

# THE FACTOR FRONTIER

**ASSET MANAGEMENT**

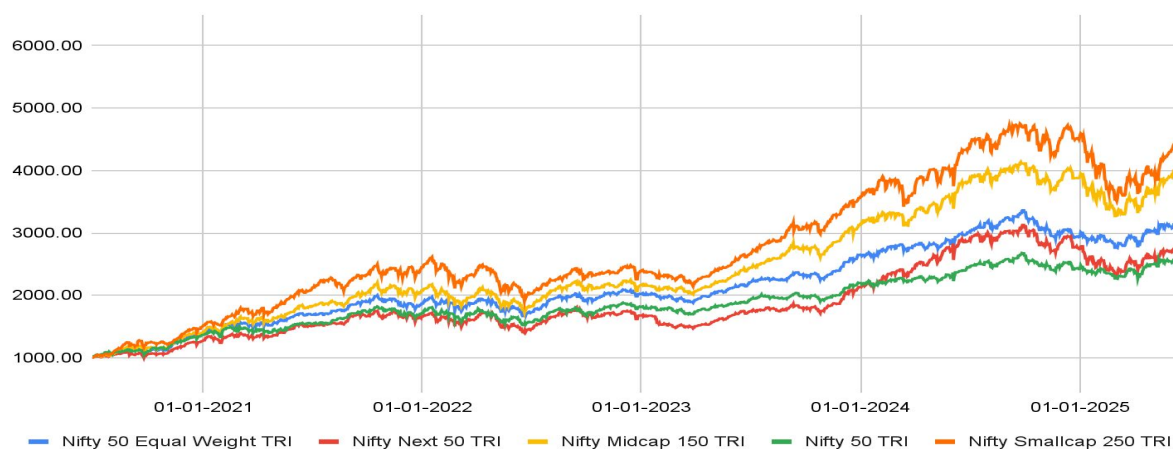
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YOUR QUARTERLY GUIDE TO FACTOR INVESTING.

EDITION 09 | June 2025

## Market Outlook

Market Cap Indices Performance (Last 5 Years)



Source: CMIE | Data from 30th June, 2020 to 30th June, 2025

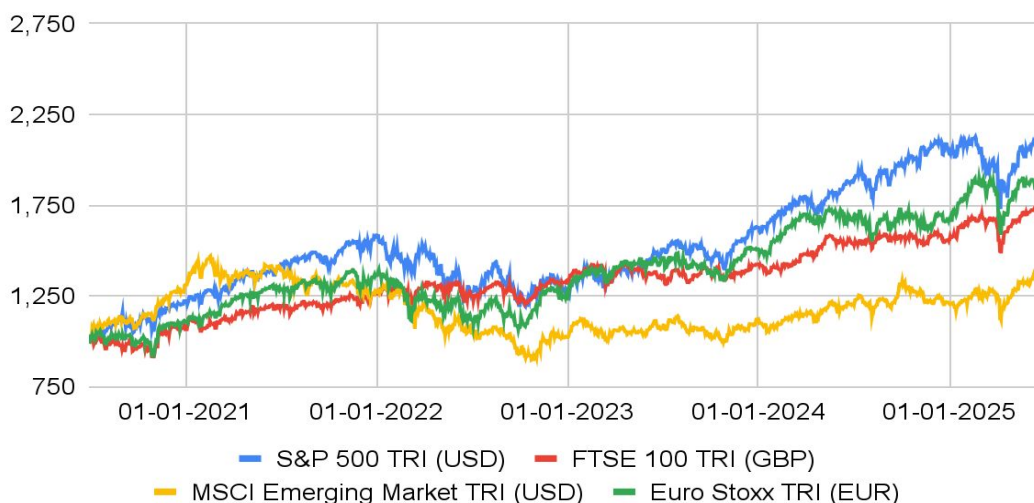
Over the past year, the Nifty 50 and Nifty Next 50 Indices, which track the top 100 companies, delivered returns of 7.54% and -2.78% respectively. In comparison, the Nifty Midcap 150 Index gained 6.11%, while the Nifty Smallcap 250 Index returned 4.62%. The last quarter saw positive gains, with the Nifty 50 and Nifty Next 50 indices giving 9.02% and 9.63% respectively, while the Nifty Midcap 150 and Nifty Smallcap 250 indices posted returns of 15.16% and 17.93% respectively.



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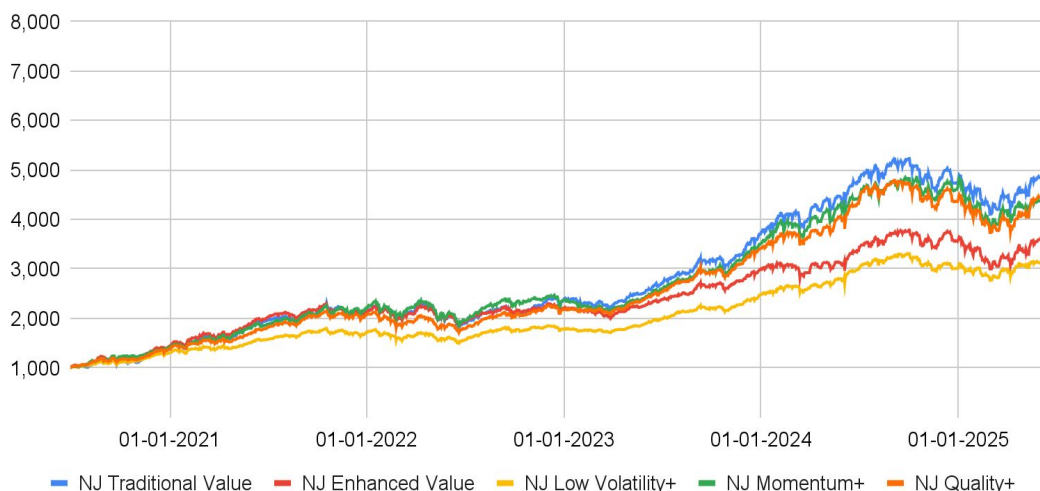
## Global Indices Performance (Last 5 Years)



Source: Bloomberg | Data from 30th June, 2020 to 30th June, 2025

Over the past year, developed markets as well as emerging markets have shown strong performance. The S&P 500 has demonstrated robust growth, surging to 15.16%. UK markets have also performed well, gaining 11.30% (in GBP). Emerging markets have broadly recorded a positive return of 15.29% (in USD) over the same period. In the Eurozone, the Euro Stoxx Index, which includes major European firms, has increased by 10.98% (in EUR).

## NJ Factor Indices Performance (Last 5 Years)



Source: NJ Smart Beta | Data from 30th June, 2020 to 30th June, 2025

The markets experienced an upward trend in the last quarter. Over the course of one year, the Nifty 50 TRI posted a return of +7.54%. Throughout this time frame, the NJ Enhanced Value Model, and NJ Low Volatility Model factors showed outperformance compared to the market index. Specifically, the NJ Enhanced Value Model achieved a return of +11.92% over the year, while the NJ Low Volatility Model yielded +8.63%. The NJ Quality Model posted a return of +6.14%, and both the NJ Traditional Value Model and NJ Momentum Model delivered returns of +6.10% and +4.29% respectively.

## Recent Point to Point Performance

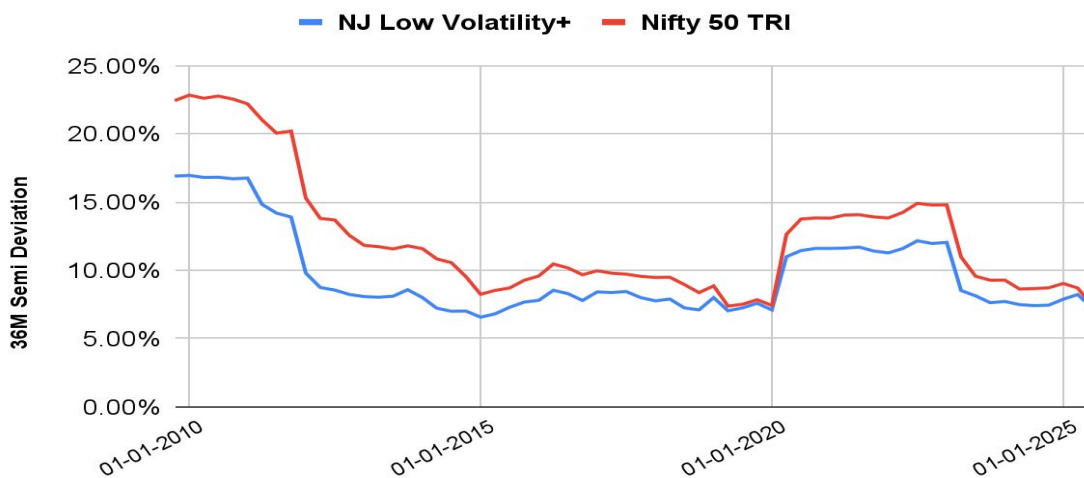
Point-to-Point returns summary

	NJ Quality+	NJ Enhanced Value	NJ Momentum+	NJ Low Volatility+	NJ Traditional Value	NIFTY 50 TRI
MTD(%)	3.27%	5.13%	5.50%	4.05%	4.38%	3.37%
3M(%)	14.86%	17.11%	10.33%	8.66%	13.38%	9.02%
6M(%)	5.33%	6.27%	-0.60%	8.09%	7.31%	8.71%
YTD(%)	2.99%	4.63%	-3.43%	6.18%	4.44%	8.26%
1Y(%)	6.14%	11.92%	4.28%	8.63%	6.10%	7.54%
3Y (ann.)(%)	37.04%	25.28%	33.05%	27.84%	38.74%	18.74%
5Y (ann.)(%)	35.64%	30.43%	35.75%	26.56%	38.27%	21.34%
10Y (ann.)(%)	21.32%	16.12%	23.48%	17.20%	18.54%	13.16%
All-time(ann.)(%)	19.92%	15.97%	22.86%	18.00%	16.79%	12.37%

Data from 30th Sep, 2006 to 30th June, 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 30th June, 2025

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



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

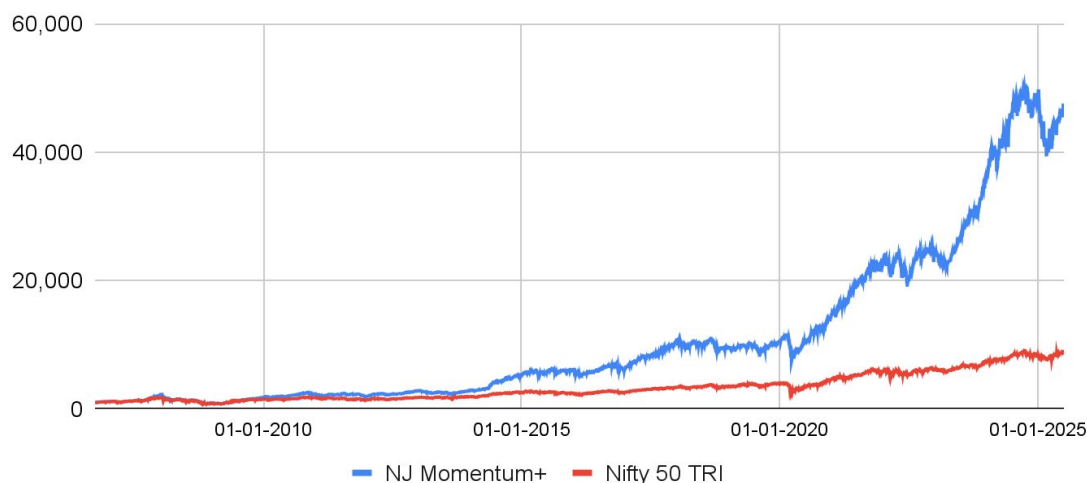
## NJ Low Volatility+ and Nifty 50 TRI Parameter Averages

Parameter	NJ Low Volatility+	Nifty 50 TRI
36M Weekly Annualised Volatility	12.05%	11.97%
36M Weekly Beta	0.82	1.00

As on 30th June, 2025

The volatility of the NJ Low Volatility+ Model and the Nifty 50 TRI is nearly similar, with the model recording an average weekly annualized volatility of 12.05% versus 11.97% for the Nifty 50 TRI. Furthermore, the NJ Low Volatility+ Model shows a lower 36-month Beta of 0.82 compared to the Nifty 50 TRI.

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



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

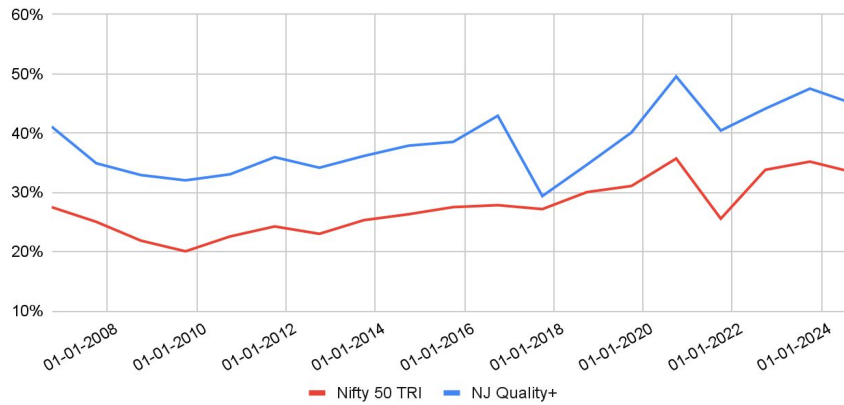
Parameter	YTD Return	1-Year Return	3-Year CAGR	5-Year CAGR	10-Year CAGR	Since Inception CAGR
NJ Momentum+	-3.43%	4.28%	33.05%	35.75%	23.48%	22.86%
Nifty 50 TRI	8.26%	7.54%	18.74%	21.34%	13.16%	12.37%

As on 30th June, 2025

The NJ Momentum+ Model has displayed robust performance over extended periods. While it delivered a return of 4.28% over the past year, slightly trailing below the Nifty 50's 7.54%, the model has outperformed meaningfully in the medium and long term, with significantly higher Compound Annual Growth Rates (CAGR) over 3, 5, and 10 years.

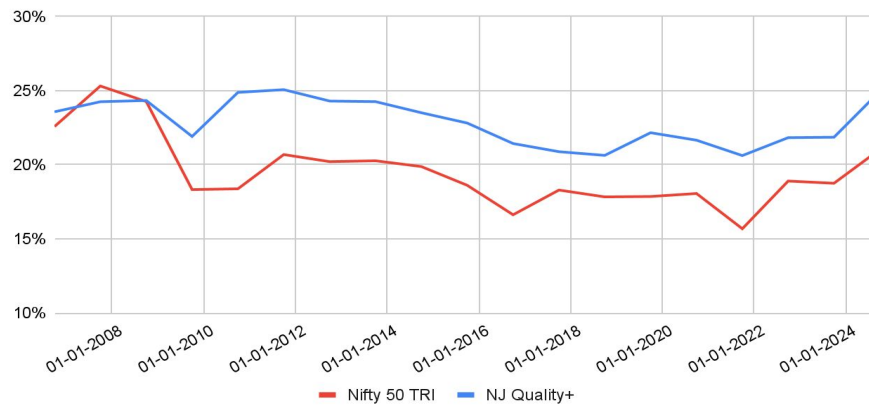
## Historical Trends in NJ's Quality+ Model

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



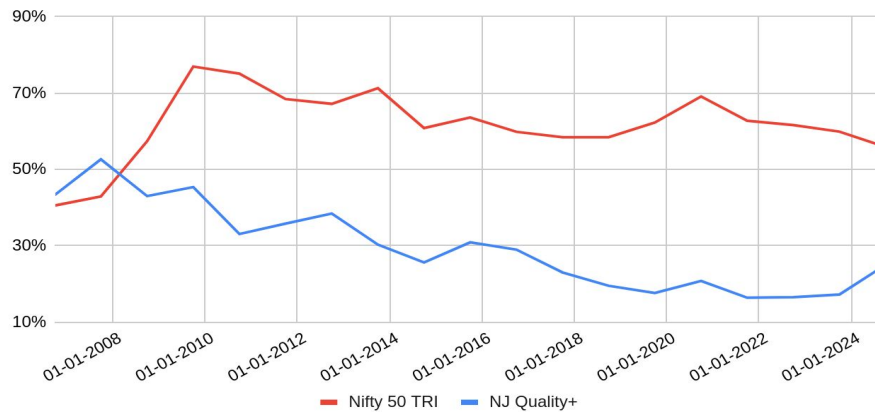
Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sep, 2024

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



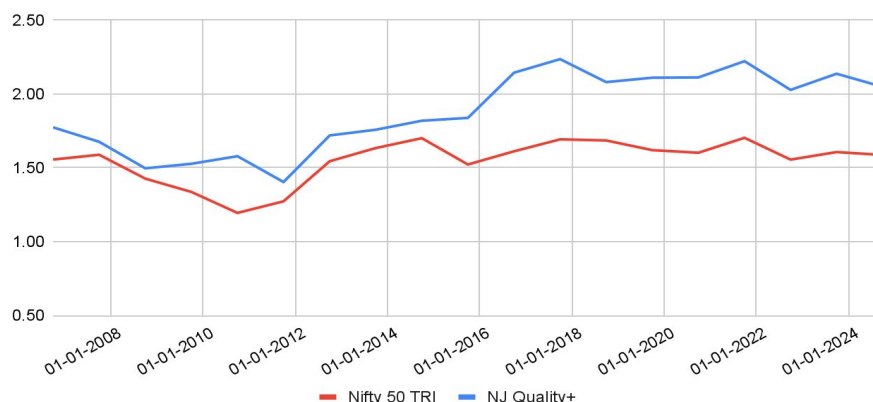
Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sep, 2024

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



Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sep, 2024

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



Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sep, 2024

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

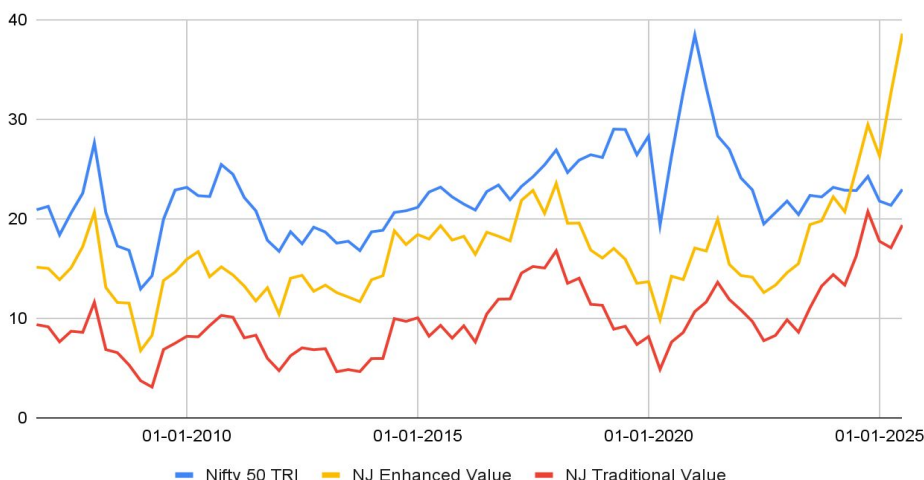
Parameter	NJ Quality +	Nifty 50 TRI
Dividend Payout	44.88%	33.33%
ROE	24.97%	21.04%
Debt To Equity	25.01%	55.90%
Current Ratio	2.05	1.59

As on 30th Sep, 2024. 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.

When comparing the quality metrics of NJ Quality+ and Nifty 50 TRI, NJ Quality+ shows notable strengths. It has a higher Dividend Payout of 44.88%, surpassing Nifty 50 TRI's 33.33%. NJ Quality+ also demonstrates a higher Return on Equity (ROE) of 24.97%, which is higher than Nifty 50 TRI's 21.04%. Additionally, NJ Quality+ maintains a significantly lower Debt to Equity Ratio of 25.01%, contrasting with Nifty 50 TRI's higher ratio of 55.90%. Moreover, NJ Quality+ exhibits a stronger Current Ratio of 2.05, whereas Nifty 50 TRI's Current Ratio stands at 1.59.

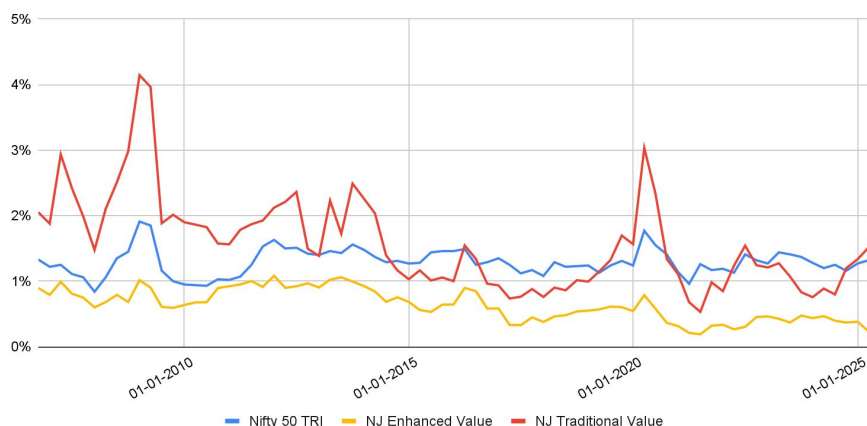
### Historical Trends in NJ Traditional Value and NJ Enhanced Value

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



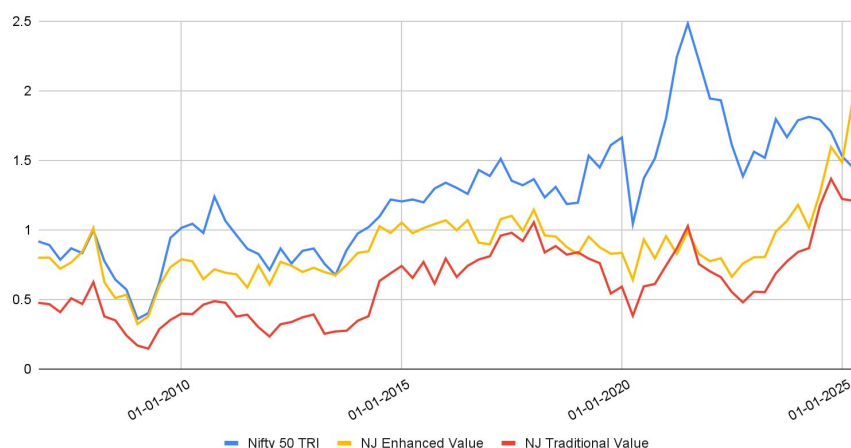
Source: CMIE, NJ Smart Beta, Nifty Indices | Data from 30th Sep, 2006 to 30th June, 2025

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



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

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



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

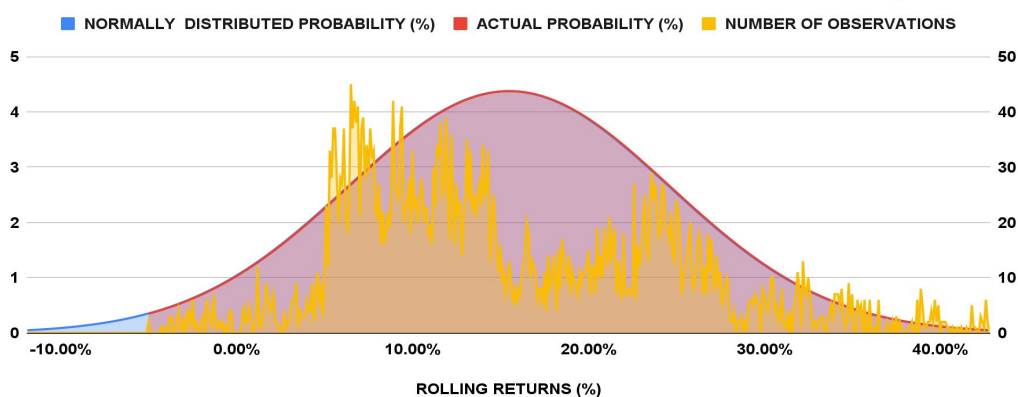
As on 30th June, 2025. Numbers for PE to Growth, Dividend Yield and PE represent harmonic mean of all constituents. Loss Making companies have not been considered while calculating average. Chart has been plotted based on quarterly data. Dividend Yield and Price to Earnings of Nifty 50 TRI are taken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

Overall, the NJ Traditional Value Model exhibits stronger value indicators compared to the Nifty 50 Index. The NJ Traditional Value Model posted a 0.15 lower Price-to-Earnings to Growth (PEG) ratio, while the NJ Enhanced Value Model is higher by 0.77 in this metric. Additionally, NJ Traditional Value features lower Price-to-Earnings (PE) ratio than the Nifty 50 Index. Moreover, the NJ Traditional Value Model offers a higher dividend yield compared to the Nifty 50 Index.

# 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



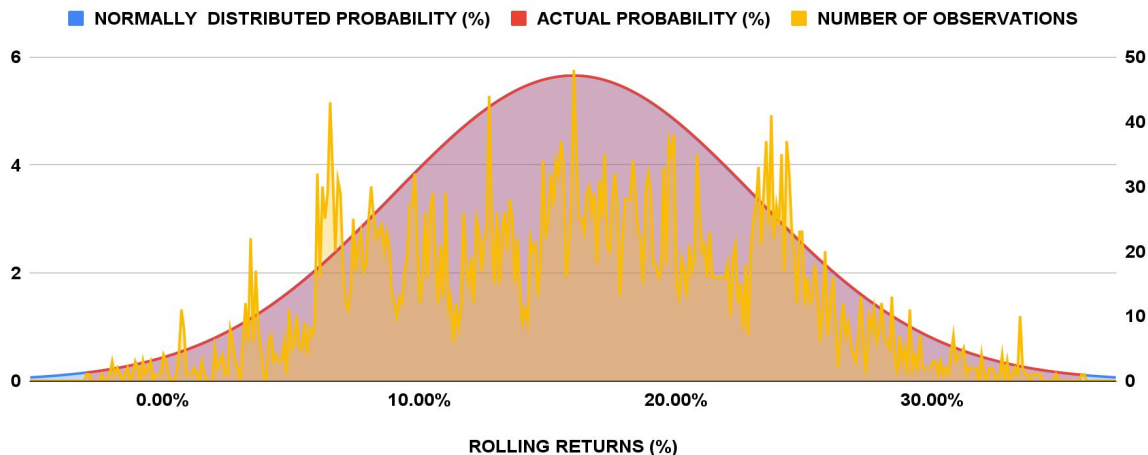
5Yr Return Distribution Summary

NJ Traditional Value	
Mean Return	15.45%
Median Return	13.22%
Std Dev Of Returns	9.12%
Max Return	46.45%
Min Return	-5.07%
Negative Observation (%)	1.65%
% Of Observations Between 0% & 10%	32.35%
% Of Observations Between 10% & 15%	24.03%
% Of Observations Between 15% & 20%	10.29%
% Of Observations Between 20% & 30%	24.25%
% Of Observations >= 30% Return	7.43%
Total Observations	5,023

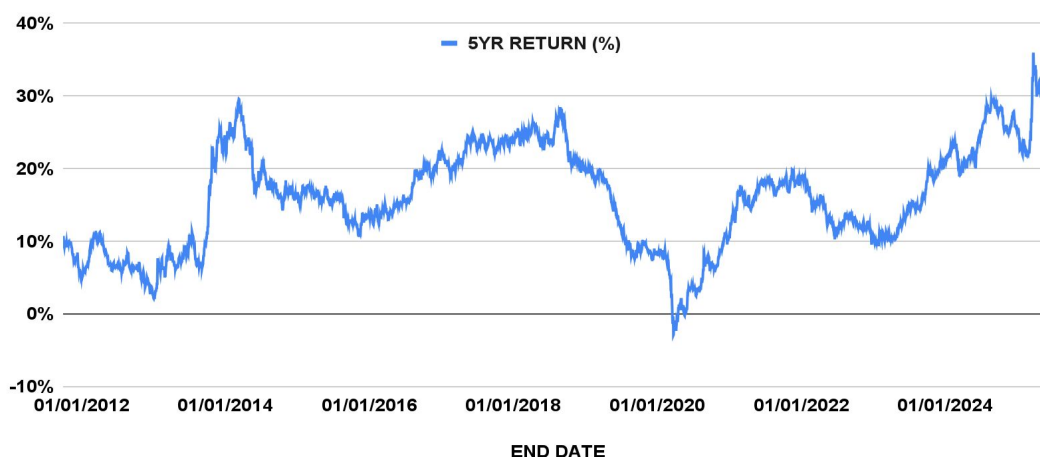
Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 30th June, 2025

## NJ Enhanced Value

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



### NJ Enhanced Value: Rolling Returns Over Time

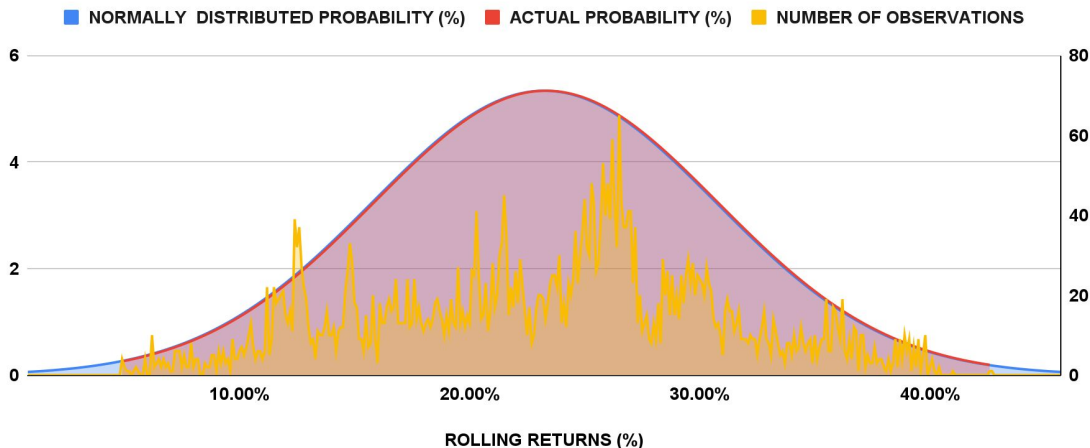


### 5Yr Return Distribution Summary

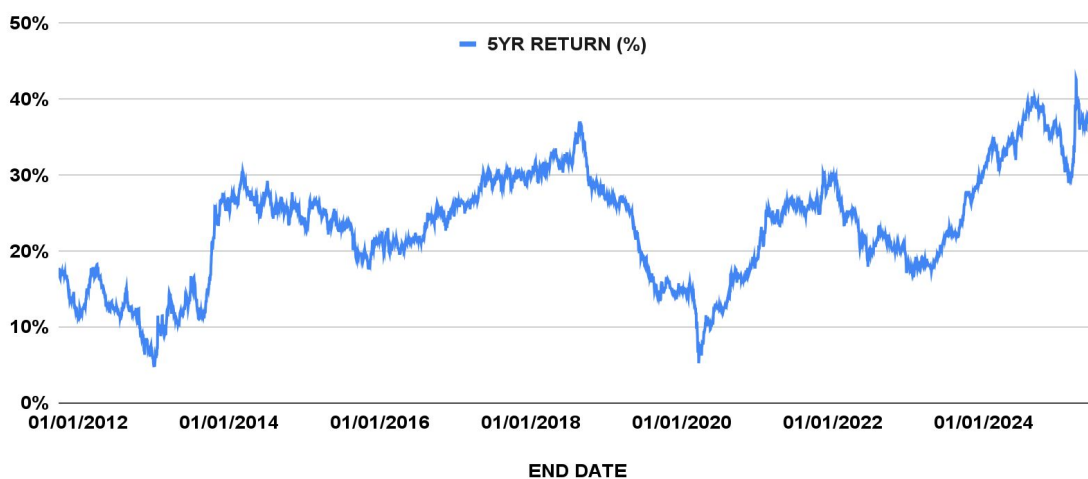
NJ Enhanced Value	
Mean Return	16.00%
Median Return	16.15%
Std Dev Of Returns	7.06%
Max Return	35.93%
Min Return	-2.99%
Negative Observation (%)	0.70%
% Of Observations Between 0% & 10%	23.03%
% Of Observations Between 10% & 15%	19.29%
% Of Observations Between 15% & 20%	26.78%
% Of Observations Between 20% & 30%	28.39%
% Of Observations >= 30% Return	1.81%
Total Observations	5,023

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

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



## NJ Momentum+: Rolling Returns Over Time

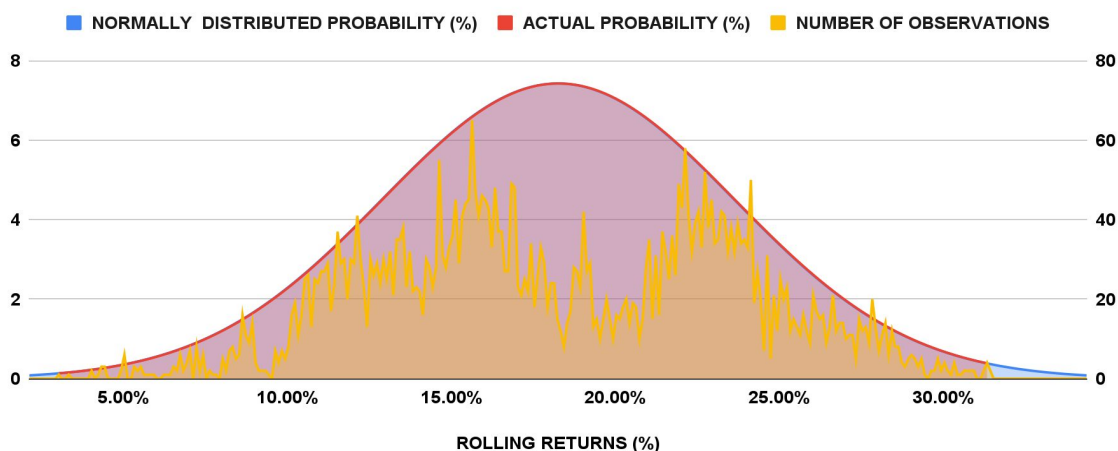


## 5Yr Return Distribution Summary

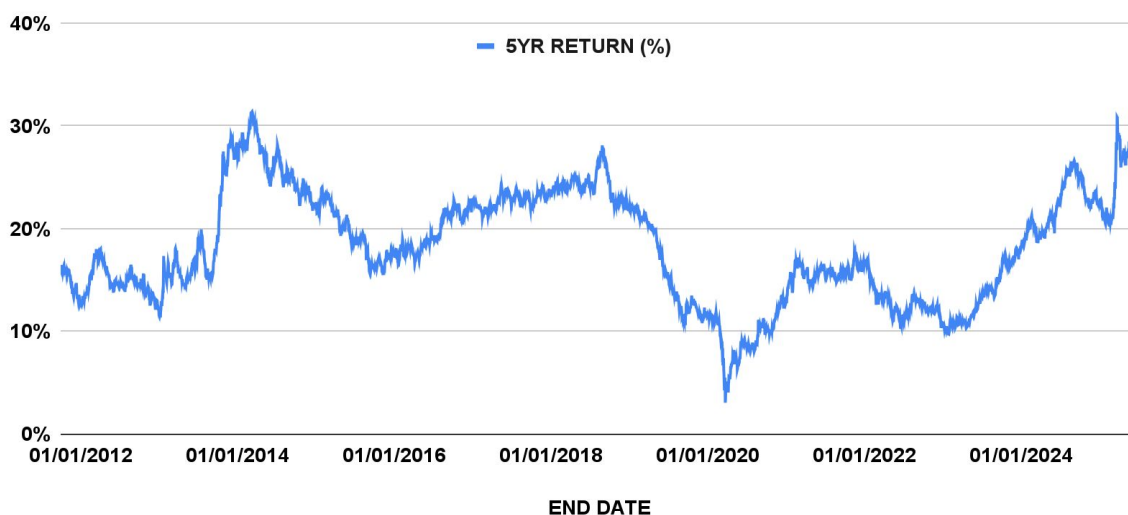
NJ Momentum+	
Mean Return	23.23%
Median Return	24.27%
Std Dev Of Returns	7.48%
Max Return	42.67%
Min Return	4.82%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.17%
% Of Observations Between 10% & 15%	14.59%
% Of Observations Between 15% & 20%	14.25%
% Of Observations Between 20% & 30%	50.33%
% Of Observations >= 30% Return	17.66%
Total Observations	5,023

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

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



## NJ Low Volatility+: Rolling Returns Over Time

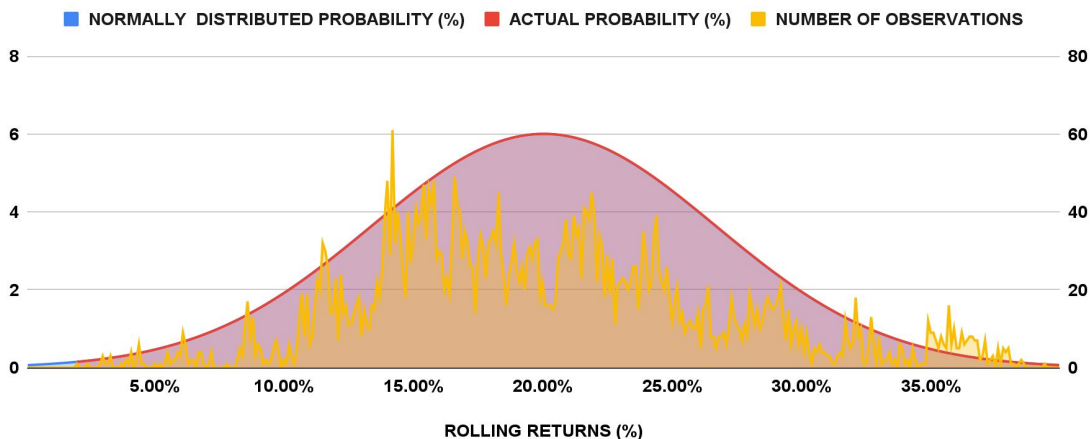


## 5Yr Return Distribution Summary

NJ Low Volatility+	
Mean Return	18.26%
Median Return	17.66%
Std Dev Of Returns	5.37%
Max Return	31.40%
Min Return	3.02%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.94%
% Of Observations Between 10% & 15%	26.42%
% Of Observations Between 15% & 20%	29.03%
% Of Observations Between 20% & 30%	40.10%
% Of Observations >= 30% Return	0.52%
Total Observations	5,023

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

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



## NJ Quality+: Rolling Returns Over Time

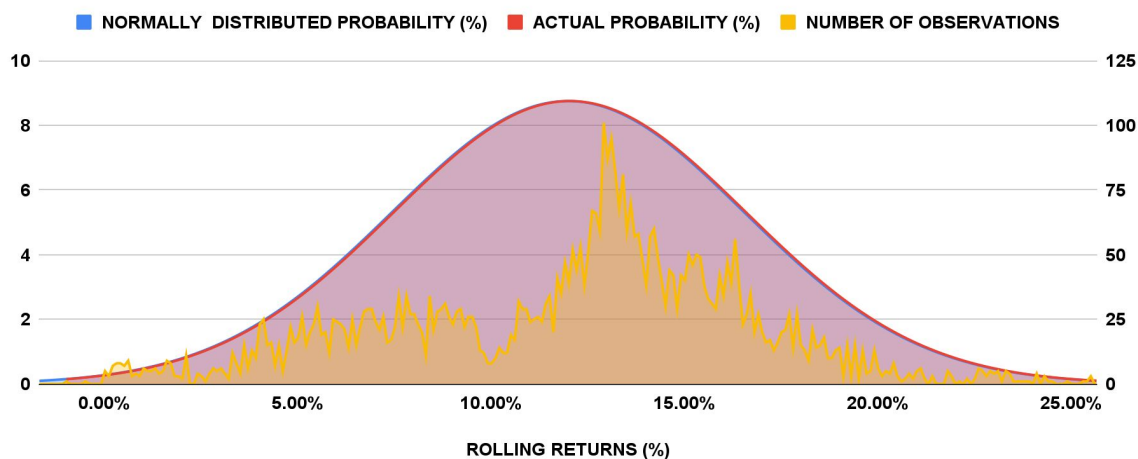


## 5Yr Return Distribution Summary

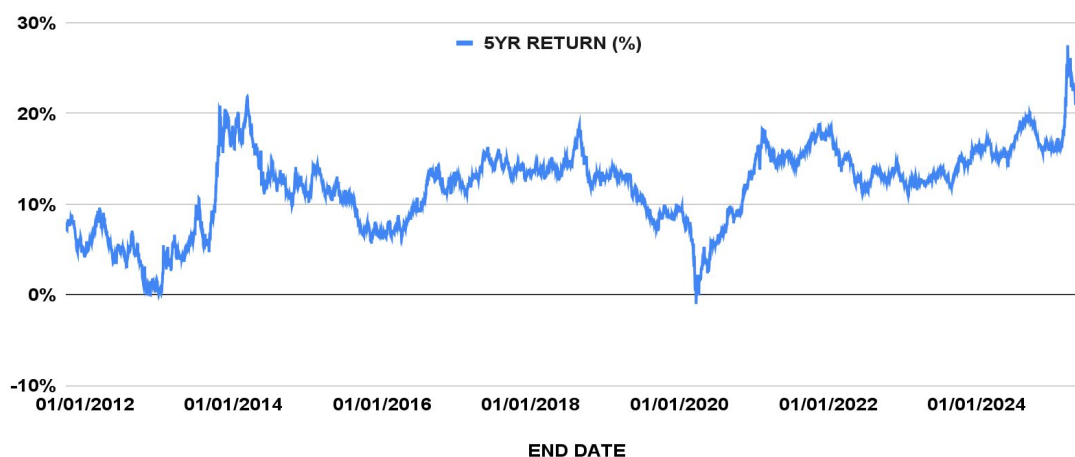
NJ Quality+	
Mean Return	20.03%
Median Return	19.31%
Std Dev Of Returns	6.64%
Max Return	40.46%
Min Return	1.98%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.58%
% Of Observations Between 10% & 15%	19.59%
% Of Observations Between 15% & 20%	30.58%
% Of Observations Between 20% & 30%	38.28%
% Of Observations >= 30% Return	7.96%
Total Observations	5,023

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 30th June, 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	12.00%
Median Return	12.85%
Std Dev Of Returns	4.56%
Max Return	27.55%
Min Return	-1.03%
Negative Observation (%)	0.14%
% Of Observations Between 0% & 10%	30.40%
% Of Observations Between 10% & 15%	44.22%
% Of Observations Between 15% & 20%	22.72%
% Of Observations Between 20% & 30%	2.53%
% Of Observations >= 30% Return	0.00%
Total Observations	5,023

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

## Factor Correlations

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

	NJ Enhanced Value	NJ Quality+	NJ Low Volatility+	NJ Momentum+	NJ Traditional Value
NJ Enhanced Value	1.00	0.80	0.65	0.68	0.78
NJ Quality+	0.80	1.00	0.83	0.73	0.69
NJ Low Volatility+	0.65	0.83	1.00	0.61	0.49
NJ Momentum+	0.68	0.73	0.61	1.00	0.64
NJ Traditional Value	0.78	0.69	0.49	0.64	1.00

Source: CMIE, NJ Smart Beta. Data from 30th Sept, 2006 to 30th June, 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 Low Volatility+ is very strongly correlated with NJ Quality+ (0.83). While the degree of correlation between the NJ Low Volatility+ is moderately strong with the NJ Momentum+ (0.61), it is fairly weak with the NJ Traditional Value (0.49) and moderate with NJ Enhanced Value (0.65) model.

The degree of correlation between NJ Momentum+ is moderately strong with all the other indexes i.e. NJ Quality+ (0.73), NJ Traditional Value (0.64) and NJ Enhanced Value (0.68).

NJ Quality+ has moderately strong correlation with NJ Traditional Value (0.69) and strong correlation with NJ Enhanced Value (0.80).

NJ Enhanced Value has strong correlation with NJ Traditional Value (0.78).





### 1. [Value Research \(The Factor Edge\) - Quality Factor](#)

This article takes a closer look at the Quality Factor, a systematic, data-driven approach that focuses on companies with strong balance sheets, steady earnings, prudent capital allocation, and low leverage. This perspective closely resonates with NJ Mutual Fund's quality focused investment philosophy.



### 2. [Value Research - Less is More if Diversified Smartly!](#)

More funds don't always mean better diversification. This article explores how overlapping portfolios dilute returns and why smart diversification is about owning fewer, distinct funds. Learn how rule-based strategies like NJ Flexi Cap Fund cut through the noise with high active share, low overlap, and factor-driven investing.



### 3. [Value Research - Your Worst Investing Enemy? You.](#)

The article makes a compelling case for rule-based, factor-driven investing as a way to eliminate emotional biases. With insights into NJ Mutual Fund's active smart beta approach, designed to deliver 100% rule-based, data-driven and bias-free outcomes, it's a must-read for every thoughtful investor.





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.