

Investment Philosophy, Framework and Process

May 2026

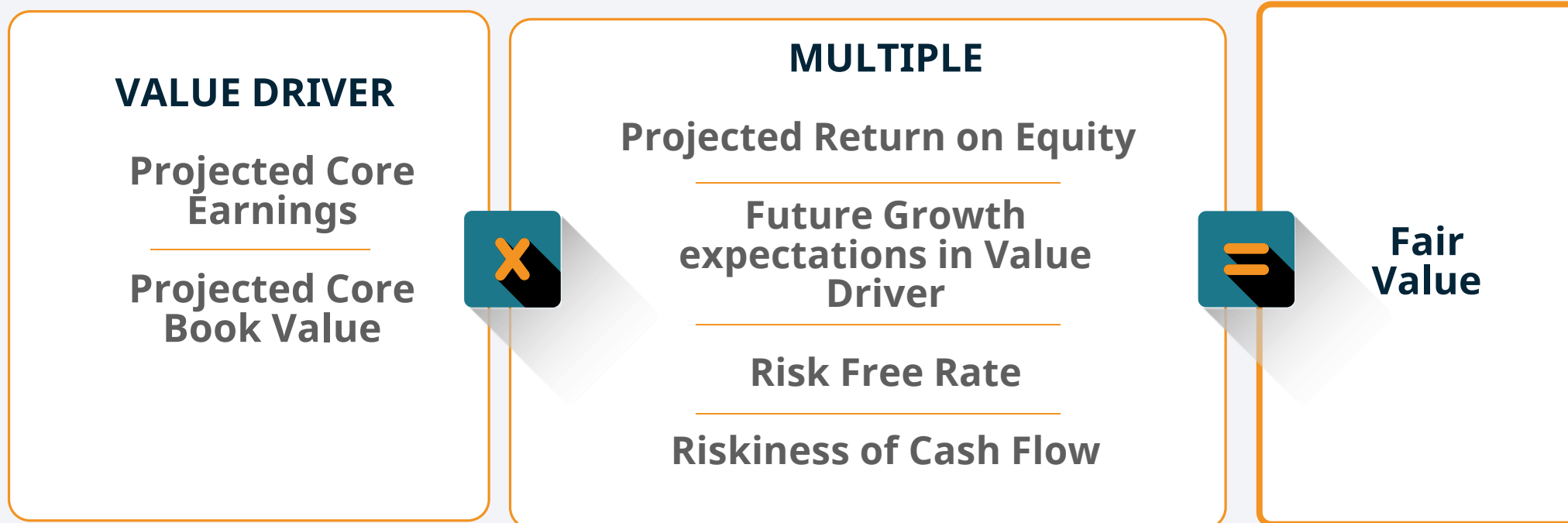


Union Mutual Fund - Registration No. MF/066/11/01

Investment Philosophy

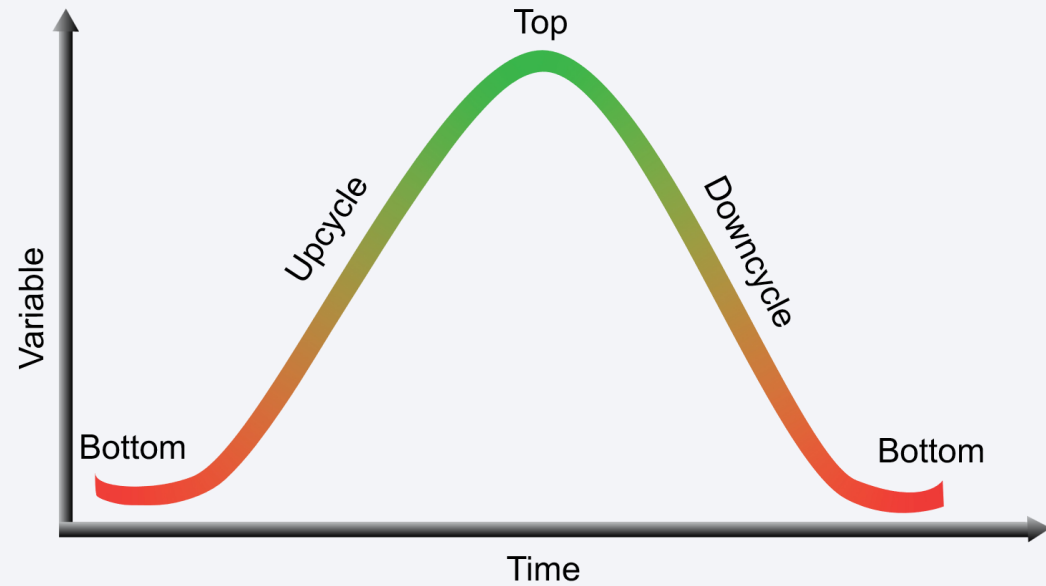
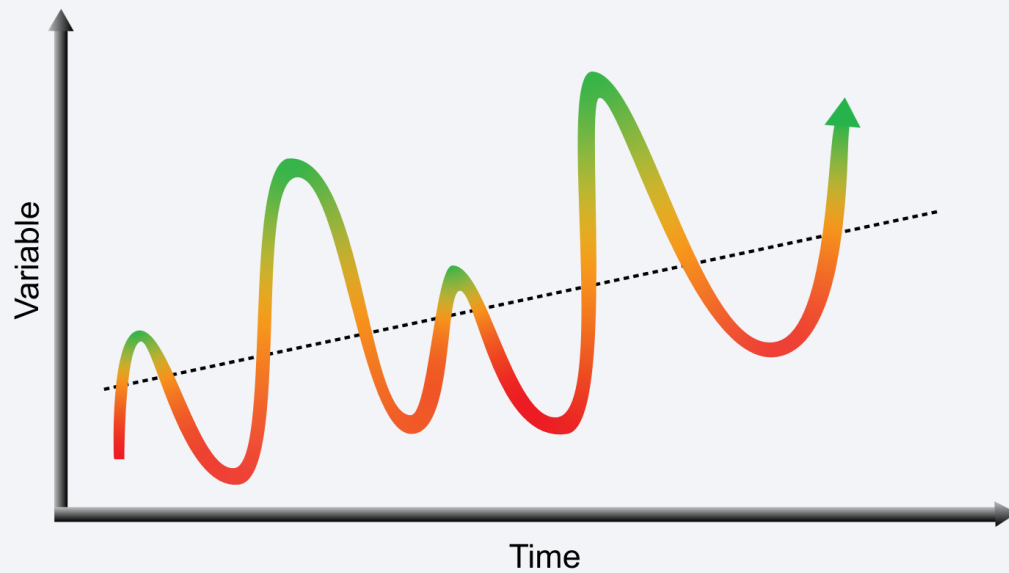
- ↗ We believe that stock price tends to track fair business value over the medium to long-term
- ↗ Long-term is a series of short-terms
- ↗ More things might happen in the future than will
- ↗ Listening to market/street signals complements fundamental analysis
- ↗ While a top-down view is necessary, it's not a substitute for bottom-up stock-picking
- ↗ Identification of growth, compounded over long periods of time, within an appropriate valuation framework, is the primary way in which we seek to add value to the client's portfolio

Fair Value Drivers



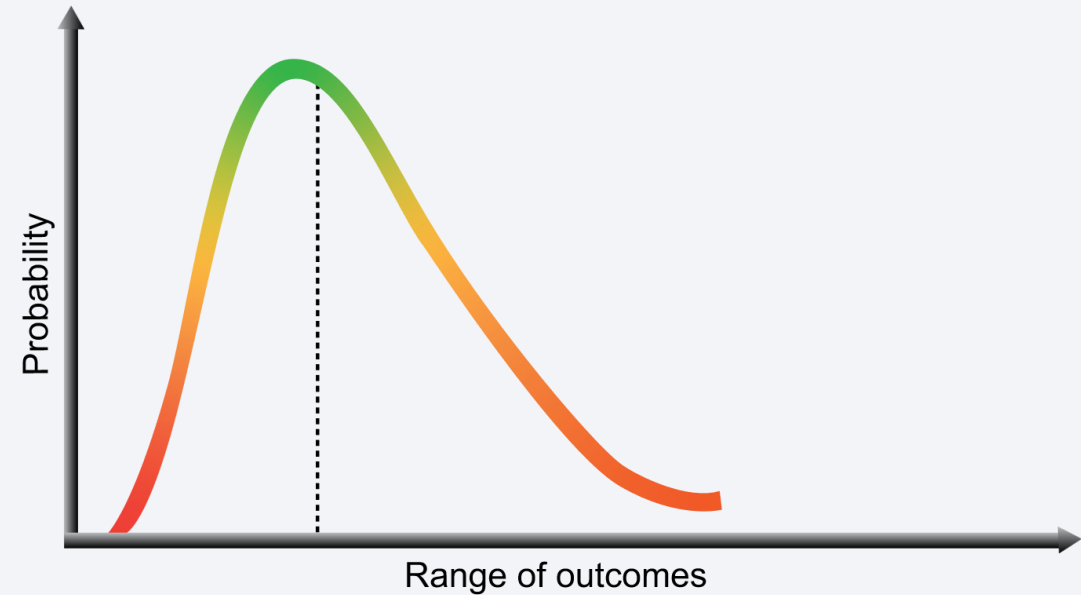
Long Term Is A Series Of Short Terms

- Everything is cyclical or has phases
- Where are we in the cycle...
 - Dictates Research Approach &
 - Portfolio positioning



More Things Might Happen In The Future Than Will

- Probabilistic thinking
- Bull case, bear case, and probability-weighted expected value framework
- Position sizing of bets
- Risk reward analysis



Investment Process

- The Investment Process is divided into two parts.
- Stock Research Process: It includes New Stock Selection and Monitoring the existing stocks
- Portfolio Management: Based on research, portfolio is constructed and rebalanced



Research Process

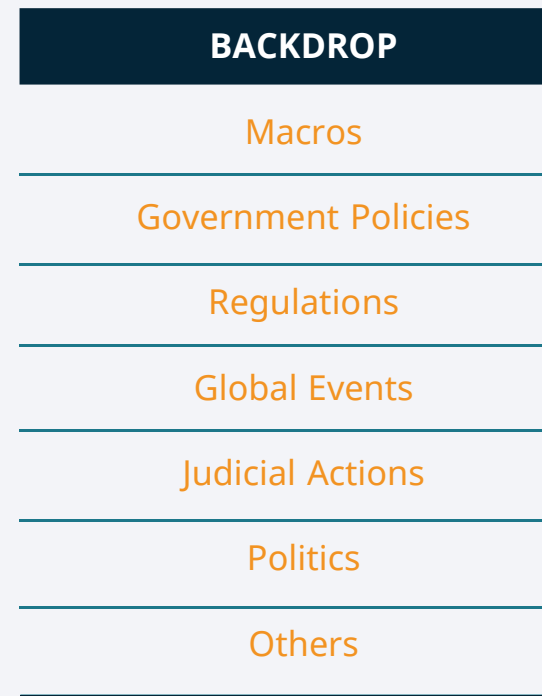
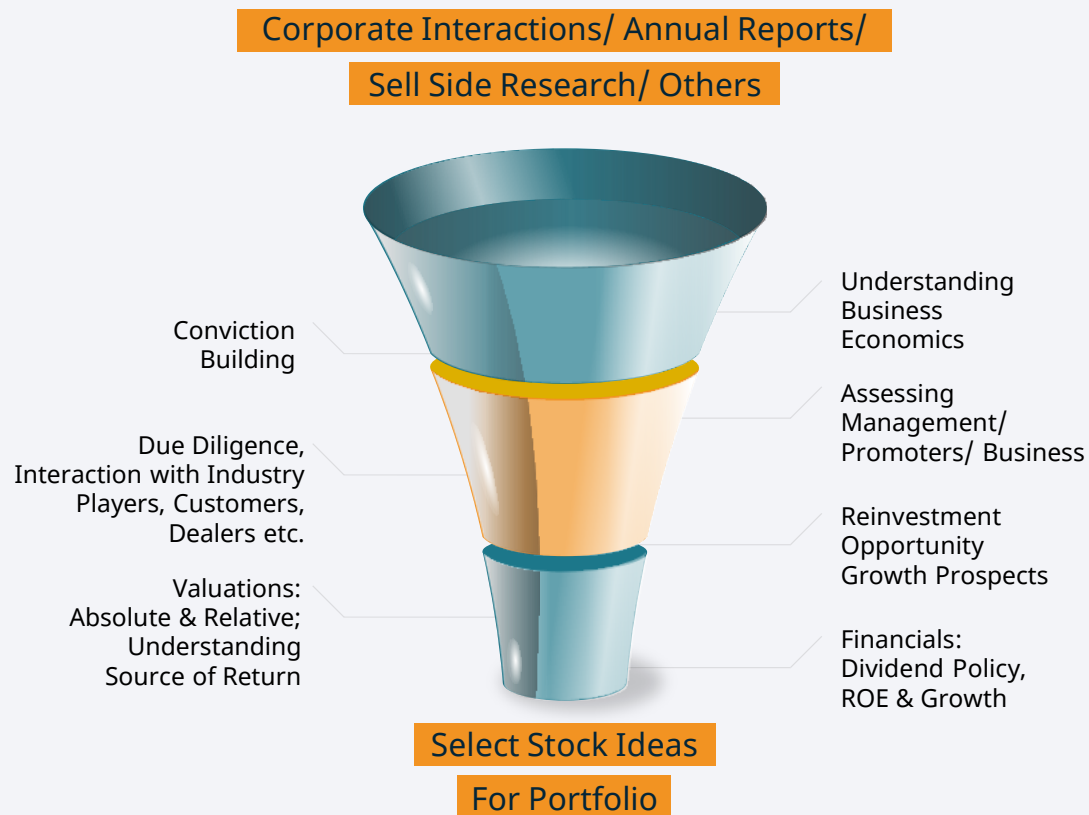
- Monitoring Existing Stocks
- New Stock Ideas



Portfolio Management

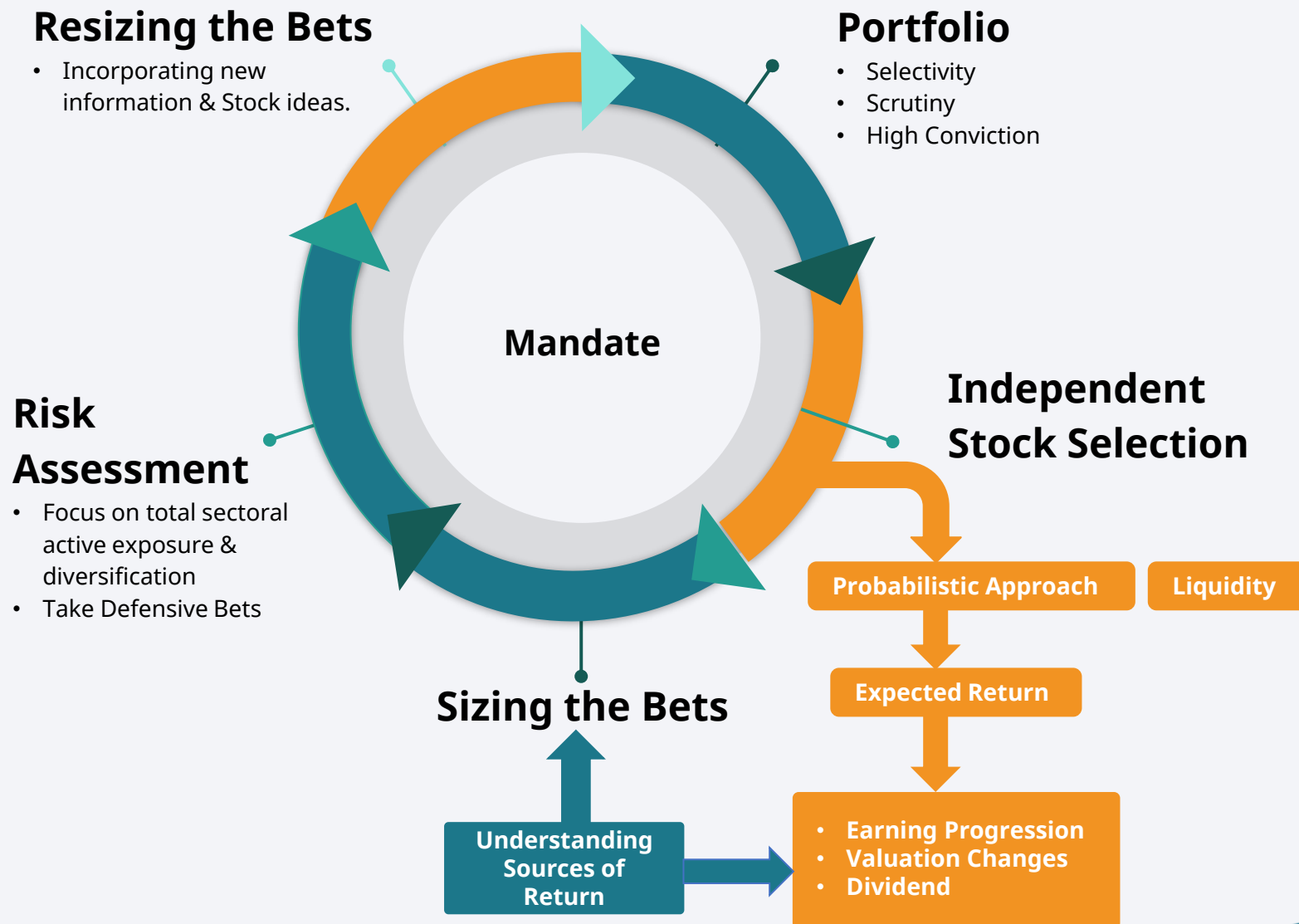
- Portfolio Construction
- Rebalancing Portfolio for New Information/ Development
- Considering & Incorporating New Stock Ideas

Investment Process: Research Process



- The flow of Research process is a funnel like structure with multiple sieves where we examine various aspects in a sequence
- The extent of time and efforts expended on a particular idea is a function of how many filters the idea qualifies through

Investment Process: Portfolio Management



Stock Classification Framework

The stocks in a portfolio can be classified into categories where each one has a specific role and may have the potential to meet certain expectations in terms of delivery:

Strategic

These are typically 'buy & hold' compounding stocks. They are generally characterized by good quality business and competent managements with a long track record.

Tactical

These are not 'buy & hold' stocks. For these stocks, exiting at the right time is as important as getting in at the right time. They are generally from more cyclical industries and need to be part of the portfolio only during the upcycle.

Option

These stocks appear very promising from a top-down perspective. However, they generally do not have long-term business or management track record. They are inherently riskier in nature but can have the potential to offer higher returns.

Defensive

These stocks are generally big benchmark stocks where investment manager has low conviction about their outperformance. However, not owning them at all may be deemed too risky from relative performance standpoint. These are generally neutral or underweight relative positions.

Salient Features of our Investment Style



Long term
view



Focus on
business value
accretion



Growth &
quality
orientation



Conscious of
current market
dynamics



Not going down, the
Quality curve even as we
go down the market cap
curve for small/mid-cap
mandates



Benefiting from
compounding of earnings
and valuation re-rating for
small/mid-cap mandates



Extent of active
betsFunction of
conviction level



True to
mandate



Clarity through
stock
classification



Conscious
of liquidity

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THANK YOU

