

# —Sundaram— Select Micro Cap Series VIII

A 5 year closed-end equity scheme



**SUNDARAM MUTUAL**  
UNEARTHING OPPORTUNITIES

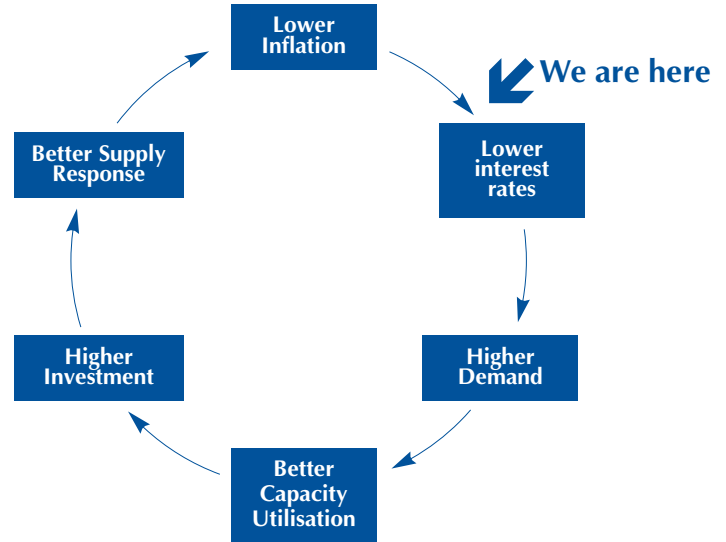
NFO Opens: October 01, 2015

NFO Closes: October 15, 2015

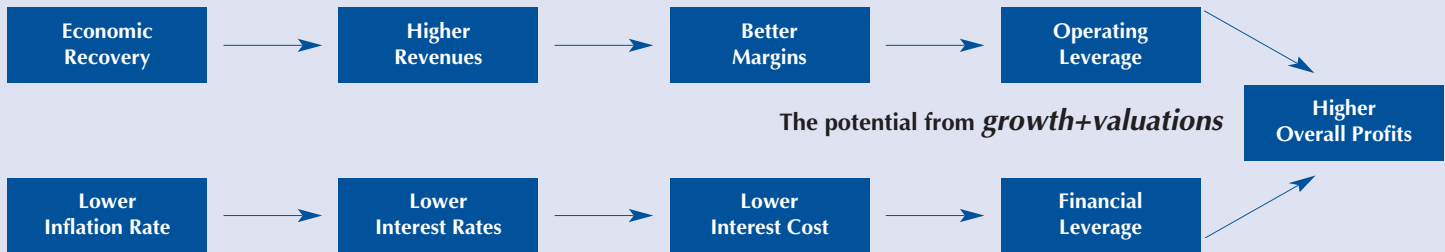
## India-macro momentum is strong

	FY14	FY16E
GDP growth (%)	6.6	7.5
CPI Inflation (%)	10.0	5.0
CAD (% of GDP)	1.7	0.8
Deficit (% of GDP)	4.4	3.9
10-year yield (%)*	8.6	7.6
Currency rank *	20/24	4/24

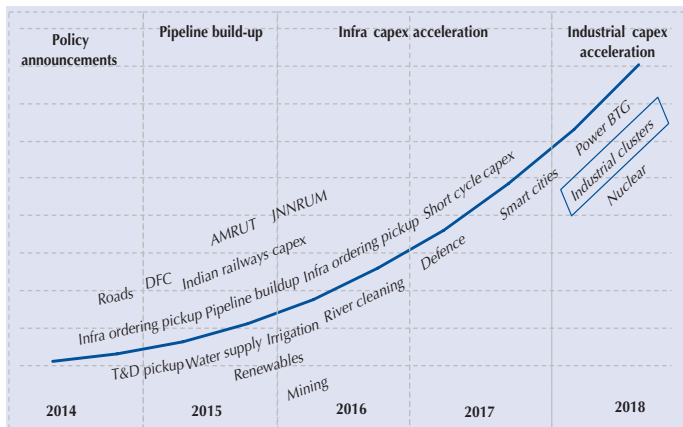
Note: The currency rank and ten year yield relates to Sep.'13 and Sep.'15  
Source : Bloomberg



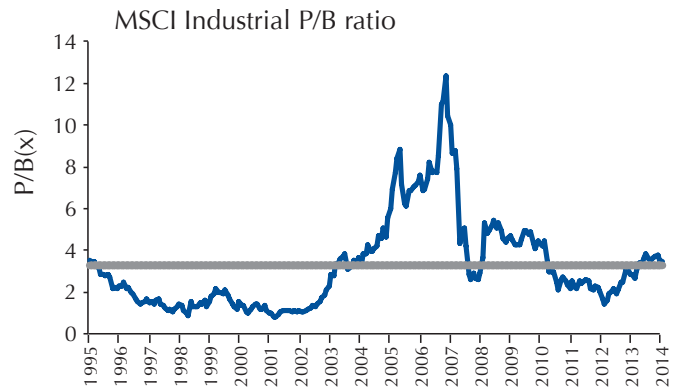
## Hence, cyclical stocks are poised to benefit



## Pro-cyclical Government led push



## Cyclical Valuations Near Lifetime Lows

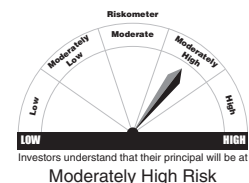


Source : Morgan Stanley,, Sundaram Asset Management

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.



Toll Free 1800 103 7237 (India) +91 44 49057300 (NRI) • SMS SFUND to 56767 • E-mail customerservices@sundarammutual.com. (NRI): nriseservices@sundarammutual.com

Sundaram Asset Management

www.sundarammutual.com

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## Major Capex spends - Big boost to economy

### Defence

- Next five years to see ₹ 6.6 tr. of defence procurement
- ₹ 1.2tr. Defence manufacturing opportunity over the next decade

### Railway

- 2015-19 set to see a ₹ 9.2 tr. Capex plan, at 7% of GDP
- One unit increase in rail output increases that of other sectors by 5X

### Roadways

- Project award target of 10,000kms for the year
- Budgetary allocation more than doubled

### Coal and renewables

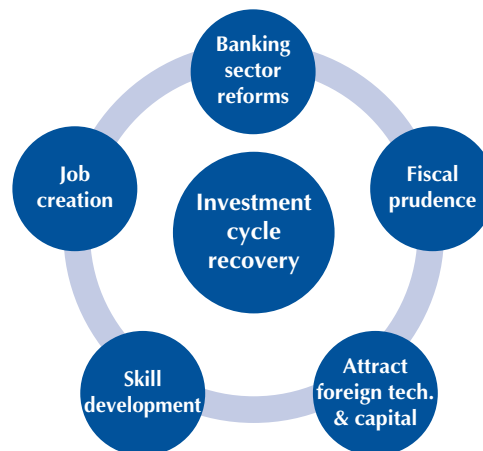
- Transparent Coal mine auctions, coal plant linkages, another SEB restructuring and T&D capex focus
- 100GW solar and 60GW wind power targets by 2022

### Higher improvement to Urban infrastructure through

- Smart city roll outs, industrial corridors, better water supply and higher pollution control and safety norms

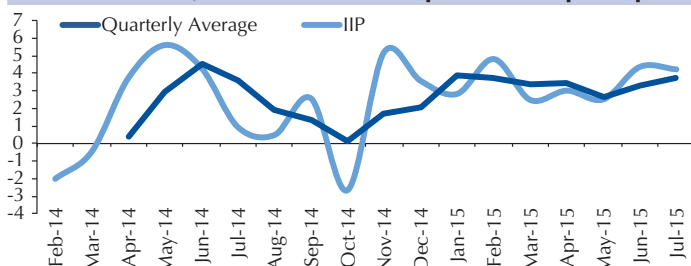
Source : GOI; News Reports; Indian Railways; NHAI; Coal India

## Government efforts are bringing about a paradigm structural change



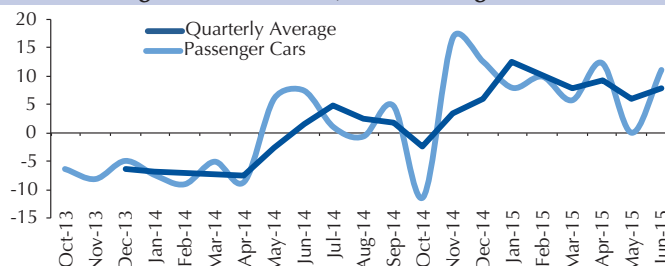
## Growth begins its return journey

### IIP (%YoY QMA) IP and Core IP poised for a pick up



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

### Passenger cars (%YoY QMA) - Seeing momentum



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

### Case Studies

Micro Caps				Similar business in large cap			
Stock Name	Price as on		Return (%)	Stock Name	Price as on		Return (%)
	30-Apr-14	31-Aug-15			30-Apr-14	31-Aug-15	
SML Isuzu	353.3	1161.0	229	Tata Motors	410.3	340.1	-17
Mahindra CIE	112.4	287.3	156	Motherson Sumi	169.1	303.5	79
BEML	387.5	1296.9	235	Larsen & Toubro	1294.1	1602.9	24
Nagarjuna Cons	30.7	71.7	133	Reliance Industries	935.8	855.9	-9
SRF	388.0	1178.3	204	Ambuja Cement	197.7	207.2	5
Ramco Cement	216.6	324.9	50				

The stocks shown in the table does not represent indicative portfolio of the scheme and is provided only for illustrative purposes. Source: Bloomberg; Growth in %; Returns are calculated on an absolute basis; Computation: in-house

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### Significant buying opportunity

Small caps are trading at a significant discount to large caps

#### Across Cap Curve

	CNX Nifty	CNX Small Cap
*Price Earning Ratio	19.0	14.0
Discount vs CNX Nifty		26%

\*Based on Trailing PE Ratio FY 15

Source: Bloomberg; Data as of August 2015; Research: In-house.

**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)

SMS SFUND to 56767 • E-mail [customerservices@sundarammutual.com](mailto:customerservices@sundarammutual.com). (NRI): [nriservices@sundarammutual.com](mailto:nriservices@sundarammutual.com)

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