



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 28 February 2017



Economic Commentary and Market Review - February 2017

Market gained in February backed by some corporate news and steady domestic liquidity support that led the benchmark Nifty hit a fresh 52-week high. Barring Auto (down 1.86%) all other sectors were positive with Realty, Media and IT being the top performers. IT, which has been a beaten down sector over the recent past owing to several headwinds, bounced back on prospects of attractive buyback offers. Positive news such as consolidation in the telecom and banking space, faster recovery back to normalcy post demonetization kept the market strong.

However, high valuation questions the sustainability of the rally. The benchmark NSE Nifty index is now trading at 23.4x its TTM EPS, just short of its five year high valuation of 24.5x. Moreover results of assembly elections (in five states), scheduled on March 11th, might have some impact on market. Increasing commodity prices and the implementation of GST from July 2017 will impact earnings growth.

The surge in market in February was supported by foreign institutional investors (FIIs), who pumped in \$1.475 billion in Indian equities during the month. This was mainly driven by the withdrawal of cap on FII exposure in HDFC Bank, a FII favorite, for a day. They remained net buyers in the debt market as well to the tune of \$887 million. Heavy selling by foreign institutional investors since the demonetization (till January 2017) announcement in 2016 was countered by large purchases by domestic institutions. DIIs remained net buyers of Rs 935 crores in February.

In the domestic economy, retail inflation dropped to 3.17% in January (3.41% in December 2016 and 5.69% in January 2016) based on sharp drop in food prices, an indication of slower demand post demonetization of high currency notes. In a surprising development, WPI inflation moved above retail inflation and stood at 5.25% in January (3.39% in December). The sharp increase in WPI is mainly due to the rise in fuel prices that have 14.91% weight in the index. The increase in international crude price in the recent months post agreement over production cut pulled up wholesale inflation.

From recording a commendable growth of 5.7% in November industrial output contracted by 0.4% in December due to demonetization. Mining and electricity output grew 5.2% and 6.3% respectively while manufacturing contracted 2% during the month. Consumption demand in both rural and urban areas was impacted due to demonetization, which is evident from contraction in production of durables (down 10.3%) and consumer non-durables (down 5%).

While the impact of demonetization was evident in inflation, industrial production data, 7% economic growth in the third quarter came as a surprise. Additionally advance estimates for 2016-17 were retained at 7.1% whereas the consensus was that of a downgrade given the impact that demonetization had on consumption and investment. GDP estimates does not include the informal sector, which was the worst hit after demonetization of high currency notes.

Sector outlook

Banks and NBFCs

Demonetization has enabled banks boost deposit growth despite reduced interest rates on term deposits. However, non-food credit growth continued to remain in the region of multi year lows (at 4.87% though little improvement from previous fortnight's figure of 4.76%) in the fortnight ended February 17. Consequently banks are betting on lower interest rate to spur credit demand. Banks and housing finance companies have slashed lending rates aggressively in January to fuel retail credit demand.

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. In this backdrop, NASSCOM has also deferred issuing growth projections for FY18. For FY17, NASSCOM expects the industry to grow at 8.6%, in line with its 8-10% guidance. IT companies, sitting on huge pile of cash, are considering buybacks to address shareholder concerns amidst falling stock price which also made valuation quite attractive. TCS was the first to announce Rs 16,000 crore buyback offer for 56.1 million shares at Rs 2,850 per share, the announcement of which sent its stock price higher. Infosys and Wipro are also considering such strategies.

Pharma

The pharma sector has been one of the worst performers over the last one year due to several headwind US FDA regulatory issues, pricing pressure in the US market, currency volatility in emerging markets and investigations by DOJ regarding price fixing of drugs. However, the worst seems to be over for the sector as some companies were able to receive clearance from US regulatory authorities. Cadila's stock price sky rocketed by more than 25% as its Moraiya facility got clearance. Though approval process has slowed down abit drug pipeline of some players such as Aurobindo Pharma, Natco and Sun Pharma are attractive. They are poised to grow gradually once the situation improves.

Automobiles

The impact of demonetization seems to be receding as is evident from February sales data. Most passenger car makers reported double digit growth though two-wheeler is yet to come out from the demonetization impact. Sales benefited from new models for some players. CV sales increased marginally y/y though it should gain pace due to pre-buying ahead of implementation of new emission norms.

Oil and Gas

In the budget the FM announced its intention to merge state oil companies to create integrated oil major that could compete with global oil biggies. As per reports ONGC may acquire the government's 51.11% stake in HPCL and thereafter 26% from other shareholders through open offer. The oil giant created from the merger will be better placed to compete globally and better withstand oil price volatility.

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 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

The FY18 budget should help boost demand for cement with the government's focus on infrastructure and affordable housing. Budget also announced the 'infrastructure' status for affordable housing that will enable developers to obtain funding at lower rates. It is estimated that urban and rural housing, each, account for 30% cement demand in India. Third quarter earnings of cement players prove the adverse

impact of demonetization on volume and realization.

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. Moreover metals rallied on hope that Trump being the new US President elect would spend heavily on rebuilding infrastructure. The metal index has remained strong due to these tailwinds.

Conclusion

While the last two months of 2016 were quite difficult for India's economy that had to deal with the surprise impact of government's demonetization move, stocks rebounded in 2017 post a well balanced budget, better than expected earnings and ample liquidity. Investments by domestic institutions led a rebound in the benchmark index from the lows in November amidst huge exodus of foreign money in the December quarter of 2016. Market may witness consolidation after hitting the high level recently amidst concerns over stretched valuation and election results of five states. On the positive front the effect of good monsoon last year along with receding impact of demonetization should push consumption in the rural economy.

Return of Shriram Equity & Debt Opportunities Fund in February stood at 11.07% 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 7.92% return in the first two months of 2017 compared with benchmark return of 5.67%. Amidst volatility and short term uncertainties, we try to achieve stable risk adjusted return based on fundamentally sound good quality stocks. Upturn in commodity prices (due to supply constraint), banks' attempt to do away with bad loans (thereby leading to lower slippages) and curbing of black money augur well for long term prospects of the economy. In this backdrop retail investors would do well to maintain 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: 40.18 cr.
Latest AUM: 40.27 cr.

Expenses Ratio:(Excluding service tax)
Regular : 2.26%
Direct : 1.72%

Portfolio Turnover Ratio: 56.41%

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

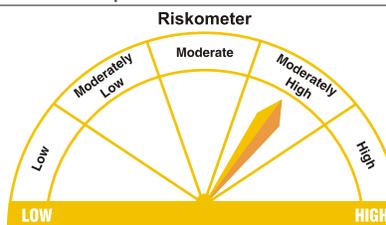
Shriram Equity and Debt Opportunities Fund

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



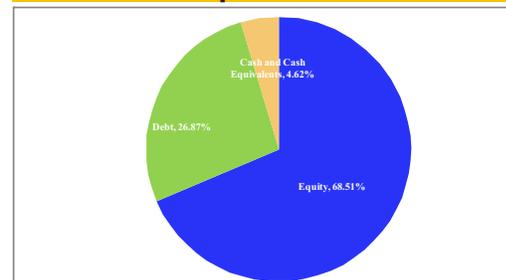
Portfolio and other facts as on 28 Feb 2017

Equity Portfolio	% to NAV	% to NAV Derivative
HDFC Bank Ltd.	4.93%	
Yes Bank Ltd.	3.42%	
Shree Cements Ltd.	3.22%	
Housing Development Finance Corporation Ltd.	2.73%	
Ultratech Cement Ltd.	2.58%	
Bharat Petroleum Corporation Ltd.	2.56%	
Maruti Suzuki India Ltd.	2.41%	
Infosys Ltd.	2.21%	
Kotak Mahindra Bank Ltd.	2.18%	
IndusInd Bank Ltd.	2.16%	
IndusInd Bank Ltd. March 2017 Future		-0.39%
Natco Pharma Ltd.	2.15%	
Britannia Industries Ltd.	2.03%	
Britannia Industries Ltd. March 2017 Future		-0.64%
UPL Ltd.	1.90%	
Aurobindo Pharma Ltd.	1.89%	
Axis Bank Ltd.	1.88%	
Axis Bank Ltd. March 2017 Future		-0.30%
Marico Ltd.	1.82%	
Bharat Electronics Ltd.	1.54%	
LIC Housing Finance Ltd.	1.51%	
Amara Raja Batteries Ltd.	1.49%	
Larsen & Toubro Ltd.	1.43%	
Pidilite Industries Ltd.	1.39%	
Asian Paints Ltd.	1.25%	
Asian Paints Ltd. March 2017 Future		-0.46%
Mahindra & Mahindra Ltd.	1.25%	
Eicher Motors Ltd.	1.22%	
Reliance Industries Ltd.	1.22%	
Sun Pharmaceuticals Industries Ltd.	1.08%	
Zee Entertainment Enterprises Ltd	1.07%	
Page Industries Ltd.	1.03%	
Mahindra & Mahindra Financial Services Ltd.	1.02%	
Mahanagar Gas Limited	1.00%	
TVS Motor Company Ltd.	0.95%	
Tata Consultancy Services Ltd.	0.90%	
HCL Technologies Ltd.	0.89%	
Bajaj Finance Ltd.	0.86%	
Ashok Leyland Ltd.	0.75%	
ICICI Bank Ltd.	0.75%	
Shriram Transport Finance Company Ltd.	0.65%	
Apollo Tyres Ltd.	0.63%	
Gail (India) Ltd (Ex Gas Authority Of India Ltd)	0.58%	
Tech Mahindra Ltd.	0.55%	
Lupin Ltd.	0.53%	
Indian Oil Corporation Limited	0.51%	
Berger Paints India Ltd	0.48%	
Hindustan Unilever Ltd.	0.32%	
Sundram Fasteners Ltd.	0.31%	
Oil & Natural Gas Corp Ltd.	0.29%	
Tata Motors Ltd.	0.26%	
Oil India Ltd.	0.25%	
Havells India Ltd.	0.24%	
Hindustan Petroleum Corpn. Ltd.	0.24%	
Equity Total	68.51%	-1.79%

Debt Portfolio	Rating	
HDFC LTD	CRISIL-AAA	9.49%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	9.21%
PFC LTD.	CRISIL-AAA	6.28%
REC LTD	CRISIL-AAA	1.35%
TATASONS LTD	CRISIL-AAA	0.54%
Debt total		26.87%

Cash & Cash Equivalent 4.62%

Portfolio composition

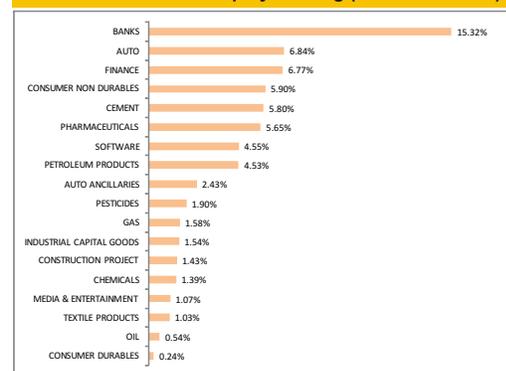


NAV details (Rs)

Direct Plan	
Growth Option	14.3398
Dividend Option	11.4209

Regular Plan	
Growth Option	14.0711
Dividend Option	11.2489

Sectoral Allocation of Equity Holding (% of Net Assets)

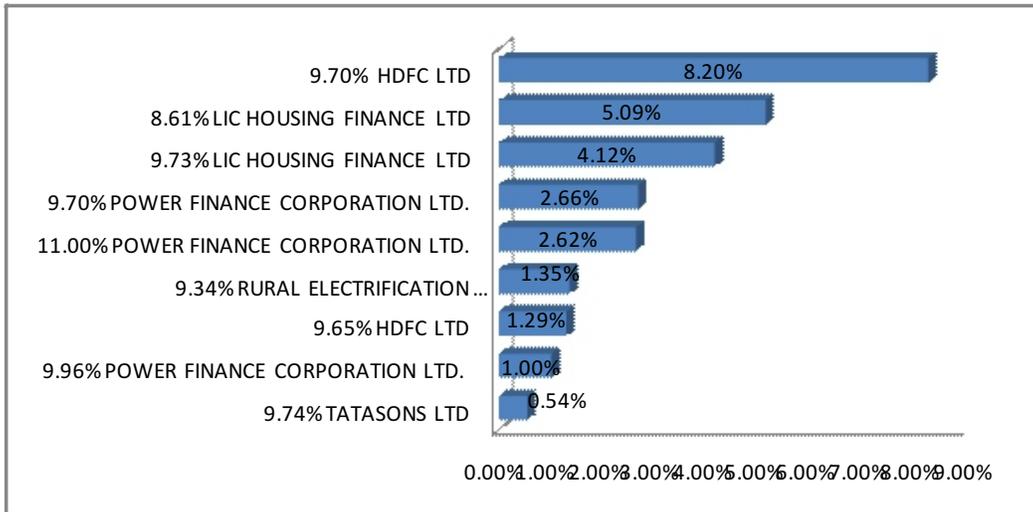


QUANTITATIVE DATA

Average Maturity*	1.98 years	Sharpe Ratio	1.87%
Modified Duration*	1.6 years	Portfolio Beta	0.99%
Yield to Maturity*	8.19%		

* Computed on the invested amount for debt portfolio

Debt Portfolio



Dividend History^A

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

^APast 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 December 31, 2016						
Date of inception: 29-Nov-13.						
NAV as on 31.12.16 Rs. 13.0382						
Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs. 10000	
					Scheme	Benchmark
Dec 31 2015	Last 1 Year	12.8999	1.07	5.99	10,107	10,599
Dec 31 2014	Last 2 Year	12.9039	0.52	2.82	10,104	10,599
Dec 31 2013	Last 3 Year	10.1737	8.61	9.96	12,816	13,304
November 29 2013	Since Inception	10.0000	8.96	10.21	13,038	13,506

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)	370.00	360.00	240.00	120.00
Mkt Value as on Dec 31, 16 (Rs.'000)	390.59	377.56	238.28	119.26
Returns (Annualised) (%)	3.45%	3.11%	-0.69%	-1.14%
Benchmark Returns (Annualised) (%) #	5.63%	5.35%	3.06%	5.08%

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.

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,
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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.

