

MONTHLY FACTSHEET

AUGUST 2018



Macro Economy & Event Update

- Major global markets gained in the month of Jul 2018 on the back of upbeat economic data and encouraging corporate earnings. The gains were restricted by persisting concerns regarding the U.S-China trade war.
- U.S.' consumer prices, producer price index, manufacturing and services activities, employment, new orders for manufactured durable goods increased in Jun 2018. U.S. markets welcomed Federal Reserve's (Fed) optimistic outlook of the economy. Encouraging economic data and earnings from eurozone, Germany and France lifted the European markets. The European Union (EU) and the U.S. resolving trade issues further supported the bourses. However, the trade dispute between U.S. and China kept investors wary. Asian markets gained as China prepared to protect its economy from the ill effects of trade tariffs being imposed by the U.S. Positive economic data also boosted sentiments.
- Domestic investors saw benchmark indices touching all-time highs in Jul 2018. Corporate earnings for the quarter ended Jun 2018 coupled with a favourable monsoon played a big role in the bourses' record run. Steps taken on the Goods and Services Tax (GST) front and the government overcoming a no-confidence motion also supported markets. Factors that tugged the bourses down were trade war tensions between U.S. and China and rising inflation in Jun 2018 leading to concerns that the Monetary Policy Committee (MPC) might continue raising interest rates.
- Monthly bond yields fell for the first time in this fiscal as global crude oil prices decreased sharply. Gains were capped after retail inflation surged to a 5-month high in Jun 2018 and the growth of Index of Industrial Production (IIP) fell to a 7-month low in May 2018. Weakness of the domestic currency against the greenback and concerns over continued rate hike by the U.S. Fed were further dampeners.
- Investors are a bit jittery as the MPC went in for a second interest rate hike during the fiscal on Aug 1, 2018. They will continue to monitor the movement of inflation in the near term, which shall impact the future interest rate stance of MPC. Global crude oil prices will also continue to be the key risk for the equities, given its ability to increase inflation and widen the fiscal deficit. Meanwhile, rising trade protectionism by the U.S. poses a major hindrance to near-term and long-term global growth prospects as it will adversely impact investment, disrupt global supply chains and hamper productivity. Market participants shall continue to monitor the upcoming corporate earnings.

Key Economic Indicators

Indicators	Current	Previous
WPI(Jun-18)	5.77%	4.43%
IIP(May-18)	3.20%	4.80%
CPI(Jun-18)	5.00%	4.87%

Source: Thomson Reuters Eikon

MPC hikes interest rates by 25 bps for the second time in a row

- The MPC in its third bi-monthly policy review for FY19, increased the key policy repo rate by 25 basis points to 6.50% from 6.25% and retained its 'neutral' stance. Five policymakers were in favour of the decision and one policymaker voted against the decision.
- MPC decided to increase key policy repo rate as it identified several factors that may lead to an increase in domestic inflationary pressures. Some of the factors are, volatility in crude oil prices and global financial markets, fiscal slippage at the centre and/or state government levels, regional distribution of monsoons, uncertainty regarding the impact of increase in minimum support price on domestic inflation and the staggered impact of HRA revision by state governments.

Underlying Story

- MPC expects retail inflation at 4.6% in the second quarter of FY19, 4.8% in the second half of FY19 and 5.0% in the first quarter of FY20. Excluding HRA impact, retail inflation is estimated at 4.4% in the second quarter of FY19 and in a range of 4.7%-4.8% in the second half of FY19 as against the previous expectation of 4.7% and at 5.0% in the first quarter of FY20.
- MPC added that the inflation outlook will be influenced by several factors. Some of these factors are increase in minimum support prices of kharif crops, performance of monsoons and global crude oil prices. MPC also opined that reduced GST rates on several goods and services will have a moderating impact on inflation.
- MPC retained its expectation for gross domestic product (GDP) growth at 7.4% for FY19. It is expected in the range of 7.5% to 7.6% for the first half and in the range of 7.3%-7.4% for second half. For the first quarter of FY20, MPC projected GDP growth at 7.5%.

Fiscal Deficit accounted 68.7% of FY19 target in Apr to Jun of 2018

- India's fiscal deficit for Apr-Jun 2018 came in at Rs. 4.29 lakh crore, or 68.7% of the budgeted target for FY19 against 80.8% in the year-ago period. Net tax receipts were Rs. 2.37 lakh crore or 16.0% of the budget estimate for FY19 compared to 14.5% in the corresponding period of the previous year. The government's total expenditure for the period from Apr to Jun of 2018 stood at Rs. 7.08 lakh crore or 29% of the budget estimate for FY19 compared to 30.3% in the corresponding period of the previous year.

India's retail inflation rose to five-month high in Jun 2018

- Government data showed that India's consumer price inflation or retail inflation grew to a 5-month high and rose to 5.00% in Jun from 4.87% in May and 1.46% in the same period of the previous year. The growth in Consumer Food Price Index came in at 2.91% in Jun compared to 3.10% in the previous month and -2.12% in the same month of the previous year.

Equity Market

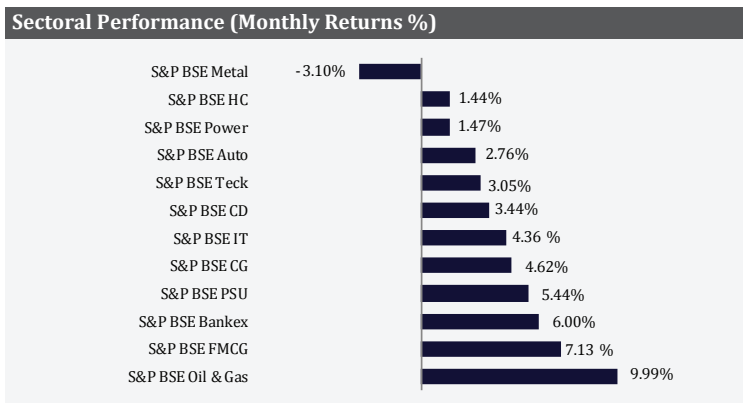
- Domestic equity markets saw buying spree with benchmark indices touching all-time highs during the month. Optimism over corporate earnings for the quarter ended Jun 2018 coupled with expectation for a favourable monsoon drove the rally. Additionally, the ruling party winning the no-confidence motion and the favourable steps taken by the GST Council for the ease of doing business contributed to the upside. Nonetheless, gains were restricted by higher inflation numbers in Jun 2018, which led to speculation over imminent rate hike by the MPC. Disappointing industrial production numbers for May 2018 also played spoilsport.
- U.S. markets traded up on optimism about the Jun 2018 quarter earnings and better than expected U.S. economic data. Gains were extended after the U.S. president and European Commission president reached an agreement to work together in eliminating trade barriers on industrial goods. However, the upside was limited as the U.S. President raised concerns over the rate hike decision of the U.S. Fed and stated that gradual rate hike decision might adversely impact the recent economic progress of the nation. Trade war concerns between U.S. and China kept investors cautious as the U.S. administration proposed new tariffs on additional \$200 billion worth of Chinese goods and China threatened to take countermeasures.
- European markets rose as market remained optimistic of strong corporate results for the quarter ended Jun 2018 and key economic data from Germany, the eurozone and France. Easing trade concerns between U.S. and EU helped sentiment as both the nations agreed to work towards zero tariffs, zero non-tariff barriers and zero subsidies on non-auto goods. Optimism over post-Brexit deal between U.S. and U.K. added to the gains and outweighed initial concerns when two key Brexit proponents resigned from the U.K. government. However, escalating trade tensions between U.S. and China capped the gains.
- Asian markets largely remained positive after the Chinese Premier said that the government would accelerate plans to reduce taxes by more than 1.1 trillion yuan (\$160 billion) and issue 1.35 trillion yuan in local government special bonds for infrastructure. Market sentiments were further boosted after China's central bank lowered its currency to its lowest level in a year in Jul 2018. However, gains were capped due to escalating trade tensions between U.S. and China after the former proposed tariffs on an additional \$200 billion worth of Chinese goods and China threatened to take counter measures.
- Investors are a bit jittery as the MPC went in for a second interest rate hike during the fiscal on Aug 1, 2018. They will continue to monitor the movement of inflation in the near term, which shall impact the future interest rate stance of MPC. Global crude oil prices will also continue to be the key risk for the equities, given its ability to increase inflation and widen the fiscal deficit. Meanwhile, rising trade protectionism by the U.S. poses a major hindrance to near-term and long-term global growth prospects as it may adversely impact investment, disrupt global supply chains and hamper productivity. The upcoming corporate earnings for the quarter ended Jun will also remain in sharp focus.

Domestic Indices Performance				
Indicators	31-Jul-18	29-Jun-18	Chg %	YTD%
S&P BSE Sensex	37,607	35,423	6.16	10.42
Nifty 50	11,357	10,714	5.99	7.84
S&P BSE 200	4,871	4,608	5.70	4.11
Nifty Midcap 100	18,877	18,181	3.83	-10.68
Nifty Dividend Opportunities 50	2,689	2,600	3.43	1.97
S&P BSE Smallcap	16,584	16,032	3.44	-13.76

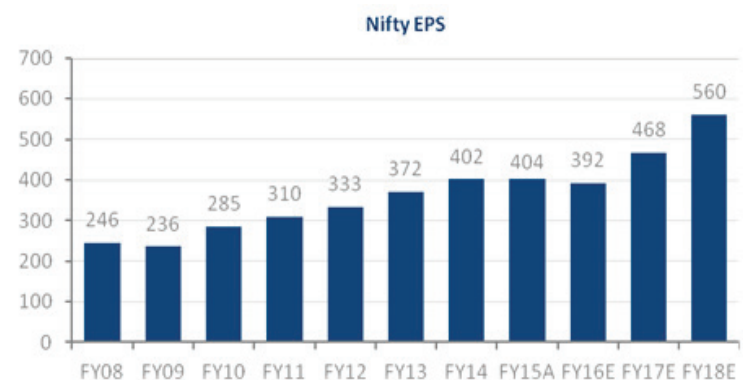
Source: Thomson Reuters Eikon

Global Indices Performance				
Global Indices	31-Jul-18	29-Jun-18	Chg %	YTD%
Dow Jones	25,415	24,271	4.71	2.82
FTSE	7,749	7,637	1.46	0.79
CAC	5,511	5,324	3.53	3.74
Hang Seng	28,583	28,955	-1.29	-4.47
SSE Composite Index	2,876	2,847	1.02	-13.03

Source: Thomson Reuters Eikon



Source: Thomson Reuters Eikon



Institutional Flows (Equity) As on July 31, 2018				
(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	108,342	106,078	2,264	(3,781)
MF Flows*	38,611	33,099	5,512	74,115
DII Flows	78,756	73,154	5,602	69,270

Source: NSDL, NSE & SEBI; * As on Jul 20, 2018

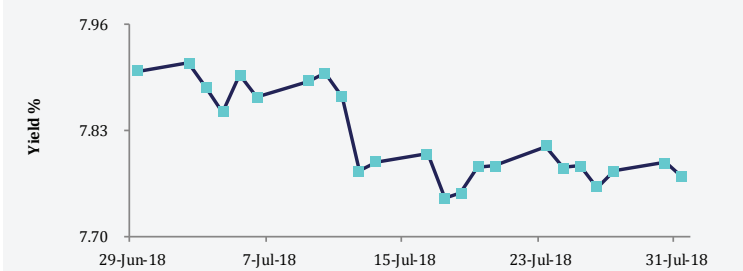
Debt Market

- Bond yields witnessed the first monthly fall in this fiscal as global crude oil prices fell sharply during the month under review. Short covering by market participants also supported market sentiment. However, market gains were capped after the retail inflation touched a five-month high, at 5%. Sharp weakness of the domestic currency against the greenback and concerns over continued rate hikes by the U.S. Federal Reserve also weighed on the market sentiment.
- Yield on gilt securities fell across 3 to 14 years' maturities in the range of 5 bps to 18 bps and increased across the remaining maturities by up to 24 bps. Yield on corporate bonds fell across the maturities in the range of 2 bps to 15 bps. Difference in spread between AAA corporate bond and gilt contracted across the maturities by up to 30 bps barring 3-, 6- and 10-year papers that expanded by up to 4 bps.
- The domestic bond yield trajectory will be dictated by a combo of external factors namely crude oil prices, developments in the global trade environment and stance adopted by central banks, especially in developed markets. On the domestic front, factors like fiscal consolidation, domestic inflationary pressure and developments in the run up to the general elections in 2019 will also have its share of influence on the domestic debt market sentiment. It needs to be noted that the country will have states and national elections in 2019 and moving ahead the focus of the market will be on the measures and policies that the government adopts and its impact on the fiscal profile of the economy.

Currency and Commodity Market

- The Indian rupee weakened against the U.S. dollar during the month under review. Rupee fell following losses in Chinese yuan against the greenback to the lowest level in more than a year. Also, escalating trade tensions between U.S. and China and concerns over additional monetary tightening by the U.S. Federal Reserve also weighed on market sentiment. However, losses were limited on suspected intervention by the Reserve Bank of India, decline in global crude oil prices, dollar selling by foreign banks and gains in the domestic equity market.
- Brent crude prices fell on concerns over the escalating trade tensions between U.S. and China after the U.S. imposed tariffs on Chinese imports that became effective from Jul 6. Also, the Organization of the Petroleum Exporting Countries (OPEC) forecasted that trade tensions might adversely impact the oil market. Additionally, Libya reopened its crude oil production facility and Saudi Arabia lowered its pricing for Aug 2018 sales of its light oil grade. However, the downside was limited as Saudi Arabia decided to temporarily halt oil shipments through the Red Sea and a strike was called by the offshore workers on three oil and gas platforms in the British North Sea.

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



Source: Thomson Reuters Eikon

Spread Movement

Spreads		AAA	AA	A
31-Jul-18	1 Yr	86	131	243
	3 Yr	75	119	208
	5 Yr	58	95	202
29-Jun-18	1 Yr	115	149	205
	3 Yr	74	106	206
	5 Yr	68	97	272

Source: Thomson Reuters Eikon

Yield (%)	31-Jul-18	29-Jun-18
10 Year G-Sec	7.77	7.90
5 Year G-Sec	7.90	7.95
3 Year G-Sec	7.67	7.75

Certificate of Deposit

	31-Jul-18	29-Jun-18
3-Month	7.30	7.00
6-Month	7.42	7.43
9-Month	7.55	7.66
12-Month	8.06	8.08

Commercial Papers

	31-Jul-18	29-Jun-18
3-Month	7.50	7.55
6-Month	8.05	7.95
12-Month	8.65	8.50

Source: Thomson Reuters Eikon

Treasury Bill	31-Jul-18	29-Jun-18
91 Days	6.69	6.48
364 Days	7.24	7.11

Event Calendar

Release Date	Release Date	Country
10-Aug-18	Gross Domestic Product (QoQ) (Q2) (P)	U.K.
14-Aug-18	Gross Domestic Product s.a. (YoY) (Q2) (P)	Euro Zone
22-Aug-18	FOMC Minutes	U.S.
29-Aug-18	Gross Domestic Product Annualized (Q2)	U.S.
31-Aug-18	Quarterly GDP Estimate (Q1FY19)	India

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

Fund Details

Date of Allotment	: October 30, 2014
Bloomberg Code	: IIFGRRG IN
Benchmark Index	: Nifty 50 TRI
Plans Offered	: Regular & Direct
Options Offered	: Growth & Dividend
Minimum Application:	
New Purchase	: ₹5,000 and in multiples of ₹100 thereafter
Additional Purchase	: ₹1,000 and in multiples of ₹100 thereafter
Monthly SIP Option	: ₹1,000 per month for a minimum period of 6 months
Quarterly SIP Option:	₹1,500 per quarter for a minimum period of 4 quarters
Entry Load	: NIL
Exit Load	: 2% - if redeemed/switched out, on or before 2 months from the date of allotment w.e.f. November 16, 2017
Dematerialization	: D-Mat Option Available
Portfolio Turnover Ratio (based on 1 year monthly data)	: 1.21 times

NAV as on July 31, 2018

Regular - Growth	: ₹14.9322
Regular - Dividend	: ₹13.2107
Direct - Growth	: ₹15.6075
Direct - Dividend	: ₹15.4068

AUM as on July 31, 2018

Net AUM	: ₹ 246.11 crore
Monthly Average AUM	: ₹ 229.29 crore

Total Expense Ratio

Regular Plan	: 2.51% 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)	14.64%	13.06%
Sharpe Ratio	0.44	1.86
Portfolio Beta	0.90	1.00
R Squared	0.80	NA
Treynor	0.07	0.05

Portfolio as on July 31, 2018

Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
Bajaj Finance Limited	Finance	8.99
HDFC Bank Limited	Banks	7.74
CESC Limited	Power	6.10
Merck Limited	Pharmaceuticals	5.97
Infosys Limited	Software	5.55
Sun Pharmaceutical Industries Limited	Pharmaceuticals	5.17
IIFL Holdings Limited	Finance	5.04
State Bank of India	Banks	5.03
Bajaj Finserv Limited	Finance	3.69
Tata Global Beverages Limited	Consumer Non Durables	3.57
Tata Motors Ltd DVR Shares	Auto	3.54
Zensar Technologies Limited	Software	3.46
Cholamandalam Investment and Finance Company Limited	Finance	2.91
Shankara Building Products Limited	Ferrous Metals	2.86
Bandhan Bank Limited	Banks	2.85
SBI Life Insurance Company Limited	Finance	2.54
The Federal Bank Limited	Banks	2.50
PNB Housing Finance Limited	Finance	1.92
Quess Corp Limited	Commercial Services	1.78
GlaxoSmithKline Consumer Healthcare Limited	Consumer Non Durables	1.56
Shalby Limited	Healthcare Services	0.35
CBLO		3.82
Sub Total		86.94
Net Receivables / (Payables)		13.06
Portfolio Total		100.00

Scheme Performance

	31-Jul-17 to 31-Jul-18	PTP (₹)	31-Jul-15 to 31-Jul-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	2.22%	10,222	10.13%	13,361	11.27%	14,931
IIFL Focused Equity Fund - Dir - Growth	3.80%	10,380	11.41%	13,833	12.59%	15,606
Benchmark*	14.20%	11,420	11.42%	13,836	10.57%	14,581
Additional Benchmark**	16.97%	11,697	11.61%	13,907	10.34%	14,468

Past performance may or may not be sustained in future.

Different plans shall have different expense structure.

As on July 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-Jul-17 to 31-Jul-18	31-Jul-15 to 31-Jul-18	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	4,40,000
Total Value as on July 31, 2018(₹)	1,21,836	4,31,604	5,40,651
Returns	2.86%	12.16%	11.26%
Total Value of Benchmark: Nifty 50 TRI (₹)	1,32,451	4,68,251	5,79,515
Benchmark: Nifty 50 TRI	19.86%	17.87%	15.17%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,33,906	4,65,050	5,71,485
Additional Benchmark: S&P BSE Sensex TRI	22.25%	17.38%	14.37%

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

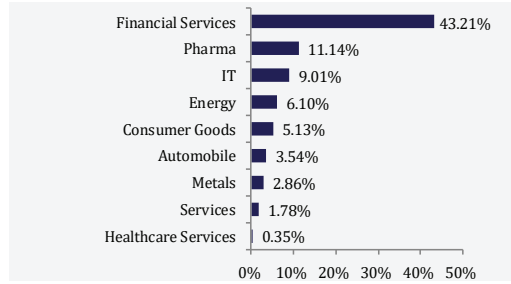
Source: MFI Explorer; Above returns are calculated assuming investment of 10,000/-on the 1st working day of every month. CAGR return are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan -Growth option. The above investment simulation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

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

Dividend Details

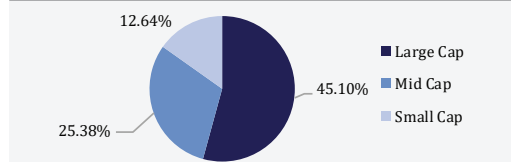
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

Sector Allocation^^



^^Sector allocation as per AMFI classification

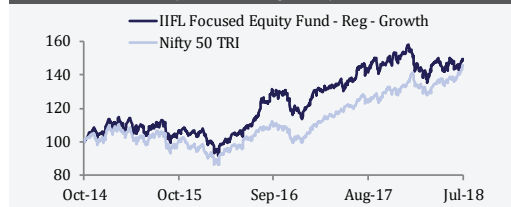
Market Capitalisation wise Exposure^



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

^As on July 31, 2018

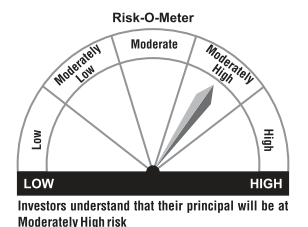
NAV Movement (Since Inception) Rebased to 100



THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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



Investors understand that their principal will be at Moderately High risk

Fund Commentary

The last 6-7 months have been testing times for investors and fund managers alike. Though most investors enter markets with a long-term view of 3 – 5 years for seeing the real returns from equities, but it is periods like the last 6 – 7 months which are the real test for long term investors. Equity returns do not happen in a linear fashion but is a cyclical pattern of big returns inter-laced with periods of lukewarm return or negative returns too. Unfortunately, it is the experience which investors have in the initial months with a new investment which influences their perception of the expected returns in future from this investment. Seasoned investors know how to give a significant amount of time to any investment for seeing the real returns in the long run. As long as the quality of the companies being purchased is top of the league one need not worry about the short-term under-performance in the market vis-a-vis a benchmark.

The performance of IIFL Focused Equity Fund has been muted over the last 1 year. This underperformance can be attributed to two months, Jan 2018 and July 2018. Now the reason for the sharp underperformance in these two specific months of Jan'18 and July'18 is not that the quality of the stock held was questionable. It was just that there was huge divergence in the index performance and individual stocks performance in the broader market as we had just handful of 5-6 stocks (Reliance Industries, Kotak Bank, HDFC bank, HDFC Ltd and TCS) pulling up most of the market while many other quality names languished. Such divergences are visible over a short span of time, but they get averaged out over a long period and hence equities is always to be seen as a long term play of a few years and one should be rattled and take hasty decisions by a few months of under-performance.

The dichotomy continued in the equity markets in the month of July with the broader market underperforming the Indices sharply during the month. There seemed to be some respite though as stocks gained but not as much as index, but the rally in the markets was skewed with few names pulling the Index while broader markets underperformed. Major gainers in the portfolio during the month of July'18 were Bandhan Bank (+33.4%), Bajaj Finserv (+19.9%), Bajaj Finance (+17.7%), State Bank of India (+13.4%) and Federal Bank (+9.9%). However, the underperformance was caused as nearly 60% of the portfolio stocks underperformed the Nifty-50 during the month. The major drags in the portfolio were Qess Corp (-14.8%), Shalby Hospital (-11.7%), Tata Motors DVR (-9.3%), Tata Global (-8.3%) and Chola Finance (-5.3%).

We continue to maintain our strategy of focussing on companies where we see earnings outperformance over the broader market. As in the past quarters, in the current earnings season too our portfolio company's earnings have outperformed that of the broader market. We expect our portfolio companies to report earnings growth of around 23% during FY19.

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

Fund Details

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

NAV as on July 31, 2018

Regular - Growth	: ₹10.4278
Regular - Dividend	: ₹10.4278
Direct - Growth	: ₹10.4565
Direct - Dividend	: ₹10.4565

AUM as on July 31, 2018

Net AUM	: ₹ 479.99 crore
Monthly Average AUM	: ₹ 468.51 crore

Total Expense Ratio

Regular Plan	: 2.41% p.a.
Direct Plan	: 1.14% p.a.

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

Volatility Measures# Fund Benchmark

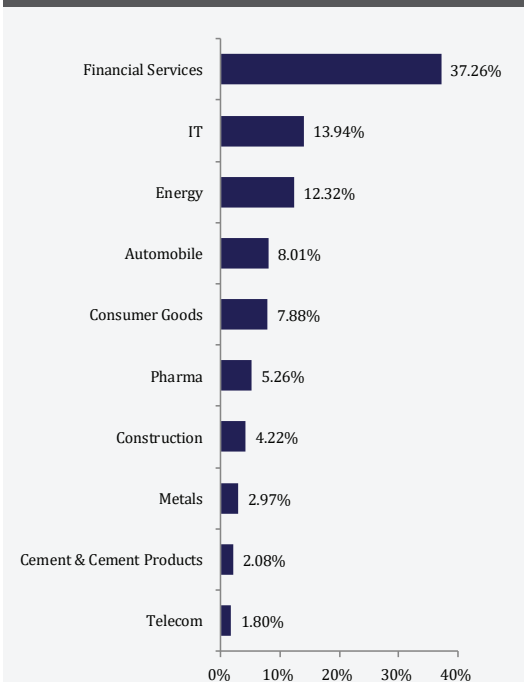
Std. Dev (Annualised)	NA	NA
Sharpe Ratio	NA	NA
Portfolio Beta	NA	NA
R Squared	NA	NA
Treynor	NA	NA

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

Portfolio as on July 31, 2018

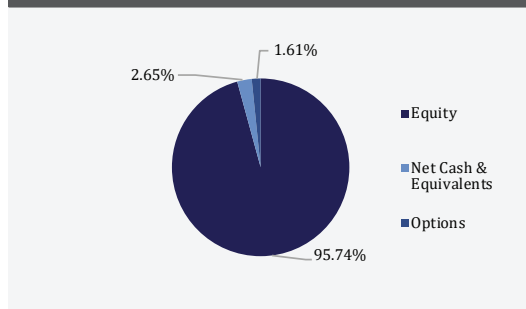
Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
HDFC Bank Limited	Banks	9.61
Reliance Industries Limited	Petroleum Products	8.09
Bajaj Finance Limited	Finance	6.36
Infosys Limited	Software	6.23
Housing Development Finance Corporation Limited	Finance	5.57
Sun Pharmaceutical Industries Limited	Pharmaceuticals	5.26
IndusInd Bank Limited	Banks	4.70
Kotak Mahindra Bank Limited	Banks	4.62
Larsen & Toubro Limited	Construction Project	4.22
Tata Consultancy Services Limited	Software	4.02
Tech Mahindra Limited	Software	3.69
ICICI Bank Limited	Banks	3.53
Asian Paints Limited	Consumer Non Durables	3.01
Mahindra & Mahindra Limited	Auto	2.93
Maruti Suzuki India Limited	Auto	2.92
Bajaj Finserv Limited	Finance	2.87
ITC Limited	Consumer Non Durables	2.81
Hindustan Petroleum Corporation Limited	Petroleum Products	2.38
Tata Motors Limited	Auto	2.16
Grasim Industries Limited	Cement	2.08
Hindustan Unilever Limited	Consumer Non Durables	2.06
Power Grid Corporation of India Limited	Power	1.85
Bharti Airtel Limited	Telecom - Services	1.80
Hindalco Industries Limited	Non - Ferrous Metals	1.57
Vedanta Limited	Non - Ferrous Metals	1.40
Nifty 50 Index 10800 Put June 2019 Option		0.84
Nifty 50 Index 10700 Put June 2019 Option		0.77
CBLO		2.55
Sub Total		99.90
Net Receivables / (Payables)		0.10
Portfolio Total		100.00

Sector Allocation^^

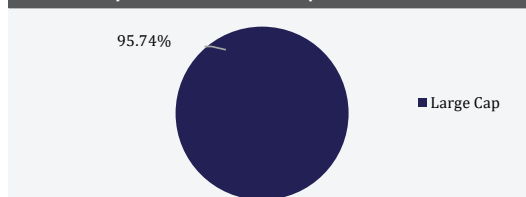


^^Sector allocation as per AMFI classification

Asset Allocation^



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 July 31, 2018

HEDGING- UPDATE

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

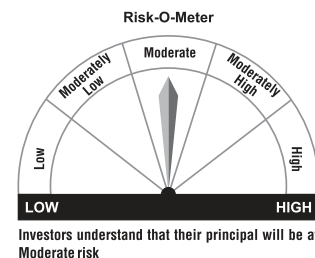
As long dated Nifty 50 puts can only be purchased at a strike price in the multiples of Rs. 100, the Scheme has partially purchased Nifty 50 Puts at 10700 and 10800 strike prices respectively.

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

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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



Disclaimer

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Investment Objective

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

Fund Manager Mr. Ankur Parekh

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

Fund Details

Date of Allotment : June 24, 2013
Bloomberg Code : IIFDDBBIN
Benchmark Index : CRISIL Composite Bond Fund Index
Plans Offered : Regular & Direct
Options Offered : Growth & Dividend
Minimum Application Amount :
New Purchase : ₹10,000 and in multiples of ₹100 thereafter
Additional Purchase : ₹1,000 and in multiples of ₹100 thereafter
Monthly SIP Option : ₹1,000 per month for a minimum period of 6 months
Quarterly SIP Option : ₹1,500 per quarter for a minimum period of 4 quarters

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

Dematerialization : D-Mat Option Available
Asset Allocation :

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

NAV as on July 31, 2018

Regular Plan Growth : ₹14.0521
Regular Plan Bonus : ₹14.0521
Regular Quarterly Dividend : ₹13.5602
Regular Half Yearly Dividend : ₹13.5602
Regular Monthly Dividend : ₹11.3456
Direct Plan Growth : ₹14.4322
Direct Monthly Dividend : ₹11.6943

*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 July 31, 2018

Net AUM : ₹ 445.56 crore
Monthly Average AUM : ₹ 445.12 crore

Total Expense Ratio

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

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

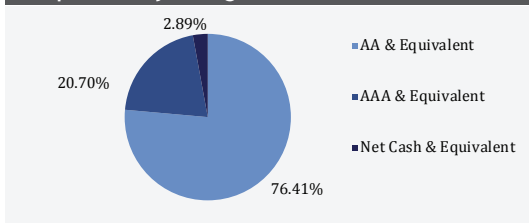
Statistical Debt Indicators

Modified Duration : 1.97 years
Average Maturity : 2.36 years
Yield to Maturity : 8.95%

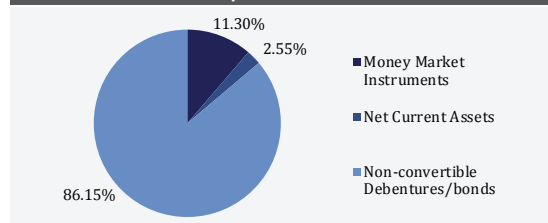
Portfolio as on July 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Debt Instruments					
Non-Convertible Debentures/Bonds			86.15		
9.55% Hindalco Industries Limited	CRISIL AA	5.72	8.15% Energy Efficiency Services Limited	ICRA AA	2.20
9.00% State Bank of India	CRISIL AA+	5.61	7.63% PNB Housing Finance Limited	CARE AAA	2.20
9.57% Grand View Estates Private Limited	ICRA AA(SO)	5.61	ECL Finance Limited	CARE AA	1.36
8.50% Vedanta Limited	CRISIL AA	5.53	8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.11
4.00% HPCL Mittal Energy Limited	ICRA AA	5.52	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.67
8.75% Muthoot Finance Limited	CRISIL AA	5.48	12.75% India Infoline Finance Limited	CRISIL AA	0.57
8.25% EID Parry India Limited	CRISIL AA-	5.32	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.53
JM Financial Credit Solution Limited	ICRA AA	4.59	National Bank For Agriculture and Rural Development	CRISIL AAA	0.44
7.70% L & T Housing Finance	ICRA AA+	4.40	9.15% SP Jammu Udhampur Highway Limited	ICRA AAA(SO)	0.41
Aditya Birla Fashion and Retail Limited	CRISIL AA	3.84	8.85% HDFC Bank Limited	CRISIL AA+	0.36
10.25% Hansdeep Industries & Trading Company Limited	CARE AA(SO)	3.40	9.90% Tata Motors Limited	ICRA AA	0.23
8.1352% Bajaj Housing Finance Limited	CRISIL AAA	3.33	9.45% State Bank of India	CRISIL AAA	0.01
9.75% Edelweiss Housing Finance Limited	ICRA AA	3.22	Certificate of Deposit		
8.75% Axis Bank Limited	CRISIL AA+	2.84	IDFC Bank Limited	ICRA A1+	10.96
9.15% Birla Corporation Limited	ICRA AA	2.58	IndusInd Bank Limited	CRISIL A1+	5.41
11.80% Tata Steel Limited	CARE AA-	2.38	CBLO / Reverse Repo		
9.80% ECL Finance Limited	ICRA AA	2.25	CBLO		0.34
8.32% Power Grid Corporation of India Limited	CRISIL AAA	2.24	Sub Total		
7.90% Piramal Enterprises Limited	ICRA AA	2.20	Net Current Assets		2.55
			Portfolio Total		100.00

Composition by Rating[^]



Instrument Wise Composition[^]



Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Cum Dividend)	Direct Plan NAV (₹) (Cum Dividend)
31-Jul-18	0.05	11.3456	11.6943
26-Jun-18	0.05	11.3108	11.6497
29-May-18	0.05	11.3012	11.6324
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

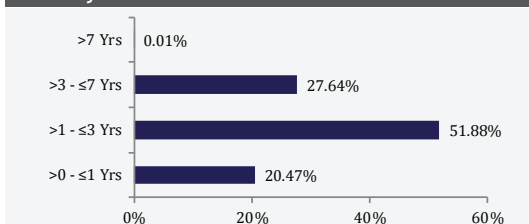
	31-Jul-17 to 31-Jul-18	PTP (₹)	31-Jul-15 to 31-Jul-18	PTP (₹)	31-Jul-13 to 31-Jul-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	4.25%	10,425	7.10%	12,287	7.96%	14,669	6.89%	14,051
IIFL Dynamic Bond Fund - Dir - Growth	4.89%	10,489	7.68%	12,488	8.53%	15,061	7.45%	14,430
Benchmark*	1.48%	10,148	7.52%	12,432	8.81%	15,256	7.78%	14,658
Additional Benchmark**	-2.90%	9,710	6.01%	11,915	6.49%	13,697	5.59%	13,200

Past performance may or may not be sustained in future

Different plans shall have different expense structure

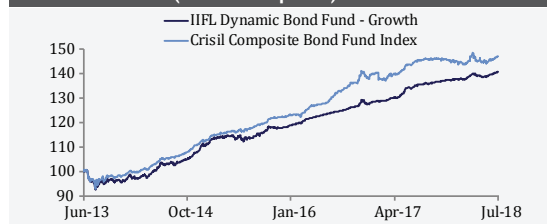
As on July 31, 2018 * Crisil Composite Bond Fund Index. ** Crisil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date : \$ Inception date 24-June-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain

Maturity Profile[^]



[^]As on July 31, 2018

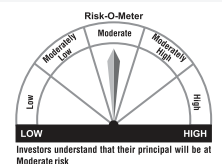
NAV Movement (Since Inception) Rebased to 100



THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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



Investors understand that their principal will be at Moderate risk

Fund Commentary

- Bond yields witnessed the first monthly fall in this fiscal year as global crude oil prices fell sharply during the month under review. Short covering by market participants also supported market sentiment. However, market gains were capped after the retail inflation touched a five-month high, at 5%. The Index of Industrial Production (IIP) growth plummeted to a 7-month low at 3.2% for May 2018 data release. Sharp weakness of the domestic currency against the greenback and concerns over continued rate hikes by the U.S. Federal Reserve also plugged the interest rates. Yield on the 10-year benchmark bond (7.17% GS 2028) fell 13 bps to close at 7.77% from the previous month's close of 7.90%.
- The domestic bond yield trajectory will be dictated by a combo of external factors namely crude oil prices, developments in the global trade environment and stance adopted by central banks across the globe, especially in the developed markets. On domestic front, the liquidity conditions are shifting to marginal deficit and gradually dry down, as pre-festive season kicks-in, during coming months. Other factors like fiscal consolidation, domestic inflationary pressure and added developments in the run-up to general elections of 2019 will influence the yield volatility. As India prepares for the forthcoming elections, the focus of the market will be shifting over the populist measures adopted by the government and its impact on the fiscal profile of the economy.
- In this scenario, we continue our view of positioning at the front-end of the curve with a defensive outlook as rate trajectory is likely to be volatile. The incremental positioning may be executed in certain pockets of yield curve if it offers value in terms of attractive spreads between low duration high carry bonds and overnight funding rates. The scheme aims to maintain relatively high running yields and moderate to low duration, to benefit out of the steep yield curve. However, any changes in the macro-economic environment is being continuously tracked for change of stance if the situation requires so.

Disclaimer

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

Investment Objective

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

Fund Manager Mr. Ankur Parekh

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

Fund Details

Date of Allotment : November 13, 2013
Benchmark Index : CRISIL Liquid Fund Index
Plans Offered : Regular & Direct
Options Offered : Growth & Dividend
Minimum Application:
New Purchase : ₹5,000 and in multiples of ₹100 thereafter

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

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

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

Entry / Exit Load : NIL
Dematerialization : D-Mat Option Available

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

NAV as on July 31, 2018

Regular Plan Growth : ₹1397.0164
Regular Plan Weekly : ₹1005.0000
Dividend
Regular Plan Daily : ₹1000.1265
Dividend
Direct Plan Growth : ₹1400.3218
Direct Plan Dividend : ₹1000.0464

AUM as on July 31, 2018

Net AUM : ₹ 265.35 crore
Monthly Average AUM : ₹ 281.17 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 : 23 days
Average Maturity : 24 days
Yield to Maturity : 7.25%

Portfolio as on July 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Money Market Instruments			Cholamandalam Investment and Finance Company Limited		
Certificate of Deposit			Housing Development Finance Corporation Limited		
IDFC Bank Limited	ICRA A1+	9.42%	Piramal Enterprises Limited	ICRA A1+	7.53%
RBL Bank Limited	ICRA A1+	9.35%	Sub Total		63.79%
Yes Bank Limited	CRISIL A1+	9.30%	CBLO / Reverse Repo		
Sub Total		28.07%	CBLO		7.30%
Commercial Paper			Sub Total		7.30%
Reliance Industries Limited	CARE A1+	9.42%	Net Receivables / (Payables)		
Small Industries Dev Bank of India	CARE A1+	9.41%			0.84%
Bajaj Housing Finance Limited	CRISIL A1+	9.40%	Portfolio Total		
Tata Motors Limited	ICRA A1+	9.39%			100.00%

Scheme Performance

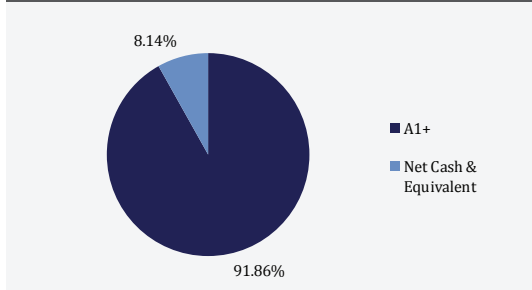
	31-Jul-17 to 31-Jul-18	PTP (₹)	31-Jul-15 to 31-Jul-18	PTP (₹)	Since Inception ⁵	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.55%	10,655	6.82%	12,191	7.35%	13,971
IIFL Liquid Fund - Dir - Growth	6.60%	10,660	6.87%	12,208	7.40%	14,002
Benchmark*	7.04%	10,704	7.22%	12,329	7.87%	14,293
Additional Benchmark**	6.77%	12,030	6.47%	10,647	7.54%	13,554

Past performance may or may not be sustained in future

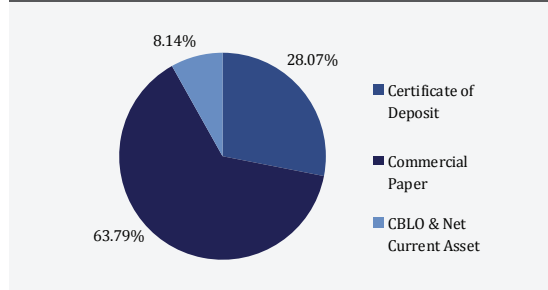
Different plans shall have different expense structure

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

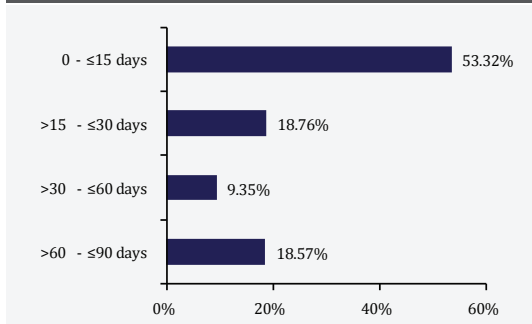
Composition by Rating[^]



Instrument Wise Composition[^]

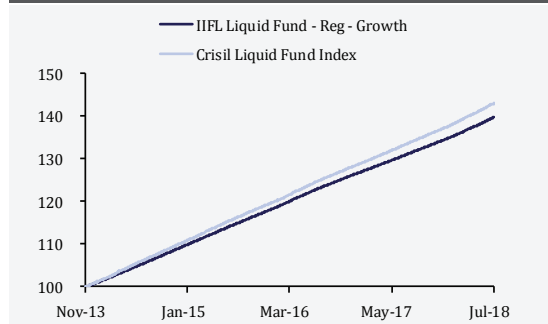


Maturity Profile[^]



[^]As on July 31, 2018

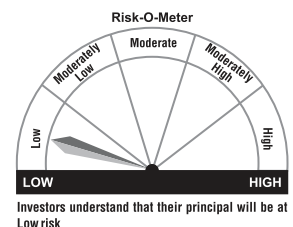
NAV Movement (Since Inception) Rebased to 100



THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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



GLOSSARY OF TERMS

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

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