FUND SPOTLIGHT

IDFC MUTUAL FUND

# 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.

**Fund Features:** (Data as on 31st January'21)

**Category:** Gilt Fund with 10 year constant duration

**Monthly Avg AUM:** ₹362.60 Crores

**Inception Date:** 9th March 2002

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

**Standard Deviation (Annualized):** 4.30%

**Modified duration:** 6.57 years

**Average Maturity:** 9.06 years

**Macaulay Duration:** 6.77 years

**Yield to Maturity:** 6.16%

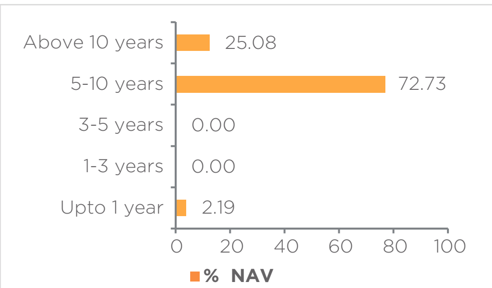
**Benchmark:** CRISIL 10 year Gilt Index (w.e.f. 28th May 2018)

**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:**



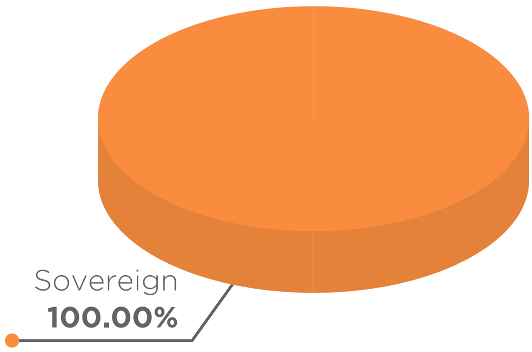

## OUTLOOK

Our view remains one of gentle bear flattening, with the bulk of the heavy lifting being done by the very front-end rates as RBI's normalization schedule commences. This will continue to allow for positioning at various points on the yield curve where the carry obtained adjusted for price erosion due to yield rise will still make sense.

The corresponding strategy for investors may involve some amount of "bar-belling" where, alongside traditional core investments like quality roll down products, some combination of very short end (overnight funds, near term deposits) and intermediate duration strategies (focused on maturities largely in the 6 – 7-year area) may be deployed to optimize on the RBI's gradual normalization in context of an already very steep yield curve.

It is important that investors remember to weigh intermediate duration strategies with very short maturity instruments as well so that average maturity of their investment portfolios does not rise. It is also relevant to note that these strategies account for a rise in yields over the period ahead, provided these aren't disruptive over the time frame. This risk can also partly be mitigated by having sufficiently long investment horizons.

## ASSET QUALITY




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

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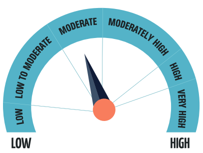
## PORTFOLIO (31 January 2021)

| Name | Rating | Total (%) |
|---|---|---|
| **Government Bond** | | **97.81%** |
| 7.26% - 2029 G-Sec | SOV | 71.85% |
| 6.19% - 2034 G-Sec | SOV | 14.97% |
| 6.68% - 2031 G-Sec | SOV | 8.56% |
| 7.73% - 2034 G-Sec | SOV | 1.55% |
| 6.79% - 2027 G-Sec | SOV | 0.58% |
| 7.17% - 2028 G-Sec | SOV | 0.30% |
| **Net Cash and Cash Equivalent** | | **2.19%** |
| **Grand Total** | | **100.00%** |

Riskometer




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.