

Date : 3rd February 2023

Dear Unitholder,

Sub: Proposed change in control of HDFC Asset Management Company Limited (“HDFC AMC”) pursuant to dilution of stake by a co-Sponsor of HDFC Mutual Fund (“HDFC MF”)

I. Background:

At the outset, we would like to thank you for giving us the opportunity to serve you.

As you would be aware, HDFC MF was constituted as a trust *vide* a trust deed dated June 8, 2000, as amended from time to time (“Trust Deed”) in accordance with the provisions of the Indian Trust Act, 1882 and is registered with Securities and Exchange Board of India (“SEBI”).

Housing Development Finance Corporation Limited (“HDFC Ltd”) and abrtn Investment Management Limited (“abrtn”) are the co-Sponsors of HDFC MF, HDFC AMC is the asset management company / Investment Manager of HDFC MF.

Shares of HDFC AMC are listed on National Stock Exchange of India Limited and BSE Limited respectively (collectively “Stock Exchanges”). The shareholding pattern of HDFC AMC as on December 31, 2022 is as follows:

Name of the Equity Shareholders	% of the paid-up equity capital
HDFC Ltd	52.57
abrtn	10.21
Other Shareholders	37.22
Total	100.00

II. Nature of proposed change:

abrtn intends to dilute its shareholding in HDFC AMC to less than 10% and will cease being the Co-Sponsor of HDFC MF (“**Proposed Transaction**”), subject to applicable regulatory provisions. Consequently, the Proposed Transaction will result in change in control of HDFC AMC as per provisions of Regulation 22(e) of SEBI (Mutual Funds) Regulations, 1996 (“MF Regulations”).

abrtn ceasing to be the co-Sponsor will not have any impact on HDFC MF, as HDFC Ltd, will continue as the Sponsor of HDFC MF and hold above 52% stake in HDFC AMC (i.e. more than the minimum contribution required by the Sponsors under Regulation 7(c) of MF Regulations viz. 40% of net-worth of the AMC).

In this regard, it may also separately be noted that shareholders of HDFC Ltd and HDFC Bank Limited have approved the scheme of amalgamation for *inter alia* merger of HDFC Ltd into HDFC Bank, subject to receipt of requisite approvals (“**Proposed Amalgamation**”). HDFC AMC has received an in-principle approval from SEBI’s Mutual Fund division for the Proposed Amalgamation and presently, HDFC Ltd and HDFC Bank are in the process of obtaining NCLT approval for the same.

The Proposed Amalgamation will result in:

- (i) HDFC Bank acquiring the entire shareholding of HDFC Ltd in HDFC AMC, i.e. 52.57%; and
- (ii) HDFC Bank becoming Sponsor of HDFC MF.

III. Rationale for the proposed changes:

HDFC AMC is in receipt of letter from abrtn intimating their intention to dilute its shareholding in HDFC AMC to less than 10% and to cease being the co-Sponsor of HDFC MF, subject to applicable regulatory provisions.

IV. Effects of the proposed changes:

Pursuant to the proposed changes there will be no impact on HDFC MF as:

- i. there will be no change in the name of HDFC MF;
- ii. there will be no change in the name(s) of the scheme(s) of HDFC MF;
- iii. there will be no change in the fundamental attributes of the scheme(s) of HDFC MF;
- iv. there will be no change in management of HDFC AMC; and
- v. there will be no impact on the daily operations of HDFC AMC.

Further, abrtn will cease to be the co-Sponsor of HDFC MF and relinquish its rights, role, responsibilities and authority as co-Sponsor. However, this will not have any impact on HDFC MF as HDFC Ltd would continue to be the Sponsor of HDFC MF and hold above 52% stake in HDFC AMC. Even pursuant to the Proposed Amalgamation of HDFC Ltd into HDFC Bank, HDFC Bank will act as the Sponsor of HDFC MF and hold HDFC Ltd’s stake in HDFC AMC.

There will be changes in the Trust Deed dated June 8, 2000 (as amended from time to time) pursuant to Proposed Transaction, however since it is consequential to change in control as per Regulation 22(e) of MF Regulations, approval of unitholders is not required as per second proviso to clause 17 of Third Schedule under MF Regulations.

V. Requisite approvals for the Proposed Transaction:

The Board of Directors of HDFC AMC and Trustee Company have approved the above Proposed Transaction on December 6, 2022.

SEBI vide its letter dated February 1, 2023 has granted its approval for the Proposed Transaction.

HDFC AMC will ensure compliance with applicable provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, if any.

abrdn may undertake the Proposed Transaction any time after the completion of the Exit Option Period (as defined below).

VI. Option for exit to the unitholders without exit load:

The above-mentioned change would result in change in control within the meaning of Regulation 22(e) of the MF Regulations.

As per regulation 22(e) of MF Regulations, no change in control of an asset management company can be made unless the unitholders are given an option to exit on the prevailing Net Asset Value ("NAV") without any exit load.

In accordance with the MF Regulations and the approval from SEBI, an exit option is being provided to unitholders as on close of business hours on the record date being **February 3, 2023** to exit from their investment in the Schemes of HDFC MF ("Schemes") at the prevailing NAV without any exit load, for a period of 15 days commencing from **February 10, 2023 to February 24, 2023** (both days inclusive) (up to 3.00 p.m. on **February 24, 2023**) ("Exit Option Period") if they do not wish to stay invested in the Schemes on account of the proposed changes.

A list of all the open ended and close ended schemes of HDFC MF along with their maturity dates and AUM as on December 31, 2022 is hosted on our website at <https://www.hdfcfund.com/statutory-disclosure/letter-unitholder>.

Please note that the no load exit option ("Exit Option") is not available to investments in HDFC TaxSaver, HDFC Children's Gift Fund and HDFC Retirement Savings Fund of HDFC MF which have not completed the statutory lock-in period / stated lock-in period under Scheme Information Document ("SID"). However, unitholders who have completed the statutory lock-in period will be eligible to exercise the option to exit without being charged an exit load.

Further, the Exit Option will not be available to unitholders who have pledged or encumbered their units in the Schemes and HDFC MF has been instructed to mark a pledge/lien on such units, unless the release of the pledge/ lien is obtained and appropriately communicated to HDFC AMC / HDFC MF prior to applying for redemption/switch-out.

VII. Procedure for exercising Exit Option:

The Exit Option can be exercised by submitting a normal redemption request at any of the official points of acceptance of HDFC MF, details of which are available in the relevant SID / website viz. www.hdfcfund.com.

The redemption proceeds will be remitted/ dispatched to the respective unitholders within stipulated period from the date of receipt of the valid redemption request.

Unitholders should procure a release of their pledges/ vacate the lien prior to applying for redemption/ switch-out during the Exit Option Period. In case units have been frozen / locked pursuant to an order of a government authority or a court, the Exit Option can be executed only after the freeze / lock order is vacated / revoked within the Exit Option Period specified above.

In case any existing unitholder has not received the letter relating to Exit Option ("Letter"), they are advised to contact any of the Investor Service Centres of HDFC MF or download and print the Letter from the website.

Unitholders should ensure that any change in address or bank mandate are updated in HDFC MF's records before exercising the Exit Option. Unitholders holding units in dematerialized form may approach their respective depository participant for such changes.

VIII. Expenses & Taxation:

The expenses related to the Proposed Transaction and other consequential changes as outlined above will NOT be charged to the unitholders of the schemes of HDFC MF.

As regards the unitholders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information (SAI) of HDFC MF and Scheme Information Documents (SID) of the respective scheme(s) would apply including deduction of tax at source (TDS) in accordance with applicable tax laws. In view of individual nature of tax consequences, you are advised to consult your financial / tax advisor for detailed tax advice.

The impact of securities transaction tax, if any, arising out of the Exit Option exercised during the Exit Option Period hereunder, shall be borne by HDFC AMC.

IX. Others:

The details of the unclaimed redemption and dividend amounts as of December 31, 2022 along with the procedure for claiming the same by the unitholders are hosted on our website at <https://www.hdfcfund.com/statutory-disclosure/letter-unitholder>.

As a unitholder, you are requested to go through this communication carefully and consult your Advisor in the event that you have any questions.

Unitholders having no objection to the Proposed Transaction and wishing to remain invested need not take any further action.

This option to exit is merely an option and not compulsory.

X. Updation of Scheme related documents:

The SAI, the SID, the Key Information Memorandum and other relevant documents relating to the Schemes shall be appropriately amended and updated (wherever applicable) in accordance with the MF Regulations, so as to reflect the relevant change(s).

XI. Contact Details:

In case you need any further clarifications, please contact us on the details provided as follows - you may call us on 1800 3010 6767 / 1800 419 7676 (toll free) or email us on hello@hdfcfund.com.

Details of Investor Relations Officer: Mr. Sameer Seksaria, Head - Client Services can be contacted at Ramon House, 1st Floor, 169, Backbay Reclamation, Churchgate, Mumbai - 400020 at telephone number (Direct) (022) 66316301 or telephone number (Board) (022) 66316333. His e-mail contact is : sameers@hdfcfund.com.

We will be happy to assist you.

We look forward to your continued support.

With regards,

Yours faithfully

For **HDFC Asset Management Company Limited**



Sameer Seksaria
Head - Client Services