

Bajaj Finserv Large and Mid Cap Fund

(An open ended equity scheme investing in both large cap and mid cap stocks)

FORTIFYING YOUR WEALTH WITH MOAT BASED INVESTING

March 2025



The Fort That Could Never Be Conquered

- Lohagarh Fort, located in Bharatpur, Rajasthan, was built in the 18th century.
- The fort's name, "Lohagarh," literally translates to "Iron Fort".
- Lohagarh Fort is renowned for its formidable defensive structures, with a **wide and deep moat**, known as "Gajadhar" encircling its perimeter.
- This **moat** is, an artificial lake ranging from 41 to 72 meters in width, filled with water at a depth of 8 to 10 meters.
- "Gajadhar" played a crucial role in safeguarding the fort from invasions and the fort, with its sturdy walls and the protective moat, withstanding multiple attacks by the Mughals and the British.

What is a Moat?

The Moats originate from the medieval periods when large and deep water trenches protected those inside the fortresses and castles and their riches from invaders.





What is an Economic Moat?

The Economic moats safeguard businesses by shielding them from competitors, preserving their market share, and ensuring the long-term sustainability of profits.

Sources of Economic Moats*



Brand Strength



Cost Leadership



Network Effect



Intellectual Properties



Switching costs



Economies of Scale



Unique Business Model

Sources of Economic Moats* - Some Examples



Brand Strength

Example: **Baby Food.**

Unparalleled market recognition, trust, and consumer loyalty.



Cost Leadership

Example: **FMCG**

Strategic efficiency to produce at lower costs than rivals.



Network effect

Example: **Food Delivery**

More people use the product / services because more people use it.



Intellectual Properties

Example: **Pharma**

Ideas and creations that are legally owned and protected.



Switching Cost

Example: **Bank**

Makes it hard for customers to switch, keeping them loyal.



Economies of Scale

Example: **Telecom**

Cost savings when making more, leading to efficiency.



Unique Business Models

Example: **IoT**

Special ways companies work and create value for success.

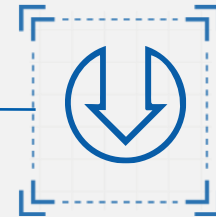
Economic Moat Identification



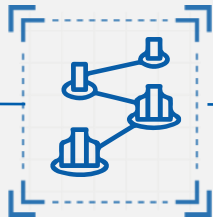
High Return on Capital
Employed (ROCE),
Return on Assets (RoA)
and Return on Equity (RoE)



Efficient Capital
Allocation decision



Low requirement of
external capital



Scalability



Returns reinvested in
business for higher returns

Characteristics and Implications of Wide Economic Moat Advantage



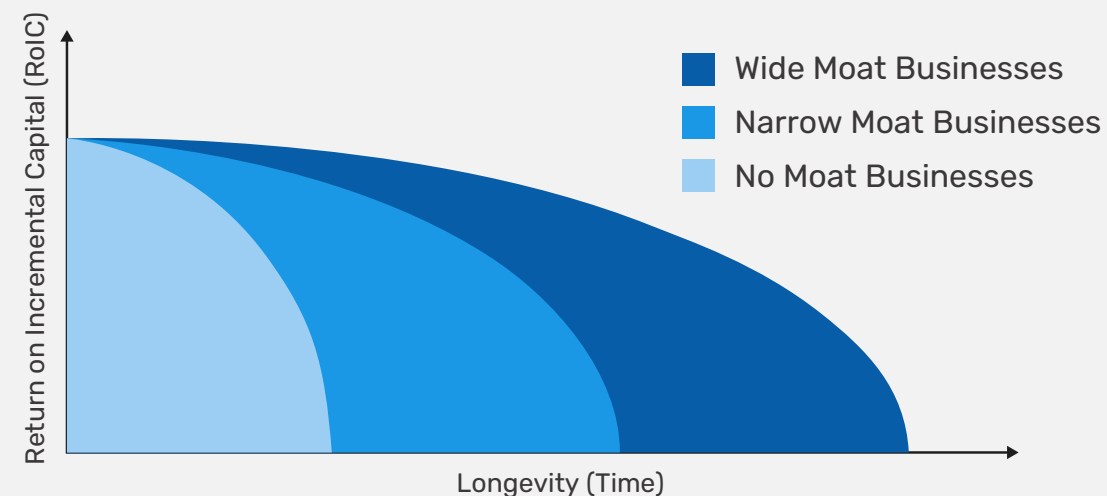
Powerful and enduring competitive advantage leading to dominant brand, unmatched operational scales and/or unique technology.



Robust protective barriers resulting in long term resilience and growth potential.

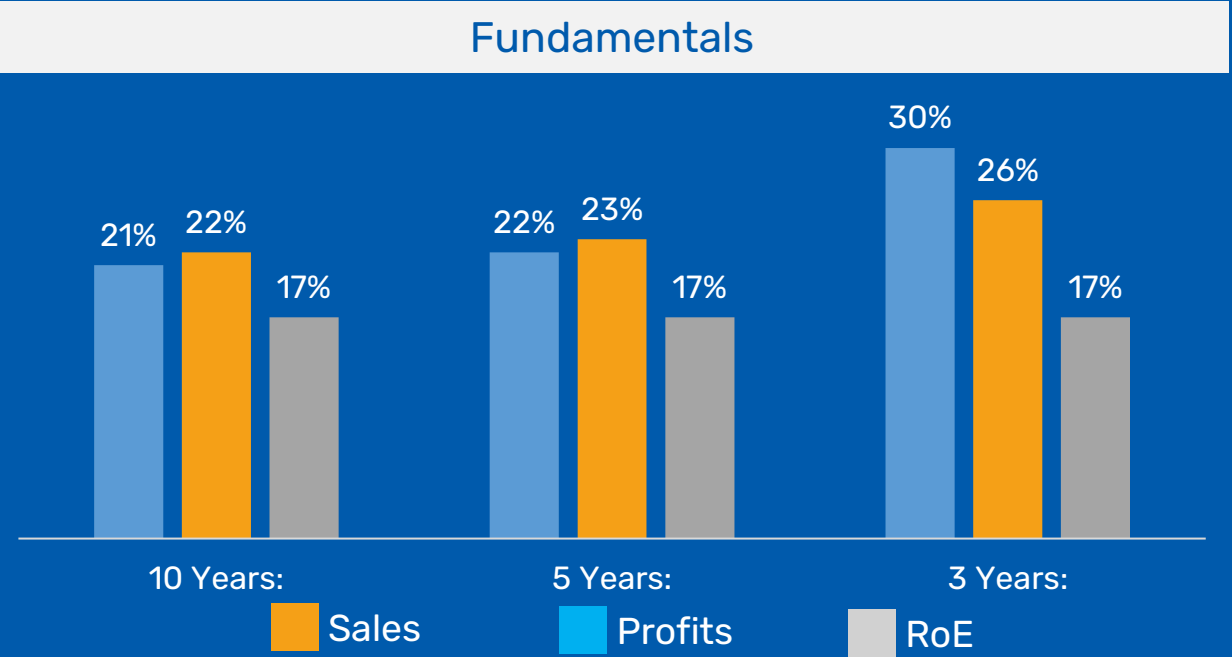


Consistent profits creating long term wealth for the investors and stakeholders.

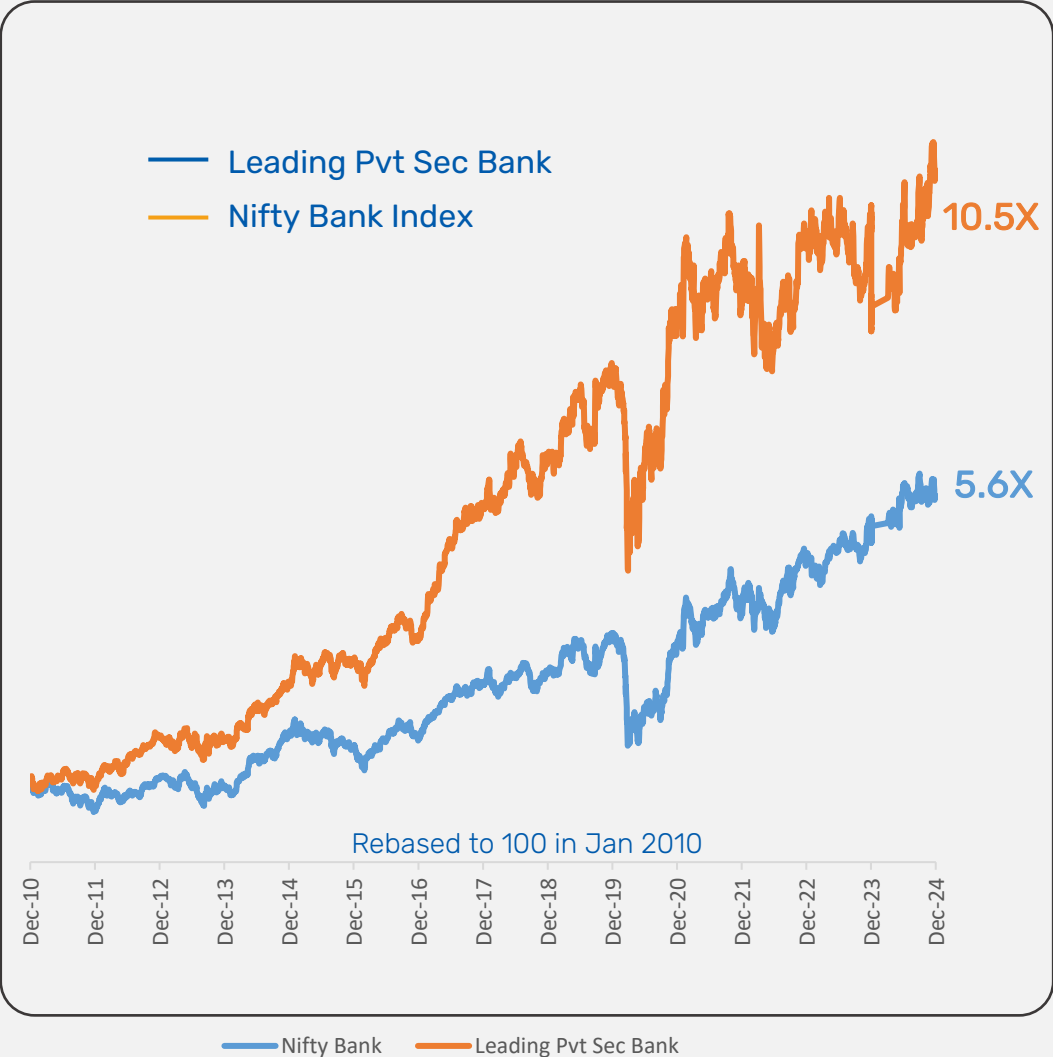


Case Study 1

This leading private sector bank stands out among its competitors due to its sustained net interest margin, minimal non-performing assets (NPAs), and effective risk management system. Additionally, the bank possesses a robust network, a formidable loan portfolio, and a well-diversified revenue stream.



Sales and Profits numbers stated above are compounded annualized. RoE numbers are averaged

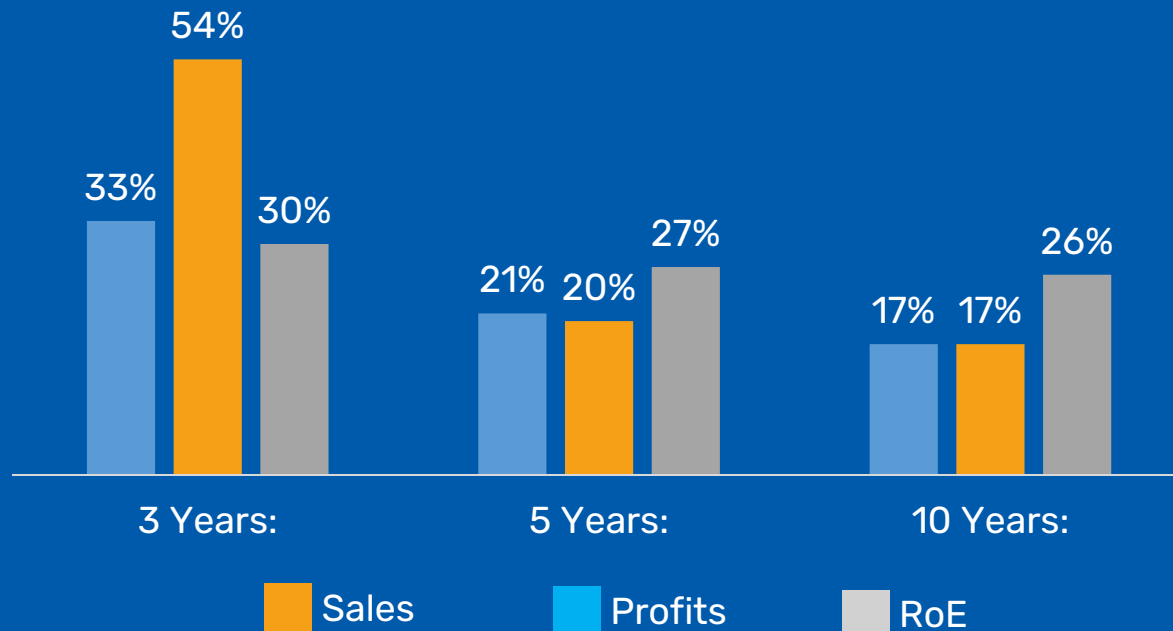


Source: Bloomberg, Internal Research, MFI Explorer; Data as on 31st Dec 2024. Past performance may or may not sustain in future.

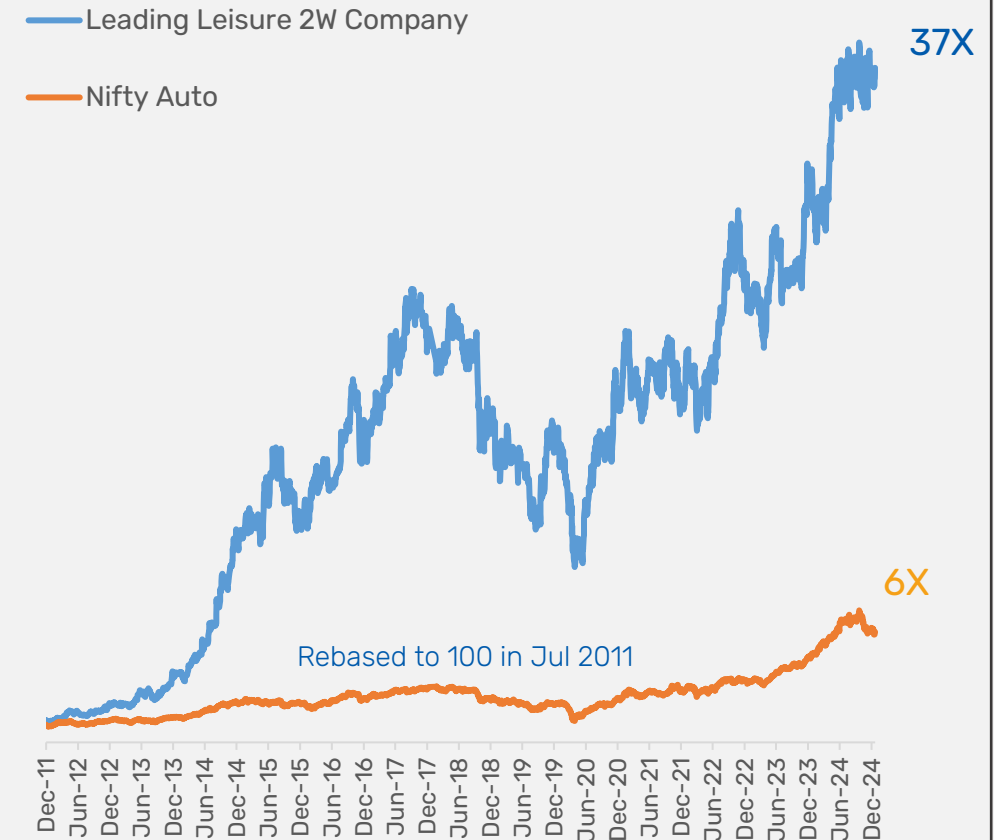
Case Study 2

This cult 2W brand, boasts a strong economic moat through distinctive products, global recognition, customer loyalty, and efficient manufacturing, securing a lasting competitive advantage in motorcycles. No other 2W manufacturer have successfully entered this space despite their endeavors.

Fundamentals



Sales and Profits numbers stated above are compounded annualized. RoE numbers are averaged

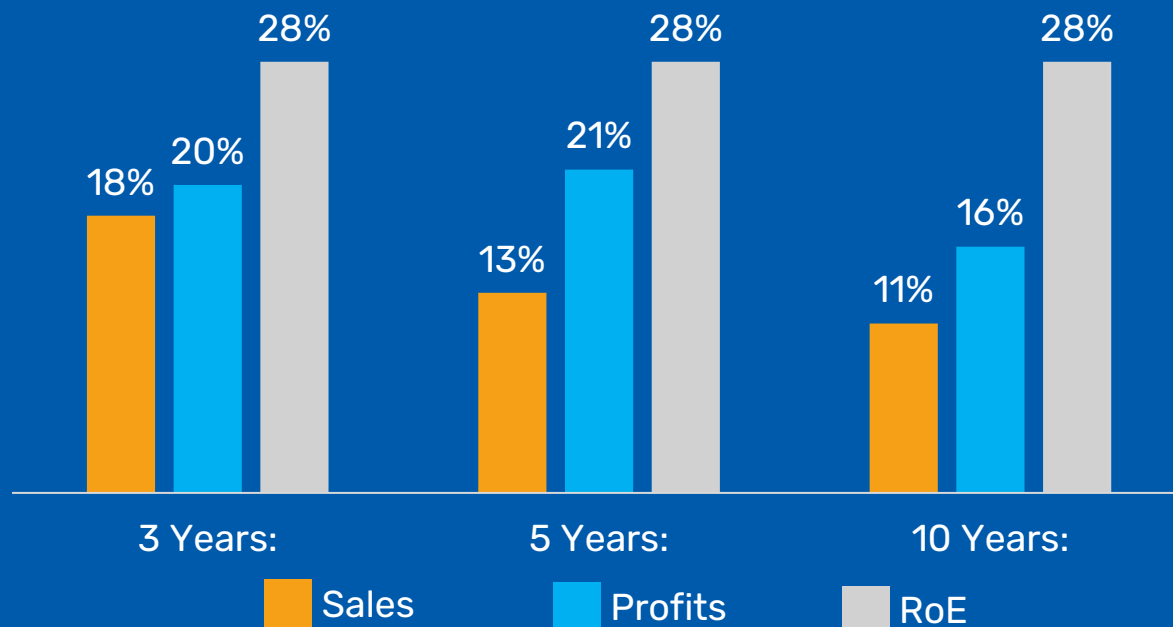


Source: Bloomberg, Internal Research, MFI Explorer; Data as on 31st Dec 2024. Past performance may or may not sustain in future.

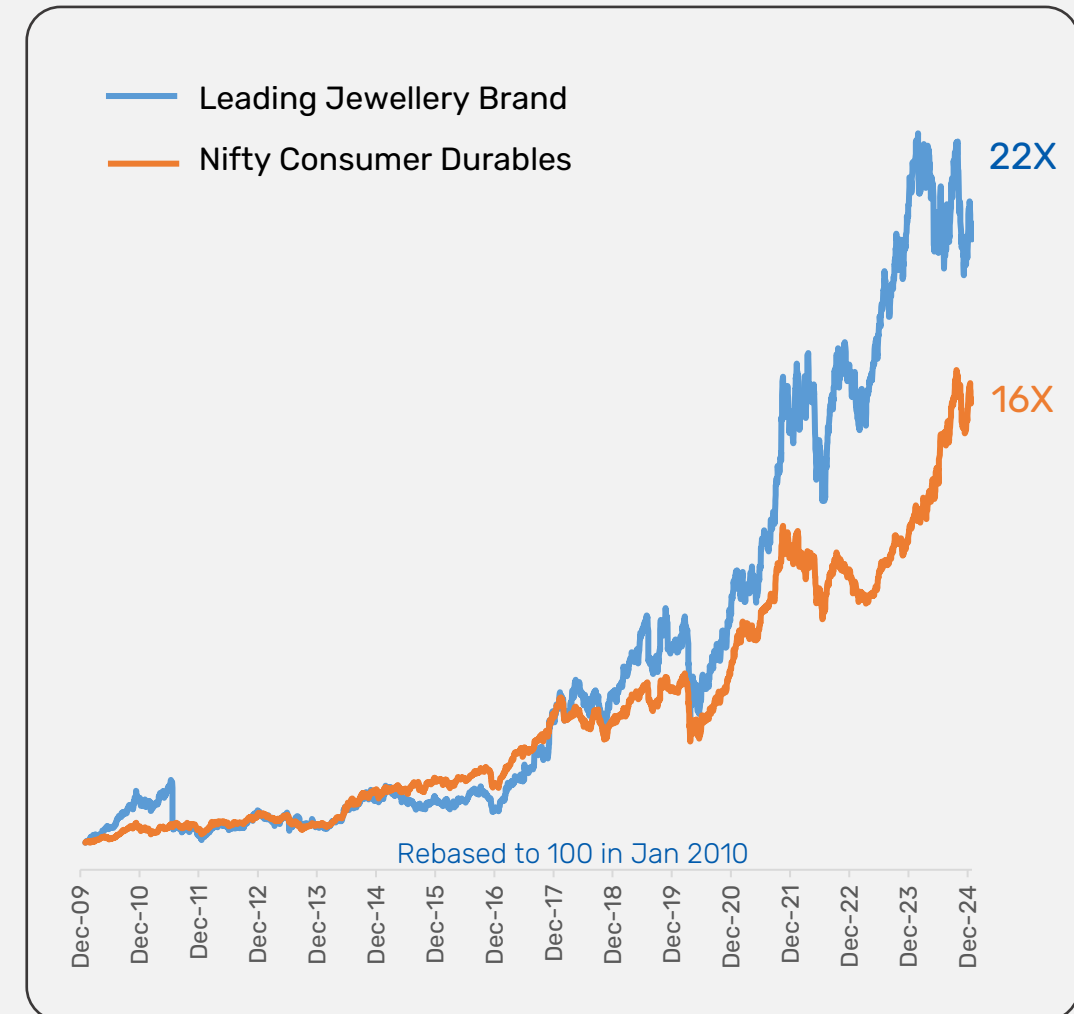
Case Study 3

The well-established name of the parent company instills trust and quality across various subsidiaries. This leading jewellery business leveraged the parent's reputation for honesty and transparency. In the 90s, this business addressed consumer concerns by investing in machinery at each store to verify jewelry caratage, solidifying its position as a trusted brand in high-value purchases.

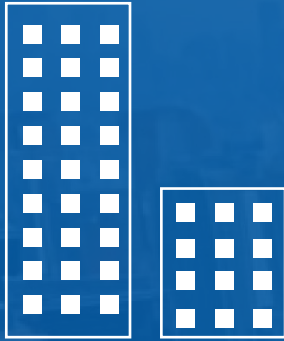
Fundamentals



Sales and Profits numbers stated above are compounded annualized. RoE numbers are averaged



Source: Bloomberg, Internal Research, MFI Explorer; Data as on 31st Dec 2024. Past performance may or may not sustain in future.



Bajaj Finserv Large and Mid Cap Fund

(An open ended equity scheme investing in both large cap and mid cap stocks)



“My idea of a great business is one that has a shortage of competitors.”

- Peter Lynch

What is Large and Mid Cap Fund?



| Fund Type | Large Cap (Top 100) | Mid Cap (101-250) | Small Cap (Beyond 250) |
|------------------------|------------------------|----------------------|---------------------------|
| Large and Mid Cap Fund | 35% to 65% | 35% to 65% | 0% - 30% |
| Large Cap Fund | More than 80% | Between 0% - 20% | |
| Mid Cap Fund | 0% to 35% | >65% | 0% - 35% |
| Small Cap Fund | 0% to 35% | | More than 65% |

Top 100 Companies by market cap are classified as Large cap, The 101st-250th companies by market cap are classified as Mid cap; 251 and beyond are considered as Small caps.

Why Large and Mid Cap Fund?



Nifty 50 Index has concentrated exposure to sectors like Financial Services, Oil Gas & Consumable Fuel and IT.

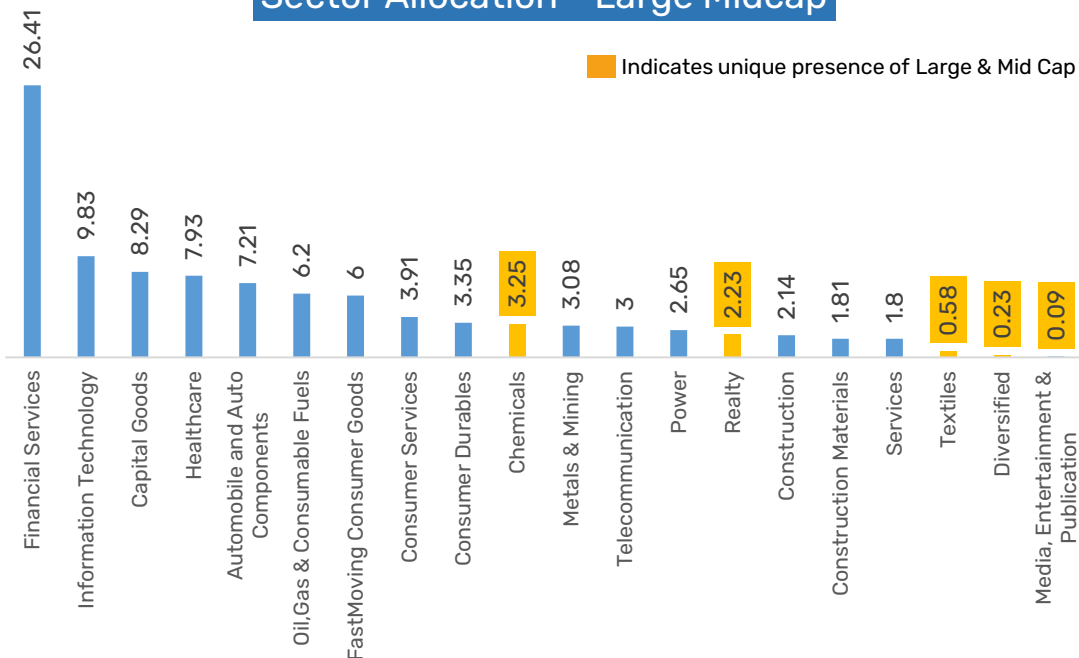


Its exposure to sectors like Capital goods, Consumer services, Realty and Chemicals are low compared to Nifty Large and Midcap 250 Index.

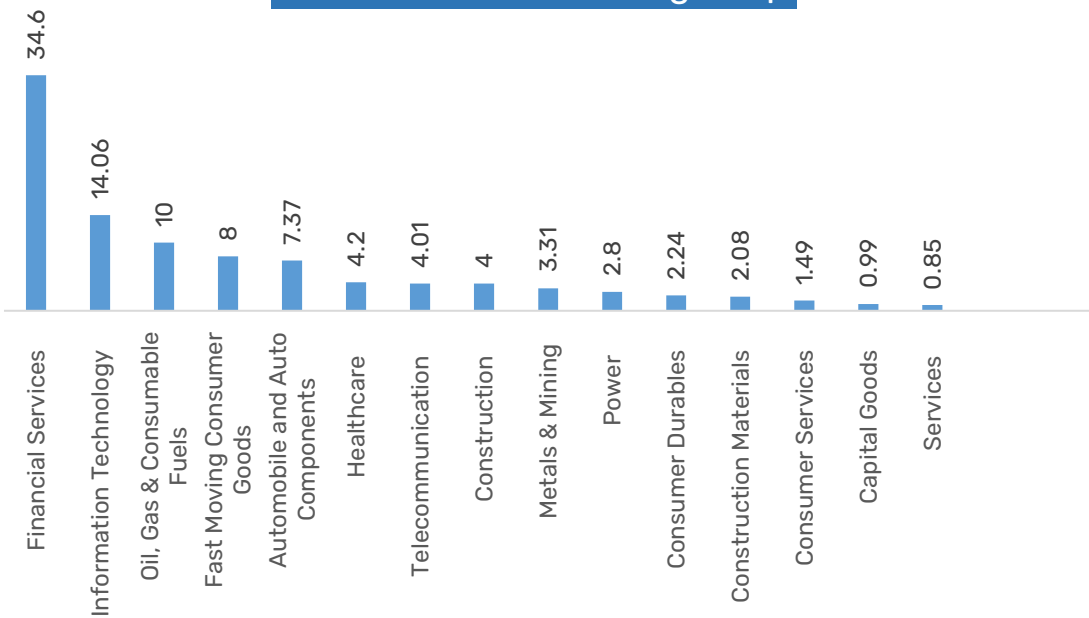


Hence, Large and Mid Caps combined together, offers a diversified investment opportunities.

Sector Allocation - Large Midcap



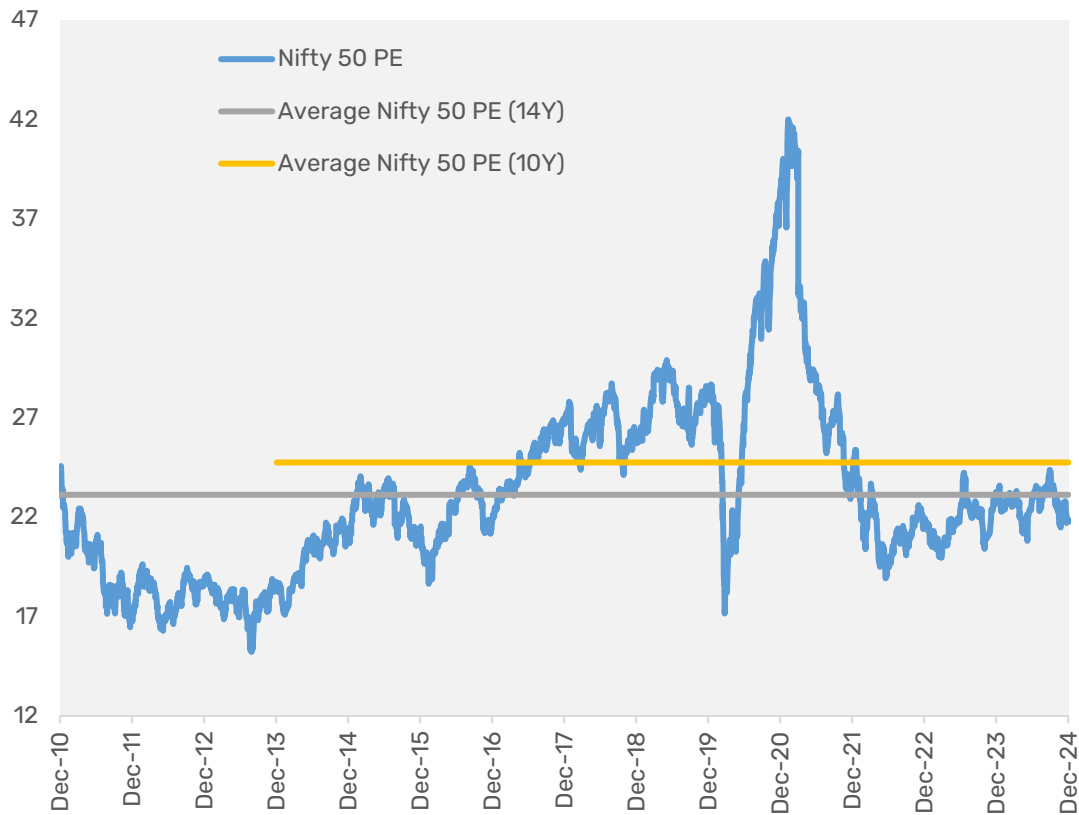
Sector Allocation - Large Cap



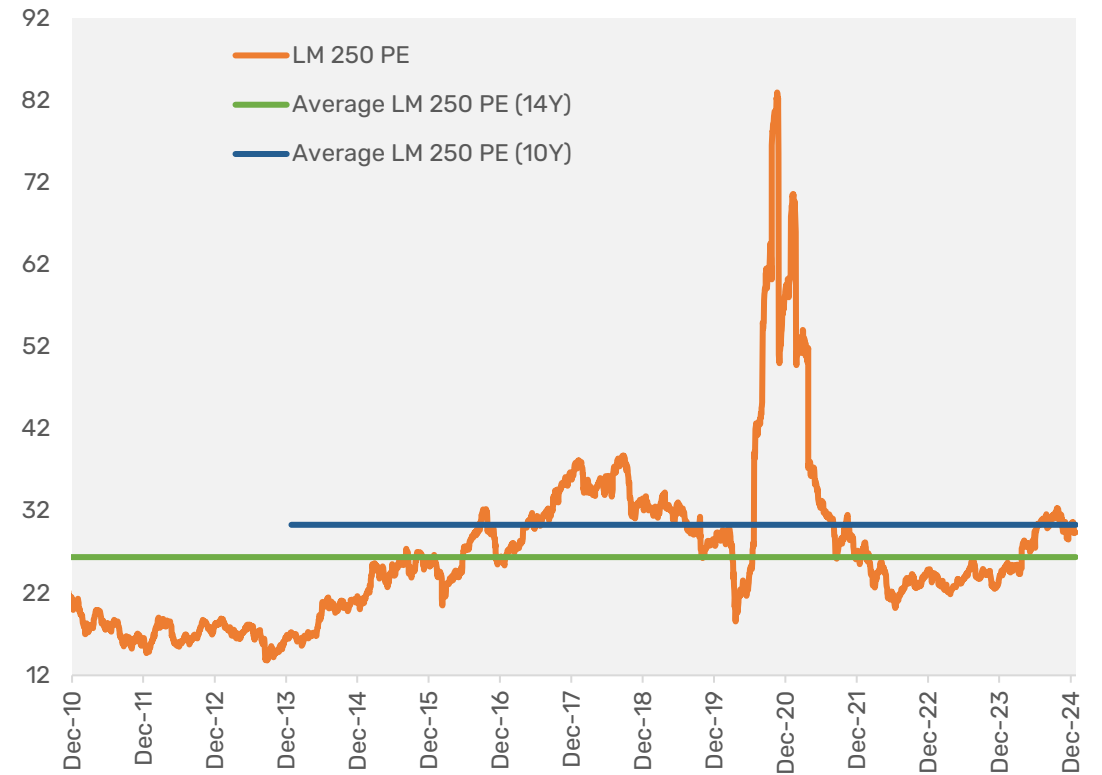
Why Large and Mid Caps Now?

At current valuation, both, the large caps and combination large and mid cap are below their long term averages.

Large Cap Valuations



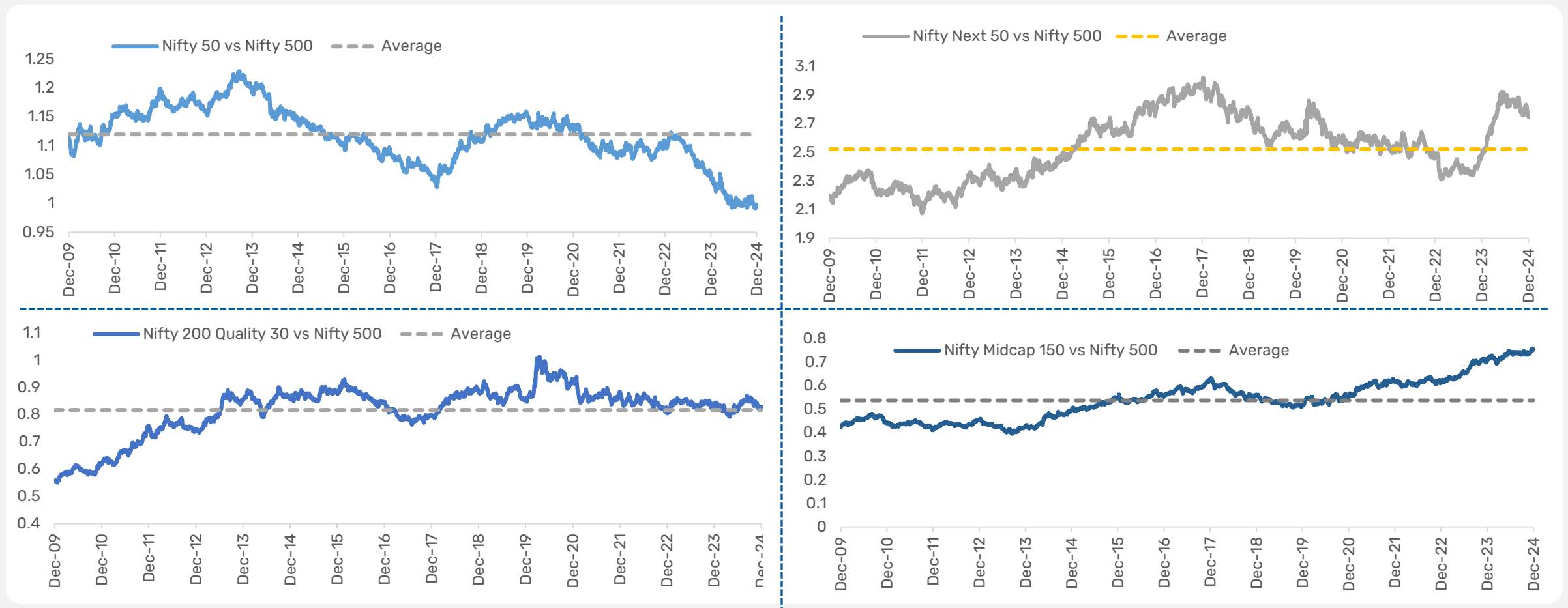
Large Mid Cap Valuations



Source: MFI Explorer, Internal Research; Data as on 31st Dec 2024. Past performance may or may not sustain in future.

Why Large and Mid Caps Now?

Currently, the combination of large cap and quality mid cap index seems to be better placed compared to Nifty 500 index.



The analysis is based on the trend in relative price of the daily index values of the given benchmark.

Source: MFI Explorer, Internal Research; Data as on 31st December 2024. Past performance may or may not sustain in future.

Why Moat Investing in Large and Mid Caps?

- 1 Enduring Advantage 
- 2 Stability Amid Fluctuations 
- 3 Potential Profitability 
- 4 Long-Term Growth 
- 5 Quality Over Size 






Segment Leaderships Across Market Cap


Economic Moats are not confined only to Large businesses



Favourable Risk Reward in High Quality Large and Mid Caps

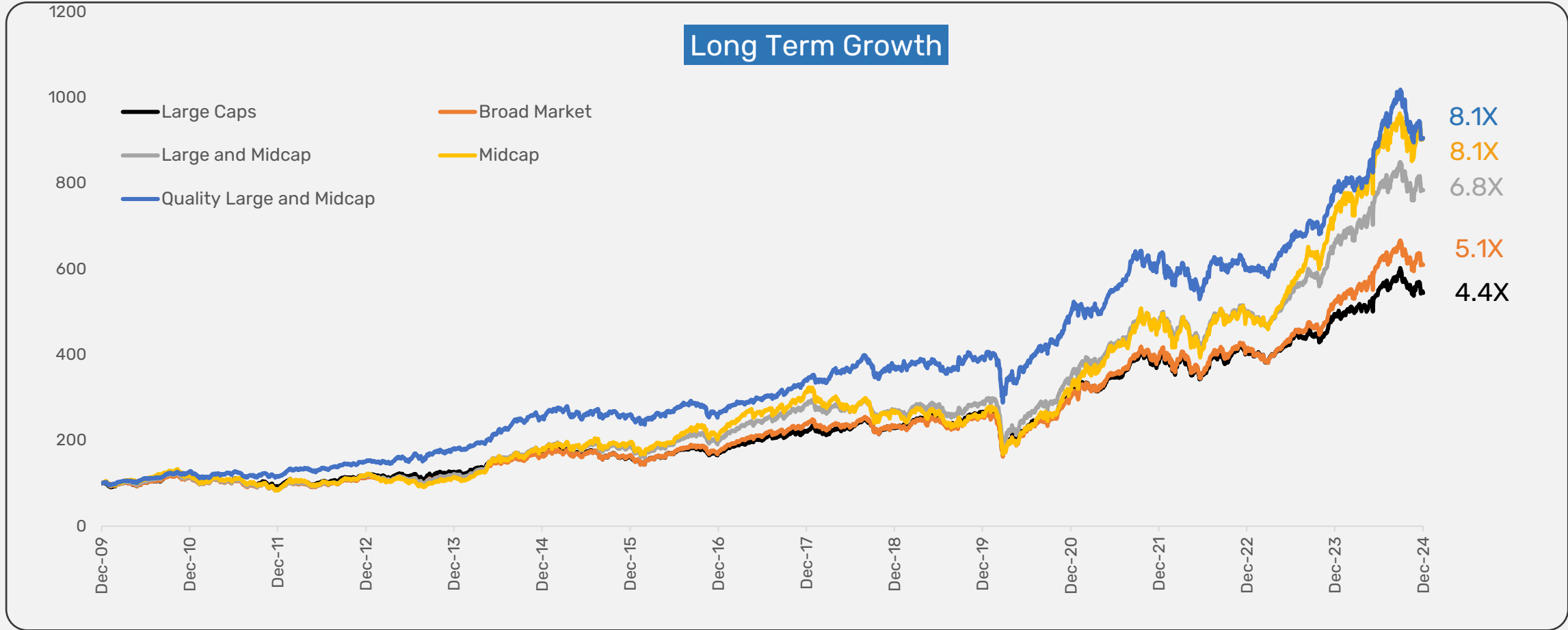
| Year | Returns  | | | | |
|--------|---|-----------------------|---------------|-----------------------------|--------------------------------|
| | Nifty 50 TRI | Nifty Mid Cap 100 TRI | Nifty 500 TRI | NIFTY Large Mid Cap 250 TRI | Nifty 200 Quality 30 Index TRI |
| CY2010 | 19% | 20% | 15% | 17% | 28% |
| CY2011 | -24% | -30% | -26% | -28% | -10% |
| CY2012 | 29% | 41% | 33% | 39% | 31% |
| CY2013 | 8% | -4% | 5% | 3% | 20% |
| CY2014 | 33% | 58% | 39% | 48% | 40% |
| CY2015 | -3% | 8% | 0% | 4% | 2% |
| CY2016 | 4% | 8% | 5% | 6% | 1% |
| CY2017 | 30% | 49% | 38% | 44% | 30% |
| CY2018 | 5% | -15% | -2% | -5% | 9% |
| CY2019 | 13% | -3% | 9% | 6% | 6% |
| CY2020 | 16% | 23% | 18% | 21% | 26% |
| CY2021 | 26% | 48% | 32% | 37% | 26% |
| CY2022 | 6% | 5% | 4% | 4% | -4% |
| CY2023 | 21% | 48% | 27% | 33% | 32% |
| CY2024 | 10% | 24% | 16% | 18% | 14% |

 Highest Return  Lowest Return

| Standard Deviation  | | | | |
|--|-----------------------|---------------|-----------------------------|--------------------------------|
| Nifty 50 TRI | Nifty Mid Cap 100 TRI | Nifty 500 TRI | NIFTY Large Mid Cap 250 TRI | Nifty 200 Quality 30 Index TRI |
| 16% | 16% | 15% | 16% | 12% |
| 21% | 18% | 19% | 19% | 15% |
| 15% | 16% | 15% | 15% | 12% |
| 18% | 18% | 17% | 16% | 14% |
| 13% | 18% | 13% | 14% | 11% |
| 16% | 18% | 16% | 16% | 14% |
| 15% | 18% | 15% | 16% | 14% |
| 9% | 13% | 10% | 10% | 9% |
| 13% | 18% | 13% | 14% | 13% |
| 14% | 16% | 14% | 14% | 13% |
| 31% | 29% | 29% | 28% | 25% |
| 16% | 18% | 15% | 15% | 13% |
| 17% | 21% | 17% | 18% | 16% |
| 10% | 12% | 10% | 10% | 9% |
| 17% | 18% | 16% | 16% | 14% |

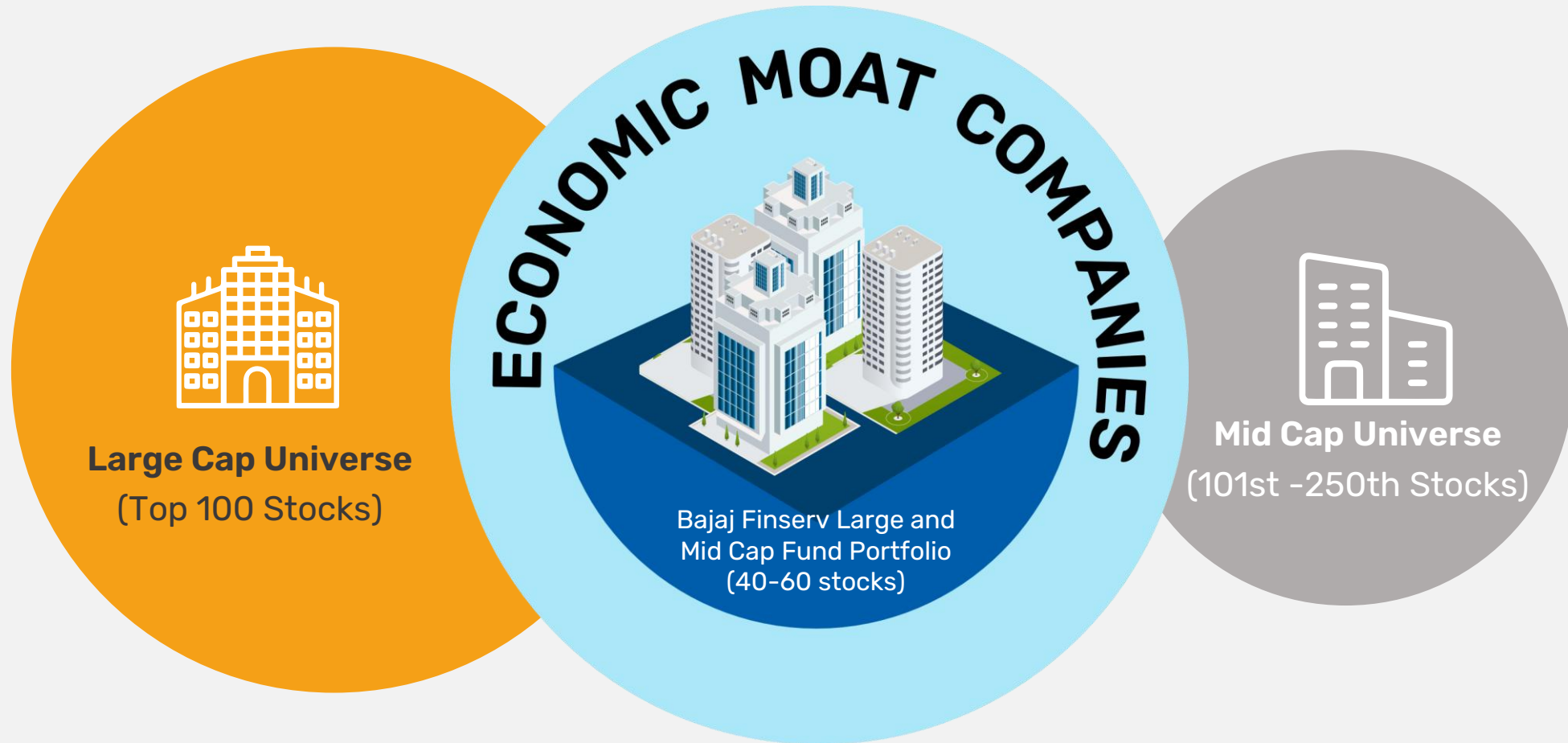
 Lowest Risk (Standard Deviation)  Highest Risk (Standard Deviation)

High Quality Large And Mid Caps Offers Better Potential For Long Term Wealth Creation



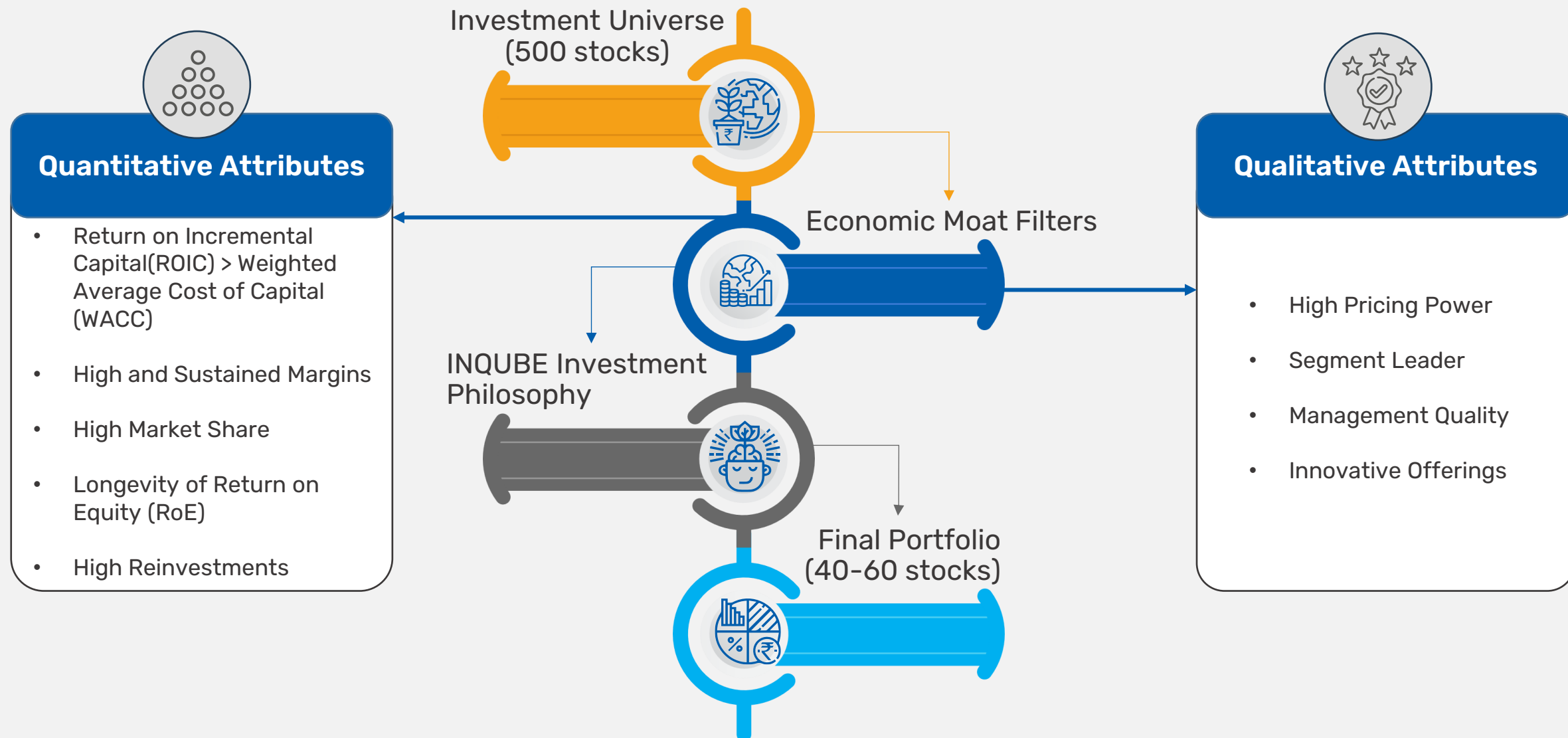
Large Caps – Nifty 50 TRI; Broad Market – Nifty 500 TRI; Large and Midcap – Nifty Large and Midcap 250 TRI; Quality Large and Midcaps – Nifty 200 Quality 30 Index TRI. Source: MFI Explorer, Internal Research. Data as on 31st Dec 2024. Past performance may or may not sustain in future. | Y axis represents the growth in NAV of the mentioned indices.

How Moat Investing Works with Bajaj Finserv Large and Mid Cap Fund?



The count of stocks mentioned is indicative and actual count will be subject to market conditions and opportunities available at the time of investment.

Investment Process



INFORMATION EDGE

- Outperform the market on superior information collection

INQUBE

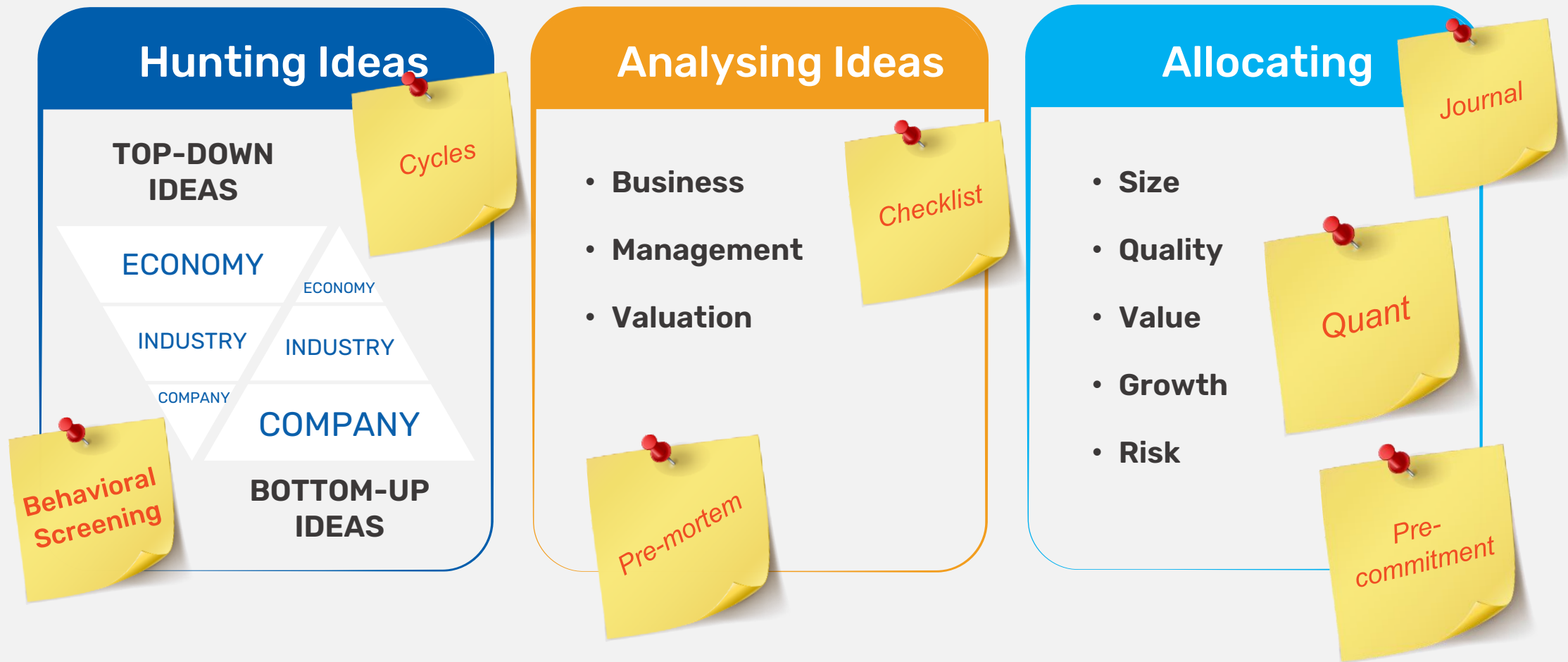
QUANTITATIVE EDGE

- Outperform the market on processing information better
- Quant models, Analytical models

BEHAVIORAL EDGE

- Outperform the market by better decision making
- Take advantage of crowd over-reaction and underreaction
- Reduces one's own behavioral pitfalls

Our Investment Philosophy



Bajaj Finserv Large and Mid Cap Fund

Key Characteristics:



Stock selection
based on
Moat investing
resulting into:



Bottom up
stock selection



Diversified
portfolio



Growth
oriented



High active
share



Low turnover
portfolio



Quality
Oriented
Portfolio



Long Term
Value Creation



Robust
Businesses
across
sectors

Fortifying your wealth with moat based investing

Bajaj Finserv Large and Mid Cap Fund

(An open ended equity scheme investing in both large cap and mid cap stocks)

The Economic Moats safeguard businesses by shielding them from competitors, preserving their market share, and ensuring the long-term sustainability of profits.

MOATS

March 2025



Management

Cost
Advantages

Network
Effects

Efficient
scale

Switching
Cost

Intangible
Assets
Patent

Intangible
Assets
Brand

Intangible
Assets
Regulation



| Company Name | Moat | % of NAV | Company Name | Moat | % of NAV |
|---|------|----------|---|------|----------|
| HDFC Bank Limited | | 6.73% | GlaxoSmithKline Pharmaceuticals Limited | | 1.14% |
| Infosys Limited | | 4.11% | Coal India Limited | | 0.98% |
| Reliance Industries Limited | | 3.83% | Hitachi Energy India Limited | | 0.97% |
| Tata Consultancy Services Limited | | 3.71% | Glenmark Pharmaceuticals Limited | | 0.95% |
| Divi's Laboratories Limited | | 3.63% | Dalmia Bharat Limited | | 0.95% |
| Cipla Limited | | 3.18% | Berger Paints (I) Limited | | 0.87% |
| Hindustan Unilever Limited | | 2.81% | Multi Commodity Exchange of India Limited | | 0.87% |
| Muthoot Finance Limited | | 2.50% | AIA Engineering Limited | | 0.62% |
| UltraTech Cement Limited | | 2.49% | Emami Limited | | 0.61% |
| Sun Pharmaceutical Industries Limited | | 2.30% | The Phoenix Mills Limited | | 0.61% |
| ITC Limited | | 2.09% | Jio Financial Services Limited | | 0.57% |
| Jubilant Foodworks Limited | | 2.07% | Tata Communications Limited | | 0.56% |
| Tata Steel Limited | | 2.01% | City Union Bank Limited | | 0.53% |
| InterGlobe Aviation Limited | | 1.99% | VIP Industries Limited | | 0.53% |
| Bharti Airtel Limited | | 1.91% | Trent Limited | | 0.50% |
| Biocon Limited | | 1.90% | Oracle Financial Services Software Limited | | 0.48% |
| Abbott India Limited | | 1.87% | JSW Infrastructure Ltd | | 0.48% |
| ICICI Bank Limited | | 1.86% | Emcure Pharmaceuticals Ltd | | 0.45% |
| CRISIL Limited | | 1.83% | Linde India Limited | | 0.44% |
| Larsen & Toubro Limited | | 1.81% | Deepak Nitrite Limited | | 0.43% |
| Page Industries Limited | | 1.81% | National Aluminium Company Limited | | 0.43% |
| State Bank of India | | 1.76% | Sanofi Consumer Healthcare India Limited | | 0.41% |
| United Breweries Limited | | 1.68% | Akzo Nobel India Limited | | 0.36% |
| Oberoi Realty Limited | | 1.65% | Solar Industries India Limited | | 0.34% |
| Havells India Limited | | 1.53% | Jindal Stainless Limited | | 0.31% |
| Bajaj Finserv Limited | | 1.51% | 3M India Limited | | 0.25% |
| UNO Minda Limited | | 1.47% | The Ramco Cements Limited | | 0.25% |
| Info Edge (India) Limited | | 1.45% | Timken India Limited | | 0.24% |
| Tata Consumer Products Limited | | 1.39% | Schneider Electric Infrastructure Limited | | 0.24% |
| Voltas Limited | | 1.37% | PI Industries Limited | | 0.24% |
| Alkem Laboratories Limited | | 1.35% | Vedant Fashions Limited | | 0.14% |
| Balkrishna Industries Limited | | 1.32% | ITC Hotels Limited | | 0.09% |
| The Indian Hotels Company Limited | | 1.31% | SRF Limited | | 0.01% |
| ICICI Lombard General Insurance Company Limited | | 1.28% | ZF Commercial Vehicle Control Systems India Limited | | 0.01% |
| The Federal Bank Limited | | 1.25% | | | |

Management

Cost
Advantages

Network
Effects

Efficient
Scale

Switching
Cost

Intangible Assets
Patent

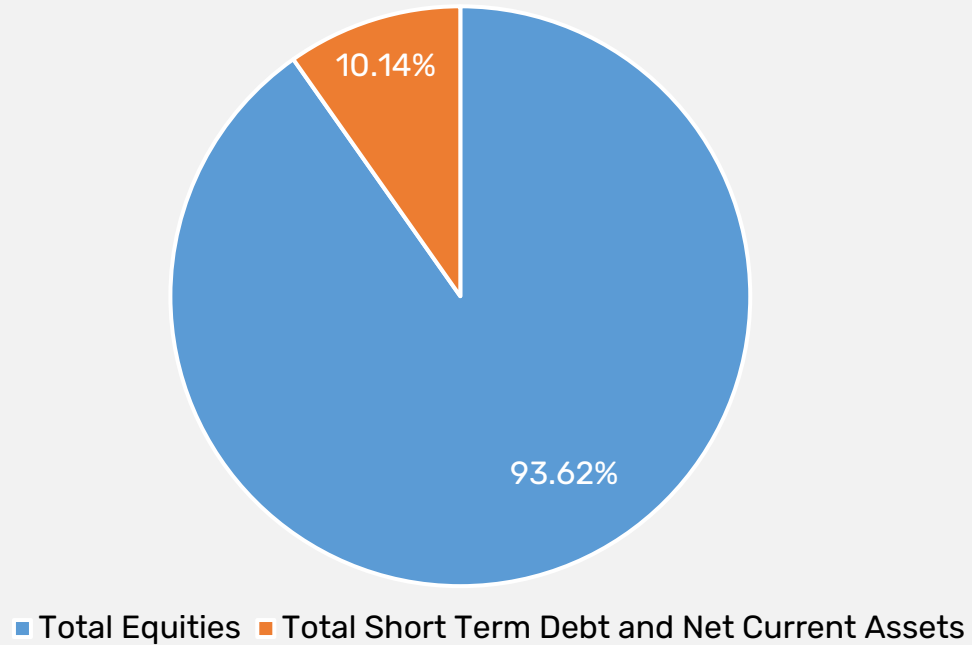
Intangible Assets
Brand

Intangible Assets
Regulation

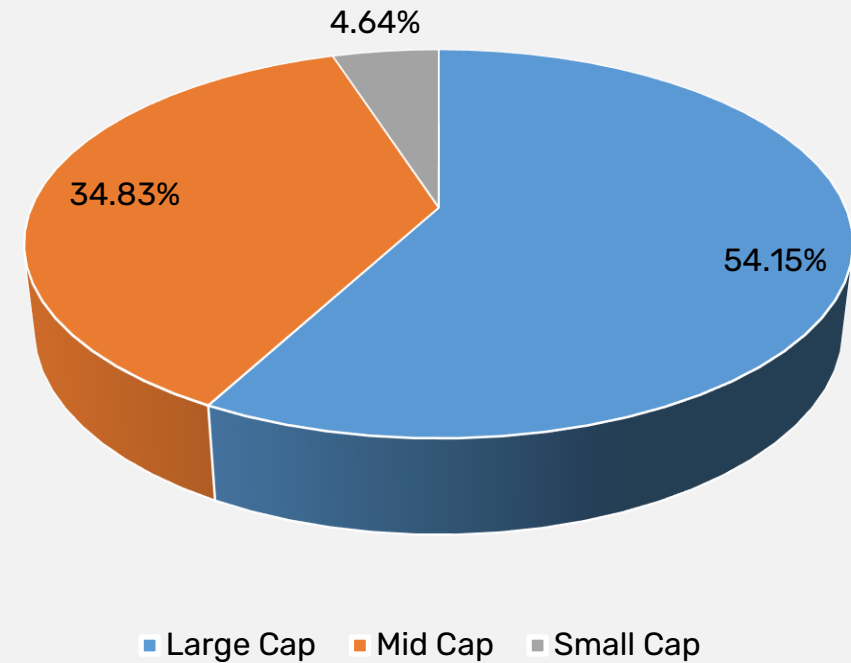
These 8 color boxes represent each Moat and the boxes after each company's name represent it's presence in that particular Moat wherever applicable. We have also shown % to Net Assets for each company. Data as on 28th February 2025

Fund Allocation

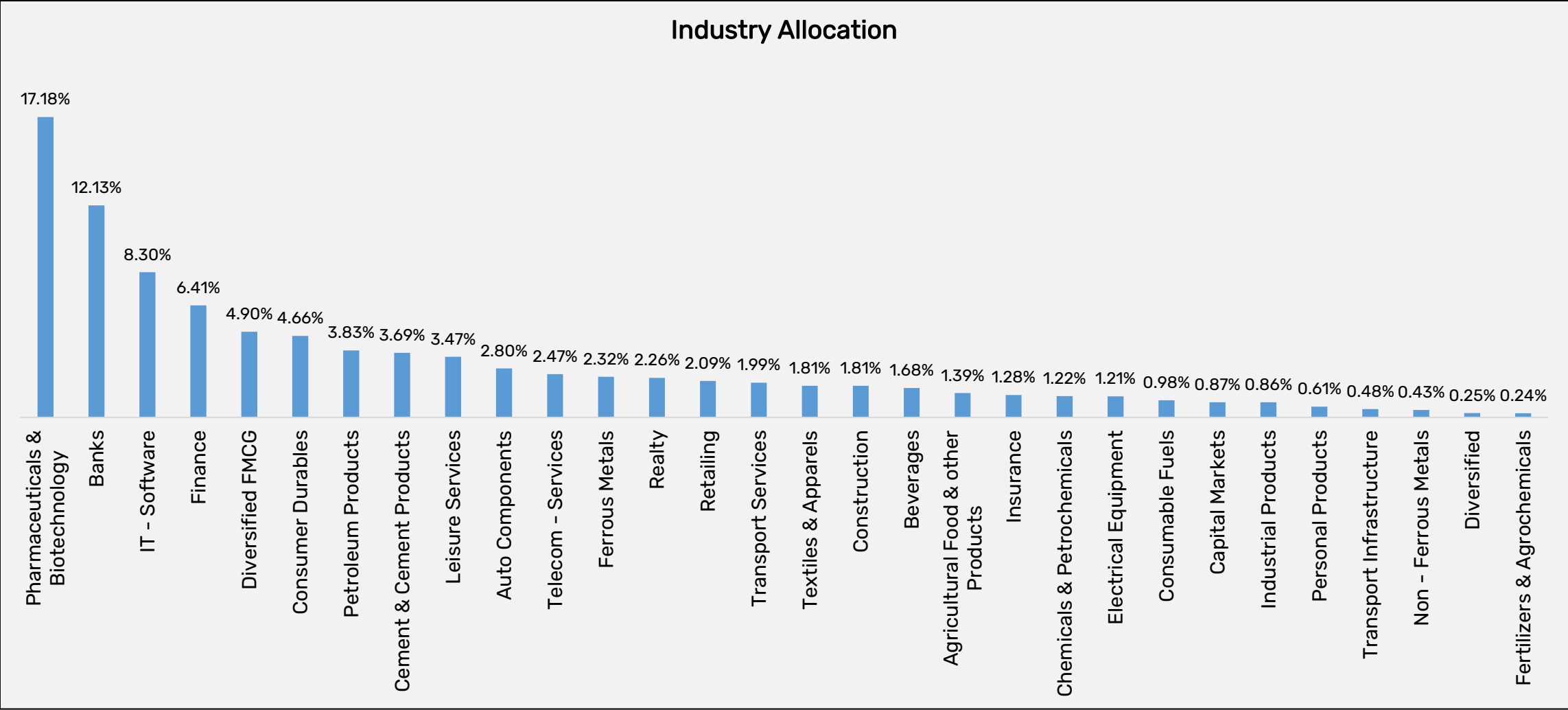
Asset Allocation



Market Cap Breakup



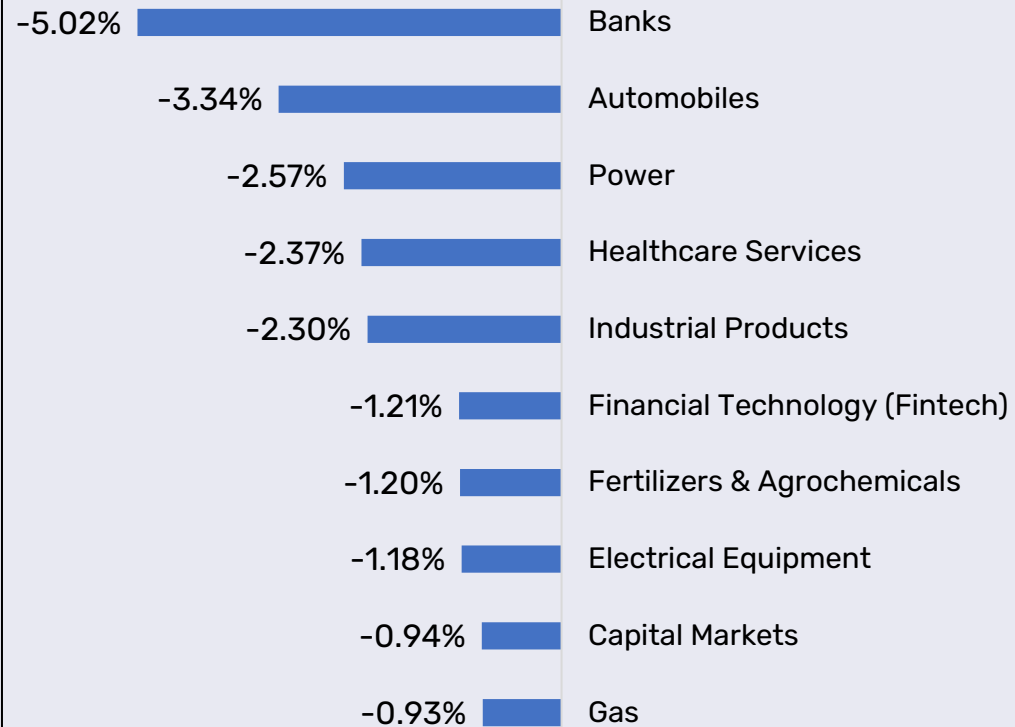
Data as on 28th February 2025.



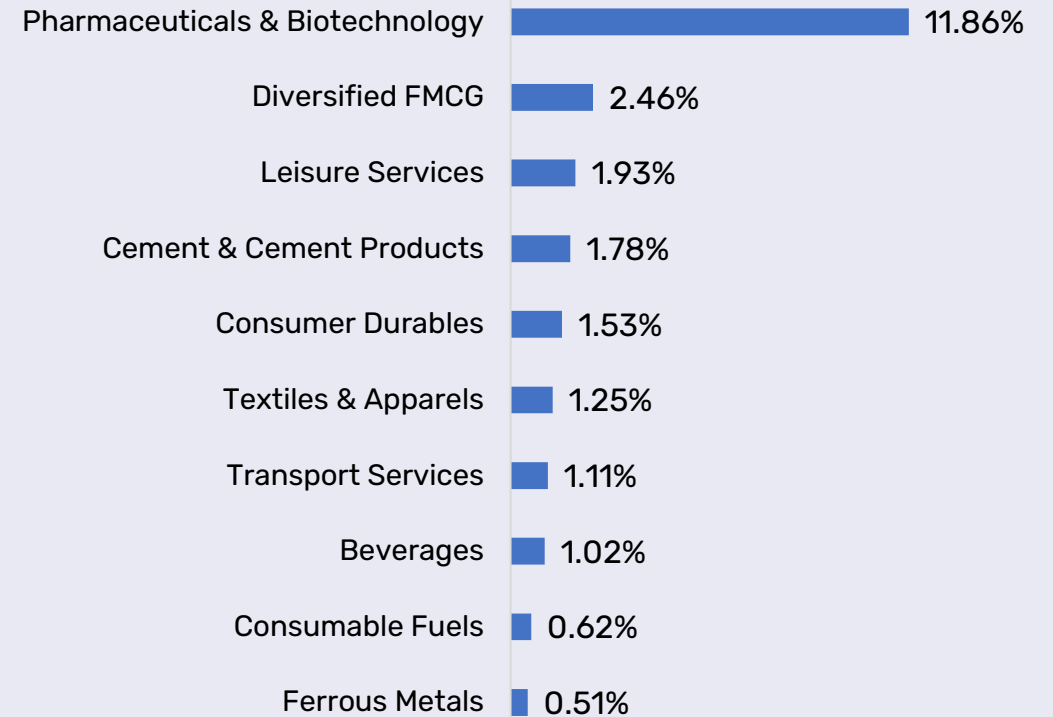
Data as on 28th February 2025.

RELATIVE WEIGHTAGE ALLOCATION

Top 10 Underweight Industries



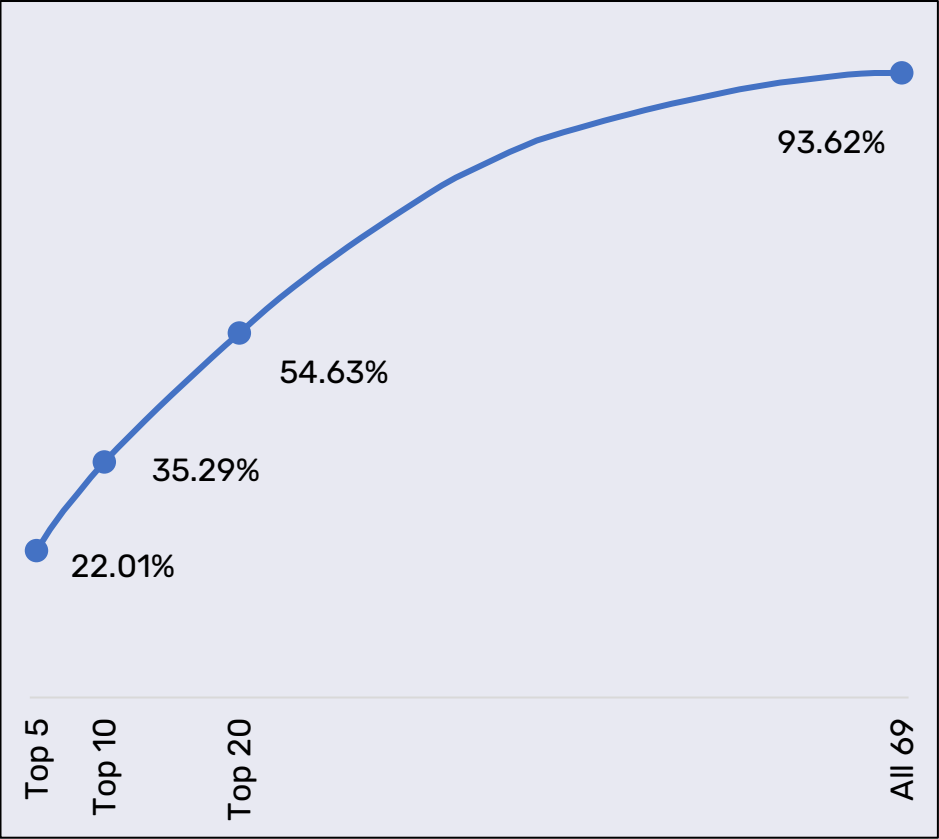
Top 10 Overweight Industries



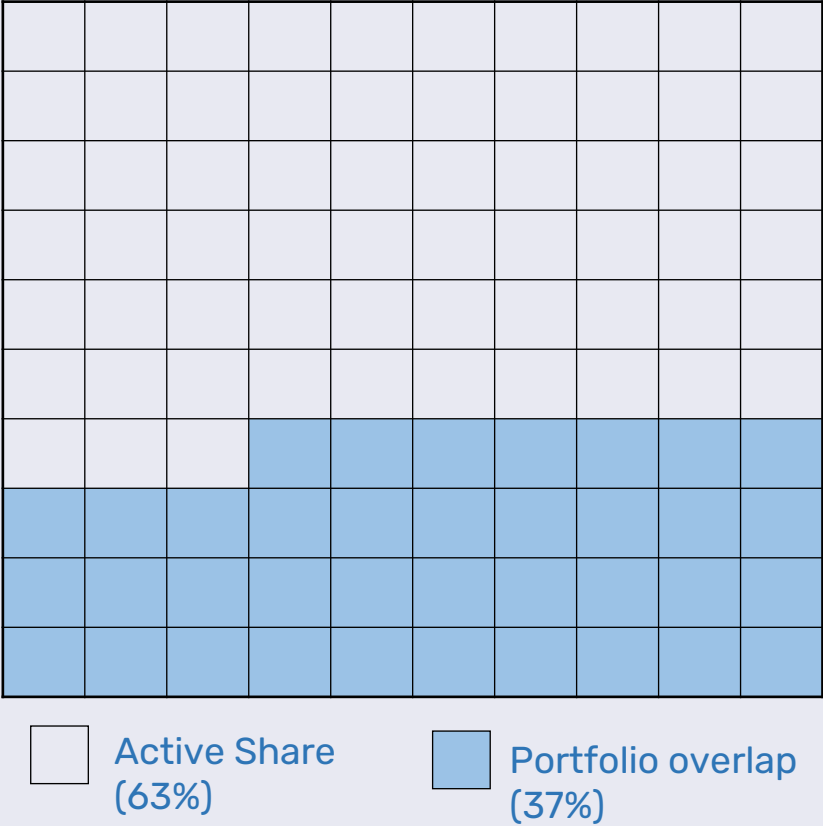
Data as on 28th February 2025.

Portfolio Concentration & Active Share

Portfolio Concentration



Active Share



Data as on 28th February 2025.

Scheme Features

| | |
|---------------------------------------|--|
| Type of Scheme | An open ended equity scheme investing in both large cap and mid cap stocks |
| Plans | Bajaj Finserv Large and Mid Cap Fund – Direct Plan |
| | Bajaj Finserv Large and Mid Cap Fund – Regular 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 | if units are redeemed / switched out within 6 months from the date of allotment: <ul style="list-style-type: none"> - if upto 10% of units allotted are redeemed/switched out – Nil - any redemption / switch-out of units in excess of 10% of units allotted - 1% of applicable NAV. |
| | if units are redeemed/switched out after 6 months from the date of allotment, no exit load is payable. |
| Fund Manager | Mr. Nimesh Chandan and Mr. Sorbh Gupta (Equity Portion) |
| | Mr. Siddharth Chaudhary (Debt Portion) |
| Benchmark Index | Nifty Large Midcap 250 TRI |
| SIP / SWP / STP | Available |

Product Label

Bajaj Finserv Large and Mid Cap Fund

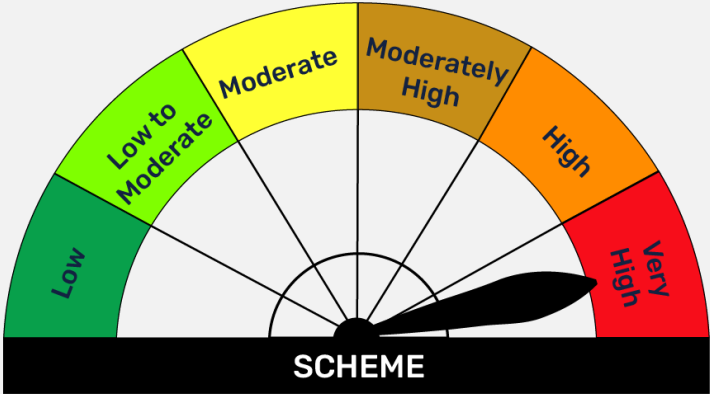
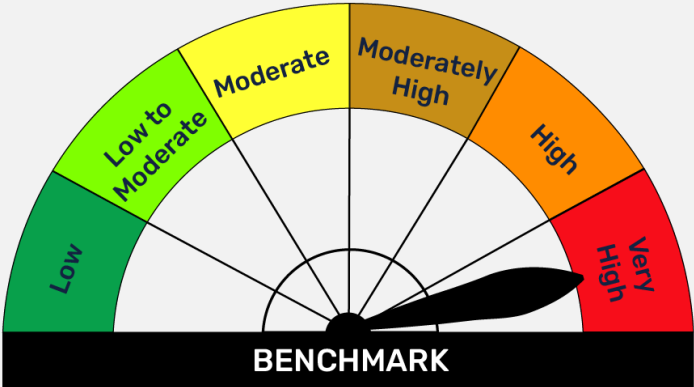
(An open ended equity scheme investing in both large cap and mid cap stocks)

This product is suitable for investors who are seeking*:

- Wealth creation over long term
- Open ended equity scheme investing in both large cap and mid cap stocks

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

Riskometer

| Scheme | Benchmark |
|--|--|
| <div><p>The risk of the scheme is very high</p></div> | <div><p>The risk of the benchmark i.e. Nifty Large Midcap 250 TRI is very high</p></div> |

Disclaimer

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

THANK YOU