

IIFL DYNAMIC BOND FUND

An Open Ended Dynamic Debt
Scheme investing across duration



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OVERVIEW

- Current Investment Options
- Investment Idea
- Scenario Analysis
- Portfolio Attributes
- Summary



CURRENT INVESTMENT OPTIONS

	Fixed Maturity Plan**	Short Duration Fund***	IIFL Dynamic Bond Fund
Yield*	High	Low	High
Liquidity	X	✓	✓
Potential for MTM**** Gains/ Benefit from mispricing	X	✓	✓

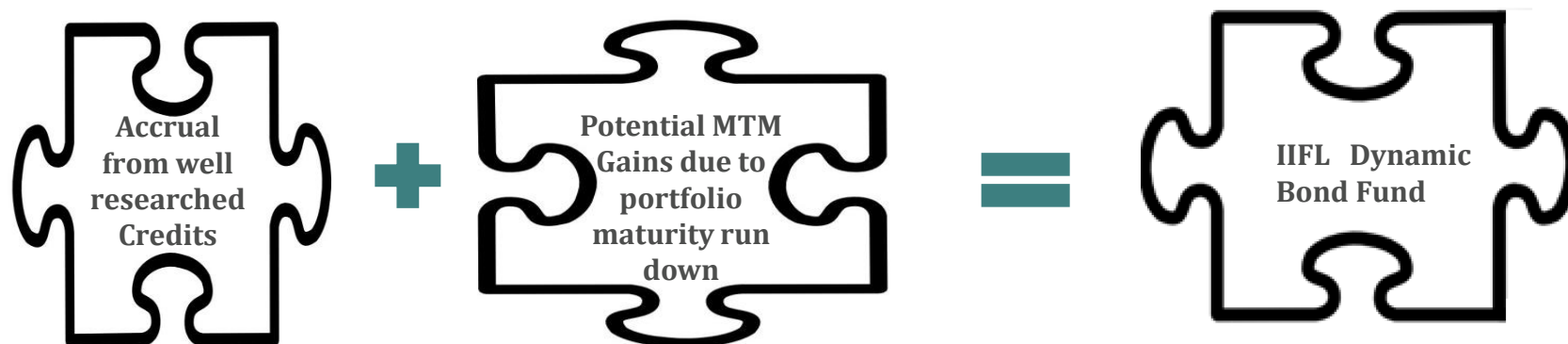
* Yield is based on Net Yield to Maturity (computed as YTM – expense ratio). Yield to Maturity is the rate of return anticipated on a bond if held till maturity. The YTM factors in the bond's current market price, par value, coupon interest rate and time to maturity

**Fixed Maturity Plans are close-ended debt mutual fund schemes, investing in securities maturing on or before the date of the maturity of the scheme.

***Short Duration Funds are schemes with investments in debt & money market instruments such that the Macaulay duration of portfolio is between 1-3years.

****MTM refers to mark to market gains from bonds

INVESTMENT IDEA



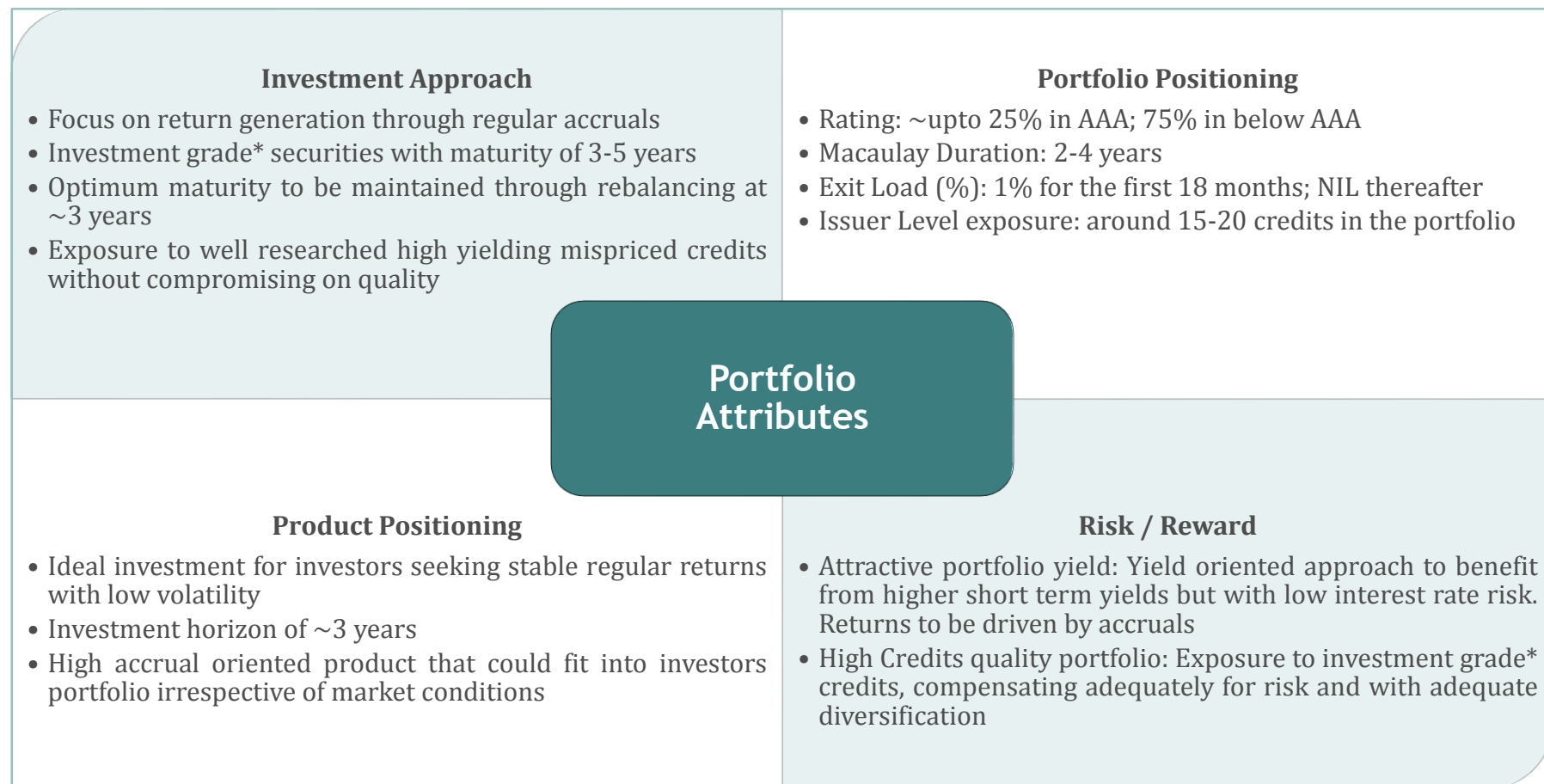
Accumulating the yields in the portfolio as in a buy and hold approach

In current scenario investment in debt & money market instruments with average Macaulay Duration of 2 – 4 years at the current yield levels to accumulate the yields in the portfolio

Portfolio would have potential to benefit from capital gains if interest rates ease in future and higher accruals due to optimized credit spreads

High Accrual oriented approach from well calibrated mispriced credit opportunities with potential for MTM (marked to market) gain from run down effect of portfolio over 3 years

SCHEME ATTRIBUTES



**Investment Grade: Securities upto A Rating*

SUMMARY

Portfolio of Corporate
Bonds & other debt
securities

Credit Profile-
25%: AAA
75%: Below AAA

Medium Term
Horizon*

Invests across rating
curve (investment
grade)

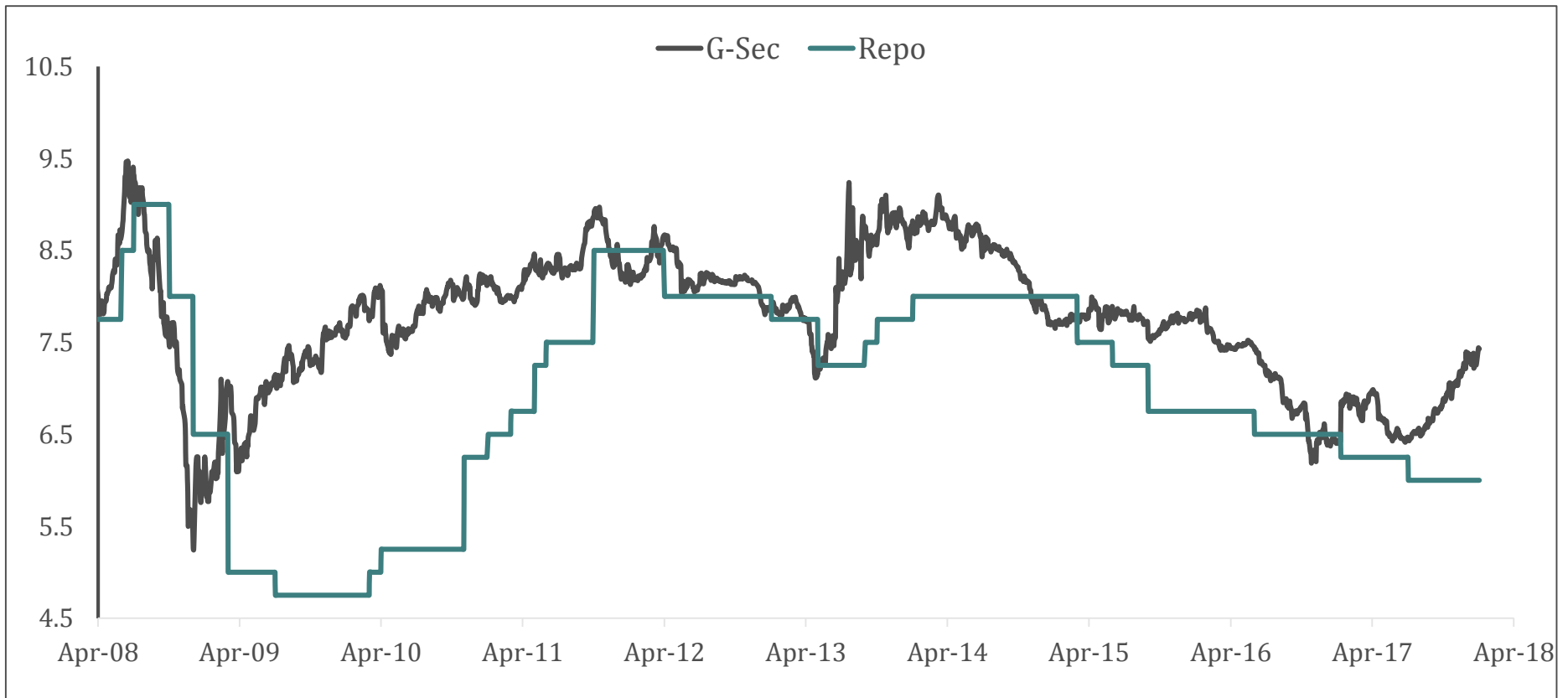
Average maturity in
the range of
3-5 years

* Medium Term Horizon refers to holding period of 3 years and above

MARKET ENVIRONMENT



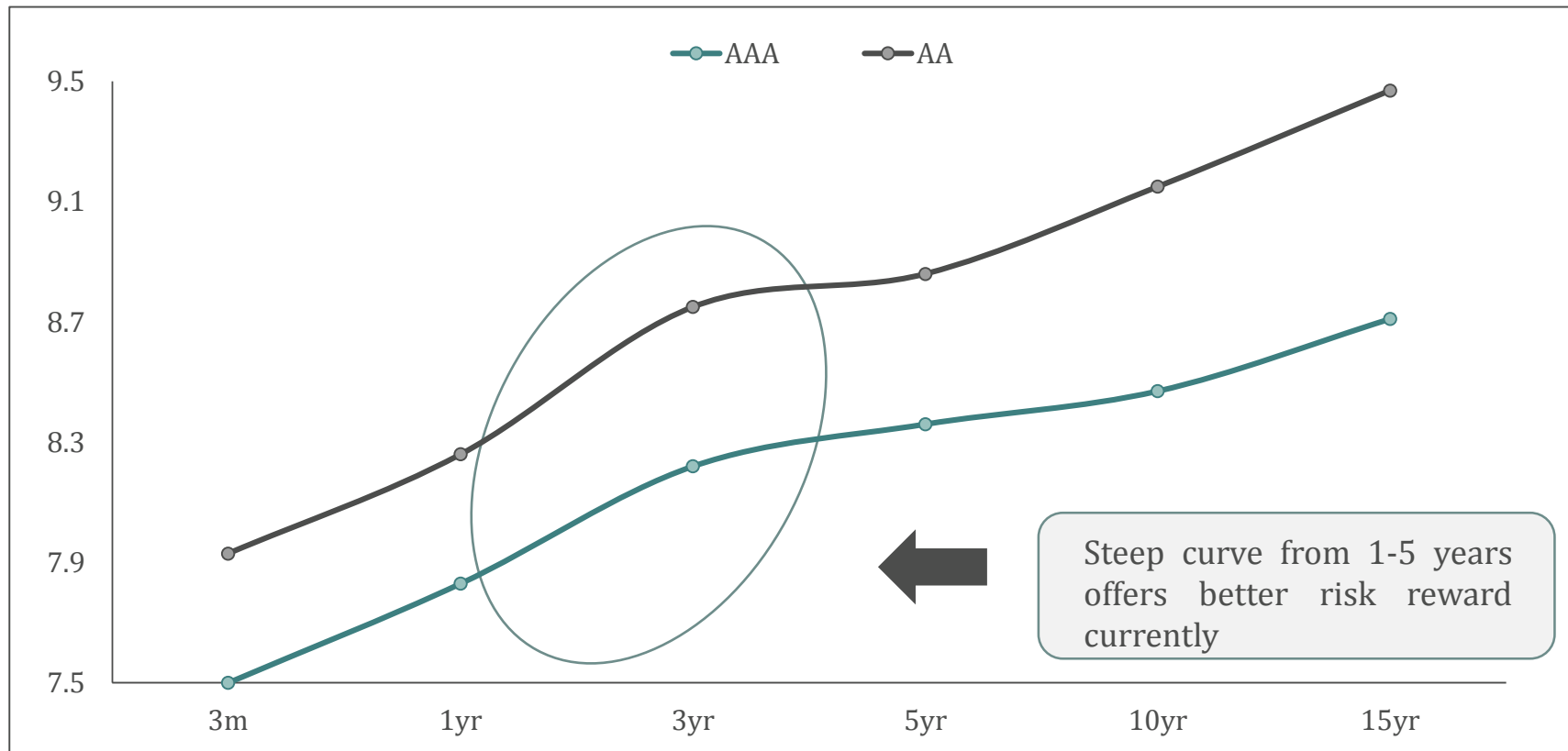
LONG TERM BOND YIELDS AND POLICY RATES ARE CLOSE TO BOTTOM !



Source: Bloomberg. All data as on 30th April 2018

- Higher fuel prices, tightening liquidity and concerns on fiscal deficit could keep the yields elevated and reduce potential gains from long term bonds
- Globally, interest rate environment is increasing, further limiting scope for rapid fall in rates from current levels

STEEP YIELD CURVE OFFERS OPPORTUNITY AT THE FRONT END OF THE CURVE



Source: Bloomberg. All data as on 30th April 2018

- Steep curve from 1 to 5 year offers additional spread of up to 80 bps
- Provides higher accruals than long term AAA/ Government Bonds

INVESTMENT PROCESS

- Investment Approach
- Investment Process



INVESTMENT APPROACH

Investment Approach

CREDIT SPECTRUM POSITIONING

- Understanding lucrative credit spreads over the sovereign yield curve.
- Positioning the portfolio suitably to capitalise on credit spread opportunities

TACTICAL MISPRICING OPPORTUNITIES

- Dynamic portfolio management to benefit from volatility in interest rates and credit spreads

CREDIT / ACCRUAL STRATEGIES

- Investment decision based on issuer and liquidity of instrument
- Issuer specific due diligence
- Identifying key drivers for rating upgrades

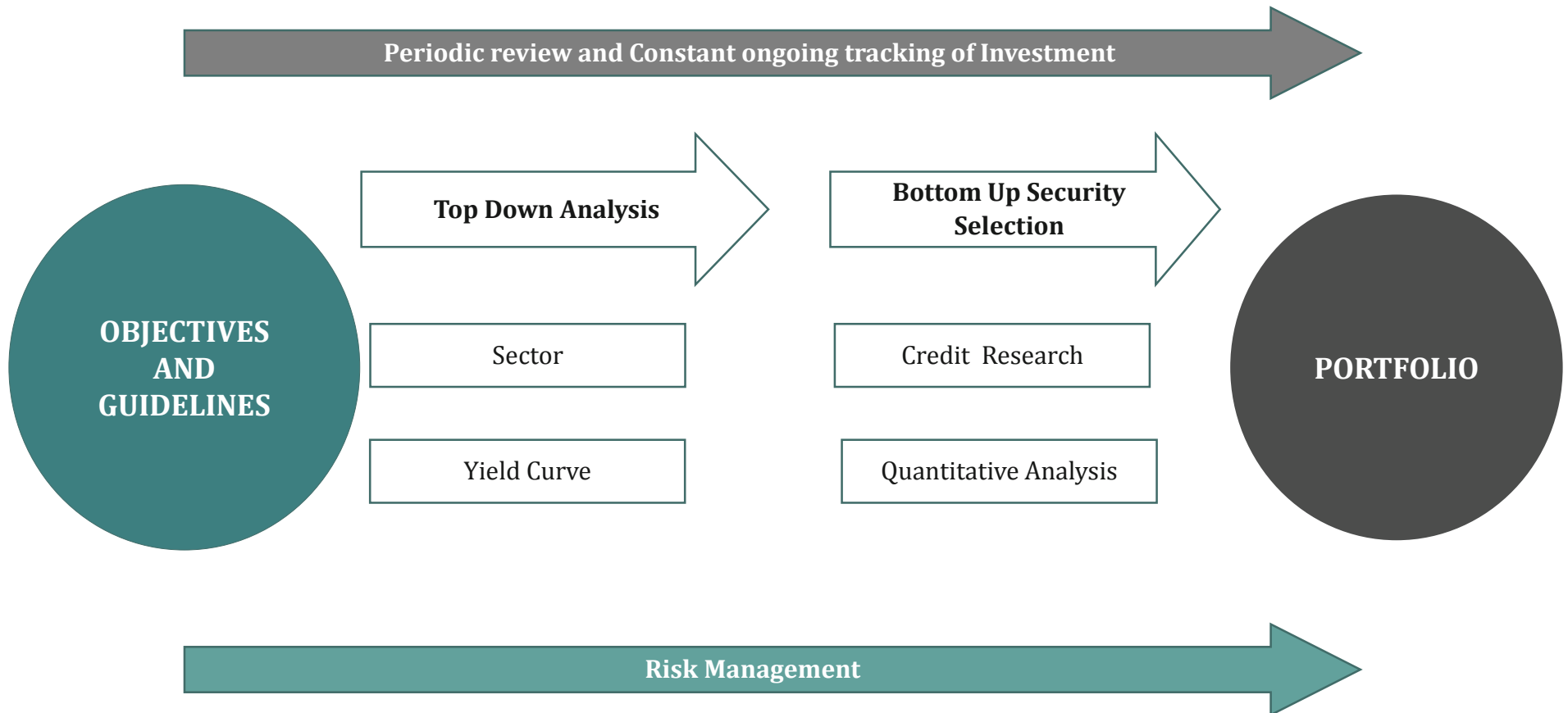
CREDIT RISK MANAGEMENT

- Macro & Micro Analysis for identifying credit opportunities
- Thorough credit Analysis at pre investment stage
- Constant credit monitoring of portfolio universe

INVESTMENT PROCESS

Creating the Investment Portfolio

With a view to create a robust investment portfolio, we may adopt the below mentioned investment process. The process will function as a guideline for evaluating product ideas



PRODUCT BRIEF

- Key Terms
- Tax Implications



KEY TERMS

PARTICULARS	DESCRIPTION
Name of the Scheme	IIFL Dynamic Bond Fund
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
Type	An Open Ended Dynamic Debt Scheme investing across duration
Benchmark	CRISIL Composite Bond Fund Index
Plans Offered	Regular Plan and Direct Plan
Options Offered	Growth & Dividend Option
Load Structure	Entry Load -NIL , Exit Load - 1% - if redeemed/switched out, on or before 18 months from the date of allotment Nil - if redeemed/switched out after 18 months from the date of allotment
Liquidity	Being an open-ended Scheme, units may be redeemed on every business day at NAV based prices
Asset allocation	Debt Market Instruments: 0-100% Money Market Instruments: 0-100% Units issued by REITs/INVITs: 0-10%
Minimum Investment	INR 10,000 and in multiples of INR 100 thereafter
Minimum Subsequent Investment	INR 1,000 and in multiples of INR 100 thereafter
Fund manager	Ankur Parekh

TAX IMPLICATIONS

Type of Gain	Investment Holding Period	Taxation
Short Term Capital Gain	Less than 36 months	30%*
Long Term Capital Gain	More than 36 months	20% with indexation**

Source: Section 112 & Section 48 of Income Tax Act

* Assuming the investor falls into highest tax bracket


** Above mentioned rates do not include surcharge. Surcharges shall be levied as applicable

For individual tax treatment, please consult a tax specialist/consultant/advisor. Above information should not be construed as tax advisory

AMC MANAGEMENT TEAM - DEBT



AMC MANAGEMENT TEAM - DEBT

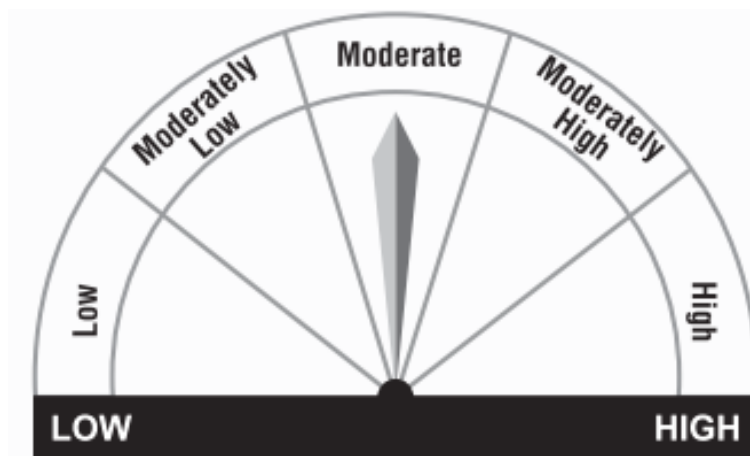
	Name	Designation	Experience
	Ritesh Jain	President -Fixed Income, IIFL AMC	Ritesh has over 18 years of experience in the Fixed Income space including previous experience with Morgan Stanley and Principal Mutual Fund. Prior to IIFL, he was working for Pramerica Asset Managers as Fixed Income Head. Ritesh is a commerce graduate and has completed PGDBA in Finance from K.J. Somaiya Institute of Management Studies and Research, Mumbai.
	Ankur Parekh	Fund Manager – Mutual Fund, IIFL AMC	Ankur has over 15 years of work experience in fixed income market including previous experience with SBI – DFHI (a primary dealership firm) and DBS Cholamanadalam AMC. Prior to joining IIFL AMC he has worked with Reliance Nippon Life Asset Management as Fund Manager – EPFO for 7 years. He is a commerce graduate and has done his Masters in Business Administration from Bharthihar University, Tamil Nadu.

IIFL DYNAMIC BOND FUND

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 understand that the principal will be at moderate risk

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

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DISCLAIMERS

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

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