



IDFC DYNAMIC EQUITY FUND

An open ended dynamic asset allocation fund

FUND PHILOSOPHY*

IDFC Dynamic Equity Fund is a hybrid fund with active equity allocation changing based on the trailing P/E of Nifty 50 index. The fund has a pre-defined model which indicates the range of active equity allocation based on P/E levels, and there are 6 different range of equity allocation possible. Higher the P/E band, lower will be the active equity allocation and vice versa. Change of bands happen once a month while changes within the band happen dynamically on a day to day basis. The active equity portfolio is managed like a diversified fund with higher allocation to large caps when active equity exposure is lower. As a general approach, the fund will add more mid and small cap exposure when active equity exposure increases with P/E levels coming down. P/E and mid and small cap exposure is inversely correlated – higher P/E will lead to lower midcap and lower P/E will lead to higher mid and small cap exposure.

Active stock selection philosophy combines quality stocks with good growth potential. The quality filters for the fund are – conversion of EBIDTA to operating cash – OCF as % of EBIDTA > 33%; Moderate leverage: Debt EBIDTA < 3x; Profitability: EBIDTA / Net operating Assets > 30%. Thus, companies which qualify these parameters and have higher visibility of growth versus peers will form the core portfolio. Depending on P/E levels, the fund can have more large or mid/small cap names. The fund will also use Nifty futures to dynamically manage active equity allocation within a month.

OUTLOOK

Earnings have been in line with muted expectations with Sales, EBIDTA and PBT growth of -4%, -3% and -1% YoY respectively. PAT growth, on the other hand has been 15% YoY aided by tax cuts. Tax cuts helped maintain earnings estimate for FY20. The market, since Jan-18 has been clearly two tiered with 70-80 stocks out of BSE 500 generating positive returns. The focus on “High Quality, Consistent Earnings” has been the most successful play during this period. Valuation gap between the “have beens” and the “has beens” is now at one of the widest levels. Given the slowdown in earnings growth even for the “High Quality Consistent Earnings” segment, a substantial part of the returns during the last 18 months has been derived from P/E re-rating.

Continuing from our last month’s theme of Sentiment being the first pillar to undergo change for a new market cycle, outperformance of mid-cap and positive returns in Small Cap could indicate early signs of such a reversal. To build on this, appropriate and positive news flow from the government would be a critical factor. Valuations for the broader market continue to remain benign compared to the narrow band of winners with mid and small caps in general offering more value than the Mega Caps. Fundamentals, as reflected in earnings growth may remain muted for atleast a couple of quarters. However, waiting for surety on this front in the past has been akin to bolting the door after the horse has left.

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).

Fund Features:

Category: Dynamic Asset Allocation or Balanced Advantage

Monthly Avg AUM: ₹985.87 Crores

Inception Date: 10th October 2014

Fund Managers:

Equity Portion: Mr. Arpit Kapoor and Mr. Sumit Agrawal (w.e.f. 01/03/17)

Debt Portion: Mr. Arvind Subramanian (w.e.f. 09/11/2015)

Standard Deviation (Annualized): 6.54%

Modified Duration: 3.00 years*

Average Maturity: 4.03 years*

Yield to Maturity: 6.79%*

*Of Debt Allocation Only

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

Asset allocation:

Net Equity: 46.68%

Debt: 53.32%

Gross Equity (Including Arbitrage): 66.31%

Market Cap Split:

Large Cap: 74.52%

Mid and Small Cap: 25.48%

Minimum Application Amount: ₹5,000/- and any amount thereafter.

Exit Load: In respect of each purchase of Units:

- For 10% of investment: Nil

- For remaining investment: 1% if redeemed/switched out within 1 year from the date of allotment (w.e.f. July 5, 2017)

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))

PLAN	DIVIDEND RECORD DATE	₹/UNIT	NAV
REGULAR	23-Oct-19	0.14	11.0300
	24-Jul-19	0.06	10.6500
	22-Apr-19	0.10	10.8100
DIRECT	23-Oct-19	0.15	11.7300
	24-Jul-19	0.06	11.2900
	22-Apr-19	0.10	11.4000

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

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

PORTFOLIO

(29 November 2019)

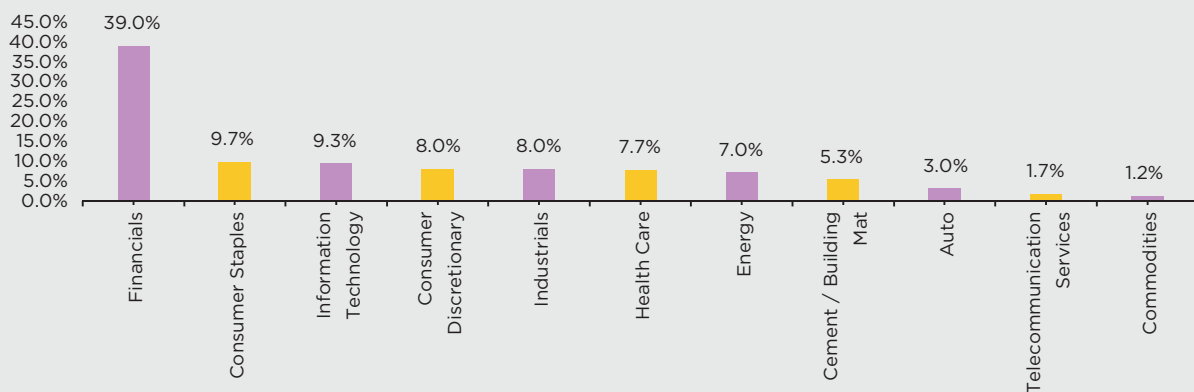


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		66.31%	Larsen & Toubro		2.70%
Net Equity Exposure		46.68%	Larsen & Toubro - Equity Futures		-0.28%
Banks		15.21%	KEC International		0.56%
HDFC Bank		6.47%	Industrial Products		1.91%
HDFC Bank - Equity Futures		-1.95%	Supreme Industries		0.81%
ICICI Bank		5.67%	AIA Engineering		0.71%
ICICI Bank - Equity Futures		-1.04%	Astral Poly Technik		0.29%
State Bank of India		3.93%	Apollo Pipes		0.09%
State Bank of India - Equity Futures		-2.45%	Consumer Durables		1.88%
Axis Bank		3.89%	Titan Company		1.35%
Axis Bank - Equity Futures		-0.91%	Voltas		0.32%
Kotak Mahindra Bank		0.98%	Khadim India		0.21%
RBL Bank		0.61%	Cement		1.61%
Consumer Non Durables		6.35%	UltraTech Cement		1.30%
ITC		1.95%	Sagar Cements		0.31%
ITC - Equity Futures		-1.05%	Auto Ancillaries		1.26%
Nestle India		1.91%	Sandhar Technologies		0.84%
GlaxoSmithKline Consumer Health		1.80%	Asahi India Glass		0.39%
Asian Paints		1.73%	Minda Industries		0.04%
Asian Paints - Equity Futures		-0.52%	Telecom - Services		0.83%
Prataap Snacks		0.54%	Bharti Airtel		1.01%
Finance		5.34%	Bharti Airtel - Equity Futures		-0.18%
Bajaj Finserv		1.67%	Pesticides		0.65%
Muthoot Finance		1.24%	PI Industries		0.65%
Muthoot Finance - Equity Futures		-0.31%	Hotels, Resorts And Other Recreational Activities		0.64%
Bajaj Finance		0.74%	The Indian Hotels Company		0.64%
Bajaj Finserv - Equity Futures		-0.74%	Construction		0.53%
SBI Life Insurance Company		0.73%	PNC Infratech		0.53%
ICICI Securities		0.71%	Retailing		0.53%
Mas Financial Services		0.69%	Aditya Birla Fashion and Retail		0.53%
ICICI Lombard General Insurance Company		0.62%	Auto		0.36%
Software		4.91%	Mahindra & Mahindra		1.56%
Tata Consultancy Services		2.09%	Mahindra & Mahindra - Equity Futures		-1.57%
Tata Consultancy Services - Equity Futures		-0.94%	TVS Motor Company		0.29%
Infosys		2.06%	Maruti Suzuki India		0.07%
Tech Mahindra		1.73%	Index		-5.99%
Tech Mahindra - Equity Futures		-0.56%	Nifty 50 Index - Equity Futures		-5.99%
Mastek		0.42%	Corporate Bond		23.46%
KPIT Technologies		0.12%	Reliance Industries	AAA	5.42%
Pharmaceuticals		4.06%	NABARD	AAA	5.18%
Aurobindo Pharma		1.29%	HDFC	AAA	5.13%
Aurobindo Pharma - Equity Futures		-0.24%	LIC Housing Finance	AAA	2.61%
Alkem Laboratories		1.13%	Indian Railway Finance Corporation	AAA	2.55%
IPCA Laboratories		1.04%	REC	AAA	1.53%
Divi's Laboratories		0.99%	HDB Financial Services	AAA	1.02%
Divi's Laboratories - Equity Futures		-0.27%	NTPC	AAA	0.03%
Dishman Carbogen Amcis		0.11%	Net Cash and Cash Equivalent		29.86%
Petroleum Products		3.62%	Grand Total		100.00%
Reliance Industries		4.25%			
Reliance Industries - Equity Futures		-0.63%			
Construction Project		2.98%			



SECTOR ALLOCATION



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.

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