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 (with Macaulay duration between 4 to 7 years) 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

The government has been prudent so far in rationing its stimulus response, focusing first on sustenance and keeping a growth stimulus for later. Despite the government's prudence so far, however, the load on the fiscal is heavy. A necessary condition for financing this is a well-functioning bond market. The measures announced in August should now restore normal functioning and allow the substantial borrowing requirement to start going through without undoing the transmission channel.

Having said that, it is also true that more than 50% of an INR 20 lakh crore plus (center and states combined) borrowing program is still ahead of us. One shouldn't expect a very large sustainable rally in bonds basis just the current set of triggers, although one should reasonably expect most of the recent aggressive sell-off to get unwound. However re-instatement of orderly functioning now allows participants to start deploying risk capital with more confidence to take advantage of what are quite attractive valuations given the underlying backdrop of an unprecedented growth drawdown and a collapse in credit growth.
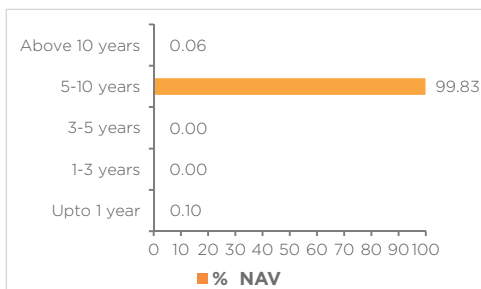
The external account is our one significant macro strength today and provides adequate cushion to RBI to persist with a dovish policy for the time-being. For all these reasons, our view remains that the important current pillars of policy will sustain for the foreseeable future. The spike in inflation 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. In our opinion, focus has to be on best quality AAA and sovereign / quasi sovereign. There is no macro logic whatsoever for pursuing high yield strategies.
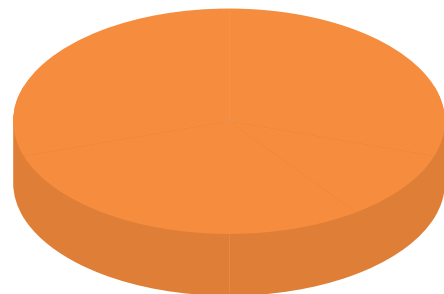
Fund Features: (Data as on 31st August'20)
Category: Medium to Long Duration
Monthly Avg AUM: ₹691.69 Crores
Inception Date: 14th July 2000
Fund Manager: Mr. Suyash Choudhary (w.e.f. 15/10/2010)
Standard Deviation (Annualized): 4.02%
Modified Duration: 5.50 years
Average Maturity: 7.14 years
Macaulay Duration: 5.84 years
Yield to Maturity: 6.25%
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 (each with payout, reinvestment and sweep facility)
Maturity Bucket:

Maturity	% NAV
Above 10 years	0.06
5-10 years	99.83
3-5 years	0.00
1-3 years	0.00
Upto 1 year	0.10

■ % NAV

ASSET QUALITY

AAA Equivalent
100.00%

PORTFOLIO (31 August 2020)

Name	Rating	Total (%)
Government Bond		**99.06%**
6.79% - 2027 G-Sec	SOV	50.48%
7.17% - 2028 G-Sec	SOV	31.87%
7.26% - 2029 G-Sec	SOV	16.65%
7.73% - 2034 G-Sec	SOV	0.06%
Corporate Bond		**0.83%**
REC	AAA	0.83%
Net Cash and Cash Equivalent		**0.10%**
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.