SHRIRAM Mutual Fund

Nurturing Trust, Shaping Dreams

Fund Facts

As on 31 May 2016

Economic Commentary and Market Review - May 2016

For the third consecutive month, the benchmark Nifty index ended in the positive zone in May, up 3.95% to 8,160. Other than pharma (down 2.6%) and energy (flat), all the sectors were in the positive with finance companies being the best performer (7% growth). Banking, especially private sector banks and finance companies were strong during the month.

FII inflows have enabled the market to remain buoyant with inflow of $380.34 million (though lower than $1,267.01 million in April) taking total inflows during the first five months of 2016 to $2,348 million. MFs were net buyers to the tune of Rs 6,308 crores that helped the markets to remain strong.

Meanwhile, as per data by SIAM, passenger car sales grew 6.26% y/y to 231,640 units in May on the back of robust demand for compact utility vehicles. Demand for utility vehicles and vans (that rose 42.83% and 16.46%, respectively) aided total passenger car sales growth. Besides, sales of commercial vehicles, a key indicator of economic activity, increased 16.9% y/y to 57,089 units. Outlook for the year holds promise with possibility of good monsoon, increased disposable income in the hands of government employees (post implementation of seventh pay commission) and government's focus on rural economy and infrastructure spending.

Economic news for the domestic economy was disappointing with respect to both inflation and industrial production data. After the already high level of 5.47% in April (revised upward from previous level of 5.39%), CPI in May scaled up further to 21-month high of 5.76% as food price inflation widened further. Rise in vegetables and pulses prices kept WPI in the positive territory for the second month in a row at 0.79% in May (0.34% in April). Prior to April WPI was in the negative territory for seventeen months. Food inflation stood at 7.9% in May compared with 4.23% in April with prices of pulses remaining elevated (35.6%) coupled with sharp gain fruits and vegetables prices (at 7.7% in May versus drop of 0.53% in April).

Data for index of industrial production has been quite volatile since the beginning of the year. After declining in January by 1.5%, it recorded a robust 2% growth in February only to come down to a mere 0.1% in March followed by de-growth of 0.8% in April 2016. Manufacturing, which constitutes about 75% of the index dropped 3.1% during the month and has been in the negative zone barring February this year. The dismal manufacturing scenario is corroborated by PMI data which is hovering around the 50-range over the last few months. The growth in electricity (14.6%) and mining (1.4%) was not enough to grow the industrial production.

For six months in a row capital goods is on a declining trend, it was down 25% in April signalling a bleak investment outlook. With weak demand, capacity utilisation remaining low, room for big-ticket capital expenditure remains low. Among the other industries, basic (4.8%) and intermediate goods (3.6%) and consumer durables (11.8%) recorded robust growth while consumer non-durables and consumer goods recorded 9.7% and 1.2% dip, respectively. Output of consumer goods dipped 1.2% after remaining almost unchanged for the previous three months.

Given the sudden rise in inflation in April, it was expected that RBI would hold interest rates in its bi-annual meeting in June 2016. As a result, the repurchase rate and cash reserve ratio were kept unchanged at 6.5% and 4%, respectively. Although rates were not lowered, RBI governor clarified that the stance of the monetary policy still remains accommodative and further scope of policy action will depend on other economic developments. Unexpected and sharp uptick in inflation, impending implementation of 7th Pay Commission, monsoon and its likely impact on food prices, and the recent uptick in commodity prices kept the RBI in a wait and watch mode. Meanwhile, manufacturing PMI in May remained dull though edged a bit higher to 50.7 in May 2016 (50.5 in April) signifying signs of challenging economic conditions in the Indian manufacturing sector. In contrast to dull PMI and IIP data India's GDP grew 7.9% in the fourth quarter of 2015-16, increasing overall growth for the entire year to 7.6% thereby making it as the fastest-growing major economy.

With RBI Governor stressing on lower inflation as pre-requisite of further rate cuts, due to the spurt in retail inflation in April and May possibility of any rate cut in August is remote. Moreover concerns remain in the form of global crude prices touching ~$50 per barrel (from low of $30) and higher disposable income for government employees after implementation of Seventh Pay Commission and One Rank One Pension.

May marks the eighteenth consecutive month of lower exports at $22.17 billion though the rate of decline has come down sharply to 0.8% y/y, the lowest level since November 2014. Exports of major products such as petroleum products and, drugs and pharmaceuticals declined 15.5% and 14.2%, respectively. However, the rebound in engineering goods exports (at 2.2%) after several months of continuous decline is a welcome development. Though India's economy is primarily domestic demand driven it has also been adversely affected by China's and overall global slowdown putting further reliance on domestic demand which is yet to show a meaningful pickup particularly the investment cycle. Imports also fell 13.2% to $28.44 billion in May on the back of decline in both oil and non-oil imports (down 30% and 7%, respectively). Non-oil and non-gold imports, an indicator of industrial demand, declined 3.5% to $21.4 billion in May but recovered from previous month (17.6% decline in April) as import of electronic goods increased reflecting recovery in domestic demand.

Trade deficit during May contracted to $6.27 billion benefiting from lower oil import bill and reduced gold import for four months in a row (down 39% to $1.472 billion). Trade deficit in the previous month and the year-ago period stood at $4.84 billion and $10.40 billion, respectively. Net trade data for services in April stood at $5.7 billion which leads to a trade surplus situation for India in the combined goods and services sector. Current account deficit has narrowed owing to lower import of oil and gold despite miserable export scenario. Despite the healthier domestic demand and the attendant rise in non oil and non gold imports coupled with the rise in crude prices leading to a higher oil import bill the steep decline in gold imports is expected to keep the trade deficit benign. The temporary disruptions with excise duty (since removed) and some conversion to gold bonds would help in a lower projected trade deficit of $120 billion for FY 2016-2017 at an average rate of $10 billion a month. The BoP situation however may not improve significantly as reducing bond inflows and a global risk aversion stemming from various key economic and political developments would cap the benefits from a lower trade deficit.

Sector outlook

Banks and NBFCs

Fourth quarter earnings of banks more or less reflected the same scenario low credit growth, increased provisioning, higher slippages and lower NII growth. Asset quality remained under extreme pressure as banks had to undertake remaining part of the RBI's asset quality review. Besides, as a prudent measure, some banks took account of stress upfront on weak corporate accounts. Guidance from most banks remained gloomy on asset quality with most of the banks announcing stressed sectors' watch list. Impairment of assets will continue in 1H17 though lower than FY16. State Bank of India among the PSUs surprised with lower slippages to NPA and lower additions to stressed assets. However, NBFCs (housing finance companies and retail financial services) delivered strong performance even under the current challenging macro environment.

The RBI has announced a scheme for restructuring of large stressed assets to strengthen lenders' ability to deal with stress assets. The aim is to put assets facing genuine problems on track and would benefit corporate lenders such as Axis Bank, ICICI Bank and large PSU banks.

Information Technology

FY16 witnessed a year of moderation in revenue growth across the sector (Infosys being the only exception). While growth pressure persists, more margin pressure for the sector is expected in FY17 in the absence of any benefits from currency depreciation, increase in visa fees and the need to make the necessary investments to address demand in newer areas. As a reflection of the stress the sector is in, Infosys warned of volatility over the next few quarters due to weaker spending from sectors such as energy and insurance, but was confident of being able to meet its full-year constant currency revenue guidance of 11.5-13.5%.

Pharma

With respect to US market, regulatory hurdle was a key constraint for growth in business for some companies coupled with pricing pressure in base business impacting the quarter. The companies who have their facilities under FDA scrutiny are in the process of implementing measures to become compliant for future growth. In order to mitigate competitive forces & build strong product pipeline for future growth almost all the companies have increased focus on R&D. The robust ANDA pipeline pending for approval and sustained R&D for new product development despite regulatory constraints implies growth story remaining intact.

Meanwhile emerging markets like Africa and Brazil hold potential due to increase in per capita income and increase in lifestyle diseases though currency devaluation remains a major overhang in the medium term. The pharma players' growth was impacted in the domestic market due to price ceiling by NPPA and ban on fixed dose combination.

Automobiles

The fourth quarter has been a good one for automobile and automobile ancillary companies in terms of volumes owing to replacement demand picking up and several launches. However, export has not been that encouraging with African markets hit by currency devaluation. Forecast of good monsoon this year, continued MGNREGA allocation and government's focus on infrastructure are positive for the auto sector. Players such as Hero Moto Corp, M&M with rural focus should benefit from these initiatives. Moreover, rise in freight demand with gradual economic recovery, buying before the full roll out of Bharat Stage IV norms for commercial vehicles should sustain the overall growth of the Indian automotive industry. However, the recent Supreme Court ban of diesel car registrations (with more than 2000 cc engine capacity) in Delhi and NCR region to curb pollution remain an overhang.

Oil and Gas

After declining sharply to $28 per barrel in January 2016 the crude oil prices have recovered from the low to more than $50 per barrel in May/June. The OPEC kept forecasts for global oil supply and demand unchanged after its members could not reach an agreement on oil output at a meeting earlier this month. Downstream companies like BPCL, HPCL witnessed better GRMs while IOC witnessed lower GRMs due to higher inventory loss. Earnings of upstream companies (ONGC and OIL India) were dormant due to sequential decline in oil prices though nil subsidy during the quarter was positive.

Infrastructure

During the budget, the Finance Minister laid emphasis on infrastructure sector with a focus on roads and highways as a vehicle for economic development. The government increased its allocation towards this sector and announced that 85% of the 70 stuck road projects have been put back on track; positive news for IRB Infrastructure and Sadbhav Engineering.

Capital Goods

The scenario of the capital goods sector is grim which is evident from the continued dip in capital goods output data. Order inflow guidance remains muted. Low capacity utilisation of existing facilities, leveraged balance sheet and demand slowdown are likely to deter companies from investing in capital expenditure in near future. With government infrastructure outlay pegged at Rs 2.1 lakh crores for FY17 there is hope that capex cycle recovery will happen in the near future. The stalwart in the sector, Larsen & Toubro, beat street estimates by reporting better-than expected sales and profit in 4Q16 though new order and order outlook data were disappointing.

Cement

Volume uptick along with lower operating costs owing to fall in energy and freight costs helped cement companies during 4Q16. Cement prices sustained higher levels (attained in March 2016) in Northern and Western regions. The 1Q17 is likely to be a strong quarter for north based cement players driven by sustained price hikes. Expectation of good monsoon in 2016 and government's focus on infrastructure should aid in improving demand scenario.

Chemicals and Agrochemicals

The global crash of crude prices over the last year has benefitted industries that use oil and its derivatives. Stock prices of chemical companies have gained significantly over the past one year. Input cost of adhesives maker Pidilite and paint companies (Asian Paints, Berger and Kansai Nerolac) that use titanium dioxide, a crude oil derivative has come down benefitting their margins. A possible revival in urban housing construction and home improvement along with robust margin keeps the outlook strong.

After two consecutive years of drought the prediction of above normal and well distributed monsoon during this year is positive news for agrochemical firms such as Rallis India, Excel Crop Care, PI Industries. Timely onset and even distribution of rain is significant that initiates the farming activities. Deficient monsoon for the last two years and the El Nino effect acted as dampeners for agriculture.

Commodities

The upturn in commodity market has led metal stocks remain firm and outperformed the broader market. Companies such as Hindalco, Tata Steel, JSW Steel have gained substantially this year. Steps taken by the government to check cheaper Chinese imports led to recovery in domestic steel prices. However, performance of the steel stocks depends on sustainability of the increased domestic prices. Weak domestic demand and surplus capacity (new capacity to be commissioned this year) are likely to keep capacity utilisation at lower levels. The IMF in its World Economic Outlook published recently warned of a 14% decline in metal prices in 2016 and 1% in 2017.

Conclusion

Recently Fed held short term interest rate steady and lowered projections of further raise in the coming years amidst slow economic growth and low inflation. One factor acting as a major overhang at present is the referendum on withdrawal of UK from EU (commonly known as Brexit). If Britain decides to exit EU, it will have far reaching impact on India affecting capital flows and volatility in pound/euro impacting India's exports. In an already sluggish export market, this is bad news as EU is a significant trading partner for India.

Meanwhile in the domestic front, results of five assembly elections in May brought ruling parties again in Tamil Nadu and West Bengal back to power while BJP came to power in Assam for the first time. With regional collaboration equation in place possibility of passing the GST bill in the upcoming monsoon session has surfaced. All efforts are being made for states to come on board. Moreover, in the recently held Rajya Sabha polls the ruling BJP party has increased its dominance significantly which should help in passing key bills.

Stock prices have surged significantly over the recent past and are likely to take cue from update in the international scenario. However, the sudden rise in inflation has dimmed prospects of another rate cut in near future. Onset and proper distribution of monsoon, government's focus on infrastructure (roads and railways), and crackdown on NPAs to rejuvenate the banking sector could go a long way to improve the domestic economy scenario.

Shriram Equity & Debt Opportunities Fund recorded return of 29.03% since inception, marginally behind the benchmark in the regular growth scheme accompanied by lower levels of volatility. Amidst volatility and short term uncertainties, we try to achieve stable risk adjusted return based on fundamentally sound good quality stocks. We are also currently exploring the idea of lowering our exposure to large and giant cap stocks which have been driven to higher volatility by the waxing and waning of FPI inflows which in turn are based on global events. We are in the process of locating fundamentally sound mid to lower cap stocks that have so far retained price stability owing to investments from domestic MFs and other domestic institutional investors.

It may be worth mentioning that long term equity investors with a five to seven year horizon should not be perturbed as stable and improving macros (moderate inflation, lower current account deficit, a controlled fiscal deficit and India being one of the largest growing big economies), a very low market cap to GDP ratio that has been constantly falling over the last 7 years, almost reasonable to fair valuations and creating the right conditions to growth is likely to result in a handsome return on equities in the long term. Thus, retail investors would do well to maintain 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 outpaces price inflation.

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 (Allotment Date):

29 November 2013

Fund Manager: Partha Ray

Experience: Mr. Ray has been in the Banking & Finance sector for over 24 years and joins us from The Royal Bank of Scotland N.V where he held several key positions in the Corporate Banking Department since 1998 including that of a Regional Head in the Bank's wholesale banking division. He has extensive and wide ranging functional experience in managing portfolios of corporate relationships.

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: 39.39 cr.
Latest AUM: 40.28 cr.

Expenses Ratio:(Excluding service tax)
Regular : 2.29%
Direct : 1.74%

Portfolio Turnover Ratio: 131.34%

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

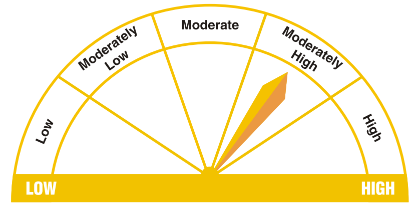
For SIP investment Monthly: Rs. 1000/- minimum 12 instalments, Quarterly: Rs. 3000/- minimum 4 instalments

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

Riskometer



Portfolio and other facts as on 31 May 2016

Equity Portfolio

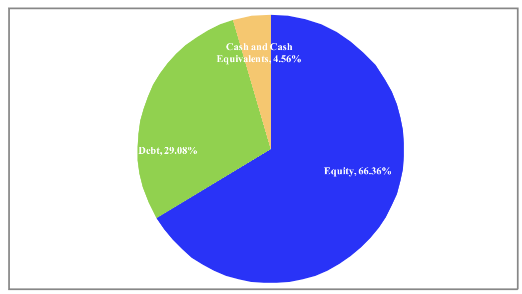
HDFC Bank Ltd.	4.85%
Infosys Ltd.	4.27%
Housing Development Finance Corporation Ltd.	3.70%
Maruti Suzuki India Ltd.	2.42%
Axis Bank Ltd.	2.32%
Larsen & Toubro Ltd.	2.06%
Bajaj Finance Ltd.	2.06%
Kotak Mahindra Bank Ltd.	2.02%
Tata Consultancy Services Ltd.	1.98%
Britannia Industries Ltd.	1.98%
IndusInd Bank Ltd.	1.95%
Bharat Electronics Ltd.	1.95%
ICICI Bank Ltd.	1.94%
Ultratech Cement Ltd.	1.85%
Shree Cements Ltd.	1.85%
Sun Pharmaceuticals Industries Ltd.	1.67%
LIC Housing Finance Ltd.	1.67%
Bharat Petroleum Corporation Ltd.	1.62%
Eicher Motors Ltd.	1.45%
HCL Technologies Ltd.	1.37%
Marico Ltd.	1.36%
Yes Bank Ltd.	1.33%
Amara Raja Batteries Ltd.	1.24%
Aurobindo Pharma Ltd.	1.16%
Bajaj Finserv Ltd.	1.11%
MindTree Ltd.	1.07%
Mahindra & Mahindra Ltd.	1.07%
UPL Ltd.	0.92%
Ashok Leyland Ltd.	0.85%
State Bank of India	0.82%
Bharat Forge Ltd.	0.77%
Mahindra & Mahindra Financial Services Ltd.	0.73%
Shriram Transport Finance Company Ltd.	0.70%
Divi's Laboratories Ltd.	0.67%
ABB Ltd.	0.66%
Page Industries Ltd.	0.65%
Asian Paints Ltd.	0.60%
ALKEM LABORATORIES LIMITED	0.60%
Bata India Ltd.	0.55%
IDFC Bank Ltd.	0.49%
Cholamandalam Investment and Finance Company Ltd.	0.48%
Cummins India Ltd.	0.47%
TVS Motor Company Ltd.	0.46%
Natco Pharma Ltd.	0.37%
MRF Ltd.	0.36%
Piramal Enterprises Ltd.	0.36%
Persistent Systems Ltd.	0.32%
Lupin Ltd.	0.28%
Apollo Hospitals Enterprise Ltd.	0.24%
Blue Dart Express Limited	0.14%
Whirlpool of India Ltd.	0.12%
Bayer Cropscience Ltd	0.11%
FAG Bearings India Ltd.	0.11%
Grindwell Norton Ltd.	0.08%
Voltas Ltd.	0.08%
Sundram Fasteners Ltd.	0.05%
Equity Total	**66.36%**

Debt Portfolio / Rating

Debt Portfolio	Rating	
HDFC LTD	CRISIL-AAA	12.03%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	11.56%
PFC LTD.	CRISIL-AAA	3.64%
REC LTD	CRISIL-AAA	1.32%
TATASONS LTD	CRISIL-AAA	0.53%
Debt total		**29.08%**

Cash & Cash Equivalent 4.56%

Portfolio composition



NAV details (Rs)

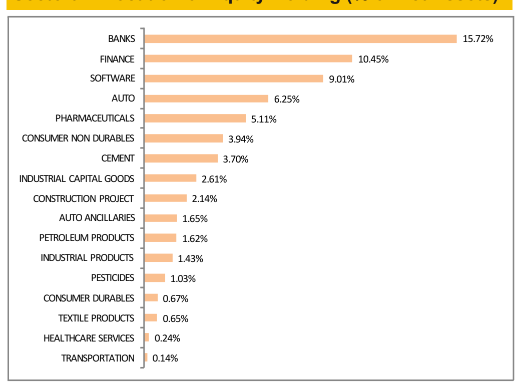
Direct Plan

Growth Option	13.0887
Dividend Option	10.4385

Regular Plan

Growth Option	12.9034
Dividend Option	10.3154

Sectoral Allocation of Equity Holding (% of Net Assets)

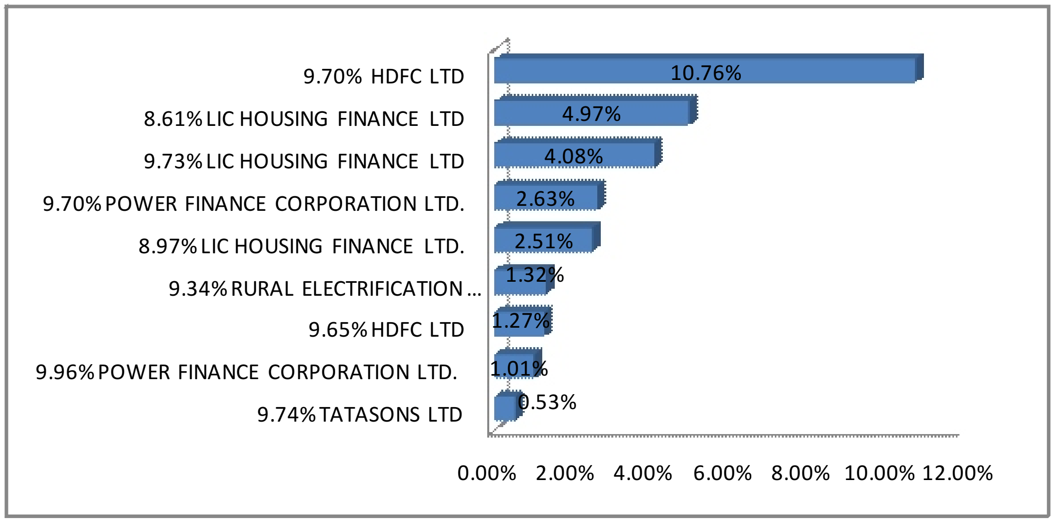


QUANTITATIVE DATA

Average Maturity*	2.65 years
Modified Duration*	2.09 years
Yeild to Maturity*	8.29%

*** Computed on the invested amount for debt portfolio**

Debt Portfolio



Dividend History^

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

^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.

Performance of Scheme:

Shriram Equity and Debt Opportunities Fund

Returns of Regular Plan - Growth Option as on March 31, 2016
Date of inception: 29-Nov-13.

NAV as on 31.03.16 Rs. 12.5041

Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs.10000	
					Scheme	Benchmark
March 31 2015	Last 1 Year	13.1869	-5.18	-3.73	9,482	9,627
November 29 2013	Since Inception	10	10.03	10.42	12,504	12,607

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

SIP Performance			
	Since Inception	2 years	1 year
	SIP	SIP	SIP
Total Amount Invested (Rs.'000)	280.00	240.00	120.00
Mkt Value as on Mar 31, 16 (Rs.'000)	290.46	241.29	116.07
Returns (Annualised) (%)	3.07%	0.52%	-6.01%
Benchmark Returns (Annualised) (%) #	3.72%	1.04%	-2.52%

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.

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.

SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

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