SHRIRAM Mutual Fund

Nurturing Trust, Shaping Dreams

Fund Facts

As on 31 January 2015

Economic Commentary and Market Review - January 2015

The New Year brought cheers for the investors as the Sensex hits all time high while the Nifty was just short of 9,000. The 6.4% growth in Nifty index during January was the best gain over the last eight months. Realty was the best performing sector (16.6% gain) followed by Auto (8%), Finance (7%), Banks (6%), IT (5.4%) and FMCG (5.2%) while the laggards were Metal (down 6%), PSU Banks (5.2%) and Media (1.2%).

The slowing down of China's economic growth to 7.4% in 2014 (from 7.7% in 2013 and hitting 24-year low) resulted in plummeting commodities prices. Consequently, the metal index was the worst performer during the month in India. Besides, disappointing quarterly results of the PSU banks dragged the sector index.

Foreign investors maintained their bullish stance on India and pumped in $5.45 billion ($2.1 billion in equities and $3.35 billion in debt) in January. Given the promise India holds, reform measures currently being undertaken and stable governance, India is likely to be a preferred destination for the FIIs. China witnessed its markets cracking by almost 8% in a single day after authorities stopped margin trading by three biggest security brokerages.

For crude oil, last year was a historic one as prices slipped more than 50% from the highs of over $100 a barrel. Lower demand from key markets such as China and Japan coupled with OPEC's decision not to reduce production (from the current level of 30 million barrels per day) further led to the fall. Crude prices recovered from its lows and climbed up to the ~$55 per barrel mark. Besides, the death of the Saudi ruler also led to volatility in crude price.

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 29% to $9.9 billion). Despite a 4% drop in exports, a 5% decline in imports led to narrowing trade deficit to $9.43 billion in December 2014 versus $10.2 billion in the year-ago period and $16.9 billion in November 2014.

The moderation of Inflation - both CPI and WPI - came as a big relief for the policy makers as well as the common man. WPI and CPI came in at 0.11% and 5.00%, respectively, during December 2014. With inflation being in the comfort zone over the past few months and lower crude prices, the RBI reduced repo rate by 25 bps in January 2015 (for the first time since January 2014), well ahead of its scheduled monetary policy review meet. During the monetary policy in early February, RBI slashed the statutory liquidity ratio by 50 bps to provide more liquidity to the banking system, keeping other rates unchanged.

The HSBC PMI data (manufacturing) came in at 52.9 in January 2015, falling marginally from the two-year high of 54.5 in December. The index of industrial production (IIP) continues to remain volatile aided by growth in mining, manufacturing and electricity. Moreover, the core infrastructure segment (comprising of eight key industries and representing 38% of IIP) displayed a growth of 2.4% in December driven by higher production of cement, coal and refinery products reassuring that the heavy industries continue to exhibit an uptrend in buoyancy and growth. Following withdrawal of excise duty sops, car makers had to hike prices in January which in turn led to moderate sales growth.

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 34% 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 almost 80% of total portfolio. This increased equity exposure as a proportion to the total portfolio has been mostly invested in relatively undervalued large and the bigger mid cap stocks in chosen sectors (Auto, Private Banks) 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.

The Union Budget, expected to be tabled in the Parliament in February, will bear a significant impact on the Indian equities. In this scenario it will remain 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:

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 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 January 2015

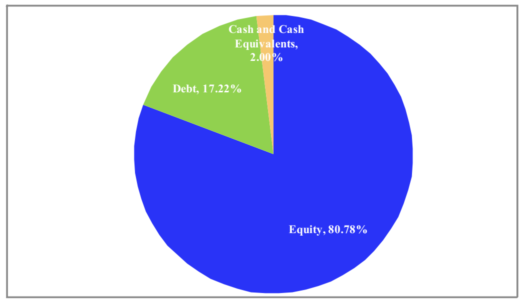
Equity portfolio

Dr. Reddy's Laboratories Ltd.	3.68%
Axis Bank Ltd.	3.66%
ICICI Bank Ltd.	3.64%
Housing Development Finance Corporation Ltd.	3.47%
HDFC Bank Ltd.	3.38%
Tata Consultancy Services Ltd.	3.25%
HCL Technologies Ltd.	3.19%
Infosys Ltd.	2.88%
LIC Housing Finance Ltd.	2.33%
State Bank of India	2.31%
Idea Cellular Ltd.	2.12%
Reliance Industries Ltd.	2.03%
The Federal Bank Ltd.	1.99%
Bank of Baroda	1.93%
IDFC Ltd.	1.87%
Maruti Suzuki India Ltd.	1.87%
Larsen & Toubro Ltd.	1.80%
IndusInd Bank Ltd.	1.67%
Tech Mahindra Ltd.	1.57%
ITC Ltd.	1.56%
Tata Steel Ltd.	1.53%
ING Vysya Bank Ltd.	1.48%
Apollo Hospitals Enterprise Ltd.	1.45%
Bharat Petroleum Corporation Ltd.	1.23%
Britannia Industries Ltd.	1.15%
Aurobindo Pharma Ltd.	1.13%
Tata Motors Limited	1.12%
Apollo Tyres Ltd.	1.12%
Oil India Ltd.	1.03%
Bharat Electronics Ltd.	0.98%
Amara Raja Batteries Ltd.	0.97%
Asian Paints Ltd.	0.97%
Ultratech Cement Ltd.	0.96%
Eicher Motors Ltd.	0.87%
Sun Pharmaceuticals Industries Ltd.	0.87%
Bata India Ltd.	0.82%
Shree Cements Ltd.	0.82%
Bank of India	0.78%
Lupin Ltd.	0.76%
Mahindra & Mahindra Ltd.	0.75%
Power Grid Corporation of India Ltd.	0.75%
IPCA Laboratories Ltd.	0.74%
Oil & Natural Gas Corporation Ltd.	0.72%
Corporation Bank	0.68%
Bharat Forge Ltd.	0.68%
Kotak Mahindra Bank Ltd.	0.64%
Oriental Bank of Commerce	0.59%
GAIL (India) Ltd.	0.56%
AIA Engineering Ltd.	0.51%
Tata Global Beverages Ltd.	0.50%
Bajaj Auto Ltd.	0.49%
Hero MotoCorp Ltd.	0.48%
Natco Pharma Ltd.	0.45%
NTPC Ltd.	0.44%
UPL Ltd.	0.42%
TVS Motor Company Ltd.	0.34%
MRF Ltd.	0.30%
MindTree Ltd.	0.19%
Persistent Systems Ltd.	0.18%
Tamil Nadu Newsprint & Papers Ltd.	0.12%
Jammu & Kashmir Bank Ltd.	0.01%
Equity Total	**80.78%**

Debt Portfolio	Rating	
HDFC LTD COMMERCIAL PAPER	ICRA-A1+	14.50%
TATASONS LTD	CRISIL-AAA	0.64%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.08%
Debt total		**17.22%**

Cash & Cash Equivalent 2.00%

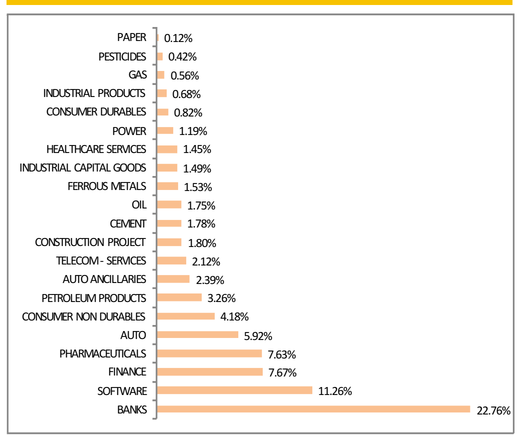
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	13.5101
Dividend Option	12.0098
Regular Plan	
Growth Option	13.4280
Dividend Option	11.9482

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Risk Indicators

Portfolio Beta : 0.8275	Standard deviation of Daily Mean Return: 0.4720%

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