

Notice - Cum - Addendum No. 3 of 2018

Addendum to the Scheme Information Document / Key Information Memorandum of IDFC Yearly Series Interval Fund - Series II

Specified Transaction Period of IDFC Yearly Series Interval Fund - Series II (the Scheme)

Notice is hereby given that, the Specified Transaction Period (“STP”) of IDFC Yearly Series Interval Fund - Series II (an Interval Income Scheme), is scheduled from Monday, February 26, 2018 to Tuesday, February 27, 2018, during which subscriptions and redemptions (including switches) in the Scheme will be permitted.

During the STP, the transaction requests (subscription/redemption/switch) will be accepted by the Mutual Fund during normal business hours on February 26, 2018 and only up to the cut-off time (3.00 p.m.) on February 27, 2018. The NAV applicable will be as per the cut-off timing prescribed based on the date and time of receipt and value of the application.

The subsequent STP for this interval period will be February 28, 2019 to March 1, 2019.

[#]If in any case the Specified Transaction Date/Period falls on a non-business day, the immediately following business day shall be deemed to be the STP.

Indicative Asset Allocation for this Interval:

Post closure of this STP, the Scheme shall invest in the below mentioned securities within a range of 5% of the intended allocation (floor and cap) mentioned against each sub asset class/credit rating, till the onset of the next STP.

Instruments	Rating		
	AAA	AA+	A1+
CD's	-	-	10 - 15%
CP's	-	-	65 - 70%
NCD's	-	20 - 25%	-

- The Fund manager reserves the right to improve the portfolio credit quality by deviating the asset allocation in favour of higher credit rated instruments in the same category of instruments at the time of launch of the scheme/closure of STP.
- All investment shall be made based on the rating prevalent at the time of investment. However, in case of an instrument having dual ratings, the most conservative publicly available rating would be considered.
- In the event of any deviations from the floor and ceiling of credit ratings specified for any instrument, the same shall be rebalanced within 30 days from the date of said deviation. Such changes in the investment pattern will be for a short term and for defensive consideration and the intention being at all times to seek to protect the interest of unitholders.
- In case of non-availability and taking into account the risk reward analysis of NCDs and CPs the scheme may invest in Treasury Bills, Cash Management Bills, CBLO or CDs of highest credit rating. Such deviation may exist till suitable NCD/CP of desired credit quality are not available.
- The scheme does not intend to invest in repo of corporate debt securities.
- Gross exposure to Debt, Money Market shall not exceed 100% of the net assets of the scheme.
- The scheme shall not invest in real estate, airlines and telecom sector.
- At the time of building up the portfolio and towards the end of the Interval period of the scheme, the portfolio shall have higher allocation to cash and cash equivalent instruments.
- The above allocation may vary during the Interval period of the Scheme. Some of these instances are: (i) coupon inflow; (ii) the instrument is called or bought back by the issuer (iii) in anticipation of any adverse credit event etc. In case of such deviations, the Scheme may invest in Treasury Bills, Cash Management Bills, CBLO or CDs of highest credit rating i.e., A1+. Deviation, if any, due to such instances, may continue till the suitable NCDs / CPs of desired credit quality are not available.
- Further, the above allocation may vary during the Interval period of the Scheme due to occurrence of any adverse credit events such as rating downgrade/credit default. In such case, it would be the discretion of the fund manager to either rebalance the portfolio or continue to hold the instrument in the portfolio in the best interest of the investors.

There shall not be any deviations in the intended allocation and actual allocation post closure of STP other than the scenario envisaged in points 3, 4, 9 & 10 above due to unavailability of securities with the desired credit quality.

Contents hereof shall form an integral part of Scheme Information Document and Key Information Memorandum of the Scheme, read with the addenda issued from time to time.

Date: February 12, 2018

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