



## IDFC DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration

The fund is positioned in the income fund category to take exposure across the curve depending upon the fund manager's underlying interest rate view where we employ the majority of the portfolio. It is a wide structure and conceptually can go anywhere on the curve. The fund plays the trade of the season which we think will sustain for a longer period of time.

### OUTLOOK

The MPC in its August policy cut the repo rate by 35 bps to 5.40%, while maintaining stance of policy as accommodative. The move to cut was decided with the 35 bps to 25 bps vote counting as 4:2. It may be recalled that Governor Das had earlier floated the idea of challenging the conventional 25 bps moves, with unconventional steps like the one today possibly reaffirming the signaling effect of policy direction as well. The policy is largely in line with the dovish end of expectations. There is no decision with respect to the working group on liquidity management framework. However, the Governor did note the very large surpluses in the system today and reaffirmed the commitment to provide abundant liquidity. Thus the implementation basis the recommendations of the framework is very likely to be consistent with the current market view that RBI as already moved to targeting surplus liquidity.

With this clear stance of the current policy objective alongside weak inflation pressures and a probable overestimation of growth, we reiterate our previously expressed view of a terminal repo rate of 5%, alongside provisioning of comfortable positive liquidity. With liquidity in surplus and banks' credit growth slowing, term spreads seem to be attractive and this remains a continued bullish backdrop for quality bonds.

#### Fund Features:

**Category:** Dynamic Bond

**Monthly Avg AUM:** ₹2,035.69 Crores

**Inception Date:** 25th June 2002

**Fund Manager:** Mr. Suyash Choudhary (Since 15th October 2010)

**Standard Deviation (Annualized):** 4.28%

**Modified Duration:** 5.76 years

**Average Maturity:** 7.86 years

**Yield to Maturity:** 6.87%

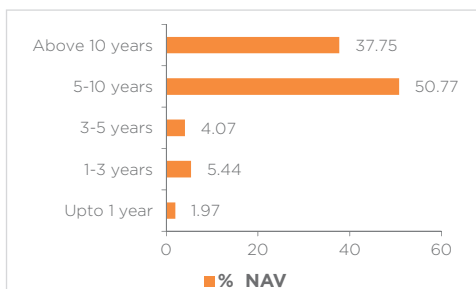
**Benchmark:** CRISIL Composite Bond Fund Index

**Minimum Investment Amount:** ₹5,000/- and any amount thereafter

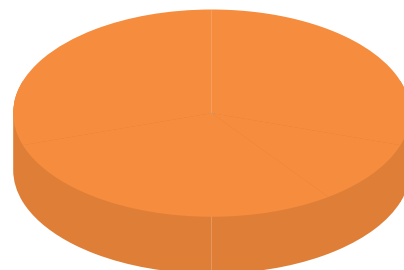
**Exit Load:** Nil (w.e.f. 17th October 2016)

**Options Available:** Growth, Dividend - Quarterly (March, June, September & December), Half Yearly, Annual, Regular & Periodic

#### Maturity Bucket:



### ASSET QUALITY



AAA Equivalent  
**100.00%**

**PORTFOLIO** (31 July 2019)

Name	Rating	Total (%)
<b>Government Bond</b>		<b>84.29%</b>
7.27% - 2026 G-Sec	SOV	40.52%
6.79% - 2029 G-Sec	SOV	37.75%
6.79% - 2027 G-Sec	SOV	3.98%
7.59% - 2026 G-Sec	SOV	2.03%
8.20% - 2025 G-Sec	SOV	0.01%
7.17% - 2028 G-Sec	SOV	0.01%
<b>Corporate Bond</b>		<b>13.71%</b>
Reliance Industries	AAA	8.27%
REC	AAA	5.44%
<b>State Government Bond</b>		<b>0.03%</b>
8.32% Karnataka SDL - 2029	SOV	0.03%
<b>Net Cash and Cash Equivalent</b>		<b>1.97%</b>
<b>Grand Total</b>		<b>100.00%</b>



This product is suitable for investors who are seeking\*:

- To generate long term optimal returns by active management
- Investments in money market & debt instruments including G-Sec across duration

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

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