SMS HDFCMF to 56767

Continuous Offer of Units at Applicable NAV

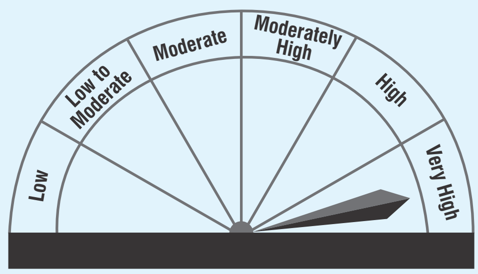
Key Information Memorandum and Application Forms

HDFC MUTUAL FUND

BHAROSA APNO KA

HDFC Mid-Cap Opportunities Fund

An open ended equity scheme predominantly investing in mid cap stocks

THIS PRODUCT IS SUITABLE FOR INVESTORS WHO ARE SEEKING*	RISKOMETER#
• to generate long-term capital appreciation / income • investments predominantly in Mid-Cap companies	
*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them. # As on September 30, 2023. For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com	Investors understand that their principal will be at very high risk

Sponsor :
HDFC Bank Ltd.
Registered Office :
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013.

Asset Management Company :
HDFC Asset Management Company Limited
Registered Office :
HDFC House, 2nd Floor, H.T. Parekh Marg,
165-166, Backbay Reclamation, Churchgate,
Mumbai - 400 020.
CIN No: L65991MH1999PLC123027

Trustee :
HDFC Trustee Company Limited
Registered Office :
HDFC House, 2nd Floor,
H.T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate, Mumbai - 400 020.
CIN No: U65991MH1999PLC123026

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the scheme / Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations, etc. investors should, before investment, refer to the Scheme Information Document(s) (SID) and Statement of Additional Information (SAI) available free of cost at any of the Investor Service Centres or distributors or from the website www.hdfcfund.com

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM. The date of this Key Information Memorandum is October 30, 2023.

<table>
<tr><td>Name of Scheme</td><td>HDFC Mid-Cap Opportunities Fund (HMCOF)</td></tr>
<tr><td>Category of Scheme</td><td>Mid Cap Fund</td></tr>
<tr><td>Scheme Code</td><td>HDFC/O/E/MIF/07/04/0015</td></tr>
<tr><td>Type of Scheme</td><td>An open ended equity scheme predominantly investing in mid cap stocks</td></tr>
<tr><td>Investment Objective</td><td>To provide long-term capital appreciation/income by investing predominantly in Mid-Cap companies.
There is no assurance that the investment objective of the Scheme will be realized.</td></tr>
<tr><td>Asset Allocation Pattern of the Scheme</td><td>Under normal circumstances the asset allocation will be as follows:
<table>
<tr><th>Type of Instruments</th><th>Minimum Allocation (% of Total Assets)</th><th>Maximum Allocation (% of Total Assets)</th><th>Risk Profile</th></tr>
<tr><td>Equity and Equity Related Instruments of Mid Cap companies**</td><td>65</td><td>100</td><td>High</td></tr>
<tr><td>Equity and Equity Related Instruments other than above</td><td>0</td><td>35</td><td>High</td></tr>
<tr><td>Debt Securities (including securitised debt) and money market instruments.</td><td>0</td><td>35</td><td>Low to Medium</td></tr>
<tr><td>Units issued by REITs and InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
<tr><td>Non-convertible preference shares</td><td>0</td><td>10</td><td>Low to Medium</td></tr>
</table>
** Investment universe of “Mid Cap”:
• The investment universe of “Mid Cap” shall comprise companies as defined by SEBI from time to time.
• In terms of clause 2.7 of Master Circular, the universe of “Mid Cap” shall consist of 101st to 250th company in terms of full market capitalization and that the Scheme will be required to adhere to the following:
- The list of stocks of Mid Cap companies prepared by AMFI in this regard will be adopted.
- The said list would be uploaded on the AMFI website and would be updated every six months based on the data as on the end of June and December of each year or periodically as specified by SEBI.
- Subsequent to any updation in the said list as uploaded by AMFI, the portfolio of the Scheme will be rebalanced within a period of one month.
The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.
The Scheme may invest upto a maximum 35% of the total assets in Foreign Securities and upto 100% of its total assets in Derivatives.
The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.</td></tr>
<tr><td>Comparison of Existing Schemes, Investment Strategy & Risk Mitigation Strategy</td><td>For comparison of Existing Schemes, Investment Strategy and Risk Mitigation Strategy, please refer to pages 9 to 19 for details.</td></tr>
<tr><td>Risk Profile of the Scheme</td><td>Please refer to pages 6 to 8 for details.</td></tr>
<tr><td>Plans/ Options</td><td>
<table>
<tr><th>Plans</th><th>Options under each Plan</th></tr>
<tr><td>• Regular Plan
• Direct Plan</td><td>• Growth Option
• Income Distribution cum Capital Withdrawal (IDCW) Option^ (with Payout and Reinvestment facility)
^ IDCW shall be declared subject to availability of distributable surplus
Investors should note that the IDCW amount can be distributed out of investor’s capital (Equalization Reserve), which is part of sale price that represents realized gains.</td></tr>
</table>
(Portfolio will be common for the above Plans)
Default Plan
Investors should indicate the Plan (viz Direct Plan/ Regular plan) for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form. In case of valid applications received without indicating any choice of Plan, the application will be processed for the Plan as under:
<table>
<tr><th>Scenario</th><th>ARN Code mentioned by the investor</th><th>Plan mentioned by the investor</th><th>Default Plan to be captured</th></tr>
<tr><td>1</td><td>Not mentioned</td><td>Not mentioned</td><td>Direct Plan</td></tr>
<tr><td>2</td><td>Not mentioned</td><td>Direct</td><td>Direct Plan</td></tr>
<tr><td>3</td><td>Not mentioned</td><td>Regular</td><td>Direct Plan</td></tr>
<tr><td>4</td><td>Mentioned</td><td>Direct</td><td>Direct Plan</td></tr>
<tr><td>5</td><td>Direct</td><td>Not Mentioned</td><td>Direct Plan</td></tr>
<tr><td>6</td><td>Direct</td><td>Regular</td><td>Direct Plan</td></tr>
<tr><td>7</td><td>Mentioned</td><td>Regular</td><td>Regular Plan</td></tr>
<tr><td>8</td><td>Mentioned</td><td>Not Mentioned</td><td>Regular Plan</td></tr>
</table>
In cases of wrong/ invalid/ incomplete ARN codes are mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.
In case an investor submits an application with ARN number which is valid but the broker/distributor is not empaneled with the AMC, the transaction will be processed under “Direct Plan” or in the manner notified by SEBI / AMFI from time to time.
The financial transactions# of an investor where his distributor’s AMFI Registration Number (ARN) has been suspended temporarily or terminated permanently received during the suspension period shall be processed under “Direct Plan” and continue to be processed under “Direct Plan” perpetually unless after suspension of ARN is revoked, unitholder makes a written request to process the future installments / investments under “Regular Plan”. Any financial transactions requests received through the stock exchange platform, from any distributor whose ARN has been suspended, shall be rejected.
Financial Transactions shall include all Purchase / Switch requests (including under fresh registrations of Systematic Investment Plan (“SIP”) / Systematic Transfer Plan (“STP”) or under SIPs/ STPs registered prior to the suspension period).</td></tr>
</table>

Applicable NAV	The below cut-off timings and applicability of NAV shall be applicable in respect of valid applications received at the Official Point(s) of Acceptance on a Business Day: **A] For Purchase (including switch-in) of any amount:** • In respect of valid applications received upto 3.00 p.m. and where the funds for the entire amount are available for utilization before the cut-off time i.e. credited to the bank account of the Scheme before the cut-off time - the closing NAV of the day shall be applicable. • In respect of valid applications received after 3.00 p.m. and where the funds for the entire amount are credited to the bank account of the Scheme either at any time on the same day or before the cut-off time of the next Business Day i.e. available for utilization before the cut-off time of the next Business Day - the closing NAV of the next Business Day shall be applicable. • Irrespective of the time of receipt of application, where the funds for the entire amount are credited to the bank account of the Scheme before the cut-off time on any subsequent Business Day i.e. available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable. **B] For Switch-ins of any amount:** **For determining the applicable NAV, the following shall be ensured:** • Application for switch-in is received before the applicable cut-off time. • Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the Scheme before the cut-off time. • The funds are available for utilization before the cut-off time. • In case of 'switch' transactions from one scheme to another, the allocation shall be in line with redemption payouts. In case of switches, the request should be received on a day which is a Business Day for the Switch-out scheme. Redemption for switch-out shall be processed at the applicable NAV as per cut-off timing. Switchin will be processed at the Applicable NAV (on a Business Day) based on realization of funds as per the redemption pay-out cycle for the switch-out scheme. For investments through systematic investment routes such as Systematic Investment Plans (SIP), Flex SIP, Systematic Transfer Plans (STP), Flex-STP, Swing STP, Transfer of Income Distribution cum Capital Withdrawal (IDCW) Plan facility (TIP), etc. the units will be allotted as per the closing NAV of the day on which the funds are available for utilization within applicable cut-off time by the Target Scheme irrespective of the installment date of the SIP, STP or record date of IDCW etc. While the AMC will endeavour to deposit the payment instruments accompanying investment application submitted to it with its bank expeditiously, it shall not be liable for delay in realization of funds on account of factors beyond its control such as clearing / settlement cycles of the banks. Since different payment modes have different settlement cycles including electronic transactions (as per arrangements with Payment Aggregators / Banks / Exchanges etc), it may happen that the investor's account is debited, but the money is not credited within cut-off time on the same date to the Scheme's bank account, leading to a gap / delay in Unit allotment. Investors are therefore urged to use the most efficient electronic payment modes to avoid delays in realization of funds and consequently in Unit allotment. **C] For Redemption (including switch-out) applications** • In respect of valid applications received upto 3 p.m. on a Business Day by the Fund, same day's closing NAV shall be applicable. • In respect of valid applications received after 3 p.m. on a Business Day by the Fund, the closing NAV of the next Business Day shall be applicable **Transactions through online facilities / electronic modes:** The time of transaction done through various online facilities / electronic modes offered by the AMC, for the purpose of determining the applicability of NAV, would be the time when the request for purchase / sale / switch of units is received in the servers of AMC/RTA. The AMC has the right to amend cut off timings subject to SEBI (MF) Regulations for the smooth and efficient functioning of the Scheme. **Transaction requests received through mailing services:** Investors are requested to note that in case of application/transaction forms sent through mailing services such as Post, Courier, etc., the time of receipt for determining the applicability of NAV, would be the time when the request for purchase / sale / switch of units is actually time stamped at the Official Point(s) of Acceptance (OPA). Thus, there may be a time lag between the receipt of such application/transaction forms at OPA and the actual time stamping of the same in accordance with the regulatory requirements. This lag may impact the applicability of NAV for such transactions as per the applicable cut-off timing guidelines. Under no circumstances will HDFC AMC/the Fund or its service providers be liable for the same. The AMC has the right to amend cut off timings subject to SEBI (MF) Regulations for the smooth and efficient functioning of the Scheme.
Minimum Application Amount / Number of Units	**Purchase/ Additional Purchase (including switch-in):** Rs. 100 and any amount thereafter. Note: Allotment of units will be done after deduction of applicable stamp duty and transaction charges, if any. **Repurchase (Redemption) (including switch-out):** Rs. 100 and in multiples of Re. 1/- thereafter. Note: There will be no minimum redemption criterion for Unit based redemption.
Despatch of Repurchase (Redemption) Request	Within 3 Working Days of the receipt of valid redemption request at the Official Points of Acceptance of HDFC Mutual Fund.
Benchmark Index	NIFTY Midcap 150 Index (Total Returns Index)
IDCW Policy	It is proposed to declare IDCW subject to availability of distributable surplus, as computed in accordance with SEBI (Mutual Funds) Regulations, 1996. IDCW, if declared, will be paid (subject of deduction of tax at source, if any) to those Unitholders / Beneficial Owners whose names appear in the Register of Unit holders maintained by the Mutual Fund/ statement of beneficial ownership maintained by the Depositories, as applicable, under the IDCW option as on the Record Date. The IDCW payment shall be transferred to the Unitholders within 7 working days of the record date of such declaration of IDCW or such other timeline as may be specified by SEBI from time to time. In the event of failure to transfer IDCW within the stipulated period, the AMC shall be liable to pay interest @ 15% per annum to the Unitholders for the delay in payment as computed from the Record Date or from such other date or for such period as may be advised by SEBI from time to time. The Trustee/ AMC reserves the right to change the record date from time to time. However, it must be distinctly understood that the actual declaration of IDCW and the frequency thereof will inter alia, depend on the availability of distributable surplus as computed in accordance with SEBI (Mutual Funds) Regulations, 1996. The decision of the Trustee in this regard shall be final. There is no assurance or guarantee to unit holders as to the rate of IDCW distribution nor that IDCW will be paid regularly. On payment of IDCW, the NAV will stand reduced by the amount of IDCW and IDCW tax (if applicable) paid.

Name of the Fund Manager and tenure of managing the scheme (As on September 30, 2023)

Mr. Chirag Setalvad (Tenure: 16 years & 3 months)
Mr. Dhruv Muchhal (Dedicated Fund Manager for Overseas Investments) (Tenure: 3 months)

Name of the Trustee Company

HDFC Trustee Company Limited

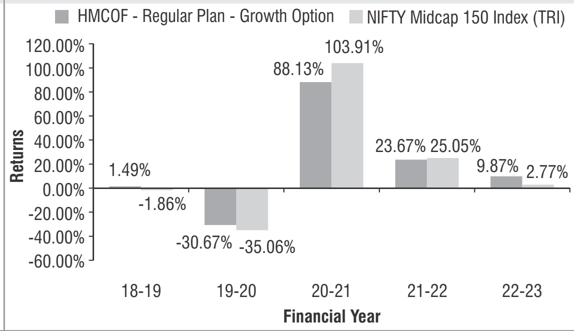
Performance of the Scheme (as at September 30, 2023) (Benchmarked to the Total Returns Index (TRI) Variant of the Index)

HMCOF - Regular Plan - Growth Option

Period	Returns (%) ^	Benchmark Returns (%)#
Last 1 Year	34.83	30.67
Last 3 Years	34.36	33.82
Last 5 Years	20.51	20.88
Since Inception*	17.18	14.75

^ Past performance may or may not be sustained in the future
Returns greater than one year are compounded annualized (CAGR).
*Inception Date: June 25, ‘07
NIFTY Midcap 150 Index (TRI)
Since inception returns are calculated on Rs. 10 (allotment price)

Absolute Returns for each Financial Year for last 5 years ^

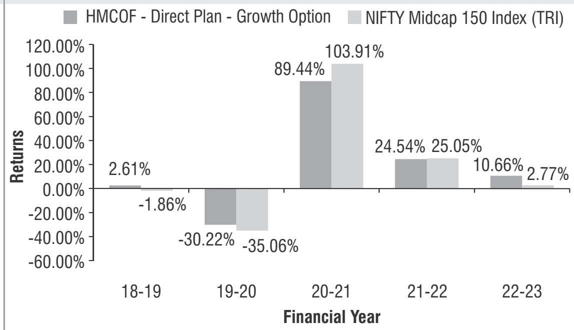


HPMCF - Direct Plan - Growth Option

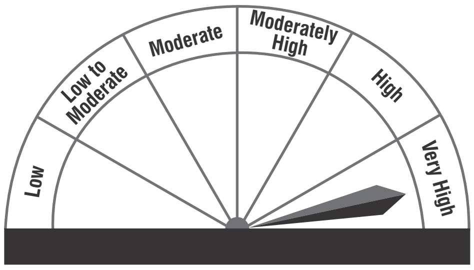
Period	Returns (%) ^	Benchmark Returns (%)#
Last 1 Year	35.76	30.67
Last 3 Years	35.29	33.82
Last 5 Years	21.37	20.88
Since Inception*	20.83	18.66

^ Past performance may or may not be sustained in the future
Returns greater than one year are compounded annualized (CAGR).
*Inception Date: January 01, ’13
NIFTY Midcap 150 Index (TRI)
Since inception returns are calculated on Rs. 18.799 (allotment price)

Absolute Returns for each Financial Year for last 5 years ^

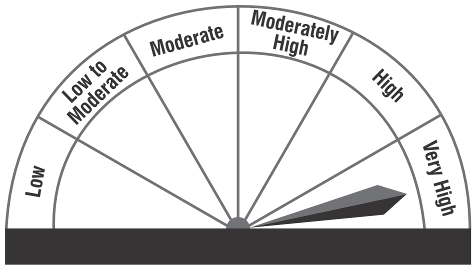


Scheme Riskometer



Investors understand that their principal will be at very high risk

Benchmark Riskometer#



Portfolio Details (as on September 30, 2023)

Portfolio - Top 10 holdings (issuer - wise)

Issuer	% to NAV
The Clearing Corporation of India Ltd.	8.07
Indian Hotels Company Ltd.	3.97
Tata Communications Limited	3.83
Bharat Electronics Ltd.	3.03
Cholamandalam Investment & Finance Co. Ltd.	2.92
Max Healthcare Institute Limited	2.83
Indian Bank	2.82
REC Limited.	2.77
Apollo Tyres Ltd.	2.62
Balkrishna Industries Ltd.	2.57
Grand Total	**35.44**

Sector Allocation (% of Net Assets)

Sector Allocation	% to NAV
Financial Services	25.59
Capital Goods	14.64
Automobile And Auto Components	8.53
Healthcare	8.27
Others	7.84
Information Technology	5.48
Chemicals	5.44
Consumer Durables	5.03
Consumer Services	4.55
Telecommunication	3.83
Metals & Mining	2.16
Construction	1.75
Media, Entertainment & Publication	1.69
Oil, Gas & Consumable Fuels	1.59
Fast Moving Consumer Goods	1.47
Services	1.13
Textiles	1.02
Grand Total	**100.00**

Portfolio Turnover Ratio - Last 1 year: 10.79%

- Aggregate of equity securities and debt instruments held by the Scheme at issuer level/sectors are as of the date indicated.
- Top 10 holdings disclosure do not include cash & cash equivalents (excluding reverse repo), fixed deposits and/or exposure in derivative instruments, if any.
- Others under sector disclosure include cash & cash equivalents.
- For complete details and latest monthly portfolio, investors are requested to https://www.hdfcfund.com/statutory-disclosure/monthly-portfolio

<table>
<tr><td colspan="1">Expenses of the Scheme
(i) Load Structure</td><td colspan="2">Continuous Offer Period
Entry Load: Not Applicable
Exit Load :
• In respect of each purchase / switch-in of units, an Exit Load of 1.00% is payable if Units are redeemed / switched-out within 1 year from the date of allotment.
• No Exit Load is payable if Units are redeemed / switched-out after 1 year from the date of allotment.
No exit load shall be levied for switching between Options under the same Plan within a Scheme.
Switch of investments to Direct Plan within the same Scheme shall be subject to applicable exit load, unless the investment was made directly i.e. without any distributor code. However, any subsequent switch-out or redemption of such investments from the Direct Plan will not be subject to any exit load.
No exit load shall be levied for switch-out from Direct Plan to the Regular Plan within the same Scheme. However, any subsequent switch-out or redemption of such investment from the Regular Plan shall be subject to exit load based on the original date of investment in the Direct Plan.
Switch of investments between Plans under a Scheme having separate portfolios, will be subject to applicable exit load.
No exit load will be levied on Units allotted on Re-investment of IDCW Option.
No exit load will be levied on Units allotted in the Target Scheme under the Transfer of Income Distribution cum Capital Withdrawal (IDCW) Plan Facility (TIP Facility).
In respect of Systematic Transactions such as SIP, STP etc., Exit Load, if any, prevailing on the date of registration / enrolment shall be levied.
The Trustee reserves the right to change / modify the load structure from a prospective date.</td></tr>
<tr><td>(ii) Recurring Expenses
(% p.a. of daily Net Assets)</td><td colspan="2">Actual expenses (inclusive of GST on Management fees and additional TER) for the previous financial year ended March 31, 2023 (Audited) :
• Regular Plan : 1.61% p.a. • Direct Plan : 0.95% p.a.
The TER of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission which is charged in the Regular Plan.</td></tr>
<tr><td>Waiver of Load for Direct Applications</td><td colspan="2">Pursuant to clause 10.4.1.a of Master Circular, no entry load shall be charged for all mutual fund schemes. Therefore, the procedure for waiver of load for direct applications is no longer applicable.</td></tr>
<tr><td>Tax treatment for the Investors (Unit holders)</td><td colspan="2">Investors are advised to refer to the Section on 'Taxation on investing in Mutual Funds' in the 'Statement of Additional Information' and to consult their own tax advisors with respect to the specific amount of tax and other implications arising out of their participation in the Scheme.</td></tr>
<tr><td>Daily Net Asset Value (NAV) Publication</td><td colspan="2">The AMC will calculate and disclose the NAVs of the Schemes at the close of every Business Day. As required by SEBI, the NAVs shall be disclosed in the following manner:
i) Displayed on the website of the Mutual Fund (www.hdfcfund.com)
ii) Displayed on the website of Association of Mutual Funds in India (AMFI) (www.amfiindia.com).
iii) Any other manner as may be specified by SEBI from time to time.
Mutual Fund / AMC will provide facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.
AMC shall update the NAVs on the website of the Fund and AMFI by 11.00 p.m. every Business day. In case of any delay in uploading on AMFI website, the reasons for such delay would be explained to AMFI and SEBI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.</td></tr>
<tr><td>For Investor Grievances, Please contact</td><td>Investors may contact any of the Investor Service Centres (ISCs) of the AMC for any queries / clarifications at telephone number 1800 3010 6767/ 1800 419 7676 (toll free), e-mail: hello@hdfcfund.com. Investors can also post their grievances/feedback/suggestions on our website www.hdfcfund.com under the section 'Feedback or Queries'. The Head Office of the AMC will follow up with the respective ISCs to ensure timely redressal and prompt investor services. Mr. Sameer Seksaria, Head - Client Services can be contacted at Ramon House, 1st Floor, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020 at telephone number (022) 66316333 or e-mail: hello@hdfcfund.com.</td><td>Registrar and Transfer Agent :
Computer Age Management Services Ltd.,
Unit: HDFC Mutual Fund
5th Floor, Rayala Tower, 158, Anna Salai, Chennai - 600 002.
Telephone No: 044-30212816
Email: enq_h@camsonline.com</td></tr>
<tr><td>Unit holder's Information</td><td colspan="2">Email ID for communication
First / Sole Holders should register their own email address and mobile number in their folio for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.
ACCOUNT STATEMENTS
1. The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Working Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).
2. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically.
3. A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or e-mail on or before 15th of the succeeding month.
4. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable.
5. Half yearly CAS will not be sent to those Unit holders who do not have any holdings in the schemes of mutual fund and where no commission against their investment has been paid to distributors, during the concerned half-year period.
6. The periodical CAS will be sent by the Depositories to investors holding demat accounts (whether or not units are held in demat form) referred to as "SCAS" and by Mutual Fund Industry to other investors referred to as "MF-CAS".</td></tr>
</table>

	7. The periodical CAS are issued on the basis of Permanent Account Number (PAN). Thus, CAS shall not be received by the Unit holders for the folios not updated with PAN and / or KYC details. Unit holders are therefore requested to ensure that the folios are updated with their PAN / KYC details. 8. For folios of the Fund not included in the CAS (due to non-availability of PAN), the AMC shall issue the necessary account statements within prescribed timeline by mail or email. 9. In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/ account statement. 10. The Unit holder may request for a physical account statement without any charges by writing to/calling the AMC/ISC/RTA. The Mutual Fund/ AMC shall despatch an account statement within 5 Working Days from the date of the receipt of request from the Unit holder. Pursuant to clauses 14.4.3 and 11.3 of SEBI Master Circular, the following additional disclosures will be provided in the CAS issued to the investors: • Each CAS/SCAS shall also provide the total purchase value / cost of investment in each scheme. Further, whenever distributable surplus is distributed, a clear segregation between income distribution appreciation on NAV) and capital distribution (Equalization Reserve) shall be suitably disclosed. • CAS/SCAS issued for the half-year (ended September / March) shall also provide (i) the amount of actual commission paid by the AMC/ Fund to distributors (in absolute terms) during the half-year period, and (ii) the scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the half-year period for the scheme's applicable Option (regular or direct or both) where the concerned investor has actually invested in. • The term 'commission' refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by the AMC/Fund to distributors. The commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Service Tax (wherever applicable, as per existing rates), operating expenses, etc. Further information pertaining to SCAS sent by Depositories: • In case an investor does not wish to receive SCAS, an option shall be given by the Depository to indicate negative consent. • In case an investor does not wish to receive SCAS through e-mail, an option shall be given by the Depository to receive SCAS in physical. • Investor(s) having multiple demat accounts across the Depositories shall have an option to choose the Depository through which the SCAS will be received. • The half yearly SCAS will be sent by mail/e-mail as per the mode of receipt opted by the investors to receive monthly SCAS. • In case of demat accounts with NIL balance and no transactions in mutual fund folios and in securities, the depository shall send physical statement to investor(s) in terms of regulations applicable to Depositories. **PERIODIC DISCLOSURES** **Daily Performance Disclosure:** The AMC shall upload performance of the Scheme on a daily basis on AMFI website in the prescribed format along with other details such Scheme AUM and previous day NAV, as prescribed by SEBI from time to time. **Portfolio Disclosures:** The Mutual Fund / AMC will disclose portfolio (along with ISIN and other prescribed details) of the Scheme in the prescribed format on its website viz. www.hdfcfund.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as under: For Debt Schemes – on a fortnightly basis (i.e. as on 15th and as on the last day of the month), within 5 days from end of fortnight. For All Schemes – as at the end of the month / half-year i.e. March 31 and September 30, within 10 days from end of Month/Half year. In case of unitholders whose e-mail addresses are registered, the Mutual Fund / AMC will also send the above via email within the timelines mentioned above. The timelines above will be subject to change as specified by SEBI from time to time. Mutual Fund / AMC will publish an advertisement every half-year in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from a unitholder. **Monthly Average Asset under Management (Monthly AAUM) Disclosure:** The Mutual Fund shall disclose the Monthly AAUM under different categories of Schemes as specified by SEBI in the prescribed format on a monthly basis on its website viz. www.hdfcfund.com and forward to AMFI within 7 working days from the end of the month. **Monthly Riskometer Disclosure:** As per SEBI Guidelines, Riskometer of the Scheme shall be reviewed on a monthly basis based on evaluation of risk level of Scheme's month end portfolios. Notice about changes in Scheme's Riskometers, if any, shall be issued. For latest riskometer of the Scheme and Benchmark, investors may refer to the monthly portfolios disclosed on the website of the Fund viz. www.hdfcfund.com as well as AMFI website within 10 days from the close of each month. **Half Yearly Unaudited Financial Results:** The Mutual Fund shall host half yearly disclosures of the Scheme's' unaudited financial results in the prescribed format on its website viz. www.hdfcfund.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com within one month from the close of each half year i.e. on 31st March and on 30th September and shall publish an advertisement in this regard in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated. **Annual Financial Results:** The Scheme Annual Report in the format prescribed by SEBI, will be hosted on the website of the Fund viz. www.hdfcfund.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as soon as may be but not later than four months from the date of closure of the relevant accounts year (i.e. 31st March each year). Mutual Fund / AMC will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the Scheme wise Annual Report on the website of the Fund and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will e-mail the Scheme Annual Report or Abridged Summary thereof to those unitholders, whose email addresses are registered with the Mutual Fund. Investors who have not registered their email id will have an option of receiving a physical copy of the Annual Report or Abridged Summary thereof. Mutual Fund / AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder through any mode. A physical copy of the scheme wise annual report shall be made available for inspection to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary thereof shall be displayed prominently on the website of the Fund and shall also be displayed on the website of Association of Mutual Funds in India (AMFI).

Risk Profile of the Scheme

Scheme Specific Risk Factors

Mutual Fund Units involve investment risks including the possible loss of principal. Please read the Scheme Information Document of the Scheme carefully for details on risk factors before investment. Scheme specific Risk Factors include but are not limited to the following:

While Small & Mid-cap stocks gives one an opportunity to go beyond the usual large blue chip stocks and present possible higher capital appreciation, it is important to note that Small & Mid-cap stocks can be riskier and more volatile on a relative basis. Therefore, the risk levels of investing in Small & Mid-cap stocks are more than investing in stocks of large well-established companies. It should be noted that over a period of time, Small, Mid and Large cap stocks have demonstrated different levels of volatility and investment returns. And it is important to note that generally, no one class consistently outperforms the others.

Risk factors associated with investing in equities and equity related instruments

- Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risks.
- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges. Investment in such securities may lead to increase in the scheme portfolio risk.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Scheme incurring losses till the security is finally sold.
- Scheme's performance may differ from the benchmark index to the extent of the investments held in the debt segment, as per the investment pattern indicated under normal circumstances.

Risk factors associated with investing in Fixed Income Securities

- The Net Asset Value (NAV) of the Scheme, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The NAV of the Scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.
- Money market instruments, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.
- Investments in money market instruments involve credit risk commensurate with short term rating of the issuers.
- Investment in Debt instruments are subject to varying degree of credit risk or default (i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations) or any other issues, which may have their credit ratings downgraded. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on an issuer's credit quality and security values. The Investment Manager will endeavour to manage credit risk through in-house credit analysis. This may increase the risk of the portfolio. The Investment Manager will endeavour to manage credit risk through in-house credit analysis.
- **Prepayment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Scheme to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Scheme.
- **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- **Settlement risk:** Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are uninvested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme's portfolio, due to the absence of a well developed and liquid secondary market for debt securities, may result at times in potential losses to the Scheme in the event of a subsequent decline in the value of securities held in the Scheme's portfolio.
- Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.
- Different types of fixed income securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the Scheme risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, AAA rated bonds are comparatively less risky than AA rated bonds.
- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.
- As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates and are subject to issuer default risk. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio. Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically.
- Scheme's performance may differ from the benchmark index to the extent of the investments held in the debt segment, as per the investment pattern indicated under normal circumstances.
- The Scheme at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.
- **Risks associated with investment in unlisted securities:** Except for any security of an associate or group company, the scheme can invest in securities which are not listed on a stock exchange ("unlisted Securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Scheme will realise their investments in unlisted securities at a fair value.
- Investment in unrated instruments may involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities.

Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities

- The risks factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instruments.
- Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms and could include guarantee, shortfall undertaking, letter of comfort, etc. from another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Credit enhancement could include additional security in form of pledge of shares listed on stock exchanges, etc. SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of car loan receivables, securities backed by trade receivables, credit card receivables etc. Hence, for CE rated instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer.
- **Liquidity Risk:** SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is adversely affected compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the scheme to sell such debt instruments and generate liquidity for the scheme or higher impact cost when such instruments are sold.
- **Credit Risk:** The credit risk of debt instruments which are CE rated is based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, comingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions. Therefore apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

Risk factors associated with investment in Tri-Party Repo

The mutual fund is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL).

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund.

Risk factors associated with Repo in Corporate Debt Securities

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo in corporate debt securities is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. Some of the risks associated with repo in corporate debt are given below:

- **Counterparty Risk:** Counterparty risk refers to the inability of the seller to meet the obligation to buy back securities at the contracted price on the contracted date. In case of over the counter (OTC) repo trades, the investment manager will endeavour to manage counterparty risk by dealing only with counterparties having strong credit profiles. Also, the counter-party risk is to an extent mitigated by taking collateral equivalent in value to the transaction after knocking off a minimum haircut on the intrinsic value of the collateral. In the event of default by the repo counterparty, the scheme shall have recourse to the corporate debt securities. In case the repo transaction is executed on exchange platform approved by RBI/SEBI, the exchange may also provide settlement guarantee.
- **Collateral Risk:** Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk can be partly mitigated by restricting participation in repo transactions only in corporate debt securities which are approved by credit risk team. Additionally, to address the risk related to reduction in market value of corporate debt security held as collateral due to credit rating downgrade, the repo contract can incorporate either an early termination of the repo agreement or call for fresh margin to meet the minimum haircut requirement or call for replacement of security with eligible security. Moreover, the investment manager may apply a higher haircut on the underlying security than required as per RBI/SEBI regulation to adjust for the illiquidity and interest rate risk on the underlying instrument. To mitigate the risk of price reduction due to interest rate changes, the adequacy of the collateral can be monitored on a daily basis by considering the daily market value & applying the prescribed haircut. The investment manager or the exchange can then arrange for additional collateral from the counterparty, within a prespecified period. If the counterparty is not able to top-up either in form of cash / collateral, it would tantamount to early termination of the repo agreement, and the outstanding amount can be recovered by sale of collateral.

Risk factors associated with investing in Non- Convertible Preference Shares

- **Credit Risk -** Credit risk is the risk that an issuer will be unable to meet its obligation of payment of dividend and/ or redemption of principal amount on the due date. Further, for non-cumulative preference shares, issuer also has an option to not pay dividends on preference shares in case of inadequate profits in any year.
- **Liquidity Risk -** The preference shares generally have limited secondary market liquidity and thus we may be forced to hold the instrument till maturity.
- **Unsecured in nature -** Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus there is significant risk of capital erosion in case the company goes into liquidation.

General Risk factors

- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Units of the Scheme can go up or down because of various factors that affect the capital markets in general.
- As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme. In view of the above, the Trustee has the right, in its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described under SID **'Right to Restrict Redemption and / or Suspend Redemption of the units'** mentioned in SID.
- At times, due to the forces and factors affecting the capital market, the Scheme may not be able to invest in securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible securities / investments amounting to substantial reduction in the earning capability of the Scheme. The Scheme may retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.
- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The AMC may choose to invest in permitted unlisted securities that offer attractive returns. This may increase the risk of the portfolio.
- Investment strategy to be adopted by the Scheme may carry the risk of significant variance between the portfolio allocation of the Scheme and the Benchmark particularly over a short to medium term period.
- Performance of the Scheme may be affected by political, social, and economic developments, which may include changes in government policies, diplomatic conditions, and taxation policies.

Risk factors associated with investing in Foreign Securities

- **Currency Risk:**

  Moving from Indian Rupee (INR) to any other currency entails currency risk. To the extent that the assets of the Scheme(s) will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee.
- **Interest Rate Risk:**

  The pace and movement of interest rate cycles of various countries, though loosely co-related, can differ significantly. Hence by investing in securities of countries other than India, the Scheme(s) stand exposed to their interest rate cycles.
- **Credit Risk:**

  Investment in Foreign Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer. This is substantially reduced since the SEBI (MF) Regulations stipulate investments only in debt instruments with rating not below investment grade by accredited/registered credit rating agency.
- **Taxation Risk:**

  In addition to the disclosure related to taxation mentioned under section "**Special Consideration**" in the SID, Investment in Foreign Securities poses additional challenges based on the tax laws of each respective country or jurisdiction. The scheme may be subject to a higher level of taxes than originally anticipated and or dual taxation.

  The Scheme may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Further, such investments are exposed to risks associated with the changing / evolving tax / regulatory regimes of all the countries where the Scheme invests. All these may entail a higher outgo to the Scheme by way of taxes, transaction costs, fees etc. thus adversely impacting its NAV; resulting in lower returns to an Investor.
- **Legal and Regulatory Risk:**

  Legal and regulatory changes could occur during the term of the Scheme which may adversely affect it. If any of the laws and regulations currently in effect should change or any new laws or regulations should be enacted, the legal requirements to which the Scheme and the investors may be subject could differ materially from current requirements and may materially and adversely affect the Scheme and the investors. Legislation/ Regulatory guidelines could also be imposed retrospectively.
- **Country Risk:**

  The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
- To manage risks associated with foreign currency and interest rate exposure, the Mutual Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/ RBI from time to time.
- **Exhaustion of Limit for investments in Overseas Securities:** In case the permissible limits for investments in overseas Securities by the Scheme, provided by regulatory bodies is reached, then the scheme may not be able to make any further investments in permissible Overseas Securities. This could lead to loss of investment opportunity.

Risk factors associated with investing in Derivatives

- The AMC, on behalf of the Scheme may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and enhance Unit holders' interest. 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 of the derivative itself. Other risks include, the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.
- **Credit Risk:**

  The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction.
- **Market Risk:** Market movements may adversely affect the pricing and settlement of derivatives.
- **Illiquidity risk:**

  This is the risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.
- **Additional Risk viz. Basis Risk associated with imperfect hedging using Interest Rate Futures (IRF):** The imperfect correlation between the prices of securities in the portfolio and the IRF contract used to hedge part of the portfolio leads to basis risk. Thus, the loss on the portfolio may not exactly match the gain from the hedge position entered using the IRF.

Risk factors associated with Short Selling

Short-selling is the sale of shares which are not owned by the seller at the time of trade. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock he shorted and returns the stock to close out the loan. If the price of the stock corrects, Short seller can buy the stock back for less than he received for selling it and earn profit (the difference between higher short sale price and the lower purchase price).If the price of stock appreciates, short selling results in loss. Thus, Short positions carry the risk of losing money and these losses may grow theoretically unlimited if the price increases without limit and shall result into major losses in the portfolio.

Risk factors associated with Securities Lending

As with other modes of extensions of credit, there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The scheme may not be able to sell lent out securities, which can lead to temporary illiquidity & loss of opportunity.

Risk factors associated with investing in Securitised Debt

The Risks involved in Securitised Papers described below are the principal ones and does not represent that the statement of risks set out hereunder is exhaustive.

- **Limited Liquidity & Price Risk**

  There is no assurance that a deep secondary market will develop for the Certificates. This could limit the ability of the investor to resell them.

- **Limited Recourse, Delinquency and Credit Risk**

  The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and do not represent an obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts to the Certificate Holders may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realise the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

- **Risks due to possible prepayments and Charge Offs**

  In the event of prepayments, investors may be exposed to changes in tenor and yield. Also, any Charge Offs would result in the reduction in the tenor of the Pass Through Certificates (PTCs).

- **Bankruptcy of Bank with Liquidity facility**

  If the Bank with Liquidity facility, becomes subject to bankruptcy proceedings then an investor could experience losses or delays in the payments.

- **Risk of Co-mingling**

  With respect to the Certificates, the Servicer will deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of originator. If originator in its capacity as Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss.

Risks associated with processing of transactions through Stock Exchange Mechanism

The trading mechanism introduced by the stock exchange(s) is configured to accept and process transactions for mutual fund units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other recognised stock exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing/settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized stock exchange(s).

Risk factors associated with REITs and InvITs:

- **Price Risk:**

  Securities/Instruments of REITs and InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. The extent of fall or rise in the prices is a fluctuation in general market conditions, factors and forces affecting capital market, Real Estate and Infrastructure sectors, level of interest rates, trading volumes, settlement periods and transfer procedures.

- **Interest Rate Risk:**

  Securities/Instruments of REITs and InvITs run interest rate risk. Generally, when interest rates rise, prices of units fall and when interest rates drop, such prices increase.

- **Credit Risk:**

  Credit risk means that the issuer of a REIT/InvIT security/ instrument may default on interest payment or even on paying back the principal amount on maturity. Securities/ Instruments of REITs and InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.

- **Liquidity Risk:**

  This refers to the ease with which securities/instruments of REITs/InvITs can be sold. There is no assurance that an active secondary market will develop or be maintained. Hence there would be time when trading in the units could be infrequent. The subsequent valuation of illiquid units may reflect a discount from the market price of comparable securities/instruments for which a liquid market exists. As these products are new to the market they are likely to be exposed to liquidity risk.

- **Reinvestment Risk:**

  Investments in securities/instruments of REITs and InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.

- **Legal and Regulatory Risk**

  The regulatory framework governing investments in securities/instruments of REITs and InvITs comprises a relatively new set of regulations and is therefore untested, interpretation and enforcement by regulators and courts involves uncertainties. Presently, it is difficult to forecast as to how any new laws, regulations or standards or future amendments will affect the issuers of REITs/InvITs and the sector as a whole. Furthermore, no assurance can be given that the regulatory system will not change in a way that will impair the ability of the Issuers to comply with the regulations, conduct the business, compete effectively or make distributions.

Risks associated with processing of transactions through Stock Exchange Mechanism

The trading mechanism introduced by the stock exchange(s) is configured to accept and process transactions for mutual fund units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other recognised stock exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing/settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized stock exchange(s).

Risk factors associated with investments in Perpetual Debt Instrument (PDI)

Perpetual Debt instruments are issued by Banks, NBFCs and corporates to improve their capital profile. Some of the PDIs issued by Banks which are governed by the RBI guidelines for Basel III Capital Regulations are referred to as Additional Tier I (AT1 bonds). While there are no regulatory guidelines for issuance of PDIs by corporate bodies, NBFCs issue these bonds as per guidelines issued by RBI. The instruments are treated as perpetual in nature as there is no fixed maturity date. The key risks associated with these instruments are highlighted below:

- **Risk on coupon servicing**

  Banks

  As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/ payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons.

  NBFCs

  While NBFCs may have discretion at all times to cancel payment of coupon, coupon can also be deferred (instead of being cancelled), in case paying the coupon leads to breach of capital ratios.

  Corporates

  Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

- **Risk of write-down or conversion into equity**

  Banks

  As per the regulatory requirements, Banks have to maintain a minimum Common Equity Tier-1 (CET-1) ratio of Risk Weighted Assets (RWAs), failing which the AT-1 bonds can get written down. Further, AT-1 Bonds are liable to be written down or converted to common equity, at the discretion of RBI, in the event of Point of Non Viability Trigger (PONV). PONV is a point, determined by RBI, when a bank is deemed to have become non-viable unless there is a write off/ conversion to equity of AT-1 Bonds or a public sector capital injection happens. The write off/conversion has to occur prior to public sector injection of capital. This risk is not applicable in case of NBFCs and Corporates.

- **Risk of instrument not being called by the Issuer**

  Banks

  The issuing banks have an option to call back the instrument after minimum specified period from the date of issuance and thereafter, subject to meeting the RBI guidelines. However, if the bank does not exercise the call on first call date, the Scheme may have to hold the instruments for a period beyond the first call exercise date.

  NBFCs

  The NBFC issuer has an option to call back the instrument after minimum specific period as per the regulatory requirement from date of issuance and thereafter, subject to meeting the RBI guidelines. However, if the NBFC does not exercise the call option the Scheme may have to hold the instruments for a period beyond the first call exercise date.

  Corporates

  There is no minimum period for call date. However, if the corporate does not exercise the call option, the Scheme may have to hold the instruments for a period beyond the call exercise date.

IMPORTANT:

Before investing, investors should also ascertain about any further changes pertaining to scheme such as features, load structure, etc. made to the Scheme Information Document/ Key Information Memorandum by issue of addenda/ notice after the date of this Document from the AMC/ Mutual Fund/ Investor Service Centres (ISCs)/ Website/ Distributors or Brokers or Investment Advisers holding valid registrations.

A. EQUITY SCHEMES

Scheme Name	**HDFC Flexi Cap Fund**	**HDFC Top 100 Fund**
Scheme Category	Flexi Cap Fund	Large Cap Fund
Type of Scheme	An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks.	An open ended equity scheme predominantly investing in large cap stocks
Investment Objective	To generate capital appreciation / income from a portfolio, predominantly invested in equity & equity related instruments. There is no assurance that the investment objective of the Scheme will be realized.	To provide long-term capital appreciation/income by investing predominantly in Large-Cap companies. There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The investment objective of the scheme is to generate capital appreciation / income from a portfolio, predominantly of equity & equity related instruments. The Scheme would predominantly invest in companies spanning entire market capitalization that: a) are likely to achieve above average growth b) enjoy distinct competitive advantages, and c) have superior financial strength. The aim of the equity strategy will be to build a portfolio, representing a cross section of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. A part of the funds may be invested in debt and money market instruments. Investment in Debt securities (including securitised debt) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The investment objective of the Scheme is to provide long-term capital appreciation by investing predominantly in Large-Cap companies. The Scheme will maintain a minimum exposure of 80% to Large-Cap stocks. The Scheme may also invest upto 20% of AUM in debt and money market securities. The Scheme will remain diversified across key sectors and economic variables. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	• The Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. • The Scheme targets to maintain exposure across different market cap segments - i.e. large, mid-cap and small cap. This shall aid in managing volatility and also improve liquidity. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	• The Scheme will maintain a minimum exposure of 80% to Large-Cap stocks. These stocks are characterized by a high level of trading volumes imparting relatively high liquidity to the portfolio. • Within its investment universe, the Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 12,33,135 **AUM:** Rs. 39,801.98 Cr.	**No. of Folios:** 10,77,642 **AUM:** Rs. 26,394.70 Cr.

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	**HDFC Mid-Cap Opportunities Fund**	**HDFC Small Cap Fund**
Scheme Category	Mid Cap Fund	Small Cap Fund
Type of Scheme	An open ended equity scheme predominantly investing in mid cap stocks	An open ended equity scheme predominantly investing in small cap stocks
Investment Objective	To provide long-term capital appreciation/income by investing predominantly in Mid-Cap companies. There is no assurance that the investment objective of the Scheme will be realized.	To provide long-term capital appreciation /income by investing predominantly in Small-Cap companies. There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The investment objective of the Scheme is to provide long-term capital appreciation/income by investing predominantly in Mid-Cap companies. The Scheme shall follow a predominantly Mid cap strategy with a minimum exposure of 65% to Mid-Cap stocks. The Scheme may also seek participation in other equity and equity related securities to achieve optimal portfolio construction. The aim of equity strategy will be to predominantly build a portfolio of mid-cap companies which have: a) reasonable growth prospects b) sound financial strength c) sustainable business models d) acceptable valuation that offers potential for capital appreciation The Scheme aims to maintain a reasonably diversified portfolio at all times. The Scheme may also invest a certain portion of its corpus in debt and money market securities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The investment objective of the Scheme is to provide long-term capital appreciation/income by investing predominantly in Small-Cap companies. The Scheme shall follow a predominantly small cap strategy with a minimum exposure of 65% to Small-Cap stocks. The Scheme may also seek participation in other equity and equity related securities to achieve optimal portfolio construction. The aim of equity strategy will be to predominantly build a portfolio of small-cap companies which have: a) reasonable growth prospects b) sound financial strength c) sustainable business models d) acceptable valuation that offers potential for capital appreciation The Scheme aims to maintain a reasonably diversified portfolio at all times. The Scheme may also invest a certain portion of its corpus in debt and money market securities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	• The Scheme's portfolio comprises equity holdings mainly mid cap stocks (at least 65% of the portfolio). The portfolio can also comprise small-cap and large-cap stocks upto 35% of the portfolio. This flexibility of investing in large-cap stocks shall aid in managing volatility and also aid reasonable liquidity. • Within its investment universe, the Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	• The Scheme's portfolio shall comprise mainly stocks of Small-Cap companies (at least 65% of the portfolio shall be in Small-Cap stocks and balance in Mid-Cap or large cap stocks). This flexibility of investing in large-cap stocks shall aid in managing volatility and also aid reasonable liquidity. • Within its investment universe, the Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 19,46,230 **AUM:** Rs. 48,690.70 Cr.	**No. of Folios:** 13,79,969 **AUM:** Rs. 23,256.17 Cr.

A. **EQUITY SCHEMES** *(Contd.)*

Scheme Name	**HDFC Capital Builder Value Fund**	**HDFC Infrastructure Fund**
Scheme Category	Value Fund	Thematic Fund
Type of Scheme	An open ended equity scheme following a value investment strategy	An open-ended equity scheme following infrastructure theme
Investment Objective	To achieve capital appreciation/income in the long term by primarily investing in undervalued stocks. There is no assurance that the investment objective of the Scheme will be realized.	To seek long-term capital appreciation/income by investing predominantly in equity and equity related securities of companies engaged in or expected to benefit from the growth and development of infrastructure. There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The investment objective of the Scheme is to achieve capital appreciation / income in the long term by primarily investing in undervalued stocks. Undervalued stocks are generally those that are trading at prices below their intrinsic value as measured by potential earnings or asset values, and / or future cash flow growth. It shall also include stocks likely to benefit out of turnaround of business and value unlocking opportunities such as mergers / acquisition, etc. The Scheme will endeavour to maintain a minimum of 60% of the equity portfolio in stocks where the trailing Price / Earnings ratio is lower than the corresponding median of the current stocks in the benchmark index (NSE500 Index) and / or the trailing Price / Book ratio is lower than the corresponding median of the current stocks in the benchmark index (NSE 500 Index) and / or trailing price / Earnings ratio is below their own 5 year historical averages and / or trailing price / book ratio is below their own 5 year historical averages. The portfolio for this purpose shall be reviewed on a monthly frequency. The fund manager shall, keeping in view the market conditions and in the interest of investors, change the above criteria within the mandate of value strategy. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The Scheme shall invest predominantly in equity and equity related securities of companies engaged in or expected to benefit from the growth and development of infrastructure. The following is an indicative list of sectors covered under infrastructure/related areas: • Airports • Banking and Financial Services • Cement and Cement Products • Construction and related industries • Electrical and Electronic Components • Energy • Engineering • Metals/Mining/Minerals • Housing and related industries • Industrial Capital Goods • Industrial Products • Oil & Gas and allied industries • Petroleum and related industries • Ports • Power and Power Equipment • Telecom • Urban Infrastructure including Transportation, Water, etc. The Scheme shall invest across the above mentioned sectors or other sectors related to infrastructure. The Scheme may also invest upto 20% of the total assets of the Scheme in non infrastructure related companies. The Scheme will invest in companies spanning entire market capitalization. The Scheme may also invest upto 20% of AUM in debt or money market Instruments and Fixed Income Derivative, including Securitised debt. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	• The Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. • The Scheme targets to maintain exposure across different market cap segments - i.e. large, mid-cap and small cap. This shall aid in managing volatility and also improve liquidity. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	• The Scheme is mandated to construct a portfolio comprising 80% of stocks of companies engaged in the growth and development of infrastructure or expected to benefit from the same. • However, the Scheme also provides for investment upto 20% in sectors other than Infrastructure. This will help mitigate the risk associated with investments in the Infrastructure sector. • Stocks in the Infrastructure sector and related sectors have a presence across all market cap segments i.e. large, midcap and small cap. The portfolio comprising stocks across market cap segments shall help in managing volatility and ensuring adequate liquidity at all times. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 2,52,501 **AUM:** Rs. 5,778.07 Cr.	**No. of Folios:** 87,617 **AUM:** Rs. 919.60 Cr.

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	HDFC ELSS Tax saver	HDFC Large and Midcap Fund
Scheme Category	Equity Linked Savings Scheme (ELSS)	Large & Mid Cap Fund
Type of Scheme	An Open-ended Equity Linked Savings Scheme with a statutory lock in of 3 years and tax benefit	An open ended equity scheme investing in both large cap and mid cap stocks
Investment Objective	To generate capital appreciation / income from a portfolio, comprising predominantly of equity & equity related instruments. There is no assurance that the investment objective of the Scheme will be realized.	To generate long term capital appreciation/income from a portfolio, predominantly invested in equity and equity related instruments. There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The investment objective of the scheme is to generate capital appreciation / income from a portfolio, predominantly of equity & equity related instruments. The aim of equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. Investment in debt securities and money market instruments will be as per the limits in the asset allocation table of the scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock lending activities. The Scheme may also invest in the schemes of Mutual Funds. The ELSS (Equity Linked Savings Scheme) guidelines, as applicable, would be adhered to in the management of this Scheme. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The investment objective of the Scheme is to generate long term capital appreciation/income from a portfolio of equity and equity related securities of predominantly large cap and mid-cap companies. The Scheme would predominantly invest in companies spanning entire market capitalization which: a) are likely to achieve above average growth b) enjoy distinct competitive advantages c) have superior financial strength. d) are trading at relatively attractive valuations, and/or e) have value unlocking potential The aim of the equity strategy will be to build a portfolio of strong companies in the prevailing market environment. The fund aims to maintain a reasonably diversified portfolio at all times. The Scheme can also invest upto 30% of AUM in debt instruments and money market instruments. Investment in Debt securities and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	• The Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. • The Scheme targets to maintain exposure across different market cap segments - i.e. large, mid-cap and small cap. This shall aid in managing volatility and also improve liquidity. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	• The Fund's portfolio comprises equity holdings of large cap (minimum 35% and maximum 65% of the portfolio) and mid cap stocks (minimum 35% and maximum 65% of the portfolio). This combination of mid-cap and large-cap stocks shall aid in managing volatility and also improve liquidity. • Within its investment universe, the Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 7,39,683 **AUM:** Rs. 11,502.44 Cr.	**No. of Folios:** 8,39,836 **AUM:** Rs. 11,784.69 Cr.

Comparison of Existing Schemes *(Contd.)*

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	**HDFC Dividend Yield Fund**	**HDFC Housing Opportunities Fund**
Scheme Category	Dividend Yield Fund	Thematic Fund
Type of Scheme	An open ended equity scheme predominantly investing in dividend yielding stocks	An open ended equity scheme following housing and allied activities theme
Investment Objective	To provide capital appreciation and/or dividend distribution by predominantly investing in a well-diversified portfolio of equity and equity related instruments of dividend yielding companies. There is no assurance that the investment objective of the Scheme will be realized.	To provide long-term capital appreciation by investing predominantly in equity and equity related instruments of entities engaged in and/or expected to benefit from the growth in housing and its allied business activities. There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The Scheme shall invest primarily in equity and equity related instruments of dividend yielding companies at the time of investment. Companies may also chose to do a buyback in addition to or as an alternative to dividend. This also constitutes a yield to shareholders. The Scheme will consider dividend yielding stocks which have paid dividend (or done a buyback) in atleast one of the three preceding financial years. While trailing dividend yield will be an important factor in selecting a stock, the fund manager will also consider on business fundamentals, industry outlook, absolute as well as relative valuations, growth outlook and corporate governance. Further, to achieve diversification the Scheme may also invest up to 35% of the assets in companies other than Dividend Yielding Companies. The aim will be to build a portfolio, which represents a crosssection of the dividend yielding companies in the prevailing market. In order to reduce the risk of volatility, the Scheme will diversify across major industries and economic sectors to the extent possible. The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds in terms of the prevailing SEBI (MF) Regulations. Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock Lending activities. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The Fund would endeavour to generate capital appreciation by investing in entities belonging to businesses that are engaged in and/or expected to benefit out of the demand for housing in India. The indicative list of business activities considered under the 'Housing Theme" will generally include: • Real Estate developers • Financial Services providing housing finance • Allied business activities such as o Construction o Cement & Cement product such as concrete, aggregates, bricks, etc. o Chemical will include paints, adhesives, water-proofing chemicals, etc o Metals will include iron & steel, aluminium, copper, zinc, etc o Consumer durables will include home appliances, electronic items, furniture & fixtures, etc. o Power and Gas Utilities o Any stocks which are part of the benchmark o Additionally building products will include glass, roofing, siding, lumber, plywood, insulation, wallboard, windows, doors, cabinets, countertops, HVAC, piping, plumbing fixtures/fittings, flooring, electrical products and many other products o Any other business activity which in view of the fund manager is allied to the housing theme. The Fund would take advantage of the availability of a large number of sectors to select stocks from and would diversify its holding across these sectors covered under the housing theme from a risk mitigation perspective. The fund manager would aim to build a portfolio of entities within these sectors that are of superior quality enjoying competitive advantages within their respective industries and likely to achieve above average growth than the industry. **Investment in Debt & Money Market Instruments** The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt) and Money Market Instruments will be as per the limits in the asset allocation table of the Plan(s) under the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. **Investment in REITs and InvITs** The real estate and the infrastructure sectors are deeply linked to the economic performance and hence likely to be major beneficiaries in the expected Indian economic growth. Thus, the Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. **Investment in Foreign Securities** The Scheme may also invest in suitable investment avenues in overseas financial markets for the purpose of diversification, yield enhancement and to benefit from potential foreign currency appreciation,commensurate with the Scheme objectives and subject to necessary stipulations by SEBI / RBI. Towards this end, the Mutual Fund may also appoint overseas investment advisors and other service providers, as and when permissible under the regulations. The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds in terms of the prevailing SEBI (MF) Regulations. Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock Lending activities. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	HDFC Dividend Yield Fund	HDFC Housing Opportunities Fund
Risk Mitigation Strategy	The Scheme is mandated to construct a portfolio predominantly in equity and equity related securities of dividend yielding stocks which have paid dividend (or done a buyback) in atleast one of the three preceding financial years. However, the Scheme may also invest up to 35% of the assets in companies other than Dividend Yielding Companies as defined above. This will help mitigate the risk associated with investments in the dividend yielding stocks. Dividend yielding stocks as defined above are present across all market cap segments i.e. large, midcap and small cap. The portfolio comprising stocks across market cap segments shall help in managing volatility and ensuring adequate liquidity at all times. Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	Investments made from the net assets of the Scheme would be in accordance with the investment objective of the Scheme and the provisions of the SEBI (MF) Regulations. The AMC will strive to achieve the investment objective by way of a portfolio comprising predominantly of equity and equity related instruments across market capitalization of entities belonging to businesses that are engaged in and/or expected to benefit out of the demand for housing in India. Every investment opportunity in Debt and Money Market Instruments would be assessed with regard to credit risk, interest rate risk, liquidity risk, derivatives risk and concentration risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 1,46,993 **AUM:** Rs. 3,763.57 Cr.	**No. of Folios:** 72,171 **AUM:** Rs. 1,163.45 Cr.

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	**HDFC Focused 30 Fund**	**HDFC Banking & Financial Services Fund**
Scheme Category	Focused Fund	Sectoral Fund
Type of Scheme	An open ended equity scheme investing in maximum 30 stocks in large-cap, mid-cap and small-cap category (i.e. Multi-Cap)	An open ended equity scheme investing in Banking and Financial Services Sector.
Investment Objective	To generate long term capital appreciation/income by investing in equity & equity related instruments of up to 30 companies. There is no assurance that the investment objective of the Scheme will be realized.	To provide long-term capital appreciation by investing predominantly in equity and equity related instruments of companies engaged in banking and financial services.
Investment Strategy	The Scheme seeks to generate long term capital appreciation/income by investing in equity & equity related instruments of up to 30 companies. The Scheme would have the flexibility to invest across market capitalization in stocks with high growth potential. Investment in Debt securities and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The Scheme shall invest predominantly in equity and equity related securities of companies engaged in banking and financial services in India and abroad. The classification of "Financial Services Companies" will be guided by AMFI Sector classification or other financial services as identified by the fund manager. The Scheme may invest in IPOs of companies which could be classified under Financial Services Sector. Further, to achieve diversification, the Scheme may also invest up to 20% of the assets in companies other than banking and financial Services companies. The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds in terms of the prevailing SEBI (MF) Regulations. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	• This Scheme has a security concentration risk being a Focused Fund, however the Scheme endeavors to have a diversified equity portfolio comprising stocks across various sectors of the economy to reduce sector specific risks. • The Scheme targets to maintain exposure across different market cap segments - i.e. large, mid-cap and small cap. This shall aid in managing volatility and also improve liquidity. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	**Risk Mitigation for investments in debt securities:** **Risk Mitigation measures for investments in equity / equity related and debt instruments** The Scheme is mandated to construct a portfolio predominantly of equity and equity related instruments of companies engaged in the banking and financial services. However, to achieve diversification the Scheme may also invest up to 20% of the assets in companies engaged in businesses other than Banking & Financial Services. This will help mitigate the risk associated with investments in Banking & Financial Services stocks. • Stocks in the Banking & Financial Services have a presence across all market cap segments i.e. large, midcap and small cap. The portfolio will comprise stocks across market cap segments. This shall help in managing volatility and ensuring adequate liquidity at all times. **Risk Mitigation for investments in Non-Convertible Preference Shares:** **Credit Risk -** To reduce the credit risk, a comprehensive and in-depth credit evaluation of each issuer will be undertaken, using both quantitative (leverage, profitability, solvency ratios etc.) and qualitative factors (parentage, track record etc.). **Liquidity Risk -** The Fund endeavours to invest in preference shares of those companies which have relatively better market acceptability amongst market participants that increases the probability of secondary sale in case an exit from the investment is required.

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	HDFC Focused 30 Fund	HDFC Banking & Financial Services Fund
		Unsecured in nature - The Fund endeavours to mitigate this risk by exercising due diligence while assessing the business, financial and management risks of the company before investing. **Risk Mitigation for investments in debt securities:** Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 2,77,525 **AUM:** Rs. 6,723.38 Cr.	**No. of Folios:** 1,57,354 **AUM:** Rs. 2,878.97 Cr.

Scheme Name	HDFC Technology Fund
Scheme Category	Sectoral Fund
Type of Scheme	An open-ended equity scheme investing in Technology & technology related companies
Investment Objective	To provide long-term capital appreciation by investing predominantly in equity and equity related securities of Technology & technology related companies There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The primary investment objective of the Scheme is to provide long-term capital appreciation by investing predominantly in equity and equity related securities of technology & technology related companies. The fund will follow a bottom-up approach to stock-picking and choose companies which are expected to derive benefit from development, use and advancement of technology. Indicative list of businesses where the scheme would invest in are: • IT services, software, consulting, and outsourcing companies • IT products and hardware including computers, electronic components etc • Internet companies and internet enabled services including Fintech, e-retail/e-commerce, technology platforms, IoT (Internet of Things) and other digital service providers • Infrastructure providers and Telecommunications, including networking, wireless, and wire-line services, equipment, software and support • Media and information services, including the distribution of information and content providers • Data and data solutions providers A portion of scheme will also be invested in IPOs and other primary market offerings that meet the Scheme's investment criteria. Further, to achieve diversification, the Scheme may also invest up to 20% of the assets in companies other than those in Technology & technology related sectors. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	**Risk Mitigation measures for investments in equity / equity related instruments:** The Scheme is mandated to construct a portfolio predominantly of equity and equity related instruments of companies engaged in the Technology & technology related sectors. However, to achieve diversification the Scheme may also invest up to 20% of the assets in companies engaged in businesses other than Technology & technology sectors. This will help mitigate the risk associated with investments in Technology & technology sector stocks. **Risk Mitigation for investments in debt securities:** Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 78,347 **AUM:** Rs. 661.68 Cr.

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	**HDFC Multi Cap Fund**	**HDFC Business Cycle Fund**
Scheme Category	Multi Cap	Thematic Fund
Type of Scheme	An open ended equity scheme investing across large cap, mid cap & small cap stocks	An open ended equity scheme following business cycle based investing theme
Investment Objective	To generate long term capital appreciation by investing in equity and equity related securities of large cap, mid cap and small cap companies. There is no assurance that the investment objective of the Scheme will be realized.	To provide long-term capital appreciation by investing predominantly in equity and equity related securities with a focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles. There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The investment objective of the Scheme is to generate long term capital appreciation by investing in equity and equity related securities of large cap, mid cap and small cap companies. The Scheme will maintain a minimum exposure of 25% of its total assets in each market cap category viz. Large cap, Mid cap & Small cap. The Scheme may also invest upto 25% of its total assets in debt and money market securities. The Scheme will remain diversified across key sectors and economic variables. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The Scheme will aim to provide long-term capital appreciation by investing predominantly in equity and equity related securities with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles. Business cycles are widely understood in economics to cover the journey of periods of expansion and contraction in business and commercial activity. Business cycles vary in terms of reasons and details and timing and extent, but the ups and downs occur regularly. Each business cycle comprising of upcycle and downcycle typically has 4 phases 1) expansion – rising growth 2) peak – growth stabilizes at a high level 3) contraction – declining /slowing growth 4) slump – phase of weak/no growth. While doing portfolio construction, the Scheme would follow a blend of top-down approach to identify stages of business cycles, sector opportunities and bottom-up approach to identify strong companies within those sectors. The assessment of the stage and likely trajectory of business cycles will be done by the top-down macro trends observed in the sector/business/ economy/macro indicators. The fund manager will look at various business specific indicators like the outlook on growth, competition in the market place, pricing power, bargaining power of buyers and suppliers, threat of substitutes in products, consumer sentiment, capacity utilization, capex plans and also macro indicators like domestic economic growth, changes in government regulations, business confidence index, inflation trends, interest rates, geopolitical issues, global growth for exports potential, other external factors. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	**Risk Mitigation measures for investments in equity / equity related and debt Instruments** The Scheme's portfolio shall comprise allocation to large cap stocks between 25% and 50% of total assets. This flexibility of investing in large-cap stocks shall aid in managing volatility and also aid reasonable liquidity. Within its investment universe, the Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks. **Risk Mitigation for investments in debt securities:** Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.	• The Scheme is mandated to construct a portfolio comprising 80% of stocks representing the business cycle theme. • The Scheme would take advantage of the availability of a large number of sectors to select stocks from and would diversify its holding across these sectors covered under the non-cyclical theme from a risk mitigation perspective. • The fund manager would aim to build a portfolio of entities within these sectors that are of superior quality enjoying competitive advantages within their respective industries and likely to achieve above average growth than the industry. • Stocks belonging to companies representing business cycle theme have a presence across all market cap segments i.e. large, midcap and small cap. The portfolio comprising stocks across market cap segments shall help in managing volatility and ensuring adequate liquidity at all times. • Further, the Scheme also provides for investment up to 20% of the assets in companies other than business cycle theme. This will help mitigate the risk associated with investments in the stocks of the companies representing business cycle theme. • Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 5,44,113 **AUM:** Rs. 8,836.86 Cr.	**No. of Folios:** 1,30,858 **AUM:** Rs. 2,739.89 Cr.

Comparison of Existing Schemes *(Contd.)*

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	HDFC Defence Fund	HDFC MNC Fund
Scheme Category	Sectoral Fund	Thematic Fund
Type of Scheme	An open-ended equity scheme investing in Defence & allied sector companies.	An open ended equity scheme following multinational company (MNC) theme.
Investment Objective	To provide long-term capital appreciation by investing predominantly in equity and equity related securities of Defence & allied sector companies. There is no assurance that the investment objective of the Scheme will be realized.	To provide long-term capital appreciation by investing predominantly in equity and equity related instruments of multinational companies (MNCs). There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The Scheme will invest in Indian equity and equity related securities with focus on stocks from Defence and allied sectors which include: (i) Stocks forming part of certain eligible 'basic industries' based on AMFI Industry classification including Aerospace & Defense, Explosives, Ship Building & Allied Services as amended from time to time; or (ii) Stocks from any other defence & allied sectors as per benchmark's criteria; or (iii) Stocks present on SIDM (Society of Indian Defence Manufacturers) list; **and** which obtain at least 10% of revenue from the defence segment as mentioned above. The Scheme can invest in companies across market capitalization and will use bottom up approach to identify strong companies. A portion of scheme will also be invested in IPOs and other primary market offerings that meet the Fund's investment criteria. Further, to achieve diversification, the Scheme may also invest up to 20% of the assets in companies other than Defence and allied sector companies. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The Scheme will follow a bottom-up approach to stock-picking and primarily choose companies across sectors and market capitalization which falls under the criteria of multinational companies (MNCs). MNCs shall mean: 1. Companies having foreign promoter shareholding over 50%, or 2. Companies that form part of Nifty MNC index. The portfolio for identification of MNCs shall be reviewed on a half yearly frequency. The fund manager will also consider business fundamentals, industry outlook, absolute as well as relative valuations, growth outlook and corporate governance of MNC companies. Further, to achieve diversification, the Scheme may also invest up to 20% of the assets in companies other than MNCs. The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds in terms of the prevailing SEBI (MF) Regulations. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	**Risk Mitigation measures for investments in equity / equity related and debt instruments** The Scheme is mandated to construct a portfolio predominantly of equity and equity related instruments of companies engaged in the defence and allied sectors. However, to achieve diversification the Scheme may also invest up to 20% of the assets in companies engaged in businesses other than defence and allied sectors. This will help mitigate the risk associated with investments in defence and allied sector stocks. **Risk Mitigation for investments in debt securities:** Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	**Risk Mitigation measures for investments in equity / equity related and debt instruments** The Scheme is mandated to construct a portfolio comprising predominantly of equity and equity related instruments of companies which can be classified as MNCs. However, to achieve diversification the Scheme may also invest up to 20% of the assets in companies other than MNCs. This will help mitigate the risk associated with investments in the MNCs. MNC stocks as defined above are present in various sectors and across all market cap segments i.e. large, midcap and small cap. The portfolio will comprise stocks across market cap segments and sectors. This shall help in managing volatility & ensuring adequate liquidity at all times and will help achieve diversification. **Risk Mitigation for investments in debt securities:** Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 1,82,163 **AUM:** Rs. 1,346.58 Cr.	**No. of Folios:** 40,625 **AUM:** Rs. 454.86 Cr.

Comparison of Existing Schemes *(Contd.)*

A. EQUITY SCHEMES *(Contd.)*

Scheme Name	**HDFC Non Cyclical Consumer Fund**	**HDFC Transportation and Logistics Fund**
Scheme Category	Thematic Fund	Thematic Fund
Type of Scheme	An open ended equity scheme following non-cyclical consumer theme.	An open-ended equity scheme investing in Transportation and Logistics themed companies
Investment Objective	To generate long-term capital appreciation by investing predominantly in equity and equity related securities of companies with a focus on non-cyclical consumer theme. There is no assurance that the investment objective of the Scheme will be realized.	To provide long-term capital appreciation by investing predominantly in equity and equity related securities under Transportation and Logistics theme There is no assurance that the investment objective of the Scheme will be realized.
Investment Strategy	The Scheme will be actively managed. The investment objective of the Scheme is to generate long term capital appreciation by investing predominantly in equity and equity related securities of companies with a focus on non-cyclical consumer theme. The Scheme will invest in Indian equity and equity related securities with focus on stocks that represent the non-cyclical consumer theme within the basic industries like Consumer Goods, Consumer Services, Telecom, Services, Healthcare, Media, Entertainment, Publication, Textiles sectors and such other industries forming part of the Benchmark Index. A portion of Scheme will also be invested in IPOs and other primary market offerings that meet the Scheme's investment criteria. Further, to achieve diversification, the Scheme may also invest up to 20% of the assets in companies other than non-cyclical consumer theme. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.	The Scheme will invest in Indian equity and equity related securities of companies in Transportation and Logistics theme. This includes following basic industries as per common framework of industry classification of companies notified by stock exchanges (NSE and BSE): 2/3 Wheelers, Abrasives, Airline, Auto Components and Equipments, Batteries-Automobile, Bearings, Castings and Forgings, Commercial Vehicles, Fastener, Logistics Solution Provider, Passenger Cars & Utility Vehicles, Port & Port services, Railway Wagons, Railways, Ship Building & Allied Services, Shipping, Toll bridge operator, Tour, Travel Related Services, Tractors, Trading – Automobiles, Tyres & Rubber Products, E-Commerce companies which are into delivery are eligible to be included. The Scheme can invest in companies across market capitalization and will use bottom up approach to identify strong companies. A portion of scheme will also be invested in IPOs and other primary market offerings that meet the Scheme's investment criteria. Further, to achieve diversification, the Scheme may also invest up to 20% of the assets in companies other than those in Transportation and Logistics theme. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsor/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
Risk Mitigation Strategy	**Risk Mitigation measures for investments in equity / equity related instruments:** The Scheme is mandated to construct a portfolio comprising 80% of stocks representing the non-cyclical consumer theme. The Scheme would take advantage of the availability of a large number of sectors to select stocks from and would diversify its holding across these sectors covered under the non-cyclical theme from a risk mitigation perspective. The fund manager would aim to build a portfolio of entities within these sectors that are of superior quality enjoying competitive advantages within their respective industries and likely to achieve above average growth than the industry. Stocks belonging to companies representing non-cyclical consumer theme have a presence across all market cap segments i.e. large, midcap and small cap. The portfolio comprising stocks across market cap segments shall help in managing volatility and ensuring adequate liquidity at all times. Further, the Scheme also provides for investment up to 20% of the assets in companies other than non-cyclical consumer theme. This will help mitigate the risk associated with investments in the stocks of the companies representing non-cyclical consumer theme. **Risk Mitigation for investments in debt securities:** Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.	**Risk Mitigation measures for investments in equity / equity related instruments:** The Scheme is mandated to construct a portfolio predominantly of equity and equity related instruments of companies engaged in the Transportation and Logistics theme. However, to achieve diversification the Scheme may also invest up to 20% of the assets in companies engaged in businesses other than Transportation and Logistics theme. This will help mitigate the risk associated with investments in Transportation and Logistics theme. **Risk Mitigation for investments in debt securities:** Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
No. of folios and AUM (as on September 30, 2023)	**No. of Folios:** 49,544 **AUM:** Rs. 525.40 Cr.	**No. of Folios:** 62,147 **AUM:** Rs. 542.33 Cr.

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