



IIFL Asset Management Limited

IIFL Centre, Kamala City, Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013
Website: www.iiflmc.com

FIRM BROCHURE **(Part 2A of Form ADV)**

This brochure provides information about the qualifications and business practices of IIFL Asset Management Limited. If you have any questions about the contents of this brochure, please contact at +91 022 4876 5600 and/or via email at investordesk@iiflw.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about IIFL Asset Management Limited also is available on the SEC's website at www.adviserinfo.sec.gov. An investment adviser registered with the SEC does not imply a certain level of skill or training.

October 29, 2020

Item 2. Material Changes

This *Material Changes* section of the Brochure will be updated annually or sooner if a material change(s) occurs to this initial Form ADV Part 2A (the “Brochure”) and any subsequent release of this Brochure.

Since the filing of our last annual updating amendment dated June 10, 2020, the following information provides our clients with a summary of material changes to this Form ADV Part 2A (the Brochure) since that date:

- Item 9 – Disciplinary Action – updated to disclose legal proceedings against entities in India, who share an affiliated Director with IIFL AMC, and a disciplinary event by SEBI against an IIFL AMC employee.
- Item 10 - Other Financial Industry Activities and Affiliations – updated to reflect the removal of IIFL Inc. as a Related Person.
- Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading – updated to include information pertaining to IIFL AMC’s participation in client transactions.
- Item 5 – Custody – updated to include custody information for the IIFL Alternative Investment Funds.

The foregoing is only a summary of the material changes to the Brochure. It does not purport to identify every change to the Brochure since that last annual update. This summary of material changes is qualified in its entirety by reference to the full discussion in this Brochure. Clients are encouraged to read the Brochure in detail and contact their account representative with any questions.

Our current Brochure is available to our existing and prospective clients through the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Item 3. Table of Contents

Sr.No.	Table of Contents	Page No.
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	3
4	Advisory Business	4
5	Fees and Compensation	6
6	Performance Based Fees and Side by Side management	7
7	Types of Clients	7
8	Methods of Analysis	7
9	Disciplinary Action	10
10	Other Financial Industry Activities and Affiliations	10
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	11
12	Brokerage Practices	13
13	Review of Accounts	13
14	Client Referrals and other Compensation	13
15	Custody	13
16	Investment Discretion	14
17	Voting Client Securities	14
18	Financial Information	14

Item 4. Advisory Business

A. Introduction

IIFL Asset Management Ltd. (IIFL AMC) is a public limited company incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013.

IIFL AMC is an India focused, global asset management firm. Our differentiated services and asset classes enable sophisticated investors to participate in India's growth momentum. We understand the nuances that define India's demography and demand. A disciplined and active management approach allows us to tap into India's potential as a unique asset class for long term growth. Our deep insights of the India market enable us to create investment strategies that generate sustainable risk-adjusted returns. IIFL AMC focuses on high conviction ideas.

Pursuant to regulatory approvals, IIFL AMC is also registered as Portfolio Manager under the Securities Exchange Board of India (SEBI) Regulations, 1993 with registration no. INP0000004565. IIFL AMC under this registration also provides non-binding investment advisory services to eligible investors.

IIFL AMC also acts as investment manager to various Alternative Investment Funds i.e. IIFL Venture Fund (Category I Alternative Investment Fund), IIFL Private Equity Fund (Category II Alternative Investment Fund) and IIFL Opportunities Fund (Category III Alternative Investment Fund) (together the Funds).

IIFL AMC is a wholly owned subsidiary of IIFL Wealth Management Limited.

Background of IIFL Wealth Management Limited

IIFL Wealth Management Limited (IIFL Wealth) is a private wealth management firm in India with assets under management (AUM) of \$25 billion. IIFL Wealth serves the highly specialized and sophisticated needs of high net worth and ultra-high net worth individuals, affluent families, family offices and institutional clients through a comprehensive range of tailored wealth management solutions.

B. Advisory Services

IIFL AMC offers a range of investment related services to its clients included but not limited to the following:

i. Non-Discretionary Advisory Services

Under this arrangement, IIFL AMC shall for consideration provide non-binding investment advice relating to purchase, sale or otherwise dealing in securities and advice on investment to clients or other person or group of persons.

ii. Sub-Advisory Services to an Investment Manager

Under this arrangement, IIFL AMC shall act as sub-advisor to an investment manager who is managing funds or client portfolios, or providing portfolio management services. IIFL AMC shall provide non-binding investment advice.

iii. Portfolio Management Services

- a) Discretionary Portfolio Management Services – IIFL AMC exercises discretion on the investments undertaken in the portfolio of securities or funds of a client pursuant to a portfolio management agreement.
- b) Non-Discretionary Portfolio Management Services – under this arrangement IIFL AMC manages the funds in accordance with the discretion of the Client.

Investment Services to Funds

i. Investment Manager to IIFL Mutual Fund

IIFL AMC is an investment manager to a SEBI-registered IIFL Mutual Fund (IIFL Fund). The IIFL Fund offers various investment strategies in varied range of products catering to the different investment needs and risk appetite of the investors. As on March 31, 2020, the total Assets under Management held by the IIFL Fund across all schemes is \$173.32 million.

ii. Investment Manager to IIFL Alternative Investment Funds

IIFL AMC is an investment manager to various Alternative Investment Funds – IIFL Venture Fund (Category I Alternative Investment Fund), IIFL Private Equity Fund (Category II Alternative Investment Fund) and IIFL Opportunities Fund (Category III Alternative Investment Fund). The Alternative Investment Funds cater to various segments and sectors such as Real Estate, Private Equity, Listed and Unlisted equity space, Debt segment etc. The total assets under management as on March 31, 2020 being managed across Alternative Investment Funds is \$2.08 billion.

C. Restrictions for investments in securities or types of securities

Portfolio Management Services and Advisory Services shall provide investment advice to clients in accordance with the investment objective, guidelines and restrictions specified in the investment mandate selected by the client.

Further, clients may provide restrictions on investing in certain types of securities, and the types of securities which shall be adhered to at the time of providing investment advice.

D. Wrap fee program

IIFL AMC does not participate in a wrap fee program.

E. Asset under Management

The Assets under Management under various services as on March 31, 2020 is stated here below:

Assets under Management	Amount in USD Million
Discretionary (IIFL Mutual Fund)	173.32
Discretionary (IIFL Alternative Investment Funds)	2076.68
Discretionary (Portfolio Management Services)	346.21
Non-Discretionary Advisory	233.66
Total	2,829.87

Item 5. Fees and Compensation

Fees and charges under Portfolio Management Services and Advisory Services are specified in the Client Agreement executed with each client. Fees may vary depending upon complexity, investment objective, geographical location, services offered, account relationship etc. IIFL AMC shall charge fees including but not limited to performance fees, asset based fees or combination of performance based or asset based fees. Depending on the agreement, the fees may be paid directly by the client or deducted from assets under management. Other firms may offer more choices, some of which might have lower costs or different returns and features.

In case of Non-Discretionary Advisory Services, IIFL AMC does not intend to provide accounting or custody related services. Each non-discretionary advisory client may designate or appoint its own custodian or fund administrator at its own cost. Under such circumstance, the Client shall arrange to send or cause its custodian / fund administrator to send a portfolio statement as per defined cycle in the agreement to enable IIFL AMC to review and calculate advisory fees.

In limited instances, client may be required to pay fees in advance. Under such circumstance subject to agreed terms in the agreement with the client, unearned fees, if any paid in advance shall be refunded to the client. To the extent the fees have been earned but not yet billed, such fees will be pro-rated and paid by the client upon termination.

Neither IIFL AMC nor its personnel accept compensation in exchange for sale of securities or investment products. Under Non-Discretionary Advisory Services, the clients have an option to purchase investment products that are recommended by IIFL AMC from any other brokers, agents or distributors which are not affiliated with IIFL AMC.

Item 6. Performance Based Fees and Side by Side Management

IIFL AMC may provide advice to one or more clients that are charged performance based fees. Further, IIFL AMC also provides advisory services to clients where either performance based or asset based fee, or a combination of both may be charged.

Side by Side management by the Supervised Persons of IIFL AMC who provide investment advisory services to one or more clients may raise potential conflicts of interest, including those associated with any difference in fee structure as well as other pecuniary and investment interest that IIFL AMC or its Supervised Persons may have in the account managed by IIFL AMC.

Item 7. Types of Clients

IIFL AMC provides discretionary and non-discretionary services to various types of clients including but not limited to institutions, family offices, business trust, pooled investment vehicles, investment companies, institutional and retail investors in and/or outside United States. IIFL AMC shall seek to provide such services as regulatory approved to such clients who seek to invest in India.

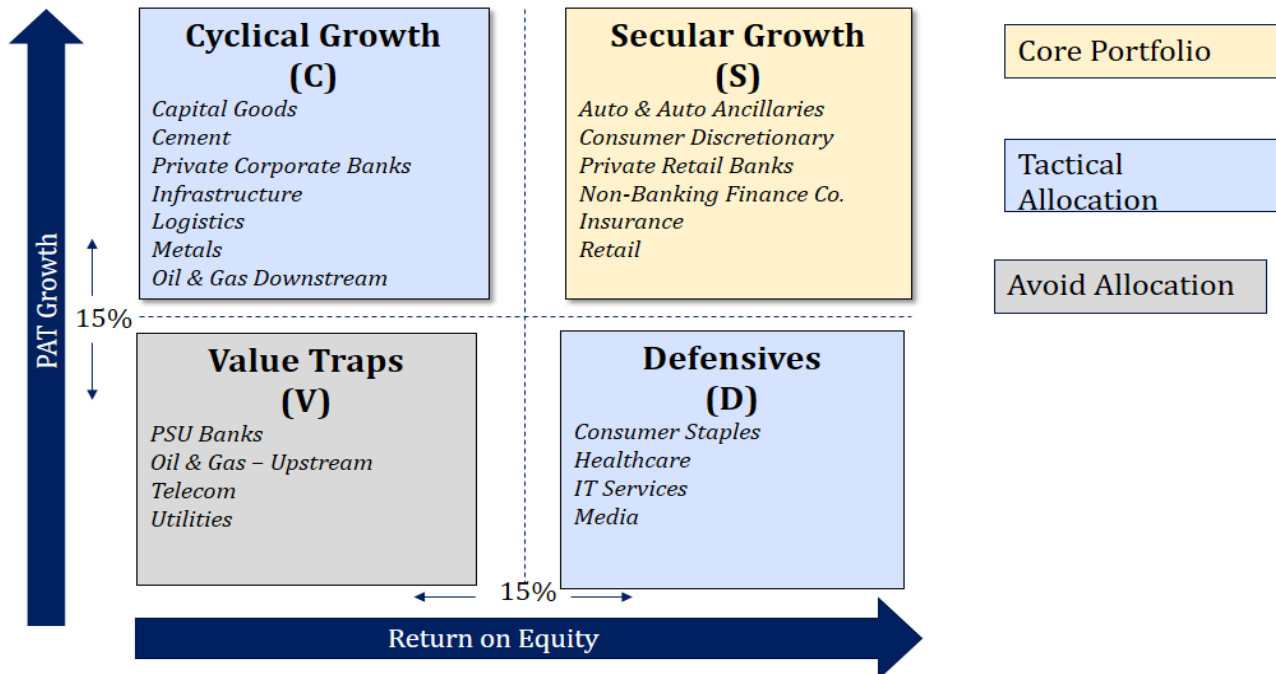
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

IIFL AMC follows the investment policy which involves selecting companies with:

- a) Industry Potential: Large potential growth over a sustained period of time with low risk from changes in commodity prices/regulations/competitive dynamics/technology.
- b) Business: Demonstrated track record of management with return ratios through cycle (ROE/Cash flow)
- c) Governance: Prudent capital allocation track record, shareholder value creation through time, clear articulated strategy for the long term
- d) Valuations: Favourable risk/reward ratio

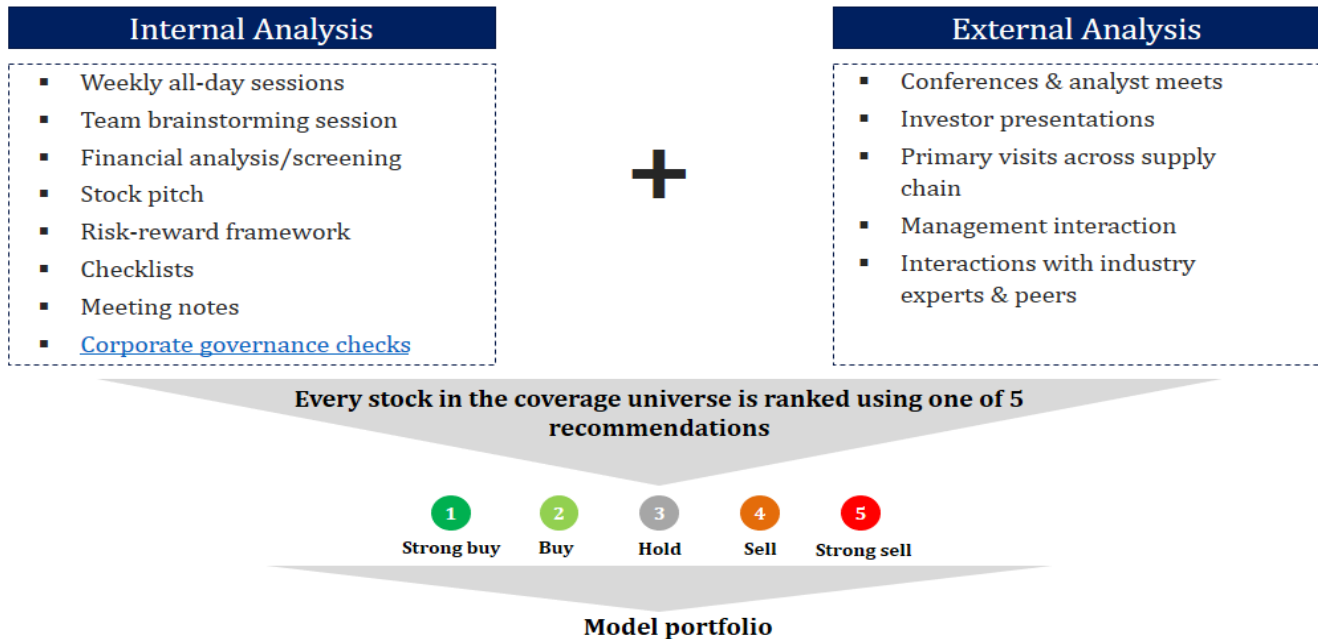
IIFL AMC provides advisory and undertakes investment in accordance with the market conditions and may follow multiple strategies depending upon agreement with the clients and objective of the fund. IIFL AMC shall follow a blend of investment strategies across various products since a thematic strategy alone may be restrictive, not providing sufficient scope to manoeuvre around due to market changes and volatility. The investment objective of the portfolio construction process is to build a portfolio of fundamentally sound stocks across market capitalisation in order to achieve the objective / mandate. The investment process is rigorously followed which includes qualitative as well as quantitative criteria.

The investment framework across 4 segments is captured here below:



Investment process:

IN-DEPTH COMPANY ANALYSIS & FOCUS LIST



Investment Risks

Investment in securities markets are subject to market risk and depends upon various situations. The risks vary for each client account which will vary depending upon investment strategy and the type of securities and other investments held in the portfolio of the client / fund. An indicative list of risks associated with investing is stated here below. These risks should not be considered an exhaustive list of risks which investors should consider. Investors should note that an investment may be exposed to other risks of an exceptional nature from time to time and accordingly should be prepared to bear the loss.

- a) *Market Risk*: value of a portfolio may increase or decrease depending upon market forces and factors effecting the capital markets such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the government, taxation laws and policies, other political and economic developments which may have adverse impact on the market. There cannot be assurance or guarantee on returns of the portfolio.
- b) *Stock Specific Risk*: investments in stocks are subject to price fluctuation on daily basis. The volatility in the value of stocks are due to various micro and macro-economic factors like economic and political developments, changes in interest rates etc. effecting the securities markets.
- c) *Investments in Foreign Markets*: A significant portion of the securities invested in by IFFL AMC on behalf of its clients consist of foreign securities (generally domiciled in India) denominated in foreign currencies and/or traded outside of the U.S. Investments in foreign markets includes the potential for risks not typically associated with investing U.S. securities or properties, including (but not limited to) economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the U.S. or foreign governments, U.S. and foreign withholding taxes, limitations on the removal of funds or other assets, policies of governments or political instability in foreign nations
- d) *Liquidity Risk*: Securities which are not quoted on a stock exchange are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities which are listed on a stock exchange or offer exit options to investors including put options. Liquidity of listed equity securities is often restricted due to trading volumes, settlement periods and transfer procedures. If a particular security does not have a market at the time of sale then the portfolio may have to bear an impact depending upon the exposure to a particular security. While securities listed on the stock exchange generally carry a lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchange. Money market securities where fairly liquid, lacks a well-developed market which may restrict the ability of such securities thereby resulting in a loss to the portfolio until such securities are finally sold.
- e) *Past Performance*: past performance may or may not be sustained in future.
- f) *Currency Risk*: Clients investing in India may be subject to risk due to exchange rate fluctuation which may effect the value of investments. Currency risk also includes but is not limited to the risk that non-U.S. currencies in which the client investments are traded, in which the clients receive income, and/or in which the clients have taken a position, may decline in value relative to the U.S. dollar.

- g) *Tax Risk*: There is a risk that investments in foreign markets may be taxed in a manner materially different from similarly situated U.S. securities. Prior to investing, prospective investors should seek guidance from their tax advisor regarding the potential tax implications of investments in foreign markets.
- h) *Geographical concentration Risk*: IIFL AMC seeks to provide services to clients who seek to invest in India. This may lead to concentration of portfolio in a Country and the performance may depend upon the growth and performance of the Country.
- i) *Non Diversification Risk*: Every attempt may be made to diversify risk, however risk may arise due to the portfolio not being sufficiently diversified.

Item 9. Disciplinary Action

There is a disciplinary event involving an employee of IIFL AMC. An interim ex-parte order has been issued by SEBI against an employee of IIFL AMC. In addition to this, legal proceedings were brought against India Infoline Insurance Services Ltd, India Infoline Commodities Limited, India Infoline Finance Ltd and its Directors, in India. Mr. Rajamani Venkataraman is a Director/Owner of the named firms and charged in the legal proceedings and also a Director of IIFL AMC. The legal proceedings are pending in India.

Additional information regarding the cases have been disclosed and can be found in IIFL AMC's Form ADV Part 1.

Item 10. Other Financial Industry Activities and Affiliations

- A) IIFL AMC and its management personnel are not registered nor have any application pending to register as a Broker Dealer or a registered representative of a broker dealer;
- B) IIFL AMC and its management personnel are not registered nor have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities;
- C) Related Persons of IIFL AMC are registered with the SEC or FINRA under various categories, details of which is stated here below:

Sr. No.	Name of the Related person	Relationship	Type	SEC/FINRA No.
1.	IIFL Capital Inc	Affiliate	Broker dealer	8 – 68100
2.	IIFL Capital Pte. Ltd.	Affiliate	Exempt Reporting Advisor	802 – 106895
3.	IIFL Wealth Portfolio	Affiliate	Investment	801-118325

	Managers Limited		Advisor	
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IIFL AMC may receive services from the affiliates, on an arms-length basis and purely on commercial consideration. IIFL AMC is strictly governed by a conflict of interest policy, which lays down the framework for dealing with affiliates and group companies.

D) IIFL does not recommend or select investment advisors for clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics Summary

Code of Ethics establishes the guidelines and framework to ensure that the interest of the clients are paramount. The Code of Ethics requires all employees to conduct themselves in a lawful, honest and ethical manner in all business practices and ensure the business conduct is conducted with respect and integrity. Employees are required to conduct themselves in such a manner to avoid conflicts of interest and maintain a position of trust and responsibility.

IIFL AMCs Code of Ethics sets our policies and framework with respect to the range of key topics, including but not limited to the following:

- personal securities transactions;
- conflicts of interest and disclosure;
- business conduct.

B. Potential Conflicts in Advisory Activities

IIFL AMC is a SEBI-registered intermediary and offers various investment products to investors. IIFL AMC is the investment Manager to IIFL Mutual Funds. IIFL AMC also acts as investment manager to IIFL Alternative Investment Funds. Further, IIFL AMC maintains registration as Portfolio Manager and provides discretionary, non-discretionary and advisory services.

Different business units share common office space. However, in line with regulatory requirements, the operations of the Mutual Fund is conducted separately from the Alternative Investment Funds and Portfolio Management Services. The concept of 'Chinese Walls' (i.e. information barriers) is followed whereby separate investment and back office personnel are employed for each business unit by allocating separate office space and trade desk access. Further, IT systems are bifurcated whereby access is provided to personnel specific to a business unit, which ensures that information about client accounts, positions, transactions etc., are separate from other business units.

A policy on the management of conflicts of interest has been implemented to ensure all such transactions take place only on an arms-length basis and in the best interest of the client. IIFL AMC may or may not provide the same investment advice to various clients and to various products that it manages.

Under Portfolio Management and advisory services IIFL AMC acts independently of other affiliated investment advisors and manages the assets in accordance with specific client objectives and mandates.

Participation in Client Transactions

IIFL AMC buys and sells for client accounts securities of issuers for which the affiliated IIFL Alternative Investment Funds, IIFL Mutual Funds or other related persons have the ability to invest. Due to different fee arrangements among the client accounts, IIFL AMC has a potential incentive to favor certain client accounts over others in allocating trades among the client accounts. IIFL AMC strives to manage these potential conflicts through trade order aggregation and allocation policies and procedures designed to ensure trades are allocated among client accounts in a fair and equitable manner.

From time to time, IIFL AMC recommends that its Clients invest in (i) IIFL Alternative Investment Funds for which IIFL AMC acts as investment manager or (ii) IIFL Mutual Funds for which IIFL AMC acts as investment manager (collectively, “Affiliated Funds”). Investing in Affiliate Funds creates a conflict of interest because IIFL AMC could benefit from the investment by receiving additional management fees. IIFL AMC’s relationship to each Affiliated Fund and the fees it is entitled to receive are disclosed in the relevant Affiliated Fund offering memorandum or prospectus, as applicable. If a Separately Managed Account Client (SMA Client) were to invest in an Affiliated Fund, IIFL AMC would waive its management fee on the IIFL Alternative Investment Fund or SMA Client’s investment in the Affiliated Fund for the duration of the investment in the Affiliated Fund.

In general, IIFL AMC and its principals avoid engaging in securities transactions with client accounts. IIFL AMC and its affiliates have the ability to invest in securities in which IIFL AMC has invested client assets on a side-by-side basis, either directly in an equitable manner in compliance with its trade allocation policies or through special purpose vehicles. IIFL AMC and its affiliates may purchase or sell such securities only contemporaneously with or after the clients’ purchase or sale of such securities, as the case may be.

IIFL AMC and its principals, through their ownership interest in certain IIFL Alternative Investment Funds, may be deemed a related person of such entity (a “Principal Account”). In general, IIFL AMC does not seek to enter into transactions between its Principal Accounts and SMAs or IIFL Alternative Investment Funds (each, a “Principal Transaction”). IIFL will engage in a Principal Transaction involving an SMA or IIFL Alternative Investment Fund only if the proposed transaction is consistent with applicable client investment guidelines, the IIFL AMC’s policies and procedures regarding Principal Transactions and applicable laws and regulations.

IIFL AMC will effect a pre-arranged cross transaction among two Client Accounts or IIFL Alternative Investment Funds only in compliance with each Client’s or IIFL Alternative Investment Funds’ investment restrictions, IIFL AMC’s policies and procedures regarding cross trades and applicable laws and regulations. Neither IIFL AMC nor any related person involved in the trade will receive compensation for these trades.

Item 12. Brokerage Practices

A. Research and Soft Dollar Benefits

IIFL AMC does not have discretion for the selection of brokers for execution of transactions by clients seeking advisory services, nor does it execute transactions on behalf of such clients.

However, IIFL AMC does select brokers in case of Portfolio Management services and pooled investment vehicles. The services of an affiliate, IIFL Wealth Management, is used for execution of transactions since it is a group company and may provide speed of execution and responsiveness. IIFL AMC executes transactions through other brokers to ensure best execution, not essentially meaning lower brokerage but taking into consideration brokers execution capability, financial responsibility etc.

Further, IIFL AMC does not receive any soft dollar benefits from any brokers for research reports.

B. Brokerage for client Referrals

IIFL AMC does not receive brokerage fees or commissions from any broker dealer or third party for referring clients to such broker dealer.

C. Directed Brokerage

IIFL AMC does not practice or conduct directed brokerage for clients of its Advisory Service business.

Item 13. Review of Accounts

The portfolios of clients are reviewed as per an agreed upon process and depending on client objectives, policies and limitations, and, if any, concentration of any sector or types of issuers. The frequency, depth and nature of reviews occur pursuant to the terms of each clients' written investment policy / mandate and particular needs of clients.

Item 14. Client Referrals and Other Compensation

IIFL AMC and/ or its related persons have entered into referral fee arrangement with third parties and group companies for referring clients for advisory and portfolio management services to potential clients. Such referral fees or compensation may be in the nature of one time fees, specified asset based fees, fixed fees, reimbursement of expenses etc. Such arrangement shall be in line and compliance with SEC rule 206(4)-3 under the Investment Advisors Act of 1940, as amended.

Item 15. Custody

IIFL AMC does not provide custodial services to its Clients. All Client assets are held with "qualified custodians."

Investors in the IIFL Alternative Investment Funds receive monthly statements from the transfer agent, and periodic Fact Sheets from IIFL AMC. Audited financial statements are prepared by an independent accounting firm registered and subject to inspection by the Public Company Accounting Oversight Board (PCAOB).

Item 16. Investment Discretion

In case of advisory services and non-discretionary portfolio management services, IIFL AMC does not hold discretion on the portfolio. IIFL AMC shall act in accordance with the client agreement which governs the operations, investment objectives, restrictions and compliance requirements, as well as any other arrangements that may be agreed upon.

However, in case of discretionary portfolio management services and management of pooled funds, IIFL AMC does exercise discretion. In case of Portfolio management services, an agreement and power of attorney is executed which permits IIFL AMC to advise and execute transactions on behalf of clients in accordance with the mandate agreed upon.

In case of pooled funds, IIFL AMC being an investment manager, manages the assets in accordance with fund objectives and strategies.

Item 17. Voting Client Securities

IIFL AMC has adopted a voting policy and shall vote in accordance with such policy. IIFL AMC may advise the client to vote on proposals which are detrimental to their interests. Under such circumstance clients can exercise their vote by assigning proxy to its designated custodian.

Item 18. Financial Information

There exists no financial condition of which IIFL AMC is currently aware that would impair IIFL AMC's ability to meet contractual commitments to its clients. IIFL AMC has not been the subject of a bankruptcy petition within the past 10 years.