FUND SPOTLIGHT

IDFC MUTUAL FUND

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

It is reasonably obvious that a more widespread global easing should be forthcoming. In India too, the RBI's revealed preference will get a further leg up and conventional easing may start supporting unconventional tools already in deployment. It is likely that fiscal policy finds itself getting more restive despite the obvious constraints on the revenue side.

Given the current context, there is a greater likelihood of more steepening pressure on the yield curve. However, this statement needs some qualifications: the very front end of the government bond curve (up to 3 – 4 years) has clearly outperformed massively since the announcement of the long term repo operations from the RBI. There may be limited relative gains to be made here incrementally for real money, given the lower duration as well. However, the spread between 4 year to 7 – 8 year government bonds has, at the time of writing, widened to almost 80 bps. Subsequent spreads (longer bonds spread over 7 – 8 year bonds) are still relatively low. In our view, this makes the 7 – 8 year government bonds the "sweet-spot", with a strong likelihood that the very wide spreads on offer versus shorter end bonds will likely compress over the coming months. The longer end may struggle once the current momentum fades, also in part due to the significantly higher state loan supply expected over the year ahead. The same anticipated state loan supply makes the 10 year point on the AAA corporate curve less attractive.

Fund Features:

Category: Dynamic Bond

Monthly Avg AUM: ₹2,049.92 Crores

Inception Date: 25th June 2002

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

Standard Deviation (Annualized): 4.28%

Modified Duration: 5.80 years

Average Maturity: 7.66 years

Yield to Maturity: 6.62%

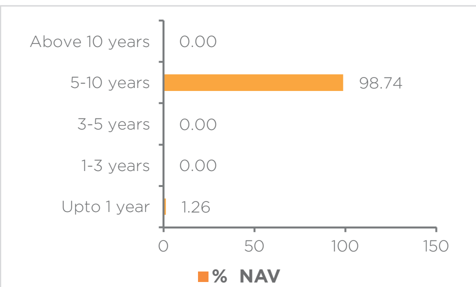
Benchmark: 50% S&P BSE 200 TRI + 50% NIFTY AAA Short Duration Bond Index (w.e.f 11/11/2019)

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

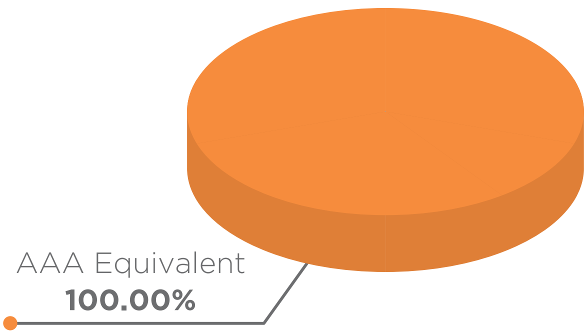
Exit Load: Nil (w.e.f. 17th October 2016)

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

Maturity Bucket:



ASSET QUALITY



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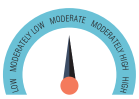
PORTFOLIO (28 February 2020)

Name	Rating	Total (%)
Government Bond		**98.74%**
7.17% - 2028 G-Sec	SOV	72.89%
6.79% - 2027 G-Sec	SOV	25.85%
8.20% - 2025 G-Sec	SOV	0.01%
Net Cash and Cash Equivalent		**1.26%**
Grand Total		**100.00%**



Investors understand that their principal will be at Moderate risk

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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