



## 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

In FY 19, despite outperforming Stable segment in terms of Sales and PAT growth, Cyclical sectors saw a significant de-rating and underperformance in terms of stock performance. The key worry for investors especially in the cyclical segment is visibility beyond FY 21 as government ordering has slowed down. Mid and Small Cap indices now trade at a discount to NIFTY This is in marked contrast to the position in Jan-18 when the NIFTY was trading significantly cheaper to the mid and small cap indices. Of the various factors needed for Cyclical and Mid and small Cap outperformance, 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 \$60, yields below 6.5% and last but not the least a stable government at the centre.

The key concerns that are faced by the markets are: (1) ongoing NBFC credit crunch (2) slowdown in both domestic consumption and government spend on infra (3) global slowdown and trade wars. Improvement in domestic and global growth outlook can be a key trigger for the broader markets going forward though the NIFTY may not see a significant uptick. After a fairly normal monsoon, the festive season will be keenly watched for signs of pickup in demand.

Despite the doom and gloom, the only silver lining for investors is reasonable valuations, especially for small and mid-caps and a reasonable base for H2 earnings.

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:** ₹999.91 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):** 6.41%

**Modified Duration:** 2.70 years\*

**Average Maturity:** 3.80 years\*

**Yield to Maturity:** 6.89%\*

\*Of Debt Allocation Only

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

#### Asset allocation:

**Net Equity:** 54.14%

**Debt:** 45.86%

**Gross Equity (Including Arbitrage):** 66.89%

#### Market Cap Split:

**Large Cap:** 73.03%

**Mid and Small Cap:** 26.97%

**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 August 2019)

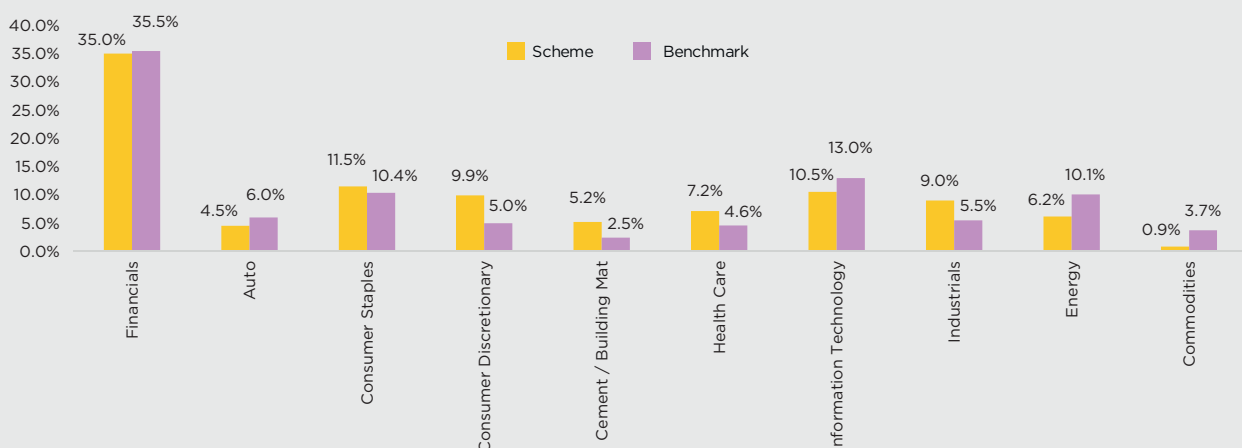


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
<b>Equity and Equity related Instruments</b>		<b>66.89%</b>	Mas Financial Services		0.92%
<b>Net Equity Exposure</b>		<b>54.14%</b>	M&M Financial Services		0.82%
<b>Banks</b>		<b>15.42%</b>	M&M Financial Services - Equity Futures		-0.83%
HDFC Bank		5.89%	ICICI Securities		0.43%
HDFC Bank - Equity Futures		-1.49%	<b>Consumer Durables</b>		<b>2.27%</b>
ICICI Bank		4.84%	Titan Company		1.39%
State Bank of India		3.50%	Amber Enterprises India		0.42%
State Bank of India - Equity Futures		-1.61%	Voltas		0.26%
Axis Bank		3.44%	Khadim India		0.21%
Axis Bank - Equity Futures		-0.41%	<b>Industrial Products</b>		<b>2.13%</b>
Kotak Mahindra Bank		0.77%	AIA Engineering		0.96%
RBL Bank		0.50%	The Supreme Industries		0.78%
<b>Consumer Non Durables</b>		<b>7.83%</b>	Apollo Pipes		0.39%
GlaxoSmithKline Consumer Healthcare		2.37%	<b>Index</b>		<b>2.09%</b>
Nestle India		2.27%	Nifty 50 Index - Equity Futures		2.09%
ITC		1.93%	<b>Cement</b>		<b>1.56%</b>
ITC - Equity Futures		-1.94%	UltraTech Cement		1.23%
Asian Paints		1.88%	Sagar Cements		0.33%
Dabur India		1.13%	<b>Auto Ancillaries</b>		<b>1.42%</b>
Dabur India - Equity Futures		-0.38%	Sandhar Technologies		0.81%
Prataap Snacks		0.56%	Asahi India Glass		0.34%
Hindustan Unilever		0.07%	Minda Industries		0.27%
Hindustan Unilever - Equity Futures		-0.07%	<b>Auto</b>		<b>0.95%</b>
<b>Software</b>		<b>5.45%</b>	Maruti Suzuki India		2.39%
Infosys		2.40%	Maruti Suzuki India - Equity Futures		-1.88%
Infosys - Equity Futures		-0.79%	Mahindra & Mahindra		1.55%
Tech Mahindra		1.72%	Mahindra & Mahindra - Equity Futures		-1.56%
Tech Mahindra - Equity Futures		-0.17%	TVS Motor Company		0.45%
Tata Consultancy Services		1.25%	<b>Construction</b>		<b>0.63%</b>
Mastek		0.48%	PNC Infratech		0.63%
KPIT Technologies		0.34%	<b>Hotels, Resorts And Other</b>		
Birlasoft		0.21%	<b>Recreational Activities</b>		<b>0.56%</b>
<b>Pharmaceuticals</b>		<b>3.72%</b>	The Indian Hotels Company		0.56%
Aurobindo Pharma		1.64%	<b>Pesticides</b>		<b>0.46%</b>
Aurobindo Pharma - Equity Futures		-0.50%	PI Industries		0.46%
Alkem Laboratories		1.01%	<b>Retailing</b>		<b>0.46%</b>
Divi's Laboratories		0.85%	Aditya Birla Fashion and Retail		0.46%
Divi's Laboratories - Equity Futures		-0.24%	<b>Corporate Bond</b>		<b>21.75%</b>
IPCA Laboratories		0.82%	Reliance Industries	AAA	5.38%
Cadila Healthcare		0.77%	HDFC	AAA	5.09%
Cadila Healthcare - Equity Futures		-0.78%	National Highways Auth of Ind	AAA	2.64%
Dishman Carbogen Amcis		0.14%	Power Grid Corporation of India	AAA	2.55%
<b>Petroleum Products</b>		<b>3.21%</b>	NABARD	AAA	2.53%
Reliance Industries		4.66%	REC	AAA	1.50%
Reliance Industries - Equity Futures		-1.45%	HDB Financial Services	AAA	1.01%
<b>Construction Project</b>		<b>3.10%</b>	LIC Housing Finance	AAA	1.01%
Larsen & Toubro		2.61%	NTPC	AAA	0.03%
KEC International		0.48%	<b>Zero Coupon Bond</b>		<b>2.37%</b>
<b>Finance</b>		<b>2.88%</b>	LIC Housing Finance	AAA	2.37%
Bajaj Finserv		1.29%	<b>Certificate of Deposit</b>		<b>1.01%</b>
Bajaj Finserv - Equity Futures		-0.58%	Axis Bank	A1+	1.01%
Muthoot Finance		0.99%	<b>Net Cash and Cash Equivalent</b>		<b>20.73%</b>
Muthoot Finance - Equity Futures		-0.17%	<b>Grand Total</b>		<b>100.00%</b>



## 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.