

L&T Dynamic Equity Fund

A fund that could help smoothly ride the market volatility...

Equity as an asset class is associated with high volatility and this is the key reason why most investors tend to stay away from equities or under allocate to equities, despite the strong long term return potential of this asset class. Such cautious investors fearful of high volatility could consider investing in funds which dynamically manage equity allocation based on valuation level – i.e. increase equity exposure when markets are cheap and reduce equity exposure when markets are expensive. Historical data suggests that such a strategy helps in taming the volatility significantly and yet help investors participate in the long term growth potential of equities.

L&T Dynamic Equity Fund is one such product which follows a dynamic asset allocation strategy. The Fund's net equity exposure can vary between 20% to 80% depending on the market valuations, as measured by the P/E ratio of Nifty 50. The Fund dynamically manages its allocation across unhedged equity, arbitrage opportunities and debt and money market instruments, which also makes it a tax efficient investment option.

About the Fund

- A valuation (P/E) based dynamic asset allocation strategy which aims to alter net equity allocation based on Nifty 50 P/E
- Dynamic asset allocation across unhedged equity, arbitrage and debt and money market instruments
- Actively managed unhedged equity component
- Tax efficiency on account of more than 65% gross equity exposure

Table 1: Broad asset allocation pattern

Instruments	Indicative allocation (%)		Risk profile
	Max	Min	
Equity and equity related instruments - Net long equity - Equity and equity derivatives (arbitrage opportunities)	80	65	High
	80	20	
	60	0	
Debt, Money Market Instruments and Government Securities (including CBLO/ reverse repos and securitized debt)	35	20	Low

Table 2: P/E based dynamic equity allocation model

Nifty 50 Index weighted average P/E range	Unhedged / Net long equity allocation	Hedged equity / arbitrage allocation
Upto 14	70 to 80%	0 to 10%
14 to 16	60 to 70%	0 to 20%
16 to 18	50 to 60%	5% to 30%
18 to 20	40 to 50%	15% to 40%
20 to 22	30 to 40%	25% to 50%
Above 22	20 to 30%	35% to 60%

5 strong reasons for investing in L&T Dynamic Equity Fund...

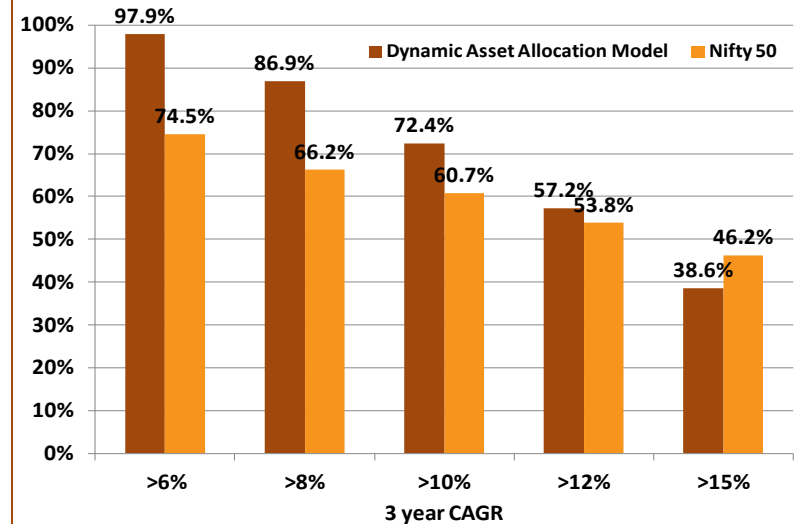
1. The fund could help investors participate in the long term growth potential of equities but with a much lower short term volatility.
2. The Fund helps in systematically managing equity allocation based on valuations and keep emotions away from asset allocation decisions.
3. History suggests that sharp corrections in the market typically occur when equity valuations are expensive. Due to the fund's strategy of maintaining low equity allocation at higher valuation levels, it could help reduce downside significantly during such market corrections.
4. Potential to substantially improve risk adjusted return for medium to long term investors; active stock picking approach for equity allocation.
5. The Fund provides a tax efficient and cost efficient dynamic asset allocation solution – taxation similar to equity oriented schemes

Who is this fund suitable for?

- ❖ Cautious investors with relatively low risk appetite, looking to benefit from long term potential of equities
- ❖ Investors sitting on sidelines, waiting for appropriate market valuation level to make investment in equities
- ❖ Investors planning for their long term financial goals such as retirement could look to invest through SIP or lump sum route
- ❖ Investors with a medium to long term investment horizon, looking to make lump sum investment

Source: ICRA MFIE, CRISIL, NSE. Based on 15 year data from Oct-2001 to Sep-2016. Performance of Dynamic asset allocation model is based on allocation shown in table 2 on the previous slide – equity allocation is assumed to be the average of upper and lower band for each P/E range. Performance of equity portion is represented by Nifty 50 and rest of the portfolio is assumed to be invested in CRISIL-AMFI Liquid Fund Performance Index. Rebalancing is done at each month end. Transaction costs not considered. **Past performance may or may not be sustained in the future. The data presented above based on back testing is for illustration purpose only.** ^ Based on monthly returns from Oct-2001 to Sep-2016. For Product labeling please refer to last page of this document.

Asset allocation model - Back testing – return distribution (% of times 3 year CAGR has been above 6%/8%/10%/12%/15%)



Risk / return Profile

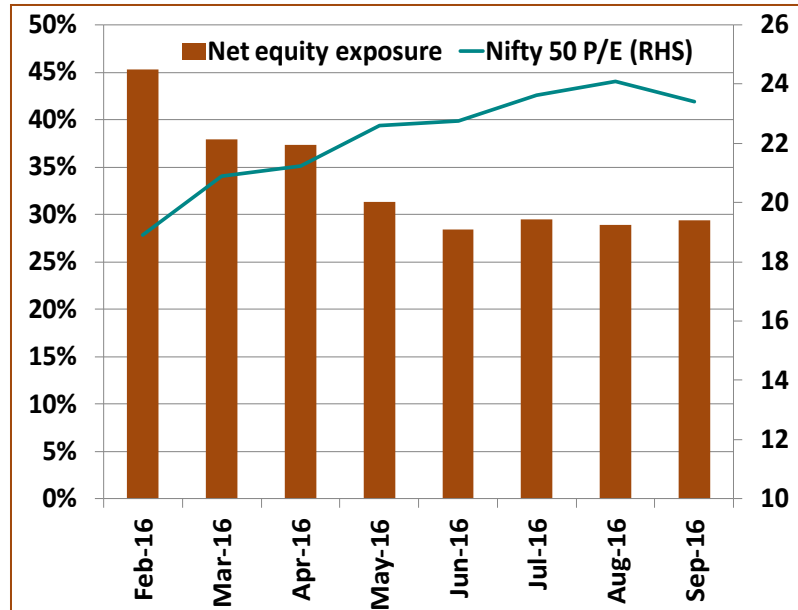
	Dynamic Asset Allocation Strategy	Nifty 50
Average 3 year CAGR	15.81%	17.32%
Annualized Std deviation [^]	12.13%	23.74%

Dynamic asset allocation strategy aims to reduce volatility substantially and yet help investors participate in long term growth potential of equities. It does not aim to outperform pure equity strategies.

Top 10 equity holdings (unhedged) – 30 Sep 2016

Company	% of Net Assets
Mahindra & Mahindra Financial Services Ltd	1.36%
Shree Cements Ltd	1.25%
HDFC Bank Ltd	1.12%
IDFC Ltd	1.06%
Mangalam Cement Ltd	1.05%
Century Textiles & Industries Ltd	1.00%
Indian Bank	0.99%
P&G Hygiene & Health Care Ltd	0.98%
Max Financial Services Ltd	0.97%
Infosys Ltd	0.97%

L&T Dynamic Equity Fund – P/E Vs Net equity exposure



L&T Dynamic Equity Fund – Reg – Dividend (Dividend Track Record)

Record date	Dividend per unit (Rs.)	NAV as on the record date
28-Sep-16	0.12	18.344
24-Aug-16	0.12	18.240
27-Jul-16	0.12	18.188
29-Jun-16	0.12	17.986
27-May-16	0.12	17.838
28-Apr-16	0.12	17.790

Scheme Features / Other Details

- Scheme Benchmark:** 50% S&P BSE 200 and 50% CRISIL Short Term Bond Fund Index
- Fund Manager:** Soumendra Nath Lahiri and Praveen Ayathan (for equity and equity related instruments), Jalpan Shah (for debt and debt related instruments)
- Minimum Application Amount:** Rs. 5000
- Exit Load:** 1% if redeemed within 1 year from the date of allotment or purchase

Source: NSE, internal, as on 30-Sep-2016. For Product labeling please refer to last page of this document. Pursuant to payment of dividend, NAV per unit of the dividend options of the scheme will fall to the extent of the payout and statutory levy, if any. Face value Rs. 10/-. Past performance of the aforesaid scheme may or may not be sustained in future.

Product Labeling L&T Dynamic Equity Fund (“L&TDEF”)

Scheme name and type of scheme

An open-ended equity growth fund

Investment Objective: To seek to generate long-term capital appreciation from a diversified portfolio of equity and equity related securities and to generate reasonable returns by investing in a portfolio of debt and money market instruments and arbitrage opportunities in the cash and derivatives segments of the equity markets.

This product is suitable for investors who are seeking*:

- Long term capital appreciation and generation of reasonable returns
- Investment in equity and equity related instruments, derivatives and debt and money market instruments



Investors understand that their principal will be at moderately high risk.

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

Disclaimer

This document is for general information only and does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this information. This document provides general information on financial planning and comparisons made are only for illustration purposes. The data/information used/disclosed in this document is only for information purposes and not guaranteeing / indicating any returns. Investments in mutual funds and secondary markets inherently involve risks and recipient should consult their legal, tax and financial advisors before investing. Recipient of this presentation should understand that statements made herein regarding future prospects may not be realized. He/ She should also understand that any reference to the indices/ sectors/ securities/ schemes etc. in the document is only for illustration purpose. The securities indicated in the presentation may or may not form a part of the portfolio of the Scheme as on the date of receipt of the document. Neither this presentation nor the units of L&T Mutual Fund have been registered in any jurisdiction except India. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

Recipient of this information should understand that statements made herein regarding future prospects may not be realized or achieved.

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

CL03651