HIGH QUALITY PORTFOLIO WITH LOW CREDIT RISKS

While recent defaults and downgrades may bring caution to investor sentiments, fixed income investors need not shy away from debt funds completely. That’s because the performance of certain categories like Banking and PSU debt funds present a good opportunity. With better liquidity, moderate risk and volatility, this segment can possibly provide reasonable returns for your portfolio.

Reasons to invest in L&T Banking and PSU Debt Fund

- Take advantage of prevailing high accruals for 3-5 year investment horizon
- 3-year roll-down strategy with attractive carry presents a good opportunity
- Invests in high quality Corporate Bonds with relatively minimum credit risks

Modified Duration: 2.46 years
Average Maturity: 3.01 years
AAUM: Rs.4,136.89 cr.
YTM: 5.37%

Entire fund is predominantly invested in 2022 and 2023 bonds.

The 3-year good AAA PSU bonds are trading in the range of 5.20% to 5.60%. Currently, the spreads on AAA PSU bonds over G-Secs are in the range of 60-100 bps which are higher than the long term average of 40-60 bps. The MPC has reduced interest rates during the COVID-19 crisis and the RBI is keeping abundant liquidity in the system to support growth and to keep the financial system stable. We expect MPC to reduce rates further and the accommodative policy along with surplus liquidity will be for a little longer period till economic growth revives. L&T Banking and PSU Debt Fund offers an opportunity to capture relatively higher spreads and to invest in a fund with lower credit risk in this risk-off environment.

FUND FACTS

Fund Manager:
Mr. Jalpan Shah (w.e.f. May 30, 2016) & Mr. Shriram Ramanathan (w.e.f. March 29, 2017)
Benchmark: NIFTY Banking & PSU Debt Index
Date of Inception: September 12, 2012
Exit Load: Nil

PORTFOLIO ALLOCATION (Top 5 Holdings)

<table>
<thead>
<tr>
<th>Name of Instrument</th>
<th>Ratings/ Industry</th>
<th>% of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank for Agriculture &amp; Rural Development</td>
<td>CRISIL AAA</td>
<td>8.96%</td>
</tr>
<tr>
<td>Indian Railway Finance Corporation Limited</td>
<td>CRISIL AAA</td>
<td>8.69%</td>
</tr>
<tr>
<td>National Housing Bank</td>
<td>CRISIL AAA</td>
<td>8.56%</td>
</tr>
<tr>
<td>NIFTIC Limited</td>
<td>CRISIL AAA</td>
<td>8.48%</td>
</tr>
<tr>
<td>Indian Oil Corporation Limited</td>
<td>CRISIL AAA</td>
<td>7.36%</td>
</tr>
</tbody>
</table>

The Portfolio and other details provided is as on June 30, 2020

Past performance may or may not be sustained in future.

Fund Manager’s Outlook

L&T Financial Services
Mutual Fund

www.ltfs.com

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

This product is suitable for investors who are seeking*

*Investor’s understanding that their principal will be at moderate risk

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