



## 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 September 2022 indicates a value of 21.49 and Equity band for the month of September will be 55-65%.**

### OUTLOOK

**Global equities weakened** across regions (-10.1% MoM/ -26.7% YTD). All major Emerging markets (EM) / Developed markets (DM) regions were in the red with India outperforming the World and Emerging markets (-10.1%/-11.8%). In the current episode of US Dollar strengthening, Emerging markets have remained largely unscathed, as compared to previous periods in 2008 & 2013. With US 2-year yields crossing 4%, the spreads between US 10-year and EM 10-year Bonds have remained stable. Thus, defying the “conventional” response of expanding spreads during phases of US\$ strengthening.

**FIIIs again turned sellers** of Indian equities in September (-\$1.4bn, following +\$6.8bn inflow in August). So far, India has seen YTD FII outflows of \$22.4bn.

**DIIs saw buying** of \$1.8bn in September, with YTD inflows of \$32.6bn. Mutual funds and Insurance funds were both net buyers in September with \$0.8bn outflows and \$0.9bn outflows respectively.

Emerging market indices continue to be “plagued” by the underperformance of China, the largest weight within MSCI EM Index (31.4%). Chinese markets for the month registered a decline of 14.3% as against EM declining by 11.8%. A country’s outperformance is driven by a combination of superior earnings trajectory combined with multiples re-rating. Viewed from the prism of valuations, Indian equities are trading at a record premium to MSCI EM valuations. On the earnings front, estimates have been downgraded since Jan’22, with Nifty 50 estimated to deliver growth of 13.8% for Cy 22 (as per FTSE) while CY23 estimated growth is more impressive at 18.1%. Not the highest within Asia but clearly superior to China (FTSE estimates of 4.5% growth for CY22 and 17.1% for CY23). While FIIIs have been sellers over the last 12 months (though July & August saw positive inflows), the impressive earnings forecast and the increasing weight of India within MSCI EM Index (2<sup>nd</sup> highest country allocation), will keep them interested in India going ahead as well.

“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 September’22)

**Category:** Dynamic Asset Allocation or Balanced Advantage

**Monthly Avg AUM:** ₹ 3,020.28 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):** 13.94%

**Modified Duration:** 1.27 Years\*

**Average Maturity:** 1.45 Years\*

**Macaulay Duration:** 1.31 Years\*

**Yield to Maturity:** 6.86%\*

\*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):** 66.97%

**Debt:** 33.03%

**Net Equity:** 53.97%

**Market Cap Split:**

**Large Cap:** 83.57%

**Mid and Small Cap:** 16.43%

**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-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 September 2022)

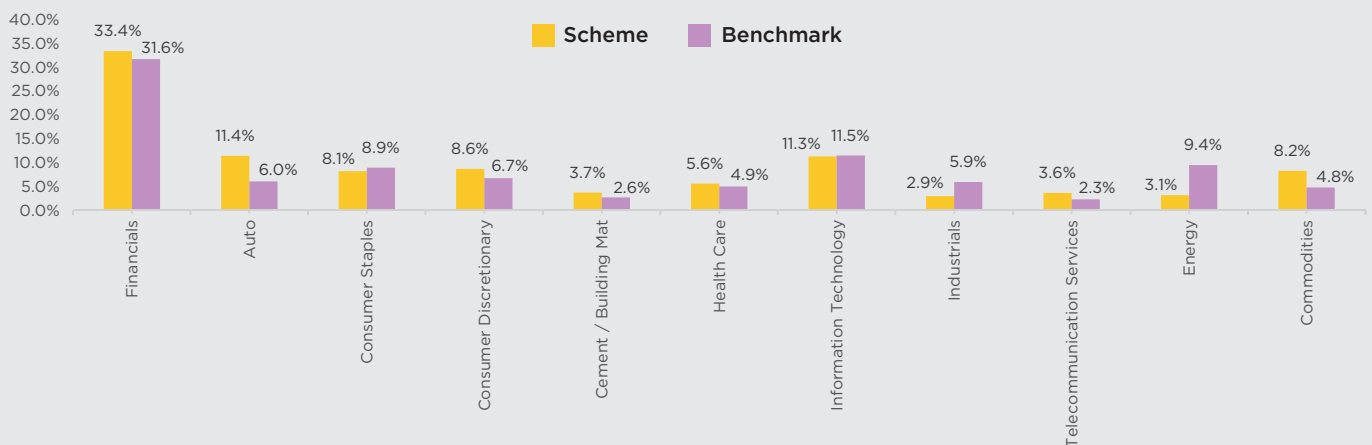


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
<b>Equity and Equity related Instruments</b>		<b>66.97%</b>	<b>Telecom - Services</b>		<b>1.92%</b>
<b>Net Equity Exposure</b>		<b>53.97%</b>	Bharti Airtel		1.92%
<b>Banks</b>		<b>11.30%</b>	<b>Consumer Durables</b>		<b>1.89%</b>
ICICI Bank		7.63%	Titan Company		1.25%
ICICI Bank - Equity Futures		-1.49%	Bata India		0.64%
HDFC Bank		3.91%	<b>Diversified FMCG</b>		<b>1.68%</b>
HDFC Bank - Equity Futures		-0.58%	Hindustan Unilever		2.65%
State Bank of India		2.25%	Hindustan Unilever - Equity Futures		-0.97%
State Bank of India - Equity Futures		-0.43%	<b>Petroleum Products</b>		<b>1.64%</b>
IndusInd Bank		0.22%	Reliance Industries		4.52%
IndusInd Bank - Equity Futures		-0.22%	Reliance Industries - Equity Futures		-2.87%
Kotak Mahindra Bank		0.06%	<b>Industrial Products</b>		<b>1.39%</b>
Kotak Mahindra Bank - Equity Futures		-0.06%	Carborundum Universal		0.75%
<b>Finance</b>		<b>6.34%</b>	Shaily Engineering Plastics		0.64%
Bajaj Finance		4.81%	<b>Beverages</b>		<b>1.08%</b>
Cholamandalam Invt and Fin Co		1.89%	United Spirits		1.76%
HDFC		1.51%	United Spirits - Equity Futures		-0.68%
HDFC - Equity Futures		-1.29%	<b>Index</b>		<b>1.07%</b>
Bajaj Finserv		0.04%	Nifty 50 Index - Equity Futures		1.07%
Bajaj Finance - Equity Futures		-0.63%	<b>Personal Products</b>		<b>1.06%</b>
<b>IT - Software</b>		<b>5.98%</b>	Godrej Consumer Products		1.28%
Infosys		4.90%	Godrej Consumer Products - Equity Futures		-0.22%
Infosys - Equity Futures		-0.94%	<b>Healthcare Services</b>		<b>0.97%</b>
Mphasis		1.19%	Apollo Hospitals Enterprise		0.97%
Tata Consultancy Services		0.83%	<b>Electrical Equipment</b>		<b>0.70%</b>
<b>Automobiles</b>		<b>3.05%</b>	ABB India		0.70%
Tata Motors		2.64%	<b>Paper, Forest &amp; Jute Products</b>		<b>0.52%</b>
Tata Motors - Equity Futures		-1.69%	Century Textiles & Industries		0.52%
Mahindra & Mahindra		2.27%	<b>Food Products</b>		<b>0.48%</b>
Mahindra & Mahindra - Equity Futures		-0.17%	Nestle India		0.48%
<b>Auto Components</b>		<b>2.98%</b>	<b>Fertilizers &amp; Agrochemicals</b>		<b>0.39%</b>
UNO Minda		1.19%	PI Industries		0.63%
Tube Investments of India		1.10%	PI Industries - Equity Futures		-0.24%
Jamna Auto Industries		0.69%	<b>Aerospace &amp; Defense</b>		<b>0.10%</b>
<b>Chemicals &amp; Petrochemicals</b>		<b>2.80%</b>	Bharat Electronics		0.10%
SRF		1.32%	<b>Government Bond</b>		<b>12.13%</b>
SRF - Equity Futures		-0.10%	5.63% - 2026 G-Sec	SOV	9.88%
Tata Chemicals		1.24%	5.22% - 2025 G-Sec	SOV	1.92%
Tata Chemicals - Equity Futures		-0.17%	7.38% - 2027 G-Sec	SOV	0.34%
Aether Industries		0.28%	<b>Treasury Bill</b>		<b>6.11%</b>
Clean Science and Technology		0.24%	182 Days Tbill - 2022	SOV	4.47%
<b>Retailing</b>		<b>2.69%</b>	364 Days Tbill - 2023	SOV	1.64%
Avenue Supermarts		2.14%	<b>Certificate of Deposit</b>		<b>5.77%</b>
Vedant Fashions		0.36%	Axis Bank	A1+	3.32%
FSN E-Commerce Ventures		0.19%	HDFC Bank	A1+	1.65%
<b>Pharmaceuticals &amp; Biotechnology</b>		<b>1.97%</b>	Bank of Baroda	A1+	0.80%
Divi's Laboratories		2.46%	<b>Corporate Bond</b>		<b>4.02%</b>
Divi's Laboratories - Equity Futures		-1.18%	Reliance Industries	AAA	1.68%
Gland Pharma		0.69%	NABARD	AAA	1.50%
<b>Cement &amp; Cement Products</b>		<b>1.96%</b>	Power Finance Corporation	AAA	0.84%
UltraTech Cement		1.33%	NTPC	AAA	0.01%
Ambuja Cements		0.63%	<b>Commercial Paper</b>		<b>0.83%</b>
ACC		0.15%	NTPC	A1+	0.83%
ACC - Equity Futures		-0.15%	<b>Net Cash and Cash Equivalent</b>		<b>4.16%</b>
			<b>Grand Total</b>		<b>100.00%</b>



## 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"> <li>To create wealth over long term.</li> <li>Dynamic allocation towards equity, derivatives, debt and money market instruments.</li> </ul> <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.