



## 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 pandemic’s second wave appears to have peaked and a long “plateau” lies in front of us (similar to Jul-Sept 2020). The pace of vaccination will be an important factor to re-start the economic engine – which thankfully was in neutral rather than switched off as the case last year.

For India, macros economic indicators - inflation and crude oil remain the two key variables to track. From a macro point of view, the debate of Cyclical vs Growth will rage till the time RBI policy – which currently focuses entirely on Growth, pivots its focus solely on inflation. It may be difficult to predict how long this phase will last. For smart investors, observing/ keeping track of key macro trends will need to become an integral part of the investment process – domestic as well as global.

Markets at current elevated levels need the support of strong earnings growth and continuation of the loose monetary policy globally, especially in the US. Any perception of change to the worse on both counts will make the markets nervous and twitchy. Market corrections, as a result, will not be slow and suffocating, they will be short and sharp. FY21-23 market move may be more broad-based as compared to the FY17-20 phase. The same may be necessitated across equity portfolios!

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

**Category:** Small Cap Fund

**Monthly Avg AUM:** ₹1,182.39 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.

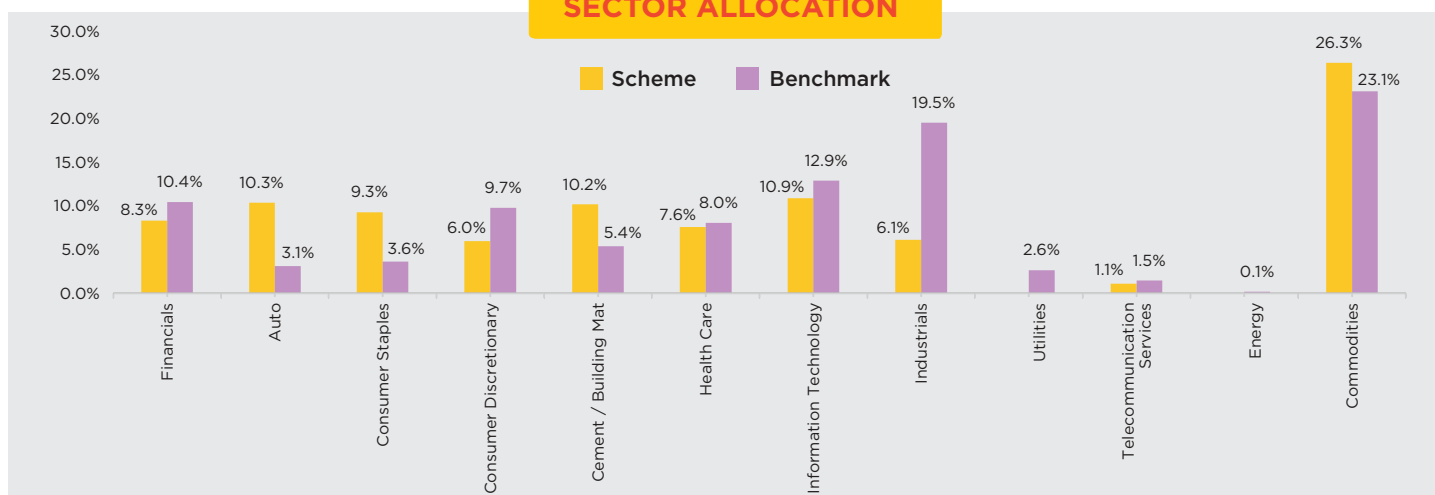
**Options Available:** The Scheme offer IDCW® Option & Growth Option. IDCW® Option under each Plan further offers of choice of Payout & Sweep facilities.

@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>96.00%</b>	Laurus Labs	1.61%
<b>Consumer Non Durables</b>	<b>13.93%</b>	Gland Pharma	1.49%
Radico Khaitan	4.36%	<b>Cement &amp; Cement Products</b>	<b>3.91%</b>
Balrampur Chini Mills	2.72%	Sagar Cements	1.85%
DCM Shriram	1.94%	JK Lakshmi Cement	1.15%
DFM Foods	1.27%	ACC	0.91%
Heritage Foods	1.16%	<b>Capital Markets</b>	<b>3.61%</b>
Emami	0.96%	Multi Commodity Exchange of India	2.21%
Godfrey Phillips India	0.83%	UTI Asset Management Company	1.40%
Jyothy Labs	0.68%	<b>Pesticides</b>	<b>3.34%</b>
<b>Industrial Products</b>	<b>11.11%</b>	Rallis India	1.85%
Shaily Engineering Plastics	3.67%	Heranba Industries	1.49%
Graphite India	1.97%	<b>Banks</b>	<b>3.20%</b>
Polycab India	1.91%	State Bank of India	1.70%
EPL	1.47%	Kotak Mahindra Bank	0.87%
Carborundum Universal	1.15%	Suryoday Small Finance Bank	0.63%
Huhtamaki India	0.93%	<b>Healthcare Services</b>	<b>2.83%</b>
<b>Software</b>	<b>10.86%</b>	Narayana Hrudayalaya	1.93%
Birlasoft	3.63%	Krishna Institute of Medical Sciences	0.90%
Cyient	2.30%	<b>Auto</b>	<b>2.67%</b>
eClerx Services	1.98%	Ashok Leyland	1.38%
Zensar Technologies	1.29%	Tata Motors	1.30%
Mastek	0.93%	<b>Petroleum Products</b>	<b>2.20%</b>
Tech Mahindra	0.73%	Gulf Oil Lubricants India	2.20%
<b>Chemicals</b>	<b>7.39%</b>	<b>Commercial Services</b>	<b>2.14%</b>
Navin Fluorine International	3.37%	TeamLease Services	2.14%
NOCIL	3.07%	<b>Power</b>	<b>1.75%</b>
Chemcon Speciality Chemicals	0.94%	Kalpataru Power Transmission	1.75%
<b>Consumer Durables</b>	<b>5.65%</b>	<b>Textiles - Cotton</b>	<b>1.59%</b>
Kajaria Ceramics	2.56%	Nitin Spinners	0.81%
Mayur Uniquoters	1.32%	Vardhman Textiles	0.77%
Cera Sanitaryware	1.08%	<b>Retailing</b>	<b>1.14%</b>
Greenply Industries	0.69%	V-Mart Retail	1.14%
<b>Auto Ancillaries</b>	<b>5.47%</b>	<b>Telecom - Services</b>	<b>1.10%</b>
Jamna Auto Industries	1.58%	Bharti Airtel	1.10%
Wheels India	1.57%	<b>Construction Project</b>	<b>1.07%</b>
Automotive Axles	1.21%	Power Mech Projects	1.07%
GNA Axles	1.11%	<b>Finance</b>	<b>0.98%</b>
<b>Leisure Services</b>	<b>4.83%</b>	JM Financial	0.68%
Westlife Development	2.07%	Magma Fincorp	0.30%
EIH	1.05%	<b>Insurance</b>	<b>0.49%</b>
Jubilant Foodworks	0.93%	SBI Life Insurance Company	0.49%
Burger King India	0.78%	<b>Net Cash and Cash Equivalent</b>	<b>4.00%</b>
<b>Pharmaceuticals</b>	<b>4.75%</b>	<b>Grand Total</b>	<b>100.00%</b>
FDC	1.65%		



**SECTOR ALLOCATION**



This product is suitable for investors who are seeking\*:

- To create wealth over long term
- Investment in equity and equity related instruments of Small cap companies.

\*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

Investors understand that their principal will be at Very High risk