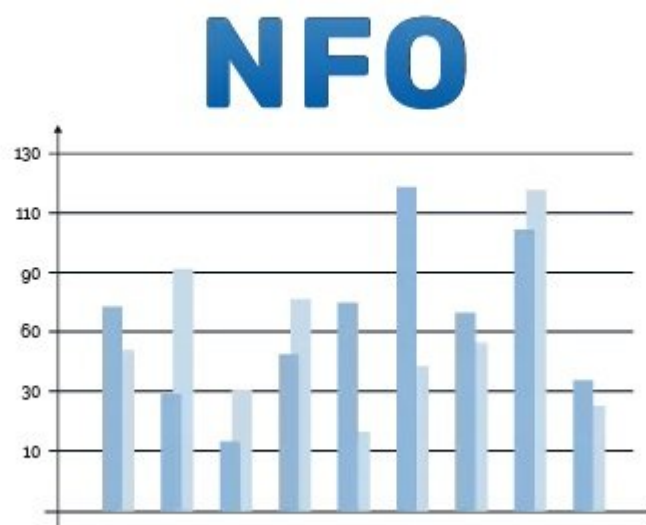


Bajaj Finserv Multi Cap Fund NFO: A contrarian approach to diversified equity investing

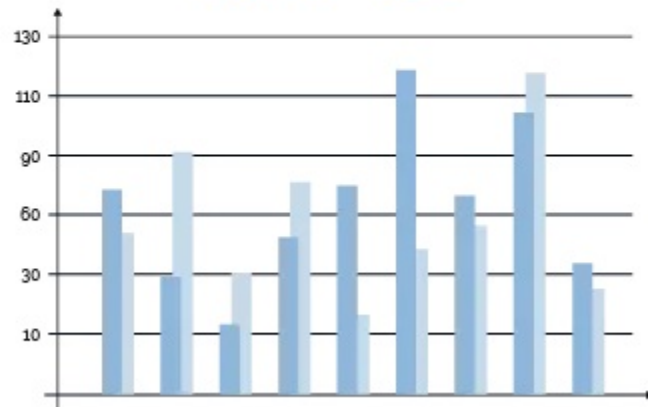
Category: Business

written by News Mall | February 6, 2025



The world of equity investing is full of opportunities and risks. For investors looking to diversify their portfolios and pursue growth across various market segments, the Bajaj Finserv Multi Cap Fund can be a suitable option. The New Fund Offer (NFO) period of this fund is from Thursday, 6th February, 2025 to Thursday, 20th February, 2025. This new equity fund by Bajaj Finserv AMC adapts the contrarian investment strategy.

NFO



Invest in Bajaj Finserv Multi Cap Fund with Contrarian Investing

In this article, we will explore what contrarian investing is, what multi cap funds are, and how the [Bajaj Finserv Multi Cap Fund](#) leverages contrarian investing to help investors create a diversified portfolio with the potential for superior long-term returns.

What is contrarian investing

Contrarian investing is an investment strategy where investors go against the prevailing market sentiment. While most investors tend to follow the crowd, buying when the market is bullish and selling during downturns, contrarian investors make decisions that are opposite to popular opinion. In other words, contrarian investors often buy when others are selling and sell when others are buying.

This strategy relies on the belief that markets tend to overreact to news – whether it's positive or negative – and create buying opportunities when stocks are undervalued (during market corrections) or selling opportunities when stocks are overvalued (during market booms). A successful contrarian investor aims to profit by capitalizing on the market's overreaction and the eventual return of rational

pricing.

Key elements of contrarian investing include:

- **Patience:** Contrarian investors must have the patience to hold onto investments until market sentiment shifts in their favour.
- **Research:** A detailed understanding of undervalued or overvalued stocks and market trends.
- **Risk tolerance:** Since contrarian investing often involves investing in companies or sectors that are out of favour, it carries higher risk, but also higher potential long term returns.

What are multi cap funds

Multi cap funds are equity mutual funds that invest across different market capitalization categories: large cap, mid cap, and small cap stocks with minimum 25% across each of large cap, mid cap and small cap. These funds are designed to provide diversification across sectors and market segments, ensuring that the investor has exposure to a broad spectrum of companies.

1. **Large cap stocks:** These are shares of established companies with large market capitalization. They are relatively stable, and offer consistent, though lower, returns.
2. **Mid cap stocks:** These stocks belong to companies that are in the growth phase. They offer relatively better growth potential than large cap stocks but tend to be more volatile.
3. **Small cap stocks:** These are stocks of smaller companies, typically with high long term growth potential. They

come with higher risk, as smaller companies are more vulnerable to market fluctuations.

By investing across all three segments, multi cap funds aim to provide both – growth potential and stability. They balance the risks of small cap investments with the relative stability and maturity of large cap stocks.

How does the Bajaj Finserv Multi Cap Fund Leverage contrarian investing

The Bajaj Finserv Multi Cap Fund uses a contrarian investment strategy. The fund looks for opportunities in undervalued stocks across large, mid, and small cap segments. Let's break down how this strategy works within the context of a multi cap fund:

1. Undervalued large cap stocks

In the world of large cap stocks, it's easy for investors to follow the herd and invest in popular, well-known companies. However, the Bajaj Finserv Multi Cap Fund takes a different approach by seeking out large cap stocks that are undervalued but still show strong fundamentals. These stocks may have been overlooked by the market due to temporary setbacks or market corrections. Fund managers believe that these stocks will eventually recover, providing potential long-term returns when market sentiment turns favourable.

2. Contrarian mid cap picks

Mid cap stocks present an interesting opportunity for contrarian investors. These companies are in the growth phase, and often, they face short-term volatility due to factors like market sentiment or changing consumer behaviour. The Bajaj Finserv Multi Cap Fund identifies mid cap stocks that have been unfairly punished by market overreaction. By investing in these stocks, the fund aims to capitalize on their growth

potential once the market corrects its view on these companies.

3. Small Cap Opportunities

Small cap stocks can be highly volatile, but they often offer the better long term growth potential. The Bajaj Finserv Multi Cap Fund uses contrarian investing to target undervalued small cap stocks that the market may be ignoring or dismissing. While small cap stocks can be risky, the fund believes that identifying suitable opportunities at suitable time can lead to reasonable returns when the broader market shifts its attention to these stocks.

4. Sector Rotation

The fund also employs a contrarian approach to sector rotation. For instance, if a particular sector is facing a downturn (due to unfavourable news or global trends), many investors may panic and sell off their holdings. The Bajaj Finserv Multi Cap Fund, however, could see this as an opportunity to buy into sectors that are undervalued or mispriced, hoping on a future recovery.

In doing so, the fund diversifies its portfolio, balancing investments across different sectors and market caps, and is positioned to take advantage of the market's overreactions. Investors can consider starting an SIP or lumpsum in this scheme. They can make use of tools such as an SIP calculator or [mutual fund lumpsum calculator](#) to estimate the future value of their investments.

Conclusion

The Bajaj Finserv Multi Cap Fund, with its contrarian investment strategy, offers a unique opportunity for investors seeking a diversified portfolio with the potential for superior returns in long term. For investors willing to go against the crowd and bet on undervalued stocks, the Bajaj

Finserv Multi Cap Fund seeks to provide a diversified, strategically balanced approach that can help unlock value across the market.

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

