



IDFC FOCUSED EQUITY FUND

An open ended equity scheme investing in maximum 30 stocks with multi cap focus

IDFC Focused Equity Fund is a concentrated portfolio of up to 30 stocks with the flexibility to invest across sectors and across market cap.

FUND PHILOSOPHY*

IDFC Focused Equity Fund is an equity oriented fund investing across the market cap curve. It holds a concentrated portfolio comprising of a mix of core and tactical ideas limited to a maximum of 30 stocks. The core portfolio of the fund primarily invests in businesses that are growth oriented and have superior quality characteristics. The tactical part of the portfolio largely comprises of businesses that have the potential to turnaround driven by change in internal/external environment.

Under the newly defined SEBI scheme classification, IDFC Focused Equity Fund is categorized under "Focused" Funds. At an industry level, while these funds are classified as "Focused", their market cap orientation is not defined clearly and by this nature they are also "Multi-Cap".

OUTLOOK

On the domestic front, overall sentiment remained negative throughout the month on account of (1) lower growth and subdued consumer sentiment (2) credit crunch due to tight liquidity conditions and rising stress especially in NBFCs (3) lack of any measures to boost in the short to medium term. Indian equities corrected meaningfully post the FY20 Union Budget announcement on 5th July 2019 given the uncertainty emanating from a couple of proposals pertaining to: 1) Increase in taxes for FPIs accessing the Indian equity markets through the 'Trust' route; and 2) Supply side pressures for equity markets via increase in free float requirement from 25% to 35%. High frequency economic data and early results in the 1Q FY reporting season have been sedate. The monsoon season has been disappointing with June-July deficit at 9% of Long Period Average (LPA), albeit improving from -33% deficit in end June.

Despite the doom and gloom, the only silver lining for investors is reasonable valuations, especially for small and mid-caps. Since the peak of Jan-18, NSE Mid Cap 100 Index has corrected ~25% whereas the small cap index has corrected 40%. NIFTY, on the other hand is up 6.5% for the same period. The NSE Small Cap 100 Index trades at 13.6x on Positive PE basis and 11.3x on FY20 estimate earnings. NIFTY, trades at 20.9x positive PE and 17.0x FY20 earnings. The gap between NIFTY and small Cap returns from Jan-18 is around 46%, which we believe can give an attractive entry point for long term investors, notwithstanding the short term headwinds.

Face Value per Unit (in ₹) is 10
Dividend is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of dividend, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

FUND FEATURES:

Category: Focused

Monthly Avg AUM: ₹1,510.17 Crores

Inception Date: 16th March 2006

Fund Manager: Mr Sumit Agarwal
(w.e.f 20/10/2016)

Beta: 0.92

R Square: 0.68

Standard Deviation (Annualized):
14.24%

Benchmark: Nifty 50 TRI

Minimum Investment Amount:
₹5,000 and any amount thereafter.

Exit Load: 1.00% if redeemed before 365 days from the date of allotment.
(w.e.f. 1st September 2009)

Minimum SIP Amount[₹]: ₹1,000/-

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

Options Available: Growth, Dividend - (Payout, Reinvestment and Sweep (from Equity Schemes to Debt Schemes only))

PLAN	DIVIDEND RECORD DATE	₹/UNIT	NAV
REGULAR	26-Mar-18	0.83	13.4883
	10-Nov-17	2.00	15.6283
	24-Jan-17	1.00	12.1368
DIRECT	26-Mar-18	0.25	19.0688
	24-Jan-17	1.20	14.6625
	28-Jan-16	1.00	13.4869

Ratios calculated on the basis of 3 years history of monthly data.

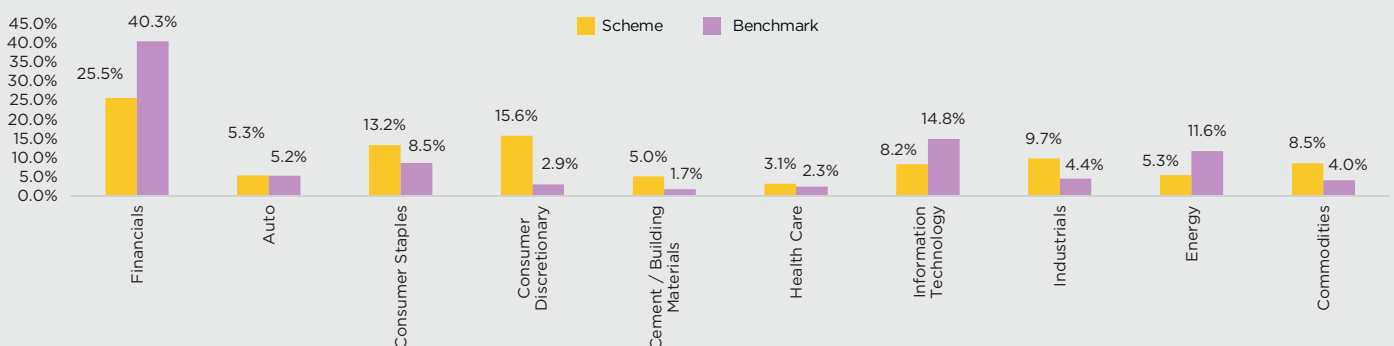
*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

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

Name of the Instrument	% to NAV
Equity and Equity related Instruments	99.43%
Consumer Non Durables	18.59%
Nestle India	7.33%
GlaxoSmithKline Consumer Healthcare	5.91%
Asian Paints	3.25%
Jubilant Foodworks	2.10%
Banks	14.78%
ICICI Bank	7.17%
RBL Bank	3.84%
Axis Bank	3.67%
State Bank of India	0.10%
Finance	10.75%
M&M Financial Services	3.62%
ICICI Securities	3.21%
BSE	2.20%
Magma Fincorp	1.72%
Software	8.22%
Tech Mahindra	4.94%
Majesco	3.28%
Consumer Durables	6.07%
Voltas	3.56%
Titan Company	2.51%
Chemicals	5.78%
Fine Organic Industries	5.78%
Construction Project	5.64%
Larsen & Toubro	5.64%
Petroleum Products	5.31%
Reliance Industries	5.31%
Auto	5.30%
TVS Motor Company	3.75%
Maruti Suzuki India	1.55%
Cement	4.98%
UltraTech Cement	4.98%
Commercial Services	4.06%
Security and Intelligence Services (India)	4.06%
Textile Products	3.61%
SRF	2.69%
Dollar Industries	0.91%
Retailing	3.29%
Aditya Birla Fashion and Retail	3.29%
Pharmaceuticals	3.05%
Dishman Carbogen Amcis	3.05%
Net Cash and Cash Equivalent	0.57%
Grand Total	100.00%



SECTOR ALLOCATION



This product is suitable for investors who are seeking*:

- To create wealth over long term
- Investment in a concentrated portfolio of equity and equity related instruments of up to 30 companies.

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

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