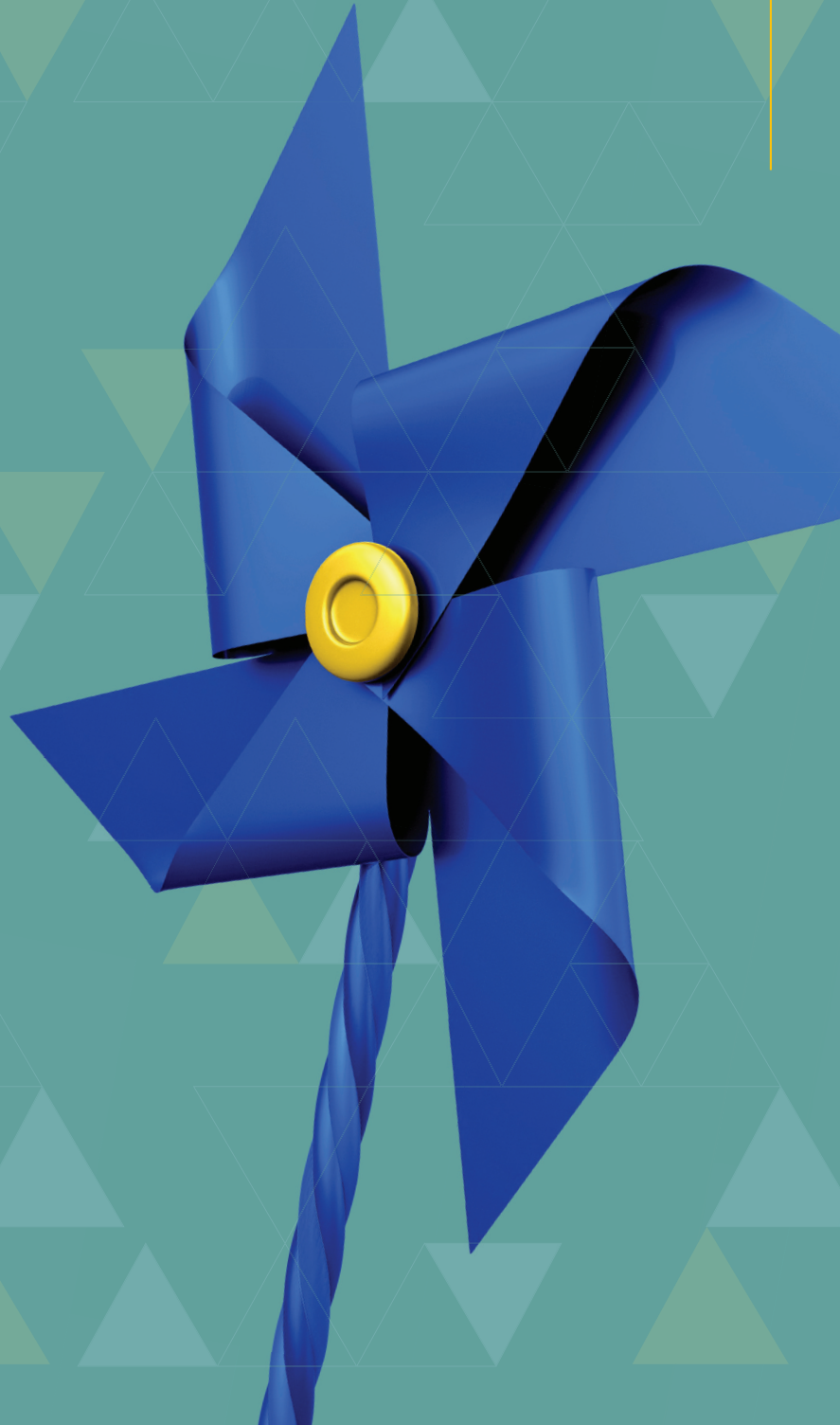


MONTHLY FACTSHEET

OCTOBER 2018



Macro Economy & Event Update

- Major global markets gained in the month with ample support from positive economic data. U.S. markets increased on the back of strong macroeconomic data which indicated healthy improvement of the U.S. economy. The U.S. Federal Reserve increased interest rates by 25 basis points as expected. Trade tensions with China continued to put pressure on the market.
- On the European front, upbeat economic data gave markets a fillip. Market sentiments were further boosted after the central bank of Turkey raised its key interest rate to control surging inflation and prevent a currency crisis. However, uncertainty over Brexit and escalating trade tensions between U.S. and China were a drag on the bourses.
- Asian counterparts found support from upbeat economic data as well. China planning economic stimulus to combat U.S.' aggressive trade stand cheered investors. Bank of Japan also kept its monetary policy ultra loose and the country's Prime Minister coming back to power gave investors confidence. Trade war concerns restricted the markets' upward movement.
- Indian equity markets posted loss in the period mainly because the banking and financial sector came under fire. A prominent infrastructure development and finance company failing on multiple debt repayments spread liquidity concerns and confusion around a private lender's succession plan which dragged the markets down. The fall in rupee against the greenback and rise in crude oil prices kept the market under pressure. Government and the Reserve Bank of India reassuring that they would take steps to manage the liquidity situation gave some respite to investors and restricted the downside.
- Bond yields rose during the month under review as global crude oil prices rose and rupee depreciated against the greenback. Losses were limited by short covering on expectations that the government may announce lower borrowing target for the second half of the fiscal.
- Investors will keep a keen eye on the developments around the liquidity situation, the steps the government and RBI take to mitigate the financial crisis. The fall in rupee and strength in crude oil prices has been putting upward pressure on inflation and raising interest rate hike anticipation. Thus, these two will remain on investors' radar. The second quarter corporate earnings will be closely tracked to get a lowdown on the economy's health.

Key Economic Indicators

Indicators	Current	Previous
WPI (Aug-18)	4.53%	5.09%
IIP (Jul-18)	6.60%	6.90%
CPI (Aug-18)	3.69%	4.17%

Source: Thomson Reuters Eikon

India's fiscal deficit accounted 94.7% of the budgeted target for FY19

- India's fiscal deficit for Apr-Aug 2018 came in at Rs. 5.91 lakh crore, or 94.7% of the budgeted target for FY19 against 96.1% in the year-ago period. Net tax revenue for Apr-Aug 2018 was Rs. 3.66 lakh crore or 24.7% of the budget estimate for FY19 compared with 27.8% in the corresponding period of the previous year. The government's total expenditure for the period from Apr to Aug of 2018 stood at Rs. 10.70 lakh crore or 43.8% of the budget estimate for FY19 compared with 44.3% in the corresponding period of the previous year.

Current Account Deficit accounted 2.4% of GDP in Q1 of FY19

- Current Account Deficit (CAD) came in at \$15.8 billion or 2.4% of Gross Domestic Product (GDP) in Q1 of FY19, as against \$15.0 billion or 2.5% of GDP in Q1 of FY18. The widening of the CAD was driven by higher trade deficit that came in at \$45.7 billion as against \$41.9 billion in the previous-year period. Net services receipts grew 2.1% YoY mainly due to rise in net earnings from software and financial services.

Retail inflation fell to a 10-month low in Aug 2018

- India's Consumer Price Index (CPI)-based inflation or retail inflation eased to 3.69% in Aug 2018 from 4.17% in Jul 2018, thereby marking a 10-month low. However, it increased as against 3.28% in Aug 2017. The growth in Consumer Food Price Index eased to 0.29% in Aug 2018 from 1.30% in Jul 2018 and 1.52% in the same month of the previous year.

India's Index of Industrial Production slowed in Jul 2018

- India's Index of Industrial Production (IIP) slowed to 6.6% in Jul 2018 from a revised 6.9% (7% originally reported) in the previous month. In the year-ago period, IIP had grown 1%. For Apr to Jul 2018, IIP grew 5.4% as against 1.7% in the same period of the previous year. The manufacturing sector grew 7% in Jul 2018 as against a degrowth of 0.1% in the same month of the previous year.

India's trade deficit widened in Aug 2018

- India's trade deficit in Aug 2018 fell to \$17.39 billion as against \$18.02 billion in Jul 2018. However, it grew against a trade deficit of \$12.72 billion in Jul 2017. The rise was on the back of increase in oil imports that stood at \$11.83 billion, up 51.62% YoY. Merchandise exports increased 19.21% YoY to \$27.84 billion and imports rose 25.41% to \$45.24 billion.

Index of eight core industries slowed to 4.2% in Aug 2018

- The growth of index of eight core industries slowed to 4.2% in Aug 2018 from an upwardly revised growth of 7.3% in Jul 2018 (6.6% originally reported). Fertilizers witnessed the maximum decline of 5.3% as against an growth of 1.3% in Jul 2018. This was followed by crude oil that fell 3.7%, thereby marking the ninth consecutive monthly fall for the sector. Cement sector witnessed the maximum growth of 14.3%, followed by electricity that increased 5.4%.

Equity Market

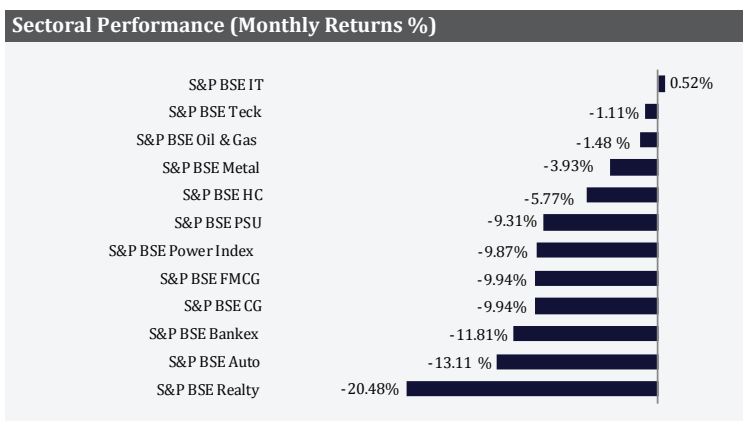
- Indian equity markets slumped to more than 2-month low in Sep 2018. Major reasons triggering sell-off include recent slide in Indian rupee against the U.S. dollar, concerns over short-term liquidity in the market for commercial papers raised by non-banking finance companies and surge in global crude oil prices, which surpassed the \$80 per barrel level. Global cues weighing on market sentiment mainly comprised of the growing trade row between U.S. and China.
- On the BSE sectoral front, barring S&P BSE IT, all the indices closed in the red. S&P BSE Realty was the major loser, down 20.48%, followed by S&P BSE Auto and S&P BSE Bankex, which fell 13.11% and 11.81%, respectively. Real estate sector witnessed initial pressure after the Supreme Court stayed construction in some states and union territories till they frame policy on waste management. Auto sector fell in the wake of rising crude oil prices and trade tensions between the U.S. and China. The Information Technology (IT) sector rose with the depreciating rupee boosting the fortunes of the industry. The IT industry being an export-based sector is benefitting from the fall in domestic currency.
- U.S. markets gained on the back of positive economic data including U.S. economic growth in the second quarter of 2018, which remained unchanged from the previous estimation, and the non-farm payroll data in Aug 2018. The U.S. Federal Reserve raised key policy rates by 25 bps as expected and the policy decision was already factored in by market participants. However, trade concerns over U.S. and China dented sentiment after media reported that China has cancelled its meeting with U.S.
- European markets mostly gained following improvement in some key economic data. Concerns over emerging markets also eased to some extent after Turkey's central bank raised its key interest rate to control surging inflation and prevent a currency crisis. However, gains were capped following trade war concerns between U.S. and China and political uncertainty in Italy after the nation announced a high deficit budget. Cautious stance was also witnessed on the Brexit deal.
- Asian markets largely traded high amid expectations that the Chinese government would take some stimulus measures to support the growth trajectory and to combat the trade row. Ultra-loose monetary policy by the Bank of Japan and winning of Japanese Prime Minister as the leader of his ruling party supported the bourses. Additionally, global index provider MSCI is expected to raise weighting of China A-shares in its global benchmark. However, investor sentiment took a hit after the U.S. President hinted at including Japan in its trade war and on persisting trade concerns between U.S. and China.
- The latest developments on the debt-laden infrastructure lender, which had rattled the financial sector due to default on payments, is expected to bring relief to investors to some extent. The recent strength in global oil prices will continue to weigh on market sentiment. The movement of rupee will dictate market movement. Moreover, investors will be keenly looking ahead towards the upcoming corporate earnings calendar for the second quarter of FY19.

Domestic Indices Performance				
Indicators	28-Sep-18	31-Aug-18	Chg %	YTD%
S&P BSE Sensex	36,227	38,645	-6.26	6.37
Nifty 50	10,930	11,681	-6.42	3.80
S&P BSE 200	4,632	5,041	-8.12	-1.01
Nifty Midcap 100	17,154	19,920	-13.89	-18.83
Nifty Dividend Opportunities 50	2,664	2,808	-5.11	1.02
S&P BSE Smallcap	14,431	17,193	-16.07	-24.96

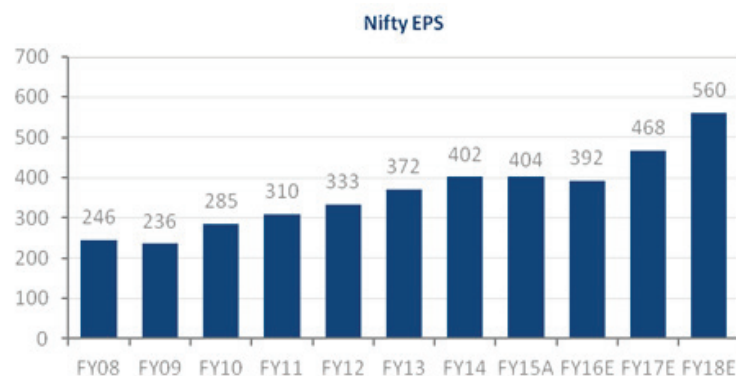
Source: Thomson Reuters Eikon

Global Indices Performance				
Global Indices	28-Sep-18	31-Aug-18	Chg %	YTD%
Dow Jones	26,458	25,965	1.90	7.04
FTSE	7,510	7,432	1.05	-2.31
CAC	5,493	5,407	1.60	3.41
Hang Seng	27,789	27,889	-0.36	-7.12
SSE Composite Index	2,821	2,725	3.53	-14.69

Source: Thomson Reuters Eikon



Source: Thomson Reuters Eikon



Institutional Flows (Equity) As on September 28, 2018				
(₹ Cr)	Purchases	Sales	Net	YTD
FII Flows	116,970	127,795	-10,825	-12,830
MF Flows	61,347	49,986	11,361	88,054
DII Flows	82,989	70,485	12,504	87,309

Source: NSDL, NSE & SEBI

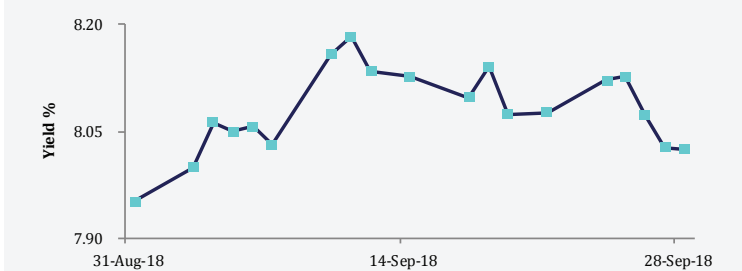
Debt Market

- Bond yields rose during the month under review as dual combination of rising global crude oil prices and a depreciating rupee against the greenback fuelled concerns of increase in domestic inflationary pressures and further monetary policy tightening. However, further losses were restricted as market participants resorted to short covering on hopes that the government may announce lower borrowing target for the second half of the fiscal.
- Yield on the 10-year benchmark bond (7.17% GS 2028) rose 7 bps to close at 8.02% from the previous month's close of 7.95% after moving within a wide range of 7.92% to 8.23%.
- Yield on gilt securities increased across maturities by up to 43 bps barring 12- and 30-year papers, which closed steady. Yield on 13-year paper fell 2 bps. The maximum increase was witnessed on 1-year paper. Yield on corporate bonds increased across maturities in the range of 16 bps to 52 bps. The maximum increase was witnessed on 1-year paper and the minimum on 15-year paper. Difference in spread between AAA corporate bond and gilt expanded across maturities in the range of 7 bps to 31 bps. The maximum expansion was witnessed on 2-year paper and the minimum on 15-year paper.
- Bond yields fell after the government lowered borrowings by Rs. 70,000 crore in the second half of the current fiscal and signalled its confidence in keeping fiscal deficit under control. With uncertainty regarding the size of the second-half's market borrowings out of the way, market experts are of the view that bond yields moving forward will be dictated by the domestic inflation trajectory, liquidity in the banking system, pipeline of open market operations that RBI conducts and other emerging information on the balance of various fiscal risks.

Currency and Commodity Market

- The Indian rupee plunged and touched record low against the U.S. dollar on foreign banks' greenback sales, upbeat U.S. jobs report for Aug 2018 and global trade war fears. The rupee fell further on consistent surge in crude oil prices. This sparked worries over widening trade deficit in addition to rising domestic inflationary pressures.
- Brent crude prices continued with their uptrend and surpassed the \$80 per barrel level during the month under review. Supply tightening tension from the impending U.S. sanction on Iran, which will be formally applicable from Nov 2018, boosted prices. Prices got further support after Saudi Arabia, one of the major oil-producing countries, stated that it is comfortable with rising oil prices. The oil market was further faced with increasing supply challenge following decline of production in Venezuela.

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



Source: Thomson Reuters Eikon

Spread Movement

Spreads		AAA	AA	A
28-Sep-18	1 Yr	111	125	243
	3 Yr	80	138	243
	5 Yr	75	90	178
31-Aug-18	1 Yr	101	137	260
	3 Yr	65	123	235
	5 Yr	58	88	208

Source: Thomson Reuters Eikon

Yield (%)	28-Sep-18	31-Aug-18
10 Year G-Sec	8.02	7.95
5 Year G-Sec	8.07	8.01
3 Year G-Sec	7.96	7.80

Certificate of Deposit

3-Month	7.43	7.25
6-Month	8.59	7.60
9-Month	8.77	8.08
12-Month	8.40	8.04

Commercial Papers

3-Month	8.15	7.70
6-Month	8.40	8.05
12-Month	8.75	8.60

Source: Thomson Reuters Eikon

Treasury Bill	28-Sep-18	31-Aug-18
91 Days	6.95	6.76
364 Days	7.64	7.30

Event Calendar

Release Date	Release Date	Country
05-Oct-18	Nonfarm Payrolls (Aug)	U.S.
17-Oct-18	FOMC Minutes	U.S.
19-Oct-18	Gross Domestic Product (YoY) (Q3)	China
25-Oct-18	European Central Bank Monetary Policy	Euro Zone
31-Oct-18	Bank of Japan Monetary Policy Review	Japan

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) : 1.09 times

NAV as on September 28, 2018

Regular - Growth : ₹14.1553
Regular - Dividend : ₹12.5233
Direct - Growth : ₹14.8322
Direct - Dividend : ₹14.6415

AUM as on Sep 30, 2018

Net AUM : ₹ 237.00 crore
Monthly Average AUM : ₹ 275.22 crore

Total Expense Ratio

Regular Plan : 2.49% 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)	16.45%	13.66%
Sharpe Ratio	0.22	0.22
Portfolio Beta	1.01	1.00
R Squared	0.70	NA
Treynor	0.01	0.01

Portfolio as on September 30, 2018

Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
HDFC Bank Limited	Banks	8.10
Merck Limited	Pharmaceuticals	6.85
State Bank of India	Banks	6.35
Infosys Limited	Software	5.95
Sun Pharmaceutical Industries Limited	Pharmaceuticals	5.33
CESC Limited	Power	5.32
HDFC Asset Management Company Limited	Finance	5.30
Tata Consultancy Services Limited	Software	5.20
Reliance Industries Limited	Petroleum Products	4.96
ITC Limited	Consumer Non Durables	4.96
Bajaj Finance Limited	Finance	4.73
Zensar Technologies Limited	Software	4.72
GlaxoSmithKline Consumer Healthcare Limited	Consumer Non Durables	4.22
Tata Global Beverages Limited	Consumer Non Durables	3.39
Bajaj Finserv Limited	Finance	3.17
CreditAccess Grameen Limited	Finance	2.93
Tata Motors Ltd DVR Shares	Auto	2.88
Cholamandalam Investment and Finance Company Limited	Finance	2.38
IIFL Holdings Limited	Finance	2.35
Shankara Building Products Limited	Ferrous Metals	2.14
SBI Life Insurance Company Limited	Finance	1.85
ICICI Bank Limited	Banks	1.01
L&T Finance Holdings Limited	Finance	0.82
CBLO		4.68
Sub Total		99.59
Net Receivables / (Payables)		0.41
Portfolio Total		100.00

Scheme Performance

	30-Sep-17 to 30-Sep-18	PTP (₹)	30-Sep-15 to 30-Sep-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	-0.46%	9,954	10.78%	13,591	9.28%	14,154
IIFL Focused Equity Fund - Dir - Growth	1.05%	10,105	12.09%	14,079	10.59%	14,830
Benchmark*	13.24%	11,320	12.69%	14,306	9.09%	14,058
Additional Benchmark**	17.18%	11,713	12.96%	14,409	8.90%	13,963

Past performance may or may not be sustained in future.

Different plans shall have different expense structure.

As on September 30, 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

	30-Sep-17 to 30-Sep-18	30-Sep-15 to 30-Sep-18	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	4,60,000
Total Value as on Sep 30,2018 (₹)	1,14,364	4,00,830	5,30,711
Returns	-8.71%	7.14%	7.44%
Total Value of Benchmark: Nifty 50 TRI (₹)	1,24,740	4,42,728	5,77,961
Benchmark: Nifty 50 TRI	7.51%	13.97%	11.97%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,26,563	4,49,878	5,85,695
Additional Benchmark: S&P BSE Sensex TRI	10.44%	15.09%	12.68%

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

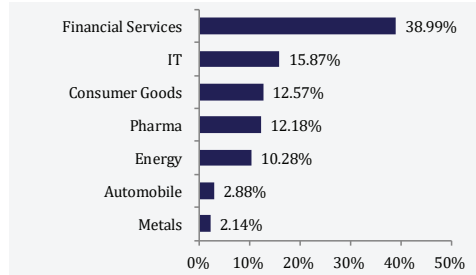
Source: MFI Explorer; Above returns are calculated assuming investment of ₹10,000/- on the 1st working day of every month. CAGR return are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan -Growth option. The above investment simulation 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

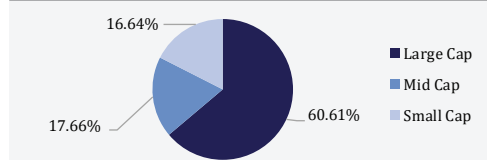
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

Sector Allocation^{^^}



^^Sector allocation as per AMFI classification

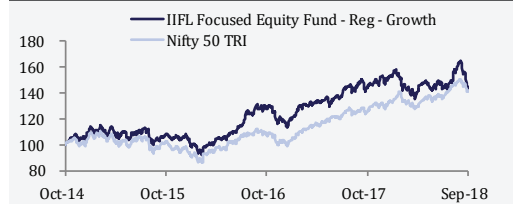
Market Capitalisation wise Exposure[^]



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 September 30, 2018

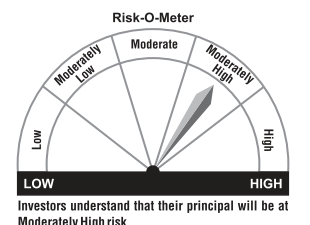
NAV Movement (Since Inception) Rebased to 100



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.



Fund Commentary

2018 has been so far one of the most memorable years in recent times for Indian equity investors. There has been no dearth of news and events and Sep was not much different. We started the month on a worried note as increased noise of trade tariffs from US spread fear among investors. To add to it there were heightened fears of rising current account deficit in India due to the twin shocks of Rupee depreciation and Crude oil price appreciation.

The real damage to the market sentiments happened in the second half of the month when news of IL&FS defaulting on its payments spooked the market. The fear spread fast and became contagion with two other news. One was RBI not allowing Mr Rana Kapoor to continue as MD and CEO of Yes Bank and second was when one of the leading Mutual Fund house sold the commercial papers of DHFL at a discount in a single day. These news and events triggered panic among the investors and we saw sharp sell-off in all NBFC and Financial stocks. High quality stocks were also not spared across most sectors.

As mentioned above, the sharp fall in financial services sector stocks and also across the board selling impacted the portfolio companies. Nearly 57% of our portfolio companies have under-performed the Nifty benchmark index during the month. We see the sharp correction in the month as an over-reaction and more of a contagion fear factor playing out. In fact, there has been no fundamental change in any parameter of any of our portfolio companies in the recent turmoil which has impacted the NBFC and Banking sector.

Stocks in the portfolio which have outperformed Nifty during the month of Sep'18 were TCS (+5.1%), Infosys Ltd (+1.3%), Reliance Industries (+1.3%), Tata Global (-0.2%), HDFC Bank (-2.7%) and Sun Pharma (-4.2%). The major drags in the portfolio during the month were IIFL Holdings (-29.7%), HDFC AMC (-26.8%), Merck Ltd (-26.2%), Bajaj Finance (-24.1%), SBI Life (-23.8%), Credit Grameen Access (-23.7%) and Shankara Building (-23.0%).

We continue to maintain our strategy of focusing on companies where we believe earning may outperform broader market. These short-term events have led to a panic in the market and correction has taken place in all our portfolio companies. But we continue to remain extremely bullish on our portfolio stocks. Thus, we believe these short-term shocks will be an ideal time to increase investments in equity and such quality stocks.

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 September 28, 2018

Regular - Growth	: ₹10.0599
Regular - Dividend	: ₹10.0599
Direct - Growth	: ₹10.1080
Direct - Dividend	: ₹10.1080

AUM as on September 30, 2018

Net AUM	: ₹ 463.11 crore
Monthly Average AUM	: ₹ 476.16 crore

Total Expense Ratio

Regular Plan	: 2.38% 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

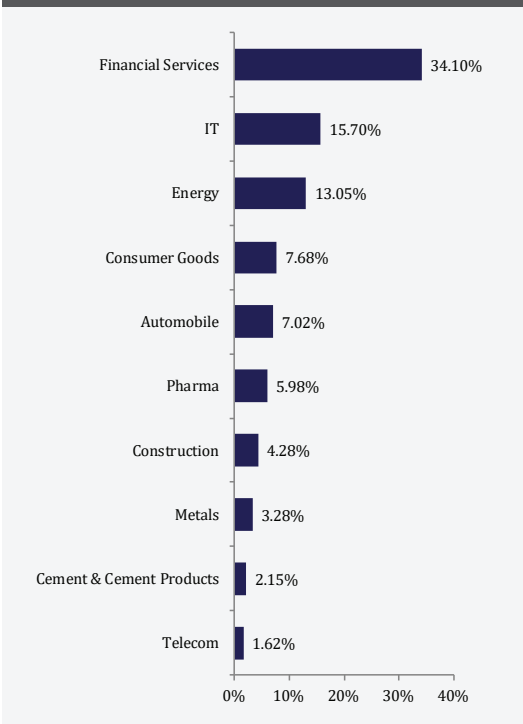
Std. Dev (Annualised)	NA	NA
Sharpe Ratio	NA	NA
Portfolio Beta	NA	NA
R Squared	NA	NA
Treynor	NA	NA

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

Portfolio as on September 30, 2018

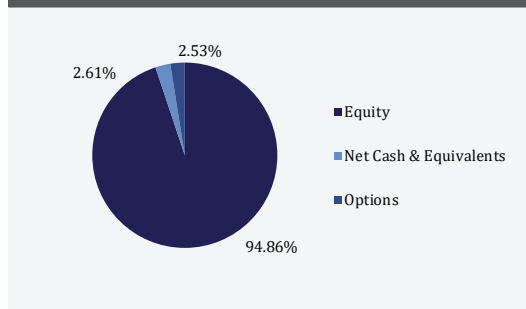
Company Name	Industry	% to Net Assets
Equity & Equity Related Total		
HDFC Bank Limited	Banks	9.17
Reliance Industries Limited	Petroleum Products	8.89
Infosys Limited	Software	6.91
Sun Pharmaceutical Industries Limited	Pharmaceuticals	5.98
Bajaj Finance Limited	Finance	5.30
Housing Development Finance Corporation Limited	Finance	5.08
Tata Consultancy Services Limited	Software	4.61
Larsen & Toubro Limited	Construction Project	4.28
Kotak Mahindra Bank Limited	Banks	4.18
Tech Mahindra Limited	Software	4.18
IndusInd Bank Limited	Banks	4.13
ICICI Bank Limited	Banks	3.68
ITC Limited	Consumer Non Durables	2.92
Mahindra & Mahindra Limited	Auto	2.79
Asian Paints Limited	Consumer Non Durables	2.78
Bajaj Finserv Limited	Finance	2.56
Maruti Suzuki India Limited	Auto	2.34
Hindustan Petroleum Corporation Limited	Petroleum Products	2.18
Grasim Industries Limited	Cement	2.15
Hindustan Unilever Limited	Consumer Non Durables	1.98
Power Grid Corporation of India Limited	Power	1.98
Tata Motors Limited	Auto	1.89
Hindalco Industries Limited	Non - Ferrous Metals	1.76
Bharti Airtel Limited	Telecom - Services	1.62
Vedanta Limited	Non - Ferrous Metals	1.52
Nifty 50 Index 10800 Put June 2019 Option		1.32
Nifty 50 Index 10700 Put June 2019 Option		1.21
CBLO		2.91
Sub Total		100.30
Net Receivables / (Payables)		-0.30
Portfolio Total		100.00

Sector Allocation^^

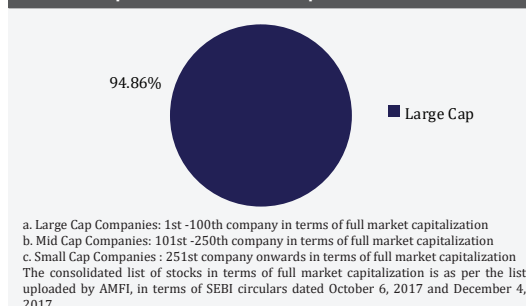


^^Sector allocation as per AMFI classification

Asset Allocation^



Market Capitalisation wise Exposure^



^As on September 30, 2018

HEDGING- UPDATE

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

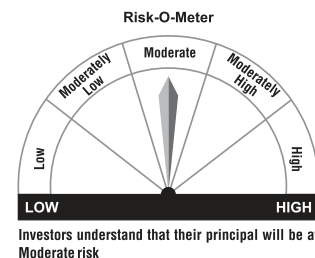
As long dated Nifty 50 puts can only be purchased at a strike price in the multiples of Rs. 100, the Scheme has partially purchased Nifty 50 Puts at 10700 and 10800 strike prices respectively.

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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IIFL Dynamic Bond Fund

(An open ended dynamic debt scheme investing across duration)

Investment Objective

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

Fund Manager Mr. 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 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 September 28, 2018

Regular Plan Growth : ₹14.0912
***Regular Plan Bonus** : ₹14.0912
Regular Quarterly Dividend : ₹13.5979
***Regular Half Yearly Dividend** : ₹13.5979
***Regular Monthly Dividend** : ₹11.2771
Direct Plan Growth : ₹14.4875
Direct Monthly Dividend : ₹11.6389

*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 Sep 30, 2018

Net AUM : ₹ 429.73 crore
Monthly Average AUM : ₹ 433.05 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.

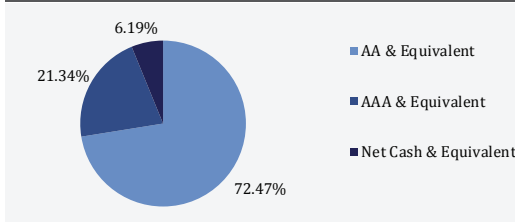
Statistical Debt Indicators

Modified Duration : 1.87 years
Average Maturity : 2.23 years
Yield to Maturity : 9.01%

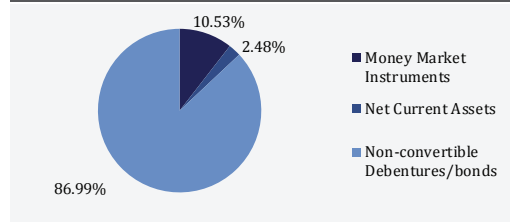
Portfolio as on September 30, 2018

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Debt Instruments					
Non-Convertible Debentures/Bonds			86.99		
9.55% Hindalco Industries Limited	CRISIL AA	5.87	7.63% PNB Housing Finance Limited	CARE AAA	2.26
9.57% Grand View Estates Private Limited	ICRA AA(SO)	5.81	8.75% Axis Bank Limited	CRISIL AA+	2.23
9.00% State Bank of India	CRISIL AA+	5.78	ECL Finance Limited	CARE AA	1.41
4.00% HPCL Mittal Energy Limited	ICRA AA	5.72	8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.14
8.50% Vedanta Limited	CRISIL AA	5.67	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.69
8.75% Muthoot Finance Limited	CRISIL AA	5.58	8.48% U.P. Power Corporation Limited	FITCH AA(SO)	0.55
8.25% EID Parry India Limited	CRISIL AA-	5.46	National Bank For Agriculture and Rural Development	CRISIL AAA	0.46
JM Financial Credit Solution Limited	ICRA AA	4.76	9.15% SP Jammu Udhampur Highway Limited	ICRA AAA(SO)	0.42
7.70% L & T Housing Finance	ICRA AAA	4.52	9.90% Tata Motors Limited	ICRA AA	0.24
Aditya Birla Fashion and Retail Limited	CRISIL AA	4.01	9.45% State Bank of India	CRISIL AAA	0.01
10.25% Hansdeep Industries & Trading Company Limited	CARE AA(SO)	3.48	Certificate of Deposit		
8.1352% Bajaj Housing Finance Limited	CRISIL AAA	3.40	5.67		
9.75% Edelweiss Housing Finance Limited	ICRA AA	3.29	IndusInd Bank Limited	CRISIL A1+	5.67
9.15% Birla Corporation Limited	ICRA AA	2.65	Commercial Paper		
11.80% Tata Steel Limited	CARE AA-	2.44	1.15		
8.32% Power Grid Corporation of India Limited	CRISIL AAA	2.31	NTPC Limited	ICRA A1+	1.15
9.80% ECL Finance Limited	ICRA AA	2.29	CBLO / Reverse Repo		
8.15% Energy Efficiency Services Limited	ICRA AA	2.27	3.71		
7.90% Piramal Enterprises Limited	ICRA AA	2.27	Sub Total		
			97.52		
			Net Current Assets		
			2.48		
			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)
25-Sep-18	0.05	11.2275	11.5870
28-Aug-18	0.05	11.3575	11.7139
31-Jul-18	0.05	11.3456	11.6943
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

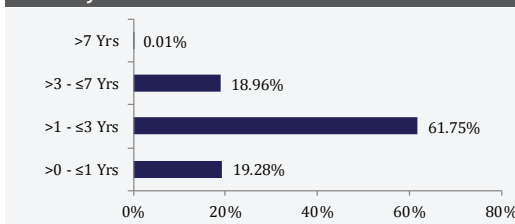
	30-Sep-17 to 30-Sep-18	PTP (₹)	30-Sep-15 to 30-Sep-18	PTP (₹)	30-Sep-13 to 30-Sep-18	PTP (₹)	Since Inception ^s	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	3.81%	10,380	6.13%	11,952	8.22%	14,840	6.73%	14,091
IIFL Dynamic Bond Fund - Dir - Growth	4.47%	10,446	6.71%	12,149	8.80%	15,242	7.29%	14,485
Benchmark*	0.54%	10,054	6.56%	12,098	8.74%	15,200	7.46%	14,606
Additional Benchmark**	-3.00%	9,701	4.81%	11,512	6.96%	13,997	5.34%	13,151

Past performance may or may not be sustained in future

Different plans shall have different expense structure

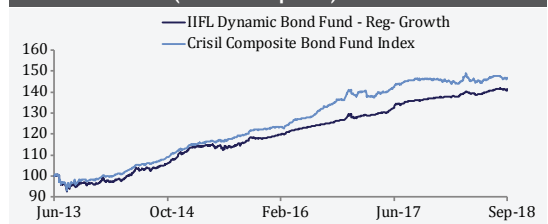
As on September 30, 2018; *Crisil Composite Bond Fund Index; ** Crisil 10yr Gilt Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹ 10,000 made on the inception date; \$ Inception date 24-June-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain

Maturity Profile ^



^As on September 30, 2018

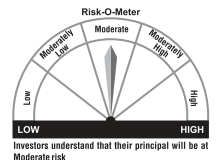
NAV Movement (Since Inception) Rebased to 100



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.



Fund Commentary

- The current fall in rupee against the greenback and rise in crude oil prices kept the market under pressure. The concerns of increase in domestic inflationary pressures and further monetary policy tightening set aside the yields elevated. However, the actions from Government and Reserve Bank of India to manage distressed credit markets and manage liquidity situation gave some respite to investors and restricted the hardening of yields. The continuation of OMO buyback in second half shall support the bond yields going forward. The 10-year benchmark bond (7.17% GS 2028) rose 7 bps to close at 8.02% from the previous month's close of 7.95% after moving within a wide range of 7.92% to 8.23%.
- Falling currency and increasing trade deficit due to higher crude oil prices has compelled Government to take active policy decisions. To encounter run on currency, Government announced measures to encourage more capital inflows by easing ECB norms for manufacturing companies by way of short term borrowings. Masala bonds have been exempted from withholding tax and allowing Indian banks to become market makers. It removed single exposure limit of 20% on Foreign portfolio investors (FPIs) in corporate bonds and initiated policy actions to curb "non-essential" import by increasing duties. Government reassured its commitment to fiscal deficit target and emphasis on not intending to cut capex this year, instead, it is relying on higher direct tax collections and Saving schemes to make up for any shortfalls. The Policy strategy for now is to finance the deficit without sacrificing growth. Domestically cautious outlook on growth and under-control inflation might not warrant RBI action in near term.
- Investors will keep a keen eye on the developments around the liquidity situation, alongside the domestic inflation trajectory and demand-supply dynamics of the domestic debt markets. The U.S. Federal Reserve increased interest rates by 25 basis points as expected. Trade tensions with China continued to put pressure on the market. The stance initiated by the U.S. policy makers regarding trade and fiscal aspects will also remain in sharp focus. In this scenario, 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 September 29, 2018

Regular Plan Growth : ₹1412.7870
Regular Plan Weekly : ₹1005.9648
Dividend
Regular Plan Daily : ₹1000.0788
Dividend
Direct Plan Growth : ₹1416.2479
Direct Plan Dividend : ₹1000.0427

AUM as on Sep 30, 2018

Net AUM : ₹ 269.55 crore
Monthly Average AUM : ₹ 364.65 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 : 12 days
Average Maturity : 23 days
Yield to Maturity : 6.71%

Portfolio as on September 30, 2018

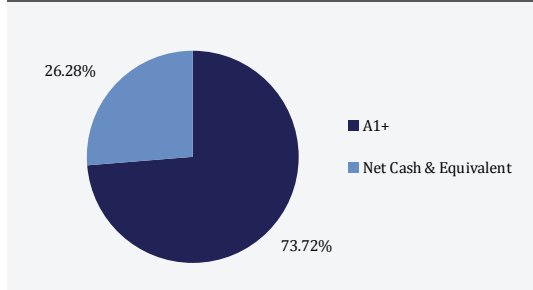
Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
Money Market Instruments					
Certificate of Deposit					
Axis Bank Limited	ICRA A1+	9.21%	Tata Motors Finance Limited	CARE A1+	9.22%
RBL Bank Limited	ICRA A1+	9.19%	Mahindra & Mahindra Financial Services Limited	CRISIL A1+	9.22%
Sub Total		18.40%	LIC Housing Finance Limited	CRISIL A1+	9.19%
Commercial Paper			Sub Total		
Housing Development Finance Corporation Limited	CRISIL A1+	9.24%			55.32%
Hero Fincorp Limited	CRISIL A1+	9.23%	CBLO / Reverse Repo		
National Bank For Agriculture and Rural Development	CRISIL A1+	9.22%	CBLO		25.42%
			Sub Total		25.42%
			Net Receivables / (Payables)		
					0.86%
			Portfolio Total		
					100.00%

Scheme Performance

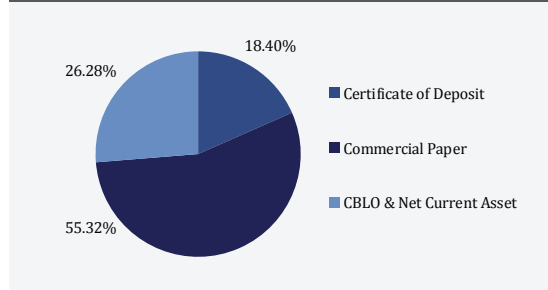
	30-Sep-17 to 30-Sep-18	PTP (₹)	30-Sep-15 to 30-Sep-18	PTP (₹)	Since Inception ⁵	PTP (₹)
IIFL Liquid Fund - Reg - Growth	6.68%	10,670	6.78%	12,177	7.33%	14,125
IIFL Liquid Fund - Dir - Growth	6.73%	10,675	6.83%	12,194	7.39%	14,164
Benchmark*	7.21%	10,723	7.19%	12,318	7.87%	14,475
Additional Benchmark**	6.70%	12,011	6.58%	10,658	7.52%	13,671

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on September 30, 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 SInception 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.

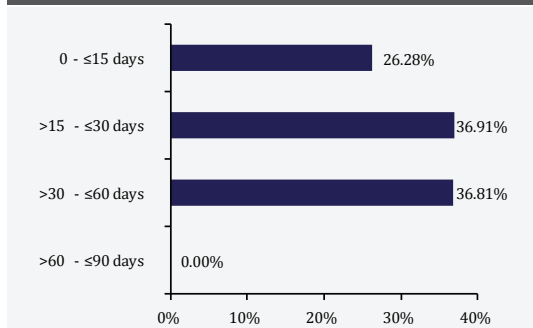
Composition by Rating[^]



Instrument Wise Composition[^]

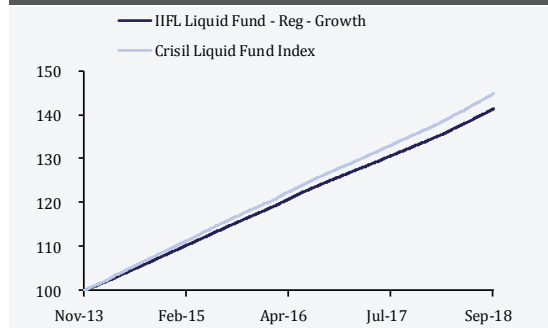


Maturity Profile[^]



[^]As on September 30, 2018

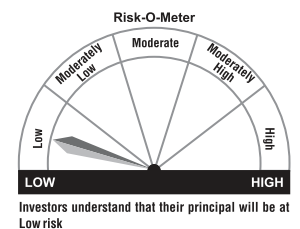
NAV Movement (Since Inception) Rebased to 100



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.