



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 January 2021 indicates a value of 30.9 and equity band for the month of February will continue to be 30-40%.

OUTLOOK

Equity markets celebrated a “non-taxing” budget, with Nifty crossing the 15,000 mark. With reports of a Covid “tax/cess” gaining ground a week before the presentation of the Union Budget, markets heaved a big sigh of relief and thanks to the Finance Minister, when the Budget focused on correcting fiscal math by including off balance sheet items and forecasting modest revenue collection. The focus on infrastructure spending, also boosted investor sentiments. Also, the government seems committed on reforms like strategic disinvestment including PSU banks, higher FDI in insurance, etc.

For equities, result season, local as well as global, does point to a V shaped earnings recovery. Over 70% of the Nifty companies to have reported earnings in Jan’21 have beaten estimates, a similar trend was evident in the result season across US, Europe and Japan. With most stocks trading above 1x SD (Std Deviation) of their last 5 years average P/E multiples, market is not cheap. Such elevated levels make the market more dependent on liquidity and strong earnings growth (as compared to the situation post Apr’20) to sustain and move forward.

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 January'21)

Category: Dynamic Asset Allocation or Balanced Advantage

Monthly Avg AUM: ₹1,398.11 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): 13.97%

Modified Duration: 1.78 years*

Average Maturity: 2.21 years*

Macaulay Duration: 1.86 years*

Yield to Maturity: 4.32%*

*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): 66.73%

Debt: 33.27%

Net Equity: 37.27%

Market Cap Split:

Large Cap: 75.57%

Mid and Small Cap: 24.43%

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	18-Dec-20	0.12	12.1700
	15-Jun-20	0.10	10.4300
	28-Jan-20	0.15	11.3200
DIRECT	18-Dec-20	0.13	13.1400
	15-Jun-20	0.11	11.1900
	28-Jan-20	0.16	12.0800

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 January 2021)

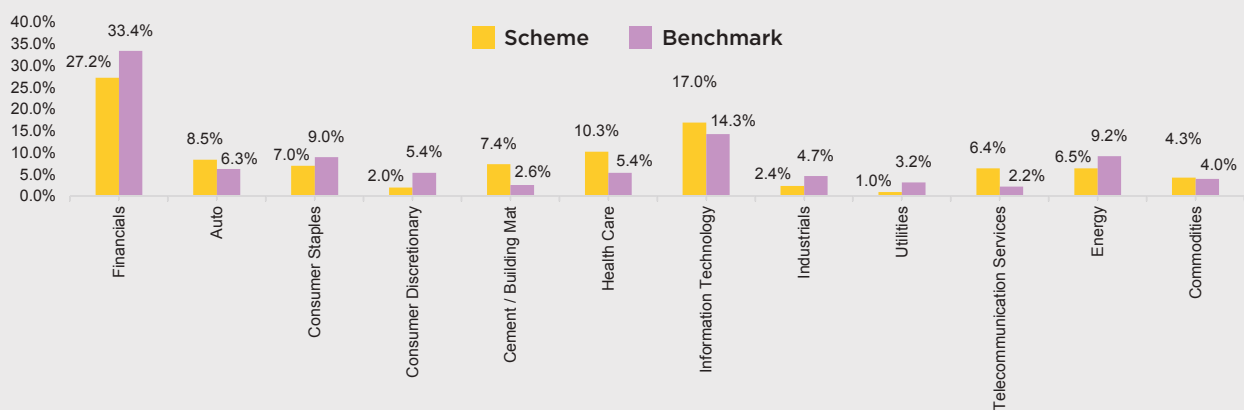


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		66.73%	Indigo Paints		0.07%
Net Equity Exposure		37.27%	Tata Consumer Products - Equity Futures		-0.34%
Software		7.37%	Dabur India - Equity Futures		-0.70%
Infosys	6.16%		Hindustan Unilever - Equity Futures		-0.95%
Tata Consultancy Services	3.86%		Petroleum Products		2.81%
Tech Mahindra	2.10%		Reliance Industries		4.49%
Wipro	0.98%		Reliance Industries - Equity Futures		-1.68%
HCL Technologies	0.75%		Telecom - Services		2.81%
Larsen & Toubro Infotech	0.27%		Bharti Airtel		3.78%
Coforge	0.19%		Bharti Airtel - Equity Futures		-0.97%
HCL Technologies - Equity Futures	-0.12%		Cement		2.62%
Tech Mahindra - Equity Futures	-1.17%		UltraTech Cement		1.10%
Infosys - Equity Futures	-1.77%		JK Cement		1.10%
Tata Consultancy Services - Equity Futures	-3.89%		Ambuja Cements		0.61%
Banks		6.48%	Ambuja Cements - Equity Futures		-0.19%
ICICI Bank	5.48%		Industrial Products		2.02%
HDFC Bank	3.22%		SRF		0.74%
Axis Bank	1.35%		Supreme Industries		0.62%
Axis Bank - Equity Futures	-1.36%		Shaily Engineering Plastics		0.57%
ICICI Bank - Equity Futures	-2.21%		AIA Engineering		0.40%
Finance		5.40%	SRF - Equity Futures		-0.32%
Muthoot Finance	1.64%		Pesticides		0.56%
HDFC Life Insurance Company	1.62%		PI Industries		0.56%
Bajaj Finserv	1.55%		Healthcare Services		0.50%
Cholamandalam Invt and Fin Co	1.10%		Gland Pharma		0.50%
Bajaj Finance	0.55%		Gas		0.44%
Mas Financial Services	0.38%		Indraprastha Gas		0.64%
Aavas Financiers	0.37%		Indraprastha Gas - Equity Futures		-0.20%
Muthoot Finance - Equity Futures	-0.14%		Retailing		0.37%
Bajaj Finserv - Equity Futures	-0.79%		Avenue Supermarts		0.37%
HDFC Life Insurance Company - Equity Futures	-0.87%		Construction		0.34%
Pharmaceuticals		3.98%	PNC Infratech		0.34%
Divi's Laboratories	1.82%		Chemicals		0.34%
Aurobindo Pharma	1.81%		Chemcon Speciality Chemicals		0.34%
Cipla	1.75%		Construction Project		0.29%
Alkem Laboratories	0.95%		Larsen & Toubro		1.78%
Dr. Reddy's Laboratories	0.48%		KEC International		0.30%
IPCA Laboratories	0.33%		Larsen & Toubro - Equity Futures		-1.79%
Divi's Laboratories - Equity Futures	-0.31%		Index		-6.37%
Dr. Reddy's Laboratories - Equity Futures	-0.48%		Nifty 50 Index - Equity Futures		-6.37%
Aurobindo Pharma - Equity Futures	-0.61%		Corporate Bond		7.06%
Cipla - Equity Futures	-1.76%		Reliance Industries	AAA	2.77%
Auto Ancillaries		3.69%	Power Finance Corporation	AAA	1.78%
Minda Industries	0.97%		NABARD	AAA	1.42%
MRF	0.96%		REC	AAA	1.07%
Endurance Technologies	0.67%		NTPC	AAA	0.02%
Balkrishna Industries	0.55%		Government Bond		6.85%
Sandhar Technologies	0.53%		5.22% - 2025 G-Sec	SOV	3.44%
Tube Investments of India	0.48%		7.17% - 2028 G-Sec	SOV	3.40%
MRF - Equity Futures	-0.12%		Treasury Bill		6.52%
Balkrishna Industries - Equity Futures	-0.35%		182 Days Tbill - 2021	SOV	3.09%
Consumer Non Durables		3.65%	364 Days Tbill - 2021	SOV	1.72%
Hindustan Unilever	2.55%		91 Days Tbill - 2021	SOV	1.72%
Nestle India	1.47%		Commercial Paper		3.32%
Dabur India	0.70%		LIC Housing Finance	A1+	1.66%
Burger King India	0.52%		HDFC	A1+	1.66%
Tata Consumer Products	0.34%		Net Cash and Cash Equivalent (including Margin FD)		9.52%
			Grand Total		100.00%



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.