



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 31 July 2014



Economic Commentary and Market Review - July 2014

The first Union Budget of the newly formed NDA government at the Centre was presented in July 2014. Expectations were sky high as two consecutive years of below 5% growth have led to several challenges to the domestic economy. While green shoots of recovery was visible in the global economy, slow decision making process has resulted in a loss of opportunity.

Defying the general expectation the FM stuck to the fiscal deficit target of 4.1%, set by his predecessor while admitting it to be a tough challenge. Walking on a tight rope balancing reality and expectations the FM announced several measures to boost the domestic economy and attract foreign investment, and also lowered the tax burden of individuals. However, it will be a while before any positive impact from these measures trickle down to the grass root level.

Meanwhile, the benchmark Nifty index took a breather during July with growth of only 1.4%, after rising 8% and 5% in May and June, respectively. The defensives - Pharma (9.5%), FMCG (7.7%) and IT (4%) were the best performing sectors with Media, PSU Banks, Energy and Realty being the laggards. Foreign institutional investors (FIIs) have pumped in over \$26 billion in the debt and equity markets so far this year, pouring in \$6 billion in July alone (\$2.18 billion in equities and \$3.83 billion in debt). However, the consistent inflow of FII funds might be dampened in case the US Fed hikes interest rates earlier-than-expected.

The RBI in its third bi-monthly monetary policy statement for 2014-15 kept the repo rate unchanged at 8%, CRR at 4% while SLR was cut by 50 basis points to 22%. The SLR cut was undertaken to enable banks to meet increased credit demand when the economy picks up. The CPI and WPI for the month of June - at 7.31% and 5.43% were in a relatively more comfortable zone.

However, the Central Bank's target of ensuring CPI at or below 8% by January 2015 has several headwinds such as uncertainty over monsoon and its impact on food production, possibility of higher oil prices arising from geo-political concerns and exchange rate movement, and supply constraints. In order to check high food prices, the government had imposed export restrictions on certain farm commodities and ordered a crackdown on hoarding.

On the positive front, IIP data for May at 4.7%, on top of 3.4% in April, signals gradual recovery in the economy. Moreover, the HSBC PMI Index (manufacturing) reached a 17-month peak of 53 in July (up from 51.5 in June) signalling sharp improvement in business conditions. There are also some other macro data that evidence or

signal a slow but gradual economic recovery after a slump of two years viz. the 7.3% core sector growth in June, the highest since September 2013, the 10.2% rise in exports (for June) to \$26.5 billion and the Automobiles sector recording an increase in sales for the second straight month (in July).

In anticipation of a rear ended growth and pick up in the economy driven by increased levels of confidence in the corporate and consumer sector, the fund has increased its allocation to equity by 10% to take it to a level of 80% of total portfolio. This increased equity exposure as a proportion to the total portfolio has been mostly in relatively undervalued mid cap stocks 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 fund is currently overweight in banking and finance, automobiles and the capital goods sectors while maintaining a neutral weight on the more mature and stable IT and Healthcare sectors.

On the fund's performance, the Shriram Equity & Debt Opportunities Fund has delivered return of closed to 16% since inception accompanied by comparatively lower levels of volatility as measured by the beta and standard deviation. Our prudent investment strategy supports the fund objective of longer term durable superior risk adjusted returns.

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 5,000/- w.e.f. 1st April 2014
SIP
For SIP investment Monthly: Rs. 2000/- minimum 12 instalments, Quarterly: Rs. 6000/- 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 31 July 2014

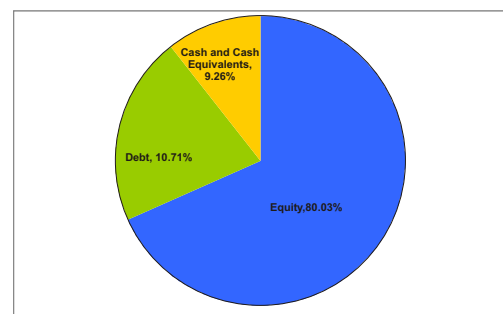
Equity portfolio

Tata Consultancy Services Ltd.	5.17%
Housing Development Finance Corporation Ltd.	4.30%
HDFC Bank Ltd.	4.09%
ICICI Bank Ltd.	3.90%
Dr. Reddy's Laboratories Ltd.	3.29%
HCL Technologies Ltd.	3.06%
Tech Mahindra Ltd.	3.03%
Larsen & Toubro Ltd.	3.01%
Axis Bank Ltd.	2.85%
Maruti Suzuki India Ltd.	2.71%
ITC Ltd.	2.11%
Reliance Industries Ltd.	1.95%
Eicher Motors Ltd.	1.86%
Idea Cellular Ltd.	1.74%
Sun Pharmaceuticals Industries Ltd.	1.69%
Ultratech Cement Ltd.	1.67%
Oil & Natural Gas Corporation Ltd.	1.66%
Mahindra & Mahindra Ltd.	1.64%
Amara Raja Batteries Ltd.	1.59%
Lupin Ltd.	1.56%
Bharat Petroleum Corporation Ltd.	1.54%
Tata Steel Limited	1.50%
Apollo Hospitals Enterprise Ltd.	1.47%
Tata Global Beverages Ltd.	1.37%
State Bank of India	1.31%
Asian Paints Ltd.	1.20%
Infosys Ltd.	1.19%
Shree Cements Ltd.	1.16%
Bajaj Auto Ltd.	1.16%
The Federal Bank Limited	1.10%
Bank Of India	1.01%
Bata India Ltd.	0.93%
Oil India Ltd.	0.92%
Corporation Bank	0.87%
Balkrishna Industries Ltd.	0.78%
Oriental Bank of Commerce	0.78%
Britannia Industries Ltd.	0.74%
IPCA Laboratories Ltd.	0.71%
Bank of Baroda	0.71%
ING Vysya Bank Ltd.	0.65%
LIC Housing Finance Limited	0.61%
Apollo Tyres Ltd.	0.60%
Power Grid Corporation of India Limited	0.58%
Bharat Forge Limited	0.57%
NTPC Limited	0.51%
Natco Pharma Ltd.	0.50%
GAIL (India) Limited	0.50%
Bharat Electronics Ltd.	0.39%
IndusInd Bank Limited	0.37%
UPL Limited	0.33%
IDFC Limited	0.30%
Kotak Mahindra Bank Ltd.	0.30%
Aurobindo Pharma Limited	0.19%
Tamil Nadu Newsprint & Papers Limited	0.16%
AIA Engineering Limited	0.13%
The Jammu & Kashmir Bank Ltd.	0.01%
Equity Total	80.03%

Debt Portfolio Rating

STATE BANK OF TRAVANCORE CD	CRISIL-A1+	7.35%
TATASONS LTD	CRISIL-AAA	0.76%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.60%
Debt total		10.71%

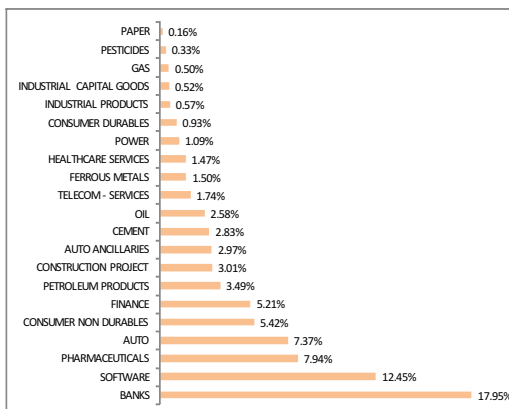
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	11.6389
Dividend Option	11.3517
Regular Plan	
Growth Option	11.5981
Dividend Option	11.3207

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Indicators

Portfolio Beta : 0.6733

Standard deviation of Daily Mean Return: 0.3797%

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 which is yet to complete one full year. The portfolio beta has been calculated using the scheme benchmark as a basis.



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.

