NFO ending soon: How Bajaj Finserv Equity Savings Fund can adapt to different market cycles

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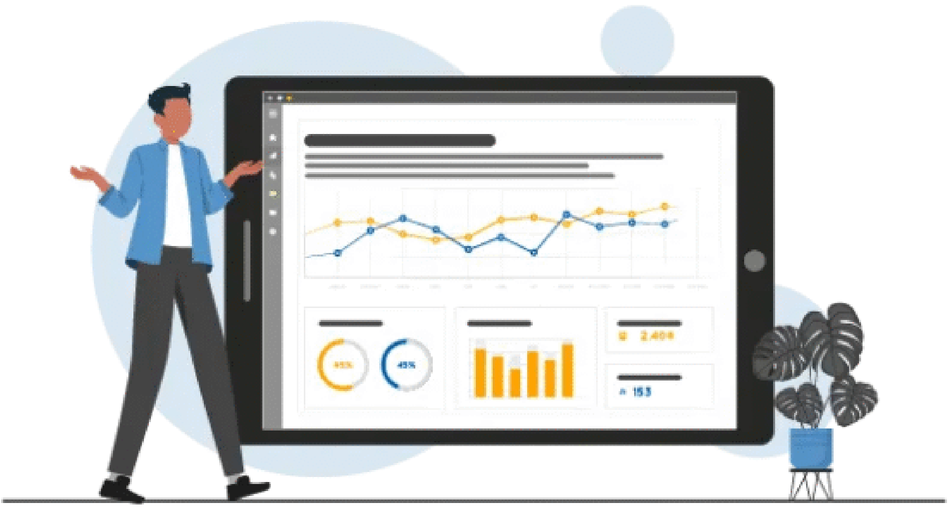
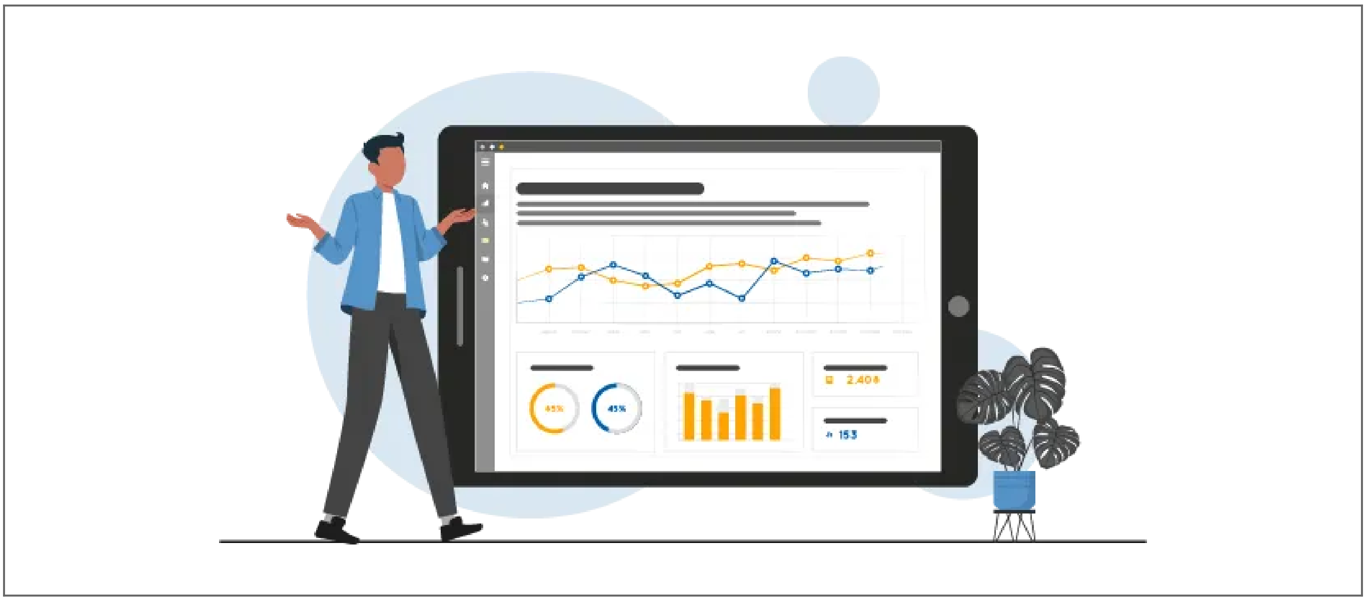


Markets don’t move in a straight line. Some days they rally. On others, they slide. And sometimes, they move sideways — neither rising nor falling sharply.



The New Fund Offer period ends on August 11, 2025

A strategy that can adapt to and leverage different market conditions can be a suitable addition to a portfolio.

Enter the Bajaj Finserv Equity Savings Fund, a hybrid fund that combines equity, debt, and arbitrage strategies in a way that aims to respond to each phase of the market.

The scheme's New Fund Offer period began on July 28, 2025, and ends on August 11, 2025. Read on to find out more about how the Bajaj Finserv Equity Savings Fund seeks to navigate fluctuations in the market and how you can invest.

Sideways markets: Arbitrage opportunities

A sideways market is when stock prices move within a narrow range without a clear upward or downward trend. It usually reflects market uncertainty, where investors are waiting for stronger signals before making significant moves.

In this phase, returns from equities may not be high. This is where arbitrage and debt benefit a portfolio. In a sideways market:

- **Arbitrage strategies** can capture small and brief pricing gaps between two markets (eg: the cash and future markets). Multiple small spreads can potentially add up to reasonable returns when managed strategically.
- **Debt instruments** can offer relatively stable returns through interest income and act as a buffer against volatility.

The Bajaj Finserv Equity Savings Fund may increase allocation to these components when the market lacks clear direction (within regulatory limits and as per allocation pattern mentioned in the Scheme Information Document).

Bull market: Potential for upside

When markets rise, the value of stocks can increase on the back of earnings expansion, economic momentum, and investor optimism. In such conditions, the equity component of the portfolio can potentially capture upside opportunities.

The fund’s equity allocation, selected using a GARP (Growth at Reasonable Price) approach, can help the portfolio participate in this upward trend. While the equity exposure is modest, it can allow investors to tap into growth potential during rallies while aiming to reduce downside risk compared to traditional equity funds. This equity component will range between 10% to 40% of the portfolio in normal circumstances.

Bear market: A defensive approach.

Downturns can test an investor’s resolve, but they also highlight the importance of balance.

In falling markets, when equities may decline in value, the fund’s moderate net equity exposure can result in lesser drawdowns. Meanwhile, the debt portion can act as a cushion against volatility, while the arbitrage component has the potential to capitalise on brief price differences.

Favourable tax treatment

Apart from managing market fluctuations, the portfolio is also planned to be tax efficient. By combining equity, debt, and arbitrage, it offers a blend that may potentially lead to better post-tax outcomes, particularly for investors in higher tax brackets.

The fund seeks to do that by maintaining above 65% allocation to equities (including arbitrage), so that it can qualify as an equity-oriented fund for tax purposes. The tax structure is as follows:

1. Short-term capital gains (levied on units held for less than a year): 20%

2. Long-term capital gains tax (on units held for more than a year): Gains of up to Rs. 1.25 lakh are tax-exempt; thereon, the rate is 12.5%.

Alternative assets: An added layer of diversification

This hybrid fund aims to offer an additional layer of diversification through its strategic allocation to REITs and InvITs. These are alternative instruments are backed by real assets like commercial properties or infrastructure and offer the potential for capital appreciation and relatively stable asset-backed income.

Who is the fund suitable for

Bajaj Finserv Equity Savings Fund may be considered by:

- Investors looking for lower volatility options with liquidity
- Those who want reduced risk but with some exposure to upside
- Those seeking an option to park funds to deploy later
- People exploring alternatives to traditional savings plans or fixed deposits*.

**Returns on fixed deposits are fixed, however, returns on mutual funds are subject to market risks.*

How to invest in the Bajaj Finserv Equity Savings Fund

You can invest in the Bajaj Finserv Equity Savings Fund either directly with Bajaj Finserv AMC under the direct plan or through a registered mutual fund distributor under the regular plan.

You can invest online or offline, through the following modes:

- By visiting www.bajajamc.com or the nearest Bajaj Finserv AMC official point of acceptance (OPAT).
- Through KFintech, a registrar and transfer agent
- Through a demat account
- Through aggregator platforms
- Through MF Utility.

Units will be available at an offer price of Rs. 10 per unit during the NFO period (ending August 11, 2025). The fund will reopen for subscription within five business days of allotment date and units will then be available at the applicable Net Asset Value. Investments start at Rs. 500 for lumpsum and Systematic Investment Plan (minimum 6 instalments).

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