

Date: February 6, 2025

Dear Unitholder,

**Sub: Change in fundamental attributes and certain other provisions of HDFC Dynamic PE Ratio Fund of Funds (“the Scheme”)**

Unit holders are requested to note that HDFC Dynamic PE Ratio Fund of Funds (“the Scheme”) will be undergoing changes in the key features with effect from **March 19, 2025 (Effective Date)**. The changes, indicated as Fundamental Attribute Change (“**FAC**”) 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 changes shall be carried out by implementing the process for change in the fundamental attributes of a scheme.

- 1. Name of the Scheme (Existing):** HDFC Dynamic PE Ratio Fund of Funds
- 2. Rationale for the change/s:** To cater to conservative investors who would like to invest in a product that manages their allocation towards Arbitrage and Debt schemes in a manner that not only enhances their post-tax returns, but also manages the risk of their portfolios effectively. Hence, the management of Company proposes to change certain provisions and fundamental attributes of the Scheme.
- 3. Comparison between the existing and proposed features of the Scheme is as follows:**

| Particulars                                           | Existing Provisions                                                                                                                                                                                                                                                                                                                                                                                                                              | Proposed Provisions                                                                                                                                                                                    |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
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| <b>Name of the Scheme</b>                             | HDFC Dynamic PE Ratio Fund of Funds                                                                                                                                                                                                                                                                                                                                                                                                              | HDFC <b>Debt Advantage</b> Fund of Funds                                                                                                                                                               |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| <b>Type of Scheme*</b>                                | An open ended Fund of Fund scheme investing in equity and debt schemes of HDFC Mutual Fund                                                                                                                                                                                                                                                                                                                                                       | An open ended Fund of Fund scheme investing in <b>Arbitrage and Debt Mutual Fund Schemes</b>                                                                                                           |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| <b>Investment Objective*</b>                          | 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 achieved.                                                                                                                                                                                                                                 | <b>To generate income / long-term capital appreciation by investing in units of Arbitrage and Debt schemes.</b><br>There is no assurance that the investment objective of the Scheme will be achieved. |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| <b>Asset Allocation Pattern*</b>                      | <p><b>Under normal circumstances, the asset allocation will be as under:</b></p> <table border="1"> <thead> <tr> <th>Instruments</th> <th>Minimum</th> <th>Maximum</th> </tr> <tr> <td></td> <td colspan="2">(% of Total Assets)</td> </tr> </thead> <tbody> <tr> <td>Units of specified schemes of HDFC Mutual Fund*</td> <td>95</td> <td>100</td> </tr> <tr> <td>Debt Securities (including</td> <td>0</td> <td>5</td> </tr> </tbody> </table> | Instruments                                                                                                                                                                                            | Minimum | Maximum |  | (% of Total Assets) |  | Units of specified schemes of HDFC Mutual Fund* | 95 | 100 | Debt Securities (including | 0 | 5 | <p><b>Under normal circumstances, the asset allocation will be as under:</b></p> <table border="1"> <thead> <tr> <th>Instruments</th> <th>Minimum</th> <th>Maximum</th> </tr> <tr> <td></td> <td colspan="2">(% of Net Assets)</td> </tr> </thead> <tbody> <tr> <td>Units of Arbitrage Fund and Debt Mutual Fund Schemes#</td> <td>95</td> <td>100</td> </tr> <tr> <td>Debt Securities &amp; Money Market Instruments@</td> <td>0</td> <td>5</td> </tr> </tbody> </table> | Instruments | Minimum | Maximum |  | (% of Net Assets) |  | Units of Arbitrage Fund and Debt Mutual Fund Schemes# | 95 | 100 | Debt Securities & Money Market Instruments@ | 0 | 5 |
| Instruments                                           | Minimum                                                                                                                                                                                                                                                                                                                                                                                                                                          | Maximum                                                                                                                                                                                                |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
|                                                       | (% of Total Assets)                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                        |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| Units of specified schemes of HDFC Mutual Fund*       | 95                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100                                                                                                                                                                                                    |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| Debt Securities (including                            | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5                                                                                                                                                                                                      |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| Instruments                                           | Minimum                                                                                                                                                                                                                                                                                                                                                                                                                                          | Maximum                                                                                                                                                                                                |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
|                                                       | (% of Net Assets)                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                        |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| Units of Arbitrage Fund and Debt Mutual Fund Schemes# | 95                                                                                                                                                                                                                                                                                                                                                                                                                                               | 100                                                                                                                                                                                                    |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |
| Debt Securities & Money Market Instruments@           | 0                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5                                                                                                                                                                                                      |         |         |  |                     |  |                                                 |    |     |                            |   |   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |         |         |  |                   |  |                                                       |    |     |                                             |   |   |

| Particulars | Existing Provisions                                        |  |  | Proposed Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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|             | securitised<br>debt) and<br>money<br>market<br>instruments |  |  | <p>#The exposure to units of debt mutual fund schemes, debt securities and money market instruments@ shall be below 65%.</p> <p>@ Investments will be made in Cash or cash equivalents i.e. Government Securities, T-Bills and Repo on Government Securities, units of Liquid and Overnight Mutual Fund Schemes for liquidity purposes.</p> <p><b>The list of schemes includes:</b></p> <ol style="list-style-type: none"> <li>1. HDFC Arbitrage Fund or any other Arbitrage Fund as found suitable by the Fund Manager.</li> <li>2. HDFC Corporate Bond Fund, HDFC Credit Risk Fund, HDFC Liquid Fund, HDFC Overnight Fund, HDFC Low Duration Fund, HDFC Money Market Fund, HDFC Short Term Debt Fund, HDFC Medium Term Debt Fund, HDFC Income Fund, HDFC Dynamic Debt Fund, HDFC Banking and PSU Debt Fund, HDFC Gilt Fund, HDFC Floating Rate Debt Fund, HDFC Ultra Short Term Fund, HDFC Flexi Cap Fund, HDFC Top 100 Fund, HDFC Mid-Cap Opportunities Fund, HDFC Small Cap Fund, HDFC Capital Builder Value Fund, HDFC Infrastructure Fund, HDFC Large and Midcap Fund, HDFC Focused 30 Fund, HDFC Dividend Yield Fund, HDFC Banking &amp; Financial Services Fund, HDFC Arbitrage Fund, HDFC Housing Opportunities Fund, HDFC Equity Savings Fund, HDFC Multi-Asset Fund, HDFC Hybrid Debt Fund, HDFC Hybrid Equity Fund, HDFC Balanced Advantage Fund and HDFC Multi Cap Fund, HDFC Business Cycle Fund, HDFC Long Duration Debt Fund, HDFC MNC Fund, HDFC Defence Fund, HDFC Non-Cyclical Consumer Fund, HDFC Transportation and Logistics Fund, HDFC Technology Fund, HDFC Pharma and Healthcare Fund, HDFC Manufacturing Fund.</li> </ol> <p>The AMC reserves the right to modify the list of specified equity/ debt schemes from time to time and such change shall not tantamount to a change in the fundamental attributes of the Scheme.</p> <p>As the Scheme invests in the Underlying Schemes, it will have exposure to derivatives, foreign</p> <p>The AMC reserves the right to modify the list of arbitrage schemes/ debt schemes from time to time and such change shall not tantamount to a change in the fundamental attributes of the Scheme.</p> <p>As the Scheme invests in the Underlying Schemes, it will have exposure to derivatives, foreign securities, foreign securitized debt, stock lending, etc as per investments / transactions and limits of the Underlying Schemes.</p> <p>As per clause 12.24.1 of Master Circular, the cumulative gross exposure through all permissible investments viz Arbitrage funds, Debt Schemes, Debt and Money Market</p> |

| Particulars | Existing Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Proposed Provisions                                                           |                                                                                                   |                        |                     |   |                                                                                                             |                                                                               |                                                          |   |                  |                         |                                |   |                     |                          |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  |  |        |                    |                        |                     |   |                                                                                                             |                                                                              |                                                               |   |                     |                          |                                                                                                   |
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|             | <p>securities, foreign securitized debt, stock lending, etc as per investments / transactions and limits of the Underlying Schemes.</p> <p>As per clause 12.24.1 of Master Circular, the cumulative gross exposure through all permissible investments viz equity oriented schemes, debt oriented schemes and debt securities and money market instruments, repo transactions in Corporate Debt Securities shall not exceed 100% of the net assets of the scheme.</p> <p><b>Indicative Table (Actual instrument / percentages may vary subject to applicable SEBI circulars)</b></p> <table border="1" data-bbox="355 891 820 2105"> <thead> <tr> <th>S.No.</th> <th>Type of Instrument</th> <th>Percentage Of exposure</th> <th>Circular references</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Repo/ Reverse Repo/ Tri-Party Repos (TREPS) on Government Securities and Treasury Bills (G-Sec and T-Bills)</td> <td>To meet liquidity requirements or pending deployment as per regulatory limits</td> <td>Clause 1 of Seventh Schedule of Mutual Funds Regulations</td> </tr> <tr> <td>2</td> <td>Securitized Debt</td> <td>Upto 5% of total assets</td> <td>Clause 12.2 of Master Circular</td> </tr> <tr> <td>3</td> <td>Short Term deposits</td> <td>As per regulatory limits</td> <td>Clause 8 of Seventh Schedule of SEBI (MF) Regulations and Clause 12.16 of Master</td> </tr> </tbody> </table> | S.No.                                                                         | Type of Instrument                                                                                | Percentage Of exposure | Circular references | 1 | Repo/ Reverse Repo/ Tri-Party Repos (TREPS) on Government Securities and Treasury Bills (G-Sec and T-Bills) | To meet liquidity requirements or pending deployment as per regulatory limits | Clause 1 of Seventh Schedule of Mutual Funds Regulations | 2 | Securitized Debt | Upto 5% of total assets | Clause 12.2 of Master Circular | 3 | Short Term deposits | As per regulatory limits | Clause 8 of Seventh Schedule of SEBI (MF) Regulations and Clause 12.16 of Master | <p>instruments and such other securities/assets as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the scheme.</p> <p><b>Indicative Table (Actual instrument / percentages may vary subject to applicable SEBI circulars)</b></p> <table border="1" data-bbox="847 443 1444 1328"> <thead> <tr> <th>S. No.</th> <th>Type of Instrument</th> <th>Percentage of exposure</th> <th>Circular references</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Repo/ Reverse Repo/ Tri-Party Repos (TREPS) on Government Securities and Treasury Bills (G-Sec and T-Bills)</td> <td>To meet liquidity requirement or pending deployment as per regulatory limits</td> <td>Clause 1 of Seventh Schedule of SEBI Mutual Funds Regulations</td> </tr> <tr> <td>2</td> <td>Short Term deposits</td> <td>As per regulatory limits</td> <td>Clause 8 of Seventh Schedule of SEBI Mutual Funds Regulations and Clause 12.16 of Master Circular</td> </tr> </tbody> </table> <p>In addition to the instruments stated in the table above the Scheme may also hold cash from time to time.</p> |  |  |  | S. No. | Type of Instrument | Percentage of exposure | Circular references | 1 | Repo/ Reverse Repo/ Tri-Party Repos (TREPS) on Government Securities and Treasury Bills (G-Sec and T-Bills) | To meet liquidity requirement or pending deployment as per regulatory limits | Clause 1 of Seventh Schedule of SEBI Mutual Funds Regulations | 2 | Short Term deposits | As per regulatory limits | Clause 8 of Seventh Schedule of SEBI Mutual Funds Regulations and Clause 12.16 of Master Circular |
| S.No.       | Type of Instrument                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Percentage Of exposure                                                        | Circular references                                                                               |                        |                     |   |                                                                                                             |                                                                               |                                                          |   |                  |                         |                                |   |                     |                          |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  |  |        |                    |                        |                     |   |                                                                                                             |                                                                              |                                                               |   |                     |                          |                                                                                                   |
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| 2           | Securitized Debt                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Upto 5% of total assets                                                       | Clause 12.2 of Master Circular                                                                    |                        |                     |   |                                                                                                             |                                                                               |                                                          |   |                  |                         |                                |   |                     |                          |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  |  |        |                    |                        |                     |   |                                                                                                             |                                                                              |                                                               |   |                     |                          |                                                                                                   |
| 3           | Short Term deposits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | As per regulatory limits                                                      | Clause 8 of Seventh Schedule of SEBI (MF) Regulations and Clause 12.16 of Master                  |                        |                     |   |                                                                                                             |                                                                               |                                                          |   |                  |                         |                                |   |                     |                          |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  |  |        |                    |                        |                     |   |                                                                                                             |                                                                              |                                                               |   |                     |                          |                                                                                                   |
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| 1           | Repo/ Reverse Repo/ Tri-Party Repos (TREPS) on Government Securities and Treasury Bills (G-Sec and T-Bills)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | To meet liquidity requirement or pending deployment as per regulatory limits  | Clause 1 of Seventh Schedule of SEBI Mutual Funds Regulations                                     |                        |                     |   |                                                                                                             |                                                                               |                                                          |   |                  |                         |                                |   |                     |                          |                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |  |  |        |                    |                        |                     |   |                                                                                                             |                                                                              |                                                               |   |                     |                          |                                                                                                   |
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| Particulars                                                 | Existing Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                  |  |          | Proposed Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| <b>Benchmark</b>                                            | <p>The scheme may hold cash from time to time.</p> <p><b>NIFTY 50 Hybrid Composite Debt 65:35 Index (Total Returns Index)</b></p> <p><b>Benchmark Rationale:</b><br/>As required under clause 1.9 of Master Circular, this benchmark has been selected from amongst those notified by AMFI as the first-tier benchmark to be adopted by mutual funds, and which is reflective of the category of the scheme.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                  |  |          | <p><b>35% NIFTY 50 Arbitrage Index + 60% NIFTY Composite Debt Index A-III + 5% NIFTY 1D Rate Index</b></p> <p><b>Benchmark Rationale:</b><br/>The composition of the aforesaid Benchmark is such that it is suited for comparing the performance of the Scheme.</p> <p>The AMC / Trustees reserve the right to change the Benchmark in future for measuring the performance of the Scheme and as per the guidelines and directives issued by SEBI from time to time.</p> |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Investment Strategy*</b>                                 | <p>This Scheme is proposed to be dynamically managed through a Fund of Funds (FOF) structure following a Dynamic Price to Earnings (PE) Ratio Model. Accordingly, the Scheme shall allocate its assets between equity schemes and debt schemes based on the 1 year forward PE ratio as per the Bloomberg Consensus estimate of NIFTY 50, as per the following's bands:</p> <table border="1" data-bbox="355 1350 820 1975"> <thead> <tr> <th data-bbox="355 1350 568 1518">1 year Forward PE Ratio as per Bloomberg Consensus Estimate</th> <th data-bbox="568 1350 692 1518">Equity Schemes (%)</th> <th data-bbox="692 1350 820 1518">Debt Schemes (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="355 1518 568 1597">Upto 12</td> <td data-bbox="568 1518 692 1597">90-100</td> <td data-bbox="692 1518 820 1597">0-10</td> </tr> <tr> <td data-bbox="355 1597 568 1675">Greater than 12 - Upto 16</td> <td data-bbox="568 1597 692 1675">70-90</td> <td data-bbox="692 1597 820 1675">10-30</td> </tr> <tr> <td data-bbox="355 1675 568 1753">Greater than 16 - Upto 20</td> <td data-bbox="568 1675 692 1753">50-70</td> <td data-bbox="692 1675 820 1753">30-50</td> </tr> <tr> <td data-bbox="355 1753 568 1832">Greater than 20 - Upto 25</td> <td data-bbox="568 1753 692 1832">30-50</td> <td data-bbox="692 1753 820 1832">50-70</td> </tr> <tr> <td data-bbox="355 1832 568 1910">Greater than 25 - Upto 30</td> <td data-bbox="568 1832 692 1910">10-30</td> <td data-bbox="692 1832 820 1910">70-90</td> </tr> <tr> <td data-bbox="355 1910 568 1975">Greater than 30</td> <td data-bbox="568 1910 692 1975">0-10</td> <td data-bbox="692 1910 820 1975">90-100</td> </tr> </tbody> </table> <p>PE ratios would be reviewed on monthly basis and the portfolio will be rebalanced accordingly.</p> <p>The AMC reserves the right to change the Agency / publication</p> |                  |  |          | 1 year Forward PE Ratio as per Bloomberg Consensus Estimate                                                                                                                                                                                                                                                                                                                                                                                                              | Equity Schemes (%) | Debt Schemes (%) | Upto 12 | 90-100 | 0-10 | Greater than 12 - Upto 16 | 70-90 | 10-30 | Greater than 16 - Upto 20 | 50-70 | 30-50 | Greater than 20 - Upto 25 | 30-50 | 50-70 | Greater than 25 - Upto 30 | 10-30 | 70-90 | Greater than 30 | 0-10 | 90-100 | <p>The Scheme shall invest in units of Arbitrage and Debt schemes subject to permissible limits.</p> <p>The Fund Manager aims to create a portfolio keeping in mind the overall interest rate and economic outlook along with the arbitrage opportunities available between the cash market and Future &amp; Options market.</p> <p>The Scheme has the flexibility to manage its allocation of its assets between Arbitrage Fund and debt schemes after evaluating various parameters like arbitrage spreads between the cash market and Future &amp; Options market, credit risk, interest rate risk, RBI monetary policy outlook, shape of the yield curve, liquidity risk, and others as found suitable by the Fund Manager.</p> <p>A part of the funds may be invested in Government Securities, T-Bills and Repo on Government Securities, etc as mentioned under asset allocation table to meet liquidity requirements.</p> <p><b>Though every endeavor will be made to achieve the objective of the Scheme, the AMC / Sponsor / Trustee does not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.</b></p> |
| 1 year Forward PE Ratio as per Bloomberg Consensus Estimate | Equity Schemes (%)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Debt Schemes (%) |  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Upto 12                                                     | 90-100                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 0-10             |  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Greater than 12 - Upto 16                                   | 70-90                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 10-30            |  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Greater than 16 - Upto 20                                   | 50-70                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 30-50            |  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Greater than 20 - Upto 25                                   | 30-50                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 50-70            |  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Greater than 25 - Upto 30                                   | 10-30                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 70-90            |  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Greater than 30                                             | 0-10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 90-100           |  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                    |                  |         |        |      |                           |       |       |                           |       |       |                           |       |       |                           |       |       |                 |      |        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| Particulars                                       | Existing Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Proposed Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                   | <p>from Bloomberg Consensus to any other reputable and reliable Agency / publication. Any such change will be communicated to the unit holders by way of a public notice.</p> <p>Further,</p> <p>(a) The Scheme's investment in any Underlying Scheme shall not exceed 20% of the net assets of that Underlying Scheme.</p> <p>(b) Redemptions by the Scheme shall not exceed 5% of the net assets of an Underlying Scheme on a Business Day. The redemptions will be staggered to comply with this limit even in case portfolio rebalancing is triggered due to change in PE Ratios.</p> <p>Though every endeavour will be made to achieve the objective of the Scheme, the AMC / Sponsor / Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Exit Load</b>                                  | <p>➤ In respect of each purchase / switch-in of units, an Exit Load of 1.00% is payable if Units are redeemed / switched-out within 1 year from the date of allotment</p> <p>➤ No Exit Load is payable if Units are redeemed / switched-out after 1 year from the date of allotment.</p> <p>In respect of Systematic Transactions such as SIP, STPs etc., Exit Load, if any, prevailing on the date of registration / enrolment shall be levied.</p>                                                                                                                                                                                                                                                                                                                                                                                              | <p>➤ In respect of each purchase / switch-in of Units, an Exit Load of <b>0.25% is payable if Units are redeemed / switched-out within 1 month</b> from the date of allotment</p> <p>➤ No Exit Load is payable if Units are redeemed / switched-out <b>after 1 month</b> from the date of allotment.</p> <p>In respect of Systematic Transactions such as SIP, STPs etc., Exit Load, if any, prevailing on the date of registration / enrolment shall be levied.</p>          |
| <b>Riskometer of the Scheme</b>                   | High                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Low to Moderate</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Risk Factors pertaining to Arbitrage Funds</b> | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p><b>Risk Factors pertaining to Arbitrage Funds:</b></p> <ul style="list-style-type: none"> <li>• Identification and exploitation of the strategies to be pursued by the Fund Manager involves uncertainty. No assurance can be given that Fund Manager for Arbitrage Fund will be able to locate investment opportunities or to correctly exploit price discrepancies in the capital markets. Reduction in mis-pricing opportunities between the cash market and</li> </ul> |

| Particulars                                                       | Existing Provisions | Proposed Provisions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                   |                     | <p>Future and Options market may lead to lower level of activity affecting the returns. As Arbitrage Funds execute arbitrage transactions in various markets simultaneously, this may result in high portfolio turnover and, consequently, high transaction cost.</p> <ul style="list-style-type: none"> <li>• There may be instances, where the price spread between cash and derivative market is insufficient to meet the cost of carry. In such situations, the Fund Manager for Arbitrage Fund may not be able to outperform liquid / money market funds due to lack of opportunities in the derivative market. Though the constituent stocks of most indices are typically liquid, liquidity differs across stock. Due to heterogeneity in liquidity in the capital market segment, trades on this segment do not get implemented instantly. This often makes arbitrage expensive, risky and difficult to implement.</li> </ul> |
| <p><b>Risk Mitigation Measures adopted by Arbitrage Funds</b></p> | <p>-</p>            | <p><b><u>Risk Mitigation Measures adopted by arbitrage funds</u></b></p> <ul style="list-style-type: none"> <li>• In the event of inadequate arbitrage opportunities or inadequate liquidity in those securities, Arbitrage Fund provides for allocating upto 100% of assets in debt and money/ market securities for generating regular income. Investments in debt / money market securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk</li> <li>• HDFC Arbitrage Fund seeks to manage the duration of debt assets on a proactive basis to optimise returns, while balancing interest rate risks.</li> </ul>                                                                                                                                                                                                                                                             |

\* **Considered as Fundamental Attribute Change**

The related provisions in the Scheme Information Document (**SID**) and Key Information Memorandum (**KIM**) of the Scheme 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 22, 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 existing Unit holders (as on February 7, 2025 upto 3 p.m.) from **February 17, 2025** to **March 18, 2025** (both days inclusive) ("**Exit Option Period**"). These changes will be effective from **March 19, 2025** ("**Effective Date**"). During the Exit Option Period, unit holders not consenting to the change may either switch to any other scheme of HDFC Mutual Fund or redeem their units 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/switch out requests received on or after **March 18, 2025** post 3.00 pm will be subject to applicable exit load (if any), under the Scheme.

6. The above information is also available on the website of HDFC Mutual Fund viz., [www.hdfcfund.com](http://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 / switch requests.
8. Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.
9. 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.
- 10. 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.**
11. The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:
  - (a) Unit holders can submit redemption / switch out requests online or via duly completed physical application form / redemption form at any official points of acceptance/Investor Service Centres of the Fund or to the depository participant (DP) (in case of units held in Demat mode).
  - (b) The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained 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.
12. 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 of HDFC Mutual Fund.

### 13. Tax Consequences:

Redemption / switch-out 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](mailto:hello@hdfcfund.com)

Yours faithfully,

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

Sd/-  
Authorised Signatory

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

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