intereffekt investment funds

specialists in frontier and emerging markets

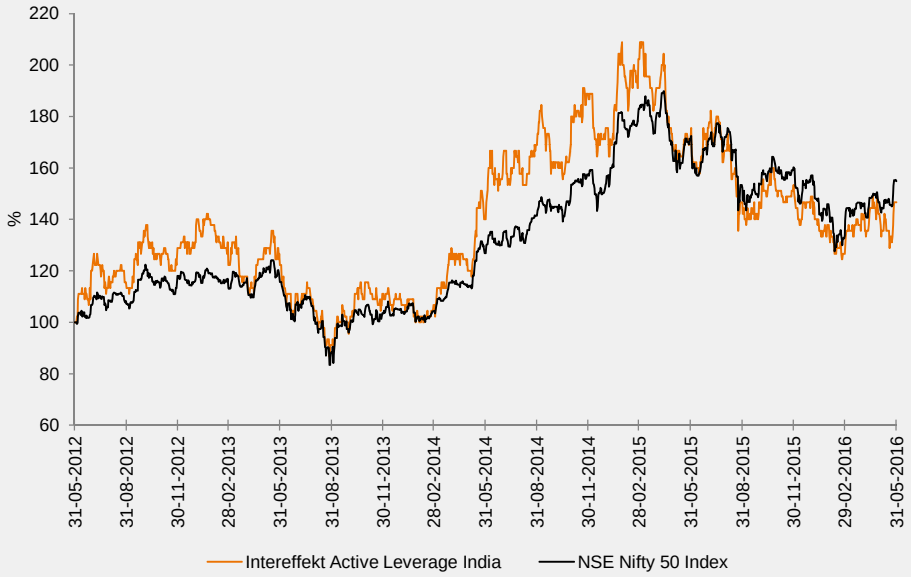
Factsheet
May 2016

The Fund Manager writes

The monetary policy of the United States (US), European Union (EU) and Japan will play another important role in 2016. For a long time the interest rate in the US has been virtually zero. After the first interest rate increase last year, a further increase is expected in June. This increase will probably be 25 basis points. The EU is not ready yet. In India a report has been published entitled "Rules of Monetary Policy", one of the co-authors was Central Bank (RBI) Governor Rajan. This report concludes that an unconventional (aggressive) monetary policy may cause big effects. For example capital and product flows and the increase in volatility in the financial markets. As yet these effects are not noticeably quantified in India. On June 7, the RBI will have it next meeting to review its monetary policy. Given the current state of the CPI (5.4%), the WPI (0.4%) and industrial production (0.1%) the expectation is that interest rates will remain unchanged. The level of industrial production and WPI would justify a rate cut.

A good monsoon possibly will make room for another rate cut. A good monsoon means that consumer spending will increase in the rural area. Agriculture only accounts for 15% of the Gross Domestic Product, approximately 70% of the population is directly or indirectly dependent on agriculture. The outlook for the monsoon has not been negative for the financial markets during May. The Nifty index rose by 4% in local currencies and 5.7% in euro. Optimism also seems to have an impact on corporate profits. Based on the information from 622 companies, excluding banks, a growth in turnover of 5.6% and net profit growth of 12% is expected for the first quarter of 2016. This suggests that recovery in the demand for products is imminent. Expectations for the second quarter were even better and the market is responding to this news. This is visible by the return of foreign investors (FII). Last month they were operating in the market on the buy side. This may also be part of the global attitude of emerging countries. Investors dare to take a larger position again in emerging markets after being underweight for 17 months, according to a survey by Bank of America Merrill Lynch. That FII dare to invest even more in India is despite the revision of the GAAR (General Anti-Avoidance Rules) between India and Mauritius. This means that short-term gains will be taxed from April 1, 2017.

Fund Performance



Return in euro's*	2016	1 mnth	3 mnths	2015	2014	2013	2012
Intereffekt Active Leverage India	-1,49%	3,13%	15,79%	-15,19%	61,22%	-16,95%	31,11%
NSE Nifty 50 Index	-1,16%	5,65%	15,88%	1,98%	46,48%	-9,50%	21,55%
Rupee	-3,92%	1,63%	-0,79%	5,86%	10,43%	-17,80%	-5,22%

* Exchange traded levels (Bloomberg data)

Fund Profile

Intereffekt Active Leverage India is a subsidiary fund of Intereffekt Investment Funds N.V. (IIF), established with a so-called umbrella structure. The fund invests in call warrants and other derivatives. The goal of the fund is to obtain a position on the financial markets in India. The fund is aiming at a leverage of 2 to 3 times the return on the underlying values. Its investment policy will be aimed primarily at achieving capital growth (the fund will not pay any dividends). The risk profile is high, due to investments being channeled into the emerging markets of India. The manager will not use a benchmark as a gauge for the purposes of determining investment policy or comparing the results achieved by the fund.

Disclaimer

No rights may be derived from this publication. You are referred to the prospectus and Key Investor Information Document for the fund's terms and conditions. These documents may be obtained from the website or the address mentioned above. The manager of IIF has obtained a licence for this fund from the Netherlands Authority for the Financial Markets in accordance with the provisions of the Financial Supervision.

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Key figures

Net Asset Value:
Euro 0.67

Stock Price:
Euro 0.66

Fund Capital:
Euro 20.7 million

Shares outstanding:
30,935,124

Volatility: 34.37%
(90 days historical average)

Start Date: 7 May 2007

Structure: open end

Ongoing Charges Figure:
2.50% (budget 2016)

ISIN Code: NL0000817161
Bloomberg Ticker: INIWA NA

Trading:
The fund has a continuously price notation on Euronext, which means that the fund can be traded on trading days through any bank or broker. The fund will issue shares against ask price and will purchase shares against bid price. A margin or surcharge of at most 0.6% is charged (for a complete description reference is also made to the prospectus).

Managing Company:
TRUSTUS Capital Management
Fund Management:
Derivatives Team:
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