



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.

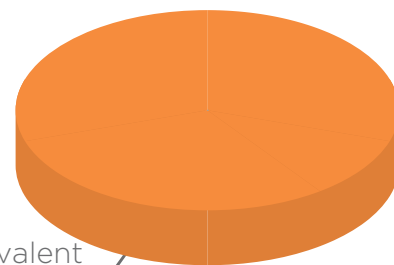
The around 4 year average maturity cap makes the fund well suited to offer lower volatility yet benefit from potential fall in interest rates.

OUTLOOK

In its October policy, the monetary policy committee (MPC) voted to cut repo rate by 25 bps to 5.15%. The decision to cut was unanimous although one member wanted a larger 40 bps cut. This is largely in line with market expectations, although lately views of a larger 40 bps cut were also beginning to gain ground.

RBI continues to re-emphasize the important break that the Governor Das RBI has executed from the past: the full deployment of all three pillars of rates, liquidity and guidance. The guidance is the strongest yet with the MPC deciding to continue with an accommodative stance as long as it is necessary to revive growth, while ensuring that inflation remains within the target. Governor Das re-emphasized this in his press conference as well saying that as long as growth momentum remains as it is and till growth revives, RBI will be in accommodative mode. Thus while we may be closer now to the terminal rate in this cycle, investors need to focus on the other more important aspect: that barring an unforeseen global development it is very likely that the policy rate remains around the 5% mark for an extended period of time. The same interpretation will likely hold for the stance around ensuring abundant positive liquidity as well. This will mean that front end rates remain very well anchored. Investors may need to shift focus from looking at only potential mark-to-market gains from falling rates to looking towards 'receiving' the steepness in the curve built into the front end versus the immediate overnight and money market rates. The relative stability that one foresees in policy rates and liquidity should also translate into stability (with easing bias) in quality front end rates. We remain cautious on credit where valuations are still not being backed by narrative.

ASSET QUALITY



AAA Equivalent
100.00%

Fund Features:

Category: Medium Duration

Monthly Avg AUM: ₹2,910.25 Crores

Inception Date: 8th July 2003

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

Standard Deviation (Annualized): 2.16%

Modified Duration: 2.96 years

Average Maturity: 3.75 years

Yield to Maturity: 6.90%

Benchmark: CRISIL Short Term Bond Fund Index

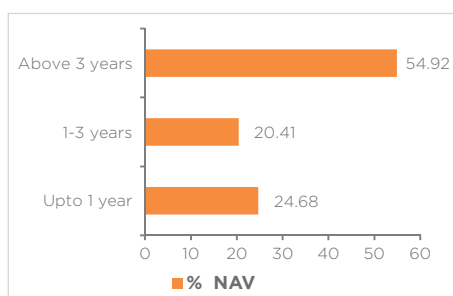
Minimum Investment Amount:

₹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:



PORTFOLIO (30 September 2019)

| Name | Rating | Total (%) |
|-------------------------------------|--------|----------------|
| Corporate Bond | | 50.44% |
| NABARD | AAA | 10.71% |
| Reliance Industries | AAA | 10.58% |
| Power Finance Corporation | AAA | 8.56% |
| LIC Housing Finance | AAA | 8.56% |
| REC | AAA | 3.94% |
| Bajaj Finance | AAA | 3.58% |
| HDB Financial Services | AAA | 2.55% |
| Indian Railway Finance Corporation | AAA | 1.03% |
| HDFC | AAA | 0.93% |
| Government Bond | | 42.44% |
| 7.59% - 2026 G-Sec | SOV | 21.25% |
| 7.27% - 2026 G-Sec | SOV | 17.36% |
| 8.24% - 2027 G-Sec | SOV | 3.30% |
| 7.35% - 2024 G-Sec | SOV | 0.53% |
| Commercial Paper | | 3.52% |
| HDFC | A1+ | 2.70% |
| HDB Financial Services | A1+ | 0.82% |
| Certificate of Deposit | | 0.32% |
| Axis Bank | A1+ | 0.32% |
| 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 | | 3.20% |
| 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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