An L&T Financial Services Offering

Make the **smarter move.**

Invest in the L&T Business Cycles Fund.

Win through all market cycles.

NFO Opens July 30, 2014

NFO Closes August 13, 2014

L&T Mutual Fund

An open-ended equity scheme. Please refer to the last page for product labelling

Across time and across the world, equities have proven to be true blue wealth creators for the long term. However, most investors make hay when the stock market shines and step away from it during sluggish times. Presumably, there wasn't a known way to maximise its potential gains. Until now.

Read on to know how investing through "Business Cycles" can help you make the most of your money through all market cycles.

Get smarter. **Get the best of both worlds.**

All economies go through "Business Cycles" or the expansion and contraction of economic activity. Investing in companies that deliver growth during the high and low waves is what the business cycle investing approach is all about. Here is the logic:

A rising market is a circle of euphoria - jobs and incomes grow, consumer spending follows suit and company revenues grow. Typically, automobiles, electronics, travel, hospitality, infrastructure, among other businesses, begin to boom. The stocks of these companies are called 'cyclical stocks' and they are the hallmark of rising markets.

On the other hand, when the economy is slow, consumers tighten their belts. So where are the investment opportunities? Common sense says there is no question of cutting back on basic necessities like electricity or medicines. As a result, utilities, pharmaceuticals and healthcare are some examples of companies that do well. The stocks of these companies are called 'defensive stocks' and they provide relatively stable returns whether the economy is up or down.

Cyclical and Defensive stocks tend to outperform all other investments.

- From 2004 to 2007, when the economy was in a growth phase, cyclical companies delivered average annual returns of over 45%.
- During the years 2008 to 2013, which included one of the worst financial crises of our times, defensive companies delivered over 16% annually.

To summarise, during the 10-year period from 2004 to 2013, a bank fixed deposit would have yielded about 8.30%^. The S&P BSE-200 delivered less than 13%. However, during the same time, a business cycle investing strategy would have delivered average annual returns of over 27%.

Source: ICRA MFIE, based on performance from December 31, 2003 to December 31, 2013. Performance of cyclical stocks is calculated as a simple average performance of S&P BSE Auto, S&P BSE Bankex, S&P BSE Consumer Durables, S&P BSE Capital Goods and S&P BSE Metals indices. Performance of defensive stocks is calculated as a simple average performance of S&P BSE FMCG, S&P BSE Healthcare and S&P BSE IT indices. Composite indices are calculated assuming that weights are rebalanced on a monthly basis. In the business cycle approach, the investment is assumed to be in cyclical stocks from December 31, 2003 to December 31, 2007 (expansion phase) and in defensive stocks from December 31, 2007 to December 31, 2013 (contraction phase). For sectoral and other indices, expenses have not been considered. Past performance may or may not be sustained in future. The information mentioned above is only for illustrative purposes and is not a guarantee of future results. Investors should consult their investment advisers before investing. ^Source: RBI. Based on an average of the highest deposit rate offered by the five major public banks in India during the period FY 2004-2005 to FY 2013-2014 on deposits of more than 5 years.

The one-of-a-kind L&T Business Cycles Fund.

The L&T Business Cycles Fund will invest in companies that are strategically placed to make the most of the economy's business cycles. During high growth times, the portfolio can be entirely aimed at cyclical companies. On the other hand, the portfolio could entirely comprise defensive companies to generate stable returns during periods of low growth. In short, the L&T Business Cycles Fund aims to offer you the best of both worlds – heady gains and steady growth.

How is the fund different from other equity funds?

Diversified Equity Funds

- Unlike a typical diversified equity fund that spreads across sectors at all times, the L&T Business Cycles Fund has the flexibility to point its entire portfolio to cyclical or defensive stocks.
- The differentiated strategy rules out short-term performance pressure versus diversified equity funds.

Sector Funds

- The L&T Business Cycles Fund is not sector-specific as it invests across sectors. As an 'all seasons' fund, it has the ability to shift between sectors depending on medium-term economic or business cycle trends.

Sector Rotation Funds

- The L&T Business Cycles Fund focuses on strategically changing allocation across sectors based on medium-term economic or business cycle trends. Sector rotation funds are typically driven by factors such as short-term market movements and valuation changes.

Key Benefits

Best of both worlds: One fund that aims to deliver through all market cycles

Attractive investment diversifier: A well-differentiated, one-of-a-kind fund

Potential for higher alpha: Potential to grow faster than the broader market and perform better than fixed income investments

Opportunity maximiser: Well placed to benefit from economic recovery over the next few years

Long-term wealth creation: Invests in companies with quality management, strong balance sheets and good returns potential

Research coverage: Strong investment team to identify growth trends, disciplined research-based investing to capitalise on opportunities

No cap or sector bias: Will invest across companies and industries

Fund **Facts**

The aim of the fund is to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related securities, including equity derivatives in the Indian market. The focus is on riding business cycles by strategically changing allocation between various sectors and stocks.

Options

Growth and Dividend. The dividend option offers dividend payout and dividend reinvestment facilities

Asset allocation

- 65% – 100% in equity and equity-related securities
- 0 – 35% in debt and money market instruments

Fund managers

Venugopal Manghat

Abhijeet Dakshikar (foreign securities)

Benchmark

S&P BSE-200 Index

Minimum application amount (lump sum)

Initial Investment: ₹5,000 and in multiples of ₹1 thereafter

Additional Investment: ₹1,000 and in multiples of ₹1 thereafter

Minimum application amount (SIP)

Minimum 6 monthly instalments or 4 quarterly instalments for a total of ₹6,000

Exit load

For redemption within 18 months from the date of allotment or purchase applying First-In First-Out basis: 1.00%

Why invest with L&T Mutual Fund?

The aim of L&T Mutual Fund is to create prosperity for all stakeholders by delivering consistent long-term investment performance, product innovation and quality service. Our commitment to answering different customer needs has resulted in over 26 funds that span asset classes, risk profiles, time horizons and geographies. We build our investments on a foundation of in-depth research and fundamental analysis. **GEM,** our proprietary investment process comprises three rigorous steps - **G**eneration of ideas, **E**valuation of companies and **M**anufacturing and monitoring of portfolios. With over 750,000 customer accounts across 375 cities and towns and close to ₹20,000 crores in managed assets, we remain dedicated to building our customers' futures.*

call 1800 2000 400
www.lntmf.com

L&T Mutual Fund

*Average assets. Data for the quarter ended June 30, 2014.

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.

High risk (BROWN)

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

Note: Risk may be represented as:

(BLUE) investors understand that their principal will be at low risk.

(YELLOW) investors understand that their principal will be at medium risk.

(BROWN) investors understand that their principal will be at high risk.