



Abridged Annual Report 2018 - 2019

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SPONSOR

IIFL Wealth Management Limited
Registered Office: IIFL Centre, Kamala City,
S.B. Marg, Lower Parel, Mumbai - 400 013

ASSET MANAGEMENT COMPANY

IIFL Asset Management Limited
Registered Office: IIFL Centre, 6th Floor, Kamala City,
S.B. Marg, Lower Parel, Mumbai - 400 013

TRUSTEE COMPANY

IIFL Trustee Limited
Registered Office:
IIFL Centre, 6th Floor,
Kamala City, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013

CUSTODIAN

Deutsche Bank AG, Filiale Mumbai
4th Floor, Nirlon Knowledge Park,
Block 1, Western Express Highway,
Goregaon (E), Mumbai 400 063

REGISTRAR

Computer Age Management Services Pvt. Ltd. (CAMS)
"Rayala Towers", Tower I, 6th Floor,
158 Anna Salai, Chennai - 600 002
www.camsonline.com

STATUTORY AUDITORS

S. R. Batliboi & Co. LLP,
The Ruby, 14th Floor,
Senapati Bapat Marg,
Dadar (West),
Mumbai – 400 028, India
Tel : 022- 6192 0000
Fax : 022-6192 1000

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TRUSTEE REPORT

Dear Unitholders,

We have pleasure in presenting the Eighth Annual Report of the Schemes of IIFL Mutual Fund for the period ended March 31, 2019, along with the audited financial statements of the Schemes of IIFL Mutual Fund.

1. Scheme Performance, Future Outlook and Operations of the Schemes.

A. Scheme Performance:

IIFL Dynamic Bond Fund:

The net assets of the scheme as on March 31, 2019 is Rs. 345.83 Crore.

Performance of Scheme:

Scheme Name / Benchmark	31-Mar-18 to 31-Mar-19	31-Mar-16 to 31-Mar-19	31-Mar-14 to 31-Mar-19	Since Inception
IIFL Dynamic Bond Fund - Direct Plan – Growth Option	6.73%	7.35%	9.01%	7.57%
IIFL Dynamic Bond Fund-Regular Plan-Growth Option	6.04%	6.74%	8.42%	6.99%
Benchmark: Crisil Composite Bond Fund Index	6.72%	7.61%	9.10%	8.02%
Additional Benchmark: Crisil 10 Year Gilt Index	6.82%	5.99%	8.05%	6.14%

Past performance may or may not be sustained in the future. Inception Date: June 24, 2013

IIFL Dynamic Bond Fund is an open-ended dynamic debt scheme investing across duration with the objective to generate income and long-term gains by investing in a range of debt and money market instruments of various maturities. The scheme seeks to flexibly manage its investment(s) across the maturity spectrum with a view to optimize the risk return proposition for investors. As per investment objective of the Scheme, the scheme shall invest in Debt and Money Market Instruments with an allocation of 0-100% of net assets of the schemes.

During the first half of the financial year, interest rates hardened on the back of increasing inflation caused by global crude oil prices. The tighter monetary policy of Reserve Bank of India over the past few years made the liquidity challenging for shadow banking. However, in second half falling inflation and lowering growth momentum enforced the reserve bank to softer monetary stance and accommodate growth. The Sovereign yield curve softened but the credit curve remained illiquid and elevated sighting credit defaults in finance industry and its contagion fears. The scheme underperformed the benchmark for the year with strategy of lower average duration during the year to take advantage of accrual-based earnings in hardening interest rate environment. The scheme has maintained its portfolio strategy of investing in high rated papers and keeping a lower average maturity, helping it maintain low volatility and high issuer quality during the year.

IIFL Liquid Fund:

The net assets of the scheme as on March 31, 2019 is Rs. 480.80Crore.

Performance of Scheme:

Scheme Name / Benchmark	31-Mar-18 to 31-Mar-19	31-Mar-16 to 31-Mar-19	31-Mar-14 to 31-Mar-19	Since Inception
IIFL Liquid Fund - Direct Plan – Growth Option	6.88%	6.70%	7.26%	7.33%
IIFL Liquid Fund-Regular Plan – Growth Option	6.83%	6.64%	7.21%	7.28%
Benchmark: CRISIL Liquid Fund Index	7.62%	7.19%	7.72%	7.86%
Additional Benchmark: CRISIL 91 Day T-Bill Index	7.12%	6.72%	7.36%	7.51%

Past performance may or may not be sustained in the future. Inception Date: November 13, 2013.

IIFL Liquid Fund is an open-ended liquid scheme with the objective to provide liquidity with reasonable returns in commensuration with low risk through a portfolio of money market and debt securities with residual maturity of up to 91 days. As per investment objective of the Scheme, it shall invest in Money market and debt instruments with residual maturity up to 91 days.

During the year, interest rates hardened on the back of increasing inflation stocked by global crude oil prices. The inflationary expectations of the

Reserve Bank of India are on rising trend indicating more passive interest rates. But in the second half of financial year the sovereign yields softened tracking inflation and slower growth. The scheme underperformed the benchmark marginally for the year. The scheme has maintained its portfolio strategy of low volatility and high quality during the course of the year.

IIFL Focused Equity Fund:

Pursuant to SEBI Categorization and Rationalization circular, the name of the scheme has been changed from IIFL India Growth Fund to IIFL Focused Equity Fund w.e.f. April 30, 2018.

The net assets of the scheme as in March 31, 2019 is Rs. 179.67 Crore.

Performance of Scheme:

Scheme Name / Benchmark	31-Mar-18 to 31-Mar-19	31-Mar-16 to 31-Mar-19	Since Inception
IIFL Focused Equity Fund - Direct Plan – Growth option	15.33%	17.34%	12.29%
IIFL Focused Equity Fund-Regular Plan-Growth option	13.58%	15.92%	10.92%
Benchmark: S&P BSE200 TRI	12.06%	16.11%	10.55%
Additional Benchmark: S&P BSE Sensex TRI	18.71%	16.64%	9.57%

Past performance may or may not be sustained in the future. Inception Date: October 30, 2014.

IIFL Focused Equity Fund is an open-ended equity scheme investing in maximum 30 multicap stocks with the objective of generating long term capital appreciation for investors from a portfolio of equity and equity related securities.

Though FY2019 was a difficult year for most of the funds in the industry in order to out-perform their benchmarks, IIFL Focused Equity Fund was able to broadly outperform its Benchmark S&P BSE-200 TRI Index. During FY2019, the scheme has given a return of 13.58% as compared to S&P BSE-200 TRI return of 12.06%. The year was marked by sharp corrections specially in the midcaps and smallcaps index and also the gains in the larger cap index Nifty was driven by few heavyweight stocks. In spite of these, the scheme was able to deliver on its objective of generating returns for its valued investors during the financial year. The scheme continues to focus on high quality names and looks for companies which have earnings visibility and are available at attractive valuations across market capitalizations.

IIFL Capital Enhancer Fund-Series 1:

The net assets of the scheme as on March 31, 2019 is Rs. 480.05 Crore.

IIFL Capital Enhancer Fund - Series 1 is an Annual Interval Scheme investing in Equity and Equity Related Securities along with strategy of hedging the portfolio with Nifty 50 Put Option and other Equity derivatives.

Performance of Scheme:

Scheme Name / Benchmark	Since Inception
IIFL Capital Enhancer Fund-Series 1 - Direct Plan – Growth option	4.2%
IIFL Capital Enhancer Fund-Series 1- -Regular Plan-Growth option	4.2%
Benchmark: CRISIL Hybrid 35+65– Aggressive Index	6.9%
Additional Benchmark: S&P BSE Sensex TRI	10.1%

Past performance may or may not be sustained in the future. Inception date is May 14, 2018.

During FY2019 the scheme has given a return of 4.2% as compared to its benchmark return of 6.9%. Since its launch in May 2018, the markets have been moving up, hence the option prices eroded in value and 4% PUT cost was reduced from the underlying equity portion's return.

B. Future Outlook:

Overview of Mutual Fund Industry

Mutual funds' assets base surged to over Rs 23.79 lakh crore in March 2019, growing by Rs 2.43 lakh crore (11.4% YOY growth) since March 2018, due to a spirited investor awareness campaign by the industry and strong participation from smaller towns, according to data from AMFI. Moreover, a sharp rise in systematic investment plans (SIPs), from Rs 67,190 cr in FY 2017-18 to Rs 92,693 cr in FY 2018-19, promoted sustainable growth for the industry as more people moved away from the concept of large lump sum investments.

Macro-economic parameters of India like fiscal deficit, current account deficit, Foreign Direct Investment, inflation is within the expected range and economic growth numbers are expected to soon trough out and accelerate with improvement in capex both at government and private level. Improving macros would further lead to growth in SIP based assets of Mutual Fund Industry ensuring a sustainable flow of AUM.

Macroeconomic Overview:

Economy and markets in FY 2019

There was no dearth of events during FY2019 both locally and globally and volatility was the flavour of the season as the year turned out to be one of a nightmare for most investors. Very rarely do we get to see such divergence between largecap, midcap and small-cap performance in a year and similar sharp divergence between index and individual stock returns. Elections across various states, impact of LTCG in Indian Equities, Fed rate hikes which continued till end of the year and corporate earnings in India which was faltering were the key drivers for our markets. In second half of the year we had the jolt from certain NBFCs which rocked the whole NBFC and housing finance industry.

The interim budget had left no one surprised as it was expected to be a populist one as we were heading into elections 2019. To summarise the budget in one line we would say it was a voter-oriented budget for the masses. The government through its announcement in the budget has focused its attention on the largest vote bank which is Rural India and Urban tax paying middle class. By announcing payment of Rs 6000 per annum per household for farmers with agricultural land less than 2 hectares, the government has effectively addressed nearly 86% of the farmer population in the country and would take a fiscal hit of Rs 75,000 cr. For the middle class, by announcing the additional tax rebate for salaried individuals with salaries upto Rs 5 lakhs per annum (Rs 6.5 lakhs if we take the 80C deductions), the government has again addressed nearly 90% of the tax paying middle class population.

GDP growth numbers for the country have been showing signs of some moderation and IIP numbers have also not been very encouraging. Fiscal deficit at 3.4% of GDP remains and the government remains hopeful on maintaining the same.

Outlook for FY2020

We have entered the new financial year with lot of uncertainty on both the global and local arena. Globally economic tariff wars between America and China continues to threaten to derail the global economic growth which has been on a strong footing so far. We believe the noise regarding trade protectionism is more of negotiating tool and would be used for bargaining rather than anything else by US. There has been some cool off in recent times too on the trade war noises after China and US agreed to reduce the bilateral trade deficit significantly and Chinese companies would invest in US to create jobs. However, any escalation would be a big worry for global GDP growth which is anyways showing signs of cooling off. Efforts have been made in some talks but doesn't seem to be going anywhere towards a conclusion. On geopolitical side, Iran and US tensions continue to be on top of investors mind though escalations have been avoided for the time being. US Fed hikes which are now behind us could soon lead to fed rate cuts as the governor has highlighted that they would ease the rates at the first sign of weakness in the economy. That would be good news for emerging market fund flows which have been weak during most of the previous financial year.

On the domestic front we see the economic engine moving at a steady slow pace. Government is aware that it has two major tasks at hand. One is to kick start the growth engine by public capex which will attract private capex and second is to create jobs in the economy. Job creation and capex go hand in hand and needs some serious push by the government. But first of all, the government and the RBI need to address the liquidity crisis in the system because of IL&FS and DHFL issue. The whole liquidity crisis is threatening the consumption basket in a significant way and India being a consumption economy cannot afford to derail that part of the economy. Slowdown in autos and other consumer discretionary companies has been on for a couple of quarters and we see the pain continuing for a couple of more quarters till festive season where we can expect some pickup in numbers. The same goes for the corporate earnings which we see seeing some major improvement in the second half of the year.

Markets on a whole look fairly valued though there are enough stock specific ideas which look attractive. We believe the pain in midcaps and smallcaps could continue for some more time till earnings start picking up in the space. With midcaps and smallcaps valuation now being at below their last 10-years historical averages, we see a good chance of some deep discount bottom fishing opportunities in the space in quality names with consistent earnings visibility.

Debt

On the global front the growth projections remain passive and factors like trade wars continue to play the centre stage. The United States of America is poised for lower growth from fading impact of fiscal stimulus and lagged effect of policy rate hikes. The European Union zone and Japan growth prospects remain muted. China is facing headwinds due to trade war impacts and slowdown in credit cycle and property markets. In the given scenario, India's growth is challenged from global slowdown, Trump administrations' provocation of direct trade war with India and its own geopolitical tensions with neighbouring country. A move from globalization to de-globalization, has started creating headwinds for productivity and is likely catalyst to inflation and slowdown. In India due to tamed inflation slower private consumption and slow growth RBI is tilting its stance towards pro-growth and softer interest rates. The yields had hardened by at least 90bps in the first half of the FY19 and eased out by similar bps in the second half, ending the FY19 at flat interest rates for the year.

The government, in consultation with RBI, has announced its borrowing calendar for H1-FY20, at Rs 4.42 trillion which is 62.25% of the annual budget and is much higher than 47.5% share in this period in previous years. Moving forward, the global bond yields will be tracked by currency volatility resulting from tariff war & other political developments and its impact on crude oil prices. Other challenging factor will be the strategies of major central banks in tackling slow growth by easing monetary policy. Indian bond rates will be traced by incremental FII flows and the movement of the rupee against the greenback along with the liquidity in the domestic markets. Market participants will take cues from the economic assessment by the Monetary Policy Committee in its review meets of FY20 and will follow the RBI's stance on rates, durable liquidity management, OMOs and inflation projections. On a positive side, consumer inflation has remained below RBI's projection, which will give further scope of monetary easing in upcoming policy meetings.

Operations of the Scheme(s):

During the Financial Year ended March 31, 2019, IIFL Mutual Fund witnessed growth in Assets under Management and the number of investors. The AMC scaled up its sales and distribution capability by setting up offices across multiple locations in India. Now, IIFL Asset Management Limited has a pan-India presence with offices in Mumbai, Bengaluru, Pune, Delhi, Kolkata, Chennai & Hyderabad (not official point of acceptance).

Going ahead we seek to increase scale across existing products and continue to identify unique investment opportunities across asset classes. We also seek to use our sales presence to reach a larger network of channel partners and investors.

2. Brief background of Sponsors, Fund, Trustee Co. and AMC Co.

a. Sponsor

IIFL Wealth Management Limited (IIFLW) was incorporated on 17th January 2008, a Company incorporated under the Companies Act, 1956, is registered with SEBI as a Portfolio Manager, Investment Advisor, Stock Broker, Research Analyst and Depository Participant. IIFLW is also registered with AMFI as a distributor of mutual funds. IIFLW provides wealth management services to various HNI / Ultra HNI clients and inter alia distributes various securities and financial products, including mutual funds, alternative investment funds, debentures and structured products. IIFLW acts as the Sponsor to IIFL Mutual Fund and Co-Sponsor to Schemes of Alternative Investment Funds; The associate/group companies of IIFLW acts as Investment Manager to schemes of Alternative Investment Funds, Real Estate Investment Trust, provides Portfolio Management Services, Trustee Services, Investment Advisory Services, Distribution Services, Non-Banking Financial Services, Housing Finance, Merchant Banking Services, Business Process Outsourcing activities. The registered office of IIFLW is at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

b. IIFL Mutual Fund

IIFL Mutual Fund is a Trust settled by IIFL Finance Limited (formerly known as IIFL Holdings Limited) ('Settler') on April 29, 2010, which has entrusted a sum of Rs. 1,00,000 to the Trustee, as the initial contribution towards corpus of the Mutual Fund. The Trust Deed has been registered under the Indian Registration Act, 1908. The Trustee has entered into Investment Management Agreement (IMA) dated April 29, 2010, with IIFL Asset Management Limited (IIFL AMC) to function as the investment Manager for schemes of IIFL Mutual Fund. The Mutual Fund was registered with SEBI on March 23, 2011 under Registration Code MF/067/11/02.

c. Trustees

IIFL Trustee Limited ("Trustee") was incorporated on June 05, 2009 under the Companies Act, 1956 and is Trustee to IIFL Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and also review the activities carried on by the AMC. The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of unitholders. The Board of Directors of the Trustee Company comprises of eminent personalities with varied experience. The Trustees holds the Scheme's Corpus in trust for the benefit of the unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Deed of Trust. The Trustee seeks to ensure that the Fund and the Schemes floated thereunder are managed by the AMC in accordance with the Deed of Trust, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies. From the information provided to the Trustees and their views the Trustee has undertaken, the Trustee believes AMC has operated in the interests of the Unitholders.

d. Asset Management Company:

IIFL Asset Management Limited ("IIFL AMC") was incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at IIFL Centre, 6th Floor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400013. IIFL AMC has been appointed as the Investment Manager to IIFL Mutual Fund by the Trustee vide Investment Management Agreement (IMA) April 29, 2010, executed between IIFL Trustee Limited and IIFL AMC. The Board of Directors of IIFL AMC comprises of eminent personalities with varied experience.

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IIFL AMC also provides Investment Manager Services to Schemes of Alternative Investment Funds namely IIFL Venture Fund (Category I - Alternative Investment Fund), IIFL Private Equity Fund (Category II - Alternative Investment Fund) and IIFL Opportunities Fund (Category III - Alternative Investment Fund) and IIFL Real Estate Investment Trust (Real Estate Investment Trust). IIFL AMC is also registered with SEBI as a Portfolio Manager. The AMC is also registered with SEC, US as an Investment Adviser.

3. Significant Accounting Policies

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Scheme. Accounting policies are in accordance with Securities Exchange Board of India (Mutual Fund) Regulations, 1996.

4. Unclaimed Dividends & Redemptions of Current Schemes for the financial year 2018-2019:

Summary of Number of Investors and corresponding amount scheme wise for unclaimed Redemption(s) is as below:

Redemption			
Sr. No.	Scheme Name	Number of Investors	Amount (Rs.)
1	IIFL Focused Equity Fund*	480	487,360.09
2	IIFL Dynamic Bond Fund	1	2,663.22
3	IIFL FMP Series 1	1	11.45
4	IIFL FMP Series 6	1	6,133.25
	Grand Total	483	496,168.01

Dividend			
Sr. No.	Scheme Name	Number Investors	Amount (Rs.)
1	IIFL Focused Equity Fund	271	97,712.93
2	IIFL Dynamic Bond Fund	39	2,820.02
3	IIFL Liquid Fund	1	0.80
	Grand Total	311	1,00,533.75

*Also, an amount of Rs. 3,27,925.77 (count 437) remains outstanding on account of unclaimed refund under IIFL Nifty ETF, IIFL Dividend Opportunities Index Fund and IIFL Focused Equity Fund.

5. Investor Grievances

The data on Investor Grievance as per the SEBI prescribed is enclosed herewith as Annexure I.

6. General Policies & Procedures for exercising the voting rights & Exercise of Proxy Votes

As per the requirements of the referred SEBI Circular No. SEBI/IMD/CIR No.18/198647/2010 dated March 15, 2010 and SEBI Circular No. CIR/IMD/DF/05/2014 dated March 24, 2014, the General policies and procedures for exercising voting rights (along with the relevant disclosures) in respect of the shares held by the Schemes of IIFL Mutual Fund has been hosted on www.iiflmutualfund.com.

During the FY 2018-2019, the proxy voting was exercised by IIFL Asset Management Limited for and on behalf of IIFL Mutual Fund ('the Fund'). The summary of proxy votes cast by IIFL Mutual Fund/AMC across all the investee companies is as follows:

Summary of Votes cast during the F.Y. 2018-2019					
F.Y.	Quarter	Total no. of resolutions	Break-up of Vote decision		
			For	Against	Abstained
2018-2019	April - June	68	68	-	-
2018-2019	July - September	307	275	10	22
2018-2019	October - December	58	49	-	9
2018-2019	January - March	36	28	-	8

For complete voting details for the period 2018-19, unit holders can log on to the website (www.iiflmutualfund.com) of the Fund. Further the said details are also available in the Annual Report for the period 2018-2019. A copy thereof is available on the said website of the Fund and the link thereof shall be emailed to the unit holders. Also, a physical copy shall be provided free of cost on request received from a unitholder.

7. Statutory Information:

(i) The Sponsors are not responsible or liable for any loss resulting from the operations of the Schemes of IIFL Mutual Fund beyond their initial contribution of an amount of Rs. 1 lakh towards setting up IIFL Mutual Fund, and such other accretions/ additions to the same.

(ii) The price and redemption value of the units, and income from them, can go up as well down with fluctuations in the market value of its underlying investment.

(iii) Full Annual Report shall be disclosed on the website www.iiflmutualfund.com and shall also be available for inspection at the Registered Office of IIFL Mutual Fund. Present and prospective unitholder can obtain copy of the trust deed, the full Annual Report of the Fund / AMC free of cost.

Acknowledgement

The Trustee wish to thank Securities and Exchange Board of India, Reserve Bank of India, Association of Mutual Funds in India and the Auditors, for their support and direction. The Trustees also wish to thank all the Unitholders for their strong support.

**By order of the Board
For IIFL Trustee Limited**

Sd/-

**R. Mohan
Director**

Date: July 25, 2019

Place: Mumbai

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of IIFL Mutual Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Schemes of IIFL Mutual Fund mentioned below (Collectively known as "the Schemes"), which comprise the Balance sheet as at March 31, 2019, the Revenue Account and the Cash Flow Statement, where applicable, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

- IIFL Dynamic Bond Fund
- IIFL Liquid Fund
- IIFL Focused Equity Fund

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Schemes give a true and fair view in conformity with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- (a) in the case of the Balance Sheet, of the state of affairs of the Schemes as at March 31, 2019;
- (b) in the case of the Revenue Account, of the surplus/deficit, as applicable, for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, where applicable, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Schemes in accordance with the 'Code of Ethics' issued by ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Responsibilities of Management for the Financial Statements

The Management of IIFL Asset Management Limited (hereinafter referred to as 'the AMC'), the Schemes' asset manager, is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Schemes in accordance with accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. This responsibility includes maintenance of adequate accounting records in accordance with the SEBI regulations, the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Schemes' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Schemes or to cease operations or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Schemes' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Schemes' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management of the AMC, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the management of the AMC with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:

- (a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes

of our audit;

- (b) In our opinion, the balance sheet and revenue account dealt with by this report have been prepared in conformity with the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations.
- (c) The balance sheet, the revenue account and the cash flow statement, dealt with by this report are in agreement with the books of accounts of the Schemes.

2. As required by the Eight Schedule of the SEBI Regulations, we report that:

- (a) In our opinion, and on the basis of information and explanations given to us, the methods used to value non-traded securities as at March 31, 2019 are in accordance with the SEBI Regulations and other guidelines approved by the Board of Directors of the IIFL Trustee Limited, and are fair and reasonable.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 19102102AAAAUX3929

Place of Signature: Mumbai

Date: July 25, 2019

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To the Trustees of IIFL Mutual Fund – IIFL Capital Enhancer Fund - Series 1

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of IIFL Capital Enhancer Fund - Series 1 ("the Scheme"), which comprise the Balance sheet as at March 31, 2019, the Revenue Account and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2019;
- in the case of the Revenue Account, of the deficit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Scheme in accordance with the 'Code of Ethics' issued by ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Information Technology systems and controls</p> <p>As a Mutual Fund, the reliability of IT systems plays a key role in the business operations. Since large volume of transactions are processed, the IT controls are required to ensure that systems process data as expected and that changes are made in an appropriate manner.</p> <p>The IT infrastructure is critical for smooth functioning of the Fund's business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Due to the pervasive nature and complexity of the IT environment and large volume of transactions we have considered IT systems and controls as a key audit matter.</p> <p>Our audit procedures focused on testing of IT systems, IT general controls and specific application controls.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to financial reporting including:</p> <ul style="list-style-type: none"> Assessing the information systems used by the Fund for: (i) IT General Controls (ITGC) and (ii) Application controls; The aspects covered in the IT systems General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs; - to understand the design and test the operating effectiveness of such controls in the system; Understanding of the changes that were made to the IT landscape during the audit period and assessing changes that have impact on financial reporting; Tested controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system; Testing the design and operating effectiveness of compensating controls in case of deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures. <p>In addition, we understood where relevant, changes were made to the IT landscape during the audit period and tested those changes that had a significant impact on financial reporting.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

The Management of the IIFL Asset Management Limited is responsible for the other information. The other information comprises the information included in the Trustee report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

The Management of IIFL Asset Management Limited (hereinafter referred to as 'the AMC'), the Scheme's asset manager, is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Scheme in accordance with accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. This responsibility includes maintenance of adequate accounting records in accordance with the SEBI regulations, the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management of the AMC, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the management of the AMC with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - (a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, the balance sheet and revenue account dealt with by this report have been prepared in conformity with the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations.
 - (c) The balance sheet, the revenue account and the cash flow statement, dealt with by this report are in agreement with the books of accounts of the Scheme.
2. As required by the Eight Schedule of the SEBI Regulations, we report that:
 - (a) In our opinion, and on the basis of information and explanations given to us, the methods used to value non-traded securities as at March 31, 2019 are in accordance with the SEBI Regulations and other guidelines approved by the Board of Directors of the IIFL Trustee Limited, and are fair and reasonable.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 19102102AAAAUW4338

Place of Signature: Mumbai

Date: July 25, 2019

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ABRIDGED BALANCE SHEET AS AT MARCH 31, 2019

Rupees in Lakhs

	IIFL Dynamic Bond Fund		IIFL Liquid Fund		IIFL Focused Equity Fund		IIFL Capital Enhancer Fund - Series 1	
	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	As at 31.03.2018	As at 31.03.2019	
LIABILITIES								
1	Unit Capital	23,261.80	26,114.47	33,828.19	24,982.11	11,315.64	18,576.93	46,014.43
2	Reserves & Surplus							
2.1	Unit Premium Reserves	768.11	907.94	0.33	1.91	387.68	1,440.90	-
2.2	Unrealised Appreciation Reserve	0.00	77.70	20.77	17.70	2,777.42	1,082.18	3,289.34
2.3	Other Reserves	10,553.36	9,338.17	14,230.41	3,063.24	3,486.38	4,516.72	-1,298.84
3	Loans & Borrowings	-	-	-	-	-	-	-
4	Current Liabilities & Provisions							
4.1	Provision for doubtful Income/Deposits	-	-	-	-	-	-	-
4.2	Other Current Liabilities & Provisions	790.55	2,215.87	14.21	2,095.65	124.26	328.56	254.85
	TOTAL	35,373.83	38,654.15	48,093.90	30,160.61	18,091.40	25,945.29	48,259.77
ASSETS								
1	Investments							
1.1	Listed Securities:							
1.1.1	Equity Shares	-	-	-	-	16,838.75	24,424.51	45,658.54
1.1.2	Equity Options	-	-	-	-	-	-	717.42
1.1.3	Preference Shares	-	-	-	-	-	-	-
1.1.4	Equity Linked Debentures	-	-	-	-	-	-	-
1.1.5	Other Debentures & Bonds	28,151.07	21,176.68	3,203.18	-	-	-	-
1.1.6	Securitised Debt securities	-	-	-	-	-	-	-
1.2	Securities Awaited Listing:							
1.2.1	Equity Shares	-	-	-	-	-	-	-
1.2.2	Preference Shares	-	-	-	-	-	-	-
1.2.3	Equity Linked Debentures	-	-	-	-	-	-	-
1.2.4	Other Debentures & Bonds	-	-	-	-	-	-	-
1.2.5	Securitised Debt securities	-	-	-	-	-	-	-
1.3	Unlisted Securities							
1.3.1	Equity Shares	-	-	-	-	-	-	-
1.3.2	Preference Shares	-	-	-	-	-	-	-
1.3.3	Equity Linked Debentures	-	-	-	-	-	-	-
1.3.4	Other Debentures & Bonds	2,573.90	5,002.83	-	-	-	-	-
1.3.5	Securitised Debt Securities	-	-	-	-	-	-	-
1.4	Government Securities	-	-	-	-	-	-	-
1.5	Treasury Bills	-	-	-	-	-	-	-
1.6	Commercial Paper	-	-	14,857.67	11,394.73	-	-	-
1.7	Certificate of Deposits	2,465.34	9,461.31	13,830.55	15,826.16	-	-	-
1.8	Bill Rediscounting	-	-	-	-	-	-	-
1.9	Units of Domestic Mutual Fund	-	-	-	-	-	-	-
1.10	Foreign Securities	-	-	-	-	-	-	-
	Total Investments	33,190.31	35,640.82	31,891.40	27,220.89	16,838.75	24,424.51	46,375.97
2	Deposits	29.49	11.79	447.29	290.04	46.32	18.67	17.40
3	Other Current Assets	-	-	-	-	-	-	-
3.1	Cash & Bank Balance	2.43	24.52	19.04	2.74	4.19	8.41	5.13
3.2	TREPS/ Reverse Repo Lending	696.87	2,354.16	15,736.17	2,644.93	861.84	1,458.52	381.93
3.3	Others	1,454.71	622.85	-	2.01	340.29	35.18	1,479.35
4	Deferred Revenue Expenditure (to the extent not written off)	-	-	-	-	-	-	-
	TOTAL	35,373.83	38,654.15	48,093.90	30,160.61	18,091.40	25,945.29	48,259.77

The notes to accounts form an integral part of the accounts.

(*) Indicates less than 1 Thousand.

Rupees in Lakhs

	IIFL Dynamic Bond Fund		IIFL Liquid Fund		IIFL Focused Equity Fund		IIFL Capital Enhancer Fund - Series 1
	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019	Year ended 31.03.2018	Year ended 31.03.2019
1 INCOME							
1.1 Dividend	-	-	-	-	165.50	290.22	574.75
1.2 Interest	3,275.91	486.75	2,849.76	2,092.39	52.42	63.32	111.87
1.3 Realised Gain / (Loss) on Foreign Exchange Transactions	-	-	-	-	-	-	-
1.4 Realised Gains / (Losses) on Interscheme sale of investments	-	-	-	-	-	-	-
1.5 Realised Gains / (Losses) on External sale / redemption of investments	(159.23)	3.53	0.59	(0.13)	1,066.55	5,769.95	(1,064.21)
1.6 Realised Gains / (Losses) on Derivative Transactions	-	-	-	-	-	-	-
1.7 Provision for depreciation in value of investments written back	-	-	3.07	16.17	1,695.24	-	3,289.34
1.8 Load Income	97.21	0.00*	-	-	20.15	20.08	-
1.9 Other Income (A)	-	-	-	-	-	-	-
	3,213.89	490.28	2,853.42	2,108.43	2,999.86	6,143.57	2,911.75
2 EXPENSES							
2.1 Management fees (inclusive of GST)	238.37	31.94	50.14	39.70	162.23	344.05	412.39
2.2 GST on Management fees	-	-	-	-	-	-	-
2.3 Transfer agents fees and expenses	14.24	2.24	9.91	7.80	20.65	35.67	18.14
2.4 Custodian fees	5.38	0.87	4.71	4.03	4.03	6.61	7.38
2.5 Trusteeship fees	4.03	0.62	4.18	3.32	2.19	3.80	4.10
2.6 Marketing & Distribution expenses	215.01	36.55	10.99	15.82	147.50	288.31	291.04
2.7 Publicity Expenses	-	-	-	-	69.31	109.08	167.17
2.8 Audit fees	2.95	0.71	1.12	3.80	2.95	4.34	3.01
2.9 Investor Education Fund	8.05	1.24	8.37	6.64	4.39	7.60	8.20
2.10 Other operating expenses	2.90	1.33	4.26	2.99	15.22	15.99	9.82
2.11 Expenses borne by AMC (B)	-	-	-	(2.00)	-	-	-
	490.93	75.50	93.68	82.10	428.47	815.45	921.25
3 NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD (A-B =C)	2,722.96	414.78	2,759.74	2,026.33	2,571.39	5,328.12	1,990.50
4 Change in Unrealised Depreciation in value of investments (D)	-	-	-	-	-	-	-
5 NET GAINS / (LOSSES) FOR THE YEAR / PERIOD (E=(C-D))	2,722.96	414.78	2,759.74	2,026.33	2,571.39	5,328.12	1,990.50
6 Change in unrealised appreciation in the value of investments (F)	(419.16)	73.60	-	-	-	(2,411.20)	-
7 NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD (E + F = G)	2,303.80	488.38	2,759.74	2,026.33	2,571.39	2,916.92	1,990.50
7.1 Add: Opening balance transfer from Unrealised Appreciation Reserve	9,338.18	415.83	3,063.23	1,817.06	4,516.72	1,189.02	-
7.2 Less: Balance transfer to Unrealised Appreciation Reserve	77.70	(73.60)	(3.07)	(16.17)	(1,695.24)	2,411.20	(3,289.34)
7.3 Add / (Less): Equalisation	(1,165.66)	8,508.26	9,036.83	317.47	(1,906.48)	(2,000.42)	-
8 Total	10,554.03	9,338.87	14,856.73	4,144.69	3,486.38	4,516.72	(1,298.84)
9 Dividend appropriation							
9.1 Income Distributed during the year / period	0.46	0.50	419.00	726.58	-	-	-
9.2 Tax on income distributed during the year / period	0.18	0.19	207.33	354.88	-	-	-
10 Retained Surplus / (Deficit) carried forward to Balance sheet	10,553.38	9,338.18	14,230.40	3,063.23	3,486.38	4,516.72	(1,298.84)

The notes to accounts form an integral part of the accounts.

(*) Indicates less than 1 Thousand.

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ABRIDGED NOTES TO ACCOUNTS

Schedules forming part of the Balance Sheet as at 31st March, 2019 and the Revenue Account for the year ended on 31st March, 2019

Annexure I: ABRIDGED NOTES TO ACCOUNTS

1. INVESTMENTS

1.1 Investments of the Schemes are registered in the name of the Trustees for the benefits of the Schemes Unit holders.

1.2 Open Position of derivatives for 2017-2018 & 2018-2019:- NIL

1.3 Other than Hedging Positions through Futures for 2018-2019:-

(Amount in Rupees)

Scheme	Underlying	Call/Put	Option Price when purchased	Current price of the contract
IIFL Capital Enhancer Fund – Series 1	Nifty 50 Index 10700 June 2019 Option Nifty 50 Index 10800 June 2019 Option	Put Put	94,641,122 102,494,044	3,40,28,426 3,77,13,866
Total exposure due to options (non-hedging positions) as a percentage of net assets "1.5%" Details of non-hedging transactions through option which have been squared off / expired during the year ended March 31, 2019 are as follows: Total Number of contracts where option were bought :5330 Total Number of contracts where option were sold : Nil Gross Notional Value of contracts where option were bought : 197,135,165.75 Gross Notional Value of contracts where option were sold : Nil Net Profit/(Loss) value on all contracts combined :				

Other than Hedging Positions through Futures for 2017-2018 :- NIL

1.4 Investments in Associates and Group Companies for 2018-2019

Scheme name	Name of Related Party	Nature of Transaction	Amount (in Rs.)
IIFL- Focused Equity Fund	IIFL Holdings Limited	Purchase of Equity shares	-
		Sell of Equity shares	103,935,220
		Closing Cost of Investment (Including accrual of discount)	-
		Closing Market / Fair Value	-
IIFL Dynamic Bond Fund	India Infoline Finance Limited	Purchase of Debt Securities	-
		Sell of Debt Securities	25,100,000
		Closing Cost of Investment (Including accrual of discount)	-
		Closing Market / Fair Value	-

Investments in Associates and Group Companies for 2017-2018:

Scheme name	Name of Related Party	Nature of Transaction	Amount (in Rs.)
IIFL- Focused Equity Fund	IIFL Holdings Limited	Purchase of Equity shares	123,179,041
		Closing Cost of Investment (Including accrual of discount)	114,581,119
		Closing Market / Fair Value	141,140,000

1.5 Open position of Securities borrowed and / or Lend by the Scheme for 2018-2019 & 2017-2018 :- NIL

1.6 Details of NPA: Aggregate market value and provision thereof for 2018-2019 & 2017-2018:- NIL

1.7 Aggregate Unrealized Gain / Loss: 2018-2019

(Amount in Rupees)

Scheme Name	Equity (Listed/ Awaiting Listing)	Debentures (Listed on recognised stock exchange)	Debentures (Unlisted)	Commercial Paper	Certificate of deposits	Zero Coupon Bond	Equity Options	Total
IIFL Dynamic Bond Fund	-	-34,556,280	11,827,345	-	268,110	-11,685,665	-	-34,146,490
IIFL Liquid Fund	-	-	-	777,476	1,299,808	-111	-	2,077,173
IIFL- Focused Equity Fund	277,742,353	-	-	-	-	-	-	277,742,353
IIFL Capital Enhancer Fund - Series 1	454,326,798	-	-	-	-	-	-125,392,874	328,933,924
Grand Total	732,069,151	-34,556,280	11,827,345	777,476	1,567,918	-11,685,776	-125,392,874	574,606,960

2017-2018

(Amount in Rupees)

Scheme Name	Equity (Listed/ Awaiting Listing)	Debentures (Listed on recognised stock exchange)	Debentures (Unlisted)	Commercial Paper	Certificate of deposits	Zero Coupon Bond	Total
IIFL Dynamic Bond Fund	-	1,303,511	4,530,495	-	1,158,777	777,104	7,769,887
IIFL Liquid Fund	-	-	-	608,561	1,161,797	-	1,770,358
IIFL- Focused Equity Fund	108,218,146	-	-	-	-	-	108,218,146
Grand Total	108,218,146	1,303,511	4,530,495	608,561	2,320,574	777,104	117,758,391

- 1.8 a) The aggregate value of investments (other than option) purchased and sold (including redeemed) during the year and these amounts as a percentage of average daily net assets are as follows:

For the Period/year ended March 31, 2019

(Amount in Rupees)

Scheme	Purchases*	Sales*	Purchase as % to average daily net assets	Sale as % to average daily net assets
IIFL Dynamic Bond Fund	31,501,498,567	31,930,726,700	782.49%	793.15%
IIFL Liquid Fund	308,456,246,742	306,965,582,250	7372.81%	7337.18%
IIFL- Focused Equity Fund	22,788,676,593	238,88,338,807	1039.20%	1089.35%
IIFL Capital Enhancer Fund – Series 1	51,229,792,405	46,984,910,878	1102.04%	1010.73%

*including TREPS transactions.

For the Period/year ended March 31, 2018

(Amount in Rupees)

Scheme	Purchases*	Sales*	Purchase as % to average daily net assets	Sale as % to average daily net assets
IIFL Dynamic Bond Fund	39,204,928,775	35,582,711,070	6,300.99%	5,718.83%
IIFL Liquid Fund	169,870,886,962	169,588,341,700	5,113.46%	5,104.96%
IIFL- Focused Equity Fund	33,941,096,262	35,266,223,611	893.01%	927.87%

*including TREPS transactions.

- b). The aggregate value of investments (option) purchased and sold during the year and these amounts as a percentage of average daily net assets are as follows:

For the Period/year ended March 31, 2019

(Amount in Rupees)

Scheme	Purchases	Sales	Purchase as % to average daily net assets	Sale as % to average daily net assets
IIFL Capital Enhancer Fund – Series 1	196,844,329	-	4.23%	-

For the Period/year ended March 31, 2018 : Nil

- 1.9 Non-Traded securities in the portfolio:

Amount (in Rs.)

Scheme Name	Particulars	As on March 31, 2019	As on March 31, 2018
IIFL Dynamic Bond Fund	Aggregate fair value of thinly traded / non traded Investment	3,319,031,464	3,397,382,484
IIFL Liquid Fund	Aggregate fair value of thinly traded / non traded Investment	3,189,140,250	2,722,089,200
IIFL Capital Enhancer Fund – Series 1	Aggregate fair value of thinly traded / non traded Investment	71,742,292	-

2. Details of transactions with Associates in terms of regulation 25(8):

- 2.1 a) Securities transaction in the form of investments/disinvestment in various Public issues / Private placements where the associate was the sole or one of the several lead managers

For the period/year ended March 31, 2019

Scheme	Lead Manager	Name of Issuer	Amount (in Rupees).
IIFL- Focused Equity Fund	IIFL Holdings Limited	HDFC Asset Management Company Ltd	190,004,100
		Creditaccess Grameen Limited	100,007,670

For the period/year ended March 31, 2018

Scheme	Lead Manager	Name of Issuer	Amount (in Rupees).
IIFL- Focused Equity Fund	IIFL Holdings Limited	Capacit'e Infraprojects Ltd	62,490,000
		ICICI Lombard General Insurance Company Ltd	62,632,394
		Reliance Nippon Life Asset Management Ltd	100,002,168
		HDFC Standard Life Insurance Company Limited	200,013,000
		Shalby Ltd	100,008,480

- b) Subscription to issue of equity on private placement where sponsor or its associate companies have acted as arranger or manager.

For the Period/year ended March 31, 2019

Scheme	Lead Manager	Name of Issuer	Amount (in Rupees).
IIFL- Focused Equity Fund	IIFL Holdings Limited	HDFC Bank	2,49,48,000
IIFL- Focused Equity Fund	IIFL Holdings Limited	Aarti Industries Limited	2,05,23,327

For the Period/year ended March 31, 2018

Scheme	Lead Manager	Name of Issuer	Amount (in Rupees).
IIFL- Focused Equity Fund	IIFL Holdings Limited	Federal Bank Ltd	79,999,980

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2.2 Brokerage paid to associates/related parties/group companies of Sponsor/AMC for reporting period :

For the period/year ended March 31, 2019

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Value of Transaction (Rupees)	% of Total Value of Transaction of the fund	Brokerage (Rupees)	% of total Brokerage paid by the fund
IIFL Securities Limited	Associate	April 1, 2018 to March 31, 2019	319,818,272	1.58%	319,524	2.35%
IIFL Holdings Limited	Associate	April 1, 2018 to March 31, 2019	186,074,290	0.92%	185,750	1.37%

For the period/year ended March 31, 2018

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Value of Transaction (Rupees)	% of Total Value of Transaction of the fund	Brokerage (Rupees)	% of total Brokerage paid by the fund
IIFL Securities Limited	Associate	April 1, 2017 to March 31, 2018	519,423,286	2.42%	519,618	3.38%

2.3 Commission paid to associates / related parties / group companies of Sponsor / AMC:

For the period/year ended March 31, 2019

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (in crores)	Business given (in % of total business received by the fund)	Commission paid (in crores)	% of total Commission paid by the fund
IIFL Securities Ltd.	Associate	April 1, 2018 to March 31,2019	190.99	5.45	1.86	21.97
IIFL Wealth Management Ltd	Associate	April 1, 2018 to March 31,2019	1551.98	44.30	4.29	32.66
5Paisa Capital Limited	Associate	April 1, 2018 to March 31,2019	0.12	0.00	0.00	0.02
IIFL Asset Management (Mauritius) Limited	Associate	April 1, 2018 to March 31,2019	0.00	0.00	0.01	0.13

For the period/year ended March 31, 2018

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (in crores)	Business given (in % of total business received by the fund)	Commission paid (in crores)	% of total Commission paid by the fund
IIFL Securities Limited	Associate	April 1, 2017 to March 31, 2018	29.12	4%	0.15	4%
IIFL Wealth Management Limited	Associate	April 1, 2017 to March 31, 2018	603.78	78%	3.23	94%
IIFL Private Wealth (Mauritius) Limited	Associate	April 1, 2017 to March 31, 2018	5.07	1%	0.04	1%
5Paisa Capital Limited	Associate	April 1, 2017 to March 31, 2018	0.08	0%	0.00	0%

3. Large Holding in the scheme (i.e. in excess of 25 % of the net assets as on March 31, 2019 is Nil and March 31, 2018 is Nil.

4. Unit Capital movement during the year ended / period ended.

2018-2019

Scheme	Plan	Face Value	Opening / Initial Issue Units	Units Sold / Switch In	Redemption / Switch out	Closing Units
IIFL Dynamic Bond Fund	Growth Option	10	223398833.774	42073278.311	82545753.670	182926358.415
IIFL Dynamic Bond Fund	Regular Bonus Option	10	86040.820	0.000	12502.462	73538.358
IIFL Dynamic Bond Fund	Regular Half Yearly Dividend Option	10	107731.021	0.000	2042.870	105688.151
IIFL Dynamic Bond Fund	Regular Monthly Dividend Option	10	104576.196	1736.242	8112.432	98200.006
IIFL Dynamic Bond Fund	Regular Quarterly Dividend Option	10	6877467.499	15047.975	6573543.326	318972.148
IIFL Dynamic Bond Fund	Direct Growth Option	10	30564251.163	18952872.424	456207.071	49060916.516
IIFL Dynamic Bond Fund	Direct Monthly Dividend Option	10	5000.000	155.699	0.000	5155.699
IIFL Dynamic Bond Fund	Direct Quarterly Dividend Option	10	765.047	29195.589	765.047	29195.589
IIFL Liquid Fund	Growth Option	1000	764542.119	7939605.075	8347396.154	356751.040
IIFL Liquid Fund	Regular Daily Dividend Option	1000	1655504.251	2554482.575	3906061.008	303925.818
IIFL Liquid Fund	Regular Weekly Dividend Option	1000	3684.169	39482.151	41796.417	1369.903
IIFL Liquid Fund	Direct Weekly Dividend Option	1000	0.000	3567.401	3562.201	5.200

Scheme	Plan	Face Value	Opening / Initial Issue Units	Units Sold / Switch In	Redemption / Switch out	Closing Units
IIFL Liquid Fund	Direct Growth Option	1000	70569.158	9734508.313	7084315.355	2720762.116
IIFL Liquid Fund	Direct Daily Dividend Option	1000	3910.936	1017697.657	1021604.151	4.442
IIFL Focused Equity Fund	Growth Option	10	10,22,08,633.864	98,81,558.629	4,77,17,464.340	6,43,72,728.153
IIFL Focused Equity Fund	Dividend Option	10	30843097.413	189887.272	18578801.149	12454183.536
IIFL Focused Equity Fund	Direct Growth Option	10	49472544.564	62264816.104	75731422.612	36005938.056
IIFL Focused Equity Fund	Direct Dividend Option	10	3244976.623	201655.021	3123062.669	323568.975
IIFL Capital Enhancer Fund - Series 1	Growth Option	10	386909867.568	0.000	0.000	386909867.568
IIFL Capital Enhancer Fund - Series 1	Dividend Option	10	18675875.227	0.000	0.000	18675875.227
IIFL Capital Enhancer Fund - Series 1	Direct Growth Option	10	53934017.224	0.000	0.000	53934017.224
IIFL Capital Enhancer Fund - Series 1	Direct Dividend Option	10	624503.000	0.000	0.000	624503.000

2017-2018

Scheme	Plan	Face Value	Opening / Initial Issue Units	Units Sold / Switch In	Redemption / Switch out	Closing Units
IIFL Dynamic Bond Fund	Growth Option	10	14498014.295	210825867.884	1925048.405	223398833.774
IIFL Dynamic Bond Fund	Regular Bonus Option	10	124028.637	0.000	37987.817	86040.820
IIFL Dynamic Bond Fund	Regular Half Yearly Dividend Option	10	173239.311	0.000	65508.290	107731.021
IIFL Dynamic Bond Fund	Regular Monthly Dividend Option	10	124790.899	627.752	20842.455	104576.196
IIFL Dynamic Bond Fund	Regular Quarterly Dividend Option	10	309542.327	6581230.312	13305.140	6877467.499
IIFL Dynamic Bond Fund	Direct Growth Option	10	922042.523	29717483.771	75275.131	30564251.163
IIFL Dynamic Bond Fund	Direct Monthly Dividend Option	10	5000.000	0.000	0.000	5000.000
IIFL Dynamic Bond Fund	Direct Quarterly Dividend Option	10	0.000	765.047	0.000	765.047
IIFL Liquid Fund	Growth Option	1000	625758.232	16247561.400	16108777.513	764542.119
IIFL Liquid Fund	Regular Daily Dividend Option	1000	1561809.733	25934637.785	25840943.267	1655504.251
IIFL Liquid Fund	Regular Weekly Dividend Option	1000	35112.874	91425.372	122854.077	3684.169
IIFL Liquid Fund	Direct Weekly Dividend Option	1000	4.975	0.000	4.975	0.000
IIFL Liquid Fund	Direct Growth Option	1000	11301.044	6554137.158	6494869.044	70569.158
IIFL Liquid Fund	Direct Daily Dividend Option	1000	4084.057	777059.796	777232.917	3910.936
IIFL Focused Equity Fund	Growth Option	10	16,98,95,656.503	4,43,03,742.325	11,19,90,764.964	10,22,08,633.864
IIFL Focused Equity Fund	Dividend Option	10	47424520.310	50494952.352	67076375.249	30843097.413
IIFL Focused Equity Fund	Direct Growth Option	10	56740208.617	65989591.053	73257255.106	49472544.564
IIFL Focused Equity Fund	Direct Dividend Option	10	3879513.396	120515.741	755052.514	3244976.623

4 Prior Period Comparatives

The prior year figures have been reclassified and regrouped wherever necessary to confirm with current year's presentation.

Prior year figures for IIFL Capital Enhancer Fund - Series 1 are not available as scheme launch during the current financial year.

5 Contingent Liability: -

As of March 31, 2019: NIL

As of March 31, 2018: NIL

6 Unit-holders can obtain from the mutual fund a copy of the Annual Report of the scheme in which he /she /it has invested.

7 Expenses other than management fees are inclusive of GST where applicable.

8 The annual financials of the scheme(s) have been approved by the Board of Directors of IIFL Asset Management Limited and IIFL Trustee Limited at their Board Meeting(s) held on July 25th, 2019.

Abridged Annual Report, 2018 - 2019

KEY STATISTICS FOR THE PERIOD ENDED 31.03.19

	IIFL Dynamic Bond Fund		IIFL Liquid Fund		IIFL Focused Equity Fund		IIFL Capital Enhancer Fund - Series 1
	Period Ended 31.03.19	Period Ended 31.03.18	Period Ended 31.03.19	Period Ended 31.03.18	Period Ended 31.03.19	Period Ended 31.03.18	Period Ended 31.03.19
1. NAV per unit (Rs.): Declared NAV excluding Load							
Open							
Dividend Option	NA	NA	NA	NA	12.2991	11.7143	NA
Growth Option	13.9269	12.9627	1,366.2573	1,284.9729	13.9081	13.2428	NA
Bonus Option	13.9269	12.9627	NA	NA	NA	NA	NA
Weekly Option	NA	NA	1,006.3203	1,005.6410	NA	NA	NA
Fortnightly Option	NA	NA	NA	NA	NA	NA	NA
Monthly Dividend Option	11.4443	11.2259	NA	NA	NA	NA	NA
Quarterly Dividend Option	13.4394	12.5089	NA	NA	NA	NA	NA
Half Yearly Option	13.4394	12.5089	NA	NA	NA	NA	NA
Daily Dividend Option	NA	NA	1,001.3164	1,000.0879	NA	NA	NA
Direct Dividend Option	NA	NA	NA	NA	14.2694	13.3918	NA
Direct Growth Option	14.2725	13.2100	1,369.2612	1,287.1548	14.4553	13.5651	NA
Daily Weekly Option	NA	NA	NA	1,005.6474	NA	NA	NA
Direct Quarterly Dividend Option	13.4893	NA	NA	NA	NA	NA	NA
Direct Monthly Dividend option	11.7645	11.4612	NA	NA	NA	NA	NA
Direct Half Yearly Option	NA	NA	NA	NA	NA	NA	NA
Direct Daily Dividend Option	NA	NA	1,001.2196	1,000.0880	NA	NA	NA
High							
Dividend Option	NA	NA	NA	NA	14.5696	13.9847	10.6680
Growth Option	14.7624	13.9193	1,459.5116	1,365.5016	16.4682	15.8075	10.6680
Bonus Option	14.7624	13.9193	NA	NA	NA	NA	NA
Weekly Option	NA	NA	1,006.7129	1,006.2958	NA	NA	NA
Fortnightly Option	NA	NA	NA	NA	NA	NA	NA
Monthly Dividend Option	11.5202	11.8005	NA	NA	NA	NA	NA
Quarterly Dividend Option	14.2456	13.4320	NA	NA	NA	NA	NA
Half Yearly Option	14.2456	13.4320	NA	NA	NA	NA	NA
Daily Dividend Option	NA	NA	1,000.8804	1,000.7626	NA	NA	NA
Direct Dividend Option	NA	NA	NA	NA	17.0139	16.1744	10.7077
Direct Growth Option	15.22690	14.2639	1,463.4522	1,368.4983	17.2355	16.3851	10.7077
Direct Weekly Option	NA	NA	1,006.5123	1,006.1647	NA	NA	NA
Direct Quarterly Dividend Option	14.3925	13.4811	NA	NA	NA	NA	NA
Direct Monthly Dividend option	11.93610	11.8005	NA	NA	NA	NA	NA
Direct Half Yearly Option	NA	NA	NA	NA	NA	NA	NA
Direct Daily Dividend Option	NA	NA	1,000.8055	1,000.6615	NA	NA	NA
Low							
Dividend Option	NA	NA	NA	NA	11.6589	11.4922	9.6192
Growth Option	13.8227	12.9665	1,366.7904	1,285.4084	13.1783	12.9917	9.6192
Bonus Option	13.8227	12.9665	NA	NA	NA	NA	NA
Weekly Option	NA	NA	1,005.0000	1,005.0000	NA	NA	NA
Fortnightly Option	NA	NA	NA	NA	NA	NA	NA
Monthly Dividend Option	11.2275	11.1839	NA	NA	NA	NA	NA
Quarterly Dividend Option	13.3388	12.5126	NA	NA	NA	NA	NA
Half Yearly Option	13.3388	12.5126	NA	NA	NA	NA	NA
Daily Dividend Option	NA	NA	1,000.0757	1,000.0700	NA	NA	NA
Direct Weekly Option	NA	NA	1,005.0000	1,005.0540	NA	NA	NA
Direct Dividend Option	NA	NA	NA	NA	13.6464	13.1650	9.6695
Direct Growth Option	14.1776	13.2150	1,369.7993	1,287.5945	13.8241	13.3354	9.6695
Direct Quarterly Dividend Option	13.3999	13.0703	NA	NA	NA	NA	NA
Direct Monthly Dividend Option	11.5870	11.4243	NA	NA	NA	NA	NA
Direct Half Yearly Option	NA	NA	NA	NA	NA	NA	NA
Direct Daily Dividend Option	NA	NA	1,000.0427	1,000.0427	NA	NA	NA

	IIFL Dynamic Bond Fund		IIFL Liquid Fund		IIFL Focused Equity Fund		IIFL Capital Enhancer Fund - Series 1
	Period Ended 31.03.19	Period Ended 31.03.18	Period Ended 31.03.19	Period Ended 31.03.18	Period Ended 31.03.19	Period Ended 31.03.18	Period Ended 31.03.19
End **							
Dividend Option	NA	NA	NA	NA	13.9747	12.2991	10.4189
Growth Option	14.7713	13.9269	1,459.5116	1,366.2573	15.7958	13.9081	10.4189
Bonus Option	14.7713	13.9269	NA	NA	NA	NA	NA
Weekly Option	NA	NA	1,006.4211	1,006.3203	NA	NA	NA
Fortnightly Option	NA	NA	NA	NA	NA	NA	NA
Monthly Dividend Option	11.5144	11.4443	NA	NA	NA	NA	NA
Quarterly Dividend Option	14.2542	13.4394	NA	NA	NA	NA	NA
Half Yearly Option	14.2542	13.4394	NA	NA	NA	NA	NA
Daily Dividend Option	NA	NA	1,000.8804	1,001.3164	NA	NA	NA
Direct Dividend Option	NA	NA	NA	NA	16.4640	14.2694	10.5340
Direct Growth Option	15.2366	14.2725	1,463.4522	1,369.2612	16.6784	14.4553	10.5340
Direct Weekly Option	NA	NA	1,006.3711	NA	NA	NA	NA
Direct Quarterly Dividend Option	14.4016	13.4893	NA	NA	NA	NA	NA
Direct Monthly Dividend option	11.9332	11.7645	NA	NA	NA	NA	NA
Direct Half Yearly Option	NA	NA	NA	NA	NA	NA	NA
Direct Daily Dividend Option	NA	NA	1,000.8055	1,001.2196	NA	NA	NA
2. Closing Assets Under Management (Rs. in Lakhs)							
End	34,583.27	36,438.27	48,079.69	28,064.96	17,967.13	25,617.73	48,004.92
Average (AAuM)	40,258.25	6,222.03	41,836.98	33,220.31	21,928.98	38,007.53	46,486.21
3. Gross income as % of AAuM	7.98%	7.88%	6.81%	6.30%	5.95%	16.16%	-0.92%
4. Expense Ratio:							
a. Total Expense as % of AAuM							
Regular Plan	1.25%	1.25%	0.25%	0.25%	2.42%	2.60%	2.25%
Direct Plan	0.60%	0.62%	0.20%	0.20%	0.87%	1.10%	1.00%
b. Management Fee as % of AAuM							
Regular Plan	0.48%	0.42%	0.12%	0.12%	0.60%	0.60%	0.83%
Direct Plan	0.48%	0.42%	0.12%	0.12%	0.60%	0.60%	0.83%
5. Net Income as % of AAuM	6.85%	6.67%	6.59%	6.10%	4.10%	14.02%	-3.02%
6. Portfolio turnover ratio	NA	NA	NA	NA	1.16	0.93	0.36
7. Total Dividend per unit distributed during the year / period							
Individual & HUF							
Dividend	0.86438712	1.08347688	178.44117780	153.28686925	-	-	-
Others							
Dividend	-	-	105.97818348	110.76824453	-	-	-
8. Returns:							
a. Last One Year							
Scheme	6.04%	7.44%	6.83%	6.32%	13.58%	5.04%	-
Benchmark	6.72%	5.10%	7.62%	6.84%	12.06%	11.86%	-
b. Since Inception							
Scheme	6.99%	7.19%	7.28%	7.38%	10.92%	10.15%	4.20
Benchmark	8.02%	8.30%	7.86%	7.92%	10.55%	7.75%	6.90
Benchmark Index	CRISIL Composite Bond Fund Index	CRISIL Composite Bond Fund Index	CRISIL Liquid Fund Index	CRISIL Liquid Fund Index	S&P BSE 200 TRI	Nifty 50 TRI	CRISIL Hybrid 35+65-Aggressive Index

The above abridged financial statement are derived out of audited financial statement, however the same has not been audited

1. Gross income = amount against (A) in the revenue account i.e. Income.
2. Net income = amount against (C) in the revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD
3. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year / period
4. AAuM=Average daily net assets

** Calculated NAV of 31st March, 2019

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

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CIN: U74900MH2010PLC201113

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