



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 31 August 2014



Economic Commentary and Market Review - August 2014

The benchmark indices Nifty and Sensex touched the psychological levels of 8,000 and 27,000, respectively, which coincided with the completion of 100 days of the new government at the centre. The rally was supported by many factors, the most significant being the GDP growth of 5.7% in 1Q15, the fastest in 2 years. On the back of strong growth in mining, manufacturing and electricity, the 5.7% GDP growth was a huge improvement from 4.7% recorded in the year-ago quarter. Moreover, the RBI in its monetary policy statement in August had said prospects for revival of growth have improved modestly.

The 3% growth in Nifty in August was driven by 11.2% growth in Auto followed by Pharma (7.9%), IT (3.6%) and Banks (3.1%) while Realty, Metals and Media were the laggards. Rise in passenger vehicle sales for the last couple of months led to the rally in auto stocks. Better market sentiment boosted sales of passenger vehicles in the month of August as well - nine of the country's leading automobile manufacturers sold 200,174 units, up 18% y/y. The metal stocks took a beating with the Supreme Court declaring allocation of all coal blocks since 1993 as illegal. De-allocating the already operational coal blocks would be a major setback for the metal, mining and power companies as well as the banks that have exposure to these projects. The court is yet to take a final decision on the matter.

Betting on revival of the Indian economy led by reforms undertaken by the new government at the centre, foreign institutional investors (FIIs) have pumped in over \$30 billion in the debt and equity markets so far this year (\$13 billion in equities and \$17 billion in debt). Sustained investment by FIIs have helped push up the Nifty index up by 26% so far in 2014.

Furthermore IIP data for June at 3.4% also added to the positive sentiment. India's current account deficit for 1Q15 narrowed sharply to 1.7% of GDP (at \$7.86 billion) compared with 4.8% (at \$21.8 billion) in the year-ago quarter. Reduced trade deficit, banking on a rise in exports and dip in imports, led to the improvement in current account balance. Forex reserves accumulation of \$11.2 billion during the quarter (against outflow of \$350 million in 1Q14) was another positive development. However, the drop in core sector growth to 2.7% in July from 7.3% in June signify that economic revival will not come that fast. Besides, the HSBC PMI Index (manufacturing) fell,

albeit marginally to 52.4 in August after reaching a 17-month peak of 53 in July, though still above the 50-mark signifying expansion.

Meanwhile, the WPI for the month of July at 5.19% was in a relatively comfortable zone while the inching up of CPI to 7.96% (7.46% in June) remains a concern as vegetables, fruits and, milk and milk products prices continue to stay elevated. Poor monsoon can further push inflation higher, which in turn could delay possibility of any reduction in interest rates.

In anticipation of pick up in the economy driven by increased levels of confidence in the corporate and consumer sectors, the fund had increased its allocation to equity, which now represent almost 80% of total portfolio. This increased equity exposure as a proportion to the total portfolio has been mostly in relatively undervalued mid cap stocks that offer good opportunities for appreciation with strong earnings prospects driven by the expected economic revival that is widely believed to manifest itself in the coming 2 years.

On the fund's performance, the Shriram Equity & Debt Opportunities Fund has delivered return of over 21% since inception accompanied by comparatively lower levels of volatility as measured by the beta and standard deviation. Our prudent investment strategy supports the fund objective of longer term durable superior risk adjusted returns.

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 31 August 2014

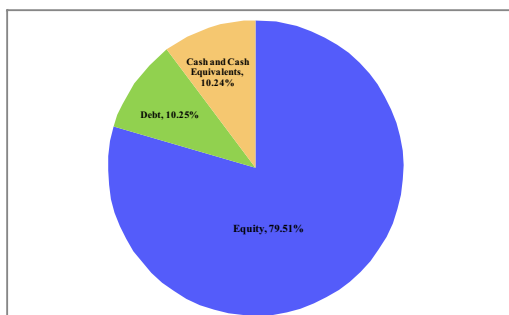
Equity portfolio

Tata Consultancy Services Ltd.	4.52%
Housing Development Finance Corporation Ltd.	4.12%
ICICI Bank Ltd.	3.98%
HDFC Bank Ltd.	3.92%
Dr. Reddy's Laboratories Ltd.	3.36%
HCL Technologies Ltd.	3.22%
Tech Mahindra Ltd.	3.02%
Larsen & Toubro Ltd.	2.88%
Axis Bank Ltd.	2.79%
Maruti Suzuki India Ltd.	2.70%
Bharat Petroleum Corporation Ltd.	2.00%
ITC Ltd.	1.87%
Reliance Industries Ltd.	1.84%
Oil & Natural Gas Corporation Ltd.	1.74%
Sun Pharmaceuticals Industries Ltd.	1.74%
Mahindra & Mahindra Ltd.	1.74%
Eicher Motors Ltd.	1.74%
Idea Cellular Ltd.	1.71%
Lupin Ltd.	1.61%
Ultratech Cement Ltd.	1.59%
Apollo Hospitals Enterprise Ltd.	1.49%
Tata Steel Limited	1.47%
Amara Raja Batteries Ltd.	1.47%
Shree Cements Ltd.	1.33%
Tata Global Beverages Ltd.	1.28%
State Bank of India	1.26%
Infosys Ltd.	1.21%
Bajaj Auto Ltd.	1.14%
Asian Paints Ltd.	1.13%
The Federal Bank Limited	1.06%
Bank Of India	0.97%
Oil India Ltd.	0.95%
Bata India Ltd.	0.78%
Corporation Bank	0.77%
Britannia Industries Ltd.	0.76%
IPCA Laboratories Ltd.	0.71%
Oriental Bank of Commerce	0.70%
Balkrishna Industries Ltd.	0.69%
Bank of Baroda	0.67%
ING Vysya Bank Ltd.	0.64%
IndusInd Bank Limited	0.62%
LIC Housing Finance Limited	0.60%
Aurobindo Pharma Limited	0.59%
Bharat Forge Limited	0.59%
Apollo Tyres Ltd.	0.54%
Power Grid Corporation of India Limited	0.53%
IDFC Limited	0.51%
GAIL (India) Limited	0.48%
NTPC Limited	0.46%
Natco Pharma Ltd.	0.46%
Bharat Electronics Ltd.	0.44%
AIA Engineering Limited	0.35%
Kotak Mahindra Bank Ltd.	0.31%
UPL Limited	0.30%
Tamil Nadu Newsprint & Papers Limited	0.15%
The Jammu & Kashmir Bank Ltd.	0.01%
Equity Total	79.51%

Debt Portfolio

Debt Portfolio	Rating	
STATE BANK OF TRAVANCORE CD	CRISIL-A1+	7.05%
TATASONS LTD	CRISIL-AAA	0.72%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.48%
Debt total		10.25%

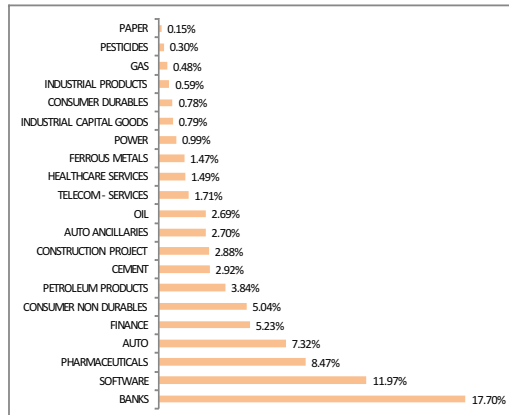
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	12.0534
Dividend Option	11.7550
Regular Plan	
Growth Option	12.0064
Dividend Option	11.7193

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Indicators

Portfolio Beta : 0.7071

Standard deviation of Daily Mean Return: 0.3912%

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 which is yet to complete one full year. The portfolio beta has been calculated using the scheme benchmark as a basis.



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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.

