



# 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 December 2020 indicates a value of 33 and equity band for the month of January will continue to be 30-40%

## OUTLOOK

- With the spread of the pandemic and the lockdown during Q1 FY21, earnings for the year FY21 were sharply downgraded.
- However, the swifter than expected economic recovery led to a more robust Q2 FY21.
- Upgrades exceeded downgrades 3x, a rarity, after years of earnings disappointment.
- FY21 estimates, quickly rebounded from negative to positive territory, despite the Q1 debacle.
- The fall during Mar'20 lasted less than 35 trading days, erasing between 36-43% across the indices - Large, Mid and Small Caps. Supportive action from Central Banks was quicker.
- As investors searched for stable earnings, rotation from one sector to another, as exhibited from Apr-Dec'20 phase was evident.
- Staples after outperforming in Mar-Apr, have underperformed since then. Pharma and IT services outperformed during May-Sept; Banks/NBFC, after underperforming from Mar-Sept,20; outperformed during Oct-Dec'20.
- After the debacle of Mar'20, Small caps outshone the rest of the market - for the first time since CY17.
- If economic recovery is robust and RBI does not move aggressively into high real interest zone, Small caps could benefit the most.

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 December'20)

**Category:** Dynamic Asset Allocation or Balanced Advantage

**Monthly Avg AUM:** ₹1,263.91 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):** 13.94%

**Modified Duration:** 2.15 years\*

**Average Maturity:** 2.66 years\*

**Macaulay Duration:** 2.23 years\*

**Yield to Maturity:** 4.18%\*

\*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):** 66.44%

**Debt:** 33.56%

**Net Equity:** 37.14%

**Market Cap Split:**

**Large Cap:** 74.86%

**Mid and Small Cap:** 25.14%

**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 December 2020)

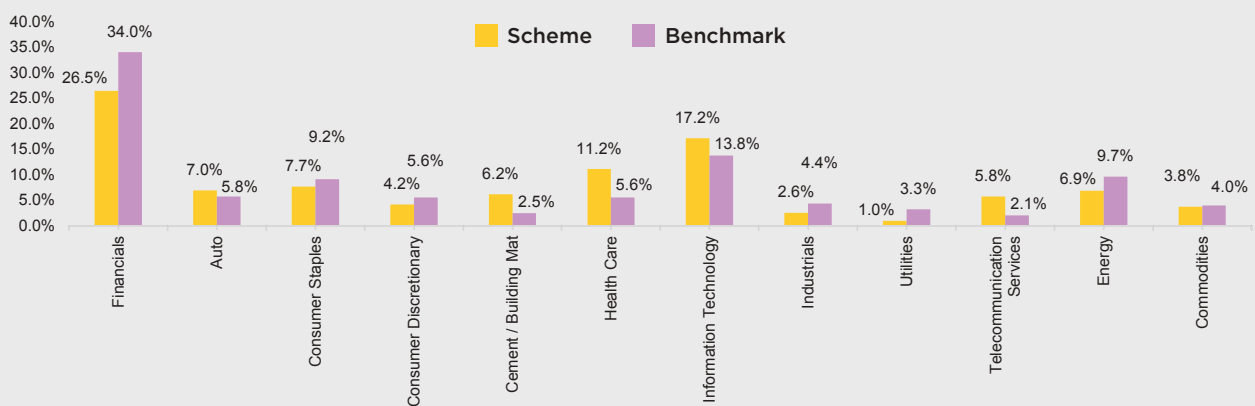


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
<b>Equity and Equity related Instruments</b>		<b>66.44%</b>	Balkrishna Industries - Equity Futures		-0.55%
<b>Net Exposure</b>		<b>37.14%</b>	Sandhar Technologies		0.58%
<b>Software</b>		<b>8.02%</b>	Endurance Technologies		0.56%
Infosys		6.28%	Tube Investments of India		0.54%
Infosys - Equity Futures		-1.40%	<b>Petroleum Products</b>		<b>3.21%</b>
Tech Mahindra		2.22%	Reliance Industries		5.30%
Tech Mahindra - Equity Futures		-1.19%	Reliance Industries - Equity Futures		-2.09%
Tata Consultancy Services		2.17%	<b>Telecom - Services</b>		<b>2.69%</b>
Tata Consultancy Services - Equity Futures		-2.18%	Bharti Airtel		3.26%
Wipro		0.99%	Bharti Airtel - Equity Futures		-0.56%
HCL Technologies		0.71%	<b>Cement</b>		<b>2.28%</b>
Larsen & Toubro Infotech		0.41%	UltraTech Cement		1.20%
<b>Banks</b>		<b>6.80%</b>	JK Cement		1.09%
ICICI Bank		4.56%	Ambuja Cements		0.47%
ICICI Bank - Equity Futures		-1.15%	Ambuja Cements - Equity Futures		-0.47%
HDFC Bank		3.39%	<b>Industrial Products</b>		<b>1.83%</b>
Axis Bank		1.38%	SRF		0.84%
Axis Bank - Equity Futures		-1.39%	Shaily Engineering Plastics		0.62%
<b>Finance</b>		<b>5.56%</b>	Supreme Industries		0.62%
Muthoot Finance		1.96%	AIA Engineering		0.54%
Muthoot Finance - Equity Futures		-0.17%	SRF - Equity Futures		-0.78%
Bajaj Finserv		1.14%	<b>Pesticides</b>		<b>0.66%</b>
Bajaj Finserv - Equity Futures		-0.51%	PI Industries		0.66%
HDFC Life Insurance Company		0.82%	<b>Healthcare Services</b>		<b>0.59%</b>
Cholamandalam Invst and Fin Co		0.73%	Gland Pharma		0.59%
Bajaj Finance		0.60%	<b>Gas</b>		<b>0.47%</b>
Mas Financial Services		0.43%	Indraprastha Gas		0.68%
Aavas Financiers		0.38%	Indraprastha Gas - Equity Futures		-0.21%
ICICI Securities		0.10%	<b>Chemicals</b>		<b>0.43%</b>
ICICI Lombard General Insurance Company		0.06%	Chemcon Speciality Chemicals		0.43%
<b>Consumer Non Durables</b>		<b>5.14%</b>	<b>Retailing</b>		<b>0.42%</b>
Hindustan Unilever		1.92%	Avenue Supermarts		0.42%
Hindustan Unilever - Equity Futures		-0.06%	<b>Construction</b>		<b>0.35%</b>
Nestle India		1.73%	PNC Infratech		0.35%
Burger King India		1.55%	<b>Construction Project</b>		<b>0.32%</b>
Dabur India		0.65%	Larsen & Toubro		1.88%
Dabur India - Equity Futures		-0.66%	Larsen & Toubro - Equity Futures		-1.89%
Tata Consumer Products		0.40%	KEC International		0.33%
Tata Consumer Products - Equity Futures		-0.40%	<b>Index</b>		<b>-9.52%</b>
<b>Pharmaceuticals</b>		<b>4.62%</b>	Nifty 50 Index - Equity Futures		-9.52%
Divi's Laboratories		2.27%	<b>Treasury Bill</b>		<b>9.00%</b>
Divi's Laboratories - Equity Futures		-0.39%	364 Days Tbill - 2021	SOV	5.62%
Aurobindo Pharma		2.02%	182 Days Tbill - 2021	SOV	3.38%
Aurobindo Pharma - Equity Futures		-0.86%	<b>Corporate Bond</b>		<b>7.80%</b>
Cipla		1.91%	Reliance Industries	AAA	3.06%
Cipla - Equity Futures		-1.91%	Power Finance Corporation	AAA	1.97%
Alkem Laboratories		1.02%	NABARD	AAA	1.58%
Dr. Reddy's Laboratories		0.59%	REC	AAA	1.18%
Dr. Reddy's Laboratories - Equity Futures		-0.59%	NTPC	AAA	0.02%
IPCA Laboratories		0.58%	<b>Government Bond</b>		<b>7.56%</b>
<b>Auto Ancillaries</b>		<b>3.26%</b>	5.22% - 2025 G-Sec	SOV	3.80%
MRF		0.94%	7.17% - 2028 G-Sec	SOV	3.76%
MRF - Equity Futures		-0.37%	<b>Commercial Paper</b>		<b>3.63%</b>
Minda Industries		0.93%	LIC Housing Finance	A1+	1.82%
Balkrishna Industries		0.62%	HDFC	A1+	1.82%
			<b>Net Cash and Cash Equivalent</b>		<b>5.57%</b>
			<b>Grand Total</b>		<b>100.00%</b>



## 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.