


**IDFC Asset Management Company Limited  
IDFC Mutual Fund**

**IDFC GILT 2027 INDEX FUND**

An open-ended Target Maturity Index fund investing in constituents of CRISIL Gilt 2027 Index

<b>This product is suitable for investors seeking*:</b>	<b>Riskometer</b>
<ul style="list-style-type: none"> <li>Income over the target maturity period</li> <li>Investment in constituents similar to the composition of CRISIL Gilt 2027 Index</li> </ul>	 <p>Investors understand that their principal will be at Moderate risk</p>
<p><i>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</i></p>	

Offer of Units at Rs.10 each during the New Fund Offer and Continuous offer for Units at NAV based prices.

Face value of units of the Scheme is Rs. 10 per unit

<b>New Fund Offer Opens on</b>	<b>:</b>	<b>March 12, 2021</b>
<b>New Fund Offer Closes on</b>	<b>:</b>	<b>March 19, 2021</b>

The Scheme will re-open for ongoing subscription and redemption within five business days from the date of allotment of units.

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centres or distributors or from the website [www.idfcmf.com](http://www.idfcmf.com).**

**The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.**

<b>Name of the Mutual Fund</b>	<b>:</b>	IDFC MUTUAL FUND
<b>Name of the Asset Management Company</b>	<b>:</b>	IDFC ASSET MANAGEMENT COMPANY LIMITED
<b>Name of the Trustee Company</b>	<b>:</b>	IDFC AMC TRUSTEE COMPANY LIMITED
<b>Address of the entities</b>	<b>:</b>	6 <sup>th</sup> Floor, One World Centre, Jupiter Mills Compound, 841, Senapati Bapat Marg, Mumbai – 400013
<b>Website</b>	<b>:</b>	<a href="http://www.idfcmf.com">www.idfcmf.com</a>

**INVESTMENT OBJECTIVE:**

The investment objective of the scheme is to provide investment returns closely corresponding to the total returns of the securities as represented by the CRISIL Gilt 2027 Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved.

**ASSET ALLOCATION:**

<b>Instruments</b>	<b>Indicative Allocation (% of total assets)</b>	<b>Risk Profile</b>
Securities comprising of CRISIL Gilt 2027 Index	95% - 100%	Low to Medium
Government Securities maturing on or before maturity date of the Scheme, Cash, Money Market Instruments	0% - 5%	Low to Medium

During normal circumstances, the Scheme's exposure to money market instruments will be in line with the asset allocation table. However, in case of maturity of securities in the Scheme portfolio, the reinvestment will be in line with the index methodology.

The Scheme will not invest in derivatives, securitized debt, debt instruments having structured obligations or credit enhancements, foreign securities nor will it engage in short selling, securities lending or repo in corporate debt securities.

The Cumulative gross exposure across Government Securities, debt and money market instruments shall not exceed 100% of net assets of the Scheme.

Under normal circumstances, the portfolio allocation to each of constituents shall be similar to that in the Underlying Index. However, the fund manager may allocate the funds with lesser or higher weights than in the Underlying Index, in view of market conditions, large subscriptions /redemptions, etc. Such changes would be suitably modified over a period of time, in the best interest of investors.

The AMC would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize the Tracking Error to the maximum extent possible. Under normal circumstances, the AMC shall endeavor that the Tracking Error of the Scheme shall not exceed 2% per annum. There can be no assurance or guarantee that the Scheme will achieve any particular level of Tracking Error relative to performance of the underlying Index.

#### **INVESTMENT STRATEGY:**

The scheme is a target maturity index fund which will employ an investment approach designed to track the performance of CRISIL Gilt 2027 Index.

#### **CREATION OF SEGREGATED PORTFOLIO**

The AMC may create segregated portfolio of debt and money market instruments in a mutual fund scheme in case of a credit event / actual default and to deal with liquidity risk.

In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event / actual default that has been segregated in a mutual fund scheme and the term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event / actual default.

A segregated portfolio may be created in a mutual fund scheme in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:

- a. Downgrade of a debt or money market instrument to 'below investment grade', or
- b. Subsequent downgrades of the said instruments from 'below investment grade', or
- c. Similar such downgrades of a loan rating.

In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as detailed above and implemented at ISIN level.

#### **Monitoring by Trustees:**

1. In order to ensure timely recovery of investments of the segregated portfolio, trustees will ensure that:
  - a. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
  - b. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
  - c. An action taken report on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered / written-off.

- d. The trustees shall monitor the compliance of guidelines prescribed by SEBI in this regard and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect to every segregated portfolio created.

2. In order to avoid misuse of the segregated portfolio facility, the Trustees have ensured that the AMC has a mechanism in place to negatively impact the performance incentives of the Fund Manager, Chief Investment Officer (CIO), etc involved in investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the Scheme.

For detailed process for creation of segregated portfolios, illustration on how segregated portfolios will work, etc. please refer to the Scheme Information Document / Statement of Additional Information (SAI) available on the Mutual Fund's website.

#### **WHERE WILL THE SCHEME INVEST?**

Subject to the Regulations, the corpus of the Scheme will mainly be invested in any (but not exclusively) of the following securities:

- a) Gsecs and T-Bills not exceeding the target maturity date
- b) Securities that are part of the underlying Index
- c) Money Market Instruments including treasury bills and government securities having an unexpired maturity upto one year, Tri-Party Repo, money at call or notice and other Money Market Instruments as may be permitted by SEBI / RBI from time to time.
- d) Repo / Reverse Repo in Gsecs
- e) Such other instruments as permitted by SEBI/RBI from time to time, subject to regulatory approvals.

For the purpose of further diversification and liquidity, the Scheme may invest in another scheme managed by the same AMC or by the AMC of any other Mutual Fund without charging any fees on such investments, provided that aggregate inter-scheme investment made by all schemes managed by the same AMC or by the AMC of any other Mutual Fund shall not exceed 5% of the net asset value of the Fund.

The scheme may invest the funds of the scheme in short term deposits of scheduled commercial banks as permitted under extant regulations. The Scheme may also enter into repurchase and reverse repurchase obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

## RISK PROFILE OF THE SCHEME

### Scheme Specific Risk Factors

- The value of the Scheme's investments, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the Units of the Scheme may fluctuate and can go up or down.
- Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Scheme's portfolio due to the absence of a well developed and liquid secondary market for debt securities would result, at times, in potential losses to the Scheme, in case of a subsequent decline in the value of securities held in the Scheme's portfolio.
- The NAV of the scheme to the extent invested in Money market securities, are likely to be affected by changes in the prevailing rates of interest which may affect the value of the Scheme's holdings and thus the value of the Scheme's Units.
- Investment decisions made by the AMC may not always be profitable.
- The ability of the Scheme for payment of dividend will be dependent on the Scheme having distributable surplus and subject to approval of the Trustees. Accordingly, investors may not get dividend in case distributable surplus is not available.

### Risk related to Government Securities and money market securities

1. The NAV of the Scheme is likely to be affected by changes in the prevailing rates of interest.
2. Different types of securities in which the scheme would invest (Govt. Securities / money market instruments etc.) as given in the Scheme Information Document carry different levels and types of risks. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern.
3. Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme(s) and may lead to the Scheme(s) incurring losses till the security is finally sold.
4. **Price-Risk or Interest-Rate Risk:** Government securities and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing

these securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. Price-risk is not unique to Government securities but is true for all fixed income securities. Despite a high degree of liquidity in comparison with other debt instruments on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through.

5. **Reinvestment Risk:** Investments in government securities and money market instruments may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
6. **Credit Risk:** In simple terms this risk means that the issuer of an instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. The credit / default risk, however, in respect of government securities is zero.
7. **Basis Risk (Interest - rate movement):** During the life of a floating rate security, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.
8. **Spread Risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.
9. **Liquidity Risk:** Even though the Government securities market is more liquid compared to other debt market segments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or on occasions when an unusually large transaction has to be put through. Also, the liquidity of the Scheme may suffer in case the relevant guidelines issued by Reserve Bank of India undergo any adverse changes.
10. **Other Risk:** In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.

### **Tracking Error Risk:**

The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the underlying index due to certain factors such as the fees and expenses of the scheme, corporate actions, cash balance, changes to the underlying index, non-availability of issuances, regulatory policies and any such reasons that may affect AMC's ability to achieve close correlation with the underlying index of the scheme. The scheme's returns may therefore deviate from those of its underlying index. "Tracking Error" is defined as the standard deviation of the difference between daily returns of the

underlying index and the NAV of the respective scheme. Tracking Error may arise including but not limited to the following reasons: -

- i) Expenditure incurred by the fund.
- ii) The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses. The fund may not be invested at all time as it may keep a portion of the funds in cash to meet redemptions or for corporate actions.
- iii) Securities trading may halt temporarily due to circuit filters.
- iv) Corporate actions such as debenture or warrant conversion, merger, change in constituents etc.
- v) Disinvestments to meet redemptions, recurring expenses, etc.
- vi) Execution of large buy / sell orders
- vii) Transaction cost (including taxes and insurance premium) and recurring expenses
- viii) Realisation of Unit holders' funds

It will be the endeavor of the fund manager to keep the tracking error as low as possible. Under normal circumstances, such tracking error is not expected to exceed 2% per annum. However, in certain events like market volatility during rebalancing of the portfolio following the rebalancing of the underlying index, etc. or in abnormal market circumstances, the tracking error may exceed the above limits. There can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Index.

For more disclosures on Risk factors, please refer to Scheme Information Document.

### RISK MANAGEMENT STRATEGIES

Risk Description	Risk management strategy
<p><b>Market Risk</b> As with all debt securities, changes in interest rates may affect the Scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than do short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.</p>	<p>In a rising interest rates scenario the Fund Managers will endeavor to increase its investment in money market securities whereas if the interest rates are expected to fall the allocation to debt securities with longer maturity will be increased thereby mitigating risk to that extent.</p>

Risk Description	Risk management strategy
<p><b>Liquidity risk :</b> Risk of liquidity impact of entering/exiting the underlying funds</p>	<p>The Scheme may invest in government securities, corporate bonds and money market instruments. While the liquidity risk for government securities, money market instruments and short maturity corporate bonds may be low, it may be high in case of medium to long maturity corporate bonds. Liquidity risk is today characteristic of the Indian fixed income market. The fund will however, endeavor to minimise liquidity risk by investing in securities having a liquid market.</p>
<p><b>Reinvestment Risk</b> This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.</p>	<p>Reinvestment risks will be limited to the extent of coupons received on debt instruments, which will be a very small portion of the portfolio value.</p>
<p><b>Credit Risk</b> Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.</p>	<p>A traditional SWOT analysis will be used for identifying company specific risks. Management's past track record will also be studied. In order to assess financial risk a detailed assessment of the issuer's financial statements will be undertaken to review its ability to undergo stress on cash flows and asset quality. A detailed evaluation of accounting policies, off balance sheet exposures, notes, auditors' comments and disclosure standards will also be made to assess the overall financial risk of the potential borrower.</p>

## PLANS AND OPTIONS

The Scheme offers **Regular Plan & Direct Plan**.

Both the Plans will have separate NAV and a common portfolio.

**Regular Plan:** Regular plan is for investors purchasing / subscribing units in this scheme through distributors

**Direct Plan:** Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a distributor

Both the Plans under the Scheme offer **Dividend Option & Growth Option**. Dividend Option under each Plan further offers of choice of **Payout, Reinvestment & Sweep facilities**.

Please note that where the Unitholder has opted for Dividend Payout option and in case the amount of dividend payable to the Unitholder is Rs.100/- or less under a Folio, the same will be compulsorily reinvested in the Scheme.

**Default option:** The investors must clearly indicate the Option/facility (Growth or Dividend / Reinvestment or Payout or Sweep) in the relevant space provided for in the Application Form. In case the investor does not select any Option, the default shall be considered as **Growth Option**. Within dividend Option if the investor does not select any facility, then default facility shall be **Dividend Reinvestment**.

Investors are requested to note that any change in dividend sub-option (Payout, Sweep and Reinvestment) due to additional investment done under Dividend option or on the basis of a request received from the investor, will be applicable to all existing units in the dividend option of the concerned scheme under respective folio. However, this provision shall not be applicable to transactions undertaken / units held in demat mode.

Investors subscribing under Direct Plan of a Scheme will have to indicate "Direct Plan" in the application form e.g. "IDFC Gilt 2027 Index Fund - Direct Plan". Investors should also indicate "Direct" in the ARN column of the application form.

### Treatment of applications under "Direct" / "Regular" Plans:

Scenario	Broker Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan
3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

### CUT OFF TIMING FOR SUBSCRIPTIONS/ REDEMPTIONS/ SWITCHES (w.e.f January 1, 2021):

Subscription and redemption facility is available on a continuous basis.

#### A. Applicable NAV for Subscriptions / Switch-ins (irrespective of application amount):

1. In respect of valid applications received upto 3.00 p.m on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase (including switch ins) as per the application are credited to the bank account of the respective Scheme before the cut-off time i.e available for utilization before the cut-off time - the closing NAV of the day shall be applicable
2. In respect of valid applications received after 3.00 p.m on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase (including switch ins) as per the application are credited to the bank account of the respective Scheme before the cut-off time of the next Business Day i.e available for utilization before the cut-off time of the next Business Day - the closing NAV of the next Business Day shall be applicable
3. Irrespective of the time of receipt of application at the official point(s) of acceptance, where funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time on any subsequent Business Day - i.e available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable.
4. The aforesaid provisions shall also apply to systematic transactions i.e Systematic Investment Plan (SIP), Systematic Transfer Plan (STP).

#### B. Applicable NAV (for sales/Redemption/Switch out)

Where the application is received upto 3.00 pm, closing NAV of the day on which the application is received shall be applicable and if the application is received after 3.00 pm closing NAV of the next business day shall be applicable.

### MINIMUM APPLICATION AMOUNT/ NUMBER OF UNITS

**During New Fund Offer:** Rs.5,000/- and in multiples of Re. 1/- thereafter

**During Ongoing Offer:****Subscription:**

- Fresh Purchase including switch-in - Rs.5,000/- and in multiples of Re. 1/- thereafter
- Additional Purchase including switch-in - Rs.1,000/- and any amount thereafter
- SIP - Rs.1,000 and in multiples of Rs. 1/- thereafter
- STP (in) - Rs.1,000/- and any amount thereafter (for Fixed amount option) / Rs.500/- and any amount thereafter (for capital appreciation option)
- SWP - Rs.200/- and in multiples of Re.1 thereafter

**Redemption:**

Rs.500/- or the account balance of the investor, whichever is less.

The redemption will be at Applicable NAV based prices, subject to applicable exit load. In case an investor has purchased Units on more than one Business Day, the Units purchased prior in time (i.e. those Units which have been held for the longest period of time) will be deemed to have been redeemed first i.e. on a First-in First-Out basis.

**DESPATCH OF REPURCHASE (REDEMPTION) REQUEST:**

Within 10 working days of the receipt of the redemption request at the authorised centre of IDFC Mutual Fund.

**RIGHT TO RESTRICT REDEMPTION OR SUSPEND REDEMPTION IN THE SCHEME**

The AMC/Trustee, at its sole discretion, reserves the right to impose restriction on redemption (including switches) or suspend redemption (including switches) from the Scheme in the general interest of the Unitholders of the Scheme and keeping in view the unforeseen circumstances/unusual market conditions.

Imposition of such restriction will be subject to following conditions:

- a) Restriction on redemption may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:
  - i. Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security;
  - ii. Market failures, exchange closures;
  - iii. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures.
- b) Restriction on redemption may be imposed for a period not exceeding 10 working days in any 90 days period.
- c) When restriction on redemption is so imposed, the following procedure shall be applied:
  - i. No redemption requests of value up to Rs.2 lakhs shall be subject to such restriction.

- ii. For redemption request of value above Rs.2 lakhs, the first Rs.2 lakhs shall be redeemed without such restriction and the restriction shall apply for the redemption amount exceeding Rs.2 lakhs.

Any restriction on Redemption or suspension of redemption (including switches) of the Units in the Scheme shall be made applicable only after specific approval of the Board of Directors of the AMC and the Trustee Company and thereafter, immediately informing the same to SEBI.

It is clarified that since the occurrence of the abovementioned eventualities have the ability to impact the overall market and liquidity situation, the same may result in exceptionally large number of Redemption requests being made and in such a situation the indicative timelines (i.e. within 3 Business Days for schemes other than interval funds and within 1 Business Day for interval funds) mentioned by the Fund in the scheme offering documents, for processing of requests for Redemption may not be applicable.

The AMC / Trustee reserves the right to change / modify the provisions of right to restrict or suspend redemption of Units in the Scheme, subject to the applicable regulatory provisions from time to time.

**DIVIDEND POLICY:**

Dividend declaration and distribution shall be in accordance with SEBI Regulations as applicable from time to time. The AMC reserves the right to declare dividend from time to time, depending on availability of distributable surplus. There is no assurance or guarantee to Unitholders as to the rate of dividend distribution nor will that dividends be paid, though it is the intention of the Mutual Fund to make dividend distributions.

Dividends, if declared, will be paid out of the net surplus of the Scheme to those Unit holders whose names appear in the Register of Unitholders on the record date. The actual date for declaration of dividend will be notified suitably to the Registrar. It may be noted that pursuant to payment of dividend, NAV of the dividend option of the Scheme would fall to the extent of dividend payout and statutory levy, if any.

**DIVIDEND:**

The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.

**DELAY IN PAYMENT OF REDEMPTION / REPURCHASE PROCEEDS AND DIVIDEND WARRANTS:**

The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

**TREATMENT OF UNCLAIMED AMOUNTS:**

The treatment of unclaimed redemption and unclaimed dividend amounts shall be as per provisions of SEBI Circular dated February 25, 2016.

**BENCHMARK INDEX:**

CRISIL Gilt 2027 Index

**ABOUT THE INDEX – CRISIL GILT 2027 INDEX**

CRISIL Gilt 2027 Index seeks to measure the performance of portfolio of GSecs and Tbills such that the index will terminate on June 30, 2027. The weights assigned to the constituents are as follows:

Gsecs- 98%  
TBills – 2%

The index is computed using the total return methodology including price return and coupon return.

**Methodology for Gsec Selection in the Index:**

1. All Securities are selected on the basis of Amount Outstanding.
2. The Securities should have maturity date within the eligible period. (Eligible period: 1 December, 2026 to 30 June, 2027)
3. Minimum Amount Outstanding should be Rs. 25000 crore.
4. Weights to individual securities will be calculated in the ratio of amount outstanding.

Index will be reviewed and rebalanced every 6 months, eligible securities will be added and weights will be redistributed based on amount outstanding.

**Methodology for TBill Selection:**

Three 91-Day T-Bill will be selected by rebalancing on a bi-monthly basis. This will consist of last 3 on-the-run 91-day T-bills as on the bi-monthly rebalancing date.

The maturity date of such T-bill selected should not be greater than the maturity of the fund. In case no such on-the-run 91 Day T-Bill is available closer to the maturity date of the fund, T-Bill that is closest to the maturity date but maturing before the maturity date of index will be selected. If such T-Bill matures as well, the proceeds will be invested in TREPS.

The T-bills will be weighted equally on each rebalancing date.

Notes:

1. If any Gsec matures before the maturity date of index, the remaining amount will be invested in T-Bill that is closest to the maturity date but maturing before the maturity date of index. If the T-bill gets matured before the maturity date of index, the amount will be invested in TREPS.
2. Coupon Cash Flow will be reinvested on month end based in the weights of the securities at that point of time.
3. The relative weights of the Government securities and asset classes will change due to price movement and will be reset during the 6 monthly rebalancing.

**Index Constituents (as on February 15, 2021):**

Asset Class	ISIN	Instrument Name	Weights
Gsec	IN0020170026	6.79% GS 2027	51.027%
	IN0020060078	08.24% GS 2027	46.973%
T-bill	IN002020X472	TB - 13/05/21 - 91D	0.667%
	IN002020X464	TB - 06/05/21 - 91D	0.667%
	IN002020X456	TB - 29/04/21 - 91D	0.667%

**MATURITY DATE OF THE SCHEME**

The Scheme will mature on June 30, 2027. If the maturity date falls on a non-business day, the immediately following business day shall be considered as maturity date of the Scheme.

Upon the Maturity Date, the Units of the Scheme will be automatically Redeemed at the NAV applicable on the Maturity Date. The Redemption proceeds will be paid to the Unit holders whose names appear on the register of Unit holders on the Maturity Date. Redemption proceeds shall be paid to investors not later than 10 business days from the date of maturity of the scheme.

**NAME OF THE FUND MANAGER:**

Mr. Anurag Mittal will be the fund manager of the Scheme. (Since the Scheme is a new scheme, tenure of the fund manager(s) is not available)

**NAME OF THE TRUSTEE COMPANY:** IDFC AMC TRUSTEE COMPANY LIMITED

**PERFORMANCE OF THE SCHEME:**

Since the Scheme is a new scheme, this information is not available.

**ADDITIONAL DISCLOSURES:****a. Scheme Portfolio holdings:**

Since the Scheme is a new scheme, this information is not available. Monthly portfolio statement of the Scheme will be hosted on website – <http://www.idfcmf.com/Downloads.aspx>

**b. Portfolio Turnover:**

Since the Scheme is a new scheme, this information is not available.

**LOAD STRUCTURE:**

**Entry load:** Nil

**Exit Load:** Nil

#### **TRANSACTION CHARGES:**

**In accordance with SEBI circular no. CIR/ IMD/ DF/ 13/ 2011 dated August 22, 2011, Transaction Charge per subscription of Rs.10,000 and above shall be charged from the investors and shall be payable to the distributors/ brokers (who have opted in for charging the transaction charge for this scheme) in respect of applications routed through distributor/ broker relating to Purchases / subscription / new inflows only (lump sum and SIP), subject to the following:**

- **For Existing / New investors: Rs.100 / Rs.150 as applicable per subscription of Rs. 10,000/ – and above**
- **Transaction charge for SIP shall be applicable only if the total commitment through SIP amounts to Rs.10,000/ – and above. In such cases the transaction charge would be recovered in maximum 4 successful installments.**
- **There shall be no transaction charge on subscription below Rs.10,000/-.**
- **There shall be no transaction charges on direct investments.**

**The Transaction Charge as mentioned above shall be deducted by the AMC from the subscription amount of the Unit Holder and paid to the distributor and the balance shall be invested in the Scheme.**

**The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.**

**The requirement of minimum application amount shall not be applicable if the investment amount falls below the minimum amount required due to deduction of transaction charges from the subscription amount.**

**The AMCs shall be responsible for any malpractice/mis-selling by the distributor while charging transaction costs.**

#### **EXPENSES OF THE SCHEME:**

**NFO Expenses:** New Fund offer expenses will be borne by the AMC.

#### **Recurring Expenses:**

As per SEBI (MF) Regulations, 1996, the total expenses of the scheme including weighted average of total expense ratio levied by the underlying schemes shall not exceed 1.00 per cent of the daily net assets of the scheme.

In terms of SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012, the AMC / Mutual Fund shall annually set apart at least 2 basis points (i.e. 0.02%) on daily net assets of the scheme within the maximum limit of Total Expense Ratio as per Regulation 52 of the SEBI (MF) Regulations for investor education and awareness initiatives.

Additional expense of 30 bps shall be charged if the new inflows from retail investors from B30 cities as specified from time to time are at least -

(i) 30 per cent of gross new inflows in the scheme, or; (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from retail investors from B30 cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from retail investors from B30 cities.

Provided further that amount incurred as expense on account of inflows from retail investors from B30 cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under Direct Plan. All fees and expenses charged in a direct plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a regular plan.

The AMC shall adhere provisions of SEBI Circular dated October 22, 2018 and various guidelines specified by SEBI as amended from time to time, with reference to charging of fees and expenses. Accordingly:

- a. All scheme related expenses including commission paid to distributors, shall be paid from the Scheme only within the regulatory limits and not from the books of the AMC, its associates, sponsor, trustee or any other entity through any route.  
Provided that, such expenses that are not specifically covered in terms of Regulation 52 (4) can be paid out of AMC books at actual or not exceeding 2 bps of the Scheme AUM, whichever is lower.
- b. The Fund / the AMC shall adopt full trail model of commission in the Scheme, without payment of any upfront commission or upfronting of any trail commission, directly or indirectly, in cash or kind, through sponsorships, or any other route.
- c. All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in Regular Plan.
- d. No pass back, either directly or indirectly, shall be given by the Fund / the AMC / Distributors to the investors.

The Regular Plan and Direct Plan will have separate NAV.



For the actual current expenses being charged to the Scheme, the investor should refer to the website of the mutual fund at [www.idfcmf.com](http://www.idfcmf.com) (Home> Total Expense Ratio of Mutual Fund Schemes). Any change proposed to the current expense ratio will be updated on the website at least three working days prior to the change.

As per the Regulations, the total recurring expenses that can be charged to the Scheme in this Scheme information document shall be subject to the applicable guidelines. Expenses over and above the permitted limits shall be borne as per the Regulations. The total recurring expenses of the Scheme, will, however, be limited to the ceilings as prescribed under Regulation 52(6) of the Regulations.

**TAX TREATMENT FOR THE INVESTORS (UNITHOLDERS):**

Investors are requested to refer to Statement of Additional Information (SAI) available on website [www.idfcmf.com](http://www.idfcmf.com) and also independently refer to the tax advisor.

**DAILY NET ASSET VALUE (NAV) PUBLICATION:**

NAV will be determined for every Business Day except in special circumstances. NAV shall be calculated and rounded off up to at least four decimals, as decided by the AMC from time to time. The first NAV shall be calculated and disclosed within 5 business days of allotment.

NAV of the Scheme shall be made available on the website of AMFI ([www.amfiindia.com](http://www.amfiindia.com)) and the Mutual Fund ([www.idfcmf.com](http://www.idfcmf.com)) by 11.00 p.m. on all business days. In case the NAV is not uploaded by 11.00 p.m it shall be explained in writing to AMFI for non adherence of time limit for uploading NAV on AMFI’s website. If the NAVs are not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV. The NAV shall also be available on the call free number 1800 300 66688 and on the website of the Registrar CAMS ([www.camsonline.com](http://www.camsonline.com)). Investors may also place a specific request to the Mutual Fund for sending latest available NAV through SMS.

**FOR INVESTOR GRIEVANCES PLEASE CONTACT:**

Name	Address and Contact Number
Neeta Singh	6 <sup>th</sup> Floor, One World Center, Jupiter Mills Compound, 841 Senapati Bapat Marg, Mumbai 400013. Contact number #022 66289999 Email: <a href="mailto:investormf@idfc.com">investormf@idfc.com</a> Fax: 022-66466953

**UNITHOLDERS’ INFORMATION:**

**Account Statements**

**For NFO allotment and fresh purchase during ongoing sales with creation of a new Folio:**

- The AMC shall allot the units to the applicant whose application has been accepted and also send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS’s to the applicant’s registered email address and/or mobile number within five working days from the date of closure of the NFO / transaction.
- The AMC shall issue to the investor whose application has been accepted, an account statement specifying the number of units allotted within five business days of closure of NFO/transaction. For allotment in demat form the account statement shall be sent by the depository / depository participant, and not by the AMC.
- For NFO allotment in demat form, the AMC shall issue an intimation of allotment.
- For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail instead of physical statement.
- The unitholder may request for an account statement by writing / calling us at any of the ISC and the AMC shall provide the account statement to the investor within 5 business days from the receipt of such request.

Pursuant to sub regulation (1), (2) and (4) of Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circulars no. Cir/ IMD/DF/16/ 2011 dated September 08, 2011, no. Cir/MRD/D9/31/2014 dated November 12, 2014, no. SEBI/HO/IMD/DF2/CIR/P/2016/42dated March 18, 2016 and no. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016, investors are requested to note the following regarding dispatch of account statements:

**A) Consolidated Account Statement (CAS) - for Unitholders who have registered their PAN / PEKRN with the Mutual Fund:**

Investors who hold demat account and have registered their PAN with the mutual fund:

For transactions in the schemes of IDFC Mutual Fund, a Consolidated Account Statement, based on PAN of the holders, shall be sent by Depositories to investors holding demat account, for each calendar month within 10th day of the succeeding month to the investors in whose folios transactions have taken place during that month.

Due to this regulatory change, AMC has now ceased sending account statement (physical / e-mail) to the investors after every financial transaction including systematic transactions.

The CAS shall be generated on a monthly basis. AMCs/ RTAs shall share the requisite information with the Depositories on monthly basis to enable generation of CAS. Consolidation of account statement shall be done on the basis of PAN. In case of multiple holding, it shall be the PAN of the first holder and pattern of holding. Based on the PANs provided by the AMCs/MF-RTAs, the Depositories shall match their PAN database to determine the common PANs and allocate the PANs among themselves for the purpose of sending CAS. For PANs which are common between depositories and AMCs, the Depositories shall send the CAS.

In case investors have multiple accounts across the two depositories, the depository having the demat account which has been opened earlier shall be the default depository which will consolidate details across depositories and MF investments and dispatch the CAS to the investor. However, option shall be given to the demat account holder by the default depository to choose the depository through which the investor wishes to receive the CAS.

In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the depository shall send the account statement to the investor as specified under the regulations applicable to the depositories.

Consolidated account statement sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and transaction in dematerialised securities across demat accounts of the investors and holding at the end of the month. The CAS shall also provide the total purchase value / cost of investment in each scheme.

Further, a consolidated account statement shall be sent by Depositories every half yearly (September/March), on or before 10th day of succeeding month, providing the following information:

- holding at the end of the six month
- The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Services Tax (wherever applicable, as per existing rates), operating expenses, etc.
- The scheme's average Total Expense Ratio (in percentage terms) along with the break up between investment and

advisory fees, commission paid to the distributor and other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN.

For Unit Holders who have provided an e-mail address to the Mutual Fund or in KYC records, the CAS will be sent by e-mail. However, where an investor does not wish to receive CAS through email, option shall be given to the investor to receive the CAS in physical form at the address registered in the Depository system.

Investors who do not wish to receive CAS sent by depositories have an option to indicate their negative consent. Such investors may contact the depositories to opt out.

#### Other investors:

The Consolidated Account Statement (CAS) for each calendar month shall be issued on or before tenth day of succeeding month to the investors who have provided valid Permanent Account Number (PAN) / PAN Exempt KYC Registration Number (PEKRN).

Due to this regulatory change, AMC has now ceased sending physical account statement to the investors after every financial transaction including systematic transactions.

The CAS shall be generated on a monthly basis. The Consolidated Account Statement issued is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and holding at the end of the month. The CAS shall also provide the total purchase value / cost of investment in each scheme.

Further, a consolidated account statement shall be issued every half yearly (September/March), on or before 10th day of succeeding month, providing the following information:

- holding at the end of the six month
- The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event

sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Services Tax (wherever applicable, as per existing rates), operating expenses, etc.

- The scheme's average Total Expense Ratio (in percentage terms) along with the break up between investment and advisory fees, commission paid to the distributor and other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

Such half-yearly CAS shall be issued to all MF investors, excluding those investors who do not have any holdings in MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

The CAS will be sent via email (instead of physical statement) where any of the folios consolidated has an email id or to the email id of the first unit holder as per KYC records.

**B) For Unitholders who have not registered their PAN / PEKRN with the Mutual Fund:**

For folios not included in the Consolidated Account Statement (CAS):

- The AMC shall allot the units to the applicant whose application has been accepted and also send confirmation specifying the number of units allotted to the applicant by way of email and/or SMS's to the applicant's registered email address and/or mobile number within five working days from the date of transaction.
- The AMC shall issue account statement to the investors on a monthly basis, pursuant to any financial transaction in such folios on or before tenth day of succeeding month. The account statement shall contain the details relating to all financial transactions made by an investor during the month, the holding as at the end of the month and shall also provide the total purchase value / cost of investment in each scheme.
- For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail instead of physical statement.
- The unitholder may request for an account statement by writing / calling us at any of the ISC and the AMC shall provide the account statement to the investor within 5 business days from the receipt of such request.

Further, an account statement shall be sent by the AMC every half yearly (September/March), on or before 10th day of succeeding month, providing the following information:

- holding at the end of the six month
- The amount of actual commission paid by AMCs/Mutual Funds (MFs) to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each MF scheme. The term 'commission' here refers to all direct monetary payments and other

payments made in the form of gifts / rewards, trips, event sponsorships etc. by AMCs/MFs to distributors. Further, a mention may be made in such CAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Services Tax (wherever applicable, as per existing rates), operating expenses, etc.

- The scheme's average Total Expense Ratio (in percentage terms) along with the break up between investment and advisory fees, commission paid to the distributor and other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

Such half-yearly account statement shall be issued to all investors, excluding those investors who do not have any holdings in IDFC MF schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period.

**C) For all Unitholders**

In case of a specific request received from the unit holder, the AMC shall provide the account statement to the investor within 5 business days from the receipt of such request.

**Monthly and Half Yearly Portfolio Disclosures:**

The Mutual Fund/AMC shall e-mail to all unitholders (if an e-mail address is provided) the complete scheme portfolio as at the end of each month and each half year (i.e., 31st March and 30th September) within ten days of end of the month/half year. Further, pursuant to SEBI Circular dated July 22, 2020, the AMC shall also disclose portfolios of debt schemes on fortnightly basis within 5 days of every fortnight. These shall also be displayed on the website of the Mutual Fund ([www.idfcmf.com](http://www.idfcmf.com)) and that of AMFI ([www.amfiindia.com](http://www.amfiindia.com)) in a user-friendly and downloadable spreadsheet format. Investors may also place a specific request to the Mutual Fund for sending the half yearly portfolio through email. The Mutual Fund shall publish an advertisement disclosing uploading of such half yearly scheme portfolios on its website, in all India editions of one English and one Hindi daily newspaper. The Mutual Funds shall provide a physical copy of the scheme portfolio, without charging any cost, on specific request received from a unitholder.

**Half Yearly Financial Results**

The Mutual Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website and shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated.

The unaudited financial results will be displayed on the website of the Mutual Fund ([www.idfcmf.com](http://www.idfcmf.com)) and that of AMFI ([www.amfiindia.com](http://www.amfiindia.com)).

## **Annual Report**

The Scheme wise annual report or an abridged summary hereinafter shall be sent by AMC/Mutual Fund as under:

- (i) by e-mail to the Unit holders whose e-mail address is available with the Fund,
- (ii) in physical form to the Unit holders whose email address is not available with the Fund and who have expressly opted-in to receive physical copy of the same.

The scheme wise annual report or an abridged summary shall be sent by mail/e-mail not later than four months from the date of closure of the relevant accounting year (i.e. 31st March each year).

The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC. Physical copy of the abridged summary of the Annual Report shall be provided to the unitholder, without charging any cost, on such specific request by the unitholder.

A link of the scheme annual report shall be displayed prominently on the website of the Mutual Fund ([www.idfcmf.com](http://www.idfcmf.com)) and that of AMFI ([www.amfiindia.com](http://www.amfiindia.com)). The Mutual Fund shall publish an advertisement disclosing uploading of such scheme annual report thereof on its website, in all India editions of one English and one Hindi daily newspaper.

## **COMPARISON WITH OTHER INDEX FUNDS OFFERED BY IDFC MUTUAL FUND:**

<b>Name of the scheme</b>	<b>Category of the scheme</b>	<b>Type of scheme</b>
IDFC Nifty Fund	Index Fund	An open ended scheme tracking Nifty 50 Index
IDFC Gilt 2027 Index Fund (New Fund Offer)	Index Fund	An open-ended Target Maturity Index fund investing in constituents of CRISIL Gilt 2027 Index
IDFC Gilt 2028 Index Fund (New Fund Offer)	Index Fund	An open-ended Target Maturity Index fund investing in constituents of CRISIL Gilt 2028 Index

**Please refer to the Statement of Additional Information and Scheme Information Document for any further details.**

This Scheme has been approved by the Board of IDFC AMC Trustee Company Limited on December 11, 2020. The Board of Directors of IDFC AMC Trustee Company Limited have ensured that the scheme approved by them is a new product

offered by the Mutual Fund and is not a minor modification of the existing scheme/fund/ product.

**For IDFC Asset Management Company Limited**

**Sd/-  
Vishal Kapoor  
CEO**

Date: February 26, 2021