

IIFL ELSS NIFTY 50 TAX SAVER INDEX FUND

(An open-ended Passive Equity Linked Saving Scheme with a statutory lock-in period of 3 years and tax benefit, replicating/ tracking the Nifty 50 index)



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New Fund Offer opens on: December 01, 2022

New Fund Offer closes on: December 21, 2022

TABLE OF CONTENTS

- Irrational exuberance while chasing trends

- Active rise in passives

- ELSS edge

- First in its Category* – Passive ELSS

*Pursuant a new category introduced vide SEBI circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022.



IRRATIONAL EXUBERANCE- CHASING TRENDS

- Current Valuations

- Valuations & Investor Behaviour

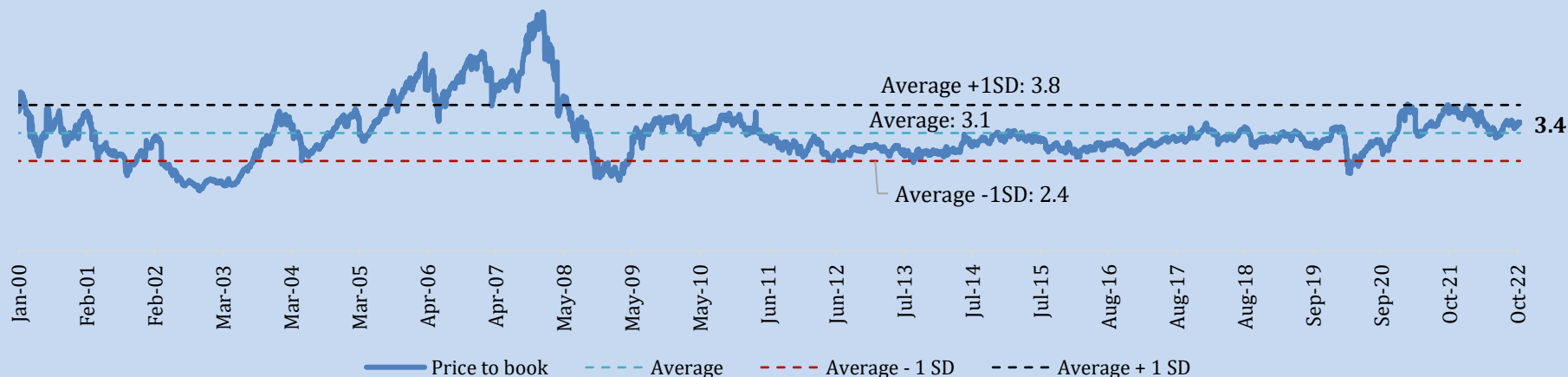
- Rear View Investing



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CURRENT VALUATIONS

S&P BSE Sensex Price to Book Ratio



P/B range	5 year returns*	Time spent (%)^
Less than 2	40%	5%
Between 2 & 3	13%	49%
Between 3 & 4	10%	36%
Above 4	4%	10%

Currently, Sensex P/B in this range

Source: Bloomberg. *Median 5-year CAGR of S&P BSE Sensex . Data from Jan 2, 2000 to Oct 31, 2022. ^Indicates the percent of time the index has been in the P/B range for the above mentioned time period

Past performance may or may not be sustained in future.



VALUATIONS AND INVESTOR BEHAVIOUR

Flows in Equity Oriented Mutual Fund Schemes	P/B range	5 Year Returns*	Time Spent (%)^	% of Inflows
Negative inflows in this band	Less than 2	40%	5%	0%
Relatively lower inflows	Between 2 & 3	13%	49%	36%
Maximum inflows	Between 3 & 4	10%	36%	56%
Frenzy continues	Above 4	4%	10%	8%

“The stock market is the story of cycles and of human behaviour that is responsible for overreactions in both directions” - Seth Klarman

Source: Bloomberg. *Median 5-year CAGR of S&P BSE Sensex. Kotak Securities for equity mutual fund flows data. Data from Jan 2, 2000 to Oct 31, 2022. ^Indicates the percent of time the index has been in the P/B range for the above mentioned time period

Past performance may or may not be sustained in future.



REAR VIEW INVESTING- DOES IT HELP?

PB Bands	Flows in Equity Oriented Mutual Fund Schemes	Past 1 yr Returns*	3yr CAGR^	5yr CAGR^
Less than 2	0%	-3%	42%	40%
Between 2 & 3	36%	3%	17%	16%
Between 3 & 4	56%	26%	10%	11%
Above 4	8%	45%	5%	6%

Looking ahead by just looking in the rear-view mirror may not be right.
The past should be used as rudder for guidance and not as an anchor!

Source: Bloomberg for PB. Kotak Securities for equity mutual fund flows data. Data from Jan 2, 2000 to Oct 31, 2022. The returns for the respective time period have been rounded off to the nearest percentage. Index used for calculation is S&P BSE Sensex.

*Past 1 year returns are trailing returns which investors witnessed before investing and,

^3 year & 5- year returns are returns investors made thereafter.

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PASSIVE INVESTING

- Does it make sense

- Active interest in Passives

DOES PASSIVE STRATEGY MAKE SENSE

A passive investment strategy tracks a pre-defined benchmark/index as closely as possible.

It also has the following benefits:

Relatively lower cost

When compared with other actively managed equity-oriented funds

No human bias

Behavioral biases tend to affect security selection.

Investors tend to become biased to short term market cycles.

Complements active portfolio

With increasing interest in passives, this can complement active portfolio

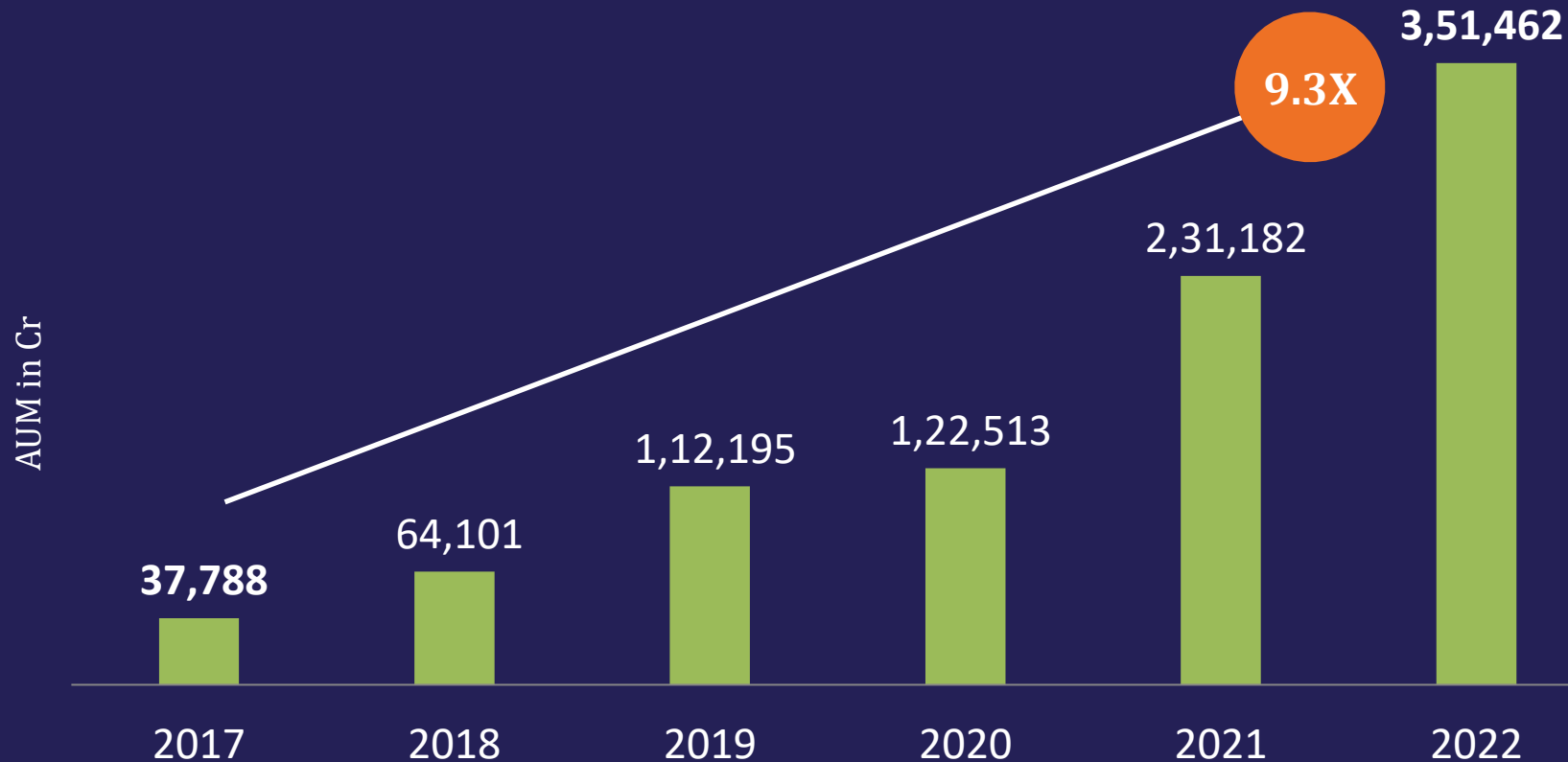
Benefits from survivorship bias

The companies which stand test of time are part of the index



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ACTIVE INTEREST IN PASSIVES



The Index/ETF AUM has grown at 56% CAGR in the last 5 years.

In the last 3 years, the category AUM has tripled.

Source: ACE MF. Data as on 31st March for all the respective years

TAX SAVING UNDER 80 C

- ELSS vs other options for 80 C benefit

- PPF vs ELSS (Nifty 50 Index)

ELSS VS OTHER OPTIONS FOR 80C BENEFIT

Instrument	Risk	Lock-In Period (Years)	Returns	Tax Benefits at the time of withdrawal
Equity Linked Savings Scheme (ELSS)	High Risk	3	16%*	No
Public Provident Fund (PPF)	Low Risk	15	7.1%**	Yes
Bank FD	Low Risk	5	6.9%^	No

*Source: ACE MF. 3 year average market linked returns for schemes under ELSS Category as on 31st October 2022.

** as on 31st March 2022

^ SBI 5 Year FD Rates for a senior citizen as on 31st October 2022. For a non-senior citizen, the interest rate is 6.10%

Past performance may or may not be sustained in future.



COMPARISON OF PPF RETURNS WITH NIFTY 50* INDEX

Date of Investment**	PPF		Nifty 50		
	Interest Rate	Value after 1 Year	Index Value	YoY Change	Value after 1 Year
1997	12.0%	₹ 1,68,000	968		₹ 1,73,020
1998	12.0%	₹ 3,56,160	1117	15.3%	₹ 3,11,784
1999	11.8%	₹ 5,65,845	1078	-3.5%	₹ 6,54,713
2000	10.9%	₹ 7,93,693	1528	41.8%	₹ 6,04,515
2001	9.5%	₹ 10,32,950	1148	-24.9%	₹ 7,42,260
2002	8.9%	₹ 12,88,430	1130	-1.6%	₹ 7,72,705
2003	8.0%	₹ 15,53,505	978	-13.4%	₹ 16,71,377
2004	8.0%	₹ 18,39,785	1772	81.1%	₹ 20,92,491
2005	8.0%	₹ 21,48,968	2036	14.9%	₹ 37,48,281
2006	8.0%	₹ 24,82,885	3403	67.1%	₹ 43,78,327
2007	8.0%	₹ 28,43,516	3822	12.3%	₹ 56,10,123
2008	8.0%	₹ 32,32,997	4735	23.9%	₹ 36,75,371
2009	8.0%	₹ 36,53,637	3021	-36.2%	₹ 66,46,834
2010	8.0%	₹ 41,07,928	5249	73.8%	₹ 75,53,873
2011	8.2%	₹ 46,07,078	5834	11.1%	₹ 69,93,142
2012	8.8%	₹ 51,75,701	5296	-9.2%	₹ 76,65,165
2013	8.7%	₹ 57,89,037	5683	7.3%	₹ 92,20,231
2014	8.7%	₹ 64,55,733	6704	18.0%	₹ 1,18,67,581
2015	8.7%	₹ 71,80,432	8491	26.7%	₹ 1,09,52,402
2016	8.1%	₹ 79,20,532	7738	-8.9%	₹ 1,31,61,721
2017	7.8%	₹ 86,98,016	9174	18.5%	₹ 1,46,75,651
2018	7.8%	₹ 95,38,161	10114	10.2%	₹ 1,70,39,450
2019	7.9%	₹ 1,04,55,948	11624	14.9%	₹ 1,27,14,372
2020	7.1%	₹ 1,13,58,970	8598	-26.0%	₹ 2,19,80,941
2021	7.1%	₹ 1,23,26,107	14691	70.9%	₹ 2,63,09,934
Invested		₹ 37,50,000			₹ 37,50,000
Value as on 31-Mar-2022		₹ 1,23,26,107			₹ 2,63,09,934
Tax		₹ -			₹ 26,30,993
Post-Tax Value		₹ 1.23 Cr			₹ 2.37 Cr

*Market linked returns. **Investments have been made on 31st March of the respective years. Each year, the amount invested was ₹ 1,50,000. The values have been rounded off to the nearest integer. Returns are market linked. ^Calculated from 31st March 1997

Past performance may or may not be sustained in future. As ELSS does not have a EEE status and hence a LTCG of 10% will be applicable at the time of withdrawal in case the gains in the year are over INR 1 lakh. Tax will be applicable as per income tax slab of the investor.

HOW ABOUT AN INDEX FUND WITH TAX BENEFIT?

HERE COMES

FIRST PASSIVE ELSS
MUTUAL FUND*

*Pursuant a new category introduced vide SEBI circular No. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022.



ELSS INDEX FUND

- Historical Performance of ELSS Category

- India's resilient equity market

- Major events – Return comparison

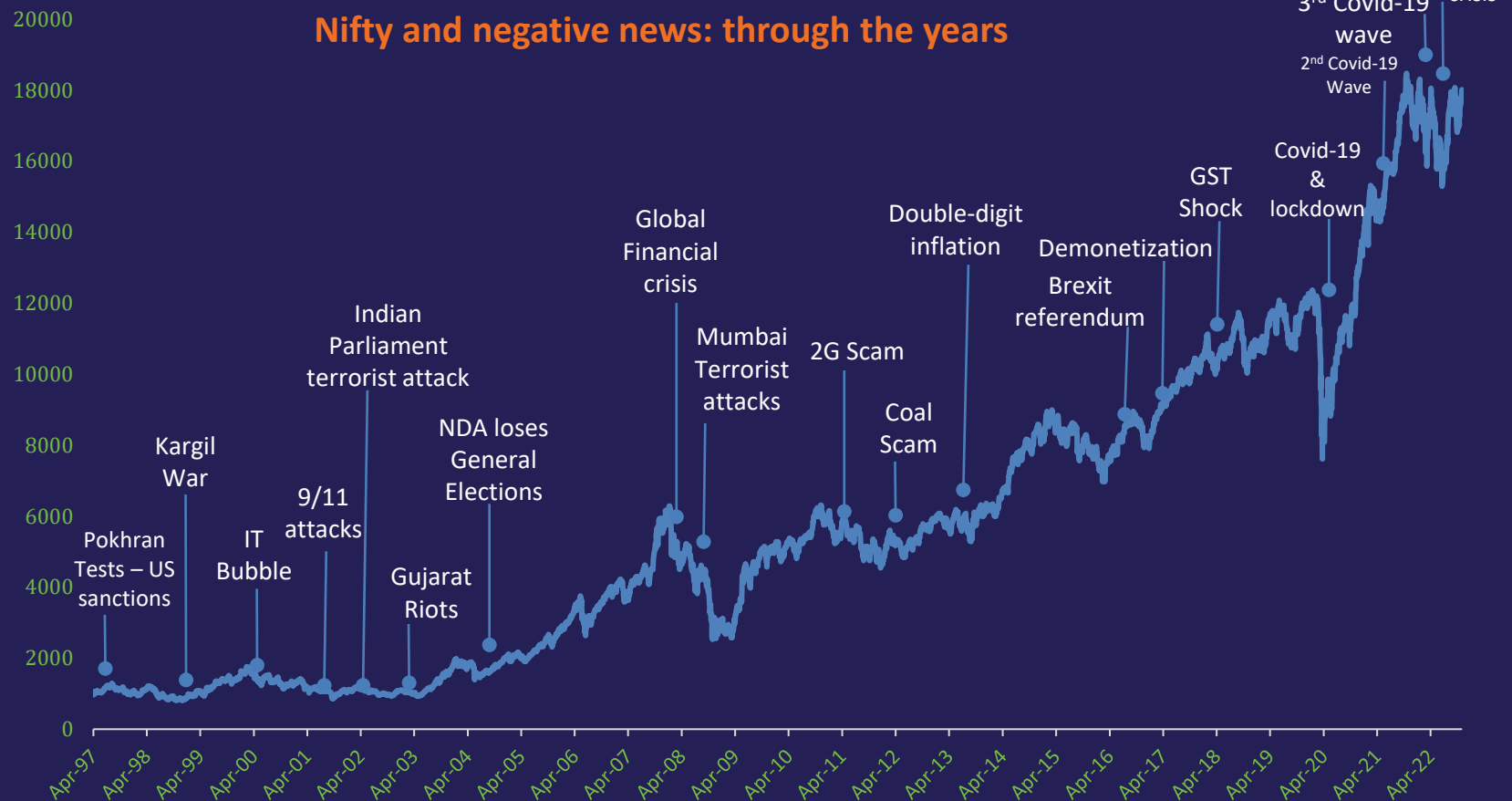
HISTORICAL PERFORMANCE OF ELSS CATEGORY

ELSS Category Performance vs Benchmark*

	3 Year	5 Year	7 Year
% of AUM beating benchmark	22%	16%	16%
% of Funds beating benchmark	30%	18%	23%

*Source: ACE MF. Data as on 30th September 2022. Relative performance has been calculated with respect to their respective benchmark. Historical performance has been shown. This is subject to change based on market movement. The above numbers should not be construed as any indication/assurance for any future performance.

Nifty and negative news: through the years



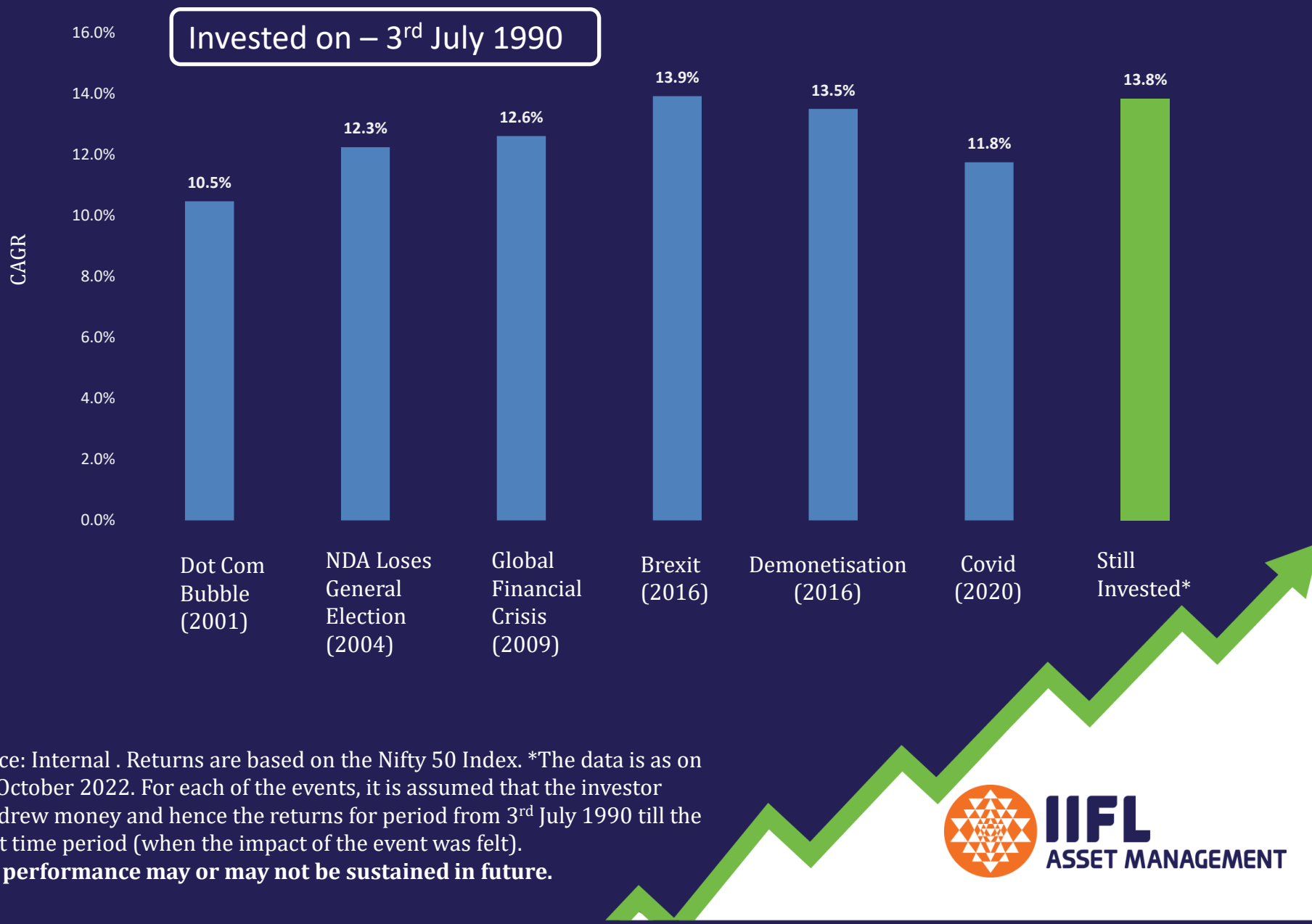
INDIA'S RESILIENT EQUITY MARKET

Provide entry points in a secular growth story

Past performance may or may not be sustained in future. The above chart is shown till October 2022, to just show the Nifty movement since 1997.



MAJOR EVENTS - RETURN COMPARISON



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(An open-ended Passive Equity Linked Saving Scheme with a statutory lock-in period of 3 years and tax benefit, replicating/tracking the Nifty 50 index)

WHAT DOES IIFL ELSS NIFTY 50 TAX SAVER INDEX FUND OFFER

Dual Advantage

Tax benefit + Opportunity of wealth creation

Cost Efficiency

Lower expense ratio as compared to active funds

IIFL ELSS NIFTY 50 Tax Saver Index Fund

Options available in the scheme

Income Distribution cum Capital Withdrawal
Option – for investors opting for cashflows while
having principal invested
Growth Option – For investors who are looking at
wealth creation

Tax efficient dividend yield in the scheme
(Refer the illustration on the next slide)

BENEFIT FROM DIVIDEND YIELD IN TAX EFFICIENT MANNER

Impact of Dividend	Investment directly in Nifty 50 shares	Investment in Nifty 50 Index Fund – Growth Plan
Dividend Yield (A)	1.50%	1.50%
Taxation rate (B)	30%**	10%*
Post Tax Yield (C)= $A \times (100\% - B)$	1.05%	1.35%

An investor who has invested in NIFTY 50 stocks, can save **30 basis points annually** just by investing in an index fund instead of holding direct stocks.

Higher dividend yield by ~ 30 mbps

*LTCG applicable at 10%, when the investment in growth plan is withdrawn after completion of a year subject to lock-in . **It is assumed that the investor falls in the 30% tax bracket, hence the applicable tax on dividend income will also be 30%. The above table is for illustration purpose only. **Past performance may or may not be sustained in future.**



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WHY INVEST IN IIFL ELSS NIFTY 50 TAX SAVER INDEX FUND

First in its Category

Currently the only Passive ELSS Fund

Tax Benefit

One can save up to INR 46,800* a year in taxes by investing INR 1.5 lakhs

Lower Cost

Relatively lower cost as compared to active fund

Diversified index exposure

Nifty 50 Index invests in the top 50 stocks by market capitalization

Inflation adjusted returns over a long period

Indian equity markets have displayed potential to generate inflation adjusted returns over a long period

*For an individual falling in the tax bracket of 30% and opting for old tax regime to take benefit of 80C under Income Tax Act, 1961
Investors are requested to consult their tax advisers independently.



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SCHEME DETAILS

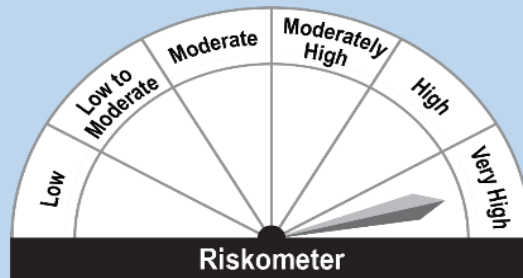
Name of the Scheme	IIFL ELSS Nifty 50 Tax Saver Index Fund																						
Type of the Scheme	An open ended Passive Equity Linked Saving Scheme with a statutory lock-in period of 3 years and tax benefit, replicating/tracking the Nifty 50 index																						
Investment Objective	The investment objective of scheme is to invest in stocks comprising the Nifty 50 Index in the same proportion as in the index to achieve returns equivalent to the Total Returns Index of Nifty 50 Index (subject to tracking error), while offering deduction on such investment made in the scheme under section 80C of the Income-tax Act, 1961. It also seeks to distribute income periodically depending on distributable surplus. There is no assurance or guarantee that the investment objective of the Scheme would be achieved. Investments in this scheme would be subject to a statutory lock-in of 3 years from the date of allotment to avail Section 80C benefits.																						
Benchmark	Nifty 50 TRI																						
Minimum Application Amount	❖ New Purchase – Rs. 500 and in multiples of Rs. 500 thereafter (subject to lock-in-period of 3 years from the date of allotment). ❖ Additional purchase - Rs. 500 and in multiples of Rs. 500 thereafter (subject to lock-in-period of 3 years from the date of allotment) ❖ Systematic Investment Plan (SIP) <table><tr><th>Frequency</th><th>Minimum amount and instalments</th><th>Dates</th><th>Default dates</th></tr><tr><td>Weekly</td><td>Rs. 500 per instalment for a minimum period of 12 weeks</td><td>Every Tuesday</td><td>-</td></tr><tr><td>Fortnightly</td><td>Rs. 500 per instalment for a minimum period of 12 fortnights</td><td>2nd & 16th of every month</td><td>-</td></tr><tr><td>Monthly</td><td>Rs. 500 per instalment for a minimum period of 12 months</td><td>Any date: 1st to 28th</td><td>7th of every month</td></tr><tr><td>Quarterly</td><td>Rs. 500 per instalment for a minimum period of 12 quarters</td><td>Any date: 1st to 28th</td><td>7th</td></tr></table>			Frequency	Minimum amount and instalments	Dates	Default dates	Weekly	Rs. 500 per instalment for a minimum period of 12 weeks	Every Tuesday	-	Fortnightly	Rs. 500 per instalment for a minimum period of 12 fortnights	2 nd & 16 th of every month	-	Monthly	Rs. 500 per instalment for a minimum period of 12 months	Any date: 1 st to 28 th	7 th of every month	Quarterly	Rs. 500 per instalment for a minimum period of 12 quarters	Any date: 1 st to 28 th	7 th
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Asset Allocation	<table><tr><th>Instruments</th><th>%</th><th>Risk Profile</th></tr><tr><td>Equity instruments covered by Nifty 50 Index</td><td>95%-100%</td><td>High</td></tr><tr><td>Debt and money market instruments</td><td>0%- 5%</td><td>Low to Moderate</td></tr></table> The scheme may also invest upto 5% in liquid schemes of IIFL Mutual Fund or other schemes which has objective to invest in debt and money market instruments. In accordance with SEBI Circular No. SEBI/ HO/ IMD/ DF2/ CIR/ P/ 2021/ 024 dated March 4, 2021, the cumulative gross exposure through Equity and equity related instruments, debt, Money Market Instruments will not exceed 100% of the net assets of the scheme.			Instruments	%	Risk Profile	Equity instruments covered by Nifty 50 Index	95%-100%	High	Debt and money market instruments	0%- 5%	Low to Moderate											
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PRODUCT LABEL

This product is suitable for investors who are seeking*

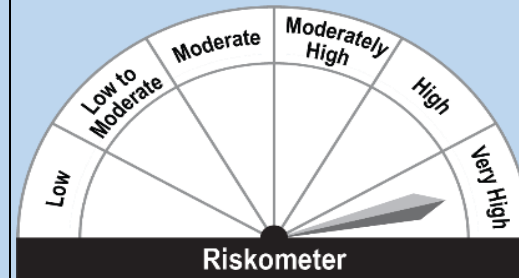
- capital appreciation over long term;
- Investment in stocks comprising the Nifty 50 Index in the same proportion as in the index to achieve returns equivalent to the Total Returns Index of Nifty 50 Index, subject to tracking error while offering deduction under Section 80C of IT Act, 1961

Scheme Risk-o-meter



Investors understand that their principal will be at Very High Risk

Benchmark Risk-o-meter



Nifty 50 TRI

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

(The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made)

FUND MANAGER - MR. PARIJAT GARG



Brief Experience:

Mr. Parijat has over 15 years of experience in the financial services industry including algorithmic trading, stock broking, and financial data services. Prior to joining IIFL Asset Management Limited, he was associated with Tower Research Capital (India) as a quant analyst and prior to that has worked with Quadeye Securities LLP as a portfolio manager. Mr. Garg is a computer science engineer from IIT Bombay and a CFA charter holder.

Mr. Garg is also the fund manager of IIFL Quant fund.



DISCLAIMER

Date: 6th December 2022

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Risk factors: The scheme invests in equity instrument and hence carries risk inherent in equities. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments. Investment in Money Market is subject to liquidity, credit, interest rate & reinvestment risk. For further Scheme specific risk factors, please refer the scheme information document.

Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

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