SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 28 February 2015

Economic Commentary and Market Review - February 2015

The month of February witnessed a relatively flattish market with the benchmark Nifty rising by only 0.4% to close at 8,845. However, focus during the month was on the general budget, the first full-fledged budget of the BJP led government at the Centre. With plummeting international crude prices, inflation under control expectation was rife that the Finance Minister would announce some big bang reforms to kick start the economy, where green shoots are not yet visible.

Amidst tight fiscal situation, the budget was a mixed bag. Certain tax breaks given to the middle class made them happy. The fiscal deficit target for 2015-16 was set at 3.9% of GDP, with a medium term commitment to bring it down further to 3%. Other salient features of the budget included rationalisation of application of MAT on foreign institutional investors, clarification regarding transfer-pricing related question, postponement of GAAR, implementation of GST from April 2017. To strengthen infrastructure additional funds were allocated - the roads ministry was allocated Rs 83,000 crores versus Rs 28,000 crores in last year. The market reaction was lukewarm as none of the big bang reform measures were announced in the Budget.

Foreign investors maintained their bullish stance on India and pumped in $3.96 billion ($1.85 billion in equities and $2.11 billion in debt) in February. Given the promise India holds, reform measures currently being undertaken and stable governance, India is likely to be a preferred destination for the FIIs. The Budget removed several uncertainties for the foreign investors as mentioned before. The government also made it easier for foreign fund managers to set up base in India by tweaking the permanent establishment norms.

For crude oil, last year was a historic one as prices slipped more than 50% from the highs of over $100 a barrel. The steep fall in prices of crude is good news for large commodity consuming countries like India, which will now result in a lower outgo of foreign exchange given its large dependence on imported crude for its energy requirements. Benefiting from falling crude prices, import of petroleum, petroleum products and crude dropped substantially in December (down 38% to $8.3 billion). Exports continue to disappoint and dropped 11.2% in January to $23.9 billion while imports declined 11.4%, the sharpest contraction since May 2014, to $32.2 billion. Slowdown in the world economy with weakness in Chinese economy (China's imports tumbled 20.2% in the first two months in 2015) hampered India's exports. Non-oil imports at $23.96 billion increased 3.45%, which indicates that the Indian economic recovery is at best slow and sluggish. The success of the government's “Make in India” campaign aimed at attracting foreign investment will determine the recovery path. Trade deficit in January came in at $8.3 billion, better than $9.5 billion in the year-ago period and $9.43 billion in December 2014 primarily supported by the sharp decline in crude prices.

The moderation of Inflation - both CPI and WPI- came as a big relief for the policy makers as well as the common man. With inflation being in the comfort zone over the past few months and lower crude prices, the RBI reduced repo rate once again by 25 bps in March, soon after reducing it by 25 bps in January 2015 (for the first time since January 2014). WPI and CPI came in at -0.39% and 5.11%, respectively, during January 2015. The base year for calculating CPI was changed to a new base year 2012 (from 2010) giving more weight to services like education and health.

The method of calculating GDP was also changed recently with GDP now being measured at market prices instead of factor cost along with a shift in base year to 2011-12 (from the earlier one of 2004-05). Based on new estimates, the Indian economy expanded 7.5% in 3Q15 with full year GDP growth for FY15 expected to be around 7.4%, well above RBI's projection of 5.5% growth under the old method.

The HSBC PMI data (manufacturing) came in at 51.2 in February 2015, falling from 52.9 in January. The index of industrial production at 1.7% (IIP) continues to remain volatile aided by growth in manufacturing and electricity while mining recorded a dip. The core infrastructure segment (comprising of eight key industries and representing 38% of IIP) displayed a growth of only 1.8% in January owing to lower production of crude oil and natural gas, which resulted in the lowest growth rate in the last twelve months. Car makers reported mixed sales results for February with two successive rate cuts expected to drive growth of the industry in due course.

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 37% since inception accompanied by relatively lower levels of volatility as measured by the beta and standard deviation. The fund had increased its allocation to equity, which now represents over 80% of total portfolio.

The focus is now on sectors that are largely expected to benefit from the Government's thrust on infrastructure and manufacturing. The challenge however remains that in these sectors, quality investments are few and far between and those that exist have very high valuations. 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 successive rate cuts and a lower interest rate regime that is widely expected to prevail in the forthcoming 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 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 2015

Equity portfolio

Company	% to NAV	% to NAV Derivatives
Axis Bank Ltd.	4.40%	
Housing Development Finance Corporation Ltd.	4.12%	
ICICI Bank Ltd.	3.92%	
HDFC Bank Ltd.	3.83%	
Dr. Reddy's Laboratories Ltd.	3.77%	
HCL Technologies Ltd.	3.56%	
Tata Consultancy Services Ltd.	3.47%	
Infosys Ltd.	3.05%	
LIC Housing Finance Ltd.	2.81%	
State Bank of India	2.23%	
Maruti Suzuki India Ltd.	2.09%	
The Federal Bank Ltd.	1.98%	
The Federal Bank Limited March 2015 Future		-0.34%
Larsen & Toubro Ltd.	1.98%	
IDFC Ltd.	1.92%	
Reliance Industries Ltd.	1.89%	
Bank of Baroda	1.83%	
IndusInd Bank Ltd.	1.74%	
Tech Mahindra Ltd.	1.55%	
ING Vysya Bank Ltd.	1.55%	
ITC Ltd.	1.52%	
Idea Cellular Ltd.	1.45%	
Apollo Hospitals Enterprise Ltd.	1.43%	
Tata Steel Ltd.	1.38%	
Tata Steel Ltd March 2015 Future		-0.26%
Tata Motors Limited	1.36%	
Britannia Industries Ltd.	1.25%	
Bharat Electronics Ltd.	1.22%	
Bharat Petroleum Corporation Ltd.	1.21%	
Ultratech Cement Ltd.	1.12%	
Amara Raja Batteries Ltd.	0.98%	
Aurobindo Pharma Ltd.	0.97%	
Oil India Ltd.	0.95%	
Asian Paints Ltd.	0.91%	
Eicher Motors Ltd.	0.86%	
Sun Pharmaceuticals Industries Ltd.	0.86%	
Lupin Ltd.	0.83%	
Bharat Forge Ltd.	0.81%	
Apollo Tyres Ltd.	0.80%	
Apollo Tyres Ltd March 2015 Future		-0.21%
Power Grid Corporation of India Ltd.	0.79%	
Shree Cements Ltd.	0.78%	
Mahindra & Mahindra Ltd.	0.76%	
IPCA Laboratories Ltd.	0.75%	
Bata India Ltd.	0.73%	
Kotak Mahindra Bank Ltd.	0.67%	
Oil & Natural Gas Corporation Ltd.	0.66%	
GAIL (India) Ltd.	0.54%	
AIA Engineering Ltd.	0.50%	
Tata Global Beverages Ltd.	0.48%	
UPL Ltd.	0.47%	
Hero MotoCorp Ltd.	0.45%	
Hero Motocorp Ltd March 2015 Future		-0.10%
Natco Pharma Ltd.	0.45%	
Bajaj Auto Ltd.	0.44%	
TVS Motor Company Ltd.	0.31%	
MRF Ltd.	0.30%	
NTPC Ltd.	0.30%	
MindTree Ltd.	0.21%	
Persistent Systems Ltd.	0.19%	
Page Industries Ltd.	0.17%	
Tamil Nadu Newsprint & Papers Ltd.	0.12%	
Jammu & Kashmir Bank Ltd.	0.01%	
Equity Total	**81.68%**	**-0.91%**

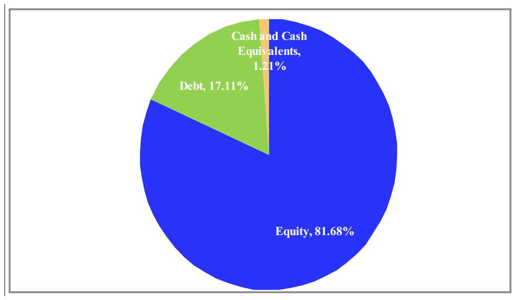
Total Exposure to derivative instruments as on 28/02/2015 : Rs. 30.87 Lakhs

Debt Portfolio

Debt Portfolio	Rating	
HDFC LTD COMMERCIAL PAPER	ICRA-A1+	14.43%
TATASONS LTD	CRISIL-AAA	0.63%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.05%
Debt total		**17.11%**

Cash & Cash Equivalent 1.21%

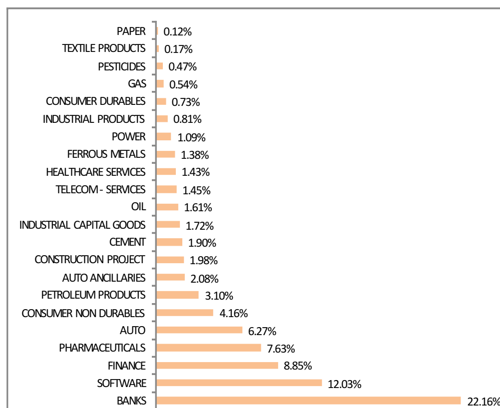
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	13.5010
Dividend Option	12.0006
Regular Plan	
Growth Option	13.4136
Dividend Option	11.9355

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Risk Indicators

Portfolio Beta : 0.8453	Standard deviation of Daily Mean Return: 0.4813%

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

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