IIFL ASSET MANAGEMENT

# MONTHLY FACTSHEET

## December 2021

## Macro Economy & Event Update

- Global equity markets reversed their last month trend, ending November'21 on the weak note. The news regarding the new variant Omicron and rising hospitalizations in parts of Europe weighed on the overall market sentiment. While U.S. equity markets traded lower as the investors dealt with the hawkish tilted commentary from Federal Reserve, even equity markets in Eurozone recorded losses as there were restrictions imposed in the wake of rising Covid-19 cases. Similar trend was exhibited by the emerging markets also.

- The US Consumer Price Index (CPI) came in at 6.2% YoY in October, which was its highest reading in the last 31 years. Retail sales have shown growth for several months and industrial activity, as measured by composite PMI data, is healthy. Undeniably, non-farm payrolls rose by 531,000 in October which was well above against the consensus estimates of a 450,000 gain. Further, in November only 199,000 Americans filed for initial unemployment benefits, and this was the lowest number since 1969.

- In Europe, the economic data print was mixed. The euro area PMI flash survey rebounded to 55.8 (+1.6) after three consecutive months of decline. However, divergent trends appeared with the French in see Business survey increased while the German IFO business climate index fell. This deviation seems to be led by the fourth Covid-19 wave, which has so far been more pronounced in Germany than in France. Also, new mobility constraints re-introduced to limit the spread of the virus. This, along with inflation reaching 4.1% YoY in October'21, weighed on investor sentiment.

- Asia ex Japan equities declined in November amidst a broad market sell-off subsequent to the advent of the new Omicron variant of Covid-19. There were concerns of the global economic recovery being derailed with the new variant coming to the fore. Surge in new Covid-19 cases in some parts of the world along with the re-introduction of some of the restrictions, affected the market performance.

- Back home, the trend was in line with global markets wherein the domestic equity markets lost gains on the back of global risk off sentiment. Although upbeat corporate results along with stellar listing of one of the e-commerce companies led to gains in the initial part of the month, however, concerns over the new variant, building up of inflationary pressures and rise in the restrictions globally dragged the overall market.
  Market sentiment going ahead will be a function of how (1) the liquidity tightening pans out in US and India (2) the Omicron spread is contained with marginal restrictions (3) the inflation trajectory shapes up (4) direction on crude oil prices pans out. On the global front, how well the spread of the new variant is contained and Fed's directive on the tapering are likely to weigh on the market sentiment

| Key Economic Indicators | | |
|---|---|---|
| Indicators | Current | Previous |
| WPI (Oct-21) | 12.54% | 10.66% |
| IIP (Sep-21) | 3.10% | 11.90% |
| CPI (Oct-21) | 4.48% | 4.35% |

Source: Bloomberg

## Event Update

### India's Index of Industrial Production (IIP) grew by 3.1% in September'21

- September'21 IIP grew by 3.1% (August: 11.9%) on account of fading base effects while declining serially by 2.6%. Compared to September'19, IIP was higher by 4%. On a sectoral basis, mining activity grew by 8.6% (August'21: 23.6%), manufacturing by 2.7% (August'21: 9.9%), and electricity production by 0.9% (August'21: 16%).

### Consumer Price Index based inflation (CPI) inched up to 4.48% in October'21

- Consumer Price Index based inflation (CPI) increased by 13 bps to 4.48% from 4.35% in September'21. Food and beverages inflation increased to 1.8% (September'21: 1.6%) due to a pick-up in prices of eggs, oils and fats, fruits and vegetables. The high frequency mandi data for November continues to point towards higher prices of vegetable and fruits while prices of oilseeds and pulses are showing signs of softness. Fuel and light inflation picked up further to 14.3% (September'21: 13.6%).

### Trade Balance

- Exports in November'21 fell by 16.2% MoM (27% growth YoY) to $29.9 bn (October'21: $35.7 bn). Imports in November increased by 57% to $53.2 bn (October'21: $55.4 bn. Trade deficit increased to $23.3bn in November'21 from $19.9bn in October'21. After hovering around $33-35 bn over the past few months, exports fell sharply possibly on the back of rising cases in Europe and other economies as well as supply shortages delaying order deliveries.

### India's index of eight core industries grew 7.5% in October'21

- Government data showed that the index of eight core industries grew 7.5% in October'21 as compared to a growth of 4.5% in September'21 and against a marginal contraction of 0.5% in October'20. The natural gas sector witnessed the maximum growth of 25.8% followed by coal sector and cement sector which grew by 14.6% & 14.5% respectively. All the sectors grew in October'21 barring crude oil which witnessed a contraction of 2.2%. For the period from April to October'21, the index of eight core industries grew 15.1% as compared to a contraction of 12.6% in the corresponding period of the previous year.

### Fiscal Update

- For the period Apr-Oct FY22, the fiscal deficit came in at INR 5.47 lakh crore or 36.3% of the annual budget estimates. Net tax receipts were INR 10.53 lakh crore while total expenditure was INR 18.27 lakh crore. The deficit figures in the current fiscal appear much better than the subsequent period in the due to increase in expenditure in order to deal with the pandemic. Steady GST collections along with better income and corporation tax, has helped the Government to keep the fiscal deficit substantially below the budget estimate for FY22, which we believe may have positive multiplier effects in the medium term.

## Equity Market

- Domestic equity markets ended the month with losses. Although upbeat corporate results along with stellar listing of one of the e-commerce companies led to gains in the initial part of the month, however, concerns over the new variant, building up of inflationary pressures and rise in the restrictions globally dragged the overall market returns.

- US stocks ended November'21 with losses. A hawkish tilt to commentary from the Federal Reserve (Fed) and the new coronavirus variant coming to fore, affected the investor sentiments. The Fed chairman mentioned that the strength of the US economy along with the risk of persistently higher inflation meant a relatively rapid tapering of asset purchases. Subsequently, the emergence of the Omicron variant of Covid-19 has raised question regarding the sustainability of the economic strength and warrants for more patience.

- Eurozone shares also fell amidst the rising Covid-19 cases and re-introduction of the earlier restrictions in some of the countries. Sectors which are sensitive to the re-opening theme fell on the fear that concern rising due to the new variant could lead to lower demand. Even though there were concerns related to inflation inching up, the European Central Bank remained reluctant to tighten the policy. Meanwhile, Germany's coalition talks reached a conclusion and climate targets are expected to be a key focus for the new government.

- Asia ex Japan equities declined in November amidst a broad market sell-off subsequent to the advent of the new Omicron variant of Covid-19. There were concerns of the global economic recovery being derailed with the new variant coming to the fore. Surge in new Covid-19 cases in some parts of the world along with the re-introduction of some of the restrictions, affected the market performance.

- On the macro front, we believe the spike in inflation is transient in nature, although it may inch up till the supply side issues are addressed. Meanwhile, there could be stimulus measures undertaken by the Chinese authorities to moderate the property slump, however the response may be delayed as the correction has already happened and the magnitude may also be too small to prevent a deeper slump. With reference to risks related to Covid-19, the success of vaccines and approval of pills to treat infections has provide some respite. Nevertheless, with the emergence of the new omicron Covid-19 variant, the possibility of risks returning cannot be ruled out.

### Domestic Indices Performance

| Indicators | 30-Nov-21 | 29-Oct-21 | Chg. % | YTD |
|---|---|---|---|---|
| S&P BSE Sensex | 57,605 | 59,307 | -3.78 | 24.20 |
| Nifty 50 | 16,983 | 17,672 | -3.98 | 26.39 |
| S&P BSE 200 | 7,386 | 7,639 | -3.31 | 29.32 |
| Nifty Midcap 100 | 29,651 | 30,470 | -2.69 | 46.19 |
| Nifty Dividend Opportunities 50 | 3,575 | 3,646 | -1.95 | 27.59 |
| S&P BSE Small cap | 27,937 | 27,983 | -0.16 | 54.62 |

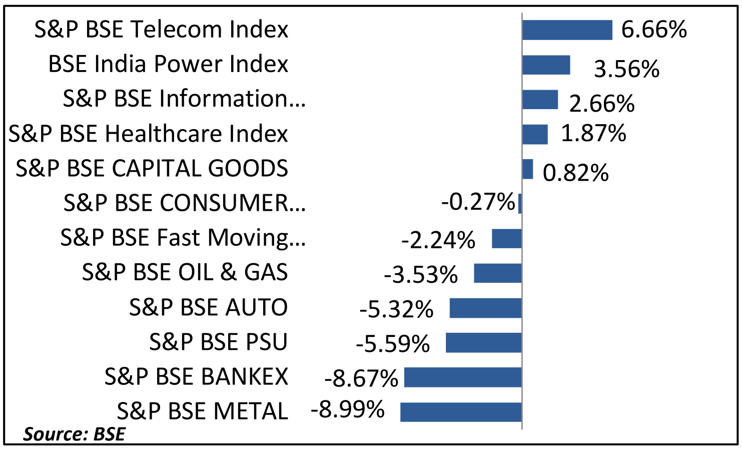
Source: NSE BSE

### Global Indices Performance

| Global Indices | 30-Nov-21 | 29-Oct-21 | Chg. % | YTD |
|---|---|---|---|---|
| Dow Jones | 34,484 | 35,820 | -3.73 | 12.67 |
| FTSE | 7,059 | 7,238 | -2.46 | 9.27 |
| CAC | 6,721 | 6,830 | -1.60 | 21.07 |
| Hang Seng | 23,475 | 25,377 | -7.49 | -13.79 |
| SSE Composite Index | 3,564 | 3,547 | 0.47 | 2.61 |

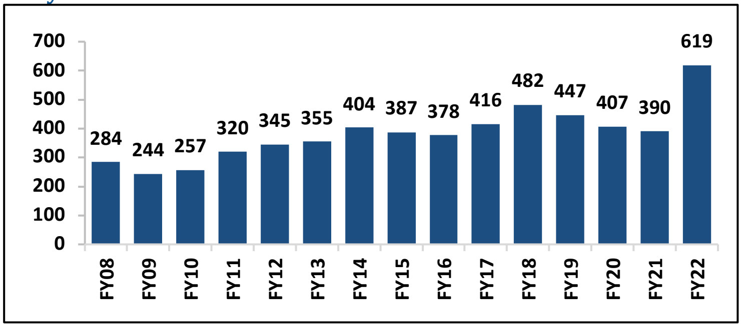
Source: Bloomberg

### Sectoral Performance (Monthly Returns %)




*Source: BSE*

### Nifty EPS




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

| (INR Cr) | Purchases | Sales | Net | YTD |
|---|---|---|---|---|
| FII Flows | 233525 | 239157 | -5710 | -16206 |
| MF Flows | 106971 | 73093 | 19441 | 80919 |
| DII Flows | 136050 | 105489 | 30560 | 88550 |

Source: CDSL, NSE & SEBI, Bloomberg

IIFL ASSET MANAGEMENT

## Debt Market

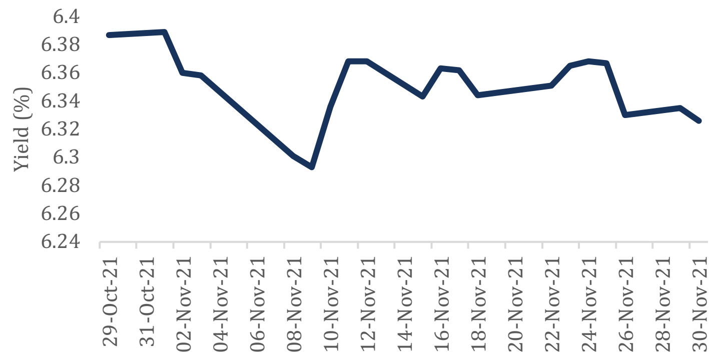
- The 10-year G-sec benchmark eased by 6bps to close 6.33% for the month. Flattening of yield curve continued as 1–3-year curve inched higher by 30-10 bps respectively as RBI continue to mop-up surplus liquidity in the money market segment. Sentiments remained cautious with yields in 5-10 year closing better i.e. softened by 5bps over the previous month on back of volatile global cues and normalization as economy breaches pre-covid levels in major high frequency indicators. Spreads widened by an average 15bps in the 1–3-year segment AAA corporate bonds

- RBI has been actively managing liquidity in the system through various means. However, system liquidity still remains in the surplus mode with the average daily net absorption under the liquidity adjustment facility (LAF) at Rs 8.4 lakh crore. It may be noted that overnight rates still hover around the lower end of the corridor with Treps averaging around 3.30%.

- Global factors played a bigger role for the month with brent crude falling 15$ bbl. from a range bound levels of $82-85/bbl. in the first three weeks of November to `below $70/bbl. in the last week of the month due to coordinated release of strategic oil reserve by the 5 large consuming nations and fear of new variant of corona virus. Global bond yields eased moderately with U.S 10-year benchmark witnessing volatility ending at 1.44% while yield curve flattening continued. The US inflation did hit a 30-year high last month at 6.2%, inflationary concerns since then have eased on the back of a sharp decline in international oil prices. Bloomberg commodity index is lower by 2.7% since the last policy. This along with recent cuts in domestic excise and VAT duty by Centre and States bodes well for inflation in India.

- The MPC December Meeting left policy repo and reverse repo rates unchanged, brought down inflation forecasts in 1H CY22 and delivered a dovish statement prioritizing growth amid looming uncertainty over the new Covid-19 variant. However, it made further progress towards reining in abundant banking system liquidity by increasing the size of variable rate reverse repo (VRRR) auctions in December 2021.RBI is expected to normalise reverse repo rate in Q4FY22-Q1FY23, depending on the Covid risk in coming months. Yields are expected to be largely stable in the coming months – our FY22 estimate has been at 6.25-6.40% range.

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




### Spread Movement

| Spreads | Maturity Period | AAA | AA | A |
|---|---|---|---|---|
| 30-Nov-21 | 1 Yr | 52 | 118 | 306 |
| | 3 Yr | 56 | 117 | 303 |
| | 5 Yr | 42 | 112 | 308 |
| | 10 Yr | 62 | 140 | 296 |
| 29-Oct-21 | 1 Yr | 29 | 106 | 303 |
| | 3 Yr | 42 | 117 | 299 |
| | 5 Yr | 37 | 122 | 307 |
| | 10 Yr | 61 | 143 | 300 |

**Source: Bloomberg**

| Yield (%) | 30-Nov-21 | 29-Oct-21 |
|---|---|---|
| 10 Year G-Sec | 6.33 | 6.39 |
| 5 Year G-Sec | 5.65 | 5.76 |
| **Certificate of Deposit** | | |
| 3-Month | 3.53 | 3.28 |
| 6-Month | 3.98 | 3.53 |
| 12-Month | 4.33 | 3.78 |
| **Commercial Papers** | | |
| 3-Month | 3.95 | 4.45 |
| 6-Month | 4.65 | 4.70 |
| 12-Month | 4.80 | 4.90 |

**Source: Bloomberg**

| Treasury Bill | 30-Nov-21 | 29-Oct-21 |
|---|---|---|
| 91 Days | 3.51 | 3.52 |
| 364Days | 4.10 | 4.02 |

**Source: CCIL**

# 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 15 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)** | : | 0.31 times |

* The benchmark of the scheme will be changed to S&P BSE 500 TRI with effect from 1st December 2021.

## NAV as on November 30, 2021

| | | |
|---|---|---|
| **Regular - Growth** | : | ₹ 29.7811 |
| **Regular - IDCW** | : | ₹ 26.3479 |
| **Direct - Growth** | : | ₹ 32.5516 |
| **Direct - IDCW** | : | ₹ 32.2193 |

## AUM as on November 30, 2021

| | | |
|---|---|---|
| **Net AUM** | : | ₹ 2471.32 crore |
| **Monthly Average AUM** | : | ₹ 2533.43 crore |

## Total Expense Ratio

| | | |
|---|---|---|
| **Regular Plan** | : | 1.99% p.a. |
| **Direct Plan** | : | 0.90% p.a. |

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

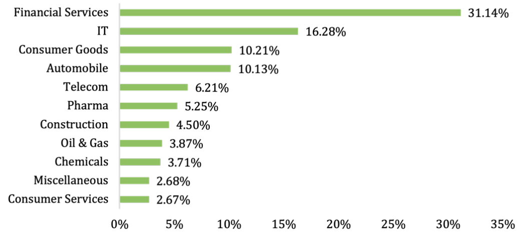
## Volatility Measures

| | Fund | Benchmark |
|---|---|---|
| **Std. Dev (Annualised)** | 14.37% | 17.46% |
| **Sharpe Ratio** | 0.58 | 0.54 |
| **Portfolio Beta** | 0.94 | 1.00 |
| **R Squared** | 0.97 | NA |
| **Treynor** | 0.10 | 0.10 |

## Portfolio as on November 30, 2021

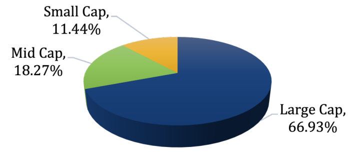
| Company Name | Sector | SCDV | % to Net Assets |
|---|---|---|---|
| **Equity & Equity Related Total** | | | |
| ICICI Bank Limited | FINANCIAL SERVICES | C | 9.21 |
| Infosys Limited | IT | D | 7.29 |
| HDFC Bank Limited | FINANCIAL SERVICES | S | 6.27 |
| Larsen & Toubro Limited | CONSTRUCTION | C | 4.50 |
| Bharti Airtel Limited | TELECOM | V | 4.19 |
| Larsen & Toubro Infotech Limited | IT | S | 4.16 |
| Crompton Greaves Consumer Electricals Limited | CONSUMER GOODS | S | 4.05 |
| State Bank of India | FINANCIAL SERVICES | V | 4.03 |
| Axis Bank Limited | FINANCIAL SERVICES | S | 3.97 |
| Bajaj Finance Limited | FINANCIAL SERVICES | S | 3.85 |
| SRF Limited | CHEMICALS | S | 3.71 |
| Divi's Laboratories Limited | PHARMA | D | 3.00 |
| Mahindra & Mahindra Limited | AUTOMOBILE | V | 2.93 |
| Cyient Limited | IT | S | 2.91 |
| Sona BLW Precision Forgings Limited | AUTOMOBILE | S | 2.86 |
| Apollo Tricoat Tubes Limited | Miscellaneous | S | 2.68 |
| CCL Products (India) Limited | CONSUMER GOODS | D | 2.67 |
| Bharat Petroleum Corporation Limited | OIL & GAS | D | 2.54 |
| Tata Motors Limited | AUTOMOBILE | C | 2.49 |
| Dr. Reddy's Laboratories Limited | PHARMA | S | 2.25 |
| Kajaria Ceramics Limited | CONSUMER GOODS | S | 2.04 |
| Zomato Limited | CONSUMER SERVICES | V | 1.99 |
| Muthoot Finance Limited | FINANCIAL SERVICES | S | 1.95 |
| Coforge Limited | IT | D | 1.92 |
| Sansera Engineering Limited | AUTOMOBILE | C | 1.85 |
| Aavas Financiers Limited | FINANCIAL SERVICES | S | 1.85 |
| Tata Communications Limited | TELECOM | V | 1.85 |
| Asian Paints Limited | CONSUMER GOODS | D | 1.46 |
| Mahanagar Gas Limited | OIL & GAS | D | 1.33 |
| FSN E-Commerce Ventures Limited | CONSUMER SERVICES | V | 0.69 |
| Bharti Airtel Limited | TELECOM | V | 0.16 |
| **Sub Total** | | | **96.64** |
| TREPS## | | | 3.47 |
| Net Receivables / (Payables) | | | -0.11 |
| **Portfolio Total** | | | **100.00** |

## Sector Allocation^^



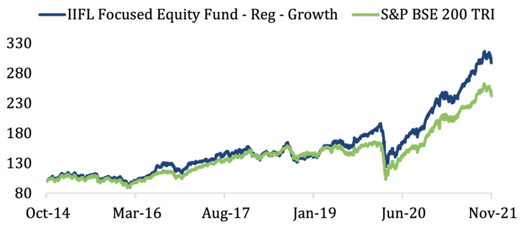

^^Sector allocation as per AMFI classification

## Market Capitalisation wise Exposure^




a. Large Cap Companies: 1st -100th company in terms of full market capitalization
b. Mid Cap Companies: 101st -250th company in terms of full market capitalization
c. Small Cap Companies : 251st company onwards in terms of full market capitalization The consolidated list of stocks in terms of full market capitalization is as per the list uploaded by AMFI, in terms of SEBI circulars dated October 6, 2017 and December 4, 2017.
^As of November 30, 2021

## NAV Movement (Since Inception) Rebased to 100




## Scheme Performance

| Scheme / Benchmark | 30-Nov-20 to 30-Nov-21 | PTP (₹) | 30-Nov-18 to 30-Nov-21 | PTP (₹) | 30-Nov-16 to 30-Nov-21 | PTP (₹) | Since Inception | PTP (₹) |
|---|---|---|---|---|---|---|---|---|
| IIFL Focused Equity Fund - Reg - Growth | 40.52% | 14,091 | 28.52% | 21,685 | 19.63% | 24,913 | 16.64% | 29,781 |
| IIFL Focused Equity Fund - Dir - Growth | 42.05% | 14,246 | 30.23% | 22,586 | 21.27% | 26,700 | 18.11% | 32,552 |
| Benchmark* | 35.95% | 13,630 | 18.29% | 16,791 | 17.17% | 22,416 | 13.30% | 24,237 |
| Additional Benchmark** | 30.28% | 13,056 | 17.67% | 16,521 | 17.80% | 23,036 | 12.32% | 22,785 |

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-Nov-20 to 30-Nov-21 | 30-Nov-18 to 30-Nov-21 | 30-Nov-16 to 30-Nov-21 | Since Inception |
|---|---|---|---|---|
| Total Amount Invested (₹) | 1,20,000 | 3,60,000 | 6,00,000 | 8,40,000 |
| Total Value as on November 30, 2021(₹) | 1,40,658 | 5,79,037 | 10,87,134 | 17,39,820 |
| Returns | 33.39% | 33.42% | 24.00% | 20.43% |
| Total Value of Benchmark: S&P BSE 200 TRI (₹) | 1,35,791 | 5,26,587 | 9,58,408 | 15,10,703 |
| Benchmark: S&P BSE 200 TRI | 25.27% | 26.31% | 18.79% | 16.46% |
| Total Value of Benchmark: S&P BSE Sensex TRI (₹) | 1,33,694 | 5,09,472 | 9,53,794 | 14,99,723 |
| Additional Benchmark: S&P BSE Sensex TRI | 21.81% | 23.89% | 18.59% | 16.26% |

(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

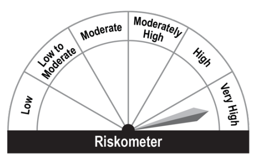
| | Record Date | Face Value (₹) | Cum Dividend NAV (₹) As on Feb 15, 2017 | Dividend Per Unit |
|---|---|---|---|---|
| Regular IDCW Plan | 15 February 2017 | 10 | 12.7777 | 1.50 |
| Direct IDCW Plan | 15 February 2017 | 10 | 13.0738 | 0.17 |

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.

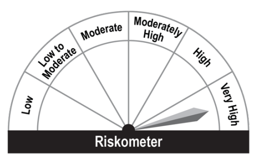
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
##With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.

**Scheme Risk-O-Meter**




Investors understand that their principal will be at Very High Risk

**Benchmark Risk-O-Meter**




Investors understand that their principal will be at Very High Risk

## Fund Commentary

Dear investor,

Indian equity indices reversed the gains of the last few months and closed the month of November'21 on losses with the key benchmark indices BSE-30 and Nifty-50 indices correcting 3.8% and 3.9% respectively. The indices down the capitalization curve outperformed the key benchmark indices with BSE Mid-cap and BSE Small-cap indices correcting 2.3% and 0.2% respectively. Amongst the sectoral indices, BSE metals, banks and auto indices fell 9%, 8.7% and 5.3%, on the other hand power, IT and healthcare indices gained 3.6%, 2.7% and 1.9% respectively.

A sharp rally in the US Dollar Index weighed on the emerging markets. India saw FPI outflows for the second consecutive month, to the tune of $790 mn in November'21. DIIs, however, continued to support the market and were buyers to the tune of ~$4.1bn with decent participation from both the Insurance companies and MFs.

**Indian Equity Markets: Concerns overshadow the recovery wave!**

Equities ended on a weak note, suffering the biggest monthly fall in the year 2021. The reasons for the fall were multifarious ranging from global risk off sentiment on the back of taper concerns, disappointment with regards to listing of India's one of the largest IPOs and rising apprehension on account of new Omicron strain.

Amongst the key global developments during the month, the US Federal Reserve indicated reducing the pace of its monthly bond purchases. This was also seen in the minutes of the latest US policy meet wherein several members were in favour of speeding the tapering process. Also, the US senate passed more than US$1 tn infrastructure bill. Further, given the limited supply from OPEC+ and rising crude oil prices, the US, along with China, India, Japan, South Korea and UK decided to increase oil supply in the market by releasing their strategic reserves. At home, the central government decreased the excise duty on petrol and diesel and telecom operators announced price hikes.

The manufacturing PMI increased to 57.6 in November'21 against the print of 55.9 in October'21, which was the fastest growth in the last 10 months, led by increase in sales and an upturn in production. However, companies were also concerned regarding the rising inflationary pressures which could weigh on the positive sentiment going ahead.

The GST revenue collected in November'21 was in line with October'21 revenues at INR 1.3 trillion on the back of continued festive cheer. This number is likely to show a dip as indicated by e-way bill generation trend, which had peaked in September'21 & October'21, but showed a drop in November'21.

**GDP numbers: Road to recovery, concerns remain**

Real GDP growth printed 8.4% in 2QFY22 on account of weaker base and sharp rise in services. Real GVA grew by 8.5% with services sector growth at 10.2% and the industrial sector growth at 6.9%. Services growth was due to segments like defense and public administration which in turn includes government expenditure, health, personal services and education. On the demand front, private consumption grew 8.6% but weakened from 19.3% growth in 1QFY22. Similar was the case with investment growth which printed 11% as against 55.3% in 1QFY22. However, government consumption growth came in at 8.7% after a contraction of 4.8% in 1QFY22.

**What lies ahead – Temporary aberration or prolonged pain?**

There are upside risks to inflation due to increase in tariffs by telecom companies and increase in GST on apparel and footwear to 12% from the existing 5% (from January'22). Also, risk of spike in imported inflation continues led by rise in crude oil prices. We believe that RBI may delay normalization measures to give some time for the economic recovery to take shape.

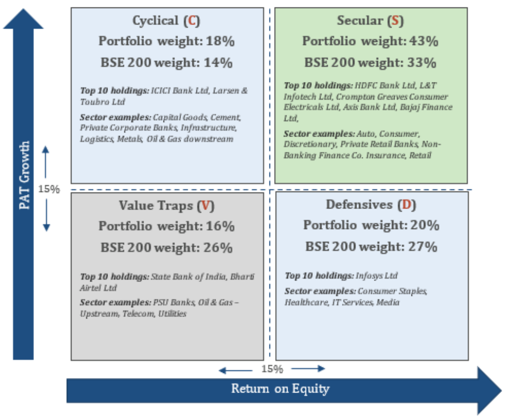
While most high frequency indicators have bounced back to their pre-pandemic levels, the risk of a third wave due to Omicron cannot be neglected. However, it is important to note that at the time of the second wave in March'21, there were limitations with reference to our genome sequencing capability and the vaccination was also restricted to the frontline workers. Nevertheless, in the current situation when ~50% of the population is fully vaccinated and the average number of cases remain below 10,000 (our capacity to sequence genome around 1,000 a day), our capability on detecting new variant is way better than what it was.

**Beyond the current concerns!**

Though there are near term concerns looming large in form of impending tapering, omicron variant and inflation inching up - we believe that long term structural drivers of the economy continue to remain intact. There are signs of a capex cycle recovery and this has been reflected by the unemployment level going down wherein there has been shift of people (who were earlier seeking jobs under MNREGA) to construction sector. Optimism on strong manufacturing growth at a time when the leverage in the balance sheets have come down, augurs well for the broad-based recovery. Although there could be some intermittent volatility, the tailwind from manufacturing will be instrumental in driving growth in the medium to long term. That said, it is important to exercise caution in terms of businesses that one should invest in.

**Portfolio Positioning**

With the beginning of capex cycle, strong high frequency indicators and continued optimism on the GDP growth, we believe that cyclical recovery is underway. In terms of sectors, we see interesting opportunities in Private Sector Financials, Consumer Discretionary, Industrials and Materials to participate in the domestic economic recovery. However, we believe that defensive sectors like Indian IT services would continue to perform irrespective of the domestic economy returning back to normalcy. Hence, it is advisable to have a balanced mix – the defensive segments where new growth drivers have emerged due to pandemic and cyclical sectors to benefit from the reopening theme.




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 November 30, 2021. The weights are rounded off to the nearest decimal.

# IIFL QUANT FUND

(An open-ended equity scheme investing based on quant theme)

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 based on a quant theme. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

## Fund Manager — Mr. Parijat Garg

Mr. Parijat has over 13 years of experience in the financial services industry including algorithmic trading, stock broking and financial data services. Prior to joining IIFL Asset Management Limited, he was associated with Quadeye Securities LLP as a portfolio manager an prior to that, he has worked with Tower Research Capital (India) as a quant analyst.
Mr. Garg is a computer science engineer from IIT Bombay and a CFA charter holder.

## Fund Details

| | | |
|---|---|---|
| **Date of Allotment** | : | November 29, 2021 |
| **Bloomberg Code** | : | - |
| **Benchmark Index** | : | S&P BSE 200 TRI |
| **Plans Offered** | : | Regular & Direct |
| **Options Offered** | : | Growth & IDCW |
| **Minimum Application** | : | |
| **New Purchase** | : | ₹1,000 and in multiples of ₹100 thereafter |
| **Additional Purchase** | : | ₹1,000 and in multiples of ₹1 thereafter |
| **Monthly SIP Option** | : | ₹1,000 per month for a minimum period of 6 months |
| **Quarterly SIP Option** | : | ₹1,000 per quarter for a minimum period of 6 quarters |
| **Entry Load** | : | NIL |
| **Exit Load** | : | 1% - if redeemed/switched out, on or before 12 months from the date of allotment |
| **Dematerialization** | : | D-Mat Option Available |
| **Portfolio Turnover Ratio (based on 1 year monthly data)** | : | NA |

## NAV as on November 30, 2021

| | | |
|---|---|---|
| **Regular - Growth** | : | ₹ 9.7231 |
| **Regular - IDCW** | : | ₹ 9.7231 |
| **Direct - Growth** | : | ₹ 9.7239 |
| **Direct - IDCW** | : | ₹ 9.7239 |

## AUM as on November 30, 2021

| | | |
|---|---|---|
| **Net AUM** | : | ₹ 102.33 crore |
| **Monthly Average AUM** | : | ₹ 6.92 crore |

## Total Expense Ratio

| | | |
|---|---|---|
| **Regular Plan** | : | 1.58% p.a. |
| **Direct Plan** | : | 0.43% p.a. |

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

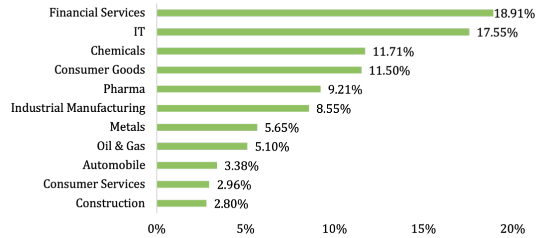
## Volatility Measures

| | Fund | Benchmark |
|---|---|---|
| **Std. Dev (Annualised)** | NA | NA |
| **Sharpe Ratio** | NA | NA |
| **Portfolio Beta** | NA | NA |
| **R Squared** | NA | NA |
| **Treynor** | NA | NA |

## Portfolio as on November 30, 2021

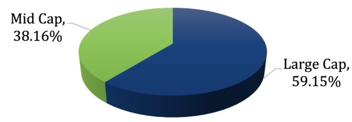
| Company Name | Sector | % to Net Assets |
|---|---|---|
| **Equity & Equity Related Total** | | |
| Alkem Laboratories Limited | PHARMA | 3.25 |
| Divi's Laboratories Limited | PHARMA | 3.13 |
| Atul Limited | CHEMICALS | 3.09 |
| Aarti Industries Limited | CHEMICALS | 3.05 |
| Astral Limited | INDUSTRIAL MANUFACTURING | 3.05 |
| Bajaj Finserv Limited | FINANCIAL SERVICES | 3.04 |
| Infosys Limited | IT | 3.04 |
| Larsen & Toubro Infotech Limited | IT | 3.04 |
| Bajaj Finance Limited | FINANCIAL SERVICES | 3.00 |
| Bharat Electronics Limited | INDUSTRIAL MANUFACTURING | 2.97 |
| Oracle Financial Services Software Limited | IT | 2.97 |
| Avenue Supermarts Limited | CONSUMER SERVICES | 2.96 |
| Adani Total Gas Limited | OIL & GAS | 2.95 |
| Coal India Limited | METALS | 2.94 |
| SBI Life Insurance Company Limited | FINANCIAL SERVICES | 2.93 |
| Wipro Limited | IT | 2.93 |
| Balkrishna Industries Limited | AUTOMOBILE | 2.93 |
| Relaxo Footwears Limited | CONSUMER GOODS | 2.92 |
| Titan Company Limited | CONSUMER GOODS | 2.90 |
| Tech Mahindra Limited | IT | 2.90 |
| Marico Limited | CONSUMER GOODS | 2.87 |
| Pidilite Industries Limited | CHEMICALS | 2.87 |
| Cholamandalam Investment and Finance Company Limited | FINANCIAL SERVICES | 2.85 |
| Sun Pharmaceutical Industries Limited | PHARMA | 2.82 |
| Bata India Limited | CONSUMER GOODS | 2.80 |
| Larsen & Toubro Limited | CONSTRUCTION | 2.80 |
| IndusInd Bank Limited | FINANCIAL SERVICES | 2.77 |
| Nippon Life India Asset Management Limited | FINANCIAL SERVICES | 2.77 |
| Vedanta Limited | METALS | 2.70 |
| SRF Limited | CHEMICALS | 2.69 |
| MindTree Limited | IT | 2.68 |
| Hindustan Aeronautics Limited | INDUSTRIAL MANUFACTURING | 2.53 |
| Bharat Petroleum Corporation Limited | OIL & GAS | 2.15 |
| ICICI Prudential Life Insurance Company Limited | FINANCIAL SERVICES | 1.56 |
| Endurance Technologies Limited | AUTOMOBILE | 0.45 |
| **Sub Total** | | **97.31** |
| TREPS## | | 3.57 |
| Net Receivables / (Payables) | | -0.88 |
| **Portfolio Total** | | **100.00** |

## Sector Allocation^^




^^Sector allocation as per AMFI classification

## Market Capitalisation wise Exposure^

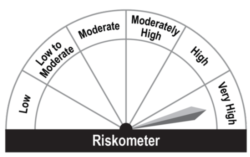



a. Large Cap Companies: 1st -100th company in terms of full market capitalization
b. Mid Cap Companies: 101st -250th company in terms of full market capitalization
c. Small Cap Companies : 251st company onwards in terms of full market capitalization The consolidated list of stocks in terms of full market capitalization is as per the list uploaded by AMFI, in terms of SEBI circulars dated October 6, 2017 and December 4, 2017.
^As of November 30, 2021

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*
- Capital appreciation over long term;
- Investment predominantly in equity and equity related instruments based on quant model

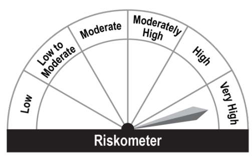
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**Scheme Risk-O-Meter**




Investors understand that their principal will be at Very High Risk

**Benchmark Risk-O-Meter**




Investors understand that their principal will be at Very High Risk

# IIFL LIQUID FUND

(An open-ended liquid scheme. A relatively low interest rate risk and moderate credit risk)

IIFL ASSET MANAGEMENT

## Investment Objective

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

## Fund Manager — Mr. 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% |

## NAV as on November 30, 2021

| | |
|---|---|
| **Regular Plan Growth** | : ₹ 1616.0473 |
| **Regular Plan Weekly IDCW** | : ₹ 1005. |
| **Regular Plan Daily IDCW** | : ₹ 1000.0701 |
| **Direct Plan Growth** | : ₹ 1622.5721 |
| **Direct Plan IDCW** | : ₹ 1000.0427 |
| **Direct Plan Weekly IDCW** | : ₹ 1005. |

## AUM as on November 30, 2021

| | |
|---|---|
| **Net AUM** | : ₹ 573.45 crore |
| **Monthly Average AUM** | : ₹ 241.21 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.

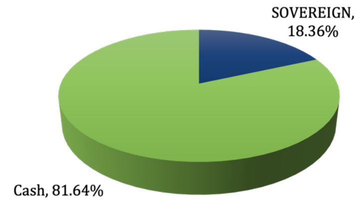
## Total Expense Ratio

| | |
|---|---|
| **Macaulay Duration** | : 21 days |
| **Modified Duration** | : 9 days |
| **Average Maturity** | : 21.6 days |
| **Yield to Maturity** | : 3.43% |

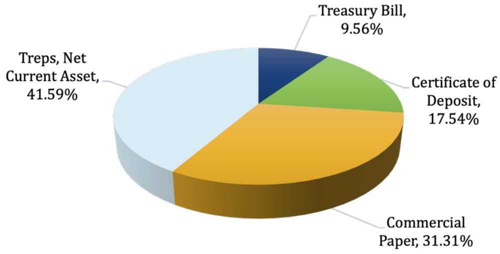
## Portfolio as on November 30, 2021

| Name of the Instrument | Rating | % to Net Assets |
|---|---|---|
| **Debt Instruments** | | |
| **Bonds** | | |
| 8.2% Government of India | SOVEREIGN | 8.80 |
| 6.99% REC Limited | CRISIL AAA | 6.99 |
| 7.03% LIC Housing Finance Limited | CRISIL AAA | 1.75 |
| **Sub Total** | | **17.54** |
| **Certificate of Deposit** | | |
| 91 Days Tbill | SOVEREIGN | 8.68 |
| 182 Days Tbill | SOVEREIGN | 0.87 |
| **Sub Total** | | **9.56** |
| **Commercial Paper** | | |
| Reliance Jio Infocomm Limited | CRISIL A1+ | 7.85 |
| Bajaj Finance Limited | CRISIL A1+ | 4.36 |
| Axis Finance Limited | CRISIL A1+ | 4.36 |
| Reliance Industries Limited | CARE A1+ | 4.34 |
| National Bank For Agriculture and Rural Development | ICRA A1+ | 4.34 |
| Cholamandalam Investment and Finance Company Limited | CRISIL A1+ | 4.33 |
| Reliance Industries Limited | CARE A1+ | 1.74 |
| **Sub Total** | | **31.31** |
| **TREPS## / Reverse Repo** | | |
| TREPS## | | 51.00 |
| **Sub Total** | | **51.00** |
| **Net Receivables/(Payables)** | | **(9.41)** |
| **Portfolio Total** | | **100.00** |

## Composition by Rating^




## Instrument Wise Composition^



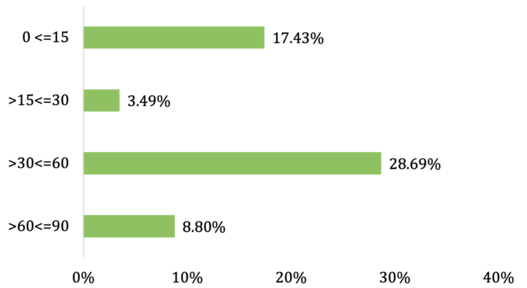

^ As of November 30, 2021

## Scheme Performance

| Scheme / Benchmark | 30-Nov-20 to 30-Nov-21 | PTP (₹) | 30-Nov-18 to 30-Nov-21 | PTP (₹) | 30-Nov-16 to 30-Nov-21 | PTP (₹) | Since Inception | PTP (₹) |
|---|---|---|---|---|---|---|---|---|
| IIFL Liquid Fund - Reg - Growth | 2.92% | 10,292 | 4.20% | 11,315 | 5.11% | 12,831 | 6.14% | 16,157 |
| IIFL Liquid Fund - Dir - Growth | 2.98% | 10,298 | 4.25% | 11,332 | 5.16% | 12,863 | 6.19% | 16,222 |
| Benchmark* | 3.57% | 10,357 | 5.13% | 11,621 | 5.89% | 13,314 | 6.84% | 17,035 |
| Additional Benchmark** | 3.49% | 10,349 | 5.82% | 11,850 | 5.91% | 13,328 | 6.76% | 16,939 |

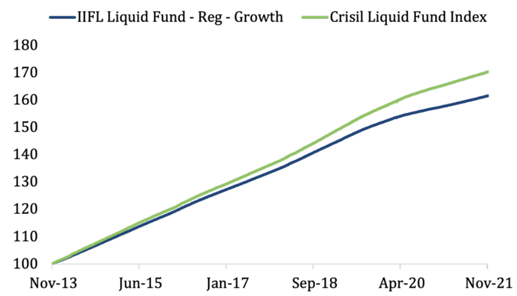
Past performance may or may not be sustained in future. Different plans shall have different expense structure. * Crisil Liquid Fund Index,** Crisil 1 Year T-Bill Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000 made on the inception date 13-Nov-2013;

## Maturity Profile^




^ As of November 30, 2021

## NAV Movement (Since Inception) Rebased to 100



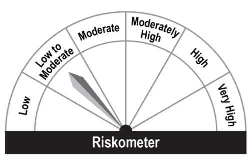

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

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

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

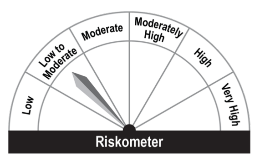
##With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.

**Scheme Risk-O-Meter**




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

**Benchmark Risk-O-Meter**




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

# IIFL DYNAMIC BOND FUND

(An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and relatively high credit risk.)

IIFL ASSET MANAGEMENT

## Investment Objective

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

## Fund Manager — Mr. 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<br>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 November 30, 2021

| | |
|---|---|
| **Regular Plan Growth** | : ₹ 17.7132 |
| **#Regular Plan Bonus** | : ₹ 17.7133 |
| **Regular Quarterly IDCW** | : ₹ 17.0932 |
| **#Regular Half Yearly IDCW** | : ₹ 17.0932 |
| **#Regular Monthly IDCW** | : ₹ 12.0579 |
| **Direct Plan Growth** | : ₹ 18.5207 |
| **Direct Monthly IDCW** | : ₹ 12.7443 |

#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 November 30, 2021

| | |
|---|---|
| **Net AUM** | : ₹ 724.62 crore |
| **Monthly Average AUM** | : ₹ 725.00 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

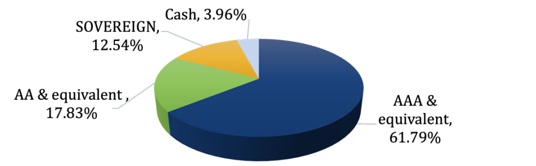
| | |
|---|---|
| **Macaulay Duration** | : 3.78 years |
| **Modified Duration** | : 3.56 years |
| **Average Maturity** | : 4.71 years |
| **Yield to Maturity** | : 6.38% |

## Portfolio as on November 30, 2021

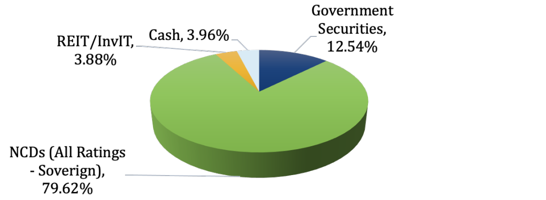
| Name of the Instrument | Rating | % to Net Assets |
|---|---|---|
| **REIT/InvIT Instruments** | | **3.88** |
| Powergrid Infrastructure Investment Trust | Power | 2.48 |
| Embassy Office Parks REIT | Construction | 1.39 |
| **Debt Instruments** | | |
| **Sovereign Securities** | | **12.54** |
| 9.15% GOVERNMENT OF INDIA | SOVEREIGN | 4.58 |
| 7.84% STATE GOVERNMENT SECURITIES | SOVEREIGN | 3.69 |
| 7.17% GOVERNMENT OF INDIA | SOVEREIGN | 2.17 |
| 6.1% GOVERNMENT OF INDIA | SOVEREIGN | 1.36 |
| 7.69% STATE GOVERNMENT SECURITIES | SOVEREIGN | 0.74 |
| **Non-Convertible Debentures/Bonds** | | **79.62** |
| 6.6861% MINDSPACE BUSINESS PARKS | CRISIL AAA | 9.70% |
| 8.9% STATE BANK OF INDIA* | CRISIL AAA | 5.82% |
| 9.15% ICICI BANK LIMITED* | ICRA AA+ | 5.76% |
| 7.75% LIC HOUSING FINANCE LIMITED | CRISIL AAA | 4.34% |
| 5.85% REC LIMITED | CRISIL AAA | 4.14% |
| 7.62% EXPORT IMPORT BANK OF INDIA | CRISIL AAA | 3.68% |
| TATA CAPITAL HOUSING FINANCE LIMITED | CRISIL AAA | 3.67% |
| 8.99% BANK OF BARODA* | CRISIL AA+ | 3.65% |
| 7.17% Power Finance Corporation Limited | CRISIL AAA | 3.61% |
| 6.88% REC Limited | CRISIL AAA | 3.57% |
| 7.25% Embassy Office Parks REIT | CRISIL AAA | 3.51% |
| 7.6% Muthoot Finance Limited | CRISIL AA+ | 3.51% |
| 6.75% Sikka Ports and Terminals Limited | CRISIL AAA | 3.49% |
| 6.95% Power Finance Corporation Limited | CRISIL AAA | 3.45% |
| 5.78% Housing Development Finance Corporation Limited | CRISIL AAA | 3.43% |
| 6.4% Jamnagar Utilities & Power Private Limited | CRISIL AAA | 3.42% |
| 8.4% India Grid Trust InvIT Fund | CRISIL AAA | 2.14% |
| 5.58% Cholamandalam Investment and Finance Company Limited | ICRA AA+ | 2.06% |
| 8.5% State Bank of India* | CRISIL AA+ | 1.44% |
| 8.55% ICICI Bank Limited* | ICRA AA+ | 1.42% |
| 6.92% Indian Railway Finance Corporation Limited | CRISIL AAA | 1.39% |
| 5.7% National Bank For Agriculture and Rural Development | CRISIL AAA | 1.38% |
| 8.85% India Grid Trust InvIT Fund | CRISIL AAA | 0.71% |
| 6.72% Power Finance Corporation Limited | CRISIL AAA | 0.35% |
| **TREPS## / Reverse Repo** | | |
| TREPS## | | 1.07 |
| Net Current Assets | | 2.21 |
| **Portfolio Total** | | **100.00** |

* BASEL III Compliant

## Composition by Rating^

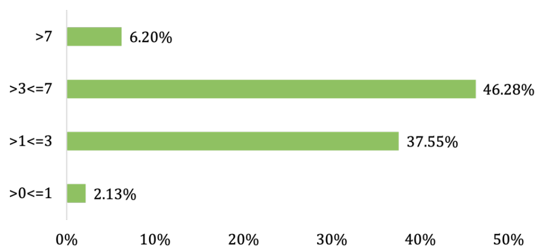



## Instrument Wise Composition^



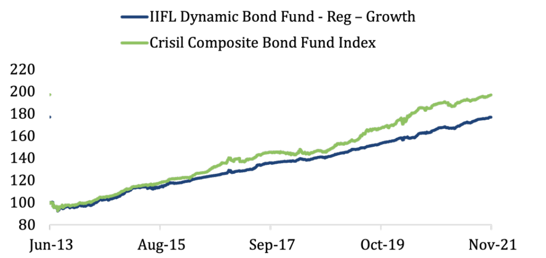

^

## Maturity Profile^




^ As of November 30, 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) |
|---|---|---|---|---|
| 30-Nov-21 | 10 | 0.05 | 12.0579 | 12.7443 |
| 26-Oct-21 | 10 | 0.05 | 12.0277 | 12.7065 |
| 30-Sep-21 | 10 | 0.05 | 12.0512 | 12.7261 |
| 31-Aug-21 | 10 | 0.05 | 12.0755 | 12.7466 |
| **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 | 30-Nov-20 to 30-Nov-21 | PTP (₹) | 30-Nov-18 to 30-Nov-21 | PTP (₹) | 30-Nov-16 to 30-Nov-21 | PTP (₹) | Since Inception | PTP (₹) |
|---|---|---|---|---|---|---|---|---|
| IIFL Dynamic Bond Fund - Reg – Growth | 5.75% | 10,579 | 7.35% | 12,375 | 6.60% | 13,766 | 7.01% | 17,713 |
| IIFL Dynamic Bond Fund - Dir - Growth | 6.09% | 10,614 | 7.92% | 12,571 | 7.18% | 14,147 | 7.57% | 18,521 |
| Benchmark* | 4.03% | 10,407 | 9.39% | 13,094 | 7.13% | 14,111 | 8.39% | 19,733 |
| Additional Benchmark** | 2.38% | 10,239 | 7.83% | 12,539 | 5.12% | 12,838 | 6.61% | 17,161 |

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;

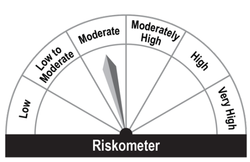
THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- 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.

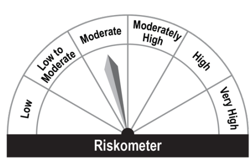
##With effect from November 05, 2018, Triparty Repo has replaced CBLOs for all schemes with provisions to invest in CBLO.

**Scheme Risk-O-Meter**




Investors understand that their principal will be at Moderate Risk

**Benchmark Risk-O-Meter**




Investors understand that their principal will be at Moderate Risk

## Fixed Income Commentary

**Highlights for the month – Fixed Income Preceptive**

India's Q2FY22 GDP growth came-in at 8.4% YoY vs 20.1% in Q1FY22; the single-digit figure is owing to dissipating base-effects from pandemic struck year. However, the recovery was largely broad-based. While the GDP figure is a shade higher than market expectations of 8.2%, the GVA (Gross Value Add), which measures the supply-side of economic activity, at 8.5% was significantly higher than estimates of 7.6%. One important takeaway from the second quarter GDP print is that India's GDP has crossed the absolute pre-Covid-19 GDP mark of Rs. 204tn and stood at Rs. 218tn (up 7.2% from the pre-Covid-19 level) in Sep'21 based on the trailing four quarters. Many high frequency data – e- way bill generation, vehicle registration, online transactions, GST collections, Purchase manager Index and google mobility – indicate that economy is now back on a usual growth curve.
On the concerns front government has received only Rs. 93.3bn (5.3% of full-year target) from the divestment proceeds in this fiscal year so far hence, we expect fiscal deficit to be near budgeted 6.8%. of GDP in FY22 despite higher-than-budgeted spending and higher tax collections. Due to relatively weaker spending growth, the fiscal deficit of the general government was just 36.8% of 1HFY22 BEs vis-à-vis an all-time high of 89% in 1HFY21 and an average of 68% in the preceding three years. Assuming 16% YoY growth in nominal GDP in 2FY22, the fiscal deficit stands at 8% of GDP in 1HFY22, lower than 15% of GDP in 1HFY21 and 8.4% of GDP in the preceding three years.

On normalization front, RBI is absorbing INR 9.5 trillion in surplus liquidity through various deposit windows. Only 23% of surplus liquidity is absorbed at the overnight window at 3.35%. Meanwhile, the remaining amount is absorbed at nearly 4%. This means on a weighted average basis; banks are depositing their surplus with the RBI at ~3.8%. A reverse repo rate hike of 40 bps to 3.75% will not have had much impact on short term rates unless the guidance is more hawkish than expected. However, the Call WAR continues to trail below the Reverse Repo Rate; this can again be attributed to the existing banking liquidity surplus which currently stands at ~INR 8.2tn.

We believe globally peace of normalization will be lower than anticipated because unlike in any previous cycle, the Fed now owns a lot of (largely short-term) Govt. debt. Raising rates would have implications in the form of lower dividends from the Fed to the Govt. as well as higher servicing costs for the Govt, both of which will widen the fiscal deficit. The Fed will now have to deliver a sterner message (with much higher/faster rates) to shake the market's assumptions. We suspect Fed will taper its bond-buying programme and then ideally leave it for several months before raising interest rates hence this confusion is truly reflected in U.S. 10 year yield at 1.40 which neither discounts the underlying growth nor the risk of inflation.

Amongst emerging markets, the real rate or inflation adjusted rate for benchmark 10-year sovereign bond yield averages are still positive in economies like India (1.9%), Brazil (1.1%), and China (1.4%) compared to developed economies benchmarks trading in negative territory above 1% hence taking expectation of a passive bond inflows with India's inclusion in the JPM GBI-EM Bond Index by end-2022/early 2023, Indian bond yield stands attractive as FPI have already turned positive for this financial year ~34,000 cr.

The MPC December policy announcements were in line with our expectation, on rates, stance, and liquidity. The tone was adequately dovish without signals of any reverse repo rate hike or any explicit liquidity withdrawal measures. With the RBI showing no hurry to suck out excess system liquidity and not announcing Standing Deposit Facility (SDF) or longer dated VRRR or any other longer dated policy instrument is indicative of a very gradual, calibrated approach towards normalizing the liquidity situation. The MPC projects headline CPI inflation at 5.3% for FY2022 (earlier: 5.3%); 5.1% in 3QFY22 (earlier: 4.5%), 5.7% for 4QFY22 (earlier: 5.8%), with risks broadly balanced. CPI inflation is projected at 5.0% in 1QFY23 (earlier: 5.2%) and 5.0% in 2QFY23. Highlight of the policy was the increase quantum of variable rate reverse repo (VRRR) of 14-day tenor to Rs6.5 tn by December 17 from the current Rs6 tn; and to Rs7.5 tn by December 31. Consequently, from January 2022 onwards, liquidity absorption will be undertaken mainly through the auction route, this signals the RBI intent to continue with liquidity normalization and be opportunistic about policy and liquidity normalization. Short term rates have adjusted higher and will possibly continue to inch closer to the repo rate over next few months.

We think, RBI is currently in stage 2 (liquidity tightening) of the four-stage monetary policy normalization process that began with 'less dovish' comments from MPC members and will end with repo rate hikes. In our view, the RBI will likely move to stage 3 (reverse repo hike) by the Feb 2022 and start hiking repo rates from Q3 2022. We forecast headline CPI inflation to increase to 5.8% yoy in 2022 from 5.2% in 2021, led by an increase in core inflation as manufacturers pass on input cost increases to consumers as demand recovers with full economic re-opening. Macro and industrial data is stable to positive, supply-side challenges are getting resolved, we will watch out for Omicron related disruptions to supply. Recent correction in commodities is an inflation positive. Portfolio positioning-wise, we maintain maturity preference of 4-5 years within the high-quality credit names giving enough cover for the rates normalization expected ahead.

## Potential Risk Class of the Scheme

IIFL Asset Management Limited has positioned its debt schemes in terms of PRC matrix consisting of parameters based on maximum interest rate risk (measured by Macaulay Duration of the scheme) and maximum credit risk (measured by Credit Risk Value of the scheme). Accordingly, the debt schemes of the Mutual Fund shall be placed in PRC matrix as follows:

| Credit Risk of scheme → <br> Interest Rate Risk of the Scheme ↓ | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
|---|---|---|---|
| **Relatively Low (Class I)** | **A – I**<br>NIL | **B – I**<br>IIFL Liquid Fund | **C – I**<br>NIL |
| **Moderate (Class II)** | **A – II**<br>NIL | **B – II**<br>NIL | **C – II**<br>NIL |
| **Relatively High (Class III)** | **A – III**<br>NIL | **B – III**<br>NIL | **C – III**<br>IIFL Dynamic Bond Fund |

## 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.**