



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 of 31st March 2021 indicates a value of 34.2 and equity band for the month of April will continue to be 30-40%.

OUTLOOK

Past market trends have shown that valuations by themselves may not lead to a correction, however, investor expectations of earnings growth if not met, have a bigger impact on the burden of high valuations and trigger stock market corrections. While, a few macro events dominate debate today – Inflation, commodity prices uptrend and US 10-year yields, earnings should be the key focus for investors going forward.

As investors, be ready for a drop in EBIDTA margins, which touched an all-time high in December 2020 quarter. The unsustainability of the previous quarter margins is a given. What will matter, if sales growth builds on the foundation of 9 months FY 21. Managements will try to shift investor focus from margin to absolute growth at EBDITA and PAT levels. Thankfully, low base effect of last year's March and June quarters builds an easy base for the y-o-y comparison. Operational costs cut effected last year will also be watched with keen interest, were the savings of FY 21 structural or just tactical?

Lastly, the pace of vaccination, currently a shade below 6.5% of adults in India (those having taken the initial jab). The speed with which we cross 25%/33%/50% levels of successfully vaccinating the adult population, may have a direct bearing on how further will our economic trajectory be 7%/9%/11%!

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.

Face Value per Unit (in ₹) is 10

Income Distribution cum capital withdrawal is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of Income Distribution cum capital withdrawal, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

Fund Features: (Data as on 31st March'21)

Category: Dynamic Asset Allocation or Balanced Advantage

Monthly Avg AUM: ₹1,705.37 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): 13.90%

Modified Duration: 1.56 years*

Average Maturity: 1.87 years*

Macaulay Duration: 1.62 years*

Yield to Maturity: 4.26%*

*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): 67.03%

Debt: 32.97%

Net Equity: 35.21%

Market Cap Split:

Large Cap: 72.24%

Mid and Small Cap: 27.76%

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, IDCW® (Payout, Reinvestment and Sweep (from Equity Schemes to Debt Schemes only))

PLAN	IDCW® RECORD DATE	₹/UNIT	NAV
REGULAR	22-Mar-21	0.13	12.4700
	18-Dec-20	0.12	12.1700
	15-Jun-20	0.10	10.4300
DIRECT	22-Mar-21	0.14	13.5100
	18-Dec-20	0.13	13.1400
	15-Jun-20	0.11	11.1900

®Income Distribution cum capital withdrawal

PORTFOLIO

(31 March 2021)

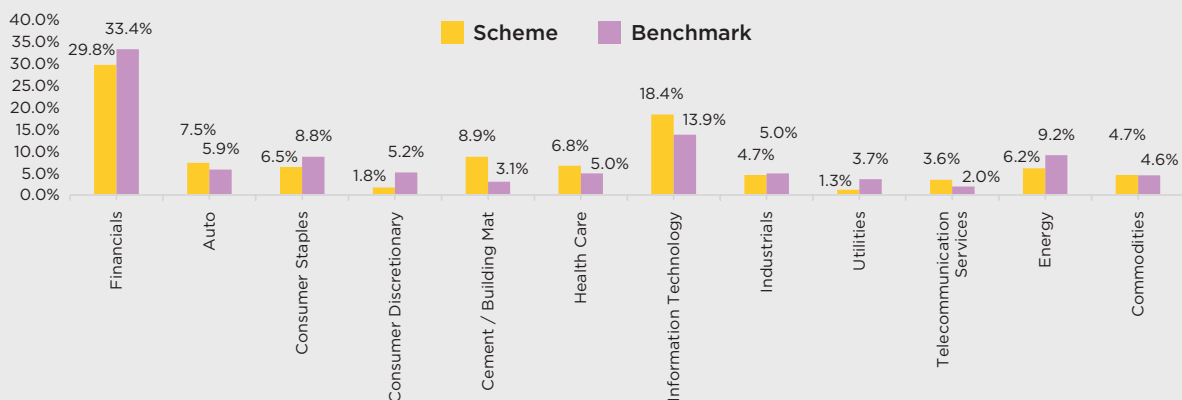


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		67.03%	Petroleum Products		2.52%
Net Equity Exposure		35.21%	Reliance Industries		4.59%
Software		7.46%	Reliance Industries - Equity Futures		-2.07%
Infosys	6.20%		Insurance		1.57%
Infosys - Equity Futures	-2.20%		Bajaj Finserv		1.42%
Tata Consultancy Services	3.55%		Bajaj Finserv - Equity Futures		-0.48%
Tata Consultancy Services - Equity Futures	-3.57%		HDFC Life Insurance Company		1.37%
Tech Mahindra	2.39%		HDFC Life Insurance Company - Equity Futures		-0.74%
Tech Mahindra - Equity Futures	-1.60%		Industrial Products		1.53%
Coforge	1.22%		Shaily Engineering Plastics		0.60%
Coforge - Equity Futures	-0.71%		Supreme Industries		0.58%
Larsen & Toubro Infotech	0.92%		ALA Engineering		0.35%
Larsen & Toubro Infotech - Equity Futures	-0.22%		Telecom - Services		1.45%
Wipro	0.80%		Bharti Airtel		2.92%
HCL Technologies	0.67%		Bharti Airtel - Equity Futures		-1.46%
Banks		6.55%	Construction Project		0.79%
ICICI Bank	5.18%		Larsen & Toubro		1.56%
ICICI Bank - Equity Futures	-2.25%		Larsen & Toubro - Equity Futures		-0.78%
HDFC Bank	2.86%		Chemicals		0.76%
Axis Bank	1.17%		SRF		0.62%
Axis Bank - Equity Futures	-1.18%		SRF - Equity Futures		-0.27%
Suryoday Small Finance Bank	0.77%		Chemcon Speciality Chemicals		0.27%
Finance		3.98%	Laxmi Organic Industries		0.15%
Bajaj Finance	1.67%		Construction		0.55%
Bajaj Finance - Equity Futures	-1.03%		PNC Infratech		0.55%
Muthoot Finance	1.48%		Gas		0.52%
Muthoot Finance - Equity Futures	-0.65%		Indraprastha Gas		0.52%
Cholamandalam Invnt and Fin Co	1.27%		Pesticides		0.51%
SBI Cards and Payment Services	0.53%		PI Industries		0.51%
Aavas Financiers	0.41%		Leisure Services		0.40%
Mas Financial Services	0.30%		Burger King India		0.40%
Auto Ancillaries		3.03%	Retailing		0.33%
Minda Industries	0.96%		Avenue Supermarts		0.33%
MRF	0.77%		Power		0.21%
MRF - Equity Futures	-0.78%		KEC International		0.21%
Tube Investments of India	0.61%		Index		-5.35%
Endurance Technologies	0.60%		Nifty 50 Index - Equity Futures		-5.35%
Balkrishna Industries	0.48%		Treasury Bill		15.30%
Balkrishna Industries - Equity Futures	-0.48%		364 Days Tbill - 2021	SOV	4.24%
Jamna Auto Industries	0.45%		91 Days Tbill - 2021	SOV	2.83%
Sandhar Technologies	0.42%		364 Days Tbill - 2021	SOV	1.98%
Cement & Cement Products		3.03%	182 Days Tbill - 2021	SOV	1.13%
JK Cement	1.24%		364 Days Tbill - 2021	SOV	1.13%
UltraTech Cement	1.15%		91 Days Tbill - 2021	SOV	0.85%
Ambuja Cements	0.64%		182 Days Tbill - 2021	SOV	0.85%
Pharmaceuticals		2.73%	91 Days Tbill - 2021	SOV	0.57%
Divi's Laboratories	2.40%		364 Days Tbill - 2021	SOV	0.57%
Divi's Laboratories - Equity Futures	-1.06%		364 Days Tbill - 2021	SOV	0.28%
Aurobindo Pharma	1.45%		364 Days Tbill - 2021	SOV	0.28%
Cipla	1.43%		364 Days Tbill - 2021	SOV	0.28%
Cipla - Equity Futures	-1.44%		Government Bond		9.04%
Alkem Laboratories	0.59%		5.22% - 2025 G-Sec	SOV	2.81%
Alkem Laboratories - Equity Futures	-0.13%		7.17% - 2028 G-Sec	SOV	2.74%
Gland Pharma	0.42%		7.27% - 2026 G-Sec	SOV	2.10%
Dr. Reddy's Laboratories	0.39%		5.15% - 2025 G-Sec	SOV	1.39%
Dr. Reddy's Laboratories - Equity Futures	-0.39%		Corporate Bond		3.54%
IPCA Laboratories	0.28%		Power Finance Corporation	AAA	1.47%
Aurobindo Pharma - Equity Futures	-1.21%		NABARD	AAA	1.17%
Consumer Non Durables		2.64%	REC	AAA	0.88%
Hindustan Unilever	2.26%		NTPC	AAA	0.02%
Hindustan Unilever - Equity Futures	-0.84%		Commercial Paper		2.77%
Nestle India	1.22%		LIC Housing Finance	A1+	1.38%
Dabur India	0.61%		HDFC	A1+	1.38%
Dabur India - Equity Futures	-0.61%		Net Cash and Cash Equivalent		2.33%
Tata Consumer Products	0.32%		Grand Total		100.00%
Tata Consumer Products - Equity Futures	-0.33%				



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.