

BAJAJ FINSERV CONSUMPTION FUND

(An open ended equity scheme following
consumption theme)

May 2025








Indian consumers have evolved....

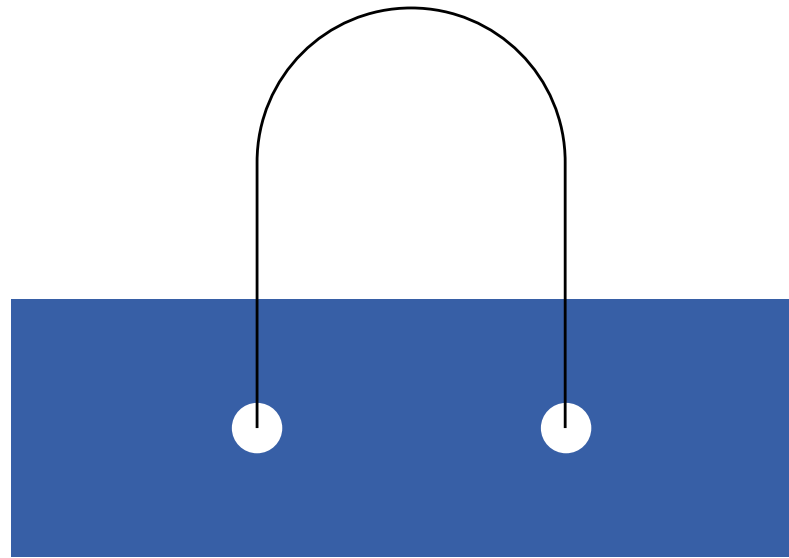




.... reshaping India's consumption story

| Rural FMCG Market | Indian Food Services | Indian Organic Food Market | Smartphone | 2 Wheelers |
|---|---|--|---|--|
|  <p>Estimated to reach \$100 bn by 2025</p> |  <p>Food services market value estimated at \$125.06 bn by 2029</p> |  <p>Estimated to reach \$2.6 bn by 2025</p> |  <p>India 2nd largest market globally, projection \$90 bn by 2032</p> |  <p>India largest market globally, driven by rural and semi-urban areas</p> |

Source: IBEF, AC Nielsen, Economic Times, LiveMint, Mordor Intelligence | Data for 2024



What led to the change?

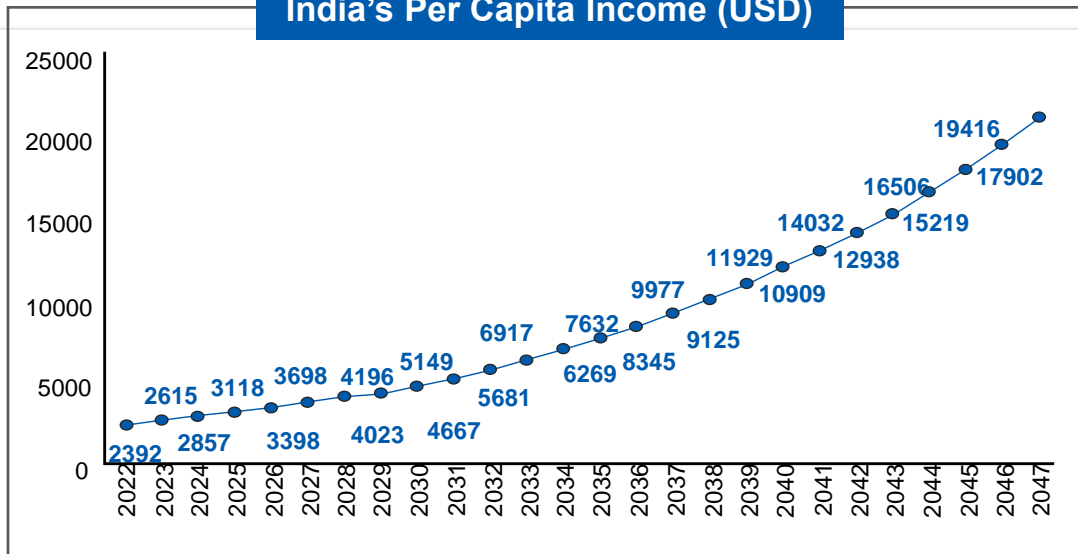
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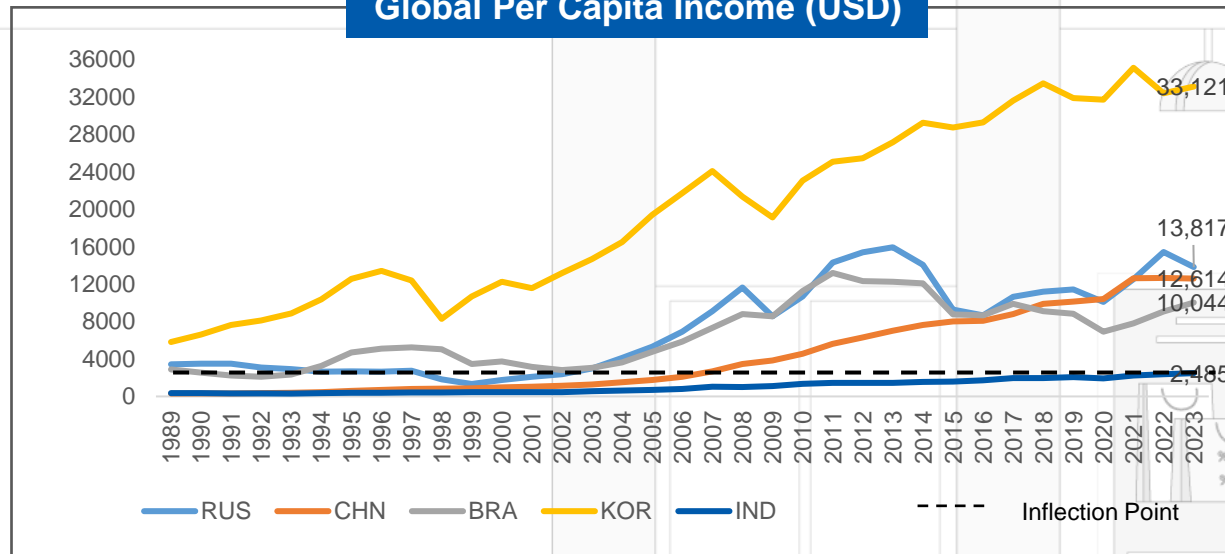
Increase in per capita income & potential to grow

India's Per Capita Income (USD)



Source: PHD Research Bureau; projections for the years 2023, 2040 and 2047 are by PHDCCI

Global Per Capita Income (USD)





Source: World Bank

After crossing \$2,000 GDP per capita, many emerging economies have witnessed a strong spurt in discretionary consumption

Year of crossing \$2000

Trajectory of retail sales after crossing GDP per capita of \$2,000

 **2006**





Per capita GDP growth accelerated, auto sales ~5x in next decade

 **2001**



Retail Sales doubled over the next decade

 **1986**



Many premium consumer categories strong growth

 **1984**

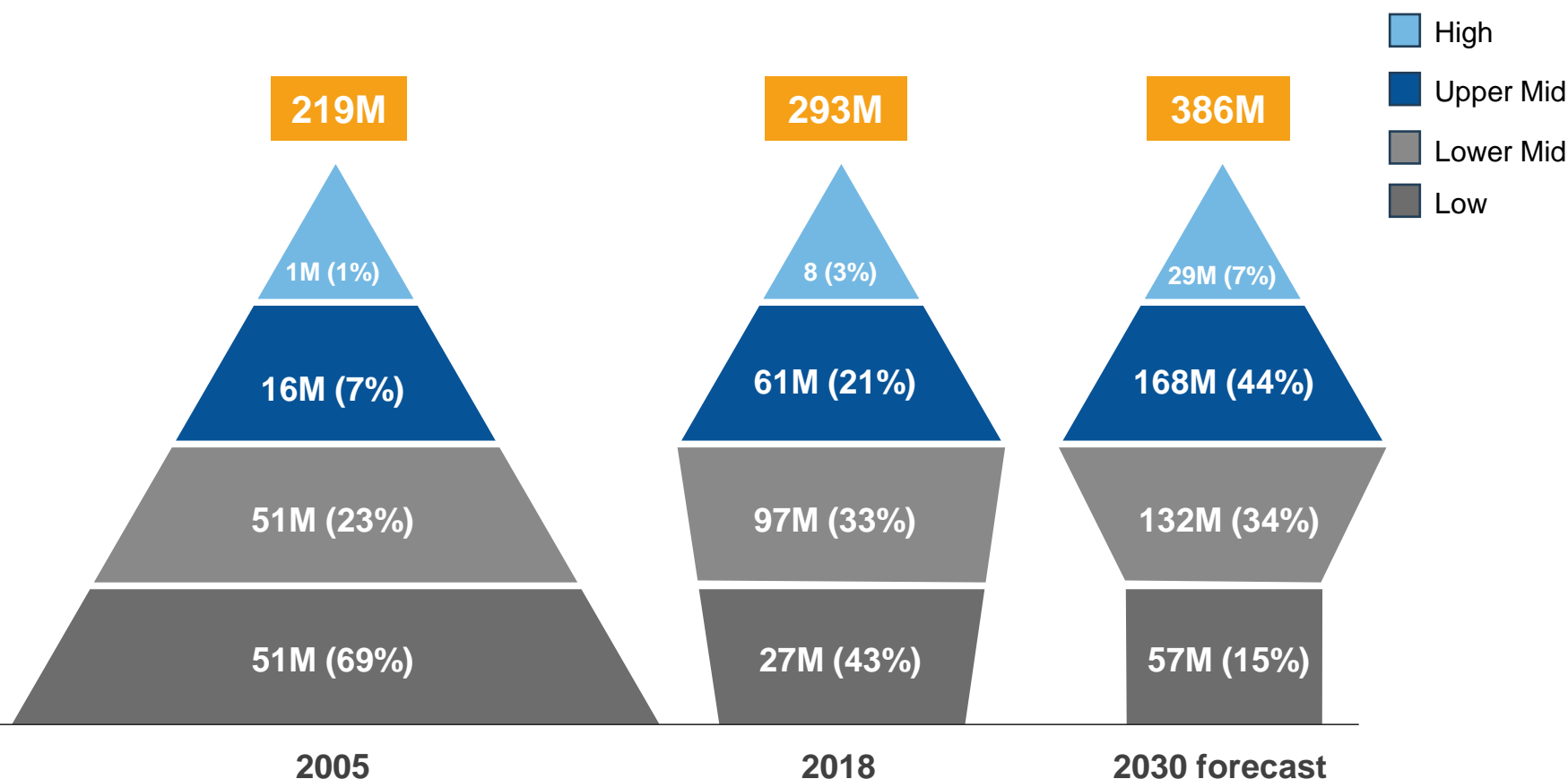


Retail sales leaped 4x over the next decade



Rising upper mid income group in India

Evolution of the household-income profile in India



Note: Low income: <\$4,000, Lower-mid: \$4,000-8,500, Upper-mid: \$8,500-40,000, High income: >\$40,000 basis income per household in real terms; Projections with annual GDP growth assumed at 7.5% Source: PRICE Projections based on ICE 360° Surveys (2014, 2016, 2018) Household income per annum in 2017-18 prices by income segment: Low < \$4k (<INR 2.5 lakhs), Lower-middle- \$4k-8.5k (INR 2.5-5.5 lakhs), Upper-middle- \$8.5k-40k (INR 5.5-27.5 lakhs), High: >\$40k (>INR 27.5 lakhs). Poverty line at <\$2 (< INR 125) per day per person

- Indian households are moving towards **upper mid and high-income groups**
- Increased disposable income is **boosting purchasing power** and **improving living standards**





With changing demographics and rise in income levels, Indians want to

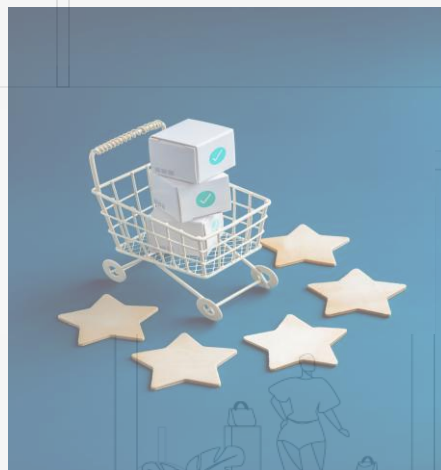
Consume More
From choice to consistency



Consume Well
From unawareness to mindfulness



Consume Better
From quantity to quality

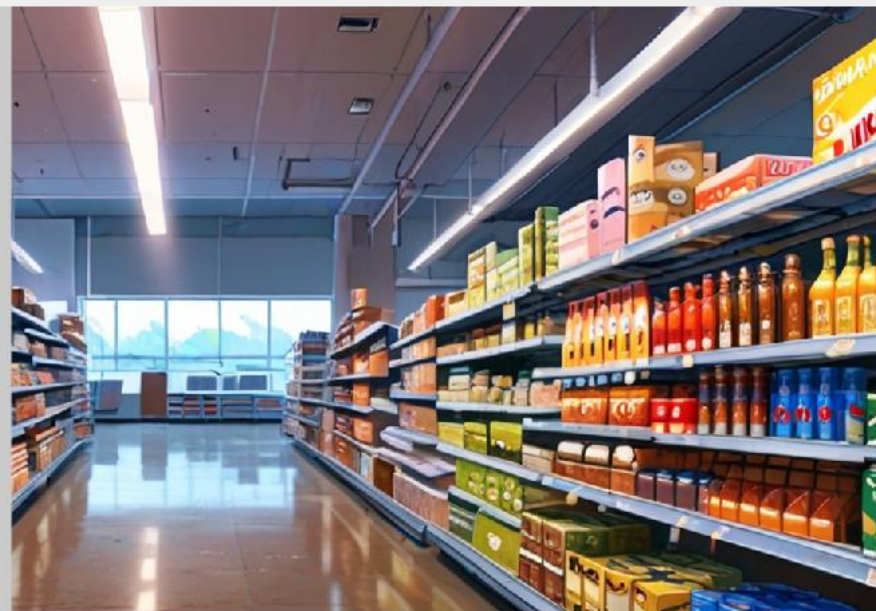


Consume Easy
From effort to ease & speed





Consume More – From choice to consistency



**Increased
income**



**Rising
Middle Class**

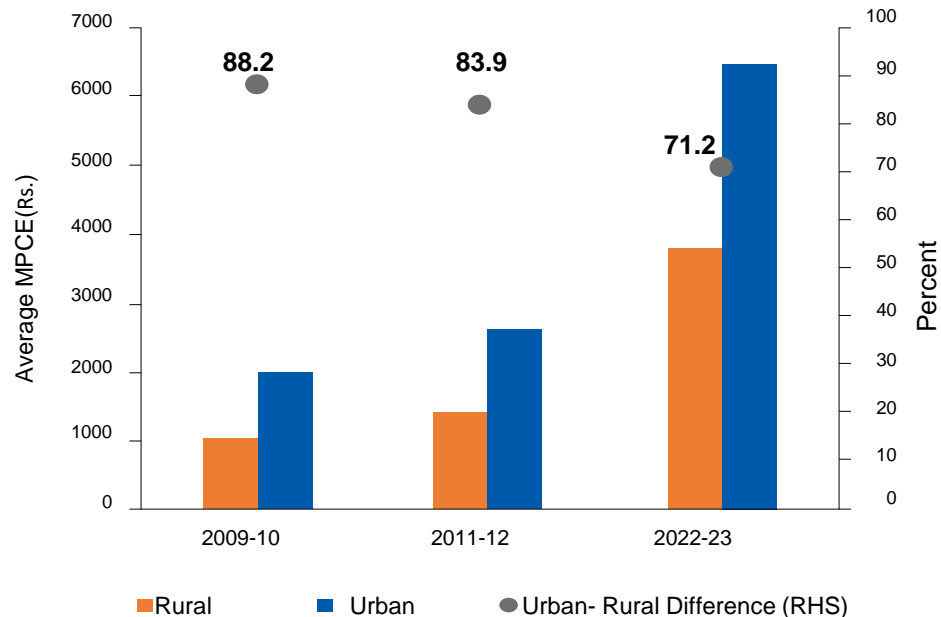


**Rural
Consumption
Growth**



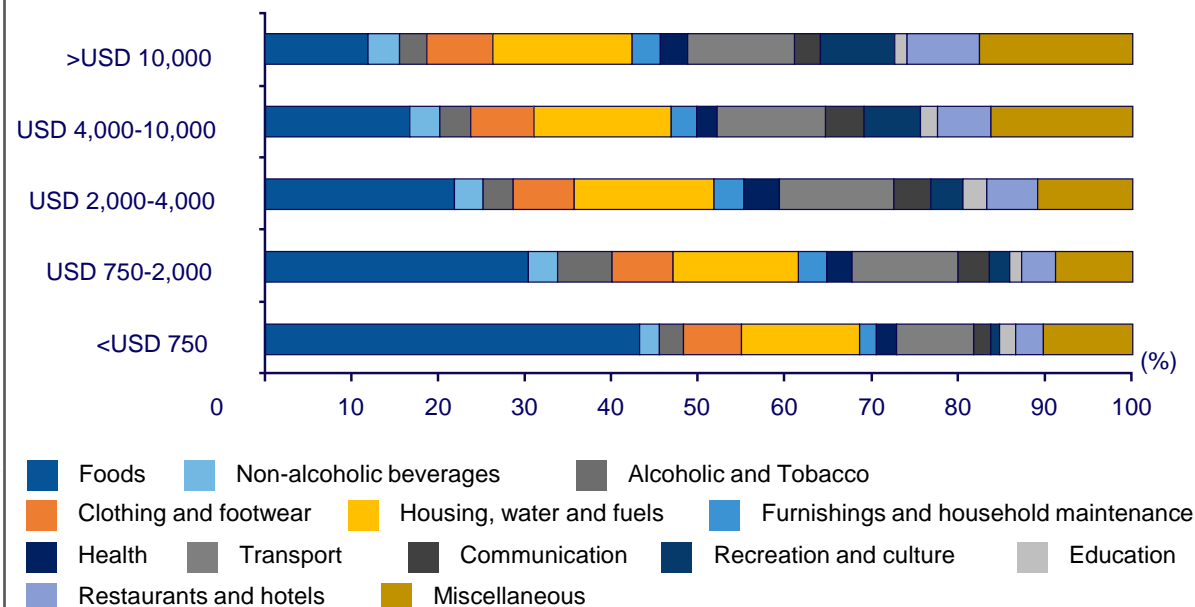
Consume More – From choice to consistency

Reduced rural-urban inequality



Source: Survey on Household Consumption | Expenditure: 2022-23, MoSPI
MPCE: Monthly Per Capita Consumer Expenditure (Rs.)

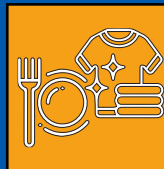
Transition of consumer spending in India as income rises



Note: Essentials comprising food, non-alcoholic beverages, alcohol and tobacco are marked in blue dotted line to show gap in essential and discretionary. | Source: CLSA



Rise in rural consumption and reduced rural-urban inequality has helped **household consumption to increase**



With the rise in income, Indian consumers **spend a higher proportion** of their income **beyond necessities** like food and clothing



Consume More - BPC segment

Assessing toothpaste per capita usage

| | FY22 | | FY30 | |
|----------------------|-----------------------|-----------------|-----------------------|-----------------|
| | Per capita usage (kg) | Penetration (%) | Per capita usage (kg) | Penetration (%) |
| Urban | | | | |
| Twice brushing | 1.20 | 10 | 1.20 | 12 |
| Once in a day | 0.60 | 50 | 0.60 | 53 |
| Occasional | 0.05 | 30 | 0.05 | 25 |
| Non user | 0.00 | 10 | 0.00 | 10 |
| Total (%) | | 100 | | 100 |
| | 0.43 | 90 | 0.47 | 90 |
| Rural | | | | |
| Twice brushing | 1.20 | 1 | 1.20 | 2 |
| Once in a day | 0.60 | 29 | 0.60 | 33 |
| Occasional | 0.05 | 45 | 0.05 | 40 |
| Non user | 0.00 | 25 | 0.00 | 25 |
| Total (%) | | 100 | | 100 |
| | 0.21 | 75 | 0.24 | 75 |
| Usage Overall | 0.30 | | 0.35 | |

Note: Per individual usage (1.65gm per brushing) for the year = 100gm pack x 6 = 600gm. Source: CLSA



Increased Consumption in Mature Segments: Beauty & Personal Care (BPC) growth driven by **increased usage frequency**



Rural-Urban Usage Gap: Rural toothpaste usage lower than urban; **growth potential**



Growth Opportunity: Closing rural-urban gap to expand penetration, boost growth



Consume Better – From quantity to quality



**High-quality,
branded goods**



**Affluent consumers
opting for luxury brands**



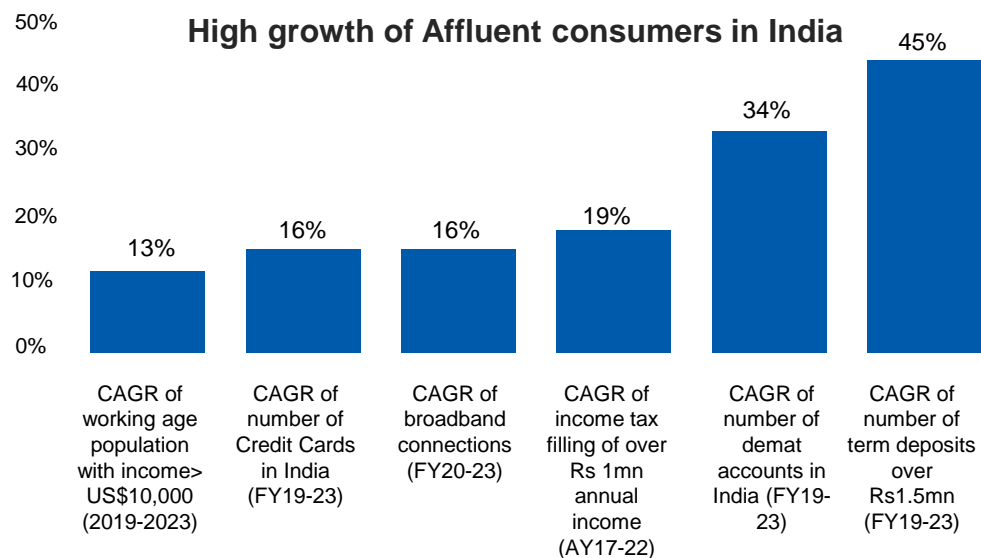
**Consumers prioritizing
Quality over Quantity**



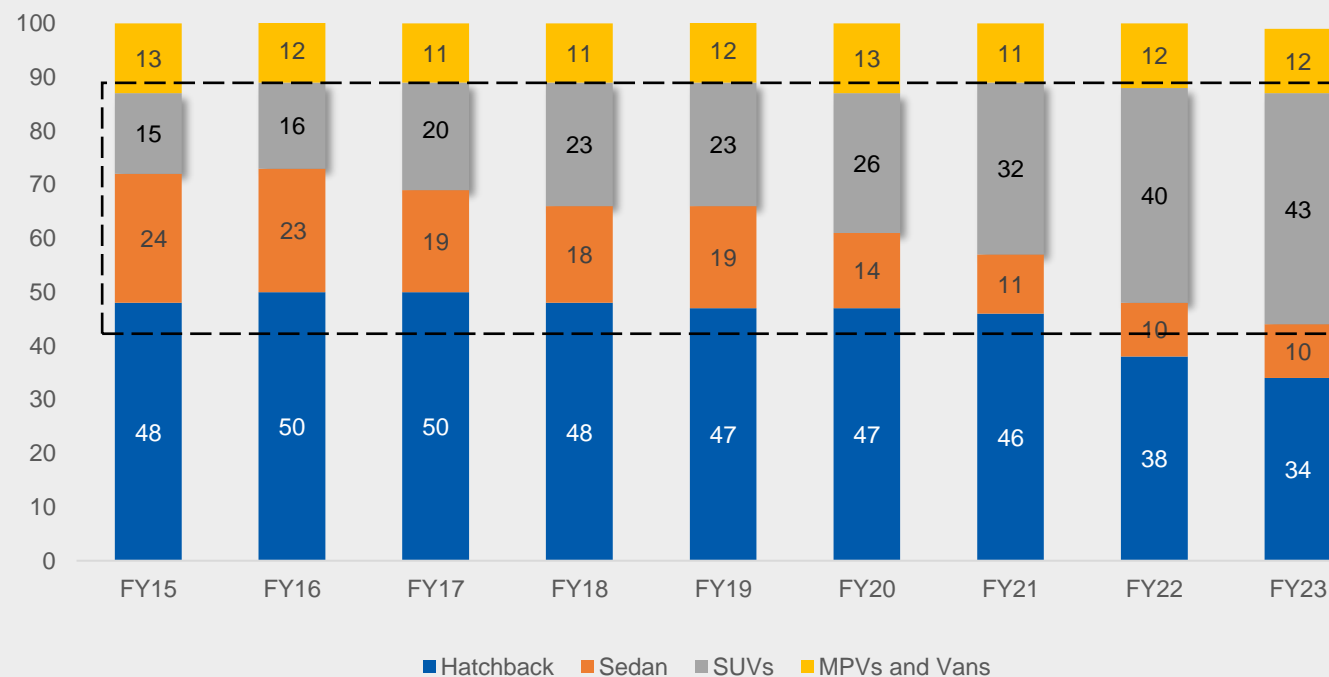
Consume Better – From quantity to quality

Multiple data points corroborate mid teens growth in number of 'Affluent' consumers in India

High growth of Affluent consumers in India



Passenger vehicle market share by segment



Rise in affluent consumers driving demand for premium products and luxury brands



Automotive sector shifting to meet aspirational demand, with growing preference for SUVs



Consume Well – From unawareness to mindfulness



Health & Wellness:
Focus on organic,
healthy products



Holistic Living:
Emphasis on fitness and
preventive measures

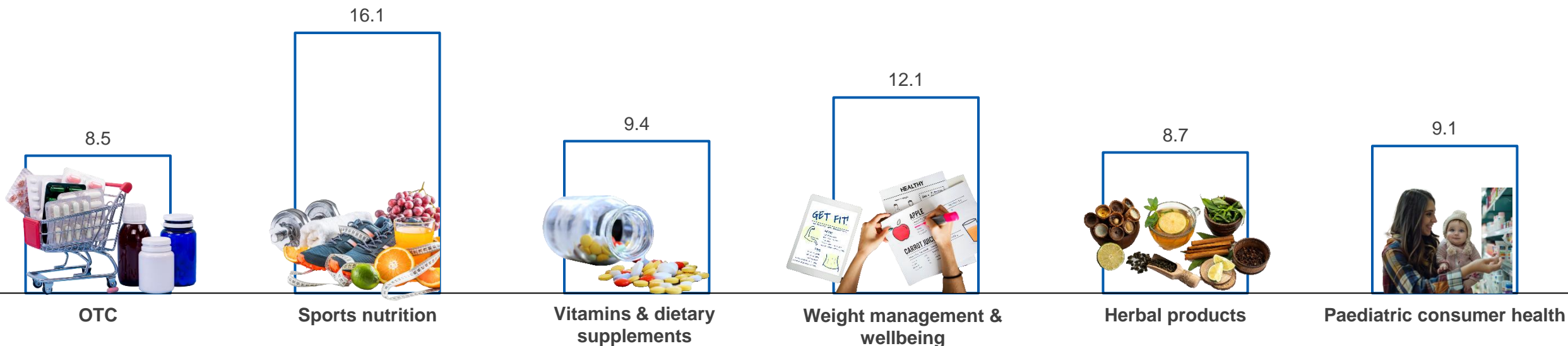


Sustainable Choices:
Preference for
eco-friendly products



Consume Well – From unawareness to mindfulness

10 Years CAGR (%)



Source: CLSA, Euromonitor | Data for 2024



COVID-19 has shifted focus towards health and immunity



Adoption of **digital health technologies** has accelerated



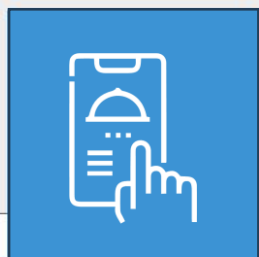
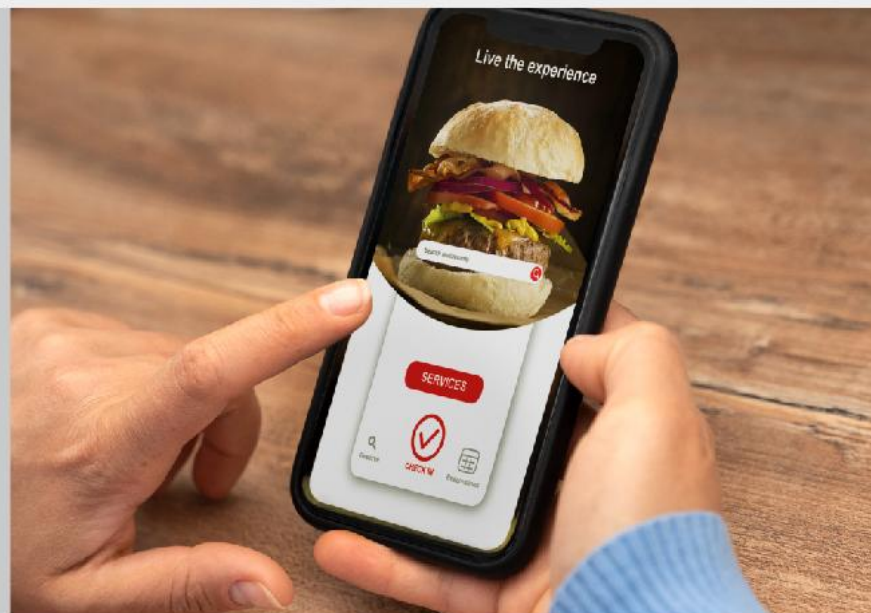
Demand is rising for **products tailored to different lifestyles**, such as keto, fortified foods, immunity boosting products



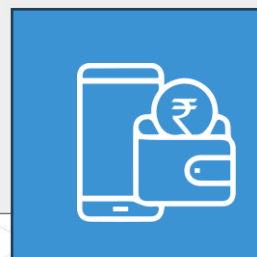
The consumer health products market size in FY21 was **INR 1.03t** and grew at **CAGR of 14%** over FY 18-21



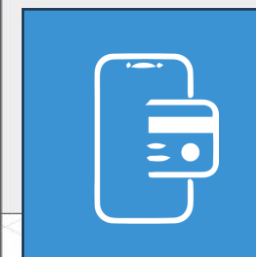
Consume Easy – From effort to ease & speed



**On-demand and easy
online shopping/food
services**



**Seamless transactions
through UPI and mobile
wallets**

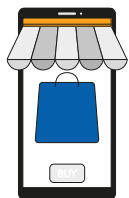
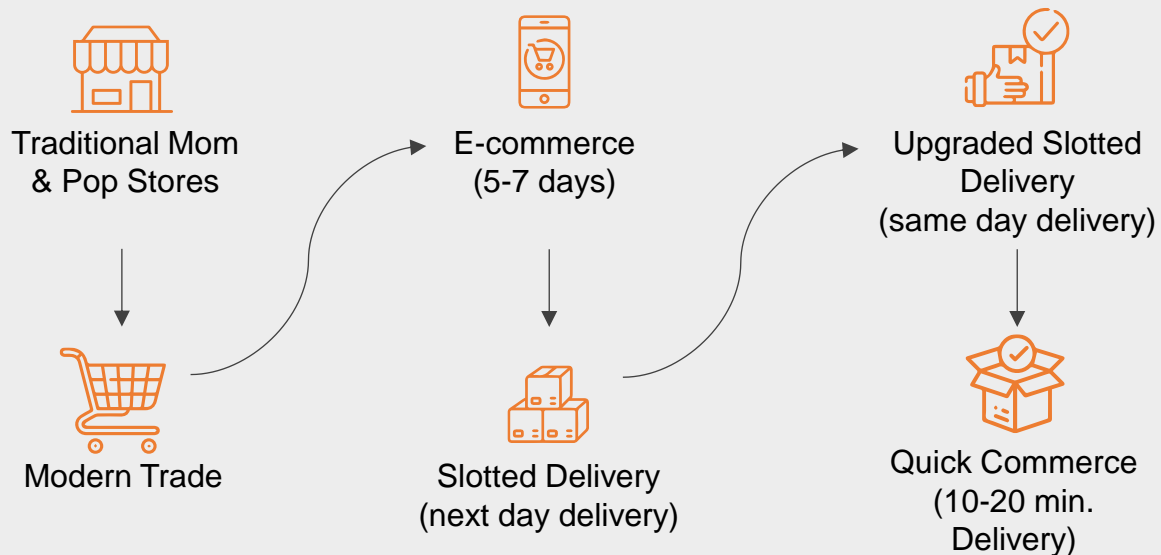


**Easy credit
stimulating easy
buying**



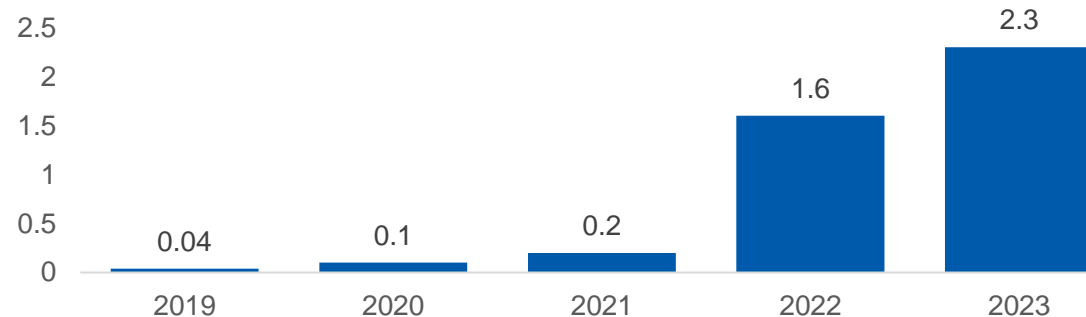
Consume Easy – From effort to ease & speed

Evolution of retail in India



Urban consumers prioritize **faster delivery, fresher products, and last-minute purchases** due to increased purchasing power and busy lifestyles

Quick Commerce GMV (US\$ billion)



Quick Commerce spend per user rose to **₹13,400** in 2023, from negligible in 2018.



Quick Commerce market grew at a **CAGR of 148-169%** between 2018 and 2023



Expected to be the fastest-growing retail channel in India, with a **projected 60-80% CAGR by 2028**



Consumption is driven by...

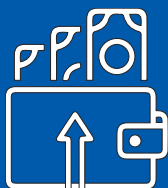
Rising Income:

Per capita income to exceed **\$3,000 by 2025**, boosting purchasing power



Growing middle class:

To reach **40% by 2030**, driving discretionary spending



Shift to Premium:

Premium goods growing at **10-12% CAGR** as consumers prefer quality



Increased penetration:

Packaged foods, beverages, personal care to hit **85% penetration by 2030**, spurred by rising income



Wellness Boom:

Health & wellness market to grow at **15-20% CAGR**, with focus on healthy living

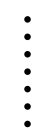
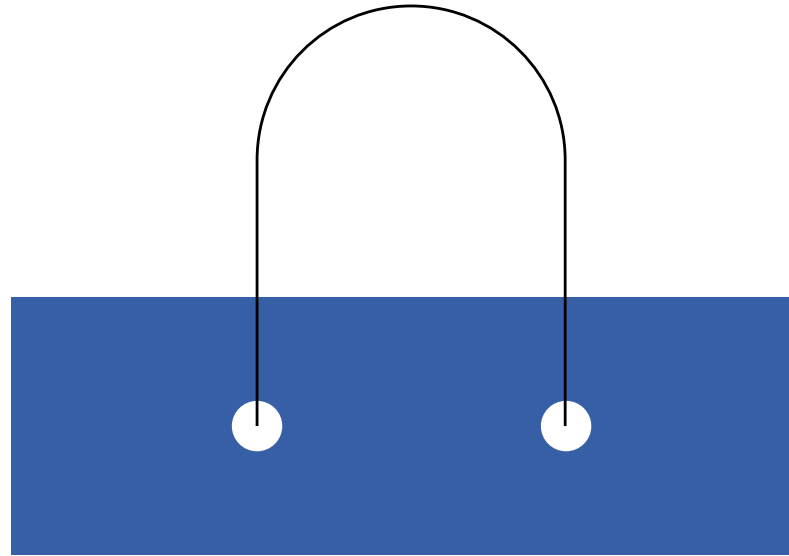


Digital Shift:

Quick commerce in online groceries to surge from **10% to 45%**, driven by urban demand



Source: BCG, Niti Aayog, Euromonitor, McKinsey, Nielsen, CRISIL, FICCI, Deloitte, IBEF

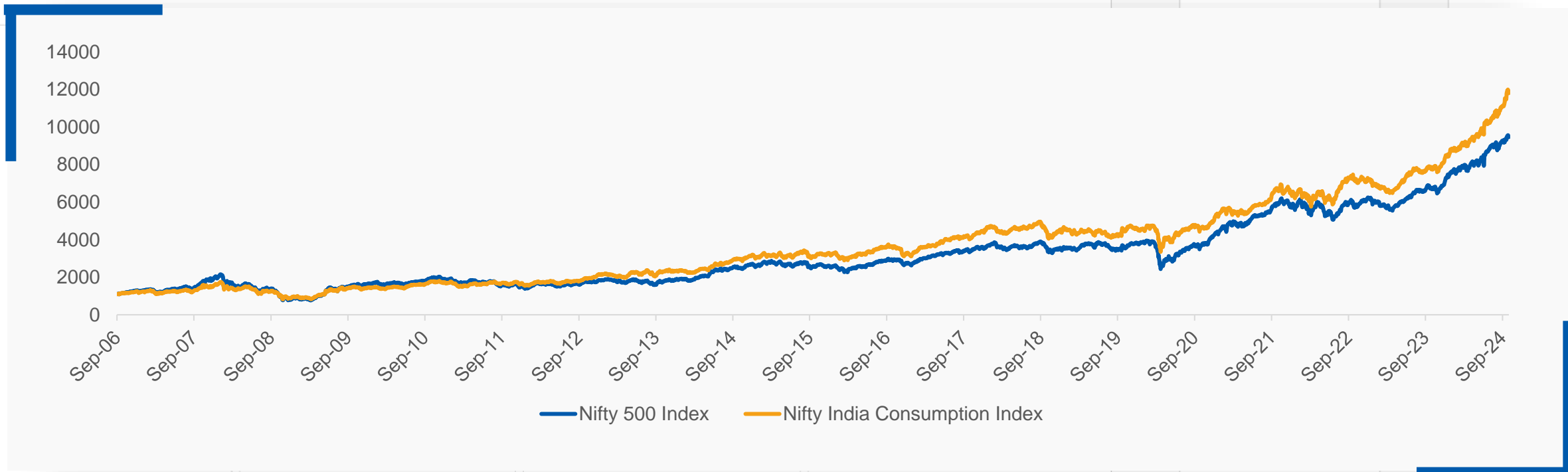


Why invest in Consumption?





Consumption outperforms the broader market in the long-term



| Period | Nifty 500 Index | Nifty India Consumption Index | Alpha |
|----------|-----------------|-------------------------------|-------|
| 1 Year | 40.2% | 45.5% | 5.3% |
| 3 Years | 17.7% | 20.5% | 2.8% |
| 5 Years | 21.4% | 20.9% | -0.5% |
| 7 Years | 15.4% | 15.1% | -0.3% |
| 10 Years | 14.1% | 14.5% | 0.4% |

Source: ICRA MFI Explorer | Data as on Sep 30, 2024



Consumption outperforms broader market with lesser volatility

Calendar Year Return (%)

| Return date | Nifty 500 TRI | Nifty India Consumption TRI |
|-------------|---------------|-----------------------------|
| CY 23 | 27.0 | 28.0 |
| CY 22 | 4.3 | 8.6 |
| CY 21 | 31.6 | 20.8 |
| CY 20 | 17.8 | 20.5 |
| CY 19 | 9.0 | 0.6 |
| CY 18 | -2.1 | -1.1 |
| CY 17 | 37.8 | 46.8 |
| CY 16 | 5.1 | -1.3 |
| CY 15 | 0.2 | 9.0 |
| CY 14 | 39.3 | 31.5 |
| CY 13 | 4.8 | 10.8 |

Performance cycle for Consumption is improving since the last 2 years which makes it an opportune time to invest now

Standard Deviation (%)

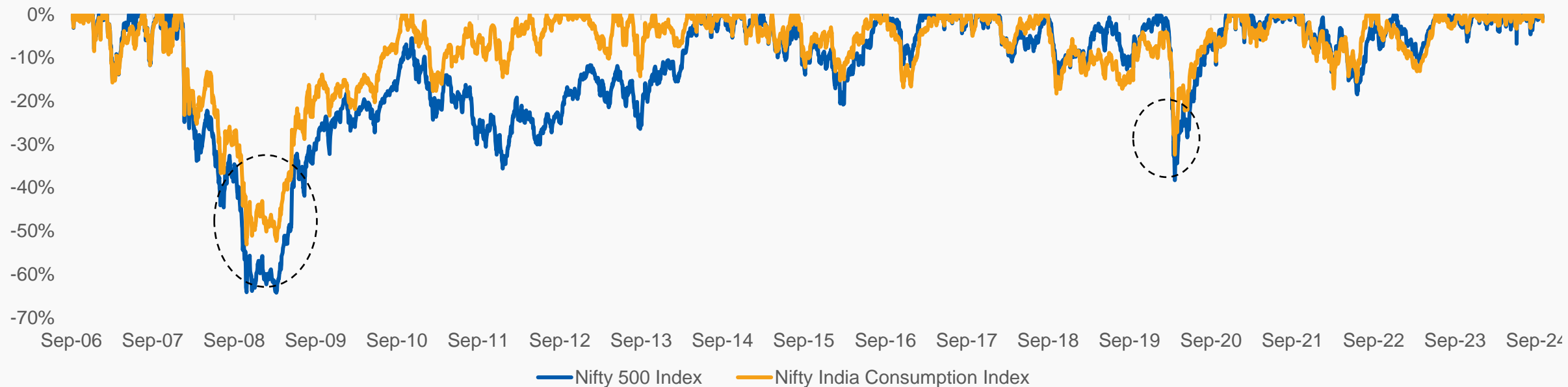
| Return date | Nifty 500 TRI | Nifty India Consumption TRI |
|-------------|---------------|-----------------------------|
| CY 23 | 8.1 | 8.0 |
| CY 22 | 14.8 | 14.7 |
| CY 21 | 12.0 | 11.9 |
| CY 20 | 21.8 | 18.6 |
| CY 19 | 11.0 | 12.4 |
| CY 18 | 11.5 | 12.1 |
| CY 17 | 8.6 | 8.9 |
| CY 16 | 13.3 | 13.5 |
| CY 15 | 13.1 | 12.1 |
| CY 14 | 11.6 | 10.0 |
| CY 13 | 14.9 | 13.9 |

Consumption has outperformed the broader markets 7 times in the last 11 years

Source: ICRA MFI Explorer | Data as on Sep 30, 2024 | Past performance may or may not be sustained in future



Less Drawdown compared to broader market



| 2009 (GFC) | Index | Drawdown (%) |
|------------|-------------------------------|--------------|
| | Nifty 500 Index | -64.26 |
| | Nifty India Consumption Index | -53.11 |

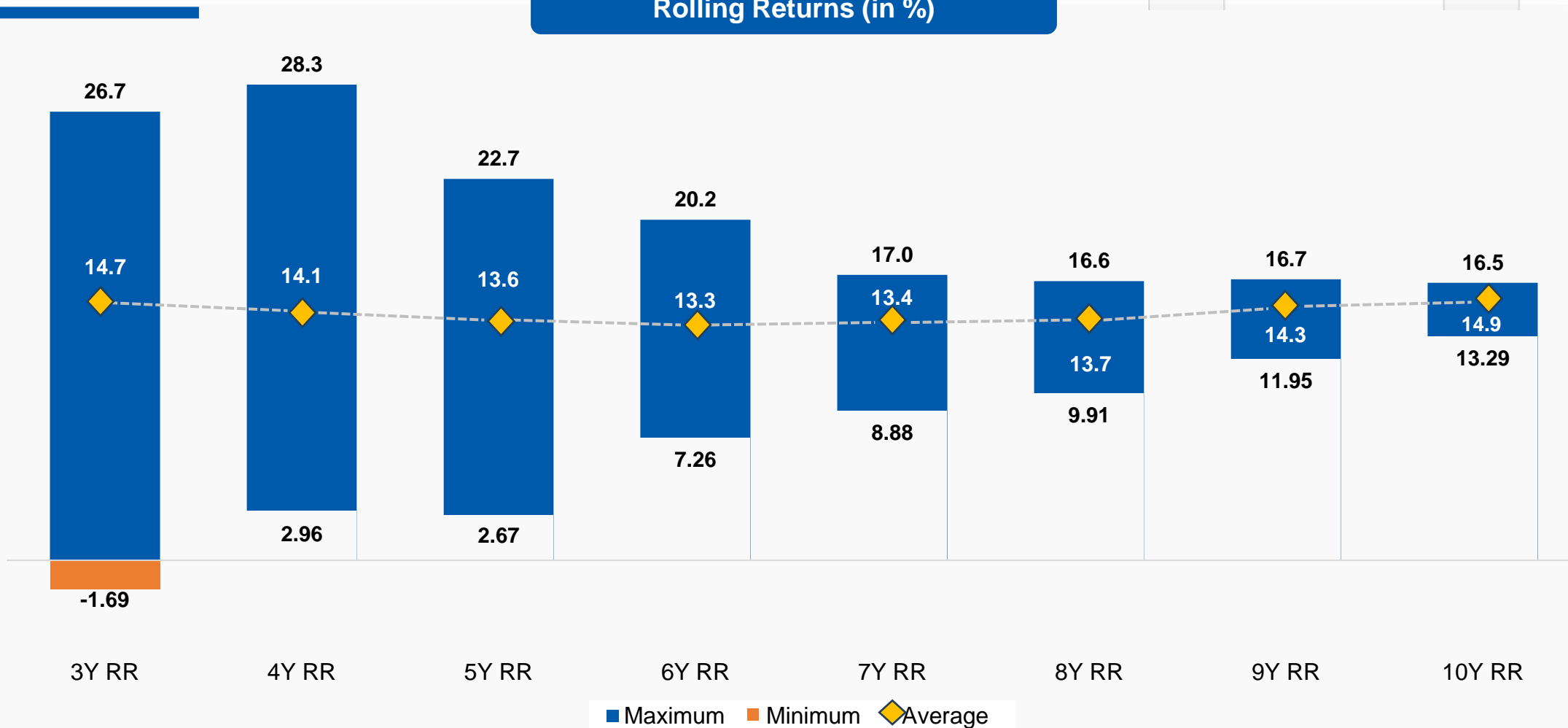
| 2020 (Covid) | Index | Drawdown (%) |
|--------------|-------------------------------|--------------|
| | Nifty 500 Index | -38.30 |
| | Nifty India Consumption Index | -32.37 |

Source: ICRA MFI Explorer | Data as on Sep 30, 2024



Relatively steady returns over long term

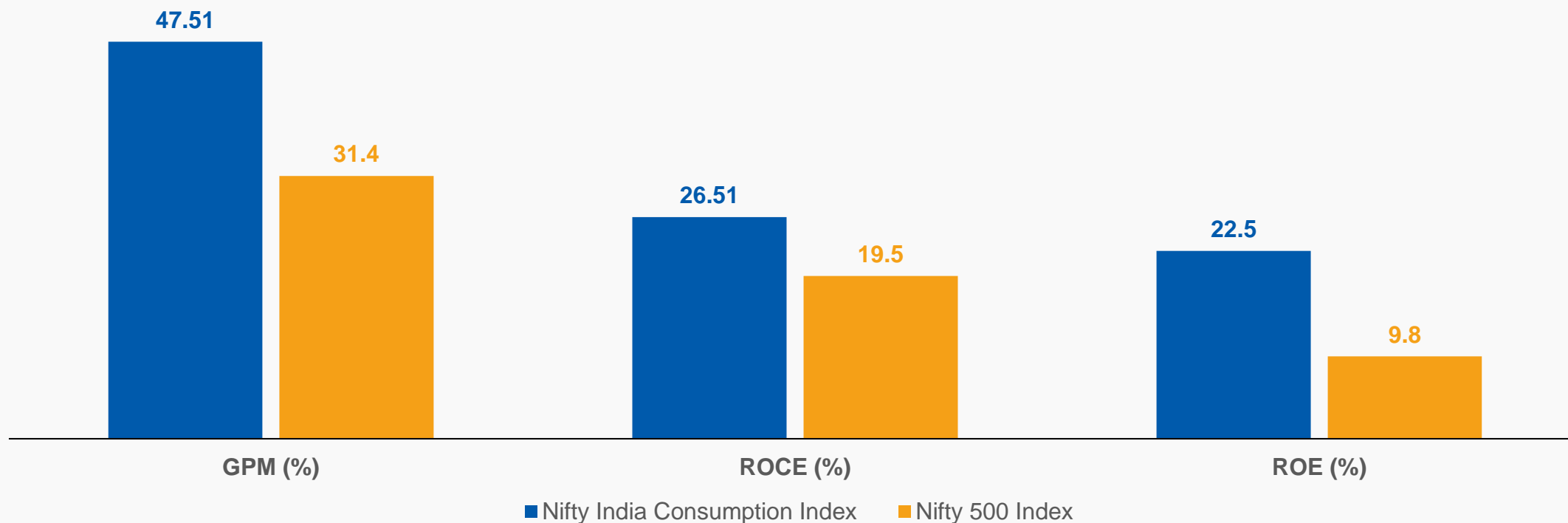
Rolling Returns (in %)



Source: ICRA MFI Explorer, Data as on September 30, 2024. | Data shown for Nifty India Consumption Index
Past performance may or may not be sustained in future

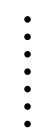
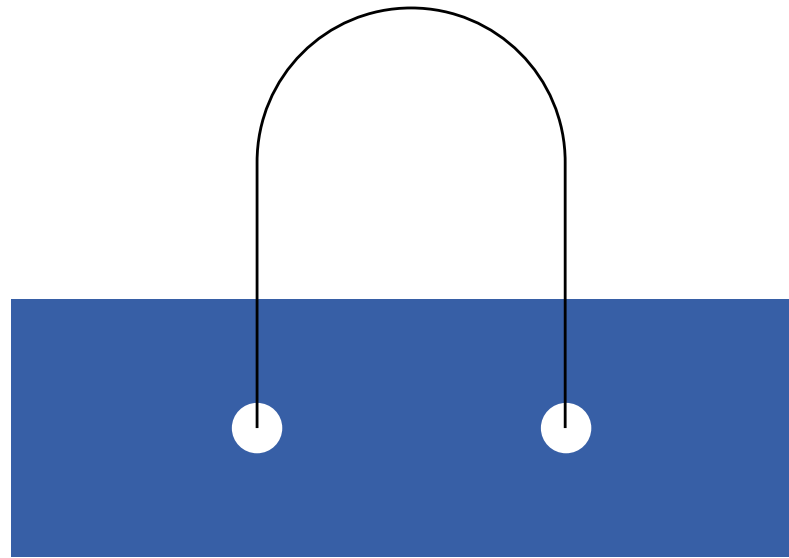


Robust fundamentals compared to broader market



Consumption is favourable for investment now as the fundamentals are stronger as compared to the broader markets despite valuations above long term average

Data as on Aug 31, 2024 | Source: ACE Equity | GPM: Gross Profit Margin, ROCE: Return on Capital Employed, ROE: Return on Equity



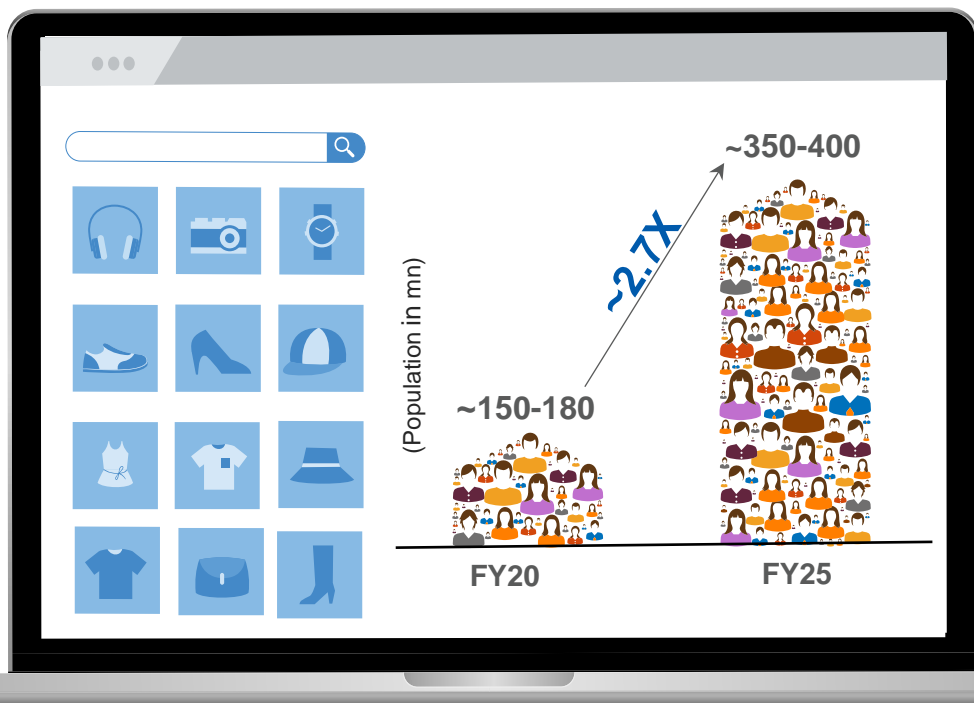
Investing in MEGATRENDS





Demographic Dividend

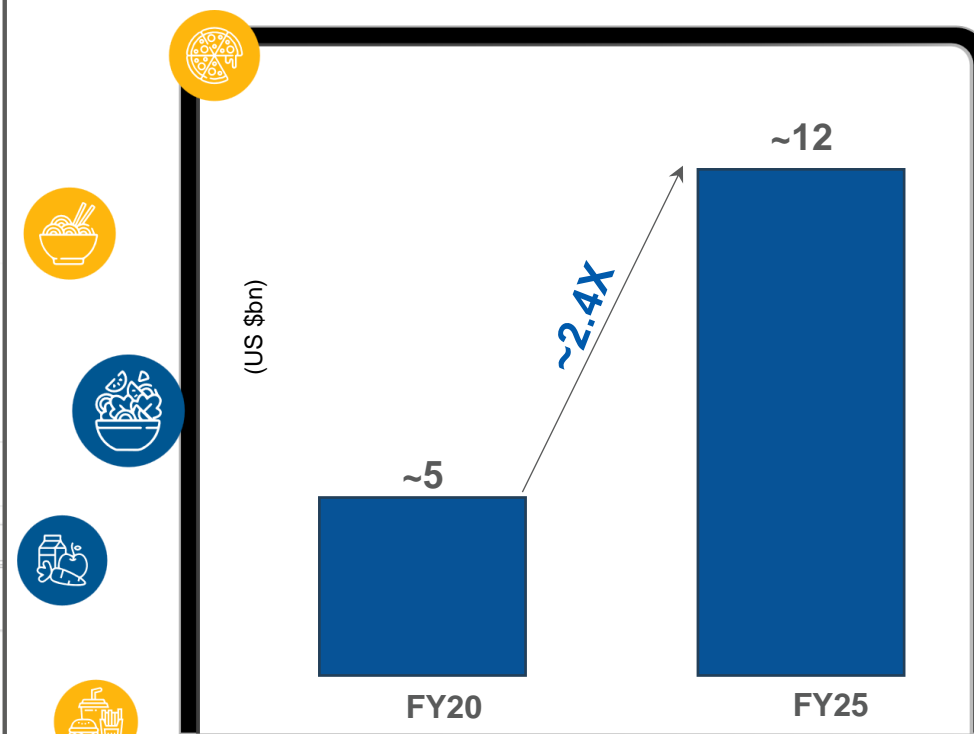
The e-commerce customer base is expected to grow by 2.7 times by FY25.



Source: Bernstein report

Social – Rising Consumerism and Urbanisation

Social Behavior is changing radically. Eating out expense may rise 2.4 times by FY25.

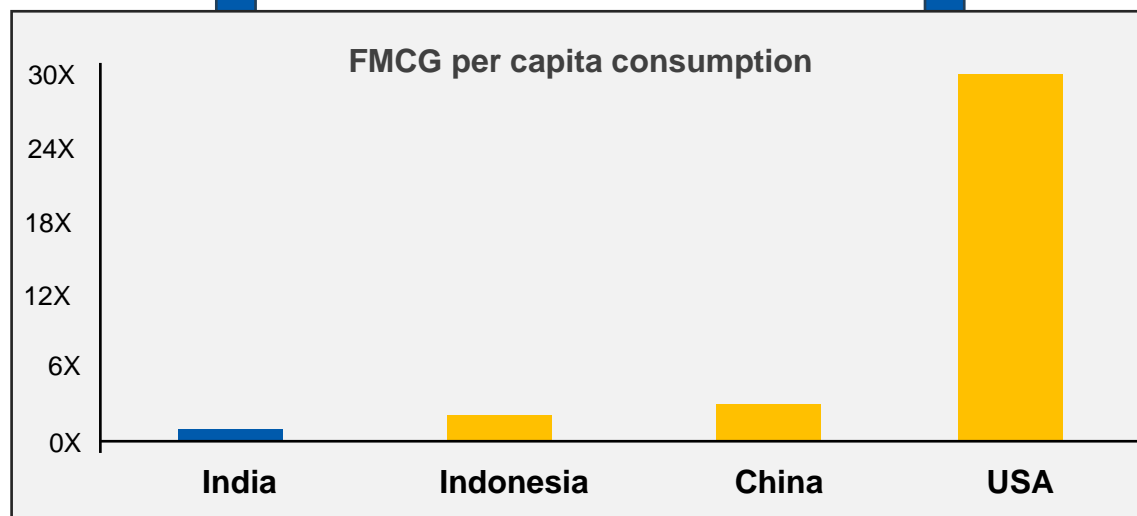



Source: Nykaa RHP



MEGATRENDS stories: FMCG

Room to improve PCC which is 1/2 of Indonesia and 1/3 of China; US in different league




FMCG per capita consumption in India is **low**, with significant growth potential in the medium to long term


Significant scope for premiumization in the Home & Personal Care (HPC) segment

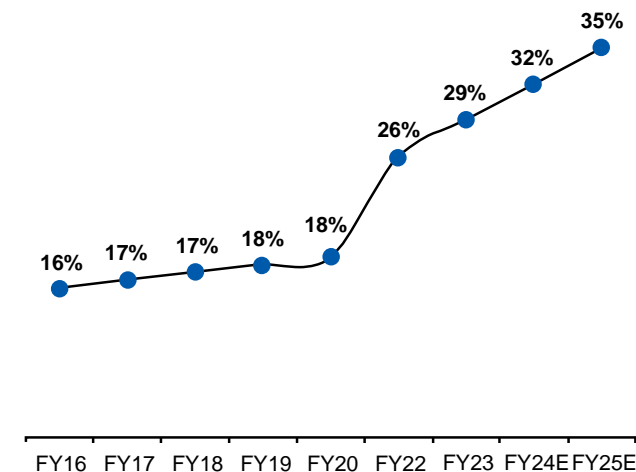
More HPC categories show scope to premiumize

| Categories | Category size in ppt | Scope to premiumise |
|----------------------------------|----------------------|---------------------|
| Beauty & Personal Care | | |
| Bar Soap | 16% | ● |
| Hair Care | 16% | ● |
| Skin Care | 10% | ● |
| Oral Care | 9% | ● |
| Men's Grooming | 8% | ● |
| Colour Cosmetics | 6% | ● |
| Baby and Child-specific Products | 3% | ● |
| Deodorants | 2% | ● |
| Liquid Soap | 1% | ● |
| Body Powder | 1% | ● |
| Body Wash/Shower Gel | 0.5% | ● |
| Home Care | | |
| Laundry Care | 20% | ● |
| Home Insecticides | 3% | ● |
| Dishwash | 2% | ● |
| Surface Care | 1% | ● |
| Toilet Care | 1% | ● |
| Air Care | 0.5% | ● |

● Strong ● Relatively Strong ● Average ● Relatively Weak

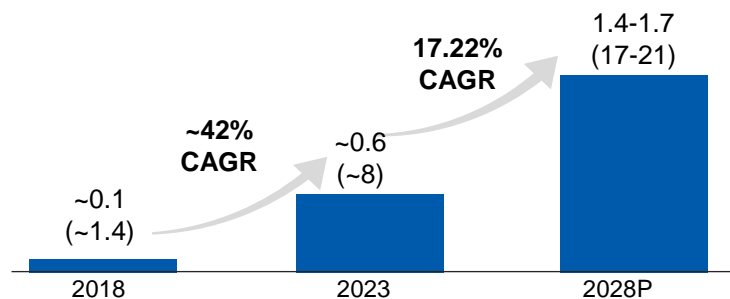


India food delivery penetration (as % of total organised food services market)



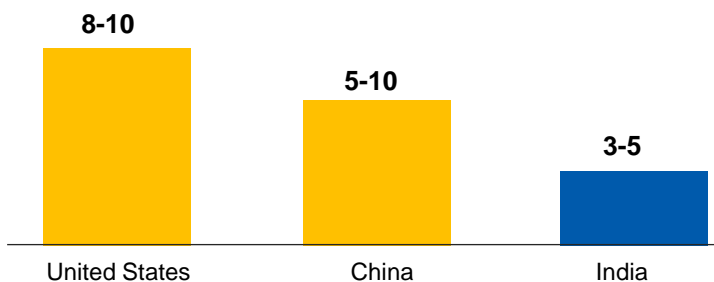
Source: NRAI, Bernstein estimates and analysis

Online Food Delivery Market Split – (in ₹ trillions (US\$ billions)) (2018, 2023, 2028P)



Source: Redseer

Monthly Online Food Delivery Frequency – India, China, United States (in numbers) – (2023)



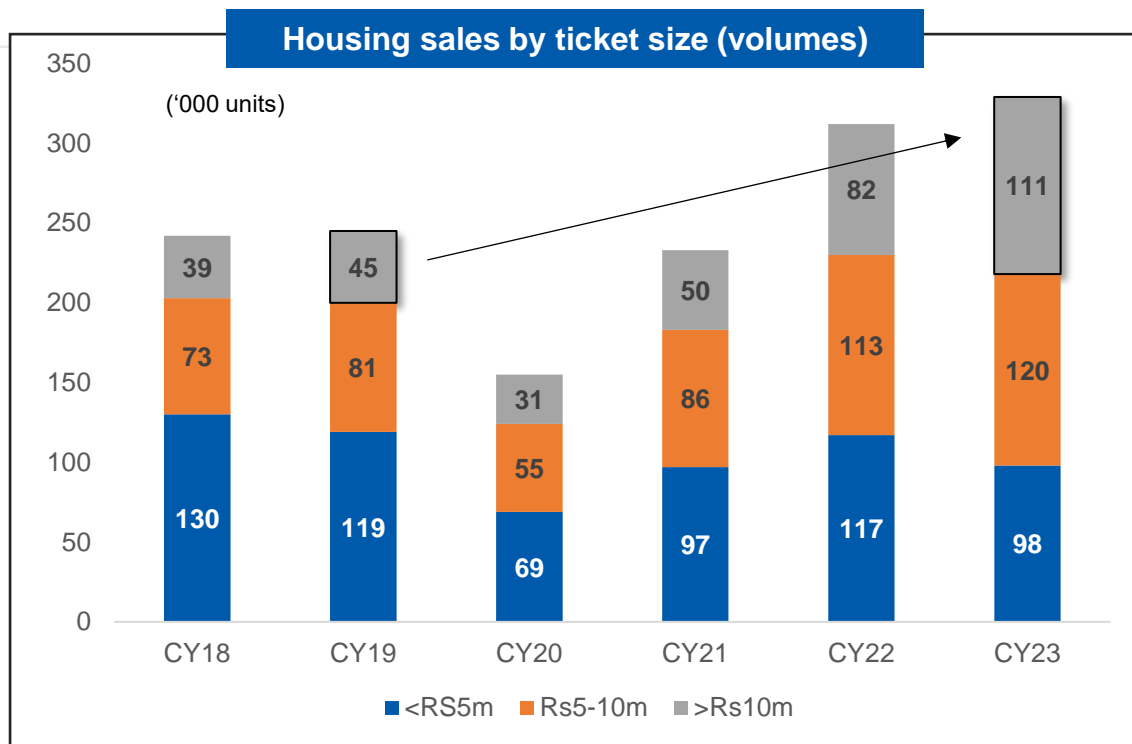
Source: Redseer



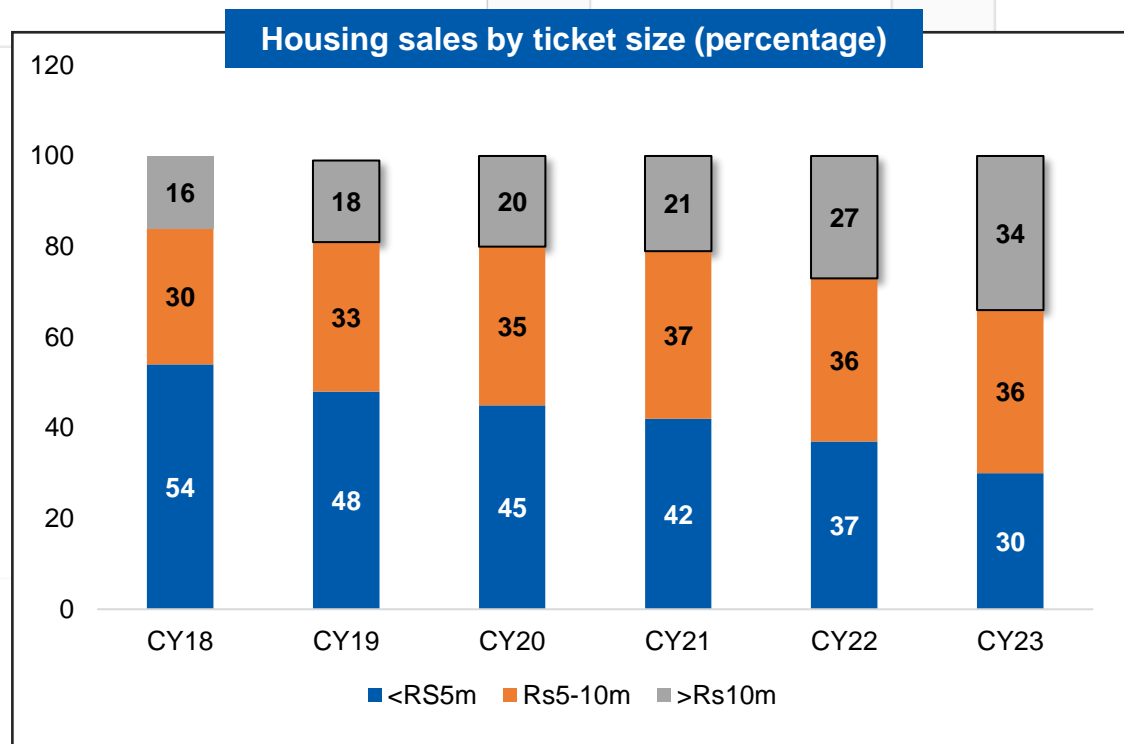
Indian online food delivery market **underpenetrated**, with growth potential from convenience-driven consumers



Significant headroom to increase order frequency as consumer trust and platform reliability improve



Source: CLSA, Knight Frank



Source: CLSA, Knight Frank



India's real estate sector poised for growth from **urbanization**, **rising incomes**, and **demand for affordable housing**

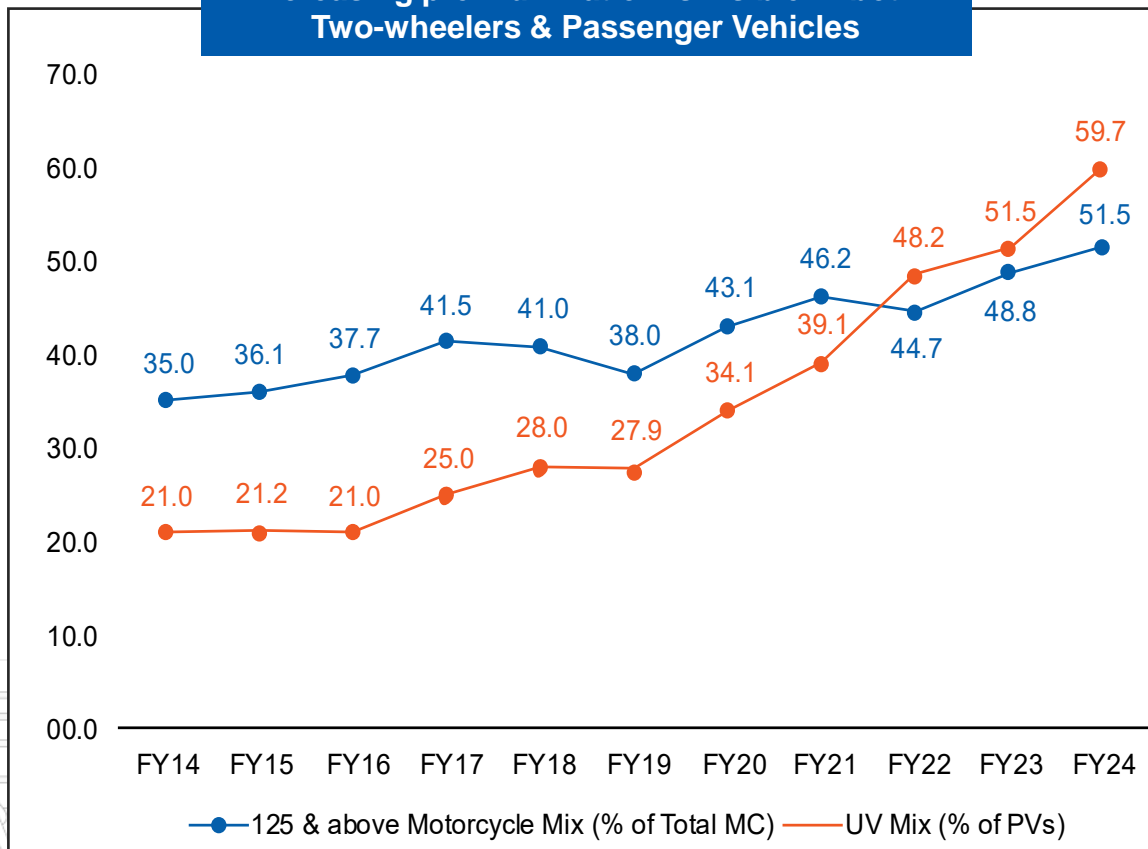


Rising housing sales will boost consumption in **home furnishings**, **appliances**, **construction materials**, and **consumer durables**



MEGATRENDS stories: Auto

Increasing premiumization is visible in both
Two-wheelers & Passenger Vehicles



Source: CMIE, Jeffries estimates



Consumers are increasingly seeking **premium vehicles** and better commuting experiences



Rising disposable incomes and **changing preferences** drive demand for spacious, feature-rich luxury cars



Growing incomes lead consumers to trade up to **premium two-wheelers** and **passenger vehicles**, indicating a shift to aspirational, feature-rich models

Introducing

BAJAJ FINSERV CONSUMPTION FUND

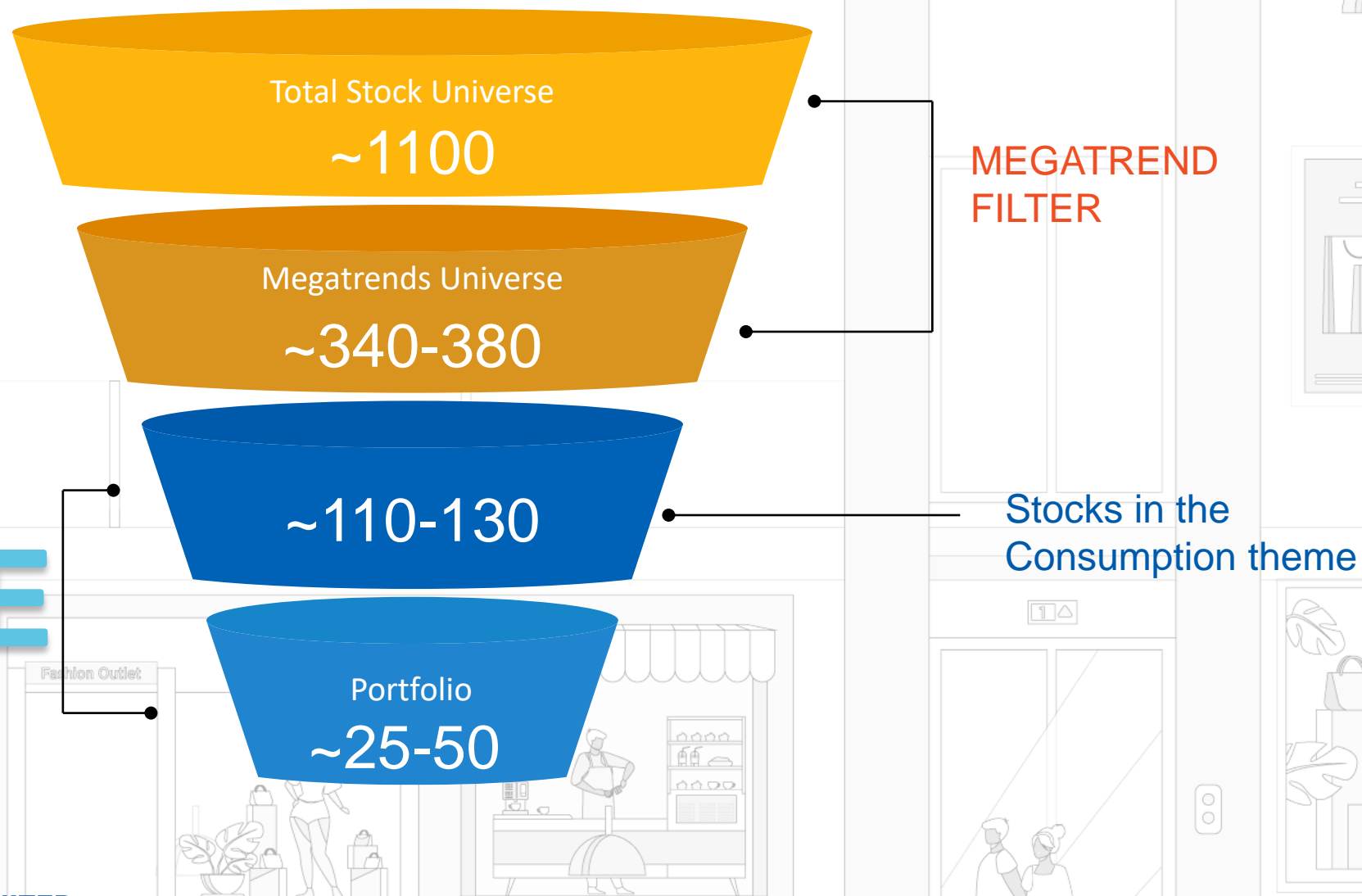
(An open ended equity scheme following consumption theme)

Riding the wave of megatrends transforming consumption patterns





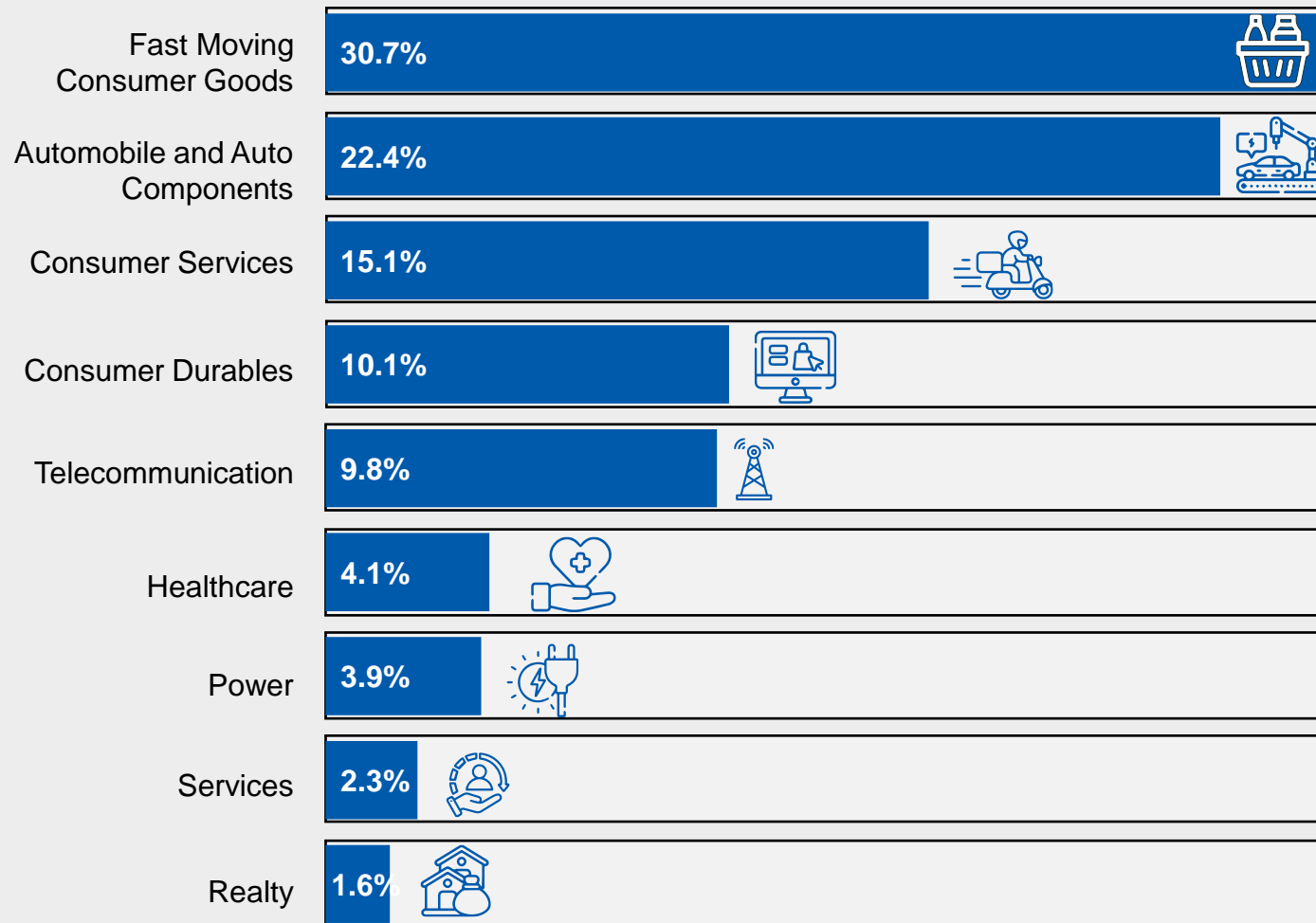
Portfolio Construction Process





Composition of Benchmark

Sector Allocation



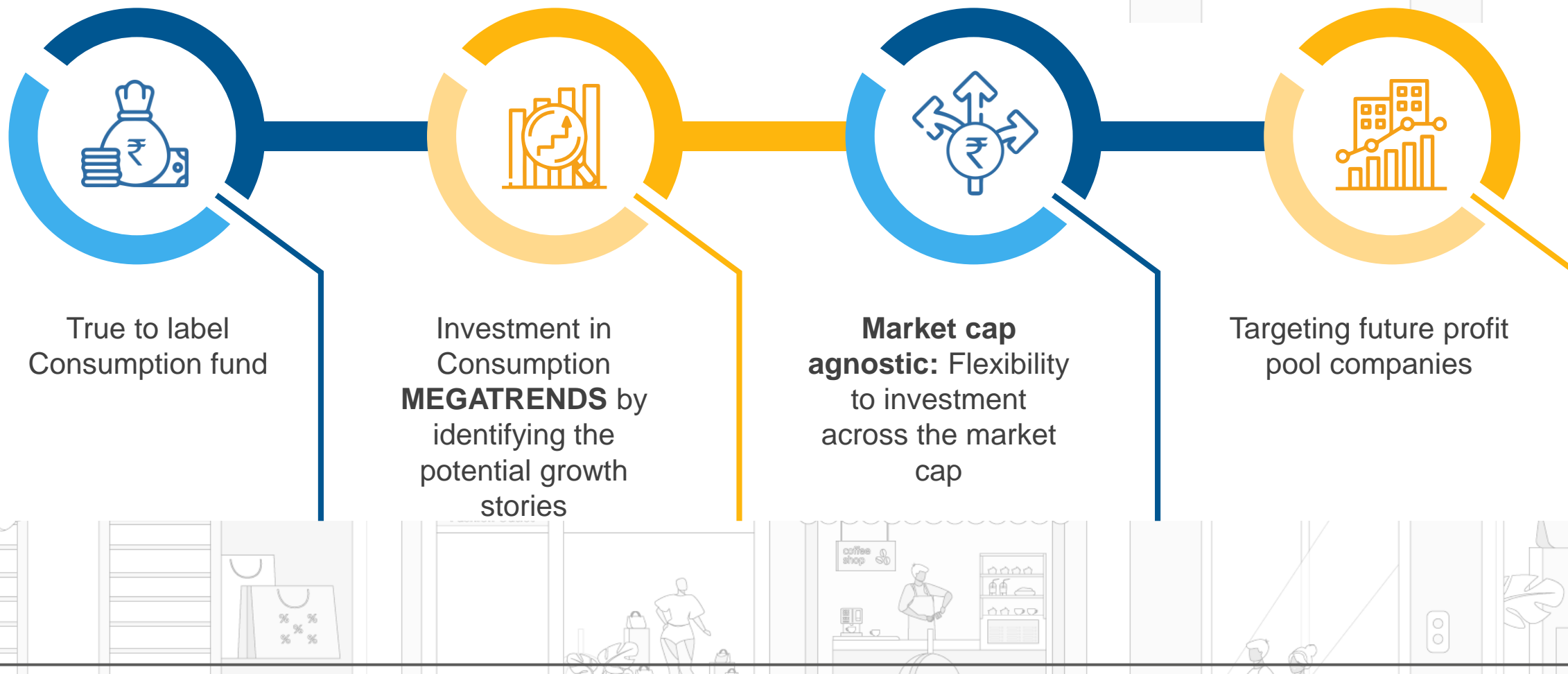
Top 10 Constituents

| Company Name | Weight (%) |
|-------------------------|------------|
| ITC Ltd | 16% |
| Bharti Airtel Ltd | 10% |
| Mahindra & Mahindra Ltd | 9% |
| Hindustan Unilever Ltd | 8% |
| Maruti Suzuki India Ltd | 6% |
| Zomato Ltd | 3% |
| Trent Ltd | 2% |
| Titan Co. Ltd. | 1% |
| Asian Paints Ltd. | 1% |
| Bajaj Auto Ltd. | 1% |

Source: Nifty Indices | Data as on Sep 30, 2024



Why invest in Bajaj Finserv Consumption Fund?





Who should invest in the Fund?



Investors looking to do **lumpsum** investments



Investors with a **higher risk** appetite



Investors looking for **tactical allocation** in their overall equity portfolio



Investors with an investment horizon of **5+ years**



IN

INFORMATION
EDGE

- Outperform the market on superior information collection

QU

QUANTITATIVE
EDGE

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

BE

BEHAVIORAL
EDGE

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



Bajaj Finserv Consumption Fund - Portfolio



| Stock | Market Value as % of Net Asset (Eq) | Market Value as % of Net Asset (Fut) |
|------------------------------------|-------------------------------------|--------------------------------------|
| InterGlobe Aviation Limited | 4.07% | -2.01% |
| United Spirits Limited | 3.92% | |
| Godrej Consumer Products Limited | 3.57% | |
| United Breweries Limited | 3.47% | |
| Bharti Airtel Limited | 3.42% | |
| Mahindra & Mahindra Limited | 3.33% | |
| ITC Limited | 3.07% | |
| Hindustan Unilever Limited | 3.01% | |
| Britannia Industries Limited | 2.92% | |
| Havells India Limited | 2.91% | |
| Radico Khaitan Limited | 2.73% | |
| Jubilant Foodworks Limited | 2.60% | |
| Tata Consumer Products Limited | 2.54% | |
| Page Industries Limited | 2.50% | |
| Marico Limited | 2.50% | |
| V-Mart Retail Limited | 2.46% | |
| The Indian Hotels Company Limited | 2.38% | |
| Eicher Motors Limited | 2.37% | |
| Maruti Suzuki India Limited | 2.23% | |
| Nestle India Limited | 2.21% | |
| Dixon Technologies (India) Limited | 2.01% | |
| Zydus Wellness Limited | 1.99% | |
| Whirlpool of India Limited | 1.90% | |
| Info Edge (India) Limited | 1.83% | |
| Devyani International Limited | 1.78% | |
| FSN E-Commerce Ventures Limited | 1.78% | |
| Oberoi Realty Limited | 1.47% | |
| Eternal Limited | 1.46% | |

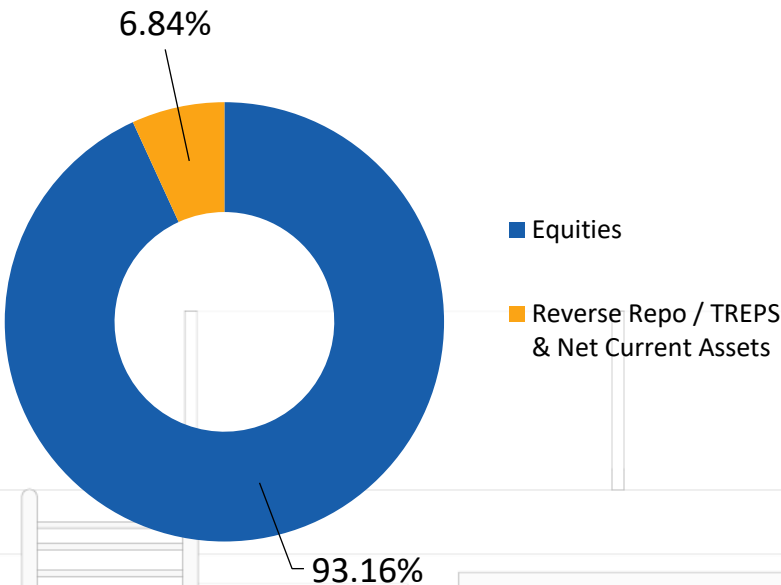
| Stock | Market Value as % of Net Asset (Eq) | Market Value as % of Net Asset (Fut) |
|---|-------------------------------------|--------------------------------------|
| Emami Limited | 1.37% | |
| Cera Sanitaryware Limited | 1.32% | |
| PVR INOX Limited | 1.31% | |
| Orient Electric Limited | 1.23% | |
| Safari Industries (India) Limited | 1.23% | |
| Metro Brands Limited | 1.19% | |
| ITC Hotels Limited | 1.17% | |
| Century Plyboards (India) Limited | 1.17% | |
| Voltas Limited | 1.14% | |
| Landmark Cars Limited | 1.11% | |
| Westlife Foodworld Limited | 1.08% | |
| Gillette India Limited | 1.05% | |
| Astral Limited | 0.99% | |
| Ganesha Ecosphere Limited | 0.98% | |
| AWL Agri Business Limited | 0.97% | |
| Brainbees Solutions Ltd | 0.78% | |
| Go Fashion (India) Limited | 0.74% | |
| Amber Enterprises India Limited | 0.72% | |
| Godrej Agrovet Limited | 0.58% | |
| Johnson Controls - Hitachi Air Conditioning India Limited | 0.48% | |
| Garware Technical Fibres Limited | 0.12% | |
| Total Equities | 93.16% | -2.01% |
| Total Short Term Debt and Net Current Assets | 8.85% | |
| Grand Total | 100.00% | |



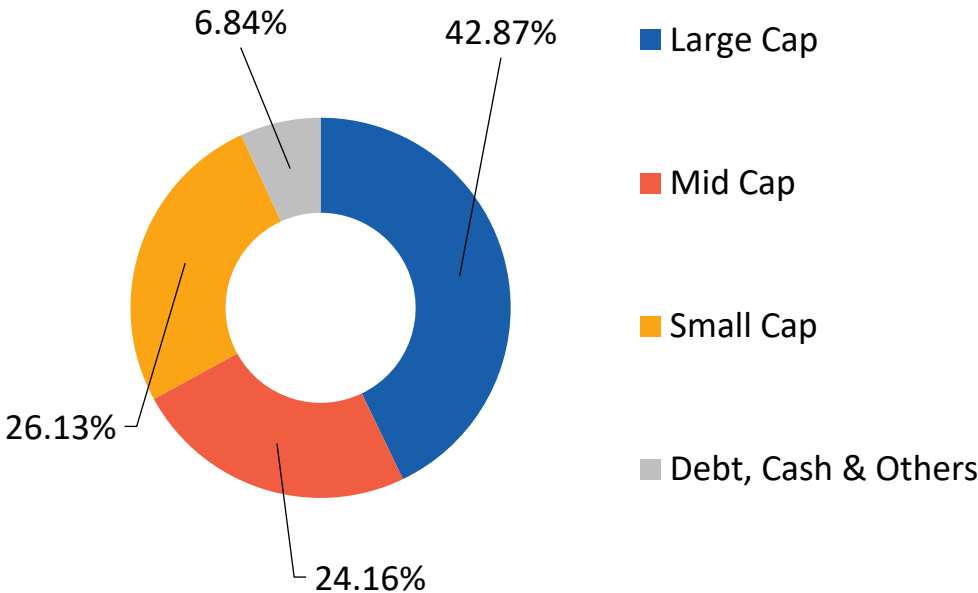
Bajaj Finserv Consumption Fund - Allocation



Asset Allocation



Market Cap Breakup

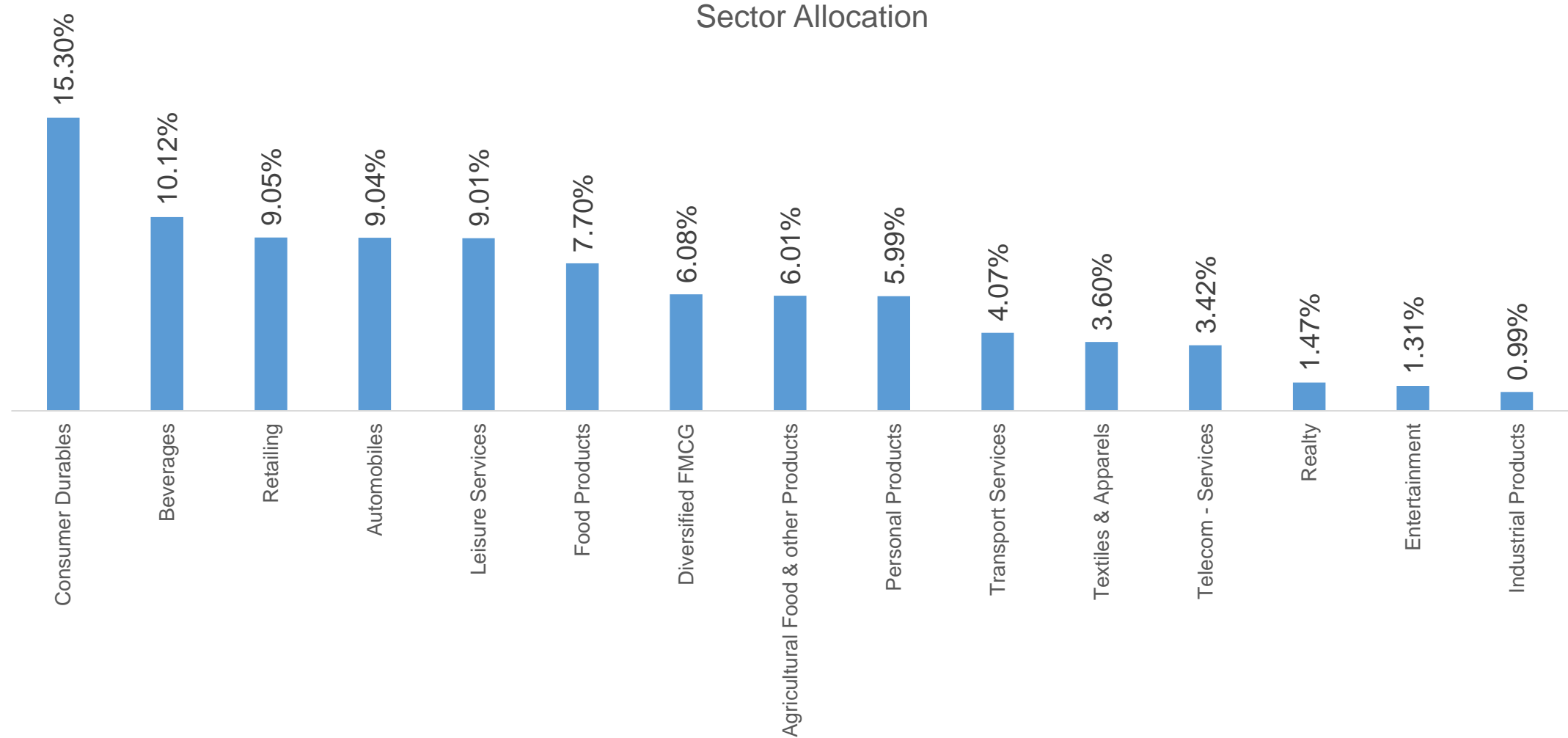




Bajaj Finserv Consumption Fund – Sector Allocation



Sector Allocation





Scheme Features

| | |
|---------------------------------------|--|
| Scheme Type | An open ended equity scheme following consumption theme |
| Plans | Regular Plan 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 | Nil |
| Exit Load | <p>For each purchase of units through Lumpsum / switch-in / Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP), exit load will be as follows:</p> <ul style="list-style-type: none">• if units are redeemed / switched out within 3 months from the date of allotment: 1% of applicable NAV.• if units are redeemed/switched out after 3 months from the date of allotment, no exit load is payable. |
| Fund Manager | Equity Portion: Mr. Nimesh Chandan & Mr. Sorbh Gupta Debt Portion: Mr. Siddharth Chaudhary |
| Benchmark Index | Nifty India Consumption Total Return Index (TRI) |
| SIP/ SWP/ STP | Available |



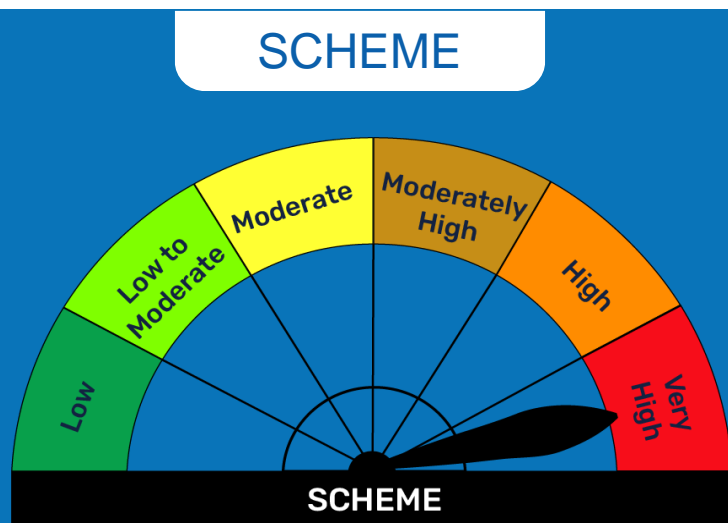
Bajaj Finserv Consumption Fund

(An open ended equity scheme following consumption theme)

This product is suitable for investors who are seeking*:

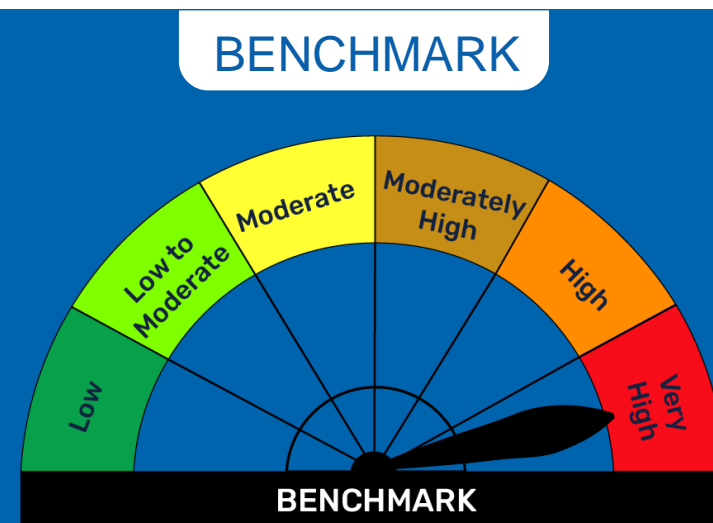
- Wealth creation over long term
- To invest predominantly in equity and equity related instruments of companies that are likely to benefit directly or indirectly from the domestic consumption led demand

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



The risk of the scheme is very high

RISKOMETER



The risk of the benchmark i.e.
Nifty India Consumption Total Return Index (TRI) is
very high



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

THANK YOU

