



FOOD FOR THOUGHT

- Quality Companies (Good business run by good managements) have delivered attractive returns over a longer period of time.
- However, there are periods of underperformance, which investors in such businesses must endure.
- Good companies had witnessed strong outperformance in FY19 and FY20, while they underperformed in FY21. However, over a 3 year period, they have delivered strong outperformance.

BSE 500 Index Constituents - Absolute Returns					
MEDIAN RETURNS	FY17	FY18	FY19	FY20	FY21
Q1	23%	17%	8%	-22%	64%
Q2	39%	14%	-2%	-33%	84%
Q3	42%	10%	-9%	-36%	98%
Q4	36%	4%	-14%	-46%	98%
Universe Median	36%	12%	-6%	-35%	84%

CAGR Returns (%)			Risk (%)
3 yr	5 yr	10 Yr	SD
10%	18%	21%	25%
8%	14%	20%	36%
2%	12%	14%	41%
-1%	7%	2%	39%
5%	13%	15%	29%

- In years FY18, FY19 and FY20, Good Quality companies have delivered superior returns compared with Bad Quality peers.
- However, the reverse was true in FY21 and to some extent in FY17.
- Over a longer period of time, good quality companies have consistently delivered higher returns than weaker companies

The above data pertains to the constituents of BSE 500 index as on 31st March 2021. These constituents are bucketed into various quartiles (Q1, Q2, Q3, Q4) based on their Return on Capital Employed (ROCE). The figures pertaining to each of the quartiles represent median of the share price returns of different companies falling under each of the quartiles. Universe median represents the median of share price returns of all the constituents of BSE 500 index. The median returns are calculated on the basis of equal weighted returns of the constituents for respective buckets over respective time periods. Hence, the aggregate returns of four quartiles may be different than that of BSE 500 Index, which is a market cap weighted index. For Bank and NBFC, we have considered RoE to judge the quality of business.

Past performance may or may not be sustained in future. The data given is only for explanation and should not be taken as an indication of future returns. This information alone is not sufficient and should not be used for the development or implementation of an investment strategy.

Source: Union AMC Research

QUALITY COMPANIES RETURNS MATRIX – QUARTERLY RELATIVE PERFORMANCE DATA



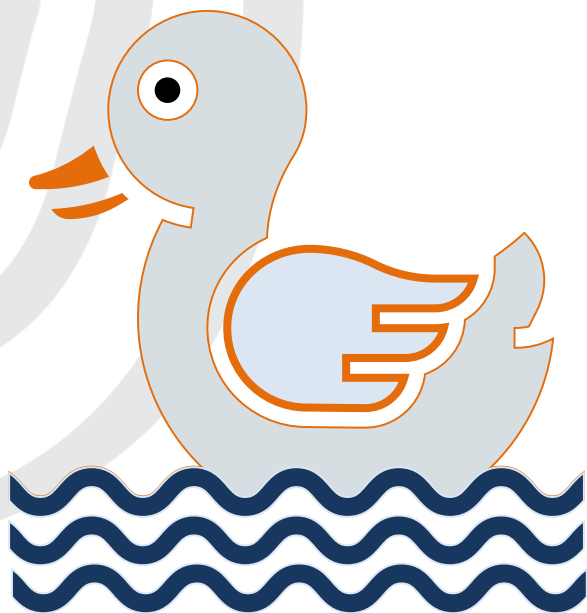
BSE 500 Index Constituents - Quarterly Outperformance / Underperformance relative to Universe Median Returns												
Median Returns	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Q1	7%	3%	0%	-1%	4%	6%	0%	6%	-5%	0%	-3%	-6%
Q2	-1%	0%	0%	2%	1%	1%	0%	4%	-2%	3%	-2%	2%
Q3	-3%	0%	-1%	-1%	-2%	-1%	1%	-5%	2%	1%	1%	4%
Q4	-2%	-4%	1%	-3%	-4%	-6%	-1%	-6%	4%	-5%	3%	0%

- We have presented the outperformance or underperformance on the basis of the median of share price returns of the BSE 500 constituent companies falling under each of the quartiles versus the median of the share price returns of all the BSE 500 constituent companies.
- The results highlight that performance of good quality vs poor quality companies keeps fluctuating relative to each other.
- However, over a longer period of time, it pays to remain invested in good quality companies.

The above data pertains to the constituents of BSE 500 index as on 31st March 2021. These constituents are bucketed into various quartiles based on their ROCE. The figures pertaining to each of the quartiles represents median of the share price returns of different companies falling under each of the quartiles. Universe median represents the median of share price returns of all the constituents of BSE 500 index. The median returns are calculated on the basis of equal weighted returns of the constituents for respective buckets over respective time periods. Hence, the aggregate returns of four quartiles may be different than that of BSE 500 Index, which is a Market Cap weighted Index. For Bank and NBFC, we have considered RoE to judge the quality of business.

Past performance may or may not be sustained in future. The data given is only for explanation and should not be taken as an indication of future returns. This information alone is not sufficient and should not be used for the development or implementation of an investment strategy.

Source: Union AMC Research



*If it looks like a duck,
swims like a duck and
quacks like a duck, then
it probably is a duck.*

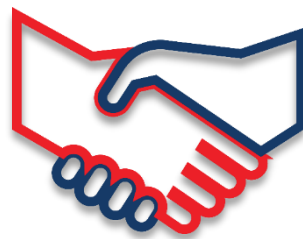
- We follow an investment process which leads us into buying Good Quality Companies.
- If we do so, our portfolios should underperform when Good quality companies underperform and vice-versa.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Disclaimers: The information, opinions and facts in this document are as of 12th May 2021, unless stated otherwise, and may change without notice. The information, opinions and facts in this document alone are not sufficient and should not be used for the development or implementation of an investment strategy. Neither the Sponsors/the AMC/ the Trustee Company/ their associates/ any person connected with it, accepts any liability arising from the use of this information.

The Sponsors/ the AMC/ the Trustee Company/ their associates/ any person connected with it, do not warrant the completeness or accuracy of the information and disclaim all liabilities, losses and damages arising out of the use of this information. The recipients of this material should rely on their investigations and take their own professional advice.

Statutory Details: Constitution: Union Mutual Fund has been set up as a Trust under the Indian Trusts Act, 1882; Sponsors: Union Bank of India and Dai-ichi Life Holdings, Inc.; Trustee: Union Trustee Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198198], a company incorporated under the Companies Act, 1956 with a limited liability; Investment Manager: Union Asset Management Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198201], a company incorporated under the Companies Act, 1956 with a limited liability. Registered Office: Unit 503, 5th Floor, Leela Business Park , Andheri Kurla Road, Andheri (East), Mumbai - 400059. Toll Free No. 18002002268 · Non Toll Free. 022-67483333 · Fax No: 022-67483401 · Website: www.unionmf.com · Email: investorcare@unionmf.com.



THANK YOU