

MONTHLY FACTSHEET

NOVEMBER 2018



Macro Economy & Event Update

- Major global markets witnessed decline in Oct 2018. Disappointing corporate earnings for the quarter ended Sep 2018 and rising geopolitical tensions were the main reasons behind the fall.
- Industry majors posting lukewarm earnings for the quarter ended Sep 2018 pulled U.S. markets down as it triggered worries of slowing economic growth. Trade tensions with China and dispute with Saudi Arabia over a prominent journalist's death made matters worse. Certain economic data came in weak, but the downside was limited by upbeat numbers on the industrial production in U.S. for Sep 2018 and homebuilder confidence in U.S. for Oct 2018.
- European markets were burdened by weakness in the U.S. markets and discouraging earnings of global companies for the quarter ended Sep 2018. Investors remained concerned over a probable hard Brexit and rejection of the Italian budget by the European Commission. The European Central Bank (ECB) keeping rates and outlook unchanged cushioned the fall.
- Asian markets were no different and fell during the period under review. Concerns over foreign fund outflow as U.S. Federal Reserve (Fed) seemed inclined to raise interest rates at a faster pace pulled markets down. Moreover, China's GDP growth for the third quarter of 2018 came in below market expectations which added to the woes.
- Indian equity markets too went along the lines of the global peers and lost in the period. Liquidity crisis as a leading company defaulted on debt payments hit the non-banking financial companies (NBFCs). Weakness in rupee against the greenback and rising crude oil prices added to the losses.
- Monetary Policy Committee's (MPC) decision to keep key policy repo rate unchanged at 6.50% was the reason behind fall in bond yields in the month. The Reserve Bank of India's (RBI) efforts at easing the liquidity situation by purchasing government securities through open market operations (OMOs) further pushed yields down.
- Moving forward, global crude oil prices and domestic inflationary pressures will dictate domestic bond yields to a large extent. Investors will keep their eyes on the liquidity situation to gauge the banking and financial services sectors. The movement of rupee against the greenback will also be closely tracked. U.S. Fed's stance on interest rate hikes, relations between European Union (EU) and Italy, trade relations between U.S. and China will be the impacting factors globally.

MPC changes its stance on monetary policy to "calibrated tightening" from neutral

- The MPC in its fourth bi-monthly monetary policy review for FY19 kept key policy repo rate on hold after it increased the same by 25 bps each in its two previous bimonthly policy reviews. The decision comes as MPC opted to keep inflation on a close vigil for the next few months. MPC voted 5:1 in favour of a status quo. However, it changed its stance on monetary policy to "calibrated tightening" from neutral that was in place since Feb 2017.

Fiscal deficit accounted 95.3% of the budgeted target for FY19 for Apr-Sep 2018 period

- India's fiscal deficit for Apr-Sep 2018 period came in at Rs. 5.95 lakh crore, or 95.3% of the budgeted target for FY19 against 91.3% in the corresponding period of the previous year. Net tax revenue for Apr-Sep 2018 period was Rs. 5.83 lakh crore or 39.4% of the budget estimate for FY19 compared with 44.2% in the corresponding period of the previous year. The government's total expenditure for the period from Apr to Sep of 2018 stood at Rs. 13.04 lakh crore or 53.4% of the budget estimate for FY19 compared with 53.5% in the corresponding period of the previous year.

Retail inflation stood at 3.77% in Sep 2018

- India's Consumer Price Index (CPI)-based inflation or retail inflation stood at 3.77% in Sep 2018 compared with 3.69% in Aug 2018 and 3.28% in Sep 2017. The Consumer Food Price Index stood at 0.51% in Sep 2018 compared with 0.29% in the previous month and 1.25% in the same month of the previous year. The increase was because of surge in prices of food and beverages to 1.08% in Sep 2018 from 0.85% in Aug 2018. Inflation in pan, tobacco and intoxicants surged to 5.57% in Sep 2018 as against 5.34% in Aug 2018. Inflation in fuel and light remained steady at 8.47% in Sep 2018 as against Aug 2018.

India's Index of Industrial Production slowed in Aug 2018

- Index of Industrial Production slowed to 4.3% in Aug 2018 from a revised 6.5% (6.6% originally reported) in the previous month, marking a 3-month low. In the year-ago period, IIP had grown 4.8%. For the period Apr to Aug 2018, IIP grew 5.2% as against 2.3% in the same period of the previous year. The manufacturing sector grew 4.6% in Aug 2018 as against a growth of 3.8% in the same month of the previous year.

India's trade deficit contracted in Sep 2018

- India's trade deficit in Sep 2018 fell to \$13.98 billion as against \$17.39 billion in Aug 2018. Exports decreased 2.15% in Sep 2018 as against an increase of 19.21% in Aug 2018. Meanwhile, imports increased 10.45% in Sep 2018 as against an increase of 25.41% in Aug 2018. For the six months ended Sep 2018, trade deficit stood at \$94.32 billion, exports rose 12.54% and imports increased 16.16%.

Key Economic Indicators

Indicators	Current	Previous
WPI (Sep-18)	5.13%	4.53%
IIP (Aug-18)	4.30%	6.50%
CPI (Sep-18)	3.77%	3.69%

Source: Thomson Reuters Eikon

Equity Market

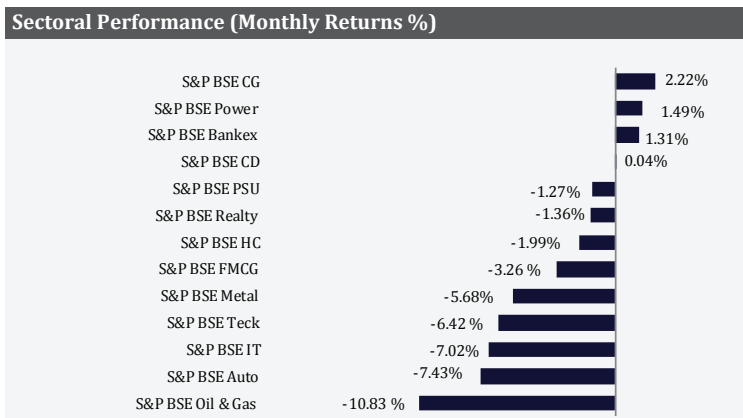
- Indian equity markets retreated with Sensex falling below the 36,000-level, dragged by weakness in the domestic currency against the greenback and strength in the global crude oil prices witnessed initially during the month. The outcome of MPC's monetary policy meeting too had a bearing on market sentiment. The rift between the RBI and the government over multiple issues including credit flow to micro, small and medium enterprises (MSMEs) and the liquidity squeeze on non-banking finance companies too added to the woes.
- U.S. markets moved down following disappointing Sep 2018 quarterly results of some major companies. Worries over slowing global economic growth, rising geopolitical tensions along with U.S.-China trade feud also weighed on sentiment. Lingering concerns over the interest rate outlook following the release of minutes of U.S. Federal Reserve's latest meeting further dented sentiment. However, further losses were restricted after industrial production in the U.S. increased in line with market expectations in Sep 2018 and homebuilder confidence of U.S. rose in Oct 2018.
- European markets fell after taking subdued cues from the Wall Street and disappointing Sep 2018 quarterly results of some major global companies. Investors remained cautious over a probable hard Brexit, rejection of the Italian budget by the European Commission, Fed's aggressive rate-hike stance, persistent trade tension between U.S. and China and concerns over slowing global economic growth. However, some respite was seen after ECB left its interest rates as well as its forward guidance unchanged and reaffirmed that its massive asset purchase programme would end in Dec 2018.
- Asian markets too followed global peers and remained concerned over the slowing global growth forecasts, tensions between the U.S. and Saudi Arabia and the persisting trade dispute between U.S. and China. Italy's budget rejection, probability of hard Brexit, lower than expected Chinese GDP growth for the third quarter of 2018 and concerns over foreign fund outflow on probability of further interest rate hikes by the U.S. Fed weighed on sentiment. The downturn was restricted as the Chinese securities regulator reassured 'unwavering support' to the economy. Japan's manufacturing PMI data continued to expand in Oct and Japan's leading index went up more than initially estimated in Aug 2018 which also provided some support to the market sentiment.
- Although the latest turf between RBI and government has lost some steam, investors will closely follow the subsequent developments on the same, thereby impacting sentiment. The movement of rupee against the greenback will also dictate the market movement. Global cues will have a bearing on the buying interest. Market participants shall closely follow the U.S. Federal Reserve's stance on the pace of future rate hikes in 2018 and 2019. The relations between EU and Italy have reached a low point as the former rejected Italy's draft budget following a month-long standoff that threatens to ignite a fresh financial crisis for the single currency area. Investors will closely track the developments in this regard. The movement of global crude oil prices will also impact buying interest moving forward.

Domestic Indices Performance				
Indicators	31-Oct-18	28-Sep-18	Chg %	YTD%
S&P BSE Sensex	34,442	36,227	-4.93	1.13
Nifty 50	10,387	10,930	-4.98	-1.37
S&P BSE 200	4,440	4,632	-4.13	-5.10
Nifty Midcap 100	17,189	17,154	0.20	-18.66
Nifty Dividend Opportunities 50	2,541	2,664	-4.64	-3.66
S&P BSE Smallcap	14,201	14,431	-1.59	-26.15

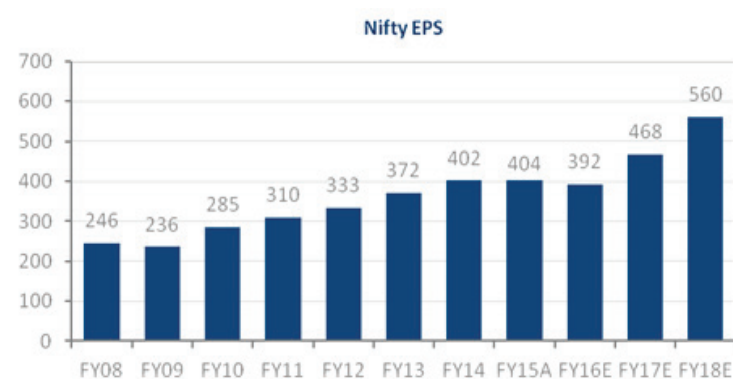
Source: Thomson Reuters Eikon

Global Indices Performance				
Global Indices	31-Oct-18	28-Sep-18	Chg %	YTD%
Dow Jones	25,116	26,458	-5.07	1.60
FTSE	7,128	7,510	-5.09	-7.28
CAC	5,093	5,493	-7.28	-4.12
Hang Seng	24,980	27,789	-10.11	-16.51
SSE Composite Index	2,603	2,821	-7.75	-21.30

Source: Thomson Reuters Eikon



Source: Thomson Reuters Eikon



Institutional Flows (Equity) As on October 31, 2018				
(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	111,372	140,293	-28,921	-41,751
MF Flows	78,340	54,293	24,047	112,378
DII Flows	104,540	78,849	25,691	113,000

Source: NSDL, NSE & SEBI

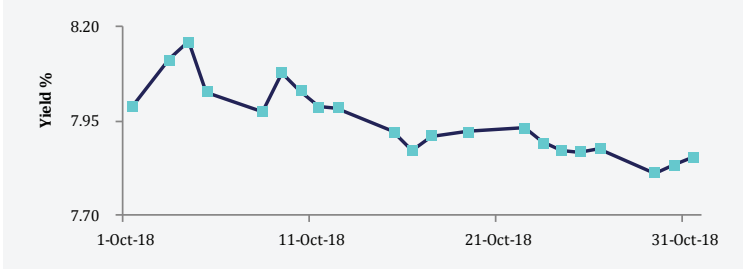
Debt Market

- Bond yields fell after the Monetary Policy Committee in its fourth bi-monthly monetary policy review kept key policy repo rate unchanged at 6.50% contrary to market expectations that had priced in a rate hike. Bond yields fell further as global crude oil prices came down over the month which alleviated concerns of increase in domestic inflationary pressures to some extent. Gains were extended after the Reserve Bank of India announced to purchase government securities worth Rs. 40,000 crore in Nov 2018 through open market operations to boost liquidity in the banking system. However, further gains were capped as profit booking and weakness of the rupee against the greenback weighed on market sentiment.
- Yield on gilt securities fell across maturities in the range of 7 bps to 36 bps barring 2-year paper, which increased 1 bps. Yield on corporate bonds fell across maturities in the range of 11 bps to 22 bps barring 1-year paper, which increased 2 bps. Difference in spread between AAA corporate bond and gilt expanded across maturities by up to 30 bps. The maximum expansion was witnessed on 1-year paper and the minimum on 10-year paper.
- Bond yields moving forward will depend on global crude oil prices given the fact that U.S. sanctions on Iran's petroleum exports is expected to come into effect from first week of Nov and U.S. may exempt India from sanctions imposed on Iran. Domestic retail inflationary pressures subsequently will also remain in sharp focus as MPC identified several uncertainties that may lead to an increase in domestic inflationary pressures. Tight liquidity in the banking system is another aspect which has weighed on the debt market sentiment till recently and moving ahead is expected to impact the domestic bond yield trajectory. Market participants will also focus as to whether the government is able to adhere to the fiscal consolidation roadmap as the country approaches election year.

Currency and Commodity Market

- The Indian rupee fell and crossed the 74 level for the first time against the U.S. dollar following surge in crude oil prices to their highest in almost four years earlier during the month. Global crude oil prices which continued to remain at elevated levels raised concerns over widening of current account deficit of the country. Escalating trade war between U.S. and China further dampened market sentiment. Losses of the rupee against the greenback extended on reports that the Indian government may intervene under the RBI Act on the functioning of the central bank.
- Brent crude prices fell over the month due to rise in U.S. crude inventories. Additionally, Saudi Arabia's assurance of improving oil supply to compensate the supply gap due to the U.S. sanction on Iran's export also led to a fall in global crude oil prices. Also, reports that Russia and Saudi Arabia have made a private deal in Sep 2018 to raise oil output to combat the rising prices weighed on global crude oil prices.

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



Source: Thomson Reuters Eikon

Spread Movement

Spreads		AAA	AA	A
31-Oct-18	1 Yr	141	156	244
	3 Yr	98	157	251
	5 Yr	80	98	168
28-Sep-18	1 Yr	111	125	243
	3 Yr	80	138	243
	5 Yr	75	90	178

Source: Thomson Reuters Eikon

Yield (%)	31-Oct-18	28-Sep-18
10 Year G-Sec	7.85	8.02
5 Year G-Sec	7.83	8.07
3 Year G-Sec	7.65	7.96

Certificate of Deposit

	31-Oct-18	28-Sep-18
3-Month	7.51	7.43
6-Month	7.71	8.59
9-Month	8.40	8.77
12-Month	8.39	8.40

Commercial Papers

	31-Oct-18	28-Sep-18
3-Month	8.65	8.15
6-Month	8.90	8.40
12-Month	9.10	8.75

Source: Thomson Reuters Eikon

Treasury Bill	31-Oct-18	28-Sep-18
91 Days	6.93	6.95
364 Days	7.47	7.64

Event Calendar

Release Date	Release Date	Country
08-Nov-18	U.S. Federal Reserve Monetary Policy	U.S.
09-Nov-18	Gross Domestic Product (QoQ) (Q3) (P)	U.K.
14-Nov-18	Gross Domestic Product s.a. (QoQ) (Q3)	Euro Zone
20-Nov-18	Bank of Japan Monetary Policy Review	Japan
29-Nov-18	FOMC Minutes	U.S.

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 17 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

Date of Allotment : October 30, 2014
Bloomberg Code : IIFGRRG IN
Benchmark Index : Nifty 50 TRI
Plans Offered : Regular & Direct
Options Offered : Growth & Dividend
Minimum Application:
New Purchase : ₹5,000 and in multiples of ₹100 thereafter
Additional Purchase : ₹1,000 and in multiples of ₹100 thereafter
Monthly SIP Option : ₹1,000 per month for a minimum period of 6 months
Quarterly SIP Option: ₹1,500 per quarter for a minimum period of 4 quarters
Entry Load : NIL
Exit Load : 4% - if redeemed/switched out, on or before 3 months from the date of allotment w.e.f August 2, 2018.
Dematerialization : D-Mat Option Available
Portfolio Turnover Ratio (based on 1 year monthly data) : 1.26 times

NAV as on October 31, 2018

Regular - Growth : ₹13.8897
Regular - Dividend : ₹12.2884
Direct - Growth : ₹14.5740
Direct - Dividend : ₹14.3867

AUM as on Oct 31, 2018

Net AUM : ₹ 225.02 crore
Monthly Average AUM : ₹ 223.34 crore

Total Expense Ratio

Regular Plan : 2.48% p.a.
Direct Plan : 0.96% p.a.

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

Volatility Measures Fund Benchmark

Std. Dev (Annualised)	16.33%	13.80%
Sharpe Ratio	0.18	0.12
Portfolio Beta	0.99	1.00
R Squared	0.70	NA
Treynor	0.01	0.00

Portfolio as on October 31, 2018

Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
Merck Limited	Pharmaceuticals	8.65
HDFC Bank Limited	Banks	8.59
Infosys Limited	Software	5.89
State Bank of India	Banks	5.46
Sun Pharmaceutical Industries Limited	Pharmaceuticals	5.23
CESC Limited	Power	4.74
Zensar Technologies Limited	Software	4.51
Reliance Industries Limited	Petroleum Products	4.41
Bajaj Finance Limited	Finance	4.36
GlaxoSmithKline Consumer Healthcare Limited	Consumer Non Durables	4.29
ICICI Bank Limited	Banks	3.90
Tech Mahindra Limited	Software	3.64
CreditAccess Grameen Limited	Finance	3.31
Bajaj Finserv Limited	Finance	3.00
Muthoot Finance Limited	Finance	2.57
Tata Motors Ltd DVR Shares	Auto	2.54
IIFL Holdings Limited	Finance	2.22
Cholamandalam Investment and Finance Company Limited	Finance	2.16
SBI Life Insurance Company Limited	Finance	2.14
Shankara Building Products Limited	Ferrous Metals	2.02
Aavas Financiers Limited	Finance	1.79
SRF Limited	Textile Products	1.46
Dalmia Bharat Limited	Cement	1.40
L&T Finance Holdings Limited	Finance	1.11
IPCA Laboratories Limited	Pharmaceuticals	0.5
Unlisted*		
RP SG Retail Limited	Retailing	0.62
RP SG Business Process Services Limited	Software	0.41
Sub Total		90.92
CBLO		1.92
Net Receivables / (Payables)		7.16
Portfolio Total		100.00

Scheme Performance

	31-Oct-17 to 31-Oct-18	PTP (₹)	31-Oct-15 to 31-Oct-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	-6.59%	9,341	9.22%	13,035	8.55%	13,890
IIFL Focused Equity Fund - Dir - Growth	-5.19%	9,481	10.52%	13,507	9.86%	14,574
Benchmark*	1.91%	10,191	10.22%	13,397	7.53%	13,375
Additional Benchmark**	4.91%	10,491	10.33%	13,437	7.35%	13,285

Past performance may or may not be sustained in future.

Different plans shall have different expense structure.

As on October 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-Oct-17 to 31-Oct-18	31-Oct-15 to 31-Oct-18	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	4,70,000
Total Value as on Oct 31,2018 (₹)	1,12,207	3,89,591	5,30,376
Returns	-11.81%	5.20%	6.11%
Total Value of Benchmark: Nifty 50 TRI (₹)	1,17,414	4,16,990	5,59,236
Benchmark: Nifty 50 TRI	-3.97%	9.78%	8.84%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,18,832	4,23,963	5,66,914
Additional Benchmark: S&P BSE Sensex TRI	-1.80%	10.92%	9.54%

(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

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*

- Capital appreciation over long term;
- Investment predominantly in equity and equity related instruments.

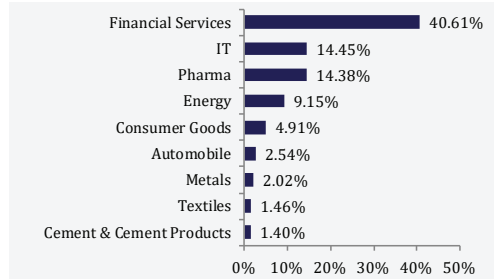
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

#The two unlisted entities are the demerged entities from CESC Ltd, where -

A. RP- SG Retail Limited (RPSGRL) has issued and allotted 6 fully paid up equity shares of Rs. 5/- of RPSGRL for every 10 fully paid up equity shares held in CESC Ltd.

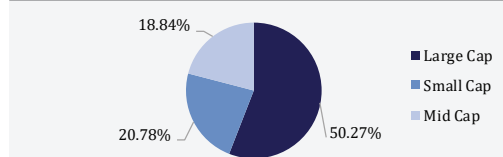
B. RP- SG Business Process Services Limited (RPSGBPSL) has issued and allotted 2 fully paid up equity shares of Rs. 10/- of RPSGBPSL for every 10 fully paid up equity shares held in CESC Ltd.

Sector Allocation^^



^^Sector allocation as per AMFI classification

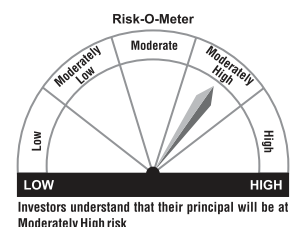
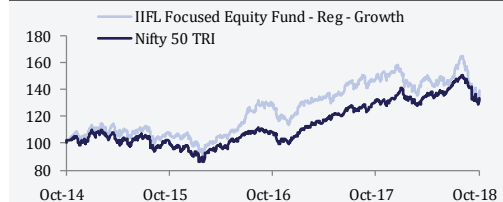
Market Capitalisation wise Exposure^



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 on Oct 31, 2018

NAV Movement (Since Inception) Rebased to 100



Investors understand that their principal will be at Moderately High risk

Fund Commentary

If we thought September'18 was the worst month for Indian markets, then October turned on the heat on the street and the month turned out to be one of the worst months for equity markets in India in 2018 so far. Not so much for percentage fall in the market but more so because of Nifty-50 index testing the psychological level of 10,000 after the sharp sell-off in the last two months. What was more worrisome for the street was the heavy outflows of FII money during the month which was at its highest levels since 2008. Though the direction of outflows was on expected lines considering the rising bond yields in the US markets, political uncertainty in India and concerns of rising current account deficit, the quantum of the FII outflows was a bit unexpected.

Corporate earnings for Q2FY19 has been more or less on expected lines so far in the quarter and we are seeing green shoots of earnings uptick across sectors. However there have been some disappointments as well, especially from the auto sector which is seeing some sluggishness in demand pickup in the current festive season. Fears of liquidity crunch in Non-Banking Financial Companies (NBFC) companies along with Housing Finance Companies (HFC) kept the investors in worried state. Even RBI's reassurance that there was no liquidity issue did not help much.

Major gainers in the portfolio during the month of Oct'18 were Merck (+19.8%), ICICI Bank (+16.2%), Bajaj Finance (+9.9%), SBI Life (+9.5%), Chola Finance (+8.9%), CreditAccess Gramin (+7.1%) and State Bank of India (+6.0%). The major drags in the portfolio during the month were Tata Motors-DVR (-16.2%), Reliance Industries (-15.6%), CESC (-15.3%), Shankara Building (-10.5%), IIFL Holding (-9.7%) and Zensar Tech (-9.2%).

The performance for the portfolio during the month of Oct'18 can be attributed to the performance of the core equity portfolio and it reiterates our conviction on the portfolio companies which have reported strong set of numbers during the current earnings quarter. We had highlighted in our earlier communications too that our focus has always been in high earnings growth companies as these are the companies which will rebound faster whenever recovery happens. The same has been reflected during the month of October'18.

In the next few months we believe the markets will continue to remain extremely choppy as we have elections lined up in November and the poll results on 11th Dec will set the mood for 2019 elections. Market is keenly awaiting the outcome of the same.

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 17 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

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

NAV as on October 31, 2018

Regular - Growth	: ₹9.8828
Regular - Dividend	: ₹9.8828
Direct - Growth	: ₹9.9412
Direct - Dividend	: ₹9.9412

AUM as on Oct 31, 2018

Net AUM	: ₹ 455.07 crore
Monthly Average AUM	: ₹ 451.25 crore

Total Expense Ratio

Regular Plan	: 2.37% p.a.
Direct Plan	: 1.14% p.a.

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

Volatility Measures# Fund Benchmark

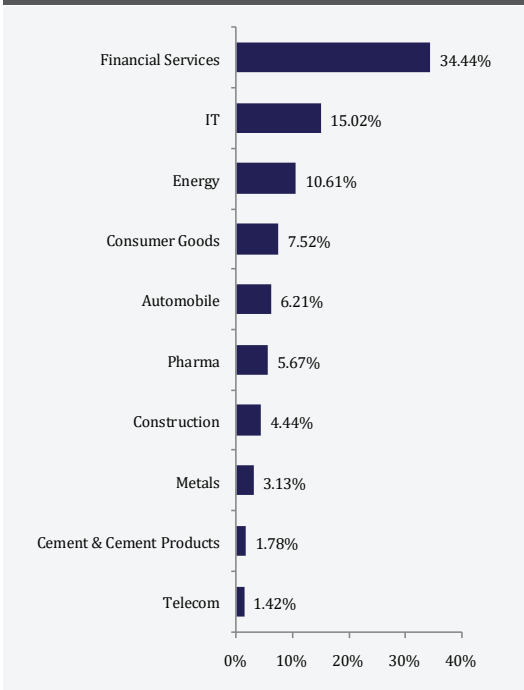
Std. Dev (Annualised)	NA	NA
Sharpe Ratio	NA	NA
Portfolio Beta	NA	NA
R Squared	NA	NA
Treynor	NA	NA

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

Portfolio as on October 31, 2018

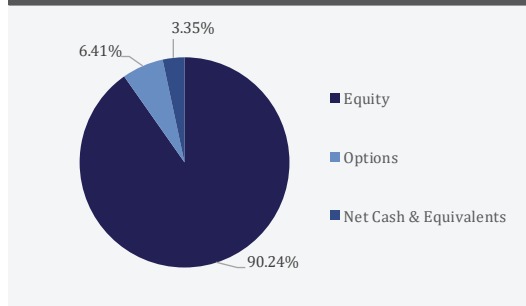
Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
HDFC Bank Limited	Banks	8.90
Reliance Industries Limited	Petroleum Products	7.63
Infosys Limited	Software	6.61
Bajaj Finance Limited	Finance	5.93
Sun Pharmaceutical Industries Limited	Pharmaceuticals	5.67
Housing Development Finance Corporation Limited	Finance	5.21
Larsen & Toubro Limited	Construction Project	4.44
ICICI Bank Limited	Banks	4.35
Tech Mahindra Limited	Software	4.25
Kotak Mahindra Bank Limited	Banks	4.17
Tata Consultancy Services Limited	Software	4.16
IndusInd Bank Limited	Banks	3.54
ITC Limited	Consumer Non Durables	2.79
Asian Paints Limited	Consumer Non Durables	2.70
Mahindra & Mahindra Limited	Auto	2.53
Bajaj Finserv Limited	Finance	2.34
Maruti Suzuki India Limited	Auto	2.14
Hindustan Unilever Limited	Consumer Non Durables	2.03
Power Grid Corporation of India Limited	Power	1.99
Grasim Industries Limited	Cement	1.78
Hindalco Industries Limited	Non - Ferrous Metals	1.72
Tata Motors Limited	Auto	1.54
Bharti Airtel Limited	Telecom - Services	1.42
Vedanta Limited	Non - Ferrous Metals	1.41
Hindustan Petroleum Corporation Limited	Petroleum Products	0.99
Derivatives		
Nifty 50 Index 10800 Put June 2019 Option		3.32
Nifty 50 Index 10700 Put June 2019 Option		3.09
Sub Total		96.65
CBLO		3.68
Net Receivables / (Payables)		-0.33
Portfolio Total		100.00

Sector Allocation^^

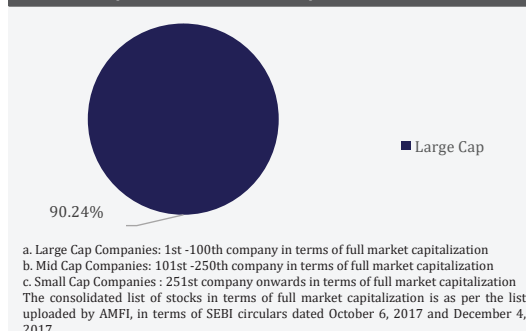


^^Sector allocation as per AMFI classification

Asset Allocation^



Market Capitalisation wise Exposure^



^As on October 31, 2018

HEDGING- UPDATE

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

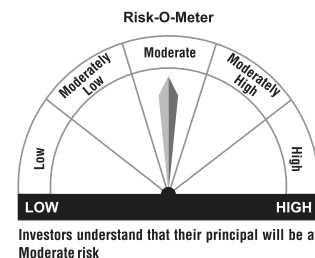
As long dated Nifty 50 puts can only be purchased at a strike price in the multiples of Rs. 100, the Scheme has partially purchased Nifty 50 Puts at 10700 and 10800 strike prices respectively.

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

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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 16 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 : 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 October 31, 2018

Regular Plan Growth : ₹14.1663
***Regular Plan Bonus** : ₹14.1663
Regular Quarterly Dividend : ₹13.6704
***Regular Half Yearly Dividend** : ₹13.6704
***Regular Monthly Dividend** : ₹11.2872
Direct Plan Growth : ₹14.5733
Direct Monthly Dividend : ₹11.6577

*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 October 31, 2018

Net AUM : ₹ 401.47 crore
Monthly Average AUM : ₹ 417.03 crore

Total Expense Ratio

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

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

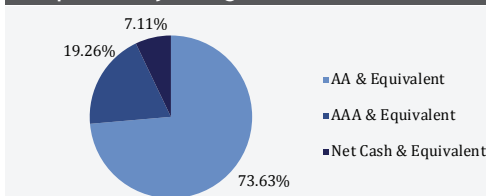
Statistical Debt Indicators

Modified Duration : 1.79 years
Average Maturity : 2.14 years
Yield to Maturity : 9.49%

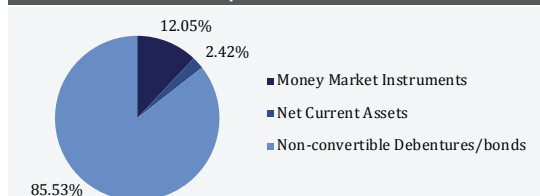
Portfolio as on October 31, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Debt Instruments					
Non-Convertible Debentures/Bonds			85.53		
9.55% Hindalco Industries Limited	CRISIL AA	6.27	8.75% Axis Bank Limited	CRISIL AA+	2.37
4.00% HPCL Mittal Energy Limited	ICRA AA	6.16	ECL Finance Limited	CARE AA	1.52
9.00% State Bank of India	CRISIL AA+	6.15	8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.21
8.50% Vedanta Limited	CRISIL AA	6.03	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.74
8.75% Muthoot Finance Limited	CRISIL AA	5.97	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.59
8.25% EID Parry India Limited	CRISIL AA-	5.80	National Bank For Agriculture and Rural Development	CRISIL AAA	0.50
JM Financial Credit Solution Limited	ICRA AA	5.09	9.15% SP Jammu Udhampur Highway Limited	ICRA AAA(SO)	0.45
9.57% Grand View Estates Private Limited	ICRA AA(SO)	4.98	9.90% Tata Motors Limited	ICRA AA	0.25
7.70% L & T Housing Finance	ICRA AAA	4.85	9.45% State Bank of India	CRISIL AAA	0.01
Aditya Birla Fashion and Retail Limited	CRISIL AA	4.33	Certificate of Deposit		
10.25% Hansdeep Industries & Trading Company Limited	CARE AA-(SO)	3.72			
9.75% Edelweiss Housing Finance Limited	ICRA AA	3.51	6.12		
9.15% Birla Corporation Limited	ICRA AA	2.84	IndusInd Bank Limited		
8.32% Power Grid Corporation of India Limited	CRISIL AAA	2.47	CRISIL A1+		
9.80% ECL Finance Limited	ICRA AA	2.45	1.24		
8.15% Energy Efficiency Services Limited	ICRA AA	2.43	Commercial Paper		
7.90% Piramal Enterprises Limited	ICRA AA	2.43	NTPC Limited		
7.63% PNB Housing Finance Limited	CARE AAA	2.41	ICRA A1+		
			1.24		
			CBLO / Reverse Repo		
			CBLO		
			4.69		
			Sub Total		
			97.58		
			Net Current Assets		
			2.42		
			Portfolio Total		
			100.00		

Composition by Rating ^



Instrument Wise Composition ^



Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Cum Dividend)	Direct Plan NAV (₹) (Cum Dividend)
29-Oct-18	0.05	11.2882	11.6586
24-Sep-18	0.05	11.2275	11.5870
28-Aug-18	0.05	11.3575	11.7139
Quarterly Dividend Plan			
04-Jun-15	0.4	11.4678	11.5708
Half Yearly Dividend Plan			
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

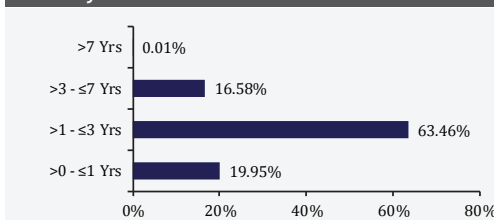
	31-Oct-17 to 31-Oct-18	PTP (₹)	31-Oct-15 to 31-Oct-18	PTP (₹)	31-Oct-13 to 31-Oct-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	3.78%	10,378	6.37%	12,039	7.91%	14,635	6.72%	14,167
IIFL Dynamic Bond Fund - Dir - Growth	4.46%	10,446	6.96%	12,241	8.49%	15,033	7.28%	14,570
Benchmark*	1.74%	10,174	6.78%	12,179	8.58%	15,095	7.59%	14,797
Additional Benchmark**	-0.47%	9,953	5.44%	11,726	6.99%	14,022	5.60%	13,389

Past performance may or may not be sustained in future

Different plans shall have different expense structure

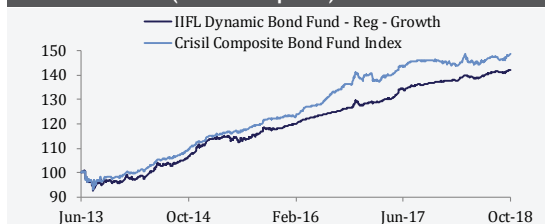
As on October 31, 2018; *Crissil Composite Bond Fund Index; ** Crissil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date; \$ Inception date 24-June-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain

Maturity Profile ^



^As on October 31, 2018

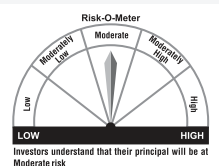
NAV Movement (Since Inception) Rebased to 100



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 eased after the Monetary Policy Committee in its fourth bi-monthly review kept policy rates unchanged at 6.50%, contrary to partial market expectations of a possible repo rate hike. Correction in global crude oil prices from its recent highs over the month, receding the instant inflationary pressures in the domestic economy supported the fall in yields. Along with global factors, gains were extended after the Reserve Bank of India announced to purchase government securities worth Rs. 40,000 crores in Nov 2018 through open market operations (OMO) to improve the core system liquidity. However, further gains were capped as profit booking and weakness of the rupee against the greenback weighed on market sentiment. Yield on the 10-year benchmark bond softened by 17 bps, to close at 7.85% from previous month's closing levels of 8.02% after moving within a wide range of 7.80% to 8.21%. This was the biggest fall in the last seven months.
- Bond yields might take cues from global crude oil prices which are impacting current account deficit of India and adding inflationary pressures in the economy. The Indian currency recouped from its earlier fall beyond 74 levels against the U.S. dollar. It slipped to record levels due to high oil prices and rate hike cycle in United States (U.S.). Federal Reserve in U.S. continued its cycle of increasing interest rates by another 25 basis points as expected. Moving forward, the currency volatility may warrant RBI actions on rate hike if the situation degrades on the global front. Execution of Iran Sanctions and escalating trade war between U.S. and China will direct future market sentiments. With minor abrasions between RBI and Government over role of influencing the economy has turned out to be more judicious and both the institution are aiming mutually to deal with any volatility in the economy. Domestic retail inflationary pressures subsequently will also remain in sharp focus as MPC identified several uncertainties that may lead to an increase in domestic inflationary pressures. RBI is addressing tight liquidity in the banking system due to forex outflows through OMOs and the market is very much glued to the future OMO schedules. Market participants will also focus as to whether the government is able to adhere to the fiscal consolidation roadmap in the pre-election year with unachieved disinvestment targets and short fall in tax revenues.

In this scenario of volatile market conditions, we continue our view of positioning at the front-end of the curve with a 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, to benefit out of the steep yield curve. However, any changes in the macro-economic environment is being continuously tracked for change of stance if the situation requires 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 16 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 October 31, 2018

Regular Plan Growth : ₹1420.9781

Regular Plan Weekly : ₹1005.1704

Dividend

Regular Plan Daily : ₹1000.0770

Dividend

Direct Plan Growth : ₹1424.5196

Direct Plan Dividend : ₹1000.0427

AUM as on October 31, 2018

Net AUM : ₹ 174.30 crore

Monthly Average AUM : ₹ 236.30 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.

Statistical Debt Indicators

Modified Duration : 5 days

Average Maturity : 5 days

Yield to Maturity : 6.82%

Portfolio as on October 31, 2018

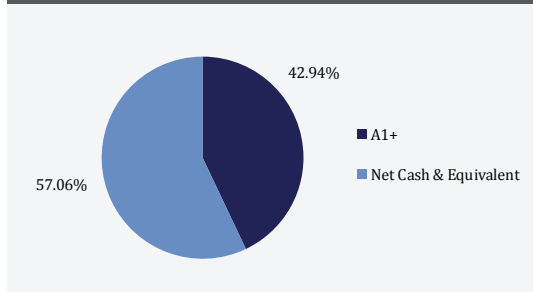
Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Money Market Instruments			Sub Total		
Certificate of Deposit			CBLO / Reverse Repo		
Axis Bank Limited	ICRA A1+	14.33	CBLO		55.73
RBL Bank Limited	ICRA A1+	14.30	Sub Total		55.73
Sub Total		28.63	Net Receivables / (Payables)		1.33
Commercial Paper			Portfolio Total		
LIC Housing Finance Limited	CRISIL A1+	14.31			100.00

Scheme Performance

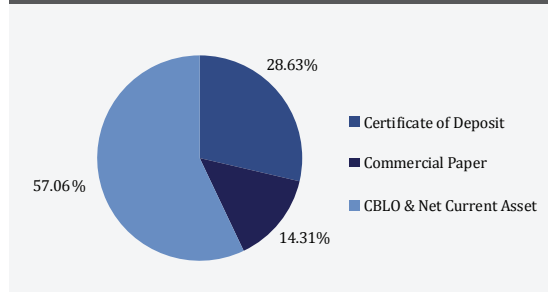
	31-Oct-17 to 31-Oct-18	PTP (₹)	31-Oct-15 to 31-Oct-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.76%	10,676	6.77%	12,176	7.33%	14,210
IIFL Liquid Fund - Dir - Growth	6.81%	10,681	6.83%	12,197	7.38%	14,243
Benchmark*	7.32%	10,732	7.21%	12,327	7.86%	14,562
Additional Benchmark**	6.73%	12,019	6.75%	10,675	7.53%	13,740

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

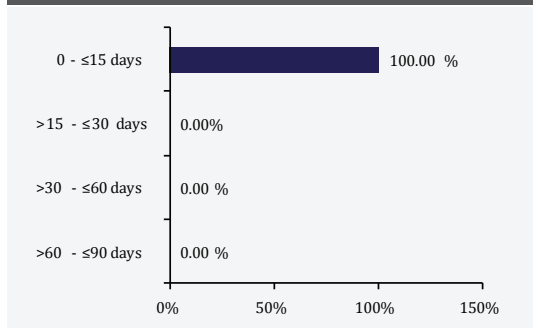
Composition by Rating[^]



Instrument Wise Composition[^]

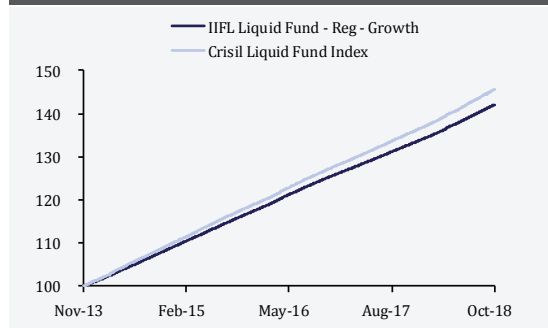


Maturity Profile[^]



[^]As on October 31, 2018

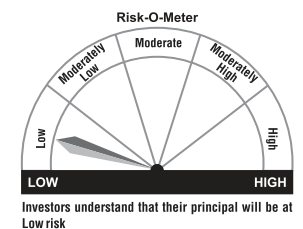
NAV Movement (Since Inception) Rebased to 100



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

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, it means its range of performance is wide, implying greater volatility.
SHARPE RATIO	The Sharpe Ratio, named after its founder, the Nobel Laureate William Sharpe, is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk.
BETA	Beta is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.
AUM	AUM or assets under management refers to the recent I updated cumulative market value of investments managed by a mutual fund or any investment firm.
HOLDINGS	The holdings or the portfolio is a mutual fund's latest or updated reported statement of investments/securities. These are usually displayed in terms of percentage to net assets or the rupee value or both. The objective is to give investors an idea of where their money is being invested by the fund manager.
NATURE OF SCHEME	The investment objective and underlying investments determine the nature of the mutual fund scheme. For instance, a mutual fund that aims at generating capital appreciation by investing in stock markets is an equity fund or growth fund. Likewise, a mutual fund that aims at capital preservation by investing in debt markets is a debt fund or income fund. Each of these categories may have sub-categories.
RATING PROFILE	Mutual funds invest in securities after evaluating their creditworthiness as disclosed by the ratings. A depiction of the mutual fund in various investments based on their ratings becomes the rating profile of the fund. Typically, this is a feature of debt funds.

Note: SEBI, vide circular dated June 30, 2009 has abolished entry load and mandated that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor.