



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

Our continued assessment over the past few months has been that there possibly has been a general under-appreciation of the gravity of our current slowdown. We have therefore had great sympathy for continued counter-cyclical responses even as the need for more urgency on structural reforms cannot be underplayed. Our only point has been that there needs to be adequate appreciation of where the maximum depth available is for countercyclical response. We have also been cognizant of the moral hazard issue when exploring the avenues for non-traditional responses. For that reason, while we have been happy to support a twist or outright open market purchases of bonds, we have balked at endorsing a 'bail-out' package for stressed balance-sheets. The February policy has been quite consistent with the underlying macro-environment. This is especially also given the new threat to global growth in the form of the Coronavirus as well as the obvious limits to fiscal policy that have been clearly evident in the just announced Union Budget.

In our actively managed bond and gilt funds, we have been heavily overweight 'high beta' 13 year government bonds till after the budget, basis our view that the market was perhaps over-fearing the event. Since the budget we have shifted these portfolios more in favor of 8 - 10 year government bonds on the higher absolute value offered in this segment and since the "momentum" trade generated post budget may have soon dissipated. We find this positioning conducive to the monetary policy announcements. Government bonds up to 5 years or so may find even greater support in context of the long term repo operations. For 'real money' that wants somewhat higher duration given an otherwise conducive rate environment, the 5 - 10 year part of the curve may thus offer reasonable value. As always, this strategy represents our current thoughts and is subject to change at short notice in light of market dynamics and our own evolving assessment.

Fund Features:

Category: Dynamic Bond

Monthly Avg AUM: ₹2,018.10 Crores

Inception Date: 25th June 2002

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

Standard Deviation (Annualized): 4.18%

Modified Duration: 8.06 years

Average Maturity: 12.71 years

Yield to Maturity: 7.12%

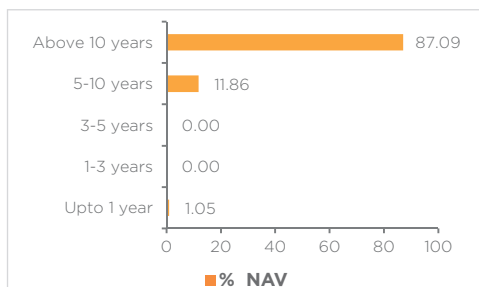
Benchmark: 50% S&P BSE 200 TRI + 50% NIFTY AAA Short Duration Bond Index (w.e.f 11/11/2019)

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

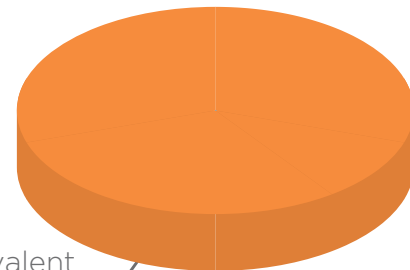
Exit Load: Nil (w.e.f. 17th October 2016)

Options Available: Growth, Dividend - Quarterly (March, June, September & December), Half Yearly, Annual, Regular & Periodic

Maturity Bucket:



ASSET QUALITY



AAA Equivalent
100.00%

Gsec/SDL yields have been annualized wherever applicable
Standard Deviation calculated on the basis of 1 year history of monthly data

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

PORTFOLIO (31 January 2020)

Name	Rating	Total (%)
Government Bond		98.95%
7.57% - 2033 G-Sec	SOV	84.16%
7.26% - 2029 G-Sec	SOV	7.68%
7.17% - 2028 G-Sec	SOV	4.18%
7.88% - 2030 G-Sec	SOV	2.93%
8.20% - 2025 G-Sec	SOV	0.01%
Net Cash and Cash Equivalent		1.05%
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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