IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

FEBRUARY 2020

Macro Economy & Event Update

- Major markets around the globe lost in Jan 2020. Markets were jolted by the spread of coronavirus in China that killed many and affected a far bigger number, transcending boundaries. The World Health Organisation declared the coronavirus outbreak a global health emergency. The coronavirus struck just when the U.S.-China trade war had taken a breather with the two signing a phase one deal. Also, when U.S.-Iran altercations had settled down.
- U.S. markets declined as investors became concerned over the impact of the China virus outbreak on the global economy. The virus that originated in China slowly spread to other countries such as U.S., Canada, Hong Kong, Philippines, Japan, Thailand, India, Britain and more. This could spell doom for world trade if not controlled in time.
- Europe too fell prey to the virus scare. Concerns deepened once coronavirus cases were confirmed in the U.K. Investors were also glued onto the Brexit process as Britain formally exited European Union on Jan 31, 2020, and will now start an 11-month process of trying to strike a deal with the single block.
- Asian markets were pretty much in the same boat as their global peers. The virus scare is more real for countries in the region considering their proximity to China. The scare superseded any other factor that were to impact markets such as economic data and U.S. Fed interest rate stance.
- Indian equity markets too lost in the month. Together with the virus scare budget expectations burdened sentiment. It didn't help that the International Monetary Fund cut India's gross domestic product growth forecast for FY20. Investors could not get much relief from corporate earnings for the third quarter as they were mixed.
- Bond yields rose after retail inflation increased in Dec 2019 leading to concerns that the Monetary Policy Committee might maintain status quo. Decline in global crude oil prices limited the downside.
- The budget has set the tone for the rest of the year and investors will track its effect on the economic health of the country. The soon to be held policy meet of the Monetary Policy Committee of the Reserve Bank of India has the tough task of providing thrust to the economy in the face of rising inflation as it makes cutting rates tough. The virus outbreak is both a boon and bane for India. Some of China's lost business could come India's way, but the spread of the virus is bad for the economy, both global and domestic. Investors will keep track of crude oil prices, rupee's movement against the U.S. dollar and global economic indicators.

Key Economic Indicators

Indicators	Current	Previous
WPI (Dec-19)	2.59%	0.58%
IIP (Nov-19)	1.80%	-4.00%
CPI (Dec-19)	7.35%	5.54%

Source: Thomson Reuters Eikon

Government pegs India's fiscal deficit target at 3.8% of GDP for FY20

- The government in the Union Budget pegged India's fiscal deficit target at 3.8% of GDP for FY20. For FY21, India's fiscal deficit target is pegged at 3.5%. Nominal GDP for FY21 projected at 10%. Net borrowings for FY20 was projected at Rs. 4.74 lakh crore and for FY21 at Rs. 5.45 lakh crore.

Government announced measures to deepen the corporate debt market

- The government announced measures to deepen the corporate debt market. Specified categories of Government securities would be opened fully for non-resident investors, apart from being available to domestic investors as well. The limit for Foreign portfolio investors in corporate bonds was increased to 15% of the outstanding stock of corporate bonds from the present 9%. The government also proposed to launch a new Debt-ETF consisting primarily of government securities

Government proposes proposed new and simplified income tax regime

- The government in the Union Budget proposed new and simplified income tax regime with reduced tax rates for individual taxpayers who forgo certain deductions and exemptions. In case the assesses opts for certain deductions and exemptions, he/she can continue with existing tax regime. The government also did away with the Dividend Distribution Tax system and adopted the classical system of dividend taxation. The dividend shall be taxed only in the hands of the recipients at their applicable rate.

Government proposed to sell a part of its holding in LIC

- The government proposed to sell a part of its holding in LIC by way of Initial Public Offer (IPO). It also announced to sell the balance holding of Government of India IDBI Bank to private, retail and institutional investors through the stock exchange. The Deposit Insurance Coverage for a depositor, was also increased from Rs. 1 lakh to Rs. 5 lakh per depositor.

Economic Survey: Growth of the Indian economy to improve to 6% - 6.5% in FY21

- According to the Economic Survey, the economic growth of the Indian economy is expected to improve to 6% to 6.5% in FY21 from 5% in the current fiscal. The economic growth is expected to go up on the back of increase in foreign direct investment, pick-up in demand, improvement in rural consumption, growth of industrial activity, higher foreign exchange reserves and growth in merchandise exports. However, the economic survey also warned that global trade tensions, geopolitical tensions between U.S. and Iran, rise in short-term interest rates in advanced economies and slow progress in implementation of the insolvency and bankruptcy code may affect the growth prospects of the U.S. economy.

Equity Market

- Indian equity markets lost in the first month of 2020. The outbreak of a virus in China spooked investors across the globe. The coronavirus has killed many in the Mainland and spread to various other nations. Reports that International Monetary Fund has cut India's gross domestic product growth forecast for FY20 also weighed on the market sentiment. Investors remained focused on mixed bag of earnings results and were cautious ahead of the Union budget, that was scheduled on Feb 1, 2020. However, further losses were restricted on reports that the government has announced investments worth about Rs. 100 lakh crore in roads, railways, airports and agricultural projects over the next five years to boost slowing economic growth.

- Most of the U.S. markets ended the first month of the year in the red. Positive vibes were initially generated after U.S. President and Chinese Vice Premier officially signed the phase one trade agreement in a ceremony at the White House. However, markets soon gave up all the gains with investors concerned over the deadly coronavirus outbreak in China. Investors panicked over the economic impact of the Chinese virus outbreak. Sentiments soured further after the International Monetary Fund downwardly revised its forecast for global economic outlook due to bigger than expected slowdowns in emerging markets.

- European markets too witnessed selling pressure as investors turned cautious following news about the outbreak of the deadly coronavirus in China. Markets were hit by the first two cases of the coronavirus, which were confirmed in the U.K. Selling pressure intensified amid global growth worries after the International Monetary Fund lowered its forecast for global economic growth. Later, ECB Chief's remarks on the economic outlook for the euro zone disappointed market participants.

- Asian markets were no exception to the weakness of its global peers. Initial buying interest generated by the long-awaited trade deal (first phase) between the U.S. and China soon waned amid concerns over deadly virus spread after the death toll from China's new coronavirus continued to increase. Investors are worried that the new virus may spread globally over the week-long Lunar New Year holidays, when millions of Chinese travel domestically and abroad.

- The budget has been announced and certain expectations of market participants remain unfulfilled, such as the scraping of capital gains on the sale of property. Investors might somewhere be hoping that this year too the finance minister could come up with mini budgets like last year after the then budget had left investors asking for more. The stance of the Reserve Bank of India on interest rates will be keenly watched, especially now when cutting rates can be tricky in the face of the rising inflation. Developments on the virus outbreak are crucial for markets not just in India but all over the world since it has become a health emergency. The medical emergency has dealt another blow to the Chinese economy which was trying to find its way out of the trade tariffs imposed by the U.S. And any effect on China is a global concern. Other than this, crude oil prices and movement of the rupee against the U.S. dollar will be on investors radar.

Domestic Indices Performance

Indicators	31-Jan-20	31-Dec-19	Chg %	YTD%
S&P BSE Sensex	40,723	41,254	-1.29	-1.29
Nifty 50	11,962	12,168	-1.70	-1.70
S&P BSE 200	5,041	5,078	-0.73	-0.73
Nifty Midcap 100	18,010	17,103	5.31	5.31
Nifty Dividend Opportunities 50	2,501	2,537	-1.42	-1.42
S&P BSE Smallcap	14,668	13,699	7.07	7.07

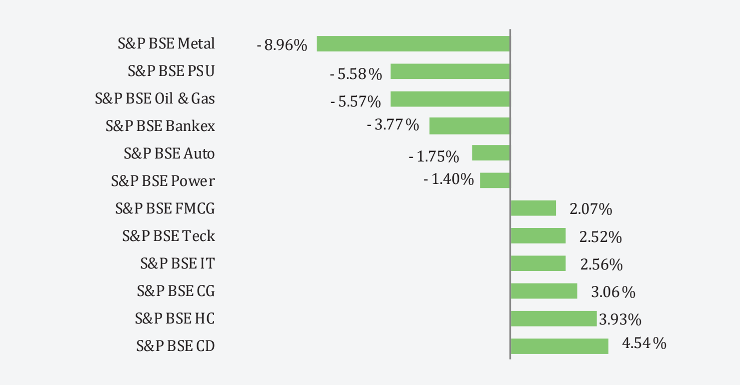
Source: Thomson Reuters Eikon

Global Indices Performance

Global Indices	31-Jan-20	31-Dec-19	Chg %	YTD%
Dow Jones	28,256	28,538	-0.99	-0.99
FTSE	7,286	7,542	-3.40	-3.40
CAC	5,806	5,978	-2.87	-2.87
Hang Seng	26,313	28,190	-6.66	-6.66
SSE Composite Index	2,977	3,050	-2.41	-2.41

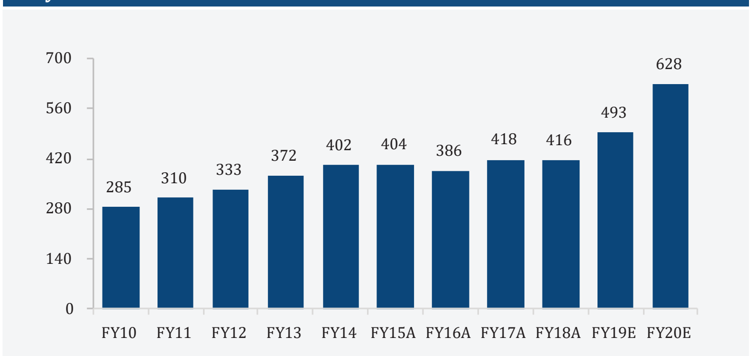
Source: Thomson Reuters Eikon

Sectoral Performance (Monthly Returns %)



Source: Thomson Reuters Eikon

Nifty EPS



Institutional Flows (Equity) As on January 31, 2020

(₹ Cr)	Purchases	Sales	Net	YTD
FII/FPI Flows	116,262	104,139	12,123	12,123
MF Flows	75,722	74,338	1,384	1,384
DII Flows	95,359	93,110	2,250	2,250

Source:NSDL,NSE & SEBI

Debt Market

- Bond yields rose in the first month of 2020 after retail inflation surged to a more than five year high in Dec 2019 which led to worries that the Monetary Policy Committee might keep interest rates on hold for a prolonged period. Concerns of fiscal slippage and fears that the government may borrow more in FY21 also dampened market sentiments. However, further losses were restricted as global crude oil prices plunged on concerns that the coronavirus outbreak in China that may impact global growth.

- Yield on the new 10-year benchmark bond (6.45% GS 2029) rose 5 bps to close at 6.60% compared to the previous month's of 6.55% after trading in a range of 6.49% to 6.69%.

- Yield on gilt securities fell across the maturities by up to 15 bps barring 10, 11 and 13 to 15-year paper which increased in the range of 4 bps to 12 bps. Yield on corporate bonds fell across 1 to 7-year maturities in the range of 5 bps to 48 bps and increased across the remaining maturities in the range of 4 bps to 89 bps. Difference in spread between corporate bond and gilt securities contracted across 1 to 6-year maturities in the range of 6 bps to 37 bps and expanded across the remaining maturities in the range of 2 bps to 84 bps.

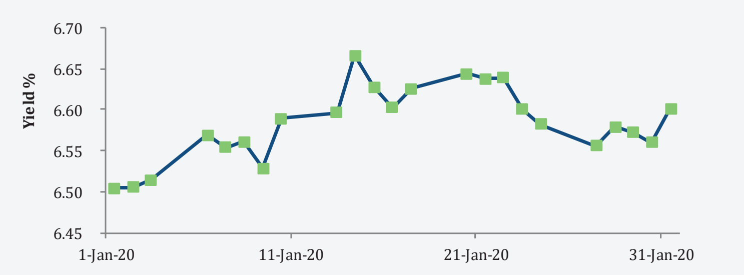
- Bond yields fell post Union Budget on Feb 1, 2020 after the government announced a slew of measures to deepen the domestic debt market. However, moving ahead the bond yield trajectory will be determined as to how retail inflation shapes up in the coming months. Retail inflation has already breached the upper tolerance level for retail inflation set by the Reserve Bank of India and any further rise in domestic inflationary pressures may limit the scope of further monetary easing by the Monetary Policy Committee which may adversely impact the domestic debt market sentiment. On the global front, global crude oil prices and developments surrounding the coronavirus outbreak in China will remain in sharp focus.

Currency and Commodity Market

- The Indian rupee weakened against the U.S. dollar on persisting concerns over the rising death toll from the coronavirus outbreak in China. Market sentiments were further dampened after International Monetary Fund downgraded India's growth forecast for this fiscal and the next.

- Oil prices weakened amid increasing concerns over the commodity's demand outlook as the coronavirus epidemic in China could adversely impact the global economy. Data from the U.S. Energy Information Administration showing that crude inventory rose 3.5 million barrels in the week to Jan 24 also adversely impacted prices. In addition, the American Petroleum Institute data revealed a 1.1 million barrels rise in U.S. crude stockpiles in the week ended Jan 10.

10-Year Benchmark Bond (06.45% GS 2029) Movement



Source: Thomson Reuters Eikon

Spread Movement

Spreads		AAA	AA	A
31-Jan-20	1 Yr	108	192	245
	3 Yr	72	146	172
	5 Yr	86	152	191
31-Dec-19	1 Yr	114	169	188
	3 Yr	100	149	204
	5 Yr	113	168	223

Source: Thomson Reuters Eikon

Yield (%)	31-Jan-20	31-Dec-19
10 Year G-Sec	6.60	6.55
5 Year G-Sec	6.40	6.48
Certificate of Deposit		
3-Month	5.50	5.35
6-Month	5.78	5.55
9-Month	5.73	5.82
12-Month	5.95	6.02
Commercial Papers		
3-Month	5.75	5.42
6-Month	6.25	6.20
12-Month	6.70	6.70

Source: Thomson Reuters Eikon

Treasury Bill	31-Jan-20	31-Dec-19
91 Days	5.09	5.00
364 Days	5.27	5.18

Source: CCIL

Event Calendar

Release Date	Release Date	Country
07-Feb-20	Nonfarm Payrolls (Jan)	U.S.
11-Feb-20	Gross Domestic Product (QoQ) (Q4) (P)	U.K.
14-Feb-20	Gross Domestic Product (QoQ) (Q4) (P)	Euro Zone
16-Feb-20	Gross Domestic Product (QoQ) (Q4) (P)	Japan
27-Feb-20	Gross Domestic Product (QoQ) (Q4) (P)	U.S.

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. Mayur Patel

Mr. Mayur Patel has 14 years of work experience including investment management and research experience of more than 10 years. Prior to joining IIFL, he managed equity portfolios of DSP BlackRock Equity Savings Fund and MIP Fund at DSP BlackRock Investment Managers (a joint venture between BlackRock and the DSP Group in India). Mr. Patel joined DSP BlackRock in 2013 as an Equity Analyst responsible for origination and dissemination of ideas across energy, industrials and utilities sectors. Earlier he was associated with Spark Capital as Lead Analyst, Energy in their Institutional Equities division and has also worked with Tata Motors and CRISIL. He is a Chartered Accountant and a CFA charter holder.

Fund Details

Date of Allotment	: October 30, 2014
Bloomberg Code	: IIFGRRG IN
Benchmark Index	: S&P BSE 200 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	: 1% - if redeemed/switched out, on or before 12 months from the date of allotment w.e.f April 02, 2019.
Dematerialization	: D-Mat Option Available
Portfolio Turnover Ratio (based on 1 year monthly data)	: 0.68 times

^Effective January 01, 2019 the benchmark of the scheme is changed from Nifty 50 TRI to BSE 200 TRI.

NAV as on January 31, 2020

Regular - Growth	: ₹18.6829
Regular - Dividend	: ₹16.5290
Direct - Growth	: ₹19.9742
Direct - Dividend	: ₹19.7702

AUM as on January 31, 2020

Net AUM	: ₹ 660.79 crore
Monthly Average AUM	: ₹ 604.53 crore

Total Expense Ratio

Regular Plan	: 2.36% p.a.
Direct Plan	: 0.90% p.a.

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

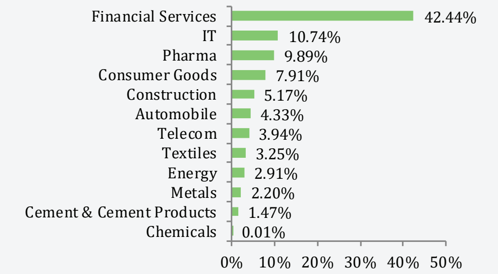
Volatility Measures

Volatility Measures	Fund	Benchmark
Std. Dev (Annualised)	15.38%	13.18%
Sharpe Ratio	0.51	0.36
Portfolio Beta	1.03	1.00
R Squared	0.79	NA
Treynor	0.02	0.01

Portfolio as on January 31, 2020

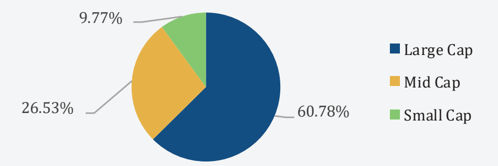
Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
ICICI Bank Limited	Banks	9.24
Axis Bank Limited	Banks	7.61
HDFC Bank Limited	Banks	6.61
Crompton Greaves Consumer Electricals Limited	Consumer Durables	5.51
Larsen & Toubro Limited	Construction Project	5.17
Infosys Limited	Software	4.89
Bajaj Finance Limited	Finance	4.14
Bharti Airtel Limited	Telecom - Services	3.94
SRF Limited	Textile Products	3.25
Larsen & Toubro Infotech Limited	Software	3.25
IPCA Laboratories Limited	Pharmaceuticals	3.09
Procter & Gamble Health Limited	Pharmaceuticals	3.06
CreditAccess Grameen Limited	Finance	3.00
Bharat Petroleum Corporation Limited	Petroleum Products	2.91
Bajaj Finserv Limited	Finance	2.73
Aavas Financiers Limited	Finance	2.68
Balkrishna Industries Limited	Auto Ancillaries	2.65
Cyient Limited	Software	2.60
Muthoot Finance Limited	Finance	2.44
Asian Paints Limited	Consumer Non Durables	2.40
Dr. Reddy's Laboratories Limited	Pharmaceuticals	2.30
Apollo Tricoat Tubes Limited	Miscellaneous	2.20
ACC Limited	Cement	1.47
Abbott India Limited	Pharmaceuticals	1.44
RBL Bank Limited	Banks	1.37
Equitas Holdings Limited	Finance	1.35
Motilal Oswal Financial Services Limited	Finance	1.27
Motherson Sumi Systems Limited	Auto Ancillaries	0.93
Tata Motors Ltd DVR Shares	Auto	0.75
Unlisted		
Arti Surfactants Limited	Chemicals	0.01
Sub Total		**94.26**
TREPS##		8.68
Net Receivables / (Payables)		-2.94
Portfolio Total		**100.00**

Sector Allocation^^



^^Sector allocation as per AMFI classification

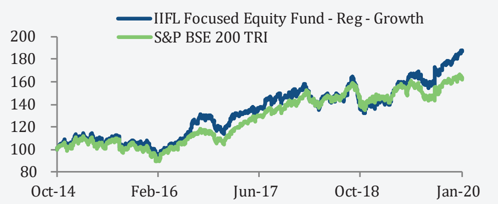
Market Capitalisation wise Exposure^



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 January 31, 2020

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

	31-Jan-19 to 31-Jan-20	PTP (₹)	31-Jan-17 to 31-Jan-20	PTP (₹)	31-Jan-15 to 31-Jan-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	30.62%	13,062	13.86%	14,761	10.79%	16,701	12.62%	18,680
IIFL Focused Equity Fund - Dir - Growth	32.58%	13,258	15.55%	15,428	12.21%	17,800	14.06%	19,970
Benchmark*	11.15%	11,115	12.25%	14,144	8.09%	14,761	9.53%	16,138
Additional Benchmark**	13.59%	11,359	15.16%	15,272	8.29%	14,898	9.23%	15,907

Past performance may or may not be sustained in future.
Different plans shall have different expense structure.
As on January 31, 2020 ; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000; $Since Inception date is 30-Oct-2014; *S&P BSE 200 TRI; **S&P BSE Sensex TRI; Managed by the fund manager since November 11, 2019.
The performance of the scheme is benchmarked to the Total Return variant of the Index.

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

	31-Jan-19 to 31-Jan-20	31-Jan-17 to 31-Jan-20	31-Jan-15 to 31-Jan-20	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	620,000
Total Value as on Jan 31,2020(₹)	1,37,969	4,51,469	8,56,024	891,101
Returns	28.77%	15.26%	14.18%	13.99%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,26,009	4,05,485	7,71,296	802,316
Benchmark: S&P BSE 200 TRI	9.38%	7.88%	9.98%	9.90%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,27,158	4,28,047	8,09,641	8,40,678
Additional Benchmark: S&P BSE Sensex TRI	11.20%	11.56%	11.93%	11.72%
(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 11, 2019.
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

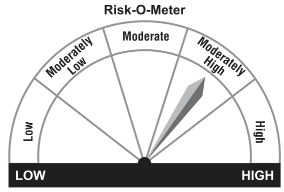
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- 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.

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

Risk-O-Meter



Investors understand that their principal will be at Moderately High risk

Fund Commentary

Market Outlook: Union Budget Pragmatic to the Core

- **Budget – a pragmatic reflection of the economy -** Unlike the past versions, the budget announcements focussed on presenting a clear picture of government finances, rather than announcing big-bang reforms. Most economic estimates (GDP, tax collections etc) are realistic - reflective of the current state of the economy
- **Emphasis on long term reforms over short term recovery -** The govt. avoided the temptation to boost economic growth through further spending and tax cuts, and instead chose to maintain its focus on manufacturing, rural and infrastructure sectors to boost long term growth prospects
- **Fiscal prudence approach welcome, divestment measures crucial –** The budget clearly recognized the importance of divestment reforms in maintaining fiscal targets. Future announcements and execution around divestment will be of utmost importance
- **Wait and watch approach on reforms, future moves are key –** Contrary to expectations, the budget failed to address concerns from sectors such as auto, NBFCs, real estate etc. Of late, the government has announced several key reforms outside the budget. We expect this trend to continue, the pace and implementation of these reforms will be crucial in determining growth improvement
- **Simplification of taxes a step in the right direction, hope for better execution –** The govt. efforts to simplify taxes and improve administration and compliance is a step in the right direction. While recent announcements, particularly on personal income tax may not lead to widespread adoption, we expect follow on announcements to clarify and streamline implementation issues

Equity Outlook

- **Economic growth – gradual recovery –** The union budget reaffirms our view of a gradual improvement in economic growth in FY21. The first half of FY21 is likely to witness higher inflation (particularly food inflation), lack of monetary intervention (via rate cuts) and continued weakness in consumption demand. We expect H2FY21 to witness an improvement in economic growth, led by consumption and govt spending. Potential resolutions in large stressed accounts should also lead to improvement in bank balance sheets and higher lending offtake. This could trigger the next cycle in private capex (FY22 onwards)
- **Banking, Financial Services & Insurance (BFSI), industrials to be key beneficiaries –** We expect private sector BFSI companies to outperform the market. Despite a challenging environment around credit quality and credit growth, leading private sector banks and stronger private sector NBFCs would continue to garner market share from the public sector players, in addition to benefitting from a secular growth in the retail credit segment. Recent budget reforms should also result in higher inflows from foreign investors and keep fixed income yields stable. We expect the BFSI segment to be the dominant growth driver of Nifty's earnings in FY21. Quality cyclicals such as Industrials should also garner investor interest during the year, particularly once economic growth witnesses pick up
- **Mid/Small Cap segment continues to look attractive –** Unlike the equity market performance in 2019, which was dominated by a few Large cap companies, 2020 should mark the comeback of small and midcaps. The one year forward PE valuation of Nifty midcap 100 index has corrected from a 40% premium to Nifty in Dec 2017 to approximately a 10% discount to Nifty in December 2019, making relative risk rewards attractive

As economic growth improves during the second half of the year, good quality small and midcap stocks should start attracting higher investor interest

- **Valuations in line with long term averages –** In terms of valuations, broader market indices (Nifty/Sensex) continue to be in line with long term averages, across price/book (3.2X currently vs 3.1X long term) and market cap to GDP (73% currently vs 77% long term). The combination of improving economic growth, lower interest rates and in-line valuations makes equities an attractive asset class for long-term investors

Note

$Mr. Mayur Patel, has been designated as Fund Manager for IIFL Focused Equity Fund and Mr. Prashasta Seth ceases to be Fund Manager for IIFL Focused Equity Fund w.e.f Nov 11, 2019

Disclaimer

IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

IIFL ASSET MANAGEMENT

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 17 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	: IIFDBDBIN
Benchmark Index	: CRISIL Composite Bond Fund Index
Plans Offered	: Regular & Direct
Options Offered	: Growth & Dividend
Minimum Application Amount	:
New Purchase	: ₹10,000 and in multiples of ₹100 thereafter
Additional Purchase	: ₹1,000 and in multiples of ₹100 thereafter
Monthly SIP Option	: ₹1,000 per month for a minimum period of 6 months
Quarterly SIP Option	: ₹1,500 per quarter for a minimum period of 4 quarters
Entry Load	: Nil
Exit Load	: 1% - if redeemed/ switched out, on or before 18 months from the date of allotment and Nil – if redeemed/ switched out after 18 months from the date of allotment. w.e.f October 10, 2017
Dematerialization	: D-Mat Option Available
Asset Allocation	:
Debt Market Instruments	: 0% to 100%
Money Market Instruments	: 0% to 100%
Units issued by REITs & InvITs	: 0% to 10%

NAV as on January 31, 2020

Regular Plan Growth	: ₹15.6388
#Regular Plan Bonus	: ₹15.6388
Regular Quarterly Dividend	: ₹15.0913
#Regular Half Yearly Dividend	: ₹15.0913
#Regular Monthly Dividend	: ₹11.6766
Direct Plan Growth	: ₹16.2193
Direct Monthly Dividend	: ₹12.1869
Direct Quarterly Dividend	: ₹15.3305

#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 January 31, 2020

Net AUM	: ₹ 289.03 crore
Monthly Average AUM	: ₹ 292.17 crore

Total Expense Ratio

Regular Plan	: 1.34% p.a.
Direct Plan	: 0.69% p.a.

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

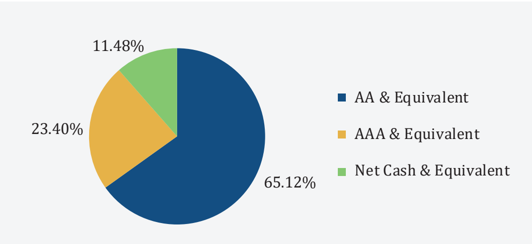
Statistical Debt Indicators

Modified Duration	: 0.83 years
Average Maturity	: 1.05 years
Yield to Maturity	: 9.12%

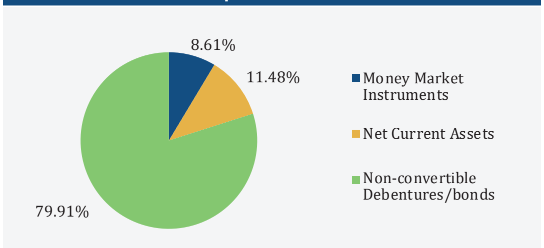
Portfolio as on January 31, 2020

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Non-Convertible Debentures/Bonds		**79.91**
9.55% Hindalco Industries Limited	CRISIL AA	8.90
8.50% Vedanta Limited	CRISIL AA	8.64
8.75% Muthoot Finance Limited	CRISIL AA	8.57
8.25% EID Parry India Limited	CRISIL AA-	8.22
7.70% L & T Housing Finance	ICRA AAA	6.92
Aditya Birla Fashion and Retail Limited	CRISIL AA	6.75
10.25% Hansdeep Industries & Trading Company Limited	CARE AA-(CE)	5.12
9.75% Edelweiss Housing Finance Limited	ICRA AA-	4.42
EMBASSY OFFICE PARK REIT	CRISIL AAA	3.73
8.15% Energy Efficiency Services Limited	ICRA AA-	3.43
7.90% Piramal Enterprises Limited	ICRA AA	3.38
9.80% ECL Finance Limited	ICRA AA-	3.24
ECL Finance Limited	CARE AA-	2.32
8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.76
8.85% India Grid Trust InvIT Fund	CRISIL AAA	1.75
8.75% Axis Bank Limited	CRISIL AA+	1.75
9.15% SP Jammu Udhampur Highway Limited	ICRA AAA	0.63
9.90% Tata Motors Limited	ICRA AA-	0.35
9.35% IDFC First Bank Limited	ICRA AA	0.03
Money Market Instruments		
Certificate of Deposit		
HDFC Bank Limited	CARE A1+	8.61
TREPS## / Reverse Repo		
TREPS##		8.10
Sub Total		**96.62**
Net Current Assets		3.38
Portfolio Total		**100.00**

Composition by Rating^



Instrument Wise Composition^



Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
28-Jan-20	0.05	11.7155	12.2246
31-Dec-19	0.05	11.6950	12.1950
26-Nov-19	0.05	11.6872	12.1772
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

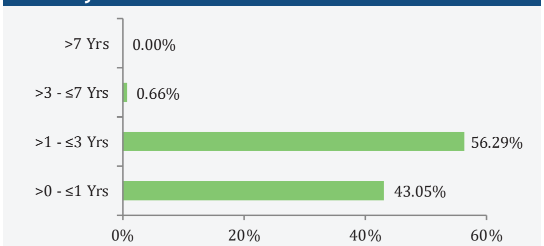
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

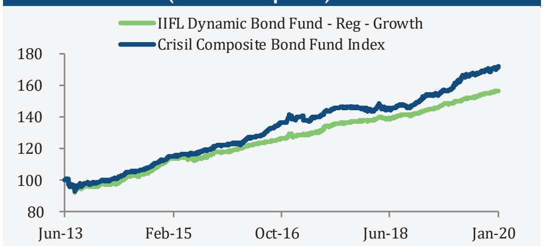
	31-Jan-19 to 31-Jan-20	PTP (₹)	31-Jan-17 to 31-Jan-20	PTP (₹)	31-Jan-15 to 31-Jan-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	7.83%	10,783	6.73%	12,158	6.64%	13,796	7.00%	15,638
IIFL Dynamic Bond Fund - Dir - Growth	8.53%	10,853	7.38%	12,381	7.24%	14,189	7.59%	16,216
Benchmark*	11.33%	11,133	6.92%	12,223	8.32%	14,919	8.44%	17,082
Additional Benchmark**	10.84%	11,084	5.04%	11,589	7.33%	14,249	6.83%	15,474

Past performance may or may not be sustained in future
Different plans shall have different expense structure
As on January 31, 2020* 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^



NAV Movement (Since Inception) Rebased to 100



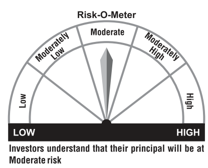
^As on January 31, 2020

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 in if 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.



Fund Commentary

- The system liquidity flushed during the month of January 2020 due to front loading of governmental spending and G-Sec redemption. This was partly on account of relatively lower credit offtake as compared to deposit accretion, substantial FPI inflows into the Indian equity markets and purchases of US$ by the RBI in spot market during Oct-Nov 2019. The average liquidity surplus under LAF rose from INR 1.3 tn in Q2 FY 19-20 to INR 3.6 tn in Feb 2020 (till 5th February 2020). RBI conducted its open market operations under 'Operation Twist' to flatten the yield curve by selling shorter end securities and buying back longer end securities to flatten yield curve to boost lending and credit growth. Operation twist is to help RBI multi-fold, in managing the excess liquidity and in softening the long tenor yields so that the government issuances remains at lower interest rates. In its Feb meeting RBI maintained status quo on its policy rates yet delivered an implicit easing without actual cut and maintained 'accommodative' stance on overnight repo rates. The primary macro challenge of transmission via the credit channel is that the banks have not lowered their deposit rates (due to competition from small savings rate and to protect savers) and have provided limited credit to sectors considered higher risk (like real estate, MSMEs). So to mitigate RBI delivered slew of measures to enhance broad based transmission of past rate cuts. It announced measures to conduct Long Term Repo Operations (LTRO) of upto INR 1.0 tn for banks in 1yr and 3 yr term repos for banks at repo rate and exempted banks on incremental CRR maintenance on retail housing loans, automobile loans and MSME loans. To relax stretched NBFCs balance sheet it offered to extend period of announcing its default assets as standard till one more year and real estate players are now given relaxations in their project finance to see the transmission.
- On the inflation and growth MPC (Monetary Policy Committee) of RBI highlighted uncertainty over inflation. MPC noted that the current spike in headline inflation is due to spike in onion prices, the telecom tariffs and adverse base effect. Although the headline inflation is likely to trend down gradually as rabi plantation has been buoyant, yet CPI might stay elevated in H1FY2021 due to various factors. The pick-up in non-vegetable milk and food prices, increase in input costs for services and increase in custom duties are likely to have sustainable upward impact on CPI. Inflation is likely to remain elevated in January as well, but supply-side pressures will ease after Q1 with headline inflation falling closer to 4.5-4.7% in Q2 and Q3, and it is projected to sharply lower to ~2-2.5% in Q4 thus, this inflation surge seems transitory. Acknowledging the same RBI in its policy specifically mentioned of future space for further rate cuts until the growth fully recovers. Domestic growth, on the other hand, might recover due to rise in rural income on account of higher milk & food prices, higher budget outlay for agriculture and rural economy since last two years and rationalization of personal income tax in the budget. As a silver lining, higher food prices may aid rural recovery going forward supporting rural growth.
- Global financial markets remained resilient in December 2019 and for the most part of January 2020 as thawing US-China trade relations and improved prospects of an orderly Brexit buoyed investors' sentiment. The recently signed trade deal between Washington and Beijing is a significant positive milestone and marks the end of the first phase of the trade war. The most important part of this signed deal is that it removes a significant geopolitical overhang and remediates the threat of additional escalation between the world's two largest economies. Crude oil and gold prices shot up in early January sparked by the US-Iran confrontation, but both softened from mid-January as geo-political tensions eased. By end January, crude oil prices dipped sharply due to sell-offs triggered by the outbreak of the coronavirus. Bond yields, which had hardened in the US towards the end of 2019 as investors turned to riskier assets, softened in January 2020, especially after the US Fed left the policy rate unchanged and assured the extension of repo operations. In the euro area, bond yields sank further into negative territory in January. Yields also softened across several EMEs (emerging market economies). In currency markets, the US dollar strengthened in January against major advanced economies in sympathy with factors impacting US bond markets. Moving on to the domestic economy, the first advance estimates (FAE) released by the National Statistical Office (NSO) on January 7, 2020 placed India's real gross domestic product (GDP) growth for 2019-20 at 5.0 per cent. RBI has pegged growth projections of 6.0% for FY 20-21. Several high frequency indicators of services have turned upwards in the recent period, pointing to a modest revival in momentum, although the outlook is still muted. The Budget announcement has allocated higher outlay towards rural and agricultural development to generate rural demand and growth. The other sectoral incentives were for 'make in India' efforts in electronics, textiles, MSMEs, startups and affordable housing. The fiscal deficit projections for FY 2021 was grossly unchanged from the current year in terms of actual numbers. However due to lesser GDP growth the Fiscal deficit is projected to be at 3.8% of GDP in FY 2020 and 3.5% of GDP in FY 2021. The net G sec borrowing is projected at INR 5.45 tn vs the current year net supply of INR 4.74 tn. Market participants breathe a sigh of relief with the announcement of no additional G sec supply till March 2020 other than scheduled auctions.
- The bond markets will take cues from budget declarations and future RBI rate actions to protect growth, its conduct of borrowing program and durable liquidity management. The recent steps taken by the government for consumption spending, private sector revival and setting up infrastructure projects will be the catalyst in the GDP growth pickup. This should offer the Reserve Bank of India (RBI), the space as well as the need to engage in further policy easing. 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

IIFL Liquid Fund

(An Open Ended Liquid Scheme)

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 17 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 : NIL

Exit Load$:

Investor exit upon subscription	Exit load as a % of redemption proceeds
Day 1	0.0070%
Day 2	0.0065%
Day 3	0.0060%
Day 4	0.0055%
Day 5	0.0050%
Day 6	0.0045%
Day 7 onwards	0.0000%

$The revised exit load as mentioned above shall be applicable on a prospective basis to all fresh investments (purchase or switch-ins) made on or after October 20, 2019 (Effective Date). Redemption/Switch out of units would be done on First in First out basis. Please refer addendum notice dated Oct 18, 2019 for more details.

Dematerialization : D-Mat Option Available

Asset Allocation :

Money market and debt instruments with residual maturity up to 91 days : 0% to 100%

NAV as on January 31, 2020

Regular Plan Growth	: ₹1527.1597
Regular Plan Weekly Dividend	: ₹1005.3992
Regular Plan Daily Dividend:	₹1000.0701
Direct Plan Growth	: ₹1531.9233
Direct Plan Dividend	: ₹1000.0427
Direct Plan Weekly Dividend	: ₹1005.4061

AUM as on January 31, 2020

Net AUM : ₹1015.09 crore

Monthly Average AUM : ₹1029.77 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 : 25 days

Average Maturity : 25 days

Yield to Maturity : 5.09%

Portfolio as on January 31, 2020

Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Certificate of Deposit		
Axis Bank Limited	ICRA A1+	4.92%
Kotak Mahindra Bank Limited	CRISIL A1+	4.92%
Bank of Baroda	FITCH A1+	4.91%
Kotak Mahindra Bank Limited	CRISIL A1+	4.90%
Small Industries Dev Bank of India	CRISIL A1+	4.90%
Bank of Baroda	FITCH A1+	4.89%
Export Import Bank of India	CRISIL A1+	4.89%
Axis Bank Limited	ICRA A1+	4.41%
ICICI Bank Limited	CARE A1+	2.45%
ICICI Bank Limited	ICRA A1+	2.45%
Sub Total		**43.64%**
Commercial Paper		
Reliance Industries Limited	CRISIL A1+	4.90%
LIC Housing Finance Limited	CRISIL A1+	4.90%
Indian Oil Corporation Limited	ICRA A1+	4.90%
NTPC Limited	CRISIL A1+	4.89%
Housing Development Finance Corporation Limited	CRISIL A1+	2.45%
Sub Total		**22.04%**
Treasury Bill		
70 Days CMB	SOVEREIGN	4.89%
Sub Total		**4.89%**
TREPS## / Reverse Repo		
TREPS##		28.94%
Sub Total		**28.94%**
Net Receivables / (Payables)		**0.49%**
Portfolio Total		**100.00%**

Scheme Performance

	31-Jan-19 to 31-Jan-20	PTP(₹)	31-Jan-17 to 31-Jan-20	PTP(₹)	31-Jan-15 to 31-Jan-20	PTP(₹)	Since Inception$	PTP (₹)
IIFL Liquid Fund - Reg - Growth	5.75%	10,575	6.27%	12,001	6.72%	13,848	7.05%	15,276
IIFL Liquid Fund - Dir - Growth	5.81%	10,581	6.32%	12,018	6.77%	13,880	7.10%	15,320
Benchmark*	6.68%	10,668	7.01%	12,254	7.31%	14,235	7.67%	15,834
Additional Benchmark**	7.25%	10,725	6.70%	12,148	7.08%	14,083	7.38%	15,571

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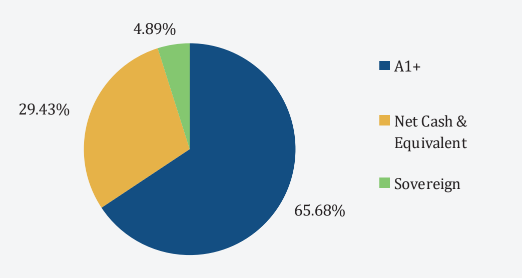
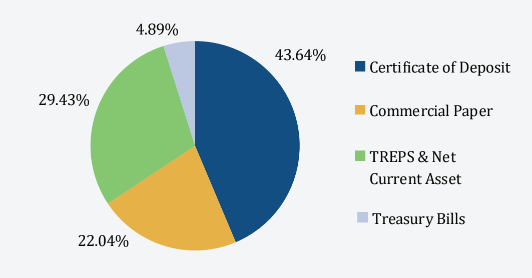
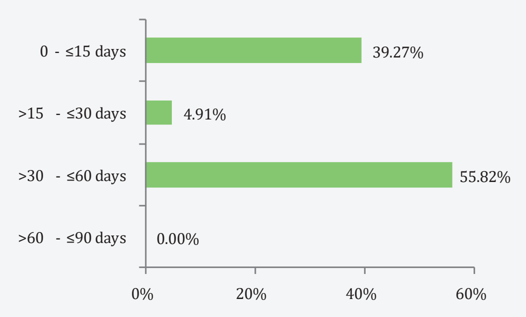
Composition by Rating^



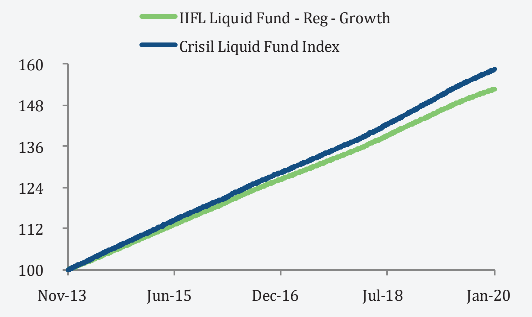
Instrument Wise Composition^



Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



^As on January 31, 2020

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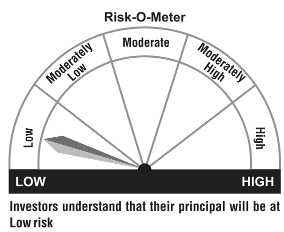

GLOSSARY OF TERMS

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, its 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.