Fund Call **L&T Tax Advantage**

Outshines peers and benchmark

Lumpsum investment could be a good option for investors in this ELSS fund

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Haven't made tax saving investments for the current fiscal yet? Equity-linked savings scheme (ELSS) plans, which are covered under Section 80C, are a good option to save tax as also to earn inflation beating returns over the long run.

L&T Tax Advantage has been in the top quartile of the category over one- and three-year periods. While the fund underperformed category returns in the 2014 rally (though beating benchmark), its performance over the past two years has been among the best within the ELSS basket.

Since the fund has a lock-in period of three years, lumpsum investment may be a better option for investors.

The fund has delivered 19.9 per cent and 14.6 per cent returns over the past five- and 10-year periods respectively, beating the benchmark (S&P BSE 200) by 5-6 percentage points. Moreover, over one- and three-year periods the fund has given good returns of 19.3 per cent and 13.2 per cent against the benchmark returns of 12.3 and 7.6 per cent respectively. On a one- and three-year time frame, the fund has outdone some of its peers such as Axis Long Term Equity and Franklin India Taxshield.

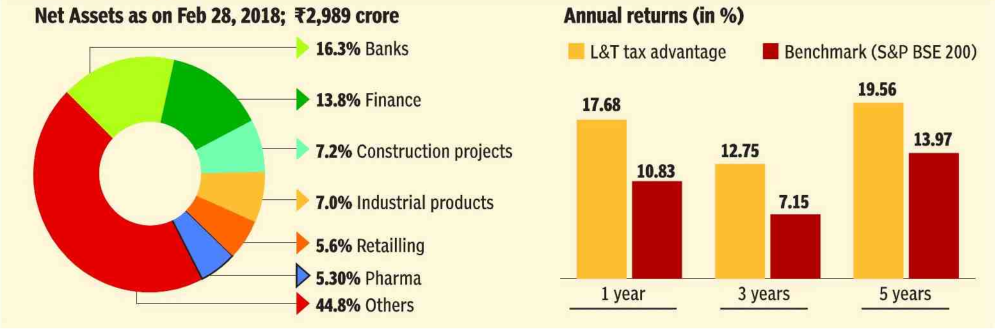
Barring the lacklustre performance in 2012, when it had underperformed its benchmark, and the slight blip in 2014, the fund has consistently outshone its benchmark and category. Besides, the fund contains downside well. For instance, during bear phases of 2008 and 2011, the fund reported a lower fall than the benchmark and category. On an annual rolling return basis over the past five years, it has beaten the benchmark 83 per cent of the time.

The fund is well diversified; it has about 71 stocks in its kitty which is spread across 26 sectors. Moreover, it has slightly more exposure in mid and small-cap stocks compared with the category average which has helped boost returns in the long run. Barring a few stocks, the fund's asset allocation in individual stocks is less than 3 per cent, diffusing the risk.

The fund's most preferred sector is banks. But from a high of 25 per cent in 2014, the fund's exposure to banking stocks has reduced to 16.3 per cent now. The fund has also decreased allocation to consumer non-durables, over the last one year.

While mining and pesticide stocks moved out of the fund's portfolio, telecom and non-ferrous metal stocks gained entry. The exposure to large-caps such as HDFC ltd, HDFC Bank and Larsen & Toubro continue to deliver stable returns. The fund actively churns its portfolio and recently added the stocks of Cholamandalam Investment, General Insurance Corporation of India and Sun TV Network.

A stable outperformer



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- Consistent long-term outperformer
- Top quartile over one and three-year periods
- Banking and finance are favoured sectors