



## IDFC CORE EQUITY FUND

(Previously known as IDFC Classic Equity Fund w.e.f. May 28, 2018)  
Large & Mid Cap Fund - An open ended equity scheme investing in both large cap and mid cap stocks

IDFC Core Equity Fund is a diversified equity fund with a large & mid cap bias currently. The focus of the fund is to build a portfolio of Quality companies while being cognizant of the relative valuation.

### FUND PHILOSOPHY\*

The fund builds a portfolio of quality stocks with lower relative valuations. Quality (for non-financial stocks) is ascribed on three fronts - conversion of EBIDTA to operating cash - OCF as % of EBIDTA > 33%; Moderate leverage: Debt/EBIDTA <3x; Profitability: EBIDTA / Net operating Assets >30%. Companies that qualify on these three parameters and those which are relatively cheaper within a peer group on P/B basis form part of the 'quality' universe. Roughly 50% of the portfolio will comprise of such quality companies; ~30% would be for financial sector and balance 20% would be invested in benchmark heavyweights and themes, which we expect to play out over next 6/12 months. On a tactical basis, the fund may take a part of its overall holding through near month stock futures.

### OUTLOOK

Earnings have been in line with muted expectations with Sales, EBITDA and PBT growth of -4%, -3% and -1% YoY respectively. PAT growth, on the other hand has been 15% YoY aided by tax cuts. Tax cuts helped maintain earnings estimate for FY20. The market, since Jan-18 has been clearly two tiered with 70-80 stocks out of BSE 500 generating positive returns. The focus on "High Quality, Consistent Earnings" has been the most successful play during this period. Valuation gap between the "have beens" and the "has beens" is now at one of the widest levels. Given the slowdown in earnings growth even for the "High Quality Consistent Earnings" segment, a substantial part of the returns during the last 18 months has been derived from P/E re-rating.

Continuing from our last month's theme of Sentiment being the first pillar to undergo change for a new market cycle, outperformance of mid-cap and positive returns in Small Cap could indicate early signs of such a reversal. To build on this, appropriate and positive news flow from the government would be a critical factor. Valuations for the broader market continue to remain benign compared to the narrow band of winners with mid and small caps in general offering more value than the Mega Caps. Fundamentals, as reflected in earnings growth may remain muted for atleast a couple of quarters. However, waiting for surety on this front in the past has been akin to bolting the door after the horse has left.

\*The benchmark of the fund has been revised from S&P BSE 200 TRI to Nifty LargeMidcap 250 TRI w.e.f. 7th October 2019

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:** Large & Mid Cap

**Monthly Avg AUM:** ₹2,840.46 Crores

**Inception Date:** 9th August 2005

**Fund Manager:** Mr. Anoop Bhaskar  
(w.e.f. 30/04/2016)

**Benchmark:** LargeMidcap 250 TRI  
(w.e.f. 7th October 2019)

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

**Exit Load:** 1% if redeemed within 365 days from the date of allotment. (w.e.f. 10th May 2016)

**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))

#### Other Parameters:

**Beta:** 0.92

**R Square:** 0.94

**Standard Deviation (Annualized):**  
13.43%

PLAN	DIVIDEND RECORD DATE	₹/UNIT	NAV
REGULAR	14-Mar-19	0.80	15.4200
	12-Mar-18	1.01	16.4254
	27-Feb-17	1.18	15.0036
DIRECT	14-Mar-19	0.90	17.4700
	12-Mar-18	1.13	18.3717
	27-Feb-17	1.30	16.4933

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

\*The allocation mentioned 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.**

# PORTFOLIO

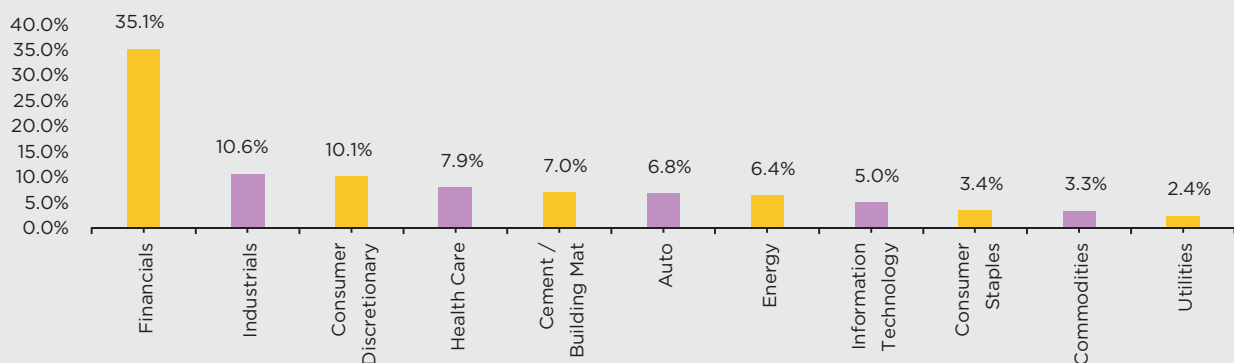
(29 November 2019)



Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
<b>Equity and Equity related Instruments</b>	<b>97.88%</b>	Sundaram Finance	1.15%
<b>Banks</b>	<b>30.29%</b>	Mas Financial Services	0.52%
HDFC Bank	7.08%	Max Financial Services	0.12%
ICICI Bank	7.00%	<b>Retailing</b>	<b>4.29%</b>
Axis Bank	5.26%	Future Retail	1.71%
State Bank of India	5.13%	Aditya Birla Fashion and Retail	1.38%
Kotak Mahindra Bank	2.37%	Future Lifestyle Fashions	1.20%
RBL Bank	1.76%	<b>Consumer Durables</b>	<b>3.54%</b>
The Federal Bank	1.15%	Titan Company	1.43%
City Union Bank	0.55%	Voltas	1.12%
<b>Pharmaceuticals</b>	<b>7.87%</b>	Crompton Greaves Consumer Electricals	0.99%
IPCA Laboratories	2.36%	<b>Consumer Non Durables</b>	<b>3.40%</b>
Sun Pharmaceutical Industries	1.60%	GlaxoSmithKline Consumer Health	1.56%
Alkem Laboratories	1.13%	Colgate Palmolive (India)	1.23%
Indoco Remedies	0.95%	Emami	0.32%
Dr. Reddy's Laboratories	0.93%	Nestle India	0.15%
Cadila Health	0.91%	Tata Global Beverages	0.13%
<b>Petroleum Products</b>	<b>6.34%</b>	<b>Industrial Products</b>	<b>3.35%</b>
Reliance Industries	3.83%	AIA Engineering	1.39%
Bharat Petroleum Corporation	1.47%	Supreme Industries	1.30%
Hindustan Petroleum Corporation	1.03%	Cummins India	0.66%
<b>Auto Ancillaries</b>	<b>5.94%</b>	<b>Power</b>	<b>2.77%</b>
MRF	2.02%	Torrent Power	1.23%
Apollo Tyres	1.34%	Kalpataru Power Transmission	1.00%
Exide Industries	1.00%	Nava Bharat Ventures	0.54%
Balkrishna Industries	0.88%	<b>Hotels, Resorts And Other Recreational Activities</b>	<b>2.22%</b>
Minda Industries	0.37%	The Indian Hotels Company	2.22%
Asahi India Glass	0.33%	<b>Industrial Capital Goods</b>	<b>2.14%</b>
<b>Cement</b>	<b>5.69%</b>	Bharat Electronics	1.08%
ACC	1.61%	Thermax	1.07%
The Ramco Cements	1.50%	<b>Ferrous Metals</b>	<b>1.94%</b>
Ambuja Cements	1.39%	Jindal Steel & Power	1.94%
Dalmia Bharat	0.93%	<b>Gas</b>	<b>1.16%</b>
Deccan Cements	0.25%	Mahanagar Gas	1.16%
<b>Software</b>	<b>5.00%</b>	<b>Chemicals</b>	<b>1.08%</b>
Infosys	2.95%	Deepak Nitrite	1.08%
Birlasoft	0.57%	<b>Auto</b>	<b>0.87%</b>
Mastek	0.55%	Mahindra & Mahindra	0.87%
MindTree	0.50%	<b>Fertilisers</b>	<b>0.25%</b>
KPIT Technologies	0.43%	Coromandel International	0.25%
<b>Construction Project</b>	<b>4.89%</b>	<b>Preference Shares</b>	<b>0.01%</b>
Larsen & Toubro	3.66%	<b>Media &amp; Entertainment</b>	<b>0.01%</b>
KEC International	1.23%	Zee Entertainment Enterprises	0.01%
<b>Finance</b>	<b>4.86%</b>	<b>Net Cash and Cash Equivalent</b>	<b>2.12%</b>
M&M Financial Services	1.55%		
ICICI Securities	1.53%	<b>Grand Total</b>	<b>100.00%</b>



## SECTOR ALLOCATION



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

- To create wealth over long term
- Investment predominantly in equity and equity related instruments in large and mid-cap companies

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

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