



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

Q2 FY22 corporate earnings result ended on a strong note and RBI maintained its stance as accommodative and kept the policy rate unchanged in its bi-monthly policy.

Aggregate profit of S&P BSE 200 companies touched higher than the previous peak of Mar’21 quarter.

Going forward, factors which would largely drive the market could be the macroeconomic data and the upcoming state elections on domestic side, while on the global term it would be the decision of central banks as well as the highly mutated Omicron variant of Covid-19 which could change the course of the pandemic.

Key sectors where earnings are forecasted to show strength/sustain in the near term could be the Banks, Automobiles, Telecom and Oil & Gas. Hopefully, the earnings estimate for FY22 and 23 could maintain the path of surprise, as has been the case till now.”

FUND FEATURES: (Data as on 30th November’21)

Category: Small Cap Fund

Monthly Avg AUM: ₹1,433.61 Crores

Inception Date: 25th February 2020

Fund Manager: Mr. Anoop Bhaskar

Benchmark: S&P BSE 250 SmallCap-TRI

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.

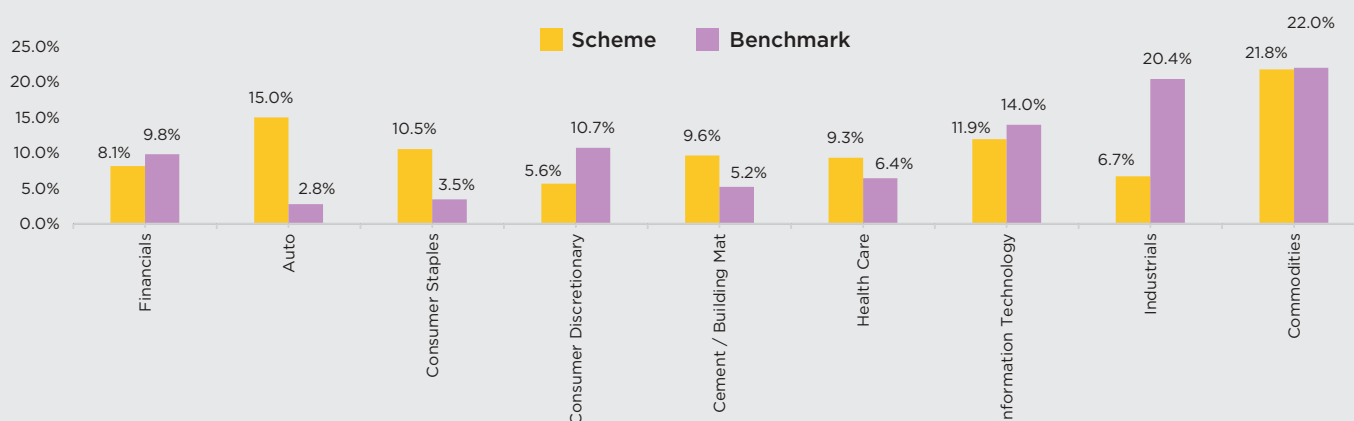
Options Available: The Scheme offer IDCW® Option & Growth Option. IDCW® Option under each Plan further offers of choice of Payout & Sweep facilities.

@Income Distribution cum capital withdrawal

| Name of the Instrument | % to NAV | Name of the Instrument | % to NAV |
|--|---------------|---------------------------------------|----------------|
| Equity and Equity related Instruments | 98.73% | Divi's Laboratories | 1.32% |
| Consumer Non Durables | 13.85% | FDC | 1.19% |
| Radico Khaitan | 5.34% | Laurus Labs | 1.07% |
| Balrampur Chini Mills | 2.00% | Auto | 4.79% |
| DCM Shriram | 1.31% | Ashok Leyland | 1.86% |
| United Spirits | 1.08% | Tata Motors | 1.61% |
| Heritage Foods | 1.03% | Maruti Suzuki India | 1.32% |
| Godfrey Phillips India | 0.92% | Healthcare Services | 4.36% |
| DFM Foods | 0.78% | Narayana Hrudayalaya | 2.16% |
| Emami | 0.77% | Krsnaa Diagnostics | 1.17% |
| Jyothy Labs | 0.63% | Krishna Institute of Medical Sciences | 1.03% |
| Software | 11.93% | Leisure Services | 4.19% |
| Birlasoft | 3.79% | Westlife Development | 2.17% |
| Zensar Technologies | 2.76% | EIH | 1.37% |
| Cyient | 2.18% | Burger King India | 0.65% |
| eClerx Services | 2.00% | Capital Markets | 4.01% |
| Mastek | 1.20% | Multi Commodity Exchange of India | 2.09% |
| Industrial Products | 11.49% | UTI Asset Management Company | 1.92% |
| Shaily Engineering Plastics | 3.69% | Cement & Cement Products | 3.31% |
| Carborundum Universal | 2.34% | Sagar Cements | 1.80% |
| Polycab India | 1.94% | JK Lakshmi Cement | 1.51% |
| Graphite India | 1.19% | Pesticides | 2.58% |
| EPL | 0.93% | Heranba Industries | 1.30% |
| Kirloskar Brothers | 0.77% | Rallis India | 1.27% |
| Huhtamaki India | 0.63% | Banks | 2.23% |
| Auto Ancillaries | 8.74% | State Bank of India | 1.85% |
| Wheels India | 2.25% | Suryoday Small Finance Bank | 0.38% |
| Alicon Castalloy | 1.80% | Commercial Services | 2.17% |
| GNA Axles | 1.67% | TeamLease Services | 2.17% |
| Jamna Auto Industries | 1.64% | Finance | 1.89% |
| Automotive Axles | 1.38% | SBI Cards and Payment Services | 0.75% |
| Chemicals | 7.01% | Poonawalla Fincorp | 0.65% |
| NOCIL | 2.86% | JM Financial | 0.49% |
| Navin Fluorine International | 2.32% | Petroleum Products | 1.48% |
| Chemplast Sanmar | 1.31% | Gulf Oil Lubricants India | 1.48% |
| Chemcon Speciality Chemicals | 0.51% | Retailing | 1.45% |
| Consumer Durables | 6.07% | V-Mart Retail | 1.45% |
| Kajaria Ceramics | 2.68% | Power | 1.43% |
| Mayur Uniquoters | 1.69% | Kalpataru Power Transmission | 1.43% |
| Cera Sanitaryware | 1.08% | Textiles - Cotton | 0.76% |
| Greenply Industries | 0.62% | Nitin Spinners | 0.76% |
| Pharmaceuticals | 4.98% | Net Cash and Cash Equivalent | 1.27% |
| Gland Pharma | 1.40% | Grand Total | 100.00% |



SECTOR ALLOCATION



| | | |
|--|--|--|
| <p>Scheme risk-o-meter</p> <p>Investors understand that their principal will be at Very High risk</p> | <p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> To create wealth over long term. Investment in equity and equity related instrument of small cap companies. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> | <p>Benchmark risk-o-meter</p> <p>S&P BSE 250 SmallCap TRI</p> |
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