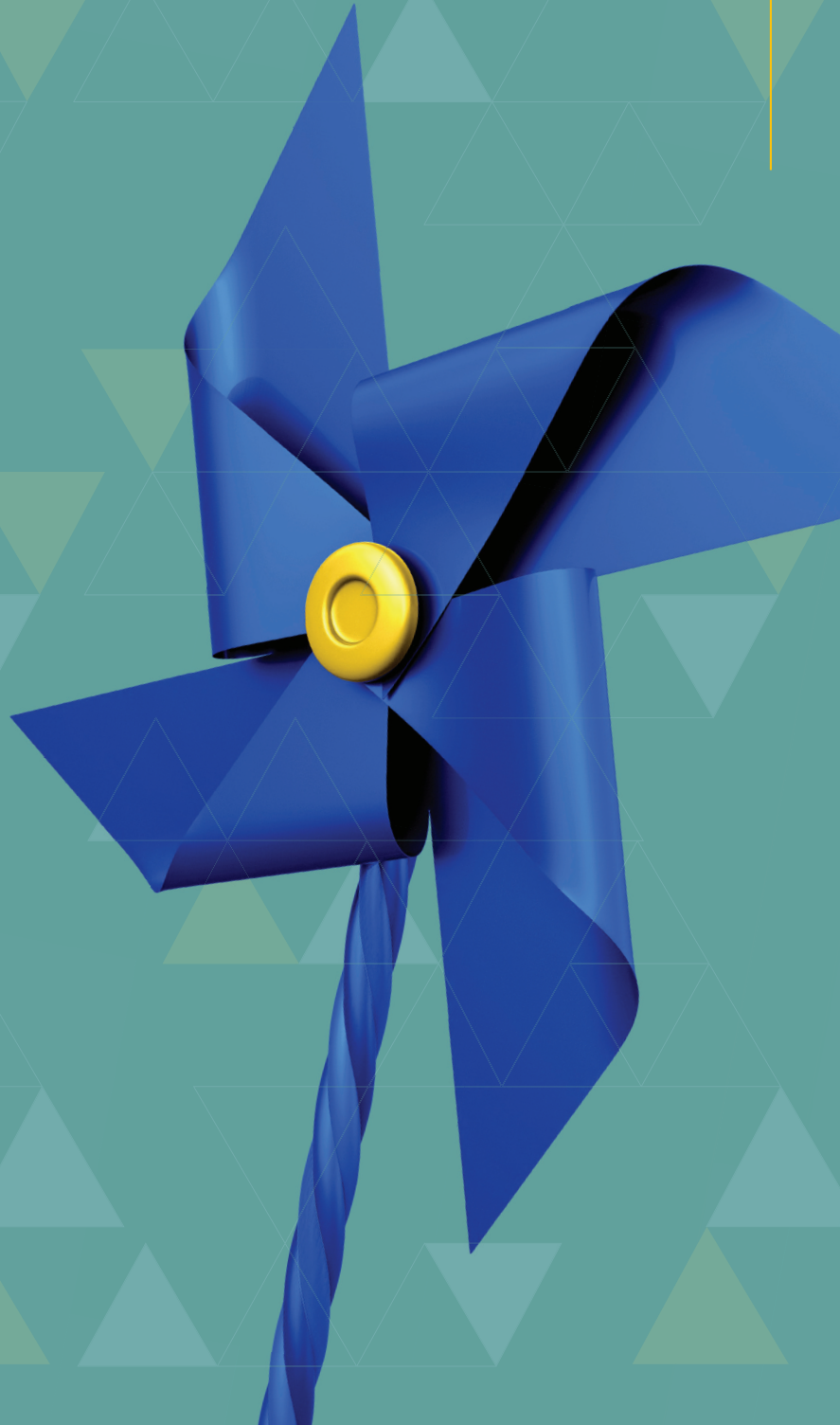


MONTHLY FACTSHEET

SEPTEMBER 2018



Macro Economy & Event Update

- U.S. markets gained in Aug 2018 while European and Asian counterparts traded down. Trade row between the U.S. and China continued to burden the markets.
- U.S. markets were boosted by the positive outcome of U.S.-Mexico trade talks and the U.S. Federal Reserve's decision of keeping interest rates on hold. Upbeat economic data too supported sentiment. However, U.S.'s meeting with China over trade ended without a resolution.
- Europe came under pressure because of anxiety around Britain's exit from the European Union and U.S.-China trade row. Formalities around Brexit are getting delayed making investors worry about a hard exit that may lead to a financial crisis in the region.
- Trade war concerns weighed down on Asian markets as well. The tit-for-tat situation between U.S. and China got worse with the U.S. President considering raising tariff on \$200 billion worth of Chinese imports soon.
- Indian equity markets saw new highs in the month on the back of upbeat economic numbers. Lack of clarity regarding the pace of rate hikes that the U.S. Federal Reserve adopts moving forward also supported sentiment. However, trade war tensions, rise in global crude oil prices and a depreciating rupee capped the gains.
- Bond yields were at four-month high as investor risk appetite suffered on rise in global crude oil prices. The rupee at life-time low against the greenback also weighed on market sentiment, fueling concerns of foreign fund outflow from the domestic debt market and higher inflation in the coming months.
- Investors will keep a close eye on the direction of the rupee as it has been at its weakest level. Rise in crude oil prices is also a cause of concern and will be in focus as it would impinge on inflation and Monetary Policy Committee's interest rate decision. U.S.-China trade dispute is persistent irritant and will continue to be so with the two countries nowhere close to a resolution. However, rise in India's growth trajectory is expected to boost market sentiment as GDP grew 8.2% on a yearly basis in the first quarter of FY19 mainly on the back of manufacturing growth. Bond yields will be dictated by domestic inflation trajectory, liquidity in the Indian banking system and demand-supply dynamics in the domestic debt market.

Key Economic Indicators

Indicators	Current	Previous
WPI(Jul-18)	5.09%	5.77%
IIP(Jun-18)	7.00%	3.90%
CPI(Jul-18)	4.17%	4.92%

Source: Thomson Reuters Eikon

India's GDP grows at 8.2% in the first quarter of FY19

- Government data showed that the Gross Domestic Product (GDP) at 2011-12 prices of the Indian economy witnessed a growth of 8.2% on a yearly basis in the first quarter of FY19. On the sectoral front, manufacturing and Public administration, defence & other services surged 13.5% and 9.9% respectively. Construction and Electricity, gas, water supply & other utility services grew 8.7% and 7.3%, respectively.

Fiscal deficit at 86.5% of FY19 budget target for Apr-Jul 2018

- India's fiscal deficit for Apr-Jul 2018 came in at Rs. 5.40 lakh crore, or 86.5% of the budgeted target for FY19 against 92.4% in the corresponding period of the previous year. Net tax receipts were Rs. 2.93 lakh crore or 19.8% of the budget estimate for FY19 compared with 21.0% in the corresponding period of the previous year. The government's total expenditure for the period from Apr to Jul of 2018 stood at Rs. 8.90 lakh crore or 36.4% of the budget estimate for FY19 compared with 37.7% in the corresponding period of the previous year.

Retail inflation fell to a 9 month low in Jul 2018

- India's Consumer Price Index-based inflation (CPI) or retail inflation fell to 4.17% in Jul 2018 from downwardly revised growth of 4.92% (5.00% originally reported) in Jun 2018. However, it increased as against 2.36% in Jul 2017. The growth in Consumer Food Price Index came in at 1.37% in Jul 2018 compared with 2.91% in Jun 2018 and -0.36% in the same month of the previous year.

Wholesale Price Index-based inflation fell in Jul 2018

- India's Wholesale Price Index-based inflation (WPI) decreased to 5.09% in Jul 2018 from 5.77% in Jun 2018 as prices of food articles, mainly fruits and vegetables, came down. Wholesale price inflation was at 1.88% in Jul 2017. Inflation in food articles stood at -2.16% in Jul 2018 compared to 1.80% in Jun. Inflation in vegetables stood at -14.07% in Jul compared to 8.12% in Jun. Fruit inflation stood at -8.81% in Jul compared to 3.87% in Jun. The WPI Food Index came in at -0.86% in Jul against 1.56% in Jun.

Index of Industrial Production at 5-month high in Jun 2018

- India's Index of Industrial Production grew to a 5-month high of 7.0% in Jun 2018 from a revised 3.93% (3.20% originally reported) in the previous month. In the year-ago period, IIP had seen a decline of 0.3% YoY. The growth of IIP from Apr to Jun accelerated to 5.2% YoY from 1.9% in the same period of the previous year. The manufacturing sector grew to 6.9% in Jun from a decline of 0.7% in in the same month of the previous year.

Trade deficit widened to more than 5-year high in Jul 2018

- India's trade deficit in Jul 2018 increased to more than 5-year high at \$18.02 billion as against \$16.60 billion in Jun 2018. The rise was on the back of increase in oil imports that stood at \$12.35 billion, a 57.41% jump. Merchandise exports increased 14.32% YoY to \$25.77 billion and imports rose 28.81% to \$43.79 billion.

Equity Market

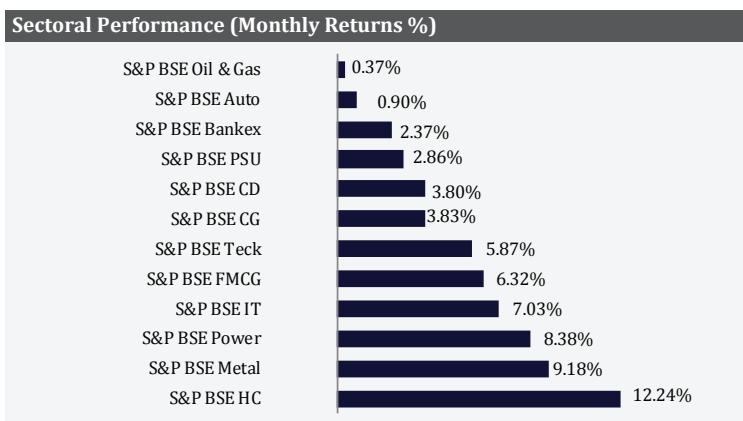
- Investors had reason to cheer in Aug as Sensex hovered at record highs and breached the 38,000 mark for the first time. A series of key economic numbers coupled with optimism over the Federal Reserve's policy decision supported the buying decision. Drop in inflation numbers soothed investor nerves as domestic inflationary pressures fell in Jul 2018. On the global front, positive cues emanated after the U.S. Federal Reserve chief hinted at gradual rate hikes going forward but did not provide enough clarity regarding the pace of rate hikes moving forward. However, the upside was also limited on worries over rise in global crude oil prices due to withholding of supply by Iran coupled with a depreciating rupee, which hit record low against the greenback.
- On the BSE sectoral front, all the indices closed in the green. S&P BSE Healthcare (12.24%) stood as the major gainer followed by S&P BSE Metal (9.18%), S&P BSE Power (8.38%) and S&P BSE IT (7.03%). Rally was witnessed in pharma and IT companies after the rupee depreciated to its lowest level against the U.S. dollar.
- U.S. markets ended the month on a positive note, driven by positive outcome of trade talks between the U.S. and Mexico. Market participants drew positive reference from the U.S. Federal Reserve chief's speech in Jackson Hole, wherein he mentioned to raise interest rates gradually if the strong growth in income and jobs continues. Nonetheless, gains were restricted by growing trade row between U.S. and China. Diplomatic tension between U.S. and Turkey also limited the upside.
- European markets witnessed selling pressure, dragged by concerns over uncertainty surrounding Brexit and U.S. trade policy. Market participants remained concerned of a probable disorderly exit of the United Kingdom from the European Union, which may lead to a new financial crisis in Europe. Buying interest was affected after the U.S. President threatened to pull out from the World Trade Organization and his comments on European trade policies raised fresh worries over trade friction. Market sentiment dampened further after the European Central Bank expressed concerns over the impact of a weak Turkish currency on European banks and uncertainties related to global factors.
- Asian markets were weighed down by persisting concerns over trade row between U.S. and China. Selling pressure intensified later after media reports stated that the U.S. President is preparing to take the trade war with China to the next level by moving ahead with the plan to imposing the said tariffs on additional \$200 billion worth of Chinese goods as early as the first week of Sep 2018. However, upbeat economic data across the region restricted further losses.
- The market is expected to remain focused on the rupee's movement as it is hovering at its lowest level. Crude oil prices might remain at elevated level as the fresh sanction introduced by U.S. against Iran would tighten future supply. This may act as spoilsport and impact the markets. Further, persisting U.S.-China trade tensions pose a major hindrance to near-term and long-term global growth prospects. China has hinted to lodge a complaint under the World Trade Organization's dispute settlement mechanism following U.S.'s tax imposition on \$16 billion of Chinese goods.

Domestic Indices Performance				
Indicators	31-Aug-18	31-Jul-18	Chg %	YTD%
S&P BSE Sensex	38,645	37,607	2.76	13.47
Nifty 50	11,681	11,357	2.85	10.92
S&P BSE 200	5,041	4,871	3.49	7.74
Nifty Midcap 100	19,920	18,877	5.53	-5.74
Nifty Dividend Opportunities 50	2,808	2,689	4.41	6.46
S&P BSE Smallcap	17,193	16,584	3.67	-10.60

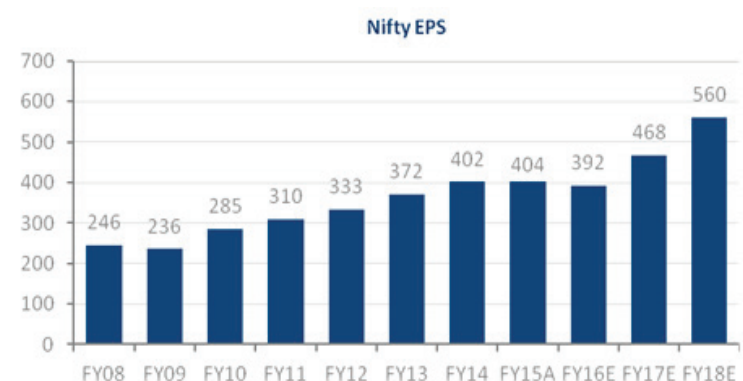
Source: Thomson Reuters Eikon

Global Indices Performance				
Global Indices	31-Aug-18	31-Jul-18	Chg %	YTD%
Dow Jones	25,965	25,415	2.16	5.04
FTSE	7,432	7,749	-4.08	-3.32
CAC	5,407	5,511	-1.90	1.77
Hang Seng	27,889	28,583	-2.43	-6.79
SSE Composite Index	2,725	2,876	-5.25	-17.60

Source: Thomson Reuters Eikon



Source: Thomson Reuters Eikon



Institutional Flows (Equity) As on August 31, 2018				
(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	100,340	98,565	1,775	(2,005)
MF Flows	57,455	53,361	4,095	76,693
DII Flows	75,396	69,860	5,536	74,805

Source: NSDL, NSE & SEBI

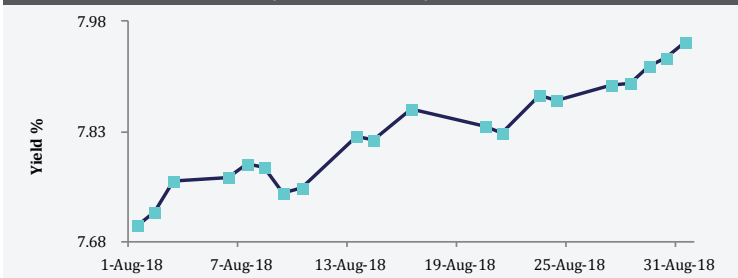
Debt Market

- Bond yields witnessed the biggest monthly rise in four months as market participants' risk appetite took a hit following a spike in global crude oil prices during the month under review. The rupee's plunge to a life-time low against the greenback also weighed on market sentiment, fueling concerns of foreign fund outflow from the domestic debt market and higher inflation in the coming months.
- Yield on gilt securities increased across maturities by up to 30 bps. The maximum increase was witnessed on 12-year paper and the minimum on 2-year paper. Yield on corporate bonds increased across the maturities in the range of 4 bps to 25 bps. The maximum fall was witnessed on 1-year paper and the minimum on 3-year paper. Difference in spread between AAA corporate bond and gilt expanded on 1, 6 and 7-year papers by 16 bps, 5 bps and 6 bps, respectively. Spread contracted across the remaining maturities by up to 11 bps, barring 5-year paper, which closed steady.
- Bond yields moving forward will be dictated by a slew of factors namely the domestic inflation trajectory, liquidity in the Indian banking system and demand-supply dynamics in the domestic debt market. On the global front, bond yields will be dictated by global crude oil prices, movement of the rupee against the greenback, stance of foreign portfolio investors and stance adopted by central banks across the globe on their respective monetary policies. The stance that the U.S. President adopts regarding trade and fiscal aspects will also remain in sharp focus as the ongoing concerns of a full-blown trade war may result in turbulence in emerging domestic debt and currency markets.

Currency and Commodity Market

- The Indian rupee plunged against the U.S. dollar and touched record low to close above the 70 mark for the first time. Rupee fell tracking selling in emerging market assets following decline in Turkish lira and on month-end dollar demand from oil importers. Ongoing trade war tensions between U.S. and China weighed on the market sentiment. Also, surge in oil prices raised concerns over widening of current account deficit and pressurized the rupee.
- Brent crude prices rose after fresh sanctions were introduced by U.S. against Iran, which is expected to result in tightened future supply. The International Energy Agency also hinted that an economic crisis in Venezuela would weigh on the oil output. Further, Organization of the Petroleum Exporting Countries (OPEC) hinting that oil producing countries are maintaining their compliance to reduce oil production added to the gains. Saudi Arabia also registered an unanticipated drop in crude oil production. Crude oil production fell to around 10.3 million barrels a day in Jul compared with 10.5 million barrels a day in Jun.

10-Year Benchmark Bond (7.17% GS 2028) Movement



Source: Thomson Reuters Eikon

Spread Movement

Spreads		AAA	AA	A
31-Aug-18	1 Yr	101	137	260
	3 Yr	65	123	235
	5 Yr	58	88	208
31-Jul-18	1 Yr	86	131	243
	3 Yr	75	119	208
	5 Yr	58	95	202

Source: Thomson Reuters Eikon

Yield (%)	31-Aug-18	31-Jul-18
10 Year G-Sec	7.95	7.77
5 Year G-Sec	8.01	7.90
3 Year G-Sec	7.80	7.67

Certificate of Deposit

3-Month	7.25	7.30
6-Month	7.60	7.42
9-Month	8.08	7.55
12-Month	8.04	8.06

Commercial Papers

3-Month	7.70	7.50
6-Month	8.05	8.05
12-Month	8.60	8.65

Source: Thomson Reuters Eikon

Treasury Bill	31-Aug-18	31-Jul-18
91 Days	6.76	6.69
364 Days	7.30	7.24

Event Calendar

Release Date	Release Date	Country
07-Sep-18	Nonfarm Payrolls (Aug)	U.S.
13-Sep-18	Bank of England Monetary Policy Review	U.K.
13-Sep-18	European Central Bank Monetary Policy	Euro Zone
19-Sep-18	Bank of Japan Monetary Policy Review	Japan
26-Sep-18	U.S. Federal Reserve Monetary Policy	U.S.

IIFL Focused Equity Fund (Formerly known as IIFL India Growth Fund)

(An open ended equity scheme investing in maximum 30 multicap stocks)



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 17 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	: 4% - if redeemed/switched out, on or before 3 months from the date of allotment w.e.f August 2, 2018.
Dematerialization	: D-Mat Option Available
Portfolio Turnover Ratio (based on 1 year monthly data)	: 1.14 times

NAV as on August 31, 2018

Regular - Growth	: ₹16.4682
Regular - Dividend	: ₹14.5696
Direct - Growth	: ₹17.2355
Direct - Dividend	: ₹17.0139

AUM as on Aug 31, 2018

Net AUM	: ₹ 301.72 crore
Monthly Average AUM	: ₹ 299.37 crore

Total Expense Ratio

Regular Plan	: 2.50% p.a.
Direct Plan	: 0.96% p.a.

Total Expense Ratio is as on the last business day of the month.

Volatility Measures Fund Benchmark

Std. Dev (Annualised)	15.17%	13.69%
Sharpe Ratio	0.58	2.06
Portfolio Beta	0.93	1.00
R Squared	0.80	NA
Treynor	0.09	0.06

Portfolio as on August 31, 2018

Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
HDFC Asset Management Company Limited	Finance	10.39
Merck Limited	Pharmaceuticals	7.55
Bajaj Finance Limited	Finance	7.38
HDFC Bank Limited	Banks	6.76
State Bank of India	Banks	6.02
CESC Limited	Power	5.25
Infosys Limited	Software	4.78
Zensar Technologies Limited	Software	4.56
Sun Pharmaceutical Industries Limited	Pharmaceuticals	4.54
IIFL Holdings Limited	Finance	4.42
ITC Limited	Consumer Non Durables	4.35
Tata Consultancy Services Limited	Software	4.10
Reliance Industries Limited	Petroleum Products	3.99
GlaxoSmithKline Consumer Healthcare Limited	Consumer Non Durables	3.58
CreditAccess Grameen Limited	Finance	3.02
SBI Life Insurance Company Limited	Finance	2.99
Bajaj Finserv Limited	Finance	2.91
Tata Motors Ltd DVR Shares	Auto	2.85
Tata Global Beverages Limited	Consumer Non Durables	2.76
Cholamandalam Investment and Finance Company Limited	Finance	2.45
Shankara Building Products Limited	Ferrous Metals	2.28
PNB Housing Finance Limited	Finance	2.05
CBLO		1.16
Sub Total		100.14
Net Receivables / (Payables)		-0.14
Portfolio Total		100.00

Scheme Performance

	31-Aug-17 to 31-Aug-18	PTP (₹)	31-Aug-15 to 31-Aug-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	12.44%	11,244	16.25%	15,717	13.88%	16,469
IIFL Focused Equity Fund - Dir - Growth	14.17%	11,417	17.61%	16,275	15.24%	17,237
Benchmark*	19.40%	11,940	15.08%	15,246	11.18%	15,020
Additional Benchmark**	23.20%	12,320	15.21%	15,298	10.92%	14,886

Past performance may or may not be sustained in future.

Different plans shall have different expense structure.

As on August 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 3yrs but less than 5yrs.

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-Aug-17 to 31-Aug-18	31-Aug-15 to 31-Aug-18	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	4,50,000
Total Value as on Aug 31,2018(₹)	1,34,107	4,72,357	6,07,308
Returns	22.51%	18.47%	16.15%
Total Value of Benchmark: Nifty 50 TRI (₹)	1,35,023	4,78,400	607,241
Benchmark: Nifty 50 TRI	24.02%	19.37%	16.14%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,37,110	4,85,206	6,14,374
Additional Benchmark: S&P BSE Sensex TRI	27.48%	20.38%	16.79%

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

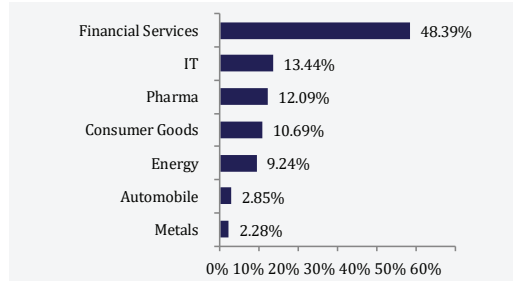
Source: MFI Explorer; Above returns are calculated assuming investment of ₹10,000/- on the 1st working day of every month. CAGR return are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan -Growth option. The above investment simulation 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

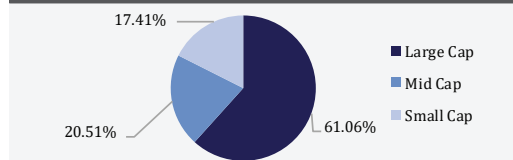
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

Sector Allocation^{^^}



^^Sector allocation as per AMFI classification

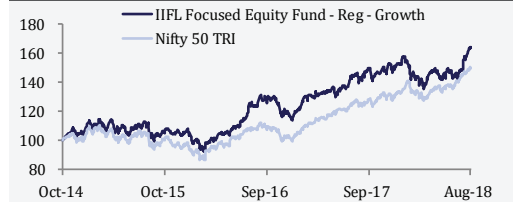
Market Capitalisation wise Exposure[^]



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.

^As on August 31, 2018

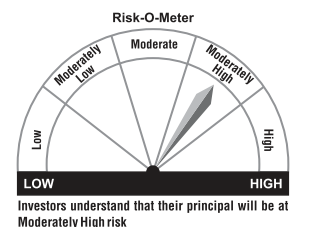
NAV Movement (Since Inception) Rebased to 100



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.



Fund Commentary

Over the past few months we have been highlighting how equity returns do not happen in a linear fashion and is interlaced with periods of strong performance between some patches of under-performance. Also, we have been highlighting that as investors and fund managers, our aim is on picking companies which may weather market conditions in the long run and generate long term capital appreciation for investors.

The portfolio companies have been able to generate significant alpha for the investors in FY19 so far. We believe the alpha in the portfolio has been generated because of our bottom up stock selection within the largecap midcap space where we have been able to identify some of the low risk and high margin of safety companies in an otherwise volatile market conditions. In fact during the month of Aug'18, nearly 75% of our portfolio companies have outperformed the Nifty-50 and hence the overall portfolio speaks of high quality and not just a few stocks.

Major gainers in the portfolio during the month of Aug'18 were HDFC AMC (+64.9%), Merck (+55.1%), Zensar Tech (+35.4%), GSK Consumer (+18.8%) and Sun Pharma (+14.8%). The major drags in the portfolio during the month were Credit Grameen (-8.8%), HDFC Bank (-5.4%), Tata Global (-5.1%), Bajaj Finserv (-3.3%) and SBI Life (-1.9%).

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 Capital Enhancer Fund Series 1

(An Annual Interval Scheme investing in Equity and Equity Related Securities)

Investment Objective

To achieve long term capital appreciation by investing in equity and equity related securities, with strategy of hedging the portfolio with Nifty 50 Put Option and other Equity derivatives. 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 17 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 inception.

Fund Details

Date of Allotment	: May 14, 2018
Bloomberg Code	: IICE1RG IN
Benchmark Index	: CRISIL Hybrid 35+65- Aggressive Index
Plans Offered	: Regular & Direct
Options Offered	: Growth & Dividend
Entry Load	: NIL
Exit Load	: NIL

NAV as on August 31, 2018

Regular - Growth	: ₹10.6215
Regular - Dividend	: ₹10.6215
Direct - Growth	: ₹10.6621
Direct - Dividend	: ₹10.6621

AUM as on August 31, 2018

Net AUM	: ₹ 488.96 crore
Monthly Average AUM	: ₹ 482.03 crore

Total Expense Ratio

Regular Plan	: 2.41% p.a.
Direct Plan	: 1.15% p.a.

Total Expense Ratio is as on the last business day of the month.

Volatility Measures# Fund Benchmark

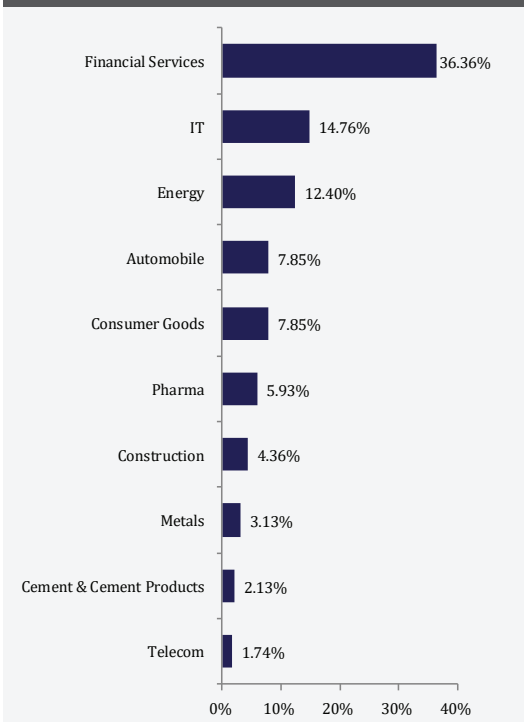
Std. Dev (Annualised)	NA	NA
Sharpe Ratio	NA	NA
Portfolio Beta	NA	NA
R Squared	NA	NA
Treynor	NA	NA

#Since the scheme has not completed 3 years volatility measures has not been provided.

Portfolio as on August 31, 2018

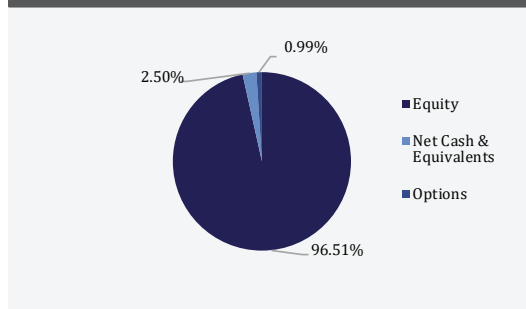
Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
HDFC Bank Limited	Banks	8.93
Reliance Industries Limited	Petroleum Products	8.31
Bajaj Finance Limited	Finance	6.61
Infosys Limited	Software	6.46
Sun Pharmaceutical Industries Limited	Pharmaceuticals	5.93
Housing Development Finance Corporation Limited	Finance	5.31
Kotak Mahindra Bank Limited	Banks	4.47
IndusInd Bank Limited	Banks	4.41
Larsen & Toubro Limited	Construction Project	4.36
Tata Consultancy Services Limited	Software	4.23
Tech Mahindra Limited	Software	4.07
ICICI Bank Limited	Banks	3.91
ITC Limited	Consumer Non Durables	2.97
Mahindra & Mahindra Limited	Auto	2.97
Asian Paints Limited	Consumer Non Durables	2.80
Maruti Suzuki India Limited	Auto	2.74
Bajaj Finserv Limited	Finance	2.72
Tata Motors Limited	Auto	2.14
Grasim Industries Limited	Cement	2.13
Hindustan Petroleum Corporation Limited	Petroleum Products	2.08
Hindustan Unilever Limited	Consumer Non Durables	2.08
Power Grid Corporation of India Limited	Power	2.01
Bharti Airtel Limited	Telecom - Services	1.74
Hindalco Industries Limited	Non - Ferrous Metals	1.72
Vedanta Limited	Non - Ferrous Metals	1.41
Nifty 50 Index 10800 Put June 2019 Option		0.52
Nifty 50 Index 10700 Put June 2019 Option		0.47
CBLO		2.67
Sub Total		100.17
Net Receivables / (Payables)		-0.17
Portfolio Total		100.00

Sector Allocation^^

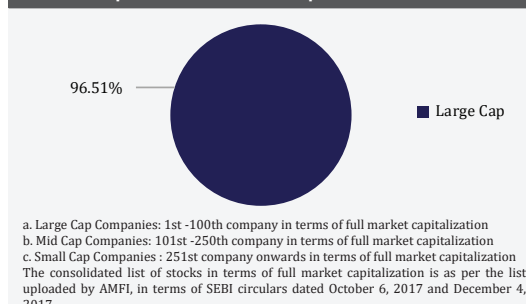


^^Sector allocation as per AMFI classification

Asset Allocation^



Market Capitalisation wise Exposure^



^As on August 31, 2018

HEDGING- UPDATE

The Scheme has invested in the equity portfolio during a period where the Nifty 50 was trading at ~10750 levels.

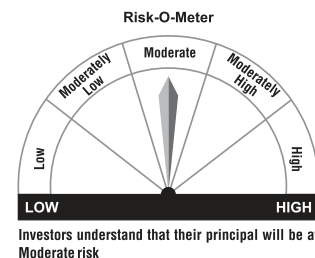
As long dated Nifty 50 puts can only be purchased at a strike price in the multiples of Rs. 100, the Scheme has partially purchased Nifty 50 Puts at 10700 and 10800 strike prices respectively.

Therefore, the annualised cost of buying the put is ~3.87%

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- Long Term Capital Growth
- Investments in equity and equity related securities with a Strategy of hedging by buying NIFTY 50 Put Option and other Equity derivatives.

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



Disclaimer

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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 16 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 August 31, 2018

Regular Plan Growth : ₹14.1228
***Regular Plan Bonus** : ₹14.1228
Regular Quarterly Dividend : ₹13.6284
***Regular Half Yearly Dividend** : ₹13.6284
***Regular Monthly Dividend** : ₹11.3527
Direct Plan Growth : ₹14.5128
Direct Monthly Dividend : ₹11.7095

*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 Aug 31, 2018

Net AUM : ₹ 440.64 crore
Monthly Average AUM : ₹ 445.92 crore

Total Expense Ratio

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

Total Expense Ratio is as on the last business day of the month.

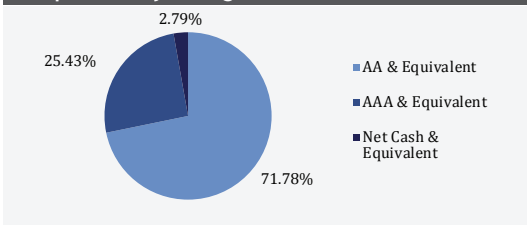
Statistical Debt Indicators

Modified Duration : 1.90 years
Average Maturity : 2.27 years
Yield to Maturity : 9.01%

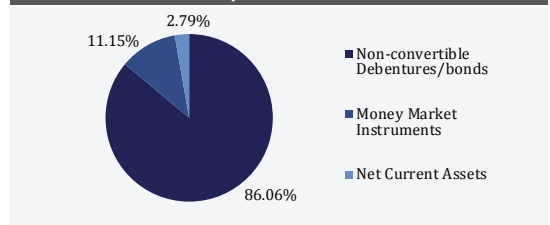
Portfolio as on August 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Debt Instruments			7.63% PNB Housing Finance Limited		
Non-Convertible Debentures/Bonds			8.75% Axis Bank Limited		
			ECL Finance Limited		
			8.20% Housing Development Finance Corporation Limited		
			8.48% U.P. Power Corporation Limited		
			12.75% India Infoline Finance Limited		
			8.48% U.P. Power Corporation Limited		
			National Bank For Agriculture and Rural Development		
			9.15% SP Jammu Udhampur Highway Limited		
			9.90% Tata Motors Limited		
			9.45% State Bank of India		
			Certificate of Deposit		
			IDFC Bank Limited		
			IndusInd Bank Limited		
			CBLO / Reverse Repo		
			CBLO		
			Sub Total		
			Net Current Assets		
			Portfolio Total		

Composition by Rating[^]



Instrument Wise Composition[^]



Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Cum Dividend)	Direct Plan NAV (₹) (Cum Dividend)
28-Aug-18	0.05	11.3575	11.7139
31-Jul-18	0.05	11.3456	11.6943
26-Jun-18	0.05	11.3108	11.6497
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

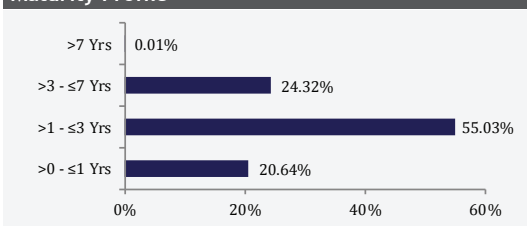
Dividend is gross dividend. To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

	31-Aug-17 to 31-Aug-18	PTP (₹)	31-Aug-15 to 31-Aug-18	PTP (₹)	31-Aug-13 to 31-Aug-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	4.13%	10,413	7.00%	12,253	8.39%	14,967	6.88%	14,124
IIFL Dynamic Bond Fund - Dir - Growth	4.78%	10,478	7.58%	12,453	8.96%	15,365	7.44%	14,512
Benchmark*	0.91%	10,091	7.21%	12,325	9.08%	15,450	7.65%	14,660
Additional Benchmark**	-3.54%	9,646	5.54%	11,758	6.83%	13,919	5.39%	13,131

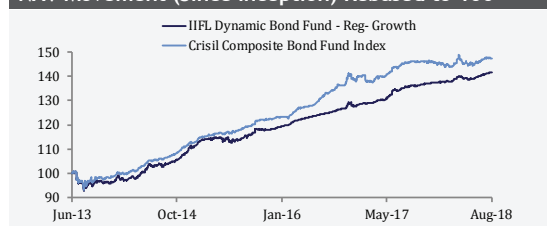
Past performance may or may not be sustained in future
 Different plans shall have different expense structure
 As on August 31, 2018: *Crisil Composite Bond Fund Index; **Crisil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date; \$ Inception date 24-June-2013; 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[^]



[^]As on August 31, 2018

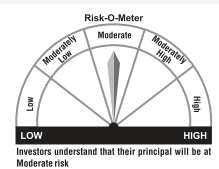
NAV Movement (Since Inception) Rebased to 100



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.



Investors understand that their principal will be at Moderate risk

Fund Commentary

- Bond yields witnessed the biggest monthly rise in four months as market participants' risk appetite took a hit following a spike in global crude oil prices during the month under review. The domestic petrol and diesel prices are at record high due to distressed global oil supply, ensuing from fresh sanctions imposed on Iran by U.S. and Venezuelan economic crisis and furthered by reduction in oil production by Saudi Arabia and Organization of the Petroleum Exporting Countries (OPEC). The deteriorating Emerging Markets risks and pressure on current account deficit (CAD) has led the rupee's plunge to a life-time low against the greenback. It is fuelling additional concerns of foreign fund outflow from the domestic debt market and higher inflation in the coming months. Rising fuel costs, incremental inflationary expectations, widening trade deficit will all shape the RBI's Interest rate decision in the coming policy events. Yield on the 10-year benchmark bond (7.17% GS 2028) surged 18 bps to month end close at 7.95% from the previous month's close of 7.77% after moving within a wide range of 7.68% to 7.96%.
- Bond yields moving forward will be dictated by the domestic inflation trajectory, liquidity in the Indian banking system and demand-supply dynamics in the domestic debt market. On the global front, bond yields will be influenced by depreciation of rupee against the greenback, firming global crude oil prices, stance of foreign portfolio investors and stance adopted by central banks across the globe on their respective monetary policies. The stance initiated by the U.S. policy makers regarding trade and fiscal aspects will also remain in sharp focus. The ongoing concerns of a full-blown trade war between U.S. - China may result in turbulence in emerging markets' domestic debt and currency markets. In this scenario, we continue our view of positioning at the front-end of the curve with a defensive outlook as rate trajectory is likely to be volatile. The incremental positioning may be executed in certain pockets of yield curve if it offers value in terms of attractive spreads between low duration high carry bonds and overnight funding rates. The scheme aims to maintain relatively high running yields and moderate to low duration, to benefit out of the steep yield curve. However, any changes in the macro-economic environment is being continuously tracked for change of stance if the situation requires so.

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 16 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 August 31, 2018

Regular Plan Growth : ₹1405.0506
Regular Plan Weekly : ₹1005.5520
Dividend
Regular Plan Daily : ₹1000.0788
Dividend
Direct Plan Growth : ₹1408.4348
Direct Plan Dividend : ₹1000.0427

AUM as on August 31, 2018

Net AUM : ₹ 527.73 crore
Monthly Average AUM : ₹ 318.40 crore

Total Expense Ratio

Regular Plan : 0.25% p.a.
Direct Plan : 0.20% p.a.

Total Expense Ratio is as on the last business day of the month.

Statistical Debt Indicators

Modified Duration : 26 days
Average Maturity : 28 days
Yield to Maturity : 6.50%

Portfolio as on August 31, 2018

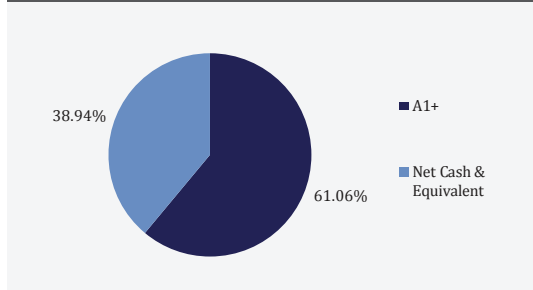
Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Money Market Instruments					
Certificate of Deposit					
RBL Bank Limited	ICRA A1+	4.73%	Hero Fincorp Limited	CRISIL A1+	4.69%
IDFC Bank Limited	ICRA A1+	4.72%	National Bank For Agriculture and Rural Development	CRISIL A1+	4.68%
IndusInd Bank Limited	CRISIL A1+	4.71%	Tata Motors Finance Limited	CARE A1+	4.68%
Yes Bank Limited	CRISIL A1+	4.71%	Mahindra & Mahindra Financial Services Limited	CRISIL A1+	4.68%
Axis Bank Limited	ICRA A1+	4.68%	LIC Housing Finance Limited	CRISIL A1+	4.67%
Sub Total		23.55%	Sub Total		37.51%
Commercial Paper					
National Housing Bank	CRISIL A1+	4.71%	CBLO / Reverse Repo		
Edelweiss Commodities Services Limited	CRISIL A1+	4.71%	CBLO		38.47%
Housing Development Finance Corporation Limited	CRISIL A1+	4.69%	Sub Total		38.47%
			Net Receivables / (Payables)		
					0.47%
			Portfolio Total		100.00%

Scheme Performance

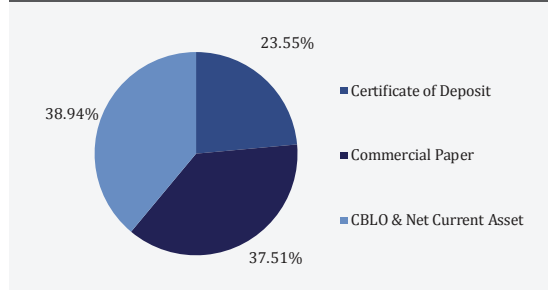
	31-Aug-17 to 31-Aug-18	PTP (₹)	31-Aug-15 to 31-Aug-18	PTP (₹)	Since Inception ⁵	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.61%	10,661	6.80%	12,184	7.34%	14,049
IIFL Liquid Fund - Dir - Growth	6.67%	10,667	6.85%	12,201	7.40%	14,087
Benchmark*	7.13%	10,713	7.22%	12,329	7.87%	14,385
Additional Benchmark**	6.75%	12,026	6.54%	10,654	7.53%	13,551

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on August 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.

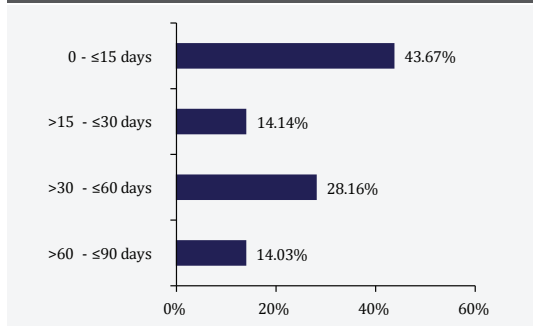
Composition by Rating[^]



Instrument Wise Composition[^]

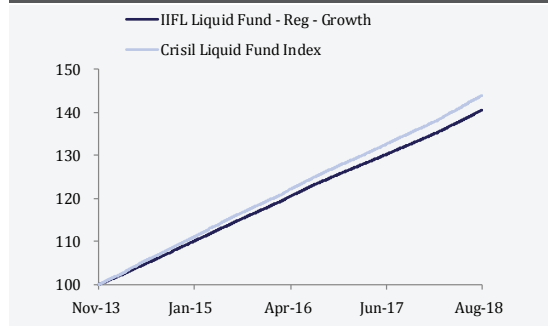


Maturity Profile[^]



[^]As on August 31, 2018

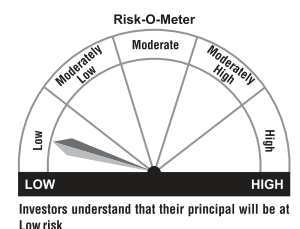
NAV Movement (Since Inception) Rebased to 100



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

FUND MANAGER	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.
APPLICATION AMOUNT FOR FRESH SUBSCRIPTION	This is the minimum investment amount for a new investor in a mutual fund scheme.
MINIMUM ADDITIONAL AMOUNT	This is the minimum investment amount for an existing investor in a mutual fund scheme.
YIELD TO MATURITY	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.
SIP	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.
NAV	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.
BENCHMARK	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.
ENTRY LOAD	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.
EXIT LOAD	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.
MODIFIED DURATION	Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.
STANDARD DEVIATION	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.
SHARPE RATIO	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.
BETA	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.
AUM	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.
HOLDINGS	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.
NATURE OF SCHEME	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.
RATING PROFILE	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.