

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



Government bond yields are likely to do well in a scenario of improved government finances, lower commodity prices, sharp fall in bond yields across geographies and increased demand for risk free assets in the face of uncertainty on global economic outlook. Government finances are looking much healthier than what it was before the telecom spectrum auction and advance tax collection. The government has also reduced its subsidy burden on domestic fuel by decontrolling petrol prices and by raising prices of diesel, kerosene and LPG.

- ◆ The pre policy rate hike of 25 bps announced by the RBI in both repo and reverse repo rate is positive for government bonds at the long end of the curve as the current rate hike is already factored by the markets.
- ◆ The short end will see spikes in yields as the market factors in another 25bps of rate hike in the July policy review. The fact that liquidity is tight and is likely to ease only by the fourth week of July will pressure the short end of the yield curve.
- ◆ The banking system has set base rates in a 7.5% to 8% range and as they cannot lend below the base rates yields should trend towards base rates across the extreme short end of the curve in conditions of tight liquidity.

The market in the near term will have to contend with negative sentiments induced by rate hikes as well as constant supply amidst tight liquidity conditions. A weak monsoon could also have an inflationary as well as a fiscal impact on the economy. This will keep bond yields choppy but as the market looks ahead yields should trend down.

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

IDFC Government Securities Fund - Provident Fund Plan

An open ended - Dedicated Gilt Fund

Performance (30 June 2010)

Period	IDFC-GSF-PFP Growth Returns	Benchmark Returns
Last 1 year CAGR	2.41%	4.49%
Last 2 year CAGR	10.72%	11.15%
Last 3 year CAGR	10.04%	8.84%
Last 5 year CAGR	8.27%	7.29%
Since Allotment CAGR	6.71%	6.05%

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

Dividend History (30 June 2010) (face value Rs.10/-)

Date	Nav	Freq.	Others	I & H
IDFC-GSF-PF Plan A				
30-Jun-10	10.8219	Quarterly	0.0711	0.0762
30-Jun-09	10.6523	Quarterly	0.3995	0.4292
31-Mar-10	10.8981	Annual	0.5196	0.5582
IDFC-GSF-PF Plan B				
30-Jun-10	10.7103	Quarterly	0.2217	0.2379
31-Dec-09	10.6774	Quarterly	0.0049	0.0053
29-Sep-09	10.6726	Quarterly	0.0004	0.0004

Average AUM (30 June 2010)

IDFC-GSF-PF	24.77 Crores
-------------	--------------

Average Maturity (30 June 2010)

IDFC-GSF-PF	8.37 Years
-------------	------------

Call Free 1-800-226622

Available from 8.00 a.m. to 7.00 p.m. on business days

Agra	+91-9997972223	Guwahati	+91-9957568099	Mangalore	+91 99010 33822	Surat	+91-261-247 50 60/70
Ahmedabad	+91-79-6450 58 81/58 87	Hyderabad	+91-40-4201 46 46/47	Moradabad	+91-9837572638	Vadodara	+91-265-662 09 19/ 39
Amritsar	+91-0183-5030393.	Indor	+91-731-420 69 27	Mumbai	+91-22-2287 64 19	Varanasi	+91-9984250888
Bangalore	+91-80-6611 15 04/05/06	Jaipur	+91-141-510 57 97-98	Nagpur	+91-712-645 14 28	Visakhapatnam	+91-9701163444
Chandigarh	+91-172-507 19 18/19	Jalandhar	+91-0181-5018264	Nashik	+91-253-231 29 71/2/3/4		
Chennai	+91-044-45644201/202	Kanpur	+91-512-233 10 71/11 19	New Delhi	+91-11-4731 13 01/02		
Cochin	+91-484-402 92 91	Kolkata	+91-4017 1000 -1005	Patna	+91-612-651 03 53		
Coimbatore	+91-422-254 26 45/78	Lucknow	+91-522-305 69 00/01/02	Pune	+91-20-6602 09 65		
Dehradun	+91-997598877	Ludhiana	+91-161-502 21 55/ 56	Raipur	+91-9926908790		
Goa	+91-832-665 03 10	Madurai	+91 98943 69124	Rajkot	+91-281-662 60 12		

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:** 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). **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.

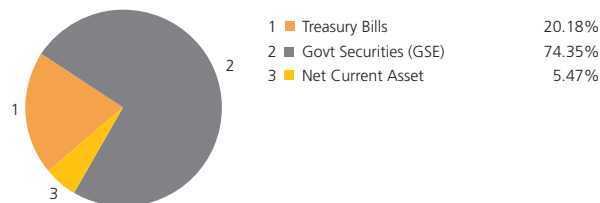
Copy of Scheme Information Document and Key Information Memorandum along with application form for all the schemes may be obtained from the office of IDFC Mutual Fund, One India Bulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg., Elphinstone Road, (West), Mumbai 400 013. Contact 1-800-226622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

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

Portfolio (30 June 2010)

Name	Rating	% of NAV
8.20% GOI MD 15/02/2022	SOV	55.82
7.80% GOI MD 03/05/2020	SOV	18.53
Govt Securities (GSE) Total		74.35
91 Days Tbill MD 17-09-2010	SOV	20.18
Treasury Bills Total		20.18
Net Current Asset		5.47
Grand Total		100.00

Asset Allocation (30 June 2010)



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. The current fund rating is for the 3 year period as of December 31, 2009, IDFC Gov Sec PF Fund Growth has been rated 4-Star fund in the category of Intermediate Government schemes (77 Schemes).