

# SUNDARAM & SRINIVASAN

CHARTERED ACCOUNTANTS  
23, C.P. RAMASWAMY ROAD,  
ALWARPET, CHENNAI - 600 018.

## Independent auditor's report on the financial statements To the Board of Trustees of Sundaram Mutual Fund

### **1. Report on the Financial Statements.**

We have audited the accompanying financial statement of Sundaram Mutual Fund SUNDARAM WORLD BRAND FUND SR.3 as at 31/03/2015, which comprise the Balance Sheet, the Revenue Account for the period then ended 31/03/2015 and a summary of significant accounting policies and other explanatory information

### **2. Management's Responsibility for the Financial Statements**

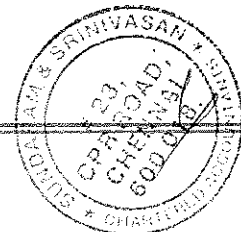
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Sundaram Mutual Fund SUNDARAM WORLD BRAND FUND SR.3 in accordance with the Eleventh Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("The Regulations"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Regulations for safeguarding the assets of the Mutual fund and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **3. Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Mutual fund's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the mutual fund has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



# SUNDARAM & SRINIVASAN

CHARTERED ACCOUNTANTS  
23, C.P. RAMASWAMY ROAD,  
ALWARPET, CHENNAI - 600 018.

## 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said statements together with the notes forming part of Accounts give the information required by "The Regulations" in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

a. In case of Balance sheet, of the state of affairs of Sundaram Mutual fund, SUNDARAM WORLD BRAND FUND SR.3 as at 31/03/2015

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund SUNDARAM WORLD BRAND FUND SR.3 for the period ended on 31/03/2015.

## 5. Report on Other Legal and Regulatory Requirements

As required by Regulation 55 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 we report that:

1. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

2. The Balance sheet, and Revenue Account dealt with by this Report are in agreement with the books of accounts of the Sundaram Mutual Fund.

3.a. The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of "The Regulations".

b. In our opinion, the valuation methods adopted by the fund for valuation of non-traded securities, "in good faith" are fair and reasonable.

For and on behalf of SUNDARAM & SRINIVASAN  
Chartered Accountants (FRN No:004207S)

  
K.SRINIVASAN

Partner

Membership No. 5809

Place : Chennai

Date : 29th June 2015



**BALANCE SHEET AS AT 31st MARCH, 2015**

	SCHEDULE NO.	31-Mar-15
		Rs.
<b>LIABILITIES</b>		
Unit Capital	1	288,339,850
Reserves & Surplus	2	4,398,843
Current Liabilities & Provisions	3	4,730,887
		<b>297,469,580</b>
<b>ASSETS</b>		
Investments	4	291,285,422
Other Current Assets	5	6,184,158
		<b>297,469,580</b>

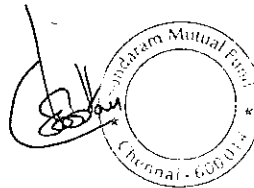
Notes on Accounts

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As per our Report of even date

**For**  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

**For**  
**Sundaram Mutual Fund**



Authorised Signatory

  
K Srinivasan  
Partner  
(M.NO : 5809)



Place : Chennai  
Date : 29th June 2015

**REVENUE ACCOUNT FOR THE PERIOD FROM 23.12.2014 TO 31.03.2015**

	Schedule No.	23.12.2014 - 31.03.2015	
		Rs.	Rs.
<b>REVENUE</b>			
Dividend	6	614,706	
Interest		3,642,017	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		65,746	
Net Appreciation in value of investment on account of Exchange Difference		1,131,015	
<b>TOTAL (A)</b>		<b>5,453,484</b>	<b>5,453,484</b>
<b>EXPENSES</b>			
Realised loss on foreign exchange transactions		749,465	
Management fee		881,304	
Service Tax on AMC Fees		108,929	
Custodian charges		309,778	
Trusteeship fee		3,925	
Commission to Agents		1,368,718	
Audit fee		11,236	
Other Operating expenses		31,987	
Investors Education Fees		15,697	
		<b>3,481,039</b>	
Less : Expenses absorbed by AMC		321,292	
<b>TOTAL (B)</b>			<b>3,159,747</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>2,293,737</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>2,293,737</b>

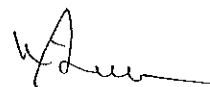
Notes on Accounts

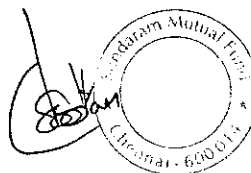
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As per our Report of even date

**For**  
**Sundaram & Srinivasan**  
 Chartered Accountants  
 (FRN.: 004207S)

**For**  
**Sundaram Mutual Fund**

  
 K Srinivasan  
 Partner  
 (M.NO : 5809)



Authorised Signatory

Place : Chennai  
 Date : 29th June 2015

**SCHEDULE : 1****Unit Capital**

	31/03/2015	
	Units	Rs.
<b>Initial capital</b>	28,833,985	288,339,850
<b>Unit Capital</b> Opening Capital	-	-
Add: Units sold during the period	28,833,985	288,339,850
Less : Units repurchased during the period	-	-
Units at the end of the period	28,833,985	288,339,850
		<b>288,339,850</b>

**SCHEDULE : 2****Reserves & Surplus**

	31/03/2015	
	Rs.	Rs.
<b>General Reserve</b> Opening Balance	-	-
Add /(Less): Transfer from Revenue Account	2,293,737	<b>2,293,737</b>
<b>Unrealised appreciation reserve</b> Opening Balance	-	-
Add/(Less) Net unrealized appreciation for the period	2,105,107	<b>2,105,107</b>
Unrealised Appreciation Reserve (Schedule 7)		<b>2,105,107</b>
		<b>4,398,844</b>

**SCHEDULE : 3****Current Liabilities & Provisions**

	31/03/2015
	Rs.
Sundry Creditors	1,574,520
Contract for Purchase of Investments	3,126,946
Others	29,421
	<b>4,730,887</b>

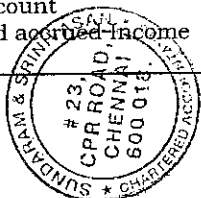
**SCHEDULE : 4****Investments**

	31/03/2015
	Rs.
Equity Shares - Overseas	230,993,497
Investments in ADR / GDR	28,843,104
Others - Reverse Repo / CBLO	31,448,820
	<b>291,285,422</b>

**SCHEDULE : 5****Other Current Assets**

	31/03/2015
	Rs.
Balance with banks in Current Accounts	3,709,676
CBLO Margin Account	1,577,989
Repo Margin Account	573,293
Outstanding and accrued income	323,200
	<b>6,184,158</b>

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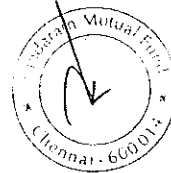
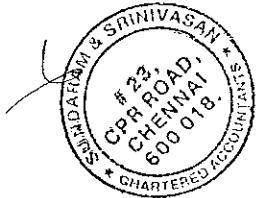


**SCHEDULE : 6****Interest**

	23.12.2014 - 31.03.2015
	Rs.
Interest from banks and others	3,642,017
	<b>3,642,017</b>

**SCHEDULE : 7****Net unrealised appreciation/ ( diminution ) in value of Investments**

	31.03.2015
	Rs.
<b>Appreciation in Value of Investments</b>	
Equity Shares - Overseas	2,056,448
ADR / GDR - Overseas	48,659
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>2,105,107</b>
Equity Shares - Exchange Difference	982,416
ADR / GDR - Exchange Difference	148,599
<b>Appreciation on account of exchange difference transferred to Revenue Account</b>	<b>1,131,015</b>



**SUNDARAM MUTUAL FUND  
SUNDARAM WORLD BRAND FUND SERIES III**

**Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March 2015 and the  
Revenue Account for the period 23.12.2014 to 31.03.2015**

**SCHEDULE 8**

**NOTES ON ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**1.1 INVESTMENTS**

**a) Overseas Equities/ADR/GDR**

Traded securities are valued at the last quoted closing price on the overseas stock exchange at their local currency and converted into Indian Rupee value by applying the RBI reference rate/Cross currency rate through Bloomberg.

Non traded/ thinly traded securities are valued in good faith and in true and fair manner through appropriate valuation policies and procedures.

**b) Money Market Securities**

Instruments bought on 'repo' basis have been valued at the resale price after deduction of applicable interest up to date of resale.

Investment transactions are accounted on trade dates at cost including brokerage, stamp duty and other levies, if any.

In accordance with the guidance note on accounting for investments in the financial statement of mutual funds issued by The Institute of Chartered Accountants of India, the investments are valued separately category-wise and the net unrealised appreciation arising on account of the net asset value movement of the overseas mutual fund units is directly transferred to unrealised appreciation reserve and the net diminution arising there from is debited to revenue account.

**1.2 Foreign Exchange Transactions:**

Transactions expressed in currencies other than Indian Rupee are translated into Indian Rupees at the exchange rates applicable on the transaction dates.

Exchange differences arising on settlement of transactions are recognized as income or expense.

Assets and liabilities designated in currencies other than Indian Rupee are translated into Indian Rupee at the exchange rates at the end of each year.

Exchange gain or loss on account of changes in the foreign exchange rates is considered as income or expense in the revenue account. The unrealized appreciation arising on account of changes in foreign exchange rate is reduced for calculating the distributable income.

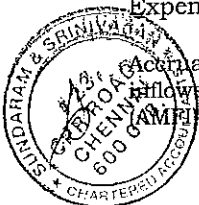
**1.3 INCOME RECOGNITION**

- (i) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (ii) Income on investments is accounted on accrual basis.
- (iii) Other income is accounted on cash basis.

**1.4 EXPENSES**

Expenses are accounted for on accrual basis.

Actual of expenses, in addition to TER, for distribution expenses incurred for bringing in inflows from beyond top 15 cities(as notified by Association of Mutual Funds of India (AMFI)) is accrued in accordance with regulation 52(6A).



## 2. INVESTMENT MANAGER FEES

Management fee is computed on daily average net assets as under:  
Rs. in lakhs

Particulars	23.12.2014 - 31.03.2015
Average daily net asset value	2922.79
Management fee @ 1.11% of average daily net asset value	8.81

## 3. INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM BNP PARIBAS MUTUAL FUND.

As per Annexure - I

## 4. AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE YEAR

The aggregate value of investments purchased and sold (including matured) during the financial year as a percentage of average daily net asset value is as under:  
(Rs. in lakhs)

Period	Purchase Value (Amount)	%	Sales Value (Amount)	%
23.12.2014 - 31.03.2015	3466.00	118.59%	900.66	30.81%

## 5. AGGREGATE FAIR VALUE OF NON-TRADED / THINLY TRADED INVESTMENTS

Aggregate value of non-traded / thinly traded investments, valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the period is Rs. Nil representing NIL % of Net assets value.

## 6. INCOME / EXPENDITURE

The total income and expenditure as a percentage of the average daily net assets, during the year are given below.

Particulars	23.12.2014 - 31.03.2015
Income	6.88%
Expenditure	3.04%

## 7. CONTINGENT LIABILITY

Contingent liability as at 31<sup>st</sup> March 2015 is NIL.

## 8. AMOUNT PAID TO SPONSORS / ASSOCIATES as brokerage (in lakhs)

	23.12.2014 - 31.03.2015
Sundaram Finance Limited	15.35
Indusind Bank Ltd	17.09

## 9. TOTAL VALUE OF INVESTMENTS (EXCLUDING MONEY MARKET INVESTMENTS) FALLING UNDER EACH MAJOR INDUSTRY GROUP WHICH CONSTITUTES NOT LESS THAN 5% OF THE TOTAL INVESTMENTS IS AS BELOW

(% of total investments within the classification)

Refer Annexure- II





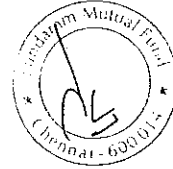
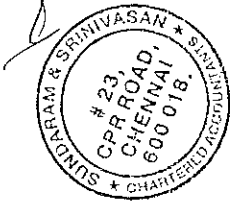
**10. PORTFOLIO DISCLOSURE**

Full portfolio of the scheme is given in **Annexure - III**

**11. MOVEMENT IN UNIT CAPITAL**

Refer Schedule 1

12. Dividend Income from overseas companies are net of withholding tax, if any.



## 13 HISTORICAL PER UNIT STATISTICS

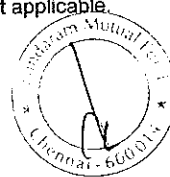
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		23.12.2014 - 31.03.2015			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.1476			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	-0.0237			
	(iv) transfer to revenue account from past year's reserves				
(B)	Aggregate of expenses, write off, amortisation and charges	0.0836			
(C)	Net income	0.0403			
(D)	Net unrealised appreciation/(diminution) in value of investments	0.1852			
		Regular Plan		Direct Plan	
		Growth Option	Dividend Option	Growth Option	Dividend Option
(E)	Net Assets Value	10.151	10.151	10.2002	10.2002
(F)	Highest repurchase price	NA	NA	NA	NA
	Lowest repurchase price	NA	NA	NA	NA
	Highest ongoing sale price *	10.0000	10.0000	10.0000	10.0000
	Lowest ongoing sale price *	10.0000	10.0000	10.0000	10.0000
(G)	Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	3.04%			
(H)	Ratio of gross income to average daily net assets by percentage	6.88%			

## 14 Computation of Distributable Income

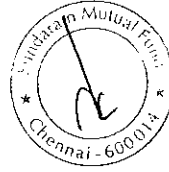
	31.03.2015
	Rs.
Net Income as per revenue account	2,293,737
Add : Balance of Undistributed income as at 1st April brought forward	-
	2,293,737
Less : Unrealised appreciation in value of investments on account of exchange difference	1,131,015
Less : Income Distributed during the year	-
Distributable Income	1,162,722

15. Since the scheme was launched during the year, provision of previous year figures is not applicable.



## ANNEXURE II

SUNDARAM WORLD BRAND SERIES III	2014-2015	2013-2014
<b>FOREIGN SECURITIES/OVERSEAS</b>		
<b>American Depository Receipt</b>		
Automotive	47.70%	NA
Consumer Discretionary	52.30%	NA
<b>International Equity Shares</b>		
Beverage	8.41%	NA
Computer Services	6.07%	NA
Computers - Software	5.82%	NA
Consumer Discretionary	10.36%	NA
Diversified Manufacturing	5.80%	NA
Information Technology	6.09%	NA
Internet / Intranet	8.35%	NA
Manufacturing	5.92%	NA
Restaurant	5.99%	NA



**SUNDARAM WORLD BRAND SERIES III**

Portfolio Statement as at 31 March 2015

(A Closed - Ended Equity Oriented Scheme)

Name of the Instrument	ISIN	Industry	Quantity	Market/Fair Value (Rs. in Lacs)	% to Holdings
<b>Equity &amp; Equity related</b>					
<b>(a) Listed / awaiting listing on Stock Exchanges</b>					
<b>India Equity Share*</b>					
<b>Sub Total</b>			<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total</b>				<b>NIL</b>	<b>NIL</b>
<b>FOREIGN SECURITIES/OVERSEAS ETFS</b>					
<b>American Depository Receipt</b>					
Toyota Motor Corp	US8923313071	Automotive	1,571	137.55	4.72
Honda Motor Co Ltd	US4381283088	Consumer Discretionary	3,809	78.10	2.68
Hennes & Mauritz Ab-B Shs	US4258831050	Consumer Discretionary	11,024	55.61	1.91
Lvmh Moet Hennessy Louis Vuitton	US5024413065	Consumer Discretionary	778	17.16	0.59
<b>Sub Total</b>				<b>288.43</b>	<b>9.90</b>
<b>International Equity Shares</b>					
International Business Machines Corp	US4592001014	Computer Services	1,397.00	140.34	4.82
Mcdonald'S Corporation	US5801351017	Restaurant	2,269.00	138.38	4.75
Coca-Cola Company	US1912161007	Beverage	5,446.00	138.22	4.75
Daimler Ag-Registered Shares	DE0007100000	Consumer Discretionary	2,263.00	137.18	4.71
Apple Inc	US0378331005	Manufacturing	1,756.00	136.76	4.70
Google Inc-CI A	US38259P5089	Internet / Intranet	391.00	135.75	4.68
Microsoft Corporation	US5949181045	Computers - Software	5,279.00	134.33	4.61
General Electric Company	US3696041033	Diversified Manufacturing	8,621.00	133.87	4.60
Intel Corporation	US4581401001	Electronic Compon/ Instruments	4,357.00	85.28	2.93
Bayerische Motoren Werke Ag	DE0005190003	Automobile Industry	1,072.00	83.75	2.88
Procter & Gamble Co	US7427181091	Consumer Staples	1,608.00	82.47	2.83
Oracle Corporation	US68389X1054	Software & Services	3,040.00	82.10	2.82
The Walt Disney Company	US2546871060	Media & Broadcasting	1,250.00	82.06	2.82
Cisco Systems Inc	US17275R1023	Networking	4,747.00	81.78	2.81
Amazon.Com Inc	US0231351067	Product Distribution	348.00	81.05	2.78
Hewlett-Packard Company	US4282361033	Information Technology	4,149.00	80.92	2.78
Sap Se	DE0007164600	Information Technology	1,319.00	59.85	2.05
Kellogg Co	US4878361082	Food N Staples Retailing	1,425.00	58.82	2.02
Nike Inc	US6541061031	Footware	929.00	58.34	2.00
Volkswagen Ag	DE0007664005	Consumer Discretionary	359.00	57.96	1.99
Facebook Inc	US30303M1027	Internet / Intranet	1,110.00	57.12	1.96
Pepsico Inc	US7134481081	Beverage	938.00	56.14	1.93
Ebay Inc	US2786421030	Commerce	1,538.00	55.53	1.91
United Parcel Service Inc	US9113121068	Courier	893.00	54.18	1.86
American Express Company	US0258161092	Financials	1,099.00	53.74	1.84
Lvmh Moet Hennessy Louis Vuitton Sa	FR0000121014	Consumer Discretionary	397.00	43.99	1.51
<b>Sub Total</b>				<b>2,309.93</b>	<b>79.30</b>
<b>(b) Unlisted</b>					
<b>Sub Total</b>			<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total</b>				<b>2,598.37</b>	<b>88.76</b>
<b>DEBT INSTRUMENTS</b>					
<b>(a) Listed/Awaiting Listing on Stock Exchanges</b>					
<b>(b) Privately placed/Unlisted</b>					
<b>(c) Securitised Debt Instruments</b>					
<b>Money Market Instruments</b>					
<b>Sub Total</b>			<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total</b>				<b>NIL</b>	<b>NIL</b>
<b>Others</b>					
<b>Mutual Fund Units</b>					
<b>Sub Total</b>			<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>CBLO / Reverse Repo</b>					
Clearing Corporation of India Ltd				314.49	10.80
<b>Sub Total</b>				<b>314.49</b>	<b>10.80</b>
<b>GRAND TOTAL</b>				<b>2,912.85</b>	<b>100.00</b>

