



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 28 February 2014



Economic Commentary and Market Review February 2014

The month of February brought cheer to the investors with a 3.1% return in the benchmark Nifty index after a 3.4% drop in January. Automobiles turned out to be the best performing sector (with 9.1% gain) on the back of excise duty cut in the interim budget. IT and Pharmaceuticals maintained their momentum along with growth in Banking while Metals, PSU Banks and Realty sectors were laggards.

News on the domestic front was mixed. Both CPI and WPI for January dropped sharply to 8.79% and 5.05%, respectively after scaling their highest levels (during CY13) in November. Easing of inflation augurs well for the economy as it creates conditions conducive for growth and increases the purchasing power of consumers and therefore the pricing power of producers. For February, the HSBC Purchasing Managers' Index (PMI) for the manufacturing sector came in at 52.5 (against 51.4 in January), the highest reading since February 2013 brightening prospects of a gradual recovery. However, IIP data for December disappointed with 0.6% drop but were better than the previous two months. Moreover, GDP growth remains a concern with 4.7% growth in 3Q14 compared to a rate of 4.8% in 2Q14 and 4.4% in the year-ago quarter.

On the external front, India's current account deficit narrowed to \$4.10 billion in 3QFY14 (\$31.77 billion in 3QFY13) representing 0.9% of GDP (6.7% in 3QFY13) aided by a sharp decline in imports. This is positive for the domestic currency as current account deficit is now expected to be contained at 2.0% of GDP in FY14, a stark improvement over 4.8% in FY13.

After investing \$20.1 billion in Indian equities in CY2013, FIIs continued to be net buyers in February to the tune of \$228.94 million taking total investment in equities in 2014 to \$353.6 million.

With the government stepping up several policy measures in the recent past including containing the fiscal deficit through targeted divestments and revenue augmentation from receipt of special dividends and sale of spectrum, the overall macro situation is far more comfortable and shows greater stability than in the recent past. Steps taken by the RBI in the last six months to stabilise the currency and rein in the external deficit have yielded results restoring international confidence and helped bring back the large institutional investor. The Indian economy currently is better positioned to absorb external shocks from the gradual tapering of the Fed stimulus in the United States where a reduction in the bond buying programme by USD 10 billion to USD 65 billion per month was announced recently.

Meanwhile, concerns have emerged in the global arena with respect to emerging markets. However, we believe that India is well placed amongst its peers with improving data on the macroeconomic front and sincere efforts by the government to rein in the twin deficits. Besides, Raghuram Rajan at the helm of India's central bank has added to the credibility of monetary policy making within the country as well as outside.

With geopolitical tensions in Ukraine, Turkey, Argentina and Thailand, the stable domestic currency proves the strength of the economy. Asia's largest economy, China, continues to report disappointing PMI data thereby painting a gloomy picture of its manufacturing sector. The Indian Rupee appreciated by 1.32% in February dispelling fears of an emerging currency crisis contagion making it one of the best performing emerging market currencies (in February 2014).

In so far as our fund's investment strategy goes, we continue to remain bullish on export driven sectors technology, pharmaceuticals and auto components as well as selected private sector banks and consumer staples. We maintain our outperform position on our benchmark (70% Nifty index and 30% Crisil Composite Bond Fund index) by a decent 2.61% margin since inception.

With India going for elections in the coming months, we foresee a fair degree of uncertainty and lack of any significant economic activity or direction in the near term. However, expectation of a stable government at the centre of the larger business community bodes well for the country's economy.

Our conservative investment strategy has made the fund well-equipped to mitigate external non financial event related risks and volatility of uncertain markets that usually mark the run up to the election months.

Irrespective of the market and economic scenario, we recommend investors to maintain the discipline of asset allocation and invest in equity/equity oriented funds through systematic planning as long term fundamentals remain intact. Systematic Investment Plan (SIP) is the ideal way to go about in any market, as it is a smart financial planning tool that helps Investor build wealth, step by step, over a period of time.

We are absolutely committed to providing unparalleled service to our investors and to cater to your information, requirement, investment and servicing needs. Please feel free to call at our dedicated customer care numbers 033-23373012 from Monday to Friday (10am to 6pm) or write to us at info@shriramamc.com with your queries.

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 10,000/- w.e.f. 1st Jan 2014

SIP

For SIP investment Monthly: Rs. 1000/- minimum 12 instalments, Quarterly: Rs. 3000/- 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 28 February 2014

Equity portfolio

Tata Consultancy Services Ltd.	6.62%
HCL Technologies Ltd.	4.00%
Dr. Reddy's Laboratories Ltd.	3.81%
ITC Ltd.	3.76%
Tech Mahindra Ltd.	3.40%
Sun Pharmaceuticals Industries Ltd.	3.32%
HDFC Bank Ltd.	3.30%
Lupin Ltd.	2.91%
Housing Development Finance Corporation Ltd.	2.86%
Infosys Ltd.	2.28%
Asian Paints Ltd.	2.11%
Maruti Suzuki India Ltd.	1.89%
Larsen & Toubro Ltd.	1.86%
Axis Bank Ltd.	1.73%
Tata Global Beverages Ltd.	1.60%
Idea Cellular Ltd.	1.58%
Cipla Ltd.	1.53%
Mahindra & Mahindra Ltd.	1.48%
Ultratech Cement Ltd.	1.41%
Reliance Industries Ltd.	1.32%
Bajaj Auto Ltd.	1.21%
ICICI Bank Ltd.	1.16%
IPCA Laboratories Ltd.	1.12%
Divi's Laboratories Ltd.	1.04%
Oil & Natural Gas Corporation Ltd.	0.97%
Apollo Hospitals Enterprise Ltd.	0.81%
MindTree Ltd.	0.80%
Pidilite Industries Ltd.	0.78%
Bharat Petroleum Corporation Ltd.	0.76%
Amara Raja Batteries Ltd.	0.70%
Glenmark Pharmaceuticals Ltd.	0.69%
Britannia Industries Ltd.	0.68%
Berger Paints (I) Ltd.	0.64%
Eicher Motors Ltd.	0.62%
Shree Cements Ltd.	0.60%
Bata India Ltd.	0.48%
Oil India Ltd.	0.45%
ING Vysya Bank Ltd.	0.45%
Natco Pharma Ltd.	0.43%
PI Industries Ltd	0.43%
Persistent Systems Ltd.	0.37%
Balkrishna Industries Ltd.	0.36%
Alembic Pharmaceuticals Ltd.	0.21%
EClerx Services Limited	0.15%

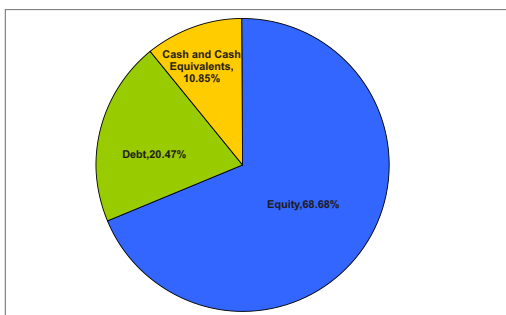
Equity Total 68.68%

Debt Portfolio

INDIAN BANK CD 02AP14 20.47%

Debt total 20.47%

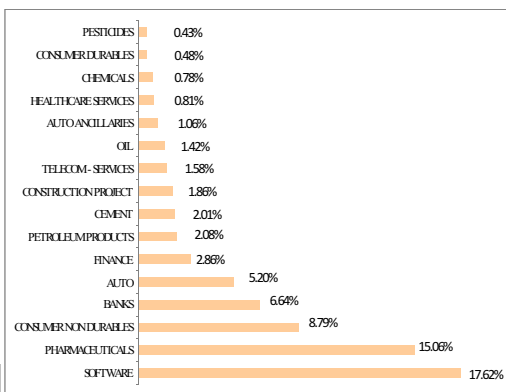
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	10.4375
Dividend Option	10.4343
Regular Plan	
Growth Option	10.4237
Dividend Option	10.4237

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.

