



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 31 March 2017



Economic Commentary and Market Review - March 2017

As FY17 comes to an end, it will be remembered for a spectacular performance of the equity market amidst several events - both domestic and international. The Nifty index rose more than 18% reaching 9,173 at the end of the fiscal year compared to a 9% loss in the previous financial year. Events such as Brexit, Fed rate hike, US Presidential election kept market volatile. Thereafter, the demonetization drive resulted in heavy selling pressure that took the index to almost 7,900 at the end of December 2016. However, the emphatic victory of BJP in the UP election and better-than-expected pace of re-monetization fuelled the rally in the last quarter.

Compared with other emerging markets, the Indian market lagged Brazil (up 30% in April-March 2017) as the latter benefitted from rising oil and commodity prices, however, it fared well compared to China (7%), Mexico (6%) and Russia (7%). Increase in commodity prices, especially metal, led to 62% rise in CNX metal index making it the best performing sector in FY17 followed by PSU Banks (up 44%), Energy (up 38%), Realty (up 37%) and Media (up 37%). IT and Pharma were the only two sectors to record negative return during the fiscal year.

The market rally was propelled by strong inflows from FIIs and DIIs. FIIs pumped in \$4.69 billion in Indian equities during the month, higher than investment in entire 2016 (\$3.17 billion). For the first three months of CY2017, FIIs have pumped in almost \$6 billion. They remained net buyers in the debt market as well to the tune of \$3.9 billion during March. The absolute victory of the ruling party in the key state of UP instilled confidence that owing to political stability, reform measures such as GST implementation would be done at a faster pace.

In the first quarter of 2017, the Indian Rupee has appreciated 4.7% against the US dollar. Skepticism about implementation of Donald Trump's agenda led to the fall in dollar against major currencies. Moreover, the change in RBI's stand from accommodative to neutral in the sixth bi-monthly monetary policy of FY17 resulted in rise in bond yields that in turn led to FII inflows in debt market beside heavy influx of FII funds in equity markets.

GDP growth for the third quarter of FY17 was much better than expected while advance estimates for 2016-17 were retained at 7.1%. This came as an assurance with respect to fears related to demonetization. GDP estimates does not include the informal sector, which was the worst hit after demonetization of high currency notes.

Sector outlook

Banks and NBFCs

Banks have been witnessing headwinds on various fronts such as moderation in credit off-take, pressure on margins and deteriorating asset quality. However, CNX Bank gained 33% during FY17 with PSU banks outperforming the private peers. Expectation of NPA resolution in near term fuelled rally in PSU bank stocks. However, with bond yields inching up trading gains in the fourth quarter should moderate compared to the previous one. Reduction in net slippages will be monitored strictly during earnings. Meanwhile, demonetization has enabled banks boost deposit growth despite reduced interest rates on term deposits.

Despite being impacted from demonetization, housing finance companies have been witnessing pick-up in disbursements. Moreover, interest subvention schemes for middle-income group (MIG) could provide some thrust to growth.

Information Technology

The IT sector has been witnessing several challenges such as muted demand, pricing pressure in traditional services, cross currency fluctuation, impact of automation, global macro uncertainties and the possibility of tightening of H1B visa norms by the new US administration. In this backdrop, NASSCOM has also deferred growth projections for FY18. IT companies, sitting on huge pile of cash, are considering buybacks to address shareholder concerns amidst falling stock prices, which also made valuation quite attractive. TCS and HCL Tech have already announced buyback offers.

However, sharp appreciation of the Indian Rupee since the beginning of 2017 might adversely impact margins of IT players, which would have consequent impact on earnings in the 4Q17 earnings, slated to be announced soon.

Pharma

The pharma sector has been one of the worst performers over the last one year due to several headwinds - US FDA regulatory issues, pricing pressure in the US market, currency volatility in emerging markets and investigations by DOJ regarding price fixing of drugs. While the situation was thought to have improved with Cadila and Sun Pharma getting approvals for Moraiya and Mohali facilities, respectively, the recent import alert for Divi's Laboratories' Vizag facility came as a shocker. Though approval process has slowed down, drug pipeline of some players such as Aurobindo Pharma, Natco and Sun Pharma are attractive. Long-term outlook for the sector remains positive due to niche US pipeline for some players and high growth in the domestic market.

Automobiles

The sector was in limelight recently over uncertainties regarding sale of BS III vehicles beyond 31st March. After SC ruling banned sale of BS III vehicles from April 1, dealers across the country resorted to hefty discounts to clear inventories, especially for 2Ws. Companies would target export market for unsold stocks of BS-III vehicles. With respect to outlook, farm equipment sales should report better growth owing to the upcoming sowing season. Besides good monsoon, last year has given more income in the hands of farmers. As a result, tractor sales for the past few months were quite strong.

In the passenger vehicle segment, Maruti reported 8% y/y growth in March with higher booking for Ignis and continued demand for Baleno and Brezza. Tata Motors also witnessed sustained demand for Tiago and good response for recently launched Hexa and Tigor.

Oil and Gas

Brent declined amid reports of increasing US shale oil production and increased output from Libya. OMCs remained the preferred stocks amidst low oil price scenario.

Meanwhile, the government marginally cut natural gas price to \$2.48 per million British thermal unit, the fifth reduction in two years for a 6-month period from April 1 from the current level of \$2.5. This reduction would result in lower raw material cost for CNG and PNG players as well as for power generation and fertilizer companies.

Infrastructure

The Budget laid emphasis on a new integrated infrastructure planning roadmap comprising roads, railways, waterways and civil aviation. The budget allocated a record Rs.3.96 lakh crores to infrastructure with allocation for national highways going up. The budgetary allocation for railways stood at the highest ever level of Rs 1.31 lakh crores, up 8.3% from previous year. The budget also set aside a large sum of money for safety fund in railways.

Cement

Overcoming the adverse impact of demonetization cement demand witnessed a decent recovery in March as construction activity picked up. All regions, other than south, witnessed an improvement in demand during the month. Demand growth was primarily led by infrastructure companies as they try to meet their respective annual targets. Cement companies hiked prices in north by Rs 10/15 per 50 kg bag but reduced prices in south. Profitability in the fourth quarter could be impacted due to higher power and fuel cost on account of sharp increase in petcoke prices in the last few months. Outlook for the sector looks bright with the government's focus on infrastructure and affordable housing.

Commodities

As per a World Bank study, metal prices are projected to increase in 2017 due to contracting markets for most metals, especially those facing impending resource constraints. However, metal prices fell sharply towards the end of the month over pessimism over the speed of Donald Trump's economic reforms and infrastructure initiatives after his health care reform bill failed. Earlier, metals rallied on hope that Trump being the new US President would spend heavily on rebuilding infrastructure.

Conclusion

The index has made a full circle, crossing 9,000 after first touching that level in March 2015. The Nifty index recorded gain in March for the third straight month backed by a well balanced budget and robust inflow of foreign capital post emphatic win of the ruling party in the key state of UP. Several factors, such as smooth implementation of GST, resolution of banking system NPA and revival of investment cycle, would decide the future course of the market.

At 23.5x trailing 12 months Nifty valuation (versus 5-year high of 24.5x), there is little room for upside unless an earnings recovery take place. On the positive front, the effect of good monsoon last year, increasing MSPs of farm produce along with receding impact of demonetization should push consumption demand in the rural economy.

Return of Shriram Equity & Debt Opportunities Fund in March stood at 11.65% CAGR (since inception) accompanied by lower levels of volatility. We have been trying to re-align portfolio to include stocks from sectors which hold promise in the current scenario. As a result, the fund has generated 10.8% return in the first quarter of CY2017 compared with benchmark return of 8.54%. Amidst volatility and short term uncertainties, we try to achieve stable risk adjusted return based on fundamentally sound good quality stocks. Upturn in commodity prices (due to supply constraint), expectation of NPA resolution in the near term and curbing of black money augur well for long term prospects of the economy. In this backdrop, retail investors would do well by maintaining their exposure to equity and equity-oriented hybrid funds such as Shriram Equity and Debt Opportunities Fund through regular systematic investments as this asset class has a consistent track record that will outpace price inflation.

Gargi Bhattacharyya Banerjee

Fund Manager

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 (Allotment Date):

29 November 2013

Fund Manager: Ms. Gargi Bhattacharyya Banerjee

Experience: Mr. Ms. Gargi Bhattacharyya Banerjee serves as the Fund Manager of Shriram Mutual Fund having an experience of over 16 years in her professional career. She joined as Research Manager in Shriram Asset Management Company Limited in November 2012. Prior to joining Shriram Asset Management Company Limited, she has held the key positions (Research Head) with Zacks Research Private Limited and Shriram Insight Share Brokers Limited. Ms. Gargi Bhattacharyya Banerjee received her Master of Business Management with specialization in Finance and Bachelor of Science with Economics (H) from University of Calcutta.

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

Average AUM: 40.56 cr.
Latest AUM: 41.14 cr.

Expenses Ratio:(Excluding service tax)
Regular : 2.27%
Direct : 1.73%

Portfolio Turnover Ratio: 45.25%

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. 1000/- minimum 12 instalments, Quarterly: Rs. 3000/- minimum 4 instalments

Shriram Equity and Debt Opportunities Fund

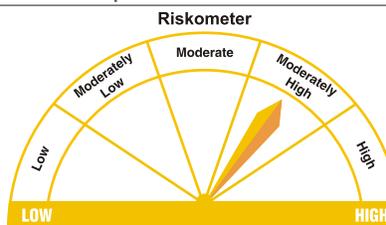
This Product is suitable for investors who are seeking*:-

- 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)
- 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



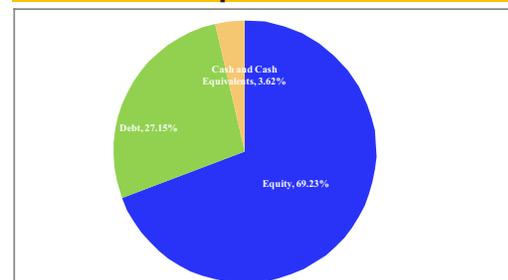
Portfolio and other facts as on 31 March 2017

Equity Portfolio	% to NAV	% to NAV Derivative
HDFC Bank Ltd.	4.90%	
Yes Bank Ltd.	3.36%	
Shree Cements Ltd.	3.02%	
HDFCorporation Ltd.	2.87%	
Ultratech Cement Ltd.	2.39%	
Kotak Mahindra Bank Ltd.	2.27%	
Bharat Petroleum Corporation Ltd.	2.26%	
Maruti Suzuki India Ltd.	2.19%	
Natco Pharma Ltd.	2.17%	
Infosys Ltd.	2.13%	
Indusind Bank Ltd.	2.12%	
IndusInd Bank Ltd. March 2017 Future		-0.42%
Britannia Industries Ltd.	2.03%	
Britannia Industries Ltd. March 2017 Future		-0.33%
Tata Motors Ltd. (DVR)	2.00%	
UPL Ltd.	1.84%	
Aurobindo Pharma Ltd.	1.80%	
Reliance Industries Ltd.	1.77%	
Axis Bank Ltd.	1.74%	
Axis Bank Ltd. March 2017 Future		-0.29%
LIC Housing Finance Ltd.	1.63%	
Bharat Electronics Ltd.	1.53%	
Larsen & Toubro Ltd.	1.47%	
Pidilite Industries Ltd.	1.36%	
Asian Paints Ltd.	1.28%	
Asian Paints Ltd. March 2017 Future		-0.63%
Marico Ltd.	1.23%	
Amara Raja Batteries Ltd.	1.21%	
Zee Entertainment Enterprises Ltd	1.08%	
Sun Pharmaceuticals Industries Ltd.	1.05%	
Page Industries Ltd.	1.01%	
Mahanagar Gas Limited	1.01%	
Eicher Motors Ltd.	0.97%	
Mahindra & Mahindra Financial Services Ltd.	0.95%	
HCL Technologies Ltd.	0.89%	
Bajaj Finance Ltd.	0.87%	
Tata Consultancy Services Ltd.	0.85%	
TVS Motor Company Ltd.	0.76%	
ICICI Bank Ltd.	0.73%	
Mahindra & Mahindra Ltd.	0.69%	
Berger Paints India Ltd	0.65%	
Shriram Transport Finance Company Ltd.	0.62%	
GODREJ CONSUMER PRODUCTS LTD.	0.62%	
Gail (India) Ltd (Ex Gas Authority Of India Ltd)	0.54%	
Lupin Ltd.	0.51%	
Indian Oil Corporation Limited	0.50%	
STATE BANK OF INDIA	0.50%	
Tech Mahindra Ltd.	0.48%	
CUMMINS INDIA LTD.	0.42%	
APOLLO HOSPITALS ENTERPRISE LTD.	0.37%	
Sundram Fasteners Ltd.	0.34%	
Ashok Leyland Ltd.	0.27%	
Havells India Ltd.	0.27%	
Oil & Natural Gas Corp Ltd.	0.26%	
KEC INTERNATIONAL LIMITED	0.26%	
TATA MOTORS LIMITED	0.26%	
BANK OF BARODA	0.26%	
Oil India Ltd.	0.25%	
Hindustan Petroleum Corpn. Ltd.	0.23%	
TE & E CO. LTD.	0.19%	
Equity Total	69.23%	-1.67%

Debt Portfolio	Rating	
HDFC LTD	CRISIL-AAA	5.03%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	9.00%
PFC LTD.	CRISIL-AAA	6.15%
REC LTD	CRISIL-AAA	6.45%
TATASONS LTD	CRISIL-AAA	0.52%
Debt total		27.15%

Cash & Cash Equivalent 3.62%

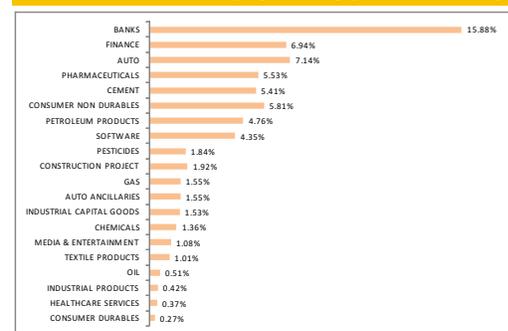
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	14.7295
Dividend Option	11.7295
Regular Plan	
Growth Option	14.4458
Dividend Option	11.5485

Sectoral Allocation of Equity Holding (% of Net Assets)

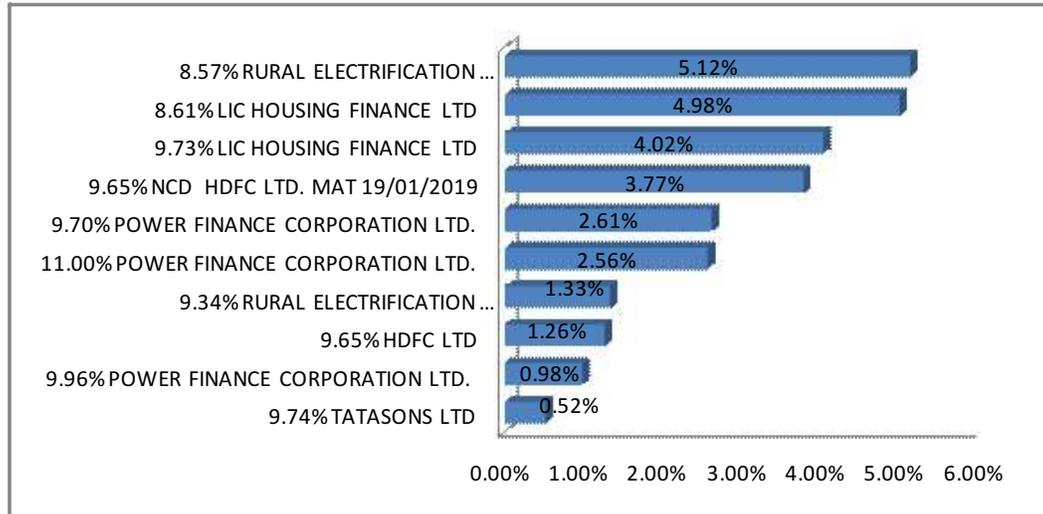


Total Exposure to derivative instruments as on 31/03/2017: Rs. 3.63 Lakhs

QUANTITATIVE DATA			
Average Maturity*	3.56 years	Standard Deviation	0.5687%
Modified Duration*	2.73 years	Portfolio Beta	0.99%
Yield to Maturity*	8.02%	Sharpe Ratio	2.13%

* Computed on the invested amount for debt portfolio

Debt Portfolio



Dividend History^A

Shriram Equity and Debt Opportunities Fund - Direct Plan- Dividend Option

Record Date	Face Value (Rs)	NAV (Rs)	Dividend (Rs.)/Unit
9-Mar-14	10.00	10.4657	0.25
27-Oct-14	10.00	11.9236	1.05
14-Nov-15	10.00	11.4100	1.15

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
14-Nov-15	10.00	11.3130	1.15

^APast 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.

Performance of Scheme:

Shriram Equity and Debt Opportunities Fund

Returns of Regular Plan - Growth Option as on March 31, 2017						
Date of inception: 29-Nov-13.						
NAV as on 31.03.17 Rs. 14.4458						
Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs. 10000	
					Scheme	Benchmark
Mar 31 2016	Last 1 Year	12.5041	15.53	16.31	11,553	11,631
Mar 31 2015	Last 2 Year	13.1869	4.66	5.65	10,955	11,170
Dec 31 2013	Last 3 Year	10.5771	10.94	11.09	13,658	13,712
November 29 2013	Since Inception	10.0000	11.65	12.14	14,446	14,660

Past performance may or may not be sustained in future. The returns are Compounded Annual Growth Returns (CAGR) for periods since Inception and absolute for 1 year and simple annualized for less than 1 year. Performance of dividend option would be Net of Dividend distribution tax, if any. Benchmark is a blend of 70% CNX NIFTY for the Equity part of the Portfolio & 30% of CRISIL Composite Bond Fund Index for its investments in Debt and Money Market Instruments. For computation of since inception returns (%) the allotment NAV has been taken as Rs. 10.00. Load is not considered for computation of returns. In case, the start/end date of the concerned period is a non business date (NBD), the NAV of the previous date is considered for computation of returns. The NAV per unit shown in the table is as on the start date of the said period.

Benchmark Index: 70% of Nifty Plus 30% CRISIL Composite Bond Fund Index. Since Inception returns are calculated 70% CAGR of Nifty plus 30% CAGR of CRISIL Composite Bond Fund Index.

SIP Performance				
	Since Inception SIP	3 years SIP	2 years SIP	1 year SIP
Total Amount Invested (Rs.'000)	400.00	360.00	240.00	120.00
Mkt Value as on Mar 31, 17 (Rs.'000)	464.54	407.73	263.06	128.97
Returns (Annualised) (%)	8.95%	8.26%	9.10%	14.19%
Benchmark Returns (Annualised) (%) #	9.66%	8.92%	10.71%	15.22%

Past performance may or may not be sustained in the future. # Benchmark index is constructed by investing Rs. 70 in Nifty and Rs. 30 in CRISIL Balanced Fund Index on the date of allotment. Assuming Rs. 10000 invested systematically on the first Business Day of every month over a period of time. CAGR returns are computed after accounting for the cash flow by using XIRR method (invest internal rate of return) for Regular Plan - Growth Option. Load is not taken into consideration for computation of performance. The above investment simulation is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. The AMC/Mutual Fund is not guaranteeing or promising or forecasting any returns.

HOW TO READ FACTSHEET

Fund Manager

An employee of the asset management company such as a mutual fund or life insurer, who manages investments of the scheme. He is usually part of a larger team of fund managers and research analysts.

Application Amount for Fresh Subscription

This is the minimum investment amount for a new investor in a mutual fund scheme.

Minimum Additional amount

This is the minimum investment amount for an existing investor in a mutual fund scheme.

Yield to Maturity

The yield to Maturity or the YTM is the rate of return anticipated on a bond if held until maturity. YTM is expressed as an annual rate. The YTM factors in the bond's current market price, par value, coupon interest rate and time to maturity.

SIP

SIP or systematic investment plan works on the principle of making periodic investments of a fixed sum. It works similar to a recurring bank deposit. For instance, an investor may opt for an SIP that invests Rs 500 every 15th of the month in an equity fund for a period of three years.

NAV

The NAV or the net asset value is the total asset value per unit of the mutual fund after deducting all related and permissible expenses. The NAV is calculated at the end of every business day. It is the value at which the investor enters or exits the mutual fund.

Benchmark

A group of securities, usually a market index, whose performance is used as a standard or benchmark to measure investment performance of mutual funds, among other investments. Some typical benchmarks include the NIFTY, Sensex, BSE200, BSE500, 10-year Gsec.

Entry load

A mutual fund may have a sales charge or load at the time of entry and/or exit to compensate the distributor/agent. Entry load is charged at the time an investor purchases the units of a mutual fund.

The entry load is added to the prevailing NAV at the time of investment. For instance, if the NAV is Rs. 100 and the entry load is 1 %, the investor will enter the fund at Rs. 101. (note: SEBI, vide circular dated June 30, 2009 has abolished entry load and mandated that the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor).

Exit load

Exit load is charged at the time an investor redeems the units of a mutual fund. The exit load is reduced from the prevailing NAV at the time of redemption. The investor will receive redemption proceed at net value of NAV less Exit load. For instance if the NAV is Rs. 100 and the exit load is 1%, the investor will receive Rs. 99.

Modified Duration

Modified duration is the price sensitivity and the percentage change in price for a unit change in yield.

Standard Deviation

Standard deviation is a statistical measure of the range of an investment's performance. When a mutual fund has a high standard deviation, it means its range of performance is wide, implying greater volatility.

Sharpe ratio

The Sharpe Ratio, named after its founder, the Nobel Laureate William Sharpe, is a measure of risk-adjusted returns. It is calculated using standard deviation and excess return to determine reward per unit of risk.

Beta ratio (portfolio Beta)

Beta is a measure of an investment's volatility vis-a-vis the market. Beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 implies that the security's price will be more volatile than the market.

R Squared

It is a statistical measure of how closely the portfolio returns are correlated with its benchmark.

AUM

AUM or assets under management refers to the recent / updated cumulative market value of investments managed by a mutual fund or any investment firm.

Holdings

The holdings or the portfolio is a mutual fund's latest or updated reported statement of investments/securities. These are usually displayed in terms of percentage to net assets or the rupee value or both. The objective is to give investors an idea of where their money is being invested by the fund manager.

Nature of Scheme

The investment objective and underlying investments determine the nature of the mutual fund scheme. For instance, a mutual fund that aims at generating capital appreciation by investing in stock markets is an equity fund or growth fund. Likewise, a mutual fund that aims at capital preservation by investing in debt markets is a debt fund or income fund. Each of these categories may have sub-categories.

Rating Profile

Mutual funds invest in securities after evaluating their creditworthiness as disclosed by the ratings. A depiction of the mutual fund in various investments based on their ratings becomes the rating profile of the fund. Typically, this is a feature of debt funds.



Registered Office :Wockhardt Towers, 2nd Floor, East Wing, C-2, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

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Website: www.shriramamc.com, email ID: info@shriramamc.com

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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.

