



SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

Fund *F*acts

As on 31 October 2016



Economic Commentary and Market Review - October 2016

In the run up to the US Presidential election, Indian market was range bound and exited the month of October at 8,638 almost unchanged from the previous month. The outcome of US election was expected to impact global stocks owing to the policy changes proposed by both the candidates. In the hard-fought election ultimately Donald Trump became the 45th US President which came as a big surprise while the general consensus was the opposite. Meanwhile in order to check spread of fake currency and black money, government demonetised Rs 500 and Rs 1,000 notes from November 8 midnight.

FIIIs turned sellers in October to the tune of \$643 million after remaining buyers for the last seven months taking total inflows during the year till date to \$7.06 billion. Rising bond yields in the US market and strengthening of dollar resulted in rupee falling against USD on worries about capital outflows. Besides, hike in interest rate is expected in the next Federal Reserve meeting, scheduled in December.

In the domestic economy, retail and wholesale price inflation fell in October as food prices moderated thereby raising expectation of another rate cut by the RBI. The monetary policy committee of RBI reduced the policy rate by 25bps to 6.25% at its October meeting. 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. It seems normal monsoon this year helped in keeping food prices under check while the demonetisation announcement will curb demand and likely to keep inflation under control.

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. Struggling industrial output data along with controlled inflation might encourage the RBI to reduce rates further.

Merchandise exports in October climbed 9.6% y/y to \$23.51 billion, the second straight month of growth backed by robust growth in engineering goods (up 13.9% y/y) and gems & jewellery (up 22% y/y). Low base effect and some improvement in global demand led growth in exports. Imports grew 8.11% y/y to \$33.6 billion (on a declining trend since December 2014) widening the trade deficit to \$10.16 billion from \$9.69 billion in the year-ago period. Both oil and non-oil imports increased in October (3.98% y/y to \$7.14 billion and 9.28% to \$26.53 billion, respectively) that resulted in rise in imports. Gold import grew 108% to \$3.5 billion owing to increased demand in festive season. Non-oil and non-gold import, a proxy for industrial demand increased 1.9% y/y to \$23.03 billion in October. Growth momentum in exports is significant to sustain economic recovery.

Passenger vehicle sales maintained positive momentum in October as well (at 4.5% to 280,677 units) though the growth rate came down from September. This month witnessed manufacturers adopting inventory correction after recording brisk festive sales in the previous month. Passenger car sales grew only 0.5% y/y to 195,036 units in October while utility vehicle sales recorded robust growth as result of a shift in demand to products like Vitara Brezza, Creta etc. However, the demonetisation move by the government will adversely impact automobile sales in the short-to-medium term. With shortage of cash people are likely to defer their purchases, especially in rural areas, which is cash dependant.

Sector outlook

Banks and NBFCs

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. Some of the major banks such as SBI, ICICI, HDFC Bank cut home loan rates recently to pass on the benefit of rate cut. Second quarter earnings across the banks had more or less a similar picture higher slippages, rising NPAs that adversely impacted their bottom line. Stress was seen in growth in net interest income and profits. With increased provisioning so far it is expected that the worst may soon be over for the banking system.

Consumer finance companies such as Bajaj Finance, Cholamandalam Finance reported a strong quarter on the back of healthy loan disbursement amidst good monsoon and pick-up in auto sales and, increased disposable income with implementation of pay commission recommendations. However, asset quality deteriorated to some extent.

Information Technology

The IT index has underperformed the broader markets over the last few months with several uncertainties plaguing the sector. While TCS reported disappointing revenues, margins improved though management outlook remained cautious. Infosys' earnings, on the other hand, beat street expectations though the company lowered FY17 revenue guidance for the second time in two quarters.

Pharma

Quarterly results from the major pharma companies have been in line though pricing pressure in the US market remains an overhang. 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. However, in a positive development Lupin received EIR for its Goa plant from US FDA leading to closure of all outstanding inspections of the facility.

Automobiles

All segments of the automobile industry recorded growth in domestic sales in October as expected because of festive season. In addition good amount of rainfall during the season, continued MGNREGA allocation, government's focus on infrastructure and higher disposable income in the hands of government employees should act as catalyst for the auto sector. However, the government's decision to demonetise Rs 500 and Rs 1,000 notes is likely to adversely impact sales of two-wheelers, SUVs and luxury vehicles as these segments transact heavily through cash.

Oil and Gas

In the meeting held at Algeria in September end, the OPEC agreed to cut production for the first time in eight years (to 32.5/33 million barrels a day) though individual member production target would be decided at the next meeting scheduled at the end of November. If production cut is actually carried out crude prices should improve from current level which has been in downward trend on apprehensions over a deal to cut global production.

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. Players in the capital goods space are expected to report a decent quarter owing to execution pick-up in projects and lower base effect.

Cement

Cement companies reported strong second quarter and good growth in sales volume. However, fuel prices (pet coke and imported coal) are on the rise which makes price hike necessary to retain margins. Cement consumption is expected to pick up in the long term though the demonetisation scheme is likely to hit cement demand because realty sector is affected by this move.

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. Good monsoon so far should keep demand from agricultural sector strong as sowing takes place.

Commodities

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. Supply disruption in Australia and import from China (that used to rely on domestic supply) to curb pollution led to surge in coking coal price.

Conclusion

The benchmark Nifty index fell ~5% since touching the highest level (~8,968) in September owing to profit booking, not so encouraging quarterly earnings and higher slippages by banks. Meanwhile, central government and states reached a consensus on the rates of the much awaited GST reforms. India aims to implement GST from April 1, 2017. A tiered rate structure was agreed upon - zero tax rate (apply to 50% of the items present in CPI basket), 5% (items of mass consumption), 12% and 18% (majority of items used by common man) and 28% (white goods and luxury cars, tobacco, aerated drinks). If implemented successfully, GST can be a very significant reform for Indian economy that will treat the whole country as one single market.

Shriram Equity & Debt Opportunities Fund recorded return of 12.5% 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. Implementation of GST, 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 Banerjee

Experience: Ms. 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. 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: 42.42 cr.
Latest AUM: 41.94 cr.

Expenses Ratio:(Excluding service tax)
Regular : 2.30%
Direct : 1.75%

Portfolio Turnover Ratio: 45.00%

Benchmark:

- Equity - CNX Nifty (70%)
- Debt - Crisil Composite Bond Fund Index (30%)

Loads: No Entry load

Exit load 1.00% is payable if units are redeemed / switched – out within 365 days from the date of allotment

Minimum Investment:

Rs 5,000/- w.e.f. 1st April 2014
SIP

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

Shriram Equity and Debt Opportunities Fund

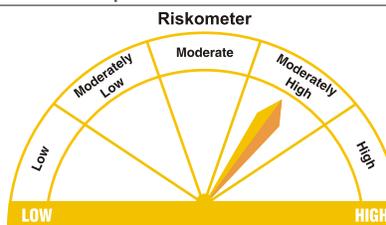
This Product is suitable for investors who are seeking*:-

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

* Investors should consult their financial advisor if in doubt whether the product is suitable for them.

Note : Risk is represented as :

- i. Low - Principal at low risk
- ii. Moderately Low - Principal at moderately low risk
- iii. Moderate - Principal at moderate risk
- iv. Moderately High - Principal at moderately high risk
- v. High - Principal at high risk



Portfolio and other facts as on 31 Oct 2016

Equity Portfolio

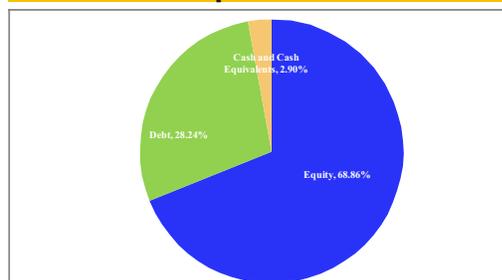
HDFC Bank Ltd.	4.94%
Infosys Ltd.	2.07%
Housing Development Finance Corporation Ltd.	2.74%
Bajaj Finance Ltd.	2.69%
Maruti Suzuki India Ltd.	2.27%
Axis Bank Ltd.	1.77%
Shree Cements Ltd.	3.75%
Yes Bank Ltd.	3.61%
Bharat Electronics Ltd.	0.82%
Larsen & Toubro Ltd.	1.32%
Kotak Mahindra Bank Ltd.	2.18%
Britannia Industries Ltd.	2.23%
Tata Consultancy Services Ltd.	0.78%
IndusInd Bank Ltd.	2.77%
Ultratech Cement Ltd.	2.62%
Bharat Petroleum Corporation Ltd.	2.48%
LIC Housing Finance Ltd.	1.02%
Eicher Motors Ltd.	1.13%
Marico Ltd.	1.74%
Bajaj Finserv Ltd.	2.42%
Aurobindo Pharma Ltd.	2.21%
Sun Pharmaceuticals Industries Ltd.	1.09%
ICICI Bank Ltd.	0.73%
Amara Raja Batteries Ltd.	1.72%
Divi's Laboratories Ltd.	1.79%
Mahindra & Mahindra Ltd.	1.35%
HCL Technologies Ltd.	0.52%
UPL Ltd.	1.70%
Ashok Leyland Ltd.	0.73%
Mahindra & Mahindra Financial Services Ltd.	1.24%
Natco Pharma Ltd.	1.69%
Page Industries Ltd.	1.10%
Shriram Transport Finance Company Ltd.	0.74%
Asian Paints Ltd.	1.01%
TVS Motor Company Ltd.	0.87%
PIDILITE INDUSTRIES LTD.	1.37%
Cholamandalam Investment and Finance Company Ltd.	0.61%
Piramal Enterprises Ltd.	0.79%
ZEE ENTERTAINMENT ENTERPRISES LTD	1.01%
Lupin Ltd.	0.52%
Sundram Fasteners Ltd.	0.29%
Havells India Ltd.	0.24%
Berger Paints India Ltd.	0.19%
Equity Total	68.86%

Debt Portfolio Rating

HDFC LTD	CRISIL-AAA	11.57%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	11.29%
PFC LTD.	CRISIL-AAA	3.55%
REC LTD	CRISIL-AAA	1.31%
TATASONS LTD	CRISIL-AAA	0.52%
Debt total		28.24%

Cash & Cash Equivalent 2.90%

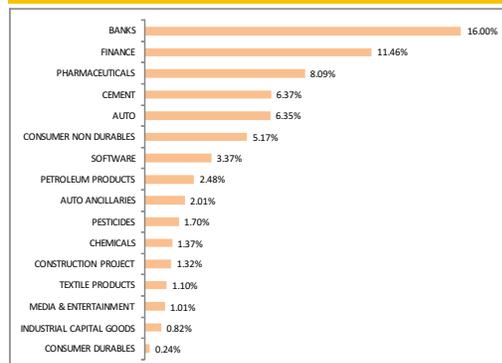
Portfolio composition



NAV details (Rs)

Direct Plan	
Growth Option	14.3372
Dividend Option	11.4257
Regular Plan	
Growth Option	14.0983
Dividend Option	11.2706

Sectoral Allocation of Equity Holding (% of Net Assets)

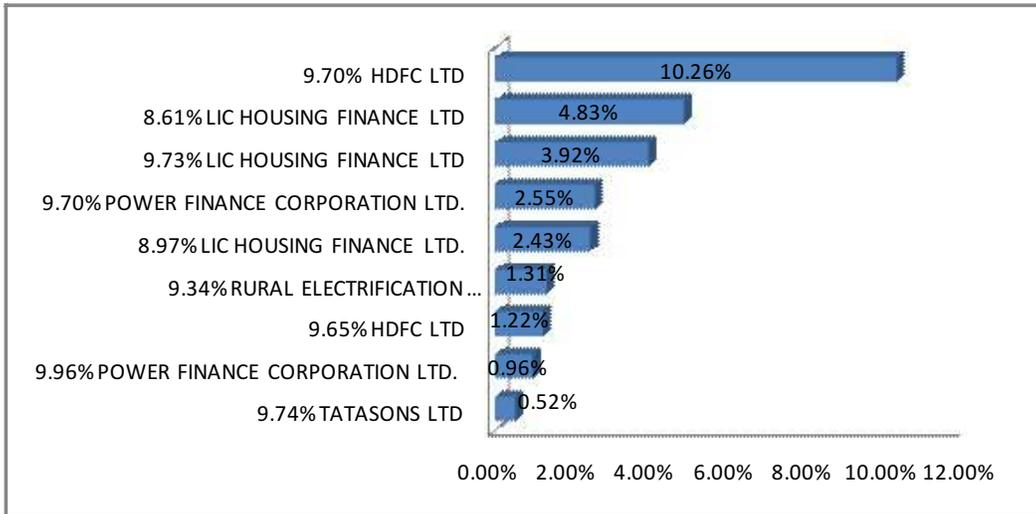


QUANTITATIVE DATA

Average Maturity*	2.25 years
Modified Duration*	1.75 years
Yield to Maturity*	8.29%

* Computed on the invested amount for debt portfolio

Debt Portfolio



Dividend History^A

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

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

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

Record Date	Face Value (Rs)	NAV (Rs)	Dividend (Rs.)/Unit
19-Mar-14	10.00	10.4529	0.25
27-Oct-14	10.00	11.8794	1.05
14-Nov-15	10.00	11.3130	1.15

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

Performance of Scheme:

Shriram Equity and Debt Opportunities Fund

Returns of Regular Plan - Growth Option as on 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.



Registered Office :Wockhardt Towers, 2nd Floor, East Wing, C-2, G Block,
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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.

