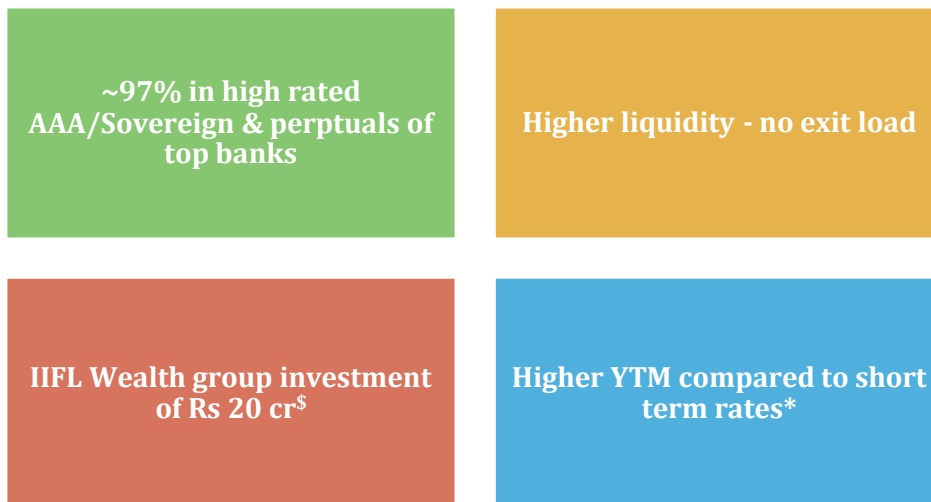


## MARKET UPDATE

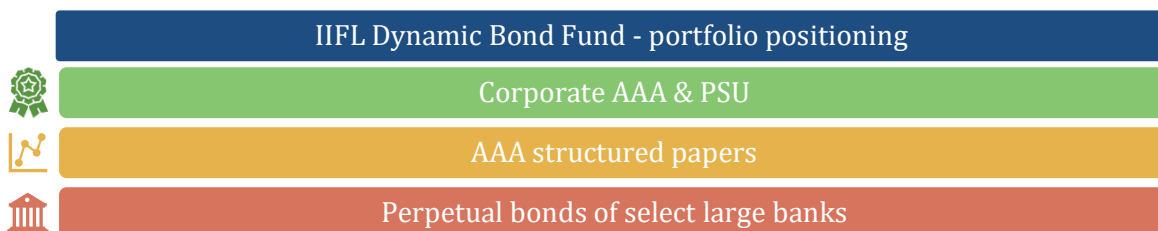
- **Steep yield curve** - Interest rates have fallen sharply in the shorter-end since the start of the year due to rate cuts & liquidity measures taken by RBI such as repo rate cuts, targeted long-term repo operations, reduction in cash reserve ratio, increase in marginal standing facility, etc
- **Mispriced opportunities available in select AAA-rated companies** - The current economic slowdown & the ongoing lockdown due to the COVID19 pandemic has led to risk aversion among debt participants and flows being directed to a select few AAA rated corporates. This has led to some AAA papers trading at increased spreads. These include AAA structured papers and perpetuals of high-quality banks which offer yield kickers without compromising on portfolio quality

Given the current scenario, we see an attractive risk reward in the mid-tenor segment (1 to 3-year maturity). IIFL Dynamic Bond Fund endeavours to capture these opportunities by investing in the best ideas across in this tenor with a focus on high-rated debt (AAA/SOV rated)

## KEY FEATURES



## PORTFOLIO POSITIONING



- The scheme aims to invest in G-Secs, AAA-rated corporate bonds and perpetual bonds of select banks
- The scheme will typically maintain duration range of 1-3 years and will have a high-rating bias
- In the current stressed credit environment, focus on quality reduces risk of default/downgrade
- AAA structured papers are currently mispriced with investors shying away from non-traditional AAA papers and redemptions in credit funds. These offer higher yields without compromising on the quality of portfolio
- Perpetual bonds of large banks offer a yield kicker along with adequate safety backed by the quality of the bank

The high-rated core portfolio supported by these strategies can drive the YTM of the portfolio much higher than prevailing short-term rates\*.

## TOP 10 HOLDINGS

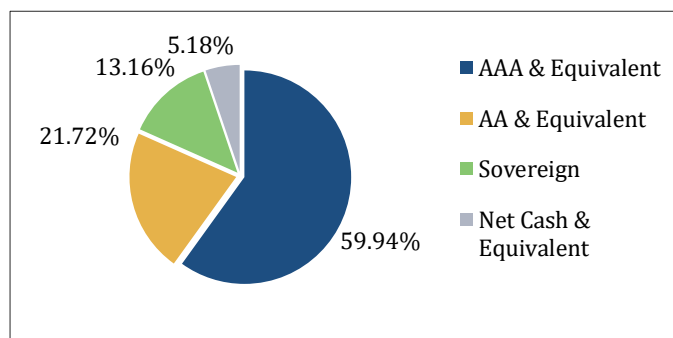
- 73.10% in AAA & equivalent papers (sovereign papers & AAA papers issued by corporates)
- High yield AAA papers like India Grid Trust, Embassy Office Parks REIT.
- AA+ Papers ~19.25% including perpetual bonds of banks like SBI

Name of the instrument	Rating	Type	Maturity	Weights
7.32% Government of India	Sovereign	G-Sec	Jan 28, 2024	13.16%
Embassy Office Parks REIT	CRISIL AAA	NCD	Jun 3, 2022 <sup>&amp;</sup>	9.56%
7.20% Sikka Ports & Terminals			Jun 16, 2023	9.43%
9.15% ICICI Bank	ICRA AA+		Jun 20, 2023	9.41%
8.95% Jamnagar Utilities and Power	CRISIL AAA		Apr 26, 2023	7.75%
7.20% HDFC			Apr 13, 2023	7.58%
7.12% REC			Mar 31, 2023	7.52%
6.72% Power Finance Corporation			Jun 11, 2023	7.49%
8.40% India Grid Trust	CRISIL AA+		Jun 14, 2023	7.27%
8.15% State Bank of India			Aug 2, 2022	4.91%
Cash & cash equivalents	-		-	-

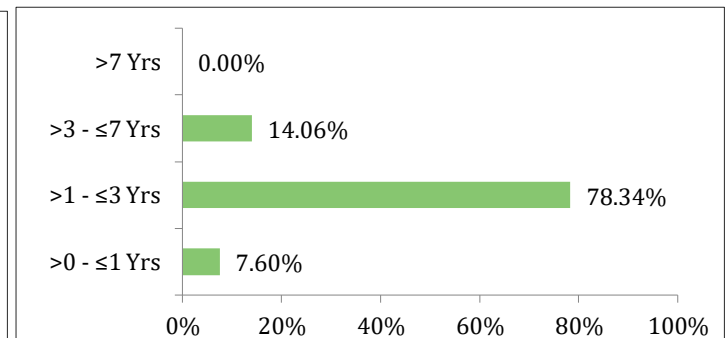
<sup>&</sup>Call date: May 3, 2022

Particulars	Values
Modified duration	2.23 years
Average maturity	2.58 years
Gross YTM	6.76%
Net YTM	5.51% (regular plan); 6.16% (direct plan)

## Rating Profile



## Maturity profile



## SUMMARY

<b>Scheme Name</b>	IIFL Dynamic Bond Fund (an open-ended dynamic debt scheme investing across duration)
<b>Investment Objective</b>	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.
<b>Category</b>	Dynamic bond
<b>Fund Manager</b>	Mr. Ankur Parekh <sup>^</sup>
<b>Inception Date</b>	June 24, 2013
<b>AUM</b>	Rs. 205.59 crore
<b>Total expense ratio</b>	Regular plan: 1.25% p.a. Direct plan: 0.60% p.a.
<b>Exit load:</b>	NIL <sup>#</sup>

## FUND MANAGER PROFILE



### Ankur Parekh, Fund Manager

Ankur has over 15 years of work experience in the Fixed income securities market. His previous experience includes 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 a commerce graduate with Master’s in Business Administration from Bharthiar University, Tamil Nadu.

## RISK-O-METER



### 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.

## Mutual fund investments are subject to market risks, read all scheme related documents carefully.

**Note** – All data in this document are as of June 30, 2020. <sup>\$</sup>Investment made by IIFL Wealth (IIFL Wealth Management and its subsidiaries) group can be redeemed at any given time and is not subject to lock-in. Investment by IIFL Wealth group has been made through its proprietary funds. <sup>\*</sup>Short-term rates refer to rates of money-market instruments like CBLOs etc. <sup>^</sup>The Scheme was managed till March 07, 2017 by Mr Ritesh Jain. <sup>#</sup>The revised exit load as mentioned above shall be applicable on a prospective basis and will be applicable to all investments made on or after July 6, 2020 (“effective date”). TER (total expense ratio) is gross of GST

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