



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

The last decade seems to have followed the Chinese proverb “May you live in interesting times”. For equity investors, this period can be broadly categorized into four phases. Interestingly, each phase has its own set of winners and those who were left behind. The only single strategy which could emerge as a winner across these four phases – diversify across fund categories and stay invested for long period of time to profit from the growth potential of equity markets as different segments of the market have delivered in different market cycle.

Another learning for the investor would be to diversify across investment styles and not based on traditional market cap segment – Large, Mid and Small. Quality/Growth on the one hand and Valuation focused on the other hand would be the two broad styles. Funds, generally have remained consistent with this style though may have flirted with market cap segments in the past. With the new SEBI classification, funds have “tighter” market cap mandates and thus, tracking them on their investment style will become easier going ahead as compared to the past. The other observation, is the steep drawdowns which a segment like Small cap is unable to escape from, even if the focus is on “quality” or put in another manner, quality without growth gets de-rated swiftly irrespective of the market cap segment.

How the next decade will play out for equity investors is impossible to predict and we are neither brave nor buoyed by strong performance to dive into this issue. However, a diversified portfolio spread across investment styles and with selective sector bets could be the path to use for the next decade.

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: ₹977.98 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): 6.50%

Modified Duration: 2.85 years*

Average Maturity: 3.87 years*

Yield to Maturity: 6.81%*

*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:

Net Equity: 45.98%

Debt: 54.02%

Gross Equity (Including Arbitrage): 66.50%

Market Cap Split:

Large Cap: 75.20%

Mid and Small Cap: 24.80%

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	23-Oct-19	0.14	11.0300
	24-Jul-19	0.06	10.6500
	22-Apr-19	0.10	10.8100
DIRECT	23-Oct-19	0.15	11.7300
	24-Jul-19	0.06	11.2900
	22-Apr-19	0.10	11.4000

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

(31 December 2019)

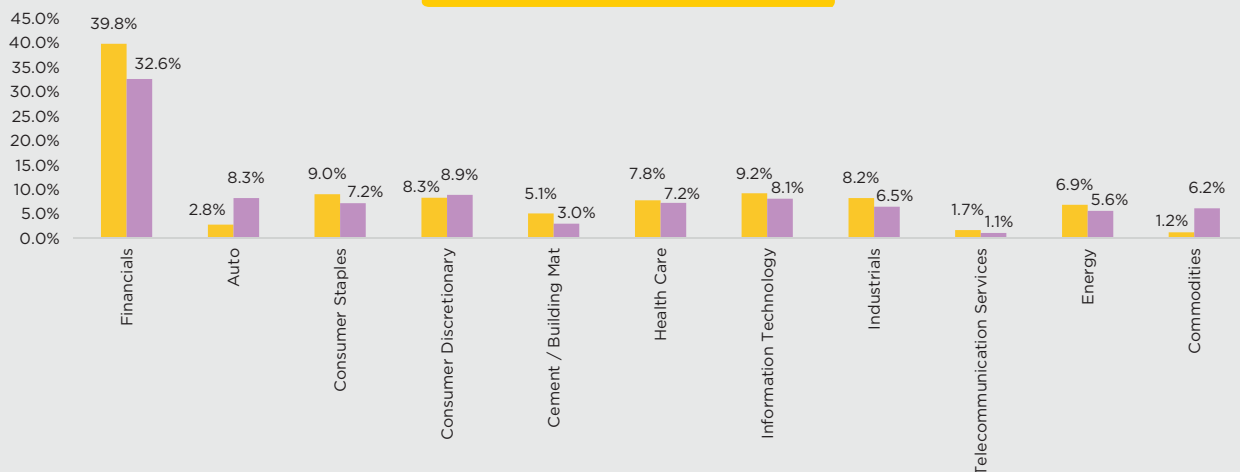


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		66.50%	Consumer Durables		1.84%
Equity		45.98%	Titan Company		1.34%
Banks		14.81%	Voltas		0.30%
HDFC Bank		6.51%	Khadim India		0.20%
HDFC Bank - Equity Futures		-2.10%	Industrial Products		1.81%
ICICI Bank		6.01%	Supreme Industries		0.75%
ICICI Bank - Equity Futures		-1.72%	AIA Engineering		0.72%
Axis Bank		4.00%	Astral Poly Technik		0.24%
Axis Bank - Equity Futures		-0.94%	Apollo Pipes		0.09%
State Bank of India		3.87%	Cement		1.56%
State Bank of India - Equity Futures		-2.42%	UltraTech Cement		1.24%
Kotak Mahindra Bank		1.03%	Sagar Cements		0.32%
RBL Bank		0.56%	Auto Ancillaries		1.26%
Consumer Non Durables		5.95%	Sandhar Technologies		0.84%
ITC		1.89%	Asahi India Glass		0.38%
ITC - Equity Futures		-1.02%	Minda Industries		0.04%
Asian Paints		1.83%	Telecom - Services		0.86%
Asian Paints - Equity Futures		-0.55%	Bharti Airtel		1.05%
Nestle India		1.66%	Bharti Airtel - Equity Futures		-0.19%
GlaxoSmithKline Consumer Healthcare		1.62%	Hotels, Resorts And Other Recreational Activities		0.62%
Prataap Snacks		0.53%	The Indian Hotels Company		0.62%
Finance		5.76%	Pesticides		0.62%
Bajaj Finserv		1.73%	PI Industries		0.62%
Bajaj Finserv - Equity Futures		-0.77%	Retailing		0.55%
Muthoot Finance		1.36%	Aditya Birla Fashion and Retail		0.55%
Muthoot Finance - Equity Futures		-0.35%	Construction		0.53%
ICICI Securities		0.83%	PNC Infratech		0.53%
Mas Financial Services		0.80%	Auto		0.16%
Bajaj Finance		0.78%	Mahindra & Mahindra		1.58%
SBI Life Insurance Company		0.74%	Mahindra & Mahindra - Equity Futures		-1.59%
ICICI Lombard General Insurance Company		0.64%	TVS Motor Company		0.10%
Software		4.75%	Maruti Suzuki India		0.08%
Tata Consultancy Services		2.21%	Gas		-0.0004%
Tata Consultancy Services - Equity Futures		-0.83%	Indraprastha Gas		0.41%
Infosys		2.18%	Indraprastha Gas - Equity Futures		-0.41%
Tech Mahindra		1.75%	Index		-5.64%
Tech Mahindra - Equity Futures		-0.56%	Nifty 50 Index - Equity Futures		-5.64%
Pharmaceuticals		4.01%	Corporate Bond		22.55%
Aurobindo Pharma		1.32%	Reliance Industries	AAA	5.46%
Aurobindo Pharma - Equity Futures		-0.24%	NABARD	AAA	5.19%
Alkem Laboratories		1.06%	LIC Housing Finance	AAA	2.62%
IPCA Laboratories		1.05%	Power Finance Corporation	AAA	2.59%
Divi's Laboratories		1.04%	HDFC	AAA	2.59%
Divi's Laboratories - Equity Futures		-0.28%	Indian Railway Finance Corporation	AAA	2.55%
Dishman Carbogen Amcis		0.07%	REC	AAA	1.53%
Petroleum Products		3.56%	NTPC	AAA	0.03%
Reliance Industries		4.18%	Certificate of Deposit		3.04%
Reliance Industries - Equity Futures		-0.62%	Axis Bank	A1+	3.04%
Construction Project		2.98%	Net Cash and Cash Equivalent		28.43%
Larsen & Toubro		2.66%	Grand Total		100.00%
Larsen & Toubro - Equity Futures		-0.28%			
KEC International		0.60%			



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.

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