



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 31st May 2021 indicates a value of 29.5 and equity band for the month of April will continue to be 30-40%.

OUTLOOK

The severity of the second wave has taken most by surprise, especially after the hubris of having “tamed” the virus which was prevalent during Jan/Feb 2021 period. Markets, however, continued to chug along, almost unconcerned. The positive outcome of the March 2021 quarterly results was overshadowed by muted outlook for Q1FY21 in most management commentaries.

In FY21, earnings and sales growth of the organized players were not negatively impacted during the last fiscal. The same could be the case going ahead in FY22.

Moreover, a few positives also need to be highlighted – forecast of a normal monsoon, exports as an emerging growth opportunity for Indian corporate sector; a weakened unorganized sector/ imports restrictions have provided organized (listed) players an opportunity to grab market share gains; a deleveraged balance sheet of the Corporate sector & a well-capitalized Banking system.

The pace of vaccination and a return to normalcy will hold the key for economic growth to remain above the forecasted trend line. Moreover, performance going forward shall be a function of supply catching up with growing demand and progress in vaccine inoculations in the Emerging market countries.

“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 May'21)

Category: Dynamic Asset Allocation or Balanced Advantage

Monthly Avg AUM: ₹1,887.70 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): 13.82%

Modified Duration: 1.26 years*

Average Maturity: 1.49 years*

Macaulay Duration: 1.30 years*

Yield to Maturity: 4.11%*

*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): 66.61%

Debt: 33.39%

Net Equity: 37.70%

Market Cap Split:

Large Cap: 72.05%

Mid and Small Cap: 27.95%

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	22-Mar-21	0.13	12.4700
	18-Dec-20	0.12	12.1700
	15-Jun-20	0.10	10.4300
DIRECT	22-Mar-21	0.14	13.5100
	18-Dec-20	0.13	13.1400
	15-Jun-20	0.11	11.1900

®Income Distribution cum capital withdrawal

PORTFOLIO

(31 May 2021)

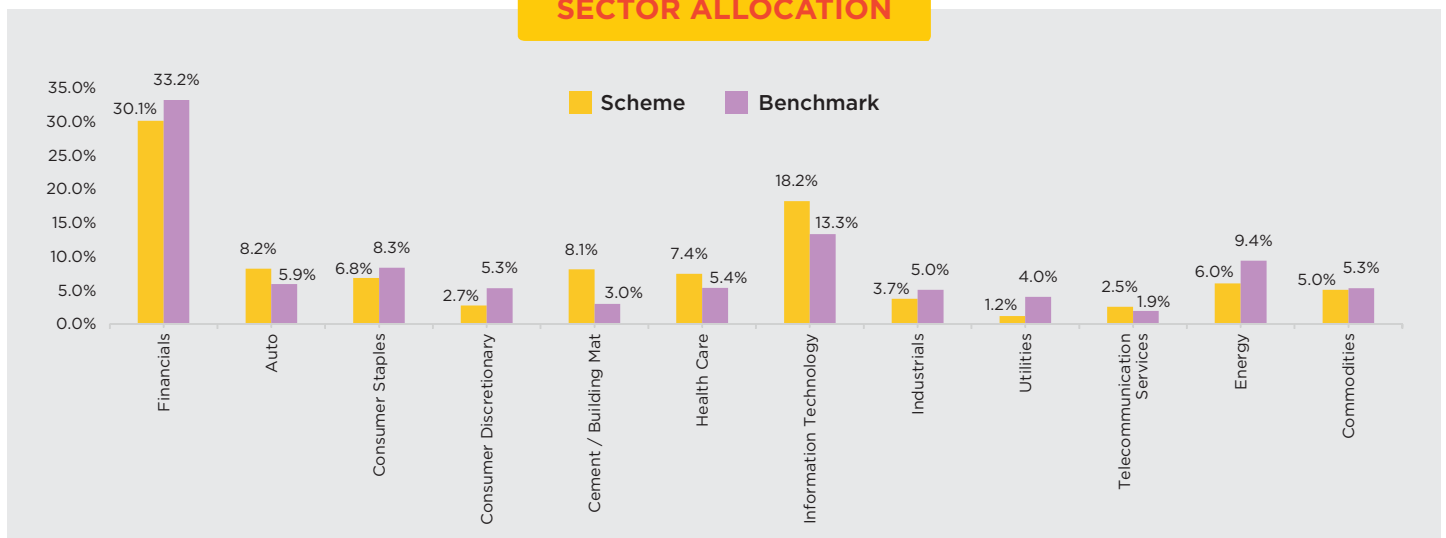


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		66.61%	JK Cement		1.09%
Net Equity Exposure		37.70%	Ambuja Cements		0.61%
Software		7.44%	Petroleum Products		2.46%
Infosys	5.68%		Reliance Industries		4.99%
Infosys - Equity Futures	-2.01%		Reliance Industries - Equity Futures		-2.53%
Tata Consultancy Services	3.53%		Insurance		1.57%
Tata Consultancy Services - Equity Futures	-3.54%		Bajaj Finserv		1.56%
Tech Mahindra	2.35%		Bajaj Finserv - Equity Futures		-0.53%
Tech Mahindra - Equity Futures	-1.36%		HDFC Life Insurance Company		1.18%
Coforge	1.33%		HDFC Life Insurance Company - Equity Futures		-0.64%
Coforge - Equity Futures	-0.22%		Industrial Products		1.53%
Wipro	0.94%		Shaily Engineering Plastics		0.65%
Larsen & Toubro Infotech	0.81%		Supreme Industries		0.58%
Larsen & Toubro Infotech - Equity Futures	-0.07%		ALA Engineering		0.30%
Banks		6.65%	Telecom - Services		1.03%
ICICI Bank	5.60%		Bharti Airtel		3.51%
ICICI Bank - Equity Futures	-2.31%		Bharti Airtel - Equity Futures		-2.48%
HDFC Bank	3.33%		Chemicals		0.89%
HDFC Bank - Equity Futures	-0.53%		SRF		0.67%
Axis Bank	1.13%		SRF - Equity Futures		-0.13%
Axis Bank - Equity Futures	-1.14%		Chemcon Speciality Chemicals		0.34%
State Bank of India	0.98%		Construction Project		0.73%
State Bank of India - Equity Futures	-0.98%		Larsen & Toubro		1.46%
Suryoday Small Finance Bank	0.56%		Larsen & Toubro - Equity Futures		-0.72%
Finance		4.13%	Retailing		0.71%
Bajaj Finance	1.64%		Avenue Supermarts		0.71%
Bajaj Finance - Equity Futures	-1.01%		Pesticides		0.53%
Muthoot Finance	1.44%		PI Industries		0.80%
Muthoot Finance - Equity Futures	-0.51%		PI Industries - Equity Futures		-0.27%
Cholamandalam Invnt and Fin Co	1.13%		Construction		0.50%
SBI Cards and Payment Services	0.80%		PNC Infratech		0.50%
Aavas Financiers	0.35%		Gas		0.48%
Mas Financial Services	0.28%		Indraprastha Gas		0.48%
Auto Ancillaries		3.36%	Leisure Services		0.41%
Minda Industries	0.96%		Burger King India		0.41%
Sandhar Technologies	0.72%		Index		-3.29%
Jamna Auto Industries	0.58%		Nifty 50 Index - Equity Futures		-3.29%
Motherson Sumi Systems	0.56%		Treasury Bill		15.52%
Motherson Sumi Systems - Equity Futures	-0.56%		364 Days Tbill - 2021	SOV	6.63%
Endurance Technologies	0.55%		182 Days Tbill - 2021	SOV	6.35%
Tube Investments of India	0.55%		91 Days Tbill - 2021	SOV	2.54%
Pharmaceuticals		3.05%	Government Bond		8.20%
Divi's Laboratories	2.91%		5.22% - 2025 G-Sec	SOV	2.55%
Divi's Laboratories - Equity Futures	-1.30%		7.17% - 2028 G-Sec	SOV	2.48%
Dr. Reddy's Laboratories	1.02%		7.27% - 2026 G-Sec	SOV	1.91%
Dr. Reddy's Laboratories - Equity Futures	-0.34%		5.15% - 2025 G-Sec	SOV	1.27%
Gland Pharma	0.48%		Corporate Bond		3.19%
IPCA Laboratories	0.28%		Power Finance Corporation	AAA	1.33%
Consumer Non Durables		2.80%	NABARD	AAA	1.06%
Hindustan Unilever	2.68%		REC	AAA	0.79%
Hindustan Unilever - Equity Futures	-1.62%		NTPC	AAA	0.01%
Nestle India	1.13%		Commercial Paper		2.51%
Godrej Consumer Products	0.88%		LIC Housing Finance	A1+	1.25%
Godrej Consumer Products - Equity Futures	-0.26%		HDFC	A1+	1.25%
Cement & Cement Products		2.73%	Net Cash and Cash Equivalent		3.97%
UltraTech Cement	1.59%		Grand Total		100.00%
UltraTech Cement - Equity Futures	-0.56%				



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.