

FUND INSIGHT

IDFC IMPERIAL EQUITY FUND

(AN OPEN ENDED EQUITY FUND)

Value Research Ranking



Morning Star Rating



Imperial Equity Fund is a diversified large cap biased fund offering an attractive investment solution as it focuses on well managed growth companies that are available at reasonable value with proven track records and strong brands. The portfolio construction has revolved around selecting well established and capital efficient companies, predominantly the top 75-80 companies.

Fund Features:

Nature: Equity**Average AUM (Jul-Sep):**
Rs. 384.50 Crores**Inception Date:** 16 March 2006**Fund Manager:** Mr. Tridib Pathak
(Since April 26, 2010)

OUTLOOK

There is little reason given the environment to change the current strategy. The Macro Environment remains challenging with Inflation and Financial costs eating into corporate profitability. This trend in all likelihood will intensify over the next couple of quarters and it will remain a challenging environment for capital markets. Corporate earnings have been slowing which is apparent in the recent quarter's numbers for the companies that have declared their results. Profits are down sequentially. While valuations are low, the risk is in the denominator (earnings part of the P/E) could come under further stress. International events have put a question on global growth which has also resulted in low valuations of the asset class. This we believe will not change in the immediate future. In a situation like this the current trade of buying solvent (low debt) businesses in companies that have a dominant market share has been rewarding.

CURRENT STRATEGY

We continue being invested in sectors and more importantly stocks which have better visibility of growth, cash flows and capital efficiency. This strategy should continue to allow us to take advantage of markets without timing the market direction. Our stock selection is geared around companies with earnings growth visibility of over two years, companies with free cash flows and not dependent on capital raising in the current high interest rate scenario and lastly companies having a sustainable ROE. As of now, with around 32 stocks in the portfolio, close to 70% exposure is towards Nifty stocks.

Other Parameters:
Beta: 0.88

R Square: 0.94

Standard deviation: 7.62%

Sharpe Ratio: -0.74

Portfolio Turnover Ratio: 1.29 Times

Asset allocation:
Equity: 94.17%

Debt: 5.78%

Benchmark: S&P CNX Nifty

Minimum Investment Amount:

Rs. 5000/-

Exit Load: 1.00% if redeemed before 365 days

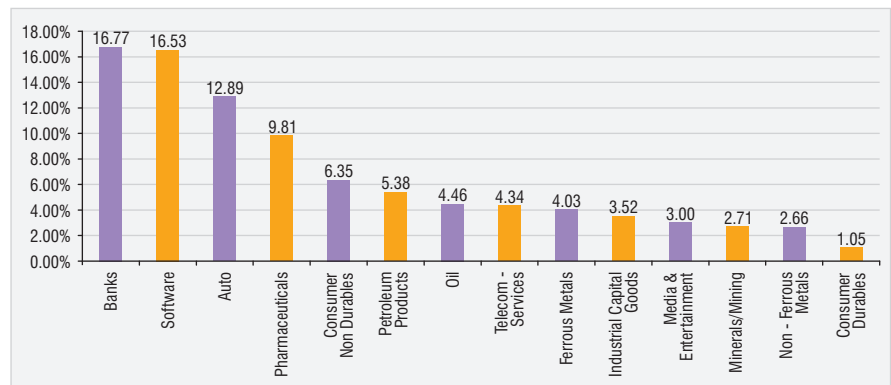
SIP Frequency: Daily, Weekly, Fortnightly, Monthly

SIP Dates Weekly, Fortnightly, Monthly: 7, 14, 21, 28; 1, 16; any day of the month.

PORTFOLIO

(31 October, 2011)

Holdings	% of NAV	Industry
Infosys Ltd.	7.13	Software
Mahindra & Mahindra Ltd.	5.2	Auto
HDFC Bank Ltd.	4.47	Banks
Bharti Airtel Ltd.	4.34	Telecom - Services
Axis Bank Ltd.	4.33	Banks
Jindal Steel & Power Ltd.	4.03	Ferrous Metals
Bajaj Auto Ltd.	4.02	Auto
Dr. Reddy's Laboratories Ltd.	3.96	Pharmaceuticals
HCL Technologies Ltd.	3.74	Software
Reliance Industries Ltd.	3.74	Petroleum Products
Titan Industries Ltd.	3.72	Consumer Non Durables
Hero MotoCorp Ltd.	3.67	Auto
ICICI Bank Ltd.	3.64	Banks
Tata Consultancy Services Ltd.	3.53	Software
Bharat Heavy Electricals Ltd.	3.52	Industrial Capital Goods

SECTOR ALLOCATION


Risk Factors: Mutual Funds and securities investments are subject to market risks, reinvestment risk, changes in political, economic environment and government policy and there is no assurance or guarantee that the objectives of the Scheme/s will be achieved. The NAV of the Scheme/s can go up or down depending on factors and forces affecting the Securities Market including fluctuation in interest rates, trading volumes and reinvestment risk. Past performance of the Sponsor/AMC/Mutual Fund is not necessarily indicative of the future performance of the Scheme/s and may not necessarily provide a basis for comparison with other investments. IDFC Imperial Equity Fund is the name of the Schemes and do not in any manner indicate either the quality of the Schemes, their future prospects or returns. The Sponsor or any of its associates is not responsible or liable for any loss resulting from the operation of the Schemes beyond the corpus of the Trust of Rs. 30,000/-.

Terms of Issue & Load Structure: IDFC IEF: During the continuous offer the AMC calculates and publishes NAVs and offers for sale and redemption of units of the Scheme on all Business days. **Entry Load** – Nil **Exit Load**- For all the equity schemes (other than IDFC Arbitrage Fund, IDFC Arbitrage Plus Fund and ELSS Schemes of IDFC): All investment including SIP/STP/Micro SIP/STP/FOF if redeemed / switched out within 365 days from the date of allotment-1%. No Entry Load/ Exit Loads/CDSC shall be chargeable in case of switches made between different options of the scheme. **Investment Objective:** IDFC IEF: The investment objective of the Scheme is to seek to generate capital appreciation and/or provide income distribution from a portfolio of predominantly equity and equity related instruments. There is no assurance or guarantee that the objectives of the scheme will be realized. **Statutory Details:** IDFC Mutual Fund has been set up as a trust by Infrastructure Development Finance Company Limited (IDFC) (liability restricted to corpus of Trust of Rs. 30,000) with IDFC AMC Trustee Company Ltd as the trustee and IDFC Asset Management Company Ltd as the investment manager. Investors in the scheme(s) are not being offered any guaranteed or assured rate of return. Copy of Scheme Information Document and Key Information Memorandum along with application form for all the schemes may be obtained from the office of IDFC Mutual Fund, One India Bulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400 013. Contact 1-800-226622 for details.

For details please read the respective Scheme Information Document (SID) (including those of FMPs)/ Offer Document (OD) / Statement of Additional Information (SAI) carefully before investing.

Value Research Rating : Value Research Fund Ratings are a composite measure of historical risk-adjusted returns. In the case of equity and hybrid funds this rating is based on the weighted average monthly returns for the last 3 and 5-year periods. In the case of debt funds this rating is based on the weighted average weekly returns for the last 18 months and 3-year periods and in case of short-term debt funds - weekly returns for the last 18 months. These ratings do not take into consideration any entry or exit load. Each category must have a minimum of 10 funds for it to be rated. Effective, July 2008, we have put an additional qualifying criteria, whereby a fund with less than Rs 5 crore of average AUM in the past six months will not be eligible for rating.

Five-stars indicate that a fund is in the top 10% of its category in terms of historical risk-adjusted returns. Four stars indicate that a fund is in the next 22.5%, middle 35% receive three stars, the next 22.5% are assigned two stars while the bottom 10% receive one star. The number of schemes in each category is mentioned along side the categories name. Equity: Large Cap (47), Equity: Large & Mid Cap (54), Equity: Multi Cap (39), Equity: Mid & Small Cap (51) Equity: Tax Planning (28), Equity: Infrastructure (19), Equity: Banking (10), Hybrid: Equity-oriented (25). Hybrid: Debt-oriented Aggressive (13), Hybrid: Debt-oriented Conservative (41), Hybrid: Arbitrage (15) Debt: Income (62), Debt: Gilt Medium & Long Term (32), Debt: Short Term (19), Debt: Ultra Short Term (139), Debt: Liquid (101). These Fund Ratings are as on October 31, 2011.

The Value Research Ratings are published in Monthly Mutual Fund Performance Report and Mutual Fund Insight. The Ratings are subject to change every month. The Rating is based on primary data provided by respective funds, Value Research does not guarantee the accuracy.

Morningstar Rating : This Morningstar-sourced information is provided to you by IDFC AMC and is at your own risk. Morningstar is not responsible for any damages or losses arising from any use of this information. Also, this information must not be relied upon without appropriate verification. IDFC AMC informs you as follows: (i) no investment decision should be made in relation to any of the information provided other than on the advice of a professional financial advisor; (ii) past performance is no guarantee of future results; and (iii) the value and income derived from investments can go down as well as up.