FINANCIAL INSIGHTS + BEHAVIOURAL SCIENCE

Bajaj Finserv

Balanced Advantage Fund

(With Behavioural Edge)

An Open Ended Dynamic Asset Allocation Fund

March 2026

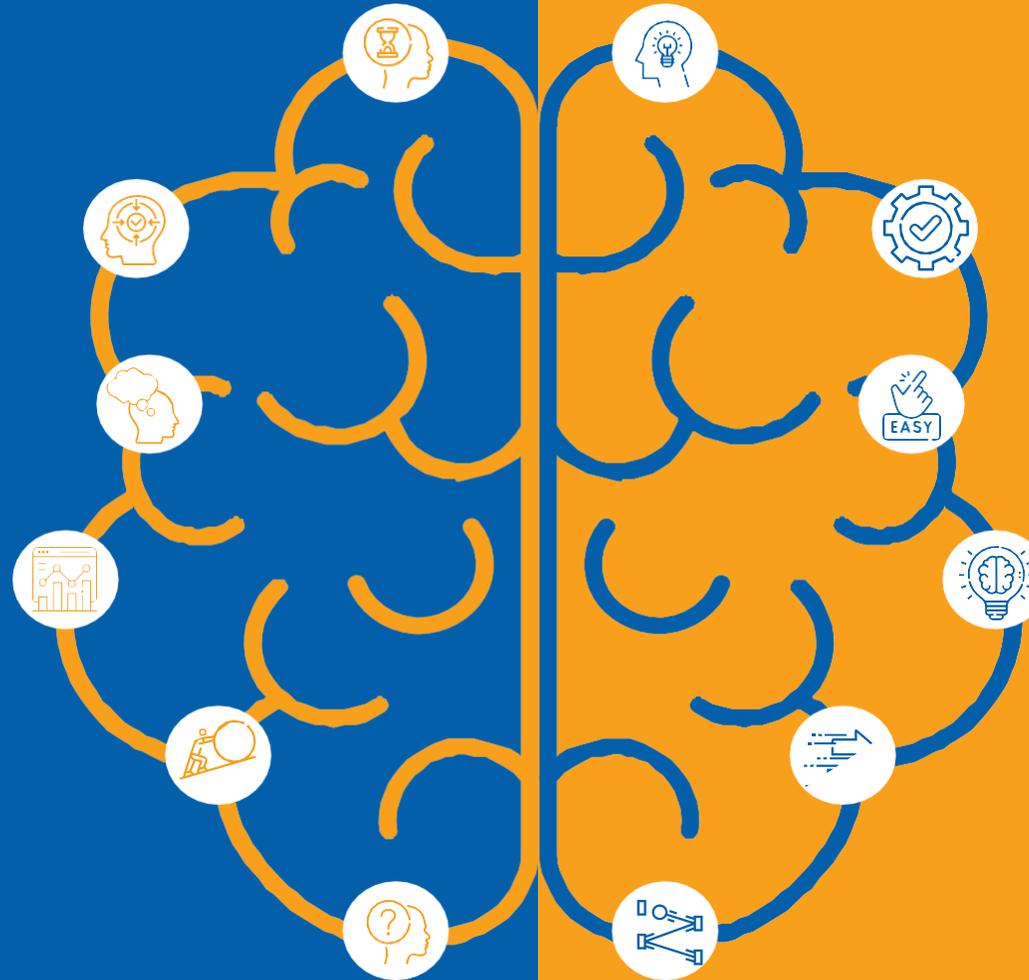# How does our brain process and make decisions?

Left Brain

- Slow
- Deliberate
- Analytical
- Conscious
- Tires quickly
- Lazy

Driven By
Information, Data,
Logical Reasoning

Right Brain

- Fast
- Automatic
- Intuitive
- Instinctive
- Subconscious
- Involuntary

Driven By
Emotions And Intuitions

Our emotions often overpower our logical thinking

Our brain is a complex organ that has evolved over millions of years to help us navigate the challenges of life

It has developed advanced logical thinking abilities

However, it also retains more primitive, emotional, and instinctual responses that can sometimes override our logical thinking

Emotions frequently steer us away from making rational decisions

How our emotions override logical reasoning:

Procrastination

Starting a task early and working on it consistently is the logical approach, but our emotions often lead us to procrastinate until the last minute.

Spending Money

Making impulsive purchases or spending beyond our means because of the momentary joy of acquiring something.

Skipping Exercise

The emotional pull to stay in our comfort zone can make us skip workout sessions.

Stress Eating

When stressed, we might indulge in comfort foods even though we're aware that it's not a healthy coping mechanism.
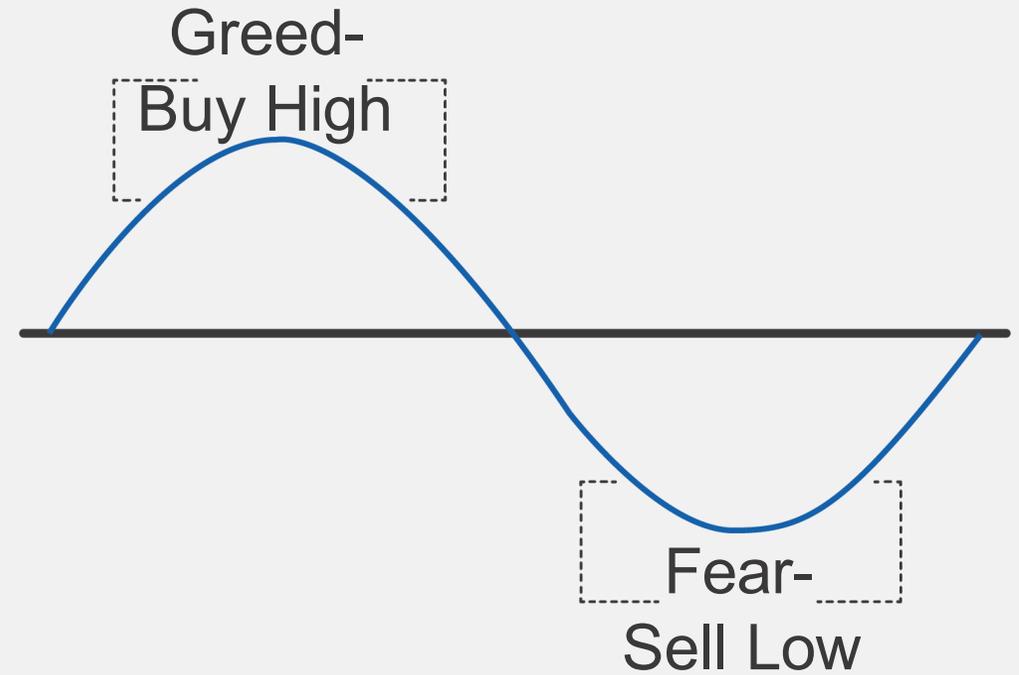
Our emotions override logical reasoning while making investment decisions as well

We get swayed by Greed and Fear while investing

What we should do

Sell Zone

Buy Zone

What we end up doing

Greed- Buy High

Fear- Sell Low
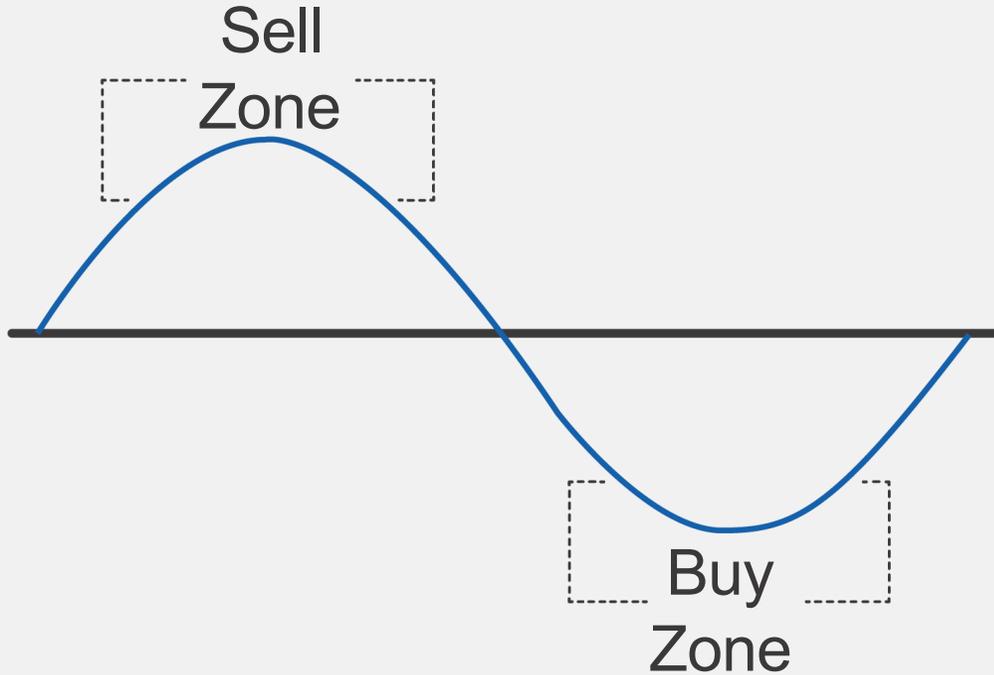
Our investment decisions get impacted due to various emotional biases

Regret Aversion Bias

Clinging to loss making choices to avoid regret leads people to continue with loss-making decisions in down cycles.

Trend-Chasing Bias

Focusing on past performance, ignoring other factors.

Loss Aversion Bias

Fear of loss prevents from seeking gains.
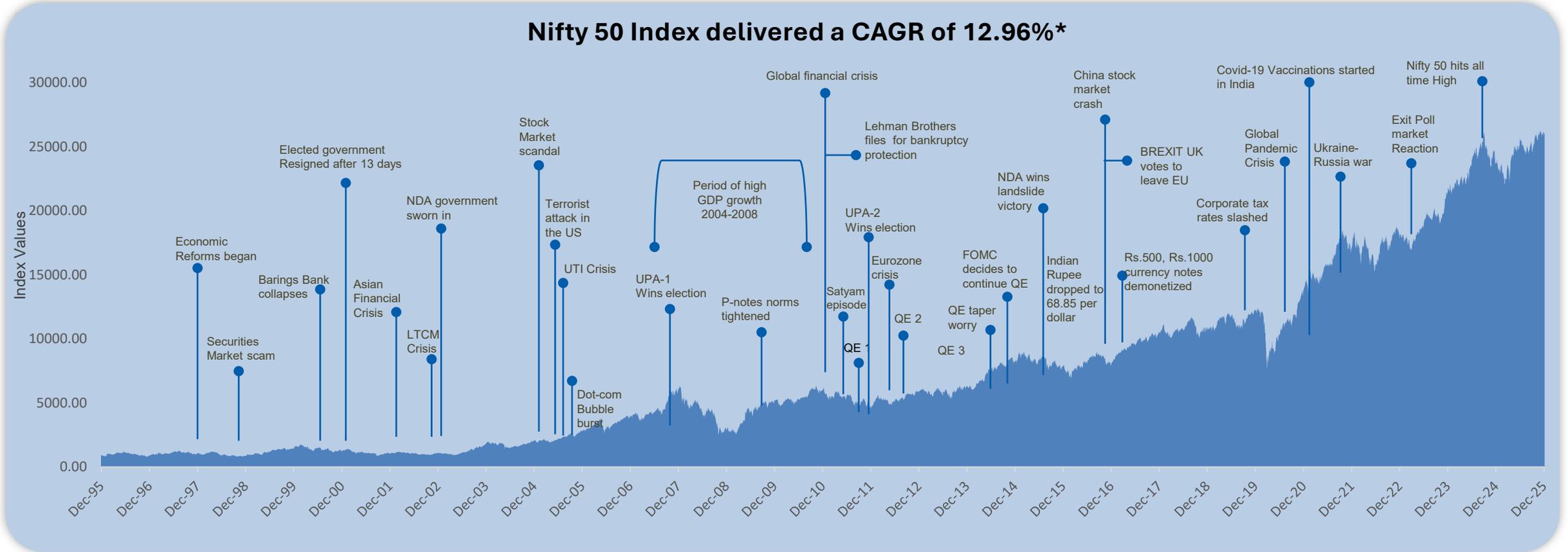
Herd Mentality Bias

Following the crowd without independent analysis.

Market volatility impacts our emotions & behaviour

Nifty 50 Index delivered a CAGR of 12.96%*

People feel optimistic and positive when the market peaks and anxious when the market nose-dives

Source: ICRA MFI Explorer, Past performance may or may not be sustained in future
Data as on Jan 30, 2025

Introducing
Bajaj Finserv
Balanced Advantage Fund
(With Behavioural Edge)

Market trends basis fundamentals and liquidity

Fundamentals

Liquidity

Correction

Bull

Bear

Dead Cat Bounce
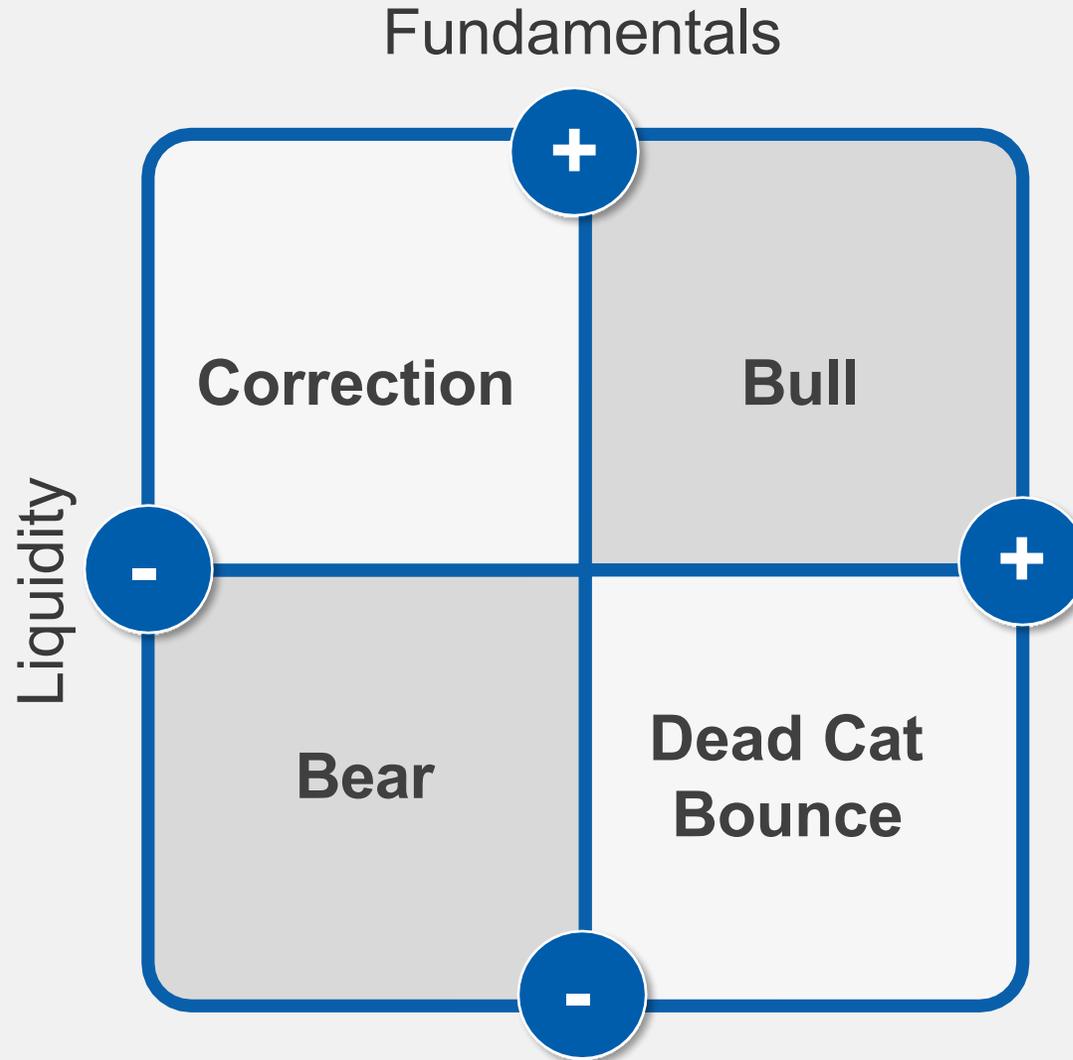
Approach

What moves the market?

Fundamental Element

Behavioural Element

> The stock market is the story of cycles and of the human behaviour that is responsible for overreactions in both directions.
>
> - Seth Klarman

BAJAJ FINSERV ASSET MANAGEMENT LIMITED

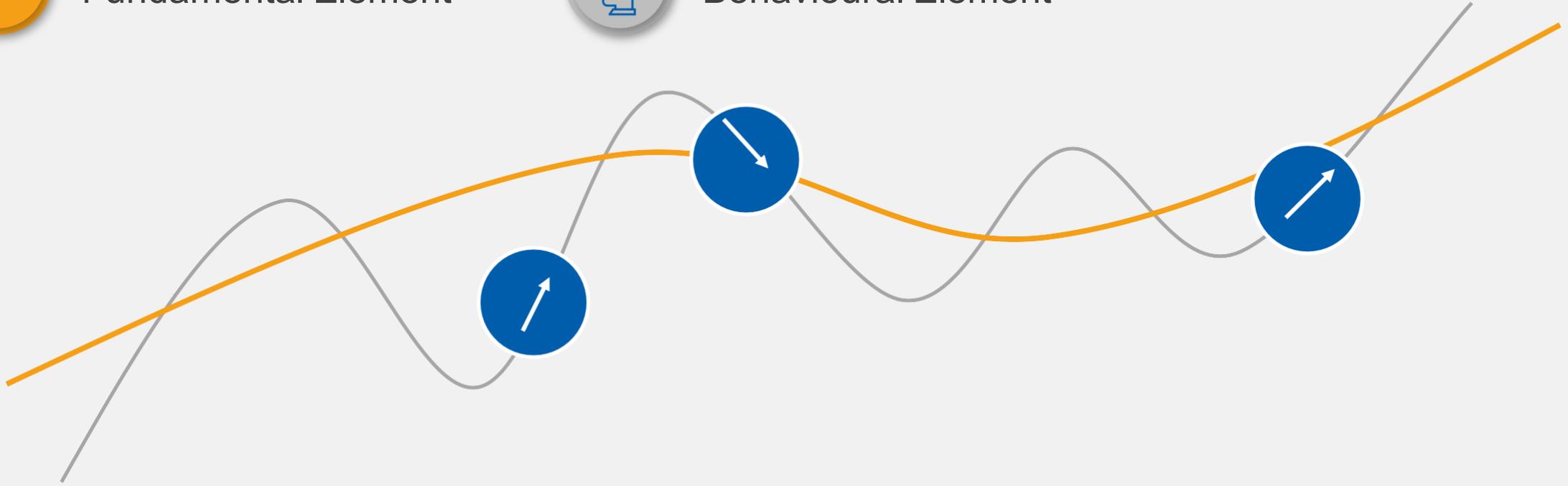# With Bajaj Finserv Balanced Advantage Fund, emotions take a back seat, and logic steers the ship.

Asset Bucketing**

- Gross Equity*– (65-90)%
- Net Equity –(25-90)%
- Debt – (10-35)%

Behavioural Adjustment

Market Intrinsic Value

Asset Allocation Approach

Rebalancing Option of daily rebalancing

**Indicative allocation and this can change based on market conditions and investment opportunity available   *Includes Net Equity & Arbitrage
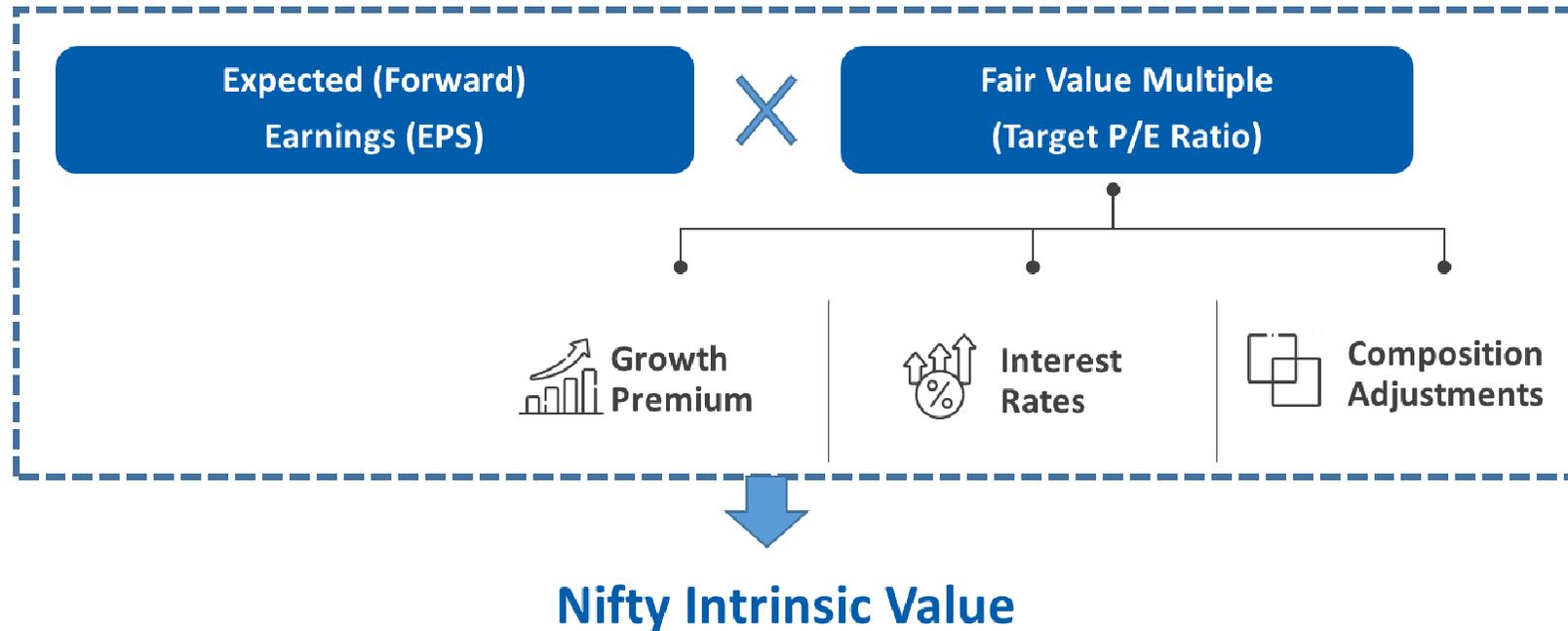
The fund model will determine market's intrinsic value & make behaviour based adjustments. It will change the asset allocation accordingly and rebalance the portfolio from time to time.

Bajaj Finserv Balanced Advantage Model = Fundamental + Behavioural

Fundamental

Balanced Advantage Model

Behavioural

Bajaj Finserv Balanced Advantage Fund - Model Overview

Satellite Allocation basis Market Sentiment Lead Indicator

Expected (Forward) Earnings (EPS)	×	Fair Value Multiple (Target P/E Ratio)

- Growth Premium
- Interest Rates
- Composition Adjustments

Nifty Intrinsic Value

- Currency
- Commodity
- Fixed Income
- Equity

- Estimate market's intrinsic value: Forward EPS, growth premiums, and interest rate.

- Gives core allocation signal.

- Sentiment analysis: Using commodities, currency movements, yield indicators.

- Signals early warnings of market cycles, both bullish and bearish.

- Together, the two broad indicators confirm and indicate market entry and exit points.

Fundamental Elements

Which fundamental elements move Nifty 50?

- Nifty 50 has a **very weak correlation with GDP** – constituents and weights

- But, has a **strong correlation** over long term to **earnings**

Ideal Nifty 50*
=

Ideal Earnings* X Ideal Valuation*

Ideal Earnings is Forward Earnings

Ideal Valuation is Comparative and not Absolute

*Based on Internal Analysis

Behavioural Factor

Factors	Interplay
Currencies	Certain currency pairs reveal the mood and the bias of the currency market whether they are in risk-on mode or are operating as safe haven.
Commodity	Studying commodities price movement between energy, industrial, precious, and soft commodities reveals the broad commodities view regarding the economy and the business outlook across the world.
Bond	Spread between the emerging and developed market; corporate bond and government securities; slope of the yield curve; captures the sentiment of bond traders and prevailing global liquidity.
Equity	Equity investors reveal their view and sentiment about the equity market through choices of market cap and position between different sectors.

Fundamental Elements

Ideal Valuation (Comparative)

P/BV
- Values Assets
- Less volatile than earnings but way less representative
- Many businesses in Nifty 50 are asset-light

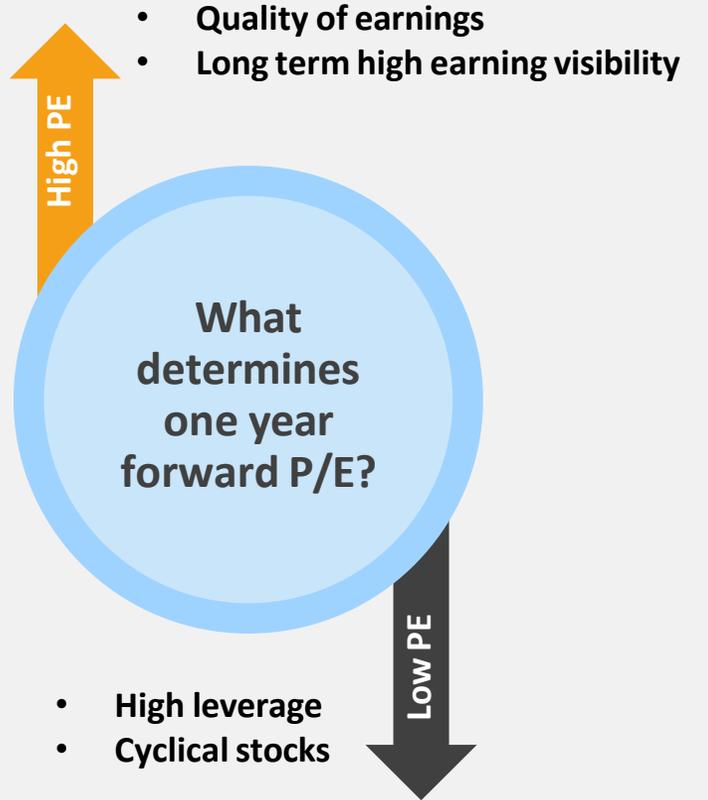**Thus, P/BV can not be used broadly for all sectors**

M-Cap/GDP
- Ignores quality of business, keeps trending higher

Thus M-Cap/GDP can not be used broadly for all stocks/businesses

Hence P/E :

Though tough, remains Appropriate!

P/BV- Price/Book Value, M-Cap – Market Capitalization, GDP – Gross Domestic Product, P/E – Price/Earning

*Based on Internal Analysis

High PE

- **Quality of earnings**
- **Long term high earning visibility**

What determines one year forward P/E?

Low PE

- **High leverage**
- **Cyclical stocks**

Ideal Earning*
One year Forward Earning

Ideal Valuation*
One Year Forward P/E

16

How does it work?

The fund follows a proprietary INQUBE investment philosophy that combines informational, quantitative, and behavioural edges for competitive performance.

Investment Approach

Intrinsic Value Determination

Core Allocation

Behavioural Indicator

Satellite Allocation

Rebalancing

Final Allocation Decisions

Portfolio construction approach for equity & debt components
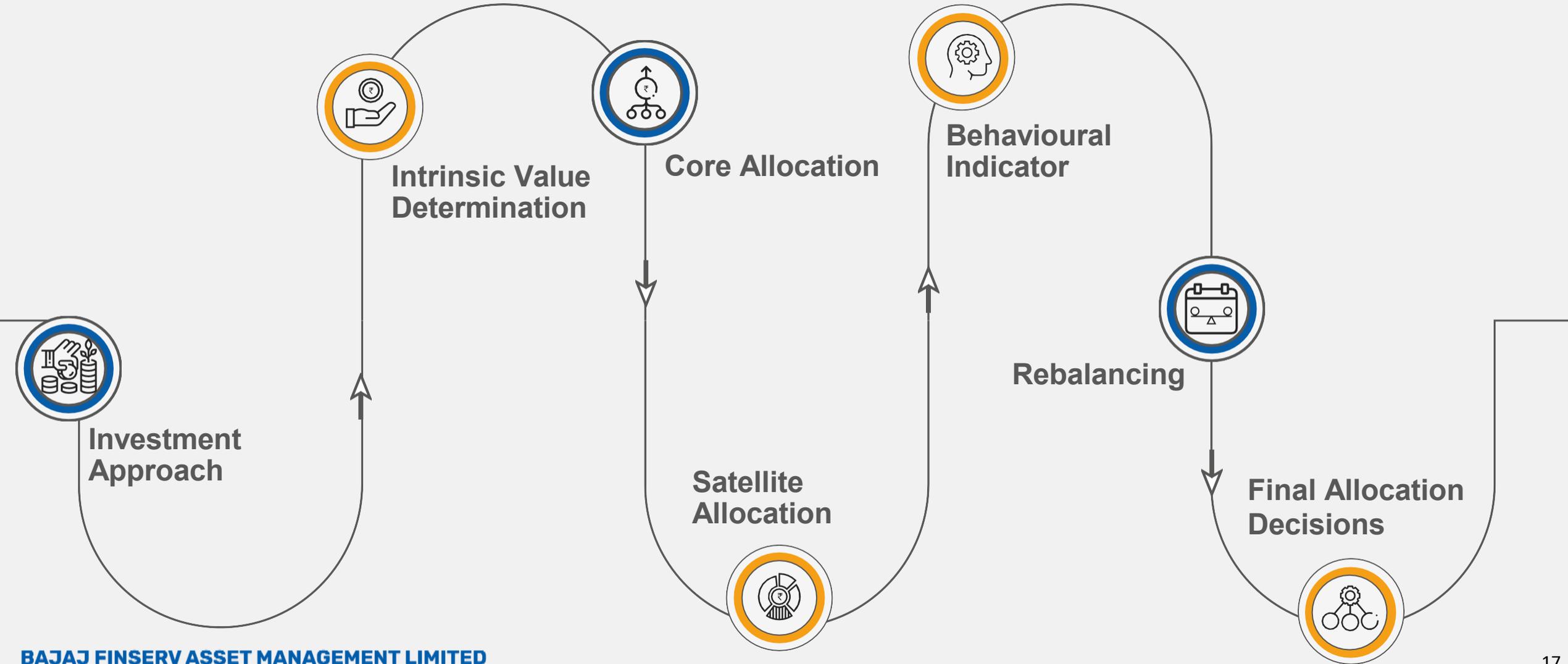
Portfolio Approach	
Equity Portfolio	• Flexi cap approach • Prefer Large cap orientation
Debt Portfolio	• Short to medium term duration • Investment in highly rated securities • To anchor and support core performance

BAJAJ FINSERV

FINANCIAL INSIGHTS + BEHAVIOURAL SCIENCE

BALANCED ADVANTAGE FUND
(With Behavioural Edge)

An Open Ended Dynamic Asset Allocation Fund

March 2026

Date	Feb 26	Jan 26	Dec 25	Nov 25	Oct 25	Sep 25	Aug 25	July 25	June 25	May 25	Apr 25	Mar 25
Fundamental View	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value	👍 Below Fair Value
Sentiment Indicator	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😊 Positive	😞 Negative
Net Equity Allocation	78.17%	80.83%	78.53%	81.82%	78.17%	81.11%	83.04%	78.78%	77.81%	79.30%	75.97%	76.59%

Legend: 🟧 Portfolio Allocation   🟩 Increased Portfolio Allocation   🟥 Decreased Portfolio Allocation

Combining fundamental and behavioural finance principles provides a key advantage in managing investments. Our proprietary asset allocation model at Bajaj Finserv AMC is based on those two elements namely: fundamental analysis and behavioural insights. It ensures that our Balanced Advantage Fund is well-positioned to navigate market complexities and deliver long-term value to our investors. By understanding the interplay of various market factors, we can make informed decisions that align with our investors' goals, fostering financial growth and stability. This unique approach helps us determine the optimal asset allocation between equity and debt, providing an edge for our investors.

Fundamental Indicator:
Our fundamental indicator focuses on the Nifty 50 Index, analysing its ideal earnings and valuations. Ideal earnings are forward-looking estimations, while ideal valuations are comparative, offering a realistic assessment rather than absolute measures. This robust analysis forms the backbone of our model, ensuring a sound foundation for asset allocation.

Behavioural Indicator:
The differentiation in our model lies in the behavioural indicator, which measures behavioural and sentimental trends in the market by monitoring four key factors: **currencies, commodities, bonds, and equities**. Let's explore how each of these factors contributes to our asset allocation strategy:

- Reflect risk appetite.
- Risky currencies signal optimism; safe havens show caution.
- Helps predict capital flows into Indian equities.

- Rising prices = strong economy; precious metals up = uncertainty.
- Guides sector allocation (energy, industrials) based on economic cycles.

- Yield spreads & curves show investor sentiment and liquidity.
- Narrowing spreads = confidence, steep curve = growth expectations.
- Guides equity investment in growth sectors.

- Large-cap focus = stability; small/mid-caps = higher risk.
- Sector rotations signal where investors see growth or safety.
- Informs strategic asset allocation.

The sequence, relationship and nature of trends in these assets helps understand and anticipate market movements driven by psychological factors, leading to more informed and effective investment decisions. By integrating behavioural insights with fundamental analysis, our model offers a comprehensive approach to asset allocation, optimizing returns while managing risks.

Data as on 28th February 2026

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

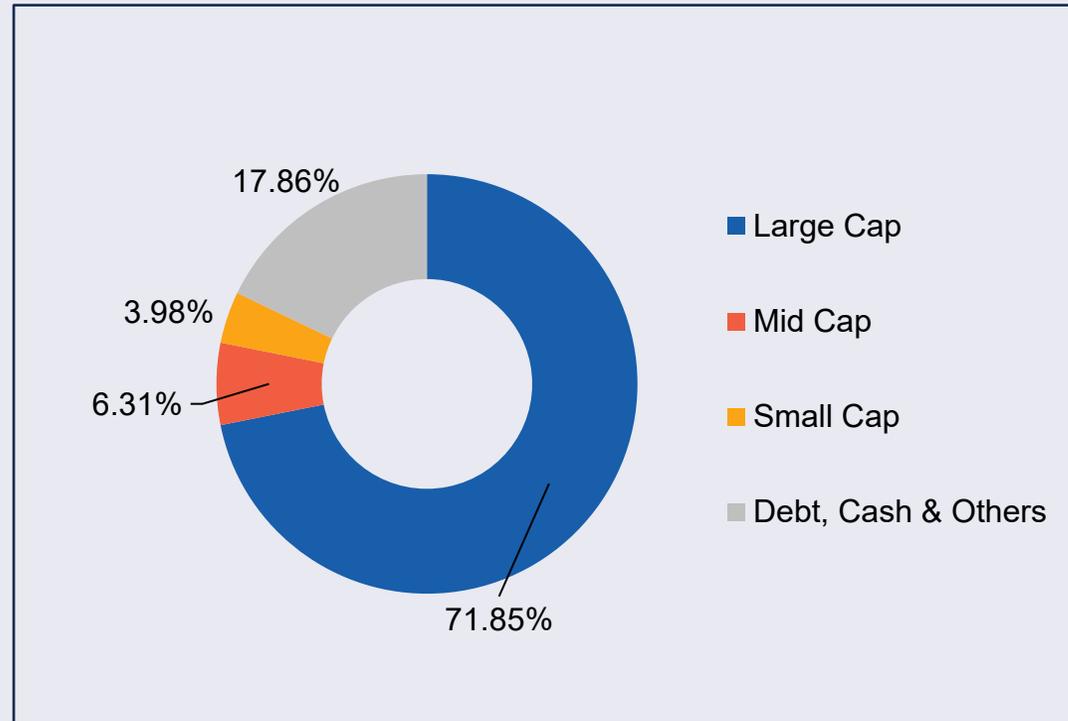# Bajaj Finserv Balanced Advantage Fund – Equity portion

Stock	Market Value as % of Net Asset (Eq)	Market Value as % of Net Asset (Fut)
HDFC Bank Limited	7.92%	
ICICI Bank Limited	4.55%	
State Bank of India	4.25%	
Reliance Industries Limited	3.48%	
Larsen & Toubro Limited	3.48%	
Divi's Laboratories Limited	3.39%	
Hindustan Unilever Limited	3.10%	
UltraTech Cement Limited	3.01%	
Axis Bank Limited	2.77%	
Apollo Hospitals Enterprise Limited	2.57%	
Tata Steel Limited	2.02%	
Mahindra & Mahindra Limited	2.00%	-1.49%
DLF Limited	1.94%	
Sun Pharmaceutical Industries Limited	1.87%	
Vedanta Limited	1.82%	
Schaeffler India Limited	1.80%	
Sanofi Consumer Healthcare India Limited	1.62%	
Eternal Limited	1.50%	
Bharti Airtel Limited	1.44%	
NTPC Limited	1.43%	
Titan Company Limited	1.39%	
Bajaj Auto Limited	1.38%	
ITC Limited	1.37%	
Shriram Finance Limited	1.30%	
Asian Paints Limited	1.26%	-0.51%
Jio Financial Services Limited	1.21%	-0.47%
The Federal Bank Limited	1.15%	
Bharat Electronics Limited	1.13%	-1.07%
Adani Ports and Special Economic Zone Limited	1.08%	
Bajaj Finance Limited	1.08%	-0.53%

Stock	Market Value as % of Net Asset (Eq)	Market Value as % of Net Asset (Fut)
GlaxoSmithKline Pharmaceuticals Limited	1.03%	
ACC Limited	0.97%	
Infosys Limited	0.86%	
HCL Technologies Limited	0.86%	
Steel Authority of India Limited	0.84%	
Power Grid Corporation of India Limited	0.84%	
Indus Towers Limited	0.77%	
Nestle India Limited	0.71%	
Rubicon Research Limited	0.69%	
Devyani International Limited	0.64%	
JSW Steel Limited	0.57%	
Oil & Natural Gas Corporation Limited	0.54%	
RBL Bank Limited	0.52%	
Coal India Limited	0.50%	
Manappuram Finance Limited	0.49%	
CG Power and Industrial Solutions Limited	0.43%	
Eicher Motors Limited	0.28%	
Cummins India Limited	0.27%	
Torrent Pharmaceuticals Limited	0.27%	
Kotak Mahindra Bank Limited	0.26%	
Samvardhana Motherson International Limited	0.26%	
Petronet LNG Limited	0.25%	
Tata Consumer Products Limited	0.25%	
Hindustan Zinc Limited	0.24%	
SBI Life Insurance Company Limited	0.24%	
Trent Limited	0.23%	
NIFTY	0.10%	
Kwality Walls (India) Limited	0.02%	

Data as on 28th February 2026

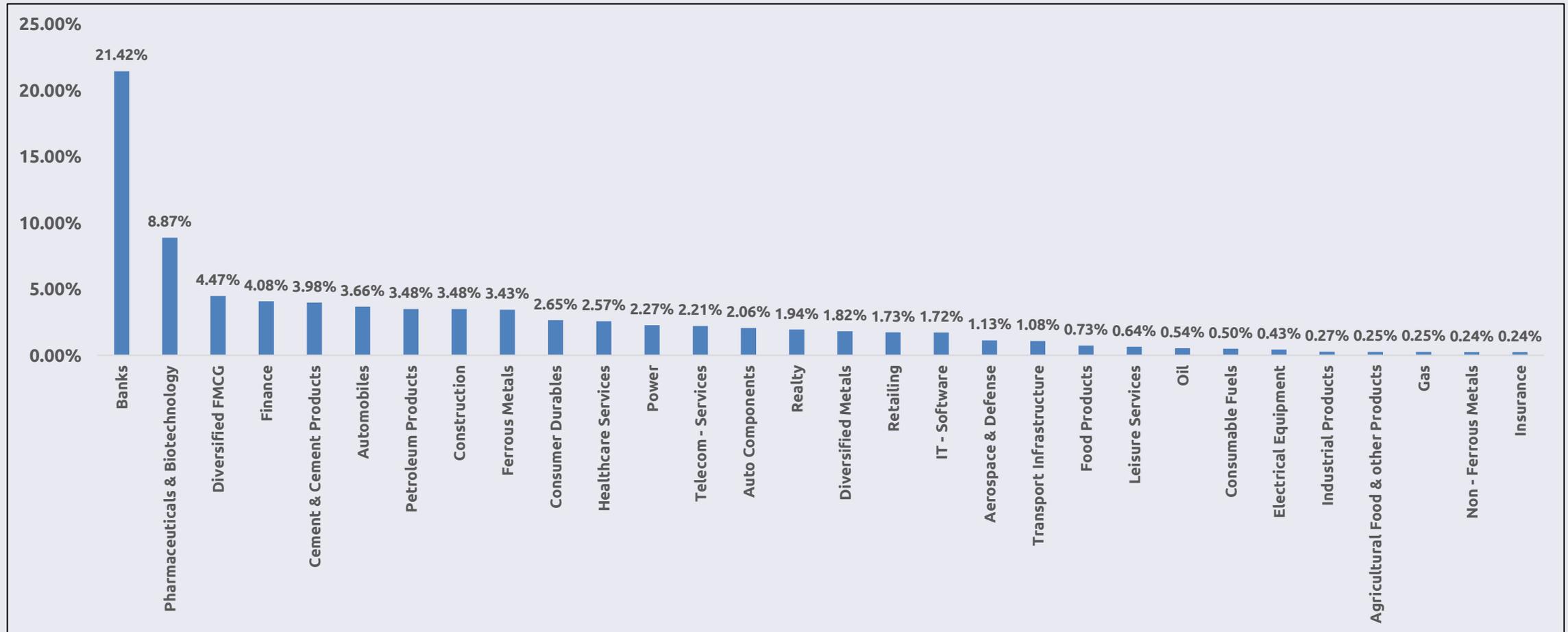# Bajaj Finserv Balanced Advantage Fund - Allocation

Market Cap Breakup

- Large Cap
- Mid Cap
- Small Cap
- Debt, Cash & Others

17.86%
3.98%
6.31%
71.85%

Debt quants

YTM	Average Maturity	Macaulay Duration	Modified Duration
6.1%	4.33yrs	2.13yrs	2.16yrs

Data as on 27th February 2026

Bajaj Finserv Balanced Advantage Fund – Industry Allocation

Industry Allocation

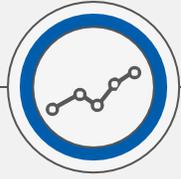Data as on 28th February 2026 | Data for Equity portion of Portfolio

Benefits of investing in Bajaj Finserv Balanced Advantage Fund

Dynamic Asset Allocation

Navigate Market Volatility

Optimizing Returns

Risk Management

Long-Term Perspective

Adapting to Change

Tax Efficiency

Who Should

Invest?

Investors who

Want to add dynamic asset allocation to their portfolio

Want diversification in their portfolio

Seek professional fund management

Want potential capital appreciation with mitigation of downside risk

Have long-term investment horizon

SCHEME FEATURES

Scheme Type	An Open Ended Dynamic Asset Allocation Fund
Plans	Bajaj Finserv Balanced Advantage Fund - Regular Plan | Bajaj Finserv Balanced Advantage Fund - 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	For each purchase of units through Lumpsum / switch-in / Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP), exit load will be as follows: ➢ if units are redeemed / switched out within 6 months from the date of allotment: • if upto 8% of units allotted are redeemed/switched out – Nil • any redemption / switch-out of units in excess of 8% 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.
Fund Manager	Mr. Nimesh Chandan and Mr. Sorbh Gupta (Equity Portion) Mr. Siddharth Chaudhary (Debt Portion)
Benchmark Index	NIFTY 50 Hybrid Composite Debt 50:50 Index
SIP / SWP / STP	Available
AUM (in Rs. Cr.)	1,174.99
TER	Bajaj Finserv Balanced Advantage Fund - Dir – Growth: 0.57 || Bajaj Finserv Balanced Advantage Fund - Reg – Growth: 2.08

Data as on 28th February 2026

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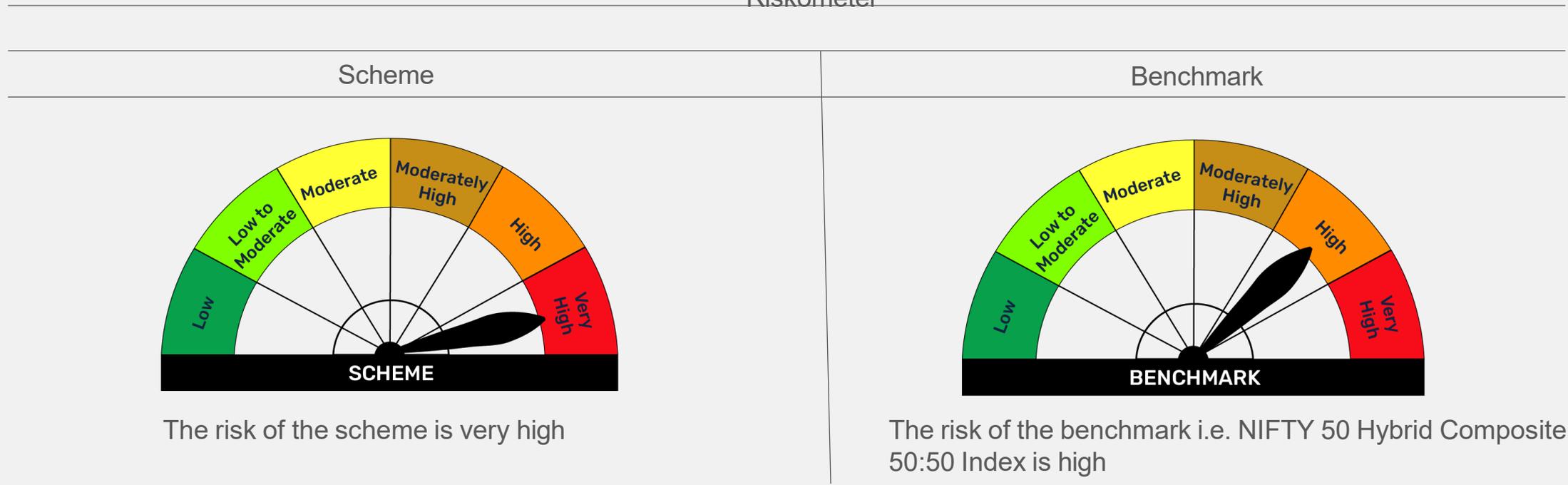
Product Label

Bajaj Finserv Balanced Advantage Fund
An Open Ended Dynamic Asset Allocation Fund

This product is suitable for investors who are seeking*:
- To generate wealth creation over long term
- Dynamic asset allocation between equity and equity related Instruments including derivatives, and fixed income instruments

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

Riskometer

Scheme	Benchmark

The risk of the scheme is very high

The risk of the benchmark i.e. NIFTY 50 Hybrid Composite Debt 50:50 Index is high

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

Disclaimer

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