FUND SPOTLIGHT

IDFC MUTUAL FUND

IDFC BOND FUND - Income Plan

(The fund has been repositioned to Medium to Long Term category w.e.f. July 12, 2018)
(previously known as IDFC Super Saver Income Fund – Investment Plan)
An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years

An actively managed bond fund which seeks to invest in highly rated money market and debt instruments (including government securities) and aims to generate stable long term returns through mix of accrual income and capital appreciation.

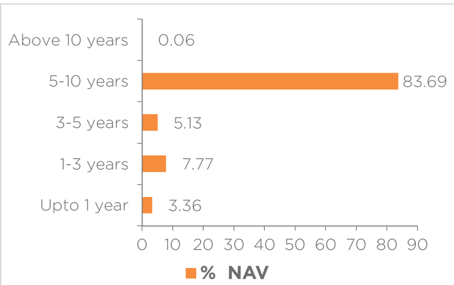
OUTLOOK

World growth expectations have taken a decided turn towards the worse over the past month or so. This is now reflected in expectations of easing by major central banks later in the year. As an example, the US yield curve is now reasonably inverted upto 10 years with market expecting 2 – 3 rate cuts in the future. Locally as well, there has been a marked deterioration in growth drivers with consumption being the latest casualty, probably courtesy an impact to leverage given the ongoing stresses in certain parts of the financing market. Thus, the current monetary easing underway has to be looked at in this overall context. While currently the expectation would be for one last rate cut alongside continued easy liquidity, this can very quickly change towards expecting a deeper further easing should the global outlook further deteriorate.

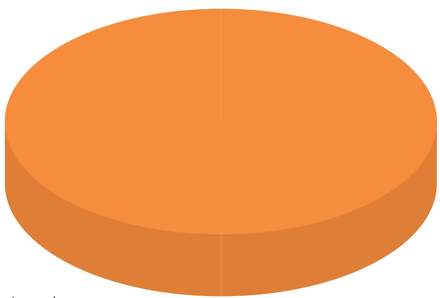
The next major domestic trigger is going to be the Union Budget in early July. Given the large undershoots in the actual revenue collections in FY 19 versus even the revised numbers presented in February, the numbers targeted in the interim budget are looking truly daunting. This is especially in context of the ongoing growth slowdown. Thus, the new finance minister will have a tall task to present a credible budget while sticking to the assumed deficit target. In this context, the Jalan committee's report on potential excess RBI reserves and their usage by the government will assume importance.

From a bond market standpoint, the focus should remain on quality rates (sovereign, SDL, AAA) as preferred vehicles to play the current macro environment. As developments continually highlight, the lower rated credit markets are far from settled and the spreads that can effectively be captured there may not yet be compensating for the risks involved.

Fund Features:
Category: Medium to Long Duration
Monthly Avg AUM: ₹656.12 Crores
Inception Date: 14th July 2000
Fund Manager: Mr. Suyash Choudhary (w.e.f. 15/10/2010)
Standard Deviation (Annualized): 3.97%
Modified Duration: 5.38 years
Average Maturity: 7.88 years
Yield to Maturity: 7.76%
Benchmark: CRISIL Composite Bond Fund Index
Minimum Investment Amount: ₹5,000/- and any amount thereafter.
Exit Load: If redeemed/switched out within 365 days from the date of allotment:
For 10% of investment: Nil
For remaining investment: 1%
If redeemed/switched out after 365 days from the date of allotment: Nil
Options Available: Growth, Dividend - Quarterly, Half Yearly, Annual & Periodic
Maturity Bucket:



ASSET QUALITY



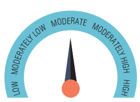
AAA Equivalent
100.00%

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

IDFC MUTUAL FUND

PORTFOLIO (31 May 2019)

Name	Rating	Total (%)
Corporate Bond		**65.15%**
NABARD	AAA	13.12%
NTPC	AAA	12.52%
National Highways Auth of Ind	AAA	12.14%
Indian Railway Finance Corporation	AAA	11.94%
REC	AAA	8.57%
Reliance Industries	AAA	6.14%
Power Grid Corporation of India	AAA	0.73%
Government Bond		**22.55%**
7.35% - 2024 G-Sec	SOV	18.14%
7.32% - 2024 G-Sec	SOV	4.35%
7.73% - 2034 G-Sec	SOV	0.06%
State Government Bond		**8.94%**
8.08% Tamil nadu SDL - 2028	SOV	3.59%
8.28% Gujarat SDL - 2029	SOV	3.16%
8.15% Tamil Nadu SDL - 2028	SOV	0.78%
7.95% Tamil Nadu SDL - 2023	SOV	0.78%
8.32% Karnataka SDL - 2029	SOV	0.63%
Net Cash and Cash Equivalent		**3.36%**
Grand Total		**100.00%**



This product is suitable for investors who are seeking*:
- To generate optimal returns over long term
- Investments in Debt & Money Market securities such that the Macaulay duration of the portfolio is between 4 years and 7 years

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.

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