



# SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

# Fund *F*acts

As on 31 March 2014



## *Economic Commentary and Market Review - March 2014*

Barring four trading sessions, the benchmark Nifty index ended in the positive zone throughout the month of March as investors went on a buying spree expecting a bull-rally. Nifty scaled a high of 6,730 in March after recording highest levels for six consecutive sessions and exited the month with a 6.8% return, well above the 3.1% return in February. India turned out to be one of the best performing markets compared to emerging market peers such as Brazil, China, Russia, Taiwan, Malaysia as well as some Eastern European and Latin American countries.

PSU Banks turned out to be the best performing sector (with 26.6% gain) riding on lower valuation and prospects of economic recovery, in contrast to last month when it was one of the laggards. The recent rally, a typical pre-election rally, has led investors to shift from export oriented sectors like information technology, fast moving consumer goods and pharmaceuticals to cyclicals like capital goods, banking and real estate.

Developments on the economic front reported a mixed trend with both CPI and WPI dropping to 8.1% in February (8.79% in January) and 4.68% (5.05%), respectively. Easing of inflation augurs well for the economy as it creates conditions conducive to growth and increases the purchasing power of consumers and therefore the pricing power of producers. Furthermore, positive industrial production growth in January (albeit only 0.1%), after three months of contraction came as a blessing for the Indian economy, when the consensus estimate was a contraction of almost 1%.

Market sentiments are upbeat riding on the hopes of a stable government after the forthcoming general elections that would bring the economy back on the growth path. In anticipation of this widely expected outcome Foreign Institutional Investors (FIIs) and hedge funds have built significant positions and aggressively increased exposure to Indian capital markets taking total FII investments in CY14 across equity and debt to the psychologically significant level of \$10 billion by the first week of April. FII investment in the equities segment for the year till March stood at \$3.65 billion.

Improved macro indicators, rising market barometers coupled with aggressive buying by overseas investors resulted in the rupee breaching the 60-level mark against the dollar (in March), for the first time in eight months. In addition to the sharp contraction in current account deficit, several measures undertaken by the RBI have helped the domestic currency appreciate almost 12% from its lowest level in August 2013. These positive developments have restored international confidence to a great extent and helped to bring back the large institutional investors.

Factoring in the easing of inflation, the RBI kept the repo rate and cash reserve ratio unchanged at 8% and 4%, respectively during the monetary policy review, in line with street expectations. This comes as a big relief for the economy, as ever since taking office in September, RBI Governor Raghuram Rajan has raised the repo rate three times by a total of 75 basis points to combat inflation and inflationary expectations.

Notwithstanding what has been said above, the state of Indian economy is not as buoyant as the markets seem to suggest. Disappointing GDP growth for 3Q14 (at 4.7%) leading to a lower than 5% growth rate for

fiscal 2014 as well as weak HSBC PMI data (manufacturing and services) indicate that the real economy in India is still under pressure. Moreover, untimely rain during March in several parts of the country has led to significant crop failure that might push up inflation in the forthcoming months. The possibility of El Nino phenomenon is another dampener for the economy. Further, there is talk of an increase in short term interest rates in the US in line with the phased withdrawal of the bond buying programme. This would influence monetary policy in emerging markets including India as higher interest rates would be a necessary tool to defend the currency. Consequently, a softer interest rate regime in the near term looks bleak. With public sector banks selling distressed assets to ARCs, the pipeline for corporate debt restructuring still active and possible valuation losses on the debt securities portfolio of Banks, the woes that plague the financial sector are far from over. The corporate earnings season, to be unveiled soon, may lead to market volatility and would need to be watched closely to see if there is a broad based recovery in the offing that could lead to a more sustained and durable rally in the markets.

With India going for elections in the coming months, we foresee a fair degree of uncertainty and lack of any significant economic activity or direction in the near term. Our fund's investment strategy based on prudence at the expense of near term gains continues to remain overweight on sectors that have strong earnings visibility and sustainable growth viz. technology, pharmaceuticals and auto components as well as selected private sector banks and consumer staples. The fund generated a return of 5.93% since inception and declared its maiden dividend of Re 0.25 per unit for the dividend plan within three months of its launch. In our view the conservative investment strategy has made the fund well-equipped to mitigate external non-financial event related risks and volatility of uncertain markets that usually mark the run up to the election months.

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 March 2014

## Equity portfolio

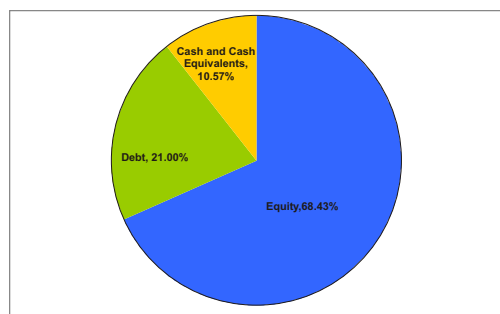
Tata Consultancy Services Ltd.	5.95%
ITC Ltd.	3.96%
HDFC Bank Ltd.	3.79%
HCL Technologies Ltd.	3.41%
Dr. Reddy's Laboratories Ltd.	3.26%
Tech Mahindra Ltd.	3.17%
Housing Development Finance Corporation Ltd.	3.02%
Sun Pharmaceuticals Industries Ltd.	2.90%
Lupin Ltd.	2.67%
Asian Paints Ltd.	2.39%
Axis Bank Ltd.	2.31%
Maruti Suzuki India Ltd.	2.30%
Larsen & Toubro Ltd.	2.09%
Infosys Ltd.	1.92%
Tata Global Beverages Ltd.	1.68%
Idea Cellular Ltd.	1.65%
Ultratech Cement Ltd.	1.64%
Reliance Industries Ltd.	1.51%
Cipla Ltd.	1.49%
Mahindra & Mahindra Ltd.	1.46%
ICICI Bank Ltd.	1.36%
Bajaj Auto Ltd.	1.26%
Oil & Natural Gas Corporation Ltd.	1.04%
Bharat Petroleum Corporation Ltd.	0.90%
Pidilite Industries Ltd.	0.82%
Apollo Hospitals Enterprise Ltd.	0.79%
IPCA Laboratories Ltd.	0.79%
Divi's Laboratories Ltd.	0.77%
Shree Cements Ltd.	0.71%
Eicher Motors Ltd.	0.71%
Amara Raja Batteries Ltd.	0.69%
Berger Paints (I) Ltd.	0.67%
Glenmark Pharmaceuticals Ltd.	0.66%
MindTree Ltd.	0.63%
Britannia Industries Ltd.	0.63%
ING Vysya Bank Ltd.	0.51%
Bata India Ltd.	0.51%
Oil India Ltd.	0.47%
PI Industries Ltd	0.46%
Balkrishna Industries Ltd.	0.42%
Natco Pharma Ltd.	0.39%
Persistent Systems Ltd.	0.34%
Alembic Pharmaceuticals Ltd.	0.21%
EClerx Services Limited	0.12%
<b>Equity Total</b>	<b>68.43%</b>

## Debt Portfolio

INDIAN BANK CD 02AP14	20.19%
9.74% SECURED NCD TATASONS LTD 13JN24	0.81%

**Debt total 21.00%**

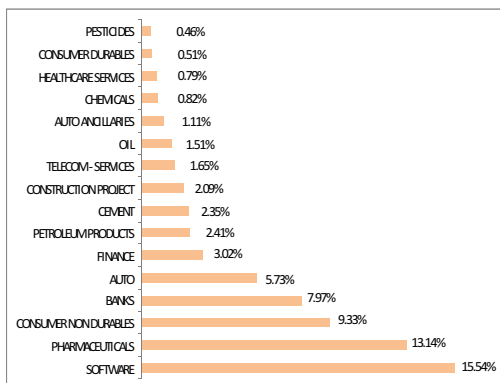
## Portfolio composition



## NAV details (Rs)

<b>Direct Plan</b>	
Growth Option	10.5959
Dividend Option	10.3385
<b>Regular Plan</b>	
Growth Option	10.5771
Dividend Option	10.3242

## Sectoral Allocation





**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](http://www.shriramamc.com), email ID: [info@shriramamc.com](mailto: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.**

