

SMALL CAP. GIANT POTENTIAL.

PRESENTING BAJAJ FINSERV SMALL CAP FUND

An open ended equity scheme predominantly investing in small cap stocks

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





MUTUAL
FUND

WHY INVEST IN SMALL CAPS NOW?

SMALL IN SIZE, NOT IN IMPACT

EVERYDAY LEADERS ACROSS
INDUSTRIES THAT ARE SMALL CAPS

- Consumer durables
- Capital goods
- Consumer services
- FMCG
- Metals & Mining
- Healthcare
- BFSI
- Construction materials
- Power
- Automobile and auto components

And many more..

PLEASE NOTE THAT THE REFERENCE TO ANY INDUSTRY/ SECTOR IS PROVIDED FOR ILLUSTRATIVE PURPOSES ONLY. THIS SHOULD NOT BE CONSTRUED AS A RESEARCH REPORT OR A RECOMMENDATION TO BUY OR SELL ANY SECURITY OR SECTOR.



THE SLIDE IS FOR THE PURPOSE OF EXHIBITING SEGMENT LEADERS IN SMALL CAP COMPANIES AND THERE IS NO ASSURANCE OR GUARANTEE THAT THESE STOCKS WILL BE PART OF THE FUND'S PORTFOLIO.

CORRECTION IN PRICE, NOT IN QUALITY

FY25 SAW A CORRECTION IN SMALL CAPS, OFFERING AN OPPORTUNITY TO BUY QUALITY AT DISCOUNT.

CORRECTION FROM 52 WEEK HIGH	NUMBER OF SMALL CAP COMPANIES
0 to -15%	43
-15% to -30%	81
-30% to -45%	85
OVER -45%	41

Most are trading well **below 52-week highs**, making valuations compelling.

FY	TOTAL PAT	INDEX VALUE
FY 2024	21,669	5792.24
FY 2025	29,941	6039.25

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The index rose just **4%** since FY24 while PAT grew **38%**, reflecting the **unrealized value** of small caps.

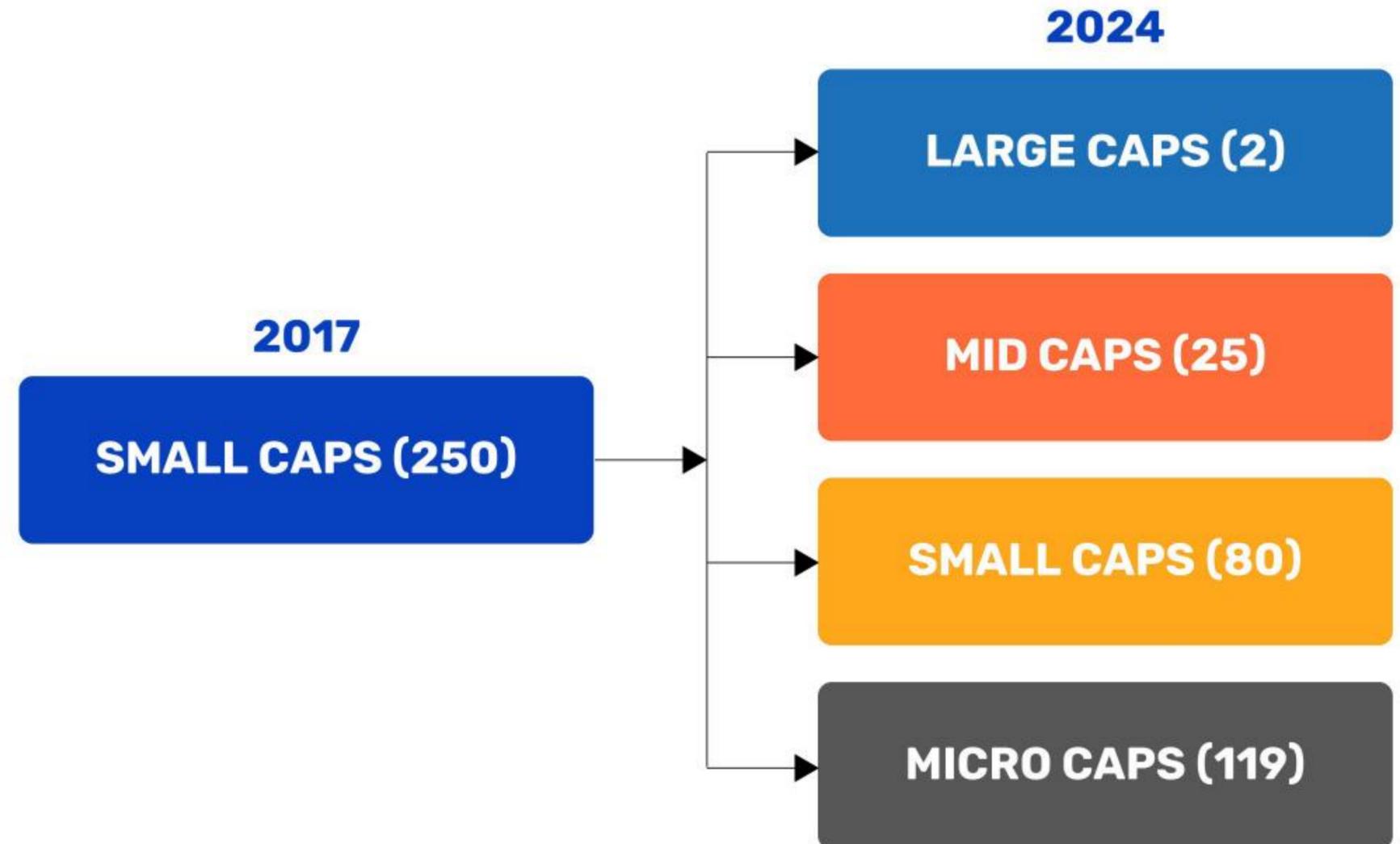
1 YEAR ROCE	% OF SMALL CAP COMPANIES
0 - 10%	21%
10%-20%	35%
20%-30%	23%
OVER 30%	16%

ROCE: RETURN ON CAPITAL EMPLOYED

74% of the top 250 small caps report ROCE above 10%, reflecting **strong fundamentals**.

NOT ALL SMALL CAPS GROW TO BECOME LARGE CAPS

Nearly 50% of the small cap companies from 2017 have slipped into micro cap territory. This highlights the importance of not just picking the right small caps, but also knowing what to avoid.



SOURCE: CATEGORY CLASSIFICATION AS PER AMFI EXCEPT FOR MICRO CAP | DATA AS ON DEC 31 2024.
MICRO CAPS ARE COMPANIES BEYOND THE TOP 500 LISTED COMPANIES BY MARKET CAP

INTRODUCING

BAJAJ FINSERV SMALL CAP FUND

An open ended equity scheme predominantly investing in small cap stocks

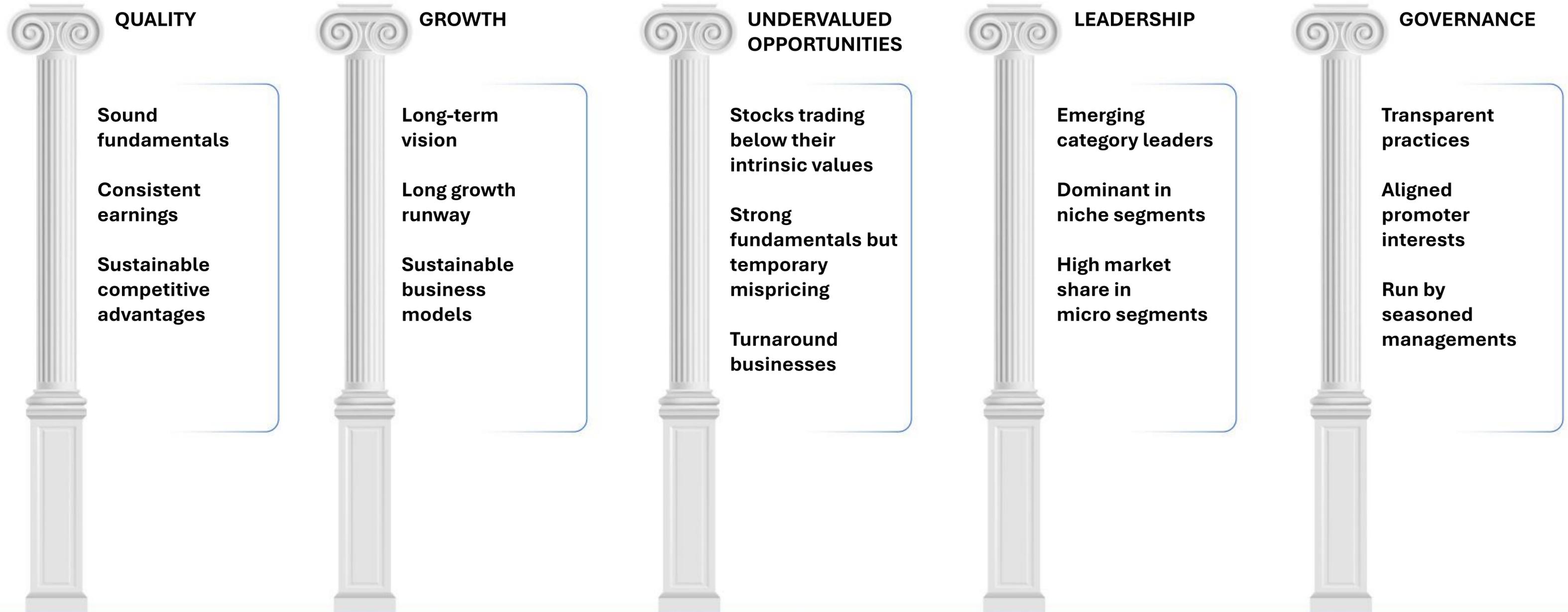
ONE PORTFOLIO - THREE STRENGTHS

QUALITY

GROWTH

VALUE

5 PILLARS OF OUR APPROACH



RISK-PRUDENT, NOT RISK-AVERSE

Fund's approach to mitigating risks and unlocking growth in small caps

RISK	HOW IT AFFECTS INVESTORS	FUND'S RISK MITIGATION APPROACH
Information Gaps	<u>Low analyst coverage</u> , limited disclosures, poor transparency	In-depth internal research, management interaction, and forensic checks
Governance Concerns	<u>Promoter dominance</u> , related-party transactions, ethical lapses	Strict governance filters, <u>promoter background checks</u>
Capital Misallocation	<u>Reckless expansion</u> , unrelated diversification, poor ROE projects	Emphasis on capital efficiency and strong <u>ROCE/ROE track record</u>
High Leverage	Excessive debt makes companies vulnerable in downturns	Prefer companies with <u>healthy balance sheet</u> and interest coverage ratios
Business Concentration	Over-dependence on a single product, client, or geography of the business	Screen for <u>robust revenue models</u> and de-risk by diversified growth

ROCE: RETURN ON CAPITAL EMPLOYED | ROE: RETURN ON EQUITY

THE INVESTMENT PHILOSOPHY THAT GENERATES LONG-TERM OUTPERFORMANCE - INQUBE

While most investors focus on what to invest in, we focus on how to invest more effectively. To achieve this, we've identified three key sources of alpha with a holistic approach that blends fundamental analysis, quantitative modeling, and behavioural insights.

INQUBE



Collecting superior
data and
information

INFORMATION EDGE



Smarter data
processing to build
efficient models.

QUANTITATIVE EDGE



Making investment decisions by
understanding market sentiment
while mitigating biases

BEHAVIOURAL EDGE

EQUITY INVESTMENT PROCESS

1

IDENTIFYING

IDENTIFYING CYCLES AND MEGATRENDS

- TOP DOWN
 - Macros
 - Cycles
 - Themes
 - Trends
 - Market indicators
- BOTTOM UP
 - Screener
 - Corporate meetings
 - In-house research
 - External analysts/Consultants

2

ANALYSING

INVESTMENT CHECKLIST

- Business
- Management
- Valuation

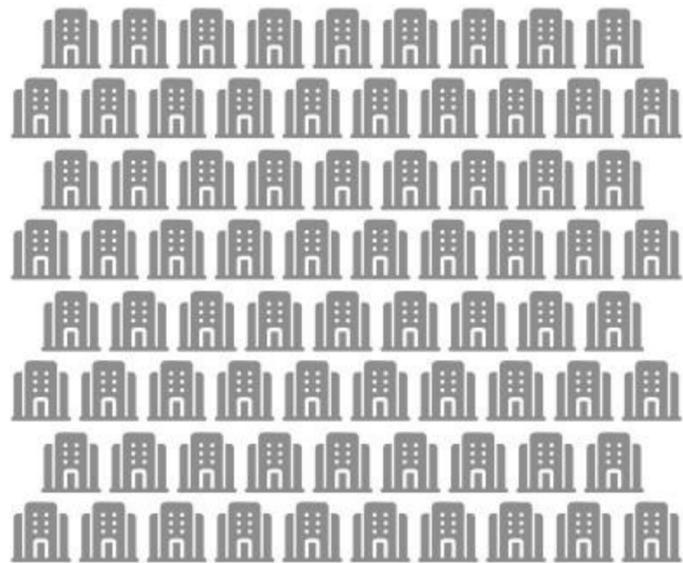
3

ALLOCATION

- Regulatory requirements
- Internal risk management limits
- Investment mandate
- Investment recording
- Position sizing

PORTFOLIO CREATION PROCESS

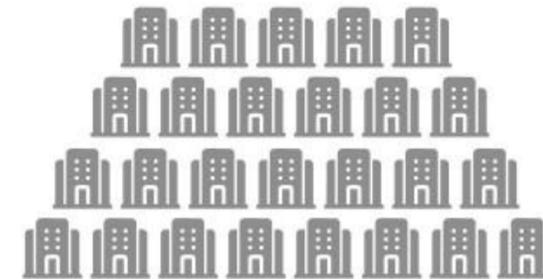
UNIVERSE
1150 STOCKS



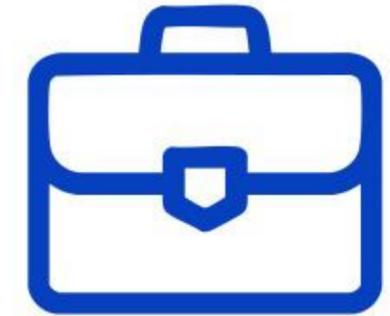
SMALL CAP
900 STOCKS



TOTAL COVERAGE
300-400 STOCKS



PORTFOLIO
45-100 STOCKS



EQUITY INVESTMENT PROCESS

POST-INVESTMENT REVIEW



MONITOR INVESTMENT PERFORMANCE

- Track the performance of investments over time
- Regularly evaluate business performance and market trends
- Monitor key financial and non-financial metrics

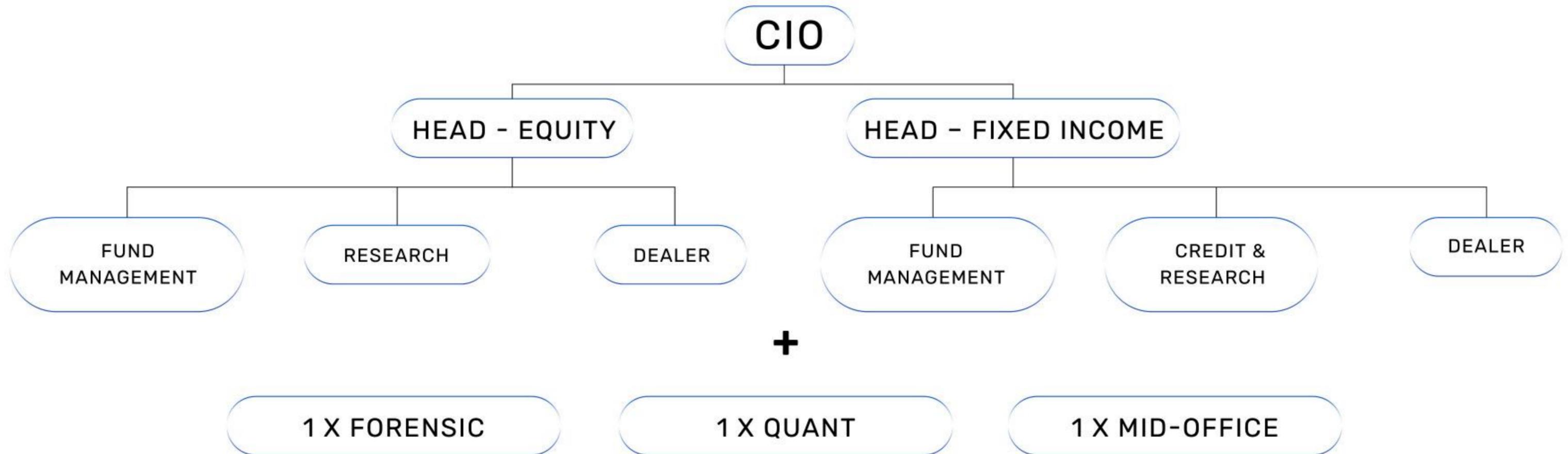


RE-EVALUATE EXIT STRATEGY

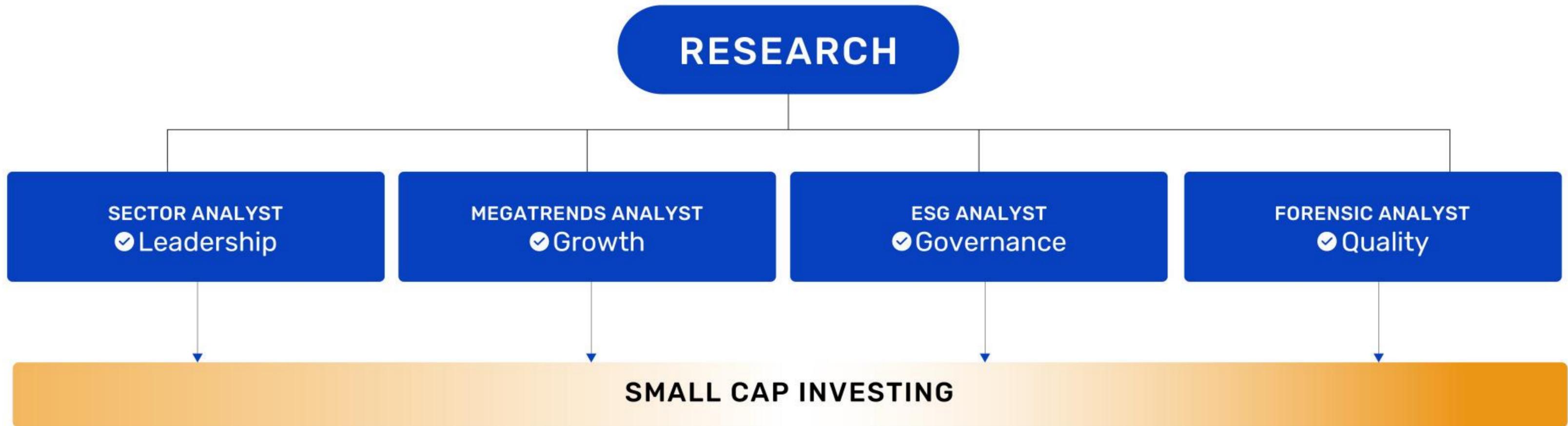
- Determine exit points based on evolving market conditions to generate alpha
- Adjust strategies based on updated information

SEASONED TEAM WITH MULTI-DOMAIN EXPERTISE

27-MEMBER TEAM WITH A COMBINED EXPERIENCE OF 267 YEARS. 19 MBAS, 6 CFAS, 3 CAS, 1 MA (ECO)



SEASONED TEAM WITH MULTI-DOMAIN EXPERTISE



ENSURING QUALITY IN SMALL CAP INVESTING

Forensic Research Process

STEPS	FOCUS AREA	KEY CHECKS/INDICATORS
Initial Screening	Forensic risk model, red flag triggers	<ul style="list-style-type: none"> Unusual profit growth, auditor changes, high pledging, sudden equity dilution
Accounting Quality	Earnings credibility & revenue recognition	<ul style="list-style-type: none"> Cash flow vs. profit mismatch, aggressive revenue booking, capex vs. asset productivity
Cash Flow & Balance Sheet	Earnings credibility & revenue recognition	<ul style="list-style-type: none"> CFO vs. PAT, rising receivables/inventory, high leverage, poor interest coverage
Promoter & Governance	Promoter intent, board practices, historical conduct	<ul style="list-style-type: none"> Promoter pledging, litigation history, related-party transactions, board independence – independent directors, board autonomy ensuring proper checks and balances
Auditor & Disclosure Check	Auditor quality, reporting transparency	<ul style="list-style-type: none"> Frequent auditor change, qualified audit opinions, delayed financials, inadequate disclosures
Red Flag Mapping & Scoring	Risk assessment & investment decision support	<ul style="list-style-type: none"> Forensic scorecard, watchlist maintenance

WHO IS THIS FUND FOR?

INVESTORS WHO:

Want to invest in fundamentally strong businesses in the small cap space trading below intrinsic value.

Prefer quality small cap businesses with robust governance and long-term sustainability.

Want to diversify their portfolio adding small caps with high growth potential.

Are looking to build wealth by capturing small cap growth over time.

PORTFOLIO

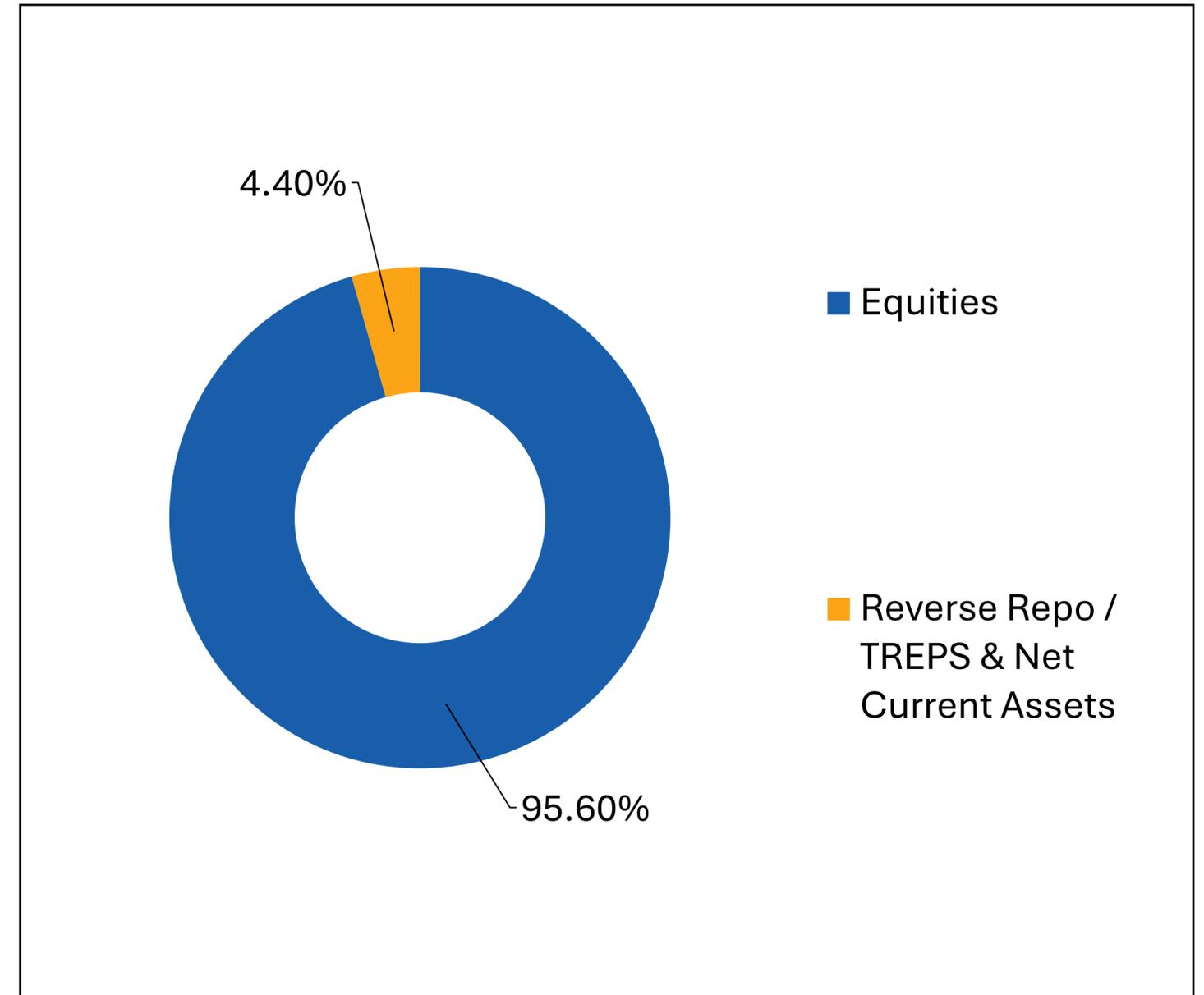
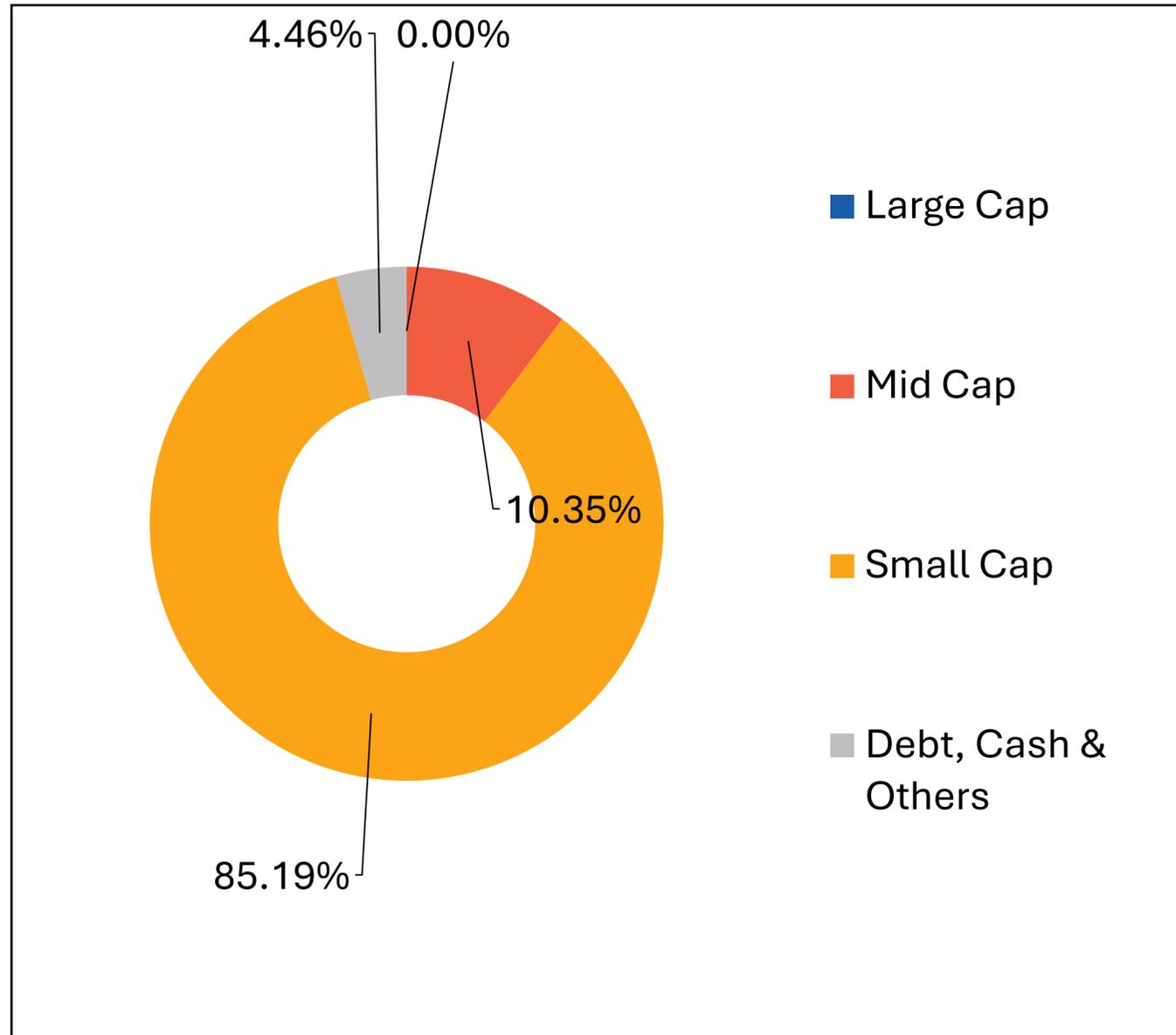


Stock	Market Value as % of Net Asset (Eq)
The Federal Bank Limited	3.61%
Ujjivan Small Finance Bank Limited	3.50%
Schaeffler India Limited	3.30%
Navin Fluorine International Limited	3.15%
Neuland Laboratories Limited	2.88%
Timken India Limited	2.69%
S.J.S. Enterprises Limited	2.31%
CreditAccess Grameen Limited	2.29%
HEG Limited	2.28%
Sobha Limited	2.28%
Rubicon Research Limited	2.14%
K.P.R. Mill Limited	2.01%
KNR Constructions Limited	2.01%
Amber Enterprises India Limited	1.98%
PNB Housing Finance Limited	1.96%
Angel One Limited	1.92%
Whirlpool of India Limited	1.83%
Zydus Wellness Ltd	1.78%
Tega Industries Limited	1.76%
Aditya Birla Sun Life AMC Limited	1.75%
Safari Industries (India) Limited	1.74%
Manappuram Finance Limited	1.72%
Devyani International Limited	1.71%
Welspun Corp Limited	1.63%
Affle 3i Limited	1.45%
Steel Authority of India Limited	1.43%
ACC Limited	1.42%
Kajaria Ceramics Limited	1.37%
Aditya Birla Real Estate Limited	1.32%

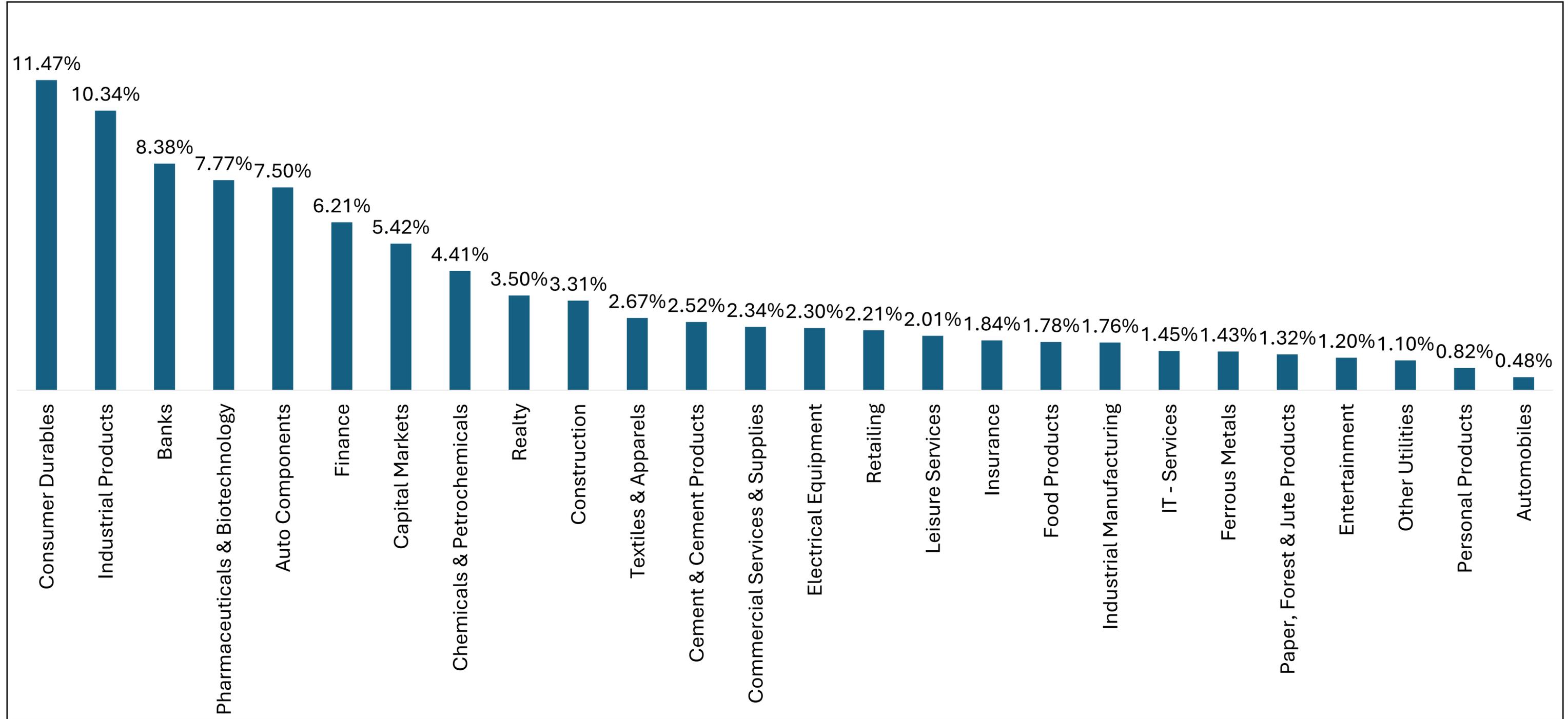
Stock	Market Value as % of Net Asset (Eq)
Ahluwalia Contracts (India) Limited	1.30%
RBL Bank Limited	1.27%
RHI Magnesita India Limited	1.26%
Brigade Enterprises Limited	1.22%
PVR INOX Limited	1.20%
Piramal Pharma Limited	1.19%
Schneider Electric Infrastructure Limited	1.19%
Elecon Engineering Company Limited	1.11%
VA Tech Wabag Limited	1.10%
JK Lakshmi Cement Limited	1.10%
ZF Commercial Vehicle Control Systems India Limited	1.07%
Thangamayil Jewellery Limited	1.02%
eClerx Services Limited	1.01%
Century Plyboards (India) Limited	0.98%
ICRA Limited	0.89%
V-Mart Retail Limited	0.88%
Metro Brands Limited	0.87%
Prudent Corporate Advisory Services Limited	0.86%
Awfis Space Solutions Limited	0.85%
Emami Limited	0.82%
Atul Limited	0.80%
Medi Assist Healthcare Services Limited	0.80%
Wockhardt Limited	0.79%
Sanofi Consumer Healthcare India Limited	0.77%
Time Technoplast Limited	0.76%
Niva Bupa Health Insurance Company Limited	0.75%
La Opala RG Limited	0.69%
Orient Electric Limited	0.67%
Ingersoll Rand (India) Limited	0.62%
Grindwell Norton Limited	0.62%

Stock	Market Value as % of Net Asset (Eq)
JK Tyre & Industries Limited	0.61%
MedPlus Health Services Limited	0.61%
Arvind Fashions Limited	0.52%
Ather Energy Limited	0.48%
Nesco Limited	0.48%
Neogen Chemicals Limited	0.46%
EPL Limited	0.44%
Garware Technical Fibres Limited	0.44%
Cera Sanitaryware Limited	0.32%
Westlife Foodworld Limited	0.30%
Go Digit General Insurance Ltd	0.29%
JSW Holdings Limited	0.24%
Ganesha Ecosphere Limited	0.22%
Lumax Auto Technologies Limited	0.21%
Vedant Fashions Limited	0.20%
AIA Engineering Limited	0.04%
Total Equities	95.54%
Total Option Equity	0.06%
Total Short Term Debt and Net Current Assets	4.40%
Grand Total	100.00%

Portfolio Allocation



Sector Allocation



Scheme Features



Scheme Type	An open-ended equity scheme investing predominantly in small caps
Plans	Regular Direct
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- if 10% of units held- Nil ,if rest 90% are held then 1% of the applicable NAV More than 6 months from the date of allotment – Nil
Fund Manager	Equity portion – Mr. Nimesh Chandan & Mr. Sorbh Gupta Debt Portion: Mr. Siddharth Chaudhary
Benchmark Index	BSE 250 Small cap TRI
SIP/ SWP/ STP	Available
NAV in Rs.	Regular: 9.1290 Direct: 9.2070
AUM in Rs Cr.	1,551.58cr.
TER	Regular: 2.0500 Direct: 0.5500

RISK-O-METER AND PRODUCT LABEL.

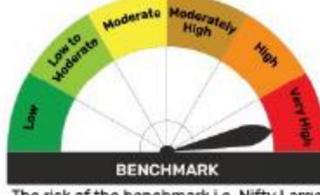
Bajaj Finserv Flexi Cap Fund

An open ended equity scheme investing across large cap, mid cap, small cap stocks.

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> ● Wealth creation/capital appreciation over long term ● Investment in equity and equity related instruments across large cap, mid cap and small cap stocks <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>	 <p>SCHEME</p> <p>The risk of the scheme is very high</p>	 <p>BENCHMARK</p> <p>The risk of the benchmark i.e. BSE 500 TRI is very high</p>

Bajaj Finserv Large and Mid Cap Fund

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

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> ● Wealth creation over long term ● Open ended equity scheme investing in both large cap and mid cap stocks <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>	 <p>SCHEME</p> <p>The risk of the scheme is very high</p>	 <p>BENCHMARK</p> <p>The risk of the benchmark i.e. Nifty Large Midcap 250 TRI is very high</p>

Bajaj Finserv Multi Cap Fund

An open ended equity scheme investing across large cap, mid cap, small cap stocks

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> ● wealth creation over long term ● to invest predominantly in equity and equity related instruments of large cap, mid cap, small cap companies. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>	 <p>SCHEME</p> <p>The risk of the scheme is Very High</p>	 <p>BENCHMARK</p> <p>The risk of the benchmark i.e. Nifty 500 Multicap 50:25:25 TRI is Very High</p>

BAJAJ FINSERV SMALL CAP FUND

An open ended equity scheme predominantly investing in small cap stocks

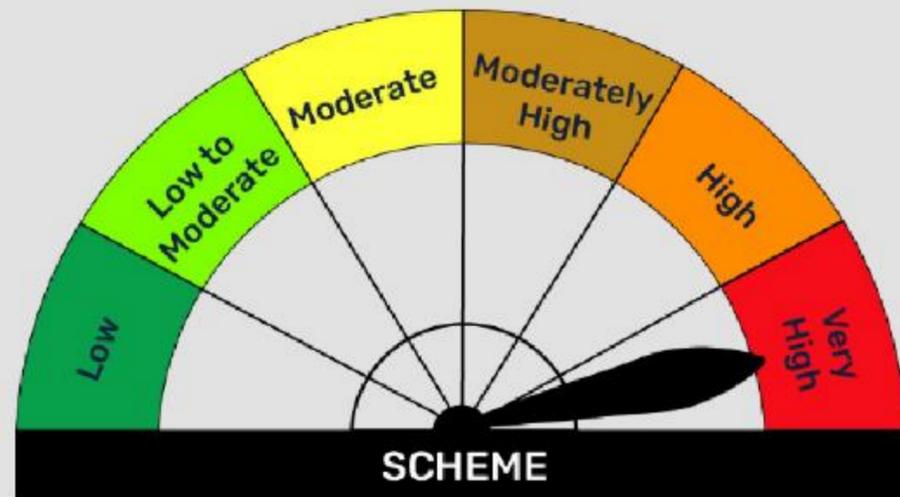
Product label

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

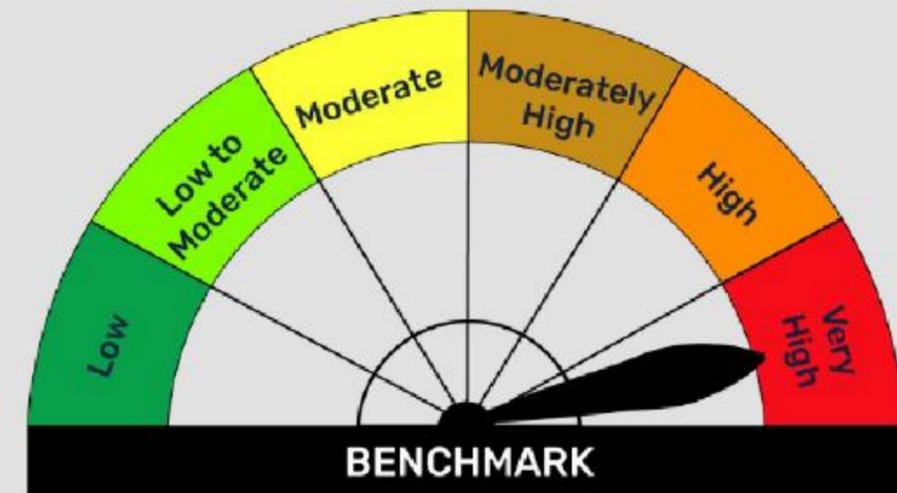
SCHEME



The risk of the scheme is very high

RISKOMETER#

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.

DISCLAIMER

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MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.