

**TOP
30
QUALITY
COMPANIES**

**Quality Players
Help Win Matches**

**Quality
Companies
Build Quality
Portfolios**



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))

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WHAT IS QUALITY?

Quality has been associated as one of the measures of profitability of the firm in the case of equities. The quality factor in investing refers to a set of financial and business characteristics that indicate a company's robustness, profitability, and operational efficiency. Quality as a factor takes into consideration 3 key fundamental ratios (ROE, Accruals and Financial Leverage) for screen stocks. This approach has helped to bring robustness in the performance of quality as a factor compared to its universe i.e., BSE 250 Large & Midcap.

QUALITY FACTOR IN VARIOUS REGIMES

Market Cycles

Quality tends to perform the best during bear phases and is inclined to offer downside risk protection.

MARKET CYCLES	Outperformance in down markets		Underperformance in up markets	
FACTORS	% of months (time) Outperformance during down markets	Quantum of Outperformance during down markets	% of months (time) Underperformance during up markets	Quantum of Drawdown during up markets
QUALITY	High	High	Medium	Low

Business Cycles

Quality outperform its universe (BSE 250 Large & Midcap) in business cycle phases but may perform better during contraction of business cycle.

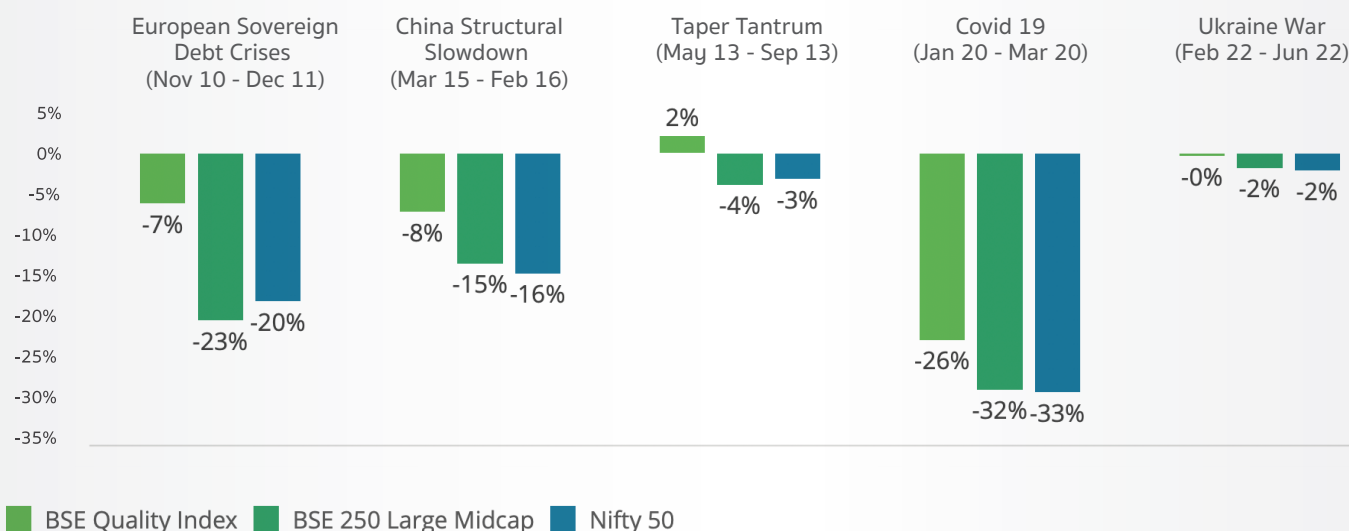
Investor Sentiment

High quality stocks tend to get favoured by market participants when they are of a bearish sentiment.

Source: S&P BSE White paper on factor performance across different macroeconomic regimes in India.

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.

HOW IS QUALITY DEFINED

Quality is felt, not easily measured. But in investing we need metrics. The index quantifies quality using 3 key financial indicators to identify fundamentally strong companies namely

1. Efficiency of Capital:

It measures how well a company uses its own capital.



ROE

Higher the better

2. Quality of Earnings:

It measures the part of assets generated from non-cash items



Accruals Ratio

Lower the better

3. Sources of Earnings:

It measures what's driving the growth i.e., debt or self funded



Financial Leverage

Lower the better

DNA OF QUALITY COMPANIES



Robust and Sustainable Competitive Advantage



Mindful Capital Allocation



Maintaining Sound Financial Statements



Stronger Free Cash Flow Generation

ABOUT THE INDEX

The index selects 30 fundamentally strong companies based on fundamentals which may have the potential to deliver relatively robust returns and better investor experience.

The index identifies companies which are low in debt and high in ROE and earnings quality.

WHY INVEST IN QUALITY?



Investing based on sound fundamentals.



Investment tends to be skewed towards defensive / non-cyclical sectors to gain more stability.

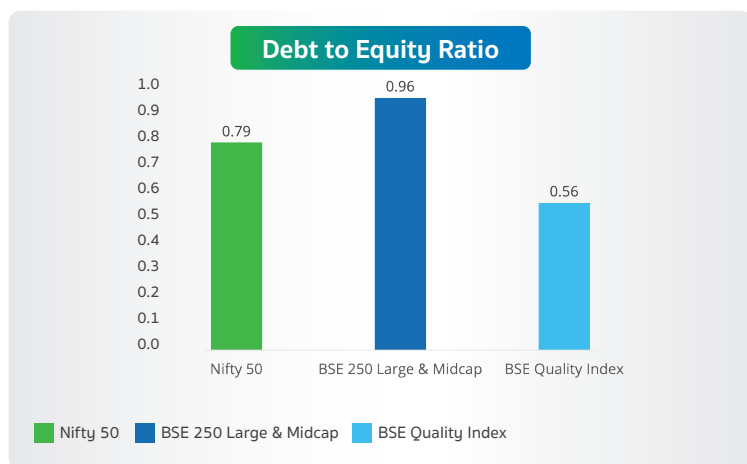
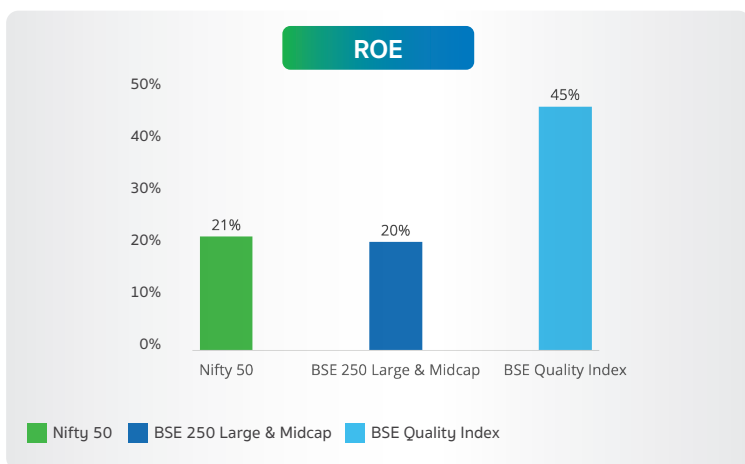


Relatively better returns as a percentage of risk compared to its universe (BSE 250 Large Midcap Index).



Avoidance of relatively speculative or weak businesses.

ROBUST QUALITY INDEX- HIGH ROE AND LOW LEVERAGE



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

INDEX ROLLING RETURNS PERFORMANCE

Quality tends to perform better during weak economic phases vs its universe, therefore providing the investor the necessary cushion during market downturns.

Quality as a factor aims to deliver robust performance across market cycles thus providing a better investment experience.

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%

Source: BSE, ICRA-MFI | Data from 1st Jan 2010 to 24th Feb 2025. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

SCHEME INFORMATION

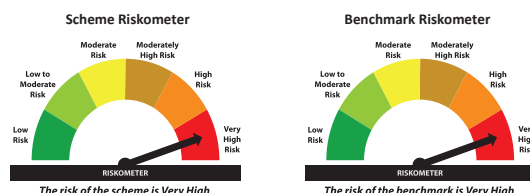
Tata BSE Quality Index Fund	
Scheme type	Open-ended scheme
NFO date	17 th March 2025 to 28 th March 2025
Benchmark	BSE Large Midcap 250 TRI
Fund managers	Mr. Kapil Menon - (overall experience = 21 years) Mr. Rakesh Prajapati - (overall experience = 19 years)
Minimum investment	Rs 5,000/- and in multiple 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

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.

(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.