

# MONTHLY FACTSHEET

JUNE 2018



## Macro Economy & Event Update

- Investors remained on the toes as U.S.-China trade war tensions came to the fore once again in May 2018 and fresh differences arose among U.S. and North Korea. These together with other developments kept major global markets under pressure.
- U.S. markets managed to inch up as crude oil prices increased. However, the administration planning to impose tariffs on imports restricted the gains. The tense political scenarios of Spain and Italy kept European markets weak. The fall was cushioned by upbeat quarterly earnings.
- Fear of U.S. and China trade war resurfaced and pressurised Asian markets. Political uncertainty in Italy and U.S. President's change in stance over talks with North Korea kept investors weary.
- Indian equity markets managed to end flat in the midst of high volatility. Other than the global factors of fears of trade war, Korean issue, U.S. sanctions on Iran, Karnataka polls kept market participants jittery.
- Bond yields rose following increase in global crude oil prices and increase in domestic inflationary pressures. Losses were restricted when the Reserve Bank of India (RBI) relaxed rules for foreign investment in government securities.
- Global crude oil prices have gone up sharply over the year which has raised concern of fiscal slippage and worries that domestic inflationary pressure may continue to remain at elevated levels. Under the given set of events, market participants will await as to what stance the MPC adopts in its upcoming monetary policy review. On the global front, the stance that the U.S. Federal Reserve adopts in Jun will also remain in sharp focus given the fact that the U.S. Federal Reserve kept interest rates on hold in May. Developments in global financial markets is also expected to impact the buying behaviour of foreign portfolio investors which in turn may influence the overall market sentiment.

Key Economic Indicators		
Indicators	Current	Previous
WPI (Apr-18)	3.18%	2.47%
IIP (Mar-18)	4.40%	7.00%
CPI (Apr-18)	4.58%	4.28%

Source: Thomson Reuters Eikon

### Indian economy grew 7.7% in Q4FY18

- Government data showed that Gross Domestic Product (GDP) at 2011-12 prices of the Indian economy witnessed a growth of 7.7% on a yearly basis in the fourth quarter (Q4) of FY18, up from a revised growth of 5.6%, 6.3% and 7.0%, in the first three quarters of FY18, respectively. India, thus, surpassed China's growth of 6.8% in the same time. For FY18, the Indian economy grew 6.7% on a yearly basis.
- On the sectoral front, agriculture, forestry & fishing, manufacturing and construction witnessed a growth of 4.5%, 9.1% and 11.5%, respectively. Public administration, defense and other services witnessed a maximum growth of 13.3% while mining and quarrying sector saw a minimum growth of 2.7%.

### India's fiscal deficit for FY18 accounted 3.53% of GDP

- India's fiscal deficit for FY18 accounted 3.53% of GDP. The revenue deficit accounted 2.65% of GDP while the effective revenue deficit accounted 1.50% of GDP. In absolute terms, India's fiscal deficit stood at Rs. 5.92 lakh crore or 99.5% of the budget estimates. The government's total expenditure stood at Rs. 21.43 lakh crore or 96.6% of the budget estimate. The net tax revenue stood at Rs. 12.43 lakh crore or 97.9% of the budget estimates.

### India's retail inflation grew 4.58% in Apr 2018

- The Consumer Price Index (CPI)-based inflation or retail inflation grew 4.58% in Apr 2018, up from 4.28% in Mar 2018 and from 2.99% in Apr 2017. The retail inflation growth remained above the RBI's medium-term target of 4% for the sixth consecutive month. The Consumer Food Price Index also grew 2.80% in Apr 2018, down from 2.81% in the previous month and up from 0.61% in the same month of the previous year.

### India's Index of Industrial Production grew 4.4% in Mar 2018

- India's Index of Industrial Production (IIP) marked a five-month low at 4.4% YoY in Mar 2018 as against downwardly revised growth of 7.0% (7.1% originally reported) in Feb 2018. IIP growth in Mar 2018 was the same as in Mar 2017. The manufacturing sector surged 4.4% in Mar from 3.3% growth in the same period of the previous year. However, IIP growth for the Apr 2017-Mar 2018 period slowed to 4.3% from 4.6% in the same period of the previous fiscal.

### India's trade deficit widened in Apr 2018

- India's export during Apr 2018 grew 5.17% YoY to \$25.91 billion from \$24.64 billion in Apr 2017. Meanwhile, imports grew 4.60% YoY to \$39.63 billion in Apr 2018 from \$37.88 billion in the same period of the previous year. Trade deficit widened to \$13.72 billion in Apr 2018 as against \$13.25 billion in Apr 2017 and \$13.69 billion in Mar 2018.

## Equity Market

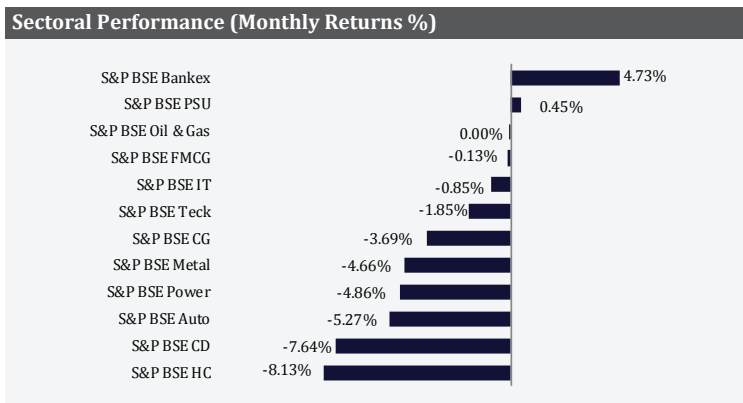
- Indian equity markets managed to end the month on a flattish note after witnessing considerable volatility. Key global events that impacted buying interest included the U.S.–China trade talks, the upcoming summit between U.S. and North Korea, U.S. sanctions on Iran, political uncertainty in Italy and Spain and the U.S. Federal Reserve’s (Fed) interest rate outlook. On the domestic front, the election results in Karnataka and the subsequent developments on the government formation in the southern state kept market participants jittery.
- During the month, S&P BSE Sensex inched up 0.46% to close at 35,322.38. Meanwhile, Nifty 50 closed flat at 10,736.15. S&P BSE Mid-Cap and S&P BSE Small-Cap fell 5.87% and 6.26%, respectively.
- U.S. markets initially got support on stronger global crude oil prices that gained following the U.S. President’s decision to withdraw from the Iran nuclear deal. Further, U.S. Labour Department’s stronger than expected job growth in May instilled confidence among investors about the strength of the U.S. economy to withstand further rate hikes. However, the upside was limited in the wake of the latest protectionist move adopted by the U.S administration.
- European markets traded along mixed lines during the month under review. Political situation in Italy and Spain initially weighed on the market sentiment. Later, markets breathed a sigh of relief after reports that Italy has managed to form a new government, thereby averting the prospects of the snap election. The Bank of England’s decision to maintain status quo on interest rates, but downgrading its growth outlook for the U.K. economy, also kept investors wary. The U.S. government’s protectionist moves further acted as a spoilsport. However, a slew of upbeat quarterly earnings from industry majors restricted the fall.
- Asian markets remained subdued as speculations over a global trade war resurfaced on media reports stating that U.S. is considering imposing new duties on automobile imports and is likely to impose steel and aluminium tariffs on Canada, Mexico and the European Union. Political uncertainty in Italy also raised concerns although later two political parties renewed efforts to form a coalition government. U.S. President cancelling the planned historic summit with North Korea too kept investors wary. But in a latest development, the U.S. President indicated that the country is open to discussion with North Korea which provided some support to market sentiment.
- Investors will track the policy stance to be taken by the new coalition government in Karnataka. Global cues likely to impact buying interest include the latest protectionist move adopted by the U.S. President on the trade front. The rate hike stance of the U.S. Fed will continue to impact market sentiment. Meanwhile, stronger than expected U.S. jobs growth in May instilled confidence among investors about the strength of the U.S. economy to withstand further rate hikes. Investors will continue to focus on the political developments in Italy and Spain.

Domestic Indices Performance				
Indicators	31-May-18	30-Apr-18	Chg %	YTD%
S&P BSE Sensex	35,322	35,160	0.46	3.72
Nifty 50	10,736	10,739	-0.03	1.95
S&P BSE 200	4,654	4,724	-1.46	-0.52
Nifty Midcap 100	18,903	20,290	-6.84	-10.55
Nifty Dividend Opportunities 50	2,662	2,712	-1.82	0.93
S&P BSE Smallcap	17,249	18,402	-6.26	-10.30

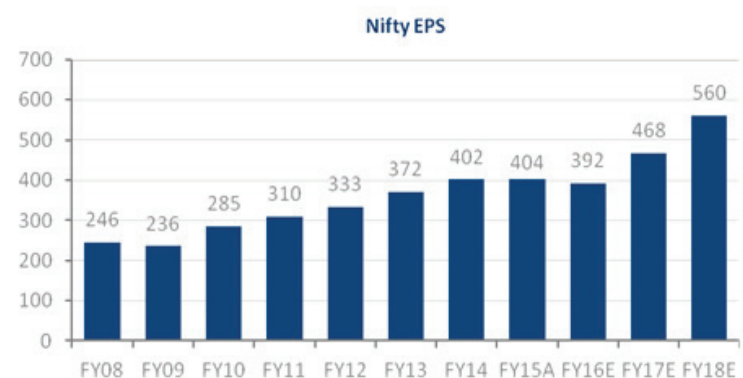
Source: Thomson Reuters Eikon

Global Indices Performance				
Global Indices	31-May-18	30-Apr-18	Chg %	YTD%
Dow Jones	24,416	24,163	1.05	-1.23
FTSE	7,678	7,509	2.25	-0.12
CAC	5,398	5,521	-2.21	1.62
Hang Seng	30,469	30,808	-1.10	1.84
SSE Composite Index	3,095	3,082	0.43	-6.40

Source: Thomson Reuters Eikon



Source: Thomson Reuters Eikon



Institutional Flows (Equity) As on May 31, 2018				
(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows*	108,111	118,171	-10,060	-1,214
MF Flows	68,740	55,121	13,618	59,484
DII Flows	87,103	72,049	15,054	48,471

Source: NSDL, NSE & SEBI; \* As on May 31, 2018

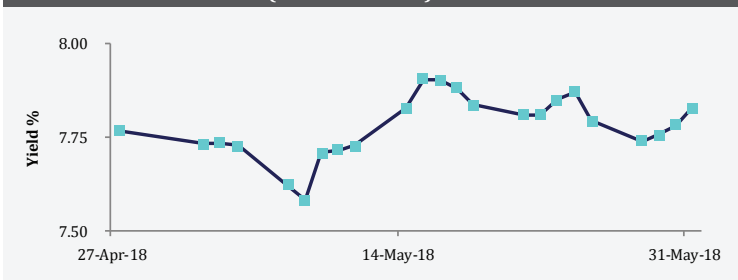
## Debt Market

- Bond yields rose in May following an increase in global crude oil prices and more than expected increase in domestic inflationary pressures in Apr 2018. Political uncertainty in Italy, weakness in rupee and absence of positive triggers in the domestic debt market also had a bearing on the market sentiment. However, further losses were restricted after global crude oil prices fell to some extent at the end of the month and RBI relaxed rules for foreign investment in government securities.
- Yield on the 10-year benchmark bond (7.17% GS 2028) rose 6 bps to close at 7.83% from the previous month's close of 7.77% after moving within a wide range of 7.55% to 7.95%.
- Yield on gilt securities increased across maturities in the range of 2 bps to 29 bps. Yield on corporate bonds increased across maturities in the range of 11 bps to 47 bps. Difference in spread between AAA corporate bond and gilt expanded across maturities in the range of 2 bps to 18 bps.
- Market participants will track as to what stance the MPC adopts in its monetary policy review in Jun 2018 given the fact that global crude oil prices have gone up sharply and retail inflation continues to remain above the central bank's inflation target for the sixth consecutive month. In addition the movement of the rupee against the greenback, stance adopted by foreign portfolio investors will also remain in sharp focus. The progress of monsoons and steps that both state and central government adopts to adhere to the fiscal consolidation roadmap is also expected to dictate the bond yield trajectory to some extent.

## Currency and Commodity Market

- The Indian rupee weakened against the U.S. dollar and touched 16-month low but retreated to some extent at the end. Rupee fell due to continuous demand for greenback from oil importers and corporates. Market sentiment dampened following increase in global crude oil prices. Rupee fell further as obstructions in trade talks between the U.S. and China renewed fears of trade war. Losses in the domestic equity markets following a global sell off amid political crisis and uncertainty over Italy's membership of the euro also hurt the domestic currency.
- Initially, Brent crude prices gained and traded at more than three-year-high level of \$81 per barrel after the U.S. decided to withdraw from a nuclear deal with Iran. This raised concerns over supply disruptions from Middle East and ignited geopolitical tensions in the region. However, the upside was limited after the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC country Russia indicated to raise production level to meet the shortfall in supply from Iran and Venezuela.

### 10-Year Benchmark Bond (7.17% GS 2028) Movement



Source: Thomson Reuters Eikon

### Spread Movement

Spreads		AAA	AA	A
31-May-18	1 Yr	130	152	201
	3 Yr	72	103	207
	5 Yr	65	100	263
27-Apr-18	1 Yr	112	137	211
	3 Yr	58	101	220
	5 Yr	51	95	265

Source: Thomson Reuters Eikon

Yield (%)	31-May-18	27-Apr-18
10 Year G-Sec	7.83	7.77
5 Year G-Sec	7.83	7.78
3 Year G-Sec	7.691	7.57

### Certificate of Deposit

3-Month	7.40	7.07
6-Month	8.05	7.56
9-Month	8.00	7.55
12-Month	8.23	7.71

### Commercial Papers

3-Month	7.95	7.40
6-Month	8.40	7.70
12-Month	8.60	8.00

Source: Thomson Reuters Eikon

Treasury Bill	31-May-18	27-Apr-18
91 Days	6.40	6.19
364 Days	6.90	6.45

### Event Calendar

Release Date	Release Date	Country
06-Jun-18	Second Bi-Monthly Monetary Policy Review	India
13-Jun-18	Fed Interest Rate Decision	U.S.
14-Jun-18	ECB Interest Rate Decision	Euro Zone
15-Jun-18	Bank of Japan Monetary Policy Review	Japan
21-Jun-18	Bank of England Monetary Policy Review	U.K.



# IIFL Focused Equity Fund (Formerly known as IIFL India Growth Fund)

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



## Investment Objective

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

## Fund Manager Mr. Prashasta Seth

Mr. Seth has over 16 years of experience in the financial services industry. He is an MBA from IIM Ahmedabad and B Tech from IIT Kanpur. His previous assignments include a stint in JP Morgan, London and heading Irevna (a Standard & Poor's company). Mr. Seth has been managing scheme since November 03, 2016.

## Fund Details

<b>Date of Allotment</b>	: October 30, 2014
<b>Bloomberg Code</b>	: IIFGRRG IN
<b>Benchmark Index</b>	: Nifty 50 TRI
<b>Plans Offered</b>	: Regular & Direct
<b>Options Offered</b>	: Growth & Dividend
<b>Minimum Application:</b>	
<b>New Purchase</b>	: ₹5,000 and in multiples of ₹100 thereafter
<b>Additional Purchase</b>	: ₹1,000 and in multiples of ₹100 thereafter
<b>Monthly SIP Option</b>	: ₹1,000 per month for a minimum period of 6 months
<b>Quarterly SIP Option:</b>	₹1,500 per quarter for a minimum period of 4 quarters
<b>Entry Load</b>	: NIL
<b>Exit Load</b>	: 2% - if redeemed/switched out, on or before 2 months from the date of allotment w.e.f. November 16, 2017
<b>Dematerialization</b>	: D-Mat Option Available
<b>Portfolio Turnover Ratio (based on 1 year monthly data)</b>	: 1.98 times

## NAV as on May 31, 2018

<b>Regular - Growth</b>	: ₹14.6887
<b>Regular - Dividend</b>	: ₹12.9953
<b>Direct - Growth</b>	: ₹15.3131
<b>Direct - Dividend</b>	: ₹15.1162

## AUM as on May 31, 2018

<b>Net AUM</b>	: ₹ 241.95 crore
<b>Monthly Average AUM</b>	: ₹ 244.33 crore

## Expense Ratio (Weighted Average for the month)

<b>Regular Plan</b>	: 2.67% p.a.
<b>Direct Plan</b>	: 1.11% p.a.

## Volatility Measures Fund Benchmark

<b>Std. Dev (Annualised)</b>	14.48%	12.22%
<b>Sharpe Ratio</b>	0.43	1.44
<b>Portfolio Beta</b>	0.92	1.00
<b>R Squared</b>	0.80	NA
<b>Treynor</b>	0.07	0.04

## Portfolio as on May 31, 2018

Company Name	Industry	% to Net Assets
<b>Equity &amp; Equity Related Total</b>		
Bajaj Finance Limited	Finance	8.15
HDFC Bank Limited	Banks	7.73
CESC Limited	Power	6.96
Merck Limited	Pharmaceuticals	6.27
Tech Mahindra Limited	Software	5.42
Tata Global Beverages Limited	Consumer Non Durables	5.33
IIFL Holdings Limited	Finance	5.32
Infosys Limited	Software	5.09
State Bank of India	Banks	4.95
Sun Pharmaceutical Industries Limited	Pharmaceuticals	4.45
SBI Life Insurance Company Limited	Finance	4.15
Dalmia Bharat Limited	Cement	3.66
Tata Motors Ltd DVR Shares	Auto	3.49
Bajaj Finserv Limited	Finance	3.25
Cholamandalam Investment and Finance Company Limited	Finance	3.16
Shankara Building Products Limited	Ferrous Metals	3.14
Zensar Technologies Limited	Software	3.00
Ujivan Financial Services Limited	Finance	2.94
Reliance Nippon Life Asset Management Limited	Finance	2.68
Bandhan Bank Limited	Banks	2.59
The Federal Bank Limited	Banks	2.42
Quess Corp Limited	Commercial Services	2.18
Shalby Limited	Healthcare Services	1.83
GlaxoSmithKline Consumer Healthcare Limited	Consumer Non Durables	0.69
Peninsula Land Limited	Construction	0.52
CBLO		0.51
<b>Sub Total</b>		<b>99.88</b>
Net Receivables / (Payables)		0.12
<b>Portfolio Total</b>		<b>100.00</b>

## Scheme Performance

	31-May-17 to 31-May-18	PTP (₹)	31-May-15 to 31-May-18	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	9.75%	10,975	10.09%	13,353	11.32%	14,690
IIFL Focused Equity Fund - Dir - Growth	11.43%	11,143	11.36%	13,822	12.62%	15,315
Benchmark*	13.30%	11,330	9.79%	13,244	9.22%	13,720
Additional Benchmark**	15.08%	11,508	9.81%	13,251	8.81%	13,536

Past performance may or may not be sustained in future.

Different plans shall have different expense structure.

As on May 31, 2018; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000; Since Inception date is 30-Oct-2014; \*Nifty 50 TRI; \*\* S&P BSE Sensex TRI; Managed by the fund manager since November 03, 2016; Scheme has been in existence for more than 3yrs but less than 5yrs.

The performance of the scheme is benchmarked to the Total Return variant of the Index.

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

	31-May-17 to 31-May-18	31-May-15 to 31-May-18	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	4,20,000
Total Value as on May 31, 2018(₹)	1,21,234	4,31,251	5,11,587
Returns	1.92%	12.10%	11.30%
Total Value of Benchmark: Nifty 50 TRI (₹)	1,27,190	4,47,026	5,25,326
Benchmark: Nifty 50 TRI	11.35%	14.60%	12.86%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,29,137	4,51,137	5,29,287
Additional Benchmark: S&P BSE Sensex TRI	14.49%	15.24%	13.31%

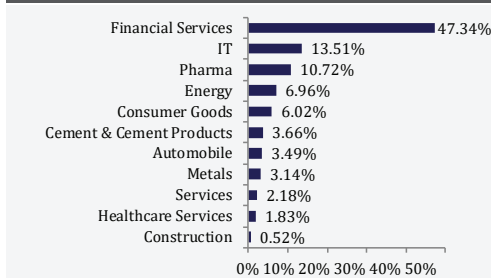
(Inception date :30-Oct-2014) (First Installment date : 01-Dec-2014)

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 03, 2016. The performance of the scheme is benchmarked to the Total Return variant of the Index.

## Dividend Details

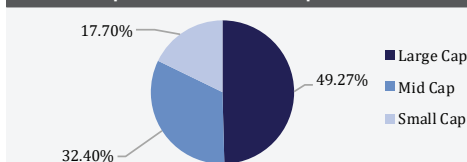
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

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



^^Sector allocation as per AMFI classification

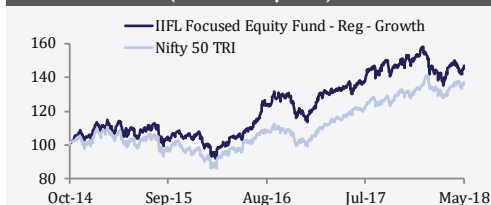
## Market Capitalisation wise Exposure<sup>^</sup>



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

^As on May 31, 2018

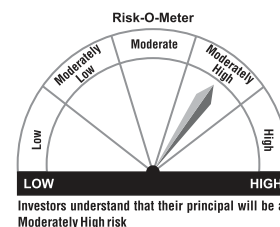
## NAV Movement (Since Inception) Rebased to 100



## 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.



Investors understand that their principal will be at Moderately High risk

## Fund Commentary

In the month of May we saw extreme volatility in the market as the political outcome in Karnataka played with the sentiment of investors as fear of a strong opposition building up going into 2019 elections seems to be bothering everyone. Corporate earnings has been better than most estimates in Q4FY18 with Nifty 50 earnings growing by roughly 16-17% ex-financials. We believe this is a strong set of numbers from Corporate India and going by our projections we believe this number will get stronger in FY19.

In the near term, we believe Indian equity markets would be impacted by two key drivers: Depreciating Currency and Rising Crude Oil prices. On one hand Rupee has been making new lows and has crossed 68 while Oil has been making new highs and crossed 80, thereby giving difficult times for our economic planners. We believe both of these have reached their inflection points in the near term and we could see some improvement on this macro front. Monsoons would be hitting our shores in coming month and that could be a sentimental booster for markets in the short term.

Major gainers in the portfolio during the month of May'18 were Merck Limited (+11.1%), Bajaj Finance (+10.6%), HDFC Bank (+10.7%), State Bank of India (+9.4%) and Tech M (+6.2%). Major drags in the portfolio were Tata Global (-9.5%), IIFL Holdings (-8.9%), Tata Motors DVR (-11.9%), Sun Pharma (-9.1%), and Dalmia Bharat (-10.6%).

## Disclaimer

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

# IIFL Capital Enhancer Fund Series 1

(An Annual Interval Scheme investing in Equity and Equity Related Securities)

## Investment Objective

To achieve long term capital appreciation by investing in equity and equity related securities, with strategy of hedging the portfolio with Nifty 50 Put Option and other Equity derivatives. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

## Fund Manager Mr. Prashasta Seth

Mr. Seth has over 16 years of experience in the financial services industry. He is an MBA from IIM Ahmedabad and B Tech from IIT Kanpur. His previous assignments include a stint in JP Morgan, London and heading Irevna (a Standard & Poor's company). Mr. Seth has been managing scheme since inception.

## Fund Details

<b>Date of Allotment</b>	: May 14, 2018
<b>Bloomberg Code</b>	: IICE1RG IN
<b>Benchmark Index</b>	: CRISIL Hybrid 35+65- Aggressive Index
<b>Plans Offered</b>	: Regular & Direct
<b>Options Offered</b>	: Growth & Dividend
<b>Entry Load</b>	: NIL
<b>Exit Load</b>	: NIL

## NAV as on May 31, 2018

<b>Regular - Growth</b>	: ₹10.0022
<b>Regular - Dividend</b>	: ₹10.0022
<b>Direct - Growth</b>	: ₹10.0084
<b>Direct - Dividend</b>	: ₹10.0084

## AUM as on May 31, 2018

<b>Net AUM</b>	: ₹ 460.28 Crore
<b>Monthly Average AUM</b>	: ₹ 265.50 Crore

## Expense Ratio (Weighted Average for the month)

<b>Regular Plan</b>	: 2.42%
<b>Direct Plan</b>	: 1.15%

## Volatility Measures# Fund Benchmark

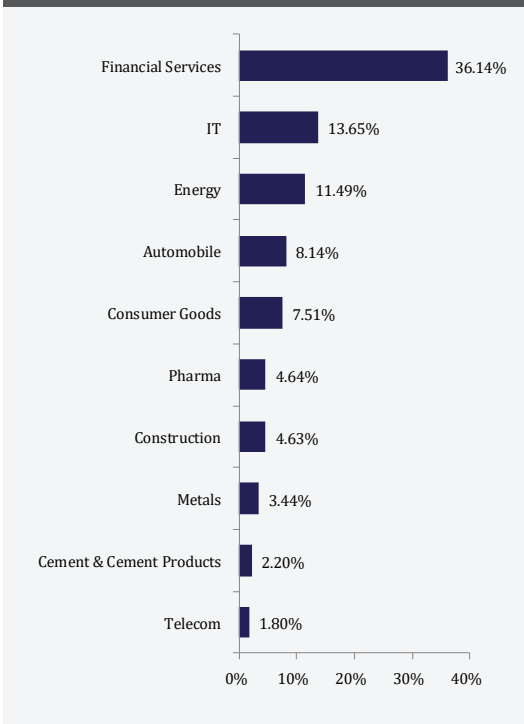
<b>Std. Dev (Annualised)</b>	NA	NA
<b>Sharpe Ratio</b>	NA	NA
<b>Portfolio Beta</b>	NA	NA
<b>R Squared</b>	NA	NA
<b>Treynor</b>	NA	NA

#Since the scheme has not completed 3 years volatility measures has not been provided.

## Portfolio as on May 31, 2018

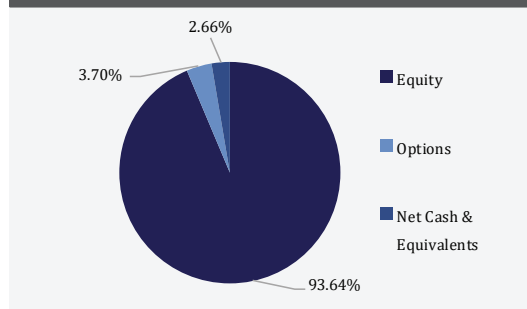
Company Name	Industry	% to Net Assets
<b>Equity &amp; Equity Related Total</b>		
HDFC Bank Limited	Banks	9.84%
Reliance Industries Limited	Petroleum Products	6.55%
Infosys Limited	Software	5.87%
Housing Development Finance Corporation Limited	Finance	5.34%
Bajaj Finance Limited	Finance	5.19%
Kotak Mahindra Bank Limited	Banks	4.92%
IndusInd Bank Limited	Banks	4.80%
Sun Pharmaceutical Industries Limited	Pharmaceuticals	4.64%
Larsen & Toubro Limited	Construction Project	4.63%
Tech Mahindra Limited	Software	4.02%
Tata Consultancy Services Limited	Software	3.76%
ICICI Bank Limited	Banks	3.46%
Mahindra & Mahindra Limited	Auto	3.01%
Asian Paints Limited	Consumer Non Durables	2.83%
Maruti Suzuki India Limited	Auto	2.73%
Hindustan Petroleum Corporation Limited	Petroleum Products	2.72%
ITC Limited	Consumer Non Durables	2.68%
Bajaj Finserv Limited	Finance	2.59%
Tata Motors Limited	Auto	2.40%
Power Grid Corporation of India Limited	Power	2.22%
Grasim Industries Limited	Cement	2.20%
Hindustan Unilever Limited	Consumer Non Durables	2.00%
Hindalco Industries Limited	Non - Ferrous Metals	1.80%
Bharti Airtel Limited	Telecom - Services	1.80%
Vedanta Limited	Non - Ferrous Metals	1.64%
Nifty 50 Index 10800 Put June 2019 Option		1.93%
Nifty 50 Index 10700 Put June 2019 Option		1.77%
CBLO		2.63%
<b>Sub Total</b>		<b>99.97%</b>
Net Receivables / (Payables)		0.03%
<b>Portfolio Total</b>		<b>100.00%</b>

## Sector Allocation^^

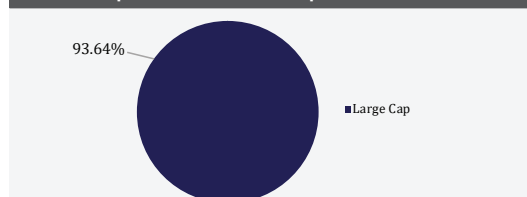


^^Sector allocation as per AMFI classification

## Asset Allocation^



## Market Capitalisation wise Exposure^



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

^As on May 31, 2018

## HEDGING- UPDATE

The Scheme has invested in the equity portfolio during a period where the Nifty 50 was trading at ~10750 levels.

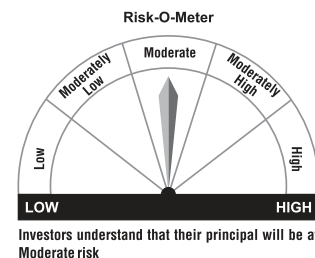
As long dated Nifty 50 puts can only be purchased at a strike price in the multiples of Rs. 100, the Scheme has partially purchased Nifty 50 Puts at 10700 and 10800 strike prices respectively.

Therefore, the annualised cost of buying the put is ~3.87%

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

- Long Term Capital Growth
- Investments in equity and equity related securities with a Strategy of hedging by buying NIFTY 50 Put Option and other Equity derivatives.

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



## Disclaimer

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

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## Investment Objective

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

## Fund Manager Mr. Ankur Parekh

Mr. Ankur Parekh has over 15 years of work experience in the Fixed income securities market. His previous experience include working with SBI DFHI primary Dealership firm and DBS Cholamandalam AMC. Prior to joining IIFL AMC he was associated with Reliance Capital AMC as Fund Manager - EPFO for seven years. He is commerce graduate and has done his Masters in Business Administration from Bharthihaar University, Tamilnadu. Mr Parekh has been managing the scheme since March 08, 2017.

## Fund Details

**Date of Allotment** : June 24, 2013  
**Bloomberg Code** : IIFDBDBIN  
**Benchmark Index** : CRISIL Composite Bond Fund Index  
**Plans Offered** : Regular & Direct  
**Options Offered** : Growth & Dividend

**Minimum Application Amount** :  
**New Purchase** : ₹10,000 and in multiples of ₹100 thereafter

**Additional Purchase** : ₹1,000 and in multiples of ₹100 thereafter

**Monthly SIP Option** : ₹1,000 per month for a minimum period of 6 months

**Quarterly SIP Option** : ₹1,500 per quarter for a minimum period of 4 quarters

**Entry Load** : Nil  
**Exit Load** : 1% - if redeemed/switched out, on or before 18 months from the date of allotment and Nil - if redeemed/switched out after 18 months from the date of allotment. w.e.f October 10, 2017

**Dematerialization** : D-Mat Option Available  
**Asset Allocation** :

Debt Market Instruments : 0% to 100%  
 Money Market Instruments : 0% to 100%  
 Units issued by REITs & InvITs : 0% to 10%

## NAV as on May 31, 2018

**Regular Plan Growth** : ₹13.8646  
**\*Regular Plan Bonus** : ₹13.8646  
**Regular Quarterly Dividend** : ₹13.3792  
**\*Regular Half Yearly Dividend** : ₹13.3792  
**\*Regular Monthly Dividend** : ₹11.2933  
**Direct Plan Growth** : ₹14.2241  
**Direct Monthly Dividend** : ₹11.6247

\*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 May 31, 2018

**Net AUM** : ₹ 445.42 crore  
**Monthly Average AUM** : ₹ 425.97 crore

## Expense Ratio (Weighted Average for the month)

**Regular Plan** : 1.33% p.a.  
**Direct Plan** : 0.68% p.a.

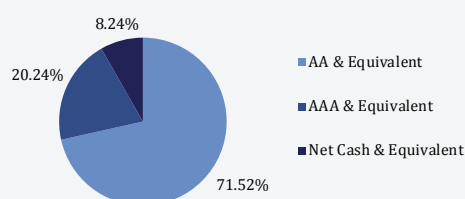
## Statistical Debt Indicators

**Modified Duration** : 2.03 years  
**Average Maturity** : 2.44 years  
**Yield to Maturity** : 8.94%

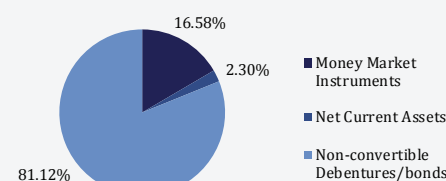
## Portfolio as on May 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
<b>Debt Instruments</b>					
<b>Non-Convertible Debentures/Bonds</b>			<b>81.12</b>		
9.55% Hindalco Industries Limited	CRISIL AA	5.74	ECL Finance Limited	CARE AA	1.33
9.57% Grand View Estates Private Limited	ICRA AA(SO)	5.60	8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.10
4.00% HPCL Mittal Energy Limited	ICRA AA	5.45	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.67
9.00% State Bank of India	CRISIL AA+	5.59	12.75% India Infoline Finance Limited	CRISIL AA	0.57
8.50% Vedanta Limited	CRISIL AA	5.54	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.53
8.75% Muthoot Finance Limited	CRISIL AA	5.53	9.15% SP Jammu Udhampur Highway Limited	ICRA AAA(SO)	0.41
8.25% EID Parry India Limited	CRISIL AA-	5.30	8.85% HDFC Bank Limited	CRISIL AA+	0.36
JM Financial Credit Solution Limited	ICRA AA	4.52	National Bank For Agriculture and Rural Development	CRISIL AAA	0.35
Aditya Birla Fashion and Retail Limited	CRISIL AA	3.77	9.45% State Bank of India	CRISIL AAA	0.01
10.25% Hansdeep Industries & Trading Company Limited	CARE AA(SO)	3.40	<b>Certificate of Deposit</b>		
8.1352% Bajaj Housing Finance Limited	CRISIL AAA	3.30			<b>10.64</b>
9.75% Edelweiss Housing Finance Limited	ICRA AA	3.21	IndusInd Bank Limited	CRISIL A1+	5.33
8.75% Axis Bank Limited	CRISIL AA+	2.83	National Bank For Agriculture and Rural Development	CRISIL A1+	5.31
9.15% Birla Corporation Limited	ICRA AA	2.57	<b>CBLO / Reverse Repo</b>		
11.8% Tata Steel Limited	CARE AA-	2.38	CBLO		5.94
9.80% ECL Finance Limited	ICRA AA	2.25	<b>Sub Total</b>		
8.32% Power Grid Corporation of India Limited	CRISIL AAA	2.24	Net Current Assets		<b>97.70</b>
7.90% Piramal Enterprises Limited	ICRA AA	2.19	Portfolio Total		<b>100.00</b>
8.15% Energy Efficiency Services Limited	ICRA AA	2.19			
7.63% PNB Housing Finance Limited	CARE AAA	2.19			

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



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



## Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Cum Dividend)	Direct Plan NAV (₹) (Cum Dividend)
29-May-18	0.05	11.3012	11.6324
24-Apr-18	0.05	11.3809	11.7057
27-Mar-18	0.05	11.4277	11.7467
<b>Quarterly Dividend Plan</b>			
04-Jun-15	0.4	11.4678	11.5708
<b>Half Yearly Dividend Plan</b>			
04-Jun-15	0.4	11.4678	

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

## Scheme Performance

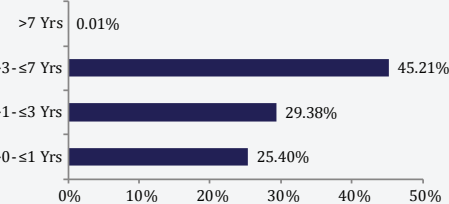
	31-May-17 to 31-May-18	PTP (₹)	31-May-15 to 31-May-18	PTP (₹)	Since Inception <sup>§</sup>	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	5.18%	10,518	6.57%	12,110	6.84%	13,863
IIFL Dynamic Bond Fund - Dir - Growth	5.79%	10,579	7.14%	12,306	7.40%	14,226
Benchmark*	2.44%	10,244	7.36%	12,382	7.74%	14,449
Additional Benchmark**	-2.39%	9,761	5.51%	11,751	5.44%	12,989

Past performance may or may not be sustained in future

Different plans shall have different expense structure

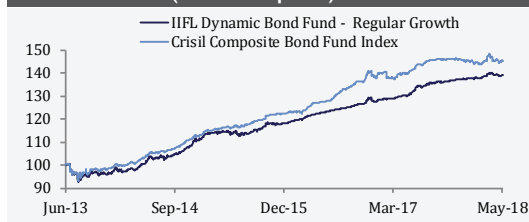
As on May 31, 2018\* Crisil Composite Bond Fund Index, \*\* Crisil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date : § Inception date 24-June-2013; Scheme has been in existence for more than 3 years but less than 5 years; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain

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



<sup>^</sup>As on May 31, 2018

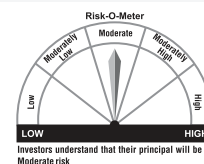
## NAV Movement (Since Inception) Rebased to 100



## 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.



Investors understand that their principal will be at Moderate risk

## Fund Commentary

- Bond yields rose in May following an increase in global crude oil prices and more than expected increase in domestic inflationary pressures in Apr 2018. Political uncertainty in Italy, weakness in rupee and absence of positive triggers in the domestic debt market had a bearing on the market sentiment. However, further losses were restricted after global crude oil prices fell to some extent at the end of the month and Reserve Bank of India (RBI) relaxed rules for foreign investment in government securities. Domestic liquidity conditions were tightened to some extent in Apr & May 2018 but moving forward with the backbone of government's front-loaded spending and unwinding of forwards in forex markets is likely to improve liquidity in forthcoming months from the current scenario. Yield on the 10-year benchmark bond (7.17% GS 2028) rose 6 bps to close at 7.83% from the previous month's close of 7.77% after moving within a wide range of 7.55% to 7.95%.
- In United States Of America, Federal open market committee(FOMC) left interest rates unchanged, marking expected inflation to run near the committee's symmetric 2 percent objective over the medium term. The 10 year US Treasury yields tracking the action eased a bit to settle below 3 percent mark. Surge in global crude oil prices has once again raised fears of fiscal slippage as it is expected to have a cascading effect on India's import bill and hence will remain in sharp focus. In addition, movement of the rupee against the greenback and stance adopted by foreign portfolio investors will be closely tracked as they all will have a direct bearing on the bond yield trajectory. Future actions of the central bank will be data dependent, considering the current rise in petrol prices and its impact on inflation which is already on the rising path. The Minimum support price (MSP) increase and its impact on fiscal situation will be closely monitored by RBI.
- In this scenario, given the lingering uncertainty on macro and geo-political front we continue our view of positioning at the front-end of the curve with a moderate defensive outlook as rate trajectory is likely to be volatile. The incremental positioning may be executed in certain pockets of yield curve if it offers value in terms of attractive spreads between low duration high carry bonds and overnight funding rates. The scheme aims to maintain relatively high running yields and moderate to low duration, so to benefit out of the steep yield curve. However, any changes in the macro-economic environment is being continuously tracked for suitable change of stance should the situation require so.

## Disclaimer

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

## Investment Objective

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

## Fund Manager **Mr. Ankur Parekh**

Mr. Ankur Parekh has over 15 years of work experience in the Fixed income securities market. His previous experience include working with SBI DFHI primary Dealership firm and DBS Cholamandalam AMC. Prior to joining IIFL AMC he was associated with Reliance Capital AMC as Fund Manager – EPFO for seven years. He is commerce graduate and has done his Masters in Business Administration from Bharthihar University, Tamilnadu. Mr Parekh has been managing the scheme since March 08, 2017.

## Fund Details

**Date of Allotment** : November 13, 2013  
**Benchmark Index** : CRISIL Liquid Fund Index  
**Plans Offered** : Regular & Direct  
**Options Offered** : Growth & Dividend  
**Minimum Application:**  
**New Purchase** : ₹5,000 and in multiples of ₹100 thereafter  
**Additional Purchase** : ₹1,000 and in multiples of ₹100 thereafter

**Monthly SIP Option** : ₹1,000 per month for a minimum period of 6 months

**Quarterly SIP Option** : ₹1,500 per quarter for a minimum period of 4 quarters

**Entry / Exit Load** : NIL  
**Dematerialization** : D-Mat Option Available

**Asset Allocation** : Money market and debt instruments with residual maturity up to 91 days

## NAV as on May 31, 2018

**Regular Plan Growth** : ₹1380.8485  
**Regular Plan Weekly** : ₹1005.3733  
**Dividend**  
**Regular Plan Daily** : ₹1000.1145  
**Dividend**  
**Direct Plan Growth** : ₹1384.0001  
**Direct Plan Dividend** : ₹1000.0427

## AUM as on May 31, 2018

**Net AUM** : ₹ 424.33 crore  
**Monthly Average AUM** : ₹ 318.50 crore

## Expense Ratio (Weighted Average for the month)

**Regular Plan** : 0.25% p.a.  
**Direct Plan** : 0.20% p.a.

## Statistical Debt Indicators

**Modified Duration** : 23 days  
**Average Maturity** : 25 days  
**Yield to Maturity** : 6.86%

## Portfolio as on May 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
<b>Money Market Instruments</b>			Tata Motors Finance Limited	CARE A1+	5.82%
<b>Certificate of Deposit</b>			Reliance Industries Limited	CARE A1+	5.82%
Kotak Mahindra Bank Limited	CRISIL A1+	5.88%	Aditya Birla Housing Finance Limited	ICRA A1+	5.82%
ICICI Bank Limited	ICRA A1+	5.87%	Cholamandalam Investment and Finance Company Limited	ICRA A1+	5.78%
Axis Bank Limited	ICRA A1+	5.87%	National Bank For Agriculture and Rural Development	CRISIL A1+	3.53%
The South Indian Bank Limited	CRISIL A1+	5.87%	<b>Sub Total</b>		<b>44.41%</b>
IDFC Bank Limited	ICRA A1+	5.85%	<b>CBLO / Reverse Repo</b>		
IDFC Bank Limited	ICRA A1+	2.36%	CBLO		23.30%
<b>Sub Total</b>		<b>31.70%</b>	<b>Sub Total</b>		<b>23.30%</b>
<b>Commercial Paper</b>			Net Receivables / (Payables)		0.59%
Aditya Birla Finance Limited	ICRA A1+	5.89%	<b>Portfolio Total</b>		<b>100.00%</b>
Piramal Enterprises Limited	ICRA A1+	5.88%			
Gruh Finance Limited	CRISIL A1+	5.87%			

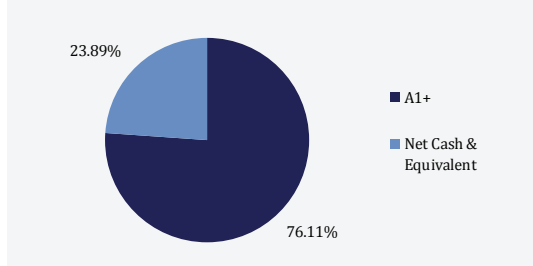
## Scheme Performance

	31-May-17 to 31-May-18	PTP (₹)	31-May-15 to 31-May-18	PTP (₹)	Since Inception <sup>§</sup>	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.40%	10,640	6.86%	12,205	7.35%	13,807
IIFL Liquid Fund - Dir - Growth	6.45%	10,645	6.91%	12,222	7.41%	13,842
Benchmark*	6.88%	10,688	7.25%	12,339	7.88%	14,119
Additional Benchmark**	6.44%	10,644	6.86%	12,058	7.57%	13,442

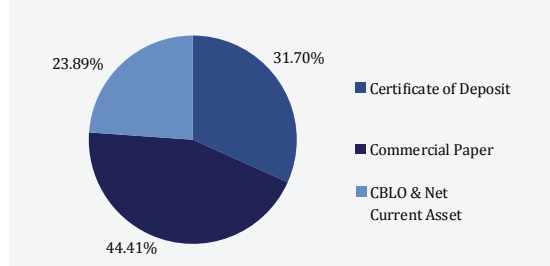
Past performance may or may not be sustained in future  
 Different plans shall have different expense structure

As on May 31, 2018\* Crisil Liquid Fund Index,\*\* Crisil 91 Day T-Bill Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000 made on the \$ inception date 13-Nov-2013; Scheme has been in existence for more than 3 years but less than 5 years; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain

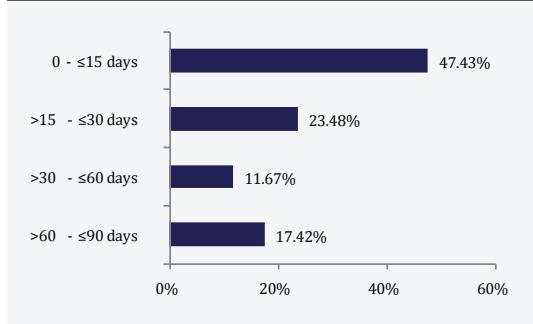
## Composition by Rating<sup>^</sup>



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

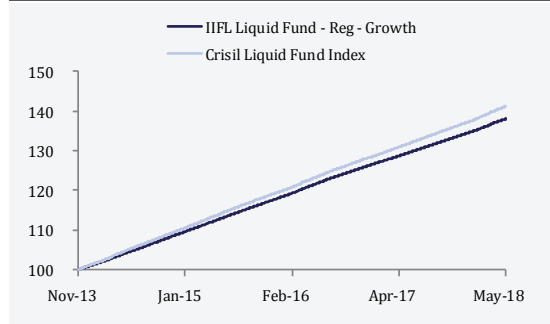


## Maturity Profile<sup>^</sup>



<sup>^</sup>As on May 31, 2018

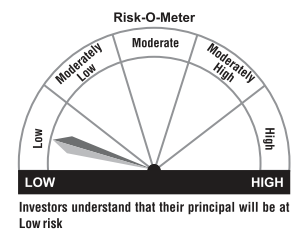
## NAV Movement (Since Inception) Rebased to 100



## 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.



## GLOSSARY OF TERMS

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

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.