

Bajaj Finserv

Balanced Advantage Fund

(With Behavioural Edge)

An Open Ended Dynamic Asset Allocation Fund

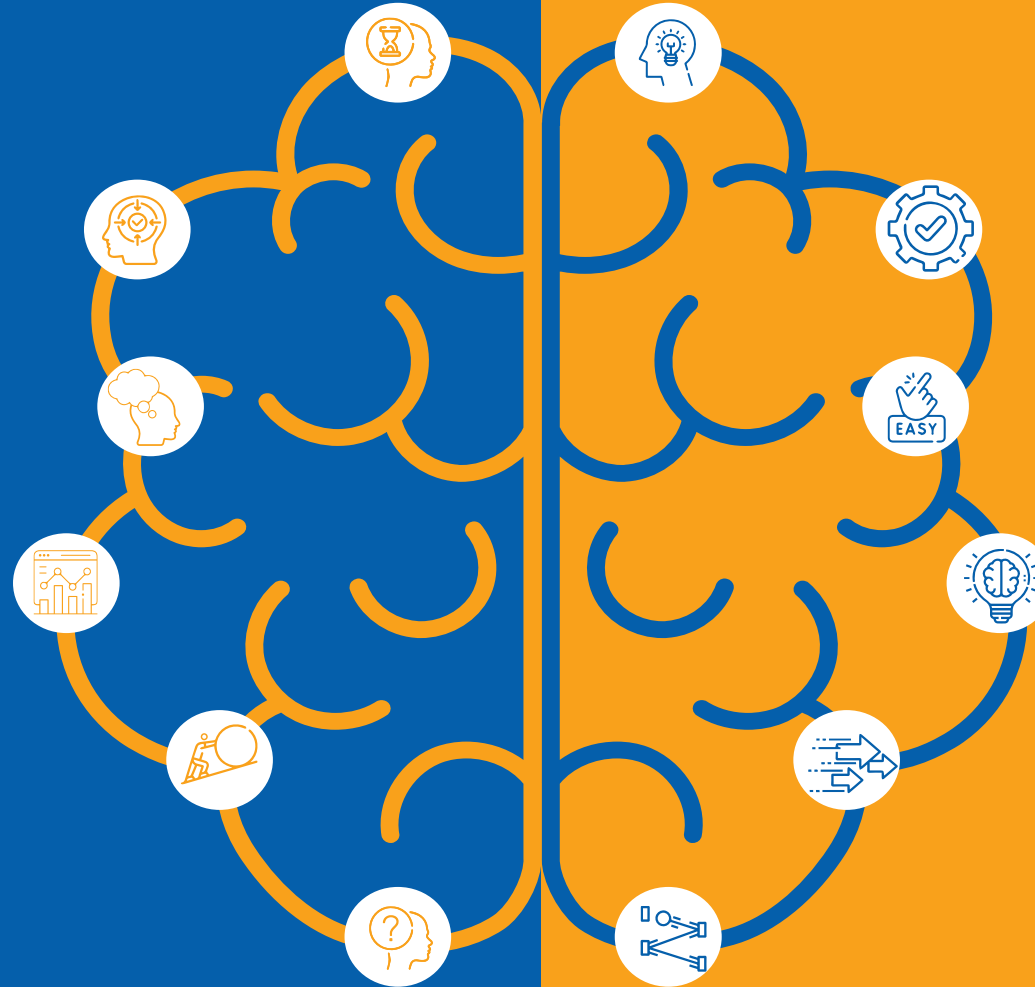
NFO Period 24th Nov - 8th Dec, 2023

How does our brain process and make decisions?

Left Brain

- Slow
- Deliberate
- Analytical
- Conscious
- Tires quickly
- Lazy

Driven By
**Information, Data,
Logical Reasoning**



Right Brain

- Fast
- Automatic
- Intuitive
- Instinctive
- Subconscious
- Involuntary

Driven By
Emotions And Intuitions

| Our emotions often overpower our logical thinking



Our brain is a complex organ that has evolved over millions of years to help us navigate the challenges of life

It has developed advanced logical thinking abilities

However, it also retains more primitive, emotional, and instinctual responses that can sometimes override our logical thinking



Emotions frequently steer us away from making rational decisions

How our emotions override logical reasoning:



Procrastination

Starting a task early and working on it consistently is the logical approach, but our emotions often lead us to procrastinate until the last minute.



Spending Money

Making impulsive purchases or spending beyond our means because of the momentary joy of acquiring something.



Skipping Exercise

The emotional pull to stay in our comfort zone can make us skip workout sessions.



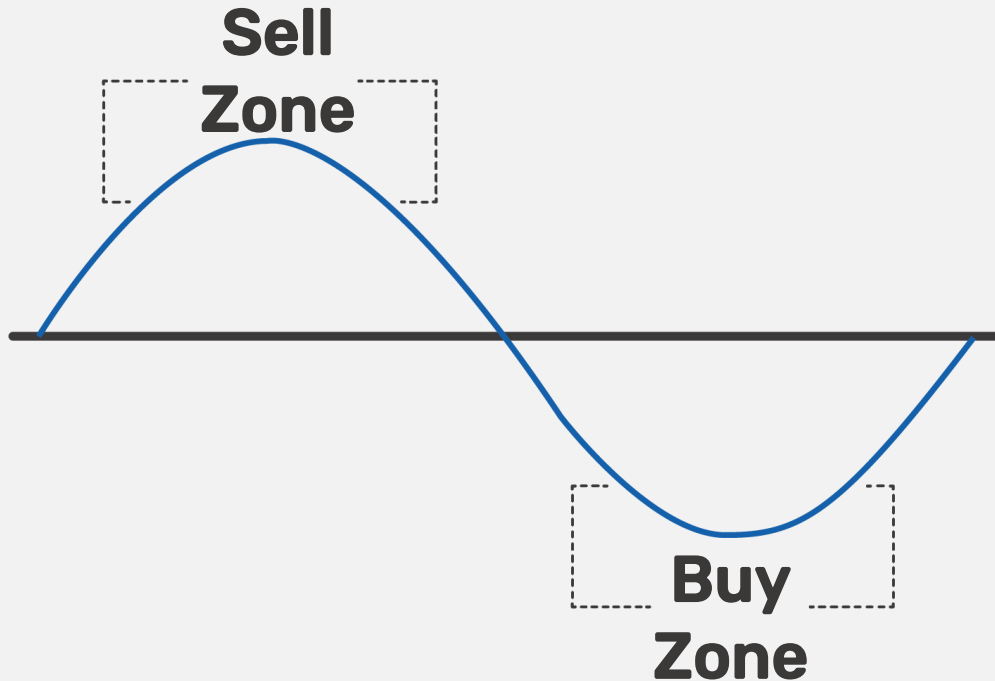
Stress Eating

When stressed, we might indulge in comfort foods even though we're aware that it's not a healthy coping mechanism.

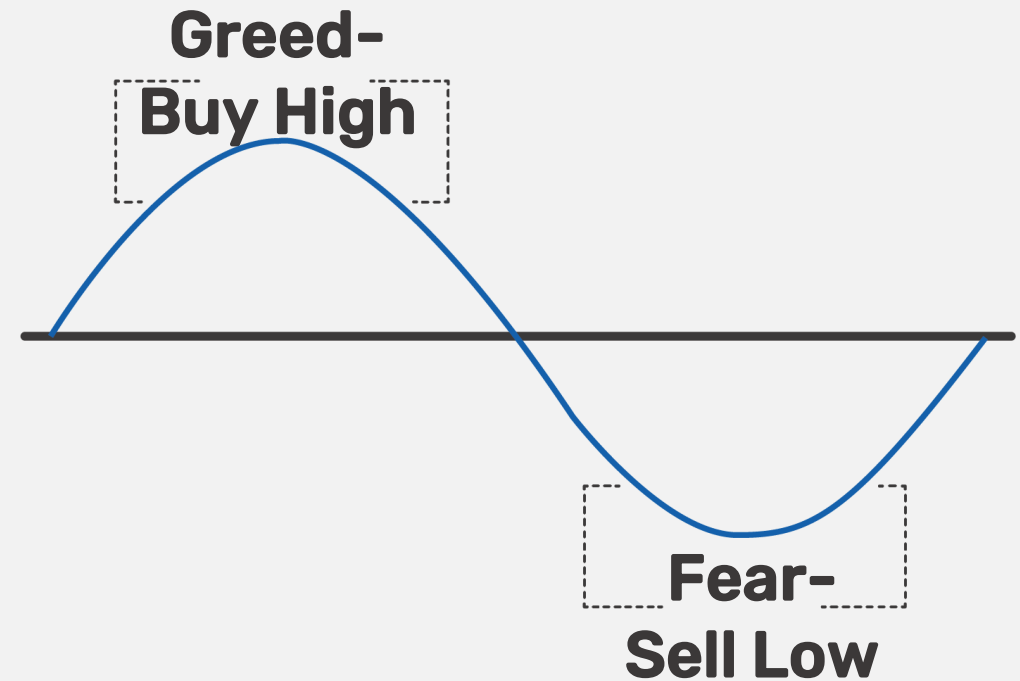
Our emotions override logical reasoning while making investment decisions as well

We get swayed by **Greed** and **Fear** while investing

What we should do



What we end up doing



Our investment decisions get impacted due to various emotional biases



Regret Aversion Bias

Clinging to loss making choices to avoid regret leads people to continue with loss-making decisions in down cycles.



Trend-Chasing Bias

Focusing on past performance, ignoring other factors.



Loss Aversion Bias

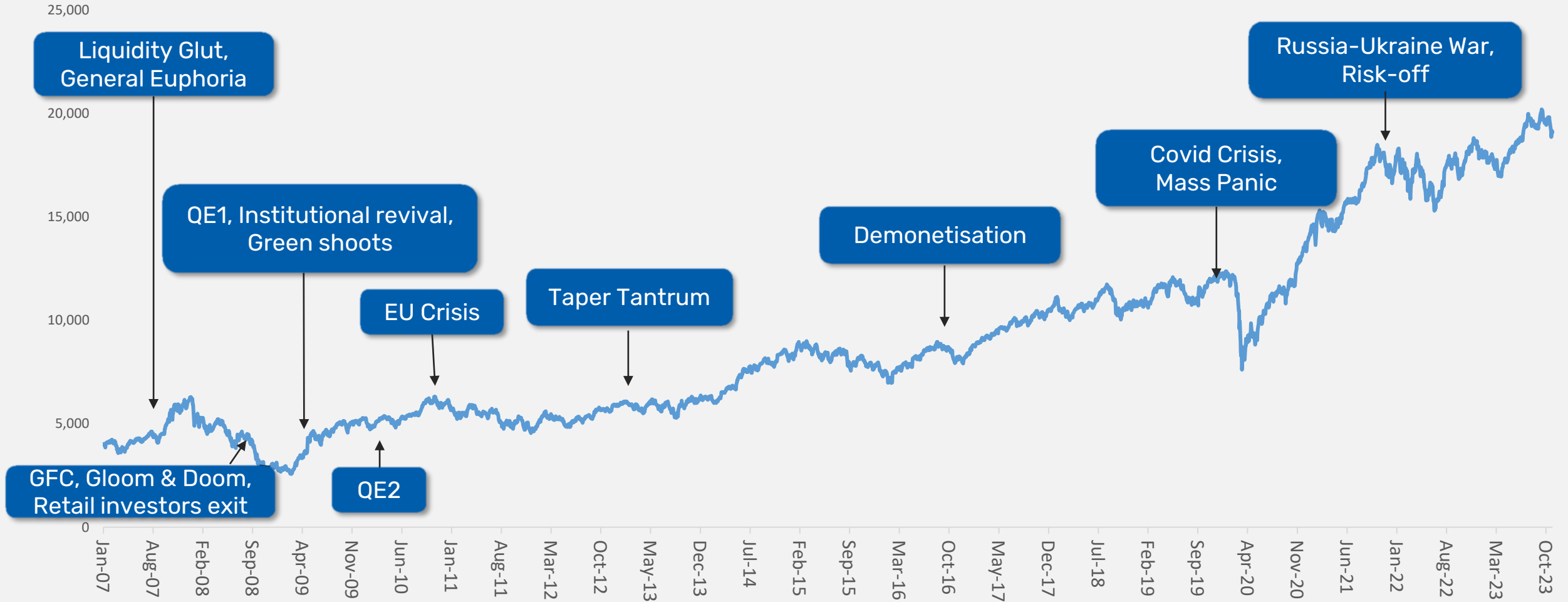
Fear of loss prevents from seeking gains.



Herd Mentality Bias

Following the crowd without independent analysis.

Market volatility impacts our emotions & behaviour



People feel optimistic and positive when the market peaks and anxious when the market nose-dives

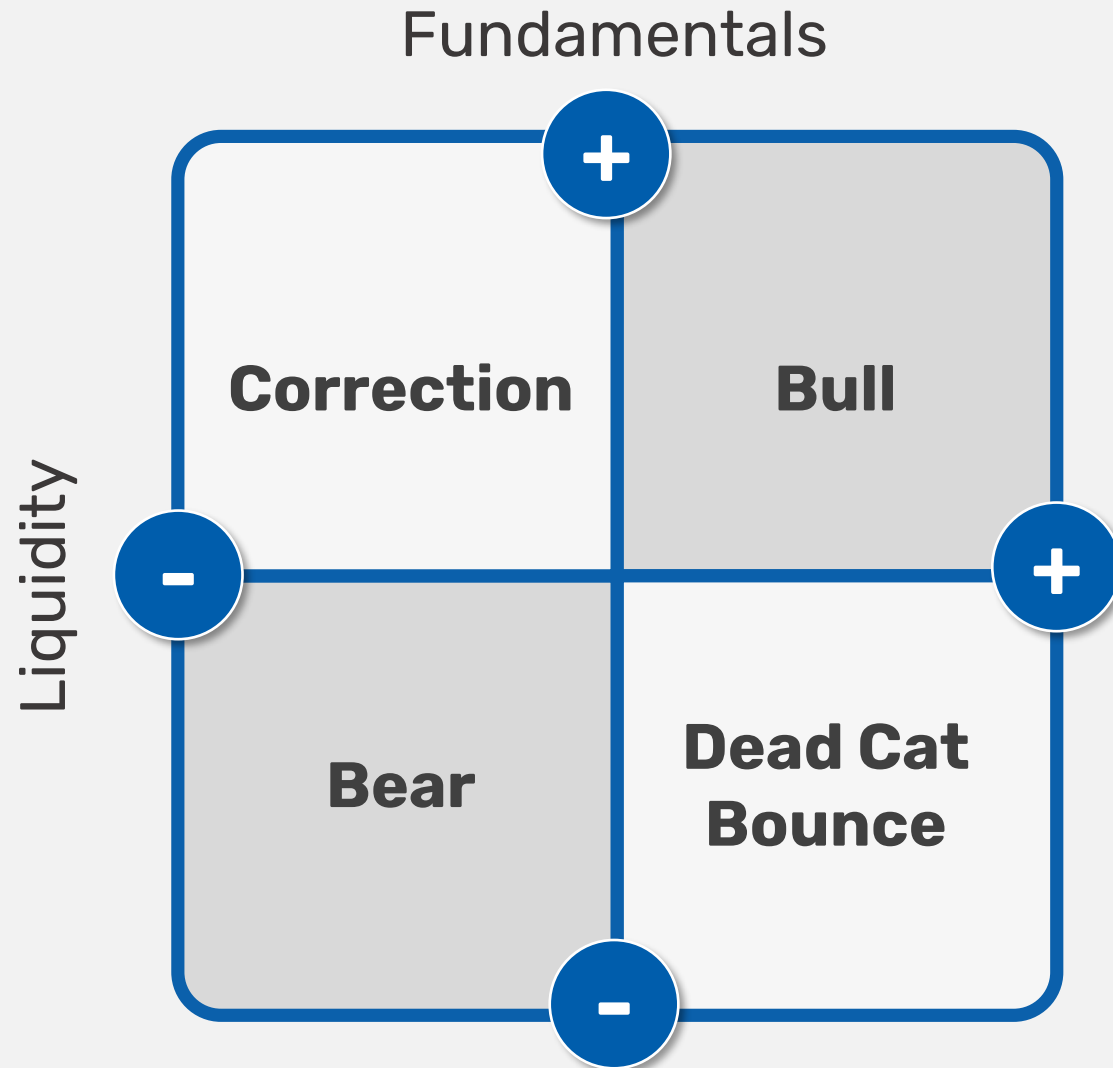
Source: NSE; Data as on 31st October 2023. Past performance may or may not sustain in future

Introducing
Bajaj Finserv

Balanced Advantage Fund

(With Behavioural Edge)

Market trends basis fundamentals and liquidity



Approach

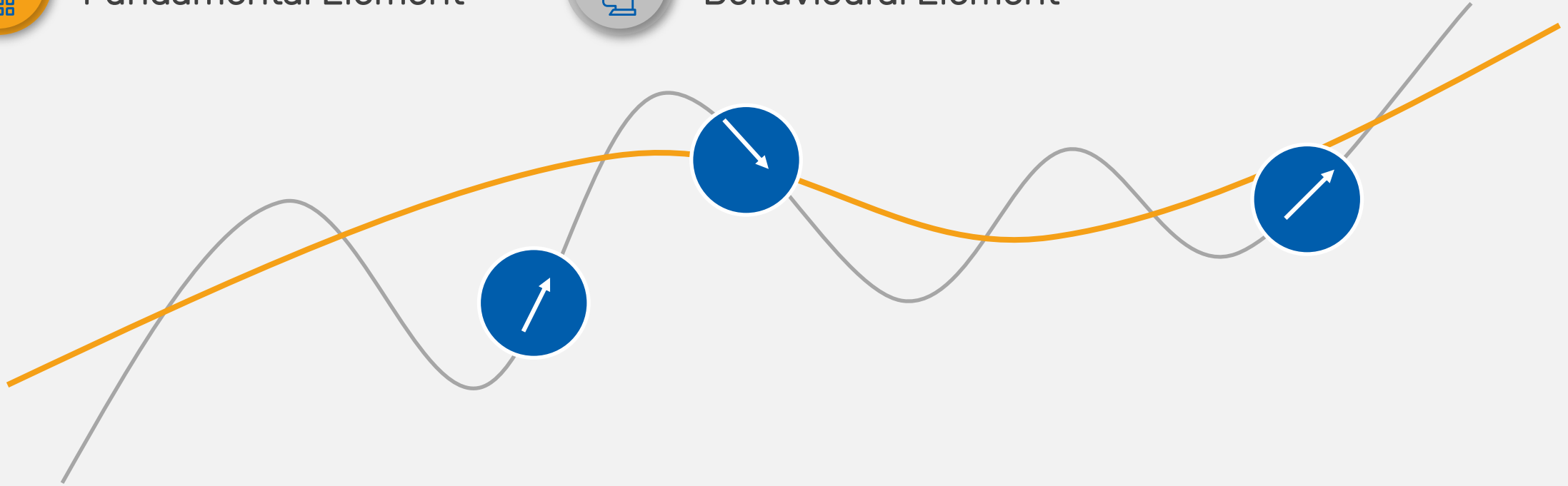
What moves the market?



Fundamental Element



Behavioural Element



The stock market is the story of cycles and of the human behaviour that is responsible for overreactions in both directions.

- Seth Klarman 

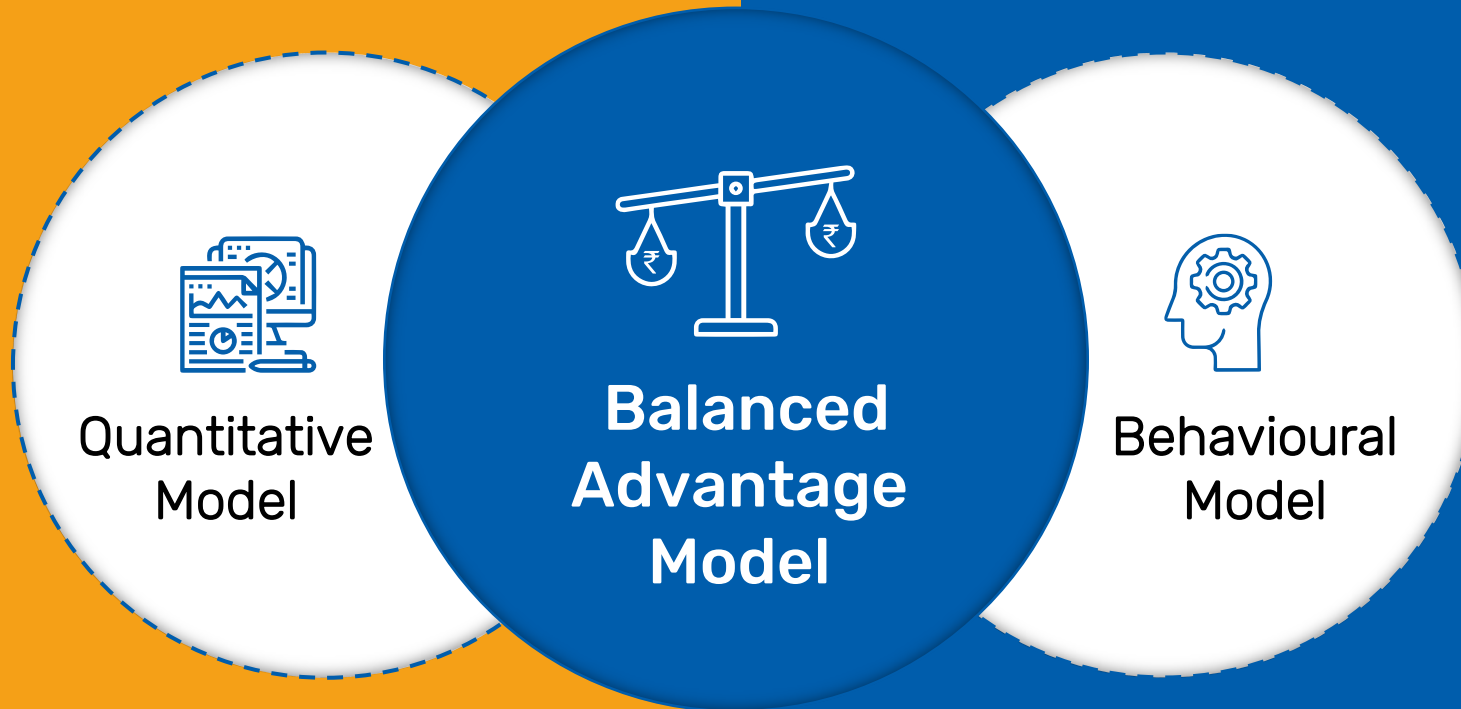
With Bajaj Finserv **Balanced Advantage Fund**, emotions take a back seat, and logic steers the ship.



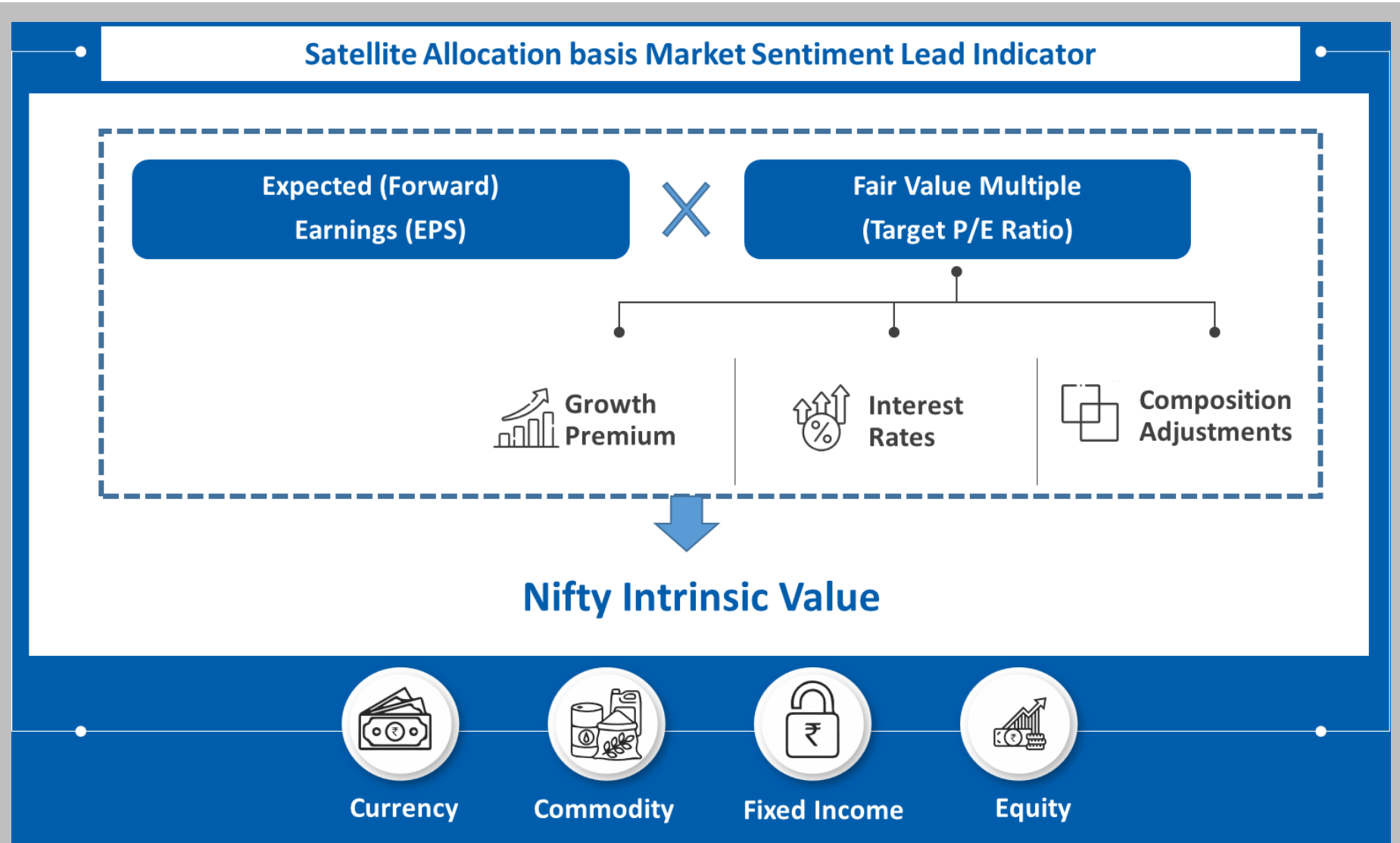
**Indicative allocation and this can change based on market conditions and investment opportunity available *Includes Net Equity & Arbitrage

The fund model will determine market's intrinsic value & make behaviour based adjustments. It will change the asset allocation accordingly and rebalance the portfolio from time to time.

Bajaj Finserv Balanced Advantage Model = Quantitative + Behavioural



Bajaj Finserv Balanced Advantage Fund - Model Overview



- Estimate market's intrinsic value: Forward EPS, growth premiums, and interest rate.
- Gives core allocation signal.
- Sentiment analysis: Using commodities, currency movements, yield indicators.
- Signals early warnings of market cycles, both bullish and bearish.
- Together, the two broad indicators confirm and indicate market entry and exit points.

Fundamental Elements

Which fundamental elements move Nifty 50?

- Nifty 50 has a **very weak correlation with GDP** – constituents and weights
- But, has a **strong correlation** over long term to **earnings**





Ideal Nifty 50*

$$\text{Ideal Earnings*} \times \text{Ideal Valuation*}$$

Ideal Earnings is Forward Earnings

Ideal Valuation is Comparative and not Absolute

*Based on Internal Analysis

Factors	Interplay
 <p>Currencies</p>	<p>Certain currency pairs reveal the mood and the bias of the currency market whether they are in risk-on mode or are operating as safe haven.</p>
 <p>Commodity</p>	<p>Studying commodities price movement between energy, industrial, precious, and soft commodities reveals the broad commodities view regarding the economy and the business outlook across the world.</p>
 <p>Bond</p>	<p>Spread between the emerging and developed market; corporate bond and government securities; slope of the yield curve; captures the sentiment of bond traders and prevailing global liquidity.</p>
 <p>Equity</p>	<p>Equity investors reveal their view and sentiment about the equity market through choices of market cap and position between different sectors.</p>

Fundamental Elements

Ideal Valuation (Comparative)

P/BV

- Values Assets
- Less volatile than earnings but way less representative
- Many businesses in Nifty 50 are asset-light

Thus, P/BV can not be used broadly for all sectors

M-Cap/GDP

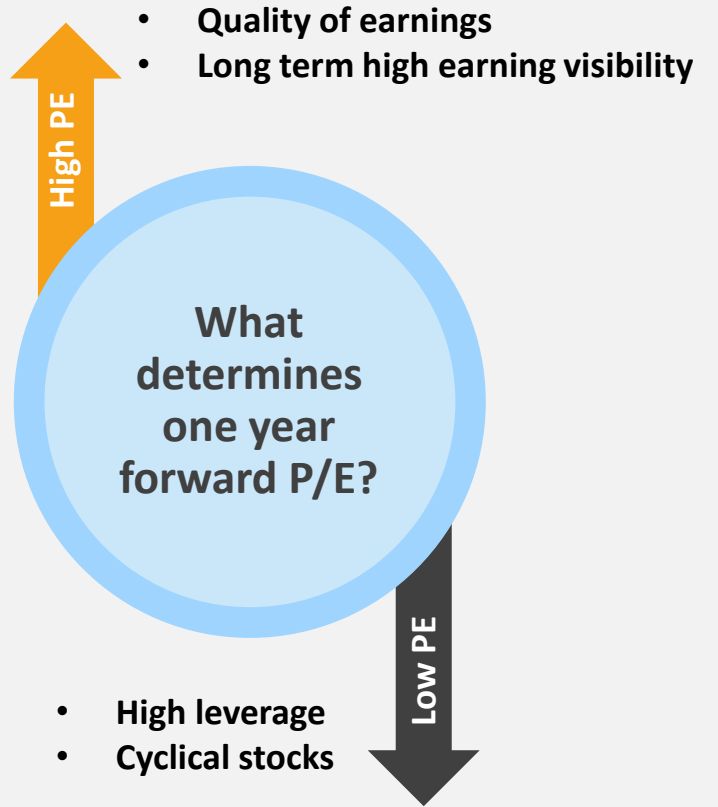
- Ignores quality of business, keeps trending higher

Thus M-Cap/GDP can not be used broadly for all stocks/businesses

**Hence P/E :
Though tough,
remains Appropriate!**

P/BV- Price/Book Value, M-Cap – Market Capitalization, GDP – Gross Domestic Product, P/E – Price/Earning

*Based on Internal Analysis

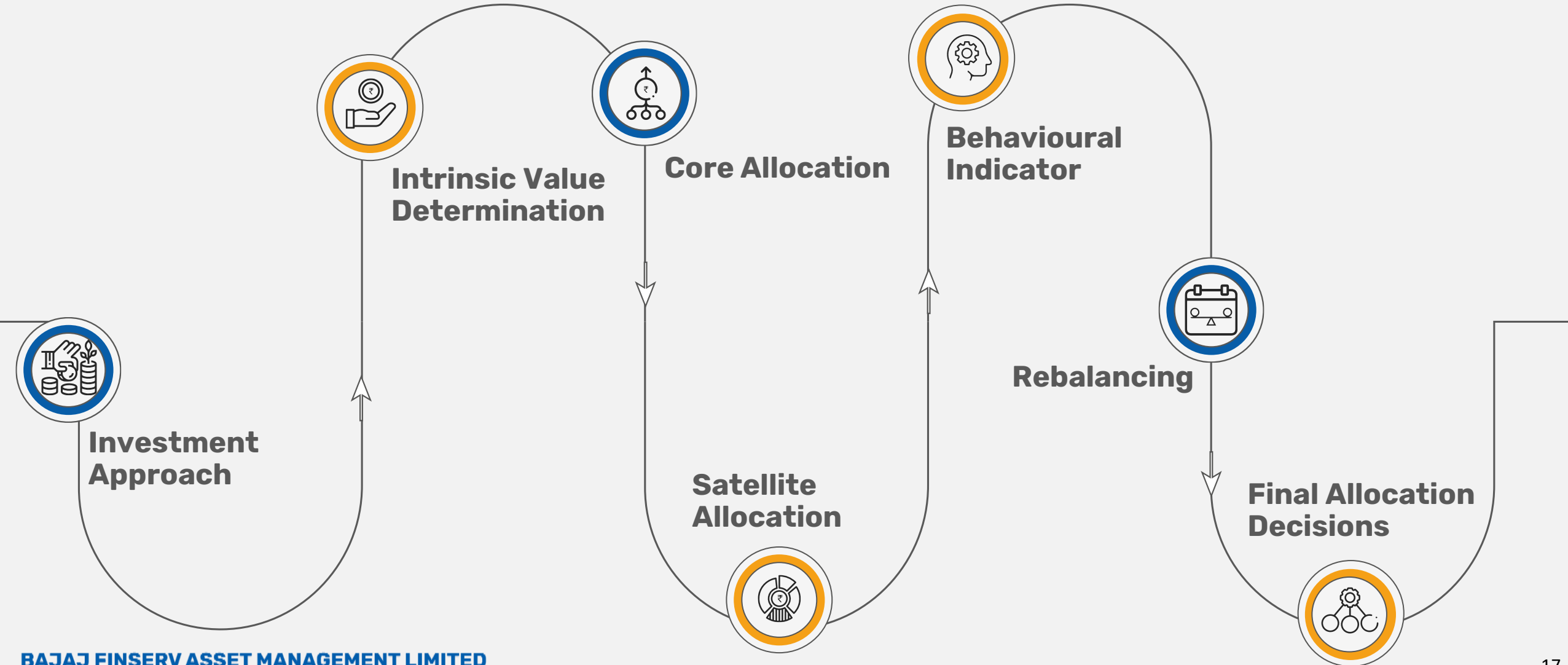


Ideal Earning*
One year Forward Earning

Ideal Valuation*
One Year Forward P/E

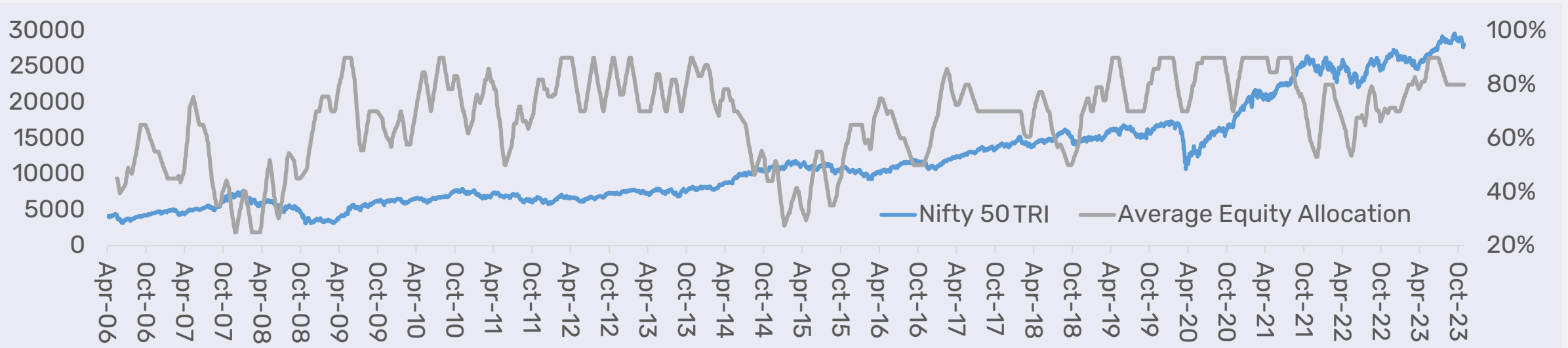
How does it work?

The fund follows a proprietary INQUBE investment philosophy that combines informational, quantitative, and behavioural edges for competitive performance.



Has the Model Delivered?

BAF Model equity allocation across different market conditions



Note: Model Equity level shown above is for illustration purpose only and should not be used for development or Implementation of any Investment strategy. It Should not be construed as an Investment advice to any party. The net equity allocation is based on internal proprietary model which is derived from retrospective analysis. Actual allocation and investing experience may vary from the theoretical stance. Fund manager holds the final prerogative to ascertain whether any security/asset provides the investment benefit to the fund and is in keeping with the larger investment goal, strategy and the investment & operational mandate of the fund. As such the fund manager may or may not choose to invest in a particular holding. The portfolio construction is the purview of the Fund Manager and allocation may change from time to time. Past performances may or may not sustain in future.



BAF Model intends to mitigate biases during investment which is being reflected under various market conditions



Equity Allocation rises with fall in market valuation



Equity Allocation falls with rise in market valuation

The computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme. Past Performance may or may not sustain in future. Source - MFI & Internal Analysis.

Managing Equity Allocation Based on Market Valuations

Behavioural Adjustment

Date	Equity Allocation	Nifty 50 PE Ratio	Nifty 50 Level	Nifty 50 Level 1 year Later	Absolute Change
Aug-07	35%	↓ 19.0	4,346	4,333	-0.3%
Mar-08	25%	↓ 21.7	4,953	2,675	-46.0%
Nov-09	45%	↓ 18.2	4,564	6,118	34.1%
Dec-09	50%	↑ 19.8	5,122	5,961	16.4%
Jan-10	70%	↑ 19.9	5,232	6,158	17.7%
May-10	90%	↑ 21.2	5,223	5,701	9.2%
Jul-11	80%	↑ 18.3	5,627	5,279	-6.2%
Oct-14	35%	↓ 18.9	7,946	7,951	0.1%
Apr-15	35%	↑ 19.7	8,586	7,738	-9.9%
Dec-15	65%	↓ 20.0	7,955	8,225	3.4%
Feb-16	70%	↓ 19.1	7,556	8,561	13.3%
Mar-16	80%	↓ 18.2	7,222	8,946	23.9%
Apr-16	70%	↑ 19.3	7,713	9,238	19.8%
Apr-20	90%	↑ 17.3	8,254	14,867	80.1%
May-20	90%	↑ 21.0	9,294	14,634	57.5%

Past Performance may or may not sustain in future Source – MFI & Internal Analysis

The computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme

Three & five year daily rolling return – BAF Model analysis

Period: From 3rd April 2006 to 31st October 2023.

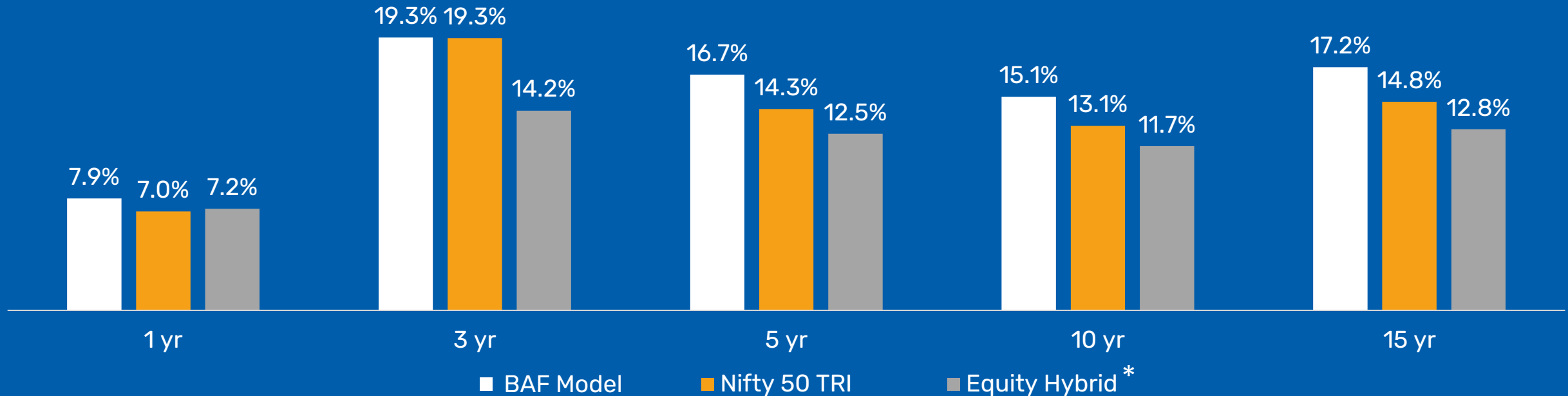
Rolling Period	Bajaj Finserv		Nifty 50 TRI	
	Balanced Advantage Fund Model			
	3 Years	5 Years	3 Years	5 Years
Maximum	30.8%	24.0%	32.4%	21.9%
Minimum	1.1%	4.4%	-4.6%	-1.0%
Average	16.4%	15.2%	11.9%	11.2%
Standard Deviation	5.08%	2.6%	6.1%	4.1%
Negative Observation	0	0	49	4
0% to 6% Return	1.5%	0.0%	16.3%	13.4%
6% to 8% Return	2.6%	0.2%	9.4%	10.3%
8% to 10% Return	4.8%	1.2%	11.5%	10.7%
10% to 15% Return	32.5%	40.9%	31.6%	49.9%
Above 15% Return	58.5%	56.6%	29.8%	15.5%
Count	3613	3117	3613	3117

Data as on 31st October 2023

The computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme. Past Performance may or may not sustain in future. Source – MFI & Internal Analysis

Long term BAF Model performance vis-à-vis Nifty 50 TRI

P2P Performance



Data as on 31st October 2023

* : Nifty 50 Hybrid Composite Debt 65:35 Index. The computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme. Past Performance may or may not sustain in future. Source – MFI & Internal Analysis

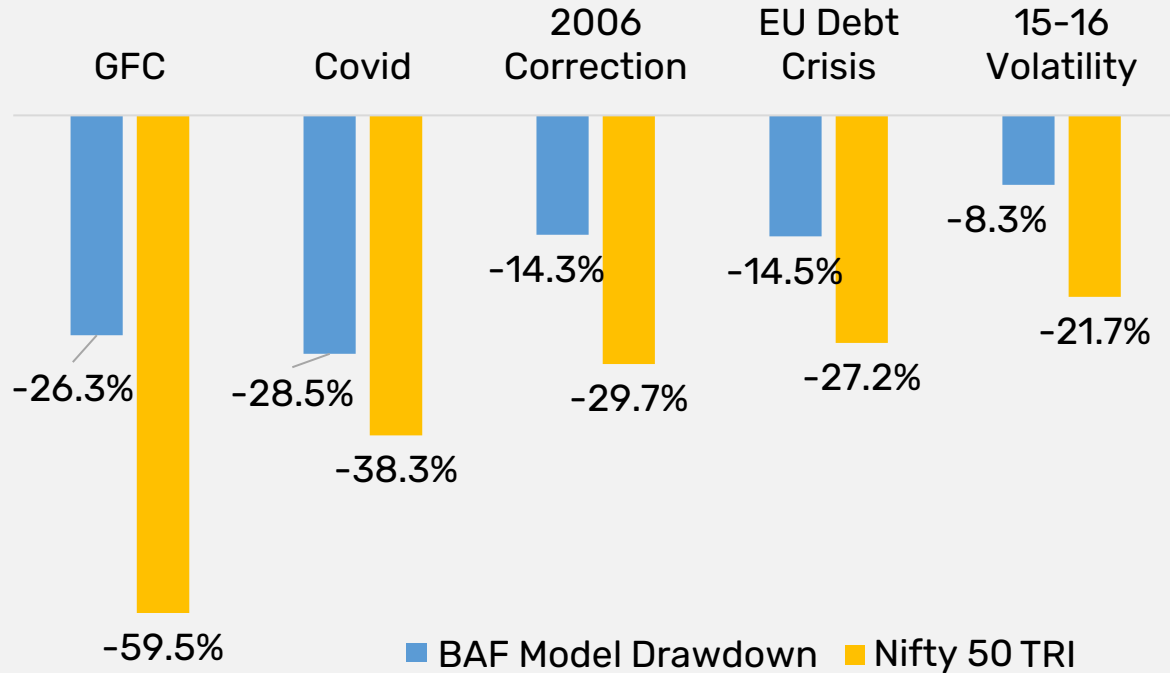
BAF Model flat market analysis

Performance									
Market Cycles		Nifty 50 TRI		BAF Model				P2P Return	
Fall Begins	Level Regained	Fall	Bounce back	Fall	Bounce back	% of Downside Protected	% of Upside Participation	Nifty 50 TRI	BAF Model
08-Jan-08	01-Oct-10	-59.5%	148.6%	-25.6%	125.9%	57.0%	84.7%	0.7%	68.2%
14-Jan-20	06-Nov-20	-38.3%	62.4%	-28.5%	51.3%	25.5%	82.3%	0.3%	8.2%
10-May-06	16-Oct-06	-29.7%	42.4%	-14.3%	23.2%	51.9%	54.7%	0.1%	5.6%
05-Nov-10	15-May-13	-27.2%	37.8%	-14.5%	38.8%	46.0%	103.7%	0.0%	18.6%
03-Mar-15	02-Sep-16	-21.7%	27.7%	-8.3%	21.8%	61.8%	78.4%	0.0%	11.7%

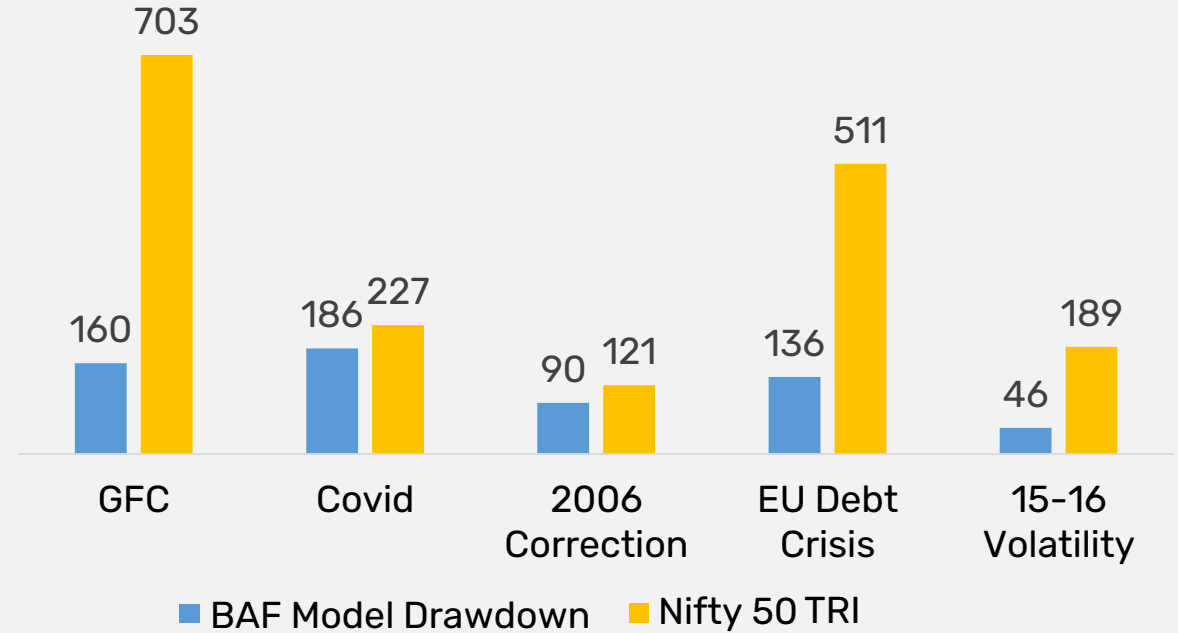
The computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme. Past Performance may or may not sustain in future. Source – MFI & Internal Analysis

BAF Model drawdown ratio

Drawdown



Days to Recover



During major market events, BAF model has displayed strength & resilience.

The calculation of the drawdown period is estimated on the peak-to-trough fall in Nifty 50 TRI for that phase and the commensurate performance of the model. Computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme. Past Performance may or may not sustain in future. Source – MFI & Internal Analysis

Return Analysis – BAF Model

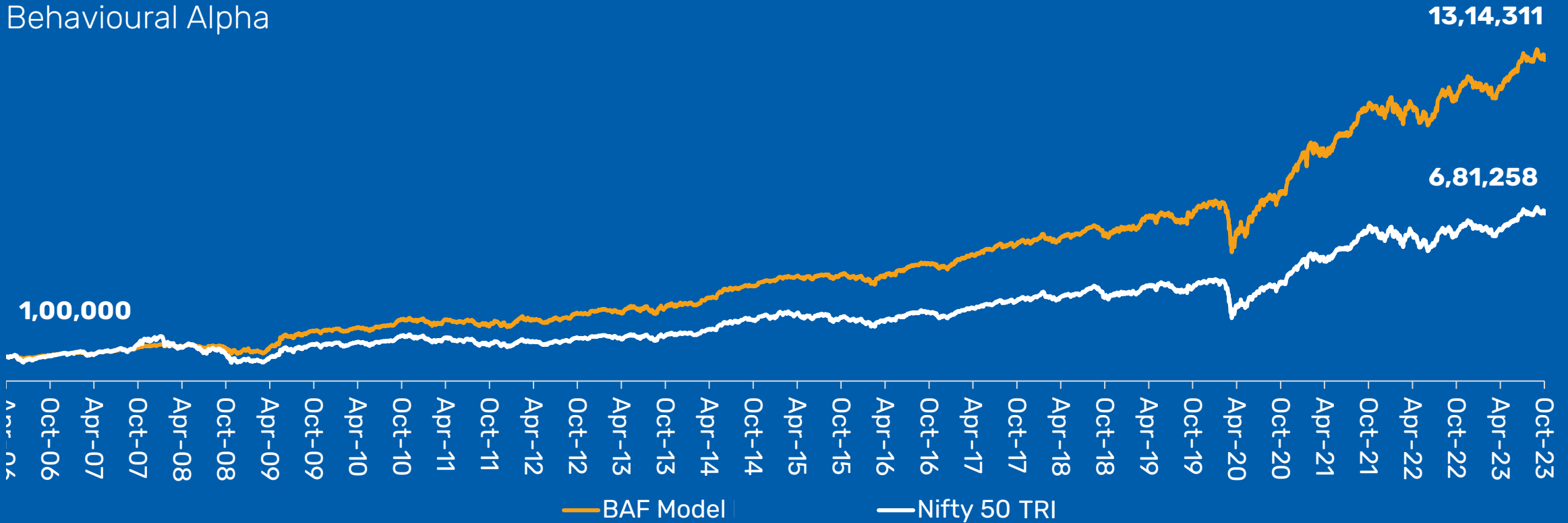
Calendar Year	Performance			Volatility		
	BAF Model	Equity Aggressive Hybrid*	Nifty 50 TRI	BAF Model	Equity Aggressive Hybrid*	Nifty 50 TRI
CY 2010	20.43%	14.59%	19.22%	11.51%	10.44%	16.23%
CY 2011	-12.87%	-14.01%	-23.81%	15.08%	13.37%	20.89%
CY 2012	28.90%	23.09%	29.43%	12.72%	9.88%	15.10%
CY 2013	11.04%	6.82%	8.07%	14.42%	12.42%	18.00%
CY 2014	29.19%	26.16%	32.90%	7.85%	8.43%	12.61%
CY 2015	4.47%	0.87%	-3.01%	7.56%	10.67%	16.20%
CY 2016	8.85%	7.33%	4.39%	9.58%	9.85%	15.07%
CY 2017	23.89%	20.77%	30.27%	6.68%	5.90%	8.99%
CY 2018	8.21%	5.29%	4.64%	8.37%	8.49%	12.82%
CY 2019	15.95%	12.69%	13.48%	10.94%	8.85%	13.65%
CY 2020	23.61%	16.93%	16.14%	24.70%	19.97%	31.55%
CY 2021	23.84%	17.80%	25.59%	12.90%	10.19%	15.58%
CY 2022	9.07%	4.92%	5.69%	11.91%	11.36%	17.27%

Less volatility signifies more peace of mind.

* : Nifty 50 Hybrid Composite Debt 65:35 Index. The computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme. Past Performance may or may not sustain in future. Source – MFI & Internal Analysis

Reducing behavioural biases while making investment decision

Behavioural Alpha



Data as on 31st October 2023

Behavioural alpha is the extra investment gain achieved by reducing the cognitive biases in the investment decision-making.

The computation of returns disclosed is based on analysis of the Balanced Advantage Fund model proposed to be undertaken by Bajaj Finserv Asset Management Limited. Please note that these are provided for illustrative purposes only to explain how the model would function in different market conditions. This model does not in any manner indicate the actual scheme performance. Actual scheme performance would be based on the Scheme Information Document, asset allocation and scheme investment strategy. There is no assurance or guarantee that the scheme would at all points in time be able to deploy as per the model as the same is based on market conditions. The Balanced Advantage Fund model would undergo changes as per the scheme investment strategy disclosed in the Scheme Information Document. Past performance may or may not be sustained in future. An investor must not solely rely on this model and the scheme presentation to invest in the scheme but should go through the Scheme Information Document and consult with a financial advisor before undertaking investments in the scheme. Past Performance may or may not sustain in future. Source – MFI & Internal Analysis

Portfolio Approach



Equity Portfolio

- Flexi cap approach
- Prefer Large cap orientation



Debt Portfolio

- Short to medium term duration
- Investment in highly rated securities
- To anchor and support core performance

Benefits of investing in Bajaj Finserv Balanced Advantage Fund



Dynamic Asset Allocation



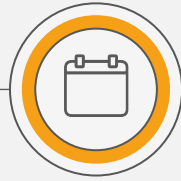
Navigate Market Volatility



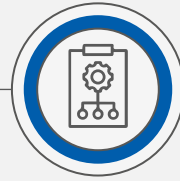
Optimizing Returns



Risk Management



Long-Term Perspective



Adapting to Change



Tax Efficiency

Who Should Invest?

Investors who



Want to add dynamic asset allocation to their portfolio



Want diversification in their portfolio



Seek professional fund management



Want potential capital appreciation with mitigation of downside risk



Have long-term investment horizon

SCHEME FEATURES

NFO Period	Opens on November 24, 2023 Closes on December 08, 2023
Scheme Type	An Open Ended Dynamic Asset Allocation Fund
Plans	Bajaj Finserv Balanced Advantage Fund - Regular Plan Bajaj Finserv Balanced Advantage Fund - Direct Plan
Option	Growth & IDCW
Minimum Application Amount	Rs. 500 (Plus multiples of Re.1)
Minimum Additional Application	Rs. 100 (Plus multiples of Re.1)
Entry Load	Not Applicable
Exit Load	8% of units up to six months from allotment - Nil Above 8% of units within six months- 1% of applicable NAV More than six months - Nil
Fund Manager	Mr. Nimesh Chandan and Mr. Sorbh Gupta (Equity Portion) Mr. Siddharth Chaudhary (Debt Portion)
Benchmark Index	NIFTY 50 Hybrid Composite Debt 50:50 Index
SIP / SWP / STP	Available

Details over here as per SID

Product Label

Bajaj Finserv Balanced Advantage Fund

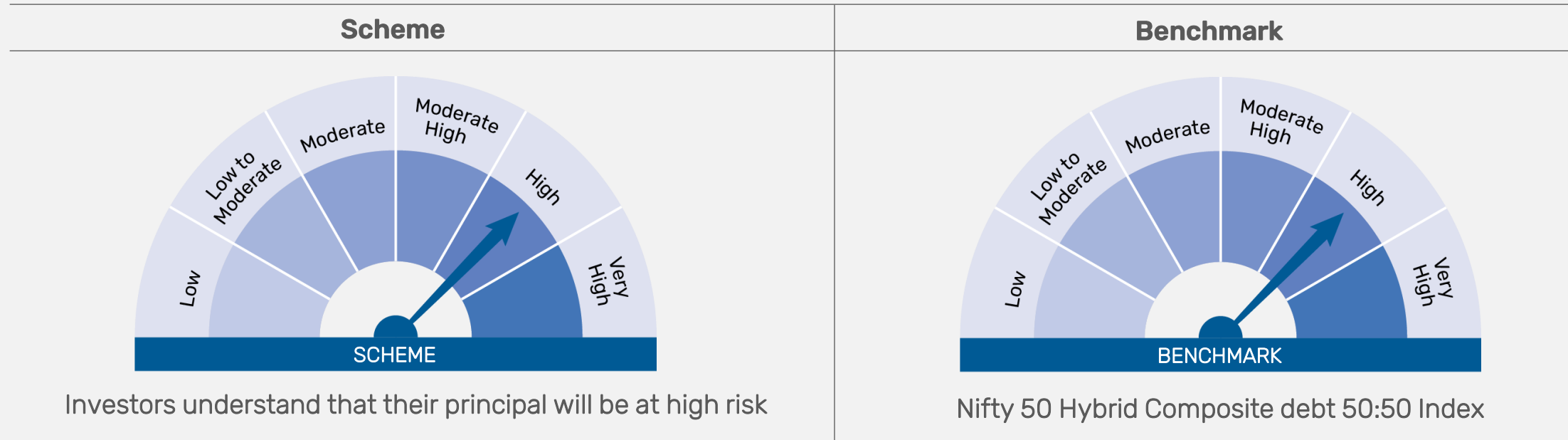
An Open Ended Dynamic Asset Allocation Fund

This product is suitable for investors who are seeking*:

- To generate wealth creation over long term
- Dynamic asset allocation between equity and equity related instruments including derivatives, and fixed income instruments

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

Riskometer#



#The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made.

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

Disclaimer

This document should not be treated as endorsement of the views/opinions or as an investment advice. This document should not be construed as a research report or a recommendation to buy or sell any security. This document alone is not sufficient and should not be used for the development or implementation of an investment strategy. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision. The decision of the Investment Manager may not always be profitable; as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. Neither Bajaj Finserv Mutual Fund / Bajaj Finserv Mutual Fund Trustee Limited / Bajaj Finserv Asset Management Limited nor its Directors or employees shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. Investors are advised to consult their own investment advisor before making any investment decision in light of their risk appetite, investment goals and horizon. This information is subject to change without any prior notice.