



IDFC BALANCED ADVANTAGE FUND

(previously known as IDFC Dynamic Equity Fund)

An open ended dynamic asset allocation fund

FUND PHILOSOPHY*

IDFC Balanced Advantage Fund is a hybrid fund with active equity allocation changing based on the trailing P/E of Nifty 50 index. The fund has a pre-defined model which indicates the range of active equity allocation based on P/E levels, and there are 6 different range of equity allocation possible. Higher the P/E band, lower will be the active equity allocation and vice versa.

Change of bands happen once a month while changes within the band happen dynamically on a day to day basis. The active equity portfolio is managed like a diversified fund. Active stock selection philosophy combines quality stocks with good growth potential. The quality filters for the fund are - conversion of EBIDTA to operating cash - OCF as % of EBIDTA > 33%; Moderate leverage: Debt EBIDTA < 3x; Profitability: EBIDTA / Net operating Assets > 30%. Thus, companies which qualify these parameters and have higher visibility of growth versus peers will form the core portfolio. Depending on P/E levels, the fund can have more large or mid/small cap names. The fund will also use Nifty futures to dynamically manage active equity allocation within a month.

The debt portion of the fund is actively managed. The portfolio emphasizes on maintaining high credit quality and currently has 100% in AAA or equivalent instruments. Further the portfolio is oriented towards short-to-medium duration strategies.

Bloomberg Nifty P/E data as of 30th July 2021 indicates a value of 27.5 and Equity band for the month of August will continue to be 30-40%.

OUTLOOK

The S&P BSE Sensex Index and Nifty 50 Index ended the roller-coaster ride of the month almost flat (0.3%) in July. Mid and Small caps were up 3% and 8%, respectively; outperforming Large caps in July.

Earnings growth for Q1 FY22 also commenced. The earnings' results so far has depicted mixed trends - reflecting increasing margin pressure, moderation in top-line momentum, and an increase in retail NPAs for some banks. Moreover, the ongoing earnings season reflects a few key trends:

- The momentum of activity visible in the Jan-Mar 2021 quarter stalled during the Apr-Jun 2021 quarter due to the 2nd wave of the pandemic.
- Management commentary post-Apr-Jun 2021 quarter is more muted about the near term, as worries of a 3rd wave and its impact on business continuity remains an open question.
- The cycle of upgrades witnessed from the Sep 2020 quarter will take a breather with the current quarter. Earnings for FY22 will be marginally downgraded, while earnings for FY23 remain unimpacted. While, we believe there are few headwinds which could provide near term break to growth in the form of rising fears of Covid-19 third wave and associated slow pace of unlocking of economy in progress.

"IDFC Dynamic Equity Fund" has been renamed as "IDFC Balanced Advantage Fund" with effect from May 03, 2021. Refer the addendum issued in this regard, in the Download center i.e. <https://idfcmf.com/download-centre/notices>

The above mentioned is the current strategy of the Fund Manager. However, asset allocation and investment strategy shall be within broad parameters of Scheme Information Document.

Ratios calculated on the basis of 3 years history of monthly data.

Face Value per Unit (in ₹) is 10

Income Distribution cum capital withdrawal is not guaranteed and past performance may or may not be sustained in future. Pursuant to payment of Income Distribution cum capital withdrawal, the NAV of the scheme would fall to the extent of payout and statutory levy (as applicable).

Fund Features: (Data as on 31st July'21)

Category: Dynamic Asset Allocation or Balanced Advantage

Monthly Avg AUM: ₹2,203.05 Crores

Inception Date: 10th October 2014

Fund Managers:

Equity Portion: Mr. Arpit Kapoor and Mr. Sumit Agrawal (w.e.f. 01/03/17)

Debt Portion: Mr. Arvind Subramanian (w.e.f. 09/11/2015)

Standard Deviation (Annualized): 13.80%

Modified Duration: 1.51 years*

Average Maturity: 1.74 years*

Macaulay Duration: 1.55 years*

Yield to Maturity: 4.23%*

*Of Debt Allocation Only

Benchmark: 50% S&P BSE 200 TRI + 50% NIFTY AAA Short Duration Bond Index (w.e.f 11/11/2019)

Asset allocation:

Gross Equity* (Including Arbitrage): 65.41%

Debt: 34.59%

Net Equity: 38.97%

Market Cap Split:

Large Cap: 68.90%

Mid and Small Cap: 31.10%

Minimum Application Amount: ₹5,000/- and any amount thereafter.

Exit Load: In respect of each purchase of Units:

- For 10% of investment: Nil

- For remaining investment: 1% if redeemed/switched out within 1 year from the date of allotment (w.e.f. July 5, 2017)

SIP Frequency: Monthly (Investor may choose any day of the month except 29th, 30th and 31st as the date of instalment.)

Options Available: Growth, IDCW® (Payout, Reinvestment and Sweep (from Equity Schemes to Debt Schemes only))

PLAN	IDCW® RECORD DATE	₹/UNIT	NAV
REGULAR	29-Jun-21	0.13	12.9000
	22-Mar-21	0.13	12.4700
	18-Dec-20	0.12	12.1700
DIRECT	29-Jun-21	0.14	14.0300
	22-Mar-21	0.14	13.5100
	18-Dec-20	0.13	13.1400

®Income Distribution cum capital withdrawal

PORTFOLIO

(31 July 2021)

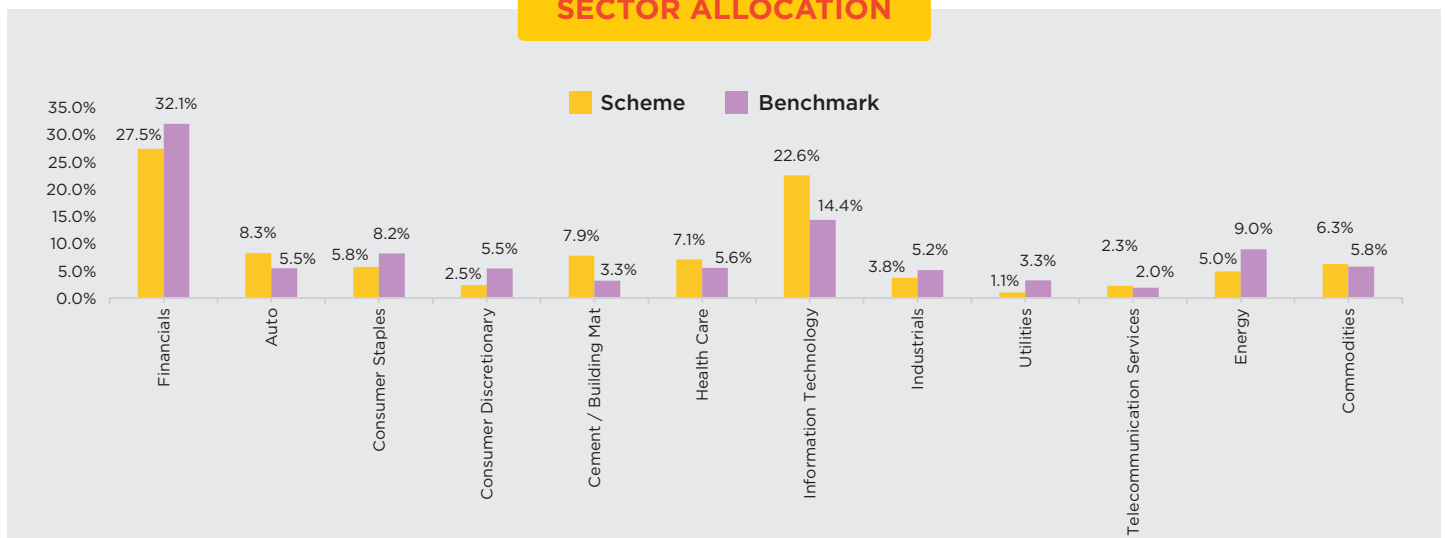


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		65.41%	Zomato		1.23%
Net Exposure Equity		38.97%	Avenue Supermarts		0.99%
Software		7.80%	Petroleum Products		1.96%
Infosys		5.58%	Reliance Industries		4.42%
Infosys - Equity Futures		-1.97%	Reliance Industries - Equity Futures		-2.46%
Tech Mahindra		2.85%	Industrial Products		1.82%
Tech Mahindra - Equity Futures		-1.85%	Shaily Engineering Plastics		0.72%
Coforge		1.72%	Supreme Industries		0.46%
Coforge - Equity Futures		-0.35%	Carborundum Universal		0.38%
Larsen & Toubro Infotech		1.19%	AIA Engineering		0.26%
Larsen & Toubro Infotech - Equity Futures		-0.23%	Bharat Forge		0.25%
Wipro		0.87%	Bharat Forge - Equity Futures		-0.25%
Banks		5.81%	Insurance		1.61%
ICICI Bank		5.83%	Bajaj Finserv		2.05%
ICICI Bank - Equity Futures		-2.96%	Bajaj Finserv - Equity Futures		-1.01%
HDFC Bank		3.08%	HDFC Life Insurance Company		1.74%
HDFC Bank - Equity Futures		-0.58%	HDFC Life Insurance Company - Equity Futures		-1.17%
State Bank of India		1.63%	Chemicals		1.23%
State Bank of India - Equity Futures		-1.64%	SRF		0.75%
Suryoday Small Finance Bank		0.44%	SRF - Equity Futures		-0.14%
Finance		3.58%	Chemcon Speciality Chemicals		0.33%
Bajaj Finance		2.72%	Clean Science and Technology		0.29%
Bajaj Finance - Equity Futures		-2.12%	Telecom - Services		0.92%
Muthoot Finance		1.63%	Bharti Airtel		3.13%
Muthoot Finance - Equity Futures		-0.68%	Bharti Airtel - Equity Futures		-2.21%
Cholamandalam Invst and Fin Co		0.98%	Pesticides		0.51%
SBI Cards and Payment Services		0.81%	PI Industries		0.77%
Mas Financial Services		0.21%	PI Industries - Equity Futures		-0.26%
Aavas Financiers		0.04%	Construction		0.48%
Auto Ancillaries		3.34%	PNC Infratech		0.48%
Minda Industries		1.07%	Gas		0.43%
Sandhar Technologies		0.76%	Indraprastha Gas		0.43%
Endurance Technologies		0.54%	Industrial Capital Goods		0.39%
Jamna Auto Industries		0.53%	Honeywell Automation India		0.39%
Motherson Sumi Systems		0.46%	Index		-1.03%
Motherson Sumi Systems - Equity Futures		-0.46%	Nifty 50 Index - Equity Futures		-1.03%
Tube Investments of India		0.44%	Treasury Bill		12.96%
Pharmaceuticals		2.86%	182 Days Tbill - 2021	SOV	9.70%
Divi's Laboratories		3.39%	91 Days Tbill - 2021	SOV	2.17%
Divi's Laboratories - Equity Futures		-1.79%	364 Days Tbill - 2021	SOV	1.08%
Dr. Reddy's Laboratories		1.49%	Government Bond		11.16%
Dr. Reddy's Laboratories - Equity Futures		-0.98%	5.22% - 2025 G-Sec	SOV	5.83%
Gland Pharma		0.51%	5.63% - 2026 G-Sec	SOV	2.17%
IPCA Laboratories		0.24%	7.17% - 2028 G-Sec	SOV	2.10%
Cement & Cement Products		2.71%	5.15% - 2025 G-Sec	SOV	1.07%
UltraTech Cement		1.53%	Corporate Bond		2.71%
UltraTech Cement - Equity Futures		-0.54%	Power Finance Corporation	AAA	1.13%
JK Cement		1.06%	NABARD	AAA	0.90%
Ambuja Cements		0.65%	REC	AAA	0.67%
Consumer Non Durables		2.32%	NTPC	AAA	0.01%
Hindustan Unilever		2.27%	Commercial Paper		2.15%
Hindustan Unilever - Equity Futures		-1.38%	LIC Housing Finance	A1+	1.07%
Nestle India		0.96%	HDFC	A1+	1.07%
Nestle India - Equity Futures		-0.39%	Net Cash and Cash Equivalent		5.61%
Godrej Consumer Products		0.86%	Grand Total		100.00%
Retailing		2.22%			



SECTOR ALLOCATION



This product is suitable for investors who are seeking*:

- To create wealth over long term
- Dynamic allocation towards equity, derivatives, debt and money market instruments

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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