SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 31 March 2015

Economic Commentary and Market Review - March 2015

After a flattish February, the last month of FY2014-15 witnessed a 4% drop in the benchmark Nifty index (close at 8,491). Other than Pharma (gained 11%), all other sectoral indices were in the negative zone during the month, the worst being PSU banks (down 11%). Mounting tension in the Middle East and profit booking led the downside in the market. However, for full FY2014-15, the BSE Sensex and Nifty gained 25% and 27%, respectively.

Foreign investors maintained their bullish stance on India and pumped in $3.34 billion ($1.95 billion in equities and $1.39 billion in debt) in March taking total investment in the first three months of 2015 to $12.8 billion ($5.90 billion in equities and $6.90 billion in debt). Given the promise India holds, reform measures currently being undertaken and stable governance, India is likely to continue as a preferred destination for the FIIs.

Many global central banks have increased their investments in India's debt markets in the past three years driven by factors such as a stable currency, low volatility in bond yields, and a relatively high risk-adjusted return. According to data compiled by ETIG, of the total FII investment in India's debt markets, the share of global central banks has increased to 15% in January 2015 from 2% three years ago.

Crude oil prices remained volatile from several factors - went up as Saudi Arabia, the biggest crude exporter launched airstrikes in Yemen and also dropped with record inventory levels and huge supply. Benefitting from falling crude prices, import of petroleum, petroleum products and crude have been on the decline over the last few months (drop of ~56% in February to $6.1 billion). Imports during February 2015 was down by 15.7% to $28.4 billion while exports also dropped almost by the same magnitude to $21.5 billion. Supported by the sharp decline in crude prices, India's trade deficit narrowed to $6.85 billion, the lowest since September 2013.

While lower import augurs well for India's trade balance, the fall in exports for the third straight month remains an overhang. The rupee has remained almost stable against the dollar in the recent past. However, euro has depreciated almost 20% in the past year owing to weak economic outlook in the region that negatively impacted India's exports. Europe accounts for 17% of India's total exports.

Recently, the government unveiled new Foreign Trade Policy for 2015-20 targeting $900 billion of merchandise and services export by 2020. The policy has been aligned with the government's “Make in India” campaign that is aimed at attracting foreign investments in India.

During 3Q15, India's current account deficit (CAD) narrowed to 1.6% of GDP (at $8.4 billion) better than 2% of GDP ($10.1 billion) in the quarter ended September but worse than the year-ago quarter of 0.9% of GDP (at $4.1 billion). Trade deficit during the quarter reached the highest level in the last six quarters, at $39.2 billion despite huge drop in crude prices during this period. This was primarily because of rise in gold imports to $11.1 billion in 3Q15 compared with $3.1 billion in the year-ago quarter with the government easing restrictions on gold import. Nevertheless, gold imports eased to$3.5 billion for the first two months of 2015 based on which we expect the import scenario to improve in 4Q15.

Aided by a moderate CAD and stronger financial inflows, accretion to India's foreign exchange reserves was $31.3 billion for the first 3 quarters of FY15 on a cumulative basis compared to $8.4 billion of growth in foreign exchange reserves recorded for the first 3 quarters of the year ago (FY14) period.

With inflation being in the comfort zone over the past few months and lower crude prices, the RBI reduced repo rate once again by 25 bps in March, soon after reducing it by 25 bps in January 2015 (for the first time since January 2014). WPI and CPI came in at -2.06% and 5.37%, respectively, during February 2015. The base year for calculating CPI was changed to 2012 (from 2010) giving more weight to services like education and health since January.

The HSBC PMI data (manufacturing) came in at 52.1 in March 2015, rising from 51.2 in February, with momentum building in manufacturing. The index of industrial production improved to 2.6% in January compared with 1.7% in December 2014. Other than mining that dipped 2.8%, manufacturing and electricity increased 3.3% and 2.7%, respectively. While these were positive news, data for core sector growth and car sales were not quite encouraging.

The core infrastructure segment (comprising of eight key industries and representing 38% of IIP) displayed a growth of only 1.4% in February (the lowest since October 2013) despite the government's efforts to boost domestic production. While coal and electricity grew 11.7% and 5.2%, respectively, output of natural gas and steel dipped that led to lower core sector growth.

After a two-year drop, passenger car sales in India were in the positive zone, with five major players (Maruti Suzuki, Hyundai, Honda, Toyota and Nissan) posting double-digit gains in FY14-15. The passenger vehicles segment reported a moderate growth of 5% for the YTD period ending February 2015 on a year on year basis while the heavier category of commercial vehicles reported a 15% rise in the same period indicating a gradual but steady turnaround in the sector. The lighter commercial vehicles continue to a register a drop in volumes but the rate of de-growth has reduced suggesting that the cycle may have bottomed out. The recovery in the auto sector has been uneven across categories (positive for domestic cars - entry sedans, scooters, medium and heavy commercial vehicles) whereas there was a dip in volumes in some other segments (two wheelers, tractors and light commercial vehicles). The sales data thus point to a distinct shift in demand from the rural areas and a gradual pickup in the transport sector spurred by an increase in commercial and industrial activity. The trend is expected to continue albeit at a slow pace as we expect a revival in investment demand and the continuation of consumption demand in urban areas driven by rising income levels, lower petrol and diesel prices and possibly lower interest rates.

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 32% since inception accompanied by relatively lower levels of volatility as measured by the beta and standard deviation.

The focus is now on sectors that are largely expected to benefit from the Government's thrust on infrastructure and manufacturing. The challenge however remains that in these sectors, quality investments are few and far between and those that exist have very high valuations. The fund is also going to remain favourably disposed towards rate sensitive sectors such as banking, automobiles and in particular housing finance companies as these are likely to benefit the most with successive rate cuts and a lower interest rate regime that is widely expected to prevail in the current financial year.

It has been our endeavour to stay invested in quality stocks with an all weather business model which are steered by capable and professional management. Our prudent and moderately conservative investment strategy have yielded a healthy market defined returns outcome as well as a cumulative dividend payout of Rs.1.3 per unit with a face value of Rs 10 in 2014 and supports the fund objective of longer term durable superior risk adjusted returns in time to come.

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.

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

Shriram Equity and Debt Opportunities Fund

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 2015

Equity portfolio

Company	% to NAV	% to NAV Derivatives
Housing Development Finance Corporation Ltd.	4.18%	
Axis Bank Ltd.	4.13%	
Dr. Reddy's Laboratories Ltd.	4.01%	
HDFC Bank Ltd.	3.73%	
ICICI Bank Ltd.	3.67%	
HCL Technologies Ltd.	3.56%	
Tata Consultancy Services Ltd.	3.38%	
Infosys Ltd.	3.03%	
Maruti Suzuki India Ltd.	2.70%	
LIC Housing Finance Ltd.	2.64%	
Larsen & Toubro Ltd.	2.43%	
State Bank of India	2.02%	
IDFC Ltd.	1.90%	
The Federal Bank Ltd.	1.87%	
The Federal Bank Limited April 2015 Future		-0.48%
Reliance Industries Ltd.	1.85%	
Reliance Industries Ltd April 2015 Future		-1.81%
Aurobindo Pharma Ltd.	1.77%	
IndusInd Bank Ltd.	1.73%	
Bank of Baroda	1.65%	
Bharat Petroleum Corporation Ltd.	1.60%	
Bharat Electronics Ltd.	1.58%	
Tata Motors Limited	1.56%	
Apollo Hospitals Enterprise Ltd.	1.53%	
ING Vysya Bank Ltd.	1.48%	
Eicher Motors Ltd.	1.43%	
ITC Ltd.	1.39%	
Tech Mahindra Ltd.	1.39%	
Britannia Industries Ltd.	1.33%	
Tata Steel Ltd.	1.25%	
Tata Steel Ltd April 2015 Future		-1.00%
Ultratech Cement Ltd.	1.06%	
Sun Pharmaceuticals Industries Ltd.	1.00%	
Lupin Ltd.	0.99%	
Amara Raja Batteries Ltd.	0.95%	
Asian Paints Ltd.	0.93%	
Bharat Forge Ltd.	0.91%	
Oil India Ltd.	0.89%	
Shree Cements Ltd.	0.81%	
Apollo Tyres Ltd.	0.79%	
Apollo Tyres Ltd April 2015 Future		-0.71%
AIA Engineering Ltd.	0.76%	
Power Grid Corporation of India Ltd.	0.74%	
Mahindra & Mahindra Ltd.	0.72%	
Natco Pharma Ltd.	0.70%	
Kotak Mahindra Bank Ltd.	0.64%	
Bata India Ltd.	0.64%	
Oil & Natural Gas Corporation Ltd.	0.63%	
UPL Ltd.	0.59%	
GAIL (India) Ltd.	0.52%	
Hero MotoCorp Ltd.	0.45%	
Bajaj Auto Ltd.	0.42%	
TVS Motor Company Ltd.	0.30%	
MRF Ltd.	0.29%	
Page Industries Ltd.	0.21%	
MindTree Ltd.	0.19%	
Persistent Systems Ltd.	0.15%	
Tamil Nadu Newsprint & Papers Ltd.	0.11%	
Jammu & Kashmir Bank Ltd.	0.01%	
Equity Total	**81.19%**	**-4.00%**

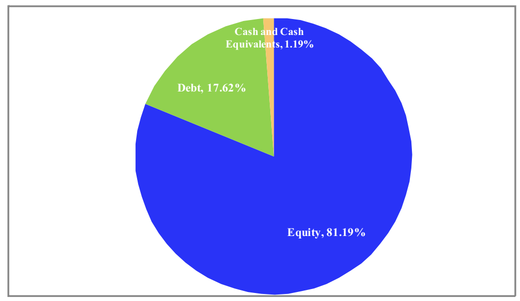
Total Exposure to derivative instruments as on 31/03/2015 : Rs. 1.33 Crores

Debt Portfolio Rating

HDFC LTD COMMERCIAL PAPER	ICRA-A1+	14.88%
TATASONS LTD	CRISIL-AAA	0.64%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	2.10%
Debt total		**17.62%**

Cash & Cash Equivalent 1.19%

Portfolio composition



NAV details (Rs)

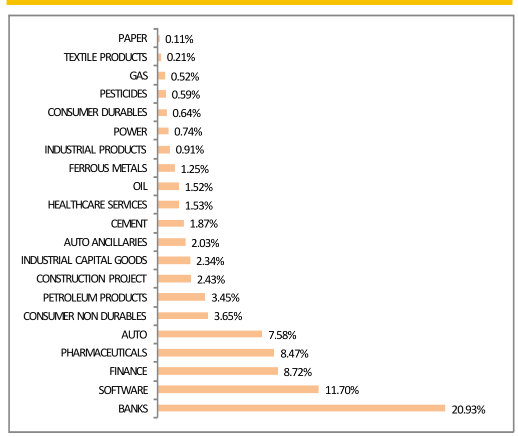
Direct Plan

Growth Option	13.2788
Dividend Option	11.8019

Regular Plan

Growth Option	13.1869
Dividend Option	11.7337

Sectoral Allocation of Equity Holding (% of Net Assets)



Quantitative Risk Indicators

Portfolio Beta : 0.8656	Standard deviation of Daily Mean Return: 0.4985%

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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Nurturing Trust, Shaping Dreams

Registered Office : Wockhardt Towers, 2nd Floor, East Wing, C-2, G Block,
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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.