IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

APRIL 2020

Macro Economy & Event Update

- Financial markets across the globe witnessed destructive selling in Mar 2020 as market participants cowered before a looming global recession driven by the COVID-19 pandemic. Mounting concerns over the exponential spread of the coronavirus and ambiguity regarding the efficiency and effectiveness of containment measures rocked financial markets worldwide. The coronavirus pandemic pushed central banks across the globe to slash their key policy rate sharply and inject eye popping liquidity into their economy but that did little to calm market sentiments. In what may further exacerbate the current crisis, global crude oil prices plunged by a whopping 70% after Saudi Arabia unleashed an open oil price war with Russia by slashing its selling prices and threatening to increase its production. Concerns that travel bans and lockdowns across the globe may be extended by the respective governments across the globe also hit the demand outlook of the commodity. The bottom line remains the COVID-19 pandemic is a bad and ugly deal for the global economy.
- U.S. equity markets plunged as the COVID-19 pandemic loomed large with the U.S. President warning of tough times ahead. Meanwhile the Senate and the U.S. government struck an agreement on $2 trillion economic stimulus package to deal with the COVID-19 pandemic which provided some support to the market sentiment.
- European markets too bore the brunt as the coronavirus spread rapidly in the region, making it the new epicenter of the pandemic. Meanwhile the European Central Bank decided to do away with most of the limits on bond purchases and started buying bonds under its 750 billion-euro emergency plan to combat the coronavirus pandemic which calmed investor nerves to some extent.
- Asian markets also remained in doldrums amid mounting concerns that the global economy is on the brink of a recession. However, upbeat Chinese factory activity data and encouraging industrial production data from Japan fueled expectations of an economic recovery following the coronavirus outbreak.
- Back home, domestic equity markets also plummeted with market participants going on a selling spree as panic and volatility took center stage. The government too came out with its own financial package but that did little to cheer up the already beleaguered market sentiment.
- Moving ahead, market sentiment will be dictated as to how the scenario of the COVID-19 pandemic pans out. There is a perception among the market participants at large that no amount of quantitative easing or rate cutting by the Monetary Policy Committee would make much of a difference if the COVID-19 pandemic is not arrested for once and for all. Until that the domestic economy would continue to be in uncharted waters notwithstanding its impact on the human livelihood as well.

Key Economic Indicators		
Indicators	**Current**	**Previous**
WPI (Feb-20)	2.26%	3.10%
IIP (Jan-20)	2.00%	0.10%
CPI (Feb-20)	6.58%	7.59%

Source: Refinitiv

Monetary Policy Committee slashes key policy repo rate by 75 bps to a record low of 4.40%

- The Monetary Policy Committee lowered the key policy repo rate by 75 bps to 4.40% from the earlier 5.15% in order to combat the coronavirus outbreak across the country and the nationwide lockdown. The reverse repo rate was reduced by 90 bps to 4.0% while the bank rate and the marginal standing facility rate stand reduced at 4.65% from the previous 5.40%.

Reserve Bank of India (RBI) announces a slew of measures to improve liquidity and monetary transmission

- RBI noted that domestic financial conditions have tightened considerably following the coronavirus outbreak across the country. In order to mitigate this adverse impact, RBI has decided to conduct Targeted Long-Term Repos Operations (TLTROs) of up to three years tenor of appropriate sizes for a total amount of up to Rs. 1,00,000 crore at a floating rate linked to the policy repo rate.
- RBI also lowered the cash reserve ratio (CRR) of all banks by 100 bps to 3% of net demand and time liabilities. This will be available for a period of one year ending on Mar 26, 2021. Banks under the marginal standing facility (MSF) can borrow overnight by pledging government securities from the Statutory Liquidity Ratio (SLR) quota by up to 2%. RBI has decided to increase this limit from 2% to 3% with immediate effect. This measure will be applicable up to Jun 30, 2020. These three measures relating to TLTRO, CRR and MSF will inject a total liquidity of Rs. 3.74 lakh crore into the banking system.

Retail inflation slowed to 6.58% in Feb 2020

- India's consumer price index-based inflation slowed to 6.58% in Feb 2020 from 7.59% YoY in Jan 2020 but increased from 2.57% in Feb 2019. Food inflation grew 10.81% in Feb compared with a growth of 13.63% in Jan and a degrowth of 0.73% in the same month of the previous year.

India's Index of Industrial Production (IIP) growth rose 2% YoY in Jan 2020

- India's Index of Industrial Production (IIP) growth rose 2.0% YoY in Jan 2020 as against an increase of 0.1% in Dec 2019 and an increase of 1.6% in Jan 2019. The growth of mining, manufacturing and electricity sector improved to 4.4%, 1.5% and 3.1% respectively in Jan 2020 from 3.8%, 1.3% and 0.9% in the same period of the previous year.

India's current account deficit (CAD) narrowed sharply in Q3FY20

- Data from RBI showed that India's CAD narrowed sharply to US$ 1.4 billion (0.2% of GDP) in Q3FY20 from US$ 17.7 billion (2.7% of GDP) in Q3FY19 and US$ 6.5 billion (0.9% of GDP) in the previous quarter or Q2FY20.

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Equity Market

- The domestic equity markets plummeted, triggered by the panic gripped financial markets amid the dual threat of a corona virus-driven global recession and an oil-price war. Both Sensex and Nifty slipped below the 26,000 and 8000 -levels, respectively during the month. Stimulus measures announced by the government to cushion the fall did little to improve the buying interest. Investor sentiments also remained weak following the crisis in one of the private lenders which affected the financial sector.
- On the sectoral front, all the BSE sectors ended in deep red. S&P BSE Realty slumped 36.27%, followed by S&P BSE Bankex and S&P BSE Auto, which dropped 34.01% and 30.98%, respectively. The spread of COVID-19 in India and the resultant restrictions imposed by government authorities to contain it is expected to impact the real estate sector significantly. The new sales are expected to be badly impacted and there might be a surge in default by customers. This will certainly have a cascading effect on the repayment of loans availed by customers and developers. Banking stocks witnessed strong selling pressure, after a private sector lender was placed under moratorium period due to its inability to raise capital to address potential loan losses and resultant downgrades. Disruption in supply of parts from China and switch to BS-VI norms reportedly also adversely impacted the auto sector.
- U.S. markets ended the month in deep red as investors worried about the economic damage from the coronavirus outbreak across the globe. U.S. markets even witnessed their worst day since the “Black Monday” market crash in 1987 during the month. The losses were somehow restricted as the government and the U.S. Federal Reserve stepped up efforts to shield the economy from the impact of the coronavirus pandemic.
- European markets plunged in the month under review as the virus spread rapidly in the region, making it the new epicentre of the pandemic. Much of the region has been shut down due to the spread of the coronavirus. Spain has imposed a 15-day nationwide lockdown during the month as it confirmed the highest number of cases in Europe, after Italy. The downside was limited to some extent by policy announcements made by the European Central Bank and the Bank of England to deal with the pandemic.
- Asian markets were witness to steep falls, especially the Singapore market, as investors feared the impact of the pandemic will most certainly push the global economy into a deep recession. Towards month end, upbeat economic data from China and Japan partially offset investor worries about the spread of the coronavirus.
- The spread of coronavirus and its impact on the local and global economy will be closely watched by the market participants. India Inc. will face the prospect of going weeks or even months with virtually no revenue and consumer demand likely to remain soft even after the coronavirus crisis blows over because of bankruptcies, job losses and the resulting psychological scars. Investors will look forward to the release of economic data to ascertain the health of the domestic economy. The focus is also going to be on the advent of the monsoons as the rural economy is heavily dependent on the rain gods.

Domestic Indices Performance

Indicators	31-Mar-20	28-Feb-20	Chg %	YTD%
S&P BSE Sensex	29,468	38,297	-23.05	-28.57
Nifty 50	8,598	11,202	-23.25	-29.34
S&P BSE 200	3,610	4,719	-23.50	-28.92
Nifty Midcap 100	11,704	16,786	-30.28	-31.57
Nifty Dividend Opportunities 50	1,941	2,319	-16.30	-23.49
S&P BSE Smallcap	9,609	13,709	-29.91	-29.86

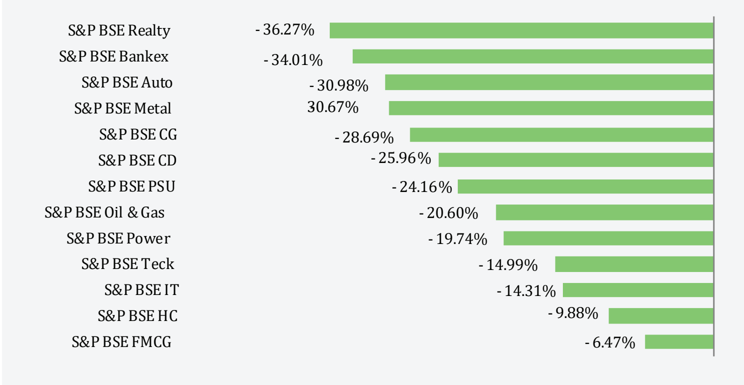
Source: Refinitiv

Global Indices Performance

Global Indices	31-Mar-20	28-Feb-20	Chg %	YTD%
Dow Jones	21,917	25,409	-13.74	-23.20
FTSE	5,672	6,581	-13.81	-24.80
CAC	4,396	5,310	-17.21	-26.46
Hang Seng	23,603	26,130	-9.67	-16.27
SSE Composite Index	2,750	2,880	-4.51	-9.83

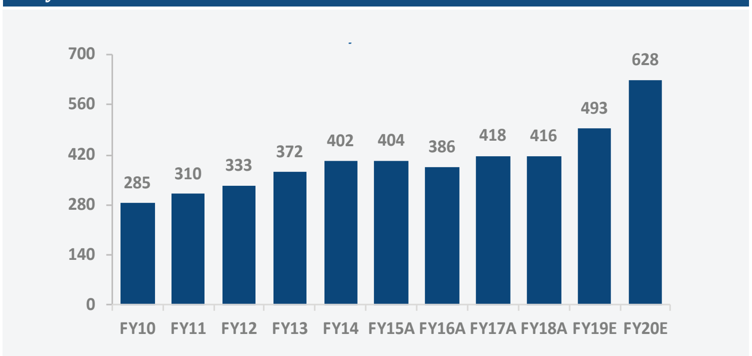
Source: Refinitiv

Sectoral Performance (Monthly Returns %)



Source: Refinitiv

Nifty EPS



Institutional Flows (Equity) As on March 31, 2020

(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	168,644	230,616	-61,973	-48,030
MF Flows*	116,125	87,849	28,276	39,524
DII Flows	150,511	95,784	54,727	73,910

Source: NSDL,NSE & SEBI *As on March 30, 2020

Debt Market

- Bond yields fell 121 bps in FY20 and witnessed the biggest fall in seventeen financial years after the Monetary Policy Committee lowered the key policy repo rate by 185 bps in this fiscal and adopted unconventional policy tools to give a fillip to the slowing domestic economy. This was the deepest rate cut by the MPC in as many as eleven fiscals. Over the month, bond yields came down by 23 bps and fell for the second consecutive month following a slump in global crude oil prices and after the Monetary Policy Committee lowered key policy rate by 75 bps to a record low of 4.40%. The U.S. Federal Reserve's move of slashing key policy rate to near zero and the adoption of a massive quantitative easing program also contributed to the upside.

- Yield on gilt securities fell across the maturities in the range of 93 bps to 182 bps. Yield on corporate bonds fell across the maturities in the range of 109 bps to 186 bps. Difference in spread between corporate bond and gilt securities expanded across 2-year paper, 4 to 6-year maturities and 10-year paper in the range of 2 bps to 26 bps while it contracted across the remaining maturities in the range of 4 bps to 21 bps.

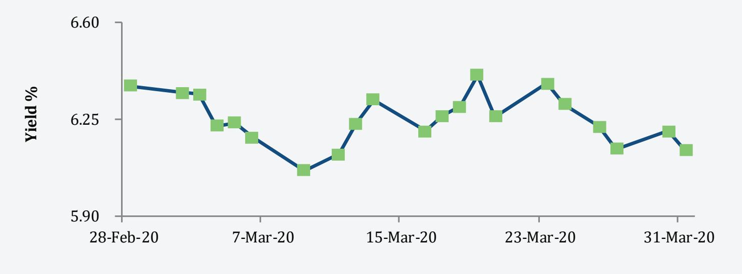
- The domestic debt market sentiment moving ahead will be determined as to how the current crisis regarding the coronavirus outbreak across the country pans out. If there is a rapid escalation of the current crisis, then there might be further loss of economic activity which in turn will adversely impact tax collections and further constrain the cash flows to both the central and state governments. In addition, expenditure is likely to go up if the policymakers decide to adopt further stimulus measures to counter the impact of the coronavirus outbreak on the domestic economic activity and on the general livelihood as well and this might lead to a hardening of bond yields. However, ultra-low global crude oil prices and continued measures by the Reserve Bank of India for dealing with the COVID-19 pandemic is expected to provide some support to the debt market sentiment.

Currency and Commodity Market

- The Indian rupee fell against the U.S. dollar as persisting concerns over the coronavirus outbreak across the globe led to fears of financial volatility and tighter liquidity conditions. However, some losses were erased following intervention by the Reserve Bank of India and after government announced a welfare package to contain the coronavirus pandemic amid a nationwide lockdown. The greenback also remained under pressure after the U.S. Federal Reserve announced fresh stimulus measures to combat the coronavirus outbreak.

- Brent crude prices saw a steep plunge of 70.36% MoM to reach $15.50 per barrel on the last day of the month as a result of the ongoing oil price war between Saudi Arabia and Russia. Further, demand for oil due to coronavirus travel bans and lockdowns dwindled, which also weighed on the market sentiment.

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



Source: Refinitiv

Spread Movement				
Spreads		**AAA**	**AA**	**A**
31-Mar-20	1 Yr	146	244	192
	3 Yr	131	178	172
	5 Yr	137	184	193
28-Feb-20	1 Yr	112	184	212
	3 Yr	98	159	185
	5 Yr	86	162	203

Source: Thomson Reuters Eikon

Yield (%)	31-Mar-20	28-Feb-20
10 Year G-Sec	6.14	6.37
5 Year G-Sec	5.68	5.87
Certificate of Deposit		
3-Month	4.95	5.64
6-Month	5.65	5.53
9-Month	5.59	5.79
12-Month	5.12	6.17
Commercial Papers		
3-Month	5.80	6.00
6-Month	6.45	6.20
12-Month	6.50	6.50

Source: Thomson Reuters Eikon

Treasury Bill	31-Mar-20	28-Feb-20
91 Days	4.00	5.04
364 Days	4.45	5.19

Source: CCIL

Event Calendar		
Release Date	**Release Date**	**Country**
15-Apr-20	China Gross Domestic Product (YoY) (Q1)	China
20-Apr-20	People's Bank of China Monetary Policy	China
28-Apr-20	Bank of Japan Monetary Policy	Japan
29-Apr-20	U.S. Federal Reserve Monetary Policy	U.S.
30-Apr-20	European Central Bank Monetary Policy	Euro Zone

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)	: 0.55 times

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

NAV as on March 31, 2020

Regular - Growth	: ₹13.5659
Regular - Dividend	: ₹12.0021
Direct - Growth	: ₹14.5371
Direct - Dividend	: ₹14.3887

AUM as on March 31, 2020

Net AUM	: ₹ 665.25 crore
Monthly Average AUM	: ₹ 715.16 crore

Total Expense Ratio

Regular Plan	: 2.14% p.a.
Direct Plan	: 0.90% p.a.

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

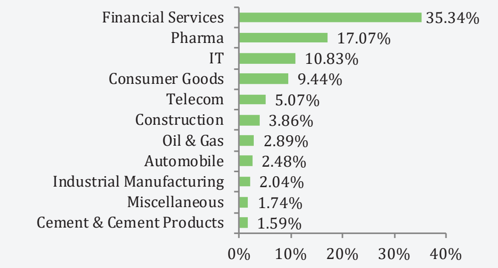
Volatility Measures

Volatility Measures	Fund	Benchmark
Std. Dev (Annualised)	19.09%	16.79%
Sharpe Ratio	0.15	-0.03
Portfolio Beta	1.05	1.00
R Squared	0.85	NA
Treynor	0.03	-0.01

Portfolio as on March 31, 2020

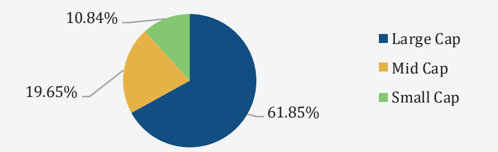
Company Name	Sector	% to Net Assets
Equity & Equity Related Total		
ICICI Bank Limited	Financial Services	8.60
Axis Bank Limited	Financial Services	5.69
Dr. Reddy's Laboratories Limited	Pharma	5.44
Bharti Airtel Limited	Telecom	5.07
Crompton Greaves Consumer Electricals Limited	Consumer Goods	4.83
HDFC Bank Limited	Financial Services	4.79
Procter & Gamble Health Limited	Pharma	4.67
Bajaj Finance Limited	Financial Services	4.65
Infosys Limited	IT	4.45
Larsen & Toubro Limited	Construction	3.86
Asian Paints Limited	Consumer Goods	3.35
IPCA Laboratories Limited	Pharma	3.30
SBI Cards and Payment Services Limited	Financial Services	3.08
Bharat Petroleum Corporation Limited	Oil & Gas	2.89
Larsen & Toubro Infotech Limited	IT	2.89
Muthoot Finance Limited	Financial Services	2.85
Aavas Financiers Limited	Financial Services	2.58
Balkrishna Industries Limited	Automobile	2.48
Abbott India Limited	Pharma	2.27
SRF Limited	Industrial Manufacturing	2.04
Tata Elxsi Limited	IT	1.83
Apollo Tricoat Tubes Limited	Miscellaneous	1.73
Cyient Limited	IT	1.66
ACC Limited	Cement & Cement Products	1.59
CreditAccess Grameen Limited	Financial Services	1.40
Divi's Laboratories Limited	Pharma	1.39
Titan Company Limited	Consumer Goods	1.26
Equitas Holdings Limited	Financial Services	0.95
Motilal Oswal Financial Services Limited	Financial Services	0.75
Unlisted		
Arti Surfactants Limited	Miscellaneous	0.01
Sub Total		**92.35**
TREPS##		8.54
Net Receivables / (Payables)		-0.89
Portfolio Total		**100.00**

Sector Allocation^^



^^Sector allocation as per AMFI classification

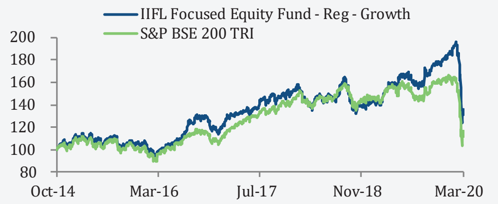
Market Capitalisation wise Exposure^



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 March 31, 2020

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

	31-Mar-19 to 31-Mar-20	PTP (₹)	31-Mar-17 to 31-Mar-20	PTP (₹)	31-Mar-15 to 31-Mar-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	-14.02%	8,587	0.81%	10,245	4.54%	12,489	5.79%	13,569
IIFL Focused Equity Fund - Dir - Growth	-12.74%	8,716	2.33%	10,716	5.88%	13,311	7.14%	14,534
Benchmark*	-25.24%	7,458	-2.02%	9,406	1.76%	10,913	2.79%	11,609
Additional Benchmark**	-22.69%	7,715	1.07%	10,325	2.41%	11,266	2.69%	11,548

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

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

	31-Mar-19 to 31-Mar-20	31-Mar-17 to 31-Mar-20	31-Mar-15 to 31-Mar-20	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	6,40,000
Total Value as on Mar 31,2020(₹)	96,158	3,21,685	6,12,396	6,61,825
Returns	-34.67%	-7.18%	0.81%	1.24%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	89,796	287,111	5,48,911	592,288
Benchmark: S&P BSE 200 TRI	-43.07%	-14.16%	-3.49%	-2.86%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	90,960	3,04,333	5,81,177	6,25,242
Additional Benchmark: S&P BSE Sensex TRI	-41.57%	-10.62%	-1.25%	-0.86%
(Inception date :30-Oct-2014) (First Installment date : 01-Dec-2014)				

Source: MFI Explorer; Above returns are calculated assuming investment of ₹10,000/- on the 1st working day of every month. CAGR return are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan -Growth option. The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. Managed by the fund manager since November 11, 2019.
The performance of the scheme is benchmarked to the Total Return variant of the Index.

Dividend Details

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

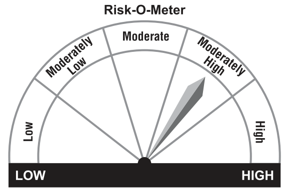
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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

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

Risk-O-Meter



Investors understand that their principal will be at Moderately High risk

Fund Commentary

March 2020 will be remembered for a very long time in the history of Indian markets, and indeed in world history. There are few events that immerse the world so completely. All conversations today are about COVID-19. And yet, the first rumblings were felt only in late January. By March, it had become a pandemic that has affected the entire planet. At the time of writing this commentary, an estimated 1.5 million people have been found to be infected by the virus and over 86,000 have succumbed to its effects.

Governments around the world have responded with unprecedented actions – instituting lock-downs of various severities, pumping large sums of money into the economy in the form of fiscal and monetary stimulus, and announcing massive support measures for citizens and businesses alike. Most of these are sensible and necessary actions. Extraordinary events need extraordinary measures.

Early results from the lockdowns across the world, seem to suggest that these measures are having mitigating effects on the spread of the disease. China, where the pandemic started in late December 2019, has demonstrated that the outbreak can be contained and the government there is cautiously reopening economic activity. Indeed, even history suggests this is the best course of action. The world faced a similar crisis almost exactly a century ago, in 1918. There are important lessons to be drawn from that experience. Records show that cities which instituted social distancing measures early in the crisis and observed them longer had substantially better outcomes through the crisis. Another interesting counter-intuitive observation was that cities which enforced stricter lock-downs were in no way economically worse off than those that did not. This is a crucial insight for our country as India has enforced one of the strictest lockdowns globally.

Many worry that a lockdown of this magnitude and severity could materially and permanently damage the economy. However, there is enough evidence that not locking down could have equally devastating effects, in addition to taking a far heavier toll in human life.

There is no denying that a pandemic of this scale will cause a dip in economic activity for some time. But it will be transient. The aftermath of the 1918 flu was a period of economic expansion so rapid that the decade is known as the roaring twenties.

Situation and policy response

With the lockdowns of varying severities around the world, short term economic prospects have taken a sharp blow. The United Nations estimates that the world economy could contract by 1% or more in 2020. Employment has also taken a huge hit. Jobless benefit claims in the US surged to 6.6 million as of last week. This is almost ten times as many applications as the highest ever seen before – as long ago as 1982. India's own unemployment rate is estimated to have risen to 23.4%*.

To combat this, world economies have doled out massive stimulus packages that are as high as 17% of GDP. For instance, the United States has announced 2 Trillion Dollar stimulus package to provide a boost to its economy. The US Federal Reserve also cut rates to historically low levels. In India, the finance minister has thus far announced a fiscal stimulus package valued at approximately 0.8% of GDP.

On March 27, the RBI reduced the repo and reverse repo rates by 75 and 90 basis points to 4.4 and 4.0 percent, respectively. It also announced liquidity measures to the tune of INR 3.7 trillion (1.8% of GDP) across three measures comprising Long Term Repo Operations (LTROs), a cash reserve ratio (CRR) cut of 100 bps, and an increase in marginal standing facility (MSF) to 3% of the Statutory Liquidity Ratio (SLR).

One measure that has taken up a lot of mind space of financial institutions and investors alike is the 90-day moratorium for all loans. With the lockdown being adhered to strictly by people and as well as with short term uncertainty, businesses and consumers behavior who opt for this moratorium will be keenly watched. In ability to pay or just plain moral hazard, financial institutions could see a significant spike in credit costs that might lead to lower profitability.

The Indian equity market – today and the past

As the coronavirus snowballed during March, the Indian equity market also entered a period of unprecedented volatility and sharp decline. The BSE Sensex fell 23% in a month. This decline was accompanied by daily swings that are rarely seen. Of the twenty-two trading days in March, sixteen days saw the index moving 2% or more. For comparison, there were only six such days in the entire twelve months up to the end of February. We also saw the largest ever intraday swing of 18.3% on the Index.

While this volatility makes it a very challenging environment for investors, we looked back into history to understand what we can expect. Specifically, we looked at how often the market has declined by 20% or more and what has happened thereafter. In the last 34 years that we look at, the Sensex declined more than 20% on eleven instances. That averages to a little under once every three years! We are currently down almost 30% from all-time highs. This level of decline has happened on seven instances in the last 34 years – once every five years. These drawdowns include the 1991 economic crisis, the dot-com bust and the global financial crisis. While these are sobering statistics, it is the aftermath of these declines that makes me optimistic.

The time it took to recover to the all-time highs from the bottom averages a little under two years. It is impossible to say whether we are at the bottom yet. Clearly this is not a time to be fearful.

Our portfolio and thinking going forward

Financials: Banks and NBFCs are leveraged entities with close linkages to the underlying health of the corporates and consumers in the economy. The large corporate lending businesses have been struggling for several years as we have been dealing with several consecutive non-performing loan cycles (road, power, mining, metals etc.) since 2013-14 and most corporates have been deleveraging their balance sheets.

On the other hand, households in India have been leveraging up (retail credit to GDP rising from 10 to 15% over the last 7-8 years) driven by favorable demographics, rising middle class and easier access to credit with data and technology playing a key role.

In the near term, due to lockdowns and the likelihood of salary cuts and job losses coming though, there has been a significant knock down for stock prices and valuations across the financial services landscape.

Given the tough outlook, we believe a lot of large, diversified, well capitalized players will be able to withstand the downturn and emerge stronger for the next cycle while several marginal and weaker players will lose market share.

We have been overweight on consumer lending banks and NBFCs in our portfolio and continue to believe this is a structural growth opportunity over the coming decade.

Healthcare: Before COVID-19, we have been overweight on the healthcare sector. Two of the portfolio stocks we own exhibit characteristics akin to a consumer company. This part of the portfolio has generated significant outperformance during the recent March fall.

During the course of March, we have not sold out of any stocks that we owned. We have raised some cash by reducing weights in some of our holdings that have out-performed. As mentioned earlier, while it is unclear how events will unfold over the coming months, our goal is to own a collection of good businesses in the country. Majority of portfolio stocks we own have durable business moats, experience managements, low leverage and prudent capital allocation.

As a team, we are constantly trying to scout for businesses that meet the criterion mentioned above. Reducing the number of inevitable mistakes is half the battle in investing. Our investment framework helps us in minimizing mistakes that can be easily made in markets like these.

Lastly, to conclude, though the future may seem uncertain right now, but the best way forward is to have a portfolio of quality businesses that have the ability to withstand these kinds of shocks. At IIFL AMC, our constant endeavor is to invest your monies prudently and deliver good risk adjusted returns over a long period of time.

Note

*Data source: CMIE

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

Disclaimer

IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

IIFL ASSET MANAGEMENT

Investment Objective

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

Fund Manager Mr. Ankur Parekh

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

Fund Details

Date of Allotment : June 24, 2013

Bloomberg Code : IIFDBDBIN

Benchmark Index : CRISIL Composite Bond Fund Index

Plans Offered : Regular & Direct

Options Offered : Growth & Dividend

Minimum Application Amount :

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

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

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

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

Entry Load : Nil

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

Dematerialization : D-Mat Option Available

Asset Allocation :

Debt Market Instruments : 0% to 100%

Money Market Instruments : 0% to 100%

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

NAV as on March 31, 2020

Regular Plan Growth	: ₹15.8791
#Regular Plan Bonus	: ₹15.8791
Regular Quarterly Dividend	: ₹15.3232
#Regular Half Yearly Dividend	: ₹15.3232
#Regular Monthly Dividend	: ₹11.7557
Direct Plan Growth	: ₹16.4861
Direct Monthly Dividend	: ₹12.2870
Direct Quarterly Dividend	: ₹15.5827

#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 March 31, 2020

Net AUM : ₹ 258.19 crore

Monthly Average AUM : ₹ 270.88 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 : 0.79 years

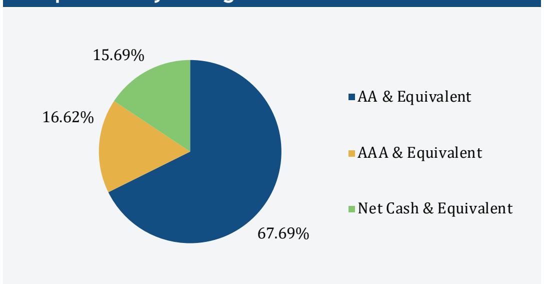
Average Maturity : 0.94 years

Yield to Maturity : 8.57%

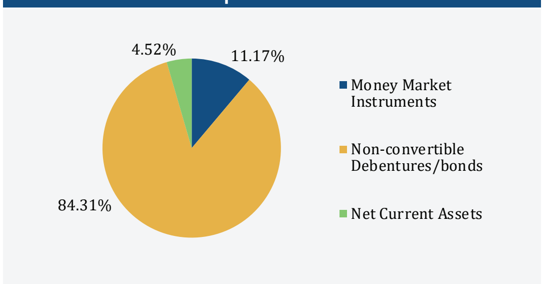
Portfolio as on March 31, 2020

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Non-Convertible Debentures/Bonds		**84.31**
9.55% Hindalco Industries Limited	CRISIL AA	10.04
8.50% Vedanta Limited	CRISIL AA	9.66
8.75% Muthoot Finance Limited	CRISIL AA	9.64
8.25% EID Parry India Limited	CRISIL AA-	9.23
7.70% L & T Housing Finance	ICRA AAA	7.75
Aditya Birla Fashion and Retail Limited	CRISIL AA	7.64
9.75% Edelweiss Housing Finance Limited	ICRA AA-	5.08
EMBASSY OFFICE PARK REIT	CRISIL AAA	4.23
8.15% Energy Efficiency Services Limited	ICRA AA-	3.86
7.90% Piramal Enterprises Limited	ICRA AA	3.82
9.80% ECL Finance Limited	ICRA AA-	3.69
ECL Finance Limited	CARE AA-	2.68
8.2% Housing Development Finance Corporation Limited	CRISIL AAA	1.96
8.85% India Grid Trust InvIT Fund	CRISIL AAA	1.96
8.75% Axis Bank Limited	CRISIL AA+	1.92
9.15% SP Jammu Udhampur Highway Limited	ICRA AAA	0.72
9.90% Tata Motors Limited	ICRA AA-	0.39
9.35% IDFC First Bank Limited	ICRA AA	0.04
TREPS## / Reverse Repo		
TREPS##		11.17
Net Current Assets		**4.52**
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)
31-Mar-20	0.05	12.3291	11.7983
25-Feb-20	0.05	11.7957	12.3165
28-Jan-20	0.05	11.7155	12.2246
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

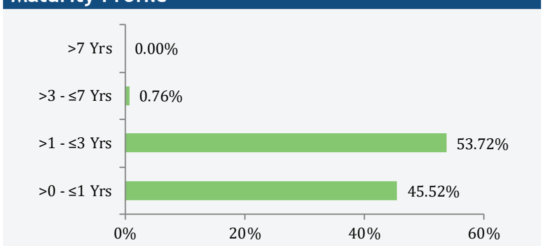
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

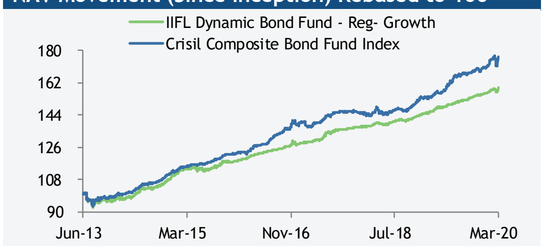
	31-Mar-19 to 31-Mar-20	PTP (₹)	31-Mar-17 to 31-Mar-20	PTP (₹)	31-Mar-15 to 31-Mar-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	7.50%	10,756	6.99%	12,249	6.75%	13,867	7.07%	15,883
IIFL Dynamic Bond Fund - Dir - Growth	8.20%	10,827	7.66%	12,481	7.37%	14,275	7.66%	16,485
Benchmark*	12.57%	11,268	8.10%	12,635	8.72%	15,197	8.69%	17,583
Additional Benchmark**	14.55%	11,468	6.85%	12,201	8.06%	14,740	7.35%	16,166

Past performance may or may not be sustained in future
Different plans shall have different expense structure
As on March 31, 2020* Crisil Composite Bond Fund Index,** Crisil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date; $Inception date 24-June-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain.

Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



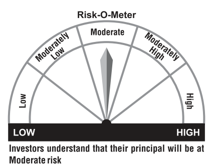
^As on March 31, 2020

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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

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



Fund Commentary

The month of March began with historical event of RBI taking over management control of beleaguered Yes Bank. The bank was unable to raise capital to address potential loan losses and resultant downgrades, triggering invocation of bond covenants by investors, and withdrawal of deposits. The major exposure to riskier commercial real estate sector and lending to shadow banks has led to situation of inability to raise capital. The bank deposits domestically, has been placed under moratorium by limiting the deposit withdrawals. Simultaneously, to stem the financial contagion State Bank of India (SBI) is tasked to take over 49% in a restructured Yes Bank along with other private banks participating in the process.

During the month liquidity surplus remained significantly high, despite of outflows due to Cash Management Bills and T-bills auction. High liquidity was led by the CRR cut infusing liquidity worth Rs 1.37tn. Additionally, overnight rates fell with MFs preferring to remain in cash assets. Average overnight rate remained near to 1%-2% which is much below the repo rate in Tri party repo system (TREPS). System liquidity surplus is likely to increase starting next month as inflows from government spending, redemptions, and coupon inflows are expected to comfortably offset the outflows from auctions, CIC leakages and non-GST collections. The RBI, cut the repo rate and reverse repo rate by 75 basis points (to 4.4%) and 90 bps (to 4%), respectively nearing the March end due to country wide lockdown along with plenty of other Fiscal and Monetary policy measures from RBI, Central and state governments. The cash reserve ratio (CRR) of banks was reduced by 100 bps to 3% from 4%, so to improve credit flow and net interest margins (NIMs) of the banks. RBI conducted OMO purchases worth Rs400 bn for government securities. Bond yields, tracking the rate cut initially softened on 10 year Government securities but with the fiscal slippages concerns amid pandemic, restricted further yield softening. Government announced its limited fiscal stimulus package for the needy section of the society especially focusing towards daily wage earners.

In other measure to give relief to borrowers due to on-going countrywide lockdown, RBI has allowed 3-month moratorium for all the term loans. RBI has also deferred interest payment on working capital loans. This will help big corporates and manufacturing units, as most of the invested working capital has been stalled due to the lockdown. RBI has also deferred interest payment on working capital loans. This will help big corporates and manufacturing units, as most of the invested capital output has stalled due to the lockdown. The basel standards implementation of capital conservation buffer (CCB) was also differed till September 2020, supporting banks for easing rules so that the capital can be driven toward credit growth.

The rate cut and other measures addressed two issues of economy first being, the pandemic outbreak translating into a significant global growth shock and second being concerns over elevated risk aversion among depositors and erosion of confidence in smaller private sector banks, shadow banks, and corporates with weak balance sheets.

In February CPI inflation moderated after seven months to 6.58% as against 7.59% in January amid softened food prices, falling momentum and favorable base effects. Sluggish economic activity resulted in moderation of core inflation to 3.9% (4.2% in January). Though CPI inflation remain above RBI's upper limit of 6%, the recent fall in oil prices, expectations of softer food prices, along with the easy monetary policy of major central banks provided space to the pre scheduled Monetary Policy Committee (MPC) to deliver repo rate cut.

Globally all the major central banks (more than 45 countries) have acted with monetary policy actions in favour of protecting the economic growth amid corona pandemic. RBI's action is widely perceived as a part of coordinated monetary policy decisions that is being taken by various central banks to protect its currency and economic growth. Although the ultimate economic cost of the pandemic, its impact on supply chains, trade and commodity prices all remain uncertain. Purchasing Managers' Index (PMI) data across Asia suggests input costs pressures have risen across most countries in Asia, driven by supply shortages resulting from COVID-19. But output prices are lower across most countries, due to weak demand. The manufacturers are unable to pass on the cost burden to consumers resulting in margin pressures. A weak labour market and unemployment can further weigh on consumption demand across the globe amidst lockdowns across the globe. Market concerns on upside inflation risks should recede due to the sharp decline in oil prices and the forward-looking inflation path does not portend any durable inflation risks. Even though the sharp decline in oil prices is positive for Asian economic growth in the short term, this benefit will likely be offset by weaker global demand due to global epidemic, higher duties on domestic fuel and tighter financial conditions.

The INR currency crossed 77 to the dollar on FPI selling pressure and global volatility before it closed at ~ 75 to the dollar at the month end. The currency depreciation bias is likely to sustain, but unlikely to depreciate sharply from current levels. On the external front, RBI allowed Indian Banks to participate in the offshore non-deliverable forward (NDF) markets, mainly with a view to contain volatility in the domestic currency. Going forward, this decision will reduce the arbitrage in the onshore and offshore markets and thereby improve depth and price discovery in the forex market in the coming days. The RBI is likely to keep easing policy using both conventional and unconventional levers along with government fiscal announcements to calm down the present situation of halt in real economy.

While easy monetary policy will continue, the underlying issue remains one of elevated credit risk, and not of liquidity. There is adverse impact on both demand and supply of credit. As a result of worsening asset quality, banks have become more risk averse. On the demand side, corporates are likely to continue to shy away from undertaking capex in an environment of low capacity utilization and leveraged balance sheets. Key industries (e.g., pharmaceuticals, autos, electronics, and logistics sectors) are likely to face supply shortages, while the overall economy will have to deal with a broader global slowdown.

With a limited stimulus package, the FY21 fiscal deficit may slip by at least around 1% of GDP on lower tax revenues, slippage in divestment receipts and lower nominal GDP growth. In addition, more fiscal packages may be forthcoming. Divestment is falling short of target even in FY20. However, some last-minute PSU to PSU sales have helped bridge the target substantially. The government may resort to higher borrowing and take out higher dividends from the RBI, if possible, in FY21. Bond yields may thus trade above 6% despite significant monetary support. The bond markets will take cues from future conventional and non-conventional measures of RBI to protect growth, its conduct of borrowing program and durable liquidity management. 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

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 March 31, 2020

Regular Plan Growth	: ₹1538.6642
Regular Plan Weekly Dividend	: ₹1005.0000
Regular Plan Daily Dividend:	₹1000.3830
Direct Plan Growth	: ₹1543.5906
Direct Plan Dividend	: ₹1000.3830
Direct Plan Weekly Dividend	: ₹1005.0000

AUM as on March 31, 2020

Net AUM : ₹ 376.34 crore

Monthly Average AUM : ₹ 617.45 crore

Total Expense Ratio

Regular Plan : 0.23% 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 : 27 days

Average Maturity : 28 days

Yield to Maturity : 2.56%

Portfolio as on March 31, 2020

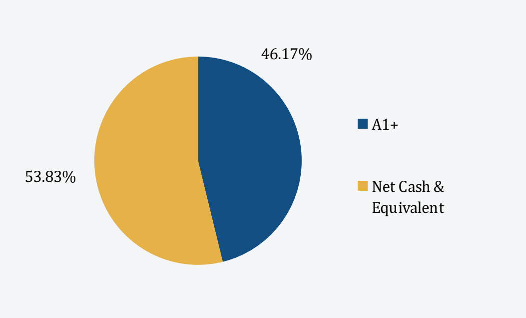
Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Certificate of Deposit		
Small Industries Dev Bank of India	CARE A1+	6.61%
Indian Bank	FITCH A1+	6.59%
Small Industries Dev Bank of India	CARE A1+	6.59%
Axis Bank Limited	ICRA A1+	6.58%
Sub Total		**26.37%**
Commercial Paper		
National Bank For Agriculture and Rural Development	ICRA A1+	13.21%
Reliance Industries Limited	CRISIL A1+	6.59%
Sub Total		**19.80%**
TREPS[##] / Reverse Repo		
TREPS[##]		52.19%
Sub Total		**52.19%**
Net Receivables / (Payables)		**1.64%**
Portfolio Total		**100.00%**

Scheme Performance

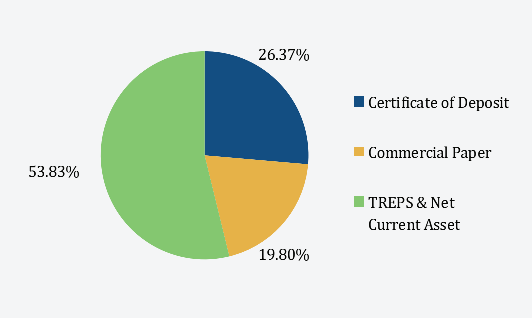
	31-Mar-19 to 31-Mar-20	PTP(₹)	31-Mar-17 to 31-Mar-20	PTP(₹)	31-Mar-15 to 31-Mar-20	PTP(₹)	Since Inception[$]	PTP (₹)
IIFL Liquid Fund - Reg - Growth	5.41%	10,543	6.18%	11,973	6.61%	13,777	6.98%	15,383
IIFL Liquid Fund - Dir - Growth	5.46%	10,548	6.24%	11,993	6.66%	13,809	7.04%	15,439
Benchmark*	6.37%	10,639	6.95%	12,236	7.20%	14,162	7.63%	15,990
Additional Benchmark**	6.25%	10,625	6.56%	12,102	6.84%	13,924	7.31%	15,689

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

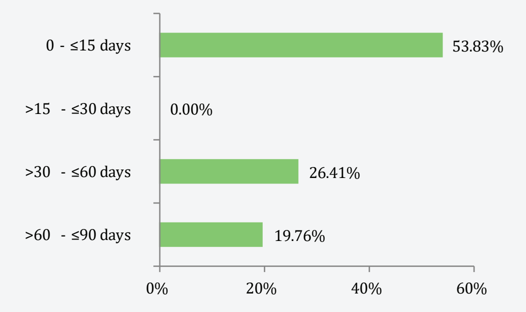
Composition by Rating^



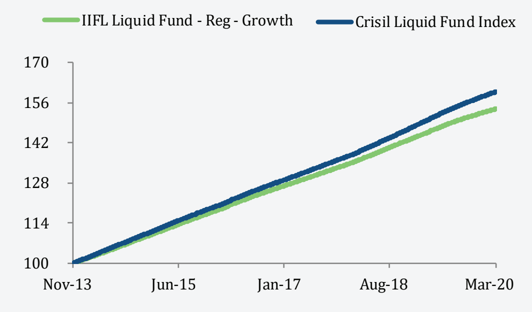
Instrument Wise Composition^



Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



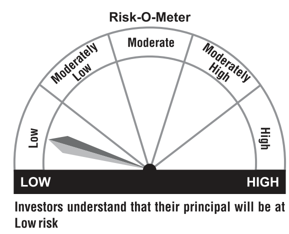
^As on March 31, 2020

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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

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



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.