

Why Invest in **HDFC Small Cap Fund?**

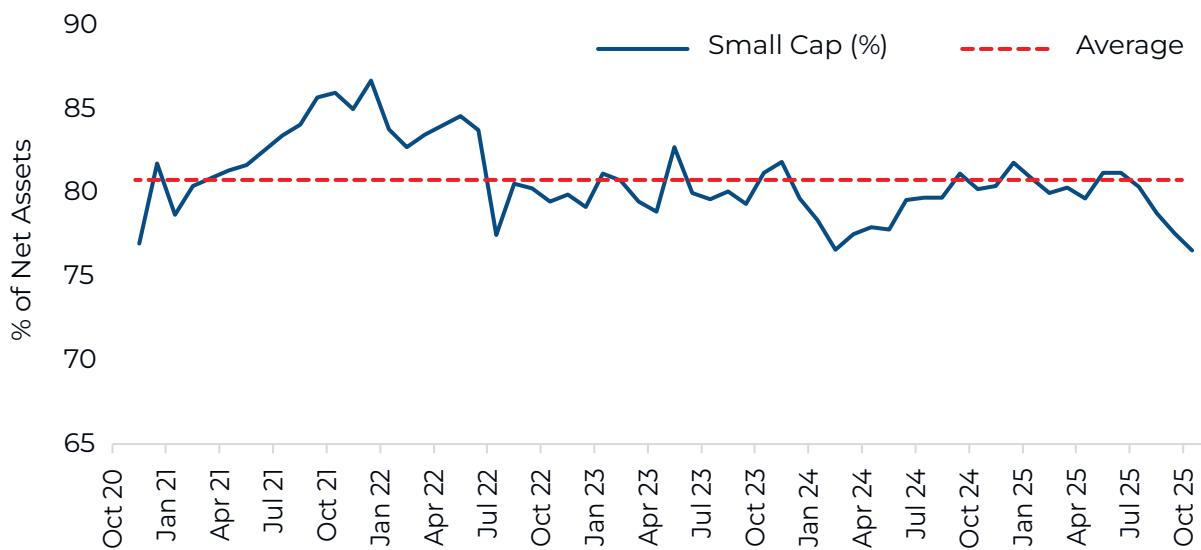


- HDFC Small Cap Fund combines **high-conviction stock selection, valuation discipline and focus on risk-adjusted performance** with an aim to create long-term wealth for investors
- With an **Average Small Cap exposure of ~80% over the last 5 years**, the scheme has exhibited its Small Cap focus with exposure in line with investment philosophy.
- With **over 50% of assets (As of Oct-25) held for more than five years**, HDFC Small Cap Fund emphasizes stability and long-term focus.
- Has outperformed its benchmark in 75% instances on a 3-year basis** (daily rolling from Nov-15 to Oct-25) and delivered better downside protection.
- Demonstrated lower risk as can be seen from **lower standard deviation and downside capture vis-à-vis its benchmark**.
- Strategy provides **exposure to Industries** like Auto Components, Hospitals, Transport Services, Construction, Knowledge Process Outsourcing (KPO) etc **that are not adequately represented by Large caps**.
- Has exhibited valuation discipline and has **Portfolio P/E much lower than category average (As of Oct-25)**
- With an **Active weight of 87%**, HDFC Small Cap Fund could be positioned for potential alpha generation over long term.

True to Label Small Cap Investing

- As of 31st October 2025, HDFC Small Cap Fund has 77% exposure to Small Caps against a minimum requirement of 65%. In fact, the Scheme has had a high small cap exposure with an average of ~80% over the last 5 years (Oct-20 to Oct-25).

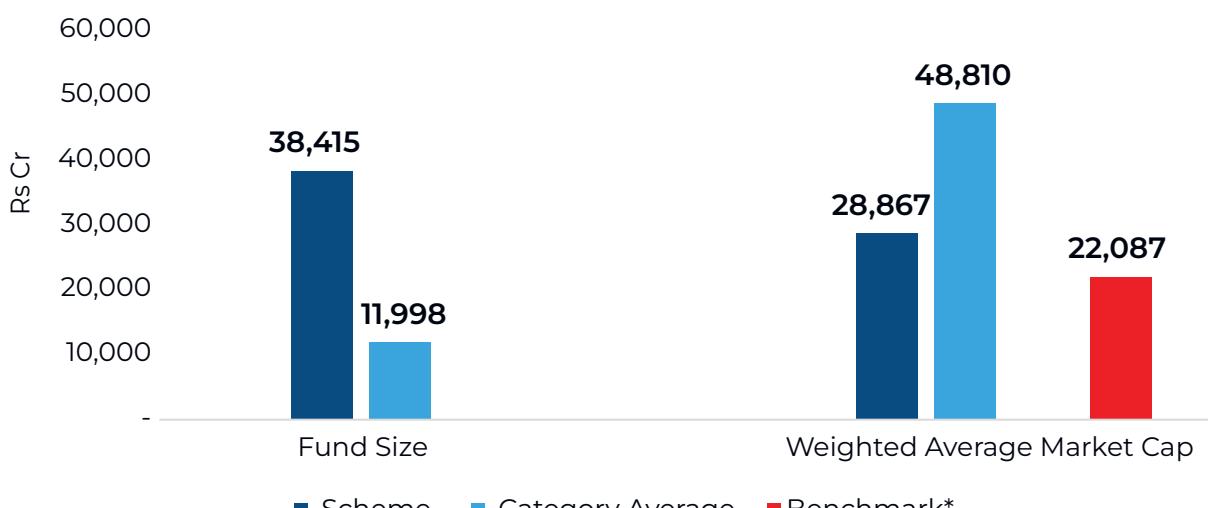
True to Label investing with relatively high Small Cap exposure



Source: MFI Explorer

- The weighted average market capitalization of a fund indicates the average size of the companies in its portfolio (in terms of market capitalization), weighted by the proportion of each holding. HDFC Small Cap Fund has weighted average market capitalisation lower than category average, in spite of being one of the largest funds in the category.

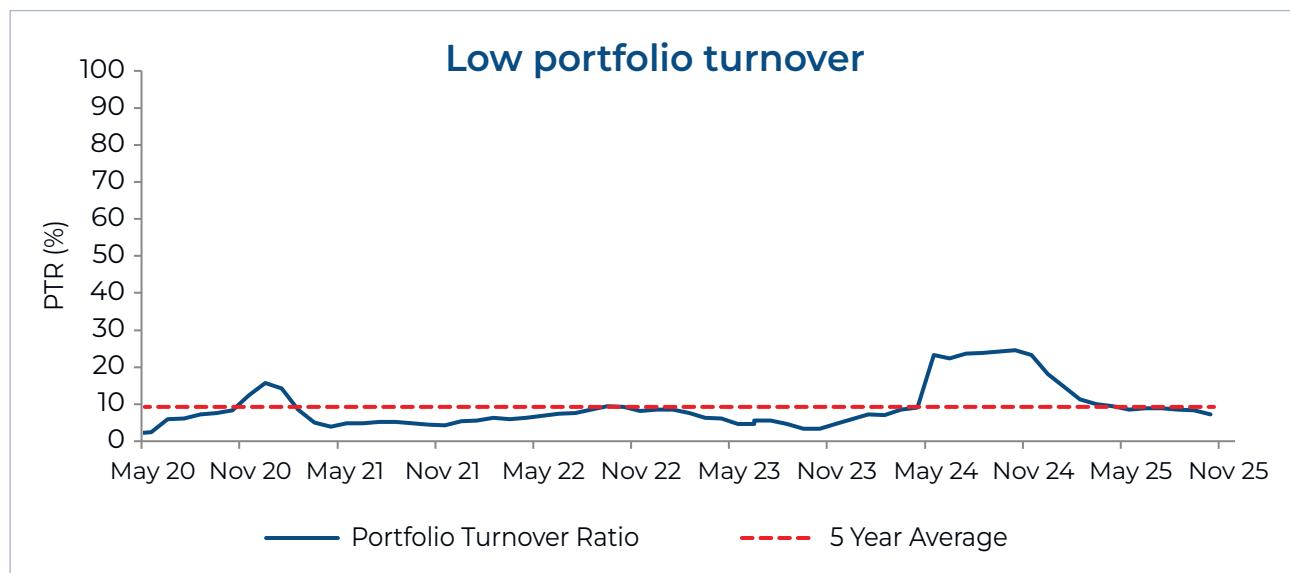
Fund Size vs Weighted Average Market Cap (As of 31-Oct-25)



Source: MFI Explorer, Capitaline

High Conviction in Stock selection

- Low portfolio turnover ratio indicating low churn and high conviction in stock selection



Source : MFI Explorer

- The portfolio demonstrates a strong long-term investment orientation, with more than 50% of assets (As of 31-Oct-2025) allocated to companies held for over five years. In contrast, short-term positions are minimal, with only 8% of assets with an ageing of less than one year. This distribution indicates an emphasis on stability and long-term growth rather than short-term gains.

Portfolio Ageing as of 31-Oct-2025	Number of Stocks [^]	% of Equity Assets (As of Oct-25)*
Less than 1 Year	8	7.8%
Between 1 and 2 Years	18	16.2%
Between 2 and 3 Years	9	12.8%
Between 3 and 5 Years	6	5.3%
Between 5 and 7 Years	9	15.7%
More than 7 Years	32	42.3%
Total	82	100%

Source: MFI Explorer, [^] Ageing of portfolio companies held as on 31-Oct-2025 considered. Total stocks held as of 31-Oct-2025 is 82, * % of Net Assets Rebased to 100% to exclude exposure to cash and cash equivalents. For more details investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com

3 Year Rolling Return Profile

- Considering 3 year time periods, HDFC Small Cap Fund has outperformed the Benchmark in 75% instances[^]

Outperformance/(Underperformance) % CAGR of HDFC Small Cap vs Benchmark (BSE Small Cap 250 TRI)	
Maximum 3 Year Outperformance	+10.06% CAGR
Maximum 3 Year Underperformance	- 3.7% CAGR
Median 3 Year Outperformance	+ 3.4% CAGR

- In ~32% instances[^], the Scheme has delivered alpha of more than 5% CAGR vs the Benchmark

Extent of Outperformance vs Benchmark	% Instances [^]
Alpha > 2% CAGR	56%
Alpha > 3% CAGR	52%
Alpha > 5% CAGR	32%

[^]Daily Rolling 3-year returns considered from Nov-2015 to Oct-2025, Total Instances - 2462
 Source : MFI Explorer

Resilient Performance during Market Downswings

- HDFC Small Cap Fund exhibited better resilience during market downswings compared to its Benchmark (BSE SmallCap 250 TRI)

	HDFC Small Cap Fund (Absolute Returns %)	BSE 250 Small Cap TRI (Absolute Returns %)
Global Financial Crisis (Previous Peak Date 05-May-08 to 12-Mar-09)	-51%	-69%
2010-11 Correction (Previous Peak 10-Nov-10 to Bottom on 28-Aug-13)	-19%	-50%
2015-16 Correction (Previous Peak 13-Apr-15 to Bottom on 29-Feb-16)	-17%	-24%
COVID (Previous Peak 15-Jan-18 to Bottom on 24-Mar-20)	-49%	-59%

Source: MFI Explorer

Higher Upside Capture vs Downside Capture

- Up/Downside Capture Ratio indicates how a scheme performs relative to its benchmark during market swings.
- HDFC Small Cap Fund has a higher upside capture than downside capture * vis-à-vis the Benchmark. An Up/Downside Capture ratio higher than the Downside Capture ratio indicates the scheme participates in market gains while limiting losses during declines, reflecting better risk-adjusted performance.



**Upside Capture:
90%**



**Downside Capture
74%**

*Discreet monthly returns considered for Scheme and Benchmark from Nov-2015 to Oct-2025

Lower Volatility

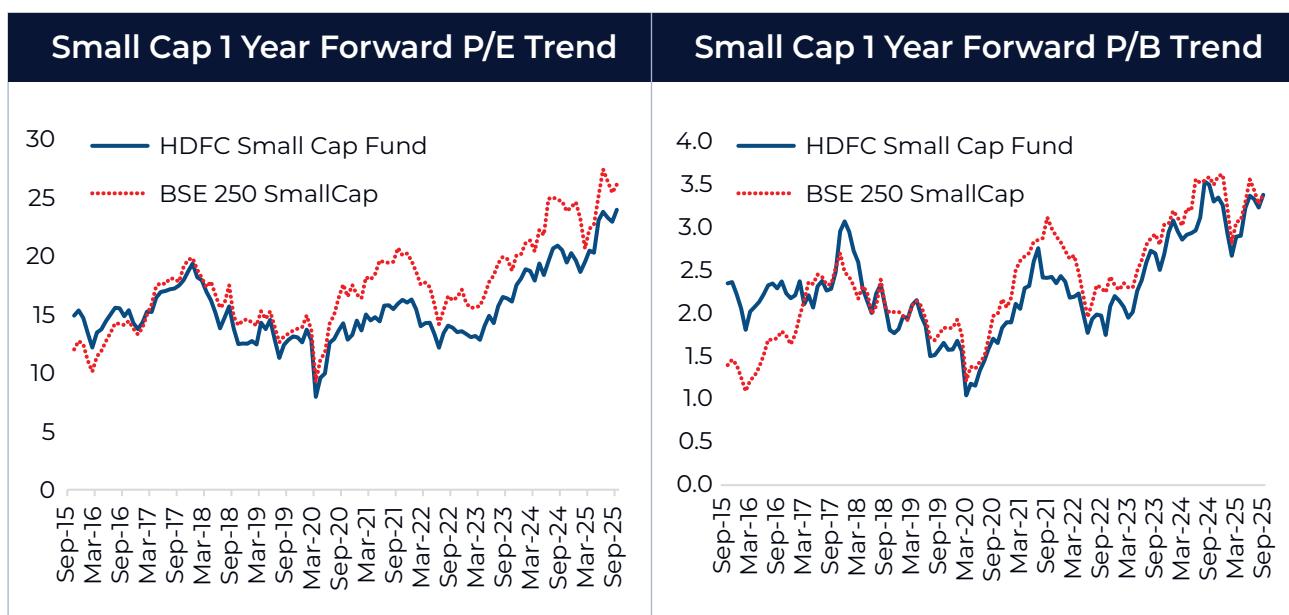
- HDFC Small Cap Fund has a lower volatility vs the Benchmark and the category

	HDFC Small Cap Fund	Category Average	Benchmark
Annualized Standard Deviation	15.3%	16.3%	18.9%

Source: AMFI, computed for 3 year period ended 31-Oct-2025. Based on Month-end NAVs.

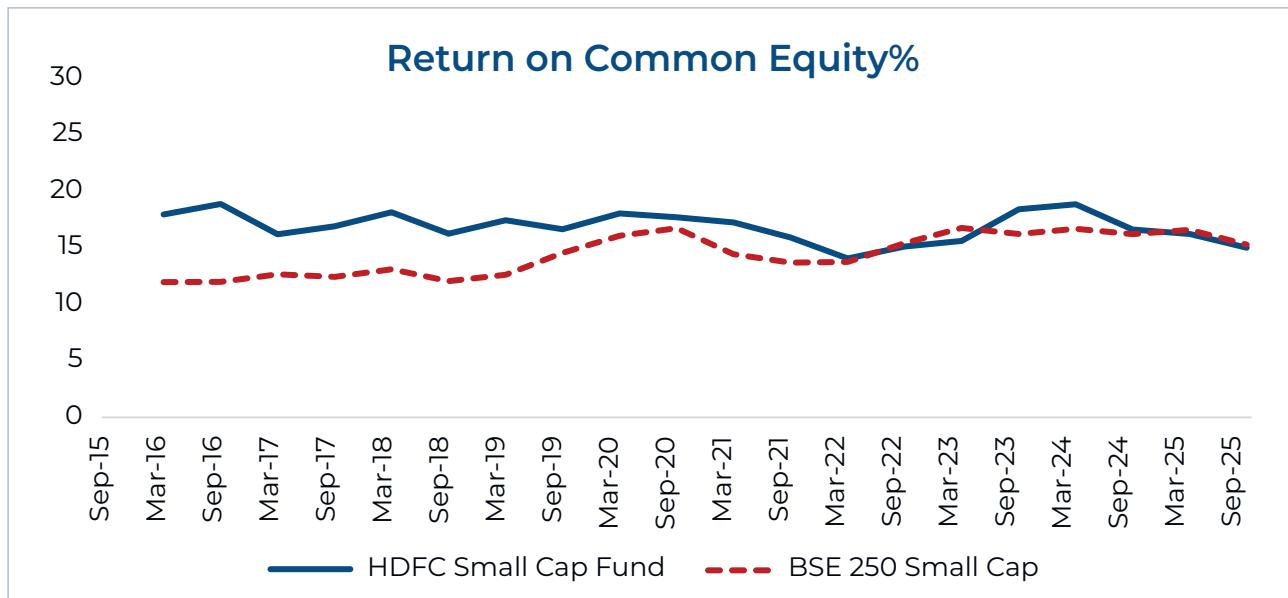
Strong portfolio fundamentals

- Owing to prudent investment approach, HDFC Small Cap Fund has exhibited a reasonable valuation profile in spite of increase in Fund Size



Source: Bloomberg

- Focus on companies with strong balance sheets and prudent capital allocation is indicated by the good Return on Equity (ROE) for the Scheme



Source: Bloomberg

Valuation Snapshot vis-à-vis the Small Cap Category

- HDFC Small Cap Fund has valuation multiples significantly lower than the Benchmark and Category Average

Small Cap Valuations	Portfolio Trailing 12m PE (As of 31-Oct-25)
HDFC Small Cap Fund - Growth	26.9
BSE 250 Small Cap Index TRI	36.4
Category Average	34.7
Highest in the Category	53.9
Lowest in the Category	22.5

Source: AMFI

Exposure to diverse industries not adequately covered by Large Caps

- While Large Caps provides a higher representation to industries like Banks, IT, Automobiles, Petroleum etc; HDFC Small Cap Fund taps investment opportunities in industries like Auto Components, Hospitals, Transport Services, Knowledge Process Outsourcing (KPO) etc which are not adequately covered by Large Caps.

Leveraging on Industries underrepresented by Large Caps*

Industry Name	HDFC Small Cap Fund (% of Net Assets)	Large Cap Universe (% of Net Assets)	Difference (% of Net Assets)
Commercial Services & Supplies (Includes companies in Knowledge Process Outsourcing (KPO), Business Process Outsourcing (BPO) etc.)	12.66	-	12.66
Auto Components	11.65	0.56	11.09
Healthcare Services (Healthcare companies like Hospitals)	9.92	1.16	8.77
Transport Services (Includes Logistics companies, Shipping Companies, Ports etc)	6.48	0.87	5.61
Industrial Products	4.76	-	4.76

As of 31-Oct-2025, * NIFTY 100 used as a proxy for Large Cap universe

Key Portfolio Quants (As of 31-Oct-2025)

	HDFC Small Cap Fund	BSE 250 SmallCap Index
Weighted Average Market Cap (Rs Crore)	28,867	22,087
Number of Stocks	82	250
1 Year Forward P/E	22.7	25.9
1 Year Forward P/B	3.4	3.5
Return on Equity FY25	14.8%	15.3%

Key Stats	HDFC Small Cap Fund
Top 10 Holding %.	31.8%
Portfolio Overlap with Benchmark %	13%
Active Weight %	87%
Beta	0.785
Portfolio Turnover Ratio (Last 1 Yr)	8.92%
Fund Size (Rs Cr)	38,412

Source: Bloomberg, MFI Explorer

HDFC Small Cap Fund combines high-conviction stock selection, valuation discipline and robust risk-adjusted performance making it one of the viable choices for investors seeking long-term wealth creation through disciplined small-cap investing

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)	21.10	18.00	12.00	6.00	3.60	1.20
Market Value as on October 31, 2025 (₹ in lacs)	133.39	86.95	34.83	10.26	4.68	1.30
Returns (%)	18.47	18.92	20.21	21.60	17.81	15.94
Benchmark Returns (%)#	15.00	15.95	18.36	20.07	17.40	10.28
Additional Benchmark Returns (%)##	13.40	12.60	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. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

B. Performance - Regular Plan - Growth Option

NAV as at October 31, 2025 ₹143.881 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹) #	Additional Benchmark (₹)##
Last 1 Year	2.98	-2.62	7.59	10,298	9,738	10,759
Last 3 Years	23.07	22.30	13.90	18,650	18,301	14,781
Last 5 Years	30.67	28.46	18.56	38,152	35,023	23,449
Last 10 Years	18.51	15.65	13.67	54,737	42,870	36,060
Since Inception*	16.37	11.17	11.39	143,881	64,377	66,633

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. *Inception Date: April 3, 2008. The scheme is managed by Mr. Chirag Setalvad since June 28, 2014. # BSE 250 SmallCap Index (TRI). ## NIFTY 50 (Total Returns Index). The above returns are of Regular Plan – Growth Option. 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. Returns are as on October 31, 2025.

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

HDFC Small Cap Fund is suitable for investors who are seeking*: <ul style="list-style-type: none"> To generate long-term capital appreciation / income Investment predominantly in Small-cap companies <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</p> <p>Scheme and Benchmark Riskometer as on October 31, 2025</p>	Riskometer#  <p>The risk of the scheme is very high</p>	Name of the Benchmark and Riskometer# <p>BSE 250 SmallCap Index (TRI)</p>  <p>The risk of the benchmark is very high</p>
---	--	--

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