors

## NJ Traditional Value

NJ Traditional Value: Normal Distribution vs Actual Returns Distribution of Rolling Returns



NJ Traditional Value: Rolling Returns Over Time



5Yr Return Distribution Summary

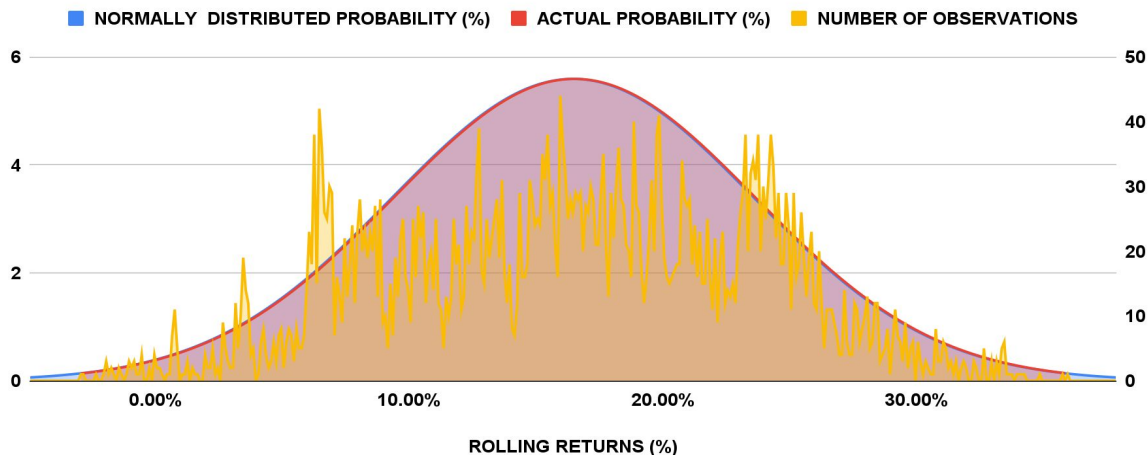
NJ Traditional Value	
Mean Return	16.17%
Median Return	13.69%
Std Dev Of Returns	9.67%
Max Return	46.45%
Min Return	-5.07%
Negative Observation (%)	1.62%
% Of Observations Between 0% & 10%	31.53%
% Of Observations Between 10% & 15%	22.03%
% Of Observations Between 15% & 20%	10.11%
% Of Observations Between 20% & 30%	24.16%
% Of Observations >= 30% Return	10.54%
Total Observations	5,115

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 31st Dec, 2025



## NJ Enhanced Value

### NJ Enhanced Value: Normal Distribution vs Actual Returns Distribution of Rolling Return



### NJ Enhanced Value: Rolling Returns Over Time

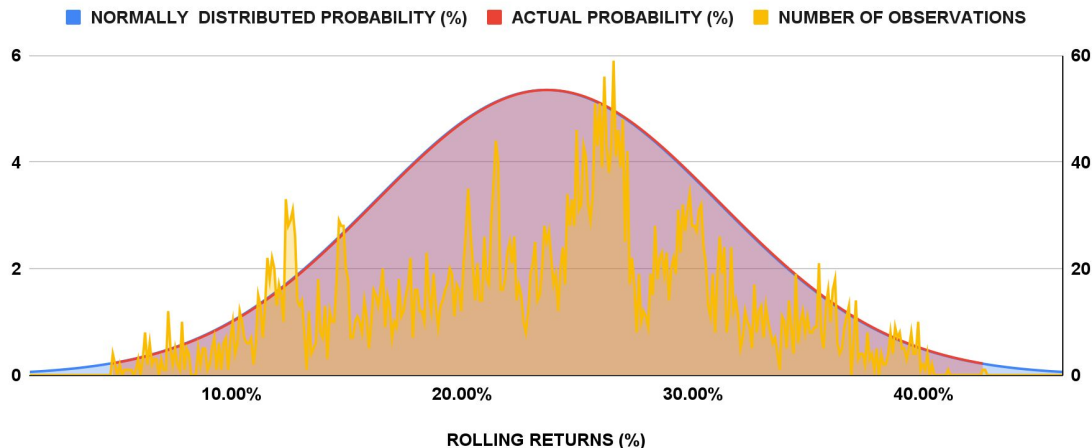


### 5Yr Return Distribution Summary

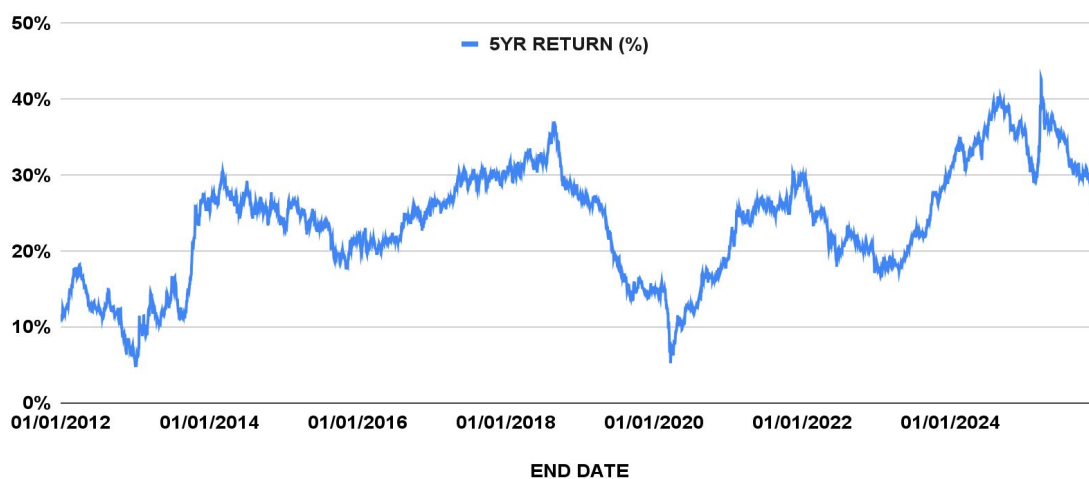
NJ Enhanced Value	
Mean Return	16.47%
Median Return	16.66%
Std Dev Of Returns	7.13%
Max Return	35.93%
Min Return	-2.99%
Negative Observation (%)	0.68%
% Of Observations Between 0% & 10%	20.90%
% Of Observations Between 10% & 15%	18.87%
% Of Observations Between 15% & 20%	26.30%
% Of Observations Between 20% & 30%	31.42%
% Of Observations >= 30% Return	1.84%
Total Observations	5,115

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 31st Dec, 2025

## NJ Momentum+: Normal Distribution vs Actual Returns Distribution of Rolling Returns



## NJ Momentum+: Rolling Returns Over Time

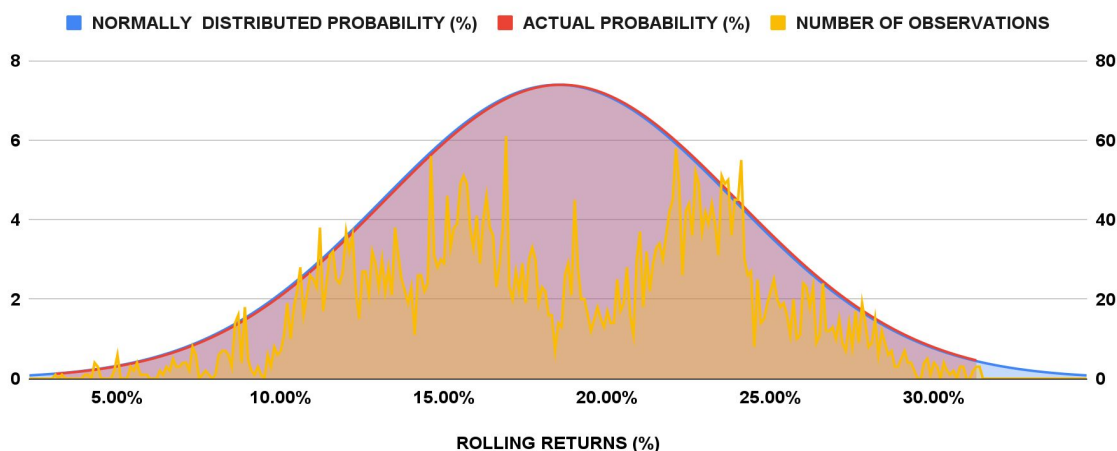


## 5Yr Return Distribution Summary

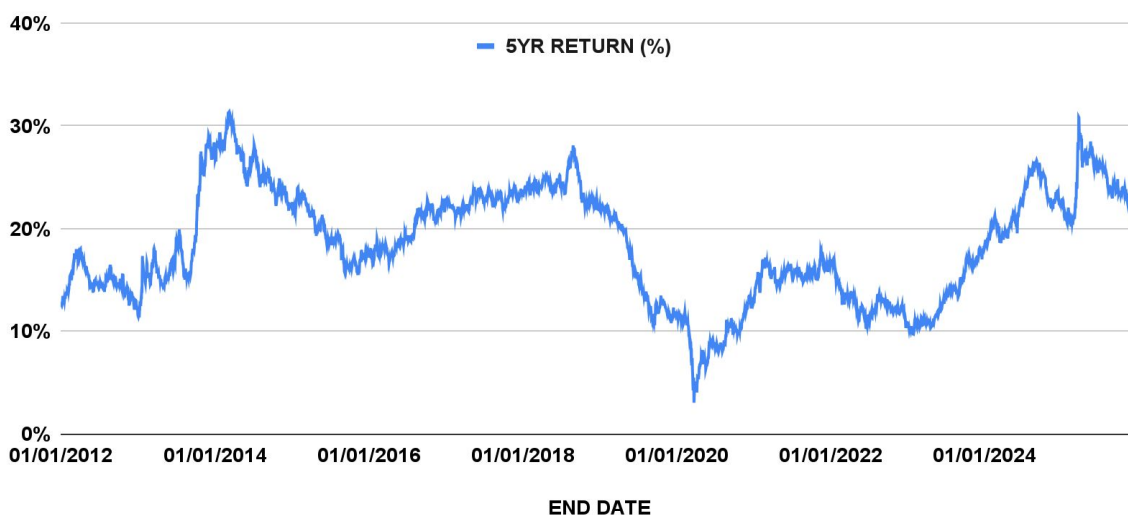
NJ Momentum+	
Mean Return	23.64%
Median Return	24.77%
Std Dev Of Returns	7.46%
Max Return	42.67%
Min Return	4.82%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.11%
% Of Observations Between 10% & 15%	13.45%
% Of Observations Between 15% & 20%	13.08%
% Of Observations Between 20% & 30%	50.89%
% Of Observations >= 30% Return	19.47%
Total Observations	5,115

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 31st Dec, 2025

## NJ Low Volatility+: Normal Distribution vs Actual Returns Distribution of Rolling Returns



## NJ Low Volatility+: Rolling Returns Over Time

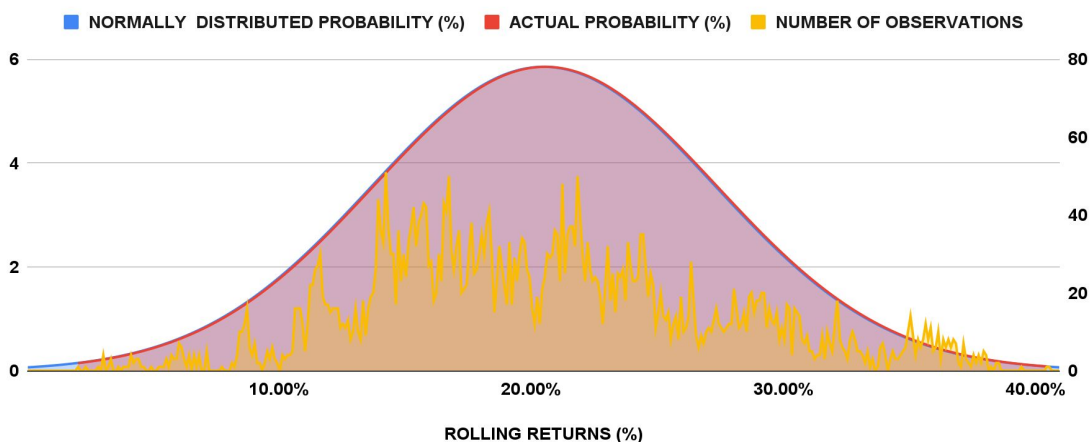


## 5Yr Return Distribution Summary

NJ Low Volatility+	
Mean Return	18.50%
Median Return	18.24%
Std Dev Of Returns	5.40%
Max Return	31.40%
Min Return	3.02%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.87%
% Of Observations Between 10% & 15%	25.04%
% Of Observations Between 15% & 20%	27.61%
% Of Observations Between 20% & 30%	42.97%
% Of Observations >= 30% Return	0.51%
Total Observations	5,115

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 31st Dec, 2025

## NJ Quality+: Normal Distribution vs Actual Returns Distribution of Rolling Returns



## NJ Quality+: Rolling Returns Over Time

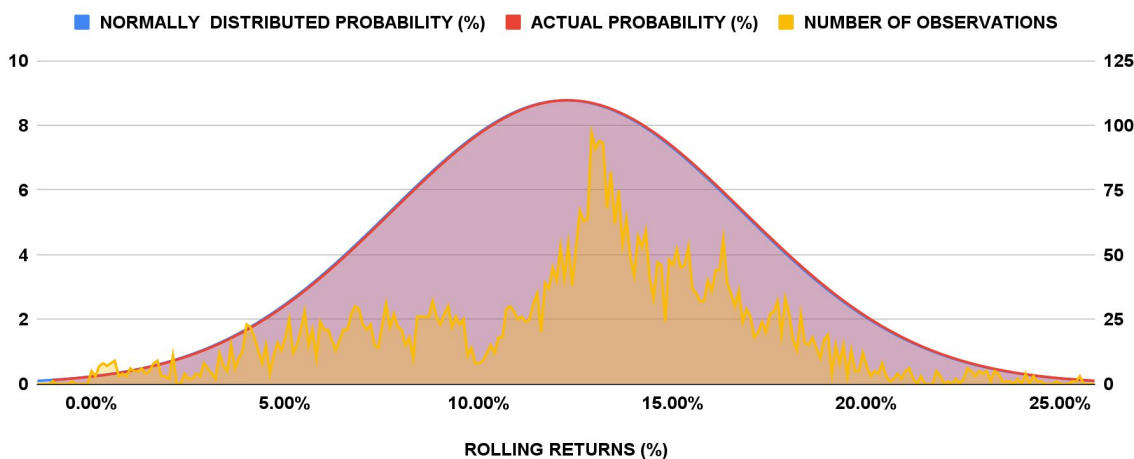


## 5Yr Return Distribution Summary

NJ Quality+	
Mean Return	20.50%
Median Return	19.75%
Std Dev Of Returns	6.82%
Max Return	40.46%
Min Return	1.98%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.52%
% Of Observations Between 10% & 15%	18.03%
% Of Observations Between 15% & 20%	29.44%
% Of Observations Between 20% & 30%	38.94%
% Of Observations >= 30% Return	10.07%
Total Observations	5,115

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 31st Dec, 2025

## Nifty 50 TRI : Normal Distribution vs Actual Returns Distribution of Rolling Return



## Nifty 50 TRI : Rolling Returns Over Time



## 5Yr Return Distribution Summary

NIFTY 50 TRI	
Mean Return	12.26%
Median Return	13.00%
Std Dev Of Returns	4.55%
Max Return	27.55%
Min Return	-1.03%
Negative Observation (%)	0.14%
% Of Observations Between 0% & 10%	28.05%
% Of Observations Between 10% & 15%	44.42%
% Of Observations Between 15% & 20%	24.91%
% Of Observations Between 20% & 30%	2.48%
% Of Observations >= 30% Return	0.00%
Total Observations	5,115

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 31st Dec, 2025



## Factor Correlations

### Correlation Matrix based on excess return of each factor over Nifty 500 TRI

	NJ Traditional Value	NJ Enhanced Value	NJ Low Volatility+	NJ Momentum+	NJ Quality+
NJ Traditional Value	1	0.78	0.65	0.68	0.79
NJ Enhanced Value	0.78	1	0.49	0.64	0.69
NJ Low Volatility+	0.65	0.49	1	0.61	0.83
NJ Momentum+	0.68	0.64	0.61	1	0.73
NJ Quality+	0.79	0.69	0.83	0.73	1

Source: CMIE, NJ Smart Beta. Data from 30th Sept, 2006 to 31st Dec, 2025

Exploring the correlations and interconnections between factors is of extreme importance as it helps to design an optimally diversified factor model. The factor correlation has been calculated by using excess return over Nifty 500 TRI.

NJ Traditional Value shows correlations of 0.78 with NJ Enhanced Value, 0.65 with NJ Low Volatility+, 0.68 with NJ Momentum+, and 0.79 with NJ Quality+. This portfolio exhibits generally high positive correlations with the other strategies.

NJ Enhanced Value has correlations of 0.49 with NJ Low Volatility+, 0.64 with NJ Momentum+, and 0.69 with NJ Quality+.

NJ Low Volatility+ is correlated at 0.61 with NJ Momentum+ and 0.83 with NJ Quality+.

NJ Momentum+ demonstrates a correlation of 0.73 with NJ Quality+.





### 1. Calendar 2026

NJ Mutual Fund Calendar 2026 is themed around quality factor investing, explained through a simple tree analogy. Just like a strong tree grows by sowing high-quality seeds, long-term wealth creation often starts with investing in strong businesses.



### 2. Value Research – Not all momentum created is equal

The article's key point is that momentum becomes far more durable when it is paired with quality, because quality provides the fundamental strength that helps winners stay winners.



### 3. Value Research – Why low volatility is not a substitute for quality

This article covers how low volatility cushions the journey; quality strengthens the destination. Together, they build a more resilient core for long-term compounding.





Disclaimer: NJ Quality+, NJ Traditional Value, NJ Momentum+, NJ Enhanced Value and NJ Low Volatility+ is an in-house proprietary module developed by NJ Asset Management Private Limited and is not an indication of model / return of any Investment Approach / Scheme Offered by NJ Asset Management Private Limited (NJAMPL). Past Performance may or may not sustain in future. All data/information used in the preparation of this material is dated and may or may not be relevant any time after the issuance of this material. NJAMPL takes no responsibility for updating any data/information in this material from time to time. In the preparation of this material NJAMPL has used information that is publicly available, including information developed in-house. Some of the material used herein may have been obtained from members/persons other than the NJAMPL and/or its affiliates and which may have been made available to the NJAMPL and/or to its affiliates. Information gathered and material used herein is believed to be from reliable sources. NJAMPL however does not warrant the accuracy, reasonableness and/or completeness of any information. For data reference to any third party in this material no such party will assume any liability for the same. We have included statements /opinions/ recommendations in this material, which contain words, or phrases such as “will”, “expect”, “should”, “believe” and similar expressions or variations of such expressions that are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, the monetary and interest policies of India, inflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes.