

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 SERIES.3** as at 31/03/2016, which comprise the Balance Sheet, the Revenue Account for the Year then ended 31/03/2016 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 SERIES.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.

**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 :



# SUNDARAM & SRINIVASAN

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

- a. In case of Balance sheet, of the state of affairs of Sundaram Mutual fund, **SUNDARAM WORLD BRAND FUND SERIES.3** as at 31/03/2016
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM WORLD BRAND FUND SERIES.3** for the Year ended on 31/03/2016.

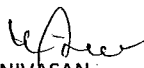
## 5. Report on Other Legal and Regulatory Requirements

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)

Place: Chennai  
Date : 30th June 2016

  
K.SRINIVASAN  
Partner  
Membership No. 5809



## BALANCE SHEET AS AT 31st MARCH, 2016

	SCHEDULE NO.	31-Mar-16	31-Mar-15
		Rs.	Rs.
<b>LIABILITIES</b>			
Unit Capital	1	288,339,850	288,339,850
Reserves & Surplus	2	26,414,604	4,398,843
Current Liabilities & Provisions	3	1,372,159	4,730,887
		<b>316,126,613</b>	<b>297,469,580</b>
<b>ASSETS</b>			
Investments	4	315,048,374	291,285,422
Other Current Assets	5	1,078,239	6,184,158
		<b>316,126,613</b>	<b>297,469,580</b>

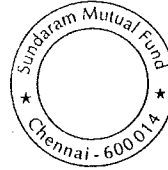
Notes on Accounts

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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 : 30th June 2016

## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2016

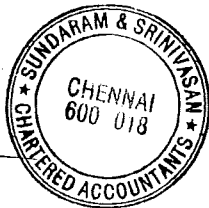
	Schedule No.	01.04.2015 - 31.03.2016		23.12.2014 - 31.03.2015	
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Dividend		4,944,916		614,706	
Interest	6	433,653		3,642,017	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-		65,746	
Net Appreciation in value of investment on account of Exchange Difference		17,698,597		1,131,015	
Realised gain on foreign exchange transactions		62,657		-	
Other Income		7,326		-	
<b>TOTAL (A)</b>		<b>23,147,149</b>	<b>23,147,149</b>	<b>5,453,484</b>	<b>5,453,484</b>
<b>EXPENSES</b>					
Net diminution in value of investment	7	7,571,274		-	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		2,734,626		-	
Realised loss on foreign exchange transactions		-		749,465	
Management fee		6,070,017		881,304	
Service Tax on AMC Fees		853,760		108,929	
Custodian charges		248,567		309,778	
Trusteeship fee		15,256		3,925	
Commission to Agents		1,838,057		1,368,718	
Audit fee		13,125		11,236	
Other Operating expenses		4,888		31,987	
Investors Education Fees		61,026		15,697	
SEBI Fees		3,719		-	
		<b>19,414,315</b>		<b>3,481,039</b>	
Less : Expenses absorbed by AMC		78,744		321,292	
<b>TOTAL (B)</b>			<b>19,335,571</b>		<b>3,159,747</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>3,811,578</b>		<b>2,293,737</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>3,811,578</b>		<b>2,293,737</b>

Notes on Accounts

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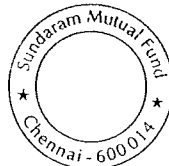
As per our Report of even date

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



*K Srinivasan*  
K Srinivasan  
Partner  
(M.NO : 5809)

For  
Sundaram Mutual Fund



Authorised Signatory

Place : Chennai  
Date : 30th June 2016

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## SCHEDULE : 1

## Unit Capital

	31/03/2016		31/03/2015	
	Units	Rs.	Units	Rs.
Initial capital	28,833,985	288,339,850	28,833,985	288,339,850
Unit Capital Opening Capital	28,833,985	288,339,850	-	-
Add: Units sold during the Year	-	-	28,833,985	288,339,850
Less : Units repurchased during the Year	28,833,985	288,339,850	28,833,985	288,339,850
Units at the end of the Year	28,833,985	288,339,850	28,833,985	288,339,850
		<u>288,339,850</u>		<u>288,339,850</u>

## SCHEDULE : 2

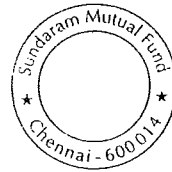
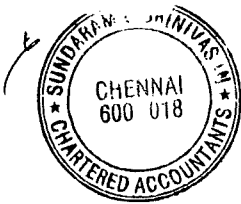
## Reserves &amp; Surplus

	31/03/2016		31/03/2015	
	Rs.	Rs.	Rs.	Rs.
General Reserve Opening Balance	2,293,737		-	
Add /(Less): Transfer from Revenue Account	3,811,578		2,293,737	
		6,105,315		2,293,737
Unrealised appreciation reserve Opening Balance	2,105,107		-	
Add/(Less) Net unrealized appreciation for the Year	18,204,182		2,105,107	
Unrealised Appreciation Reserve (Schedule 7)		20,309,289		2,105,107
		<u>26,414,604</u>		<u>4,398,844</u>

## SCHEDULE : 3

## Current Liabilities &amp; Provisions

	31/03/2016	31/03/2015
	Rs.	Rs.
Sundry Creditors	1,366,068	1,574,520
Contract for Purchase of Investments	-	3,126,946
Others	6,091	29,421
	<u>1,372,159</u>	<u>4,730,887</u>



## SCHEDULE : 4

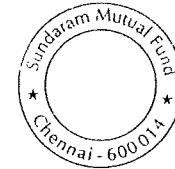
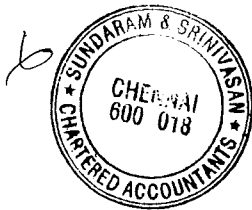
## Investments

	31/03/2016	31/03/2015
	Rs.	Rs.
Equity Shares - Overseas	272,420,912	230,993,497
Investments in ADR / GDR	39,627,462	28,843,104
Others - Reverse Repo / CBLO	3,000,000	31,448,820
	<b>315,048,374</b>	<b>291,285,422</b>

## SCHEDULE : 5

## Other Current Assets

	31/03/2016	31/03/2015
	Rs.	Rs.
Balance with banks in Current Accounts	478,286	3,709,676
CBLO Margin Account	95,413	1,577,989
Repo Margin Account	164,673	573,293
Outstanding and accrued Income	339,867	323,200
	<b>1,078,239</b>	<b>6,184,158</b>

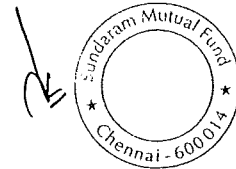
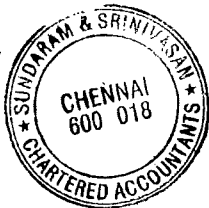


**SCHEDULE : 6****Interest**

	<b>01.04.2015 - 31.03.2016</b>	<b>23.12.2014 - 31.03.2015</b>
	Rs.	Rs.
Interest from banks and others	433,653	3,642,017
	<b>433,653</b>	<b>3,642,017</b>

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

	<b>31.03.2016</b>	<b>31.03.2015</b>
	Rs.	Rs.
<b>Appreciation in Value of Investments</b>		
Equity Shares - Overseas	20,309,289	2,056,448
ADR / GDR - Overseas		48,659
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>20,309,289</b>	<b>2,105,107</b>
Equity Shares - Exchange Difference	16,806,157	982,416
ADR / GDR - Exchange Difference	2,023,456	148,599
<b>Appreciation on account of exchange difference trf to Revenue Account</b>	<b>18,829,612</b>	<b>1,131,015</b>
<b>Appreciation in value of investments</b>	<b>39,138,901</b>	<b>3,236,122</b>
<b>Diminution in value of investments</b>		
ADR / GDR - Overseas	7,571,274	-
<b>Diminution in value of investments trf to Revenue account</b>	<b>7,571,274</b>	<b>-</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM WORLD BRAND FUND SERIES III**  
**Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March 2016 and the**  
**Revenue Account for the period ended 31<sup>st</sup> March 2016**

**SCHEDULE 8**

All amounts mentioned rupees in lakhs)

**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.

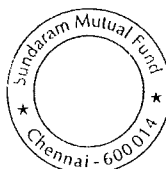
(ii) Income on investments is accounted on accrual basis.

(iii) Other income is accounted on cash basis.

**1.4 EXPENSES**



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Expenses are accounted for on accrual basis.

Accrual 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:

Particulars	01.04.2015 - 31.03.2016	23.12.2014 - 31.03.2015
Average daily net asset value	3,051.29	2922.79
Management fee @1.99%(Previous period- 1.11% ) of average daily net asset value	60.70	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

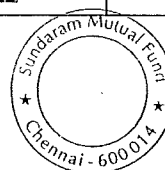
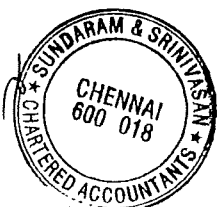
The aggregate value of investments purchased and sold (including matured) during the financial year as a percentage of average daily net asset value is as under:

Description	01.04.2015 - 31.03.2016	23.12.2014 - 31.03.2015
<b>PURCHASE VALUE (AMOUNT)</b>	482.23	3466
%	15.80	118.59%
<b>SALES VALUE (AMOUNT)</b>	216.13	<b>900.66</b>
%	7.08	30.81%

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

Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the year. :

Description	31.03.2016	31.03.2015
Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the year.	<b>NIL</b>	<b>NIL</b>
% to the asset under management	<b>NIL</b>	<b>NIL</b>



## 6. INCOME / EXPENDITURE

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

Particulars	01.04.2015 – 31.03.2016	23.12.2014 – 31.03.2015
Income	7.59%	6.88%
Expenditure#	2.96%	3.04%

# The above Expense Ratio is inclusive of Service tax on AMC fees charged over and above the TER limits as per SEBI guidelines.

## 7. CONTINGENT LIABILITY

Contingent liability as at 31st March 2016 is Rs. Nil. Previous Year Rs. Nil

## 8. AMOUNT PAID TO SPONSORS/ASSOCIATES

	01.04.2015 – 31.03.2016	23.12.2014 – 31.03.2015
Sundaram Finance Ltd (Sponsor)	NIL	15.35
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
IndusInd Bank (Associate)@	NIL	17.09

@ Indusind Bank ceased to be an associate with effect from 27 June 2015

## 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

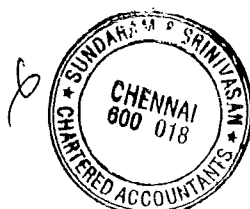
Refer Schedule 1

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

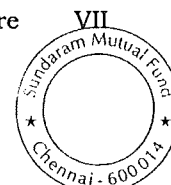
## 13. Investor Education & Awareness Initiatives (IEAI)

An annual charge of minimum 2bps (0.02% p.a.) of daily net assets, being part of total recurring expenses is set aside for IEAI as mandated by SEBI vide circular no. CIR/IMD/21/DF/21/2012 dated September 13, 2012. Accordingly accrued balance is transferred on periodic basis to a separate bank account maintained for the purpose. These funds are utilized by the AMC in accordance with SEBI Regulations and policy approved by Trustees.

The balances pending utilization are deployed in money market instruments. Movement of IEAI balances are provided in Annexure VII



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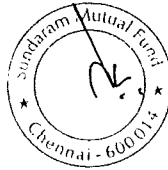


**ANNEXURE II**

**SUNDARAM WORLD BRAND FUND SERIES III**

**Total Value of Investments under Major Industry Group**

SUNDARAM WORLD BRAND SERIES III	31.03.2016	31.03.2015
<b>FOREIGN SECURITIES/OVERSEAS</b>		
<b>American Depository Receipt</b>		
Automotive	31.68%	47.70%
Consumer Discretionary	56.20%	52.30%
Beverage	12.12%	0.00%
<b>International Equity Shares</b>		
Beverage	8.58%	8.41%
Computer Services	5.15%	6.07%
Computers - Software	7.10%	5.82%
Consumer Discretionary	6.12%	10.36%
Diversified Manufacturing	6.96%	5.80%
Information Technology	5.82%	6.09%
Internet / Intranet	10.77%	8.35%
Manufacturing	5.44%	5.92%
Restaurant	7.15%	5.99%
Product Distribution	6.32%	0.00%



**SUNDARAM WORLD BRAND SERIES III**

(A Closed - Ended Equity Oriented Scheme)

Name of the Instrument	ISIN	Industry	Quantity	Market/Fair Value (Rs. in Lacs)	% to Net Assets
<b>Equity &amp; Equity related</b>					
<b>(a) Listed / awaiting listing on Stock Exchanges</b>					
<b>FOREIGN SECURITIES/OVERSEAS ETFS</b>					
<b>American Depository Receipt</b>					
Tovota Motor Corp	US8923313071	Automotive	1,780	125.53	3.99%
Hennes & Mauritz Ab-B Shs	US4258831050	Consumer Discretionary	17,875	78.26	2.49%
Honda Motor Co Ltd	US4381283088	Consumer Discretionary	4,079	73.97	2.35%
UNSP ADR-INDITEX	US4557931098	Consumer Discretionary	4,724	52.83	1.68%
Anheuser-Busch Inbev-Spn Adr	US03524A1088	Beverages	581	48.04	1.53%
Lvmh Moet Hennessy Louis Vuitton	US5024413065	Consumer Discretionary	778	17.63	0.56%
<b>Sub Total</b>				<b>396.27</b>	<b>12.58%</b>
<b>International Equity Shares</b>					
ALPHABET INC. CLASS A	US02079K3059	Internet / Intranet	413.00	209.00	6.64%
Mcdonald'S Corporation	US5801351017	Restaurant	2,335.00	194.66	6.18%
Microsoft Corporation	US5949181045	Computers - Software	5,279.00	193.40	6.14%
General Electric Company	US3696041033	Diversified Manufacturing	8,987.00	189.51	6.02%
Amazon.Com Inc	US0231351067	Product Distribution	437.00	172.08	5.47%
Coca-Cola Company	US1912161007	Beverage	5,484.00	168.75	5.36%
Apple Inc	US0378331005	Manufacturing	2,048.00	148.06	4.70%
International Business Machines Corp	US4592001014	Computer Services	1,397.00	140.34	4.46%
Bayerische Motoren Werke Ag	DE0005190003	Automobile Industry	2,015.00	122.11	3.88%
Intel Corporation	US4581401001	Electronic Compon/ Instruments	4,449.00	95.47	3.03%
Procter & Gamble Co	US7427181091	Consumer Staples	1,688.00	92.16	2.93%
Cisco Systems Inc	US17275R1023	Networking	4,823.00	91.08	2.89%
Daimler Ag-Registered Shares	DE0007100000	Consumer Discretionary	1,728.00	87.42	2.78%
Oracle Corporation	US68389X1054	Software & Services	3,206.00	87.00	2.76%
The Walt Disney Company	US2546871060	Media & Broadcasting	1,306.00	86.03	2.73%
Facebook Inc	US30303M1027	Internet / Intranet	1,116.00	84.47	2.68%
Lvmh Moet Hennessy Louis Vuitton Sa	FR0000121014	Consumer Discretionary	701.00	79.23	2.52%
Nike Inc	US6541061031	Footware	1,862.00	75.92	2.41%
San Se	DE0007164600	Information Technology	1,319.00	70.43	2.24%
United Parcel Service Inc	US9113121068	Courier	959.00	67.09	2.13%
Pepsico Inc	US7134481081	Beverage	954.00	64.85	2.06%
Hewlett Packard Enterprise Company-WI	US42824C1099	Information Technology	4,427.00	52.07	1.65%
American Express Company	US0258161092	Financials	1,185.00	48.26	1.53%
JP Morgan Chase & Co	US46625H1005	Financials	1,099.00	43.17	1.37%
HP Inc	US40434L1052	Information Technology	4,427.00	36.18	1.15%
Ebay Inc	US2786421030	Commerce	1,608.00	25.45	0.81%
<b>Sub Total</b>				<b>2,724.21</b>	<b>86.55%</b>
<b>Total</b>				<b>3,120.48</b>	<b>99.13%</b>
<b>CBLO / Reverse Repo</b>					
Clearing Corporation of India Ltd				30.00	0.95%
<b>Sub Total</b>				<b>30.00</b>	<b>0.95%</b>
<b>Net Receivables / (Payables)</b>					
<b>Sub Total</b>				<b>-2.94</b>	<b>-0.08%</b>
<b>Total</b>				<b>27.05</b>	<b>0.87%</b>
<b>GRAND TOTAL</b>				<b>3,147.54</b>	<b>100.00%</b>

