SHRIRAM
Mutual Fund
Nurturing Trust, Shaping Dreams

Fund Facts

As on 31 October 2015

Economic Commentary and Market Review - October 2015

Despite the festive mood, investors had very little to cheer about. Though the Nifty index gained 1.5% during October (to 8,066 level), in November-till-date (till Muhurat trading), it has fallen almost 3%. Several factors such as weak third quarter earnings, rising NPAs, the heavy defeat of BJP in Bihar, the impending hike of interest rate by Fed in December have led to this downfall. The investor community ushered in Samvat 2072 amidst uncertainties ranging from disappointing macroeconomic data to fate of several key bills that will be presented in the forthcoming winter session of the Parliament.

The defensive pharma sector has already lost -11% in November so far with two stalwarts - Dr Reddy's and Sun Pharma - being pulled up by the US FDA for certain irregularities. Finance and Metals dropped owing to concerns over rising bad loans and falling global metal prices, respectively. However, the festive season brought cheer to automobile sales with leading carmakers Maruti Suzuki and Hyundai Motors recording their best monthly sales in October (growth of 25% and 24%, respectively). According to SIAM, domestic car sales in October surged ~22% to 194,158 units marking a better festive season compared to last year. As a result, Auto index has been on the rise over the recent past.

Amidst the market volatility, FIIs' inflow during October stood at $1.022 billion (outflow of $0.19 billion in October 2014) taking inflow for the first ten months to $4.685billion ($13.69 billion in the year-ago period). However, the pace of FII inflow has slowed down in the recent months owing to apprehensions of global slowdown, hike in interest rate by the US Fed possibly in December and huge losses borne by funds managed by the oil-rich countries due to sharp fall in crude prices. Domestic institutional investment (DII) remained buyers during October and invested Rs 2,935.4 crores in equities. Inflows by MF players on the back of rise in inflows (Rs 1.35 lakh crores of inflow in October) and that of insurance companies contributed to the DII investment.

The domestic debt markets remained lukewarm although in the early part of the month the RBI made some substantial changes to the limit of overseas investors in Indian sovereign debt in phases hoping to attract Rs 1.5 lakh crores by mid 2018 in additional inflows. The yield for the most frequently traded 10 year sovereign paper was largely rangebound falling to a low of 7.5% immediately post RBI cutting rates and going to a high of 7.8% in recent times on the back of apprehension surrounding US Fed rate action. Domestic interest rates in the secondary market have fallen by around 70 basis points for short term paper and by around 100 basis points maintaining a flat to near flat yield curve.

Economic news for the domestic economy remains mixed. Inflation has been in the comfort zone of the RBI over the past few months. However, CPI for October climbed to a four-month-high of 5% as food prices continue to remain elevated. Despite the government's several attempts to bring down the sky high prices of pulses, it will take a while before any positive impact is seen and hence inflation of pulses continued to remain high (up 42%). WPI remained in the negative territory for the tenth consecutive month; it contracted 3.81% y/y in October, eased from a negative 4.54% in the previous month.

Data for index of industrial production remain volatile. After attaining 6.3% growth in August 2015, the highest since November 2012, it came down to 3.6% in September. Core sector growth for September came in at 3.2%, higher than 2.6% in the previous month primarily owing to 11% rise in electricity. The 3.6% growth in IIP came primarily led by growth in capital goods (10.5%), and consumer durables (8.45%) in line with the trend of rising urban consumption. It is encouraging to note that output of capital goods, an indicator of investment, has been growing for the last three months continuously. Besides the sustained growth in consumer durable over the recent past establishes improvement in discretionary demand owing to low inflation and falling interest rates. However, performance of consumer non-durables has been disappointing (-4.6% y/y growth) mainly hampered by adverse impact of weak monsoons on rural demand. It is to be noted that global challenges have been the major cause behind dismal performance of exports. This in turn is limiting IIP growth. Moreover, manufacturing PMI dropped to 22-month low of 50.7 in October from 51.2 in September due to slower increase in new orders.

The continuous dip in exports arising from weak global demand is worrisome. October marks the eleventh consecutive month of lower exports at $21.3 billion, down 18% y/y as shipments of petroleum products continued to decline on lower crude oil prices. Though India's economy is primarily domestic demand driven it has also been adversely affected by China's slowdown. Imports also fell 21% to $33.12 billion on the back of decline in both oil and non-oil imports (down 45% and 10%, respectively). The substantial drop in gold imports (down 59% to $1.7 billion) and oil imports (lower prices of crude) as well as sluggish domestic activity leading to a drop in other non oil, non gold merchandise imports during the month led to decline in overall imports. Consequently trade deficit during the month contracted to $9.77 billion from deficit of $10.48 billion in the previous month and $13.57 billion in the year-ago period.

However, some recent data from World Gold Council is worrisome. With falling prices, gold demand in India is on the rise over the recent past 268.1 tons of demand in the September quarter (238.2 tons in the year-ago period) exceeded that of China, which stood at 239.9 tons.

Consequently, gold import during the July-September period stood at $9.98 billion, up a whopping 30%. Gold demand for 2015 is expected to be around 850-950 tons, well above 811 tons in 2014. A possible increase in the US interest rate later this year will keep gold prices under check as it would lose appeal as hedge against inflation with dollar gaining strength. The rise in gold demand does not augur well for India's current account deficit problem.

Decline in exports in dollar terms over the past 10 months has been mainly due to low commodity prices and weakening Euro. But it is noticeable that the volumes of Indian exports have not suffered significantly in the above period as there has been fall in realisations. Exports of crude oil and related products, and agricultural commodities account for almost three fourth of overall decline in merchandise exports where decline has been mostly due to falling prices. On the other hand export of automobiles (in volume term) has increased by ~7.7% in the past six months. Slowdown in the economies of Asia and Africa are a far greater challenge as they account for nearly more than half of India's merchandise exports and have also led to fall in overall exports.

India is already suffering from weaker Yuan that has made its exports less competitive. Given that exports face strong headwind from falling commodity prices, a slowing global economy and an uncompetitive Indian Rupee as compared to currencies of other emerging countries the focus will now move to reviving domestic demand. The Government and the Central Bank (Reserve Bank of India) are therefore working in tandem to propel economic growth on a sustainable basis through appropriate monetary and fiscal measures without any deterioration of the twin deficits.

The longer term macro pointers seem well anchored with controlled inflation, a consistent growing trend in the IIP, a reducing current account deficit primarily attributed to a lower trade deficit and prospects of a benign interest rate environment all augur well for the long term investor to stay invested in quality securities and balanced portfolios of mutual fund schemes.

Shriram Equity & Debt Opportunities Fund has yielded a 1 year return of 5.82% in the regular growth scheme delivering considerable outperformance over the markets, Nifty returned (-1.27%) whereas the Scheme benchmark delivered a return of 2.45% for the same period accompanied by lower levels of volatility as measured through the beta and standard deviation compared to the market and scheme benchmarks.

Market will be taking cue from the forthcoming winter session of Parliament, which is expected to be stormy as opposition parties are likely to come together in a unified manner after dismal performance of BJP in Bihar assembly election and growing protest against intolerance. Consequently, fates of several key bills - GST, land acquisition bill among others are getting delayed continuously. Amidst these uncertainties, we try to achieve stable risk adjusted return based on fundamentally sound good quality stocks.

It is a matter of great pleasure to share with you that Shriram Equity and Debt Opportunities Fund has declared 11.50 % dividend (Rs 1.15 per unit on the face value of Rs. 10) making it the third dividend since inception (totalling 24.5%) two years back. This corroborates our investor centric philosophy.

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:

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: 36.85 cr.
Latest AUM: 37.01 cr.

Expenses Ratio (Excluding Stax) :

Regular 2.30% Direct 1.75%

Portfolio Turnover Ratio: 110.45%

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*:-

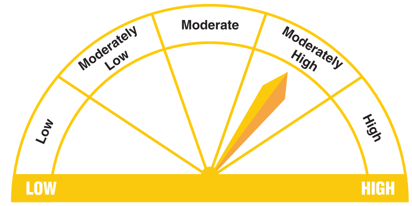
☑ Long term capital appreciation and current income
☑ Investment in equity and equity related securities as well as fixed income securities (debt and money market securities)
☑ Moderately High Risk

*** 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 October 2015

Equity Portfolio

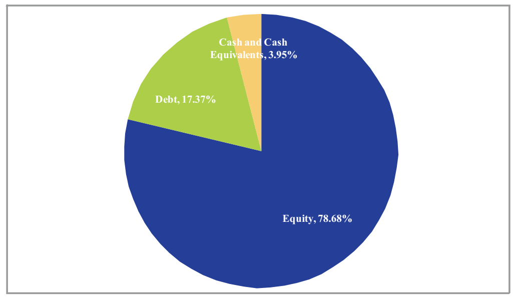
HDFC Bank Ltd.	4.63%
Housing Development Finance Corporation Ltd.	4.01%
Maruti Suzuki India Ltd.	3.90%
Dr. Reddy's Laboratories Ltd.	3.81%
Axis Bank Ltd.	3.49%
Tata Consultancy Services Ltd.	3.40%
HCL Technologies Ltd.	3.34%
ICICI Bank Ltd.	3.33%
Infosys Ltd.	3.30%
LIC Housing Finance Ltd.	3.22%
Aurobindo Pharma Ltd.	2.87%
Kotak Mahindra Bank Ltd.	2.12%
Britannia Industries Ltd.	2.11%
Larsen & Toubro Ltd.	1.92%
Bharat Electronics Ltd.	1.86%
IndusInd Bank Ltd.	1.86%
State Bank of India	1.83%
Eicher Motors Ltd.	1.76%
Bharat Petroleum Corporation Ltd.	1.75%
Apollo Hospitals Enterprise Ltd.	1.50%
The Federal Bank Ltd.	1.40%
ITC Ltd.	1.32%
Tech Mahindra Ltd.	1.14%
Ultratech Cement Ltd.	1.14%
Amara Raja Batteries Ltd.	1.13%
Asian Paints Ltd.	1.10%
Shree Cements Ltd.	0.98%
Reliance Industries Ltd.	0.98%
Lupin Ltd.	0.92%
IDFC Bank Ltd.	0.90%
Natco Pharma Ltd.	0.88%
Tata Motors Limited	0.81%
UPL Ltd.	0.77%
Sun Pharmaceuticals Industries Ltd.	0.77%
Mahindra & Mahindra Ltd.	0.74%
Bharat Forge Ltd.	0.70%
Power Grid Corporation of India Ltd.	0.69%
Tata Steel Ltd.	0.67%
IDFC Ltd.	0.65%
AIA Engineering Ltd.	0.60%
Bata India Ltd.	0.53%
Bajaj Auto Ltd.	0.49%
MRF Ltd.	0.46%
Oil & Natural Gas Corporation Ltd.	0.41%
Hero MotoCorp Ltd.	0.40%
GAIL (India) Ltd.	0.37%
Page Industries Ltd.	0.30%
TVS Motor Company Ltd.	0.27%
Cummins India Ltd.	0.23%
Bajaj Finance Ltd.	0.23%
Apollo Tyres Ltd.	0.21%
MindTree Ltd.	0.21%
Repco Home Finance Limited	0.15%
Persistent Systems Ltd.	0.12%
Equity Total	**78.68%**

Debt Portfolio

Debt Portfolio	Rating	
HDFC LTD COMMERCIAL PAPER	ICRA-A1+	13.50%
TATASONS LTD	CRISIL-AAA	0.58%
LIC HOUSING FINANCE LTD.	CRISIL-AAA	1.89%
HDFC LTD	CRISIL-AAA	1.40%
Debt total		**17.37%**

Cash & Cash Equivalent 3.95%

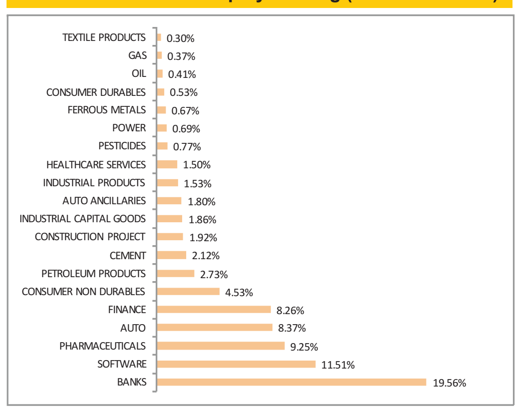
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	13.2425
Dividend Option	11.7571
Regular Plan	
Growth Option	13.1025
Dividend Option	11.6595

Sectoral Allocation of Equity Holding (% of Net Assets)

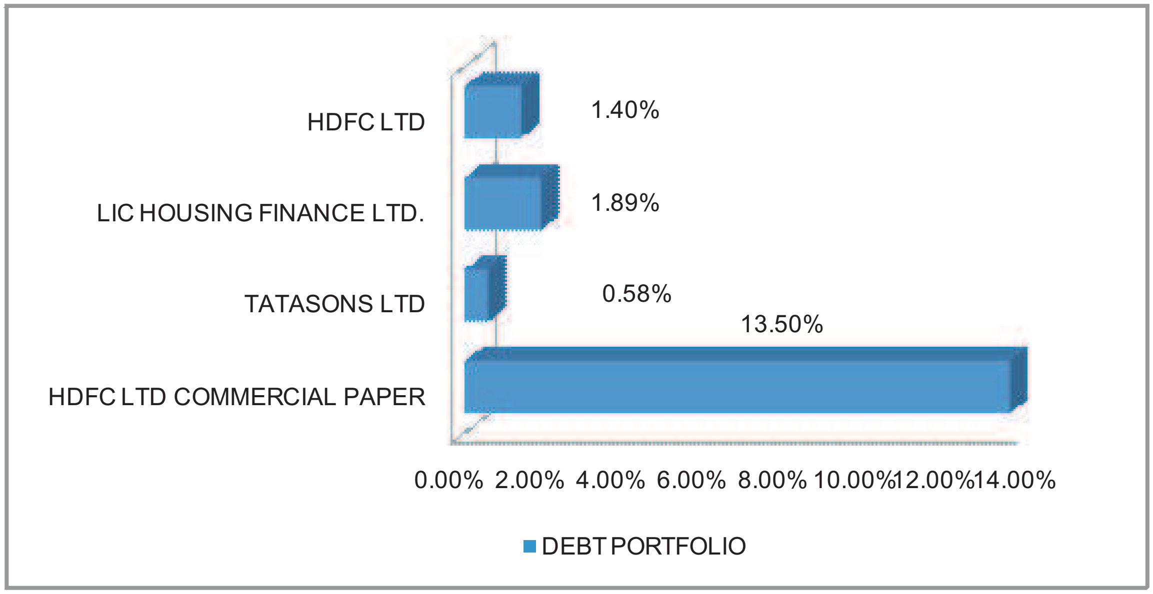


Quantitative

Average Maturity*	**0.55 Year**
Modified Duration*	**0.39 Year**
Yeild to Maturity*	**8.80%**

* 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
19-Mar-14	10.00	10.4657	0.25
27-Oct-14	10.00	11.9236	1.05

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

Record Date	Face Value (Rs)	NAV (Rs)	Dividend (Rs.)/Unit
19-Mar-14	10.00	10.4529	0.25
27-Oct-14	10.00	11.8794	1.05

^Past performance may or may not be sustained in future. There is no assurance or neither guarantees to Unit holders as to rate/quantum of dividend distribution nor that will the dividends be paid regularly. All dividends are on face value of Rs. 10 per Unit. After payment of the dividend, the per Unit NAV falls to the extent of the payout and statutory levy, if any.

Performance of Scheme:

Shriram Equity and Debt Opportunities Fund

Returns of Regular Plan - Growth Option as on September 30, 2015
Date of inception: 29-Nov-13.
NAV as on 30.09.15 Rs. 13.1127

Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs.10000	
					Scheme	Benchmark
September 30, 2014	Last 1 Year	12.2098	7.39	3.63	10,739	10,363
November 29, 2013	Since Inception	10.0000	15.91	13.94	13,113	12,707

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 SIP	1year SIP
Total Amount Invested (Rs.'000)	220.00	120.00
Mkt Value as on Sep 30, 15 (Rs.'000)	242.64	120.64
Returns (Annualised) (%)	10.63%	0.99%
Benchmark Returns (Annualised) (%) #	6.75%	-4.31%

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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