



## 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. 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.

The debt portion of the fund is actively managed. The portfolio emphasizes on maintaining high credit quality and currently has 100% in AAA or equivalent instruments. Further the portfolio is oriented towards short-to-medium duration strategies.

Bloomberg Nifty P/E data as on 31<sup>st</sup> July 2020 indicates a value of 23.6 and equity band for the month will change from 55-65% to 40-55%.

### OUTLOOK

Indian equities continued their upward momentum in July with markets rebounding by 46% from March lows despite the relentless increase in daily new Covid cases and sharp earnings downgrades.

Going forward, the pace of economic recovery would depend largely on the extent of local lockdowns on account of spread of Covid-19. Markets seems to have run ahead of fundamentals and are less than 10% lower than all-time highs. Global and domestic liquidity seems to have played a significant part in the sharp upmove seen in the markets. Investors should tread with caution as the number of cases and deaths in India continue to rise. Also, earnings uncertainty for FY21 is fairly high with a wide range of analyst estimates. Various valuation parameters after dropping to an "attractive" zone in April'20 have moved into the "expensive" zone. Investors need to be cautious at current levels given the combination of higher valuation and a possibility of a slower than expected earnings recovery in FY21.

The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

Ratios calculated on the basis of 3 years history of monthly data.

#### Fund Features: (Data as on 31st July'20)

**Category:** Dynamic Asset Allocation or Balanced Advantage

**Monthly Avg AUM:** ₹903.24 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):** 13.86%

**Modified Duration:** 2.52 years\*

**Average Maturity:** 3.32 years\*

**Macaulay Duration:** 2.67 years\*

**Yield to Maturity:** 4.82%\*

\*Of Debt Allocation Only

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

#### Asset allocation:

**Gross Equity\* (Including Arbitrage):** 67.11%

**Debt:** 32.89%

**Net Equity:** 54.27%

#### Market Cap Split:

**Large Cap:** 77.76%

**Mid and Small Cap:** 22.24%

**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	15-Jun-20	0.10	10.4300
	28-Jan-20	0.15	11.3200
	23-Oct-19	0.14	11.0300
DIRECT	15-Jun-20	0.11	11.1900
	28-Jan-20	0.16	12.0800
	23-Oct-19	0.15	11.7300

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).

# PORTFOLIO

(31 July 2020)

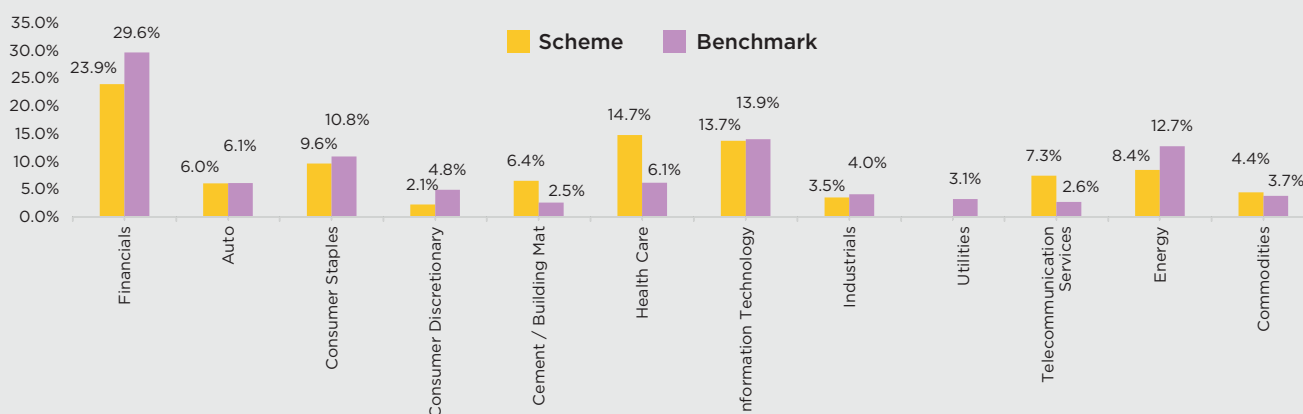


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
<b>Equity and Equity related Instruments</b>		<b>67.11%</b>	<b>Auto Ancillaries</b>		<b>3.42%</b>
<b>Equity</b>		<b>54.27%</b>	Minda Industries		0.93%
<b>Pharmaceuticals</b>		<b>8.35%</b>	Sandhar Technologies		0.74%
Cipla		2.13%	MRF		0.66%
Cipla - Equity Futures		-1.67%	Balkrishna Industries		0.57%
Aurobindo Pharma		2.12%	Tube Investments of India		0.52%
Divi's Laboratories		1.83%	<b>Cement</b>		<b>2.97%</b>
IPCA Laboratories		1.82%	JK Cement		1.34%
Alkem Laboratories		1.43%	UltraTech Cement		1.33%
Lupin		0.82%	Sagar Cements		0.30%
Lupin - Equity Futures		-0.12%	<b>Industrial Products</b>		<b>2.89%</b>
<b>Software</b>		<b>7.79%</b>	SRF		0.82%
Infosys		4.73%	ALA Engineering		0.80%
Tech Mahindra		1.83%	Supreme Industries		0.69%
Tata Consultancy Services		0.61%	Shaily Engineering Plastics		0.57%
HCL Technologies		0.61%	<b>Retailing</b>		<b>1.12%</b>
<b>Finance</b>		<b>6.99%</b>	Avenue Supermarts		0.89%
Muthoot Finance		2.95%	Aditya Birla Fashion and Retail		0.23%
SBI Life Insurance Company		1.18%	<b>Construction Project</b>		<b>0.78%</b>
Bajaj Finserv		1.14%	Larsen & Toubro		1.77%
Bajaj Finserv - Equity Futures		-0.25%	Larsen & Toubro - Equity Futures		-1.35%
ICICI Lombard General Insurance Company		0.98%	KEC International		0.36%
Bajaj Finance		0.61%	<b>Pesticides</b>		<b>0.76%</b>
Bajaj Finance - Equity Futures		-0.61%	PI Industries		0.76%
Mas Financial Services		0.51%	<b>Construction</b>		<b>0.40%</b>
ICICI Securities		0.49%	PNC Infratech		0.40%
<b>Banks</b>		<b>6.59%</b>	<b>Chemicals</b>		<b>0.34%</b>
HDFC Bank		4.15%	Rossari Biotech		0.34%
HDFC Bank - Equity Futures		-0.37%	<b>Consumer Durables</b>		<b>0.13%</b>
ICICI Bank		3.47%	Khadim India		0.13%
ICICI Bank - Equity Futures		-0.67%	<b>Gas</b>		<b>0.02%</b>
Axis Bank		0.92%	Indraprastha Gas		0.80%
Axis Bank - Equity Futures		-0.92%	Indraprastha Gas - Equity Futures		-0.78%
Kotak Mahindra Bank		0.66%	<b>Index</b>		<b>-2.69%</b>
Kotak Mahindra Bank - Equity Futures		-0.65%	Nifty 50 Index - Equity Futures		-2.69%
<b>Consumer Non Durables</b>		<b>5.46%</b>	<b>Corporate Bond</b>		<b>14.55%</b>
Hindustan Unilever		2.45%	Reliance Industries	AAA	4.33%
Nestle India		2.22%	Indian Railway Finance Corporation	AAA	2.89%
Dabur India		0.90%	LIC Housing Finance	AAA	2.83%
Dabur India - Equity Futures		-0.90%	Power Finance Corporation	AAA	2.79%
Britannia Industries		0.41%	REC	AAA	1.68%
Prataap Snacks		0.37%	NTPC	AAA	0.03%
Asian Paints		0.17%	<b>Certificate of Deposit</b>		<b>5.36%</b>
Asian Paints - Equity Futures		-0.17%	ICICI Bank	A1+	2.69%
<b>Petroleum Products</b>		<b>4.77%</b>	Axis Bank	A1+	2.67%
Reliance Industries		6.46%	<b>Treasury Bill</b>		<b>3.75%</b>
Reliance Industries - Equity Futures		-1.70%	182 Days Tbill - 2020	SOV	3.75%
<b>Telecom - Services</b>		<b>4.18%</b>	<b>Net Cash and Cash Equivalent (including Margin FD)</b>		<b>9.24%</b>
Bharti Airtel		4.18%	<b>Grand Total</b>		<b>100.00%</b>



## SECTOR ALLOCATION



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.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.