IIFL ASSET MANAGEMENT

MONTHLY FACTSHEET

AUGUST 2021

Macro Economy & Event Update

- Global equity markets witnessed a mixed performance during the period under review. Equity markets in U.S. and Europe rose after the central banks at the respective regions maintained an accommodative stance on the monetary policy. However, market sentiment remained subdued in Asia amid concerns over regulatory fusillade in China against everything starting from internet technology firms to education and real estate sector thus wiping out billions of dollars from stocks listed in China and Hong Kong. Persisting concerns over COVID-19 pandemic also added to the losses.

- U.S. equity markets rose during the period under review as upbeat corporate earning numbers for the quarter ended Jun 2021 indicated recovery from the doldrums of the COVID-19 crisis. Market participants also grew optimistic after the U.S. Federal Reserve kept interest rates on hold and added that more progress needed to me made on the employment before it considers normalization of monetary policy through rate hikes and tightening of its bond purchase program.

- European equity markets too moved north after the European Central Bank kept its monetary policy unchanged and pledged to maintain a “persistently accommodative” stance until its inflation target is met consistently. Upbeat quarterly earning numbers too added to the gains.

- In Asia, the continued crackdown by the Chinse government on big tech giants, real estate and education sector wreaked havoc on the market sentiment.

- Back home, domestic equity markets managed to eke out some gains after witnessing considerable volatility during the month under review. Domestic equity markets remained under pressure as market participants apprehended the possibility of a third wave of the COVID-19 pandemic which may result in renewed lockdowns and restrictions. However, losses were made good after the U.S. Federal Reserve kept interest rates on hold and pledged to keep it as it is for an elongated period of time till the time it sees satisfactory improvement on the employment front.

- In the domestic debt market, bond yields rose for the second consecutive month after the Reserve Bank of India (RBI) sold the much-awaited new 10-year bond at a higher-than-expected yield of 6.10%. Higher global crude oil prices also weighed on the market sentiment.

- Moving ahead, the developments surrounding the COVID-19 crisis will remain in sharp focus. The COVID-19 vaccination has picked up pace and sooner the country is able to vaccinate its entire population, the better it is for the growth prospects for the Indian economy. Retail inflation will also be closely watched as an increase in retail inflation may nudge the monetary policy committee to change their accommodative stance on the monetary policy.

Key Economic Indicators		
Indicators	Current	Previous
WPI (Jun-21)	12.07%	12.94%
IIP (May-21)	29.30%	134.60%
CPI (Jun-21)	6.26%	6.30%

Source: Refinitiv

Event Update

India’s retail inflation slowed to 6.26% in Jun 2021

- Government data showed that the Consumer Price Index based inflation (CPI) slowed to 6.26% in Jun 2021 from 6.30% in May 2021. Inflation, based on CPI, has breached the RBI's target range for the second consecutive month in Jun. The Consumer Food Price Index also rose to 5.15% in Jun 2021 from 5.01% in the previous month. CPI inflation for oils and fats stood at 34.78% in Jun as against 30.84% in May. CPI inflation in fuel and light rose 12.68% in Jun as against 11.58% in the previous month.

India’s Index of Industrial Production (IIP) witnessed a growth of 29.3% in May 2021

- Government data showed that the Index of Industrial Production (IIP) witnessed a growth of 29.3% in May 2021 as compared to growth of 134.6% in the previous month and a contraction of 33.4% in the same period of the previous year. The manufacturing sector witnessed a growth of 34.5% in May 2021 as compared to a contraction of 37.8% in the same period of the previous year. The mining sector grew 23.3% in May 2021 as compared to a contraction of 20.4% in the same period of the previous year and the electricity sector witnessed a growth of 7.5% in May 2021 as compared to a contraction of 14.9% in May 2020.India's Consumer Price Index based inflation (CPI) rose to 6.30% in May 2021

India’s trade deficit widened to $9.37 billion in Jun 2021

- Government data showed that India’s trade deficit widened to $9.37 billion in Jun 2021 from a surplus of $0.79 billion in Jun 2020. Exports grew 48.34% on a yearly basis to $32.5 billion in Jun 2021 from $21.91 billion in the same period of the previous year. Imports rose 98.31% over the year to $41.87 billion in Jun 2021 from $21.11 billion in the same period of the previous year. Oil imports in Jun 2021 stood at $10.68 billion which was higher by 116.51% in dollar terms compared to Jun 2020. Non-oil imports were estimated at $31.20 billion in Jun 2021 which was 92.77% higher in dollar terms compared to the same period of the previous yearIndia’s trade deficit widened to $6.28 billion in May 2021 from May 2020

Fiscal deficit from Apr to Jun of 2021 at 18.2% of the budget estimate for FY22

- India’s fiscal deficit for the period from Apr to Jun of 2021 came in at Rs. 2.74 lakh crore or 18.2% of the budget estimate for FY22 as compared to 83.2% in the corresponding period of the previous year. Revenue deficit came in at Rs. 1.70 lakh crore or 14.9% of the budget estimate for FY22 as compared to 94.8% of the budget estimate in the corresponding period of the previous year. Total receipts stood at Rs. 5.47 lakh crore or 27.7% of the budget estimate for FY22 as compared to 6.8% of the budget estimate in the corresponding period of the previous year. Total expenditure stood at Rs. 8.22 lakh crore or 23.6% of the budget estimate for FY22 as compared to 26.8% of the budget estimate in the corresponding period of the previous year.

India’s Index of eight core industries rose 8.9% YoY in Jun 2021

Index of eight core industries rose 8.9% YoY in Jun 2021 as against growth of 16.3% in May 2021 and a contraction of 12.4% in Jun 2020. The steel sector witnessed growth of 25% in Jun followed by natural gas sector and coal that grew 20.6% and 7.4% respectively. Only crude oil sector witnessed a contraction of 1.8% in Jun.

Equity Market

- Indian equity markets eked out small gains after witnessing considerable volatility during the month. Initial positive vibes generated from decline in COVID-19 cases in India, coupled with easing of curbs and surge in vaccination, was largely erased by outbreak of highly contagious Delta variant coronavirus. Mixed global cues too restricted gains as dovish comments from U.S. Fed Chief in the latest FOMC meeting was neutralized by recent crackdown by Chinese government on education, property, and tech sectors. Weak economic growth outlook too downplayed market sentiments.

- On the BSE sectoral front, S&P BSE Realty was the top gainer, up 16.12%, followed by S&P BSE Metal and S&P BSE Capital Goods which rose 12.57% and 3.15% respectively. Realty stock surged as the second wave of the COVID-19 pandemic and the continuance of Work-From-Home (WFH) policies ensured a rise in demand as home buyers are looking to upgrade for the need of an extra room to suit the requirement of home-office. Metal sector surged amid earnings announcements and improved business outlook for the sector. According to media reports, China is considering imposing more restrictions on steel products and raise export tariffs, which is expected to help Indian steelmakers gain in terms of market share and profits. The Chinese government recently announced imposing a tax on steel exports to cool export, and domestic steel prices.

- U.S. markets edged up with investors reacting to upbeat earnings reports from some prominent European and U.S. companies. Investors also took positive cues from the U.S. Federal Reserve Monetary Policy Review where the U.S. central bank kept interest rates on hold. Nonetheless, gains were largely restricted by increased concerns over the delta variant of COVID-19 which kept investors wary

- European markets closed in the green, following dovish comments from the European Central Bank, and some encouraging earnings announcements. The U.S. Fed meeting also contributed to the gains. However, gains were capped amid worries over tensions between China and Britain following reports that the British government is considering removing a China's state-owned nuclear energy company from all future power projects in the U.K.

- Asian equity markets closed in red amid concerns over COVID-19 delta variant breakout fears. The persisting anxiety and concerns over the resilience of the economic recovery also impacted investor sentiment across the region. Markets were dragged by concerns over China's crackdowns on industries from tech to real estate and education firms which overshadowed optimism over economic and earnings growth.

- Domestic equity market continued to take support from ongoing corporate earnings season. This has helped the market to withstand headwinds of a possible third COVID wave, commodity led inflation and volatility around the U.S. Fed taper talk. Meanwhile, the recent crackdown by Chinese government on education industry pose opportunity in disguise for India. After the restriction, investors who have put money into China's edu-tech sector may see India as a land of opportunities in this sector and may have added advantages for Indian edu-tech startups. Besides, the direction of foreign fund flows, will also impact investors' sentiments.

Domestic Indices Performance

Indicators	30-Jul-21	30-Jun-21	Chg. %	YTD
S&P BSE Sensex	52,587	52,483	0.20	10.13
Nifty 50	15,763	15,722	0.26	12.74
S&P BSE 200	6,879	6,824	0.81	16.45
Nifty Midcap 100	27,815	26,971	3.13	33.45
Nifty Dividend Opportunities 50	3,403	3,346	1.71	19.09
S&P BSE Small cap	26,787	25,232	6.16	48.01

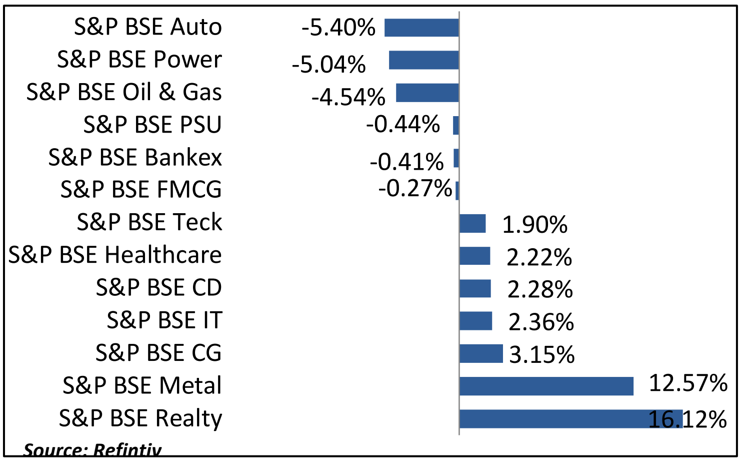
Source: Refinitiv

Global Indices Performance

Global Indices	30-Jul-21	30-Jun-21	Chg. %	YTD
Dow Jones	34,935	34,503	1.25	14.14
FTSE	7,032	7,037	-0.07	8.85
CAC	6,613	6,508	1.61	19.12
Hang Seng	25,961	28,828	-9.94	-4.66
Shanghai	3,397	3,591	-5.40	-2.18

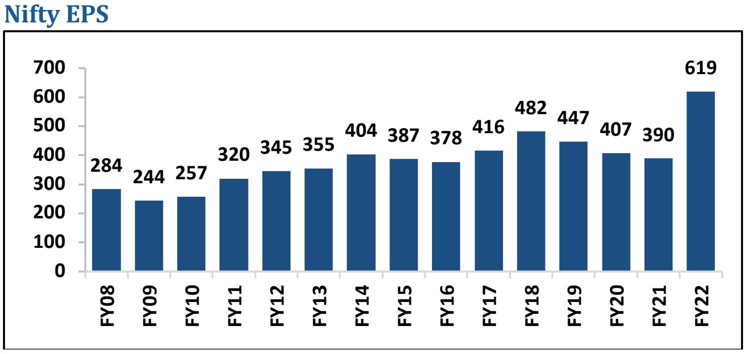
Source: Refinitiv

Sectoral Performance (Monthly Returns %)



Source: Refintiv

Nifty EPS



Institutional Flows (Equity) As on July 30, 2021

(INR Cr)	Purchases	Sales	Net	YTD
FII Flows	132,481	143,790	-11,308	49,034
MF Flows	84,824	69,387	15,437	3,311
DII Flows	131,002	109,547	21,455	13,796

Source: NSDL, NSE & SEBI

* As on July 29, 2021

Debt Market

- Bond prices for the benchmark fell over the month as eventually RBI gave-up the obsession of holding 10-year benchmark yield by giving in 15 bps in the new 10-year benchmark paper while other maturity benchmarks yields edged higher in a small range for the close of the month. The new 10-year benchmark closed the month at 6.20% before getting auctioned at 6.10 in the first auction round. Bond investor traded on slide lines for the month due to lack of major triggers apart from range-bound bond prices reacting to U.S yields and crude oil movements.

- Banking and system liquidity increased from last month's average (Bloomberg Indian banking liquidity Index) 5.60 to 6.60 lakh crore pushing money market rates lower by 5-8 bps during the month. Corporate bonds outperformed gilts specially the 3-5-year segment by 5 bps while the SDLs kept trading at attractive spreads vis-vis AAA corporate bonds across the yield curve due to fear of heavy supply. The uneven structure of the curve (G-sec & SDLs) could persist unless there are more evenly distributed interventions, across the curve, through G-SAP, OMOs, Operation Twists by the central bank.

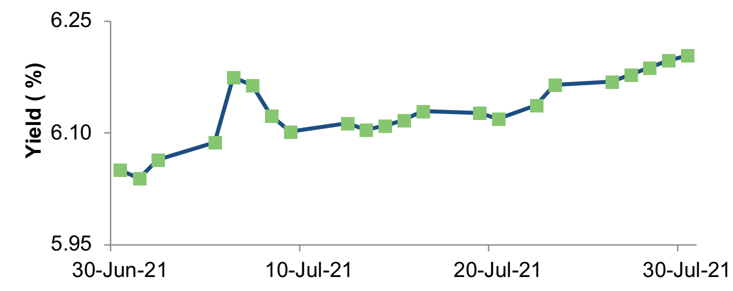
- RBI revised the Q2FY22 indicative budgeted SDL borrowing calendar upwards by ~13% to ~INR 1.92tn from ~INR1.70tn announced earlier. The market borrowings of the state governments so far in FY22 has been 10% less than that in the comparable period of FY21 this is reflective of the lower expenditure being undertaken by states relative to their receipts. With the second wave of the pandemic affecting the revenues of states since the onset of the current financial year, many states have been curtailing their non-essential/ developmental expenditure. With vaccination drive getting stronger and growth returning, revenues generation and closure of big-ticket dis-investments are likely to give fiscal concerns a respite thereby bond supportive.

Currency and Commodity

- The Indian rupee fell marginally following worries over slowdown in the pace of economic recovery and concerns over the rapid spread of the delta coronavirus variant in the Asian region. However, losses were restricted on hopes that the U.S. Federal Reserve will maintain an accommodative stance on its monetary policy for a longer period of time.

- Brent crude prices fell amid speculation that a negotiation deal between leading OPEC producers will inject a sharp increase of oil supply into an extremely tight market. Oil prices were further hit by weak demand outlook as the COVID-19 curve is on rise after months of decline trend. Some countries are tightening the restrictions as the delta variant is spreading fast across the globe.

10-Year Benchmark Bond (06.10% GS 2031) Movement



Source: Refinitiv

Spread Movement

Spreads	Maturity Period	AAA	AA	A
30-Jul-21	1 Yr	51	211	1657
	3 Yr	71	234	74
	5 Yr	60	196	--
30-Jun-21	1 Yr	70	188	2317
	3 Yr	35	238	-92
	5 Yr	48	270	--

Source: Refinitiv

Yield (%)	30-Jul-21	30-Jun-21
10 Year G-Sec	6.20	6.05
5 Year G-Sec	5.73	5.72
Certificate of Deposit		
3-Month	3.41	3.45
6-Month	3.70	3.62
9-Month	3.88	3.91
12-Month	4.02	3.83
Commercial Papers		
3-Month	3.70	3.62
6-Month	3.95	4.00
12-Month	4.40	4.50

Source: Refinitiv

Treasury Bill	30-Jul-21	30-Jun-21
91 Days	3.38	3.41
364Days	3.66	3.85

Source: Refinitiv

Event Calendar

Release	Event	Country
5-Aug-21	Bank of England Monetary Policy	U.K.
6-Aug-21	Nonfarm Payrolls (Jul)	U.S.
12-Aug-21	Gross Domestic Product (QoQ)(Q2) PREL	U.K.
18-Aug-21	FOMC Minutes	U.S.
26-Aug-21	Durable Goods Orders (Jul)	U.S.

Source: FXSTREET, Daily FX

IIFL FOCUSED EQUITY FUND

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

IIFL ASSET MANAGEMENT

Investment Objective

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

Fund Manager Mr. Mayur Patel

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

Fund Details

Date of Allotment	:	October 30, 2014
Bloomberg Code	:	IIFGRRG IN
Benchmark Index	:	S&P BSE 200 TRI
Plans Offered	:	Regular & Direct
Options Offered	:	Growth & 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	:	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)	:	0.40 times

NAV as on July 31, 2021

Regular - Growth	:	₹ 27.8214
Regular - IDCW	:	₹ 24.6142
Direct - Growth	:	₹ 30.2967
Direct - IDCW	:	₹ 29.9874

AUM as on July 31, 2021

Net AUM	:	₹ 2136.79 crore
Monthly Average AUM	:	₹ 2048.21 crore

Total Expense Ratio

Regular Plan	:	2.04% p.a.
Direct Plan	:	0.90% p.a.

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

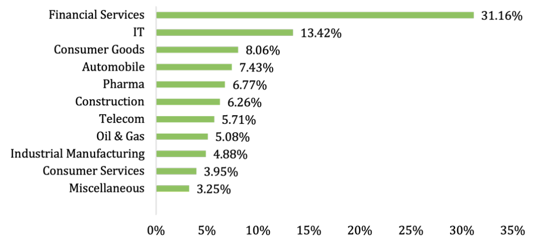
Volatility Measures

	Fund	Benchmark
Std. Dev (Annualised)	17.57%	17.46%
Sharpe Ratio	0.77	0.54
Portfolio Beta	0.94	1.00
R Squared	0.95	NA
Treynor	0.16	0.10

Portfolio as on July 31, 2021

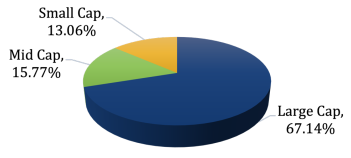
Company Name	Sector	SCDV	% to Net Assets
Equity & Equity Related Total			
ICICI Bank Limited	FINANCIAL SERVICES	C	9.42%
Infosys Limited	IT	D	6.92%
Axis Bank Limited	FINANCIAL SERVICES	S	4.96%
Larsen & Toubro Limited	CONSTRUCTION	C	4.72%
Crompton Greaves Consumer Electricals Limited	CONSUMER GOODS	S	4.15%
HDFC Bank Limited	FINANCIAL SERVICES	S	4.02%
Zomato Limited	CONSUMER SERVICES	V	3.95%
State Bank of India	FINANCIAL SERVICES	V	3.86%
Bharti Airtel Limited	TELECOM	V	3.74%
SRF Limited	INDUSTRIAL MANUFACTURING	S	3.70%
Bajaj Finance Limited	FINANCIAL SERVICES	S	3.50%
Divi's Laboratories Limited	PHARMA	D	3.28%
Cyient Limited	IT	S	3.28%
Apollo Tricoat Tubes Limited	Miscellaneous	S	3.25%
Larsen & Toubro Infotech Limited	IT	S	3.22%
Bharat Petroleum Corporation Limited	OIL & GAS	D	3.13%
Mahindra & Mahindra Limited	AUTOMOBILE	V	3.01%
Sona BLW Precision Forgings Limited	AUTOMOBILE	S	2.58%
Dr. Reddy's Laboratories Limited	PHARMA	S	2.41%
CCL Products (India) Limited	CONSUMER GOODS	D	2.32%
Muthoot Finance Limited	FINANCIAL SERVICES	S	2.12%
Tata Communications Limited	TELECOM	V	1.97%
Mahanagar Gas Limited	OIL & GAS	D	1.95%
Tata Motors Limited	AUTOMOBILE	C	1.84%
Aavas Financiers Limited	FINANCIAL SERVICES	S	1.83%
Asian Paints Limited	CONSUMER GOODS	D	1.59%
Kajaria Ceramics Limited	CONSTRUCTION	S	1.54%
ICICI Lombard General Insurance Company Limited	FINANCIAL SERVICES	D	1.45%
EPL Limited	INDUSTRIAL MANUFACTURING	V	1.18%
Procter & Gamble Health Limited	PHARMA	D	1.08%
Sub Total			**95.97**
TREPS##			3.88
Net Receivables / (Payables)			0.15
Portfolio Total			**100**

Sector Allocation^^



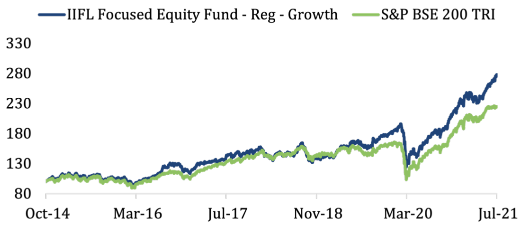
^^Sector allocation as per AMFI classification

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 July 31, 2021

NAV Movement (Since Inception) Rebased to 100



Scheme Performance

Scheme / Benchmark	31-Jul-20 to 31-Jul-21	PTP (₹)	31-Jul-18 to 31-Jul-21	PTP (₹)	31-Jul-16 to 31-Jul-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	59.71%	15971	23.05%	18632	17.67%	22577	16.36%	27821
IIFL Focused Equity Fund - Dir - Growth	61.55%	16155	24.74%	19412	19.24%	24126	17.84%	30297
Benchmark*	49.60%	14960	13.60%	14661	14.66%	19836	12.76%	22501
Additional Benchmark**	41.41%	14141	13.14%	14484	14.73%	19896	11.58%	20955

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	31-Jul-20 to 31-Jul-21	31-Jul-18 to 31-Jul-21	31-Jul-16 to 31-Jul-21	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	8,00,000
Total Value as on July 31, 2021(₹)	1,54,613	5,79,470	10,65,564	15,86,800
Returns	58.08%	33.59%	23.21%	20.28%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,46,789	5,13,117	9,31,394	13,65,226
Benchmark: S&P BSE 200 TRI	44.28%	24.49%	17.65%	15.81%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,41,239	4,92,424	9,20,500	13,42,844
Additional Benchmark: S&P BSE Sensex TRI	34.71%	21.50%	17.17%	15.32%
(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

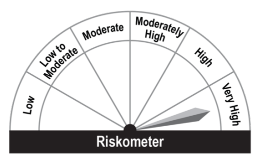
Dividend is gross dividend. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent of payout and distribution taxes if applicable. Dividend is not assured and is subject to availability of distributable surplus.

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 in if 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 indices experienced a zig zag movement and ultimately ended the month flat with negligible gains. The benchmark indices, BSE-30 and Nifty-50 indices registered monthly gains of 0.2% and 0.3% (over last month). The indices down the capitalization curve continued to outperform the benchmark indices with BSE Mid-cap and BSE Small-cap indices recording gains of 2.4% and 6.2% respectively. Amongst the sectoral indices, Realty stocks soared (BSE Realty 16.1%) on account of property sales gaining momentum due to lower interest rates and lower stamp duty. Meanwhile, easing of lockdown restrictions and gradual opening up of economies across the globe has led to rise in the prices of commodities as well the industrial metal stocks (BSE Metals up 12.6%). On the other hand, banks expressing concern over the rising stress in auto and CV loans weighed on the auto sector (BSE Auto down 5.4%). Meanwhile rise in inflation due to spike crude oil price had a bearing on the power (BSE Power down 5.0%) and oil & gas stocks (BSE Oil & Gas down 4.5%).
FPIs turned net sellers of Indian equities to the tune of US$1.5 bn in July'21, reversing their last month trend. The YTD flows at US$7.0 bn continue to remain decent. As the global economy recovers from the pandemic led slowdown, we believe there could be investor interest towards higher risk participation even though rising inflation and tapering of monetary stimulus from central banks of a few major economies may have a bearing on investor sentiments.

Indian Equity Markets: Slow but steady!

The month started on a positive note with news regarding a steady decline in the Covid-19 cases, rise in the daily vaccinations and gradual easing of the pandemic related restrictions. However, news regarding delta variant spreading in several countries, expectation of reduction in the stimulus programme by US Fed and inflation inching were some of the factors which contained the rising trajectory, thereby leading nearly flat monthly gains. Amongst the key developments during the month, there was a major churn in the central government ministries, the IMF cut India's FY22 GDP forecast, ECB kept rates unchanged and the cabinet approved the PLI scheme for speciality steel which has an outlay of INR 63 bn for production during FY2023-27.
The manufacturing PMI which had contracted in June'21, was back in the expansionary zone – printing 55.3 in July'21 as some of the states relaxed localized restrictions, leading to an overall improvement in the economic activity. Some of the other macroeconomic indicators such as power consumption, e-way bill collection and rail freight were robust for July'21 indicating a pick-up in the economic activity. Power demand touched an all-time high ('Maximum All India Energy Met'- power supplied in a day) in July'21 and over 64.1 mn e-way bills were generated in July'21. Even the railway network, achieved its highest incremental freight loading of 17.54 MT in the month of July'21.
India's eight core sectors index increased by 8.9% in June'21. The production of Coal, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity industries increased in June 2021 over the corresponding period of last year. Further, the merchandise exports strengthened in July'21 – highest ever monthly achievement and stood at US$35.2 bn, posting an increase of 47.9% over July'20 figure. While India is a net importer in July'21 with a trade deficit of US$11.2 bn, as compared to trade deficit of US$5.3 bn in July'20, the exports during the April-July this year were US$130.5 bn, up by 73.5% over the corresponding period in 2020. Simplification of compliance related procedures, make in India, make for world were some of the reasons which attributed to the record performance of exports.
The IMF lowered India's economic growth projection for FY22 to 9.5% from 12.5% (estimated in April), mentioning a slow recovery in consumer confidence on account of the fierce second wave of the pandemic and a delayed vaccination programme. Even globally, renewed waves experienced by some countries—notably India, will have an impact on the global economic recovery. The IMF cited that the growth prospects in India have been downgraded on account of the severe second wave and hence expected slow recovery in confidence from that setback.
There are a few risks in the near to medium term which market participants should closely watch out for

(1) High spatial and temporal distribution of monsoon which could pose a risk for food inflation
(2) Spread of new strain of virus along with lower pace of vaccination could put pressure on the health infrastructure
(3) High valuations along with lower than expected earnings growth, could cap the upside from equity markets

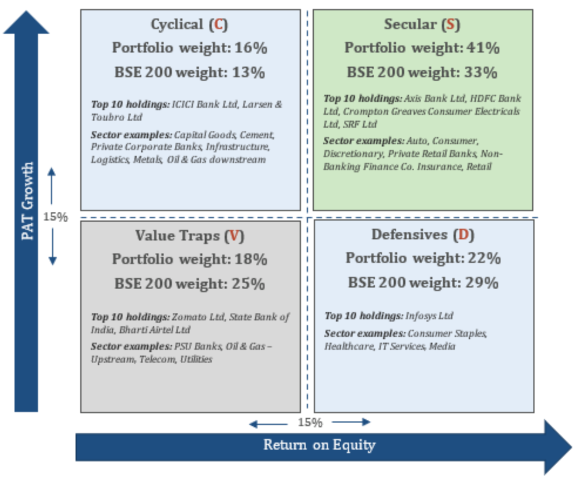
When the fog of pandemic lifts, the path will be clear again!

With WPI in double digits and retail inflation above the stipulated range, there are concerns with regards to economic recovery. However, it is important to note that the rise in inflation was on account of global commodity price boom and supply side bottlenecks. We believe that the recent decrease in global oil prices, could provide some relief. Also, there were apprehensions regarding the monsoon deficit and uneven distribution, however, the monsoon rainfall improved to normal levels towards the second half of July'21, which led to improvement in sowing in some of the key states. On the positive note, the spike in the tax collection in April-June'21 period, especially in corporation tax shows an enhancement in corporate profitability. Further, improvement in the personal income tax collection during the second wave is a testimony to the fact that the phased lockdowns did not have as adverse economic impact as last year. Even though the pandemic is in the stage where 'it is not over till it is over', we believe that a rise in the inoculation drive (over 470 mn doses administered till July 30, 2021) along with acquired immunity could probably serve as a cushion for any subsequent waves. We believe that increasing the pace of vaccination and a recovery in economic activity is likely to boost revenue, which could enable government to spend more in the second half of the fiscal, and result in economic growth. A combination of these factors is likely to support the economic recovery and keep the markets buoyant in the near to medium term.

Portfolio Positioning

With various parameters showing the economic impact of second wave lesser as compared to the first wave, we believe that cyclical recovery is underway. We believe that the earnings growth recovery in the near to medium term is expected to be broad based in nature with potential winners across market capitalizations. The earnings growth for companies in Nifty and Sensex, is likely to be strong for the next couple of years resulting in ROE expansion. All these factors are likely to bode well for markets 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 July 30, 2021. The weights are rounded off to the nearest decimal.

IIFL DYNAMIC BOND FUND

(An Open Ended dynamic debt scheme investing across duration)

Investment Objective

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

Fund Manager Mr. 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.

Fund Details

Date of Allotment	: June 24, 2013
Bloomberg Code	: IIFDBDBIN
Benchmark Index	: Crisil Composite Bond Fund Index
Plans Offered	: Regular & Direct
Options Offered	: Growth & IDCW
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 July 31, 2021

Regular Plan Growth	:	₹ 17.3513
#Regular Plan Bonus	:	₹ 17.3513
Regular Quarterly IDCW	:	₹ 16.744
#Regular Half Yearly IDCW	:	₹ 16.744
#Regular Monthly IDCW	:	₹ 12.0088
Direct Plan Growth	:	₹ 18.127
Direct Monthly IDCW	:	₹ 12.6707

#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 July 31, 2021

Net AUM	:	₹ 694.84 crore
Monthly Average AUM	:	₹ 690.54 crore

Total Expense Ratio

Regular Plan	:	0.52% p.a.
Direct Plan	:	0.27% p.a.

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

Statistical Debt Indicators

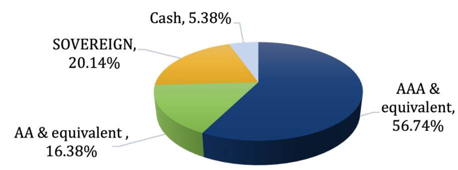
Macaulay Duration	:	3.71 years
Modified Duration	:	3.52 years
Average Maturity	:	4.62 years
Yield to Maturity	:	6.23%

Portfolio as on July 31, 2021

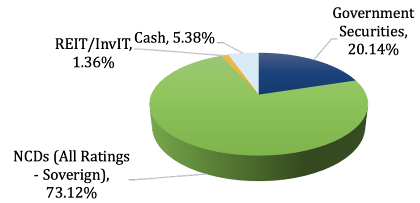
Name of the Instrument	Rating	% to Net Assets
REIT/InvIT Instruments		
Powergrid Infrastructure Investment Trust	Power	1.36
Debt Instruments		
Sovereign Securities		**20.14**
9.15% GOVERNMENT OF INDIA	SOVEREIGN	8.05
7.84% STATE GOVERNMENT SECURITIES	SOVEREIGN	3.83
6.97% GOVERNMENT OF INDIA	SOVEREIGN	3.01
7.17% GOVERNMENT OF INDIA	SOVEREIGN	2.26
6.79% GOVERNMENT OF INDIA	SOVEREIGN	2.23
7.69% STATE GOVERNMENT SECURITIES	SOVEREIGN	0.76
Non-Convertible Debentures/Bonds		**73.12**
6.6861% MINDSPACE BUSINESS PARKS	CRISIL AAA	10.13
7.17% POWER FINANCE CORPORATION LIMITED	CRISIL AAA	7.50
8.9% STATE BANK OF INDIA*	CRISIL AAA	6.20
9.15% ICICI BANK LIMITED*	ICRA AA+	6.03
5.85% REC LIMITED	CRISIL AAA	4.29
TATA CAPITAL HOUSING FINANCE LIMITED	CRISIL AAA	3.77
8.99% BANK OF BARODA*	CRISIL AA+	3.76
6.88% REC LIMITED	CRISIL AAA	3.71
7.25% Embassy Office Parks REIT	CRISIL AAA	3.68
6.75% Sikka Ports and Terminals Limited	CRISIL AAA	3.64
7.6% Muthoot Finance Limited	CRISIL AA+	3.61
5.78% Housing Development Finance Corporation Limited	CRISIL AAA	3.57
7.62% Export Import Bank of India	CRISIL AAA	2.31
8.95% Jamnagar Utilities & Power Private Limited	CRISIL AAA	2.30
7.75% LIC Housing Finance Limited	CRISIL AAA	2.29
8.4% India Grid Trust InvIT Fund	CRISIL AAA	2.23
8.55% ICICI Bank Limited*	ICRA AA+	1.50
8.5% State Bank of India*	CRISIL AA+	1.48
8.85% India Grid Trust InvIT Fund	CRISIL AAA	0.75
6.72% Power Finance Corporation Limited	CRISIL AAA	0.37
TREPS## / Reverse Repo		
TREPS##		3.25
Net Current Assets		2.13
Portfolio Total		**100.00**

* BASEL III Compliant

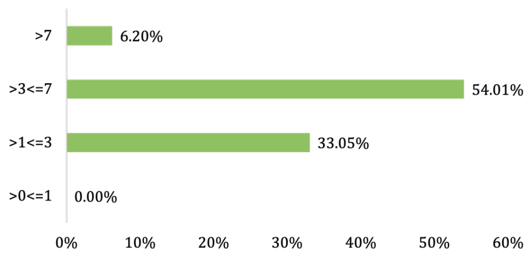
Composition by Rating^



Instrument Wise Composition^

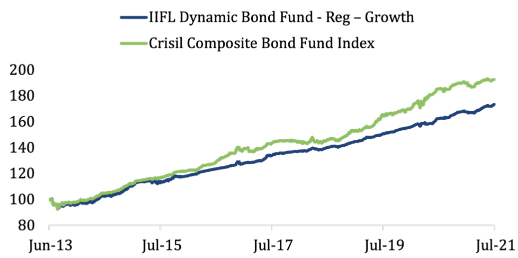


Maturity Profile^



^ As of July 31, 2021

NAV Movement (Since Inception) Rebased to 100



Dividend Declared - Monthly IDCW Plan

Date	Face Value (₹)	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
27-Jul-21	10	0.05	11.9942	12.655
29-Jun-21	10	0.05	11.9569	12.6105
25-May-21	10	0.05	11.9934	12.6433
Quarterly IDCW Plan				
04-Jun-15	10	0.40	11.4678	11.5708
HalfYearly IDCW Plan				
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	31-Jul-20 to 31-Jul-21	PTP (₹)	31-Jul-18 to 31-Jul-21	PTP (₹)	31-Jul-16 to 31-Jul-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Dynamic Bond Fund - Reg – Growth	6.56%	10,654	7.28%	12,348	6.91%	13,975	7.04%	17,351
IIFL Dynamic Bond Fund - Dir - Growth	6.99%	10,697	7.89%	12,560	7.52%	14,375	7.62%	18,127
Benchmark*	3.90%	10,390	9.56%	13,153	7.96%	14,669	8.43%	19,263
Additional Benchmark**	2.16%	10,216	8.75%	12,865	6.50%	13,708	6.74%	16,961

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;

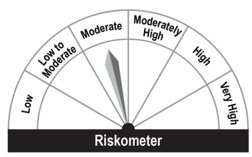
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- 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 for the month

The central bank's focus on prioritizing growth prevailed in this MPC policy (August'21) too. So did its position that inflation was transitory (raising estimate by 50 bps and keeping the growth estimate intact) and due to supply side disruptions. The RBI mentioned about conducting two auctions of Rs.25,000 crore each under the GSAP programme on 12 August and 26 August'21. The central bank has reiterated that although it remains mindful of anchoring inflation, a pre-emptive policy decision would kill the nascent recovery. In-order to prepare markets for the path of liquidity normalization we think that there was an intentional dis-agreement of vote (5:1) besides giving a staggered glide path to suck the excess liquidity up to 4 lakh crore till September'21. That said, the accommodative policy stance is likely to prevail at-least in this calendar year since amount accepted under the Variable Reverse Repo Rate (VRRR) window forms part of the liquidity. As such, we do not foresee a change in policy rates in 2021.

Post policy and increase in VRRR, there could be some flattening of yield curve. Although global markets have witnessed significant flattening in the last few weeks, even RBI is likely to manage the yield curve actively by sucking excess liquidity in short-term and being supportive in the OMO purchases, operation twists etc, however supply concerns are likely to dominate the market sentiment. Considering the excess liquidity average of ~INR 8.5 lakh crore, taking into account government cash balances VRRR will not have big impact but will be an important signal to narrow the LAF corridor to 25 bps.

The strong performance of US Treasuries dominated global fixed income returns for the month as the yield on the 10-year bond dropped to 1.22% (mid-February low) from 1.47% surprising all the reinflation trades thereby flattening the curve in last one month as concrete expectations over the short-term bullishness and substantial uncertainty over long-run prospects explain the recent curve flattening in U.S suggesting the peak in reflation trade is behind us and re-adjustment of expectations has started. The same theory cannot be co-related in the Indian markets but given the supply side inflation moderating in coming months along with incremental negative credit growth of 0.6% for FY21-22 with near record low 70.11% CD ratio is likely to put demand inflation levers lower, resulting in manageable inflation plus the statistical base effect however, MoM food prices remains the key driver in short-term. On the inflation front, the tussle between transitory and persistent is likely to continue across global markets.

While the path of normalization is certain, subsequently upward movement of yield over a longer term is certain and thereby market is also pricing a relatively rapid path of adjustment ahead. It isn't obvious that interest rate swaps are the best protection against the slow future policy normalization given the sizeable rate hikes that they are already pricing e.g. the 5-year OIS is discounting 40 bps in Dec and 50 bps in April (since this is acting as a consensus trade) plus along with the negative carry to the portfolio yield, makes the investment unattractive. While the longer curve looks attractive on historical valuation basis but will be subjected to higher volatility viz global rates, oil prices, RBI's intervention from time to time and fiscal concerns versus the medium-term curve.

The mid-duration curve (3-6 years) seem well positioned to benefit from carry plus roll down even in an environment of gently rising bond yields. The cost of holding cash is large and does not make sense given the extraordinary steepness specially in the mid-duration points. We maintain our cautiously positive constructive view in the short-to-medium-term yield curve deploying in high quality credits playing accruals with a horizon of three years. We expect the RBI to keep rates unchanged in the current fiscal year (both repo and reverse repo) and wait for more sustainable signals on growth recovery before moving the interest rate needle, also pace of using different monetary tools like OMO purchase, primary auction strategy, operation twist is likely to increase in coming months to control yield curve. We expect any increase in the reverse repo to be announced in Q4 FY22 or Q1 FY23 at the earliest.

Investment Objective

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

Fund Manager — Mr. 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.

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^	:
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 July 31, 2021

Regular Plan Growth	: ₹ 1599.3763
Regular Plan Weekly IDCW	: ₹ 1005.1895
Regular Plan Daily IDCW	: ₹ 1000.0701
Direct Plan Growth	: ₹ 1605.5636
Direct Plan IDCW	: ₹ 1000.0427
Direct Plan Weekly IDCW	: ₹ 1005.2005

AUM as on July 31, 2021

Net AUM	: ₹ 96.89 crore
Monthly Average AUM	: ₹ 101.21 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.

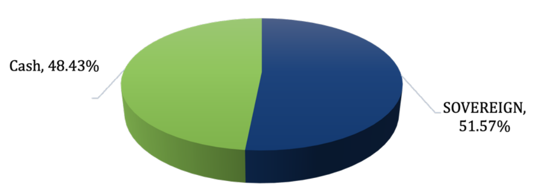
Total Expense Ratio

Macaulay Duration	: 7.8 days
Modified Duration	: 7.5 days
Average Maturity	: 7.2 days
Yield to Maturity	: 3.31%

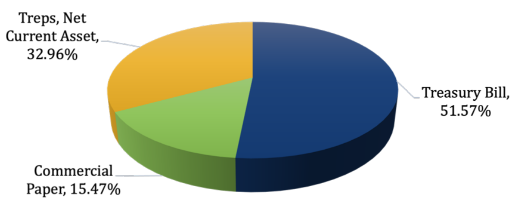
Portfolio as on July 31, 2021

Name of the Instrument	Rating	% to Net Assets
Commercial Paper		
Reliance Industries Limited	CRISIL A1+	10.32%
Axis Finance Limited	CRISIL A1+	5.15%
Sub Total		**15.47**
Treasury Bill		
364 DAYS TBILL	SOVEREIGN	25.79%
364 DAYS TBILL	SOVEREIGN	25.78%
Sub Total		**51.57**
TREPS## / Reverse Repo		
TREPS##		54.98
Sub Total		**54.98**
Net Receivables/(Payables)		**(22.02)**
Portfolio Total		**100.00**

Composition by Rating^



Instrument Wise Composition^



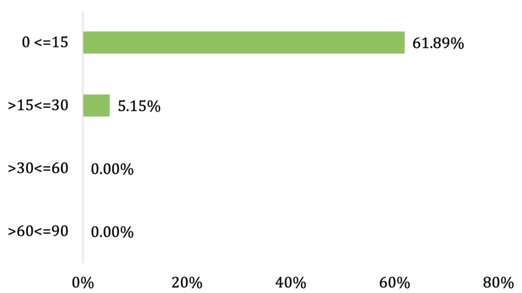
^ As of July 31, 2021

Scheme Performance

Scheme / Benchmark	31-Jul-20 to 31-Jul-21	PTP (₹)	31-Jul-18 to 31-Jul-21	PTP (₹)	31-Jul-16 to 31-Jul-21	PTP (₹)	Since Inception	PTP (₹)
IIFL Liquid Fund - Reg - Growth	2.84%	10,283	4.61%	11,449	5.34%	12,977	6.28%	15,998
IIFL Liquid Fund - Dir - Growth	2.89%	10,288	4.66%	11,466	5.40%	13,009	6.33%	16,052
Benchmark*	3.67%	10,366	5.60%	11,775	6.12%	13,465	6.98%	16,833
Additional Benchmark**	3.77%	10,376	6.41%	12,048	6.27%	13,555	6.93%	16,771

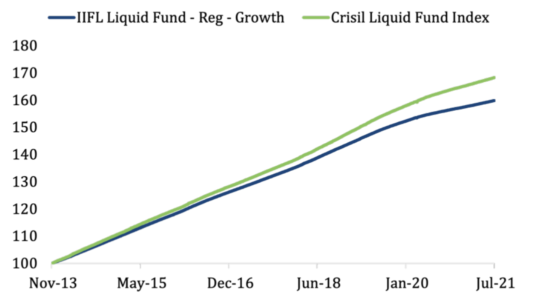
Past performance may or may not be sustained in future. Different plans shall have different expense structure. * Crisil Liquid Fund Index,** Crisil 1 Year T-Bill Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000 made on the inception date 13-Nov-2013;

Maturity Profile^



^ As of July 31, 2021

NAV Movement (Since Inception) Rebased to 100



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

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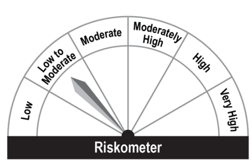
Risk-O-Meter



Investors understand that their principal will be at Low to Moderate Risk

IIFL ASSET MANAGEMENT

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.
R-SQUARED	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.
TREYNOR RATIO	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.
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.
IDCW	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.