



IDFC MUTUAL FUND

IDFC EQUITY OPPORTUNITY – SERIES 6

Multi Cap Fund - A close-ended equity scheme investing across large cap, mid cap, small cap stocks



Fund Focus

Focused on domestic consumption

At least 75-100% of the corpus would be invested in consumption oriented sectors; 0-25% in others.

Blend of Top-down and Bottom-up approach

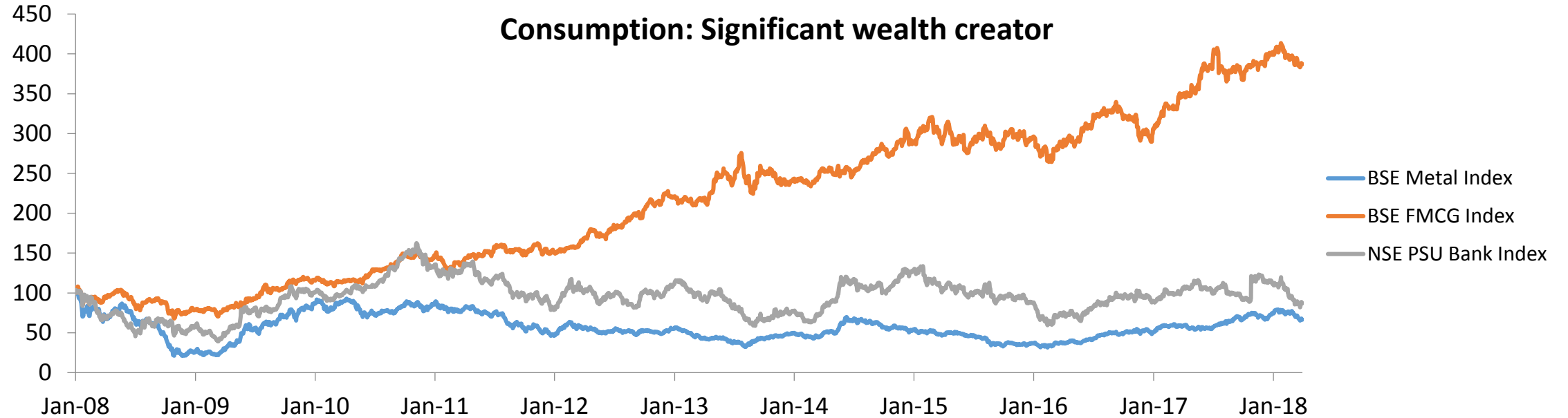
Multicap oriented

Benchmark Agnostic



Depending upon the prevailing market conditions and opportunities available at the time of investment

Consumption Theme – Here to Stay



Factors Supporting Consumption Theme



Demographic Dividend



Increase in Purchasing Power



Growing Urbanization

Moving beyond Tunnel Vision to Radar Vision



**Traditional Consumption
focused on 2 basic aspects**

- Staples
- Discretionary – Autos, Paint, Textiles

**Tunnel Vision
To
Radar Vision**

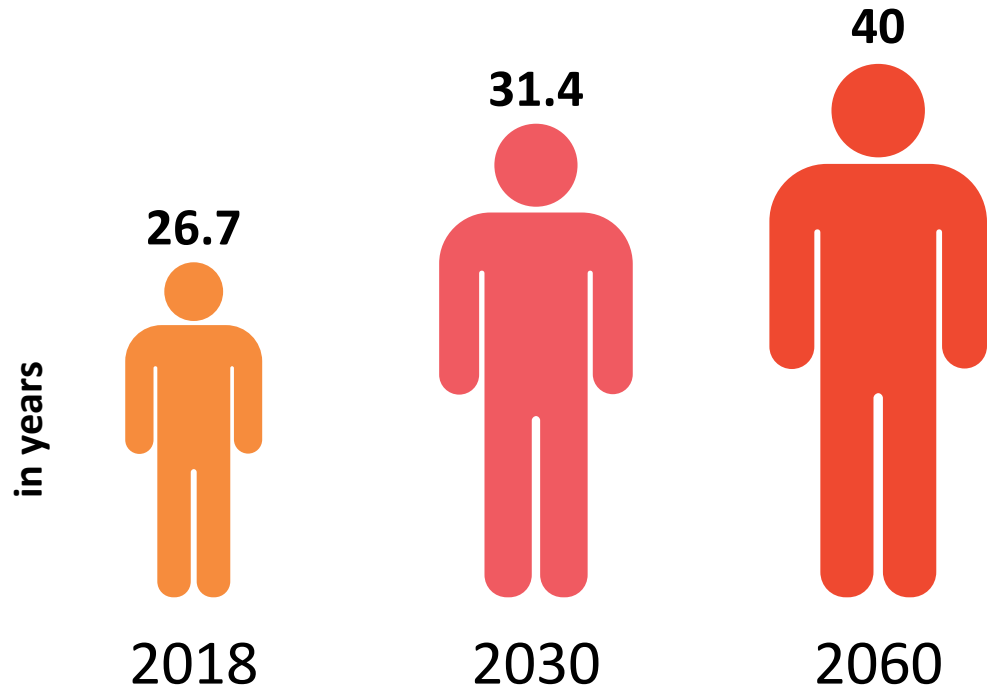


**New-Age Consumption has an
comprehensive view**

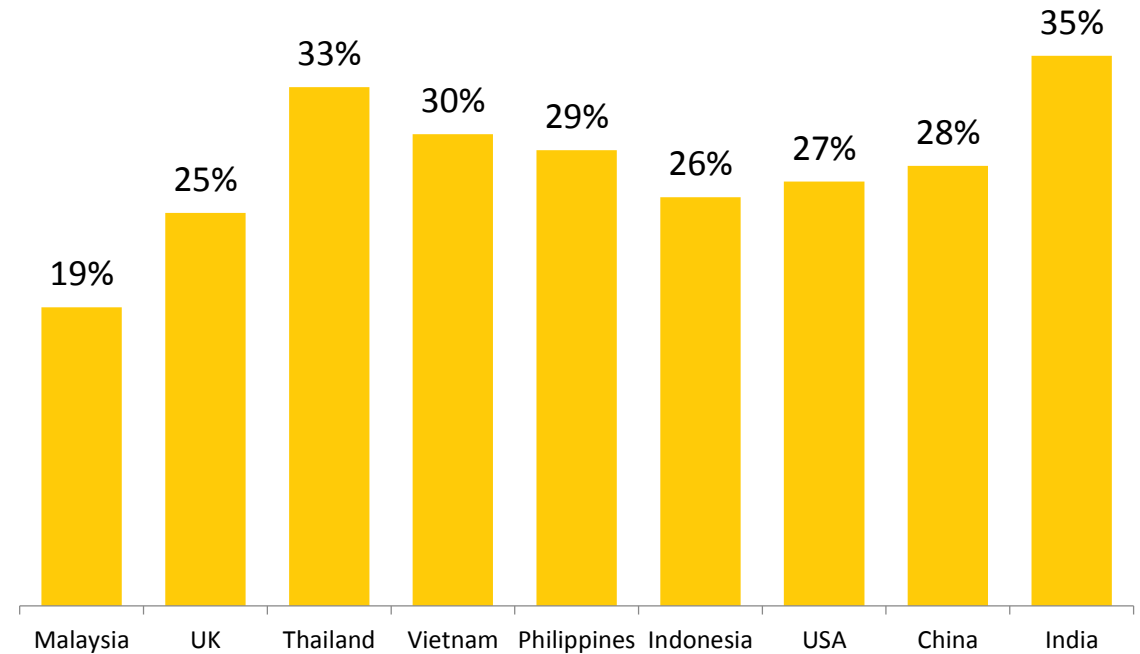
- Building Materials
- Food Chain
- Financial Savings
- Auto ancillaries
- Media
- Diagnostic /Domestic Pharma
- Modern retail
- Jewellery

What is Driving Consumption?

Median Age
(India Ages Slowly)



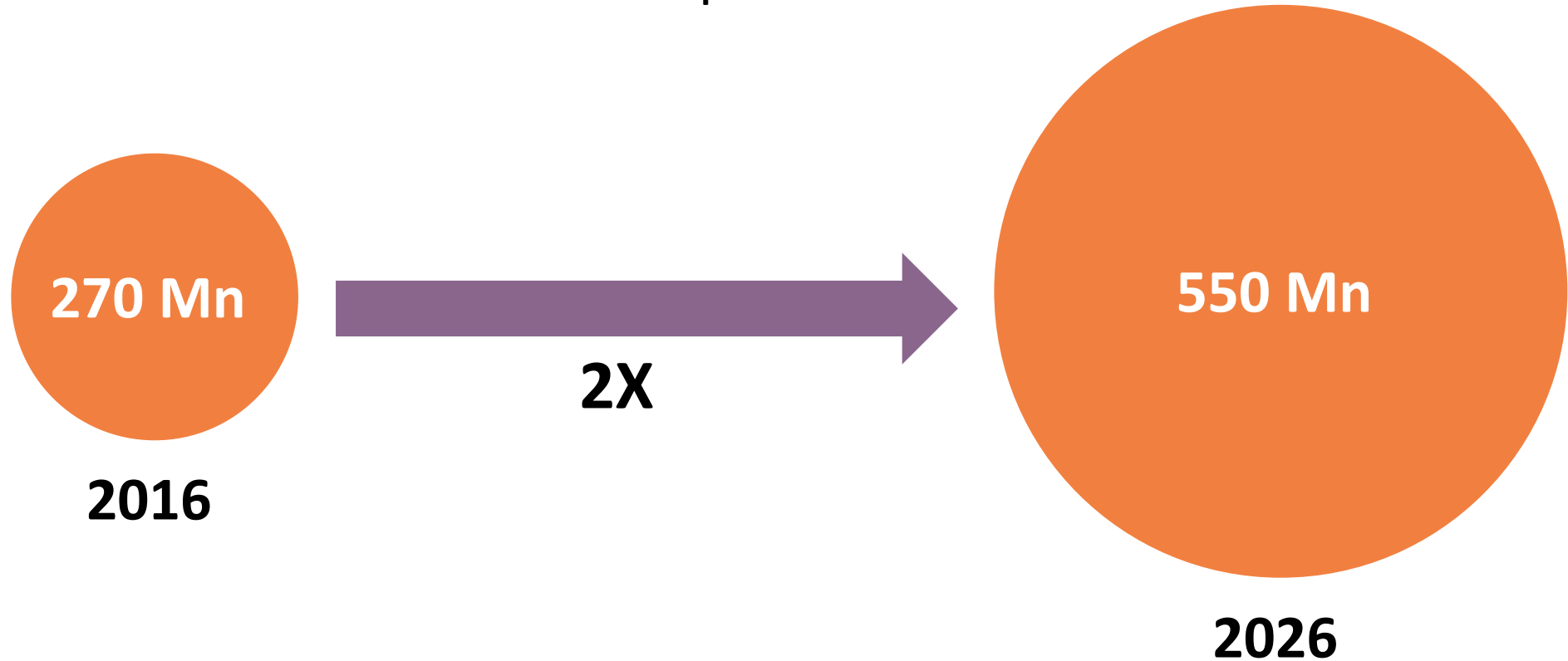
Millennial forms 35% of India's Population



Favourable demographics: India is very young country with median age of just 26.7 years and millennial (20-35 years' age) forming 35% of total population.

What is Driving Consumption?

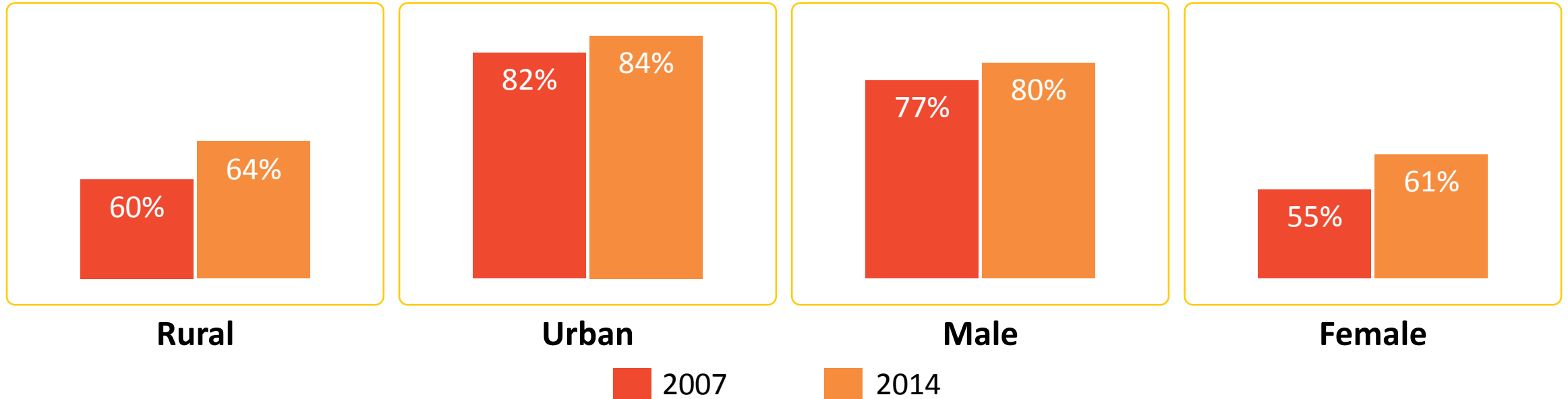
Middle Class Population



India's burgeoning middle class will drive aspirations up

What is Driving Consumption?

Adult Literacy rates



Adult Literacy rates

1981-82

41%

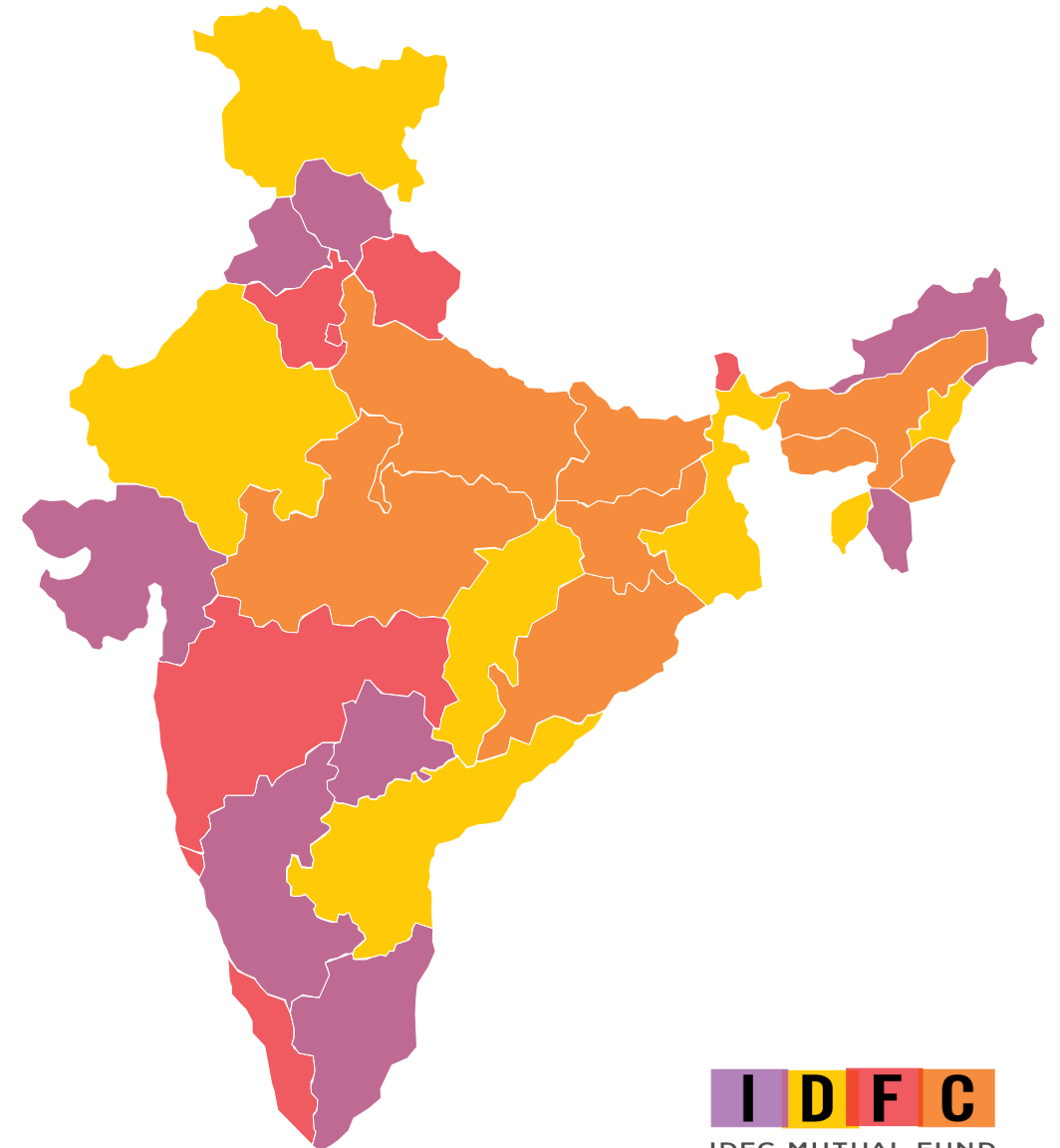
2015-16

72%

Favourable demographics alone is not sufficient. Growing literacy rates further supports it.

India's Consumption Opportunity is Well Distributed

Per Capita Income	Below \$1300	\$1300-\$2000	\$2000-\$2500	More than \$2500
No of States/UT	8	7	8	8
States	Assam, Bihar, Jharkhand, MP, Manipur, Meghalaya, Odisha, UP	AP, CH, J&K, Nagaland, Raj, WB, Tripura	Arunachal, Guj, HP, TN, Karnataka, Pun, Tel, Mizoram	Goa, Haryana, Kerala, Delhi, Maha, Sikkim, Uttrakhand, Chandigarh
GDP (%)	21%	19%	32%	28%



Source: Future Retail

What is Driving Consumption?

4.5

Average people per household

India has high dependents ratio of ~50% which leaves lesser savings

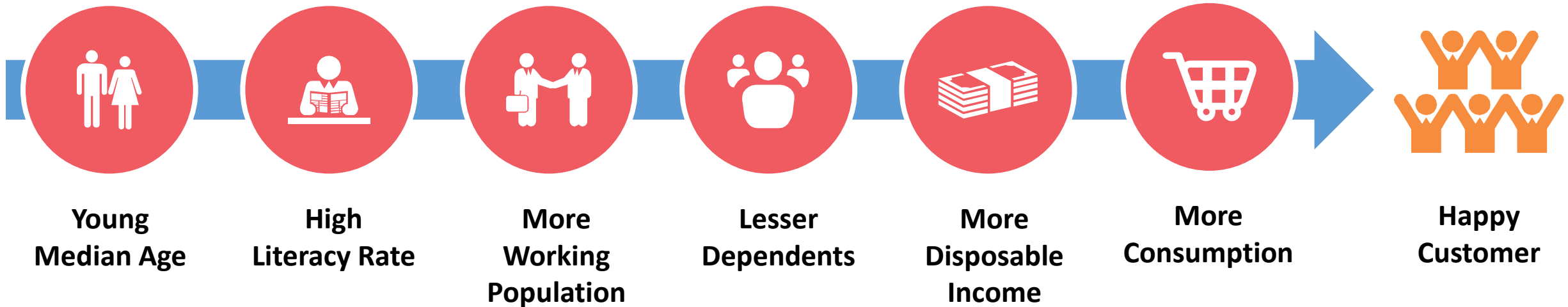
however

20%

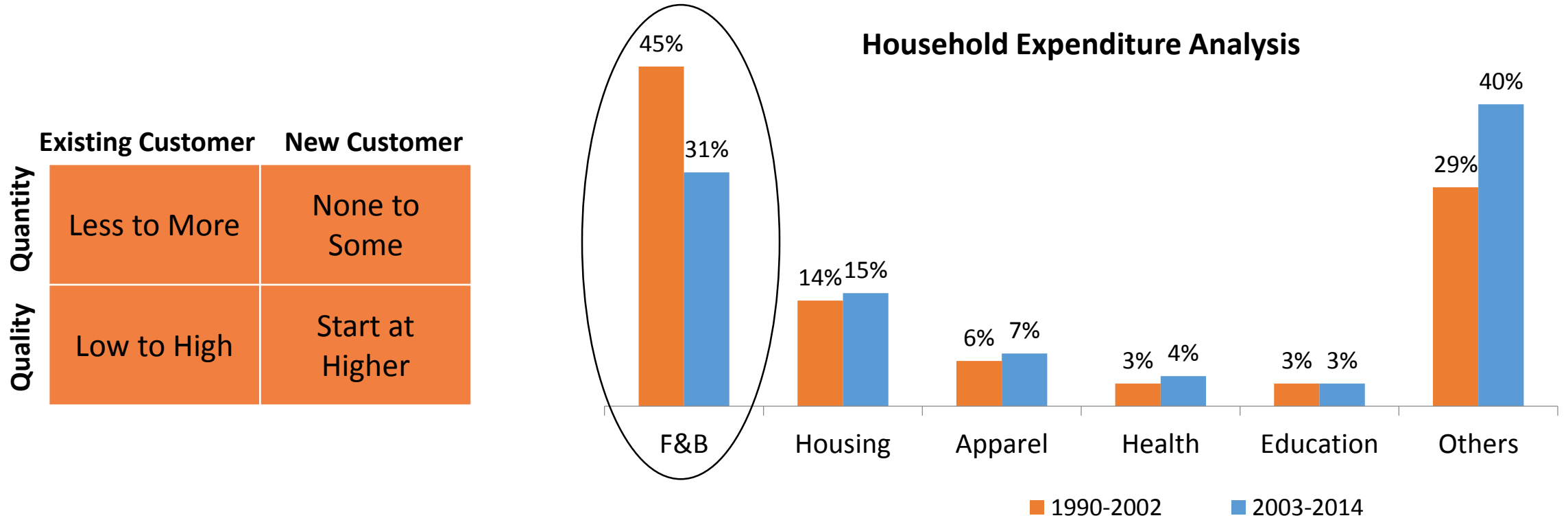
Of dependents are old-age dependents

Thus with growing age of young dependents, India will see more savings per household

What is Driving Consumption?



Shifting Focus From 'Volume' To 'Value'

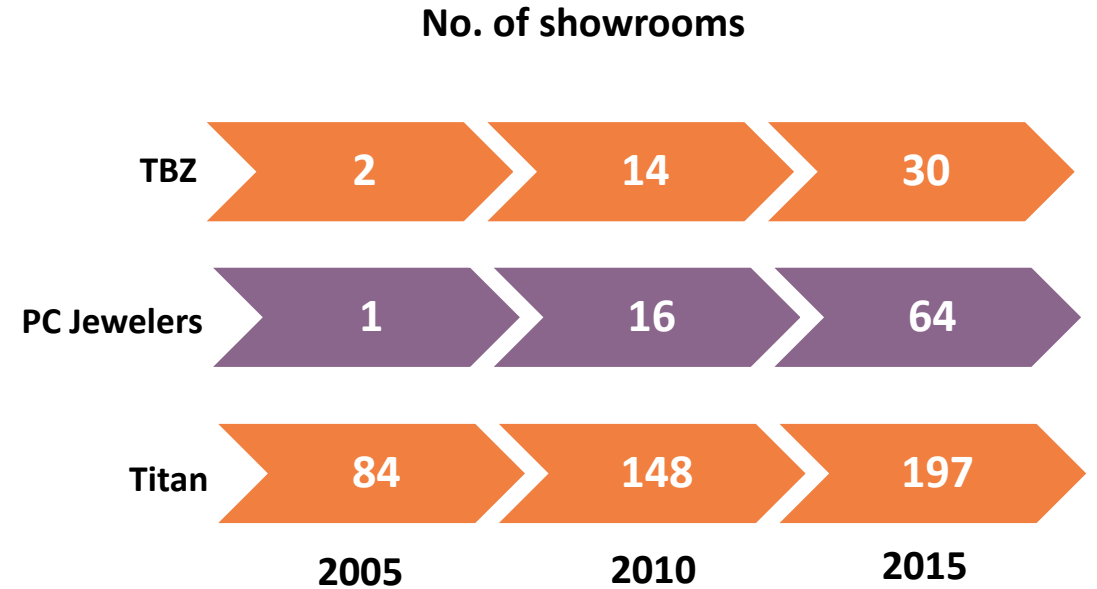


All these is leading to shift towards value from volume and household expenditure is moving towards discretionary side.

Growing Brand Pull Versus Brand Push

Distribution network of key consumer companies

Name	2012	2016
HUL	2mn	7.5-8mn
Asian Paints	27000	40000+
Hero Motocorp	5100	6000
Maruti Suzuki	1100	1820
Ashok Leyland	557	1462
Royal Enfield	250	500

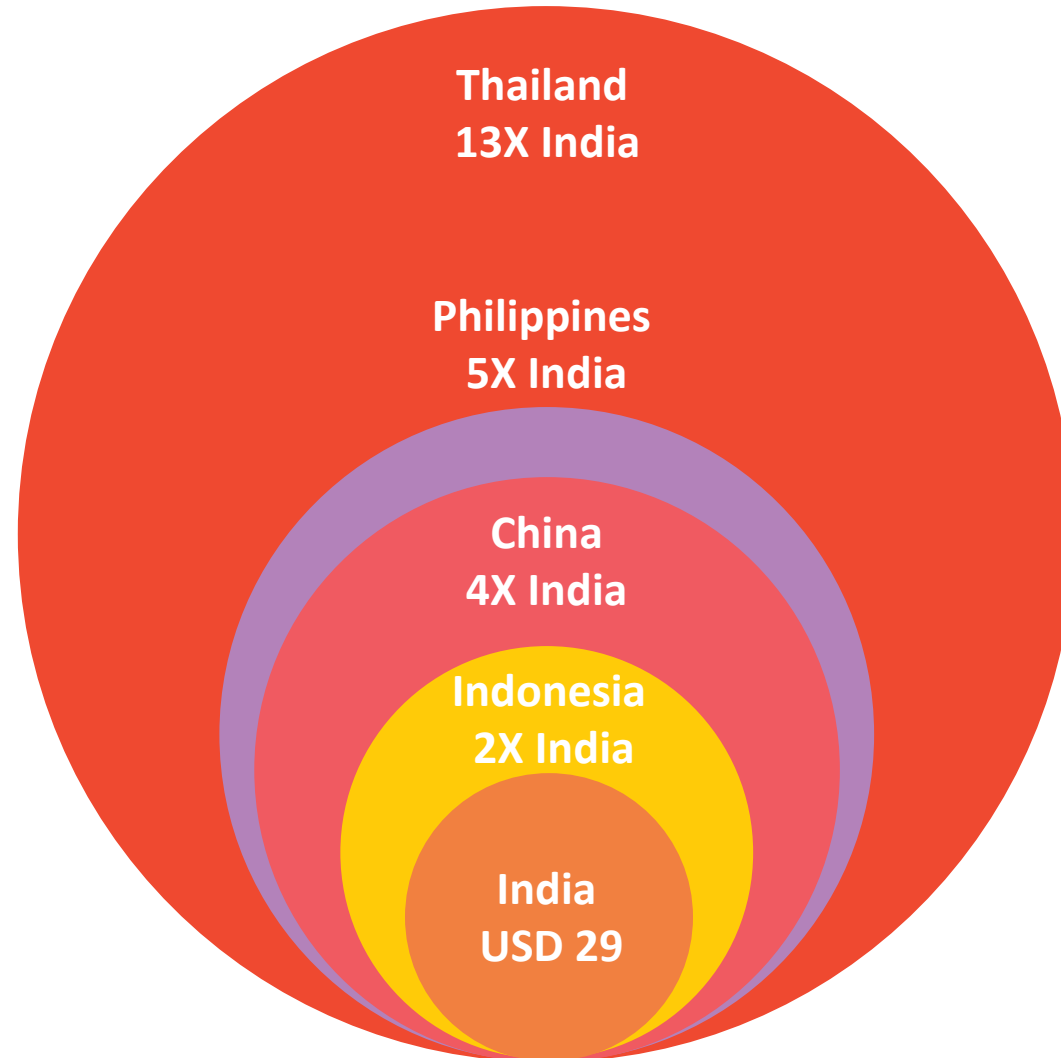


To capture this value movement, companies are expanding footprints and there is growing brand pull from brand push

Growing Brand Pull Versus Brand Push

Still there is huge gap...

Per capita FMCG consumption



Source: HUL

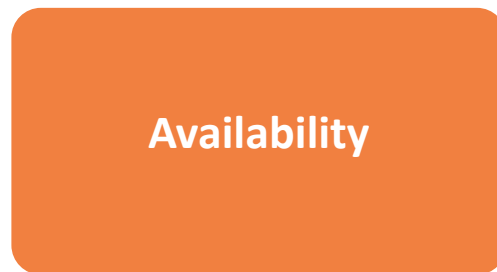
From single 'A' to the three 'A's

Growing middle class, literacy rates, millennial, distribution push and brand pull is leading towards quest for eating better, looking better and living better which is ultimately transforming India from single A to 3A

i.e Availability, Affordability and Awareness

Earlier either there was an **A**wareness about the product but there was no **A**vailability Or there was **A**vailability but no **A**ffordability.

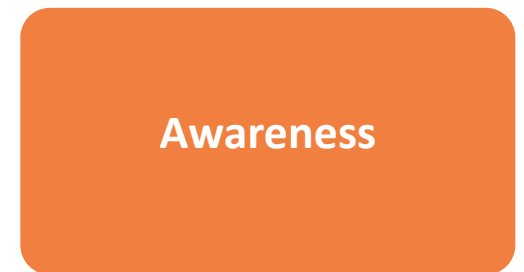
Shift from single A to 3A



Eating Better



Looking Better

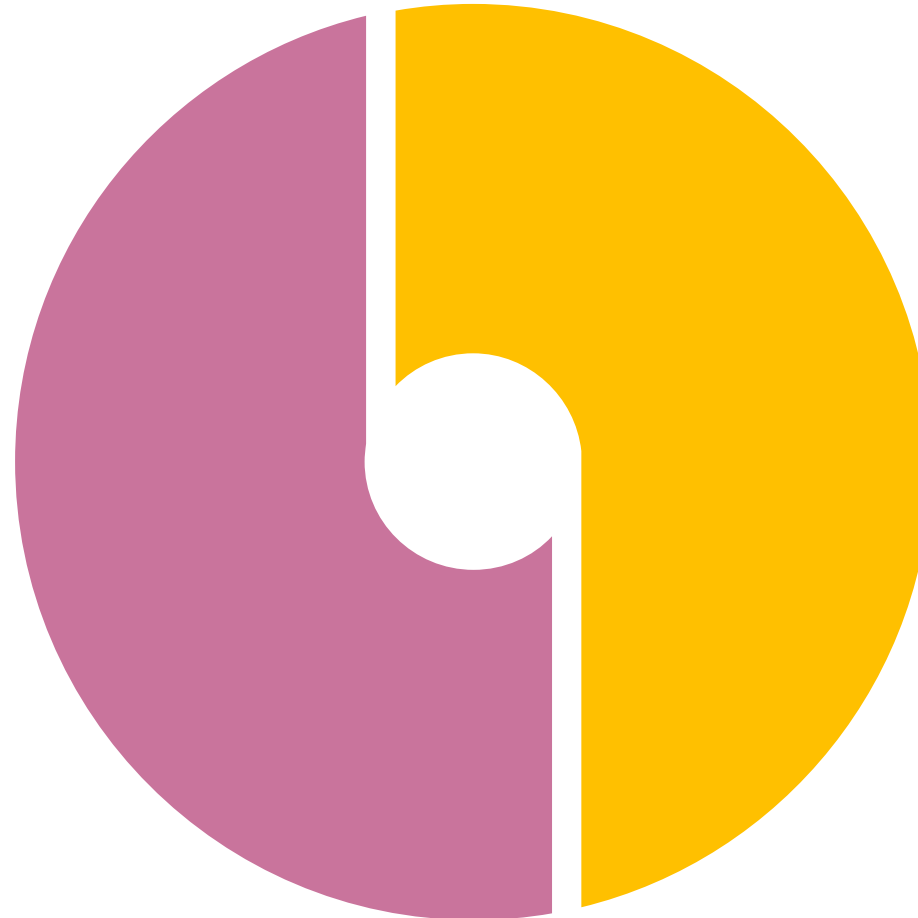


Living Better

Benefits to Consumption Oriented Companies

Consumption companies are benefiting from

- Growing Consumption Data base = Know your customer better
- Strong Technology adoption = Improved supply chain management
- Growing Loyalty Base = Repeat customers moving up value chain
- Celebrate every Indian Festival = Fairly distributed demand throughout the year



- Premiumization & Innovation = Improving Average Selling Price
- Increased Distribution Foot Print = Reducing distance to market & better availability
- Cost leadership = Value Engineering, reducing wastages
- Leverage Fixed Assets = New & large modern factories

Attractions of the Consumption Theme

1 Consumption theme is now much more wider than the earlier historical consumption space – Private banks, NBFC, Insurance, Building Material, Food Processing, Media, Healthcare, Auto Ancillaries etc. have become part of the consumption universe which wasn't the case 5-10 years ago

2 Consumption is coming out of headwinds of twin shocks i.e. De-mon and GST

3 Positive rub off effects of GST expected to reflect in coming times. We believe GST is a structural driver of growth for large organized players (Market share gain)

4 Thrust on rural spending in run up to election and consistently good monsoons are expected to boost rural demand. Urban demand remains fairly buoyant

5 In the backdrop of volatile global markets amidst trade war rhetoric, consumption offers pure play domestic structural growth opportunity

6 Consumption is evergreen pocket to HIDE and RIDE markets even in the most uncertain times of election and (post election) years

7 There remains 25% leeway to buy non-consumption sectors to not miss other opportunities.

Blend of Top Down & Bottom Up Philosophy



Market Share Gain

- Grow business ahead of competitors
- Examples: - Private banks, private insurance companies, selective FMCG, NBFC, Modern Retail etc.



Value Migration

- Ever changing customer's priorities requires dynamic business design
- Knowing what your customers want and delivering the same year after year without fail makes you winner.
- Examples: - Selective FMCG, Paint, Branded accessories, Consumer durables, Auto, Specialized Pharma etc.



Operating Leverage

- Commitment of higher capex ahead of big opportunity
- Examples: - Logistics, CV, Tyres, Defence etc.

Portfolio Approach



**High Promoter
Holding**



**Capable and Focused
Management Driving
the Business**



**Consistently
Generate Above
Average Return on
Equity (ROE)**



**Low Financial
Leverage**



**Strong Cash
Generation**

IDFC Equity Opportunity – Series 6

Higher portfolio weights in low Beta

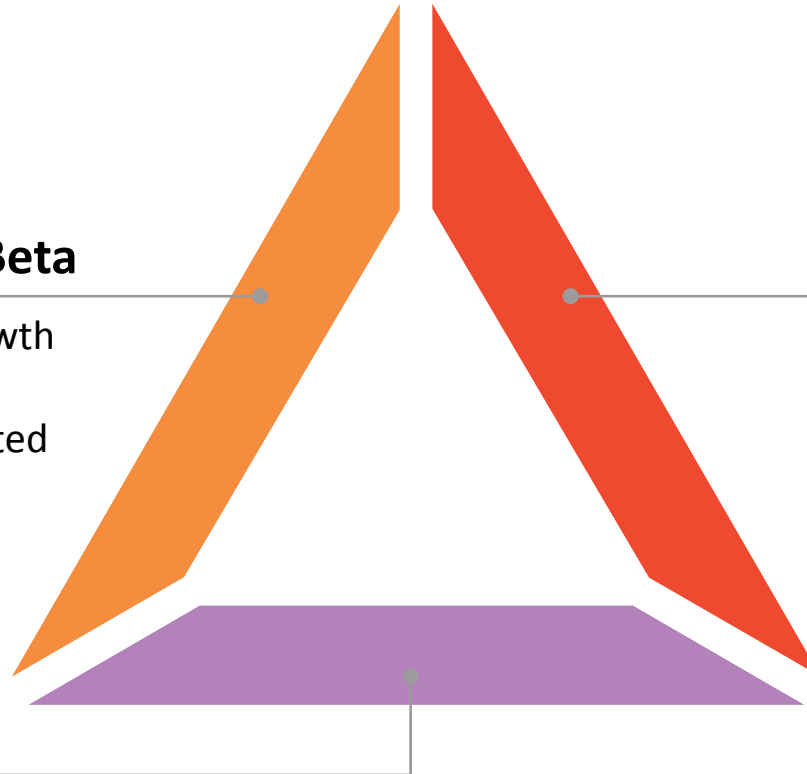
Domestic consumption and domestic growth oriented sectors like Auto, Consumer Discretionary, Staples, Media, retail oriented financials including insurance

Bottom up investing

License to go anywhere

Top Down

Focus on Rising India growth opportunities



Fund Features



Nature

Multi Cap Fund - A close-ended equity scheme investing across large cap, mid cap, small cap stocks



Liquidity

Being close-ended scheme, it does not offer redemption facility before maturity. The Units of the Scheme are proposed to be listed on BSE .



NFO Dates

NFO Opens: 9th July 2018
NFO Closes: 23rd July 2018



Tenure

1194 Days
Maturity Date: 2nd November, 2021



Minimum Application Amount

Fresh Purchase - Rs.5000/- & in multiples of Rs.10 thereafter



Benchmark

S&P BSE 500 Index



Exit Load

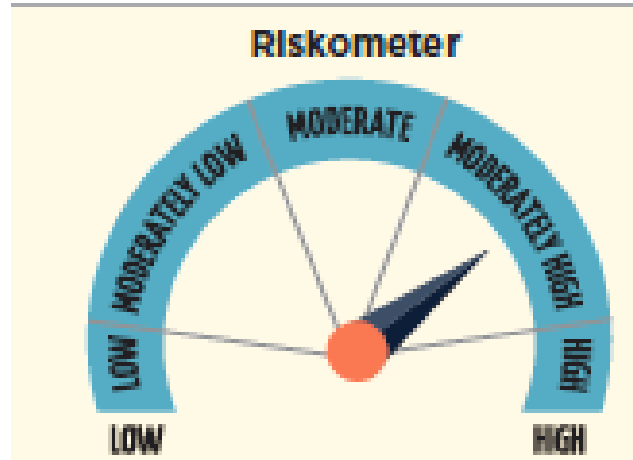
Nil



Fund Manager

Mr. Anoop Bhaskar,
Mr. Kartik Mehta &
Mr. Sumit Agrawal

Product Label



Investors understand that their principal will be at Moderately High Risk

This product is suitable for investors who are seeking*:

- Long-term capital growth
- Investment predominantly in Indian as well as overseas Equity and Equity related securities in either growth stocks or value stocks or both without any capitalization bias

**Investors should consult their financial advisors if in doubt about whether the product is suitable for them*

Disclaimer

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

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THANK YOU