



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

From Indian equities point of view, the solid December’20 quarter earnings were clearly a key highlight. Few, if any, would have been able to forecast, at the start of the current fiscal in April’20, that December’20 quarter would deliver the highest ever quarterly profits for the BSE200 set of companies!

Domestic equity markets continued to trend higher in February. Rally was majorly broad based and across the sectors. For the month, Small cap (12%) and Mid cap (10%) delivered the highest returns followed by Large cap (7%).

Globally, however, the worries on inflation and the unsettling moves on the US 10-year yield gave a glimpse, a “trailer” of reality – valuations could compress; economic growth could get stunted, if bonds yields sustained and moved ahead.

For the current economic recovery to sustain, containing bond yields, not through “yield curve management” but through moderating inflation expectation will be a key variable to track for the rest of the year.

FUND FEATURES: (Data as on 28th February’21)

Category: Small Cap Fund

Monthly Avg AUM: ₹912.10 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

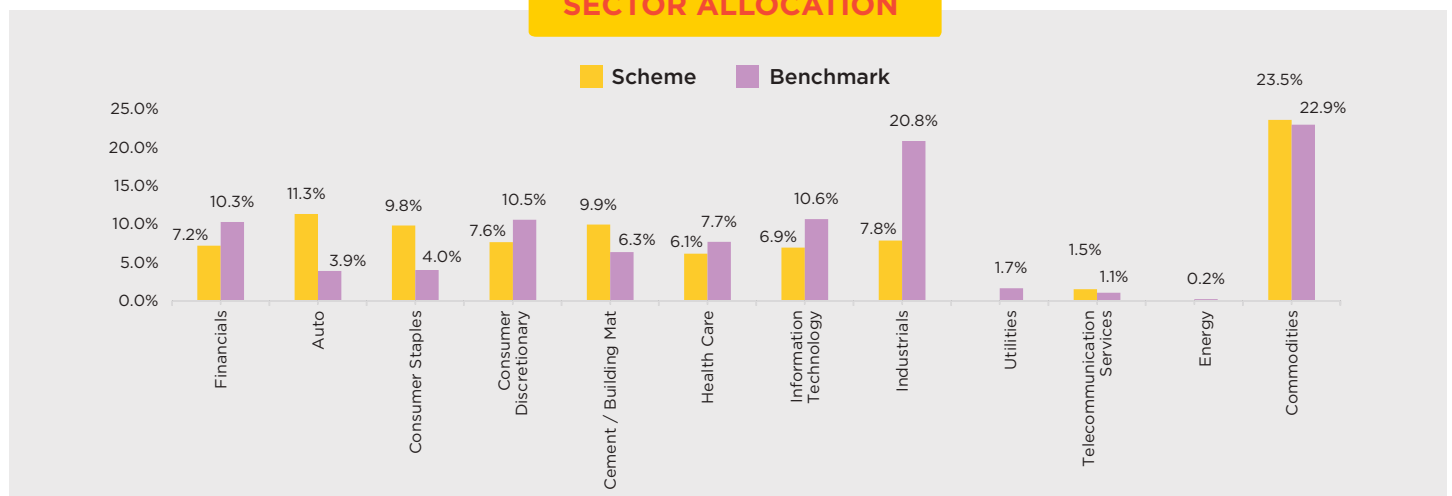
SIP Dates (Monthly): Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.

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	93.39%	Mayur Uniquoters	1.34%
Consumer Non Durables	15.45%	Orient Electric	0.51%
Radico Khaitan	4.39%	Borosil	0.22%
Balrampur Chini Mills	2.07%	Auto	3.48%
DFM Foods	1.63%	Ashok Leyland	1.91%
DCM Shriram	1.42%	Tata Motors	1.57%
Jubilant Foodworks	1.19%	Cement	3.48%
Emami	1.15%	Sagar Cements	1.55%
Heritage Foods	1.12%	ACC	1.04%
Godfrey Phillips India	1.00%	Deccan Cements	0.89%
Burger King India	0.91%	Healthcare Services	3.38%
Jyothy Labs	0.57%	Narayana Hrudayalaya	1.94%
Industrial Products	10.61%	Gland Pharma	1.44%
Shaily Engineering Plastics	2.78%	Hotels/ Resorts and Other Recreational Activities	3.16%
Graphite India	2.15%	Westlife Development	2.74%
Polycab India	1.71%	EIH	0.42%
EPL	1.49%	Pesticides	3.10%
Carborundum Universal	1.27%	Rallis India	1.92%
Huhtamaki India	1.21%	Heranba Industries	1.18%
Chemicals	7.64%	Commercial Services	2.90%
Navin Fluorine International	3.31%	TeamLease Services	2.90%
NOCIL	3.23%	Petroleum Products	2.83%
Chemcon Speciality Chemicals	1.02%	Gulf Oil Lubricants India	2.83%
Fine Organic Industries	0.07%	Pharmaceuticals	2.79%
Software	6.97%	FDC	1.71%
Birlasoft	2.75%	Laurus Labs	1.08%
Cyient	2.31%	Banks	2.29%
eClerx Services	1.16%	Kotak Mahindra Bank	1.20%
Mastek	0.75%	State Bank of India	1.08%
Auto Ancillaries	5.03%	Power	2.07%
Jamna Auto Industries	1.71%	Kalpataru Power Transmission	2.07%
GNA Axles	1.26%	Retailing	1.68%
Automotive Axles	1.11%	V-Mart Retail	1.68%
Wheels India	0.95%	Textiles - Cotton	1.60%
Finance	4.90%	Vardhman Textiles	1.02%
Multi Commodity Exchange of India	2.68%	Nitin Spinners	0.58%
UTI Asset Management Company	1.27%	Telecom - Services	1.53%
JM Financial	0.92%	Bharti Airtel	1.53%
Mas Financial Services	0.03%	Fixed Deposit	1.08%
Construction	4.81%	Banks	1.08%
Kajaria Ceramics	3.69%	HDFC Bank	1.08%
Cera Sanitaryware	1.11%	Net Cash and Cash Equivalent	5.54%
PSP Projects	0.02%	Grand Total	100.00%
Consumer Durables	3.69%		
Blue Star	1.61%		



SECTOR ALLOCATION



Riskometer

LOW TO MODERATE | MODERATE | MODERATELY HIGH | HIGH

LOW | HIGH

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.