

# MONTHLY FACTSHEET

JANUARY 2019



## Macro Economy & Event Update

- The last month of year 2018 saw weakness in major markets. U.S. markets were down as the political scene became intense with the partial shutdown of the U.S. government. The trade dispute with China took new turns but only for the worse and burdened markets.
- European markets came under pressure after the U.S. Fed increased interest rates and showed no signs of relenting on rate-hike in the future. However, it indicated that the pace of rate hikes might not remain aggressive moving forward, The U.S. government partial shutdown and trade tensions between U.S. and China weighed on sentiment. Developments around Brexit only made investors more anxious.
- Asia was no different and markets in this part of the world fell, too. The main reason was concern around the slowing pace of the global economy. The Chinese President's speech couldn't sooth investor nerves. Trade dispute and U.S. government partial shutdown had a bad impact here as well.
- Indian markets were volatile in the period and ended weak. Factors pulling the market down were formidable – pre-Lok Sabha election anxiety, weak GDP numbers for the quarter ended Sep 18, sudden resignation of the RBI governor, Fed increasing interest rate, U.S. government's partial shutdown, weak Chinese economic data and U.S.-China trade tensions. The saving grace came in the form of announcement by the government to release Rs. 28,615 crore for bank recapitalisation and the newly-appointed RBI governor taking cognisance of the problems plaguing the banking sector.
- Bond yield fell in Dec 2018 after the Monetary Policy Committee (MPC) maintained status quo on interest rates and lowered the inflation forecast for the second half of FY19. Decline in global crude oil prices led to hopes that an easing of the monetary policy might be near and supported gains.
- Indian equity markets are moving from a year that was volatile to a year that yet again has all the ingredients of a roller-coaster ride. The pre-election time is going to be overshadowed by anxiety over poll results and if the outcome is not as per expectations, it could lead to further volatility. Corporate results are also around the corner and will give investors a peek into the health of India Inc. The new RBI governor is being seen aiding aggressive growth in the banking and financial services sector. Investors will keep a close eye on future policy stance of the central bank. Risks on the global front remain – impact of U.S.-China trade war, partial U.S. government shutdown and rate hikes by global central banks.

### Key Economic Indicators

Indicators	Current	Previous
WPI (Nov-18)	4.64%	5.28%
IIP (Oct-18)	8.10%	4.50%
CPI (Nov-18)	2.33%	3.38%

Source: Thomson Reuters Eikon

### MPC keeps interest rates on hold in its fifth bi-monthly monetary policy review

- The MPC in its fifth bi-monthly monetary policy review for FY19 kept key policy repo rate on hold for the second consecutive time after it increased the same by 25 bps each in Jun 2018 and Aug 2018. Thus, the key policy repo rate stood unchanged at 6.50%. The reverse repo rate stood at 6.25% and the marginal standing facility rate and the Bank Rate stood at 6.75%.
- MPC lowered its retail inflation outlook. Including the House Rent Allowance (HRA) impact, MPC lowered the retail inflation outlook to 2.7%-3.2% for second half of FY19 as against its earlier projection of 3.9%-4.5%. For the first half of FY20, MPC projected retail inflation in the range of 3.8% to 4.2%. MPC lowered its projection of retail inflation due to weakening of food prices, sharp fall in international crude oil prices, fading effect of the 7th Central Pay Commission's HRA and on the assumption that monsoon will remain normal. However, MPC noted a broad-based increase in inflation in non-food groups. MPC retained its expectation for gross domestic product (GDP) growth at 7.4% for FY19.

### India's Current Account Deficit widened in Q2 of FY19

- Data from the Reserve Bank of India showed that India's Current Account Deficit (CAD) rose to \$19.1 billion or 2.9% of GDP in Q2 of FY19, up from \$6.9 billion or 1.1% of GDP in Q2 of FY18 and \$15.9 billion (2.4% of GDP) in Q1 of FY19. The widening of the CAD was due to higher trade deficit that came in at \$50.0 billion as against \$32.5 billion in the previous-year period. Net services receipts grew 10.2% YoY mainly due to rise in net earnings from software and financial services.

### India's fiscal deficit for Apr-Nov 2018 accounted 114.8% of the budgeted target for FY19

- India's fiscal deficit for Apr-Nov 2018 came in at Rs. 7.17 lakh crore, or 114.8% of the budgeted target for FY19 as against 112.0% in the year-ago period. Net tax receipts were Rs. 7.32 lakh crore or 49.4% of the budget estimate for FY19 compared with 57.0% in the corresponding period of the previous year. The government's total expenditure for the period from Apr to Nov of 2018 stood at Rs. 16.13 lakh crore or 66.1% of the budget estimate for FY19 compared with 68.9% in the corresponding period of the previous year.

### India's trade deficit widened in Nov 2018

- India's trade deficit in Nov 2018 increased to \$16.67 billion as against a deficit of \$17.13 billion in Oct 2018. Exports increased 0.80% in Nov against a rise of 17.86% in Oct 2018. Imports also increased 4.31% in Nov 2018 compared with a rise of 17.62% in Oct 2018. For the eight months ended Nov 2018, trade deficit stood at \$128.13 billion, exports rose 11.58% and imports increased 14.71%.

## Equity Market

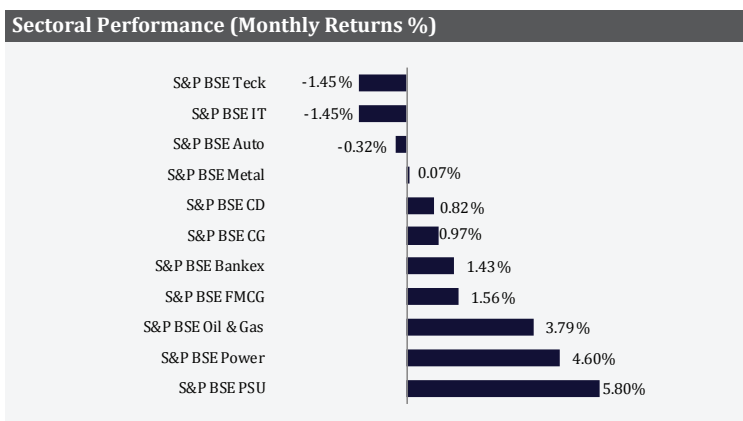
- Indian equity markets witnessed volatility and ended the last month of 2018 on a weak note. Key triggers that downplayed investor sentiment included weak Gross Domestic Product (GDP) data for the Sep quarter, sudden resignation of the Reserve Bank of India governor and the outcome of five state assembly elections. Global cues too played spoilsport following scepticism over long-term U.S.-China trade deal and concerns over the partial shutdown of the U.S. government. Nonetheless, the downturn was cushioned by some encouraging domestic macroeconomic numbers, optimism over initiatives to be taken by the newly-appointed central bank chief and government's bank recapitalisation announcement.
- U.S. markets ended the period in the red on worries over partial government shutdown. The partial shutdown is likely to continue as U.S. President and Democratic lawmakers remain far apart on the issue of funding for the controversial border wall. The U.S. President expressed unwillingness to sign a short-term spending bill approved by the Senate and he did this because of lack of funding for his controversial border wall with Mexico. Scepticism about the possibility of a long-term trade deal between the U.S. and China kept investors wary.
- European peers too witnessed selling pressure during the month on worries over partial government shutdown in U.S. Further, worries that the U.S. and China may not agree on a long-term trade deal anytime in the foreseeable future made investors offload riskier assets. Uncertainty over Brexit also kept investors on the sidelines. Concerns over violent protests in France restrained investors from taking riskier bets. The nation faced political unrest triggered by rising fuel prices, high cost of living and claims that a disproportionate burden of the government's tax reforms is falling on the working and middle classes.
- Asian markets joined global sell off as growing worries over the slowing prospects for the world economy prompted investors to offload equities and seek safe-haven assets. Market sentiment was further dampened after the Bank of Japan governor warned that economic risks from abroad could be severe even though he reassured that the central bank would respond appropriately as needed. Uncertainty over the fate of long-term U.S.-China trade relations also kept markets under pressure.
- The year 2018 was a roller coaster for Indian equity markets. While the markets commenced the year on high optimism and enthusiasm fuelled by strong returns from Indian and global equities in 2017, it ended on a note of caution blended with some scepticism. The stage is all set for the general elections in 2019 and investors will be keenly following the developments on the same. Also, with the new RBI governor driving expectations of aggressive growth in the banking and financial services sector, market participants will be closely tracking the future policy stance of the central bank. However, global risks have come to the forefront with apprehensions about impact of trade war, partial U.S. government shutdown and rate hikes by global central banks (especially U.S. Fed) impacting business and consumer confidence. Market participants will be keeping a close watch on the global factors as the buying interest is likely to be impacted.

Domestic Indices Performance				
Indicators	31-Dec-18	30-Nov-18	Chg %	YTD%
S&P BSE Sensex	36,068	36,194	-0.35	5.91
Nifty 50	10,863	10,877	-0.13	3.15
S&P BSE 200	4,654	4,627	0.59	-0.54
Nifty Midcap 100	17,876	17,504	2.12	-15.42
Nifty Dividend Opportunities 50	2,589	2,528	2.41	-1.83
S&P BSE Smallcap	14,707	14,427	1.94	-23.53

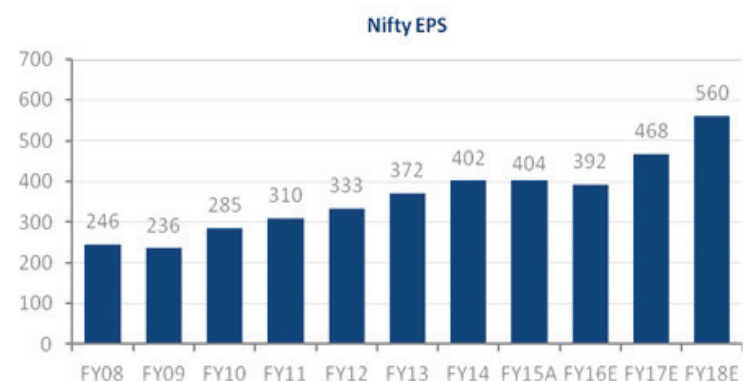
Source: Thomson Reuters Eikon

Global Indices Performance				
Global Indices	31-Dec-18	30-Nov-18	Chg %	YTD%
Dow Jones	23,327	25,538	-8.66	-5.63
FTSE	6,728	6,980	-3.61	-12.48
CAC	4,731	5,004	-5.46	-10.95
Hang Seng	25,846	26,507	-2.49	-13.61
SSE Composite Index	2,494	2,588	-3.64	-24.59

Source: Thomson Reuters Eikon



Source: Thomson Reuters Eikon



Institutional Flows (Equity) As on Dec 31, 2018				
(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	101,130	97,987	3,143	-32,627
MF Flows	48,200	45,281	2,919	120,534
DII Flows	64,494	60,018	4,476	118,035

Source: NSDL, NSE & SEBI

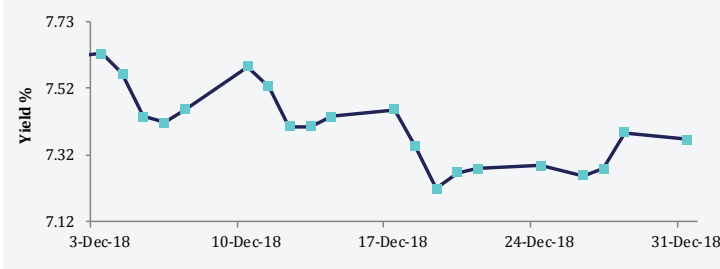
## Debt Market

- Bond yield fell during the month under review after the MPC kept interest rates on hold but lowered the inflation forecast for the second half of FY19. Gains were extended as global crude oil prices plunged which led to hopes that a near-term easing of the monetary policy might be around the corner. However, profit booking at regular intervals by market participants capped the gains.
- Yield on gilt securities fell across the maturities in the range of 18 bps to 37 bps barring 2-year paper which increased 1 bps. Yield on corporate bonds fell across maturities by up to 19 bps. Difference in spread between AAA corporate bond and gilt expanded across maturities in the range of 6 bps to 31 bps. The minimum expansion was witnessed on 6- and 7-year papers and the maximum on 3-year paper.
- Market participants moving forward will remain watchful of how the outcome of the general elections pans out. While the current central government has underscored the importance of fiscal prudence, a section of market participants remains wary of fiscal slippage due to the upcoming general elections. Credit offtake and systematic liquidity will also remain in sharp focus as all these factors may influence the stance that MPC adopts in its monetary policy. In addition to the above-mentioned factors, bond yield trajectory will be dictated by global crude oil prices, movement of the rupee against the greenback and stance adopted by foreign institutional investors.

## Currency and Commodity Market

- The Indian rupee plunged against the U.S. dollar in the first half of Dec 2018 but later retreated most of its losses and closed marginally lower at the end. Rupee depreciated initially on concerns over U.S.-China trade discussions on resolving differences. The surprise resignation of the Reserve Bank of India governor added to the losses. However, losses trimmed as lower than expected retail inflation and trade deficit data for Nov 2018 lifted sentiment. Plunge in global crude oil prices further supported rupee.
- Brent crude prices slumped amid growing probability of fall in energy demand owing to global economic slowdown, consistent rise in U.S. crude stockpiles and an increase in output from Saudi Arabia. A report from International Energy Agency suggested OPEC output increased 100,000 bpd for Nov 2018 following massive pumping from Saudi Arabia. In addition, oversupply worries have been intensifying with Russia registering record high output of 11.42 million barrels a day and U.S. production rising progressively so far in Dec 2018. Additionally, political unrest in U.S. and U.S.-China trade jitters continued to add downward pressure on oil prices.

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



Source: Thomson Reuters Eikon

### Spread Movement

Spreads		AAA	AA	A
31-Dec-18	1 Yr	153	199	341
	3 Yr	128	166	243
	5 Yr	88	109	181
30-Nov-18	1 Yr	122	175	313
	3 Yr	97	157	249
	5 Yr	77	106	159

Source: Thomson Reuters Eikon

Yield (%)	31-Dec-18	30-Nov-18
10 Year G-Sec	7.37	7.61
5 Year G-Sec	7.24	7.52
3 Year G-Sec	7.10	7.42

### Certificate of Deposit

	31-Dec-18	30-Nov-18
3-Month	6.90	7.24
6-Month	7.87	7.36
9-Month	7.94	8.33
12-Month	7.96	8.48

### Commercial Papers

	31-Dec-18	30-Nov-18
3-Month	7.20	7.75
6-Month	8.25	8.90
12-Month	8.60	9.05

Source: Thomson Reuters Eikon

Treasury Bill	31-Dec-18	30-Nov-18
91 Days	6.67	6.77
364 Days	7.03	7.19

### Event Calendar

Release Date	Release Date	Country
10-Jan-19	Gross Domestic Product (YoY) (Q4)	China
23-Jan-19	Bank of Japan Monetary Policy Review	Japan
24-Jan-19	ECB Monetary Policy Review	Euro Zone
30-Jan-19	U.S. Federal Reserve Monetary Policy	U.S.
31-Jan-19	Gross Domestic Product (YoY) (Q4) (P)	Euro Zone



# 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<sup>^</sup>  
**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)** : 1.29 times

<sup>^</sup>Effective January 01, 2019 the benchmark of the scheme is changed from Nifty 50 TRI to BSE 200 TRI

## NAV as on December 31, 2018

**Regular - Growth** : ₹14.2892  
**Regular - Dividend** : ₹12.6418  
**Direct - Growth** : ₹15.0315  
**Direct - Dividend** : ₹14.8382

## AUM as on December 31, 2018

**Net AUM** : ₹ 169.64 crore  
**Monthly Average AUM** : ₹ 169.62 crore

## Total Expense Ratio

**Regular Plan** : 2.48% 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)	16.01%	13.67%
Sharpe Ratio	0.20	0.17
Portfolio Beta	0.96	1.00
R Squared	0.68	NA
Treynor	0.01	0.01

## Portfolio as on December 31, 2018

Company Name	Industry	% to Net Assets
<b>Equity &amp; Equity Related Total</b>		
HDFC Bank Limited	Banks	9.85
Merck Limited	Pharmaceuticals	6.53
State Bank of India	Banks	5.94
Infosys Limited	Software	5.85
ICICI Bank Limited	Banks	5.11
Tech Mahindra Limited	Software	4.69
CESC Limited	Power	4.22
Larsen & Toubro Infotech Limited	Software	3.83
Bajaj Finserv Limited	Finance	3.35
Muthoot Finance Limited	Finance	3.34
Bajaj Finance Limited	Finance	3.29
IPCA Laboratories Limited	Pharmaceuticals	3.10
SRF Limited	Textile Products	3.06
CreditAccess Grameen Limited	Finance	2.99
Siemens Limited	Industrial Capital Goods	2.84
Petronet LNG Limited	Gas	2.77
Tata Motors Ltd DVR Shares	Auto	2.49
Aavas Financiers Limited	Finance	2.40
SBI Life Insurance Company Limited	Finance	2.36
Asian Paints Limited	Consumer Non Durables	2.34
Cholamandalam Investment and Finance Company Limited	Finance	2.22
Larsen & Toubro Limited	Construction Project	2.04
IIFL Holdings Limited	Finance	1.63
Odisha Cement Limited	Services	1.63
Balkrishna Industries Limited	Auto Ancillaries	1.63
L&T Finance Holdings Limited	Finance	1.37
Cipla Limited	Pharmaceuticals	0.96
Sun Pharmaceutical Industries Limited	Pharmaceuticals	0.94
<b>Unlisted<sup>#</sup></b>		
RP SG Retail Limited	Retailing	0.82
RP SG Business Process Services Limited	Software	0.54
<b>Sub Total</b>		<b>94.13</b>
TREPS <sup>##</sup>		6.47
Net Receivables / (Payables)		-0.60
<b>Portfolio Total</b>		<b>100.00</b>

## Scheme Performance

	31-Dec-17 to 31-Dec-18	PTP (₹)	31-Dec-15 to 31-Dec-18	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	-6.77%	9,319	9.98%	13,306	8.93%	14,289
IIFL Focused Equity Fund - Dir - Growth	-5.33%	9,464	11.31%	13,795	10.26%	15,031
Benchmark*	4.61%	10,464	12.47%	14,231	8.40%	14,001
Additional Benchmark**	7.18%	10,722	12.84%	14,373	8.27%	13,931

Past performance may or may not be sustained in future.

Different plans shall have different expense structure.

As on December 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-Dec-17 to 31-Dec-18	31-Dec-15 to 31-Dec-18	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	4,90,000
Total Value as on Dec 31, 2018(₹)	1,16,775	3,94,458	5,66,075
Returns	-4.94%	6.03%	7.01%
Total Value of Benchmark: Nifty 50 TRI (₹)	1,21,913	4,28,663	6,05,816
Benchmark: Nifty 50 TRI	2.97%	11.67%	10.37%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,23,050	4,36,501	6,14,878
Additional Benchmark: S&P BSE Sensex TRI	4.74%	12.92%	11.11%

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

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

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

## Dividend Details

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

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

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

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

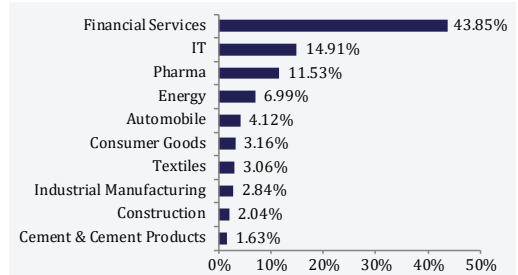
#The two unlisted entities are the demerged entities from CESC Ltd, where -

A. RP- SG Retail Limited (RPSGRL) has issued and allotted 6 fully paid up equity shares of Rs. 5/- of RPSGRL for every 10 fully paid up equity shares held in CESC Ltd.

B. RP- SG Business Process Services Limited (RPSGBPSL) has issued and allotted 2 fully paid up equity shares of Rs. 10/- of RPSGBPSL for every 10 fully paid up equity shares held in CESC Ltd.

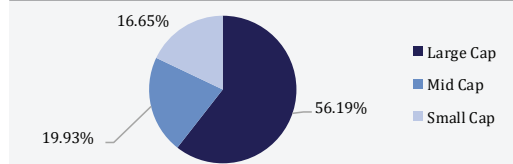
<sup>##</sup>With effect from November 05, 2018, Triparty Repo has replaced CBLs for all schemes with provisions to invest in CBL.

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



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

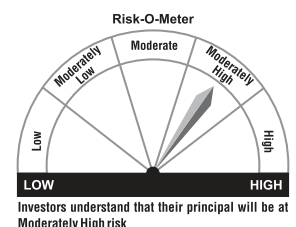
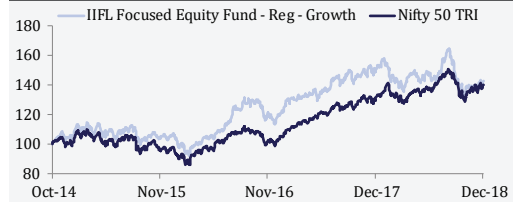
## Market Capitalisation wise Exposure<sup>^</sup>



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

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

## NAV Movement (Since Inception) Rebased to 100



Investors understand that their principal will be at Moderately High risk

## Fund Commentary

There was no dearth of events during 2018 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. Though the Nifty-50 closed marginally positive for the year, the midcap index was down almost 15% and the small-cap index was down by around 30% during the year.

As we enter 2019, there seems to be both hope and fear alike. If one reads the Outlook reports for 2019 from all the domestic and foreign brokerage houses, it becomes quite clear that the consensus view for 2019 is that it would be a good year for emerging markets when compared to the developed markets and India would stand above the rest on valuation front within the emerging market basket. Corporate earnings are picking up and growth looks to have entered a sweet spot for a major uptick in coming quarters. Increase in both government and private capex and strong consumption demand on the back of benign inflation and steady interest rates, looks like the key drivers for our markets in 2019. Rate cut expectations from the RBI could add to the up-move.

However the markets would not be a smooth ride in 2019 for sure. Too many moving parts both locally and globally would add to the volatility during the year. The first half of 2019 would be dominated by the General elections in India and its outcome and all other factors would take a back seat. US fed rate hikes seem to be peaking out and there is now a consensus that growth would slow down in US and Europe in 2019. China is already seeing some slowdown and that would not go down well for commodity prices. All these we believe will keep volatility high in the markets.

We have done some major portfolio reshuffling during the month in line with our sector and earnings view. We have booked gains in GSK consumer during the month post the Horlicks deal announcement. We have reduced exposure to Sun Pharma significantly and have added some exposure in Cipla Ltd in the same sector. Within the Technology sector we have exited Zensar Ltd as we see the company struggling with earnings and client growth over the next few qtrs and have added exposure to L&T Infotech which is priced very attractively and is also expected to outperform the peers in the IT sector over coming quarters in earnings growth.

Major gainers in the portfolio during the month were Muthoot Finance (+14.0%), Aavas Financiers (+11.5%), Larsen & Toubro Infotech (+10.3%), Siemens (+10.1%) and Merck Ltd (+9.4%). The major drags in the portfolio during the month were Sun Pharma (-12.6%), SRF Ltd (-7.6%), CESC Ltd (-4.45%), Cholamandalam (-4.2%) and Cipla ltd (-3.95%)

## 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

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

## NAV as on December 31, 2018

<b>Regular - Growth</b>	: ₹10.1121
<b>Regular - Dividend</b>	: ₹10.1121
<b>Direct - Growth</b>	: ₹10.1928
<b>Direct - Dividend</b>	: ₹10.1928

## AUM as on December 31, 2018

<b>Net AUM</b>	: ₹ 465.74 crore
<b>Monthly Average</b>	: ₹ 461.92 crore
<b>AUM</b>	

## Total Expense Ratio

<b>Regular Plan</b>	: 2.39% p.a.
<b>Direct Plan</b>	: 1.16% p.a.

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

## Volatility Measures# Fund Benchmark

<b>Std. Dev (Annualised)</b>	NA	NA
<b>Sharpe Ratio</b>	NA	NA
<b>Portfolio Beta</b>	NA	NA
<b>R Squared</b>	NA	NA
<b>Treynor</b>	NA	NA

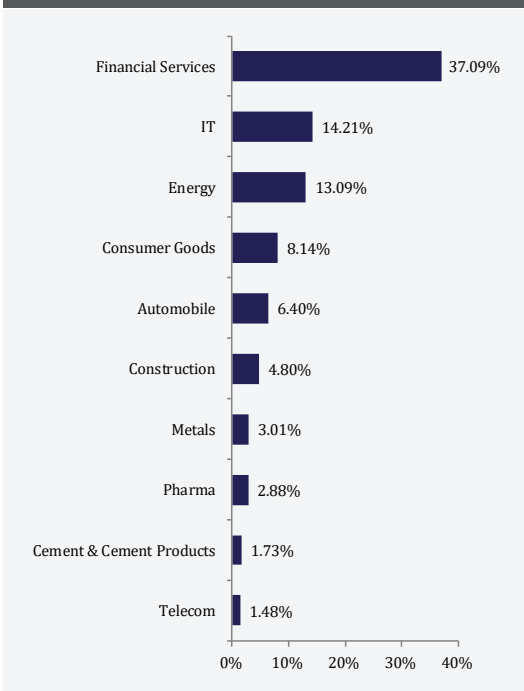
#Since the scheme has not completed 3 years volatility measures has not been provided.

## Portfolio as on December 31, 2018

Company Name	Industry	% to Net Assets
<b>Equity &amp; Equity Related Total</b>		
HDFC Bank Limited	Banks	9.65
Reliance Industries Limited	Petroleum Products	7.88
Bajaj Finance Limited	Finance	6.43
Infosys Limited	Software	6.20
State Bank of India	Banks	5.50
Larsen & Toubro Limited	Construction Project	4.80
Kotak Mahindra Bank Limited	Banks	4.58
Asian Paints Limited	Consumer Non Durables	4.39
ICICI Bank Limited	Banks	4.31
Tech Mahindra Limited	Software	4.04
Tata Consultancy Services Limited	Software	3.97
IndusInd Bank Limited	Banks	3.88
Hindustan Unilever Limited	Consumer Non Durables	3.75
Bajaj Finserv Limited	Finance	2.74
Mahindra & Mahindra Limited	Auto	2.59
Maruti Suzuki India Limited	Auto	2.36
Power Grid Corporation of India Limited	Power	2.08
NTPC Limited	Power	2.04
Cipla Limited	Pharmaceuticals	1.94
Grasim Industries Limited	Cement	1.73
Tata Steel Limited	Ferrous Metals	1.69
Bharti Airtel Limited	Telecom - Services	1.48
Tata Motors Limited	Auto	1.45
Vedanta Limited	Non - Ferrous Metals	1.32
Hindustan Petroleum Corporation Limited	Petroleum Products	1.09
Sun Pharmaceutical Industries Limited	Pharmaceuticals	0.94
<b>Derivatives</b>		
Nifty 50 Index 10800 Put June 2019 Option		2.26
Nifty 50 Index 10700 Put June 2019 Option		2.08
<b>Sub Total</b>		<b>97.17</b>
TREPS**		3.37
Net Receivables / (Payables)		-0.54
<b>Portfolio Total</b>		<b>100.00</b>

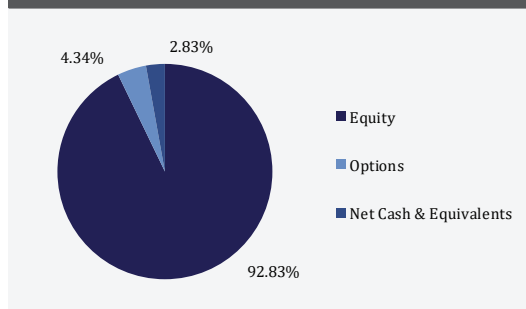
\*\*With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.

## Sector Allocation ^ ^

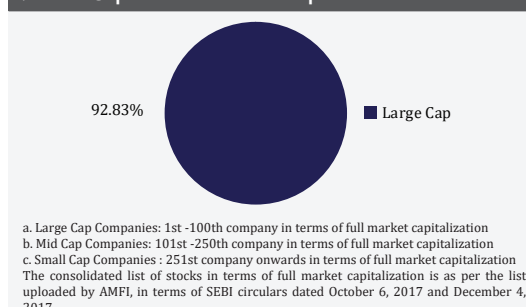


^^Sector allocation as per AMFI classification

## Asset Allocation ^



## Market Capitalisation wise Exposure ^



^As on December 31, 2018

## HEDGING- UPDATE

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

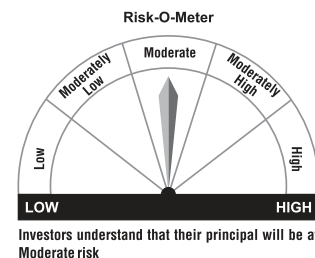
As long dated Nifty 50 puts can only be purchased at a strike price in the multiples of Rs. 100, the Scheme has partially purchased Nifty 50 Puts at 10700 and 10800 strike prices respectively.

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

This document has been prepared and issued on the basis of internal data, publicly available information and other sources believed to be reliable. The information contained in this document is for general purposes only and not a complete disclosure of every material fact and terms and conditions and features of IIFL Capital Enhancer Fund-Series 1. This document is for information purposes only and is not an offer to sell or a solicitation to buy any mutual fund units / securities. The information/ data here in alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as research analysis or investment advice to any party. All opinions, figures, charts/graphs, estimates and data included in this document are as on date and are subject to change without notice. This document is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to local law, regulation or which would subject IIFL and affiliates to any registration or licensing requirement within such jurisdiction. The units / securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. While utmost care has been exercised while preparing this document, the Sponsors/the AMC/ the Trustee Company/ their associates/ any person connected with it, does not warrant the completeness or accuracy of the information and disclaims all liabilities, losses and damages arising out of the use of this information. The statements contained herein 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. Readers shall be fully responsible / liable for any decision taken on the basis of this information. No part of this document may be duplicated in whole or in part in any form and/or redistributed without prior written consent of the IIFL Mutual Fund / IIFL Asset Management Limited. Readers should before investing in the Scheme make their own investigation and seek appropriate professional advice. Neither the Sponsors /the AMC/ the Trustee Company/ their associates/ nor any person connected with it, accept any liability arising from the use of this information.



## 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 Bharthihar 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 December 31, 2018

**Regular Plan Growth** : ₹14.4152  
**\*Regular Plan Bonus** : ₹14.4152  
**Regular Quarterly Dividend** : ₹13.9106  
**\*Regular Half Yearly Dividend** : ₹13.9106  
**\*Regular Monthly Dividend** : ₹11.3851  
**Direct Plan Growth** : ₹14.8455  
**Direct Monthly Dividend** : ₹11.7748

\*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 December 31, 2018

**Net AUM** : ₹ 358.10 crore  
**Monthly Average AUM** : ₹ 358.62 crore

## Total Expense Ratio

**Regular Plan** : 1.35% p.a.  
**Direct Plan** : 0.70% p.a.

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

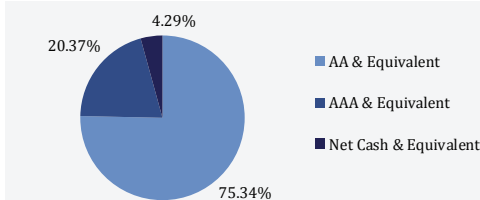
## Statistical Debt Indicators

**Modified Duration** : 1.75 years  
**Average Maturity** : 2.09 years  
**Yield to Maturity** : 9.45%

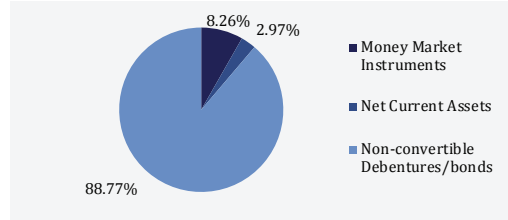
## Portfolio as on December 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
<b>Debt Instruments</b>					
<b>Non-Convertible Debentures/Bonds</b>			88.77		
9.55% Hindalco Industries Limited	CRISIL AA	7.06	9.50% IndusInd Bank Limited	CRISIL AA	1.66
4.00% HPCL Mittal Energy Limited	ICRA AA+	7.02	9.57% Grand View Estates Private Limited	ICRA AA-(SO)	1.40
8.50% Vedanta Limited	CRISIL AA	6.83	9.48% Bank of Baroda	CARE AA	1.39
8.75% Muthoot Finance Limited	CRISIL AA	6.72	8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.38
8.25% EID Parry India Limited	CRISIL AA-	6.56	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.82
JM Financial Credit Solution Limited	ICRA AA	5.80	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.60
7.70% L & T Housing Finance	ICRA AAA	5.47	National Bank For Agriculture and Rural Development	CRISIL AAA	0.56
Aditya Birla Fashion and Retail Limited	CRISIL AA	4.93	9.15% SP Jammu Udampur Highway Limited	ICRA AAA(SO)	0.50
10.25% Hansdeep Industries & Trading Company Limited	CARE AA-(SO)	4.20	12.00% ECL Finance Limited	CARE AA	0.28
9.75% Edelweiss Housing Finance Limited	ICRA AA	3.95	9.90% Tata Motors Limited	ICRA AA	0.28
9.15% Birla Corporation Limited	ICRA AA	3.21	9.45% State Bank of India	CRISIL AAA	0.01
8.32% Power Grid Corporation of India Limited	CRISIL AAA	2.80	<b>Certificate of Deposit</b>		
8.15% Energy Efficiency Services Limited	ICRA AA	2.75	IndusInd Bank Limited	CRISIL A1+	6.94
9.80% ECL Finance Limited	ICRA AA	2.74			
7.63% PNB Housing Finance Limited	CARE AAA	2.71	<b>TREPS** / Reverse Repo</b>		
7.90% Piramal Enterprises Limited	ICRA AA	2.71	TREPS**		1.32
8.75% Axis Bank Limited	CRISIL AA+	2.70	<b>Sub Total</b>		
ECL Finance Limited	CARE AA	1.73	<b>Net Current Assets</b>		
			<b>Portfolio Total</b>		
			100.00		

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



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



## Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Cum Dividend)	Direct Plan NAV (₹) (Cum Dividend)
26-Dec-18	0.05	11.3782	11.7667
27-Nov-18	0.05	11.3292	11.7083
29-Oct-18	0.05	11.2882	11.6586
<b>Quarterly Dividend Plan</b>			
04-Jun-15	0.4	11.4678	11.5708
<b>Half Yearly Dividend Plan</b>			
04-Jun-15	0.4	11.4678	

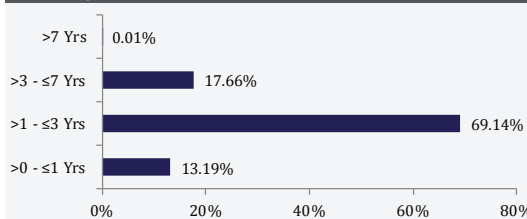
Dividend is gross dividend. To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

## Scheme Performance

	31-Dec-17 to 31-Dec-18	PTP (₹)	31-Dec-15 to 31-Dec-18	PTP (₹)	31-Dec-13 to 31-Dec-18	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	5.13%	10,516	6.80%	12,184	8.36%	14,943	6.85%	14,419
IIFL Dynamic Bond Fund - Dir - Growth	5.82%	10,585	7.40%	12,391	8.94%	15,348	7.42%	14,849
Benchmark*	5.91%	10,594	7.79%	12,526	9.23%	15,553	8.02%	15,313
Additional Benchmark**	6.01%	10,604	6.80%	12,184	8.35%	14,936	6.25%	13,977

Past performance may or may not be sustained in future  
 Different plans shall have different expense structure  
 As on December 31, 2018; \*Crissil Composite Bond Fund Index; \*\* Crissil 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<sup>^</sup>



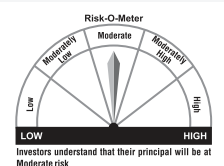
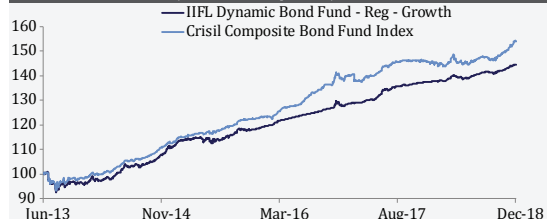
<sup>^</sup>As on December 31, 2018

## 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.

\*\*With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.

## NAV Movement (Since Inception) Rebased to 100



## Fund Commentary

- Bond yields continued its softening journey during the month under review as RBI maintained its signalling overnight rates on hold and lowered the inflation forecast for the second half of FY19. Coupled with cooling global crude oil prices and indications of limited room for further US rate hikes by federal reserve led to the softer interest rate bias. However, profit booking largely by banks and other institutions at regular intervals capped the gains. Yield on gilt securities fell across the maturities in the range of 18 bps to 37 bps barring 2-year paper which increased 1 bps. After an surprising resignation of RBI governor Mr Urjit Patel a swift succession plan was activated by Finance ministry and Mr Shaktikanta Das was appointed as new RBI governor. The new governor is expected to push forward the agenda of easing the public-sector banks' lending norms, and manage adequate liquidity in the economy through Open Market Operations (OMO) by RBI in coming months. Government provided capital infusion to few of weaker banks in line with budgeted provisions.
- Markets will take cues from the evolving fiscal situation as the GST collections are falling short of targets. And the dismal performance of ruling party in the recent state may induce them to take populist measures. The state borrowings in first 3 quarters was remain subdued and likely to come up with a higher supply calendar for the last quarter of FY19, which may rupture the interest rate rally. Inflation is likely to remain subdued for the coming quarter and Systemic liquidity will be provided through OMOs keeping the yields in overall stable conditions. On the currency front Rupee has recovered from its historic lows and is likely to stabilize as the global economies are like to face dismal growth prospects. Further the crude and other global commodities are likely to be more subdued from the demand perspective rather than the reduction in supply from the producers. Additionally, political unrest in U.S. and U.S.-China trade jitters continued to add downward pressure on oil prices.
- In this scenario of changing market conditions, 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 December 31, 2018

**Regular Plan Growth** : ₹1436.1514  
**Regular Plan Weekly** : ₹1006.0935  
**Dividend**  
**Regular Plan Daily** : ₹1000.1074  
**Dividend**  
**Direct Plan Growth** : ₹1439.8508  
**Direct Plan Dividend** : ₹1000.0427

## AUM as on December 31, 2018

**Net AUM** : ₹ 676.19 crore  
**Monthly Average AUM** : ₹ 685.75 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** : 20 days  
**Average Maturity** : 22 days  
**Yield to Maturity** : 6.86%

## Portfolio as on December 31, 2018

Name of the Instrument	Rating	% to Net Assets
<b>Money Market Instruments</b>		
<b>Certificate of Deposit</b>		
Small Industries Dev Bank of India	CARE A1+	7.36%
HDFC Bank Limited	CARE A1+	7.36%
ICICI Bank Limited	ICRA A1+	7.36%
Axis Bank Limited	CRISIL A1+	6.62%
IndusInd Bank Limited	CRISIL A1+	3.68%
<b>Sub Total</b>		<b>32.38%</b>
<b>Commercial Paper</b>		
National Bank For Agriculture and Rural Development	ICRA A1+	7.39%
Indian Railway Finance Corporation Limited	CRISIL A1+	7.36%

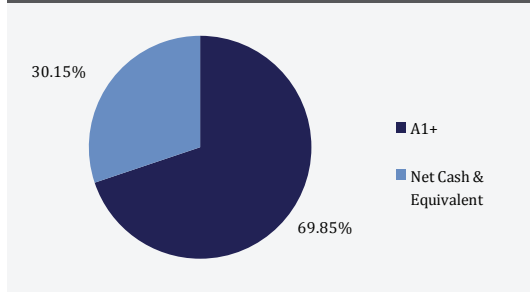
Name of the Instrument	Rating	% to Net Assets
Housing Development Finance Corporation Limited	ICRA A1+	7.33%
NTPC Limited	CRISIL A1+	7.31%
Reliance Industries Limited	CRISIL A1+	4.39%
Reliance Industries Limited	CRISIL A1+	3.69%
<b>Sub Total</b>		<b>37.47%</b>
<b>TREPS<sup>##</sup> / Reverse Repo</b>		
TREPS <sup>##</sup>		29.53%
<b>Sub Total</b>		<b>29.53%</b>
<b>Net Receivables / (Payables)</b>		<b>0.62%</b>
<b>Portfolio Total</b>		<b>100.00%</b>

## Scheme Performance

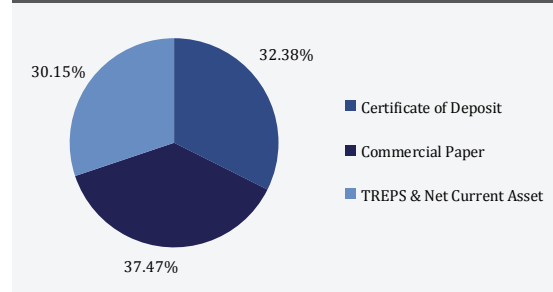
	31-Dec-17 to 31-Dec-18	PTP (₹)	31-Dec-15 to 31-Dec-18	PTP (₹)	31-Dec-13 to 31-Dec-18	PTP (₹)	Since Inception <sup>§</sup>	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.84%	10,684	6.73%	12,160	7.28%	14,213	7.30%	14,358
IIFL Liquid Fund - Dir - Growth	6.89%	10,689	6.79%	12,181	7.33%	14,246	7.36%	14,400
Benchmark*	7.58%	10,758	7.24%	12,335	7.83%	14,581	7.87%	14,754
Additional Benchmark**	6.75%	12,024	6.95%	10,695	7.48%	13,738	7.53%	13,865

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on December 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 Sincemate date 13-Nov-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.

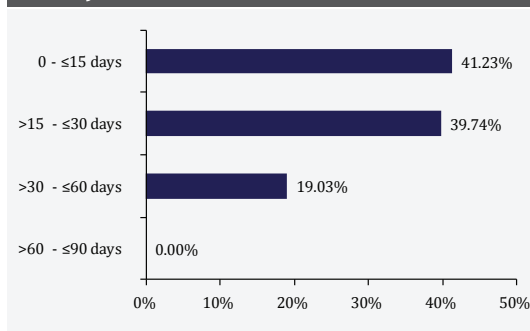
## Composition by Rating<sup>^</sup>



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

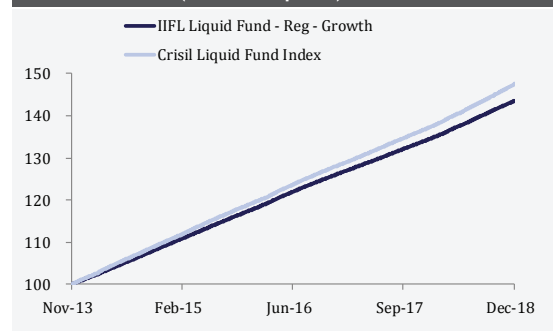


## Maturity Profile<sup>^</sup>



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

## NAV Movement (Since Inception) Rebased to 100

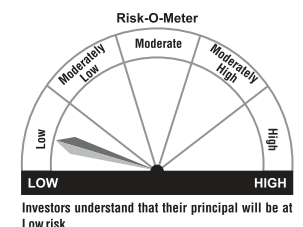


## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

- 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.

<sup>##</sup>With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.



## GLOSSARY OF TERMS

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

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