



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

Headline CPI rose to 4.0% in September (vs. 3.2% last month) and came above consensus estimates (3.8%). The increase was primarily led by food prices which rose +1.3% MoM. Earnings have beaten expectations led by Autos and Financials with pre-tax profits up 13% YoY and 6% ahead of expectations. In sync with global markets, Indian equities also rallied with the NIFTY, NSE Midcap 100 and NSE Smallcap 100 rising 3.5%, 4.9% and 2.7% MoM respectively. Of the various factors needed for Cyclical and Mid and Small Cap outperformance, we believe that quite a few are in favour namely – a good and above expected monsoon, government and RBI attention to turn around the flagging economy, favourable valuations, crude prices closer to USD 60, yields below 6.5% and a stable government at the centre.

Globally, sentiments could improve, if a comprehensive trade agreement between US-China, which could be perceived to reduce worries on the much forecasted US recession in 2020. US Real GDP growth at 1.9% QoQ in 3QCY19 came better-than-consensus estimates (1.6%). However, GDP growth has slowed down from previous quarters (3.0%/2.0% in 1QCY19/2QCY19). US-dollar broke below the 200-day moving average (down 2% MoM), despite Fed calling a halt to its rate cut cycle. UK pound (+5.3% MoM) and Euro (+2.3% MoM) rallied on reduced probability of a no-deal Brexit. Global equity markets rallied during the month with MSCI Emerging Markets (+4.1% MoM) outperforming MSCI Developed Markets (+2.5% MoM).

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: ₹985.95 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): 6.70%

Modified Duration: 2.60 years*

Average Maturity: 3.40 years*

Yield to Maturity: 6.68%*

*Of Debt Allocation Only

Benchmark: CRISIL Hybrid 35+65 - Aggressive Index

Asset allocation:

Net Equity: 48.36%

Debt: 51.64%

Gross Equity (Including Arbitrage): 66.28%

Market Cap Split:

Large Cap: 73.27%

Mid and Small Cap: 26.73%

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

(31 October 2019)

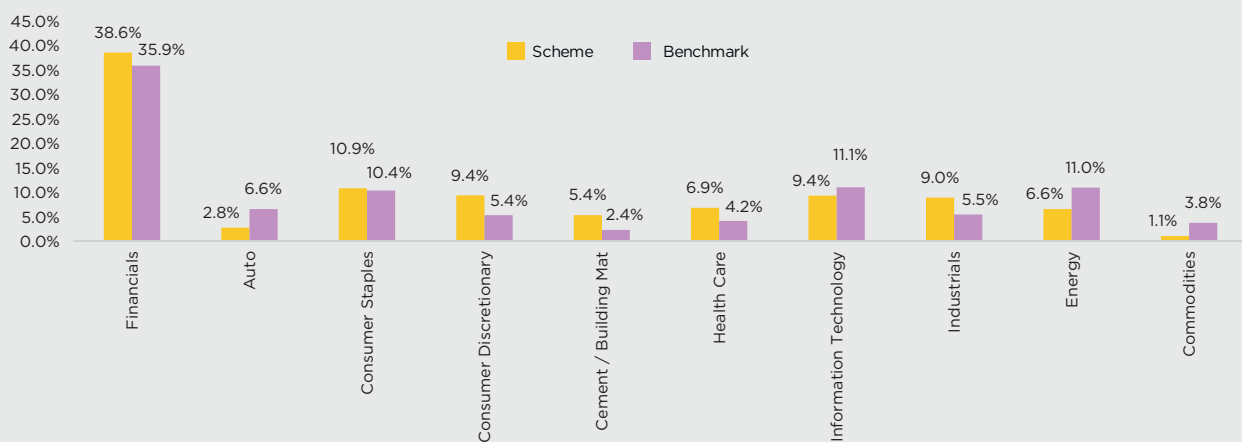


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		66.28%	Reliance Industries - Equity Futures		-0.21%
Net Equity Exposure		48.36%	Construction Project		3.48%
Banks		17.75%	Larsen & Toubro		2.95%
HDFC Bank		6.29%	KEC International		0.53%
HDFC Bank - Equity Futures		-1.36%	Consumer Durables		2.61%
ICICI Bank		5.67%	Titan Company		1.54%
ICICI Bank - Equity Futures		-0.13%	Amber Enterprises India		0.47%
Axis Bank		4.05%	Voltas		0.32%
Axis Bank - Equity Futures		-0.36%	Khadim India		0.28%
State Bank of India		3.97%	Industrial Products		2.45%
State Bank of India - Equity Futures		-1.82%	AIA Engineering		1.01%
Kotak Mahindra Bank		0.95%	Supreme Industries		0.82%
RBL Bank		0.50%	Apollo Pipes		0.34%
Consumer Non Durables		7.66%	Astral Poly Technik		0.28%
GlaxoSmithKline Consumer Healthcare		2.50%	Cement		1.59%
Nestle India		2.10%	UltraTech Cement		1.25%
Asian Paints		2.09%	Sagar Cements		0.35%
Asian Paints - Equity Futures		-0.55%	Auto Ancillaries		1.23%
ITC		2.01%	Sandhar Technologies		0.81%
ITC - Equity Futures		-1.08%	Asahi India Glass		0.39%
Prataap Snacks		0.60%	Minda Industries		0.04%
Dabur India		0.38%	Hotels, Resorts And Other		
Dabur India - Equity Futures		-0.38%	Recreational Activities		0.64%
Software		5.29%	The Indian Hotels Company		0.64%
Infosys		2.01%	Pesticides		0.62%
Infosys - Equity Futures		-0.62%	PI Industries		0.62%
Tech Mahindra		1.82%	Construction		0.56%
Tech Mahindra - Equity Futures		-0.18%	PNC Infratech		0.56%
Tata Consultancy Services		1.25%	Retailing		0.53%
Mastek		0.48%	Aditya Birla Fashion and Retail		0.53%
KPIT Technologies		0.32%	Auto		0.36%
Birlasoft		0.21%	Mahindra & Mahindra		1.76%
Finance		4.04%	Mahindra & Mahindra - Equity Futures		-1.77%
Bajaj Finserv		1.47%	TVS Motor Company		0.29%
Bajaj Finserv - Equity Futures		-0.66%	Maruti Suzuki India		0.08%
Muthoot Finance		1.35%	Index		-8.07%
Muthoot Finance - Equity Futures		-0.21%	Nifty 50 Index - Equity Futures		-8.07%
Mas Financial Services		0.83%	Corporate Bond		20.60%
ICICI Securities		0.65%	Reliance Industries	AAA	5.34%
ICICI Lombard General Insurance Company		0.61%	NABARD	AAA	5.11%
Pharmaceuticals		3.87%	HDFC	AAA	5.07%
Aurobindo Pharma		1.33%	Power Grid Corporation of India	AAA	2.55%
Aurobindo Pharma - Equity Futures		-0.25%	REC	AAA	1.50%
Alkem Laboratories		1.10%	HDB Financial Services	AAA	1.01%
Divi's Laboratories		0.96%	NTPC	AAA	0.03%
Divi's Laboratories - Equity Futures		-0.26%	Certificate of Deposit		1.97%
IPCA Laboratories		0.89%	Axis Bank	A1+	1.97%
Dishman Carbogen Amcis		0.10%	Net Cash and Cash Equivalent		29.07%
Petroleum Products		3.74%	Grand Total		100.00%
Reliance Industries		3.96%			



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.