

**SMALL CAP.  
GIANT POTENTIAL.**

**BAJAJ FINSERV  
SMALL CAP FUND**



**Give your investments the 3-in-1 advantage**

**Quality**

Companies with distinct competitive advantages

**Growth**

Companies with high scalability potential

**Value**

Companies that present intrinsic value opportunities



## FROM EMERGING TO EXTRAORDINARY

### Small caps with big potential

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#### CURRENT MARKET SCENARIO:

The Indian market today is like a coiled spring – compressed, waiting for the right triggers for a sharp rally. Globally, investors worry about stagflation in the U.S., but India's story is different.

A series of domestic catalysts is building momentum of a **consumption-led boom that could propel the next leg of India's growth:**

- Income tax cuts are putting more money in people's hands.
- GST rationalization is making businesses more efficient.
- Interest rate cuts are set to lower borrowing costs.
- The 8<sup>th</sup> Pay Commission will boost disposable incomes.
- A strong monsoon is reviving rural demand.

#### HOW ARE SMALL CAPS POISED TO GAIN:

Generally, in every growth cycle, small caps tend to be the **first to sprint ahead**, as they:

- Represent entrepreneurial energy in India's heartland.
  - Capture emerging industries before they become mainstream.
  - Provide higher growth potential than established giants.
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## BAJAJ FINSERV SMALL CAP FUND

With a 3-in-1 advantage of quality, growth and value

We launched Bajaj Finserv Small Cap Fund in June, after small caps had corrected making valuations more reasonable and opening selective opportunities in this space.

Our investment strategy avoids market fads and follows a disciplined framework that blends quality, growth and value, aiming to deliver sustainable alpha over the long term.



## HOW ARE WE DIFFERENT?

 <b>Niche Leadership:</b>  Focus on companies with <b>dominant positions in specialized markets</b> , offering pricing power, customer stickiness, and resilience, poised to become tomorrow's mid and large cap leaders.	 <b>Valuation Discipline:</b>  While small caps may appear expensive, <b>focus on price/earnings-to-growth (PEG) alongside price-to-earnings (P/E)</b> helps identify businesses where strong growth justifies valuations, creating compelling opportunities.	 <b>Quality and strength:</b>  Preference for firms with <b>high return on capital employed (ROCE) and robust cash flows</b> , ensuring efficient capital allocation and sustainable growth.
 <b>Scalable Growth:</b>  Investment in companies with <b>clear visibility</b> on market expansion, capacity additions, and operational leverage.	 <b>The Forensic Edge:</b>  A <b>dedicated forensic analyst</b> acts as the first line of defense, scrutinizing governance standards, accounting practices, and balance sheet strength.	 <b>Prudent Risk Management:</b> <ul style="list-style-type: none"> <li>• <b>Diversification across 90 stocks and 28 industries</b> with no stock above 2.5% concentration, helps cushion against market corrections</li> <li>• Pure small cap focus enables authentic participation in India's growth story</li> </ul>



## PORTFOLIO FUNDAMENTALS:

The scheme's earnings growth is **~3X** of the benchmark (39.6% CAGR vs. 13%) while maintaining a far more **prudent PEG** (0.86 vs. 1.88). This underscores the scheme's potential to capture **superior growth at efficient valuations**.

Scheme name	P/E (x)		P/B (x)		EPS	PEG
	FY26	FY27	FY26	FY27	2yr CAGR (25-27)	
Bajaj Finserv Small cap Fund	43.7	33.9	6.2	5.3	39.6	0.86
Benchmark	30.4	24.5	3.6	3.3	13	1.88

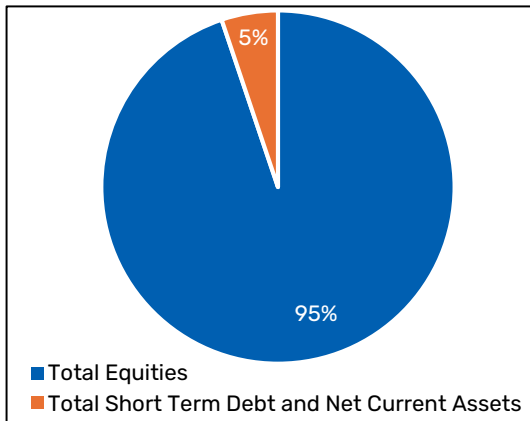
Data as on 31<sup>st</sup> August 2025 || Source: MFI 360



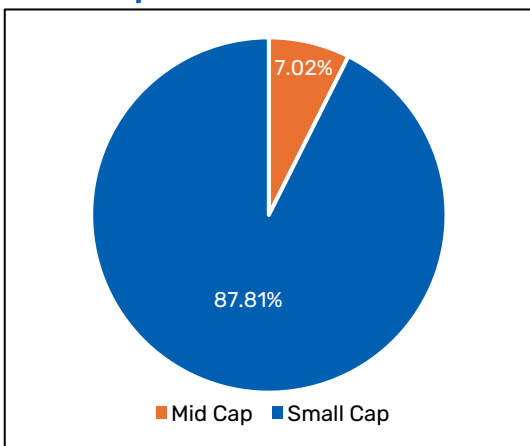
## PORTFOLIO CONSTRUCT:

Our fund is **concentrated on various sectors, but diversified across stocks** – a structure that allows focused exposure to India's growth drivers while mitigating risks through breadth.

### Asset Allocation

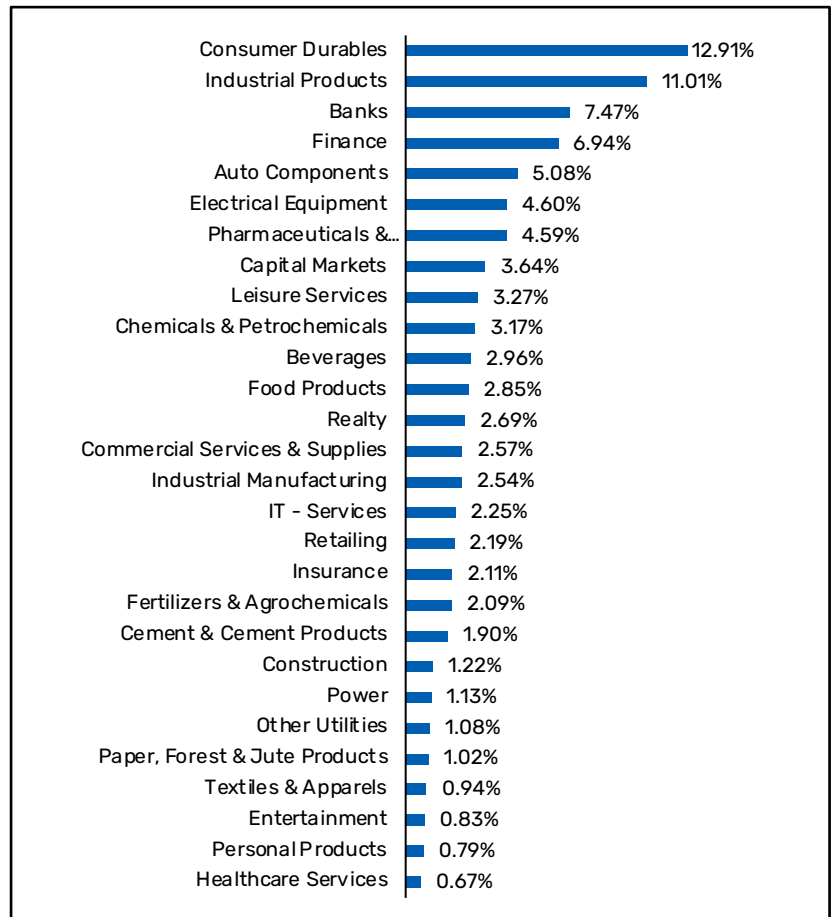


### Market cap allocation



Data as on 31<sup>st</sup> August 2025

### Sectoral Allocation



## Disclaimer

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### BAJAJ FINSERV SMALL CAP FUND

An open ended equity scheme predominantly investing in small cap stocks

#### Product label

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

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

**BAJAJ FINSERV ASSET MANAGEMENT LIMITED**

#### RISKOMETER

