



# SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

# Fund *F*acts

As on 31 April 2017



## *Economic Commentary and Market Review - April 2017*

AMarket continued its northward journey in April with the Nifty index gaining 1.4% during the month (at 9,304). This is the fourth consecutive month to witness positive momentum in the market. Better-than-expected earnings so far (in cement, auto and some banks) and expected resolution of the NPA mess in the banking system as well as banks recapitalization propelled the market. Besides, lower crude prices boosted sentiment.

Realty, Energy and Banks were the best performing sectors while IT, Metal and Pharma were the laggards. Real estate and housing finance companies were in the news with the implementation of the Real Estate (Regulation and Development) Act, 2016 (or RERA) coupled with government's thrust on affordable housing.

The market rally over the past few months was propelled by strong inflows from FIIs and DIIs. FIIs pumped in \$366.81 million in Indian equities during the month after \$4.69 billion of inflows in March. For the first four months of CY2017, FIIs have pumped in more than \$6 billion. They remained net buyers in the debt market as well to the tune of \$3.1 billion during April. The absolute victory of the ruling party in the key state of UP impart confidence that reform measures including GST implementation and NPA resolution would be done at a faster pace owing to political stability. MF investments during the month stood at ~Rs 9,900 crores.

Since the beginning of 2017 the Indian Rupee has appreciated more than 5% against the US dollar and has been amongst the best performing currencies. The rupee's movement was primarily driven by foreign fund inflows in the equity and debt market, which stood at ~\$13.9 billion in CY2017 so far.

Meanwhile oil prices fell sharply (Brent crude at ~\$48 a barrel) due to oversupply concerns on Libyan output and rising US production (increasing rig counts for the past few months). In late 2016, OPEC had agreed with other big global exporters to curtail global production by about 1.8 million barrels a day for the first six months of 2017 in order to check sliding crude prices. They are expected to decide on May 25 on whether to extend the deal.

In the domestic front, retail inflation rose to a five-month high of 3.81% in March 2017 (3.65% in February), primarily driven by rise in prices of edible oil and non-food components like fuel. This erases hope of any rate cut by the RBI in near future as the Central Bank found inflation outlook for 2017-18 to be challenging in its Monetary Policy Report in April. Moreover, industrial output contracted 1.2% in February against a growth of 3.27% (revised) in the previous month as production of consumer goods (both consumer durables and non-durables dropped 1% and 8.6%, respectively) recorded decline. Consumer durables have been recording negative growth over the last three months reflecting subdued consumption demand.

### **Sector outlook**

#### **Banks and NBFCs**

Banks have been witnessing headwinds on various fronts such as moderation in credit off-take, pressure on margins and deteriorating asset quality. Witnessing the urgency for faster resolution of stressed assets, the government announced an ordinance to empower RBI to deal more effectively with this issue.

On the earnings front, results declared so far were more or less in line with expectation as slippages continued to remain elevated. The provisioning requirement of the sector should improve going ahead with fall in slippages and faster resolution of stressed accounts.

Outlook for housing finance companies look strong given government's push for the sector. The government has set an ambitious target of ensuring home for all by 2022. Earlier, in February 2017, Sebi relaxed rules allowing debt mutual funds to invest up to 15% (from previous level of 10%) of their total net assets in housing finance companies. This will enable housing finance companies better access to funds.

## Information Technology

The IT sector has been witnessing several challenges such as muted demand, cross currency fluctuation, impact of automation, global macro uncertainties and, immigrations and visa related modifications in the US among others. 4Q17 earnings reported so far by the major IT firms have mostly missed analyst expectations (barring Wipro). The firms have mainly disappointed by delivering lower-than-expected revenue guidance. However, they tried to pacify investors by announcing juicy dividends and bonus issue as well as promising handsome payout in FY18 (Rs 13,000 crores in the case of Infosys).

## Pharma

The pharma sector has been one of the worst performers over the last one year due to several headwinds stricter US FDA regulatory scrutiny thereby resulting in higher remediation costs, pricing pressure in the US market, currency volatility in emerging markets, price control in domestic market and investigations by DOJ regarding price fixing of drugs. In addition, the government's directive to the doctors to prescribe only generics has given rise to a lot of confusion in the medical fraternity. Implementation of the directive, though fraught with several challenges, will be another hurdle for the major pharma players with sizeable domestic exposure.

## Automobiles

Passenger vehicle sales grew 9.2% in FY17, the fastest growth since FY11 and crossed the milestone of 3.04 million units for the first time. The growth was primarily driven by preference for sports utility vehicles. However, SIAM expects conservative sales growth of 7-9% in FY18 because of a high base and rising raw material costs. Prices of some key commodities used in automobiles steel, aluminium, natural rubber and copper have risen sharply in the last six months, which the manufacturers might have to pass on to the customers to protect their margin. Long term outlook of the sector looks positive backed by higher disposable income arising from implementation of 7<sup>th</sup> pay commission proposals and recovery in rural income post normal monsoon.

## Oil and Gas

Brent declined amid reports of increasing US shale oil production and increased output from Libya. Moreover, uncertainty remains regarding extension of output cut by OPEC members beyond June 2017. OMCs remain the preferred stocks amidst low oil price scenario. In a pilot project, OMCs decided to revise petrol and diesel prices daily in five cities Puducherry, Vizag, Udaipur, Jamshedpur and Chandigarh from May 1, before being adopted across the country. This will enable OMCs to get better pricing that would reflect international oil prices and currency fluctuations.

## Infrastructure

The Budget laid emphasis on a new integrated infrastructure planning roadmap comprising roads, railways, waterways and civil aviation. The budget allocated a record Rs 3.96 lakh crores to infrastructure with allocation for national highways going up. The budgetary allocation for railways stood at the highest ever level of Rs 1.31 lakh crores, up 8.3% from previous year. The budget also set aside a large sum of money for safety fund in railways.

## Cement

Overcoming the adverse impact of demonetization cement demand witnessed a decent recovery in March and April. However, demand declined on a month on month basis due to contraction in construction activities, higher inventory at the dealer level and sand crisis in some areas. Price recovery took place substantially in April reaching pre-demonetization level and is likely to remain buoyant throughout the month.

Outlook for the sector looks bright with the government's focus on infrastructure growth, affordable housing and interest subvention schemes and better rural demand with expectation of normal monsoon. However,

increase in fuel cost remains a headwind for the sector as was reflected in the 4Q earnings reported so far as higher pet coke prices led to rise in costs.

## Commodities

As per a World Bank study metal prices are projected to increase in 2017 due to contracting markets for most metals, especially those facing impending resource constraints. However, metal prices fell sharply recently over concerns regarding economic growth prospects of China and its increasing inventories. Weaker than expected manufacturing data along with tightening financial regulations may hamper its growth prospects.

## Conclusion

The Nifty index recorded gain in April for the fourth straight month backed by robust inflow of foreign capital (post emphatic win of the ruling party in key state of UP) and sustained investment by mutual funds. Several factors such as smooth implementation of GST, resolution of banking system NPA and revival of investment cycle, would decide the future course of the market. The resolution of Tata-Docomo dispute after Delhi High Court approved \$1.18 billion settlement should help in building further investor confidence in India.

At 23.5x trailing 12 months Nifty valuation (versus 5-year high of 24.5x), there is little room for upside unless an earnings recovery take place. On the positive front, the effect of good monsoon last year, increasing MSPs of farm produce along with receding impact of demonetization should push consumption demand in the rural economy.

Return of Shriram Equity & Debt Opportunities Fund in April stood at 12.34% CAGR (since inception) accompanied by lower levels of volatility. We have been trying to re-align portfolio to include stocks from sectors which hold promise in the current scenario. As a result, the fund has generated 8.16% return in the last three months compared with benchmark return of 5.23%. Amidst volatility and short term uncertainties, we try to achieve stable risk adjusted return based on fundamentally sound 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:** Mr. 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 (Research Head) 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: 41.63 cr.**  
**Latest AUM: 42.12 cr.**

**Expenses Ratio:**(Excluding service tax)  
**Regular : 2.28%**  
**Direct : 1.74%**

**Portfolio Turnover Ratio: 43.88%**

**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

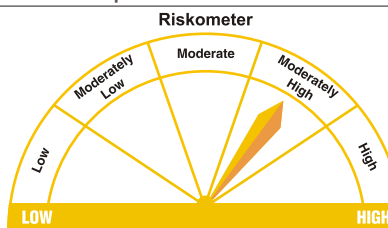
# Shriram Equity and Debt Opportunities Fund

**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



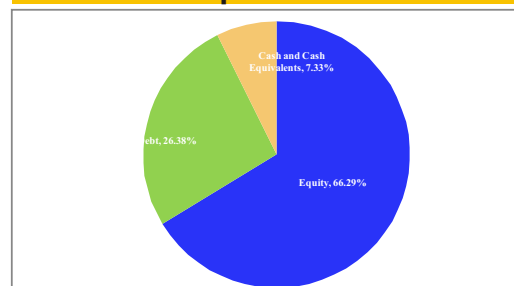
Portfolio and other facts as on 31 April 2017

Equity Portfolio	% to NAV	% to NAV Derivative
HDFC Bank Ltd.	5.08%	
Yes Bank Ltd.	3.46%	
Shree Cements Ltd.	3.27%	
Housing Development Finance Corporation Ltd.	2.86%	
Ultratech Cement Ltd.	2.44%	
Bharat Petroleum Corporation Ltd.	2.39%	
Natco Pharma Ltd.	2.31%	
Maruti Suzuki India Ltd.	2.30%	
Kotak Mahindra Bank Ltd.	2.29%	
Tata Motors Limited (Dvr)	1.94%	
UPL Ltd.	1.94%	
Reliance Industries Ltd.	1.83%	
Britannia Industries Ltd.	1.79%	
Bharat Electronics Ltd.	1.74%	
LIC Housing Finance Ltd.	1.72%	
IndusInd Bank Ltd.	1.69%	
Larsen & Toubro Ltd.	1.54%	
Axis Bank Ltd.	1.48%	
Pidilite Industries Ltd.	1.37%	
Marico Ltd.	1.29%	
Amara Raja Batteries Ltd.	1.18%	
Aurobindo Pharma Ltd.	1.09%	
Mahanagar Gas Limited	1.08%	
Zee Entertainment Enterprises Ltd	1.04%	
Mahindra & Mahindra Financial Services Ltd.	1.00%	
Eicher Motors Ltd.	0.97%	
State Bank Of India	0.96%	
Infosys Ltd.	0.92%	
Bajaj Finance Ltd.	0.92%	
Asian Paints Ltd.	0.83%	
TVS Motor Company Ltd.	0.83%	
Page Industries Ltd.	0.74%	
ICICI Bank Ltd.	0.72%	
Mahindra & Mahindra Ltd.	0.70%	
HCL Technologies Ltd.	0.65%	
Tata Consultancy Services Ltd.	0.63%	
Godrej Consumer Products Ltd.	0.63%	
Gail (India) Ltd (Ex Gas Authority Of India Ltd)	0.59%	
Sun Pharmaceuticals Industries Ltd.	0.58%	
Shriram Transport Finance Company Ltd.	0.58%	
Indian Oil Corporation Limited	0.55%	
CUMMINS INDIA LTD.	0.42%	
Apollo Hospitals Enterprise Ltd.	0.39%	
Berger Paints India Ltd	0.38%	
Tech Mahindra Ltd.	0.35%	
Sundram Fasteners Ltd.	0.35%	
Techno Electric & Engineering Co. Ltd.	0.31%	
Bank Of Baroda	0.28%	
Ashok Leyland Ltd.	0.27%	
KEC International Limited	0.27%	
Oil & Natural Gas Corp Ltd.	0.26%	
Tata Motors Ltd.	0.25%	
Power Finance Corpn. Ltd	0.25%	
Hindustan Petroleum Corpn. Ltd.	0.23%	
Lupin Ltd.	0.18%	
Havells India Ltd.	0.18%	
<b>Equity Total</b>	<b>66.29%</b>	

Debt Portfolio	Rating	
HDFC LTD	CRISIL-AAA	4.89%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	8.76%
PFC LTD.	CRISIL-AAA	5.98%
REC LTD	CRISIL-AAA	6.24%
TATASONS LTD	CRISIL-AAA	0.51%
<b>Debt total</b>		<b>26.38%</b>

**Cash & Cash Equivalent 7.33%**

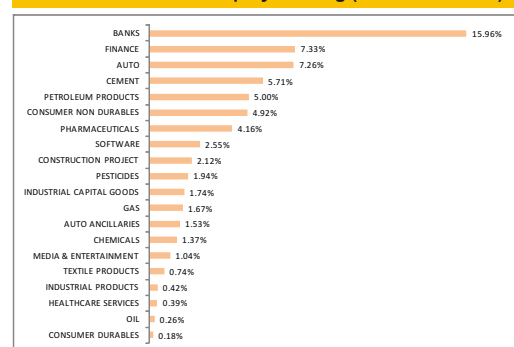
**Portfolio composition**



**NAV details (Rs)**

Direct Plan	
Growth Option	15.1780
Dividend Option	12.0850
<b>Regular Plan</b>	
Growth Option	14.8785
Dividend Option	11.8943

**Sectoral Allocation of Equity Holding (% of Net Assets)**

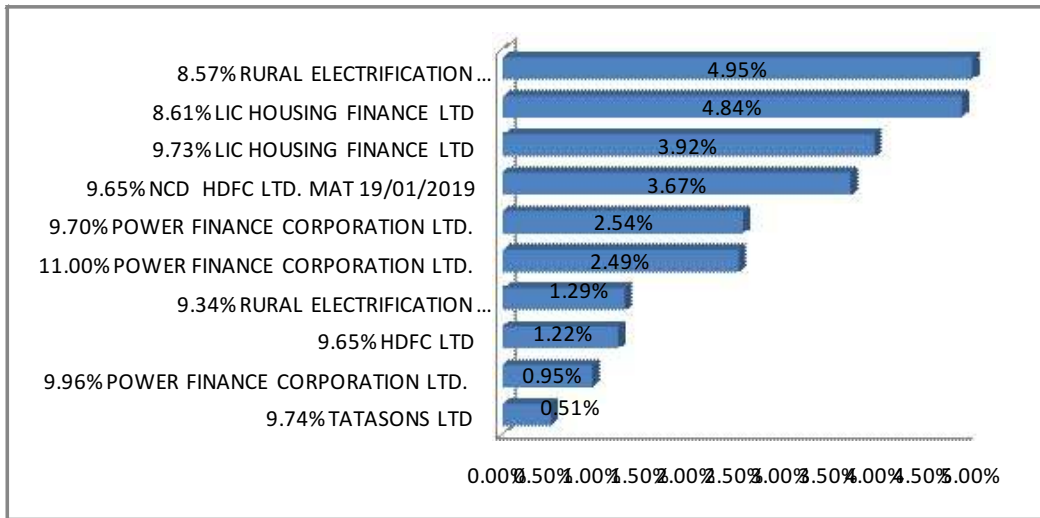


**QUANTITATIVE DATA**

Average Maturity*	3.47 years	Standard Deviation	0.5631%
Modified Duration*	2.66 years	Portfolio Beta	0.99%
Yeild to Maturity*	8.02%	Sharpe Ratio	2.44%

\* Computed on the invested amount for debt portfolio

## Debt Portfolio



## Dividend History<sup>A</sup>

### 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

<sup>A</sup>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 March 31, 2017						
Date of inception: 29-Nov-13.						
NAV as on 31.03.17 Rs. 14.4458						
Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs.10000	
					Scheme	Benchmark
Mar 31 2016	Last 1 Year	12.5041	15.53	16.31	11,553	11,631
Mar 31 2015	Last 2 Year	13.1869	4.66	5.65	10,955	11,170
Dec 31 2013	Last 3 Year	10.5771	10.94	11.09	13,658	13,712
November 29 2013	Since Inception	10.0000	11.65	12.14	14,446	14,660

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)	400.00	360.00	240.00	120.00
Mkt Value as on Mar 31, 17 (Rs.'000)	464.54	407.73	263.06	128.97
Returns (Annualised) (%)	8.95%	8.26%	9.10%	14.19%
Benchmark Returns (Annualised) (%) #	9.66%	8.92%	10.71%	15.22%

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, it 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,  
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](http://www.shriramamc.com), email ID: [info@shriramamc.com](mailto: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.**

