SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 30 June 2015

Economic Commentary and Market Review - June 2015

In the month of June, Nifty experienced bouts of volatility and ended on a slightly negative note down by 0.77% at 8,368. Media, Energy, Fmcg and Pharma sector indices were only in the positive territory. FII's were net sellers of investments worth US $ 249 million during the month. They sold equity worth US $ 521 million and bought debt worth US $ 272 million.

In June most of the global markets ended in red. Shanghai closed down by 7.26 % followed by FTSE which was also down by 6.6% in June. The global markets witnessed a lot of volatility and uncertainty along the bourses owing to developments on the Greek debt crisis and uncertainty over the timing of rate increases by the US. If Greece defaults in its payment to IMF it might have to leave the Euro zone and might spark a global risk-off trade. Greece owes 240 billion euros to the European Commission, the European Central Bank (ECB) and the IMF, together referred to as the troika. Even though India does not have direct exposure to Greece and has built up sufficient foreign exchange buffers domestic markets might suffer on account of volatility in emerging market currencies, negative investor sentiment and foreign outflows.

On the domestic front sentiments were low due to subdued corporate earnings, bleak guidance of future earnings, declining exports and RBI's decision to defer future interest rate cuts based on the monsoon outlook and its subsequent inflation impact. To provide stimulus to investments and growth in the country RBI had cut repo by 0.25% to 7.25 % in its second bi monthly meeting in June but warned about further rate cuts in future. Both CPI and WPI for May continued to be in the comfort zone of RBI. CPI rose to 5.01% for the month of May 2015 from 4.87% in previous month of April. WPI continued to fall and was -2.4% in May from -2.7% in April as prices of petrol and diesel were raised in May with rise in global oil prices and weaker rupee.

In the month of May exports and imports were lowest in past 5 years due to slowing global demand, decline in oil prices, contraction in non oil and non gold inbound shipments. In May exports (US $22.34 billion) and imports (US $ 32.75 billion) were lower by 20.19 % and 16.52 % respectively relative to the year ago period. Decline in exports was noticed in key major sectors like gems and jewellery, engineering goods, leather and petroleum.

Gold imports were 18% higher in May with respect to the corresponding period previous year. Oil imports (US $8.54 billion) during May, 2015 were 40.97 % lower than oil imports in the corresponding period last year mainly due to fall in crude prices. Non-oil imports (US $24.21 billion) during May, 2015 were 2.24 % lower YOY. The trade deficit was US $10.41 billion in May. The trade deficit for April-May, 2015-16 was estimated at US $ 21.39 billion.

In 4QFY15 due to a fall in gold imports by about US $ 3 billion and low average price of crude oil imports leading to lower trade deficit over 3QFY15, India's Current Account Deficit (CAD) was US $1.3 billion in 4QFY15 from US $ 8.3 billion in 3QFY15. India's trade deficit declined to US $144.2 billion in FY15 from US $147.6 billion in FY14. In 4QFY15 balance of payments (BoP) was in positive territory. The addition to reserves was US$30.2 billion in 4QFY15 against $7.1 billion in 4QFY14.

The combined Index of Eight Core Industries was 4.4 % higher YOY at 178.6 in May, 2015 after two consecutive months of decline. The Eight Core Industries comprise nearly 38 % of the weight of items included in the Index of Industrial Production (IIP). Barring Natural gas all the core sectors showed positive growth with refinery products production registering the highest growth of 7.9% followed by coal (7.8%),electricity (5.5%),steel (2.6%) and cement (2.6%).

Manufacturing PMI decreased to 51.3 in June from 52.6 in May mainly due to decline in output and new order flow. Service PMI also declined to 47.7 in June from 49.6 in May due to fall in private sector output and reduction in services activity.

FDI inflow was up by 112% to US $3.6 billion in April from US$ 1.7 billion in the corresponding period previous year in response to the measures being taken by the government to improve the business environment in the country. FDI in the manufacturing and non manufacturing sector was up by 142% and 93% respectively in April. With increase in capital goods production, manufacturing growth surged and IIP was 179.7 for the month of April 2015, up 4.1% with respect to the corresponding period previous year. Manufacturing sector registered the growth of 5.1% and capital goods showed growth of 11.1% over the corresponding period of previous year.

June auto sales have not been as promising as expected and overall 1QFY16 sales have been mainly driven by new launches, upgrades and improved consumer buying sentiment. The passenger vehicles segment saw flat sales for Maruti up only by 1.6% YOY in June. Maruti witnessed 28% YOY decline in sales of entry level cars like Alto and WagonR in June due to low rural demand whereas it saw 24% YOY increase in demand for compact cars like Swift, Celerio, Ritz and Dzire. Honda (12.7%), Tata Motors (30%) and Hyundai (8.3%) delivered positive growth compared to the corresponding previous year period. Mahindra & Mahindra and Toyota sales were down by 14.8% and 12.8% YOY respectively in June.

In the two-wheeler segment Hero Moto Corp, TVS Motor, Honda Motorcycle & Scooter India (HMSI) and Bajaj Auto showed positive growth over previous year period. The two wheeler segment largely depends on the rural market for its sales which have been low due to delay in monsoon and early crop damage. However in June the commercial vehicle segment saw robust increase in sales of Ashok Leyland by 46 % YOY albeit on a smaller base. Ashok Leyland sold 8,048 medium and high commercial vehicles (M&HCV) in June 2015 as compared to 5,501 units a year ago. On the other hand M&HCV sales of Tata Motors and Mahindra & Mahindra in June showed a degrowth of ~4% YOY each. With revival in monsoon and festive season in the coming rural consumption is expected to pick up in the second half of the year.

With surplus monsoon, growing production in the core sectors and increasing IIP data, inflation within its comfort zone, infrastructure boost, limited vulnerability of the Indian currency towards emerging market currencies, strong economic fundamental factors and low Indian exposure to Greece crisis hopes are high for future interest rate cuts and a growth in the economy at a favourable pace.

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 19% Cumulative Annualised Growth Rate since inception accompanied by relatively lower levels of volatility as measured by the beta and standard deviation.

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.

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%)

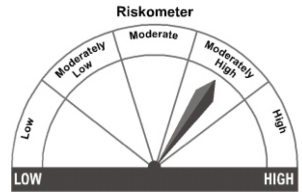
Loads: No Entry load
Exit load 1.00% is payable if units are redeemed / switched – out within 365 days from the date of allotment

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

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 30 June 2015

Equity Portfolio

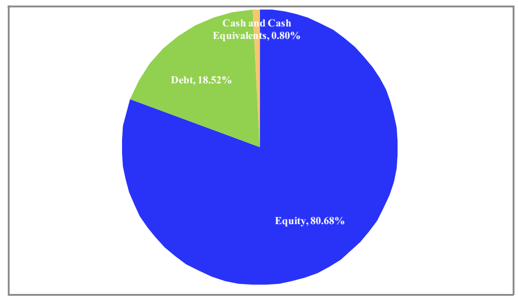
Axis Bank Ltd.	4.43%
HDFC Bank Ltd.	4.18%
Housing Development Finance Corporation Ltd.	3.78%
ICICI Bank Ltd.	3.54%
Tata Consultancy Services Ltd.	3.34%
HCL Technologies Ltd.	3.30%
Dr. Reddy's Laboratories Ltd.	3.20%
Maruti Suzuki India Ltd.	3.17%
LIC Housing Finance Ltd.	2.84%
Infosys Ltd.	2.65%
Larsen & Toubro Ltd.	2.52%
Kotak Mahindra Bank Ltd.	2.34%
Aurobindo Pharma Ltd.	2.32%
Reliance Industries Ltd.	2.20%
The Federal Bank Ltd.	2.06%
State Bank of India	1.95%
Britannia Industries Ltd.	1.73%
Bharat Petroleum Corporation Ltd.	1.73%
Eicher Motors Ltd.	1.71%
IndusInd Bank Ltd.	1.70%
IDFC Ltd.	1.68%
Bharat Electronics Ltd.	1.59%
Apollo Hospitals Enterprise Ltd.	1.45%
Bank of Baroda	1.43%
ITC Ltd.	1.35%
Tata Motors Limited	1.23%
Tata Steel Ltd.	1.19%
Ultratech Cement Ltd.	1.11%
Amara Raja Batteries Ltd.	1.02%
Tech Mahindra Ltd.	1.00%
Lupin Ltd.	0.92%
Asian Paints Ltd.	0.86%
Shree Cements Ltd.	0.86%
Sun Pharmaceuticals Industries Ltd.	0.86%
Apollo Tyres Ltd.	0.78%
Mahindra & Mahindra Ltd.	0.76%
Bharat Forge Ltd.	0.74%
Natco Pharma Ltd.	0.74%
UPL Ltd.	0.72%
Power Grid Corporation of India Ltd.	0.70%
Oil India Ltd.	0.65%
Oil & Natural Gas Corporation Ltd.	0.63%
Bata India Ltd.	0.61%
AIA Engineering Ltd.	0.60%
Bajaj Auto Ltd.	0.52%
GAIL (India) Ltd.	0.52%
Hero MotoCorp Ltd.	0.42%
TVS Motor Company Ltd.	0.27%
MRF Ltd.	0.25%
Page Industries Ltd.	0.22%
MindTree Ltd.	0.18%
Persistent Systems Ltd.	0.13%
Equity Total	**80.68%**

Debt Portfolio

Debt Portfolio	Rating	
HDFC LTD COMMERCIAL PAPER	ICRA-A1+	14.32%
TATASONS LTD	CRISIL-AAA	0.62%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.07%
HDFC LTD	CRISIL-AAA	1.51%
Debt total		**18.52%**

Cash & Cash Equivalent 0.80%

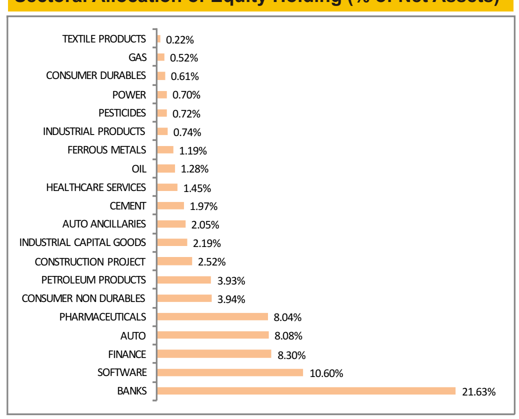
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	13.3178
Dividend Option	11.8312
Regular Plan	
Growth Option	13.2048
Dividend Option	11.7496

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Risk Indicators

Portfolio Beta : 0.9280	Standard deviation of Daily Mean Return: 0.5443%

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.

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