



IDFC DYNAMIC BOND FUND

An open ended dynamic debt scheme investing across duration

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.

OUTLOOK

All told and taking into account recent events, it is prudent, for now, to stay with the theme of slower growth and higher market volatilities. In such a scenario, some significant adjustments need to be made to fixed income allocations away from credit and into quality fixed income. Most asset allocation has leaned heavily towards credit over the past few years. This has been consistent with one phase of a cycle and needs to change if the cycle turns. Thus slowing growth and rising volatility is almost always associated with rising credit spreads. This is already happening elsewhere in the world but has barely started in India. Also, as in the case of A and below, in some cases spreads have unjustifiably compressed in India only reflecting lack of liquidity. Thus there is significant price distortion in the lower rated part of the market which first needs to correct to earlier equilibrium and then rise further to reflect the new realities in credit markets.

Fund Features:

Category: Dynamic Bond

Monthly Avg AUM: ₹1,989.60 Crores

Inception Date: 25th June 2002

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

Standard Deviation (Annualized): 3.15%

Modified Duration: 6.27 years

Average Maturity: 9.33 years

Yield to Maturity: 7.95%

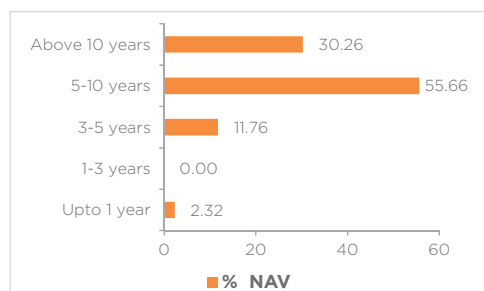
Benchmark: CRISIL Composite Bond Fund Index

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

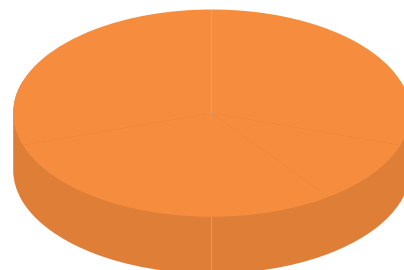
Exit Load: Nil (w.e.f. 17th October 2016)

Options Available: Growth, Dividend - Quarterly (March, June, September & December), Half Yearly, Annual, Regular & Periodic

Maturity Bucket:



ASSET QUALITY



AAA Equivalent
100.00%

PORTFOLIO (31 December 2018)

Name	Rating	Total (%)
Government Bond		52.27%
7.17% - 2028 G-Sec	SOV	22.00%
6.68% - 2031 G-Sec	SOV	11.98%
7.59% - 2029 G-Sec	SOV	11.91%
7.88% - 2030 G-Sec	SOV	6.37%
8.20% - 2025 G-Sec	SOV	0.01%
Corporate Bond		32.81%
NABARD	AAA	11.94%
Reliance Industries	AAA	11.79%
REC	AAA	5.57%
Indian Railway Finance Corporation	AAA	3.04%
Power Grid Corporation of India	AAA	0.47%
State Government Bond		12.60%
8.5% Gujarat SDL - 2028	SOV	4.12%
8.17% Gujarat SDL - 2028	SOV	3.02%
8.53% Tamilnadu SDL - 2028	SOV	2.78%
7.33% Maharashtra SDL - 2027	SOV	1.44%
8.05% Tamilnadu SDL - 2028	SOV	1.25%
Net Cash and Cash Equivalent		2.32%
Grand Total		100.00%



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.

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