



## 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

#### Performance during the month:

Global equities improved across regions (+4.5% MoM/-21.2% YTD). China (-17.6% MoM) and Taiwan (-6.1% MoM) were in red dragging the EM performance (-3.2% MoM).

**Indian equities rose +3.9% MoM** (in USD terms), while outperforming the APAC region and its peers (MSCI APxJ/EM: -4.2%/-3.2%). Within India, Mid-caps (+4% MoM) and small caps (+4% MoM) underperformed the large caps (+6.2% MoM). All sectors ended the month in the green with Financials, Metals, Capital Goods, Industrials and Auto outperforming the benchmark NIFTY (+6.8% MoM), reclaiming the 18K level at the close of the month. INR depreciated by 1.7% MoM, reaching -82.79/USD at the end of October. DXY (Dollar Index) weakened marginally over the month and closed at 111.

The divergence of Indian markets with either Emerging markets or even Developed markets is becoming curiouser and curiouser. India shining amidst a pall of global gloom is not a belief we have had to face as investors many a times before. Usually, if Developed (read, US) markets sneezed, emerging markets caught a cold. The case for “global caution” – a term we have coined, is well documented – US markets (MSCI USA) are down by -17% YTD; Europe markets are in a funk (MSCI Europe down -26% YTD), awaiting a “winter of extreme discomfort”; China’s Covid policy have forced the Government to defer declaring quarterly GDP growth numbers (MSCI China down -44% YTD); Crude oil production is planned to be reduced by OPEC+ by 2mn barrels per day from Nov’22; inflation in Developed economies is higher than many emerging markets. Yet amidst all this pall of gloom, Indian equity markets continue to defy rules of “equity gravity” – every EM market is destined to fall each & every time US market falls!

**FUND FEATURES:** (Data as on 31st October’22)

**Category:** Small Cap Fund

**Monthly Avg AUM:** ₹ 1,482.19 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

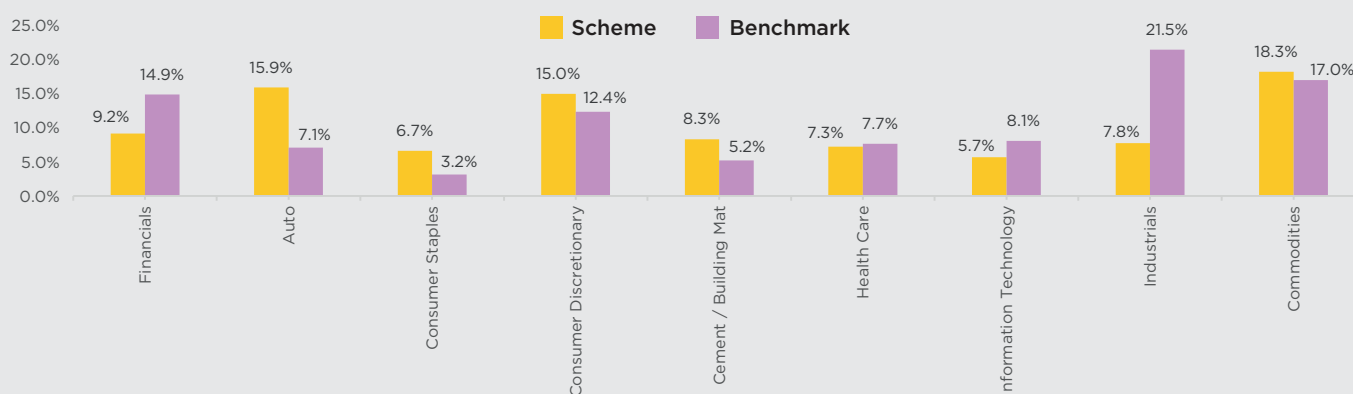
The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

**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
<b>Equity and Equity related Instruments</b>	<b>94.12%</b>	JK Lakshmi Cement	1.60%
<b>Consumer Durables</b>	<b>9.72%</b>	Sagar Cements	1.54%
Metro Brands	2.84%	<b>Capital Markets</b>	<b>3.10%</b>
Kajaria Ceramics	2.53%	Multi Commodity Exchange of India	1.85%
Mayur Uniquoters	1.68%	UTI Asset Management Company	1.25%
Cera Sanitaryware	1.47%	<b>Automobiles</b>	<b>2.94%</b>
Greenply Industries	1.21%	Maruti Suzuki India	1.69%
<b>Auto Components</b>	<b>9.68%</b>	Tata Motors	1.25%
Automotive Axles	2.31%	<b>Beverages</b>	<b>2.92%</b>
Wheels India	2.12%	Radico Khaitan	2.92%
Alicon Castalloy	1.82%	<b>Commercial Services &amp; Supplies</b>	<b>2.89%</b>
Jamna Auto Industries	1.59%	eClerx Services	1.59%
GNA Axles	1.41%	TeamLease Services	1.30%
Schaeffler India	0.43%	<b>IT - Software</b>	<b>2.68%</b>
<b>Industrial Products</b>	<b>7.84%</b>	Zensar Technologies	1.52%
Shaily Engineering Plastics	3.58%	Birlasoft	1.16%
Carborundum Universal	2.55%	<b>Agricultural, Commercial &amp; Construction Vehicles</b>	<b>2.25%</b>
Graphite India	0.95%	Ashok Leyland	2.25%
Kirloskar Brothers	0.77%	<b>Banks</b>	<b>2.04%</b>
<b>Leisure Services</b>	<b>7.67%</b>	State Bank of India	2.04%
Westlife Development	2.73%	<b>Construction</b>	<b>1.96%</b>
EIH	2.17%	Kalpataru Power Transmission	1.96%
Jubilant Foodworks	1.39%	Agricultural Food & other Products	1.93%
Taj GVK Hotels & Resorts	0.94%	Balrampur Chini Mills	1.93%
Restaurant Brands Asia	0.44%	<b>IT - Services</b>	<b>1.42%</b>
<b>Chemicals &amp; Petrochemicals</b>	<b>5.48%</b>	Cyient	1.42%
NOCIL	2.49%	<b>Fertilizers &amp; Agrochemicals</b>	<b>1.39%</b>
Navin Fluorine International	2.13%	Heranba Industries	1.39%
Chemplast Sanmar	0.85%	<b>Diversified</b>	<b>1.27%</b>
<b>Healthcare Services</b>	<b>3.90%</b>	DCM Shriram	1.27%
Narayana Hrudayalaya	1.93%	<b>Cigarettes &amp; Tobacco Products</b>	<b>1.21%</b>
Krishna Institute of Medical Sciences	1.14%	Godfrey Phillips India	1.21%
Krsnaa Diagnostics	0.83%	<b>Industrial Manufacturing</b>	<b>1.08%</b>
<b>Finance</b>	<b>3.78%</b>	Syrma SGS Technology	1.08%
Can Fin Homes	1.41%	<b>Petroleum Products</b>	<b>1.07%</b>
Mas Financial Services	1.24%	Gulf Oil Lubricants India	1.07%
Poonawalla Fincorp	1.13%	<b>Realty</b>	<b>0.98%</b>
<b>Retailing</b>	<b>3.41%</b>	Mahindra Lifespace Developers	0.98%
Vedant Fashions	1.86%	<b>Personal Products</b>	<b>0.72%</b>
V-Mart Retail	1.55%	Emami	0.72%
<b>Pharmaceuticals &amp; Biotechnology</b>	<b>3.37%</b>	<b>Textiles &amp; Apparels</b>	<b>0.64%</b>
Gland Pharma	1.33%	Nitin Spinners	0.64%
FDC	1.16%	<b>Insurance</b>	<b>0.25%</b>
Laurus Labs	0.88%	Life Insurance Corporation of India	0.25%
<b>Food Products</b>	<b>3.16%</b>	<b>Transport Services</b>	<b>0.25%</b>
Avanti Feeds	1.36%	VRL Logistics	0.25%
DFM Foods	1.15%	<b>Net Cash and Cash Equivalent</b>	<b>5.88%</b>
Heritage Foods	0.66%	<b>Grand Total</b>	<b>100.00%</b>
<b>Cement &amp; Cement Products</b>	<b>3.14%</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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