L&T Banking and PSU Debt Fund

An open-ended debt scheme primarily investing in debt instruments of banks, public sector undertakings, public financial institutions and municipal bonds. A relatively high interest rate risk and relatively low credit risk.

HIGH QUALITY PORTFOLIO WITH LOW CREDIT RISKS

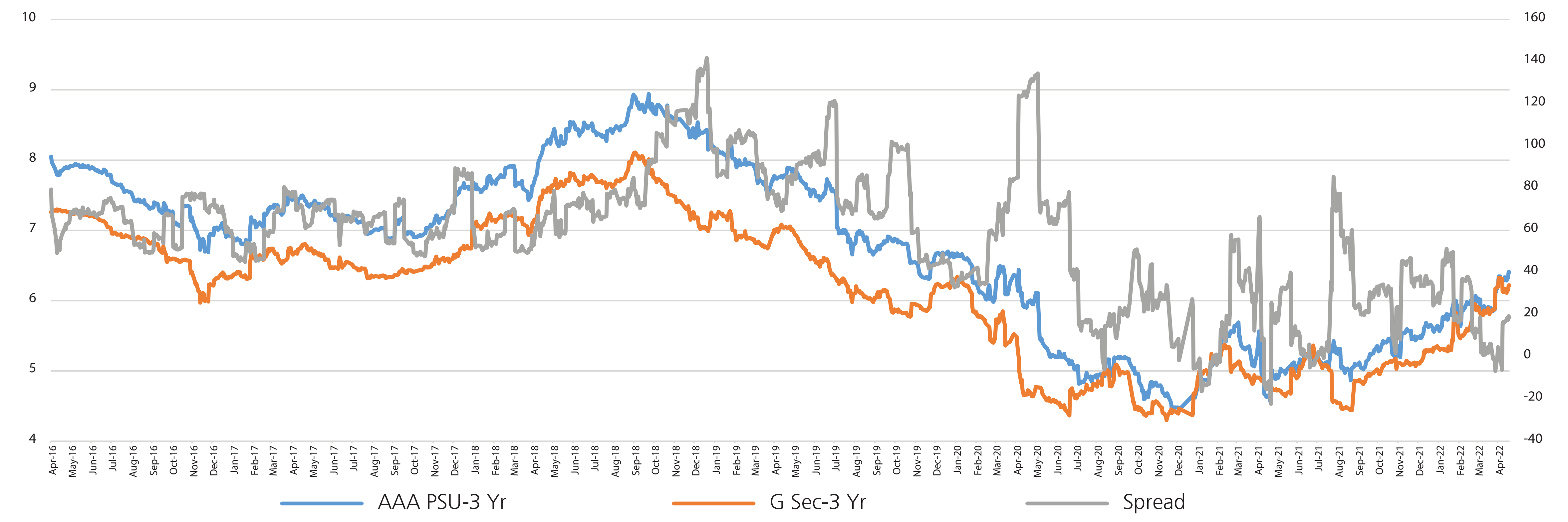
While the current geopolitical turmoil along with higher inflation across economies has led to increase in interest rates, Indian fixed income yield curves are one of the steepest and offer good absolute returns in the 3 to 5-year AAA PSU segment. This opportunity can be explored by investing in L&T Banking and PSU Debt Fund. With better liquidity, lower risk and low volatility, this fund endeavors to provide reasonable risk-adjusted returns for your portfolio.

Reasons to invest in L&T Banking and PSU Debt Fund

- Take advantage of prevailing high accruals for 3-5 year investment horizon
- 4-year roll-down strategy with attractive carry presents a good opportunity
- Invests in high-quality Corporate Bonds with relatively low credit risks

Modified Duration	Average Maturity	AAUM	YTM
3.12 years	3.70 years	Rs.4,363.92 cr.	6.47%

The fund is predominantly invested in 2025 and 2027 bonds.



Past performance may or may not be sustained in future.

Fund Manager's Outlook

The 3-5 year segment of good AAA PSU bonds are trading in the range of 5.70% to 6.50%. Currently, the corporate bond yield curve is steep enough to capture the higher term spreads in the 3 to 5-year segment. While the overnight rate is at 3.40% and 1-year T-Bill trades at 4.60%, 4-year G-Sec is trading above 6% at a spread of 160 bps.

The current geopolitical crises has led to a huge spike in all commodities from energy to metals to agri-commodities. This presents a huge challenge for central banks across the globe. On one hand, central banks are having to deal with this commodities shock, which is adding to prevailing high inflation, as they withdraw accommodative policies and begin to increase interest rates, while on the other hand, the growth challenges are still there as the economies are just coming out of the huge pandemic shock. As far as India is concerned, the commodities shock will worsen the current account deficit, while the fiscal deficit remains high to address the growth concerns. Over the year while RBI will have to normalize the pandemic led accommodative policies and focus on prioritizing inflation over growth.

With yields in the 3-5 year segment having moved up by almost 50 bps over the past few months, absolute yields and term spreads in this segment appear attractive, pricing in a majority of the likely hikes in policy rates over the coming years. L&T Banking and PSU Debt Fund offers an opportunity to invest in a very high-quality fund with relatively lesser volatility in the current risk-off environment.

FUND **FACTS**

Fund Manager:
Mr. Jalpan Shah (w.e.f. May 30, 2016) **& Mr. Shriram Ramanathan** (w.e.f. March 29, 2017)

Benchmark:
NIFTY Banking & PSU Debt Index

Date of Inception:
September 12, 2012

Exit Load: **Nil**

PORTFOLIO ALLOCATION (Top 5 Holdings)

Name of Instrument	Ratings/ Industry	% of Net Assets
05.74% GOI 15-NOV-2026	SOVEREIGN	13.58%
05.63% GOI 12-04-2026	SOVEREIGN	11.45%
Indian Railway Finance Corporation Limited	CARE AAA/ CRISIL AAA	9.55%
National Bank for Agriculture & Rural Development	CRISIL AAA	9.24%
Small Industries Development Bank of India	CARE AAA	9.09%

The Portfolio and other details provided are as on April 30, 2022

Potential Risk Class (PRC) Matrix

Potential Risk Class			
Credit risk → / Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	A-III		

Source: Internal & MFI

www.ltfs.com

L&T Financial Services Mutual Fund

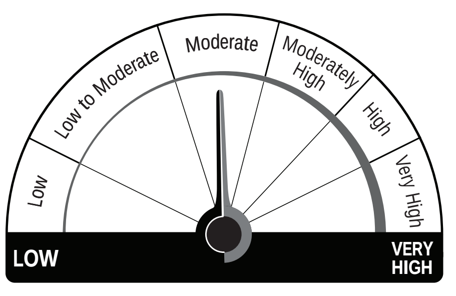
Follow us on

This product is suitable for investors who are seeking*
- Generation of reasonable returns and liquidity over short term
- Investment predominently in securities issued by Banks, Public Sector Undertakings and Public Financial Institutions and municipal corporations in India

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

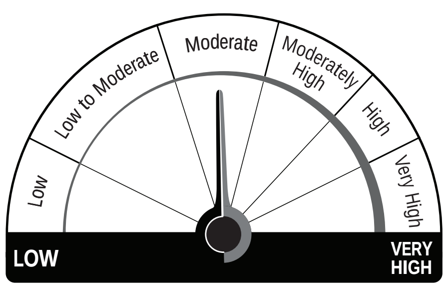
All data mentioned above is as on April 30, 2022, unless otherwise stated above.

Riskometer of the Scheme



Investors understand that their principal will be at Moderate risk

Riskometer of the Benchmark



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

CL09467