

IDFC DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration

The fund is positioned in the dynamic bond 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

The RBI has now put to rest the concern that it was failing to appreciate the required pivot to emergency conditions.

While RBI's policy measures has helped stabilize the market and ease somewhat the very tight financial conditions, more measures can be taken depending upon the efficacy of the first set. It is to be noted that India's last year's growth was already way below its assessed potential growth rate. This underscores the urgency of a meaningful response. Also, the RBI is the only agent in the system currently with the wherewithal to actually provide a sizeable response. An important dimension that remains is for a very large open market operation (OMO) bond buying program. The format globally now is evolving around monetary expansion supporting fiscal policy and India needs to do the same. Thus it is almost a given that India will also have to ramp up its fiscal stimulus in the months to come. The important necessary condition for it to do so is RBI effectively monetizing the incremental deficit.

Now that RBI's hand is revealed, market volatility should substantially lessen allowing investors to focus on the medium term. From this perspective, quality bonds especially in the front end (up to 5 years) offer immense value in our view. Spreads over repo are substantially higher than the average of the past few years and argue for immediate action from investors.

Fund Features:

Category: Dynamic Bond

Monthly Avg AUM: ₹2,089.19 Crores

Inception Date: 25th June 2002

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

Standard Deviation (Annualized):
3.95%

Modified Duration: 5.99 years

Average Maturity: 8.08 years

Yield to Maturity: 6.59%

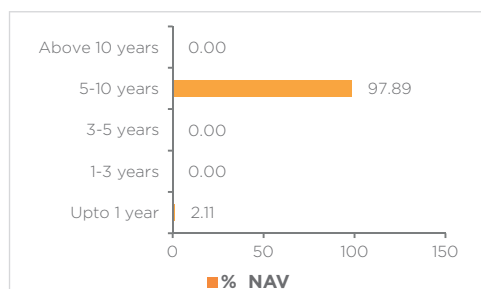
Benchmark: 50% S&P BSE 200 TRI +
50% NIFTY AAA Short Duration Bond
Index (w.e.f 11/11/2019)

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

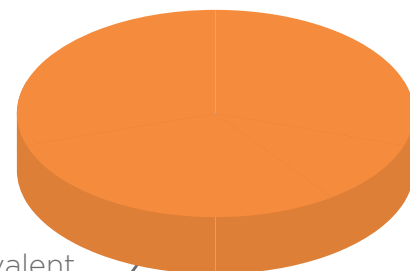
Exit Load: Nil (w.e.f. 17th October
2016)

Options Available: Growth, Dividend -
Periodic, Quarterly, Half Yearly, Annual
and Regular frequency (each with
Reinvestment, Payout and Sweep
facility)

Maturity Bucket:



ASSET QUALITY



AAA Equivalent
100.00%

PORTFOLIO (31 March 2020)

Name	Rating	Total (%)
Government Bond		97.89%
7.26% - 2029 G-Sec	SOV	58.65%
6.79% - 2027 G-Sec	SOV	35.61%
8.15% - 2026 G-Sec	SOV	3.62%
8.20% - 2025 G-Sec	SOV	0.01%
7.17% - 2028 G-Sec	SOV	0.005%
Net Cash and Cash Equivalent		2.11%
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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