

**Annual report including audited financial statements  
as at 31st March 2019**

# **IIFL FUND**

Société d'Investissement à Capital Variable  
with multiple sub-funds  
Luxembourg

R.C.S. Luxembourg B217612

---

No subscription can be received on the basis of this financial report. Subscriptions are only valid if made on the basis of the current prospectus and the key investor information document ("KIID") supplemented by the latest annual report including audited financial statements and the most recent semi-annual report, if published thereafter.

---

**IIFL FUND**

**Contents**

---

**Organisation ..... 2**

**Information for investors in Switzerland..... 5**

**Investment Manager Report ..... 6**

**Report of the Réviseur d'Entreprises agréé ..... 8**

**Combined statement of net assets ..... 11**

**Combined statement of operations and other changes in net assets ..... 12**

**IIFL FUND - IIFL India Equity Opportunities Fund ..... 13**

    Statement of net assets ..... 13

    Statement of operations and other changes in net assets ..... 14

    Statistical information..... 15

    Statement of investments and other net assets ..... 16

    Industrial and geographical classification of investments..... 17

**Notes to the financial statements ..... 18**

**Additional information (unaudited) ..... 23**

## IIFL FUND

### Organisation

---

#### Registered office

2, Rue d'Alsace  
L-1122 LUXEMBOURG  
(with effect from 3rd May 2018)

11, Rue Aldringen  
L-1118 LUXEMBOURG  
(until 2nd May 2018)

#### Board of Directors

Swati JAIN  
IIFL Asset Management \*  
19 Berkeley Street  
LONDON, W1J8ED  
(co-opted with effect from 21st November 2018)

Luc REGENT  
Independent Director  
41, Rue du Cimetière  
L-3350 LEUDELANGE  
(with effect from 14th June 2018)

Nicholas James TAYLOR  
Director  
Altair Partners Limited  
3 The Forum, Grenville Street, St Helier, Jersey  
JE2 4UF  
CHANNEL ISLANDS  
(with effect from 30th June 2018)

Sarju VAKIL  
Chief Executive Officer  
IIFL Wealth (UK) Limited  
19 Berkeley St, Mayfair  
LONDON W1J 8ED  
(resigned with effect from 30th June 2018)

Rakesh ASRANI  
Director  
IIFL Private Wealth Hong Kong Limited  
Suite 2105, Level 21, The Centre, 99 Queen's Road,  
CENTRAL  
HONG KONG  
(resigned with effect from 14th June 2018)

Parag SHAH  
Director  
IIFL Asset Management (Mauritius) Ltd  
5th Floor, Barkly Wharf, Le Caudan Waterfront  
PORT LOUIS  
MAURITIUS  
(resigned with effect from 21st November 2018)

\* IIFL Asset Management is the trading name of IIFL Wealth (UK) Ltd which is authorised and regulated by the Financial Conduct Authority.

## IIFL FUND

### Organisation (continued)

---

#### **Management Company**

MDO Management Company S.A.  
19, Rue de Bitbourg  
L-1273 LUXEMBOURG  
(since 3rd May 2018)

#### **Board of Directors of the Management Company**

##### *Chairman*

Géry DAENINCK

##### *Directors*

John LI HOW CHEONG  
Carlo MONTAGNA  
Martin VOGEL  
Yves WAGNER

#### **Conducting officers of the Management Company**

Pall EYJOLFSSON  
Kim KIRSCH  
Riccardo del TUFO

#### **Investment Manager**

IIFL CAPITAL Pte Ltd.  
6 Shenton Way, #12-11  
OUE Downtown 2  
SINGAPORE 068809  
(since 3rd May 2018)

#### **Depositary and Paying Agent**

KBL EUROPEAN PRIVATE BANKERS S.A.  
43, Boulevard Royal  
L-2955 LUXEMBOURG  
(with effect from 3rd May 2018)

STANDARD CHARTERED BANK LUXEMBOURG BRANCH  
32-36, Boulevard d'Avranches  
L-1160 LUXEMBOURG  
(until 2nd May 2018)

#### **Depositary's delegate acting as Global Custodian**

STANDARD CHARTERED BANK SINGAPORE  
7 Changi Business Park Crescent  
Level 3  
SINGAPORE 486028  
(until 2nd May 2018)

#### **Administration, Domiciliary and Registrar and Transfer Agent**

EUROPEAN FUND ADMINISTRATION S.A.  
2, Rue d'Alsace  
L-1122 LUXEMBOURG  
(with effect from 3rd May 2018)

KREDIETRUST LUXEMBOURG S.A.  
11, Rue Aldringen  
L-2960 LUXEMBOURG  
(until 2nd May 2018)

## IIFL FUND

### Organisation (continued)

---

<b>Cabinet de révision agréé</b>	KPMG Luxembourg, Société coopérative 39, Avenue John F. Kennedy L-1855 LUXEMBOURG
<b>Legal Adviser</b>	ELVINGER HOSS PRUSSEN <i>société anonyme</i> 2, Place Winston Churchill L-1340 LUXEMBOURG
<b>Representative Agent</b> in Switzerland	ACOLIN Fund Services AG Affolternstrasse 56 8050 ZÜRICH (since 29th November 2018)
<b>Paying Agent</b> in Switzerland	Banque Cantonale de Genève 17 quai de l'île CH-1204 GENEVA (since 21st November 2018)
<b>Global Distributor and Facilities Agent</b>	IIFL Asset Management* 19 Berkeley Street LONDON W1J 8ED

\* IIFL Asset Management is the trading name of IIFL Wealth (UK) Ltd which is authorised and regulated by the Financial Conduct Authority.

## **IIFL FUND**

### **Information for investors in Switzerland**

---

The state of the origin of the Company is Luxembourg.

The representative is ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zürich.

The paying agent is Banque Cantonale de Genève, 17 quai de l'Île, CH-1204 GENEVA.

The prospectus, the Key Investor Information Documents, the articles of association, the list of purchases and sales as well as the annual and semi-annual reports may be obtained free of charge from the representative.

In respect of the shares distributed in and from Switzerland, the place of performance and jurisdiction is at the registered office of the representative.

## IIFL FUND

### Investment Manager Report

---

#### Management Report as at 31st March 2019

##### Overview

The Sub-Fund (IIFL Fund - IIFL India Equity Opportunities Fund) was launched on 29th January 2019, by concluding a merger with Ashburton India Equity Opportunities Fund (Ashburton Fund). The fund management continues to remain with Jonathan Schiessl who joined IIFL Capital Pte Ltd (IIFL Fund's Investment Manager based in Singapore) with effect from the launch date. The Sub-Fund's strategy also remains the same with continued focus on investment in high conviction stocks with a strong emphasis on quality and corporate governance, which is complementary to the overall investment philosophy of IIFL Asset Management.

On the merger date, the Sub-Fund had received approx. USD 75 million in cash from the Ashburton Fund and gradually recreated its portfolio over a period of 2 months. By the end of March 2019, the Sub-Fund had deployed more than 95% of its assets across various stocks. Over the course of 2018, the Ashburton Fund slightly shifted its exposure away from sectors, which are reliant on government (infrastructure-related) as it approaches the India election, and had reduced its small and mid-cap positioning compared to the portfolio positioning prior to the merger. In March 2019, valuations in the smaller areas of the market were beginning to become attractive again and the Sub-Fund increased its exposure, albeit cautiously. Over the course of March, it became noticeable that the risk/reward balance had now shifted to favour taking more risk, and as such, we have reduced the defensive stance of the portfolio to a more neutral position, primarily by increasing our exposure to financials.

##### Performance

Since the launch of this Sub-Fund on 29th January 2019, the Indian markets have posted a positive return of 10.95% (MSCI India) in USD terms. Within Indian markets, large cap stocks (Nifty 50) posted 12.6% returns while mid cap (Nifty Midcap 100) and small cap (Nifty Small cap 100) index posted returns of 12.9% and 13.5%, respectively. The share class I USD has posted 8.07% returns since its launch on 29th January 2019 and 11.76% returns since the inception of this share class on 8th January 2014. Not owning the largest stock in MSCI India (Reliance Industries) accounts for most of this underperformance.

Prior to the merger, the Ashburton Fund struggled to compete with its benchmark (MSCI India) as well as the other headline narrow indices (Nifty 50 or the Sensex), especially in 2018. The primary factors leading to this underperformance were – 1. brutal sell-off in mid and small cap stocks which hurt stocks regardless of sector; 2. poor breadth of market (5 stocks accounted for most of the gains in 2018); 3. not owning a number of large cap outperformers due to our investment process and strategies and 4. the sectoral positing reflected an Indian growth recovery, but the market favoured more defensive staples and export sectors.

The small and mid-cap indices sell-off significantly impacted the Ashburton Fund in 2018. Small and mid-cap indices have been heavily de-rated over the past 14 months, with small-caps declining over 40% (in USD terms) since 2018 albeit after stellar returns in 2017. However, the longer-term performance of this part of the market still offers significant alpha creation albeit with increased volatility.

Since its initial inception in 2012, the Ashburton Fund (which is continuing its operations under the name of IIFL Fund – IIFL India Equity Opportunities Fund) still offers a respectable return against its benchmark and peers.

## IIFL FUND

### Investment Manager Report (continued)

#### Returns since launch (29th January 2019 to 31st March 2019)

	<b>IIFL Fund - IIFL India Equity Opportunities Fund</b>	<b>Benchmark - MSCI India Index</b>
Class C USD	8.20%	10.95%
Class I USD	8.07%	
Class R USD	7.94%	
Class D USD	8.02%	
Class I GBP	9.04%	12.18%
Class D GBP	8.99%	

Source: Bloomberg

Returns are as on 31st March 2019 and in respective currencies on absolute basis. Past performance may or may not be sustained in future.

#### **Outlook**

In many respects, the current market environment in India feels very much like back in 2013 when top-down factors dominated price action and individual stock fundamentals counted for little. Whilst we have in the short-term scaled down some of our positions in the small and mid-cap space we are now positioned slightly more cyclically and we retain a high conviction that the portfolio is well positioned to benefit from India's growth recovery in the next few years. The global environment will likely see continued volatility resulting from global growth slowing and international relations remaining strained. We believe India will stand out in a global context in the period ahead offering growth and reduced beta. We are currently more defensively positioned to weather this phase of market volatility as we get closer to the election and global uncertainty. We are, however, using this volatility to position for the next phase of the India story – growth in a growth-starved world.

Luxembourg, 4th April 2019

IIFL Capital Pte Ltd  
(Investment Manager)

Note: The information in this report represents historical data and is not an indication of future results.



**KPMG Luxembourg, Société coopérative**  
39, Avenue John F. Kennedy  
L - 1855 Luxembourg

Tel.: +352 22 51 51 1  
Fax: +352 22 51 71  
E-mail: info@kpmg.lu  
Internet: www.kpmg.lu

To the Shareholders of  
IIFL Fund  
2, rue d'Alsace  
L-1122 LUXEMBOURG  
Grand Duchy of Luxembourg

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREÉ**

### ***Opinion***

We have audited the accompanying financial statements of IIFL Fund (the "Fund") and of its sub-fund, which comprise the statement of net assets and the statement of investments and other net assets as at 31st March 2019 and the statement of operations and other changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of IIFL Fund and of its sub-fund as at 31st March 2019, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

### ***Basis for opinion***

We conducted our audit in accordance with the Law of 23rd July 2016 on the audit profession ("Law of 23rd July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23rd July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Other information***

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of "Réviseur d'Entreprises agréé" thereon.

## **REPORT OF THE REVISEUR D'ENTREPRISES AGREE (continued)**

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

### ***Responsibilities of Board of Directors of the Fund for the financial statements***

The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's and its sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or its sub-fund or to cease operations, or has no realistic alternative but to do so.

### ***Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements***

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**REPORT OF THE REVISEUR D'ENTREPRISES AGREÉ (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or its sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Fund or its sub-fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Luxembourg, 2 July 2019

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé



Rushvin Appadoo

## IIFL FUND

### Combined statement of net assets (in USD)

as at 31st March 2019

#### Assets

Securities portfolio at market value	64,119,683.14
Cash at banks	4,212,520.45
Other liquid assets	2,891.43
Formation expenses, net	193,036.67
Receivable on issues of shares	213,056.02
Other receivables	89,775.57
Prepaid expenses	21,288.93
	<hr/>
Total assets	68,852,252.21
	<hr/>

#### Liabilities

Bank overdrafts	9.97
Payable on redemptions of shares	768,276.36
Accrued capital gains taxes	577,510.22
Expenses payable	188,796.98
	<hr/>
Total liabilities	1,534,593.53
	<hr/>
Net assets at the end of the year	67,317,658.68
	<hr/>

The accompanying notes are an integral part of these financial statements.

## IIFL FUND

### Combined statement of operations and other changes in net assets (in USD) \* from 1st April 2018 to 31st March 2019

<b><u>Income</u></b>	
Dividends	218,445.60
Interest on bank accounts	2,829.62
Other income	30,669.31
Total income	251,944.53
<b><u>Expenses</u></b>	
Management fees	73,601.61
Depository fees	6,253.60
Banking charges and other fees	14,441.43
Transaction fees	123,407.69
Central administration costs	4,766.91
Professional fees	20,723.03
Other administration costs	13,366.18
Subscription duty ("taxe d'abonnement")	2,444.86
Provision for capital gains tax on unrealised gains	577,795.24
Bank interest paid	7.41
Other expenses	17,272.41
Total expenses	854,080.37
Net investment loss	-602,135.84
<b><u>Net realised gain/(loss)</u></b>	
- on securities portfolio	93,612.33
- on futures contracts	738,595.58
- on foreign exchange	471,703.91
Realised result	701,775.98
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on securities portfolio	4,877,699.96
Result of operations	5,579,475.94
Subscriptions	76,232,952.83
Redemptions	-14,513,950.44
Total changes in net assets	67,298,478.33
Total net assets at the beginning of the year *	19,180.35
Total net assets at the end of the year	67,317,658.68

\* see note 2 i)

The accompanying notes are an integral part of these financial statements.

## IIFL FUND - IIFL India Equity Opportunities Fund

### Statement of net assets (in USD)

as at 31st March 2019

#### Assets

Securities portfolio at market value	64,119,683.14
Cash at banks	4,212,520.45
Other liquid assets	2,891.43
Formation expenses, net	193,036.67
Receivable on issues of shares	213,056.02
Other receivables	89,775.57
Prepaid expenses	21,288.93
Total assets	68,852,252.21

#### Liabilities

Bank overdrafts	9.97
Payable on redemptions of shares	768,276.36
Accrued capital gains taxes	577,510.22
Expenses payable	188,796.98
Total liabilities	1,534,593.53
Net assets at the end of the period	67,317,658.68

#### Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in USD)
C USD	964,015.5151	USD	20.6657	19,922,047.75
D GBP	522,101.3728	GBP	1.2837	873,364.26
D USD	55,643.2214	USD	17.6684	983,129.39
I GBP	1,641,111.4595	GBP	1.2935	2,766,161.47
I USD	2,072,545.6874	USD	17.8845	37,066,416.14
R USD	299,288.6031	USD	19.0670	5,706,539.67
				67,317,658.68

The accompanying notes are an integral part of these financial statements.

## IIFL FUND - IIFL India Equity Opportunities Fund

### Statement of operations and other changes in net assets (in USD)

from 29th January 2019 (launch date) to 31st March 2019

<b>Income</b>	
Dividends	218,445.60
Interest on bank accounts	2,829.62
Other income	30,669.31
Total income	251,944.53
<b>Expenses</b>	
Management fees	73,601.61
Depository fees	6,253.60
Banking charges and other fees	14,441.43
Transaction fees	123,407.69
Central administration costs	12,821.26
Professional fees	26,489.73
Other administration costs	13,366.18
Subscription duty ("taxe d'abonnement")	2,444.86
Provision for capital gains tax on unrealised gains	577,795.24
Bank interest paid	7.41
Other expenses	21,237.01
Total expenses	871,866.02
Net investment loss	-619,921.49
<b>Net realised gain/(loss)</b>	
- on securities portfolio	93,612.33
- on futures contracts	738,595.58
- on foreign exchange	473,002.91
Realised result	685,289.33
<b>Net variation of the unrealised gain/(loss)</b>	
- on securities portfolio	4,877,699.96
Result of operations	5,562,989.29
Subscriptions	76,232,952.83
Redemptions	-14,478,283.44
Total changes in net assets	67,317,658.68
Total net assets at the beginning of the period	-
Total net assets at the end of the period	67,317,658.68

The accompanying notes are an integral part of these financial statements.

# IIFL FUND - IIFL India Equity Opportunities Fund

## Statistical information (in USD)

as at 31st March 2019

<b>Total net assets</b>	<b>Currency</b>	<b>31.03.2019</b>
	USD	67,317,658.68

<b>Net asset value per share</b>	<b>Currency</b>	<b>31.03.2019</b>
C USD	USD	20.6657
D GBP	GBP	1.2837
D USD	USD	17.6684
I GBP	GBP	1.2935
I USD	USD	17.8845
R USD	USD	19.0670

<b>Absolute performance per share ** (in %)</b>	<b>Currency</b>	<b>31.03.2019</b>
C USD	USD	8.20
D GBP	GBP	8.99
D USD	USD	8.02
I GBP	GBP	9.04
I USD	USD	8.07
R USD	USD	7.94

<b>Number of shares</b>	<b>outstanding at the beginning of the period</b>	<b>issued</b>	<b>redeemed</b>	<b>outstanding at the end of the period</b>
C USD	-	1,522,637.6281	-558,622.1130	964,015.5151
D GBP	-	533,396.3128	-11,294.9400	522,101.3728
D USD	-	59,079.2322	-3,436.0108	55,643.2214
I GBP	-	1,695,050.5167	-53,939.0572	1,641,111.4595
I USD	-	2,247,368.9967	-174,823.3093	2,072,545.6874
R USD	-	310,150.8029	-10,862.1998	299,288.6031

<b>TER per share as at 31.03.2019</b>		<b>(in %)</b>
C USD	*	0.62
D GBP	*	1.58
D USD	*	1.58
I GBP	*	1.34
I USD	*	1.34
R USD	*	2.11

\* annualized TER

\*\* Absolute returns were calculated from launch date to 31st March 2019.

The historical performance is not an indication of current or future results. The performance data do not take account of the commissions and costs incurred on the issue and redemption of shares of the Company.

The accompanying notes are an integral part of these financial statements.

## IIFL FUND - IIFL India Equity Opportunities Fund

### Statement of investments and other net assets (in USD) as at 31st March 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
INR	55,256	Aarti Industries Ltd Demat	1,141,114.79	1,260,295.37	1.87
INR	70,000	Asian Paints Ltd Reg	1,466,413.86	1,510,611.58	2.24
INR	290,610	Axis Bank Ltd Reg	2,816,866.80	3,265,528.82	4.85
INR	647,190	Coal India Ltd	2,025,473.92	2,219,364.93	3.30
INR	78,000	Divi's Laboratories Ltd Reg	1,802,431.03	1,920,511.84	2.85
INR	10,170	Eicher Motors Ltd	2,697,418.03	3,021,109.08	4.49
INR	550,000	Emami Ltd Reg	3,206,357.49	3,180,569.70	4.72
INR	1,694,300	Future Consumer Ltd Reg	976,273.58	1,098,588.36	1.63
INR	593,460	GAIL India Ltd	2,683,613.61	2,982,743.60	4.43
INR	319,500	Godrej Agrovet Ltd Reg	2,250,714.42	2,347,865.47	3.49
INR	676,000	Greaves Cotton Ltd Reg	1,303,088.56	1,360,404.84	2.02
INR	450,000	GRUH Finance Ltd Reg	1,813,562.36	1,794,275.02	2.67
INR	242,820	HCL Technologies Ltd	3,449,838.40	3,817,473.13	5.67
INR	161,640	HDFC Bank Ltd Reg	4,803,512.83	5,418,924.48	8.05
INR	200,000	Housing Dev Finance Corp Ltd	5,278,896.61	5,691,051.19	8.45
INR	240,130	ICICI Bank Ltd Reg	1,354,644.24	1,390,372.53	2.07
INR	50,000	ICICI Lombard Genel Ins Co Ltd Reg	706,221.47	746,927.88	1.11
INR	500,000	Infosys Ltd Reg	5,082,003.00	5,376,969.93	7.99
INR	143,240	Larsen & Toubro Ltd	2,647,433.22	2,868,734.68	4.26
INR	286,740	Mahindra & Mahindra Ltd Reg	2,713,992.33	2,793,611.27	4.15
INR	46,200	Merck Ltd Demat	2,058,996.82	2,466,660.62	3.66
INR	80,000	Phoenix Mills Ltd Demat	791,440.40	760,850.10	1.13
INR	1,034,730	Power Grid Corp of India Ltd	2,687,128.02	2,960,431.87	4.40
INR	513,270	State Bank of India Reg	2,049,038.95	2,380,097.69	3.54
INR	90,000	Titan Co Ltd Reg	1,435,508.44	1,485,709.16	2.21
Total investments in securities			59,241,983.18	64,119,683.14	95.25
Cash at banks				4,212,520.45	6.26
Bank overdrafts				-9.97	0.00
Other net assets/(liabilities)				-1,014,534.94	-1.51
Total				67,317,658.68	100.00

The accompanying notes are an integral part of these financial statements.

## IIFL FUND - IIFL India Equity Opportunities Fund

### Industrial and geographical classification of investments as at 31st March 2019

---

#### Industrial classification

(in percentage of net assets)

Financials	30.74 %
Technologies	13.66 %
Consumer discretionary	10.85 %
Consumer staples	9.84 %
Utilities	8.83 %
Healthcare	6.51 %
Industrials	6.28 %
Materials	4.11 %
Energy	3.30 %
Real estate	1.13 %
Total	<u>95.25 %</u>

#### Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

India	<u>95.25 %</u>
Total	<u>95.25 %</u>

## IIFL FUND

### Notes to the financial statements

as at 31st March 2019

#### Note 1 - General information

IIFL Fund (the "Company") was incorporated on 31st August 2017 for an unlimited period under the form of a *société anonyme* in the Grand Duchy of Luxembourg.

The Company's prospectus was approved after the first financial year end on 24th May 2018, by the *Commission de Surveillance du Secteur Financier* ("CSSF"), date as from which it became a regulated entity. Since this date, the Company qualifies as an Undertaking for Collective Investment in transferable securities ("UCITS"), subject to Part I of the Law of 17th December 2010 (« 2010 Law »).

The first Sub-Fund, IIFL FUND - IIFL India Equity Opportunities Fund (the "Sub-Fund") was launched on 29th January 2019.

The reference currency of the Company and the Sub-Fund is the USD and their financial statements are presented in USD.

The financial year begins on 1st April and ends on 31st March of each year. The first semi-annual report following UCITS requirements was published as at 30th September 2018 and the first annual report following UCITS requirements is published as at 31st March 2019.

The following documents are available for inspection during usual business hours on any Business Day at the registered office of the Company;

- The Articles of Incorporation,
- The Depositary Agreement,
- The Management Company Agreement,
- The Domiciliary Agency Agreement,
- The Central Administration, Registrar and Transfer Agent Agreement,
- The Global Distribution Agreement,
- The Investment Management Agreement,
- The annual and semi-annual reports.

Copies of the Articles of Incorporation, the most recent Prospectus, the Key Investor Information Documents and the latest financial reports may be obtained free of charge, on request at the registered office of the Company.

#### Note 2 - Significant accounting policies

##### a) Presentation of the financial statements

The financial statements of the Company are prepared in accordance with Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment and with generally accepted accounting principles in Luxembourg.

##### b) Valuation of assets

1. The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received are deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Board of Directors may consider appropriate in such case to reflect the true value thereof;
2. the value of securities (including a share or unit in a closed-ended undertaking for collective investment and in an exchange traded fund) and/or financial derivative

## IIFL FUND

### Notes to the financial statements (continued)

as at 31st March 2019

instruments which are listed and with a price quoted on any official stock exchange or traded on any other organised market are determined on the basis of the last available stock price. Where such securities or other assets are quoted or dealt in or on more than one stock exchange or other organised markets, the Board of Directors shall select the principal of such stock exchanges or markets for such purposes;

3. in the event that any of the securities held in the Company's portfolio on the relevant day are not listed on any stock exchange or traded on any organised market or if with respect to securities listed on any stock exchange or traded on any other organised market, the price as determined pursuant to sub-paragraph (2) is not, in the opinion of the Board of Directors, representative of the fair market value of the relevant securities, the value of such securities is determined prudently and in good faith based on the reasonably foreseeable sales price or any other appropriate valuation principles.

#### c) Acquisition cost of securities in the portfolio

The acquisition cost of the securities held by the Sub-Fund that are denominated in currencies other than the reference currency of the Sub-Fund is converted into this currency at the exchange rate prevailing on the date of purchase.

#### d) Net realised gain/(loss) on securities portfolio

The realised gains and losses on securities portfolio are calculated on the basis of the average acquisition cost and are disclosed net in the statement of operations and other changes in net assets.

#### e) Investment portfolio income

Dividend income is recorded at the ex-date.

#### f) Valuation of futures contracts

Open futures contracts are valued at the last settlement or close price on the stock exchanges or regulated markets. Unrealised gains or losses of open contracts are disclosed in the statement of net assets. Net variation of the unrealised gains or losses and net realised gains or losses are disclosed in the statement of operations and other changes in net assets.

#### g) Formation expenses

The costs and expenses for the formation of the Company and the initial issue of its Shares are borne by the first Sub-Fund of the Company and amortized over a period not exceeding 5 years.

#### h) Conversion of foreign currencies

Cash at banks, other net assets, liabilities and the market value of the securities in the portfolio expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the financial statements. Income and expenses expressed in currencies other than the reference currency of the Sub-Fund are converted into this currency at the exchange rate prevailing on the date of the transaction. Net realised gains or losses on foreign exchange are disclosed in the statement of operations and other changes in net assets.

1	USD	=	0.9960500	CHF	Swiss Franc
			0.8906306	EUR	Euro
			0.7674008	GBP	Pound Sterling
			69.1699981	INR	Indian Rupee
			14.4288000	ZAR	South African Rand

## IIFL FUND

### Notes to the financial statements (continued)

as at 31st March 2019

#### i) Combined financial statements

The combined financial statements of the Company are expressed in USD and are equal to the corresponding items in the financial statements of the Sub-Fund.

As the Company's prospectus was approved in May 2018 by the *Commission de Surveillance du Secteur Financier* ("CSSF") after the financial year end at 31st March 2018, the Company became a regulated entity after the previous year end. The 300 initial shares were redeemed by MDO Management Company S.A. in March 2019 and are disclosed in the actual combined statement of operations and other changes in net assets which presents also the removal of expenses accrued by the unregulated entity.

As the Company was incorporated in the previous financial year and the Sub-Fund was launched in the current financial year, there is an opening net assets value at the beginning of the year in the combined statement of operations and other changes in net assets but no opening balance for the net assets at the beginning of the period in the statement of operations and other changes in net assets of the Sub-Fund.

#### j) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Sub-Fund and of fees relating to liquidation of transactions paid to the depositary as well as of transaction fees on financial instruments and derivatives.

#### k) Indian capital gain tax

As per section 2(14) of the Indian Income-tax Act (ITA), securities held by Foreign Portfolio Investor are regarded as a capital asset. Hence, gains arising on transfer thereof should be taxable as capital gains. The taxability of capital gains under the ITA and the tax rates (plus applicable surcharge and cess) depend on the type of instrument and the period of holding.

Accordingly, a provision for Indian capital gains tax is calculated and recorded in the financial statements. The capital gains tax on unrealised gains is reflected under the item "Accrued capital gains taxes" in the statement of net assets and under the item "Provision for capital gains tax on unrealised gains" in the statement of operations and other changes in net assets. The capital gains taxes on investments realised during the year are reflected in the items "net realised gain/(loss) on securities portfolio" and "net realised gain/(loss) on futures contracts".

### Note 3 - Management fee

As remuneration for the services of the management company, the Management Company is entitled to a fee of up to 0.06 % of the net assets with an annual minimum of EUR 15,000 p.a. and per Sub-Fund. This fee is calculated as the average of the month-end Net Asset Values of the previous quarter and invoiced quarterly in arrears.

For its investment management services, the Investment Manager is entitled to receive an aggregate investment management fee of a percentage of the net assets of the relevant Class, as follows:

Class of shares	Rate
C	0.00%
D	1.00%
I	0.75%
R	1.50%

## IIFL FUND

### Notes to the financial statements (continued)

as at 31st March 2019

---

This fee is accrued on each Valuation Day and payable monthly in arrears out of the assets of the Sub-Fund.

These fees are recorded in the item "Management fees" in the statement of operations and other changes in net assets.

#### **Note 4 - Central administration costs**

The item "Central administration costs" disclosed in the statement of operations and other changes in net assets is mainly composed of administrative agent and domiciliation fees.

#### **Note 5 - Depositary fees**

KBL EUROPEAN PRIVATE BANKERS S.A. has been appointed as the Company's Depositary. The fees and charges of KBL EUROPEAN PRIVATE BANKERS S.A. are calculated with reference to the Net Assets and payable monthly by the Sub-Fund and conform to common practice in Luxembourg.

#### **Note 6 - Subscription duty ("taxe d'abonnement")**

The Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Company is subject to an annual subscription duty "taxe d'abonnement" of 0.05% which is payable quarterly and calculated on the basis of the net assets of the Sub-Fund on the last day of each quarter.

A reduced subscription tax rate of 0.01% per annum is also applicable to Classes of shares C and I held by institutional investors.

Pursuant to Article 175 (a) of the 2010 Law, the net assets invested in undertakings for collective investment already subject to the "taxe d'abonnement" are exempt from this tax.

#### **Note 7 - Changes in investments**

The statement of changes in investments for the reporting period is available free of charge at the registered office of the Company.

#### **Note 8 - Total Expense Ratio ("TER")**

The TER disclosed under "Statistical information" of this report is calculated in accordance with the "Guidelines on the calculation and disclosure of the TER of collective investment schemes" issued by the Swiss Funds & Asset Management Association "SFAMA" on 16th May 2008 as modified on 20th April 2015.

The TER is calculated for the last 12 months preceding the date of this report.

Transaction fees and capital gains tax on unrealised result are not taken into account in the calculation of the TER.

## IIFL FUND

### Notes to the financial statements (continued)

as at 31st March 2019

#### Note 9 - Other income

The item "Other income" disclosed in the statement of operations and other changes in net assets corresponds to a limitation of the fees accepted by the Company which will be paid by the Investment Manager.

#### Note 10 - Events

The Company was incorporated in Luxembourg on 31st August 2017, with an initial share capital of EUR 30,000, represented by 300 shares held by IIFL Capital Pte Ltd. These 300 shares representing the initial capital of the Company were transferred to MDO Management Company S.A. on 2nd October 2018.

The Company launched its first sub-fund, namely India Equity Opportunities Fund (the "Sub-Fund"), on 29th January 2019. As at this date, the initial capital was not allocated to the Sub-Fund.

The 300 initial shares were redeemed by MDO Management Company S.A. in March 2019.

On 29th January 2019, the Ashburton Investments SICAV - India Equity Opportunities Fund (the "Merging Sub-Fund") was merged by absorption into the IIFL FUND - IIFL India Equity Opportunities Fund (the "Receiving Sub-Fund"). All assets and liabilities of the Merging Sub-Fund were transferred to the Receiving Sub-Fund. The applied merger ratios were as follows :

Share class in Merging Sub-Fund	Share class in Receiving Sub-Fund	Merger ratio
C USD	C USD	1:1
I GBP	I GBP	1:1
I USD	I USD	1:1
R USD	R USD	1:1
D GBP	D GBP	1:1
D USD	D USD	1:1

#### Note 11 - Subsequent events

In May 2019, two additional Conducting Officers (Alessandro Gaburri and Thierry Lelievre) were appointed for the Management Company.

## **IIFL FUND**

### **Additional information (unaudited)**

as at 31st March 2019

---

#### **1 - Risk management**

As required by Circular CSSF 11/512, the Board of Directors of the Company needs to determine the global risk exposure of the Company by applying either the commitment approach or the VaR ("Value at Risk") approach.

In terms of risk management, the Board of Directors of the Company decided to adopt the commitment approach as a method of determining the global exposure.

#### **2 - Remuneration**

The management company has adopted a remuneration policy pursuant to applicable laws and regulations with the objective to ensure that its remuneration structure is in line with its interests and those of the collective investment schemes it manages and to prevent risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation or management regulations of the collective investment schemes it manages.

Details of the remuneration policy of the management company, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available at <http://www.mdo-manco.com/about-us/legal-documents>.

With respect to the financial year ended 31st December 2018 (as of that date, the management company had a headcount of 62 employees), the total fixed and variable remuneration paid by the management company to its employees amounted to EUR 4,299,568.98 and to EUR 977,673.25 respectively. The total remuneration paid by the management company to senior management and members of its staff whose actions have a material impact on the risk profile of the collective investment schemes managed amounted to EUR 2,857,356.02. The remuneration committee of the management company has reviewed the implementation of the remuneration policy and has not identified any deficiency in that respect. Moreover, the current version of the remuneration policy was not updated in the course of the financial year ended 31st December 2018.

#### **3 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")**

During the reporting period, the Company did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.