



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

The factors supporting the argument for economic led earnings recovery are: A) The government and RBI measures announced since Aug'19 to revive growth. B) Recent pick-up in inflation and potential bumper Rabi crop offer hope for rural consumption recovery – agri incomes are likely to grow 10-11% vs 6-7% in the previous two years. C) Liquidity conditions have certainly improved owing to RBI's measures. This should trickle down to real economy going ahead. D) Low base of FY20 across sectors helping a YoY comparison

Investors need to watch out for key risks emanating out of: A) The impact of Corona virus on global supply chains and the timelines for resolution. B) Government spending in FY21 is heavily dependent on success of divestment drive + significant inflow from telecom sector. Both these are event dependent, and failure on any of these counts can result in lower government spending impacting aggregate demand. C) In FY20, the fall in input prices boosted margins. However, this is now largely in the base and incremental tailwinds are unlikely unless, there is a fresh leg down in international commodity prices.

The market remains two tiered, with companies and segments which are reporting consistent earnings trading at valuations which may be close to 2 standard deviation above their last 5 years average. On the other hand, the broader market, where earnings have been erratic continue to be ignored by smart investors. Most of these "value" segments are those, which have close ties with Government spending or are dependent on investment cycle revival. The outlook for both these segments remains hazy at the current juncture. Emergence of small cap as a new segment, where investor flows have commenced over the last couple of months, is an interesting development.

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: ₹724.80 Crores

Inception Date: 8th March 2011

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

Other Parameters:

Beta: 1.00

R Square: 0.90

Standard Deviation (Annualized): 20.99%

Benchmark: S&P BSE India Infrastructure 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.

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))

PORTFOLIO

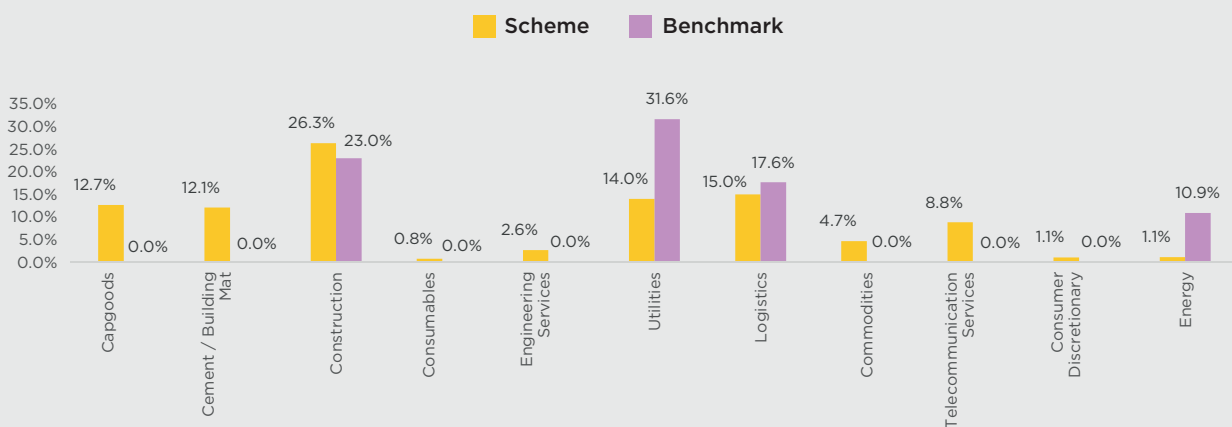
(28 February 2020)



Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	98.98%	Telecom - Services	7.62%
Construction Project	17.62%	Bharti Airtel	7.62%
Larsen & Toubro	8.22%	Industrial Capital Goods	5.56%
Engineers India	2.65%	Thermax	1.99%
H.G. Infra Engineering	1.96%	Bharat Electronics	1.49%
NCC	1.84%	ISGEC Heavy Engineering	1.08%
Dilip Buildcon	1.66%	Siemens	1.00%
Sadbhav Engineering	1.30%	Industrial Products	5.41%
Transportation	14.97%	Cummins India	2.73%
Container Corporation of India	5.12%	Kirloskar Brothers	1.89%
Adani Ports and Special Economic Zone	4.95%	Carborundum Universal	0.79%
Transport Corporation of India	2.82%	Ferrous Metals	4.09%
Gateway Distriparks	1.41%	Jindal Steel & Power	1.66%
Navkar Corporation	0.68%	Maharashtra Seamless	1.40%
Cement	12.05%	Jindal Saw	1.04%
UltraTech Cement	6.53%	Power	4.03%
JK Cement	4.16%	Torrent Power	4.03%
Sagar Cements	1.37%	Consumer Durables	2.46%
Construction	11.28%	Blue Star	2.46%
PNC Infratech	4.88%	Telecom - Equipment & Accessories	1.17%
NBCC (India)	1.38%	Tejas Networks	0.64%
PSP Projects	1.23%	Bharti Infratel	0.53%
J.Kumar Infraprojects	1.11%	Petroleum Products	1.10%
Ahluwalia Contracts (India)	1.10%	Reliance Industries	1.10%
ITD Cementation India	0.87%	Hotels, Resorts And Other Recreational Activities	1.08%
GPT Infraprojects	0.41%	Taj GVK Hotels & Resorts	1.08%
Gayatri Projects	0.29%	Non - Ferrous Metals	0.56%
Gas	9.96%	Vedanta	0.56%
Gujarat Gas	5.48%	Net Cash and Cash Equivalent	1.02%
Gujarat State Petronet	4.48%	Grand Total	100.00%



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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Investors understand that their principal will be at High risk