

Bajaj Finserv Large and Mid Cap Fund

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

FORTIFYING YOUR WEALTH WITH MOAT BASED INVESTING

January 2025



The Fort That Could Never Be Conquered

- Lohagarh Fort, located in Bharatpur, Rajasthan, was built in the 18th century.
- The fort's name, "Lohagarh," literally translates to "Iron Fort".
- Lohagarh Fort is renowned for its formidable defensive structures, with a **wide and deep moat**, known as "Gajadhar" encircling its perimeter.
- This **moat** is, an artificial lake ranging from 41 to 72 meters in width, filled with water at a depth of 8 to 10 meters.
- "Gajadhar" played a crucial role in safeguarding the fort from invasions and the fort, with its sturdy walls and the protective moat, withstanding multiple attacks by the Mughals and the British.

What is a Moat?

The Moats originate from the medieval periods when large and deep water trenches protected those inside the fortresses and castles and their riches from invaders.





What is an Economic Moat?

The Economic moats safeguard businesses by shielding them from competitors, preserving their market share, and ensuring the long-term sustainability of profits.

Sources of Economic Moats*



Brand Strength



Cost Leadership



Network Effect



Intellectual Properties



Switching costs



Economies of Scale



Unique Business Model

*Based on Morningstar's "Why Economic Moats Matter"

Sources of Economic Moats* - Some Examples



Brand Strength

Example: **Baby Food.**

Unparalleled market recognition, trust, and consumer loyalty.



Cost Leadership

Example: **FMCG**

Strategic efficiency to produce at lower costs than rivals.



Network effect

Example: **Food Delivery**

More people use the product / services because more people use it.



Intellectual Properties

Example: **Pharma**

Ideas and creations that are legally owned and protected.



Switching Cost

Example: **Bank**

Makes it hard for customers to switch, keeping them loyal.



Economies of Scale

Example: **Telecom**

Cost savings when making more, leading to efficiency.



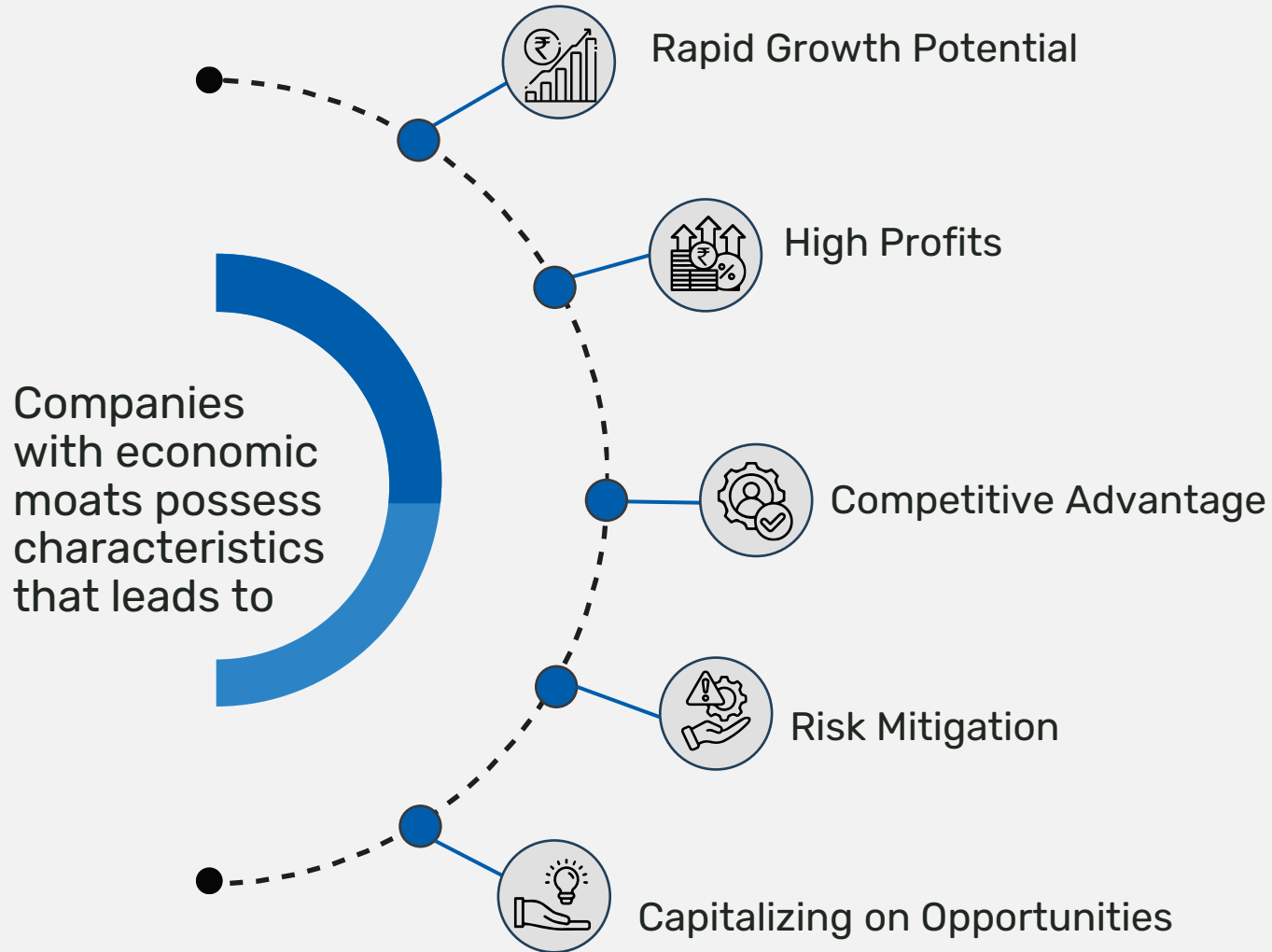
Unique Business Models

Example: **IoT**

Special ways companies work and create value for success.

*Based on Morningstar's "Why Economic Moats Matter"

Why Moat Based Investing?



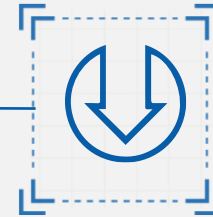
Economic Moat Identification



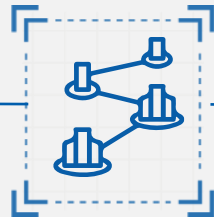
High Return on Capital Employed (ROCE), Return on Assets (RoA) and Return on Equity (RoE)



Efficient Capital Allocation decision



Low requirement of external capital



Scalability



Returns reinvested in business for higher returns

Characteristics and Implications of Wide Economic Moat Advantage



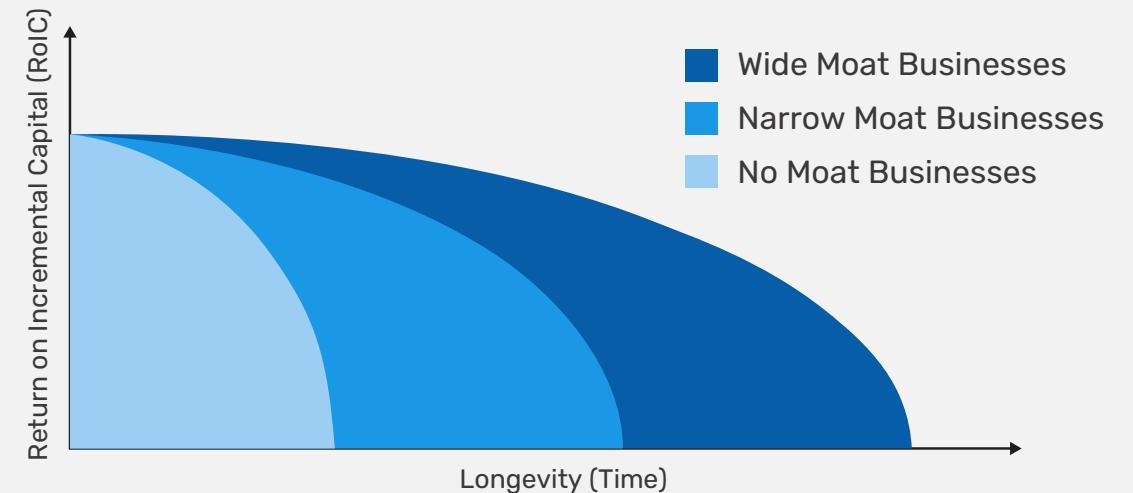
Powerful and enduring competitive advantage leading to dominant brand, unmatched operational scales and/or unique technology.



Robust protective barriers resulting in long term resilience and growth potential.



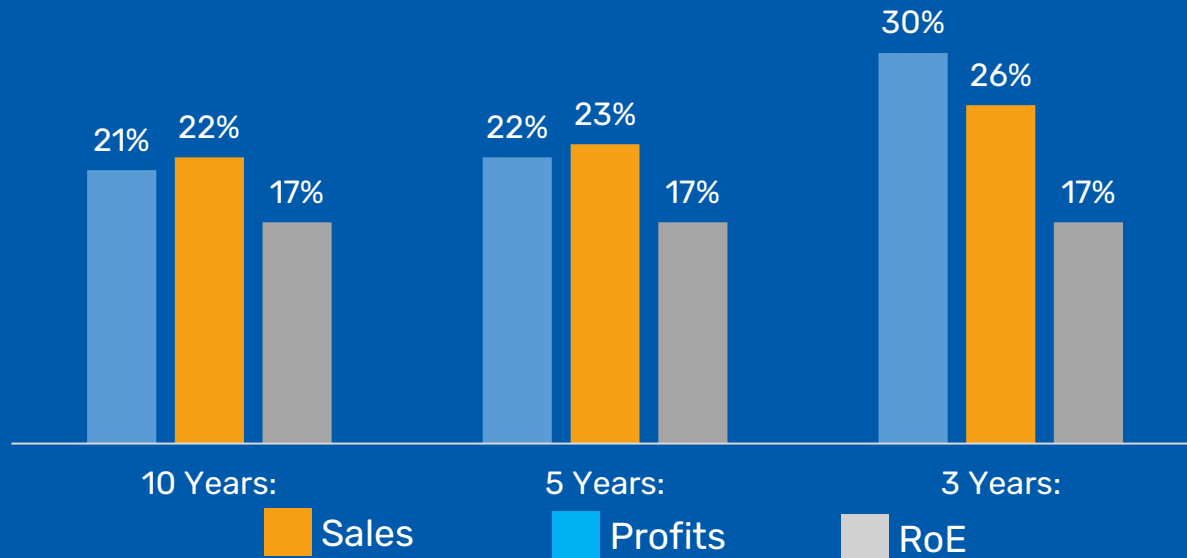
Consistent profits creating long term wealth for the investors and stakeholders.



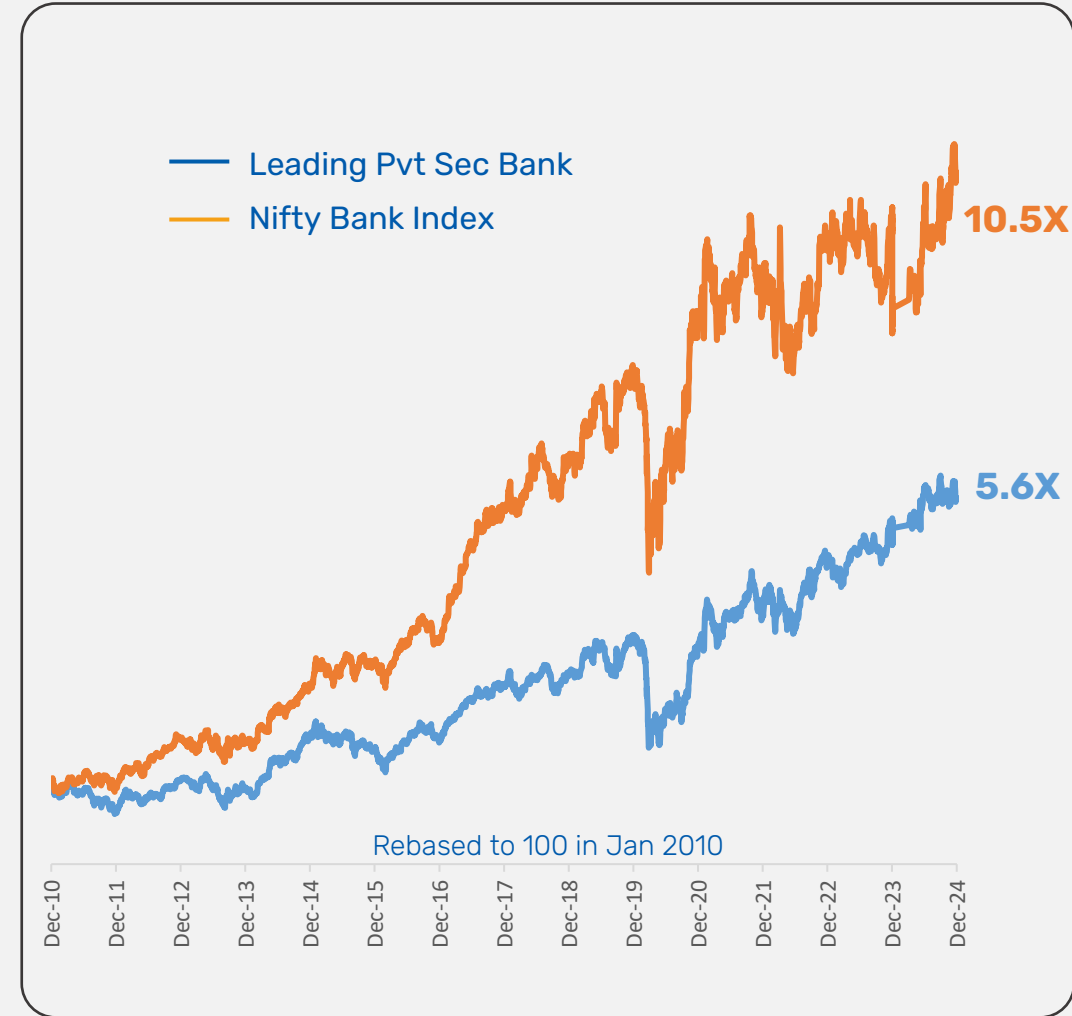
Case Study 1

This leading private sector bank stands out among its competitors due to its sustained net interest margin, minimal non-performing assets (NPAs), and effective risk management system. Additionally, the bank possesses a robust network, a formidable loan portfolio, and a well-diversified revenue stream.

Fundamentals



Sales and Profits numbers stated above are compounded annualized. RoE numbers are averaged

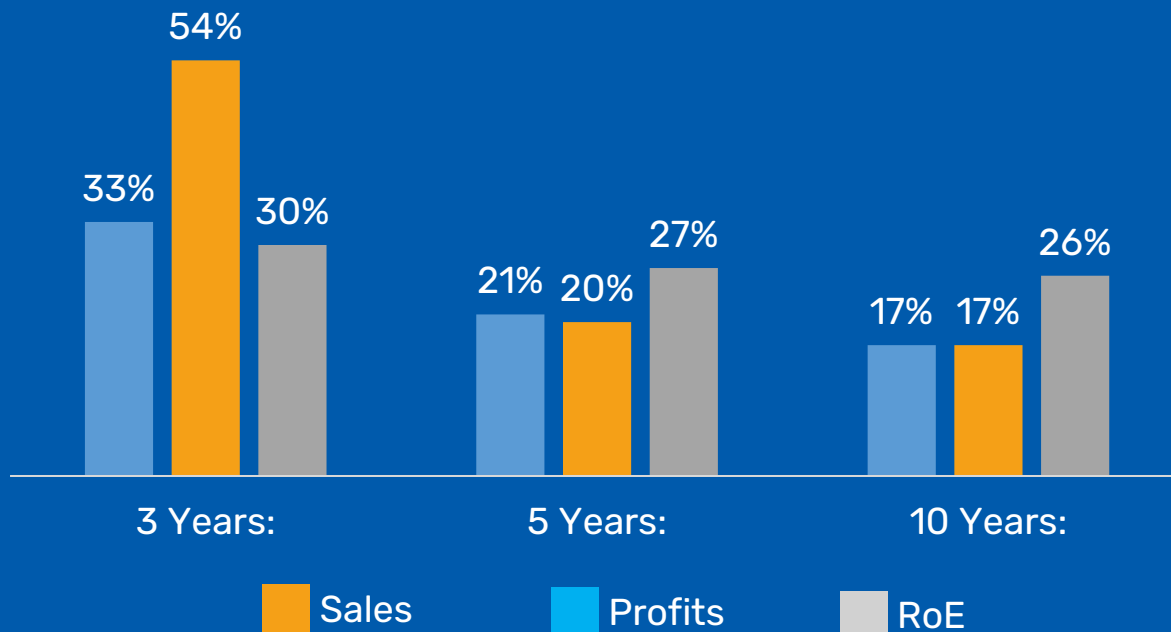


Source: Bloomberg, Internal Research, MFI Explorer; Data as on 31st Dec 2024. Past performance may or may not sustain in future.

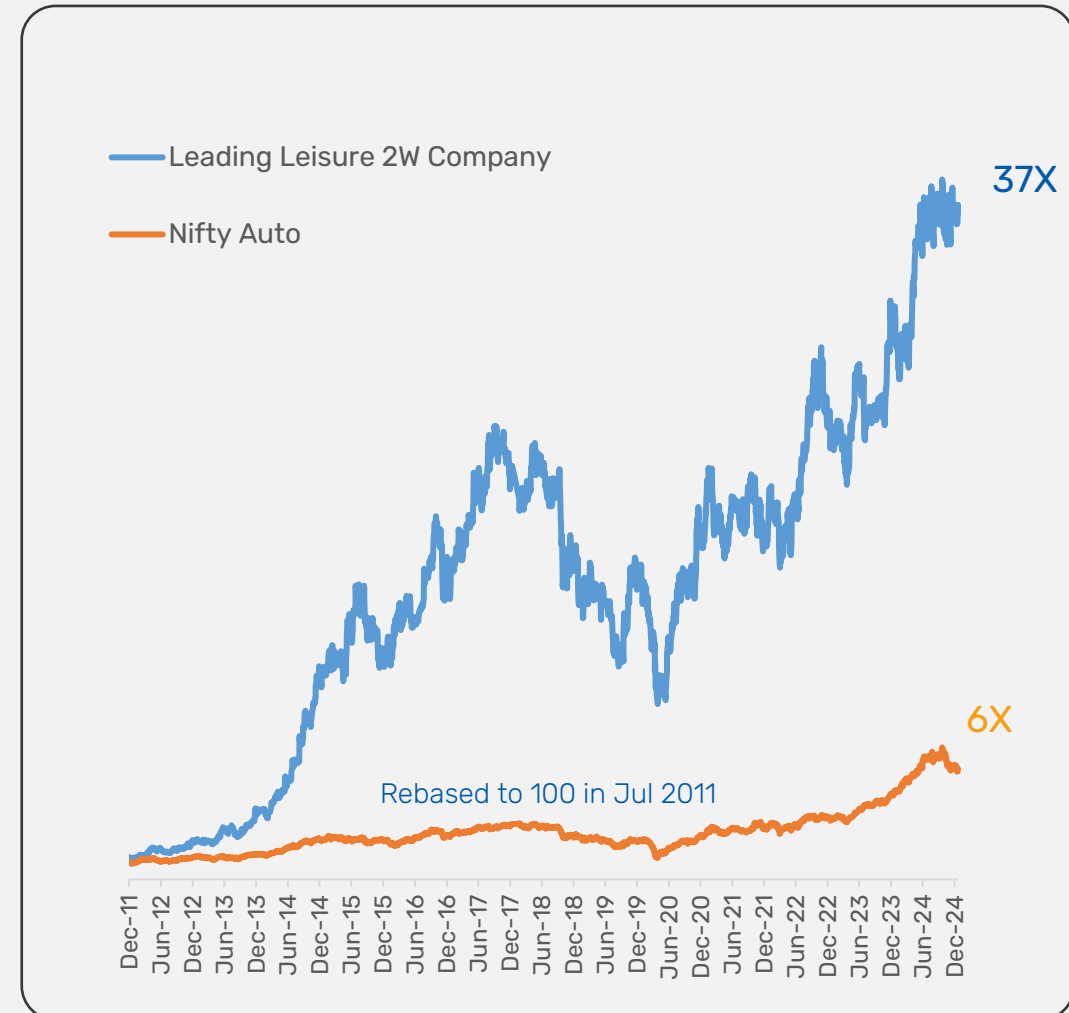
Case Study 2

This cult 2W brand, boasts a strong economic moat through distinctive products, global recognition, customer loyalty, and efficient manufacturing, securing a lasting competitive advantage in motorcycles. No other 2W manufacturer have successfully entered this space despite their endeavors.

Fundamentals



Sales and Profits numbers stated above are compounded annualized. RoE numbers are averaged

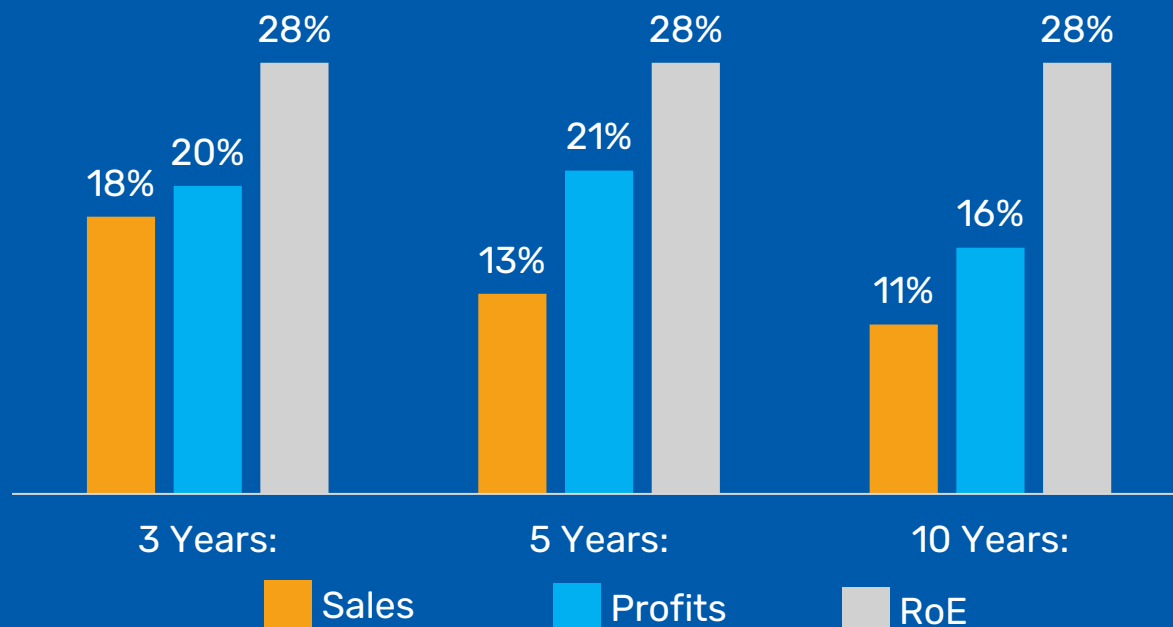


Source: Bloomberg, Internal Research, MFI Explorer; Data as on 31st Dec 2024. Past performance may or may not sustain in future.

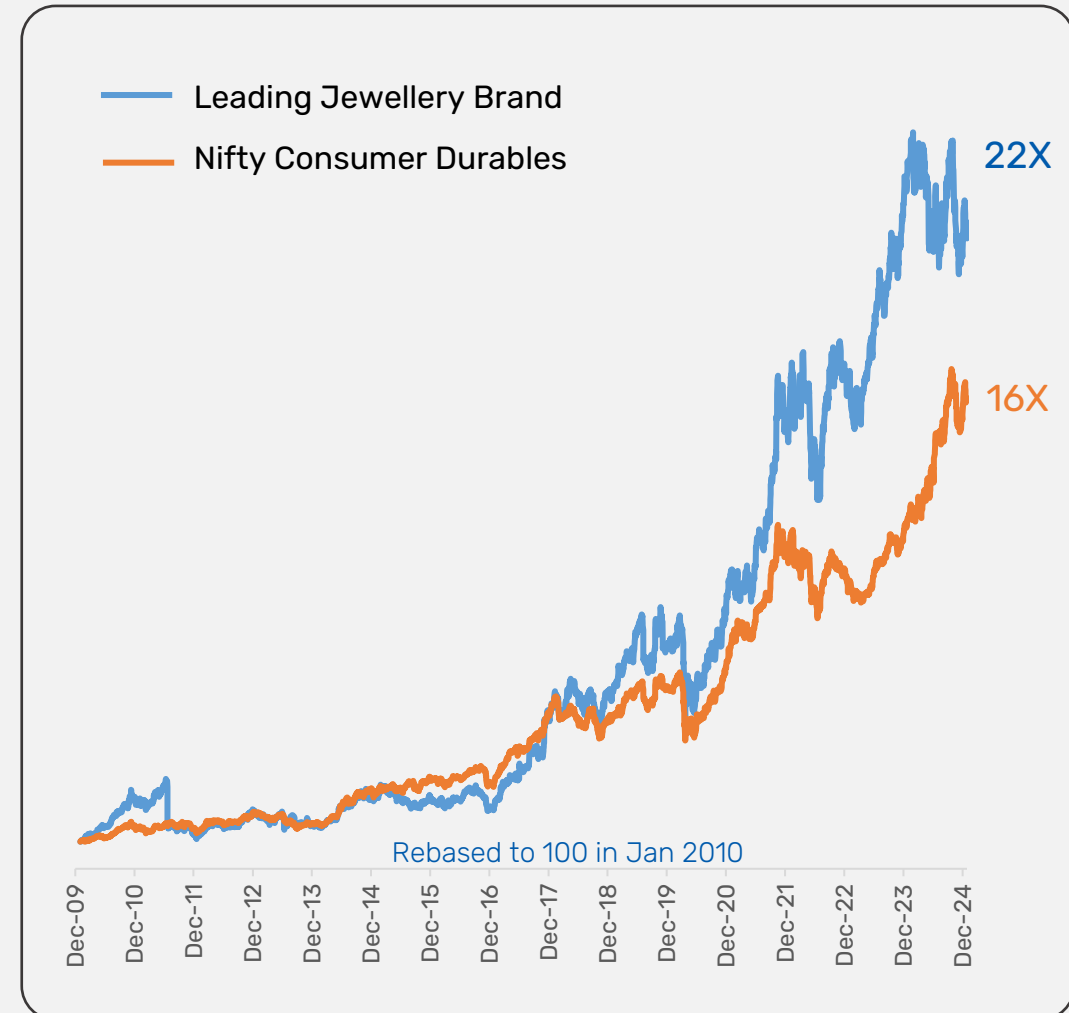
Case Study 3

The well-established name of the parent company instills trust and quality across various subsidiaries. This leading jewellery business leveraged the parent's reputation for honesty and transparency. In the 90s, this business addressed consumer concerns by investing in machinery at each store to verify jewelry caratage, solidifying its position as a trusted brand in high-value purchases.

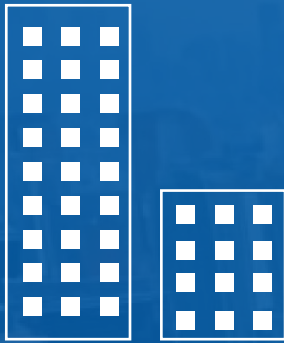
Fundamentals



Sales and Profits numbers stated above are compounded annualized. RoE numbers are averaged



Source: Bloomberg, Internal Research, MFI Explorer; Data as on 31st Dec 2024. Past performance may or may not sustain in future.



Bajaj Finserv Large and Mid Cap Fund

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



“My idea of a great business is one that has a shortage of competitors.”

- Peter Lynch

What is Large and Mid Cap Fund?



Fund Type	Large Cap (Top 100)	Mid Cap (101-250)	Small Cap (Beyond 250)
Large and Mid Cap Fund	35% to 65%	35% to 65%	0% - 30%
Large Cap Fund	More than 80%	Between 0% - 20%	
Mid Cap Fund	0% to 35%	>65%	0% - 35%
Small Cap Fund	0% to 35%		More than 65%

Top 100 Companies by market cap are classified as Large cap, The 101st-250th companies by market cap are classified as Mid cap; 251 and beyond are considered as Small caps.

Why Large and Mid Cap Fund?



Nifty 50 Index has concentrated exposure to sectors like Financial Services, Oil Gas & Consumable Fuel and IT.

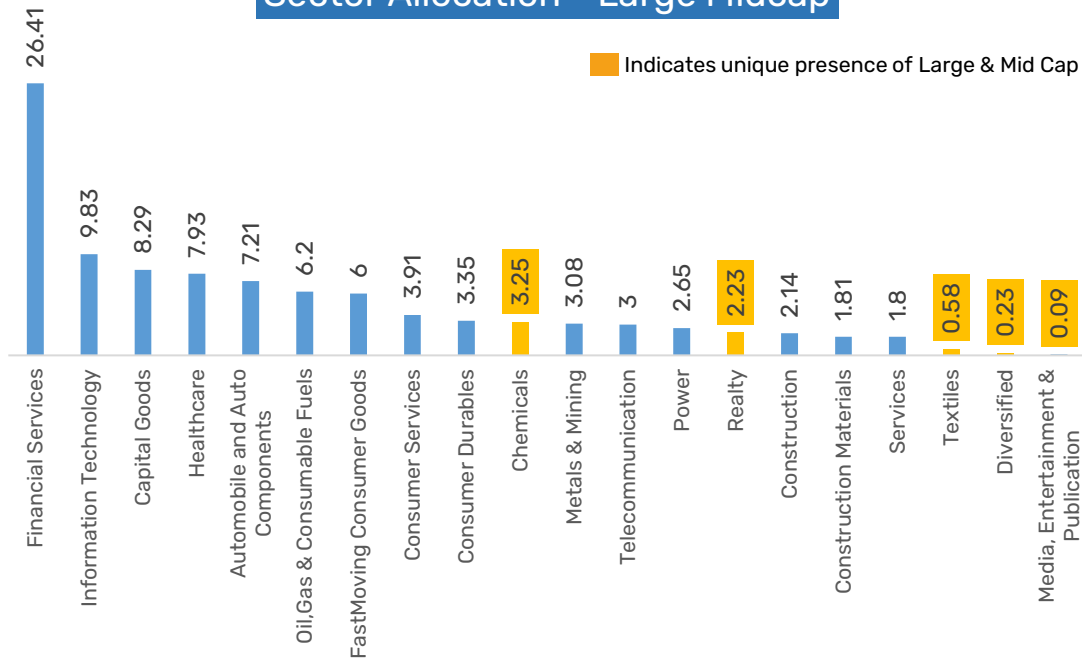


Its exposure to sectors like Capital goods, Consumer services, Realty and Chemicals are low compared to Nifty Large and Midcap 250 Index.

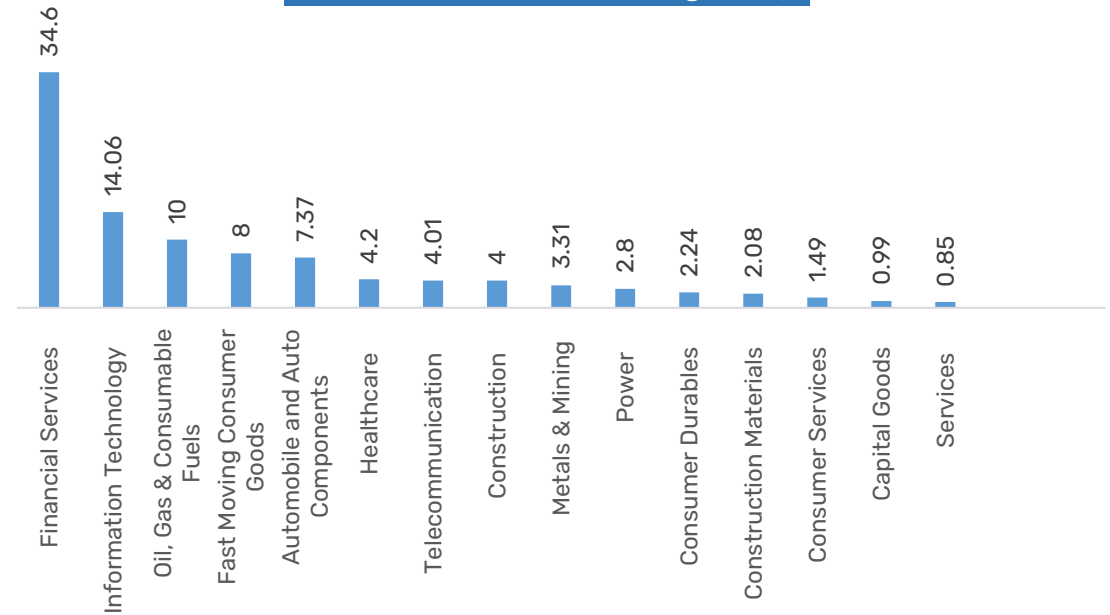


Hence, Large and Mid Caps combined together, offers a diversified investment opportunities.

Sector Allocation - Large Midcap



Sector Allocation - Large Cap

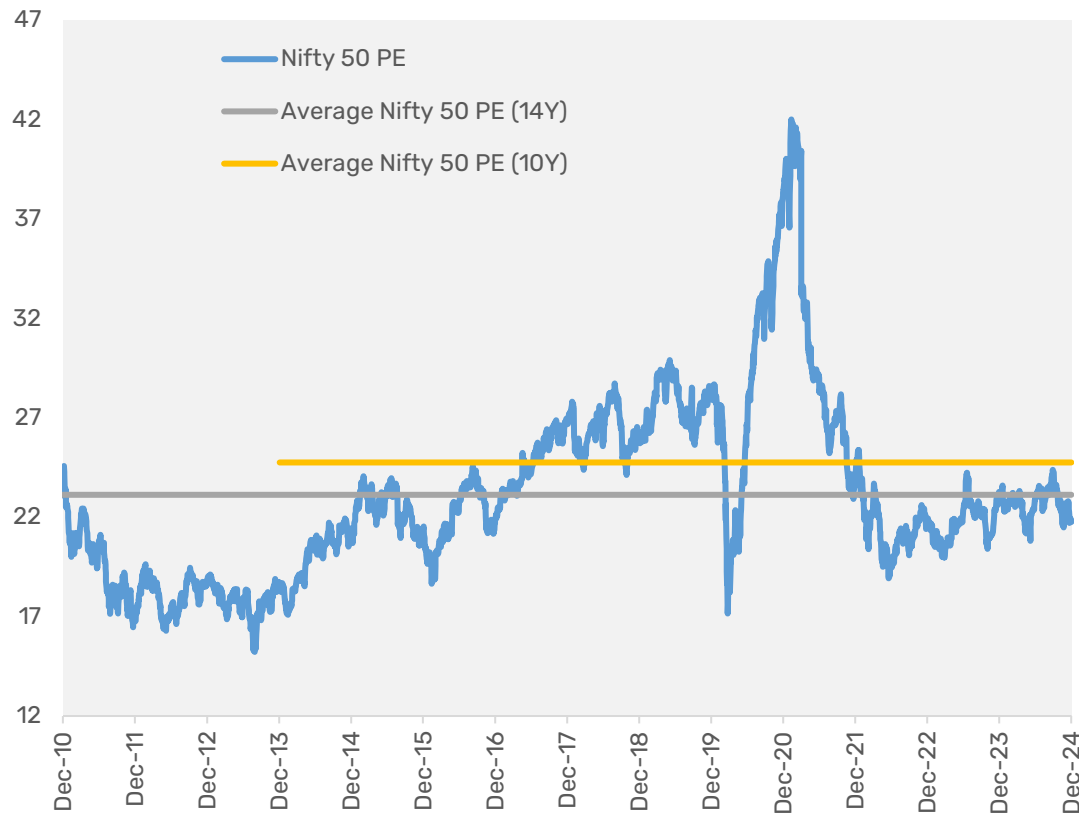


Source: NSE, MFI Explorer, Internal Research; Data as on 31st Dec 2024.

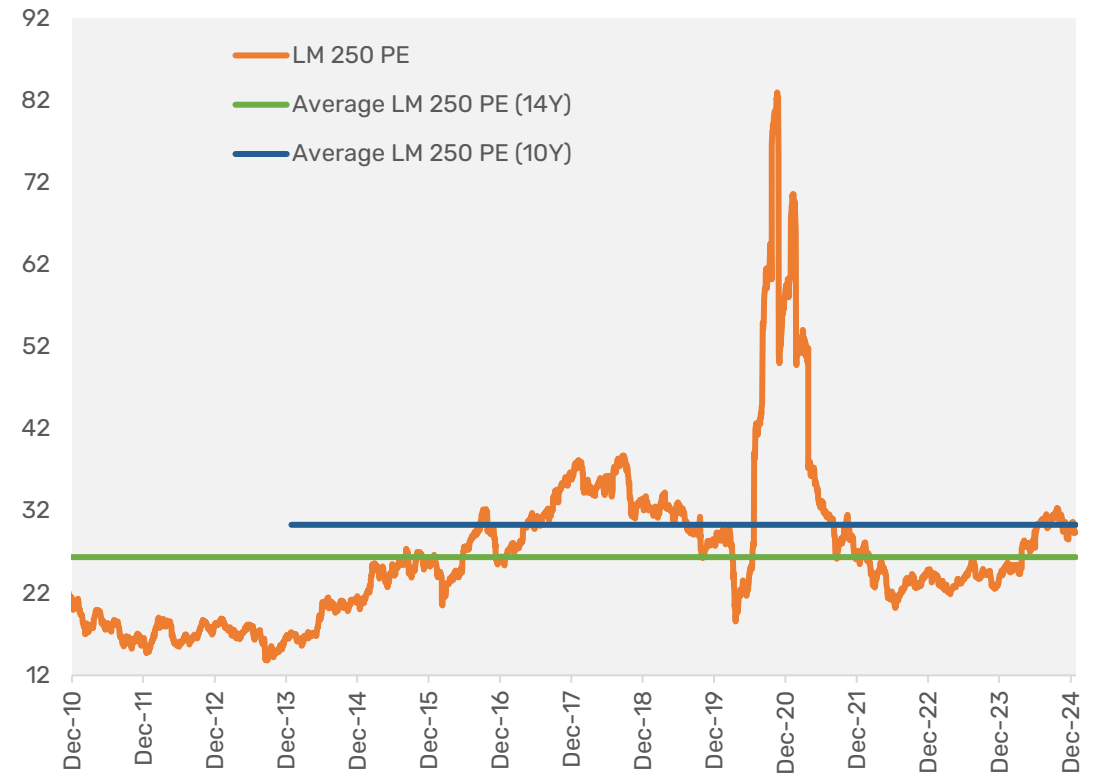
Why Large and Mid Caps Now?

At current valuation, both, the large caps and combination large and mid cap are below their long term averages.

Large Cap Valuations



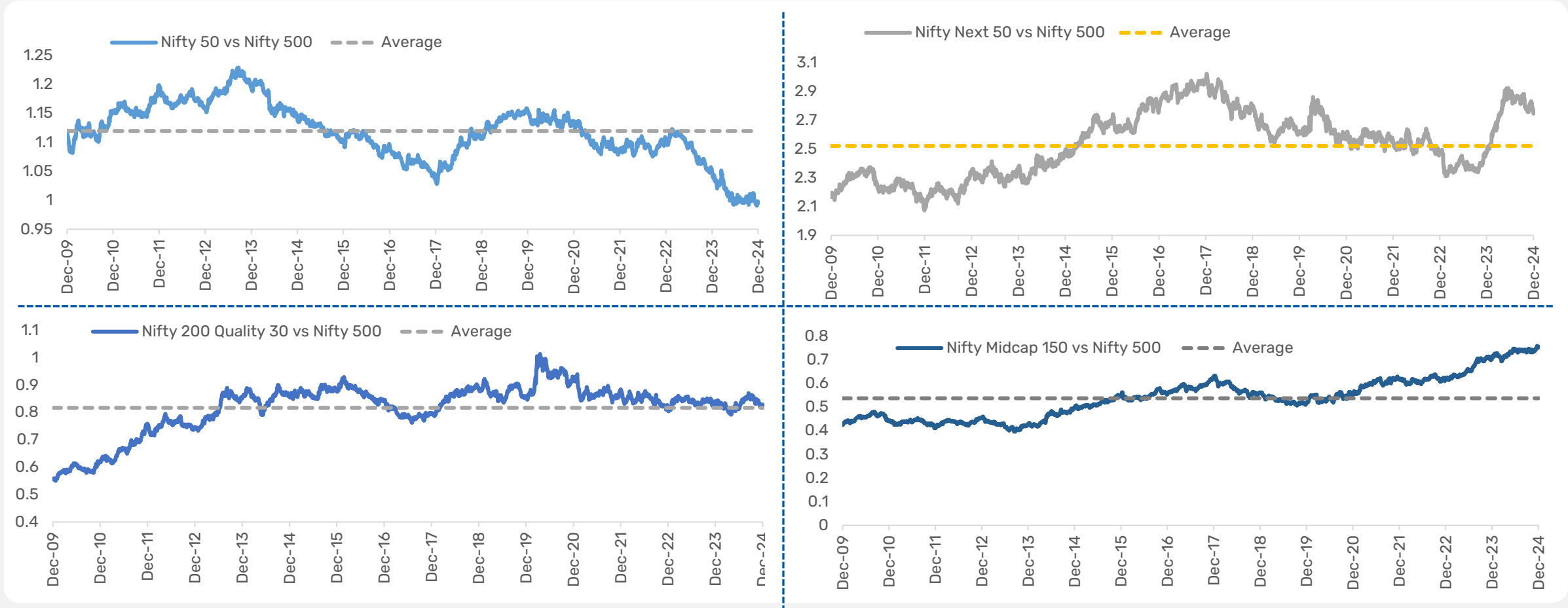
Large Mid Cap Valuations



Source: MFI Explorer, Internal Research; Data as on 31st Dec 2024. Past performance may or may not sustain in future.

Why Large and Mid Caps Now?

Currently, the combination of large cap and quality mid cap index seems to be better placed compared to Nifty 500 index.



The analysis is based on the trend in relative price of the daily index values of the given benchmark.

Source: MFI Explorer, Internal Research; Data as on 31st December 2024. Past performance may or may not sustain in future.

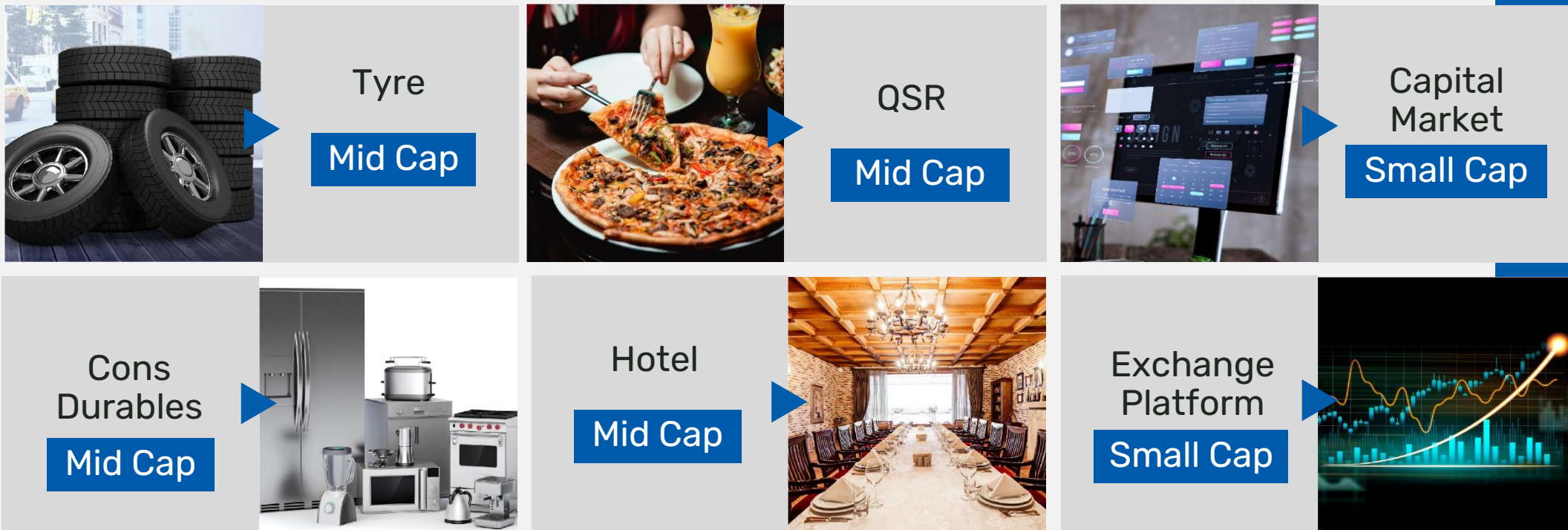
Why Moat Investing in Large and Mid Caps?

- 1** Enduring Advantage 
- 2** Stability Amid Fluctuations 
- 3** Potential Profitability 
- 4** Long-Term Growth 
- 5** Quality Over Size 



Segment Leaderships Across Market Cap

Economic Moats are not confined only to Large businesses



Favourable Risk Reward in High Quality Large and Mid Caps

Returns

Year	Nifty 50 TRI	Nifty Mid Cap 100 TRI	Nifty 500 TRI	NIFTY Large Mid Cap 250 TRI	Nifty 200 Quality 30 Index TRI
CY2010	19%	20%	15%	17%	28%
CY2011	-24%	-30%	-26%	-28%	-10%
CY2012	29%	41%	33%	39%	31%
CY2013	8%	-4%	5%	3%	20%
CY2014	33%	58%	39%	48%	40%
CY2015	-3%	8%	0%	4%	2%
CY2016	4%	8%	5%	6%	1%
CY2017	30%	49%	38%	44%	30%
CY2018	5%	-15%	-2%	-5%	9%
CY2019	13%	-3%	9%	6%	6%
CY2020	16%	23%	18%	21%	26%
CY2021	26%	48%	32%	37%	26%
CY2022	6%	5%	4%	4%	-4%
CY2023	21%	48%	27%	33%	32%
CY2024	10%	24%	16%	18%	14%

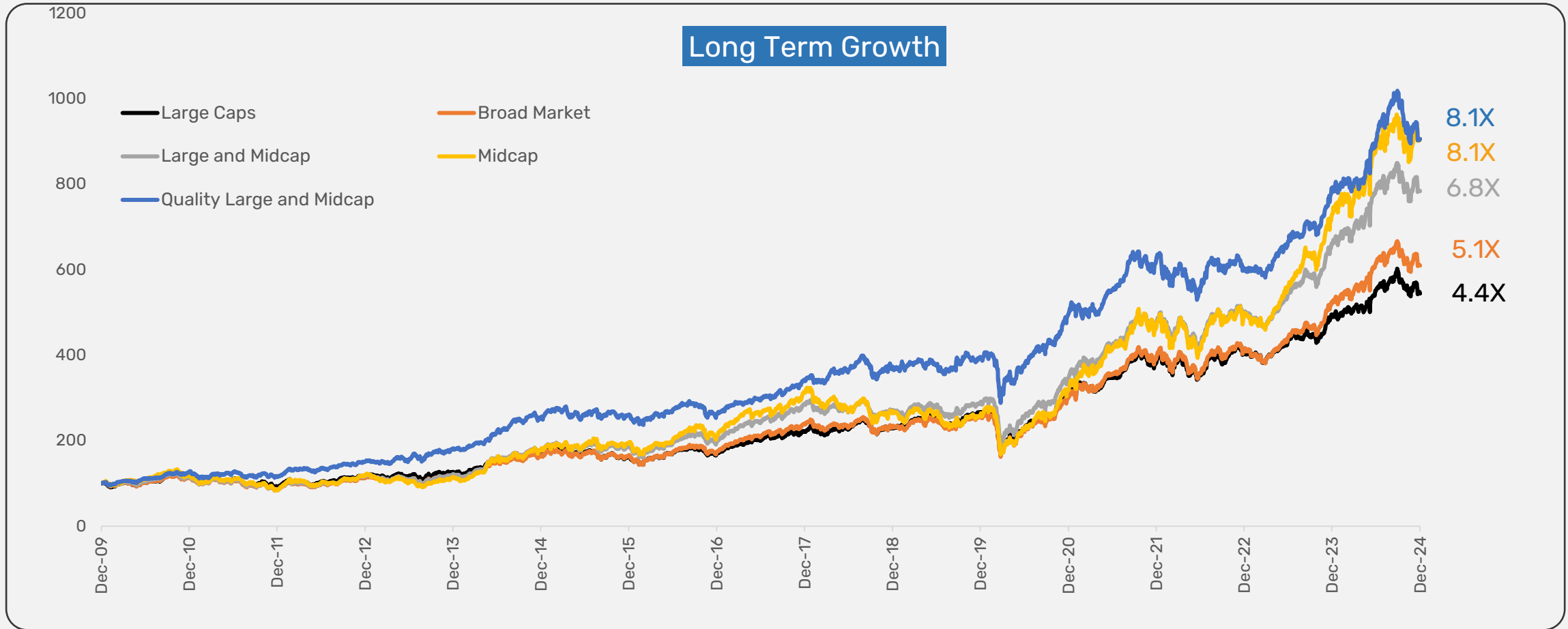
■ Highest Return ■ Lowest Return

Standard Deviation

Nifty 50 TRI	Nifty Mid Cap 100 TRI	Nifty 500 TRI	NIFTY Large Mid Cap 250 TRI	Nifty 200 Quality 30 Index TRI
16%	16%	15%	16%	12%
21%	18%	19%	19%	15%
15%	16%	15%	15%	12%
18%	18%	17%	16%	14%
13%	18%	13%	14%	11%
16%	18%	16%	16%	14%
15%	18%	15%	16%	14%
9%	13%	10%	10%	9%
13%	18%	13%	14%	13%
14%	16%	14%	14%	13%
31%	29%	29%	28%	25%
16%	18%	15%	15%	13%
17%	21%	17%	18%	16%
10%	12%	10%	10%	9%
17%	18%	16%	16%	14%

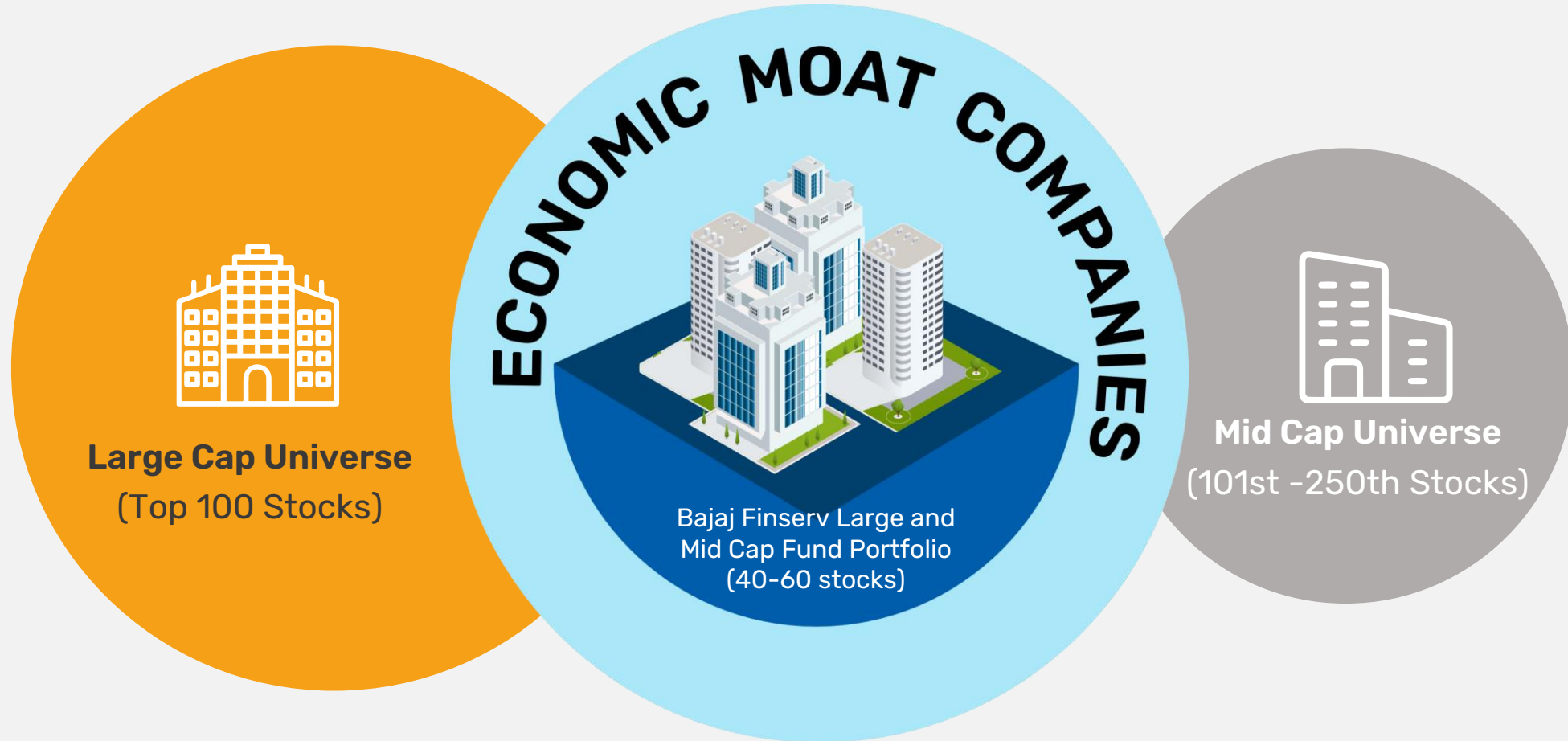
■ Lowest Risk (Standard Deviation) ■ Highest Risk (Standard Deviation)

High Quality Large And Mid Caps Offers Better Potential For Long Term Wealth Creation



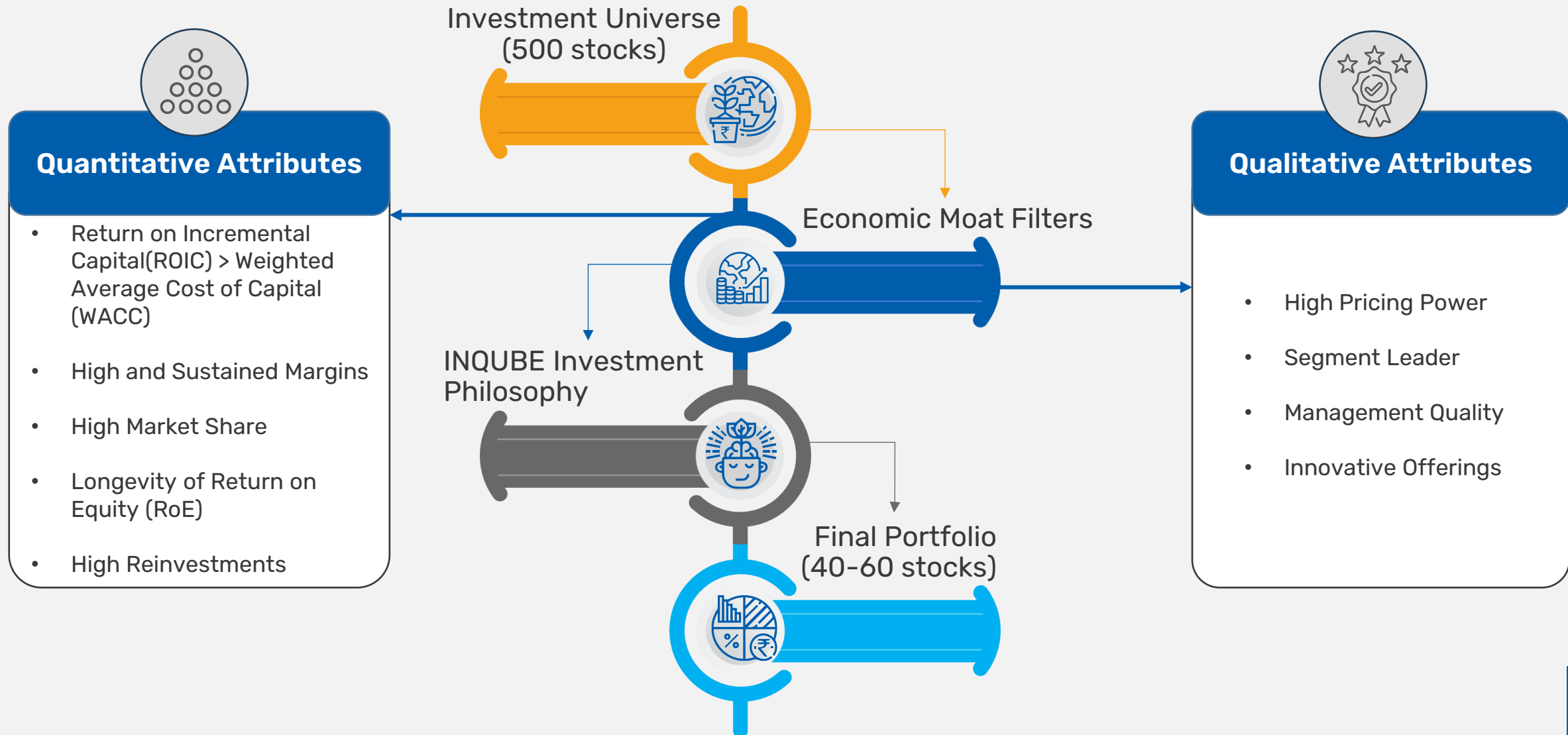
Large Caps – Nifty 50 TRI; Broad Market – Nifty 500 TRI; Large and Midcap – Nifty Large and Midcap 250 TRI; Quality Large and Midcaps – Nifty 200 Quality 30 Index TRI. Source: MFI Explorer, Internal Research. Data as on 31st Dec 2024. Past performance may or may not sustain in future. | Y axis represents the growth in NAV of the mentioned indices.

How Moat Investing Works with Bajaj Finserv Large and Mid Cap Fund?



The count of stocks mentioned is indicative and actual count will be subject to market conditions and opportunities available at the time of investment.

Investment Process



INQUUBE

INFORMATION EDGE

- Outperform the market on superior information collection

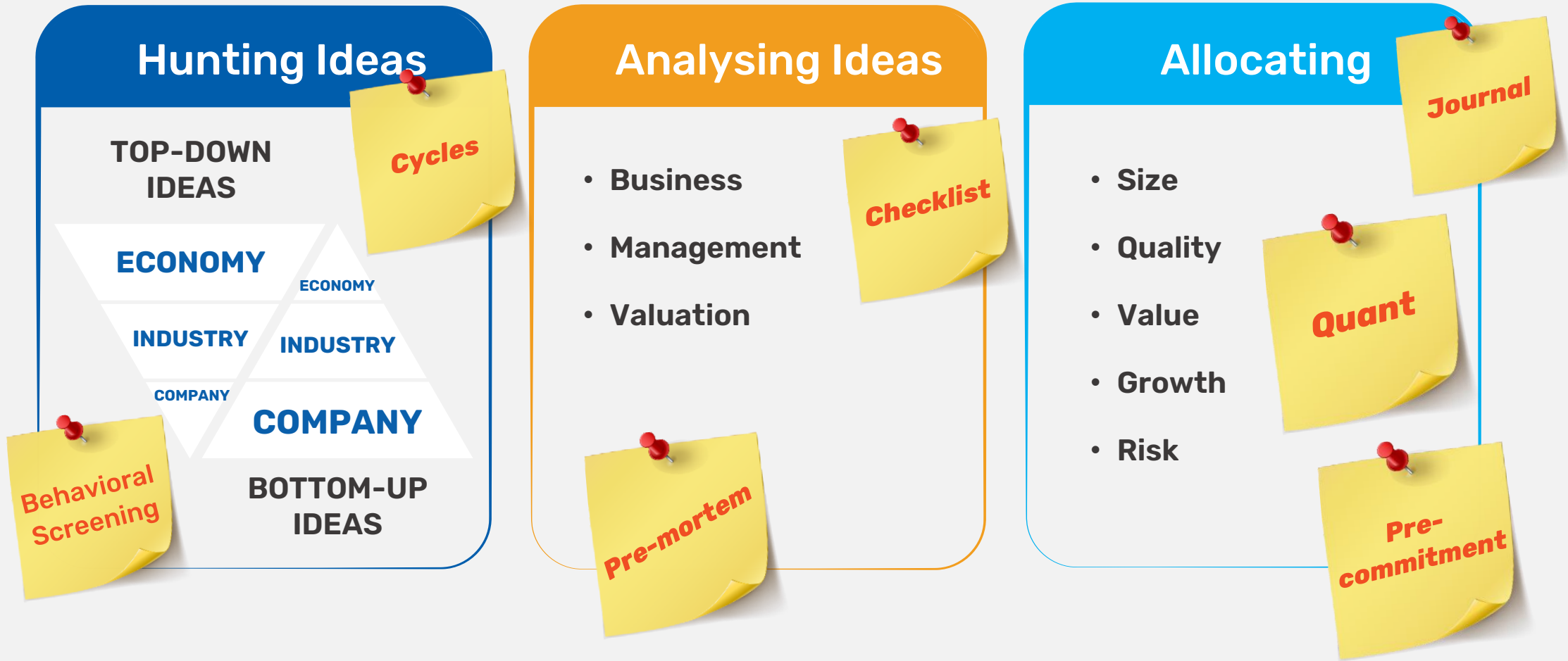
QUANTITATIVE EDGE

- Outperform the market on processing information better
- Quant models, Analytical models

BEHAVIORAL EDGE

- Outperform the market by better decision making
- Take advantage of crowd over-reaction and underreaction
- Reduces one's own behavioral pitfalls

Our Investment Philosophy



Bajaj Finserv Large and Mid Cap Fund

Key Characteristics:



Stock selection based on Moat investing resulting into:



Bottom up stock selection



Diversified portfolio



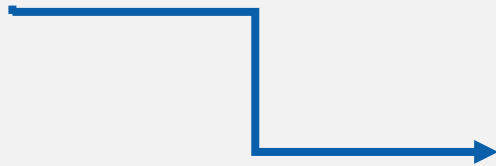
Growth oriented



High active share



Low turnover portfolio



Quality Oriented Portfolio



Long Term Value Creation



Robust Businesses across sectors

Fortifying your wealth with moat based investing

Bajaj Finserv

Large and Mid Cap Fund

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

The Economic Moats safeguard businesses by shielding them from competitors, preserving their market share, and ensuring the long-term sustainability of profits.

MOATS

January 2025



Management

Cost Advantages

Network Effects

Efficient scale

Switching Cost

Intangible Assets Patent

Intangible Assets Brand

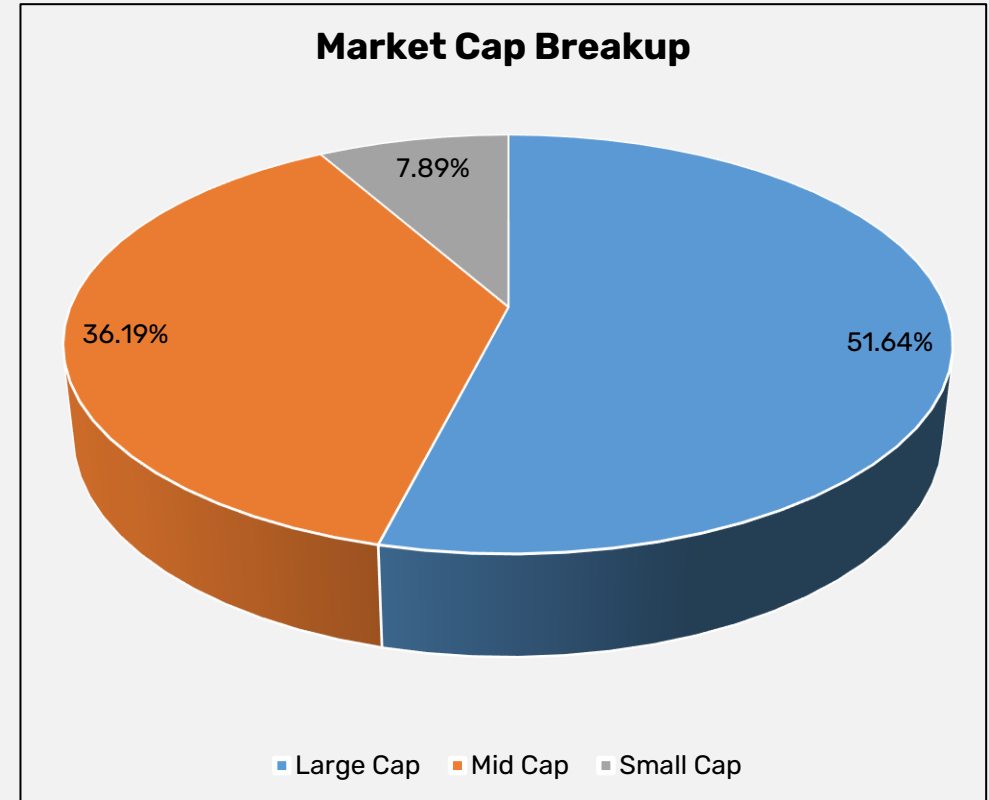
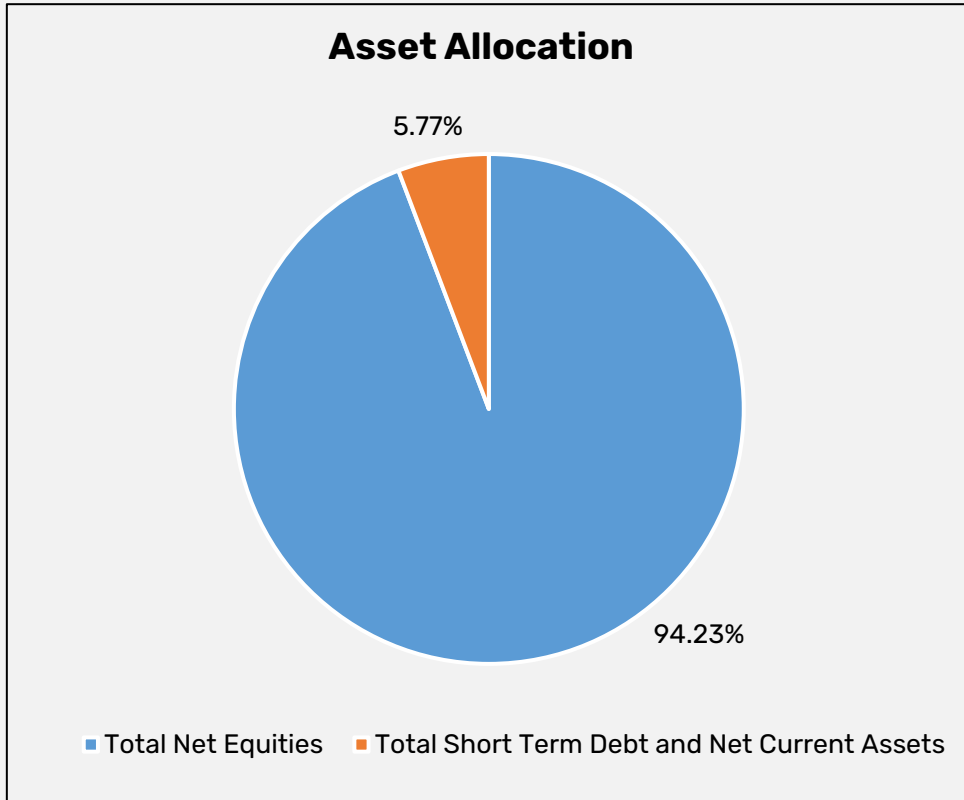
Intangible Assets Regulation

Company Name	Moat	% of NAV	Company Name	Moat	% of NAV
HDFC Bank Limited	Management	6.35%	Emami Limited	Intangible Assets Brand	0.90%
Infosys Limited	Network Effects	4.36%	Multi Commodity Exchange of India Limited	Intangible Assets Patent	0.89%
Tata Consultancy Services Limited	Network Effects	4.16%	Senco Gold Limited	Intangible Assets Brand	0.87%
Divi's Laboratories Limited	Network Effects	3.60%	Siemens Limited	Intangible Assets Patent	0.85%
Cipla Limited	Intangible Assets Brand	3.30%	ABB India Limited	Intangible Assets Patent	0.84%
Hindustan Unilever Limited	Intangible Assets Brand	2.69%	ICICI Lombard General Insurance Company Limited	Intangible Assets Patent	0.82%
ITC Limited	Intangible Assets Brand	2.44%	VIP Industries Limited	Intangible Assets Brand	0.81%
CRISIL Limited	Efficient Scale	2.40%	Jio Financial Services Limited	Intangible Assets Patent	0.78%
Bharti Airtel Limited	Efficient Scale	2.39%	Berger Paints (I) Limited	Intangible Assets Brand	0.77%
Muthoot Finance Limited	Management	2.39%	Hitachi Energy India Limited	Intangible Assets Patent	0.76%
Oberoi Realty Limited	Intangible Assets Brand	2.32%	GlaxoSmithKline Pharmaceuticals Limited	Intangible Assets Patent	0.73%
Reliance Industries Limited	Network Effects	2.23%	Trent Limited	Management	0.69%
Biocon Limited	Intangible Assets Patent	2.19%	Tata Communications Limited	Management	0.67%
Jubilant Foodworks Limited	Efficient Scale	2.15%	AIA Engineering Limited	Efficient Scale	0.64%
Page Industries Limited	Intangible Assets Brand	2.02%	Emcure Pharmaceuticals Ltd	Intangible Assets Patent	0.63%
Larsen & Toubro Limited	Management	1.97%	The Federal Bank Limited	Efficient Scale	0.63%
State Bank of India	Efficient Scale	1.94%	City Union Bank Limited	Efficient Scale	0.58%
ICICI Bank Limited	Efficient Scale	1.88%	Deepak Nitrite Limited	Efficient Scale	0.56%
UltraTech Cement Limited	Management	1.79%	The Phoenix Mills Limited	Efficient Scale	0.52%
Info Edge (India) Limited	Network Effects	1.71%	The Ramco Cements Limited	Management	0.51%
Voltas Limited	Management	1.68%	National Aluminium Company Limited	Management	0.49%
UNO Minda Limited	Efficient Scale	1.65%	Timken India Limited	Efficient Scale	0.48%
Sun Pharmaceutical Industries Limited	Intangible Assets Patent	1.62%	JSW Infrastructure Ltd	Management	0.46%
Alkem Laboratories Limited	Intangible Assets Patent	1.57%	The Great Eastern Shipping Company Limited	Management	0.44%
The Indian Hotels Company Limited	Intangible Assets Brand	1.53%	Sanofi Consumer Healthcare India Limited	Intangible Assets Patent	0.43%
Havells India Limited	Management	1.50%	Linde India Limited	Management	0.42%
United Breweries Limited	Intangible Assets Brand	1.46%	Motherson Sumi Wiring India Limited	Management	0.38%
InterGlobe Aviation Limited	Efficient Scale	1.45%	Akzo Nobel India Limited	Efficient Scale	0.37%
Tata Steel Limited	Management	1.38%	PVR INOX Limited	Efficient Scale	0.36%
Tata Consumer Products Limited	Intangible Assets Brand	1.26%	Solar Industries India Limited	Efficient Scale	0.36%
Abbott India Limited	Intangible Assets Patent	1.22%	Schneider Electric Infrastructure Limited	Intangible Assets Patent	0.35%
Bajaj Finserv Limited	Management	1.20%	PI Industries Limited	Management	0.28%
Glenmark Pharmaceuticals Limited	Intangible Assets Patent	1.14%	Vedant Fashions Limited	Intangible Assets Brand	0.27%
Balkrishna Industries Limited	Management	1.05%	ZF Commercial Vehicle Control Systems India Limited	Intangible Assets Patent	0.27%
Coal India Limited	Management	0.97%			
Dalmia Bharat Limited	Management	0.95%			

Management
 Cost Advantages
 Network Effects
 Efficient Scale
 Switching Cost
 Intangible Assets Patent
 Intangible Assets Brand
 Intangible Assets Regulation

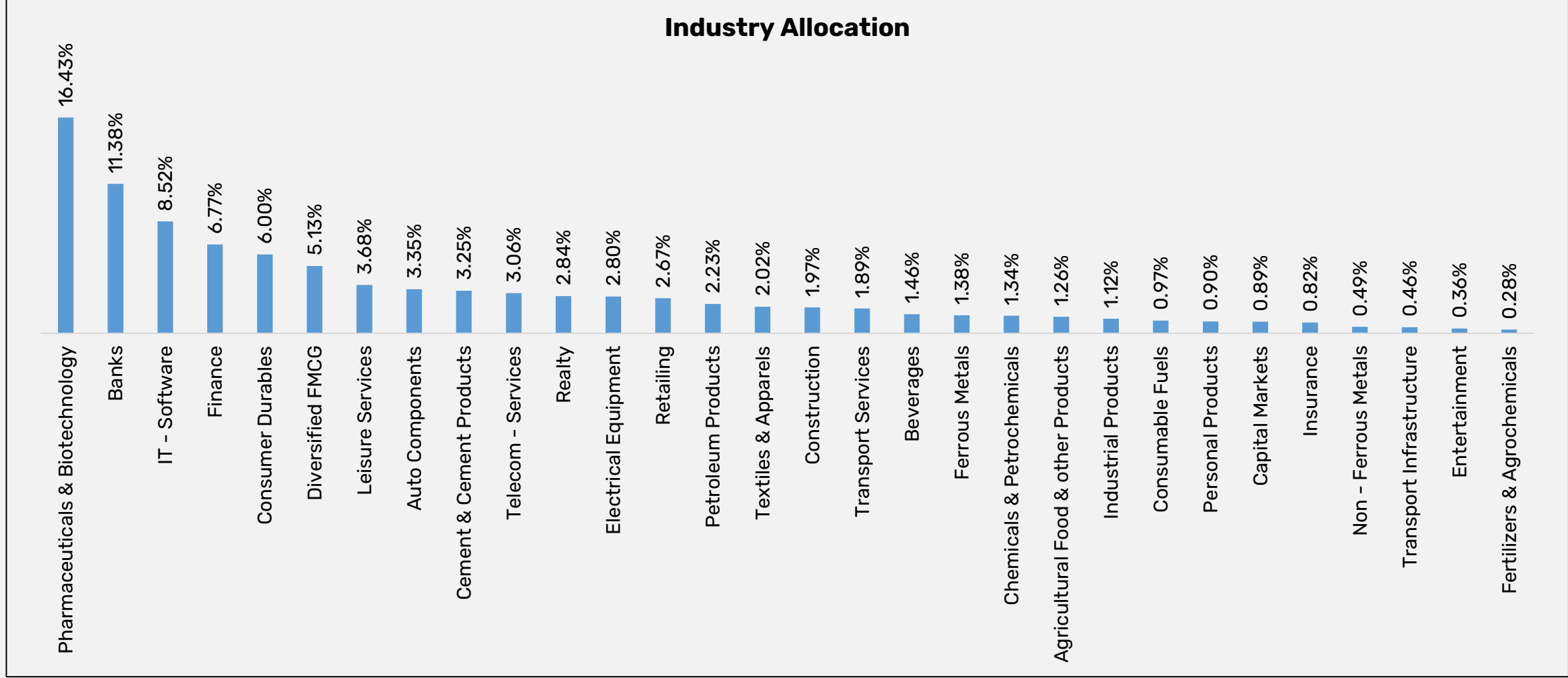
These 8 color boxes represent each Moat and the boxes after each company's name represent it's presence in that particular Moat wherever applicable. We have also shown % to Net Assets for each company. Data as on 31st December 2024.

Fund Allocation



Data as on 31st December 2024.

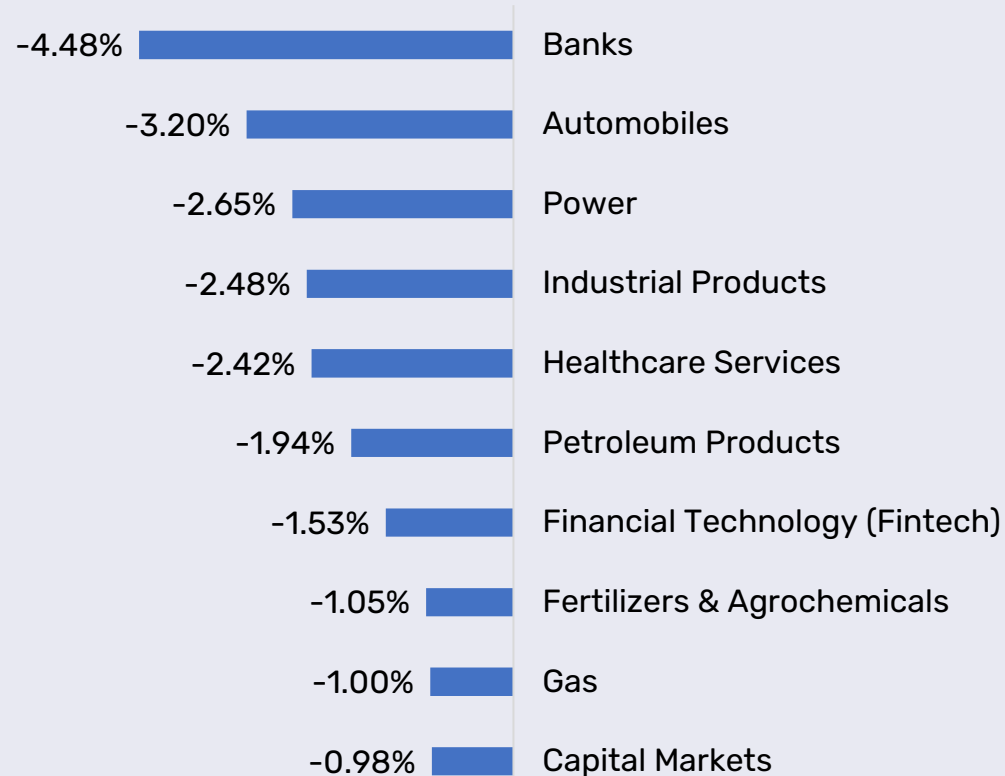
Fund Allocation



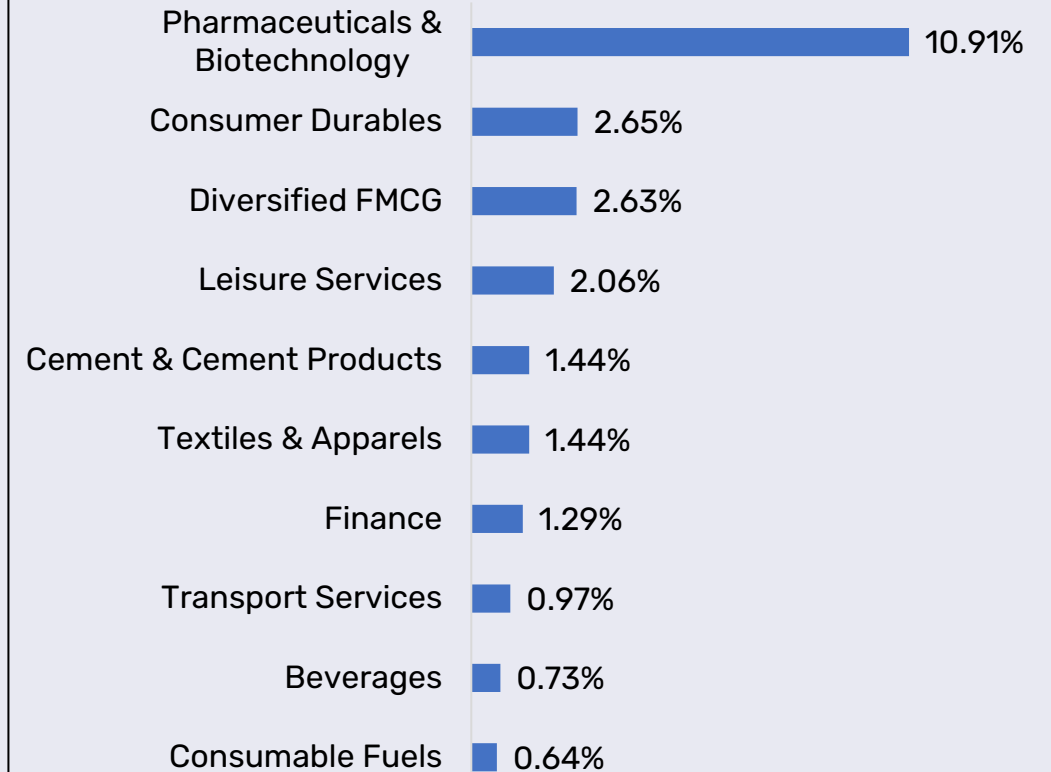
Data as on 31st December 2024.

RELATIVE WEIGHTAGE ALLOCATION

TOP 10 UNDERWEIGHT INDUSTRIES



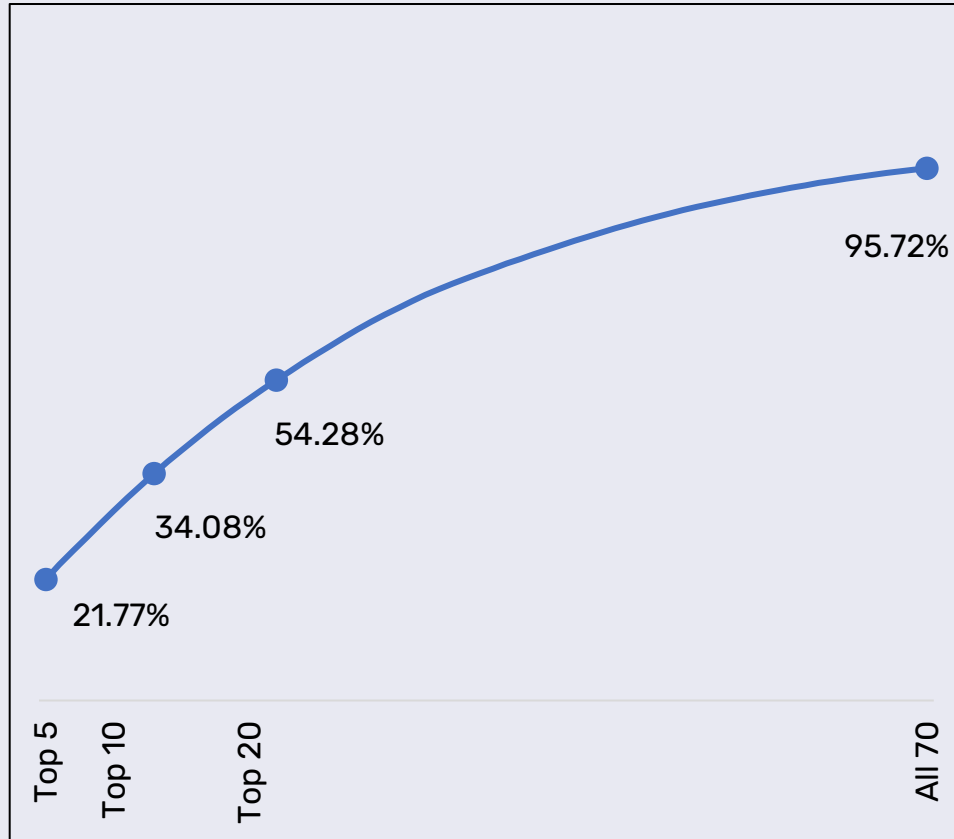
TOP 10 OVERWEIGHT INDUSTRIES



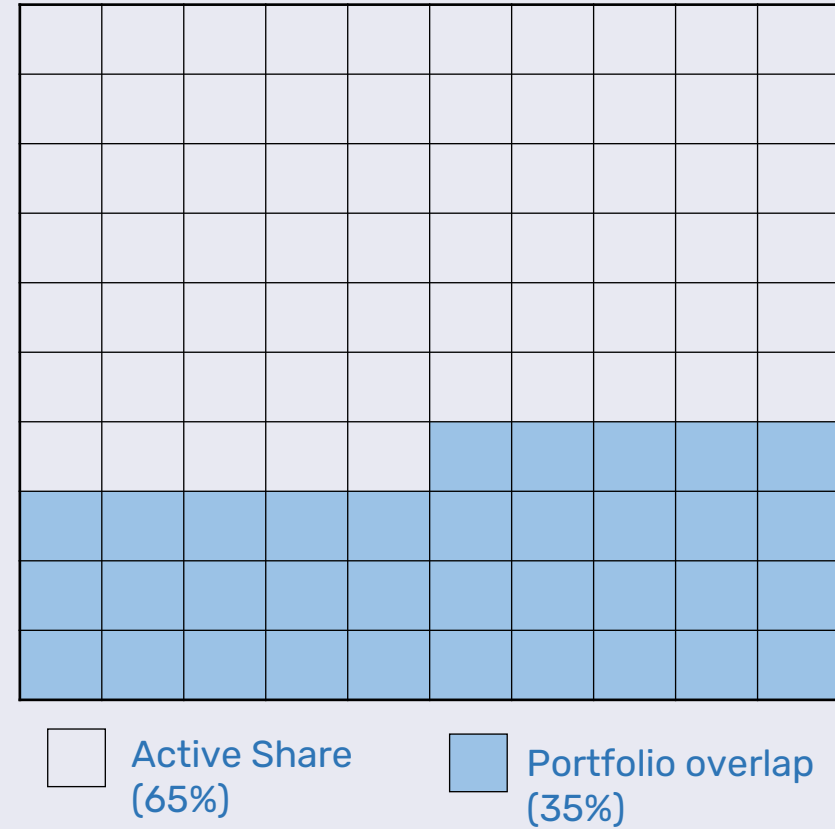
Data as on 31st December 2024.

Portfolio Concentration & Active Share

Portfolio Concentration



Active Share



Data as on 31st December 2024.

Scheme Features

Type of Scheme	An open ended equity scheme investing in both large cap and mid cap stocks
Plans	Bajaj Finserv Large and Mid Cap Fund – Direct Plan
	Bajaj Finserv Large and Mid Cap Fund – Regular 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	Not Applicable
Exit Load	if units are redeemed / switched out within 6 months from the date of allotment: <ul style="list-style-type: none"> - if upto 10% of units allotted are redeemed/switched out – Nil - any redemption / switch-out of units in excess of 10% 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 Large Midcap 250 TRI
SIP / SWP / STP	Available

Product Label

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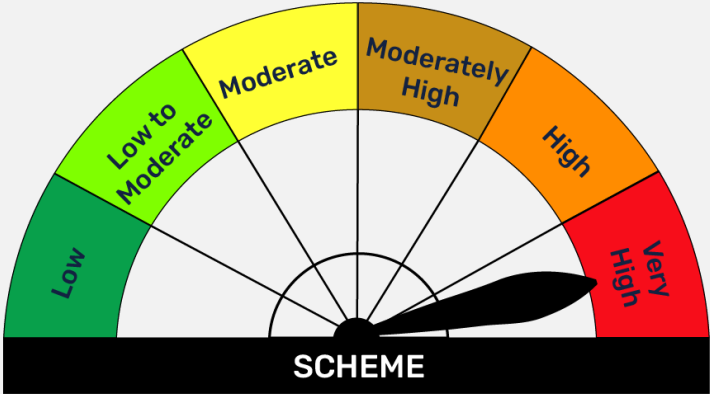
This product is suitable for investors who are seeking*:

- Wealth creation over long term
- Open ended equity scheme investing in both large cap and mid cap stocks

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

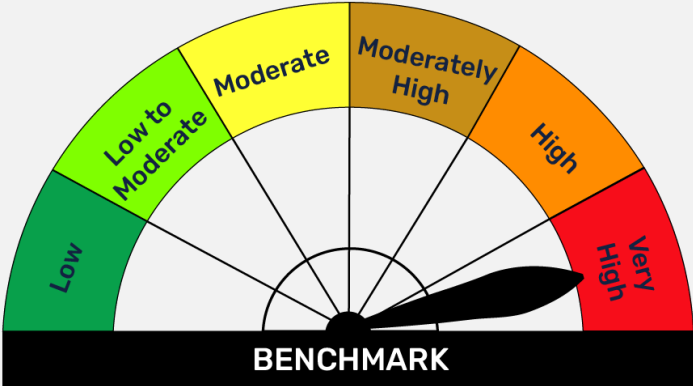
Riskometer

Scheme



The risk of the scheme is very high

Benchmark



The risk of the benchmark i.e. Nifty Large Midcap 250 TRI is very high

Disclaimer

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

THANK YOU