

## FUND INSIGHT

# IDFC STRATEGIC SECTOR (50-50) EQUITY FUND

(An Open Ended Equity Fund)

## Fund Features:

**Nature:** Equity

**Average AUM (Jul-Sep) :** Rs.30.06 Crores

**Inception Date:** 3 October 2008

**Fund Manager:** Mr. Kenneth Andrade  
(Since Inception)

The fund lays concentrated bets on a sector, the remaining portfolio is a diversified portfolio, which will run a more passive strategy. The investment objective of the fund shall be achieved by investing up to fifty percent of the assets of the scheme in a chosen sector (sector specific exposure) while the balance amount may be invested in companies across market capitalizations and across sectors (diversified exposure).

## 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 allocating 50% of its investable portfolio in one sector and the remaining portfolio is diversified across the sectors minus the former sector.

**Other Parameters:**
**Beta:** 0.87

**R Square:** 0.95

**Standard deviation:** 6.72%

**Sharpe Ratio:** -1.06

**Portfolio Turnover Ratio:** 2.20 Times

**Asset allocation:**
**Equity:** 58.04%

**Debt:** 41.96%

**Benchmark:** S&P CNX Nifty

**Minimum Investment Amount:** Rs.5000/-

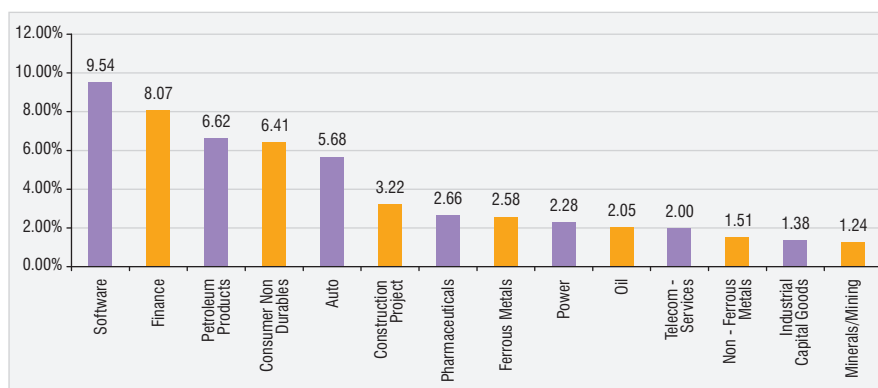
**Exit Load:** 1.00% if redeemed before 365 days

**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
Housing Development Finance Corporation Ltd.	8.07	Finance
Reliance Industries Ltd.	6.27	Petroleum Products
Infosys Ltd.	5.88	Software
ITC Ltd.	4.84	Consumer Non Durables
Larsen & Toubro Ltd.	3.22	Construction Project
Tata Consultancy Services Ltd.	2.40	Software
Bharti Airtel Ltd.	2.00	Telecom - Services
Mahindra & Mahindra Ltd.	1.69	Auto
Oil & Natural Gas Corporation Ltd.	1.58	Oil
Hindustan Unilever Ltd.	1.57	Consumer Non Durables
Tata Motors Ltd.	1.49	Auto
Tata Steel Ltd.	1.37	Ferrous Metals
Bharat Heavy Electricals Ltd.	1.07	Industrial Capital Goods
Bajaj Auto Ltd.	0.99	Auto
NTPC Ltd.	0.97	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. **IDFC Strategic Sector (50-50) 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 SS (50-50) EF: 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 SS (50-50) EF: The investment objective of the scheme is to seek to generate long-term capital appreciation by investing in Equity and Equity related instruments. The investment objective of the fund shall be achieved by investing up to fifty percent of the assets of the scheme in a chosen sector (sector specific exposure) while the balance amount may be invested in companies across market capitalizations and across sectors (diversified exposure). 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.**