



IDFC FOCUSED EQUITY FUND

An open ended equity scheme investing in maximum 30 stocks with multi cap focus

IDFC Focused Equity Fund is a concentrated portfolio of up to 30 stocks with the flexibility to invest across sectors and across market cap.

FUND PHILOSOPHY

IDFC Focused Equity Fund is an equity oriented fund investing across the market cap curve. It holds a concentrated portfolio comprising of a mix of core and tactical ideas limited to a maximum of 30 stocks. The core portfolio of the fund primarily invests in businesses that are growth oriented and have superior quality characteristics. The tactical part of the portfolio largely comprises of businesses that have the potential to turnaround driven by change in internal/external environment.

Under the newly defined SEBI scheme classification, IDFC Focused Equity Fund is categorized under "Focused" Funds. At an industry level, while these funds are classified as "Focused", their market cap orientation is not defined clearly and by this nature they are also "Multi-Cap".

FUND HIGHLIGHT

One key change versus the previous quarter is our addition of Corporate Banks as we expect them to mean revert from their asset quality and provisioning pangs. Similarly, a tilt towards Defensives (via higher weight in Technology and Pharma) keeps us protected from any probable global shocks (even though the near term crude oil and rupee dollar is benign). Another key change is our exit from some of the stocks in the Discretionary space and corresponding entry into large cap Staples. Even though the valuations here stay elevated, a likely pro-rural approach of the government in pre-election times, would help the sentiments in the near term.

Financial sector has the single largest weight in the portfolio (32.9%) and the allocation here has increased by a significant 1000 bps. Key highlight of the quarter was our addition of large cap Corporate Banks, which so far have been absent from the portfolio since quite some time. We note that some of our small cap positions in asset financing NBFCs/capital market oriented businesses continues to remain soft, as the overall market sentiment has been subdued for quite some time now.

Technology weight (17%) has increased by 530 bps as we added a couple of large cap positions in the sector and switched one name in the same space. While the recent strength in rupee (post the crude price fall) may have some negative impact on the sentiments for the sector, the near term commentary from companies continues to be positive in terms of deal wins and demand. A probable headwind for the sector sometime in future is a probable slowdown in tech spending in the US as the economy slows down. However, we are not unduly perturbed by these developments at this juncture but would like to keep a close watch.

Consumer staples weight (14%) has increased by 320bps as we added some large cap names. This has been funded by lowering weights in Consumer discretionary sector (3.2%).

Pharma weight (8.5%) has increased by 140 bps as we added a couple of large cap names. Pharma sector is gradually coming of a period of heightened regulatory scrutiny and most players are keenly looking for some stabilization in the US generic market. However, the recent rupee strength is taking some sheen off.

Energy (5.5%) and commodities (4.2%) sector weight is broadly steady with no major change at stock level. Even though the crude has corrected recently, the uncertainty around fuel price deregulation/price hikes is likely to stay until elections.

Automobiles weight (13.9%) has increased 120 bps as we added one large cap stock in the portfolio. Most of our existing auto stocks continue to remain weak.

The fund continues to not have any exposure in power utilities, cement/building material and telecom sector.

In terms of the market cap mix, our allocation to large cap stocks has gone up to 64% vs 46% in Sep 2018. Similarly, our mid cap (14%) & small cap (22%) allocation is down 780 bps and 110 bps respectively.

FUND FEATURES:

Category: Focused

Monthly Avg AUM: ₹1,605.51 Crores

Inception Date: 16th March 2006

Fund Manager: Mr Sumit Agarwal
(w.e.f 20/10/2016)

Beta: 0.90

R Square: 0.75

Standard Deviation (Annualized):
14.98%

Benchmark: Nifty 50 TRI

Minimum Investment Amount[§]:
₹5,000 and any amount thereafter.

Exit Load: 1.00% if redeemed before
365 days from the date of allotment.
(w.e.f. 1st September 2009)

Minimum SIP Amount[§]: ₹1,000/-

SIP Frequency: Monthly (Investor may
choose any day of the month except
29th, 30th and 31st as the date of
instalment.)

Options Available: Growth, Dividend -
(Payout, Reinvestment and Sweep (from
Equity Schemes to Debt Schemes only))

[§]Subscription in IDFC Focused Equity Fund has
been restricted to Rs. 2 lakhs per transaction with
effect from 4th December 2017

PLAN	DIVIDEND RECORD DATE	₹/UNIT	NAV
REGULAR	26-Mar-18	0.83	13.4883
	10-Nov-17	2.00	15.6283
	24-Jan-17	1.00	12.1368
DIRECT	26-Mar-18	0.25	19.0688
	24-Jan-17	1.20	14.6625
	28-Jan-16	1.00	13.4869

Face Value per Unit (in ₹) is 10

Dividend is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of dividend, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

Ratios calculated on the basis of 3 years history of monthly data.

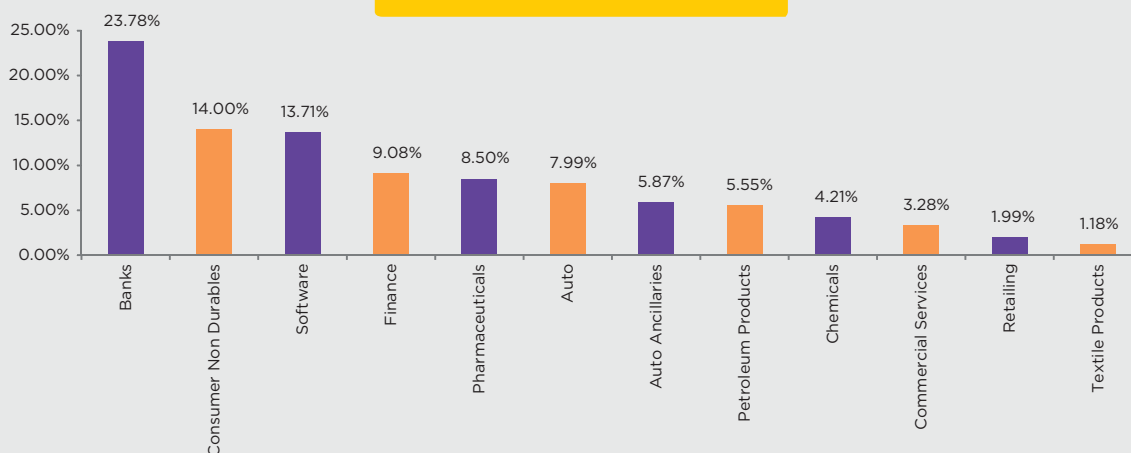
The allocation mentioned above is as per current strategy and market conditions; this is however subject to change without notice.

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

Name of the Instrument	% to NAV
Equity and Equity related Instruments	99.14%
Banks	23.78%
ICICI Bank	7.90%
State Bank of India	6.96%
Axis Bank	5.76%
RBL Bank	3.16%
Consumer Non Durables	14.00%
GlaxoSmithKline Consumer Health	5.15%
Nestle India	4.17%
Dabur India	2.36%
Marico	2.33%
Software	13.71%
Infosys	6.44%
Majesco	2.89%
Wipro	2.21%
Tech Mahindra	2.18%
Finance	9.08%
BSE	2.67%
Magma Fincorp	2.41%
ICICI Securities	2.09%
Central Depository Services (India)	1.91%
Pharmaceuticals	8.50%
Cadila Health	2.96%
Dishman Carbogen Amcis	2.81%
Aurobindo Pharma	2.74%
Auto	7.99%
Mahindra & Mahindra	4.29%
Maruti Suzuki India	3.69%
Auto Ancillaries	5.87%
MRF	4.51%
Minda Industries	1.36%
Petroleum Products	5.55%
Reliance Industries	5.55%
Chemicals	4.21%
Fine Organic Industries	4.21%
Commercial Services	3.28%
Security and Intelligence Services (India)	3.28%
Retailing	1.99%
Aditya Birla Fashion and Retail	1.99%
Textile Products	1.18%
Dollar Industries	1.18%
Net Cash and Cash Equivalent	0.86%
Grand Total	100.00%



INDUSTRY ALLOCATION



This product is suitable for investors who are seeking*:

- To create wealth over long term
- Investment in a concentrated portfolio of equity and equity related instruments of up to 30 companies.

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

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