



# SHRIRAM

Mutual Fund

Nurturing Trust, Shaping Dreams

# Fund *F*acts

As on 30 September 2017



# *Economic Commentary and Market Review - September 2017*

Market continued its southward journey in September, declining 1.3% to 9,789 at the end of the month. FIIs pulled out from the market mainly due to geopolitical tension emanating from North Korea as well as lower valuation in other emerging markets compared to India.

Pharma and Metal were the top performers in the month due to attractive valuation. PSU Banks, caught in the prolonged NPA resolution process, were the top laggards in the month. It was followed by FMCG due to distressed volume growth across the FMCG companies in the last reported quarter.

The correction in September was evident as the market witnessed strong outflows from FIIs. FIIs pumped out over Rs.11,000 crores from Indian equities during the month, after withdrawing over Rs.14,000 crores in the previous month, the highest in CY17 so far. They remained net buyers in the debt market to the tune of roughly Rs.1,300 crore, much lower than ~Rs.15,000 crores in August. Mutual funds industry supported the market, buying more than Rs.17,000 crores into equities and over Rs.31,000 crores into debt.

At their latest meeting, the RBI left interest rates untouched at 6%, citing upside risks to inflation. The Monetary Policy Committee (MPC) raised its inflation target to 4.2-4.6% for the second half of this fiscal year from 4-4.5%. However, the MPC lowered its real GVA growth forecast for FY18 to 6.7% from 7.3%.

## Sector outlook

### Banks and NBFCs

The banking sector was negatively impacted by NPA issues and poor credit growth report released by RBI. Late-August, RBI sent a fresh list of defaulters to the banks which is to be taken to the National Company Law Tribunal (NCLT) to initiate insolvency proceedings. On the other hand, RBI revealed that bank credit growth during the current fiscal remained at a historic low with bank loan book declining by Rs.1.37 lakh crores to Rs.77.04 lakh crores till around mid-August. Many public sector lenders, including Indian Bank and Vijaya Bank, reduced their overnight marginal cost of funds based lending rate (MCLR) in September by up to 0.45%. The reduction in MCLR is expected to impact loan growth favourably going forward. In 2QFY18 results, the BFSI sector is likely to show some stress due to higher provisioning, sharp fall in profitability from treasury operations, subdued growth in core operating income, and weaker credit growth. However, banks and NBFCs having higher exposure to retail and MSME segments are expected to deliver strong numbers as before.

### Information Technology

The IT stocks continued to dip due to several challenges crippling the sector 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.

### Pharma

Pharma was the best performing sector during the month as value buying took place across the sector. Expectation regarding lifting of import alert from for Divi's Vizag facility post re-inspection by US FDA, the much awaited approval of gCopaxone (for Natco's partner Mylan) and clearance of Dr Reddy's Srikakulam unit were some of the positive factors lifting sentiment of the sector during the month. The companies' domestic business should witness some relief in the quarter with channel-restocking taking place. However, sales in the US market likely to remain under pressure owing to price erosion.

### Automobiles

Automobile stocks rallied in September mainly due to higher demand owing to upcoming festive season. As a result, passenger vehicle sales in the month grew 11.32% year over year. Among the four-wheeler majors, Tata Motors reported fastest sales growth of 19% during the month. On the other hand, in the two-wheeler space, TVS Motors reported highest sales growth of 23% in September. Meanwhile, commercial vehicle sales went up 26% in the month.

### Oil and Gas

Oil stocks fell as OMCs were impacted by rising oil prices (Brent crude was ~\$57.54 a barrel at month-end, up 9% from \$52.75 at the beginning of the month) due to several factors such as Saudi Arabia's intent to reduce monthly crude exports, progress toward maintaining a balanced market from OPEC and a hurricane-induced slowdown in crude output from the U.S. However, gas-based stocks such as GAIL and ONGC were positively impacted by renegotiation of existing gas supply deals with overseas terminals at lower price.

## Cement

Second quarter results of cement players would be affected by prolonged monsoon, sand crisis in some regions and subdued real estate activities mainly led by RERA implementation. Cost is likely to increase due to spike in fuel and freight cost. The industry has witnessed price decline due to subdued demand and passing on of GST benefits to the tune of 2-3% to the retail segment. ACC (new capacity addition) and UltraTech (acquisition of Jaypee's capacity) are expected to witness double digit growth in volume. The second half is expected to be strong for cement companies owing to likely recovery in realization, continuous traction in infrastructure projects and potential pick-up in rural consumption led by favourable monsoon.

## Metal

Metal index was the second best performer during the month due to rising metal prices on production cuts by China owing to environmental concerns. As per a report by KPMG, Indian demand for non-ferrous metals is expected to grow at 8% between 2016 and 2021, in line with strong economic prospects and push on manufacturing sectors. While demand for ferrous metals such as iron and steel is expected to be strong as well due to government's focus on housing projects and protectionist policies such as levy of anti-dumping duties.

## Conclusion

There is limited downside potential for Nifty backed by robust inflow from institutional investors. Several factors such as smooth implementation of GST, resolution of banking system NPA, good monsoon and revival of investment cycle, would decide the future course of the market.

Return of Shriram Equity & Debt Opportunities Fund in September stood at 11.77% CAGR (since inception) accompanied by lower levels of volatility whereas return for the last six months stood at 6.62% beating the benchmark return of 6.35%. 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 by maintaining 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 its 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. 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 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: 42.63 cr.**  
**Latest AUM: 41.95 cr.**

**Expenses Ratio:**(Excluding service tax)  
**Regular : 2.28%**  
**Direct : 1.73%**

**Portfolio Turnover Ratio: 40.75%**

**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

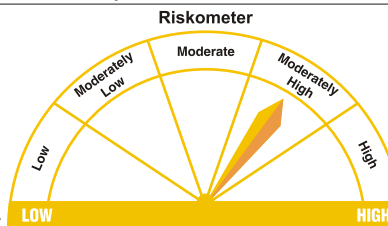
# Shriram Equity and Debt Opportunities Fund

**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 30 September 2017

**Equity Portfolio**

	% to NAV	% to NAV Derivative
HDFC Bank Ltd.	6.21%	
HDFC Bank Ltd. October 2017 Future		-0.22%
HDF Corporation Ltd.	3.16%	
HDF Corporation Ltd. October 2017 Future		-0.42%
Kotak Mahindra Bank Ltd.	2.80%	
Kotak Mahindra Bank Ltd. October 2017 Future		-0.19%
ITC Ltd	2.77%	
Maruti Suzuki India Ltd.	2.77%	
Maruti Suzuki India Ltd. October 2017 Future		-0.57%
IndusInd Bank Ltd.	2.74%	
IndusInd Bank Ltd. October 2017 Future		-0.48%
Yes Bank Ltd.	2.35%	
Yes Bank Ltd. October 2017 Future		-0.29%
Reliance Industries Ltd.	2.26%	
Britannia Industries Ltd.	2.15%	
Bharat Electronics Ltd.	1.95%	
Bharat Petroleum Corporation Ltd.	1.94%	
BPCorporation Ltd. October 2017 Future		-0.20%
UPL Ltd.	1.84%	
Hindustan Unilever Ltd.	1.81%	
Axis Bank Ltd.	1.71%	
State Bank Of India	1.64%	
Larsen & Toubro Ltd.	1.52%	
Natco Pharma Ltd.	1.48%	
Eicher Motors Ltd.	1.37%	
Bajaj Finance Ltd.	1.34%	
Bajaj Finance Ltd. October 2017 Future		-0.44%
Infosys Ltd.	1.29%	
Ultratech Cement Ltd.	1.27%	
Petronet L N G Ltd	1.26%	
Power Grid Corporation Of India Ltd.	1.26%	
Pidilite Industries Ltd.	1.23%	
Pidilite Industries Ltd. October 2017 Future		-0.19%
HCL Technologies Ltd.	1.18%	
Mahanagar Gas Limited	1.15%	
Shree Cements Ltd.	1.07%	
Tata Motors Limited (Dvr)	1.04%	
ICICI Bank Ltd.	1.01%	
ICICI Bank Ltd. October 2017 Future		-0.18%
Zee Entertainment Enterprises Ltd	1.01%	
Aurobindo Pharma Ltd.	0.98%	
LIC Housing Finance Ltd.	0.95%	
LIC Housing Finance Ltd. October 2017 Future		-0.33%
Tata Consultancy Services Ltd.	0.87%	
Sun Pharmaceuticals Industries Ltd.	0.87%	
Shriram Transport Finance Company Ltd.	0.82%	
Marico Ltd.	0.75%	
Cyient Limited	0.67%	
Gail (India) Ltd (Ex Gas Authority Of India Ltd)	0.58%	
Techno Electric & Engineering Co. Ltd.	0.56%	
Sundram Fasteners Ltd.	0.53%	
Larsen & Toubro Infotech Limited	0.51%	
Page Industries Ltd.	0.51%	
Page Industries Ltd. October 2017 Future		-0.22%
KEC International Limited	0.51%	
Gruh Finance Limited	0.50%	
Asian Paints Ltd.	0.50%	
Navneet Education Limited	0.50%	
ClInvestment And Finance Company Ltd.	0.44%	
Hindustan Petroleum Corpn. Ltd.	0.42%	
Equity Total	68.05%	-3.73%
Investment And Finance Company Ltd.	0.44%	
Hindustan Petroleum Corpn. Ltd.	0.42%	

**Derivative Portfolio (Other than hedge)**

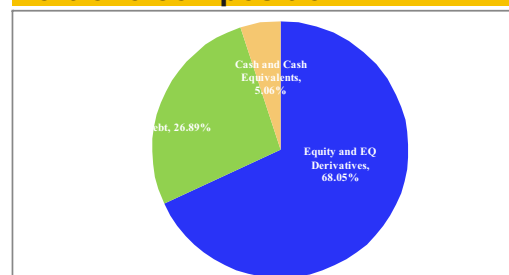
Hcl Technologies Ltd. October 2017 Future	0.44%
Infosys Limited October 2017 Future	0.11%
Tata Consultancy Services Ltd October 2017 Future	0.14%
Lupin Ltd (Ex Lupin Laboratories Ltd) October 2017 Future	0.39%
<b>Future Total</b>	<b>1.08%</b>
BANK NIFTY 24500 PE OCTOBER 2017	0.07%
NIFTY 9500 PE OCTOBER 2017	0.02%
<b>Option Total</b>	<b>0.09%</b>

**Debt Portfolio**

	Rating	
HDFC LTD	CRISIL-AAA	4.90%
LIC HOUSING FINANCE LTD.	CRISIL-AAA/CARE- AAA	8.80%
PFC LTD.	CRISIL-AAA	5.02%
REC LTD	CRISIL-AAA	7.64%
TATASONS LTD	CRISIL-AAA	0.53%
<b>Debt total</b>		<b>26.89%</b>

**Cash & Cash Equivalent 5.06%**

**Portfolio composition**

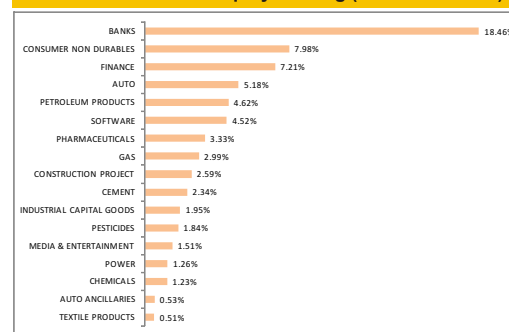


**NAV details (Rs)**

<b>Direct Plan</b>	
Growth Option	15.6739
Dividend Option	12.4702

<b>Regular Plan</b>	
Growth Option	15.3238
Dividend Option	12.2503

**Sectoral Allocation of Equity Holding (% of Net Assets)**

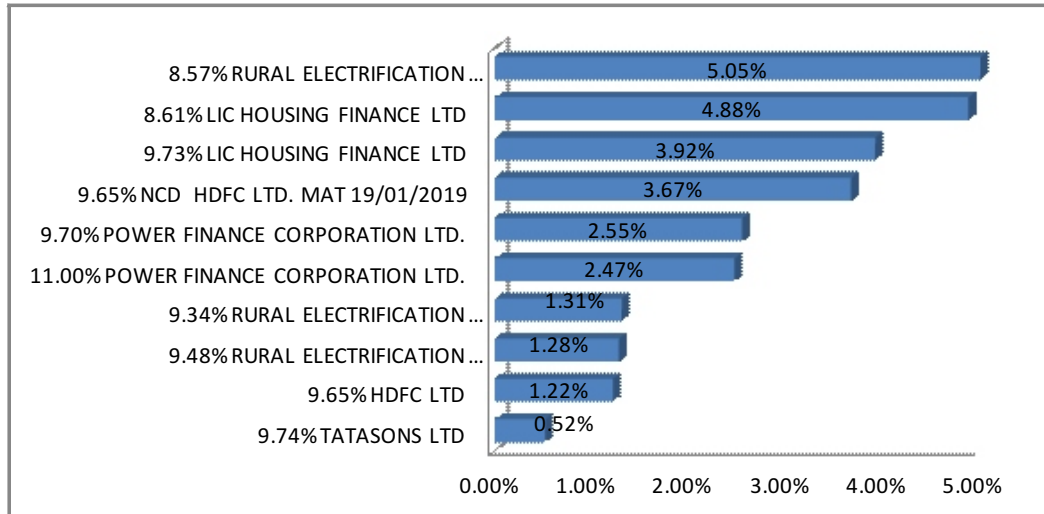


**Total Exposure to derivative instruments as on 30/09/2017: Rs. 205.22 Lakhs**

**QUANTITATIVE DATA**

Average Maturity*	3.23 years	Standard Deviation	0.5453%
Modified Duration*	2.44 years	Portfolio Beta	0.99%
Yeild to Maturity*	8.00%	Sharpe Ratio	2.05%

\* Computed on the invested amount for debt portfolio

**Debt Portfolio****Dividend History<sup>^</sup>****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

<sup>^</sup>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, 2017						
Date of inception: 29-Nov-13.						
						NAV as on 30.09.17 Rs. 15.3238
Date	Period	NAV (Rs.) Per Unit	Scheme Return % (Annualized)	Benchmark Return % (Annualized)	Value of Investment of Rs.10000	
					Scheme	Benchmark
Sep 30 2016	Last 1 Year	14.0329	9.20	11.95	10,920	11,195
Sep 30 2015	Last 2 Year	13.1127	8.09	10.58	11,686	12,231
Sep 30 2013	Last 3 Year	12.2098	7.86	8.17	12,550	12,667
November 29 2013	Since Inception	10.0000	11.76	12.17	15,324	15,545

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	3 years SIP	2 years SIP	1 year SIP
Total Amount Invested (Rs.'000)	460.00	360.00	240.00	120.00
Mkt Value as on Sep 30, 17 (Rs.'000)	553.85	411.27	270.29	128.08
Returns (Annualised) (%)	9.66%	8.84%	11.89%	12.73%
Benchmark Returns (Annualised) (%) #	10.20%	9.66%	12.90%	13.13%

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, it 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.



**Registered Office** :Wockhardt Towers, 2nd Floor, East Wing, C-2, G Block,  
Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

**Administrative Head Office** : CK 6, 2nd Floor, Sector II, Salt Lake, Kolkata-700091

Website: [www.shriramamc.com](http://www.shriramamc.com), email ID: [info@shriramamc.com](mailto: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.**

