

IDFC MIDCAP FUND

(Mid Cap Fund - An open ended equity scheme
predominantly investing in mid cap stocks)



NFO opens on 28th July 2022
NFO closes on 11th August 2022

Sweet spot between
Risks and Returns

AGENDA



Midcap opportunities



IDFC Midcap Fund

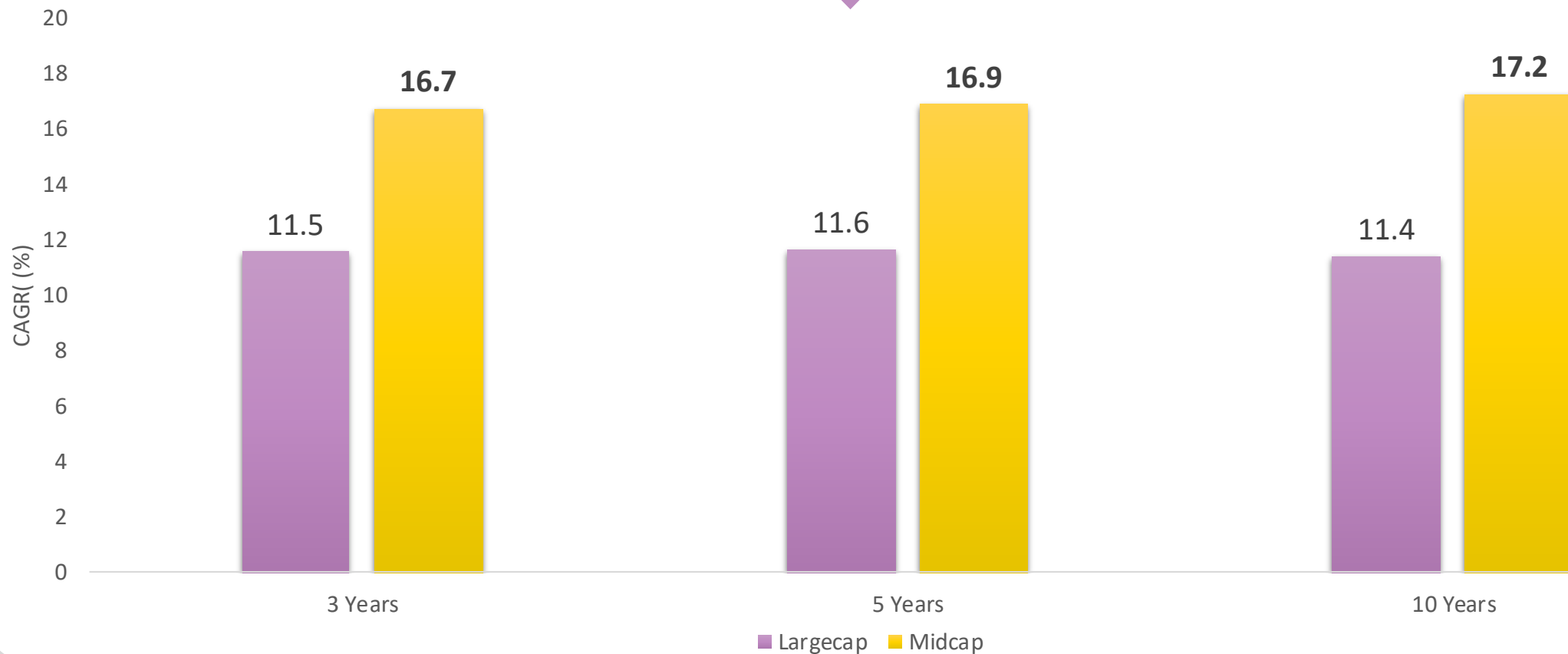


MIDCAP OPPORTUNITIES

Midcaps have established strong performance across time periods

- Midcap segment has generated relatively higher returns across 3Y, 5Y as well as 10Y periods

Market Cap-wise Returns (%)



Source: ICRA MFI. Large Cap – S&P BSE 100 TRI; Mid Cap – S&P BSE 150 Mid Cap TRI;

The period considered – 10 years: From 30th June 2012 to 30th June 2022. Returns are CAGR. The above graph shows the performance as an average of various periods (3, 5 & 10 years) rolling return. Past performance may or may not be sustained in the future.

Midcaps have a relatively higher risk-adjusted return

Markets	Mean Return (%)	Standard Deviation(%)	Sharpe Ratio	Sortino Ratio
Largecap	13.68	21.84	0.47	0.55
Midcap	20.94	25.28	0.69	0.72
Smallcap	20.39	30.54	0.55	0.61

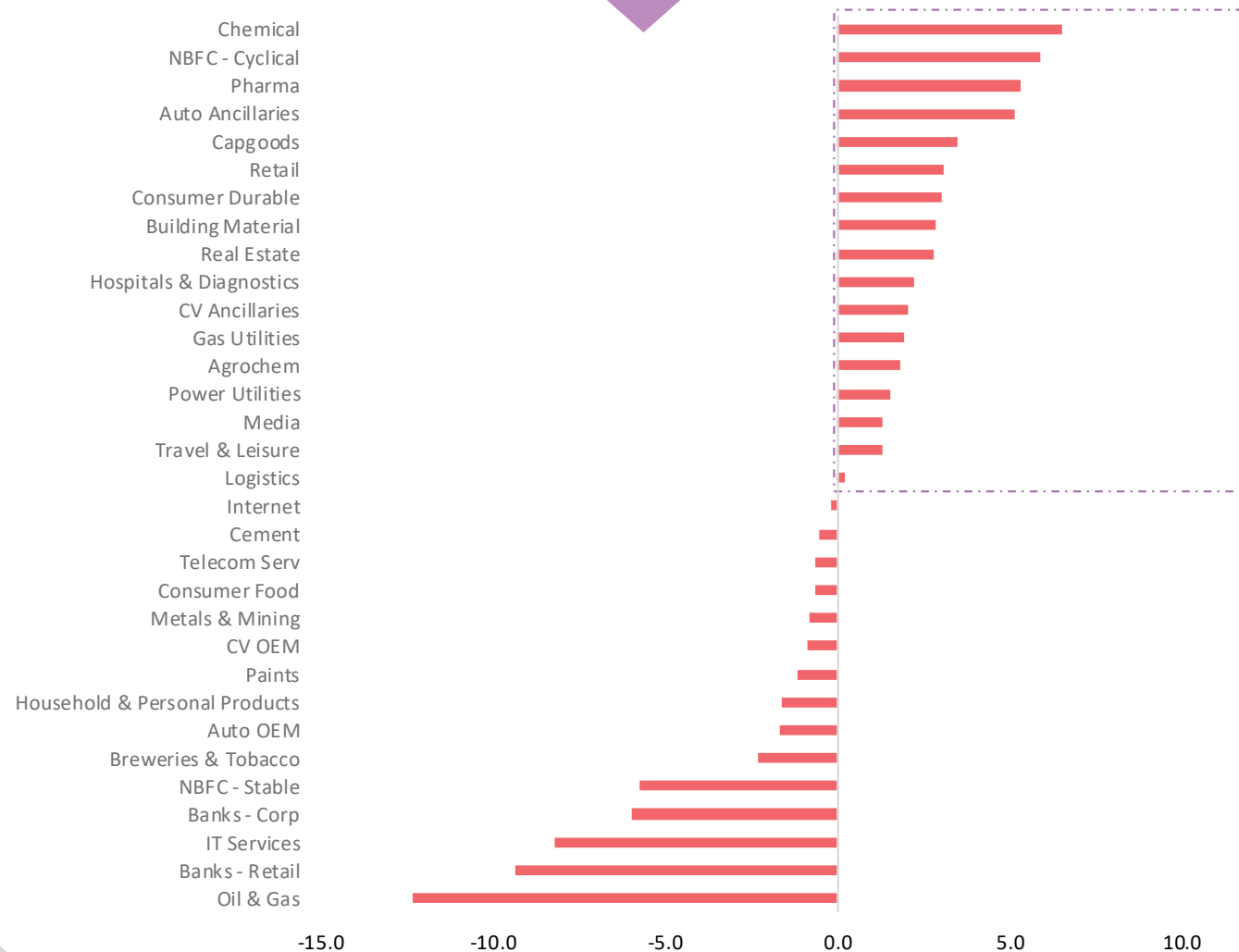
- Midcaps have witnessed relatively higher risk-adjusted returns in the past with Sharpe Ratio being better than the Largecaps or Smallcaps
- Midcaps have generated relatively better returns per unit of the given risk and have shown higher instances of avoiding large losses with Sortino Ratio being 0.72 as compared to Largecaps and Smallcaps

Definition:

- ▶ Mean Return: Average of monthly returns (annualised) generated in the last 3 years.
- ▶ Standard Deviation: A statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility.
- ▶ Sharpe Ratio: A measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk.
- ▶ Sortino ratio: It takes the difference between portfolio return and the risk-free rate and divides this by the standard deviation of the negative returns. Sortino ratio is a variation of the Sharpe ratio that only factors in downside risk.

Midcaps present a broader sector diversification opportunity

Sector Weightage (%) – Midcap over Largecap

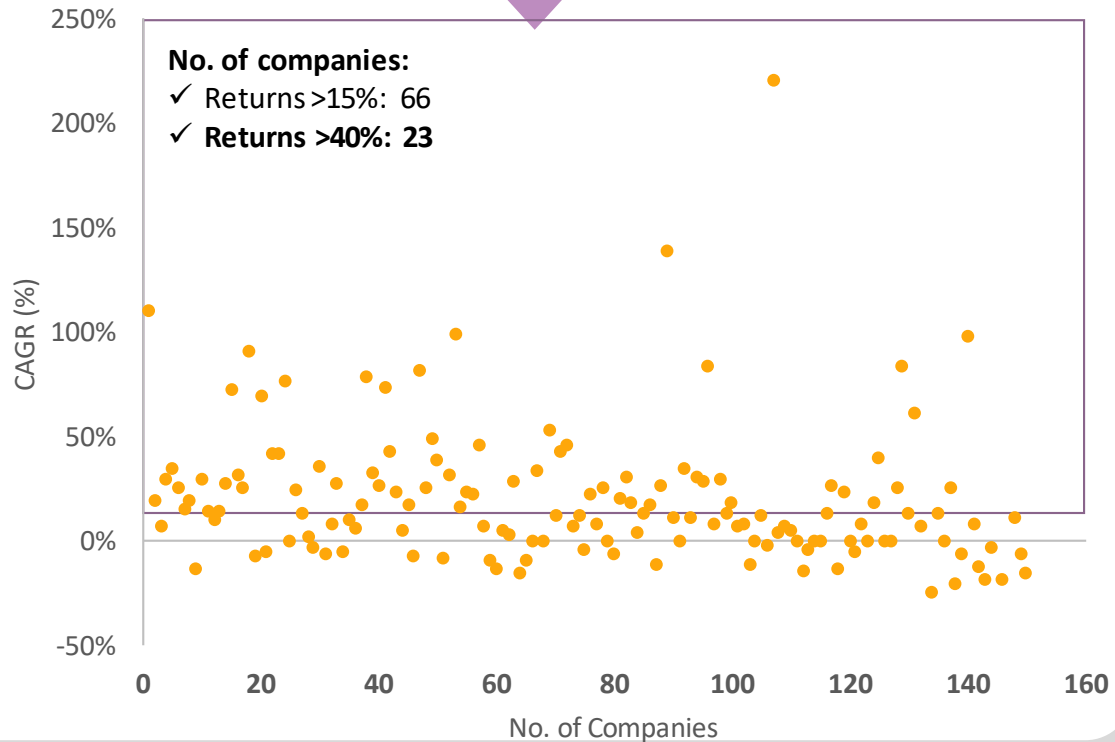


- Midcap provides diverse as well as complementary sector-wide opportunities
- Compared to the Largecap index, Midcap has a broader sectoral representation
- Markets have broadened with the participation of new sectors which have higher weightage in the midcap segment

Active stock selection helps generate higher alpha; visible in Midcaps

Cross-sectional dispersion provides an opportunity

150 Midcap companies – 3-Year CAGR (%)



100 Largecap companies – 3-Year CAGR (%)

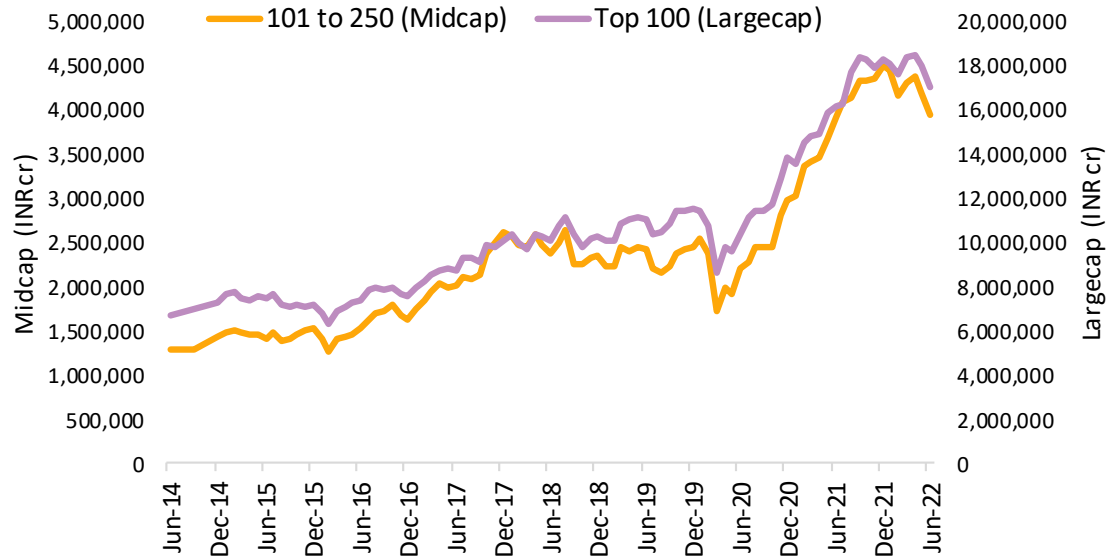


- Midcaps have more no. of companies and avoiding losers could lead to relatively higher alpha opportunity
- Midcaps offer an opportunity for bottom-up stock picking vs sectoral or top-down approach

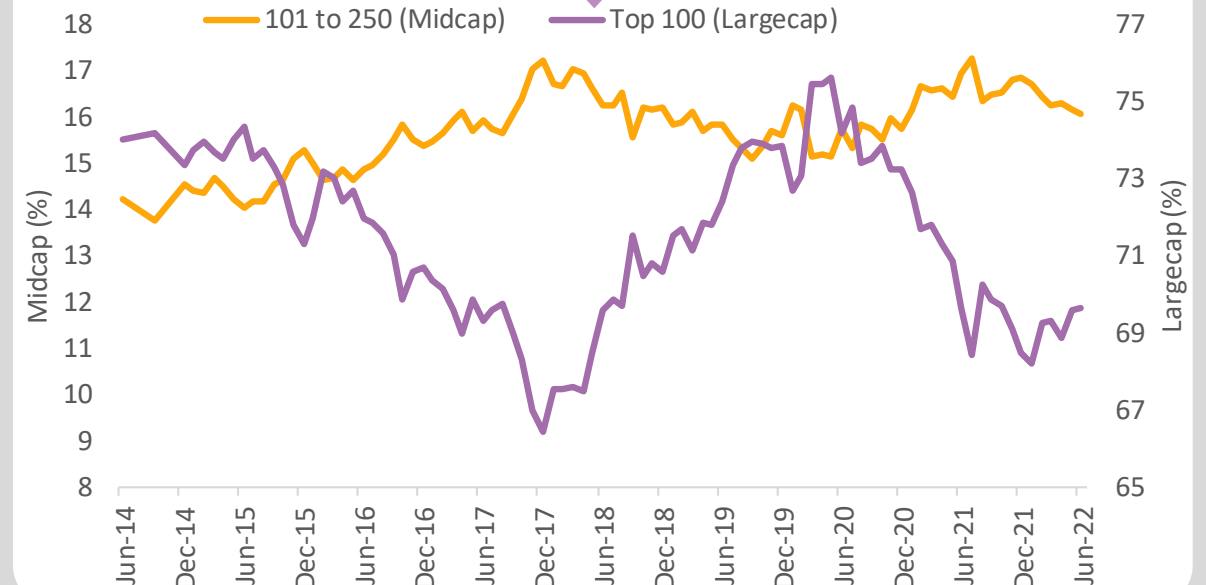
Source: Bloomberg, Data as on 30-June-2022; The Index constituent of S&P BSE 100 and S&P BSE 150 Midcap Index mentioned are for comparison/illustration purposes only and not for fund-related strategy. It should not be construed as investment advice and SID of the fund should be referred before any investment decision. Past performance may or may not be sustained in future. The exception is not taken into illustrative disclosure

Average size of companies in the Midcap segment has expanded during the last 3 years

Market Cap Trend



Large v/s Midcap - % to Total Market Cap



- In the last 3 Years, Total Market Cap of Midcap Segment has increased by 18% CAGR; whereas, Large Caps are up by 16% CAGR
- From Rs. 24.05 Lac Crore in June'19, the Total Market Cap of Midcaps has increased to Rs. 39.28 Lac Crore in June'22

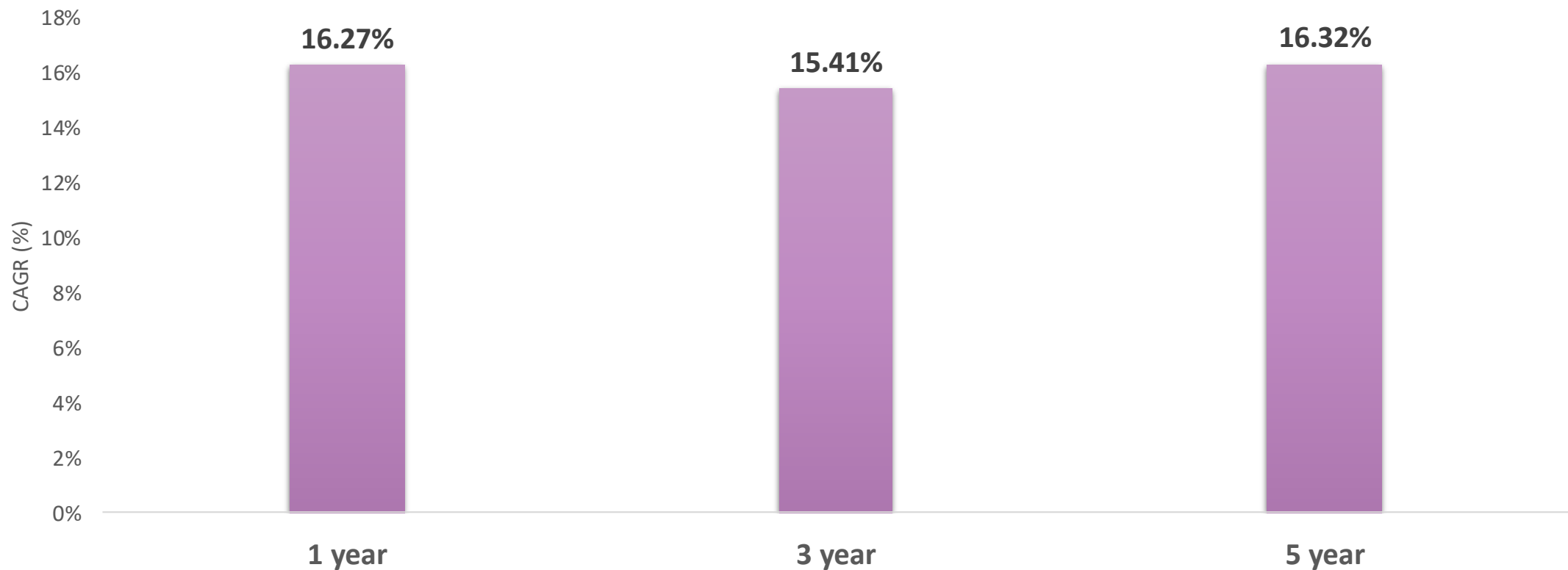
- Market Cap range for Midcap has increased by more than ~72% from Rs. 8,858 Crores – Rs. 27,454 Crores range in Jun'19 to Rs. 16,441 Crores – Rs. 47,228 Crores range in June'22

Source: Motilal Research total market cap data as on 30-June- 2022 and AMFI Market Cap range data as of June 2022. Midcap companies ranked from 101 to 250; Largecap companies ranked from 1 to 100. Past performance may or may not be sustained in the future.

Timing is less relevant, even when lumpsum investments are made at a market high

Having invested at the highest market level (during the month) every month still produced attractive Midcap returns

Average Cumulative Returns on investing at month's high in Midcap

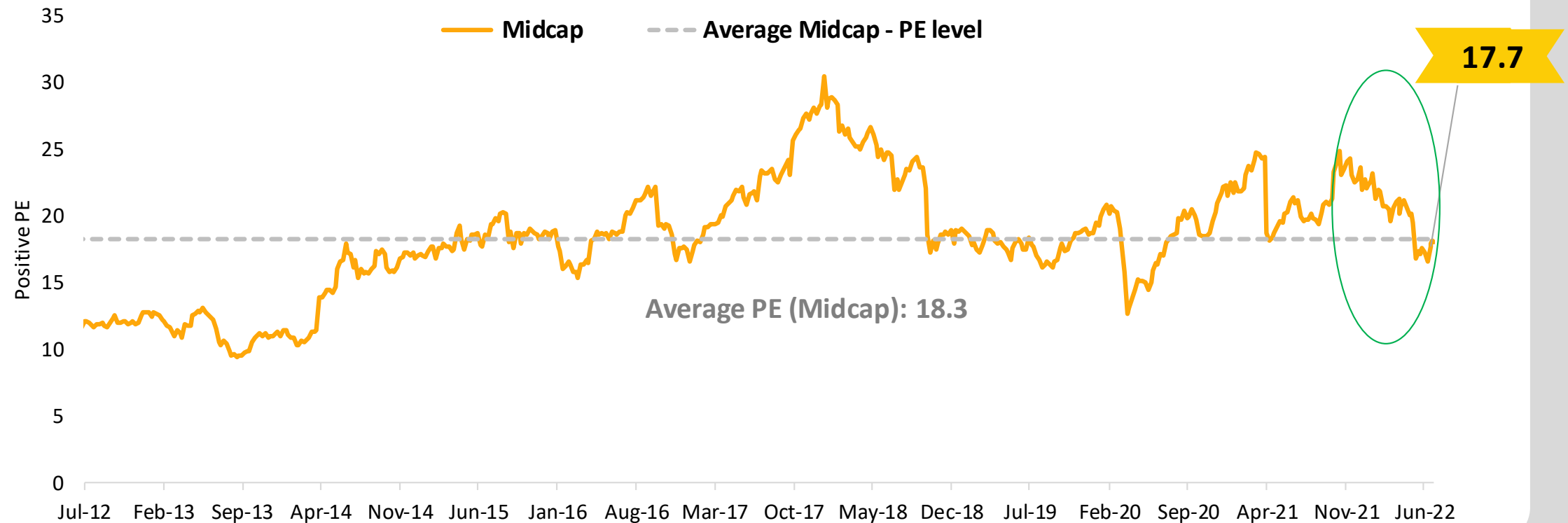


Source: MFIE, Average returns generated if one were to invest on the day BSE 150 Midcap TRI was highest in a month. Returns are calculated on monthly frequency for 1Y, 3Y and 5Y period from the particular day (based on monthly highs each month on a forward basis). Returns shown in the graph are average returns for 1Y, 3Y, and 5Y basis for the period January 2011 to June 2022. Past performance may or may not be sustained in future.

Midcap valuation could be at a reasonable level

Midcap is trading at a discount to its long-term average

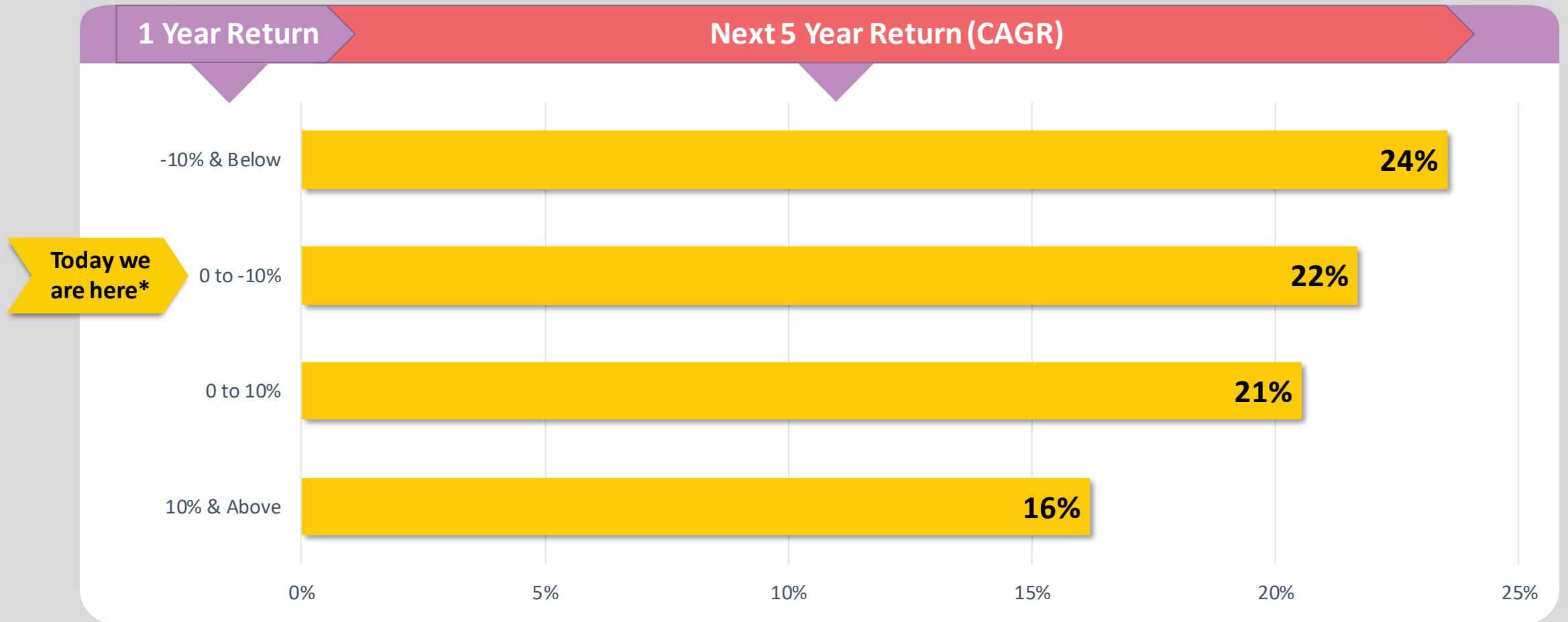
Current PE level is at 17.7 vis-à-vis the 10-year average of 18.3



Source : Bloomberg, Midcap: Nifty Midcap 100 Index; Trailing PE considered from June-2012 to June-2022. PE data as on June 20, 2022. Past performance may or may not be sustained in the future.

Midcaps may have potential return opportunities over the long term

● Modest past year returns may lead to attractive return potential over the next 5 year period



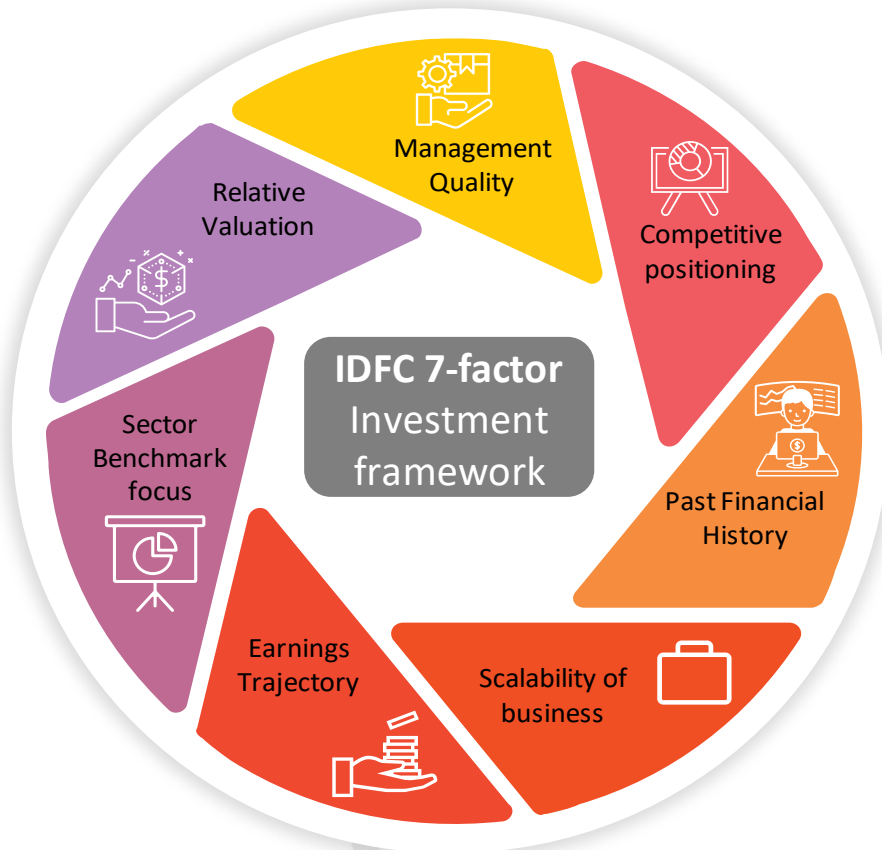
* As on June 30, 2022 @ Trailing 1Y CAGR of -1.21%; Source: ICRA MFI; Mid Cap - S&P BSE 150 Mid Cap TRI
The period considered is 10 years i.e. from 30th June 2012 to 30th June 2022. Returns are CAGR. The above graph shows the performance as an average of 5 years (Forward) period return. Past performance may or may not be sustained in the future.

IDFC Midcap Fund

*Portfolio construct based on a
“5 Filter Framework”*

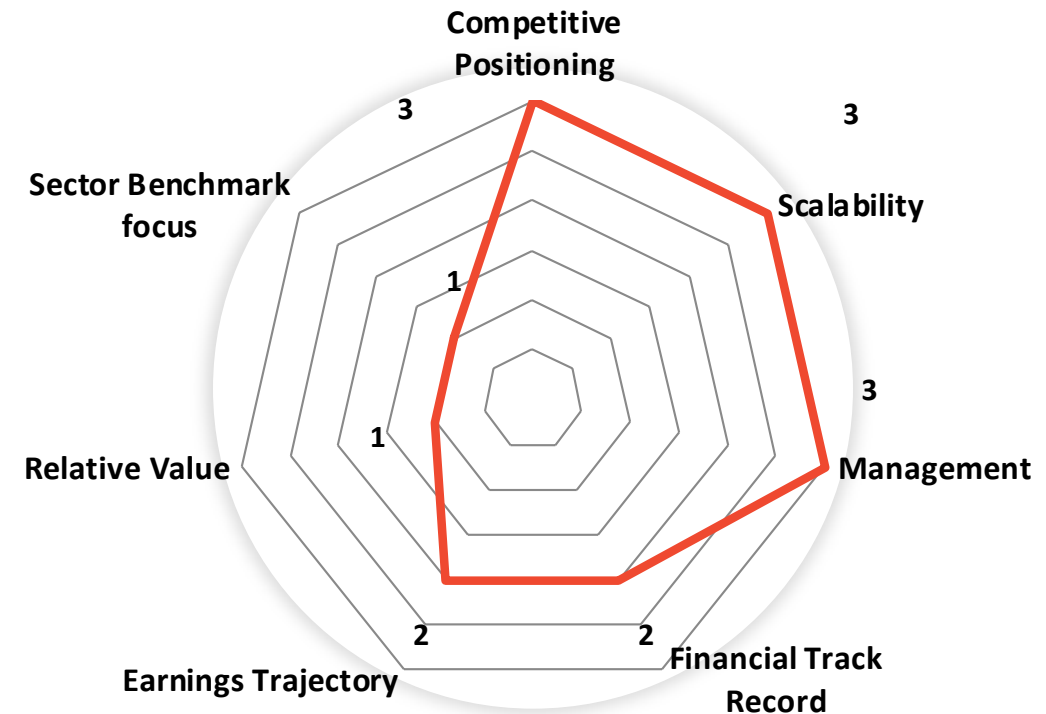
IDFC AMC 7-factor equity investment process and Funds investment alignment

IDFCAMC EQUITY INVESTMENT PROCESS



- Each portfolio follows a specific fitment to the 7 factors basis its strategy tilt
- Each portfolio will have 3 factors categorised as very important, 2 as important and 2 as less important

IDFC Midcap Fund



Fund to emphasize on

- Management Quality**
- Scalability**
- Competitive Positioning**

Each portfolio follows a specific fitment to the 7 factors basis its strategy tilt where 3=Very Important, 1=Least Important. This is applicable for all the equity strategies offered by IDFC AMC. The numbers do not have any significance in absolute terms

IDFC Midcap Fund - 5 Filter Framework for Stock Selection

Addressable Investment Universe

Governance / Sustainability

Enables to take longer-term view on business

- Strong governance, capital allocation track record and sustainable business model

Capital Efficiency

Key for shareholder value creation

- Structural opportunity for business to earn optimal return on invested capital (RoIC)

Competitive Edge

Leads to strong franchise network creation

- Clear value proposition for customers through cost/product differentiation

Scalability

Results into longer-term earning growth

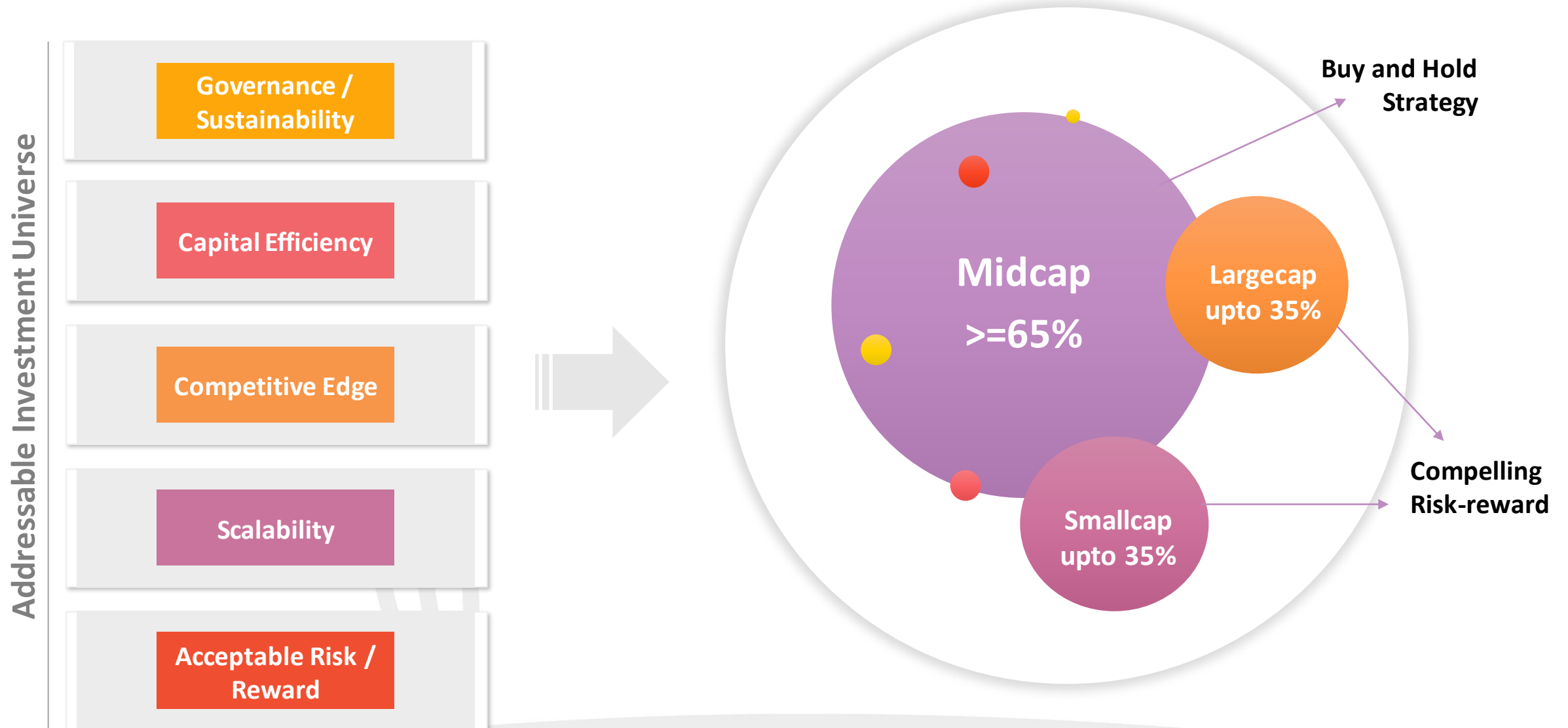
- Large market opportunity available

Acceptable Risk / Reward

Non-adherence to discipline could result into inferior investment outcomes

- Avoiding to pay excess for right kind of business

Disciplined approach towards portfolio construction



Allocations mentioned on this slide are as per our current proposed framework. This may change in future depending on market opportunities and fund manager views and would be subject to SID limits. The SID limits shall prevail at all points in time.

Illustrative Case Study I: SECTOR: Auto Ancillary [MINDA INDUSTRIES]

Addressable Investment Universe

Governance / Sustainability

Simplification in group shareholding structure

Capital Efficiency

Capex backed by order wins. JVs and M&A to complement existing product portfolio

Competitive Edge

Strong OEM relationships. Ability to forge technology tie-ups leading to the content enhancement

Scalability

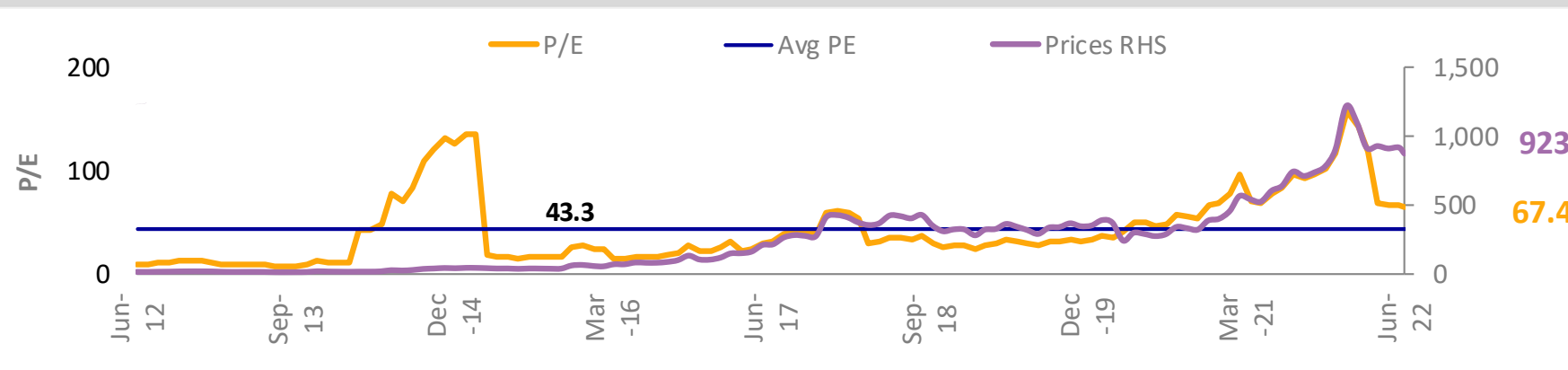
Deeper penetration in existing OEMs and targeting new OEMs

Acceptable Risk / Reward

Business was available close to 10X multiple 5 years ago; Technology agnostic and presence in multiple OEMs/platforms

Summary

Structural opportunity for business to scale through product and customer diversification



10 Year CAGR of ~56%*

*Performance as of 30-June-2022

Source: Motilal Oswal Research. The sectors/stocks mentioned herein are only for illustrative purposes and should not be construed as a recommendation from IDFC Mutual Fund or indicative portfolio of any scheme of IDFC Mutual Fund. IDFC Mutual Fund may or may not hold any position in these sectors/stocks. Performance of the above sectors/stocks should not be construed as indicative yield of any of the schemes of IDFC Mutual Fund. Portfolio of the fund would depend on asset allocation and investment strategy as stated in Scheme Information Document and market conditions at the time of investment. Past performance may or may not be sustained in the future

Illustrative Case Study II: SECTOR: Consumer Durables [VOLTAS]

Addressable Investment Universe

Governance / Sustainability

Promoter group is a very well respected Indian conglomerate

Capital Efficiency

Asset light model with a strong brand and wide distribution network

Competitive Edge

Strong consumer franchisee. Consistent market share gains with improvement in profitability

Scalability

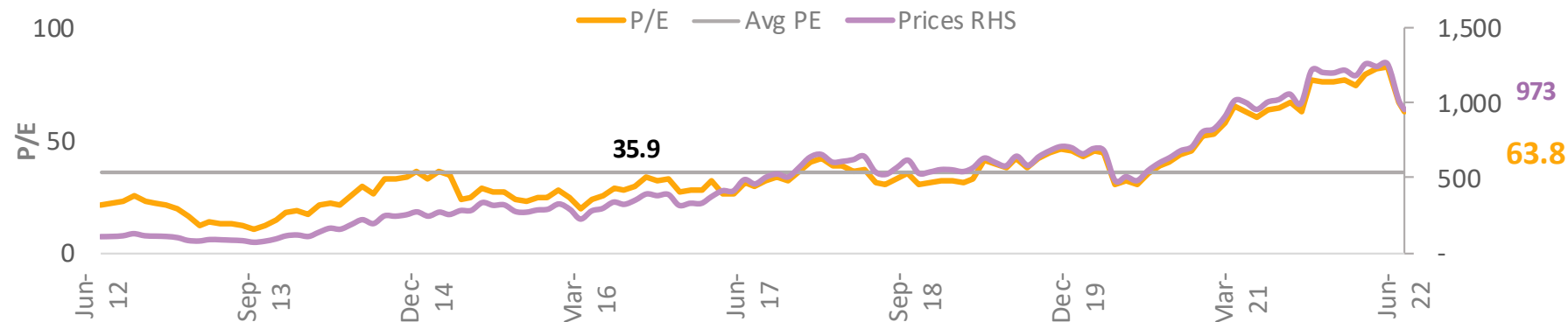
Highly under-penetrated product category. Intent to expand in multiple other adjacent categories

Acceptable Risk / Reward

Business was available at less than 10X (Trailing) PE multiple 10Y ago and ~30X multiple 5Y ago

Summary

Significant value creation by addressing highly underpenetrated opportunities driven by sharp competitive edge



10 Year CAGR
of ~25%*

*Performance as of 30-June-2022

Source: Motilal Oswal Research. The sectors/stocks mentioned herein are only for illustrative purposes and should not be construed as a recommendation from IDFC Mutual Fund or indicative portfolio of any scheme of IDFC Mutual Fund. IDFC Mutual Fund may or may not hold any position in these sectors/stocks. Performance of the above sectors/stocks should not be construed as indicative yield of any of the schemes of IDFC Mutual Fund. Portfolio of the fund would depend on asset allocation and investment strategy as stated in Scheme Information Document and market conditions at the time of investment. Past performance may or may not be sustained in the future.

Illustrative Case Study III: SECTOR: Information Technology [MPHASIS]

Addressable Investment Universe

Governance / Sustainability

Strong governance practices with defined capital allocation policies

Capital Efficiency

Focus on organic over in-organic growth resulting in superior cash flow conversion ratios

Competitive Edge

Differentiated business development approach based on providing client-specific solutions vs RFP participation

Scalability

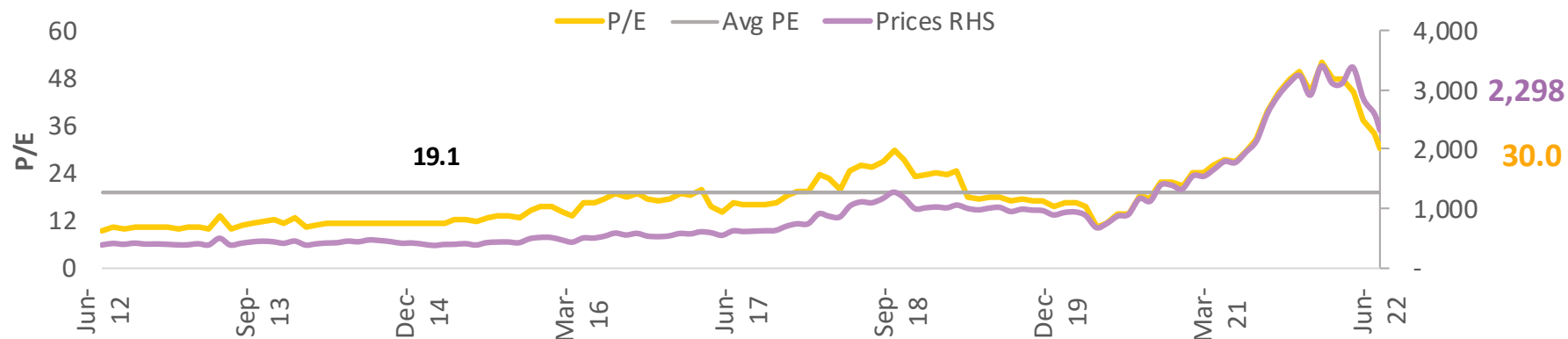
Global technology adoption led by cloud migration is a multi-year opportunity

Acceptable Risk / Reward

Strong value creation over last 5 Years; valuation multiple re-rated as the business continued to deliver, supported by industry tailwinds

Summary

Value creation through transition from mid-tier group captive to broad customer base through customized solution offering and domain expertise



10 Year CAGR
of ~20%*

*Performance as of 30-June-2022

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Key Takeaways

Midcap complements one's core portfolio allocation with the potential to generate relatively higher returns over the long term.

- Midcaps have generated relatively better risk-adjusted returns vs. Largecaps across periods
- Midcap segment presents a broad sector diversification opportunity

IDFC Midcap Fund offers an opportunity to invest in Indian Midcap companies with its 5 Filter Framework for stock selection

- Governance: Enables to take long term view on business
- Capital Efficiency: Key for shareholder value creation
- Competitive Edge: Leads to strong franchise network creation
- Scalability: Results into longer-term earning growth
- Acceptable Risk / Reward: Buying businesses at the right price

IDFC AMC has experience in managing assets under the midcap segment with current exposure of ~Rs. 4,500 crores and coverage of ~35 % of the total midcap stock universe

IDFC Midcap Fund with its unique framework offers investors an opportunity to benefit from the strong growth potential of the midcap companies over the long term

Funds Suitability

Investors who aim to have a **diversified portfolio** with participation across sectors

Long term investors who believe in **spending time in the market**, rather than timing the market



Investors looking for relatively **higher long-term growth** prospects

Access broad range of growth potential with a **core allocation** with wider opportunities

Midcap complements one's
CORE PORTFOLIO ALLOCATION,
with a potential to earn relatively
reasonable risk-adjusted returns
over the long term

MID SIZED BUSINESSES

**INVEST IN INDIA'S
RISING BUSINESSES**

Sweet spot between
Risks and Returns

About the Fund Manager










Sachin Relekar Senior Fund Manager

Sachin is an industry expert with over 20 years of experience. He has been managing funds across the market cap spectrum and focuses on quality companies that can generate superior long-term returns. At IDFC AMC Sachin manages IDFC Flexi Cap Fund, IDFC Infrastructure Fund, IDFC Balanced Advantage Fund and IDFC Equity Savings Fund. Before joining IDFC AMC, he was the Chief Investment Officer-Equity at LIC Mutual Fund.

Sachin is a CFA and has completed his Master in Management Studies from Jamnalal Bajaj Institute of Management Studies after qualifying as an Engineer from Shivaji University.

Fund Details

	Type of Scheme	Midcap Fund -An open ended equity scheme predominantly investing in midcap stocks
	Investment Objective	The Fund seeks to generate long term capital appreciation by investing predominantly in equities and equity linked securities of midcap segment. There is no assurance or guarantee that the objectives of the scheme will be realised.
	Minimum Application Amount	Rs. 5000 and in multiples of Re. 1 thereafter
	Plans/Options	Regular/ Direct Plan: Growth Option and Income Distribution cum capital withdrawal Option^
	Exit Load	If redeemed/switched out within 1 year from the date of allotment - 1% of applicable NAV; If redeemed/switched out after 1 year from the date of allotment – Nil
	Fund Managers:#	Sachin Relekar (Equity portion)/ Harshal Joshi (Debt portion)
	Benchmark	S&P BSE 150 MIDCAP INDEX

Other Funds managed by the Fund Manager

Period			1 Year		3 Years		5 Years		10 Years	
	Managing Since	Benchmark Index	Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)	Scheme Return (%)	Benchmark Return (%)
Fund Manager Name: Mr. Sachin Relekar (w.e.f. 08th December 2020) ^E										
IDFC Flexi Cap Fund ^S	08-12-2020	S&P BSE 500 TRI	-2.07%	0.66%	8.58%	13.14%	6.70%	11.48%	13.67%	13.80%
IDFC Infrastructure Fund	08-12-2020	S&P BSE India Infrastructure TRI	-4.33%	9.03%	9.85%	10.17%	5.43%	6.63%	9.27%	11.22%
IDFC Equity Savings Fund	08-12-2020	CRISIL Equity Savings Index	2.39%	3.60%	6.14%	9.09%	5.68%	8.62%	6.55%	8.44%
IDFC Large Cap Fund ^{2S}	01-03-2017	S&P BSE 100 TRI	-0.79%	1.40%	10.05%	11.81%	9.03%	11.64%	11.09%	12.72%
IDFC Balanced Advantage Fund ^H	01-03-2017	NIFTY 50 Hybrid Composite debt 50:50 Index	-2.46%	1.71%	7.25%	9.90%	7.20%	9.83%	NA	NA
IDFC Asset Allocation Fund of Fund - Aggressive Plan ^{AS}	18-04-2018	CRISIL Hybrid 35+65 Ag- gressive Index	-1.06%	1.30%	7.40%	11.28%	6.13%	10.42%	9.19%	12.12%
IDFC Asset Allocation Fund of Fund - Conservative Plan ^{AS}	18-04-2018	CRISIL Hybrid 85+15 Conser- vative Index	1.21%	1.13%	5.51%	7.62%	5.57%	7.39%	8.00%	9.00%
IDFC Asset Allocation Fund of Fund - Moderate Plan ^{AS}	18-04-2018	NIFTY 50 Hybrid Composite debt 50:50 Index	0.12%	1.71%	6.55%	9.90%	5.97%	9.83%	8.66%	10.83%
Mr. Sachin Relekar manages 8 schemes of IDFC Mutual Fund. (Arpit Kapoor managed IDFC LCF, IDFC BAF & IDFC AFOF up to 28th February 2022.)										

Performance based on NAV as on 30/06/2022. Past Performance may or may not be sustained in the future. The performance details provided herein are of regular plan growth option. Regular and Direct Plans have different expense structure. Direct Plan shall have a lower expense ratio excluding distribution expenses, commission expenses etc. \$"IDFC Multi Cap Fund" has been re-categorized from the Multi Cap Fund Category to the Flexi Cap Fund category and has been renamed as "IDFC Flexi Cap Fund" with effect from February 09, 2021. For other details on performance and fund related details kindly visit the website: <https://idfcmf.com/download-centre/monthly-factsheets>

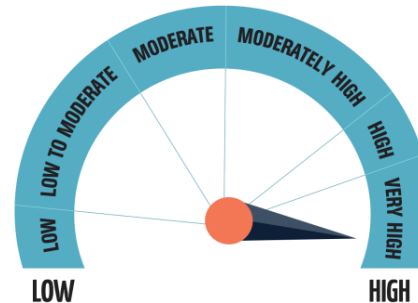
Disclaimer

IDFC MIDCAP FUND (Mid Cap Fund - An open ended equity scheme predominantly investing in mid cap stocks)

Scheme Risk-o-meter

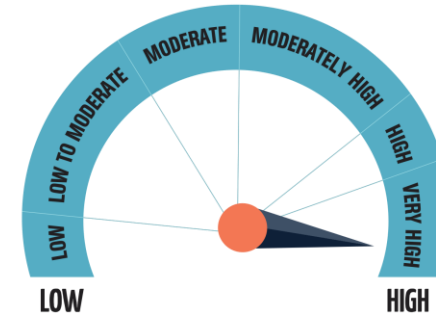
This product is suitable for investors who are seeking*

- To create wealth over a long term
- Investment in a portfolio of equity and equity related securities of mid cap companies



Investors understand that their principal will be at Very High risk

Benchmark Risk-o-meter



Benchmark: S&P BSE 150 MIDCAP INDEX

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

The Disclosures of opinions/in house views/strategy incorporated herein is provided solely to enhance the transparency about the investment strategy / theme of the Scheme and should not be treated as endorsement of the views / opinions or as an investment advice. This document should not be construed as a research report or a recommendation to buy or sell any security. This document has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of IDFC Mutual Fund. The information/ views / opinions provided is for informative purpose only and may have ceased to be current by the time it may reach the recipient, which should be taken into account before interpreting this document. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision and the security may or may not continue to form part of the scheme's portfolio in future. Investors are advised to consult their own investment advisor before making any investment decision in light of their risk appetite, investment goals and horizon. The decision of the Investment Manager may not always be profitable; as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time. Neither IDFC Mutual Fund / IDFC AMC Trustee Co. Ltd./ IDFC Asset Management Co. Ltd nor IDFC, its Directors or representatives shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

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

Riskometer of other funds managed by the Fund manager

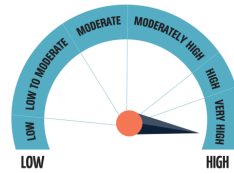
IDFC Flexi Cap Fund

Flexi Cap Fund- An open ended equity scheme investing across large cap, mid cap and small cap stocks

This product is suitable for investors who are seeking*

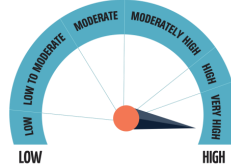
- To create wealth over long term.
 - Investment predominantly in equity and equity related instruments across market capitalisation.
- *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Scheme risk-o-meter



Investors understand that their principal will be at Very High risk

Benchmark risk-o-meter



S&P BSE 500 TRI

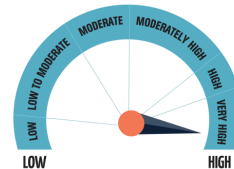
IDFC Balanced Advantage Fund

An open-ended dynamic asset allocation fund

This product is suitable for investors who are seeking*

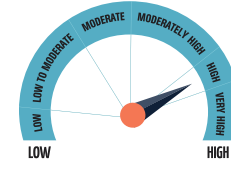
- To create wealth over long term.
 - Dynamic allocation towards equity, derivatives, debt and money market instruments.
- *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Scheme risk-o-meter



Investors understand that their principal will be at Very High risk

Benchmark risk-o-meter



NIFTY 50 Hybrid Composite debt 50:50 Index

IDFC Infrastructure Fund

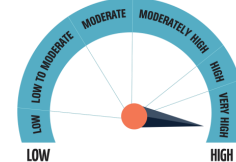
An open ended equity scheme investing in Infrastructure sector

This product is suitable for investors who are seeking*

- To create wealth over long term.
- Investment predominantly in equity and equity related instruments of companies that are participating in and benefiting from growth in Indian infrastructure and infrastructural related activities.

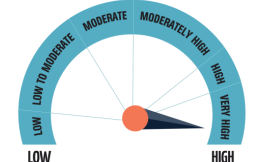
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Scheme risk-o-meter



Investors understand that their principal will be at Very High risk

Benchmark risk-o-meter



S&P BSE India Infrastructure TRI

IDFC Equity Savings Fund

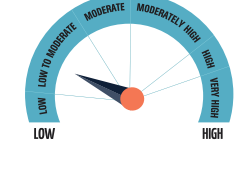
An open ended scheme investing in equity, arbitrage and debt

This product is suitable for investors who are seeking*

- To generate long term capital growth and income.
- Investment predominantly in Equity and Equity related securities (including arbitrage and other derivative strategies) as well as Fixed Income securities.

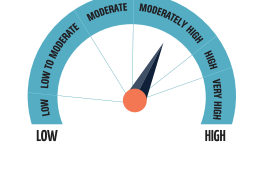
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Scheme risk-o-meter



Investors understand that their principal will be at Low to Moderate risk

Benchmark risk-o-meter



CRISIL Equity Savings Index

Thank you!