



IDFC INFRASTRUCTURE FUND

An open ended equity scheme investing in Infrastructure sector

A dedicated Infrastructure fund, that invests across the infrastructure value chain with exclusions like Banking, Autos, IT, Pharma and FMCG. It is a diversified portfolio of companies that are participating in and benefitting from the Indian Infrastructure and Infrastructure related activities.

OUTLOOK

Headline CPI rose to 4.0% in September (vs. 3.2% last month) and came above consensus estimates (3.8%). The increase was primarily led by food prices which rose +1.3% MoM. Earnings have beaten expectations led by Autos and Financials with pre-tax profits up 13% YoY and 6% ahead of expectations. In sync with global markets, Indian equities also rallied with the NIFTY, NSE Midcap 100 and NSE Smallcap 100 rising 3.5%, 4.9% and 2.7% MoM respectively. Of the various factors needed for Cyclical and Mid and Small Cap outperformance, we believe that quite a few are in favour namely - a good and above expected monsoon, government and RBI attention to turn around the flagging economy, favourable valuations, crude prices closer to USD 60, yields below 6.5% and a stable government at the centre.

Globally, sentiments could improve, if a comprehensive trade agreement between US-China, which could be perceived to reduce worries on the much forecasted US recession in 2020. US Real GDP growth at 1.9% QoQ in 3QCY19 came better-than-consensus estimates (1.6%). However, GDP growth has slowed down from previous quarters (3.0%/2.0% in 1QCY19/2QCY19). US-dollar broke below the 200-day moving average (down 2% MoM), despite Fed calling a halt to its rate cut cycle. UK pound (+5.3% MoM) and Euro (+2.3% MoM) rallied on reduced probability of a no-deal Brexit. Global equity markets rallied during the month with MSCI Emerging Markets (+4.1% MoM) outperforming MSCI Developed Markets (+2.5% MoM).

CURRENT STRATEGY

The portfolio is built to monetize the existing infrastructure opportunity in India. Despite the argument of environment being slower, we believe that companies with a dominant market share and growing cash flows would consolidate the opportunity going forward. The focus is on companies with healthy balance sheet which are beneficiaries of ongoing capital formation and will capture a large part of that revenue pool. The current portfolio represents our version of such companies from the Construction & Logistics segments, Industrials space, the Utilities and Energy businesses.

FUND FEATURES:

Category: Sectoral

Monthly Avg AUM: ₹804.09 Crores

Inception Date: 8th March 2011

Fund Manager: Mr. Rajendra Kumar Mishra (w.e.f 27/06/2013)

Beta: 1.10

R Square: 0.88

Standard Deviation (Annualized): 20.50%

Benchmark: Nifty Infrastructure TRI

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

Exit Load: 1.00% if redeemed before 365 days from the date of allotment.

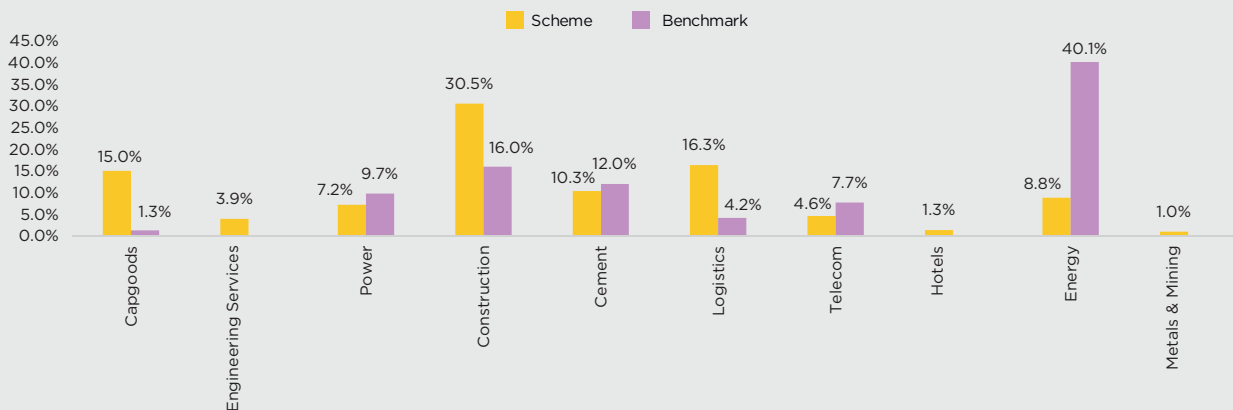
SIP Frequency: Monthly (Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.)

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

| Name of the Instrument | % to NAV | Name of the Instrument | % to NAV |
|--|---------------|--|----------------|
| Equity and Equity related Instruments | 98.98% | Gujarat State Petronet | 3.30% |
| Construction Project | 22.57% | GAIL (India) | 1.60% |
| Larsen & Toubro | 10.07% | Power | 7.20% |
| Engineers India | 3.89% | NTPC | 3.44% |
| NCC | 2.37% | Torrent Power | 2.96% |
| Sadbhav Engineering | 2.01% | PTC India | 0.80% |
| Dilip Buildcon | 1.90% | Industrial Capital Goods | 5.75% |
| H.G. Infra Engineering | 1.47% | Thermax | 1.93% |
| RITES | 0.86% | Bharat Electronics | 1.89% |
| Transportation | 16.35% | Siemens | 0.99% |
| Adani Ports and Special Economic Zone | 5.99% | ISGEC Heavy Engineering | 0.94% |
| Container Corporation of India | 5.35% | Telecom - Services | 4.61% |
| Transport Corporation of India | 3.03% | Bharti Airtel | 4.61% |
| Gateway Distriparks | 1.27% | Industrial Products | 4.12% |
| Navkar Corporation | 0.70% | Cummins India | 2.49% |
| Construction | 11.80% | Kirloskar Brothers | 1.63% |
| PNC Infratech | 3.90% | Ferrous Metals | 3.30% |
| PSP Projects | 1.64% | Maharashtra Seamless | 1.26% |
| NBCC (India) | 1.55% | Jindal Saw | 1.05% |
| Gayatri Projects | 1.40% | Jindal Steel & Power | 0.99% |
| J.Kumar Infraprojects | 1.09% | Consumer Durables | 2.05% |
| Ahluwalia Contracts (India) | 1.09% | Blue Star | 2.05% |
| ITD Cementation India | 0.63% | Hotels, Resorts And Other Recreational Activities | 1.32% |
| GPT Infraprojects | 0.50% | Taj GVK Hotels & Resorts | 1.32% |
| Cement | 10.35% | Telecom - Equipment & Accessories | 0.80% |
| UltraTech Cement | 5.09% | Tejas Networks | 0.80% |
| JK Cement | 3.80% | Net Cash and Cash Equivalent | 1.02% |
| Sagar Cements | 1.47% | Grand Total | 100.00% |
| Gas | 8.77% | | |
| Gujarat Gas | 3.87% | | |



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 of companies that are participating in and benefiting from growth in Indian infrastructure and infrastructural related activities.

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

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