



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 medium term fund category and invests in a mix of high quality debt and money market instruments, including G Secs.

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 Duration

Monthly Avg AUM: ₹3,487.95 Crores

Inception Date: 8th July 2003

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

Standard Deviation (Annualized): 2.82%

Modified Duration: 3.67 years

Average Maturity: 4.49 years

Macaulay Duration: 3.79 years

Yield to Maturity: 5.63%

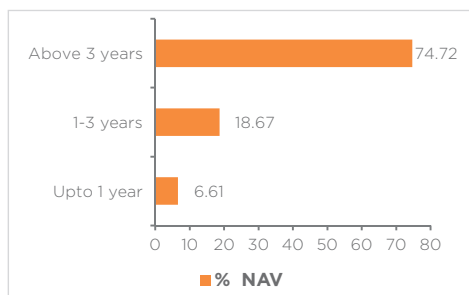
Benchmark: NIFTY AAA Medium Duration Bond Index (w.e.f 11/11/2019)

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

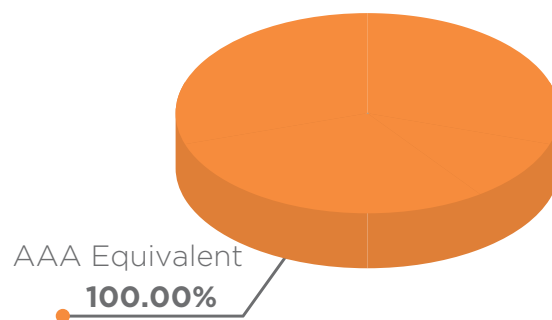
Exit Load: NIL (w.e.f. 15th January 2019)

Options Available: Growth, Dividend - Daily (Reinvestment only) and Fortnightly, Monthly, Bi-monthly, Quarterly and Periodic frequency (each with payout, reinvestment and sweep facility).

Maturity Bucket:



ASSET QUALITY



PORTFOLIO (31 August 2020)

Name	Rating	Total (%)
Government Bond		68.79%
6.79% - 2027 G-Sec	SOV	24.10%
7.35% - 2024 G-Sec	SOV	17.16%
6.18% - 2024 G-Sec	SOV	13.72%
7.59% - 2026 G-Sec	SOV	6.66%
7.17% - 2028 G-Sec	SOV	4.34%
7.26% - 2029 G-Sec	SOV	1.51%
6.97% - 2026 G-Sec	SOV	1.30%
Corporate Bond		27.02%
Power Finance Corporation	AAA	8.30%
Reliance Industries	AAA	7.73%
LIC Housing Finance	AAA	6.06%
REC	AAA	2.58%
HDFC	AAA	1.62%
Indian Railway Finance Corporation	AAA	0.71%
NABARD	AAA	0.03%
PTC		1.06%
First Business Receivables Trust [^]	AAA(SO)	1.06%
State Government Bond		0.96%
8.25% Maharashtra SDL - 2025	SOV	0.45%
8.2% Gujarat SDL - 2025	SOV	0.45%
8.37% Tamil Nadu SDL - 2028	SOV	0.06%
8.25% Andhra Pradesh SDL - 2023	SOV	0.001%
8.68% Gujarat SDL - 2023	SOV	0.0001%
Net Cash and Cash Equivalent		2.17%
Grand Total		100.00%

[^]First Business Receivables Trust- wt. avg. mat: 2.35 years
(PTC originated by Reliance Industries Limited)



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 if in doubt about whether the product is suitable for them.