SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 31 August 2015

Economic Commentary and Market Review - August 2015

The month of August saw Nifty heading southwards closing at 7,971.3 down by 6.3% mainly on account of global woes. Almost all the major sector indices ended in red barring Pharma which outperformed others by ending in the positive territory up by 6.8% and IT (up 1%). The worst hit were Metals (down 14%) followed by Energy (down 12%), Finance (down 8.97%) and Bank (down 8.7%). FII's turned sellers and sold $2.6 billion in equity and debt during the month. All the global markets ended in the negative territory with Shanghai losing the most and closing down by 12.5% in August.

The bouts of weakness and volatility seen during the last week of August in the Indian stock market were largely on account of global factors and economic uncertainty. China, the second largest economy, sent shockwaves around the world's financial markets by devaluing its currency for two consecutive days after a series of poor economic data. Fears of slowing Chinese economy along with sudden yuan devaluation triggered a bloodbath in global equities and emerging market currencies, which was followed by a steep drop in Chinese equities. Most of the Asian markets saw more than 5% downside on account of severe selling and Nifty lost 5.92% in a single day. The rupee depreciated 3.6 % in August to end at 66.48 against dollar. Falling rupee is a concern for many of the Indian companies who have exposure to debts having dollar and euro denominations.

Brent crude fell below $44 / barrel for the first time since 2009 but recovered to close at $54.15 up by 3.7% over the previous month. Crude prices have been falling on account of slowdown in China and increasing Iran supplies. Most of the commodity prices have been falling for some time due to global economic slowdown which has lowered demand for energy, agricultural products and minerals.

CPI for the month of August 2015 continued to be in the comfort zone of RBI and was 3.66% as against 3.69 % (revised from 3.78%) in July 2015. WPI has been in the negative zone since the beginning of 2015 and this trend remains unchanged even now, WPI for the months of July and August stood at - 4.05% and -4.95% respectively due to weak food and fuel prices. Negative WPI is leading to worries of deflation in the economy and focus is now on the RBI meet scheduled for September end, with expectation of reduction in the interest rates so as to boost growth. Deflation is mainly due to declining commodity and crude prices and indicative of softening of overall demand in the economy.

IIP for the month of July 2015 was 180.3 as compared to 179.5 in the month of June 2015. IIP showed 4.2% y/y growth in July against 4.4% y/y (revised from 3.8%) in June. The capital goods segment grew by 10.6% in July with growth in production of commercial vehicles, transformers, cylinders and aluminium conductors. The consumer durables also recorded double digit growth for the second consecutive month albeit on a low base.

The core sector index comprising of the output of eight infrastructure industries was at its three month low at 1.1% in July 2015 as compared to 3% in June 2015. Manufacturing PMI for the month of August remained almost unchanged at 52.3 against 52.7 in July owing to lesser growth in output and new orders.

Current account deficit (CAD) for Q1FY16 decreased to $ 6.2 billion from $7.8 billion in Q1FY15. CAD improved due to decrease in the merchandise trade deficit, higher net earnings from services and lower outflow of dividend and interest payments. There was fall in merchandise trade deficit on yearly basis as the decline in imports was more due to fall in crude prices when compared to the decline in exports in the same period.

Exports, which have been declining since December 2014 on softening global demand was down both in July and August by 10.3% y/y and 20.6% y/y, respectively. Imports also declined ~10% y/y in both July and August due to drop in oil imports, offset by rise in non-oil imports. Consequently, trade deficit stood at $12.4 billion in August 2015 wider by almost $ 1.8 billion from August 2014. Indian exporters have a tough task ahead with yuan devaluation making Chinese exports more competitive in the global market.

On top of disappointing core sector and trade data, first quarter GDP numbers had nothing to cheer about. GDP growth slowed down to 7 % in Q1FY16 as against 7.5 % in Q4FY15 owing to weakening in overall demand. Even though agriculture showed some growth there was decline in manufacturing, electricity and services. Government spent 34% of the budgeted planned expenditure in order to provide stimulus to growth during the period of April-July 2015 as a result of which the fiscal deficit was 69.3% (Rs 3.85 lakh crore) during the period as against 61.2% during the same period a year ago.

In August domestic passenger car sales rose by 6.06%, commercial vehicle sales rose 7.58% while 2W sales saw decline of 3% over the relative period year ago. New model launches like Honda Jazz, Ford Aspire, Hyundai Creta and Maruti Suzuki's S-Cross bolstered passenger car sales. Market leader Maruti sold 1,17,864 vehicles in August registering overall growth of 6.4% driven mostly by Ciaz, S-Cross and Alto automatic. Slowdown in rural economy led to decline in 2W sales with sales of motorcycles declining by ~10%. 2W sales are expected to pick up with the coming festive season.

Uncertainty regarding monsoon (which has been 22% deficient in August), weakening Chinese economy, decreasing commodity prices owing to global slowdown, a possible impending rate hike by the US Fed (announcements expected tomorrow after close of business in India), market volatility, depreciating rupee against the dollar will be the key factors in impacting the markets in near term.

The longer term macro pointers seem well anchored with low inflation, a consistent growing trend in the IIP, a reducing current account deficit primarily attributed to a lower trade deficit and prospects of a benign interest rate environment all augur well for the long term investor to stay invested in quality securities and balanced portfolios of mutual fund schemes.

Shriram Equity & Debt Opportunities Fund has yielded a 1 year return of 8.2% in the regular growth scheme delivering considerable outperformance over the markets, Nifty returned 0.21% whereas the Scheme benchmark delivered a return of 3.79% for the same period accompanied by lower levels of volatility as measured through the beta and standard deviation compared to the market and scheme benchmarks.

Partha Ray

Chief Investment Officer

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

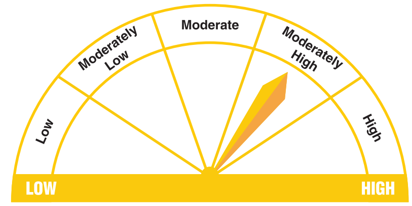
Shriram Equity and Debt Opportunities Fund

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)
☑ Moderately High Risk
*** Investors should consult their financial advisor in 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

Riskometer



Portfolio and other facts as on 31 August 2015

Equity Portfolio

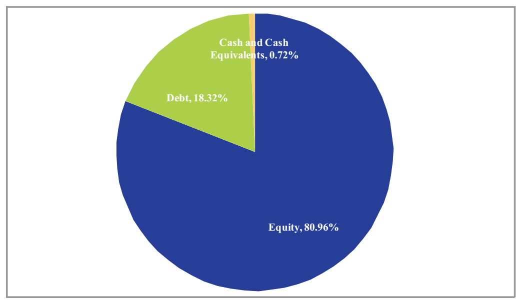
HDFC Bank Ltd.	4.44%
Dr. Reddy's Laboratories Ltd.	4.03%
HCL Technologies Ltd.	3.93%
Housing Development Finance Corporation Ltd.	3.91%
Axis Bank Ltd.	3.88%
Maruti Suzuki India Ltd.	3.73%
Tata Consultancy Services Ltd.	3.68%
ICICI Bank Ltd.	3.52%
Infosys Ltd.	3.24%
LIC Housing Finance Ltd.	3.08%
Aurobindo Pharma Ltd.	2.62%
Larsen & Toubro Ltd.	2.24%
Kotak Mahindra Bank Ltd.	2.14%
Britannia Industries Ltd.	2.02%
State Bank of India	2.01%
Eicher Motors Ltd.	1.94%
Bharat Petroleum Corporation Ltd.	1.87%
IndusInd Bank Ltd.	1.84%
Bharat Electronics Ltd.	1.77%
The Federal Bank Ltd.	1.68%
Apollo Hospitals Enterprise Ltd.	1.62%
IDFC Ltd.	1.48%
ITC Ltd.	1.36%
Amara Raja Batteries Ltd.	1.27%
Ultratech Cement Ltd.	1.20%
Tech Mahindra Ltd.	1.15%
Asian Paints Ltd.	1.09%
Lupin Ltd.	0.98%
Bharat Forge Ltd.	0.95%
Reliance Industries Ltd.	0.94%
Shree Cements Ltd.	0.91%
Sun Pharmaceuticals Industries Ltd.	0.84%
Natco Pharma Ltd.	0.81%
UPL Ltd.	0.81%
Mahindra & Mahindra Ltd.	0.80%
Tata Motors Limited	0.76%
Power Grid Corporation of India Ltd.	0.74%
Tata Steel Ltd.	0.66%
AIA Engineering Ltd.	0.61%
Bata India Ltd.	0.60%
MRF Ltd.	0.48%
Bajaj Auto Ltd.	0.46%
Oil & Natural Gas Corporation Ltd.	0.43%
Hero MotoCorp Ltd.	0.39%
GAIL (India) Ltd.	0.38%
Page Industries Ltd.	0.31%
TVS Motor Company Ltd.	0.25%
Apollo Tyres Ltd.	0.23%
Cummins India Ltd.	0.20%
MindTree Ltd.	0.19%
Bajaj Finance Ltd.	0.19%
Repco Home Finance Limited	0.16%
Persistent Systems Ltd.	0.14%
Equity Total	**80.96%**

Debt Portfolio

Debt Portfolio	Rating	
HDFC LTD COMMERCIAL PAPER	ICRA-A1+	14.20%
TATASONS LTD	CRISIL-AAA	0.62%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.02%
HDFC LTD	CRISIL-AAA	1.48%
Debt total		**18.32%**

Cash & Cash Equivalent 0.72%

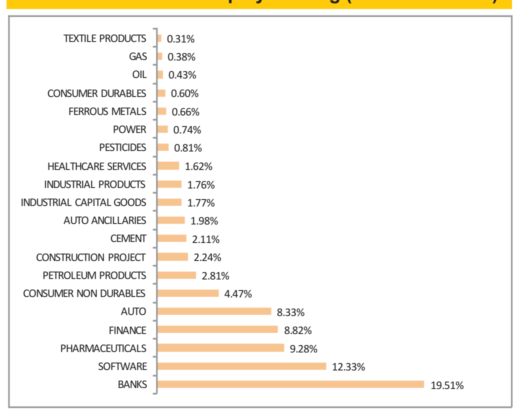
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	13.1167
Dividend Option	11.6489
Regular Plan	
Growth Option	12.9913
Dividend Option	11.5607

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Risk Indicators

Portfolio Beta : 0.9703	Standard deviation of Daily Mean Return: 0.5891%

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.

SHRIRAM Mutual Fund

Nurturing Trust, Shaping Dreams

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