

KEY INFORMATION MEMORANDUM

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centres or distributors or from the website www.idfcmf.com.**

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

Investment Objective The investment objective of the scheme is to replicate the S&P CNX Nifty index by investing in securities of the S&P CNX Nifty Index in the same proportion/weightage.
However, there is no assurance or guarantee that the objectives of the scheme will be realized and the scheme does not assure or guarantee any returns.

Asset Allocation Pattern of the scheme (all Plans)	Types of Instruments	Normal Allocation (% of Net Assets)
	Securities (including derivatives) forming a part of the S&P CNX Nifty Index	90 - 100
	Debt & Money Market instruments	0-10

The net assets of the scheme/Plan will be invested predominantly in stocks constituting the S&P CNX Nifty and / or in exchange traded derivatives on the S&P CNX Nifty. This would be done by investing in almost all the stocks comprising the S&P CNX Nifty Index in approximately the same weightage that they represent in the S&P CNX Nifty Index and / or investing in derivatives including futures contracts and options contracts on the S&P CNX Nifty Index. A small portion of the net assets will be invested in money market instruments permitted by SEBI / RBI including call money market or in alternative investment for the call money market as may be provided by the RBI, to meet the liquidity requirements of the scheme/plan and for meeting margin money requirement for Nifty futures and/or futures of stocks forming part of the Nifty Index. Further in case wherein the minimum lot size of the index scrip's is not available, then the scheme shall invest in debt and money market instruments. Further in case wherein the minimum lot size of the index scrip's is not available, then the scheme shall invest in debt and money market instruments.

Investments in Derivatives – upto 50% of the net assets of the scheme.

Investment strategy of the scheme **Equity**
The Scheme will be managed passively with investments in stocks in a proportion that it is as close as possible to the weightages of these stocks in the S&P CNX Nifty Index. The investment strategy would revolve around reducing the tracking error to the least possible through rebalancing of the portfolio, taking into account the change in weights of stocks in the index as well as the incremental collections/redemptions from the Scheme. It is proposed to manage the risks by placing limit orders for basket trades and other trades, proactive follow-up with the service providers for daily change in weights in the S&P CNX Nifty Index as well as monitor daily inflows and outflows to and from the Fund closely. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated

Debt

The domestic debt markets are maturing rapidly with liquidity emerging in various debt segments through the introduction of new instruments and investors. The actual percentage of investment in various fixed income securities will be decided after considering the prevailing political conditions, the economic environment (including interest rates and inflation), the performance of the corporate sector and general liquidity and other considerations in economy and markets. The Fund has put in place detailed Investment Discretion Guidelines defining the prudential and concentration limits for the portfolio limits. The investment management team is allowed full discretion to make sale and purchase decisions within the limits established. The Fund Manager(s) record a justification for investments made, on the deal slip / instruction. Investment Management Committee (IMC) in its periodic meetings will track portfolio investment rationale, portfolio composition, performance etc. Any modifications to the Investment Discretion Guidelines can be made by the IMC and will be ratified by the Board. The performance of the fund will be monitored against its peer group in the industry and presented at every Board meeting along with the portfolio of the Schemes. The Board of Director discusses the performance and portfolio composition of the scheme and queries are responded to by the President & CEO.

Risk Profile of the Scheme Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized below:

- The Scheme attempts to track the respective indices and it would primarily invest in the securities included in its Underlying indices regardless of their investment merit. The Scheme may be affected by a general decline in the Indian markets.
- Performance of the S&P CNX Nifty Index will have a direct bearing on the performance of the scheme.
- Tracking errors are inherent in any index fund and such errors may cause the scheme to generate returns which are not in line with the performance of the S&P CNX Nifty or one or more securities covered by / included in the S&P CNX Nifty.
- In case of investments in derivatives like index futures, the risk reward would be the same as investments in portfolio of shares representing an index. However, there may be a cost attached to buying an index future. Further, there could be an element of settlement risk, which could be different from the risk in settling physical shares and there is a risk attached to the liquidity and the depth of the index futures market as it is relatively new market.

To the extent the scheme invests in debt/money market instruments, the following risks are likely to be affected:

Price-Risk or Interest-Rate Risk: Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

Credit Risk: In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme has invested in Government Securities,

there is no credit risk to that extent. Different types of securities in which the scheme would invest as given in the scheme information document carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.

Re-investment Risk: Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

Basis Risk: During the life of floating rate security or a swap the underlying benchmark index may become less active and may not capture the actual movement in the interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio. Where swaps are used to hedge an underlying fixed income security, basis risk could arise when the fixed income yield curve moves differently from that of the swap benchmark curve.

Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However depending upon the market conditions the spreads may move adversely or favourably leading to fluctuation in NAV.

Liquidity Risk: The corporate debt market is relatively illiquid vis-a- vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Liquidity in a scheme therefore may suffer. Even though the Government Securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information (SAI).

Risk management strategies The Fund is an index fund and by utilizing a holistic risk management strategy will endeavor to give investors a close tracking to the S&P CNX Nifty Index. The risk control process involves identifying & measuring the risk through various risk measurement tools.

The Fund has identified following risks of investing in equities and designed risk management strategies, which are embedded in the investment process to manage such risks.

Risk & Description specific to this scheme	Risk Mitigants / Management strategy
Price risk	
Risk of overpaying for a company	The scheme will passively invest its cash in proportion of the index constituents at all times and will not take an active call on the valuation of a particular stock
Concentration risk	
	The scheme will passively track the index in terms of stock and sector weights
Liquidity risk	
High impact costs	The scheme will track the CNX Nifty, which is one of the most widely used index in the Indian equity market and hence has one of the lowest impact costs.
Volatility	
Price volatility due to company or portfolio specific factors	Being a passive scheme, the impact of price volatility of an individual stock will be in line with the index
Basis risk	
risk that the return of the scheme are lower than the index	the scheme will seek to minimize tracking error by avoiding excessive cash allocations and also rebalancing as per index modifications.

Sub Plans and Options Sub Plans: Nil Option: Dividend & Growth

Applicable NAV for repurchase Where the application is received up to 3:00 pm with a local cheque or demand draft payable at par at the place where it is received closing NAV of the day of application shall be applicable.
Where the application is received after 3:00 pm with a local cheque or demand draft payable at par at the place where it is received closing NAV of the next business day after the day of application shall be applicable.
Where the application is received with an outstation cheque or demand draft, which is not payable on par at the place where it is received closing NAV of day on which the cheque or demand draft is credited shall be applicable.
In case of 'switch' transactions, the allocation shall be in line with redemption payouts.

Applicable NAV for sales Where the application received is up to 3:00 pm closing NAV of the day of application shall be applicable. An application received after 3:00 pm closing NAV of the next business day after the day of application shall be applicable.

Minimum Application Amount/ Number of Units Rs. 500/- and in multiple of Re. 1 thereafter

Despatch of Repurchase (Redemption) Request Within 10 working days of the receipt of the redemption request at the authorised centre of IDFC Mutual Fund.

Benchmark Index S&P CNX Nifty Index

Dividend Policy Dividend declaration and distribution shall be in accordance with SEBI Regulations as applicable from time to time. The AMC reserves the right to declared dividend from time to time, depending on availability of distributable surplus.

Name of the Fund Manager Mr. Tridib Pathak

Name of the Trustee Company IDFC AMC Trustee Company Limited

Performance of the scheme The scheme does not have any performance track record

Expenses of the scheme	<p>NEW FUND OFFER EXPENSES:</p> <p>New Fund offer expenses will be borne by the AMC.</p> <p>(i) Load Structure</p> <p>There is no Entry & exit load in the scheme.</p> <p>Switches into IDFC Nifty Fund shall attract load as applicable to the scheme.</p> <p>The Trustee / AMC reserves the right to change the Load structure as deem fit .</p> <p>(ii) Recurring Expenses</p> <p>As per SEBI (MF) Regulations, 1996, recurring expenses will not exceed 1.5% of weekly average net assets:</p> <p>Recurring expenses incurred in excess of the aforesaid limits will be borne by the AMC.</p>																														
Tax treatment for the Investors (Unitholders)	Investor will be advised to refer to the details in the Statement of Additional Information and also independently refer to his tax advisor.																														
Comparison with the other existing schemes of IDFC Mutual Fund	IDFC Nifty Fund is an index fund that will be passively replicate its benchmark index – S&P CNX Nifty. The role of the fund manager will be to minimize the tracking error against the index. All other existing equity schemes of IDFC are actively managed against their benchmarks.																														
Folios & AUM	<p>AUM and folio of other existing equity schemes of IDFC Mutual Fund (as on February 28, 2010.)</p> <table border="1"> <thead> <tr> <th>Fund Name</th> <th>Number of folios</th> <th>Assets under Management (AUM)</th> </tr> </thead> <tbody> <tr> <td>IDFC Enterprise Equity Fund</td> <td>1,52,820</td> <td>Rs. 677.37 crores</td> </tr> <tr> <td>IDFC Imperial Equity Fund</td> <td>40,140</td> <td>Rs. 544.85 crores</td> </tr> <tr> <td>IDFC GDP Growth Fund</td> <td>2,459</td> <td>Rs. 49.11 crores</td> </tr> <tr> <td>IDFC Classic Equity Fund</td> <td>52,572</td> <td>Rs. 285.53 crores</td> </tr> <tr> <td>IDFC India Consumption Fund</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>IDFC Premier Equity Fund</td> <td>74,454</td> <td>Rs. 1390.12 crores</td> </tr> <tr> <td>IDFC Small & Midcap Equity Fund</td> <td>46,985</td> <td>Rs. 496.53 crores</td> </tr> <tr> <td>IDFC Strategic Sector 50:50 Equity Fund</td> <td>3,963</td> <td>Rs. 33.12 crores</td> </tr> <tr> <td>IDFC Tax Advantage ELSS Fund</td> <td>19,956</td> <td>Rs. 51.54 crores</td> </tr> </tbody> </table>	Fund Name	Number of folios	Assets under Management (AUM)	IDFC Enterprise Equity Fund	1,52,820	Rs. 677.37 crores	IDFC Imperial Equity Fund	40,140	Rs. 544.85 crores	IDFC GDP Growth Fund	2,459	Rs. 49.11 crores	IDFC Classic Equity Fund	52,572	Rs. 285.53 crores	IDFC India Consumption Fund	Nil	Nil	IDFC Premier Equity Fund	74,454	Rs. 1390.12 crores	IDFC Small & Midcap Equity Fund	46,985	Rs. 496.53 crores	IDFC Strategic Sector 50:50 Equity Fund	3,963	Rs. 33.12 crores	IDFC Tax Advantage ELSS Fund	19,956	Rs. 51.54 crores
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Daily Net Asset Value (NAV) Publication	The NAV will be declared on a daily basis and will be published in 2 newspapers. NAV can also be viewed on www.idfcmf.com and www.amfiindia.com . You can also contact us at 1-800-226622.																														
For Investor Grievances please contact	<p>Name and Address of Registrar</p> <p>Computer Age Management Services Private Limited</p> <p>148, Old Mahabalipuram Road, Okkiyamthuraipakkam, Chennai - 96.</p> <p>Investor relations officers of IDFC AMC Ltd.:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Region</th> <th>Address and Contact Number</th> </tr> </thead> <tbody> <tr> <td>Sunil Aryamane</td> <td>West</td> <td>17/18, 3rd Floor, Vaswani Mansion, 120, Dinshaw Vachha Road, Opp. K. C. College, Churchgate, Mumbai - 400 020. Tel.: 022-22841378. E-Mail ID : sunil.aryamane@idfcmf.com</td> </tr> <tr> <td>Vijith Raghavan</td> <td>East</td> <td>Oswal Chambers, 1st Floor, 2 Church Lane, Kolkata - 700 001. Tel.: 033-3024 9778 / 80 / 81. E-Mail ID : vijith.raghavan@idfcmf.com</td> </tr> <tr> <td>Ms Jincy John</td> <td>North</td> <td>4th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001. Tel.: 011-47311323. Fax: 011-23326669, 41524332. E-Mail ID : jincyjohn@idfcmf.com</td> </tr> <tr> <td>Shaji Perincheri</td> <td>South</td> <td>Maalavika Centre, Old No. 144/145, New No. 60, Kodambakkam Road, Chennai - 600 034. Tel.: 91-44-25349340. E-mail ID : shaji.perincheri@idfcmf.com</td> </tr> </tbody> </table>	Name	Region	Address and Contact Number	Sunil Aryamane	West	17/18, 3rd Floor, Vaswani Mansion, 120, Dinshaw Vachha Road, Opp. K. C. College, Churchgate, Mumbai - 400 020. Tel.: 022-22841378. E-Mail ID : sunil.aryamane@idfcmf.com	Vijith Raghavan	East	Oswal Chambers, 1st Floor, 2 Church Lane, Kolkata - 700 001. Tel.: 033-3024 9778 / 80 / 81. E-Mail ID : vijith.raghavan@idfcmf.com	Ms Jincy John	North	4th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001. Tel.: 011-47311323. Fax: 011-23326669, 41524332. E-Mail ID : jincyjohn@idfcmf.com	Shaji Perincheri	South	Maalavika Centre, Old No. 144/145, New No. 60, Kodambakkam Road, Chennai - 600 034. Tel.: 91-44-25349340. E-mail ID : shaji.perincheri@idfcmf.com															
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Unitholders' Information	Account Statement (on transactions), shall be provided to investors by post or by e-mail if required. Annual Financial results shall be provided to the investor by post. The Half Yearly portfolio shall be disclosed in 2 newspapers within 1 month of the close of the half year.																														

Notwithstanding anything contained in the Scheme Information Document (SID) / Statement of Additional Information (SAI)/ Key Information Memorandum (KIM) the provisions of SEBI (Mutual Funds) Regulations 1996 and Guidelines thereunder shall be applicable. Further, investors may ascertain about any further changes from the Mutual Fund/Investor Service Centres / distributors or brokers.

Dated: April 05, 2010