

Celebrating a year of investing in quality

BAJAJ FINSERV LARGE AND MID CAP FUND
with MOAT investing strategy





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Celebrating a year of investing in quality with Bajaj Finserv Large and Mid Cap Fund

“Quality doesn’t come cheap,” is an age-old adage and has survived the test of time around the world. However, start of the calendar year 2024 presented a rare opportunity in the Indian equity markets. Many high-quality businesses with distinct competitive advantage (economic moat) were available at an attractive valuation relative to their own history but also broader markets. Investors had overlooked some of the quality businesses in favour of cyclical or short-term-focused stocks. This created an attractive window for long-term investors, which we identified and launched the Bajaj Finserv Large and Mid Cap Fund, employing a moat investing strategy in February 2024. The fund marked its one-year milestone last month.

The portfolio has been designed with a focus on companies that possess strong, sustainable competitive advantages—or “economic moats”—which protect them from competitors and allow them to make superior returns over the long term. To build a diversified portfolio, we identified companies around moats such as brand strength, cost leadership, network effect, intellectual properties, switching costs and economies of scale.

The global and domestic macro environment weakened within six months of the fund NFO, firstly, the general election outcome in India was somewhat underwhelming. Additionally, economic concerns arose with the GDP slowdown, corporate earnings disappointment, and global tariff wars. These factors led to a more volatile and cautious market atmosphere. In this environment quality portfolio has stood its ground. Firms with expanding moat and solid fundamentals are in a strong position to not just survive but thrive, even in adverse conditions.

The current economic concerns will abate sooner than later. Nonetheless the business environment will always remain dynamic. Even the most entrenched companies with strong moats will face new competition, particularly in India, where strong corporate balance sheets enable firms to pursue new growth opportunities.

As investors, the key question for us is: How will these moats hold up and new ones emerge? Some businesses will prove resilient and adapt, while others may show cracks, offering opportunities for savvy investors. We are already seeing this in sectors like paints, jewellery retail, quick commerce, and premium motorcycles, where competition is intensifying.

These shifts present exciting opportunities in the coming years for actively managed portfolios focused on moat investing, allowing investors to capitalize on market changes while identifying sustainable growth.

We are thankful for all our investors for supporting us. Equity investing, with an underlying moat strategy is a long-term journey and we are just getting started.

Happy Investing



Great businesses don't just succeed—they defend their success. In the world of investing, the strongest companies don't just perform well; they build economic moats that protect their advantage over time.

An economic moat protects a company's profits from competition, much like a castle's moat shields it from invaders. Companies with strong moats—be it through brand power, cost advantages, network effects, or switching costs—are better positioned to sustain growth and profitability over time.

FEATURES OF MOAT INVESTING:

Lasting edge over competition



Relatively stable amid fluctuations



Companies with consistent profitability



TYPES OF MOAT



Management

Strong management drives strategy, capital efficiency, and innovation, creating a lasting competitive edge.

Cost advantages

Strategic efficiency to produce at lower costs than rivals.



Economies of scale

Cost savings when making more, leading to efficiency.



Brand

Unparalleled market recognition, trust, and consumer loyalty.



Switching costs

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

EXIT



Network Effect

A growing user base increases value, which drives even more new users towards the product or service.



Patent

Ensures exclusivity, restricts competition, and sustains pricing power and profits.

WHY MOAT INVESTING WORKS FOR LARGE & MID CAPS

1 Proven Leaders & Future Winners

- **Large caps** have well-established moats, ensuring relative stability, strong cash flows, and resilience.
- **Mid caps** are expanding their moats, driving high-growth potential and future leadership.



2 Balanced Portfolio Through Market Cycles

- Large caps anchor the portfolio in downturns, while mid caps capture upside in growth cycles



3 Capital Efficiency & Competitive Strength

- Large caps sustain dominance, while mid caps strengthen their moats, scaling into future industry leaders.



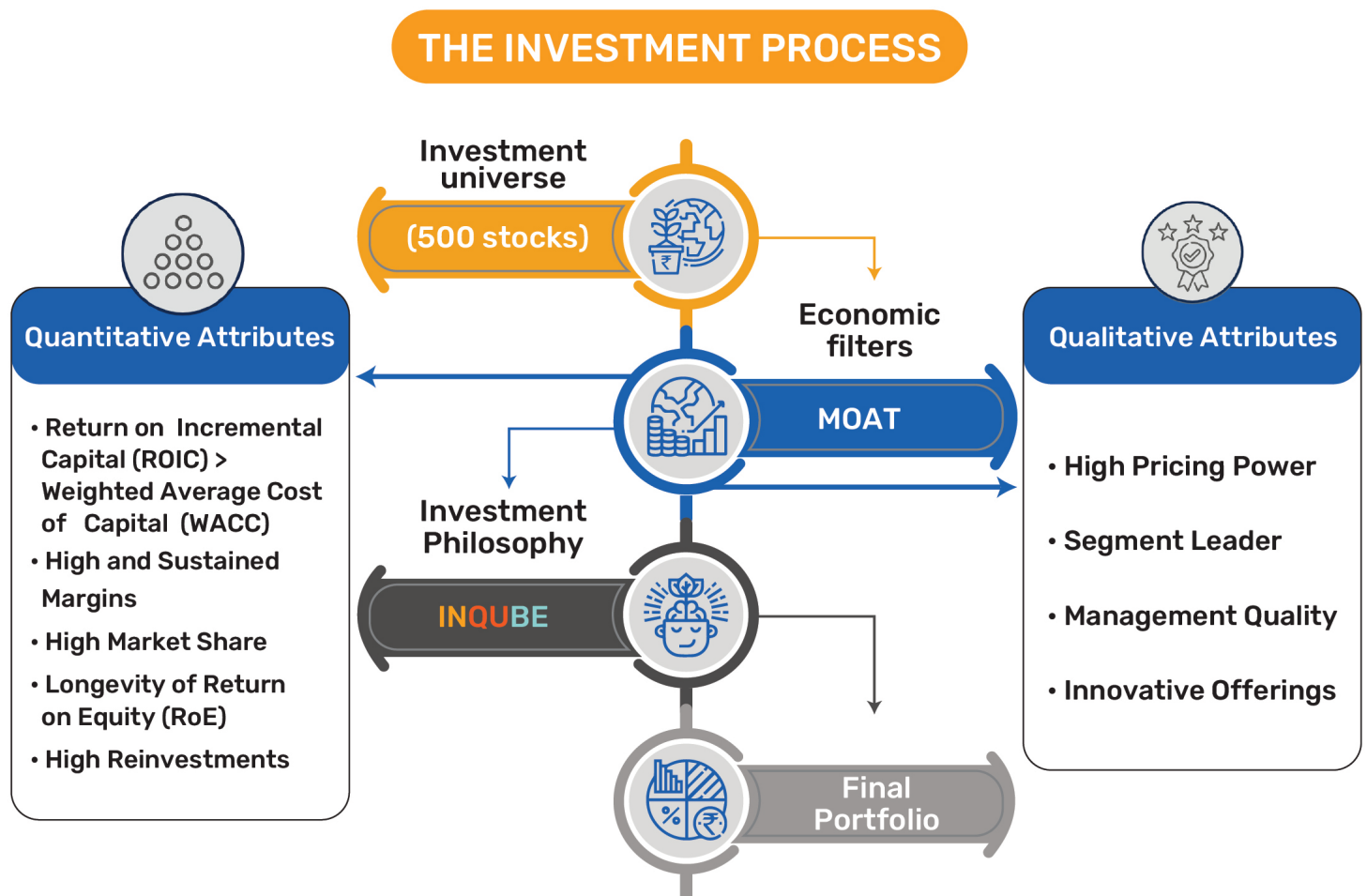
4 Optimized Risk-Return Profile

- A blend of stability and scalable growth maximizes long-term wealth creation.

Our investment strategy focuses on **businesses with lasting competitive strength** over short-term trends. By identifying companies with durable moats, we build a resilient portfolio positioned for consistent, long-term wealth creation.



- High Returns on Capital Employed, Return on Assets, Return on Equity
- Efficient capital allocation
- Low requirement of external capital
- Scalability
- Returns reinvested in business for growth and scalability



Diversified portfolio of quality stocks | Bottom-up investment approach
Growth-oriented | High active share | Low turnover ratio

JOURNEY OF BAJAJ FINSERV LARGE & MIDCAP FUND



Our adherence to the **INQUBE** investment philosophy and a disciplined focus on economic moats have enabled us to take calculated decisions through both top-down and bottom-up approaches. This framework has helped us construct a resilient portfolio, generating consistent alpha over the past year while positioning it for future gains.

PROCESS-BASED STOCK SELECTION:

Strategic Entry:

Leveraging Brand Strength Amid Margin Pressures

We identified a leading food service company with a strong brand moat. Despite margin pressures from rising food and input costs, the company's pricing power allowed it to pass on cost increases without impacting demand. While competitors struggled, the company maintained same-store sales growth, reinforcing our conviction in its ability to sustain profitability. This strategic entry capitalized on its brand-driven resilience and long-term growth potential.



Strategic Exit:

Reassessing Moat Durability Post Corporate Restructuring

A multinational company with a strong moat announced a key business segment's demerger and transfer, hinting at structural shifts. Its exit from a high-growth segment in the electrical equipment and transmission space further weakened its MOAT. Spotting these red flags, we gradually reduced exposure and exited before material downside risks unfolded.

Through this rigorous, process-driven approach, we continue to refine our portfolio, ensuring that each investment aligns with our long-term philosophy of identifying enduring competitive advantages.

THE YEAR GONE BY

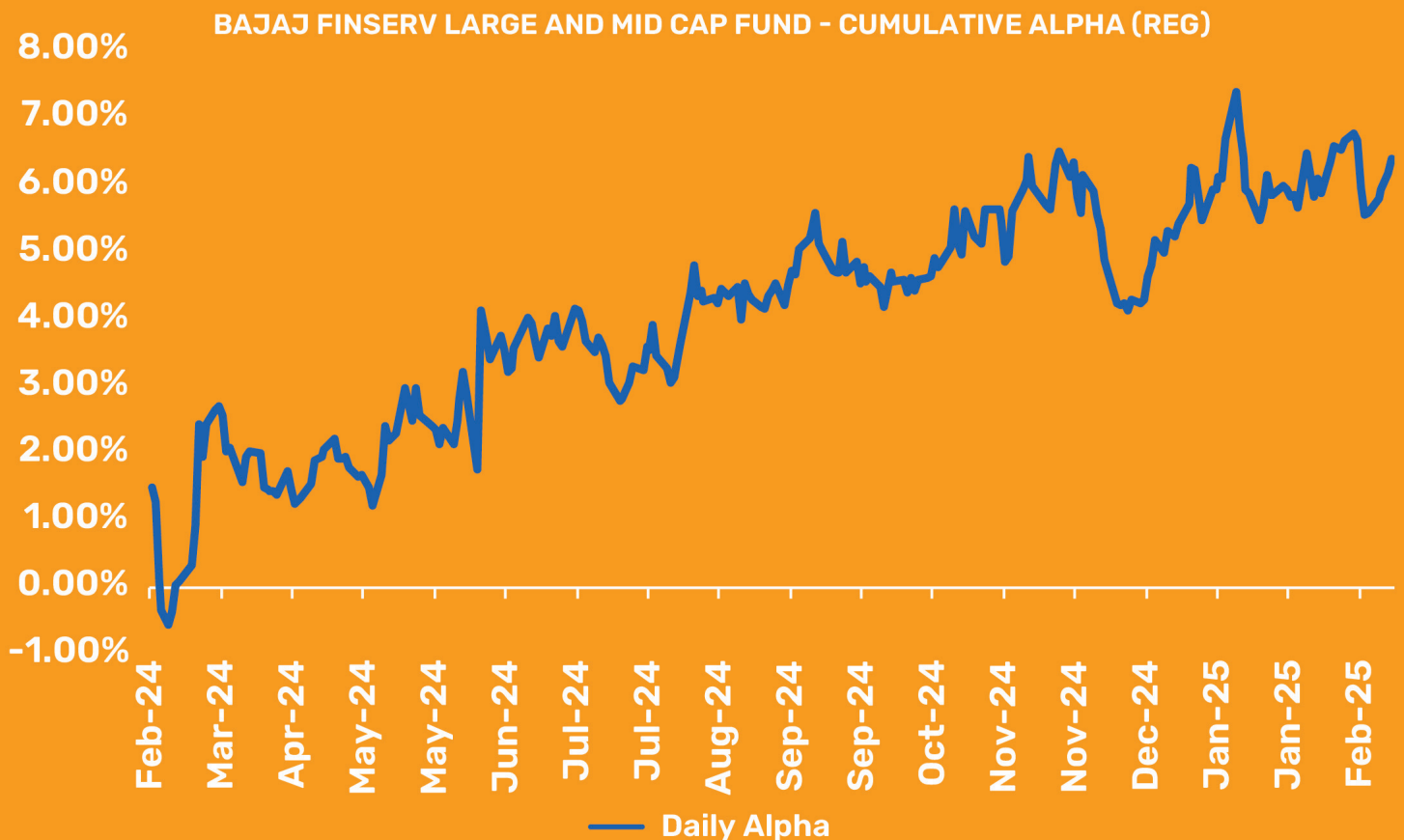
The **quality style** of investing has underperformed over the past four years, but we remained confident in its long-term potential.

Our commitment to this approach since the launch of the scheme has driven outperformance in rising markets while ensuring resilience during drawdowns.



CUMULATIVE OUTPERFORMANCE OVER THE YEAR

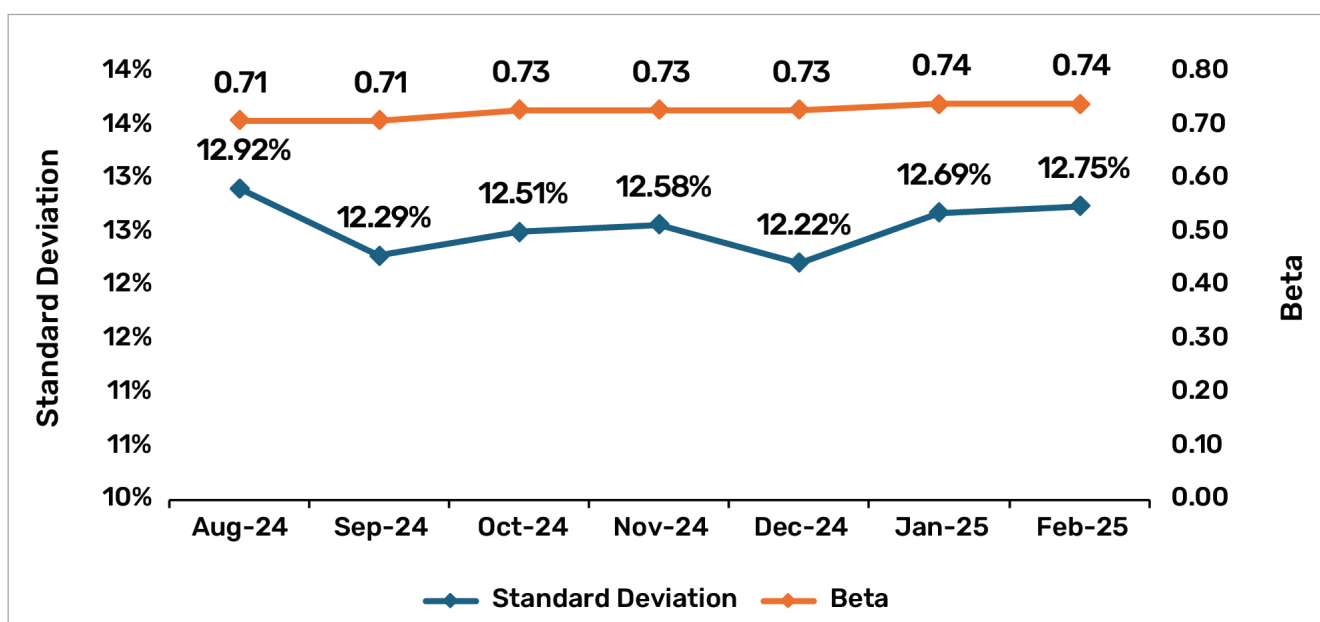
Sustained growth in cumulative alpha demonstrates not just periodic outperformance, but a consistent ability of the scheme to generate risk-adjusted returns over time.



KEY PORTFOLIO METRICS

RISK OF THE PORTFOLIO

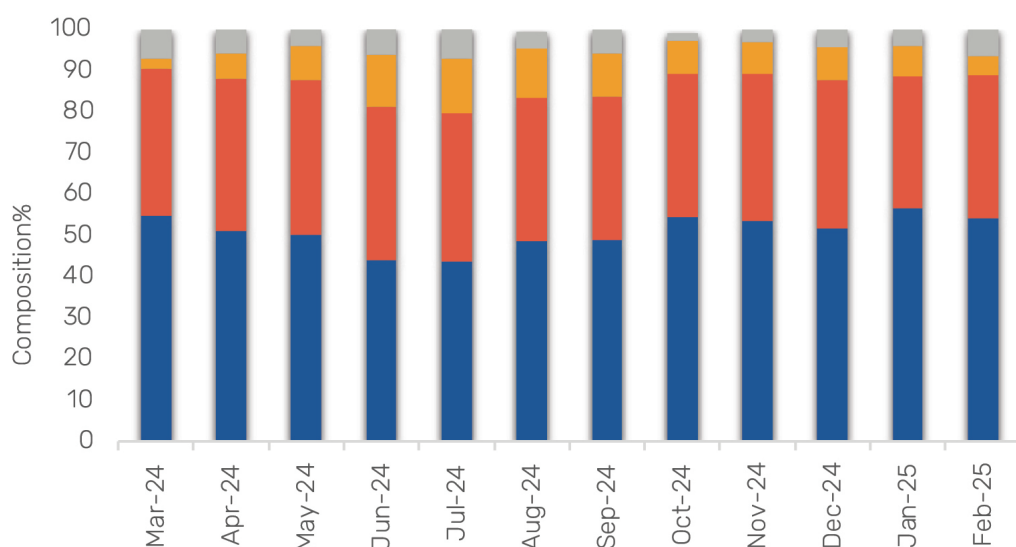
Standard deviation and beta, which measure the scheme's volatility relative to its average returns and the market, have remained steady throughout the year—reinforcing the scheme's consistency and resilience.



High standard deviation and beta indicate volatility, while lower values reflect portfolio stability.

Data as on 28th Feb 25 | Source: MFI Explorer, Internal Analysis | Past performance may or may not be sustained in the future.

MARKET CAP ALLOCATION



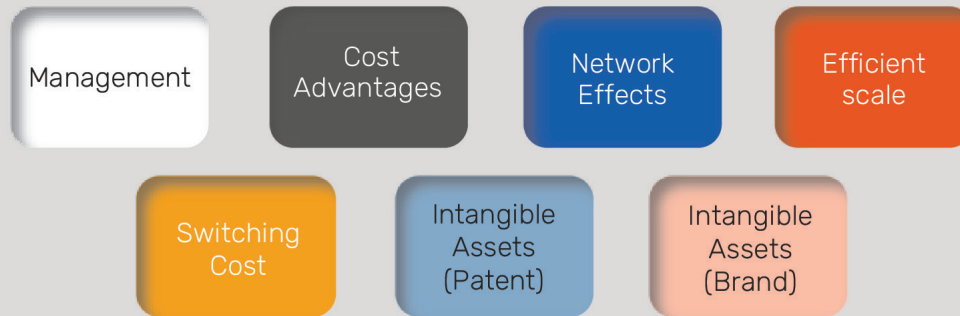
The portfolio remains a true-to-label large & mid cap scheme, strategically leaning towards large caps, given their stronger growth prospects and more compelling valuations in the current market landscape.

- Large Cap
- Mid Cap
- Small Cap
- Cash & Other

Data as on 28th Feb 25

PORTFOLIO SUMMARY

STOCK-WISE MOAT MAPPING



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)

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

BAJAJ FINSERV LARGE AND MID CAP FUND IS GAINING TRACTION

With ~₹1,600 crore in AUM and 1,30,000+ investors already on board, this fund is growing steadily! A perfect blend of relative stability and high-growth potential—trusted by thousands.

INVEST NOW!

PERFORMANCE

Bajaj Finserv Large and Mid Cap Fund				Value of Investment of ₹10,000		
Period	Fund Returns (%)	Benchmark Returns (%)	Additional Benchmark Returns (%)	Fund (₹)	Benchmark(₹)	Additional Benchmark (₹)
Bajaj Finserv Large and Mid Cap Fund - Regular - Growth						
Last 1 Year	5.78%	0.67%	1.89%	10,578	10,067	10,189
Since Inception	5.93%	-0.44%	0.90%	10,596	9,955	10,091
Bajaj Finserv Large and Mid Cap Fund - Direct - Growth						
Last 1 Year	7.40%	0.67%	1.89%	10,740	10,067	10,189
Since Inception	7.55%	-0.44%	0.90%	10,759	9,955	10,091
Returns as on 28th February, 2025						
Past performance may or may not be sustained in future. Different Plans i.e. Regular Plan and Direct Plan under the scheme have different expense structure. Benchmark: Nifty Large Midcap 250 TRI						
Additional Benchmark: Nifty 50 TRI. Inception Date: 27th February 2024						
Period for which scheme's performance has been provided is computed basis last day of the previous month preceding the date of this material. Returns less than 1 year period are simple annualized and greater than 1 year are compounded annualized. Face Value per unit: Rs. 10.						
The Fund managers of the scheme: Mr. Nimesh Chandan (Equity Portion), Mr. Sorbh Gupta (Equity Portion), Mr. Siddharth Choudhary (Debt Portion). For the performance of other schemes managed by Fund Managers which has completed 1 year or more than 1 year since inception, refer to table below.						
Mr. Nimesh Chandan also manages equity portion of Bajaj Finserv Large Cap Fund, Bajaj Finserv Consumption Fund, Bajaj Finserv Healthcare Fund, Bajaj Finserv ELSS Tax Saver Fund, Bajaj Finserv Multi Cap Fund. He also manages equity and debt portion of Bajaj Finserv Multi Asset Allocation Fund. He also manages Bajaj Finserv Gilt Fund.						
Mr. Siddharth Chaudhary manages Bajaj Finserv Nifty 1D Rate Liquid ETF – Growth, Bajaj Finserv Gilt Fund. He also manages debt portion of Bajaj Finserv Large Cap Fund, Bajaj Finserv Multi Asset Allocation Fund, Bajaj Finserv Consumption Fund, Bajaj Finserv Healthcare Fund , Bajaj Finserv ELSS Tax Saver Fund, Bajaj Finserv Multi Cap Fund.						
Mr. Sorbh Gupta manages equity portion of Bajaj Finserv Large Cap Fund, Bajaj Finserv Consumption Fund, Bajaj Finserv Healthcare Fund, Bajaj Finserv Multi Asset Allocation Fund, Bajaj Finserv ELSS Tax Saver Fund, Bajaj Finserv Multi Cap Fund.						
However, since these funds have not completed 1 year, the performance are not disclosed.						

Other Schemes Managed by Fund Manager

Name of Fund Manager: Mr. Nimesh Chandan, Mr. Sorbh Gupta and Mr. Siddharth Choudhary

Fund Name	1 Year			3 Year			5 Year		
	Regular	Direct	Benchmark	Regular	Direct	Benchmark	Regular	Direct	Benchmark
Bajaj Finserv Liquid Fund**	7.23%	7.41%	7.31%	NA	NA	NA	NA	NA	NA
Bajaj Finserv Banking and PSU Fund ⁶⁶	7.19%	7.78%	7.44%	NA	NA	NA	NA	NA	NA
Bajaj Finserv Money Market Fund*	7.10%	7.71%	7.50%	NA	NA	NA	NA	NA	NA
Bajaj Finserv Overnight Fund**	6.61%	6.66%	6.68%	NA	NA	NA	NA	NA	NA
Bajaj Finserv Flexi Cap Fund ⁶	5.81%	7.41%	-0.41%	NA	NA	NA	NA	NA	NA
Bajaj Finserv Balanced Advantage Fund ^	-1.08%	0.47%	4.96%	NA	NA	NA	NA	NA	NA
Bajaj Finserv Arbitrage Fund ⁹	6.65%	7.41%	7.52%	NA	NA	NA	NA	NA	NA

Inception Dates: Bajaj Finserv Money Market Fund – 24th Jul 2023, Bajaj Finserv Liquid Fund – 5th Jul 2023, Bajaj Finserv Overnight Fund – 5th Jul 2023, Bajaj Finserv Flexi Cap Fund – 14th Aug 2023, Bajaj Finserv Arbitrage Fund – 15th Sep 2023, Bajaj Finserv Banking and PSU Fund – 13th Nov 2023 and Bajaj Finserv Balanced Advantage Fund – 15th Dec 2023

Returns as on 28th Feb 2025

Disclaimer: Past performance may or may not be sustained in the future. Different plans have different expense structure. Period for which scheme's performance has been provided is computed basis last day of the previous month preceding the date of this material. Returns are compounded annualized.

Benchmark: #Nifty Money Market Index A-I, ##Nifty Liquid Index A-I, **CRISIL Liquid Overnight Index, \$BSE 500 TRI, @Nifty 50 Arbitrage Index (TRI), \$\$Nifty Banking & PSU Debt Index A-II and ^NIFTY 50 Hybrid Composite debt 50:50 Index

Disclaimer

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BAJAJ FINSERV LARGE AND MID CAP FUND

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

Product label

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

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

BAJAJ FINSERV ASSET MANAGEMENT LIMITED

RISKOMETER



The risk of the scheme is very high

The risk of the benchmark i.e. Nifty Large Midcap 250 TRI is very high