SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 30 June 2014

Economic Commentary and Market Review - June 2014

India is now the best performing equity market for the year till date driven by spurt of liquidity in the hope of revival of economic growth with a reform-oriented Government at the centre. The barometer of the Indian market S&P BSE Sensex and NSE Nifty recorded 20% growth each in the first half of CY2014, faring much better than the S&P 500 Index (6.09%), Nasdaq (5.3%), DJIA (1.66%), CAC 40 Index (3.28%) and FTSE 100 Index (0.13%).

The Nifty index exited the month of June at 7,611, up 5.3% with growth across all the sectors, barring FMCG. After being laggards for the last few months, IT and Healthcare became the best performing sectors (10% growth) during the month. These were followed by Realty (8%), Media (8%), Metal (6%), Auto (6%) and PSU Banks (6%).

Betting big on the India story, foreign institutional investors (FIIs) have pumped in over $10 billion in equities in the year so far. This marks the third consecutive year when FIIs' net investment in equities surpassed $10 billion. Steady capital inflows have helped the rupee appreciate 3% during the year, which also reflects improving state of India's current account.

Revival of growth in the domestic market requires a lower interest rate regime. This would be possible with containment of inflation, which is still a concern for the policymakers. While the CPI for the month of May stood at 8.28% (versus 8.59% in April), the WPI recorded its yearly high of 6.01%. In order to check high food prices, the government has imposed export restrictions on certain farm commodities and ordered a crackdown on hoarding.

However, the government's task of controlling inflation is met with added headwinds - the El Nino effect that could lead to a poor monsoon and spike in oil prices due to unrest in Iraq. Rainfall in June was the worst in the last 10 years though the India Meteorological Department expects rainfall to pick-up from July.

Meanwhile, the relief with spike in core sector growth in April (at 4.2%) was short-lived as output of eight core industries in May slowed to 2.3%, well below the 5.9% level achieved in the year-ago period. On the other hand IIP data for April at 3.4% was encouraging after two months of contraction. The HSBC PMI Index (manufacturing) rose to 51.5 in May compared with 51.4 in June. Besides, the data for HSBC Services PMI came as a pleasant surprise as the index was at 17-month peak of 54.4 in June compared with 50.2 in May.

Although early days, the growth in sales of passenger vehicles (of 9 leading carmakers) at 18% for the month of June hold out some early signs of recovery and green shoots of revival. Sales of medium and heavy-duty trucks picked up in June after declining for 33 consecutive months driven by improvement in the mining sector along with a pick-up in manufacturing. Barring Tata Motors, a leader in commercial vehicles, sales at majority of firms such as Ashok Leyland (18%), Mahindra Trucks &Buses (107%), Volvo Eicher Commercial Vehicles (27%) increased in June. Sales of these vehicles can be linked to economic activity which suffered during the last fiscal (sale of heavy duty trucks almost halved) due to the downturn.

The upcoming Union Budget would be a major trigger for the equity market as it would be the first major policy document to indicate the direction and pace of reforms in key sectors of the economy. The market, being driven by huge expectations and optimism of varying degrees, might witness volatility and uncertainty. With exposure to primarily good quality, front line stocks, our fund is well placed to tackle these uncertainties. Our fund has delivered return of 14.44% (units under regular plan, growth option) since inception accompanied by 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 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.

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 in 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 30 June 2014

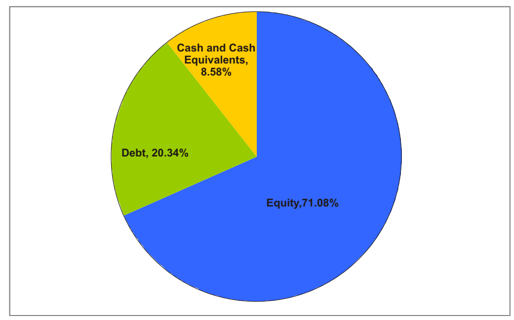
Equity portfolio

Tata Consultancy Services Ltd.	4.96%
HDFC Bank Ltd.	4.11%
Housing Development Finance Corporation Ltd.	4.08%
ICICI Bank Ltd.	3.83%
Larsen & Toubro Ltd.	3.47%
Dr. Reddy's Laboratories Ltd.	3.14%
Tech Mahindra Ltd.	3.10%
HCL Technologies Ltd.	3.01%
Axis Bank Ltd.	2.85%
Maruti Suzuki India Ltd.	2.67%
Reliance Industries Ltd.	2.00%
ITC Ltd.	1.97%
Oil & Natural Gas Corporation Ltd.	1.82%
Ultratech Cement Ltd.	1.82%
Bharat Petroleum Corporation Ltd.	1.63%
Mahindra & Mahindra Ltd.	1.60%
Sun Pharmaceuticals Industries Ltd.	1.50%
Idea Cellular Ltd.	1.50%
State Bank of India	1.47%
Tata Steel Limited	1.46%
Lupin Ltd.	1.41%
Bajaj Auto Ltd.	1.32%
Infosys Ltd.	1.17%
Asian Paints Ltd.	1.15%
Eicher Motors Ltd.	0.89%
Tata Global Beverages Ltd.	0.87%
Shree Cements Ltd.	0.85%
Apollo Hospitals Enterprise Ltd.	0.81%
Amara Raja Batteries Ltd.	0.77%
Bank of Baroda	0.72%
The Federal Bank Limited	0.70%
Bank Of India	0.62%
Power Grid Corporation of India Limited	0.61%
NTPC Limited	0.56%
Corporation Bank	0.55%
Bata India Ltd.	0.54%
GAIL (India) Limited	0.54%
Oil India Ltd.	0.54%
Oriental Bank of Commerce	0.52%
IPCA Laboratories Ltd.	0.50%
ING Vysya Bank Ltd.	0.40%
IndusInd Bank Limited	0.39%
LIC Housing Finance Limited	0.38%
Britannia Industries Ltd.	0.37%
Balkrishna Industries Ltd.	0.32%
Kotak Mahindra Bank Ltd.	0.28%
IDFC Limited	0.27%
Natco Pharma Ltd.	0.27%
Aurobindo Pharma Limited	0.20%
UPL Limited	0.20%
Bharat Forge Limited	0.19%
Tamil Nadu Newsprint & Papers Limited	0.09%
AIA Engineering Limited	0.08%
The Jammu & Kashmir Bank Ltd.	0.01%
Equity Total	**71.08%**

Debt Portfolio

STATE BANK OF TRAVANCORE CD	7.45%
TATASONS LTD	0.78%
HDFC LTD.	9.45%
LIC HOUSING FINANCE LTD.	2.66%
Debt total	**20.34%**

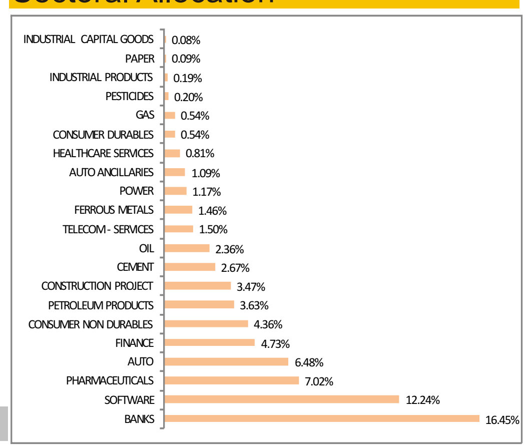
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	11.4789
Dividend Option	11.1968
Regular Plan	
Growth Option	11.4438
Dividend Option	11.1701

Sectoral Allocation



Quantitative Indicators

Portfolio Beta : 0.6339	Standard deviation of Daily Mean Return: 0.3638%

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.

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

Statutory Details : Shriram Mutual Fund has been constituted as a Trust under the Indian Trust Act, 1882. **Sponsor :** Shriram Credit Company Limited; **Trustee:** Board of Trustees; **Investment Manager :** Shriram Asset Management Co. Ltd. (AMC). **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.