



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.

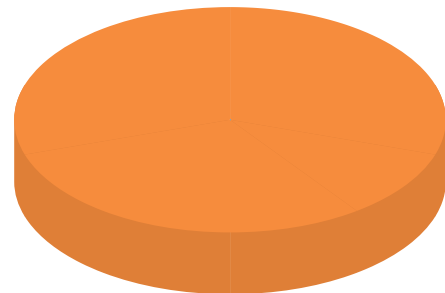
OUTLOOK

Both the macro and micro frameworks remain reasonably bond bullish and we are happy to continue to participate, although our instruments of choice may keep shifting depending upon relative value within the core interest rate buckets (AAA/SDL/sovereign). Our preference for duration building is now via sovereign papers given the very benign supply environment for government bonds that is likely to come over the second half of the financial year. This may also help further compress term spreads of sovereign versus repo, which otherwise have generally been quite elevated since late 2017 owing to diminishing risk appetites and excess supply overhang.

Also while past comparisons are useful, they must be made with caution. For instance, while demonetization was a significant local development, it must be remembered that a global deflation trade had begun in earnest at the same time with expectations of a US fiscal stimulus from the Trump administration. Also, RBI had embarked in 2017 on a significant OMO sale program thereby significantly adding to gross bond supply just as post demonetization deposit accretion was beginning to fall away. Whereas, the current phase is that of a synchronized global slowdown where local fiscal policy so far has been relatively disciplined. Thus it is not necessary that 'demonetization lows' should actually form some sort of a lower bound to yields in the current environment.

As always, investments need to be considered in 3 buckets of liquidity, core and alpha. In our view it remains a very constructive environment to continue to allocate to AAA front end that chiefly forms part of core allocation bucket.

ASSET QUALITY



AAA Equivalent
100.00%

Fund Features:

Category: Medium to Long Duration

Monthly Avg AUM: ₹670.76 Crores

Inception Date: 14th July 2000

Fund Manager: Mr. Suyash

Choudhary (w.e.f. 15/10/2010)

Standard Deviation (Annualized):
4.24%

Modified Duration: 5.63 years

Average Maturity: 7.59 years

Yield to Maturity: 6.81%

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

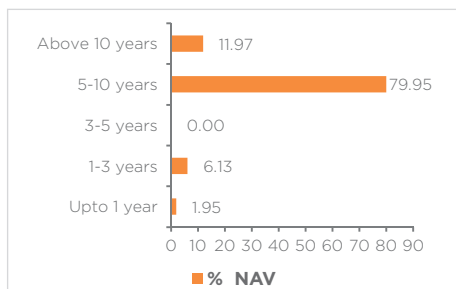
days from the date of allotment: Nil

Options Available: Growth, Dividend

- Quarterly, Half Yearly, Annual &

Periodic

Maturity Bucket:



PORTFOLIO (30 August 2019)

Name	Rating	Total (%)
Government Bond		90.48%
7.17% - 2028 G-Sec	SOV	35.74%
6.97% - 2026 G-Sec	SOV	15.03%
8.24% - 2027 G-Sec	SOV	12.12%
6.79% - 2029 G-Sec	SOV	11.91%
7.59% - 2026 G-Sec	SOV	10.64%
7.27% - 2026 G-Sec	SOV	4.97%
7.73% - 2034 G-Sec	SOV	0.06%
Corporate Bond		6.93%
REC	AAA	6.93%
State Government Bond		0.64%
8.32% Karnataka SDL - 2029	SOV	0.64%
Net Cash and Cash Equivalent		1.95%
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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