



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 31 January 2017



Economic Commentary and Market Review - January 2017

The benchmark Nifty index gained 4.6% in the first month of the year 2017 to exit the month at 8,561. The index bounced back quite well after testing the 7,900 level in December helped by better than expected earnings and support from domestic institutions. Metal was the best performing sector during the month with 15% gain followed by Realty, Auto and Banks while Pharma and IT were the laggards.

The positive mood also emanated from optimism regarding Budget 2017-18 that was presented on February 1st. The government had a tight rope situation to deal with post demonetization of high value notes and expectation was high. In this backdrop focus on the budget was to spend more in rural areas, infrastructure and poverty alleviation. The FY18 budget deficit target was revised to 3.2% of GDP (from 3% previous target) while FY19 target was kept at 3%. The budget announced concessions for small businesses and personal income tax.

Foreign institutional investors (FIIs) remained net sellers in January in both equity (\$172.81 million) and debt (\$339.41 million) markets. Since October 2016 FIIs have withdrawn ~\$4.7 billion from Indian equity markets. Expectation of aggressive interest rate hike in the US has led to fund outflows from emerging markets. However, domestic MF players continued buying stance and pumped in Rs 5,233 crores in Indian equities in January.

In the domestic economy, both retail (at 3.41%) and wholesale price (at 3.39%) inflation dropped in December as well. Consumer spending hit by the demonetization move led India's retail inflation to two-year low level thereby raising hope of interest rate cut by the RBI. However, rise in international crude and commodity prices and uncertainties over the full impact of demonetization led the RBI to keep interest rates unchanged.

Although industrial output expanded by 5.7% in November, the fastest pace in more than four years, the growth was due to low base effect. The IIP data in November last year had recorded a 3.4% contraction. The same trend was seen across the sectors mining, manufacturing and electricity.

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 its downward trajectory. 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.

Meanwhile the budget announced capital infusion of Rs 10,000 crores for PSU banks, lower than Rs 25,000 crores announced last year. Further, the deductions allowed for NPA provisions made by banks have been increased from 7.5% to 8.5% of the income, which will reduce the tax liability of banks.

Information Technology

The IT sector was severely hit post Donald Trump becoming the US President. The US government now is

planning to impose stricter restrictions on H1B visa and preference to be given to those that are highly paid. These restrictions, if implemented, will hit the margins of the IT companies adversely who depend to a large extent on these visas. Third quarter earnings of the sector was more or less in line with market estimates. NASSCOM has already cut the annual growth target for the sector to 8-10% from 10-12%.

Pharma

Regulatory hurdle is a major overhang for the pharma sector as a result of which the pace of new product approvals in US has slowed down. Divi's Laboratories was the latest to receive Form 483 from US FDA for its Vishakhapatnam plant. Sun Pharma also could not get its facilities at Mohali and Halol cleared. Clearance of Halol facility is crucial for the company's growth plans in the US market. The sector, worst performer in 2016, is witnessing several challenges in US, the largest market such as increased competition leading to price erosion, consolidation of supply chain resulting in pricing pressure and investigation by Department of Justice on some companies related to price fixing.

Automobiles

Due to the government's demonetisation move volume of the auto companies were hit. The impact on 2W and 3W was more owing to disruption in rural demand. However, pullback was witnessed in January indicating reducing impact of demonetization. Maruti Suzuki and Eicher reported strong growth driven by robust volume growth in Royal Enfield, and Baleno and Vitara Brezza, respectively. Momentum in car and two-wheeler sales is expected to improve gradually going ahead while commercial vehicle sales could witness strong growth due to pre-buy owing to changes in vehicle emission norms to BS IV with effect from 1 April 2017.

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. The budget also cut basic customs duty on LNG to 2.5% from 5% which shot up stock prices of players such as MGL, IGL and GAIL.

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, equity market rebounded in 2017 post a well balanced budget and better than expected earnings. Post demonetisation, large deposits in bank accounts (mainly savings and current) boosted their CASA deposit. The demonetization measure should also succeed in curbing the underground economy that is likely to lead to lower inflation thereby raising hope of a rate cut by RBI. Despite uncertainties in the near term long term prospects arising out of this measure should benefit the domestic economy.

Return of Shriram Equity & Debt Opportunities Fund in January stood at 10.36% 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. 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 (expecting higher demand from China), banks' attempt to do away with bad loans (thereby leading to lower slippages) and curbing 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 outpaces 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 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.

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.

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: 38.57 cr.

Latest AUM: 39.25 cr.

Expenses Ratio: (Excluding service tax)

Regular : 2.26%

Direct : 1.72%

Portfolio Turnover Ratio: 48.95%

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

This Product is suitable for investors who are seeking*:-

Long term capital appreciation and current income

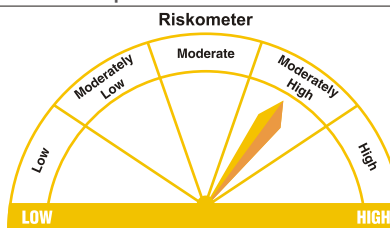
Investment in equity and equity related securities as well as fixed income securities (debt and money market securities)

Moderately High Risk

* Investors should consult their financial advisor if in doubt whether the product is suitable for them.

Note : Risk is represented as :

- Low - Principal at low risk
- Moderately Low - Principal at moderately low risk
- Moderate - Principal at moderate risk
- Moderately High - Principal at moderately high risk
- High - Principal at high risk



Portfolio and other facts as on 31 Jan 2017

Equity Portfolio

HDFC Bank Ltd.	5.32%
Yes Bank Ltd.	3.40%
Shree Cements Ltd.	3.17%
Housing Development Finance Corporation Ltd.	2.82%
IndusInd Bank Ltd.	2.71%
Bharat Petroleum Corporation Ltd.	2.68%
Ultratech Cement Ltd.	2.59%
Maruti Suzuki India Ltd.	2.46%
Kotak Mahindra Bank Ltd.	2.18%
Infosys Ltd.	2.08%
Britannia Industries Ltd.	2.02%
UPL Ltd.	1.96%
Aurobindo Pharma Ltd.	1.95%
Natco Pharma Ltd.	1.90%
Axis Bank Ltd.	1.79%
Marico Ltd.	1.71%
Amara Raja Batteries Ltd.	1.60%
LIC Housing Finance Ltd.	1.55%
Larsen & Toubro Ltd.	1.44%
PIDILITE INDUSTRIES LTD.	1.41%
Asian Paints Ltd.	1.22%
Mahindra & Mahindra Ltd.	1.21%
Eicher Motors Ltd.	1.19%
Page Industries Ltd.	1.07%
Bharat Electronics Ltd.	1.06%
Reliance Industries Ltd.	1.06%
ZEE ENTERTAINMENT ENTERPRISES LTD	1.06%
Sun Pharmaceuticals Industries Ltd.	1.03%
Mahindra & Mahindra Financial Services Ltd.	0.97%
HCL Technologies Ltd.	0.89%
TVS Motor Company Ltd.	0.88%
Tata Consultancy Services Ltd.	0.84%
Bajaj Finance Ltd.	0.83%
Bajaj Finserv Ltd.	0.81%
Ashok Leyland Ltd.	0.77%
ICICI Bank Ltd.	0.75%
Shriram Transport Finance Company Ltd.	0.69%
Berger Paints India Ltd	0.59%
Lupin Ltd.	0.54%
Gail (India) Ltd (Ex Gas Authority Of India Ltd)	0.53%
Tech Mahindra Ltd.	0.51%
Mahanagar Gas Limited	0.51%
Oil & Natural Gas Corp Ltd.	0.31%
Tata Motors Ltd.	0.31%
Sundram Fasteners Ltd.	0.30%
Havells India Ltd.	0.26%
Indian Oil Corporation Limited	0.25%
Equity Total	67.18%

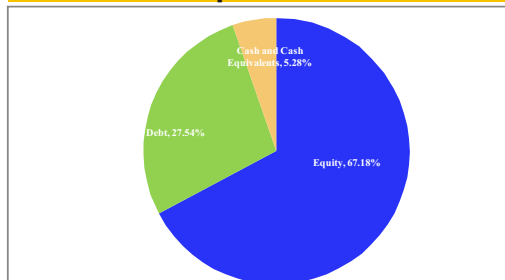
Debt Portfolio

Rating	
CRISIL-AAA	12.31%
CRISIL-AAA/CARE- AAA	9.46%
CRISIL-AAA	3.80%
CRISIL-AAA	1.41%
CRISIL-AAA	0.56%

Debt total 27.54%

Cash & Cash Equivalent 5.28%

Portfolio composition



NAV details (Rs)

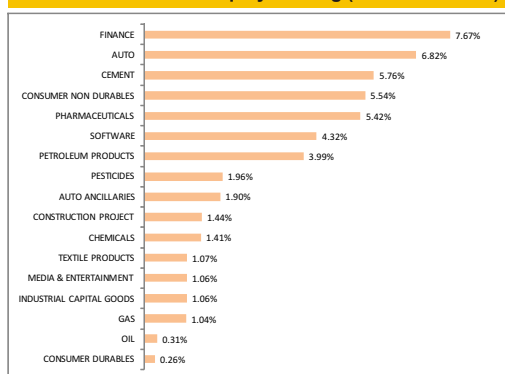
Direct Plan

Growth Option	13.9288
Dividend Option	11.0951

Regular Plan

Growth Option	13.6742
Dividend Option	10.9317

Sectoral Allocation of Equity Holding (% of Net Assets)

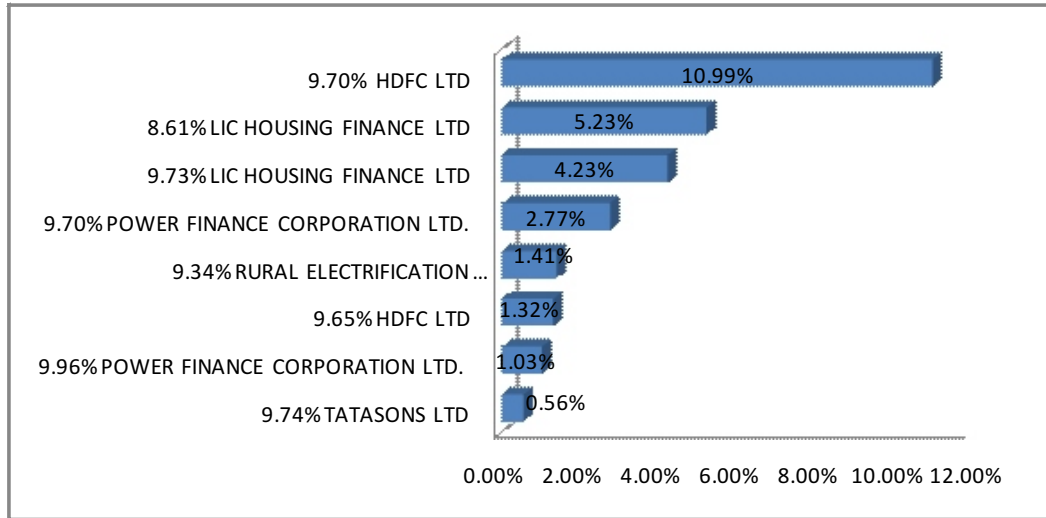


QUANTITATIVE DATA

Average Maturity*	1.93 years
Modified Duration*	1.56 years
Yield to Maturity*	8.28%

* 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	3 years	2 years	1 year
	SIP	SIP	SIP	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,
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; **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.

