



## 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

World growth expectations have taken a decided turn towards the worse over the past month or so. This is now reflected in expectations of easing by major central banks later in the year. As an example, the US yield curve is now reasonably inverted upto 10 years with market expecting 2 - 3 rate cuts in the future. Locally as well, there has been a marked deterioration in growth drivers with consumption being the latest casualty, probably courtesy an impact to leverage given the ongoing stresses in certain parts of the financing market. Thus, the current monetary easing underway has to be looked at in this overall context. While currently the expectation would be for one last rate cut alongside continued easy liquidity, this can very quickly change towards expecting a deeper further easing should the global outlook further deteriorate.

The next major domestic trigger is going to be the Union Budget in early July. Given the large undershoots in the actual revenue collections in FY 19 versus even the revised numbers presented in February, the numbers targeted in the interim budget are looking truly daunting. This is especially in context of the ongoing growth slowdown. Thus, the new finance minister will have a tall task to present a credible budget while sticking to the assumed deficit target. In this context, the Jalan committee's report on potential excess RBI reserves and their usage by the government will assume importance.

From a bond market standpoint, the focus should remain on quality rates (sovereign, SDL, AAA) as preferred vehicles to play the current macro environment. As developments continually highlight, the lower rated credit markets are far from settled and the spreads that can effectively be captured there may not yet be compensating for the risks involved.

#### Fund Features:

**Category:** Dynamic Bond

**Monthly Avg AUM:** ₹1,929.60 Crores

**Inception Date:** 25th June 2002

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

**Standard Deviation (Annualized):** 3.92%

**Modified Duration:** 5.16 years

**Average Maturity:** 7.43 years

**Yield to Maturity:** 7.72%

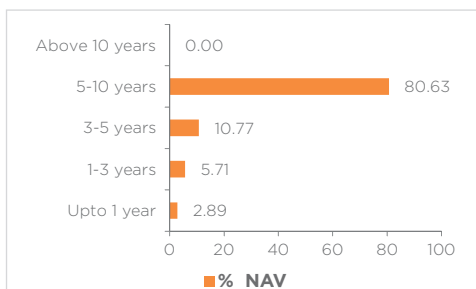
**Benchmark:** CRISIL Composite Bond Fund Index

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

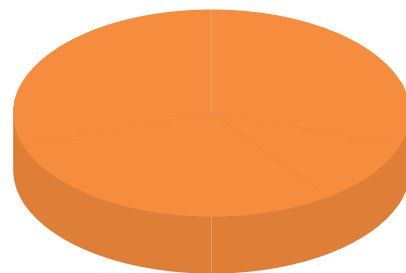
**Exit Load:** Nil (w.e.f. 17th October 2016)

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

#### Maturity Bucket:



### ASSET QUALITY



AAA Equivalent  
100.00%

**PORTFOLIO** (31 May 2019)

Name	Rating	Total (%)
<b>Corporate Bond</b>		<b>66.13%</b>
Indian Railway Finance Corporation	AAA	12.00%
National Highways Auth of Ind	AAA	11.89%
NTPC	AAA	11.76%
Reliance Industries	AAA	11.70%
NABARD	AAA	11.60%
REC	AAA	5.71%
Power Grid Corporation of India	AAA	1.46%
<b>Government Bond</b>		<b>25.99%</b>
7.35% - 2024 G-Sec	SOV	20.73%
7.32% - 2024 G-Sec	SOV	2.28%
8.15% - 2026 G-Sec	SOV	1.61%
8.33% - 2026 G-Sec	SOV	1.35%
8.20% - 2025 G-Sec	SOV	0.01%
7.17% - 2028 G-Sec	SOV	0.01%
<b>State Government Bond</b>		<b>4.99%</b>
8.25% Maharastra SDL - 2025	SOV	1.84%
8.05% Gujarat SDL - 2029	SOV	1.82%
8.10% Tamil Nadu SDL - 2023	SOV	0.78%
7.95% Tamil Nadu SDL - 2023	SOV	0.52%
8.32% Karnataka SDL - 2029	SOV	0.03%
<b>Net Cash and Cash Equivalent</b>		<b>2.89%</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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