

## IDFC Dynamic Bond Fund

### An Open-ended Income Fund

A Fund investing in Govt Securities and highly liquid Corporate Bonds, actively managing interest rate risk by shifting between long duration bonds and cash.

#### Fund characteristics

Fund name	IDFC Dynamic Bond Fund(IDFC-DBF)
Nature	Debt
Fund manager	Arjun Parthasarathy
Investment objective	Seek to generate optimal returns with high liquidity by active management of the portfolio; by investing in high quality money market & debt instrument. However there is no assurance that the investment objective of the scheme will be realized.
Investment style	The Scheme seeks to invest in a mix of government securities and highly rated corporate bonds and seeks to generate returns by actively managing the interest rate volatility.
Ideal investment horizon	1 Year or more
Entry load	Nil
Exit load	IDFC-DBF - Plan A & Plan B: Nil. (w.e.f. August 24, 2009)
Options available	Growth, Dividend & Dividend Sweep (w.e.f. 16-Nov-2009).
Minimum investment	<b>Plan A :</b> (Regular Plan) Rs. 5,000 and in amount multiples of Re. 1 <b>Plan B :</b> (Institutional Plan), Rs. 25,00,000 and in multiples Re. 1 (w.e.f. July 6, 2009)
Additional investment amount	Re. 1
SIP (minimum amount)	in Plan A Rs. 1,000
Inception date	25 June 2002

#### Rating & Rankings



Past performance is no guarantee of future results.  
For Methodology of Ranking Please refer Page No. 3.



Government bond yields are likely to do well in a scenario of improved government finances, lower commodity prices, sharp fall in bond yields across geographies and increased demand for risk free assets in the face of uncertainty on global economic outlook. Government finances are looking much healthier than what it was before the telecom spectrum auction and advance tax collection. The government has also reduced its subsidy burden on domestic fuel by decontrolling petrol prices and by raising prices of diesel, kerosene and LPG.

- ◆ The pre policy rate hike of 25 bps announced by the RBI in both repo and reverse repo rate is positive for government bonds at the long end of the curve as the current rate hike is already factored by the markets.
- ◆ The short end will see spikes in yields as the market factors in another 25bps of rate hike in the July policy review. The fact that liquidity is tight and is likely to ease only by the fourth week of July will pressure the short end of the yield curve.
- ◆ The banking system has set base rates in a 7.5% to 8% range and as they cannot lend below the base rates yields should trend towards base rates across the extreme short end of the curve in conditions of tight liquidity.

The market in the near term will have to contend with negative sentiments induced by rate hikes as well as constant supply amidst tight liquidity conditions. A weak monsoon could also have an inflationary as well as a fiscal impact on the economy. This will keep bond yields choppy but as the market looks ahead yields should trend down.

#### Fund manager's comment

The fund is positioned at the mid segment of the government bond yield curve to capture expected fall in government bond yields. The fund will move dynamically between cash, government bonds and corporate bonds to optimize performance.

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## Performance (30 June 2010)

Period	IDFC-DBF Growth Returns	Benchmark Returns
Last 1 year CAGR	1.97%	4.69%
Last 2 year CAGR	10.27%	7.90%
Last 3 year CAGR	10.11%	6.95%
Last 5 year CAGR	8.41%	5.63%
Since Allotment CAGR	7.96%	5.98%

Inception date: 25 June 2002.

Benchmark : Crisil composite Bond Fund Index (CCBFI)

Past performance may or may not be sustained in future.

## Dividend History (30 June 2010) (face value Rs.10/-)

Date	Nav	Freq.	Others	I & H
<b>IDFC-DBF - Plan A</b>				
31-Dec-08	12.0332	Quarterly	0.2853	0.3066
30-Mar-09	10.5857	Quarterly	0.4158	0.4467
30-Jun-09	10.5502	Quarterly	0.4158	0.4467
30-Mar-09	11.1462	Annual	0.8560	0.9197
<b>IDFC-DBF - Plan B</b>				
6-Jul-09	10.2050		0.2853	0.3066

## Average AUM (30 June 2010)

IDFC - DBF	93.07 Crores
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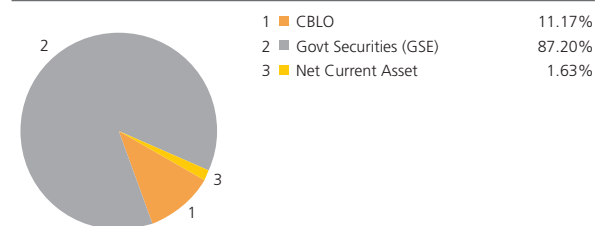
## Average Maturity (30 June 2010)

IDFC - DBF	9.96 Years
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## Portfolio (30 June 2010)

Name	Rating	% of NAV
CBLO		11.17
<b>CBLO Total</b>		<b>11.17</b>
8.20% GOI MD 15-02-2022	SOV	76.78
7.80% GOI MD 03-05-2020	SOV	10.43
<b>Govt Securities (GSE) Total</b>		<b>87.20</b>
<b>Net Current Asset</b>		<b>1.63</b>
<b>Grand Total</b>		<b>100.00</b>

## Asset Allocation (30 June 2010)



## Call Free 1-800-226622

Available from 8.00 a.m. to 7.00 p.m. on business days

Agra	+91-9997972223	Guwahati	+91-9957568099	Mangalore	+91-99010 33822	Surat	+91-261-247 50 60/70
Ahmedabad	+91-79-6450 58 81/58 87	Hyderabad	+91-40-4201 46 46/47	Moradabad	+91-9837572638	Vadodara	+91-265-662 09 19/ 39
Amritsar	+91-0183-5030393.	Indor	+91-731-420 69 27	Mumbai	+91-22-2287 64 19	Varanasi	+91-9984250888
Bangalore	+91-80-6611 15 04/05/06	Jaipur	+91-141-510 57 97-98	Nagpur	+91-712-645 14 28	Visakhapatnam	+91-9701163444
Chandigarh	+91-172-507 19 18/19	Jalandhar	+91-0181-5018264	Nashik	+91-253-231 29 71/2/3/4		
Chennai	+91-044-45644201/202	Kanpur	+91-512-233 10 71/11 19	New Delhi	+91-11-4731 13 01/02		
Cochin	+91-484-402 92 91	Kolkata	+91-4017 1000 -1005	Patna	+91-612-651 03 53		
Coimbatore	+91-422-254 26 45/78	Lucknow	+91-522-305 69 00/01/02	Pune	+91-20-6602 09 65		
Dehradun	+91-997598877	Ludhiana	+91-161-502 21 55/ 56	Raipur	+91-9926908790		
Goa	+91-832-665 03 10	Madurai	+91 98943 69124	Rajkot	+91-281-662 60 12		

**Risk Factors:** Mutual Funds and securities investments are subject to market risks, reinvestment risk, changes in political, economic environment and government policy and there is no assurance or guarantee that the objectives of the Schemes will be achieved. The NAV of the Schemes can go up or down depending on factors and forces affecting the Securities Market including fluctuation in interest rates, trading volumes and reinvestment risk. Past performance of the Sponsor/AMC/Mutual Fund is not necessarily indicative of the future performance of the Schemes and may not necessarily provide a basis for comparison with other investments. IDFC Dynamic Bond Fund (IDFC-DBF) is the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. The Sponsor or any of its associates is not responsible or liable for any loss resulting from the operation of the Schemes beyond the corpus of the Trust of Rs.30,000/-.

**Terms of Issue & Load Structure:** IDFC Dynamic Bond Fund (IDFC-DBF): During the continuous offer the AMC calculates and publishes NAVs and offers for sale and redemption of units of the Scheme on all Business days. There is no entry / exit load for IDFC-DBF-Plan A & Plan B. (w.e.f. August 24, 2009). **Minimum Investment:** Minimum investment amount for application in IDFC DBF-Plan A is Rs.5000. Minimum investment amount for application in IDFC -DBF-Plan B is Rs.25,00,000. (w.e.f. July 6, 2009). **Investment Objective** IDFC-DBF is an open ended income scheme seeking to generate optimal returns with high liquidity by active management of the portfolio; by investing in high quality money market & debt instruments. However, there can be no assurance that the investment objective of the scheme will be realized. **Statutory Details:** IDFC Mutual Fund has been set up as a trust by Infrastructure Development Finance Company Limited (IDFC) (liability restricted to corpus of Trust of Rs. 30,000) with IDFC AMC Trustee Company Ltd. the trustee and IDFC Asset Management Company Ltd as the investment manager. Investors in the scheme(s) are not being offered any guaranteed or assured rate of return.

Copy of Scheme Information Document and Key Information Memorandum along with application form for all the schemes may be obtained from the office of IDFC Mutual Fund, One India Bulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg., Elphinstone Road, (West), Mumbai 400 013. Contact 1-800-226622 for details.

**For details please read the respective Scheme Information Document (SID) / Offer Document (OD) / Statement of Additional Information (SAI) carefully before investing.**



# IDFC Dynamic Bond Fund

## Methodology of Ranking

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### **Morningstar Rating**

This Morningstar-sourced information is provided to you by IDFC AMC and is at your own risk. Morningstar is not responsible for any damages or losses arising from any use of this information. Also, this information must not be relied upon without appropriate verification. IDFC AMC informs you as follows: (i) no investment decision should be made in relation to any of the information provided other than on the advice of a professional financial advisor; (ii) past performance is no guarantee of future results; and (iii) the value and income derived from investments can go down as well as up.

The Morningstar fund rating methodology is based on a fund's risk-adjusted return within a given Morningstar category. Morningstar ratings are calculated every month for the 3 year, 5 year and 10 year period. Within each rating period, the top 10% funds receive a five star rating, the next 22.5% earn a four star rating, the next 35% get three stars, the next 22.5% receive two stars, and the bottom 10% get one star. Loads are not considered for the rating purpose. The rating is based on NAV provided by respective funds. The current fund rating is for the 3 year period as of December 31, 2009, IDFC Dynamic Bond Fund Growth has been rated 5-Star fund in the category of Intermediate Bond schemes (174 Schemes).