



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

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.

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: (Data as on 31st August'22)

Category: Sectoral/Thematic

Monthly Avg AUM: ₹ 640.14 Crores

Inception Date: 8th March 2011

Fund Manager: Mr. Sachin Relekar
(w.e.f. 08th December 2020)

Other Parameters:

Beta: 0.92

R Squared: 0.83

Standard Deviation (Annualized):
28.80%

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

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))

@Income Distribution cum capital withdrawal
The Scheme was being managed by Mr. Rajendra Kumar Mishra up to December 7, 2020.

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

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.

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

PORTFOLIO

(31 August 2022)

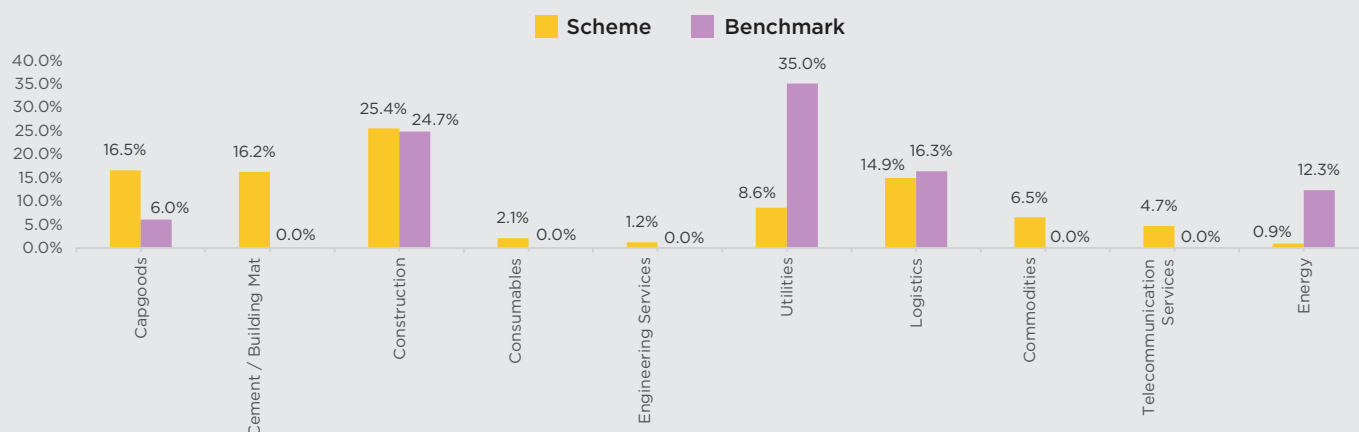


IDFC MUTUAL FUND

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	98.51%	Ferrous Metals	4.64%
Construction	27.42%	Jindal Steel & Power	3.18%
Larsen & Toubro	10.69%	Tata Steel	1.46%
H.G. Infra Engineering	4.23%	Gas	4.63%
PNC Infratech	3.60%	Gujarat Gas	2.34%
Ahluwalia Contracts (India)	2.87%	Gujarat State Petronet	2.29%
ITD Cementation India	1.72%	Industrial Products	4.46%
NCC	1.36%	Kirloskar Brothers	2.36%
Engineers India	1.21%	Carborundum Universal	2.10%
GPT Infraprojects	0.97%	Aerospace & Defense	4.15%
ISGEC Heavy Engineering	0.77%	Bharat Electronics	4.15%
Cement & Cement Products	16.16%	Power	3.93%
UltraTech Cement	7.32%	Torrent Power	3.93%
JK Cement	4.64%	Transport Infrastructure	3.15%
Sagar Cements	3.17%	Adani Ports and Special Economic Zone	3.15%
Nuvoco Vistas Corporation	1.02%	Realty	1.57%
Transport Services	11.73%	Mahindra Lifespace Developers	1.57%
Transport Corporation of India	7.01%	Non - Ferrous Metals	0.94%
Container Corporation of India	2.97%	Hindalco Industries	0.94%
Gateway Distriparks	1.75%	Petroleum Products	0.93%
Electrical Equipment	9.24%	Hindustan Petroleum Corporation	0.93%
ABB India	4.66%	Paper, Forest & Jute Products	0.89%
Thermax	4.58%	Century Textiles & Industries	0.89%
Telecom - Services	4.69%	Net Cash and Cash Equivalent	1.49%
Bharti Airtel	4.69%	Grand Total	100.00%



SECTOR ALLOCATION



Scheme risk-o-meter	This product is suitable for investors who are seeking*	Benchmark risk-o-meter
<p>Investors understand that their principal will be at Very High risk</p>	<ul style="list-style-type: none"> 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. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>S&P BSE India Infrastructure TRI</p>