



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

How it went:

Global equities declined by 4.3% MoM, positive returns from China, Spain, Malaysia and Japan were not sufficient to cushion downturn. Emerging markets lost 1.6% MoM while India underperformed with a decline of 5.4% MoM after touching all-time high, due to stretched valuations, covid fears returning, persisting Central Banks' hawkish stance, and FII outflows. However, India has outperformed on 6 month, 1 year and 3 year basis by a decent margin. Indian markets closed the year in red in USD terms, however In local currency Indian markets were slightly in green. The Indian stock market delivered 4.3% returns in CY 2022 in INR terms however falling 5.1% in USD terms. PSUs, Financials, Utilities and Industrials outperformed the market, while IT Services, healthcare and consumer durables underperformed the market. Large caps (BSE 100) did better than the mid-caps (BSE 150 Mid Cap) while small-caps (BSE 250 Small Cap) ended the CY2022 with a negative 2% return.

Outlook for 2023:

Going ahead, at the global front - trajectory of rate hike by US Fed and the cumulative impact of the rate hikes since 2022 on the economic growth could be the biggest global factor which investors will track and try to predict/forecast. On the geo-political front, the continuing Ukraine/Russia war may impact commodity prices only if it escalates to a higher level. Any resolution, though, could be a sentiment booster. A bigger impact on commodities could be driven by the state of the Chinese economy, which amidst a slowdown faces the additional challenge of a sharp spurt in Covid -19 related cases. The embattled European economy could slide into a deeper recession if the weight of "oversized" fuel costs does not drop sharply in the coming months. Gas prices today are trading at an equivalent of 2-2.25x current crude oil prices (diesel to generate power would be cheaper than using LNG to generate power in Europe today). Three of our neighboring countries (Bangladesh; Nepal and Sri Lanka) are in different stages of negotiations with World Bank for an economic package to alleviate the post pandemic downturn. Our focus should be on earnings delivery. Surprising to many, yet correct, would be the importance of delivery of earnings growth since Dec '19. While liquidity has been the other pillar on which the market returns have been built upon, earnings growth has been the dominant factor for this uptrend. With valuations at an elevated level - delivery of earnings will be the key driver for the markets ahead.

While global factors are important, delivery of earnings, to us remains paramount. Ceteris paribus, all things remaining the same, market returns would be positive, if earnings get delivered!

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 December'22)

Category: Sectoral/Thematic

Monthly Avg AUM: ₹ 642.26 Crores

Inception Date: 8th March 2011

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

Other Parameters:

Beta: 0.90

R Squared: 0.83

Standard Deviation (Annualized):
28.70%

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 Dates : (Monthly/Quarterly*)

Investor may choose any day of the month except 29th, 30th & 31st of instalment. *Any day of next month from the Quarter end.

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 December 2022)

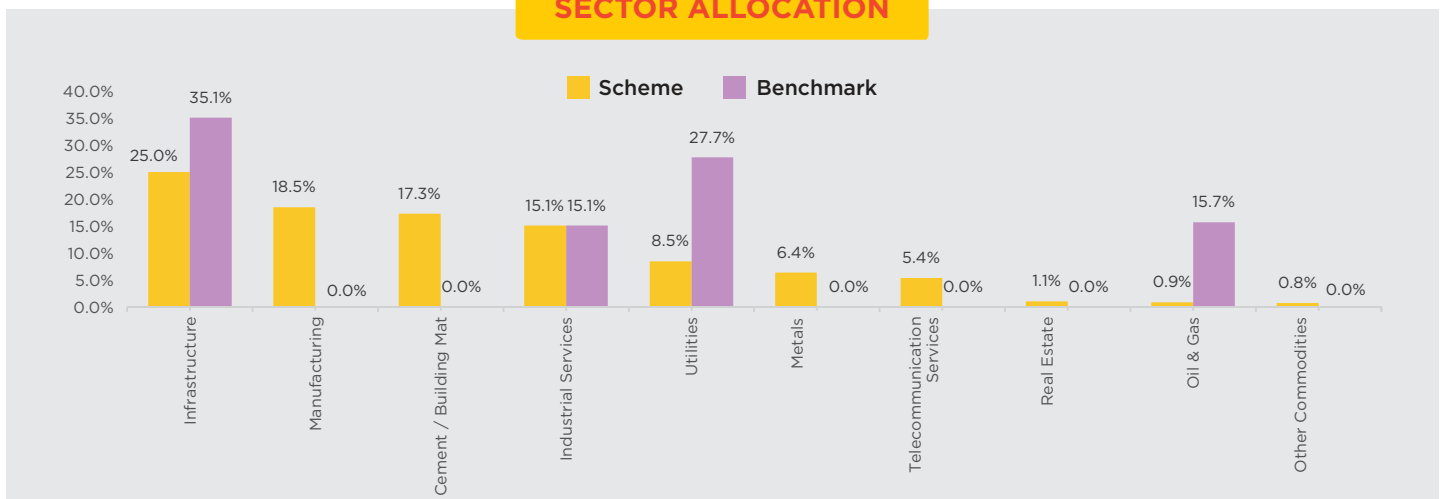


IDFC MUTUAL FUND

Name of the Instrument	% to NAV	Name of the Instrument	% to NAV
Equity and Equity related Instruments	99.04%	Cummins India	1.09%
Construction	27.10%	Telecom - Services	5.44%
Larsen & Toubro	9.94%	Bharti Airtel	5.44%
PNC Infratech	3.53%	Ferrous Metals	5.23%
Ahluwalia Contracts (India)	3.26%	Jindal Steel & Power	4.44%
H.G. Infra Engineering	3.25%	Tata Steel	0.79%
ITD Cementation India	2.01%	Gas	5.11%
NCC	1.70%	Gujarat State Petronet	2.60%
Engineers India	1.46%	Gujarat Gas	2.51%
GPT Infraprojects	1.15%	Aerospace & Defense	4.22%
ISGEC Heavy Engineering	0.81%	Bharat Electronics	4.22%
Cement & Cement Products	17.26%	Power	3.46%
UltraTech Cement	7.95%	Torrent Power	3.46%
JK Cement	4.49%	Transport Infrastructure	3.19%
Sagar Cements	3.75%	Adani Ports and Special Economic Zone	3.19%
Nuvoco Vistas Corporation	1.08%	Realty	1.15%
Transport Services	10.51%	Mahindra Lifespace Developers	1.15%
Transport Corporation of India	5.75%	Non - Ferrous Metals	1.06%
Container Corporation of India	3.28%	Hindalco Industries	1.06%
Gateway Distriparks	1.48%	Petroleum Products	0.93%
Electrical Equipment	7.87%	Hindustan Petroleum Corporation	0.93%
ABB India	3.99%	Paper, Forest & Jute Products	0.77%
Thermax	3.88%	Century Textiles & Industries	0.77%
Industrial Products	5.75%	Net Cash and Cash Equivalent	0.96%
Kirloskar Brothers	2.40%		
Carborundum Universal	2.26%	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>