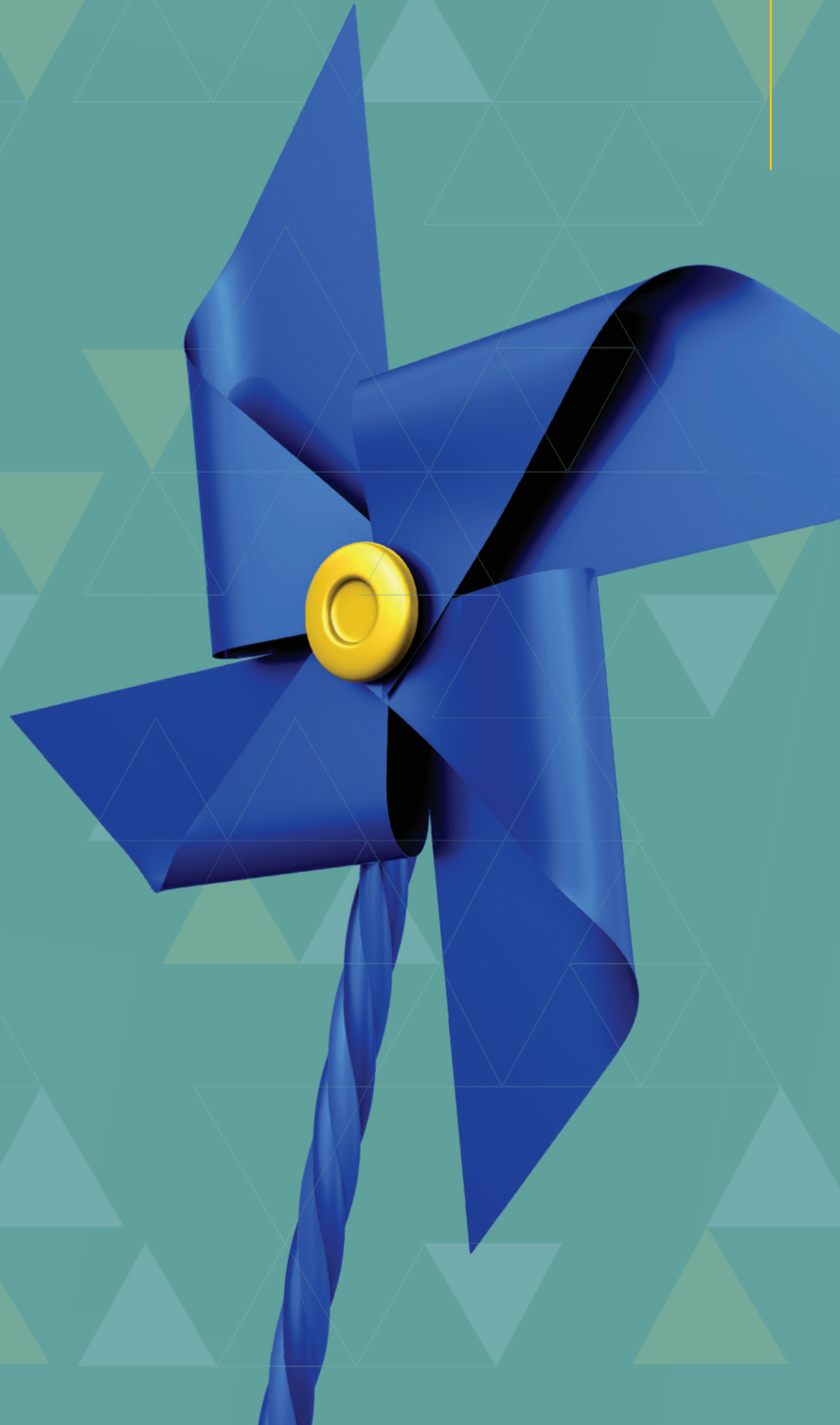


# MONTHLY FACTSHEET

FEBRUARY 2018



## Macro Economy & Event Update

- The first month of 2018 started on a positive note as all the major global markets gained. Mixed economic data couldn't restrict U.S. markets as investors remained confident that the U.S. Federal Reserve (Fed) will raise interest rates soon. Policymakers managing to re-open the government following a brief shutdown added to the upbeat mood.
- European markets gained on the back of positive economic data and end of the political stalemate in Germany. The only drawback was the European Central Bank's (ECB) stimulus measures falling short of investor expectations.
- Asian markets followed their peers and gained as a general optimism prevailed with South Korea and North Korea coming on the table to talk and China ruling out the news of its lowering U.S. bond purchase.
- Indian equity markets touched record highs in the month as the Economic Survey reported that economic growth would increase in FY19 and the government lowered its additional borrowing requirement for FY18.
- Bond yields surged for the sixth consecutive month as international crude oil prices increased, but losses were capped after the government reduced its additional borrowing plan for the fiscal year.
- The Union Budget 2018-19, announced on Feb 1, was biased towards the rural economy, as was expected. Other areas of focus were health, education, employment, MSME and infrastructure sectors.
- Post the Union Budget 2018-19, investors shall closely follow developments around the implementation of budget proposals, especially the fiscal deficit target.
- Increasing inflationary expectations due to rise in global crude oil prices have diminished the chances of a rate-cut by the Monetary Policy Committee (MPC) in the near term. Market participants will wait for evidence of fiscal improvement in the form of pickup in Goods and Services Tax (GST) revenue. Globally, the U.S. Federal Reserve's stance on hiking interest rates will dictate market movements in the near term.

### Government increased its fiscal deficit target in the Union Budget 2018-19

- In the Union Budget 2018-19, government increased its fiscal deficit target from 3.2% of Budgeted Estimate (BE) to 3.5% for the current financial year. For FY19, fiscal deficit is projected at 3.3% of BE, which is also higher than 3% estimated in the previous budget. The budget has proposed to tax long term capital gains exceeding Rs. 1 lakh from listed equities at 10%, without allowing any indexation benefit.

### India's fiscal deficit stood 113.6% of the budgeted target for FY18

- Government data showed that India's fiscal deficit during Apr to Dec 2017 stood at Rs. 6.21 lakh crore or 113.6% of the budgeted target for FY18. During the corresponding period last year, fiscal deficit was at 93.9% of the Budget Estimate.

### Retail inflation surged to a 17-month high in Dec 2017

- Growth of Consumer Price Index (CPI) based inflation or retail inflation surged to a 17-month high of 5.21% in Dec 2017 from 4.88% in the previous month and 3.41% in Dec 2016. Consumer Food Price Index also grew 4.96% in Dec 2017 from 4.35% in the previous month and 1.37% in Dec 2016.
- Growth of India's Wholesale Price Index (WPI)-based inflation slowed to 3.58% in Dec 2017 from 3.93% in the previous month. However, it increased from 2.10% reported in Dec 2016. WPI food price index also slowed to 2.91% in Dec 2017 from 4.10% in the previous month. WPI for vegetables slowed to 56.46% in Dec 2017 from 59.80% in Nov 2017.

### Index of Industrial Production surged in Nov 2017

- India's Index of Industrial Production (IIP) grew 8.4% in Nov 2017 from downwardly revised 2.0% in Oct 2017 (2.2% originally reported) and 5.10% in Nov 2016. This is the highest IIP level since Oct 2015. The manufacturing sector surged 10.2% in Nov 2017 from 4.0% in Nov 2016. However, IIP growth for Apr to Nov 2017 slowed to 3.2% from 5.5% in Nov 2016.

### Trade deficit widened in Dec 2017

- India's trade deficit expanded to \$14.88 billion in Dec 2017 from \$10.55 billion in Dec 2016 and \$13.83 billion in Nov 2017. Exports grew 12.36% to \$27.03 billion in Dec 2017 as against an increase by 30.55% to \$26.20 billion in Nov 2017. India's imports in Dec 2017 grew 21.12% to \$41.91 billion from \$34.60 billion in Dec 2016.

### Index of eight core industries grew 4.0% in Dec 2017

- Index of eight core industries grew 4.0% in Dec 2017 from upwardly revised 7.4% in the previous month (6.8% originally reported) and 5.6% in Dec 2016.

#### Key Economic Indicators

Indicators	Current	Previous
WPI(Dec-17)	3.58%	3.93%
IIP(Nov-17)	8.40%	2.00%
CPI(Dec-17)	5.21%	4.88%

Source: Thomson Reuters Eikon

## Equity Market

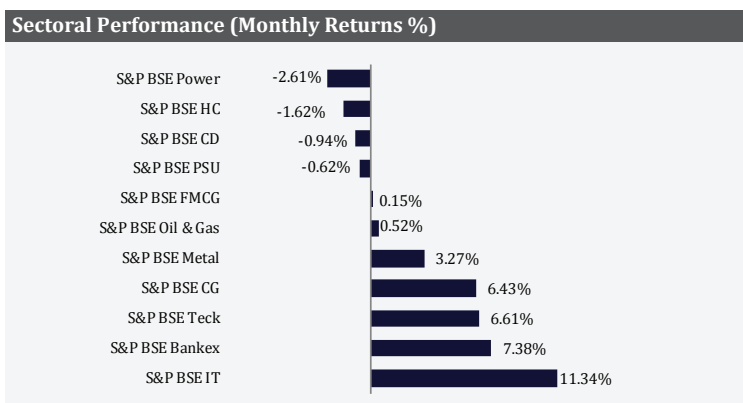
- Indian equity markets ended the first month of 2018 in the green with Sensex and Nifty surpassing the coveted 35,000-mark and 11,000-mark respectively. The key driver for the market rally was the Economic Survey report, which showed that economic growth would accelerate in FY19 and grow by 7-7.5%, compared with 6.75% growth projected for FY18. Investor sentiment improved further after government lowered the additional borrowing requirement for FY18 to Rs. 20,000 crore from Rs. 50,000 crore estimated earlier, thereby easing fiscal deficit worries. Other factors contributing to buying interest included release of official data showing industrial activity in India increasing to 25-month high in Nov 2017. Gains were restricted by the release of data showing CPI-based inflation increasing to 17-month high in Dec 2017.
- On the BSE sectoral front, majority of the indices closed in the green. S&P BSE IT was the major gainer, followed by S&P BSE Bankex and S&P BSE Teck. Buying interest was seen in banking stocks after Lok Sabha approved additional spending under which India's biggest state-owned banks are likely to get Rs. 80,000 crore of fresh capital this fiscal year.
- U.S. markets traded high amid optimism around the U.S. economy despite mixed key economic data. China dismissed a media news report that officials have recommended slowing or halting purchases of U.S. debt. Market participants cheered following the end of the U.S. government shutdown. Policymakers managed to re-open the government following a brief shutdown, passing a stopgap bill funding the government until Feb 8. Towards the end, Fed kept its interest rates unchanged as was widely expected. Markets expect that the Fed will raise rates at its next meeting in Mar 2018.
- European markets mostly traded up following upbeat economic data, positive corporate earnings and higher than expected Chinese GDP data. Political developments in Germany and reshuffling of cabinet by the U.K. Prime Minister also buoyed sentiment. Investors also welcomed the new rules for the region's financial markets known as Mifid II. The new set of rules is aimed at bringing in transparency and improving investor confidence in the financial industry. However, the upside was limited as ECB's stimulus measures fell short of investor expectations.
- Asian markets gained on optimism over ongoing talks between South Korea and North Korea and China's ruling out of news connected with lowering its U.S. bond purchase. The Bank of Japan (BoJ) kept its massive monetary stimulus programme unchanged, thereby easing worries that it might shift towards a tight policy. Further, expectations of better corporate earnings and improvement in some key economic data from China and Japan helped gains. However, the upside was limited as the Chinese central bank lowered its lending amount in Dec to curb credit growth and as the BoJ reduced its bond purchase suddenly.
- After the Union Budget 2018-19, investors will now focus on the developments around the implementation of budget proposals, especially the fiscal deficit target. Long term capital gains tax is expected to affect the market momentum for both domestic and foreign investors. Elevated crude oil prices could be a spoilsport and might impact the policy stance of the MPC.

Domestic Indices Performance				
Indicators	31-Jan-18	29-Dec-17	Chg %	YTD%
S&P BSE Sensex	35,965	34,057	5.60	6.37
Nifty 50	11,028	10,531	4.72	5.67
S&P BSE 200	4,812	4,679	2.85	3.43
Nifty Free Float Midcap 100	20,785	21,134	-1.65	-1.54
Nifty Dividend Opportunities 50	2,731	2,637	3.56	4.29
S&P BSE Smallcap	18,717	19,231	-2.67	-2.92

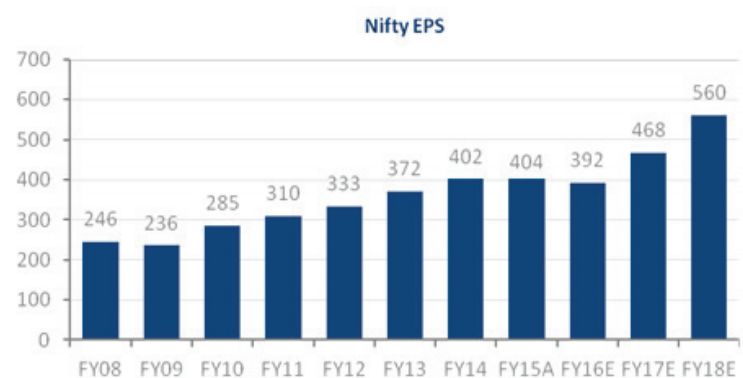
Source: NSE/BSE

Global Indices Performance				
Global Indices	31-Jan-18	29-Dec-17	Chg %	YTD%
Dow Jones	26,149	24,719	5.79	5.34
FTSE	7,534	7,688	-2.01	-1.50
CAC	5,482	5,313	3.19	3.66
Hang Seng	32,887	29,919	9.92	7.77
Shanghai	3,481	3,307	5.25	3.96

Source: Thomson Reuters Eikon



Source: Thomson Reuters Eikon



Institutional Flows (Equity) As on January 31, 2018				
(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	147,153	132,470	14,682	14,682
MF Flows <sup>^</sup>	67,461	60,075	7,386	7,386
DII Flows	102,977	103,445	-469	-469

Source: NSDL, NSE & SEBI

<sup>^</sup>MF data as on Jan 30, 2018

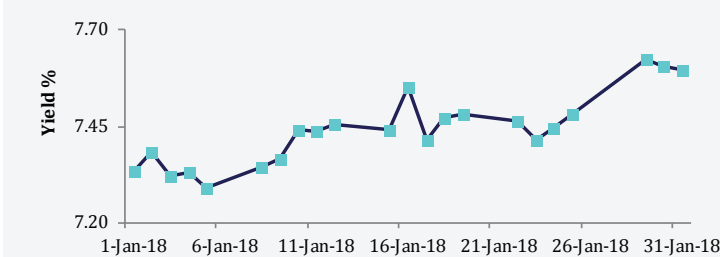
## Debt Market

- Bond yields surged for the sixth consecutive month following rise in international crude oil prices. It triggered fears that domestic inflation may stay above Reserve Bank of India's (RBI) target. Investors' risk sentiment dampened after the deputy governor of RBI stated that it will not intervene to protect banks from fluctuations in interest rates. Market participants turned bearish amid oversupply of government bonds during FY18 and concerns over government's fiscal consolidation drive. However, losses were restricted after the government reduced its additional borrowing plan for this fiscal year by more than half to Rs. 20,000 crore from the earlier Rs. 50,000 crore.
- Yield on gilt securities increased across maturities in the range of 2 to 32 bps. Yield on corporate bonds rose across maturities in the range of 9 bps to 24 bps. Difference in spread between AAA corporate bond and gilt expanded on 1, 2, 8 and 9 year papers in the range of 4 to 18 bps while 3 and 5 to 7 year papers contracted in the range of 3 to 8 bps. Spread on 4 and 15 year papers remained unchanged.
- Bond yields hardened significantly after government in the Union Budget 2018-19 revised upward its fiscal deficit target for the current fiscal year as well as next year. This and increasing inflationary expectations due to rise in crude oil price has diminished the chances of rate-cuts in the near term. Market participants will wait for evidence of fiscal improvement in the form of pickup in GST revenue, inflation and crude prices.

## Currency and Commodity Market

- The Indian rupee initially strengthened against the U.S. dollar following selling of the greenback by banks and weaker than expected U.S. jobs data for Dec 2017. However, the trend reversed following dollar demand from oil importers and state-run banks. Rupee fell further after India's trade deficit widened for Dec 2017 and global crude oil prices continued to remain at elevated levels. The rupee rose again following gains in domestic equity market and after the U.S. President stated that a strong dollar is needed.
- Brent crude prices touched multi-year high amid unrest in Iran that raised concerns of supply disruption in the region. Positive demand outlook further supported oil prices after China reported that its crude oil imports for the year 2017 rose 10.1% to 420 million tonne. However, the upside was limited on concerns over supply glut after the International Energy Agency in its monthly report mentioned that rising U.S. crude oil production might offset the Organization of Petroleum Exporting Countries' effort to rebalance the crude oil market.

### 10-Year Benchmark Bond (6.79% GS 2027) Movement



Source: Thomson Reuters Eikon

### Spread Movement

Spreads		AAA	AA+	AA	AA-
31-Jan-18	1 Yr	81.20	96.20	111.20	132.20
	3 Yr	47.70	68.70	89.70	110.70
	5 Yr	34.20	53.20	78.20	103.20
29-Dec-17	1 Yr	63.60	69.60	82.60	110.60
	3 Yr	51.10	58.10	82.10	109.10
	5 Yr	40.30	47.30	75.30	106.30

Source: Thomson Reuters Eikon

Yield (%)	31-Jan-18	29-Dec-17
10 Year G-Sec	7.43	7.32
5 Year G-Sec	7.32	7.15

### Certificate of Deposit

3-Month	7.17	6.33
6-Month	7.36	6.88
9-Month	7.41	6.93
12-Month	7.47	6.98

### Commercial Papers

3-Month	7.76	7.06
6-Month	7.89	7.33
9-Month	7.93	7.43
12-Month	7.98	7.53

Source: Thomson Reuters Eikon

### Event Calendar

Release Date	Release Date	Country
08-Feb-18	Bank of England Bank Rate	UK
09-Feb-18	China Consumer Price Index (YoY) (Jan)	China
09-Feb-18	U.K. Manufacturing Production (YoY) (Dec)	UK
13-Feb-18	Gross Domestic Product Annualized (P)	Japan
14-Feb-18	Gross Domestic Product s.a. (YoY)	Europe



## Investment Objective

The investment objective of the scheme is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities. However there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

## Fund Manager **Mr. Prashasta Seth**

Mr. Seth has over 16 years of experience in the financial services industry. He is an MBA from IIM Ahmedabad and B Tech from IIT Kanpur. His previous assignments include a stint in JP Morgan, London and heading Irevna (a Standard & Poor's company). Mr. Seth has been managing scheme since November 03, 2016.

## Fund Details

**Date of Allotment** : October 30, 2014  
**Bloomberg Code** : IIFGRRG IN  
**Benchmark Index** : Nifty 50 TRI  
**Plans Offered** : Regular & Direct  
**Options Offered** : Growth & Dividend  
**Minimum Application:**  
**New Purchase** : ₹5,000 and in multiples of ₹100 thereafter  
**Additional Purchase** : ₹1,000 and in multiples of ₹100 thereafter  
**Monthly SIP Option** : ₹1,000 per month for a minimum period of 6 months  
**Quarterly SIP Option:** ₹1,500 per quarter for a minimum period of 4 quarters  
**Entry Load** : NIL  
**Exit Load** : 2% - if redeemed/switched out, on or before 2 months from the date of allotment w.e.f. November 16, 2017  
**Dematerialization** : D-Mat Option Available  
**Portfolio Turnover Ratio (based on 1 year monthly data)** : 2.37 times

## NAV as on January 31, 2018

**Regular - Growth** : ₹15.0266  
**Regular - Dividend** : ₹13.2939  
**Direct - Growth** : ₹15.5861  
**Direct - Dividend** : ₹15.3857

## AUM as on Jan 31, 2018

**Net AUM** : ₹ 334.49 crore  
**Monthly Average AUM** : ₹ 351.59 crore

## Expense Ratio (Weighted Average for the month)

**Regular Plan** : 2.63% p.a.  
**Direct Plan** : 1.11% p.a.

## Volatility Measures Fund Benchmark

Std. Dev (Annualised)	14.09	11.19
Sharpe Ratio	0.57	1.79
Portfolio Beta	0.89	1.00
R Squared	0.78	NA
Treynor	0.09	0.05

## Portfolio as on January 31, 2018

Company Name	Industry	% to Net Assets
<b>Equity &amp; Equity Related Total</b>		
HDFC Bank Limited	Banks	9.29
Reliance Industries Limited	Petroleum Products	8.54
CESC Limited	Power	8.10
Bajaj Finance Limited	Finance	6.72
Dalmia Bharat Limited	Cement	5.87
Tata Global Beverages Limited	Consumer Non Durables	5.59
SBI Life Insurance Company Limited	Finance	4.92
Tata Motors Ltd DVR Shares	Auto	4.57
IIFL Holdings Limited	Finance	4.36
Sun Pharmaceutical Industries Limited	Pharmaceuticals	4.33
HDFC Standard Life Insurance Company Limited	Finance	4.26
State Bank of India	Banks	4.16
The South Indian Bank Limited	Banks	4.10
Reliance Nippon Life Asset Management Limited	Finance	3.89
Peninsula Land Limited	Construction	3.56
UPL Limited	Pesticides	3.06
Shalby Limited	Healthcare Services	2.85
Tech Mahindra Limited	Software	2.11
Dilip Buildcon Limited	Construction	1.99
Bajaj Finserv Limited	Finance	1.87
Hindustan Petroleum Corporation Limited	Petroleum Products	1.84
Aditya Birla Capital Limited	Finance	1.53
Sagar Cements Limited	Cement	0.60
<b>CBLO</b>		<b>2.62</b>
<b>Sub Total</b>		<b>100.73</b>
<b>Net Receivables / (Payables)</b>		<b>-0.73</b>
<b>Portfolio Total</b>		<b>100.00</b>

## Scheme Performance

	31-Jan-17 to 31-Jan-18	PTP (₹)	31-Jan-15 to 31-Jan-18	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL India Growth Fund - Reg - Growth	18.72%	11,872	10.31%	13,430	13.32%	15,028
IIFL India Growth Fund - Dir - Growth	20.40%	12,040	11.55%	13,889	14.60%	15,588
Benchmark*	30.48%	13,048	9.10%	12,992	10.92%	14,016
Additional Benchmark**	31.74%	13,174	8.70%	12,850	10.21%	13,726

Past performance may or may not be sustained in future.

Different plans shall have different expense structure.

As on January 31, 2018; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000; Since Inception date is 30-Oct-2014; \*Nifty 50 TRI; \*\* S&P BSE Sensex TRI; Managed by the fund manager since November 03, 2016; Scheme has been in existence for more than 1 year but less than 3 years.

The performance of the scheme is benchmarked to the Total Return variant of the Index.

## SIP - If you had invested ₹10,000 every month

	31-Jan-17 to 31-Jan-18	31-Jan-15 to 31-Jan-18	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	3,80,000
Total Value as on Jan 31, 2018 (₹)	1,28,716	454,098	482,311
Returns	13.69%	15.65%	15.20%
Total Value of Benchmark: Nifty 50 TRI (₹)	137,686	467,892	495,088
Benchmark: Nifty 50 TRI	28.32%	17.76%	16.94%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	139,184	468,361	495,135
Additional Benchmark: S&P BSE Sensex TRI	30.81%	17.83%	16.94%

(Inception date :30-Oct-2014) (First Installment date : 01-Dec-2014)

Source: MFI Explorer; Above returns are calculated assuming investment of 10,000/- on the 1st working day of every month. CAGR return are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan -Growth option. The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. Managed by the fund manager since November 03, 2016. The performance of the scheme is benchmarked to the Total Return variant of the Index.

## Dividend Details

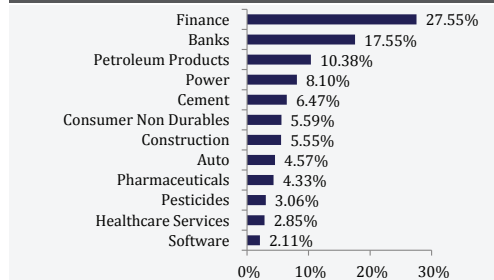
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

- Capital appreciation over long term;
- Investment predominantly in equity and equity related instruments.

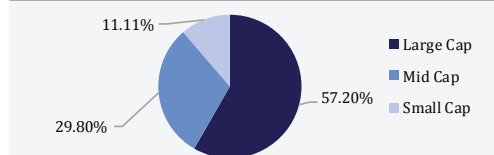
\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

## Sector Allocation<sup>^^</sup>



<sup>^^</sup> Industry allocation as per AMFI classification

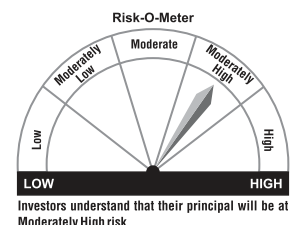
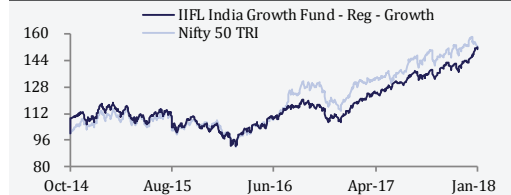
## Market Capitalisation wise Exposure<sup>^</sup>



a. Large Cap Companies: 1st -100th company in terms of full market capitalization  
 b. Mid Cap Companies: 101st -250th company in terms of full market capitalization  
 c. Small Cap Companies: 251st company onwards in terms of full market capitalization  
 The consolidated list of stocks in terms of full market capitalization is as per the list uploaded by AMFI, in terms of SEBI circulars dated October 6, 2017 and December 4, 2017.

<sup>^</sup> As on Jan 31, 2018

## NAV Movement (Since Inception) Rebased to 100



## Fund Commentary

Jan 2018 was an extremely difficult month for investors as there was a huge divergence between index and stock performance across board.

During the month, selective stocks in the Nifty 50 index, especially in the Technology sector, outperformed heavily, which pulled up the index performance for the month. Any portfolio which did not had the index outperforming heavyweight stocks, may have underperformed significantly. Similarly, in case of IIFL India Growth Fund only portfolio stocks like HDFC Bank (+7.1%), HDFC Life (+10.6%) and IIFL Holdings (9.4%) outperformed in the index. Major drags in the portfolio were Dalmia Bharat (-8.5%), Tata Global Beverage (-8.1%), Tata Motors DVR (-8.0%) and Bajaj Finance (-4.5%).

We believe the current divergence in index and stock performance is an aberration and over the medium term such divergences may narrow down and quality of earnings of the portfolio companies will play-out.

Also, a trend reversal was seen in January 2018, where Foreign Portfolio Investors bought in Indian equities worth US\$2 bn as compared to be net seller(s) in the previous month. Net inflows in domestic equity oriented mutual funds continue to be robust and in 9MFY18 net inflows were close to Rs 176,800 crores vs Rs 58,845 in 9MFY17.

## Disclaimer

The above commentary/opinions/in house views/strategy incorporated herein is provided solely to enhance the transparency about the investment strategy / theme of the Scheme and should not be treated as endorsement of the views / opinions or as an investment advice. The above commentary should not be construed as a research report or a recommendation to buy or sell any security. The information / data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy. The above commentary has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of IIFL Mutual Fund. The information/ views / opinions provided is for informative purpose only and may have ceased to be current by the time it may reach the recipient, which should be taken into account before interpreting this commentary. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision and the stocks may or may not continue to form part of the scheme's portfolio in future. The decision of the Investment Manager may not always be profitable; as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. The statements made herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time. Neither IIFL Mutual Fund / IIFL Asset Management Ltd, its associates, directors or representatives shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

# IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

## Investment Objective

The investment objective of the scheme is to generate income and long term gains by investing in a range of debt and money market instruments of various maturities. The scheme will seek to flexibly manage its investment across the maturity spectrum with a view to optimize the risk return proposition for the investors.

## Fund Manager **Mr. Ankur Parekh**

Mr. Ankur Parekh has over 15 years of work experience in the Fixed income securities market. His previous experience include working with SBI DFHI primary Dealership firm and DBS Cholamandalam AMC. Prior to joining IIFL AMC he was associated with Reliance Capital AMC as Fund Manager - EPFO for seven years. He is commerce graduate and has done his Masters in Business Administration from Bharthihaar University, Tamilnadu. Mr Parekh has been managing the scheme since March 08, 2017.

## Fund Details

**Date of Allotment** : June 24, 2013  
**Bloomberg Code** : IIFDDBBIN  
**Benchmark Index** : CRISIL Composite Bond Fund Index  
**Plans Offered** : Regular & Direct  
**Options Offered** : Growth & Dividend

### Minimum Application Amount :

**New Purchase** : ₹10,000 and in multiples of ₹100 thereafter

**Additional Purchase** : ₹1,000 and in multiples of ₹100 thereafter

**Monthly SIP Option** : ₹1,000 per month for a minimum period of 6 months

**Quarterly SIP Option** : ₹1,500 per quarter for a minimum period of 4 quarters

**Entry Load** : Nil

**Exit Load** : 1% - if redeemed/switched out, on or before 18 months from the date of allotment and Nil - if redeemed/switched out after 18 months from the date of allotment. w.e.f October 10, 2017

**Dematerialization** : D-Mat Option Available  
**Asset Allocation** :

Debt Market Instruments : 0% to 100%  
 Money Market Instruments : 0% to 100%  
 Units issued by REITs & InvITs : 0% to 10%

## NAV as on January 31, 2018

**Regular Plan Growth** : ₹13.7535  
**Regular Plan Bonus** : ₹13.7535  
**Regular Quarterly Dividend** : ₹13.272  
**Regular Half Yearly Dividend** : ₹13.272  
**Regular Monthly Dividend** : ₹11.4013  
**Direct Plan Growth** : ₹14.08  
**Direct Monthly Dividend** : ₹11.7052

\*Note: Bonus plan and Monthly & Half yearly Dividend payout options are discontinued no new investors can invest in the said option, existing investors remain invested in the said options.

## AUM as on Jan 31, 2018

**Net AUM** : ₹ 114.81 crore  
**Monthly Average AUM** : ₹ 112.81 crore

## Expense Ratio (Weighted Average for the month)

**Regular Plan** : 1.33% p.a.  
**Direct Plan** : 0.68% p.a.

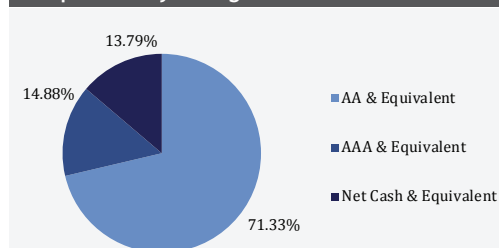
## Statistical Debt Indicators

**Modified Duration** : 2.42 years  
**Average Maturity** : 3.02 years  
**Yield to Maturity** : 8.37%

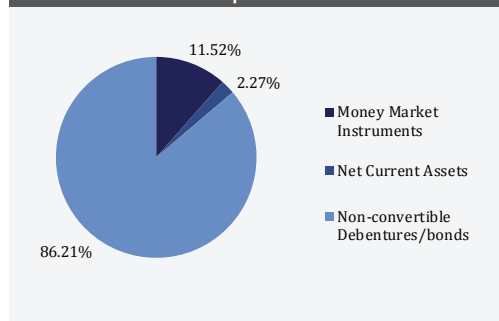
## Portfolio as on January 31, 2018

Name of the Instrument	Rating	% to Net Assets
<b>Debt Instruments</b>		
<b>Non-Convertible Debentures/Bonds</b>		
11.80% Tata Steel Limited	CARE AA-	9.49
10.25% Hansdeep Industries & Trading Company Limited	CARE AA(SO)	8.92
9.75% Edelweiss Housing Finance Limited	ICRA AA	8.88
8.32% Power Grid Corporation of India Limited	CRISIL AAA	8.86
8.95% Punjab National Bank	FITCH AA+	8.71
8.15% Energy Efficiency Services Limited	ICRA AA	8.69
7.90% Piramal Enterprises Limited	ICRA AA	8.59
8.75% Axis Bank Limited	CRISIL AA+	5.68
ECL Finance Limited	CARE AA	5.05
8.20% Housing Development Finance Corporation Limited	CRISIL AAA	4.37
8.48% U.P. Power Corporation Limited	FITCH AA(SO)	2.63
8.48% U.P. Power Corporation Limited	FITCH AA(SO)	2.11
9.15% SP Jammu Udhampur Highway Limited	ICRA AAA(SO)	1.62
9.00% State Bank of India	CRISIL AA+	1.32
10.75% Tata Motors Finance Limited	CRISIL AA	1.26
9.45% State Bank of India	CRISIL AAA	0.03
<b>CBLO / Reverse Repo</b>		<b>11.52</b>
CBLO		11.52
<b>Sub Total</b>		<b>97.73</b>
<b>Net Current Assets</b>		<b>2.27</b>
<b>Portfolio Total</b>		<b>100.00</b>

## Composition by Rating<sup>^</sup>



## Instrument Wise Composition<sup>^</sup>



## Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Cum Dividend)	Direct Plan NAV (₹) (Cum Dividend)
30-Jan-18	0.05	11.3942	11.6977
26-Dec-17	0.05	11.4127	11.7081
28-Nov-17	0.05	11.4443	11.7333
<b>Quarterly Dividend Plan</b>			
25-Jul-17	0.1	11.4810	11.7446
<b>Half Yearly Dividend Plan</b>			
04-Jun-15	0.4	11.4678	11.5708

Dividend is gross dividend. To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent of payout and distribution taxes if applicable. Monthly Dividend is not assured and is subject to availability of distributable surplus.

## Scheme Performance

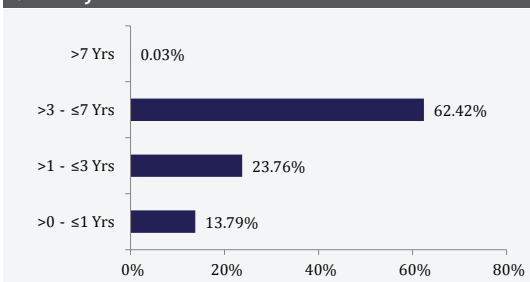
	31-Jan-17 to 31-Jan-18	PTP (₹)	31-Jan-15 to 31-Jan-18	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL Dynamic Bond Fund - Growth	6.92%	10,692	6.64%	12,131	7.16%	13,753
IIFL Dynamic Bond Fund - Dir - Growth	7.50%	10,750	7.19%	12,320	7.71%	14,081
Benchmark*	3.17%	10,317	7.97%	12,592	8.26%	14,416
Additional Benchmark**	-2.43%	9,757	6.24%	11,995	5.91%	13,029

Past performance may or may not be sustained in future

Different plans shall have different expense structure

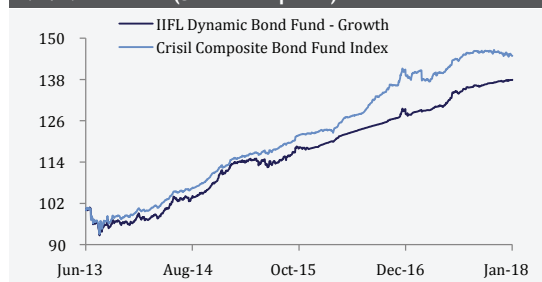
As on January 31, 2018\* Crisil Composite Bond Fund Index,\*\* Crisil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date ; <sup>s</sup> Inception date 24-June-2013; Scheme has been in existence for more than 3 years but less than 5 years; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain

## Maturity Profile<sup>^</sup>



<sup>^</sup>As on January 31, 2018

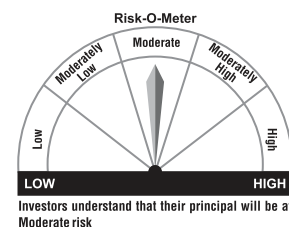
## NAV Movement (Since Inception) Rebased to 100



## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

- Income and long term gains
- Investment in a range of debt and money market instruments of various maturities

\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



## Fund Commentary

Bond yields are at a two-year high, due to a potential higher fiscal deficit for current fiscal year as well as next year, as we go into 2019 elections. Also, increasing inflationary expectations due to rise in crude oil prices have diminished the chances of rate-cuts in the near term. Global factors like increasing treasury yields and higher crude prices have also led to increase in yields. Market participants await evidence of fiscal improvement in the form of improvement in GST revenue and future inflation data. On the global front, policy action from Central Banks (especially US Federal Reserve, European Central Bank, Bank of Japan) and the pace of monetary easing will also determine future yields. The fund aims to maintain attractive accruals on the portfolio in moderate to low duration securities. Given that the current risk return trade off for long duration portfolios appears unfavourable, our portfolios are currently positioned towards the front end (higher allocation across shorter tenors).

## Disclaimer

The above commentary/opinions/in house views/strategy incorporated herein is provided solely to enhance the transparency about the investment strategy / theme of the Scheme and should not be treated as endorsement of the views / opinions or as an investment advice. The above commentary should not be construed as a research report or a recommendation to buy or sell any security. The information / data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy. The above commentary has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of IIFL Mutual Fund. The information/ views / opinions provided is for informative purpose only and may have ceased to be current by the time it may reach the recipient, which should be taken into account before interpreting this commentary. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision and the stocks may or may not continue to form part of the scheme's portfolio in future. The decision of the Investment Manager may not always be profitable; as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. The statements made herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alterations to this statement as may be required from time to time. Neither IIFL Mutual Fund / IIFL Asset Management Ltd, its associates, directors or representatives shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.



## Investment Objective

To provide liquidity with reasonable returns commensurate with low risk through a portfolio of money market and debt securities with residual maturity of up to 91 days. However, there can be no assurance that the investment objective of the scheme will be achieved.

## Fund Manager **Mr. Ankur Parekh**

Mr. Ankur Parekh has over 15 years of work experience in the Fixed income securities market. His previous experience include working with SBI DFHI primary Dealership firm and DBS Cholamandalam AMC. Prior to joining IIFL AMC he was associated with Reliance Capital AMC as Fund Manager – EPFO for seven years. He is commerce graduate and has done his Masters in Business Administration from Bharthihar University, Tamilnadu. Mr Parekh has been managing the scheme since March 08, 2017.

## Fund Details

**Date of Allotment** : November 13, 2013

**Benchmark Index** : CRISIL Liquid Fund Index

**Plans Offered** : Regular & Direct

**Options Offered** : Growth & Dividend

### Minimum Application:

**New Purchase** : ₹5,000 and in multiples of ₹100 thereafter

**Additional Purchase** : ₹1,000 and in multiples of ₹100 thereafter

**Monthly SIP Option** : ₹1,000 per month for a minimum period of 6 months

**Quarterly SIP Option** : ₹1,500 per quarter for a minimum period of 4 quarters

**Entry / Exit Load** : NIL

**Dematerialization** : D-Mat Option Available

### Asset Allocation :

Money market and debt instruments with residual maturity up to 91 days

## NAV as on January 31, 2018

**Regular Plan Growth** : ₹1351.1986

**Regular Plan Weekly** : ₹1005.1647

### Dividend

**Regular Plan Daily** : ₹1000.079

### Dividend

**Direct Plan Growth** : ₹1354.0603

**Direct Plan Dividend** : ₹1000.0467

## AUM as on Jan 31, 2018

**Net AUM** : ₹ 366.69 crore

**Monthly Average AUM** : ₹ 334.15 crore

## Expense Ratio (Weighted Average for the month)

**Regular Plan** : 0.25% p.a.

**Direct Plan** : 0.2% p.a.

## Statistical Debt Indicators

**Modified Duration** : 16 days

**Average Maturity** : 17 days

**Yield to Maturity** : 6.31%

## Portfolio as on January 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
<b>Money Market Instruments</b>					
<b>Certificate of Deposit</b>					
ICICI Bank Limited	ICRA A1+	6.78%	Kotak Mahindra Prime Limited	CRISIL A1+	6.78%
<b>Sub Total</b>			<b>6.78%</b>		
<b>Commercial Paper</b>					
National Bank For Agriculture and Rural Development	ICRA A1+	8.12%	Edelweiss Commodities Services Limited	CRISIL A1+	6.78%
Dewan Housing Finance Corporation Limited	CARE A1+	6.81%	Aditya Birla Finance Limited	ICRA A1+	6.77%
Tata Motors Finance Limited	ICRA A1+	6.79%	<b>Sub Total</b>		
Housing Development Finance Corporation Limited	ICRA A1+	6.79%	<b>48.84%</b>		
			<b>CBLO / Reverse Repo</b>		
			CBLO		
			43.61%		
			<b>Sub Total</b>		
			<b>99.23%</b>		
			<b>Net Receivables / (Payables)</b>		
			<b>0.77%</b>		
			<b>Portfolio Total</b>		
			<b>100.00%</b>		

## Scheme Performance

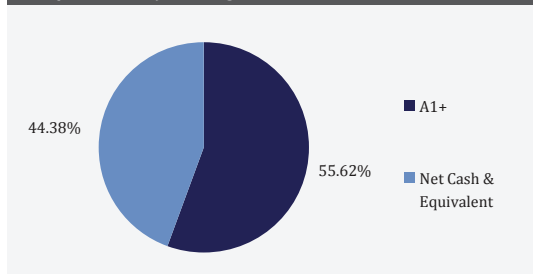
	31-Jan-17 to 31-Jan-18	PTP (₹)	31-Jan-15 to 31-Jan-18	PTP (₹)	Since Inception <sup>5</sup>	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.18%	10,618	6.99%	12,252	7.39%	13,510
IIFL Liquid Fund - Dir - Growth	6.24%	10,624	7.05%	12,272	7.45%	13,541
Benchmark*	6.68%	10,668	7.39%	12,390	7.91%	13,788
Additional Benchmark**	6.32%	10,632	7.06%	12,118	7.64%	13,223

Past performance may or may not be sustained in future

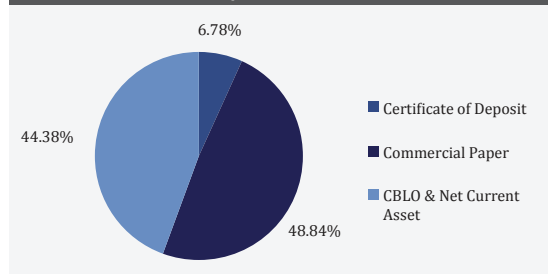
Different plans shall have different expense structure

As on January 31, 2018\* Crisil Liquid Fund Index,\*\* Crisil 91 Day T-Bill Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000 made on the \$ inception date 13-Nov-2013; Scheme has been in existence for more than 3 years but less than 5 years; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain

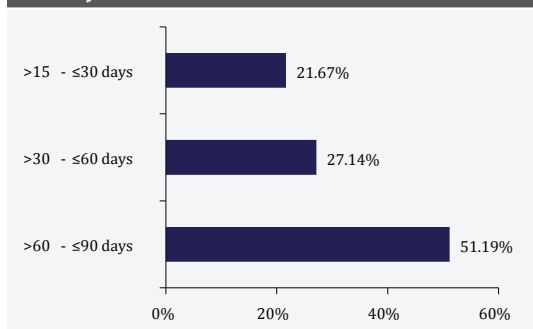
## Composition by Rating<sup>^</sup>



## Instrument Wise Composition<sup>^</sup>

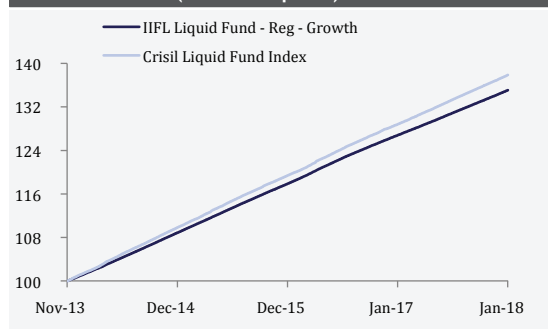


## Maturity Profile<sup>^</sup>



<sup>^</sup>As on January 31, 2018

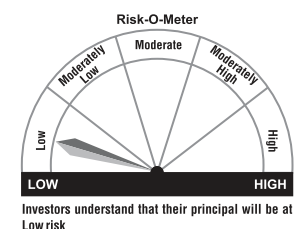
## NAV Movement (Since Inception) Rebased to 100



## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

- Income over short term horizon
- Investments in money market and short term debt instruments, with maturity not exceeding 91 days

\* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



## GLOSSARY OF TERMS

<b>FUND MANAGER</b>	An employee of the asset management company such as a mutual fund or life insurer, who manages investments of the scheme. He is usually part of a larger team of fund managers and research analysts.
<b>APPLICATION AMOUNT FOR FRESH SUBSCRIPTION</b>	This is the minimum investment amount for a new investor in a mutual fund scheme.
<b>MINIMUM ADDITIONAL AMOUNT</b>	This is the minimum investment amount for an existing investor in a mutual fund scheme.
<b>YIELD TO MATURITY</b>	The Yield to Maturity or the YTM is the rate of return anticipated on a bond if held until maturity. YTM is expressed as an annual rate. The YTM factors in the bond's current market price, par value, coupon interest rate and time to maturity.
<b>SIP</b>	SIP or systematic investment plan works on the principle of making periodic investments of a fixed sum. It works similar to a recurring bank deposit. For instance, an investor may opt for an SIP that invests ₹ 500 every 15th of the month in an equity fund for a period of three years.
<b>NAV</b>	The NAV or the net asset value is the total asset value per unit of the mutual fund after deducting all related and permissible expenses. The NAV is calculated at the end of every business day. It is the value at which the investor enters or exits the mutual fund.
<b>BENCHMARK</b>	A group of securities, usually a market index, whose performance is used as a standard or benchmark to measure investment performance of mutual funds, among other investments. Some typical benchmarks include the Nifty, Sensex, BSE200, BSE500, 10-Year Gsec.
<b>ENTRY LOAD</b>	A mutual fund may have a sales charge or load at the time of entry and/or exit to compensate the distributor/agent. Entry load is charged at the time an investor purchases the units of a mutual fund. The entry load is added to the prevailing NAV at the time of investment. For instance, if the NAV is ₹ 100 and the entry load is 1 %, the investor will enter the fund at ₹ 101.
<b>EXIT LOAD</b>	Exit load is charged at the time an investor redeems the units of a mutual fund. The exit load is deducted from the prevailing NAV at the time of redemption. For instance, if the NAV is ₹ 100 and the exit load is 1%, the redemption price would be ₹99 per unit.
<b>MODIFIED DURATION</b>	Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.
<b>STANDARD DEVIATION</b>	Standard deviation is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility.
<b>SHARPE RATIO</b>	The Sharpe Ratio, named after its founder, the Nobel Laureate William Sharpe, is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk.
<b>BETA</b>	Beta is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.
<b>AUM</b>	AUM or assets under management refers to the recent I updated cumulative market value of investments managed by a mutual fund or any investment firm.
<b>HOLDINGS</b>	The holdings or the portfolio is a mutual fund's latest or updated reported statement of investments/securities. These are usually displayed in terms of percentage to net assets or the rupee value or both. The objective is to give investors an idea of where their money is being invested by the fund manager.
<b>NATURE OF SCHEME</b>	The investment objective and underlying investments determine the nature of the mutual fund scheme. For instance, a mutual fund that aims at generating capital appreciation by investing in stock markets is an equity fund or growth fund. Likewise, a mutual fund that aims at capital preservation by investing in debt markets is a debt fund or income fund. Each of these categories may have sub-categories.
<b>RATING PROFILE</b>	Mutual funds invest in securities after evaluating their creditworthiness as disclosed by the ratings. A depiction of the mutual fund in various investments based on their ratings becomes the rating profile of the fund. Typically, this is a feature of debt funds.

Note: SEBI, vide circular dated June 30, 2009 has abolished entry load and mandated that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor.