

BARODA BNP PARIBAS SMALL CAP FUND

(AN OPEN-ENDED EQUITY SCHEME PREDOMINANTLY INVESTING IN SMALL CAP STOCKS)

APRIL 20, 2025



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.

S-M-A-L-L Caps

S

Size – Sweet Spot between 11,350 Crs to 32,800 Crs^{\$}
Market Cap

M

Multi-baggers – Ability to create relatively high multi
bagger

A

Access to a large number of sectors (some of them
are not available in the large cap space)

L

Less Discovered – less likely to be tracked by analysts

L

Low Institutional Ownership – less owned by institutional
investors compared to large and mid cap companies

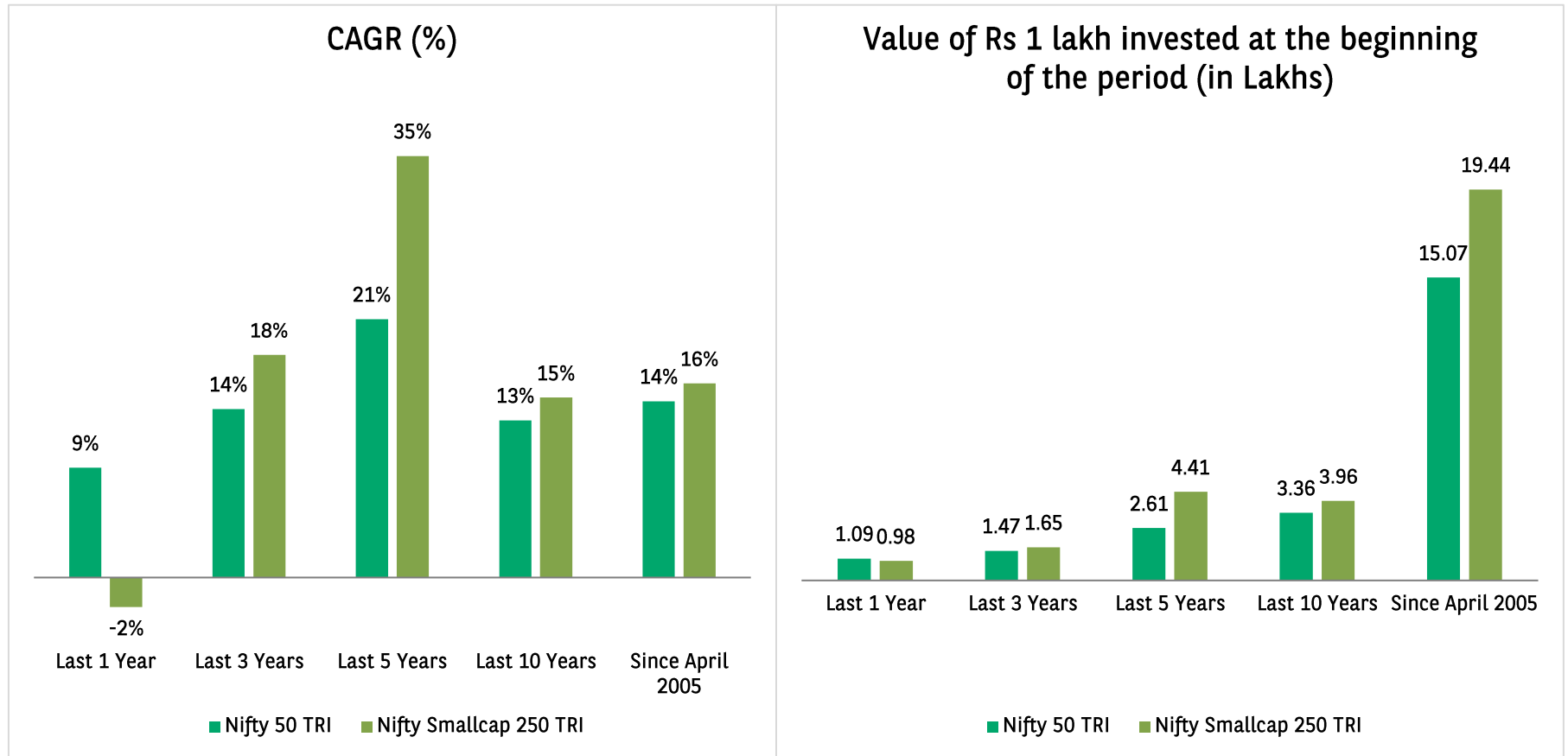
Market Capitalization as per AMFI - Large Cap: 1st - 100th company, Mid Cap: 101st - 250th company and Small Cap: 251st company onwards in terms of full market capitalization.
^{\$}Average market cap of 251st company for the period July 2024 to December 2024 of Rs 32,800 Crs.

THINK BIG START SMALL



Together for more

Small Caps have outperformed Large Caps



Source: MFI explorer. Data since Apr 01, 2005 (the inception of the Nifty Small cap Index), to April 30, 2025. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.** The risks involved in investing in the small cap companies could be higher compared to the large/ mid cap ones and hence investor should consider their risk appetite at the time of investing in small cap funds. The information should not be construed as an investment advice and investors are requested to consult their investment advisor and arrive at an informed investment decision before making any investments.

Investing in a bigger slice of the economy

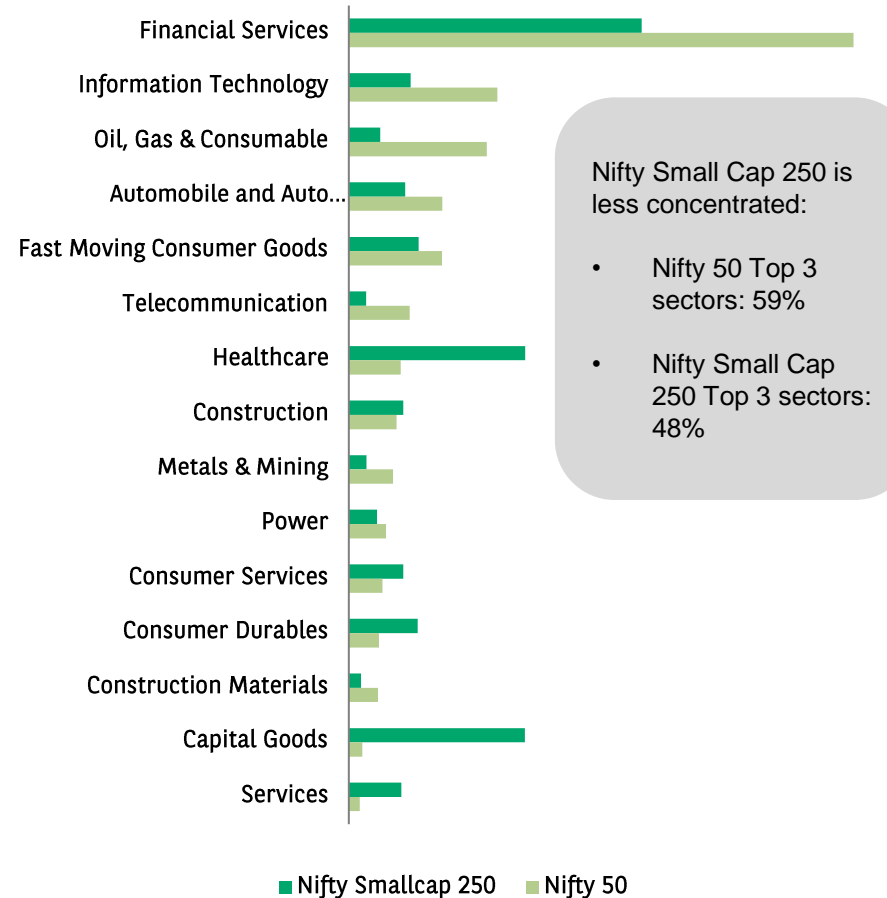
Top Industries with no opportunities in Large Caps

Chemicals	7.33
Realty	2.06
Media, Entertainment & Publication	1.34
Textiles	0.95
Forest Materials	0.58

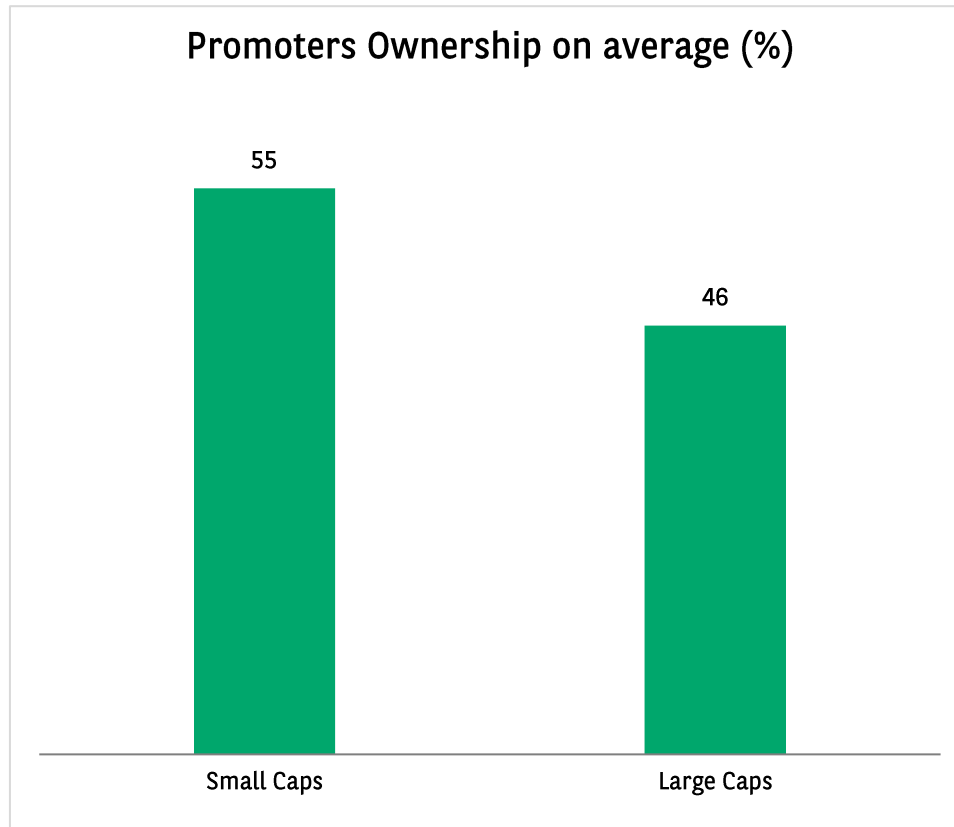
Source: Nifty Indices and Internal Data as on April 30, 2025. Large caps are represented by Nifty 50 TRI and Small caps by Nifty Small Cap 250 Index.

The sector(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). 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).

Well Diversified: Large cap v/s Small Cap



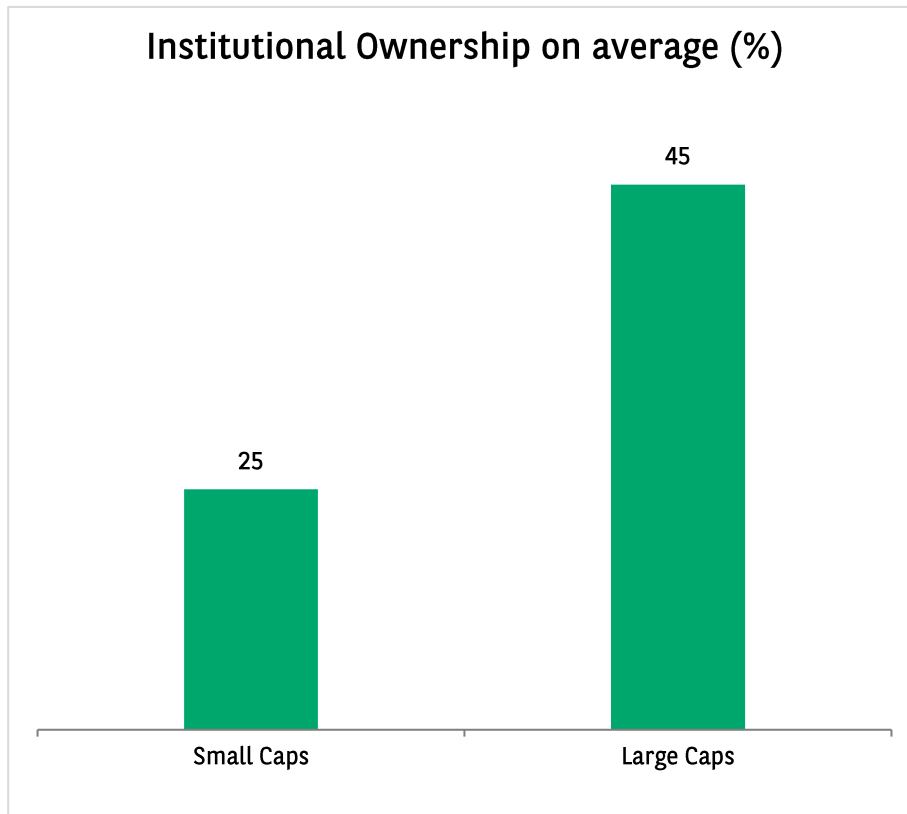
Higher Promoter Stake: more skin in the game



- Higher promoter ownership indicates more skin in the game.
- Greater alignment of interest.

Source: ACE Equity. Data as on April 30, 2025. Large caps are represented by stocks in Nifty 50 TRI and small caps by stocks in the Nifty Small Cap 250 Index. The ownership pattern is calculated basis by taking the simple average of share holding pattern of individual stocks in the respective indices. The above graph is for illustration purpose only and should not be considered as investment advice.

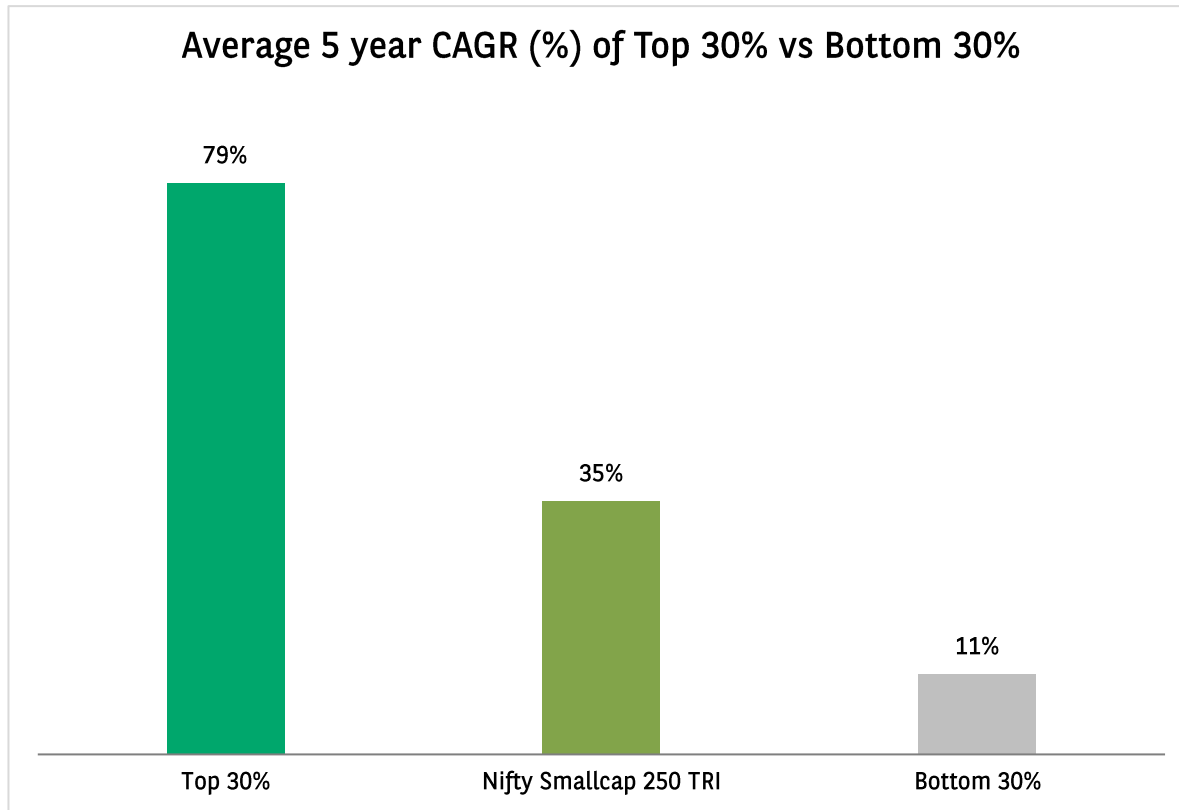
Low Institutional Ownership: Potential Hidden Gems



- Low institutional ownership indicates yet under-researched/ un-discovered space
- This provides an opportunity to invest in good stocks at an early stage.

Source: ACE Equity. Data as on April 30, 2025. Large caps are represented by stocks in Nifty 50 TRI and small caps by stocks in the Nifty Small Cap 250 Index. The ownership pattern is calculated basis by taking the simple average of share holding pattern of individual stocks in the respective indices. The above graph is for illustration purpose only and should not be construed as an investment advice and investors are requested to consult their investment advisor and arrive at an informed investment decision before making any investments.

Stock Picking is the Key: Tale of two Parts



- Small Caps tend to have polarized returns
- Stark difference between top and bottom performers of the Nifty Small Cap 250 Index

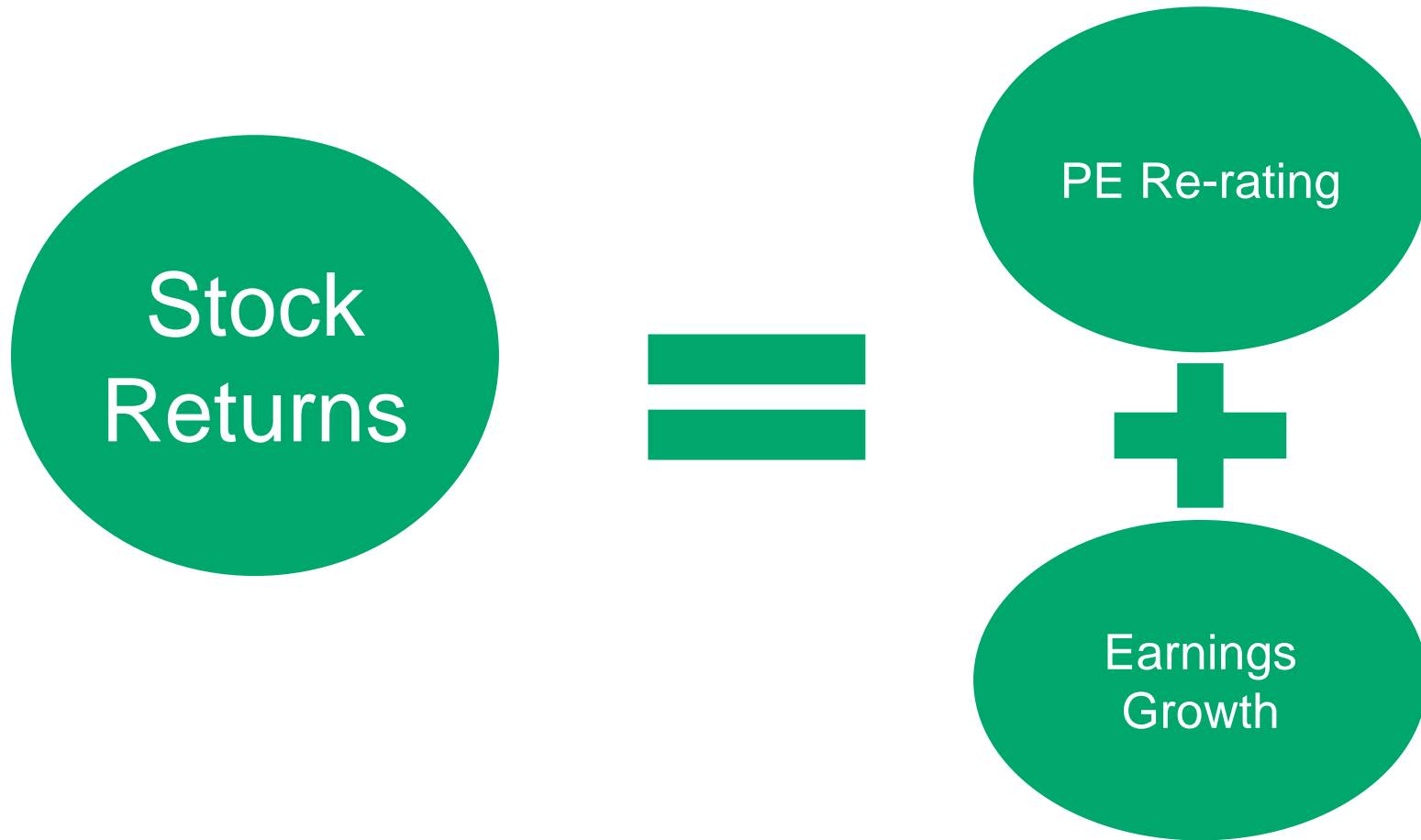
Source: ACE Equity, Internal Research. Data as on April 30, 2025. Small Cap is represented by Nifty Small Cap 250 Index, The small cap universe used for study comprises of all companies in the Nifty Smallcap 250 Index. The returns are calculated on a compounded annualised growth rate (CAGR) basis from April 30, 2020 to April 30, 2025. 190 stocks of total 250 were in existence since April 2020. 30% consists of 57 companies. **Past performance may or may not be sustained in future and is not a guarantee of any future returns**

WHY NOW?



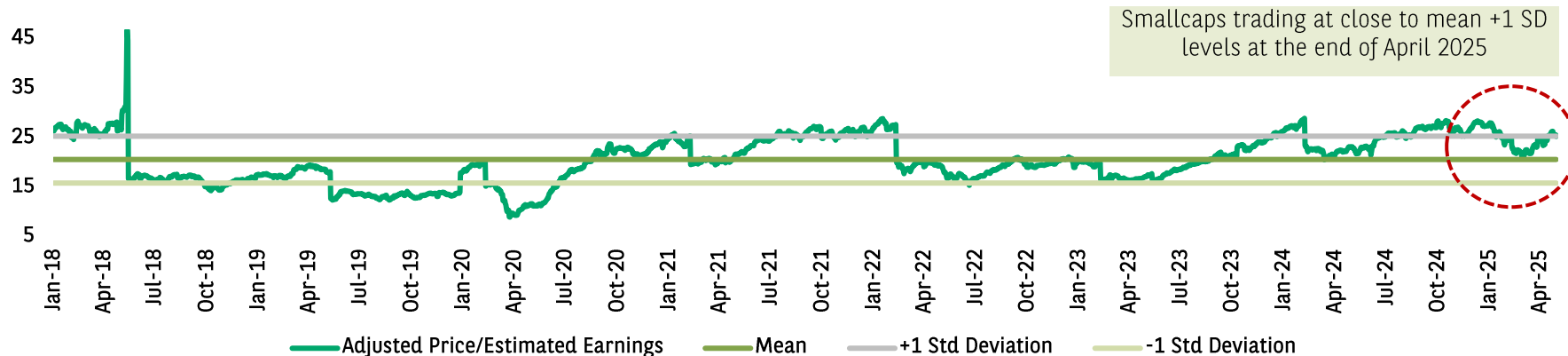
Together for more

Stock Returns are a blend of earnings and growth

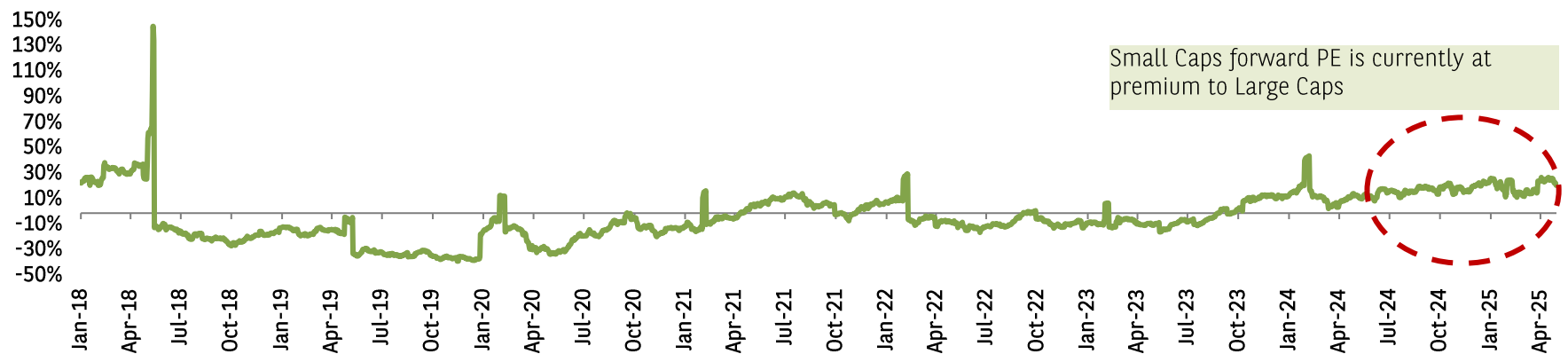


Valuations

1 Year Forward PE



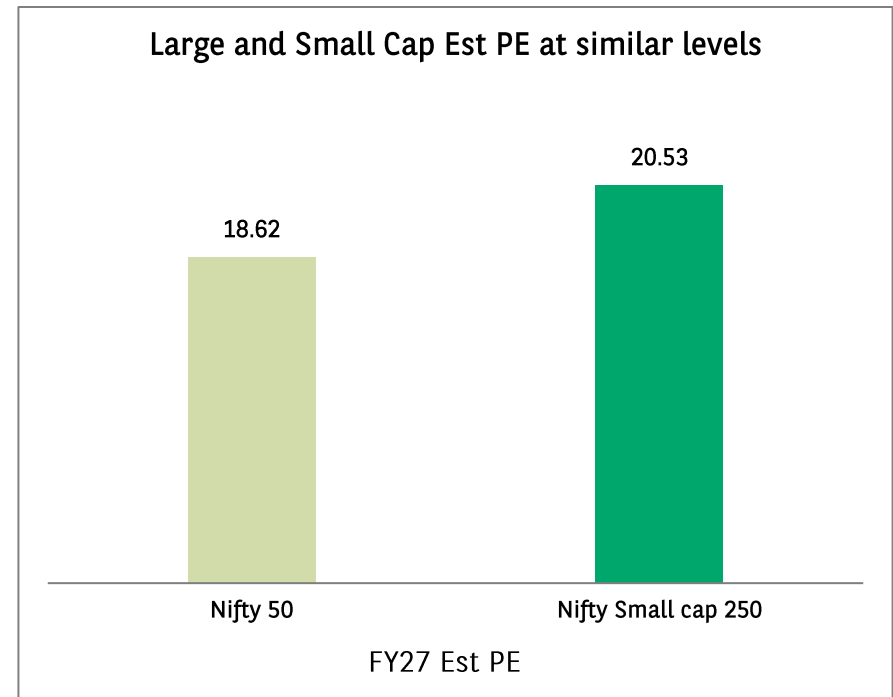
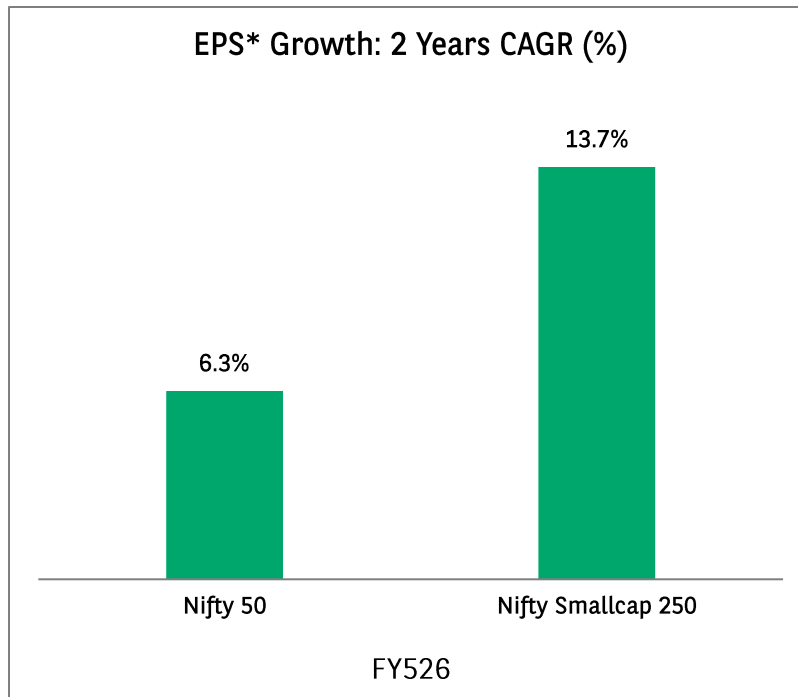
Premium/Discount over Nifty 50 Forward PE



Source: Bloomberg and Internal. Data since January 1, 2018 to April 30, 2025. Bloomberg 1 yr Forward PE has been used. Large caps represented by Nifty 50 Index and Small Caps by Nifty Smallcap 250 Index. + 1 Std Deviation (+1 SD) stands for mean plus standard deviation. - 1 Std Deviation stands for mean minus standard deviation. Discount / Premium over Large cap is calculated by (small cap PE – large cap PE) / large cap PE. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

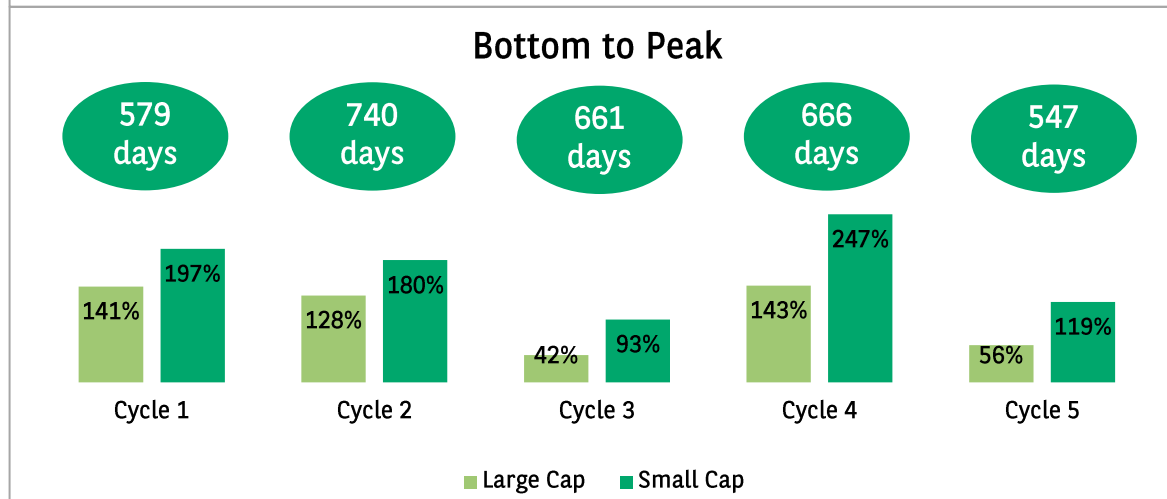
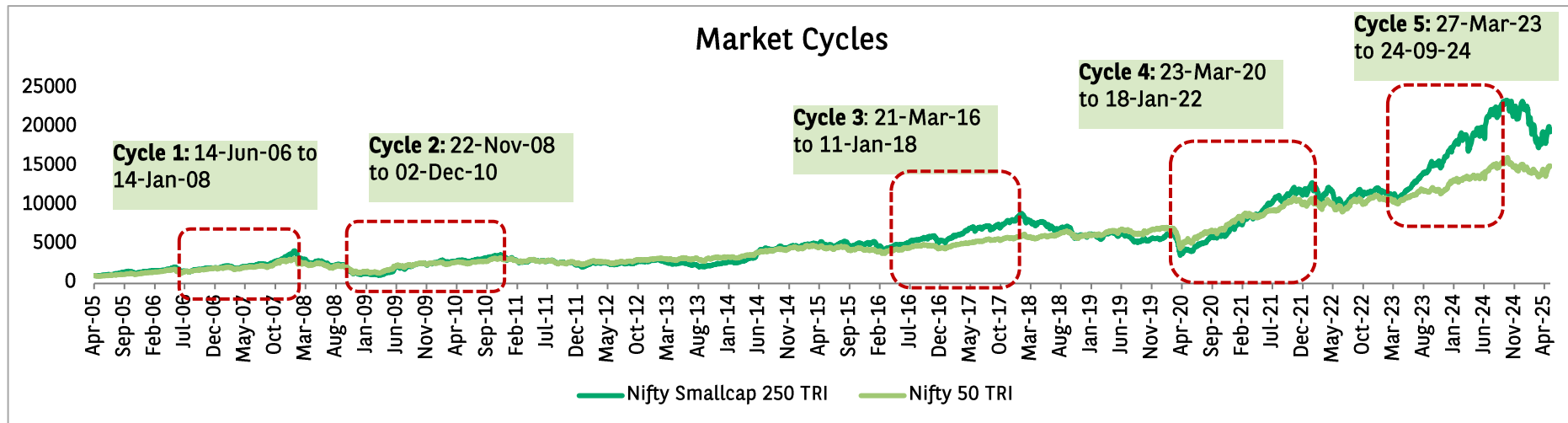
Earnings Growth

The current increased interest in the small cap companies reflects the expected high earnings growth



Source: Bloomberg Data as on April 30, 2025. Bloomberg estimates have been considered for Nifty 50 Index and Nifty Small Cap 250 Index. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.** *EPS growth excluding extraordinary profit from FY26 and FY27 estimates has been considered for 2 yr CAGR calculations. CAGR stands for compounded annualized growth rate.

Small Cap Cycle: Potential to grow..



- An average bottom to top cycle lasts about 640 days
- Small caps grew ~170% on an average in absolute terms across the 5 cycles

Source: NSE Indices and Internal Research. Data as of April 30, 2025. The average is calculated by taking a simple average of returns in cycle 1, cycle 2, cycle 3, cycle 4, and cycle 5. Similarly average number of days is also calculated by taking a simple average of number day in cycle 1, cycle 2, cycle 3, cycle 4, and cycle 5. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

INTRODUCING...

BARODA BNP PARIBAS SMALL CAP FUND



Together for more

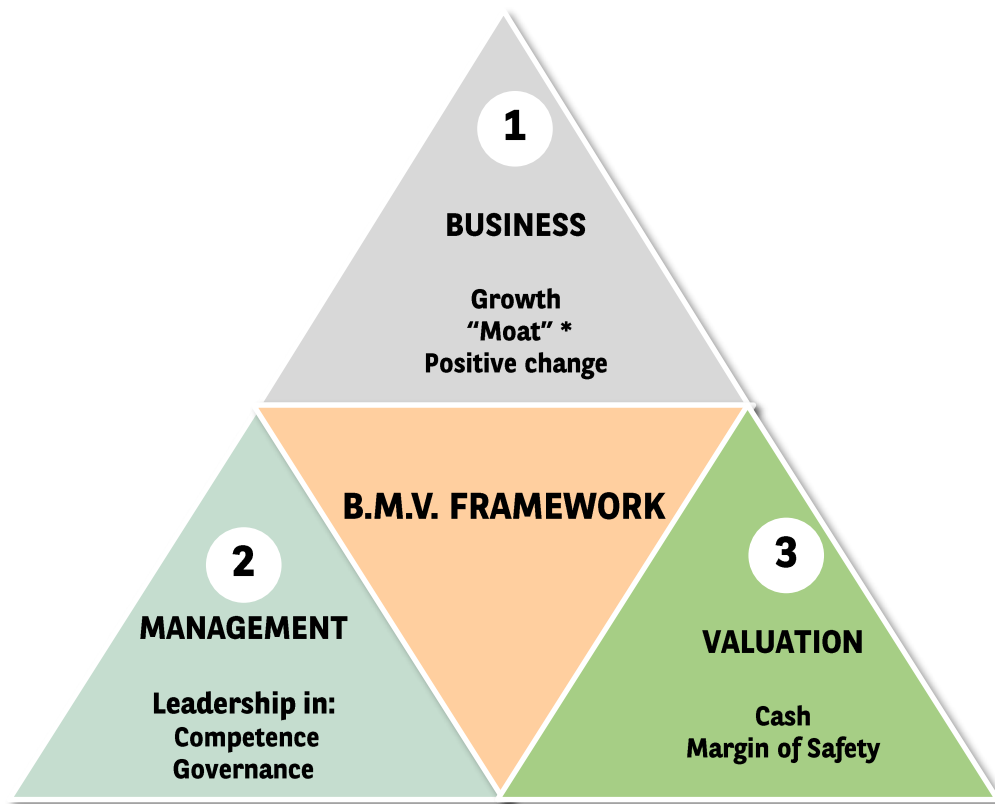
Features

- 1 The fund will invest more than 65% of the net assets into small cap companies.
- 2 The fund aims to build wealth of investors by tapping into companies which have the potential to become leading companies of the future.
- 3 The fund will follow a bottom-up stock picking approach.
- 4 Emphasis will be on selecting companies with strong fundamentals, quality business models and high quality and reputation of management.
- 5 The fund will be sector agnostic.

Market Capitalization as per AMFI - Large Cap: 1st - 100th company, Mid Cap: 101st - 250th company and Small Cap: 251st company onwards in terms of full market capitalization. Kindly refer to the Scheme Summary Document (SSD) available on the website (barodabnp-paribasmf.in). Investment strategy stated above may change from time to time and shall be in accordance with the investment objective and strategy stated in the SID of the scheme.

Core Belief: Companies create wealth, not markets

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



Identify superior businesses, with strong management, at reasonable valuations

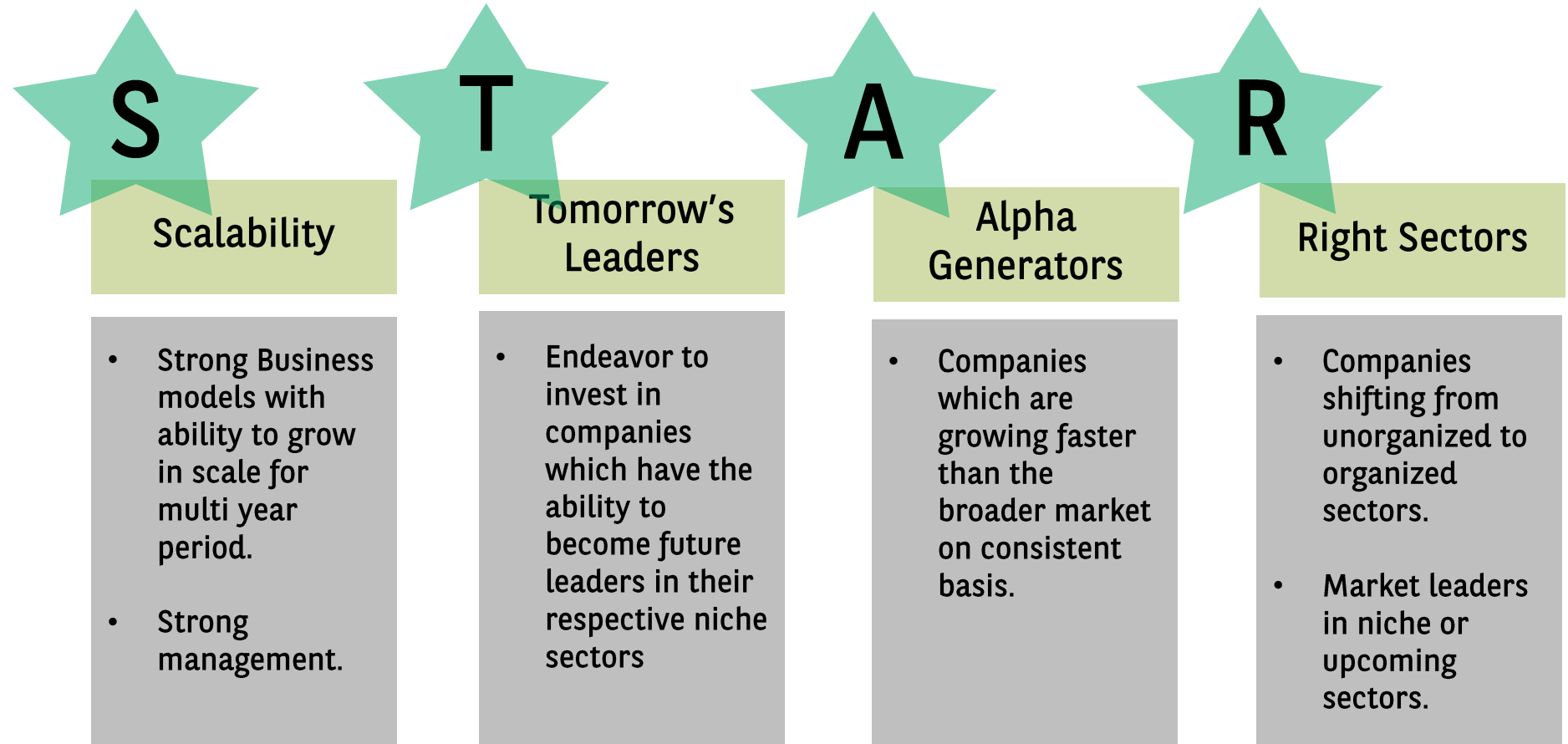
* A sustainable competitive advantage

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

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STAR* Framework for Portfolio Construction

Portfolio stocks may fall in one of the following buckets:



*STAR is acronym coined to define the portfolio construction strategy. Investment strategy stated above may change from time to time and shall be in accordance with the investment objective and strategy stated in the SID of the scheme.

STAR Framework: Key Themes

S

Scalability

Formalization of economy.

- Demonetization
- Implementation of GST
- Rising use of digital payments

T

Tomorrow's Leaders

Make in India Initiative

- Defence - Aatmanirbhar Bharat
- Railway Investment - deeper connectivity and electrification
- PLI schemes: Induce technology to mushroom and up share of manufacturing
- Specialised sops / regulations for sectors eg. renewables

A

Alpha Generators

India: Coming of age as a large player

- Autos: Largest 2W and tractor market in the world
- Agriculture: largest producer of milk, pulses and jute. 2nd largest producer of rice, wheat, sugarcane, groundnut and cotton
- The World's pharmacy: Largest generic drug maker for the world

R

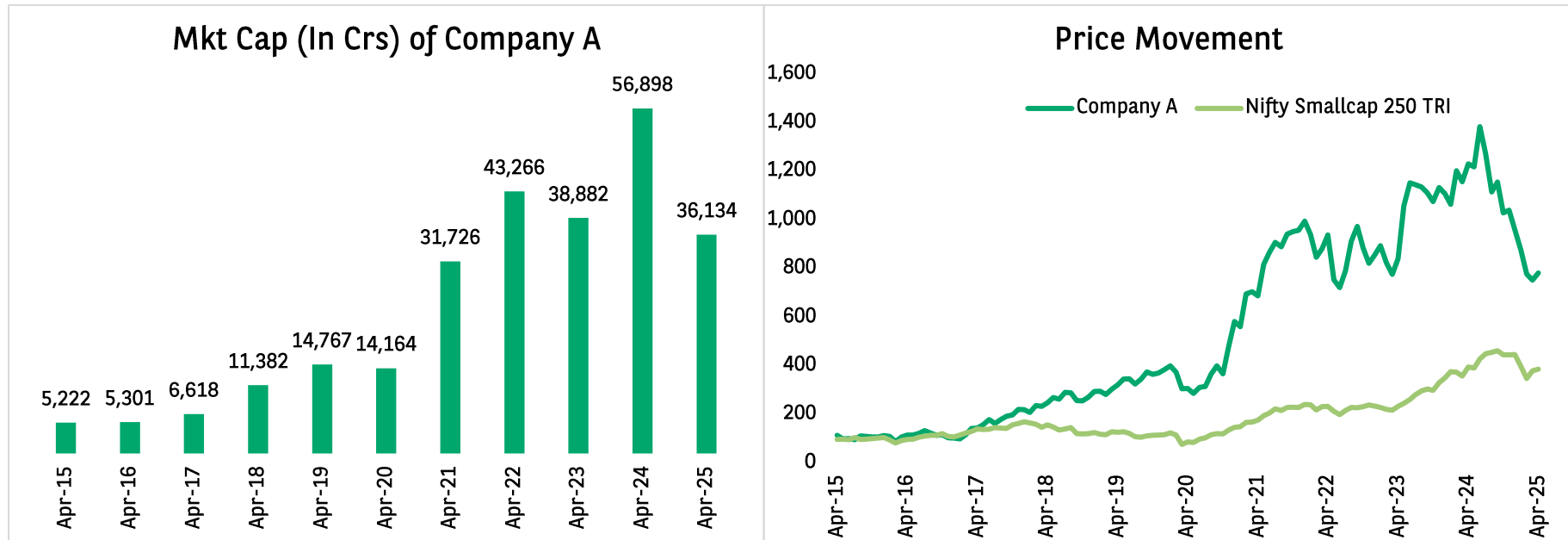
Right Sectors

Evolution as market consumer

- 5th largest for Apple phones globally
- Largest household consumer of gold
- 3rd largest for US Polo

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Scalability: Single Product Single Market to Multi Product Multi Market

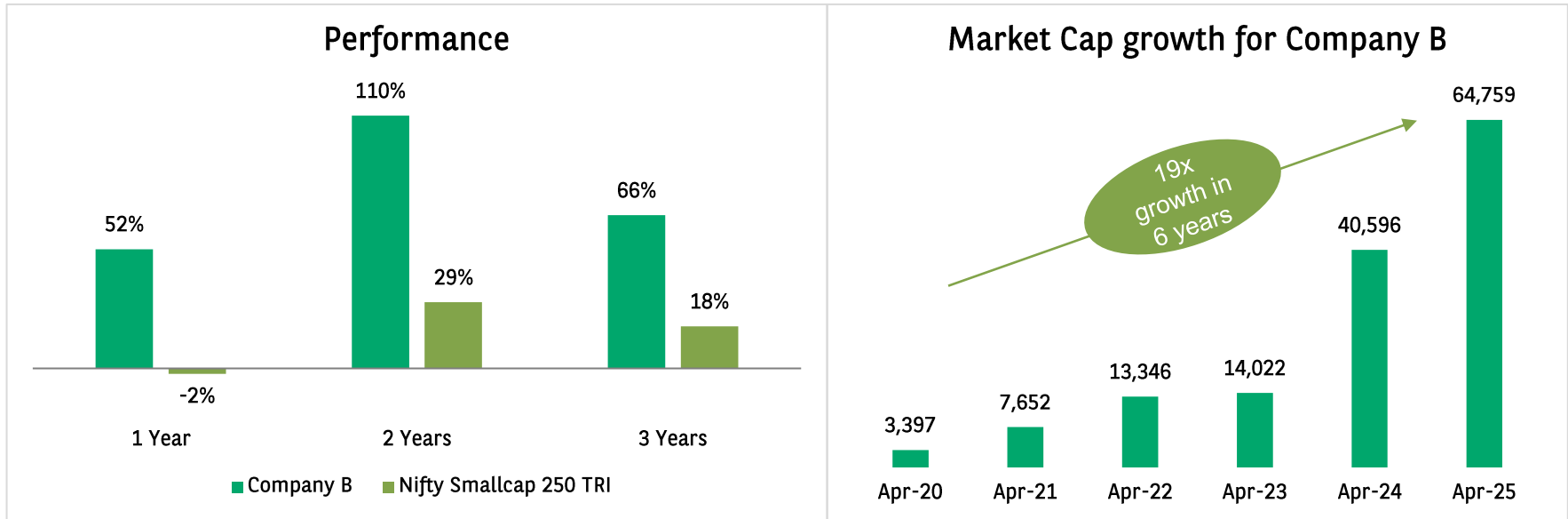


- The company is in the business of hardware and paints.
- The company started with one product and was almost bankrupt during the initial days.
- However, strong business model and governance helped the company to not only survive but also thrive.
- Company scaled by adding new products like bathware and paints.
- Expanded its distribution network to include new geographies.

Source: Bloomberg, Internal. Data as on April 30, 2025.

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Tomorrow's Leaders: Investing in New Tech and Capabilities

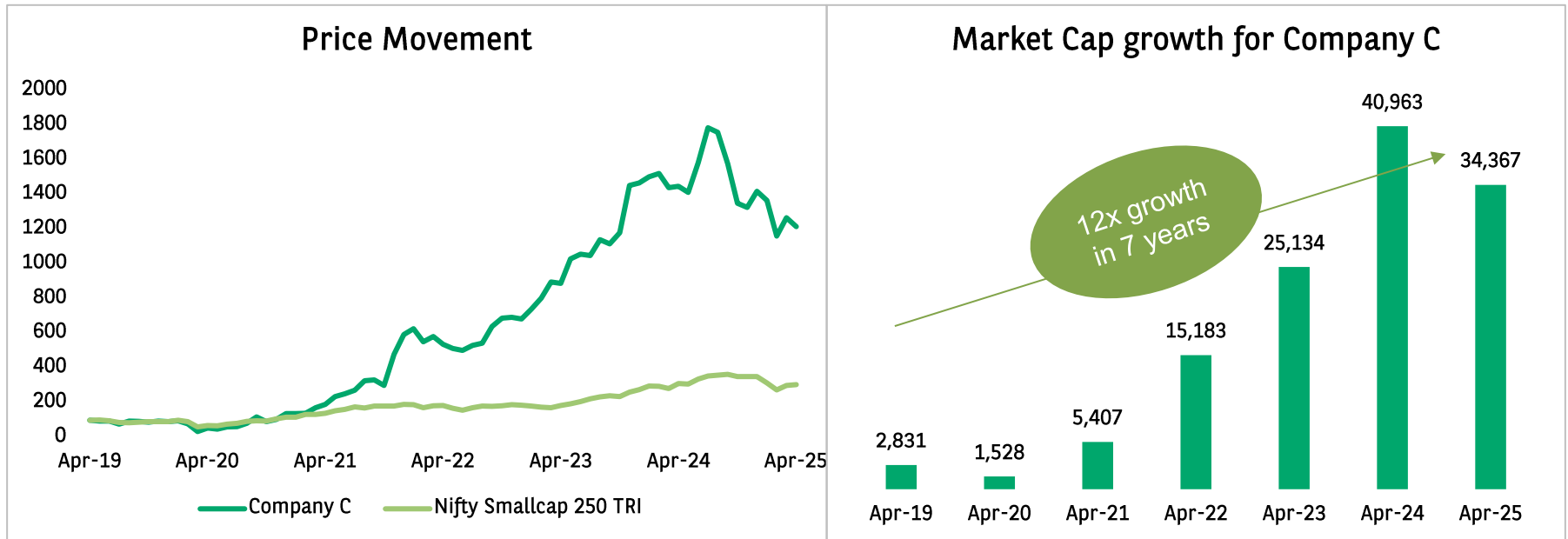


- Favourable regulations allow states to build stability of voltage and frequency known as grid strengthening.
- Play on grid strengthening as higher share of renewables feeds into the national grid.
- Big play on rail safety as company offers highly automated solutions on network interlocking.

Source: Bloomberg, and Internal. Data as on April 30, 2025

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Alpha Generators: Staying Ahead of the Curve

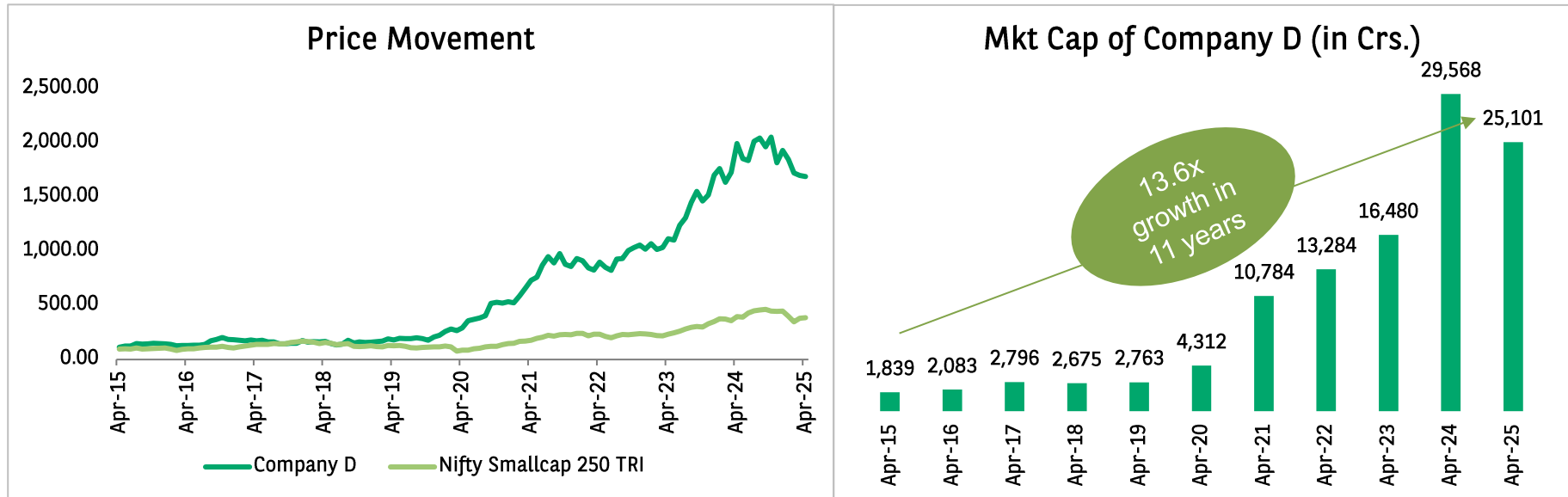


- This company provides emerging tech to the automotive sector.
- Ability to develop new technologies and discern emerging trends in the automotive sector like the rapid acceptance of EVs (Electric Vehicles)
- Massive scale up on emerging technologies in automotive sector led to higher alpha generation.

Source: Bloomberg, and Internal. Data as on April 30, 2025.

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Right Sector: Targeting the Niche Industry Segments



- This is a company operating in a niche segment of the pharmaceutical industry
- Its business is focussed on in cardio segments and expanded presence across chronic (hypertension, gastro-intestinal etc) and cardiac procedures.
- Large presence in lozenges via its CDMO segment.
- It has developed these businesses both, organically and inorganically.

Source: Bloomberg, and Internal. Data as on April 30, 2025.

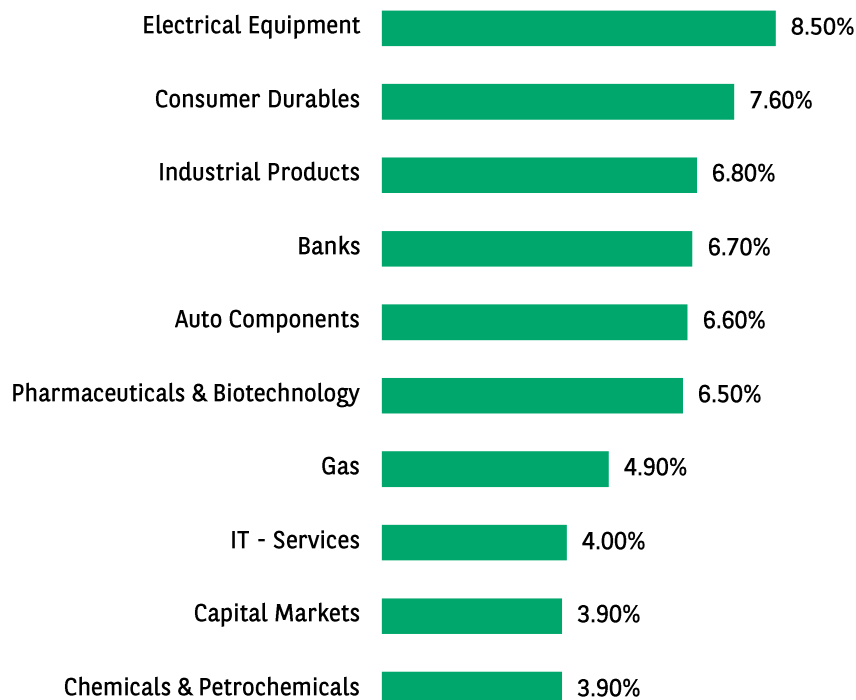
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Product Positioning (as on April 30, 2025)

- Utilities, Industrials, Consumer Staples and Consumer Discretionary are key overweight sectors. Within utilities, we have significant exposure to gas utilities where we find valuations attractive.
- We are underweight in Materials, Healthcare and Financials. We are cautious on bulk commodities like metals and minerals where we believe that external demand environment remains subdued. Our underweight in healthcare emanates from hospitals where we are selective. Our underweight in financials emanates from reducing exposure to capital market plays which could witness high volatility due to near term uncertainty.
- The allocation to small cap companies is at 71%. Allocation to Large & Mid cap companies is 19%. Our cash position is 10%. (Exposure as % of net assets as on April 30, 2025).
- We follow the bottom-up approach in small cap investing which is about identifying the champions of tomorrow.

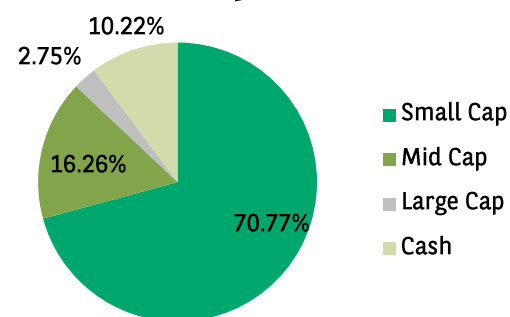
Portfolio Details

Top Sectors Holdings (% of Net Assets)



Top 10 Holdings	% of Net Assets
GE Vernova T&D India Limited	3.56%
Hitachi Energy India Limited	3.23%
KSB Limited	2.83%
ICICI Bank Limited	2.75%
Karur Vysya Bank Limited	2.19%
V-Guard Industries Limited	2.15%
Jtekt India Limited	2.24%
Mahanagar Gas Limited	3.99%
Mrs. Bectors Food Specialities Limited	2.59%
NIFTY	2.17%

Market Capitalization



Data as on April 30, 2025. Source: Internal.

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Who is it Suitable For?

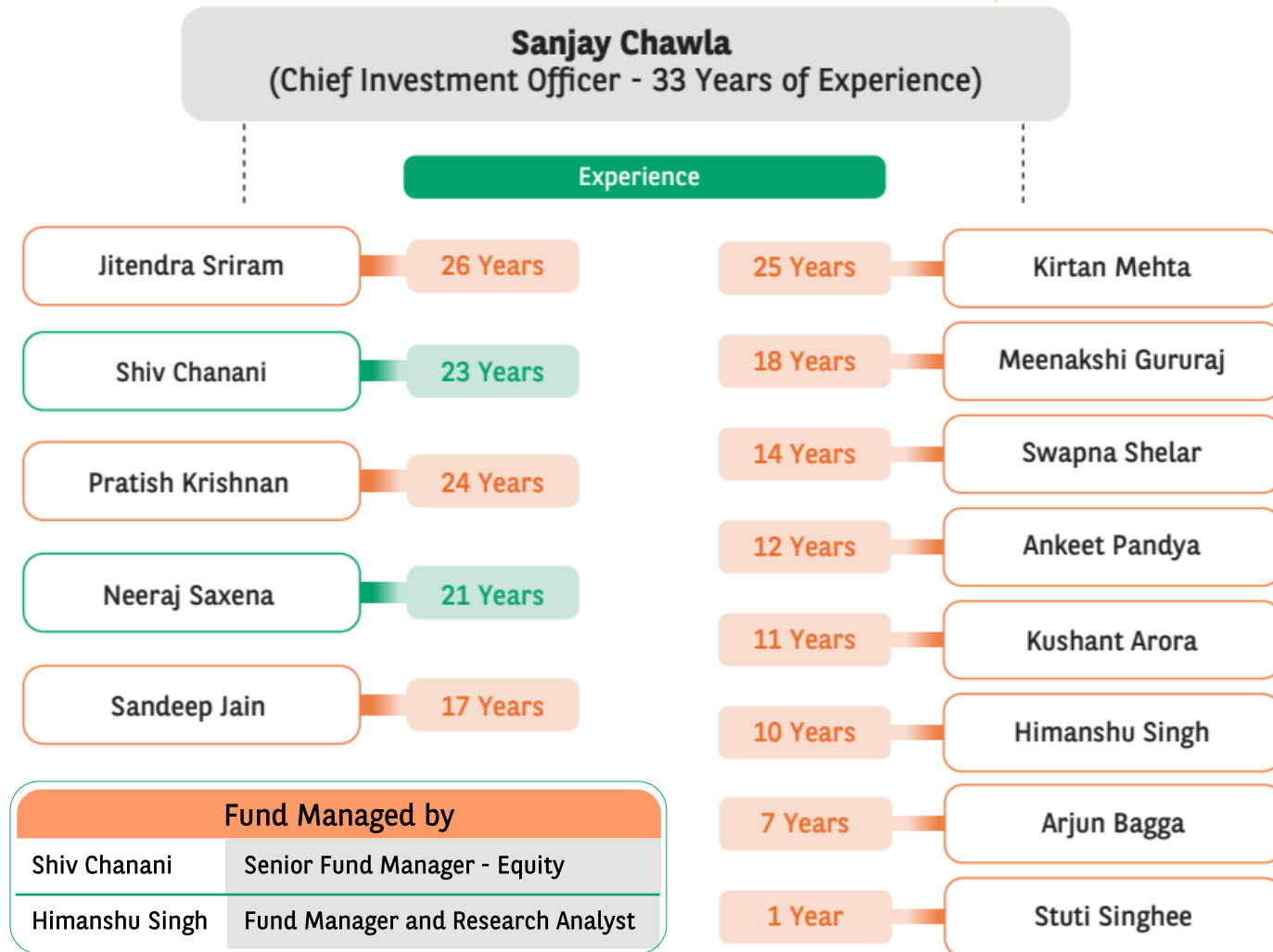
Investors with predominant large and mid cap portfolio looking for diversification into small caps.

Long term investors looking for comparatively higher returns with higher risk.

Investors willing to invest for more than 5 years.

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Investment Team



Fund Facts

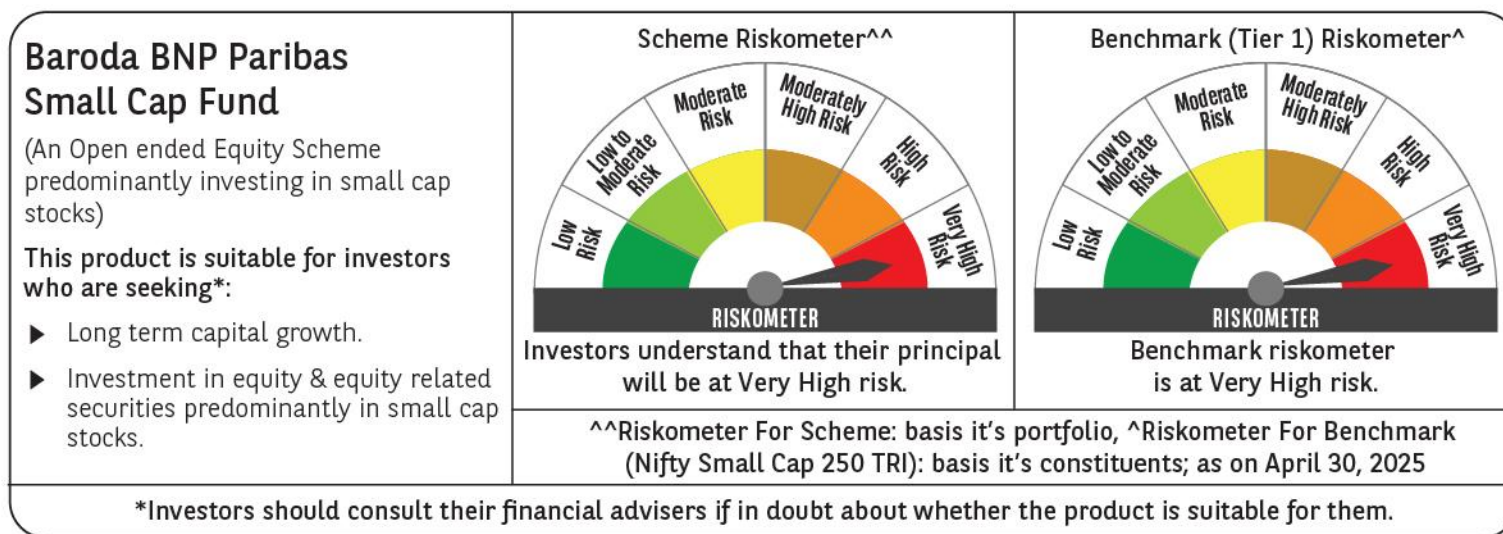
Scheme Name:	Baroda BNP Paribas Small Cap Fund		
Scheme Type:	An open-ended equity Scheme investing in small Cap stocks.		
Investment Objective:	The Scheme seeks to generate long-term capital appreciation by investing predominantly in equity and equity related securities of small cap companies. However, there is no assurance that the investment objective of the Scheme will be achieved. The Scheme does not guarantee/indicate any returns.		
Asset Allocation:	Instruments	Indicative Allocation (% of total assets)	
		Minimum	Maximum
	Equity & Equity related instruments of small cap companies	65	100
	Equity and equity related instruments of other than small cap companies	0	35
	Debt & Money Market instruments	0	35
	Units issued by REITs & InvITs	0	10
	Units of Mutual Fund Scheme	0	10
For complete details refer SID			
Benchmark:	Nifty Small Cap 250 TR Index		
Fund Manager:	Mr. Shiv Chanani (Senior Fund Manager - Equity) , Mr. Himanshu Singh (Fund Manager and Research Analyst)		
Load Structure:	Entry Load : Not applicable Exit Load: <ul style="list-style-type: none"> If units of the Scheme are redeemed or switched out up to 10% of the units within 1 year from the date of allotment - Nil. If units of the scheme are redeemed or switched out in excess of the limit within 1 year from the date of allotment - 1% of the applicable NAV. If units of scheme are redeemed or switched out after 1 year from the date of allotment - Nil. 		
Plans and Options:	The Scheme offers following two plans: <ul style="list-style-type: none"> Baroda BNP Paribas Small Cap Fund - Regular Plan Baroda BNP Paribas Small Cap Fund - Direct Plan Each Plan offers Growth Option and Income Distribution cum Capital Withdrawal (IDCW) Option The IDCW option offers two options: Payout of Income Distribution cum capital withdrawal option and Reinvestment of Income Distribution cum capital withdrawal option.		
Minimum Application Amount:	Lumpsum investment: Rs. 5,000 and in multiples of Re. 1 thereafter. SIP: (i) Daily, Weekly, Monthly SIP: Rs. 500/- and in multiples of Re. 1/- thereafter; (ii) Quarterly SIP: Rs. 1500/- and in multiples of Re. 1/- thereafter. There is no upper limit. The AMC reserves the right to change the minimum application amount from time to time.		

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.barodabnp-paribas-mf.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