



IDFC CORE EQUITY FUND

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

Global equities weakened across regions (-4% MoM/ -18.1% YTD). India, Brazil, and China were outliers while all other regions declined (the US -3.3%/Euro area -5.7%). S&P 500 declined -by 4.2% MoM after the strong rally in the first half of August. Indian equities gained 3.9% MoM (in \$ terms) outperforming the broader markets in August (MSCI APxJ/EM: -0.5%/flat). The performance of both mid-caps (+6.2% MoM) and small caps (+6.1% MoM) was better than large caps (+4.2% MoM). All sectors barring IT ended the month in the green as NIFTY improved (+3.5% MoM), currently above the 17,000 level.

In the recently concluded earnings season, earnings growth was driven by strong sales momentum while margins contracted mainly on account of higher raw material prices. OMC (oil marketing companies) losses were a key drag. 1QFY23 EBITDA and Net Profits of the Nifty-50 Index increased 20% and 24% YoY respectively which was mostly in line with the consensus expectations. Looking forward, FY23 Earnings have been cut by -4% post Q1 FY23 earnings, the downgrades are broad-based across sectors. As such, the FY23 earnings growth rate is expected to fall from 16% to 12%. FY24E EPS estimates have largely been retained – as analysts' expectations of pressures on gross margins to reduce given the softening in commodity prices since June'22.

In the past 2 months, Indian market shown a strong 13% return and has significantly outperformed the world and developing markets which have moved up by 4% and 3% respectively. Even on a 1year basis, Indian markets (in USD terms) have shown a 2% return while MSCI World Index is down 11%. Valuations, post the recent push, are again flirting around Oct-Dec'21 elevated levels. Stocks, it seems to have priced in all the "good news", and may be susceptible to unexpected "bad news" - rebound in crude oil; sharper than expected drop in economic metrics in the US; continued strengthening of US\$ & sharper rise in US 10-year bond yields - in the near term. Tread with caution, for the near term.

The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

[^]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

Income Distribution cum capital withdrawal is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of Income Distribution cum capital withdrawal, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

FUND FEATURES: (Data as on 31st August'22)

Category: Large & Mid Cap

Monthly Avg AUM: ₹ 2,390.53 Crores

Inception Date: 9th August 2005

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

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

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

Exit Load:

● If redeemed/switched out within 365 days from the date of allotment:

- ▶ Upto 10% of investment: Nil,
- ▶ For remaining investment: 1% of applicable NAV.

● If redeemed / switched out after 365 days from date of allotment: Nil. (w.e.f. May 08, 2020)

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

Options Available: Growth, IDCW[®] - (Payout, Reinvestment and Sweep (from Equity Schemes to Debt Schemes only))

Other Parameters:

Beta: 0.99

R Squared: 0.97

Standard Deviation (Annualized): 23.54%

PLAN	IDCW@ RECORD DATE	₹/UNIT	NAV
REGULAR	22-Jul-21	0.95	19.1100
	16-Mar-20	1.03	12.0100
	14-Mar-19	0.80	15.4200
DIRECT	22-Jul-21	1.19	23.9400
	16-Mar-20	0.39	13.7900
	14-Mar-19	0.90	17.4700

[®]Income Distribution cum capital withdrawal

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

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

PORTFOLIO

(31 August 2022)

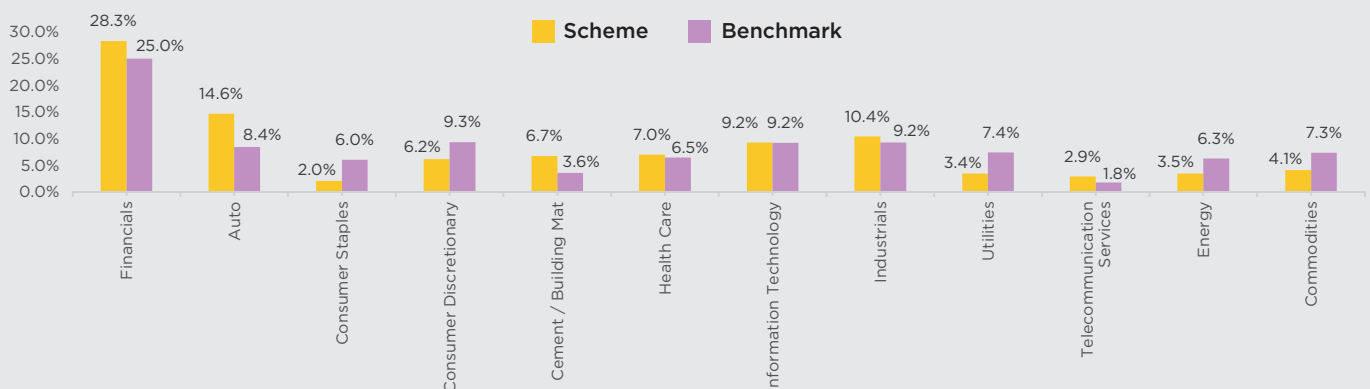


IDFC MUTUAL FUND

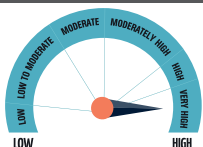
Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	98.30%	UltraTech Cement	1.49%
Banks	23.90%	Nuvoco Vistas Corporation	0.48%
ICICI Bank	6.95%	Construction	4.13%
HDFC Bank	5.69%	Larsen & Toubro	3.05%
State Bank of India	4.41%	Kalpitaru Power Transmission	1.08%
Axis Bank	2.11%	Petroleum Products	3.46%
The Federal Bank	1.34%	Reliance Industries	3.46%
Canara Bank	1.28%	Leisure Services	2.91%
Bank of Baroda	0.97%	The Indian Hotels Company	2.91%
IndusInd Bank	0.71%	Telecom - Services	2.90%
Indian Bank	0.44%	Bharti Airtel	2.90%
IT - Software	9.24%	Retailing	2.47%
Infosys	5.47%	Aditya Birla Fashion and Retail	2.47%
Tata Consultancy Services	1.67%	Electrical Equipment	2.42%
HCL Technologies	1.55%	ABB India	1.65%
Zensar Technologies	0.43%	KEC International	0.77%
Persistent Systems	0.10%	Finance	2.34%
Pharmaceuticals & Biotechnology	6.98%	LIC Housing Finance	0.99%
Sun Pharmaceutical Industries	2.11%	Mas Financial Services	0.75%
IPCA Laboratories	1.32%	SBI Cards and Payment Services	0.60%
Alkem Laboratories	1.01%	Ferrous Metals	2.23%
Alembic Pharmaceuticals	0.91%	Jindal Steel & Power	2.23%
Torrent Pharmaceuticals	0.75%	Personal Products	2.04%
Natco Pharma	0.52%	Emami	1.08%
Lupin	0.36%	Godrej Consumer Products	0.96%
Automobiles	6.64%	Power	1.91%
Mahindra & Mahindra	2.99%	NTPC	0.99%
Tata Motors	2.04%	Torrent Power	0.92%
Maruti Suzuki India	1.02%	Chemicals & Petrochemicals	1.85%
Hero MotoCorp	0.58%	Deepak Nitrite	1.51%
Industrial Products	6.31%	Tata Chemicals	0.34%
Cummins India	1.88%	Gas	1.52%
Bharat Forge	1.86%	Gujarat Gas	0.78%
AIA Engineering	1.37%	Gujarat State Petronet	0.73%
Supreme Industries	1.19%	Insurance	1.37%
Auto Components	6.12%	Max Financial Services	0.86%
Bosch	1.34%	Life Insurance Corporation of India	0.50%
UNO Minda	1.13%	Consumer Durables	0.79%
Wheels India	1.05%	Voltas	0.57%
Apollo Tyres	0.94%	Metro Brands	0.22%
MRF	0.69%	Capital Markets	0.64%
Endurance Technologies	0.55%	ICICI Securities	0.64%
Schaeffler India	0.42%	Diversified	0.59%
Cement & Cement Products	5.55%	3M India	0.59%
ACC	1.94%	Net Cash and Cash Equivalent	1.70%
The Ramco Cements	1.64%	Grand Total	100.00%



SECTOR ALLOCATION



Scheme risk-o-meter



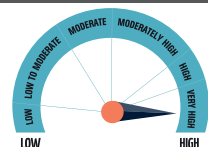
Investors understand that their principal will be at Very High risk

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 advisers if in doubt about whether the product is suitable for them.

Benchmark risk-o-meter



NIFTY LargeMidcap 250 TRI