



## 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 EBITDA to operating cash – OCF as % of EBITDA > 33%; Moderate leverage: Debt EBITDA <3x; Profitability: EBITDA / 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 August 2022 indicates a value of 22.08 and Equity band for the month of September will be 55-65%**

### OUTLOOK

**Global equities weakened** across regions (-4% MoM/ -18.1% YTD). India, Brazil, and China were outliers while all other regions declined (the US -3.3%/Euro area -5.7%). S&P 500 declined -by 4.2% MoM after the strong rally in the first half of August. Indian equities gained 3.9% MoM (in \$ terms) outperforming the broader markets in August (MSCI APxJ/EM: -0.5%/flat). The performance of both mid-caps (+6.2% MoM) and small caps (+6.1% MoM) was better than large caps (+4.2% MoM). All sectors barring IT ended the month in the green as NIFTY improved (+3.5% MoM), currently above the 17,000 level.

In the recently concluded earnings season, earnings growth was driven by strong sales momentum while margins contracted mainly on account of higher raw material prices. OMC (oil marketing companies) losses were a key drag. 1QFY23 EBITDA and Net Profits of the Nifty-50 Index increased 20% and 24% YoY respectively which was mostly in line with the consensus expectations. Looking forward, FY23 Earnings have been cut by ~4% post Q1 FY23 earnings, the downgrades are broad-based across sectors. As such, the FY23 earnings growth rate is expected to fall from 16% to 12%. FY24E EPS estimates have largely been retained – as analysts' expectations of pressures on gross margins to reduce given the softening in commodity prices since June'22.

In the past 2 months, Indian market shown a strong 13% return and has significantly outperformed the world and developing markets which have moved up by 4% and 3% respectively. Even on a 1year basis, Indian markets (in USD terms) have shown a 2% return while MSCI World Index is down 11%. Valuations, post the recent push, are again flirting around Oct-Dec'21 elevated levels. Stocks, it seems to have priced in all the "good news", and may be susceptible to unexpected "bad news" – rebound in crude oil; sharper than expected drop in economic metrics in the US; continued strengthening of US\$ & sharper rise in US 10-year bond yields – in the near term. Tread with caution, for the near term.

"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 August'22)

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

**Monthly Avg AUM:** ₹ 3,036.85 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):** 13.99%

**Modified Duration:** 1.36 Years\*

**Average Maturity:** 1.54 Years\*

**Macaulay Duration:** 1.40 Years\*

**Yield to Maturity:** 6.26%\*

\*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):** 68.63%

**Debt:** 31.37%

**Net Equity:** 57.38%

**Market Cap Split:**

**Large Cap:** 83.42%

**Mid and Small Cap:** 16.58%

**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-22	0.12	12.1300
	25-Mar-22	0.13	13.0100
	24-Dec-21	0.13	13.4900
DIRECT	29-Jun-22	0.13	13.3900
	25-Mar-22	0.15	14.3000
	24-Dec-21	0.15	14.7900

®Income Distribution cum capital withdrawal

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

# PORTFOLIO

(31 August 2022)

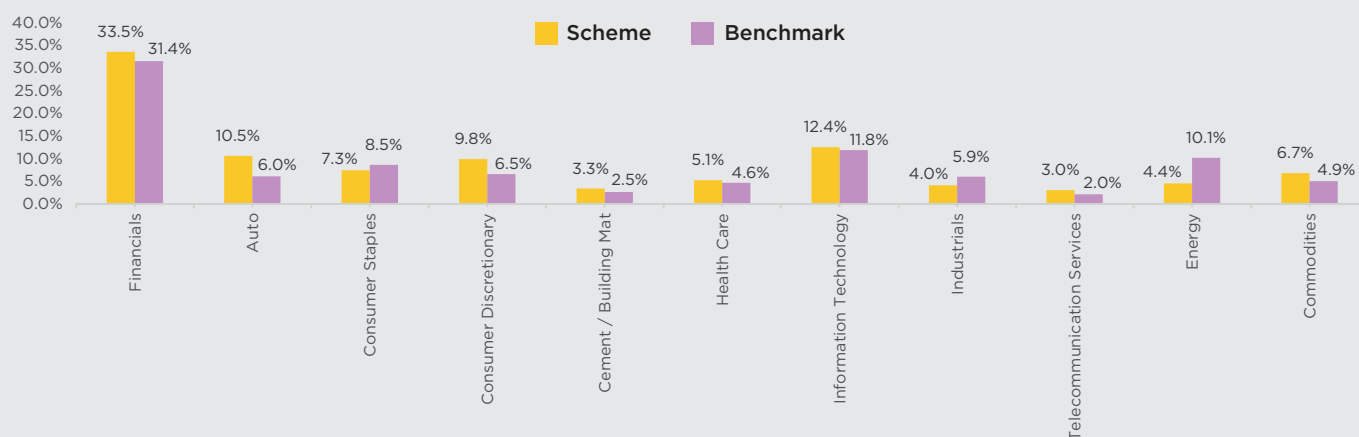


IDFC MUTUAL FUND

Name of the Instrument	Ratings	% to NAV	Name of the Instrument	Ratings	% to NAV
<b>Equity and Equity related Instruments</b>		<b>68.63%</b>	Ambuja Cements		0.49%
<b>Net Equity Exposure</b>		<b>57.38%</b>	<b>Telecom - Services</b>		<b>1.71%</b>
<b>Banks</b>		<b>11.41%</b>	Bharti Airtel		3.34%
ICICI Bank		7.70%	Bharti Airtel - Equity Futures		-1.63%
ICICI Bank - Equity Futures		-1.50%	<b>Diversified FMCG</b>		<b>1.62%</b>
HDFC Bank		4.01%	Hindustan Unilever		2.56%
HDFC Bank - Equity Futures		-0.59%	Hindustan Unilever - Equity Futures		-0.94%
State Bank of India		1.79%	<b>Electrical Equipment</b>		<b>1.49%</b>
<b>Finance</b>		<b>7.78%</b>	ABB India		1.49%
Bajaj Finance		4.61%	<b>Industrial Products</b>		<b>1.38%</b>
Cholamandalam Invst and Fin Co		1.99%	Carborundum Universal		0.69%
Bajaj Finserv		1.85%	Shaily Engineering Plastics		0.63%
Bajaj Finserv - Equity Futures		-0.91%	Bharat Forge		0.04%
HDFC		1.59%	Supreme Industries		0.02%
HDFC - Equity Futures		-1.35%	<b>Personal Products</b>		<b>1.05%</b>
<b>IT - Software</b>		<b>7.13%</b>	Godrej Consumer Products		1.27%
Infosys		5.07%	Godrej Consumer Products - Equity Futures		-0.22%
Mphasis		1.19%	<b>Beverages</b>		<b>1.02%</b>
Tata Consultancy Services		0.87%	United Spirits		1.36%
<b>Automobiles</b>		<b>3.21%</b>	United Spirits - Equity Futures		-0.34%
Mahindra & Mahindra		2.12%	<b>Healthcare Services</b>		<b>0.94%</b>
Tata Motors		1.09%	Apollo Hospitals Enterprise		0.94%
<b>Retailing</b>		<b>2.97%</b>	<b>Paper, Forest &amp; Jute Products</b>		<b>0.55%</b>
Avenue Supermarts		2.16%	Century Textiles & Industries		0.55%
Vedant Fashions		0.32%	<b>Food Products</b>		<b>0.49%</b>
Zomato		0.29%	Nestle India		0.49%
FSN E-Commerce Ventures		0.21%	<b>Fertilizers &amp; Agrochemicals</b>		<b>0.44%</b>
<b>Auto Components</b>		<b>2.79%</b>	PI Industries		0.71%
UNO Minda		1.20%	PI Industries - Equity Futures		-0.27%
Tube Investments of India		0.89%	<b>Aerospace &amp; Defense</b>		<b>0.10%</b>
Jamna Auto Industries		0.69%	Bharat Electronics		0.10%
<b>Consumer Durables</b>		<b>2.66%</b>	<b>Government Bond</b>		<b>12.04%</b>
Titan Company		1.22%	5.63% - 2026 G-Sec	SOV	9.78%
Bata India		0.93%	5.22% - 2025 G-Sec	SOV	1.89%
Voltas		0.51%	7.17% - 2028 G-Sec	SOV	0.36%
<b>Petroleum Products</b>		<b>2.55%</b>	<b>Treasury Bill</b>		<b>5.96%</b>
Reliance Industries		4.91%	182 Days Tbill - 2022	SOV	4.36%
Reliance Industries - Equity Futures		-2.36%	364 Days Tbill - 2023	SOV	1.60%
<b>Chemicals &amp; Petrochemicals</b>		<b>2.22%</b>	<b>Certificate of Deposit</b>		<b>4.85%</b>
SRF		1.21%	Axis Bank	A1+	3.24%
Tata Chemicals		0.52%	HDFC Bank	A1+	1.61%
Aether Industries		0.26%	<b>Corporate Bond</b>		<b>3.62%</b>
Clean Science and Technology		0.23%	Reliance Industries	AAA	1.64%
<b>Pharmaceuticals &amp; Biotechnology</b>		<b>1.99%</b>	Power Finance Corporation	AAA	0.82%
Divi's Laboratories		2.36%	NABARD	AAA	0.65%
Divi's Laboratories - Equity Futures		-1.13%	REC	AAA	0.49%
Gland Pharma		0.77%	NTPC	AAA	0.01%
<b>Cement &amp; Cement Products</b>		<b>1.88%</b>	<b>Net Cash and Cash Equivalent</b>		<b>4.90%</b>
UltraTech Cement		1.39%	<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.