IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

MARCH 2021

IIFL ASSET MANAGEMENT

Macro Economy & Event Update

- The bull run in the equity markets across the globe continued unabated with the global economy now showing signs of recovery from the COVID-19 pandemic. The risk on mood triggered outflows from the safe haven gold as market participants anticipated improved prospects under the new U.S. President's proposed $1.9 trillion COVID-19 relief package. However, a spike in yields of U.S. Treasuries on growing possibility of a pickup in inflation in U.S. kept market participants on tenterhooks as they worried that an increase in inflation might make the U.S. Federal Reserve less accommodative on its monetary policy.

- Equity markets in U.S. mostly rose during the month under review following upbeat economic data and better than expected earning numbers for the quarter ended Dec 2020. A slowdown in the rate of coronavirus infection cases and accelerated roll out of the COVID-19 vaccine program added to the gains. However, a surge in yield on U.S. Treasuries capped the gains as it led to concerns that the U.S. Federal Reserve might do away with its ultra-easy monetary policy.

- Equity markets in Europe also went up after Mario Draghi who was also the former president of the European Central Bank was sworn in as the new Prime Minister of Italy. This led to expectations that the new Prime Minister of Italy will adopt necessary measures to save a turbulent Italian economy from the after-effects of the COVID-19 crisis. Faster roll out of the COVID-19 vaccination program and growing expectations about global economic recovery amid optimism surrounding the new U.S. President's proposed $1.9 trillion COVID-19 relief package also contributed to the upside.

- Asian equity markets also joined the rally as optimism over additional U.S. COVID-19 relief package and a slowdown in coronavirus infection cases continued to boost market sentiments.

- Back home domestic equity markets also mirrored the global peers after the government unveiled the Union Budget for FY22. Market participants celebrated a "non-taxing" budget, amid reports of a COVID-19 "tax/cess" gaining ground in the run up to the Union Budget.

- In the domestic debt market, bond yields rose and witnessed the biggest monthly rise in three years after the government announced a sharply higher than anticipated borrowing for FY22 and also increased this year's borrowing in the Union Budget 2021-22. Increase in global crude oil prices and rise in yields on U.S. Treasuries also dampened sentiments.

- Moving ahead, retail inflation and global crude oil prices will remain in sharp focus. Global bond yields will also be closely tracked. The roll out of the coronavirus vaccine and count of COVID-19 infection cases will also have its impact on the market sentiment.

Key Economic Indicators

Indicators	Current	Previous
WPI (Jan-21)	2.03%	1.22%
IIP (Dec-20)	1.04%	-2.10%
CPI (Jan-21)	4.06%	4.59%

Source: Refinitiv

Event Update

Indian economy grew 0.4% in Q3FY21

- Government data showed that gross domestic product (GDP) of the Indian economy at constant (2011-12) prices witnessed growth of 0.4% in the third quarter of FY21 as compared to a contraction of 7.3% in the preceding quarter and a growth of 3.3% in the same period of the previous year. Most of the sectors witnessed growth in economic activity barring the mining sector, trade and hotel sector and public administration and defence sector. The manufacturing sector witnessed a growth of 1.6% in Q3FY21 as compared to a contraction of 1.5% in the preceding quarter and a contraction of 2.9% in the same period of the previous year. The agriculture sector witnessed a growth of 3.9% in Q3FY21 as compared to growth of 3% in the preceding quarter and a growth of 3.4% in the same quarter of the previous year.

India's fiscal deficit from Apr 2020 to Jan 2021 at 66.8% of the budget estimate for FY21

- India's fiscal deficit for the period from Apr to Jan of 2021 came in at Rs. 12.34 lakh crore or 66.8% of the budget estimate for FY21 as compared to 128.5% in the corresponding period of the previous year. Total receipts stood at Rs. 12.83 lakh crore or 80.1% of the budget estimate as compared to 66.4% of the budget estimate in the corresponding period of the previous year. Total expenditure stood at Rs. 25.17 lakh crore or 73.0% of the budget estimate as compared to 84.1% of the budget estimate in the corresponding period of the previous year.

India's IIP witnessed a growth of 1.0% in Dec 2020

- India's Index of Industrial Production (IIP) witnessed a growth of 1.0% in Dec 2020 as compared to a growth of 0.4% in the same period of the previous year. The manufacturing sector grew 1.6% in Dec 2020 as compared to a contraction of 0.3% in the same period of the previous year while the electricity sector witnessed a growth of 5.1% as compared to a contraction of 0.1% in Dec 2019. For the period from Apr to Dec of 2020, IIP contracted 13.5% as compared to a growth of 0.3% in the same period of the previous year.

India's retail inflation slowed to a 16- month low of 4.06% in Jan 2021

- India's consumer price index-based inflation (CPI) slowed to a 16- month low of 4.06% in Jan 2021 from 4.59% in the previous month. The Consumer Food Price Index also eased to 1.89% in Jan 2021 from 3.41% in the Dec 2020. CPI Inflation for vegetables came down 15.84% over the month while that of oils and fats witnessed a growth of 19.71%. CPI inflation for fuel and light stood at 3.87% during the month under review.

India's Wholesale Price Index (WPI) based inflation rose 2.03% in Jan 2021

- India's Wholesale Price Index (WPI) based inflation rose to 2.03% in Jan 2021 from 1.22% in the previous month. The WPI Food Index contracted 0.26% in Jan 2021 from growth of 0.92% in the previous month and 4.79% in Nov 2020.

Equity Market

- Indian equity markets settled for the month in the green with investors cheering Union Budget announcements for FY22. The policy stance of the Monetary Policy Committee, better than expected macroeconomic numbers and strong corporate earning numbers too generated positive vibes. Nonetheless, gains were largely restricted by weak global cues triggered by rising U.S. 10 Year bond yield. Concerns over fresh instance of COVID-19 infections also kept investors wary.

- On the BSE sectoral front, majority of the indices closed in the green. S&P BSE Metal was the top gainer, up 24.37%, followed by S&P BSE PSU and S&P BSE Power, which rose 22.49% and 20.66%, respectively. Meanwhile, S&P BSE FMCG was the major loser down 2.06%, followed by S&P BSE IT and S&P BSE Teck which fell 1.60% and 1.30%, respectively.

- A host of encouraging data supported gains of majority of the U.S. markets. Stronger than expected rebound in private sector employment in Jan and official survey showing U.S. service sector activity unexpectedly grew at an accelerated rate in the same period. Markets further rose on optimism about additional stimulus along with largely upbeat earnings news, a slowdown in the rate of coronavirus infections and accelerated vaccine rollouts. Nonetheless, gains were restricted by inflationary concern and after upbeat economic data led to speculation that the lawmakers may go slow on passing additional stimulus.

- European markets went up with investors focusing on earnings reports, updates about progress in vaccination programme, and political developments in Italy. Bourses rose on growing expectations about global economic recovery gathering momentum on faster rollout of vaccines and optimism about U.S. economic stimulus. However, gains were restricted as rising U.S. bond yields overshadowed optimism about quick economic recovery.

- Asian markets rose as investors took positive cues from strong earning numbers reported by some major companies. Encouraging news related to COVID-19 vaccine supplies and U.S. stimulus plans also supported buying interest. However, gains were largely restricted with market participants remaining cautious and monitoring U.S. bond yields following a recent rise. The move up in yields has been driven by increasing inflationary concerns. The spike in yields of U.S. and Japanese long-term bonds triggered concerns about market stability.

- The Indian economy exited recession after two consecutive quarters of de-growth as the Gross Domestic Product (GDP) expanded by 0.4% in the quarter ended Dec 2020 as against a contraction of 7.3% in the Sep quarter. The GDP reading testifies the resilience of the Indian economy compared with its global counterparts and reinforces the strong fundamentals of the country. Further, the upcoming assembly elections in four states, namely Assam, West Bengal, Kerala and Tamil Nadu and the Union Territory of Puducherry shall also significantly impact buying interest in the near future. Traders are also likely to keep a close eye on activity in the U.S. bond markets, as the performance of treasury yields has been a key driver of trading in recent sessions.

Domestic Indices Performance

Indicators	29-Jan-21	31-Dec-20	Chg %	YTD
S&P BSE Sensex	49,100	46,286	6.08	2.82
Nifty 50	14,529	13,635	6.56	3.92
S&P BSE 200	6,215	5,790	7.34	5.22
Nifty Midcap 100	23,269	20,910	11.28	11.64
Nifty Dividend Opportunities 50	2,968	2,839	4.52	3.87
S&P BSE Smallcap	20,155	17,988	12.05	11.37

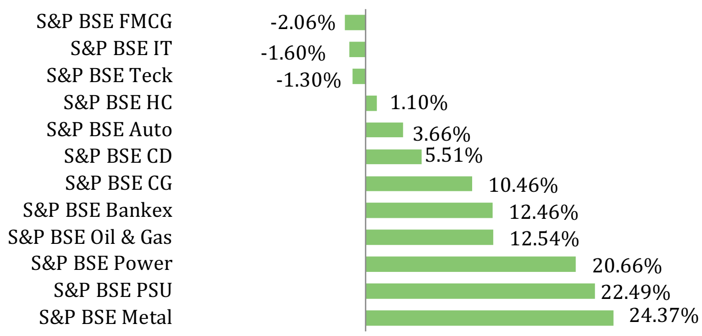
Source: Refinitiv

Global Indices Performance

Global Indices	29-Jan-21	31-Dec-20	Chg %	YTD
Dow Jones	30,932	29,983	3.17	1.06
FTSE	6,483	6,407	1.19	0.35
CAC	5,703	5,399	5.63	2.73
Hang Seng	28,980	28,284	2.46	6.42
SSE Composite Index	3,509	3,483	0.75	1.04

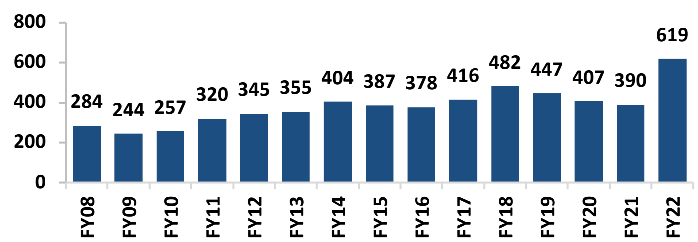
Source: Refinitiv

Sectoral Performance (Monthly Returns %)



Source: Refinitiv

Nifty EPS



Institutional Flows (Equity) As on January 29, 2021

(INR Cr)	Purchases	Sales	Net	YTD
FII/FPI Flows	1,92,568	1,66,781	25,787	45,259
MF Flows	73,585	89,891	-16,306	-29,338
DII Flows	1,04,175	1,20,533	-16,358	-29,304

Source:NSDL,NSE & SEBI

Debt Market

- Bond yields surged after the government announced a sharply higher than anticipated borrowing for FY22 and also increased this year's borrowing in the Union Budget 2021-22. Yields further jumped after the Reserve bank of India (RBI) in each of its weekly government auctions during the month saw partially devolvement on primary dealers. This indicated weakness in investor appetite after lack of support from the central bank. Moreover, rise in global crude oil prices and U.S. Treasury Yields, further impacted the market negatively.

- Yield on gilt securities rose across the maturities in the range of 17 to 54 bps. Yield on corporate bonds fell in the range of 6 to 43 bps while remaining securities increased in the range of 9 to 84 bps. Yield fell the most on 1-year paper. Difference in spread between corporate bond and gilt securities contracted in the range of 57 to 84 bps across the curve, barring 10- & 15-year papers that expanded 6 & 41 bps, respectively.

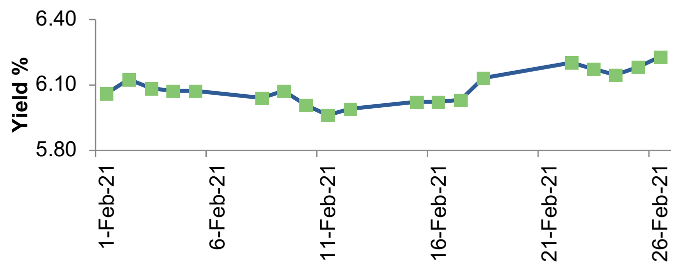
- The impact of higher than expected government borrowing for the current fiscal is visible and seen in higher bond yields considering the weakness in investor appetite that emanated from the way devolvement on primary dealers has happened in all the weekly auctions. Bond yields moving ahead will be dictated as to how the RBI goes about in conducting the OMOs and the amount of government securities they are able to absorb. Market participants are expecting consistent OMOs during the remaining part of the current fiscal year due to higher borrowings. Market participants will also be interested to see the trend of retail inflation after remaining below 5% for the second month in Jan 2021. 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 rose initially against the U.S. dollar supported by equity related greenback inflows, decline in the U.S. dollar index amid prospects of more U.S. fiscal stimulus. The rupee rose further following optimism of a quick economic rebound following the Union Budget. The trend reversed during the end of the month following plunge in domestic equity market and on concerns that a broad selloff in global bond markets could prompt foreign debt and equity outflows from the country.

- Brent crude prices continued with its upward momentum with data from the American Petroleum Institute (API) showed that crude inventories fell by 3.5 million barrels for the week ended Feb 5, 2021. Hopes that the roll out of COVID-19 vaccine will lead to recovery in demand also contributed to the upside.

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



Source: Refinitiv

Spread Movement

Spreads		AAA	AA	A
26-Feb-21	1 Yr	9	257	404
	3 Yr	31	200	399
	5 Yr	35	237	332
29-Jan-21	1 Yr	70	333	342
	3 Yr	71	243	358
	5 Yr	102	298	325

Source: Refinitiv

Yield (%)	26-Feb-21	29-Jan-21
10 Year G-Sec	6.23	5.91
5 Year G-Sec	5.77	5.30
Certificate of Deposit		
3-Month	3.28	3.34
6-Month	3.44	3.55
9-Month	3.71	3.86
12-Month	4.25	3.97
Commercial Papers		
3-Month	3.50	3.90
6-Month	4.20	4.20
12-Month	4.60	4.55

Source: Refinitiv

Treasury Bill	26-Feb-21	29-Jan-21
91 Days	3.10	3.34
364 Days	3.64	3.25

Source: Refinitiv

Event Calendar

Release Date	Event	Country
05-Mar-21	Nonfarm Payrolls (Feb)	U.S.
11-Mar-21	European Central Bank Monetary Policy	Euro Zone
17-Mar-21	Federal Reserve Monetary Policy Review	U.S.
18-Mar-21	Bank of England Monetary Policy Review	U.K.
19-Mar-21	Bank of Japan Monetary Policy Review	Japan

Source: FXSTREET

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[1] 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)	:	0.63 times

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

NAV as on February 28, 2021

Regular - Growth	:	₹ 23.7158
Regular - Dividend	:	₹ 20.9822
Direct - Growth	:	₹ 25.7079
Direct - Dividend	:	₹ 25.4454

AUM as on February 28, 2021

Net AUM	:	₹ 1544.28 crore
Monthly Average AUM	:	₹ 1551.92 crore

Total Expense Ratio

Regular Plan	:	2.17% p.a.
Direct Plan	:	1.41% p.a.

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

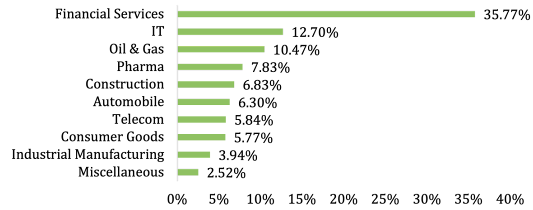
Volatility Measures

	Fund	Benchmark
Std. Dev (Annualised)	17.72%	17.46%
Sharpe Ratio	0.68	0.54
Portfolio Beta	0.94	1.00
R Squared	0.92	NA
Treynor	0.14	0.10

Portfolio as on February 28, 2021

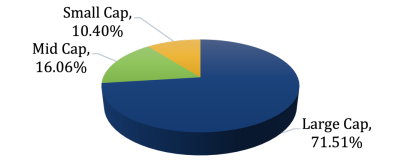
Company Name	Sector	SCDV	% to Net Assets
Equity & Equity Related Total			
ICICI Bank Limited	Financial Services	Cyclical	9.69
Axis Bank Limited	Financial Services	Secular	6.08
Infosys Limited	IT	Defensives	5.88
HDFC Bank Limited	Financial Services	Secular	5.09
Larsen & Toubro Limited	Construction	Cyclical	4.79
Bharti Airtel Limited	Telecom	Value Traps	4.59
Mahindra & Mahindra Limited	Automobile	Value Traps	4.52
Bajaj Finance Limited	Financial Services	Secular	4.1
Crompton Greaves Consumer Electricals Limited	Consumer Goods	Secular	4.08
Larsen & Toubro Infotech Limited	IT	Secular	3.43
Cyient Limited	IT	Secular	3.39
Reliance Industries Limited	Oil & Gas	Value Traps	3.37
Bharat Petroleum Corporation Limited	Oil & Gas	Defensives	3.21
Divi's Laboratories Limited	Pharma	Defensives	3.11
Mahanagar Gas Limited	Oil & Gas	Defensives	2.93
Dr. Reddy's Laboratories Limited	Pharma	Secular	2.86
SRF Limited	Industrial Manufacturing	Secular	2.74
Apollo Tricoat Tubes Limited	Miscellaneous	Secular	2.52
Muthoot Finance Limited	Financial Services	Secular	2.45
State Bank of India	Financial Services	Value Traps	2.27
Aavas Financiers Limited	Financial Services	Secular	2.26
AU Small Finance Bank Limited	Financial Services	Secular	2.19
Kajaria Ceramics Limited	Construction	Secular	2.04
Procter & Gamble Health Limited	Pharma	Defensives	1.86
Motherson Sumi Systems Limited	Automobile	Defensives	1.78
Asian Paints Limited	Consumer Goods	Defensives	1.69
ICICI Lombard General Insurance Company Limited	Financial Services	Defensives	1.64
RailTel Corporation of India Limited	Telecom	Defensives	1.25
EPL Limited	Industrial Manufacturing	Value Traps	1.2
Petronet LNG Limited	Oil & Gas	Secular	0.96
Sub Total			**97.97**
TREPS##			1.64
Net Receivables / (Payables)			0.39
Portfolio Total			**100**

Sector Allocation^^



^^Sector allocation as per AMFI classification

Market Capitalisation wise Exposure^



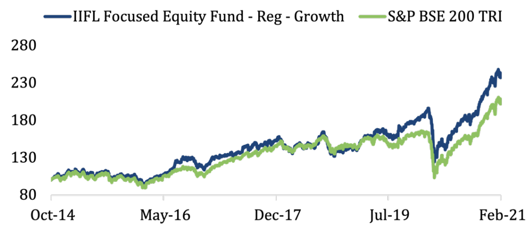
a. Large Cap Companies: 1st -100th company in terms of full market capitalization

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 of February 28, 2021

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

Scheme / Benchmark	28-Feb-20 to 28-Feb-21	PTP (₹)	28-Feb-18 to 28-Feb-21	PTP (₹)	28-Feb-16 to 28-Feb-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	29.12%	12,921	18.13%	16,491	20.58%	25,506	14.60%	23,716
IIFL Focused Equity Fund - Dir - Growth	30.77%	13,087	19.83%	17,214	22.13%	27,191	16.07%	25,708
Benchmark*	33.49%	13,360	12.04%	14,067	17.61%	22,512	11.74%	20,206
Additional Benchmark**	29.81%	12,990	14.19%	14,894	17.87%	22,764	11.06%	19,442

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

As of February 28, 2021

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

Scheme / Benchmark	28-Feb-20 to 28-Feb-21	28-Feb-18 to 28-Feb-21	28-Feb-16 to 28-Feb-21	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	7,50,000
Total Value	1,61,738	5,39,627	10,12,255	13,67,282
Returns	70.94%	28.20%	21.08%	19.05%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,60,981	4,83,199	8,88,556	11,78,231
Benchmark: S&P BSE 200 TRI	69.56%	20.13%	15.73%	14.30%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,57,647	4,81,833	9,07,359	11,97,392
Additional Benchmark: S&P BSE Sensex TRI	63.52%	19.92%	16.58%	14.82%
(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 February 2017	10	12.7777	1.50
Direct Plan	15 February 2017	10	13.0738	0.17

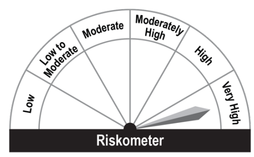
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- 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 Very High Risk

Fund Commentary

Dear investor,

Indian equity markets continued to trend northwards and ended the month with gains as Sensex and Nifty 50 indices gained 6.1% and 6.6% respectively. The indices down the capitalization curve outperformed benchmark indices with BSE Mid-cap and BSE Small-cap indices recording gains of 10.5% and 12% respectively. While Metal sector benefitted from rising commodity prices (BSE Metals rose 24.4%), the power sector stocks surged (BSE Power 20.7%) as markets cheered government's input on freeing electricity distribution from licensing. The month started on an optimistic note with the announcement of Union Budget 2021-22 which focused on growth and spending and did not have any changes in the tax rates. The uptrend continued with RBI keeping the rates unchanged, better than expected 3QFY21 results and government's announcement on privatization of two mid-sized state-run banks. Although increase in COVID19 cases and rise in bond yields raised concerns led to the break in the upward trend, nevertheless the global liquidity provided support and contained the downtrend, leading to monthly gains.

The liquidity spurt has held global equity markets in decent stead despite the weak economic growth. This trend has helped Indian equities as well. FPIs were net buyers in Indian equities to the tune of US$4.1 bn worth of equities while DIIs sold US$2.4 bn.

Indian Equity Markets: Wading through the COVID times

India's Real GDP in 3QFY21 grew 0.4% after two consecutive quarters of contraction. It was primarily on the back of investment and government expenditure as private expenditure lagged. Real GVA in 3QFY21 grew 1% supported by industry GVA growth at 2.7% against (-)3% in 2QFY21, led by 1.6% growth in manufacturing and 6.2% growth in construction. As anticipated, agriculture and allied sector's growth stayed strong at 3.9% supported by robust kharif harvest. This shows that the economy has managed to sail through the COVID19 led downturn and is on the path to recovery. The central government's 10MFY21 fiscal deficit stood at 66.8% of FY2021RE as on the end of January 2021. The lockdown levied to contain the spread of coronavirus infections had significantly impacted business activities and which ultimately resulted in low revenue realisations. Nevertheless, the GST revenues have crossed the Rs. 1 trillion for the fifth consecutive month in February, providing some respite and indicating the gradual economic recovery.

Additionally, most of the high frequency indicators point to a recovery. Mobility indicators have shown that movement of people across all major cities in January and February 2021 was comparable to pre-pandemic levels. Further, power demand also soared and touched a new high, hitting 189.6 gigawatts on January 30 and surpassing all previous records. The manufacturing PMI data for Feb pointed to the strongest increase in input inventories in the survey history. While consumption has grown, private investment continues to be lacklustre despite a pro-growth focused budget.

Some macroeconomic developments which investors should keep a close eye on are

(1) Crude oil prices which have seen an uptick of 28% in the last two months

(2) Core inflation which continues to remain sticky at around 6% and will be keenly watched by the RBI even though the +-2% inflation guidance provides comfort

(3) Commodity price inflation which could significantly impact allied sectors

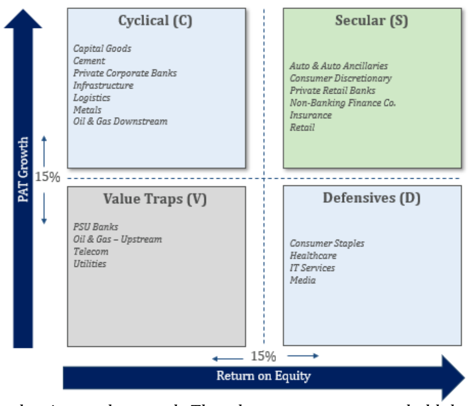
(4) Rise in global inflation as a result of global economic growth recovery, which could thereby lead to change in the easy monetary policy stance followed by global central banks.

From an Indian standpoint, we believe that along with supply side factors, the demand side has become more supportive. Factors such as improvement in commercial vehicle demand, signs of revival in the Real Estate sector and likelihood of a new capex cycle led by the government will improve demand. Furthermore, the government seems to have been working on private business confidence, given the sluggish growth in the private sector capex. Private banks being allowed to participate in all government business and be equal partners in development of Indian economy and a well laid strategy on privatisation of companies under 'National Asset Monetisation Pipeline' are some of the measures in that direction. Going ahead, vaccine inoculation being gradually opened for the larger population is expected to provide buoyancy to the economy and encouraging measures like Production linked incentive scheme, increased private sector participation along with sustained demand growth would determine the trajectory for Indian equity markets.

Portfolio Positioning

We have been increasing our exposure to portfolio stocks which are poised well to benefit from the cyclical recovery within our SCDV framework (see below). Budget 2021-22 and continued government focus on capex led recovery and infrastructure, has increased our conviction on the cyclical uptick ahead. Sectors such as Financial Services, Industrial, and Construction are best placed to benefit from the acceleration in the growth trajectory. We continue to focus on bottom up security selection while having a positive bias towards cyclical recovery.

SCDV Investment framework



Sectors stated in SCDV investment framework are indicative and based on internal research. The scheme may or may not hold the securities in all the sectors as mentioned in the investment framework above. S- Secular – Companies with consistent ROE & PAT growth > 15%, C- Cyclical – Companies with PAT growth > 15% but ROE < 15%, D- Defensive – Companies with ROE > 15% but PAT growth < 15%, V- Value Traps – Companies with both ROE & PAT growth < 15%

Note:

1. 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[1] Mr. Rahul K. Nambiar

Mr. Nambiar has over 8 years of experience in the fixed income market. Prior to joining IIFL Asset Management Limited, he was a part of the Wealth Management industry as Product Manager – Bonds. He has worked in this capacity with Yes Bank Ltd and ICICI Securities Ltd. He has also worked in the Wholesale Debt Market(WDB) broking industry for 4 years.

[1]Note - with effect from March 02, 2021, Mr. Milan Mody, has been designated as Fund Manager for IIFL Dynamic Bond Fund (An open-ended dynamic debt scheme investing across duration) and IIFL Liquid Fund (An open-ended liquid scheme)

Fund Details

Date of Allotment	: July 24, 2013
Bloomberg Code	: IIFDBDBIN
Benchmark Index^	: Crisil Composite Bond Fund Index
Plans Offered	: Regular & Direct
Options Offered	: Growth & Dividend
Minimum Application	:
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	: 0% to 100%
Money Market	: 0% to 100%
REITs & InvITs	: 0% to 10%

NAV as on February 28, 2021

Regular Plan Growth	: ₹ 16.708
#Regular Plan Bonus	: ₹ 16.708
Regular Quarterly Dividend	: ₹ 16.1231
#Regular Half Yearly Dividend	: ₹ 16.1231
#Regular Monthly Dividend	: ₹ 11.8077
Direct Plan Growth	: ₹ 17.4341
Direct Monthly Dividend	: ₹ 12.4305

#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 February 28, 2021

Net AUM	: ₹ 706.32 crore
Monthly Average AUM	: ₹ 705.64 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.

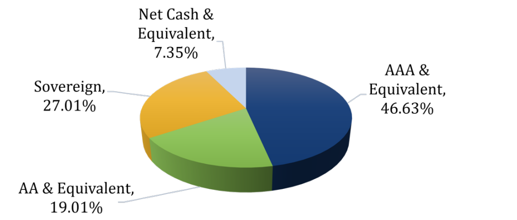
Statistical Debt Indicators

Macaulay Duration	: 2.11 years
Modified Duration	: 2.03 years
Average Maturity	: 3.85 years
Yield to Maturity	: 5.61%

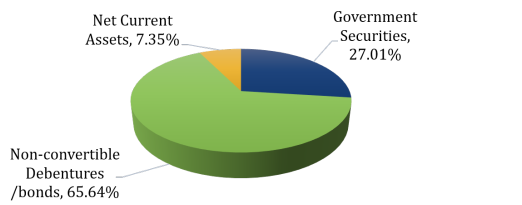
Portfolio as on February 28, 2021

Name of the Instrument	Rating	% to Net Assets
Debt Instruments		
Sovereign Securities		**27.01**
9.15% GOVERNMENT OF INDIA	SOVEREIGN	7.95
7.32% GOVERNMENT OF INDIA	SOVEREIGN	6.76
6.18% GOVERNMENT OF INDIA	SOVEREIGN	5.82
7.35% GOVERNMENT OF INDIA	SOVEREIGN	1.50
5.75% STATE GOVERNMENT SECURITIES	SOVEREIGN	1.42
5.6% STATE GOVERNMENT SECURITIES	SOVEREIGN	1.41
5.15% GOVERNMENT OF INDIA	SOVEREIGN	1.38
8.4% Government of India	SOVEREIGN	0.77
Non-Convertible Debentures/Bonds		**65.64**
8.75% AXIS BANK LIMITED	CRISIL AA+	7.97
6.72% POWER FINANCE CORPORATION LIMITED	CRISIL AAA	6.89
8.9% STATE BANK OF INDIA	CRISIL AAA	6.11
9.15% ICICI BANK LIMITED	ICRA AA+	5.92
EMBASSY OFFICE PARKS REIT	CRISIL AAA	5.12
7.12% REC LIMITED	CRISIL AAA	4.53
6.4% NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT	ICRA AAA	4.34
TATA CAPITAL HOUSING FINANCE LIMITED	CRISIL AAA	3.59
7.25% Embassy Office Parks REIT	CRISIL AAA	3.58
7.2% Sikka Ports and Terminals Limited	CRISIL AAA	2.93
8.95% Jamnagar Utilities & Power Private Limited	CRISIL AAA	2.26
7.75% LIC Housing Finance Limited	CRISIL AAA	2.22
6.92% REC Limited	CRISIL AAA	2.18
8.4% India Grid Trust InvIT Fund	CRISIL AAA	2.15
8.5% State Bank of India	CRISIL AA+	1.47
8.55% ICICI Bank Limited	ICRA AA+	1.46
9.2% ICICI Bank Limited	ICRA AA+	1.46
8.85% HDFC Bank Limited	CRISIL AA+	0.73
8.85% India Grid Trust InvIT Fund	CRISIL AAA	0.73
TREPS## / Reverse Repo		
TREPS##		4.47
Net Current Assets		2.88
Portfolio Total		**100**

Composition by Rating^



Instrument Wise Composition^



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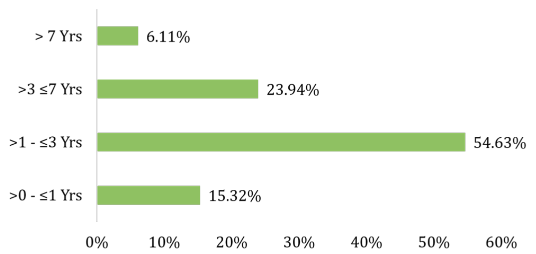
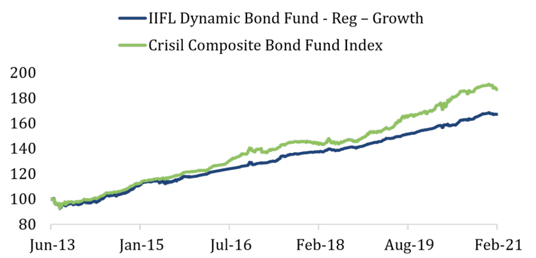
Maturity Profile^



^ As of February 28, 2021

NAV Movement (Since Inception) Rebased to 100



Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
23-Feb-21	0.05	11.8051	12.4272
27-Jan-21	0.05	11.8939	12.5135
29-Dec-20	0.05	12.0155	12.6311
Quarterly Dividend Plan			
4-Jun-15	0.40	11.4678	11.5708
HalfYearly Dividend Plan			
4-Jun-15	0.40	11.4678	

Dividend is gross dividend, face value per unit is Rs 10. 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

Scheme / Benchmark	28-Feb-20 to 28-Feb-21	PTP (₹)	28-Feb-18 to 28-Feb-21	PTP (₹)	28-Feb-16 to 28-Feb-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Dynamic Bond Fund - Reg – Growth	5.70%	10,572	6.73%	12,161	6.87%	13,941	6.90%	16,708
IIFL Dynamic Bond Fund - Dir - Growth	6.29%	10,631	7.40%	12,389	7.49%	14,353	7.50%	17,434
Benchmark*	6.95%	10,697	9.23%	13,037	8.70%	15,176	8.46%	18,672
Additional Benchmark**	4.97%	10,499	8.95%	12,936	7.34%	14,256	6.81%	16,594

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

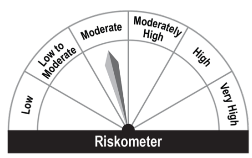
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- 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.

Risk-O-Meter



Investors understand that their principal will be at Moderate Risk

Fund Commentary

Highlights of the month: Feb 2021

Pickup in economic growth, rising global yields and crude oil prices combined with fear of early and faster inflation and normalization of liquidity pushed global and local yields to 13-month high bringing back memories of FED taper event of 2013. Investors ignored central banker's (FED & RBI) assurance of keeping rates low along with surplus liquidity fearing inflationary pressures with record fiscal deficits.

G-sec yields inched up by 15-55bps in the short curve (2 to 3 year) while the longer tenure yields rose by 25—40 bps during the month. Month saw series of tug-of-war between RBI and investors results in multiple primary auction devolvement's with RBI rigid on controlling the benchmark papers despite orderly movement of yields considering global factors and additional bond supply. While 10-year G-sec yields rose sharply to 6.09% in February 2021 and ended the month at 6.23% but relatively better than other tenures on the yield curve due to RBI intervention through primary and secondary markets as multiple auctions got devolved during the month.

Liquidity:
liquidity for the month moderated comparatively in the band of 5.5 to 6.5 lakh crore compared to last month's 6.5 to 7.5 lakh crore. Incremental bank credit growth during April-12 February 2021 was 3.2% compared with 2.8% (y-o-y) while incremental bank deposit growth has been 8.9% during April – 12 February 2021 compared with 5.2%(y-o-y). Sectoral deployment shows that credit off-take has been robust during April-January 2021 in agriculture (9.5%) and personal loans (6.7%) while bank credit to services at 1.6% has been subdued at 1.6% while to the industrial segment it is (-)4.3%.

India's GDP posted a mildly positive growth of 0.4%YoY in Q3 FY21 after a hiatus of 2 quarters to finally exit a technical recession. Supply-side measure, GVA recovered to +1.0%YoY from -7.3% in Q2. A major sequential improvement came about in Q3 as compared to Q2 in consumption and Government spending, while investment growth was positive after a gap of three quarters. These trends were all in line with the available monthly data and anecdotal evidence. Mainly driven by growth in agriculture (3.9%), manufacturing (1.6%), electricity, gas, water supply and other utility services (7.3%), construction (6.2%) and financial, real estate and professional services (6.6%).

Global:
Spurt in yields curve was noticed across major markets as US yields inched up northwards by 45 bps during the month. UK, German and Australian 10-year sovereign bond yields rose to the highest levels since December'19. There has also been a notable rise in U.S real yields now at (65bp) from (1.1% 2 months back), fueled by signs of a quicker than expected domestic economic recovery and the massive additional stimulus package. That's a huge move in real space but still deep in negative territory. If the reflection theme is the real deal, then long tenor real rates should not be negative. That's still some way from where we are now but the near-term wobbles on risk assets will obstruct such a move for now.

Outlook:
We think volatility will always surprise us (e.g. in current global bond markets) when global assets are pumped with record money printing and tolerant fiscal deficits. Bond investors are nervous due to rise in commodity prices and overall asset prices in general. During last decade major global central banks' monetary policies have boosted asset prices but not commodities and even general inflation but this time because commodities are rebounding in a big way including food prices, bond investors are worried that general inflation must be on its way. Additionally, central bankers are deliberately ignoring spurt in inflation prints affecting bond investors in real terms. We feel unless there is sustained pick up in wage growth and rise in income spurts of retail consumptions will emerge due to huge cash transfers hence general inflation pick-up in key in the second half of the year.

Caught between domestic cues and a global squeeze in rates, a repricing of the yield curve (higher) lies ahead, in sync with the evolving 2021 economic dynamics of an improved growth outlook, comparatively lower liquidity surplus and sticky inflation print.

Markets should be targeting where we were pre-covid levels but with gradual move since we think global liquidity is there to stay for good time ahead. Overall, the rates are likely to remain volatile with an upward bias. Any interim correction will be dependent on RBI support to the market by using its different monetary tools pushing it's OMO purchased (already done 4.48 lakh crore). We have a constructive view on the rates eyeing the medium-term curve with a carry view. We think very short and higher long-end of the curve will see much more volatility due to fear of liquidity normalization and heavy bond supply respectively.

Investment Call: Although the direction of yields moving upwards is not a debate, the speed of discounting seems an opportunity to us. We think Holding Period Return (HPR) for a certain tenures e.g. medium-term tenure curve looks attractively priced discounting lot of know negatives to a bigger extent.

We think the faster pace of re-pricing yield curve by investors in evolving macro data points, heavy supply of bonds and RBI's attempt to manage yield curve provides opportunity in some mis-priced segments of yield curve especially when HPR is in your favour. Hence recommending a nimble strategy having flexibility of duration, credit and a healthy base of accruals available in Dynamic debt scheme. We think risk-reward is turning favorable for investors having an investment horizon of three years.

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[1] Mr. Rahul K. Nambiar

Mr. Nambiar has over 8 years of experience in the fixed income market. Prior to joining IIFL Asset Management Limited, he was a part of the Wealth Management industry as Product Manager – Bonds. He has worked in this capacity with Yes Bank Ltd and ICICI Securities Ltd. He has also worked in the Wholesale Debt Market(WDB) broking industry for 4 years.

[1]Note - with effect from March 02, 2021, Mr. Milan Mody, has been designated as Fund Manager for IIFL Dynamic Bond Fund (An open-ended dynamic debt scheme investing across duration) and IIFL Liquid Fund (An open-ended liquid scheme)

Fund Details

Date of Allotment	: November 13, 2013
Benchmark Index	: Crisil Liquid Fund Index 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 Load	: 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%
Dematerialization	: D-Mat Option Available
Asset Allocation	:
Money market and debt instruments with residual maturity up to 91 days	: 0% to 100%

^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.

NAV as on February 28, 2021

Regular Plan Growth	: ₹ 1580.2616
Regular Plan Weekly Dividend	: ₹ 1005.3723
Regular Plan Daily Dividend	: ₹ 1000.0701
Direct Plan Growth	: ₹ 1586.0448
Direct Plan Dividend	: ₹ 1000.0427
Direct Plan Weekly Dividend	: ₹ 1005.3723

AUM as on February 28, 2021

Net AUM	: ₹ 111.77 crore
Monthly Average AUM	: ₹ 104.95 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.

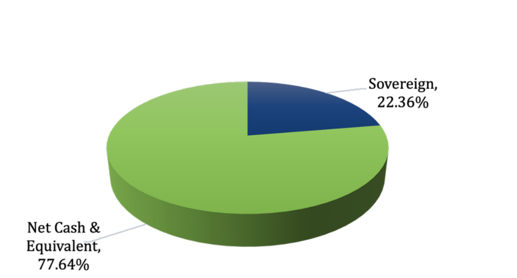
Total Expense Ratio

Macaulay Duration	: 2 days
Modified Duration	: 2 days
Average Maturity	: 2 days
Yield to Maturity	: 3.12%

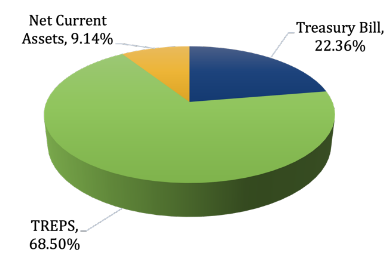
Portfolio as on February 28, 2021

Name of the Instrument	Rating	% to Net Assets
Money Market Instruments		
Treasury Bill		
182 DAYS TBILL	SOVEREIGN	22.36
Sub Total		**22.36**
TREPS## / Reverse Repo		
TREPS##		68.50
Sub Total		**68.50**
Net Receivables/(Payables)		**9.14**
Portfolio Total		**100**

Composition by Rating^



Instrument Wise Composition^



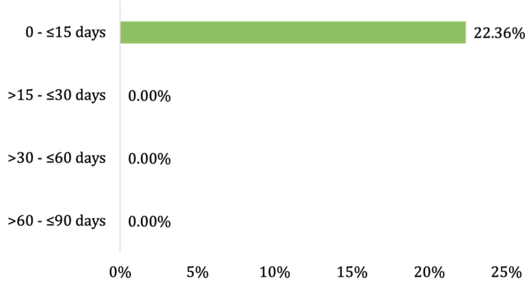
^ As of February 28, 2021

Scheme Performance

Scheme / Benchmark	28-Feb-20 to 28-Feb-21	PTP (₹)	28-Feb-18 to 28-Feb-21	PTP (₹)	28-Feb-16 to 28-Feb-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Liquid Fund - Reg - Growth	3.09%	10,310	5.19%	11,640	5.74%	13,223	6.47%	15,799
IIFL Liquid Fund - Dir - Growth	3.14%	10,315	5.24%	11,657	5.80%	13,256	6.52%	15,857
Benchmark*	4.27%	10,428	6.16%	11,966	6.51%	13,710	7.18%	16,586
Additional Benchmark**	5.46%	10,548	6.64%	12,129	6.56%	13,742	7.09%	16,488

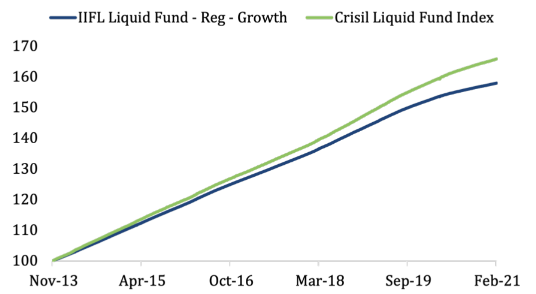
Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on December 31, 2020* Crisil Liquid Fund Index,** Crisil 1 Year T-Bill Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000 made on the inception date 13-Nov-2013;

Maturity Profile^



^ As of February 28, 2021

NAV Movement (Since Inception) Rebased to 100

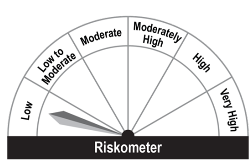


THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*
- Income over short term horizon
- Investments in money market and short term debt instruments, with maturity not exceeding days

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

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

Risk-O-Meter



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.