IIFL ASSET MANAGEMENT

# MONTHLY FACTSHEET

## JUNE 2020

## Macro Economy & Event Update

- It was very grim and dim a couple of months back when global equity markets went through a withering sell off wave as countries across the globe imposed lockdowns to control the spread of the COVID-19 pandemic. But then as the saying goes, stock market fluctuations and economic downturns are cyclical in nature. They come and go. May 2020 was a testimony to this age old adage as most of the global equity markets rose and witnessed a relief rally during the month under review. Market participants were relieved as countries across the globe started to ease restrictions on coronavirus lockdowns which led to optimism regarding the gradual resumption of business activity. Meanwhile trade tension between U.S. and China returned to haunt investors which wreaked havoc on the market sentiment.
- Equity markets in U.S. rose as market participants grew optimistic regarding the gradual opening of the U.S. economy. However, further gains were restricted as China stepped up efforts to curtail Hong Kong's independence by imposing a security law in the region.
- European equity markets also went up after the European Commission proposed a 750 billion-euro coronavirus recovery fund that made market participants optimistic regarding the recovery of the euro zone economy.
- Most of the Asian equity markets also joined the rally as restrictions on coronavirus lockdowns continued to ease. Concerns over escalating tensions between U.S. and China also eased to some extent after China assured Hong Kong that its judiciary would remain independent under the new national security law.
- Back home, the domestic equity markets fell as the country continued to remain in a lockdown limbo as the number of coronavirus infection cases continued to increase at a faster pace.
- In the domestic debt market, bond yields fell for the fourth consecutive month in May 2020 after the Monetary Policy Committee (MPC) slashed key policy repo rate by 40 bps to a record low of 4.00% in its second off-cycle monetary policy review which was held in less than two months and stuck to its accommodative stance.
- With the total number of coronavirus infection cases in India surpassing lakhs, the COVID-19 pandemic in India refuses to die down and the stress in the Indian economy is conspicuous. The government has come out with a subdued policy response which has fuelled concerns of muted economic growth and lower tax collection that may only aggravate the already fragile credit profile of the country. However, if the government is able to contain the COVID-19 pandemic and chart out a medium-term fiscal consolidation roadmap, then that may go a long way in inspiring confidence in the already beleaguered investor sentiment.

| Key Economic Indicators | | |
|---|---|---|
| **Indicators** | **Current** | **Previous** |
| WPI (Mar-20) | 1.00% | 2.26% |
| IIP (Mar-20) | -16.70% | 4.60% |
| CPI (Mar-20) | 5.84% | 6.58% |

Source: Refinitiv

### MPC slashes key policy repo rate to a record low of 4.00%

- The MPC in its second off-cycle monetary policy review which was held in less than two months lowered the key policy repo rate by 40 bps to a record low of 4.00% by a five to one vote. Subsequently the reverse repo rate stands reduced to 3.35% from the earlier 3.75% while the marginal standing facility rate and the bank rate was also lowered to 4.25% from the earlier 4.65%. The MPC decided to continue with its accommodative stance on its monetary policy as long as it is necessary to mitigate the impact of the COVID-19 pandemic on the domestic economy while ensuring that retail inflation remains within its medium-term target.

### Growth of the Indian economy slowed to 3.1% in Q4FY20

- Growth of the Indian economy slowed for the fourth consecutive quarter as it fell to 3.1% in the quarter ended Mar 2020 compared to a growth of 4.1% in the previous quarter and a growth of 5.7% in the same period of the previous year. Growth in the first quarter and second quarter of FY20 stood at 5.2% and 4.4% respectively. Growth of the domestic economy for FY20 also plummeted to 4.2% from 6.1% in FY19. Growth in FY20 thus stood at the lowest level since 2008 when the growth of the Indian economy fell to 3.1% which can be attributed to the global financial crisis.

### India’s fiscal deficit widened to 4.59% of GDP in FY20

- India’s fiscal deficit widened to 4.59% of gross domestic product (GDP) for FY20. Fiscal deficit thus surpassed the government’s revised fiscal deficit target of 3.8%. It needs to be noted that the government while presenting the Union Budget for FY21, had invoked the escape clause in the Fiscal Responsibility and Budget Management Act to peg the fiscal deficit at 3.8% which was 0.5% higher than what was budgeted. Fiscal deficit widened due to lower than anticipated growth and revenue collections.

### Index of industrial production plunged 16.7% YoY in Mar 2020

- India's Index of industrial production (IIP) plunged 16.7% YoY in Mar 2020 compared with 2.7% rise seen in Mar 2019. Fall was mainly due to 20.6% YoY sharp fall in manufacturing output in Mar 2020 while electricity output fell 6.8%. Factories closed down towards the Mar end due to the nationwide lockdown. USE- based classification showed, Consumer durables and Capital goods 33.1% and 35.6%, respectively. Industrial output growth during FY20 contracted 0.7% compared to a growth of 3.8% in the previous fiscal.

### India's services sector collapsed in Apr 2020

- Data from a private survey showed that India's services sector collapsed in Apr 2020 as the IHS Markit India Services Business Activity Index plummeted to 5.4 in Apr 2020 from 49.3 in Mar 2020 on the back of a sharp drop in new orders during the month under review. The IHS Markit India Composite Purchasing Managers' Index (PMI) which takes into account both the manufacturing output and the services output also plunged to a new record low of 7.2 in Apr 2020 from 50.6 in Mar 2020.

## Equity Market

- Indian equity markets ended the month in the red as the COVID-19 pandemic and the resultant lockdown continued to pester investors. Although the Rs. 20-trillion financial package announced by the government brought initial smiles to the investor's face, the subsequent stimulus measures by the finance minister fell short of market expectations. Market participants even shrugged off the Monetary Policy Committee's decision to cut key policy rates by 40 bps. Situations were worsened by the renewed tension between U.S. and China.
- On the BSE sectoral front, S&P BSE Bankex was the major loser, down 10.47%, followed by S&P BSE Consumer Durables, S&P BSE PSU and S&P BSE Realty, which fell 7.59%, 6.00% and 2.68%, respectively. Banking sector plunged during the month in anticipation of a rise in non-performing assets (NPAs). Economic uncertainties caused by COVID-19 pandemic, which could lead to a slower credit growth, added to the overall fall. The consumer sector further weighed down following weak corporate earnings results from industry heavyweights amid coronavirus outbreak across the globe. Meanwhile, auto sector was the top gainer, up 5.58%, followed by S&P BSE Healthcare and S&P BSE Capital Goods, which rose 2.05% and 1.21%, respectively.
- U.S. markets rose on optimism about the reopening of the economy through gradual removal of economic restrictions related to COVID-19 pandemic and signs that Americans are beginning to feel safe enough to travel and congregate in larger groups. However, gains were restricted as China stepped up efforts to curtail Hong Kong's independence, raising concerns that U.S. President may announce new measures that may ramp up recent tensions with China.
- European markets gained on massive stimulus plan from the European Commission and fairly encouraging jobless claims data from the U.S. However, concerns about an escalation in U.S.-China tensions over the Hong Kong issue restricted upside. On the economic front, the euro zone preliminary PMI (purchasing managers' index) data, which indicated another slowdown in activity for the region's manufacturing and services industry in May 2020 weighed on the market sentiment.
- Most of the Asian markets witnessed gains as stimulus announcements by Japan and the European Commission eased investor concerns surrounding rising U.S.-China tensions. Meanwhile several U.S. states have begun lifting the restrictions of businesses and public spaces, a survey showed improvement in German business confidence and China sought to reassure Hong Kong that its judiciary would remain independent under a new national security law, which also boosted market sentiments.
- While, the domestic equity markets have managed to recover from the lows of Mar, they are now re-focusing on the grim realities facing the global economic system. Despite, the massive Rs. 20-trillion financial package announced by the government, investors could not shy away from economic realities any longer. Accordingly, market participants will continue to track the domestic macro-economic numbers to gauge the overall health of the nation's economy. Additionally, the trade tension between U.S. and China has returned to haunt investors and shall continue to impact the market sentiments.

**Domestic Indices Performance**

| Indicators | 29-May-20 | 30-Apr-20 | Chg % | YTD% |
|---|---|---|---|---|
| S&P BSE Sensex | 32,424 | 33,718 | -3.84 | -21.40 |
| Nifty 50 | 9,580 | 9,860 | -2.84 | -21.27 |
| S&P BSE 200 | 4,040 | 4,140 | -2.42 | -20.44 |
| Nifty Midcap 100 | 13,273 | 13,502 | -1.70 | -22.39 |
| Nifty Dividend Opportunities 50 | 2,132 | 2,145 | -0.62 | -15.97 |
| S&P BSE Smallcap | 10,893 | 11,102 | -1.88 | -20.49 |

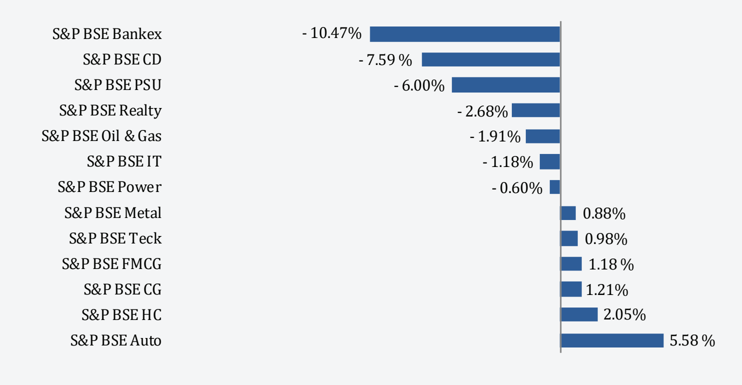
Source: Refinitiv

**Global Indices Performance**

| Global Indices | 29-May-20 | 30-Apr-20 | Chg % | YTD% |
|---|---|---|---|---|
| Dow Jones | 25,383 | 24,346 | 4.26 | -11.06 |
| FTSE | 6,077 | 5,901 | 2.97 | -19.43 |
| CAC | 4,695 | 4,572 | 2.70 | -21.46 |
| Hang Seng | 22,961 | 24,644 | -6.83 | -18.55 |
| SSE Composite Index | 2,852 | 2,860 | -0.27 | -6.48 |

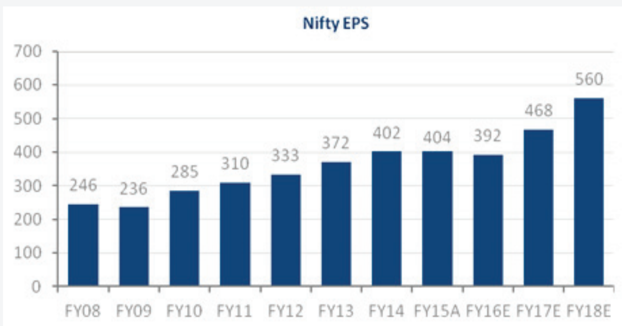
Source: Refinitiv

**Sectoral Performance (Monthly Returns %)**




Source: Refinitiv

**Nifty EPS**




**Institutional Flows (Equity) As on May 29, 2020**

| (₹ Cr) | Purchases | Sales | Net | YTD |
|---|---|---|---|---|
| FII Flows | 130,299 | 115,730 | 14,569 | -40,345 |
| MF Flows* | 62,864 | 57,755 | 5,109 | 38,447 |
| DII Flows | 81,489 | 72,908 | 8,581 | 81,666 |

Source:NSDL,NSE & SEBI; * As on May 29, 2020

## Debt Market

- Bond yields came down for the fourth consecutive month in May 2020 on expectations that the recently announced economic package to cushion the impact of the COVID-19 pandemic would have a limited fiscal impact which eased concerns of fiscal slippage to some extent. Market sentiments were further boosted after the Monetary Policy Committee slashed key policy repo rate by 40 bps to a record low of 4.00% in its second off-cycle monetary policy review which it held in less than two months while sticking to its accommodative stance. However, concerns over excess supply of sovereign debt weighed on the market sentiment after the government raised its borrowing limit this year.

- Yield on gilt securities fell across the maturities in the range of 10 bps to 32 bps barring 5-year paper which increased 28 bps. Yield on corporate bonds fell across the maturities in the range of 4 bps to 24. Difference in spread between corporate bond and gilt securities expanded across the maturities by up to 20 bps barring 3, 5 and 10-year paper which contracted in the range of 10 bps to 32 bps.

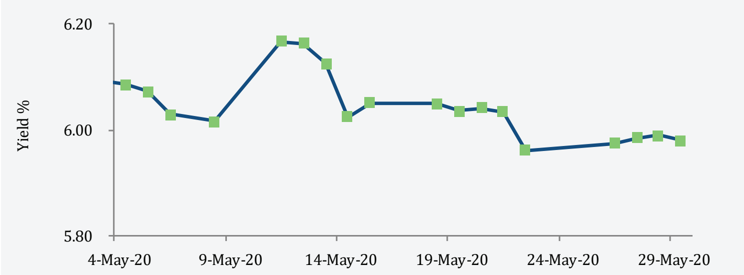
- With a substantial cut in key policy repo rate already front loaded, the Monetary Policy Committee is now expected to be in a wait and watch mode to gauge the incoming data on the evolving inflation-growth dynamic before resorting to any more rate cuts. Bond yields thus moving ahead may move up as there is no clarity yet on this year's fiscal deficit numbers and the Reserve Bank of India has not announced any open market purchase of bonds to absorb the additional sovereign debt. However, if the government is able to contain the COVID-19 pandemic and chart out a medium-term fiscal consolidation roadmap, then that may go a long way in inspiring confidence in the already beleaguered debt market sentiment.

## Currency and Commodity Market

- The Indian rupee weakened against the greenback following losses in the domestic equity market as the fiscal stimulus package announced by the Indian government fell short of market expectations which fuelled concerns of delay in economic recovery. Rupee weakened further after Indian government extended the nationwide lockdown to contain the spread of the COVID-19 pandemic. However, intervention by the Reserve Bank of India in the futures market and selling of the greenback by exporters restricted further losses.

- Brent crude prices staged a comeback with prices regaining the $33 per barrel mark during the month and registering a gain of 126.72% MoM in May. Oil prices rose on hopes of a pickup in fuel demand as countries across the globe eased restrictions on coronavirus lockdowns. Gains were also extended as Saudi Arabia raised its official oil selling prices. However, gains were capped as the U.S. Energy Information Administration (EIA) projected world oil demand to fall by 8.1 million barrels per day (bpd) this year to 92.6 million bpd.

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




Source: Refinitiv

**Spread Movement**

| Spreads | | AAA | AA | A |
|---|---|---|---|---|
| 29-May-20 | 1 Yr | 197 | 430 | 232 |
| | 3 Yr | 171 | 304 | 209 |
| | 5 Yr | 136 | 257 | 193 |
| 30-Apr-20 | 1 Yr | 177 | 361 | 231 |
| | 3 Yr | 181 | 273 | 200 |
| | 5 Yr | 168 | 278 | 250 |

Source: Refinitiv

| Yield (%) | 29-May-20 | 30-Apr-20 |
|---|---|---|
| 10 Year G-Sec | 6.01 | 6.11 |
| 5 Year G-Sec | 5.43 | 5.15 |
| **Certificate of Deposit** | | |
| 3-Month | 3.76 | 4.60 |
| 6-Month | 3.88 | 4.98 |
| 9-Month | 3.94 | 5.15 |
| 12-Month | 3.99 | 4.79 |
| **Commercial Papers** | | |
| 3-Month | 4.35 | 5.45 |
| 6-Month | 5.30 | 6.50 |
| 12-Month | 5.70 | 6.90 |

Source: Refinitiv

| Treasury Bill | 29-May-20 | 30-Apr-20 |
|---|---|---|
| 91 Days | 3.22 | 3.59 |
| 364 Days | 3.40 | 3.73 |

Source: CCIL

**Event Calendar**

| Release Date | Release Date | Country |
|---|---|---|
| 04-Jun-20 | European Central Bank Monetary Policy | Euro Zone |
| 10-Jun-20 | U.S. Federal Reserve Monetary Policy | U.S. |
| 16-Jun-20 | Bank of Japan Monetary Policy | Japan |
| 18-Jun-20 | Bank of England Monetary Policy | U.K. |
| 22-Jun-20 | People's Bank of China Monetary Policy | China |

# 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)** : 0.70 times

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

## NAV as on May 29, 2020

**Regular - Growth** : ₹15.0121
**Regular - Dividend** : ₹13.2816
**Direct - Growth** : ₹16.1231
**Direct - Dividend** : ₹15.9585

## AUM as on May 31, 2020

**Net AUM** : ₹ 776.38 crore
**Monthly Average AUM** : ₹ 751.01 crore

## Total Expense Ratio

**Regular Plan** : 2.29% p.a.
**Direct Plan** : 0.90% p.a.

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

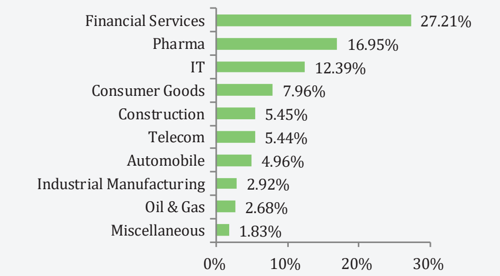
## Volatility Measures

| Volatility Measures | Fund | Benchmark |
|---|---|---|
| Std. Dev (Annualised) | 19.73% | 17.64% |
| Sharpe Ratio | 0.27 | 0.13 |
| Portfolio Beta | 1.04 | 1.00 |
| R Squared | 0.87 | NA |
| Treynor | 0.05 | 0.02 |

## Portfolio as on May 31, 2020

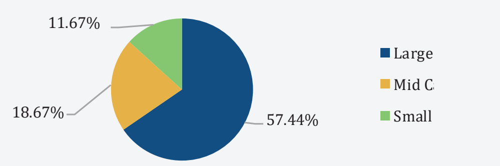
| Company Name | Sector | % to Net Assets |
|---|---|---|
| **Equity & Equity Related Total** | | |
| ICICI Bank Limited | Financial Services | 10.01 |
| Dr. Reddy's Laboratories Limited | Pharma | 6.08 |
| Larsen & Toubro Limited | Construction | 5.45 |
| Bharti Airtel Limited | Telecom | 5.44 |
| Infosys Limited | IT | 5.24 |
| Procter & Gamble Health Limited | Pharma | 4.53 |
| Crompton Greaves Consumer Electricals Limited | Consumer Goods | 4.45 |
| Larsen & Toubro Infotech Limited | IT | 3.63 |
| HDFC Bank Limited | Financial Services | 3.39 |
| Muthoot Finance Limited | Financial Services | 3.32 |
| Axis Bank Limited | Financial Services | 3.26 |
| Balkrishna Industries Limited | Automobile | 3.16 |
| SRF Limited | Industrial Manufacturing | 2.92 |
| IPCA Laboratories Limited | Pharma | 2.81 |
| Bajaj Finance Limited | Financial Services | 2.76 |
| Bharat Petroleum Corporation Limited | Oil & Gas | 2.68 |
| Asian Paints Limited | Consumer Goods | 2.48 |
| Abbott India Limited | Pharma | 2.10 |
| Tata Elxsi Limited | IT | 1.90 |
| Aavas Financiers Limited | Financial Services | 1.84 |
| Apollo Tricoat Tubes Limited | Miscellaneous | 1.82 |
| Escorts Limited | Automobile | 1.80 |
| Cyient Limited | IT | 1.62 |
| Divi's Laboratories Limited | Pharma | 1.43 |
| CreditAccess Grameen Limited | Financial Services | 1.39 |
| SBI Life Insurance Company Limited | Financial Services | 1.24 |
| Titan Company Limited | Consumer Goods | 1.03 |
| **Unlisted** | | |
| Arti Surfactants Limited | Miscellaneous | 0.01 |
| **Derivatives** | | |
| Nifty 50 Index June 2020 Future | | 3.42 |
| **Sub Total** | | **91.21** |
| TREPS## | | 7.72 |
| Net Receivables / (Payables) | | 1.07 |
| **Portfolio Total** | | **100.00** |

## Sector Allocation^^




^^Sector allocation as per AMFI classification

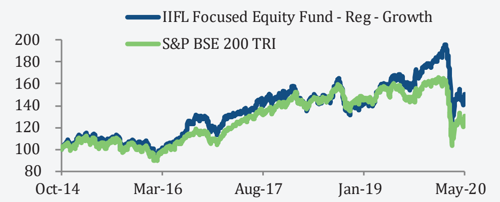
## Market Capitalisation wise Exposure^




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 May 31, 2020

## NAV Movement (Since Inception) Rebased to 100




## Scheme Performance

| | 31-May-19 to 31-May-20 | PTP (₹) | 31-May-17 to 31-May-20 | PTP (₹) | 31-May-15 to 31-May-20 | PTP (₹) | Since Inception$ | PTP (₹) |
|---|---|---|---|---|---|---|---|---|
| IIFL Focused Equity Fund - Reg - Growth | -10.20% | 8,983 | 3.91% | 11,218 | 6.41% | 13,648 | 7.55% | 15,014 |
| IIFL Focused Equity Fund - Dir - Growth | -8.88% | 9,114 | 5.48% | 11,734 | 7.78% | 14,550 | 8.93% | 16,122 |
| Benchmark* | -17.90% | 8,214 | 0.29% | 10,087 | 4.11% | 12,234 | 4.83% | 13,013 |
| Additional Benchmark** | -17.41% | 8,263 | 2.64% | 10,812 | 4.48% | 12,453 | 4.40% | 12,718 |

Past performance may or may not be sustained in future.
Different plans shall have different expense structure.
As on May 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-May-19 to 31-May-20 | 31-May-17 to 31-May-20 | 31-May-15 to 31-May-20 | Since Inception |
|---|---|---|---|---|
| Total Amount Invested (₹) | 1,20,000 | 3,60,000 | 6,00,000 | 660,000 |
| Total Value as on May 31,2020(₹) | 1,08,981 | 3,54,896 | 6,71,739 | 753,844 |
| Returns | -16.78% | -0.93% | 4.48% | 4.79% |
| Total Value of Benchmark: S&P BSE 200 TRI (₹) | 1,05,862 | 3,22,886 | 6,12,465 | 685,561 |
| Benchmark: S&P BSE 200 TRI | -21.34% | -6.97% | 0.81% | 1.37% |
| Total Value of Benchmark: S&P BSE Sensex TRI (₹) | 1,05,023 | 3,34,404 | 6,36,952 | 7,10,381 |
| Additional Benchmark: S&P BSE Sensex TRI | -22.56% | -4.75% | -2.36% | 2.65% |
| (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

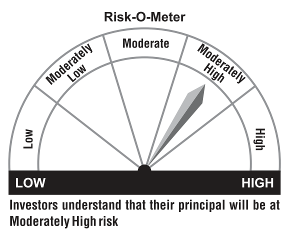
| | Record Date | Face Value (₹) | Cum Dividend NAV (₹) As on Feb 15, 2017 | Dividend Per Unit |
|---|---|---|---|---|
| Regular Plan | 15-Feb-17 | 10 | 12.7777 | 1.50 |
| Direct Plan | 15-Feb-17 | 10 | 13.0738 | 0.17 |

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.



## Fund Commentary

May 2020 was a tale of two diametrically opposite halves. The Nifty for the month was down 2.8% and was highly volatile. The first half of the month was marked by disappointment on the fiscal stimulus by the Indian government whereas the Nifty gained in the second half on improving global sentiment as economies across the world emerged out of lockdowns. This was despite tensions between US-China escalating with US's threat to delist Chinese companies and China's signing of HK security legislation. Border tensions between India-China too escalated as Chinese troops moved into sensitive areas along the Himalayan frontier.

The month also marked India's entry into the top 10 countries by the coronavirus with cases increasing 5 times to 170k. Prime Minister Modi announced an extension of the lockdown by 2 weeks to May end albeit significant relaxations in non-containment zones. Activity levels continued to improve through the month, although still significantly lower than normal.

**Equity Markets during the month**

In sectoral trends, Financial Services (asset quality woes, moratorium extension) were the top losers in May whereas Telecom and Cement & Cement Products (better than expected earnings) topped the chart. Equity Inflows into Domestic Mutual Funds fell sequentially to Rs 61 bn but SIP flows remained stable at Rs83bn positively surprising the street. In flow trends, both FIIs and DIIs were net buyers during the month supporting the market during the first half of the May when markets remained choppy and volatile.

**Fiscal Stimulus and Economic Activity**

On the economic front, while low energy and crude prices would benefit the inflation to be under RBI's control, there are expectations of a zero to negative growth in GDP for the current fiscal. For an economy battered by the most stringent lockdown on the globe, fiscal stimulus to support NBFC, housing finance companies, MSMEs, Discoms, farmers and Agri-Infra & allied sectors was announced by the government. While RBI has already contributed to a sizeable portfolio of the stimulus with steps to increase system liquidity, challenge of managing the excess liquidity would remain a concern in the short to medium period. System liquidity has risen from ~INR 2.7 Lakh Cr on 19th Mar 2020 to ~INR 5.2 Lakh Cr on mid-May 2020. It may be partially set off by the expected credit pick up post the government announcements where government is offering 100% credit guarantee for over INR 4 Lakh Cr loan disbursals to MSMEs along with Partial credit guarantee scheme for NBFCs. While the fiscal stimulus may not have anything significant to target consumption revival in the short run, the stimulus focuses on the supplementing the process of revival of economy rather than introducing fundamental disruption or direct intervening in it. Maybe, a second targeted fiscal stimulus with direct money supply would hasten the revival, acting as a catalyst.

On the supply side of the economy, as on 18th May, based on government guidelines, nearly one-third of the economic activities (as % of GVA) were fully open and the remaining economic activities were partially open. Impact of lack of human capital and the weakened cogs of economy on the demand side continued to restrict the recovery. On the demand side, Private consumption demand contributes to ~57% of the Indian GDP, most of which is contributed by population in red (31% of population) and orange zones (44%). as economic activities in these zones gradually resumes from 1st Jun 2020, green shoots on demand side may appear with revival in discretionary spending over the next couple of quarters.

The fiscal deficit stood at ~4.6% of GDP for FY20 attributed to muted tax collection in the year end and emergency fiscal response to the pandemic, fiscal prudence to the target of 3.5% in FY21 seems extremely difficult. The government had budgeted nominal GDP growth of 10% for FY21 and a disinvestment target of INR 2.1 Tn, both of which combined with lower tax collection expectations may hamper the fiscal deficit. However, the low crude oil prices and high excise tax duties along with special cess introduced on Petrol and diesel, along with state-wise high duties on Liquor, cigarettes, etc can help in increasing the income for the government.

**Our portfolio and thinking going forward**

However, the current state may be, post the announcements of Unlocking 1.0, markets are factoring a V-shape recovery in the 2nd half of this fiscal. Time for revival in different sectors and businesses shall be different. However, we are going with some assumptions on where we might see a slightly better recovery than others.

Rural growth is expected to be 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. This is evident from fertilizer sales in the month of April and May and as well tractor sales and production. Farm incomes are going to strong this year considering this and also with the MSP increases that the government announced.

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 complemented by push from the central government to keep this liquidity in rotation and the development in COVID-19 curve post re-opening would continue to drive sentiments for the next few months.

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.

As mentioned earlier, while it is unclear how events will unfold over the coming months, our goal is to own a collection of quality businesses in the country. Most of stocks in your portfolio meet this criterion. Majority of the portfolio companies have durable business moats, experienced 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.

**Note**

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

## Disclaimer

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

# IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

IIFL ASSET MANAGEMENT

## Investment Objective

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

## Fund Manager Mr. Ankur Parekh

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

## Fund Details

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

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

## NAV as on May 29, 2020

| | |
|---|---|
| **Regular Plan Growth** | : ₹15.8796 |
| **#Regular Plan Bonus** | : ₹15.8796 |
| **Regular Quarterly Dividend** | : ₹15.3237 |
| **#Regular Half Yearly Dividend** | : ₹15.3237 |
| **#Regular Monthly Dividend** | : ₹11.6558 |
| **Direct Plan Growth** | : ₹16.5039 |
| **Direct Monthly Dividend** | : ₹12.2001 |
| **Direct Quarterly Dividend** | : ₹15.6070 |

#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 May 31, 2020

| | |
|---|---|
| **Net AUM** | : ₹ 169.70 crore |
| **Monthly Average AUM** | : ₹ 177.23 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

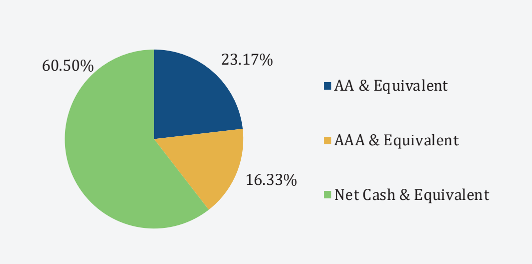
| | |
|---|---|
| **Modified Duration** | : 0.39 years |
| **Average Maturity** | : 0.44 years |
| **Yield to Maturity** | : 5.66% |

## Portfolio as on May 31, 2020

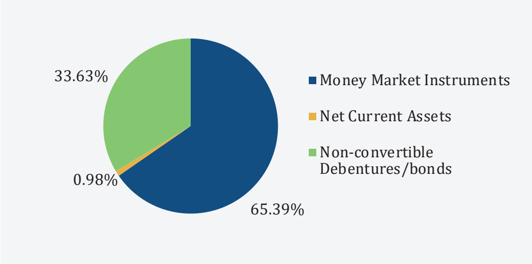
| Name of the Instrument | Rating | % to Net Assets |
|---|---|---|
| **Debt Instruments** | | |
| **Non-Convertible Debentures/Bonds** | | **33.63** |
| 8.50% Vedanta Limited | CRISIL AA | 14.33 |
| EMBASSY OFFICE PARK REIT | CRISIL AAA | 6.43 |
| 7.90% Piramal Enterprises Limited | ICRA AA | 5.86 |
| 8.85% India Grid Trust InvIT Fund | CRISIL AAA | 3.02 |
| 8.75% Axis Bank Limited | CRISIL AA+ | 2.92 |
| 9.15% SP Jammu Udhampur Highway Limited | ICRA AAA | 1.01 |
| 9.35% IDFC First Bank Limited | ICRA AA | 0.06 |

| Name of the Instrument | Rating | % to Net Assets |
|---|---|---|
| **Money Market Instruments** | | |
| **Certificate of Deposit** | | |
| ICICI Bank Limited | CARE A1+ | 5.87 |
| **TREPS## / Reverse Repo** | | |
| TREPS## | | 59.52 |
| **Net Current Assets** | | **0.98** |
| **Portfolio Total** | | **100.00** |

## Composition by Rating^




## Instrument Wise Composition^




## Dividend Declared - Monthly Dividend Plan

| Date | Gross Dividend (₹) (Per Unit) | Regular Plan NAV (₹) (Ex-Dividend) | Direct Plan NAV (₹) (Ex-Dividend) |
|---|---|---|---|
| 26-May-20 | 0.05 | 11.6942 | 12.2364 |
| 28-Apr-20 | 0.05 | 11.7406 | 12.2772 |
| 31-Mar-20 | 0.05 | 11.7983 | 12.3291 |
| **Quarterly Dividend Plan** | | | |
| 04-Jun-15 | 0.4 | 11.4678 | 11.5708 |
| **Half Yearly Dividend Plan** | | | |
| 04-Jun-15 | 0.4 | 11.4678 | |

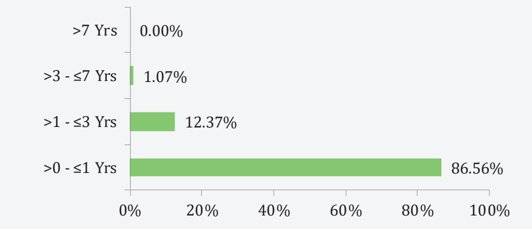
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

## Scheme Performance

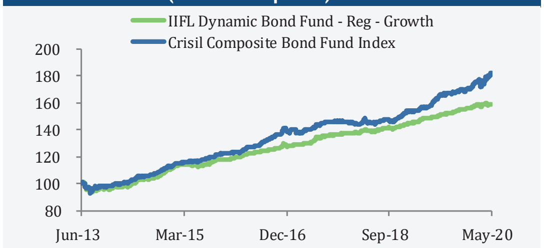
| | 31-May-19 to 31-May-20 | PTP (₹) | 31-May-17 to 31-May-20 | PTP (₹) | 31-May-15 to 31-May-20 | PTP (₹) | Since Inception$ | PTP (₹) |
|---|---|---|---|---|---|---|---|---|
| IIFL Dynamic Bond Fund - Reg - Growth | 6.44% | 10,642 | 6.41% | 12,047 | 6.75% | 13,867 | 6.90% | 15,883 |
| IIFL Dynamic Bond Fund - Dir - Growth | 7.14% | 10,712 | 7.08% | 12,276 | 7.37% | 14,275 | 7.49% | 16,501 |
| Benchmark* | 13.07% | 11,303 | 8.63% | 12,816 | 9.14% | 15,493 | 8.92% | 18,085 |
| Additional Benchmark** | 13.04% | 11,304 | 7.37% | 12,380 | 8.29% | 14,900 | 7.46% | 16,472 |

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

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

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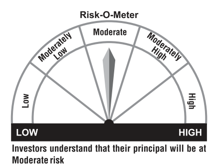
##With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.



## Fund Commentary

During the month of May liquidity surplus remained significantly high. The overnight lending rates bounced back gradually from its bottom as redemption pressure reduced for MFs who were maintaining more liquidity in the overnight markets. In past few weeks, RBI has taken a slew of measures by providing plethora of liquidity and banks have been lending monthly average of Rs 6 lakh crores in May from Rs 3 lakh crores in March under the reverse repo window of RBI at 3.40%. Average overnight rates remained in the range of 2.75% to 3.25% in the overnight markets. In coming months system liquidity will remain comfortably in surplus. The MPC keeping the policy stance to "accommodative" delivered another policy rate cut of 40bp, bringing the policy repo rate to 4.0%. This follows the inter-meeting 75bp cut that the MPC delivered earlier on 27 March, taking COVID-related policy rate easing to 115bp. Tracking the excess liquidity and rate cuts, short tenor Treasury bills and CP/CD levels of upto 90 days touched 3% levels and then recovered a tad, ending the month near to 3.25% - 3.50%. These levels are still below the overnight floor rate of 3.40%. RBI conducted auction of Cash management bills (Rs 800bn) along with regular Tbill and other auctions to mop up the liquidity which helped in realignment of shorter end yield curve. Following the shorter end curve, longer end Gsec remain around 5.75% - 5.85% on the new benchmark 10 yr Gsec securities. However, higher borrowing program announcement by the RBI for Gsec issuances have halted the yields from further correcting in longer tenor segment of the yield curve. The government announced increased borrowing program for FY21 from Rs7.8tn to Rs12tn, its an increase of around Rs4.2tn. Net borrowing for FY21 now stands at Rs9.6tn (assuming no buybacks). Net borrowing for 1HFY21 now stands at Rs5.45tn. RBI might have to conduct large OMO purchases as and when the yields starts hardening due to oversupply of Gsec. RBI may keep deficit monetization as a last resort to manage wider supply demand gaps in Gsecs.

The RBI sees near-term inflation risks as transitory, while it sees growth risks as acute and now expects GDP growth to be negative in FY21. RBI continued execution of unprecedented conventional and unconventional measures to combat financial stability and support growth. It provided various measures including continuation of Moratorium extension, easing of working capital financing, increased the group exposure limits, borrowing limit relaxed for state government. The key issue currently is not the benchmark policy rate or banking liquidity, but one of elevated credit risk, which requires greater focus on unconventional measures. Although fiscal and monetary policies are likely to remain highly accommodative, the issue is not one of aggregate liquidity but of elevated credit risk. Excess liquidity is chasing only stronger balance sheets. Lower-rated borrowers continues to face liquidity pinch due to risk-averse mutual funds and banks.

India's statistics agency did not release the compiled CPI for April, but other data signals sharp increase in the prices of food items, and pressure on the housing and health components amidst entire month of lockdown in the country. Industrial production for March by contrast, contracted sharply (-16.7% y-o-y vs. 4.5% in Feb), despite capturing only one week of lockdown. Looking forward, inflation is likely to moderate, despite cross currents on food price inflation in the short term, given a significant growth slowdown. India's GDP growth moderated to a better-than-expected 3.1% y-o-y in Q4 FY 19-20 vs a downward revised 4.1% in Q4 FY 18-19.

India's export and import growth plummeted to historical lows in April, with the economy suffering from the severe lockdown. Export growth fell to -60.3% y-o-y vs -34.6% in March, while import growth crashed to -58.6% in April vs -28.7% in March. Overall, the trade deficit narrowed to USD6.8bn vs USD9.8bn in March. The sharp deterioration is reflective of the plunge in domestic demand, tepid global demand, and lockdown-related logistics challenges.

The Prime Minister announced a special economic package worth INR20trn (10% of GDP). The government has announced five rounds of economic stimulus packages. It amounts to ~0.8% of GDP worth of actual cash outlays, ~2.2% of GDP in terms of increased contingent liabilities (implicit credit guarantees), ~3% of GDP in terms of non-fiscal and regulatory relief, and ~4% in terms of liquidity injection measures by the RBI. The government has aimed for maximum impact with minimum actual cash spend. The focus of the package is to make India 'atmanirbhar' - more self-sufficient India via boosting local manufacturing and supply chains and will cover 'land, labour, liquidity and laws' and with infrastructure as a key pillar. Measures are to support MSMEs, middle class, farmers, labourers, among other sectors.

The state government fiscal deficit is allowed to widen from around 3% of their gross state domestic product to 5%. Hence, the State and Central government fiscal deficit combined will likely widen to a heightened 10.5-11.0% of GDP in FY21.

The government has also announced measures aimed at reforming eight sectors: coal, minerals, civil aviation, power distribution, defence, space and atomic energy sectors. Key highlights include: approval of commercial coal mining, transfer of mining leases, increase in the FDI limit in defence manufacturing from 49% to 74%, and privatisation of power distribution companies in Union Territories, among others.

Geopolitical pressures are on rise as two largest economies US and China are flexing their soft and hard powers. USA as a world leader had created its global markets model along with its various world organisations like UNESCO, WHO and others to dominate and maintain the world order after the World war II. It has been now challenged once again by china (replacing Russia). USA is responding through its soft powers of economic sanctions to keep China outside the circular boundaries of global economic markets. In this endeavour USA is supported by European economies and other allied nations thru G7 and other groups. USA is discouraging investments in china redistributing its capital to other world countries and the cold war era is being gradually immerging in some forms as China is initiating its hard power might by disputing its border issues with India and boosting dominance in south china sea. India as a country till now has wisely respected both the global powers and nimbly responded to global cold war era and its border issues. Primary focus of India is to avoid any kind of war situation and address its own country specific problems of weakening economy amidst covid virus pandemic.

Overall, the bond markets 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. And its liquidity and yield management actions in terms of absorbing excess supply due to elevated borrowigs. Even as lockdown norms are relaxed, economic recovery will be slow given as a Covid hotspot areas will be gradually allowed to participate in economy, social distancing norms will make activities slow and labor availability will be constrained due to labor force moving back to the rural areas. Indian economy is expected to face a slow and uneven restarting with a knock-on effect via weaker corporate capex, higher unemployment and a fragile financial sector. In light of grim conditions of economy led by social expenditure, global rating action was anticipated and Moody's downgraded India's foreign and local-currency long-term issuer ratings to Baa3 (negative outlook) from Baa2 (negative outlook). With this, Moody's ratings are now at par with S&P and Fitch (both rate India at BBB-, stable outlook). The rating action conclusion was not resulted into instant blow to financial markets and currency remain stable in the global and domestic 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.

## 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 May 31, 2020

| | |
|---|---|
| **Regular Plan Growth** | : ₹1547.5992 |
| **Regular Plan Weekly Dividend** | : ₹1005.3483 |
| **Regular Plan Daily Dividend:** | ₹1000.1787 |
| **Direct Plan Growth** | : ₹1552.6827 |
| **Direct Plan Dividend** | : ₹1000.1787 |
| **Direct Plan Weekly Dividend** | : ₹1005.3617 |

## AUM as on May 31, 2020

| | |
|---|---|
| **Net AUM** | : ₹ 498.35 crore |
| **Monthly Average AUM** | : ₹ 537.21 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** | : 22 days |
| **Average Maturity** | : 23 days |
| **Yield to Maturity** | : 3.33% |

## Portfolio as on May 31, 2020

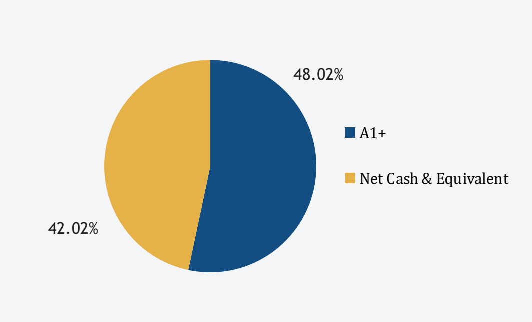
| Name of the Instrument | Rating | % to Net Assets |
|---|---|---|
| **Money Market Instruments** | | |
| **Certificate of Deposit** | | |
| ICICI Bank Limited | CARE A1+ | 7.99% |
| Indian Bank | FITCH A1+ | 5.02% |
| Small Industries Dev Bank of India | CARE A1+ | 5.01% |
| Axis Bank Limited | ICRA A1+ | 5.01% |
| Axis Bank Limited | ICRA A1+ | 5.00% |
| Small Industries Dev Bank of India | CARE A1+ | 4.99% |
| **Sub Total** | | **33.02%** |
| **Commercial Paper** | | |
| Indian Oil Corporation Limited | ICRA A1+ | 5.01% |
| Housing Development Finance Corporation Limited | CRISIL A1+ | 5.00% |
| Reliance Industries Limited | CRISIL A1+ | 4.99% |
| **Sub Total** | | **15.00%** |
| **Treasury Bill** | | |
| 84 Days CMB | SOVEREIGN | 9.96% |
| **Sub Total** | | **9.96%** |
| **TREPS## / Reverse Repo** | | |
| TREPS## | | 45.81% |
| **Sub Total** | | **45.81%** |
| Net Receivables / (Payables) | | -3.79% |
| **Portfolio Total** | | **100.00%** |

## Scheme Performance

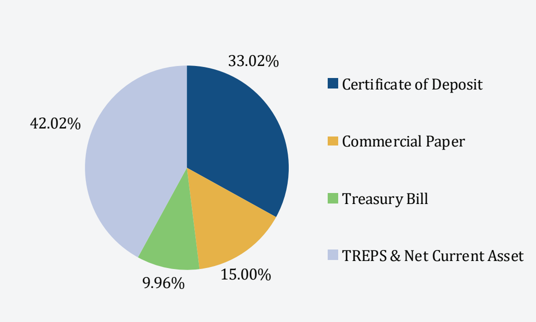
| | 31-May-19 to 31-May-20 | PTP(₹) | 31-May-17 to 31-May-20 | PTP(₹) | 31-May-15 to 31-May-20 | PTP(₹) | Since Inception$ | PTP (₹) |
|---|---|---|---|---|---|---|---|---|
| IIFL Liquid Fund - Reg - Growth | 4.91% | 10,492 | 6.04% | 11,926 | 6.46% | 13,680 | 6.89% | 15,472 |
| IIFL Liquid Fund - Dir - Growth | 4.97% | 10,498 | 6.09% | 11,942 | 6.51% | 13,712 | 6.95% | 15,529 |
| Benchmark* | 6.01% | 10,603 | 6.87% | 12,208 | 7.09% | 14,090 | 7.57% | 16,129 |
| Additional Benchmark** | 6.05% | 10,605 | 6.54% | 12,095 | 6.75% | 13,868 | 7.27% | 15,835 |

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

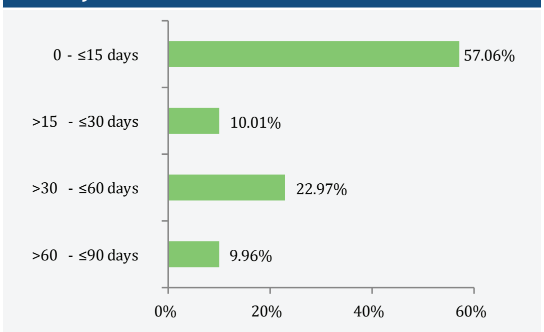
## Composition by Rating^



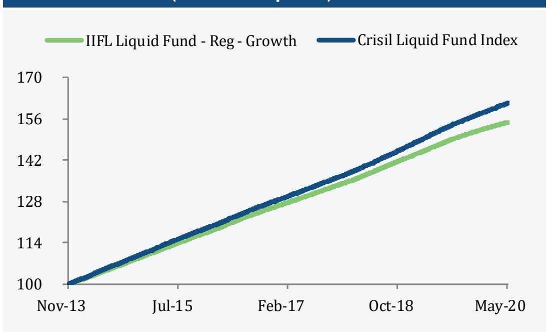

## Instrument Wise Composition^




## Maturity Profile^




## NAV Movement (Since Inception) Rebased to 100




^As on May 31, 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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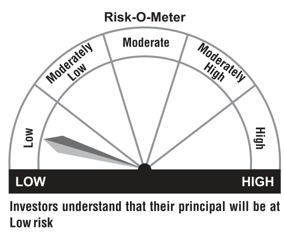

## GLOSSARY OF TERMS

| | |
|---|---|
| **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.**