



IDFC DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration

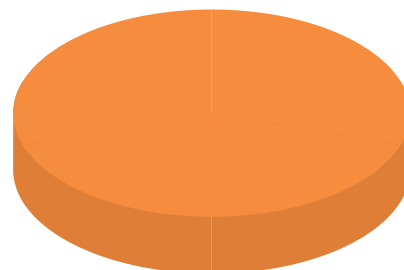
The fund is positioned in the income fund category to take exposure across the curve depending upon the fund manager's underlying interest rate view where we employ the majority of the portfolio. It is a wide structure and conceptually can go anywhere on the curve. The fund plays the trade of the season which we think will sustain for a longer period of time.

OUTLOOK

In its October policy, the monetary policy committee (MPC) voted to cut repo rate by 25 bps to 5.15%. The decision to cut was unanimous although one member wanted a larger 40 bps cut. This is largely in line with market expectations, although lately views of a larger 40 bps cut were also beginning to gain ground.

RBI continues to re-emphasize the important break that the Governor Das RBI has executed from the past: the full deployment of all three pillars of rates, liquidity and guidance. The guidance is the strongest yet with the MPC deciding to continue with an accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target. Governor Das re-emphasized this in his press conference as well saying that as long as growth momentum remains as it is and till growth revives, RBI will be in accommodative mode. Thus while we may be closer now to the terminal rate in this cycle, investors need to focus on the other more important aspect: that barring an unforeseen global development it is very likely that the policy rate remains around the 5% mark for an extended period of time. The same interpretation will likely hold for the stance around ensuring abundant positive liquidity as well. This will mean that front end rates remain very well anchored. Investors may need to shift focus from looking at only potential mark-to-market gains from falling rates to looking towards 'receiving' the steepness in the curve built into the front end versus the immediate overnight and money market rates. The relative stability that one foresees in policy rates and liquidity should also translate into stability (with easing bias) in quality front end rates. We remain cautious on credit where valuations are still not being backed by narrative.

ASSET QUALITY



AAA Equivalent
100.00%

Fund Features:

Category: Dynamic Bond

Monthly Avg AUM: ₹2,045.18 Crores

Inception Date: 25th June 2002

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

Standard Deviation (Annualized): 4.32%

Modified Duration: 5.25 years

Average Maturity: 7.03 years

Yield to Maturity: 6.81%

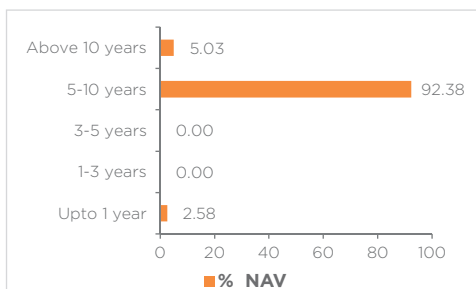
Benchmark: CRISIL Composite Bond Fund Index

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:



PORTFOLIO		(30 September 2019)
Name	Rating	Total (%)
Government Bond		97.42%
7.27% - 2026 G-Sec	SOV	39.49%
7.59% - 2026 G-Sec	SOV	27.81%
8.24% - 2027 G-Sec	SOV	25.08%
7.57% - 2033 G-Sec	SOV	5.03%
8.20% - 2025 G-Sec	SOV	0.01%
7.17% - 2028 G-Sec	SOV	0.01%
Net Cash and Cash Equivalent		2.58%
Grand Total		100.00%



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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