

## IDFC Government Securities Fund - Investment Plan

**An open ended - Dedicated Gilt Fund**

A Fund investing in long term Govt Securities attempting to benefit from declining interest rates.

### Fund characteristics

Fund name	IDFC Government Securities Fund - Investment Plan
Nature	Debt
Fund manager	Arjun Parthasarathy
Investment objective	IDFC-GSF-IP is an open-ended dedicated gilt scheme with an objective 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 proposes 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 - IP : Plan A & Plan B : 1.00% of NAV on investors who purchase/switch in and seek to redeem/switch out such units within 365 days from the date of effecting such purchase/switch in. Investors opting for PEP / Dividend reinvestment option / SWP or switch between options will not be levied an exit load. (w.e.f. August 24, 2009)
Options available	Growth, Dividend & Dividend Sweep (w.e.f. 16-Nov-2009).
Minimum investment	Rs. 5000 and in multiples of Re. 1 in Plan A (Regular Plan), Rs. 25 Lakh 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	9 March 2002



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.

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## Performance ( 30 June 2010)

Period	IDFC-GSF-IP Growth Returns	Benchmark Returns
Last 1 year CAGR	1.40%	4.49%
Last 2 year CAGR	9.24%	11.15%
Last 3 year CAGR	8.48%	8.84%
Last 5 year CAGR	7.23%	7.29%
Since Allotment CAGR	7.15%	-

Inception date: 9 March 2002. 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
<b>IDFC-GSF-IP Plan A</b>				
29-Sep-09	10.7372	Half Yearly	0.3769	0.4049
30-Jun-09	10.5064	Quarterly	0.3098	0.3329
30-Mar-09	10.4055	Quarterly	0.3098	0.3329
08-Dec-08	11.1693	Quarterly	0.6522	0.7008
30-Mar-09	10.7886	Half Yearly	0.6196	0.6657
30-Mar-09	11.0733	Annual	0.8479	0.9110
30-Sep-08	10.4494	Half Yearly	0.3261	0.3504
24-Mar-08	10.7722	Annual	0.4076	0.4380
<b>IDFC-GSF-IP Plan B</b>				
30-Jun-09	10.1637		0.0815	0.0876

## Average AUM ( 30 June 2010)

IDFC-GSF-IP	9.29 Crores
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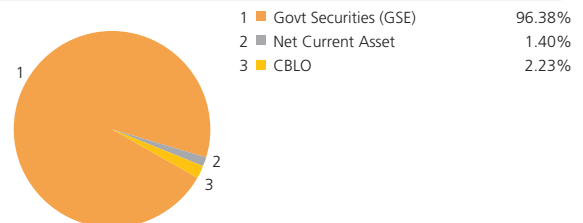
## Average Maturity ( 30 June 2010)

IDFC-GSF-IP	10.51 Years
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## Portfolio as of ( 30 June 2010)

Name	Rating	% of NAV
CBLO		2.23
<b>CBLO TOTAL</b>		
8.20% GOI MD 15/02/2022	SOV	56.79
7.80% GOI MD 03/05/2020	SOV	39.59
<b>Govt Securities (GSE) Total</b>		<b>96.38</b>
<b>Net Current Asset</b>		<b>1.40</b>
<b>Grand Total</b>		<b>100.00</b>

## Asset Allocation ( 30 June 2010)



## Call Free 1-800-226622

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

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Ahmedabad	+91-79-6450 58 81/58 87	Guwahati	+91-9957568099	Madurai	+91 98943 69124	Raipur	+91-9926908790
Amritsar	+91-0183-5030393.	Hyderabad	+91-40-4201 46 46/47	Mangalore	+91 99010 33822	Rajkot	+91-281-662 60 12
Bangalore	+91-80-6611 15 04/05/06	Indor	+91-731-420 69 27	Moradabad	+91-9837572638	Surat	+91-261-247 50 60/70
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Coimbatore	+91-422-254 26 45/78	Kolkata	+91-4017 1000 -1005	New Delhi	+91-11-4731 13 01/02		
Dehradun	+91-997598877	Lucknow	+91-522-305 69 00/01/02	Patna	+91-612-651 03 53		

**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 (IDFC-GSF IP) 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 IP: 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 load for IDFC-GSF Investment Plan (IP) Plan B. There is no entry load IDFC-GSF Investment Plan (IP) Plan A. All Plans are available for investments by all categories of investors. Exit Load: IDFC-GSF - IP : Plan A & Plan B : 1.00% of NAV on investors who purchase/switch in and seek to redeem/switch out such units within 365 days from the date of effecting such purchase/switch in. Investors opting for PEP / Dividend reinvestment option / SWP or switch between options will not be levied an exit load. (w.e.f. August 24, 2009). **Minimum investment:** Minimum investment amount for application in IDFC-GSF Investment Plan (IP) – Plan A is Rs.5000/- . Minimum investment amount for application in IDFC-GSF Investment Plan (IP) – Plan B is Rs. 25 Lakhs. **Investment Objective:** IDFC-GSF IP 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.**