



## 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

Equity markets celebrated a “non-taxing” budget, with Nifty crossing the 15,000 mark. With reports of a Covid “tax/cess” gaining ground a week before the presentation of the Union Budget, markets heaved a big sigh of relief and thanks to the Finance Minister, when the Budget focused on correcting fiscal math by including off balance sheet items and forecasting modest revenue collection. The focus on infrastructure spending, also boosted investor sentiments. Also, the government seems committed on reforms like strategic disinvestment including PSU banks, higher FDI in insurance, etc.

For equities, result season, local as well as global, does point to a V shaped earnings recovery. Over 70% of the Nifty companies to have reported earnings in Jan’21 have beaten estimates, a similar trend was evident in the result season across US, Europe and Japan. With most stocks trading above 1x SD (Std Deviation) of their last 5 years average P/E multiples, market is not cheap. Such elevated levels make the market more dependent on liquidity and strong earnings growth (as compared to the situation post Apr’20) to sustain and move forward.

**FUND FEATURES:** (Data as on 31st January’21)

**Category:** Small Cap Fund

**Monthly Avg AUM:** ₹853.60 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

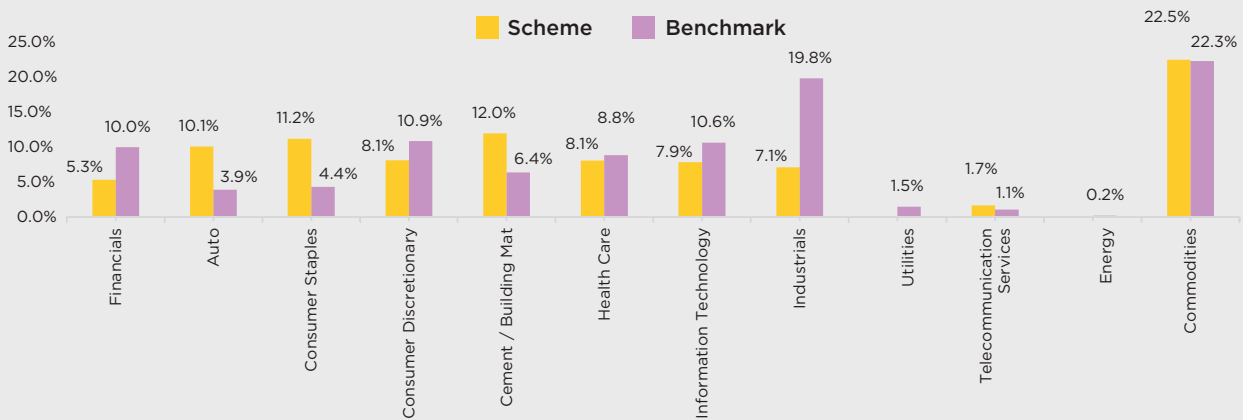
**SIP Dates (Monthly):** Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.

**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
<b>Equity and Equity related Instruments</b>	<b>93.89%</b>	<b>Auto Ancillaries</b>	<b>3.89%</b>
<b>Consumer Non Durables</b>	<b>17.06%</b>	Jamna Auto Industries	1.68%
Radico Khaitan	4.19%	GNA Axles	1.13%
Balrampur Chini Mills	2.22%	Wheels India	1.08%
DFM Foods	1.82%	<b>Healthcare Services</b>	<b>3.64%</b>
DCM Shriram	1.50%	Narayana Hrudayalaya	2.23%
Emami	1.35%	Gland Pharma	1.41%
Jubilant Foodworks	1.15%	<b>Cement</b>	<b>3.53%</b>
Godfrey Phillips India	1.13%	Sagar Cements	1.59%
Burger King India	0.99%	ACC	1.07%
Heritage Foods	0.88%	Deccan Cements	0.87%
Jyothy Labs	0.69%	<b>Hotels/ Resorts and Other Recreational Activities</b>	<b>3.27%</b>
Zyodus Wellness	0.59%	Westlife Development	2.82%
Mrs. Bectors Food Specialities	0.56%	EIH	0.45%
<b>Industrial Products</b>	<b>12.17%</b>	<b>Auto</b>	<b>3.24%</b>
Shaily Engineering Plastics	2.63%	Ashok Leyland	1.83%
Finolex Industries	1.94%	Tata Motors	1.42%
EPL	1.76%	<b>Petroleum Products</b>	<b>2.95%</b>
Polycab India	1.73%	Gulf Oil Lubricants India	2.95%
Graphite India	1.60%	<b>Commercial Services</b>	<b>2.70%</b>
Huhtamaki India	1.40%	TeamLease Services	2.70%
Carborundum Universal	1.11%	<b>Consumer Durables</b>	<b>2.51%</b>
<b>Software</b>	<b>7.85%</b>	Blue Star	1.51%
Birlasoft	3.37%	Orient Electric	0.53%
Cyient	2.38%	Borosil	0.46%
eClerx Services	1.37%	<b>Pesticides</b>	<b>2.27%</b>
Mastek	0.73%	Rallis India	2.27%
<b>Chemicals</b>	<b>7.53%</b>	<b>Power</b>	<b>1.78%</b>
Navin Fluorine International	3.31%	Kalpataru Power Transmission	1.78%
NOCIL	3.11%	<b>Retailing</b>	<b>1.73%</b>
Chemcon Speciality Chemicals	1.11%	V-Mart Retail	1.73%
<b>Construction</b>	<b>4.77%</b>	<b>Telecom - Services</b>	<b>1.69%</b>
Kajaria Ceramics	3.66%	Bharti Airtel	1.69%
Cera Sanitaryware	1.09%	<b>Banks</b>	<b>1.28%</b>
PSP Projects	0.02%	Kotak Mahindra Bank	1.28%
<b>Pharmaceuticals</b>	<b>4.43%</b>	<b>Textiles - Cotton</b>	<b>1.00%</b>
FDC	1.87%	Vardhman Textiles	1.00%
Divi's Laboratories	1.37%	<b>Textile Products</b>	<b>0.56%</b>
Laurus Labs	1.18%	K.P.R. Mill	0.56%
<b>Finance</b>	<b>4.04%</b>	<b>Net Cash and Cash Equivalent</b>	<b>6.11%</b>
Multi Commodity Exchange of India	3.06%	<b>Grand Total</b>	<b>100.00%</b>
UTI Asset Management Company	0.99%		



**SECTOR ALLOCATION**



Investors understand that their principal will be at Very High risk

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.