

**FUND INSIGHT**
**IDFC DYNAMIC BOND FUND**

(AN OPEN ENDED INCOME FUND)

**Fund Features:**
**Nature:** Debt

**Average AUM (Jul-Sep):**

Rs.59.96 Crores

**Inception Date:** 25 June 2002

**Fund Manager:** Mr. Suyash Choudhary  
(Since Oct 15, 2010)

The fund is positioned in the income 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. The fund plays the trade of the season which we think will sustain for a longer period of time. However, a part of the fund can be used to opportunistically play trading opportunities.

**OUTLOOK**

With the RBI now explicitly flagging pause to the hike cycle (barring, of course, fresh pressures from inflation either via new spike in commodity prices or larger than expected pass through to domestic prices), market participants should feel more confident with respect to the short end of the curve. This is also being aided by the fact that pressure of issuance of CDs from banks has subsided, as deposit growth remains healthy versus incremental credit disbursements.

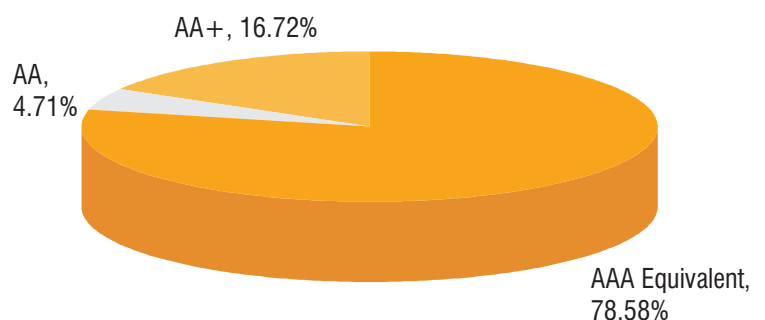
With respect to the long end, corporate spreads should remain supported given the relative lack of supply of corporate bonds. However, the G-Sec curve is struggling with excess supply, fears of further fiscal slippages, and now from potential illiquidity of current investments given that a new 10 year benchmark has been announced.

The market is looking for two possible event triggers:

- The announcement of an expected USD 5 billion hike in FII ceiling for government bonds.
- The start of RBI's open market operations (OMOs) to keep system liquidity deficit within 1% of NDTL of banks.

These will pretty much decide the direction of yields in the near term.

**Current Strategy:** The fund is positioned in the income 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. The fund will move dynamically between cash, government bonds, money market and corporate bonds to optimize performance.

**ASSET QUALITY**


**Other Parameters:**
**Modified Duration:** 2.55 Years

**Average Maturity:** 3.35 Years

**Yield to Maturity:** 9.55%

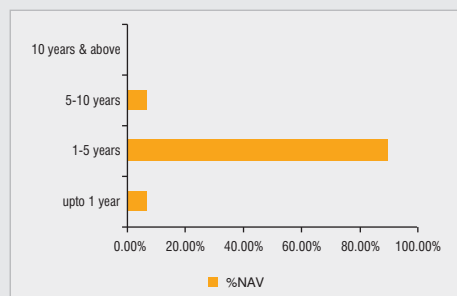
**Benchmark:** CRISIL Composite Bond Fund Index

**Minimum Investment Amount:**
**Plan A:** Rs. 5000/-

**Plan B:** Rs. 5 Crores.

**Exit Load:** Plan A: Nil Plan B: Nil

**Options Available:** Growth, Dividend (Quarterly (March, June, September & December) & Annual (March)) & Dividend Sweep

**Maturity Bucket:**

**PORTFOLIO**

Name	Rating	Total (%)
Clearing Corporation of India Ltd.		28.15
<b>CBLO Total</b>		<b>28.15</b>
NABARD	AAA	14.67
EXIM Bank	AAA	12.76
TATA Sons Ltd.	AAA	11.25
HDFC Ltd.	AAA	11.23
Reliance Ports and Terminals Ltd.	AAA	6.73
M & M Financial Services Ltd.	AA+	6.48
Bajaj Finance Ltd.	LAA+	5.39
Shriram Transport Finance Co Ltd.	AA+	4.85
Shriram Transport Finance Co Ltd.	AA	4.71
<b>Corporate Bond TOTAL</b>		<b>78.07</b>
7.83% GOI (MD 11/04/2018)	SOV	18.54
<b>Government Bond Total</b>		<b>18.54</b>
Net Current Asset		-24.76
<b>Grand Total</b>		<b>100.00</b>

**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 Scheme/s will be achieved. The NAV of the Scheme/s 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 Scheme/s and may not necessarily provide a basis for comparison with other investments. IDFC Dynamic Bond Fund (IDFC - DBF) is name of the Scheme and do not in any manner indicate either the quality of the Schemes, their 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-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. **Entry & Exit Load-Entry load:** nil, **Exit load:** (Plan A & Plan B):-Nil.

**Investment Objective:** IDFC-DBF: Seek to generate optimal returns with high liquidity by active management of the portfolio; by investing in high quality money market & debt instruments. However there is 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 as 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 other scheme specific risk factors and other details please read the Offer Document / Scheme Information Document / Statement of Additional Information carefully before investing.