

IDFC launches Capital Protection Oriented Fund

- **AAA (So) rated – Highest Safety rating by CRISIL**
- **Twin Benefits : Capital Protection & Growth**
- **Benefit from Tax efficient returns and enjoy the advantage of triple indexation and a lower tax rate of 10.3% (as opposed to 30.9% in the case of Fixed Deposits)**

Mumbai , March 3, 2010 : IDFC Mutual Fund has launched **IDFC Capital Protection Oriented Fund Series 1** , which offers investors investing in traditional investment options like deposits an attractive alternative.

IDFC capital protection oriented fund is a 3 year close ended fund. The scheme endeavors to protect capital by investing in high quality fixed income securities as the primary objective and generate capital appreciation by investing in equity and equity related instruments as a secondary objective. **The fund is AAA(so) rated by CRISIL covering Credit quality of the portfolio & Ability of the asset allocation to withstand movements in equity markets .**

Mr. Kenneth Andrade CIO , IDFC MF said “Through this Fund (IDFC Capital Protection Oriented Fund) we aim to provided an attractive investment solution to the conservative investors in India who have over 46 lakh crores invested in FDs. This fund offers an investor twin benefits of making their money grow inline with inflation , while ensuring that their capital remains protected”.

Mr. Ashwin Patni , Fund Manager of the Fund added “**Capital protection oriented schemes allow a conservative investor to participate in the equity markets.** The asset allocation to fixed income is made in such a way that the investor capital is protected at all times. **The scheme would be investing 84% of its portfolio in high quality debt instruments and 16 % of its portfolio in equity side and shall comprise of high growth stocks.**

The capital protection happens because the debt portion along with the interest received on it on maturity will be able to equal or more than the original investment amount. Thus whatever happens to equity will not impact the capital but will only influence the end returns that the investor gets in his hands.

The same can be understood with an illustration as follows:

Assumptions

Fund Assets : Rs. 100

Investments : Fixed Income : 85%

Equity : 15 %

Yield (For Fixed Income Allocation) : 8 %

Term : 36 months

Fixed income allocation on maturity : Rs. 107

If Equity loses 50% of its value : Investors still has not only his capital protected but gets back **114.5** rupees from the original investment of 100.

If Equity markets go up 50% of its value : Investors would get get about a **9% annualized return** on his investment.

Benchmarked against, CRISIL MIP Blended Index , the fund has no entry and exit load . It closes for subscription on 24th March 2010.

The redemption of the scheme shall only be allowed only at the maturity of the scheme. However ,the fund shall be listed on stock exchanges and investors can buy , sell units of the fund there

ABOUT IDFC Ltd.

Infrastructure Development Finance Company Limited (IDFC) is one of India's premier financial services institutions with a special focus on infrastructure **and national development**. IDFC was set up in 1997 by the Government of India to act as a financier and catalyst for the private sector's involvement in

infrastructure development in India. Over the last 12 years and more so since the company's initial public offering in 2005, IDFC has pursued a strategy to evolve into a 'one stop shop' for infrastructure finance in India, capable of meeting the increasingly complex and ambitious requirements of an expanding client base.

IDFC's business strategy involves participating in all parts of the value chain of infrastructure and providing a differentiated value proposition to its clients. IDFC's domain expertise in infrastructure combined with its product breadth across project financing, investment banking and asset management enables it to provide creative solutions to its clients' needs. IDFC has strong relationships with the private sector and government which enables it to play an important role in providing objective advice and facilitating public-private partnerships in infrastructure. IDFC is focused on contributing to evolving the right policies and frameworks to ensure sustainable infrastructure development in India. IDFC Foundation is actively involved in training various central, state and local government officials regarding public-private partnerships, the policy group provides thought leadership and advice on infrastructure policy and governance issues and the CSR team is focused on sustainable development strategies.

IDFC has played an important role in facilitating private sector involvement in Indian infrastructure and has financed over 200 projects across core infrastructure sectors such as power, roads and **telecommunications**. IDFC Group has mobilized and committed over **US \$ 5 billion** in debt and **US \$ 3 billion** in equity to infrastructure companies and projects in India. IDFC has **consistently** demonstrated strong financial performance over the last 5 years with profits after tax increasing at a CAGR of 25% to Rs. 750 crores in FY 2009 **and reporting a net worth of Rs.6,176 crores, on a turnover of approx. Rs.30,000 crores and market capitalization of approximately Rs.22,000 crores (as on 31st December insert date 2009).**

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