

ABRIDGED ANNUAL REPORT FOR F.Y. 2022-2023



HDFC MUTUAL FUND

HDFC House, 2nd Floor, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020.
TEL: (022) 6631 6333 • Toll Free Nos: 1800-3010-6767/1800-419-7676 • e-mail: hello@hdfcfund.com • WEBSITE: www.hdfcfund.com

SPONSORS

Housing Development Finance Corporation Limited

Registered Office:
Ramon House, H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai - 400 020.

abrdn Investment Management Limited (upto June 19, 2023)

Registered Office:
1 George Street, Edinburgh, EH2 2LL,
United Kingdom.

TRUSTEE

HDFC Trustee Company Limited

Registered Office:
HDFC House, 2nd Floor, H. T. Parekh Marg,
165-166, Backbay Reclamation, Churchgate,
Mumbai - 400 020.
CIN : U65991MH1999PLC123026

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 : L65991MH1999PLC123027

CUSTODIAN

HDFC Bank Limited (As at March 31, 2023)

Custody Services,
4th Floor, Empire Plaza 1,
LBS Marg, Vikhroli (W),
Mumbai - 400 083,
Maharashtra, India.

STATUTORY AUDITORS

S.R.Batliloi & Co. LLP

Chartered Accountants
The Ruby, 12th Floor,
29, Senapati Bapat Marg, Dadar (W),
Mumbai - 400 028, Maharashtra, India.

REGISTRAR AND TRANSFER AGENT Computer Age Management Services Limited

Rayala Towers, 6th Floor,
Tower 1, 158, Anna Salai,
Chennai - 600 002.

BOARD OF DIRECTORS

(As at March 31, 2023)

HDFC Trustee Company Limited

Mr. Vimal Bhandari - Chairman
Mr. V. Srinivasa Rangan
Mr. Mehernosh Behram Kapadia
Mr. Dindayal Jalan

BOARD OF DIRECTORS

(As at March 31, 2023)

HDFC Asset Management Company Limited

Mr. Deepak S. Parekh - Chairman
Mr. Keki M. Mistry
Ms. Renu S. Karnad
Mr. Rushad Abadan
Mr. Sanjay Bhandarkar
Mr. Jairaj Purandare
Mr. Parag Shah
Ms. Roshni Nadar Malhotra
Mr. Dhruv Subodh Kaji
Mr. Navneet Munot - Managing Director and
Chief Executive Officer

HDFC DYNAMIC PE RATIO FUND OF FUNDS

AN OPEN ENDED FUND OF FUND SCHEME INVESTING IN EQUITY AND DEBT SCHEMES OF HDFC MUTUAL FUND

TRUSTEE REPORT

HDFC Trustee Company Limited (the "Trustee") is pleased to present its 23rd report and the audited financial statements of the Schemes of HDFC Mutual Fund (the "Fund"), for the year ended March 31, 2023.

The Fund continues to be one of the largest **Mutual Fund** in India by Assets under Management (AUM). The AUM (including domestic FOF) as at March 31, 2023 was ₹ 4,42,224.64 crore (audited) as against ₹ 4,11,939.78 crore as at March 31, 2022 (audited), representing an increase of 7.35%. The equity schemes' assets constitute 48.11% of the total assets under management of the Fund as at March 31, 2023.

During the year, the Fund launched 2 new Sectoral/Thematic Schemes, 25 new passive schemes (Debt and Equity) and 2 commodity based passive schemes i.e. Silver based ETF and Fund of Fund and 3 Plans under Fixed Maturity Plans - Series 46.

The Fund aims to continue to offer need-based and customer-centric products that address the core needs of our diversified customer base.

As at March 31, 2023, the Fund offered 86 schemes (portfolios) across asset classes to meet the varying investment needs of investors.

1. SCHEME PERFORMANCE, FUTURE OUTLOOK AND OPERATIONS

A. SCHEME PERFORMANCE AND OPERATIONS

The Fund continues its focus on delivering long-term returns. Scheme specific comments on performance are provided in **Annexure 1** below.

B. FUTURE OUTLOOK

Overview of Global and Indian Economy

GLOBAL

The global economy and capital markets experienced a volatile FY 22-23. The global growth surprised on the upside during the start of the year, supported by a rebound in services consumption and a lower-than-anticipated moderation in goods demand. However, broad based inflationary pressures and sharp rise energy prices following the outbreak of the Ukraine-Russia conflict weighed on the economic activity. To rein in inflation, the central banks of major economies aggressively raised policy rates and commenced quantitative tightening. Most governments also scaled back fiscal stimulus as economic activities normalised. Resilient demand, tight labour markets across major Advanced Economies (AEs), the Ukraine-Russia situation and the dynamic Zero COVID policy of China kept commodity prices and inflationary pressures elevated during the first half. However, as the year progressed, commodity prices corrected in view of a softening growth outlook, synchronised tight monetary policy response, scaling back of fiscal stimulus, thereby easing the inflation momentum; however, resilient demand conditions kept it relatively elevated.

Both equity and debt markets delivered negative returns in most major economies on the back of uncertainty about the inflation trajectory, falling global liquidity, slowing growth and the growing prospects of central banks keeping interest rates higher for longer. The US's relative robust growth and tight monetary policy, along with its safe haven status, resulted in the US dollar strengthening against most other currencies during the year.

Key capital market developments in FY 22-23:

- Imposition of sanctions on Russia by US, EU and allied economies in response to the Ukraine-Russia conflict; Russia reduces supply of natural gas to EU.
- China eases COVID restrictions at fast pace since December 2022.

- Global banking experiences turmoil, following a series of bank collapses in US and Europe.
- In India, capital gains from the sale of debt mutual fund units to be taxed as Short Term Capital Gain (STCG); indexation benefit removed.
- Maturity proceeds from non-ULIP insurance policy with a aggregate premium over ₹5 Lakh p.a. made taxable as STCG.

INDIA

Growth: India's GDP growth normalized in FY23, owing to a broad-based post-pandemic recovery led by investment activity along with normalization in consumption. Government consumption was largely flat due to benign spending by both central and state governments. Resilient domestic demand and a slowdown in global trade resulted in import growth outpacing exports.

YoY Growth (%)	FY22	FY23
Real GDP	9.1	7.2
Private Consumption	11.2	7.5
Government Final Consumption (GFCE)	6.6	0.1
Gross Capital formation	17.9	9.6
Gross Fixed Capital Formation	14.6	11.4
Exports	29.3	13.6
Imports	21.8	17.1
GDP Growth Ex GFCE	9.4	8.1

Source: CMIE. GDP – Gross Domestic Product

External sector: India's Current Account Deficit (CAD) widened significantly in 9MFY23 driven by rise in Oil prices and Non-Oil Non-Gold (NONG*) imports. This was partially offset by a significant improvement in exports of IT services and business, management and professional consulting services. Capital flows – FDI and FII - declined on the back of lower loans (ECBs and trade credit) as interest rates hardened globally.

India's external balance situation (\$ Billion)	9MFY22	9MFY23
Trade (Deficit)/Surplus	(135.0)	(214.0)
Net Oil Imports	(66.4)	(94.9)
Net Gold Imports*	(33.2)	(28.0)
Trade Deficit Ex Oil and Gold (NONG)	(35.4)	(91.0)
Net Invisible Exports Surplus/(Deficit)	109.7	147.0
Current Account Deficit	(25.3)	(67.0)
% of GDP	-1.1	-2.7
Capital Account Surplus/(Deficit)	88.8	52.3
Balance of Payments	63.5	(14.7)

Source: CMIE. * includes net imports of gold, silver and precious stones adjusted for gems and jewellery exports.

Inflation

Average CPI inflation in FY22-23 increased by ~120 bps to 6.7% YoY driven by broad based increase led by food and core items like clothing and footwear, education services and personal care.

Average, YoY (%)	FY 21-22	FY 22-23	Change in %
CPI	5.5	6.7	1.2
Food & Beverages	4.3	6.7	2.4
Fuel & Light	11.3	10.4	-0.9
Housing	3.7	4.3	0.6
Transportation & Communication	10.1	5.9	-4.2
Core CPI@	5.7	6.7	1.0

Source: CMIE. @Core CPI – CPI ex of Food and beverages, fuel and light, transportation and housing.

Fiscal Deficit: Centre achieved its fiscal deficit target of 6.4% in FY23 supported by strong tax buoyancy driven by robust corporate profitability, stabilisation of the GST regime and improved compliance. While revenue spending grew at a muted pace, capital expenditure registered strong growth given the thrust on capex.

INR bn	FY22	FY23	Change (YoY)
Gross Tax Revenue	27,083	30,538	12.8%
Less: Share of States and Others	8,879	9,564	7.7%
Net Tax Collection	18,204	20,974	15.2%
Total Receipts	22,076	24,557	11.2%
Total Revenue Expenditures	32,014	34,525	7.8%
Total Capital Expenditures	5,928	7,363	24.2%
Total Expenditures	37,942	41,888	10.4%
Gross Fiscal Deficit	-15,865	-17,331	9.2%
Fiscal Deficit as % of GDP	-6.8%	-6.4%	

Source: CMIE

Summary and Conclusion

The financial year gone by turned out to be quite different than expectations. On one hand, global economic growth sustained reasonably well as the pent-up demand, strong household balance sheets and low unemployment kept consumption steady. Going forward, global growth is expected to slow down, as the world reels under sustained high interest rates and demand normalises, partially offset by the reopening of China, which could unleash pent-up spending.

In India, growth, which is holding up well till now, is likely to be moderate, weighed down by slowing global trade, lower fiscal impulse and demand normalisation. The external sector remains modestly vulnerable to the continued global liquidity tightening, but remains well-cushioned by foreign exchange reserves. The key risks to our view are escalation of geopolitical tensions, excessive tightening by central banks, sharp rise in energy prices, persistent inflation, significantly below-normal monsoon.

Equity Market

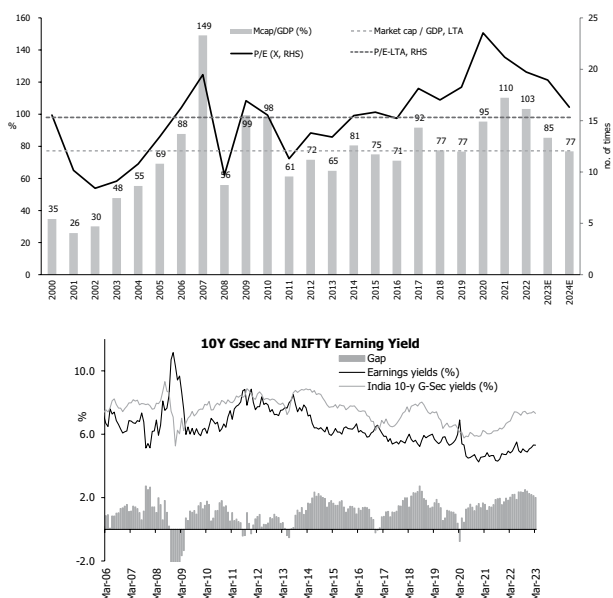
Indian equities ended FY 22-23 flat YoY, caught between two conflicting forces. While relatively strong domestic growth, robust corporate earnings, optimistic growth outlook, large buying by domestic institutional investors supported equities, accelerated monetary tightening by major central banks, volatility in commodity prices, large FPI selling, etc. weighed it down. Midcaps performed largely in line with large caps but small caps underperformed. Capital goods, FMCG, Auto, and Banking outperformed while IT, Metals, Power, Healthcare, and Oil & Gas underperformed.

% Change in Indices	FY 21-22	FY 22-23
S&P BSE India Auto	8.1	17.5
S&P BSE India Bankex	11.2	10.2
S&P BSE India Capital Goods	30.4	25.0
S&P BSE India FMCG	3.6	23.6
S&P BSE India Healthcare	14.0	(10.0)
S&P BSE India Metal	55.9	(14.2)
S&P BSE India Power	63.4	(10.8)
S&P BSE India Oil & Gas	26.5	(7.2)
S&P BSE India IT	37.1	(21.8)
S&P BSE SENSEX	18.3	0.7
NIFTY 50	18.9	(0.6)
NIFTY Midcap 100	25.3	1.2
NIFTY Small Cap	28.6	(13.8)

Source: Bloomberg

Outlook

As on March 31, 2023, the NIFTY 50 was trading at ~18.9x FY24E and ~16.3x FY25E earnings. The valuation multiples have moderated from their recent peak and are now close to their historical averages. India's market cap-to-GDP (CY23E) stood at ~85%, off its peak and within the historical range of past decade (70-100%). The gap between 10Y G-sec yield and 1Y-Forward NIFTY 50 earnings yield* has also narrowed from its peak [*Earnings yield = 1/(one year forward P/E)]. Thus, market valuations, based on historical averages, are slightly above average but have corrected from their peak. Further, this should also be viewed in the context of structurally attractive nominal GDP growth, a robust economic recovery, a healthy corporate earnings outlook and strong de-levered corporate balance sheets.



Source: Kotak Institutional Equities

We remain positive on equities over the medium-to-long term considering the resilient domestic growth outlook, robust corporate profitability, growth-supportive policies, etc. Accelerated monetary policy tightening, a sharp slowdown in global growth, persistent inflation, a slowdown in earnings growth, a delay in recovery in the rural sector, etc. are key near-term risks.

Fixed Income Market

Indian as well as global fixed income markets faced a challenging FY 22-23. Amid the synchronised tightening by major central banks (including RBI) and rising yields globally, India's G-sec yield curve shifted up, especially post the Union Budget 23-24, as the announced government borrowings exceeded market expectations. Apart from increasing repo rate by 250 bps to 6.5%, RBI also raised CRR by 50 bps to 4.5% and also drained out excess liquidity. The yields at the short end rose at a much faster pace than the yields at the long end, thereby flattening the yield curve. The 10Y benchmark G-sec yield ended the year 48 bps higher at 7.31%, while the 1Y G-sec yield rose 247 bps. Corporate bond spreads over G-sec yields widened, driven by a sharp increase in the supply of bonds, especially in the second half of the year.

G-Sec and Corporate Bond yields

	FY22	FY23	Change (%)
MIBOR Overnight Rate (%)	3.90	7.79	3.89
3M G-sec yield (%)	3.84	6.74	2.90
1Y G-sec Yield (%)	4.67	7.14	2.47
10Y Benchmark G-sec Yield^ (%)	6.83	7.31	0.48
AAA 10Year Corporate Bond Yield# (%)	7.17	7.81	0.64
AAA 10Y Corporate Bond Spread vs. 10Y Benchmark@ (bps)	34	50	0.16
Average net liquidity absorbed by RBI* (₹ Billion)	6,498	1,597	-75.4

Source: Bloomberg, RBI. ^ - bi-annual yield; # - annualised yield; @ - Spreads calculated by subtracting non-annualised G-sec yields from annualised corporate bond yields. *Average net daily liquidity infused/absorbed through Liquidity Adjustment Facility, exports refinance, marginal standing facility and term repos/reverse repos.

Average interbank liquidity fell considerably, as the RBI sold US dollar and currency in circulation increased. Further, robust credit growth vis-à-vis deposit growth resulted in lower interbank liquidity.

Outlook

Post the pandemic easing and the widening of corridor between the repo and reverse repo rate, the effective policy rate during most part of 2021 was 3.35% (as against the policy rate of 4%). Since April 2022, the RBI shifted its focus to inflation from growth, and introduced the SDF at a rate 25 bps lower than the repo rate. This, along with the cumulative rate hikes of 250 bps and draining out of excess liquidity, pushed the operating rate close to ~6.50%, thereby resulting

in an effective tightening of 315 bps. Post the recent pause in April 2023, the RBI is likely to remain data-dependent and will continue monitoring the impact of already done rate hikes.

Going forward, several factors seem favourably placed for the fixed income markets. CPI, which is off its peak, is likely to ease further in view of softening momentum, lower input price pressure, in addition to correction in global commodity prices. Growth is also likely to moderate sequentially. Easing USD along with comfortable foreign exchange reserves should take pressure off Indian rupee. While external sector is a risk, CAD it is likely to improve sequentially on back of correction in commodity prices especially oil. On the fiscal side, budgeted market borrowings for FY 23-24 were in line with market expectations and alleviated G-sec supply concerns. Also, in our opinion, most major central banks, including the RBI, seem to be close to the end of their rate hiking cycle. Moreover, the bar for future rate hike(s) is high, and therefore, an extended pause seems probable at this stage. All the aforesaid factors are likely to bode well for the fixed income outlook. Key risks to the outlook are elevated core CPI, resilient domestic growth, robust credit demand and continued global monetary tightening. Heightened geopolitical risks, tight liquidity and increase in issuance of state development loans (SDLs) in FY 23-24 are other important factors, which could keep the yields at elevated levels. Overall, yields are likely to be range-bound with a downward bias.

Glossary

AE	Advanced Economies
BoJ	Bank of Japan
CPI	Consumer Price Index
CRR	Cash Reserve Ratio
DII	Domestic Institutional Investors
ECB	External Commercial Borrowing
EMEs	Emerging Markets
FDI	Foreign Direct Investment
FII	Foreign Institutional Investor
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GVA	Gross Value Added
IMF	International Monetary Fund
IMPS	Immediate Payment System
LCV	Light Commercial Vehicle
MBPD	Million Barrel Per Day
MHCV	Medium and Heavy Commercial Vehicle
M-o-M	Month-on-Month
NONG	Non-Oil Non-Gold
OPEC	Organization of the Petroleum Exporting Countries
PMI	Purchasing Managers' Index
PSUs	Public Sector Undertakings
PV	Passenger Vehicle
SLR	Statutory Liquidity Ratio
STCG	Short Term Capital Gain
UPI	Unified Payment Interface
2W	Two-Wheeler

2. BRIEF BACKGROUND OF SPONSORS, TRUST, TRUSTEE COMPANY AND ASSET MANAGEMENT COMPANY

a. SPONSORS

HDFC Mutual Fund is sponsored by Housing Development Finance Corporation Limited and abrdn Investment Management Limited (formerly Standard Life Investments Limited). The Co-Sponsors are the Settlers of the Mutual Fund Trust. The Co-Sponsors have entrusted a sum of Rs.1 lakh each to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (HDFC)

HDFC was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956. HDFC is the first specialized Mortgage Finance Company to be set up in India. HDFC's principal business is providing finance to individuals, developers and corporates for the purchase, repair, construction, and development of residential and commercial properties in India. HDFC is predominantly a retail mortgage finance company, however

over the years, it has evolved as a financial conglomerate with interests beyond mortgages. HDFC is the holding company for investments in its associate and subsidiary companies and through them, HDFC has diversified into different sectors such as, banking insurance, asset management, education finance and property funds. HDFC has over 0.78 million shareholders and over 24,714 active deposit agents, as at March 31, 2023.

As at March 31, 2023, HDFC had Assets Under Management (AUM) amounting to ₹ 7,240 billion. Since inception, HDFC has financed over 10.2 million housing units. 66.54% of shareholders in HDFC are foreign investors. HDFC's market capitalisation as at March 31, 2023 stood at around ₹ 4,820 billion. HDFC's borrowings consists of debentures and securities, External Commercial Borrowings, term loans and deposits. HDFC has received the highest rating for deposits for Twenty-eight consecutive years.

HDFC's key associate and subsidiary companies include HDFC Bank Limited, HDFC Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, HDFC Asset Management Company Limited, HDFC Credila Financial Services Limited, HDFC Property Ventures Limited, HDFC Capital Advisors Limited, HDFC Sales Private Limited and HDFC Education and Development Services Private Limited.

Organization & Management

HDFC is a professionally managed organization with Board of Directors consisting of eminent persons representing various fields including leadership and strategic thinking, risk management, legal and regulatory compliance, corporate governance, consumer behavior, sales and marketing, information technology, and cyber security, business operations, finance and public policy development. The policy directions of the board of directors are implemented by a senior management team comprising the Vice Chairman & CEO, Managing Director, Executive Director, Members of Executive Management, Associate Members of Executive per Management and Senior General Managers.

Branch Network

HDFC's business is conducted through its branches in India and its representative offices overseas where HDFC offers its products to non-resident Indians ("NRIs") for residential premises in India.

As at March 31, 2023 HDFC has 734 offices in India which included 214 offices of its wholly-owned distribution subsidiary, HDFC Sales Private Limited. HDFC's overseas offices are in London, Singapore and Dubai. The Dubai office caters to customers across Middle-East through its service associates.

HDFC Ltd has merged with HDFC Bank Limited w.e.f. July 1, 2023.

abrdn Investment Management Limited (erstwhile Standard Life Investments Limited)

abrdn Investment Management Limited (aIML) is a wholly-owned subsidiary of abrdn Investments (Holdings) Limited (formerly Standard Life Investments (Holdings) Limited), which in turn is a wholly-owned subsidiary of abrdn plc (formerly Standard Life Aberdeen plc).

At abrdn, our purpose is to enable our clients to be better investors. Our business is structured around three distinct vectors – Investments, Adviser and Personal – focused on our clients' changing needs.

abrdn manages and administers £500 billion of assets for clients*.

We also have significant holdings in Phoenix in the UK, HDFC Asset Management and HDFC Life in India, and Heng An Standard Life in China.

In India, as part of its strategic relationship with HDFC Ltd, abrdn holds significant stakes in two successful joint venture businesses: the asset management business HDFC Asset Management Company, and the life insurance business HDFC Life.

www.abrdn.com

* Figures as at 31 December 2022

Note: abrdn Investment Management Limited has sold its entire stake in HDFC AMC as on June 20, 2023 and ceased to be a Sponsor of the Mutual Fund.

b. HDFC MUTUAL FUND

HDFC Mutual Fund (the "Fund") has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882, as per the terms of the trust deed dated June 8, 2000 and deeds of variation dated June 11, 2003 and June 19, 2003 respectively ("Trust Deed"), with Housing Development Finance

Corporation Limited ("HDFC") and abrdn Investment Management Limited as the Sponsors/Settlers and HDFC Trustee Company Limited, as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated June 8, 2000 with HDFC Asset Management Company Ltd. to function as the Investment Manager for all the Schemes of the Fund. The Fund was registered with SEBI on June 30, 2000.

c. HDFC TRUSTEE COMPANY LIMITED

HDFC Trustee Company Limited (the "Trustee") is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the Unit holders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 (the "Regulations") and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated thereunder are managed by HDFC Asset Management Company Limited in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

As at March 31, 2023, HDFC holds 100% of the paid-up equity share capital of HDFC Trustee Company Limited.

During the year, the members at their 23rd AGM of the Company had re-appointed Mr. V.S.Rangan (DIN: 00030248) as a Non-Executive Non-Independent Director, liable to retire by rotation and Mr. Vimal Bhandari (DIN: 00001318) as an Independent Director for a second term with effect from May 27, 2022 for a period of 5 (five) consecutive years up to May 26, 2027 on the Board of Directors of the Company.

d. HDFC ASSET MANAGEMENT COMPANY LIMITED

HDFC Asset Management Company Limited is a public limited company incorporated under the Companies Act, 1956 on December 10, 1999, existing under the Companies Act, 2013 and subsequently the equity shares of the Company were listed on National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') on August 06, 2018 having its Registered Office at HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. HDFC AMC has been appointed as the Asset Management Company of HDFC Mutual Fund by the Trustee vide Investment Management Agreement ("IMA") dated June 8, 2000, and executed between HDFC Trustee Company Limited and HDFC AMC. HDFC AMC was approved to act as an Asset Management Company for HDFC Mutual Fund by SEBI vide its letter dated July 3, 2000. HDFC AMC is also registered with SEBI as a Portfolio Manager. Further, HDFC AMC is also registered to act as investment manager for HDFC AMC AIF - II ("AIF Fund"), a Category II Alternative Investment Fund.

Further, HDFC AMC offers management and/or advisory services to permitted category of foreign portfolio investors ("Business Activity") subject to such conditions as may be specified by SEBI from time to time, through fund manager(s) managing the schemes of the Fund under Regulation 24(b) of the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time ("the Regulations"). The services provided by HDFC AMC for the said Business Activity *inter-alia* includes provision of India focused research, statistical and analytical information, investment management and non-binding investment advice.

During the year, Mr. Shashi Kant Sharma (DIN: 03281847), Independent Director of the Company, has resigned as Director of the Company with effect from April 11, 2022 as he was not in a position to devote adequate time to the affairs of the Company due to his pre-occupation elsewhere. Further, Mr. Rushad Abadan (DIN: 08035538), Non- Executive Director of the Company, director nominated by abrdn Investment Management Limited (formerly Standard Life Investments Limited) (AIML), one of the Promoters of the Company, has resigned as Director of the Company with effect from close of business hours of April 18, 2023 pursuant to withdrawal of his nomination by AIML.

Shareholding Pattern

During the year under review, there has been a change in the equity shareholding pattern of HDFC AMC. The equity shareholding pattern as at March 31, 2023 of HDFC AMC is as follows:

Name of the Equity Shareholders	% of the paid-up equity capital
Housing Development Finance Corporation Limited	52.562
abrdn Investment Management Limited (Formerly Standard Life Investments Limited)	10.204
Other Shareholders	37.234

3. INVESTMENT OBJECTIVE OF THE SCHEME (AS AT MARCH 31, 2023)

Name of the Scheme	Investment Objective
HDFC Dynamic PE Ratio Fund of Funds	To seek capital appreciation by managing the asset allocation between specified equity and debt schemes of HDFC Mutual Fund.

4. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The Accounting Policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996.

5. UNCLAIMED INCOME DISTRIBUTION CUM CAPITAL WITHDRAWAL (IDCW) & REDEMPTIONS

Summary of No. of Investors & Corresponding unclaimed amounts as at March 31, 2023:

Name of the Scheme	Unclaimed Redemptions		Unclaimed IDCW	
	Amount (₹)	No. of Investors	Amount (₹)	No. of Investors
HDFC Dynamic PE Ratio Fund of Funds	-	-	8,905.86	4

6. DISCLOSURE OF CHANGES IN RISK-O-METERS DURING THE YEAR/PERIOD

In terms of the Securities and Exchange Board of India ("SEBI") circular no. SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020, the table of scheme wise changes in Risk-o-meter as at March 31, 2023 is given below. The Annual Disclosure of Risk-o-meters is also disclosed by the AMC on the website, <https://www.hdfcfund.com/statutory-disclosure/riskometers>

Name of the Scheme	Risk-o-meter at the Start of the Financial Year i.e. March 31, 2022/at the time of NFO	Risk-o-meter at the end of the Financial Year i.e. March 31, 2023/ last available before maturity	No of times Risk-o-meter has changed during the Financial Year/ Period (April 2022 to March 2023)
HDFC Dynamic PE Ratio Fund of Funds	High	High	0

7. ROLE OF MUTUAL FUNDS IN CORPORATE GOVERNANCE OF PUBLIC LISTED COMPANIES

In terms of the Securities and Exchange Board of India ("SEBI") circular no. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010 as amended from time to time, the Fund has framed a general voting policy and procedures for exercising the voting rights in respect of shares held by its Schemes ("Voting Policy"). The Board of Directors of HDFC Trustee Company Limited has adopted the Voting Policy and the same is annexed as **Annexure 2**.

The quarterly reports during the financial year 2022-23 containing the details of votes cast, Scrutinizer's certification thereon, summary of voting, as well as the Voting Policy are disclosed by the AMC on the website, <https://www.hdfcfund.com/statutory-disclosure/voting>.

8. STEWARDSHIP CODE

In terms of the Securities and Exchange Board of India ("SEBI") circular no. CIR/CFD/CMD1/168/2019 dated December 24, 2019, the report on implementation of every principle of Stewardship Code is given below:

Principle 1 - Formulation of Policy, its Disclosure and Review: Status - Complied

HDFC Mutual Fund (HDFC MF) has formulated Stewardship Code (the Code) in accordance with the provision of the SEBI Circular. This has been approved by the Board of Directors of HDFC Asset Management Company Limited (HDFC AMC or "Company") and the HDFC Trustee Company Limited and was effective from July 1, 2020. The Code has been disclosed on the Company's website. The Committee authorized under the Code undertakes annual review and/or whenever any changes are to be incorporated in the Code.

Principle 2 - Managing Conflict of Interest: Status - Complied

The Stewardship Code also covers conflict of interests in fulfilling stewardship responsibilities. Voting decisions are also guided by voting policy and conflict of interest policy. In all cases the voting decisions of HDFC MF have been based on the overall best interests of the Unit holders. The voting policy has also been disclosed on the website of HDFC Mutual Fund.

Principle 3 - Monitoring of Investee Companies: Status - Complied

In accordance with the Stewardship Code, the investee companies were monitored through various activities like financial performance analysis, management evaluation, business outlook, corporate governance, capital structure, industry level changes, and other key risk areas. Monitoring of areas like remuneration, risk related to social and environmental issues, shareholder rights and grievances was done on a best effort basis.

Principle 4 - Policy on Intervention in the Investee Company and collaboration with other Institutional Investors: Status - Complied

The Stewardship Code includes guiding principle for intervention in investee companies and on collaboration with other institutional investors. All the interventions were done with the objective to play a constructive role in enhancing the value of the investment in the equity of the investee companies to benefit the unit holders of schemes.

Principle 5 - Voting Policy and disclosure of voting activity: Status - Complied

HDFC MF has formulated the Voting policy approved by the Board of directors of HDFC AMC and Trustee Company. The Policy lays down the rules related to voting on the issues related to the investee companies. The Policy has been disclosed on HDFC Mutual Fund's website. The Company has also uploaded its voting activities on the website on quarterly basis as per the guidelines issued by SEBI and Board approved Stewardship Code and Voting policy. The summary of votes cast during the financial year 2022-23 is disclosed on HDFC MF's website (<https://www.hdfcfund.com/statutory-disclosure/voting>).

Principle 6 - Reporting of Stewardship Activities: Status - Complied

HDFC Mutual Fund has reported its stewardship activities as per the guidelines issued by SEBI and as per the Stewardship Code and Voting Policy.

9. STATUTORY INFORMATION

- Housing Development Finance Corporation Limited and abrdn Investment Management Limited (the Co-Sponsors) are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution of Rs.1 lakh each for setting up the Fund, and such other accretions/additions to the same.
- The price and redemption value of the Units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report shall be disclosed on the website (<https://www.hdfcfund.com/statutory-disclosure/annual-reports>) and shall be available for inspection at the Head Office of HDFC Mutual Fund. On written request, present and prospective Unitholder can obtain copy of the trust deed, the full Annual Report of the Fund/HDFC AMC at a price and the text of the relevant scheme.
- Annual Report of the AMC is disclosed on the website (<https://www.hdfcfund.com/about-us/financial/annual-reports>). Upon request of any unitholder, annual report of the AMC shall be provided to them.

10. ACKNOWLEDGEMENTS

The Trustees take this opportunity to thank SEBI, AMFI, Exchange(s), Depositories, the investors, Investor Service Centres, distributors, key partners, service providers, HDFC AMC and its employees for their commitment and look forward to their continued support.

**For and on behalf of the Board of Directors
HDFC Trustee Company Limited**

Place: Mumbai
Date: June 26, 2023

sd/-
Vimal Bhandari
Director

Annexure 1
SCHEME PERFORMANCE

HDFC Dynamic PE Ratio Fund of Funds - An open ended Fund of Fund scheme investing in equity and debt schemes of HDFC Mutual Fund

HDFC Dynamic PE Ratio Fund of Funds aims to seek capital appreciation by managing the asset allocation between specified equity and debt schemes of HDFC Mutual Fund. There is no assurance that the investment objective of the Scheme will be realized.

The performance of HDFC Dynamic PE Ratio Fund of Funds – Regular Plan - Growth Option as at March 31, 2023 is presented below:

Period	Returns (%)^	Benchmark Returns (%)#
Last 1 Year	7.61	1.89
Last 3 Years	21.93	20.17
Last 5 Years	10.17	11.31
Since Inception@	9.82	11.23

^Past performance may or may not be sustained in the future.

Returns greater than one year are compounded annualized (CAGR)

@ Date of Inception/Allotment: February 6, 2012

Benchmark Index: NIFTY 50 Hybrid Composite Debt 65:35 Index (Total Returns Index)

Since Inception returns are calculated on ₹ 10 (allotment price per Unit)

The performance of HDFC Dynamic PE Ratio Fund of Funds – Direct Plan – Growth Option as at March 31, 2023 is presented below:

Period	Returns (%)^	Benchmark Returns (%)#
Last 1 Year	8.46	1.89
Last 3 Years	22.85	20.17
Last 5 Years	11.04	11.31
Since Inception@	10.70	11.11

^Past performance may or may not be sustained in the future.

Returns greater than one year are compounded annualized (CAGR)

@ Date of Inception/Allotment: January 1, 2013

Benchmark Index: NIFTY 50 Hybrid Composite Debt 65:35 Index (Total Returns Index)

Since Inception returns are calculated on ₹ 10.8807 (allotment price per Unit)

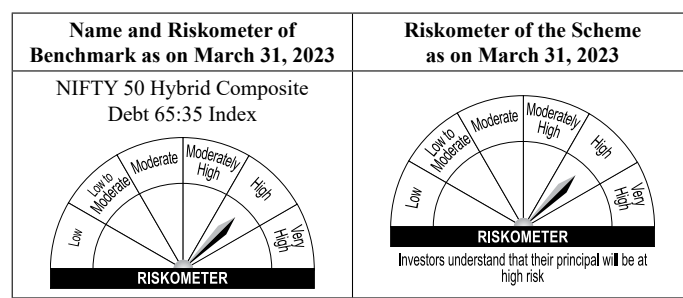
The Scheme has outperformed the benchmark index in FY 2022-23 due to outperformance of the underlying schemes. Since inception, the Scheme has underperformed the benchmark mainly due to lower allocation to equities.

The Scheme was taken over when Morgan Stanley Mutual Fund migrated to HDFC Mutual Fund effective close of business hours on June 27, 2014. The Scheme underwent fundamental attribute change from an open ended multi asset debt fund to an open ended fund of funds scheme, effective close of business hours on June 27, 2014. Since June 27, 2014 (the date of Scheme takeover), the Scheme has delivered 10.11% returns as compared to the benchmark returns of 10.56% over the same period. The underperformance is largely because the scheme is dynamically managed through a Fund of Funds structure following a Dynamic Price to Earnings (PE) Ratio Model. Due to this, the exposure of the fund to equity schemes was lower than the benchmark in several instances.

The Scheme aims to seek capital appreciation by managing the asset allocation between specified equity and debt schemes of HDFC Mutual Fund following Dynamic Price to Earnings (PE) Ratio Model.

The net assets of the Scheme amounted to ₹ 31.72 crore as at March 31, 2023 as against ₹ 31.48 crore as at March 31, 2022.

As at March 31, 2023, 96.87% in debt & money market instruments and 3.13% in other current assets (including Fixed Deposits/Reverse Repos/TREPS).



INDEPENDENT AUDITOR'S REPORT

To the Trustees of HDFC Mutual Fund – HDFC Dynamic PE Ratio Fund of Funds

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of HDFC Dynamic PE Ratio Fund of Funds ("the Scheme"), which comprise the Balance Sheet as at 31 March 2023, the Revenue Account and the Cash Flow Statement, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements of the Scheme give a true and fair view in conformity with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ("the SEBI Regulations"):

- in the case of the Balance Sheet, of the state of affairs of the Scheme as at 31 March 2023;
- in the case of the Revenue Account, of the surplus for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ("the ICAI"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Scheme in accordance with the 'Code of Ethics' issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Management of HDFC Asset Management Company Limited and HDFC Trustee Company Limited (together referred to as the "Management") are responsible for the other information. The other information comprises the information included in the Trustee report, but does not include the financial statements and our auditor's report thereon. The Trustee report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the trustee report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Financial Statements

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Scheme in accordance with accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the SEBI regulations for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent, the design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

- As required by Regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion, the balance sheet and revenue account dealt with by this report have been prepared in conformity with the accounting policies and standards specified in the Ninth Schedule to the Regulations; and
 - The balance sheet, the revenue account and the cash flow statement dealt with by this report are in agreement with the books of account of the Scheme.
- On the basis of information and explanations given to us, the scheme does not have any non-traded securities as at 31 March 2023 and hence reporting requirement of Eighth Schedule of the SEBI Regulations is not applicable.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per Rutushtra Patell

Partner

Membership Number: 123596

UDIN: 23123596BGXLSG3403

Place: Mumbai

Date: 26 June 2023

ABRIDGED BALANCE SHEET
AS AT MARCH 31, 2023

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
LIABILITIES		
1 Unit Capital	1,107.87	1,188.35
2 Reserves & Surplus		
2.1 Unit Premium Reserves	(39.99)	26.86
2.2 Unrealised Appreciation Reserve	750.17	714.36
2.3 Other Reserves	1,354.39	1,218.86
3 Loans & Borrowings	-	-
4 Current Liabilities & Provisions		
4.1 Provision for doubtful Income/Deposits	-	-
4.2 Other Current Liabilities & Provisions	14.44	22.79
TOTAL	3,186.88	3,171.22
ASSETS		
1 Investments		
Gold	-	-
Silver	-	-
1.1 Listed Securities		
1.1.1 Equity Shares	-	-
1.1.2 Preference Shares	-	-
1.1.3 Other Debentures & Bonds	-	-
1.1.4 Securitised Debt securities	-	-
1.1.5 Units of REITs/InvITs	-	-
1.1.6 Equity Linked Debentures	-	-
1.2 Awaited Listing Securities		
1.2.1 Equity Shares	-	-
1.2.2 Preference Shares	-	-
1.2.3 Other Debentures & Bonds	-	-
1.2.4 Securitised Debt securities	-	-
1.2.5 Units of REITs/InvITs	-	-
1.2.6 Equity Linked Debentures	-	-
1.3 Unlisted Securities		
1.3.1 Equity Shares	-	-
1.3.2 Preference Shares	-	-
1.3.3 Other Debentures & Bonds	-	-
1.3.4 Securitised Debt securities	-	-
1.3.5 Units of REITs/InvITs	-	-
1.3.6 Equity Linked Debentures	-	-
1.4 Government Securities	-	-
1.5 Treasury Bills	-	-
1.6 Commercial Paper	-	-
1.7 Certificate of Deposits	-	-
1.8 Units of Domestic Mutual Fund	3,073.07	3,042.08
1.9 Bill Rediscounting	-	-
1.10 Foreign Securities	-	-
Total Investments	3,073.07	3,042.08
2 Deposits	-	-
3 Other Current Assets		
3.1 Cash & Bank Balance	12.98	11.52
3.2 TREPS/Reverse Repo Lending	93.97	90.50
3.3 Others	6.86	27.11
4 Deferred Revenue Expenditure (to the extent not written off)	-	-
TOTAL	3,186.88	3,171.22

ABRIDGED REVENUE ACCOUNT
FOR THE PERIOD APRIL 1, 2022 TO MARCH 31, 2023

₹ in Lakhs

	Current Year	Previous Year
1 INCOME		
1.1 Dividend	-	-
1.2 Interest	4.48	3.70
1.3 Realised Gain/(Loss) on Foreign Exchange Transactions	-	-
1.4 Realised Gains/(Losses) on Interscheme sale of investments	-	-
1.5 Realised Gains/(Losses) on External sale/redemption of investments	200.18	126.46
1.6 Realised Gains/(Losses) on Derivative Transactions	-	-
1.7 Other Income (Refer Note 4)	1.91	2.18
(A)	206.56	132.34
2 EXPENSES		
2.1 Management fees	18.50	2.48
2.2 GST on Management fees	3.33	0.45
2.3 Transfer agents fees and expenses	0.92	2.24
2.4 Custodian fees	-	-
2.5 Trusteeship fees	0.02	0.02
2.6 Commission to Agents	0.19	16.02
2.7 Marketing & Distribution expenses	0.07	0.10
2.8 Audit fees	0.05	0.05
2.9 Interest on Borrowings	-	-
2.10 Transaction costs (Refer Note 6)	0.01	0.02
2.11 Investor Education and Awareness expenses	0.15	0.55
2.12 Other operating expenses *	0.70	0.69
(B)	23.96	22.62
3 NET REALISED GAINS/(LOSSES) FOR THE YEAR/PERIOD (A-B=C)	182.60	109.72
4 Change in Unrealised Depreciation in value of investments (D)	-	-
5 NET GAINS/(LOSSES) FOR THE YEAR/PERIOD (E=(C-D))	182.60	109.72
6 Change in unrealised appreciation in the value of investments (F)	35.81	220.64
7 NET SURPLUS/(DEFICIT) FOR THE YEAR/PERIOD (E+F=G)	218.42	330.36
7.1 Add: Balance transfer from Unrealised Appreciation Reserve **	714.36	493.72
7.2 Less: Balance transfer to Unrealised Appreciation Reserve	(750.17)	(714.36)
7.3 Add/(Less): Equalisation	(47.07)	320.00
8 Total	135.54	429.72
9 Dividend appropriation		
9.1 Income Distributed during the year/period	-	-
9.2 Tax on income distributed during the year/period	-	-
10 Retained Surplus/(Deficit) carried forward to Balance sheet	135.54	429.72

* Expenses recovered from Asset Management Company are included in other operating expenses.

** Amount transferred from Revenue Reserve.

NOTES TO ACCOUNTS

Annexure I to the Abridged Balance Sheet and Revenue Account for the Year ended March 31, 2023

1 Investments:-

- 1.1. All investments of the scheme except Government Securities and Treasury Bills are registered in the name of the Trustees for the benefits of the Schemes Unitholders. All investments in Government Securities and Treasury Bills are held in an Subsidiary General Ledger account in the name of "HDFC Mutual Fund".
- 1.2. Open Position of derivatives as at March 31, 2023 is ₹ Nil (as at March 31, 2022 was ₹ Nil).
- 1.3. Investments in Associates and Group Companies.
Refer Annexure III
- 1.4. There are no open position of securities borrowed and / or lent by the scheme as at March 31, 2023 and as at March 31, 2022.
- 1.5. Securities classified as below investment grade or default as at March 31, 2023 is ₹ Nil (as at March 31, 2022 was ₹ Nil).
- 1.6. The Aggregate Unrealised Gain / (Loss) as at March 31, 2023 is ₹ 750.17 Lakhs (as at March 31, 2022 was ₹ 714.36 Lakhs) and as a percentage of net assets of the scheme as at March 31, 2023 is 24.08% (as at March 31, 2022 was 22.69%).
- 1.7. The Aggregate value of investments purchased and sold (including matured) during the financial year and as a percentage of average daily net assets are as under:

	Purchase Value (₹ in Lakhs)	%	Sales Value (₹ in Lakhs)	%
Current Year	495.00	16.34	700.00	23.10
Previous Year	1,322.98	48.47	555.00	20.33

- 2 Disclosure Under Regulation 25(8) of the SEBI Regulations and other applicable Regulations.
Refer Annexure IV
- 3 Unit Capital movement during the year ended March 31, 2023.
Refer Annexure II
- 4 Other Income, if any includes load credited to scheme, compensation and expense reimbursed by AMC.
- 5 Expenses other than management fee are inclusive of service tax wherever applicable.
- 6 Transaction costs represent, costs incurred from November 01, 2012 which are charged to the scheme and not considered for computation of the total expense ratio as per SEBI Notification dated September 26, 2012.
- 7 Prior year figures have been regrouped and reclassified wherever necessary.
- 8 Contingent Liability as at March 31, 2023 is ₹ Nil (as at March 31, 2022 was ₹ Nil).

Annexure II - Unit Capital Movement

(Figures in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Units	₹	Units	₹
(A) IDCW Option				
At the beginning of the year	12.629	126.29	13.881	138.81
Issued during the year (including IDCW reinvested)	0.562	5.62	1.109	11.09
	13.192	131.92	14.989	149.89
Repurchased during the year (1.094)	(1.094)	(10.94)	(2.360)	(23.60)
At the end of the year (A)	12.098	120.98	12.629	126.29
(B) Direct Plan - IDCW Option				
At the beginning of the year	1.086	10.86	0.850	8.50
Issued during the year (including IDCW reinvested)	0.563	5.63	2.652	26.52
	1.649	16.49	3.502	35.02
Repurchased during the year (0.387)	(0.387)	(3.87)	(2.416)	(24.16)
At the end of the year (B)	1.262	12.62	1.086	10.86
(C) Growth Option				
At the beginning of the year	79.918	799.18	56.207	562.07
Issued during the year	13.743	137.43	38.277	382.77
	93.661	936.61	94.484	944.84
Repurchased during the year (23.594)	(23.594)	(235.94)	(14.566)	(145.66)
At the end of the year (C)	70.067	700.67	79.918	799.18
(D) Direct Plan - Growth Option				
At the beginning of the year	25.202	252.02	16.296	162.96
Issued during the year	5.989	59.89	11.803	118.03
	31.191	311.91	28.099	280.99
Repurchased during the year (3.831)	(3.831)	(38.31)	(2.897)	(28.97)
At the end of the year (D)	27.360	273.60	25.202	252.02
Total (A) + (B) + (C) + (D)	110.787	1,107.87	118.835	1,188.35

Face Value of units is ₹ 10/-.

Annexure III - Investment in Associates and Group Companies

Current Year

(₹ in Lakhs)

Nature of instruments	Commercial Paper		Deep Discount Bonds		Equity Shares		NCD/Bonds	
Name of the Issuer #	Investment by the Scheme	Aggregate investment by all the Schemes	Investment by the Scheme	Aggregate investment by all the Schemes	Investment by the Scheme	Aggregate investment by all the Schemes	Investment by the Scheme	Aggregate investment by all the Schemes
GlaxoSmithkline Pharmaceuticals Ltd.	-	-	-	-	-	2.91	-	-
HCL Technologies Ltd.	-	-	-	-	-	208,822.27	-	-
HDB Financial Services Ltd.	-	-	-	35,609.33	-	-	-	60,979.55
HDFC Asset Management Company Ltd.	-	-	-	-	-	472.69	-	-
HDFC Bank Ltd.	-	-	-	-	-	675,455.86	-	35,982.51
HDFC Life Insurance Company Ltd.	-	-	-	-	-	67,488.25	-	6,755.04
Housing Development Fin. Corp. Ltd.	-	178,631.07	-	-	-	366,035.90	-	882,069.15
Siemens Ltd.	-	-	-	-	-	2,242.05	-	-
Total	-	178,631.07	-	35,609.33	-	1,320,519.92	-	985,786.24

Previous Year

(₹ in Lakhs)

Nature of instruments	Commercial Paper		Deep Discount Bonds		Equity Shares		NCD/Bonds	
Name of the Issuer #	Investment by the Scheme	Aggregate investment by all the Schemes	Investment by the Scheme	Aggregate investment by all the Schemes	Investment by the Scheme	Aggregate investment by all the Schemes	Investment by the Scheme	Aggregate investment by all the Schemes
HCL Technologies Ltd.	-	-	-	-	-	112,985.87	-	-
HDB Financial Services Ltd.	-	-	-	55,617.00	-	-	-	50,099.73
HDFC Asset Management Company Ltd.	-	-	-	-	-	622.11	-	-
HDFC Bank Ltd.	-	-	-	-	-	433,713.55	-	37,440.07
HDFC ERGO General Insurance Co. Ltd.	-	-	-	-	-	-	-	2,500.50
HDFC Life Insurance Company Ltd.	-	-	-	-	-	51,675.44	-	7,011.79
Housing Development Fin. Corp. Ltd.	-	124,149.07	-	26,198.69	-	375,789.84	-	1,174,595.26
Total	-	124,149.07	-	81,815.69	-	974,786.81	-	1,271,647.35

The above report includes summation of gross values of Purchase & sale of investments

This disclosure has been made as Director(s) of the AMC is/are also a Director on the Board of the above Companies. The above investments were considered sound at the point of investment. Before making an investment, the same is evaluated on merits and on arm's length basis and in accordance with the objective of the scheme. The investments under the respective Plans of HDFC Index Fund were made pursuant to their Investment Objectives.

Annexure IV

Disclosure under Regulation 25 (8) of the SEBI Regulations as amended

- (i) Disclosure under Regulation 25(8) of the SEBI Regulation have been made in respect of amount paid to parties associated with sponsors in which the Asset Management Company or its major shareholders have a substantial interest as in accordance with the requirements given in SEBI's Circular No. SEBI/IMD/CIR No 18/198647/2010 dated March 15, 2010.

- Commission on distribution of units to associates/related parties/group companies of sponsor/AMC

Current Year

Name of associate/related parties/group companies of Sponsor/AMC	Nature of Association/Nature of relation (% holding)	Business given		Commission related to the scheme	
		Amount (₹ in Lakhs)	% of total business received by the scheme	Amount (₹ in Lakhs)	% of total commission related to the scheme
HDFC Bank Ltd.	Associate (20.87%)	10.99	2.78	0.40	2.43

Previous Year

Name of associate/related parties/group companies of Sponsor/AMC	Nature of Association/Nature of relation (% holding)	Business given		Commission related to the scheme	
		Amount (₹ in Lakhs)	% of total business received by the scheme	Amount (₹ in Lakhs)	% of total commission related to the scheme
HDFC Bank Ltd.	Associate (20.98%)	26.39	2.61	0.46	2.88
HDFC Sales Private Ltd.	Group company of sponsor (100%)	0.30	0.03	@@	@

The commission includes commission on retained business of prior periods.

Pursuant to SEBI directives, no payment of commission has been made in respect of investments made by the Sponsor of the Mutual Fund.

The above amount represents payments made to associates.

- (ii) The Scheme has made payments to its associates, for services rendered by them, during the year as under:-

Entity	Nature of Payment	Amount (₹ in Lakhs)		% of equity capital held by the sponsors & its subsidiary/associates	
		Current Year	Previous Year	March 31, 2023	March 31, 2022
HDFC Asset Management Company Ltd.	Investment Management and Advisory Fees	21.83	2.93	62.77%\$#	68.81%\$*
HDFC Trustee Company Ltd.	Trusteeship Fees	0.02	0.02	100%**	100%**

- (iii) Amounts outstanding as at the Balance Sheet date:-

Entity	Nature of Payment	Amount (₹ in Lakhs)		% of equity capital held by the sponsors & its subsidiary/associates	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Payable					
HDFC Asset Management Company Ltd.	Investment Management and Advisory Fees	2.75	0.00	62.77%\$#	68.81%\$*
HDFC Trustee Company Ltd.	Trusteeship Fees	0.01	0.01	100%**	100%**
HDFC Bank Ltd.	Bank Charges	@@	@@	20.87%\$	20.98%\$
HDFC Bank Ltd.	Commission on distribution of Units	0.04	0.04	20.87%\$	20.98%\$

The above amount represents payables to associates.

\$# Held by HDFC Ltd. - 52.56%; ABRDN Investment Management Limited (Formerly Standard Life Investments Limited) - 10.21%

\$* Held by HDFC Ltd. -52.60%; ABRDN Investment Management Limited (Formerly Standard Life Investments Limited) - 16.21%

** Held by HDFC Ltd.

\$ Held by HDFC Ltd. (including through HDFC Investments Ltd. and HDFC Holdings Ltd.)

\$\$ Held by HDFC Bank Ltd.

@@ less than 0.01 Lakhs

@ Less than 0.01%

KEY STATISTICS
FOR THE YEAR ENDED MARCH 31, 2023

	Current Year	Previous Year
1. NAV per unit (₹):		
Open		
IDCW Option	23.157	20.105
Direct Plan - IDCW Option	24.982	21.530
Growth Option	26.427	22.944
Direct Plan - Growth Option	28.444	24.512
High		
IDCW Option	25.249	23.656
Direct Plan - IDCW Option	27.393	25.478
Growth Option	28.814	26.996
Direct Plan - Growth Option	31.187	29.007
Low		
IDCW Option	21.584	19.954
Direct Plan - IDCW Option	23.328	21.371
Growth Option	24.527	22.771
Direct Plan - Growth Option	26.294	24.331
End		
IDCW Option	24.920	23.157
Direct Plan - IDCW Option	27.098	24.982
Growth Option	28.439	26.427
Direct Plan - Growth Option	30.852	28.444
2. Closing Assets Under Management (₹ in Lakhs)		
End	3,115.84	3,148.52
Average (AAuM ⁴)	3,030.10	2,729.68
3. Gross income as % of AAuM¹	8.00	12.93
4. Expense Ratio⁵ :		
a. Total Expense as % of AAuM (plan wise)		
Regular Plan	1.00	1.00
Direct Plan	0.21	0.23
b. Management Fee as % of AAuM (plan wise)		
Regular Plan	0.61	0.09
Direct Plan	0.61	0.09

	Current Year	Previous Year
5. Net Income as a percentage of AAuM²	7.21	12.10
6. Portfolio turnover ratio (%)³	16.34	20.33
7. Total Dividend per unit distributed during the year (₹)	NA	NA
8. Returns (%) ^:		
a. Last One Year		
Growth Option	7.61**	15.18**
Direct Plan - Growth Option	8.46**	16.04**
Benchmark #	1.89**	14.93**
b. Since Inception		
Growth Option	9.82**	10.04**
Benchmark #	11.23**	12.20**
Direct Plan - Growth Option	10.70**	10.95**
Benchmark #	11.11**	12.15**

** Compounded Annualised Returns

NIFTY 50 Hybrid Composite Debt 65:35 Index

^ Past performance may or may not be sustained in the future

NA - Not Applicable

- Gross income = amount against (A) in the Revenue account i.e. Income.
- Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD.
- Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.
- AAuM=Average daily net assets.
- Expense Ratio = Planwise expense divided by Planwise Average AuM for the year / period.

Auditors' Report and Abridged Audited Results have been extracted from the Auditors' Report, Audited Balance Sheet, Revenue Account and Notes to Accounts. Full Annual Report shall be disclosed on the website (www.hdfcfund.com) and shall be available for inspection at the Head Office of HDFC Mutual Fund. Unit holder can obtain a copy of the same at a price.

Have you...

Updated your PAN and KYC information with us?

Provide us your PAN and KYC information

All Unit holder(s) have to keep their PAN and KYC information (both mandatory) to be updated at all times in their folios. Please note that investments (systematic transaction, lumpsum, redemption and non-investor initiated transactions like IDCW payout) shall not be permitted/shall be restricted in the folios wherein PAN/PEKRN (PAN-exempt KYC Reference Number) are not available. In case of any changes to the KYC information provided by you earlier, please visit an Investor Service Centre (ISC) of HDFC Mutual Fund/CAMS or your financial advisor, if any. The KYC procedure can be completed at the Point of Service of any KYC Registration Agency (KRA) authorized by SEBI.

PAN Aadhaar linking

Currently, as per Section 139AA of the Income Tax Act, 1961, every person who has been allotted a PAN as on July 1, 2017, and who is eligible to obtain an Aadhaar number, shall have to mandatorily link their Aadhaar and PAN latest by June 30, 2023 or such other timeline as may be notified by SEBI from time to time, failing which such PAN shall become inoperative immediately thereafter and attract higher TDS and transaction restrictions.

Identification of Ultimate Beneficial Ownership (UBO) for Non-individual investors

SEBI has mandated all registered intermediaries to obtain sufficient information from their investors/clients viz. non-individuals and trusts in order to identify and verify the identity of persons who beneficially own or control the investments. The beneficial owner is defined as the natural person or persons, who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted or those persons who exercise ultimate effective control over a legal person or arrangement. In view of the above we request you to submit the details of the beneficial ownership along with the requisite documents at the earliest. For the UBO declaration/form, please visit our website www.hdfcfund.com.

Nomination

Nomination is mandatory for all unit holders (whether single or joint), to avoid any inconvenience, should there be an unforeseen event in future. SEBI vide its circular dated June 15, 2022, as amended from time to time, has made it mandatory for investors subscribing to mutual fund units on or after October 1, 2022, to either provide nomination details or opt out of nomination in prescribed format. Further, all existing individual unit holder(s) (either sole or joint) are required to provide nomination/opt out of nomination by September 30, 2023, or such other timeline as may be notified by SEBI from time to time, failing which their folios shall be frozen for debits.

Updation/Review of Bank account

Unit holders are advised to note that for redemptions and IDCW declared with effect from January 13, 2023, as per amended SEBI regulations, payout will be done only through electronic mode(s), even where a Unit holder has opted to receive physical instruments. Thus, payment of such

amounts shall be made through physical instruments only in exceptional circumstances for reasons to be recorded by the AMC. Accordingly, unit holders who have opted for/have earlier received physical instruments are requested to update their bank account details by/sending us a copy of a cancelled cheque of first/sole holder's bank account.

Thus, unit holders should also ~~check~~ ensure that the correct bank account details including IFSC is updated in our records.

Done your bit towards the environment?

Provide us your latest contact information and opt to receive communications by email

Update your email ID and mobile number in your folio(s) and experience the convenience of receiving transaction alerts and account statements immediately upon transacting. You can also request for receiving an account statement regularly to your email ID. HDFC Mutual Fund offers a facility for you to receive documents (account statements, annual reports etc.) by email. Receiving documents by email is convenient, easy to store/retrieve, free of cost as well as eco-friendly. After opting for the facility, if you need any document in the physical form, you may request for the same and we shall provide it at no cost to you.

Checked if you have received the redemptions and IDCW, if any, in your folio?

Check for any unclaimed redemptions/IDCW

Unit holders are earnestly requested to check that they have received all redemptions and IDCW, if any, in their folio(s). If any payouts have not been received, our Investor Service Centres will assist unit holders in receiving any such payments.

Important note for investors of erstwhile Morgan Stanley Mutual Fund:

HDFC Asset Management Company Limited manages the schemes of erstwhile Morgan Stanley Mutual Fund with effect from the close of business hours of June 27, 2014. Unitholders of the erstwhile Morgan Stanley Growth Fund are earnestly requested to check for any missing/unclaimed IDCW, particularly those declared between 1999 and 2006. The Unitholders are requested to approach our Investor Service Centres for the process of claiming such IDCW and for KYC/address or contact details and/or bank account details updation etc. at the earliest.

Information on FATCA & CRS

FATCA (i.e. Foreign Account Tax Compliance Act) is a United States Federal law that requires foreign financial institutions to report certain information about financial accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest either directly or indirectly to the US tax authorities. FATCA is an important development in US efforts to improve tax compliance involving foreign financial assets and offshore accounts of US citizens. The Government of India and the United States of America (US) have signed an Inter Governmental Agreement to implement FATCA on July 09, 2015. Additional information on FATCA is available at: <http://www.irs.gov/FATCA>.

IMPORTANT (contd...)

Similar to FATCA, Organisation for Economic Co-operation and Development (OECD) has released a “Standard for Automatic Exchange of Financial Account Information in Tax Matters”, commonly known as Common Reporting Standard (CRS). CRS mandates multilateral and automatic tax information exchange. Under the standard, jurisdictions would obtain financial information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. India has signed a multilateral agreement on June 03, 2015 that has paved the way for effective exchange of financial account information on an automatic basis among signatory countries. Information on CRS is available at: <https://www.oecd.org/tax/automatic-exchange/common-reporting-standard>.

Pursuant to the new reporting regime under FATCA and CRS, the AMC/Mutual Fund is required to collect and disclose information about its investors/unit holders to the Indian tax authorities for the purpose of onward transmission to the concerned authorities in case identified as a reportable account. The information disclosed may include (*inter alia*, but not limited

to) the identity of the investors, their tax residency and their direct or indirect beneficiaries, beneficial owners and controlling persons. We urge all the unit holders to update their FATCA/CRS details by submitting self-certification to the AMC/Mutual Fund at the earliest.

The Central Board of Direct Taxes, vide a press release dated April 11, 2017 has notified the requirement of obtaining the FATCA/CRS self-certification from the investors whose folios were opened between July 01, 2014 and August 31, 2015, failing which, such folios would be restricted for further transactions.

All investors, especially those who had opened the folios after July 01, 2014, are therefore requested to provide this information online via our website www.hdfcfund.com under Investor Corner --> KYC and FATCA/CRS requirements. Alternately, it can be submitted to any of our Investor Service Centers (ISCs) or to your distributor, if any, by filling up the Supplementary KYC, FATCA & CRS form.

Did you know?

Units of eligible schemes of HDFC Mutual Fund can be held in your demat account and are available for transactions on the stock exchanges.

For more information on the above and a suite of other facilities and services offered by HDFC Mutual Fund, visit your financial advisor, if any, or visit our Investor Service Centre closest to you. You may also call us on 1800 3010 6767/1800 419 7676 or email us at hello@hdfcfund.com. Log on to www.hdfcfund.com for additional contact details.

**THE
FLEXIBLE
WAY TO
REACH
YOUR GOAL**



Presenting **HDFC FLEXI CAP FUND**



Contact your Mutual Fund Distributor / Registered Investment Adviser today or give a missed call on **73974 12345**.

HDFC Flexi Cap Fund

(An open ended dynamic equity scheme investing across large cap, mid cap & small cap stocks) is suitable for investors who are seeking*:

- To generate long-term capital appreciation / income
- Investment predominantly in equity & equity related instruments

RISKOMETER#



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

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

If undelivered, please return to:

Computer Age Management Services (P) Ltd.

Unit : HDFC Mutual Fund

“Rayala Towers”, 6th Floor, Tower 1,
158, Anna Salai, Chennai - 600 002.