



## 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

The outperformance of Indian markets relative to global markets continued in Apr'22. Since Jan'21 the divergence in performance between US and India has been eye-popping. Given that Apr'22 witnessed large FII outflows, the strength of Indian retail flows – direct as well as through Mutual Funds was the fulcrum on which this performance was achieved. Over the longer term, earnings growth usually sets the pattern for the market. On that front, the early results, though a mixed bag, are not reporting anything alarming. While earning estimates may be cut for FY23, estimates for FY24 are still largely intact. Aggregate earnings may not appear to have changed much, as upgrades will be limited to a few sectors – Oil & Gas; Metals; Coal & Autos (maybe) the quantum of these upgrades will be equal to or higher than the cuts across a swathe of sectors like consumer staples; discretionary; pharmaceuticals; engineering; EPC, in short users of commodities.

We continue to believe that the elevated commodity prices could lead to either or both of these conditions – a) demand shrinkage, and or b) producers ramping up production, a combination of both should lead to a cooling-off price during the Second half of FY23! Whether this hypothesis works or we have a full-blown inflation scare, will have a material impact on the market move, going forward.

**FUND FEATURES:** (Data as on 30th April'22)

**Category:** Small Cap Fund

**Monthly Avg AUM:** ₹ 1,429.29 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.

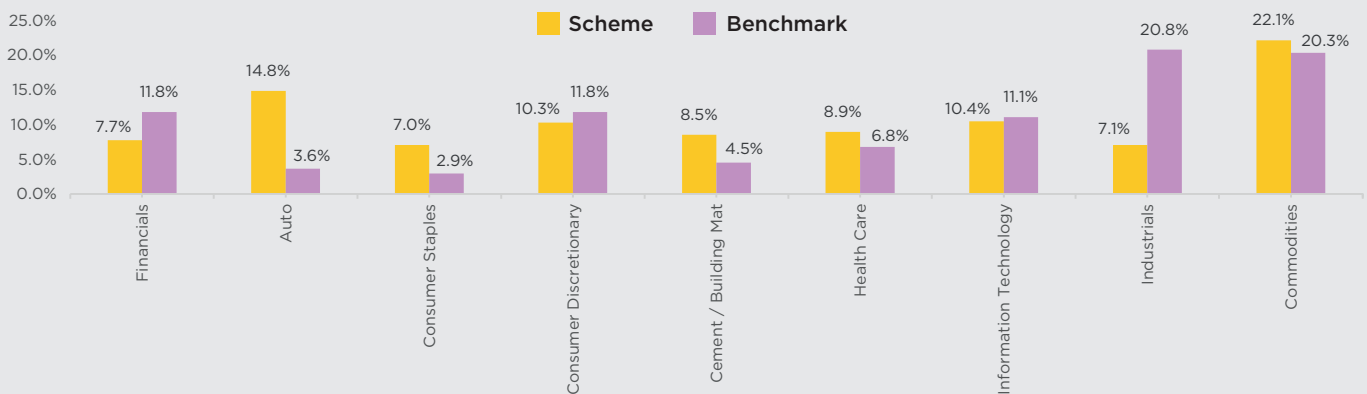
**Options Available:** The Scheme offer IDCW® Option & Growth Option. IDCW® Option under each Plan further offers of choice of Payout & Sweep facilities.

@Income Distribution cum capital withdrawal

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
<b>Equity and Equity related Instruments</b>	<b>96.98%</b>	TeamLease Services	1.83%
<b>Industrial Products</b>	<b>10.57%</b>	<b>Capital Markets</b>	<b>3.28%</b>
Shaily Engineering Plastics	4.05%	Multi Commodity Exchange of India	1.82%
Carborundum Universal	2.23%	UTI Asset Management Company	1.46%
Graphite India	1.51%	<b>Automobiles</b>	<b>2.91%</b>
Polycab India	1.38%	Tata Motors	1.50%
EPL	0.70%	Maruti Suzuki India	1.41%
Kirloskar Brothers	0.70%	<b>Cement &amp; Cement Products</b>	<b>2.85%</b>
<b>Auto Components</b>	<b>8.73%</b>	Sagar Cements	1.59%
Wheels India	2.22%	JK Lakshmi Cement	1.26%
Jamna Auto Industries	1.79%	<b>Agricultural Food &amp; other Products</b>	<b>2.78%</b>
Alicon Castalloy	1.75%	Balrampur Chini Mills	2.78%
Automotive Axles	1.72%	<b>Retailing</b>	<b>2.76%</b>
GNA Axles	1.26%	Vedant Fashions	1.56%
<b>Consumer Durables</b>	<b>7.59%</b>	V-Mart Retail	1.20%
Kajaria Ceramics	2.56%	<b>Food Products</b>	<b>2.68%</b>
Metro Brands	2.03%	Avanti Feeds	1.16%
Mayur Uniquoters	1.29%	DFM Foods	0.79%
Cera Sanitaryware	0.95%	Heritage Foods	0.73%
Greenply Industries	0.76%	<b>Finance</b>	<b>2.50%</b>
<b>IT - Software</b>	<b>6.62%</b>	Poonawalla Fincorp	1.16%
Birlasoft	3.13%	Mas Financial Services	0.80%
Zensar Technologies	2.27%	JM Financial	0.53%
Mastek	1.23%	<b>Agricultural, Commercial &amp; Construction Vehicles</b>	<b>2.03%</b>
<b>Chemicals &amp; Petrochemicals</b>	<b>6.53%</b>	Ashok Leyland	2.03%
NOCIL	2.81%	<b>Banks</b>	<b>1.95%</b>
Navin Fluorine International	2.28%	State Bank of India	1.95%
Chemplast Sanmar	1.43%	<b>IT - Services</b>	<b>1.77%</b>
<b>Leisure Services</b>	<b>5.51%</b>	Cyient	1.77%
EIH	1.95%	<b>Diversified</b>	<b>1.70%</b>
Westlife Development	1.85%	DCM Shriram	1.70%
Jubilant Foodworks	1.32%	<b>Fertilizers &amp; Agrochemicals</b>	<b>1.57%</b>
Restaurant Brands Asia	0.39%	Heranba Industries	1.57%
<b>Pharmaceuticals &amp; Biotechnology</b>	<b>4.48%</b>	<b>Construction</b>	<b>1.57%</b>
Gland Pharma	1.93%	Kalpataru Power Transmission	1.57%
Laurus Labs	1.20%	<b>Petroleum Products</b>	<b>1.17%</b>
FDC	1.00%	Gulf Oil Lubricants India	1.17%
Dr. Reddy's Laboratories	0.35%	<b>Cigarettes &amp; Tobacco Products</b>	<b>0.92%</b>
<b>Healthcare Services</b>	<b>4.47%</b>	Godfrey Phillips India	0.92%
Narayana Hrudayalaya	2.38%	<b>Textiles &amp; Apparels</b>	<b>0.84%</b>
Krishna Institute of Medical Sciences	1.09%	Nitin Spinners	0.84%
Krsnaa Diagnostics	1.00%	<b>Realty</b>	<b>0.74%</b>
<b>Beverages</b>	<b>3.90%</b>	Mahindra Lifespace Developers	0.74%
Radico Khaitan	2.64%	<b>Personal Products</b>	<b>0.70%</b>
United Spirits	1.26%	Emami	0.70%
<b>Commercial Services &amp; Supplies</b>	<b>3.88%</b>	<b>Net Cash and Cash Equivalent</b>	<b>3.02%</b>
eClerx Services	2.05%	<b>Grand Total</b>	<b>100.00%</b>



SECTOR ALLOCATION



<p><b>Scheme risk-o-meter</b></p> <p>Investors understand that their principal will be at Very High risk</p>	<p><b>This product is suitable for investors who are seeking*</b></p> <ul style="list-style-type: none"> <li>To create wealth over long term.</li> <li>Investment in equity and equity related instrument of small cap companies.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>Benchmark risk-o-meter</b></p> <p>S&amp;P BSE 250 SmallCap TRI</p>
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