

# BAJAJ FINSERV SMALL CAP FUND

(An open ended equity scheme predominantly investing in small cap stocks)

**SOWING QUALITY. NURTURING VALUE.**

**HARVESTING GROWTH**

NFO Period: June 27, 2025 to July 11, 2025.

## SMALL CAP INVESTING IN INDIA: TRENDS

Market Cap Universe



### Insight



The small cap segment offers one of the largest investable universes, with 898 small cap stocks having a market capitalization between ₹ 2,000 Cr to ₹ 32,799 Cr.

## GROWTH IN INVESTABLE UNIVERSE

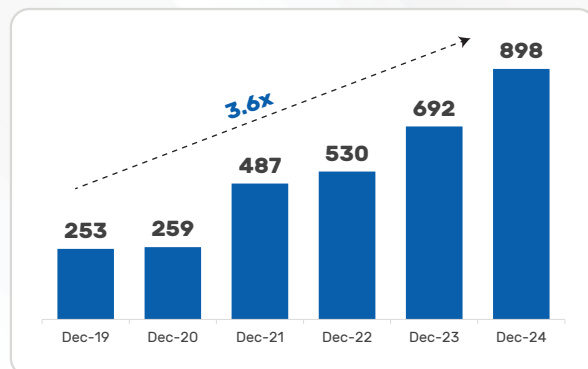
Today's Small Caps  
are not Small

### Insight



The largest small cap stock had a market cap of ₹8,354 crore four years ago (as of Dec '20), which has grown nearly 4x to ₹32,799 crore; compared to just a 1.4x increase in the largest large-cap stock over the same period. In fact, today's 501<sup>st</sup> ranked stock has a higher market cap than the 251<sup>st</sup> ranked stock did four years ago.

Year Ending	Market Cap of the Largest Stock (in Rs. Crore)				
	Largest Large Cap	Largest Mid Cap	Largest Small Cap	501 <sup>st</sup> Stock	1001 <sup>st</sup> Stock
Dec-17	5,48,702	29,255	8,580	2,793	605
Dec-18	7,54,972	27,944	8,519	2,546	517
Dec-19	8,63,022	25,587	8,227	2,024	374
Dec-20	13,74,780	28,141	8,354	2,079	389
Dec-21	15,02,444	47,297	16,088	4,460	899
Dec-22	17,13,850	48,687	16,474	5,232	1,084
Dec-23	16,39,090	64,425	21,976	7,305	1,714
Dec-24	18,97,034	99,489	32,799	11,277	2,711
Growth in Multiple	3.5x	3.4x	3.8x	4.0x	4.5x



## Number of Small Cap Stocks with More than Rs 2000 Crore Market Cap

Universe of small cap stocks has expanded meaningfully, offering a broader and more diverse opportunity.

Number of listed companies with a market capitalization exceeding Rs 2,000 crore has increased significantly; from 503 to 1,148.

Key driver of this expansion has been the new listings of several interesting and high-quality businesses.

Number of small cap stocks (defined as those outside the top 250 companies by market cap) with a market cap above 2,000 crore has surged from 253 to 898.

### Insight



This structural deepening of the market has enhanced the investable universe for bottom-up stock pickers focused on small caps.

Source: AMFI and Internal Analysis of Bajaj Finserv AMC. Based on AMFI's Stock Classification as on 31st December 2024. Numbers are rounded-off to the nearest decimal. Rs 2000 Cr Market Cap is an internal classification of Bajaj Finserv AMC

Mutual Fund investments are subject to market risks, read all scheme related documents carefully. Past Performance may or may not be sustained in future and is not a guarantee of any future returns.

HOME TO NICHE MARKET LEADERS

Mutual Fund Registrar & Transfer Agent

Market leader in technical textiles products

Leading player in bath ware market

Commodity derivatives exchange in India

Market leader in refractory products & solutions

One of the Largest multiplex operator in India

One of the leaders in oncology therapeutic area

Leader in Indian abrasives

Leading garment exporter from India

One of the Leaders in non-paper stationary market

**Insight**

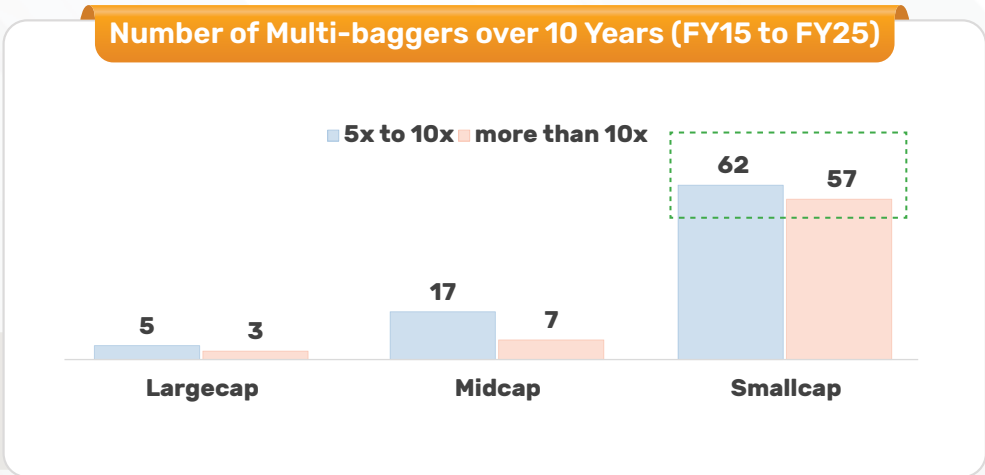
Investing in the small cap segment offers an opportunity to participate in India’s growth story, with many market-leading businesses available exclusively in this space. However, investment decisions should be guided by a careful assessment of current valuations.

ALPHA-GENERATING OPPORTUNITIES FOR ACTIVE MANAGERS

Multi-baggers from Small Cap Segment

**Insight**

Small cap segment has delivered numerous multi-bagger opportunities for active fund managers.



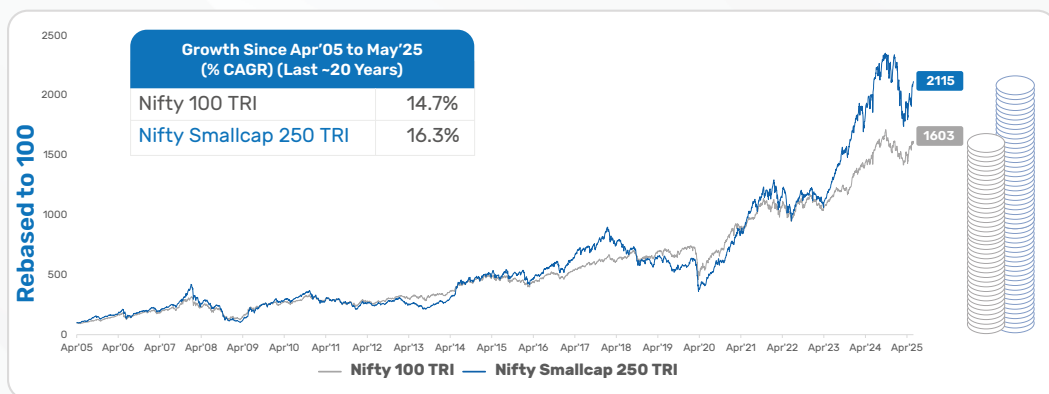
NUMBER OF SMALL CAP STOCKS BECAME LARGE, MID AND MICRO

**Insight**

Small cap segment has delivered numerous multibagger opportunities for active fund managers, it is also prone to weak businesses; often becoming alpha detractors. This makes the segment inherently more complex and calls for greater scrutiny compared to large caps.

		Market Cap Category in March 2025			
		LARGE CAP (Ranked 1-100)	MID CAP (Ranked 101-250)	SMALL CAP (Ranked 251-500)	MICRO CAP (Ranked > 501)
Market Cap Category in March 2015	Large Cap (Ranked 1-100)	78 12.2% CAGR	20 2.0% CAGR	2 -13.0% CAGR	
	Mid Cap (Ranked 101-250)	22 20.3% CAGR	76 12.2% CAGR	41 4.3% CAGR	11 - 16.0% CAGR
	Small Cap (Ranked 251-500)		41 25.0% CAGR	118 13.0% CAGR	91 - 4.5% CAGR
	Micro Cap (Ranked 501-750)		10 37.0% CAGR	58 26.5% CAGR	182 2.7% CAGR

Data Source: Elara Capital and Internal Analysis of Bajaj Finserv AMC on Top 750 stocks by Market Cap on 31st March 2015. The above case study is for representation and understanding purpose only. Based on AMFI’s Stock Classification as on 31st December 2024.% CAGR mentioned about are the average CAGR by those stocks mentioned in the box during the period March 2015 to March 2025. The stock(s)/sector(s) mentioned in this slide do not constitute any recommendation to buy/sell/hold and Bajaj Finserv Mutual Fund may or may not have any future position in this stock(s)/sector(s)/issuer(s). The portfolio of the scheme is subject to changes within the provisions of the Scheme Information document of the Scheme.



## HISTORICAL PERFORMANCE OF THE SMALL CAP SEGMENT

Small Cap Segment:  
Long Term Wealth  
Creator

## IS THIS A GOOD TIME TO START A SIP IN THE SMALL CAP SEGMENT?

### The SIP Paradox: Better Experience vs. Potentially Higher Wealth

The table below summarizes the investment outcomes for two investors; one who started a Rs. 10,000 monthly SIP at the Peaks of various market cycles and another who began SIP at the Bottom (as on 31st May 2025):

Market Cycle	SIP Start Month	Nifty Smallcap 250 TRI	Market Correction (%)	Correction Tenure (Months)	SIP Period (Years)	Amount Invested (in Lakh)	Valuation as on 31-May-25 (in Lakh)	Difference in Invested Amt. (in Lakh)	Difference in Final Value (in Lakh)	SIP XIRR (%)
1	Sep'05	1579	-18%	1.3	19.7	₹ 23.7	₹ 136.7	₹ 0.1	₹ 1.1	15.6%
	Oct'05	1292			19.6	₹ 23.6	₹ 135.6			15.7%
2	May'06	2126	-38%	1.1	19.1	₹ 22.9	₹ 125.9	₹ 0.1	₹ 1.2	15.7%
	Jun'06	1325			19.0	₹ 22.8	₹ 124.8			15.8%
3	Feb'07	2284	-17%	0.9	18.3	₹ 22.0	₹ 115.3	₹ 0.1	₹ 0.9	16.0%
	Mar'07	1899			18.2	₹ 21.9	₹ 114.4			16.0%
4	Jan'08	4200	-76%	14.1	17.4	₹ 21.0	₹ 105.8	₹ 1.5	₹ 15.2	16.7%
	Mar'09	1027			16.2	₹ 19.5	₹ 90.6			17.0%
5	Aug'15	5450	-23%	6.8	9.8	₹ 11.9	₹ 32.0	₹ 0.7	₹ 2.6	19.6%
	Feb'16	4180			9.3	₹ 11.2	₹ 29.3			20.0%
6	Oct'16	6132	-16%	0.9	8.6	₹ 10.4	₹ 26.1	₹ 0.1	₹ 0.4	20.7%
	Nov'16	5165			8.5	₹ 10.3	₹ 25.6			20.7%
7	Jan'18	8987	-60%	26.2	7.4	₹ 8.9	₹ 21.1	₹ 2.6	₹ 8.4	22.9%
	Mar'20	3615			5.2	₹ 6.3	₹ 12.7			27.5%
8	Jan'22	12935	-25%	5.1	3.4	₹ 4.1	₹ 5.9	₹ 0.5	₹ 0.9	22.9%
	Jun'22	9683			2.9	₹ 3.6	₹ 5.0			24.0%
9	Sep'24	23453	-26%	5.5	Currently Ongoing					
	Mar'25	17405								

### Investing Experience in the Initial Period:

It is important to recognize that the initial investing experience of the two investors; one starting a SIP at the peak and the other at the bottom; will be significantly different. The investor who begins their SIP near the peak would initially see their capital decline before eventually recovering as the market rebounds over long term. In contrast, the second investor's journey would be much smoother from the outset. However, the key question remains: Is it truly possible to consistently time the exact market top or bottom?

## THE CURRENT ENVIRONMENT FOR SMALL CAP INVESTING

### Quality Small Caps During Recent Market Correction

- Many stocks that have declined in the recent market correction may not recover quickly, as the drop is often justified by factors such as overvaluation or weak business fundamentals.
- However, the correction has also led to a meaningful decline in several high-quality stocks with strong fundamentals.
- This has brought many fundamentally sound small cap businesses to more reasonable valuation levels, presenting a compelling opportunity for active fund managers to construct a fresh, high-conviction portfolio-free from legacy biases or past positions.

From All Time High	Large Cap	Mid Cap	Small Cap	Total Stocks	% of Stocks
Down 0 to 10%	22	27	78	127	11%
Down 10% to 25%	43	47	199	289	25%
Down 25% to 50%	31	56	406	493	43%
Down more than 50%	4	19	208	231	20%
<b>Total Number of Stocks</b>	<b>100</b>	<b>149</b>	<b>895</b>	<b>1144</b>	

Data Source: Analysis by ValueMetrics Technologies, Elara Capital, niftyindices.com and Internal Analysis of Bajaj Finserv AMC. Data as on 31st May 2025. For understanding purpose only. The scheme will invest minimum 65% of the portfolio in Small Cap Stocks i.e. Ranked 251st onward by market cap. The investment universe of "Small-Cap" shall comprise companies as defined by SEBI/AMFI from time to time. Above table is based on available stocks at the time of analysis and ignores stocks which got merged, unlisted etc. The stock(s)/sector(s) mentioned in this slide do not constitute any recommendation to buy/sell/hold and Bajaj Finserv Mutual Fund may or may not have any future position in this stock(s)/sector(s)/issuer(s). Portfolio will be managed as per stated investment objective, investment strategy & asset allocation in the Scheme Information Document (SID) and is subject to the changes within provisions of SID of the Scheme. Index performance does not signify scheme performance. Few historical references for Nifty Smallcap 250 TRI.

Period: From 1st April 2005 (inception date of Nifty Smallcap 250 TRI) to 28th May 2025. While both Nifty Small Cap 250 TRI and BSE Small Cap 250 TRI are both tier 1 benchmarks, we have used Nifty Small Cap 250 TRI for representation as it has a longer track record. The Co-relation between both these indices is 98.73%. Investors are requested to note that, mean returns (calculated by taking mean of 10-year rolling returns between 01/06/14 and 30/05/24) for Sensex is 12.62% and for Nifty 50 is 12.42% (Source: AMFI). % XIRR mentioned above are as on 31st May 2025 for SIP started at various periods. Periods considered where the market fall was more than 15%.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.  
Past Performance may or may not be sustained in future and is not a guarantee of any future returns.

## ABOUT THE BAJAJ FINSERV SMALL CAP FUND

Asset Allocation under Normal Circumstances



### Insight



While the scheme aims to identify and invest; predominantly in potentially high-alpha opportunities within the small cap segment, the fund manager may occasionally allocate to select mid and large cap stocks to capture compelling opportunities in these segment and manage overall portfolio liquidity.

### Quality of Business

	Poor	Good	Better
Under-valued	X	2	4
Fair Value	X	1	3
Over-valued	X	X	X

## OUR TARGETED INVESTMENT UNIVERSE



The investment universe can broadly be divided into good-quality and poor-quality businesses.



Our approach is to **avoid investing in poor-quality businesses, regardless of valuation.**



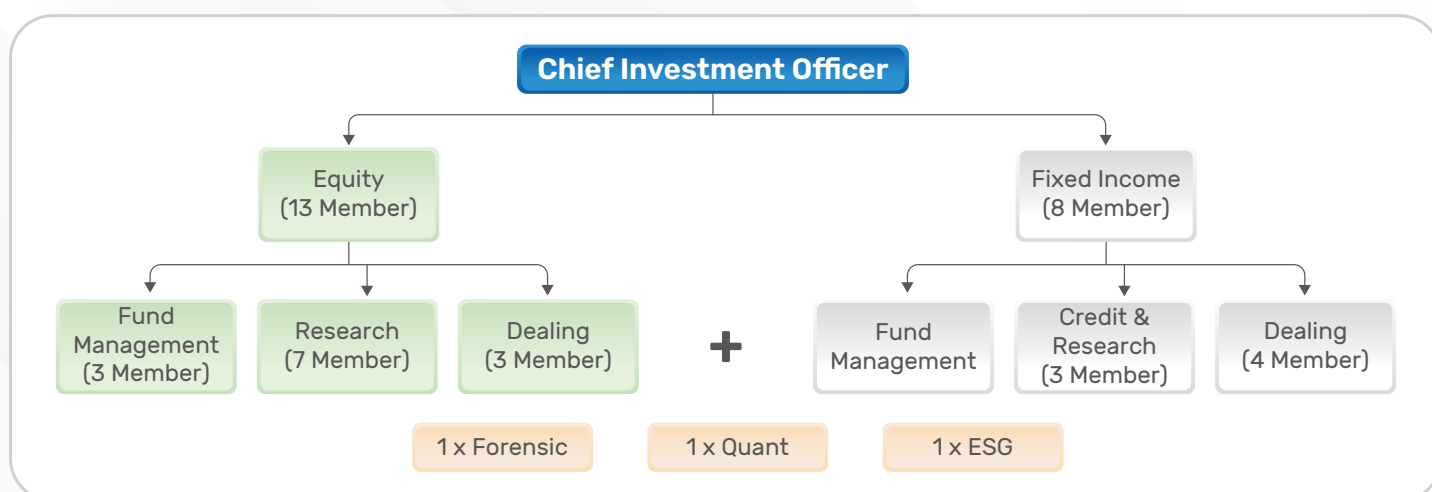
At any given time, both categories; good and poor quality; can be either under- or over-valued.



Within the universe of quality businesses, we prefer stocks with relatively better margin of safety.

## INVESTMENT PHILOSOPHY & PROCESS AT BAJAJ FINSERV AMC

Large and Experienced Investment Team



### Insight



We are backed by one of the well resourced and experienced investment teams, comprising 25 professionals with decades of expertise and qualifications including MBAs, CFAs, and CAs. Our dedicated Forensic and Quant specialists enhance the investment process by providing deep insights and risk-aware analysis across a broad opportunity set.

Source: Internal. Details as on May 2025. For understanding purpose only. The scheme will invest minimum 65% of the portfolio in Small Cap Stocks i.e. Ranked 251st onward by market cap. The investment universe of "Small-Cap" shall comprise companies as defined by SEBI/AMFI from time to time. Portfolio will be managed as per stated Investment objective, investment strategy & asset allocation in the Scheme Information Document (SID) and is subject to the changes within provisions of SID of the Scheme. The number of stocks mentioned are tentative and for understanding purpose only. However, final portfolio can have higher or lower number of stocks as well depending on prevailing market conditions.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.  
Past Performance may or may not be sustained in future and is not a guarantee of any future returns.



## TO SUM UP

### WHY, SMALL CAP FUND



#### EXPANDING UNIVERSE

The small cap universe in India is growing and expected to expand further, bringing new opportunities for investors.



#### UNIQUE BUSINESS ACCESS

Many innovative and high-potential businesses are only available in the small cap segment and are likely to emerge in the future.



#### ALPHA GENERATION POTENTIAL

Small caps offer significant alpha-generating potential for active managers due to their heterogeneous nature, limited analyst coverage, and low institutional ownership.



#### RISK MANAGEMENT ESSENTIAL

Avoiding poorly governed companies and managing liquidity risks are critical components of successful small cap investing.



#### VALUATIONS COMFORT IN SELECT NAMES

While the broader segment isn't uniformly cheap, recent market corrections have made many quality small cap stocks available at reasonable valuations.



#### ACTIVE MANAGEMENT ADVANTAGE

This environment favors active fund managers with strong research capabilities who can construct portfolios of high-quality, reasonably valued small cap businesses.



#### AN APT CHOICE FOR "LONG TERM SIP INVESTORS"

The scheme can be an apt choice for investors looking to start their wealth creation journey via SIP over the long term.

## TO SUM UP

### Why, Bajaj Finserv Small Cap Fund (NFO)



#### EXPANDING UNIVERSE

The small cap universe in India is growing and expected to expand further, bringing new opportunities for investors.



#### UNIQUE BUSINESS ACCESS

Many innovative and high-potential businesses are only available in the small cap segment and are likely to emerge in the future.



#### ALPHA GENERATION POTENTIAL

Small caps offer significant alpha-generating potential for active managers due to their heterogeneous nature, limited analyst coverage, and low institutional ownership.



#### RISK MANAGEMENT ESSENTIAL

Avoiding poorly governed companies and managing liquidity risks are critical components of successful small cap investing.

## SCHEME FEATURES

### SCHEME TYPE

An open ended equity scheme predominantly investing in small cap stocks

### Option

Growth & IDCW

### Minimum Additional Application

Rs. 100 (Plus multiples of Re.1)

### Exit Load

if units are redeemed / switched out within 6 months from the date of allotment: • 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.

### Benchmark Index

BSE 250 Small Cap TRI

### PLANS

Bajaj Finserv Small Cap Fund – Regular Plan | Bajaj Finserv Small Cap Fund – Direct Plan

### Minimum Application Amount

Rs. 500 (Plus multiples of Re.1)

### Entry Load

Nil

### Fund Manager

Mr. Nimesh Chandan and Mr. Sorbh Gupta (Equity Portion) | Mr. Siddharth Chaudhary (Debt Portion)

### SIP / SWP / STP

Available

## BAJAJ FINSERV SMALL CAP FUND

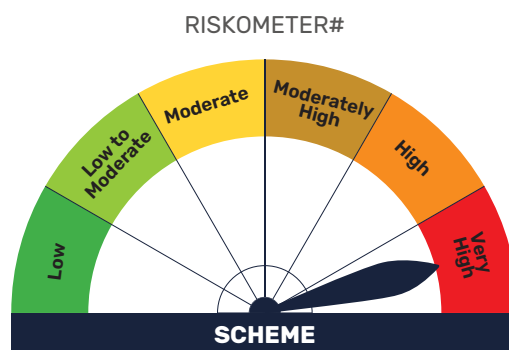
An open ended equity scheme predominantly investing in small cap stocks

### This product is suitable for investors who are seeking\*:

- Wealth creation over long term
- To invest predominantly in equity and equity related instruments of small cap companies.

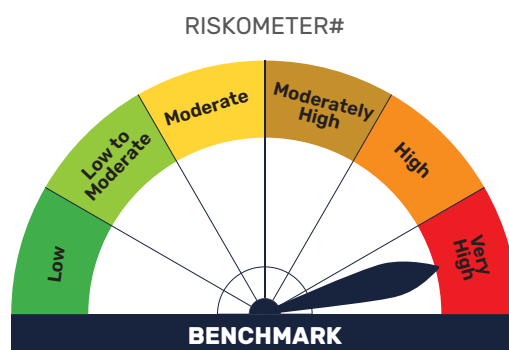
Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

SCHEME



The risk of the scheme is very high

BENCHMARK



The risk of the benchmark i.e. BSE 250 SmallCap TRI is very high

#The above 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.