

HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

A Fast-Emerging Mutual Fund Category
for the Stability of your Portfolio





Samaksh wants to construct a portfolio suited for his risk-return profile. In that context, he meets with Ankush – his college friend – for lunch at a nearby café:



“Ankush, yesterday, I was evaluating my life goals, investment objectives, risk objectives, portfolio constraints and other parameters to construct a suitable portfolio. After some understanding, I reached a conclusion that while I do want my portfolio to generate returns, I want some degree of stability. While I have established that, I am yet to decide the schemes that can bring stability to my portfolio. While debt-oriented funds sound like the obvious choice, is it the right way to proceed? Is there a category that I should consider?”

“You are right that pure debt does have stabilizing influence on your portfolio, but there is a fast-emerging category of Fund of Funds (FOF) called **Income Plus Arbitrage**?”



“No! Can you shed some more light on this category?”

“Unlike pure debt-oriented schemes which invests in debt instruments, Income Plus Arbitrage FOF predominantly invests in debt-oriented schemes, with the balance being invested in Arbitrage Fund. Investment in this product allows you to dynamically invest in debt-oriented and Arbitrage schemes in a tax-efficient manner.”



“Oh wow! This sounds like a suitable addition!”

About Income Plus Arbitrage FOF

As per the framework stipulated by SEBI, the investment in underlying debt-oriented schemes will be less than 65% with the balance investment being allocated to Arbitrage Fund. By virtue of such an asset allocation, the capital gains on investments in this product will be taxed at 12.5%[^] for an investment holding greater than 24 months, and at the investor's income tax slab rate[^] for an investment holding less than or equal to 24 months.

What does HDFC Mutual Fund have to offer?

At the current juncture, yields are likely to remain rangebound with a downward bias. Falling inflation and front loading of policy rate cuts is positive from yields perspective. Hence, investors could consider investing in our Fund of Funds named **HDFC Income Plus Arbitrage Active FOF~** in line with their individual risk appetite, as it has flexibility to allocate assets across select debt oriented schemes.



HDFC Income Plus Arbitrage Active FOF formerly known as HDFC Dynamic PE Ratio Fund of Funds

Key Attributes of HDFC Income Plus Arbitrage Active FOF~:



Aims to invest dynamically in units of Arbitrage and Debt Mutual Fund Schemes with less than 65% of its total assets in units of Debt Mutual Fund Schemes



Tax efficient vehicle considering that capital gains is taxed at 12.5%[^] tax rate for holding period exceeding 24 months



Equity portion of Arbitrage Fund will be 100% hedged



No taxation incurred on switching between underlying schemes of the FOF



~Effective from March 19, 2025, HDFC Dynamic PE Ratio Fund of Funds has undergone a change in name from "HDFC Dynamic PE Ratio Fund of Funds" to HDFC Income Plus Arbitrage Active FOF[~].

[^]Surcharge as applicable + Health and Education Cess applicable at 4% on aggregate of base tax + surcharge. In view of the individual nature of tax consequences, each investor is advised to consult his / her own professional tax advisor. The information given here is neither a complete disclosure of every material fact of Income Tax Act (1961), nor it constitutes a legal or tax advice.

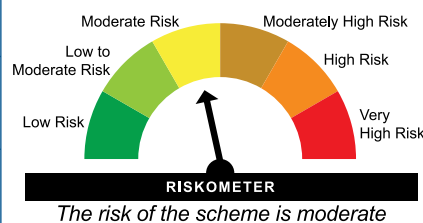
HDFC Income Plus Arbitrage Active FOF[~] (An open-ended Fund of Fund scheme investing in Arbitrage and Debt Mutual Fund Schemes) is suitable for investors who are seeking*:

- To generate long-term capital appreciation
- Investment units of Arbitrage and debt mutual fund schemes

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

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

Scheme Riskometer#



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Investors in the Scheme shall bear the recurring expenses of the Scheme in addition to the expenses of other schemes in which this Fund of Funds scheme makes investment (subject to regulatory limits)

Views expressed above are indicative and should not be construed as investment advice or as a substitute for financial planning. Due to the personal nature of investments, investors are advised to seek professional advice before investing.

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

Mission: To be the wealth creator for every Indian

Vision: To be the most respected asset manager in the world