

Investment Objective: The objective of the investment approach is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities. The investment strategy is to invest in a portfolio following the SCDV framework (Secular, Cyclical, Defensives, Value Trap) wherein it invests a large proportion of the portfolio in high quality Secular growth companies which are long term compounding stories. Rest of the portfolio is invested across quality Cyclical and Defensives while avoiding Value traps. Portfolio construction across these three quadrants enables us to enhance diversification even with limited number of stocks. The Strategy also uses Put options to hedge portfolio of the investors against market downturns.

Description of types of securities: Listed equity and liquid schemes of mutual funds

Basis of selection of such types of securities as part of the investment approach: SCDV Framework along with internal (financial analysis, corporate governance checks, risk reward valuation) and external analysis (conferences, investor presentations, management interaction, primary visits across supply chain)

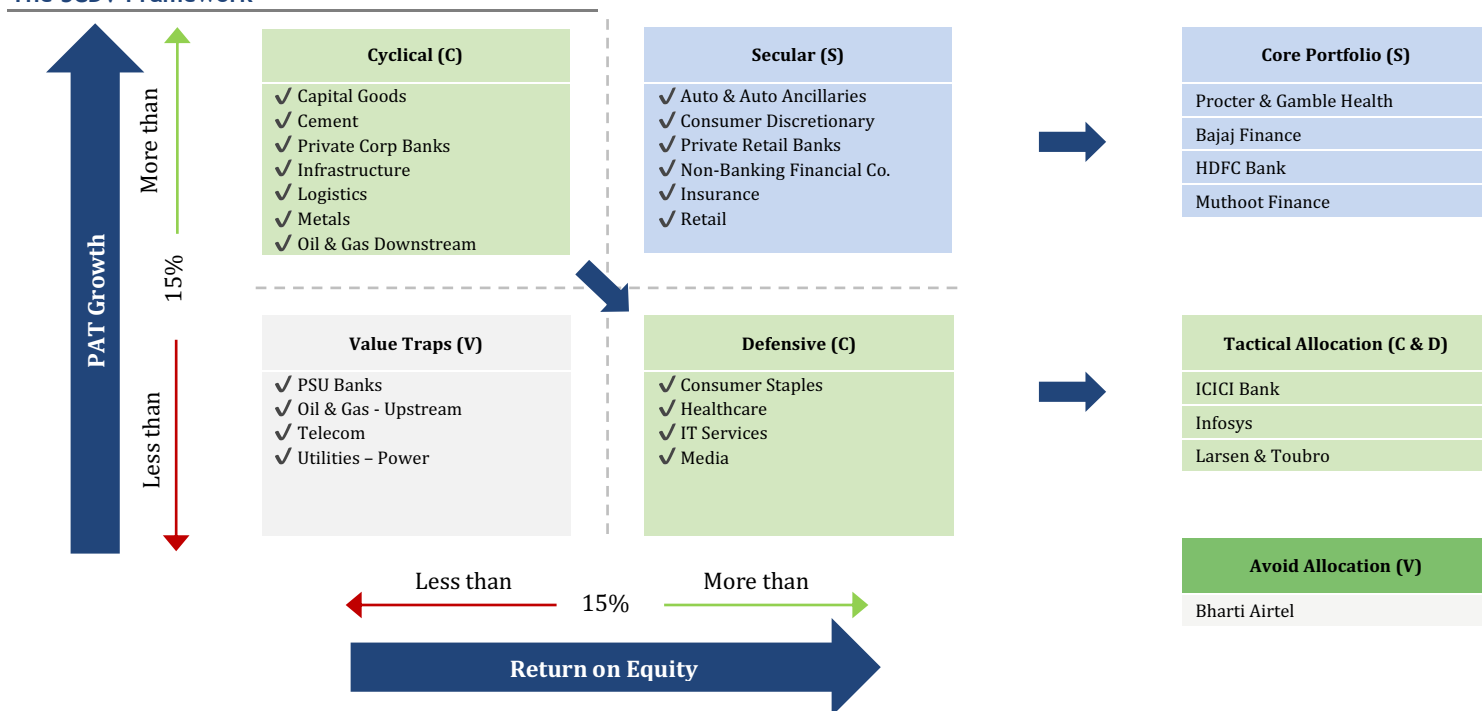
Allocation of portfolio across types of securities:

- Equity Investment – up to 100% of corpus
- Put Options (For Hedging)- up to 10% of Corpus
- Liquid schemes of Mutual funds and other securities as per discretion of Portfolio Manager

Benchmark: S&P BSE 200 TR Index is the benchmark of the strategy as it is a broad-based index and its composition broadly represents the strategy's investment universe

Investment Time Horizon: Recommended minimum 36 months

The SCDV Framework



The mentioned securities in the SCDV framework are part of the current portfolio

The above statements / analysis should not be construed as an investment advice or a research report or a recommendation to buy or sell any security covered under the respective sector/s

- Cyclical (PAT>15%, ROE <15%) –Companies/ Sectors that show high growth but are affected by market cycles hence need to be timed for entry and exit
- Secular (PAT>15%, ROE >15%) – High growth companies / sectors which show consistent growth across market cycles
- Defensive (PAT<15%, ROE >15%) – Companies / sectors that show consistent stable growth across market cycles
- Value Trap (PAT<15%, ROE <15%) – Companies/ sectors that are at attractive valuation but do not show commensurate growth.

Portfolio Changes during the month

Stock	Action	Rationale
AU Small Finance Bank	New addition	<ul style="list-style-type: none"> •Asset quality trends improving: Collection trends have been improving on a month-on-month basis and has reached pre-covid levels. The bank expects normalised credit cost from FY22. The restructuring for the bank was at 0.8% of gross advances as on Q3FY21 and is expected to stabilize at ~1.5% of gross advances by Q4FY21. We believe overall from a stress pool perspective the bank is well placed and we do not expect any major challenge on the same •Growth: Disbursement trends have improved and was at a lifetime high in Q3FY21. The bank saw strong net advances growth in Q3FY21 at 11% on a QoQ basis. The bank is more confident on growth now and expects to see better trends ahead which gives us confidence on improving financials ahead •Overall: We expect better trends ahead in terms of asset quality, growth etc which gives us confidence on better return ratios ahead

IIFL MULTICAP ADVANTAGE PMS

(Portfolio Management Service)

All data are as on March 31, 2021 and denominated in INR



Key Terms

Inception Date	December 1, 2017
Bloomberg Ticker	NA
Benchmark	S&P BSE 200 TRI

Strategy Details

- Since Inception till March 31, 2021

SI returns - IIFL Multicap Advantage PMS	15.27%
SI returns - S&P BSE 200 TRI	12.11%
Outperformance / (Underperformance)	3.16%

Schedule of Charges

Management Fee	As per executed term sheet
Exit Load	As per executed term sheet
Minimum Investment Amount	Rs 50 Lakhs

Portfolio Manager

IIFL Asset Management Limited (IIFL AMC)

Investment Manager

- Mitul Patel

Mitul has an overall experience of 14 years across areas of Equity Research, Fund Management, Private Equity Advisory and Investment banking. Apart from managing the strategies of Portfolio Management Services offered by IIFL Asset Management Limited (IIFL AMC), he also heads research for listed equities and is responsible for generating investment ideas across sectors and market capitalizations. And also directly tracks companies in the Chemicals, Auto and Pharma sectors.

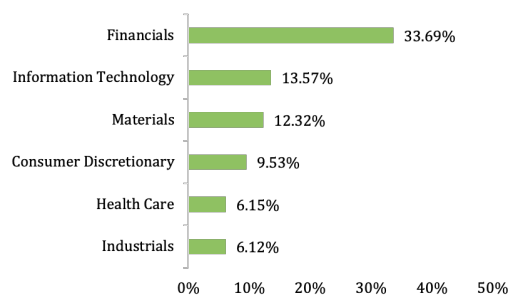
Prior to joining IIFL AMC, Mitul spent 7 years with Laburnum capital, a boutique investment management firm. He has also worked with Avendus Capital and JP Morgan Chase India.

Performance (%)

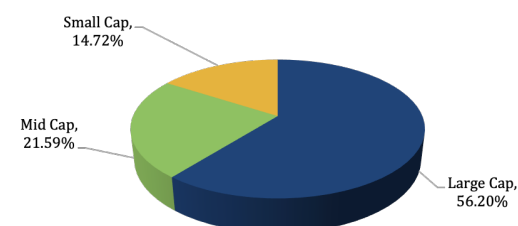
Strategy / Benchmark	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	Since Inception
IIFL Multicap Advantage PMS	(0.24)	3.37	22.98	50.26	19.84	18.94	15.27
S&P BSE 200 TRI	1.29	6.77	32.22	76.26	14.64	13.78	12.11

Returns are calculated on TWRR basis. Past performance may or may not be sustained in future. The performance related information provided herein is not verified by SEBI nor has SEBI certified the accuracy or adequacy of the same. Change in investment approach may impact the performance of client portfolio

Sector - Top 6 Holdings



Market Capitalization



Portfolio - Top 10 Holdings (%)

Company	Weightage
ICICI BANK LIMITED	10.23
INFOSYS LIMITED	6.85
HDFC BANK LIMITED	4.97
CROMPTON GREAVES CONSUMER ELECTRICALS LIMITED	4.63
LARSEN & TOUBRO LIMITED	4.45
BHARTI AIRTEL LIMITED	4.16
BAJAJ FINANCE LIMITED	3.98
LARSEN & TOUBRO INFOTECH LIMITED	3.42
CYIENT LIMITED	3.30
AXIS BANK LIMITED	3.24
NIFTY PUT OPTIONS	1.15
CASH AND CASH EQUIVALENTS	6.35

Risk Ratios

Beta	0.70
Sharpe Ratio	0.72
Information Ratio	1.04
Treynor Ratio	0.19
Volatility	17.26%

All risk ratios are calculated since inception

*Information Ratio is a ratio of portfolio returns above the returns of a benchmark index to the volatility of those returns.

**Volatility measures the risk of a security by using the standard deviation of the asset returns.

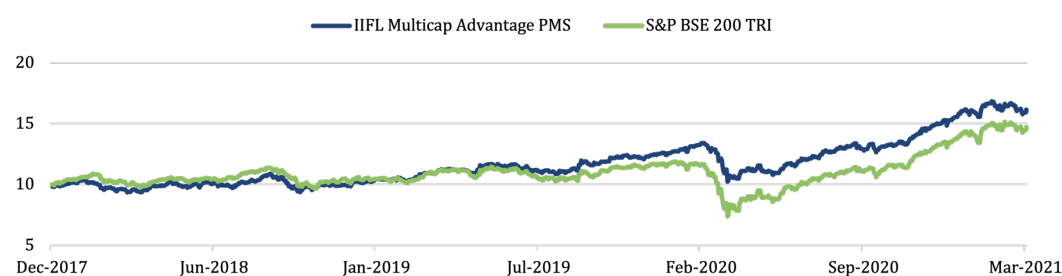
Top Gainers for last Month

Company	Performance
APOLLO TRICOAT TUBES LTD.	29.84%
LARSEN & TOUBRO INFOTECH LIMITED	12.62%
ASIAN PAINTS LIMITED	11.43%

Top Losers for last Month

Company	Performance
PROCTER & GAMBLE HEALTH LIMITED	(7.42%)
MUTHOOT FINANCE LIMITED	(7.22%)
BHARTI AIRTEL LIMITED	(7.01%)

NAV Movement



NAV shown is for the model portfolio. NAV of 10 assumed on the inception date (December 01, 2017)

IIFL Asset Management Limited (Portfolio Manager)

Regd Off: 6th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai -400 013

Tel: (91-22) 4876 5600 • Fax: (91-22) 4646 4706 • Website: www.iiflamc.com • CIN: U74900MH2010PLC201113

IIFL MULTICAP ADVANTAGE PMS

(Portfolio Management Service)

All data are as on March 31, 2021 and denominated in INR



Portfolio Holdings Valuation Matrix

Company	SCDV	P/E			P/B			ROE			EPS CAGR (FY20-22E)
		FY20A	FY21E	FY22E	FY20A	FY21E	FY22E	FY20A	FY21E	FY22E	
ICICI Bank Limited	C	50.7	25.5	19.8	3.8	3.1	2.7	7.05%	12.73%	13.70%	59.9%
Infosys Limited	D	35.3	31.3	27.8	9.0	9.1	8.7	25.77%	28.83%	31.90%	19.4%
HDFC Bank Limited	S	57.8	51.8	42.3	18.9	15.8	13.1	32.61%	30.46%	30.83%	22.4%
Crompton Greaves Consumer Electricals Limited	S	57.5	68.2	36.4	9.3	8.3	6.9	20.20%	12.89%	20.71%	23.1%
Larsen & Toubro Limited	C	30.9	28.2	23.8	4.7	4.2	3.7	16.40%	15.83%	16.49%	7.7%
Bharti Airtel Limited	V	NA	NA	NA	3.0	3.5	3.3	NA	NA	8.32%	NA
Bajaj Finance Limited	S	71.1	55.3	52.3	13.8	20.1	16.5	13.47%	29.60%	34.58%	32.7%
Cyient Limited Limited	S	48.9	39.1	33.2	13.8	11.3	9.3	29.60%	31.76%	30.75%	24.6%
Axis Bank Limited	S	41.1	31.5	28.2	5.9	5.1	4.5	14.97%	17.39%	16.98%	191.7%
Mahindra & Mahindra Limited	V	21.3	35.0	19.8	2.8	2.4	2.3	13.78%	7.50%	11.83%	41.4%
Larsen & Toubro Infotech Limited	S	37.2	40.4	30.7	6.9	6.0	5.1	20.21%	15.88%	17.93%	27.4%
State Bank of India	V	137.3	246.3	54.9	2.2	2.1	2.0	3.77%	2.59%	10.96%	48.1%
SRF Limited	S	16.9	15.9	11.2	2.3	2.2	2.1	13.66%	14.16%	19.36%	22.0%
Dr. Reddy's Laboratories Limited Reddy's Laboratories Limited	S	17.0	14.2	12.3	4.4	3.5	2.9	24.81%	24.81%	24.81%	20.3%
PI Industries Limited	S	96.3	97.1	79.8	25.8	22.9	21.3	27.58%	24.98%	27.69%	35.8%
Suven Pharmaceuticals Limited Pharmaceuticals Limited	S	69.2	50.3	39.6	12.1	6.7	5.9	17.10%	14.69%	13.24%	9.4%
Muthoot Finance Limited	S	18.0	13.1	8.6	1.3	1.2	1.0	7.00%	9.00%	12.00%	21.5%
Mahanagar Gas Limited Gas Limited	D	34.0	35.2	29.0	6.5	5.9	5.3	19.86%	17.62%	19.31%	6.4%
Hindustan Petroleum Corporation Limited	C	35.9	34.7	30.0	13.5	10.4	8.2	37.53%	33.87%	30.64%	44.6%
Asian Paints Limited	D	20.8	18.2	15.6	3.7	3.2	2.8	18.78%	18.84%	19.02%	17.8%
Apollo Tricoat Tubes Ltd. Tricoat Tubes Ltd.	S	59.5	43.6	35.5	11.6	9.5	7.8	20.80%	23.90%	24.90%	10.4%
Aavas Financiers Limited Financiers Limited	S	40.6	31.2	24.5	5.6	5.1	4.6	14.42%	17.10%	19.88%	18.1%
Procter & Gamble Health Limited	D	60.9	57.6	31.6	12.9	11.6	8.5	25.44%	21.20%	31.00%	16.6%
ICICI Lombard General Insurance Company Limited	D	117.2	29.6	17.1	2.2	2.0	1.8	2.15%	7.49%	11.25%	27.6%
Motherson Sumi Systems Limited Sumi Systems Limited	D	61.8	56.2	45.2	7.3	6.5	5.7	12.66%	12.26%	13.40%	50.0%
Greaves Cotton Limited	D	22.4	19.5	17.5	5.5	4.6	3.9	27.75%	25.69%	23.96%	0.1%
CCL Products (India) Limited	D	25.6	17.3	17.7	11.9	8.7	7.7	49.82%	58.16%	46.16%	15.0%
Essel Propack Limited Propack Limited	V	55.2	46.6	39.2	13.5	11.6	10.0	26.71%	26.77%	27.50%	25.6%
ICICI Securities Limited	D	14.0	17.0	12.4	3.8	3.4	2.9	26.87%	20.14%	23.56%	19.6%
AU Small Finance Bank Limited	S	55.1	51.1	31.6	8.5	6.1	5.1	17.90%	14.10%	17.70%	32.0%
Overall Portfolio		46.0	41.9	28.6	8.1	7.3	6.3	18.56%	19.27%	21.47%	32.5%

Source : IIFL AMC Research; The estimates are subject to change depending on prevailing market conditions

*For Bharti Airtel, FY20 EPS was negative hence, subsequent EPS CAGR would be significant for FY20-FY22. Hence, have not been considered as NA in the calculations.

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Commentary

Dear investor,

Indian equity markets continued their upward trajectory and ended the month marginally higher with BSE-30 and Nifty-50 indices gaining 0.8% and 1.1% respectively. The indices down the capitalization curve showed mixed performance against the benchmark indices with BSE Mid-cap and BSE Small-cap indices recording gains of 1% and 2.5% respectively. While cement sector benefitted from price hikes being absorbed or continued demand, the defensive sectors surged (the BSE Infotech index rose 8.7%, followed by BSE FMCG 7.6%) given the spike in the COVID-19 cases across the country.

Even amidst the volatility which has increased across asset classes, the equity markets have continued to trend northwards on the back of (1) the liquidity spurt due to substantial fiscal stimulus (2) continued focus on reforms to stimulate growth. FPIs were net buyers in Indian equities to the tune of US\$1.44 bn in March 2021 and even DIIs turned net buyers for the first time in 2021 recording net inflows of US\$0.7 bn.

Indian Equity Markets: COVID-19 contagion keeps markets in check - It is not over till it's over

The month started on a positive note after the 3QFY21 GDP growth came in at 0.4% after two quarters of contraction. Further, expansion of vaccine programme bolstered the uptrend. However, rising yields of bonds, rapid increase in COVID-19 cases, renewed lockdowns coupled with other restrictions such as night curfews, elevated crude prices and pockets of weak macroeconomic data made the markets shed the earlier part of the month. Although the equity markets jumped up post the world bank's GDP forecast, the gains were marginal for the month.

India's consumption demand and business activity which had shown steady growth in the month of February and were indicating recovery have now gone into an oblivion zone, after the spike in virus cases and losses emanating from renewed lockdowns. The manufacturing PMI posted an eighth straight month of expansion even as the headline print at 55.4 was the lowest in seven months highlighting slight moderation. Although the foreign orders grew at faster pace in March, overall demand declined and even the output growth was at a weaker pace. Additionally, the core sector index, which measures output of eight infra industries weakened by 4.6% in February 2021 compared to February last year. This showed a reversal in the trend as compared to marginal uptick seen in the prior month with an increase of 0.9% in January. Concerns over the continuation of economic recovery witnessed so far.

On the positive note, India's merchandise exports saw a substantial jump of 58% (YoY) and touched a record \$34 bn in March. With the US and the European Union, two key markets for Indian exports which saw a surge in demand, the prospects for Indian exports seem to be brighter.

The government has garnered Rs 32,835 crore from CPSE share sale and buybacks, thus surpassing the disinvestment target set as per the revised estimates (RE) for current fiscal. The realisation is, though, originally budgeted figure Rs 2.10 lakh crore. In the RE, the target was brought down to Rs 32,000 crore as COVID-19 pandemic deferred the large-ticket disinvestments planned earlier.

India's gross GST collections for the month of March were a record high at ₹1.23 lakh crore since the introduction of GST. Besides the economic recovery, GST collections were also strengthened by the government focusing on tighter compliance, audit closures and anti-evasion measures and overall effective tax administration over the last few months.

The World Bank (WB) elevated its forecast of India's GDP growth for FY22 to 10.1%, noticeably higher than the 5.4% it had projected in January, as per its South Asia Economic Focus Spring update report. Notwithstanding the uncertainty surrounding the pandemic, the WB further gave a range for its FY22 prediction of 7.5-12.5% citing "significant uncertainty at this stage about both epidemiological and policy developments".

There are a few risks in the near term which market participants should closely watch out for

- (1) Return to normalcy could take longer than anticipated given the unprecedented rise in the COVID-19 cases across the country
- (2) With the rising interest rates in the US, there could be measures in terms of tightening the money supply in order to contain the inflationary pressures
- (3) Lockdown/strict restrictions in certain states

While the third wave of COVID-19 and the resultant lockdown in certain parts of countries will act as an overhang on the headline numbers, most state governments pushing for higher vaccination inoculations to normalize the curve of patients with serious complications thereby reducing the burden on existing medical infrastructure. We believe the volatility could increase in the near term owing to inflationary pressures at global and domestic levels, however, pick up in earnings growth may auger well for Indian equities, albeit the pace could be slower than anticipated. The market polarization is likely to reverse as the recovery becomes more broad-based and hence provide ample room for wealth creation by bottom up stock selection.

Portfolio Positioning

We have been increasing our exposure to companies which are poised well to benefit from the cyclical recovery within our SCDV framework. Continued government thrust on capex led recovery and infrastructure, has increased our conviction on the cyclical uptick ahead. Sectors such as Financials, Industrials, and Building materials are best placed to benefit from the acceleration in the growth trajectory. We continue to focus on bottom up security selection while having a positive bias towards cyclical recovery.

Disclaimer:

Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Strategy will be achieved. As with any securities investment, the value of a portfolio can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Portfolio Manager may not be indicative of the performance in the future.

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