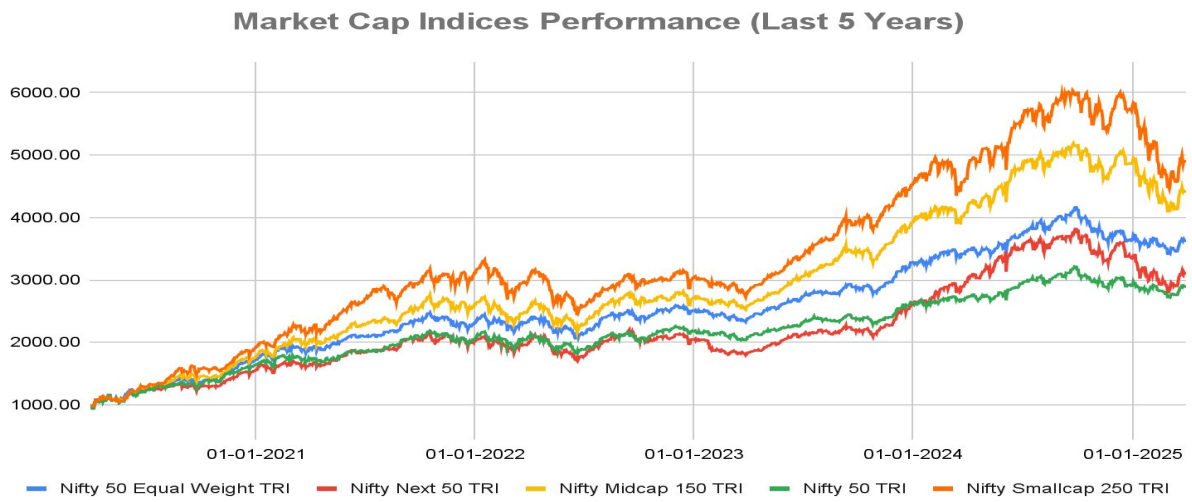
THE FACTOR FRONTIER

YOUR QUARTERLY GUIDE TO FACTOR INVESTING.

EDITION 08 | March 2025

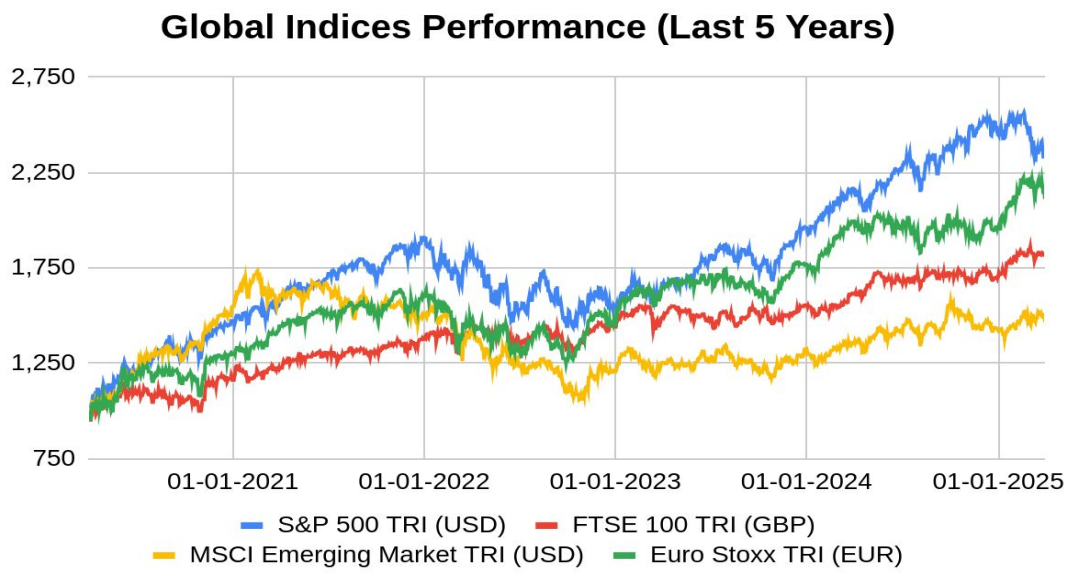
Market Outlook



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

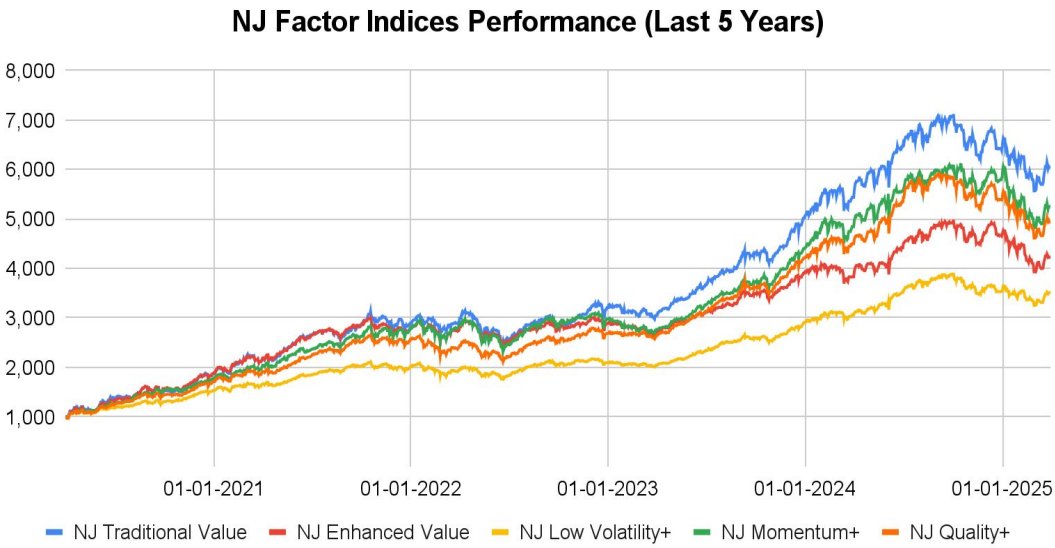
Over the past year, the Nifty 50 and Nifty Next 50 Indices, which track the top 100 companies, delivered returns of 6.65% and 4.76% respectively. In comparison, the Nifty Midcap 150 Index gained 8.17%, while the Nifty Smallcap 250 Index returned 6.02%. The last quarter saw negative gains, with the Nifty 50 and Nifty Next 50 indices decreased by -0.29% and -7.09% respectively, while the Nifty Midcap 150 and Nifty Smallcap 250 indices posted returns of -9.46% and -14.84% respectively

Market Outlook



Source: Bloomberg | Data from 31st March, 2020 to 31st March, 2025

Over the past year, developed markets have shown strong performance, while emerging markets have posted positive returns. The S&P 500 has demonstrated robust growth, surging by 8.23%. UK markets have also performed well, gaining 11.90% (in GBP). Emerging markets have broadly recorded a positive return of 8.09% (in USD) over the same period. In the Eurozone, the Euro Stoxx Index, which includes major European firms, has increased by 5.83% (in EUR).



Source: NJ Smart Beta | Data from 31st March, 2020 to 31st March, 2025

The markets experienced a downward trend in the last quarter, with all factors demonstrating negative performance during this period. Over the course of one year, the Nifty 50 TRI posted a return of +6.65%. Throughout this time frame, the Value, Quality, Low Volatility, and Momentum factors all showed significant outperformance compared to the market index. Specifically, the NJ Traditional Value Model achieved a return of +11.19% over the year, while the NJ Enhanced Value Model yielded +10.29%. The NJ Quality+ Model posted a return of +9.77%, and both the NJ Low Volatility+ Model and NJ Momentum+ Model delivered returns of +14.65% and +8.41% respectively.

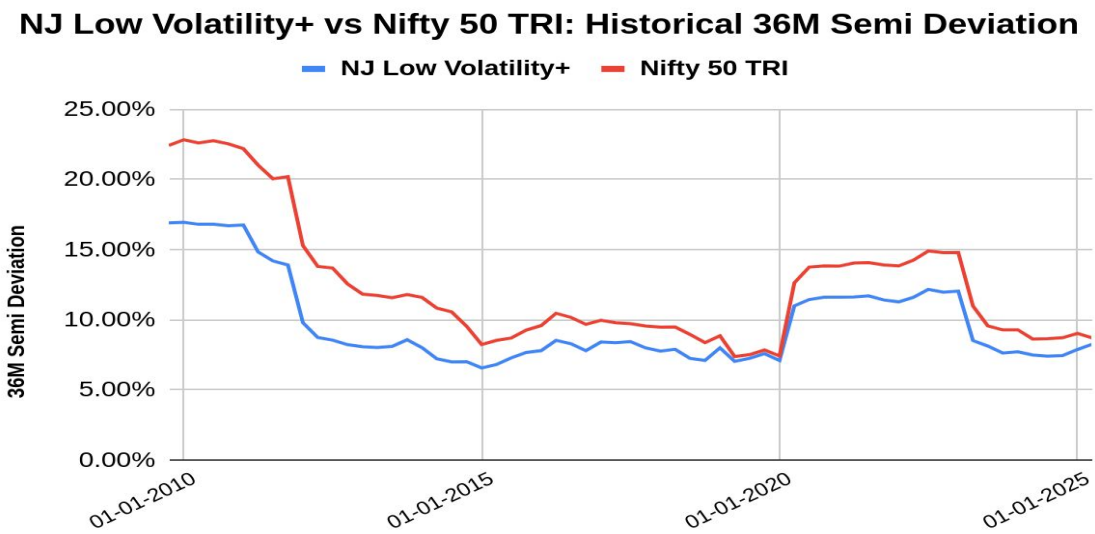
Recent Point to Point Performance

Point-to-Point returns summary

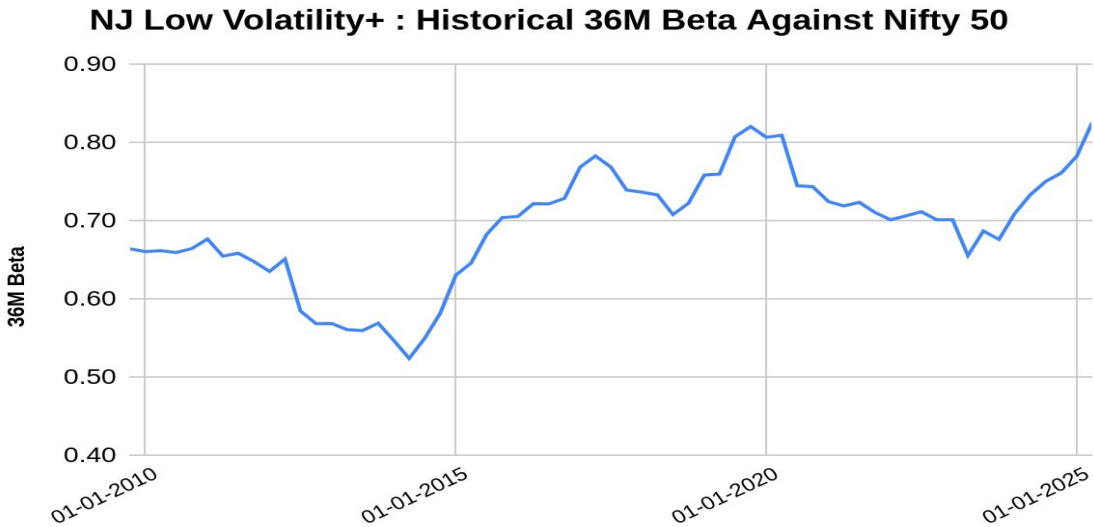
	NJ Quality+	NJ Enhanced Value	NJ Momentum+	NJ Low Volatility+	NJ Traditional Value	NIFTY 50 TRI
MTD(%)	7.04%	7.46%	8.90%	7.94%	8.58%	6.31%
3M(%)	-8.45%	-9.58%	-9.32%	-0.63%	-5.92%	-1.00%
6M(%)	-15.57%	-14.12%	-13.50%	-9.59%	-14.54%	-9.80%
YTD(%)	-10.36%	-10.69%	-12.53%	-2.32%	-7.92%	-0.70%
1Y(%)	9.77%	10.29%	8.41%	14.64%	11.19%	6.65%
3Y (ann.)(%)	27.77%	15.69%	23.42%	22.49%	28.01%	12.27%
5Y (ann.)(%)	38.00%	33.44%	39.73%	29.02%	43.93%	23.52%
10Y (ann.)(%)	19.81%	14.86%	22.56%	16.36%	17.89%	12.27%
All-time(ann.)(%)	19.32%	15.22%	22.56%	17.74%	16.25%	12.03%

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

Historical Factor Trends



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



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

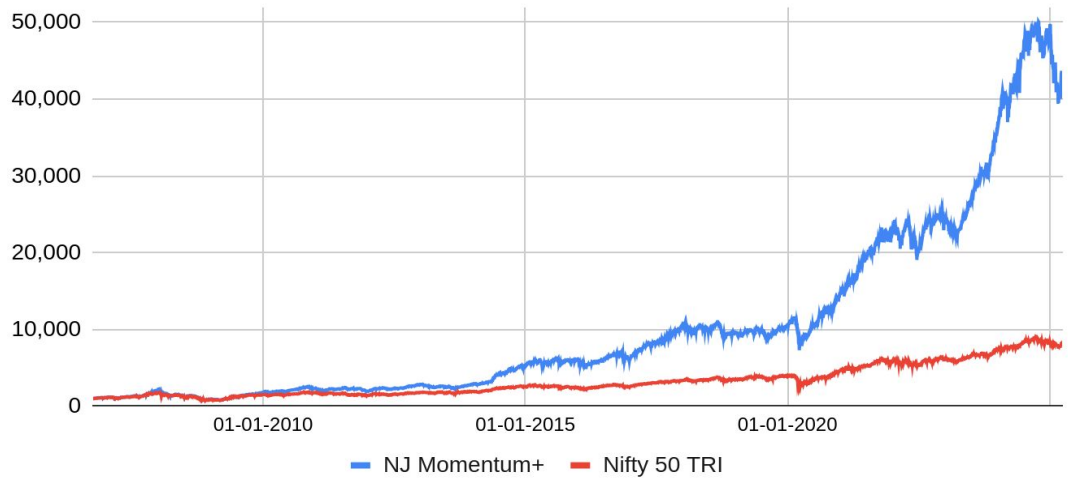
NJ Low Volatility+ and Nifty 50 TRI Parameter Averages

Parameter	NJ Low Volatility+	Nifty 50 TRI
36M Weekly Annualised Volatility	12.43%	12.46%
36M Weekly Beta	0.83	1.00

As on 31st March, 2025

The Nifty 50 TRI exhibits greater volatility compared to the NJ Low Volatility+ Model. The NJ Low Volatility+ Model maintains a notably lower average weekly annualized volatility of 12.43%, in contrast to the Nifty 50 TRI's higher figure of 12.46% . Furthermore, the NJ Low Volatility+ Model shows a lower 36-month Beta of 0.83 compared to the Nifty 50 TRI.

NJ Momentum+ vs Nifty 50 TRI : Cumulative Growth Chart



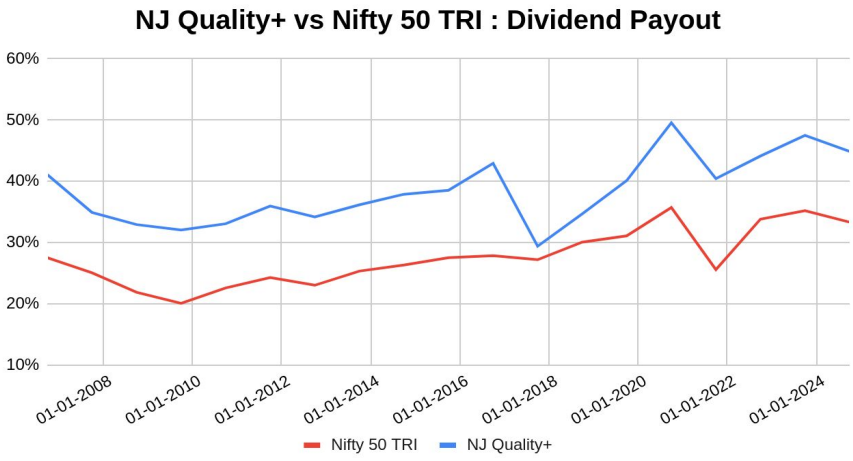
Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 31st March, 2025

Parameter	YTD Return	1-Year Return	3-Year CAGR	5-Year CAGR	10-Year CAGR	Since Inception CAGR
NJ Momentum+	-12.53%	8.41%	23.42%	39.73%	22.56%	22.56%
Nifty 50 TRI	-0.70%	6.65%	12.27%	23.52%	12.27%	12.03%

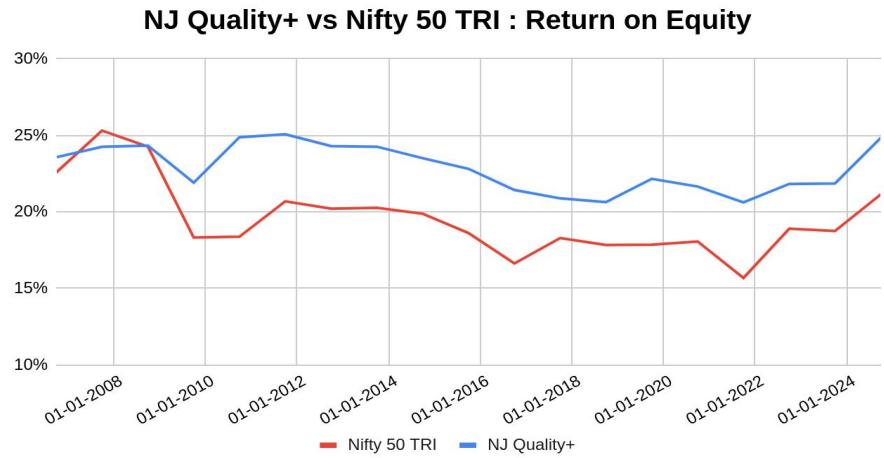
As on 31st March, 2025

The NJ Momentum+ Model has displayed robust performance over extended periods. Over the past year, it delivered a return of 8.41%, surpassing the Nifty 50's 6.65% return. This trend continues in the medium and long term, with the NJ Momentum+ Model showing significantly higher Compound Annual Growth Rates (CAGR) over 3, 5, and 10 years.

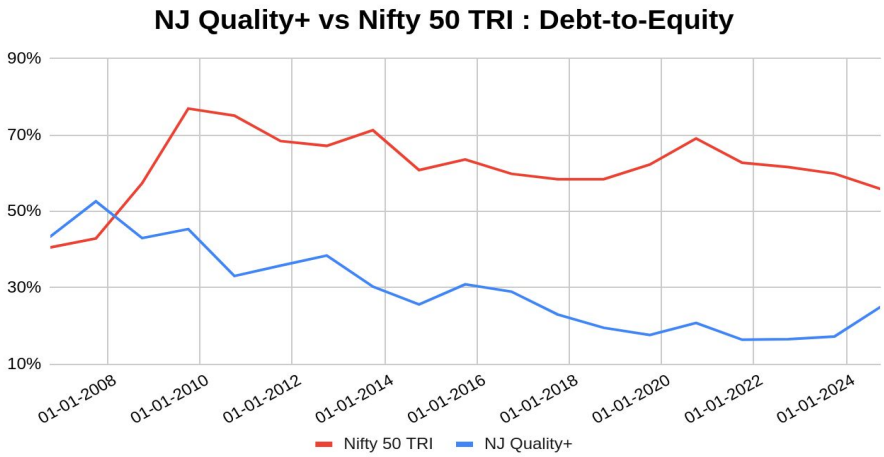
Historical Trends in NJ's Quality+ Model



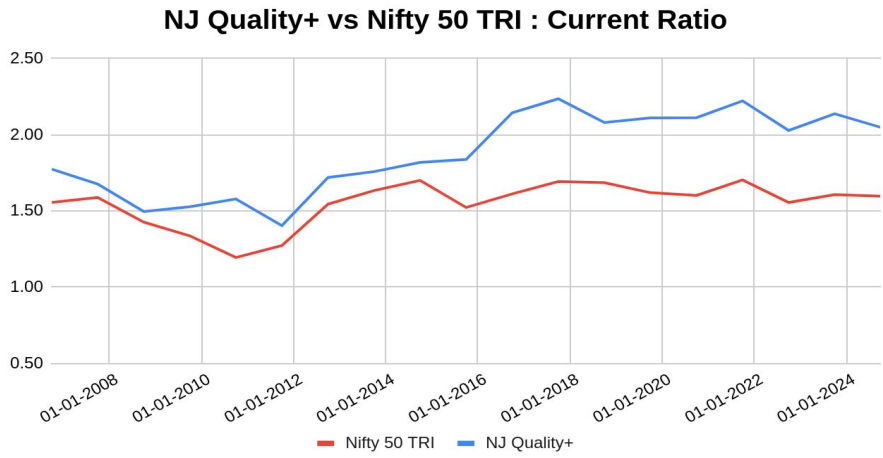
Source: CMIE, NJ Smart Beta | Data from 30th Sep, 2006 to 30th Sep, 2024



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



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



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

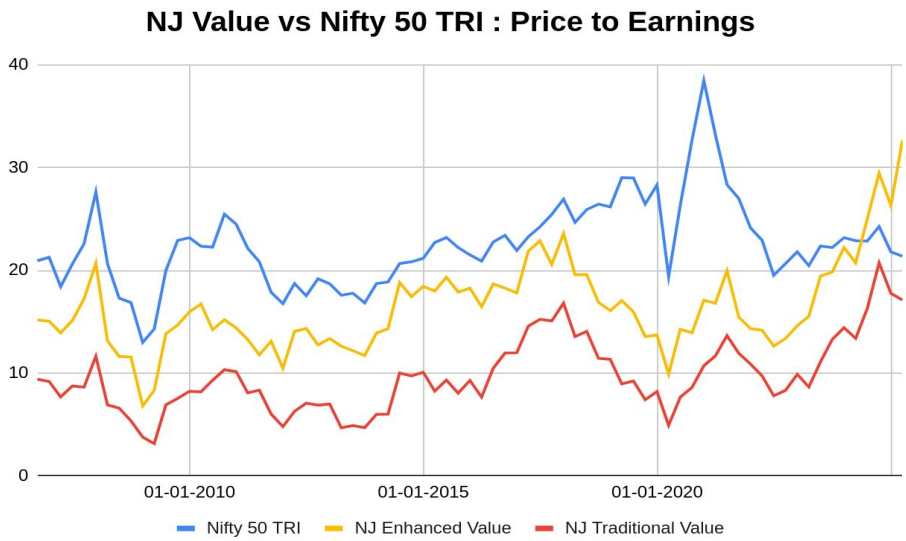
NJ Quality+ and Nifty 50 TRI Parameter Averages

Parameter	NJ Quality +	Nifty 50 TRI
Dividend Payout	44.88%	33.33%
ROE	24.85%	21.15%
Debt To Equity	25.01%	55.90%
Current Ratio	2.05	1.60

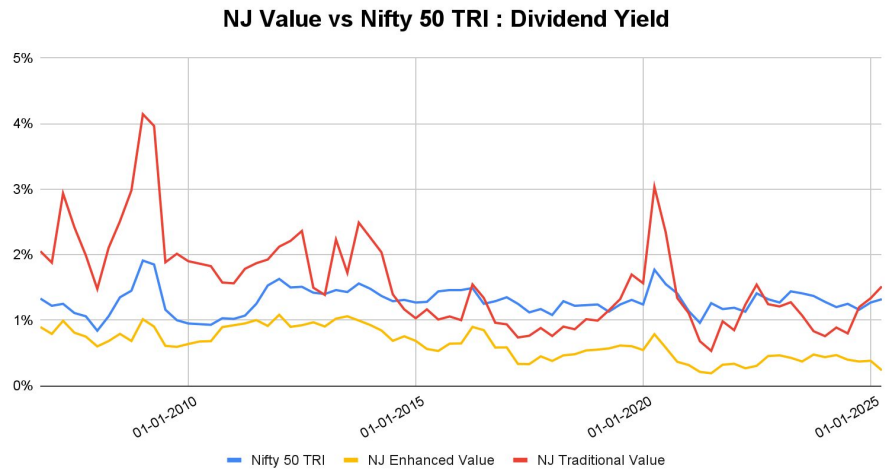
As on 30th Sep, 2024. Numbers represent simple averages of all constituents.
Debt to Equity ratio is considered for non lending companies only, Only Non-Financial companies have been included in Current Ratio.
Chart has been plotted based on annual data.

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 24.85%, which is higher than Nifty 50 TRI's 21.15%. Additionally, NJ Quality+ maintains a significantly lower Debt to Equity Ratio of 25.01%, contrasting with Nifty 50 TRI's higher ratio of 55.9%. Moreover, NJ Quality+ exhibits a stronger Current Ratio of 2.05, whereas Nifty 50 TRI's Current Ratio stands at 1.6.

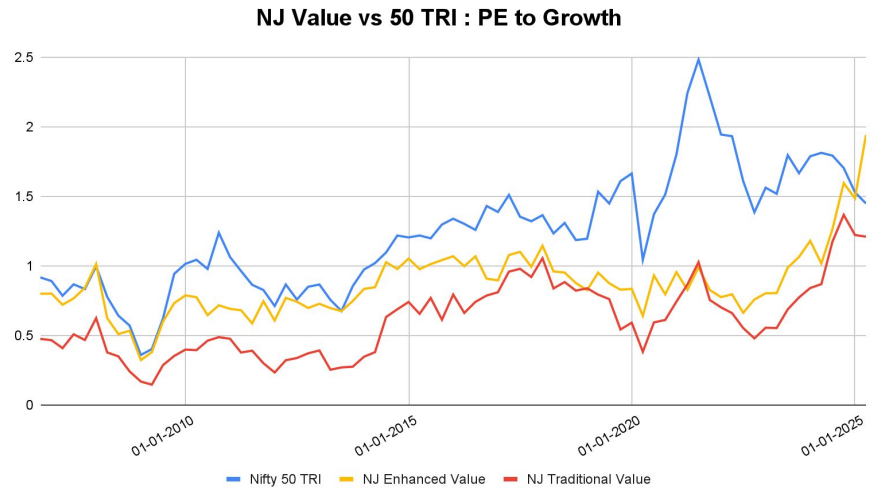
Historical Trends in NJ Traditional Value and NJ Enhanced Value



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



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



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

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

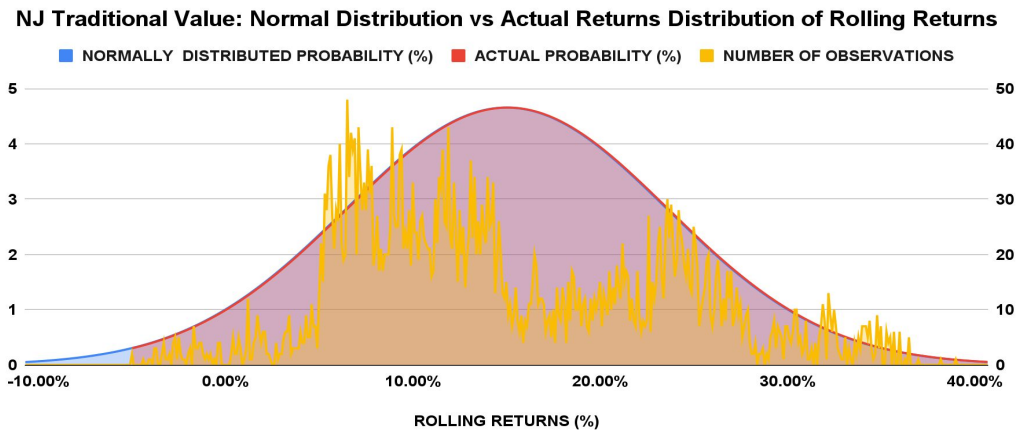
Parameter	NJ Traditional Value	NJ Enhanced Value	Nifty 50 TRI
PE to Growth	1.21	1.94	1.45
Dividend Yield	1.52%	0.24%	1.32%
Price to Earnings	17.11	32.62	21.37

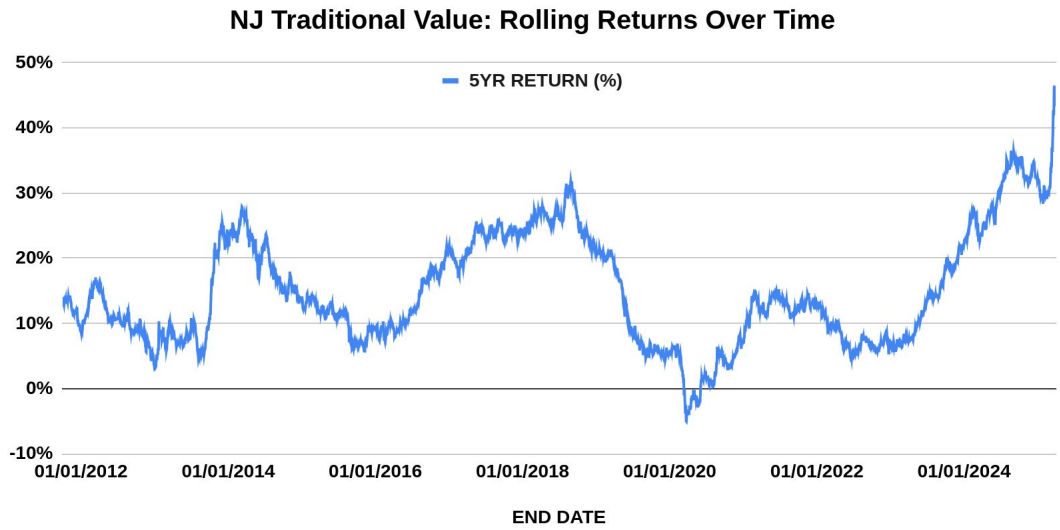
As on 31st March, 2025. Numbers for PE to Growth, Dividend Yield and PE represent harmonic mean of all constituents. Loss Making companies have not been considered while calculating average. Chart has been plotted based on quarterly data. Dividend Yield and Price to Earnings of Nifty 50 TRI are taken 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 0.24 lower Price-to-Earnings to Growth (PEG) ratio, while the NJ Enhanced Value Model is higher by 0.49 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



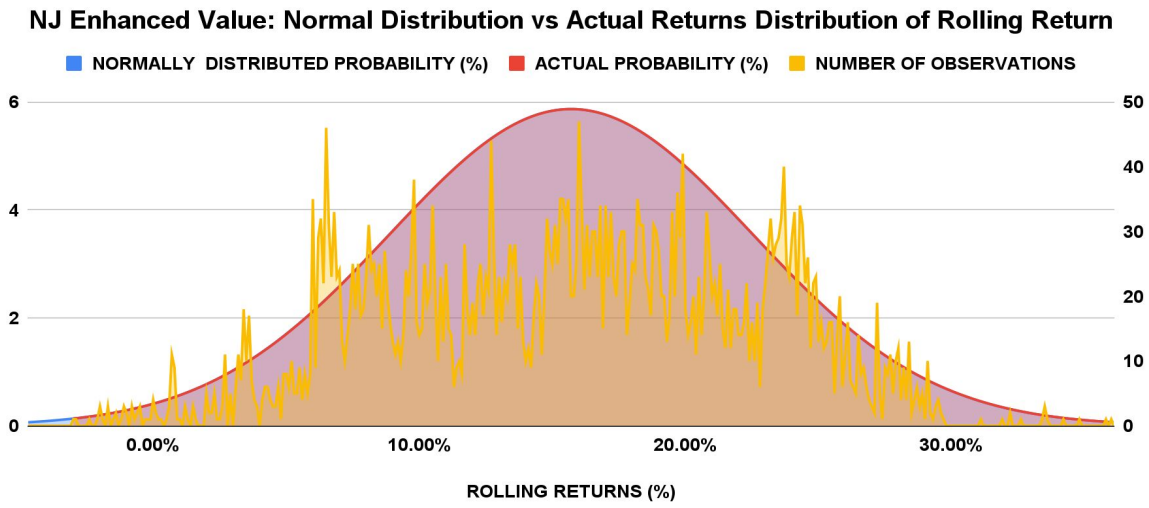


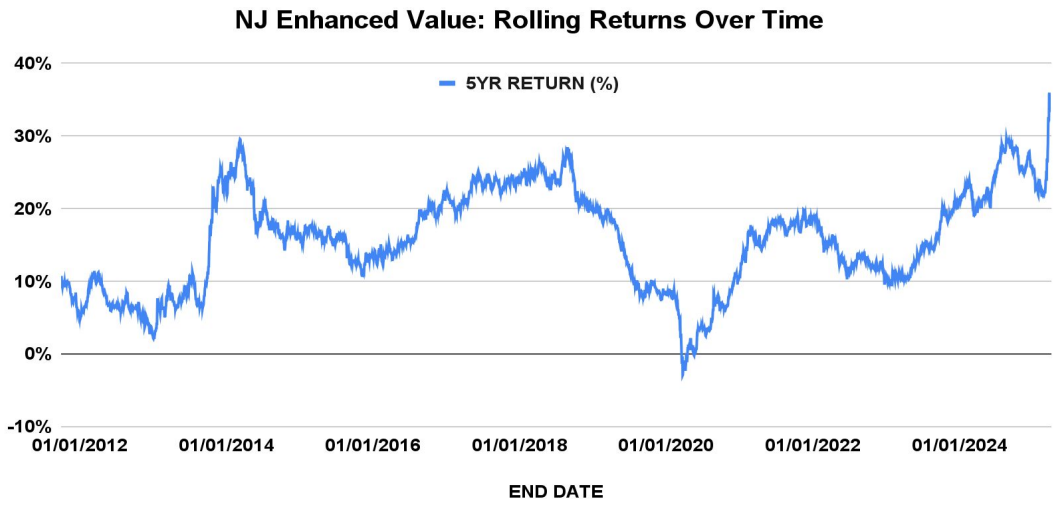
5Yr Return Distribution Summary

NJ Traditional Value	
Mean Return	15.00%
Median Return	13.05%
Std Dev Of Returns	8.57%
Max Return	46.45%
Min Return	-5.07%
Negative Observation (%)	1.68%
% Of Observations Between 0% & 10%	32.95%
% Of Observations Between 10% & 15%	24.47%
% Of Observations Between 15% & 20%	10.48%
% Of Observations Between 20% & 30%	24.70%
% Of Observations >= 30% Return	5.72%
Total Observations	4,932

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

NJ Enhanced Value



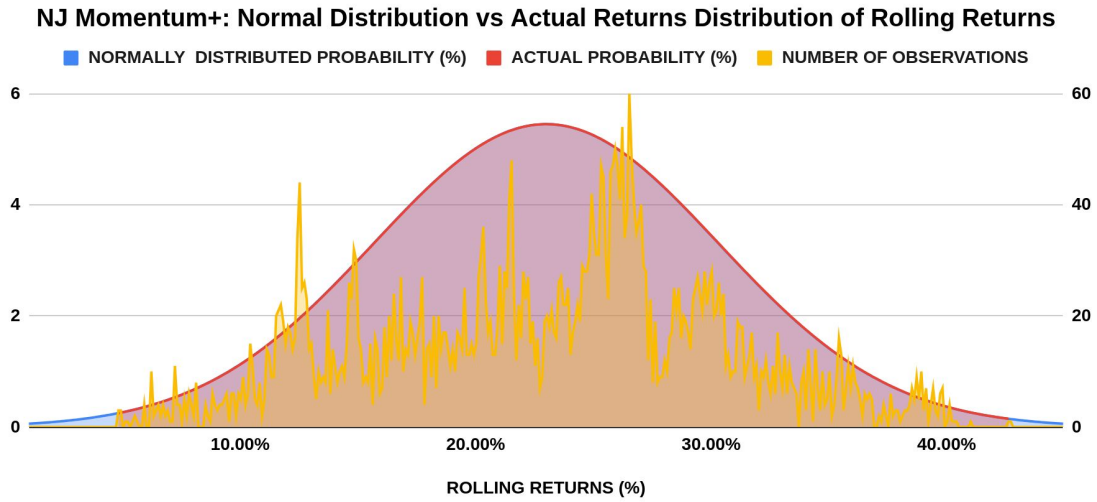


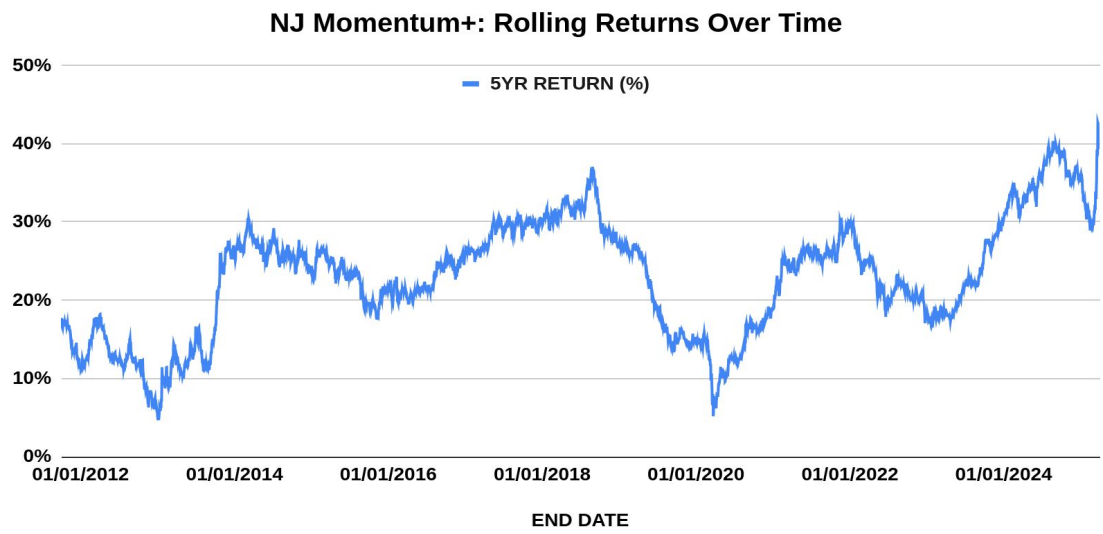
5Yr Return Distribution Summary

NJ Enhanced Value	
Mean Return	15.72%
Median Return	16.01%
Std Dev Of Returns	6.80%
Max Return	35.93%
Min Return	-2.99%
Negative Observation (%)	0.71%
% Of Observations Between 0% & 10%	23.46%
% Of Observations Between 10% & 15%	19.65%
% Of Observations Between 15% & 20%	27.27%
% Of Observations Between 20% & 30%	28.63%
% Of Observations >= 30% Return	0.28%
Total Observations	4,932

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

NJ Momentum+



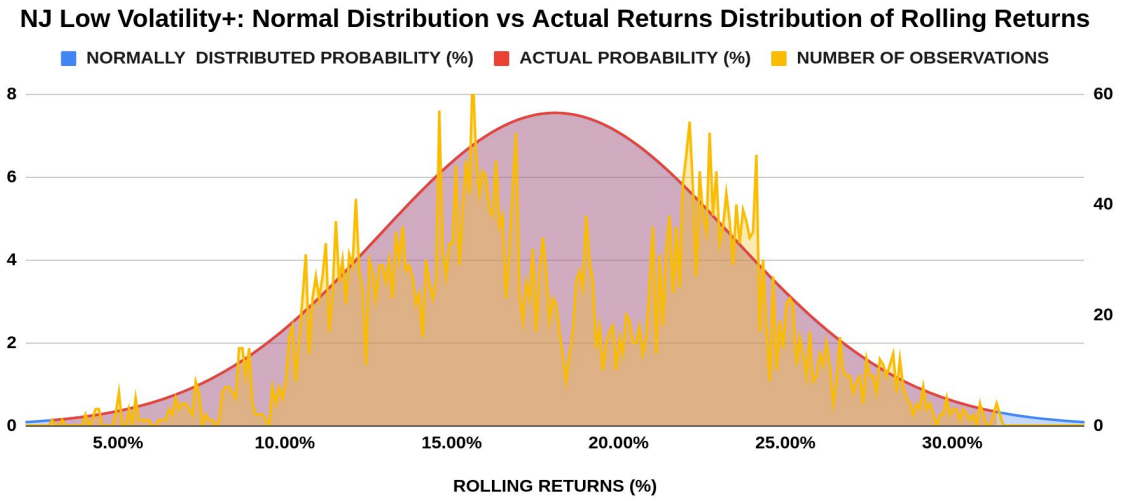


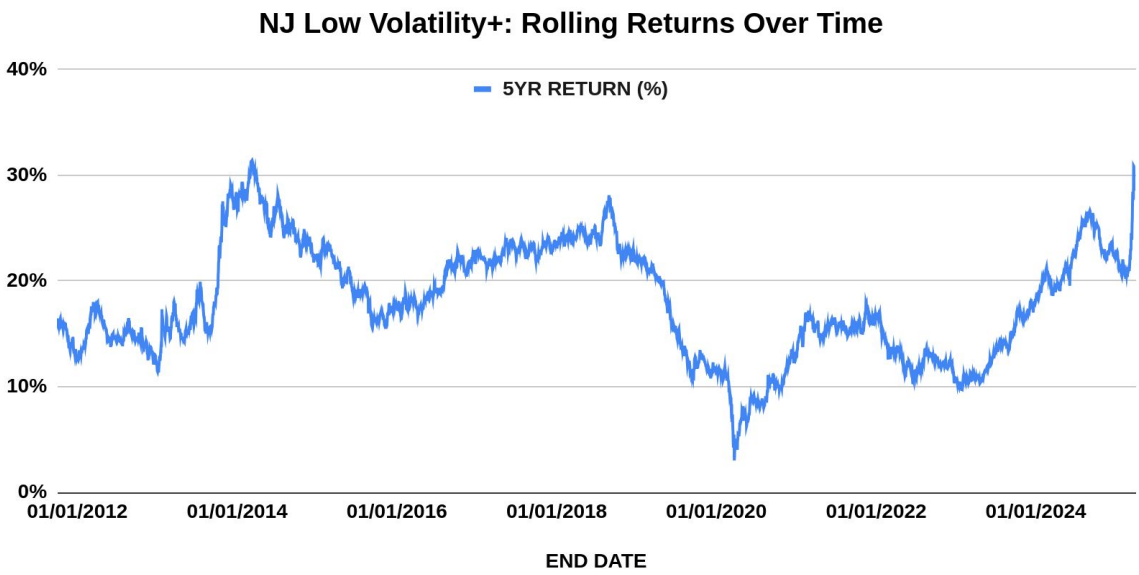
5Yr Return Distribution Summary

NJ Momentum+	
Mean Return	22.99%
Median Return	23.99%
Std Dev Of Returns	7.32%
Max Return	42.67%
Min Return	4.82%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.22%
% Of Observations Between 10% & 15%	14.86%
% Of Observations Between 15% & 20%	14.52%
% Of Observations Between 20% & 30%	51.26%
% Of Observations >= 30% Return	16.14%
Total Observations	4,932

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

NJ Low Volatility+

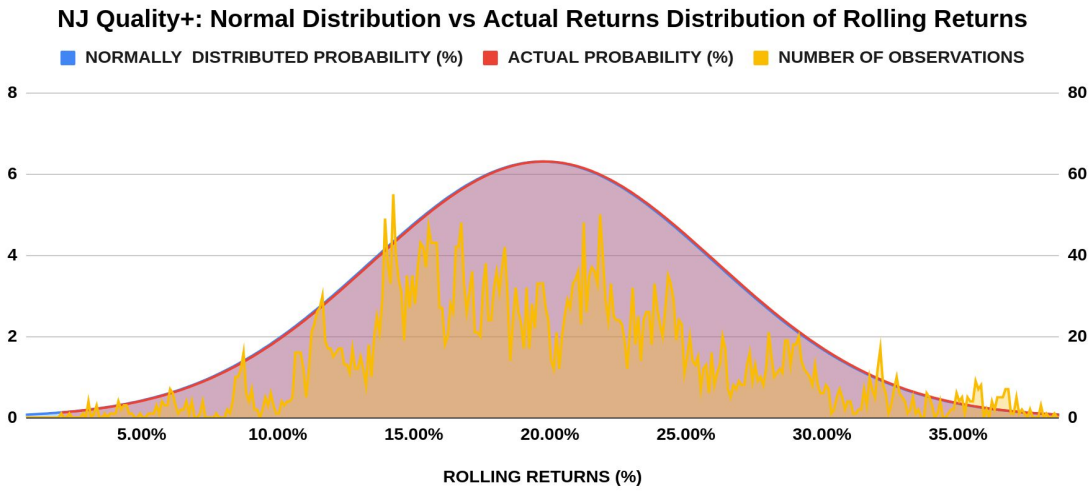


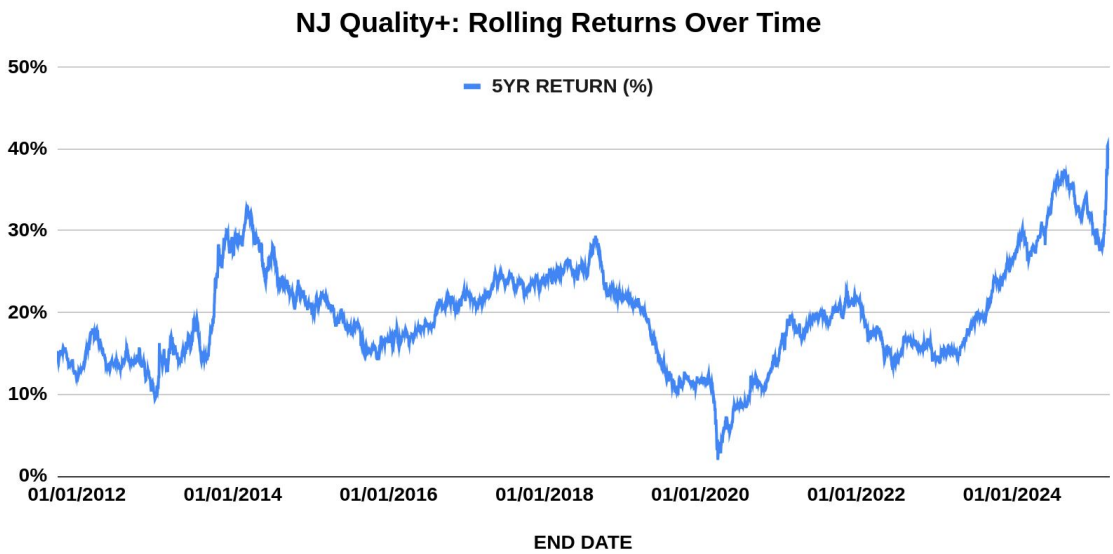


5Yr Return Distribution Summary

NJ Low Volatility+	
Mean Return	18.10%
Median Return	17.47%
Std Dev Of Returns	5.29%
Max Return	31.40%
Min Return	3.02%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	4.01%
% Of Observations Between 10% & 15%	26.91%
% Of Observations Between 15% & 20%	29.56%
% Of Observations Between 20% & 30%	38.99%
% Of Observations >= 30% Return	0.53%
Total Observations	4,932

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



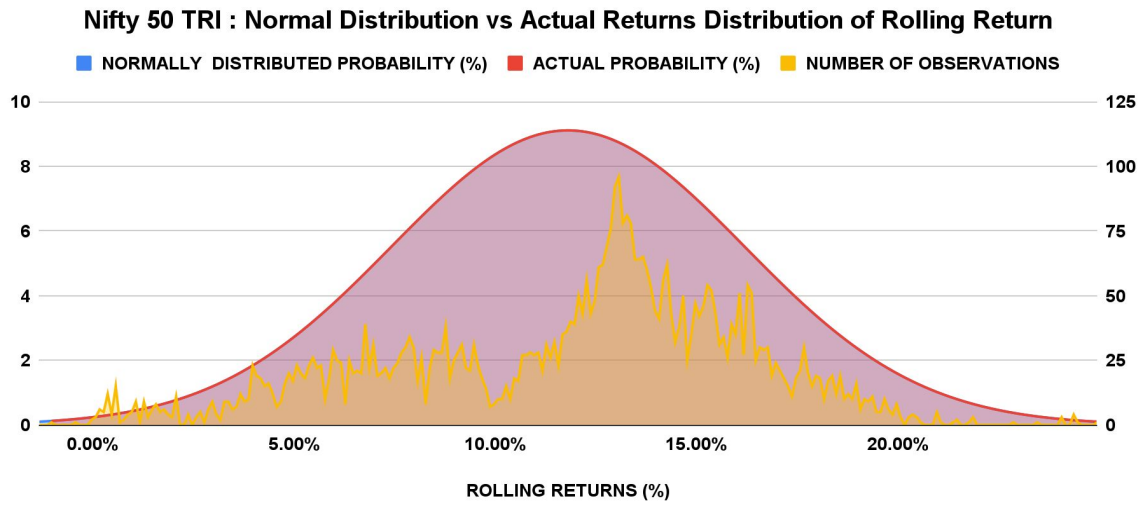


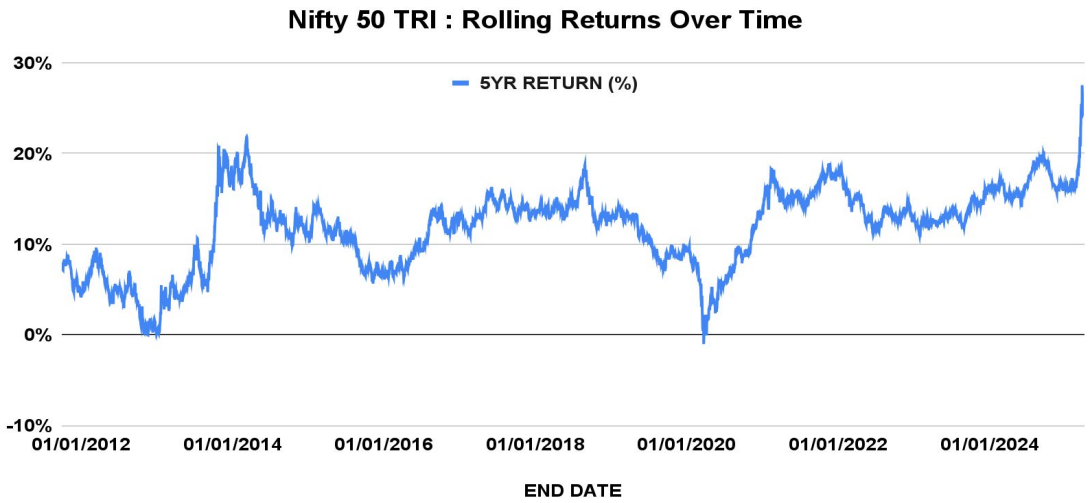
5Yr Return Distribution Summary

NJ Quality+	
Mean Return	19.73%
Median Return	19.12%
Std Dev Of Returns	6.33%
Max Return	40.46%
Min Return	1.98%
Negative Observation (%)	0.00%
% Of Observations Between 0% & 10%	3.65%
% Of Observations Between 10% & 15%	19.95%
% Of Observations Between 15% & 20%	31.14%
% Of Observations Between 20% & 30%	38.99%
% Of Observations >= 30% Return	6.27%
Total Observations	4,932

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

Nifty 50 TRI





5Yr Return Distribution Summary

NIFTY 50 TRI	
Mean Return	11.81%
Median Return	12.79%
Std Dev Of Returns	4.38%
Max Return	27.55%
Min Return	-1.03%
Negative Observation (%)	0.14%
% Of Observations Between 0% & 10%	30.96%
% Of Observations Between 10% & 15%	45.03%
% Of Observations Between 15% & 20%	23.01%
% Of Observations Between 20% & 30%	0.85%
% Of Observations >= 30% Return	0.00%
Total Observations	4,932

Source: CMIE, NJ Smart Beta. Data from 30th Sep, 2006 to 31st March, 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	0.66	0.68	0.78
NJ Quality+	0.80	1.00	0.84	0.73	0.69
NJ Low Volatility+	0.66	0.84	1.00	0.61	0.49
NJ Momentum+	0.68	0.73	0.61	1.00	0.65
NJ Traditional Value	0.78	0.69	0.49	0.65	1.00

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

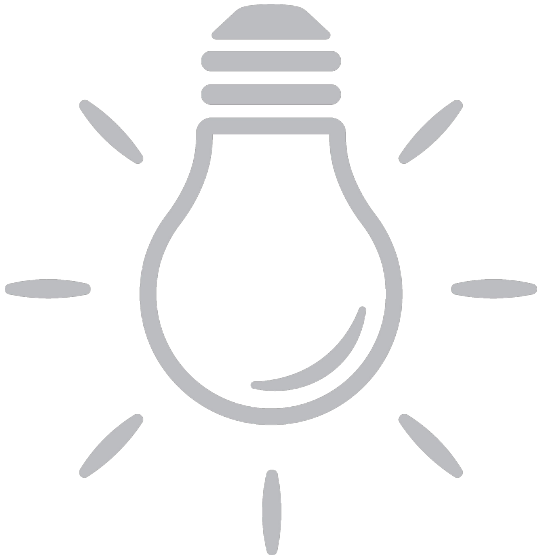
NJ Low Volatility+ is very strongly correlated with NJ Quality+ (0.84). While the degree of correlation between the NJ Low Volatility+ is moderately strong with the NJ Momentum+ (0.61),
it is fairly weak with the NJ Traditional Value (0.49) and moderate with NJ Enhanced Value (0.66) model.

The degree of correlation between NJ Momentum+ is moderately strong with all the other indexes i.e. NJ Quality+ (0.73), NJ Traditional Value (0.65) 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).

Research Spotlight



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. **Understanding Common Behavioral Biases That Hurt Your Portfolio**

This blog delves into four common behavioural biases: anchoring, confirmation, loss aversion, and conservatism, that can lead investors to make irrational financial decisions. It encourages investors to adopt a disciplined, long-term, data-driven approach to overcome these biases and make more informed decisions.

3. **NJ AMC's Forensic & Governance Model: From Red Flags to Resilience**

This blog explains NJ AMC's Forensic & Governance Model, which uses data-driven parameters to detect financial and governance red flags in companies. It shows how this approach enhances portfolio quality and resilience.

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 monitory 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.