

**Report including audited financial statements for the period from
1st April 2020 to 26th November 2020 (date of the beginning of the
liquidation period)**

IIFL FUND (in liquidation)

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

R.C.S. Luxembourg B217612

IIFL FUND (in liquidation)

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IIFL FUND (in liquidation)

Organisation

Registered office

2, Rue d'Alsace
L-1122 LUXEMBOURG

Board of Directors

Swati JAIN
Non-Executive Director
79 Lake Rise
Gidea Park, ROMFORD RM1 4EF

Luc REGENT
Independent Director
41, Rue du Cimetière
L-3350 LEUDELANGE

Nicholas James TAYLOR
Independent Director
Altair Partners Limited
3 The Forum, Grenville Street, St Helier, Jersey
JE2 4UF
CHANNEL ISLANDS

Amit GARG
Director
IIFL Capital Pte Ltd
137 Telok Ayer Street
#04-08
SINGAPORE 068602

Management Company

MDO Management Company S.A.
19, Rue de Bitbourg
L-1273 LUXEMBOURG

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
Thierry LELIEVRE
Alessandro GABURRI

IIFL FUND (in liquidation)

Organisation (continued)

Investment Manager

IIFL CAPITAL Pte Ltd.
137 Telok Ayer Street
#04-08
SINGAPORE 068602

Depository and Paying Agent

QUINTET PRIVATE BANK (EUROPE) S.A.
(formerly KBL EUROPEAN PRIVATE BANKERS S.A.)
43, Boulevard Royal
L-2955 LUXEMBOURG

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

EUROPEAN FUND ADMINISTRATION S.A.
2, Rue d'Alsace
L-1122 LUXEMBOURG

Cabinet de révision agréé

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

Legal Adviser

ELVINGER HOSS PRUSSEN
société anonyme
2, Place Winston Churchill
L-1340 LUXEMBOURG

IIFL FUND (in liquidation)

Investment Manager Report

Fund details and performance review:

“IIFL Fund - IIFL India Equity Opportunities Fund (“The Sub-Fund”)”

The Sub-Fund’s investment objective is to achieve long term capital growth through equity or equity related investments of companies predominantly traded on the stock markets of India. The Sub-Fund holds a concentrated but diversified portfolio of approximately 20-30 stocks listed on the Indian stock exchange.

The following table presents the performance of the Sub-Fund for the previous and current financial year.

Returns (1st April 2019 to 26th November 2020)

| Share Class | 31.03.2019 31.03.2020 | to | 31.03.2020 26.11.2020 | to |
|-------------|--------------------------|----|--------------------------|----|
| D GBP | -25.0% | | 29.1% | |
| D USD | -28.6% | | 38.9% | |
| I GBP | -24.8% | | 29.5% | |
| I USD | -28.4% | | 39.4% | |
| R USD | -29.0% | | 38.4% | |

Although the Sub-Fund was able to recuperate from negative performance witnessed at the onset of pandemic, unfortunately the net assets of the Company fell significantly from USD 23,279,178.39 as at 31 March 2020 to USD 10,966,399.94 as at 26th November 2020, representing a decrease of 52.9% during the period.

This decrease was largely attributable to the effects of the Covid-19 crisis which generated negative market conditions, leading to important redemptions and a substantial decrease in the value of assets of the Company. In light of the small number of investors and the amount of assets remaining in the Sub-Fund, any long-term continuation of the Company’s operations became economically unviable with the result that it would be in the best interests of the shareholders to liquidate the Company.

Hence, the Board of Directors of the Company assessed the situation and resolved to liquidate the Company in the best interest of the shareholders. An extraordinary general meeting of shareholders was held on 26th November 2020 and the Company was put into liquidation with effect from the same date. The Meeting resolved to appoint ME Business Solutions Sàrl represented by Mr. Eric Brice Chinchon, as liquidator of the Company with the powers determined by articles 1100-4 and following of the law of 10th August 1915 on commercial companies, as amended.

The Investment Manager continued to cap the total expense ratio of the Company since April 2020 at the levels specified in Note 5. In addition, it was also resolved that all the liquidation costs and related expenses will also be borne by the Investment Manager.

Singapore, 7th January 2021

IIFL Capital Pte Ltd
(Investment Manager)



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To the Shareholders of
IIFL Fund (in liquidation)
2, rue d'Alsace
L-1122 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the financial statements of IIFL Fund (in liquidation) (the "Company"), which comprise the statement of net assets as at 26 November 2020 (date of the beginning of the liquidation), the statement of operations and other changes in net assets for the period from 1 April 2020 to 26 November 2020 (date of the beginning of the liquidation), 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 (in liquidation) as at 26 November 2020 (date of the beginning of the liquidation) and of the result of its operations and changes in its net assets for the period from 1 April 2020 to 26 November 2020 (date of the beginning of the liquidation) 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 23 July 2016 on the audit profession ("Law of 23 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 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for 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.

Emphasis of matter

We draw attention to Note 2(a) to the financial statements, which indicates that an extraordinary meeting of shareholders was held on the 26 November 2020 where it was resolved to put the Company in liquidation. These financial statements have therefore been prepared using a non-going concern basis of accounting. Our opinion is not modified in respect of this matter.



Other information

The Board of Directors of the Company is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of “réviseur d’entreprises agréé” thereon.

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 the Board of Directors of the Company for the financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the 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 Company 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 Company is responsible for assessing the Company’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 Company either intends to liquidate the Company 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 23 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 23 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.
- 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 Company'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 Company.
- Conclude on the appropriateness of the Board of Directors of the Company'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 Company'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".
- 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, 7 April 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Rushvin Appadoo
Partner

IIFL FUND - IIFL India Equity Opportunities Fund (in liquidation)

Statement of net assets (in USD)

as at 26th November 2020 (date of the beginning of the liquidation period)

Assets

| | |
|-------------------|---------------|
| Cash at banks | 11,582,763.48 |
| Other receivables | 523,012.50 |
| Total assets | 12,105,775.98 |

Liabilities

| | |
|-------------------------------------|---------------|
| Payable on redemptions of shares | 924,728.66 |
| Expenses payable | 214,647.38 |
| Total liabilities | 1,139,376.04 |
| Net assets at the end of the period | 10,966,399.94 |

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) |
|-------------|------------------|-------------------------|--|-------------------------------------|
| D GBP | 112,279.0267 | GBP | 1.2435 | 186,105.40 |
| D USD | 44,716.1525 | USD | 17.5064 | 782,820.72 |
| I GBP | 1,083,177.2973 | GBP | 1.2598 | 1,818,940.47 |
| I USD | 273,827.9672 | USD | 17.8365 | 4,884,131.20 |
| R USD | 175,826.1683 | USD | 18.7367 | 3,294,402.15 |
| | | | | 10,966,399.94 |

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

IIFL FUND - IIFL India Equity Opportunities Fund (in liquidation)

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

from 1st April 2020 to 26th November 2020 (date of the beginning of the liquidation period)

| | |
|---|----------------|
| <u>Income</u> | |
| Dividends, net | 44,477.03 |
| Other income | 420,893.34 |
| Total income | 465,370.37 |
| <u>Expenses</u> | |
| Management fees | 104,640.46 |
| Depository fees | 11,771.42 |
| Banking charges and other fees | 43,192.49 |
| Transaction fees | 109,675.90 |
| Central administration costs | 63,875.66 |
| Professional fees | 35,260.29 |
| Other administration costs | 62,695.79 |
| Subscription duty ("taxe d'abonnement") | 1,936.53 |
| Provision for capital gains tax on unrealised gains | 97,048.09 |
| Other expenses | 239,546.58 |
| Total expenses | 769,643.21 |
| Net investment loss | -304,272.84 |
| <u>Net realised gain/(loss)</u> | |
| - on securities portfolio | -636,288.73 |
| - on foreign exchange | 11,824.52 |
| Realised result | -928,737.05 |
| <u>Net variation of the unrealised gain/(loss)</u> | |
| - on securities portfolio | 6,343,747.10 |
| Result of operations | 5,415,010.05 |
| Subscriptions | 4,248,827.78 |
| Redemptions | -21,976,616.28 |
| Total changes in net assets | -12,312,778.45 |
| Total net assets at the beginning of the period | 23,279,178.39 |
| Total net assets at the end of the period | 10,966,399.94 |

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

IIFL FUND - IIFL India Equity Opportunities Fund (in liquidation)

Statistical information (in USD)

as at 26th November 2020 (date of the beginning of the liquidation period)

| Total net assets | Currency | 31.03.2019 | 31.03.2020 | 26.11.2020 |
|------------------|----------|---------------|---------------|---------------|
| | USD | 67,317,658.68 | 23,279,178.39 | 10,966,399.94 |

| Net asset value per share class | Currency | 31.03.2019 | 31.03.2020 | 26.11.2020 |
|---------------------------------|----------|------------|------------|------------|
| C USD | USD | 20.6657 | **13.2562 | - |
| D GBP | GBP | 1.2837 | 0.9631 | 1.2435 * |
| D USD | USD | 17.6684 | 12.6074 | 17.5064 * |
| I GBP | GBP | 1.2935 | 0.9730 | 1.2598 * |
| I USD | USD | 17.8845 | 12.7979 | 17.8365 * |
| R USD | USD | 19.0670 | 13.5374 | 18.7367 * |

(*) Net asset value per share last calculated as at 26th November 2020, date on which the Company was put in liquidation.

(**) Last NAV for Class C USD was calculated for 23rd March 2020 and it was merged with Class I USD on effective date of 24th March 2020.

| Number of shares | outstanding at the beginning of the period | issued | redeemed | outstanding at the end of the period |
|------------------|--|--------------|-----------------|--------------------------------------|
| D GBP | 130,981.8706 | - | -18,702.8439 | 112,279.0267 |
| D USD | 52,765.6791 | 129.6374 | -8,179.1640 | 44,716.1525 |
| I GBP | 1,740,380.6823 | 106,103.5959 | -763,306.9809 | 1,083,177.2973 |
| I USD | 1,367,990.9856 | 300,036.8775 | -1,394,199.8959 | 273,827.9672 |
| R USD | 210,622.6366 | 2,988.3642 | -37,784.8325 | 175,826.1683 |

IIFL FUND - IIFL India Equity Opportunities Fund

Statement of changes in investments (unaudited)

from 1st April 2020 to 26th November 2020 (date of the beginning of the liquidation period)

| Currency | Description | Purchases | Sales |
|----------------------|--|-----------|---------|
| <u>Shares</u> | | | |
| INR | Aarti Surfactants Ltd Pref Reg | 0 | 6,925 |
| INR | AAVAS Financiers Ltd Reg S 144A | 7,617 | 30,155 |
| INR | ACC Ltd Dematerialised | 0 | 34,294 |
| INR | Apollo Tricoat Tubes Ltd Reg | 66,142 | 66,142 |
| INR | Asian Paints Ltd Reg | 0 | 49,071 |
| INR | Axis Bank Ltd Reg | 0 | 206,304 |
| INR | Bajaj Finserv Ltd Reg | 0 | 12,543 |
| INR | Balkrishna Industries Ltd Reg | 0 | 50,955 |
| INR | Bharat Petroleum Corp Ltd Dematerialised | 141,540 | 141,540 |
| INR | Bharti Airtel Ltd Dematerialised | 0 | 198,910 |
| INR | CreditAccess Grameen Ltd Reg | 21,915 | 21,915 |
| INR | Crompton Greav Cons Electr Ltd Reg | 0 | 396,273 |
| INR | Cyient Ltd Reg | 0 | 151,885 |
| INR | Divi's Laboratories Ltd Reg | 0 | 62,714 |
| INR | Dr Reddy's Laboratories Ltd Dematerialised | 4,323 | 19,509 |
| INR | Escorts Ltd Dematerialised | 32,636 | 32,636 |
| INR | Greaves Cotton Ltd Reg | 0 | 473,610 |
| INR | HDFC Bank Ltd Reg | 21,832 | 177,912 |
| INR | ICICI Bank Ltd Reg | 21,082 | 497,443 |
| INR | ICICI Lombard Genel Ins Co Ltd Reg | 0 | 68,595 |
| INR | Infosys Ltd Reg | 8,249 | 224,460 |
| INR | IPCA Laboratories Ltd Reg | 25,997 | 25,997 |
| INR | Larsen & Toubro Infotech Ltd Reg | 0 | 61,805 |
| INR | Larsen & Toubro Ltd Dematerialised | 0 | 107,545 |
| INR | Muthoot Finance Ltd | 28,624 | 28,624 |
| INR | Procter & Gamble Health Ltd Reg | 0 | 29,769 |
| INR | Quess Corp Ltd Reg | 0 | 117,590 |
| INR | SRF Ltd Reg | 12,480 | 12,480 |
| INR | Tata Consultancy Services Ltd | 3,262 | 3,262 |
| INR | Tata Elxsi Ltd Demat | 33,186 | 33,186 |
| INR | Titan Co Ltd Reg | 0 | 88,192 |

IIFL FUND (in liquidation)

Notes to the financial statements

as at 26th November 2020 (date of the beginning of the liquidation period)

Note 1 - General information

IIFL Fund (the "Company") (in liquidation) 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 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 accounts of the Company are expressed in USD. As the Company has only one active Sub-Fund as at 26th November 2020 and as the reference currency of the sole Sub-Fund is USD, the accounts of the Company are the same as the accounts of the sole active Sub-Fund.

The financial year begins on 1st April and ends on 31st March of each year. These financial statements are prepared for the period from 1st April 2020 to 26th November 2020 (date of the beginning of the liquidation).

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 Services Agreement,
- The Domiciliary Services 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 and adoption of a non-going concern basis of accounting

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.

Adoption of a non-going concern basis of accounting

The total net asset value of the Company fell significantly from USD 23,279,178.39 as at 31st March 2020 to USD 10,966,399.94 as at 26th November 2020, representing a decrease of 52.9% during the period.

This decrease is largely attributable to the effects of the Covid-19 crisis which generated negative market conditions, leading to important redemptions and a substantial decrease in the value of assets of the Company as a result of poor stock market performances.

IIFL FUND (in liquidation)

Notes to the financial statements (continued)

as at 26th November 2020 (date of the beginning of the liquidation period)

As the net asset value has continued to decrease, the Company is no more economically viable and it became difficult to achieve a sustainable growth. Hence, the Board of Directors of the Company has assessed the situation and resolved to put the Company in liquidation in the best interest of the shareholders. As described in note 10, the Company was put into liquidation with effect as of 26th November 2020 during an extraordinary general meeting of shareholders held on the same date.

In addition, it has been resolved that all the liquidation costs and related expenses will also be borne by the Investment Manager.

Therefore, these financial statements have been prepared using a non-going concern basis of accounting.

The application of this non-going concern basis of accounting requires (i) assets to be valued at their liquidating values, (ii) the recognition of the necessary provisions to cover foreseen liquidation expenses and (iii) the full amortisation of formation expenses previously capitalised. During the period, formation expenses for an amount of USD 152,592.50 were fully amortised and a provision for liquidation expenses for a total amount of USD 98,601.90 were recorded in the item "Other expenses" disclosed in the statement of operations and other changes in net assets.

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 instruments which are listed and with a price quoted on any official stock exchange or traded on any other organised market is 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. In case of Securities traded on the Indian stock exchanges, the closing price on the National Stock Exchange failing which the closing price on the Stock Exchange, Mumbai (BSE) failing which the closing price on any other exchange where at the security is traded shall be considered;

In the light of the foreseen liquidation of the Company, all investment in securities were disposed and fully realised during the financial period. There are no securities in portfolio as at 26th November 2020.

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 are 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 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.

IIFL FUND (in liquidation)

Notes to the financial statements (continued)

as at 26th November 2020 (date of the beginning of the liquidation period)

e) Investment portfolio income

Dividend income is recorded at the ex-dividend date.

f) 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.

As explained in note 2(a), as a result of the financial statements being prepared on a non-going concern basis of accounting, previously capitalised formation expenses were fully amortised and were recorded in the item "Other expenses" disclosed in the statement of operations and other changes in net assets for a total of USD 152,592.50.

g) Conversion of foreign currencies

Cash at banks, other net assets and liabilities 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 | = | 0.9068500 | CHF | Swiss Franc |
| | | | 0.8401243 | EUR | Euro |
| | | | 0.7501875 | GBP | Pound Sterling |
| | | | 73.8060978 | INR | Indian Rupee |
| | | | 15.2211000 | ZAR | South African Rand |

h) 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 Company and of fees relating to transactions paid to the depository as well as of transaction fees on financial instruments.

i) Indian capital gain tax

As per section 2(14) of the Indian Income-tax Act (ITA), securities held by a 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.

At the date of the financial statements, the item :

- "Other receivables" disclosed in the statement of net assets includes :
 - o an amount of USD 55,393.53 corresponding to the remaining recoverable capital gains tax of the previous year;
 - o and a recoverable amount of USD 104,253.31 corresponding to the provision of the capital gains taxes on investments which have been realised ;
- "Provision for capital gains tax on unrealised gains" disclosed in the statement of operations and other changes in net assets amounted to USD 97,048.09 and corresponds to the capital gains tax paid during the period on unrealised gains on securities.

IIFL FUND (in liquidation)

Notes to the financial statements (continued)

as at 26th November 2020 (date of the beginning of the liquidation period)

Note 3 - Management fees

Management company 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 the performance of the risk management and investment compliance services, the Management Company is entitled to receive an additional fee of EUR 11,000 per annum per non-complex Sub-Fund. For an additional Sub-Fund for which VaR would be applicable, the Management Company is entitled to receive an additional fee of EUR 18,000 per annum per complex Sub-Fund.

Investment management fee

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 |
|-----------------|-------|
| D | 1.00% |
| I | 0.75% |
| R | 1.50% |

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. As a result of the Company being put in liquidation on 26th November 2020, no investment management fees are being charged to the Company as from this date.

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 - Capped expenses

The Investment Manager, IIFL CAPITAL Pte Ltd., has agreed to reimburse to the Company (all share classes as applicable) on a monthly basis, all operating expenses except for brokerage and other expenses not incurred in the ordinary course of the Company's business incurred by the Company that exceeds the threshold ("TER Cap") mentioned below on an annualized basis on the average value of the Company's assets during the relevant month. The reimbursement paid by the Investment Manager shall be allocated to each class of the Company in the same manner as the allocation of the underlying fees and expenses. The above was implemented with effect from 1st April 2020 and continued till the liquidation date of 26th November 2020.

TER Cap for respective share classes:

- Class R: 2.00% p.a.
- Class I: 1.20% p.a.
- Class D: 1.50% p.a.

IIFL FUND (in liquidation)

Notes to the financial statements (continued)

as at 26th November 2020 (date of the beginning of the liquidation period)

The total reimbursement from the Investment Manager in relation to the expense cap, amounting to USD 420,893.34 has been booked under the caption "other income" in the statement of operations and other changes in net assets. The amount still receivable under the expense cap as at the period end was USD 263,962.49 and has been recorded under the caption "other receivables" in the statement of net assets.

Note 6 - Depositary fees

QUINTET PRIVATE BANK (EUROPE) S.A. (formerly KBL EUROPEAN PRIVATE BANKERS S.A.) is the Company's Depositary. The fees and charges of QUINTET PRIVATE BANK (EUROPE) 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 7 - 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 Class 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 8 - Swing Pricing Adjustment

The Sub-Fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, switches and/or redemptions in and out of the Sub-Fund. This is known as "dilution". In order to counter this and to protect Shareholders' interests, the Company may apply a technique known as swing pricing or dilution adjustment as part of its valuation policy. This will mean that in certain circumstances the Company will make adjustments in the calculations of the Net Asset Values per share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

The need to make a dilution adjustment will depend upon the net value of subscriptions, conversions and redemptions received by the Sub-Fund on each Valuation Day. The Company therefore reserves the right to make a dilution adjustment where a Sub-Fund experiences a net cash movement which exceeds a threshold, set by the Board of Directors from time to time, of the previous Valuation Day's net asset value.

The Company may also make a discretionary dilution adjustment if, in its opinion, it is in the interest of existing Shareholders to do so.

Where a dilution adjustment is made, it will typically increase the Net Asset Value per share when there are net inflows into the Sub-Fund and decrease the Net Asset Value per share when there are net outflows. The Net Asset Value per share of each Class in the Sub-Fund will be calculated separately but any dilution adjustment will, in percentage terms, affect the Net Asset Value per share of each Class

IIFL FUND (in liquidation)

Notes to the financial statements (continued)

as at 26th November 2020 (date of the beginning of the liquidation period)

identically. Where references to Net Asset Value per share are made, they should be understood as references to the adjusted Net Asset Value per share when dilution adjustments are made.

As dilution is related to the inflows and outflows of money from the Sub-Fund it is not possible to accurately predict whether dilution will occur at any future point in time. Consequently it is also not possible to accurately predict how frequently the Company will need to make such dilution adjustments.

Because the dilution adjustment for the Sub-Fund will be calculated by reference to the costs of dealing in the underlying investments of the Sub-Fund, including any dealing spreads, which can vary with market conditions, this means that the amount of the dilution adjustment can vary over time but will not exceed 1% of the relevant net asset value in normal market conditions.

The Board of Directors have resolved that the Company shall adopt and implement a partial swing policy aimed to address the dilution effect by « adjusting » the NAV of a fund either up or down to better reflect trading costs incurred as a result of net subscriptions and redemptions on a particular day. The objective of the policy is to protect the value of existing shareholders' holdings against the diluting effect of portfolio dealings undertaken for subscription/ redemption activity in the Fund.

On the decisions taken by the Board of Directors the swing pricing methodology is applied only if the net shareholder activity on a dealing day exceeds the swing threshold.

The swing factor will vary depending on the type of fund and hence will be different for each sub-Fund. A periodical review is undertaken in order to verify the appropriateness of the swing factor being applied.

The swing factor applied during the financial period was 4.5% on redemptions. No swing factor is applicable on subscriptions.

During the period from 1st April 2020 to 26th November 2020, swing factors were applied to the NAV calculated on 24th June 2020, on 29th June 2020 and 21st August 2020.

No swing factor was applied on the closing NAV as at 26th November 2020.

Note 9 - Other income

The item "Other income" disclosed in the statement of operations and other changes in net assets includes the limitation of the fees accepted by the Company which will be paid by the Investment Manager. The TER Cap levels by share class is described in note 5 of these financial statements.

Note 10 - Events

The rapid outbreak of the COVID-19 not only caused a global health crisis but also impacted the global economy and financial markets. As a result of the COVID-19, markets became highly volatile. The Indian equity market faced a sharp decline, impacting the companies in the portfolio of the Company.

The Investment Manager, IIFL CAPITAL Pte Ltd. has decided to appoint IIFL Asset Management Ltd as an Investment Adviser to advise on the investments in the Company managed by the Investment Manager. The appointment of the Investment Adviser is effective on 6th April 2020. The Investment Adviser was compensated by the Investment Manager from its own management fee and not out of the assets of the Company.

IIFL FUND (in liquidation)

Notes to the financial statements (continued)

as at 26th November 2020 (date of the beginning of the liquidation period)

In light of the small number of investors and the amount of assets remaining in IIFL Fund – IIFL India Equity Opportunities Fund (i.e. the sole active sub-fund of the Company), any long-term continuation of the Company's operations became economically unviable with the result that it would be in the best interests of the shareholders to liquidate the Company.

Therefore, after receiving approval from the *Commission de Surveillance du Secteur Financier* (the “CSSF”), the Board of Directors of the Company have resolved to put the Company into liquidation during an extraordinary general meeting of shareholders held on 26th November 2020 (the “Meeting”) in accordance with the Articles, the law of 10 August 1915 on commercial companies and the 2010 Law.

On 26th November 2020, the Meeting took the following resolutions :

First resolution

The Meeting resolved to put the Company into liquidation with effect as of 26th November 2020.

Second resolution

The Meeting resolved to appoint ME Business Solutions Sàrl represented by Mr. Eric Brice Chinchon, as liquidator of the Company with the powers determined by articles 1100-4 and following of the law of 10th August 1915 on commercial companies, as amended.

The liquidator may implement all acts and operations specified in article 1100-5 of the Law without any authorisation of the general meeting of shareholders in the situations where this authorisation would be required.

The liquidator is not required to draw up any inventory and may rely on the accounts of the Company. The liquidator is authorised, under his responsibility, to delegate, with regard to special and determined operations, to one or more proxyholders, such part of his authorities and for such duration as he may determine.

The Meeting resolved that the liquidator shall be entitled to remuneration in accordance with market practice applicable in Luxembourg.

Third resolution

The Meeting resolved to instruct the liquidator to pay the liquidation costs and effect payment of the liquidation proceeds in cash (or in kind to those shareholders who specifically request this).

Note 11 - Subsequent events

There are no significant subsequent events.

IIFL FUND (in liquidation)

Additional information (unaudited)

as at 26th November 2020 (date of the beginning of the liquidation period)

1 - Risk management

As required by Circular CSSF 11/512 as amended, 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 staff, 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 last audited financial year ended 31 December 2019 (as of that date, the management company had a headcount of 63 employees), the total fixed and variable remuneration paid by the management company to its employees amounted to EUR 4,752,158 and to EUR 1,180,144 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 3,232,370. 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 updated and approved by the board of directors in the course of the financial year ended 31 December 2019, the current version being dated July 2019.

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.