IDFC GOVERNMENT SECURITIES FUND - CONSTANT MATURITY PLAN

(Previously known as IDFC Government Securities Fund Short Term Plan)
An open ended debt scheme investing in government securities having a constant maturity of 10 years

The fund is a mix of government bonds, state development loans (SDLs), treasury bills and/or cash management bills. The fund will predominantly have an average maturity of around 10 years.

OUTLOOK

From a bond market perspective, the RBI is expected to make good on its stated commitment to ensure smooth execution of the borrowing program.

The extra-ordinary steepness in the bond curve throws up all sorts of interesting portfolio constructs. There are points on the curve (for instance in the 6 – 9 year segment on government bonds) where the carry versus duration trade-off looks very attractive. This is because most of the steepness in the curve is between the overnight rate and this segment which provides significant protection for this segment of bonds and can help withstand some rise in yields over a period of time and still return close to money market rates. As always, the construct can change basis evolving views.

The external account is our one significant macro strength and provides adequate cushion to RBI to persist with a dovish policy for the time-being. For all these reasons, our view remains that the important current pillars of policy will sustain for the foreseeable future. The spike in inflation presents an interpretation problem for now and it remains our base case that it will not shift the narrative away from growth for monetary policy, despite throwing up higher average CPI prints for the year.

Fund Features: (Data as on 30th September'20)

Category: Gilt Fund with 10 year constant duration

Monthly Avg AUM: ₹307.29 Crores

Inception Date: 9th March 2002

Fund Manager: Mr. Harshal Joshi (w.e.f. 15th May 2017)

Standard Deviation (Annualized): 4.02%

Modified duration: 6.72 years

Average Maturity: 9.42 years

Macaulay Duration: 6.93 years

Yield to Maturity: 6.30%

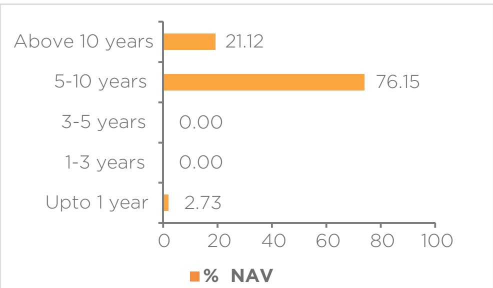
Benchmark: CRISIL 10 year Gilt Index (w.e.f. 28th May 2018)

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

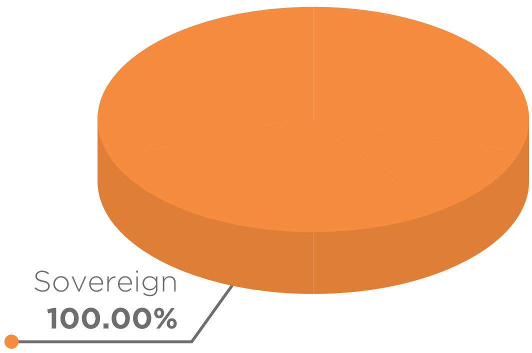
Exit Load: Nil

Options Available: Growth & Dividend Option - Quarterly, Half yearly, Annual, Regular and Periodic (each with payout, reinvestment and sweep facility).

Maturity Bucket:



ASSET QUALITY

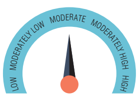


Standard Deviation calculated on the basis of 1 year history of monthly data
Gsec/SDL yields have been annualized wherever applicable

IDFC MUTUAL FUND

PORTFOLIO (30 September 2020)

Name	Rating	Total (%)
Government Bond		**97.28%**
7.26% - 2029 G-Sec	SOV	73.45%
6.19% - 2034 G-Sec	SOV	17.51%
7.73% - 2034 G-Sec	SOV	3.61%
6.79% - 2029 G-Sec	SOV	1.68%
6.79% - 2027 G-Sec	SOV	0.68%
7.17% - 2028 G-Sec	SOV	0.34%
Net Cash and Cash Equivalent		**2.73%**
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 Government Securities such that the average maturity of the portfolio is around 10 years

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