

PRESENTING

SMALL CAP. GIANT POTENTIAL. 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



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.



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

₹ CRORE

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

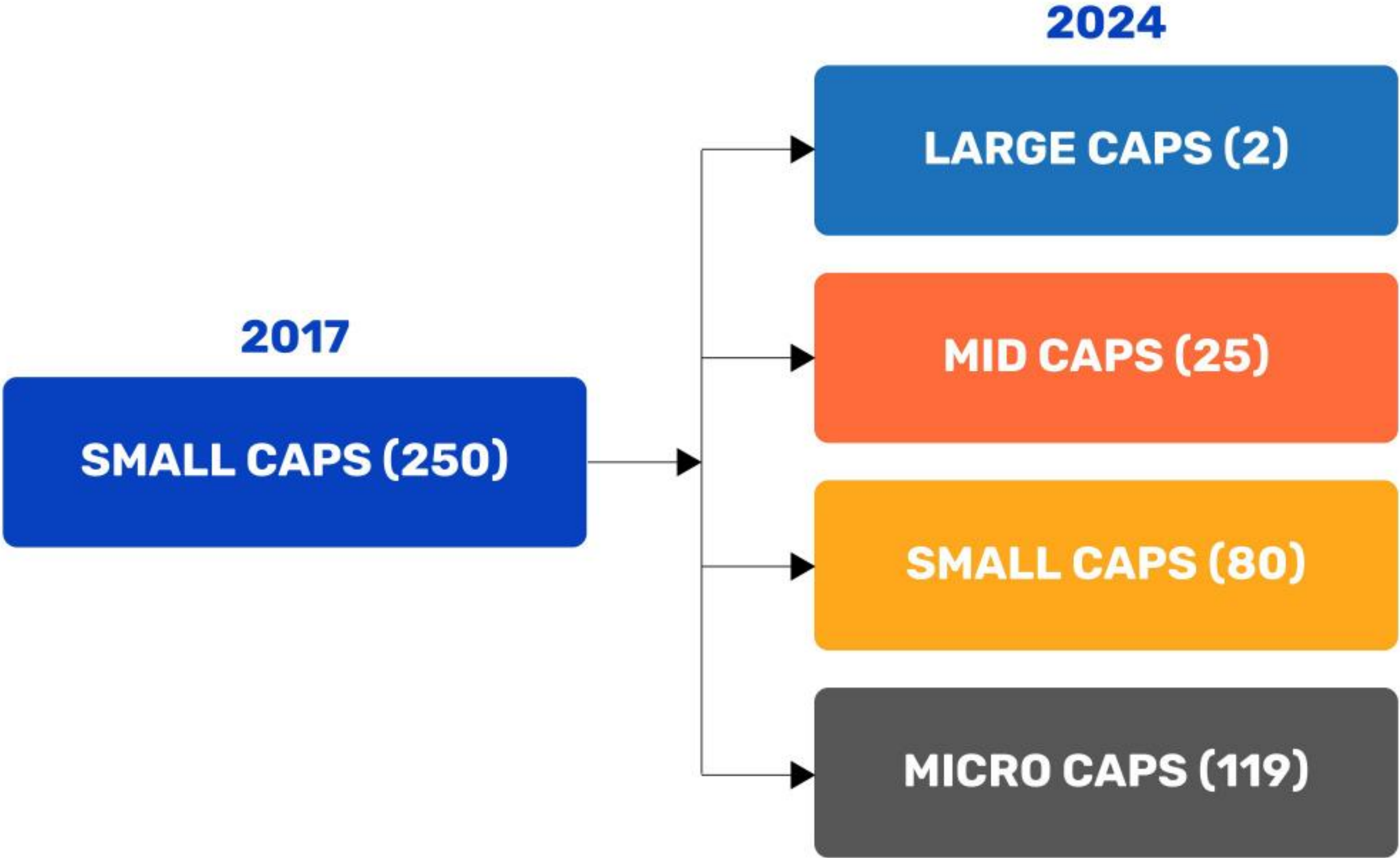
1 YEAR ROCE	% OF SMALL CAP COMPANIES
0 - 10%	21%
10%-20%	35%
20%-30%	23%
OVER 30%	16%

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

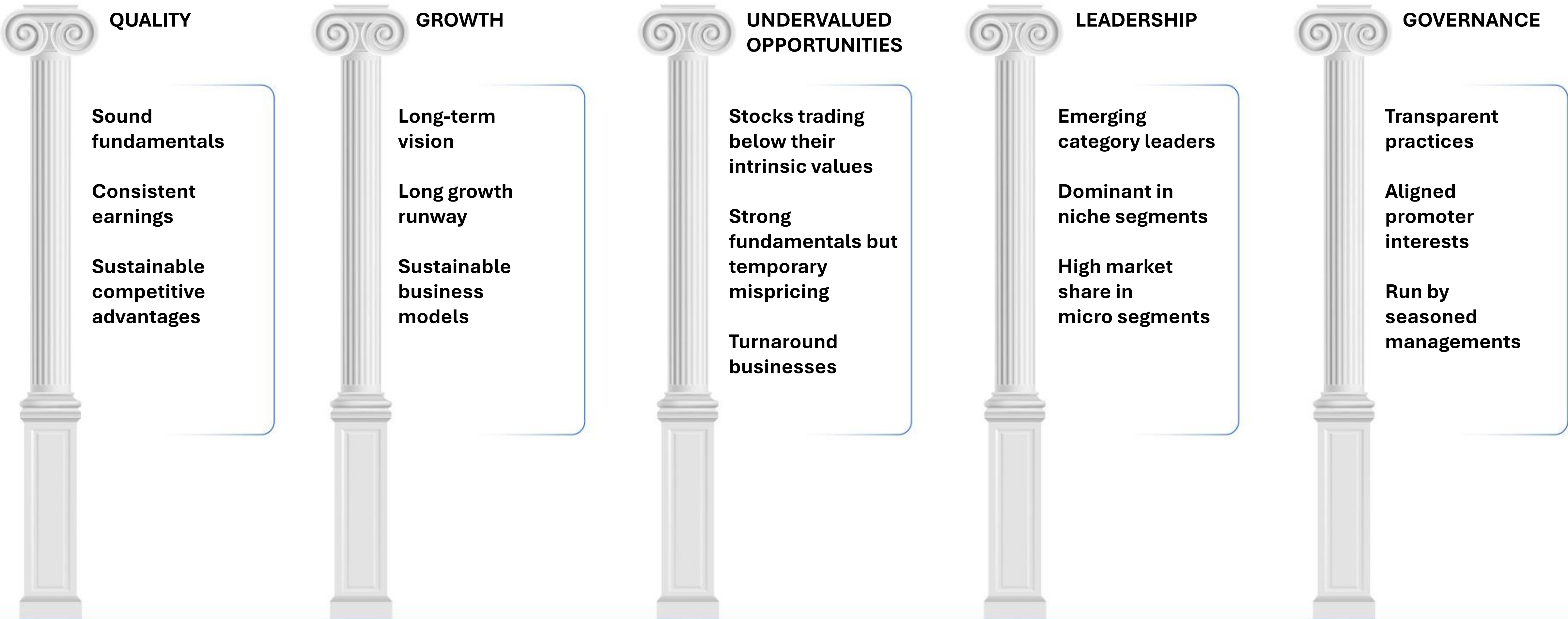
ONE PORTFOLIO - THREE STRENGTHS

| 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

INFROMATION EDGE



Smarter data
processing to build
efficient models.

QUANTITIVE 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

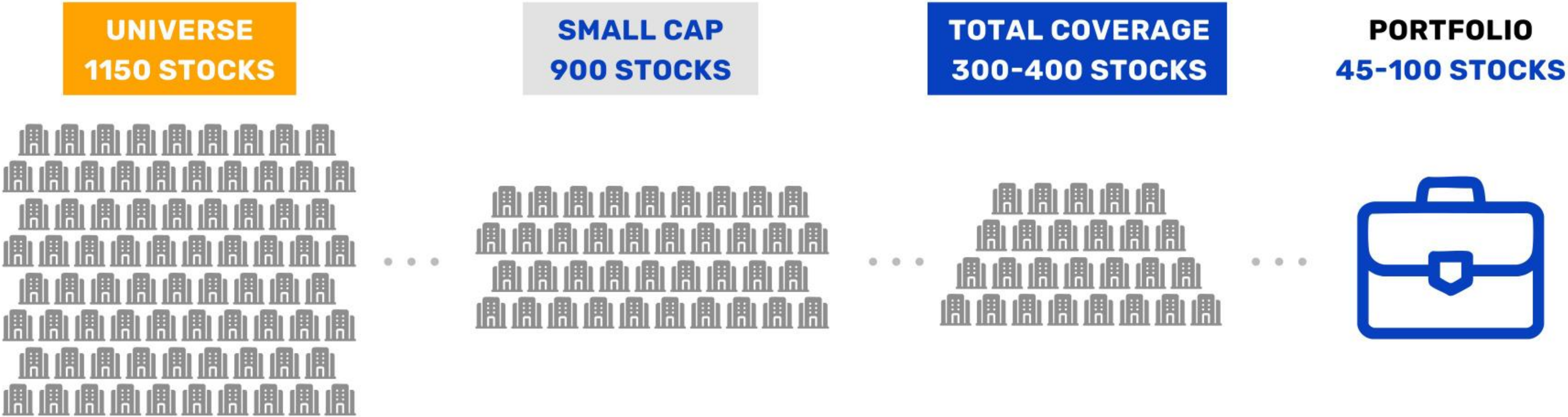
- Business
- Management
- Valuation

3

ALLOCATION

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

PORTFOLIO CREATION PROCESS



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

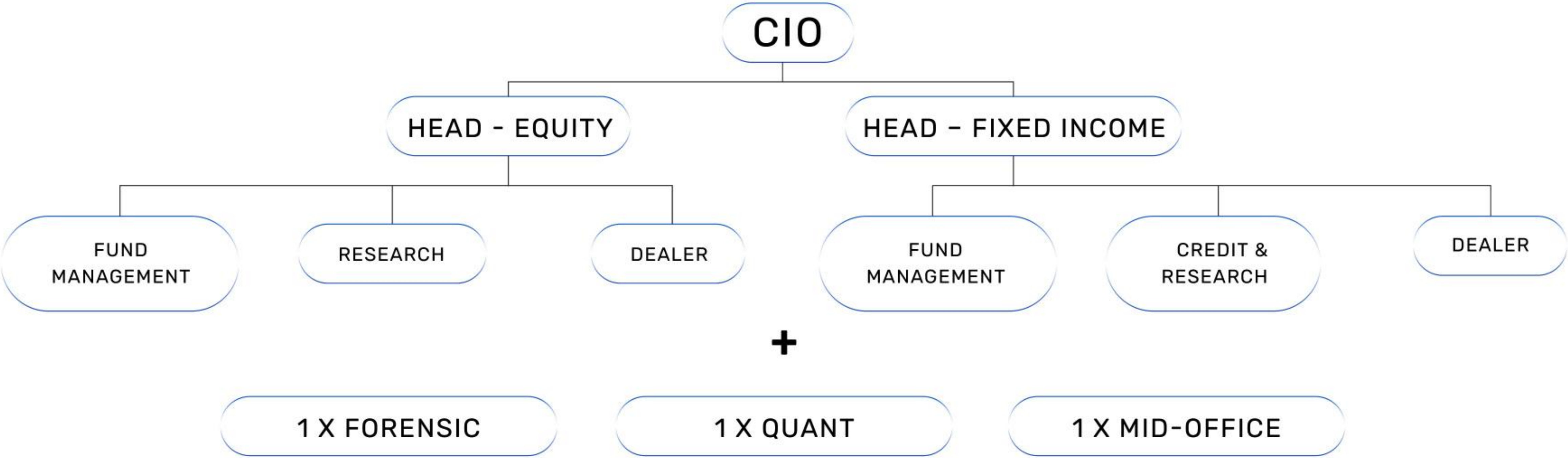


RE-EVALUATE EXIT STRATEGY

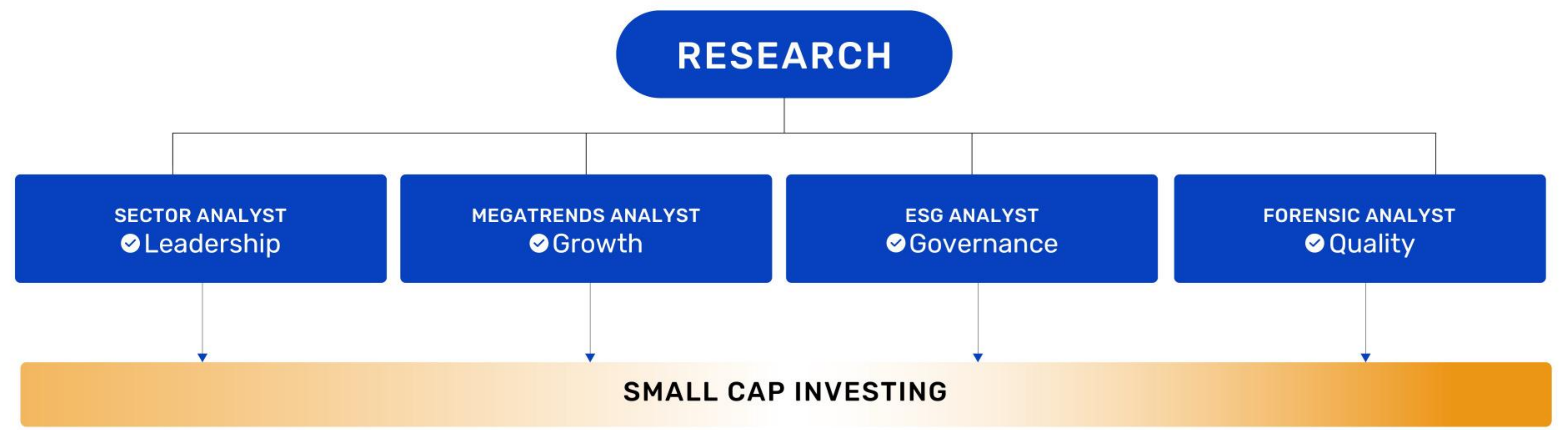
- Determine exit points based on evolving market conditions to generate alpha
- Adjust strategies based on updated information

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

Investment Research Process

STEPS	FOCUS AREA	KEY CHECKS/INDICATORS
Initial Screening	Forensic risk model, red flag triggers	✔ Unusual profit growth, auditor changes, high pledging, sudden equity dilution
Accounting Quality	Earnings credibility & revenue recognition	✔ Cash flow vs. profit mismatch, aggressive revenue booking, capex vs. asset productivity
Cash Flow & Balance Sheet	Earnings credibility & revenue recognition	✔ CFO vs. PAT, rising receivables/inventory, high leverage, poor interest coverage
Promoter & Governance	Promoter intent, board practices, historical conduct	✔ 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	✔ Frequent auditor change, qualified audit opinions, delayed financials, inadequate disclosures
Red Flag Mapping & Scoring	Risk assessment & investment decision support	✔ 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.

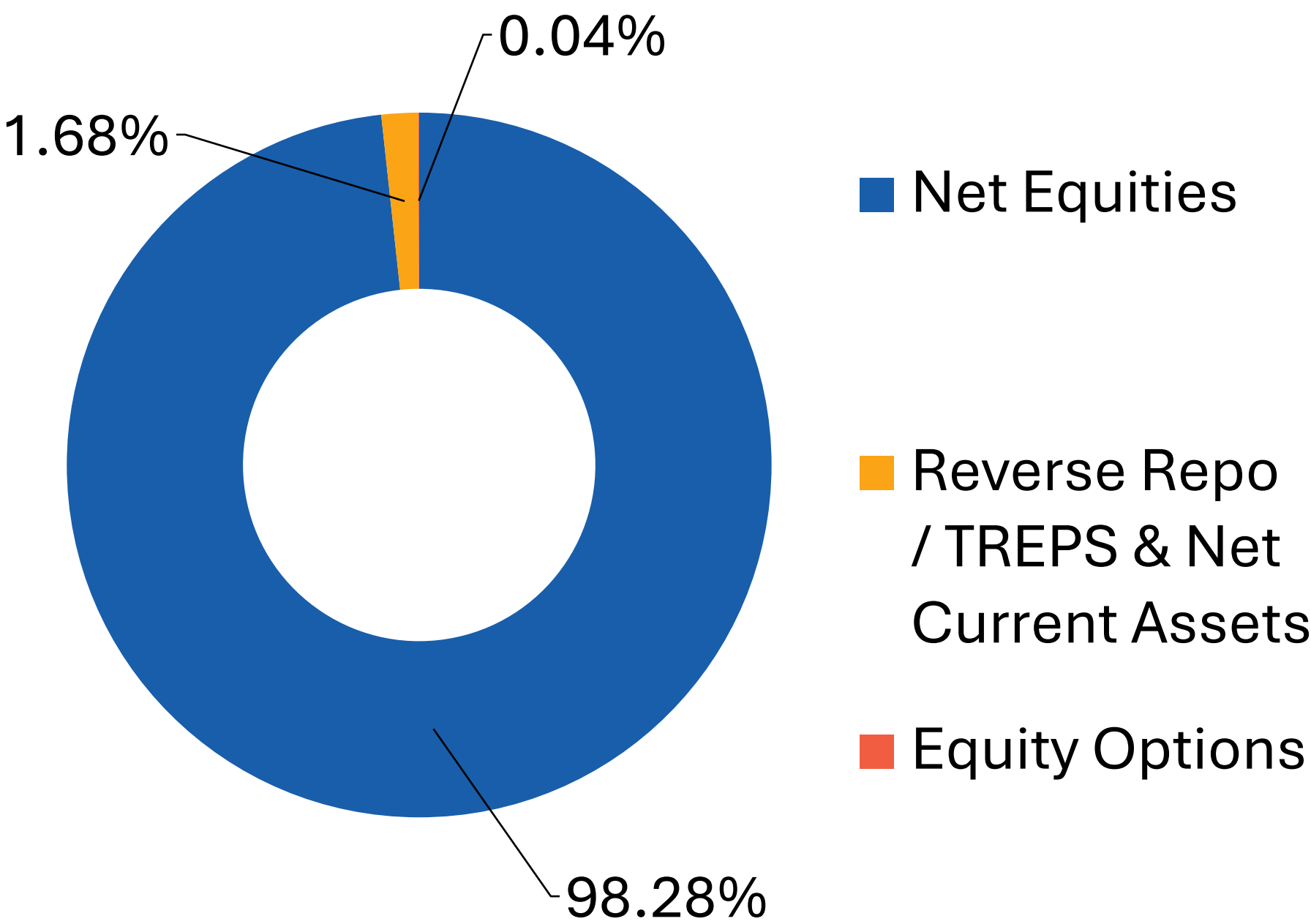


PORTFOLIO

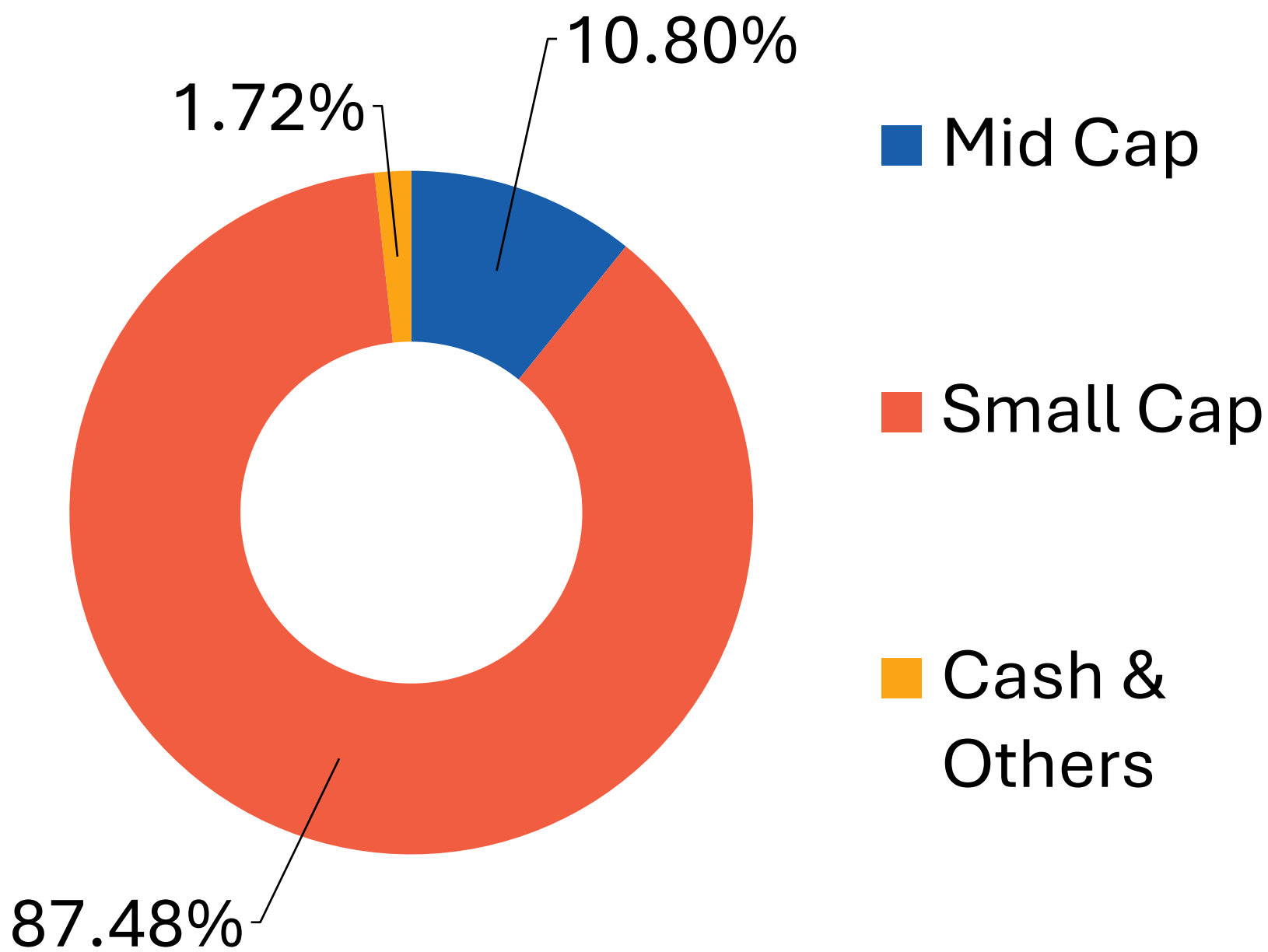


Company	% of NAV	Company	% of NAV	Company	% of NAV	Company	% of NAV
Rubicon Research Limited	4.09%	Amber Enterprises India Limited	1.30%	Elecon Engineering Company Limited	0.75%	DCB Bank Limited	0.47%
S.J.S. Enterprises Limited	3.21%	Safari Industries (India) Limited	1.28%	Nitin Spinners Limited	0.75%	Sumitomo Chemical India Limited	0.47%
Zydus Wellness Limited	3.02%	Whirlpool of India Limited	1.24%	Procter & Gamble Health Limited	0.72%	Garware Technical Fibres Limited	0.46%
Neuland Laboratories Limited	2.97%	Vardhman Textiles Limited	1.22%	Hindustan Copper Limited	0.71%	Repco Home Finance Limited	0.46%
Welspun Corp Limited	2.71%	Devyani International Limited	1.20%	Time Technoplast Limited	0.71%	The Great Eastern Shipping Company Limited	0.44%
Schaeffler India Limited	2.70%	Schneider Electric Infrastructure Limited	1.17%	EID Parry India Limited	0.69%	Nazara Technologies Limited	0.44%
The Federal Bank Limited	2.50%	Voltamp Transformers Limited	1.17%	Westlife Foodworld Limited	0.69%	EPL Limited	0.43%
Angel One Limited	2.40%	Steel Authority of India Limited	1.05%	PNC Infratech Limited	0.68%	La Opala RG Limited	0.43%
Timken India Limited	2.38%	RHI Magnesita India Limited	1.04%	Emami Limited	0.67%	Sedemac Mechatronics Limited	0.38%
Piramal Pharma Limited	2.06%	RBL Bank Limited	1.04%	The Ramco Cements Limited	0.67%	Thangamayil Jewellery Limited	0.37%
HEG Limited	2.04%	Senores Pharmaceuticals Limited	1.00%	Five Star Business Finance Limited	0.66%	Usha Martin Limited	0.35%
Sona BLW Precision Forgings Limited	1.87%	Onesource Specialty Pharma Limited	0.96%	Century Plyboards (India) Limited	0.64%	Awfis Space Solutions Limited	0.34%
TD Power Systems Limited	1.84%	VA Tech Wabag Limited	0.95%	Nesco Limited	0.61%	Ather Energy Limited	0.32%
K.P.R. Mill Limited	1.77%	Aditya Infotech Limited	0.91%	Urban Company Ltd.	0.61%	Pondy Oxides & Chemicals Ltd	0.23%
Ujjivan Small Finance Bank Limited	1.76%	Acutaas Chemicals Limited	0.88%	Page Industries Limited	0.59%	BOROSIL RENEWABLES LIMITED	0.21%
Clean Max Enviro Energy Solutions Limited	1.72%	Tega Industries Limited	0.87%	Arvind Fashions Limited	0.58%	Vedant Fashions Limited	0.21%
CRISIL Limited	1.62%	Apar Industries Limited	0.84%	Redington Limited	0.57%	G R Infraprojects Limited	0.20%
Brigade Enterprises Limited	1.61%	Vedanta Power Ltd	0.83%	Black Buck Ltd	0.57%	Tenneco Clean Air India Limited	0.18%
Sobha Limited	1.59%	Ahluwalia Contracts (India) Limited	0.81%	Gabriel India Limited	0.56%	Equity	98.28%
KNR Constructions Limited	1.50%	Metro Brands Limited	0.80%	JSW Holdings Limited	0.55%	NIFTY	0.04%
Ingersoll Rand (India) Limited	1.49%	V-Mart Retail Limited	0.80%	AIA Engineering Limited	0.54%	Equity Options	0.04%
PVR INOX Limited	1.45%	Niva Bupa Health Insurance Company Limited	0.79%	JK Lakshmi Cement Limited	0.52%	Reverse Repo / TREPS	0.29%
Aditya Birla Real Estate Limited	1.36%	Cartrade Tech Limited	0.78%	Cera Sanitaryware Limited	0.50%	Cash & Cash Equivalent	1.39%
Prudent Corporate Advisory Services Limited	1.36%	Syrma SGS Technology Limited	0.78%	Neogen Chemicals Limited	0.50%	Grand Total	100.00%
Kalpataru Projects International Limited	1.35%	KSB Limited	0.77%				

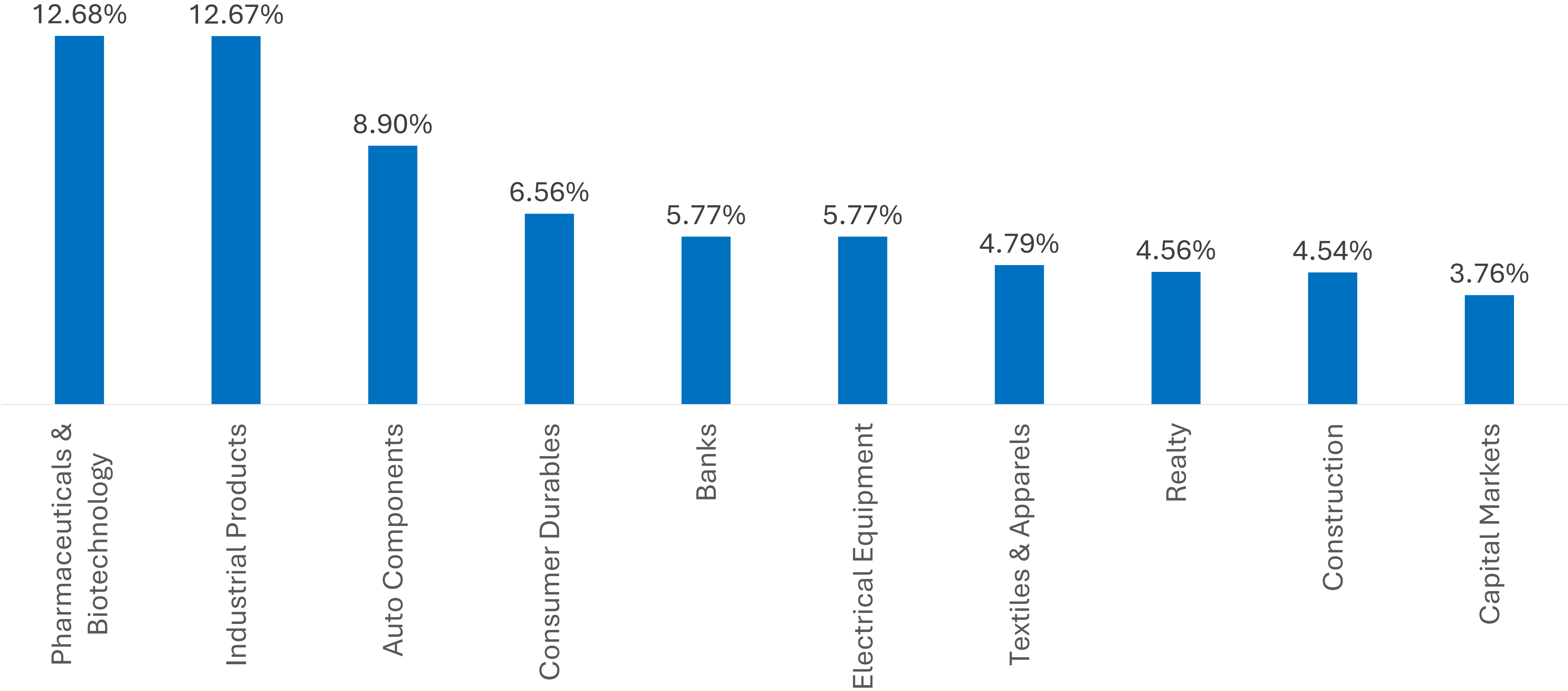
Asset Allocation



Market Cap Breakup



Sector Allocation (Top 10)



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 SmallCap TRI
SIP/ SWP/ STP	Available
NAV in Rs.	Regular-Growth: 10.7410 Direct-Growth: 10.9130
AUM in Rs Cr.	2,366.08
BER*	Regular: 1.72% Direct: 0.52%

*To know about Base Expense Ratio (BER), please visit <https://www.bajajamc.com/downloads?ter=>

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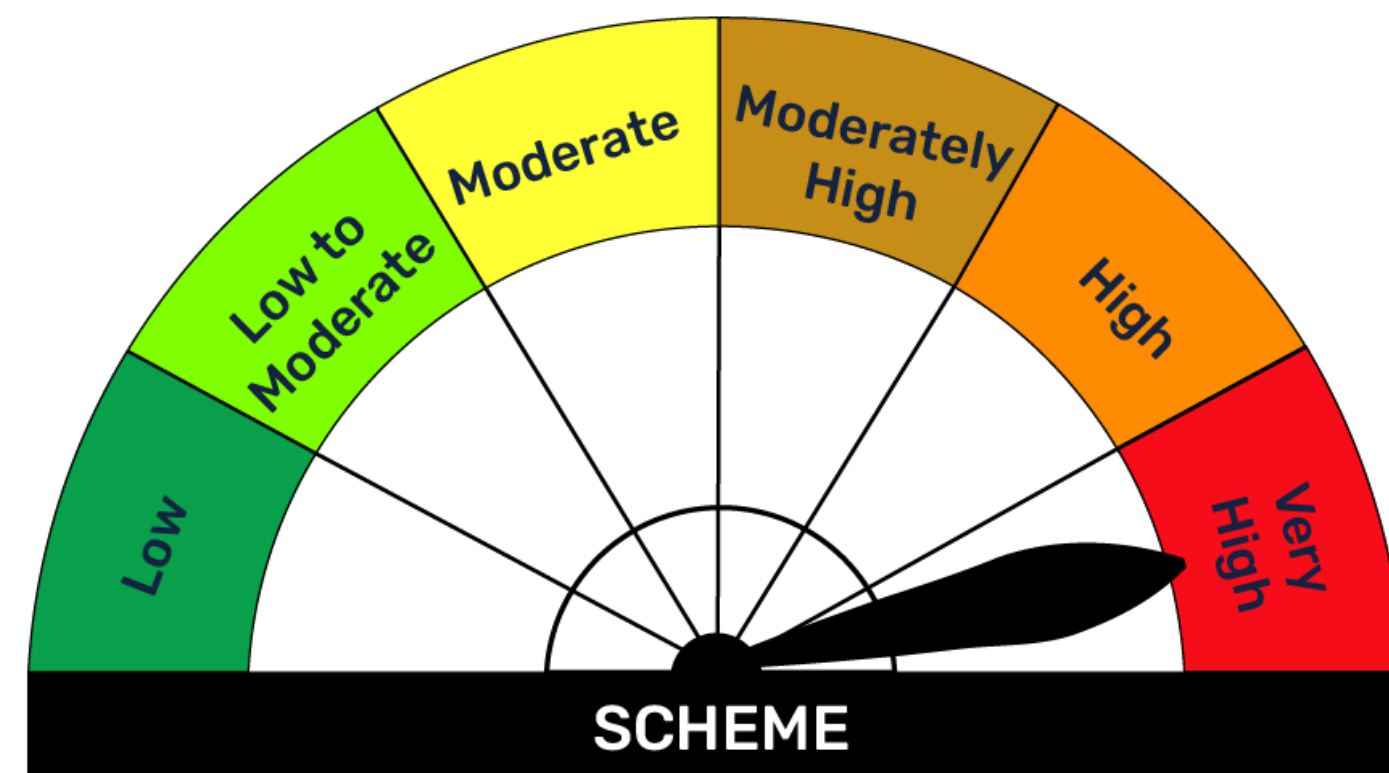
Product label

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

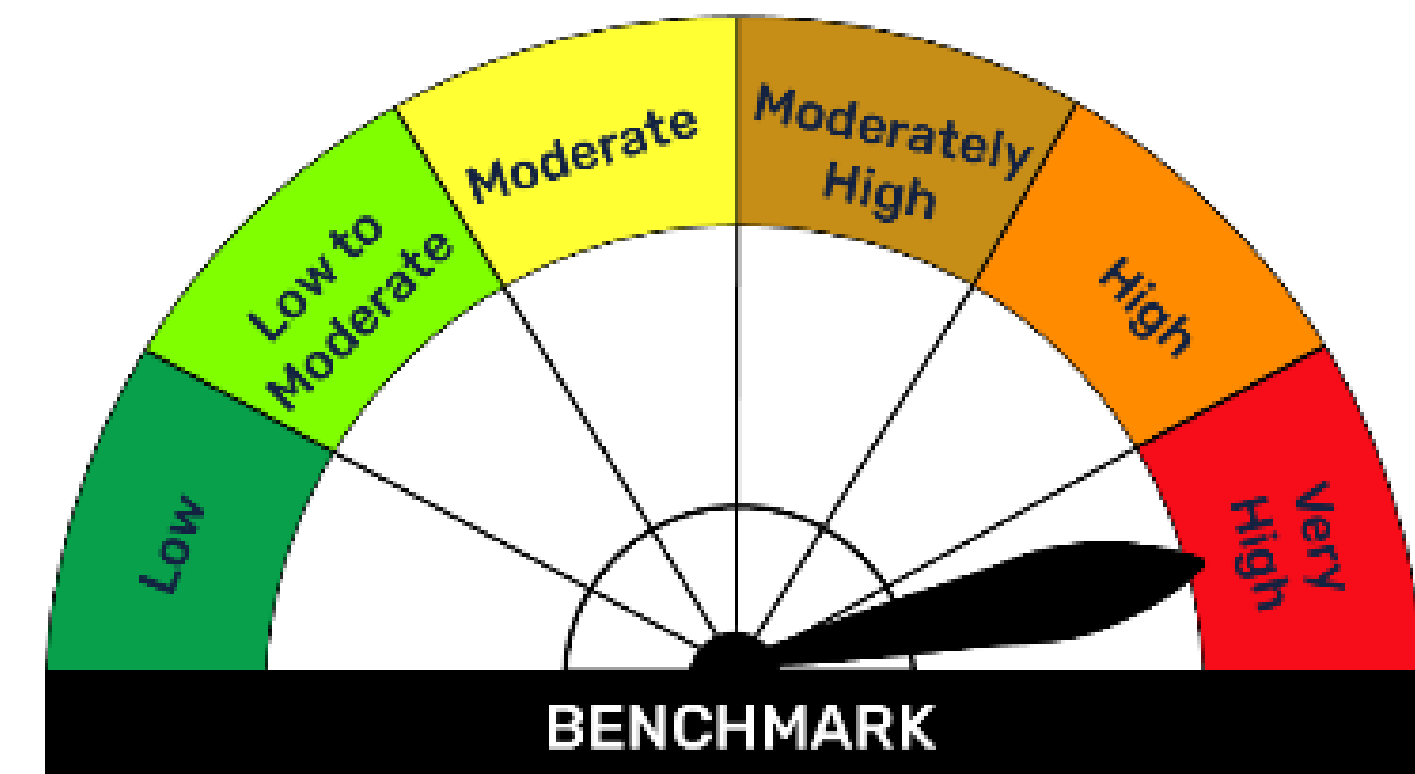
SCHEME



The risk of the scheme is very high

RISKOMETER

BENCHMARK



The risk of the benchmark i.e.
BSE 250 SmallCap TRI is Very High

DISCLAIMER

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