

—Sundaram—
Select Micro Cap Series XII

4 years Close Ended Equity Scheme



SUNDARAM MUTUAL
 UNEARTHING OPPORTUNITIES

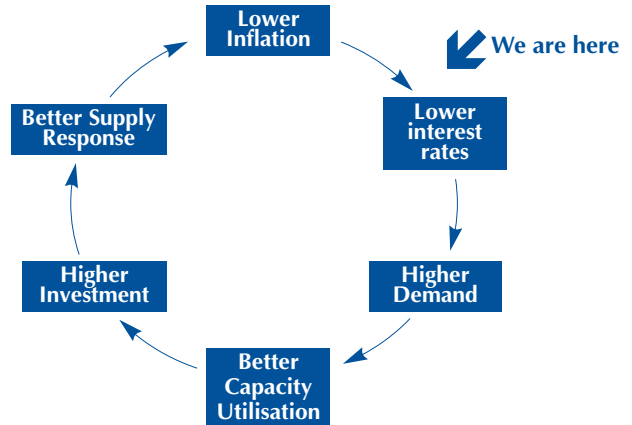
NFO Opens: January 19, 2017

NFO Closes: February 02, 2017

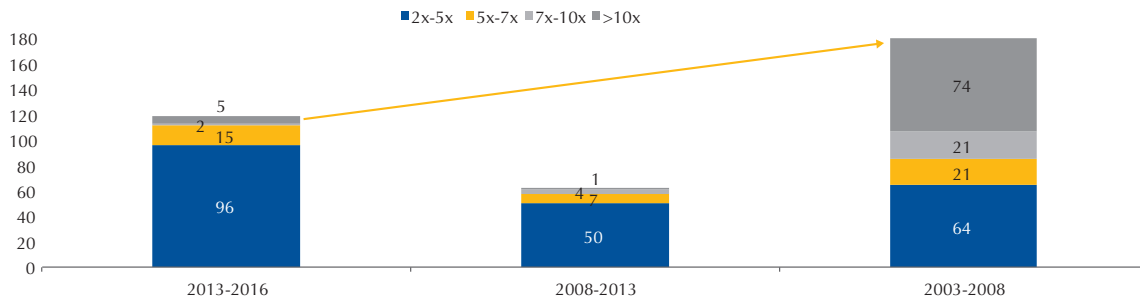
Why Micro caps now?

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



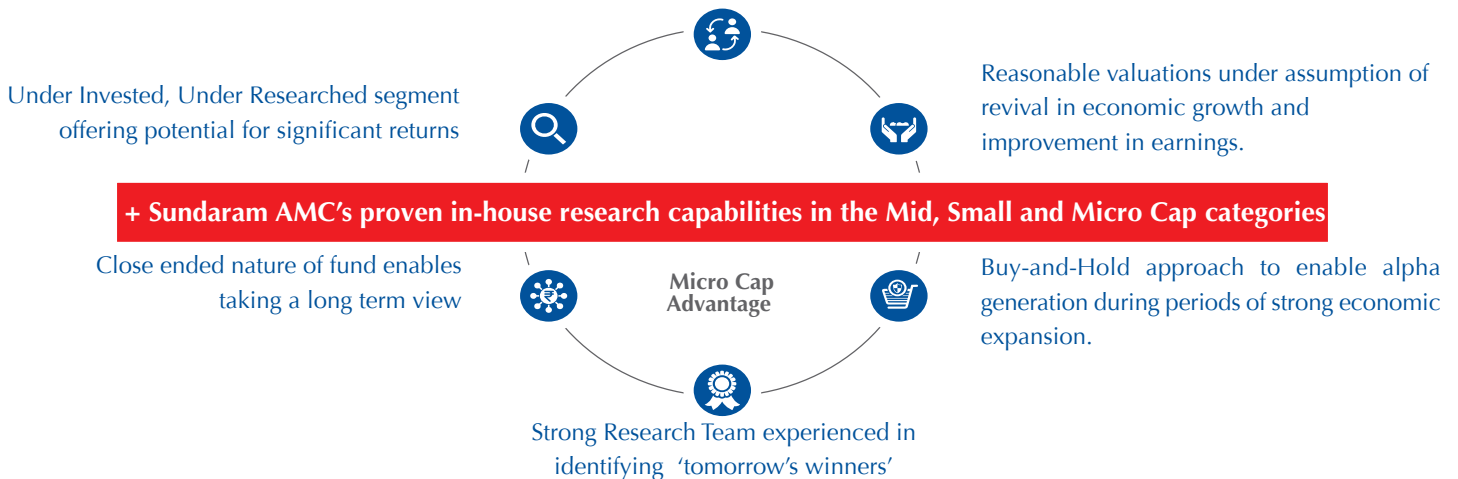
Source: Inhouse Computation

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



+ Sundaram AMC's proven in-house research capabilities in the Mid, Small and Micro Cap categories

Close ended nature of fund enables taking a long term view

Micro Cap Advantage

Buy-and-Hold approach to enable alpha generation during periods of strong economic expansion.

Strong Research Team experienced in identifying 'tomorrow's winners'

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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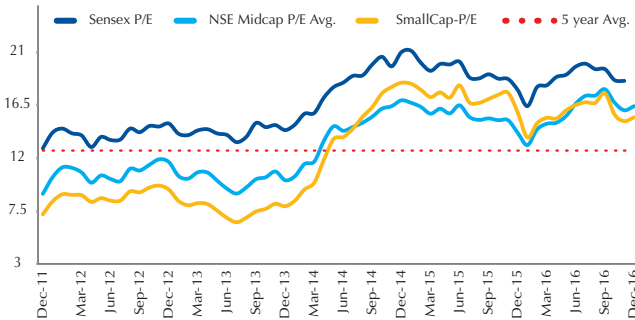
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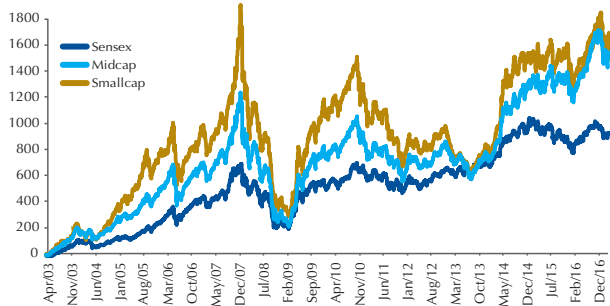
Valuations – Recent Correction a Buying Opportunity

Valuations trending towards long term averages



Performance across market cycles, across market cap curves

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



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

Effects of Demonetisation

- Bold move which would encourage phasing out black money
- Increased disclosure & redundant cash to support fiscal position
- The entire drive to help drive deposits. Immediate aftermath might soften inflation and pave way for interest rate cuts
- Financial savings will see conservative increase of ₹ 10 Trillion by 2020
- Will boost inflows into banks as well as Mutual Funds over and above current healthy flows

	Phase 1			Phase 2			Phase 3		
	Apr'03	Jan'08	(%) Return	Jan'08	Oct'13	(%) Return	Oct'13	Jan'17*	(%) Return
BSE Sensex	3,168	20,873	559	20,873	21,165	1	21,165	26,759	26
BSE Midcap	950	9,817	933	9,817	6,107	-38	6,107	12,322	102
BSE Smallcap	885	13,516	1,427	13,516	5,896	-56	5,896	12,440	111

*Data as on January 06, 2016, Returns are calculated on absolute basis

Source: Bloomberg; Sundaram Asset Management

Based on past bull market & significant gains still to come

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 December 2016 micro caps are those with a market capitalization of ₹ 4,719 crore and lower
- **Benchmark** - S&P BSE Small Cap Index
- **Fund Manager** - S Krishnakumar

*Internal Definition

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

Sundaram Asset Management

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