



BRACING FOR THE SHORT TERM, OPTIMISTIC ABOUT THE LONG TERM

Bajaj AMC's view on the markets and the way forward

In the last two years, market volatility has tested investor confidence. At the same time, India's underlying strengths continue to support the long-term equity opportunity. This shapes our approach: strengthening portfolios for near-term uncertainty while staying focused on long-term growth.

WHAT'S FUELLING MARKET VOLATILITY IN RECENT MONTHS?

1 GEOPOLITICAL TENSIONS



The wars between Russia-Ukraine and US, Israel and Iran have increased uncertainty around energy supplies and global trade, making investors more cautious.

2 HIGHER CRUDE OIL PRICES



Supply disruptions and risks to key shipping routes in West Asia have pushed oil prices higher. For India, which imports most of its oil, this means a larger import bill and added inflation pressure.

3 RISING U.S. BOND YIELDS



With concerns about high inflation and interest rates, the US 10-year government bond yield crossed **5.3% on 30 September 2026**, its highest level since 2002.

4 FOREIGN INVESTOR SELLING



High US bond yields, higher oil prices and a weaker rupee have prompted FPIs to reduce their Indian equity holdings, adding pressure on share prices.

BRENT OIL FUTURES

\$/barrel



2 JAN 2026

\$60.75

1 OCT 2026

\$100.61

Sources: Investing.com, Intercontinental Exchange. Data as on October 1, 2026 (live price at 5 pm).

HOW WE ARE RESPONDING

We expect volatility to remain significantly high in the next 2-3 months and have adjusted our portfolios to make them more resilient. **However, our long-term conviction in equities remains intact**, supported by India's strong economic fundamentals.



REDUCING SENSITIVITY TO MARKET SWINGS

We have taken steps to lower portfolio beta—how strongly a portfolio responds to market movements.



PRIORITISING LIQUIDITY

We are avoiding stocks that we believe may be difficult to buy or sell during periods of market stress.



INCREASING LARGE CAP EXPOSURE

We have shored up our large cap exposure in such schemes that have a mandate for flexibility.



MANAGING PORTFOLIO RISK

We have increased exposure to companies with visibility of future growth, reduced exposure to stocks that appear expensive to us, and are using hedging strategies, where permitted under scheme related documents.

OUR RECOMMENDATION: STP OR SIP IN THE EQUITY FUNDS BELOW



STAGGER ENTRY

Invest over 6 months through an STP or choose a long-term SIP.

Bajaj Finserv Flexi Cap Fund

Dynamically manages large, mid and small cap exposure based on a megatrend approach.

Bajaj Finserv Multi Cap Fund

Disciplined exposure to large, mid and small cap companies through a contrarian strategy.

Bajaj Finserv Small Cap Fund

Focus on growth-oriented smaller companies with strong fundamentals and reasonable valuations.

OUR RECOMMENDATION FOR LUMP SUM: BAJAJ FINSERV MULTI ASSET ALLOCATION FUND



ONE-TIME INVESTMENT

Bajaj Finserv Multi Asset Allocation Fund

Combines equities, debt and commodities to diversify across assets that respond differently to market conditions.



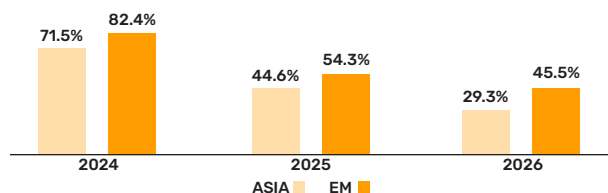
WHY WE REMAIN CONSTRUCTIVE ON EQUITIES FOR THE LONG TERM

India outlook: strong fundamentals offer a foundation for the future

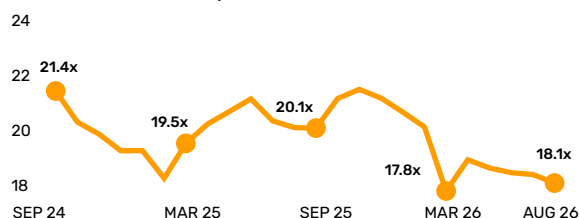
01. Valuations have become more reasonable

The correction has brought market valuations down from their September 2024 highs and India's valuation premium to Asian and emerging-market peers has compressed considerably, making it more digestible for FPIs.

INDIA'S PREMIUM TO ASIA AND EMERGING MARKETS



NIFTY 50 | 12-MONTH FORWARD P/E



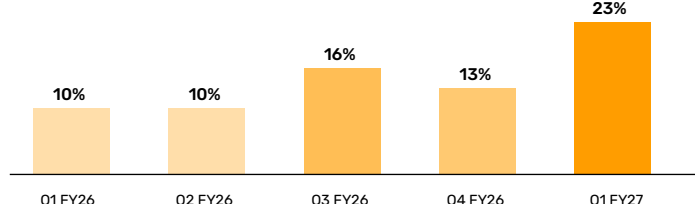
FORWARD EPS ₹1,204 → ₹1,332 | FORWARD P/B 3.35x → 2.58x

Sources: Elara capital, MINT. Data as on 31st August 2026. Past performance may or may not be sustained in future. EM=Emerging Markets.

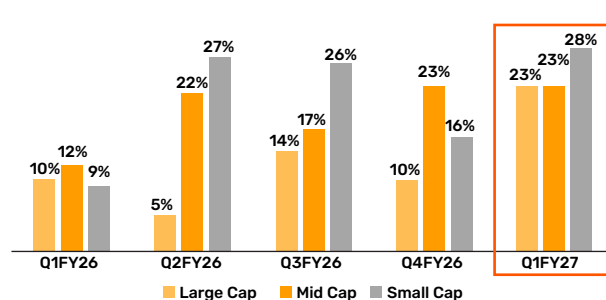
02. Corporate earnings are improving

Company profits are picking up, giving the market firmer support. Earnings growth in Q1FY27 was broad-based across market caps, with large caps also seeing a sharp acceleration and catching up with mid and small cap growth.

BSE 500 | PAT GROWTH, YEAR ON YEAR



EARNINGS GROWTH ACROSS MARKET CAPS



Source: Elara Capital, Avendus Spark. Data pertaining to Q1FY27.

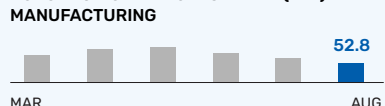
03. Economic growth remains strong

India's GDP grew 7.8% year on year in Q1 FY27, supported by services, manufacturing and investment.

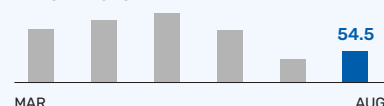
Sources: Ministry of Statistics and Programme Implementation, CEIC, Kotak Institutional Securities. Data as on 31st August 2026. Please note that the reference to any industry/sector/stock is provided for illustrative purposes only. This should not be construed as a research report or a recommendation to buy or sell any security or sector.

MONTHLY DOMESTIC ACTIVITY

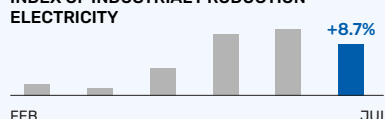
PURCHASING MANAGERS' INDEX (PMI) MANUFACTURING



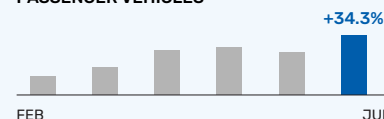
PMI SERVICES



INDEX OF INDUSTRIAL PRODUCTION - ELECTRICITY



PASSENGER VEHICLES

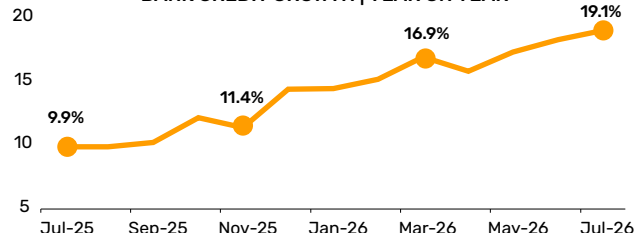


04. Credit growth reflects activity on the ground

Bank lending has strengthened, with demand increasingly coming from industry and services alongside households. Credit helps businesses fund operations, expand capacity and invest for future growth and serves as another indicator that domestic economic activity remains healthy.

Source: Elara Capital, RBI. Data as on 31st July 2026 as per the latest available.

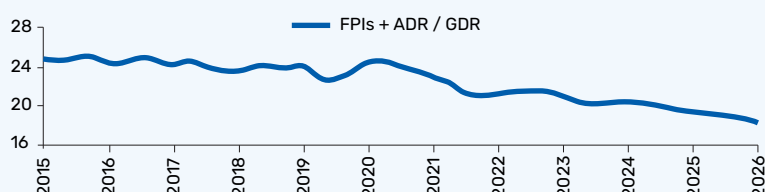
BANK CREDIT GROWTH | YEAR ON YEAR



05 Foreign investor ownership could become a positive trigger

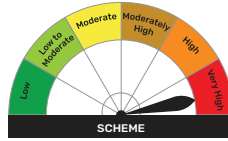
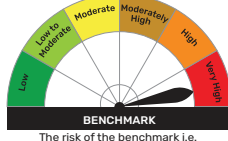
FPI ownership in BSE 200 companies stood at a multi-year low of 17.9% at the end of June 2026, compared with 20.4% for domestic institutional investors. If global conditions become more favourable or FPIs recognise India's strong fundamentals, renewed foreign buying could give the market a significant lift.

Source: Kotak Institutional Equities | Data as on August 26, 2026.



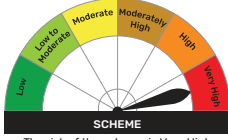
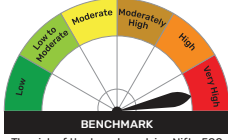
Bajaj Finserv Flexi Cap Fund

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

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
This product is suitable for investors who are seeking*: • Wealth creation/capital appreciation over long term • Investment in equity and equity related instruments across large cap, mid cap and small cap stocks *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 500 TRI is very high

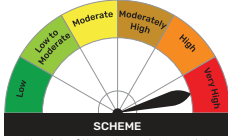
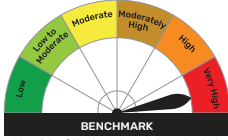
Bajaj Finserv Multi Cap Fund

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

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
This product is suitable for investors who are seeking*: • wealth creation over long term • to invest predominantly in equity and equity related instruments of large cap, mid cap, 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. Nifty 500 Multicap 50:25:25 TRI is Very High

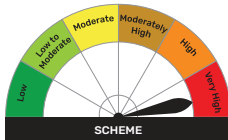
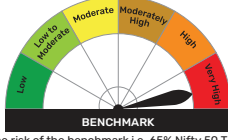
Bajaj Finserv Small Cap Fund

An open ended equity scheme predominantly investing in small cap stocks

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
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

Bajaj Finserv Multi Asset Allocation Fund

An open ended scheme investing in equity and equity related instruments, debt & debt derivatives and money market instruments, Gold ETFs, Silver ETFs, exchange traded commodity derivatives and in units of REITs and InvITs

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
This product is suitable for investors who are seeking*: • Income generation from fixed income instruments • Wealth creation/Capital appreciation over long term from investments in equity and equity related securities, Gold ETFs, Silver ETFs, exchange traded commodity derivatives (ETCD) and in units of REITs & InvITs *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. 65% Nifty 50 TRI + 25% NIFTY Short Duration Debt Index + 10% Domestic Prices of Gold is very high