



## IDFC DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration

The fund is positioned in the dynamic bond 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 Monetary Policy Committee (MPC) rate decision to hold its policy rate in its December meeting was against market expectations of a 25bps cut. While not acting in the policy, the MPC nevertheless acknowledged monetary policy space for future action. It also reiterated continuation "with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target". The RBI also downplayed the point about broader transmission, noting that this "has been full and reasonably swift across various money market segments and the private corporate bond market". However, transmission to government bond market has been partial, while credit market transmission remains delayed but is picking up.

Investors should probably breathe a sigh of relief insofar that this provides a longer window to keep locking into front end quality interest rates. A 175 bps odd spread between overnight to 4 year AAA bonds is there for the receiving given our high conviction view of a 'lower for longer' policy regime. Longer end rates will struggle for now, but are also cheap given almost 200 bps spread between overnight and long duration government bonds, and with these bonds currently trading close to the year's predicted nominal GDP growth. However, a sustained move here will depend upon the government not over-exerting the fiscal lever and fresh risk capital entering the system.

#### Fund Features:

**Category:** Dynamic Bond

**Monthly Avg AUM:** ₹2,079.70 Crores

**Inception Date:** 25th June 2002

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

**Standard Deviation (Annualized):** 4.30%

**Modified Duration:** 6.82 years

**Average Maturity:** 10.43 years

**Yield to Maturity:** 6.88%

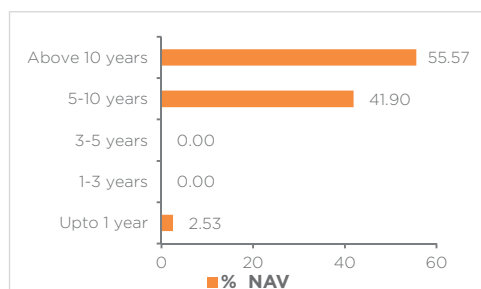
**Benchmark:** 50% S&P BSE 200 TRI + 50% NIFTY AAA Short Duration Bond Index (w.e.f 11/11/2019)

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

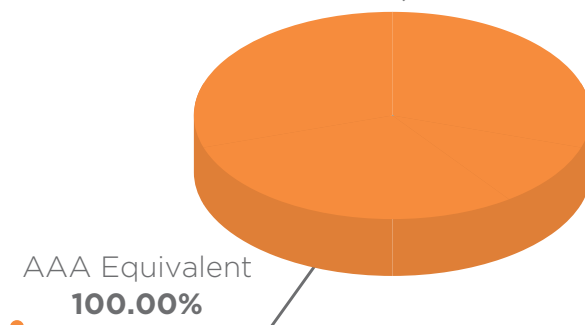
**Exit Load:** Nil (w.e.f. 17th October 2016)

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

#### Maturity Bucket:



### ASSET QUALITY



Gsec/SDL yields have been annualized wherever applicable  
Standard Deviation calculated on the basis of 1 year history of monthly data

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

**PORTFOLIO** (29 November 2019)

Name	Rating	Total (%)
<b>Government Bond</b>		<b>97.47%</b>
7.57% - 2033 G-Sec	SOV	55.57%
7.27% - 2026 G-Sec	SOV	41.89%
8.20% - 2025 G-Sec	SOV	0.01%
7.17% - 2028 G-Sec	SOV	0.005%
<b>Net Cash and Cash Equivalent</b>		<b>2.53%</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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