



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

“The most hated bull markets”, as many observers have termed the current market uptrend since Mar’20, is poised at an interesting juncture. Well, the same could have been said at the end of Q1 CY 21 or Q2 CY 21 or as of today. Except for a minor “bump” during H1 CY 20, the Indian equity market has been on a roll.

For many investors waiting on the sidelines, this has been a key grouse. As this “one-way” move sustains, the murmurs get louder. Market corrections are part of a bull market. However, this one seems keen to skip the “tradition” making many grate their teeth (in disbelief and anger).

FY 22 onwards, sales growth may be the key driver for profit growth across most sectors. Banks may be an exception as a large push to their FY 22 PAT may come through “normalised” credit costs rather than loan growth.

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

Category: Small Cap Fund

Monthly Avg AUM: ₹ 1,418.57 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.

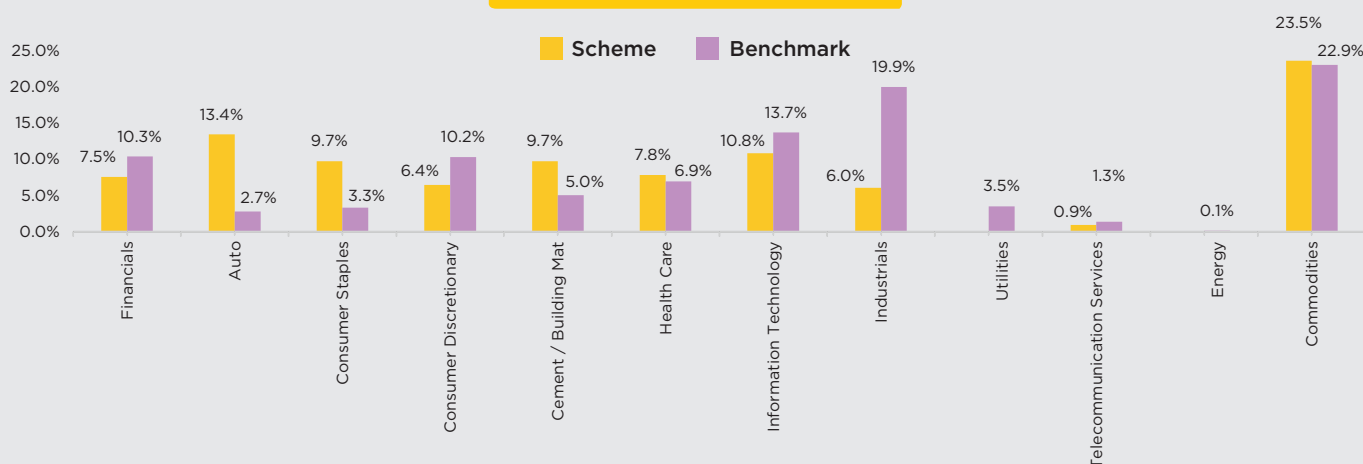
Options Available: The Scheme offer IDCW® Option & Growth Option. IDCW® Option under each Plan further offers of choice of Payout & Sweep facilities.

@Income Distribution cum capital withdrawal

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	95.71%	Pharmaceuticals	4.05%
Consumer Non Durables	13.32%	FDC	1.41%
Radico Khaitan	4.28%	Gland Pharma	1.40%
Balrampur Chini Mills	2.32%	Laurus Labs	1.25%
DCM Shriram	1.33%	Healthcare Services	3.73%
Heritage Foods	1.06%	Narayana Hrudayalaya	1.70%
United Spirits	1.00%	Krsnaa Diagnostics	1.05%
DFM Foods	0.99%	Krishna Institute of Medical Sciences	0.98%
Godfrey Phillips India	0.87%	Auto	3.71%
Emami	0.81%	Maruti Suzuki India	1.32%
Jyothy Labs	0.66%	Ashok Leyland	1.30%
Industrial Products	11.60%	Tata Motors	1.10%
Shaily Engineering Plastics	3.88%	Capital Markets	3.59%
Polycab India	1.93%	Multi Commodity Exchange of India	2.08%
Graphite India	1.70%	UTI Asset Management Company	1.51%
Carborundum Universal	1.45%	Cement & Cement Products	3.40%
EPL	1.09%	Sagar Cements	2.00%
Kirloskar Brothers	0.83%	JK Lakshmi Cement	1.40%
Huhtamaki India	0.73%	Pesticides	2.94%
Software	10.77%	Heramba Industries	1.54%
Birlasoft	3.14%	Rallis India	1.40%
Zensar Technologies	2.36%	Commercial Services	2.29%
Cyient	2.20%	TeamLease Services	2.29%
eClerx Services	1.90%	Banks	2.20%
Mastek	1.17%	State Bank of India	1.75%
Auto Ancillaries	8.04%	Suryoday Small Finance Bank	0.45%
GNA Axles	2.10%	Petroleum Products	1.62%
Alicon Castalloy	1.79%	Gulf Oil Lubricants India	1.62%
Wheels India	1.75%	Power	1.43%
Jamna Auto Industries	1.42%	Kalpataru Power Transmission	1.43%
Automotive Axles	0.98%	Retailing	1.25%
Chemicals	7.08%	V-Mart Retail	1.25%
NOCIL	3.56%	Finance	1.23%
Navin Fluorine International	1.86%	JM Financial	0.62%
Chemplast Sanmar	1.03%	Poonawalla Fincorp	0.38%
Chemcon Speciality Chemicals	0.63%	SBI Cards and Payment Services	0.24%
Consumer Durables	5.69%	Textiles - Cotton	1.13%
Kajaria Ceramics	2.70%	Nitin Spinners	0.68%
Mayur Uniquoters	1.35%	Vardhman Textiles	0.45%
Cera Sanitaryware	1.09%	Telecom - Services	0.94%
Greenply Industries	0.54%	Bharti Airtel	0.94%
Leisure Services	5.17%	Insurance	0.51%
Westlife Development	2.02%	SBI Life Insurance Company	0.51%
EIH	1.41%	Net Cash and Cash Equivalent	4.29%
Jubilant Foodworks	1.05%	Grand Total	100.00%
Burger King India	0.69%		



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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