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.

Fund Features:

Category: Medium Duration

Monthly Avg AUM: ₹3,015.37 Crores

Inception Date: 8th July 2003

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

Standard Deviation (Annualized): 2.43%

Modified Duration: 3.36 years

Average Maturity: 4.28 years

Yield to Maturity: 6.55%

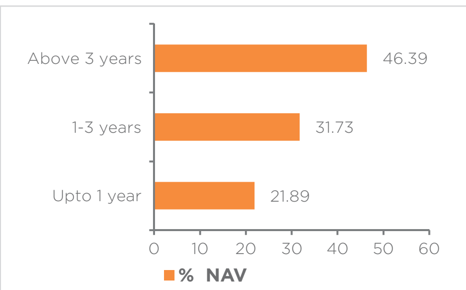
Benchmark: NIFTY AAA Medium Duration Bond Index (w.e.f 11/11/2019)

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:

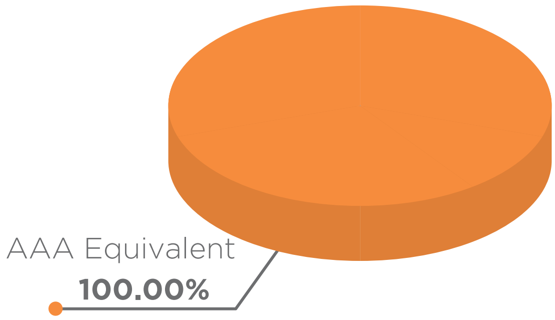


OUTLOOK

It is reasonably obvious that a more widespread global easing should be forthcoming. In India too, the RBI's revealed preference will get a further leg up and conventional easing may start supporting unconventional tools already in deployment. It is likely that fiscal policy finds itself getting more restive despite the obvious constraints on the revenue side.

Given the current context, there is a greater likelihood of more steepening pressure on the yield curve. However, this statement needs some qualifications: the very front end of the government bond curve (up to 3 – 4 years) has clearly outperformed massively since the announcement of the long term repo operations from the RBI. There may be limited relative gains to be made here incrementally for real money, given the lower duration as well. However, the spread between 4 year to 7 – 8 year government bonds has, at the time of writing, widened to almost 80 bps. Subsequent spreads (longer bonds spread over 7 – 8 year bonds) are still relatively low. In our view, this makes the 7 – 8 year government bonds the "sweet-spot", with a strong likelihood that the very wide spreads on offer versus shorter end bonds will likely compress over the coming months. The longer end may struggle once the current momentum fades, also in part due to the significantly higher state loan supply expected over the year ahead. The same anticipated state loan supply makes the 10 year point on the AAA corporate curve less attractive.

ASSET QUALITY



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

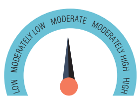
IDFC MUTUAL FUND

PORTFOLIO (28 February 2020)

Name	Rating	Total (%)
Corporate Bond		**46.49%**
Power Finance Corporation	AAA	11.28%
Reliance Industries	AAA	10.99%
LIC Housing Finance	AAA	7.88%
HDFC	AAA	6.03%
NABARD	AAA	3.50%
REC	AAA	3.01%
National Highways Auth of Ind	AAA	1.82%
Bajaj Finance	AAA	0.82%
Larsen & Toubro	AAA	0.82%
Indian Railway Finance Corporation	AAA	0.18%
Kotak Mahindra Prime	AAA	0.16%
Government Bond		**40.38%**
7.17% - 2028 G-Sec	SOV	29.56%
6.79% - 2027 G-Sec	SOV	10.30%
7.35% - 2024 G-Sec	SOV	0.52%
Commercial Paper		**5.40%**
HDFC	A1+	5.40%
Certificate of Deposit		**3.22%**
Axis Bank	A1+	3.22%
PTC		**1.30%**
First Business Receivables Trust^	AAA(SO)	1.30%
State Government Bond		**0.07%**
8.37% Tamil Nadu SDL - 2028	SOV	0.07%
8.25% Andhra PradeshSDL - 2023	SOV	0.001%
8.68% Gujarat SDL - 2023	SOV	0.0001%
Net Cash and Cash Equivalent		**3.15%**
Grand Total		**100.00%**

^PTC originated by Reliance Industries Limited

Distributed by:



Investors understand that their principal will be at Moderate risk

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 ifin doubt about whether the product is suitable for them.