SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 30 April 2015

Economic Commentary and Market Review - April 2015

The first month of the new financial year (FY16) has not been quite encouraging as the benchmark CNX Nifty index dropped almost 3.6% to close at 8,181. Weak corporate earnings, recent tax notices to FIIs and prospects of a rate hike by the US Fed were the primary factors behind volatility in the market. A majority of the sectoral indices were in the negative zone, the worst being the IT sector. Fourth quarter earnings of all the four big IT companies - TCS, Infosys, Wipro and HCL Tech were disappointing reflecting the impact of adverse currency fluctuation.

Foreign investors pumped in only $2.44 billion ($1.87 billion in equities and $0.57 billion in debt) in the month of April, well below its investment ($ 3.5 billion) in March. Resolution of the MAT issue is significant to keep the FIIs invested in the Indian market. Moreover, they would be looking for certain triggers such as the land acquisition bill, progress towards implementation of goods and service tax and proactive steps taken by the government to drive growth.

The US GDP in the first quarter grew by a mere 0.2% as exports dropped with dollar gaining strength and businesses reduced investment. This soft economic data should delay the possibility of rate hike by the US Fed anytime soon.

Crude oil prices rose sharply backed by expectation of easing of supply glut - Brent crude was trading at around $67 per barrel (the highest level of the last four months), up more than 40% from multi-year low level of ~$45 witnessed in January. High international crude prices coupled with weakening domestic currency led the oil marketing companies to raise petrol and diesel prices by Rs 3.96 per litre and Rs 2.37 per litre, respectively, recently. Rising oil prices means more bad news for the domestic economy, which is already under stress with unseasonal showers damaging crops in many states in the recent weeks.

The Rupee declined almost 2.2% during April to 63.5 per dollar due to factors such as widening trade deficit and uncertainty over FIIs tax related issue.

Trade deficit during March 2015 widened to $11.79 billion in March 2015 compared with $6.85 billion in February 2015 and $10.95 billion in the year-ago period. While imports dropped 13.4% to $35.7 billion (aided by 53% decline in oil imports to $7.4 billion partially offset by 11% rise in non-oil imports to $28.3 billion) exports continued its disappointing trend and de-grew 21% to $23.95 billion. Engineering goods, and gems and jewellery, accounting for almost 25% and 14%, respectively of total exports were on a declining trend over the recent past. Moreover, the huge increase in gold import (94% to $4.9 billion) in March is worrisome as it had eased to $3.5 billion in the first two months of 2015. Falling exports, rising imports of gold and the recent rise in crude prices does not augur well for controlled current account balance.

Inflation has been in the comfort zone of the RBI over the past few months. WPI and CPI came in at -2.33% (the third consecutive month of negative inflation) and 5.17%, respectively, during March 2015. However, possibility of El Nino risks in India this year remains, which might lead to lower-than-average rainfall thereby adversely affecting food inflation. Adverse impact on rural income would be further damaging for the Indian economy, primarily dependent on agriculture and which has witnessed bad rabi and kharif crops consecutively.

While the agriculture sector in India is going through several challenges, the manufacturing sector, to some extent, is better placed. Data for HSBC PMI (manufacturing) came in at 51.3 in April, marginal drop from 52.1 in March, but well-above the crucial 50.0 threshold for the eighth successive month. Besides, the index of industrial production improved to 5% in February compared with 2.8% in the previous month backed by growth in all the three sectors - mining, manufacturing and electricity.

However, the IIP index for the month of March may not be that encouraging as recent core industries data (comprising of eight key industries and representing 38% of IIP) were disappointing at -0.1%. Sectors such as steel (down 4.4%), cement (4.2%), natural gas (1.5%) and refinery products (1.3%) de-grew during the month. Sluggishness in demand is evident from the data and the worst part is even with a reform-oriented government at the Centre, core sector growth rate for FY15 stood at 3.5%, below the previous year's level of 4.2%. Thus, at the ground level, demand is yet to pick up, which is the primary driving factor behind the targeted high GDP growth.

The World Bank in its 'India Development Update' pegged economic growth rate for FY16 at 7.5%, well below government's budget expectation of 8-8.5% for FY16; 7.9% for FY17 and 8% for FY18. As per the report, since the economy is primarily domestic demand driven, challenges remain in the form of weak banking sector due to bad debts along with slowdown in credit growth, stuck-up projects, over-leveraged corporate sector, among others. Thus, the government has a daunting task ahead if the Indian economy is to be put in a growth trajectory.

Meanwhile, passenger vehicle sales increased 19% y/y in April as cheap credit, lower fuel prices had a positive impact on sentiment. This is much better than only 6.8% growth in FY15. Maruti Suzuki posted 27% y/y growth (base was small) in sales to more than 100,000 units on the back of new launches such as Ciaz, Celerio. However, sales of two-wheelers were in the negative zone at -0.33%. While Hero MotoCorp recorded 6.61% drop in sales during April as rural demand remained weak due to unseasonal rains, slowdown in rural wages, Honda went up by 8.5% driven by growth in scooter sales though bike volume remained flat. For Tata Motors, domestic M&HCV volumes increased 21% y/y due to some demand revival and a weak base though LCV volumes declined 18% y/y.

Since the launch of Shriram Equity & Debt Opportunities Fund in November 2013, the fund's performance has been in tune with the markets returning around 28% since inception accompanied by relatively lower levels of volatility as measured by the beta and standard deviation.

The focus is now on sectors that are largely expected to benefit from the Government's thrust on infrastructure and manufacturing in the medium to long term. The challenge however remains that in these sectors, quality investments are few and far between and those that exist have very high valuations which have now corrected to a certain extent. The fund is also going to remain favourably disposed towards rate sensitive sectors such as banking, automobiles and in particular housing finance companies as these are likely to benefit the most with moderate rate cuts and a lower interest rate regime that is widely expected to prevail in the current financial year.

It has been our endeavour to stay invested in quality stocks with an all weather business model which are steered by capable and professional management. Our prudent and moderately conservative investment strategy have yielded a healthy market defined returns outcome as well as a cumulative dividend payout of Rs.1.3 per unit with a face value of Rs 10 in 2014 and supports the fund objective of longer term durable superior risk adjusted returns in time to come.

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 it's 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:
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

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)
☑ 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 2015

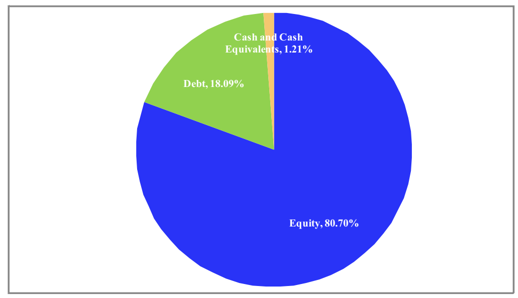
Equity Portfolio

Axis Bank Ltd.	4.31%
ICICI Bank Ltd.	3.95%
Dr. Reddy's Laboratories Ltd.	3.85%
Housing Development Finance Corporation Ltd.	3.83%
HDFC Bank Ltd.	3.73%
Tata Consultancy Services Ltd.	3.35%
HCL Technologies Ltd.	3.27%
Maruti Suzuki India Ltd.	2.82%
Infosys Ltd.	2.71%
LIC Housing Finance Ltd.	2.68%
Larsen & Toubro Ltd.	2.39%
Kotak Mahindra Bank Ltd.	2.25%
State Bank of India	2.08%
IDFC Ltd.	1.99%
Reliance Industries Ltd.	1.97%
Aurobindo Pharma Ltd.	1.92%
The Federal Bank Ltd.	1.90%
Bank of Baroda	1.74%
IndusInd Bank Ltd.	1.67%
Bharat Petroleum Corporation Ltd.	1.56%
Bharat Electronics Ltd.	1.51%
Tata Motors Limited	1.50%
Tata Steel Ltd.	1.46%
ITC Ltd.	1.44%
Tech Mahindra Ltd.	1.42%
Eicher Motors Ltd.	1.41%
Britannia Industries Ltd.	1.38%
Apollo Hospitals Enterprise Ltd.	1.30%
Ultratech Cement Ltd.	1.02%
Sun Pharmaceuticals Industries Ltd.	0.95%
Amara Raja Batteries Ltd.	0.95%
Bharat Forge Ltd.	0.91%
Asian Paints Ltd.	0.90%
Lupin Ltd.	0.90%
Apollo Tyres Ltd.	0.83%
Shree Cements Ltd.	0.80%
Power Grid Corporation of India Ltd.	0.75%
Natco Pharma Ltd.	0.73%
AIA Engineering Ltd.	0.71%
Mahindra & Mahindra Ltd.	0.71%
Oil India Ltd.	0.69%
UPL Ltd.	0.68%
Oil & Natural Gas Corporation Ltd.	0.64%
Bata India Ltd.	0.61%
GAIL (India) Ltd.	0.49%
Bajaj Auto Ltd.	0.41%
Hero MotoCorp Ltd.	0.41%
MRF Ltd.	0.28%
TVS Motor Company Ltd.	0.27%
Page Industries Ltd.	0.21%
MindTree Ltd.	0.18%
Persistent Systems Ltd.	0.15%
Tamil Nadu Newsprint & Papers Ltd.	0.12%
Jammu & Kashmir Bank Ltd.	0.01%
Equity Total	**80.70%**

Debt Portfolio	Rating	
HDFC LTD COMMERCIAL PAPER	ICRA-A1+	15.29%
TATASONS LTD	CRISIL-AAA	0.66%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.14%
Debt total		**18.09%**

Cash & Cash Equivalent 1.21%

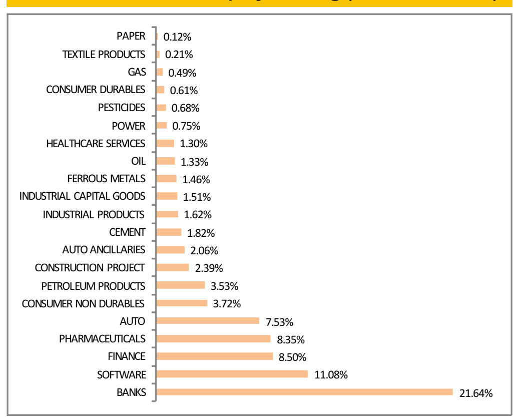
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	12.9129
Dividend Option	11.4750
Regular Plan	
Growth Option	12.8168
Dividend Option	11.4045

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Risk Indicators

Portfolio Beta : 0.8820	Standard deviation of Daily Mean Return: 0.5074%

Note : Standard Deviation as a measure of total risk and portfolio beta as a measure of relative risk have been computed since inception of the scheme .The portfolio beta has been calculated using the scheme benchmark as a basis.

Dividend History^

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

Record Date	Face Value (Rs)	NAV (Rs)	Dividend (Rs.)/Unit
19-Mar-14	10.00	10.4657	0.25
27-Oct-14	10.00	11.9236	1.05

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

^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.

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Mutual Fund
Nurturing Trust, Shaping Dreams

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