L&T Mutual Fund
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L&T Mutual Fund

Notice-Cum-Addendum

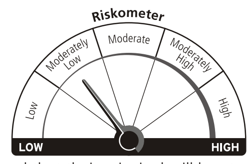
Notice is hereby given that effective August 22, 2016 there shall be a change to the fundamental attributes of L&T Low Duration Fund as stated below. These changes will be applicable on a prospective basis.

Particulars	Existing Provisions	Revised Provisions
Name	L&T Low Duration Fund ("L&TLDF")	L&T Banking and PSU Debt Fund ("L&TBPDF")
Type of the Scheme	An open-ended debt scheme	An open-ended debt scheme

Product Labeling

Existing Provisions

This product is suitable for investors who are seeking*:
- Generation of reasonable returns and liquidity over short term
- Investments primarily in money market and short term debt instruments

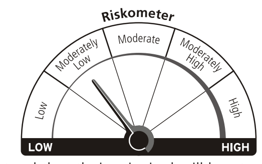


Investors understand that their principal will be at moderately low risk

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

Revised Provisions

This product is suitable for investors who are seeking*:
- Generation of reasonable returns and liquidity over short term
- Investment primarily in securities issued by Banks, Public Sector Undertakings and Public Financial Institutions in India



Investors understand that their principal will be at moderately low risk

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

Investment Objective

Existing Provisions

The investment objective of the Scheme is to generate reasonable returns and liquidity primarily through investment in money market and short term debt instruments.

There is no assurance that the objective of the Scheme will be realized and the Scheme does not assure or guarantee any returns.

The Scheme may invest in derivatives up to 100% of the net assets of the Scheme for the purpose of hedging and portfolio balancing purposes.

Hedging does not mean maximization of returns but only attempts to reduce systemic or market risk that may be inherent in the investment.

Revised Provisions

The investment objective of the Scheme is to seek to generate reasonable returns by primarily investing in debt and money market securities that are issued by Banks, Public Sector Undertakings (PSUs) and Public Financial Institutions (PFIs) in India.

There is no assurance that the investment objective of the Scheme will be realized and the Scheme does not assure or guarantee any returns.

Asset Allocation Pattern Table

Existing Provisions

Instruments	Indicative allocations (% of net assets)		Risk Profile
	Maximum	Minimum	
Money Market and Debt instruments with average maturity of not greater than 1 year. (Debt instruments may include securitized debt)*	100	65	Low
Debt Instruments with average maturity more than 1 year. (Debt instruments may include securitized debt)*	35	0	Medium to Low

*The Scheme may invest in securitized debt upto 100% of its net assets.

The Scheme may, subject to applicable regulations from time to time, invest in offshore securities up to 25% of net assets of the Scheme.

The Scheme may invest in derivatives up to 100% of the net assets of the Scheme for the purpose of hedging and portfolio balancing purposes.

Due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short term purpose only, for defensive considerations and the intention being at all times to protect the interests of the Unit Holders. In the event of deviations, rebalancing will normally be carried out within 10 Business Days.

Please refer paragraph "Overview of Debt Markets" to understand the debt market and the instruments available in the debt markets.

Revised Provisions

Instruments	Indicative allocations (% of net assets)		Risk Profile
	Maximum	Minimum	
Debt and money market instruments/securities issued by Banks, Public Sector Undertakings (PSUs) and Public Financial Institutions (PFIs)	100	80	Low to Medium
Debt and money market instruments/securities issued by other entities*	20	0	Low to Medium

*includes investments in Treasury bills and instruments/ securities issued by the Central Government and State Government.

The Scheme may invest in securitized debt upto 20% of its net assets.

The cumulative gross exposure through Equity, Debt and Derivative positions will not exceed 100% of the net assets of a Scheme.

The Scheme may, subject to applicable regulations from time to time, invest in Foreign Securities up to 20% of net assets of the Scheme.

The Scheme may invest in derivatives up to 100% of the net assets of the Scheme for the purpose of hedging and portfolio balancing purposes.

The Scheme does not propose to engage in short selling, securities lending and repo in corporate bonds.

The Scheme does not propose to invest in credit default swaps.

Due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short term purpose only, for defensive considerations and the intention being at all times to protect the interests of the Unit Holders. In case of any deviation, the rebalancing will be carried out within 30 days.

In cases where the rebalancing is not carried out within 30 days, the reasons for not carrying out the rebalancing within the aforesaid period will be placed before the Investment Committee for its consideration and necessary action (if any), reasons of which shall be recorded in writing.

In order to understand the debt markets and instruments available in the debt markets, please refer the paragraph "Overview of Debt Markets" in the Scheme Information Document.

All references in the SID regarding the Scheme investing in Credit Default Swaps shall stand deleted.

Investment Strategy

Existing Provisions

The portfolio will be constructed and actively managed to generate returns to match the investment objective and to maintain adequate liquidity to accommodate funds movement. As the interest rate risk of the portfolio is likely to be similar to that of the shorter end of the maturity spectrum, in line with the investment objective, a significant proportion of the total returns is likely to be in the form of income yield or accrual. Selective capital appreciation opportunities could be explored by extending credit and duration exposure above that offered by a cash fund.

The fund management team will take an active view of the interest rate movement supported by quantitative research, to include various parameters of the Indian economy, as well as developments in global markets. Investment views/decisions will be a combination of credit analysis of individual exposures and analysis of macroeconomic factors to estimate the direction of interest rates and level of liquidity and will be taken, inter alia, on the basis of the following parameters:
1. Prevailing interest rate scenario
2. Returns offered relative to alternative investment opportunities.
3. Quality of the security/instrument (including the financial health of the issuer)
4. Maturity profile of the instrument
5. Liquidity of the security
6. Any other factors considered relevant in the opinion of the fund management team.

The fund management team, supported by credit research group will generally adopt a bottom-up approach for securities identification to optimise the risk adjusted returns on the diversified portfolio. The credit quality of the portfolio will be maintained and monitored using the in-house research capabilities as well as the inputs from the independent credit rating agencies.
Investments in debt instruments carry various risks such as interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst such risks cannot be eliminated, they may be minimized by diversification and effective use of hedging techniques.
The Scheme may invest upto 100% of the net assets of the Scheme in derivatives for the purpose of hedging and portfolio balancing purposes. Hedging does not mean maximization of returns but only attempts to reduce systemic or market risk that may be inherent in the investment.
The Scheme may also invest in permitted offshore instruments for diversification.

Revised Provisions

The portfolio will be constructed and actively managed to generate returns to match the investment objective and to maintain adequate liquidity to accommodate funds movement. The portfolio will primarily be invested in debt and money market instruments consisting predominantly of securities issued by entities such as Banks, Public Sector undertakings (PSUs) and Public Financial Institutions (PFIs).

The Fund will typically invest in short to medium term securities and as a result significant proportion of the total returns is likely to be in the form of income yield or accrual. Selective capital appreciation opportunities could be explored by extending credit and duration exposure after a careful analysis by the fund manager and considering the risk reward situation prevailing in the fixed income market at that point of time.

Investments in debt instruments carry various risks such as interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst such risks cannot be eliminated, they may be minimized by diversification and effective use of hedging techniques.

The Scheme may invest upto 100% of the net assets of the Scheme in derivatives for the purpose of hedging and portfolio balancing purposes. Hedging does not mean maximization of returns but only attempts to reduce systemic or market risk that may be inherent in the investment.

Further, the portfolio of the Scheme will be constructed in accordance with the investment restrictions specified under the Regulations which would help in mitigating certain risks relating to investments in securities market.

Investments in securitised debt:

The various asset classes which are generally available for securitisation in India are:
- Commercial Vehicles
- Construction equipments
- Auto and two wheeler pools
- Mortgage pools
- Personal loan, credit cards and other retail loans
- Micro finance loans
- Corporate loans/receivables
- Project SPV's receivables

As and when new asset classes of securitised debt/structured instruments are introduced, the investments in such instruments will be evaluated on a case by case basis.

The dedicated credit research function which supports the Fund Manager will generally adopt a bottom-up approach while assessing the originator and will consider various factors for the purpose of identification of the securitized debt to which the Scheme could take exposure which will include profile of the issuer/originator, nature of asset class, analysis of underlying loan portfolio, seasoning of loans, geographical distribution of loans, coverage provided by credit-cum-liquidity enhancements, pre-payment risks (if any), assessment of credit risk associated with the underlying borrower and other associated risks. For Project SPV's receivables, in addition to the profile of issuer & its sponsor, credit function will also consider the track record of underlying project cash flows, project viability, receivables visibility under various scenarios, counter party risk and structure of the instrument in terms of available credit enhancements/guarantees/ring-fencing of cash flows.

Investments in securitised debt will be done in accordance with the overall investment objective and the risk profile of the Scheme and will primarily be for the purposes of achieving portfolio diversification and optimising returns. Securitisation enables end investors to obtain exposure to large number of smaller size retail loans, and also to SPV receivables, strengthened by robust instrument structure, which can help diversify idiosyncratic risk. Carefully created portfolio of good quality loans, combined with adequate credit enhancements can, from time to time, provide good risk- adjusted investment opportunities for the investing scheme. It must be noted that the securitised debt/structured instruments are relatively less liquid in the secondary market, however, the liquidity risk can be prudently managed. The various disclosures with respect to securitised debt made in this Scheme Information Document will help the investors to assess and understand the risks which the Scheme will be subject to as a result of investments in securitised debt.

The credit research function conducts an internal assessment for various issuers based on the independent research and by following L&T's internal credit process taking into account issuer's/originator's historical track record, prevailing rating and financial statements.

The issuer/originator will be evaluated based on various parameters including but not limited to -
- track record- the Fund Manager will generally consider investing in securitised debt wherein the originators/ its parents normally have a track record of at least 2 years. In conjunction with the track record, other relevant factors which will be considered are level of credit enhancement, support from the parent and the ownership structure of the securitization vehicle.
- the willingness and ability to pay - For transactions with recourse to the originator, internal credit assessment of the originator would play a crucial role in determining the willingness and ability to pay. For transactions without recourse to the originator, credit enhancement facilities in the form of cash collateral, such as fixed deposits, bank guarantee etc could be obtained as a risk mitigation measure. A detailed financial risk assessment of the issuer/originator will be carried out by identifying the financial risks specific to the issuer/ originator including assessment of the issuer's financial statements.

Also the following critical evaluation parameters would be considered by the Fund Manager/the credit research function:
- High default track record/frequent alteration of redemption conditions/covenants
- High leverage ratios of the ultimate borrower (for single sell downs) – both on a standalone basis as well on a consolidated level/group level
- Higher proportion of re-schedulement of underlying assets of the pool or loan, as the case may be
- Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
- Poor corporate governance
- Insufficient track record of servicing of the pool or the loan, as the case may be.

After the evaluation of the aforesaid parameters at the time of investment, the monitoring of investments in securitised debt is done on regular intervals by the credit team and in case of any major event, the assessment of the critical evaluation parameters is done again.

The underlying assets in securitised debt may assume different forms and the general types of receivables include auto finance, credit cards, home loans or any such receipts.
Credit risks relating to such receivables depend upon various factors, including macro-economic factors of these industries and economies. Further, specific factors like the nature and adequacy of property mortgaged against these borrowings, the nature of loan agreement/mortgage deed in case of home loans, adequacy of documentation in case of auto finance and home loans, capacity of a borrower to meet his obligations on borrowings in case of credit cards and intentions of the borrower also influence the risks relating to asset borrowings underlying securitised debt. Additionally, the nature of the asset borrowings underlying the securitized debt also influences the underlying risk, for instance while residential mortgages tend to have lower default rates, repossession and recovery is easier in case of commercial vehicles. Credit rating agencies take into account a series of such factors and follow an elaborate system involving stipulation of margins, over-collateralisation and guarantees to provide a rating for securitised debt.

Risks associated with investments in securitised debt:

Risk due to prepayment: In case of securitised debt, changes in market interest rates and pre-payments may not change the absolute amount of receivables for the investors but may have an impact on the re-investment of the periodic cash flows that an investor receives on securitised papers.

In the event of pre-payment of the underlying debt, investors may be exposed to changes in tenor and yield.

Liquidity Risk: Presently, despite recent legal developments permitting the listing of securitised debt instruments, the secondary market for securitised debt in India is not very liquid. Even if a more liquid market develops in the future, secondary transactions in such instruments may be at a discount to initial issue price due to changes in the interest rate structure.

Limited Recourse and Credit Risk: Certificates issued on investment in securitised debt represent a beneficial interest in the underlying receivables and there is no obligation on the issuer, seller or the originator in that regard. Defaults on the underlying loan can adversely affect the pay outs to the investors and thereby, adversely affect the NAV of the Scheme. While it is possible to repossess and sell the underlying asset, various factors can delay or prevent repossession and the price obtained on sale of such assets may be low.

Bankruptcy Risk: If the originator of securitised debt instruments in which the Scheme invests is subject to bankruptcy proceedings and the court in such proceedings concludes that the sale of the assets from originator to the trust was not a 'true sale', then the Scheme could experience losses or delays in the payments due. Normally, care is taken in structuring the securitization transaction so as to minimize the risk of the sale to the trust not being construed as a 'true sale'.

Risk of Co-mingling: Servicers in a securitization transaction normally deposit all payments received from the obligors into a collection account. However, there could be a time gap between collection by a servicer and depositing the same into the collection account. In this interim period, collections from the loan agreements by the servicer may not be segregated from other funds of the servicer. If the Servicer fails to remit such funds due to investors, investors in the Scheme may be exposed to a potential loss.

Risk mitigation: Investments in securitised debt will be done based on the assessment of the originator and the securitised debt which is carried out by the credit research function based on the in-house research capabilities as well as the inputs from the independent credit rating agencies and by following L&T's internal credit process.
In order to mitigate the risk at the issuer/originator level the credit team will consider various factors which will include-
- size and reach of the issuer/originator;
- collection process;
- the infrastructure and follow up mechanism;
- the quality of information disseminated by the issuer/ originator;
- the credit enhancement for different types of issuer/ originator; and
- track record of project SPV receivables, counter party risk and project risk.

The examples of securitized assets which may be considered for investment by the Scheme and the various parameters which will be considered include;

A) Asset backed securities issued by banks or nonbanking finance companies. Underlying assets may include receivables from loans against cars, commercial vehicles, construction equipment or unsecured loans such as personal loans, consumer durable loans. The various factors which will be usually considered while making investments in such type of securities include profile of the issuer, analysis of underlying loan portfolio - nature of asset class, seasoning of loans, geographical distribution of loans and coverage provided by credit-cum-liquidity enhancements.

B) Mortgage backed securities issued by banks or housing finance companies, where underlying assets are comprised of mortgages/home loan. The various factors which will be usually considered while making investments in such type of securities include issuer profile of the issuer, quality of underlying portfolio, seasoning of loans, coverage provided by credit-cum-liquidity enhancements and prepayment risks.

C) Single loan securitization, where the underlying asset comprises of loans issued by a bank/non-banking finance company. The factor which will be usually considered while making investments in such type of securities include assessment of credit risk associated with the underlying borrower as well as the originator. The dedicated credit research team will adhere to L&T's internal credit process and perform a detailed review of the underlying borrower prior to making investments.

D) Any other instrument that are introduced in the market from time to time.

The Fund Manager will invest in securitised debt which are rated investment grade and above by a credit rating agency recognised by SEBI.

While the risks mentioned above cannot be eliminated completely, they may be minimized by considering the diversification of the underlying assets and credit and liquidity enhancements. Further, investments in securitized debt will be done in accordance with the investment restrictions specified under the Regulations/this Scheme Information Document which would help in mitigating certain risks. Currently, as per the Regulations, the Scheme cannot invest more than 10% of its net assets in debt instruments (irrespective of residual maturity) issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the net assets of the Scheme with the prior approval of the Board of Trustees and the Board of the AMC.

In addition, a detailed review and assessment of the ratings of the securitised debt will also be carried out which could include interactions with the issuer/originator and the rating agency.

The rating agency would normally take in to consideration the following factors while rating a securitised debt:
- Credit risk at the asset/originator/portfolio/pool level
- Various market risks like interest rate risk, macroeconomic risks
- Counter party risk
- Legal risks
- Assessment of risks related to business for example outlook for the economy, outlook for the industry and factors specific to the issuer/originator.

Size: 32.9cms (w) by 50 cms (h)

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The framework which will generally be applied by the Fund Manager while evaluating the investment decision with respect to securitised debt will be as follows:
<table>
<tr><th>Characteristics/ Type of Pool</th><th>Mortgage Loan</th><th>Commercial Vehicle and Construction Equipment</th><th>Car</th><th>2 wheelers</th><th>Micro Finance Pools</th><th>Personal Loans</th><th>Single loan Sell Downs</th><th>Others</th></tr>
<tr><td>Approximate Average maturity (in Months)</td><td>3 months to 120 months</td><td>3 months to 60 months</td><td>3 months to 60 months</td><td>3 months to 36 months</td><td>1month to 12 months</td><td>3 months to 12 months</td><td>1 month to 120months</td><td rowspan="5">As and when new asset classes of securitised debt are introduced, the investments in such instruments will be evaluated on a case by case basis.</td></tr>
<tr><td>Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)</td><td>In excess of 3%</td><td>In excess of 5%</td><td>In excess of 5%</td><td>In excess of 5%</td><td>In excess of 10%</td><td>In excess of 10%</td><td>Case by case basis</td></tr>
<tr><td>Average Loan to Value Ratio</td><td>95% or lower</td><td>90% or lower</td><td>90% or lower</td><td>90% or lower</td><td>Unsecured</td><td>Unsecured</td><td>Case by case basis</td></tr>
<tr><td>Maximum single exposure range *</td><td>< 2.5%</td><td>< 1%</td><td>< 1%</td><td>< 1%</td><td><0.5%</td><td><0.5%</td><td>Not Applicable</td></tr>
<tr><td>Average single exposure range %*</td><td>< 1%</td><td>< 0.5%</td><td>< 0.5%</td><td>< 0.5%</td><td>< 0.25%</td><td>< 0.25%</td><td>Not Applicable</td></tr>
</table>
*denotes % of a single ticket / loan size to the overall assets in the securitised pool.

Note: The information illustrated in the table above is based on current scenario relating to securitised debt market and is subject to change depending upon the change in the related factors.
In addition to the framework stated in the table above, in order to mitigate the risks associated with the underlying assets where the diversification is less, at the time of investment the credit team could consider various factors including but not limited to-
• Size of the loan - the size of each loan is generally analysed on a sample basis and an analysis of the static pool of the originator is undertaken to ensure that the same matches with the static pool characteristics. It also indicates whether there is high reliance on very small ticket size borrower which could result in delayed and expensive recoveries.
• Average original maturity of the pool of underlying assets - the analysis of average maturity of the pool is undertaken to evaluate whether the tenor of the loans are generally in line with the average loans in the respective industry and repayment capacity of the borrower.
• Loan to value ratio, average seasoning of the pool of underlying assets - these parameters would be evaluated based on the asset class as mentioned in the table above.
• Default rate distribution - the credit team generally ensures that all the contracts in the pool are current to ensure zero default rate distribution.
• Geographical distribution - the analysis of geographical distribution of the pool is undertaken to ensure prevention of concentration risk.
• Credit enhancement facility - credit enhancement facilities in the form of cash collateral, such as fixed deposits, bank guarantee etc could be obtained as a risk mitigation measure.
• Liquid facility - these parameters will be evaluated based on the asset class as mentioned in the table above.
• Structure of the pool of underlying assets - The structure of the pool of underlying assets would be either single asset class or combination of various asset classes as mentioned in the table above. We could add new asset class depending upon the securitisation structure and changes in market acceptability of asset classes.
The minimum retention period of the debt by the originator prior to securitisation and the minimum retention percentage by originator of debts to be securitised shall be as specified in the RBI guidelines.
There is a dedicated credit research function which supports the Fund Manager in taking investments decisions.
Investments by the Scheme in any security are done after detailed analysis by the credit research team and in accordance with the investment objectives and the asset allocation pattern of a scheme. All investments are made on an arm's length basis without consideration of any investments (existing / potential) in the schemes made by any party related / involved in the transaction. The robust credit process ensures that there is no conflict of interests when a scheme invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme.
The resources for and mechanisms of individual risk assessment with the AMC for monitoring investment in securitized debt are as follows:
• Team dedicated to credit analysis. - Currently, the AMC has credit analysts, who are responsible for credit research and monitoring, for all exposures including securitised debt.
• Ratings are monitored for any movement - Based on the cash flow report and analyst view, periodic review of utilization of credit enhancement shall be conducted and ratings shall be monitored accordingly
• For legal and technical assistance with regard to the documentation of securitised debt instruments, the team can make use of resources within the internal legal team and if required take help of our external legal counsel as well.
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<td>Where will the Scheme invest</td>
<td>
The Scheme will invest the entire corpus in debt and money market securities. There will be no investment in equity and equity related products.
The Scheme may also invest in permitted offshore instruments for diversification in accordance with the requirements stipulated by SEBI/RBI from time to time.
The Scheme may also invest in derivatives for the purpose of hedging and portfolio balancing purposes. For details and limits applicable to investment in derivatives please refer paragraph "Investments in Derivatives". Subject to regulations and prevailing laws as applicable, the portfolio will consist of permissible domestic or international fixed income instruments, most suitable to meet the investment objectives. The instruments listed below could be listed, unlisted, privately placed, secured, unsecured, rated or unrated acquired through primary or secondary market through stock exchanges, over the counter or any other dealing mechanisms. The following investment categories are likely to cover most of the available investment universe. The investments could be coupon bearing (fixed or floating), zero coupon discounted instruments, instruments with put and/or call options or any other type. Weights in the portfolio may not have any correlation to the order of listing.
1. Securities issued or guaranteed by Central Government, State Governments or local governments and/or repos/reverse repos/ ready forward contracts in such government securities as are or may be permitted under the Regulations and RBI from time to time (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
2. Securities issued (including debt obligations) by domestic government agencies and statutory bodies, which may or may not be guaranteed by Central or State Government.
3. Corporate bonds of public sector or private sector undertakings.
4. Debt obligation of banks (public or private sector) and financial institutions.
5. Convertible debentures. (Though the Scheme will not invest in equity and equity related products, it may have some exposure to equity or equity related instruments to the extent of conversion of the convertible debentures into equity or equity related instruments.)
6. Money market instruments (which includes but is not limited to commercial papers, commercial bills, treasury bills, usance bills, government securities having unexpired maturity upto one year, certificates of deposit, bills rediscounting, CBLO, repo, call money and any other like instruments as are or may be permitted under the Regulations and RBI from time to time.)
7. Deposits of scheduled commercial banks as permitted under the extant Regulations.
8. Securitised debt (asset backed securities, mortgage backed securities, pass through certificates, collateralised debt obligations or any other instruments as may be prevailing and permissible under the Regulations from time to time).
9. Derivatives (which includes but is not limited to interest rate derivatives, currency derivatives, credit derivatives and forward rate agreements or such other derivatives as are or may be permitted under the Regulations and RBI from time to time).
10. Any international fixed income securities as are or may be permitted under the Regulations, RBI and other applicable law from time to time.
11. Overseas mutual fund units which are permissible under the regulations or by any other regulatory body.
12. Any other domestic or international instrument as may be permitted under the Regulations or any other regulatory body from time to time.
For the purpose of further diversification and liquidity, the Scheme may invest in other schemes managed by the same AMC or by the asset management company of any other mutual fund without charging any fees on such investments, provided that aggregateinter-scheme investment made in all schemes managed by the same AMC or in schemes managed by the AMC of any other mutual fund shall not exceed 5% of the net asset value of the Mutual Fund.
For applicable regulatory investment limits please refer paragraph "Investment Restrictions".
All investments in the Scheme shall be made in accordance with the regulations and guidelines issued by SEBI/RBI/any other regulatory authority.
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<td>
The Scheme will invest primarily in debt and money market securities that are issued by banks, public sector undertakings and public financial institutions.

Subject to the asset allocation pattern, the Scheme may also invest in the following securities/instruments.
• Sovereign securities issued by the Government of India and / or a state government and / or any security unconditionally guaranteed by the central Government and / or State government for repayment of Principal and Interest including State Development Loans (SDLs), public financial institutions and other statutory bodies including Treasury bills, Special State Government Bonds like UDAY Bonds and Bank bonds for e.g. infrastructure bonds, Tier II capital bonds, Tier I capital bonds.
• Money market instruments (which includes but is not limited to commercial papers, commercial bills, treasury bills, usance bills, government securities having unexpired maturity upto one year, certificates of deposit, bills rediscounting, CBLO, repo, call money and any other like instruments as are or may be permitted under the Regulations and RBI from time to time.)
• Corporate bonds of public sector or private sector undertakings.
• Debt obligation of banks (public or private sector) and financial institutions.
• Fixed Income Derivative instruments like Exchange Traded Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements and such other derivative instruments as permitted by SEBI/ RBI.
• Securitized debt (asset backed securities, mortgage backed securities, pass through certificates, collateralized debt obligations or any other instruments as may be prevailing and permissible under the Regulations from time to time).

For the purpose of further diversification and liquidity, the Scheme may invest in other schemes managed by the same AMC or by the asset management company of any other mutual fund without charging any fees on such investments, provided that aggregate inter-scheme investment made in all schemes managed by the same AMC or in schemes managed by the AMC of any other mutual fund shall not exceed 5% of the net asset value of the Mutual Fund.

The Scheme may also invest in Foreign Securities in accordance with the requirements stipulated by SEBI and / or RBI from time to time.

For applicable regulatory investment limits, please refer the paragraph "Investment Restrictions" in the Scheme Information Document. All investments in the Scheme shall be made in accordance with the regulations and guidelines issued by SEBI/RBI/any other regulatory authority.

For details on investments in derivatives, please refer the paragraph "Investments in Derivatives" in the Scheme Information Document.
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<td>Benchmark</td>
<td>The benchmark against which the performance of the scheme will be measured will be Crisil Liquid Fund Index. The Scheme invests primarily in money market and short term debt securities and therefore the CRISIL Liquid Fund Index is an appropriate choice of benchmark for the Scheme</td>
<td>The benchmark against which the performance of the scheme will be measured will be CRISIL Short Term Bond Fund Index.CRISIL Short-Term Bond Fund Index is an index to track the return of short-term funds. The index tracks returns on a composite portfolio that includes call instruments, commercial paper, government securities as also AAA/AA rated corporate debt instruments. Given the asset allocation pattern and the investment strategy of the scheme, the CRISIL Short Term Bond Fund Index is most suited for comparing performance of this Scheme.

The Board of AMC and Trustee Company will review the performance of the Scheme in comparison to the benchmark. The Trustees reserve the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the Investment objectives and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, as amended from time to time.</td>
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All reference to L&TLDF will be replaced with L&TBPDF in the SID and KIM.

The number of folios under and assets under management of L&TLDF as on June 30, 2016 are 711 and ₹ 23.44crores respectively.

Necessary amendments will be carried out to the Scheme Information Document and Key Information Memorandum (to the extent applicable) of the Scheme to reflect the changes stated above. All the other provisions contained in the Scheme Information Document and Key Information Memorandum of the Scheme will remain unchanged.

In terms of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("SEBI Regulations"), the changes proposed to be carried out are considered as changes in the fundamental attributes of the Scheme. In accordance with the requirements of Regulation 18 (15A) of the SEBI Regulations, this notice serves as a written communication to the unit holders of the Scheme, informing them about the proposed changes and providing them an option to switch-out/redeem the units held by them in the Scheme at the prevailing NAV within a period of 30 days without any exit load if the unit holders do not approve of the proposed changes.

The exit option as aforesaid can be exercised by submitting switch-out/redemption request from July 21, 2016 to August 19, 2016 (both days inclusive) to any of the investor service centres of L&T Mutual Fund ("the Fund") latest by the applicable cut-off time as stated in the Scheme Information Document. The redemption warrant/cheque will be mailed / redemption proceeds will be credited within 10 working days from the date of receipt of the redemption request. The offer to exit is merely an option and is not compulsory.

If the unit holders have no objection to the proposed change, no action needs to be taken by them. Please note that if the unit holders do not exercise the exit option on or before August 19, 2016, or if we do not receive the request for switch-out/redemption on or before August 19, 2016, by 3.00 pm, they would be deemed to have consented to the proposed changes.

Unit holders have also been informed by individual communication of the details of the proposed changes.

However, in case a lien is marked on the units of the Schemes or the units have been frozen/locked pursuant to an order of a governmental authority or a court, unit holders will be able to switch-out/redeem their units only after the lien/order is vacated/revoked and the switch-out / redemption request has been submitted within the period specified above.

In case you require any further information/assistance please call the investor line of the AMC at 1800 2000 400 or 1800 4190 200 or visit the nearest Investor Service Centre of the Fund.

For L&T Investment Management Limited
(Investment Manager to L&T Mutual Fund)

Date : July 15, 2016
Place: Mumbai

Kailash Kulkarni
Chief Executive Officer

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

CL03286

Size: 32.9 cms (w) by 32 cms (h)