

# MONTHLY FACTSHEET

SEPTEMBER 2020



## Macro Economy & Event Update

- Global equity markets rallied during the month under review as market participants remained cautiously optimistic and continued to monitor signals that the global demand is recovering slowly and gradually. Data indicating an improvement in manufacturing activity in U.S, Europe and China pacified worries of a delay in economic recovery and subsequently led to an improvement in investor risk appetite. Nevertheless, simmering tensions between U.S. and China continued to play spoilsport after U.S. suspended its extradition treaty with Hong Kong. Tensions between the two largest economies of the world also rekindled over South China Sea which added to the losses.
- U.S. equity markets rose during the period under review as upbeat economic data from the region boosted market sentiments. However, gains were capped after minutes of the Fed's latest monetary policy meeting showed that the U.S. central bank remained concerned regarding the impact of the COVID-19 pandemic on the growth prospects of the U.S. economy.
- European equity markets also witnessed gains during the said period on the back of some upbeat economic data from the euro zone which eased concerns of a slowdown in euro zone economy to some extent. However, minutes of FOMC's latest meeting suggesting significant hit to the growth prospects of the U.S. economy due to the COVID-19 pandemic capped the gains.
- Asian equity markets too joined the rally after Russia registered the first vaccine 'Sputnik V' against the coronavirus pandemic. Upbeat manufacturing activity data from U.S. and China also added to the gains. However, concerns over renewed tensions between U.S. and China capped the gains after as U.S. suspended its extradition treaty with Hong Kong and tensions between the two largest economies of the world rekindled over South China sea which made market participants wary.
- Back home, domestic equity markets also rallied as industries started reopening with gradual easing of restrictions on coronavirus lockdowns. Market sentiments were further boosted after the Reserve Bank of India unveiled a host of stimulus measures and the government also indicated to do the same.
- However, in domestic debt market, bond yields rose for the first time in seven months as increase in domestic inflationary pressures lowered the possibility of further easing of monetary policy in the coming months.
- Moving ahead, the outcome of the clinical trials of the COVID-19 vaccines will determine as to how quickly the deadly COVID-19 pandemic can be contained which in turn will have its influence on the markets. The U.S. Federal Reserve's monetary policy review will also remain in sharp focus as market participants will look for vital cues regarding the outlook on the recovery of the U.S. economy and its stimulus program.

### Key Economic Indicators

Indicators	Current	Previous
WPI (Jul-20)	-0.58%	-1.81%
IIP (Jun-20)	-16.60%	-33.90%
CPI (Jul-20)	6.93%	6.23%

Source: Refinitiv

### India's GDP contracted by a massive 23.9% in Q1FY21

- India's Gross Domestic Product (GDP) for the quarter from Apr to Jun of 2020 contracted by a massive 23.9% as compared to a growth of 3.10% in the previous quarter and a growth of 5.20% in the same period of the previous fiscal. As per media reports, this was the first contraction in more than 40 years. The gross value added (GVA) at basic prices in the first quarter of FY21 contracted 22.8%. On a yearly basis, the private final consumption expenditure came down 26.7% while the government final consumption expenditure rose 16.4%. The gross fixed capital formation over the year also slumped 47.1%. On the sectoral front, growth of trade, hotels, transport and communication sector witnessed a contraction of 47.0%. The growth of manufacturing sector also shrank 39.3% while the growth of construction sector plummeted 50.3%. The only bright spot was the agriculture sector which witnessed a growth of 3.4% over the year.

### India's fiscal deficit surpassed its full year budgeted target in just four months

- India's fiscal deficit surpassed its full year budgeted target in just four months. India's fiscal deficit during the period from Apr to Jul of 2020 stood at 103.1% of the budgeted target for the current fiscal. India's fiscal deficit widened due to lower tax collections and front loading expenditure by the government on account of COVID-19 pandemic. Net tax receipts stood at Rs. 2.03 lakh crore while the total expenditure stood at Rs. 10.5 lakh crore indicating that the government has stepped up spending to combat the COVID-19 pandemic.

### India's index of industrial production plunged 16.6% YoY in Jun 2020

- India's index of industrial production plunged 16.6% YoY in Jun 2020, worse than 1.3% growth in the corresponding period last year. Manufacturing sector fell 17.1% YoY in Jun 2020 compared to a growth of 0.3% a year earlier.

### India's consumer price index-based inflation rose to 6.93% in Jul 2020

- India's consumer price index based inflation rose to 6.93% in Jul 2020 from 6.23% in the previous month. The Consumer Food Price Index also rose to 9.62% in Jul 2020 from 8.72% in the previous month. Retail inflation thus stood above the upper tolerance level of 6% set by the Reserve Bank of India for the fourth consecutive month. Also, out of the last eight months, retail inflation remained above 6% for seven months.

### Growth of India's eight core sectors contracted for the fifth consecutive month in Jul 2020

- Government data showed that the growth of India's eight core sectors contracted for the fifth consecutive month in Jul 2020. Growth of India's eight core sectors contracted 9.6% in Jul 2020 compared to a contraction of 12.9% in the previous month and a growth of 2.6% in the same period of the previous year. The steel sector witnessed a maximum contraction of 16.4% followed by refinery products sector and cement sector which contracted 13.9% and 13.5% respectively. The only bright spot was the fertilizer sector which witnessed a growth of 6.9% during the month under review.

## Equity Market

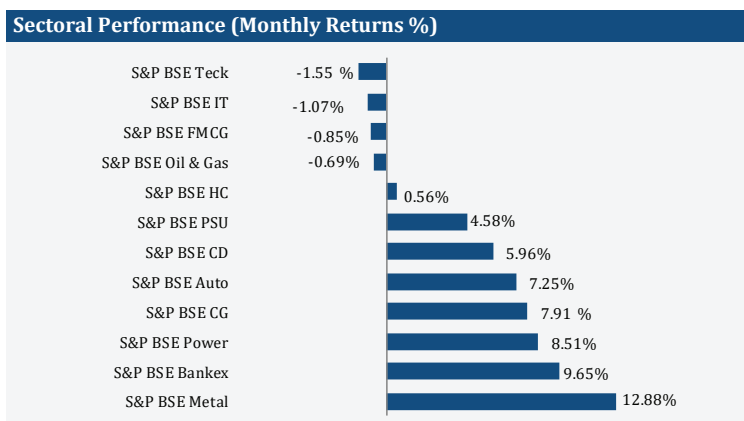
- Indian equity markets extended the rally during the month with intermittent stumbles. Gains were largely led by host of stimulus measures announced by the Monetary Policy Committee in its latest policy meeting. Hopes of additional measures hinted by the government to support the staggering economy also boosted the risk appetite. Further, developments on the treatment of the coronavirus, reopening of different industries as a step to ease lockdown and optimism over positive outcome of the U.S.-China trade negotiations buoyed market sentiments. Nonetheless, worries over economic impact of the ongoing COVID-19 pandemic following weak macroeconomic indicators kept investors wary. Additionally, renewed geopolitical tension between India and China weighed on market sentiments.
- U.S. markets closed higher with investors taking positive cues after official survey showed bigger than expected acceleration in the pace of growth in U.S. manufacturing activity in Jul. Latest developments on the coronavirus treatment also boosted risk appetite. However, gains were restricted by the minutes of the Fed's latest monetary policy meeting. The central bank said that the ongoing public health crisis will weigh heavily on economic activity, employment and inflation in the near term, and poses considerable risks to the economic outlook over the medium term.
- European markets too witnessed buying spree during the month. Final data from IHS Markit showed that euro area manufacturing sector returned to growth in Jul for the first time in a year-and-a-half, which eased worries about economic recovery. Investor sentiments boosted following news about Russia registering the first vaccine 'Sputnik V' against the coronavirus pandemic. Nonetheless, gains were restricted as the minutes of FOMC's latest meeting struck a pessimistic tone over U.S. economic recovery prospects.
- Asian markets too joined the global rally tracking bigger than expected acceleration in the pace of growth in U.S. manufacturing activity in Jul and upbeat factory activity data of China. Investors also remained optimistic that the U.S. lawmakers will eventually reach an agreement on a new coronavirus relief bill. Investor sentiments were also boosted by positive impact of Russia's announcement that its coronavirus vaccine has been approved. Gains were capped as U.S. suspended its extradition treaty with Hong Kong in a series of measures that escalate tensions between Washington and Beijing. Meanwhile, tension between U.S. and China over South China Sea rekindled, which kept investors wary.
- Investors have already factored in the sharp decline in the economic growth of India, given that the majority of the economy was brought to a grinding halt in the first two months of this quarter. With the economy going in for gradual unlocking, most economic parameters are expected to improve in the near future. However, a sustainable recovery would depend on the time taken to contain the spread of the virus. Further, the ongoing Indo-China tension and the new margin pledge rules by SEBI will be closely tracked by investors and will have bearing on the buying interest. The progress of the monsoon and its impact on the economy of the nation will be on the investors' radar.

Domestic Indices Performance				
Indicators	31-Aug-20	31-Jul-20	Chg %	YTD%
S&P BSE Sensex	38,628	37,607	2.72	-6.36
Nifty 50	11,388	11,073	2.84	-6.42
S&P BSE 200	4,806	4,653	3.28	-5.37
Nifty Midcap 100	16,683	15,471	7.83	-2.45
Nifty Dividend Opportunities 50	2,426	2,398	1.16	-4.37
S&P BSE Smallcap	14,336	13,022	10.09	4.65

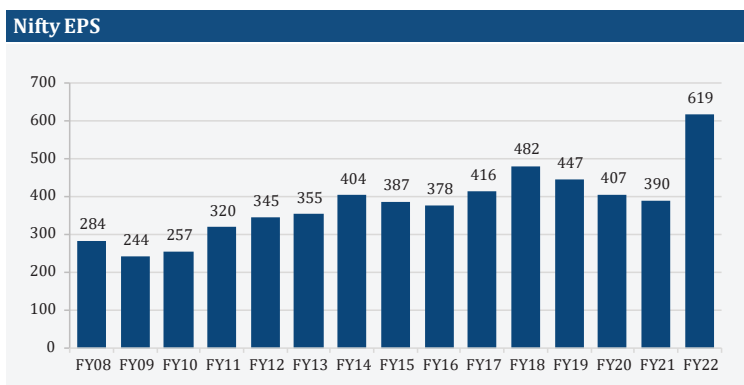
Source: Refinitiv

Global Indices Performance				
Global Indices	31-Aug-20	31-Jul-20	Chg %	YTD%
Dow Jones	28,430	26,428	7.57	-0.38
FTSE	5,964	5,898	1.12	-20.93
CAC	4,947	4,784	3.42	-17.24
Hang Seng	25,177	24,595	2.37	-10.69
SSE Composite Index	3,396	3,310	2.59	11.33

Source: Refinitiv



Source: Refinitiv



Institutional Flows (Equity) As on August 31, 2020				
(₹ Cr)	Purchases	Sales	Net	YTD
FPI Flows	149,528	102,448	47,080	36,129
MF Flows*	55,055	63,414	-8,359	21,805
DII Flows	77,600	88,646	-11,047	68,044

Source: NSDL, NSE & SEBI; \* As on August 31, 2020

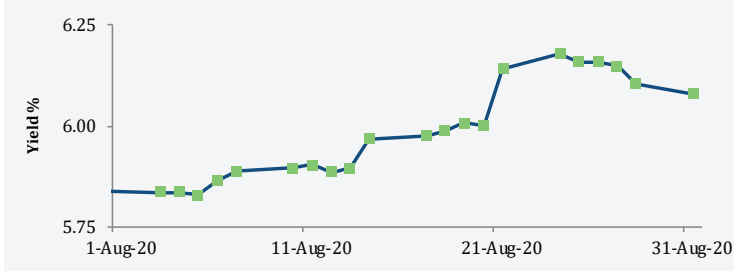
## Debt Market

- Bond yields rose for the first time in seven months as retail inflation remained above the upper tolerance level of 6% set by the Reserve Bank of India (RBI), for the fourth consecutive month in Jul 2020. This lowered the possibility of further easing of monetary policy in the coming months. Market sentiments also remained subdued after the supply of sovereign debt in the market remained significantly high compared to that of the supportive steps taken by the RBI to counter the same which was too little and too late.
- Yield on gilt securities increased across the maturities in the range of 8 bps to 60 bps. Yield on corporate bonds fell on 1 and 2-year paper by 16 bps and 17 bps respectively while it increased across the remaining maturities in the range of 4 bps to 58 bps. Difference in spread between corporate bond and gilt securities expanded on 5 and 6-year paper by 8 bps and 4 bps respectively while it contracted across the remaining maturities in the range of 8 bps to 44 bps.
- The bond yield trajectory moving ahead will be dictated by as to what measures the RBI proactively takes to keep bond yields from spiking up. Retail inflation will also remain in sharp focus as increase in domestic inflationary pressures may limit the scope of further ease in monetary policy in the coming months. On the global front, global crude oil prices transactions trends by foreign portfolio investors, movement of the rupee against the greenback and stance adopted by key central banks across the globe on their respective monetary policies will also have a bearing on the bond yield trajectory moving ahead.

## Currency and Commodity Market

- The Indian rupee rose against the greenback following corporate dollar and foreign fund inflows related to institutional placements. The domestic currency rose further following gains in the domestic equity market and after the minutes of the U.S. Federal Reserve monetary policy review in Jul 2020 indicated no changes to its policy framework. However, gains were capped due to escalating tensions between U.S. and China and aggressive dollar purchases by state-run banks, likely on behalf of the RBI. Reported border conflict between India and China also led to decline in the domestic currency.
- Brent crude prices rose as reports of China planning to import large volumes of U.S. crude oil improved the demand outlook. Oil prices found additional support from reports of growing possibility of production cuts in the U.S. Gulf Coast as Tropical Storm Laura was forecast to become a major hurricane. Nonetheless, gains were restricted by persisting concerns that a second prolonged wave of the coronavirus pandemic might adversely impact global growth.

### 10-Year Benchmark Bond (05.79% GS 2030) Movement



### Spread Movement

Spreads		AAA	AA	A
31-Aug-20	1 Yr	123	276	250
	3 Yr	90	207	318
	5 Yr	136	217	315
31-Jul-20	1 Yr	148	381	167
	3 Yr	129	270	539
	5 Yr	128	242	716

Source: Refinitiv

Yield (%)	31-Aug-20	31-Jul-20
10 Year G-Sec	6.08	5.84
5 Year G-Sec	5.47	4.99

### Certificate of Deposit

	31-Aug-20	31-Jul-20
3-Month	3.34	3.33
6-Month	3.56	3.51
9-Month	3.63	3.55
12-Month	3.84	3.75

### Commercial Papers

	31-Aug-20	31-Jul-20
3-Month	3.50	3.65
6-Month	4.00	4.05
12-Month	4.40	4.45

Source: Refinitiv

Treasury Bill	31-Aug-20	31-Jul-20
91 Days	3.25	3.25
364 Days	3.56	3.46

Source: CIL

### Event Calendar

Release Date	Release Date	Country
04-Sep-20	Nonfarm Payrolls(Aug)	U.S.
10-Sep-20	European Central Bank Monetary Policy Review	Euro Zone
16-Sep-20	U.S. Federal Reserve Monetary Policy Review	U.S.
17-Sep-20	Bank of England Monetary Policy Review	U.K.
17-Sep-20	Bank of Japan Monetary Policy Review	Japan



## 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<sup>s</sup> 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<sup>^</sup>  
**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)** : 0.74 times

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

## NAV as on August 31, 2020

**Regular - Growth** : ₹18.0866  
**Regular - Dividend** : ₹16.0017  
**Direct - Growth** : ₹19.4931  
**Direct - Dividend** : ₹19.2941

## AUM as on August 31, 2020

**Net AUM** : ₹ 930.27 crore  
**Monthly Average AUM** : ₹ 922.28 crore

## Total Expense Ratio

**Regular Plan** : 2.23% p.a.  
**Direct Plan** : 0.90% p.a.

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

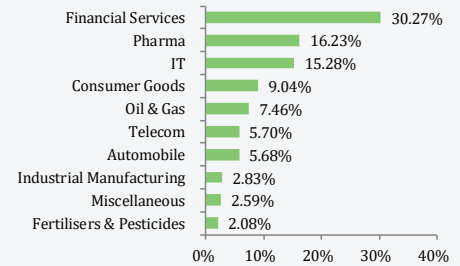
## Volatility Measures Fund Benchmark

<b>Std. Dev (Annualised)</b>	19.76%	17.76%
<b>Sharpe Ratio</b>	0.42	0.30
<b>Portfolio Beta</b>	1.04	1.00
<b>R Squared</b>	0.87	NA
<b>Treynor</b>	0.09	0.06

## Portfolio as on August 31, 2020

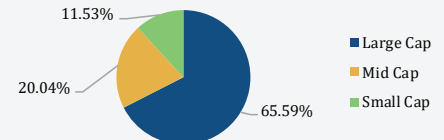
Company Name	Sector	% to Net Assets
<b>Equity &amp; Equity Related Total</b>		
ICICI Bank Limited	Financial Services	10.15
HDFC Bank Limited	Financial Services	6.25
Infosys Limited	IT	6.13
Bharti Airtel Limited	Telecom	5.70
Dr. Reddy's Laboratories Limited	Pharma	5.07
Crompton Greaves Consumer Electricals Limited	Consumer Goods	4.78
Larsen & Toubro Infotech Limited	IT	4.04
Bajaj Finance Limited	Financial Services	3.91
Procter & Gamble Health Limited	Pharma	3.83
Bharat Petroleum Corporation Limited	Oil & Gas	3.35
Muthoot Finance Limited	Financial Services	3.19
Balkrishna Industries Limited	Automobile	3.13
Divi's Laboratories Limited	Pharma	3.04
Reliance Industries Limited	Oil & Gas	2.92
Cyient Limited	IT	2.88
SRF Limited	Industrial Manufacturing	2.83
Apollo Tricoat Tubes Limited	Miscellaneous	2.59
IPCA Laboratories Limited	Pharma	2.57
Escorts Limited	Automobile	2.55
State Bank of India	Financial Services	2.51
Asian Paints Limited	Consumer Goods	2.34
Tata Elxsi Limited	IT	2.23
ICICI Lombard General Insurance Company Limited	Financial Services	2.16
Aavas Financiers Limited	Financial Services	2.10
Coromandel International Limited	Fertilisers & Pesticides	2.08
Britannia Industries Limited	Consumer Goods	1.92
Abbott India Limited	Pharma	1.72
Petronet LNG Limited	Oil & Gas	1.19
<b>Sub Total</b>		<b>97.16</b>
TREPS <sup>#</sup>		2.68
Net Receivables / (Payables)		0.16
<b>Portfolio Total</b>		<b>100.00</b>

## Sector Allocation<sup>^^</sup>



<sup>^^</sup>Sector allocation as per AMFI classification

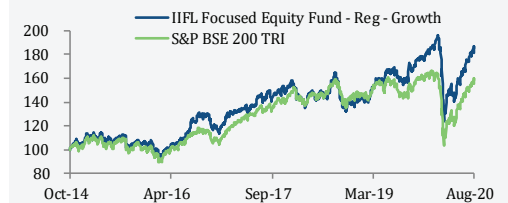
## Market Capitalisation wise Exposure<sup>^</sup>



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.

<sup>^</sup>as on August 31, 2020

## NAV Movement (Since Inception) Rebased to 100



## Scheme Performance

	31-Aug-19 to 31-Aug-20	PTP (₹)	31-Aug-17 to 31-Aug-20	PTP (₹)	31-Aug-15 to 31-Aug-20	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	13.89%	11,397	7.28%	12,349	11.52%	17,259	10.68%	18,089
IIFL Focused Equity Fund - Dir - Growth	15.53%	11,562	8.89%	12,914	12.97%	18,412	12.11%	19,497
Benchmark <sup>*</sup>	5.50%	10,553	4.80%	11,512	8.76%	15,225	7.85%	15,549
Additional Benchmark <sup>**</sup>	4.58%	10,461	8.03%	12,610	9.38%	15,664	7.48%	15,240

Past performance may or may not be sustained in future. Different funds shall have different expense structure.

As on August 31, 2020 ; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000; <sup>s</sup>Since Inception date is 30-Oct-2014; <sup>\*</sup>S&P BSE 200 TRI; <sup>\*\*</sup>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-Aug-19 to 31-Aug-20	31-Aug-17 to 31-Aug-20	31-Aug-15 to 31-Aug-20	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	5,00,000	6,90,000
Total Value as on Aug 31,2020(₹)	1,31,566	4,21,747	7,93,238	9,41,452
Returns	18.35%	10.55%	11.11%	10.70%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,29,459	3,83,709	7,21,752	8,52,584
Benchmark: S&P BSE 200 TRI	14.94%	4.18%	7.32%	7.27%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,28,718	3,95,652	7,52,003	8,50,746
Additional Benchmark: S&P BSE Sensex TRI	13.75%	6.23%	8.96%	8.53%

(Inception date :30-Oct-2014) (First Installment date : 01-Dec-2014)

Source: MF 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.

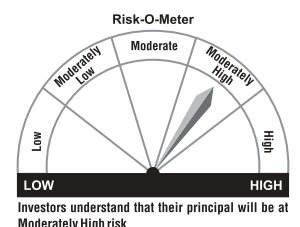
## Dividend Details

	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.

<sup>\*\*\*</sup>With effect from November 05, 2018, Triparty Repo has replaced CBL0s for all schemes with provisions to invest in CBL0.



## Fund Commentary

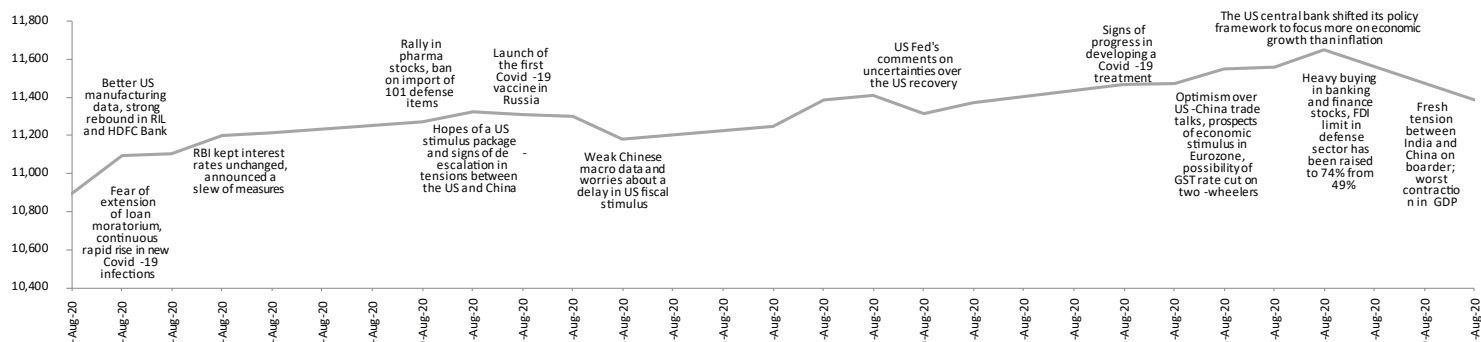
August 2020 marks the end of an unprecedented 1QFY20 earnings season. At the outset, 1Q earnings season wasn't expected to have much recurring value owing to lockdowns. However, Nifty and the BSE200 TRI gained 2.8% and 3.4% respectively in the month of August and these indices are down 6.4% and 4.3% respectively on a YTD basis, respectively. The street was positively surprised by the extent of cost controls that companies were able to realize during the quarter. While some of the cost reductions in the employee costs and marketing expenses would likely reverse going forward, most companies would aim to make at least some efficiency gains permanent, positively impacting the margins.

Overall, we expect the markets to be a bit volatile as we are roughly 2 and a half months away from the US elections. Volatility will increase during these times. Jerome Powell of the Federal Reserve in the US has made it clear that they are going to keep rates close to zero for a while now. Moreover, he also made dovish statements on inflation by targeting higher than the previously decided 2% inflation mark. This means that asset prices will go up as the US wants unemployment to be low.

### August Wrap

The BSE-30 and Nifty-50 indices gained 2.7% and 2.8% in the month of August. The BSE Mid-cap. and BSE Small-cap. indices gained 6.6% and 10.1%. Among sector indices, the BSE metals index gained ~13%, followed by realty (+11.6%) and banks (+9.6%).

### Nifty's performance over the month along with key highlights:



	Performance (%)				
	1M	3M	6M	YTD	1Y
<b>BSE sector indices</b>					
BSE Auto	7.3	25.5	13.6	-4.3	12.2
BSE Bankex	9.6	21.9	-19.3	-26.4	-12.8
BSE Capital goods	7.9	11.4	-10.8	-18.9	-18.9
BSE Consumer durables	6	20	-13	-9	-2.8
BSE FMCG	-0.8	4.1	3.5	-0.5	2.4
BSE Healthcare	0.6	17.5	36.4	36.9	42.8
BSE Infotech	-1.1	28.4	20.5	16.7	11.8
BSE Metals	12.9	29.8	7.2	-15.3	3.6
BSE Oil&Gas	-0.7	10.5	3.7	-11.3	-0.6
BSE Power	8.5	12.7	-2.7	-13.3	-11.6
BSE PSU	4.6	14.4	-12.5	-26	-19
BSE Realty	11.6	24.6	-17.2	-22.9	-14.1
BSE Teck	-1.5	20.5	15.5	12.8	10.8

The RBI kept policy rates unchanged and maintained its accommodative stance in the MPC meet. RBI announced a slew of measures such as loan restructuring, increase in LTV for gold loans, additional liquidity facilities for NHB and NABARD. The government banned the import of 101 defence items. The FDI limit in the defence sector under the automatic route has been raised to 74% from 49%.

Fresh tension between India and China on the border led a sharp sell-off at the end of month. FPIs bought US\$6.4 bn worth of equities in the month while DIIs sold US\$1.5 bn.

### Indian economy

On the macro front, June IIP growth fell by 16.6%, as against a fall of 33.9% in May. July CPI inflation came in significantly higher than expected at 6.93% as against an upward revised print of 6.23% for June. 1QFY21 GDP contracted more than expected to 23.9% compared to 3.1% growth in 4QFY20. July's trade balance showed a deficit of US\$4.8 bn with a sharp sequential pickup in import activity accounting for the reversal. We expect India's GDP to contract in high single digits in fiscal year ending 2021.

### Our portfolio and thinking going forward

With India recording increased number of COVID-19 cases, the country is braving the tough situation and is opening up across the country. High frequency data points are indicating increased activity suggesting improvement and gradual recovery in the economy. E-Way bills generation, Electricity consumption, railway freight, UPI payments and vehicle registrations are just some of the data points showing green shoots.

We reaffirm that time for revival in different sectors and businesses shall be different and that lower ticket discretionary might perform better than large ticket discretionary. Till September 2, cumulative rainfall was 9.4% above long-term average (LTA) with the weekly rainfall 31.6% above LTA. On a cumulative basis, spatial distribution of monsoon has been normal across most parts of India though parts of North and West India have been deficient. Out of the 36 sub-divisions, to date, three have received deficient rainfall, 22 have received normal rainfall and 11 have received excess rainfall.

As mentioned earlier, 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 portfolios we own 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. Our proprietary Secular, Cyclical, Defensive, Value Traps (SCDV) framework helps us in minimizing mistakes that can be easily made in markets like these.

### 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)



## 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 Bharthihaar 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** : Nil<sup>^</sup>  
<sup>^</sup>The revised exit load as mentioned above shall be applicable on a prospective basis and will be applicable to all investments made on or after July 6, 2020 ("effective date").

**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 August 31, 2020

**Regular Plan Growth** : ₹16.2997  
**Regular Plan Bonus** : ₹16.2997  
**Regular Quarterly Dividend** : ₹15.7291  
**Regular Half Yearly Dividend** : ₹15.7291  
**Regular Monthly Dividend** : ₹11.8131  
**Direct Plan Growth** : ₹16.9664  
**Direct Monthly Dividend** : ₹12.3908

#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 August 31, 2020

**Net AUM** : ₹ 505.63 crore  
**Monthly Average AUM** : ₹ 465.13 crore

## Total Expense Ratio

**Regular Plan** : 1.07% p.a.  
**Direct Plan** : 0.57% p.a.  
 Total Expense Ratio is as on the last business day of the month.

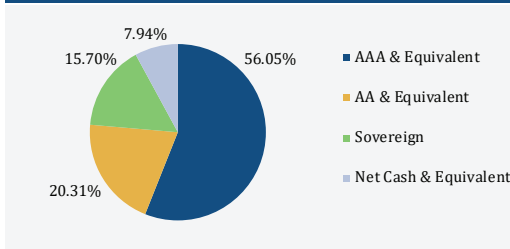
## Statistical Debt Indicators

**Macaulay Duration** : 2.12 years  
**Modified Duration** : 2.22 years  
**Average Maturity** : 2.43 years  
**Yield to Maturity** : 5.88%

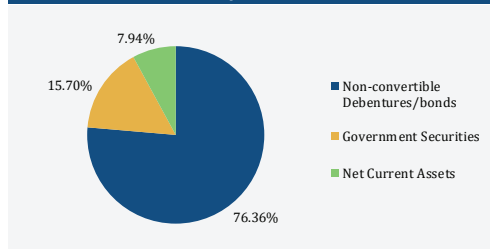
## Portfolio as on August 31, 2020

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
<b>Debt Instruments</b>			7.75% LIC Housing Finance Limited	CRISIL AAA	3.15
<b>Government Securities</b>		<b>15.70</b>	8.40% India Grid Trust InvIT Fund	CRISIL AAA	2.96
7.32% Government of India	SOVEREIGN	10.60	6.92% REC Limited	CRISIL AAA	2.04
6.18% Government of India	SOVEREIGN	5.10	8.55% ICICI Bank Limited	ICRA AA+	2.03
<b>Non-Convertible Debentures/Bonds</b>		<b>76.36</b>	(Basel III Compliant Tier I Perpetual)		
6.72% Power Finance Corporation Limited	CRISIL AAA	8.66	8.15% State Bank of India	CRISIL AA+	2.02
8.75% Axis Bank Limited	CRISIL AA+	8.04	(Basel III Compliant Tier I Perpetual)		
(Basel III Compliant Tier I Perpetual)			6.99% Housing Development	CRISIL AAA	1.03
EMBASSY OFFICE PARK REIT	CRISIL AAA	6.86	Finance Corporation Limited		
7.12% REC Limited	CRISIL AAA	6.37	8.85% HDFC Bank Limited	CRISIL AA+	1.02
9.15% ICICI Bank Limited	ICRA AA+	6.19	(Basel III Compliant Tier I Perpetual)		
(Basel III Compliant Tier I Perpetual)			8.85% India Grid Trust InvIT Fund	CRISIL AAA	1.01
6.40% National Bank For Agriculture	ICRA AAA	6.15	7.90% Piramal Enterprises Limited	ICRA AA	0.99
and Rural Development			9.35% IDFC First Bank Limited	ICRA AA	0.02
8.90% State Bank of India	CRISIL AAA	5.44	<b>TREPS** / Reverse Repo</b>		
(Basel III Compliant Tier II)			TREPS**		5.64
6.95% Housing Development Finance	CRISIL AAA	5.13	Net Current Assets		2.30
Corporation Limited			<b>Portfolio Total</b>		<b>100.00</b>
7.20% Sikka Ports and Terminals Limited	CRISIL AAA	4.08			
8.95% Jammagar Utilities & Power	CRISIL AAA	3.17			
Private Limited					

## Composition by Rating<sup>^</sup>



## Instrument Wise Composition<sup>^</sup>



## Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
25-Aug-20	0.05	11.8231	12.3976
29-Jul-20	0.05	11.8766	12.4466
30-Jun-20	0.05	11.7799	12.3368

## Quarterly Dividend Plan

04-Jun-15	0.4	11.4678	11.5708
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## Half Yearly Dividend Plan

04-Jun-15	0.4	11.4678	
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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-Aug-19 to 31-Aug-20	PTP (₹)	31-Aug-17 to 31-Aug-20	PTP (₹)	31-Aug-15 to 31-Aug-20	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	7.41%	10,745	6.31%	12,017	7.17%	14,143	7.03%	16,300
IIFL Dynamic Bond Fund - Dir - Growth	8.09%	10,814	6.99%	12,249	7.79%	14,557	7.63%	16,969
Benchmark*	10.83%	11,089	8.22%	12,677	9.13%	15,486	8.86%	18,414
Additional Benchmark**	6.59%	10,663	6.16%	11,966	7.84%	14,591	7.02%	16,289

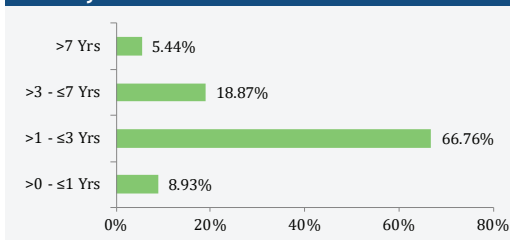
Past performance may or may not be sustained in future

Different plans shall have different expense structure

As on August 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;

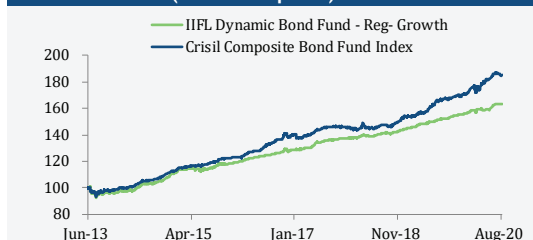
<sup>s</sup>Inception date 24-June-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain.

## Maturity Profile<sup>^</sup>



<sup>^</sup>As on August 31, 2020

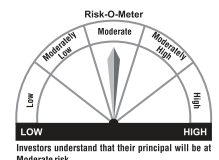
## NAV Movement (Since Inception) Rebased to 100



## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

- Income and long term gains
- Investment in a range of debt and money market instruments of various maturities
- \* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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





## Fund Commentary

During the month of August system liquidity surplus remained adequate in the range of Rs 3.2 to 3.5 trn. Tracking comfortable liquidity conditions, overnight rates continue to remain marginally below the reverse repo rate on an average basis. Average overnight rates hover around 3% to 3.25% levels during the month. CMB maturity in second half of the month with aggressive FX intervention comfortably generated liquidity to offset the GST and auction-related outflows. Short-end money market rates and bond yields of top-rated corporates remained choppy. Incremental demand from mutual funds in 2-5-year segment of corporate bonds continued to soften the rates initially. However, commentary from the monetary policy committee (MPC) highlighting the inflation concerns along with need to address growth made the markets cautious and corporate bond yields hardened by 25 to 35 bps across the maturity segments. At the end of the month RBI announced to conduct additional OMOs for the next month and tweaked SLR limits for the banks to absorb any excess G sec supply which recouped all the hardening of the yields as we entered the September month. In past few months, RBI and Government have taken slew of measures by providing plethora of liquidity and systemic ease. While continuing with the non-conventional measures, RBI hiked SLR limits for the banks indicating its intentions to manage excess supply in G sec through inducing banks to invest in more in G sec incrementally. It may act as addressing concern about fiscal situation and the resultant oversupply of Government securities. Sighting the act of RBI 10yr G sec yields softened to 5.90% levels beginning September from pick of 6.22% during the August month.

July CPI inflation came in significantly higher than expected at 6.93% as against an upward revised print of 6.23% for June. The recent inflation data suggests CPI inflation has remained above the RBI's upper limit of 6% for the past few months. Food inflation is the main cause of concern for increasing CPI, although the vegetable prices have somewhat moderated in August. Apart from food, non-food inflation remained significantly higher which can be attributed to higher commodities and services' inflation. Resultantly, core-inflation accelerated to 5.9% compared to 4.3% in July 2019. Contradicting the initial expectations of a demand-led drop in inflation, nearly 4M into the pandemic, supply shocks/hiccups have upset the inflation trends. Higher trajectory of inflation indicates hurdles in any expectations of immediate easing and would likely prompt the RBI to extend its policy pause to the October meeting as well.

June IIP growth fell by 16.6% as against a fall of 33.9% in May (slight upward revision). With the phasing down of the lockdown, economic activity continued to improve on a sequential basis. Among the sectors, manufacturing production contracted 17.1% as against a fall of 38.4% in May. IIP prints for June indicate that economic activity continues to normalize since the easing of lockdown. July numbers will be a better indicator of the level of reversal in activity. The contraction is far deeper than most countries, perhaps reflecting stringency of India's lockdowns.

India's trade sector continued to normalize in July, with incremental catch-up in imports, relative to exports, which swung the trade balance back into deficit after the rare surplus last month. Export growth improved to -10.2% y-o-y in July vs -12.4% in June, while import growth improved to -28.4% vs -47.6%. Consequently, the trade deficit widened more than expected to USD4.8bn in July after recording a surplus of USD793mn in June.

The overall rainfall in June- Aug 2020 was at a surplus of 8% as against a marginal surplus of 1% in the same period last year. Regionally, on a cumulative basis, rainfall has been abundant in South Peninsula and Central India, recording a surplus of 21% and 18% respectively. Rainfall has however recorded a shortfall of 10% in North West India so far. Even as the momentum coming from the agriculture sector owing to a normal monsoon and robust Kharif sowing is a positive, it is expected that the rural economy and agriculture will be the growth supportive and will play a major role in India's contracting GDP.

The fiscal deficit of the Government of India (GoI) continues to be elevated, much because of lack of revenue collection amid the lockdown. Tax collections is likely to improve as the lockdown easing and it will reflect more in next few months data due to late filings. In line with the recovery in sales and payment of GST dues for prior months, as well as the impact of the hikes in excise duty on fuels have slower but positive collection impact. Given the pressures on government finances, while system liquidity is comfortable, yields will increase if RBI does not support the markets (in 2HFY21E) with OMO purchases.

India's GDP growth fell to a historic low of -23.9% y-o-y in Q1 FY 2021 vs 3.1% in Q4 FY 2020 – the steepest decline as compared to any other economy reflecting a collapse in domestic demand due to one of the most stringent lockdowns. In particular, the drag from private consumption and investment was too large to be countered by counter-cyclical government spending and higher net exports. Market economists predict the GDP may contract by nearly 5% to 10% in the current FY 2021. On the supply side, the agriculture sector was the only saving grace as activity across segments plummeted mirroring the demand slump; thus GVA contracted by 22.8% YoY.

On the global front US continues to face short, but steep, recession in H1 2020 before a gradual recovery aided by fiscal and monetary accommodation. US China relations seems to be taking more divergent and cold war era in the southern china seems to be impending. India is getting penalised for its weak posture and hence has started more firmer views on border issues with china by deploying actively its navy machineries in the disputed region. Further, banning the Chinese apps India is making amply clear to China for peace on borders goes hand in hand with its trust and business relations amidst Chinese born covid pandemic impacting massively to Indian economy. European, economy is too facing deep recession in 2020. Lower oil prices and a demand shock caused by COVID-19, should push euro area inflation lower. UK central bank is maintaining its government bond purchasing Program and has increased it by another 200bn GBP. Monetary and fiscal policy easing have already been stepped up, and even more easing is anticipated ahead in all the countries world over. In India, COVID-19 is amplifying the financial sector weakness, worsening nonperforming assets and slowing potential growth. A weaker pace of recovery in FY2021 will mean more policy support is likely, both conventional and non-conventional through monetary and fiscal policies. All over the globe, as real consumption set to be adversely impacted, Governments and Central Banks in respective countries will be more concerned with the welfare implications of the pandemic on real consumption.

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 in post covid unlocking. RBI's addressing of liquidity and yield management actions in terms of absorbing excess supply due to elevated borrowing will be crucial. Even as there has been some normalization in economic activity since the easing of the lockdown-related restrictions, it remains well below the pre-pandemic levels. There have also been lockdowns imposed again, in areas/districts that see a spike in cases. The agriculture sector continues to see robust activity as reflected in kharif sowing, tractor sales, and fertilizer sales. Rural activity in general seems in much better shape compared to urban areas but surplus labour concerns will weigh (possibly post the agriculture season). The government will need to provide infrastructure stimulus to provide employment opportunities and broaden the consumption base as India gradually enters the rebuilding phase. 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-quality superior bonds and moderate 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.

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## 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 Bharthiar 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<sup>5</sup>** :

**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%

<sup>5</sup>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 August 31, 2020

**Regular Plan Growth** : ₹1559.3010

**Regular Plan Weekly** : ₹1005.4998

### Dividend

**Regular Plan Daily Dividend:** ₹1000.0701

**Direct Plan Growth** : ₹1564.6195

**Direct Plan Dividend** : ₹1000.0427

**Direct Plan Weekly** : ₹1005.5042

### Dividend

## AUM As on August 31, 2020

**Net AUM** : ₹ 435.59 crore

**Monthly Average AUM** : ₹ 353.92 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

**Macaulay Duration** : 33 days

**Modified Duration** : 32 days

**Average Maturity** : 33 days

**Yield to Maturity** : 3.21%

## Portfolio as on August 31, 2020

Name of the Instrument	Rating	% to Net Assets
<b>Debt Instruments</b>		
<b>Non-Convertible Debentures/Bonds</b>		
7.20% Housing Development Finance Corporation Limited	CRISIL AAA	5.74%
<b>Sub Total</b>		<b>5.74%</b>
<b>Money Market Instruments</b>		
<b>Certificate of Deposit</b>		
Bank of Baroda	FITCH A1+	9.15%
Axis Bank Limited	CRISIL A1+	5.73%
<b>Sub Total</b>		<b>14.88%</b>
<b>Commercial Paper</b>		
National Housing Bank	CRISIL A1+	11.47%
NTPC Limited	CRISIL A1+	11.46%

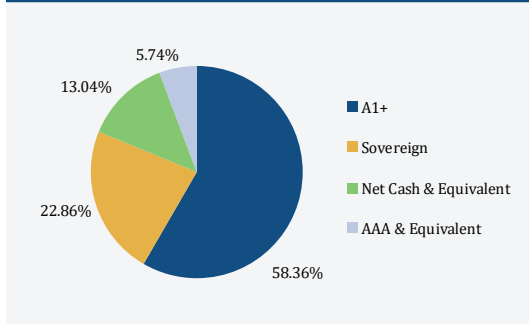
Name of the Instrument	Rating	% to Net Assets
Reliance Industries Limited	CRISIL A1+	9.13%
Export Import Bank of India	CRISIL A1+	5.72%
National Bank For Agriculture and Rural Development	ICRA A1+	5.70%
<b>Sub Total</b>		<b>43.48%</b>
<b>Treasury Bill</b>		
91 Days Tbill	SOVEREIGN	17.15%
91 Days Tbill	SOVEREIGN	5.71%
<b>Sub Total</b>		<b>22.86%</b>
<b>TREPS** / Reverse Repo</b>		
TREPS**		11.97%
<b>Sub Total</b>		<b>11.97%</b>
Net Receivables / (Payables)		1.07%
<b>Portfolio Total</b>		<b>100.00%</b>

## Scheme Performance

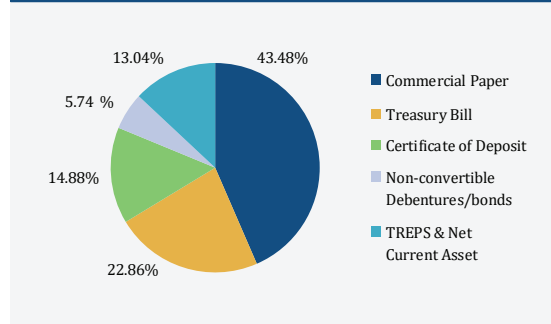
	31-Aug-19 to 31-Aug-20	PTP(₹)	31-Aug-17 to 31-Aug-20	PTP(₹)	31-Aug-15 to 31-Aug-20	PTP(₹)	Since Inception <sup>5</sup>	PTP (₹)
IIFL Liquid Fund - Reg - Growth	4.17%	10,419	5.76%	11,831	6.21%	13,520	6.75%	15,595
IIFL Liquid Fund - Dir - Growth	4.22%	10,424	5.81%	11,848	6.27%	13,558	6.80%	15,645
Benchmark*	5.34%	10,537	6.65%	12,133	6.90%	13,965	7.44%	16,293
Additional Benchmark**	5.21%	10,521	6.29%	12,011	6.52%	13,718	7.13%	15,970

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

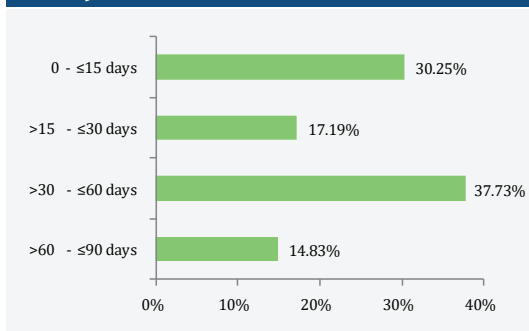
## Composition by Rating<sup>^</sup>



## Instrument Wise Composition<sup>^</sup>

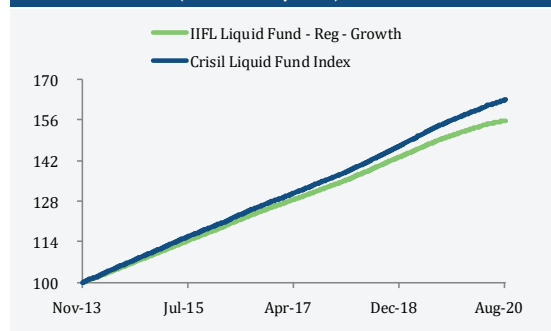


## Maturity Profile<sup>^</sup>



<sup>^</sup>As on August 31, 2020

## NAV Movement (Since Inception) Rebased to 100

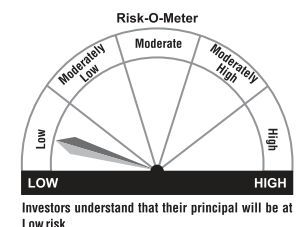


## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

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

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

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



## GLOSSARY OF TERMS

<b>FUND MANAGER</b>	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.
<b>APPLICATION AMOUNT FOR FRESH SUBSCRIPTION</b>	This is the minimum investment amount for a new investor in a mutual fund scheme.
<b>MINIMUM ADDITIONAL AMOUNT</b>	This is the minimum investment amount for an existing investor in a mutual fund scheme.
<b>YIELD TO MATURITY</b>	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.
<b>SIP</b>	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.
<b>NAV</b>	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.
<b>BENCHMARK</b>	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.
<b>ENTRY LOAD</b>	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.
<b>EXIT LOAD</b>	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.
<b>MODIFIED DURATION</b>	Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.
<b>STANDARD DEVIATION</b>	Standard deviation is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility.
<b>SHARPE RATIO</b>	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.
<b>BETA</b>	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.
<b>AUM</b>	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.
<b>HOLDINGS</b>	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.
<b>NATURE OF SCHEME</b>	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.
<b>RATING PROFILE</b>	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.