IDFC BOND FUND - Medium Term Plan

(Previously known as IDFC Super Saver Income Fund – Medium Term Plan)
An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years and 4 years

The fund is positioned in the short term fund category and invests in a mix of debt and money market instruments. The overall average maturity of the fund will ordinarily not exceed around 4 years. MT is best suited for investors who want moderate participation.

The around 4 year average maturity cap makes the fund well suited to offer lower volatility yet benefit from potential fall in interest rates.

Fund Features:

Category: Medium Duration

Monthly Avg AUM: ₹2,522.25 Crores

Inception Date: 8th July 2003

Fund Manager: Mr. Suyash Choudhary (w.e.f. 15/09/2015)

Standard Deviation (Annualized): 2.17%

Modified Duration: 3.05 years

Average Maturity: 4.04 years

Yield to Maturity: 6.96%

Benchmark: CRISIL Short Term Bond Fund Index

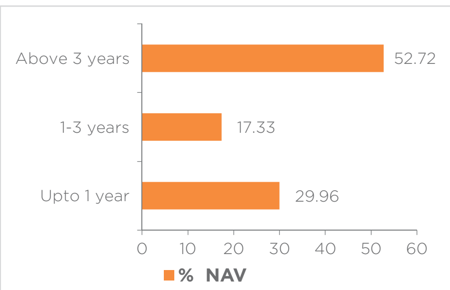
Minimum Investment Amount:

₹5,000/- and any amount thereafter

Exit Load: NIL (w.e.f. 15th January 2019)

Options Available: Growth, Dividend - Daily, Fortnightly (Payout & Reinvestment), Monthly, Bi - Monthly (once in two months), Quarterly & Periodic

Maturity Bucket:

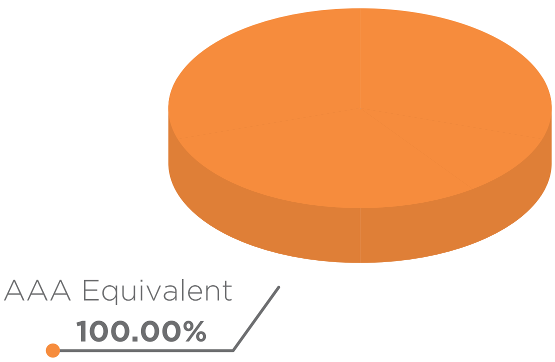


OUTLOOK

The MPC in its August policy cut the repo rate by 35 bps to 5.40%, while maintaining stance of policy as accommodative. The move to cut was decided with the 35 bps to 25 bps vote counting as 4:2. It may be recalled that Governor Das had earlier floated the idea of challenging the conventional 25 bps moves, with unconventional steps like the one today possibly reaffirming the signaling effect of policy direction as well. The policy is largely in line with the dovish end of expectations. There is no decision with respect to the working group on liquidity management framework. However, the Governor did note the very large surpluses in the system today and reaffirmed the commitment to provide abundant liquidity. Thus the implementation basis the recommendations of the framework is very likely to be consistent with the current market view that RBI as already moved to targeting surplus liquidity.

With this clear stance of the current policy objective alongside weak inflation pressures and a probable overestimation of growth, we reiterate our previously expressed view of a terminal repo rate of 5%, alongside provisioning of comfortable positive liquidity. With liquidity in surplus and banks' credit growth slowing, term spreads seem to be attractive and this remains a continued bullish backdrop for quality bonds.

ASSET QUALITY

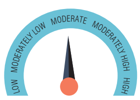


IDFC MUTUAL FUND

PORTFOLIO (31 July 2019)

Name	Rating	Total (%)
Corporate Bond		**48.40%**
NABARD	AAA	11.55%
Reliance Industries	AAA	10.87%
Power Finance Corporation	AAA	7.75%
REC	AAA	7.34%
Bajaj Finance	AAA	5.03%
HDB Financial Services	AAA	2.89%
Indian Railway Finance Corporation	AAA	1.18%
HDFC	AAA	1.01%
LIC Housing Finance	AAA	0.78%
Government Bond		**37.84%**
7.59% - 2026 G-Sec	SOV	13.42%
7.27% - 2026 G-Sec	SOV	12.11%
6.79% - 2029 G-Sec	SOV	11.70%
7.35% - 2024 G-Sec	SOV	0.60%
Commercial Paper		**7.75%**
HDFC	A1+	6.84%
HDB Financial Services	A1+	0.92%
Certificate of Deposit		**6.82%**
Axis Bank	A1+	6.25%
ICICI Bank	A1+	0.57%
Zero Coupon Bond		**0.38%**
Bajaj Finance	AAA	0.38%
State Government Bond		**0.27%**
8.32% Karnataka SDL - 2029	SOV	0.14%
8.37% Tamil Nadu SDL - 2028	SOV	0.08%
8.3% Gujarat SDL - 2029	SOV	0.04%
8.25% Andhra Pradesh SDL - 2023	SOV	0.001%
8.68% Gujarat SDL - 2023	SOV	0.0002%
Net Cash and Cash Equivalent		**-1.47%**
Grand Total		**100.00%**

Distributed by:



Investors understand that their principal will be at Moderate risk

This product is suitable for investors who are seeking*:

- To generate optimal returns over medium term
- Investments in Debt & Money Market securities such that the Macaulay duration of the portfolio is between 3 years and 4 years

*Investors should consult their financial advisers ifin doubt about whether the product is suitable for them.