



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 31 August 2017



Economic Commentary and Market Review - August 2017

Market nosedived about 1.6% in August declining to 9,918 at the end of the month after phenomenal growth in July as investors were spooked by geopolitical tension emanating from North Korea. PSU Banks, caught in the prolonged NPA resolution process, clocked a double digit fall in the month after a recovery in the previous month. Pharma continued to be the laggard (second highest) due to disappointing results and USFDA issues. Metal and Energy were the only two stellar performers in the month.

The correction in August was evident as the market witnessed strong outflows from FII. FIIs pumped out over Rs.14,000 crores from Indian equities during the month, the highest in CY17 so far due to North Korea-led tension and weak first quarter results. However, they remained net buyers in the debt market to the tune of roughly Rs.15,000 crores in August. Mutual funds industry supported the market, buying nearly Rs. 18,000 crores into equities while their debt investments stood at ~Rs.36,000 crores.

At their last meeting, the RBI announced cut in repo rate by 25 bps to 6% and reverse repo by 25 bps to 5.75% due to benign inflation and sluggish credit growth. The Monetary Policy Committee (MPC) continuous to focus on its commitment to keep headline inflation at ~4% in the medium term. The real GVA growth forecast for FY18 remained unchanged at 7.3%. Retail inflation for August came in at 3.36%, which is below the medium-term target of RBI. This compared with inflation of 2.36% in the prior month and 5.05% in August 2016.

Sector outlook

Banks and NBFCs

In August, the banking sector was negatively impacted by NPA issues and poor credit growth report released by RBI. Late-August, RBI sent a fresh list of defaulters to the banks which is to be taken to the National Company Law Tribunal (NCLT) to initiate insolvency proceedings. The list included companies such as East Coast Energy, SEL Manufacturing, Shakti Bhog, Nagarjuna Oil, Jai Balaji Industries, Uttam Galva, Monnet Power, Orchid Chemicals, Ruchi Soya, Unity Infra, Videocon, JP Associates, IVRCL, Castex, Jayaswal Neco and Visa Steel. On the other hand, RBI revealed that bank credit growth during the current fiscal remained at a historic low with bank loan book declining by Rs. 1.37 lakh crores to Rs.77.04 lakh crores till around mid-August.

Information Technology

The IT stocks dipped again in August due to several challenges crippling the sector such as muted demand, pricing pressure, cross currency fluctuation, impact of automation, global macro uncertainties and, immigrations and visa related modifications in the US among others. The major event that dragged down the IT stocks during the month was the resignation of Infosys CEO Vishal Sikka due to his rift with the founders. This led the stock plunging nearly 16% in four sessions and hitting 52-week low of Rs.861.5 on August 22.

Pharma

A majority of the pharma companies reported disappointing 1Q18 earnings that led huge sell off in the sector in August. Sales in the US market recorded de-growth due to higher price erosion in base products, delay in approval of key products, increased competition and customer consolidation. Supply disruptions due to some plants being out of action because of unfavourable observations by the USFDA also impacted new product approvals. However, valuation of the sector looks attractive over the long term despite near term headwinds.

Automobiles

Passenger vehicle sales continued its northward journey increasing 13.76% year over year to 294,335 units in August after a 15% gain in the prior month. Upcoming festive season and price cuts after the implementation of GST ahead of an imminent hike in cess rates boosted sales in the month. Car sales were up 11.8% while utility vehicle (UV) sales were up 19.62% in the month. All the major OEMs recorded sales gain during the month Maruti Suzuki (26.2%), Mahindra & Mahindra (5.9%), Ashok Leyland (25%), Tata Motors (14%), Hero MotoCorp (12.2%), and Eicher Motors (22%). Going forward, strong rural demand owing to better monsoon, higher disposable income arising from 7th pay commission implementation and new launches are the positives associated with the sector.

Oil and Gas

Oil prices rose (Brent crude was ~\$52.38 a barrel at month-end, up 1.2% from \$51.78 at the beginning of the month) due to strong demand outlook. OPEC's decision to extend production cut of 1.8 million barrels per day by nine more months till March 2018 and pressure to put a limit on Nigeria's production should keep oil prices upwards for some time.

Cement

Increased government spending on infrastructure is expected to boost the demand for cement post monsoon coupled with recovery in sand availability. Post-GST, the sector has witnessed month-on-month price corrections across most markets due to passing on

of the benefit of lower tax rates to the consumers and also seasonal weakness. Sand availability in Bihar is very low due to floods in some areas. In the first quarter, unavailability of sand in Tamil Nadu had impacted their earnings. Availability has improved though prices of sand tend to remain high.

Metal

Metal index was the best performer during the month. Environmental and supply side restrictions in China coupled with a weak USD kept metal prices buoyant in LME. As per a report by KPMG, Indian demand for non-ferrous metals is expected to grow at 8% between 2016 and 2021, in line with strong economic prospects and push on manufacturing sectors. While demand for ferrous metals such as iron and steel is expected to be strong as well due to government's focus on housing projects and protectionist policies such as levy of anti-dumping duty.

Conclusion

There is limited downside potential for Nifty backed by robust inflow of foreign capital and sustained investment by mutual funds. Several factors such as smooth implementation of GST, resolution of banking system NPA, good monsoon and revival of investment cycle, would decide the future course of the market.

Return of Shriram Equity & Debt Opportunities Fund in August stood at 12.24% CAGR (since inception) accompanied by lower levels of volatility. Amidst volatility and short term uncertainties, we try to achieve stable risk adjusted return based on fundamentally sound and good quality stocks. Expectation of NPA resolution in the near term, possibility of earning upgrades, normal monsoon and implementation of GST augur well for long term prospects of the economy. In this backdrop, retail investors would do well by maintaining their exposure to equity and equity oriented hybrid funds such as Shriram Equity and Debt Opportunities Fund through regular systematic investments as this asset class has a consistent track record that will outpace price inflation.

Gargi Bhattacharyya Banerjee

Fund Manager

Risk Factors:

All Investments in mutual funds and securities are subject to market risks and the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. There can be no assurance that Scheme's investment objective will be achieved. The past performance of the Mutual Fund is not indicative of the future performance of the Scheme. Sponsor is/are not liable or responsible for any loss or shortfall resulting from the operations of the scheme. Shriram Equity and Debt Opportunities Fund is only the name of the Scheme and does not in any manner indicate the quality of the Scheme or its future prospects or returns. There is no guarantee or assurance as to any return on investment of the unitholders. The investments made by the Scheme are subject to external risks on transfer, pricing, trading volumes, settlement risks, etc. of securities. Please refer to the Offer Document/Statement of Additional Information/Key Information Memorandum of the scheme before investing.

Ideal for whom: Investors who are hesitant of giving full exposure to equities but simultaneously don't want to miss the upside potential offered by equities.

Indicative Investment Horizon:

3 years & more

Date of Inception (Allotment Date):

29 November 2013

Fund Manager: Ms. Gargi Bhattacharyya Banerjee

Experience: Ms. Gargi Bhattacharyya Banerjee serves as the Fund Manager of Shriram Mutual Fund having an experience of over 16 years in her professional career. She joined as Research Manager in Shriram Asset Management Company Limited in November 2012. Prior to joining Shriram Asset Management Company Limited, she has held the key positions with Zacks Research Private Limited and Shriram Insight Share Brokers Limited. Ms. Gargi Bhattacharyya Banerjee received her Master of Business Management with specialization in Finance and Bachelor of Science with Economics (H) from University of Calcutta.

Investment Objective: The investment objective of the scheme would be to generate long term Capital appreciation and current income with reduced volatility by investing in a judicious mix of a diversified portfolio of equity and Equity related investments, debt and money market instruments

Type: Open-ended Equity Oriented Asset Allocation Scheme

Plans / Options Available

- Regular Plan
- Direct Plan
- Under Each Plan
- Growth and Dividend Options
- The Dividend Option offers Dividend Payout and Reinvestment facility

Average AUM: 42.45 cr.
Latest AUM: 42.57 cr.

Expenses Ratio:(Excluding service tax)
Regular : 2.26%
Direct : 1.72%

Portfolio Turnover Ratio: 39.68%

Benchmark:

- Equity - CNX Nifty (70%)
- Debt - Crisil Composite Bond Fund Index (30%)

Loads: No Entry load

Exit load 1.00% is payable if units are redeemed / switched – out within 365 days from the date of allotment

Minimum Investment:

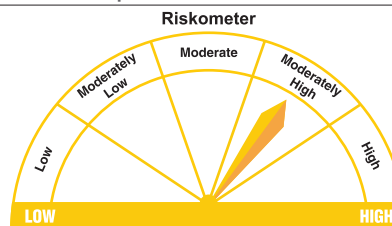
Rs 5,000/- w.e.f. 1st April 2014
SIP
For SIP investment Monthly: Rs. 1000/-
minimum 12 instalments, Quarterly: Rs. 3000/- minimum 4 instalments

Shriram Equity and Debt Opportunities Fund

This Product is suitable for investors who are seeking*:-
 Long term capital appreciation and current income
 Investment in equity and equity related securities as well as fixed income securities (debt and money market securities)
 Moderately High Risk
*** Investors should consult their financial advisor if in doubt whether the product is suitable for them.**

Note : Risk is represented as :

- i. Low - Principal at low risk
- ii. Moderately Low - Principal at moderately low risk
- iii. Moderate - Principal at moderate risk
- iv. Moderately High- Principal at moderately high risk
- v. High - Principal at high risk



Portfolio and other facts as on 31 August 2017

Equity Portfolio % to NAV

HDFC Bank Ltd.	6.20%
Housing Development Finance Corporation Ltd.	3.27%
ITC Ltd	3.07%
Kotak Mahindra Bank Ltd.	2.77%
IndusInd Bank Ltd.	2.74%
Maruti Suzuki India Ltd.	2.71%
Yes Bank Ltd.	2.39%
Reliance Industries Ltd.	2.34%
Bharat Petroleum Corporation Ltd.	2.21%
Britannia Industries Ltd.	2.13%
Bharat Electronics Ltd.	2.10%
UPL Ltd.	1.99%
Hindustan Unilever Ltd.	1.91%
State Bank Of India	1.82%
Axis Bank Ltd.	1.70%
Larsen & Toubro Ltd.	1.53%
Infosys Ltd.	1.46%
Eicher Motors Ltd.	1.40%
Ultratech Cement Ltd.	1.34%
Pidilite Industries Ltd.	1.31%
Bajaj Finance Ltd.	1.31%
Petronet L N G Ltd	1.26%
Power Grid Corporation Of India Ltd.	1.20%
Natco Pharma Ltd.	1.19%
HCL Technologies Ltd.	1.18%
Mahanagar Gas Limited	1.12%
ICICI Bank Ltd.	1.10%
Tata Motors Limited (Dvr)	1.04%
Aurobindo Pharma Ltd.	1.04%
Shree Cements Ltd.	1.03%
LIC Housing Finance Ltd.	1.03%
Zee Entertainment Enterprises Ltd	1.03%
Tata Consultancy Services Ltd.	1.03%
Marico Ltd.	1.02%
Sun Pharmaceuticals Industries Ltd.	0.84%
Shriram Transport Finance Company Ltd.	0.78%
Amara Raja Batteries Ltd.	0.69%
Techno Electric & Engineering Co. Ltd.	0.59%
Gruh Finance Limited	0.54%
Gail (India) Ltd (Ex Gas Authority Of India Ltd)	0.54%
Asian Paints Ltd.	0.52%
Mahindra & Mahindra Financial Services Ltd.	0.52%
Page Industries Ltd.	0.50%
Sundram Fasteners Ltd.	0.49%
Hindustan Petroleum Corpn. Ltd.	0.49%
Cyient Limited	0.39%
KEC International Limited	0.38%
Navneet Education Limited	0.26%
Equity Total	69.50%

Derivative Portfolio

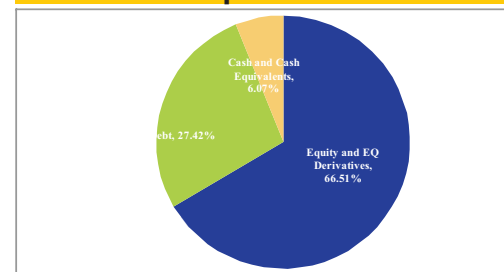
Hindalco Industries Ltd. September 2017 Future	0.40%
Divis Laboratories Limited September 2017 Future	0.27%
Tata Steel Ltd September 2017 Future	0.31%
Nifty September 2017 Future	-3.97%
Future Total	-2.99%

Debt Portfolio Rating

HDFC LTD	CRISIL-AAA	4.99%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	8.98%
PFC LTD.	CRISIL-AAA	5.12%
REC LTD	CRISIL-AAA	7.79%
TATASONS LTD	CRISIL-AAA	0.54%
Debt total		27.42%

Cash & Cash Equivalent 6.07%

Portfolio composition



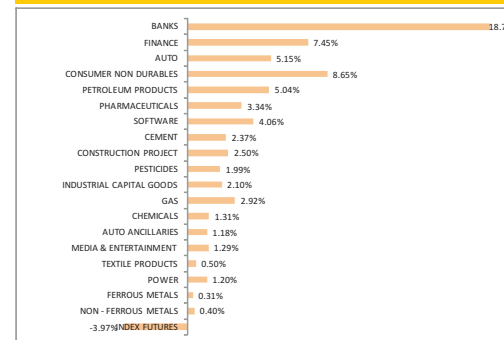
NAV details (Rs)

Direct Plan	
Growth Option	15.7743
Dividend Option	12.5519

Regular Plan

Growth Option	15.4298
Dividend Option	12.3350

Sectoral Allocation of Equity Holding (% of Net Assets)



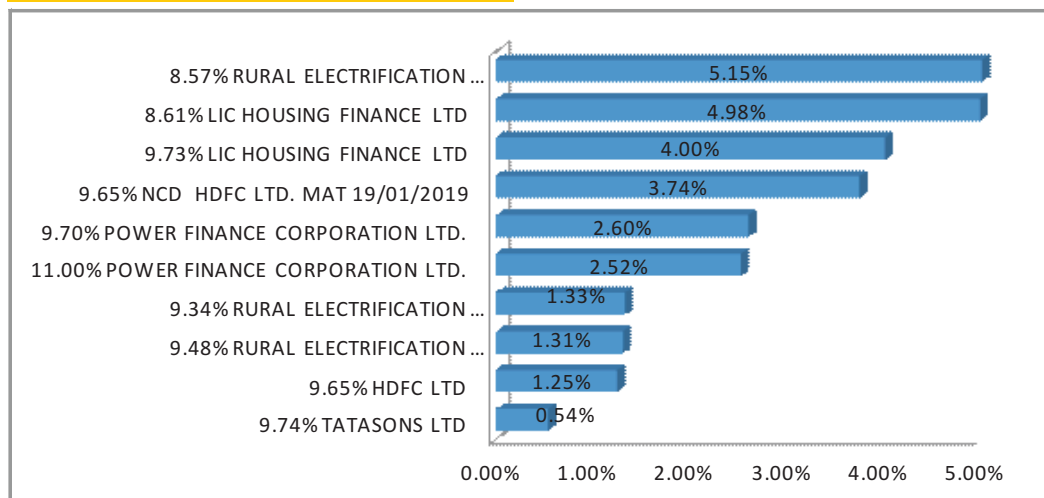
Total Exposure to derivative instruments as on 31/08/2017: Rs. 204.44 Lakhs

QUANTITATIVE DATA

Average Maturity*	3.31 years	Standard Deviation	0.3772%
Modified Duration*	2.51 years	Portfolio Beta	0.99%
Yield to Maturity*	8.00%	Sharpe Ratio	2.29%

* Computed on the invested amount for debt portfolio

Debt Portfolio



Dividend History^

Shriram Equity and Debt Opportunities Fund - Direct Plan- Dividend Option

Record Date	Face Value (Rs)	NAV (Rs)	Dividend (Rs./Unit)
9-Mar-14	10.00	10.4657	0.25
27-Oct-14	10.00	11.9236	1.05
14-Nov-15	10.00	11.4100	1.15

Shriram Equity and Debt Opportunities Fund - Regular Plan- Dividend Option

Record Date	Face Value (Rs)	NAV (Rs)	Dividend (Rs./Unit)
19-Mar-14	10.00	10.4529	0.25
27-Oct-14	10.00	11.8794	1.05
14-Nov-15	10.00	11.3130	1.15

^Past performance may or may not be sustained in future. There is no assurance or neither guarantees to Unit holders as to rate/quantum of dividend distribution nor that will the dividends be paid regularly. All dividends are on face value of Rs. 10 per Unit. After payment of the dividend, the per Unit NAV falls to the extent of the payout and statutory levy, if any.

Performance of Scheme:

Shriram Equity and Debt Opportunities Fund

Returns of Regular Plan - Growth Option as on Aug 31, 2017						
Date of inception: 29-Nov-13.						
						NAV as on 31.08.2017 Rs. 15.4298
Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs.10000	
					Scheme	Benchmark
Aug 31 2016	Last 1 Year	14.1721	8.87	11.81	10,887	11,181
Aug 31 2015	Last 2 Year	12.9913	8.97	11.22	11,877	12,374
Aug 31 2014	Last 3 Year	12.0064	8.71	8.65	12,851	12,837
November 29 2013	Since Inception	10.0000	12.24	12.73	15,430	15,690

Past performance may or may not be sustained in future. The returns are Compounded Annual Growth Returns (CAGR) for periods since Inception and absolute for 1 year and simple annualized for less than 1 year. Performance of dividend option would be Net of Dividend distribution tax, if any. Benchmark is a blend of 70% CNX NIFTY for the Equity part of the Portfolio & 30% of CRISIL Composite Bond Fund Index for its investments in Debt and Money Market Instruments. For computation of since inception returns (%) the allotment NAV has been taken as Rs. 10.00. Load is not considered for computation of returns. In case, the start/end date of the concerned period is a non business date (NBD), the NAV of the previous date is considered for computation of returns. The NAV per unit shown in the table is as on the start date of the said period. **Benchmark Index:** 70% of Nifty Plus 30% CRISIL Composite Bond Fund Index. Since Inception returns are calculated 70% CAGR of Nifty plus 30% CAGR of CRISIL Composite Bond Fund Index.

SIP Performance				
	Since Inception SIP	3 years SIP	2 years SIP	1 year SIP
Total Amount Invested (Rs.'000)	450.00	360.00	240.00	120.00
Mkt Value as on Aug 31, 2017 (Rs.'000)	547.72	416.88	274.32	129.91
Returns (Annualised) (%)	10.46%	9.75%	13.41%	15.63%
Benchmark Returns (Annualised) (%) #	11.16%	10.73%	14.85%	17.02%

Past performance may or may not be sustained in the future. # Benchmark index is constructed by investing Rs. 70 in Nifty and Rs. 30 in CRISIL Balanced Fund Index on the date of allotment. Assuming Rs. 10000 invested systematically on the first Business Day of every month over a period of time. CAGR returns are computed after accounting for the cash flow by using XIRR method (invest internal rate of return) for Regular Plan - Growth Option. Load is not taken into consideration for computation of performance. The above investment simulation is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. The AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns.

HOW TO READ FACTSHEET

Fund Manager

An employee of the asset management company such as a mutual fund or life insurer, who manages investments of the scheme. He is usually part of a larger team of fund managers and research analysts.

Application Amount for Fresh Subscription

This is the minimum investment amount for a new investor in a mutual fund scheme.

Minimum Additional amount

This is the minimum investment amount for an existing investor in a mutual fund scheme.

Yield to Maturity

The yield to Maturity or the YTM is the rate of return anticipated on a bond if held until maturity. YTM is expressed as an annual rate. The YTM factors in the bond's current market price, par value, coupon interest rate and time to maturity.

SIP

SIP or systematic investment plan works on the principle of making periodic investments of a fixed sum. It works similar to a recurring bank deposit. For instance, an investor may opt for an SIP that invests Rs 500 every 15th of the month in an equity fund for a period of three years.

NAV

The NAV or the net asset value is the total asset value per unit of the mutual fund after deducting all related and permissible expenses. The NAV is calculated at the end of every business day. It is the value at which the investor enters or exits the mutual fund.

Benchmark

A group of securities, usually a market index, whose performance is used as a standard or benchmark to measure investment performance of mutual funds, among other investments. Some typical benchmarks include the NIFTY, Sensex, BSE200, BSE500, 10-year Gsec.

Entry load

A mutual fund may have a sales charge or load at the time of entry and/or exit to compensate the distributor/agent. Entry load is charged at the time an investor purchases the units of a mutual fund.

The entry load is added to the prevailing NAV at the time of investment. For instance, if the NAV is Rs. 100 and the entry load is 1 %, the investor will enter the fund at Rs. 101. (note: SEBI, vide circular dated June 30, 2009 has abolished entry load and mandated that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor).

Exit load

Exit load is charged at the time an investor redeems the units of a mutual fund. The exit load is reduced from the prevailing NAV at the time of redemption. The investor will receive redemption proceed at net value of NAV less Exit load. For instance if the NAV is Rs. 100 and the exit load is 1%, the investor will receive Rs. 99.

Modified Duration

Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.

Standard Deviation

Standard deviation is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, its means its range of performance is wide, implying greater volatility.

Sharpe ratio

The Sharpe Ratio, named after its founder, the Nobel Laureate William Sharpe, is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk.

Beta ratio (portfolio Beta)

Beta is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.

R Squared

It is a statistical measure of how closely the portfolio returns are correlated with its benchmark.

AUM

AUM or assets under management refers to the recent / updated cumulative market value of investments managed by a mutual fund or any investment firm.

Holdings

The holdings or the portfolio is a mutual fund's latest or updated reported statement of investments/securities. These are usually displayed in terms of percentage to net assets or the rupee value or both. The objective is to give investors an idea of where their money is being invested by the fund manager.

Nature of Scheme

The investment objective and underlying investments determine the nature of the mutual fund scheme. For instance, a mutual fund that aims at generating capital appreciation by investing in stock markets is an equity fund or growth fund. Likewise, a mutual fund that aims at capital preservation by investing in debt markets is a debt fund or income fund. Each of these categories may have sub-categories.

Rating Profile

Mutual funds invest in securities after evaluating their creditworthiness as disclosed by the ratings. A depiction of the mutual fund in various investments based on their ratings becomes the rating profile of the fund. Typically, this is a feature of debt funds.



Registered Office :Wockhardt Towers, 2nd Floor, East Wing, C-2, G Block,
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Website: www.shriramamc.com, email ID: info@shriramamc.com

Phone: (033) 2337 3012; +91-9339787128 Fax: (033) 2337 3014

Statutory Details : Shriram Mutual Fund has been constituted as a Trust under the Indian Trust Act, 1882. **Sponsor** : Shriram Credit Company Limited; **CIN**: U65993TN1980PLC008215 **Trustee**: Board of Trustees; **Investment Manager** : Shriram Asset Management Co. Ltd. (AMC); **CIN**: L65991MH1994PLC079874. **Risk Factors** : Sponsor is / are not liable or responsible for any loss or shortfall resulting from the operations of the scheme.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

