



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

Domestic markets have been broad-based with broader markets outperforming the Nifty 50, first time after 2 years. Since the bottom in March, the Small Cap Index has moved up significantly higher than the Large and Mid Cap indices.

Going forward, given uncertainty on the duration and severity of the pandemic, economic recovery in FY22 remains uncertain. This is also reflected in the earnings estimates across sectors. The speed of catchup in earnings to FY20 levels will be the key factor that will be tracked by markets. On the other hand, the move from Mar'20 till now has seen a long stretch of the market upmove, with only one correction, which has happened quite early in the bull market. Investors should be ready for a correction and use it to their advantage.

FUND FEATURES: (Data as on 30th September'20)

Category: Small Cap Fund

Monthly Avg AUM: ₹660.62 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

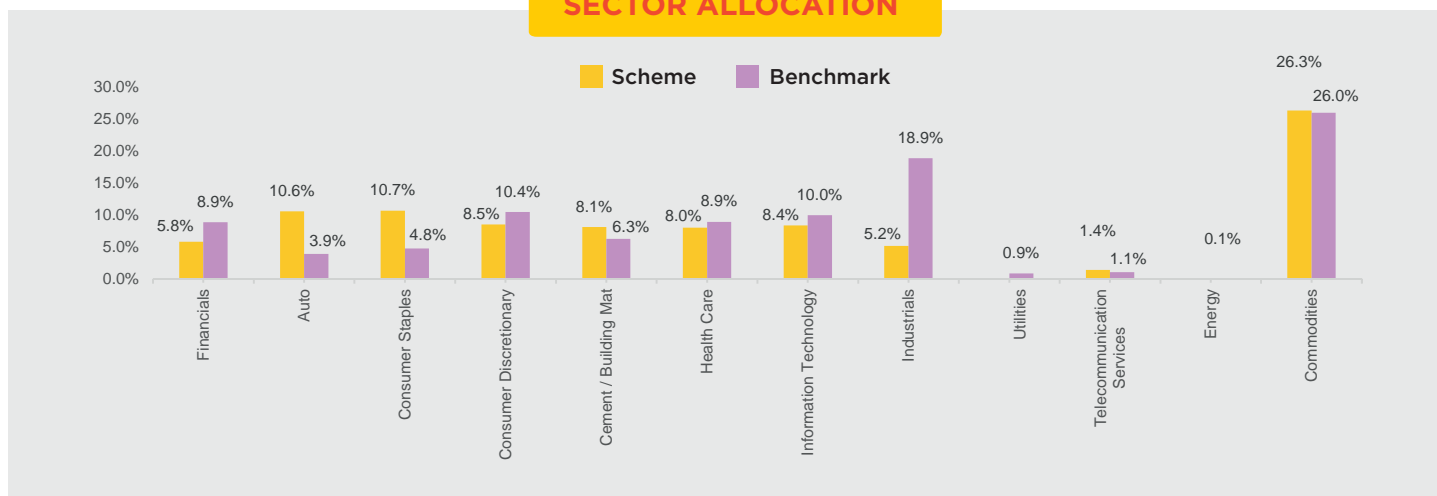
SIP Dates (Monthly): Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.

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	92.93%	Ashok Leyland	1.51%
Consumer Non Durables	16.06%	Tata Motors	1.03%
Radico Khaitan	3.93%	Construction	3.97%
Balrampur Chini Mills	2.49%	Kajaria Ceramics	3.03%
DFM Foods	1.99%	Cera Sanitaryware	0.91%
DCM Shriram	1.56%	PSP Projects	0.02%
Heritage Foods	1.43%	Auto Ancillaries	3.61%
Godfrey Phillips India	1.41%	Jamna Auto Industries	1.48%
Jubilant Foodworks	1.35%	Wheels India	1.15%
Emami	1.21%	GNA Axles	0.79%
Zyodus Wellness	0.69%	Jtekt India	0.19%
Industrial Products	10.77%	Hotels/ Resorts and Other Recreational Activities	3.35%
Shaily Engineering Plastics	2.47%	Westlife Development	2.91%
Essel Propack	2.15%	EIH	0.44%
Finolex Industries	2.09%	Petroleum Products	2.79%
Huhtamaki PPL	1.88%	Gulf Oil Lubricants India	2.79%
Prince Pipes And Fittings	1.26%	Consumer Durables	2.70%
Carborundum Universal	0.91%	Blue Star	1.66%
Chemicals	8.80%	Borosil	0.59%
Navin Fluorine International	3.93%	Orient Electric	0.44%
NOCIL	3.79%	Commercial Services	2.57%
Chemcon Speciality Chemicals	1.07%	TeamLease Services	2.57%
Software	8.38%	Healthcare Services	2.21%
Birlasoft	3.25%	Narayana Hrudayalaya	2.21%
Cyient	1.86%	Retailing	2.06%
Majesco	1.24%	V-Mart Retail	1.73%
Tech Mahindra	1.02%	Arvind Fashions	0.33%
eClerx Services	0.80%	Textiles - Cotton	1.43%
Ramco Systems	0.20%	Vardhman Textiles	1.43%
Finance	5.80%	Telecom - Services	1.40%
Multi Commodity Exchange of India	3.97%	Bharti Airtel	1.40%
ICICI Lombard General Insurance Company	1.70%	Cement	0.82%
Mas Financial Services	0.14%	Deccan Cements	0.82%
Pharmaceuticals	5.79%	Media & Entertainment	0.73%
FDC	2.09%	INOX Leisure	0.73%
Divi's Laboratories	1.53%	Textile Products	0.61%
Laurus Labs	1.22%	K.P.R. Mill	0.61%
Suven Pharmaceuticals	0.95%	Fertilisers	0.01%
Pesticides	4.92%	Coromandel International	0.01%
Rallis India	2.94%	Net Cash and Cash Equivalent	7.07%
PI Industries	1.98%	Grand Total	100.00%
Auto	4.19%		
Escorts	1.64%		



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.