HDFC MUTUAL FUND
BHAROSA APNO KA

HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

Being part of India's Defence Growth Opportunity

hdfcfund.com

HDFC Mutual Fund: SEBI Registration Number: MF/044/00/6

Facts check on India Defence story

Buyer Today, Seller Tomorrow

Progressively transforming from a key Defence importer to increasing exports. FY26 exports at All Time High INR ~38,424 crores (+62.66% over FY25)

Defence Budget, Strong and Rising

INR 7.8 Lakh crores budgeted for FY27. With ~15% increase, FY27 budget is highest amongst ministries

India following Global Footprints

Like China, India is advancing on similar path with increased focused on “Make in India” Defence push

Turnaround year for Defence Index

Index has returned ~15% against broader markets (Last 1 year), making a mark for potential structural shift

Source - PIB and MFIE. Return data as of july 24, 2026

Changing Narratives – History to Today

During the traditional times, a kingdom's strength lay in its Army and Sword strength — one King, one Ruler. Over time, this narrative shifted toward economic prowess, with global leadership defined by financial and trade strength rather than military might. Last 5 years has witnessed a decision turn, revolution to Multi-polar strength from Unipolar dynasty. The world has shifted from a "one boss" order to a "many powers" again — and nations around are realising that borrowed strength is no strength at all. Sovereign and Infrastructure peace, needs to be restored with its own strength.

Russia-Ukraine, Gaza-Israel, Middle East crisis, recurring Indo-Pak tensions, have recently raised concerns not only on sovereign peace but also protect country’s Energy and critical Infrastructure asset. Globally, economic leaders are engaging in building their defence strength, spends have increased multi-fold. India is no exception, as the country continuously strengthens its position amongst global peers, it is scaling up its defence production capabilities to align with its **Atmanirbhar Bharat** vision — *reinforcing self-reliance as the foundation of true sovereign strength.*

Rewriting the structural growth story of the Defence sector –

Budget Muscle

Increasing budget spends to both Capital and revenue expenditure. FY27 has budgeted INR ~2.2 Lakh crores (+28%) to capital expenditure.

Atmanirbhar Push

Focus on indigenous production to create Secured and Sustainable production with reduced import of defence products. Defence production aims to target INR 3 Lakh crores by 2029 from INR 1.5 Lakh crores in FY25.

Export Potential

Exports jumped ~63% to a record INR ~39,000 crore in FY26, now reaching 80+ countries. India isn't just building for itself anymore — it's building for the world

Capex Integrated with Innovation

INR ~30,000 crores of budget has been allocated to DRDO to develop products with innovative features. Innovation can improve India's competitive landscape.

Source: PIB
DRDO -Defence research and development organisation

Renewed focus on Defence sector with Increasing Geopolitical tensions, Production lines and Export opportunity provides Structural push to the sector.

Consider to participate and Invest in the India Defence story with **HDFC Defence Fund**
An open-ended equity scheme investing in Defence & allied sector companies

HDFC Defence Fund

Key Stats

- Fund has Outperformed the Benchmark since last 1 year, generating Alpha across timeframes

Fund	3M Return	6M Return	1 year Return
HDFC Defence Fund	11.47%	29.48%	22.01%
Benchmark - Nifty India Defence TRI	5.82%	24.68%	15.24%
Outperformance	**6%**	**5%**	**7%**

Data as of July 24, 2026

- India's emergence as a defence leader to drive growth over medium to long term
- Only Active Defence fund available for SIP investment
- Diversified Portfolio with Large Cap at 47%, Midcap at 19% and Small cap at 31% as of June 2026.
- Fresh SIP and STP registration up to INR 25,000 on Monthly basis per Investor at first holder PAN level*

*Existing systematic transactions will continue to be processed.
Source: MFIE

Risk factor

Defence as a sector is a relatively narrow one as compared to many other broad based themes with a sizable number of universe constituents belonging to the small cap segment. Investors may consider allocating cautiously and a limited portion of their overall portfolio.

Kindly Consult your Financial advisor before making an investment decision

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HDFC Defence Fund

A. SIP Performance^ - Regular Plan - Growth Option

	Since Inception*	3 years SIP	1 year SIP
Total Amount Invested (₹ in lacs)	3.70	3.60	1.20
Market Value as on June 30, 2026 (₹ in lacs)	5.97	5.68	1.46
Returns (%)	32.75	32.01	42.30
Benchmark Returns (%)#	39.89	38.45	35.04
Additional Benchmark Returns (%)##	3.72	3.35	-5.63

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 at June 30, 2026 ₹29.471 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	14.85	7.88	-5.42	11,485	10,788	9,458
Last 3 Years	42.50	52.67	8.80	28,967	35,624	12,882
Since Inception*	42.05	56.37	9.83	29,471	39,616	13,347

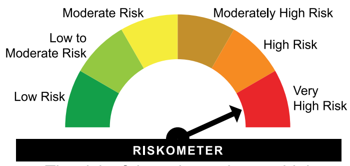
Common notes for the above table A & B: ^Past performance may or may not be sustained in future and is not a guarantee of any future returns. Load is not taken into consideration for computation of performance. #NIFTY India Defence Index TRI (Total Returns Index) ##Nifty 50 Index (TRI). *Inception Date: June 02, 2023. The Scheme is managed by Mr. Rahul Baijal (April 18, 2025) and Mr. Priya Ranjan (April 18, 2025). Returns greater than 1 year period are compounded annualized (CAGR). 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 June 30, 2026.

For performance of other funds managed by fund manager, Please click here.

HDFC Defence Fund (An open-ended equity scheme investing in Defence & allied sector companies) is suitable for investors who are seeking*:

- To generate long-term capital appreciation/ income
- Investment predominantly in equity & equity related instruments of defence and allied sector companies

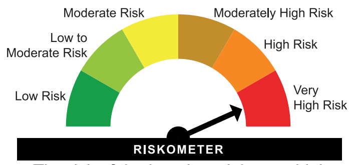
Riskometer #



The risk of the scheme is very high

Benchmark Riskometer#

NIFTY India Defence Index TRI (Total Returns Index)



The risk of the benchmark is very high

*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 June 30, 2026.

The Schemes being Sectoral/Thematic in nature carries higher risks versus diversified equity mutual funds on account of concentration and sector/theme specific risks