

Avoiding Risk vs Preparing for it: How Bajaj Finserv Small Cap Fund Can Help

Category: Business

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When it comes to investing in small cap funds, the fear of risk often dissuades investors. However, it is important to consider that taking a more structured approach to investing can help in mitigating market risks.

The [Bajaj Finserv Small Cap Fund](#) is designed with this philosophy in mind. It comprises strategic insights and disciplined execution to help investors explore more opportunities in the small cap market.



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Understanding small caps

Small cap funds consist of companies that typically rank 251st and beyond in market capitalization as per SEBI's guidelines. These businesses are often in their novice stages, operating in emerging sectors, this means that they have a potential to scale rapidly. While this can come with a higher volatility, it can also potentially create space for long-term value discovery.

What differentiates small caps from others is their potential to bounce back from market fluctuations. Hence, through the suitable selection process, small caps can potentially help grow wealth in the long run, making them a viable part of a broader mutual fund portfolio.

Risk isn't the enemy

It is essential to understand and manage risk when investing in small cap funds instead of fearing it. Unlike large cap companies that can already be priced efficiently in the market, small caps can be mispriced or overlooked presenting

an opportunity for a potential entry point into the market.

Instead of trying to avoid risks, you can take a structured approach which can help you mitigate market volatility. This includes diversifying across sectors and tracking company fundamentals while being mindful of governance quality.

The Bajaj Finserv Small Cap Fund approach

The Bajaj Finserv Small Cap Fund has a 3-in-1 advantage of Growth, Quality and Value. The fund's framework seeks out companies that are scalable, fundamentally strong and trading at prices lower than their intrinsic value. The fund is influenced by Bajaj Finserv AMC's proprietary INQUBE philosophy. It is managed by an experienced team that applies both top-down trends and bottom-up stock analysis.

It focuses on five key pillars:

- **Quality:** Companies with sound fundamentals and consistent performance
- **Growth:** Businesses with long-term scalability potential
- **Undervalued opportunities:** Stocks that may be temporarily mispriced
- **Leadership:** Dominant players in niche or emerging segments
- **Governance:** Transparent, well-managed companies with aligned promoter interests

By applying these filters, the Bajaj Finserv Small Cap Fund aims to build a balanced portfolio that can help manage risk while capturing growth potential.

Planning matters more than timing

While timing the market can be a good way to manage your

investment, it can be a challenging task to keep up with. A more practical way to do this is to invest through a Systematic Investment Plan, which allows you to allocate funds regularly. This can help you potentially reduce the impact of market volatility through rupee cost averaging and promote consistency and discipline.

You can also use tools like an [SWP calculator](#) to plan out your exit strategy. Through a Systematic Withdrawal Plan, you can align your redemptions to your life goals and cash flow needs.

Conclusion

Investing in the small cap sector requires both preparation and perspective. The Bajaj Finserv Small Cap Fund offers a thoughtfully designed approach that brings together an ambition to grow while mitigating market risks. For investors who wish to build a long-term portfolio, small cap can offer a suitable opportunity to explore investments with the suitable strategy in place.

How to invest

You can invest in the Bajaj Finserv Small Cap Fund online through the official Bajaj Finserv AMC website or via authorised mutual fund distributors. Investments can be made through director regular plans. To learn more about the investment process, visit www.bajajamc.com.

Units will be available at a offer price of Rs. 10 per unit during the NFO period (June 27, 2025 – July 11, 2025).

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

