



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

Q3 FY22 results have been largely encouraging, demand remained strong while, EBIDTA margin has compressed largely on account of the inflation across commodities. However, lower finance costs and robust cash generation has boosted profitability. Indian corporates, including Banks, enter FY23 with the strongest balance sheet probably since FY12.

Near term worries post the Ukraine-Russia conflict have stoked fears of further dislocation in supply chain, especially Gas, key industrial Metals and Agri Commodities. As a result, commodity prices have soared, with Brent crossing \$110/barrel levels. This could affect inflation in the coming months. In this context, a swift resolution to peace could be critical, as levers to boost supply of these commodities from RoW remain limited. The ferocity of the move in inflation could dampen investor sentiments. For equity investors, conflicts and wars have been phases of mixed emotion – during the crisis, regret of being fully invested (RoFI) and once past the crisis, regret of missed opportunities (FOMO). Looking back, continuing with one’s equity investments through such crisis generally has been the ideal strategy.

FUND FEATURES: (Data as on 28th February'22)

Category: Small Cap Fund

Monthly Avg AUM: ₹ 1,373.28 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

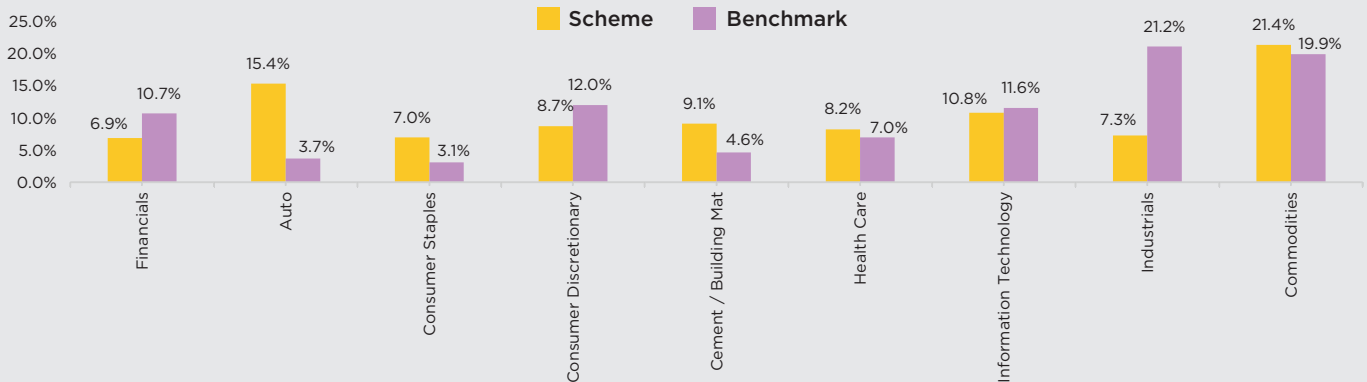
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	94.80%	Tata Motors	1.66%
Consumer Non Durables	12.33%	Maruti Suzuki India	1.62%
Radico Khaitan	2.80%	Healthcare Services	4.65%
Balrampur Chini Mills	2.66%	Narayana Hrudayalaya	2.59%
DCM Shriram	1.60%	Krishna Institute of Medical Sciences	1.10%
United Spirits	1.13%	Krsnaa Diagnostics	0.96%
Avanti Feeds	1.10%	Leisure Services	3.92%
Godfrey Phillips India	0.78%	Westlife Development	1.91%
Heritage Foods	0.77%	EIH	1.59%
Emami	0.76%	Restaurant Brands Asia	0.43%
DFM Foods	0.75%	Pharmaceuticals	3.59%
Software	10.81%	Gland Pharma	1.33%
Birlasoft	3.39%	Laurus Labs	1.19%
Zensar Technologies	2.41%	FDC	1.08%
eClerx Services	1.95%	Capital Markets	3.38%
Cyient	1.75%	Multi Commodity Exchange of India	1.73%
Mastek	1.31%	UTI Asset Management Company	1.65%
Industrial Products	10.72%	Cement & Cement Products	2.88%
Shaily Engineering Plastics	3.75%	Sagar Cements	1.66%
Carborundum Universal	2.14%	JK Lakshmi Cement	1.22%
Polycab India	2.00%	Retailing	2.74%
Graphite India	1.42%	Vedant Fashions	1.43%
EPL	0.70%	V-Mart Retail	1.30%
Kirloskar Brothers	0.70%	Commercial Services	2.07%
Auto Ancillaries	8.84%	TeamLease Services	2.07%
Wheels India	2.17%	Banks	2.03%
Alicon Castalloy	1.95%	State Bank of India	2.03%
Jamna Auto Industries	1.76%	Power	1.82%
Automotive Axles	1.73%	Kalpataru Power Transmission	1.82%
GNA Axles	1.24%	Finance	1.46%
Consumer Durables	7.80%	Poonawalla Fincorp	0.96%
Kajaria Ceramics	2.65%	JM Financial	0.51%
Metro Brands	2.06%	Petroleum Products	1.33%
Mayur Uniquoters	1.49%	Gulf Oil Lubricants India	1.33%
Cera Sanitaryware	0.97%	Pesticides	1.27%
Greenply Industries	0.63%	Heranba Industries	1.27%
Chemicals	6.53%	Textiles - Cotton	0.89%
NOCIL	2.77%	Nitin Spinners	0.89%
Navin Fluorine International	2.41%	Construction	0.53%
Chemplast Sanmar	1.21%	Mahindra Lifespace Developers	0.53%
Fine Organic Industries	0.13%	Net Cash and Cash Equivalent	5.20%
Auto	5.21%	Grand Total	100.00%
Ashok Leyland	1.92%		



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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