SHRIRAM Mutual Fund

Nurturing Trust, Shaping Dreams

Fund Facts

As on 30 November 2016

Economic Commentary and Market Review - November 2016

The month of November witnessed the benchmark Nifty falling ~5% (at 8,224) and turned out to be the worst since February 2016. Economic uncertainty emanating from government's sudden decision of demonetisation coupled with the surprise win of Donald Trump as President in the US led to the market fall. Barring Metal, IT and PSU Banks, all sector indices were in the red during the month, the worst being Realty that recorded 20% fall. Realty was the hardest hit because of the demonetisation move.

After pulling out $643 million from Indian equities in October, FIIs remained net sellers in November as well and pulled out $2.68 billion. However, for year till date they are still net buyers at $4.37 billion. Since Trump was elected as the next President, US dollar strengthened with rising bond yields in the US market. As fallout of strengthening dollar index emerging markets witnessed huge outflows that resulted in weakening of their respective currencies. India witnessed heavy capital outflows in both equities and debt segments during the month as a result of which the domestic currency fell 2.7% to Rs 68.52 after touching low of Rs 68.72. Moreover the FIIs are selling emerging market assets with the rising expectations of a possible US interest rate hike in Federal Reserve's December policy.

Economic news in the domestic front was mixed. In the domestic economy, retail and wholesale price inflation fell in October as food prices moderated owing to normal monsoon. Consumer price inflation stood at 4.2% in October, the lowest in last fourteen months while 3.4% wholesale price inflation dropped from the previous month.

Index of industrial production increased 0.7% in September 2016 with gain in manufacturing (0.9%) and electricity (2.4) while mining recorded 3.1% contraction. Manufacturing, with ~75% weight, has been in a dismal state since November 2015 with minor improvement in certain months. Capital goods production, an indicator of investment activity in the economy, fell 21.6% in September, the eleventh month in row to record contraction. With weak demand, high leverage, capacity utilisation remaining low, room for big-ticket capital expenditure remains low.

India's GDP grew 7.3% in 2QFY17 versus 7.1% in the previous quarter and 7.6% in the year-ago period. The decline in growth in manufacturing, electricity and services sector is disappointing. The continued contraction in gross fixed capital formation, an indication of investment demand (at 5.6% during 2Q17) is worrying. Perhaps this explains the dismal condition of capital goods production data in IIP. With demonetisation growth prospects are likely to take a hit in the second half of the year as consumer spending will take a back seat thereby making government's target of surpassing FY16's 7.6% growth difficult. Moreover output of the unorganised sector and sectors such as agriculture where cash plays important role will suffer. Consumer durable sales in rural areas will be adversely impacted as most transactions take place in cash reversing the expectation of improved sales from plentiful rains this year after two years of successive drought.

Struggling industrial output and GDP data along with controlled inflation might encourage the RBI to reduce rates further. Moreover large deposits in bank accounts post demonetisation has softened bond yields leading to expectation of interest rate cut in the economy. However, the softening of bond yield halted after RBI's sudden announcement of increase in CRR. The monetary policy committee of RBI had reduced the policy rate by 25bps to 6.25% at its October meeting.

Sector outlook

Banks and NBFCs

Post demonetisation, large deposits in bank accounts (mainly savings and current) is boosting their CASA deposit. This softened bond yields and led to ample liquidity in the system sending bond prices high amidst low credit demand. However, to suck out excess liquidity from the system RBI imposed an incremental CRR of 100% on all deposits between September 16 and November 11, 2016. This sudden decision put a brake on the recent rally in banking stocks, especially the PSUs. The banking sector is already witnessing several challenges such as high NPAs, sluggish growth in credit off take with investment being low and issue of capital infusion, especially for PSBs. With ample liquidity in the system and a struggling domestic economy the RBI is expected to go for another rate cut in its December meeting.

Retailers and manufacturers of white goods witnessed slowdown in sales post the demonetization move. The drop in sales in semi-urban and rural areas is more than urban areas because of their over dependence on cash. As per industry estimates the split of cash to finance based sales in consumer durables is 35:65. Although dealers across the country are running several finance schemes to bring back buyers, the deficit will remain for the time being.

Information Technology

Amidst market volatility post demonetisation the IT index was stable during November. The sector has been underperforming the broader markets over the last few months with several uncertainties plaguing the sector. With Donald Trump as the new US President elect, the IT stocks are expected to remain range bound because of his stand against outsourcing by US companies. His policies in due course will have an impact on the sector which is already in the grasp of several challenges.

Pharma

Regulatory hurdle is a major overhang for the pharma sector as a result of which the pace of new product approvals in US has slowed down. The USFDA recorded seven observations after its recent inspection of Sun Pharma's manufacturing site at Mohali, which was under an import alert since September 2013. As per reports the company's Halol facility that received a warning letter, was inspected by US regulatory authorities recently though the outcome is unknown, yet. Clearance of this facility is crucial for the company's growth plans in the US market. Earlier last month Lupin received an EIR for its Goa plant, which is a big positive for the company.

Automobiles

The auto sales were expected to remain subdued in November due to seasonality owing to decline in retail demand post festive season. Retail sales in the auto industry took a hit in November 2016 due to the government's demonetisation move and cash crunch. However sales recovery in entry level cars and those for first time buyers are expected to bounce back faster than SUVs, luxury vehicles and commercial vehicles. The two wheeler sales were equally hit as rural economy, being cash dependent, were adversely affected. Besides more than 50% of two wheeler sales take place through cash.

Sales figures for the month were disappointing across the sector Mahindra & Mahindra (domestic sales of 29,814 in November, down 38.8% m/m and 24.3% y/y), Tata Motors (sales dropped 28.4% m/m to 33,274 vehicles), TVS Motor (27.9% dip in sales m/m) while Maruti was the exception to record a 2% m/m and 14.2% y/y rise in sales.

Oil and Gas

In the meeting held at Vienna in November end, the OPEC agreed to cut production for the first time in eight years to stabilize prices. Crude oil soared more than 10% since then. Rising crude oil prices sent stock prices of exploration companies such as ONGC high while OMCs such as HPCL, BPCL and IOC witnessed selling.

Infrastructure

Increasing spending on infrastructure through reviving targeted public spends has been a focus area of the government. To revive the construction sector which has been undergoing stress, the government has decided to release 75% payment to construction companies in cases where contractors have won an arbitration award against the government organisation. The decision will significantly benefit contractors facing liquidity issues such as HCC, Simplex Infra, Gammon India, among others. The government announced other reforms also that are expected to save cost, reduce pressure on cash flows and boost revenue growth of roads and construction companies.

Capital Goods

The scenario of the capital goods sector is grim which is evident from the continued dip in capital goods output data (down ~22% in September, eleventh straight month of decline). The sector has witnessed several challenges in execution, slower order inflows leading to weak growth. The situation might be changing gradually.

Cement

The demonetization move is going to adversely impact the cement sector in the short-to-medium term with demand for real estate is being hit severely. As a result cement stocks witnessed sharp correction in the last one month. However, government's spending on infrastructure such as roads and affordable housing for all would support cement demand in the long term.

Chemicals and Agrochemicals

The big players in the paint sector Asian Paints, Berger both reported strong quarterly revenues with volume growth coupled with margin expansion due to benign raw material cost. Volume growth was largely driven by sustained demand from tier II and tier III cities as well as improved demand in the southern region. Although implementation of the government's Seventh Pay Commission plan and GST, and better monsoon could have boosted volume but for the demonetisation scheme. With real estate being hit because of the scheme, volume growth in paints expected to remain subdued in the near term.

Agrochemical companies such as PI Industries, UPL, Dhanuka Agritech reported robust quarterly earnings though agriculture in the short term is likely to be affected from the demonetization move with sowing season going on the high dependence of the sector on cash.

Commodities

Base metal prices in the international market continued to rally sending stocks of Hindalco, Vedanta and Hindustan Zinc to touch their 52w highs. The rally last month was on hope that Trump being the new US President elect would spend heavily on rebuilding infrastructure. In the domestic market the steel industry over the recent past benefitted from some protective measures taken by the government such as minimum import price and anti-dumping duties. However, 44% of India's steel production that uses coking coal is likely to suffer because of the steep increase in its price.

Conclusion

November 2016 was a difficult month for India's economy that had to deal with twin impact of government's demonetization measure and the winning of Donald Trump that surprised many. Stock plunged sharply during the month and now staring at uncertainty and volatility in the short-to-medium term as India come to terms with new way of doing business. With long queues in front of ATMs continuing and no end of common man's plight in the short term, the opposition has intensified their protest against the government. As a consequence the consensus that was reached among the political parties with respect to GST might be under the scanner. Although the government aims to implement GST from April 1, 2017, the target looks ambitious given the current status of equation with opposition.

Post demonetisation, large deposits in bank accounts (mainly savings and current) boosted their CASA deposit. The demonetization measure should also succeed in curbing the underground economy that is likely to lead to lower inflation thereby raising hope of a rate cut by RBI. Despite uncertainties in the near term long term prospects arising out of this measure should benefit the domestic economy.

Market weakness during November adversely impacted return of Shriram Equity & Debt Opportunities Fund, which stood at 9.97% 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 good quality stocks. Upturn in commodity prices (expecting higher demand from China), banks' attempt to do away with bad loans (thereby leading to lower slippages) and curbing black money 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 outpaces 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 Bannerjee

Experience: 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: 39.31 cr.
Latest AUM: 39.61 cr.

Expenses Ratio:(Excluding service tax)
Regular : 2.31%
Direct : 1.76%

Portfolio Turnover Ratio: 42.77%

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*:-

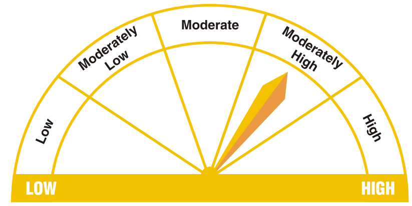
☑ Long term capital appreciation and current income
☑ Investment in equity and equity related securities as well as fixed income securities (debt and money market securities)
☑ Moderately High Risk

*** 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

Riskometer



Portfolio and other facts as on 30 Nov 2016

Equity Portfolio

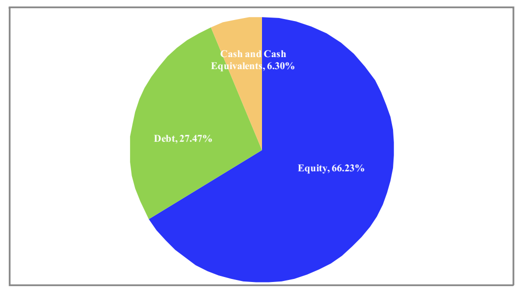
HDFC Bank Ltd.	4.96%
Infosys Ltd.	2.13%
Housing Development Finance Corporation Ltd.	2.61%
Bajaj Finance Ltd.	2.43%
Maruti Suzuki India Ltd.	2.15%
Axis Bank Ltd.	1.80%
Shree Cements Ltd.	3.59%
Yes Bank Ltd.	3.31%
Bharat Electronics Ltd.	0.94%
Larsen & Toubro Ltd.	1.31%
Kotak Mahindra Bank Ltd.	2.12%
Britannia Industries Ltd.	1.96%
Tata Consultancy Services Ltd.	0.79%
IndusInd Bank Ltd.	2.35%
Ultratech Cement Ltd.	2.52%
Bharat Petroleum Corporation Ltd.	2.52%
LIC Housing Finance Ltd.	1.04%
Eicher Motors Ltd.	1.08%
Marico Ltd.	1.68%
Bajaj Finserv Ltd.	2.24%
Aurobindo Pharma Ltd.	2.12%
Sun Pharmaceuticals Industries Ltd.	1.09%
ICICI Bank Ltd.	0.74%
Amara Raja Batteries Ltd.	1.67%
Divi's Laboratories Ltd.	1.73%
Mahindra & Mahindra Ltd.	1.29%
HCL Technologies Ltd.	0.58%
UPL Ltd.	1.64%
Ashok Leyland Ltd.	0.67%
Mahindra & Mahindra Financial Services Ltd.	1.08%
Natco Pharma Ltd.	1.81%
Page Industries Ltd.	0.94%
Shriram Transport Finance Company Ltd.	0.65%
Asian Paints Ltd.	1.03%
TVS Motor Company Ltd.	0.85%
PIDILITE INDUSTRIES LTD.	1.28%
Cholamandalam Investment and Finance Company Ltd.	0.53%
Piramal Enterprises Ltd.	0.78%
ZEE ENTERTAINMENT ENTERPRISES LTD	0.94%
Lupin Ltd.	0.55%
Sundram Fasteners Ltd.	0.28%
Havells India Ltd.	0.21%
Berger Paints India Ltd.	0.12%
Tata Motors Ltd.	0.12%
Equity Total	**66.23%**

Debt Portfolio / Rating

HDFC LTD	CRISIL-AAA	12.26%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	09.43%
PFC LTD.	CRISIL-AAA	3.80%
REC LTD	CRISIL-AAA	1.42%
TATASONS LTD	CRISIL-AAA	0.56%
Debt total		**27.47%**

Cash & Cash Equivalent 6.30%

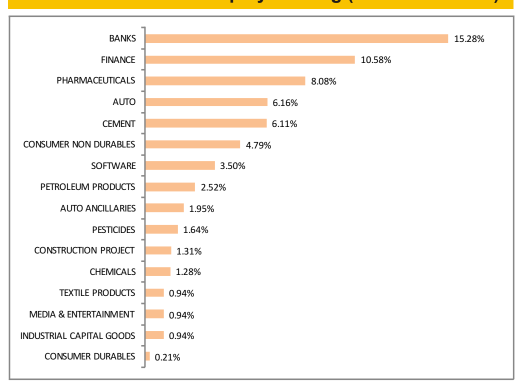
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	13.6104
Dividend Option	11.8448
Regular Plan	
Growth Option	13.3759
Dividend Option	10.6931

Sectoral Allocation of Equity Holding (% of Net Assets)

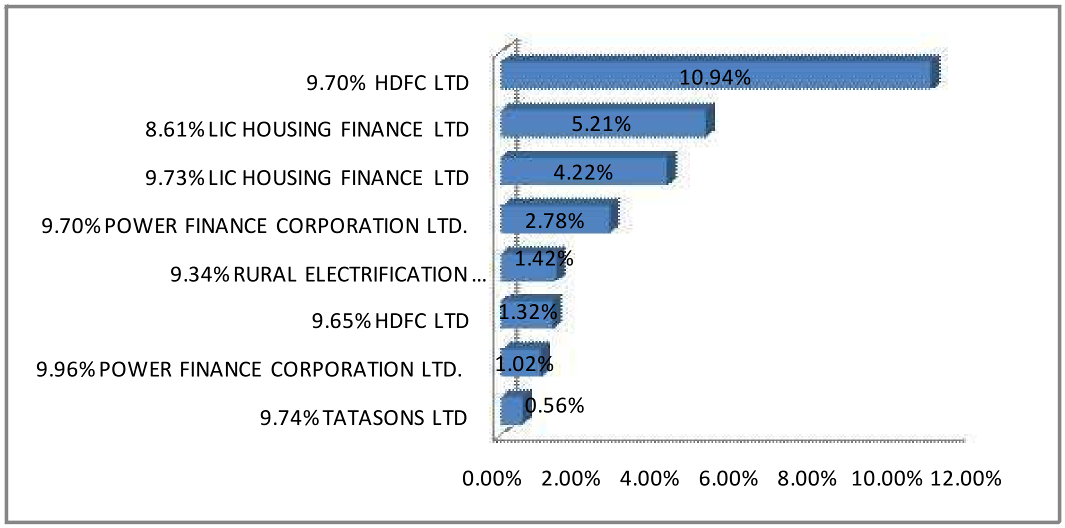


QUANTITATIVE DATA

Average Maturity*	2.11 years
Modified Duration*	1.61 years
Yeild to Maturity*	8.28%

*** 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 September 30, 2016

Date of inception: 29-Nov-13.

NAV as on 30.09.16 Rs. 14.0329

Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs.10000	
					Scheme	Benchmark
Sep 30 2015	Last 1 Year	13.1127	7.02	9.26	10,702	10,928
November 29 2013	Since Inception	10	12.68	12.25	14,033	13,883

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	2 years SIP	1 year SIP
Total Amount Invested (Rs.'000)	340.00	240.00	120.00
Mkt Value as on Sep 30, 16 (Rs.'000)	359.2	259.33	130.23
Returns (Annualised) (%)	3.81%	7.63%	16.15%
Benchmark Returns (Annualised) (%) #	2.95%	6.79%	14.39%

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

Registered Office : Wockhardt Towers, 2nd Floor, East Wing, C-2, G Block,
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Administrative Head Office : CK 6, 2nd Floor, Sector II, Salt Lake, Kolkata-700091
Website: **www.shriramamc.com**, email ID: **info@shriramamc.com**
Phone: (033) 2337 3012; +91-9339787128 Fax: (033) 2337 3014

Statutory Details : Shriram Mutual Fund has been constituted as a Trust under the Indian Trust Act, 1882. **Sponsor :** Shriram Credit Company Limited; **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.