MONTHLY FACTSHEET

OCTOBER 2020

Macro Economy & Event Update

- Global equity markets fell during the period under review as the spectre of COVID-19 pandemic once again made market participants wary which fuelled concerns of muted demand and slowdown in global growth. As of now the global coronavirus caseload have gone past the 35 million mark with more than 10 lakh fatalities to its credit. The much awaited U.S. Federal Reserve monetary policy review also proved to be a dampener as the U.S. central bank refrained from giving any indications regarding adoption of further stimulus measures moving ahead. The Bank of England too warned that the outlook for the U.K. economy remains "unusually uncertain'' and revealed that policymakers are exploring as to how a negative bank rate could be implemented effectively.

- Equity markets in U.S. fell during the period under review as unabated increase in coronavirus infection cases across Europe weighed on the market sentiment. The U.S. Federal Reserve in its monetary policy review also refrained from providing any hints regarding adoption of additional stimulus measures which also added to the losses.

- European equity markets too bore the brunt of the relentless COVID-19 pandemic as Bank of England revealed that it is exploring the nuances of a negative interest rate regime to improve the growth prospects of the British economy. Fears that Britain may have to leave the European Union without any trade agreement further worsened the investor risk sentiment.

- Equity markets in Asia also followed the trend of its global peers as upbeat economic data from China failed to lift market sentiments. In addition to the COVID-19 pandemic, uncertainty over the upcoming presidential elections and tensions between U.S. and China also contributed to the downside.

- Back home, domestic equity markets also witnessed losses during the period under review as continued increase in coronavirus infection cases in the country fuelled concerns of muted demand and slowdown in global growth. Weak global cues from U.S. markets too played spoilsport.

- In domestic debt market, bond yields fell during the month under review after the Reserve Bank of India announced a slew of measures to revive the muted domestic debt market sentiment.

- Moving ahead, the developments on the COVID-19 vaccine will be on the radar. The upcoming U.S. Presidential elections will also be in sharp focus. Bond yields moving ahead will be dictated as to how the government manages itself to adhere to its borrowing target for this fiscal as there are worries that considerable fiscal stress is building up due to the unrelenting COVID-19 pandemic

Key Economic Indicators		
Indicators	**Current**	**Previous**
WPI (Aug-20)	0.16%	-0.58%
IIP (Jul-20)	-10.39%	-15.78%
CPI (Aug-20)	6.69%	6.73%

Source: Refinitiv

India's current account surplus improves to $19.8 billion in Q1FY21

- Data from Reserve Bank of India showed that India's current account surplus improved to $19.8 billion or 3.9% of gross domestic product (GDP) in Jun quarter of 2020 from $0.6 billion or 0.1% of GDP in the Mar quarter 2020. Deficit of $15.0 billion or 2.1% of GDP was recorded in Jun quarter of 2019. Surplus was on account of a sharp contraction in the trade deficit to $10.0 billion due to steeper decline in merchandise imports relative to exports on a year-on-year basis.

India's fiscal deficit for Apr to Aug 2020 stood at Rs. 8.70 lakh crore

- Government data showed that India's fiscal deficit for Apr to Aug 2020 stood at Rs. 8.70 lakh crore or 109.3% of the budgetary estimate for FY21. Fiscal deficit thus widened sharply from Rs. 5.54 lakh crore or 78.7% in year ago period. Total expenditure came at Rs. 12.48 lakh crore and total receipt was at Rs. 3.77 lakh crore.

India's Index of Industrial production (IIP) fell sharply by 10.39% YoY in Jul 2020

- India's Index of Industrial production (IIP) fell sharply by 10.39% YoY in Jul 2020 but slower than 15.78% decline in Jun 2020. Output contracted for the fifth straight month. Manufacturing that accounts for 78% of the IIP, output contracted 11.14% in Jul 2020, better than 15.97% fall in the previous month. Mining and electricity generation output fell 13% and 2.5%, respectively.

India's consumer price index-based inflation rose to 6.69% in Aug 2020

- India's consumer price index-based inflation rose to 6.69% in Aug 2020 from 6.73% in the previous month. The Consumer Food Price Index also rose to 9.05% in Aug 2020 from 9.27% in the previous month. Under the segment of food and beverages, meat and fish witnessed a maximum inflation of 16.50% in Aug 2020 followed by pulses and products, oils and fats, spices and vegetables for which retail inflation stood at 14.44%, 12.45%, 12.34% and 11.41% respectively. Retail inflation for personal care and effects also remained elevated as it stood at 14.45% in Jul 2020.

Growth of India's eight core sectors contracted for the sixth consecutive month in Aug 2020

- India's core output contracted 8.5% YoY in Aug 2020, worse than revised fall of 8% (originally reported 9.6% fall) in Jul 2020. Infrastructure output contracted for the sixth consecutive month as production of petroleum refinery products and electricity shrank at a faster pace. Infrastructure output contracted 17.8% in the first five months of FY21 compared with 2.5% rise in the year ago period.

Equity Market

- Indian equity markets settled for the month with modest losses. The military tension between India and China kept investors wary before both the nations made strong endeavour to resolve the disputes. Further, positive cues generated from SEBI circular on multi cap funds, coupled with assurance by the RBI Governor to provide necessary stimulus measures to support the economy were overshadowed by concerns over growing COVID-19 cases and the passage of controversial farm bills in the Parliament. Weak global cues too played spoilsport.
- U.S. markets went down as initial positive cues generated from the resumption of the COVID-19 vaccine trial by the U.K. based multinational bio-pharma company, following its brief halt, was largely overshadowed by the outcome of the U.S. Fed's latest monetary policy meeting. There was lingering disappointment that the U.S. central bank merely affirmed their monetary support, without promising new stimulus, which kept investors wary. Rising worries about surging coronavirus cases in several countries across Europe weighed on market sentiments, even as U.S. President indicated that U.S. would not follow the U.K.'s lead and implement a new set of COVID-19 restrictions.
- European markets remained low weighed down by warnings from the Fed and the Bank of England about the outlook for the economy. Persisting worries about the surge in coronavirus cases, including in France, U.K. and the U.S, and fears about a no-deal Brexit hurt as well. However, the downturn was restricted by notable increase in China's industrial profits in Aug, and optimism about a potential new coronavirus relief package in the U.S. which buoyed market sentiments.
- Asian markets were no exception to the weakness seen in its global peers. Positive vibes generated from renewed optimism over coronavirus vaccines coupled with upbeat economic data from China were neutralized by the U.S. Fed's latest policy decision wherein it cautioned that the pace of economic recovery is expected to remain slow. Investors maintained cautious stance on U.S. fiscal stimulus negotiations, COVID-19 vaccine development and ongoing tensions between Washington and Beijing. Worries about the global economic recovery and a surge in novel coronavirus cases across Europe also weighed on markets.
- Global cues are likely to be in focus during Oct. The resurgence of COVID-19 cases around the world has led to more restriction and pressure on the economic recovery. Further, the developments on the COVID-19 vaccine will also be in the radar. Speculation over the U.S. Presidential election may also impact market sentiments. While, the first Presidential debate between U.S. President and the Democratic nominee wrapped up with heated exchanges, two more debates between the Presidential candidate are scheduled on Oct 15 and Oct 22 before the election on Nov 3. Back home, the highly anticipated monetary policy meeting of RBI , which is re-scheduled due to possible lack of quorum as the appointment of independent members is delayed, will have a bearing on the buying interest.

Domestic Indices Performance

Indicators	30-Sep-20	31-Aug-20	Chg %	YTD%
S&P BSE Sensex	38,068	38,628	-1.45	-7.72
Nifty 50	11,248	11,388	-1.23	-7.57
S&P BSE 200	4,782	4,806	-0.50	-5.84
Nifty Midcap 100	16,983	16,683	1.80	-0.70
Nifty Dividend Opportunities 50	2,368	2,426	-2.39	-6.65
S&P BSE Smallcap	14,867	14,336	3.71	8.53

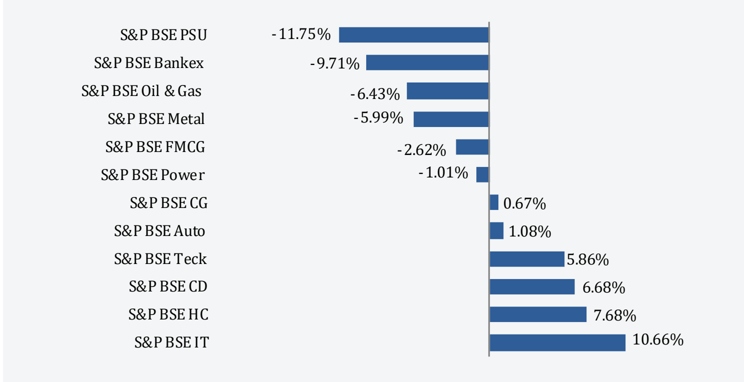
Source: Refinitiv

Global Indices Performance

Global Indices	30-Sep-20	31-Aug-20	Chg %	YTD%
Dow Jones	27,782	28,430	-2.28	-2.65
FTSE	5,866	5,964	-1.63	-22.23
CAC	4,803	4,947	-2.91	-19.65
Hang Seng	23,459	25,177	-6.82	-16.78
SSE Composite Index	3,218	3,396	-5.23	5.51

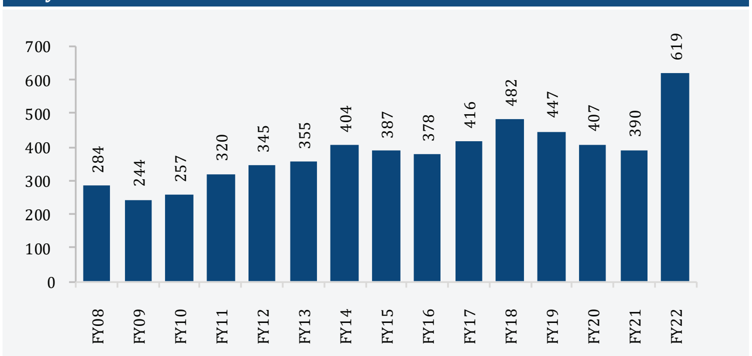
Source: Refinitiv

Sectoral Performance (Monthly Returns %)



Source: Refinitiv

Nifty EPS



Institutional Flows (Equity) As on September 30, 2020

(₹ Cr)	Purchases	Sales	Net	YTD
FPI Flows	144,680	152,462	-7,783	28,346
MF Flows*	62,936	66,918	-3,982	17,782
DII Flows	91,029	90,919	110	68,398

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

Debt Market

- Bond yields fell during the month under review after the Reserve Bank of India announced a slew of measures to revive the muted domestic debt market sentiment. However, most of the gains were neutralised on concerns over additional borrowing by the government in the second half of the fiscal and lack of clarity on open market bond purchases from the Reserve Bank of India.

- Yield on gilt securities fell across the maturities in the range of 3 bps to 17 bps barring 19-year paper which increased 10 bps and 30-year paper which closed steady. Yield on corporate bonds fell across 3 to 15-year maturities in the range of 10 bps to 41 bps barring 1 and 2-year paper which increased 60 bps and 28 bps respectively. Difference in spread between corporate bond and gilt securities contracted across the maturities in the range of 5 bps to 30 bps barring 1-year paper and 2-year paper which expanded 63 bps and 32 bps respectively.

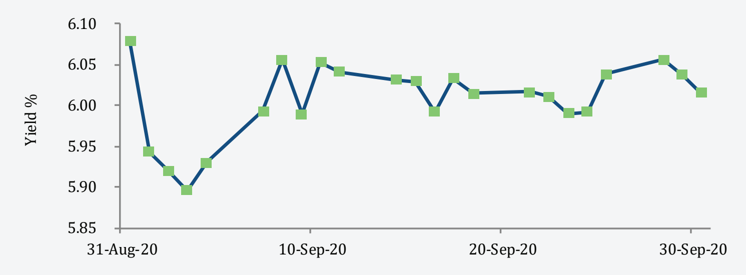
- Fears of additional borrowing has been laid to rest for the time being after the government announced its plans of raising Rs. 4.34 lakh crore in the second half of the fiscal after having borrowed Rs. 7.66 lakh crore in the first half of the fiscal. The government thus stayed in line with its record annual borrowing target of Rs. 12 lakh crore which is expected to provide support to the domestic debt market sentiment in the near term. However, given the fact that India is the worst virus-hit nation of the COVID-19 pandemic after the U.S. with the number of total cases now standing at 6.55 million including 101,782 fatalities the government in order to boost the growth prospects of the domestic economy might find it difficult to adhere to its borrowing target for this fiscal. This may lead to an increase in bond yields given the considerable fiscal stress that is building up due to the unrelenting COVID-19 pandemic.

Currency and Commodity Market

- The Indian rupee weakened against the greenback following renewed border tensions between India and China and dollar demand from state run banks. Rupee fell further as monetary policy review from the U.S. Federal Reserve turned out to be less dovish than expected and losses in the domestic equity market. Mounting concerns over the COVID-19 pandemic and dollar buying by state run banks also weighed on the domestic currency.

- Brent crude prices slumped on persisting concerns over COVID-19 pandemic after Britain, Germany and France imposed new restrictions to stem the spread of the novel coronavirus which impacted the demand outlook of the commodity. However, the downturn was restricted by weekly data from the Energy Information Administration which showed that crude oil inventories in U.S. decreased by 1.6 million barrels in the week ended Sep 18, 2020.

10-Year Benchmark Bond (05.77% GS 2030) Movement



Spread Movement

Spreads		AAA	AA	A
30-Sep-20	1 Yr	186	250	250
	3 Yr	85	205	356
	5 Yr	125	259	320
31-Aug-20	1 Yr	123	276	250
	3 Yr	90	207	318
	5 Yr	136	217	315

Source: Refinitiv

Yield (%)	30-Sep-20	31-Aug-20
10 Year G-Sec	6.02	6.08
5 Year G-Sec	5.39	5.47
Certificate of Deposit		
3-Month	3.39	3.34
6-Month	3.47	3.56
9-Month	3.82	3.63
12-Month	3.94	3.84
Commercial Papers		
3-Month	3.55	3.50
6-Month	4.05	4.00
12-Month	4.50	4.40

Source: Refinitiv

Treasury Bill	30-Sep-20	31-Aug-20
91 Days	3.25	3.25
364 Days	3.65	3.56

Source: CCIL

Event Calendar

Release Date	Release Date	Country
19-Oct-20	Gross Domestic Product (YoY)(Q3)	China
20-Oct-20	PBoC Monetary Policy Review	China
29-Oct-20	Bank of Japan Monetary Policy Review	Japan
29-Oct-20	Gross Domestic Product Annualized(Q3) (P)	U.S.
30-Oct-20	Gross Domestic Product s.a. (YoY)(Q3) (P)	Euro Zone

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

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

IIFL ASSET MANAGEMENT

Investment Objective

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

Fund Manager$ Mr. Mayur Patel

Mr. Mayur Patel has 14 years of work experience including investment management and research experience of more than 10 years. Prior to joining IIFL, he managed equity portfolios of DSP BlackRock Equity Savings Fund and MIP Fund at DSP BlackRock Investment Managers (a joint venture between BlackRock and the DSP Group in India). Mr. Patel joined DSP BlackRock in 2013 as an Equity Analyst responsible for origination and dissemination of ideas across energy, industrials and utilities sectors. Earlier he was associated with Spark Capital as Lead Analyst, Energy in their Institutional Equities division and has also worked with Tata Motors and CRISIL. He is a Chartered Accountant and a CFA charter holder.

Fund Details

Date of Allotment	: October 30, 2014
Bloomberg Code	: IIFGRRG IN
Benchmark Index	: S&P BSE 200 TRI^
Plans Offered	: Regular & Direct
Options Offered	: Growth & Dividend
Minimum Application:	
New Purchase	: ₹5,000 and in multiples of ₹100 thereafter
Additional Purchase	: ₹1,000 and in multiples of ₹100 thereafter
Monthly SIP Option	: ₹1,000 per month for a minimum period of 6 months
Quarterly SIP Option:	₹1,500 per quarter for a minimum period of 4 quarters
Entry Load	: NIL
Exit Load	: 1% - if redeemed/switched out, on or before 12 months from the date of allotment w.e.f April 02, 2019.
Dematerialization	: D-Mat Option Available
Portfolio Turnover Ratio (based on 1 year monthly data)	: 0.69 times

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

NAV as on September 30, 2020

Regular - Growth	: ₹18.1648
Regular - Dividend	: ₹16.0708
Direct - Growth	: ₹19.5986
Direct - Dividend	: ₹19.3985

AUM as on September 30, 2020

Net AUM	: ₹ 963.22 crore
Monthly Average AUM	: ₹ 947.49 crore

Total Expense Ratio

Regular Plan	: 2.22% p.a.
Direct Plan	: 0.90% p.a.

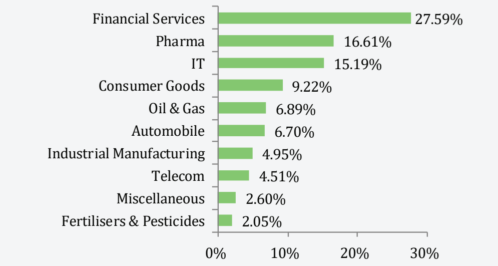
Total Expense Ratio is as on the last business day of the month.

Volatility Measures	Fund	Benchmark
Std. Dev (Annualised)	19.62%	17.64%
Sharpe Ratio	0.42	0.29
Portfolio Beta	1.04	1.00
R Squared	0.87	NA
Treynor	0.09	0.05

Portfolio as on September 30, 2020

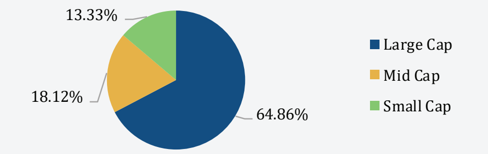
Company Name	Sector	% to Net Assets
Equity & Equity Related Total		
ICICI Bank Limited	Financial Services	8.81
Infosys Limited	IT	6.43
HDFC Bank Limited	Financial Services	5.83
Dr. Reddy's Laboratories Limited	Pharma	5.37
Crompton Greaves Consumer Electricals Limited	Consumer Goods	4.97
Bharti Airtel Limited	Telecom	4.51
Larsen & Toubro Infotech Limited	IT	4.04
Procter & Gamble Health Limited	Pharma	3.85
Bajaj Finance Limited	Financial Services	3.55
Balkrishna Industries Limited	Automobile	3.38
Mahindra & Mahindra Limited	Automobile	3.32
Muthoot Finance Limited	Financial Services	3.04
Reliance Industries Limited	Oil & Gas	3.03
Divi's Laboratories Limited	Pharma	2.87
IPCA Laboratories Limited	Pharma	2.85
Bharat Petroleum Corporation Limited	Oil & Gas	2.80
SRF Limited	Industrial Manufacturing	2.79
Cyient Limited	IT	2.64
Apollo Tricoat Tubes Limited	Miscellaneous	2.60
Asian Paints Limited	Consumer Goods	2.36
Essel Propack Limited	Industrial Manufacturing	2.16
ICICI Lombard General Insurance Company Limited	Financial Services	2.16
State Bank of India	Financial Services	2.12
Tata Elxsi Limited	IT	2.08
Aavas Financiers Limited	Financial Services	2.08
Coromandel International Limited	Fertilisers & Pesticides	2.05
Britannia Industries Limited	Consumer Goods	1.89
Abbott India Limited	Pharma	1.67
Petronet LNG Limited	Oil & Gas	1.06
Sub Total		**96.31**
TREPS##		3.78
Net Receivables / (Payables)		-0.09
Portfolio Total		**100.00**

Sector Allocation^^



^^Sector allocation as per AMFI classification

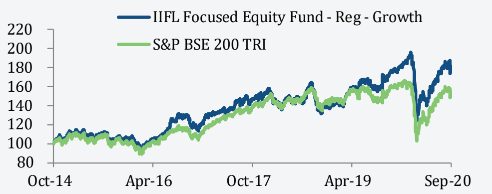
Market Capitalisation wise Exposure^



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 September 30, 2020

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

	30-Sep-19 to 30-Sep-20	PTP (₹)	30-Sep-17 to 30-Sep-20	PTP (₹)	30-Sep-15 to 30-Sep-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	6.86%	10,688	8.48%	12,772	11.76%	17,446	10.60%	18,162
IIFL Focused Equity Fund - Dir - Growth	8.38%	10,840	10.10%	13,353	13.20%	18,601	12.03%	19,598
Benchmark*	0.97%	10,097	5.05%	11,596	8.74%	15,211	7.66%	15,483
Additional Benchmark**	-0.44%	9,956	8.00%	12,602	9.15%	15,500	7.11%	15,021

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

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

	30-Sep-19 to 30-Sep-20	30-Sep-17 to 30-Sep-20	30-Sep-15 to 30-Sep-20	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	7,00,000
Total Value as on Sep 30,2020(₹)	1,30,441	4,21,157	7,88,765	9,55,435
Returns	16.56%	10.46%	10.88%	10.56%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,28,014	3,80,424	7,12,796	8,58,512
Benchmark: S&P BSE 200 TRI	12.64%	3.62%	6.83%	6.92%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,26,145	3,77,965	7,35,304	8,81,435
Additional Benchmark: S&P BSE Sensex TRI	9.65%	4.94%	8.07%	7.81%
(Inception date :30-Oct-2014) (First Installment date : 01-Dec-2014)				

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

Dividend Details

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

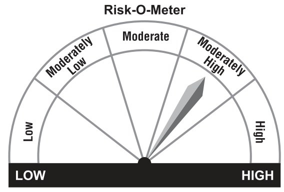
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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

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

Risk-O-Meter



Investors understand that their principal will be at Moderately High risk

Fund Commentary

We ended Q2FY21 on a mixed note as the Nifty was down 1.2% for the month and for the quarter was up 9.2%. The month gone by was a bit volatile as the market fell sharply between September 21 and September 24 with the Federal Reserve not unveiling any additional stimulus measures at its policy meet. However, we quickly saw a rebound as expectations of a stimulus package from the government and firm global cues helped Indian markets to recover from the sell-off.

Global recovery is on its way

We continue to see signs of a broad-based global recovery. Global PMIs for September show a further move into expansion territory in manufacturing, rising to 53.0 from 52.4 in August. Activity is increasing in both EM and DM economies, and emerging markets, which have lagged in previous months, are narrowing the gap.

In the US, high-frequency indicators maintained their positive trends of recent weeks. In Europe, Covid-19 infection dynamics continue to be top of mind, as rise in new cases has led policy makers to institute a range of locally targeted restrictions. In China, GDP continues to accelerate well above its pre-Covid level. Manufacturing PMIs for September came in above expectations, and services PMIs climbed close to a 7-year high. The services recovery remains in full swing, including travel. Within EM ex-China, Brazil and Russia have maintained steady growth, while India has seen significant acceleration in the last few weeks, despite elevated levels of Covid-19 case counts. In India, the manufacturing PMI rose to 56.8, from 52.0 in August, and has reached its highest level since January 2012. Separately, electricity production, goods and services taxes (GST) and exports all grew positive year-over-year in the month of September.

Equity Markets during the month

Back at home, the market bourses settled with a mixed closing. Despite improving high frequency indicators, large cap index Nifty fell as 2nd wave risks in major cities in India and FII selling (~INR 6,000 Cr) on the account of global risk aversion due to US elections took the stage. On the other hand, Nifty Midcap 100 (+1.8%) and Nifty Smallcap 100 (+4.2%) indices saw a good uptick supported largely by SEBI's circular on Multicap schemes and mildly by improving earnings estimates vis-à-vis March 2020. Amongst the sectors, IT stocks continued their stellar performance with Nifty IT Index growing by 11.28% while PSU and bankex remained the draggers for the month. On the fund flows end, FIIs turned net sellers after 4 consecutive months of inflows while DIIs were marginal net buyers, as Insurance buying was offset by MF selling who continued to see equity fund outflows with August redemptions at Rs40bn being slightly higher than July redemptions

Indian economy: Road to gradual recovery

Most indicators displayed YoY growth in September. Railway freight traffic witnessed double digit growth, Manufacturing PMI jumped to a record high level for the last 8 years and electricity consumption also grew in September. The goods and services tax (GST) collection rose for the first time in the last six months on a YoY basis. The rebound in economic activities in the country in September is substantially driven by the inventory filling for the festival season. Headline CPI in August rose by 6.69% in August.

During the month, the Supreme Court allowed telecom companies 10 years' time to pay their adjusted gross revenue (AGR) dues to the government. FPIs sold US$587 mn worth of equities in the month while DIIs sold US$44 mn. On the macro front, August CPI inflation moderated to 6.69% as against a downward revised print of 6.73% for July; July IIP growth fell by 10.4% as against a fall of 15.8% in June. Trade deficit at US$6.8 bn widened in August led by higher gold imports along with some momentum loss in exports.

The economic recovery is expected to be supported by the unlock 5.0 guidelines, in which state and union territory governments are allowed to take a call on the reopening of cinemas, swimming pools and schools. We believe many of the supply chain disruptions have now been eased in a graded manner and are further expected to fade away in the next upcoming guidelines. Going ahead, recovery in demand and consumption shall pave path for need of capital investments and the trajectory for the Indian economy.

Our portfolio and thinking going forward

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. With strong earnings momentum in the coming quarters in these sectors we confident of the stock selection we have. Moreover, we have a few rural theme stocks as well in the portfolio that may benefit from increased rural cash flows and faster recovery. With opening of economy, easing supply side constraints and an expected announcement of a stimulus by the government in the coming weeks, positive sentiment towards the Indian equities may draw interest from market participants.

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 portfolio companies we own have durable business moats, experienced managements, low leverage and prudent capital allocation. We have always been skewed towards large caps and that mix has not changed materially. As a team, we are constantly trying to scout for businesses that meet the criterion mentioned above.

Note

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

Disclaimer

IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

IIFL ASSET MANAGEMENT

Investment Objective

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

Fund Manager Mr. Ankur Parekh

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

Fund Details

Date of Allotment : June 24, 2013

Bloomberg Code : IIFDBDBIN

Benchmark Index : CRISIL Composite Bond Fund Index

Plans Offered : Regular & Direct

Options Offered : Growth & Dividend

Minimum Application Amount :

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

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

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

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

Entry Load : Nil

Exit Load : Nil^

^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 September 30, 2020

Regular Plan Growth	: ₹16.3339
#Regular Plan Bonus	: ₹16.3339
Regular Quarterly Dividend	: ₹15.7621
#Regular Half Yearly Dividend	: ₹15.7621
#Regular Monthly Dividend	: ₹11.7879
Direct Plan Growth	: ₹17.0090
Direct Monthly Dividend	: ₹12.3718

#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 September 30, 2020

Net AUM	: ₹ 567.53 crore
Monthly Average AUM	: ₹ 534.10 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.

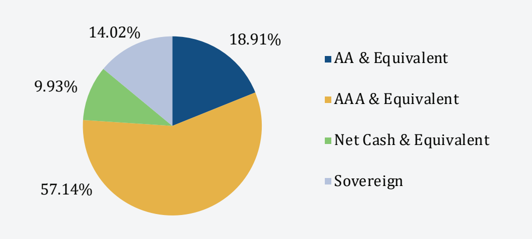
Statistical Debt Indicators

Macaulay Duration	: 2.14 years
Modified Duration	: 2.04 years
Average Maturity	: 2.71 years
Yield to Maturity	: 5.90%

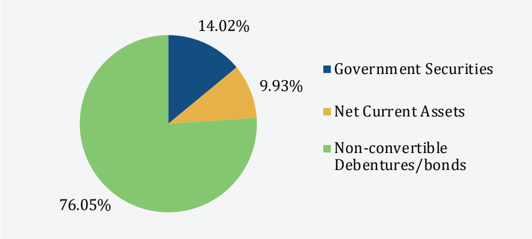
Portfolio as on September 30, 2020

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Government Securities		**14.02**
7.32% Government of India	SOVEREIGN	8.50
6.18% Government of India	SOVEREIGN	4.55
8.4% Government of India	SOVEREIGN	0.97
Non-Convertible Debentures/Bonds		**76.05**
6.72% Power Finance Corporation Limited	CRISIL AAA	8.62
8.75% Axis Bank Limited	CRISIL AA+	7.14
8.9% State Bank of India	CRISIL AAA	6.75
EMBASSY OFFICE PARK REIT	CRISIL AAA	6.17
7.12% REC Limited	CRISIL AAA	5.67
9.15% ICICI Bank Limited	ICRA AA+	5.45
6.4% National Bank For Agriculture and Rural Development	ICRA AAA	5.45
6.95% Housing Development Finance Corporation Limited	CRISIL AAA	4.56
7.2% Sikka Ports and Terminals Limited	CRISIL AAA	3.65
7.25% EMBASSY OFFICE PARK REIT	CRISIL AAA	3.53
8.95% Jamnagar Utilities & Power Private Limited	CRISIL AAA	2.83
7.75% LIC Housing Finance Limited	CRISIL AAA	2.76
8.4% India Grid Trust InvIT Fund	CRISIL AAA	2.61
6.99% Housing Development Finance Corporation Limited	CRISIL AAA	1.82
6.92% REC Limited	CRISIL AAA	1.82
9.2% ICICI Bank Limited	ICRA AA+	1.80
8.15% State Bank of India	CRISIL AA+	1.80
8.55% ICICI Bank Limited	ICRA AA+	1.79
8.85% HDFC Bank Limited	CRISIL AA+	0.91
8.85% India Grid Trust InvIT Fund	CRISIL AAA	0.90
9.35% IDFC First Bank Limited	ICRA AA	0.02
TREPS## / Reverse Repo		
TREPS##		8.30
Net Current Assets		1.63
Portfolio Total		**100.00**

Composition by Rating^



Instrument Wise Composition^



Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
29-Sep-20	0.05	11.8323	12.4156
25-Aug-20	0.05	11.8231	12.3976
29-Jul-20	0.05	11.8766	12.4466
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

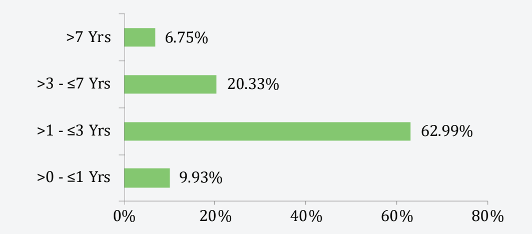
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

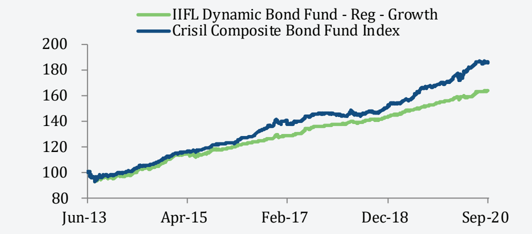
	30-Sep-19 to 30-Sep-20	PTP (₹)	30-Sep-17 to 30-Sep-20	PTP (₹)	30-Sep-15 to 30-Sep-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	7.17%	10,719	6.35%	12,033	6.73%	13,854	6.98%	16,336
IIFL Dynamic Bond Fund - Dir - Growth	7.84%	10,786	7.03%	12,265	7.35%	14,262	7.58%	17,014
Benchmark*	11.34%	11,137	8.37%	12,733	8.90%	15,323	8.82%	18,493
Additional Benchmark**	8.25%	10,827	6.72%	12,159	7.60%	14,429	7.11%	16,481

Past performance may or may not be sustained in future
Different plans shall have different expense structure
As on September 30, 2020* Crisil Composite Bond Fund Index,** Crisil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date; $Inception date 24-June-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain.

Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



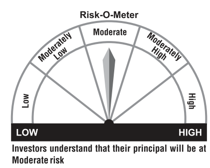
^As on September 30, 2020

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

* Investors should consult their financial advisers 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

System liquidity surplus remained adequate in the range of Rs 3.2 to 3.7 trn over the month. The system liquidity surplus moderated due to outflows from advance taxes, auctions and GST collections and is expected to outweigh CIC payback along with inflows from government spending, redemptions and coupons. Tracking comfortable liquidity conditions, overnight rates continue to remain marginally below the reverse repo rate on an average basis. Average overnight rates hover around 3.15% to 3.25% levels during the month. Corporate bonds witnessed a sell-off tracking the weakness in the G-Sec market in last week of the month before the borrowing program for 2H21, with yields in the 3year segment and beyond rising by 10-20 bps. But it cooled off drastically after the RBI policy statement (declared in Oct). 3month CPs are trading in the range of 3.40-50% and the 1year CPs are trading around 4-4.10%. The government finally appointed new external Monetary Policy Committee (MPC) members: Ashima Goyal, Jayanth R. Varma and Shashanka Bhide. Without changing the benchmark overnight rates, RBI in the policy announced to double every OMO size to Rs200 bn along with SDL OMOs on case to case basis. It also tweaked HTM category investment limits for banks and made TLTRO available on Tap for to support ease of finance to needy sectors such as housing finance. From the statement, RBI seems to be on hold for approximately next one year and which will be beneficial for carry assets and especially bonds in the 3-7year bucket. Earlier in September, RBI specified five financial ratios and sector-specific thresholds for resolution of Covid-19 related stressed assets in 26 sectors. These key financial ratios suggested by the Kamath committee for sectors like automobiles, power, cement, chemicals, gems and jewelry, logistics, mining, roads, real estate, shipping and others.

CPI inflation was unchanged at 6.7% y-o-y in August, below expectations vs a downwardly revised 6.7% in July (6.9% previously). Looking ahead, higher vegetable prices due to heavy rains are a near-term risk to inflation and are likely to keep headline inflation in September close to August's print. The trajectory thereon remains sensitive to the evolution of vegetable prices over winter. If the expected vegetable price correction starts in October, then inflation should moderate close to the Reserve Bank of India's (RBI) 4% target by December, supported by a favorable base effect. The upside risk to this projection would be a constant increase in vegetable prices through Q4 due to recent heavy rains. Inflation is challenging due to a collapse in money multiplier as people are preferring to hold cash, with uncertainty over the pandemic looming large. Despite weakness in economic activity, core inflation remained unchanged at 5.3%. The gold prices along with excise duty hikes may continue to weigh on the core CPI inflation trajectory. The RBI will await a durable reduction in inflation before easing its repo rate further. CPI inflation is likely to move back into RBI's target range from October onwards and below 4% in December. As the uncertainties prevails, further monetary easing remains restricted on the evolution of growth and inflation.

July IIP growth contracted at a slower pace as the economic activities continues to gradually build momentum after the easing lockdown. Economic activity find it challenging to return to pre-Covid levels given the daily surge in Covid cases and sporadic lockdowns. July IIP growth, expectedly, fell by 10.4% as against a fall of 15.8% in June.

India's trade deficit widened in August as a rebound in exports flattened out and imports rose sequentially, led by higher shipments of gold. The trade deficit stood at US$6.77bn compared to a deficit of US$4.83bn in July. Merchandise exports contracted by 12.66% YoY to US$22.7bn in August compared to a contraction of 10.21% in July. Merchandise imports contracted by 26.04% to US$29.47bn in August compared to a contraction of 28.4% last month. Non-oil, non-gold imports fell by 29.61% to US$19.35bn in August after a 29.15% fall last month. India's August Manufacturing PMI stood at 52 compared to 46 in July. The upturn was led by an improvement in customer demand as client businesses reopened after lockdown restrictions eased amid the COVID-19 pandemic. Output and new orders expanded at the fastest paces since February – recording a 21-month high.

Total GST collection was at Rs955 bn for August (3.9% yoy) compared to Rs864 bn in July. The improvement in August GST revenues (collected in September) is a positive. Part of the increase is likely on account of delayed filing by small businesses. Gross GST collections in 1HFY21 were at Rs4.5 tn—contraction of 25% over 1HFY20. The economic activity and tax collections are likely to improve going ahead, yet overall there can be a shortfall of Rs5.3 tn in total receipts, along with Covid-related expenditure of Rs3 tn and expenditure cuts of around Rs1.7 tn. The government has also, expectedly, kept the dated market borrowing plan unchanged at Rs 12 tn and 2H borrowing at Rs 4.3 tn which gave a sigh of relief for the bond markets. However, there is speculation that the government may soon announce another set of relief measure, in additional spending of around Rs1 tn and the central government maintaining an adequate cash balance. Supply concerns will, however, continue to linger and much will depend on the evolution of Covid and its impact on growth and fiscal slippages.

Post pandemic, central banks in emerging economies are increasingly faced with the impossible policy trilemma – monetary independence, exchange rate stability and financial openness. Recent policy statements of RBI have repeatedly emphasized the importance of financial stability in monetary policy making. India's international reserves/GDP ratio has increased substantially in current fiscal year from 17.7% of GDP to at least 19.6% on an FY20 base/ $63.8 bn jump. On the global front, while the US FOMC kept the policy rate unchanged, the FOMCs gave forward guidance of rates staying this low until at least the end of 2023 and also until the economy returns to maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time. Fed's decision on average inflation targeting implies that inflation upsides will be tolerated till economy revives. The Bank of England in a unanimous vote left the policy rate at unchanged 0.1% and it stated that it continues to run its existing program of UK government bond and sterling non-financial investment-grade corporate bond purchases of GBP745 bn. The ECB left the policy rate unchanged and expects them to remain at their present or lower levels until inflation outlook robustly converges to a level close to, but below, 2%. It will continue its purchases under the pandemic emergency purchase program (PEPP) of EUR1.35 tn, until at least the end of June 2021 or until it judges that the Covid crisis is over. The Bank of Japan too retained its policy rate at -0.1% and it would continue to cap its 10-year government bond yield at around 0%.

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. Most of the economic indicators like RTO transactions, electricity consumption, PMI manufacturing and services, petrol consumption, vehicle sales, food arrival & prices and Air quality shows improved economic activity in Sep however, significantly below Pre-Covid levels. These data suggest that economic activity gained some traction since the easing of the lockdown from May month but it continues to be lower than the numbers witnessed before the lockdown period. The data on unemployment rate in India as of the end of May was around 20%. While the sudden lockdown and the migration of workers back towards semi urban/rural areas led to surge in unemployment rate in Apr/May, the government's focus on boosting temporary employment through various schemes have helped in improving the employment conditions. Rural activity in general seems in much better shape compared to urban areas but surplus labor concerns will weigh (possibly post the agriculture season). 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.

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 September 30, 2020

Regular Plan Growth	: ₹1562.9142
Regular Plan Weekly Dividend	: ₹1005.1288
Regular Plan Daily Dividend	: ₹1000.0701
Direct Plan Growth	: ₹1568.3094
Direct Plan Dividend	: ₹1000.0427
Direct Plan Weekly Dividend	: ₹1005.1011

AUM As on September 30, 2020

Net AUM	: ₹ 84.31 crore
Monthly Average AUM	: ₹ 214.32 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	: 23 days
Modified Duration	: 22 days
Average Maturity	: 23 days
Yield to Maturity	: 3.28%

Portfolio as on September 30, 2020

Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Commercial Paper		
Reliance Industries Limited	CRISIL A1+	47.27%
Sub Total		**47.27%**
Treasury Bill		
91 Days Tbill	SOVEREIGN	23.69%
Sub Total		**23.69%**

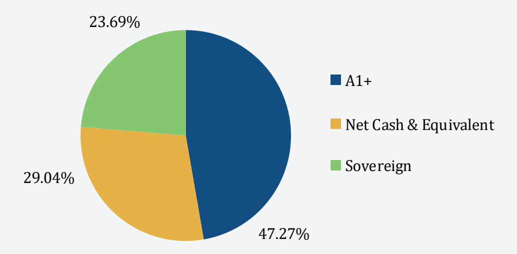
Name of the Instrument	Rating	% to Net Assets
TREPS## / Reverse Repo		
TREPS##		24.34%
Sub Total		**24.34%**
Net Receivables / (Payables)		4.70%
Portfolio Total		**100.00%**

Scheme Performance

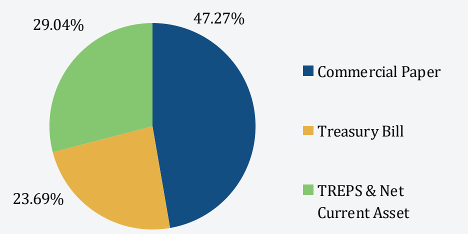
	30-Sep-19 to 30-Sep-20	PTP(₹)	30-Sep-17 to 30-Sep-20	PTP(₹)	30-Sep-15 to 30-Sep-20	PTP(₹)	Since Inception$	PTP (₹)
IIFL Liquid Fund - Reg - Growth	3.97%	10,398	5.67%	11,803	6.13%	13,469	6.70%	15,628
IIFL Liquid Fund - Dir - Growth	4.02%	10,403	5.72%	11,820	6.19%	13,507	6.75%	15,679
Benchmark*	5.17%	10,518	6.58%	12,111	6.82%	13,913	7.40%	16,348
Additional Benchmark**	4.98%	10,498	6.21%	11,982	6.43%	13,660	7.08%	16,017

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

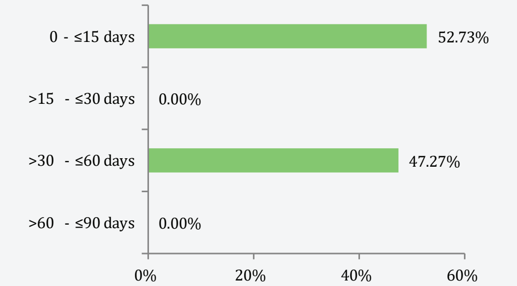
Composition by Rating^



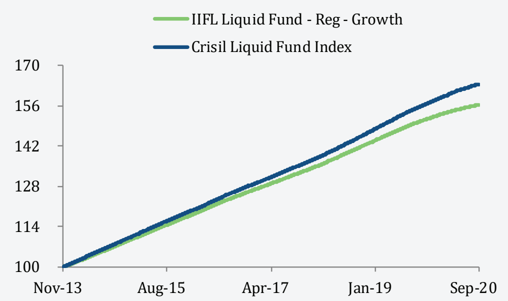
Instrument Wise Composition^



Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



^As on September 30, 2020

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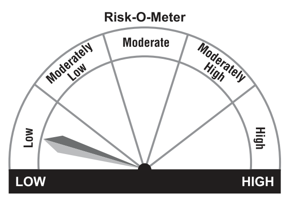

Investors understand that their principal will be at Low risk

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.