

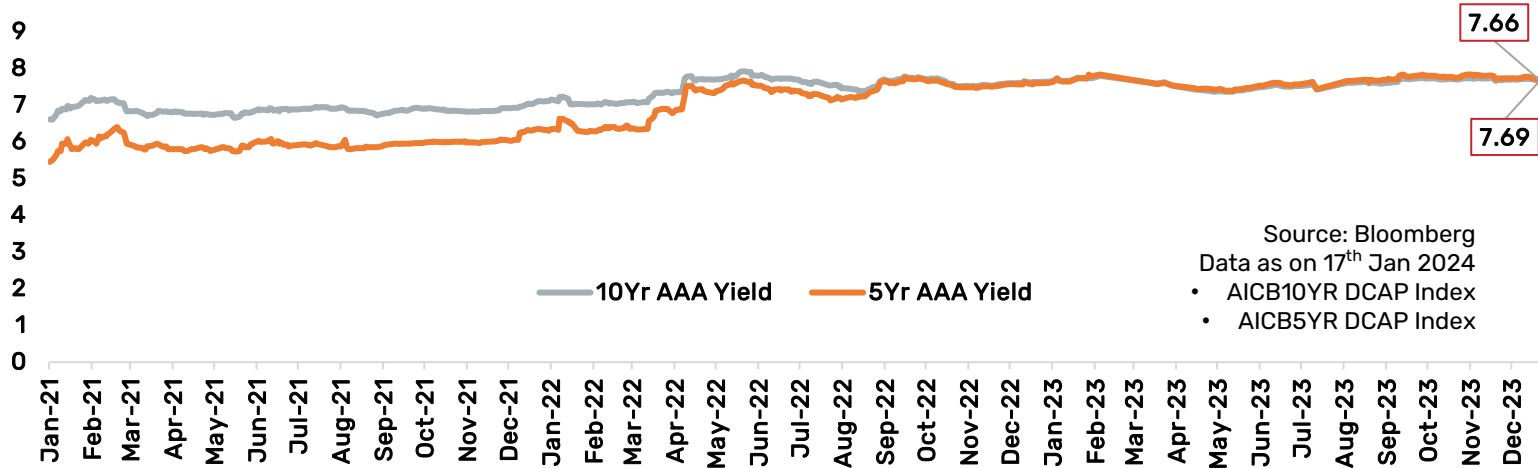
Bajaj Finserv Banking and PSU Fund

An open ended debt scheme predominantly investing in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds with relatively high interest rate risk and moderate credit risk.

Fund Note Dec 2023

Why did we launch?

The Yields of 10-Yr & 5-Yr AAA Bond have Now Converged



- Term spread is the premium which an investor gets for investing in longer dated maturities vis-à-vis the near-term ones.
- The term spread is low-to-nil, implying that the investors reward for taking longer term maturity is low vis a vis the 5-Yr maturity.
- In the current context, the term spreads are virtually non-existent - making 5 years a more attractive option vis-à-vis the longer maturities on a risk-reward basis.
- This negative spread has been observed only around 16% of times over last 8yrs.

Where will our scheme invest?

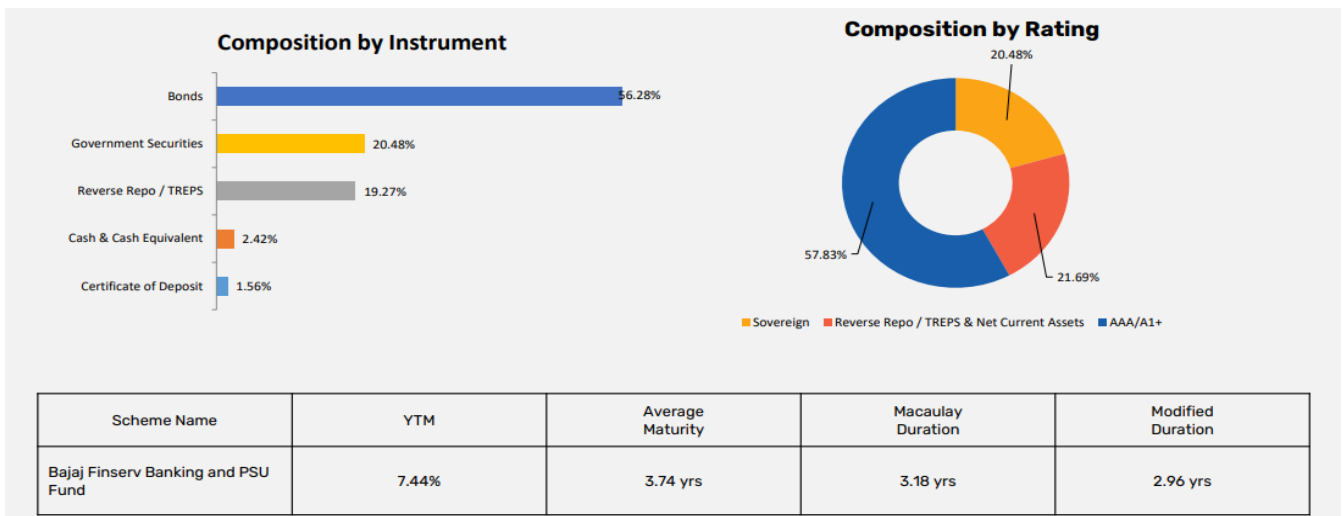
80%-100%	Investment in high credit quality debt & money market instruments of Banks, PSU, PFIs and Municipal Bonds
0% - 20%	Investment in Debt and Money Market securities issued by entities other than Banks, PSU, PFIs etc.

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

Why Invest in Bajaj Finserv Banking and PSU Fund now

- Presently, the yield curve shape has largely flattened - indicating uncertainty in the market regarding allocation to the long duration of the curve.
- The 5-year yields are presently trading at a higher level than the 10-year duration maturity.
- Having said that, we believe that we are likely to see bull steepening in the curve going ahead.
- The inclusion of India in the emerging market bond Index, expectation of a rate cut in the medium term, and the mean reversion of yields are some of the likely triggers for the potential bond rally in the market in the future.
- This rally is likely to provide reasonable mark-to-market gains for the investor who holds a medium to long-term investing view.
- Even if the investment thesis were not to play out, the markets are presently offering a relatively high yield. Investors can lock in the present yield levels and hold-to-maturity.

Our Journey So far: Bajaj Finserv Banking and PSU Portfolio



PRC

As on 31st December 2023

Potential Risk Class (PRC) (Maximum risk the scheme can take)				
Credit Risk	→	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk	↓			
Relatively Low (Class I)				
Moderate (Class II)				
Relatively High (Class III)			B-III	
B-III – A Scheme with relatively high interest rate risk and moderate credit risk.				



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

Riskometer and Product Label

This product is suitable for investors who are seeking*:

- income over short to medium term
- investment primarily in securities issued by Scheduled Commercial Banks (SCBs), Public Sector undertakings (PSUs), Public Financial Institutions (PFIs), Municipal Corporations and such other bodies

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

Riskometer	
Scheme	Benchmark
 <p>RISKOMETER Investors understand that their principal will be at moderate risk</p>	 <p>RISKOMETER Nifty Banking and PSU Debt Index</p>

Disclaimers

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