



IDFC Emerging Businesses Fund

(Small Cap Fund – An open ended equity scheme predominantly investing in small cap stocks)

- Fund focuses on building a diversified portfolio within the small cap segment.
- Portfolio will contain buy and hold strategies as well as opportunistic picks in the cyclical space.
- Fund may also look to participate in new businesses via IPOs.

FUND PHILOSOPHY*

The fund aims to identify and invest in companies with steady growth prospects, operating in industries with a stable growth visibility over the medium term – 2-4 years. The fund would be willing to pay higher valuation for companies with distinct segment leadership advantages and/or for companies operating in segments which are witnessing a boost of growth due to change in industry dynamics; regulatory changes / geographical shifts. While not eschewing completely, the fund aims to limit exposure to “deep” cyclicals and focus more on companies and sectors with secular growth outlook. Hence, the valuation metrics of the fund – P/E; EV/EBIDTA; EV/Sales may appear to be more expensive than the benchmark.

Consumer facing rather than B to B is another focus area of the fund. The fund aims to ensure participation in non-small caps as a measure of higher liquidity as well addressability for investing in sectors where size brings noticeable advantage – BFSI, for example. The fund aims to hold cash levels of upto 10% across time periods, both as a measure of liquidity as well as to capitalize on opportunistic investing. Lastly, rather than try to outperform the benchmark on the upside, the fund would aim to conserve capital by limiting downside during periods of drawdowns, a dominant (and painful) characteristic of small cap investing.

OUTLOOK

In line with global equities, Indian equities saw a sharp rally in November. Domestically, the focus was on 2QFY21 earnings and a gradual reopening of the economy. Q2 FY21 earnings season was much better than expected, with broad-based beats and upgrades. Nifty50 and BSE200 FY22 earnings were upgraded for the first time in 23 quarters.

In India, the economic devastation from the pandemic has been at a scale much lower than earlier predicted with a healthy recovery expected for FY22. Thus, the chance of a “melt up” rather than a “meltdown” appear to have a higher possibility.

Going forward, at current levels, the possibility of a near term upside, yielding to a “correction” remains the highest probability course for the near term – next 3-month and 6-month period. For the longer term (1 year +), the effectiveness of the vaccine and the speed of its roll out helping bring back the “old” normal will decide the course of the market.

Large Cap stocks may offer greater stability, while small caps will have edge on the valuation front.

FUND FEATURES: (Data as on 27th November'20)

Category: Small Cap Fund

Monthly Avg AUM: ₹709.44 Crores

Inception Date: 25th February 2020

Fund Manager: Mr. Anoop Bhaskar

Benchmark: S&P BSE 250 SmallCapTRI

Exit Load:

1% if redeemed/switched out within 1 year from the date of allotment

Minimum SIP Amount: ₹100 and in multiples of ₹1 thereafter

SIP Frequency: Monthly

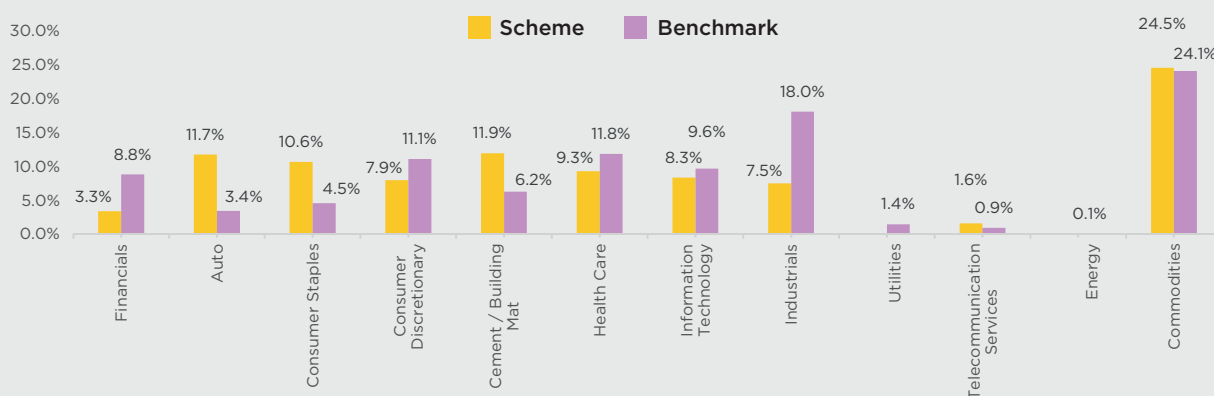
SIP Dates (Monthly): Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.

Options Available: The Scheme offer Dividend Option & Growth Option. Dividend Option under each Plan further offers of choice of Payout & Sweep facilities.

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	96.77%	Rallis India	2.62%
Consumer Non Durables	15.77%	PI Industries	1.19%
Radico Khaitan	4.33%	Healthcare Services	3.73%
Balrampur Chini Mills	2.38%	Narayana Hrudayalaya	2.15%
DFM Foods	1.90%	Gland Pharma	1.57%
DCM Shriram	1.44%	Auto Ancillaries	3.63%
Emami	1.37%	Jamna Auto Industries	1.72%
Jubilant Foodworks	1.30%	Wheels India	1.10%
Godfrey Phillips India	1.25%	GNA Axles	0.82%
Heritage Foods	1.16%	Consumer Durables	3.60%
Zydus Wellness	0.63%	Blue Star	1.90%
Industrial Products	11.80%	Greenpanel Industries	0.68%
Finolex Industries	2.37%	Borosil	0.58%
Shaily Engineering Plastics	2.32%	Orient Electric	0.44%
EPL	2.09%	Hotels/ Resorts and Other Recreational Activities	3.37%
Huhtamaki PPL	1.60%	Westlife Development	2.89%
Polycab India	1.52%	EIH	0.48%
Carborundum Universal	1.06%	Finance	3.35%
Prince Pipes And Fittings	0.85%	Multi Commodity Exchange of India	3.35%
Chemicals	8.92%	Petroleum Products	3.03%
Navin Fluorine International	4.33%	Gulf Oil Lubricants India	3.03%
NOCIL	3.40%	Commercial Services	2.64%
Chemcon Speciality Chemicals	1.19%	TeamLease Services	2.64%
Software	8.30%	Cement	2.20%
Birlasoft	2.97%	ACC	1.27%
Cyient	2.14%	Deccan Cements	0.94%
Majesco	1.28%	Retailing	2.09%
eClerx Services	1.12%	V-Mart Retail	1.78%
Mastek	0.79%	Arvind Fashions	0.32%
Pharmaceuticals	5.54%	Power	1.85%
FDC	1.79%	Kalpataru Power Transmission	1.85%
Divi's Laboratories	1.64%	Telecom - Services	1.58%
Laurus Labs	1.21%	Bharti Airtel	1.58%
Suven Pharmaceuticals	0.89%	Textiles - Cotton	1.31%
Auto	5.06%	Vardhman Textiles	1.31%
Tata Motors	2.32%	Textile Products	0.67%
Ashok Leyland	1.69%	K.P.R. Mill	0.67%
Escorts	1.05%	Media & Entertainment	0.17%
Construction	4.34%	INOX Leisure	0.17%
Kajaria Ceramics	3.20%	Net Cash and Cash Equivalent	3.23%
Cera Sanitaryware	1.11%	Grand Total	100.00%
PSP Projects	0.02%		
Pesticides	3.82%		



SECTOR ALLOCATION



This product is suitable for investors who are seeking*:

- To create wealth over long term
- Investment in equity and equity related instruments of Small cap companies.

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.