

Sundaram Select Small Cap-Series-II

A 1400 day closed-end equity scheme



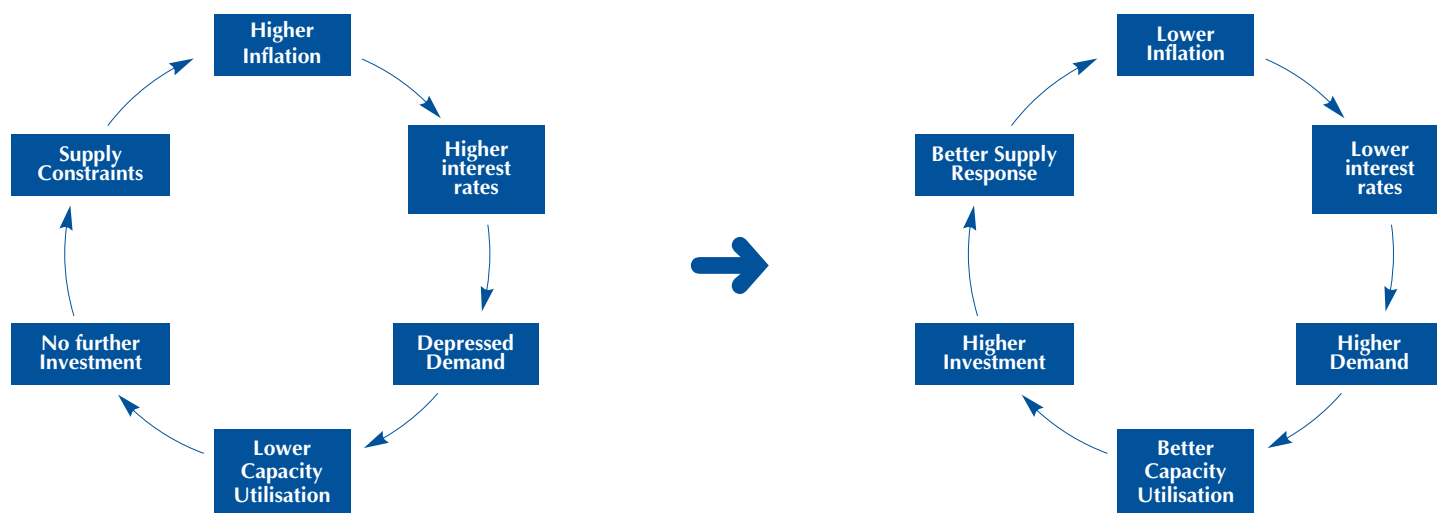
SUNDARAM MUTUAL
UNEARTHING OPPORTUNITIES

This product is suitable for investors who are seeking*

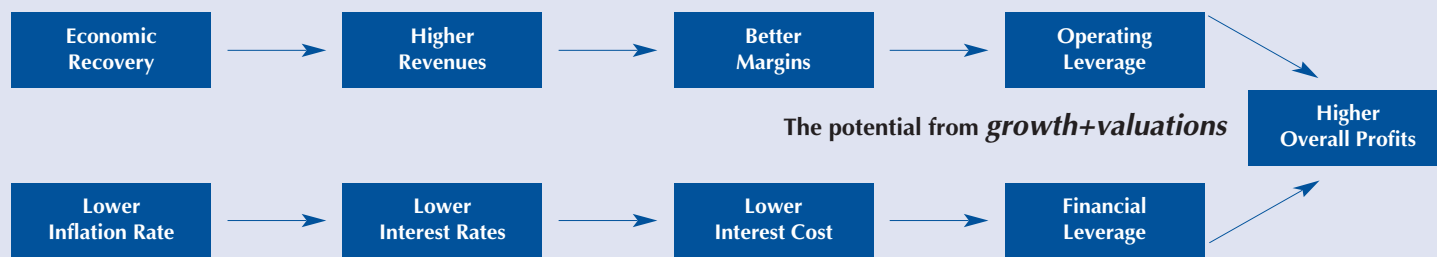
- Long Term Capital Growth
- Investment predominantly in equity / equity-related instruments of companies that can be termed as small-caps
- High Risk Brown

NFO Opens: November 03, 2014
NFO Closes: November 17, 2014

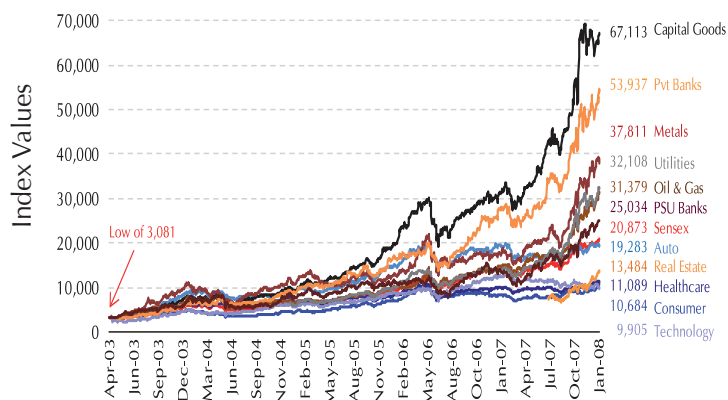
India is moving from a vicious to a virtuous economic cycle



Hence, cyclical stocks are poised to benefit

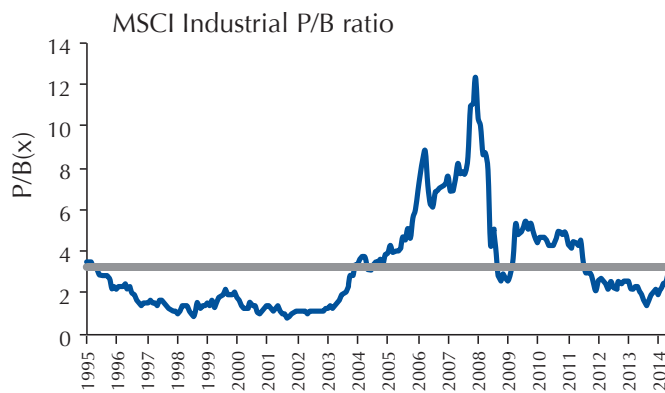


Cyclicals STRONGLY Outperform During GROWTH UPCYCLES



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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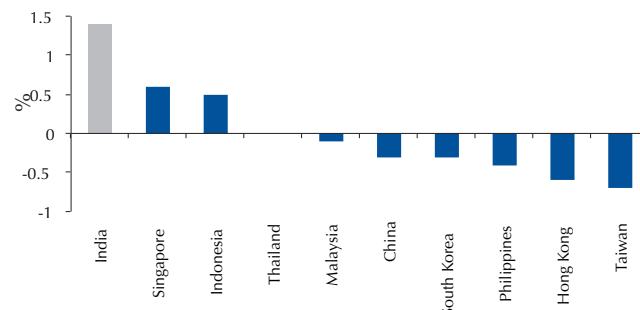
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Growth boost from strong NDA mandate

- Better Governance – Harmony, Greater Accountability, Faster Decision Making
- Involve 25 government departments to streamline and speed up approval processes
- Cabinet clears 49% FDI in Insurance, Defence & Railway Infrastructure
- Set up the Japan Plus team with representatives from Indian and Japanese government; facilitate Japanese investments in India
- Easier infrastructure financing norms
- Commercial banks allowed to raise long term capital for lending to infrastructure sector with minimal regulation.
- Diesel pricing deregulated. Oil Marketing Companies free to determine diesel prices based on market prices
- To transfer the subsidy on LPG to beneficiaries bank account starting 1 Jan 2015 without the need of the Unique ID number
- Modernise mid-tier cities, metros, and Ganga cleaning
- To digitally connect all the villages in the country by 2018 with high speed internet; target net zero electronic imports
- Agriculture infrastructure boost

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

Small Caps tend to outperform in upcycles

Index	Phase 1			Phase 2			Phase 3		
	Apr-03	Jan-08	Absolute Return %	Jan-08	Oct-13	Absolute Return %	Oct-13	Sep 2014	Absolute Return %
S&P BSE Sensex	3,168	20,873	559	20,873	21,165	1	21,165	26,631	26
S&P BSE Mid Cap	950	9,817	933	9,817	6,107	-38	6,107	9,530	56
S&P BSE Small Cap	885	13,516	1427	13,516	5,896	-56	5,896	10,681	81

Source: Bloomberg; Growth in % based on absolute terms; Computation: in-house. Small cap stock prices are subject to more volatility compared to other larger caps. Past performance may or may not be sustained in the future

Back Testing

Period	Customised Portfolio (A)	BSE Small Cap Index (B)	Out Performance (A-B)
April 2003-March 2008	1515.2	839.1	676
March 2008-March 2014	57.1	-9.8	67

Methodology

• Small Cap Universe: 200 stocks • Cyclical and Exports theme: 164 stocks • Sectors Considered for the analysis: Automobile, Cement, Chemicals, Construction, Energy, Fertilisers & Pesticides, Financial Services, Industrial Manufacturing, IT, Metals, Pharma, Services and Textiles • Top 3 stocks by market cap in each sector. is considered • The customised portfolio comprises of 36 stocks with a 10-year track record. Returns are computed in absolute terms (%).

Source: Bloomberg; Computation: in-house. The sample portfolio used for backtesting may not be replicated in the scheme and the data shown above is only for illustrative purpose. Past performance may or may not be sustained in the future.

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	16.8	12.5
Discount vs S&P BSE Sensex		25%

The Small Cap Index is trading at a 39% discount from its historical high in January 2008

Across Time

	January 2008	September 2014
*Price Earning Ratio	20.6	12.5

*Based on Forward PE Ratio FY 15

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

Disclaimer: Copies of the Statement of Additional Information, Scheme Information Document and application form with Key Information Memorandum may be obtained from the offices / Investor Service Centres of Sundaram Mutual or its authorized distributors or downloaded from www.sundarammutual.com. **Past performance may not be sustained in the future and does serve as a basis for comparison with other investments.** **General Risk Factors:** There can be no assurance or guarantee that fund's objectives will be achieved. NAV may go up or down, depending on the factors and forces affecting the securities market. Main types are market risk, liquidity risk, credit risk and systemic risks. At times, liquidity of investments may be impaired. There is uncertainty of dividend distribution and risk of capital loss. Investors in the schemes are not being offered any guaranteed or indicated returns. **Fund Facts:** Minimum Investment amount - ₹ 5,000/- & in multiples of ₹ 10 thereafter. **Fund Manager:** S. Krishna Kumar (Equity) & Dwijendra Srivastava (Fixed Income); **Benchmark:** S&P BSE Small Cap Index. **Plans:** Regular & Direct. **Options:** Growth & Dividend Payout. **Load:** Entry Load - Nil; Exit load - Not Applicable. **General Disclaimer:** This document is issued by Sundaram Asset Management, an Investment Manager registered with the Securities and Exchange Board of India in India and is produced for information purposes only. It is not a prospectus or Offer Document or Scheme Information Document or an offer or solicitation to buy any securities or other investment. Information and opinion contained in this document are published for the assistance of the recipient only; they are not to be relied upon as authoritative or taken as a substitution for exercise of judgment by any recipient. They are subject to change without any notice and not intended to provide the sole basis of any evaluation of the instrument discussed or offer to buy. It is neither a solicitation to sell nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or be taken as investment advice. The information and opinions contained in this communication have been obtained from sources that Sundaram Asset Management believes to be reliable; no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such. Sundaram Asset Management neither guarantees its accuracy and/or completeness nor does it guarantee to update the information from time to time. By accepting this document you agree to be bound by the foregoing limitations. This communication is for general information only without regard to specific objectives, financial situations and needs of any particular person who may receive it and Sundaram Asset Management is not soliciting any action based on this document. Sundaram Asset Management in the discharge of its functions, may use any of the data presented in this document for its decision-making purpose and is not bound to disclose the same. For scheme specific risk factors, asset allocation, load structure, fund facts and taxation aspects please refer the Statement of Additional Information and Scheme Information Document available online and at branches/Investor Service Centres. **Statutory: Mutual Fund:** Sundaram Mutual Fund is a trust under Indian Trusts Act, 1882 Liability for sponsor is limited to ₹ 1 lakh. **Sponsor:** Sundaram Finance Ltd. **Investment Manager:** Sundaram Asset Management Company Ltd. **Trustee:** Sundaram Trustee Company Ltd.

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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