

## L&T Tax Advantage Fund

**Saves Tax and offers wealth creation potential too...**

When there are plethora of tax saving investment options available to Indian investors u/s 80c, choosing the right investment option becomes crucial as these tax saving products vary widely in terms of their basic characteristics such as risk-return profile, investment horizon, etc.

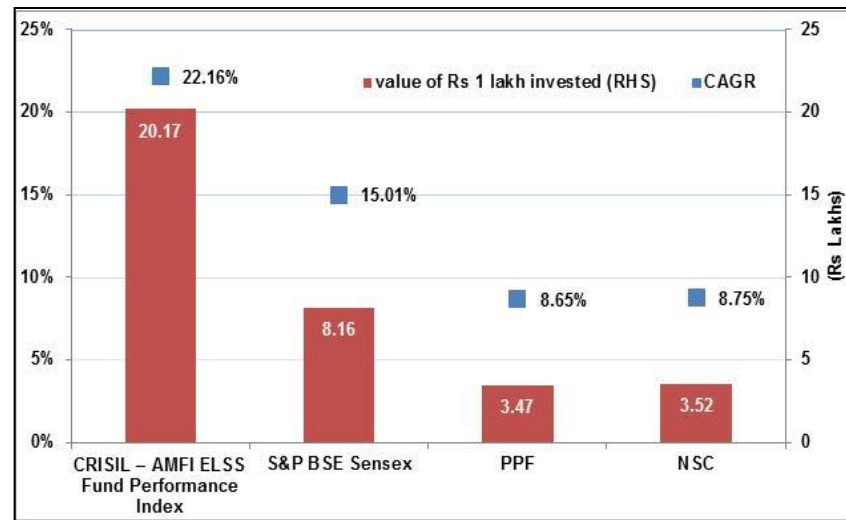
Any tax saving investment under section 80C comes with a minimum lock-in period of 3 years and in fact most traditional tax saving investment options have much longer maturity period. Given the investor's willingness to invest in such products with a long term horizon, we believe it makes lot of sense to consider investing in ELSS funds offered by mutual funds. ELSS funds which come with a lock-in of 3 years, not only help save tax but also offer strong long term wealth creation potential as they invest predominantly in equities which is known to outperform most other asset classes over the long term.

**L&T Tax Advantage Fund (LTAF)** is an ELSS offering from L&T Mutual Fund. The fund with its flexible investment approach of investing across the market spectrum, has stood the test of time and has a proven track record of over 10 years. Its focus on delivering superior risk-adjusted performance over the long term coupled with tax saving under section 80C makes it an attractive investment option for long term investors. Read on to know more about this Fund.

Source: Crisil, ICRA MFIE, OEA. PPF data - Post Office internal document. NSC data - Maharashtra Govt., Directorate of Small Savings. For the purposes of simplicity, rate changes announced in the middle of the month are assumed to be effective from the first date of the month after rate change is deemed effective by the government. Monthly compounding rate is extracted from announced annual PPF rate and is applied to each month individually. NSC - Assumes Rs 1 lakh invested in NSC, held for duration of certificate and rolled over into a new certificate at the prevailing interest rate. Assumes half-yearly compounding based on published annual rates. Past performance may or may not be sustained in future. The graph is used only for illustrative purposes. ^The tax saving shown has been calculated for the highest income tax slab having taxable income of less than 1 crore, as per Section 80C of the Income Tax Act, 1961 for the Financial Year 2016-17 and includes applicable cess.

- ### ELSS Advantage
- ✓ Income Tax deduction under section 80C\* - Tax savings of upto Rs 46,350^
  - ✓ Offers long term wealth creation potential
  - ✓ Tax Free Dividends – being an equity oriented fund, dividends declared under ELSS are tax free and there is no capital gains tax either
  - ✓ Lock-in of only 3 years – lowest lock in period among all tax saving instruments under Section 80C

### Performance of ELSS Funds vs S&P BSE Sensex and traditional tax saving products over 15 year period ending 30<sup>th</sup> December 2016



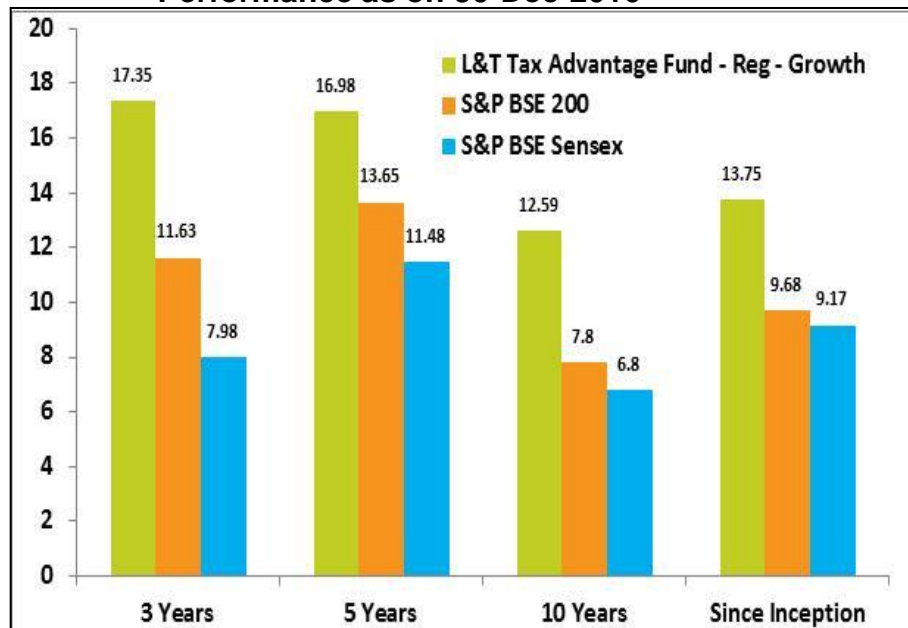
## Investment Approach

- An ELSS fund with a flexible mandate, looking for opportunities across the market spectrum, without any sector or capitalization bias
- The focus is on owning fundamentally strong and scalable businesses with good management track record, at reasonable valuations

## Why Invest in LTAF?

- Dual benefit of tax saving and long-term wealth creation
- Proven long-term track record with consistent outperformance across various time periods / market cycles
- Consistent dividend track record in the fund
- Shortest lock-in period among tax saving instruments u/s 80C

## Performance as on 30-Dec-2016



## Consistent Dividend Track Record

| Record Date | Dividend declared (Rs Per Unit) | NAV as on record date |
|-------------|---------------------------------|-----------------------|
| 18-Nov-16   | 1.00                            | 21.04                 |
| 18-Mar-16   | 1.20                            | 19.56                 |
| 24-Nov-15   | 1.20                            | 21.80                 |
| 27-Feb-15   | 1.70                            | 22.40                 |
| 12-Dec-14   | 2.00                            | 22.49                 |
| 21-Mar-14   | 1.20                            | 17.74                 |
| 18-Mar-13   | 1.00                            | 16.69                 |

## Performance in SEBI format

|                                 | Absolute Returns       |                        |                        | Date of inception of scheme | Since inception |                      |
|---------------------------------|------------------------|------------------------|------------------------|-----------------------------|-----------------|----------------------|
|                                 | 31-Dec-15 to 30-Dec-16 | 31-Dec-14 to 31-Dec-15 | 31-Dec-13 to 31-Dec-14 |                             | CAGR Return (%) | PTP Return* (in Rs.) |
| L&T Tax Advantage Fund - Growth | 8.13                   | 2.90                   | 44.75                  | 27/02/2006                  | 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 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. **For Product labeling please refer to page 4 of this document.**

### Mitigating short term risks

One of the key reasons why investors refrain from investing in ELSS funds despite their strong long term growth potential is because of the short term volatility associated with equity investment. However, data suggests that such risks could be mitigated significantly if one invests with a longer term horizon. For example, the table below shows the 5 year performance of L&T Tax Advantage Fund on a rolling basis.

### L&T Tax Advantage Fund – Consistent Performance 5 Year Rolling annualized performance since inception

|  | LTAf – Reg (G) | S&P BSE 200 | SP BSE Sensex |
|--|----------------|-------------|---------------|
| Average                                | 12.89%         | 8.28%       | 8.04%         |
| <b>% of times 5 year CAGR has been</b> |                |             |               |
| Above 6%                               | 96.06%         | 68.27%      | 61.75%        |
| Above 8%                               | 86.59%         | 52.40%      | 49.57%        |
| Above 10%                              | 67.90%         | 36.04%      | 34.19%        |
| Above 12%                              | 55.97%         | 18.94%      | 14.15%        |

As can be seen from the above table, over 5 year holding period, more than 2/3<sup>rd</sup> of the times LTAf has delivered in excess of 10% and more than 55% of the times 5 year CAGR has been above 12%. In fact, the fund has always delivered positive return over 5 year investment period and less than 5% of the times the 5 year CAGR had been below 6%. What is interesting to note is that equities as an asset class has been through a tough phase for a long period of about 6-7 years (2007/08 to 2013/14) during this time and even in such environment, the fund has delivered performance far ahead of equity indices and most other asset classes.

To further mitigate the short term risks, investors could also consider spreading their investments over a few months or invest through systematic investment plans or systematic transfer plans.

### Top 10 holdings as on 30-Dec-2016

| Company                     | % of net assets |
|-----------------------------|-----------------|
| HDFC Bank Limited           | 5.39%           |
| Infosys Limited             | 3.97%           |
| ICICI Bank Limited          | 3.90%           |
| ITC Limited                 | 3.45%           |
| Larsen & Toubro Limited     | 3.26%           |
| Bayer Cropscience Limited   | 3.07%           |
| Kotak Mahindra Bank Limited | 2.65%           |
| K.P.R. Mill Limited         | 2.55%           |
| Engineers India Limited     | 2.51%           |
| The Federal Bank Limited    | 2.38%           |

### Market cap breakup as on 30-Dec-2016

|  | % of net assets) |
|--|------------------|
| Large cap (Top 100 stocks by market cap) | 53.27%           |
| Mid / Small cap (Beyond top 100 stocks)  | 43.11%           |
| Debt / Cash                              | 3.62%            |

### Scheme Features / Fund Facts

- ❖ **Type:** An open-ended equity linked savings scheme
- ❖ **Scheme Benchmark:** S&P BSE 200 Index
- ❖ **Fund Manager:** Soumendra Nath Lahiri
- ❖ **Minimum Initial Application Amount:** Rs. 500
- ❖ **Exit Load:** Nil
- ❖ **Fund Size:** Rs. 1752.80 crore (as on 30.12.2016)

## Product Labeling L&T Tax Advantage Fund ("L&TTAF")

### Scheme name and type of scheme

An open-ended equity linked savings scheme

**Investment Objective:** To generate long-term capital growth from a diversified portfolio of predominantly equity and equity-related securities.

This product is suitable for investors who are seeking\*:

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



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.**

**CL04047**

### 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 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 Midcap Fund (G)                   | 9.79                      | 10.77                   | 81.61                   | 09/Aug/2004                     | 20.34            | 99350.00            |
| Nifty Free Float Midcap 100           | 7.13                      | 6.46                    | 55.91                   |                                 | 16.69            | 67783.45            |
| S&P BSE SENSEX^                       | 1.95                      | -5.03                   | 29.89                   |                                 | 14.02            | 50879.79            |
| 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                      |                                 |                  |                     |

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. 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. \$70% - S&P BSE 200 Index and 30% - CRISIL Short Term Bond Fund Index.