



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

The protracted Q4 FY20 earnings season has still not ended. Q1 FY21, is poised to create several economic historical milestones – 1st negative GDP print; an alarming fiscal deficit situation and an earnings season like never before.

While, investors might be bracing themselves for such an eventuality, the possibility of the actual being more sombre than what was forecasted is a factor which one should not overrule. On the other hand, March “Mayhem” – just as 9th March’09 has been underlined as the turning point during the GFC, could 23rd March’20 become the low point of this downward spiral? However, a downward plunge from current levels should not be ruled out in the coming weeks. Though, breaching March lows, may not be driven by disappointing June quarter results alone. So, don’t overlook the virus even when Unlock 1.0 is in full swing!

FUND FEATURES: (all data as on 29th May’ 20)

Category: Small Cap Fund

Monthly Avg AUM: ₹492.41 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

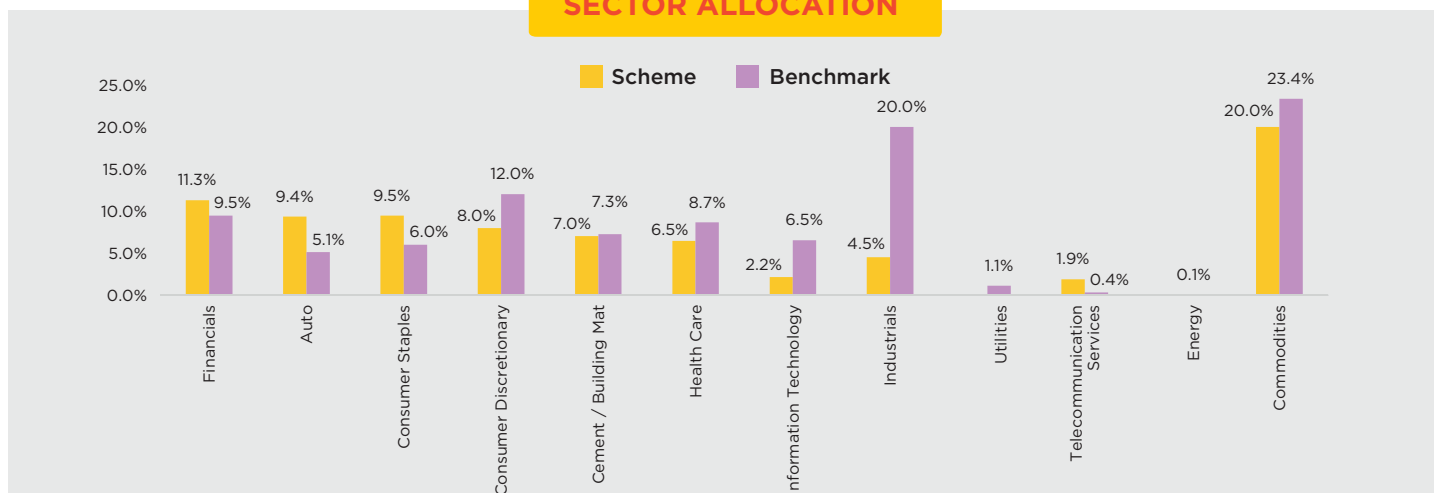
SIP Dates (Monthly): Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.

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	80.20%	Pesticides	3.50%
Consumer Non Durables	13.83%	Rallis India	3.50%
Radico Khaitan	4.11%	Construction	3.47%
Godfrey Phillips India	2.00%	Kajaria Ceramics	2.51%
DFM Foods	1.64%	Cera Sanitaryware	0.92%
DCM Shriram	1.60%	PSP Projects	0.04%
Jubilant Foodworks	1.42%	Hotels, Resorts And Other Recreational Activities	3.36%
Heritage Foods	1.39%	Westlife Development	2.89%
Balrampur Chini Mills	1.36%	EIH	0.48%
Zydus Wellness	0.32%	Banks	2.94%
Finance	8.36%	ICICI Bank	1.54%
Multi Commodity Exchange of India	4.09%	Kotak Mahindra Bank	1.40%
ICICI Lombard General Insurance Company	2.27%	Healthcare Services	2.25%
HDFC	1.03%	Narayana Hrudayalaya	2.25%
Muthoot Finance	0.83%	Software	2.15%
Mas Financial Services	0.13%	Birlasoft	1.54%
Industrial Products	7.54%	eClerx Services	0.61%
Finolex Industries	2.36%	Retailing	2.12%
Huhtamaki PPL	1.59%	V-Mart Retail	1.86%
Shaily Engineering Plastics	1.33%	Arvind Fashions	0.26%
Prince Pipes And Fittings	1.25%	Commercial Services	1.97%
Carborundum Universal	1.01%	TeamLease Services	1.97%
Chemicals	6.89%	Telecom - Services	1.91%
Navin Fluorine International	3.80%	Bharti Airtel	1.91%
NOCIL	3.10%	Textiles - Cotton	1.89%
Auto	4.86%	Vardhman Textiles	1.89%
Escorts	2.11%	Consumer Durables	1.49%
Maruti Suzuki India	1.54%	Blue Star	1.49%
Ashok Leyland	1.21%	Fertilisers	1.35%
Pharmaceuticals	4.21%	Coromandel International	1.35%
FDC	1.95%	Media & Entertainment	1.10%
Divi's Laboratories	1.61%	INOX Leisure	1.10%
Laurus Labs	0.65%	Petroleum Products	0.61%
Auto Ancillaries	3.88%	Gulf Oil Lubricants India	0.61%
Wheels India	1.57%	Textile Products	0.52%
Jamna Auto Industries	1.17%	K.P.R. Mill	0.52%
GNA Axles	0.93%	Net Cash and Cash Equivalent	19.80%
Jtekt India	0.22%	Grand Total	100.00%



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.