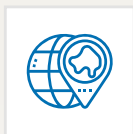


PROSPERITY COMES FROM INVESTING IN PEACE

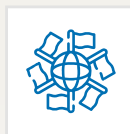
Presenting **HDFC Defence Fund**

(An open-ended equity scheme investing in Defence & allied sector companies)

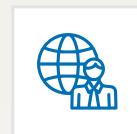
Changing landscape in multipolar world: Global defence spending to increase



World shifting from Unipolar to Multipolar, with rise of economies in Asia Pacific challenging military dominance of Western countries



Heightened geopolitical flashpoints across Eastern Europe, the Middle East and Indo-Pacific are driving sustained increases in global defence budgets



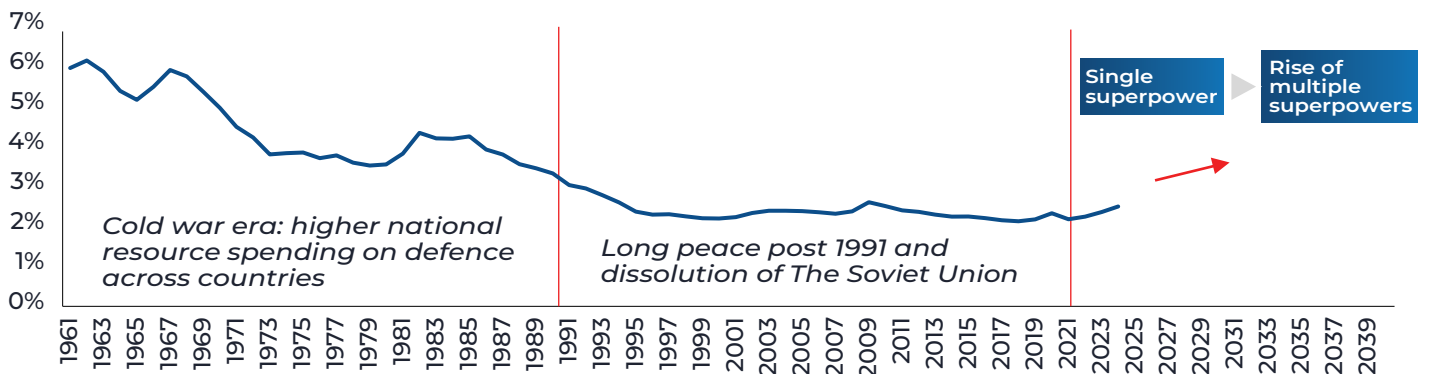
Foreign policy driven not merely by military actions but increasingly by soft power and persuasion, which in turn is aided by military might

Recent Conflicts and Flashpoints

Middle East (US/Israel-Iran) | Russia-Ukraine | India-Pakistan | Armenia-Azerbaijan | Serbia-Kosovo | Thailand-Cambodia

Defence expenditure set to rise in multipolar world as countries increase defence budgets

World - defence expenditure as % to GDP



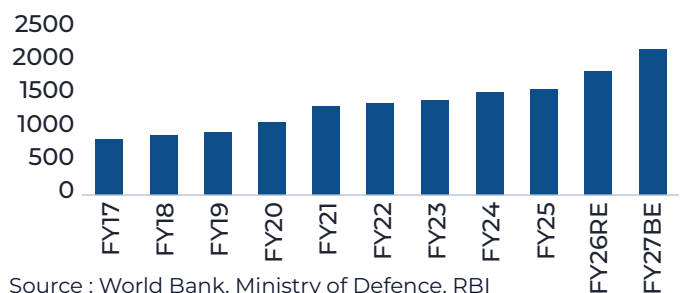
Source: World Bank, Media reports

Multiple Growth Drivers for Defence

Increasing Capex in Defence

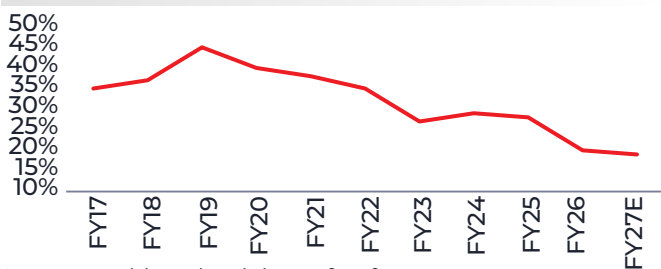
- ➔ India's capex in Defence has grown at a CAGR of 8% since 2017 with an expected growth of 17% CAGR from FY25 to FY27.
- ➔ Capital expenditure can grow in sync or closer to nominal GDP growth rates.

Defence Capital Outlay Budget (Rs Bn)



Source: World Bank, Ministry of Defence, RBI

Share of Foreign Procurement in Defence Capital Outlay (%)



Source: World Bank, Ministry of Defence

Reducing foreign dependency, Increasing Indigenisation

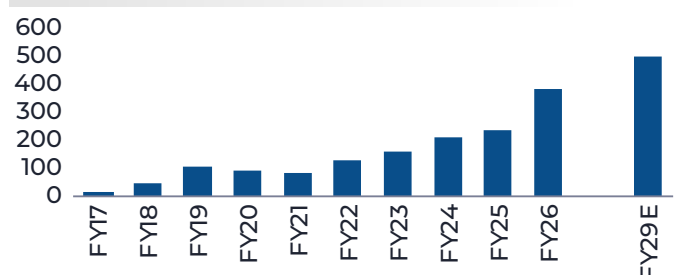
- ➔ While India is one of the largest arms importer globally, its imports have declined.
- ➔ Expect imports to decline sharply led by strong R&D, development of large indigenous platforms* and favourable policies.

* A Defence platform is the base on which capabilities or weapon systems can be built or attached.

Export Growth

- ➔ India's defence exports increased 15X since 2017 but is still a low share of global defence trade
- ➔ Strong levers for export growth led by development of large indigenous platforms

India's Defence Exports (INR Bn)



Source: World Bank, Ministry of Defence

Portfolio Strategy

-  Bottom-up approach of portfolio construction with deep understanding of the defence ecosystem
-  Core of portfolio (>80%) will be listed companies that obtain at least 10% of revenues from defence segment within:
 - Stocks in AMFI Industry classification of Aerospace & Defence, Explosives, Ship Building & Allied Services
 - Stocks present on SIDM (Society of Indian Defence Manufacturers) list
 - Stocks from any other defence & allied sectors as per benchmark's criteria (Nifty India Defence Index)
-  Focus on growth and quality at reasonable valuations
-  Benchmark - Nifty India Defence Index TRI (Total Returns Index)
-  Investment across large, mid and small

Why invest in HDFC Defence Fund?

- Multipolarity and recent geopolitical conflicts to aid increase in global defence expenditure over long term
- India's strong economic growth and geopolitical considerations support long runway for growth in defence expenditure
- India is focused on self-reliance - increasing opportunity available for Indian defence players
- R&D focus and manufacturing to help tap global export potential
- Indian defence companies display good order book and growth potential, with healthy balance sheets

Parameters	As of 31-Mar-2026
Fund Size (Rs. Cr)	7305
Number of Stocks	22
Top 10 Stocks [^]	82.3%
Equity% [^]	96.1%
Cash and Equivalents % [^]	3.9%
Benchmark Overlap% [^]	72.7%
Active Weight % [^]	27.3%

[^] % of Net Assets

Top 10 Holdings %	Weight (% of Net Assets)
Bharat Electronics Ltd.	18.70%
Bharat Forge Ltd.	15.27%
Hindustan Aeronautics Ltd.	12.18%
Solar Industries India Ltd.	10.54%
BEML Ltd.	5.35%
Astra Microwave Products Ltd.	4.82%
Bharat Dynamics Ltd.	4.50%
Eicher Motors Ltd.	4.46%
MTAR Technologies Ltd.	3.80%
Centum Electronics Ltd.	2.67%

As of 31st March 2026

Market Cap Segment	Weight (% of Net Assets)
Large Cap	50.4%
Mid Cap	19.8%
Small Cap	25.9%

Did You Know?

India's defence spends is among top 5 nations globally and has been ~2.5-3% of GDP

USA and China spend ~10X and ~4X when compared to India's defence expenditure

India now exports defence equipment to over 100 countries

Source: World Bank, PIB, CLSA, Department of Defence Production

HDFC Defence Fund

A. SIP Performance - Regular Plan - Growth Option

	Since Inception*	1 year SIP
Total Amount Invested (₹ in lacs)	3.40	1.20
Market Value as on March 31, 2026 (₹ in lacs)	4.15	1.12
Returns (%)	14.30	-11.91
Benchmark Returns (%)#	24.02	-12.65
Additional Benchmark Returns (%)##	-0.71	-18.44

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

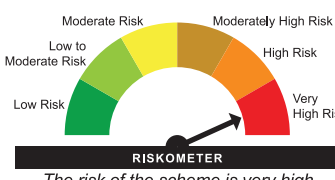
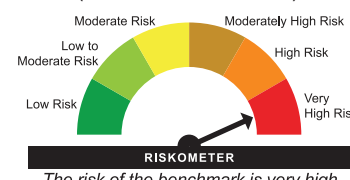
NAV as on March 31, 2026 ₹21.769 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	10.34	13.37	-3.97	11,034	11,345	9,601
Since Inception*	31.64	47.52	7.99	21,769	30,023	12,428

Common notes for 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 Bajjal (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 March 31, 2026.

Benchmark and Additional Benchmark performance is computed as on 30th March, 2026, since values for 31st March 2026 are not available.

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*:	Riskometer #	Name of the Benchmark and Riskometer
<ul style="list-style-type: none"> To generate long-term capital appreciation/income Investment predominantly in equity & equity related instruments of defence and allied sector companies. 	 <p>The risk of the scheme is very high</p>	<p>NIFTY India Defence Index TRI (Total Returns Index)</p>  <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 March 31, 2026.</p>		

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

Release Date: May 05, 2026

**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