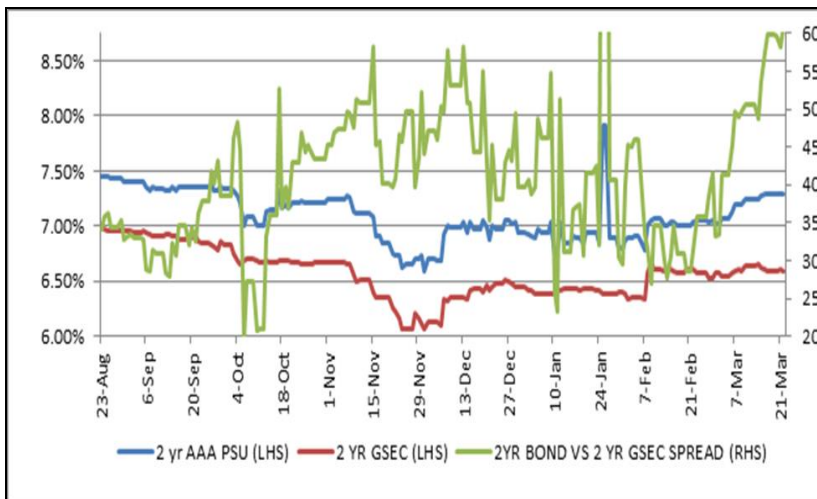


L&T Banking & PSU Debt Fund

- ❖ **AAA Corporate/PSU bond yields have increased since the RBI monetary policy because of**
 - RBI's change in stance from being accommodative to neutral while maintaining the policy rates
 - Higher supply in 2 to 10 year segment from PSUs, state loans, UDAY bonds
 - Redemption pressure faced in the short term / medium term funds
- ❖ 5 year Corporate bonds yields have moved up from 7 to 7.15% pre-policy to a high of 7.60% – 7.75%
- ❖ 5 year spreads widened from 35-45 bps to 55-65 bps

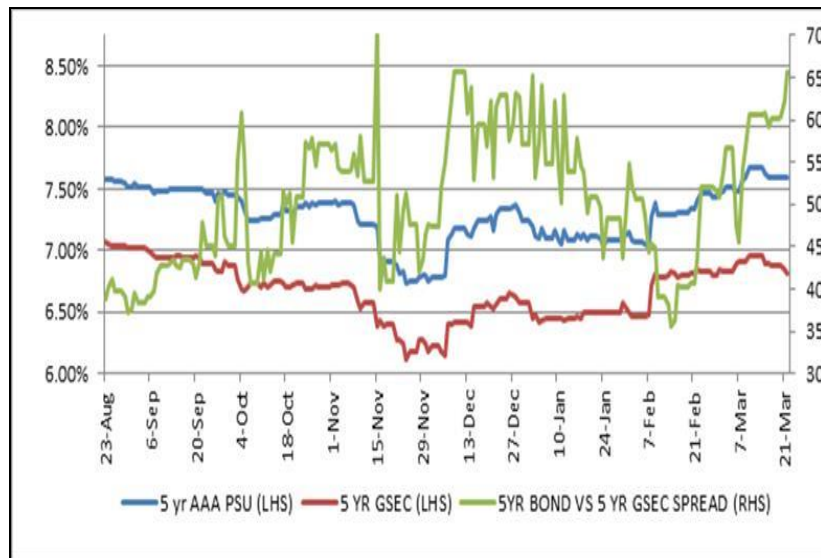
2 year G-sec vs. 2 year AAA



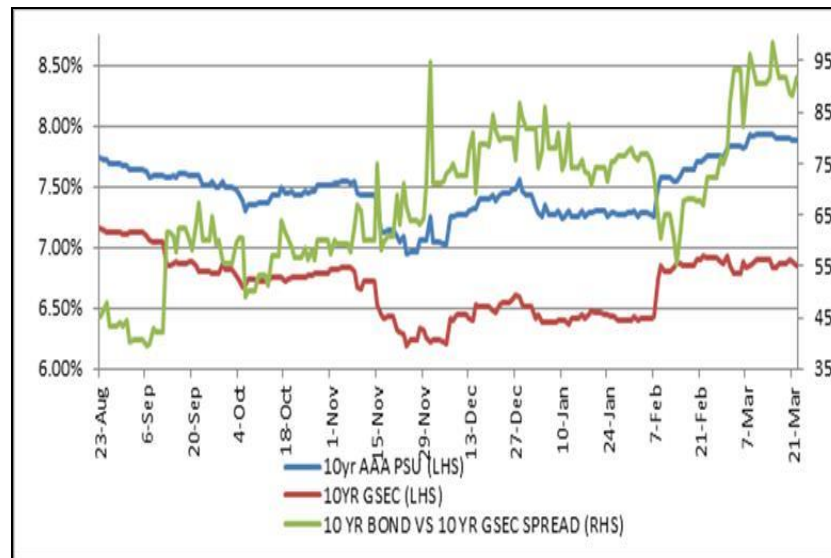
3 year G-sec vs. 3 year AAA



5 year G-sec vs. 5 year AAA



10 year G-sec vs. 10 year AAA



Corporate bond spreads have widened significantly and are now trading at an attractive level

Near term fixed income outlook

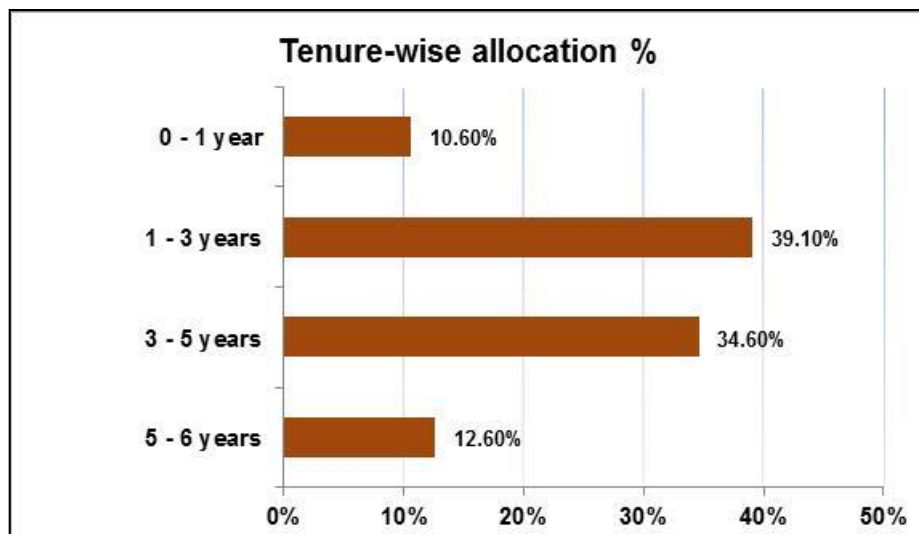
Going in to April 2017, we believe that the corporate bond spreads could compress due to :

- Surplus liquidity in the system
- Lower issuance from PSUs in the first quarter
- Longer term money getting invested in short term / medium term funds

L&T Banking & PSU Debt Fund

Positioned to take advantage of expected spread compression in corporate bonds

- The fund is fully invested in corporate bonds and Bank CD / CP
- No exposure to Gilts
- The fund is maintaining an average maturity of 3.03 years and modified duration of 2.42 years currently
- High quality and liquid portfolio



Portfolio Statistics (22.03.2017)

Average Maturity	3.03 years
Modified Duration	2.42 years
YTM	7.26%

Product Labeling L&T Banking & PSU Debt Fund (“L&TBPDF”)

Scheme name and type of scheme

An open-ended debt scheme

Investment Objective: The investment objective of the Scheme is to seek to generate reasonable returns by primarily investing in debt and money market securities that are issued by Banks, Public Sector Undertakings (PSUs) and Public Financial Institutions (PFIs) in India.

This product is suitable for investors who are seeking*:

- Generation of reasonable returns and liquidity over short term
- Investment primarily in securities issued by Banks, Public Sector Undertakings and Public Financial Institutions in India



Investors understand that their principal will be at moderately low risk

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

Disclaimer

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

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