



**CELEBRATING
A YEAR OF
SPOTTING
TOMORROW'S
TRENDS, TODAY WITH
BAJAJ FINSERV
FLEXI CAP FUND**

CORE FEATURES



Targeted Exposure



Low Turnover Ratio



High Active Share

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

BAJAJ FINSERV ASSET MANAGEMENT LIMITED



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Bajaj Finserv Flexi Cap Fund

Invest in the Future

A Megatrend Investment based Portfolio that:

Has Strategic and Trend-based **Allocation**.
Is Sector and Market Cap **Agnostic**.

Core Investment Strategy



Targeted Exposure

Focusing on emerging opportunities with potential for alpha creation in long term.



High Active Share

Strategic selection and allocation of investments for active management.



Low Turnover Ratio

Minimizing short term noise, optimizing long-term gains.

Investment Approach



Holistic Opportunity Focus

Focusing on emerging opportunities with high alpha potential.



Profit Movement Tracking

Strategic selection and allocation of investments for active management.



Low Turnover Ratio

Captures Investable Opportunities Aligned with future growth trends.

Why choose Bajaj Finserv Flexi Cap Fund?



Identifying Future Winners

Focus on potential benchmark constituents of tomorrow



Growth Compounders

Long-term investment in multi-sector, growth-oriented companies

Megatrends are future looking and not based on past performance

Rather than **Going with the flow**, investing in Megatrends means **Anticipating the flow**.

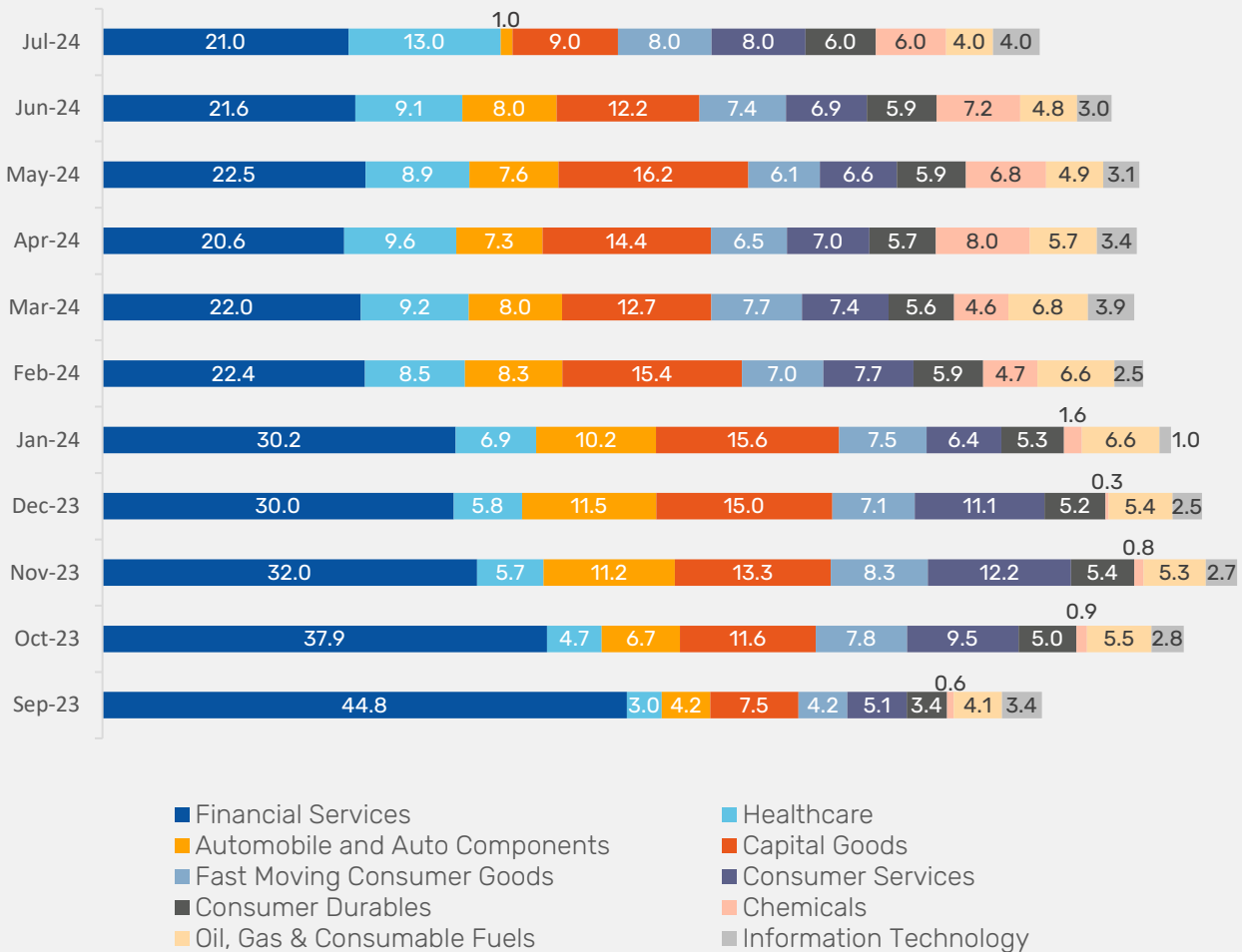


Journey of Bajaj Finserv Flexi Cap Fund

As we mark the **first anniversary of our flagship** equity fund in the **flexi cap category**, we reflect on a remarkable journey defined by strategic investment decisions, disciplined risk management, and dynamic allocation all under the theme of **Megatrend Investing**. Our fund's performance since its inception is an outcome of our commitment to delivering value to our investors through meticulous planning and responsive strategies.

From the inception, we adopted a **staggered deployment** approach which we also communicated during our roadshows and various other communication during the NFO period. This was primarily to minimize risk and leverage the law of averages. This strategy allowed us to spread investments over time, reducing the impact of market volatility from geopolitical and US slowdown risks and optimizing our entry points. This approach ensured that our fund remained **true to its label**, dynamically adjusting market cap allocations and strategically selecting sectors based on evolving market conditions.

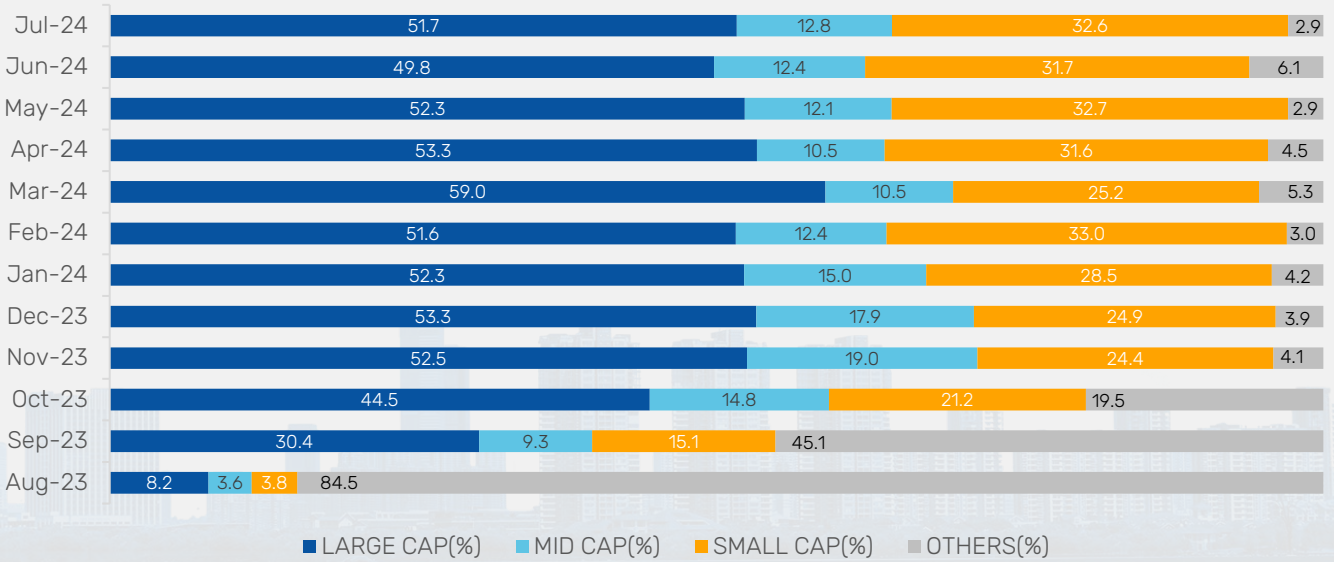
Adapting to Market Dynamics [Top 10 Sectors (Allocation in %)]



Source: Internal Analysis, MFI Explorer

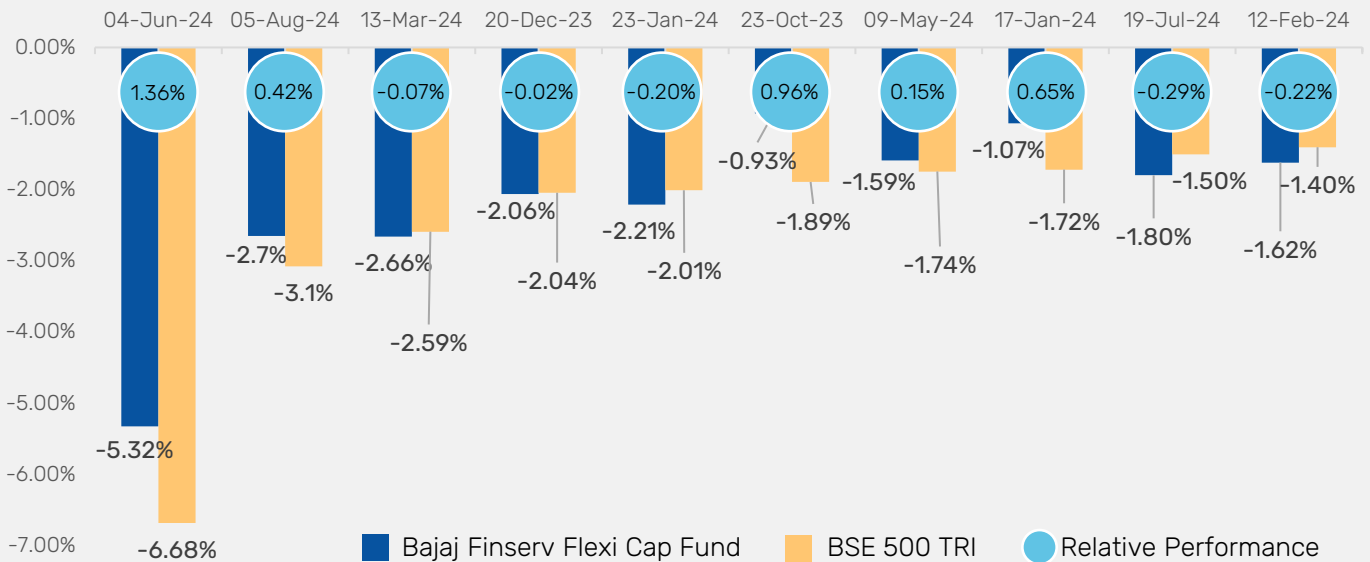
Journey of Bajaj Finserv Flexi Cap Fund

True to Label 'Flexi Cap' (Market Cap Allocation)



Source: Internal Analysis, MFI Explorer

Cruising Equities, Creating Wealth With Low Volatility



Source: Internal Analysis, MFI Explorer

Past performance may or may not be sustained in future.

Our investment philosophy has always emphasized low volatility and resilience during market dips, reflecting our commitment to maintaining a low beta.

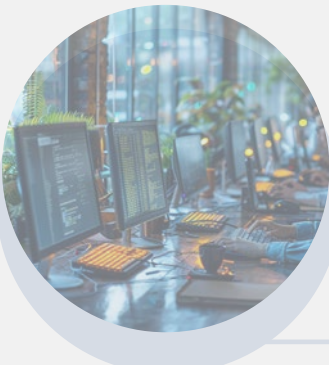
Journey of Bajaj Finserv Flexi Cap Fund

The adherence to our investment philosophy **INQUBE** helped us take calculated decision both through top down and bottom up approach.

Examples of process based stock picking



- Pertaining to the **China+1 manufacturing theme**, we chose not to rush into specialty chemicals at the fund's inception.
- Instead, we patiently waited for India's export data to improve around Q4FY24 before allocating to this sector.
- This strategic patience is an example of our megatrend investing approach, allowing us to time our entries and exits better, which ultimately enhances fund performance.



- A crucial decision of **exiting a mid-sized IT services company** which triggered when the management's subsequent guidance deviated from initial investment hypothesis and we found a pre-commitment breach due to a promoter's stake sale prior to any public disclosure.
- This proactive move enabled us to liquidate our holdings before the market reacted adversely, protecting our investors from potential losses.



- One of **largest private bank** in India experienced a price correction after its merger in Jul 2023.
- INQUBE helped us to time and allocate in this story at the bottom of its price cycle by correctly assessing the risk, the herding behaviour in the stock and the scale of the opportunity.

Journey of Bajaj Finserv Flexi Cap Fund

Our fund's high **active share** reflects our dedication to developing conviction through thorough research and developing behavioural edge to stock selection and allocation. This approach allows us to capitalize on distinctive investment opportunities, ensuring a more personalized and responsive portfolio that is robust in nature can adapt to changing market conditions.



High Active Share (Higher Potential to Outperform Benchmark in long term)



Source: Internal Analysis, MFI Explorer

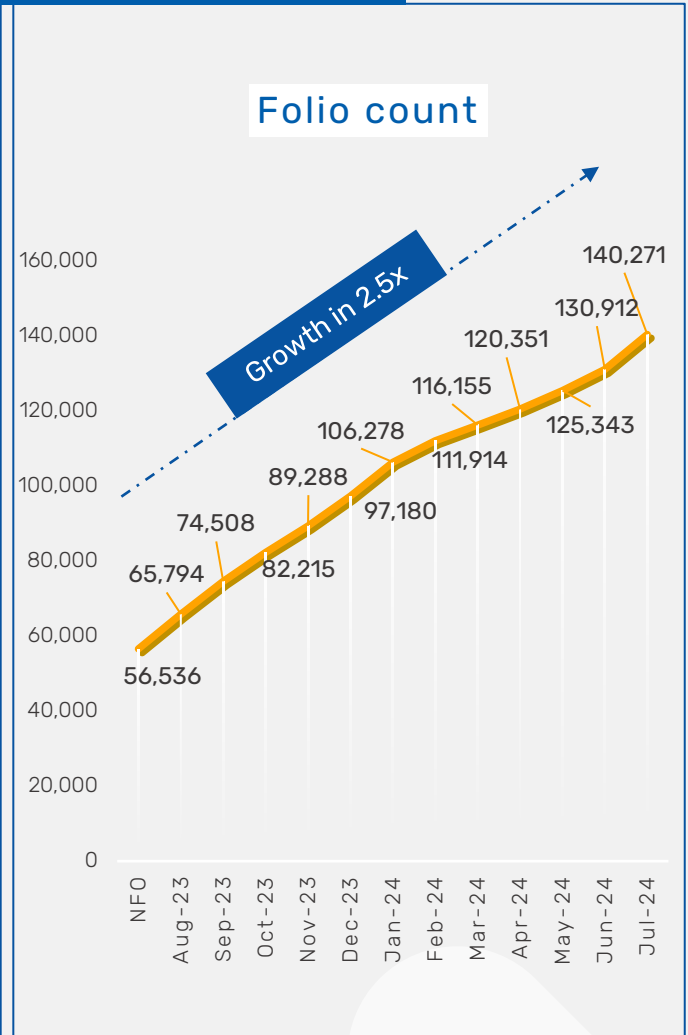
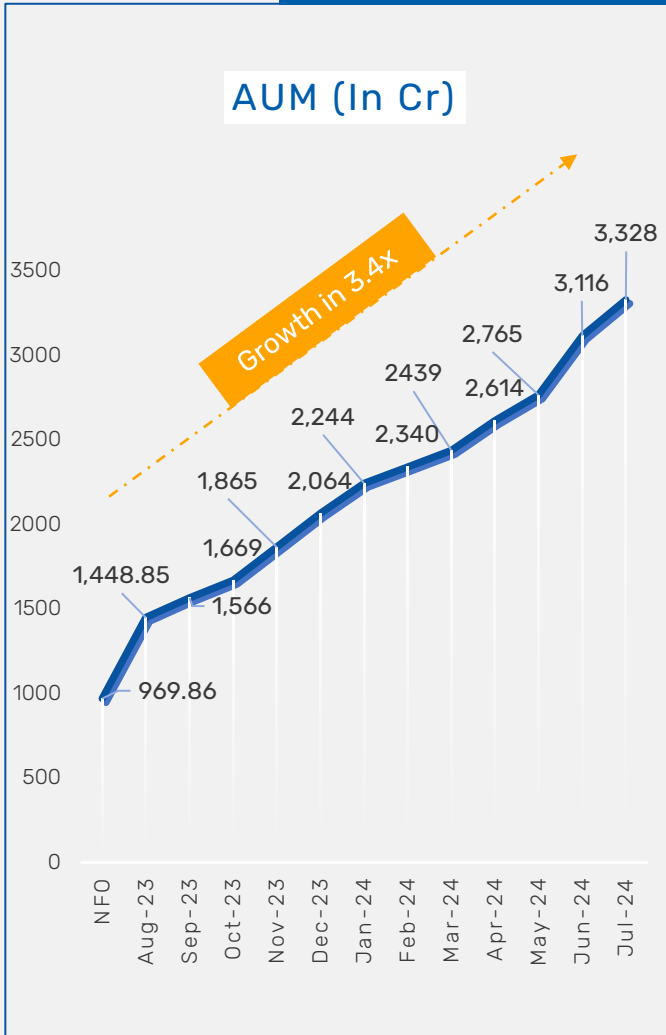
In addition to our stop-loss mechanism, our robust risk management framework has included regular monitoring of portfolio companies and adjusting allocations based on changing market dynamics. This vigilance has allowed us to navigate market fluctuations effectively and capitalize on emerging opportunities while mitigating potential risks.

Journey of Bajaj Finserv Flexi Cap Fund

As we celebrate this milestone, we extend our gratitude to **our investors for their trust and support**. Our first year has been an enriching Journey of Growth both in terms of assets under Management and also in terms of investor.



Investor's growing trust in Megatrend



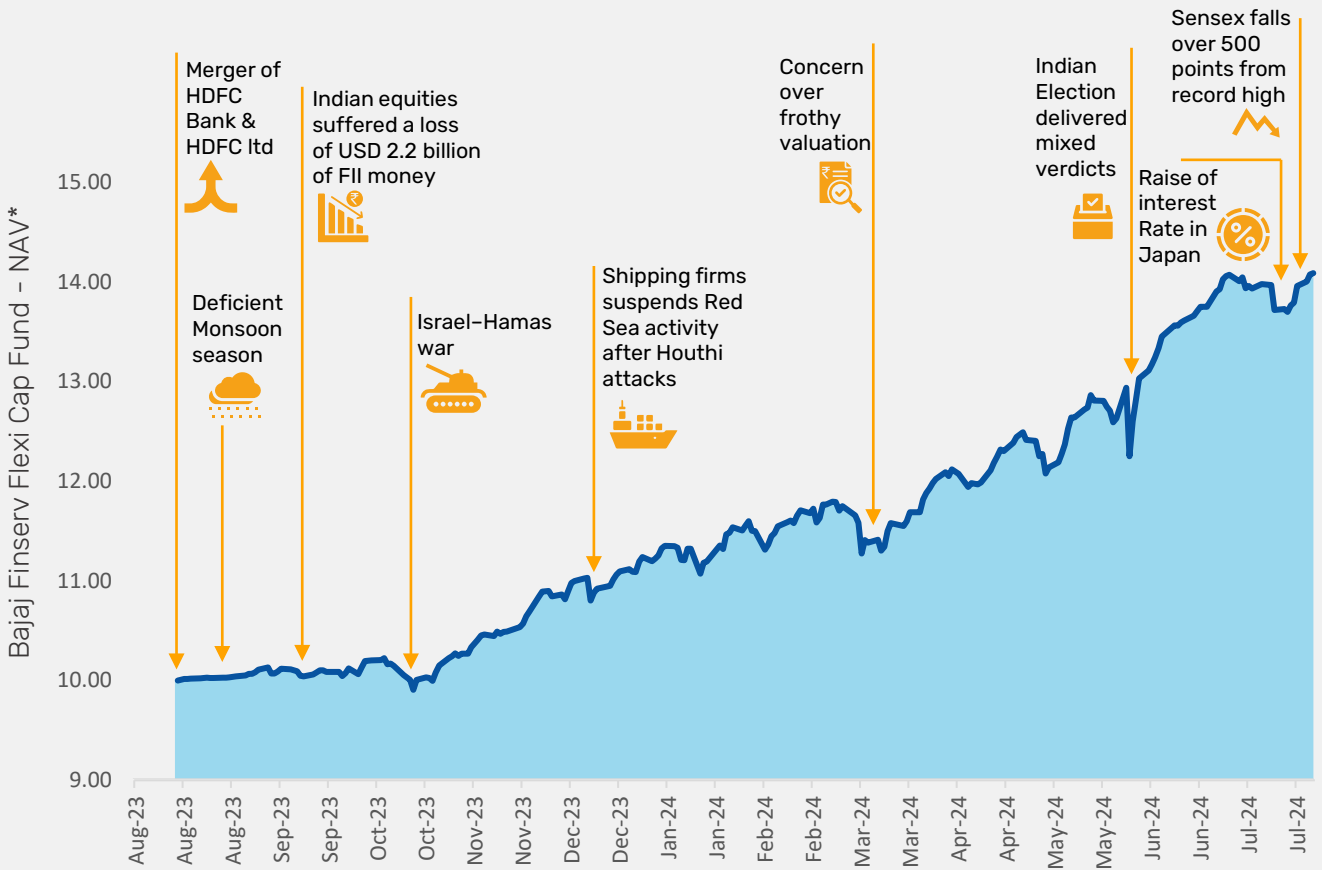
Source: Internal Analysis, MFI Explorer

Journey of Bajaj Finserv Flexi Cap Fund

Our Flexi Cap fund's journey has only just begun. With a strong foundation and a clear vision, we are excited about the future and the opportunities it holds. Since its inception (14th Aug 2023) until 31st Jul 2024, the fund has navigated through domestic and global events as stated in the chart below.



Navigating Challenges to achieve long-term wealth creation



Source: Internal Analysis, MFI Explorer

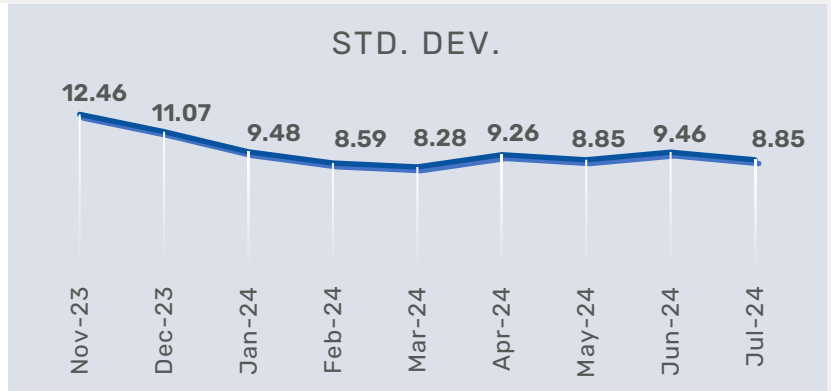
We are optimistic that together, we will continue to navigate the complexities of the market, with the ultimate goal of creating long-term wealth for our investors. The Megatrend Investing will be pivotal throughout this journey to identify the future creating opportunities which are on cusp of breakout.

*For Regular Plan - Growth Option.

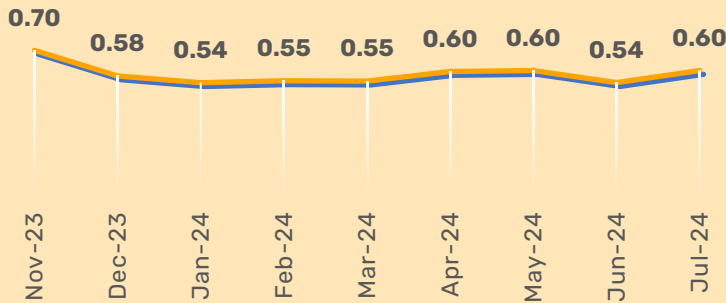
Journey of Bajaj Finserv Flexi Cap Fund

Standard Deviation

Shows how much a fund's returns vary from its average, higher standard deviation means more risk and volatility. **Over the period from Jan 2024 till Jul 24, the Standard Deviation has been in single digit for Bajaj Finserv Flexi Cap Fund.**



BETA (SLOPE)

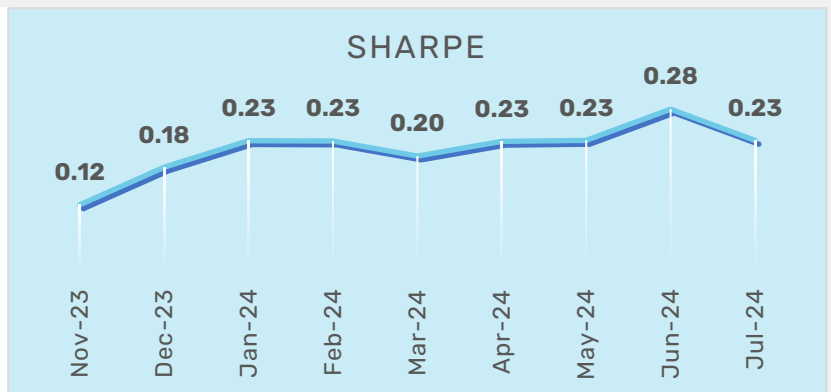


Beta

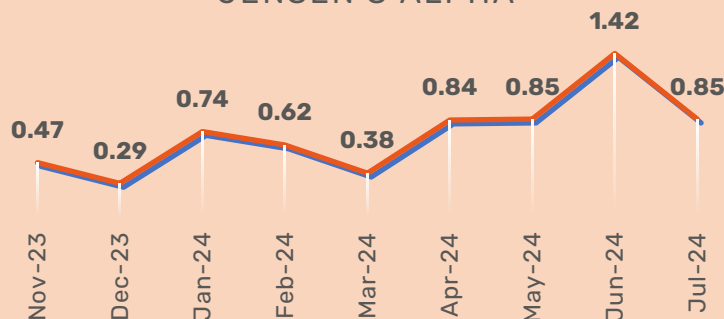
Measures a fund's volatility compared to the market, a beta of 1 means it moves with the market, above 1 means more volatile, and below 1 means less. **Bajaj Finserv Flexi Cap Fund historically had an average Beta of 0.59 (since the portfolio was fully constructed), indicating that our portfolio is less volatile than the benchmark.**

Sharpe Ratio

Assesses risk-adjusted returns; a higher Sharpe Ratio indicates better returns for the level of risk taken. **The increasing Sharpe ratio demonstrates that the portfolio has been generating excess risk free returns per unit of risk over time.**



JENSEN'S ALPHA



Jensen's Alpha

Measures a fund's performance relative to its expected return based on its risk. **The positive and rising Jensen's Alpha indicates that the portfolio has largely outperformed its benchmark.**

Source: Internal Analysis, MFI Explorer

Past performance may or may not be sustained in future.

Megatrends



● What is megatrend approach

A megatrend represents a major, long-term shift with significant global impact on economies, industries, and societies. These shifts arise from fundamental changes in demographics, technology, the environment, and social behavior, driving new opportunities and challenges. Megatrends have broad influence, shaping various sectors and sparking transformative innovations. For investors, recognizing and investing in sectors benefiting from these trends may yield substantial returns. Early identification and investment in these evolving trends can position investors for long-term success as they reshape market dynamics and economic behavior.

**Technological
Megatrends**

**Regulatory
Megatrends**

**Economic
Megatrends**

**Nature
Megatrends**

**Demographic
Megatrends**

**Social
Megatrends**

What are the **type of megatrends**

Technological advancements like **AI, automation, and R&D**-driven innovations are revolutionizing industries, creating vast growth opportunities for investors in market-leading tech companies.

Regulatory shifts like India's **Make in India and PLI schemes** create growth opportunities in sectors like renewable energy, pharmaceuticals, and electronics, benefiting companies that adapt and align with these policies.

The theme of China+1, rising De-globalization, and populism has seen unique growth opportunities emerge for India. PLI and **'Make in India'** initiative utilises these trends. This presents a favourable investment opportunities for long term.

Environmental sustainability is essential, driving growth in sectors like **organic agriculture and eco-friendly packaging**, with strong opportunities for investors in ESG-focused companies.

Demographic shifts like India's **growing middle class and youthful population** are fueling demand in healthcare, consumer goods, and urban infrastructure, offering investors long-term growth opportunities.

Social shifts like **rising health awareness, digital connectivity, and convenience** are driving growth in sectors like e-commerce, digital entertainment, and health tech, offering key opportunities for agile investors.

Megatrend Mapping (31st July 2024)



Company Name	Trend	% to Net Assets	Company Name	Trend	% to Net Assets
HDFC Bank Limited	●●	6.68%	FSN E-Commerce Ventures Limited	●●●	1.03%
ICICI Bank Limited	●●	4.96%	Piramal Pharma Limited	●●	1.00%
Reliance Industries Limited	●●●●●	4.36%	Sanofi Consumer Healthcare India Limited	●●	1.00%
Mahindra & Mahindra Limited	●●	3.95%	Indiamart Intermesh Limited	●●	0.93%
Hindustan Unilever Limited	●●	3.85%	Neuland Laboratories Limited	●●	0.93%
Bharti Airtel Limited	●	3.31%	Bajaj Finance Limited	●●	0.90%
Divi's Laboratories Limited	●	3.02%	TVS Motor Company Limited	●	0.88%
Tata Consultancy Services Limited	●	2.98%	Sobha Limited	●●	0.86%
Sudarshan Chemical Industries Limited	●	2.48%	SRF Limited	●●	0.81%
Havells India Limited	●●	2.26%	Syngene International Limited	●	0.80%
Aarti Industries Limited	●	2.25%	Tata Motors Limited	●●	0.76%
Kotak Mahindra Bank Limited	●●	2.02%	AIA Engineering Limited	●●	0.73%
UNO Minda Limited	●	1.91%	Dixon Technologies (India) Limited	●	0.73%
Zomato Limited	●●	1.91%	Siemens Limited	●●	0.73%
SBI Life Insurance Company Limited	●	1.89%	Honeywell Automation India Limited	●●	0.71%
GE T&D India Limited	●●	1.86%	Vedant Fashions Limited	●●	0.71%
Sanofi India Limited	●	1.84%	ABB India Limited	●●	0.70%
State Bank of India	●●	1.78%	Engineers India Limited	●●	0.69%
Nestle India Limited	●●	1.71%	KSB Limited	●	0.64%
Thomas Cook (India) Limited	●	1.71%	Sterling And Wilson Renewable Energy Limited	●	0.60%
Hitachi Energy India Limited	●●●	1.47%	Grindwell Norton Limited	●	0.58%
Bajaj Auto Limited	●	1.46%	Nazara Technologies Limited	●●	0.57%
VA Tech Wabag Limited	●●	1.43%	Global Health Limited	●●	0.51%
Emcure Pharmaceuticals Ltd	●●	1.29%	Prataap Snacks Limited	●	0.49%
Kajaria Ceramics Limited	●●●	1.27%	Mold-Tek Packaging Limited	●	0.48%
Jubilant Foodworks Limited	●●●	1.24%	Schneider Electric Infrastructure Limited	●●	0.47%
Alkem Laboratories Limited	●●	1.14%	The Ramco Cements Limited	●	0.46%
Wipro Limited	●	1.14%	Metro Brands Limited	●●	0.45%
Multi Commodity Exchange of India Limited	●	1.13%	Westlife Foodworld Limited	●●●	0.45%
Cera Sanitaryware Limited	●●	1.09%	Genus Power Infrastructures Limited	●	0.41%
Orchid Pharma Limited	●●	1.09%	Safari Industries (India) Limited	●●	0.40%
Landmark Cars Limited	●	1.08%	Vinati Organics Limited	●	0.32%
United Breweries Limited	●●	1.08%	REC Limited	●●	0.27%
Gillette India Limited	●●	1.07%	Solar Industries India Limited	●	0.18%
Computer Age Management Services Limited	●●	1.06%	Bharat Electronics Limited	●	0.16%

● TECHNOLOGICAL ● REGULATORY ● ECONOMIC ● NATURE ● DEMOGRAPHIC ● SOCIAL

These 6 color dots represent each trend and the dots after each company's name represent it's presence in that particular trend wherever applicable. We have also shown % to Net Assets for each company.

Predictions and some insights on upcoming trends

Bajaj Finserv Flexi Cap Fund is well-positioned to leverage India's megatrends, giving investors a chance to be part of the country's growth as it aims to become the **third-largest economy by 2030 with a \$7.3 trillion GDP.**



Technology Megatrend

India's forward-thinking regulations are creating new investment opportunities in infrastructure and green energy, with plans to invest **Rs 143 trillion by 2030**, aligning with the Fund's focus on sustainable, long-term growth.

Regulatory Opportunities

India's goal to reach **500GW of renewable energy** by 2030 will drive the creation of 5-6 million jobs and boost demand for clean energy solutions, offering significant investment opportunities in the green economy, which the Fund targets by investing in leading companies in this transition.



Economic Opportunities

India is set to become the world's third-largest economy by 2030 with a \$7.3 trillion GDP, driving its **retail market past \$2.2 trillion and services exports to \$800 billion**. The equity market is projected to reach \$10 trillion, creating vast investment opportunities across sectors like manufacturing and real estate, which are expected to grow significantly by 2034.

Nature Sustaining Opportunities

India's commitment to Green is evident in its target to achieve **500GW of renewable capacity** resulting job creation of create **5-6 million by 2030**. The Fund seeks to invest in companies that are at the forefront of this transition, ensuring alignment with global and Indian sustainability goals.



Demographic-Based Opportunities:

India's growing **middle class, expected to exceed 50% of the population** by 2031, will drive demand in retail, healthcare, and education, with the retail market reaching \$2.2 trillion and healthcare \$458 billion by 2030; the Fund targets companies meeting these expanding needs.

Social Opportunities

As India's economy expands, social trends like urbanization and education are flourishing, with the **edtech market set to hit \$45 billion** by 2030 and rising affluence boosting real estate and luxury sectors; the Fund targets investments in businesses benefiting from these trends for strong portfolio growth.



Bajaj Finserv Flexi Cap Fund is uniquely positioned to tap into India's megatrend-driven opportunities across technology, regulation, sustainability, demographics, and social evolution. By aligning with these growth drivers, the Fund aims to deliver an alpha to investors in long term while contributing to India's economic transformation.

Source: Internal Analysis

How to use Megatrends in personal investing

Diversify and build stable portfolio

Diversification manages risk by investing across different sectors influenced by megatrends.



Stay Agile

Flexibility in investing is key for adapting to megatrends and market changes.



Stay Informed

Keeping up to date with the latest technology, regulatory changes and socio-economic trends is crucial.



Utilize Quantitative Analysis

Using quantitative analysis tools helps identify trends and opportunities through data.



Think Long-term

Megatrend investing demands a long-term perspective, as trends evolve over years and decades.



Invest in Infrastructure

Investing in infrastructure driven by megatrends like urbanization and renewable energy offers stable, long-term returns.



Bajaj Finserv Flexi Cap Fund encapsulates all the mentioned aspects and the fund portfolio demonstrates how one can effectively leverage megatrends to achieve substantial growth and build a resilient, future-ready portfolio. Embracing the **TRENDS** strategy aligns your investments with transformative forces shaping the global economy, providing a strategic advantage for long-term financial success.

Monitor Regulatory Changes

Regulatory reforms can affect investment opportunities and risks. Monitoring policy changes in key sectors helps anticipate market shifts.



Evaluate Company Adaptability

Investing in companies that adapt to market changes is key for long-term success.



Sector Rotation

Actively managing your Portfolio by rotating investments into sectors benefiting from megatrends can boost returns.



Focus on Innovation

Investing in innovative companies ensures exposure to the latest advancements.



Analyse Market Leaders

Diversification manages risk by investing across different sectors influenced by megatrends.

CIO's perspective on the future of the fund and upcoming opportunities



Megatrend Investing is a robust and credible long-term investment strategy that encompasses almost everything a true, active investor seeks. It allows us to navigate the ever-changing landscape of the investment world by studying the past and present, enabling us to make calculated forecasts about the future. By identifying companies that align with the prevailing tailwinds, we position ourselves to benefit from the shifts that unfold over time.



One of the key advantages of Megatrend Investing lies in its ability to counteract common behavioural biases that often cloud our investment decisions. By embracing this approach, we can overcome biases such as recency bias, short-term thinking, herding, and narrative-driven investing. It benefits from both top-down and bottom-up research approaches, allowing us to gain a comprehensive Understanding of the market dynamics.



Using Megatrend Investing, we have created our Flexi Cap Fund portfolio with a balanced blend of growth, quality, and value styles. Diversification across various sectors, themes, and market caps serves as a risk management tool within the Megatrend Investing framework. By positioning ourselves in sectors and themes with optimistic future profit potential, we align our portfolios with the trajectory of evolving markets.



Nimesh Chandan
CIO, Bajaj Finserv AMC

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



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🌐 Visit www.bajajamc.com

🗨 Say hi on "9765296666"

Bajaj Finserv Flexi Cap Fund

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

PRODUCT LABEL

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

RISKOMETER



Investors understand that their principal will be at very high risk



BSE 500 TRI

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

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