

# MONTHLY FACTSHEET

MARCH 2020



## Macro Economy & Event Update

- Major markets around the globe fell in Feb 2020. The spread of coronavirus continued to batter sentiment as the situation got graver with the infection reaching more and more countries. The death toll in China continued to rise even though the number of new cases seemed under control. The World Health Organisation said the health emergency was at the highest risk but just stopped short of officially calling it a pandemic.
- U.S. markets witnessed steep declines as the coronavirus outbreak reached the Gulf and Europe, with heightened cases in Iran and Italy. The indices saw their worse weekly performance, since the 2008 financial crisis, in the last week of the month. By the end of the month, people infected with the virus were reported in the U.S. as well.
- Europe was equally badly affected by the outbreak fears. Sudden spurt in cases in Italy and a few cases reported in other European countries sent investors in a dizzy. They feared the spread could turn into a pandemic and disrupt global trade and business.
- Asian markets fell too as China grappled with the never-seen-before epidemic, which just kept getting worse. The country to be affected most outside China was South Korea. This led to supply disruptions, with global tech giants revising their revenue forecasts.
- Indian equity markets ended deep in the red. The global sell-off rubbed badly on the domestic indices. Investors shied away from riskier assets over concerns that the rapid spread of the coronavirus across countries could take the shape of a pandemic. Markets feared the economic fallout of such an event could be severe.
- Bond yields plunged as the government did not commit to additional borrowing for FY20 in the Union Budget 2020-21. The Reserve Bank of India announced to conduct long term repos, which led to consistent buying of domestic debt by foreign portfolio investors. Fall in global crude oil prices also contributed to the upside.
- The last month of the fiscal FY20 will remain marred with virus outbreak concerns as the unprecedented health emergency engulfing the world will impinge on global trade and business. The Reserve Bank of India and the government are keeping an eye on the situation and could take actions if required. Investors will also expect global central banks to step up efforts to support their economies. Investors will now look forward to the release of economic data to ascertain the health of the domestic economy. The focus is also going to be on the advent of the monsoons as the rural economy is heavily dependent on the rain gods. Rural consumption has shown signs of picking up and a good monsoon will facilitate growth.

### Key Economic Indicators

Indicators	Current	Previous
WPI (Jan-20)	3.10%	2.59%
IIP (Dec-19)	-0.30%	1.80%
CPI (Jan-20)	7.59%	7.35%

Source: Refinitiv

### MPC maintains status quo in its sixth bi-monthly monetary policy review

- The Monetary Policy Committee (MPC) kept key policy repo rate unchanged in its sixth bi-monthly monetary policy review. The policy repo rate thus presently stands at 5.15%. The reverse repo rate remains unchanged at 4.90% while the marginal standing facility rate and the bank rate remains at 5.40%. However, the MPC decided to continue with its accommodative stance on the monetary policy. In addition, the RBI has started conducting Long Term Repo Operations (LTROs) for one- and three-year periods for up to a total amount of Rs. 1 lakh crore at the policy repo rate of 5.15%. The objective of the move is to improve the monetary transmission and improve credit flows to productive sectors. RBI in order to improve bank credit to specific sectors has decided to do away with the cash reserve ratio of 4% for retail loans for automobiles, residential housing and loans to micro, small and medium enterprises (MSMEs). The exemption will come into effect from Jul 31, 2020. Loans extended to MSMEs will also be linked to an external benchmark and this will be effective from Apr 1, 2020.

### Indian economy grew 4.70% in Q3FY20

- Government data showed Gross Domestic Product (GDP) grew 4.7% in the Dec 2019 quarter of FY20, down from the revised 5.1% (4.5% originally reported) in the previous quarter and 5.6% in the same period of the previous year. The GDP growth rate for the first quarter of FY20 was revised to 5.6% from 5% originally reported. The National Statistical Office has pegged economic growth at 5% in FY20 in its second advance estimates as compared to 6.1% in FY19.

### Retail inflation surged to a near 6-year high in Jan 2020

- India's consumer inflation accelerated to a near six year high of 7.59% YoY in Jan 2020 from 7.35% in Dec 2019 and 1.97% in Jan 2019. Food inflation dropped to 13.63% in Jan compared with a growth of 14.19% in Dec and a degrowth of 2.24% in the same month of the previous year. Transport and communication inflation rose to 6.08% in Jan from 4.77% in Dec 2019.

### IIP growth contracted 0.3% YoY in Dec 2019

- India's Index of Industrial Production (IIP) growth contracted 0.3% YoY in Dec 2019 as against growth of 1.8% in Nov 2019 and increase of 2.5% in Dec 2018. Mining rose 5.4%, while manufacturing and electricity decelerated 1.2% and 0.1% in Dec 2019.

### Exports fell for the sixth consecutive month in Jan 2020

- The country's exports dropped 1.66% to \$25.97 billion in Jan 2020, which is the sixth straight month of contraction, on account of a significant fall in shipments of petroleum, plastic, carpet, gems and jewellery, and leather products, media reports showed. Imports also fell for the eighth consecutive months, down 0.75% to \$41.14 billion in Jan, widening the trade deficit to a seven-month high of \$15.17 billion, government data showed.

## Equity Market

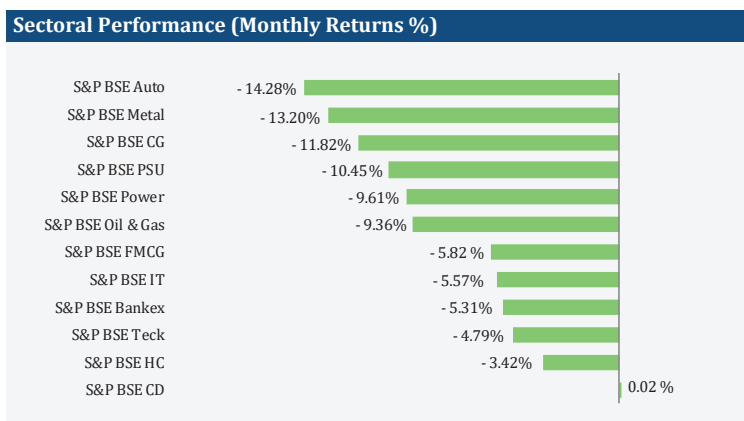
- Indian equity markets witnessed heavy losses in Feb 2020 as coronavirus-spread fears burdened sentiment. Investors feared that the rapid spread of the coronavirus across countries could take the shape of a pandemic. The International Monetary Fund sounded warning alarms that the epidemic could put an already fragile global economy recovery at risk. The number of people infected with the virus outside of China, in countries such as South Korea, Italy and Iran, increased alarmingly. News of the infection spreading to the U.S. was the final blow to the sentiment. Back home, the Supreme Court rejected the modification pleas of telecom companies which also contributed to the downside. F&O expiry, and expectations of another quarter of subdued GDP growth further dented sentiment.
- U.S. markets saw heavy losses in the second month of 2020 as the coronavirus infected thousands and led to hundreds of deaths in China. Investors panicked as the outbreak cut across borders to reach South Korea, Italy, Iran and even the U.S. among many other countries. The undeterred spread of the infection has put global economic growth at stake as businesses find it more and more difficult to work around the health epidemic. A global tech behemoth revised its sales target downwards because of the health emergency.
- European markets too plunged during the month under review. The coronavirus spread intensified outside of China. Italy saw a sudden surge in the number of people affected, together with South Korea and Iran. Estonia and Denmark too reported their first confirmed cases of coronavirus and the U.K. reported more cases. U.S. wasn't spared as cases were reported there as well. A global tech giant downgraded its sales forecast citing slowdown in production amid the coronavirus outbreak in China.
- Asian equity markets followed the global sell-off and declined as well during the month. Investors feared the coronavirus outbreak could intensify and become a pandemic as the number of new coronavirus cases in South Korea, Italy and Iran increased and the outbreak spread to more countries, with U.S., Switzerland, Austria and Romania reporting their first infections. The spread has raised concerns over its impact on the supply and demand chain and the health of the global economy subsequently.
- The last month of the fiscal year 2019-20 will be colored by how markets the world over face this unprecedented health emergency. The coronavirus outbreak has disrupted supply and demand chains and until now the spread is only getting worse. Investors will look forward to the release of economic data to ascertain the health of the domestic economy. The focus is also going to be on the advent of the monsoons as the rural economy is heavily dependent on the rain gods. Rural consumption has shown signs of picking up and a good monsoon will facilitate growth. Other than these, investors will keep a keen eye on crude oil prices that have taken a beating from the coronavirus outbreak. Gold prices will be tracked as investors take the safe-haven metal's refuge. The movement of the rupee against the U.S. dollar will also be on investors' radar.

Domestic Indices Performance				
Indicators	28-Feb-20	31-Jan-20	Chg %	YTD%
S&P BSE Sensex	38,297	40,723	-5.96	-7.17
Nifty 50	11,202	11,962	-6.36	-7.94
S&P BSE 200	4,719	5,041	-6.40	-7.09
Nifty Midcap 100	16,786	18,010	-6.80	-1.85
Nifty Dividend Opportunities 50	2,319	2,501	-7.27	-8.58
S&P BSE Smallcap	13,709	14,668	-6.54	0.07

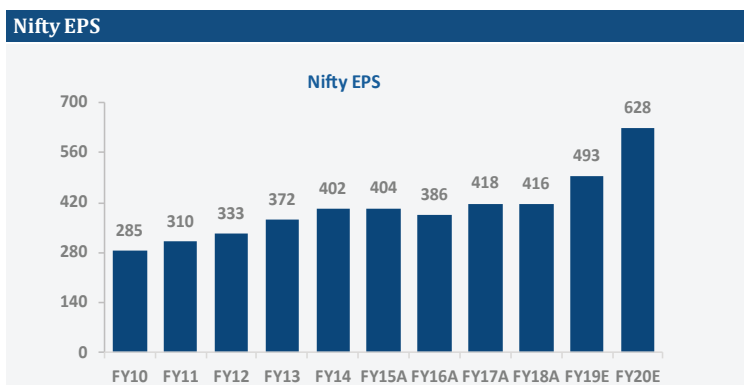
Source: Refinitiv

Global Indices Performance				
Global Indices	28-Feb-20	31-Jan-20	Chg %	YTD%
Dow Jones	25,409	28,256	-10.07	-10.96
FTSE	6,581	7,286	-9.68	-12.75
CAC	5,310	5,806	-8.55	-11.18
Hang Seng	26,130	26,313	-0.69	-7.31
SSE Composite Index	2,880	2,977	-3.23	-5.57

Source: Refinitiv



Source: Refinitiv



Institutional Flows (Equity) As on February 28, 2020				
(₹ Cr)	Purchases	Sales	Net	YTD
FII/FPI Flows	127,755	125,935	1,820	13,942
MF Flows	72,982	62,895	10,088	11,472
DII Flows	93,844	76,910	16,933	19,183

Source: NSDL, NSE & SEBI

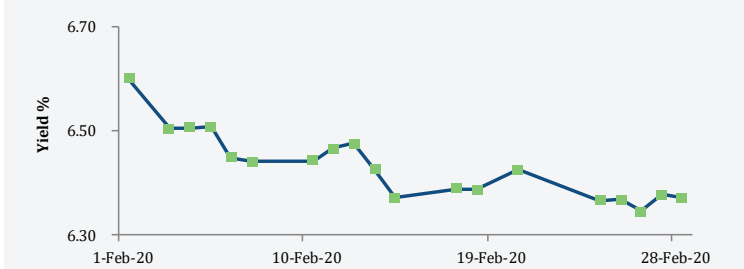
## Debt Market

- Bond yields plunged in the second month of 2020 as government in its Union Budget 2020-21 announced no additional borrowing for FY20. Market sentiments were further boosted after the Reserve Bank of India announced to conduct long term repos, which also led to consistent buying of domestic debt by foreign portfolio investors. Bond yields fell further following the steep fall in the U.S. Treasury yields and decline in crude oil prices amid the ongoing concern over the global spread of coronavirus.
- Yield on gilt securities plunged across the maturities in the range of 16 to 49 bps. Highest fall was seen on 3-year paper and least decline was on 10-year paper. Yield on corporate bonds also dropped across the curve in the range of 17 to 55 bps. Highest fall was seen on 5-year paper and least decline was on 1-year paper. Difference in spread between corporate bond and gilt securities contracted across segments in the range of 3 to 23 bps, barring 1- and 3-year papers that expanded 3 & 17 bps, respectively. Spread fell the most on 6-year paper and least on 2- & 4-year papers.
- Market participants will track how long-term repo operations launched by RBI facilitate the transmission of monetary policy actions and flow of credit to the economy. On the global front, negative impact of panic situation across the globe emanating from spread of coronavirus had a cascading impact that led to sell-off in riskier assets like equity and buying in safe haven assets like domestic debt. Investors will keenly track any positive developments in China and other countries to contain the spread of the outbreak.

## Currency and Commodity Market

- The Indian rupee in spot trade weakened against the greenback and witnessed the biggest monthly loss since Aug 2019 on growing alarm over the spread of the coronavirus beyond China and across the globe. Market participants panicked as the number of coronavirus infection cases increased in Italy and South Korea. Losses in the domestic equity market also contributed to the downside. However, further losses were restricted due to a plunge in global crude oil prices which fell more than 10% during the month under review. Market sentiments also received some support after China's policymakers signalled more support for its economy.
- Brent crude prices were down with the rapid spread of coronavirus outside China, which fuelled concerns over global economic growth and a subsequent fall in global energy demand. The increasing death toll and infected population from coronavirus has increased apprehension over its broader impact on the global front. The virus has reportedly spread to more than 50 countries, which has dampened the demand outlook for fuel. However, the commodity's losses were cushioned by the growing possibility of OPEC output cuts and supply losses from Libya.

### 10-Year Benchmark Bond (06.45% GS 2029) Movement



Source: Refinitiv

### Spread Movement

Spreads		AAA	AA	A
28-Feb-20	1 Yr	115	184	212
	3 Yr	98	159	185
	5 Yr	85	162	203
31-Jan-20	1 Yr	108	192	245
	3 Yr	72	146	172
	5 Yr	86	152	191

Source: Thomson Reuters Eikon

Yield (%)	28-Feb-20	31-Jan-20
10 Year G-Sec	6.37	6.60
5 Year G-Sec	5.87	6.40

### Certificate of Deposit

3-Month	5.64	5.50
6-Month	5.53	5.78
9-Month	5.79	5.73
12-Month	6.17	5.95

### Commercial Papers

3-Month	6.00	5.75
6-Month	6.20	6.25
12-Month	6.50	6.70

Source: Thomson Reuters Eikon

Treasury Bill	28-Feb-20	31-Jan-20
91 Days	5.04	5.09
364 Days	5.19	5.27

Source: CCIL

### Event Calendar

Release Date	Release Date	Country
06-Mar-20	Nonfarm Payrolls (Feb)	U.S.
12-Mar-20	ECB Monetary Policy Review	Euro Zone
18-Mar-20	U.S. Federal Reserve Monetary Policy	U.S.
19-Mar-20	BoJ Monetary Policy Review	Japan
26-Mar-20	Bank of England Monetary Policy	U.K.



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

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



## Investment Objective

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

## Fund Manager<sup>s</sup> Mr. Mayur Patel

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

## Fund Details

**Date of Allotment** : October 30, 2014  
**Bloomberg Code** : IIFGRRG IN  
**Benchmark Index** : S&P BSE 200 TRI<sup>^</sup>  
**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** : 1% - if redeemed/switched out, on or before 12 months from the date of allotment w.e.f April 02, 2019.  
**Dematerialization** : D-Mat Option Available

**Portfolio Turnover Ratio (based on 1 year monthly data)** : 0.59 times

<sup>^</sup>Effective January 01, 2019 the benchmark of the scheme is changed from Nifty 50 TRI to BSE 200 TRI.

## NAV as on February 28, 2020

**Regular - Growth** : ₹18.3540  
**Regular - Dividend** : ₹16.2380  
**Direct - Growth** : ₹19.6439  
**Direct - Dividend** : ₹19.4433

## AUM as on February 29, 2020

**Net AUM** : ₹ 756.12 crore  
**Monthly Average AUM** : ₹ 727.00 crore

## Total Expense Ratio

**Regular Plan** : 2.32% p.a.  
**Direct Plan** : 0.90% p.a.

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

## Volatility Measures Fund Benchmark

<b>Std. Dev (Annualised)</b>	15.30%	13.43%
<b>Sharpe Ratio</b>	0.49	0.27
<b>Portfolio Beta</b>	1.00	1.00
<b>R Squared</b>	0.77	NA
<b>Treynor</b>	0.02	0.01

## Portfolio as on February 29, 2020

Company Name	Sector	% to Net Assets
<b>Equity &amp; Equity Related Total</b>		
ICICI Bank Limited	Financial Services	8.53
Axis Bank Limited	Financial Services	6.58
HDFC Bank Limited	Financial Services	5.54
Crompton Greaves Consumer Electricals Limited	Consumer Goods	4.92
Infosys Limited	IT	4.13
Larsen & Toubro Limited	Construction	4.12
Bharti Airtel Limited	Telecom	4.00
Bajaj Finance Limited	Financial Services	3.96
Aavas Financiers Limited	Financial Services	3.58
Procter & Gamble Health Limited	Pharma	3.32
Muthoot Finance Limited	Financial Services	3.30
Larsen & Toubro Infotech Limited	IT	3.16
IPCA Laboratories Limited	Pharma	3.13
CreditAccess Grameen Limited	Financial Services	2.85
Bharat Petroleum Corporation Limited	Energy	2.65
Balkrishna Industries Limited	Automobile	2.59
Asian Paints Limited	Consumer Goods	2.53
Dr. Reddy's Laboratories Limited	Pharma	2.48
SRF Limited	Textiles	2.46
Bajaj Finserv Limited	Financial Services	2.34
Cyient Limited	IT	2.33
Apollo Tricoat Tubes Limited	Miscellaneous	2.23
Abbott India Limited	Pharma	1.94
Tata Elxsi Limited	IT	1.73
Equitas Holdings Limited	Financial Services	1.45
ACC Limited	Cement & Cement Products	1.32
RBL Bank Limited	Financial Services	1.19
Motilal Oswal Financial Services Limited	Financial Services	1.04
<b>Unlisted</b>		
Arti Surfactants Limited	Miscellaneous	0.01
<b>Sub Total</b>		<b>89.41</b>
TREPS**		5.83
Net Receivables / (Payables)		4.76
<b>Portfolio Total</b>		<b>100.00</b>

## Scheme Performance

	28-Feb-19 to 29-Feb-20	PTP (₹)	28-Feb-17 to 29-Feb-20	PTP (₹)	28-Feb-15 to 29-Feb-20	PTP (₹)	Since Inception <sup>s</sup>	PTP (₹)
IIFL Focused Equity Fund - Reg - Growth	27.72%	12,772	11.90%	14,012	10.59%	16,551	12.06%	18,356
IIFL Focused Equity Fund - Dir - Growth	29.62%	12,962	13.57%	14,648	12.01%	17,642	13.49%	19,641
Benchmark*	4.60%	10,460	8.28%	12,695	6.60%	13,770	8.06%	15,121
Additional Benchmark**	7.91%	10,791	11.37%	13,814	6.94%	13,991	7.85%	14,965

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

As on February 29, 2020 ; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000; <sup>s</sup>Since Inception date is 30-Oct-2014; \*S&P BSE 200 TRI; \*\*S&P BSE Sensex TRI; Managed by the fund manager since November 11, 2019.

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

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

	28-Feb-19 to 29-Feb-20	28-Feb-17 to 29-Feb-20	28-Feb-15 to 29-Feb-20	Since Inception
Total Amount Invested (₹)	1,20,000	3,60,000	6,00,000	6,30,000
Total Value as on Feb 29,2020(₹)	1,32,651	4,39,146	8,35,794	8,85,376
Returns	20.31%	13.39%	13.26%	12.93%
Total Value of Benchmark: S&P BSE 200 TRI (₹)	1,17,297	3,76,542	7,19,311	7,61,431
Benchmark: S&P BSE 200 TRI	-4.19%	2.95%	7.21%	7.16%
Total Value of Benchmark: S&P BSE Sensex TRI (₹)	1,18,597	3,98,141	7,57,953	8,00,414
Additional Benchmark: S&P BSE Sensex TRI	-2.18%	6.67%	9.31%	9.06%

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

Source: MF1 Explorer; Above returns are calculated assuming investment of ₹10,000/- on the 1st working day of every month. CAGR return are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan -Growth option. The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. Managed by the fund manager since November 11, 2019.

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

## Dividend Details

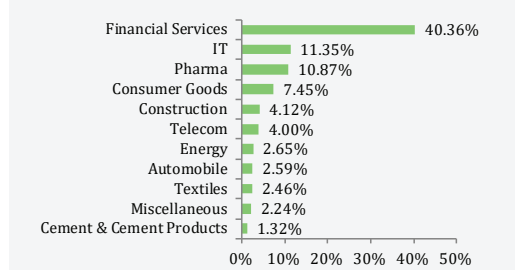
	Record Date	Face Value (₹)	Cum Dividend NAV (₹) As on Feb 15, 2017	Dividend Per Unit
Regular Plan	15-Feb-17	10	12.7777	1.50
Direct Plan	15-Feb-17	10	13.0738	0.17

## 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.

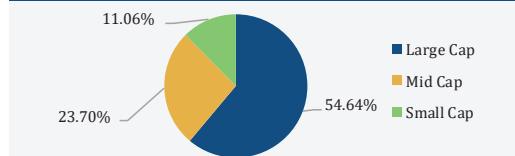
\*\*With effect from November 05, 2018, Triparty Repo has replaced CBL0s for all schemes with provisions to invest in CBL0.

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



<sup>^^</sup>Sector allocation as per AMFI classification

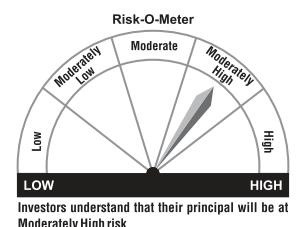
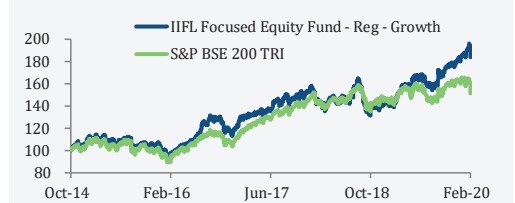
## Market Capitalisation wise Exposure<sup>^</sup>



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

<sup>^</sup>As on February 29, 2020

## NAV Movement (Since Inception) Rebased to 100



Investors understand that their principal will be at Moderately High risk

## Fund Commentary

### Equity Market Outlook

The Coronavirus (COVID-19) outbreak in China has spooked investors across the globe. There remains significant uncertainty on the potential spread of the virus and responsive action by policy makers and healthcare departments globally. While the condition is now easing out in China, new cases have been reported in 45 countries, spreading rapidly in South Korea and parts of Europe and the Middle East. Clearly, we are set for a major supply chain disruption of key raw materials and components from China if the crisis is prolonged. In India, industries such as Consumer Durables, Pharma, Chemicals, and Auto ancillaries are vulnerable to such risks. In our base case, we expect such disruptions to be temporary in nature and may ease out over the next six months.

### 2020 – Consolidation in 1H and Recovery in 2H

While the COVID-19 related risks persist, the key factor to monitor for the Indian equity markets would be the economic growth turnaround. While the Union Budget in February 2020 had no major announcements to kick start economic growth, we expect the government to roll out additional reforms and policy initiatives outside the budget. Over the next six months, we are set to see higher inflation, pause on rate cuts and a continued slowdown in investment and consumption demand. The factors primarily contributing to this are higher food prices, higher telecom charges, Bharat Stage-VI (BS-VI) related price hikes and constrained government spending.

However, we do expect economic growth recovery in the second half of the year. We see both, consumption and government spending picking up in the second half of the year, though recovery in private capex may take longer. While headline liquidity has improved significantly, credit growth continues to remain muted in single digits due to an overall economic slowdown and reduced risk appetite of banks. However, potential large ticket resolutions and improvement in balance sheets of banks would drive a rebound in their risk appetite and kick start the cycle. RBI's efforts to flatten the yield curve and enhance transmission of rate cuts via Open Market Operation (buying long term bonds and selling short term securities – the Indian variant of Operation Twist) is likely to further enhance credit offtake during the year. Consumption demand over a low base should witness pick up by the second half of the year as destocking and Bharat Stage VI (BS VI) related disruptions would be behind us and credit availability for distributors, dealers and channel partners would improve. Rising GST collections and completion of privatisation of large PSUs such as BPCL would reduce pressure on the fiscal deficit, enabling the government to resume thrust on spending. While the National Infrastructure Pipeline of \$1.5tn over 2020-2025 (almost double of the government's investment in infrastructure over last five years) seems ambitious, it is a step in the right direction.

### Banking, Financial Services and Insurance (BFSI) lead to continue; Small and Midcap to make a comeback

We expect Private Sector BFSI companies to outperform the market. Despite a challenging environment around credit quality and credit growth, leading private sector banks and stronger private sector NBFCs would continue to garner market share from the public-sector players, in addition to benefitting from a secular growth in the retail credit segment. BFSI would continue to be the dominant growth driver of Nifty's earnings in FY21. Quality cyclicals such as Industrials should also gather steam during the course of the year. Unlike the equity market performance in 2019, which was dominated by a few large cap companies, 2020 should mark the comeback of small and midcaps. The one year forward PE valuation of Nifty midcap 100 index has corrected from a 40% premium to Nifty in Dec 2017 to approximately a 5% discount to Nifty in January 2020. Risk-reward is definitely attractive in the small and mid-cap segment now. As we expect the cycle to recover during the second half of the year, good quality small and midcap stocks should start attracting more investor interest.

### Note

<sup>5</sup>Mr. Mayur Patel, has been designated as Fund Manager for IIFL Focused Equity Fund and Mr. Prashasta Seth ceases to be Fund Manager for IIFL Focused Equity Fund w.e.f Nov 11, 2019

### 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

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 17 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** : IIFDBBIN

**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 February 28, 2020

**Regular Plan Growth** : ₹15.8040

**Regular Plan Bonus** : ₹15.8040

**Regular Quarterly Dividend** : ₹15.2508

**Regular Half Yearly Dividend** : ₹15.2508

**Regular Monthly Dividend** : ₹11.7499

**Direct Plan Growth** : ₹16.3989

**Direct Monthly Dividend** : ₹12.2718

**Direct Quarterly Dividend** : ₹15.5002

\*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 February 29, 2020

**Net AUM** : ₹ 282.30 crore

**Monthly Average AUM** : ₹ 284.95 crore

## Total Expense Ratio

**Regular Plan** : 1.34% p.a.

**Direct Plan** : 0.69% p.a.

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

## Statistical Debt Indicators

**Modified Duration** : 0.83 years

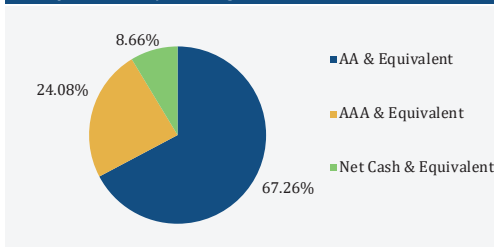
**Average Maturity** : 1.01 years

**Yield to Maturity** : 8.80%

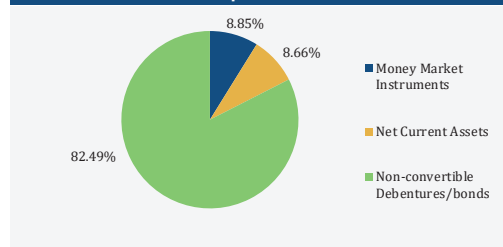
## Portfolio as on February 29, 2020

Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
<b>Debt Instruments</b>					
<b>Non-Convertible Debentures/Bonds</b>			<b>82.49</b>		
9.55% Hindalco Industries Limited	CRISIL AA	9.21	8.85% India Grid Trust InvIT Fund	CRISIL AAA	1.80
8.50% Vedanta Limited	CRISIL AA	8.88	8.75% Axis Bank Limited	CRISIL AA+	1.80
8.75% Muthoot Finance Limited	CRISIL AA	8.87	9.15% SP Jammu Udhampur Highway Limited	ICRA AAA	0.65
8.25% EID Parry India Limited	CRISIL AA-	8.45	9.90% Tata Motors Limited	ICRA AA-	0.36
7.70% L & T Housing Finance	ICRA AAA	7.10	9.35% IDFC First Bank Limited	ICRA AA	0.03
Aditya Birla Fashion and Retail Limited	CRISIL AA	6.95	<b>Money Market Instruments</b>		
10.25% Hansdeep Industries & Trading Company Limited	CARE AA-(CE)	5.26	<b>Certificate of Deposit</b>		
9.75% Edelweiss Housing Finance Limited	ICRA AA-	4.65	HDFC Bank Limited	CARE A1+	8.85
EMBASSY OFFICE PARK REIT	CRISIL AAA	3.87	<b>TREPS** / Reverse Repo</b>		
8.15% Energy Efficiency Services Limited	ICRA AA-	3.52	TREPS**		4.79
7.90% Piramal Enterprises Limited	ICRA AA	3.48	<b>Sub Total</b>		
9.80% ECL Finance Limited	ICRA AA-	3.38	<b>96.13</b>		
ECL Finance Limited	CARE AA-	2.42	<b>Net Current Assets</b>		
8.20% Housing Development Finance Corporation Limited	CRISIL AAA	1.81	<b>Portfolio Total</b>		
			<b>100.00</b>		

## Composition by Rating^



## Instrument Wise Composition^



## Dividend Declared - Monthly Dividend Plan

Date	Gross Dividend (₹) (Per Unit)	Regular Plan NAV (₹) (Ex-Dividend)	Direct Plan NAV (₹) (Ex-Dividend)
25-Feb-20	0.05	11.7957	12.3165
28-Jan-20	0.05	11.7155	12.2246
31-Dec-19	0.05	11.6950	12.1950
<b>Quarterly Dividend Plan</b>			
04-Jun-15	0.4	11.4678	11.5708
<b>Half Yearly Dividend Plan</b>			
04-Jun-15	0.4	11.4678	

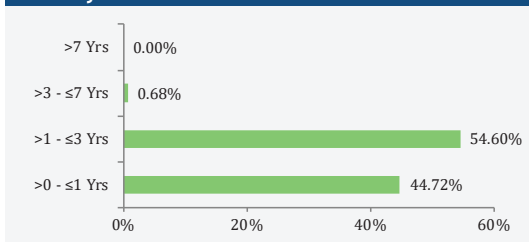
Dividend is gross dividend. To arrive at the net dividend payable for corporate and non-corporate investors applicable dividend distribution tax, if any, needs to be adjusted respectively. Past performance may or may not be sustained in future. After payment of dividend the NAV has fallen to the extent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

## Scheme Performance

	28-Feb-19 to 29-Feb-20	PTP (₹)	28-Feb-17 to 29-Feb-20	PTP (₹)	28-Feb-15 to 29-Feb-20	PTP (₹)	Since Inception <sup>5</sup>	PTP (₹)
IIFL Dynamic Bond Fund - Reg - Growth	8.60%	10,860	7.08%	12,278	6.78%	13,887	7.09%	15,808
IIFL Dynamic Bond Fund - Dir - Growth	9.30%	10,930	7.74%	12,506	7.39%	14,289	7.68%	16,399
Benchmark*	13.76%	11,376	8.31%	12,706	8.71%	15,190	8.69%	17,455
Additional Benchmark**	13.28%	11,328	6.68%	12,141	7.70%	14,496	7.09%	15,808

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on February 29, 2020\* 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^



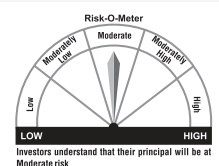
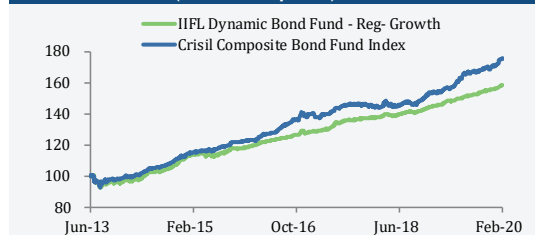
^As on February 29, 2020

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

- Income and long term gains
- Investment in a range of debt and money market instruments of various maturities
- Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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

## NAV Movement (Since Inception) Rebased to 100



## Fund Commentary

The month commenced with Indian budget for FY 20-21 and RBI monetary policy, fully focused to address consumption boosting measures and reviving economy, but it ended with challenges for the globe caused by corona virus spreading across the globe. While the leaders of the central banks across the world have started signalling rate cuts in their respective countries, India seems to already be positioned well, addressing the slowdown with its rate cuts in the last one year. Along with the central government's focus on revival of economy and RBI measures engulfing the coordinated efforts of providing easy liquidity to the needy sectors for the recovery and supporting growth. Overall liquidity in the system remains very high along with the newly announced long-term repo operations placed for the duration of 1 years and 3 years. RBI conducted its open market operations under 'Operation Twist' to flatten the yield curve by selling shorter end securities and buying back longer end securities to flatten yield curve to boost lending and credit growth. Operation twist would help RBI multi-fold, in managing the excess liquidity and in softening the long tenor yields so that the government issuances remains at lower interest rates. RBI in its policy-maintained status quo on rates but is actively engaged in revitalizing the flow of bank credit to productive sectors having multiplier effects to support impulses of growth. To relax stretched NBFCs balance sheet, it offered to extend period of announcing its default assets as standard till one more year and real estate players are now given relaxations in their project finance to see the transmission. RBI has been pre-emptive in cutting rates, with cumulative rate cuts amounting to 135bps, marginally higher than the Fed's cumulative rate cuts of 125bps in this cycle. While additional Long Term Repo Operations (LTRO) and possibly more 'twist operations' (if warranted) are likely course of action. RBI may avoid any signalling rate cuts in line with global central banks until inflation cools down. February inflation is likely to come down from its 68 months record high of 7.59% registered in January 2020. However, the challenges remain in cooling off inflation amidst imports from china severely impacted due to COVID -19 (corona virus disease 2019) igniting supply side concerns. On annualized basis, food inflation moderated to 11.79% in Jan-20 from 12.16% in Dec-19, thereby reversing the relentless buildup seen over the last one year. Late arrival of kharif produce along with import of onions have now begun to cool down prices, though gradual hikes in telecom tariffs would impact the inflation adversely.

On the global front, UK officially exited from the European Union on 31st January, three-and-a-half years after the public vote to leave the EU. The two neighbours have now entered the transition phase which lasts until the end of this year. The US and China signed the Phase One trade deal on 15 January, after nearly 18 months of trade animosity. The US pledged to reduce tariffs on USD 120 bn of Chinese imports from 15.0% to 7.5%. China reciprocated by halving the tariffs on US imports worth USD 75 bn. The cut in tariffs by both the countries will be effective from 14 February. Growth in China is relentlessly impacted due to shut down of manufacturing units because of corona virus. February Manufacturing Purchasing Managers Index (PMI) of China fell to 35.7 from 50 in January. This is worse than drop witnessed in 2008. At the same time India's PMI has noted sharp increase giving hopes of future growth recovery for India. Crude oil also dropped due to china growth concerns providing advantage to India of lower energy costs. Bond yields, which had hardened in the US towards the end of 2019 as investors turned to riskier assets, softened in February 2020, especially after the US Fed announced the 50bps rate cut. The dovish Fed stance and an accommodative RBI with the prospect of more LTROs will likely support a mild rally in bond yields, but this may be offset by continued FPI selling pressure. Bond yields is likely to be range bound with a trading range of around 6.10-6.40% in near terms. The INR has crossed 73 to the dollar on FPI selling pressure and global volatility. Q3 GDP suggests the growth trending lower in Q3 FY20 to 4.7% YoY from 5.6% in Q1 and 5.1% in Q2 of this fiscal. The bond markets will take cues from future RBI rate actions to protect growth, its conduct of borrowing program and durable liquidity management. The recent steps taken by the government for consumption spending, private sector revival and setting up infrastructure projects will be the catalyst in the GDP growth pickup. This should offer the Reserve Bank of India (RBI) space as well as the need to engage in further policy easing. In this scenario of changing 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 are 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 17 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 Bharthiar 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** : NIL

**Exit Load<sup>5</sup>** :

**Investor exit upon subscription** : Exit load as a % of redemption proceeds

Day 1	0.0070%
Day 2	0.0065%
Day 3	0.0060%
Day 4	0.0055%
Day 5	0.0050%
Day 6	0.0045%
Day 7 onwards	0.0000%

<sup>5</sup>The revised exit load as mentioned above shall be applicable on a prospective basis to all fresh investments (purchase or switch-ins) made on or after October 20, 2019 (Effective Date). Redemption/Switch out of units would be done on First in First out basis. Please refer addendum notice dated Oct 18, 2019 for more details.

**Dematerialization** : D-Mat Option Available

**Asset Allocation** :

Money market and debt instruments with residual maturity up to 91 days : 0% to 100%

## NAV as on February 28, 2020

**Regular Plan Growth** : ₹1532.7761

**Regular Plan Weekly** : ₹1005.3801

### Dividend

**Regular Plan Daily Dividend:** ₹1000.0701

**Direct Plan Growth** : ₹1537.6162

**Direct Plan Dividend** : ₹1000.0427

**Direct Plan Weekly** : ₹1005.3751

### Dividend

## AUM as on February 29, 2020

**Net AUM** : ₹ 943.23 crore

**Monthly Average AUM** : ₹ 964.72 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** : 11 days

**Yield to Maturity** : 5.07%

## Portfolio as on February 29, 2020

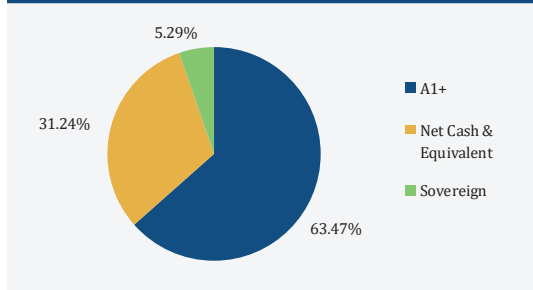
Name of the Instrument	Rating	% to Net Assets	Name of the Instrument	Rating	% to Net Assets
<b>Money Market Instruments</b>					
<b>Certificate of Deposit</b>					
Kotak Mahindra Bank Limited	CRISIL A1+	7.95%	Housing Development Finance Corporation Limited	CRISIL A1+	2.65%
HDFC Bank Limited	CARE A1+	7.95%	Export Import Bank of India	CRISIL A1+	2.64%
Axis Bank Limited	ICRA A1+	5.29%	<b>Sub Total</b>		<b>21.13%</b>
Small Industries Dev Bank of India	CRISIL A1+	5.29%	<b>Treasury Bill</b>		
Bank of Baroda	FITCH A1+	5.29%	70 Days CMB	Sovereign	5.29%
Export Import Bank of India	CRISIL A1+	5.28%	<b>Sub Total</b>		<b>5.29%</b>
ICICI Bank Limited	CARE A1+	2.65%	<b>TREPS** / Reverse Repo</b>		
ICICI Bank Limited	ICRA A1+	2.64%	TREPS**		30.69%
<b>Sub Total</b>		<b>42.34%</b>	<b>Sub Total</b>		<b>30.69%</b>
<b>Commercial Paper</b>			<b>Net Receivables / (Payables)</b>		
Reliance Industries Limited	CRISIL A1+	5.30%			<b>0.55%</b>
LIC Housing Finance Limited	CRISIL A1+	5.30%	<b>Portfolio Total</b>		
National Bank For Agriculture and Rural Development	ICRA A1+	5.24%			<b>100.00%</b>

## Scheme Performance

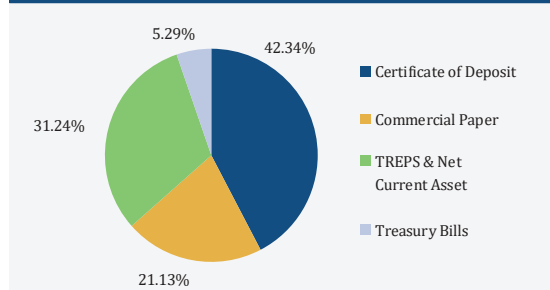
	28-Feb-19 to 29-Feb-20	PTP(₹)	28-Feb-17 to 29-Feb-20	PTP(₹)	28-Feb-15 to 29-Feb-20	PTP(₹)	Since Inception <sup>5</sup>	PTP (₹)
IIFL Liquid Fund - Reg - Growth	5.64%	10,564	6.23%	11,988	6.67%	13,815	7.02%	15,329
IIFL Liquid Fund - Dir - Growth	5.69%	10,569	6.29%	12,008	6.73%	13,854	7.07%	15,374
Benchmark*	6.56%	10,656	6.97%	12,240	7.27%	14,209	7.65%	15,906
Additional Benchmark**	6.53%	12,092	6.21%	10,621	6.87%	13,944	7.30%	15,590

Past performance may or may not be sustained in future. Different plans shall have different expense structure. As on February 29, 2020\* Crisil Liquid Fund Index,\*\* Crisil 91 Day T-Bill Index; Point to Point (PTP) returns in ₹ is based on standard investment of ₹10,000 made on the inception date 13-Nov-2013; Effective March 08 2017, Mr. Ankur Parekh has been appointed as Fund Manager of the scheme. The Scheme was managed till March 07, 2017 by Mr Ritesh Jain.

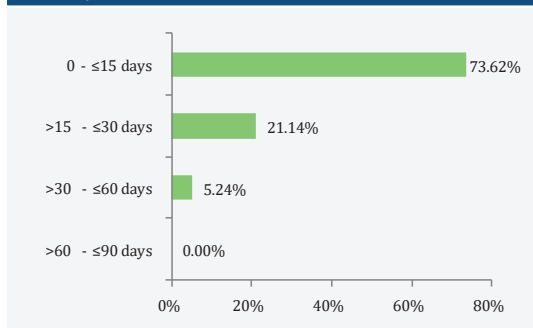
## Composition by Rating<sup>^</sup>



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

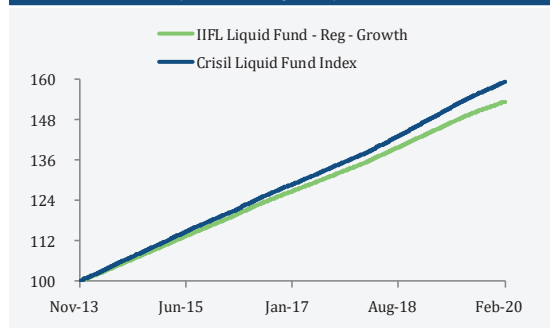


## Maturity Profile<sup>^</sup>



<sup>^</sup>As on February 29, 2020

## NAV Movement (Since Inception) Rebased to 100

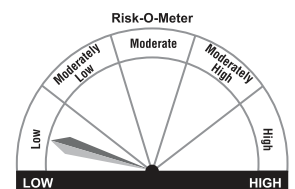


## THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING\*

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

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

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



Investors understand that their principal will be at Low risk

## GLOSSARY OF TERMS

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

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