FUND SPOTLIGHT

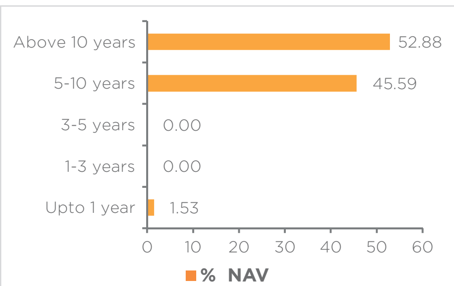
IDFC MUTUAL FUND

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.

Fund Features:
Category: Medium to Long Duration
Monthly Avg AUM: ₹672.44 Crores
Inception Date: 14th July 2000
Fund Manager: Mr. Suyash Choudhary (w.e.f. 15/10/2010)
Standard Deviation (Annualized): 4.29%
Modified Duration: 6.80 years
Average Maturity: 10.17 years
Yield to Maturity: 6.96%
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:

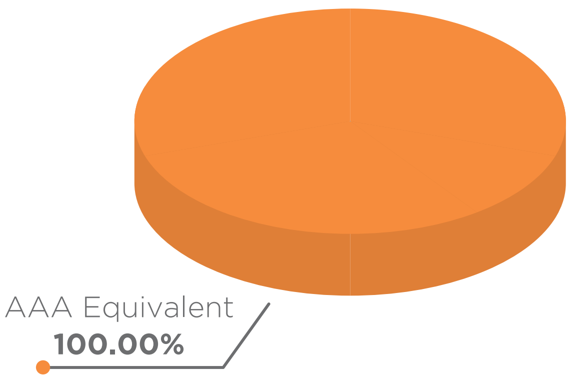


OUTLOOK

Our continued assessment over the past few months has been that there possibly has been a general under-appreciation of the gravity of our current slowdown. We have therefore had great sympathy for continued counter-cyclical responses even as the need for more urgency on structural reforms cannot be underplayed. Our only point has been that there needs to be adequate appreciation of where the maximum depth available is for countercyclical response. We have also been cognizant of the moral hazard issue when exploring the avenues for non-traditional responses. For that reason, while we have been happy to support a twist or outright open market purchases of bonds, we have baulked at endorsing a 'bail-out' package for stressed balance-sheets. The February policy has been quite consistent with the underlying macro-environment. This is especially also given the new threat to global growth in the form of the Coronavirus as well as the obvious limits to fiscal policy that have been clearly evident in the just announced Union Budget.

In our actively managed bond and gilt funds, we have been heavily overweight 'high beta' 13 year government bonds till after the budget, basis our view that the market was perhaps over-fearing the event. Since the budget we have shifted these portfolios more in favor of 8 – 10 year government bonds on the higher absolute value offered in this segment and since the "momentum" trade generated post budget may have soon dissipated. We find this positioning conducive to the monetary policy announcements. Government bonds up to 5 years or so may find even greater support in context of the long term repo operations. For 'real money' that wants somewhat higher duration given an otherwise conducive rate environment, the 5 – 10 year part of the curve may thus offer reasonable value. As always, this strategy represents our current thoughts and is subject to change at short notice in light of market dynamics and our own evolving assessment.

ASSET QUALITY

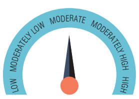


Gsec/SDL yields have been annualized wherever applicable
Standard Deviation calculated on the basis of 1 year history of monthly data

IDFC MUTUAL FUND

PORTFOLIO (31 January 2020)

Name	Rating	Total (%)
Government Bond		**97.66%**
7.57% - 2033 G-Sec	SOV	52.82%
7.27% - 2026 G-Sec	SOV	38.09%
7.17% - 2028 G-Sec	SOV	6.70%
7.73% - 2034 G-Sec	SOV	0.06%
Corporate Bond		**0.80%**
REC	AAA	0.80%
Net Cash and Cash Equivalent		**1.53%**
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 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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