



January 2023

Baroda BNP Paribas  
**FLEXICAP**  
FUND

The All-in-One Equity Fund



**Together for more**

The word 'more' does not imply more returns or assurance of scheme performance. It refers to the additional value provided by the joint venture, as compared to Baroda AMC and BNP Paribas AMC individually.

**THE WORLD IS ALWAYS IN  
A FLUX**



**Baroda**  
**BNP PARIBAS**  
MUTUAL FUND



Together for more

# Life Keeps on Changing....

## Our day to day activities also keep on changing

The way we socialise has changed



Meeting in Person



Meeting virtually

The way we work has changed



Work from office



Work from Home



Hybrid

The way we shop has changed



Shopping from Stores



Online Shopping



Connecting with stores online

# Our Consumption patterns are changing!

From terrestrial TV to Satellite TV to OTT platforms



Owning a car to hiring / renting

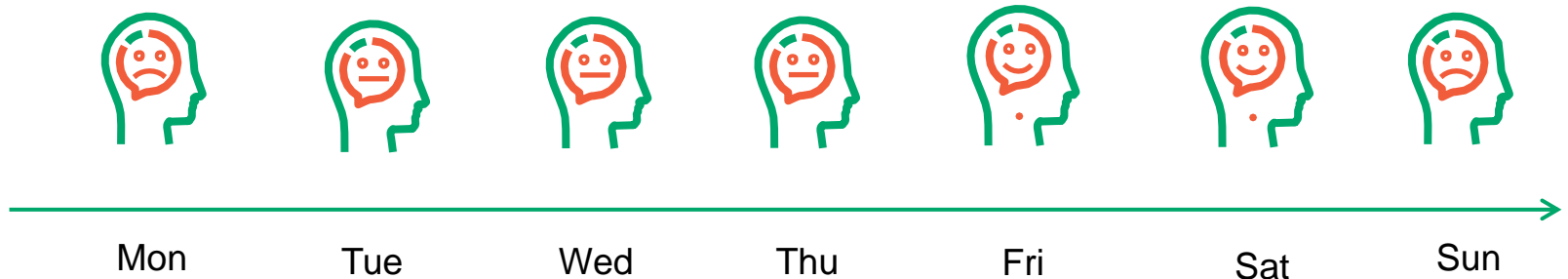


Rent /  
Self  
Drive



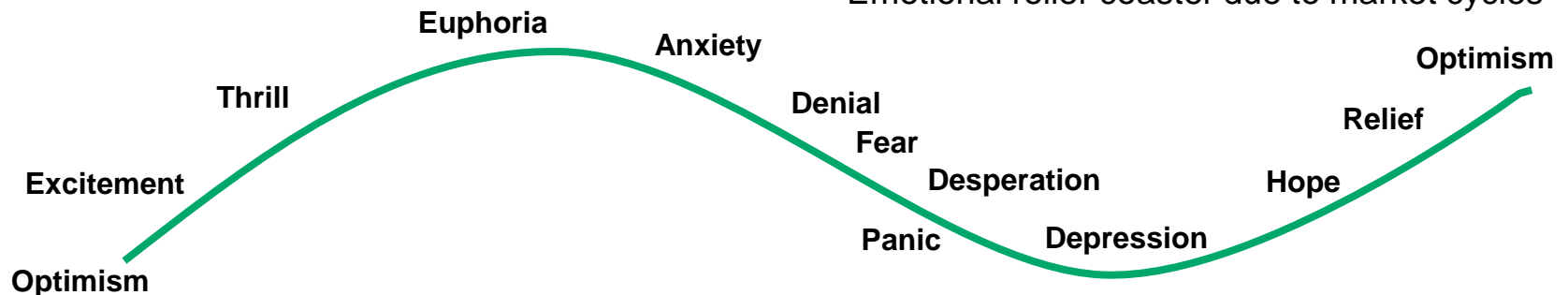
# Our emotions keep on changing....

Weekly changes in Emotions



## .... Even in the markets

Emotional roller coaster due to market cycles



The above graphics are for representation purposes only.

# Even the Top performers in market keep on changing..

Sector Performance leadership has never been constant in the past 10 years

	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
<b>Top performers</b>	IT	Bank	Healthcare	Oil & Gas	Realty	IT	Realty	IT	IT	Bank
	Healthcare	Financial Services	Media	Energy	Retail	FMCG	Financial Services	Healthcare	Realty	FMCG
	FMCG	Auto	Retail	Auto	Oil & Gas	Financial Services	Bank	Retail	Energy	Oil & Gas
	Retail	Healthcare	Oil & Gas	Bank	Financial Services	Services	Services	FMCG	Infrastructure	Auto
	Auto	Services	IT	Financial Services	Energy	Bank	Oil & Gas	Infrastructure	Oil & Gas	Energy
	Services	Media	FMCG	FMCG	Bank	Energy	Energy	Services	Media	Financial Services
	Oil & Gas	Retail	Energy	Services	Infrastructure	Retail	IT	Auto	Services	Retail
	Media	Oil & Gas	Auto	Media	Media	Healthcare	Infrastructure	Energy	Retail	Infrastructure
	Energy	Infrastructure	Services	Infrastructure	Services	Oil & Gas	Retail	Oil & Gas	Auto	Services
<b>Laggards</b>	Infrastructure	IT	Financial Services	Retail	Auto	Infrastructure	FMCG	Realty	Healthcare	Media

Sector performance captured by respective Nifty sector indices. Source: MFI Explorer; nseindices.com

The name of the sectors are for illustration purposes only and not a recommendation for investment.

The sector(s)/stock(s) mentioned in this document do not constitute any recommendation of the same and Baroda BNP Paribas Mutual Fund may or may not have any future position in these sector(s)/stock(s). Further, the portfolio of the Scheme is subject to changes within the provisions and limitations of Scheme Information Document (SID).

***How to thrive in an ever changing world?***

***Be Flexible***



# BENEFITS OF FLEXI CAP FUNDS



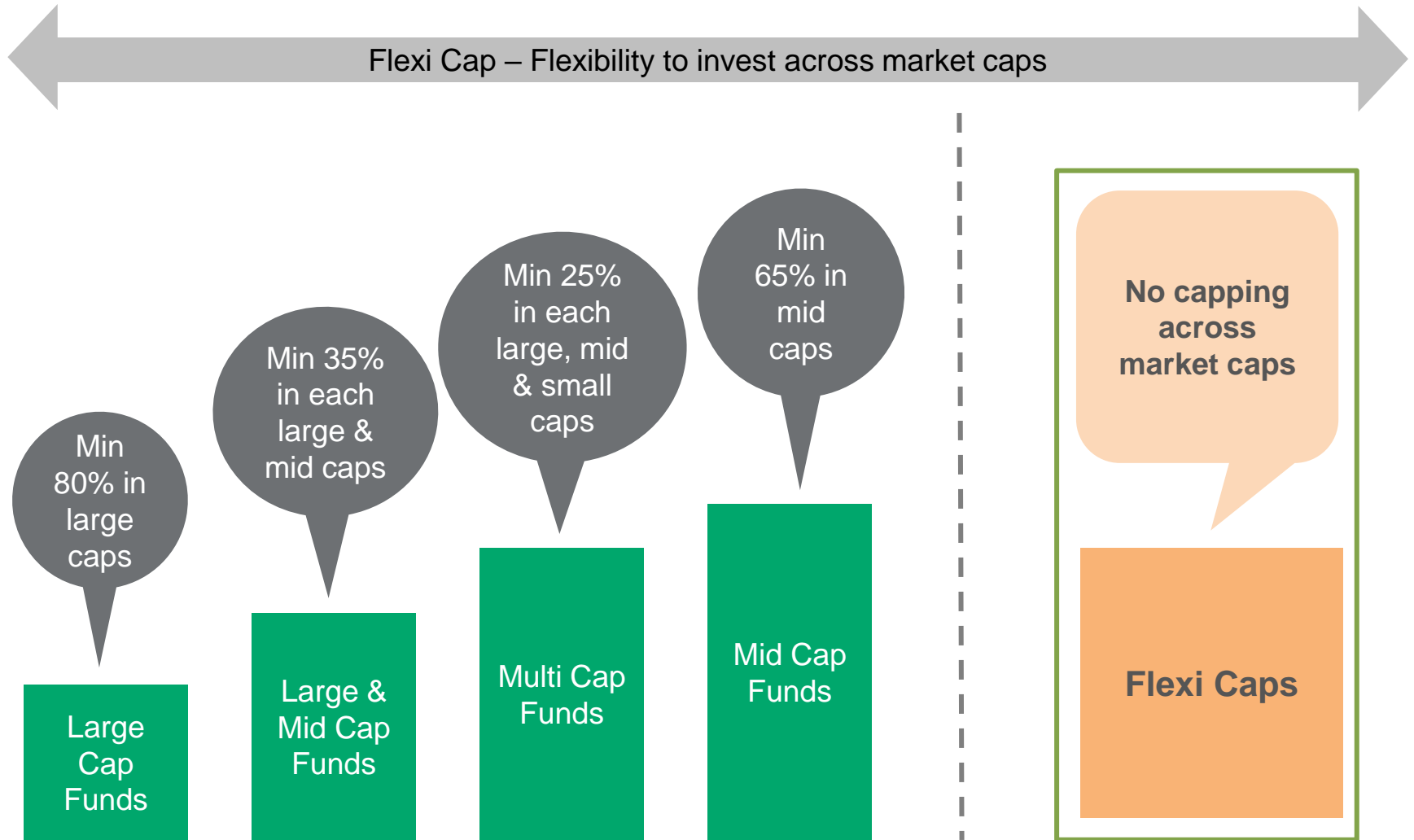
**Baroda**  
**BNP PARIBAS**  
MUTUAL FUND



Together for more



# Flexi Cap - Flexibility to invest across market caps



# Benefits of Investing in Flexi Cap Fund

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## Agility

- No capping across market cap allows the Flexi cap fund at any given time to dynamically take positions across large/ mid or small cap stocks

## Diversification

- One equity fund invests in different market segments. Large caps tend to reduce volatility where as mid and small caps may come with higher growth potential

## Managing Risks

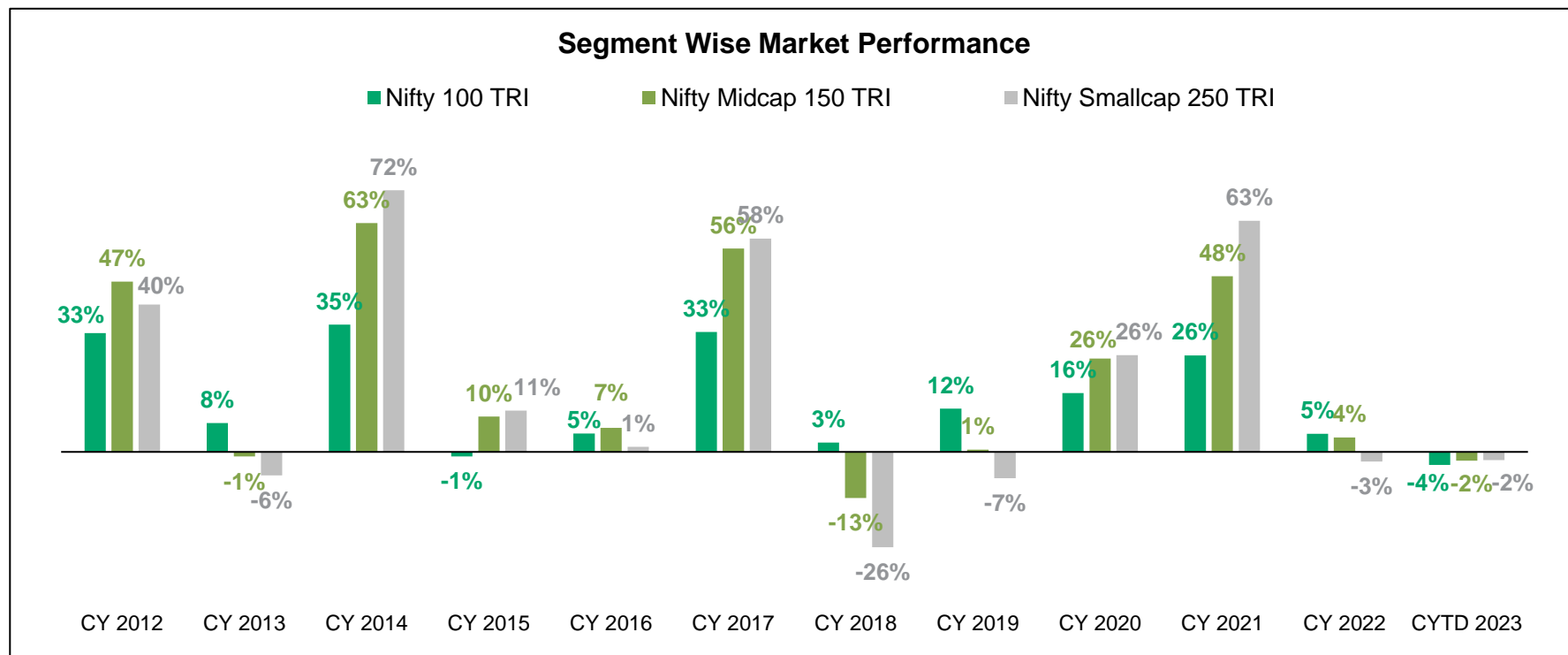
- A diversified portfolio helps in reducing risks associated with investing solely with large / mid and small caps and hence it is a good starting point for someone who is new to investing

## All Season Fund

- Given the dynamic nature of the fund, it aims to adapt to the ever changing business environment

# MARKET SEGMENTS UPDATE

# The performance of different market segments

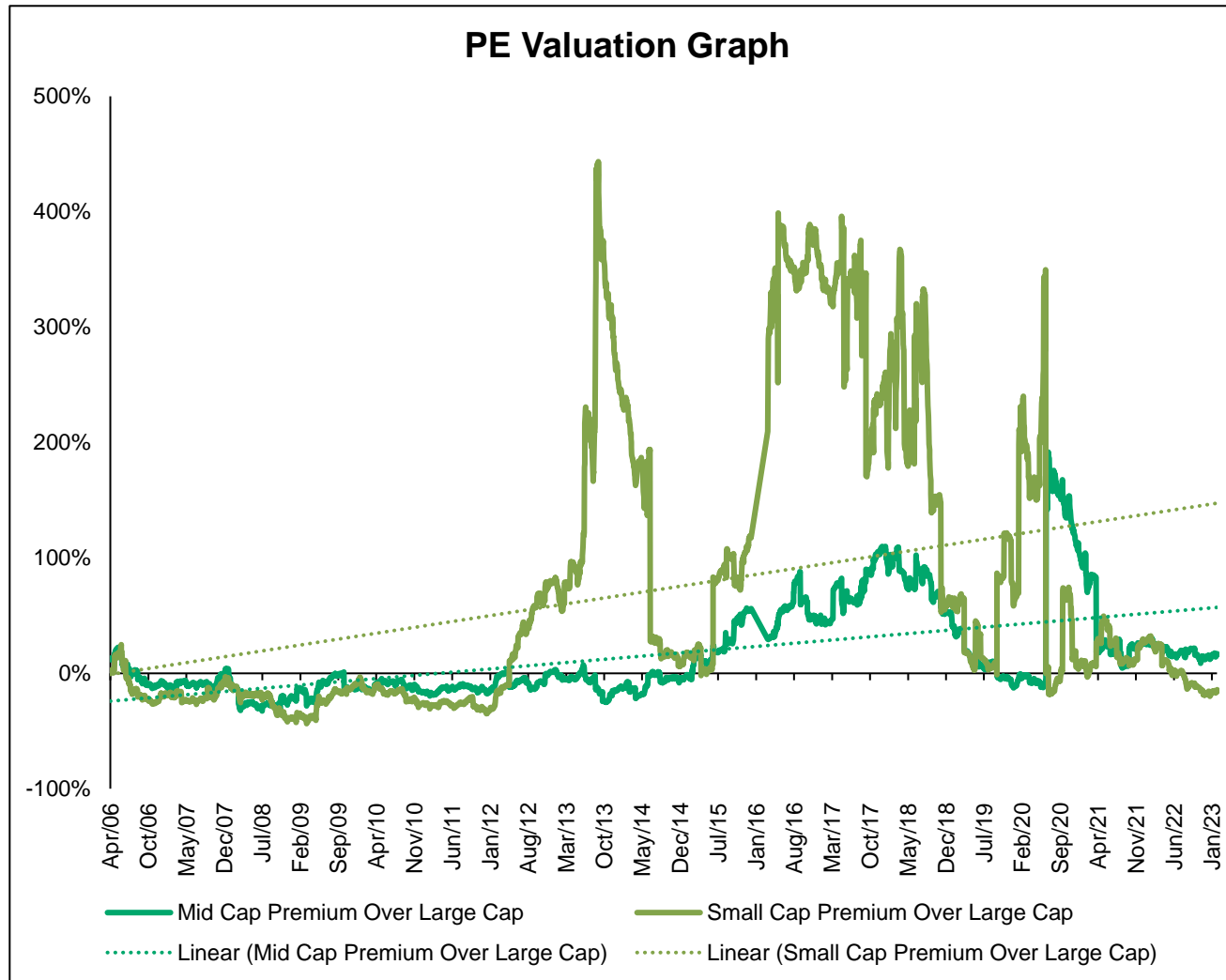


- There have been years when the large cap has given positive returns with Mid and small cap being negative; and vice versa.
- Predicting the direction may also seem difficult at times.

Source: nseinda.com, MFExplorer. Data for CYTD 2023 till January 31, 2023

**Past performance, including such scenarios, is not an indication of future performance.**

# Valuations at different points in time



- Trendline shows the historic average valuations.
- In current scenario, both mid and small caps are trading at a discount to their long term historic averages. However, small caps seem to show higher divergence compared to mid caps

Source: nseindia.com, MFExplorer.  
 Premiums represent excess / deficit value over the base value. For example, mid cap premiums show (mid cap value – large cap value) / large caps  
 Data as on January 31, 2023.  
**Past performance, including such scenarios, is not an indication of future performance**

*AIM TO REAP THE BENEFITS OF FLEXIBLE  
INVESTING THROUGH...*

## **BARODA BNP PARIBAS FLEXI CAP FUND**

(AN OPEN ENDED DYNAMIC EQUITY SCHEME INVESTING  
ACROSS LARGE CAP, MID CAP, SMALL CAP COMPANIES)



**Baroda**  
**BNP PARIBAS**  
MUTUAL FUND



Together for more

# Scheme Attributes

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Fund offers  
the flexibility  
to invest  
across  
market cap

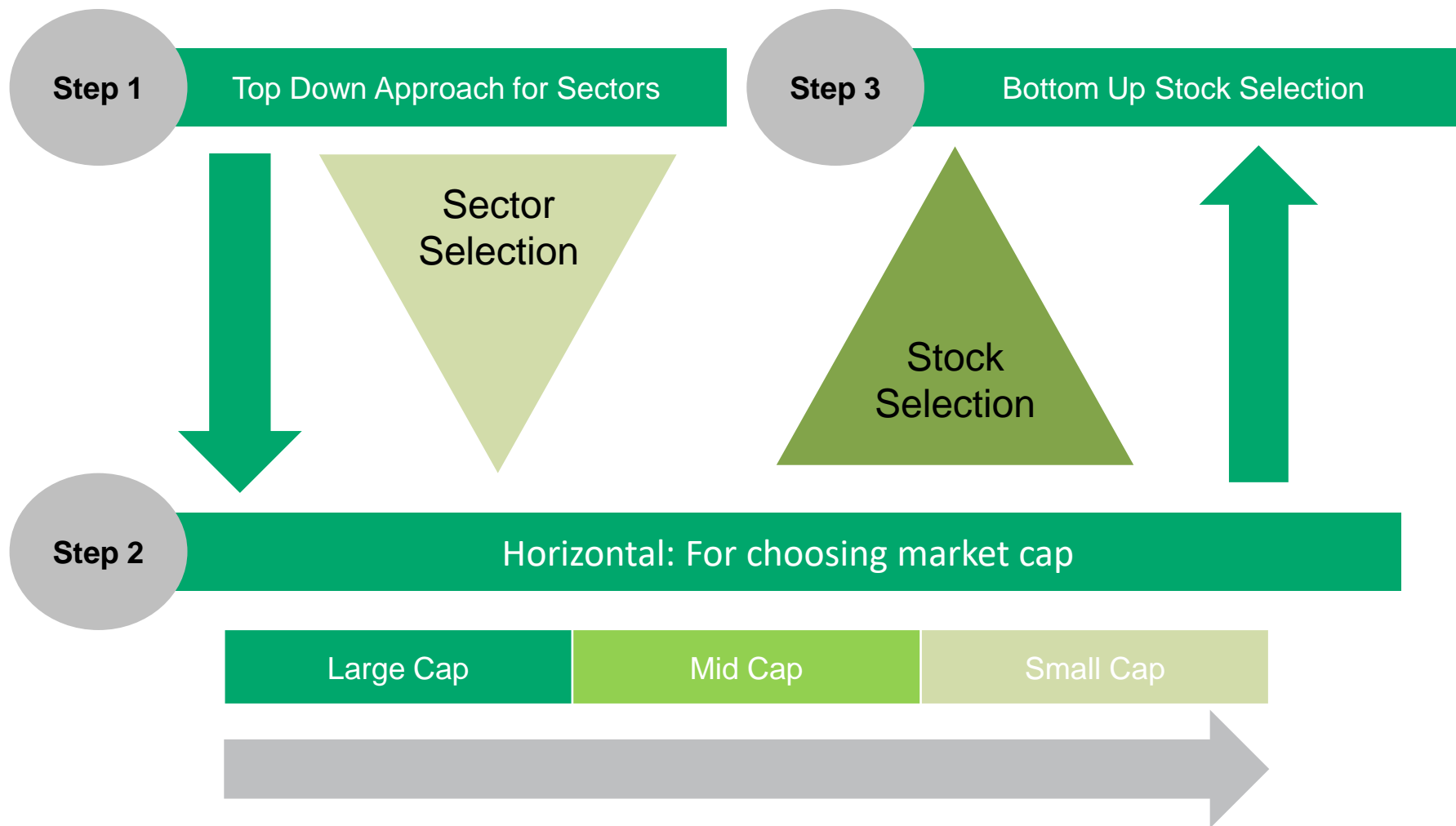
Diversified  
Strategy:  
Diversified  
allocation  
across  
sectors and  
market caps

Stock  
Holdings:  
Aims to hold  
around  
40 – 60  
stocks

Unique  
Investment  
approach  
  
The 3-  
pronged  
process



# Investment Approach: The Three Pronged Approach

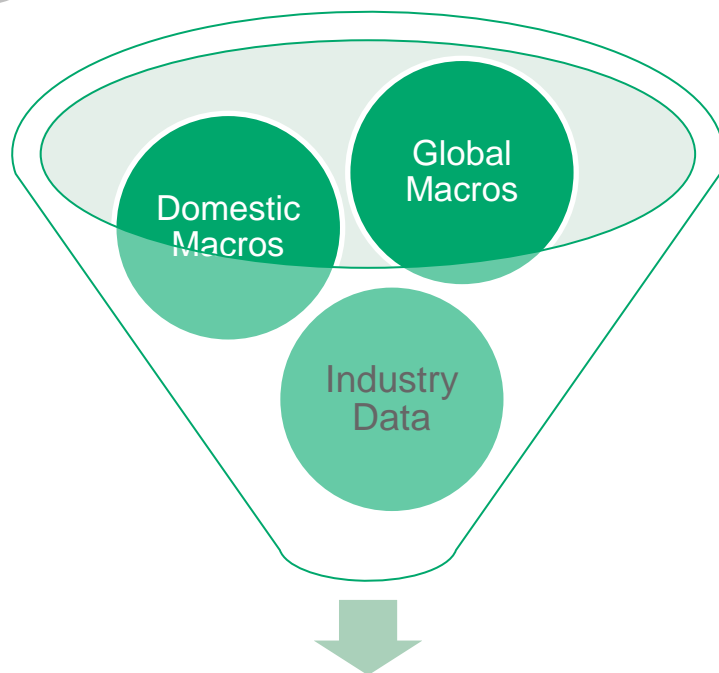


The investment strategy is subject to change basis the fund managers view and within the prescribed limits as mentioned in the Scheme Information Document (SID)

# Step 1 – Top Down Approach for Sectors

## Step 1

## Top Down Approach for Sectors



Shortlisted Sectors

### Underlying Factors\*

Gross Domestic Produce (GDP)

Fiscal Deficit

Index of Industrial Production (IIP)

Credit Growth

Capex Cycle

Purchasing Managers Index (PMI)

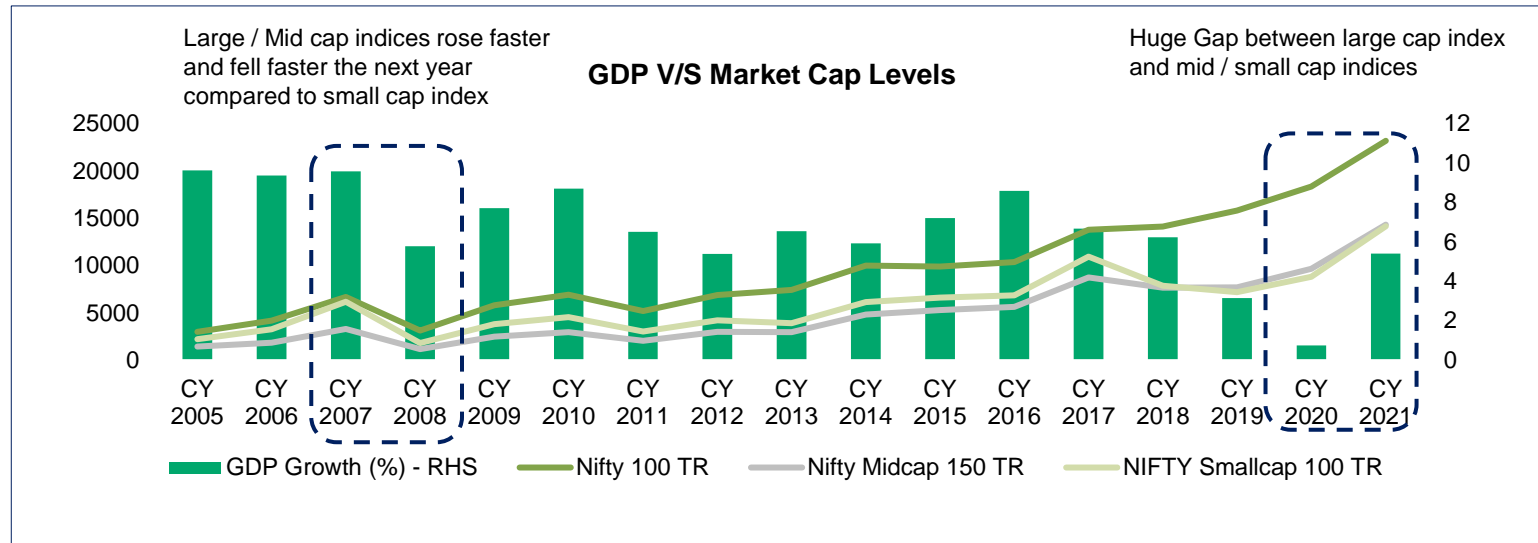
GST Collections

\* Including but not limited to

# Step 2 – Horizontal: Market Cap

## Step 2

## Horizontal Looking for opportunities across market cap



- Market cycles: Different segments react differently to markets ups and downs. Allocation between large, mid and small cap companies on the market cycle of the economy.

Source: Bloomberg, NSEIndia indices, Baroda BNP Paribas Internal research. Data as on 31<sup>st</sup> December 2021.  
Past performance may or may not be sustained in the future.

# Step 2 – Horizontal: Market Cap

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## Step 2

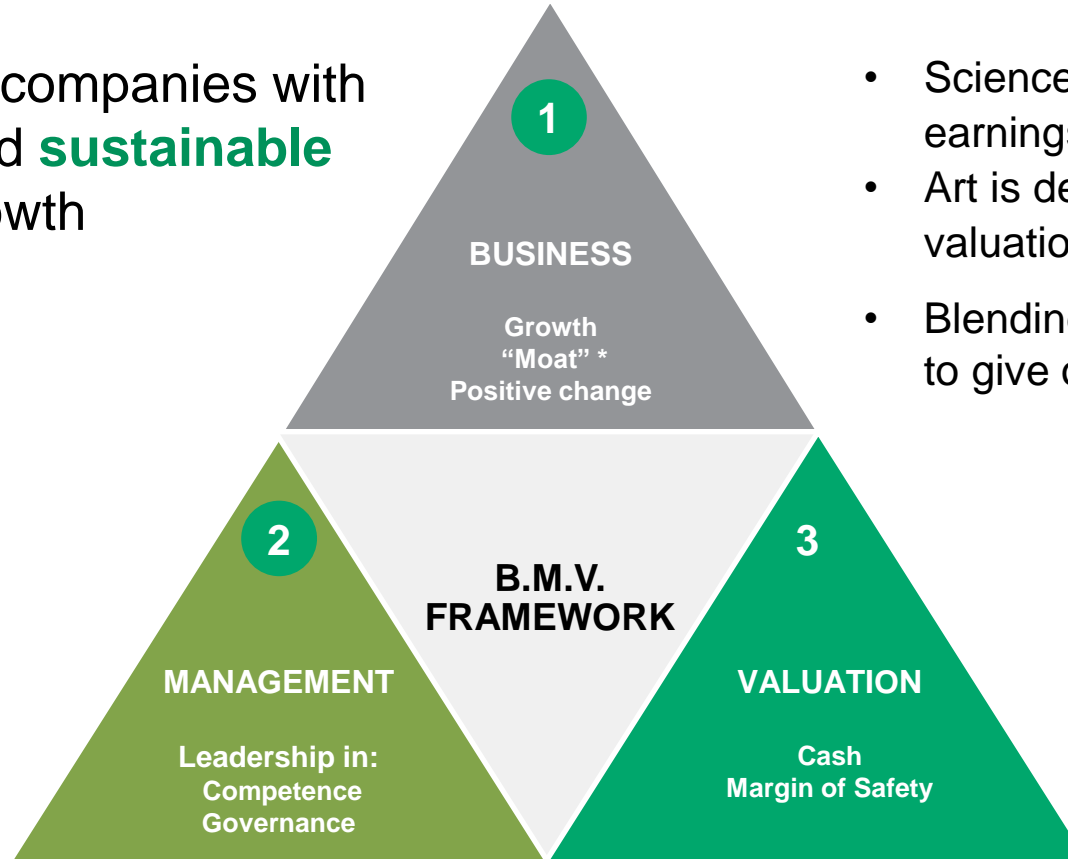
### Horizontal Looking for opportunities across market cap

- Relative Valuations: On relative terms, one segment may look more attractive than others and the fund manager could increase allocation to those segments
- Earnings Growth in each Segment
- Earnings momentum: Speed of growth in each segment
- Volatility of sector: Volatile sectors will have lesser allocation to mid and small caps and vice versa

# Step 3 Bottom up Stock Picking

Core belief: Companies create wealth, not markets

In search of companies with **superior** and **sustainable** earnings growth



- Science is predicting the earnings
- Art is deciding the likely valuations
- Blending Art and Science to give optimum return

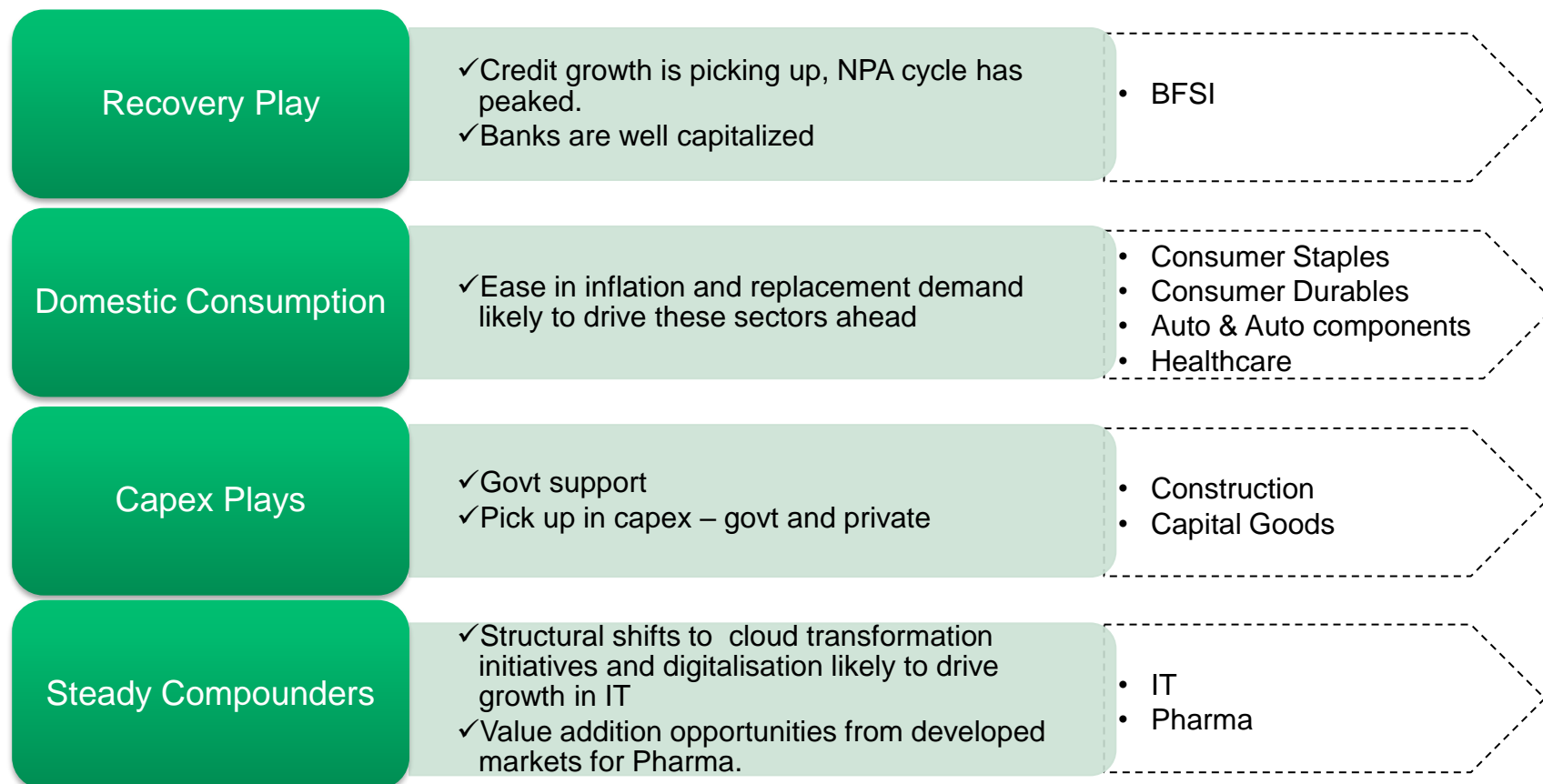
**Identify superior businesses, with strong management, at reasonable valuations**

\* A sustainable competitive advantage

B.M.V.: Business, Management, Valuation. Source: Source: Internal Research

# CURRENT PORTFOLIO POSITIONING

# Investment Themes



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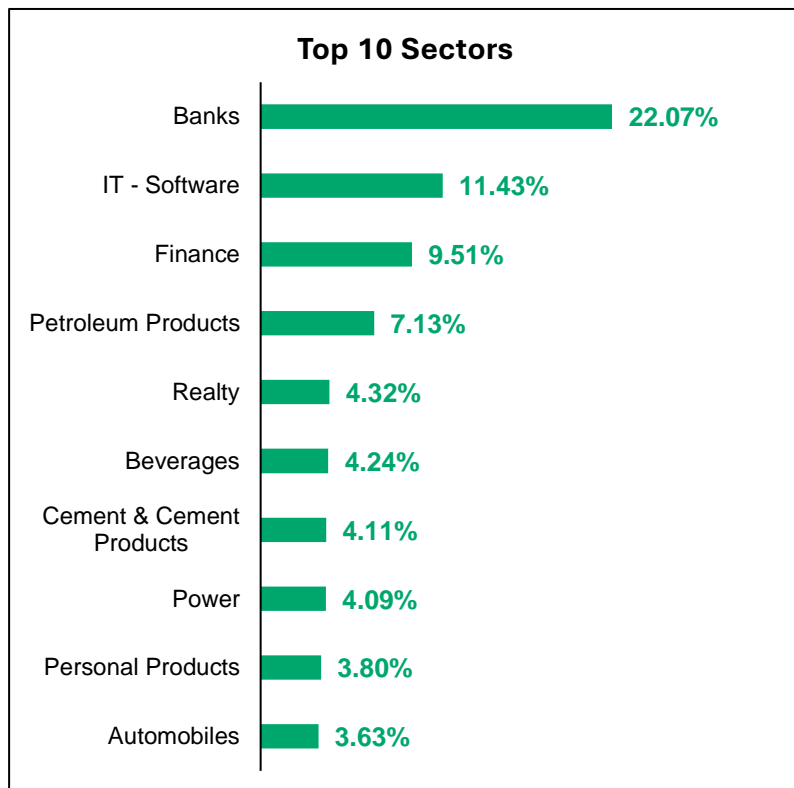


# Product Positioning

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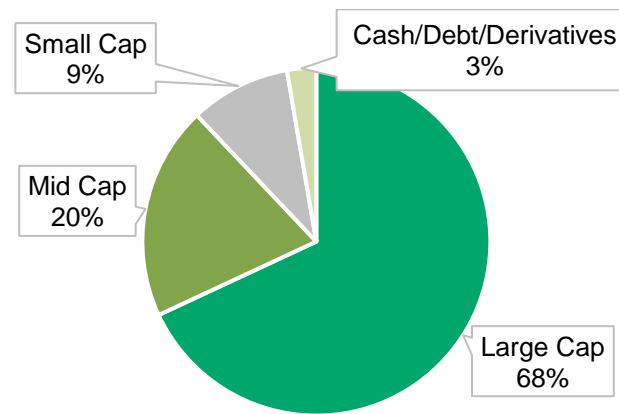
- Increase in exposure towards Material and IT sector compared to last month. Given the times correction in the IT sector, we have further reduced our underweight position as we feel this is providing a good opportunity to increase exposure albeit slowly.
- On the Material space, we have increased our exposure largely towards cement sector. We believe volumes is expected to pick up with price hikes in near term. Further, continuous infrastructure push by government could lead to healthy growth in this sector for longer term.
- The Financial Sector continues to remain in an overweight position. Momentum in credit offtake continues and mid-sized/small-sized banks are reporting good growth numbers. The majority of our holding is backed by able management and a healthy Current Account Saving Account (CASA) ratio. We believe large private banks are well-positioned for growth, from a long-term perspective. Further, we have exposure to corporate banks also as they are expected to benefit from the pickup in corporate loan books.
- We continue to remain overweight in Real estate space & consumer staples space. This sector could get the benefit of improving retail demand.
- We have reduced our mid cap and small cap exposure from 30% to 29.2% and increased our large cap positioning to 68.1%. (Market capitalization as per SEBI classification, Exposure as % of net assets as on January 31, 2023)

# Current Positioning: Sector Weights



Top 10 Stocks	
Name of the Company	% of Net Assets
HDFC Bank Ltd.	8.4%
Housing Development Finance Corporation Ltd.	6.9%
Infosys Ltd.	6.3%
Reliance Industries Ltd.	5.7%
ICICI Bank Ltd.	3.3%
Larsen & Toubro Ltd.	3.2%
State Bank of India	2.7%
Mahindra & Mahindra Financial Services Ltd.	2.7%
Britannia Industries Ltd.	2.4%
Siemens Ltd.	2.4%

## Market Capitalization



Source: Internal Research. Data as on January 31, 2023.

Portfolio details contained herein is for general information purposes only and does not indicate assurance of future Scheme performance. The sector(s)/stock(s) mentioned in this document do not constitute any recommendation of the same and Baroda BNP Paribas Mutual Fund may or may not have any future position in these sector(s)/stock(s). Further, the portfolio of the Scheme is subject to changes within the provisions and limitations of Scheme Information Document (SID). Market Capitalization as per SEBI - Large Cap: 1st – 100th company, Mid Cap: 101st - 250th company and Small Cap: 251st company onwards in terms of full market capitalization.

For further details on asset allocation, investment strategy and risk factors of the Scheme please refer to SID available on our website ([www.barodabnpparibasmf.in](http://www.barodabnpparibasmf.in)).

# Who should Invest?

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## **New Investors**

- New investors looking for exposure across market caps through one fund

## **Long Term Wealth Creation**

- An all season fund which seems to easily adapts to different market cycles, making it a good option for long term wealth creation
- Investors who are saving for long term goals

## **Investors looking for diversification**

- This fund takes exposure to large, mid and small caps thereby diversifying exposure and reducing individual risks

## **Investors looking for core equity portfolio**

- The diversified portfolio with flexibility to evolve according to business, market and economic views. May be used as a core equity portfolio for investments.

# Fund Facts

Scheme Name	Baroda BNP Paribas Flexi Cap Fund			
Type of the Scheme	An Open-ended dynamic equity scheme investing across large cap, mid cap, small cap companies.			
Category	Flexi cap Fund			
Investment Objective	<p>The Scheme seeks to generate long term capital appreciation by investing in a dynamic mix of equity and equity related instruments across market capitalizations.</p> <p>However, there can be no assurance that the investment objectives of the Scheme will be realized. The Scheme does not guarantee/indicate any returns.</p>			
Asset Allocation	Type of Instrument	Minimum (% of Net Assets)	Maximum (% of Net Assets)	Risk Profile
	Equity & Equity related instruments ^	65	100	Very High
	Debt* & Money Market instruments and/or units of Mutual Fund	0	35	Low to Medium
	Units issued by REITs & INVITs	0	10	Very High
	<p>*Debt instruments may include securitised debt upto 20% of the net assets.</p> <p>^The Scheme may invest upto 50% of equity assets in equity derivatives instruments as permitted under the SEBI (Mutual Funds) Regulations, 1996 from time to time. The Scheme may use equity derivatives for such purposes as maybe permitted under the SEBI (Mutual Funds) Regulations, 1996, including but not limited for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time. The scheme shall not invest in debt derivative instruments.</p> <p>For further details on asset allocation, please refer to SID available on our website (<a href="http://www.barodabnpparibasmf.in">www.barodabnpparibasmf.in</a>).</p>			
Benchmark	NIFTY 500 TR Index			
Fund Manager~	Mr. Sanjay Chawla (Managing since August 17, 2022) (Total Experience: 33 years)			
Load Structure	<p>Entry Load: NA</p> <p>Exit Load:</p> <ul style="list-style-type: none"> <li>• If units of the Scheme are redeemed or switched out up to 10% of the units (the limit) within 12 months from the date of allotment - Nil.</li> <li>• If units of the scheme are redeemed or switched out in excess of the limit within 12 months from the date of allotment - 1% of the applicable NAV. .</li> <li>• If units of the Scheme are redeemed or switched out after 12 months from the date of allotment: Nil</li> </ul>			

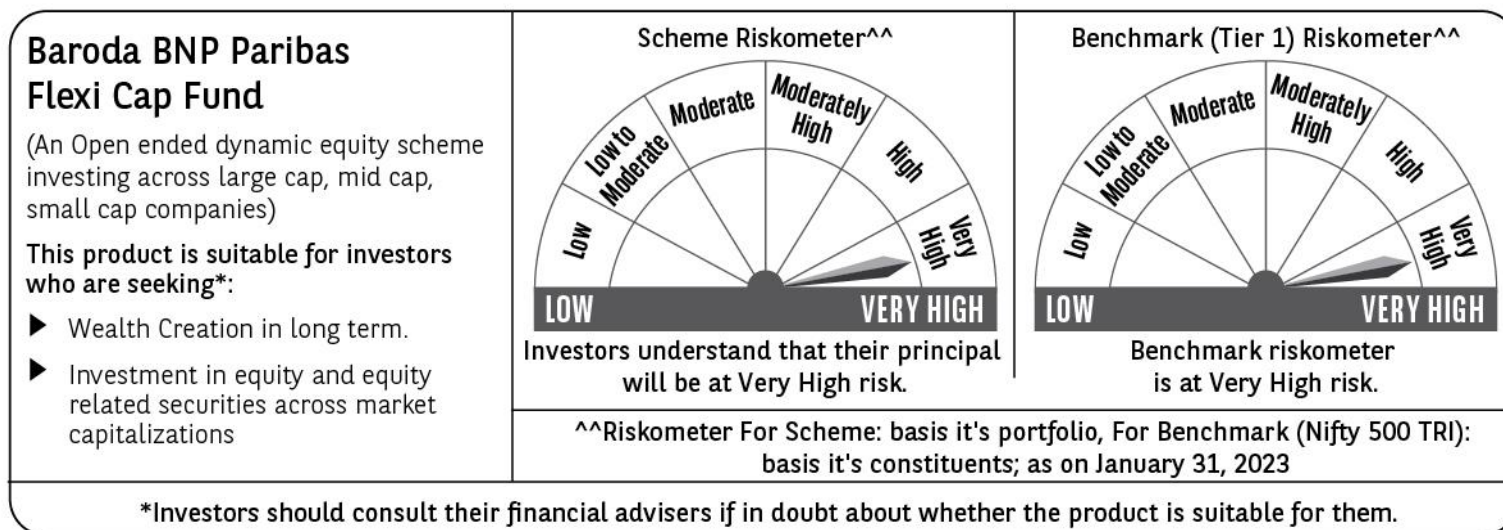
~Dedicated Fund Manager for Overseas Investments: Mr. Miten Vora (managing fund since December 01, 2022)

# Risk Factors

The risks associated with investments in equities include fluctuations in prices, as stock markets can be volatile and decline in response to political, regulatory, economic, market and stock-specific development etc. Please refer to scheme information document for detailed risk factors, asset allocation, investment strategy etc.

Further, to the extent the scheme invests in fixed income securities, the Scheme shall be subject to various risks associated with investments in Fixed Income Securities such as Credit and Counterparty risk, Liquidity risk, Market risk, Interest Rate risk & Re-investment risk etc., Further, the Scheme may use various permitted derivative instruments and techniques which may increase the volatility of scheme's performance. Also, the risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Please refer to Scheme Information Document available on our website ([www.barodabnpparibasmf.in](http://www.barodabnpparibasmf.in)) for detailed Risk Factors, assets allocation, investment strategy etc.



# Disclaimers

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



**THANK YOU**