IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

DECEMBER 2019

Macro Economy & Event Update

- Major global markets exhibited different trends in Nov 2019, with the U.S. and European markets gaining, and Asia falling. U.S.-China trade contour was the main reason behind the ups and downs.

- U.S. markets gained on U.S.-China trade optimism as the two sides gave encouraging statements on the possibility of striking a phase one deal. Upbeat corporate earning numbers for the quarter ended Sep 2019 also supported market sentiments.

- European markets moved up as U.S. and China moved closer to an initial trade deal. The U.S. President signing bills to support Honk Kong protestors made investors anxious about the trade talks.

- Asian markets fell as volatility around trade dealings of U.S. and China took the better of markets. Even when things seemed moving smoothly towards a trade deal, U.S.' support for Hong Kong protestors against China's wishes spooked investors.

- Indian equity markets gained in the period as investors pinned hopes on the government to take steps to propel the economy forward. The Monetary Policy Committee was expected to cut rates at its forthcoming policy meet in Dec 2019.

- Bond yields rose over the month after a major global credit rating agency downgraded India's rating outlook to negative from stable. Increase in global crude oil prices and worries of fiscal slippage also dampened market sentiments. However, most of the losses were neutralised on expectations that the Monetary Policy Committee may further ease its monetary policy in its upcoming policy review.

- As the year draws to a close, some factors continue to remain on investors' radar, such as U.S.-China trade talks, Brexit, crude oil prices, the health of the global and domestic economy, central banks' stance and rupee's movement against the greenback. The Monetary Policy Committee's guidance will impinge upon investor mood as bond yields will be dictated by it. Government's decisions to spur growth in the economy will have investors on their toes. U.S. and China trade deal, if reached, will bring huge cheer to the markets all over. At the same time if a deal is not reached, it would be big dampener.

Key Economic Indicators		
Indicators	**Current**	**Previous**
WPI (Oct-19)	0.16%	0.33%
IIP (Sep-19)	-4.30%	-1.40%
CPI (Oct-19)	4.62%	3.99%

Source: Thomson Reuters Eikon

India's economy grew at 4.5% in the quarter ended Sep 2019

- Government data showed that the growth of the Indian economy plunged to its lowest level in over six years in the quarter ended Sep 19 which can be attributed to a fall in exports on account of global economic slowdown. Gross domestic product (GDP) grew 4.5% in the second quarter of FY20, down from 5.00% in the previous quarter and 7.00% in the same period of the previous year. This was the slowest rate of growth of the Indian economy in as many as 26 quarters. On the sectoral front, the gross value added growth in the manufacturing sector plunged 1.0% in the second quarter of this fiscal from 6.9% in the same period of the previous year. The gross value added growth in the agriculture sector also plummeted to 2.1% from 4.9% in the corresponding period of the previous year.

Retail inflation touches 16-month high in Oct 2019

- Consumer price index-based inflation rate increased to 4.62% in Oct 2019 from 3.99% in Sep 2019 and 3.38% in Oct 2018. This marked a 16-month high and crossed the Reserve Bank of India's medium target of 4%. Consumer Food Price Index increased to 7.89% in Oct 2019 from 5.11% rise in Sep 2019 and a decline of 0.86% in the same period of the previous year.

IIP slumped 4.3% YoY in Sep 2019

- India's Index of Industrial production (IIP) shrunk 4.3% in Sep 2019 compared with 1.4% decline in Aug 2019. Manufacturing and electricity declined 3.9% and 2.6% in Oct 2019 respectively while the mining sector also contracted 8.5% in the same month. From Apr to Sep 2019, IIP growth eased to 1.3% YoY from 5.2% from recorded in the corresponding period last year.

India's trade deficit narrowed on a yearly basis in Oct 2019

- India's trade deficit narrowed to $11.01 billion in Oct 2019 from $18.00 billion in the same period of the previous year. India's trade deficit narrowed as imports fell 16.31% to $37.39 billion in Oct 2019 while exports came down at a comparatively slower rate of 1.11% to $26.38 billion in the same month. Oil imports fell 31.74% to $9.63 billion in Oct 2019 from $14.11 billion in the year-ago period. However, gold imports increased 4.74% to $1.84 billion.

Core sector growth contracted in Oct 2019

- The growth of the index of eight core industries or the core sector growth contracted 5.8% in Oct 2019 from a contraction of 5.1% in the previous month and a growth of 4.8% in the same period of the previous year. The coal sector witnessed the maximum contraction of 17.6% followed by the electricity sector and the cement sector which contracted 12.4% and 7.7% respectively. Only the fertilizers sector and refinery products sector witnessed growth and expanded 11.8% and 0.4% respectively in Oct 2019.

Equity Market

- Indian equity markets gained in Nov 2019 with the Sensex ending above the 40,000-mark. Continued support by the government to push the economy forward helped buoy investor sentiment. The government announced a Rs. 25,000 crore fund to help stalled residential projects. The real estate package will also include projects that have been declared non-performing assets or gone under insolvency proceedings. Continued foreign fund inflows also added to the gains. Firm global cues lent support with the U.S. and China drawing closer to brokering a phase one trade deal, even though the Hong Kong issue created some friction towards the end.
- However, gains were restricted after a major global rating agency downgraded its outlook for India's sovereign rating (Baa2) to negative from stable, citing structural weakness. Also, reports that India has decided not to join a 16-nation grouping led by China known as the Regional Comprehensive Economic Partnership (RCEP) weighed on the market sentiment.
- U.S. markets gained in the second last month of the year. Markets were led by optimism over positive breakthrough of the U.S.- China trade deal and upbeat corporate earning numbers for the quarter ended Sep 2019. However, the upside was limited after the U.S. President signed a bill supporting Hong Kong protestors against China's will which increased doubts over the possibility of a trade deal between U.S. and China.
- European markets moved up in the period on U.S.-China trade optimism and upbeat economic data. Quarter on quarter growth of the euro zone economy for Q3 of 2019 came in line with expectations which also contributed to the upside. Reports said the U.S. President could delay auto tariffs on the European Union by six months and U.S. and China seemed to get closer to signing a phase one trade deal. However, the U.S. President signing a legislation supporting Hong Kong protestors was seen as potentially jeopardising trade negotiations between the two countries.
- Asian markets fell on growing unrest in Hong Kong and weak data from China and Japan. The U.S. Senate passed a legislation supporting protesters in Hong Kong, a move condemned by China. Concerns were deepened by fears that because of the legislation the phase one trade deal between the U.S. and China may not see light of day in 2019. However, losses were restricted as China's central bank unexpectedly cut a key interest rate, for the first time since 2015.
- With weak GDP numbers confirming investors' fears, all eyes once again will remain glued to government policies. The monetary policy review in the first week of Dec 2019 will throw light on the central bank's stance. A rate cut is being widely expected in the face of the slowing economy. Though the festive season so far hasn't brought much cheer to the economy, the last month of the year might make things better for sectors such as auto and consumer durables. Globally, if U.S. and China can agree on an initial deal before the higher tariffs on Chinese imports start in Dec 2019, markets around the globe will rejoice. So far, signs have been mostly positive, but the Hong Kong factor is sticking out like a sore thumb. Investors will track Brexit developments and crude oil prices closely as well.

Domestic Indices Performance

Indicators	29-Nov-19	31-Oct-19	Chg %	YTD%
S&P BSE Sensex	40,794	40,129	1.66	13.10
Nifty 50	12,056	11,877	1.50	10.99
S&P BSE 200	5,046	4,984	1.26	8.44
Nifty Midcap 100	17,222	16,819	2.40	-3.66
Nifty Dividend Opportunities 50	2,540	2,628	-3.35	-1.90
S&P BSE Smallcap	13,561	13,558	0.02	-7.79

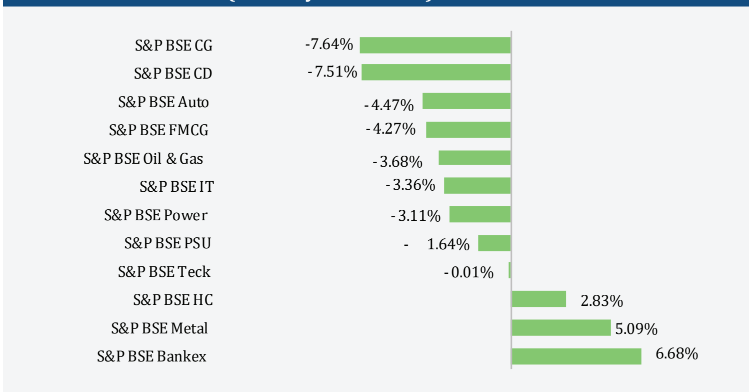
Source: Thomson Reuters Eikon

Global Indices Performance

Global Indices	29-Nov-19	31-Oct-19	Chg %	YTD%
Dow Jones	28,051	27,046	3.72	20.25
FTSE	7,347	7,248	1.35	9.19
CAC	5,905	5,730	3.06	24.83
Hang Seng	26,346	26,907	-2.08	1.94
SSE Composite Index	2,872	2,929	-1.95	15.16

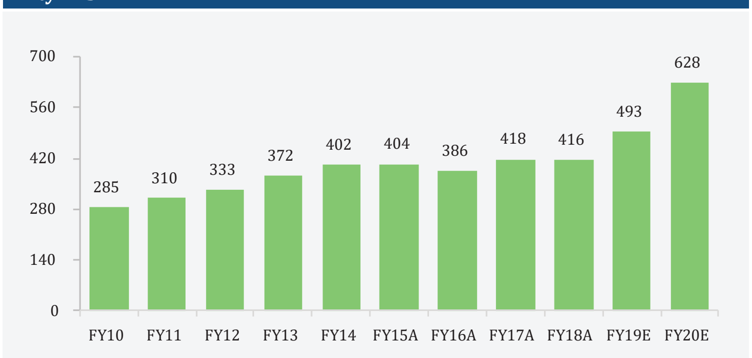
Source: Thomson Reuters Eikon

Sectoral Performance (Monthly Returns %)



Source: Thomson Reuters Eikon

Nifty EPS



Institutional Flows (Equity) As on November 28, 2019

(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	162,790	137,559	25,231	93,782
MF Flows	55,096	60,696	-5,600	50,091
DII Flows	74,120	77,754	-3,634	51,800

Source:NSDL,NSE & SEBI

Debt Market

- Bond yields rose initially during the month under review following increase in global crude oil prices and worries that the Indian government might breach its fiscal deficit target for this financial year. Losses were extended after a major global credit rating agency downgraded India's rating outlook to negative from stable. However, most of the losses were neutralised on expectations that the Monetary Policy Committee may further ease its monetary policy in its upcoming policy review on Dec 5, 2019 in order to boost the growth prospects of the Indian economy.

- Yield on gilt securities increased on 3-year paper and 13 to 30-year maturities by up to 15 bps Yield fell across the remaining maturities in the range of 3 bps to 19 bps barring 6, 11 and 12-year paper which closed steady. Yield on corporate bonds fell across the maturities by up to 74 bps barring 4-year paper which closed steady. Difference in spread between corporate bond and gilt securities expanded across the maturities in the range of 2 bps to 11 bps barring 2-year paper, 3-year paper, 6-year paper and 15-year paper which contracted in the range of 3 bps to 89 bps.

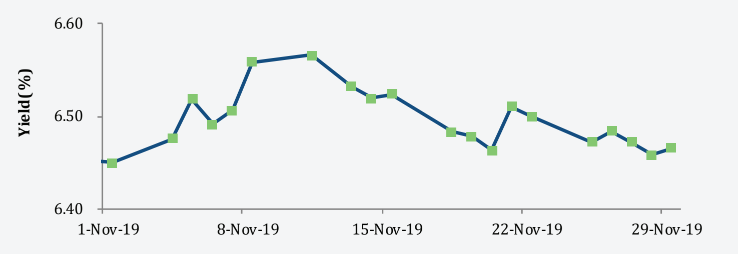
- Bond yields moving ahead will be dictated as to what stance the Monetary Policy Committee may adopt in its upcoming monetary policy review scheduled to be held on Dec 5, 2019. The evolving fiscal trends for the remainder of the fiscal will also be closely tracked. On the global front, developments over Brexit and trade developments between U.S. and China will remain in sharp focus. In addition to the above-mentioned factors, stance taken by key central bank across the globe on their respective monetary policies, transaction trends by foreign portfolio investors and the movement of the rupee against the greenback will have its impact the domestic debt market sentiment.

Currency and Commodity Market

- The rupee weakened against the greenback after a major global credit rating agency cut India's ratings outlook to "negative" from "stable". Increase in global crude oil prices, upbeat U.S. service sector data for Oct 2019 and dollar purchases by state run banks also contributed to the downside. Doubts over the possibility of a trade deal between U.S. and China after the U.S. President signed legislation backing pro-democracy protesters in Hong Kong further weighed on the domestic currency. However, gains in the domestic equity market and selling of the U.S. dollar by foreign banks restricted the losses.

- Brent crude prices surged on reports of U.S.-China trade optimism and that OPEC and Russia are likely to extend existing production cuts. Brent crude prices rose further after data from American Petroleum Institute showed fall in U.S. crude oil inventories for the week ended Nov 8. However, unexpected increase in weekly crude inventory in the week ended November 22, as reported by the Energy Information Administration, and renewed U.S.-China trade worries limited the upside.

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



Source: Thomson Reuters Eikon

Spread Movement

Spreads		AAA	AA	A
29-Nov-19	1 Yr	125	191	192
	3 Yr	103	177	181
	5 Yr	112	184	192
31-Oct-19	1 Yr	117	248	164
	3 Yr	119	199	189
	5 Yr	108	312	185

Source: Thomson Reuters Eikon

Yield (%)	29-Nov-19	31-Oct-19
10 Year G-Sec	6.46	6.45
5 Year G-Sec	6.25	5.48
Certificate of Deposit		
3-Month	5.08	5.35
6-Month	5.39	5.26
9-Month	5.62	5.63
12-Month	5.79	5.87
Commercial Papers		
3-Month	5.30	5.50
6-Month	6.30	6.50
12-Month	6.65	6.80

Source: Thomson Reuters Eikon

Treasury Bill	29-Nov-19	31-Oct-19
91 Days	4.85	5.00
364 Days	5.11	5.25

Source: CCIL

Event Calendar

Release Date	Release Date	Country
06-Dec-19	Nonfarm Payrolls (Nov)	U.S.
11-Dec-19	U.S. Federal Reserve Monetary Policy Review	U.S.
12-Dec-19	ECB Monetary Policy Review	Euro Zone
19-Dec-19	Bank of England Monetary Policy Review	England
19-Dec-19	Bank of Japan Monetary Policy Review	Japan

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

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

IIFL ASSET MANAGEMENT

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)	: 0.83 times

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

NAV as on November 29, 2019

Regular - Growth	: ₹17.7865
Regular - Dividend	: ₹15.7359
Direct - Growth	: ₹18.9676
Direct - Dividend	: ₹18.7739

AUM as on November 30, 2019

Net AUM	: ₹ 476.45 crore
Monthly Average AUM	: ₹ 458.90 crore

Total Expense Ratio

Regular Plan	: 2.40% p.a.
Direct Plan	: 0.90% p.a.

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

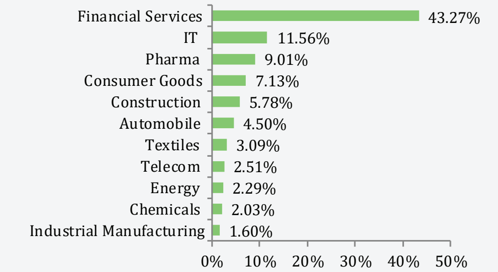
Volatility Measures

	Fund	Benchmark
Std. Dev (Annualised)	15.60%	13.38%
Sharpe Ratio	0.47	0.38
Portfolio Beta	1.04	1.00
R Squared	0.80	NA
Treynor	0.02	0.01

Portfolio as on November 30, 2019

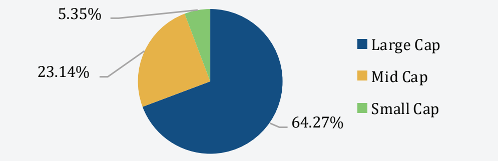
Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
ICICI Bank Limited	Banks	10.15
HDFC Bank Limited	Banks	9.25
Axis Bank Limited	Banks	7.55
Larsen & Toubro Limited	Construction Project	5.78
Infosys Limited	Software	5.18
Bajaj Finance Limited	Finance	4.50
Crompton Greaves Consumer Electricals Limited	Consumer Durables	4.31
Tata Consultancy Services Limited	Software	3.52
Bajaj Finserv Limited	Finance	3.19
IPCA Laboratories Limited	Pharmaceuticals	3.13
SRF Limited	Textile Products	3.09
Larsen & Toubro Infotech Limited	Software	2.86
Asian Paints Limited	Consumer Non Durables	2.82
Aavas Financiers Limited	Finance	2.79
Procter & Gamble Health Limited	Pharmaceuticals	2.79
Balkrishna Industries Limited	Auto Ancillaries	2.78
CreditAccess Grameen Limited	Finance	2.56
Bharti Airtel Limited	Telecom - Services	2.51
Bharat Petroleum Corporation Limited	Petroleum Products	2.29
Muthoot Finance Limited	Finance	2.26
Aarti Industries Limited	Chemicals	2.02
Abbott India Limited	Pharmaceuticals	1.74
Siemens Limited	Industrial Capital Goods	1.60
Dr. Reddy's Laboratories Limited	Pharmaceuticals	1.35
Motilal Oswal Financial Services Limited	Finance	1.02
Motherson Sumi Systems Limited	Auto Ancillaries	0.93
Tata Motors Ltd DVR Shares	Auto	0.79
Unlisted		
Arti Surfactants Limited	Chemicals	0.01
Sub Total		**92.77**
TREPS[##]		7.52
Net Receivables / (Payables)		-0.29
Portfolio Total		**100.00**

Sector Allocation^^



^^Sector allocation as per AMFI classification

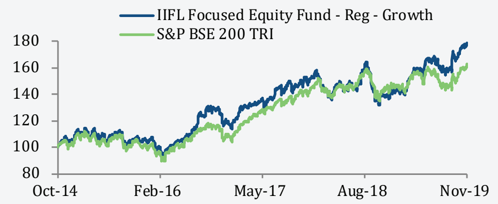
Market Capitalisation wise Exposure^



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 November 30, 2019

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

	30-Nov-18 to 30-Nov-19	PTP (₹)	30-Nov-16 to 30-Nov-19	PTP (₹)	30-Nov-14 to 30-Nov-19	PTP (₹)	Since Inception[$]	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	26.95%	12,687	13.56%	14,639	10.70%	16,637	11.99%	17,786
IIFL Focused Equity Fund - Dir - Growth	28.87%	12,878	15.22%	15,290	12.11%	17,723	13.42%	18,971
Benchmark*	10.40%	11,037	13.79%	14,729	8.92%	15,334	9.89%	16,154
Additional Benchmark**	14.05%	11,401	16.67%	15,874	8.70%	15,183	9.60%	15,938

Past performance may or may not be sustained in future.
Different plans shall have different expense structure.
As on November 30, 2019 ; 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

	30-Nov-18 to 30-Nov-19	30-Nov-16 to 30-Nov-19	30-Nov-14 to 30-Nov-19	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	6,00,000
Total Value as on Nov 30,2019(₹)	1,36,632	4,39,845	8,28,562	8,28,562
Returns	26.89%	13.49%	12.89%	12.89%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,28,121	4,15,596	7,83,057	7,83,057
Benchmark: S&P BSE 200 TRI	12.89%	9.58%	10.61%	10.61%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,30,244	4,40,674	8,22,112	8,22,112
Additional Benchmark: S&P BSE Sensex TRI	16.34%	13.62%	12.57%	12.57%
(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

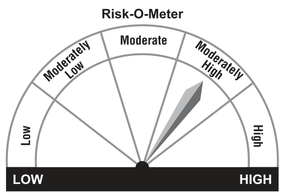
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

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.



Investors understand that their principal will be at Moderately High risk

Fund Commentary

Dear investors,

November saw mainline equity indices post lifetime highs with Nifty crossing the 12k mark, largely due to expectations of future government reforms to revive economic growth. Improved global sentiments and higher FII inflows also supported markets. Positive hopes of a trade deal during the month led to gains in European and US markets, despite the US President signing the Human Rights and Democracy bill in support of Hong Kong investors. Chinese response kept Asian markets at bay. As 2019 nears to an end, concerns over global growth, stance by major central banks to drive their economy, Brexit and US-China trade deal would still be raising eye brows in the short to medium term. While higher flows have helped equities across emerging markets, the broader trends of developed markets outperforming emerging markets continue.

While inflows and returns have improved, economic data continues to disappoint. real GDP growth declined to 4.5% in second quarter FY20 – lowest since March 2013. Typically, markets tend to bottom prior to an improvement in economic growth, the same trend is likely being reflected in the current scenario. Markets are reflecting expectations that global growth has bottomed and indeed that a new global cyclical upswing is imminent. Also, green shoots are likely to emerge due to a pick-up in government spending and private consumption. Overall, Government expenditure was higher in Jul-Oct'19 by Rs. 1.8tn (Rs. 9.3tn vs. Rs. 7.5tn during the same time last year). Acceleration in government spending could be one of the most important variables for turnaround in macro outlook, divestment would be the key help in the current tight fiscal scenario. On the economy revival front too, we believe the recent announcements including the intent to carry out labour market reforms, further relief package for the beleaguered real estate sector and approval at Cabinet level to divest stakes in government owned entities. Release of a policy around divestment is particularly important as it will signal further intent on the governments behalf to improve fiscal balances and increase spending potential.

Outlook

In terms of valuations, we continue to believe that Indian equities are attractively positioned for the longer-term investor. We currently have the unusual combination of both monetary and fiscal reforms to improve growth. Having said that, we believe the rate cut cycle is not over yet. Surely, inflation in the coming few months would cross 5% mark, but such inflationary dynamics may be short run as it does not reflect structural improvements in the economy.

Domestic consumption and weak consumer sentiment impacted the top line volume growth of corporates in the recent quarterly earnings season, but corporate tax cuts led the estimate beats. Any revival in consumption may lead to a positive surprise for earnings and valuations in FY 20 and 21.

From a risk-reward perspective, we continue to believe that the mid and small cap segment is still attractive after its sharp under performance vis-à-vis large caps over the last 6 quarters.

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

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 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 November 29, 2019

Regular Plan Growth	: ₹15.4726
#Regular Plan Bonus	: ₹15.4726
Regular Quarterly Dividend	: ₹14.9310
#Regular Half Yearly Dividend	: ₹14.9310
#Regular Monthly Dividend	: ₹11.6518
Direct Plan Growth	: ₹16.0291
Direct Monthly Dividend	: ₹12.1432
Direct Quarterly Dividend	: ₹15.1506

#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 November 30, 2019

Net AUM	: ₹ 297.31 crore
Monthly Average AUM	: ₹ 296.83 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.

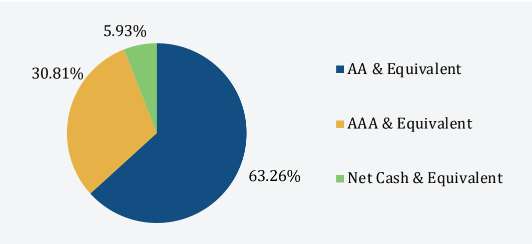
Statistical Debt Indicators

Modified Duration	: 1.01 years
Average Maturity	: 1.20 years
Yield to Maturity	: 8.33%

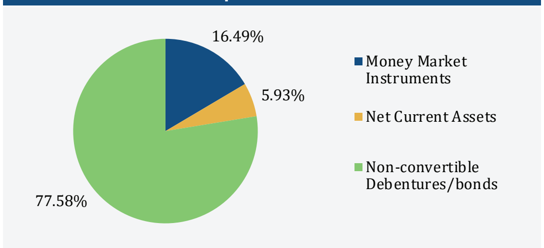
Portfolio as on November 30, 2019

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Non-convertible Debentures/bonds		**77.58**
9.55% Hindalco Industries Limited	CRISIL AA	8.67
8.50% Vedanta Limited	CRISIL AA	8.36
8.75% Muthoot Finance Limited	CRISIL AA	8.29
8.25% EID Parry India Limited	CRISIL AA-	8.00
7.70% L & T Housing Finance	ICRA AAA	6.71
Aditya Birla Fashion and Retail Limited	CRISIL AA	6.48
10.25% Hansdeep Industries & Trading Company Limited	CARE AA-(CE)	5.02
9.75% Edelweiss Housing Finance Limited	ICRA AA-	4.37
EMBASSY OFFICE PARK REIT	CRISIL AAA	3.57
8.15% Energy Efficiency Services Limited	ICRA AA-	3.34
7.90% Piramal Enterprises Limited	ICRA AA	3.28
9.80% ECL Finance Limited	ICRA AA-	3.17
ECL Finance Limited	CARE AA-	2.21
8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.72
8.85% India Grid Trust InvIT Fund	CRISIL AAA	1.71
8.75% Axis Bank Limited	CRISIL AA+	1.70
9.15% SP Jammu Udhampur Highway Limited	ICRA AAA	0.61
9.90% Tata Motors Limited	ICRA AA-	0.34
9.35% IDFC First Bank Limited	ICRA AA	0.03
Money Market Instruments		
Certificate of Deposit		
HDFC Bank Limited	CARE A1+	8.30
Bank of Baroda	FITCH A1+	8.19
TREPS## / Reverse Repo		
TREPS##		2.82
Sub Total		**96.89**
Net Current Assets		3.11
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)
26-Nov-19	0.05	11.6872	12.1772
29-Oct-19	0.05	11.6674	12.1477
24-Sep-19	0.05	11.5544	12.0236
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

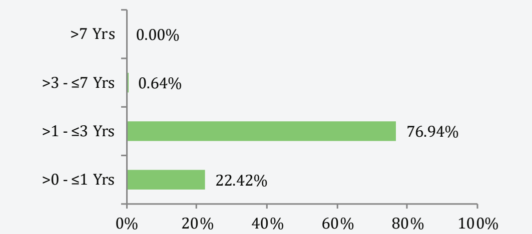
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

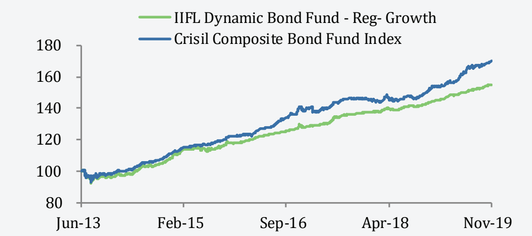
	30-Nov-18 to 30-Nov-19	PTP (₹)	30-Nov-16 to 30-Nov-19	PTP (₹)	30-Nov-14 to 30-Nov-19	PTP (₹)	Since Inception$	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	8.12%	10,810	6.34%	12,023	7.29%	14,222	7.02%	15,475
IIFL Dynamic Bond Fund - Dir - Growth	8.82%	10,879	6.99%	12,245	7.89%	14,625	7.61%	16,032
Benchmark*	12.39%	11,235	6.59%	12,108	8.76%	15,225	8.53%	16,935
Additional Benchmark**	12.98%	11,294	4.96%	11,561	8.13%	14,788	7.00%	15,456

Past performance may or may not be sustained in future
Different plans shall have different expense structure
As on November 30, 2019* 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

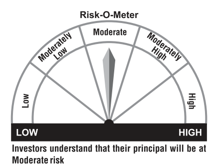


^As on November 30, 2019

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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



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

Fund Commentary

- Systemic liquidity in the month of November remained in excess, but December being the last month of the quarter, liquidity is likely to get adjusted due to higher GST and Advance tax outflows. Scheduled maturities of RBI's Cash Management Bills will support liquidity management in the December month. As the government spending contracts in the Jan – March quarter it is likely to dry out excess liquidity of the system and bring it back to normal liquidity. The Consumer Price Index or CPI inflation rose above expectations to 4.6% y-o-y in Oct, breaching the RBI's 4% target, because of higher food inflation, while core inflation moderated sharply. Although headline inflation is expected to rise, weaker GDP growth is also likely to weigh in the decision making of MPC (Monetary policy committee of RBI) at December meeting. The 12-month rolling average basis, inflation continues to run below 4% but the spike in food inflation can be a snag in rate cycle, in coming quarters. RBI may take a breather on easing, and instead focus on maintaining sufficient liquidity to encourage policy transmission of rate cuts. The slowdown in IIP paints the similar picture of muted activities across all the sectors including Mining, manufacturing, capital goods, consumer durables, infrastructure and others. The Q2 FY20 GDP fell to 4.5% from 5% in the first quarter depicting slowest growth in last six and a half years. Subdued growth numbers were on expected lines with most high frequency indicators pointing to a slowdown. The GDP growth fell for a record sixth consecutive quarter in Q2FY20 highlighting a much stronger case for dovish December policy. The base effects on GDP growth will turn positive going forward, but the underlying problems of tight credit conditions still lacks any fixing, which continues to hinder rate cut transmission and hence, may remain a constraint on growth. An unintended benefit of slowdown in domestic demand (coupled with marginal decline in commodity prices) is positive for net exports. However, trade deficit is narrowed more due to imports slump than exports. It is suggesting that domestic demand is slowing more sharply than external demand. Tracking the events sovereign bond yields rallied during the month amidst fear of excess supply owing to worries over fiscal deficit, and the corporate bond yields seen softening bias due to fresh demand from the investors.
- Given strong global growth headwinds and still elevated US-China trade tensions, slowdown is likely to continue. Despite the resumption of US-China trade talks towards a phase-one deal, there is little evidence of any functional progress between the two countries. On the contrary, the US-China dispute has gone far beyond the scope of trade issues in recent months with geopolitical uncertainty over Hong Kong which could potentially act as dampener, to the trade deal. In euro area as data suggests recession risks are spilling over to services sectors. The tail risks of a no Brexit and no deal are substantial reflecting in UK's growth volatility and Bank of England has revised down its growth and inflation targets substantially. In Japan despite relatively stable domestic demand, downside risks to growth are increasing due to headwinds from the muted real exports. Risk of appreciating Yen over a global recession and US protectionism may become hindrance for Bank of Japan to cut further rates. In China slowdown is becoming more prominent and policy easing is likely to continue but inflation is gradually becoming constraints to the easing policy. In India slow growth momentum has let to Moody's cut India's sovereign rating outlook to negative from stable, while retaining the issuer rating at Baa2. The reason for outlook change sighted was; If nominal GDP growth does not rise, the government could face significant constraints in narrowing the budget deficit and preventing the debt burden from rising. On the front of GST collections, October GST collections improved owing to the festive season though the trend is unlikely to sustain. Despite an aggressive divestment plan and higher dividend surplus from RBI, fiscal deficit could slip by 40-50 bps (implying higher borrowings) without commensurate expenditure cuts.
- The bond markets will take cues from future RBI rate actions to protect growth, its conduct of borrowing program and durable liquidity management. The recent steps taken by the government such as - reduction in corporate tax rates, bank mergers, announcement of privatization and setting up of real estate fund are likely to aid in the recovery of GDP growth going ahead. Incrementally the focus will shift to government measures on specific sectors and to revitalise the financial sector. This year's surplus rainfall has helped boost reservoir levels and soil moisture content, which is likely to aid 'rabi crop' produce later in the year. The cumulative impact of steps rolled out by the government since Aug-19 (in Automobiles, Housing, NBFCs, and MSMEs) will slowly start to have a trickle-down impact. This is likely to be supplemented by the ongoing accommodative monetary and liquidity policy stance by the RBI. Several other economic indicators have also shown improvement for the months of October and November indicating probably cyclical worst is behind us. Market continues to experience a credit freeze because of risk aversion and fiscal deficit worries. The fiscal math is counting for higher divestment revenues, higher collections in small saving schemes, excess RBI dividends and higher dividend receipts from PSUs. If the government inclined to stick to budgeted fiscal deficit, it may rely on expenditure reductions in food subsidy and farmers' welfare (PM-KISAN) while possibly allocating a higher expenditure to rural development (NREGA, etc.) to balance between restricting the extent of fiscal slippage and supporting growth through government spending.
- 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)

IIFL ASSET MANAGEMENT

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 November 29, 2019

Regular Plan Growth	: ₹1515.1690
Regular Plan Weekly Dividend	: ₹1005.4362
Regular Plan Daily Dividend	: ₹1000.0701
Direct Plan Growth	: ₹1519.7643
Direct Plan Dividend	: ₹1000.0485
Direct Plan Weekly Dividend	: ₹1005.4381

AUM as on November 30, 2019

Net AUM	: ₹ 254.79 crore
Monthly Average AUM	: ₹ 547.06 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	: 41 days
Average Maturity	: 43 days
Yield to Maturity	: 5.00%

Portfolio as on November 30, 2019

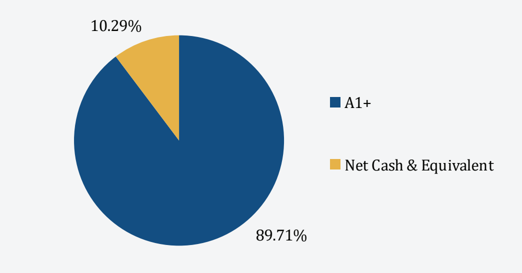
Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Certificate of Deposit		
Small Industries Dev Bank of India	CARE A1+	19.47%
National Bank For Agriculture and Rural Development	CRISIL A1+	19.47%
Axis Bank Limited	CRISIL A1+	15.66%
HDFC Bank Limited	CARE A1+	15.60%
ICICI Bank Limited	ICRA A1+	9.75%
Sub Total		**79.95%**
Commercial Paper		
NTPC Limited	ICRA A1+	9.76%
Sub Total		**9.76%**
TREPS## / Reverse Repo		
TREPS##		8.07%
Sub Total		**8.07%**
Net Receivables / (Payables)		2.22%
Portfolio Total		**100.00%**

Scheme Performance

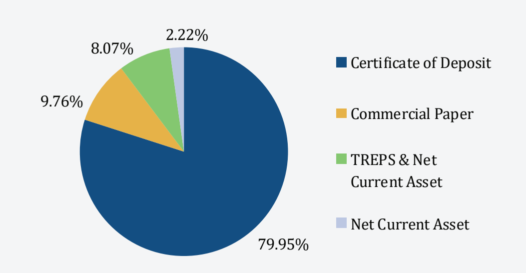
	30-Nov-18 to 30-Nov-19	PTP(₹)	30-Nov-16 to 30-Nov-19	PTP(₹)	30-Nov-14 to 30-Nov-19	PTP(₹)	Since Inception$	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.11%	10,609	6.36%	12,030	6.84%	13,921	7.11%	15,148
IIFL Liquid Fund - Dir - Growth	6.16%	10,614	6.41%	12,047	6.90%	13,960	7.17%	15,200
Benchmark*	7.05%	10,703	7.04%	14,296	7.41%	14,296	7.73%	15,687
Additional Benchmark**	6.75%	10,675	6.63%	12,123	7.03%	14,054	7.40%	15,402

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on November 30, 2019* 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; 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.

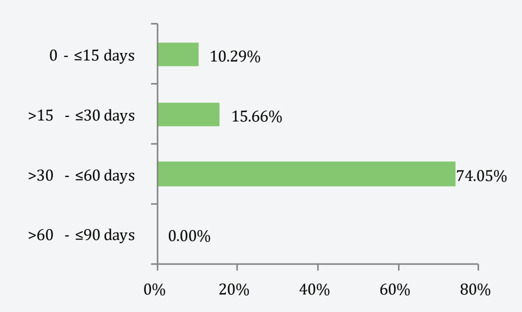
Composition by Rating^



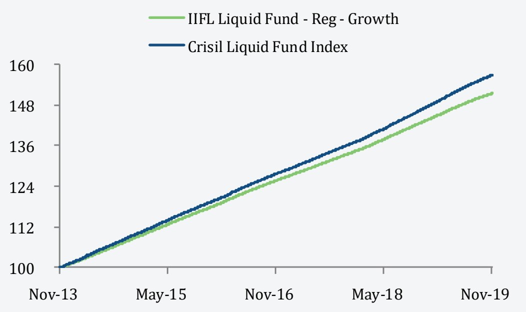
Instrument Wise Composition^



Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



^As on November 30, 2019

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

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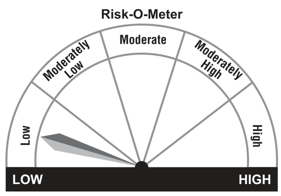
##With effect from November 05, 2018, Tripartу Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.



Investors understand that their principal will be at Low risk

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.