

November 2015

L&T Tax Advantage Fund

A fund that combines tax saving with growth potential

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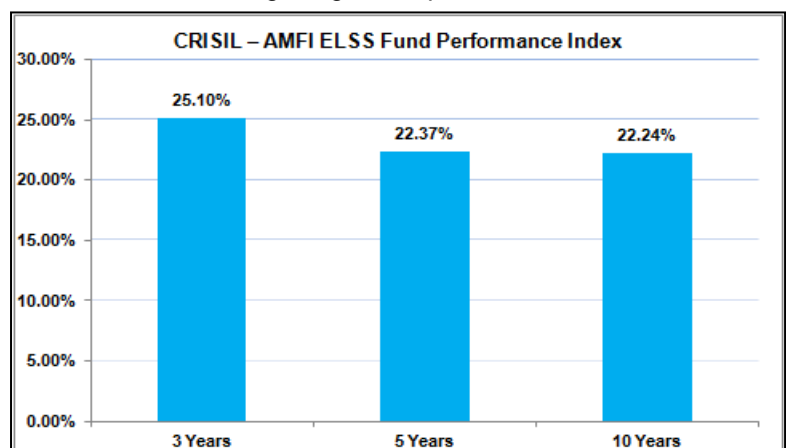
He is CIO at L&T Investment Management. He has over 23 years of experience, of which 19 years is in equity markets in India. Prior to joining L&T Investment Management, he was Head of Equities at Canara Robeco Mutual Fund. He has also worked with Fortuna Capital and DSP Black Rock in his previous assignments. He holds a B.E. degree in Mechanical Engineering and an MBA from Indian Institute of Management, Bangalore.

Indian economy has been going through a prolonged phase of sluggishness, both due to internal as well as global factors. The change in government last year did improve the sentiments, but the pace of reforms has been slower than expected. However, with sharp correction in commodity prices leading to lower inflation, the macro fundamentals have seen strong improvement over the past 2 years or so. Benign interest rate environment, strong fiscal and CAD situation and low inflation have revived the hopes of an economic turnaround. Consequently, Indian companies are expected to show pick in earnings even as margins have shown improvement. In such an environment, investors looking for a tax saving investment avenue (under section 80C) may consider investing in Equity Linked Savings Schemes (ELSS) as they could potentially benefit from the strong long-term growth prospects of equities.

ELSS funds not only help achieve the objective of saving tax, but also provide the added benefit of long term return potential of equities because of their inherent lock-in of 3 years. The L&T Tax Advantage Fund (LTAF) with its flexible investment approach and focus on delivering superior risk-adjusted performance over the long term could be an interesting investment option for such investors. In this edition of Fund Insights, we highlight the Fund's investment approach, performance and current portfolio positioning.

WHY INVEST IN ELSS FUNDS?

While most of the investors tend to prefer investing in traditional low-yielding tax saving products, ELSS funds which invests into equities have demonstrated strong long term performance track record over



different market phases.

This is reflected in the performance of Crisil AMFI ELSS Fund Performance Index* which has delivered average 3 years returns of

TOP 10 ACTIVE POSITIONS (%)

Stock name	Fund	Rel wt
K P R Mill Ltd.	3.45%	3.45%
Bayer Cropscience Ltd.	3.01%	2.91%
Jyothy Laboratories Ltd.	2.62%	2.62%
The Ramco Cements Ltd.	2.34%	2.22%
Greaves Cotton Ltd.	1.95%	1.95%
Techno Electric & Engg Co Ltd.	1.53%	1.53%
Federal Bank Ltd.	1.74%	1.50%
Future Retail Ltd.	1.43%	1.43%
Ashoka Buildcon Ltd	1.42%	1.42%
Shree Cement Ltd.	1.66%	1.38%

TOP 5 SECTOR POSITIONS (%)

AMFI Industry	Fund
Banks	20.76%
Software	10.69%
Construction Project	7.43%
Cement	6.93%
Consumer Non Durables	6.01%

Source: Internal

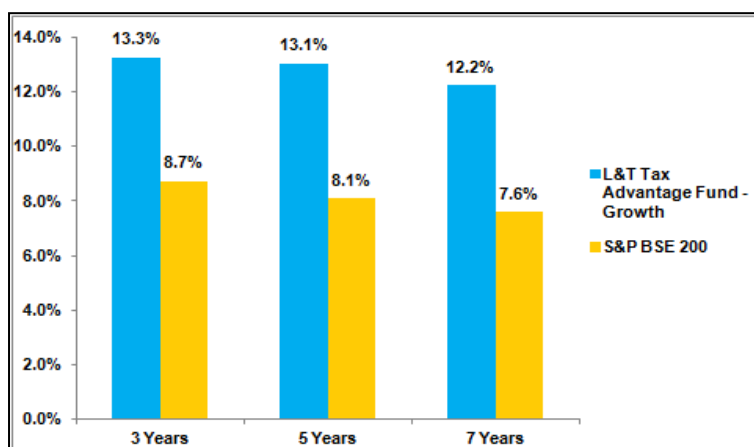
Portfolio data as on 30.10.2015.

25.1%. Even on a 5 year rolling basis, the index has grown at an average of 22.4%.

(*index used to track the performance of ELSS category. Source: Crisil. Data as on June2001- Sep2015)

L&T TAX ADVANTAGE FUND – A FUND WITH A PROVEN TRACK RECORD

L&T Tax Advantage Fund is a diversified equity fund with a flexible, go-anywhere approach. The scheme does not have any sector or capitalization bias and looks to harness opportunities across the market spectrum. The scheme looks to maintain a well-diversified portfolio spread across sectors and stocks.



(source: icra mfie. Rolling returns as on 30th Sep 15)

The focus is on owning the fundamentally strong and scalable businesses with good management track record, at reasonable valuations. Since the scheme has a lock-in of 3 years, the scheme looks to invest in stocks with a longer term view. The Fund's bottom-up investment approach with emphasis on picking stocks based on their individual merits has helped it deliver strong performance over the years.

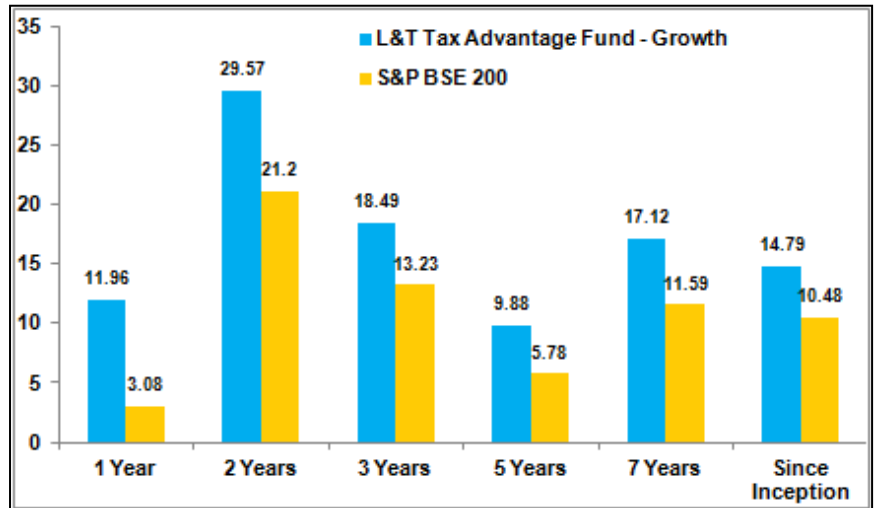
STRONG LONG TERM PERFORMANCE TRACK RECORD

	Period	LTAf-Growth	S&P BSE 200	S&P BSE Sensex [^]
Absolute returns	30-09-14 to 30-09-15	11.96	3.08	-1.79
	30-09-13 to 30-09-14	49.95	42.50	37.41
	28-09-12 to 30-09-13	-0.82	-1.11	3.29
CAGR		14.79	10.48	10.22
PTP returns* (in Rs.)	Since inception (27-Feb-06)	37,547	26,008	25,437

Past performance may or may not be sustained in the future. * Point to Point (PTP) Returns in INR show the value of Rs10,000/- invested [^]Standard Benchmark. As per the SEBI standards for performance reporting, the since inception return is calculated on NAV of 10 invested at inception. Date of inception is deemed to be date of allotment. For performance of other schemes managed by the fund manager of the scheme, please refer to page 4 of this document.

Since the inception of the scheme in Feb-2006, LTAF has outperformed its benchmark index across all time period, highlighting the role of LTAF's active fund management and also its focus on downside risk management.

The scheme has generated these returns without taking undue risks in the portfolio and has been able to reduce volatility compared to its benchmark index.



(Source: icra mfie. Data as on 30th Sep 2015)

CURRENT PORTFOLIO POSITIONING

L&T Tax Advantage Fund has a well diversified portfolio with a good balance of large, mid and small cap stocks. In terms of sector allocation, the Fund is currently overweight in Textile products through positions in stocks like KPR Mills and Himatsingka Seide. India's competitiveness in exports and cost advantage versus other dominant countries globally augurs well as India is well placed to gain market share globally. Cement is another sector where the fund manager is overweight, as currently capacity utilization is at sub optimal levels and with an expected pickup in infrastructure and construction related activities the long term prospects seem quite positive. The scheme is also overweight Construction Projects sector through its exposure to L&T and mid-sized player Ashoka Buildcon. The fund manager is favoring private sector banks over public sector banks as private sector banks are better positioned to capitalize on the economic recovery given their relatively strong balance sheets. The scheme also has exposure to agrochemicals and crop protection sector as emphasis on environmentally safe pesticides combined with government's plans to ensure food security augurs well for these sectors.

IN CONCLUSION

L&T Tax Advantage Fund with its bottom-up investment approach has demonstrated a strong performance track record since its inception. We believe it could be an ideal investment option for investors looking to invest in tax saving instruments with long term growth potential.

Performance of other schemes managed by Mr. S.N.Lahiri

L&T Equity Fund

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	30/Sep/2014-30/Sep/2015	30/Sep/2013-30/Sep/2014	28/Sep/2012-30/Sep/2013		CAGR Returns (%)	PTP Returns* (in ₹)
Non Direct Plan						
L&T Equity Fund (G)	10.27	54.15	-2.18	16/May/2005	18.94	60541.00
S&P BSE-200	3.08	42.50	-1.11		13.94	38768.26
S&P BSE SENSEX^	-1.79	37.41	3.29		14.31	40065.43

L&T India Special Situations Fund

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	30/Sep/2014-30/Sep/2015	30/Sep/2013-30/Sep/2014	28/Sep/2012-30/Sep/2013		CAGR Returns (%)	PTP Returns* (in ₹)
Non Direct Plan						
L&T India Special Situations Fund (G)	13.05	55.49	0.10	22/May/2006	14.40	35250.00
S&P BSE 200	3.08	42.50	-1.11		10.79	26109.33
S&P BSE SENSEX^	-1.79	37.41	3.29		10.26	24952.68

L&T Midcap Fund

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	30/Sep/2014-30/Sep/2015	30/Sep/2013-30/Sep/2014	28/Sep/2012-30/Sep/2013		CAGR Returns (%)	PTP Returns* (in ₹)
Non Direct Plan						
L&T Midcap Fund (G)	20.66	91.73	-3.61	9/Aug/2004	21.59	88420.00
CNX Midcap	13.72	63.17	-10.75		17.67	61327.19
S&P BSE SENSEX^	-1.79	37.41	3.29		15.53	49978.56

L&T Infrastructure Fund

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	30/Sep/2014-30/Sep/2015	30/Sep/2013-30/Sep/2014	28/Sep/2012-30/Sep/2013		CAGR Returns (%)	PTP Returns* (in ₹)
Non Direct Plan						
L&T Infrastructure Fund (G)	10.71	83.82	-19.84	27/Sep/2007	0.54	10440.00
CNX Nifty	-0.20	38.87	0.56		5.95	15896.05
S&P BSE SENSEX^	-1.79	37.41	3.29		5.41	15250.13

L&T India Equity & Gold Fund

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	30/Sep/2014-30/Sep/2015	30/Sep/2013-30/Sep/2014	28/Sep/2012-30/Sep/2013		CAGR Returns (%)	PTP Returns* (in ₹)
Non Direct Plan						
L&T India Equity and Gold Fund (G)	13.93	54.03	1.11	7/Feb/2011	16.26	20137.00
Benchmark\$	3.34	26.84	-0.50		9.05	14956.44
S&P BSE SENSEX^	-1.79	37.41	3.29		8.33	14500.50

L&T India Prudence Fund

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	30/Sep/2014-30/Sep/2015	30/Sep/2013-30/Sep/2014	28/Sep/2012-30/Sep/2013		CAGR Returns (%)	PTP Returns* (in ₹)
Non Direct Plan						
L&T India Prudence Fund (G)	17.31	49.25	4.40	7/Feb/2011	15.62	19631.00
Benchmark\$	5.37	32.13	1.46		9.23	15073.62
S&P BSE SENSEX^	-1.79	37.41	3.29		8.33	14500.50

L&T Emerging Businesses Fund

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	30/Sep/2014-30/Sep/2015	30/Sep/2013-30/Sep/2014	28/Sep/2012-30/Sep/2013		CAGR Returns (%)	PTP Returns* (in ₹)
Non Direct Plan						
L&T Emerging Businesses Fund (G)	16.13	NA	NA	12/May/2014	32.58	14784.00
S&P BSE Small Cap	5.33	NA	NA		28.31	14127.52
S&P BSE SENSEX^	-1.79	NA	NA		7.86	11105.61

This Note is only for Distributors and not for investors.

Common disclaimer for performance details: Past performance may or may not be sustained in the future. ^ Scheme benchmark; # Standard benchmark. Returns shown are for growth option. Note: As per the SEBI standards for performance reporting, the since inception return is calculated on NAV of Rs.10/- invested at inception. * Point to Point (PTP) Returns in INR show the value of Rs.10,000/- invested at inception. CAGR is compounded annualized. Date of inception is deemed to be date of allotment.

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SCHEME NAMES

This product is suitable for investors who are seeking*

L&T Tax Advantage Fund - An open-ended equity linked savings scheme: • Long term capital growth • Investment predominantly in equity and equity-related securities

Past performance may or may not be sustained in future.

Mutual funds investments are subject to market risks, read all scheme related documents carefully.

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Investors understand that their principal will be at moderately high risk