

Date: January 20, 2025

Dear Unitholder,

Sub: Change in fundamental attributes of HDFC Nifty 1D Rate Liquid ETF of HDFC Mutual Fund (“the Fund”)

Unit holders are requested to note that HDFC Nifty 1D Rate Liquid ETF (“**the Scheme**”) will be undergoing changes in its key features with effect from February 28, 2025 (**Effective Date**). The changes, indicated in the below table will be considered as change in the fundamental attributes in line with Regulation 18(15A) and Regulation 25(26) of the SEBI (Mutual Funds) Regulations, 1996 (“**MF Regulations**”) read with clause 1.14.1.4 and 17.10 of Master Circular for Mutual Funds dated June 27, 2024. Accordingly, the proposed change shall be carried out by implementing the process for change in the fundamental attributes of a scheme.

1. **Name of the Scheme:** HDFC Nifty 1D Rate Liquid ETF
2. **Rationale for the change/s:** It is proposed to discontinue the daily IDCW currently offered under the Scheme from the Effective Date for the reasons mentioned as under. Thereafter, the income attributable to Units will continue to remain invested and will be reflected in the NAV.
 - **Ease of investing for investors:** Investors currently need to maintain records of regular dividends, TDS deductions, etc. a change to the ‘growth’ mode of investing will allow easier maintenance of records for the investors.
 - **Access to full value of investments at all points of time for investors:** In the current setup, investors cannot redeem the fractional units on account of daily IDCW, they have to wait for weekly payouts. After the proposed change, there would be no fractional units created. The value of existing units will go up, which can be sold at any time on the exchange.
 - **Investor gets better tax benefits:** After the proposed change, an investor’s return would be taxed as Capital Gains, which can be set off against losses.
 - **Reduction in Scheme costs and scope for errors:** Declaration of IDCW at daily frequency requires activities such as calling for the daily BENPOS file and reconciliations thereof, which not only entail costs but is also error prone.
3. **Comparison between the existing and proposed feature of the Scheme is as follows:**

Particulars	Existing Scheme Provisions	Proposed Provisions
Name of the Scheme	HDFC Nifty 1D Rate Liquid ETF	HDFC Nifty 1D Rate Liquid ETF - Growth
Plans and Option*	<p>There shall be no Plans / Options under the Scheme.</p> <p>The Scheme will endeavour to declare IDCW at a daily frequency (record date shall be every Business Day and the holiday immediately preceding a Business Day), subject to availability of distributable surplus to keep the NAV constant. IDCW declared on daily basis will be compulsorily reinvested in the Scheme and Units</p>	<p>The Scheme will offer only Growth option.</p> <p>The income attributable to units will continue to remain invested and will be reflected in their Net Asset Value.</p>

Particulars	Existing Scheme Provisions	Proposed Provisions
	arising out of IDCW reinvestment will be automatically redeemed and paid out to Unit holders on a weekly basis i.e. payout on every Monday. In case the payout date falls on a non Business day, the payout will be done on the immediately following Business Day.	
Product Label	<ul style="list-style-type: none"> • Current Income with high degree of liquidity • Investment in TREPS covered by the NIFTY 1D Rate Index 	<ul style="list-style-type: none"> • Investment over short term with returns that, before expenses, correspond to the returns of the NIFTY 1D Rate Index, subject to tracking errors, along with high degree of liquidity • Investment in TREPS covered by the NIFTY 1D Rate Index

*** Considered as Fundamental Attribute Change**

All other provisions in Scheme Information Document (SID) / Key Information Memorandum (KIM) referring to daily IDCW and Constant NAV shall stand modified as above.

All other features of the Scheme except those mentioned above will remain unchanged.

4. The Board of Directors of HDFC Asset Management Company Limited and the Board of Directors of HDFC Trustee Company Limited, have approved the above proposed changes. Further, SEBI, vide email dated January 17, 2025 noted the proposed changes.
5. In line with regulatory requirements, on account of the change in fundamental attributes is being proposed, we are offering an exit window ("Exit Option") of 30 days to the existing Unit holders (as on January 21, 2025) from **January 29, 2025** to **February 27, 2025** (both days inclusive) ("Exit Option Period"). These changes will be effective from **February 28, 2025** ("Effective Date"). During the Exit Option Period, unit holders not consenting to the change may:
 - (i) redeem their units by selling them on stock exchanges viz. NSE / BSE, where the units are listed; or
 - (ii) redeem their units amounting to Rs.25 crores and above and in creation Unit size directly with the AMC/Fund. However, this limit shall not apply to Market Makers;
 - (iii) approach the AMC/ Fund for redemption of units of ETFs, for transactions of upto Rs. 25 Crores in case of the following scenarios:
 - i. Traded price (closing price) of the ETF units is at discount of more than 1% to the day end NAV for 7 continuous trading days, or
 - ii. No quotes for such ETFs are available on stock exchange(s) for 3 consecutive trading days, or
 - iii. Total bid size on the exchange is less than half of Creation Units Size daily, averaged over a period of 7 consecutive trading days.

The redemption requests submitted directly to the AMC / Fund shall be processed at applicable Net Asset Value without payment of exit load, if any, subject to provisions of applicable cut-off time as stated in the Scheme Information Document (SID) of the Scheme. All redemption requests received post 3.00 pm on February 27, 2025 will be subject to applicable exit load (if any), under the Scheme. However, it may be noted that there is no exit load under the Scheme.

6. The above information is also available on the website of HDFC Mutual Fund viz., www.hdfcfund.com

7. Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption requests.
8. The redemption warrant/cheque will be mailed or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar) within 3 (three) working days from the date of receipt of redemption request.
9. **It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.**
10. The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:
 - (a) Sell the units on the stock exchanges where the units are listed viz. NSE / BSE.
 - (b) The redemption requests directly to the AMC / Fund amounting to Rs. 25 crore or more or those by market makers must be submitted only at AMC's branches and not at any other official point of acceptance. Redemption requests for any other amount must be submitted to the Depository Participant (DP) since units are held in Demat mode. The redemption requests shall be processed at applicable NAV subject to provisions of applicable cut-off time as stated in the SID of the Scheme.
 - (c) Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in HDFC Mutual Fund's records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.
11. The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme.

12. Tax Consequences:

Redemption of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of HDFC Mutual Fund and SID would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice.

Unit holders who require any further information may contact:

HDFC Mutual Fund, Address: HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020.

Telephone no.: 1800 3010 6767/ 1800 419 7676 Email id: hello@hdfcfund.com

Yours faithfully,

For HDFC Asset Management Company Limited
Investment Manager to HDFC Mutual Fund
CIN no. L65991MH1999PLC123027

Sd/-
Authorised Signatory

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