



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.

EQUITY SHORT OUTLOOK

With the budget and elections behind us, focus should now shift to earnings. Q4 Earnings season concluded on a mixed note – the BSE200 earnings reported a strong growth off a weak base (mainly aided by Corporate Banks), worries of a slowdown in consumption led by Auto dampened market mood. In the June quarter 11.3% of the BSE200 Index saw an upgrade of >2% in FY 20 earnings whereas 55.3% of the Index saw a downgrade. Downgrades were more visible in Stable segment with 40% Stables and 15.3% witnessing downgrades in excess of 2%. Similarly, 8.4% of Cyclical were upgraded >2% and only 2.8% of Stables were upgraded >2%. Though June quarter earnings are expected to be tepid as most high frequency indicators indicate a slowdown, management commentary w.r.t. growth outlook across industries will be keenly watched.

Globally, post the Fed's June MPC meeting, Economists have pulled forward their expectations of 25bps rate cuts to July and September (vs. Sep and Dec previously). Global Markets surged in June with the MSCI world Index rising 6.4% MoM, up 3.4% for the quarter with equal contribution from Developed Markets (+6.5% MoM and +3.4% QoQ) and Emerging Markets (+5.7% MoM and -0.3% QoQ). Oil rose sharply in June with WTI rising 9% and Brent rising 3% MoM to close at \$66.5/barrel. For the quarter though, Brent fell 3% QoQ and still trades at a comfortable range for the India economy.

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: ₹1,079.11 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): 6.21%

Modified Duration: 2.15 years*

Average Maturity: 3.06 years*

Yield to Maturity: 7.69%*

*Of Debt Allocation Only

Benchmark: CRISIL Hybrid 35+65 - Aggressive Index

Asset allocation:

Net Equity: 46.02%

Debt: 53.98%

Gross Equity (Including Arbitrage): 66.72%

Market Cap Split:

Large Cap: 73.24%

Mid and Small Cap: 26.76%

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	22-Apr-19	0.10	10.8100
	15-Jan-19	0.14	10.7300
	25-Oct-18	0.05	10.2900
DIRECT	22-Apr-19	0.10	11.4000
	15-Jan-18	0.15	11.2800
	25-Oct-18	0.10	10.8400

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

(28 June 2019)

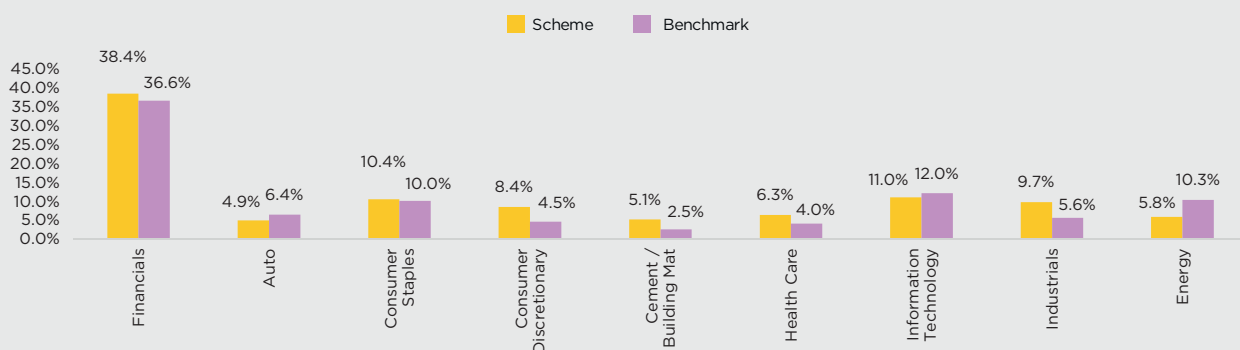


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		66.72%	ICICI Securities		0.41%
Net Equity Exposure		46.02%	Petroleum Products		2.85%
Banks		15.99%	Reliance Industries		5.10%
HDFC Bank		5.98%	Reliance Industries - Equity Futures		-2.26%
HDFC Bank - Equity Futures		-1.70%	Industrial Products		2.14%
ICICI Bank		4.59%	AIA Engineering		1.04%
State Bank of India		4.27%	Supreme Industries		0.70%
State Bank of India - Equity Futures		-1.87%	Apollo Pipes		0.41%
Axis Bank		3.76%	Consumer Durables		1.70%
Axis Bank - Equity Futures		-0.55%	Titan Company		1.11%
RBL Bank		0.78%	Amber Enterprises India		0.33%
Kotak Mahindra Bank		0.73%	Khadim India		0.26%
Consumer Non Durables		6.60%	Cement		1.42%
ITC		2.24%	UltraTech Cement		1.06%
ITC - Equity Futures		-2.26%	Sagar Cements		0.36%
GlaxoSmithKline Consumer Healthcare		2.08%	Auto Ancillaries		1.21%
Nestle India		1.95%	Sandhar Technologies		0.83%
Asian Paints		1.46%	Asahi India Glass		0.38%
Dabur India		0.94%	Minda Industries		0.00%
Dabur India - Equity Futures		-0.31%	Auto		1.19%
Prataap Snacks		0.50%	Maruti Suzuki India		2.43%
Hindustan Unilever		0.38%	Maruti Suzuki India - Equity Futures		-1.65%
Hindustan Unilever - Equity Futures		-0.38%	Mahindra & Mahindra		1.78%
Software		5.42%	Mahindra & Mahindra - Equity Futures		-1.76%
Infosys		2.00%	TVS Motor Company		0.40%
Tata Consultancy Services		1.66%	Construction		0.66%
Tata Consultancy Services - Equity Futures		-0.53%	PNC Infratech		0.66%
Tech Mahindra		1.62%	Hotels, Resorts And Other Recreational Activities		0.59%
Mastek		0.62%	The Indian Hotels Company		0.59%
KPIT Technologies		0.28%	Retailing		0.41%
Birlasoft		0.26%	Aditya Birla Fashion and Retail		0.41%
Infosys - Equity Futures		-0.50%	Non - Ferrous Metals		-0.001%
Pharmaceuticals		3.12%	Hindalco Industries		0.28%
Aurobindo Pharma		1.54%	Hindalco Industries - Equity Futures		-0.28%
Aurobindo Pharma - Equity Futures		-0.47%	Index		-3.32%
Alkem Laboratories		0.86%	Nifty 50 Index - Equity Futures		-3.32%
Divi's Laboratories		0.77%	Corporate Bond		22.16%
Divi's Laboratories - Equity Futures		-0.40%	HDFC	AAA	7.01%
Cadila Healthcare		0.77%	Reliance Industries	AAA	4.86%
Cadila Healthcare - Equity Futures		-0.76%	National Highways Auth of Ind	AAA	2.40%
IPCA Laboratories		0.64%	Power Grid Corporation of India	AAA	2.33%
Dishman Carbogen Amcis		0.17%	NABARD	AAA	2.32%
Construction Project		3.08%	REC	AAA	1.35%
Larsen & Toubro		2.83%	LIC Housing Finance	AAA	0.93%
Larsen & Toubro - Equity Futures		-0.34%	HDB Financial Services	AAA	0.93%
KEC International		0.59%	NTPC	AAA	0.02%
Finance		2.97%	Zero Coupon Bond		2.17%
Bajaj Finserv		1.43%	LIC Housing Finance	AAA	2.17%
Bajaj Finserv - Equity Futures		-0.64%	Certificate of Deposit		1.85%
Mas Financial Services		1.09%	Axis Bank	A1+	1.85%
M&M Financial Services		0.93%	Net Cash and Cash Equivalent		27.81%
M&M Financial Services - Equity Futures		-0.74%	Grand Total		100.00%
Muthoot Finance		0.48%			



SECTOR ALLOCATION



The industry allocation is provided at gross equity exposure



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.