

HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

STP: A Balanced Approach to Mutual Fund Investing



Volatile markets often make investors nervous about committing a large sum at once. An STP or Systematic Transfer Plan may help by allowing you to systematically shift money from one mutual fund scheme to another on a periodic basis. Investing a larger sum in say a Liquid Fund and then moving a smaller part of that corpus into an Equity Fund on a monthly basis is an example of STP.



Why STP?



1. Rupee Cost Averaging

Similar to SIPs (Systematic Investment Plans), STPs help spread investments over multiple periods, effectively averaging the cost of investing.

For example, if you invest a lumpsum amount when the market is at a high or peak, the investment cost becomes high. By spreading out the transfers through an STP, you benefit from rupee cost averaging and helps reduce the risk of investing in the market at an unfavourable time.



2. Asset Allocation Purpose

STP allows you to change your asset allocation in a staggered manner. For example, if you plan to gain more exposure in equities, STP helps you to carry this out with a gradual and disciplined approach.



3. Makes your money work for you

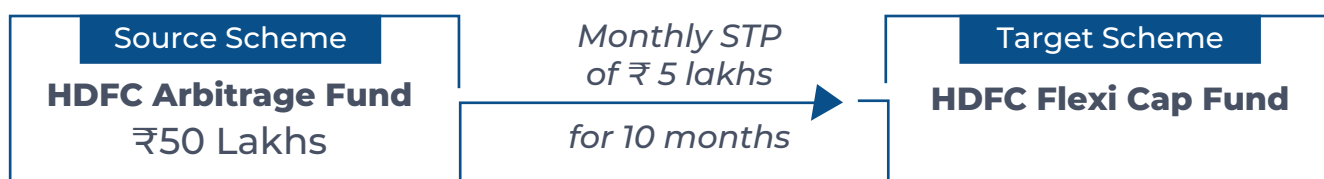
Instead of letting a lumpsum amount sit in your savings account, it can be invested in a low-risk scheme, and via an STP can be transferred to a high-risk one.



Illustration:

Anand received a share from the sale proceeds of his ancestral property amounting to Rs.50 Lakhs. Anand understood that if he keeps the money in a fixed deposit, the return may not be able to beat inflation by a considerable margin. He was keen to invest in equities to earn higher returns but he was wary about not timing the market correctly. His advisor suggested that he start an STP where he could invest lumpsum in HDFC Arbitrage Fund and transfer a pre-decided amount to HDFC Flexi Cap Fund. This way he could invest in equities without worrying about market timing.

Investment Amount:	Rs.50,00,000
Source Scheme:	<u>HDFC Arbitrage Fund</u>
Target Scheme:	<u>HDFC Flexi Cap Fund</u>
Transfer Amount:	Rs. 5,00,000
Frequency:	Monthly
Investment Date in Source Scheme:	November 30, 2024
Start Date of Transfer to Target Scheme:	January 31, 2025



Final Value of Anand's investment as on October 31, 2025 is ₹ 53.79 Lakhs.**

****Source: MFI360 Explorer. Past performance may / may not be sustained in the future and is not a guarantee of any future returns. HDFC AMC/HDFC MF is not guaranteeing any returns on investment in the schemes.**



Conclusion:

As you can see from the illustration above, Anand invested his sale proceeds in **HDFC Arbitrage Fund** for it to generate returns instead of parking the money into a savings account.

The STP enabled Anand to invest in **HDFC Flexi Cap Fund** in a staggered manner. This allowed him to not only invest in equities to benefit from better returns but also helped reduce volatility and average out the cost of the investment.

Timing the market is always going to be tough given the volatility of equities. In such a situation, a Systematic Transfer Plan mitigates the market timing risk and helps you achieve your desired asset allocation or your financial goals.



HDFC Arbitrage Fund

A. SIP Performance - Regular Plan - Growth Option

	Since Inception*	15 year SIP	10 year SIP	5 year SIP	3 year SIP	1 year SIP
Total Amount Invested (₹ in lacs)	21.70	18.00	12.00	6.00	3.60	1.20
Market Value as on October 31, 2025 (₹ in lacs)	39.21	28.78	16.07	7.05	3.99	1.24
Returns (%)	6.16	5.97	5.69	6.39	6.85	5.93
Benchmark Returns (%)#	N.A.	6.00	5.83	6.89	7.48	7.12
Additional Benchmark Returns (%)##	6.35	6.37	6.09	6.38	6.92	6.00

Assuming ₹10,000 invested systematically on the first Business Day of every month over a period of time. CAGR returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan - Growth Option. The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. SIP - Systematic Investment Plan.

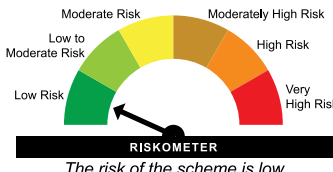
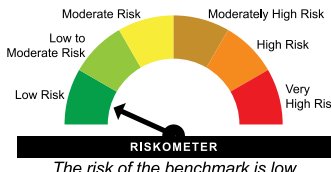
B. Performance - Regular Plan - Growth Option

NAV as on October 31, 2025. ₹11.597 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	6.38	7.74	6.65	10,638	10,774	10,665
Last 3 Years	7.05	7.56	7.07	12,269	12,448	12,275
Last 5 Years	5.65	6.07	5.61	13,165	13,429	13,139
Last 10 Years	5.61	5.52	6.20	17,272	17,128	18,260
Since Inception*	6.51	NA	6.27	31,171	NA	29,948

Common notes for the above table A & B: Past performance may or may not be sustained in future and is not a guarantee of any future returns.* Since Inception date:- October 23, 2007. #NIFTY 50 Arbitrage Index (Total Returns Index) ##CRISIL 1 Year T-Bill Index. The scheme is managed by Mr. Anil Bamboli (Debt Assets) since February 01, 2022, Mr. Arun Agarwal (Arbitrage Assets) since August 24, 2020 and Nandita Menezes (Arbitrage Assets) since March 29, 2025. Returns greater than 1 year period are compounded annualized (CAGR). N.A. Not Available. Scheme performance is not strictly comparable with that of its Additional Benchmark since the scheme does not take directional call in equity markets but is limited to availing arbitrage opportunities, etc. Different plans viz. Regular Plan and Direct Plan have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged in the Regular Plan. Load is not taken into consideration for computation of performance. Returns as on October 31, 2025.

For performance of other funds managed by fund manager, Please [click here](#).

HDFC Arbitrage Fund (An open ended scheme investing in arbitrage opportunities) is suitable for investors who are seeking*:	Riskometer #	Name of the Benchmark and Riskometer
<ul style="list-style-type: none">Income over short term.Income through arbitrage opportunities between cash and derivative market and arbitrage opportunities within the derivative segment.	 <p>The risk of the scheme is low</p>	 <p>The risk of the benchmark is low</p>
<p>*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 and Benchmark Riskometer as on October 31, 2025.</p>		

HDFC Flexi Cap Fund
A. SIP Performance - Regular Plan - Growth Option

	Since Inception*	15 year SIP	10 year SIP	5 year SIP	3 year SIP	1 year SIP
Total Amount Invested (₹ in lacs)	37.00	18.00	12.00	6.00	3.60	1.20
Market Value as on October 31, 2025 (₹ in lacs)	2,269.24	73.16	32.81	10.48	4.89	1.31
Returns (%)	21.01	16.96	19.10	22.47	20.99	16.99
Benchmark Returns (%)#	15.11	14.85	15.86	15.95	15.48	13.97
Additional Benchmark Returns (%)##	13.87	13.68	14.62	13.89	13.55	14.42

Assuming ₹10,000 invested systematically on the first Business Day of every month over a period of time. CAGR returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Plan - Growth Option. The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. SIP - Systematic Investment Plan.

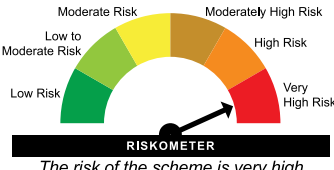
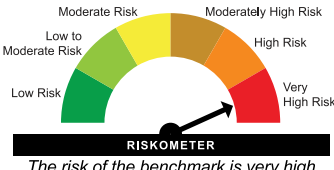
B. Performance - Regular Plan - Growth Option

NAV as on October 31, 2025. ₹2,068.833 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	10.20	5.56	7.59	11,020	10,556	10,759
Last 3 Years	22.10	16.49	13.90	18,212	15,812	14,781
Last 5 Years	29.36	21.08	18.56	36,269	26,046	23,449
Last 10 Years	16.44	14.64	13.67	45,893	39,248	36,060
Since Inception*	18.87	12.50	11.77	2,068,833	378,225	309,445

Common notes for the above table A & B: Past performance may or may not be sustained in future and is not a guarantee of any future returns.* Since Inception date:- January 1, 1995. #NIFTY 500 Index (TRI) ##Nifty 50 Index (TRI). The scheme is managed by Ms. Roshni Jain since July 29, 2022. Returns greater than 1 year period are compounded annualized (CAGR). As NIFTY 50 TRI data is not available since inception of the scheme, additional benchmark performance is calculated using composite CAGR of NIFTY 50 PRI values from January 1, 1995 to June 29, 1999 and TRI values since June 30, 1999. Different plans viz. Regular Plan and Direct Plan have a different expense structure. The expenses of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission charged in the Regular Plan. Load is not taken into consideration for computation of performance. Returns as on October 31, 2025.

For performance of other funds managed by fund manager, Please [click here](#).

HDFC Flexi Cap Fund (An open ended dynamic equity scheme investing across large cap, mid cap & small cap stocks.) is suitable for investors who are seeking*: <ul style="list-style-type: none"> To generate long-term capital appreciation / income Investment predominantly in equity & equity related instruments 	Riskometer #  <p>The risk of the scheme is very high</p>	Name of the Benchmark and Riskometer NIFTY 500 Index (TRI)  <p>The risk of the benchmark is very high</p>
<p>*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 and Benchmark Riskometer as on October 31, 2025.</p>		

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