

Notice - Cum - Addendum No. 41 of 2018

Addendum to the Scheme Information Document and Key Information Memorandum of IDFC Bond Fund

Change in asset allocation pattern and investment strategy of Long Term Plan:

NOTICE is hereby given that the features of Long Term Plan of IDFC Bond Fund ("IBF-LT"), an open ended income fund, shall stand modified as follows with effect from **Thursday, July 12, 2018** ("Effective Date"):

Name of the Scheme/Plan:

Existing	Proposed
IDFC Bond Fund - Long Term Plan	IDFC Bond Fund - Income Plan

Type / Category

Existing	Proposed
An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is greater than 7 years (please refer to page no. 23)*	An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years (please refer to page no. 23)*

*Please refer to the page number of the Scheme Information Document on which the concept of Macaulay's Duration has been explained.

Investment Objectives

Existing	Proposed
The scheme seeks to invest in a diversified set of debt and money market securities with the aim of generating optimal returns over long term such that the Macaulay duration of the portfolio is greater than 7 years.	The scheme seeks to invest in a diversified set of debt and money market securities with the aim of generating optimal returns over medium to long term such that the Macaulay duration of the portfolio is between 4 years and 7 years.

Asset Allocation Pattern (existing)

Asset Class	Indicative allocation (as % of total assets)
Debt Securities (including G-Sec and securitised debt) and Money Market Instruments and Units issued by REITs & InvITs such that the Macaulay duration of the portfolio is greater than 7 years, within which	0% - 100%
- Units issued by REITs & InvITs	0% - 10%

Investment in Securitised Debt - up to 50% of the total assets.

Investment in Foreign securities - up to 50% of total assets.

Investment in Securities lending - up to 20% of the total assets with maximum single party exposure restricted to 5% of the total assets

Exposure in Derivatives - up to 100% of total assets.

Gross Exposure to Repo of Corporate Debt Securities - up to the extent permitted by the Regulations (currently up to 10% of total assets, subject to change in line with the regulations from time to time).

The Scheme may engage in short selling of securities in accordance with the applicable guidelines / regulations. The scheme may invest in Credit Default Swaps (CDS) in accordance with the applicable regulations as and when permitted by SEBI/RBI up to the extent permitted by the regulations.

The cumulative gross exposure through derivatives and debt & money market instruments along with repo transactions in corporate debt securities, credit default swaps and units issued by REITs & InvITs shall not exceed 100% of the net assets of the Scheme.

Asset Allocation Pattern (proposed/revised)

Under normal circumstances

Asset Class	Indicative allocation (as % of total assets)
Debt Securities (including G-Sec and securitised debt) and Money Market Instruments and Units issued by REITs & InvITs such that the Macaulay duration of the portfolio is between 4 years and 7 years, within which	0% - 100%
- Units issued by REITs & InvITs	0% - 10%

Under anticipated adverse situation

Asset Class	Indicative allocation (as % of total assets)
Debt Securities (including G-Sec and securitised debt) and Money Market Instruments and Units issued by REITs & InvITs such that the Macaulay duration of the portfolio is between 1 year and 7 years, within which	0% - 100%
- Units issued by REITs & InvITs	0% - 10%

Investment in Securitised Debt - up to 50% of total assets.

Investment in Foreign securities - up to 50% of total assets.

Investment in Securities lending - up to 20% of total assets with maximum single party exposure restricted to 5% of the total assets.

Exposure in Derivatives - up to 100% of total assets.

Gross Exposure to Repo of Corporate Debt Securities - up to the extent permitted by the Regulations (currently up to 10% of total assets, subject to change in line with the regulations from time to time).

The Scheme may engage in short selling of securities in accordance with the applicable guidelines / regulations. The scheme may invest in Credit Default Swaps (CDS) in accordance with the applicable regulations as and when permitted by SEBI/RBI up to the extent permitted by the regulations.

The cumulative gross exposure through derivatives and debt & money market instruments along with repo transactions in corporate debt securities, credit default swaps and units issued by REITs & InvITs shall not exceed 100% of the net assets of the Scheme.

Investment Strategy

Existing	Proposed
The Scheme proposes to invest in a diversified set of debt and money market securities with the aim of generating optimal returns over long term such that the Macaulay duration of the portfolio is greater than 7 years. The aim of the Investment Manager will be to allocate the assets of the Scheme amongst various fixed income instruments (debt / money market) across maturities and ratings with the objective of optimizing returns. The actual percentage of investment in various fixed income instruments and general maturity range for the portfolio from time to time will be determined basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and fund manager views.	The Scheme proposes to invest in a diversified set of debt and money market securities with the aim of generating optimal returns over medium to long term such that the Macaulay duration of the portfolio is between 4 years and 7 years. However, the fund manager, in the interest of investors, may reduce the portfolio duration in case of anticipated adverse situation such that the Macaulay duration of the portfolio is between 1 year and 7 years. The aim of the Investment Manager will be to allocate the assets of the Scheme amongst various fixed income instruments (debt / money market) across maturities and ratings with the objective of optimizing returns. The actual percentage of investment in various fixed income instruments and general maturity range for the portfolio from time to time will be determined basis the prevailing macro-economic environment (including interest rates and inflation), market conditions, general liquidity, and fund manager views.

Subsequent to the changes in scheme features, the three Plans under the Scheme viz., Long Term Plan (to be renamed as Income Plan), Medium Term Plan and Short Term Plan will continue to have separate portfolios.

The change in asset allocation pattern and investment strategy being a change in the fundamental attributes of the Scheme/Plan, in terms of regulation 18(15A) of SEBI (Mutual Funds) Regulations, investors in IBF-LT are given an option to exit (redeem / switch-out) at the prevailing Net Asset Value without any exit load, in case they do not wish to continue in IBF-LT in view of the proposed change in features. The period of this no load exit offer is valid for a period of 30 days from **June 11, 2018** to **July 11, 2018** (both days inclusive). The normal redemption / switch request form may be used for this purpose and submitted at any of the IDFC AMC / CAMS ISCs. The no load exit option will be available only to those investments in IBF-LT made prior to **Monday, June 11, 2018**.

Such exit option will not be available to unitholders whose units have been pledged or encumbered their units in IBF-LT and Mutual Fund has been instructed to mark a pledge/lien on such units, unless the release of the pledge/lien is obtained and appropriately communicated to AMC / Mutual Fund prior to applying for redemption/switch-out.

Unitholders who do not exercise the exit option on or before **Wednesday, July 11, 2018** would be deemed to have consented to the proposed change. It may be noted that the offer to exit is merely an option and is not compulsory.

The above changes in the Scheme / Plan features have been approved by the Board of Directors of the AMC and the Trustee Company.

All other features, terms and conditions of the Scheme, as stated in the Scheme Information Document (SID) & the Key Information Memorandum (KIM) of the Scheme, read with the addenda issued from time to time, remain unchanged.

As regards the unitholders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of IDFC Mutual Fund and Scheme Information Document of the Scheme would apply. In view of individual nature of tax consequences, unitholders are advised to consult their financial / tax advisor for detailed tax advice.

The Notice - Cum - Addendum forms an integral part of the SID and KIM of the Scheme, read with the addenda.

Date: June 06, 2018

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.