



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.

OUTLOOK

The Monetary Policy Committee (MPC) rate decision to hold its policy rate in its December meeting was against market expectations of a 25bps cut. While not acting in the policy, the MPC nevertheless acknowledged monetary policy space for future action. It also reiterated continuation “with the accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target”. The RBI also downplayed the point about broader transmission, noting that this “has been full and reasonably swift across various money market segments and the private corporate bond market”. However, transmission to government bond market has been partial, while credit market transmission remains delayed but is picking up.

Investors should probably breathe a sigh of relief insofar that this provides a longer window to keep locking into front end quality interest rates. A 175 bps odd spread between overnight to 4 year AAA bonds is there for the receiving given our high conviction view of a ‘lower for longer’ policy regime. Longer end rates will struggle for now, but are also cheap given almost 200 bps spread between overnight and long duration government bonds, and with these bonds currently trading close to the year’s predicted nominal GDP growth. However, a sustained move here will depend upon the government not over-exerting the fiscal lever and fresh risk capital entering the system.

Fund Features:

Category: Medium Duration

Monthly Avg AUM: ₹2,922.95 Crores

Inception Date: 8th July 2003

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

Standard Deviation (Annualized): 2.13%

Modified Duration: 3.74 years

Average Maturity: 4.80 years

Yield to Maturity: 6.69%

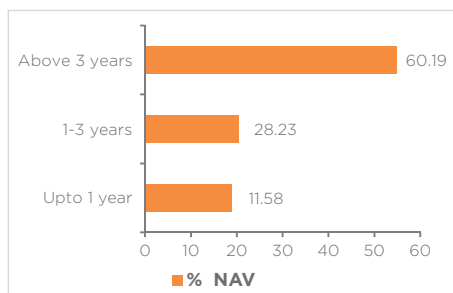
Benchmark: NIFTY AAA Medium Duration Bond Index (w.e.f 11/11/2019)

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

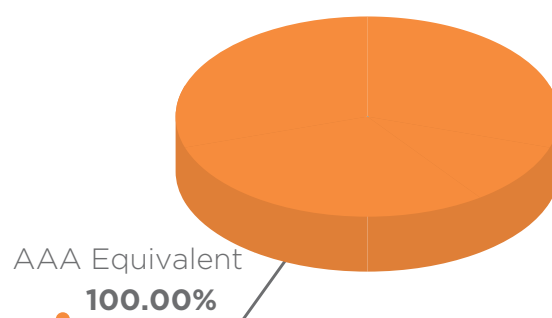
Exit Load: NIL (w.e.f. 15th January 2019)

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

Maturity Bucket:



ASSET QUALITY



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

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

PORTFOLIO (29 November 2019)

| Name | Rating | Total (%) |
|-------------------------------------|--------|----------------|
| Government Bond | | 50.77% |
| 7.27% - 2026 G-Sec | SOV | 44.59% |
| 7.57% - 2033 G-Sec | SOV | 4.69% |
| 7.59% - 2026 G-Sec | SOV | 0.96% |
| 7.35% - 2024 G-Sec | SOV | 0.53% |
| Corporate Bond | | 46.51% |
| Reliance Industries | AAA | 11.39% |
| LIC Housing Finance | AAA | 10.76% |
| Power Finance Corporation | AAA | 9.90% |
| NABARD | AAA | 4.89% |
| REC | AAA | 3.12% |
| HDFC | AAA | 2.85% |
| HDB Financial Services | AAA | 2.56% |
| Bajaj Finance | AAA | 0.85% |
| Indian Railway Finance Corporation | AAA | 0.18% |
| Certificate of Deposit | | 0.33% |
| Axis Bank | A1+ | 0.33% |
| State Government Bond | | 0.07% |
| 8.37% Tamil Nadu SDL - 2028 | SOV | 0.07% |
| 8.25% Andhra Pradesh SDL - 2023 | SOV | 0.001% |
| 8.68% Gujarat SDL - 2023 | SOV | 0.0001% |
| Net Cash and Cash Equivalent | | 2.33% |
| Grand Total | | 100.00% |



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 if in doubt about whether the product is suitable for them.

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