

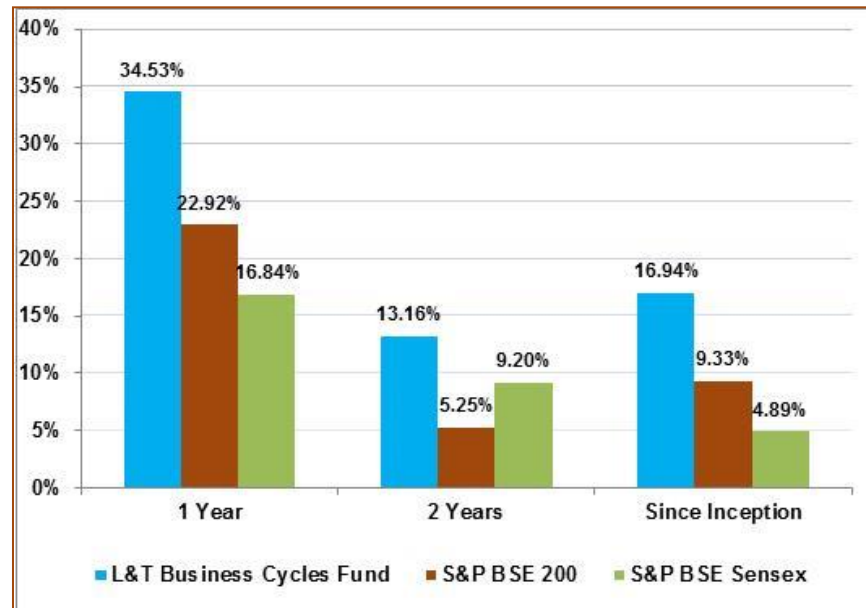
## L&T Business Cycles Fund

### *A unique Fund for playing the economic recovery*

L&T Business Cycles Fund (“LTBCF”) was launched in August 2014 when the domestic economy was showing initial signs of turnaround. While we have seen gradual recovery in economic activity since then, the pace of recovery has been relatively slow. However, there have been a number of investment opportunities in the cyclical space over the past 2-3 years which the fund has successfully capitalized on, which is being reflected in its exemplary performance.

The fund’s focus on investing in fundamentally strong businesses in the cyclical space has helped deliver strong results since its inception. The Fund has posted an annualized return (CAGR) of 16.94% since inception as against 9.33% and 4.89% annualized gains in S&P BSE 200 and S&P BSE Sensex respectively. As the economic recovery gains momentum over the next 1-2 years, we believe LTBCF with its unique investment strategy stand in good stead to capitalize on the investment opportunities in the domestic equity market.

Performance as on 28.04.2017



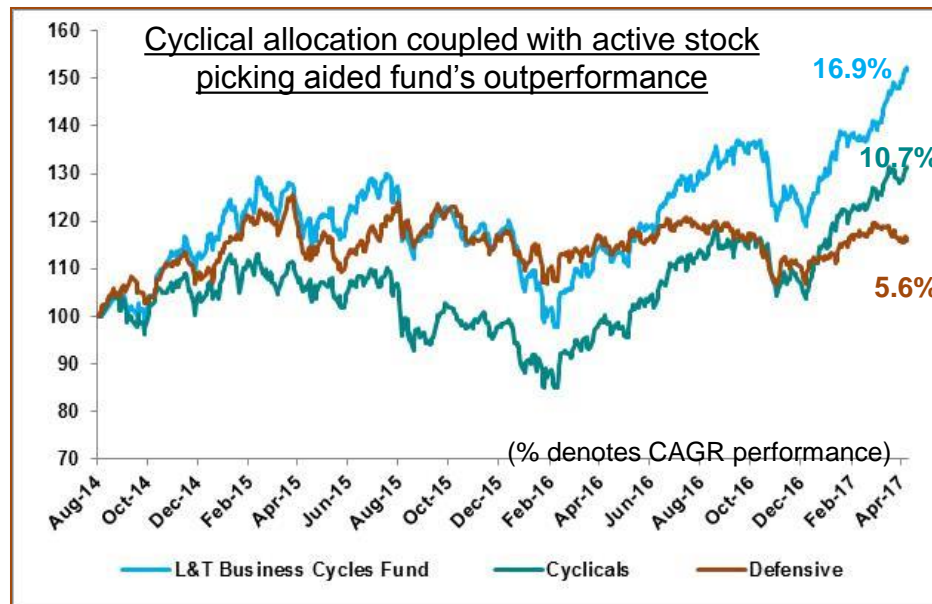
Source: Internal. **Past performance may or may not be sustained in the future.** Please refer to page 4 for performance in SEBI format and page 6 for the link which pertains to performance of other schemes managed by the fund managers.

### Investment Approach

- Adopts a business cycles approach to investing - unique investment approach of strategically changing its allocation across stocks and sectors depending on the stage of the business cycle
- The fund aims to invest in cyclical stocks when the economy is in the recovery or growth phase and switch to defensives during an economic slowdown
- The portfolio positioning of the fund is typically driven by medium term business cycle trends and not short term market movement
- In terms of stock picking, the focus is on identifying fundamentally strong businesses that offer best value relative to their respective long-term growth prospects, returns on capital and management quality

## Performance across market cycles

Period		LTBCF- Reg - Growth	S&P BSE 200
20-Aug-14 to 03-Mar-15	↑	29.3	15.9
03-Mar-15 to 25-Feb-16	↓	-24.3	-21.1
25-Feb-16 to 25-Oct-16	↑	39.8	28.6
25-Oct-16 to 26-Dec-16	↓	-13.2	-10.5
26-Dec-16 to 28-Apr-17	↑	28.2	20.7
<b>20-Aug-14 to 28-Apr-17 (CAGR)</b>		<b>16.94</b>	<b>9.33</b>



(refer to explanation and disclaimers below)

L&T Business Cycles Fund owing to its mandate of investing in cyclical stocks during economic recovery/growth phases, is a high beta fund in the current environment. As a result, it is expected to outperform during market up phases and underperform during the intermittent correction phases. However, in an economic growth phase, the high beta strategy of investing in cyclical stocks tend to outperform broader strategies. This is reflecting in the fund's performance since its inception. For example, the Fund delivered considerable outperformance during bullish phases from August 2014 (launch date) to March 2015 with a return of 29% and outperformed S&P BSE 200 Index by more than 13% on an absolute basis. However, during the correction from March 2015 peak to February 2016, the fund underperformed its benchmark by over 3%. Similarly, during the subsequent recovery between Feb 2016 to Oct 2016 and the recent bounce back post demonetization led market correction, the scheme outperformed the benchmark index by more than 11% and 7% respectively. Since its inception in August 2014, the fund has delivered an annualized return of 16.94% as compared to 9.33% for its benchmark S&P BSE 200.

Source: ICRA MFIE. From 20-Aug-14 to 28-Apr-17. Performance of cyclical stocks is represented by an equal weighted portfolio comprising S&P BSE Auto, S&P BSE Bankex, S&P BSE Consumer Durables, S&P BSE Capital Goods & S&P BSE Metals. Performance of Defensive stocks is represented by an equal weighted portfolio comprising S&P BSE FMCG, S&P BSE Healthcare and S&P BSE IT. **For product labeling, please refer to page no 6. Past performance may or may not be sustained in the future. Please refer to page 4 for performance in SEBI format and page 6 for the link which pertains to performance of other schemes managed by the fund manager.**

Strong economic fundamentals and government's reform push are expected to provide momentum to economic recovery which is currently under way. We are already seeing early signs of corporate earnings recovery and earnings growth is likely to gain momentum in FY 2018. Given this backdrop, we believe L&T Business Cycles Fund could be a suitable fund for relatively aggressive investors looking to benefit from the expected growth in the economy.

## Key Economic Trends

- Growth has been modest in the recent years but expected to pickup over the next 2 -3 years; transient impact of demonetization
- Benign inflation and interest rate environment backed by low commodity / crude prices
- Strong external situation with record forex reserve and strong INR

## Reforms push

- Goods and Services Tax (GST) implementation proposed by July 2017
- Fiscal reforms: Widening tax base, improved tax compliance
- Ease of doing business: Labour reforms, bankruptcy law, reduced number of regulatory approvals
- Digitization, shift from unorganized to organized sector
- Power sector reforms could aid capex over the next few years

## Corporate fundamentals

- Corporate earnings showing signs of revival in the recent quarters
- Low capacity utilization levels: Operating leverage to help businesses grow profits as the demand picks up
- Infrastructure businesses benefiting from government's increased spending on infrastructure
- 7<sup>th</sup> Pay Commission, OROP could boost consumption

## Why invest in L&T Business Cycles Fund?

1. Strong macro fundamentals – visible signs of recovery coupled with strong government push for Rural / Agri and Infra growth
2. Earning revival - Earnings cycle seems to have bottomed out and is expected to be on a revival phase
3. Unique positioning - Ability to strategically move between cyclicals and defensives based on medium term economic trends
4. Stock-picking - Focus on stock-picking within cyclicals (in the current environment) with the aim of delivering significant alpha
5. Diversified portfolio – unlike a theme based, LTBCF has a diversified portfolio within the cyclical space which can help in mitigating risk

## Performance in SEBI Format ( as of 28.04.2017)

	CAGR Returns (%) period			Date of inception of scheme	Since inception	
	1 Year	3 Years	5 Years		CAGR Return (%)	PTP Return* (in Rs.)
L&T Business Cycles (G)	34.53	NA	NA	20/Aug/2014	16.94	15236.00
S&P BSE 200	22.92	NA	NA		9.33	12713.16
S&P BSE Sensex^	16.84	NA	NA		4.89	11369.64

**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.

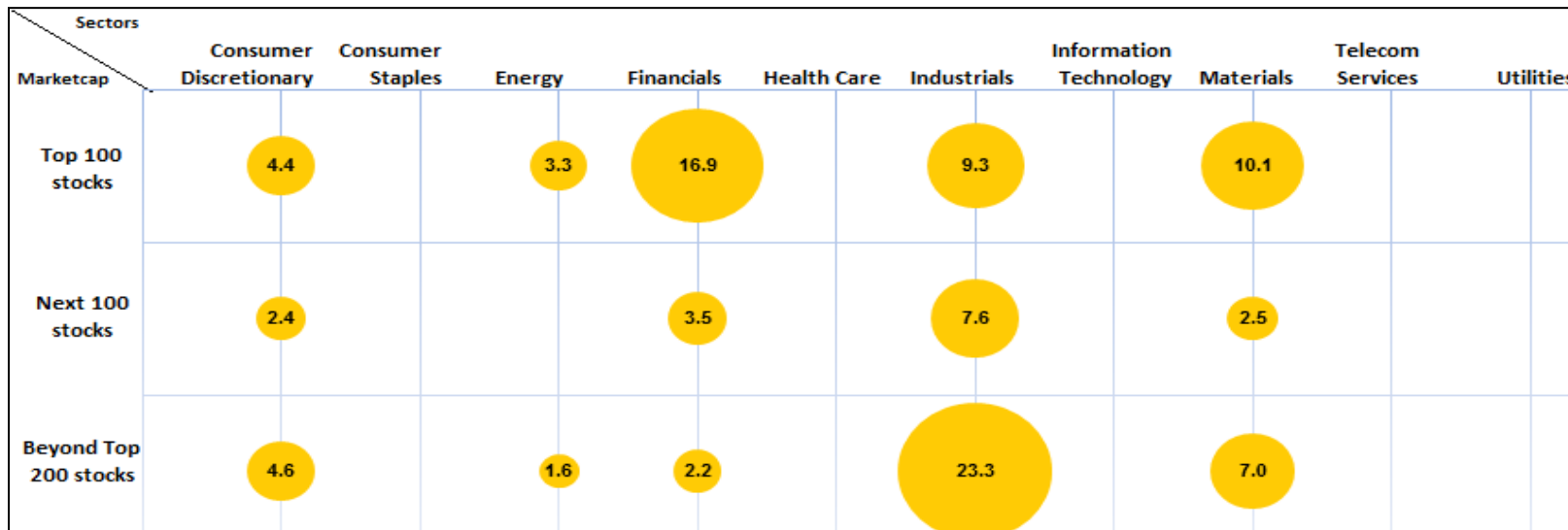
*Mr. Venugopal Manghat manages 6 funds and Mr. Karan Desai manages 8 funds. Please refer to link on page 6 which pertains to performance of other schemes managed by the fund managers.*

*Performance shown is of regular plan. Different plans have different expense structure. Performance of growth option. The scheme has been in existence for less than 3 years. Accordingly, returns for 3 and 5 years have not been shown.*

## Who is this fund suitable for?

- ❖ A product that is suitable for investors looking to benefit from strategic positioning of portfolio based on stage of business cycle
- ❖ Potential to deliver higher alpha over long term. However, short term performance could be significantly different from diversified equity schemes
- ❖ Over medium to long term, the strategy could potentially deliver better risk adjusted returns
- ❖ Suitable for investors looking to benefit from economic recovery over the next few years
- ❖ Adds style diversification to investor's portfolio

## L&T Business Cycles Fund - Sector wise / market cap segment wise exposure of portfolio (% of net assets) – 28-04-2017



### Top 10 equity holdings as on 28.04.2017

Company	% of Net Assets
ICICI Bank Limited	3.83%
IndusInd Bank Limited	3.20%
HDFC Bank Limited	3.13%
Larsen & Toubro Limited	3.11%
Bharat Electronics Limited	2.97%
Engineers India Limited	2.90%
Maruti Suzuki India Limited	2.70%
Finolex Cables Limited	2.59%
The Ramco Cements Limited	2.55%
UltraTech Cement Limited	2.53%

### Scheme Features / Fund Facts

- ❖ **Type:** An open-ended equity scheme
- ❖ **Scheme Benchmark:** S&P BSE 200 Index
- ❖ **Fund Manager:** Venugopal Manghat and Karan Desai (for investment in foreign securities)
- ❖ **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 within 18 months from the date of allotment or purchase applying first in first out basis; Nil if redeemed after 18 months from the date of allotment or purchase applying first in first out basis
- ❖ **Fund Size:** Rs. 1038 crore (as on 28.04.2017)

## Product Labeling L&T Business Cycles Fund ("L&TBCF")

### Scheme name and type of scheme

An open-ended equity scheme

**Investment Objective:** To seek to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity related securities, including equity derivatives, in the Indian market with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy.

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

- Long term capital appreciation
- Investment predominantly in equity and equity-related securities, including equity derivatives in Indian markets, with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles in the economy



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.

**For performance of the other schemes managed by the fund managers, please click on the link <https://goo.gl/r1q21D>**

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

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