



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” cyclical 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

Three key drivers of Equity markets are 1) Earnings 2) Interest Rates and 3) Valuations.

Earnings - For the first time since the 2008 GFC, India has seen 4 consecutive quarters where BSE200 2-year Forward EPS has been upgraded. Sustained momentum in earnings resulting in a cycle of earnings upgrades can help drives markets higher.

Interest Rates - Interest Rates, both in India and globally are trending upwards on account of higher inflation and faster than expected economic recovery. Higher interest rates are generally negative for Valuations.

Valuation - Indian markets have significantly outperformed global markets since the pandemic bottom. The scope for valuation rerating driven market move is limited.

FUND FEATURES: (Data as on 31st October'21)

Category: Small Cap Fund

Monthly Avg AUM: ₹1,466.33 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.

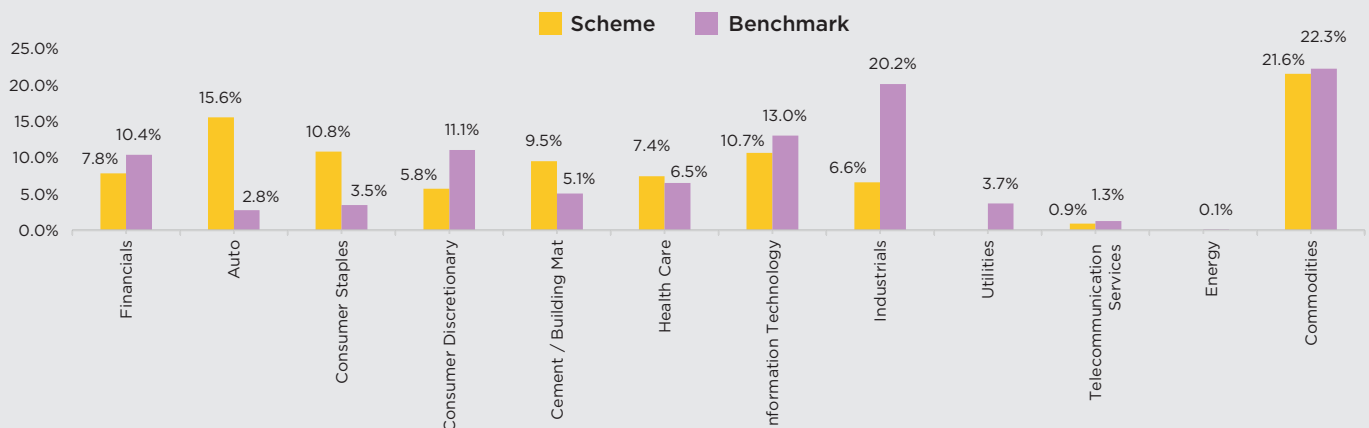
Options Available: The Scheme offer IDCW® Option & Growth Option. IDCW® Option under each Plan further offers of choice of Payout & Sweep facilities.

@Income Distribution cum capital withdrawal

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	96.70%	Leisure Services	4.33%
Consumer Non Durables	14.12%	Westlife Development	2.19%
Radico Khaitan	5.33%	EIH	1.50%
Balrampur Chini Mills	2.00%	Burger King India	0.64%
DCM Shriram	1.29%	Capital Markets	3.78%
Heritage Foods	1.20%	Multi Commodity Exchange of India	2.12%
United Spirits	1.11%	UTI Asset Management Company	1.67%
Godfrey Phillips India	0.93%	Healthcare Services	3.76%
DFM Foods	0.91%	Narayana Hrudayalaya	1.80%
Emami	0.74%	Krsnaa Diagnostics	1.08%
Jyothy Labs	0.61%	Krishna Institute of Medical Sciences	0.89%
Industrial Products	11.36%	Pharmaceuticals	3.68%
Shaily Engineering Plastics	3.57%	Gland Pharma	1.38%
Carborundum Universal	2.04%	FDC	1.27%
Polycab India	1.81%	Laurus Labs	1.03%
Graphite India	1.49%	Cement & Cement Products	3.27%
EPL	0.97%	Sagar Cements	1.89%
Kirloskar Brothers	0.83%	JK Lakshmi Cement	1.38%
Huhtamaki India	0.64%	Pesticides	2.65%
Software	10.65%	Heranba Industries	1.35%
Birlasoft	3.09%	Rallis India	1.29%
Zensar Technologies	2.29%	Banks	2.36%
Cyient	2.19%	State Bank of India	1.93%
eClerx Services	1.90%	Suryoday Small Finance Bank	0.43%
Mastek	1.18%	Commercial Services	2.26%
Auto Ancillaries	8.94%	TeamLease Services	2.26%
Wheels India	2.36%	Petroleum Products	1.59%
GNA Axles	1.85%	Gulf Oil Lubricants India	1.59%
Alicon Castalloy	1.81%	Power	1.48%
Jamna Auto Industries	1.54%	Kalpataru Power Transmission	1.48%
Automotive Axles	1.39%	Retailing	1.42%
Chemicals	6.74%	V-Mart Retail	1.42%
NOCIL	3.23%	Finance	1.23%
Navin Fluorine International	1.50%	JM Financial	0.58%
Chemplast Sanmar	1.42%	Poonawalla Fincorp	0.38%
Chemcon Speciality Chemicals	0.58%	SBI Cards and Payment Services	0.27%
Consumer Durables	5.90%	Telecom - Services	0.94%
Kajaria Ceramics	2.73%	Bharti Airtel	0.94%
Mayur Uniquoters	1.48%	Textiles - Cotton	0.73%
Cera Sanitaryware	1.07%	Nitin Spinners	0.73%
Greenply Industries	0.62%	Insurance	0.48%
Auto	5.03%	SBI Life Insurance Company	0.48%
Ashok Leyland	2.11%	Net Cash and Cash Equivalent	3.30%
Tata Motors	1.58%	Grand Total	100.00%
Maruti Suzuki India	1.33%		



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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