

—Sundaram— Select Micro Cap Series VII

A 1400 day closed-end equity scheme



SUNDARAM MUTUAL
UNEARTHING OPPORTUNITIES

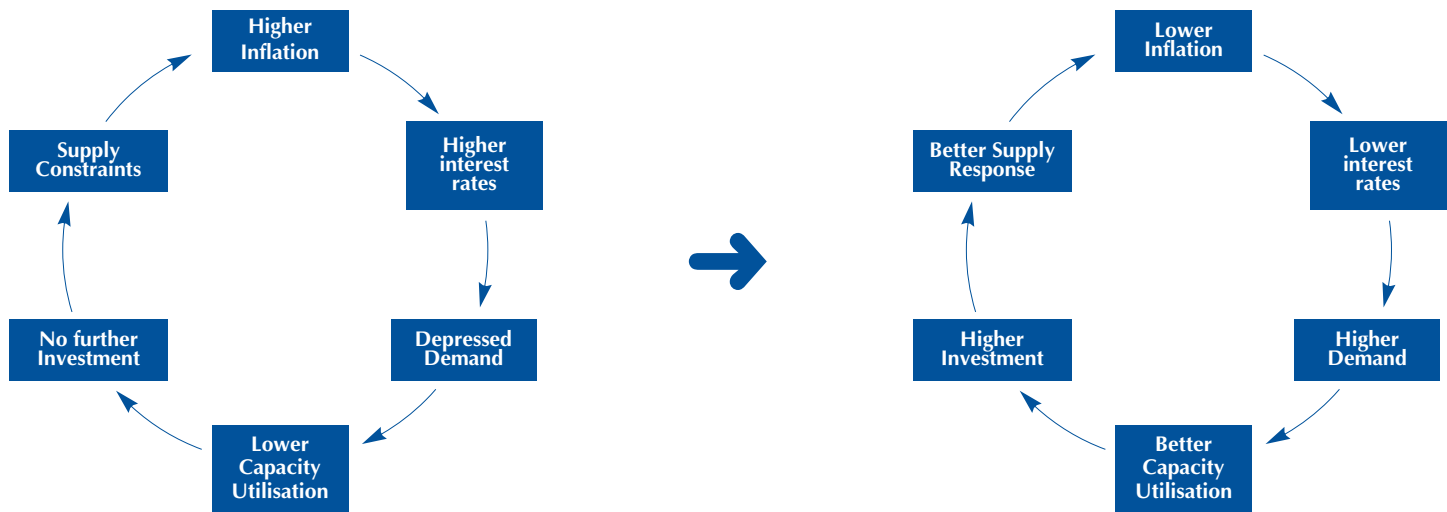
This product is suitable for investors who are seeking*

- Long Term Capital Growth
- Investment predominantly in equity / equity-related instruments of companies that can be termed as micro-caps
- High Risk Brown

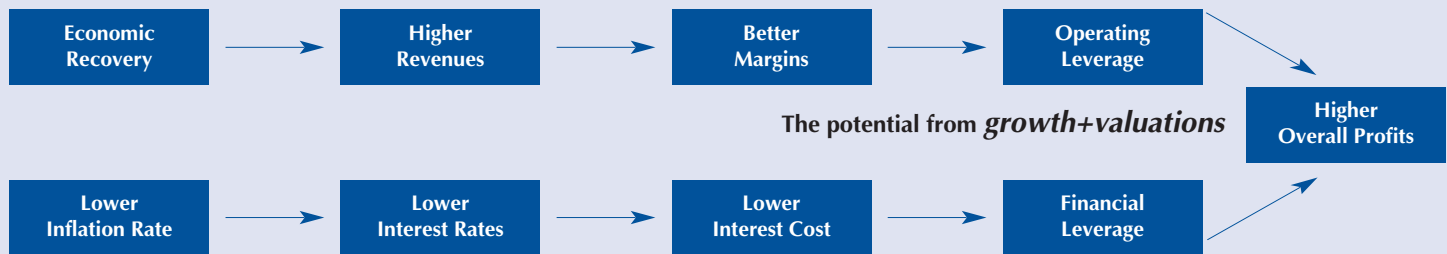
NFO Opens: October 08, 2014

NFO Closes: October 22, 2014

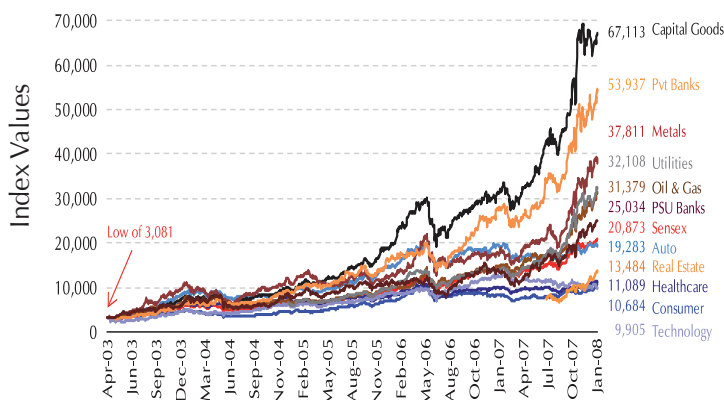
India is moving from a vicious to a virtuous economic cycle



Hence, cyclical stocks are poised to benefit

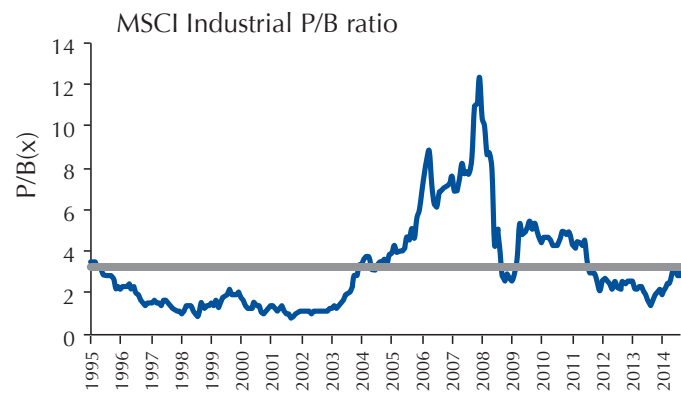


Cyclicals STRONGLY Outperform During GROWTH UPCYCLES



Source : Motilal Oswal, Sundaram Asset Management

Cyclical Valuations Near Lifetime Lows



Source : Morgan Stanley, Sundaram Asset Management

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them
Note: Risk may be represented as:

(BLUE) investors understand that their principal will be at low risk

(YELLOW) investors understand that their principal will be at medium risk

(BROWN) investors understand that their principal will be at high risk

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Sundaram Asset Management

www.sundarammutual.com

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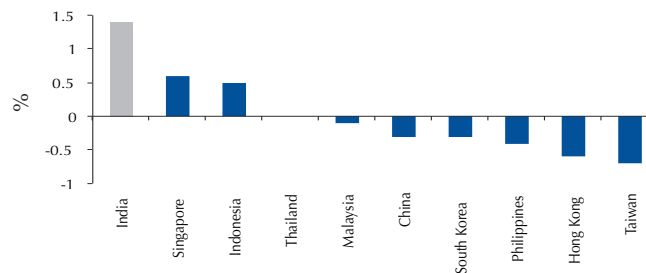
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Growth boost from strong NDA mandate

- Cabinet clears 49% FDI in Insurance, Defence & Railway Infrastructure
- Centre push seen for key labour reforms
- Union budget gives direction to reform process and exhibits clear intent
 - Thrust on states through a higher budgetary allocation
 - Encouraging REITs & Infra ITs
 - Easier infrastructure financing norms
 - Modernise mid-tier cities, metros, and Ganga cleaning
 - Agriculture infrastructure boost
 - Tax cuts at the mid-income levels would improve consumption
 - Investment incentives would lead to a revival in manufacturing

Source : Indiabudget.nic.in

Growth boost from exports

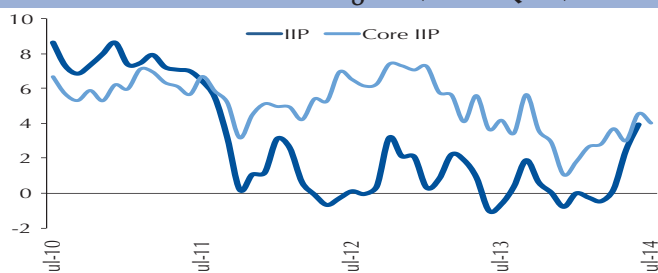


- India is ranked #1 among Asian peers when evaluated on key parameters such as Industry mix, Competitive mix and Interactive mix
- INR is depreciated against USD by more than 25% since FY 12 from an average rate of Rs.48 to Rs.60
- The largest increase to the global labour force would come from India (65 million between 2014 to 2023)

Source : Credit Suisse, Goldman Sachs, Sundaram Asset Management

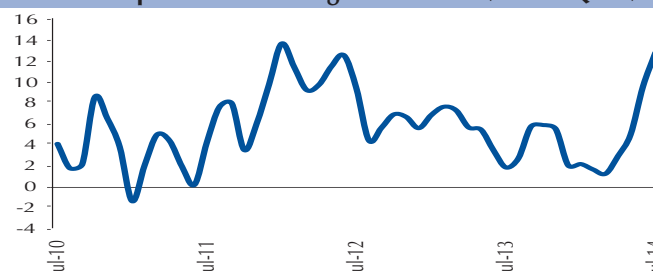
Growth begins its return journey

IP & Core IP bottoming out (%YoY QMA)



Source: CMIE, Sundaram Asset Management; QMA: Quarterly Moving Average IIP: Index of Industrial Production.

Cement production seeing momentum (%YoY QMA)



Micro Caps, which display cyclical bias, are poised to benefit from growth as well as valuation

Case Studies

	Sales		PAT		ROE		Stock Returns	
	FY03-08	FY08-14	FY03-08	FY08-14	FY08	FY14	FY03-08	FY08-14
Ramco Cements	26.3	10.6	97.5	-18.1	42.7	5.0	66.5	8.4
Crompton Greaves	33.7	11.8	75.4	-8.4	31.1	6.5	121.0	-0.9
Thermax	36.6	6.7	42.5	-3.3	37.8	11.5	100.3	3.3
SKF India	30.9	6.4	52.0	2.1	29.4	14.2	61.3	23.9
Hindustan Zinc	40.8	9.5	96.8	6.1	36.1	16.3	121.9	17.5

Source: Bloomberg; Growth in % based on CAGR; Computation: in-house

Significant buying opportunity

Small caps are trading at a significant discount to large caps

Across Cap Curve

	S&P BSE Sensex	S&P BSE Small Cap
*Price Earning Ratio	15.6	12.1
Discount vs S&P BSE Sensex		23%

The Small Cap Index is trading at a 40% discount from its historical high in January 2008

Across Time

	January 2008	August 2014
	20.6	12.1

*Based on Forward PE Ratio FY 15

Source: Bloomberg; Data as of August 2014; Research: In-house.

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Mutual Fund Investments are subject to market risks, read all Scheme related documents carefully.

Contact your investment advisor or call: Toll Free 1800 103 7237 (India) +91 44 49057300 (NRI)

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