NFO Opens: 17th March 2025 | NFO Closes: 28th March 2025

Launching

TATA BSE QUALITY INDEX FUND

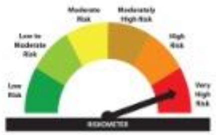
(An open ended fund replicating / tracking the BSE Quality Total Return Index (TRI))

This product is suitable for investors who are seeking*:

- Long Term Capital Appreciation.
- Returns that correspond to the total returns of the securities as represented by the BSE Quality Total Return Index, subject to tracking error.

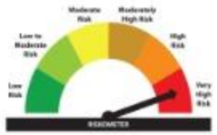
***Investors should consult their financial advisors if in doubt about whether the product is suitable for them.**

Scheme Riskometer



The risk of the scheme is Very High

Benchmark Riskometer



The risk of the benchmark is Very High

(The above product labelling assigned during NFO is based on internal assessment of the scheme characteristics and the same may vary post NFO when the actual investments are made. The same shall be updated as per provision no. 17.4.1.i of SEBI Master Circular on Mutual Fund dated June 27, 2024, on Product labelling in mutual fund schemes on ongoing basis.)

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

Active & Passive investing

Active investing

- Judgement based
- Outperformance potential
- Strategic & sophisticated

Smart Beta Funds

- Rule based filtration basis metrics to capture investment factors
- Aims to beat the broader market
- Complexity of factors with simplicity of rules

Passive investing

- Rule Based
- Market Returns
- Straightforward & simple

Types of Passives

TATA mutual fund

Broad Market Indices

Representative of Equity Market, including companies across Market Caps, Sectors & Themes

Strategy/Factor Indices

Stocks capturing certain characteristics important in explaining their returns & risk

Sectoral & Thematic Indices

Stocks capturing certain Sectors or Themes

Factor based investing

Factor can be considered as any definable characteristic (trait) relating to a group of securities/portfolio that is important in explaining their returns and risk

Momentum	Alpha	Low Volatility	Size	Value	Quality
Stocks with stronger past performance	Stocks with past outperformance	Stocks with lower-than-average volatility	Stocks with lower market capitalisation	Stocks with low prices relative to their fundamental value	Stocks with lower debt, stable earnings and other quality metrics

What is Quality investing?

Defining Quality

Quality factor takes into consideration 3 key fundamental ratios (ROE, Accruals and Financial Leverage) for screening stocks. This approach has helped to bring robustness in the performance of quality as a factor compared to its universe*.

Lower accruals means assets are driven by cash flows

Profitability

Accruals

Financial Leverage

Stronger Margins indicates efficient capital use of capital

Lower debt means efficient risk management

*Universe: BSE 250 Large Midcap

Measuring Quality

The index quantifies Quality using 3 key financial indicators to identify fundamentally strong companies

Efficiency of capital: It measures how well a company uses its own capital.	**ROE**	Higher the better
Quality of earnings: It measures the part of assets generated from receivables/non-cash items.	**Accruals Ratio**	Lower the better
Sources of earnings: It measures what's driving the growth i.e., debt or self funded	**Financial Leverage**	Lower the better

Benefits of Quality investing

Quality factor in investing refers to a set of financial and business characteristics that indicate a company's robustness, profitability, and operational efficiency.

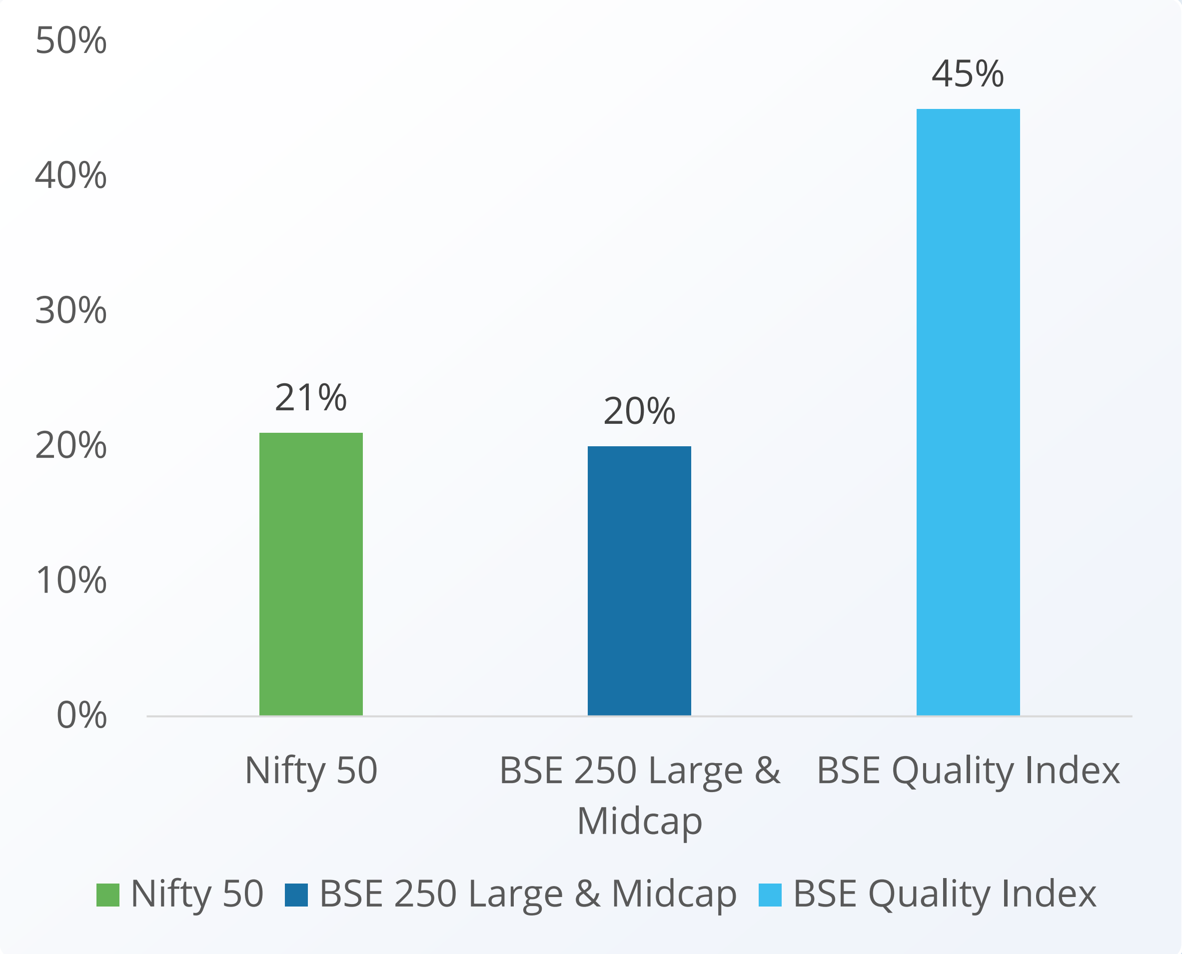
Robust performance during market contractions	Quality as a factor has performed better or in line with its universe*.
Long term growth potential	Quality investing selects businesses with robust balance sheets, enabling sustainable growth overtime.
Better Risk adjusted returns	• Historically, Quality as a factor has delivered better risk adjusted returns in comparison to its universe*.
Sector Tilt	• Skewed towards defensive / non-cyclical sectors to gain more stability.

*Universe: BSE 250 Large Midcap

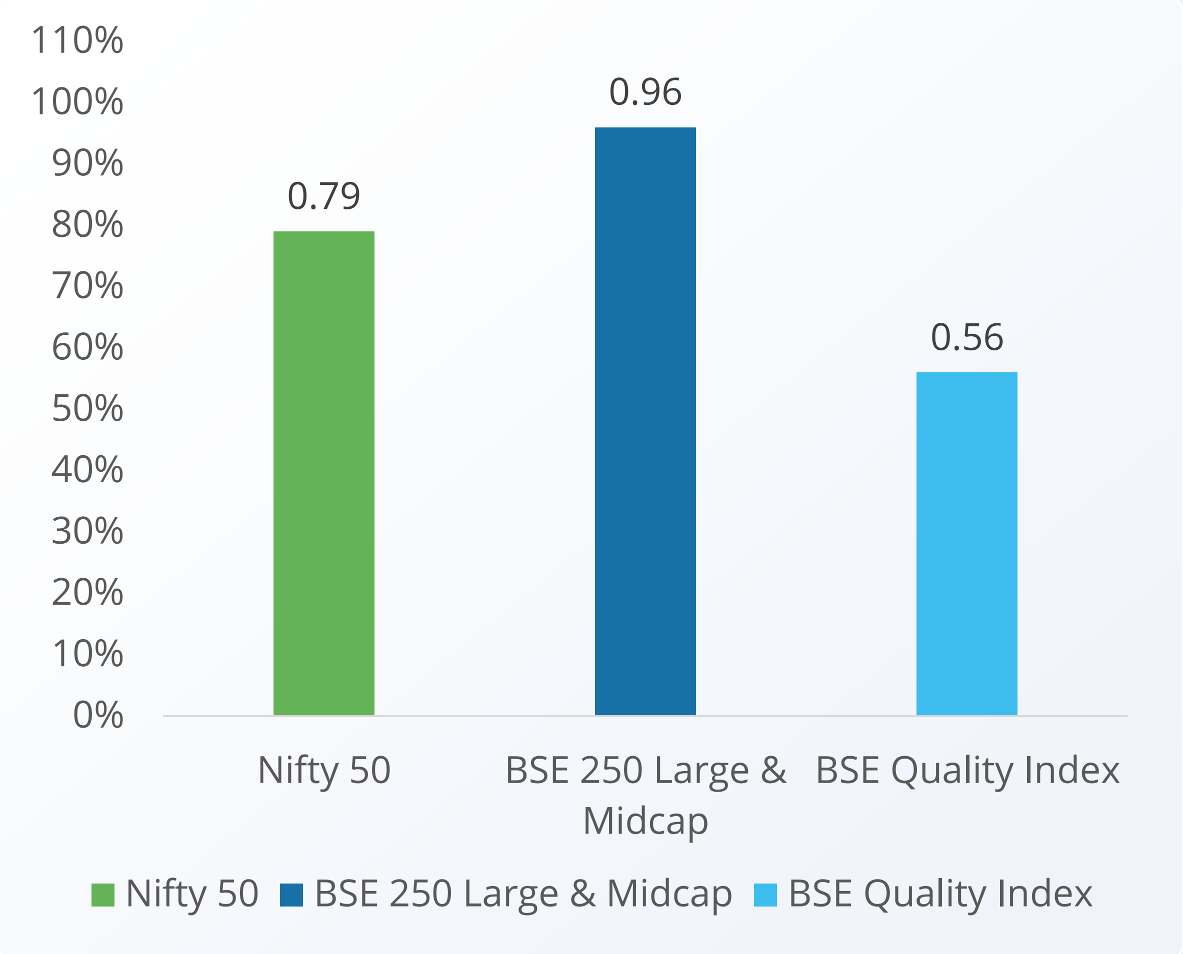
Quality Investing – High ROE + Low Debt

TATA mutual fund

Return on Equity (ROE)



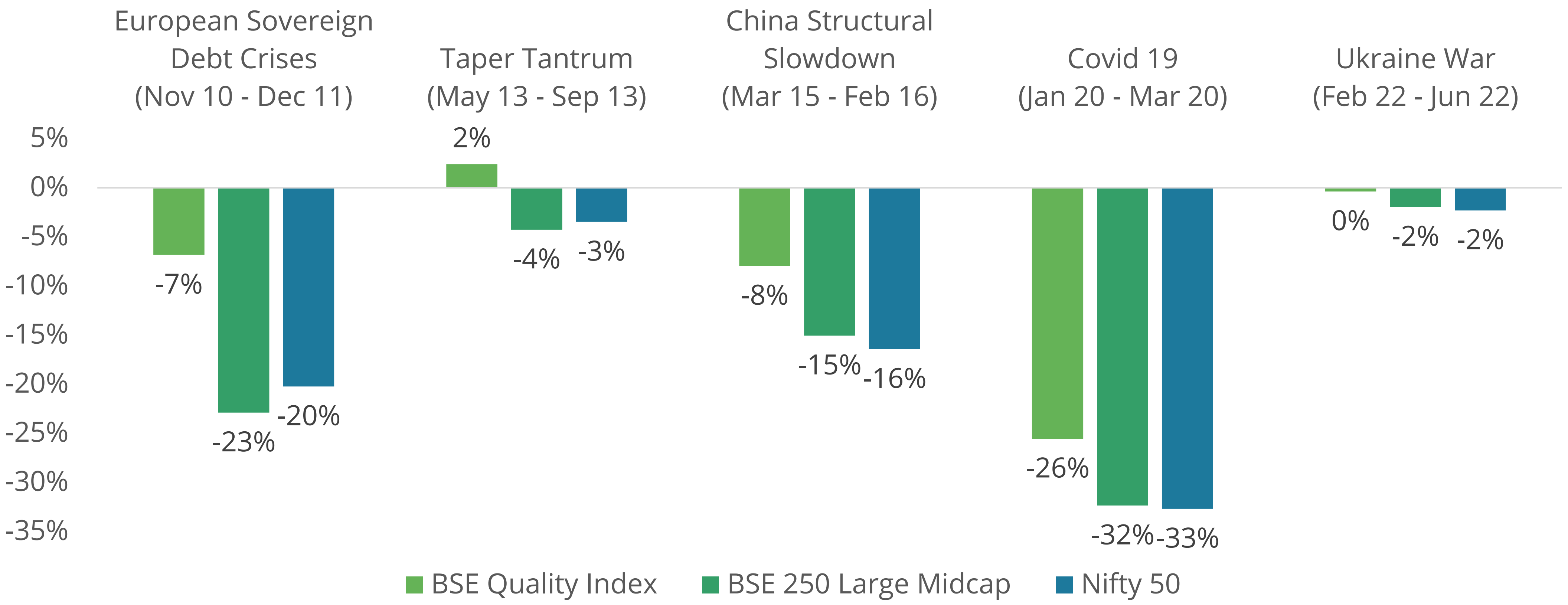
Debt to Equity Ratio



Source: BSE, Bloomberg | Data as of 28th Feb 2025

Quality performs during market stress

Historically, Quality factor has performed relatively better during broad market contractions, adding necessary cushion during market downturns.



Source: BSE, NSE | Past performance may or may not be sustained in the future and does not guarantee any future returns. The above examples are for illustration purposes only.

Quality provides Better Risk adjusted returns

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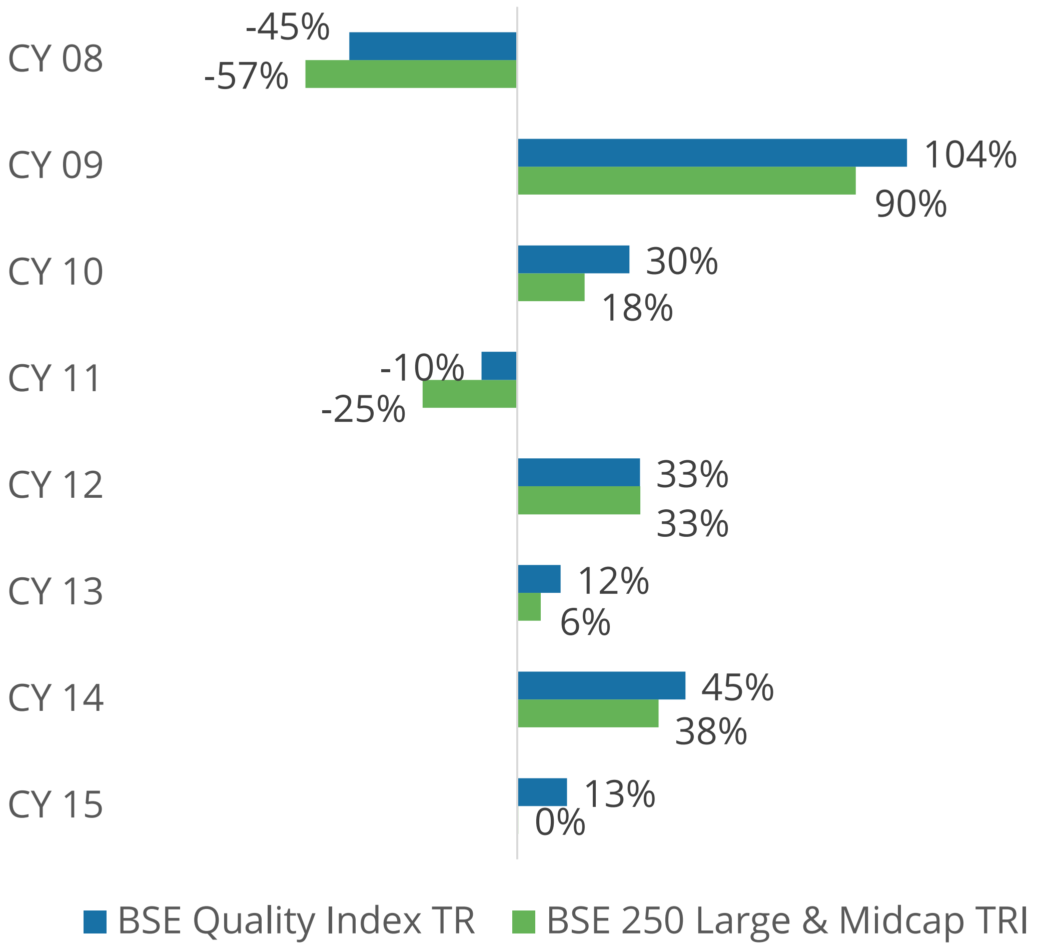
Quality portfolio tends to run a higher risk-adjusted return and lower drawdown than the benchmark indices.

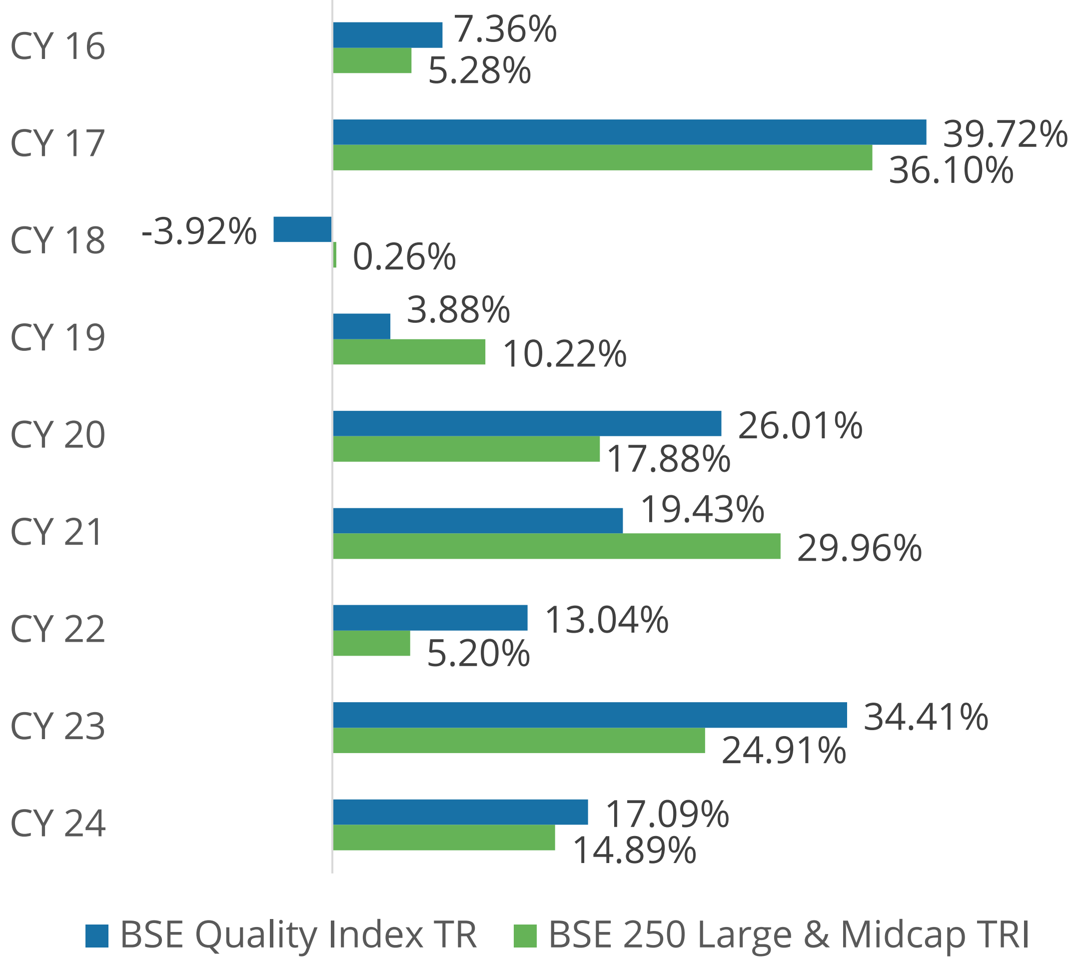
Period	Returns			Standard Deviation			Return per unit of risk		
	BSE Quality Index	BSE 250 Large & Midcap	Nifty 50	BSE Quality Index	BSE 250 Large & Midcap TRI	Nifty 50	BSE Quality Index	BSE 250 Large & Midcap	Nifty 50
3 Year	17.49%	13.90%	11.63%	16.46%	13.70%	12.68%	1.06	1.01	0.92
5 Year	20.85%	18.49%	16.40%	16.71%	18.77%	18.41%	1.25	0.98	0.89
7 Year	13.93%	13.63%	12.91%	15.80%	17.55%	17.17%	0.88	0.78	0.75
10 Year	14.22%	12.46%	11.18%	15.17%	16.44%	16.14%	0.94	0.76	0.69

Source: BSE | Above indices are TR indices. Data as on 28th Feb 2025 | past performance may or may not be sustained in the future and should not be used as a basis for comparison with other investments.

Quality offers downside protection

Quality as a factor has provided better downside protection compared to its universe of BSE 250 Large & Midcap with a reasonable upside.





Source: BSE | Data from 31st Dec 2005 to 31st Dec 2024. | Past performance may or may not be sustained in the future

Case for Quality

Why Quality Now?

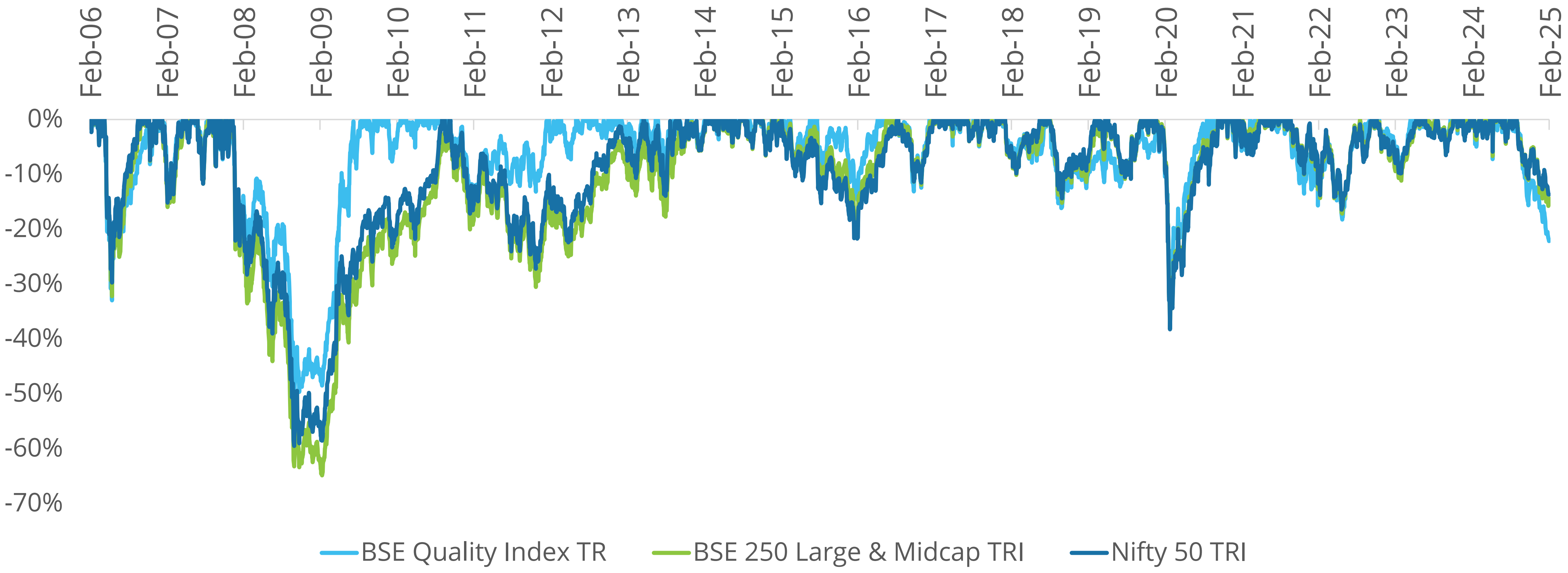
Quality has always been an important factor to consider while investing but its relevance has increased now as:

1. Valuations are running high across the market relative to earnings.
2. Lack of earning surprises as more companies are expected to miss their targets.
3. Volatility has increased in the Markets due to geopolitical tensions, high FII outflows and underperformance of Indian equity markets relative to EM peers.

Source: Elara Capital

Drawdowns

A Quality factor-oriented portfolio helps reducing the downside during market corrections, thus offering a lower downside relative to its universe*.



Source: BSE | Data from 28th Feb 2006 to 28th Feb 2025. |Universe*: BSE 250 Large and Midcap Past performance may or may not be sustained in the future

Tata BSE Quality Index Fund-

Methodology and Portfolio

Tata BSE Quality Index

Investment Objective: The investment objective of the scheme is to provide returns, before expenses, that commensurate with the performance of BSE Quality Total Return Index (TRI), subject to tracking error.

Quality is defined by 3 fundamental ratios

Return on Equity	Accruals Ratio	Financial Leverage Ratio
Weight = 1/3	Weight = 1/3	Weight = 1/3

Source: BSE Methodology Document

Index methodology

TATA mutual fund

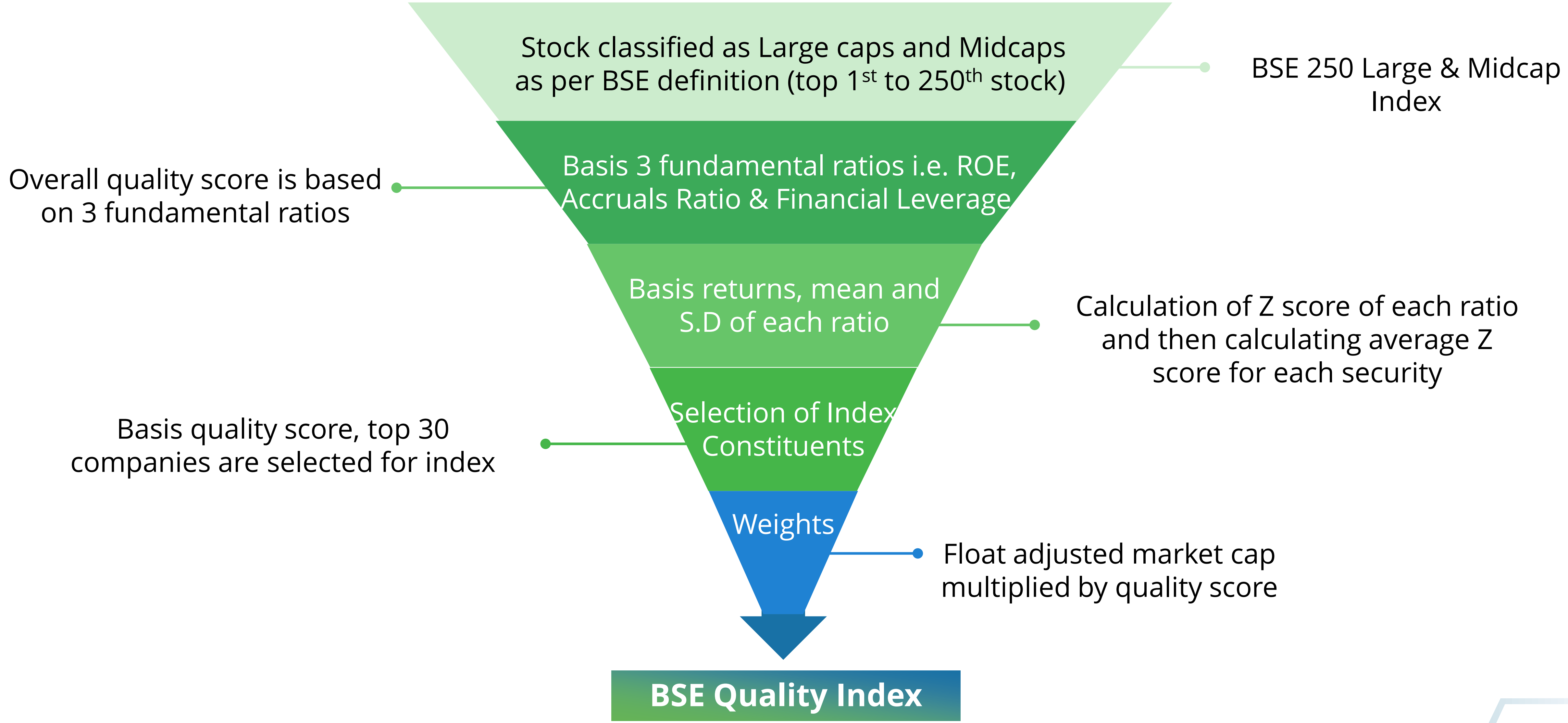
BSE Quality Index aims to track the performance of the top 30 companies with high quality within the BSE 250 Large and Midcap Index.

Universe	Selection parameter	Selection Criterion
BSE Large & Midcap 250	Normalized Quality score calculated basis weighted average Z score for each stock (based on score of 3 key ratios)	Top 30 based on Quality score
Index weights	**Reconstitution/Rebalancing**	**Stock cap & Industry cap**
Factor tilt (Quality score * Float-adjusted Market Cap)	Semi-annual	▪ **Stock cap -** Lower of 5% or 20 times of its Float adjusted MCAP weight ▪ **Industry cap -** 30% of macroeconomic sector

Source: BSE Methodology Document

Index methodology

TATA mutual fund



Source: BSE Methodology Document

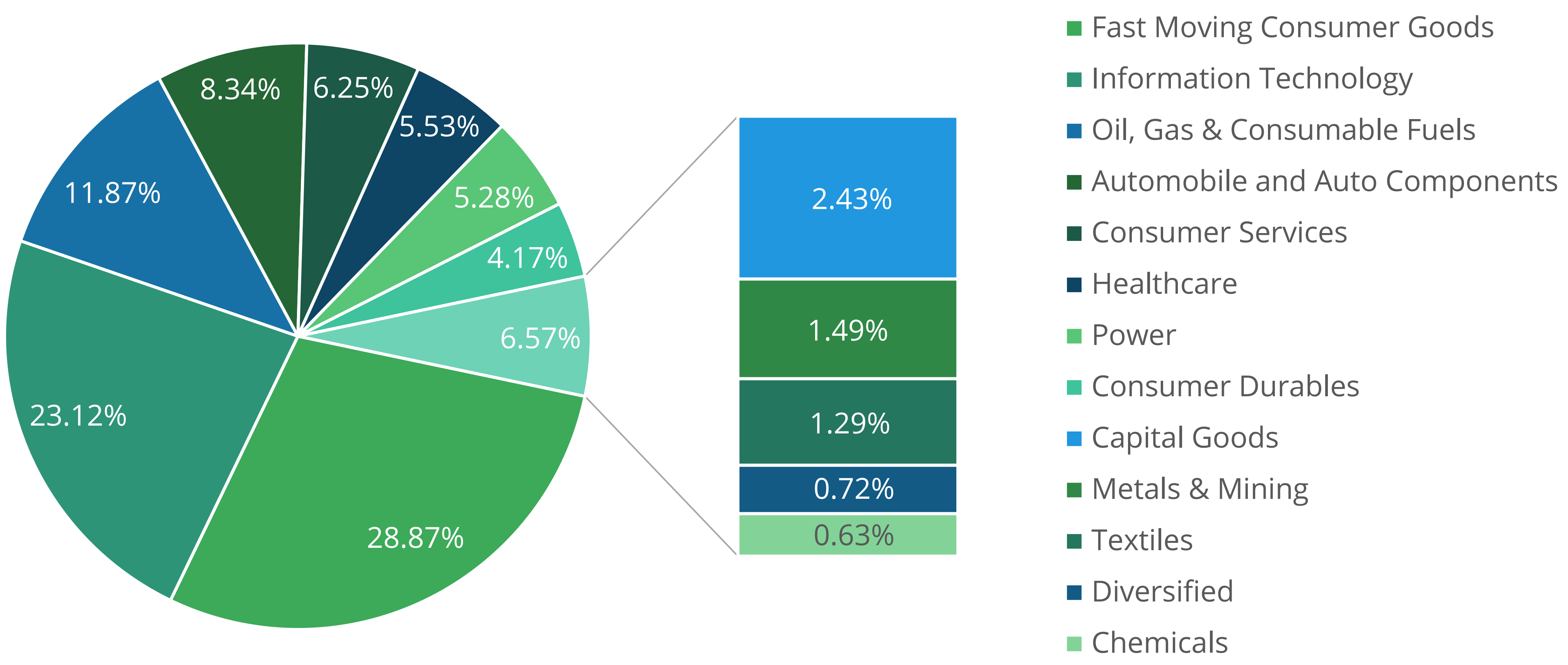
Dominated by defensives like FMCG and IT

Quality index is skewed towards defensives sectors like FMCG and IT.

Sectors	Mar-22	Sep-22	Mar-23	Sep-23	Mar-24	Sep-24
Automobile and Auto Components	-	-	1.99%	-	6.43%	9.85%
Capital Goods	9.50%	2.99%	9.00%	14.63%	13.80%	2.07%
Chemicals	1.29%	0.98%	-	1.06%	0.82%	0.65%
Consumer Durables	1.06%	5.00%	5.96%	3.41%	2.05%	4.80%
Consumer Services	-	3.82%	3.53%	2.99%	3.09%	7.23%
Diversified	-	-	-	1.42%	1.11%	0.70%
Fast Moving Consumer Goods	**28.74%**	**29.40%**	**27.87%**	**17.67%**	**19.29%**	**28.74%**
Financial Services	9.26%	8.74%	6.05%	10.08%	8.61%	-
Healthcare	8.13%	2.89%	2.71%	8.11%	9.79%	4.54%
Information Technology	**11.76%**	**16.17%**	**22.34%**	**11.62%**	**14.05%**	**20.66%**
Metals & Mining	14.45%	16.14%	8.98%	6.33%	1.08%	1.50%
Oil, Gas & Consumable Fuels	10.79%	5.69%	6.96%	13.77%	14.27%	12.78%
Power	-	-	-	5.41%	5.60%	5.45%
Services	-	3.01%	-	3.52%	-	-
Textiles	5.03%	5.18%	4.61%	-	-	1.03%

Source: BSE | Data as on 30th Sep 2024

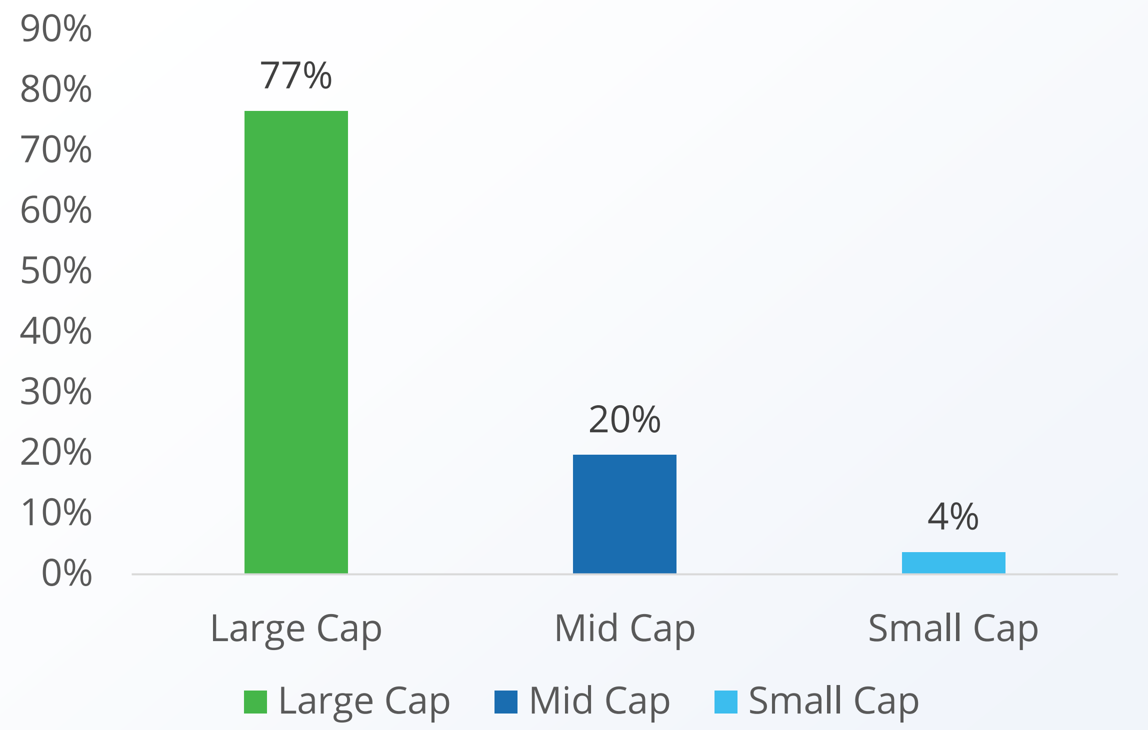
BSE Quality Index - Sector allocation



Source: BSE | Data as on 28th Feb 2025

BSE Quality Index - Snapshot

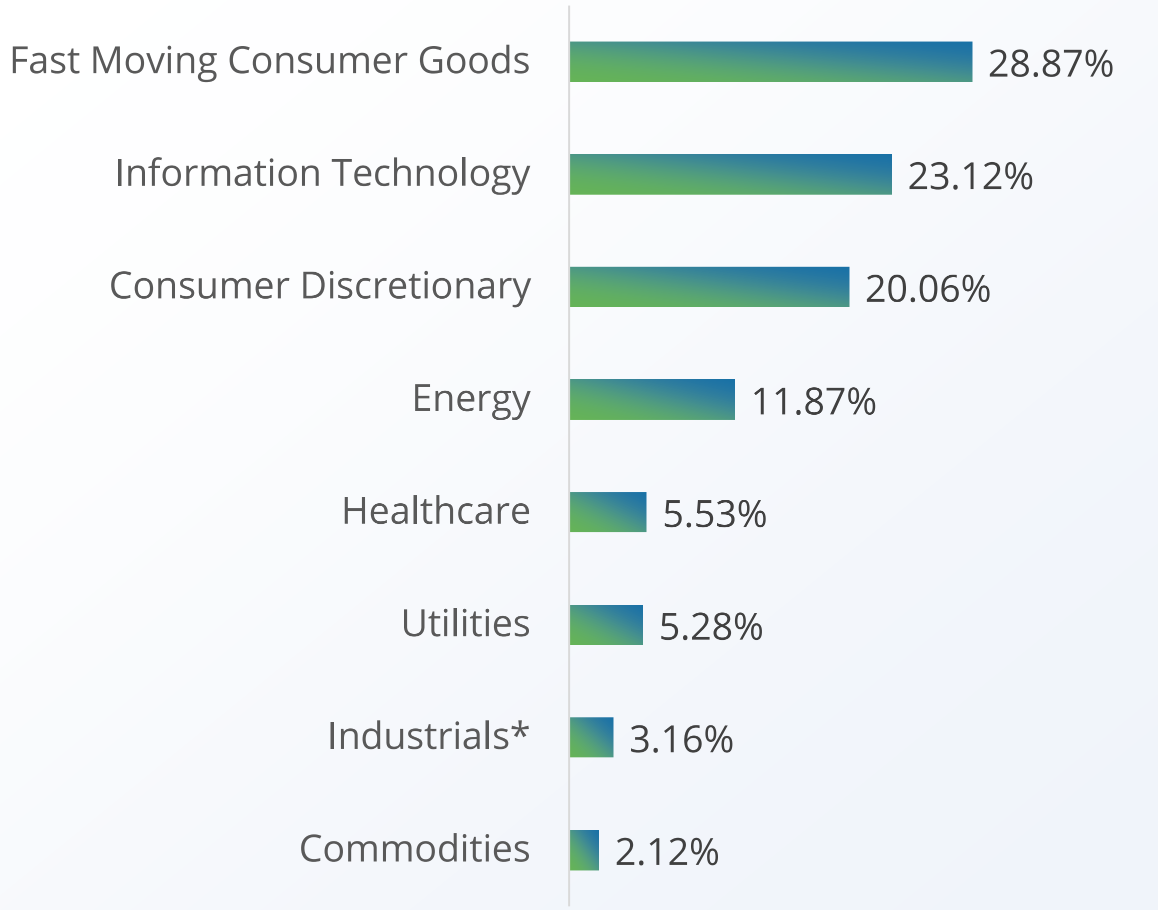
Market Cap Classification



Market capitalization as per SEBI circular:

- Large Cap: 1st -100th company in terms of full market capitalization.
- Mid Cap: 101st -250th company in terms of full market capitalization.
- Small Cap: 251st company onwards in terms of full market capitalization.

Macro Economic sectors



Source: BSE | Data as of 28th Feb 2025 | *Industrials includes companies from diversified sector.

BSE Quality Index - Portfolio

Security	Weight (%)	Security	Weight (%)
HCL Technologies Ltd.	6.91%	Torrent Pharmaceuticals Ltd.	2.77%
Infosys Ltd.	6.89%	Oracle Financial Services Software	2.10%
Nestle India Ltd.	6.76%	Mazagon Dock Shipbuilders Ltd.	1.71%
Tata Consultancy Services Ltd.	6.06%	Abbott India Ltd.	1.56%
ITC Ltd.	5.98%	Hindustan Zinc Ltd.	1.49%
Britannia Industries Ltd.	5.98%	Page Industries Ltd.	1.29%
Coal India Ltd.	5.95%	Castrol India Ltd.	1.20%
Trent Ltd.	5.29%	Glaxosmithkline Pharmaceutical Ltd.	1.20%
Adani Power Ltd.	5.28%	L&T Technology Services Ltd.	1.16%
Tata Motors Ltd.	4.96%	Emami Ltd.	1.10%
Bharat Petroleum Corporation Ltd.	4.72%	Indian Railway Catering And Tourism Corp.	0.96%
Colgate - Palmolive (India) Ltd.	4.51%	Gillette India Ltd.	0.74%
Asian Paints Ltd.	4.17%	Honeywell Automation India Ltd.	0.72%
Marico Ltd.	3.79%	3m India Ltd.	0.72%
Bajaj Auto Ltd.	3.38%	Bayer Cropscience Ltd.	0.63%

Source: BSE | Data as on 28th Feb 2025

Tata BSE Quality Index Fund-

Performance

Rolling Performance

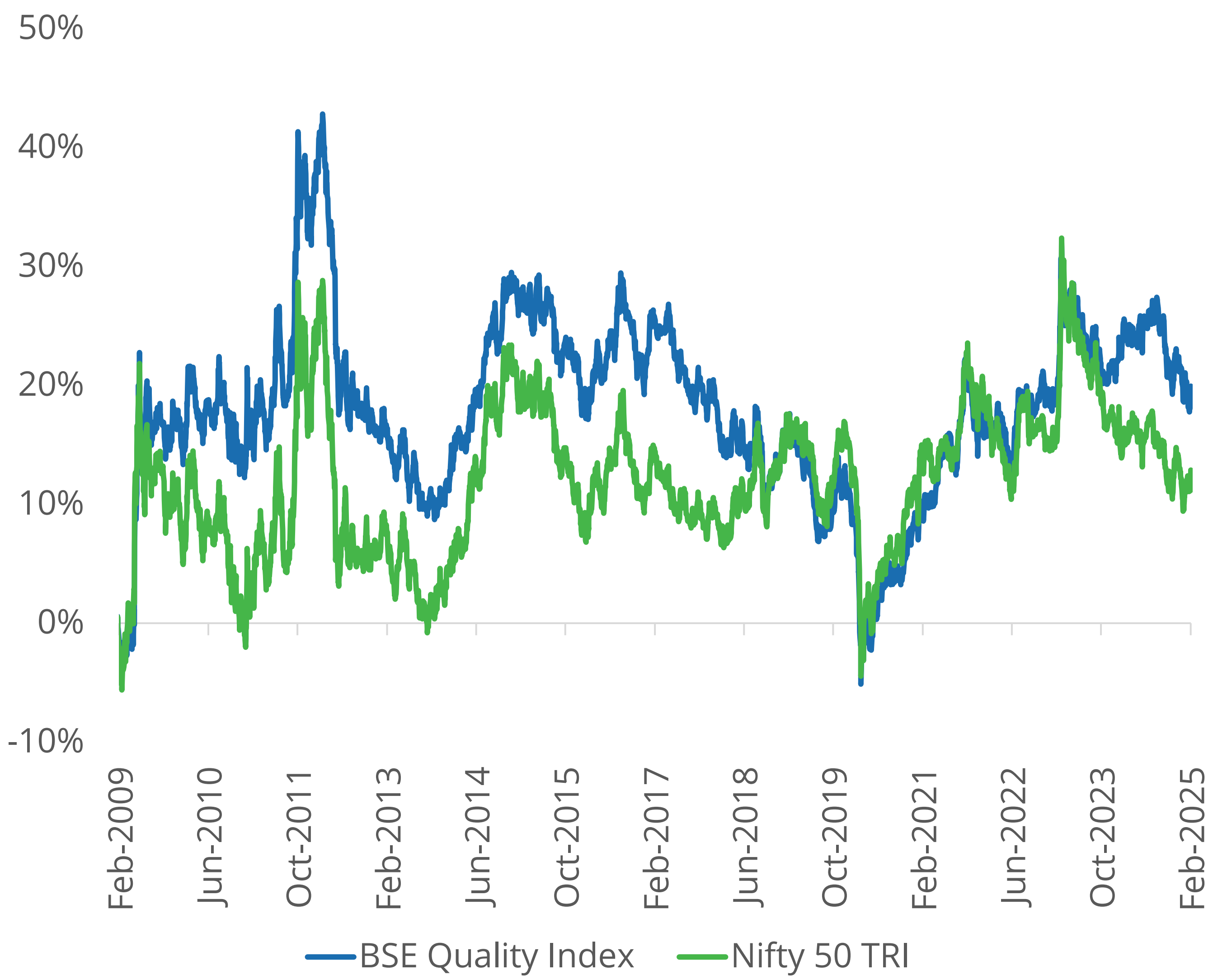
Security selections based on quality fundamental ratios has helped the index provide consistent outperformance in terms of rolling returns across periods.

Index	Average Rolling Returns			
	1 Year Rolling	3 Year Rolling	5 Year Rolling	10 Year Rolling
BSE Quality Index	24.40%	16.52%	14.87%	16.93%
BSE 250 Large & Midcap TRI	20.90%	15.55%	14.18%	13.56%
Nifty 50 TRI	18.25%	14.67%	13.53%	12.53%

Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Source: BSE, ICRA-MFI | Data from 1st Jan 2020 to 28th Feb 2025

3 Year rolling returns



% of times		
Return band	**BSE Quality Index**	**BSE 250 Large & Midcap TRI**
Negative return	**2.68%**	5.81%
0% to 8%	6.80%	20.13%
8% to 15%	21.55%	35.87%
15% to 20%	**32.43%**	24.71%
more than 20%	**36.55%**	13.48%

Return band	BSE Quality Index	BSE 250 Large & Midcap TRI
Min	**-5.12%**	-10.06%
Max	**42.83%**	33.24%
Average	**17.69%**	12.57%

Source: BSE | Data as on 28th Feb 2025

5 Year rolling returns

% of times		
Return band	**BSE Quality Index**	**BSE 250 Large & Midcap TRI**
Negative return	**0.00%**	0.84%
0% to 8%	2.04%	17.63%
8% to 15%	26.97%	45.23%
15% to 20%	34.07%	32.23%
more than 20%	**36.92%**	4.07%

Return band	BSE Quality Index	BSE 250 Large & Midcap TRI
Min	**2.06%**	-0.95%
Max	**31.34%**	23.78%
Average	**17.73%**	12.63%

Source: BSE | Data as on 28th Feb 2025

Point to Point Performance

TATA mutual fund

Period	BSE Quality Index TRI	BSE 250 Large & Midcap TRI	Nifty 50 TRI
1 Years	-1.66%	3.01%	3.87%
2 Years	22.05%	19.03%	15.53%
3 Years	17.72%	13.36%	11.65%
5 Years	20.99%	18.15%	16.40%
10 Years	14.29%	12.30%	11.18%
15 Years	16.98%	12.84%	12.03%

Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Source: BSE, ICRA-MFI | Data as on 24th Feb 2025

Scheme information

Tata BSE Quality Index Fund	
Scheme	Open-ended scheme
Scheme code	TATA/O/O/OIN/25/02/0075
NFO date	17th March 2025 28th March 2025
Benchmark	Nifty Large Midcap 250 TRI
Fund managers	• Mr. Kapil Menon - (overall experience = 21 years) • Mr. Rakesh Prajapati - (overall experience = 19 years)
Minimum investment	Rs 5,000/- and in multiple of Re.1/- thereafter.
Additional investment	Rs.1,000/- and in multiples of Re.1/- thereafter
Exit load	• 0.25% of the applicable NAV, if redeemed on or before 15 days from the date of allotment

Disclaimer & Risk-o-meter

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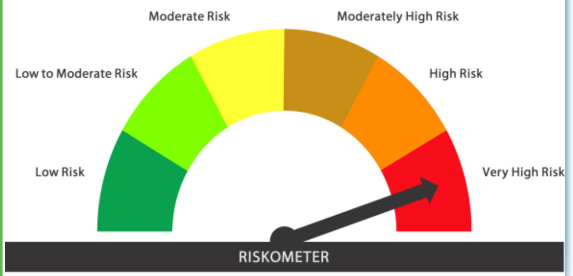
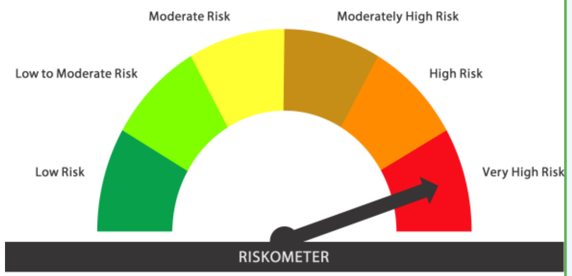
Scheme Risk-o-meter



The risk of the scheme is Very High Risk

Benchmark Risk-o-meter



The risk of the benchmark is Very High Risk

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Thank You

Annexures

Quality Z score calculation

TATA mutual fund

Z Score Calculation

1 x ROE

-1 x Financial Leverage Ratio

-1 x Accrual Ratio

Accrual Ratio not applicable for companies in sectors like:

1. Financial Services
2. Realty

Simple Average is taken of the above 3 ratios taken to calculate Average Z score

Calculation of Quality Score

Quality Score computation:

1. If average Z score is above 0, Quality Score = 1+ Z score
2. If average Z score is equal to 0, Quality Score = 1
3. If average Z score is below 0, Quality Score = 1/(1- Z score)

Securities are then arranged in ascending order

- Top 24 companies are selected for index inclusion.
- Existing constituents ranked 25 to 36 are selected in order of highest rank till the constituents reach 30.

Source: BSE Methodology Document

Detailed index methodology

TATA mutual fund

1. Z-scores for each stock are calculated based on ROE, Accruals Ratio and Debt to Equity ratio.

2. For companies belonging to sectors excluding Financial Services and Realty: Weighted Z-score = 1/3 * Z score of ROE + 1/3 * -(Z score of Accruals Ratio) + 1/3 * -(Z score of Financial Leverage).

3. For companies belonging to sector Financial Services and Realty: Weighted Z-score = 1/2 * Z score of ROE + 1/2 * -(Z score of Financial Leverage).

4. Quality score = (1 + Average Z score) if Average Z score > 0 (1 - Average Z score)^-1 if Average Z score < 0.

5. Stock weight = Square root of float adjusted market capitalization multiplied by the Quality Score. Each stock is capped at 5% or 20 times its float adjusted market cap weight and macro economic industry is capped at 30%.

6. Top 24 companies are selected for index inclusion, existing constituents are ranked in order of highest rank until the target constituent count of 30 is reached.

Source: BSE Methodology Document

Sector Rotation in the Index

Date*	Inclusion/Exclusion	Sectors		
Sep-22	Inclusion	Consumer Services	Services	-
	Exclusion	-	-	-
Mar-23	Inclusion	Automobile and Auto Components	-	-
	Exclusion	Chemicals	Services	-
Sep-23	Inclusion	Chemicals	Power	Services
	Exclusion	Automobile and Auto Components	Textiles	-
Mar-24	Inclusion	Automobile and Auto Components	-	-
	Exclusion	Services	-	-
Sep-24	Inclusion	Textiles	-	-
	Exclusion	Financial Services	-	-

Source: BSE | as on 30th Sep 2024