

—Sundaram—
Select Micro Cap Series XV

5 years Close Ended Equity Scheme



SUNDARAM MUTUAL
 UNEARTHING OPPORTUNITIES

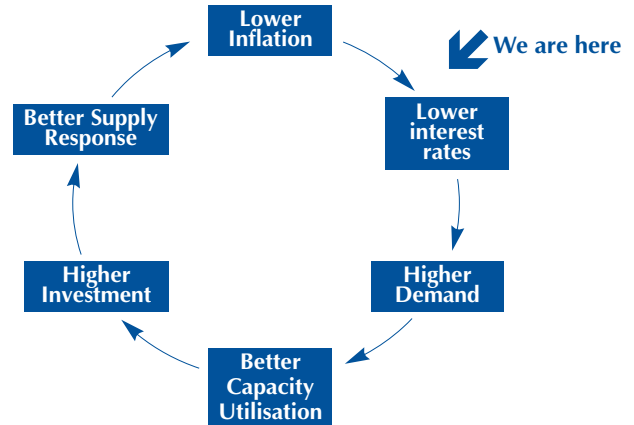
NFO Opens: May 10, 2017

NFO Closes: May 24, 2017

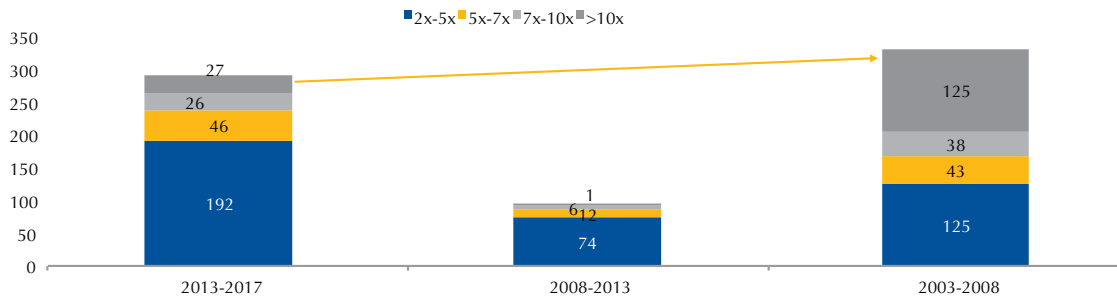
Why Micro caps now?

India has emerged stronger from the recent trying events. The combined effect of Demonetisation and GST reforms will pave the way for a faster shift of the economy from the unorganised to the organised sector. This clearly has positive implications for listed entities especially micro caps as they are likely to be the biggest beneficiaries of this shift.

We have moved closer to a virtuous economic cycle...



Number of Microcap Multi-Baggers across cycles



Source: Inhouse Computation

Number indicates No. of Companies

*** High potential for significant wealth creation as evidenced from the above**

Why Micro Caps

Further easing of monetary conditions to favorably impact Economy especially Small & Micro Cap companies over the long term



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.

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



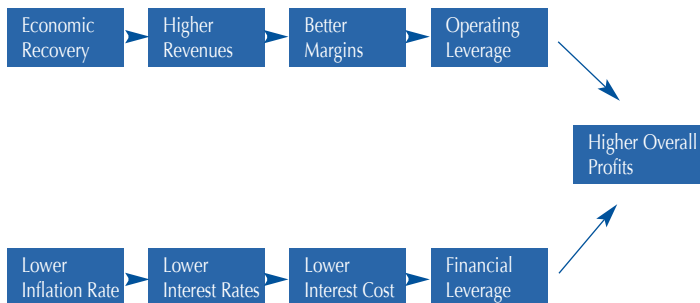
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Equities are poised to benefit



Many Mega Caps have started as Micro caps

- As a rapidly developing economy, opportunities abound for entrepreneurs
- Market typically small initially and not meaningful for larger players
- Over time, these businesses achieve scale and witness: Profit expansion; Price discovery happens as they enter the radar of Institutional investors.

Impact of GST

- Businesses - tax uniformity, minimal tax cascading, improved competitiveness & lower logistics cost
- Governments - simplified tax regime, widening of tax net & greater control on leakage
- Consumers - Transparent taxes, potential decline in indirect tax outgo
- Impact on Inflation - Neutral CPI Impact at RNR of 15.5% and 30-70bps impact at RNR of 18%
- Impact on Growth - 50bps GDP addition through higher investment and input tax credit for cap goods with 90-170bps addition to GDP through elimination of tax cascading

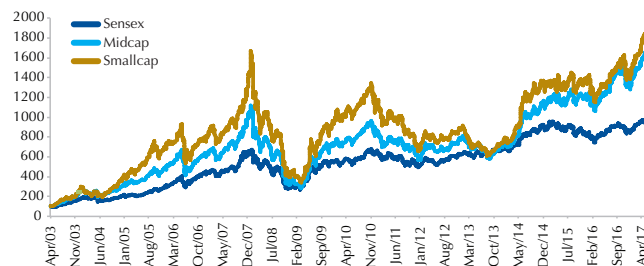
Source - CEA estimates

Scheme Summary

- Invests in equities of companies that can be termed as micro caps
- Micro caps are defined as companies ranked 301* and over by market capitalisation on the NSE
- As of April 30, 2017, micro caps are those with a market capitalization of ₹ 5,842 crore and lower
- **Benchmark** - S&P BSE Small Cap Index
- **Fund Manager** - S Krishna Kumar **Internal Definition*

Performance across market cycles, across market cap curves

BSE Mid-cap and Small-cap movement against the Sensex - consistent outperformance over the long term



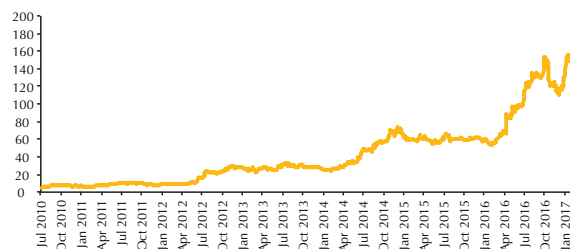
	Phase 1			Phase 2			Phase 3		
	Apr'03	Jan'08	(%) Return	Jan'08	Oct'13	(%) Return	Oct'13	May'17	(%) Return
BSE Sensex	3,168	20,873	559	20,873	21,165	1	21,165	29,921	41
BSE Mid Cap Index	950	9,817	933	9,817	6,107	-38	6,107	14,855	143
BSE Small Cap Index	885	13,516	1,427	13,516	5,896	-56	5,896	15,421	162

Data as on May 02, 2017, Returns are calculated on absolute basis

Source: Bloomberg; Sundaram Asset Management

Based on past bull market & significant gains still to come

Case Study - V Guard



Stock Returns
18x

Investment Thesis

- Pan India presence with ~25000 dealers to drive steady revenue growth
- Continuing product launches to deliver revenue traction
- Focusing on North India where it has relatively lower penetration to drive incremental growth

List of past multi baggers#

Stock Name	Entry Price (Rs)	Selling Price (Rs)	CMP (Rs)	Return (x)
V Guard	12	170	211	13.4
Amara Raja	75	980	869	12.1
Hitachi Home	137	1421	1365	9.4
SRF	219	1614	1583	6.4
Fag Bearings	595	4052	4052	5.8

These stocks have been part of our portfolios across various schemes

Notes -

1. Returns calculated on absolute basis (times "x").
2. We still hold some of the above stocks. The sales reflect partial profit booking.
3. Names have been taken across schemes

Source: Inhouse Computation

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

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