

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 SELECT THEMATIC FUNDS – PSU OPPORTUNITIES** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period ended 22/07/2016 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 and financial performance of the Sundaram Mutual Fund **SUNDARAM SELECT THEMATIC FUNDS – PSU OPPORTUNITIES** 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.

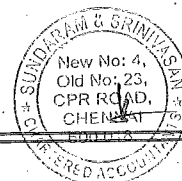
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 :

a. In case of Balance Sheet, of the state of affairs of Sundaram Mutual fund, **SUNDARAM SELECT THEMATIC FUNDS – PSU OPPORTUNITIES** as at 31/03/2017.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM SELECT THEMATIC FUNDS – PSU OPPORTUNITIES** for the Period ended on 22/07/2016.



SUNDARAM & SRINIVASAN

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


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 : 23rd June 2017


K.SRINIVASAN
Partner
Membership No. 5809



BALANCE SHEET AS AT 31st MARCH, 2017

DESCRIPTION	SCHEDULE NO.	31-Mar-17	31-Mar-16
		Rs.	Rs.
LIABILITIES			
Unit Capital	1	-	787,478,979
Reserves & Surplus	2	-	(25,655,090)
Current Liabilities & Provisions	3	-	1,778,836
		-	763,602,725
ASSETS			
Investments	4	-	754,705,104
Other Current Assets	5	-	8,897,621
		-	763,602,725

Notes on Accounts

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As per our Report of even date

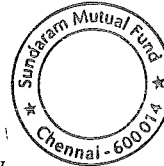
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For
Sundaram Mutual Fund

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



[Signature]
Authorised Signatory



Place : Chennai
Date : 23rd June 2017

REVENUE ACCOUNT FOR THE PERIOD FROM 01.04.2016 to 22.07.2016

Description	Sch No.	01.04.2016 - 22.07.2016		01.04.2015 - 31.03.2016	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Dividend		1,717,506		23,713,584	
Interest	6	1,327,577		4,382,747	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		22,438,209		46,077,201	
Net profit on inter scheme transfer / sale of investments		83,065,677		2,600,027	
Net diminution in value of investments written back		42,479,235		-	
Realised Gain on Derivative Transactions		-		6,884,485	
Other Income		4,259		117,555	
TOTAL (A)		151,032,463	151,032,463	83,775,599	83,775,599
EXPENSES					
Net diminution in value of investment	7	-		39,836,695	
Realised loss on Derivative transactions		52,434		-	
Management Fees		5,802,492		23,797,883	
Service Tax on Management Fees		854,777		3,303,592	
Custodian Fees		85,857		246,797	
Trusteeship Fees		11,831		49,166	
Commission to Agents		455,803		2,151,392	
Audit Fees		2,243		102,939	
Other operating expenses		27,972		105,496	
Investor Education Fees		47,324		196,676	
		7,340,733		69,790,636	
Less: Amount absorbed by AMC		42,034		-	
TOTAL (B)			7,298,699		69,790,636
SURPLUS / (DEFICIT) (A-B)			143,733,764		13,984,963
Add/(Less) : Balance in Equalisation Account			(247,276,755)		(24,034,422)
Surplus /(Deficit) transferred to Balance Sheet			(103,542,991)		(10,049,459)

Notes on Accounts

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As per our Report of even date

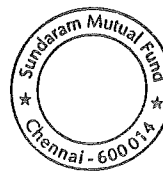
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

K Srinivasan
Partner
(M.NO : 5809)



For
Sundaram Mutual Fund

Authorised Signatory



Place : Chennai
Date : 23rd June 2017

SCHEDULE : 1**Unit Capital**

Description	31/03/2017		31/03/2016	
	UNITS	Rs.	UNITS	Rs.
Initial capital	498,810,156	4,988,101,558	498,810,156	4,988,101,558
Unit Capital				
Opening Capital	78,747,898	787,478,979	105,951,374	1,059,513,740
Add: Units sold during the Period	498,929	4,989,291	5,090,726	50,907,261
	79,246,827	792,468,270	111,042,100	1,110,421,001
Less : Units repurchased during the Period	79,246,827	792,468,270	32,294,202	322,942,022
Units at the end of the Period	-	-	78,747,898	787,478,979
				787,478,979

SCHEDULE : 2**Reserves & Surplus**

Description	31/03/2017		31/03/2016	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve				
Opening Balance	(129,238,482)		(134,207,138)	
Add / (Less): Net Premium on sale / (redemption) of units	129,238,482	-	4,968,656	(129,238,482)
General Reserve				
Opening Balance	103,542,991		113,592,450	
Add / (Less): Transfer from Revenue Account	(103,542,991)	-	(10,049,459)	103,542,991
Unrealised Appreciation Reserve				
Opening Balance	40,401		139,423,528	
Add / (Less): Net unrealized appreciation for the Period	(40,401)	-	(139,383,127)	
Unrealised Appreciation Reserve (Schedule 7)		-		40,401
				(25,655,090)

SCHEDULE : 3**Current Liabilities & Provisions**

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Sundry Creditors	-	1,066,631
Others	-	712,205
		1,778,836

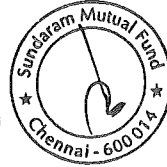
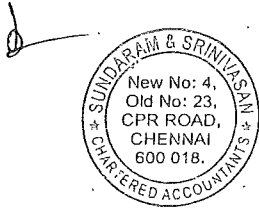


SCHEDULE : 4**Investments**

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Equity Shares	-	691,774,239
Units Of Domestic Mutual Fund	-	50,040,400
Others - Reverse Repo / CBLO	-	12,890,465
	-	754,705,104

SCHEDULE : 5**Other Current Assets**

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Balance with banks in Current Accounts	-	775,161
Equity Derivatives Instrument Account Margin Money	-	7,158,976
Repo Margin Account	-	608,494
CBLO Margin Account	-	352,606
Outstanding and accrued Income	-	2,384
	-	8,897,621



SCHEDULE : 6**Interest**

Description	01.04.2016 - 22.07.2016	01.04.2015 - 31.03.2016
	Rs.	Rs.
Interest from banks and others	1,327,577	4,382,747
	1,327,577	4,382,747

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Appreciation in value of investments		
Units of Domestic Mutual Fund	-	40,401
Appreciation in value of investments (Schedule 2)	-	40,401
Diminution in value of investments		
Equity Shares	-	42,479,235
Diminution value of Investments transferred to Revenue Account	-	42,479,235

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SUNDARAM MUTUAL FUND
SUNDARAM SELECT THEMATIC FUNDS - PSU OPPORTUNITIES FUND
Schedules forming part of the Balance Sheet as at 31-Mar-2017
and the Revenue Account for the Period from 01.04.2016 to 22.07.2016

SCHEDULE 8
NOTES ON ACCOUNTS

All amounts mentioned rupees in lakhs

1 SIGNIFICANT ACCOUNTING POLICIES

1.1. INVESTMENTS

Investment transactions are accounted on trade dates at cost including brokerage, stamp duty and other levies. Front end discount, if any, received from the issuer is reduced from the cost of the investment.

Investments are marked to market. In valuing the Scheme's investments:

a) Government Securities

• Government Securities are valued at the prices obtained from CRISIL & ICRA in accordance with the guidelines for valuation of securities for mutual funds issued by SEBI.

• Instruments bought on 'repo' basis have been valued at the resale price after deduction of

b) Other Securities

• Traded Securities are valued at the last quoted closing price on the stock exchange. Non-traded / thinly traded securities are valued in good faith and in true and fair manner through appropriate valuation policies and procedures.

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 is directly transferred to unrealised appreciation reserve and the net diminution is debited to revenue account.

Bonus/Rights entitlements are recognised on ex-bonus /ex- rights dates.

c) Equity Derivative Instruments

• Open positions of traded equity Index / stock futures are valued at the last quoted closing price on the stock exchange.

In case of Options, premium received / paid is marked to market and the difference amount is treated as an asset / liability till the expiry of the position

• Equity derivative instruments are valued separately category wise and the net unrealised appreciation is directly transferred to unrealised appreciation reserve and the net diminution is debited to revenue account.

d) Foreign Exchange Transactions

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

Exchange difference arising on settlement of transaction are recognised as income or expense.

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

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

1.2. INCOME RECOGNITION

(i) Dividend is accounted on accrual basis and recognized on ex-dividend dates.

(ii) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.

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

(iv) Other income is accounted on cash basis.

Futures contract of equity derivative instruments are marked to market and resultant gain/loss is transferred to revenue account

When the future contracts of equity derivative instruments are squared off on or before the expiry of contract, the difference between the settlement price and contractual price is recognized in Revenue Account.

When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions is recognized in the revenue account. When the option contracts are exercised on or before expiry, the difference between the option settlement price as determined by the exchange and the premium is recognized in the revenue account

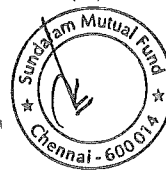
Premium asset / liability in respect of option not exercised / squared off as on expiry date is transferred to revenue account.

1.3. EXPENSES

a) All expenses are accounted on an accrual basis and are within the limits of SEBI (Mutual Funds) Regulations 1996

b) Common recurring expenses, if any are allocated to the schemes on the basis of Assets under Management of the respective schemes;

c) 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).



1.4. LOAD

- a)Entry load collected during the Period from systematic investment plan registered prior to Aug 2009 is maintained in a separate account,which can be used by AMC towards distribution,commission etc of the scheme. The unutilised portion shall be carried forward to the next Period.
 b)The exit Load charged to the investor net of service tax is fully credited to the Scheme.

1.5. EQUALISATION ACCOUNT

In terms of SEBI circular dated 15th March 2010,on Unit Premium Reserve, the equalisation account has been credited/debited with an appropriate portion (excluding the Unit Premium Reserve and Unrealised Appreciation) of the sale proceeds/repurchase price in respect of units sold / repurchased on or after 15th March 2010. The net balance in this account is transferred to revenue account for the Period.

1.6. UNIT PREMIUM RESERVE

In terms of SEBI Circular dated 15th March 2010,on Unit Premium Reserve, when units are sold / repurchased on or after 15th March 2010 a part of the sale price / re-purchase price representing unrealized gains is credited/debited to Unit Premium Reserve. The balance in Unit Premium Reserve will not be utilised for determination of distributable surplus.

2. INVESTMENT MANAGER FEES

Management fee is computed on daily average net assets as under:

Description	01.04.2016 to 22.07.2016	01.04.2015 to 31.03.2016
Average daily net asset value	7,642.55	9,832.84
Management fee @ 2.45% of average daily net asset value.(Previous Year 2.42%)	58.02	237.98

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

As Per Annexure - I

4. AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE PERIOD

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

Description	01.04.2016 to 22.07.2016	01.04.2015 to 31.03.2016
PURCHASE VALUE (AMOUNT)	1,375.50	3,688.83
%	18.00%	37.52%
SALES VALUE (AMOUNT)	10,273.08	5,603.38
%	134.42%	56.99%

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 period : **NIL**

6. INCOME / EXPENDITURE

The total income and expenditure as a percentage of the daily average net assets, on an annualised basis are given below.

DESCRIPTION	01.04.2016 to 22.07.2016	01.04.2015 to 31.03.2016
INCOME	63.83%	8.52%
EXPENDITURE #	3.06%	3.05%

#Total expenses includes service tax on management fees charged over and above the total expense ratio limits prescribed in the SEBI (Mutual Funds) Regulations, 1996.

7. CONTINGENT LIABILITY

Contingent liability as at 31st March 2017 is Rs. Nil. Previous Year Rs. Nil

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

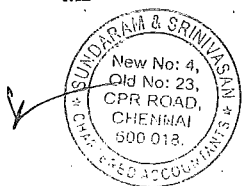
	01.04.2016 to 22.07.2016	01.04.2015 to 31.03.2016
Sundaram Finance Ltd (Sponsor)	0.43	1.74
IndusInd Bank (Associate)	NIL	0.01

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

9. TOTAL VALUE OF INVESTMENTS FALLING UNDER EACH MAJOR INDUSTRY GROUP WHICH CONSTITUTES NOT LESS THAN 5% OF THE TOTAL INVESTMENTS IS AS BELOW:

NIL

(% of total investment within the classification)



10. DETAILS OF DERIVATIVE CONTRACTS EXECUTED DURING THE PERIOD

Margin account on futures amounting to Rs.Nil (Previous Year Rs.71.59 lakhs) represent the margin towards future contracts and is disclosed under Balance with banks in other current assets.Refer Annexure V for details of derivative contracts executed during the Period.

11. PORTFOLIO DISCLOSURE

NIL

12. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

13. ACCOUNTING STANDARD 17 ON SEGMENT REPORTING

As the Financial Statements are prepared separately on each scheme, no further disclosure under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India is considered necessary. There is no secondary reporting segment.

14. ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

Related party disclosures as required by the Accounting Standard 18 - " Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given as Annexure - IV

15. UNCLAIMED REDEMPTION AND UNCLAIMED DIVIDEND AMOUNT

The details of unclaimed redemption and unclaimed dividend are disclosed in Annexure VI

16. AUDIT FEES

The current Period audit fees of Rs.2,243/- (Previous Year Rs.1,02,939/-) as per Revenue account includes SEBI audit fees of Rs.Nil (Previous Year Rs.7,584/-).

17. 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. From 01.04.2016, 50% of 2bps accrued on daily net assets is transferred to AMFI and the balances are utilized by the AMC in accordance with SEBI Guidelines. The balances pending utilization are deployed in money market instruments. Movement of IEAI balances are provided in Annexure VII.

18. ACCOUNTING FOR MERGER

The merger of Sundaram Entertainment Opportunities Fund and Sundaram Thematic PSU Opportunities Fund (Transferor Scheme) into Sundaram Equity Multiplier Fund (The transferee scheme) respectively were accounted such that new units in transferee scheme's respective plans having face value of Rs.10/- have been issued to unit holders of Transferor schemes based on exchange ratio calculated with reference to the prevailing per unit NAVs of the transferee scheme and the transferor schemes respectively. Accordingly all the Assets and liabilities of the transferor schemes were transferred to the transferee scheme in terms of the scheme arrangement on 22nd July 2016.

19. Previous Year figures have been regrouped/reclassified wherever necessary to confirm with the current period's classification.

