IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

MAY 2020

IIFL ASSET MANAGEMENT

Macro Economy & Event Update

- After all the gloom and doom in Mar the month of Apr turned to be one of the best months in recent times. Market participants across the globe witnessed a globally orchestrated rally, in which governments and central banks supplemented their economies with stimulus packages and relief measures that imparted the much-needed momentum to the global equity markets resulting in their strong retracement from the record lows. This rally can thus be best described as a hope based rally rather than a result driven rally which came despite the mayhem in the U.S. oil market that saw prices plummeting into the negative territory for the first time ever that was bought about by destruction in demand due to COVID-19 induced lockdowns.

- U.S. equity markets went up over the month and witnessed one of the best months in decades on hopes that economies will gradually begin to open. Positive results from a COVID-19 treatment trial also helped ease the pain of Feb and Mar.

- In Europe, market participants took heart from the latest batch of corporate earning numbers and some rebound in oil prices following the historical plunge. Prospects of a potential treatment of COVID-19 infection also contributed to the upside.

- Optimism in the U.S. and European markets was reflected in the Asian markets as well. The Bank of Japan increased its purchases of corporate debt in order to ease funding strains which helped pacify tensed nerve of market participants. Reports of developments on potential new treatment for COVID-19 also contributed to the upside.

- Domestic equity markets also rose in unison with the global equity markets a part of which can be attributed to the steep corrections in Mar that made Indian markets somewhat attractive. Positive global cues and steps taken by the Reserve Bank of India (RBI) to ease liquidity bottlenecks also enthused market participants.

- Bond yields in the domestic debt market came down for the third consecutive month in Apr 2020 after the RBI announced a slew of measures to prop up liquidity in the system. However, concerns of excess supply of sovereign debt capped the gains.

- The current crisis which markets across the globe are grappling with is a medical crisis and thus a medical cure is the only panacea for the present predicament. Under such a scenario the government might need to adopt additional stimulus measures. However, timely measures taken by the RBI to ease liquidity bottlenecks, a normal monsoon, and the positive impact of the COVID-19 pandemic subsiding significantly in the current quarter may provide some support to the already beleaguered market sentiment.

Key Economic Indicators		
Indicators	**Current**	**Previous**
WPI (Mar-20)	1.00%	2.26%
IIP (Feb-20)	4.50%	2.10%
CPI (Mar-20)	5.91%	6.58%

Source: Refinitiv

RBI lowered the reverse repo rate from 4% to 3.75%

- RBI lowered the reverse repo rate from 4% to 3.75%. The objective of the move is to discourage banks from parking their funds in the reverse repo and instead deploy the surplus funds as loans or investments in the productive sectors of the economy. The key policy repo rate remains unchanged at 4.40% while the marginal standing facility rate and the bank rate remain unchanged at 4.65%.

RBI announces a slew of measures to improve liquidity

- RBI announced to conduct targeted long-term repo operations (TLTRO 2.0) for an aggregate amount of Rs. 50,000 crore in tranches of appropriate sizes of which at least 50% will be targeted towards mid and small sized non-banking finance companies (NBFCs) and microfinance institutions (MFIs).

- RBI has decided to provide special refinance facilities for a total amount of Rs. 50,000 crore to National Bank for Agriculture and Rural Development (NABARD), the Small Industries Development Bank of India (SIDBI) and the National Housing Bank (NHB).

- RBI has opened special liquidity window of Rs.50,000 crore for mutual funds. The move came as asset management companies were facing redemption pressure in debt schemes in the wake of recent coronavirus pandemic.

India's Index of industrial production rose 4.5% YoY in Feb 2020

- India's Index of industrial production (IIP) rose 4.5% YoY in Feb 2020 compared with 0.2% rise in Feb 2019. The rise was the fastest since Jul 2019, mainly due to rise in mining, manufacturing activity and power generation. Manufacturing sector output went up 3.2% YoY in Feb 2020 compared with a 0.3% fall in the same month a year ago. Industrial output growth during Apr 2019 to Feb 2020 slowed to 0.9% from 4% rise in the same period of the previous year.

CPI slowed to a four-month low of 5.91% in Mar 2020

- India’s consumer price index (CPI) based inflation or retail inflation slowed to a four-month low of 5.91% in Mar 2020 from 6.58% in Feb 2020 but grew compared to the same period of the previous year when retail inflation stood at 2.86%. The decline came as the growth of the consumer food price index (CFPI) also slowed to 8.76% from 10.81% in the previous month but grew from 0.30% in the same month of the previous year.

India’s trade deficit narrowed to $9.76 billion in Mar 2020

- India’s trade deficit narrowed to $9.76 billion in Mar 2020 from $11.00 billion in the same month of the previous year. Imports over the year fell 28.72% while exports fell 34.57% in the same time period.

Equity Market

- Domestic equity markets surged in the month under review with Nifty regaining the psychological level of 9,800 mark (closing) while the Sensex moved above 33,000 level (closing). Market participants managed to withstand the menace caused by the COVID-19 pandemic and remained optimistic that the pandemic situation is nearing a peak. Stimulus measures announced by the policymakers to counter the economic slowdown caused by such situation too boosted the risk appetite. Meanwhile, mixed set of corporate earning numbers and recently concluded corporate deals also remained within investors' focus.
- On the BSE sectoral front, S&P BSE Healthcare was the top gainer, up 26.21%, followed by S&P BSE Auto and S&P BSE Oil & Gas, which rose 24.23% and 20.41%, respectively. The healthcare sector will remain on investors' radar as the unprecedented crisis, triggered by COVID-19 pandemic, has highlighted the need to increase investment in the healthcare sector in India. The oil & gas industry surged as government eased rules for doing business in India.
- U.S. markets soared amid optimism that some of the countries which are hit hardest by the coronavirus pandemic are now flattening the infection curve. Sentiments were further boosted by prospects of a potential treatment of COVID-19 infection. Media reports stated that a U.S. bio-tech company reported positive results from two tests that showed its drug could be a COVID-19 treatment. The news outweighed reports showing contraction in U.S. economic activity in the first quarter of 2020. Gains were restricted by massive losses in the U.S. oil market due to the unprecedented fall in demand, although subsequent stability brought some relief.
- European markets too witnessed buying spree with investors taking positive cues from the latest batch of corporate earning numbers and stabilisation of oil prices following initial plunge. The coronavirus pandemic has dented oil demand and concerns over production storage increased. Optimism over potential treatment of the coronavirus infection also contributed to the upside. Nonetheless, gains were restricted after the International Monetary Fund (IMF) forecasted that the global economy will see the worst setback this year, since the Great Depression.
- Asian markets reflected gains in the global peers following developments on potential new treatment for COVID-19 patients. Investors reacted positively to reports suggesting a slowing daily death toll from the coronavirus in Europe. Encouraging Chinese trade data for Mar also helped ease fears of a deep global recession. Market sentiments were also boosted after Bank of Japan increased its purchases of corporate debt in order to ease funding strains. Gains were restricted as U.S. crude oil futures turned negative for the first time and U.S. government suspended all immigration into the U.S. for an indefinite period. Besides, IMF's forecast of the global financial economy dented market sentiments.
- The spread of coronavirus and its impact on the domestic and global economy will be closely monitored by the market participants. At the same time, all eyes will also be on the government guidelines pertaining to lockdown which will aim at allowing India to exit from lockdown in phases while reopening the economy. Further market movements will also be impacted by the upcoming announcements of corporate earning numbers for Q4FY20 by several bluechip companies.

Domestic Indices Performance

Indicators	30-Apr-20	31-Mar-20	Chg %	YTD%
S&P BSE Sensex	33,718	29,468	14.42	-18.27
Nifty 50	9,860	8,598	14.68	-18.97
S&P BSE 200	4,140	3,610	14.70	-18.47
Nifty Midcap 100	13,502	11,704	15.36	-21.05
Nifty Dividend Opportunities 50	2,145	1,941	10.51	-15.44
S&P BSE Smallcap	11,102	9,609	15.54	-18.96

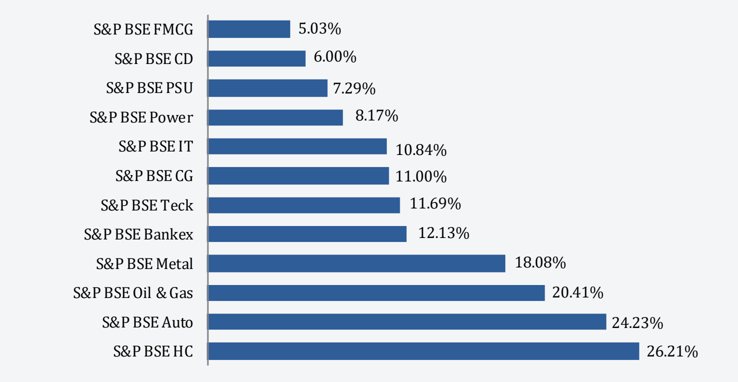
Source: Refinitiv

Global Indices Performance

Global Indices	30-Apr-20	31-Mar-20	Chg %	YTD%
Dow Jones	24,346	21,917	11.08	-14.69
FTSE	5,901	5,672	4.04	-21.76
CAC	4,572	4,396	4.00	-23.52
Hang Seng	24,644	23,603	4.41	-12.58
SSE Composite Index	2,860	2,750	3.99	-6.23

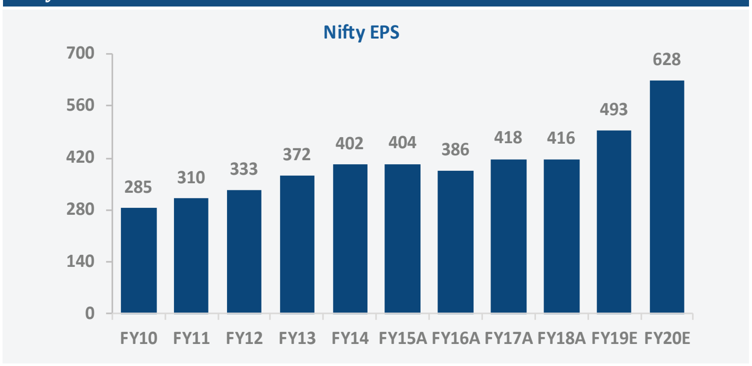
Source: Refinitiv

Sectoral Performance (Monthly Returns %)



Source: Refinitiv

Nifty EPS



Institutional Flows (Equity) As on April 30, 2020

(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	120,698	127,581	-6,884	-54,914
MF Flows*	49,262	56,108	-6,846	34,458
DII Flows	74,358	75,183	-825	73,085

Source: CSDL,NSE & SEBI * As on Apr 29, 2020

Debt Market

- Bond yields came down for the third consecutive month in Apr 2020 after the RBI announced a slew of measures to prop up liquidity in the system. Expectations of further ease in monetary policy also boosted market sentiments. However, concerns of excess supply of sovereign debt amid growing possibility that the government might need to borrow more to combat the COVID-19 pandemic capped most of the gains.

- Yield on gilt securities fell across the maturities in the range of 2 bps to 88 bps barring 30-year paper which increased 1 bps. Yield on corporate bonds fell across the maturities in the range of 8 bps to 58 bps barring 10-year paper which closed steady and 15-year paper which increased 20 bps. Difference in spread between corporate bond and gilt securities expanded across the maturities in the range of 3 bps to 50 bps.

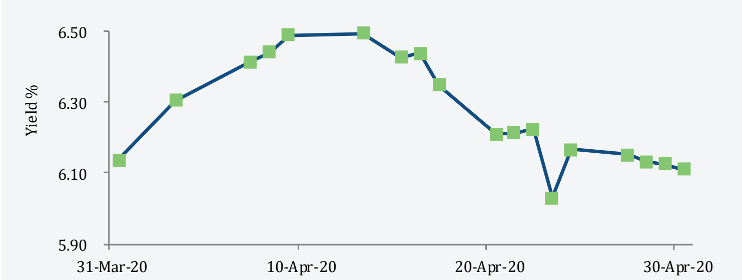
- With a global recession around the corner, the intensifying COVID-19 pandemic and a looming global economic recession have cast an unprecedented cloud on the growth prospects of the India economy. Under such a scenario, the government might have to forgo its fiscal consolidation roadmap as of now and come out with a more robust package to help the economy tide over the current economic crisis exacerbated by the lockdown. Thus, bond yields under such a scenario may go up as the government needs to borrow more to finance the higher fiscal deficit which may result in higher government borrowings and higher supply of sovereign debt in the market. However, timely measures taken by the RBI to ease liquidity bottlenecks, a normal monsoon, and the effect of the COVID-19 pandemic subsiding significantly in the current quarter may provide some support to the already beleaguered market sentiment.

Currency and Commodity Market

- The Indian rupee rose against the U.S. dollar following rise in domestic equities and suspected intervention by the RBI in the futures market. Easing risk aversion in Asia and hopes of more monetary accommodation by central banks also supported investor's sentiment. However, persistent buying of the greenback by foreign banks capped the gains.

- Brent crude prices took positive cues initially after OPEC and its allies agree to historic 10 million barrel per day production cut in May and Jun. However, the oil prices soon gave up all the gains and plunged to an all-time low as it plummeted to $6 per barrel mark during the period and witnessed the biggest single day loss ever due to worries over the coronavirus induced lockdowns across the globe. The same led to unprecedented demand loss. However, the oil price recouped much of its losses as data from U.S. Energy Information Administration showed lower than expected build up in crude stockpiles for the week to Apr 24.

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



Source: Refinitiv

Spread Movement

Spreads		AAA	AA	A
30-Apr-20	1 Yr	177	361	231
	3 Yr	181	273	200
	5 Yr	168	278	250
31-Mar-20	1 Yr	143	230	238
	3 Yr	140	192	186
	5 Yr	133	183	198

Source: Refinitiv

Yield (%)	30-Apr-20	31-Mar-20
10 Year G-Sec	6.11	6.14
5 Year G-Sec	5.15	5.68
Certificate of Deposit		
3-Month	4.60	4.95
6-Month	4.98	5.65
9-Month	5.15	5.59
12-Month	4.79	5.12
Commercial Papers		
3-Month	5.45	5.80
6-Month	6.50	6.45
12-Month	6.90	6.50

Source: Refinitiv

Treasury Bill	30-Apr-20	31-Mar-20
91 Days	3.59	4.00
364 Days	3.73	4.45

Source: CCIL

Event Calendar

Release Date	Release Date	Country
07-May-20	Bank of England Monetary Policy	U.K.
08-May-20	Nonfarm Payrolls (Apr)	U.S.
08-May-20	Unemployment Rate (Apr)	U.S.
20-May-20	People's Bank of China Monetary Policy	China
20-May-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 April 30, 2020

Regular - Growth	: ₹15.5089
Regular - Dividend	: ₹13.7211
Direct - Growth	: ₹16.6382
Direct - Dividend	: ₹16.4684

AUM as on April 30, 2020

Net AUM	: ₹ 785.87 crore
Monthly Average AUM	: ₹ 723.50 crore

Total Expense Ratio

Regular Plan	: 2.30% p.a.
Direct Plan	: 0.90% p.a.

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

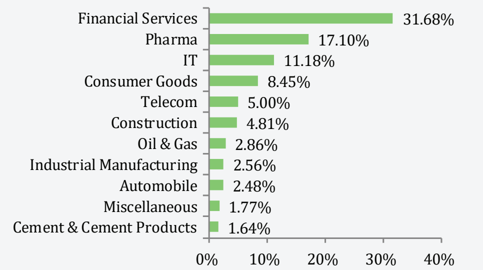
Volatility Measures

Volatility Measures	Fund	Benchmark
Std. Dev (Annualised)	19.81%	17.73%
Sharpe Ratio	0.28	0.14
Portfolio Beta	1.04	1.00
R Squared	0.86	NA
Treynor	0.06	0.03

Portfolio as on April 30, 2020

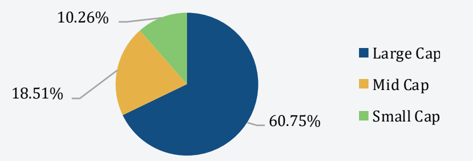
Company Name	Sector	% to Net Assets
Equity & Equity Related Total		
ICICI Bank Limited	Financial Services	9.61
Axis Bank Limited	Financial Services	5.94
Dr. Reddy's Laboratories Limited	Pharma	5.81
Bharti Airtel Limited	Telecom	5.00
Larsen & Toubro Limited	Construction	4.81
HDFC Bank Limited	Financial Services	4.71
Procter & Gamble Health Limited	Pharma	4.70
Crompton Greaves Consumer Electricals Limited	Consumer Goods	4.35
Infosys Limited	IT	4.20
Bajaj Finance Limited	Financial Services	4.12
Muthoot Finance Limited	Financial Services	3.39
Larsen & Toubro Infotech Limited	IT	3.18
IPCA Laboratories Limited	Pharma	3.01
Asian Paints Limited	Consumer Goods	2.99
Bharat Petroleum Corporation Limited	Oil & Gas	2.86
SRF Limited	Industrial Manufacturing	2.56
Balkrishna Industries Limited	Automobile	2.48
Abbott India Limited	Pharma	2.20
Aavas Financiers Limited	Financial Services	2.18
Tata Elxsi Limited	IT	1.97
Cyient Limited	IT	1.83
Apollo Tricoat Tubes Limited	Miscellaneous	1.76
CreditAccess Grameen Limited	Financial Services	1.73
ACC Limited	Cement & Cement Products	1.64
Divi's Laboratories Limited	Pharma	1.38
Titan Company Limited	Consumer Goods	1.11
Unlisted		
Arti Surfactants Limited	Miscellaneous	0.01
Derivatives		
Nifty 50 Index May 2020 Future		2.51
Sub Total		**92.04**
TREPS##		9.14
Net Receivables / (Payables)		-1.18
Portfolio Total		**100.00**

Sector Allocation^^



^^Sector allocation as per AMFI classification

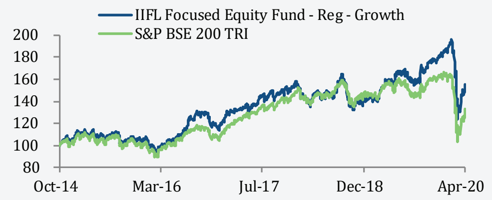
Market Capitalisation wise Exposure^



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 April 30, 2020

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

	30-Apr-19 to 30-Apr-20	PTP (₹)	30-Apr-17 to 30-Apr-20	PTP (₹)	30-Apr-15 to 30-Apr-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	-2.91%	9,708	4.91%	11,551	7.65%	14,463	8.30%	15,510
IIFL Focused Equity Fund - Dir - Growth	-1.47%	9,853	6.50%	12,086	9.04%	15,422	9.69%	16,637
Benchmark*	-14.55%	8,541	1.77%	10,542	5.27%	12,931	5.35%	13,322
Additional Benchmark**	-12.51%	8,746	5.35%	11,697	5.93%	13,342	5.19%	13,211

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

	30-Apr-19 to 30-Apr-20	30-Apr-17 to 30-Apr-20	30-Apr-15 to 30-Apr-20	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	6,50,000
Total Value as on Apr 30, 2020(₹)	1,11,850	3,67,719	6,97,721	7,68,307
Returns	-12.40%	1.38%	5.98%	6.11%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,06,374	3,30,519	6,29,173	6,91,305
Benchmark: S&P BSE 200 TRI	-20.44%	-5.48%	1.87%	2.25%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,07,225	3,34,378	6,64,159	7,27,327
Additional Benchmark: S&P BSE Sensex TRI	-19.20%	-2.11%	4.02%	4.10%
(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

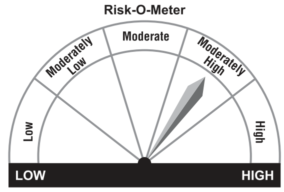
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- 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

After a turbulent end to Fiscal 2019, the new fiscal year began on a positive note for the equity markets in India and globally. Nifty-50 Index has recovered 14.7% in the month. The BSE mid-cap and BSE small-cap Indices posted 14% and 16% gains. The recovery in the US equity markets was so strong that it is strongest pull back from a bear market in the last 50 years. The month witnessed a historical fall in US oil futures which traded below zero levels before a gradual recovery.

The lock down which was extended nationwide till May 3rd from mid-April, is now continuing in 'Red' zones. The extension of lockdown in 'Red' zones may impact the expected recovery in the economy considering that 44% population in the country residing in 'Red' zones contributing to ~53% of the GDP. These zones remain significantly important towards the contribution to banking sector as well, contributing ~83% towards the overall credit and 74% of the overall deposits. Hence, moderation of COVID curve, easing of lockdown in the red zones and economic activity resumption in the red zones remains key for the economic recovery.

The RBI continued its support to the liquidity in the financial system by announcing special refinancing facility and several regulatory measures directed towards NBFCs and MFIs. RBI also announced a special liquidity facility for Mutual Funds after one of the large AMCs decided to wind up and restrict redemptions in several debt schemes. Positive sentiment in the corporate segment spurred with Indian conglomerate Reliance Industries Limited (RIL) continuing its de-leveraging plan with a binding agreement with Facebook where Facebook acquired ~10% stake in Jio Platforms Ltd for an investment of Rs436 bn (~US$5.7 bn).

As we write this letter, the government is slowly opening certain parts of the country with manufacturing facilities slowly but surely opening up across industries and throughout the country. The fiscal stimulus that many countries have announced is missing when it comes to India. Investors, corporates, SMEs and most likely the citizens of the country are awaiting a strong stimulus from the government. Our math suggests that the government perhaps does not have that much room to play with in terms of the quantum of the stimulus. We could be proven wrong if the government abolishes its stance on relaxing its hawkish view on the deficit target.

Equity Markets and Economic Activity

The last month was interesting from individual sector performance as every week of April had a different sector dominating. Broadly speaking, the first week was consumer food that lead the way, followed by Pharma, then autos and ending the last week with value names across the board rallied. Among sectoral indices, BSE healthcare gained 26%, followed by auto (+24%) and oil & gas (+20%) indices were the top performing sectors. FPIs (USD 503 Mn) and DIIs (USD 184 Mn) remained net sellers of equities in the month.

On the economy front, March CPI moderated to 5.91% against 6.58% in February primarily due to decline in food inflation.

Our portfolio and thinking going forward

Portfolio construction during these uncertain times is complicated. This fast recovery in the markets has pushed up prices all stocks and especially the ones that had come at close to reasonable prices last month or the first 10 days of April.

Markets are factoring a V-shape recovery in the 2nd half of this fiscal. There will be sectors and companies that will take longer than others to come to some sort of normalcy. We do not know how long this till take. However, we are going with some assumptions on where we might see a slightly better recovery than others. Rural growth should do better than urban growth this year. The past rabi season along with good reservoir levels and high enough MSPs augur well for a good harvest this Kharif season. We also feel that lower ticket discretionary might perform better than large ticket discretionary. Specialty chemicals and Pharmaceuticals seem to be by and large unaffected as of now. There could be sales deferrals or preponement of sales for these industries but most likely they will not experience a large revenue hit. Expectations of a normal monsoon, implications of liquidity measures undertaken by RBI in the past 6 weeks, the development in COVID-19 curve and the impending stimulus would continue to drive sentiments for this quarter.

Lastly, the moratorium announced by the RBI and how that plays out will affect how financials perform this coming year. 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.

Note

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

Disclaimer

IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

IIFL ASSET MANAGEMENT

Investment Objective

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

Fund Manager Mr. Ankur Parekh

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

Fund Details

Date of Allotment	: June 24, 2013
Bloomberg Code	: IIFDBDBIN
Benchmark Index	: CRISIL Composite Bond Fund Index
Plans Offered	: Regular & Direct
Options Offered	: Growth & Dividend
Minimum Application Amount	:
New Purchase	: ₹10,000 and in multiples of ₹100 thereafter
Additional Purchase	: ₹1,000 and in multiples of ₹100 thereafter
Monthly SIP Option	: ₹1,000 per month for a minimum period of 6 months
Quarterly SIP Option	: ₹1,500 per quarter for a minimum period of 4 quarters
Entry Load	: Nil
Exit Load	: 1% - if redeemed/ switched out, on or before 18 months from the date of allotment and Nil – if redeemed/ switched out after 18 months from the date of allotment. w.e.f October 10, 2017
Dematerialization	: D-Mat Option Available
Asset Allocation	:
Debt Market Instruments	: 0% to 100%
Money Market Instruments	: 0% to 100%
Units issued by REITs & InvITs	: 0% to 10%

NAV as on April 30, 2020

Regular Plan Growth	: ₹15.8169
#Regular Plan Bonus	: ₹15.8169
Regular Quarterly Dividend	: ₹15.2633
#Regular Half Yearly Dividend	: ₹15.2633
#Regular Monthly Dividend	: ₹11.6597
Direct Plan Growth	: ₹16.4303
Direct Monthly Dividend	: ₹12.1955
Direct Quarterly Dividend	: ₹15.5299

#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 April 30, 2020

Net AUM	: ₹ 197.40 crore
Monthly Average AUM	: ₹ 238.42 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.

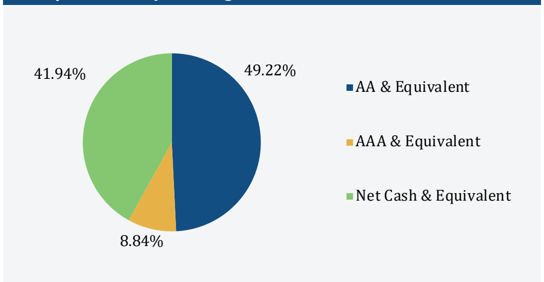
Statistical Debt Indicators

Modified Duration	: 0.60 years
Average Maturity	: 0.70 years
Yield to Maturity	: 8.49%

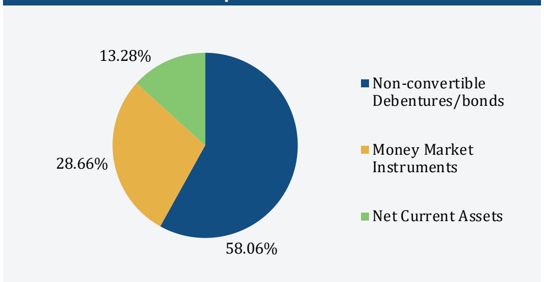
Portfolio as on April 30, 2020

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Non-Convertible Debentures/Bonds		**58.06**
8.50% Vedanta Limited	CRISIL AA	12.33
8.75% Muthoot Finance Limited	CRISIL AA	12.33
9.75% Edelweiss Housing Finance Limited	ICRA AA-	6.65
EMBASSY OFFICE PARK REIT	CRISIL AAA	5.36
8.15% Energy Efficiency Services Limited	ICRA AA-	5.05
7.90% Piramal Enterprises Limited	ICRA AA	5.01
9.80% ECL Finance Limited	ICRA AA-	4.85
8.85% India Grid Trust InvIT Fund	CRISIL AAA	2.55
8.75% Axis Bank Limited	CRISIL AA+	2.44
9.15% SP Jammu Udhampur Highway Limited	ICRA AAA	0.93
9.90% Tata Motors Limited	ICRA AA-	0.51
9.35% IDFC First Bank Limited	ICRA AA	0.05
TREPS##/ Reverse Repo		
TREPS##		28.66
Net Current Assets		**13.28**
Portfolio Total		**100.00**

Composition by Rating^



Instrument Wise Composition^



Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
28-Apr-20	0.05	11.7406	12.2772
31-Mar-20	0.05	11.7983	12.3291
25-Feb-20	0.05	11.7957	12.3165
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

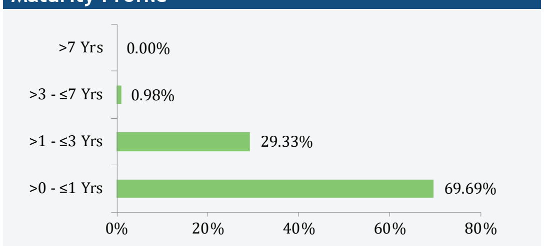
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

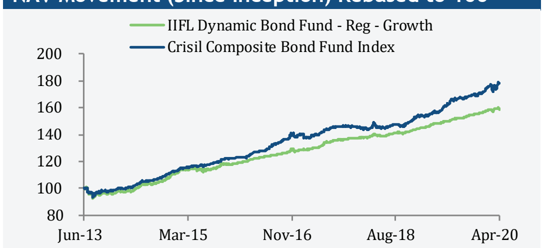
	30-Apr-19 to 30-Apr-20	PTP (₹)	30-Apr-17 to 30-Apr-20	PTP (₹)	30-Apr-15 to 30-Apr-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	6.84%	10,686	6.77%	12,178	6.76%	13,874	6.92%	15,820
IIFL Dynamic Bond Fund - Dir - Growth	7.53%	10,755	7.44%	12,410	7.38%	14,282	7.51%	16,428
Benchmark*	13.44%	11,348	8.33%	12,721	8.82%	15,267	8.70%	17,715
Additional Benchmark**	15.17%	11,521	7.52%	12,437	8.22%	14,850	7.36%	16,271

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



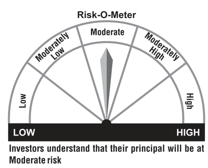
^As on April 30, 2020

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

During the month liquidity surplus remained significantly high due to redemptions and coupon inflows comfortably offsetting the outflows from auctions, CIC leakages and non-GST collections. Average overnight rate remained near to 2.5%-3.5% much below the repo rate in Tri party repo system (TREPS). RBI continued execution of unprecedented conventional and unconventional measures to combat financial stability and support growth. In its first phase it initiated a 75bp cut in the repo rate to 4.40%, a 90bp cut in reverse repo rate to 4%, a 100bp reduction in the cash reserve ratio to 3%, along with targeted LTROs and other forbearance measures. In its second tranche of measures RBI launched a more calibrated TLTRO-2.0 (Targeted Long-Term Repo Operations -2.0) programme designed to funnel liquidity to shadow banks (NBFCs and MFs) and reduced the reverse repo rate by another 25bp to 3.75% (widening the policy corridor to 65bps). These measures are aimed at lowering the cost of capital, injecting more liquidity and easing financial markets. The objective of widening the corridor of repo and reverse repo is to discourage banks from parking excess liquidity in the reverse repo window and instead invest the excess liquidity in other assets. The RBI announced TLTRO-2.0 for an initial amount of INR500bn (~0.2% of GDP), in extension of the initial TLTRO programme of ~0.4% of GDP. Under TLTRO-2.0, the funds availed by banks should be invested in investment grade bonds, commercial paper and NCDs (non-convertible debentures) of NBFCs, with at least 50% of that amount going to small and midsized NBFCs and micro finance institutions (MFIs). The first round of TLTRO led to banks primarily investing these funds in large and higher-rated borrowers, whereas the smaller entities did not benefit, due to perceptions of their higher credit risk. The tweaks in TLTRO 2.0 are intended to nudge banks to lend to such entities. RBI announced relaxations for state governments, inform of increase in limits of their Ways and Means Advances (WMA). RBI offered public financial institutions like NABARD, SIDBI and NHB refinancing facilities to support interests of regional rural banks, cooperative banks, MFIs, MSMEs and HFCs in their respective functional areas. To address the bank NPA challenge arising from the absence of any major cash flow for the borrowers, the RBI decided to exclude the moratorium period from the 90-day period for NPA classification, implying that an account can remain in default for 180 days before it is classified as an NPA. Banks are however required to make an extra 10% provision for accounts under standstill in case loans were to spike after the 180-day period.

CPI inflation eased to 5.9% y-o-y in March vs 6.6% in February, reflecting a broad-based moderation in food inflation. Inflation is likely to gradually ease in H2 2020 on weak demand and lower commodity prices. This month's print captures only 19 days of data collection due to lockdown and receiving ~66% of price quotations for inflation calculations. The IMD declared forecasts for June-September monsoon to be "normal" giving a sigh of relief for the policy makers.

India's export growth collapsed to -34.6% y-o-y in March from 2.9% in February, worse than expected. The drop likely reflects the combined effects of supplychain disruptions in China and weak global demand, which resulted in the cancellation of export orders. Import growth also contracted to -28.7% y-o-y in March from 2.5% in February. Overall, the trade data reflect the impact of disruptions in both domestic and global supply chains.

Globally, most large economies have announced fiscal and monetary measures to support their respective economies, hit by the Covid-19 endemic. Geopolitical pressures are on rise as US led global trade partners are emerging together in asserting China's role in global pandemic. US-China rift has widen affecting the trade deal and resulting in uncertainty. Decoupling of major economies is again on faster track and incrementally, MNCs are encouraged to relocate out of China to create alternate supply chains. Japan has allocated an economic stimulus package to shift production out of China, amidst disruptions due to coronavirus outbreak. European countries have tweaked their investment regulations to protect domestic cheaper valuations of corporates and avoid opportunistic investments by other countries amidst of deep recession. Australia is facing its first recession in almost 30 years, despite the aggressive policy easing. china is confronted with collapsing external demand due to the pandemic and it has the highest non-financial corporate debt in Asia with sever credit quality issues. The unemployment rate is likely to rise above the global financial crisis peaks in Asian countries. Asia's manufacturing PMI data is projecting weaker economic activities across countries. Supply disruptions continued in March April and May with firms reporting longer delivery times not just due to slower deliveries from China, but now also as local lockdowns have resulted in transport bottlenecks across Asia. Demand has also started to weaken, with a sharp fall in new export orders as firms reported orders being cancelled or postponed reflecting supply and demand sides shocks to severely halted economies.

A weak labour market and unemployment can further weigh on consumption demand across the globe amidst lockdowns. In India, ease in global crude oil prices have given government a chance to generate majority of its revenue by even maintaining domestic prices at elevated levels and internally increasing its portion of taxes at central and state levels. This will be advantageous for cash crunched government in the severely impacted economic growth especially when the inflation is within its realm.

The INR currency recovered from its 77 to the dollar and beyond 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 is agile and focused to tackle any adverse situation and to contain volatility in the domestic currency.

Overall, the bond market will take cues from RBI's actions to keep easing policy using both conventional and unconventional levers along with government fiscal announcements to calm down the present situation. 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. Policy transmission remains a key challenge in India as excess liquidity is not benefiting all entities. Smaller and lower rated entities continue to see tight credit conditions due to their elevated credit risk premia in an environment of weak growth. Hence, while the RBI's measures are a nudge to banks to close this gap (between haves and have nots), a bigger shove will be necessary to meaningfully reverse banks' risk aversion. Monetary policy steps will move in tandem with fiscal policy, where a second stimulus is awaited by the markets. 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.

The Corona virus and lock downs have given us much negative to human life and economic loss in short term. The loss of life and pain that human race is going through is indescribable. But it has even given us some innovative options of modern technology to use for the progress of human work force in the time of social distancing, a sense of national unity, a righteous validity for mother nature to rejuvenate and the equality for the other species to share the Earth in their rightful natural habitats. Stay safe, 'And this, too, shall pass away' as nature corrects itself.

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 April 30, 2020

Regular Plan Growth : ₹1542.9736

Regular Plan Weekly Dividend : ₹1005.1250

Regular Plan Daily Dividend: ₹1000.2435

Direct Plan Growth : ₹1547.9772

Direct Plan Dividend : ₹1000.2435

Direct Plan Weekly Dividend : ₹1005.1670

AUM as on April 30, 2020

Net AUM : ₹ 565.07 crore

Monthly Average AUM : ₹ 556.43 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 : 17 days

Average Maturity : 22 days

Yield to Maturity : 3.87%

Portfolio as on April 30, 2020

Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Certificate of Deposit		
Kotak Mahindra Bank Limited	CRISIL A1+	9.70%
Small Industries Dev Bank of India	CARE A1+	4.42%
Indian Bank	FITCH A1+	4.41%
Small Industries Dev Bank of India	CARE A1+	4.41%
Axis Bank Limited	ICRA A1+	4.40%
Axis Bank Limited	ICRA A1+	4.39%
Sub Total		**31.73%**
Commercial Paper		
National Bank For Agriculture and Rural Development	ICRA A1+	8.83%
Reliance Industries Limited	CRISIL A1+	4.41%
Indian Oil Corporation Limited	ICRA A1+	4.39%
Housing Development Finance Corporation Limited	CRISIL A1+	4.38%
Sub Total		**22.01%**
TREPS## / Reverse Repo		
TREPS##		45.30%
Sub Total		**45.30%**
Net Receivables / (Payables)		**0.96%**
Portfolio Total		**100.00%**

Scheme Performance

	30-Apr-19 to 30-Apr-20	PTP(₹)	30-Apr-17 to 30-Apr-20	PTP(₹)	30-Apr-15 to 30-Apr-20	PTP(₹)	Since Inception$	PTP (₹)
IIFL Liquid Fund - Reg - Growth	5.15%	10,516	6.11%	11,953	6.54%	13,731	6.94%	15,432
IIFL Liquid Fund - Dir - Growth	5.21%	10,522	6.16%	11,970	6.59%	13,764	6.99%	15,478
Benchmark*	6.25%	10,627	6.91%	12,226	7.15%	14,129	7.59%	16,048
Additional Benchmark**	6.30%	10,630	6.59%	12,111	6.81%	13,909	7.30%	15,774

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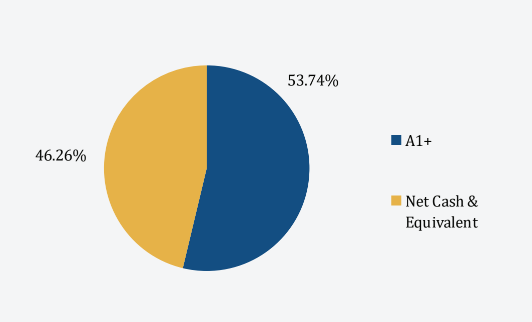
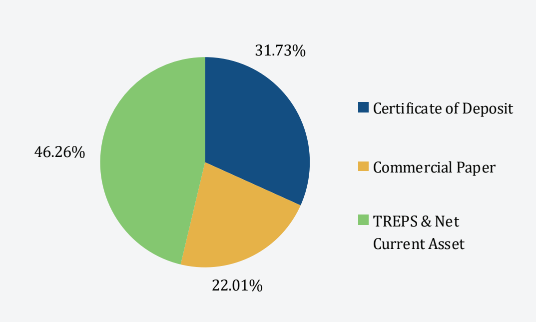
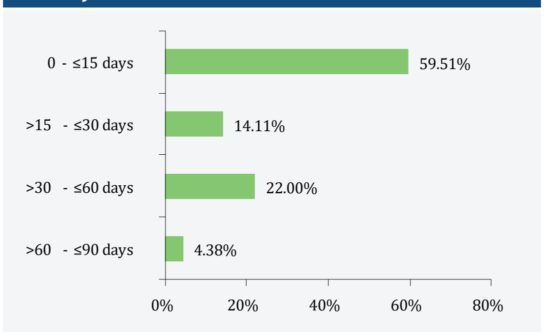
Composition by Rating^



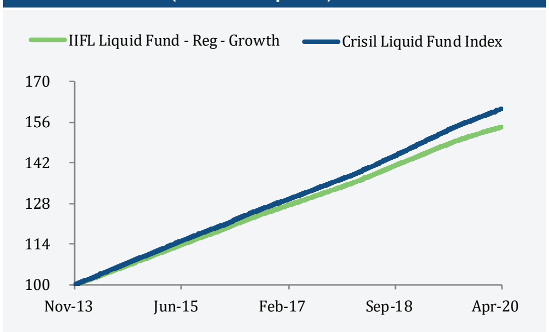
Instrument Wise Composition^



Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



^As on April 30, 2020

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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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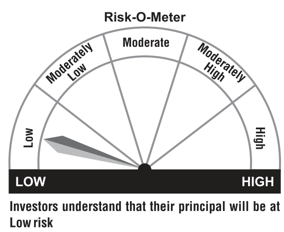

GLOSSARY OF TERMS

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.