

## IDFC Government Securities Fund - Provident Fund Plan

An open ended - Dedicated Gilt Fund

### Fund characteristics

Fund name	IDFC Government Securities Fund - Provident Fund Plan
Nature	Debt
Fund manager	Arjun Parthasarthy
Investment objective	Seek to generate optimal returns with high liquidity by investing in Government securities. However there is no assurance that the investment objective of the scheme will be realized.
Investment style	The Scheme propose to invest only in government securities with the aim of generating stable medium term returns
Ideal investment horizon	1 year or more
Entry load	Nil.
Exit load	IDFC- GSF- PF Plan A & Plan B : Exit load of 1.00% of NAV shall be applicable in case of investors who redeem / switch out such investments within 365 days such from the date of effecting such purchase / switch. Investors opting for PEP / Dividend reinvestment option / SWP or switch between options within the plan will not be levied an exit load.
Options available	Growth, Dividend & Dividend Sweep (w.e.f. 16-Nov-2009)
Minimum investment amount	Rs. 5,000 and in multiples of Re. 1 in plan A (Regular Plan), Rs. 25,00,000 and in multiples of Re. 1 in plan B (Institutional Plan) (w.e.f. July 6, 2009)
Additional investment amount	Re. 1
SIP (minimum amount)	Rs. 1,000 (Plan A)
Inception date	29 March 2004



Interest rates are facing multiple headwinds going forward. The IIP nos for November 2009 at 11.7% has further cemented fears of a rate hike in the policy review scheduled later this month. Inflation is expected to come in at over 7% for the month of December 2009.

### The case for rates trending higher are

- ◆ Higher trending inflation expectations
- ◆ Negatives on the fiscal front
- ◆ Monetary policy tightening
- ◆ Growth forecasts revised upwards
- ◆ Pickup in Credit demand on back of higher growth.
- ◆ Size of government borrowing for the next fiscal

### The case for rates trending lower are

- ◆ Adequate system liquidity as RBI withdraws its loose monetary policy in a measured manner, bond redemptions, interest payments and portfolio related inflows
- ◆ Low Credit growth hovering around 11.3% y-o-y and 6% y-t-d as against RBI target of 18%
- ◆ Steep yield curve

Government finances are not looking healthy with fiscal deficit touching 76% of budget estimates as of November 2009. Revenues are lagging behind with only 50% of budget being achieved. The government has delayed the 3G auction which is budgeted to bring in Rs 35,000 crores adding on the uncertainty on finances, increased spending of Rs 30000 crores on account of higher oil subsidy. Disinvestments are being pushed through to make up for some of lost revenues but it remains to be seen if government will stick to its scheduled borrowing for the fiscal 2009-10.

Source :Bloomberg

### Fund manager's comment

The funds are positioned in the segment of the yield curve where returns will be optimum.

### Rating & Rankings



**Morningstar Rating**

Past performance is no guarantee of future results.  
For Methodology of Ranking Please refer Page No. 2

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## Performance (31 December 2009)

Period	IDFC-GSF-PFP Growth Returns	Benchmark Returns
Last 1 year CAGR	-8.13%	-2.99%
Last 2 year CAGR	10.80%	8.49%
Last 3 year CAGR	9.75%	8.15%
Last 5 year CAGR	8.40%	7.24%
Since Allotment CAGR	6.82%	5.94%

Inception date: 29 Mar 2004. Benchmark : ISEC Composite Index  
Past performance may or may not be sustained in future.

## Dividend History (31 December 2009) (face value Rs.10/-)

Date	Nav	Freq.	Others	I & H
<b>IDFC-GSF-PF Plan A</b>				
30-Jun-09	10.6523	Quarterly	0.3995	0.4292
30-Mar-09	10.8942	Annual	0.7174	0.7708
<b>IDFC-GSF-PF Plan B</b>				
29-Sep-09	10.6726	Quarterly	0.0004	0.0004
31-Dec-09	10.6774	Quarterly	0.0049	0.0053

## Average AUM (31 December 2009)

IDFC-GSF-PF	24.71 Crores
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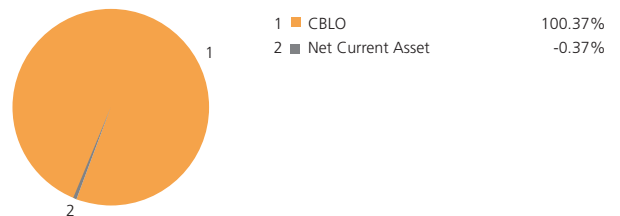
## Average Maturity (31 December 2009)

IDFC-GSF-PF	-
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## Portfolio (31 December 2009)

Name	Rating	% of NAV
CBLO		100.37
<b>CBLO Total</b>		<b>100.37</b>
<b>Net Current Asset</b>		<b>-0.37</b>
<b>Grand Total</b>		<b>100.00</b>

## Asset Allocation (31 December 2009)



## Morningstar Rating

This Morningstar-sourced information is provided to you by IDFC AMC and is at your own risk. Morningstar is not responsible for any damages or losses arising from any use of this information. Also, this information must not be relied upon without appropriate verification. IDFC AMC informs you as follows: (i) no investment decision should be made in relation to any of the information provided other than on the advice of a professional financial advisor; (ii) past performance is no guarantee of future results; and (iii) the value and income derived from investments can go down as well as up.

The Morningstar fund rating methodology is based on a fund's risk-adjusted return within a given Morningstar category. Morningstar ratings are calculated every month for the 3 year, 5 year and 10 year period. Within each rating period, the top 10% funds receive a five star rating, the next 22.5% earn a four star rating, the next 35% get three stars, the next 22.5% receive two stars, and the bottom 10% get one star. Loads are not considered for the rating purpose. The rating is based on NAV provided by respective funds. Morningstar does not guarantee accuracy of the data.

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**Risk Factors:** Mutual Funds and securities investments are subject to market risks, reinvestment risk, changes in political, economic environment and government policy and there is no assurance or guarantee that the objectives of the Schemes will be achieved. The NAV of the Schemes can go up or down depending on factors and forces affecting the Securities Market including fluctuation in interest rates, trading volumes and reinvestment risk. Past performance of the Sponsor/AMC/Mutual Fund is not necessarily indicative of the future performance of the Schemes and may not necessarily provide a basis for comparison with other investments. IDFC Government Securities Fund Provident Fund (IDFC-GSF PF) is the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or returns. The Sponsor or any of its associates is not responsible or liable for any loss resulting from the operation of the Schemes beyond the corpus of the Trust of Rs.30,000/-.

**Terms of Issue & Load Structure:** IDFC-GSF PF: During the continuous offer the AMC calculates and publishes NAVs and offers for sale and redemption of units of the Scheme on all Business days. There is no entry / exit load for IDFC-GSF Provident Fund Plan (PF) Plan A. There is no entry load IDFC-GSF Provident Fund Plan (PF) Plan B. All Plans are available for investments by all categories of investors. Exit Load: IDFC-GSF-PF Plan A & Plan B : Exit load of 1.00% of NAV shall be applicable in case of investors who redeem / switch out such investments within 365 days such from the date of effecting such purchase / switch. Investors opting for PEP / Dividend reinvestment option / SWP or switch between options within the plan will not be levied an exit load.. Minimum investment amount for application in IDFC-GSF Provident Fund Plan (PF) – Plan B is Rs.2500001. **Investment Objective:** IDFC-GSF PF is an open-ended dedicated gilt scheme with an objective to generate optimal returns with high liquidity by investing in Government Securities. However, there can be no assurance that the investment objective of the scheme will be realized. **Statutory Details:** IDFC Mutual Fund has been set up as a trust by Infrastructure Development Finance Company Limited (IDFC) (liability restricted to corpus of Trust of Rs. 30,000) with IDFC AMC Trustee Company Ltd. the trustee and IDFC Asset Management Company Ltd as the investment manager. Investors in the scheme(s) are not being offered any guaranteed or assured rate of return.

Copy of Scheme Information Document and Key Information Memorandum along with application form for all the schemes may be obtained from the office of IDFC Mutual Fund, One India Bulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg., Elphinstone Road, (West), Mumbai 400 013. Contact 1-800-226622 for details.

**For details please read the Scheme Information Document (SID) / Offer Document (OD) / Statement of Additional Information (SAI) carefully before investing.**