

August 2016

L&T Equity Fund

Helping build a strong foundation for your investment portfolio

L&T Equity Fund has been in existence for over 11 years and aided by its consistent, bottom-up investment approach, it has successfully established a strong performance track record over the years.

The fund follows a much disciplined investment approach with focus on (1) owning fundamentally strong businesses – scalable, profitable businesses with strong balance sheet to support future growth and (2) owning them at appropriate valuation.

The fund has maintained such discipline across market cycles without getting swayed by short term trends in the market. We believe such discipline and consistency in investment approach is what makes it an ideal fund for long-term investors looking to make strategic allocation to equities.

In this edition of Fund Insights, we discuss (a) how the L&T Equity Fund's consistent investment style over the years has helped it deliver strong outperformance, (b) the fund's current portfolio positioning and (c) the key reasons for long-term investors to consider investing in this fund.

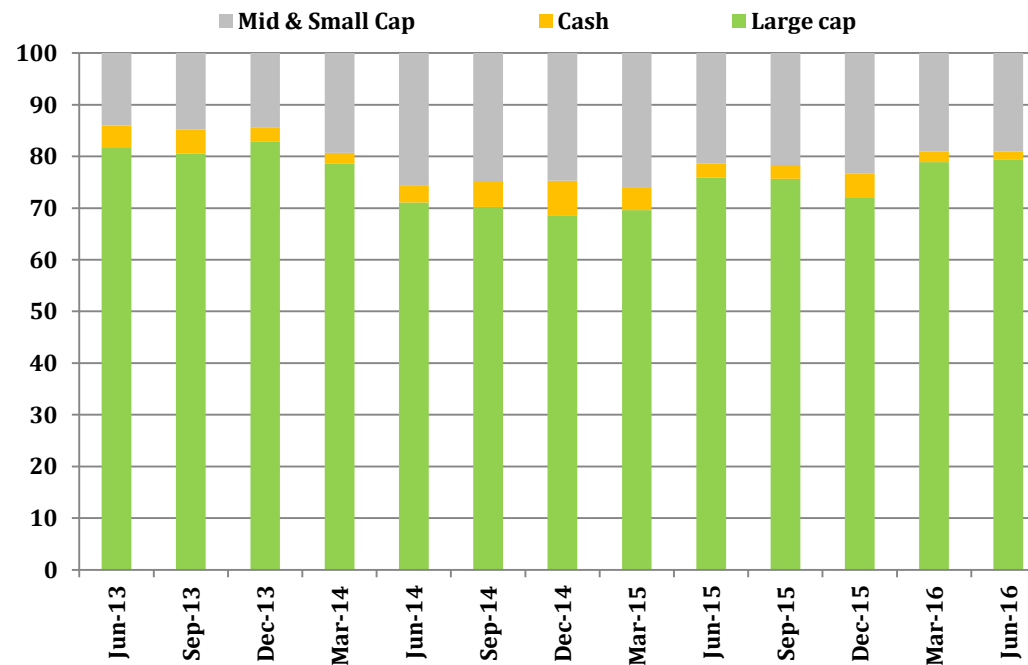
A consistent investment style

L&T Equity Fund is a well diversified equity fund which follows fundamentals driven, bottom-up stock picking approach and looks to invest in high quality, scalable businesses with strong management track record. It has flexibility to invest across growth and value stocks depending on the relative attractiveness in terms of return potential. The fund looks at valuation of a business in conjunction with its growth potential; and businesses which are attractively valued given their growth potential, largely get included in the fund's portfolio.

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The Fund aims to maintain a healthy mix of large and mid-cap stocks in its portfolio, with the overall aim of achieving superior risk adjusted performance over the medium to long term. The fund's large cap exposure has historically ranged between ~70-85% whereas the small and mid-cap exposure has been in the range of 15-30% depending on attractiveness of investment opportunities in the space. This kind of mix helps in maintaining a risk-return balance which we believe is necessary to build a solid foundation for investors' investment portfolios.

Historical portfolio exposure (%)



Source: Bloomberg, internal, 30th June 2016. Large cap = top 100 stocks by market cap, Mid and small cap = stocks beyond top 100 in terms of market cap.

Strong medium and long term outperformance

As a result of such consistent and disciplined investment approach, the fund has delivered a strong medium to long term outperformance. Since its inception in May 2005, the fund has outperformed its benchmark S&P BSE 200 by 4.45% on an annualized basis. Such outperformance is seen across medium to long term time periods such as 3 years, 5 years, 7 years and 10 years, with annualized outperformance ranging between ~3 to 5%.

Table 1: Compounded annualized return as on 30.06.2016

Period	L&T Equity Fund - Reg - Growth	S&P BSE 200	S&P BSE Sensex [^]
1 year	0.27%	0.41%	-2.81%
3 years	19.86%	14.73%	11.62%
5 years	11.80%	8.70%	7.45%
7 years	14.99%	10.31%	9.29%
10 years	15.23%	10.69%	9.78%
Since inception	17.88%	13.42%	13.60%

Past performance may or may not be sustained in the future. [^]Standard Benchmark. Note: As per the SEBI standards for performance reporting, the since inception return is calculated on NAV of Rs.10/- invested at inception. Date of inception is deemed to be date of allotment, i.e. 16-May-2005. **For performance in SEBI format, please refer to Table 3 below.**

Even a SIP in the Fund has delivered significant outperformance over the medium to long term (Refer Table 2 below). For example, a 3 year, 5 year, 7 year and 10 year SIP has delivered an annualized return (XIRR) of 14.39%, 15.28%, 13.39%

and 13.59% respectively as compared to annualized yield of 10.34%, 11.71%, 9.74% and 9.69% respectively for the benchmark index S&P BSE 200.

Table 2: SIP Performance as on 30.06.2016

L&T Equity Fund - Growth	1 Year	3 Year	5 Year	7 Year	10 Year	Since Inception
Total amount invested (Rs)	120,000	360,000	600,000	840,000	1,200,000	1,330,000
Market value - scheme (Rs)	125,981	445,710	878,989	1,353,228	2,438,279	3,027,755
Scheme Return (XIRR %)	9.40	14.39	15.28	13.39	13.59	14.08
Market value - S&P BSE 200* (Rs)	126,111	420,345	805,027	1,188,017	1,981,614	2,386,382
S&P BSE 200 Return (XIRR %)	9.60	10.34	11.71	9.74	9.69	10.11
Market value - S&P BSE SENSEX^	124,459	397,910	760,999	1,128,427	1,864,043	2,259,708
S&P BSE SENSEX Return (XIRR %)	6.98	6.62	9.45	8.30	8.53	9.19

Past performance may or may not be sustained in the future. *Scheme benchmark, ^Standard Benchmark. Note: SIP monthly installment of Rs. 10,000 is assumed to be invested on 1st business day of every month. Market value shown above is as on 30.06.2016. Date of inception is deemed to be date of allotment, i.e. 16-May-2005.

We believe, over the long term, such performance could make a significant difference to investors' finances due to power of compounding and could contribute significantly in the wealth creation process. Moreover, since the fund aims to maintain a good balance of return and risk with measured exposure to mid and small cap segment, we believe it could be a suitable investment option for investors looking to make strategic allocation to equities. First time equity investors looking to build their equity investment portfolio could also find this fund appropriate as its focus on long-term wealth creation in a disciplined manner could make it an ideal core holding in an investor's portfolio. Investors looking for long term wealth creation through regular investments could invest in L&T Equity Fund through Systematic Investment Plan (SIP) route.

Table 3: Performance in SEBI format

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	Jun 30, 2015 To Jun 30, 2016	Jun 30, 2014 To Jun 30, 2015	Jun 28, 2013 To Jun 30, 2014		CAGR Returns (%)	PTP Returns* (in Rs.)
L&T Equity Fund - Growth	0.27%	21.27%	41.83%	16/May/2005	17.88%	62391.00
BSE 200	0.41%	12.01%	34.45%		13.42%	40639.35
BSE Sensex	-2.81%	9.31%	31.03%		13.60%	41359.68

Past performance may or may not be sustained in the future. * Point to Point (PTP) Returns in INR show the value of Rs.10,000/- invested ^Standard Benchmark Note: As per the SEBI standards for performance reporting, the since inception return is calculated on NAV of Rs. 10/- invested at inception. CAGR is compounded annualized. Date of inception is deemed to be date of allotment, i.e. 16-May-2005.

Current portfolio positioning

In line with its positioning, L&T Equity Fund continues to maintain a well diversified portfolio with approximately 73% exposure to large cap segment and 24% invested in mid and small cap stocks. The fund's bottom-up stock picks are also well diversified across sectors with top 10 active stock positions spanning across sectors such as cement, energy, banking, pharma, auto components and construction projects. At a portfolio level, cement and construction projects are among the key areas where the fund currently holds overweight positions. Businesses in these sectors are benefiting from the government's increased focus on infrastructure and could continue to do well, given expected turnaround in the economy and low utilization level of cement companies. The Fund also has significant exposure to select private sector banks that seem to be in a strong position to gain market share from the public sector banks once economic recovery gains momentum.

Top 10 Active Stock Positions			
L&T EQUITY FUND	Fund	BM	Active
SHREE CEMENT LTD	2.25	0.33	1.92
HINDUSTAN PETROLEUM CORP	2.39	0.49	1.90
INDUSIND BANK LTD	3.24	1.35	1.88
RAMCO CEMENTS LTD/THE	1.94	0.17	1.77
TECHNO ELECTRIC & ENGINEERIN	1.68	0.00	1.68
AMBUJA CEMENTS LTD	2.11	0.50	1.61
VEDANTA LTD	2.01	0.43	1.59
DIVI'S LABORATORIES LTD	1.86	0.36	1.50
ICICI BANK LTD	5.02	3.60	1.42
SUNDRAM FASTENERS LTD	1.39	0.00	1.39

Top 10 Active Sector Positions			
L&T EQUITY FUND	Fund	BM	Active
Cement	9.76	3.08	6.67
Construction Project	5.97	3.42	2.55
Non - Ferrous Metals	2.59	1.00	1.59
Services	1.55	0.18	1.37
Healthcare Services	9.11	7.88	1.24
Auto Ancillaries	2.69	1.57	1.12
Media & Entertainment	1.89	0.88	1.01
Transportation	2.06	1.18	0.88
Industrial Capital Goods	1.86	1.17	0.69
Retailing	0.57	0.11	0.46

Source: Bloomberg, Internal, as on 31.07.2016

Why invest in L&T Equity Fund?

We believe it makes sense for long-term investors to make strategic allocation to L&T Equity Fund as:

- It follows a very simple and consistent strategy with a focus on bottom-up stock picking which could help investors build a strong foundation for their portfolio through this fund
- The fund has a proven track record and has delivered strong medium to long term outperformance since its inception*
- The Fund does not get swayed by temporary factors that influence the markets and picks stocks purely based on merits of individual businesses. We believe this could make it suitable as a core holding in investors' portfolio.
- The fund focuses on controlling risks and delivering strong long term risk adjusted performance using a disciplined investment process and robust risk mitigation mechanism.

* For performance, please refer to the annualized return table given above.

L&T Equity Fund - An open-ended equity growth scheme

This product is suitable for investors who are seeking*

- Long term capital growth
- Investment predominantly in equity and equity-related securities,

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



Investors understand that their principal will be at moderately high risk

DISCLAIMER: Any reference to the securities/sectors in the document is only for illustration purpose and may or may not form a part of the portfolio of the fund and is not any indication of the portfolio of the fund. The portfolio/portfolio strategy indicated is the current portfolio/strategy and may be changed at the discretion of the fund manager. The inclusion of any security in the portfolio should not be construed as a recommendation to buy such securities. Recipient of this article/information should understand that statements made herein regarding future prospects may not be realized and are views of the fund managers. Recipient should also understand that any reference to the securities/sectors/issuers/scheme etc in the document is only for illustration purpose and are not recommendations from the Fund Manager and/or L&T Investment Management Limited, the asset management company of L&T Mutual Fund or any of its associates. Investors should consult their financial advisers before making any investment decision. Any performance information shown refers to the past should not be seen as an indication of future returns. The value of investments and any income from them can go down as well as up.

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

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This document is only for distributors and not for investors.

Fund Insights

The Fund Managers for L&T Equity Fund: Mr. Soumendra Nath Lahiri and Mr. Abhijeet Dakshikar (for foreign securities)

Performance of other funds managed by Mr. Soumendra Nath Lahiri

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T Tax Advantage Fund (G)	4.89	19.16	40.61	27/Feb/2006	14.20	39512.00
S&P BSE-200	0.41	12.01	34.45		10.18	27264.12
S&P BSE SENSEX^	-2.81	9.31	31.03		9.78	26258.98

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Special Situations Fund (G)	0.48	21.50	44.70	22/May/2006	13.46	35858.00
S&P BSE 200	0.41	12.01	34.45		10.47	27369.45
S&P BSE SENSEX^	-2.81	9.31	31.03		9.81	25758.74

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T Midcap Fund (G)	8.30	31.30	73.27	09/Aug/2004	20.63	93180.00
Nifty Free Float Midcap 100	6.20	17.24	51.13		17.07	65256.58
S&P BSE SENSEX^	-2.81	9.31	31.03		14.79	51593.04

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T Infrastructure Fund (G)	0.91	14.92	70.61	27/Sep/2007	1.14	11040.00
Nifty 50	-0.96	9.95	30.28		5.93	16573.68
S&P BSE SENSEX^	-2.81	9.31	31.03		5.31	15742.76

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Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Prudence Fund (G)	6.51	21.74	41.12	07/Feb/2011	14.15	20426.00
Benchmark\$	3.18	11.50	26.51		8.96	15889.00
S&P BSE SENSEX^	-2.81	9.31	31.03		7.76	14968.92

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T Dynamic Equity Fund ^f (G)	-1.70	22.72	46.55	07/Feb/2011	13.58	19883.00
Benchmark\$	1.33	8.62	27.43		8.59	15603.00
S&P BSE SENSEX^	-2.81	9.31	31.03		7.76	14968.92

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme
	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	
L&T Emerging Businesses Fund (G)	15.74	17.19	NA	12/May/2014
S&P BSE Small Cap	6.55	8.55	NA	
S&P BSE SENSEX^	-2.81	9.31	NA	

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Performance of other funds managed by Mr. Abhijeet Dakshikar

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Prudence Fund (G)	6.51	21.74	41.12	07/Feb/2011	14.15	20426.00
Benchmark\$	3.18	11.50	26.51		8.96	15889.00
S&P BSE SENSEX^	-2.81	9.31	31.03		7.76	14968.92

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Large Cap Fund (G)	-1.63	19.33	39.25	23/Oct/2007	8.61	20503.00
S&P BSE-100	-0.40	9.32	33.44		4.92	15182.08
S&P BSE SENSEX^	-2.81	9.31	31.03		4.45	14600.09

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Value Fund (G)	9.15	26.26	62.70	08/Jan/2010	16.02	26195.00
S&P BSE 200	0.41	12.01	34.45		7.40	15877.99
S&P BSE SENSEX^	-2.81	9.31	31.03		6.88	15392.97

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme	CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Special Situations Fund (G)	0.48	21.50	44.70	22/May/2006	13.46	35858.00
S&P BSE 200	0.41	12.01	34.45		10.47	27369.45
S&P BSE SENSEX^	-2.81	9.31	31.03		9.81	25758.74

Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme
L&T Business Cycles Fund (G)	-0.58	NA	NA	20/Aug/2014
S&P BSE 200	0.41	NA	NA	
S&P BSE Sensex^	-2.81	NA	NA	

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Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme
L&T Arbitrage Opportunities Fund (G)	6.12	8.54	NA	30/Jun/2014
CRISIL Liquid Fund Index	7.90	8.77	NA	
CRISIL 1 Yr T-Bill Index^	7.67	8.54	NA	
Absolute Returns (Period)				
Regular Plan	30/Jun/2015-30/Jun/2016	30/Jun/2014-30/Jun/2015	28/Jun/2013-30/Jun/2014	Date of Inception of the Scheme
L&T Emerging Businesses Fund (G)	15.74	17.19	NA	12/May/2014
S&P BSE Small Cap	6.55	8.55	NA	
S&P BSE SENSEX^	-2.81	9.31	NA	