



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 November 2022 indicates a value of 23.61 and Equity band for the month of December will be 40-55%.

OUTLOOK

How has been the November for Equity markets?

Global equities strengthened across regions (+7.6% MoM/-16.4% YTD). Brazil was the only outlier while all other regions improved (US surging 5%/China +30%/Euro area up 11%).

Indian equities (MSCI India) gained (USD terms, +5% MoM/-3% YTD), while underperforming the region and its peers (MSCI APxJ/EM: -17%/+15% MoM). Performance of both mid-caps (up -2% MoM) and small caps (up -3% MoM) was positive, though weaker than large caps (up -4% MoM). All sectors barring Consumer Discretionary, Auto and Utilities ended the month in the green as NIFTY improved (up -4% MoM), clocking a new lifetime high of 18,758 at the close of the month. INR appreciated by 1.7% MoM, reaching -81.43/USD in November. DXY (Dollar Index) weakened 5% over the month, closing the month at 105.95 (from 111.53 a year earlier).

After the exhilarating moves in CY 20 and CY 21, market movement during CY 22 has been more sedate. Nifty50 till a few weeks back was flirting with negative return on a calendar year basis. Clearly, equity returns have been underwhelming. Yet, the markets have climbed the proverbial "walls of worry" to cross the previous peak touched in Oct'21.

Is the Indian market overvalued, as a result becomes a difficult question to answer. "Are we in bubble territory" would be a relatively easier question to answer - No. A simple, yet effective test of the market valuation would be to compare Small Cap Index earnings to Nifty50. In CY 17, Small cap index traded at a premium to Nifty and needed a trigger to unravel. Thankfully, in the market rally since Apr'2020, Small cap index has never traded at a premium to Nifty. Thus, while valuations may be elevated we are not in bubble territory.

This should be the most important take away for investors, moderate return expectations not equity allocation at the current juncture...this train can chug along for some more time.

"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 30th November'22)

Category: Dynamic Asset Allocation or Balanced Advantage

Monthly Avg AUM: ₹ 2,925.28 Crores

Inception Date: 10th October 2014

Fund Managers: Equity Portion: Mr. Sachin Relekar (w.e.f. 1st March 2022) & Mr. Sumit Agrawal (w.e.f. 01st March 2017), **Debt Portion:** Mr. Brijesh Shah (w.e.f. 16th July 2022)

Standard Deviation (Annualized): 13.93%

Modified Duration: 1.15 Years*

Average Maturity: 1.29 Years*

Macaulay Duration: 1.19 Years*

Yield to Maturity: 6.55%*

*Of Debt Allocation Only

Benchmark: NIFTY 50 Hybrid Composite debt 50:50 Index (w.e.f. 1st Dec, 2021)

Asset allocation:

Gross Equity* (Including Arbitrage): 69.70%

Debt: 30.30%

Net Equity: 50.69%

Market Cap Split:

Large Cap: 83.63%

Mid and Small Cap: 16.37%

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 Dates : (Monthly/Quarterly*) Investor may choose any day of the month except 29th, 30th & 31st of instalment. *Any day of next month from the Quarter end.

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

PLAN	IDCW® RECORD DATE	₹/UNIT	NAV
REGULAR	29-Sep-22	0.12	12.7990
	29-Jun-22	0.12	12.1300
	25-Mar-22	0.13	13.0100
DIRECT	29-Sep-22	0.15	14.1780
	29-Jun-22	0.13	13.3900
	25-Mar-22	0.15	14.3000

®Income Distribution cum capital withdrawal

Debt portion: Mr. Arvind Subramanian managed this scheme up to 15th July, 2022.

PORTFOLIO

(30 November 2022)

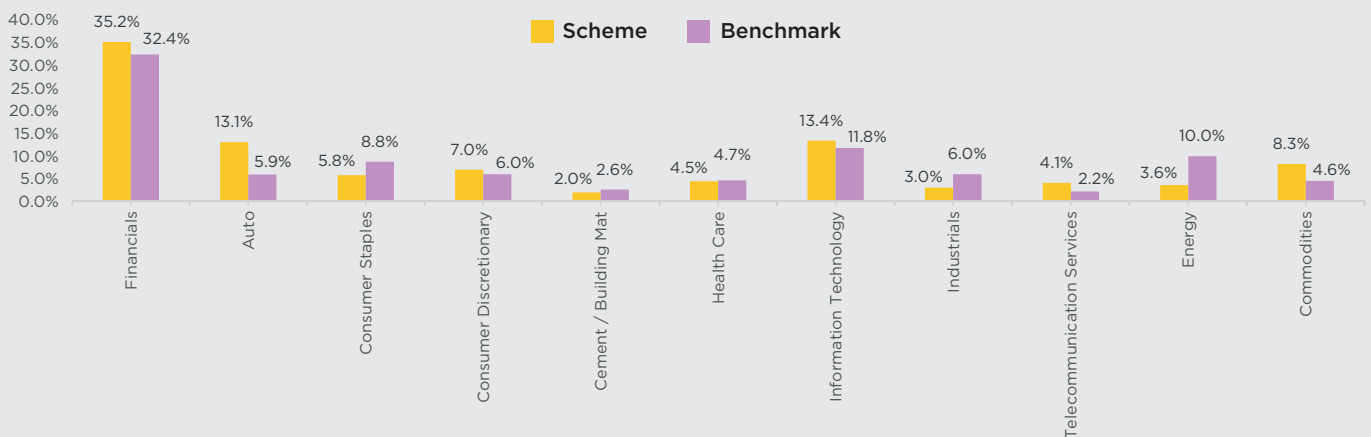


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
Equity and Equity related Instruments		69.70%	Beverages		1.22%
Net Equity Exposure		50.69%	United Spirits		2.08%
Banks		11.89%	United Spirits - Equity Futures		-0.85%
ICICI Bank		8.89%	Pharmaceuticals & Biotechnology		1.20%
ICICI Bank - Equity Futures		-2.98%	Divi's Laboratories		2.43%
HDFC Bank		5.11%	Divi's Laboratories - Equity Futures		-1.23%
HDFC Bank - Equity Futures		-1.25%	Lupin		0.08%
State Bank of India		2.12%	Lupin - Equity Futures		-0.08%
State Bank of India - Equity Futures		-0.50%	Sun Pharmaceutical Industries		0.03%
IndusInd Bank		0.82%	Sun Pharmaceutical Industries - Equity Futures		-0.03%
IndusInd Bank - Equity Futures		-0.83%	Diversified FMCG		1.18%
Kotak Mahindra Bank		0.72%	Hindustan Unilever		2.19%
Kotak Mahindra Bank - Equity Futures		-0.73%	Hindustan Unilever - Equity Futures		-1.01%
Axis Bank		0.51%	Healthcare Services		1.07%
IT - Software		6.81%	Apollo Hospitals Enterprise		1.07%
Infosys		4.68%	Cement & Cement Products		1.03%
Mphasis		1.17%	UltraTech Cement		1.54%
Tata Consultancy Services		0.96%	UltraTech Cement - Equity Futures		-0.51%
Finance		5.91%	ACC		0.16%
Bajaj Finance		4.51%	ACC - Equity Futures		-0.16%
HDFC		2.18%	Electrical Equipment		0.70%
HDFC - Equity Futures		-1.92%	ABB India		0.70%
Cholamandalam Invnt and Fin Co		1.88%	Paper, Forest & Jute Products		0.54%
Bajaj Finserv		0.04%	Century Textiles & Industries		0.54%
Bajaj Finance - Equity Futures		-0.80%	Food Products		0.52%
Automobiles		3.99%	Nestle India		0.52%
Mahindra & Mahindra		2.66%	Fertilizers & Agrochemicals		0.46%
Mahindra & Mahindra - Equity Futures		-0.46%	PI Industries		0.75%
Tata Motors		1.06%	PI Industries - Equity Futures		-0.29%
TVS Motor Company		0.72%	Aerospace & Defense		0.11%
Chemicals & Petrochemicals		2.69%	Bharat Electronics		0.11%
SRF		1.28%	Personal Products		0.01%
SRF - Equity Futures		-0.10%	Godrej Consumer Products		1.27%
Tata Chemicals		1.19%	Godrej Consumer Products - Equity Futures		-1.25%
Tata Chemicals - Equity Futures		-0.16%	Realty		-0.001%
Aether Industries		0.28%	DLF		0.08%
Clean Science and Technology		0.21%	DLF - Equity Futures		-0.08%
Auto Components		2.64%	Government Bond		10.53%
UNO Minda		1.10%	5.63% - 2026 G-Sec	SOV	10.18%
Tube Investments of India		0.88%	7.38% - 2027 G-Sec	SOV	0.35%
Jamna Auto Industries		0.67%	Certificate of Deposit		6.72%
Retailing		2.26%	HDFC Bank	A1+	3.32%
Avenue Supermarts		1.91%	Axis Bank	A1+	2.57%
Vedant Fashions		0.36%	Bank of Baroda	A1+	0.83%
Telecom - Services		2.10%	Treasury Bill		6.32%
Bharti Airtel		2.10%	182 Days Tbill - 2022	SOV	4.62%
Petroleum Products		1.82%	364 Days Tbill - 2023	SOV	1.70%
Reliance Industries		5.61%	Corporate Bond		0.86%
Reliance Industries - Equity Futures		-3.79%	Power Finance Corporation	AAA	0.85%
Consumer Durables		1.30%	NTPC	AAA	0.01%
Titan Company		1.30%	Net Cash and Cash Equivalent		5.88%
Industrial Products		1.24%	Grand Total		100.00%
Carborundum Universal		0.73%			
Shaily Engineering Plastics		0.50%			



SECTOR ALLOCATION



Scheme risk-o-meter	This product is suitable for investors who are seeking*	Benchmark risk-o-meter
<p>Investors understand that their principal will be at Very High risk</p>	<ul style="list-style-type: none"> To create wealth over long term. Dynamic allocation towards equity, derivatives, debt and money market instruments. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>NIFTY 50 Hybrid Composite debt 50:50 Index</p>

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