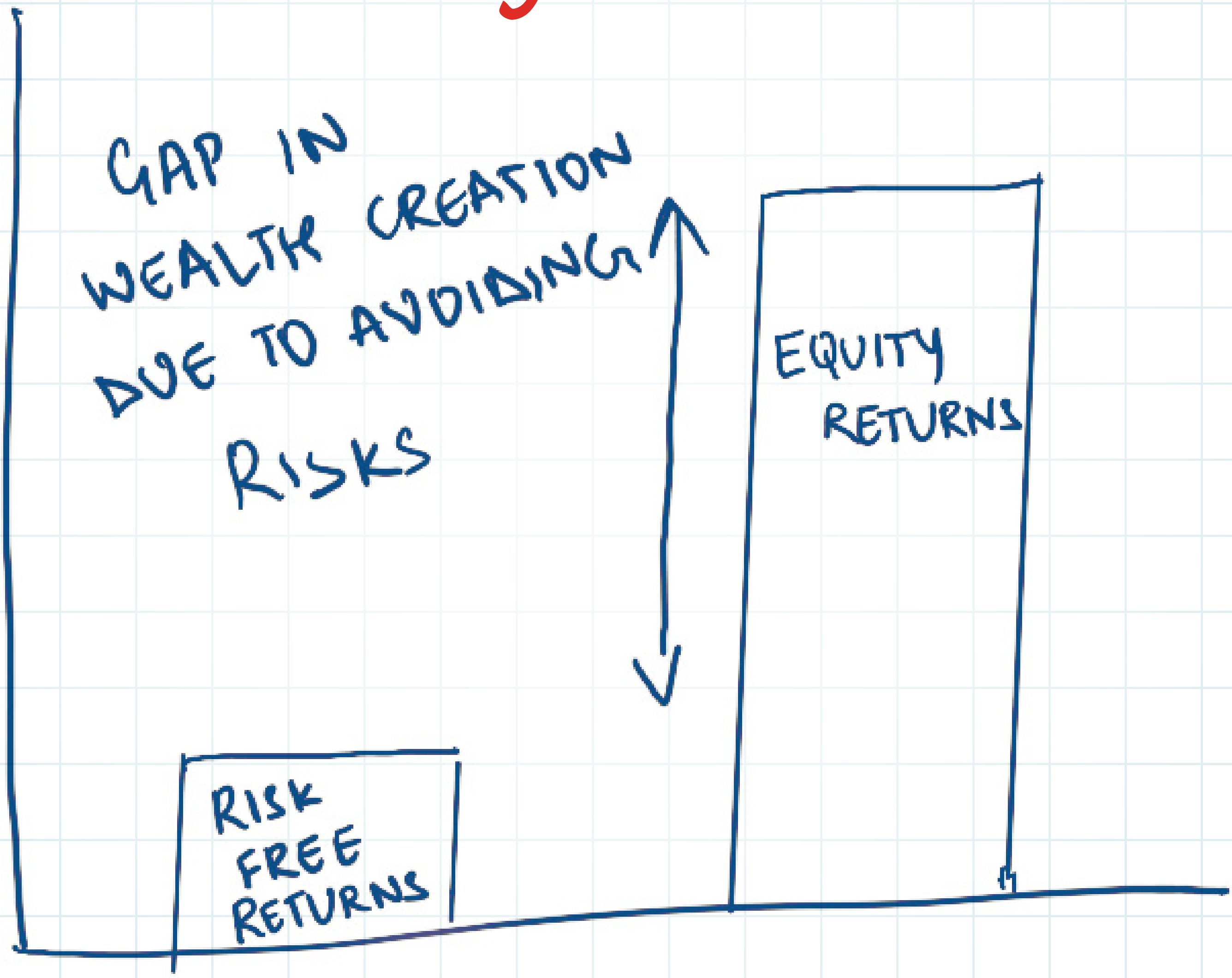
HDFC MUTUAL FUND
BHAROSA APNO KA

Monthly Musings

April 2022

Risk of not taking enough Risks



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Message from Navneet

There are decades where nothing happens, and there are weeks when decades happen.

Some of you may have come across this quote quite a few times over the last couple of years – maybe, in the initial days of the COVID 19 pandemic, when the world had turned upside down in a matter of few weeks; or probably, in the past few weeks too, as the simmering geo-political tensions came to the surface and the ongoing war between Russia and Ukraine potentially changed the course of global politics in the matter of few weeks. Ironically enough, this quote - there are decades where nothing happens, and there are weeks when decades happen - is attributed to the 19th century Russian politician Vladmir Lenin and in all likelihood, even Lenin would have been taken aback by the recent turn of events.

Indeed, what we have witnessed since the beginning of 2020 seems like a plot of a dystopian novel. After all, the odds of facing a global pandemic and a major geo-political crisis, within a span of 2 years, are quite low. However, such events do have a telling impact on us and our behaviour – even as investors. From the standpoint of investing, should this volatility in the financial markets scare us off? Absolutely not. Should we try to anticipate such events? Well, no crystal ball can help to predict such events, even though such events may seem obvious in hindsight.

So what exactly should one do? Take adequate safeguards. Does that mean one should be risk averse? Certainly not! What it does mean though is that as an investor, one should have a sound financial plan in place. It is well known that the human mind oscillates between extremes and having a financial plan, and more importantly, acting on that plan, helps to curb such fallacies of human behaviour during periods of upheaval in financial markets. Further, choosing appropriate investments, in line with one's risk appetite and investment horizon, could help one avoid unpleasant outcomes during such events too. Seeking the advice of a professional financial advisor may be in order.

Setting the right expectation from different asset classes is equally important. If one expects debt investments to yield significant capital appreciation or expects equities to lend stability to the portfolio, then it is more or less certain, that the investor would end up being disillusioned. This is where asset allocation comes into the picture. Having a prudent asset allocation mix, in line with one's investment horizon and risk appetite can help to cushion the portfolio from intermittent volatility. Within equities, diversification of portfolio across sectors, market cap segments and geographies could help too. Investing in equity mutual funds through SIPs is advisable to avoid getting carried away by emotions in investing.

While it is often said that one needs to maintain an emergency corpus equal to at least six months of monthly expenses, most investors do not think about doing it till they actually face an unexpected scenario. While unforeseen circumstances, like job losses during the recent pandemic for instance, could strike overnight; such emergency corpus cannot be built immediately and has to be planned for and created over a period of time by setting aside a sum, possibly, in liquid or ultra-short term debt funds. Having adequate health and life insurance cover is also important in the increasingly uncertain world that we live in today.

Given a choice, everyone would want to peek into the future and anticipate major future events. However, as history has often shown us, what we expect rarely happens and what we don't expect does happen from time to time. Consequently, instead of trying to predict the future, as an investor, one is better off sticking to sound financial planning to tide over such rough times. This edition of Monthly Musings focuses on this very aspect to calm your investing emotions during these testing times.

Speaking of testing times, generally, it has been observed, that women are better than men when it comes to keeping their cool and making balanced decisions during an hour of crisis. Unfortunately though, women have generally taken a backseat in matters of financial planning due to certain patriarchal stereotypes. Considering this need for financial empowerment of women, HDFC Mutual Fund announced an exclusive end-to-end women-led financial empowerment initiative – #LakshmiForLakshmi on International Women's Day (8th March 2022). As part of this initiative, HDFC Mutual Fund will connect women investors to woman financial expert near them through unique missed call service for women. The woman financial expert will guide and address queries of such investors, thereby aiding women in their pursuit of financial freedom.

Lastly, in a world full of uncertainties, there is one thing that you can be certain of and that is taxes. Luckily, with appropriate planning, one can save taxes by making investments eligible for deduction u/s 80C like Equity Linked Savings Scheme (ELSS). As we have just kicked off a new financial year (FY23), one would do well to stagger such investments in ELSS over the course of the financial year, instead of running from pillar to post at the eleventh hour towards the end of the financial year.

Happy Reading!!!

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

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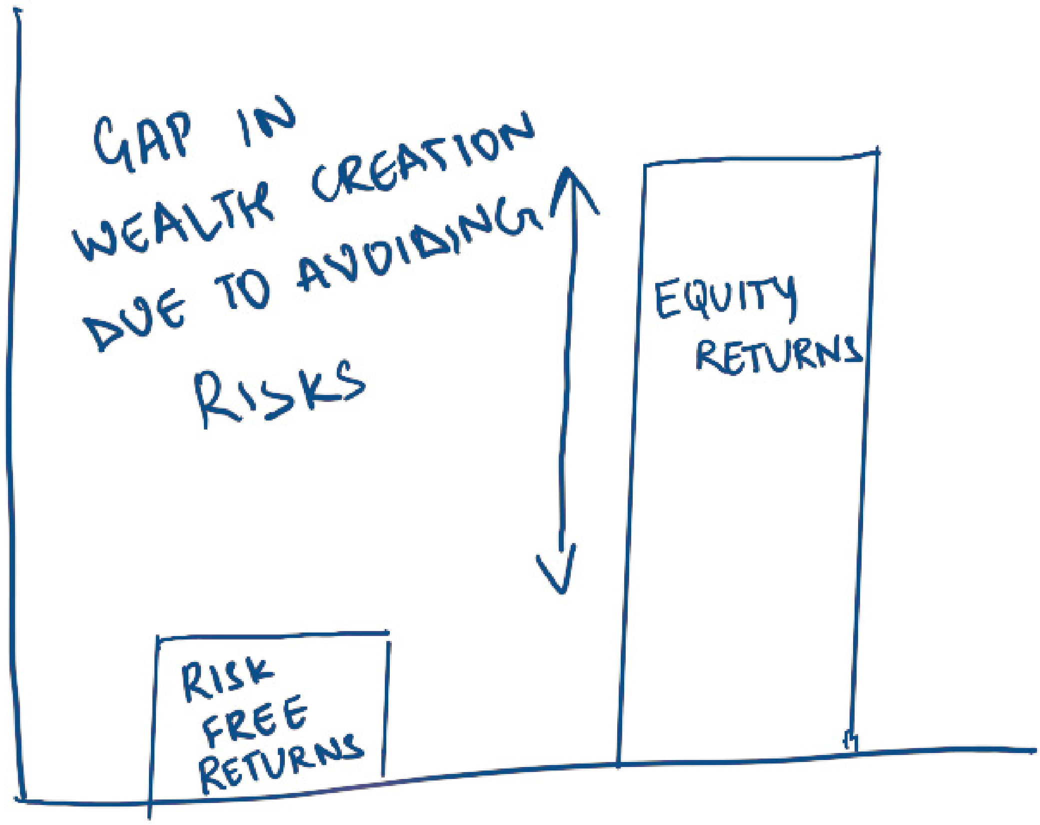
The Risk of Not Taking Enough Risks



As humans, avoiding uncertainties comes naturally to us. If there is a choice, we tend to cling on to certainties. Be it watching a cricket match heading for a close finish, or a thriller movie in which anything can happen in the end, we start sweating or biting our nails in such situations. While it is intuitive that uncertain situations puts us into discomfort, they sometimes can be worse than even 'certain' unfavorable situations. Imagine you are traveling on road for a meeting and find that there is less than usual traffic and are likely to reach your destination ahead of time, you then tend to relax. On the other hand, if you get stuck in traffic, and are sure to be late for your meeting, still you relax (though feeling bad about it) and may be think of excuses for being late. However, if there is moderate traffic and there is a 50 – 50 chance of being late, you are uncertain whether you will be late and the situation puts you in distress.

We are governed by this need for certainty in almost all aspects of our life and investing is no different. As far as possible, we try and avoid taking risks while choosing our asset classes. After all, it's the hard earned money that we are parting with. For this reason many investors completely avoid equities!

Does the Mere Mentioning of the Word "Risk" Unsettle You?

There is a saying that goes - A ship in the harbor is safe, but that is not what ships are built for. Of course, the quote argues the importance of taking risks in life. However, when we imagine a ship, it is likely that we are reminded of the Titanic and its sinking. As we all know, the Titanic, despite its reputation as an unsinkable ship, the largest ever to have sailed the oceans at that time, built using the most advanced technologies of the period, did sink on its maiden voyage. Like in this example, our mind, often starts picturing the worst-case scenario when the word 'risk' is mentioned (more on this later).

The same extends to investments. The moment equities are mentioned, some investors picture the worst case scenario. Negative events that impacted markets like 'Black Mondays' and 'Tragic Tuesdays' are immediately remembered. Investors still remember the dot.com and subprime meltdown. For a long time, Indian investors have been predominantly choosing fixed income instruments. We invariably ask 'Kitna Milega'. So often we have heard, 'I am ok to get less as long it is certain.' Risk avoidance while investing is very much prevalent in India and is evident with the amount of money invested in fixed deposits being 10 times as much as the assets under management of equity-oriented mutual funds.

The Risk of Not Taking Enough Risks

Over-allocation to 'safer' investment avenues or completely avoiding equities has its own downside. In other words, there is heavy price to be paid for clinging on to certainty. To understand the power of equities, we need to understand the power of compounding, which is purely mathematical. Let us observe the below table:

Initial Investment	1,00,000	1,00,000
No. of Years	25	25
Returns per annum	12%	7%
End Value	17,00,006	5,42,743

Let us assume that the 12% scenario in the above table is a proxy for equities and 7% for debt and the difference in end value is a stark 3x. The key takeaways from this example are:

1. **Equities are key ingredients of wealth creation in the long term.**
2. **Whether we retire with a sufficient enough corpus depends not just on how much we earn during our working life, but also (probably more) how do we allocate among various asset classes.**
3. **Most importantly, there is risk in completely avoiding risks, i.e., the eventuality that we do not have enough corpus at retirement.**

Yes, fixed income instruments provide the comfort of knowing the end value of your investment after a period of 3 or 5 years, but this comfort comes along with a heavy invisible price tag.

When Someone Mentions Ship, You are Probably Thinking of Titanic

In real life, whenever we are faced with uncertainty, we imagine the worst to happen. It is natural for first timers (including when it comes to investing) to overthink about things going wrong.

Not every ship's journey ends up like that of the Titanic. For any ship during its journey, it is sure to come across rough seas and ice bergs from time to time, and the occasional tsunamis too. For the captain of the ship, the crew and even regular sailors, these are part and parcel of the whole experience. For first time travelers though, the ups and downs of even mild waves can cause sea sickness. A moving boat or a ship competes against the human body's natural requirement for 'balance', resulting in dizziness, nausea, etc.

Similarly, people who have never been equity investors, the whole experience of watching their valued investments going down is unlikely to be a pleasant one. Not that it's pleasant for experienced investors, but their minds get trained to remain patient over time. However, the first time investors are more likely to panic and commit an emotional mistake of exiting the investment (only to watch stock prices go up at a later date).

Sailing experts say that first timers usually experience discomfort only during the first few days at sea and slowly they get used to it. Same is true for equity investing as over the years you become used the movements in stock prices and stop reacting to them. Sea travelers who are sensitive to motion are also recommended to take enough breaks in between. This is akin to controlling your exposure to equities and investing in a staggered manner through SIPs.

What about Tsunamis

When a tsunami or a rogue wave strikes, a ship in middle of an ocean on course of a long journey is much safer than one which is does short trips in and around the coast. When the situation gets back to normal, the vessel that is in for the long haul is more likely to be still floating. For metaphorical simplicity, we equate Tsunamis to the unpredictable events with potentially severe consequences that impact markets and the ships with longer routes to the investors who stay invested for a longer time. Over past little over two years, we have seen two such black swan events – the Covid-19 pandemic and the Russia-Ukraine crisis, which are fresh in our memory. If we take a closer look into history, we have many such instances.

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Some of the events that impacted the markets over the last 25 years are listed below:

1997
Asian Currency Crisis

1998
Pokhran Nuclear Test, US Sanctions

1999
Kargil War, NDA forms Central Government

2000
Dot Com Bubble

2001
9/11 Terror Attacks in US

2004
Lok Sabha election outcome

2008
Collapse of Lehman Brothers, Global Financial Crisis

2009
Rulling UPA re-elected in India, Satyam Scam

2010
European Sovereign Debt Crisis

2011
USA's Credit Rating downgraded

2013
Taper Tantrum (Surge in US Yields),
High Twindelicit in India (CAD and Fiscal Deficit)

2014
NDA forms Central Government

2016
Demonetisation, Brexit

2017
GST Rollout

2018
Trade War, Surge in Crude Oil Price

2019
NDA forms Central Government

2020
COVID-19

2022
Russia – Ukraine crisis

If history is any indication, there will be more of such events to come in future too. Fortunately for us, there are ways to shield yourself from the impact of these uncertain events. For a long term mutual fund investor who chooses to invest systematically in the equity markets over a period, these events have proven to be irrelevant. So, the steps for tiding over stock market volatility could be:

D iversify your portfolio with mutual funds

T hink long term

S tart your SIPs and stick with them

Tsunamis come and go, the long haul ships remain!

How much equity is good enough?

While there are no scientific answers to the question as how much would be the optimal allocation to equities in an investor's portfolio, it mainly depends on the below factors:

- **Age** (Younger investors can have marginally higher exposure to volatile assets like equity)
- **Income profile** (Salary receiving investors have more predictable incomes, hence relatively higher exposure to equity)
- **Capital base** (Higher the capital base, higher the risk-taking ability)
- **Investor psyche** (This is more individual specific. Some investors naturally have higher tendency to take risks).

The last one out of these is the most interesting one. While it is a basic human tendency to avoid uncertainty, each one of us can have varying appetite of risk. Here the question if front of us is that, how much of our wealth can we see erode in a short period of time (say, a week, a month or 6 months), and yet can enjoy a peaceful night of sleep? The good part about stock prices is that, they are relatively more stable from a long-term perspective. In other words, the chances of losing money from stocks decreases with diversification and a long-term approach.

But one has to remember that avoiding risks completely can be very risky towards achieving the ultimate objective of wealth creation.

Black Swan Event

Stock markets are influenced by various factors. In the long run, they are slaves of earnings and generally move in line with the earnings growth. However, in the short run, they are influenced by various events, both positive and negative. The more extreme the event, higher is the impact on markets. Extremely negative events or events that are impossible to predict have the highest impact on markets and these are known as 'black swan events'. The term "Black Swan" was popularized by Nassim Nicholas Taleb, who wrote about the concept in his 2001 book 'Fooled by Randomness'. Black Swan events are extremely rare events and often have large negative consequences. Such events cannot be predicted beforehand, however some may seem obvious in hindsight.

Impact of Black Swan events

As these events are unknown and unpredictable, they result in severe and widespread consequences. They create heightened volatility in the markets and often affect investor sentiment negatively. Emotions are at a greater play during such events and investors often tend to stay away from markets or redeem their existing investments during such times.

In the past, there have been several notable black swan events like World Trade Centre attack in 2001, Global Financial crisis in 2008, etc. which impacted the markets negatively over the short term. Currently, we are witnessing a Black swan event in the form of Russia Ukraine war. History tells us that such events are temporary and have been great buying opportunities for long term investors. Below table shows few black swan events that have occurred in the past and the 3-month, 6-month, 1-year and 3-year performance of S&P BSE SENSEX from the end date of the respective event:

Events	Start Date of the Event	End Date of the Event	% Change during the Reaction Period	3 month	6 month	1 year	3 year
dot com Bubble	13-Apr-00	09-Oct-02	-43%	14%	26%	-9%	42%
September 11 Attacks	11-Sep-01	25-Sep-01	-17%	24%	38%	-4%	28%
Lehman Brothers Collapse	15-Sep-08	21-Nov-08	-34%	-1%	56%	26%	21%
COVID-19	14-Jan-20	23-Mar-20	-38%	34%	45%	19%	?
Russia Ukraine War	23-Feb-22	07-Mar-22^	-8%	?	?	?	?

Source: Internal Analysis and MFI
Returns greater than 1 year are CAGR
^the event has not ended; market saw significant correction during the initial days of the war.

To conclude, it may be difficult to predict such events and investing during such market falls may not be emotionally easy from an investor's point of view. Thus investors can consider investing via the SIP (Systematic Investment Plan) route to take advantage of these events. SIP inculcates the habit of disciplined investing and also helps to navigate market volatility by investing regularly.

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Equity mutual funds vs direct equity investing?

Sharp appreciation in stock prices, post the market bottom of March 2020, has given rise to a trend of investors chasing significantly high returns in a short span of time. Consequently, we are once again witnessing a surge in entry of retail investors in stock markets. Just to put things in perspective, over the last 2 years, there has been a huge surge in number of new demat accounts; wherein the number of demat accounts have more than doubled since March 2020 (4.09 cr in March 2020 to 8.68 cr in February 2022*). This phenomenon usually occurs when there is a perception that stock market is a machine for getting a quick bang for the buck. This trend has been further accentuated by the availability of cost-effective trading apps, simple KYC process, social media influencers, and chat groups for stock tips in direct trading. We have seen similar occurrence in the past too, during the bull run of 2003-2008, for instance. However, what experience tells us is that once the bull run is over, such investors could end up having a sub-optimal investment experience and may find it difficult to make a re-entry in equity markets driven by fear of loss.

Equities have the potential for long-term wealth creation. It is a simple asset class – however, not as easy for all to create wealth from it. Participation by retail investors certainly provides cushion to the markets when Foreign institutional Investors are selling. But a key question arises - should individuals invest directly without adequate expertise? It has been proven in the past that many retail investors have burnt their fingers in direct equity investing since they tend to invest more when the stock market is expensive and they exit the market vowing never to return. Mutual funds present a more prudent alternative to invest in equities. Of course, every investment has some risks, but here are some factors that make investing in equity via mutual funds better than direct investing:

*Data Source: NSDL and CDSL

Access to Professionals

Investing directly requires deep knowledge and understanding of the markets. Thorough research and analysis of the companies require time and effort. In addition, you need to stay updated on microeconomic and macroeconomic factors worldwide. It takes years to develop the foresight on how such factors influence the market. Mutual funds are relatively straightforward. An investor only has to spend time and effort in selecting suitable mutual fund schemes. After that, a professional team takes over. They are skilled and experienced to understand, analyse and invest in appropriate instruments on an ongoing basis.

Less emotional and stressful

Equity markets have beaten inflation and outperformed most of the asset classes over the long term; however, the journey has not been linear. There were many ups and downs. This makes it difficult and stressful for a retail investor to calculate the best time to buy and sell. Many investors often make emotion-based decisions that may not be rational. Some are unable to handle market volatility and end up making wrong investment decisions. Investing in equity through mutual funds reduces emotional bias, especially, when done through SIPs (Systematic Investment Plans).

Diversified Portfolio

We all have heard of the saying “do not put all your eggs in one basket”. Individual investors due to their corpus constraints and inability to have a hang on all sectors may not be able to create a diversified portfolio. This can lead to concentration risk. On the other hand, Mutual Funds diversify their investments across stocks and sectors and are also suitable even for investors who do not have a sizeable corpus.

Discipline

The best way to grow your wealth is to stay invested for the long term. Equity mutual funds have the potential to beat inflation over time and could also help you to meet your long-term financial goals. Mutual fund schemes have facilities such as SIP, which allow regular investments, thereby building financial discipline. A few category of schemes have conditions on withdrawal to deter impulsive actions that may derail the investment strategy. For instance, Retirement Funds, that help an individual build corpus for the sunset years come with a lock-in of 5 years in order to instill discipline to stay invested.

Tax Efficiency

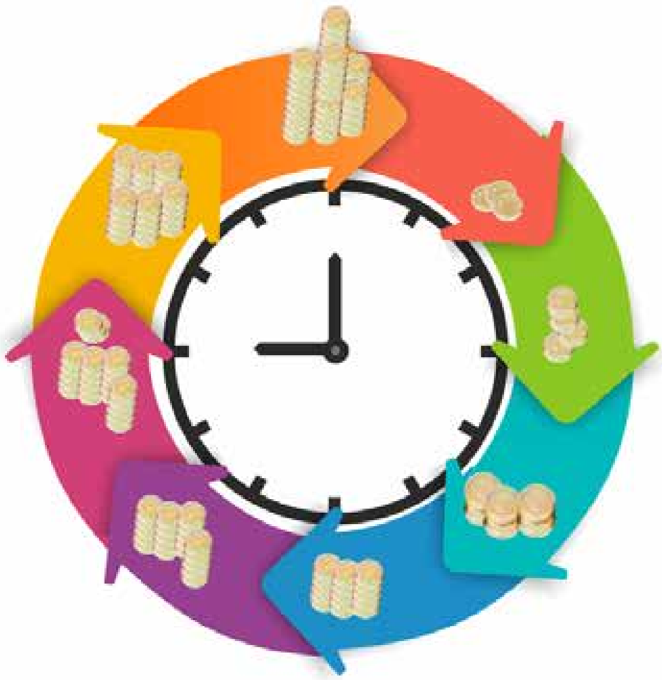
Investors often churn their portfolios to align it with changing market dynamics. When a mutual fund churns its portfolio, an investor need not pay any tax for it. Investors pay capital gains tax only when they sell their mutual fund units. On the other hand, direct stock investors have to pay capital gains tax on every sale transaction. Currently, even dividends are taxable in the hands of investors, whereas in a mutual fund, investors can opt for the 'growth option' and pay tax only on redemption at a lower rate.

If you are experienced, have the emotional maturity and can dedicate time and effort, you could consider direct equity to some extent. However, it could be risky to stake a substantial chunk of your total assets as tracking hundreds of companies and their financials is not a job of single person. An asset management company employs team of sectoral analysts and fund managers, who follow a predefined investment process. For most individuals, mutual funds are a better way to invest in equity. All you need to do is monitor your portfolio and stick to your asset allocation in the investment plan. A better option is to consult an investment advisor who will not only help to select mutual funds that suit your needs, but also handhold you through market fluctuations.

Fund Focus

HDFC BALANCED ADVANTAGE FUND - Dynamic Allocation to Equity and Debt

About HDFC Balanced Advantage Fund



As they say, the journey of a thousand miles begins with step one. Centurion Prudence Fund was launched in January 1994, it was renamed to Zurich India Prudence Fund, then to HDFC Prudence Fund and finally to its present avatar of HDFC Balanced Advantage Fund ("the Scheme") in June 2018.

HDFC Balanced Advantage Fund aims to achieve dual objective of growth of capital through equities and stability of capital through debt. The scheme dynamically manages equity and debt allocation with a flexibility to invest in companies across market capitalization. The Scheme focuses on good quality companies while maintaining effective diversification of portfolio. The Scheme's portfolio duration is actively managed based on outlook for interest rates with a 2-3 year view with a preference for good credit quality.

The Scheme has been managed by Mr. Prashant Jain, the fund manager since its inception in February 1994. He has been managing the Scheme for more than 28 years. The Scheme has navigated through market cycles, crises, market excesses etc. with its disciplined approach to investing, focus on long term & effective diversification.

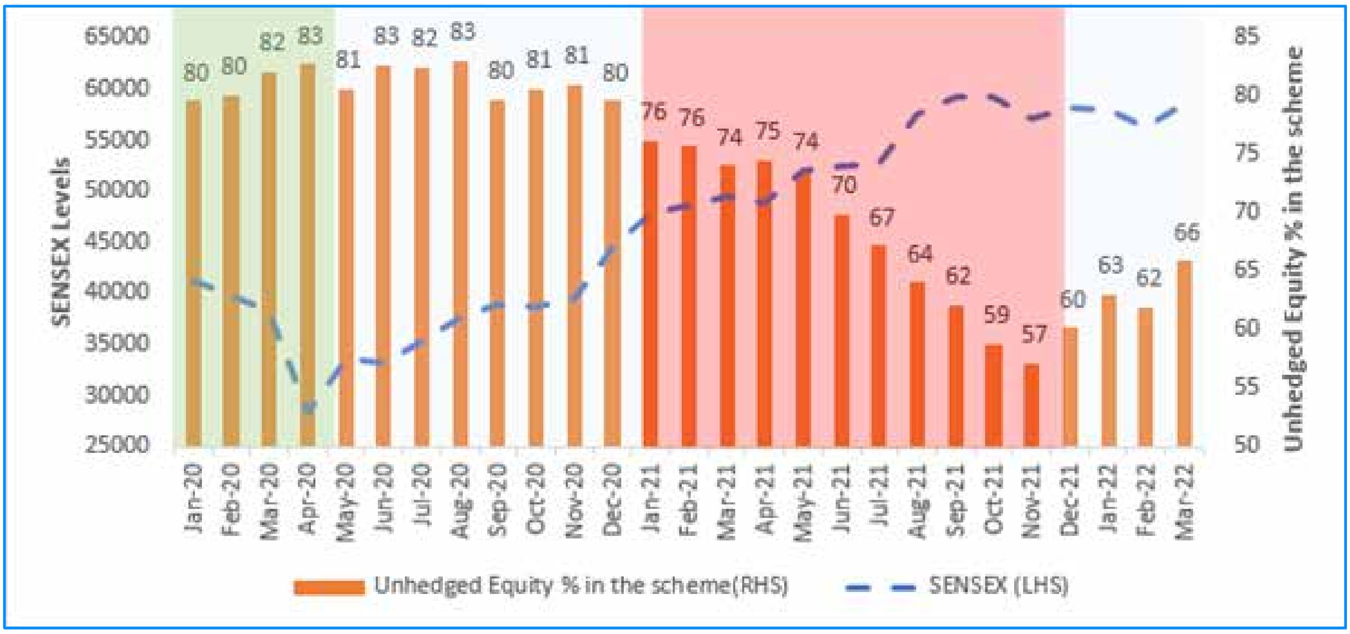
Why HDFC Balanced Advantage Fund?

Financial Markets are full of uncertainties and for an investor, managing one's asset allocation mix dynamically is a challenging task, which may not be tax efficient.

The Scheme invests dynamically in a combination of Equity and Debt instruments wherein the allocation between equity and debt is a function of

- Valuations
- Growth outlook
- Interest rates, etc.

The Scheme asset allocation is done with a medium to long term view and is a function of absolute and relative outlook of the asset classes. As of 31st March, 2022, unhedged equity exposure of the Scheme was ~66% of Total assets vs ~83% in April 2020.



As of 31st March, 2022, the Scheme's NAV is up ~ 106 times since its inception in February 1994 vs NIFTY 50 TRI, which is up ~ 19 times in the same period*. This amounts to returns of ~18% CAGR for the Scheme vs ~11% CAGR for NIFTY 50 TRI during the same period^ (For complete performance details, please refer page 17 of this document).

Performance Snapshot			
	1 Year % (Absolute)	3 Years % CAGR	5 Years % CAGR
Scheme	21.0	12.4	10.9
Benchmark @	12.7	13.0	11.8
Category Average $$	10.6	10.3	8.5

@As of March 31, 2022, Benchmark - NIFTY 50 Hybrid Composite Debt 50:50 Index. W.e.f. 01-December-2021, Benchmark of the Scheme has been revised to NIFTY 50 Hybrid Composite debt 50:50 Index. $$ Number of schemes considered for category average: 1 year - 22, 3 years - 18, 5 years – 13.

Considering the performance of the Scheme, its dynamic equity allocation and portfolio positioning, the Scheme is suited for investors looking for growth of equity and stability of debt, with a medium to long term view. For scheme and benchmark riskometer, please refer page 17. The Scheme is suitable for investors who are looking:

- **to maintain their asset allocation in a convenient and tax efficient** manner**
- **for a well-diversified portfolio between equity and debt**
- **for an investment horizon of over 3 years.**

*Since September 2001 i.e. inception date of NIFTY 50 Hybrid Composite Debt 50:50 Index, NAV of HDFC Balanced Advantage Fund is up ~ 44 times vs ~ 12 times for benchmark - NIFTY 50 Hybrid Composite Debt 50:50 Index. Inception date of Scheme: 1st February, 1994. W.e.f. December 1, 2021, Benchmark of the Scheme has been revised to NIFTY 50 Hybrid Composite Debt 50:50 Index.

^Past performance may or may not be sustained in the future. HDFC AMC/ HDFC MF is not guaranteeing or assuring any returns on investments in the Scheme.

**Income earned by mutual fund is exempt from tax u/s 10 (23D) of the Income Tax Act, 1961

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HDFC Balanced Advantage Fund - SIP Performance - Regular Plan - Growth Option

SIP since inception* of ₹ 10,000 invested systematically on the first business day of every month (total investment ₹ 33.80 lakh) in HDFC Balanced Advantage Fund would have grown to ~ ₹ 8.59 crore by March 31, 2022 (refer below table).

	Since Inception*	15 years SIP	10 years SIP	5 years SIP	3 years SIP	1 year SIP
Total Amount Invested (₹ in 000)	3,380.00	1,800.00	1,200.00	600.00	360.00	120.00
Market Value as on March 31, 2022 (₹ in 000)	85,908.43 $$	5,548.43	2,436.12	862.24	490.39	129.24
Returns (%)	18.6% $$	13.78	13.57	14.50	21.18	14.67
Benchmark Returns (%)#	N.A.	11.12	11.87	13.09	15.11	8.60
Additional Benchmark Returns(%) ##	13.73	13.10	14.70	17.41	23.02	12.95

CAGR returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return). The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. SIP - Systematic Investment Plan. Since Inception Date = Date of First allotment in the Scheme / Plan.

HDFC Balanced Advantage Fund - Performance-Regular plan-Growth Option

NAV as at March 31, 2022 ₹ 285.427 (per unit)

Period	Scheme Returns (%)	Scheme Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of ₹ 10,000 invested: Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	21.04	12.66	20.26	12,104	11,266	12,026
Last 3 Years	12.35	12.97	15.82	14,196	14,431	15,557
Last 5 Years	10.91	11.84	15.14	16,787	17,502	20,246
Since Inception*	17.98 $$	N.A.	11.08	10,56,355 $$	N.A.	1,93,060

*Inception Date: February 01, 1994. The Scheme is managed by Mr. Prashant Jain since June 20, 2003. # NIFTY 50 Hybrid Composite debt 50:50 Index (w.e.f December 01, 2021). ## NIFTY 50 (Total Returns Index). Scheme performance may not strictly be comparable with that of its Additional Benchmark in view of balanced nature of the scheme where a portion of scheme's investments are made in debt instruments. $$ All Distributions declared prior to the splitting of the Scheme into IDCW & Growth Options are assumed to be reinvested in the units of the Scheme at the then prevailing NAV (ex-distribution NAV). As NIFTY 50 TRI data is not available since inception of the scheme, additional benchmark performance is calculated using composite CAGR of NIFTY 50 PRI values from February 1, 1994 to June 29, 1999 and TRI values since June 30, 1999. Since Inception Date = Date of First allotment in the Scheme / Plan.

Performance of Other Funds Managed by Mr. Prashant Jain, Fund Manager of HDFC Balanced Advantage Fund (who manages total 3 schemes)

Scheme	Managing scheme since	Returns (%) as on March 31, 2022: Last 1 year (%)	Last 3 year (%)	Last 5 year (%)
HDFC Flexi Cap Fund (Erstwhile HDFC Equity Fund)	20-Jun-03	26.82	14.04	13.20
Benchmark - NIFTY 500 (Total Returns Index)		22.29	16.75	14.55
HDFC Top 100 Fund	20-Jun-03	20.85	11.31	11.54
Benchmark - NIFTY 100 (Total Returns Index)		20.63	15.68	14.66

On account of difference in type of scheme, asset allocation,investment strategy, inception dates, the performance of these schemes is strictly not comparable.The above returns are of Regular Plan- Growth Option.

Note common to all tables: **Past performance may or may not be sustained in the future.** Returns greater than 1 year period are compounded annualised (CAGR).Load is not taken into consideration for computation of above performance(s). Different plans viz. Regular Plan and Direct Plan have different expense structures. The expenses of the Direct Plan under the scheme will be lower to the extent of the distribution expenses/commission charged in the Regular Plan. Returns as on March 31, 2022. The above returns are of Regular Plan- Growth Option. N.A.: Not Available.

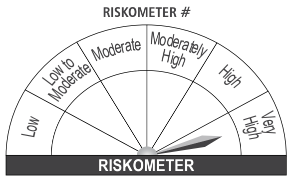
Performance of Permitted Category FPI Portfolio(s) managed by the Fund Manager (Mr. Prashant Jain)

	Managing Portfolio Since	Returns (%) as on March 31, 2022: Last 1 year (%)	Last 3 years (%)	Last 5 years (%)
Permitted Category FPI Portfolio (managed under a bilateral agreement under Regulation 24(b) and subject to applicable laws)	22-Mar-16	27.04	15.56	14.76
Benchmark - MSCI India (Total Returns)		22.69	16.58	14.79

Past performance may or may not be sustained in the future. Returns greater than 1 year period are compounded annualised (CAGR). The above returns are computed using the Time Weighted Rate of Return (TWRR) methodology, to make them more comparable with the mutual fund scheme's returns. FPI Portfolio: Inception date is 22nd March, 2016. The performance is not comparable with the performance of the aforementioned scheme(s) of HDFC Mutual Fund due to differing investment objective/s and fundamental differences in asset allocation, investment strategy and the regulatory environment. The said disclosure is pursuant to SEBI Circular no. Cir/IMD/DF/7/2012 dated 28th February, 2012 pertaining to Regulation 24(b) of SEBI (Mutual Funds) Regulations, 1996. N.A. Not Applicable. FPI - Foreign Portfolio Investor.

This product is suitable for investors who are seeking~:

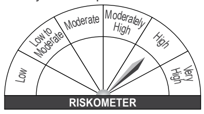
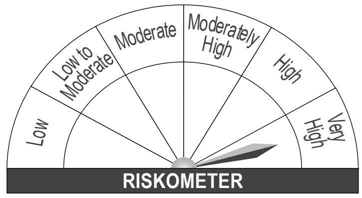
- To generate long-term capital appreciation/income
- Investments in a mix of equity and debt instruments

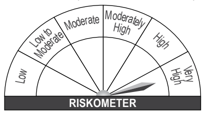
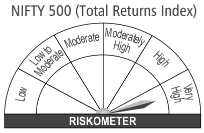


Investors understand that their principal will be at very high risk

~ Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.

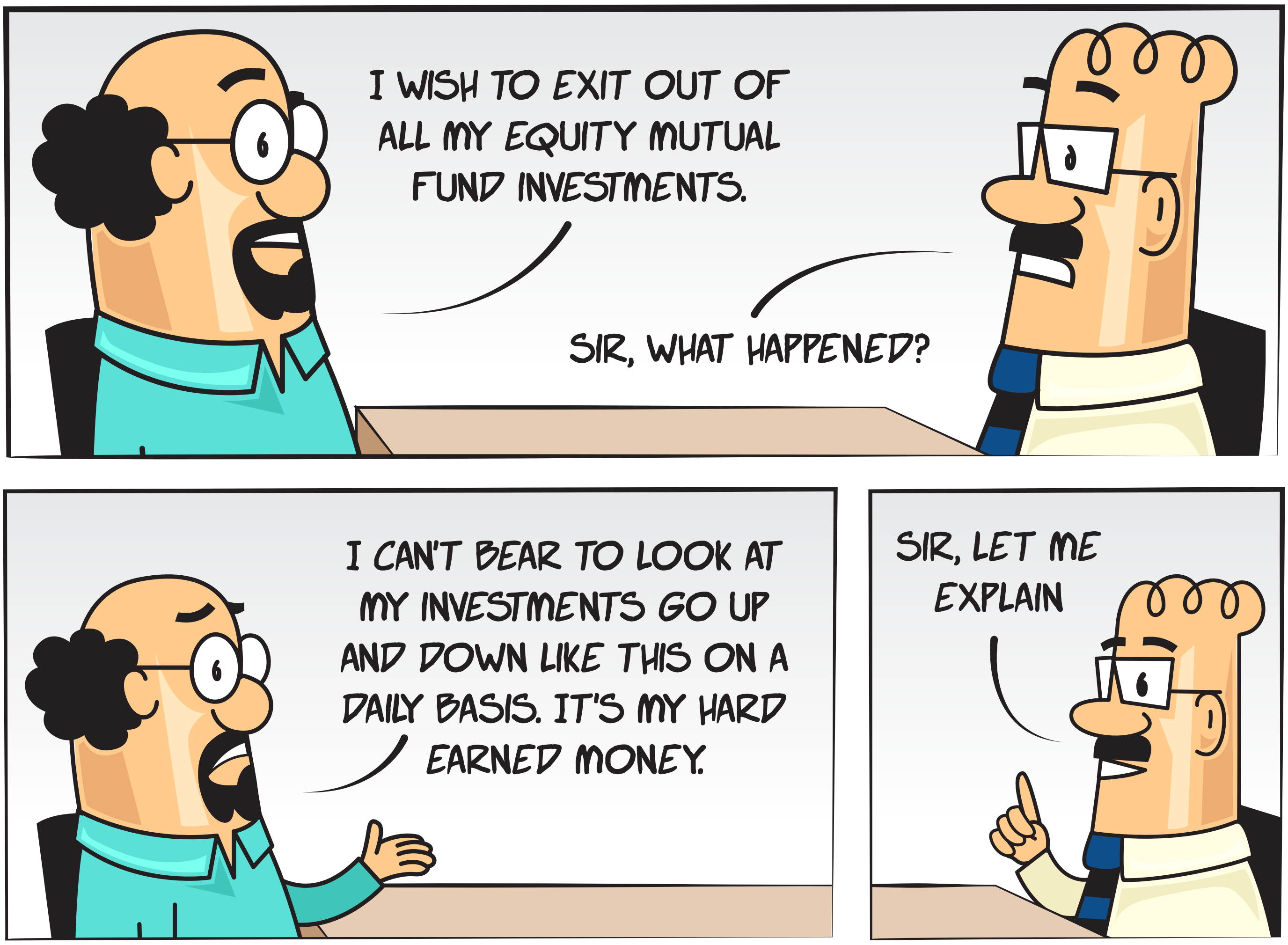
#For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com

<table>
<tr><th>NAME OF BENCHMARK AND RISKOMETER</th><th>NAME OF SCHEME</th><th>RISKOMETER OF THE SCHEME</th></tr>
<tr><td>NIFTY 50 Hybrid Composite Debt 50:50 Index

</td><td>HDFC BALANCED ADVANTAGE FUND
(An open ended balanced advantage fund)</td><td rowspan="3">

Investors understand that their principal will be at very high risk</td></tr>
<tr><td>NIFTY 100 (Total Returns Index)

</td><td>HDFC TOP 100 Fund
(An open ended equity scheme predominantly investing in large cap stocks)</td></tr>
<tr><td>NIFTY 500 (Total Returns Index)

</td><td>HDFC FLEXI CAP FUND
(An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks)</td></tr>
</table>

Benchmark and Scheme Riskometer as on March 31, 2022

Tête-à-Tête



IF WE THINK LONG TERM, EVERY DAY PRICE MOVEMENT IS IRRELEVANT

The fact that Mutual Fund NAV is released on a daily basis does not obligate us to view our investments every day. Many investors are clear that equities are to be held for long term (say, over 5 years), but still track their portfolio almost every day. In contrast, we never check the price of the house we live in every day simply because the price of our house is not published anywhere on a daily basis.

We also need to understand that subconsciously we process these daily price information as a call to action. A price too high probably means it's time to sell and vice versa. More often than not, these actions end up as mistakes and act as obstacles in our wealth creation journey. This constant flow of information from the financial markets also adds to our mental stress. Unlike many aspects of our life, choosing not to act frequently could take us far in investing.

Markets urge you to act. You don't have to!

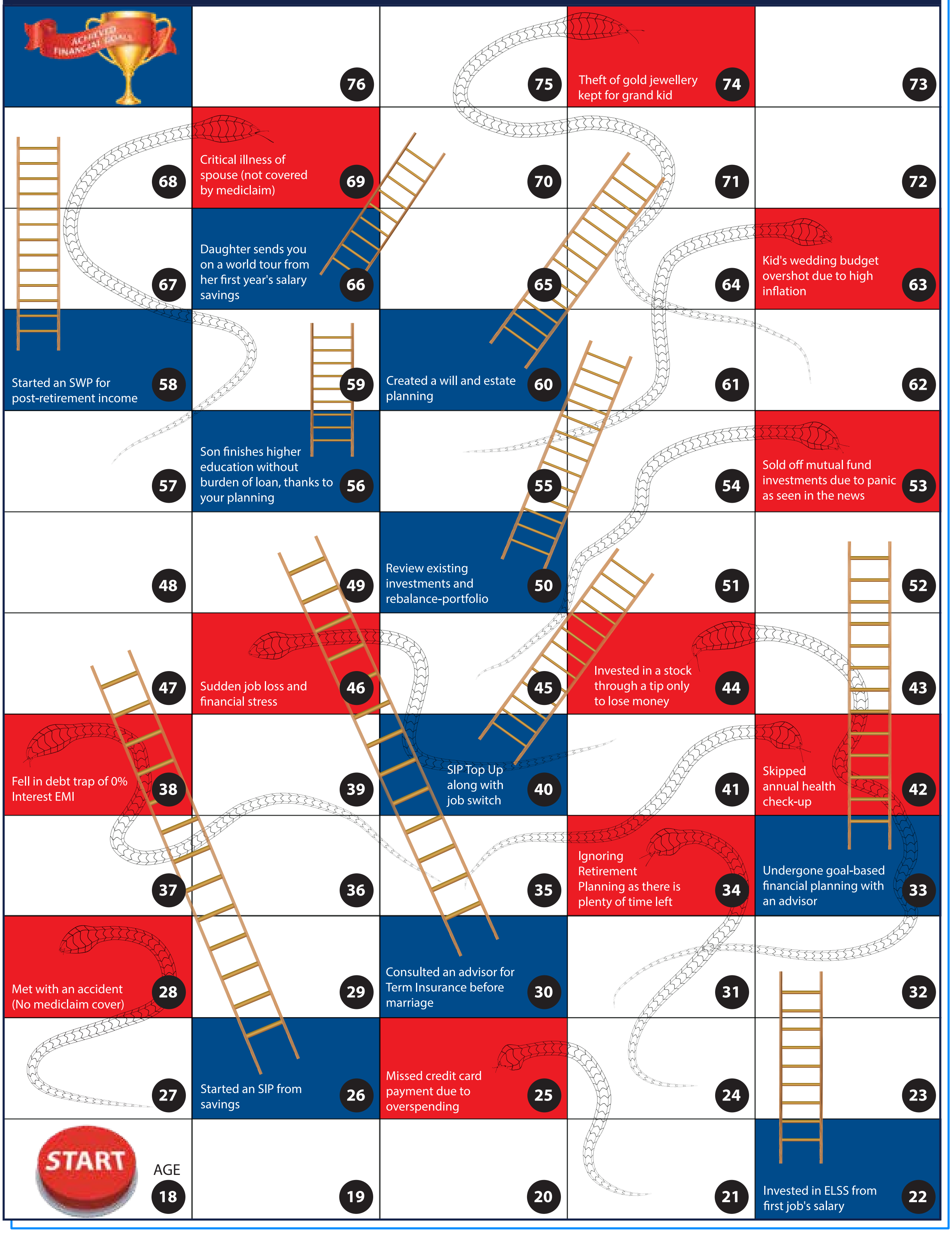
Readers should seek professional advice before taking any investment related decisions.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.

Game Section

Snakes and Ladders

Systematic & Long-term



Figures mentioned in the game refers to the age of an individual

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Thank You

Views expressed herein involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied herein. HDFC Mutual Fund/HDFC AMC is not indicating or guaranteeing returns on any investments. Readers should seek professional advice before taking any investment related decisions and alone shall be responsible.

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