HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

4AM Portfolio Check

When investing turns into anxiety!

hdfcfund.com

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

Many investors feel a constant urge to check their portfolios, sometimes even in the middle of the night. How did global markets fare? What happened to my stocks? Should I sell? Should I buy more? Unfortunately, this emotional check-in often leads to impulsive trading that hurts their long-term returns.

What drives this behaviour?

The motivation is simple: investors want control and the digital era has made it easier than ever to access investments and markets across the world. Investing generally requires a long-term commitment whereby money is invested for a goal that is years away. But some brains are wired to seek feedback.

When markets rise,
checking the portfolio gives satisfaction

When markets fall,
checking gives information and that pushes one to act to make "full-use" of the new information obtained (a behaviour driven by FOMO: Fear Of Missing Out)

Behavioural traps behind the 4AM portfolio check

Loss aversion — *"I can't watch my portfolio fall."*

"The markets are going to keep falling." — **Recency bias**

Action bias — *"I need to do something."*

"Let me find out why I should sell." — **Confirmation bias**

Illusion of control — *"If I keep watching, I'll know when to act."*

For Illustration:

Consider the investment journeys of two individuals – Jay and Roshan. On August 01, 2016, both decided to start a monthly SIP of Rs. 10,000 on the first business day of each month in **HDFC Flexi Cap Fund** for a 10-year period for their individual goals.

Jay kept worrying about his investment and would regularly check how his investment is faring (doing so even at odd times thereby adding to his anxiety). He gave in to the negativity around markets during the pandemic believing that the downtrend will persist for a long time. This led him to end his SIP on April 30, 2020. Roshan, on the other hand, believed in the investment philosophy of his chosen scheme and focused on continuing his SIP, thereby staying invested till July 31, 2026.

	Jay	Roshan
SIP Start Date	August 01, 2016	August 01, 2016
SIP End Date	April 30, 2020	July 31, 2026
Amount invested	4.50 lakh	12.00 lakh
Amount at SIP end	3.95 lakh	29.27 lakh

Past performance may or may not be sustained in future and is not a guarantee of any future returns. HDFC AMC/HDFC Mutual Fund is not guaranteeing any returns on investment in the schemes. The above returns are of regular plan - growth option. In view of the individual circumstances and risk profile, each investor is advised to consult his / her professional advisor before making a decision to invest in the Scheme. Historical performance indications and financial market scenarios are not reliable indicators of current or future performance. For complete performance in SEBI prescribed format, please refer page 6.

As can be seen from the above table, making a conscious decision to stay committed to our goals by not deviating from our chosen investment horizon may prove to be rewarding!

HDFC MUTUAL FUND
BHAROSA APNO KA

How to avoid falling into the 4AM portfolio check trap?

Reduce monitoring frequency

If your goal is 10 years away, evaluating your portfolio and taking action every few hours is a mismatch between decision frequency and goal horizon.

Automate what can be automated

Systematic Investment Plans (SIPs) and systematic rebalancing can reduce the urge to make repeated emotional decisions. For SIPs, Automation helps to turn investing from a supposed series of daily choices into a well-defined process.

Create a portfolio-checking schedule

Instead of checking whenever anxiety strikes, establish a predetermined review frequency. The exact frequency should depend on the investment horizon and risk tolerance of the investor.

Separate "review" from "action"

This is perhaps the most helpful rule. Reviewing your portfolio does not automatically mean that you must make changes to it. Sometimes inaction may be the correct action.

A meaningful portfolio review should focus on the following (not an exhaustive list):

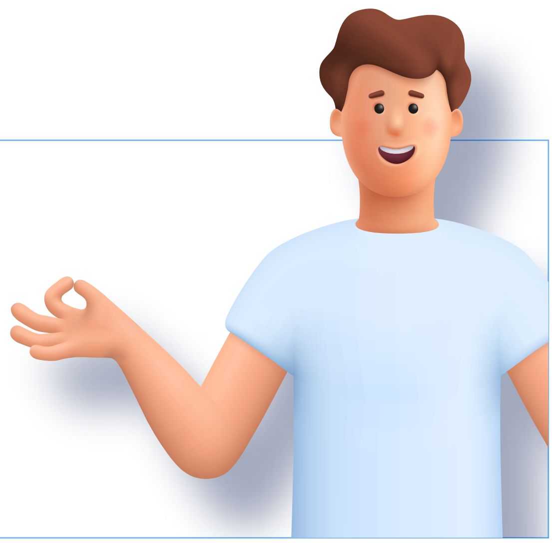
- ☑ Has my financial goal changed?
- ☑ Has my investment horizon changed?
- ☑ Has my risk appetite changed?
- ☑ Has my asset allocation drifted?
- ☑ Does the original investment rationale still hold?
- ☑ Is it time to rebalance?

Notice that none of these questions require knowledge of what happened in the markets at 4AM!

Conclusion

Rather than being a sign of diligence, the 4AM portfolio check is a sign of emotion-driven investing. Checking one's portfolio frequently may lead to increased anxiety and may trigger impulsive decisions which may potentially reduce long term returns. This urge to respond to every stimulus can be controlled by restructuring one's investment habits toward long-term horizons, having a review schedule and optimal asset allocation. What is more important is giving your investment strategy the time, discipline and patience it needs to work.

Don't keep checking your portfolio and act because you are anxious. Do so because your investment process says it is time to!



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)	37.90	18.00	12.00	6.00	3.60	1.20
Market Value as on July 31, 2026 (₹ in lacs)	2260.28	67.28	29.27	8.90	4.21	1.24
Returns (%)	20.34	16.00	16.99	15.78	10.39	5.86
Benchmark Returns (%)#	14.61	13.94	13.90	11.21	7.32	5.89
Additional Benchmark Returns (%)##	13.21	12.31	11.97	8.16	4.39	-0.61

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 July 31, 2026. ₹2,059.826 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	4.60	3.37	-0.43	10,460	10,337	9,957
Last 3 Years	16.27	12.29	8.56	15,725	14,163	12,798
Last 5 Years	17.99	12.53	10.39	22,886	18,055	16,405
Last 10 Years	15.54	13.55	12.27	42,476	35,688	31,857
Since Inception*	18.36	12.17	11.31	2,059,826	376,921	295,853

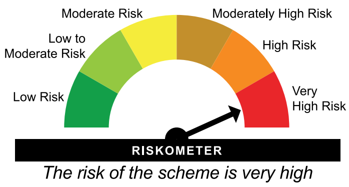
Common notes for the above table A & B: ^Past Performance may or may not be sustained in future and is not a guarantee of any future returns. *Inception Date: January 1, 1995. The scheme is managed by Mr. Amit Ganatra since February 01, 2026. # NIFTY 500 Index (TRI). ## Nifty 50 Index (TRI). The above returns are of Regular Plan – Growth Option. Returns greater than 1 year period are compounded annualized (CAGR). Load is not taken into consideration for computation of performance. 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. 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. Above returns are as on July 31, 2026

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*:

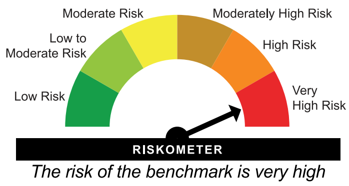
- To generate long-term capital appreciation/ income
- Investment predominantly in equity & equity related instruments

Riskometer #



Benchmark Riskometer#

NIFTY 500 Index (TRI)



*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 July 31, 2026.

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