

Term Sheet
CORE INFRA PORTFOLIO

HIGHLIGHTS/ SUMMARY OF THE PRODUCT

Product Name	Core Infra Portfolio
Objective	<p>To seek long-term capital appreciation by investing primarily in listed equity and equity related securities of companies engaged in Infrastructure sectors which are expected to benefit from the growth and development of economy.</p> <p>The Fund Manager also reserves the right to either invest in debt/ fixed income instruments of companies engaged in the Infrastructure sectors or remain in cash or invest in the units of mutual fund for extended periods of time. Derivative positions may also be taken by the Fund Manager for hedging and/ or to take position calls on the long side.</p>
Investment Horizon	48 – 60 months (approximate horizon)
Underlying Asset class	Equity & Equity related Securities, Debt/ Fixed Income Instruments, units of Mutual Funds.
Instruments	<p>Listed Equity and Equity related Securities of companies engaged in the Infrastructure sector.</p> <p>The Fund Manager also reserves the right either to invest in debt/ fixed income instruments of companies engaged in the Infrastructure sectors or remain in cash for extended periods of time or invest in the units of Mutual Fund.</p>
Usage of Derivatives	<p>Derivative instruments would be used to:</p> <p>a) hedge the portfolio and/ or</p> <p>b) take position calls on the long side.</p>
Risk	Moderate to High
Suitability	Ideal for investors with medium to high risk appetite and seeking long term capital appreciation.
Defined Tenure	<p>4 Years.</p> <p>The Client hereby agrees and understands that Portfolio Manager reserves the sole discretion to extend/ early terminate the Portfolio.</p> <p>Please note the following in case of extension/ early termination of the Portfolio:</p> <ul style="list-style-type: none"> • Portfolio Manager shall give notice of 1 month to the clients, in case of extension/ early termination of the Portfolio. Please note that consent of the Client shall not be required in case of extension/ early termination of the Portfolio by the Portfolio Manager. • In case of extension of the Portfolio over defined tenure by the Portfolio Manager, the client reserves the right to exit the portfolio in full or in part, without payment of exit load. Please note that fixed management fees and performance linked fees shall be charged by the Portfolio Manager on pro-rata basis depending on the period of the Portfolio. • In case of early termination of the Portfolio by the Portfolio Manager, no exit load would be charged to the Clients. Please note that fixed management fees and performance linked fees shall be charged by the Portfolio Manager on pro-rata basis depending on the period of the Portfolio. • Indicative Conditions for extension of Portfolio by the Portfolio Manager: <ul style="list-style-type: none"> a) When the Portfolio Manager believes in the interest of the Clients to extend the defined portfolio tenure of the Portfolio and or b) When the portfolio returns are below the hurdle rate (10% CAGR) • Indicative Condition for early termination of the Portfolio by the Portfolio Manager: <ul style="list-style-type: none"> a) When the portfolio objectives are met or exceeded and the Portfolio Manager believes it to be the opportune time to terminate the Portfolio or b) When the Portfolio Manager believes that the portfolio objectives are unlikely to be met during the defined tenure of the Portfolio. <p>Clients are requested to note that the above conditions for extension/ early termination may not be exhaustive.</p>
Repayment	Within 45 days from the end of the Portfolio tenure or early exit by the Client (whichever is earlier)
Benchmark Index	CNX Infra

PORTFOLIO MANAGEMENT FEES & CHARGES

Fees may be a fixed sum or a percentage of the quantum of funds managed or may be linked to the portfolio returns achieved or a combination of any of the above as may be decided by the Portfolio Manager.

1. Upfront Fees: _____ % (applicable service tax & other taxes) shall be charged on the corpus on upfront basis, subject to completion of all account opening formalities.

2. Fixed Management Fee: _____ % p.a. (applicable service tax & other taxes) shall be chargeable quarterly on prorata basis as per the financial year on the daily NAV.

3. Performance Linked Fee: 20% profit sharing (applicable service tax & other taxes) for returns above the hurdle rate of 10% p.a (CAGR) at the end of the Portfolio tenure or early exit by the Client (whichever is earlier).

4. Exit Load: In the event of early termination of the Portfolio by the Client in writing, exit load will be applicable as per below mentioned details:

a) If the Portfolio is commenced on or before February 29, 2012:

Investment days	Exit Load (%)
0 – 366	4%
367 – 731	3%
732 – 1096	2%
1097 – 1461	1%
> 1461	0%

b) If the Portfolio is commenced on or after March 1, 2012:

Investment days	Exit Load (%)
0 – 365	4%
366 – 730	3%
731 – 1095	2%
1096 – 1461	1%
> 1461	0%

Please note that, in case of extension/ early termination of the Portfolio by the Portfolio Manager, no exit load would be charged to the Clients. Please note that fixed management fees and performance linked fees would be charged on pro-rata basis depending on the period of the Portfolio.

5. Other Fees and Charges:

The Client shall also reimburse to the Portfolio Manager such transaction fee, brokerage charges, safe custody fee, demat fee, statutory levies such as Service Tax, Securities Transaction Tax and/or any other fees paid in respect of the investments and/or disbursements made under this Agreement, which shall be directly debited to the Client's account as and when the same becomes due for payment. The Portfolio Manager shall be entitled to recover such incidental expenses in the form of stamp duty, registration charge, brokerage, commission, compensation, professional fee, legal fee, consultancy charge, service charge, etc., and any such other expenses, duties, charges incurred on behalf of the Client. Such incidental expenses shall be charged and debited to the Clients account from time to time at the sole discretion of the Portfolio Manager.

ILLUSTRATION FOR FEES AND CHARGES (Pursuant to SEBI Circular IMD/DF/13/2010 dated October 5, 2010)

The following computations are for illustrative purpose only. The illustrations are provided to enable the investor to understand the levy of various applicable fees and charges under different market scenarios on the sample portfolio of Rs. 10 Lakhs, considering that the frequency of computing all the fees are on annual/actual basis.

The assumptions for the illustration are as follows:

- a. Size of sample portfolio: Rs. 10 Lakhs over.
- b. Period: 4 years.
- c. Hurdle Rate: 10% (CAGR) of amount invested.
- d. Brokerage/DP charges/Custody Charges/transaction charges: (e.g. 2% p.a.).
- e. Upfront fee (e.g. 2.5%).
- f. Fixed Management fee (e.g. 2% p.a.).
- g. Performance fee (e.g. 20% of profits over hurdle rate).

Scenario 1: Portfolio increase by 15% (CAGR) (Assuming that the defined tenure of the Portfolio is 4 years)

Particulars	Amount in Rs.	Amount in Rs.
Investment Amount	1,000,000	
Less: 2.5% upfront fees	(25,000)	
Net Investment Amount	975,000	
Less: 2% p.a. Fixed Management Fees on Asset Under Management (AUM) (A)	(108,960)	
Less: 2% p.a. Brokerage/DP charges/Custody charges/any other similar charges (B)	(108,960)	
Total Charges during the Product defined tenure (A + B)		(217,921)
Profits on investment during the 4 years @ 15% (CAGR) on Investment Amount	749,006	
Net portfolio value at the time of maturity (Before Performance Fees)		1,749,006
Less : 20% Profit Sharing (Please refer the below mentioned table on "Calculation of Performance fees for Scenario 1")		56,981
Net portfolio value at the time of maturity (After Performance Fees)		1,692,025
% (CAGR) return over Capital Contributed		14.05%

Calculation of Performance fees for Scenario 1		Amount in Rs.
Investment Amount	A	1,000,000
Net portfolio value at the time of maturity	B	1,749,006
Less: Hurdle Rate of 10% (CAGR) at the time of maturity (Including investment Amount)	C	1,464,100
Net profit eligible for Performance Linked Fees (B-C)		284,906
Performance fees of 20%		56,981

Scenario 2: Portfolio decrease by 15% (CAGR) (Assuming that the defined tenure of the Portfolio is 4 years)

Particulars	Amount in Rs.	Amount in Rs.
Investment Amount	1,000,000	
less: 2.5% upfront fees	(25,000)	
Net Investment Amount	975,000	
Less: 2% p.a. Fixed Management Fees on Asset Under Management (AUM) (A)	(59,880)	
Less: 2% p.a. Brokerage/DP charges/Custody charges/any other similar charges (B)	(59,880)	
Total Charges during the Product defined tenure (A + B)		(119,761)
Profits on investment during the 4 years @ 15% (CAGR) on Investment Amount	(4,77,994)	
Net portfolio value at the time of maturity (Before Performance Fees)		5,22,006
Less : 20% Profit Sharing (Please refer the below mentioned table on "Calculation of Performance fees for Scenario 2")		-
Net portfolio value at the time of maturity (After Performance Fees)		5,22,006
% (CAGR) return over Capital Contributed		(15.00%)

Calculation of Performance fees for Scenario 2		Amount in Rs.
Investment Amount	A	1,000,000
Net portfolio value at the time of maturity	B	5,22,006
Less: Hurdle Rate of 10% (CAGR) at the time of maturity (Including investment Amount)	C	1,464,100
Net profit eligible for Performance Linked Fees (B-C)		-
Performance fees of 20%		-

Scenario 3: No Change (CAGR) (Assuming that the defined tenure of the Portfolio is 4 years)

Particulars	Amount in Rs.	Amount in Rs.
Investment Amount	1,000,000	
Less: 2.5% upfront fees	(25,000)	
Net Investment Amount	975,000	
Less: 2% p.a. Fixed Management Fees on Asset Under Management (AUM) (A)	(78,000)	
Less: 2% p.a. Brokerage/DP charges/Custody charges/any other similar charges (B)	(78,000)	
Total Charges during the Product defined tenure (A + B)		(156,000)
Profits on investment during the 4 years @ 15% (CAGR) on Investment Amount	-	
Net portfolio value at the time of maturity (Before Performance Fees)		1,000,000
Less : 20% Profit Sharing (Please refer the below mentioned table on "Calculation of Performance fees for Scenario 3")		-
Net portfolio value at the time of maturity (After Performance Fees)		1,000,000
% (CAGR) return over Capital Contributed		(00.00%)

(i)

First applicant

(i)

Second applicant

(i)

Third applicant

Calculation of Performance fees for Scenario 3		Amount in Rs.
Investment Amount	A	1,000,000
Net portfolio value at the time of maturity	B	1,000,000
Less: Hurdle Rate of 10% (CAGR) at the time of maturity (Including investment Amount)	C	464,100
Net profit eligible for Performance Linked Fees (B-C)		-
Performance fees of 20%		-

Scenario 4: Portfolio increase by 15% (CAGR) (in case the defined tenure of the Portfolio is extended by 6 months)

Particulars	Amount in Rs.	Amount in Rs.
Investment Amount	1,000,000	
Less: 2.5% upfront fees	(25,000)	
Net Investment Amount	975,000	
Less: 2% p.a. Fixed Management Fees on Asset Under Management (AUM) (A)	(126,027)	
Less: 2% p.a. Brokerage/DP charges/Custody charges/any other similar charges (B)	(126,027)	
Total Charges during the Product defined tenure (A + B)		(252,054)
Profits on investment during the 4.5 years @ 15% (CAGR) on Investment Amount	875,600	
Net portfolio value at the time of maturity (Before Performance Fees)		1,875,600
Less : 20% Profit Sharing (Please refer the below mentioned table on "Calculation of Performance fees for Scenario 4")		68,008
Net portfolio value at the time of maturity (After Performance Fees)		1,807,592
% (CAGR) return over Capital Contributed		14.06%

Calculation of Performance fees for Scenario 4		Amount in Rs.
Investment Amount	A	1,000,000
Net portfolio value at the time of maturity	B	1,875,600
Less: Hurdle Rate of 10% (CAGR) at the time of maturity (Including investment Amount)	C	1,535,561
Net profit eligible for Performance Linked Fees (B-C)		340,039
Performance fees of 20%		68,008

Scenario 5: Portfolio increase by 15% (CAGR) (in case early termination of the Portfolio at 3 years)

Particulars	Amount in Rs.	Amount in Rs.
Investment Amount	1,000,000	
Less: 2.5% upfront fees	(25,000)	
Net Investment Amount	975,000	
Less: 2% p.a. Fixed Management Fees on Asset Under Management (AUM) (A)	(74,876)	
Less: 2% p.a. Brokerage/DP charges/Custody charges/any other similar charges (B)	(74,876)	
Total Charges during the Product defined tenure (A + B)		(149,753)
Profits on investment during the 3 years @ 15% (CAGR) on Net Investment Amount	520,875	
Net portfolio value at the time of maturity (Before Performance Fees)		1,520,875
Less : 20% Profit Sharing (Please refer the below mentioned table on "Calculation of Performance fees for Scenario 5")		37,975
Net portfolio value at the time of maturity (After Performance Fees)		1,482,900
Exit Load		-
% (CAGR) return over Capital Contributed		14.03%

Calculation of Performance fees for Scenario 5		Amount in Rs.
Investment Amount	A	1,000,000
Net portfolio value at the time of maturity	B	1,520,875
less: Hurdle Rate of 10% (CAGR) at the time of maturity (Including investment Amount)	C	13,31,000
Net profit eligible for Performance Linked Fees (B-C)		189,875
Performance fees of 20%		37,975

Frequency of Fees and Charges:

Upfront Fee: Charged at the time of investment

Fixed Management Fees: Chargeable quarterly on prorata basis as per the financial year on the daily NAV.

Exit Load: Charged at the time of early exit by the client

STT & Brokerage: Charged as and when transaction takes place in the portfolio

Service Tax & other taxes/ levies: As applicable

SIGNED SEALED AND DELIVERED by within named Client(s)

Clients to write the below mentioned complete sentence in their own handwriting;

"I/We have understood the fees/charge structure of the mentioned portfolio"

Declaration : The Client hereby agrees that this Term Sheet forms an integral part of the PMS Agreement executed between the Parties (Client and the Portfolio Manager) on _____ and that the said Agreement/ Term Sheet shall remain in full force and effect until the modification are agreed by both the Parties.

Sr No	Applicant Name	Signature (In case of firm, corporate, please affix company seal)
01		Ⓢ
02		Ⓢ
03		Ⓢ

ⓘ Implies Initial signature of the applicant (s) required/- Ⓢ - Implies Full signature of the applicant (s) required/-

Risk Factors:

All services and investments advices rendered by Portfolio Manager are subject to market risks and the performance of the Product and securities may vary depend upon the factors and forces affecting the securities market, including price and volume volatility in the stock markets, interest rates, currency exchange rates, foreign investments, changes in government policies, taxation, political, economic or other developments and closure of the stock exchanges and that there is also risk of loss due to lack of adequate external systems for transferring, pricing, accounting and safekeeping or record of securities. Investments/Disinvestments in Products and securities also involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. Past performance of the Portfolio Manager does not guarantee future performance of the Product and the Portfolio Manager does not give any kind of assurance of whatsoever nature, as regards the returns on this Product. Core Infra Portfolio does not in any manner indicate either the performance/ quality of this Product or its future prospects and returns, and is only the indicative name for identification and convenience. The Portfolio Manager gives no assurance on the returns or that the investment objective of the Product will be achieved. L&T Investment Management Limited or its Associates / Group entities are not responsible or liable for any loss or shortfall resulting from this product.

The value of the product offered may be affected by the performance of individual companies, change in the general market conditions, factors and forces affecting capital markets in particular, factors specific to the issuer of the securities, various other micro and macro economic factors. Investment in the Product shall be subject to various risks including but not limited to risk associated with investment/ disinvestment in Equity and Equity related Instruments Investment in Derivatives, etc. Derivatives including futures and options are affected by various risks including counterparty risk, market risk, valuation risk, liquidity risk and basis risk. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and other related capabilities. Investment decisions made by the Portfolio Manager may not always be profitable.

Disclaimers:

Please note that this Term Sheet of the Products of Portfolio Manager shall be deemed to be an integral part of the Agreement and shall be read in conjunction with this Agreement and the contents of the Term Sheet including “**Portfolio Management Fees and Charges**” shall be co-terminous with that of this Agreement.

Please read all Product related Documents including Disclosure Document/ Term Sheets/ Application Form/ Client Agreement for fees and expenses and other information carefully before investing. Please note that the Disclosure Document of the Portfolio Manager is uploaded on our website www.LNTPMS.com

The information mentioned herein does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this information. The information is non binding and the recipient of this information is not obligated to make investments. Investments/ Disinvestments in Products and securities inherently involve risks and recipient should consult their legal, tax and financial advisors before investing. Recipient of this information should understand that statements made herein regarding future prospects may not be realized or achieved. The information contained herein nor the Products of the Portfolio Manager have been registered in any jurisdiction; hence please be guided by applicable laws before investing in the Products of the Portfolio Manager. No representations or warranties are made (express or implied) as to the reliability, accuracy or completeness of such information; L&T Investment Management Limited or any of its Associates/ Group Entities cannot be held liable for any loss arising directly or indirectly from the use of, or any action taken in on, any information appearing in this presentation.