IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

NOVEMBER 2020

Macro Economy & Event Update

- Global equity markets across U.S., Europe and Asia fell in Oct 2020 as once again the spectre of COVID-19 pandemic spooked investors. Coronavirus infection cases surged in U.S. and Europe which led to renewed lockdowns in Germany, France, Spain and Britain. Market participants eagerly hoped for a new stimulus bill before the U.S. Presidential elections which again did not fructify. Uncertainty over the outcome of the U.S. Presidential elections also weighed on the market sentiment. Back dome, domestic equity markets managed to buck the trend as encouraging corporate earning numbers reported by some major companies coupled with stimulus measures announced by the government and the Reserve Bank of India (RBI) boosted market sentiments.
- Equity markets in U.S. fell as persisting concerns over COVID-19 pandemic weighed on the market sentiment. Uncertainty over the outcome of the U.S. Presidential elections and declining chances of a new stimulus bill to combat the COVID-19 pandemic further added to the losses.
- European counterparts also remained under pressure as increase in coronavirus infection cases in U.S. and Europe led to renewed lockdowns in several countries, including the U.K., France, Germany and Spain. This again bought to the fore the anxiety of a slowdown in global growth.
- Asian equity markets rose initially as upbeat trade data from China lifted market sentiments. However, the trend reversed after China's economy grew at a slower rate than expected rate in the third quarter of 2020. Resurgence of coronavirus infection cases in U.S. and Europe further contributed to the downside.
- Back home, domestic equity markets rose as the Q2FY21 corporate earnings results were largely positive. A slew of stimulus measures announced by the government and the RBI also added to the gains. Nonetheless, persisting worries over COVID-19 pandemic capped the gains.
- In domestic debt market, bond yields witnessed the biggest monthly decline in this fiscal after the RBI purchased government securities through open market operations (OMOs) in this month. A slew of measures announced by the RBI in its monetary policy review on Oct 9, 2020 also added to the gains.
- Moving ahead, the development of the COVID-19 vaccine will be in sharp focus as the availability of the vaccine across all the pockets of the country will kickstart the recovery process of the domestic economy. The domestic debt market sentiment will be dictated as to how the RBI goes about in conducting the OMOs and the amount of government securities they are able to absorb. The outcome of the U.S. Presidential elections will also have a direct bearing on the market sentiment as the same will shape as to what policies the new U.S. administration adopts regarding global trade and combating the deadly COVID-19 pandemic moving ahead.

Key Economic Indicators		
Indicators	**Current**	**Previous**
WPI (Sep-20)	1.32%	0.16%
IIP (Aug-20)	-8.00%	-10.77%
CPI (Sep-20)	7.34%	6.69%

Source: Refinitiv

MPC keeps interest rates on hold in its monetary policy review

- The Monetary Policy Committee (MPC) in its monetary policy review kept key policy repo rate unchanged at 4.0%. The reverse repo rate thus remained unchanged at 3.35% and the marginal standing facility rate and the bank rate also stood unchanged at 4.25%. The MPC also decided to continue with its accommodative stance as long as necessary (– at least during the current financial year and into the next financial year –)to revive growth of the Indian economy on a durable basis and mitigate the impact of COVID-19 pandemic on the economy, while ensuring that inflation remains within the target going forward.

MPC projected real GDP of the Indian economy to contract 9.5% in FY21

- MPC projected the real GDP of the domestic economy to contract 9.8% in Q2FY21 and 5.6% in Q3FY21. However, MPC expects the domestic economy to show a meagre growth of 0.5% in Q4FY21 which it expects to surge to 20.6% in Q1FY22. Overall, MPC projected real GDP of the Indian economy to contract 9.5% in FY21. The projection comes as MPC expects the recovery of the rural economy to strengthen further while it warned the recovery of the urban economy to be delayed which it attributed to the COVID-19 pandemic. MPC added that private investment and exports may remained muted on account of weak external demand. While the capacity utilisation of manufacturing firms may recover in Q3FY21, the services sector will take time to recover to the pre-COVID levels.

India's IIP contracted 8% YoY in Aug 2020

- Index of Industrial production (IIP) contracted 8% YoY in Aug 2020, worse than a contraction of 1.4% in Aug 2019. Industrial production during Apr-Aug 2020 stood contracted 25% compared to a growth of 2.4% in the same period of the previous year.

India's retail inflation accelerated to 8-month high in Sep 2020

- India's consumer price index-based inflation accelerated to 8-month high at 7.34% YoY in Sep 2020 from 6.69% in Aug 2020 and 3.99% in Sep 2019 mainly on account of higher food prices. Consumer Food Price Index (CFPI) rose to 10.68% YoY during the reported period from 9.05% in the prior month due to spurt in vegetable prices.

India's fiscal deficit target exceeded the full year target by almost 15%

- India's fiscal deficit during the period from Apr to Sep of 2020 stood at Rs. 9.14 lakh crore. India's fiscal deficit target thus exceeded the full year target of Rs. 7.96 lakh crore by almost 15%. India's fiscal deficit widened as government's revenue remained subdued on account of COVID-19 pandemic. Total receipts for the government stood at Rs. 5.65 lakh crore or 25.2% of the budget estimate as compared to 40.2% of the budget estimate in the corresponding period of the previous year. The government however tried to contain the fiscal deficit to some extent by bringing down the total expenditure which stood at Rs. 14.8 lakh crore or 48.6% of the budget estimate as compared to 53.4% of the budget estimate in the corresponding period of the previous year.

Equity Market

- Indian equity markets settled in the green with key benchmark indices touching around 8-month closing high during the month. Buying interest found support from encouraging corporate earning numbers reported by some major companies. Gains were extended following media reports of decline in daily COVID-19 cases and the resultant deaths in India. Nonetheless, persisting worries over growing coronavirus infection worldwide towards month-end and caution ahead of the U.S. Presidential election kept investors on tenterhooks.
- On the BSE sectoral front, S&P BSE Bankex was the top gainer, up 12.46%, followed by S&P BSE Realty and S&P BSE IT which went up 7.94% and 5.40%, respectively. Banking sector rose after RBI announced unconventional measures to boost economic activity, which includes secondary market OMOs of state government securities in order to make borrowing cheaper for states. RBI also doubled the quantum of liquidity infusion into the market through the purchase of government securities to Rs. 20,000 crore. This, along with the extension of the enhanced held-to-maturity limit for banks to 22% of net demand and time liabilities from 19.5% till Mar 2022 is expected to support government borrowing programmes.
- U.S. markets went down amid concerns about the recent spike in coronavirus cases coupled with uncertainty about the upcoming Presidential election on Nov 3. Although the markets were initially benefitted from optimism about a new stimulus bill, such hopes faded after U.S. House Speaker rejected the $1.8 trillion coronavirus relief proposal from the White House, calling it inadequate to support the pandemic-ravaged economy. Nonetheless, the downturn was restricted following the release of a report from the Commerce Department showing a stronger than expected rebound by the U.S. economy in the third quarter of 2020.
- European markets slumped as worries about continued spikes in coronavirus cases across Europe and the U.S. and tougher lockdown restrictions in several countries, including the U.K., France, Germany and Spain, reignited concerns about economic recovery. Meanwhile, ECB kept key interest rates and massive stimulus unchanged, citing a highly uncertain outlook amid a resurgence in the COVID-19 pandemic.
- Asian markets which closed on a mixed note were initially led by optimism over COVID-19 relief package from U.S. and upbeat trade data from China. However, markets soon gave up its gains after data showed that China's economy expanded at a slower rate than expected in Jul-Sep of 2020. Bourses continued to retreat as rising coronavirus infections and new restrictions introduced in European countries added to worries about the economic outlook.
- Investors will be keenly tracking the investment by foreign portfolio investors especially after MSCI update on the new regime on foreign ownership limits in the MSCI Global Indexes containing Indian securities. On the political front, the three phase Assembly election in Bihar shall continue to dominate investor sentiments. Lastly, global cues will continue to be in focus as a resurgence in COVID-19 cases around the world recently led to more restriction and more pressure on economic recovery.

Domestic Indices Performance

Indicators	30-Oct-20	30-Sep-20	Chg %	YTD%
S&P BSE Sensex	39,614	38,068	4.06	-3.97
Nifty 50	11,642	11,248	3.51	-4.32
S&P BSE 200	4,910	4,782	2.69	-3.32
Nifty Midcap 100	17,067	16,983	0.49	-0.21
Nifty Dividend Opportunities 50	2,411	2,368	1.81	-4.96
S&P BSE Smallcap	14,888	14,867	0.14	8.68

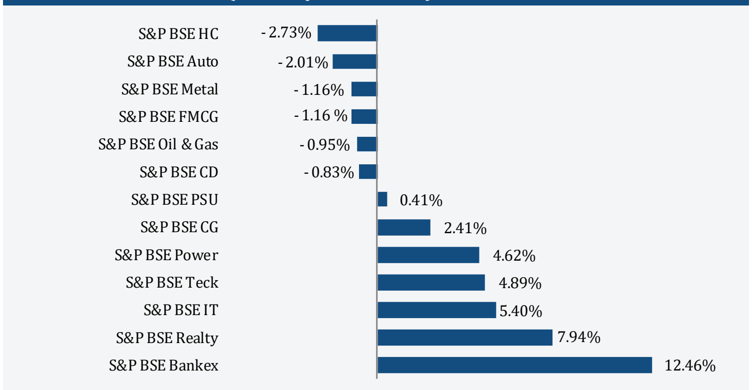
Source: Refinitiv

Global Indices Performance

Global Indices	30-Oct-20	30-Sep-20	Chg %	YTD%
Dow Jones	26,502	27,782	-4.61	-7.14
FTSE	5,577	5,866	-4.92	-26.05
CAC	4,594	4,803	-4.36	-23.15
Hang Seng	24,107	23,459	2.76	-14.48
SSE Composite Index	3,225	3,218	0.20	5.72

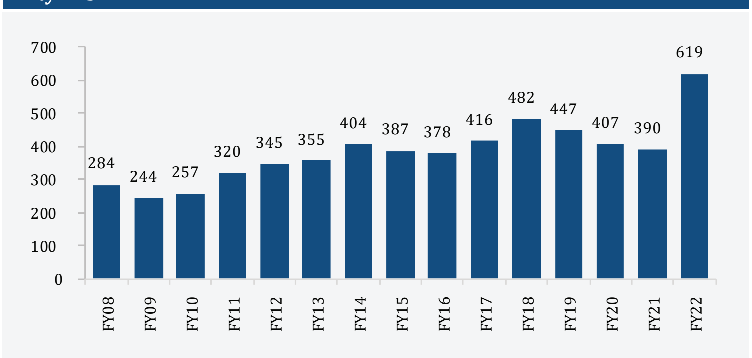
Source: Refinitiv

Sectoral Performance (Monthly Returns %)



Source: Refinitiv

Nifty EPS



Institutional Flows (Equity) As on October 30, 2020

(₹ Cr)	Purchases	Sales	Net	YTD
FPI Flows	132,411	112,871	19,541	47,887
MF Flows*	48,361	62,705	-14,344	3,286
DII Flows	69,356	86,675	-17,319	51,080

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

Debt Market

- Bond yields witnessed the biggest monthly decline in this fiscal after the RBI purchased government securities through OMOs in this month. A slew of measures announced by the RBI in its monetary policy review on Oct 9, 2020 to reinvigorate the beleaguered debt market sentiment also added to the gains. Expectations that the frequency of OMOs will be maintained moving ahead pushed concerns over excessive supply of sovereign debt to the backburner which also contributed to the upside. Bond yields fell further after minutes of the Monetary Policy Committee's latest meeting on Oct 9, 2020 raised hopes of further policy easing.

- Yield on gilt securities fell across the maturities in the range of 9 bps to 34 bps barring 6-year paper which increased 7 bps. Yield on corporate bonds fell across the maturities in the range of 6 bps to 66 bps barring 10-year paper which closed steady and 15-year paper which increased 42 bps. Difference in spread between corporate bond and gilt securities contracted across 1 to 6-year maturities by up to 42 bps and expanded across the remaining maturities in the range of 14 bps to 56 bps.

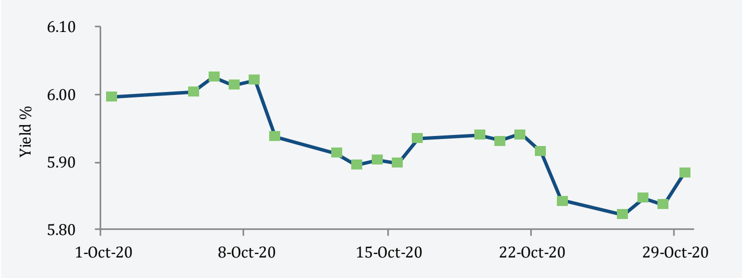
- Bond yields moving ahead will be dictated as to how the RBI goes about in conducting the OMOs and the amount of government securities they are able to absorb. The retail inflation numbers will also remain in sharp focus which at present are north of 7% levels. The development surrounding the COVID-19 pandemic will also be closely tracked as the development of a vaccine and its availability across all pockets of the country will kickstart the recovery of the domestic economy. On the global front, crude oil prices, movement of the rupee against the greenback, stance adopted by major global central banks on their respective monetary policies and transaction trends by foreign portfolio investors will also have its impact on the bond yield trajectory.

Currency and Commodity Market

- The Indian rupee weakened against the greenback following intervention by RBI through buying of greenbacks by state-run banks. Rupee weakened further as surging coronavirus cases in Europe and the U.S. dampened risk appetite in the region. However, selling of greenback by exporters and hopes of a fiscal stimulus package in the U.S. restricted further losses. Gains in domestic equity market also strengthened the rupee.

- Brent Crude prices edged higher initially as oil workers evacuated rigs in the U.S. Gulf of Mexico due to Hurricane Delta, raising supply concerns. Oil prices found additional support from news of the discharge of U.S. President from the hospital where he was treated for COVID-19. However, gains were soon erased amid persisting concerns over COVID-19 pandemic and worries on renewed lockdowns. Losses were extended as data from U.S. Energy Information Administration showed that oil inventory increased by 4.3 million barrels for the week ended Oct 23.

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



Source: Refinitiv

Spread Movement

Spreads		AAA	AA	A
29-Oct-20	1 Yr	149	350	270
	3 Yr	75	287	316
	5 Yr	122	303	241
30-Sep-20	1 Yr	186	250	247
	3 Yr	85	205	354
	5 Yr	125	259	322

Source: Refinitiv

Yield (%)	29-Oct-20	30-Sep-20
10 Year G-Sec	5.88	6.02
5 Year G-Sec	5.17	5.39
Certificate of Deposit		
3-Month	3.20	3.39
6-Month	3.52	3.47
9-Month	3.49	3.82
12-Month	3.72	3.94
Commercial Papers		
3-Month	3.35	3.55
6-Month	3.85	4.05
12-Month	4.30	4.50

Source: Refinitiv

Treasury Bill	29-Oct-20	30-Sep-20
91 Days	3.19	3.25
364 Days	3.42	3.65

Source: CCIL

Event Calendar

Release Date	Release Date	Country
05-Nov-20	U.S. Federal Reserve Policy Review	U.S.
05-Nov-20	Bank of England Monetary Policy Review	U.K.
06-Nov-20	Nonfarm Payrolls (Oct)	U.S.
20-Nov-20	PBoC Interest Rate Decision	China
25-Nov-20	Gross Domestic Product Annualized(Q3) (P)	U.S.

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)	: 0.62 times

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

NAV as on October 30, 2020

Regular - Growth	: ₹18.7469
Regular - Dividend	: ₹16.5860
Direct - Growth	: ₹20.2486
Direct - Dividend	: ₹20.0419

AUM as on October 31, 2020

Net AUM	: ₹ 1014.16 crore
Monthly Average AUM	: ₹ 1008.48 crore

Total Expense Ratio

Regular Plan	: 2.21% p.a.
Direct Plan	: 0.90% p.a.

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

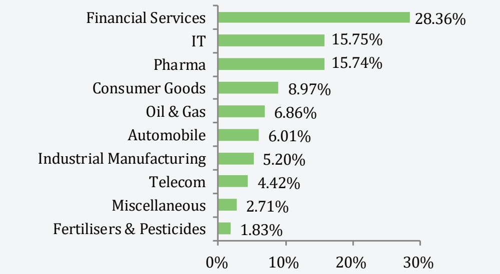
Volatility Measures

Volatility Measures	Fund	Benchmark
Std. Dev (Annualised)	19.50%	17.54%
Sharpe Ratio	0.46	0.33
Portfolio Beta	1.04	1.00
R Squared	0.87	NA
Treynor	0.09	0.06

Portfolio as on October 31, 2020

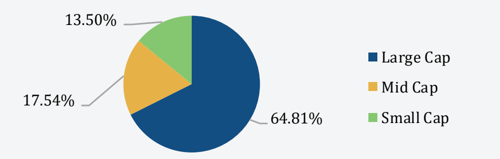
Company Name	Sector	% to Net Assets
Equity & Equity Related Total		
ICICI Bank Limited	Financial Services	9.26
Infosys Limited	IT	6.43
HDFC Bank Limited	Financial Services	6.08
Crompton Greaves Consumer Electricals Limited	Consumer Goods	4.83
Dr. Reddy's Laboratories Limited	Pharma	4.81
Bharti Airtel Limited	Telecom	4.42
Larsen & Toubro Infotech Limited	IT	4.40
Bajaj Finance Limited	Financial Services	3.91
Procter & Gamble Health Limited	Pharma	3.76
Muthoot Finance Limited	Financial Services	3.14
SRF Limited	Industrial Manufacturing	3.09
Mahindra & Mahindra Limited	Automobile	3.08
Balkrishna Industries Limited	Automobile	2.93
IPCA Laboratories Limited	Pharma	2.89
Divi's Laboratories Limited	Pharma	2.81
Apollo Tricoat Tubes Limited	Miscellaneous	2.71
Bharat Petroleum Corporation Limited	Oil & Gas	2.67
Reliance Industries Limited	Oil & Gas	2.64
Cyient Limited	IT	2.57
Asian Paints Limited	Consumer Goods	2.50
Tata Elxsi Limited	IT	2.35
EPL Limited	Industrial Manufacturing	2.11
State Bank of India	Financial Services	2.05
Aavas Financiers Limited	Financial Services	1.97
ICICI Lombard General Insurance Company Limited	Financial Services	1.95
Coromandel International Limited	Fertilisers & Pesticides	1.83
Britannia Industries Limited	Consumer Goods	1.64
Petronet LNG Limited	Oil & Gas	1.55
Abbott India Limited	Pharma	1.47
Sub Total		**95.85**
TREPS##		3.97
Net Receivables / (Payables)		0.18
Portfolio Total		**100.00**

Sector Allocation^^



^^Sector allocation as per AMFI classification

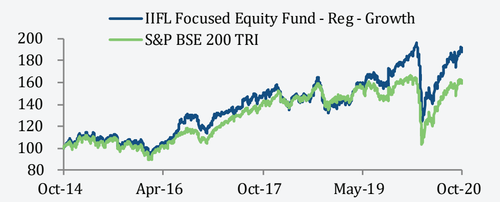
Market Capitalisation wise Exposure^



a. Large Cap Companies: 1st -100th company in terms of full market capitalization
b. Mid Cap Companies: 101st -250th company in terms of full market capitalization
c. Small Cap Companies : 251st company onwards in terms of full market capitalization
The consolidated list of stocks in terms of full market capitalization is as per the list uploaded by AMFI, in terms of SEBI circulars dated October 6, 2017 and December 4, 2017.

^as on October 31, 2020

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

	31-Oct-19 to 31-Oct-20	PTP (₹)	31-Oct-17 to 31-Oct-20	PTP (₹)	31-Oct-15 to 31-Oct-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	7.35%	10,735	8.03%	12,608	11.95%	17,595	11.03%	18,745
IIFL Focused Equity Fund - Dir - Growth	8.86%	10,886	9.62%	13,173	13.40%	18,766	12.47%	20,253
Benchmark*	-0.17%	9,983	3.96%	11,236	8.99%	15,386	8.05%	15,920
Additional Benchmark**	-0.11%	9,989	7.33%	12,364	9.62%	15,837	7.75%	15,656

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

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

	31-Oct-19 to 31-Oct-20	31-Oct-17 to 31-Oct-20	31-Oct-15 to 31-Oct-20	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	7,10,000
Total Value as on Oct 31, 2020(₹)	1,33,672	4,31,844	8,06,228	9,96,246
Returns	21.90%	12.19%	11.77%	11.34%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,31,321	3,89,599	7,27,665	8,93,157
Benchmark: S&P BSE 200 TRI	18.04%	5.20%	7.65%	7.67%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,31,285	4,01,115	7,60,695	9,29,155
Additional Benchmark: S&P BSE Sensex TRI	17.98%	7.16%	9.43%	8.99%
(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

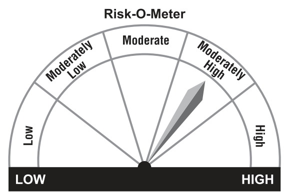
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

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.



Investors understand that their principal will be at Moderately High risk

Fund Commentary

Indian markets ended October on a strong note delivering a 3.5% gain. This month was supposed to be volatile as November was going to start off with the much-awaited US Elections outcome. Aggressive FII buying (worth ~$2.5bn) was almost entirely absorbed by DII selling (worth ~$2.4bn) as Domestic Mutual Funds saw third month of outflows in September. On the global front, focus shifted to the upcoming US Elections and lockdowns returning across Europe. On the domestic front, monthly indicators suggested a fast return to normalcy with >90% retracement of economic activity even as both Covid cases & positivity rate continued to decline.

Earnings so far for Q2FY21 were largely better than expectations as sequential growth and cost controls led to beat at all levels for Nifty companies. Among sectors, financials reported near-normal collection efficiency, Property players reported impressive pre-sales and cement cos surprised on volumes / costs.

We would like to highlight that markets in India are nicely poised for quality cyclicals to do well. Indian banking system has witnessed a major acid test during the COVID-19 crisis. Most of the private banks as well as SBI have shown remarkable resilience on asset quality both on retail and corporate side. Of course, there will incrementally credit costs that will arise due to the pandemic. However, will strong underwriting capabilities and comfortable capital buffer, these banks should ideally come out of this problem largely unscathed. This coupled with reasonable valuations makes a strong case for Financials to do well.

COVID and the global recovery

While green shoots of a broad-based global recovery are gradually becoming more visible, barring some disruptions in Europe, economic activity is largely continuing its pace. While global lockdown was creating fears of a systemic meltdown, we believe that recovery in most of the economies has been better than expected. On one side of the globe, US reported over 33% QoQ growth in GDP in Q3CY20, largely due to rise in consumption, business fixed housing and exports, China, on the other side, witnessed ~4.3% YoY growth in GDP for the past quarter signifying that the impact of the virus is contained.

As economic recoveries beat expectations, we believe the structural damage, i.e. firm bankruptcies and weakening of financial system, within many economies have largely been contained by the fiscal and monetary policy responses. Except for vaccine dependent sectors, (travel, hospitality), nearly all of the other sectors are witnessing positive activity. From where we stand today, we believe that the obtrusion of COVID has been lesser than the structural damage and overhang caused by previous two recessions (2001 & financial crisis 2008). While we remain wary and watchful of any developments, "vaccine" is being considered as solution to the economic revival. Though, renewed lockdown and travel restrictions may hurt demand outlook for few sectors and commodities like Crude (settled below $40 per barrel), these obstructions may not "crack" the system like the financial crisis stimulated recessions did.

Indian Equity Markets during the month

With the improving economic activity and surprise from results, particularly in the banking sector, where asset quality is improving across different industry sectors, markets remained afloat during the month. While Nifty ended positive, top sectoral performances were witnessed in Nifty Private Bank index (+12.2%) and Nifty Realty (+7.7%). Pharma (-4.5%) and Oil & Gas (-2.2%) was the steepest detractor.

Most companies, especially those in Nifty-50 Index, have reported strong 2QFY21 results; net profits are about 11% ahead of expectations. As clarity emerges for corporates after seeing a sharp downtick in Q1FY21, managements are sounding much more confident on growth or arresting the fall in growth. Many companies in our portfolios largely in financial services and IT. Also, pharma sector has seen material upgrade in earnings. This commentary by managements also was in sync with some indicators suggesting that economic activity levels in October were approaching pre-pandemic levels while the number of Covid-19 cases continued to decline from its peak in mid-September.

Indian economy: Road to gradual recovery

Most high-frequency indicators are showing record YoY growth in October. Railway freight traffic (+14%, YoY), electricity consumption (+10%, YoY), and GST goods collection (+10% YoY) recorded double-digit growth in October. Manufacturing PMI (58.9 in October '20 vs 56.8 in September '20) climbed to the highest level in October in over a decade. Wholesale auto dispatch numbers are also showing a rebound in demand during the festival season. India's retail inflation rose to 8 months high of 7.3% in September vs 6.69% in August.

During the month, RBI announced a few measures to boost economic activity including liquidity infusion through purchase of government securities and OMOs for state government securities. The government also announced second round of fiscal stimulus which constituted mostly of already budgeted expenditures and advances focused on government employees and infra boost.

Though there are concerns of second/third waves in a few states, with the guidelines to unlock the economy, 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 few months. 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 feel 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 portfolio stocks we have. 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.

Majority of the portfolio stocks 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

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 October 29, 2020

Regular Plan Growth	: ₹16.5495
#Regular Plan Bonus	: ₹16.5495
Regular Quarterly Dividend	: ₹15.9702
#Regular Half Yearly Dividend	: ₹15.9702
#Regular Monthly Dividend	: ₹11.8934
Direct Plan Growth	: ₹17.2404
Direct Monthly Dividend	: ₹12.4900

#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 October 31, 2020

Net AUM	: ₹ 622.16 crore
Monthly Average AUM	: ₹ 605.03 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.

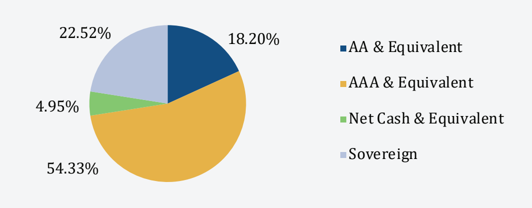
Statistical Debt Indicators

Macaulay Duration	: 2.33 years
Modified Duration	: 2.23 years
Average Maturity	: 2.85 years
Yield to Maturity	: 5.59%

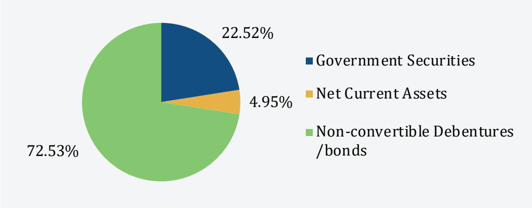
Portfolio as on October 31, 2020

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Sovereign Securities		**22.52**
7.32% Government of India	SOVEREIGN	7.81
9.15% Government of India	SOVEREIGN	4.60
6.18% Government of India	SOVEREIGN	4.20
7.35% Government of India	SOVEREIGN	1.74
5.75% State Government Securities	SOVEREIGN	1.64
5.6% State Government Securities	SOVEREIGN	1.63
8.4% Government of India	SOVEREIGN	0.90
Non-Convertible Debentures/Bonds		**72.53**
6.72% Power Finance Corporation Limited	CRISIL AAA	7.93
8.75% Axis Bank Limited (BASEL III Compliant Teir I Perpetual)	CRISIL AA+	7.35
8.9% State Bank of India (BASEL III Compliant Teir II)	CRISIL AAA	6.21
Embassy Office Park REIT	CRISIL AAA	5.68
7.12% REC Limited	CRISIL AAA	5.20
9.15% ICICI Bank Limited (BASEL III Compliant Teir I Perpetual)	ICRA AA+	5.05
6.4% National Bank For Agriculture and Rural Development	ICRA AAA	5.01
6.95% Housing Development Finance Corporation Limited	CRISIL AAA	4.19
7.2% Sikka Ports and Terminals Limited	CRISIL AAA	3.36
7.25% Embassy Office Park REIT	CRISIL AAA	3.25
8.95% Jamnagar Utilities & Power Private Limited	CRISIL AAA	2.61
7.75% LIC Housing Finance Limited	CRISIL AAA	2.57
6.99% Housing Development Finance Corporation Limited	CRISIL AAA	2.51
6.92% REC Limited	CRISIL AAA	2.50
8.4% India Grid Trust InvIT Fund	CRISIL AAA	2.47
9.2% ICICI Bank Limited	ICRA AA+	1.66
8.55% ICICI Bank Limited (BASEL III Compliant Teir I Perpetual)	ICRA AA+	1.65
8.15% State Bank of India (BASEL III Compliant Teir I Perpetual)	CRISIL AA+	1.64
8.85% India Grid Trust InvIT Fund	CRISIL AAA	0.84
8.85% HDFC Bank Limited (BASEL III Compliant Teir I Perpetual)	CRISIL AA+	0.83
9.35% IDFC First Bank Limited	ICRA AA	0.02
TREPS## / Reverse Repo		
TREPS##		1.63
Net Current Assets		3.32
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)
27-Oct-20	0.05	11.9269	12.5221
29-Sep-20	0.05	11.8323	12.4156
25-Aug-20	0.05	11.8231	12.3976
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
04-Jun-15	0.4	11.4678	

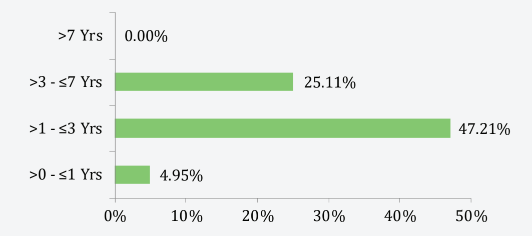
Dividend is gross dividend.To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

Scheme Performance

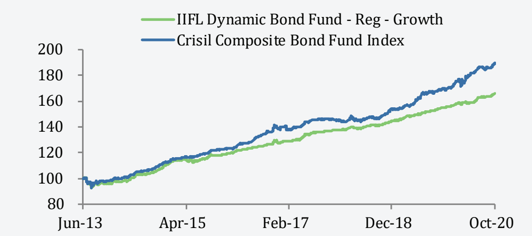
	31-Oct-19 to 31-Oct-20	PTP (₹)	31-Oct-17 to 31-Oct-20	PTP (₹)	31-Oct-15 to 31-Oct-20	PTP (₹)	Since Inception$	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	7.55%	10,753	6.64%	12,125	7.05%	14,061	7.09%	16,548
IIFL Dynamic Bond Fund - Dir - Growth	8.21%	10,819	7.32%	12,358	7.68%	14,480	7.69%	17,242
Benchmark*	12.05%	11,202	8.98%	12,940	9.14%	15,489	8.98%	18,820
Additional Benchmark**	8.89%	10,889	7.53%	12,435	7.93%	14,650	8.62%	17,789

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

Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



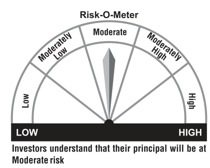
^As on October 31, 2020

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

* Investors should consult their financial advisers 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 October system liquidity surplus remained adequate in the range of Rs 4 to 4.5 trn. The surplus improved as inflows from month-end spending and OMO purchases were able to offset the outflows from auctions and CIC leakages. Despite the easing of liquidity conditions, average overnight rate remained broadly unchanged at 3.08%. Meanwhile, short-term money market rates continue to be well supported by mutual funds. 3M CPs continue to trade around 3.15-3.25%. Corporate bond yields broadly tracked the movements in G-Sec yield and witnessed some profit booking, due to narrow spreads over G-Sec. Yields of the generic AAA 3-year corporate bond rose by 3 bps during the month but settled on bullish note to end ~ 4.70%. Going ahead, the system liquidity surplus to remain comfortable at around the current levels as inflows from government spending, redemptions, SDL OMO purchases, and coupons shall broadly balance the outflows from auctions and non-GST collections. The MPC, while refraining from cutting the policy rate, extended its accommodative stance into FY2022 by clearly prioritizing growth over inflation. Even as the MPC will await a durable reduction in headline inflation before easing monetary policy further, it has reinforced its view to maintain benign financial market conditions. We believe that OMOs in G-Sec and SDLs should provide the needed respite to the bond markets. The MPC, expectedly and unanimously, kept the repo rate unchanged at 4% but retained the 'accommodative' stance. In past few months, RBI and Government have taken slew of measures by providing plethora of liquidity and systemic ease. It may act as addressing concern about fiscal situation and the resultant oversupply of Government securities. Sighting the act of RBI 10yr Gsec yields softened to 5.80-5.90% levels from pick of 6.22% during the August month.

September CPI inflation rose to 7.34% as against 6.69% in August amid an increase in momentum. CPI inflation rose to an eight-month high on the back of higher food prices. At the same time, a sequential fall in IIP suggests that economic recovery lost pace in August. The trend is however encouraging for September and a gradual normalization in economic activity is expected, although recovery may remain uneven. Despite weakness in economic activity, core inflation remained unchanged at 5.3%. 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 December meeting as well.

August IIP fell 8% and by 1.3% on a sequential basis, indicating that uncertainty about economic recovery continues to linger. Overall weakness was visible in both investment and consumption indicators. And growth in capital goods, consumer durables, and consumer non-durables fell by 15.4%, 10.3%, and 3.3%, respectively.

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. Although economic activity and tax revenues will improve over the next few months, we expect a shortfall of Rs1.5-2 tn in FY2021E CGST collections. Domestic GST grew 4.6% in August. While the trend is positive, some part of the increase in August collections could be due to delayed GST payment permitted for small businesses. Based on the monthly data release, total GST collection was at Rs955 bn for August (3.9% yoy) compared to Rs864 bn in July. Gross tax revenue for 5MFY21 has fallen 24%, with 33% contraction in direct taxes and contraction of 17% in indirect taxes. Excise duty hikes on petrol and diesel have resulted in 32% growth in excise collections. Meanwhile, expenditure has been in check to avoid significant fiscal slippages. Expenditure growth for 5MFY21 has been 6% (41% of FY2021BE) with revenue expenditure growth of around 7% and capital expenditure growth of (-)1%. 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.

On the global front with new COVID waves and US political drama, there is a high risk of economic setbacks and the need for further policy support. How the policies getting shaped for a slower pace of recovery as COVID-19 remains a headwind. The Fed will likely focus on asset purchases and keeping long rates low. On the other side China's economy has a good comeback, driven by pent-up demand world over, a catch-up in production, a surge in exports of medical and work from-home products, and stimulus in both China and other major economies. The partial lockdowns across countries in Euro area is likely to limit the potential for recovery in the euro zone. ECB decision to keep rates and wider monetary policy unchanged but suggested that additional policy action in the bloc could come as soon as December. ECB could step up its weekly asset purchases. Data signals the Euro area recovery is losing momentum more rapidly than expected after a strong, yet partial and uneven, rebound. The BoJ kept the policy rate on hold at (-)0.1% and would continue to buy government bonds to keep 10-year bond yields around 0%. The BOJ is unlikely to change its accommodative measures to cope with the COVID-19 pandemic. In Inida, reduced pandemic fears have led to increased mobility, especially with the onset of the festive season, contributing to a faster recovery. Despite this improvement, there is a risk of a flare-up in infection rates during the festive season and the upcoming Bihar elections. Also, the labour market and balance sheets (of both corporate and banks) remain weak. Overall, GDP growth is to remain in negative territory for next few quarters.

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 borrowings will be crucial. The government has also, expectedly, kept the dated market borrowing plan unchanged at Rs12 tn. Even as there is speculation that the government may soon announce another set of relief measures in form of additional spending of around Rs1 tn while, central government maintaining an adequate cash balances. Even as there has been some normalization in economic activity since the easing of the lockdown-related restrictions, it remains near the pre-pandemic levels. The government MAY 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.

IIFL Liquid Fund

(An Open Ended Liquid Scheme)

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 October 29, 2020

Regular Plan Growth	: ₹1566.4039
Regular Plan Weekly Dividend	: ₹1005.1492
Regular Plan Daily Dividend:	₹1000.0701
Direct Plan Growth	: ₹1571.8735
Direct Plan Dividend	: ₹1000.0427
Direct Plan Weekly Dividend	: ₹1005.1481

AUM As on October 31, 2020

Net AUM	: ₹ 84.27 crore
Monthly Average AUM	: ₹ 85.70 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	: 30 days
Modified Duration	: 29 days
Average Maturity	: 28 days
Yield to Maturity	: 3.17%

Portfolio as on October 31, 2020

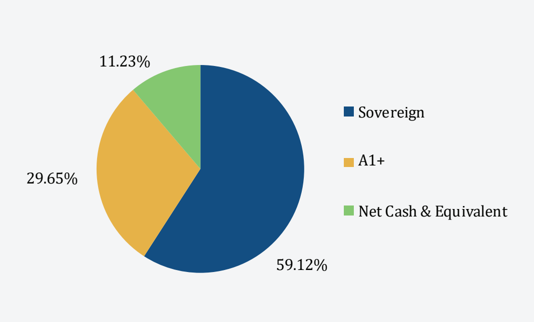
Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Commercial Paper		
Reliance Industries Limited	CRISIL A1+	29.65%
Sub Total		29.65%
Treasury Bill		
91 Days Tbill	SOVEREIGN	29.64%
91 Days Tbill	SOVEREIGN	29.48%
Sub Total		59.12%
TREPS## / Reverse Repo		
TREPS##		5.79%
Sub Total		5.79%
Net Receivables / (Payables)		**5.44%**
Portfolio Total		**100.00%**

Scheme Performance

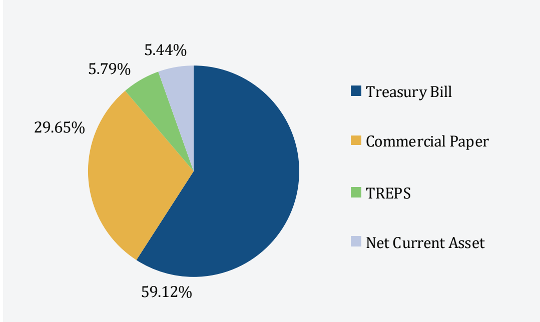
	31-Oct-19 to 31-Oct-20	PTP(₹)	31-Oct-17 to 31-Oct-20	PTP(₹)	31-Oct-15 to 31-Oct-20	PTP(₹)	Since Inception$	PTP (₹)
IIFL Liquid Fund - Reg - Growth	3.78%	10,377	5.58%	11,767	6.06%	13,422	6.66%	15,668
IIFL Liquid Fund - Dir - Growth	3.83%	10,382	5.64%	11,787	6.11%	13,454	6.71%	15,719
Benchmark*	4.98%	10,497	6.51%	12,081	6.77%	13,878	7.36%	16,398
Additional Benchmark**	4.78%	10,478	6.14%	11,958	6.37%	13,621	7.04%	16,065

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on October 31, 2020* Crisil Liquid Fund Index,** Crisil 91 Day T-Bill Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000 made on the $inception date 13-Nov-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain.

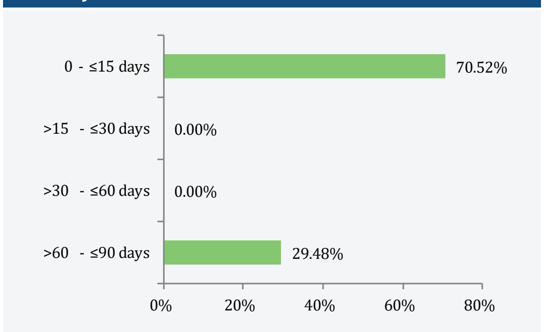
Composition by Rating^



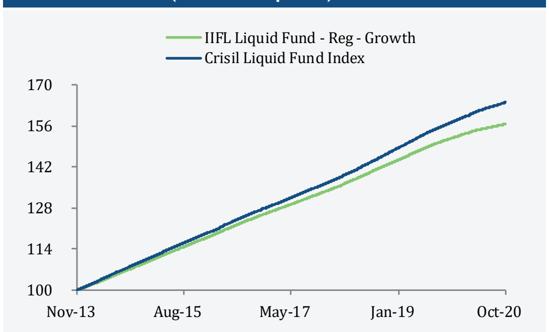
Instrument Wise Composition^



Maturity Profile^



NAV Movement (Since Inception) Rebased to 100



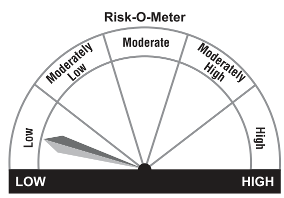
^As on October 31, 2020

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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

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



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.