

## 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 considerable 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	88	69.83%
Next 400 stocks	30	24.06%
Beyond top 500 stocks	8	6.10%

**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

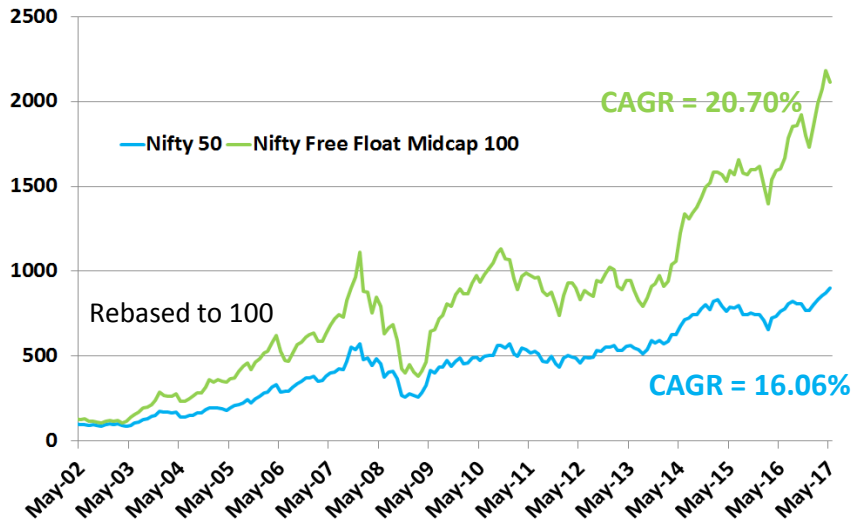
- ✓ Invests predominantly in midcap segment of the market using a bottom-up investment approach
- ✓ The key stock selection criteria includes (1) Moats - Look for competitive advantage in a business, for e.g. low cost advantage, edge in distribution network, brand recall, etc, (2) Scalability - Focus 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
- ✓ Robust risk management framework to manage risks, especially ones specific to midcap segment of the market – ex. Liquidity

\*Source: Bloomberg. Data as on 31<sup>st</sup> May 2017. 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 5.**

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

May 2002 – May 2017	Nifty 50	Nifty Free Float Midcap 100
15 year CAGR	16.06%	20.70%
15 year volatility (Annualized Standard deviation)^	23.55%	27.90%
Sharpe Ratio	0.38	0.49

**Performance: Nifty 50 Vs Nifty Free Float Midcap 100**



Source: ICRA MFIE, Internal. **The graph / table shown above is only for illustration purposes.** Risk free rate assumed to be 7%. ^Based on monthly rolling return for 15 year period ending 31-05-17. **Past performance may or may not be sustained in the future. For product labeling, please refer to page 5.** CAGR means compounded annualized growth rate

**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 May-17.

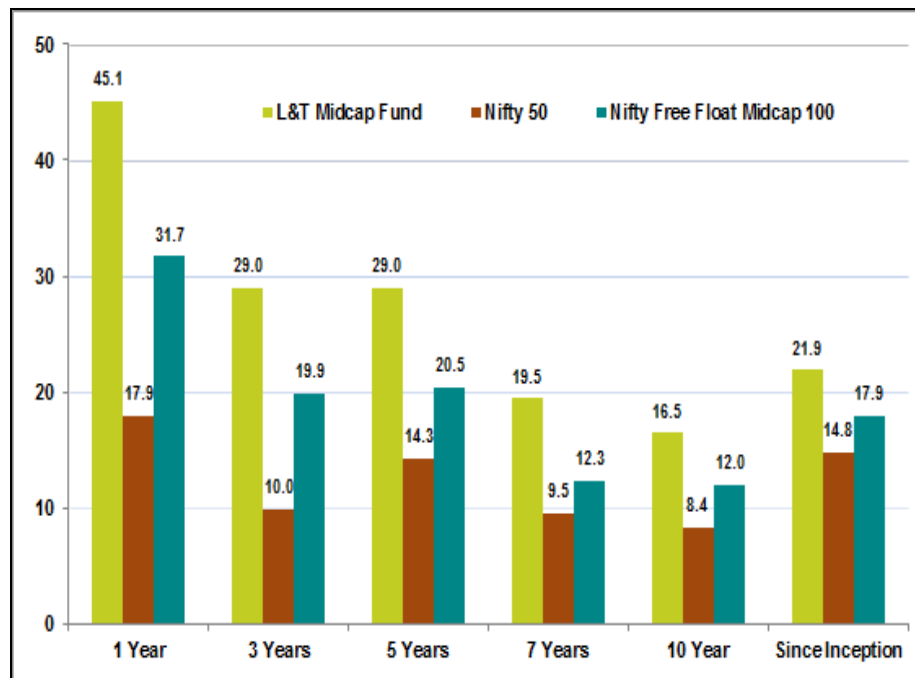
	L&T Midcap Fund	Nifty Free Float Midcap 100	Nifty 50
Average 5 yr CAGR	15.43%	12.32%	10.69%
<b>% of times 5 years CAGR has been</b>			
Above 0%	99%	99%	98%
Above 6%	83%	82%	76%
Above 8%	77%	76%	62%
Above 15%	63%	39%	24%

(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 63% 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.

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 31.05.2017



## Performance In SEBI Format (as on 31.05.2017)

(Regular Plan)	CAGR returns % (period)			Date of inception of the Scheme	Since inception	
	1 year	3 years	5 years		CAGR Returns (%)	PTP Returns* (in Rs.)
L&T Midcap Fund (G)	45.13	28.99	28.97	09/Aug/2004	21.89	126,420
Nifty Free Float Midcap 100	31.73	19.93	20.47		17.92	82,701
S&P BSE Sensex^	16.79	8.73	13.93		14.93	59,515

Source: ICRA MFIE, internal. **Past performance may or may not be sustained in the future.** For product labeling please refer to page 5. \* **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 the link on slide 5. 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). Different plans shall have a different expense structure. Mr. Vihang Naik manages 3 schemes. Mr. S.N. Lahiri manages 8 schemes. Performance shown is of growth option

## 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	8.32%
Banks	7.96%
Construction	7.73%
Finance	7.12%
Industrial Products	6.73%
Construction Project	6.29%
Cement	5.10%
Chemicals	4.83%
Industrial Capital Goods	4.56%
Textile Products	3.83%

## Top 10 holdings

Company	% of net assets
IndusInd Bank Limited	2.99%
Shree Cements Limited	2.53%
The Federal Bank Limited	2.33%
Dollar Industries Limited	2.24%
ICICI Prudential Life Insurance Company Limited	2.20%
Avanti Feeds Limited	1.60%
Berger Paints India Limited	1.60%
K.P.R. Mill Limited	1.59%
KEI Industries Limited	1.57%
The Ramco Cements Limited	1.53%

## Diversified Portfolio

Diversified Portfolio	
Number of stocks	69
Top 10 stocks (%)	20.18%
Top 20 stocks (%)	34.80%
Total Equity (%)	85.74%
Debt/Cash (%)	14.26%

## Scheme Features / Fund Facts

- ❖ **Type:** An open-ended equity scheme
- ❖ **Scheme Benchmark:** Nifty Free Float Midcap 100 Index
- ❖ **Fund Manager:** Soumendhra 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:** if redeemed <= 1 year from the date of investments -1%  
If redeemed after 1 year from the date of investments - NIL
- ❖ **Fund Size:** Rs. 950.31 crore (as on 31.05.2017)
- ❖ **Inception date:** 09-Aug-2004

## 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

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.

**For performance of the other schemes managed by the fund managers, please click on the link <https://goo.gl/rlq21D>**

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

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