



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 on 31st August 2020 indicates a value of 25.9 and equity band for the month will remain the same at 40-55%.

OUTLOOK

Indian equities continued their upward momentum in August following the trend in global markets, even as India continues to see a sharp increase in daily new Covid-19 cases. In August and over the last 3-month basis, Small Caps significantly outperformed Mid and Large Caps. Since the bottom in March-20, Large, Mid and Small Caps have bounced 50%, 52% and 66% respectively.

Going forward, the pace of economic recovery would depend largely on the extent of local lockdowns on account of spread of Covid-19. Markets seems to have run ahead of fundamentals and are less than 10% lower than all-time highs. Global and domestic liquidity seems to have played a significant part in the sharp up move seen in the markets. Investors should tread with caution as the number of cases and deaths in India continue to rise. Also, earnings uncertainty for FY21 is fairly high with a wide range of analyst estimates.

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 August'20)

Category: Dynamic Asset Allocation or Balanced Advantage

Monthly Avg AUM: ₹953.33 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): 13.86%

Modified Duration: 2.53 years*

Average Maturity: 3.36 years*

Macaulay Duration: 2.65 years*

Yield to Maturity: 4.94%*

*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): 65.47%

Debt: 34.53%

Net Equity: 40.05%

Market Cap Split:

Large Cap: 76.50%

Mid and Small Cap: 23.50%

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	15-Jun-20	0.10	10.4300
	28-Jan-20	0.15	11.3200
	23-Oct-19	0.14	11.0300
DIRECT	15-Jun-20	0.11	11.1900
	28-Jan-20	0.16	12.0800
	23-Oct-19	0.15	11.7300

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 August 2020)

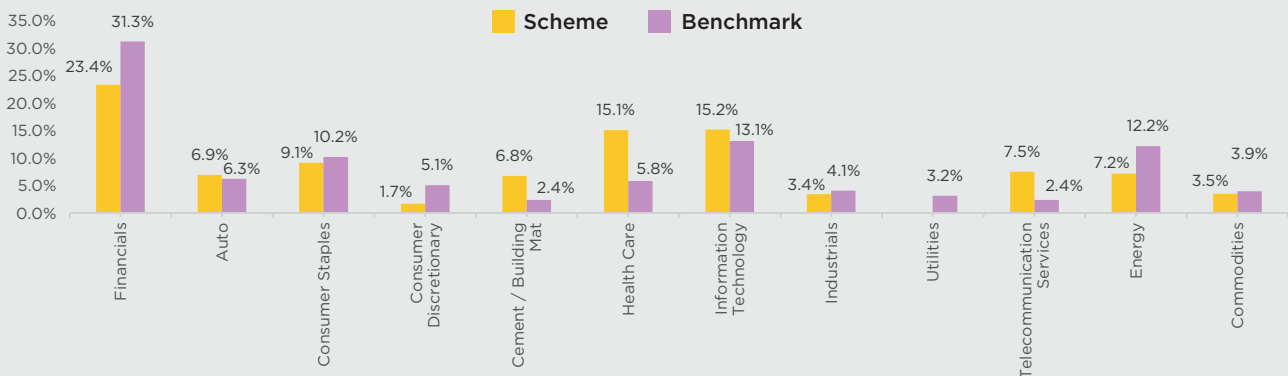


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		65.47%	Asian Paints - Equity Futures		-0.18%
Net Equity Exposure		40.05%	Telecom - Services		3.72%
Software		7.50%	Bharti Airtel		3.72%
Infosys		5.89%	Petroleum Products		3.52%
Infosys - Equity Futures		-1.30%	Reliance Industries		6.25%
Tech Mahindra		1.92%	Reliance Industries - Equity Futures		-2.73%
Tata Consultancy Services		0.58%	Auto Ancillaries		3.42%
Tata Consultancy Services - Equity Futures		-0.56%	Minda Industries		1.06%
HCL Technologies		0.57%	Sandhar Technologies		0.80%
Wipro		0.40%	Balkrishna Industries		0.68%
Wipro - Equity Futures		-0.41%	Balkrishna Industries - Equity Futures		-0.33%
Majesco		0.39%	Tube Investments of India		0.60%
Pharmaceuticals		7.44%	MRF		0.60%
Divi's Laboratories		2.10%	Cement		2.65%
Cipla		2.03%	UltraTech Cement		1.21%
Cipla - Equity Futures		-1.20%	JK Cement		1.16%
Aurobindo Pharma		1.88%	Sagar Cements		0.28%
Aurobindo Pharma - Equity Futures		-0.22%	Industrial Products		2.50%
IPCA Laboratories		1.56%	ALA Engineering		0.84%
Alkem Laboratories		1.30%	SRF		0.84%
Lupin		0.73%	SRF - Equity Futures		-0.53%
Lupin - Equity Futures		-0.73%	Supreme Industries		0.69%
Banks		6.13%	Shaily Engineering Plastics		0.66%
HDFC Bank		3.93%	Pesticides		0.76%
HDFC Bank - Equity Futures		-0.63%	PI Industries		0.76%
ICICI Bank		3.79%	Retailing		0.70%
ICICI Bank - Equity Futures		-0.96%	Avenue Supermarts		0.70%
Axis Bank		1.02%	Construction		0.46%
Axis Bank - Equity Futures		-1.02%	PNC Infratech		0.46%
Kotak Mahindra Bank		0.09%	Construction Project		0.39%
Kotak Mahindra Bank - Equity Futures		-0.09%	Larsen & Toubro		1.75%
Finance		5.39%	Larsen & Toubro - Equity Futures		-1.76%
Muthoot Finance		2.55%	KEC International		0.40%
Muthoot Finance - Equity Futures		-0.63%	Consumer Durables		0.14%
Bajaj Finserv		1.09%	Khadim India		0.14%
Bajaj Finserv - Equity Futures		-0.48%	Gas		0.00%
SBI Life Insurance Company		1.03%	Indraprastha Gas		0.73%
ICICI Lombard General Insurance Company		0.91%	Indraprastha Gas - Equity Futures		-0.73%
Mas Financial Services		0.55%	Index		-9.18%
ICICI Securities		0.37%	Nifty 50 Index - Equity Futures		-9.18%
Bajaj Finance		0.09%	Corporate Bond		11.11%
Bajaj Finance - Equity Futures		-0.09%	Reliance Industries	AAA	4.10%
Consumer Non Durables		4.50%	LIC Housing Finance	AAA	2.71%
Hindustan Unilever		2.26%	Power Finance Corporation	AAA	2.67%
Nestle India		2.06%	REC	AAA	1.61%
Dabur India		0.80%	NTPC	AAA	0.03%
Dabur India - Equity Futures		-0.80%	Certificate of Deposit		5.14%
Tata Consumer Products		0.49%	Axis Bank	A1+	5.14%
Tata Consumer Products - Equity Futures		-0.49%	Government Bond		5.03%
Britannia Industries		0.39%	7.17% - 2028 G-Sec	SOV	5.03%
Britannia Industries - Equity Futures		-0.39%	Treasury Bill		3.61%
Prataap Snacks		0.19%	182 Days Tbill - 2020	SOV	3.61%
Asian Paints		0.18%	Net Cash and Cash Equivalent (including Margin FD)		9.65%
			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.