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.

OUTLOOK

- If the factors supporting India's cyclical rebound come to fruition, a lot of macro-economic headaches feared at the beginning of the year will ease. Thus some of the fiscal inflexibilities and associated risks of sovereign rating downgrades will abate, the external account will build even further buffers as capital flows remain strong, and hopefully India's appeal will percolate to global fixed income investors as well.
- Monetary policy will gradually move from the level of emergency level accommodation today to one of still high accommodation. This will likely be a slow process and will involve more discretionary adjustments to the price of liquidity rather than the quantity of it.
- Yield curves will gradually bear flatten. It is very likely that the bulk of this adjustment will be made by the very front end rates. This is not to say that long end rates won't have to adjust. Rather, the quantum of adjustment there may be of a relatively smaller magnitude when compared with rates at the very front end.
- The starting point today is one of a very steep yield curve. Thus unlike in normal times when the yield curve is quite flat, the decision on duration isn't a binary one any more. Rather, one has to examine the steepness of the curve and position at points where the carry adjusted for duration seems to be the most optimal.
- Credit spreads, including on lower rated assets, have compressed meaningfully. These reflect the chase for 'carry' in an environment of abundant liquidity and funds flow, as well as the relatively muted supply of paper as companies have belt tightened and focused on cash generation. As activity resumes over the year ahead, issuances will likely increase thereby pressuring spreads to rise.

Fund Features: (Data as on 31st December'20)

Category: Gilt Fund with 10 year constant duration

Monthly Avg AUM: ₹352.60 Crores

Inception Date: 9th March 2002

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

Standard Deviation (Annualized): 4.14%

Modified duration: 6.55 years

Average Maturity: 9.19 years

Macaulay Duration: 6.75 years

Yield to Maturity: 6.06%

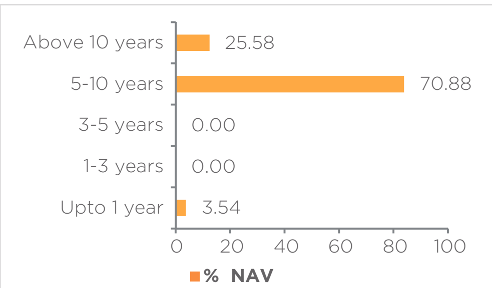
Benchmark: CRISIL 10 year Gilt Index (w.e.f. 28th May 2018)

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

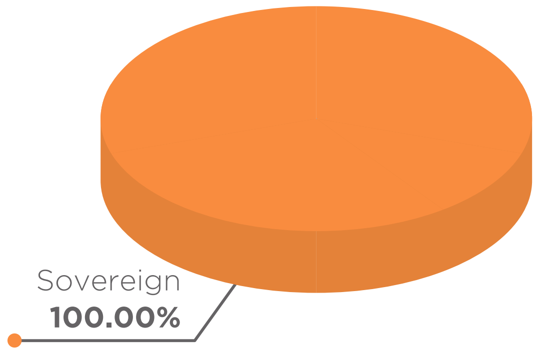
Exit Load: Nil

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

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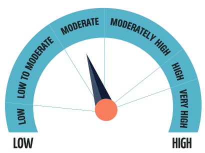
PORTFOLIO (31 December 2020)

Name	Rating	Total (%)
Government Bond		**96.46%**
7.26% - 2029 G-Sec	SOV	68.61%
6.19% - 2034 G-Sec	SOV	15.27%
6.68% - 2031 G-Sec	SOV	8.72%
7.73% - 2034 G-Sec	SOV	1.58%
5.77% - 2030 G-Sec	SOV	1.38%
6.79% - 2027 G-Sec	SOV	0.59%
7.17% - 2028 G-Sec	SOV	0.30%
Net Cash and Cash Equivalent		**3.54%**
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.