



# 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

Given the global slowdown, US China trade war and geopolitical risks, markets continued to be volatile. Developed markets were flat led by US (+1.2% QoQ) and Japan (+2% QoQ) whereas Emerging Markets fell 5.1% in the quarter. Indian markets fell 4.3% in USD terms, in line with other Emerging Markets. Drone attacks carried out on September 14 on two oil producing facilities in Saudi Arabia, resulted in a 50% supply cut in Saudi oil production. On the 1st day of trading post this event, crude oil shot 20% in early trading, before settling for the day +14% to \$69/bbl as a result. In the US, the Fed cut the policy rate by 25bps. In the Euro Area, ECB cut the deposit rate by 10bps to -0.50% and relaunched QE at a pace of €20bn/month. In Japan, the BoJ kept its policy rates unchanged.

In the home ground, after a disappointing Union Budget, the Government redefined its economic policy narrative with the announcement of the boldest tax cuts since 1997. 2019 has witnessed the best monsoon in last 25 years, though, dispersion of rain remained an issue. October quarter results could be the weakest or bottoming out of earnings with the October results – Glass half empty vs Glass half full. The continued under performance of broader market versus Nifty – valuations, volume and market cap point towards bottoming out process well under way. We believe, valuations are currently moderate across broader market. Sentiments are weak outside of narrow pack of gainers. Fundamentals hopefully should get better after the 2<sup>nd</sup> Quarter results!

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:** ₹990.99 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):** 6.66%

**Modified Duration:** 2.70 years\*

**Average Maturity:** 3.80 years\*

**Yield to Maturity:** 7.06%\*

\*Of Debt Allocation Only

**Benchmark:** CRISIL Hybrid 35+65 - Aggressive Index

### Asset allocation:

**Net Equity:** 50.30%

**Debt:** 49.70%

**Gross Equity (Including Arbitrage):** 68.22%

### Market Cap Split:

**Large Cap:** 71.80%

**Mid and Small Cap:** 28.20%

**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	24-Jul-19	0.06	10.6500
	22-Apr-19	0.10	10.8100
	15-Jan-19	0.14	10.7300
DIRECT	24-Jul-19	0.06	11.2900
	22-Apr-19	0.10	11.4000
	15-Jan-18	0.15	11.2800

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

(30 September 2019)

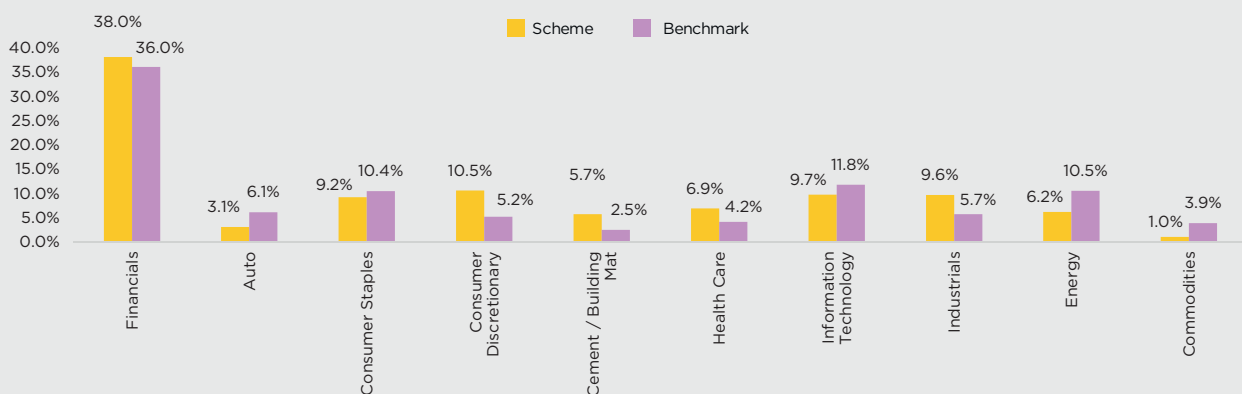


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
<b>Equity and Equity related Instruments</b>		<b>68.22%</b>	KEC International		0.53%
<b>Net Equity Exposure</b>		<b>50.30%</b>	<b>Petroleum Products</b>		<b>3.39%</b>
<b>Banks</b>		<b>16.96%</b>	Reliance Industries		4.92%
HDFC Bank		6.53%	Reliance Industries - Equity Futures		-1.53%
HDFC Bank - Equity Futures		-1.63%	<b>Industrial Products</b>		<b>2.70%</b>
ICICI Bank		5.29%	AIA Engineering		1.20%
Axis Bank		3.75%	Supreme Industries		0.86%
Axis Bank - Equity Futures		-0.34%	Apollo Pipes		0.35%
State Bank of India		3.43%	Astral Poly Technik		0.29%
State Bank of India - Equity Futures		-1.59%	<b>Consumer Durables</b>		<b>2.55%</b>
Kotak Mahindra Bank		0.99%	Titan Company		1.59%
RBL Bank		0.53%	Amber Enterprises India		0.45%
<b>Consumer Non Durables</b>		<b>7.09%</b>	Voltas		0.27%
GlaxoSmithKline Consumer Healthcare		2.47%	Khadam India		0.23%
Asian Paints		2.03%	<b>Cement</b>		<b>1.66%</b>
ITC		2.02%	UltraTech Cement		1.30%
ITC - Equity Futures		-2.02%	Sagar Cements		0.36%
Nestle India		1.94%	<b>Auto Ancillaries</b>		<b>1.17%</b>
Prataap Snacks		0.65%	Sandhar Technologies		0.80%
Dabur India		0.37%	Asahi India Glass		0.34%
Dabur India - Equity Futures		-0.37%	Minda Industries		0.03%
Hindustan Unilever		0.08%	<b>Hotels, Resorts And Other</b>		
Hindustan Unilever - Equity Futures		-0.08%	<b>Recreational Activities</b>		<b>0.67%</b>
<b>Software</b>		<b>5.36%</b>	The Indian Hotels Company		0.67%
Infosys		2.35%	<b>Construction</b>		<b>0.63%</b>
Infosys - Equity Futures		-0.77%	PNC Infratech		0.63%
Tech Mahindra		1.75%	<b>Retailing</b>		<b>0.57%</b>
Tech Mahindra - Equity Futures		-0.17%	Aditya Birla Fashion and Retail		0.57%
Tata Consultancy Services		1.15%	<b>Pesticides</b>		<b>0.57%</b>
Mastek		0.49%	PI Industries		0.57%
KPIT Technologies		0.33%	<b>Auto</b>		<b>0.52%</b>
Birlasoft		0.22%	Mahindra & Mahindra		1.59%
<b>Finance</b>		<b>3.97%</b>	Mahindra & Mahindra - Equity Futures		-1.60%
Bajaj Finserv		1.53%	TVS Motor Company		0.46%
Bajaj Finserv - Equity Futures		-0.69%	Maruti Suzuki India		0.07%
Muthoot Finance		1.28%	<b>Index</b>		<b>-4.76%</b>
Mas Financial Services		0.92%	Nifty 50 Index - Equity Futures		-4.76%
M&M Financial Services		0.84%	<b>Corporate Bond</b>		<b>21.43%</b>
M&M Financial Services - Equity Futures		-0.84%	Reliance Industries	AAA	5.29%
ICICI Securities		0.56%	HDFC	AAA	5.03%
ICICI Lombard General Insurance Company		0.36%	National Highways Auth of Ind	AAA	2.58%
<b>Pharmaceuticals</b>		<b>3.79%</b>	Power Grid Corporation of India	AAA	2.52%
Aurobindo Pharma		1.66%	NABARD	AAA	2.50%
Aurobindo Pharma - Equity Futures		-0.48%	REC	AAA	1.48%
Alkem Laboratories		1.05%	HDB Financial Services	AAA	1.00%
Divi's Laboratories		0.91%	LIC Housing Finance	AAA	1.00%
Divi's Laboratories - Equity Futures		-0.25%	NTPC	AAA	0.03%
Cadila Healthcare		0.80%	<b>Certificate of Deposit</b>		<b>2.48%</b>
Cadila Healthcare - Equity Futures		-0.80%	Axis Bank	A1+	2.48%
IPCA Laboratories		0.77%	<b>Net Cash and Cash Equivalent</b>		<b>25.79%</b>
Dishman Carbogen Amcis		0.13%	<b>Grand Total</b>		<b>100.00%</b>
<b>Construction Project</b>		<b>3.48%</b>			
Larsen & Toubro		2.95%			



## 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.