

L&T Midcap Fund

Midcap stocks, if chosen carefully, have the potential to reward investors handsomely, provided the investors have patience to endure short term volatility and stay invested for the long term. This is because over the long term, businesses of midcap companies tend to exhibit significantly higher growth in revenues and earnings compared to broader market, which also reflects in the outperformance of their stocks over the long term.

L&T Midcap Fund (“the Fund”) is a midcap product offering from L&T Mutual Fund which predominantly invests in midcap companies defined as those with market capitalization between the highest and the lowest constituent of the Nifty Free Float Midcap 100 Index. The Fund follows a bottom-up stock picking approach and looks to own scalable businesses having strong competitive advantage, at reasonable valuation levels. The Fund is suitable for relatively aggressive investors looking to make allocation to funds with high alpha generation potential over the long term. The Fund could also help investors in achieving portfolio style diversification given the fund’s strategy of focusing on midcap segment of the market.

L&T Midcap Fund - Focused on the midcap segment of the market

	Cumulative Market cap (Rs trn)*	%
Top 100 stocks	74	70.57%
Next 400 stocks	24	23.35%
Beyond top 500 stocks	6	6.08%



L&T Midcap Fund looks to invest predominantly in midcap stocks having potential to become large caps of tomorrow

L&T Midcap Fund - Investment Approach

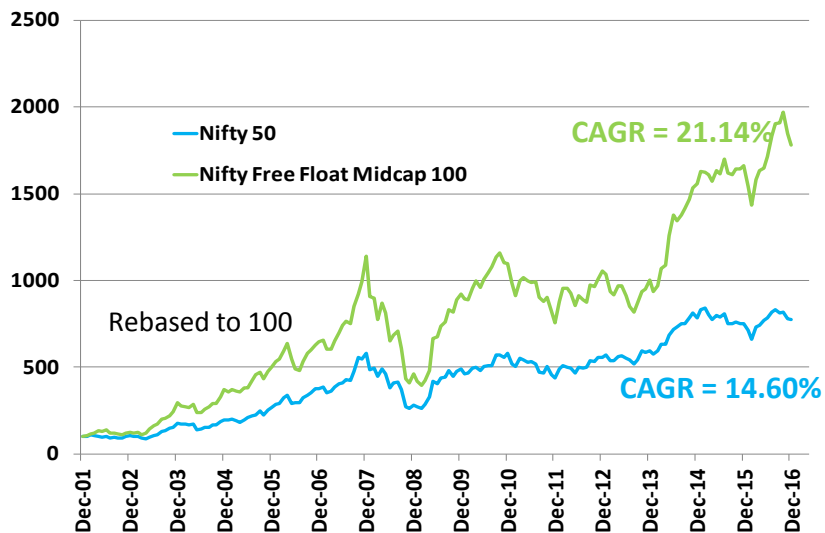
- ✓ Invests predominantly in midcap segment of the market using a bottom-up investment approach
- ✓ The key stock selection criteria includes (1) Moats - Look for competitive advantage in a business, for e.g. low cost advantage, edge in distribution network, brand recall, etc, (2) Scalability - Focus on owning businesses that are likely to grow at a higher rate than the broader market and can potentially achieve significant size and (3) Valuations - prevailing valuations should be reasonable after factoring in the future growth prospects
- ✓ A well diversified portfolio with individual stock positions typically in the range of not exceeding 3-4%
- ✓ Actively look for investment opportunities arising out of (a) shift from unorganized to organized sector and (b) significantly higher growth of certain smaller sectors of the economy
- ✓ Strong risk management framework to manage risks, especially ones specific to midcap segment of the market – ex. Liquidity

*Source: Bloomberg. Data as on 31st Dec 2016. Please refer to the Scheme Information Document for detailed asset allocation and investment strategy. **Past performance may or may not be sustained in the future. For product labeling, please refer to page 7.**

Historically, though midcap stocks have been more volatile, they have significantly outperformed large cap stocks

December 2001 – December 2016	Nifty 50	Nifty Free Float Midcap 100
15 year CAGR	14.60%	21.14%
15 year volatility (Annualized Standard deviation)^	23.66%	28.01%
Sharpe Ratio	0.32	0.50

Performance: Nifty 50 Vs Nifty Free Float Midcap 100



Investing with long term investment horizon could help mitigate risk

Investing with a long term horizon could help tide over the short term volatility inherent in midcap stocks. For example, the table below shows 5 year rolling performance of Nifty free float Midcap 100 Vs Nifty 50 based on over 12 year data from Aug-04 (inception month of L&T Midcap Fund) to Dec-16.

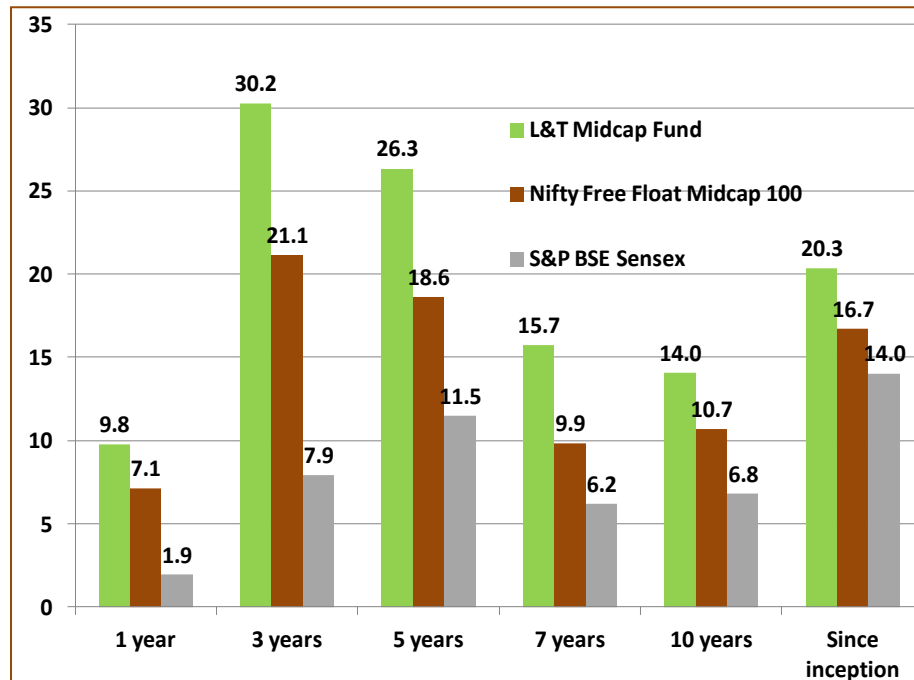
	L&T Midcap Fund	Nifty Free Float Midcap 100	Nifty 50
Average 5 yr CAGR	14.67%	11.91%	10.61%
% of times 5 years CAGR has been			
Above 0%	98.86%	98.86%	97.73%
Above 6%	81.82%	80.68%	73.86%
Above 8%	75.00%	73.86%	59.09%
Above 15%	65.91%	45.45%	35.23%
Above 20%	60.23%	35.23%	26.14%

(Note: Please refer to performance table on page 3, for performance details in the SEBI prescribed format)

As can be seen from the above table, over a 5 year holding period, the risks get mitigated significantly. For example, approx 66% of the times, the L&T Midcap Fund has delivered 5 year annualized return of over 15% and approx 1% of the times, the annualised 5 year performance has been negative. What is worth noting is that more than 60% of the times, the 5 year performance of the L&T midcap Fund is in excess of 20%.

Apart from investing for long term, one may also stagger his investments across time period using tools such as Systematic Investment Plan (SIP) or Systematic Transfer Plan (STP) to further reduce the volatility.

Annualized performance as on 30.12.2016



Performance In SEBI Format

	Absolute returns % (period)			Date of inception of the Scheme	Since inception	
	Dec 31, 2015 To Dec 30, 2016	Dec 31, 2014 To Dec 31, 2015	Dec 31, 2013 To Dec 31, 2014		CAGR Returns (%)	PTP Returns* (in Rs.)
L&T Midcap Fund (G)	9.79	10.77	81.61	09/Aug/2004	20.34	99,350
Nifty Free Float Midcap 100	7.13	6.46	55.91		16.69	67,783
S&P BSE Sensex^	1.95	-5.03	29.89		14.02	50,880

Source: ICRA MFIE, internal. **Past performance may or may not be sustained in the future.** For product labeling please refer to page 7. * **Point to Point (PTP) Returns in INR show the value of Rs10,000/- invested ^Standard Benchmark.** For detailed performance of the scheme and that of other schemes managed by the same fund managers please refer slides 5 and 6. 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 (09-Aug-04).

Why invest in L&T Midcap Fund?

- ✓ Midcap stocks offer strong long term growth potential and fund with midcap strategy could act as a high alpha product in the investors' portfolios
- ✓ There are many sectors / areas in the Indian economy which are dominated by midcap companies. A midcap fund could be in a better position to capitalize on investment opportunities in such sectors.
- ✓ A shift from unorganized to organized sector is likely to gain momentum given government's thrust on moving towards cashless economy. Midcap companies are likely to be key beneficiaries of this change.
- ✓ L&T Midcap Fund has a proven long-term performance track record
- ✓ L&TMF's bottom-up oriented investment approach using proprietary research process (G.E.M.) and strong risk management framework best suited for managing a midcap fund
- ✓ Managed by fund managers with vast experience in the Indian equity market

Top 10 sector positions

Sector	Weight
Consumer Non Durables	12.35%
Finance	9.32%
Industrial Products	8.18%
Construction Project	7.15%
Cement	6.78%
Banks	5.82%
Chemicals	5.07%
Software	3.85%
Pharmaceuticals	3.09%
Auto Ancillaries	2.57%

Top 10 holdings

Company	% of net assets
Shree Cements Limited	2.88%
Aarti Industries Limited	2.41%
Ratnamani Metals & Tubes Limited	2.26%
Triveni Engineering & Industries Limited	2.24%
The Federal Bank Limited	2.22%
Indian Hume Pipe Company Limited	2.20%
Multi Commodity Exchange of India Limited	2.09%
Bayer Cropscience Limited	2.01%
Supreme Industries Limited	2.01%
Procter & Gamble Hygiene and Health Care Ltd	1.97%

Diversified Portfolio

Number of stocks	67
Top 10 stocks (%)	22.29%
Top 20 stocks (%)	39.36%
Total Equity (%)	88.79%
Debt/Cash (%)	11.21%

Portfolio v/s Benchmark

Number of stocks outside benchmark	58
Total weight in stocks outside benchmark	75.28%

Scheme Features / Fund Facts

- ❖ **Type:** An open-ended equity scheme
- ❖ **Scheme Benchmark:** Nifty Free Float Midcap 100 Index
- ❖ **Fund Manager:** Soumendra Nath Lahiri and Vihang Naik
- ❖ **Minimum Initial Application Amount:** Rs. 5000 per application and in multiples of Re. 1 thereafter
- ❖ **Minimum Additional Application Amount:** Rs. 1,000 per application and in multiples of Re.1 thereafter
- ❖ **Exit Load:** 1% if redeemed <= 1 year from the date of investments. Nil if redeemed after 1 year from the date of investments
- ❖ **Fund Size:** Rs. 510.80 crore (as on 30.12.2016)
- ❖ **Inception date:** 09-Aug-2004

Performance of other schemes managed by the Fund Manager

Funds Managed by Mr. Soumendra Nath Lahiri

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
L&T Equity Fund (G)	3.58	0.29	50.27	16/May/2005	17.02	62215.00
S&P BSE-200	3.95	-1.48	35.47		12.80	40607.54
S&P BSE SENSEX^	1.95	-5.03	29.89		12.85	40787.89

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
L&T Emerging Businesses Fund (G)	10.21	12.32	NA	12/May/2014		
S&P BSE Small Cap	1.77	6.76	NA			
S&P BSE SENSEX^	1.95	-5.03	NA			

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Special Situations Fund (G)	4.36	1.49	51.02	22/May/2006	12.88	36178.00
S&P BSE 200	3.95	-1.48	35.47		9.94	27348.03
S&P BSE SENSEX^	1.95	-5.03	29.89		9.18	25402.64

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
L&T Infrastructure Fund (G)	8.56	6.78	65.53	27/Sep/2007	1.80	11800.00
Nifty 50	3.01	-4.06	31.39		5.46	16369.80
S&P BSE SENSEX^	1.95	-5.03	29.89		4.86	15525.13

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
L&T India Prudence Fund (G)	4.34	9.93	44.48	07/Feb/2011	13.16	20738.00
Benchmark\$	5.94	1.73	27.64		8.45	16137.53
S&P BSE SENSEX^	1.95	-5.03	29.89		6.83	14761.98

Regular Plan	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
L&T Tax Advantage Fund (G)	8.13	2.90	44.75	27/Feb/2006	13.75	40440.00
S&P BSE-200	3.95	-1.48	35.47		9.68	27242.78
S&P BSE SENSEX^	1.95	-5.03	29.89		9.17	25895.96

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
 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. \$70% - S&P BSE 200 Index and 30% - CRISIL Short Term Bond Fund Index. Performance of L&T Dynamic Equity Fund is not shown as the Fund had undergone change in its fundamental attributes and it has not completed 1 year since then.

Performance of other schemes managed by the Fund Manager

Funds Managed by Mr. Vihang Naik

	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
Regular Plan						
L&T Tax Saver Fund (G)	8.70	7.47	46.09	18/Nov/2005	9.91	28620.00
Nifty 50	3.01	-4.06	31.39		10.78	31242.92
S&P BSE SENSEX^	1.95	-5.03	29.89		10.59	30652.16
	Absolute Returns (Period)			Date of Inception of the Scheme	Since Inception	
	31/Dec/2015-30/Dec/2016	31/Dec/2014-31/Dec/2015	31/Dec/2013-31/Dec/2014		CAGR Returns (%)	PTP Returns* (in ₹)
Regular Plan						
L&T Long Term Advantage Fund - I (G)	9.72	6.97	45.31	27/Mar/2009	19.31	39410.00
S&P BSE 200	3.95	-1.48	35.47		15.19	29994.11
S&P BSE SENSEX^	1.95	-5.03	29.89		13.37	26497.97

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

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.

Product Labeling L&T Midcap Fund

Scheme name and type of scheme

An open-ended equity scheme

Investment Objective: To generate capital appreciation by investing primarily in midcap stocks. The scheme will invest primarily in companies whose market capitalization falls between the highest and the lowest constituent of the Nifty Free Float Midcap 100.

This product is suitable for investors who are seeking*:

- Long term capital appreciation
- Investment primarily in midcap equity and equity-related securities,



Investors understand that their principal will be at high risk

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

Disclaimer & Risk Factors

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

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