

Notice

Notice is hereby given that as per SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017, an industry wide initiative has been advised in order to get the desired uniformity and to standardise the scheme category and characteristics.

In view of the same, we propose to change the fundamental attributes of the below mentioned schemes of L&T Mutual Fund ("the Fund").

In accordance with the requirements of Regulation 18 (15A) of the SEBI Regulations, this notice serves as a communication to the unit holders of the schemes, informing them about the proposed changes and provide them with an exit option to switch-out/redeem the units held by them in the schemes at the prevailing Net Asset Value ("NAV") within a period of 30 days, without any exit load if the unit holders do not approve of the proposed changes.

The offer to exit is merely an option and is not compulsory. These changes will be applicable on a prospective basis with effect from May 14, 2018.

L&T CASH FUND																																			
Particulars	Existing Provisions		Revised provisions																																
Scheme Name	L&T Cash Fund		L&T Cash Fund																																
Scheme Category	-		An Overnight Fund																																
Type of the Scheme	An open-ended liquid scheme		An open ended debt scheme investing in overnight securities																																
Product Labelling & Riskometer	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> Reasonable returns with lower volatility and higher liquidity over short term Investment in debt and money market instruments  <p><small>Investors understand that their principal will be at low risk.</small></p>		<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> Reasonable returns with lower volatility and higher liquidity over short term Investment in debt and money market instruments with overnight maturity  <p><small>Investors understand that their principal will be at low risk.</small></p>																																
	*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.																																
Investment Objective	To deliver reasonable returns with lower volatility and higher liquidity through a portfolio of debt and money market instruments.		The investment objective of the Scheme is to generate regular returns in line with the overnight rates.																																
Asset Allocation	<table border="1"> <thead> <tr> <th rowspan="2">Instruments</th> <th colspan="2">Indicative allocations (% of net assets)</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Maximum</th> <th>Minimum</th> </tr> </thead> <tbody> <tr> <td>Certificates of deposit issued by banks, bank fixed deposits, treasury bills, CBLO, Repo/reverse repo</td> <td>100%</td> <td>65%</td> <td>Medium to Low</td> </tr> <tr> <td>Commercial papers and other debt instruments including securitised debt</td> <td>35%</td> <td>0%</td> <td>Medium to Low</td> </tr> </tbody> </table> <p>In case of exposure to rated money market and debt instruments, the Fund Manager will invest in instruments that are rated AAA/A1+ or equivalent to the extent of atleast 90% of investments in the rated instruments.</p> <p>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.</p> <p>The Scheme may, subject to applicable regulations from time to time, invest in offshore securities up to 25% of net assets of the Scheme.</p> <p>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.</p>		Instruments	Indicative allocations (% of net assets)		Risk Profile	Maximum	Minimum	Certificates of deposit issued by banks, bank fixed deposits, treasury bills, CBLO, Repo/reverse repo	100%	65%	Medium to Low	Commercial papers and other debt instruments including securitised debt	35%	0%	Medium to Low	<table border="1"> <thead> <tr> <th rowspan="2">Instruments</th> <th colspan="2">Indicative allocations (% of total assets)</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Maximum</th> <th>Minimum</th> </tr> </thead> <tbody> <tr> <td>Overnight securities having maturity of 1 day *</td> <td>100%</td> <td>0%</td> <td>Low</td> </tr> </tbody> </table> <p>Investments will be made in line with the asset allocation of the scheme and the applicable SEBI and / or AMFI guidelines as specified from time to time</p> <p>Pursuant to SEBI circular no SEBI/IMD/CIR No. 13/150975/09 dated January 19, 2009, the Scheme shall make investment in / purchase debt and money market securities with maturity of upto 91 days only.</p> <p>*instruments with residual maturity not greater than 1 business day, including money market instruments[^], CBLO/ reverse repo, debt instruments^{^^}, including floating rate instruments, with overnight maturity.</p> <p>[^]Money Market Instruments would include certificate of deposits, commercial papers, T-bills, repo, reverse repos and CBLO, bill rediscounting, bills of exchange / promissory notes and Standby Letter of Credit (SBLC) backed commercial papers or such other securities as specified by SEBI and RBI from time to time.</p> <p>^{^^}Debt instruments would include all debt securities issued by entities such as banks, companies, public sector undertakings, municipal corporations, body corporates, central government securities, state development loans and UDAY bonds, recapitalization bonds, municipal bonds and G-Sec repos and any other instruments as permitted by regulators from time to time.</p> <p>The scheme will take exposure to repos of corporate bonds up to 10% of its total assets of the Scheme.</p> <p>The Scheme will not invest in Foreign Securities.</p> <p>The fund may also invest into deposits of scheduled commercial banks as permitted under the extant Regulations.</p> <p>The fund may also enter into "Repo", "Stock Lending" or such other transactions as may be allowed by SEBI regulations from time to time</p>	Instruments	Indicative allocations (% of total assets)		Risk Profile	Maximum	Minimum	Overnight securities having maturity of 1 day *	100%	0%	Low								
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Investment Strategy	<p>The portfolio will be constructed and 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 money market curve, 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.</p> <p>The fund management team, comprising credit research and quantitative research, will take an active view on the key drivers affecting the short term interest rate movement as well as liquidity. This will 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:</p> <ol style="list-style-type: none"> Prevailing interest rate scenario Returns offered relative to alternative investment opportunities Quality of the security/instrument (including the financial health of the issuer) Maturity profile of the instrument Liquidity of the security Any other factors considered relevant in the opinion of the fund management team. <p>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.</p> <p>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.</p>		<p>The portfolio will be constructed and managed to generate returns to match the investment objective and to maintain adequate liquidity to accommodate funds movement. Since the investments of the scheme would be predominantly in overnight securities, the interest rate risk of the portfolio is likely to be extremely low which is in line with the investment objective and as a result a significant proportion of the total returns is likely to be in the form of income yield or accrual.</p> <p>Please note: Due to change in type of the scheme, the investment strategy has been aligned with the appropriate instruments. Hence, the corresponding para in the existing Investment Strategy stands deleted.</p>																																
Where will the scheme invest?	<p>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.</p> <p>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".</p> <p>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.</p> <p>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.</p> <p>Any international fixed income securities as or may be permitted under the applicable Regulations.</p> <p>Investments in Securitised debt, Derivatives, International Funds / Foreign Securities.</p> <p>The details have been further elaborated in the SID.</p>		<p>The Scheme will invest the entire corpus in debt and money market securities. There will be no investment in equity and equity related products, where returns have linkages with the equity movement.</p> <p>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. Coupon bearing (fixed or floating), zero coupon discounted instruments or any other type. Weights in the portfolio may not have any correlation to the order of listing.</p> <p>The investments could be:</p> <ol style="list-style-type: none"> Securities issued (including debt issuances) by domestic government agencies and statutory bodies, which may or may not be guaranteed by central or state government. This may include instruments like central government securities, state development loans and UDAY bonds, recapitalization bonds, and G-sec repos. Repo in corporate bonds of public sector or private sector undertakings. <p>The other instruments are further elaborated in the SID, currently only key differentiators have been mentioned.</p>																																
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