IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

NOVEMBER 2019

Macro Economy & Event Update

- Major global markets gained in Oct 2019. U.S. and China moving towards a partial trade deal supported sentiment. Brexit and global central banks' policy meets were other focal points in the period.

- U.S. markets were buoyed by the U.S. Federal Reserve's (Fed) decision to further cut rates which came along market expectations. The Fed cut rates by 25 basis points but at the same time hinted at no further rate cuts any time soon. U.S. and China made progress toward finalizing a phase one trade deal which put investors at some comfort, but it did not erase worries over a long-term trade pact.

- European markets gained on Fed's rate-cut decision and upbeat corporate earnings. The possibility of U.S.-China signing a partial trade deal helped markets gain. The European Central Bank decided to maintain policy status quo which also boosted market sentiments. Brexit was closely tracked with the European Union offering to extend the process until Jan 31, 2020.

- Asian peers followed suit and gained in the period. U.S.-China trade deal optimism and Fed's rate cut were the main triggers. The gains were restricted by Fed's accompanying statement in which the central bank hinted at no further rate cuts any time soon.

- Indian equity markets too managed to gain on optimism that the government will take extra measures to support the economy. Upbeat corporate earnings sent positive signals about the health of the economy. U.S. rate cut and extension of Brexit deadline generated investor interest. The upside was restricted because of uncertainty over result of assembly elections.

- Bond yields fell after the Monetary Policy Committee (MPC) lowered key policy repo rate by 25 bps in its policy review. However, concerns over fiscal slippage wiped most of the gains.

- Investors are glued on to see what extra measures the government could take to spur growth in the economy. Investor focus will be on the inflation trend and the rest of the earnings batch. Market movement will also be influenced by the ongoing trade developments between U.S. and China. Developments surrounding Brexit will also remain in sharp focus.

Key Economic Indicators		
Indicators	**Current**	**Previous**
WPI (Sep-19)	0.33%	1.08%
IIP (Aug-19)	-1.10%	4.60%
CPI (Sep-19)	3.99%	3.28%

Source: Thomson Reuters Eikon

MPC lowers key policy repo rate by 25 bps

- The Monetary Policy Committee (MPC) lowered key policy repo rate by 25 bps from 5.40% to 5.15% in its fourth bi-monthly monetary policy review. The key policy repo rate thus stands at its lowest level in nine years. This is the fifth consecutive rate cut by the MPC in this calendar year. MPC has thus lowered key policy repo rate by 135 bps in 2019. The MPC retained its accommodative stance on the monetary policy and reiterated that it will continue to do as long as it is necessary to revive growth with retail inflation remaining within its medium -term target. MPC upgraded its retail inflation projections to 3.4% from 3.1% for Q2FY20. However, it downgraded the growth projections of the Indian economy to 6.1% for FY20 from its earlier projection of 6.9%.

Retail inflation touches 14-month high in Sep 2019

- Consumer price index-based inflation rate increased to 3.99% in Sep 2019 from an upwardly revised 3.28% in Aug 2019 (3.21% originally reported) and 3.70% in Sep 2018. This marked a 14-month high. Consumer Food Price Index increased to 5.11% in Sep from 2.99% in Aug and 0.51% in the same period of the previous year.

IIP shrunk 1.1% YoY in Aug 2019

- India's Index of Industrial production (IIP) shrunk 1.1% in Aug 2019 compared with 4.6% growth in Jul 2019 and 4.8% in Aug 2018. Manufacturing and electricity fell 1.2% and 0.9% in Aug against 5.2% and 7.6% growth in Aug 2018, respectively. From Apr to Aug 2019, IIP growth eased to 2.4% YoY from 5.3% recorded in the corresponding period last year.

India's trade deficit narrowed in Sep 2019

- India's trade deficit narrowed to $10.86 billion in Sep 2019 from $14.95 billion in the same period of the previous year. India's trade deficit narrowed as imports fell 13.85% to $36.89 billion in Sep 2019 while exports came down at a comparatively slower rate of 6.57% to $26.03 billion in Sep 2019. Oil imports fell 18.33% to $8.98 billion in Sep from $10.99 billion in the year-ago period.

Fiscal Deficit widened for the period from Apr to Sep of 2019

- India's fiscal deficit for the period from Apr to Sep of 2019 widened to Rs. 6.52 lakh crore or 92.6% of the budget estimate from 78.7% of the budget estimate during the period from Apr to Aug of 2019. However, fiscal deficit was lower compared to the corresponding period of the previous year when fiscal deficit stood at 95.3% of the budget estimate.

Growth of Index of eight core industries contracted in Sep 2019

- The growth of the index of eight core industries contracted significantly by 5.2% in Sep 2019 compared to a growth of 0.1% in the previous month and 4.3% in the same period of the previous year. All the sectors barring the fertilizer sector contracted over the month of which the coal sector witnessed the maximum contraction of 20.5%. The fertilizers sector witnessed expansion over the month which witnessed a growth of 5.4% in Sep 2019.

Equity Market

- Indian equity markets witnessed modest gains with Sensex regaining its 40,000-mark during the month. A host of domestic and global cues buoyed investor sentiments. Hopes of stimulus measures by the government to shore up the economy, coupled with encouraging corporate earning numbers boosted risk appetite of the market participants. Buying activity also gathered momentum as investors opened their new books on the first session of Samvat 2076 on Oct 27. Global cues include positive developments on the Brexit, U.S.-China trade deal and Fed's rate cut decision, which contributed to the gains. Nonetheless, resurfacing of NPA concerns, the bank fraud mess and slash of India's growth forecast by a global rating agency provided jitters to the market participants. Weak macroeconomic numbers played spoilsport.
- On the BSE sectoral front, S&P BSE Auto was the major gainer, up 13.03%. Auto sectors witnessed strong buying interest with recent cut in corporate tax rate by the government bearing results as a major automaker gained from it and beat earnings expectations for the quarter ended Sep 2019.
- U.S. markets traded higher with investors reacting positively to the recently concluded U.S. Federal Reserve's latest policy meeting. The developments on the U.S.- China trade deal further set the moods right. According to the U.S. Trade Representative's office, U.S. and China have made progress toward finalizing a phase one trade deal. However, gains were largely restricted by renewed uncertainty about the potential for a long-term U.S.-China trade deal.
- Majority of the European markets closed higher led by announcements of the corporate earning numbers and continued optimism about U.S. and China signing the first phase of a trade deal in Nov. Investors tracked Brexit development with British Prime Minister formally accepting the European Union's offer of a Brexit extension until Jan 31, 2020 agreed earlier. Britain will also hold its first Dec election after Prime Minister won approval from parliament for an early ballot aimed at breaking the Brexit deadlock. Buying interest was also impacted by the European Central Bank's decision to leave rates unchanged.
- Asian markets joined the global rally during the period under review, led by growing optimism over positive breakthrough of the U.S.- China trade deal. However, investors faced renewed jitters after media reports stated that Chinese trade officials are casting doubt over the possibility of a long-term trade deal with the U.S. Buying interest found support as the U.S. Federal Reserve cut interest rates, as widely expected. Additionally, private survey showed that manufacturing activity in China expanded more than expected in Oct which contributed to the upside.
- Investors will be focusing on the next batch of results of India Inc. for the quarter ended Sep 30, 2019. Further, investors will be keenly awaiting further fiscal stimulus announcement by the government. The inflationary movement, which has recently touched the upper end of the MPC's comfort zone will also be closely tracked by the market participants as it shall have major bearing on the central bank's future interest rate stance. On the global front, investors will track the development on U.S. – China trade deal. Apart from this, development on the Brexit will also have a bearing on the buying interest.

Domestic Indices Performance

Indicators	31-Oct-19	30-Sep-19	Chg %	YTD%
S&P BSE Sensex	40,129	38,667	3.78	11.26
Nifty 50	11,877	11,474	3.51	9.34
S&P BSE 200	4,984	4,794	3.95	7.09
Nifty Midcap 100	16,819	16,026	4.95	-5.91
Nifty Dividend Opportunities 50	2,628	2,565	2.46	1.50
S&P BSE Smallcap	13,558	13,171	2.94	-7.81

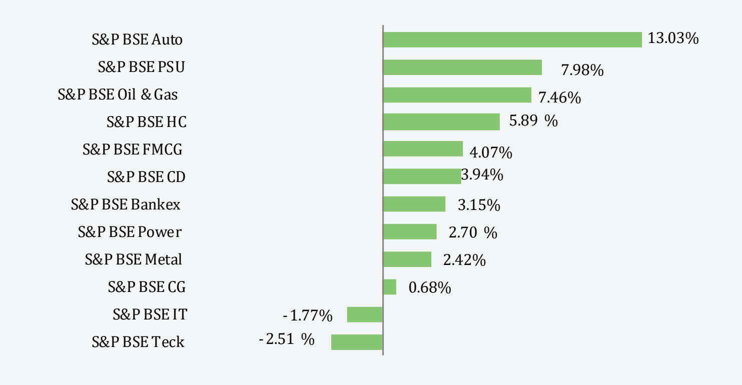
Source: Thomson Reuters Eikon

Global Indices Performance

Global Indices	31-Oct-19	30-Sep-19	Chg %	YTD%
Dow Jones	27,046	26,917	0.48	15.94
FTSE	7,248	7,408	-2.16	7.73
CAC	5,730	5,678	0.92	21.12
Hang Seng	26,907	26,092	3.12	4.11
SSE Composite Index	2,929	2,905	0.82	17.45

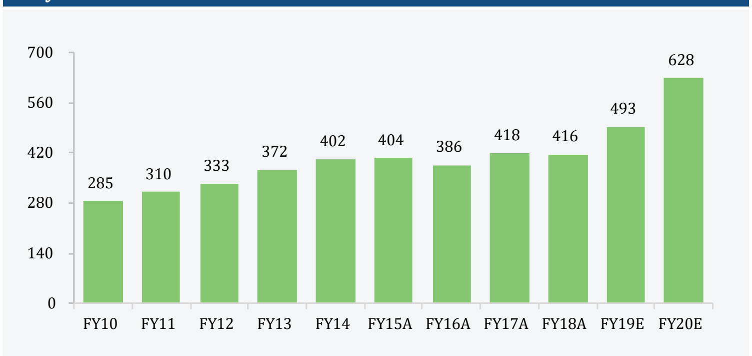
Source: Thomson Reuters Eikon

Sectoral Performance (Monthly Returns %)



Source: Thomson Reuters Eikon

Nifty EPS



Institutional Flows (Equity) As on October 31, 2019

(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	118,335	105,967	12,368	68,552
MF Flows	62,838	59,401	3,437	55,691
DII Flows	80,433	76,937	3,496	55,434

Source:NSDL,NSE & SEBI

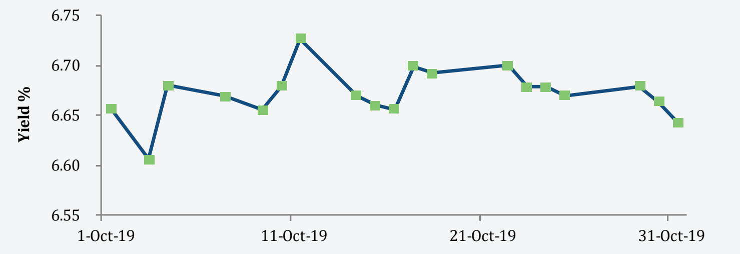
Debt Market

- Bond yields inched down for the first time in three months after MPC lowered key policy repo rate by 25 bps in its fourth bi-monthly monetary policy review. Purchases by foreign portfolio investors also boosted market sentiments. However, worries that the Indian government might breach its fiscal deficit target for this financial year neutralised most of the gains.
- Yield on the old 10-year benchmark bond (7.26% GS 2029) fell marginally by 5 bps to close at 6.65% compared to the previous month's close of 6.70% after trading in a range of 6.58% to 6.74%.
- Yield on the new 10-year benchmark bond (6.45% GS 2029) fell marginally by 3 bps to close at 6.45% compared to the closing of 6.48% as on Oct 7, 2019 after trading in a range of 6.43% to 6.55%.
- Yield on gilt securities fell across the maturities in the range of 2 bps to 29 bps barring 7-year paper which increased 25 bps while the yield on 11-year paper closed steady. Yield on corporate bonds fell across the maturities in the range of 4 bps to 23 bps barring 15-year paper where yields increased 27 bps and 5-year paper where yields closed steady. Difference in spread between corporate bond and gilt securities expanded across the maturities in the range of 4 bps to 43 bps barring 2-year paper, 7-year paper and 10-year paper which contracted 4 bps, 36 bps and 16 bps respectively.
- Bond yields moving ahead will be dictated by the evolving fiscal trends for the remainder of the fiscal. Taking into consideration the subdued tax collections in the recent months, a mixed outlook for economic growth and the anticipated impact of the reduction in corporate tax rates there are concerns that the government might breach its fiscal deficit for this financial year. However, the extent of fiscal slippage if any will be determined as to what extent the government is able to shore up its revenues through disinvestment.

Currency and Commodity Market

- The rupee weakened against the greenback following dollar purchases by a large corporate and state-run bank. Renewed uncertainty over Brexit and concerns over a delay in the U.S.-China trade deal which led to fears of a global economic slowdown further weighed on the market sentiment. However, most of the losses were neutralised following foreign fund inflows and gains in domestic equity market after Sensex regained its 40,000-mark during the end of the month.
- Brent crude prices fell following an unexpected increase in U.S. crude stockpile for the week to Oct 25. Weak Chinese official Purchasing Managers' Index (PMI) in Sep 2019, weaker-than-expected hiring by U.S. private employers and fall in U.S. manufacturing and service-industry activity in Sep fuelled concerns of a slowdown in global growth which also adversely impacted the demand outlook of the commodity. However, reports of an explosion on an Iranian tanker limited the downside.

10-Year Benchmark Bond (07.26% GS 2029) Movement



Source: CCIL

Spread Movement

Spreads		AAA	AA	A
31-Oct-19	1 Yr	119	247	163
	3 Yr	117	198	188
	5 Yr	109	312	186
30-Sep-19	1 Yr	109	246	160
	3 Yr	113	205	194
	5 Yr	90	243	204

Source: Thomson Reuters Eikon

Yield (%)	31-Oct-19	30-Sep-19
10 Year G-Sec	6.65	6.70
5 Year G-Sec	6.29	6.47
Certificate of Deposit		
3-Month	5.35	5.89
6-Month	5.26	6.05
9-Month	5.63	6.43
12-Month	5.87	6.42
Commercial Papers		
3-Month	5.50	5.85
6-Month	6.50	6.40
12-Month	6.80	7.05

Source: Thomson Reuters Eikon

Treasury Bill	31-Oct-19	30-Sep-19
91 Days	5.00	5.24
364 Days	5.25	5.50

Source: CCIL

Event Calendar

Release Date	Release Date	Country
07-Nov-19	Bank of England Monetary Policy	U.K.
11-Nov-19	Gross Domestic Product (QoQ) (Q3) (P)	U.K.
13-Nov-19	Gross Domestic Product (QoQ) (Q3) (P)	Japan
14-Nov-19	Gross Domestic Product s.a. (QoQ) (Q3) (P)	Euro Zone
27-Nov-19	Gross Domestic Product Annualized (Q3) (P)	U.S.

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

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

Investment Objective

The investment objective of the scheme is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities. However there can be no assurance or guarantee that the investment objective of the scheme would be achieved.

Fund Manager[$] Mr. Prashasta Seth

Mr. Seth has over 18 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	: 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)	: 1.04 times

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

NAV as on October 31, 2019

Regular - Growth	: ₹17.4635
Regular - Dividend	: ₹15.4502
Direct - Growth	: ₹18.6010
Direct - Dividend	: ₹18.4111

AUM as on October 31, 2019

Net AUM	: ₹ 446.15 crore
Monthly Average AUM	: ₹ 375.17 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.

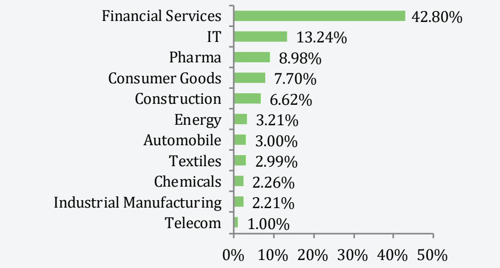
Volatility Measures

Volatility Measures	Fund	Benchmark
Std. Dev (Annualised)	15.72%	13.49%
Sharpe Ratio	0.45	0.37
Portfolio Beta	1.04	1.00
R Squared	0.80	NA
Treynor	0.02	0.01

Portfolio as on October 31, 2019

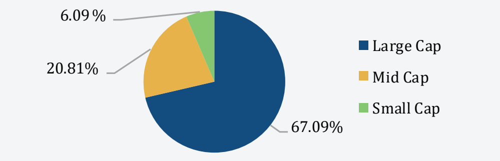
Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
ICICI Bank Limited	Banks	9.79
HDFC Bank Limited	Banks	9.53
Axis Bank Limited	Banks	7.00
Larsen & Toubro Limited	Construction Project	6.62
Bajaj Finance Limited	Finance	4.76
Crompton Greaves Consumer Electricals Limited	Consumer Durables	4.50
Infosys Limited	Software	4.46
Tata Consultancy Services Limited	Software	4.16
Procter & Gamble Health Limited	Pharmaceuticals	3.22
Asian Paints Limited	Consumer Non Durables	3.20
Bajaj Finserv Limited	Finance	3.05
SRF Limited	Textile Products	2.99
Larsen & Toubro Infotech Limited	Software	2.89
IPCA Laboratories Limited	Pharmaceuticals	2.87
Muthoot Finance Limited	Finance	2.52
Aarti Industries Limited	Chemicals	2.24
Siemens Limited	Industrial Capital Goods	2.21
CreditAccess Grameen Limited	Finance	2.18
Aavas Financiers Limited	Finance	2.14
Bharat Petroleum Corporation Limited	Petroleum Products	2.10
Balkrishna Industries Limited	Auto Ancillaries	2.04
Tech Mahindra Limited	Software	1.73
Abbott India Limited	Pharmaceuticals	1.51
Dr. Reddy's Laboratories Limited	Pharmaceuticals	1.38
State Bank of India	Banks	1.14
NTPC Limited	Power	1.11
Bharti Airtel Limited	Telecom - Services	1.00
Tata Motors Ltd DVR Shares	Auto	0.96
ICICI Securities Limited	Finance	0.69
Unlisted		
Arti Surfactants Limited	Chemicals	0.02
Sub Total		**94.01**
TREPS[##]		6.19
Net Receivables / (Payables)		-0.20
Portfolio Total		**100.00**

Sector Allocation^^



^^Sector allocation as per AMFI classification

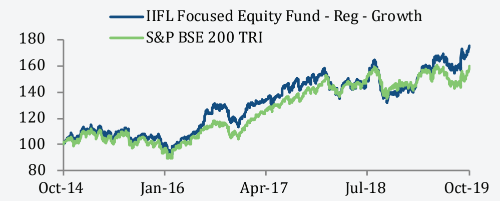
Market Capitalisation wise Exposure^



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 October 31, 2019

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

	31-Oct-18 to 31-Oct-19	PTP (₹)	31-Oct-16 to 31-Oct-19	PTP (₹)	31-Oct-14 to 31-Oct-19	PTP (₹)	Since Inception[$]	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	25.73%	12,573	10.58%	13,531	11.50%	17,239	11.78%	17,462
IIFL Focused Equity Fund - Dir - Growth	27.63%	12,763	12.17%	14,127	12.92%	18,365	13.20%	18,601
Benchmark*	13.66%	11,366	11.27%	13,788	9.39%	15,667	9.77%	15,946
Additional Benchmark**	17.97%	11,797	14.18%	14,903	8.99%	15,383	9.40%	15,678

Past performance may or may not be sustained in future.
Different plans shall have different expense structure.
As on October 31, 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 03, 2016.
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-Oct-18 to 31-Oct-19	31-Oct-16 to 31-Oct-19	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	5,90,000
Total Value as on Oct 31,2019(₹)	1,36,681	4,35,396	8,03,523
Returns	26.76%	12.75%	12.53%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,27,858	4,14,130	7,63,154
Benchmark: S&P BSE 200 TRI	12.37%	9.32%	10.41%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,29,931	4,38,436	7,98,723
Additional Benchmark: S&P BSE Sensex TRI	15.71%	13.24%	12.28%
(Inception date :30-Oct-2014) (First Installment date : 01-Dec-2014)			

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

Dividend Details

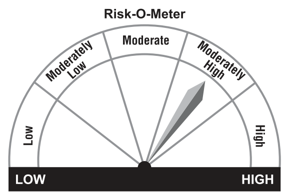
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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

[##]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,

Indian equities stayed buoyant with mainline indices closing just shy of all-time highs in October, which is seasonally a strong period for the markets. Positive global cues also bolstered the FII sentiment and led to net inflows of more than INR 12,000 crs in the month. The willingness of the government to take extra measures to support economic growth also aided the positive sentiment. Despite weak consumer sentiment and macroeconomic data, Q2 quarterly corporate earnings have been higher than expectations. Across most corporates, weakness in the top line were counterbalanced by growth in the bottom line, with profits being higher due to tax cut benefits. This may be a lead indicator for economic health and growth in the near term.

To complement fiscal reforms and to revive growth and investment cycle, Reserve Bank of India (RBI) cut the policy rate by 25 basis points at its October meeting. At the same time, RBI downgraded its fiscal year 2020 growth target to 6.1% from 6.9% earlier. With inflation expectations being under 4% for the year ahead, RBI highlighted that an accommodative stance will remain for as long as necessary. As economic data continues to reflect the deterioration in domestic demand indicators, we expect the RBI and government to continue growth orientated policies going ahead.

Globally, concerns of slowing growth and inflation continued but positive news came in the forms of Fed rate cut and progress in the US-China trade talks. The fed rate cut coupled with its $60 Bn per month asset purchase will help increase the much-needed dollar liquidity to fuel the global money supply. This in turn may moderate dollar strength in the near term and increase the manufacturing and trade activity globally. The developments in the US-China trade deal are encouraging but a long-term trade deal is still uncertain. Markets will also take cues from the Brexit deadline which has been extended by 3 months.

Outlook

We believe 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. Many, if not the most, comments coming from companies when reporting their latest earnings have been downbeat about the slowdown in demand, particularly from the rural economy. This has led to lower growth estimates being built in, and any revival in consumption may lead to a positive surprise for earnings and valuations in FY 20 and 21.

We continue to seek growth opportunities in the secular (S), cyclical (C) and defensive (D) segments and avoid value traps (V). Over the past few months, we continue to remain over-weight on Financials and Industrials to play the impending cyclical recovery. 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 (An open-ended equity scheme investing in maximum 30 multicap stocks) w.e.f Nov 11, 2019

Fund Manager Bio

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.

Disclaimer

IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

IIFL ASSET MANAGEMENT

Investment Objective

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

Fund Manager Mr. Ankur Parekh

Mr. Ankur Parekh has over 17 years of work experience in the Fixed income securities market. His previous experience include working with SBI DFHI primary Dealership firm and DBS Cholamandalam AMC. Prior to joining IIFL AMC he was associated with Reliance Capital AMC as Fund Manager – EPFO for seven years. He is commerce graduate and has done his Masters in Business Administration from Bharthihar University, Tamilnadu. Mr Parekh has been managing the scheme since March 08, 2017.

Fund Details

Date of Allotment : June 24, 2013

Bloomberg Code : IIFDBDBIN

Benchmark Index : CRISIL Composite Bond Fund Index

Plans Offered : Regular & Direct

Options Offered : Growth & Dividend

Minimum Application Amount :

New Purchase : ₹10,000 and in multiples of ₹100 thereafter

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

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

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

Entry Load : Nil

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

Dematerialization : D-Mat Option Available

Asset Allocation :

Debt Market Instruments : 0% to 100%

Money Market Instruments : 0% to 100%

Units issued by REITs & InvITs : 0% to 10%

NAV as on October 31, 2019

Regular Plan Growth	: ₹15.3912
#Regular Plan Bonus	: ₹15.3912
Regular Quarterly Dividend	: ₹14.8524
#Regular Half Yearly Dividend	: ₹14.8524
#Regular Monthly Dividend	: ₹11.6403
Direct Plan Growth	: ₹15.9365
Direct Monthly Dividend	: ₹12.1229
Direct Quarterly Dividend	: ₹15.0631

#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 October 31, 2019

Net AUM : ₹ 298.47 crore

Monthly Average AUM : ₹ 303.68 crore

Total Expense Ratio

Regular Plan : 1.34% p.a.

Direct Plan : 0.69% p.a.

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

Statistical Debt Indicators

Modified Duration : 0.74 years

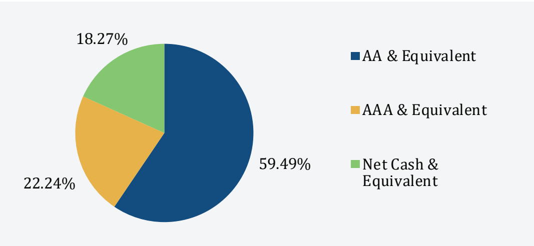
Average Maturity : 1.00 years

Yield to Maturity : 8.39%

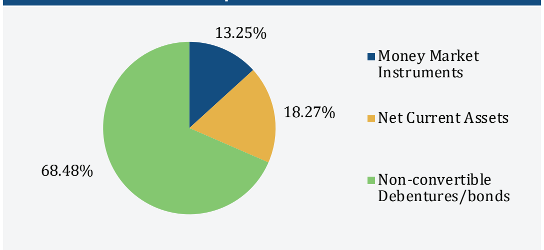
Portfolio as on October 31, 2019

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Non-convertible Debentures/bonds		**68.48**
8.50% Vedanta Limited	CRISIL AA	8.28
8.75% Muthoot Finance Limited	CRISIL AA	8.19
8.25% EID Parry India Limited	CRISIL AA-	7.94
7.70% L & T Housing Finance	ICRA AAA	6.67
Aditya Birla Fashion and Retail Limited	CRISIL AA	6.41
9.55% Hindalco Industries Limited	CRISIL AA	5.19
10.25% Hansdeep Industries & Trading Company Limited	CARE AA-(CE)	5.05
9.75% Edelweiss Housing Finance Limited	ICRA AA-	4.43
8.15% Energy Efficiency Services Limited	ICRA AA-	3.32
7.90% Piramal Enterprises Limited	ICRA AA	3.26
9.80% ECL Finance Limited	ICRA AA-	3.19
ECL Finance Limited	CARE AA-	2.19
8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.71
8.75% Axis Bank Limited	CRISIL AA+	1.67
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+	8.23
Commercial Paper		
Power Grid Corporation of India Limited	CRISIL A1+	5.02
TREPS## / Reverse Repo		
TREPS##		15.96
Sub Total		**97.69**
Net Current Assets		2.31
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)
29-Oct-19	0.05	11.6674	12.1477
24-Sep-19	0.05	11.5544	12.0236
27-Aug-19	0.05	11.5754	12.0374
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

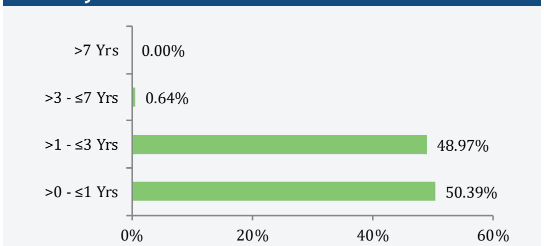
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

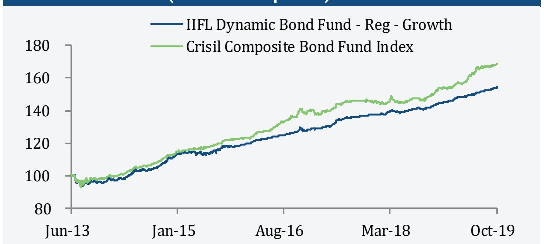
	31-Oct-18 to 31-Oct-19	PTP (₹)	31-Oct-16 to 31-Oct-19	PTP (₹)	31-Oct-14 to 31-Oct-19	PTP (₹)	Since Inception$	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	8.65%	10,865	6.78%	12,182	7.59%	14,419	7.02%	15,392
IIFL Dynamic Bond Fund - Dir - Growth	9.35%	10,935	7.42%	12,403	8.19%	14,826	7.61%	15,939
Benchmark*	13.55%	11,355	7.38%	12,389	8.94%	15,348	8.51%	16,806
Additional Benchmark**	14.73%	11,473	6.27%	12,007	8.40%	14,971	6.98%	15,355

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



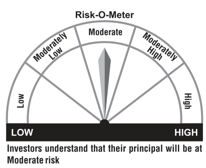
^As on October 31, 2019

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 October was in surplus and is likely to continue in positive zone for remaining December Quarter. The level of currency in circulation is growing and improvement in credit pickup is likely to keep excess liquidity in check, over the next quarter. RBI started issuing small amounts of CMB to cater the needs of government spending along with its longer maturity reverse repo auctions to dry out the excess liquidity in the system. The Sovereign bond yields remain static during the month amidst fear of excess supply owing to worries over fiscal deficit, however the corporate bond yields seen softening bias due to fresh demand from the investors. RBI at the beginning of the month delivered a fifth, consecutive cut of 25bps reducing the policy rate to 5.15%, in line with market consensus. The MPC maintained its "accommodative" policy stance, implying the next policy action is either a hold or a cut. The RBI policy statement states that "with inflation expected to remain below target in the remaining period... there is policy space to address growth concerns...", which keeps the door open to another cut. The RBI having already delivered 135bp rate cut and diminishing marginal returns from each additional rate cut, what remains is the faster transmission of rate cuts into the banking system. The sharp revision in FY2020 growth forecasts (6.1% from 6.9%) by RBI along with acknowledgment of a widening negative output gap warranted a rate cut. Core inflation (ex-food and beverages) continues to slow in a backdrop of weak domestic demand – moderating to 4.2% from 4.3% in July (upwardly revised from 4.2%). While high vegetable prices should abate in coming weeks, food price inflation is likely to escalate in the near term, which may keep headline inflation elevated. The arrival of kharif produce along with government interventions will keep food prices in check. Therefore, MPC might look through the recent inflation spike and continue to focus on growth and delivering on the path of softer interest rates. Yield on the new 10-year benchmark bond (6.45% GS 2029) remain static to close the month end at ~6.50%. Q1 GDP Growth came in at 5% vis-à-vis RBI's estimates for 5.8% for Q1 2019-20 indicating slowdown in economy continues. Indian Trade deficit narrowed in September as import growth falls faster than export growth, suggesting the sharply slowing domestic demand. Both export and import volume growth have continued to contract. Over the past year, new investment projects announced by the government and private sector have moderated.
- On the global front the Federal reserve of USA cut interest rates third time in the year, citing a combination of trade-policy uncertainty, slowing global growth and below-target inflation. The White House's aggressive trade tactics, especially the back-and-forth tariff battle with China, have been a drag on business sentiment, but the U.S. and China have started agreeing to a partial trade deal. US Benchmark 10-year Treasury yields had climbed as high as 1.75% in the midst of a global sell-off sparked by a poor Japanese 10-year auction and the prospect of the Bank of Japan cutting bond purchases. The European Central Bank announced a broad-based package of measures to kick start the economy. Indian government has been actively considering deepening trade partnerships – including negotiating a trade deal with US and EU, discussing the narrowing of the trade deficit with China, and balancing the need for diversifying export markets, with an impetus to protect domestic markets.
- The bond markets will take cues from future RBI rate actions to protect growth, its conduct of borrowing program and durable liquidity management. The monthly fiscal math of government will be closely tracked given that the collection of goods and services tax(GST) continues to fall. With the given run rate of GST collections government may fall short of its revenues by more than Rs1.3 trn. Weak tax revenues will continue to put pressure on the central government's expenditure space. In this scenario, government's fiscal math may require a renewed push towards disinvestment, other support (dividend pay-out, subsidy rollovers etc) and curtailment of expenditure. with lower revenues the government will have to have a more focused spending plan to support growth. If the aim is to boost consumption in the near term than quantum of government spends could be targeted towards the rural population (which would have a higher propensity to consume) through rural employment (NREGA), rural roads and infrastructure (PMGSY and others), rural housing (PMAY-G), rural transfers (PM-KISAN) etc. 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 October 31, 2019

Regular Plan Growth	: ₹1509.4764
Regular Plan Weekly Dividend	: ₹1005.3061
Regular Plan Daily Dividend	: ₹1000.0713
Direct Plan Growth	: ₹1513.9944
Direct Plan Dividend	: ₹1000.0713
Direct Plan Weekly Dividend	: ₹1005.2882

AUM as on October 31, 2019

Net AUM : ₹ 525.58 crore

Monthly Average AUM : ₹ 390.39 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 : 30 days

Average Maturity : 31 days

Yield to Maturity : 4.96%

Portfolio as on October 31, 2019

Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Certificate of Deposit		
Bank of Baroda	FITCH A1+	9.50%
Kotak Mahindra Bank Limited	CRISIL A1+	9.50%
National Bank For Agriculture and Rural Development	CRISIL A1+	9.40%
Axis Bank Limited	CRISIL A1+	7.56%
HDFC Bank Limited	CARE A1+	7.53%
Bank of India	CRISIL A1+	1.90%
Sub Total		**45.39%**
Commercial Paper		
Indian Oil Corporation Limited	ICRA A1+	7.56%
LIC Housing Finance Limited	CRISIL A1+	4.75%
NTPC Limited	CRISIL A1+	4.74%
NTPC Limited	ICRA A1+	4.71%
Power Grid Corporation of India Limited	CRISIL A1+	1.90%
Sub Total		**23.66%**
TREPS## / Reverse Repo		
TREPS##		30.18%
Sub Total		**30.18%**
Net Receivables / (Payables)		**0.77%**
Portfolio Total		**100.00%**

Scheme Performance

	31-Oct-18 to 31-Oct-19	PTP(₹)	31-Oct-16 to 31-Oct-19	PTP(₹)	31-Oct-14 to 31-Oct-19	PTP(₹)	Since Inception$	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.23%	10,623	6.40%	12,046	6.90%	13,963	7.14%	15,091
IIFL Liquid Fund - Dir - Growth	6.28%	10,628	6.46%	12,066	6.95%	13,995	7.20%	15,142
Benchmark*	7.24%	10,724	7.09%	12,281	7.46%	14,332	7.76%	15,620
Additional Benchmark**	6.91%	10,691	6.66%	12,133	7.08%	14,083	7.43%	15,333

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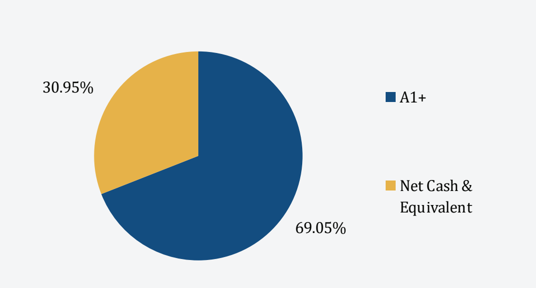
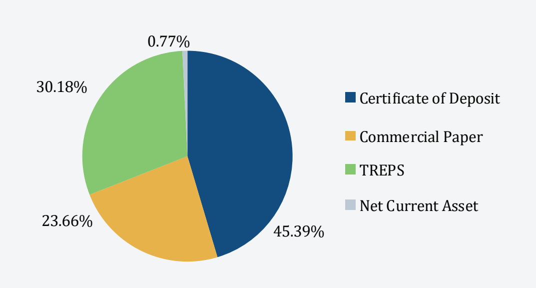
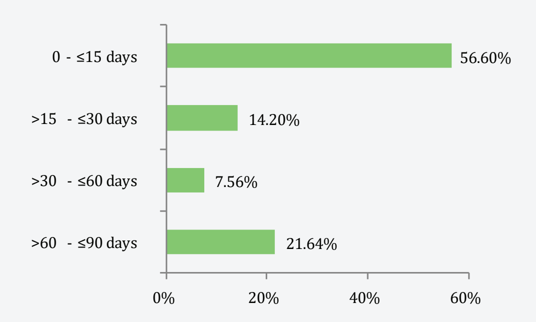
Composition by Rating^



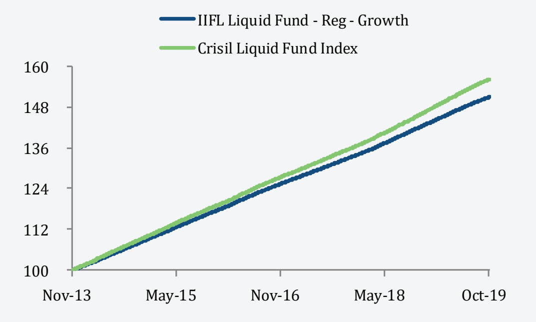
Instrument Wise Composition^



Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



^As on October 31, 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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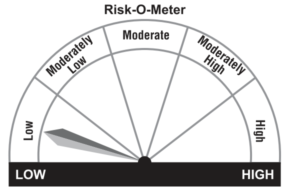

Investors understand that their principal will be at Low risk

Mutual fund investments are subject to market risks, read all scheme related documents carefully.

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.