

# MONTHLY FACTSHEET

JULY 2021



## Macro Economy & Event Update

- Equity markets in U.S. and Europe rose during the month under review as market participants remained upbeat of improved prospects of global growth. Hopes that the U.S. Federal Reserve will keep interest rates at lower levels for the time being also added to the gains as market participants considered higher-than-expected increase in consumer prices in May as transitory and temporary. However, Asian equity markets came under pressure as renewed concerns over COVID-19 pandemic once again came to the fore following an increase in the delta variant COVID-19 infection cases in certain parts of China.
- U.S. equity markets rose during the month under review after U.S. nonfarm payroll employment accelerated in May 2021 even though the same came below market expectations. Continued optimism about the outlook for the global economy following upbeat manufacturing data for May 2021 also contributed to the upside.
- European equity markets too went up on continued optimism about global economic recovery. Market sentiments were further boosted after the euro zone economy contracted by much less than expected in the first quarter of 2021.
- Asian equity markets meanwhile came under pressure as worries over highly contagious delta variant of COVID-19 kept market participants on the edge. Concerns that the U.S. Federal Reserve may increase interest rates earlier than expected also added to the losses.
- Back home, domestic equity markets witnessed modest gains during the month under review following an increase in pace of COVID-19 vaccination program in the country, decline in coronavirus infection cases and gradual easing of COVID-19 restrictions in several parts of the country.
- In domestic debt market, bond yields rose after moving in a narrow range during the reported month on absence of any major triggers. Bond yields rose as lower-than-expected bond purchase plan for the next quarter, disappointed market participants.
- Moving ahead market sentiment will be dictated by developments associated with the COVID-19 pandemic. WHO till recently has warned of a new wave of COVID-19 pandemic in Europe. Also, there are reports of the outbreak of the delta variant of COVID-19 in Asian countries. Thus, a third wave of the COVID-19 pandemic in the country cannot be ruled out completely. Global crude oil prices will also be on the radar of market participants as the same is inching towards the 80\$ a barrel level and increase in global crude oil prices during such pandemic times may become a cause of bane for the country moving ahead.

### Key Economic Indicators

Indicators	Current	Previous
WPI (May-21)	12.94%	10.49%
IIP (Apr-21)	134.40%	22.40%
CPI (May-21)	6.30%	4.23%

Source: Refinitiv

### Event Update

#### 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 MPC also decided to continue with its accommodative stance as long as necessary to sustain growth on a durable basis and continue to mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target going forward.

#### India's current account balance recorded a deficit of US\$ 8.1 billion in Q4 of FY21

- Data from RBI showed that India's current account balance recorded a deficit of US\$ 8.1 billion (1% of GDP) in Q4 of FY21 from a surplus of US\$ 0.6 billion (0.1% of GDP) in Q4 of FY20. India has a current account deficit of US\$ 2.2 billion (0.3% of GDP) in Q3 of FY21. The current account deficit in Q4 of FY21 was primarily due to higher trade deficit and lower net invisible receipts than in the corresponding period of the previous year.

#### India's Consumer Price Index based inflation (CPI) rose to 6.30% in May 2021

- Consumer Price Index based inflation (CPI) rose to 6.30% in May 2021 from 4.23% in Apr 2021. Inflation, based on CPI, has breached the RBI's target range for the first time after five months. The Consumer Food Price Index also rose to 5.01% in May 2021 from 1.96% in the previous month.

#### Wholesale Price Index (WPI) based inflation surged to 12.94% on a yearly basis in May 2021

- Government data showed that the Wholesale Price Index (WPI) based inflation surged to 12.94% on a yearly basis in May 2021 from 10.49% in the previous month and 7.89% in Mar 2021. WPI inflation in the same period of the previous year stood at -3.37%. The WPI Food Index also surged to 8.11% in May 2021 from 7.58% in the previous month and 5.63% in Mar 2021. WPI based rate of inflation for crude petroleum and natural gas over the year stood at 56.06% compared to the same period of the previous year when the same stood at -37.45%. WPI inflation for manufactured products stood at 10.83% in May 2021 compared to the same period of the previous year when the same stood at -0.34%.

#### India's trade deficit widened to \$6.28 billion in May 2021 from May 2020

- India's trade deficit widened to \$6.28 billion in May 2021 from \$3.15 billion in May 2020 which corresponds to an increase of 99.61%. Exports grew 69.35% on a yearly basis \$32.27 billion in May 2021 from \$19.05 billion in the same period of the previous year. Imports rose 73.64% over the year to \$38.55 billion in May 2021 from \$22.20 billion in the same period of the previous year. Oil imports in May 2021 stood at \$9.45 billion which was higher by 171.10% in dollar terms compared to May 2020. Non-oil imports were estimated at \$29.10 billion in May 2021 which was 55.48% higher in dollar terms compared to the same period of the previous year.

## Equity Market

- Domestic equity markets settled for the month with modest gains after witnessing considerable volatility. While buying interest largely remained supported by drop in COVID-19 cases, record surge in daily vaccinations and subsequent easing of lockdown restrictions in many parts of the country, the ongoing concern about the outbreak of the delta variant of COVID-19 in Asian countries erased most of the gains. Relief measures announced by the government to support the pandemic-stricken economy did little to soothe investors' nerve.
- On the BSE sectoral front, majority of the sectors closed in the green. S&P BSE IT was the top gainer, up 9.25%. The IT sector rose with two major global investment management firm coming out with their outlook on the domestic IT sector where they projected that the sector may witness double digit growth over the next 3-5 years with the demand for cloud services going up due to the COVID-19 pandemic. Meanwhile, S&P BSE Bankex was the major loser, down 2.47%, followed by S&P BSE Power and S&P BSE Oil & Gas, which slipped 2.16% and 1.80%, respectively.
- Majority of the U.S. markets went up, reflecting continued optimism about the outlook for the global economy following upbeat manufacturing data. Buying interest boosted after the Labor Department report showed job growth in the U.S. reaccelerated in May, although the increase in employment still fell short of market estimates. Investors also shrugged off reports of higher-than-expected increase in consumer prices in May and considered the same as transitory. Gains were restricted by hawkish tone of the U.S. Federal Reserve monetary policy review. Uncertainty about the pace of global economic recovery due to a surge in the delta variant of COVID-19 and fresh curbs on travel in several countries kept investors wary.
- European markets went up as continued optimism about global economic recovery helped underpin sentiment. Data showing rise in U.S. non-farm payroll employment in May and a drop in unemployment aided sentiment. However, the lower-than-expected increase in addition of jobs limited markets' upside. Buying interest found additional support from revised euro zone growth data, which showed that the region's economy contracted by much less than expected in the first quarter of 2021.
- Asian markets closed in the red with sentiments weighed down by flare-ups of coronavirus infection in certain parts of China and likely measures by Chinese central bank to halt speculative trading in yuan. Investors also reacted negatively after U.S. Federal Reserve indicated that interest rates will rise sooner than expected. Worries over highly contagious Delta variant of COVID-19 kept investors wary.
- With the outbreak of delta version of COVID-19 across different Asian countries, investors are speculating over probable third wave of pandemic. Market participants are concerned if the third wave of coronavirus turns out to be as severe as the second wave. Meanwhile, the upcoming corporate result calendar for Q1FY22 shall also dictate buying interest. The corporate results for Q1FY22 may see some weakness due to the impact of lockdowns owing to the second wave. However, the markets should likely discount the weakness as long as the management outlook for the rest of FY22 and for FY23 remains strong.

### Domestic Indices Performance

Indicators	30-Jun-21	31-May-21	Chg. %	YTD
S&P BSE Sensex	52,483	51,937	1.05	9.91
Nifty 50	15,722	15,583	0.89	12.44
S&P BSE 200	6,824	6,727	1.43	15.52
Nifty Midcap 100	26,971	25,775	4.64	29.40
Nifty Dividend Opportunities 50	3,346	3,230	3.60	17.09
S&P BSE Small cap	25,232	23,596	6.93	39.42

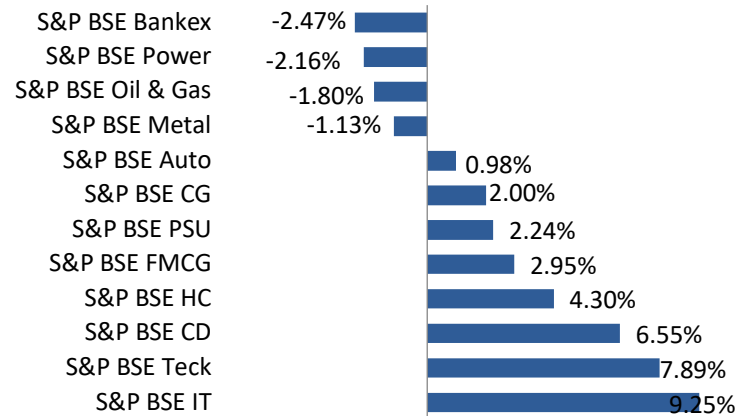
Source: Refinitiv

### Global Indices Performance

Global Indices	30-Jun-21	31-May-21	Chg. %	YTD
Dow Jones	34,503	34,529	-0.08	12.73
FTSE	7,037	7,023	0.21	8.93
CAC	6,508	6,447	0.94	17.23
Hang Seng	28,828	29,152	-1.11	5.86
Shanghai	3,591	3,615	-0.67	3.40

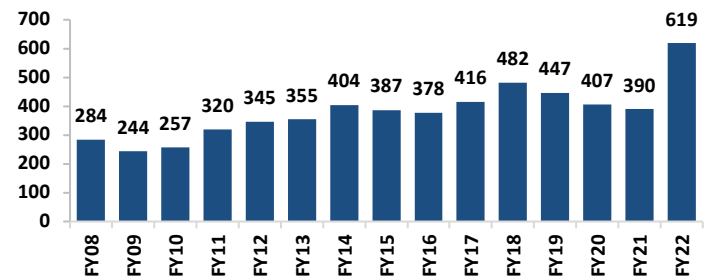
Source: Refinitiv

### Sectoral Performance (Monthly Returns %)



Source: BSE

### Nifty EPS



### Institutional Flows (Equity) As on June 30, 2021

(INR Cr)	Purchases	Sales	Net	YTD
FII Flows	181,131	163,916	17,215	60,343
MF Flows	23,786	24,468	-682	-19,245
DII Flows	121,342	113,853	7,489	-7,659

Source: NSDL, NSE & SEBI

\* As on June 10, 2021

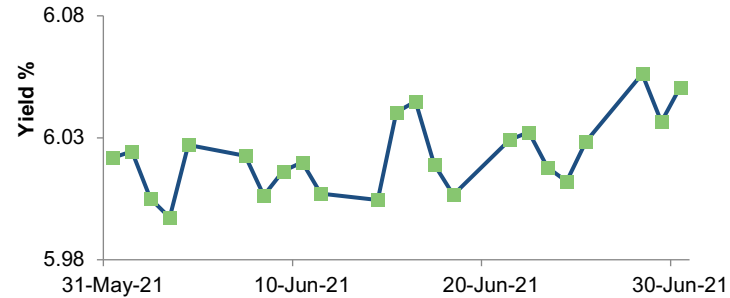
## Debt Market

- Bond yields rose after moving in a narrow range during the reported month on absence of any major triggers. Yields rose as lower-than-expected bond purchase plan for the next quarter, disappointed market participants. Consumer inflation rate in May 2021 exceeded the RBI's tolerance level of 6% after 5 months. Also, consumer inflation concerns highlighted in the Monetary Policy Committee's (MPC) minutes last week, further dented sentiments. However, losses were limited as the RBI bought higher-than-expected number of gilt securities under G-SAP 1.0 auction.
- Yield on gilt securities rose by up to 33 bps across the maturities. Yields rose the most on 1-year paper and the least on 15-year paper. Yield on corporate bonds rose by up to 49 bps on 1- to 4-year, 10-year, and 15-year papers while remaining securities fell in the range of 3 to 15 bps. Difference in spread between corporate bond and gilt securities contracted by up to 24 bps, leaving 2- & 15-year papers that expanded 1 and 48 bps respectively.
- Bond yield movement are likely to remain volatile in the near term supported by central bank's bond purchases through planned G-SAP and open market operations (OMO). However, concerns persist over rising inflation, which has exceeded RBI's tolerance level of 6% in May 2021. Undersubscription of government securities along with devolvement on primary dealers in the weekly auction is another concern. If government is not able to raise borrowings as per the planned schedule than it may lead to unplanned borrowing. Thus, large issuances of government securities in the coming months on the backdrop of resurgence in inflation and the continued rise in global bond yields will act negative for the market. 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

- The Indian rupee fell against the U.S. dollar on greenback buying by importers', on likely domestic equity outflows due to rebalancing in the MSCI index and sharp rebound in the U.S. dollar index. Rise in global crude oil prices also weighed on India rupee. Rupee fell further as importers covered their immediate payables and tracking increase in global crude oil prices. Rupee weakened amid rise in the U.S. dollar index as the spread of the Delta variant of covid-19 reduced risk appetite in the region.
- Brent crude prices surged as OPEC and its allies agreed on a gradual easing of supply curbs through Jul amid expectation of recovery of demand. Slow pace of nuclear talks between Iran and the U.S. provided additional support to oil prices. Oil prices also gained momentum, backed by optimism for strong economic demand.

## 10-Year Benchmark Bond (05.85% GS 2030) Movement



Source: Refinitiv

## Spread Movement

Spreads		AAA	AA	A
30-Jun-21	1 Yr	70	188	1422
	3 Yr	35	238	171
	5 Yr	48	270	239
31-May-21	1 Yr	87	206	489
	3 Yr	37	200	627
	5 Yr	65	202	454

Source: Refinitiv

Yield (%)	30-Jun-21	31-May-21
10 Year G-Sec	6.05	6.02
5 Year G-Sec	5.72	5.59

## Certificate of Deposit

	30-Jun-21	31-May-21
3-Month	3.45	3.42
6-Month	3.62	3.65
9-Month	3.91	3.84
12-Month	3.83	4.15

## Commercial Papers

	30-Jun-21	31-May-21
3-Month	3.62	3.62
6-Month	4.00	3.95
12-Month	4.50	4.40

Source: Refinitiv

Treasury Bill	30-Jun-21	31-May-21
91 Days	3.41	3.39
364Days	3.85	3.72

Source: Refinitiv

## Event Calendar

Release	Event	Country
15-Jul-21	Gross Domestic Product (YoY)(Q2)	China
16-Jul-21	Bank of Japan Monetary Policy	Japan
20-Jul-21	People's Bank of China Monetary Policy	China
22-Jul-21	European Central Bank Monetary Policy	Euro Zone
28-Jul-21	U.S. Federal Reserve Monetary Policy	U.S.

Source: FXSTREET, Daily FX

# IIFL FOCUSED EQUITY FUND

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



## 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

<b>Date of Allotment</b>	: October 30, 2014
<b>Bloomberg Code</b>	: IIFGRRG IN
<b>Benchmark Index<sup>^</sup></b>	: S&P BSE 200 TRI
<b>Plans Offered</b>	: Regular & Direct
<b>Options Offered</b>	: Growth & IDCW
<b>Minimum Application</b>	:
<b>New Purchase</b>	: ₹5,000 and in multiples of ₹100 thereafter
<b>Additional Purchase</b>	: ₹1,000 and in multiples of ₹100 thereafter
<b>Monthly SIP Option</b>	: ₹1,000 per month for a minimum period of 6 months
<b>Quarterly SIP Option</b>	: ₹1,500 per quarter for a minimum period of 4 quarters
<b>Entry Load</b>	: NIL
<b>Exit Load</b>	: 1% - if redeemed/switched out, on or before 12 months from the date of allotment w.e.f April 02, 2019.
<b>Dematerialization</b>	: D-Mat Option Available
<b>Portfolio Turnover Ratio (based on 1 year monthly data)</b>	: 0.45 times

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

## NAV as on June 30, 2021

<b>Regular - Growth</b>	: ₹ 26.3293
<b>Regular - IDCW</b>	: ₹ 23.294
<b>Direct - Growth</b>	: ₹ 28.6447
<b>Direct - IDCW</b>	: ₹ 28.3523

## AUM as on June 30, 2021

<b>Net AUM</b>	: ₹ 1954.58 crore
<b>Monthly Average AUM</b>	: ₹ 1901.95 crore

## Total Expense Ratio

<b>Regular Plan</b>	: 2.06% p.a.
<b>Direct Plan</b>	: 0.90% p.a.

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

## Volatility Measures

	Fund	Benchmark
<b>Std. Dev (Annualised)</b>	17.64%	17.46%
<b>Sharpe Ratio</b>	0.92	0.54
<b>Portfolio Beta</b>	0.94	1.00
<b>R Squared</b>	0.95	NA
<b>Treynor</b>	0.19	0.10

## Portfolio as on June 30, 2021

Company Name	Sector	SCDV	% to Net Assets
<b>Equity &amp; Equity Related Total</b>			
ICICI Bank Limited	FINANCIAL SERVICES	C	8.83
Infosys Limited	IT	D	6.91
Axis Bank Limited	FINANCIAL SERVICES	S	5.23
Larsen & Toubro Limited	CONSTRUCTION	C	4.84
HDFC Bank Limited	FINANCIAL SERVICES	S	4.32
State Bank of India	FINANCIAL SERVICES	V	4.10
Crompton Greaves Consumer Electricals Limited	CONSUMER GOODS	S	4.05
Bharti Airtel Limited	TELECOM	V	3.83
Bajaj Finance Limited	FINANCIAL SERVICES	S	3.70
Bharat Petroleum Corporation Limited	OIL & GAS	D	3.60
Mahindra & Mahindra Limited	AUTOMOBILE	V	3.45
SRF Limited	INDUSTRIAL MANUFACTURING	S	3.40
Apollo Tricoat Tubes Limited	Miscellaneous	S	3.35
Divi's Laboratories Limited	PHARMA	D	3.22
Cyient Limited	IT	S	3.13
Larsen & Toubro Infotech Limited	IT	S	3.07
Dr. Reddy's Laboratories Limited	PHARMA	S	3.03
Tata Motors Limited	AUTOMOBILE	C	2.33
Muthoot Finance Limited	FINANCIAL SERVICES	S	2.21
Sona BLW Precision Forgings Limited	AUTOMOBILE	S	2.20
Aavas Financiers Limited	FINANCIAL SERVICES	S	2.15
Mahanagar Gas Limited	OIL & GAS	D	2.08
Tata Communications Limited	TELECOM	V	1.92
CCL Products (India) Limited	CONSUMER GOODS	D	1.86
Asian Paints Limited	CONSUMER GOODS	D	1.76
ICICI Lombard General Insurance Company Limited	FINANCIAL SERVICES	D	1.68
Kajaria Ceramics Limited	CONSTRUCTION	S	1.67
Coforge Limited	IT	D	1.60
EPL Limited	INDUSTRIAL MANUFACTURING	V	1.47
Procter & Gamble Health Limited	PHARMA	D	1.22
<b>Sub Total</b>			<b>96.21</b>
TREPS#			3.67
Net Receivables / (Payables)			0.12
<b>Portfolio Total</b>			<b>100</b>

## Scheme Performance

Scheme / Benchmark	30-Jun-20 to 30-Jun-21	PTP (₹)	30-Jun-18 to 30-Jun-21	PTP (₹)	30-Jun-16 to 30-Jun-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	61.70%	16,170	21.99%	18,174	18.62%	23,492	15.62%	26,329
IIFL Focused Equity Fund - Dir - Growth	63.60%	16,360	23.68%	18,942	20.18%	25,082	17.09%	28,645
Benchmark*	58.77%	15,877	15.40%	15,382	15.63%	20,678	12.76%	22,282
Additional Benchmark**	52.38%	15,238	15.32%	15,350	15.58%	20,639	11.67%	20,880

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.

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

Scheme / Benchmark	30-Jun-20 to 30-Jun-21	30-Jun-18 to 30-Jun-21	30-Jun-16 to 30-Jun-21	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	7,90,000
Total Value as on June 30, 2021(₹)	1,52,413	5,56,701	10,21,770	14,91,705
Returns	54.01%	30.53%	21.46%	19.07%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,51,058	5,13,570	9,32,857	13,41,942
Benchmark: S&P BSE 200 TRI	51.62%	24.54%	17.71%	15.88%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,45,726	4,96,051	9,27,706	13,28,012
Additional Benchmark: S&P BSE Sensex TRI	42.32%	22.01%	17.48%	15.57%

(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 IDCW Plan	15 February 2017	10	12.7777	1.50
Direct IDCW Plan	15 February 2017	10	13.0738	0.17

Dividend is gross dividend. 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. Dividend is not assured and is subject to availability of distributable surplus.

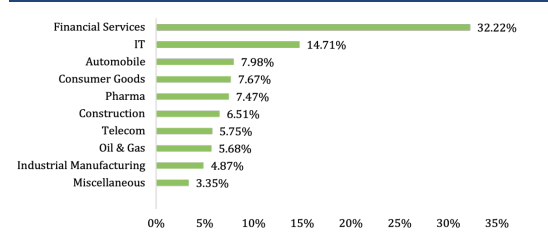
## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

- 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.

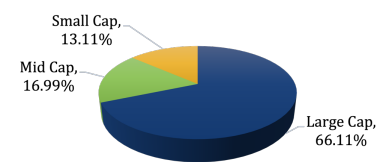
\*\*With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.

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



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

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



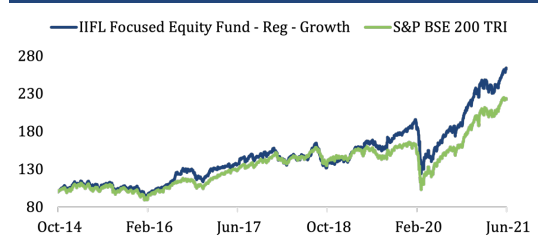
a. Large Cap Companies: 1st -100th company in terms of full market capitalization

b. Mid Cap Companies: 101st -250th company in terms of full market capitalization

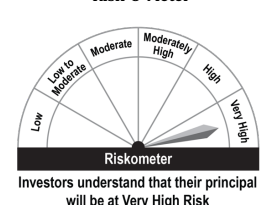
c. Small Cap Companies: 251st company onwards in terms of full market capitalization The consolidated list of stocks in terms of full market capitalization is as per the list uploaded by AMFI, in terms of SEBI circulars dated October 6, 2017 and December 4, 2017.

<sup>^</sup>As of June 30, 2021

## NAV Movement (Since Inception) Rebased to 100



## Risk-O-Meter



Investors understand that their principal will be at Very High Risk

## Fund Commentary

Dear investor,

Indian equity indices were rangebound during the month as market participants balanced positive sentiment led by anticipation of economic recovery with concerns owing to uncertainty around when, how and whether there would be a third wave of Covid-19. As a result, BSE-30 and Nifty-50 indices registered monthly gains of 1% and 0.9% (over last month). The indices down the capitalization curve continued to outperform the benchmark indices with BSE Mid-cap and BSE Small-cap indices registering gains of 3.6% and 6.9% respectively. Amongst the sectoral indices, IT stocks soared (BSE IT up 9.2%, BSE Teck up 7.9%) on account of positive news flow from some of the leading entities in the IT industry. Meanwhile, easing of lockdown restrictions led to visible signs of a pick-up in demand in segments other than non-essential, which augured well for stocks in the consumer durables space (BSE Consumer Durables up 6.5%). On the other hand, spike in inflation along with the delta plus variant raised concerns about economic recovery towards the end of the month and weighed on banking (Bankex down 2.5%), power (BSE Power down 2.2%) and oil & gas stocks (BSE Oil & Gas down 1.8%).

FPIs turned net buyers of Indian equities to the tune of US\$2.3 bn in June'21, reversing their last month trend. The YTD flows at US\$8.1 bn continue to remain robust. As the global economy recovers from the pandemic led slowdown, we believe there could be a thrust towards higher risk participation from investors even though higher inflation and hawkish monetary policies from central banks of a few major economies may have an overhang on investor sentiments.

### Indian Equity Markets: When going gets tough, tough get going!

The month started on a positive note with news regarding consistent decline in the Covid-19 cases, vaccination drive picking up pace and gradual easing of lockdown like restrictions. However, news on delta plus variant and inflation inching up acted as dampeners which contained the rising trajectory, thereby limiting the overall gains. Amongst the key developments during the month, Reserve Bank of India in its Monetary Policy Review kept the rates unchanged, the government raised MSP for Kharif crops and announced free vaccination for all adults.

While the manufacturing PMI contracted in June'21 - printing an 11-month low number at 48.1, some of the other macroeconomic indicators such as power consumption, e-way bill collection and rail freight indicated a pick-up in the economic activity, amidst gradual relaxation of restrictions and decreasing infection levels. Power consumption and e-way bill collection improved in June'21. Even rail freight, continued to maintain momentum with respect to earnings and loadings for June'21.

India's eight core sectors index soared up by 16.8% in May'21 on account of base effect (contraction of 21.4% in May'20 due to nationwide lockdown) and uptick in production of natural gas, coal, refinery products, steel, cement and electricity. Further, the merchandise exports strengthened in June'21 and stood at US\$32.5 bn, posting an increase of 47.3% over June'20 figure. While India is a net importer in June'21 with a trade deficit of US\$9.4 bn, as compared to trade surplus of US\$0.7 bn in June'20, the exports during the April-June quarter this year jumped to US\$95.4 billion, the highest ever merchandise exports in a quarter. Simplification of compliance related procedures, extension of timelines and licences were some of the reasons which attributed to the record performance of exports.

Preliminary estimates from the RBI indicate moderation in household financial savings, which have come in at 8.2% of GDP for 3QFY21 as against 21% in 1QFY21 and 10.4% in 2QFY21. Further, flows into financial assets dropped to 12.7% of GDP (as compared to 15.8% in 2QFY21) and even flows into financial liabilities fell to 4.6% (5.4% in 2QFY21). Although flows into liabilities from banking sector increased to 4% (3.2% in 2QFY21), liabilities from NBFC/HFC fell to 0.6% (2.2% in 2QFY21). Further, household debt increased to 37.9% as compared to 37.1% in 2QFY21.

There are a few risks in the near to medium term which market participants should closely watch out for

- (1) Continued localized lockdowns could impact the supply side which may have a bearing on the food inflation in case food supply chain is affected
- (2) Delay in the journey toward normalcy could also impact discretionary spending, in turn affecting the demand side
- (3) Slower than expected earnings growth, which could limit the gains from equity markets

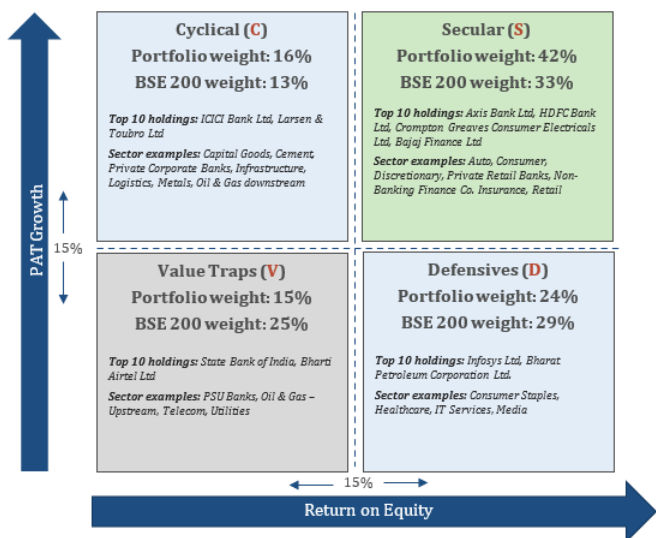
### Road to recovery!

While the pandemic persists, we believe a combination of factors such as acquired immunity, rise in the vaccinated population and ramp up in the inoculation drive (over 365 mn doses administered till June 30, 2021) may provide some cushion for any subsequent waves. On the brighter side, the economic impact of the second wave has not been as severe as the first wave on account of localized lockdowns. Despite running a higher fiscal deficit, the government has prioritized expenditure, wherein finance ministry has asked departments other than agriculture, health and rural to curtail expenses in the second quarter of FY22. We believe that declining cases and a recovery in economic activity is likely to boost revenue, enabling government to spend more in the second half of the fiscal, thereby further pushing growth. Although there have been concerns regarding increasing stress in the banking system as highlighted by the Financial Stability Report of the RBI, it is likely to be lower than the earlier estimates and banks will be in a position to lend. A concoction of these factors is likely to support the economic recovery in the near to medium term.

### Portfolio Positioning

Given that the economic impact of the second wave has been lesser as compared to the first wave, we believe that cyclical recovery is underway. The earnings growth for Nifty and Sensex companies which has been lackadaisical in the last few years, is likely to be strong for the next couple of years resulting in ROE expansion. Also, unlike the last few years wherein polarization has dominated the performance of key benchmark indices, the earnings growth recovery is expected to be broad based in nature with potential winners across market capitalizations. All these factors could keep the markets buoyant in the near to medium term. We continue to focus on bottom up security selection while having a positive bias towards cyclical recovery and taking tactical calls based on the market dynamics.

### 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%. The portfolio weights mentioned in SCDV investment framework are of IIFL Focused Equity Fund as of June 30, 2021. The weights are rounded off to the nearest decimal.

### Disclaimer

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

# IIFL DYNAMIC BOND FUND

(An Open Ended dynamic debt scheme investing across duration)



## Investment Objective

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

## Fund Manager<sup>1</sup> Mr. Milan Mody

Mr. Milan Mody has over 18 years of work experience in the Fixed Income market. Prior to joining IIFL Asset Management Limited, he was associated with ITI Asset Management Limited as Fixed Income Fund Manager for three years. His previous experience includes working with Darashaw, Birla Sun-life Securities, Sahara Life Insurance and Zyin Research Pvt. Ltd. He has done MBA Finance and B.Com.

<sup>1</sup>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

<b>Date of Allotment</b>	: June 24, 2013
<b>Bloomberg Code</b>	: IIFDBBIN
<b>Benchmark Index</b>	: Crisil Composite Bond Fund Index
<b>Plans Offered</b>	: Regular & Direct
<b>Options Offered</b>	: Growth & IDCW
<b>Minimum Application</b>	:
<b>New Purchase</b>	: ₹10,000 and in multiples of ₹100 thereafter
<b>Additional Purchase</b>	: ₹1,000 and in multiples of ₹100 thereafter
<b>Monthly SIP Option</b>	: ₹1,000 per month for a minimum period of 6 months
<b>Quarterly SIP Option</b>	: ₹1,500 per quarter for a minimum period of 4 quarters
<b>Entry Load</b>	: NIL
<b>Exit Load</b>	: 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").
<b>Dematerialization</b>	: D-Mat Option Available
<b>Asset Allocation</b>	:
<b>Debt Market</b>	: 0% to 100%
<b>Money Market</b>	: 0% to 100%
<b>REITs &amp; InvITs</b>	: 0% to 10%

## NAV as on June 30, 2021

<b>Regular Plan Growth</b>	: ₹ 17.1923
<b>#Regular Plan Bonus</b>	: ₹ 17.1923
<b>Regular Quarterly IDCW</b>	: ₹ 16.5905
<b>#Regular Half Yearly IDCW</b>	: ₹ 16.5905
<b>#Regular Monthly IDCW</b>	: ₹ 11.9484
<b>Direct Plan Growth</b>	: ₹ 17.9572
<b>Direct Monthly IDCW</b>	: ₹ 12.6016

#Note: Bonus plan and Monthly & Half yearly Dividend payout options are discontinued for new investors can invest in the said option existing investors remain invested in the said options.

## AUM as on June 30, 2021

<b>Net AUM</b>	: ₹ 693.37 crore
<b>Monthly Average AUM</b>	: ₹ 694.5 crore

## Total Expense Ratio

<b>Regular Plan</b>	: 0.52% p.a.
<b>Direct Plan</b>	: 0.27% p.a.

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

## Statistical Debt Indicators

<b>Macaulay Duration</b>	: 3.57 years
<b>Modified Duration</b>	: 3.38 years
<b>Average Maturity</b>	: 4.42 years
<b>Yield to Maturity</b>	: 6.32%

## Portfolio as on June 30, 2021

Name of the Instrument	Rating	% to Net Assets
<b>REIT/InvIT Instruments</b>		
Powergrid Infrastructure Investment Trust	Power	1.29
<b>Debt Instruments</b>		
<b>Sovereign Securities</b>		<b>20.18</b>
9.15% GOVERNMENT OF INDIA	SOVEREIGN	8.05
7.84% STATE GOVERNMENT SECURITIES	SOVEREIGN	3.86
6.97% GOVERNMENT OF INDIA	SOVEREIGN	3.01
7.17% GOVERNMENT OF INDIA	SOVEREIGN	2.27
6.79% GOVERNMENT OF INDIA	SOVEREIGN	2.23
7.69% STATE GOVERNMENT SECURITIES	SOVEREIGN	0.76
<b>Non-Convertible Debentures/Bonds</b>		<b>72.93</b>
6.6861% MINDSPACE BUSINESS PARKS	CRISIL AAA	10.14
7.17% POWER FINANCE CORPORATION LIMITED	CRISIL AAA	7.50
*8.9% STATE BANK OF INDIA	CRISIL AAA	6.17
*9.15% ICICI BANK LIMITED	ICRA AA+	6.00
INDIA GRID TRUST INVIT FUND	CRISIL AAA	4.32
5.85% REC LIMITED	CRISIL AAA	4.27
*8.99% BANK OF BARODA	CRISIL AA+	3.75
TATA CAPITAL HOUSING FINANCE LIMITED	CRISIL AAA	3.74
6.88% REC Limited	CRISIL AAA	3.71
7.25% Embassy Office Parks REIT	CRISIL AAA	3.68
7.6% Muthoot Finance Limited	CRISIL AA+	3.58
8.95% Jamnagar Utilities & Power Private Limited	CRISIL AAA	2.30
7.62% Export Import Bank of India	CRISIL AAA	2.30
7.75% LIC Housing Finance Limited	CRISIL AAA	2.28
8.4% India Grid Trust InvIT Fund	CRISIL AAA	2.23
5.78% Housing Development Finance Corporation Limited	CRISIL AAA	2.14
*8.55% ICICI Bank Limited	ICRA AA+	1.49
*8.5% State Bank of India	CRISIL AA+	1.48
8.85% India Grid Trust InvIT Fund	CRISIL AAA	0.75
6.87% National Bank For Agriculture and Rural Development	ICRA AAA	0.73
6.72% Power Finance Corporation Limited	CRISIL AAA	0.37
<b>TREPS** / Reverse Repo</b>		
TREPS**		3.63
Net Current Assets		1.97
<b>Portfolio Total</b>		<b>100.00</b>

\* BASEL III Compliant

## Dividend Declared - Monthly IDCW Plan

Date	Face Value (₹)	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
29-Jun-21	10	0.05	11.9569	12.6105
25-May-21	10	0.05	11.9934	12.6433
27-Apr-21	10	0.05	11.9035	12.5435
<b>Quarterly IDCW Plan</b>				
04-Jun-15	10	0.40	11.4678	11.5708
<b>Half Yearly IDCW Plan</b>				
04-Jun-15	10	0.40	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

Scheme / Benchmark	30-Jun-20 to 30-Jun-21	PTP (₹)	30-Jun-18 to 30-Jun-21	PTP (₹)	30-Jun-16 to 30-Jun-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	7.09%	10,709	7.22%	12,332	6.83%	13,917	6.99%	17,192
IIFL Dynamic Bond Fund - Dir - Growth	7.56%	10,756	7.85%	12,549	7.44%	14,317	7.57%	17,957
Benchmark*	4.90%	10,490	9.82%	13,251	8.39%	14,963	8.47%	19,200
Additional Benchmark**	4.08%	10,408	9.61%	13,174	7.25%	14,192	6.94%	17,130

Past performance may or may not be sustained in future

Different plans shall have different expense structure

\* 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;

\* 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;

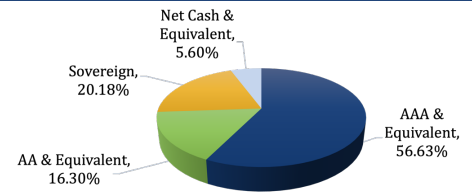
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

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

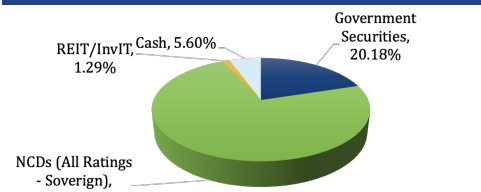
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\*\*\*With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.

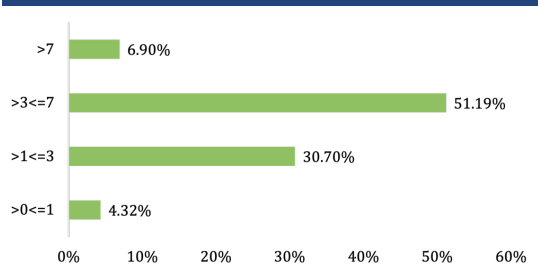
## Composition by Rating<sup>^</sup>



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

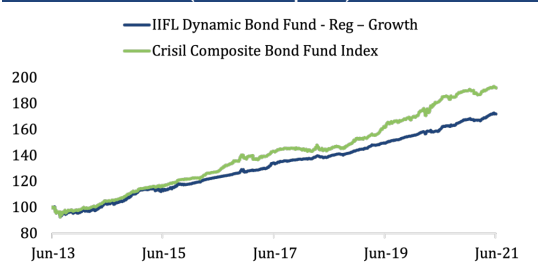


## Maturity Profile<sup>^</sup>

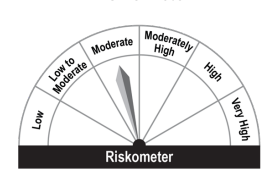


<sup>^</sup> As of June 30, 2021

## NAV Movement (Since Inception) Rebased to 100



## Risk-O-Meter



Investors understand that their principal will be at Moderate Risk

## Fund Commentary

### Fixed Income Market Update

Elevated crude oil prices bought inflationary impulses back home and the recent fiscal policy measures to the tune of INR 6.3tn (or 2.8% of GDP) announced by the Finance Minister added to the negative bias in the gilts market. Although these measures are in the form of guarantees and the fresh fiscal outgo in FY22 is likely to be ~0.6% of GDP, this has raised renewed concerns about fiscal gaps. Based on expenditure switching and ~0.2% higher than expected transfer of surplus by the RBI, we expect the fiscal deficit to GDP ratio to hover around 6.8-7.0% levels. In our view, the market borrowing program is unlikely to be higher than the INR 12.1tn budgeted for FY22.

The rainfall precipitation up to 27-June is +18% of long period average (LPA). Thus, monsoon is a silver lining and hence we expect inflation surge to subside in the next two to three months. However, in the subsequent months the benefit of base effects experienced earlier will turn against leading to a higher rate of inflation which may be transitory, or permanent but purely cyclical in nature. Nevertheless, this could be conquered through proper supply side management and moderation in demand. While inflation is a threat in the short-term period, it is likely to revert to mean probably slightly higher than pre-COVID-19 levels for a while, not to forget that the joker in the pack remains the crude oil prices.

The ultra-loose monetary policy adopted by G4 Central Bank resulted in balance sheets expansion by 66% from \$15trn to \$25trn since the start of the pandemic majorly through quasi monetization of deficits. The jump in central bank holding of government securities has spread to other developed markets and emerging economies as well. The balance sheets are likely to expand further as we move over to second half of 2021. This has created many dislocations, but we think it is likely to fade in the medium-term and major central bank's balance sheets run the risk of substantial losses if interest rates begin to rise. For most countries the money multiplier, the velocity of money continues to remain subdued for lack of increase in credit. Back in India, Bank credit growth stood at 5.9% YoY in May'21, largely unchanged from 6% YoY in April'21. Deposit growth slowed to 8.8% YoY in May'21 from 11.2% YoY in Apr'21. On a sequential basis, credit growth was down 0.8% MoM while deposit growth was down 0.6% MoM. The credit-to-deposit ratio moderated to 71.4% showing banks are still not able to utilise the liquidity while the MCLR declined by 2bps to 7.28%.

Post the May inflation prints, and the US FOMC meet, the markets are factoring in a hawkish tone by MPC and anticipating it to talk of (liquidity) taper & policy normalization back home as well. Due to this the yields have hardened, barring the 10Y benchmark. The spike in bond yields for short- and extreme-long end tenors is reminiscent of these developments whereas the 10Y benchmark remains anchored within a small range since RBI holds most of the outstanding stock of benchmark 5.80% GS 2030 paper. Even the corporate bonds witnessed bear flattening throughout the month, while a tug-of-war continues between institutional investors and RBI in the G-sec primary auctions with multiple devolvement's on primary dealers indicating RBI's discomfort over yields hardening, resulting into a change in auction method by RBI i.e. from multiple price-based auction to uniform price-based auction in an attempt to control spike in yields.

While the month began with RBI announcing a status quo policy & GSAP 2.0 as expected, the G-sec market was somewhat disappointed as the central bank set aside INR100bn for SDLs from G-SAP 1.0. RBI announced Q2FY22 budgeted SDL borrowing calendar of ~INR1.7tn, which is ~9% lower than Q2FY21A and ~17% higher versus Q1FY22A. Q1FY22A SDL borrowings were ~19% and ~14% lower than Q1FY22B and Q1FY21A borrowings respectively, supporting market yields.

RBI released the Financial Stability Report (FSR) and stated that banks will need to reinforce their capital and liquidity positions to fortify themselves against potential balance sheet stress. Report also noted that in the absence of robust demand for credit, banks' holdings of SLR securities (mainly G-Secs and SDLs) in March'21 stood at their highest level since March'10. However, during 2008-2021, the share of banks in total G-Secs and SDL holdings has gradually declined, falling steadily from 51% in 2008 to ~36.4% in 2021. The FSR also stated that, hasty withdrawal of policy stimulus to support growth before attaining enough vaccinations could undermine macro-financial resilience and have adverse unintended consequences. Hence to support growth and moderate pressure on yields, we expect RBI's unconventional monetary support by way of G-SAP, Operation Twist, etc. absorbing the excess supply from the markets; arresting yields from shooting-up.

We continue to believe that RBI will maintain accommodative policy and use all the possible tools to revive & support the growth over next few quarters, which bodes well for the overall fixed income market as the rates are expected to remain stable. The policy stance with regards to liquidity management also augers well for short end of the yield curve, while the long end gets supported by the active yield management by RBI through the G-SAP programmes and OMOs. We feel that 3-6 years segment of the yield curve continues to provide attractive opportunity from risk-reward perspective.

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## Investment Objective

To provide liquidity with reasonable returns commensurate with low risk through a portfolio of money market and debt securities with residual maturity of up to 91 days. However, there can be no assurance that the investment objective of the scheme will be achieved.

## Fund Manager<sup>1</sup> Mr. Milan Mody

Mr. Milan Mody has over 18 years of work experience in the Fixed Income market. Prior to joining IIFL Asset Management Limited, he was associated with ITI Asset Management Limited as Fixed Income Fund Manager for three years. His previous experience includes working with Darashaw, Birla Sun-life Securities, Sahara Life Insurance and Zyin Research Pvt. Ltd. He has done MBA Finance and B.Com.

<sup>1</sup>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  
**Plans Offered** : Regular & Direct  
**Options Offered** : Growth & IDCW  
**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<sup>^</sup>** :  
**Investor exit upon Subscription** : Exit load as a % of redemption proceeds  
**Day 1** : 0.0070%  
**Day 2** : 0.0065%  
**Day 3** : 0.0060%  
**Day 4** : 0.0055%  
**Day 5** : 0.0050%  
**Day 6** : 0.0045%  
**Day 7 Onwards** : 0.0000%  
**Dematerialization** : D-Mat Option Available  
**Asset Allocation** :  
**Money market and debt instruments with residual maturity up to 91 days** : 0% to 100%

<sup>^</sup>The revised exit load as mentioned above shall be applicable on a prospective basis to all fresh investments (purchase or switch-ins) made on or after October 20, 2019 (Effective Date). Redemption/Switch out of units would be done on First in First out basis. Please refer addendum notice dated Oct 18, 2019 for more details.

## NAV as on June 30, 2021

**Regular Plan Growth** : ₹ 1595.601  
**Regular Plan Weekly IDCW** : ₹ 1005.0783  
**Regular Plan Daily IDCW** : ₹ 1000.0701  
**Direct Plan Growth** : ₹ 1601.7077  
**Direct Plan IDCW** : ₹ 1000.0427  
**Direct Plan Weekly IDCW** : ₹ 1005.0861

## AUM as on June 30, 2021

**Net AUM** : ₹ 109.86 crore  
**Monthly Average AUM** : ₹ 127.8 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.

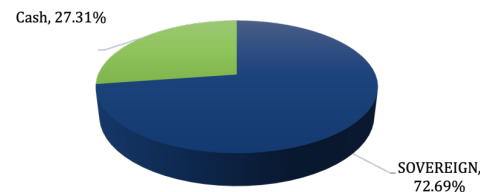
## Total Expense Ratio

**Macaulay Duration** : 13.2 days  
**Modified Duration** : 12.3 days  
**Average Maturity** : 12.0 days  
**Yield to Maturity** : 3.29%

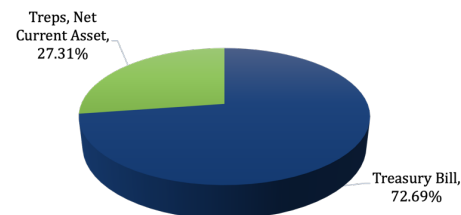
## Portfolio as on June 30, 2021

Name of the Instrument	Rating	% to Net Assets
<b>Treasury Bill</b>		
91 DAYS TBILL	SOVEREIGN	22.73
91 DAYS TBILL	SOVEREIGN	22.69
364 DAYS TBILL	SOVEREIGN	18.18
91 DAYS TBILL	SOVEREIGN	9.09
<b>Sub Total</b>		<b>72.69</b>
<b>TREPS## / Reverse Repo</b>		
TREPS##		22.32
<b>Sub Total</b>		<b>22.32</b>
<b>Net Receivables/(Payables)</b>		<b>4.99</b>
<b>Portfolio Total</b>		<b>100.00</b>

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



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



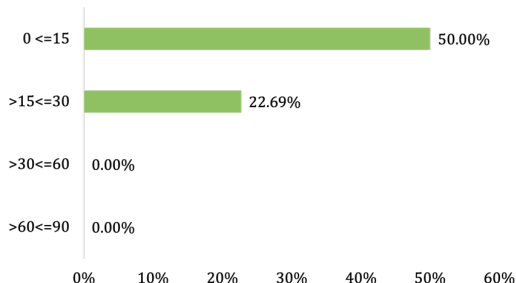
<sup>^</sup> As of June 30, 2021

## Scheme Performance

Scheme / Benchmark	30-Jun-20 to 30-Jun-21	PTP (₹)	30-Jun-18 to 30-Jun-21	PTP (₹)	30-Jun-16 to 30-Jun-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Liquid Fund - Reg - Growth	2.84%	10,284	4.73%	11,491	5.41%	13,018	6.31%	15,952
IIFL Liquid Fund - Dir - Growth	2.89%	10,289	4.79%	11,509	5.47%	13,050	6.36%	16,013
Benchmark*	3.71%	10,371	5.70%	11,813	6.19%	13,505	7.02%	16,784
Additional Benchmark**	3.58%	10,358	6.39%	12,047	6.30%	13,576	6.94%	16,690

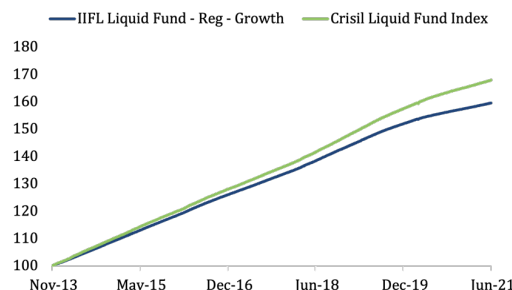
Past performance may or may not be sustained in future. Different plans shall have different expense structure. \* Crisil Liquid Fund Index, \*\* Crisil 1 Year T-Bill Index; Point to Point (PTP) returns in ₹ based on standard investment of ₹10,000 made on the inception date 13-Nov-2013;

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



<sup>^</sup> As of June 30, 2021

## NAV Movement (Since Inception) Rebased to 100



## Risk-O-Meter



Investors understand that their principal will be at Low Risk

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.

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

## GLOSSARY OF TERMS

<b>FUND MANAGER</b>	An employee of the asset management company such as a mutual fund or life insurer, who manages investments of the scheme. He is usually part of a larger team of fund managers and research analysts.
<b>APPLICATION AMOUNT FOR FRESH SUBSCRIPTION</b>	This is the minimum investment amount for a new investor in a mutual fund scheme.
<b>MINIMUM ADDITIONAL AMOUNT</b>	This is the minimum investment amount for an existing investor in a mutual fund scheme.
<b>YIELD TO MATURITY</b>	The Yield to Maturity or the YTM is the rate of return anticipated on a bond if held until maturity. YTM is expressed as an annual rate. The YTM factors in the bond's current market price, par value, coupon interest rate and time to maturity.
<b>SIP</b>	SIP or systematic investment plan works on the principle of making periodic investments of a fixed sum. It works similar to a recurring bank deposit. For instance, an investor may opt for an SIP that invests ₹ 500 every 15th of the month in an equity fund for a period of three years.
<b>NAV</b>	The NAV or the net asset value is the total asset value per unit of the mutual fund after deducting all related and permissible expenses. The NAV is calculated at the end of every business day. It is the value at which the investor enters or exits the mutual fund.
<b>BENCHMARK</b>	A group of securities, usually a market index, whose performance is used as a standard or benchmark to measure investment performance of mutual funds, among other investments. Some typical benchmarks include the Nifty, Sensex, BSE200, BSE500, 10-Year Gsec.
<b>ENTRY LOAD</b>	A mutual fund may have a sales charge or load at the time of entry and/or exit to compensate the distributor/agent. Entry load is charged at the time an investor purchases the units of a mutual fund. The entry load is added to the prevailing NAV at the time of investment. For instance, if the NAV is ₹ 100 and the entry load is 1 %, the investor will enter the fund at ₹ 101.
<b>EXIT LOAD</b>	Exit load is charged at the time an investor redeems the units of a mutual fund. The exit load is deducted from the prevailing NAV at the time of redemption. For instance, if the NAV is ₹ 100 and the exit load is 1%, the redemption price would be ₹99 per unit.
<b>MODIFIED DURATION</b>	Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.
<b>STANDARD DEVIATION</b>	Standard deviation is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility.
<b>SHARPE RATIO</b>	The Sharpe Ratio, named after its founder, the Nobel Laureate William Sharpe, is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk.
<b>BETA</b>	Beta is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.
<b>R-SQUARED</b>	R-squared measures the relationship between a portfolio and its benchmark index. It measures the correlation of the portfolio's returns to the benchmark's returns.
<b>TREYNOR RATIO</b>	Developed by Jack Treynor, the Treynor ratio (also known as the "reward-to-volatility ratio") attempts to measure how well an investment has compensated its investors given its level of risk. The Treynor ratio relies on beta, which measures an investment's sensitivity to market movements, to gauge risk.
<b>AUM</b>	AUM or assets under management refers to the recent I updated cumulative market value of investments managed by a mutual fund or any investment firm.
<b>HOLDINGS</b>	The holdings or the portfolio is a mutual fund's latest or updated reported statement of investments/securities. These are usually displayed in terms of percentage to net assets or the rupee value or both. The objective is to give investors an idea of where their money is being invested by the fund manager.
<b>NATURE OF SCHEME</b>	The investment objective and underlying investments determine the nature of the mutual fund scheme. For instance, a mutual fund that aims at generating capital appreciation by investing in stock markets is an equity fund or growth fund. Likewise, a mutual fund that aims at capital preservation by investing in debt markets is a debt fund or income fund. Each of these categories may have sub-categories.
<b>RATING PROFILE</b>	Mutual funds invest in securities after evaluating their creditworthiness as disclosed by the ratings. A depiction of the mutual fund in various investments based on their ratings becomes the rating profile of the fund. Typically, this is a feature of debt funds.
<b>IDCW</b>	Dividend option is renamed as Income Distribution cum Capital Withdrawal (IDCW) option for all Schemes effective from April 1, 2021

**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.**