FUND SPOTLIGHT

IDFC MUTUAL FUND

IDFC GOVERNMENT SECURITIES FUND-INVESTMENT PLAN

(Government Securities Fund PF will be merged into Government Securities Fund IP w.e.f. May 7, 2018)
An open ended debt scheme investing in government securities across maturities

A dedicated gilt fund with an objective to generate optimal returns with high liquidity by investing in Government Securities.

Fund Features:

Category: Gilt

Monthly Avg AUM: ₹449.75 Crores

Inception Date: 9th March 2002

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

Standard Deviation (Annualized): 4.60%

Modified duration: 5.52 Years

Average Maturity: 7.57 years

Yield to Maturity: 6.86%

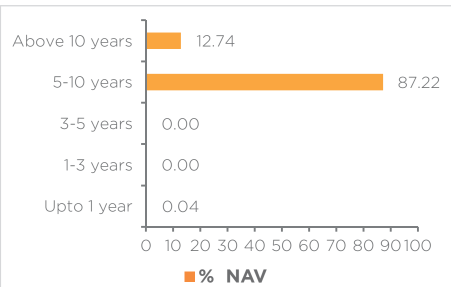
Benchmark: CRISIL Dynamic Gilt Index (w.e.f 01st February, 2019)

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

Exit Load: Nil (w.e.f. 15th July 2011)

Options Available: Growth, Dividend - Quarterly, Half Yearly, Annual, Regular & Periodic

Maturity Bucket:

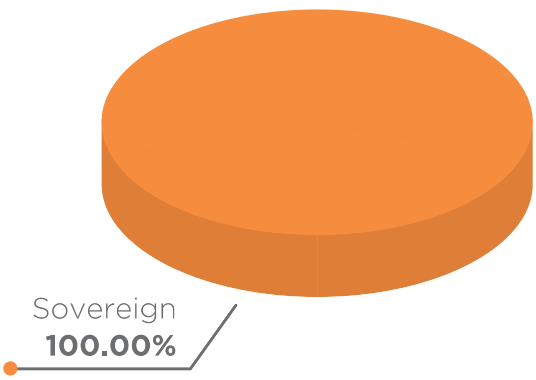


OUTLOOK

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

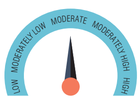


Gsec/SDL yields have been annualized wherever applicable
Standard Deviation calculated on the basis of 1 year history of monthly data

IDFC MUTUAL FUND

PORTFOLIO (30 September 2019)

Name	Rating	Total (%)
Government Bond		**99.96%**
8.24% - 2027 G-Sec	SOV	36.89%
7.27% - 2026 G-Sec	SOV	33.00%
7.59% - 2026 G-Sec	SOV	17.31%
7.57% - 2033 G-Sec	SOV	9.27%
7.61% - 2030 G-Sec	SOV	3.47%
7.17% - 2028 G-Sec	SOV	0.01%
Net Cash and Cash Equivalent		**0.04%**
Grand Total		**100.00%**



Investors understand that their principal will be at Moderate risk

This product is suitable for investors who are seeking*:

- To generate long term optimal returns.
- Investments in Government Securities across maturities.

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

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