



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

Indian equities continued their upward momentum in August following the trend in global markets, even as India continues to see a sharp increase in daily new Covid-19 cases. In August and over the last 3-month basis, Small Caps significantly outperformed Mid and Large Caps. Since the bottom in March-20, Large, Mid and Small Caps have bounced 50%, 52% and 66% respectively.

Going forward, the pace of economic recovery would depend largely on the extent of local lockdowns on account of spread of Covid-19. Markets seems to have run ahead of fundamentals and are less than 10% lower than all-time highs. Global and domestic liquidity seems to have played a significant part in the sharp up move seen in the markets. Investors should tread with caution as the number of cases and deaths in India continue to rise. Also, earnings uncertainty for FY21 is fairly high with a wide range of analyst estimates.

FUND FEATURES: (Data as on 31st August'20)

Category: Small Cap Fund

Monthly Avg AUM: ₹626.64 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

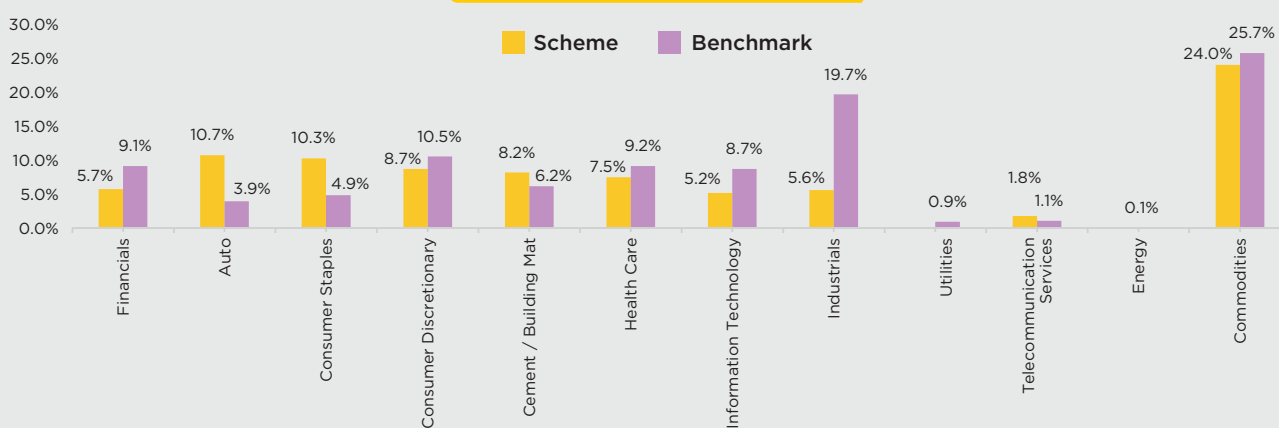
SIP Dates (Monthly): Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.

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	87.67%	Tata Motors	1.17%
Consumer Non Durables	15.65%	Auto Ancillaries	3.72%
Radico Khaitan	3.92%	Jamna Auto Industries	1.41%
Balrampur Chini Mills	2.48%	Wheels India	1.23%
DFM Foods	1.78%	GNA Axles	0.82%
Heritage Foods	1.68%	Jtekt India	0.26%
DCM Shriram	1.63%	Construction	3.54%
Godfrey Phillips India	1.54%	Kajaria Ceramics	2.51%
Emami	1.29%	Cera Sanitaryware	1.01%
Jubilant Foodworks	1.26%	PSP Projects	0.02%
Zyodus Wellness	0.07%	Hotels, Resorts And Other Recreational Activities	3.35%
Industrial Products	8.90%	Westlife Development	2.85%
Shaily Engineering Plastics	2.49%	EIH	0.49%
Finolex Industries	2.20%	Petroleum Products	2.98%
Huhtamaki PPL	1.64%	Gulf Oil Lubricants India	2.98%
Prince Pipes And Fittings	1.61%	Commercial Services	2.90%
Carborundum Universal	0.96%	TeamLease Services	2.90%
Chemicals	7.36%	Consumer Durables	2.86%
Navin Fluorine International	3.65%	Blue Star	1.73%
NOCIL	3.51%	Borosil	0.63%
Rossari Biotech	0.20%	Orient Electric	0.51%
Finance	5.73%	Retailing	2.16%
Multi Commodity Exchange of India	3.86%	V-Mart Retail	1.75%
ICICI Lombard General Insurance Company	1.72%	Arvind Fashions	0.42%
Mas Financial Services	0.15%	Healthcare Services	2.10%
Pharmaceuticals	5.39%	Narayana Hrudayalaya	2.10%
FDC	1.92%	Telecom - Services	1.78%
Divi's Laboratories	1.65%	Bharti Airtel	1.78%
Laurus Labs	1.01%	Textiles - Cotton	1.58%
Suven Pharmaceuticals	0.82%	Vardhman Textiles	1.58%
Software	5.17%	Fertilisers	1.15%
Birlasoft	2.80%	Coromandel International	1.15%
Tech Mahindra	1.00%	Cement	0.86%
eClerx Services	0.85%	Deccan Cements	0.86%
Cyient	0.53%	Media & Entertainment	0.80%
Pesticides	5.11%	INOX Leisure	0.80%
Rallis India	3.17%	Textile Products	0.54%
PI Industries	1.93%	K.P.R. Mill	0.54%
Auto	4.02%	Net Cash and Cash Equivalent	12.33%
Ashok Leyland	1.44%	Grand Total	100.00%
Escorts	1.41%		



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.