



Bandhan 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

How it went:

Global equities remained weak across countries (MSCI AC World -2.5% MoM with Spain and Italy being the only outliers with positive returns. India declined by -4.8% MoM while Emerging markets were down -6.5% MoM largely led by China (-10.4% MoM). Euro area held on with flattish (-0.8% MoM) returns. Indian equities has corrected sharply on a YTD basis (\$ terms, -7.6% YTD) compared to the World (\$ terms, 4.3% YTD) and Emerging countries (\$ terms, 0.8% YTD) which are holding their which are still in positive.

Looking at market cap wise performance, there has been a decline in MoM returns across market caps with Mid-caps (-1.8% MoM) performing slightly better than small caps (-2.9% MoM) and large caps (-2.2% MoM).

How do we look ahead:

The December quarter results on a broad level indicated weak volume trends and easing of pricing pressures. Consensus FY23 EPS estimates for MSCI India were cut by ~5% this December quarter following a 4% cut post previous quarter results. Nifty FY23E EPS estimates has seen 1-2% cut with downgrades in commodities offset by upgrades in banks. The management outlook going ahead also saw some bit of moderation both from demand as well as margin perspective (barring staples and non-Auto Discretionary) reflecting the slowing global macro environment.

At a global level the macro outlook has turned challenging due to inflation data turning adverse. Across countries like USA, India, Germany etc. the recent inflation data has turned out higher than expected which is pushing global bond yields higher. The 2 year bond yield in USA is the highest since 2007. Higher bond yields are a big headwind to equities, and inflation will need to moderate for equities to perform. The silver lining for India is that earnings outlook is fairly resilient and over last few quarters valuation multiples have corrected.

[§]With effect from 13th March 2023, the name of “IDFC Emerging Businesses Fund” has changed to “Bandhan Emerging Businesses Fund”

FUND FEATURES:

(Data as on 28th February'23)

Category: Small Cap Fund

Monthly Avg AUM: ₹ 1,445.84 Crores

Inception Date: 25th February 2020

Fund Manager: Mr. Manish Gunwani (w.e.f. 28 January, 2023)

Benchmark: S&P BSE 250 SmallCapTRI

Other Parameter:

Beta: 0.58

R Squared: 0.79

Standard Deviation (Annualized): 19.38%

Exit Load:

1% if redeemed/switched out within 1 year from the date of allotment

Minimum Investment Amount: ₹ 1,000 and any amount thereafter

SIP Dates : (Monthly/Quarterly) Investor may choose any day of the month except 29th, 30th and 31st as the date of installment.

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

SIP (Minimum Amount): ₹ 100/- and in multiples of Rs.1 thereafter

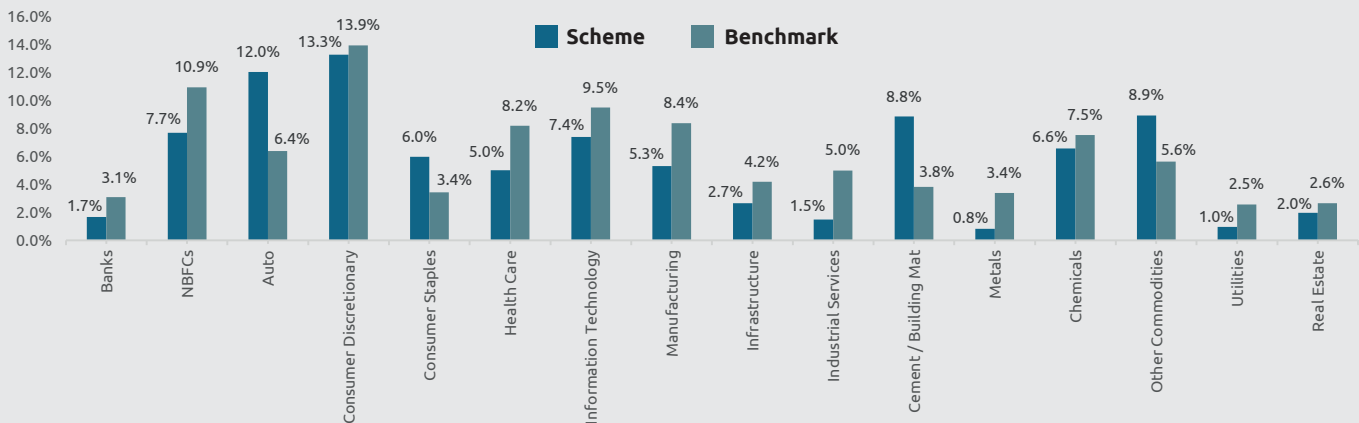
@Income Distribution cum capital withdrawal

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	90.49%	Healthcare Services	2.81%
Consumer Durables	9.58%	Narayana Hrudayalaya	1.48%
Metro Brands	2.80%	Krishna Institute of Medical Sciences	0.95%
Kajaria Ceramics	2.17%	Krsnaa Diagnostics	0.39%
Mayur Uniquoters	1.82%	Construction	2.65%
Cera Sanitaryware	1.79%	Kalpataru Power Transmission	2.65%
Greenply Industries	1.01%	Agricultural Food & other Products	2.27%
Auto Components	9.53%	Balrampur Chini Mills	2.27%
Automotive Axles	2.74%	Pharmaceuticals & Biotechnology	2.18%
GNA Axles	1.94%	FDC	1.13%
Wheels India	1.82%	Gland Pharma	1.06%
Alicon Castalloy	1.59%	Food Products	2.02%
Jamna Auto Industries	1.43%	Avanti Feeds	1.20%
Industrial Products	8.93%	Heritage Foods	0.82%
Carborundum Universal	3.07%	Realty	1.96%
Shaily Engineering Plastics	2.20%	Mahindra Lifespace Developers	1.05%
AIA Engineering	1.40%	Keystone Realtors	0.91%
Kirloskar Brothers	0.84%	IT - Services	1.86%
Graphite India	0.81%	Cyient	1.86%
Finolex Industries	0.60%	Commercial Services & Supplies	1.75%
Leisure Services	5.97%	eClerx Services	1.75%
Westlife Foodworld	2.33%	Banks	1.65%
EIH	1.66%	State Bank of India	0.83%
Jubilant Foodworks	1.05%	Indian Bank	0.82%
Taj GVK Hotels & Resorts	0.93%	Transport Services	1.48%
Chemicals & Petrochemicals	4.51%	VRL Logistics	1.48%
NOCIL	2.36%	Textiles & Apparels	1.44%
Navin Fluorine International	1.17%	Nitin Spinners	0.73%
Chemplast Sanmar	0.99%	Vardhman Textiles	0.71%
Finance	4.07%	Agricultural, Commercial & Construction Vehicles	1.39%
Can Fin Homes	1.61%	Ashok Leyland	1.39%
Mas Financial Services	1.38%	Industrial Manufacturing	1.17%
Poonawalla Fincorp	1.08%	Syrma SGS Technology	1.17%
IT - Software	3.78%	Cigarettes & Tobacco Products	1.15%
Zensar Technologies	2.28%	Godfrey Phillips India	1.15%
Birlasoft	1.49%	Petroleum Products	1.12%
Capital Markets	3.61%	Gulf Oil Lubricants India	1.12%
Multi Commodity Exchange of India	1.68%	Diversified	1.04%
UTI Asset Management Company	1.19%	DCM Shriram	1.04%
ICICI Securities	0.74%	Fertilizers & Agrochemicals	1.01%
Beverages	3.39%	Heranba Industries	0.90%
Radico Khaitan	3.39%	Paradeep Phosphates	0.10%
Retailing	3.32%	Gas	0.96%
V-Mart Retail	1.72%	Gujarat State Petronet	0.96%
Vedant Fashions	1.60%	Personal Products	0.60%
Cement & Cement Products	3.28%	Emami	0.60%
JK Lakshmi Cement	1.79%	Net Cash and Cash Equivalent	9.51%
Sagar Cements	1.49%	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>
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