HDFC Small Cap Fund

Long-Term Compounding Across Market Cycles

Why HDFC Small Cap Fund

Long-term wealth creation.
A 16.9% CAGR over 10 years (as of Jul-2026) versus 15.0% for the benchmark, with the Fund outperforming the benchmark in 77% of daily-rolled 5-year periods (Jan-2016 to Jul-2026).

Valuation discipline with healthy fundamentals.
Trailing 12M P/E of 24.4 versus 35.7 for the benchmark and 31.1 for the category (AMFI, Jul-2026); the Fund's ROE has exceeded the benchmark's in ~80% of months over the last 10 years.

Lower volatility vs Benchmark.
Annualised standard deviation of 17.5% versus 21.8% for the benchmark (AMFI, Jul-2026); Upside capture of 88% against downside capture of 75% (Jan-2016 to Jul-2026)

Long-term portfolio conviction.
Over 50% of assets have been held for more than five years (as of Jul-2026), reflecting conviction-led approach to owning small cap businesses through their journey.

Small Cap orientation.
At ~0.43% of the small cap universe (as of Jun-2026), the Fund is no larger relative to its opportunity set than it was seven years ago (2019); weighted average market cap ~35% below the category average.

Discipline through SIPs.
A 5-year SIP in the Fund has outperformed the benchmark in 80% of month ends between Jan-21 to Jul-26, with no window ever ending in a loss.

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

01 Strong Long-Term Record

HDFC Small Cap Fund has been a long-term compounder for investors having witnessed multiple market cycles since its inception in 2008 (10-Apr-2008).

As of 31-Jul-26, The Fund has outperformed the benchmark in 71% of all rolling 3-year periods, 77% of rolling 5-year periods, 88% of rolling 7-year periods, and 100% of rolling 10-year periods since Jan-2016 (NAVs from 1-Jan-2016 to 31-Jul-2026 considered). Considering daily rolling 5-year returns, the Scheme has had an alpha >2%CAGR in 55% instances with a median alpha of 2.4% CAGR.

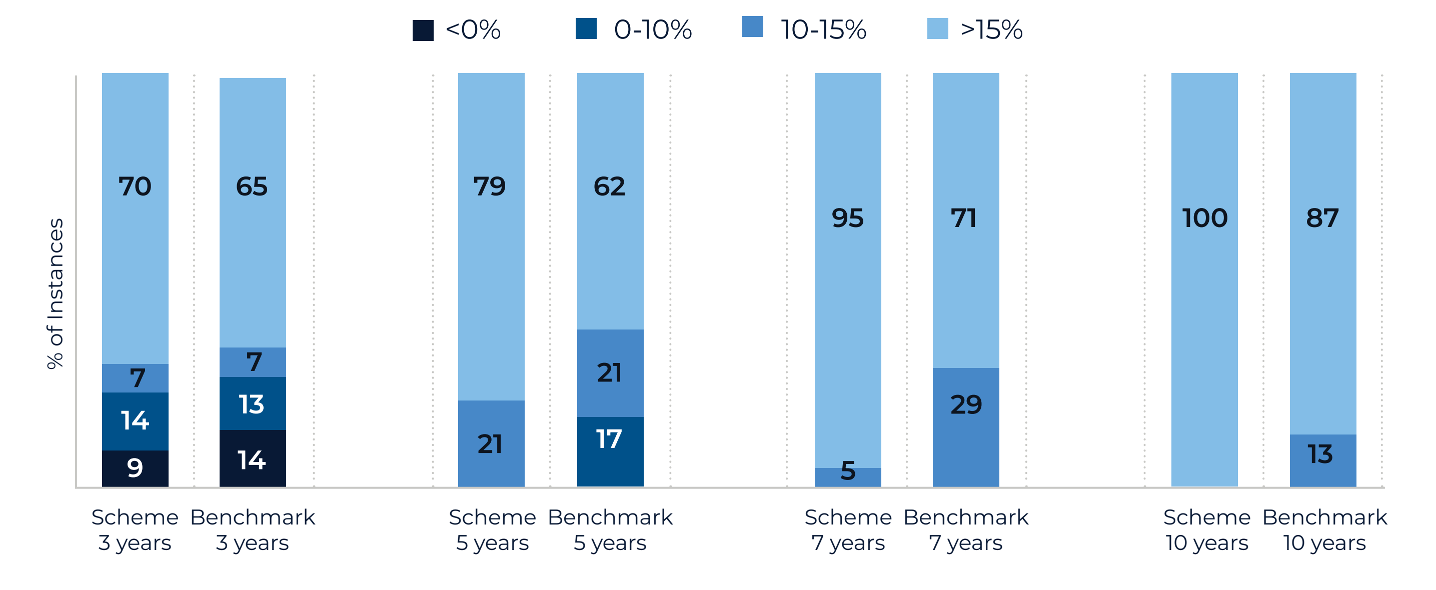
Rolling Period	Instances	% Outperformed	% Instances with Alpha >2%	Median Alpha	Max Alpha	Min Alpha
3 Years	1,866	71%	45%	+1.4%	+9.0%	-4.6%
5 Years	1,372	77%	55%	+2.4%	+5.4%	-2.8%
7 Years	878	88%	61%	+2.7%	+4.6%	-1.3%
10 Years	142	100%	51%	+2.0%	+2.9%	+1.5%

Past performance may or may not be sustained in future and is not a guarantee of any future returns.
Source: ICRA MFI; daily rolling CAGR of Regular-Growth NAV vs BSE 250 SmallCap TRI; NAVs from 1-Jan-2016 and 31-Jul-2026 considered)

Aims at Long-Term Wealth Creation

At every horizon, a larger share of the Fund's rolling-return instances land in the highest band (>15%) than the benchmark's. Over a 5 year horizon, the Fund has witnessed returns > 15% CAGR in almost 80% instances vs 62% instances for the benchmark

Distribution of Rolling Returns by Band - Scheme VS Benchmark



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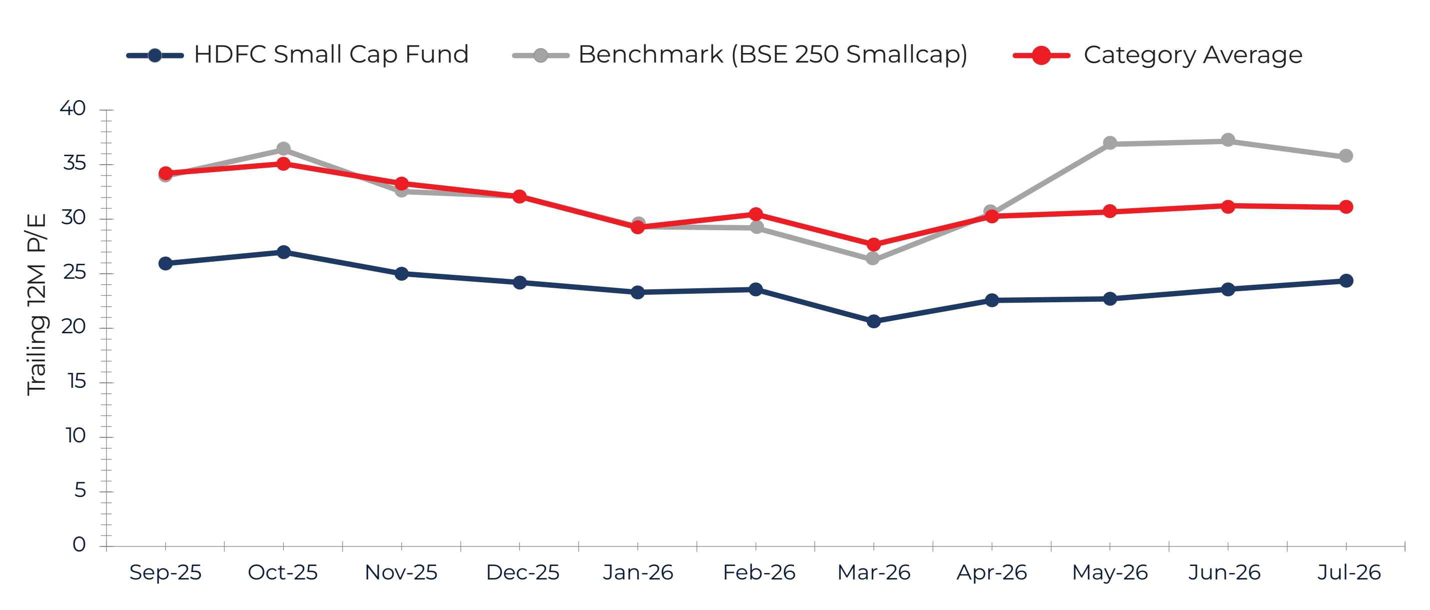
Source: ICRA MFI; daily rolling CAGR of Regular-Growth NAV vs BSE 250 SmallCap TRI; NAVs from 1-Jan-2016 and 31-Jul-2026 considered)

02 Approach That Has Stood the Test of Time: Valuation Discipline, Small Cap Orientation, Long-Term Approach

Valuation - Multiples well below the benchmark and category average: Trailing 12M P/E of 24.4 vs 35.7 (benchmark) and 31.1 (category) (AMFI, Jul-2026):

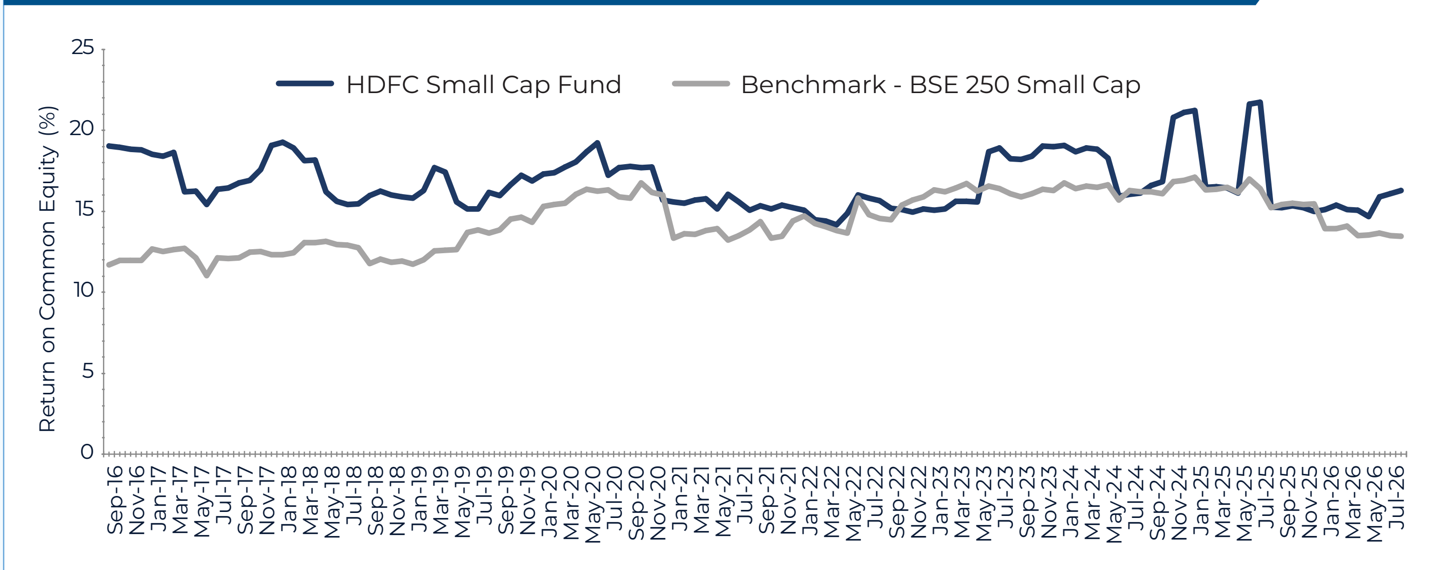
Trailing 12M P/E — HDFC Small Cap Fund vs Category vs Benchmark



Source: AMFI Stress Test & Liquidity disclosure, monthly, Sep-2025 to Jul-2026. Category Average = mean of all other Small Cap schemes' Trailing 12m PE (HDFC excluded).

Healthy portfolio fundamentals - higher quality at a lower price: Scheme's ROE has been ahead of the Benchmark in ~80% of months over the last decade (Jul-16 to Jul-26)

Return on Common Equity — HDFC Small Cap Fund vs BSE 250 SmallCap

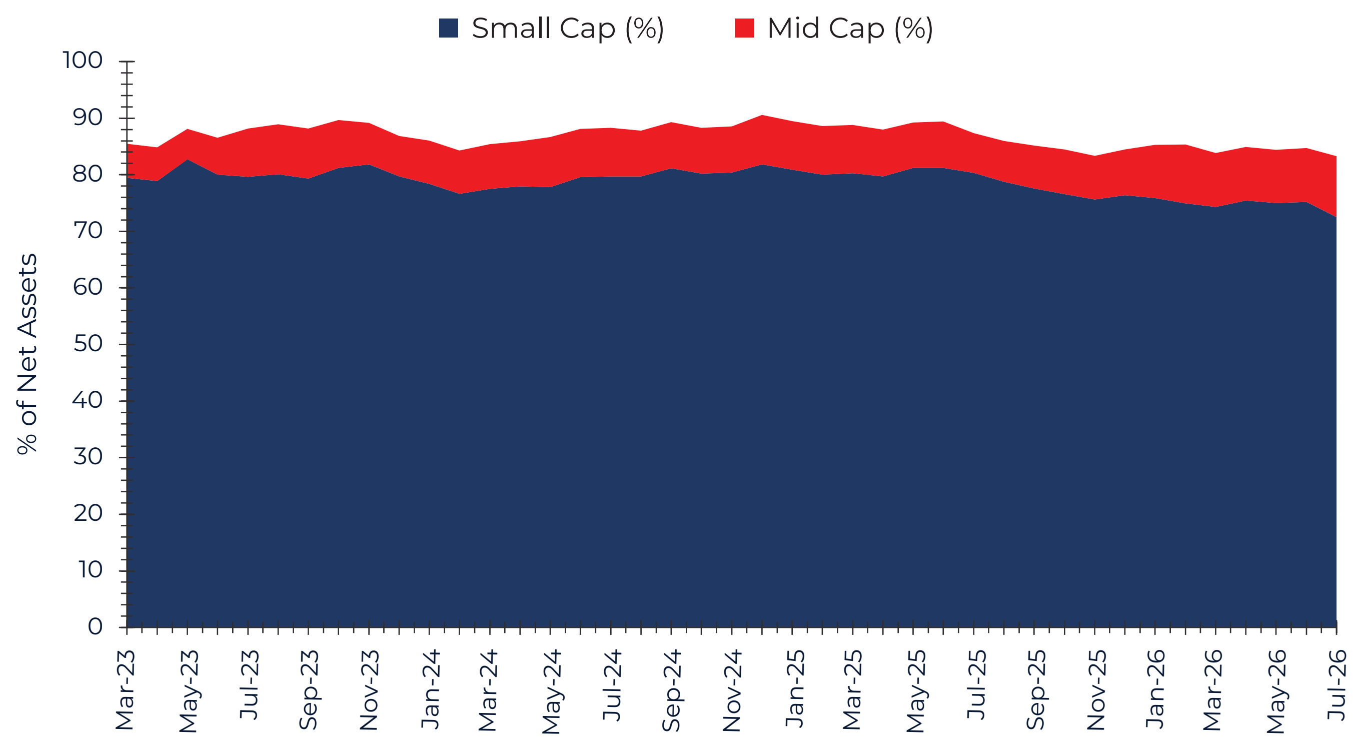


Past performance may or may not be sustained in future and is not a guarantee of any future returns.
Source: Bloomberg, monthly, Jul-2016 to Jul-2026 ; ROE: last-fiscal return on common equity.
Benchmark: BSE 250 Small Cap

Small Cap Orientation:

The Scheme's average exposure to Small Cap since Mar-23 has been ~79%. In fact, average Small Cap + Mid Cap exposure of the Scheme has been ~87% since Mar-23 (data upto Jul-2026).

Small + Mid Cap Exposure — HDFC Small Cap Fund



Source: ICRA Analytics, monthly Mar-2023 to Jul-2026. Stacked total = Small + Mid Cap exposure.

Fund size not a constraint:

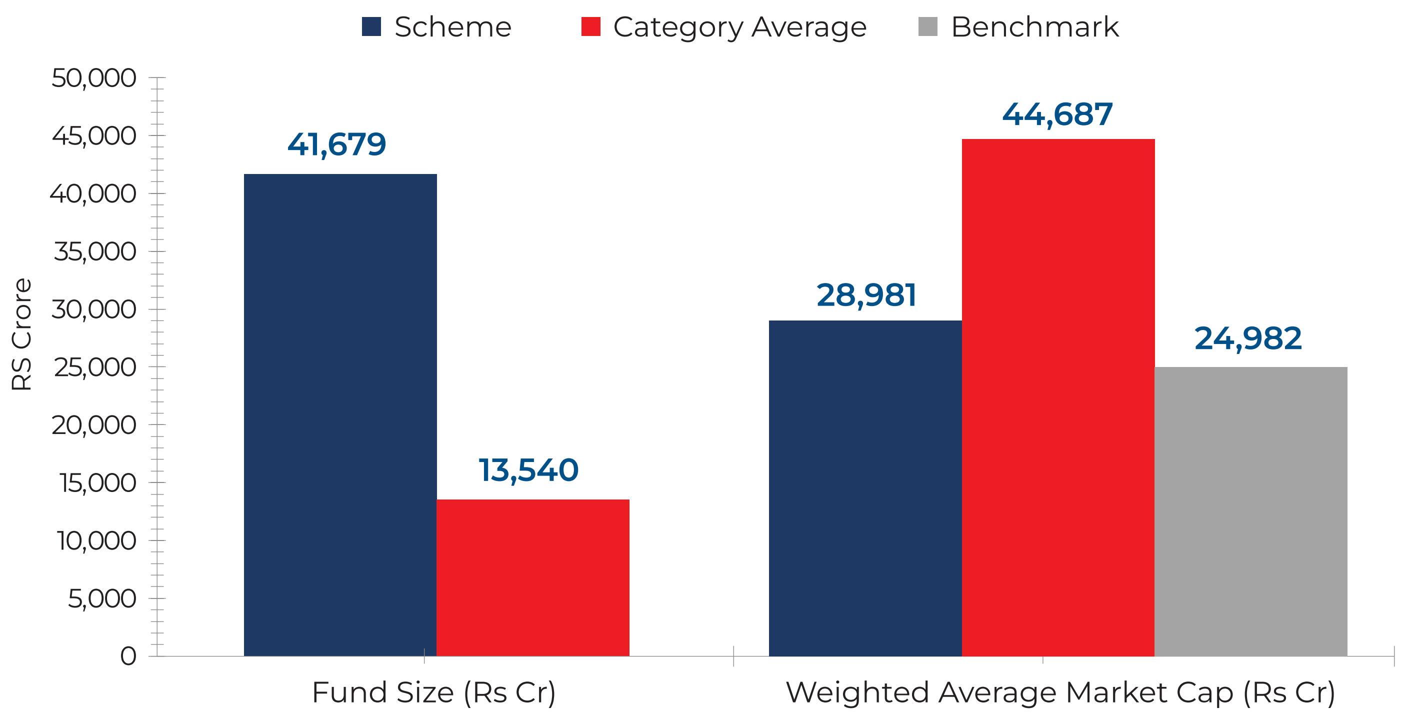
The opportunity set has grown as fast as the Fund. The small cap cutoff and the universe's total value have both grown roughly in lock-step with Fund's AUM. As a share of its investable universe, the Fund is no larger today than it was seven years ago (2019):

	Jun-19	Jun-21	Jun-23	Jun-25	Jun-26
Small cap cutoff - mkt cap of 250th company (Rs Cr)*	8,858	11,819	17,409	30,756	33,664
Small cap universe market cap (Rs lakh Cr)	19.0	25.8	41.4	83.0	93.5
Fund AUM (Rs Cr)	8,427	12,459	18,999	35,781	40,417
Fund AUM as % of small cap universe	**0.44%**	**0.48%**	**0.46%**	**0.43%**	**0.43%**

Source: AMFI, ICRA MFI. Average Market Capitalization lists (six months ended June of each year shown): *cutoff is the average market cap of the 250th company - companies below this (ranked 251st and beyond) are classified small cap under SEBI/AMFI; universe is the aggregate average market cap of all companies beyond the 250th.

Lower Weighted Average Cap than Category, despite increase in fund size: The Fund's weighted average market cap is ~35% below the category average.

Fund Size & Weighted Average Market Cap



Source: : ICRA Analytics AUM & Portfolio Statistics reports, as of Jul-2026. Category Average = mean of all other Small Cap schemes, HDFC excluded.

	AUM (Rs Cr)	Wtd Avg Mkt Cap (Rs Cr)
HDFC Small Cap Fund	41,679	28,981
Average of 6 largest category funds (ex-HDFC Small Cap Fund)	39,066	57,359

Source: ICRA MFI, Jul-2026. Largest funds by AUM in the small cap category

Active Bottom-up Portfolio construction: The Fund has an average portfolio overlap of ~10% vs the category (As of 31-Jul-26)

Metric	Portfolio Overlap
Portfolio Overlap vs Benchmark	12.2%
Portfolio Overlap vs Category (Average)	10.0%
Maximum portfolio overlap vs another fund in category	19.8%
Minimum portfolio overlap vs another fund in category	3.0%

03 Patience Pays: Long-Term Orientation of the Fund

Ageing Analysis of the Portfolio

Conviction with patience. Portfolio is constructed with a long-term view and shows up in the holding-period profile below. More than 50% of the portfolio (As of Jul-26) has been held for more than 5 years.

Holding period (Jul-2026)	< 1 Yr	1-2 Yrs	2-3 Yrs	3-5 Yrs	5-7 Yrs	7-10 Yrs	> 10 Yrs
% of equity assets	7.9%	15.2%	10.3%	13.9%	5.7%	33.8%	13.2%

Source: ICRA MFI monthly portfolios Apr-2008 to Jul-2026; continuous holding period of stocks held as of 31-Jul-2026, % of equity assets rebased to 100%

Patient Approach to Investing

Long-term holding has done the heavy lifting. 35 core positions (held 3+ years, >=1% weight as of Jul-26) make up 52% of equity exposure ; 27 of these positions have at least doubled, 18 have returned 4x or more (As of Jul-2026, over the holding period of respective securities). Even positions which have grown multiple times during the holding period have endured some challenging times as can be seen from the Illustration below. Enduring short-term volatility in businesses where the Fund has long-term conviction is how the Fund aims to create wealth over the long run.

Illustration of few existing holdings

Company Description	Held since (month-end)	Price growth multiple (absolute) As of 31-Jul-26	CAGR %	Relative Price Growth vs Benchmark^	Worst phase	Decline during worst phase (absolute) %
Stock A - power transmission conductors, cables & specialty oils	Sep-16	26.4x	39.5%	6.8x	May-17 to Oct-20	-68%
Stock B - wires & cables	Sep-17	15.4x	36.3%	5.0x	Oct-19 to Mar-20	-55%
Stock C - automotive suspension components	Oct-18	10.9x	36.1%	3.0x	Apr-19 to Mar-20	-63%
Stock D - power plant construction & O&M services	Aug-15	8.3x	21.5%	1.8x	May-19 to May-20	-70%
Stock E - automotive transmission chains	Oct-15	6.8x	19.6%	1.6x	Apr-18 to Mar-20	-75%

Source: ICRA MFI monthly portfolios of the Scheme, Apr-2008 to Jul-2026; ^Relative Price Growth vs Benchmark is the stock's price growth multiple divided by that of BSE 250 SmallCap TRI over the respective holding period.

04 Resilience Across Cycles: Drawdowns, Capture Ratios and SIP Outcomes

Drawdowns

Downside resilience remains the key:
Across major small cap drawdowns, the Fund has fallen materially less than its benchmark, and its upside capture (88%) exceeds its downside capture (75%):

Market downswing	Fund (Abs %)	Benchmark (Abs %)
Global Financial Crisis (May-08 to Mar-09)	-51%	-69%
2010-13 Correction (Nov-10 to Aug-13)	-19%	-50%
2015-16 Correction (Apr-15 to Feb-16)	-17%	-24%
COVID (Jan-18 peak to Mar-20)	-49%	-59%

Volatility: The Fund has run at lower volatility than both the category and the benchmark:

Metric	HDFC Small Cap Fund	Category Avg	Benchmark
Annualised Standard Deviation	17.5%	19.3%	21.8%
Beta	0.76	0.85	1.00

Source: AMFI Stress Test & Liquidity disclosure for Jul-2026.

Upside / Downside Capture:
The Fund has captured more of the market's upside than its downside - a hallmark of risk-adjusted outperformance rather than simply higher volatility:

88%
Upside capture

75%
Downside capture

Source: ICRA MFI. Upside/downside capture on discrete monthly returns, Jan-2016 to Jul-2026

Rolling 5-year SIPs:
From Jan’16 to Jul-26, a 5-year SIP in HDFC Small Cap Fund has outperformed the Benchmark on 80% of month-ends (5 Year SIP initiated on first business day of a month)

Rolling 5-Year SIP XIRR (68 windows)	Fund	Benchmark
Fund outperformed the benchmark in	**80% of windows**	-
Average XIRR %	23.5%	22.5%
Worst 5 Year XIRR %	+10.4%	+9.3%
Windows with negative XIRR %	None	None

Source: ICRA MFI, Period considered: SIP start months Jan-2016 to Aug-2021; each window comprises 60 instalments of Rs 10,000 on the first business day of the month, valued at the end of the 60th month; window end-dates Dec-2020 to Jul-2026, Regular Plan - Growth vs BSE 250 SmallCap TRI. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

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05 Short-Term Winners Rotate - Chasing Them Doesn't Pay

Short-term outperformance carries little forward signal. At every month-end from Jan-2016, the top 3 funds by trailing 1-year return were tracked on where they finished over the next 3 years (windows through Jul-2023) and next 5 years (windows through Jul-2021):

Top-3 funds by trailing 1Y return: subsequent finish	Next 3 Yrs	Next 5 Yrs
Finished in Top Quartile	23% instances	23% instances
Fell to Bottom Half	51% instances	56% instances
Fell to Bottom Quartile	33% instances	32% instances

Source: ICRA MFI, internal computation. At each month-end Jan-2016 to Jul-2023 (3Y) / Jul-2021 (5Y), the 3 funds with the highest trailing 1-year return (regular-growth) considered; subsequent rank computed on forward 1/3/5-year returns within each window's own peer set. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

Fewer than one in four chart-toppers stayed top-quartile over the next 3 or 5 years; over half fell to the bottom half of the category in next 3 or 5 years

What if an investor acted on the short-term outperformance anyway? If one switched the full corpus each January into the prior year's best-performing fund, from Jan-2016 to Jul-2026, versus simply holding the category (Average/ Median), the results would have still been sub-optimal

Jan-2016 to Jul-2026 (10.6 years)	CAGR	Rs 10 lakh became
Chase the winner (switch every January)	14.6%	Rs 42 lakh
Category Average	16.4%	Rs 50 lakh
Category Median	16.5%	Rs 50 lakh

Source: ICRA MFI, internal computation. Chase strategy: on 1-Jan each year, the full corpus is switched into the previous calendar year's top fund (regular-growth), assuming frictionless switching - no exit loads or taxes considered. Category average/median: average/median of of the category funds' own CAGR (regular-growth) over the full period, held without rebalancing. Schemes in existence throughout the period i..e. Jan-16 to Jul-26 considered for the average/median The above is purely for illustration and does not assure any returns. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.**

Even with perfect hindsight of each year's winner and assuming zero switching costs, the chaser earned 14.6% vs 16.4% /16.5% that he/she could have earned by investing in the category's average or median respectively.

06 Portfolio Characteristics

Key Portfolio Metrics

Metric	Scheme	Benchmark
Number of Stocks	84	250
AUM (Rs Cr)	41,679	NA
Trailing P/E	24.4	35.7
Return on Equity (%)	16.3	13.5
Weighted Average Market Cap (Rs Cr)	28,981	24,982
Annualised Standard Deviation (%)	17.5	21.8
Beta	0.76	1.00

As of 31-Jul-2026. Number of Stocks and AUM: ICRA MFI; Trailing P/E: AMFI Stress Test & Liquidity disclosure, Jul-2026; ROE: Bloomberg (last-fiscal), as of 31-Jul-2026.

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HDFC Small 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)	22.00	18.00	12.00	6.00	3.60	1.20
Market Value as on July 31, 2026 (₹ in lacs)	130.89	77.32	30.05	8.42	3.97	1.24
Returns (%)	**17.11**	**17.59**	**17.48**	**13.52**	**6.44**	**5.98**
Benchmark Returns (%)#	**14.28**	**15.56**	**16.95**	**14.71**	**8.53**	**14.49**
Additional Benchmark Returns (%)##	**12.14**	**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 on July 31, 2026 ₹140.168 (per unit)

Period	Scheme Returns (%)	Benchmark Returns (%)#	Additional Benchmark Returns (%)##	Value of investment of (₹) 10,000		
				Scheme (₹)	Benchmark (₹)#	Additional Benchmark (₹)##
Last 1 Year	-0.81	3.45	-0.43	9,919	10,345	9,957
Last 3 Years	11.67	15.10	8.56	13,928	15,253	12,798
Last 5 Years	14.70	14.55	10.39	19,864	19,735	16,405
Last 10 Years	16.88	14.99	12.27	47,673	40,483	31,857
Since Inception*	15.49	10.84	10.63	140,168	65,974	63,706

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: April 03, 2008. The Scheme is managed by Mr. Chirag Setalvad since June 28, 2014. # BSE 250 Smallcap Index (TRI) ##Nifty 50 Index (TRI). Different plans viz. Regular Plan and Direct Plan have 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 greater than 1 year period are compounded annualized (CAGR). Load is not taken into consideration for computation of above performance(s). Returns as on July 31, 2026.

Other schemes co-managed by Mr. Chirag Setalvad, fund manager of HDFC Small Cap Fund who manages total 3 schemes (which have completed over 1 year)

Scheme	Managing Scheme since	Returns (%) as on July 31, 2026		
		Last 1 year (%)	Last 3 years (%)	Last 5 years (%)
HDFC Mid Cap Fund	June 25, 2007	9.34	19.53	20.47
NIFTY MIDCAP 150 (TRI)ᵀᵀ		9.01	18.53	17.91
HDFC Children's Fund (Co-managed scheme)	April 2, 2007	-0.44	9.08	11.56
NIFTY 50 Hybrid Composite Debt 65:35 Index (Total Returns Index)ᵀᵀ		0.72	7.94	8.91

ᵀᵀBenchmark. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.** Returns greater than 1 year period are compounded annualised (CAGR). Load is not taken into consideration for computation of above performance(s). 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. The above returns are of Regular Plan-Growth Option. Returns as on July 31, 2026.

HDFC MUTUAL FUND
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• To generate long-term capital appreciation / income
• Investment predominantly in Small-cap companies</td>
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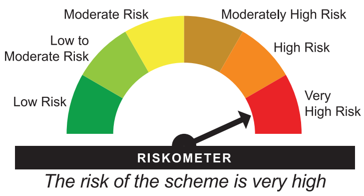
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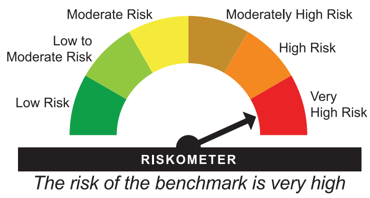
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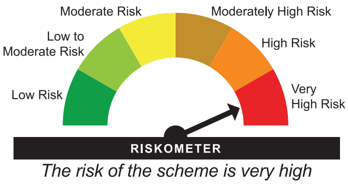
<td>
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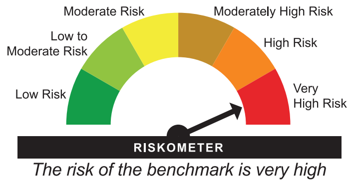
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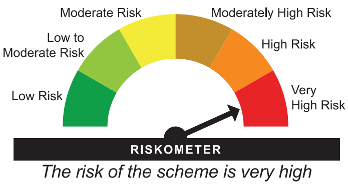
<td>
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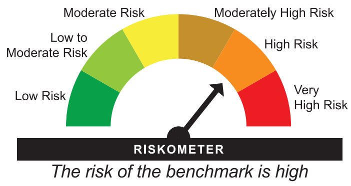
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*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.
#For latest Riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. **www.hdfcfund.com**
Scheme and Benchmark Riskometer as on July 31, 2026.

The views expressed herein, including the current investment strategy, are subject to change and should not be construed as investment advice.

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