FUND SPOTLIGHT

IDFC MUTUAL FUND

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

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. Domestic Sentiments, from being weak, have improved on account of positive Government announcements - Corporate Tax, the 100 trillion INR infra plan, though the budget has been a dampener. Globally, Sentiments did improve as the US-China trade war shows signs of resolving, but the outbreak of the Coronavirus has put a new spanner in the works. Liquidity, the second "building block", is already being tackled domestically, with increased pressure on PSU banks to re-start lending to NBFCs, payments delayed by Government have also been speeded. Valuations, as mentioned earlier, are more modest for the broader market, approaching appetizing levels. Despite the low GDP growth, earnings growth is expected to be at least double digit driven by corporate tax cuts and recovery in Corporate Bank NPAs. If the first three "building blocks" of "SLV" converge, a new upswing could commence. The folly, would be to wait for the Fundamentals, alone, as the most critical ingredient for any new upswing.

FUND FEATURES:

Category: Focused

Monthly Avg AUM: ₹1,511.70 Crores

Inception Date: 16th March 2006

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

Other Parameters:
Beta: 0.95
R Square: 0.74
Standard Deviation (Annualized): 14.18%

Benchmark: S&P BSE 500 TRI (w.e.f 11/11/2019)

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

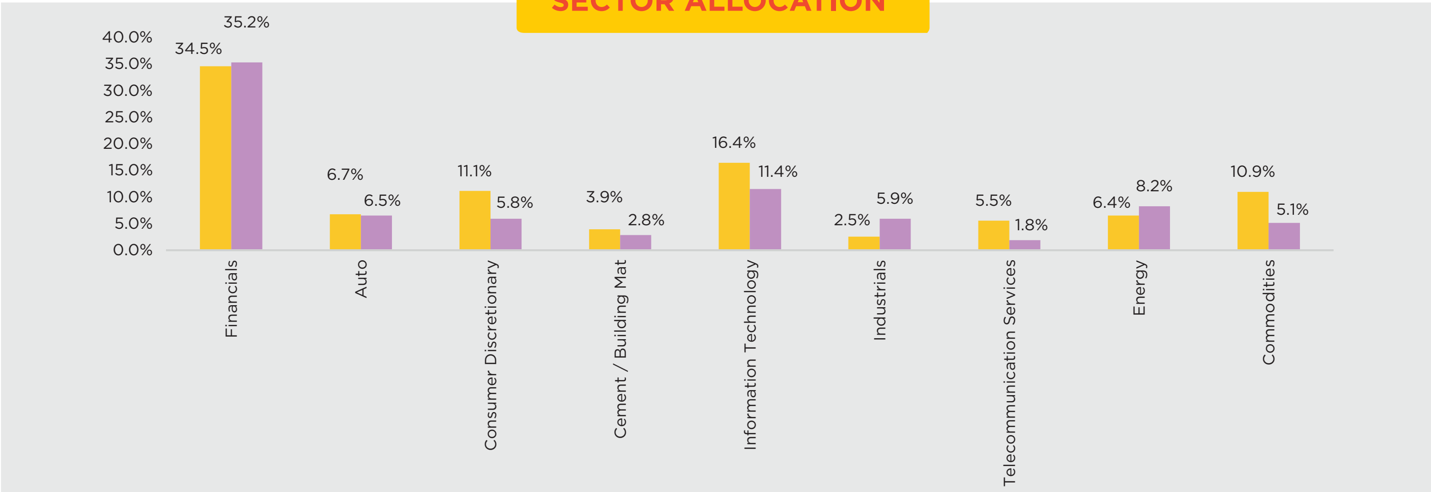
Face Value per Unit (in ₹) is 10
Dividend is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of dividend, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

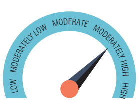
Ratios calculated on the basis of 3 years history of monthly data.
*The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.
MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

PORTFOLIO (31 January 2020)

Name of the Instrument	% to NAV
Equity and Equity related Instruments	**96.54%**
Banks	**17.77%**
HDFC Bank	7.64%
ICICI Bank	4.88%
Kotak Mahindra Bank	2.88%
Axis Bank	2.36%
Finance	**16.30%**
ICICI Securities	6.24%
HDFC	5.99%
Bajaj Finance	4.08%
Software	**11.30%**
Infosys	5.27%
Tata Consultancy Services	3.15%
Majesco	2.88%
Chemicals	**7.34%**
Fine Organic Industries	7.34%
Auto	**6.63%**
TVS Motor Company	3.94%
Maruti Suzuki India	2.70%
Petroleum Products	**6.44%**
Reliance Industries	6.44%
Telecom - Services	**5.31%**
Bharti Airtel	5.31%
Commercial Services	**4.54%**
Security and Intelligence Services (India)	4.54%
Consumer Durables	**4.44%**
Voltas	2.41%
Titan Company	2.03%
Cement	**3.92%**
UltraTech Cement	3.92%
Textile Products	**3.61%**
SRF	3.61%
Retailing	**3.34%**
Aditya Birla Fashion and Retail	3.34%
Consumer Non Durables	**3.18%**
Jubilant Foodworks	3.18%
Construction Project	**2.41%**
Larsen & Toubro	2.41%
Net Cash and Cash Equivalent	**3.46%**
Grand Total	**100.00%**

SECTOR ALLOCATION





Investors understand that their principal will be at moderately high risk

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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