



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.

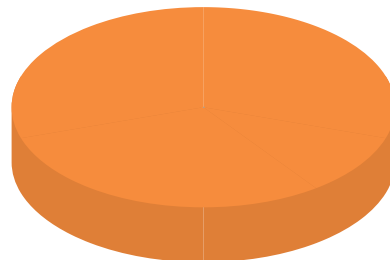
OUTLOOK

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 Duration

Monthly Avg AUM: ₹2,820.31 Crores

Inception Date: 8th July 2003

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

Standard Deviation (Annualized): 2.11%

Modified Duration: 2.94 years

Average Maturity: 3.76 years

Yield to Maturity: 6.71%

Benchmark: CRISIL Short Term Bond Fund Index

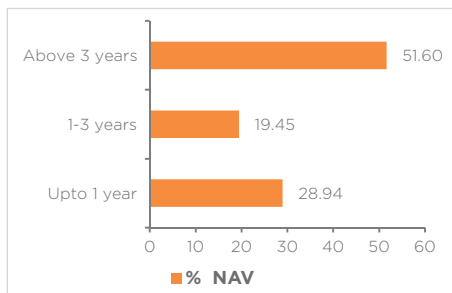
Minimum Investment Amount:

₹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 August 2019)

Name	Rating	Total (%)
Corporate Bond		44.68%
NABARD	AAA	10.05%
Reliance Industries	AAA	8.90%
Power Finance Corporation	AAA	7.86%
REC	AAA	5.77%
LIC Housing Finance	AAA	3.86%
Bajaj Finance	AAA	3.66%
HDB Financial Services	AAA	2.61%
Indian Railway Finance Corporation	AAA	1.06%
HDFC	AAA	0.91%
Government Bond		40.97%
7.59% - 2026 G-Sec	SOV	18.15%
7.17% - 2028 G-Sec	SOV	8.45%
7.27% - 2026 G-Sec	SOV	8.37%
8.24% - 2027 G-Sec	SOV	3.40%
6.97% - 2026 G-Sec	SOV	1.81%
7.35% - 2024 G-Sec	SOV	0.54%
6.79% - 2029 G-Sec	SOV	0.24%
Certificate of Deposit		6.49%
Axis Bank	A1+	5.97%
ICICI Bank	A1+	0.51%
Commercial Paper		5.29%
HDFC	A1+	4.46%
HDB Financial Services	A1+	0.83%
State Government Bond		0.24%
8.32% Karnataka SDL - 2029	SOV	0.13%
8.37% Tamil Nadu SDL - 2028	SOV	0.07%
8.3% Gujarat SDL - 2029	SOV	0.04%
8.25% Andhra Pradesh SDL - 2023	SOV	0.001%
8.68% Gujarat SDL - 2023	SOV	0.0001%
Net Cash and Cash Equivalent		2.34%
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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