



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

“CY21 was a year of strong earnings growth, driven by cyclical earnings recovery. The earnings upgrades have been broad-based, though some narrowing has been seen in the last 2 quarters. CY22 sees the return of state elections. While elections by themselves may not trigger a market collapse, volatility could be more pronounced in CY22 as compared to earlier years. After the unintended consequence of inflation, as registered by metal and cement companies, more impact of inflation could be felt during CY22. While the last two decades have implanted China as the manufacturing hub for the world, the recent geopolitical tensions provide India with an opportunity to move from the side stage of global supply to an emerging and central player in the global supply chain for the future. CY2022 could be a year where the markets revisit a higher level of volatility, a feature missing through most of the period since April'20.”

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

Category: Small Cap Fund

Monthly Avg AUM: ₹1,394.97 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.

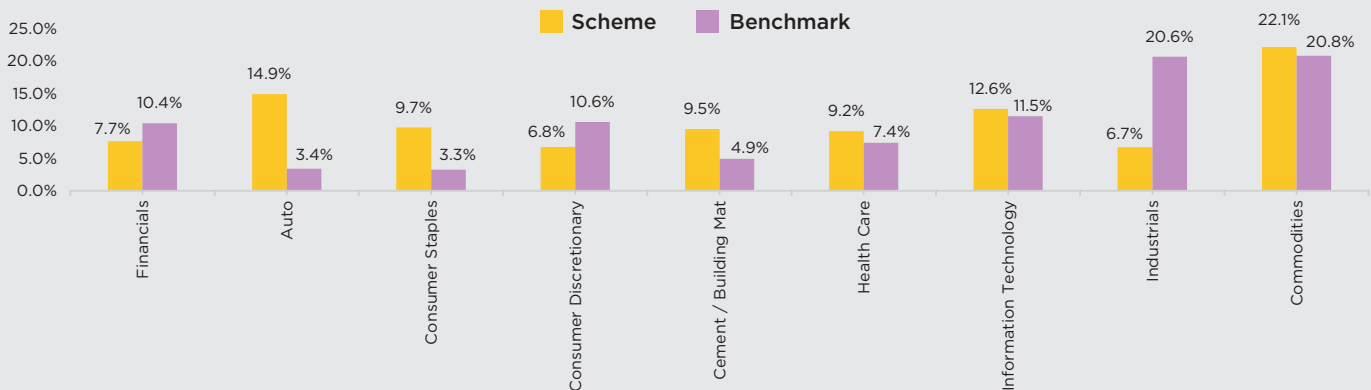
Options Available: The Scheme offer IDCW® Option & Growth Option. IDCW® Option under each Plan further offers of choice of Payout & Sweep facilities.

@Income Distribution cum capital withdrawal

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	99.14%	Maruti Suzuki India	1.32%
Consumer Non Durables	13.23%	Pharmaceuticals	4.67%
Radico Khaitan	5.43%	Gland Pharma	1.43%
Balrampur Chini Mills	2.24%	FDC	1.10%
DCM Shriram	1.24%	Laurus Labs	1.08%
United Spirits	1.04%	Divi's Laboratories	1.06%
Heritage Foods	0.93%	Healthcare Services	4.51%
Godfrey Phillips India	0.81%	Narayana Hrudayalaya	2.20%
DFM Foods	0.81%	Krsnaa Diagnostics	1.18%
Emami	0.72%	Krishna Institute of Medical Sciences	1.13%
Software	12.62%	Leisure Services	4.03%
Birlasoft	4.13%	Westlife Development	2.12%
Zensar Technologies	3.06%	EIH	1.34%
eClerx Services	2.16%	Burger King India	0.57%
Cyient	1.99%	Capital Markets	3.72%
Mastek	1.28%	Multi Commodity Exchange of India	1.96%
Industrial Products	11.54%	UTI Asset Management Company	1.76%
Shaily Engineering Plastics	3.77%	Cement & Cement Products	3.14%
Carborundum Universal	2.37%	Sagar Cements	1.79%
Polycab India	1.90%	JK Lakshmi Cement	1.35%
Graphite India	1.41%	Pesticides	2.62%
EPL	0.84%	Rallis India	1.33%
Kirloskar Brothers	0.70%	Heranba Industries	1.29%
Huhtamaki India	0.56%	Finance	2.00%
Auto Ancillaries	8.91%	Poonawalla Fincorp	0.81%
Wheels India	2.07%	SBI Cards and Payment Services	0.70%
Alicon Castalloy	1.89%	JM Financial	0.49%
GNA Axles	1.70%	Commercial Services	1.97%
Automotive Axles	1.63%	TeamLease Services	1.97%
Jamna Auto Industries	1.62%	Banks	1.94%
Consumer Durables	7.77%	State Bank of India	1.76%
Kajaria Ceramics	2.88%	Suryoday Small Finance Bank	0.18%
Mayur Uniquoters	1.86%	Power	1.45%
Metro Brands	1.43%	Kalpataru Power Transmission	1.45%
Cera Sanitaryware	0.99%	Retailing	1.30%
Greenply Industries	0.61%	V-Mart Retail	1.30%
Chemicals	6.75%	Petroleum Products	1.23%
NOCIL	2.81%	Gulf Oil Lubricants India	1.23%
Navin Fluorine International	2.37%	Textiles - Cotton	0.80%
Chemplast Sanmar	1.20%	Nitin Spinners	0.80%
Chemcon Speciality Chemicals	0.38%	Construction	0.21%
Auto	4.74%	Mahindra Lifespace Developers	0.21%
Ashok Leyland	1.81%	Net Cash and Cash Equivalent	0.86%
Tata Motors	1.61%	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>
--------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------