

**NEW FUND
OFFER**



L&T Mutual Fund
Built on strong foundations

L&T Short Term Debt Fund

NFO OPENS: December 7, 2011
NFO CLOSSES: December 21, 2011

Offer of units at Rs. 10/- per unit during NFO

For information purpose only and should not be construed as solicitation for purchase of L&T Short Term Debt Fund.

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L&T SHORT TERM DEBT FUND

An Open Ended Debt Scheme

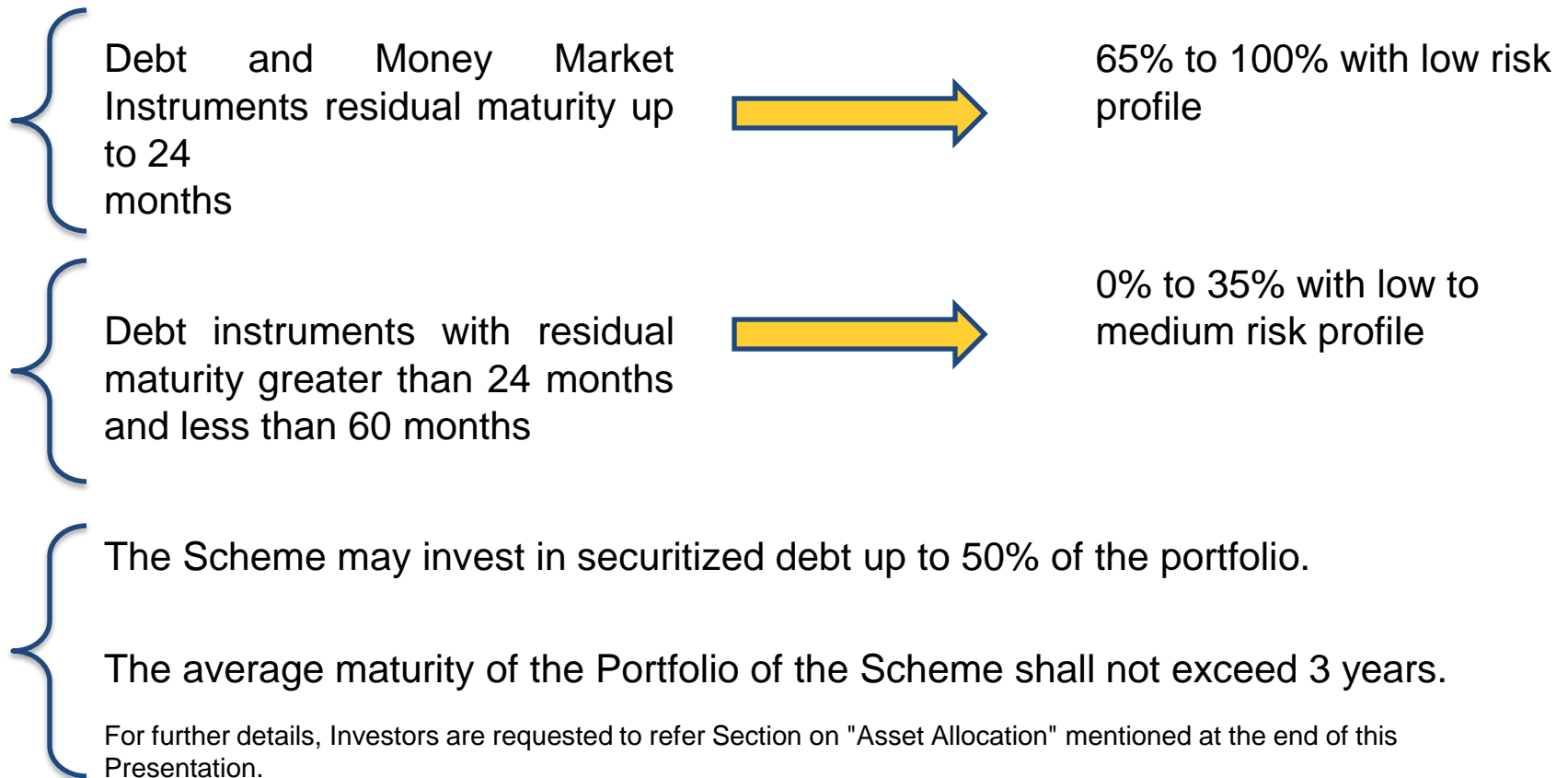
Investment Objective

The investment objective of the Scheme is to generate returns for investors with a short-term investment horizon by investing in fixed income securities of shorter term maturity.

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www.LNTMF.com

Asset Allocation



Options & Minimum Application Amount

- **Quarterly Dividend** Rs 5,000 and in multiples of Re. 1 thereafter
- **Growth** Rs 5,000 and in multiples of Re. 1 thereafter
- **Bonus** Rs 5,000 and in multiples of Re. 1 thereafter
- **Dividend[^]** Rs 5,000 and in multiples of Re. 1 thereafter

[^] The Trustee reserves the right to fix the frequency of dividend under this Option

Load Structure

Entry Load

Nil

Exit load

0.5% if redeemed \leq 6 Months

Nil if redeemed $>$ 6 months



Benchmark



CRISIL

**Short Term Bond
Fund Index**

Why L&T Short Term Debt Fund ?

- As interest rates tightening by RBI may be closer to peak, attractive investment avenues may be available in short term debt instruments
- As inflationary expectations and interest rates cool down, investment avenues may be available
- Efficient portfolio construction could be possible as attractive rates of interest on quality rated debt instruments may be available



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- Optimization of risk adjusted returns through effective duration management
- Endeavour to make investment in quality debt and money market instruments
- Could be considered as an investment vehicle for a moderate interest rate environment
- Efficient portfolio construction in the two duration buckets with average maturity lower than or equal to three years

Debt Allocation and Strategy



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- Asset allocation towards quality debt instruments and low to moderate average maturity not exceeding 3 years
 - 65% to 100% allocation towards debt and money market instruments of residual maturity up to 24 months and 0% to 35% in debt instruments with residual maturity greater than 24 months and less than 60 months
- Investment in corporate bonds for shorter tenor as rates may be attractive in the segment due to inversion of the yield curve
- Investment in commercial papers, certificate of deposits and Government securities to take possible advantage of yield level and interest rate cycle

Current Debt Market Scenario



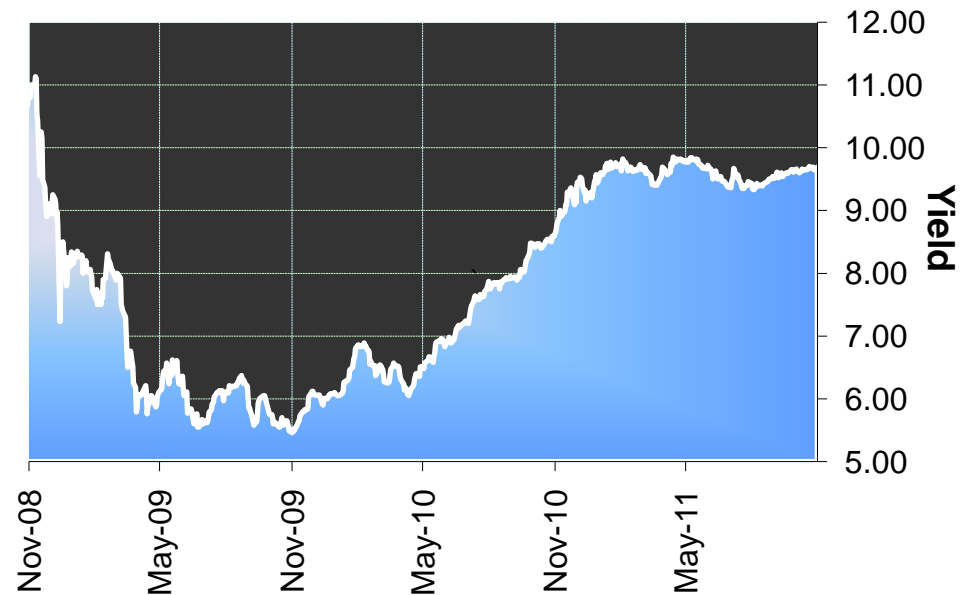
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- High inflation numbers ruling over 9% levels with current reading at 9.73% as on November 14, 2011
- Higher Government borrowing than scheduled
- Risks of the Government overshooting the fiscal deficit target

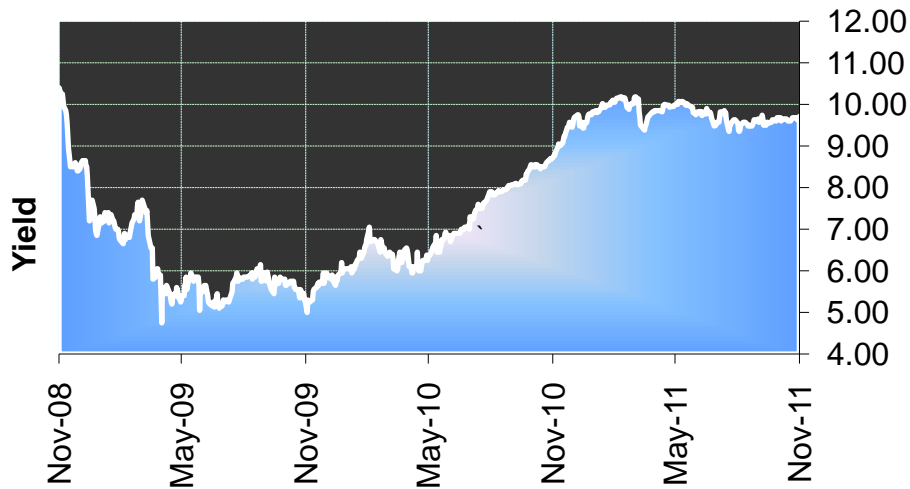
1 Year AAA PSU since Nov 2008



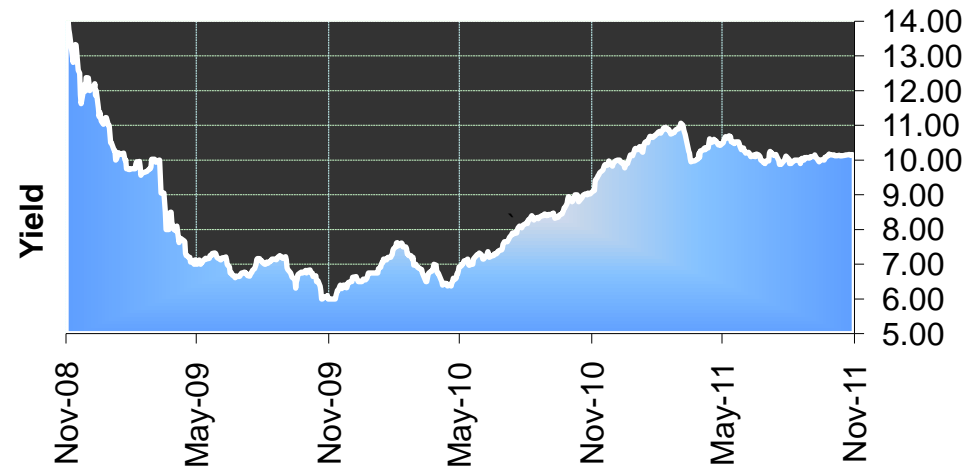
Source: Bloomberg
As on: November 21, 2011

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1 Year CD since Nov 2008



1 Year CP since Nov 2008



Source: Bloomberg
 As on: November 21, 2011

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Rise in key rates by RBI and tight banking system liquidity

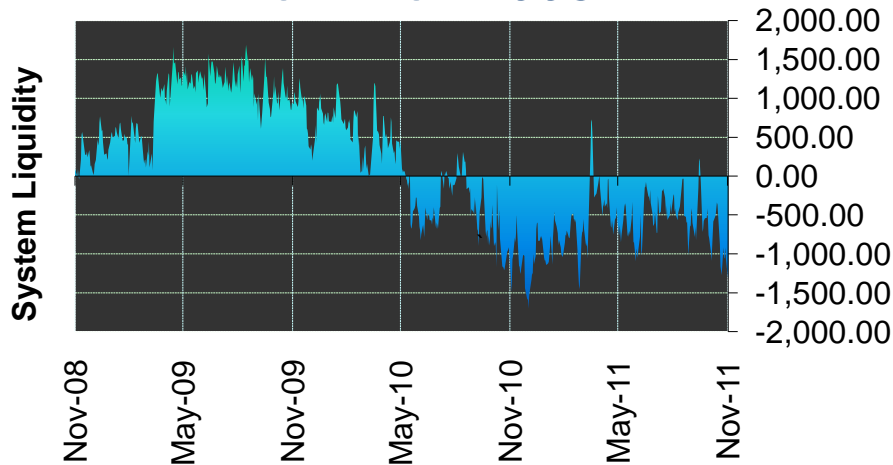
- Repo rate has been raised 13 times since March 2010 from 4.75% to move to 8.50% in October 2011
- Persistent deficit banking liquidity scenario, rising interest rates
- Due to increase in base rates of banks borrowing cost of companies has also increased. This could also be one of the reasons for increasing yields of debt market instruments

Source: Bloomberg , RBI
Data as on : November 21, 2011

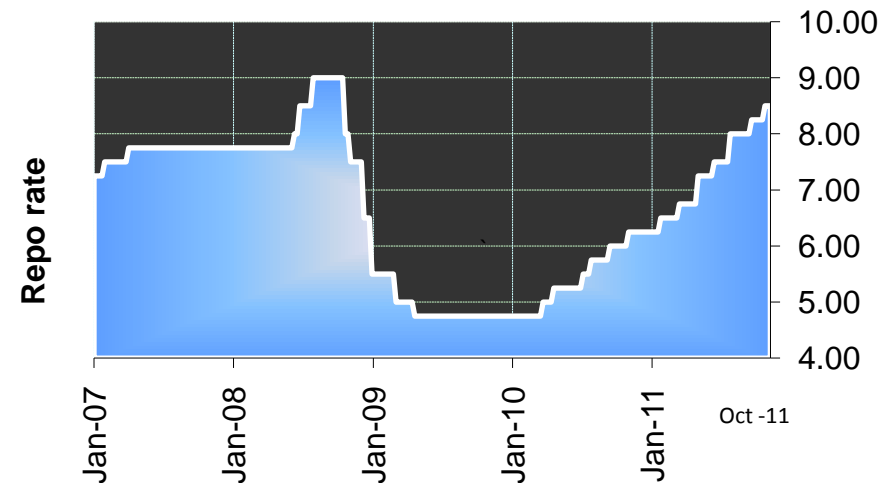
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**Banking system liquidity
from Nov 2008**



RBI Repo rate



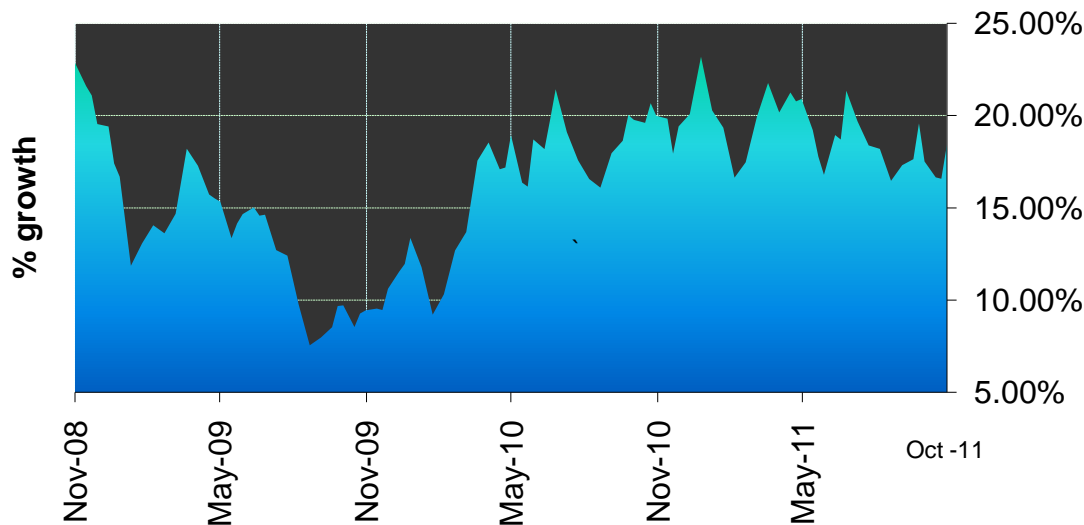
Source: Bloomberg , RBI
Data as on : November 21, 2011

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As concerns over growth seem visible and inflationary expectations ease, stance may change....

Credit growth from 2008

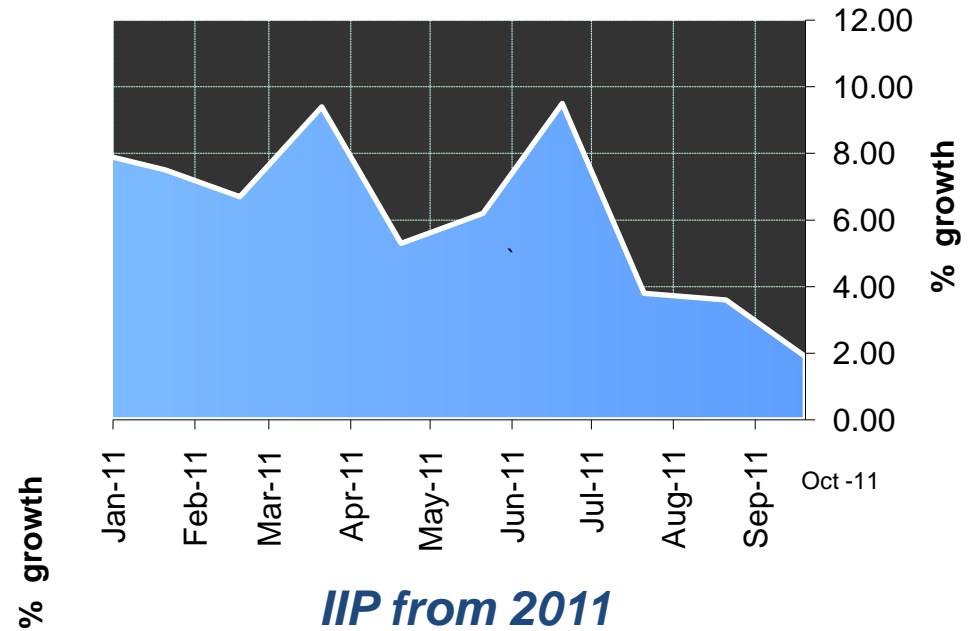
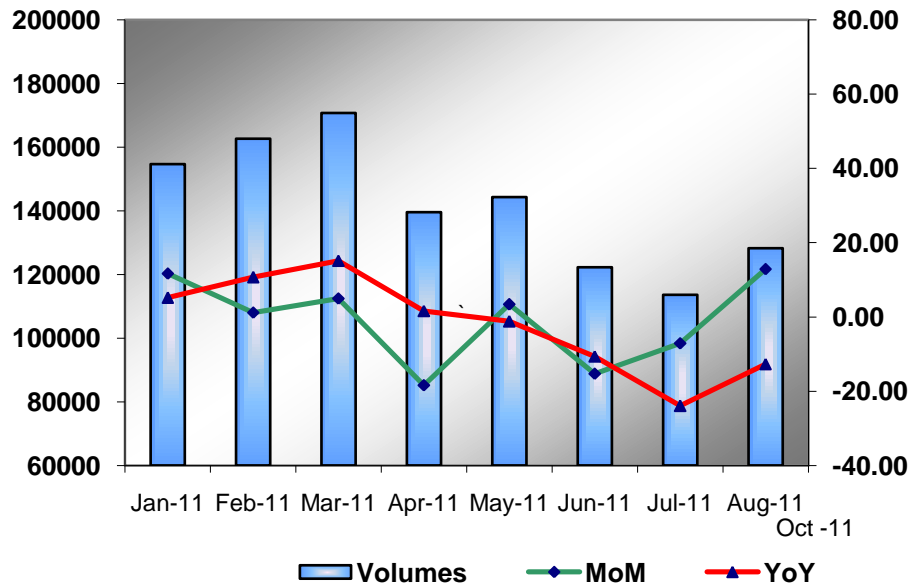


- RBI revised the GDP target downward to 7.6% from 8.0% for 2011-12
- IIP deceleration observed in last few months

Source: Bloomberg
Data as on: October 31, 2011

Contd..

Passenger vehicle sales from 2011



IIP from 2011

Source: Bloomberg
Data as on: October 31, 2011

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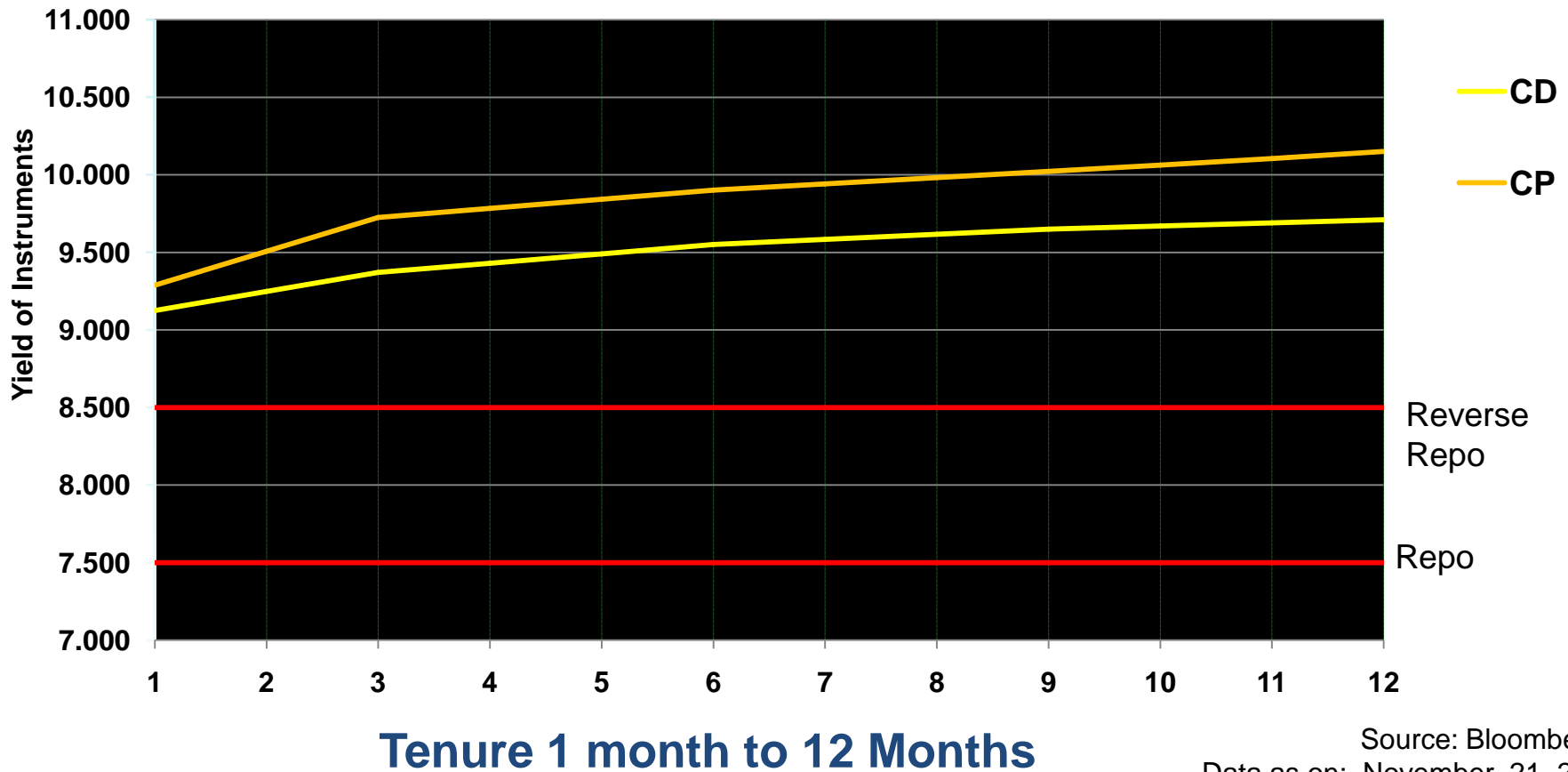
Yield levels of debt instruments since March 2010

Instruments	Mar-10	Mar-11	Nov-11	Change over Mar 2010
10 Year G-Sec	7.83	7.98	8.96	113 bps
5 Year AAA PSU	8.52	9.25	9.75	123 bps
5 Year OIS	6.88	7.96	7.40	52 bps
1 Year OIS	4.97	7.39	8.15	318 bps
1 Year CD	6.05	9.50	9.65	360 bps
3 Month CD	4.95	9.55	9.35	440 bps

Source: Bloomberg

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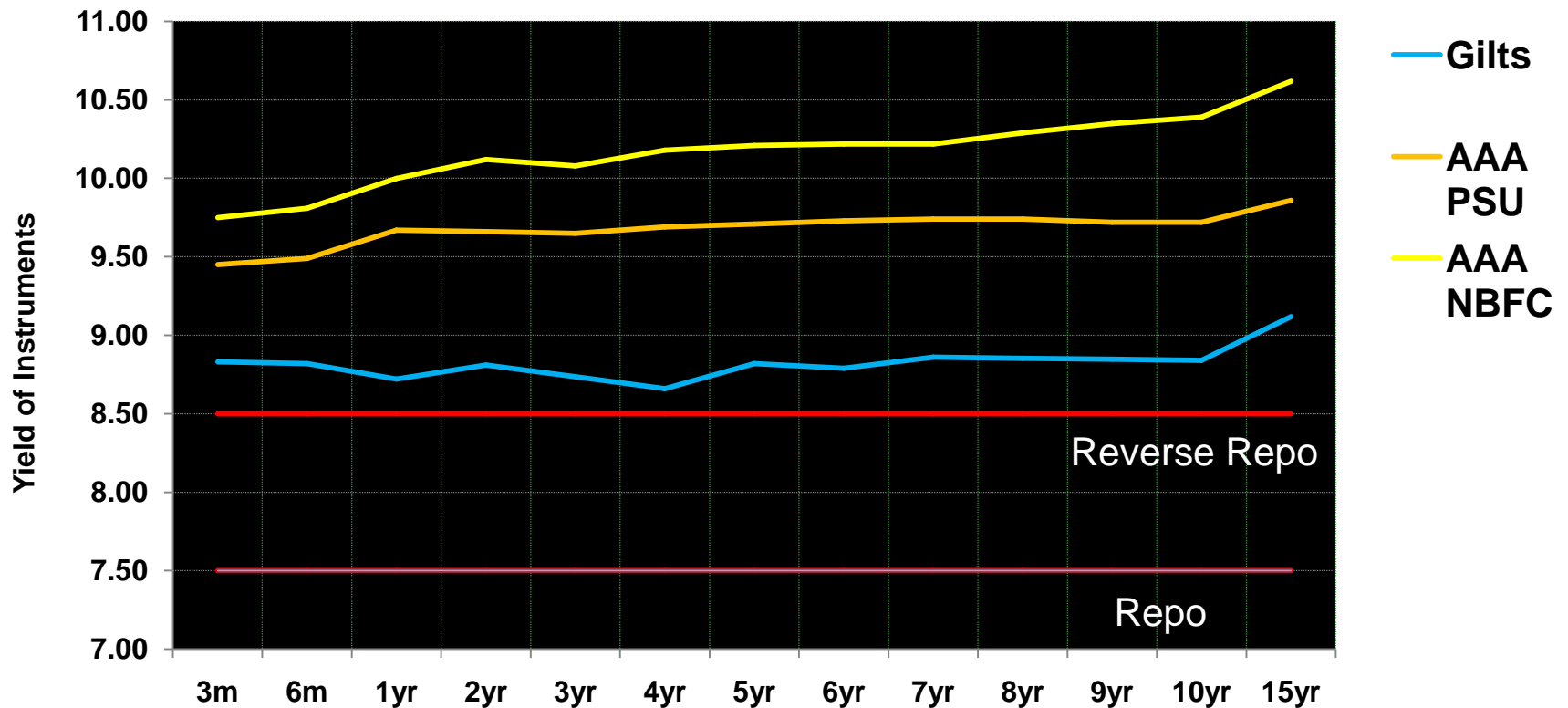
Yield curve for Certificate of Deposits (CD) and Commercial Papers (CP)



Source: Bloomberg.
Data as on: November 21, 2011

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Yield curve for AAA PSU, Non PSU Corporate and G-sec

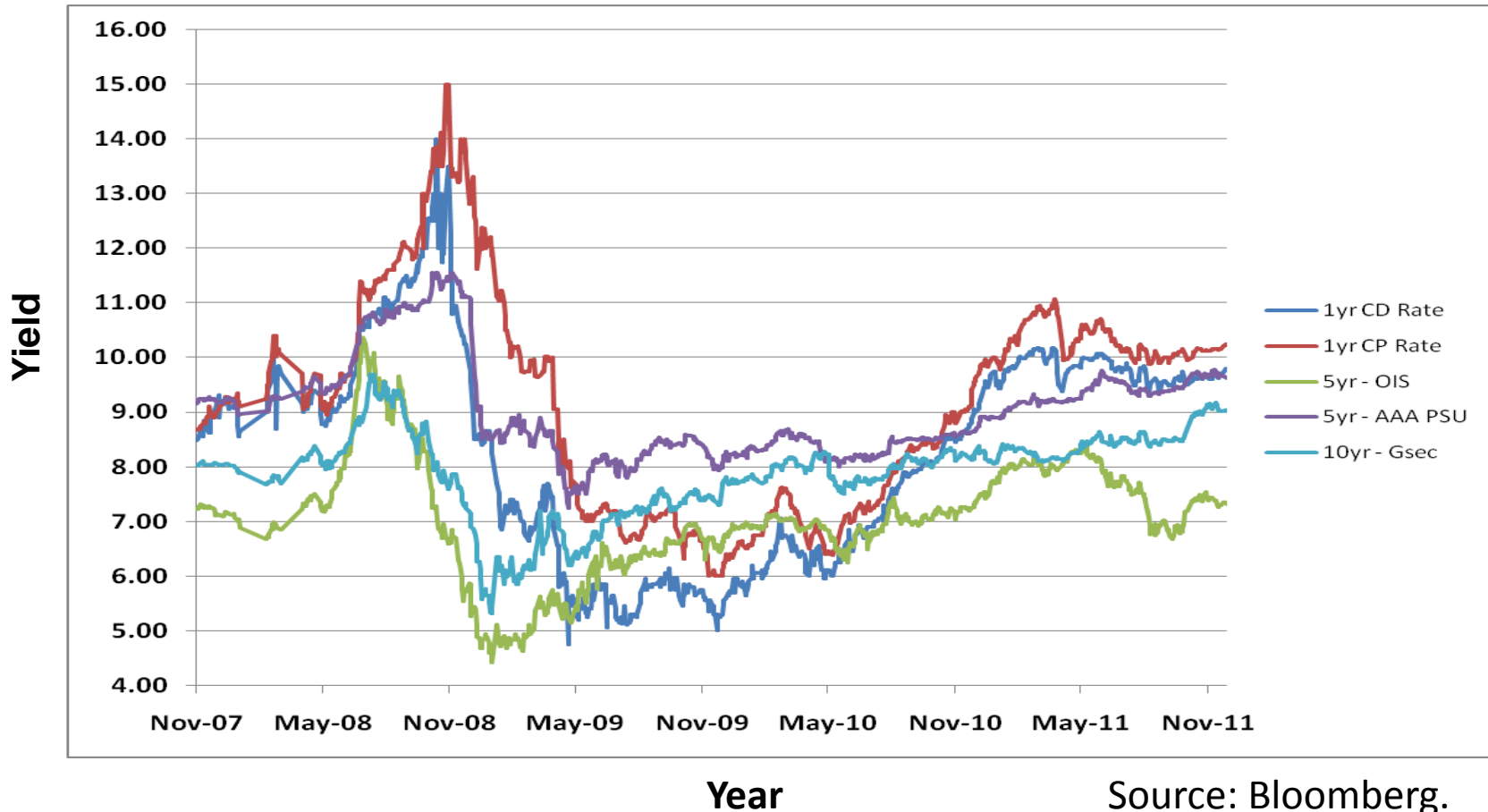


Tenure 3 Months to 15 Years

Source: Bloomberg.
Data as on: November 21, 2011

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Spread since Nov 2007



Source: Bloomberg.
As of 29/11/11

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Spread since Nov 2007 - Nifty



Source: Bloomberg.
As of 29/11/11

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Global market scenario

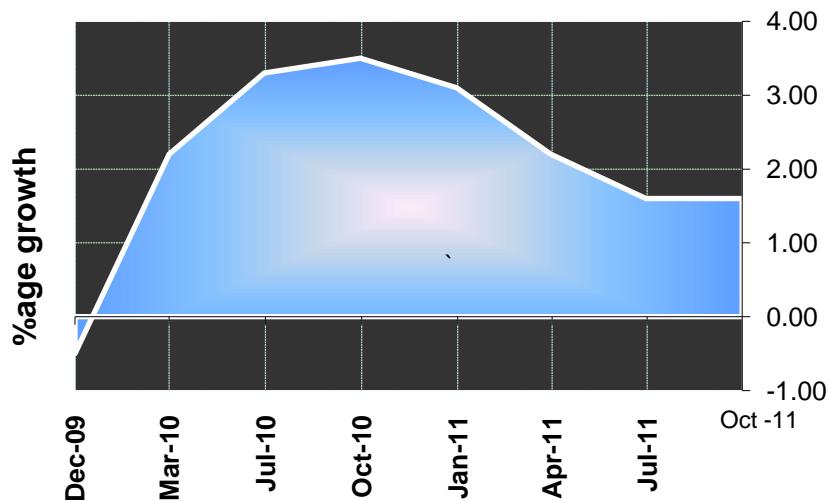


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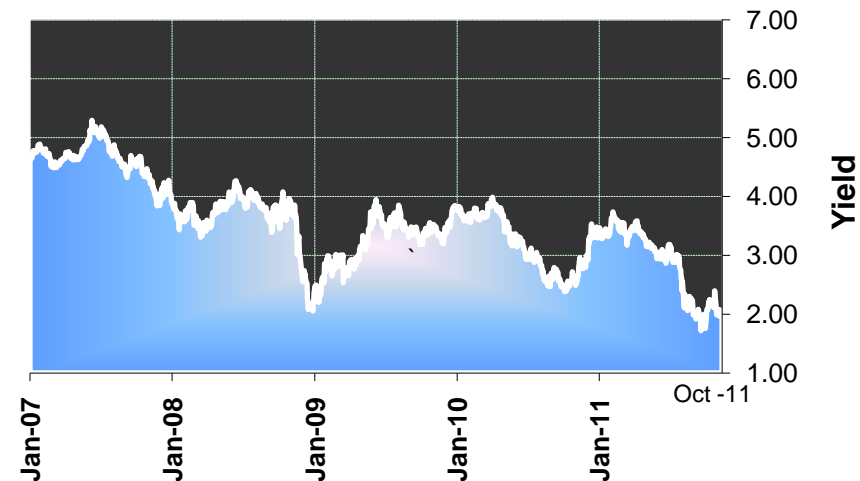


Continued slowdown in major global economies may impact Indian growth rate and interest rates....

Real US GDP since 2009



10 year US treasury since 2007 showing declining trend from March 2011

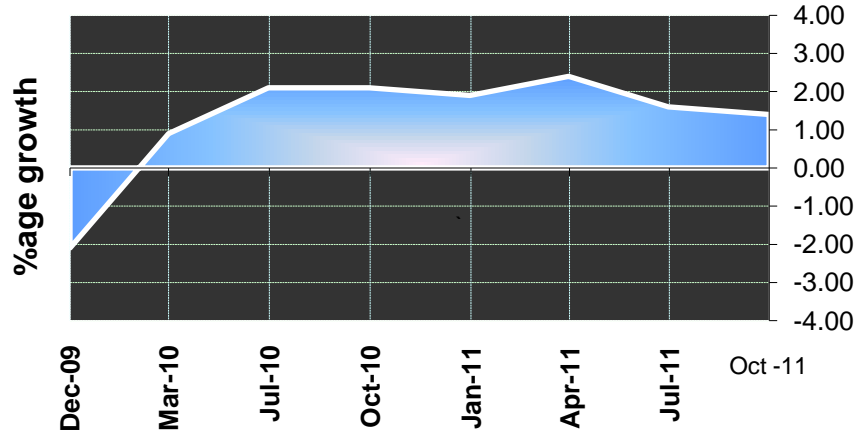


Source: Bloomberg
As on: October 31, 2011

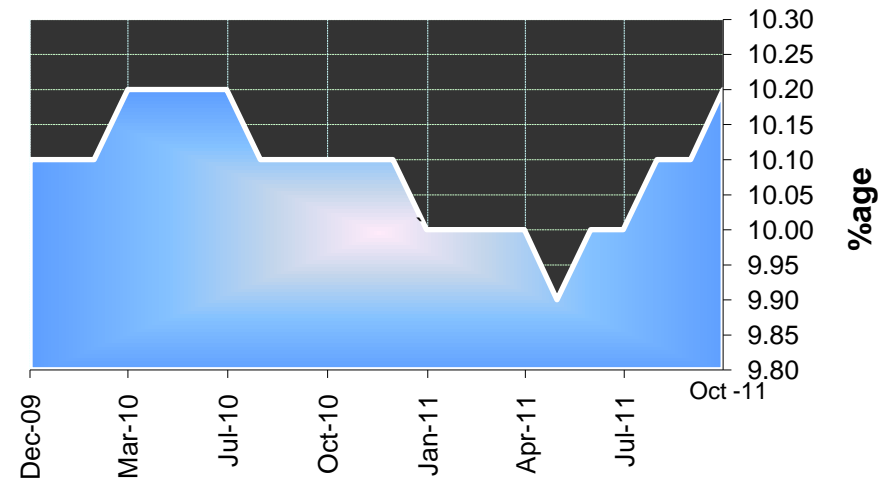
For information purpose only and should not be construed as solicitation for purchase of L&T Short Term Debt Fund. Views expressed here are for illustration only and are not recommendations from the AMC or its associates.

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Euro zone GDP since 2009



Euro zone unemployment trend since 2009



Source: Bloomberg
As on: October 31, 2011

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Category Performance



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Category performance over a 5 year horizon

Scheme / Index	6 Months	1 Year	3 Years	5 Years
CRISIL Short Term Bond Fund Index	4.30	7.20	7.30	7.20
CRISIL Composite Bond Fund Index	6.44	5.64	7.03	6.00
CRISIL MIP Blended Index	4.21	2.29	9.23	6.72
BSE Sensex	-4.91	-15.94	18.21	5.99

Data as on Nov 4, 2011
Source: Icmraonline.com

Past Performance may or may not be sustained in future.

The above returns do not in any manner indicate returns of any Scheme of L&T Mutual Fund. For illustration purpose only. This should not be construed as solicitation for purchase of L&T Short Term Debt Fund . Returns in %, For Debt: Returns for less than 1 year are simple annualized and greater than 1 year are compounded annualized. For equity diversified: Returns for less than 1 year are absolute and greater than 1 year are compounded annualized.

For information purpose only. Please read the Scheme Information Document and Statement of Additional Information carefully before investing.

Scenario Analysis

(This is for illustrative purpose only and should not be construed any advice to subscribe the Scheme of L&T Mutual Fund)

Parallel shift in yield curve	Gross Portfolio Yield A	Capital Appreciation / Depreciation B	Total Return (A+B)	Parallel shift in yield curve
(-)100 bps	9.00%	2.00%	11.00%	(-)100 bps
(-) 50 bps	9.00%	1.00%	10.00%	(-) 50 bps
(-) 25 bps	9.00%	0.50%	9.50%	(-) 25 bps
Unchanged	9.00%	0.00%	9.00%	Unchanged
(+) 25 bps	9.00%	-0.50%	8.50%	(+) 25 bps
(+) 50 bps	9.00%	-1.00%	8.00%	(+) 50 bps
(+) 100 bps	9.00%	-2.00%	7.00%	(+) 100 bps

This analysis is for short term bond fund with modified duration of 1 year assuming assets are held for a time period of six months. Given the current market yields, it is assumed a short duration bond fund having modified duration of 1 year with combination of securities across maturities/ credits could generate gross yield of 9.00%. The above calculations are based on the assumption of parallel shift in yield curve and the actual capital appreciation/ depreciation may vary depending on the actual change in the shape of the yield curve. Expenses have not been considered.

For information purpose only. The above should not be construed as performance of the fund. Please read the Scheme Information Document and Statement of Additional Information carefully before investing.

Credit Evaluation Process

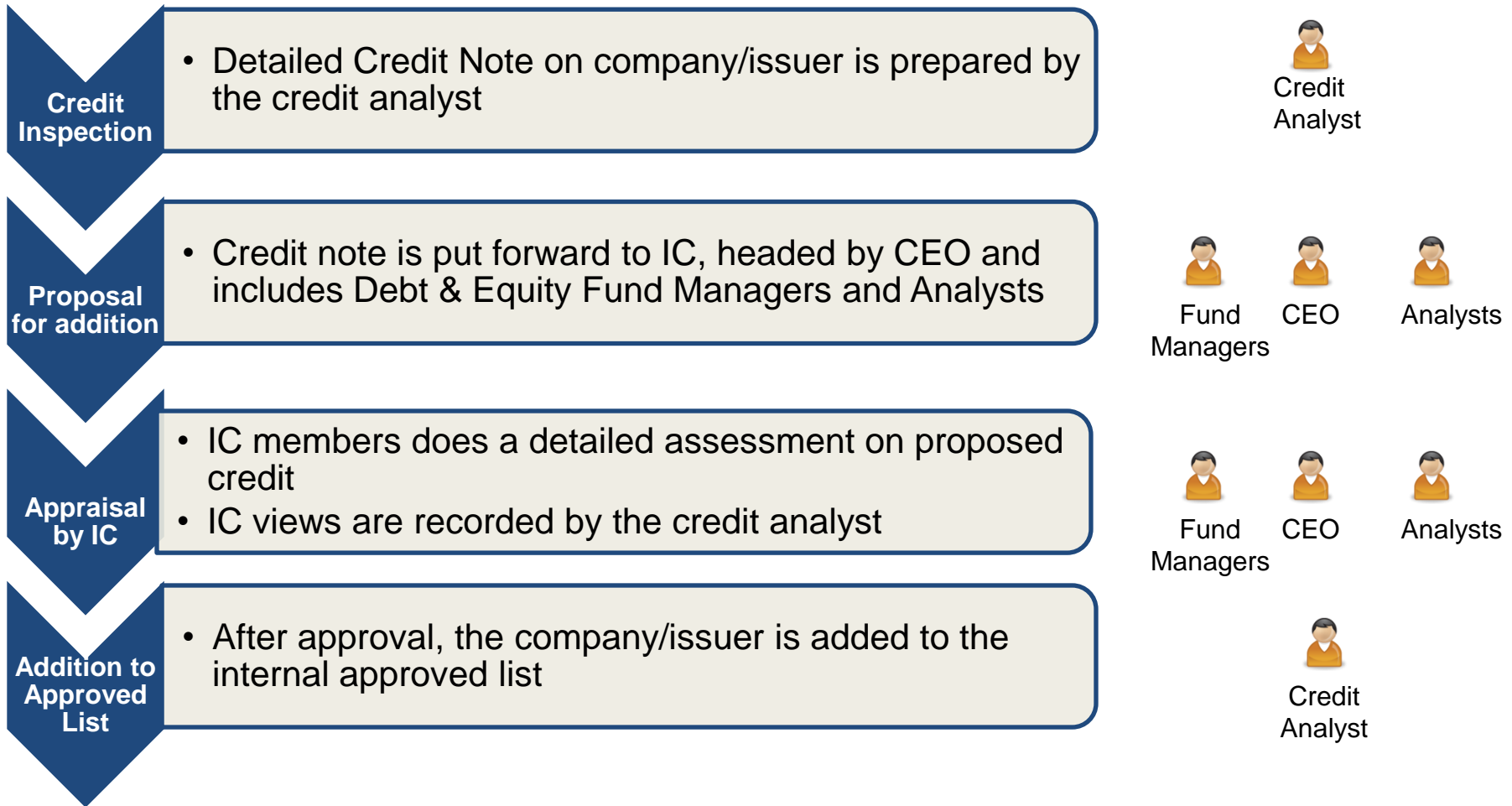




Credit Investments

- Investments made on the basis of an internal approved list of companies/issuers
- Approved List consists of separate category – Short term approved credits and Long Term approved credits
- Criteria for Short term approval (≤ 1 yr) is highest short term rating of minimum A1+ from a rating agency.
- Criteria for Long term approval (> 1 yr) is long term rating of minimum AA and above from a rating agency.

Credit Approval Workflow Chart



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Review/Monitoring of Existing Approved Credits

- List is generally reviewed on a half yearly basis with respect to their financial health
- Companies/Issuers - part of the portfolio are reviewed on a regular basis
 - ✓ Any corporate actions like acquisitions, mergers, regulatory impact, financials, etc is discussed daily by debt team EOD
- Ratings of companies/issuers in approved list are under continuous watch
 - ✓ Credit Analyst tracks the rating changes of all 4 rating agencies on a daily basis and mail to the debt team

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- Any rating action is communicated to the Investment Team
 - ✓ If having active exposure to the credit (in even of a downgrade), note is circulated to IC and reviewed as to whether exposure should be continued or not and if down grade is below criteria further investments are restricted
- Evaluating quarterly and annual results of companies/issuers in approved list
 - ✓ If any significant deterioration in financials, suitable action is taken.

Fixed Income Fund Management Team

Bekxy Kuriakose : Associate VP and Senior Fund Manager - Fixed Income

Strategic decision making and portfolio management

Rahul Aggarwal : Credit Analyst

Credit Research and analysis

Hareshwar Karekar : Manager – Fixed
Income

Richa Sharma : Fund Manager – Fixed
Income

**Trade execution and portfolio
management**

Abhishek Iyer : Dealer – Fixed Income

Dealing execution and support

Team Profile

Bekxy Kuriakose, Associate VP and Sr. Fund Manager – Fixed Income

(Dec 2008 till date) *BA (Hons), PGDM from IIM Bangalore*

11 years of experience. Prior assignments – Reliance Life Insurance Company Ltd and SBI Mutual Fund



Richa Sharma, Fund Manager – Fixed Income

(March 2011 onwards), *B.Com., M.M.S Finance*

7 years of work experience. Prior assignments – Sahara AMC, Sundaram AMC, SBI DFHI Limited.



Hareshwar P. Karekar – Manager – Fixed Income

(June 2008 till date) *B.com, LLB*

Over 10 years of experience in Debt Market. Prior assignments –Worked with Karvy Stock Broking , Dalal & Broacha Stock Broking



Rahul Aggarwal - Credit Analyst

(April 2009 till date) *PGDM from IIM Kolkata, BE (Computer Science)*

4 years of work experience



Branches

Ahmedabad: 9898029991, **Agra:** 9839075275, **Allahabad:** 9918500388/0532-3010574 ,**Amritsar:** 9855721024, **Bengaluru:** 9591810455/080-42497000/32952142,

Baroda: 8128997153/0265-2491673, **Bhavnagar:** 9376925339 **Bhopal:** 0755-2552452-53/ 9893654246, **Bhubaneswar:** 9937062565, **Chandigarh:** 0172 – 3068051 / 9878406940, **Chennai:** 044-28545752/ 9840096828/ 9003072863, **Cochin:** 0484-6533130/ 9895168160, **Coimbatore:** 0422 4504047- 48 / 9677783876, **Cuttack:** 9937009935,

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Statutory Details & Risk Factors

Statutory Details: L&T Mutual Fund has been established as a trust under the Indian Trust Act, 1882 by L&T Finance Limited, Sponsor/ Settlor (liability restricted to the seed corpus of Rs. 1 lakh) with L&T Mutual Fund Trustee Limited as the Trustee Company and L&T Investment Management Limited as the Investment Manager.

Risk Factors: All investments in mutual funds and securities are subject to market risks and the NAV of the Scheme of the Fund may go up or down depending upon the factors and forces affecting the securities market. Investment in mutual fund units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Fund. L&T Short Term Debt Fund do not in any manner indicate either the quality of the Scheme or its future prospects and returns; and is only the name of the Scheme. There can be no assurance that the objectives of the Scheme/ Mutual Fund will be achieved. **Scheme Specific Risk Factors:** Investment in the Scheme shall be subject to various risks including but not limited to risk associated with: Investment in Bonds and Fixed Income Securities such as Performance Risk, Credit Risk, Reinvestment Risk, Interest Rate Risk, Investment in Derivatives, Securitized Debt, etc. Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) carefully before investing.

Statutory Details & Risk Factors

Investment objective and classification: L&T Short Term Debt Fund (An Open Ended Debt Scheme): The investment objective of the Scheme is to generate returns for investors with a short-term investment horizon by investing in fixed income securities of shorter term maturity. **Load Structure (including SIP/STP/ SWP):** Entry Load: Nil, Exit Load: 0.5% - if redeemed \leq 6 months; Nil - if redeemed $>$ 6 months. Bonus units and units issued on reinvestment of dividends shall not be subject to exit load. The investor is requested to check the prevailing load structure of the Scheme before investing. **Asset Allocation:** Debt and Money Market Instruments with residual maturity upto 24 months: 65% – 100%, Debt Instruments with residual maturity greater than 24 months and less than 60 months: 0% – 35%. The Scheme may invest in securitized debt up to 50% of the portfolio. The Scheme shall have derivatives exposure as per the SEBI/ RBI Guidelines issued from time to time. Further, the Scheme may undertake Interest rate derivatives transactions for the purpose of hedging and portfolio rebalancing (within the permissible limits specified by RBI/ SEBI from time to time). The average maturity of the Portfolio of the Scheme shall not exceed 3 years. Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time. The gross investments in securities under the Scheme which includes Debt, Money Market Instruments including Securitised debt & Derivatives shall not exceed 100% of net assets of the Scheme. However, following will not be considered while calculating the gross exposure: a) Security-wise hedged position and b) Exposure in Cash or cash equivalents with residual maturity of less than 91 days. The exposure to derivatives will be calculated on notional value of the derivative contracts.

Terms of issue and mode of sale and redemption of units: Units of the Scheme are being offered at Rs. 10/- per unit during NFO and at NAV based prices, subject to the prevailing loads, upon re-opening. The AMC shall calculate and publish the NAV of the Scheme on all Business Days. Investors are requested to note that ASBA facility is also available as an additional mode of payment during NFO. Units of the Scheme can also be transacted in demat mode (only) on the Mutual Fund Service System (MFSS) of NSE and/ or (StAR MF) of BSE. SID, SAI, Key Information Memorandum and Application Forms are available at offices/ branches of the AMC or CAMS Service Centres (CSCs) Distributors and at Mutual Fund website www.lntmf.com.

Thank You



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