HDFC MUTUAL FUND
BHAROSA APNO KA

HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

Auto Sector, India's Emerging Structural Growth Story

hdfcfund.com

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Hi Rakesh, I was reviewing our discussion from last week on sectors and the opportunities to invest in them.

Oh! Looks like you've learned a thing or two from me. So, are you ready to take the plunge into a sectoral fund?

Yes, indeed. But I'm finding it too confusing to choose the right option. A wrong choice can be risky, and I also noticed that many sectors are still quite small. It's a difficult decision.

Ahh! I can totally understand that. But you'll be surprised to know there's a sector that contributes nearly 49% of India's manufacturing GDP, has a market size of around ₹20 lakh crore, and supports nearly 3 crore jobs, directly and indirectly.

Source: SIAM (Society of Indian Automobile Manufacturers) Report and NITI Aayog

Do we really have a sector of that size? I'm curious to know which one it is.

Yes! It's the Auto sector, my friend. The sector contributes around 7% to India's GDP and is emerging as a key economic powerhouse.

Source: SIAM (Society of Indian Automobile Manufacturers) Report and NITI Aayog

So, what are the key reasons driving growth in the Auto sector?

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So there are multiple reasons painting the success story for overall Auto industry

Strong Domestic Demand
Rising incomes driving vehicle demand

Premiumization
Increasing preference for higher-end vehicles

Export Potential
Low global share offers strong growth scope

Technology Shift
EVs and advanced features accelerating growth

Government Support
Favourable policies and incentives

So I can conclude the sector can potentially benefit both from Domestic and Global tailwinds. But are there any good avenues to participate in the sector journey?

The simple and cost-effective way to invest in a sector story would be to invest in auto sector in Index fund. Also, did you know HDFC MF is launching "**HDFC Nifty Auto Index Fund**" which can help in investment in the category?

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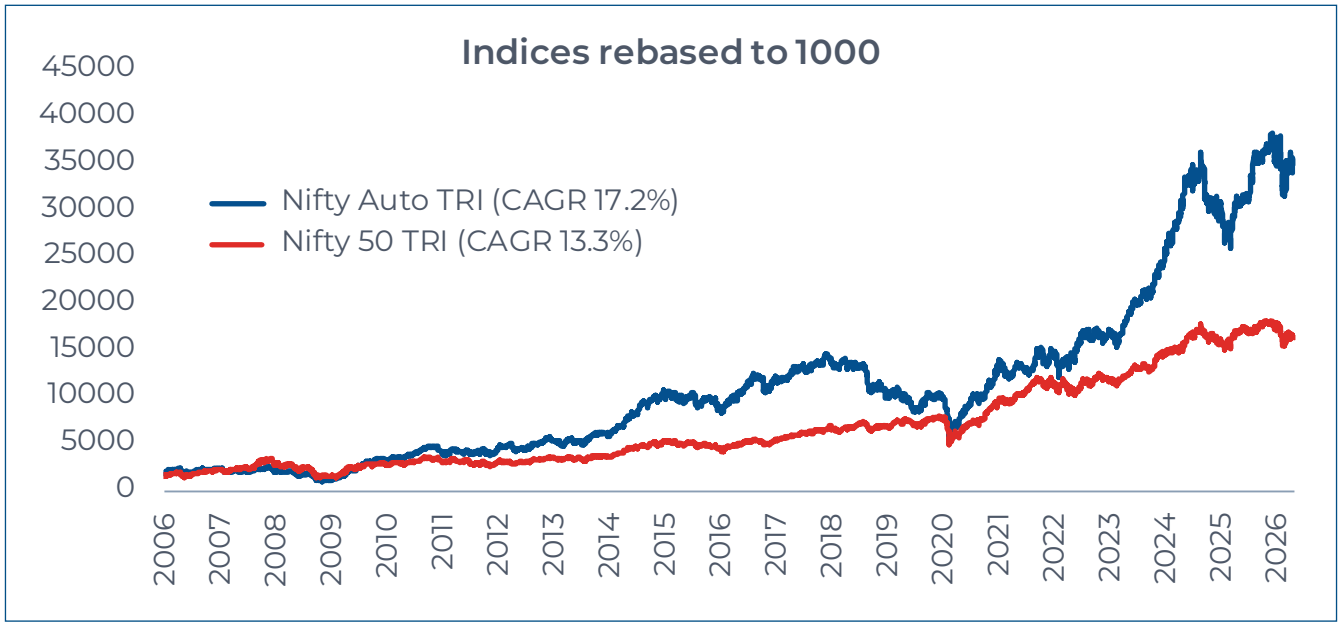
Introducing

HDFC NIFTY AUTO INDEX FUND

We present investors an opportunity to participate in India's Auto story through the launch of "***HDFC Nifty Auto Index Fund***". This is a passively managed strategy replicating Nifty Auto Index.

Index will include 15 companies of Auto and Auto ancillary sector with their weights based on companies' Free float Market cap. The index currently owns trusted Auto giants from 4W, 2/3W and Auto ancillaries' segment. Index rebalancing will happen on Semi-annual basis. Weightage methodology will keep strategy tilted to companies with Higher Market caps.

Performance and Risk profiling – Nifty Auto Index against Nifty 50 Index



- Outperformance of Nifty Auto Index (TRI) across time period since inception on P2P return basis
- Rolling return outperformance of Nifty Auto Index (TRI) across 1, 3, 5, 7, 10 year basis
- Last 21 calendar years (2005-2025) Nifty Auto Index (TRI) has seen outperformance in 14 years i.e. 67% of time period

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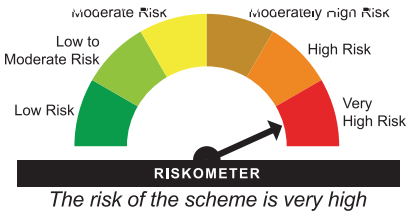
The Index also offers attractive Risk-Return profile

Period	CAGR returns		Volatility		Return-risk	
	Nifty Auto TRI	Nifty 50 TRI	Nifty Auto TRI	Nifty 50 TRI	Nifty Auto TRI	Nifty 50 TRI
Since Inception	17.2%	13.3%	23.3%	21.2%	0.74	0.63
15 years	15.2%	11.4%	21.2%	16.4%	0.72	0.70
10 years	12.8%	12.5%	21.9%	16.2%	0.58	0.77
7 years	19.5%	11.5%	23.6%	17.8%	0.83	0.65
5 years	21.4%	9.9%	19.2%	13.7%	1.11	0.72
3 years	24.0%	9.5%	19.0%	13.1%	1.26	0.73
1 year	14.2%	-3.8%	20.5%	13.0%	0.69	-0.30

Source - NSE Indices and Bloomberg

Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Invest and Participate in the Auto sector with **HDFC Nifty Auto Index Fund** - A simple, Transparent and Cost-effective investment strategy

Investment objective	Scheme Risk-o-meter#
HDFC Nifty Auto Index Fund Passive investment in equity and equity related securities replicating the composition of the Nifty Auto Index (TRI), subject to tracking errors. There is no assurance that the investment objective of the Scheme will be achieved.	 *The risk of the scheme is very high*

Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.
The product labeling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.
For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. **www.hdfcfund.com**

NIFTY Disclaimer: HDFC Nifty Auto Index Fund "(the Product)" offered by HDFC Asset Management Company Limited is not sponsored, endorsed, sold or promoted by NSE INDICES LIMITED (formerly known as India Index Services & Products Limited (IISL)). NSE INDICES LIMITED does not make any representation or warranty, express or implied (including warranties of merchantability or fitness for particular purpose or use) and disclaims all liability to the owners of the Products or any member of the public regarding the advisability of investing in securities generally or in the Product linked to Nifty Auto Index (TRI) or particularly in the ability of the Nifty Auto Index (TRI) to track general stock market performance in India. Please read the full Disclaimers in relation to Nifty Auto Index (TRI) in the SID of the Product.

HDFC Bank (Sponsor of HDFC Mutual Fund) is not liable or responsible for any loss or shortfall resulting from the operations of the scheme.

The Scheme being sectoral in nature carries higher risks versus diversified equity mutual funds on account of concentration and sector specific risks.

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