

FUND INSIGHT

IDFC INDIA GDP GROWTH FUND

(AN OPEN ENDED EQUITY FUND)

Fund Features:

Nature: Equity

Average AUM (Jul-Sep):

Rs. 25.70 Crores

Inception Date: 11 March 2009

Fund Manager: Mr. Neelotpal Sahai

(Since Dec23, 2010)

Our diversified equity fund, it aims to capitalize on the growth potential of the Indian economy. The fund maps to India's Gross Domestic Product (GDP) and endeavors to capture the growth contained within the structural transformation of India's Economy, from a pre-dominantly agrarian economy (38.6% in 1980) to a rapidly developing economy with a growing share of Industry and Services. As the name goes, IDFC India GDP fund endeavors to invest in the sectors representing the three components of India's GDP growth namely, Services, Industry & Agriculture in the order of their percentage contribution to the GDP. The fund builds a portfolio, predominantly, of companies with proven business models which would have handled fluctuating macro conditions in the past and would have emerged from the cycle stronger.

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

The fund is benchmarked to the components of India's GDP in the proportion of the contribution of each component to GDP growth. The fund is invested mainly in the services sector, followed by industrials and then agriculture. The strategy revolves around companies that would have a higher growth rate and gained market share over a business cycle. Currently the fund is a well diversified portfolio of 30 stocks; the split across the GDP components is 75% Services, 18.5% Industries and 6.5% Agriculture.

Other Parameters:
Beta: 0.54

R Square: 0.74

Standard deviation: 5.20%

Sharpe Ratio: -0.93

Portfolio Turnover Ratio: 1.29 Times

Asset allocation:
Equity: 97.19%

Debt: 2.81%

Benchmark: BSE 500

Minimum Investment Amount:

Rs. 5000/- and

Exit Load: 1.00% if redeemed before 365 days

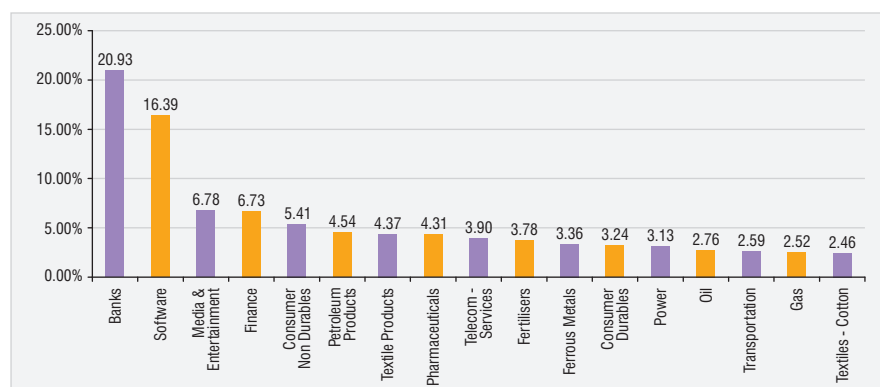
SIP Frequency: Daily, Weekly, Fortnightly, Monthly

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.	6.87%	Software
ICICI Bank Ltd.	5.93%	Banks
State Bank of India	5.31%	Banks
Tata Consultancy Services Ltd.	5.11%	Software
Bank of Baroda	4.91%	Banks
Reliance Industries Ltd.	4.54%	Petroleum Products
HCL Technologies Ltd.	4.41%	Software
Arvind Ltd.	4.37%	Textile Products
Power Finance Corporation Ltd.	4.18%	Finance
Eros International Media Ltd.	4.05%	Media & Entertainment
Bharti Airtel Ltd.	3.90%	Telecom - Services
Gujarat State Fertilizers & Chemicals Ltd.	3.78%	Fertilisers
Jindal Steel & Power Ltd.	3.36%	Ferrous Metals
Hitachi Home & Life Solutions (India) Ltd.	3.24%	Consumer Durables
Power Grid Corporation Ltd.	3.13%	Power

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. **IDF India GDP Growth 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 IGGF: 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 IGGF: The investment objective of the scheme is seek to generate long term capital appreciation by investing in Equity and Equity related instruments. The scheme aims to capture the growth in India's Gross Domestic Product (GDP). The scheme would endeavour to represent the growth in GDP by capturing the growth in the constituents of the GDP. The scheme may also invest in Debt and money market instruments. There is no assurance or guarantee that the objectives of the scheme will be realized and the scheme does not assure or guarantee any returns. **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. Copy of Scheme Information Document and Key Information Memorandum along with application form may be obtained from the office of IDFC Mutual Fund, One IndiaBulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road, (West), Mumbai 400 013. Contact Call Free: 1-800-226622.

For other scheme specific risk factors and other details please read the Scheme Information Document / Statement of Additional Information carefully before investing.