

# Bajaj Finserv Small Cap Fund NFO: How SIPs Can Help Navigate Volatility

Category: Business

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Small cap funds are known for their potential to deliver higher returns in the long run. These funds invest in companies with a smaller market capitalization-typically those ranked 251 and beyond on recognised stock exchanges. While these businesses are often in their early or expansion stages and have significant growth potential, they can also be more sensitive to market swings compared to large cap counterparts.

That's why managing volatility is key-and one potential way to do that is through a Systematic Investment Plan (SIP). SIPs help bring discipline to your investing journey while potentially cushioning short-term ups and downs.



## **The Bajaj Finserv Small Cap Fund NFO ends on June 11, 2025**

If you're seeking to enter the small cap space, you can consider the [Bajaj Finserv Small Cap Fund](#). Launched on June 27, 2025, this new equity fund seeks to manage risk through a structured approach and an emphasis on quality businesses with long-term growth potential and favourable valuations. The fund is currently in its New Fund Offer (NFO) period, which remains open until July 11, 2025.

### **Why consider a small cap fund**

If you are an investor with a higher risk appetite, a small cap fund can be a suitable investment for you in the long term. These funds tend to perform across different market cycles, and their returns may not follow typical patterns in the short term. So, while this creates opportunity, it also means that these funds are more sensitive to market conditions and investor sentiment.

### **How SIPs help navigate volatility**

Volatility is an inherent part of small cap investing. One way to mitigate risks in these funds is by spreading out your investment over time through an SIP. An SIP allows you to invest a fixed amount at regular intervals, typically monthly.

SIPs are powered by features like the power of compounding and

rupee cost averaging. Here, when markets are low, you buy more SIP units; when the market is high, you buy fewer. Over time, this helps average out your purchase price, which may result in better risk mitigation.

An SIP also helps you build consistency and discipline-making investing a habit, not a one-time decision. This discipline is especially useful in volatile segments such as small cap funds.

### **Aligning SIPs with long-term goals**

When you start an SIP in a small cap fund, you get an opportunity to better align your contribution plan with your financial goals. Whether you're saving for retirement, a child's education, or building a long-term corpus, having clarity on your objective can help guide how much you invest and for how long.

The longer you stay invested in a small cap fund, the more time it allows you to potentially recover from short-term fluctuations and build long-term wealth. Since small cap funds take time to realise their growth potential, patience is a key part of the process.

### **What to look for when selecting a small cap fund**

Before starting a SIP in a small cap fund, consider evaluating a few important aspects:

- **Investment approach:** How does the fund seek to mitigate risk and deliver the potential for long-term growth? Review the strategy in detail.
- **Fund manager expertise:** The ability to identify promising small cap companies requires skill. Look into the manager's approach and investment philosophy.
- **Expense ratio:** Over the long term, even small differences in cost can affect your returns.

- **Portfolio diversification:** Check how diversified the fund is across sectors and companies. A more balanced portfolio may reduce the impact of underperformance in any one stock.

## **SIP investment: A steady way to participate**

An [SIP investment](#) in a small cap fund may allow investors to benefit from the potential upside while managing exposure to risk. By contributing steadily over time, investors may feel less pressure to time the market and more confidence in sticking with their long-term plan.

Even modest SIP investments, if continued consistently, can add up over time and potentially contribute meaningfully to financial goals.

## **Conclusion**

Small cap funds can offer long-term growth potential, but their higher volatility means they may not suit every investor. Starting a SIP investment in a small cap fund-such as the Bajaj Finserv Small Cap Fund (NFO open till July 11, 2025)-may help smooth out the experience, providing a disciplined and gradual approach to building wealth over time. As always, it is advisable to speak with a financial advisor to ensure that your investment choices align with your overall goals and comfort with risk.

To invest in the Bajaj Finserv Small Cap Fund NFO or learn more about the fund, visit [www.bajajamc.com](http://www.bajajamc.com).

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

