DYNAMIC ASSET ALLOCATION UNDER BAF



TYPICAL INVESTOR CONCERNS

When should i shift from equity to debt and vice versa?
How do I move from one asset class to another?



WHAT IS A BALANCED ADVANTAGE FUND (BAF)?

- A hybrid fund which dynamically manages the equity and debt exposure or uses equity arbitrage to hedge portfolio based on prevailing market conditions.

HOW DOES A BAF WORK?

DYNAMIC BALANCING ACT			
	January 1	March 31	June 30
Equities (including arbitrage)	70%	80%	65%
Debt	30%	20%	35%
Average trailing PE of Nifty	20	17	35

The above calculations in the table are for illustration purpose only to explain the concept of dynamic asset allocation.

- Suppose one invests in a BAF on Jan 1. The average trailing PE of the Nifty at the time was 20. The asset allocation was 70% Equity and 30% Debt.
- Now assume that as on March 31, the average trailing PE of Nifty goes down to 17. This means the valuations are attractive and the fund manager chooses to increase allocation to equities. So the asset allocation to equity increase to 80% while the debt component decreased to 20%.
- Now as on June 30, the Average trailing PE of Nifty increase to 35. Equity markets seem overvalued. So the fund manager chooses to decrease the equity allocation.
- The above is just an example. The Fund manager rebalances portfolio to suit market condition in line with investment objective of the scheme

The above is one of the approaches followed by these funds.



ADVANTAGE OF DYNAMIC ASSET ALLOCATION

- Aims to manage market volatility and limit your losses when markets correct
- The strategy focuses on buying and selling assets based on valuations
- Invests across asset classes diversifying the portfolio.

An Investor Education & Awareness Initiative of Tata Mutual Fund

DISCLAIMER

- To know more about KYC documentation requirements and procedure for change of address, phone number, bank details etc., please visit : https://www.tatamutualfund.com/investor-education.
- Please deal only with registered Mutual Funds, details of which can be verified on the SEBI website under 'Intermediaries / Market infrastructure institutions.
- All complaints regarding Tata Mutual Fund may be directed to service@tataamc.com and/ or https://www.scores.gov.in (SEBISCORES portal)
- Nomination is advisable for all folios opened by an individual especially with sole holding as it facilitates an easy transmission process.
- This communication is a part of investor education and awareness initiative of Tata Mutual Fund.

TATA MUTUAL FUND

DESH KARE NIVESH
AN INVESTOR EDUCATION INITIATIVE BY TATA MUTUAL FUND

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.