



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 30 April 2014



Economic Commentary and Market Review - April 2014

The markets continued to exhibit a strong sense of optimism around the outcome of the General elections and the Nifty index recorded a lifetime high of 6861 on 23 April 2014 before sobering down to exit April at 6696. The strong surge in cash volumes with average daily turnover reaching a 2 year high of Rs 64.25 billion indicates that markets are in a severe bull grip, being driven by sentiment and liquidity.

PSU Banks continued to top the table of best performing sectors with 8.6% return followed by pharmaceuticals (6.2%) and auto (1.1%). Most of the other major sector indices were flat to marginally negative.

While the election results would be announced on May 16, markets have factored in a strong, stable, business friendly government led by a political party that has been sitting in Opposition for the last ten years but is widely expected to run up a majority or near majority in the Parliament this time. This short term rally that generated absolute returns of 7% in the last 2 months compared to 9.5% during the previous 12 months escalated the volatility index (VIX) to reach a 2-year high of 35. In anticipation of this widely expected outcome, foreign institutional investors (FIIs) have been aggressively pumping in money in the equity market. Maintaining this trend, FIIs bought equities worth \$1.6 billion in April taking total investment in this segment for the year till April to \$5.24 billion. However, they withdrew \$1.52 billion from the debt market during the month though YTD figure stood at \$4.25 billion. Despite the US government cutting back its bond buying program, the rupee has appreciated considerably driven by steady FII investment in the Indian equity and bond markets.

The macroeconomic indicators reported in the period under review though are not in sync with the buoyancy in the equity markets and do not offer a very encouraging view at this juncture. Inflation rose for the month of March with WPI at 5.7%, the highest so far in 2014. CPI at 8.31%, a marginal increase from 8.03% in February, continues to bear the brunt of double-digit price increase in fruits, vegetables and, milk and milk products. Furthermore, the index of industrial production contracted 1.9% in February and came as a disappointment as manufacturing recorded its biggest drop for FY14 so far, at 3.7%. The eight core sectors of industry have reported a slowdown in the growth rate to 2.5% for March from the 7% reported in the year-ago period. As per HSBC PMI index, the manufacturing growth has remained stagnant during April (PMI stood at 51.3 in April, unchanged from March). Trade deficit during March stood at \$10.51 billion, almost unchanged from the year-ago period with lower exports being an area of concern. In a positive development, the Supreme Court allowed iron ore mining in Goa (after ban of almost 18 months), which came as a big relief for the economy. Certain restrictions including cap of 20 MTPA of production have been placed.

In this backdrop we foresee a fair degree of uncertainty and lack of any significant economic activity or direction in the near term. According to the India Meteorological Department, India is likely to witness below-normal monsoon this year on account of the global weather phenomenon El-Nino. Moreover, escalating tension between Ukraine and Russia does not bode well for the global economy.

As a result, our fund's investment strategy continues to remain conservative and overweight on the export led sectors – technology, pharmaceuticals and auto components as well as select private sector banks and consumer staples. We shall revisit this strategy on sector selection once clear signals of a broad recovery in the economy supported by progressive economic policies of the newly elected Government are visible and available.

On the debt portfolio, we have kept our duration low since the inception of our fund and in light of above mentioned situation of high inflation and fiscal deficit, there is no reason to fundamentally change this position. However, fresh supply of bonds has been absorbed smoothly and that has triggered us to rotate our portfolio somewhat towards duration. Over the past month we have added some duration to our fund. However, it must be remembered that supply absorption may get challenging as the net supply picks up from next month. There are two triggers to look for in upcoming month: first, the announcement of revised budget & policies that the new government brings to complement the supply side and possible increment in current year borrowing and second, possible upside risks to inflation due to El-Nino effect. We will make necessary adjustments after we are convinced that market risk-reward allows us to put more weight on duration holding strategy.

Our fund has delivered a reasonable return of 6.56% since inception with lower levels of attendant volatility as compared to benchmark indices and also declared maiden dividend of Re 0.25 per share within three months of launch. Our prudent investment strategy supports the fund objective of longer term durable superior risk adjusted returns and the fund is well positioned to mitigate external non-financial event related risks and volatility of uncertain markets that usually precede and follow the election months.

Partha Ray

Chief Investment Officer

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.

Shriram Equity and Debt Opportunities Fund

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.

Date of Inception:

29 November 2013

Fund Manager: Partha Ray

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

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. 2000/- minimum 12 instalments, Quarterly: Rs. 6000/- minimum 4 instalments

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)
- High risk (Brown)

* Investors should consult their financial advisor if in doubt whether the product is suitable for them.

Note : Risk is represented as :

■ (Blue) investors understand that their principal will be at low risk ■ (Yellow) investors understand that their principal will be at medium risk ■ (Brown) investors understand that their principal will be at high risk

Portfolio and other facts as on 30 April 2014

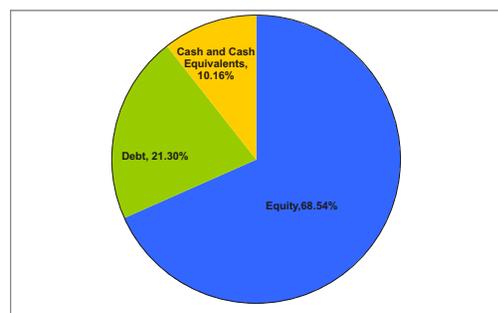
Equity portfolio

Tata Consultancy Services Ltd.	6.06%
ITC Ltd.	3.80%
HDFC Bank Ltd.	3.63%
Dr. Reddy's Laboratories Ltd.	3.42%
HCL Technologies Ltd.	3.41%
Tech Mahindra Ltd.	3.21%
Sun Pharmaceuticals Industries Ltd.	3.17%
Housing Development Finance Corporation Ltd.	3.05%
Lupin Ltd.	2.81%
Axis Bank Ltd.	2.38%
Maruti Suzuki India Ltd.	2.23%
Asian Paints Ltd.	2.19%
Larsen & Toubro Ltd.	2.11%
Infosys Ltd.	1.84%
Tata Global Beverages Ltd.	1.66%
Idea Cellular Ltd.	1.61%
Mahindra & Mahindra Ltd.	1.58%
Cipla Ltd.	1.54%
Ultratech Cement Ltd.	1.51%
Reliance Industries Ltd.	1.51%
ICICI Bank Ltd.	1.35%
Bajaj Auto Ltd.	1.15%
Oil & Natural Gas Corporation Ltd.	1.05%
Bharat Petroleum Corporation Ltd.	0.89%
Pidilite Industries Ltd.	0.85%
IPCA Laboratories Ltd.	0.78%
Divi's Laboratories Ltd.	0.77%
Apollo Hospitals Enterprise Ltd.	0.77%
Eicher Motors Ltd.	0.73%
Shree Cements Ltd.	0.71%
Berger Paints (I) Ltd.	0.71%
Glenmark Pharmaceuticals Ltd.	0.71%
Amara Raja Batteries Ltd.	0.71%
MindTree Ltd.	0.67%
Britannia Industries Ltd.	0.64%
Bata India Ltd.	0.47%
Balkrishna Industries Ltd.	0.46%
Oil India Ltd.	0.46%
ING Vysya Bank Ltd.	0.46%
PI Industries Ltd	0.41%
Natco Pharma Ltd.	0.39%
Persistent Systems Ltd.	0.32%
Alembic Pharmaceuticals Ltd.	0.22%
EClerx Services Limited	0.14%
Equity Total	68.54%

Debt Portfolio

STATE BANK OF TRAVANCORE CD	7.75%
TATASONS LTD	0.80%
HDFC LTD.	9.95%
LIC HOUSING FINANCE LTD.	2.80%
Debt total	21.30%

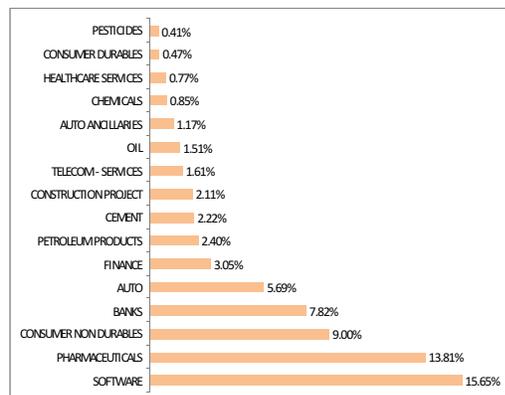
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	10.6640
Dividend Option	10.4040
Regular Plan	
Growth Option	10.6406
Dividend Option	10.3861

Sectoral Allocation





Registered Office : Wockhardt Towers, 2nd Floor, East Wing, C-2, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Administrative Head Office : CK 6, 2nd Floor, Sector II, Salt Lake, Kolkata-700091

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; **Trustee**: Board of Trustees; **Investment Manager** : Shriram Asset Management Co. Ltd. (AMC). **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.

