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.

Fund Features: (Data as on 31st August'20)

Category: Dynamic Bond

Monthly Avg AUM: ₹2,617.16 Crores

Inception Date: 25th June 2002

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

Standard Deviation (Annualized): 4.21%

Modified Duration: 5.53 years

Average Maturity: 7.20 years

Macaulay Duration: 5.70 years

Yield to Maturity: 6.26%

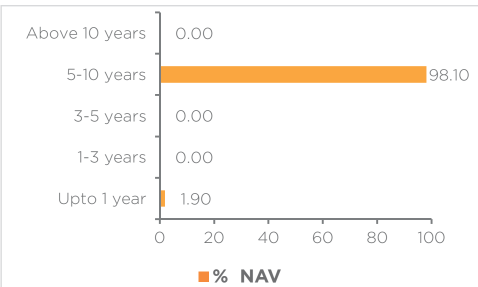
Benchmark: CRISIL Composite Bond Fund Index

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

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

Options Available: Growth, Dividend - Periodic, Quarterly, Half Yearly, Annual and Regular frequency (each with Reinvestment, Payout and Sweep facility)

Maturity Bucket:



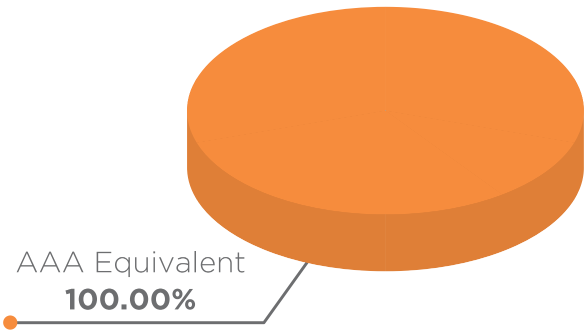
OUTLOOK

The government has been prudent so far in rationing its stimulus response, focusing first on sustenance and keeping a growth stimulus for later. Despite the government's prudence so far, however, the load on the fiscal is heavy. A necessary condition for financing this is a well-functioning bond market. The measures announced in August should now restore normal functioning and allow the substantial borrowing requirement to start going through without undoing the transmission channel.

Having said that, it is also true that more than 50% of an INR 20 lakh crore plus (center and states combined) borrowing program is still ahead of us. One shouldn't expect a very large sustainable rally in bonds basis just the current set of triggers, although one should reasonably expect most of the recent aggressive sell-off to get unwound. However re-instatement of orderly functioning now allows participants to start deploying risk capital with more confidence to take advantage of what are quite attractive valuations given the underlying backdrop of an unprecedented growth drawdown and a collapse in credit growth.

The external account is our one significant macro strength today and provides adequate cushion to RBI to persist with a dovish policy for the time-being. For all these reasons, our view remains that the important current pillars of policy will sustain for the foreseeable future. The spike in inflation presents an interpretation problem for now and it remains our base case that it will not shift the narrative away from growth for monetary policy, despite throwing up higher average CPI prints for the year. In our opinion, focus has to be on best quality AAA and sovereign / quasi sovereign. There is no macro logic whatsoever for pursuing high yield strategies.

ASSET QUALITY

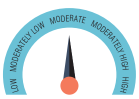


Gsec/SDL yields have been annualized wherever applicable
Standard Deviation calculated on the basis of 1 year history of monthly data

IDFC MUTUAL FUND

PORTFOLIO (31 August 2020)

Name	Rating	Total (%)
Government Bond		**98.10%**
6.79% - 2027 G-Sec	SOV	44.67%
7.26% - 2029 G-Sec	SOV	27.86%
7.17% - 2028 G-Sec	SOV	16.44%
6.97% - 2026 G-Sec	SOV	9.12%
8.20% - 2025 G-Sec	SOV	0.004%
Net Cash and Cash Equivalent		**1.90%**
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.