SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 31 May 2017

Economic Commentary and Market Review - May 2017

Market continued its northward journey in May as well with the Nifty index gaining 3.4% during the month (at 9,621). This is the fifth consecutive month to witness positive momentum in the market. FMCG companies, expected to benefit from GST implementation, gained ~9% during the month followed by IT and Auto. IT stocks witnessed value buying amidst buyback and enjoyed momentum during the month. Pharma, the worst performer of FY17, recorded steepest fall of 10.8% in the month of May as the sector stalwarts recorded dismal performance in the latest quarter.

The market rally over the past few months was propelled by strong inflows from FIIs and DIIs. FIIs pumped in $1,193.7 million in Indian equities during the month. For the year till date, FIIs have pumped in more than $7.5 billion. They remained net buyers in the debt market as well to the tune of nearly $3 billion during May. MF investments during the month stood at ~Rs 9,900 crores.

Meanwhile, oil prices fell (Brent crude at ~$49 a barrel) despite the diplomatic crisis in Qatar. Continued gains in US production dragged the benchmark crude prices. Although share of Qatar in oil production is quite low there are speculations that its boycott might threaten OPEC's stance on production cuts in future. OPEC and other major oil exporters agreed to extend the current agreement (supposed to end in June 2017) to cut production output by 1.8 million barrels per day by nine more months till March 2018 at their May 29 meeting in Vienna.

In the domestic front, the RBI kept key interest rates unchanged (repo rate unchanged at 6.25%) and also lowered inflation forecast for the current fiscal. The RBI now expects inflation in 1HFY18 at 2-3.5% and 3.5-4.5% in 2HFY18, lower than its previous projection of 4.5% and 5%, respectively, which indicates that prospects of rate cut remains in future in order to revive economic growth. Earlier in February, the RBI had shifted its monetary policy stance to neutral from being accommodative. The RBI commentary that brought down retail inflation forecast follows a record low CPI of 2.99% in April from a nearly five-month high of 3.89% in March on lower food prices. Moreover, economic growth in 4Q17 slowed to 6.1% as a result of demonetisation.

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. Witnessing the urgency for faster resolution of stressed assets, the government announced an ordinance to empower RBI to be able to deal more effectively with this issue. Outlook for housing finance companies look strong given government's push for the sector. The government has set an ambitious target of ensuring home for all by 2022.

Information Technology

The IT sector has been witnessing several challenges such as muted demand, pricing pressure, cross currency fluctuation, impact of automation, global macro uncertainties and, immigrations and visa related modifications in the US among others. 4Q17 earnings by the major IT firms have mostly missed analyst expectations (barring Wipro). The firms have mainly disappointed by delivering lower-than-expected revenue guidance. However, they tried to pacify investors by announcing juicy dividends and bonus issue as well as promising handsome payout in FY18 (Rs 13,000 crores in the case of Infosys).

Pharma

The pharma sector has been one of the worst performers over the last one year due to several headwinds- stricter US FDA regulatory scrutiny thereby resulting in higher remediation costs, pricing pressure in the US market, currency volatility in emerging markets, price control in domestic market and investigations by DOJ regarding price fixing of drugs. In addition, the government's directive to the doctors to prescribe only generics has given rise to a lot of confusion in the medical fraternity. Implementation of the directive, though fraught with several challenges, will be another hurdle for the major pharma players with sizeable domestic exposure. The quarterly earnings of the pharma companies also depict a gloomy picture of the sector, at least in the near term as a result of which stocks prices corrected sharply.

Automobiles

After 14.7% growth in April, passenger vehicle sales in May grew ~9% led by a strong 15% growth posted by the market leader Maruti. Long term outlook of the sector looks positive backed by higher disposable income arising from 7th pay commission and recovery in rural income post normal monsoon.

Oil and Gas

Oil prices dipped further (ICE Brent crude fell below $50/barrel) after recovering (ICE Brent crude to around $54/barrel) in mid-May as the market expected a much deeper and aggressive output cut by the OPEC members at their latest meeting. OMCs remain the preferred stocks amidst low oil price scenario. In a pilot project, OMCs decided to revise petrol and diesel prices daily in five cities - Puducherry, Vizag, Udaipur, Jamshedpur and Chandigarh - from May 1, before being adopted across the country (possibly from June 16). This will enable OMCs to get better pricing that would reflect international oil prices and currency fluctuations.

Cement

Outlook for the sector looks bright with the government's focus on infrastructure growth, affordable housing, interest subvention schemes and better rural demand with expectation of normal monsoon. However, increase in fuel cost due to higher pet coke prices remains a headwind for the sector as was reflected in the 4Q earnings. With the coming monsoon, the cement demand is likely to go down, which in turn will pull down prices. Moreover, ambiguity regarding the GST might lead to some disruption as the dealer network will take some time to adjust to the new tax system. As a result, volume will be impacted as well.

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 recently over concerns regarding economic growth prospects of China and its increasing inventories. Weaker than expected manufacturing data along with tightening financial regulations may hamper its growth prospects.

Conclusion

The Nifty index recorded gain in May for the fifth straight month backed by robust inflow of foreign capital and sustained investment by mutual funds. Several factors such as smooth implementation of GST, resolution of banking system NPA, expectation of good monsoon and revival of investment cycle, would decide the future course of the market.

Return of Shriram Equity & Debt Opportunities Fund in May stood at 12.26% CAGR (since inception) accompanied by lower levels of volatility. Amidst volatility and short term uncertainties, we try to achieve stable risk adjusted return based on fundamentally sound and good quality stocks. Expectation of NPA resolution in the near term, possibility of earning upgrades, normal monsoon and implementation of GST augur well for long term prospects of the economy. In this backdrop, 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 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.

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: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: 41.78 cr.
Latest AUM: 41.84 cr.

Expenses Ratio:(Excluding service tax)
Regular : 2.24%
Direct : 1.70%

Portfolio Turnover Ratio: 37.48%

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*:-

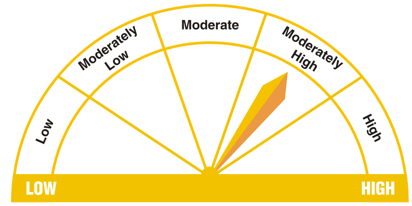
☑ Long term capital appreciation and current income
☑ Investment in equity and equity related securities as well as fixed income securities (debt and money market securities)
☑ Moderately High Risk

*** Investors should consult their financial advisor in if 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 2017

Equity Portfolio

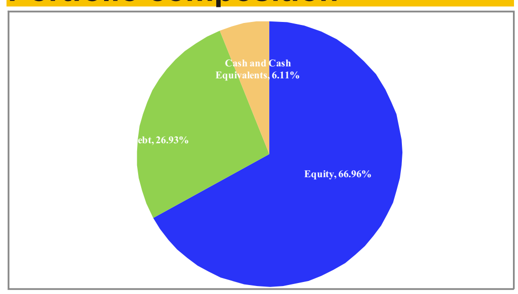
Equity Portfolio	% to NAV
HDFC Bank Ltd.	5.41%
Yes Bank Ltd.	3.06%
Shree Cements Ltd.	3.09%
Housing Development Finance Corporation Ltd.	2.95%
Ultratech Cement Ltd.	2.42%
Bharat Petroleum Corporation Ltd.	2.49%
Natco Pharma Ltd.	2.35%
Maruti Suzuki India Ltd.	2.56%
Kotak Mahindra Bank Ltd.	2.47%
Tata Motors Limited (Dvr)	2.01%
UPL Ltd.	2.09%
Reliance Industries Ltd.	1.77%
Britannia Industries Ltd.	1.75%
Bharat Electronics Ltd.	1.65%
LIC Housing Finance Ltd.	1.91%
IndusInd Bank Ltd.	1.74%
Larsen & Toubro Ltd.	1.56%
Axis Bank Ltd.	1.50%
Pidilite Industries Ltd.	1.47%
Marico Ltd.	1.29%
Amara Raja Batteries Ltd.	1.17%
Aurobindo Pharma Ltd.	1.04%
Mahanagar Gas Limited	1.02%
Zee Entertainment Enterprises Ltd	0.78%
Mahindra & Mahindra Financial Services Ltd.	0.80%
Eicher Motors Ltd.	1.06%
State Bank Of India	1.87%
Infosys Ltd.	0.99%
Bajaj Finance Ltd.	0.97%
Asian Paints Ltd.	0.86%
TVS Motor Company Ltd.	0.90%
Page Industries Ltd.	0.49%
ICICI Bank Ltd.	0.85%
Mahindra & Mahindra Ltd.	0.75%
HCL Technologies Ltd.	0.70%
Tata Consultancy Services Ltd.	0.71%
Gail (India) Ltd (Ex Gas Authority Of India Ltd)	0.58%
Sun Pharmaceuticals Industries Ltd.	0.45%
Shriram Transport Finance Company Ltd.	0.58%
Indian Oil Corporation Limited	0.54%
CUMMINS INDIA LTD.	0.40%
Apollo Hospitals Enterprise Ltd.	0.38%
Berger Paints India Ltd	0.37%
Tech Mahindra Ltd.	0.33%
Sundram Fasteners Ltd.	0.33%
Techno Electric & Engineering Co. Ltd.	0.31%
Bank Of Baroda	0.26%
Ashok Leyland Ltd.	0.30%
KEC International Limited	0.32%
Oil & Natural Gas Corp Ltd.	0.25%
Tata Motors Ltd.	0.26%
Power Finance Corpn. Ltd	0.21%
Hindustan Petroleum Corpn. Ltd.	0.24%
Lupin Ltd.	0.16%
Havells India Ltd.	0.19%
Equity Total	**66.96%**

Debt Portfolio

Debt Portfolio	Rating	
HDFC LTD	CRISIL-AAA	4.92%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	8.82%
PFC LTD.	CRISIL-AAA	5.06%
REC LTD	CRISIL-AAA	7.61%
TATASONS LTD	CRISIL-AAA	0.52%
Debt total		**26.93%**

Cash & Cash Equivalent 6.11%

Portfolio composition



NAV details (Rs)

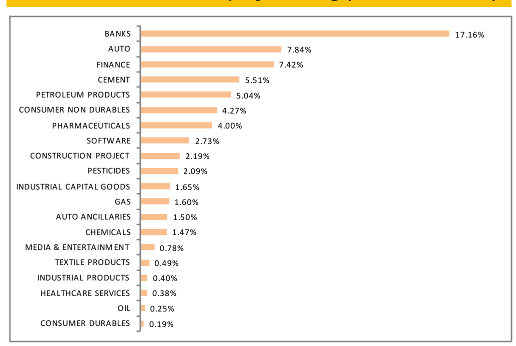
Direct Plan

Growth Option	15.3092
Dividend Option	12.1874

Regular Plan

Growth Option	14.9987
Dividend Option	11.9905

Sectoral Allocation of Equity Holding (% of Net Assets)

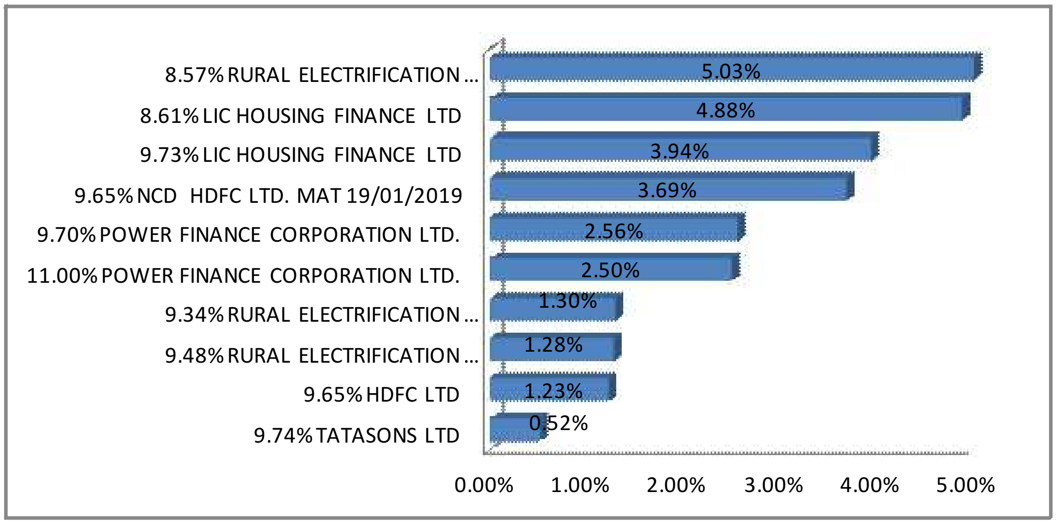


QUANTITATIVE DATA

Average Maturity*	3.55 years	Standard Deviation	0.4025
Modified Duration*	2.7 years	Portfolio Beta	0.98
Yeild to Maturity*	8.00%	Sharpe Ratio	1.99%

*** 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, 2017						
Date of inception: 29-Nov-13.						
						NAV as on 31.03.17 Rs. 14.4458
					Value of Investment of Rs.10000	
Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	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	3 years	2 years	1 year
	SIP	SIP	SIP	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, its 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.

SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

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