HDFC Balanced Advantage Fund
AN OPEN ENDED BALANCED ADVANTAGE FUND

<table>
<thead>
<tr>
<th>This product is suitable for investors who are seeking*:</th>
<th>Riskometer</th>
</tr>
</thead>
<tbody>
<tr>
<td>• to generate long-term capital appreciation / income</td>
<td>![Riskometer Diagram]</td>
</tr>
<tr>
<td>• investments in a mix of equity and debt instruments</td>
<td>Investors understand that their principal will be at moderately high risk</td>
</tr>
</tbody>
</table>

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Continuous Offer of Units at Applicable NAV

Name of Mutual Fund (Fund) : HDFC Mutual Fund
Name of Asset Management Company (AMC) : HDFC Asset Management Company Limited
Name of Trustee Company : HDFC Trustee Company Limited

Addresses, Website of the entities:
Address:
HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020.
CIN No: L65991MH1999PLC123027

Website: www.hdfcfund.com

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres (ISCs) / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of HDFC Mutual Fund, Tax and Legal issues and general information on www.hdfcfund.com

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website - www.hdfcfund.com

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated April 30, 2019.
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### HIGHLIGHTS/SUMMARY OF THE SCHEME

<table>
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<tr>
<th>Name of the Scheme</th>
<th>HDFC Balanced Advantage Fund (HBAF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category of Scheme</td>
<td>Balanced Advantage Fund</td>
</tr>
<tr>
<td>Type of Scheme</td>
<td>An open ended Balanced Advantage Fund</td>
</tr>
<tr>
<td>Investment Objective</td>
<td>To provide long term capital appreciation / income from a dynamic mix of equity and debt investments. There is no assurance that the investment objective of the Scheme will be realized.</td>
</tr>
<tr>
<td>Benchmark Index</td>
<td>NIFTY 50 Hybrid Composite Debt 65:35 Index (Total Returns Index)</td>
</tr>
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</table>

#### Loads

**Entry Load:** Not Applicable.  
Pursuant to SEBI circular no. SEBI/IMD/ CIR No.4/168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor. 
Upfront commission shall be paid directly by the investor to the ARN Holder (AMFI registered Distributor) based on the investors' assessment of various factors including the service rendered by the ARN Holder. 
**Exit Load:**  
- In respect of each purchase / switch-in of Units, upto 15% of the units may be redeemed without any exit load from the date of allotment. 
- Any redemption in excess of the above limit shall be subject to the following exit load:  
  - Exit load of 1.00% is payable if Units are redeemed / switched-out within 1 year from the date of allotment of units.  
- No Exit Load is payable if Units are redeemed / switched-out after 1 year from the date of allotment. 
No Entry / Exit Load shall be levied on bonus units and units allotted on dividend reinvestment. 
In respect of Systematic Transactions such as SIP, GSIP, Flex SIP, STP, Flex STP, Swing STP, Flexindex, Exit Load, if any, prevailing on the date of registration / enrolment shall be levied. 
For further details on load structure refer to the section 'Load Structure' on Page 76.

**Minimum Application Amount**  
**Purchase:** Rs. 5,000 and any amount thereafter. 
**Additional Purchase:** Rs. 1,000 and any amount thereafter. 

#### Plans/Options

The Scheme offers two Plans:  
- **Regular Plan**  
- **Direct Plan** 
Each Plan offers two Options (i) Growth Option and (ii) Dividend Option with Payout and Reinvestment facility. 
**Dividend Frequency:** Under the Dividend Option, the Scheme has a monthly frequency for dividend distribution. The record date for the same shall be 25th day of every month or the immediately succeeding Business Day, if that day is not a Business Day. 
**Default Plan/Option**  
Growth Option in case Growth Option or Dividend Option is not indicated. 
Dividend Payout in case Dividend Payout or Dividend Reinvestment is not indicated. 
Investors should indicate the Plan (viz. Direct plan/ Regular Plan) for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form. In case of valid applications received without indicating any choice of Plan, the application will be processed for the Plan as under:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>ARN Code mentioned by the investor</th>
<th>Plan mentioned by the investor</th>
<th>Default Plan to be captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not mentioned</td>
<td>Not mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>2</td>
<td>Not mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>3</td>
<td>Not mentioned</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>4</td>
<td>Mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>5</td>
<td>Direct</td>
<td>Not Mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>6</td>
<td>Direct</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>7</td>
<td>Mentioned</td>
<td>Regular</td>
<td>Regular Plan</td>
</tr>
<tr>
<td>8</td>
<td>Mentioned</td>
<td>Not Mentioned</td>
<td>Regular Plan</td>
</tr>
</tbody>
</table>

In cases of wrong/invalid/incomplete ARN codes are mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.
Liquidity
The Scheme being offered is open-ended scheme and will offer Units for Sale / Switch-in and Redemption/ Switch-out, on every Business Day at NAV based prices. As per SEBI (MF) Regulations, the Mutual Fund shall dispatch redemption proceeds within 10 Business Days from the date of redemption. However under normal circumstances, the Mutual Fund would endeavour to pay the redemption proceeds within 3-4 Business Days (as applicable) from the date of redemption. Please refer to section ‘Redemption’ on Page 66 for details.

Transparency / NAV Disclosure
The AMC will calculate and disclose the NAVs under the Scheme at the close of every Business Day. As required by SEBI, the NAVs shall be disclosed in the following manner:

i) Displayed on the website of the Mutual Fund (www.hdfcfund.com)
ii) Displayed on the website of Association of Mutual Funds in India (AMFI) (www.amfiindia.com).
iii) Any other manner as may be specified by SEBI from time to time.

The Scheme being offered is open-ended scheme and will offer Units for Sale / Switch-in and Redemption/ Switch-out, on every Business Day at NAV based prices. As per SEBI (MF) Regulations, the Mutual Fund shall dispatch redemption proceeds within 10 Business Days from the date of redemption. However under normal circumstances, the Mutual Fund would endeavour to pay the redemption proceeds within 3-4 Business Days (as applicable) from the date of redemption. Please refer to section ‘Redemption’ on Page 66 for details.

From time to time, HDFC Asset Management Company Limited (“the AMC”) shall deduct the Transaction Charges on purchase / subscription received from the investors investing through a valid ARN Holder i.e. AMFI registered Distributor including transactions routed through Stock Exchange(s) platform viz. NSE Mutual Fund Platform (“NMF II”) and BSE Mutual Fund Platform (“BSE StAR MF”) (provided the distributor has opted-in to receive the Transaction Charges for the scheme type) as under:

(i) First Time Mutual Fund Investor (across Mutual Funds):
Transaction Charge of Rs. 150/- per purchase / subscription of Rs. 10,000/- and above will be deducted from the purchase / subscription amount for payment to the distributor of such investor and the balance shall be invested.

(ii) Investor other than First Time Mutual Fund Investor:
Transaction Charge of Rs. 100/- per purchase / subscription of Rs. 10,000/- and above will be deducted from the purchase/ subscription amount for payment to the distributor of such investor and the balance shall be invested.

TRANSACTION CHARGES IN CASE OF INVESTMENTS THROUGH SIP:

Transaction Charges in case of investments through SIP are deductible only if the total commitment of investment (i.e. amount per SIP installment x No. of installments) amounts to Rs. 10,000 or more. In such cases, Transaction Charges shall be deducted in 3-4 installments.

Identification of investors as “first time” or “existing” will be based on Permanent Account Number (PAN)/ PAN Exempt KYC Reference Number (PEKRN) at the First/ Sole Applicant/ Guardian level. Hence, Unit holders are urged to ensure that their PAN/ PEKRN/ KYC is updated with the Fund. Unit holders may approach any of the Official Points of Acceptances of the Fund i.e. Investor Service Centres (ISCs) of the Fund/ offices of our Registrar and Transfer Agent, M/s. Computer Age Management Services Pvt. Ltd in this regard.

It may be noted that Transaction Charges shall not be deducted:

(a) where the distributor of the investor has not opted to receive any Transaction Charges;
(b) for purchases / subscriptions / total commitment amount in case of SIP of an amount less than Rs. 10,000/-;
(c) for transactions other than purchases / subscriptions relating to new inflows i.e. through Switches/ Systematic Transfers/ Dividend Transfers/ Dividend Reinvestment, etc.;
(d) for purchases / subscriptions made directly with the Fund (i.e. not through any distributor);
(e) for purchases / subscriptions routed through Stock Exchange(s) through Stock Brokers.

Dematerialization of Units
The Unit holders would have an option to hold the Units in demat form or account statement (non-demat) form. Units held in Demat Form are freely transferable. The Applicant intending to hold Units in demat form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DPs Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units.

Transaction Charges
In accordance with SEBI circular No. Cir/IMD/DF/13/2011 dated August 22, 2011, as amended from time to time, HDFC Asset Management Company Limited (“the AMC”)/Mutual Fund shall deduct the Transaction Charges on purchase / subscription received from the investors investing through a valid ARN Holder i.e. AMFI registered Distributor including transactions routed through Stock Exchange(s) platform viz. NSE Mutual Fund Platform (“NMF II”) and BSE Mutual Fund Platform (“BSE StAR MF”) (provided the distributor has opted-in to receive the Transaction Charges for the scheme type) as under:

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(e) for purchases / subscriptions routed through Stock Exchange(s) through Stock Brokers.

IMPORTANT
Before investing, investors should also ascertain about any further changes pertaining to scheme such as features, load structure, etc. made to this Scheme Information Document by issue of addenda / notice after the date of this Document from the AMC / Mutual Fund / Investor Service Centres (ISCs) / Website / Distributors or Brokers.
I. INTRODUCTION

A. RISK FACTORS

■ Standard Risk Factors:
- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets.
- Past performance of the Sponsors and their affiliates/AMC/Mutual Fund does not guarantee future performance of the Scheme of the Mutual Fund.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh each made by them towards setting up the Fund.
- The present Scheme is not guaranteed or assured return scheme.

■ Scheme Specific Risk Factors
Some of the specific risk factors related to the Scheme include, but are not limited to the following:

(i) Risk factors associated with investing in equities and equity related instruments
- Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risks.
- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges. Investment in such securities may lead to increase in the scheme portfolio risk.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Scheme incurring losses till the security is finally sold.

(ii) Risk factors associated with investing in Fixed Income Securities
- The Net Asset Value (NAV) of the Scheme, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The NAV of the Scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.
- Money market instruments, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.
- Investments in money market instruments involve credit risk commensurate with short term rating of the issuers.
- Investment in Debt instruments are subject to varying degree of credit risk or default (i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations) or any other issues, which may have their credit ratings downgraded. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on an issuer's credit quality and security values. The Investment Manager will endeavour to manage credit risk through in-house credit analysis. This may increase the risk of the portfolio. The Investment Manager will endeavour to manage credit risk through in-house credit analysis.
- Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.
- Different types of fixed income securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the Scheme risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, AAA rated bonds are comparatively less risky than AA rated bonds.
- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.
- As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates and are subject to issuer default risk. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio. Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically.
- Scheme's performance may differ from the benchmark index to the extent of the investments held in the debt segment, as per the investment pattern indicated under normal circumstances.
Prepayment Risk: Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Scheme to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Scheme.

Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the 'interest on interest' component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

Settlement Risk: Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are uninvested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme's portfolio, due to the absence of a well developed and liquid secondary market for debt securities, may result at times in potential losses to the Scheme in the event of a subsequent decline in the value of securities held in the Scheme's portfolio.

The Scheme at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.

Risk factors associated with investment in Tri-Party Repo

The mutual fund is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL).

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund.

Risk factors associated with investing in Non-Convertible Preference Shares

Credit Risk - Credit risk is the risk that an issuer will be unable to meet its obligation of payment of dividend and/or redemption of principal amount on the due date. Further, for non-cumulative preference shares, issuer also has an option to not pay dividends on preference shares in case of inadequate profits in any year.

Liquidity Risk - The preference shares generally have limited secondary market liquidity and thus we may be forced to hold the instrument till maturity.

Unsecured in nature - Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus there is significant risk of capital erosion in case the company goes into liquidation.

General Risk factors

Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Units of the Scheme can go up or down because of various factors that affect the capital markets in general.

As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme. In view of the above, the Trustee has the right, in its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described on Page 42 under Right to Restrict Redemption and/or Suspend Redemption of the units.

At times, due to the forces and factors affecting the capital market, the Scheme may not be able to invest in securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible securities/investments amounting to substantial reduction in the earning capability of the Scheme. The Scheme may retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.

Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The AMC may choose to invest in unlisted securities that offer attractive returns. This may increase the risk of the portfolio.

Investment strategy to be adopted by the Scheme may carry the risk of significant variance between the portfolio allocation of the Scheme and the Benchmark particularly over a short to medium term period.
• Performance of the Scheme may be affected by political, social, and economic developments, which may include changes in government policies, diplomatic conditions, and taxation policies.

(vi) Risk factors associated with investing in Foreign Securities

• Currency Risk:
Moving from Indian Rupee (INR) to any other currency entails currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee.

• Interest Rate Risk:
The pace and movement of interest rate cycles of various countries, though loosely co-related, can differ significantly. Hence by investing in securities of countries other than India, the Scheme stand exposed to their interest rate cycles.

• Credit Risk:
Investment in Foreign Debt Securities are subject to the risk of an issuer’s inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer. This is substantially reduced since the SEBI (MF) Regulations stipulate investments only in debt instruments with rating not below investment grade by accredited/registered credit rating agency.

• Taxation Risk:
In addition to the disclosure related to taxation mentioned under section “Special Consideration” on Page 9, Investment in Foreign Securities poses additional challenges based on the tax laws of each respective country or jurisdiction. The scheme may be subject to a higher level of taxes than originally anticipated and or dual taxation. The Scheme may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Further, such investments are exposed to risks associated with the changing / evolving tax / regulatory regimes of all the countries where the Scheme invests. All these may entail a higher outgo to the Scheme by way of taxes, transaction costs, fees etc. thus adversely impacting its NAV; resulting in lower returns to an Investor.

• Legal and Regulatory Risk:
Legal and regulatory changes could occur during the term of the Scheme which may adversely affect it. If any of the laws and regulations currently in effect should change or any new laws or regulations should be enacted, the legal requirements to which the Scheme and the investors may be subject could differ materially from current requirements and may materially and adversely affect the Scheme and the investors. Legislation/ Regulatory guidelines could also be imposed retrospectively.

• Country Risk:
The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors’ financial interests. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.

• To manage risks associated with foreign currency and interest rate exposure, the Mutual Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/ RBI from time to time.

(vii) Risk factors associated with investing in Derivatives

• The AMC, on behalf of the Scheme may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and enhance Unit holders’ interest. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Other risks include, the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

• The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

• Credit Risk:
The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction.

• Market Risk:
Market movements may adversely affect the pricing and settlement of derivatives.

• Illiquidity risk:
This is the risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

• Additional Risk viz. Basis Risk associated with imperfect hedging using Interest Rate Futures (IRF):
The imperfect correlation between the prices of securities in the portfolio and the IRF contract used to hedge part of the portfolio leads to basis risk. Thus, the loss on the portfolio may not exactly match the gain from the hedge position entered using the IRF.

(viii) Risk factors associated with Securities Lending
As with other modes of extensions of credit, there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e the Scheme and the approved intermediary. Such failure can result in the possible loss of
rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary.

(ix) Risk factors associated with investing in Securitised Debt

The Risks involved in Securitised Papers described below are the principal ones and does not represent that the statement of risks set out hereunder is exhaustive.

- **Limited Liquidity & Price Risk**

There is no assurance that a deep secondary market will develop for the Certificates. This could limit the ability of the investor to resell them.

- **Limited Recourse, Delinquency and Credit Risk**

The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and do not represent an obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts to the Certificate Holders may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the Asset. However, many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realise the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

- **Risks due to possible prepayments and Charge Offs**

In the event of prepayments, investors may be exposed to changes in tenor and yield. Also, any Charge Offs would result in the reduction in the tenor of the Pass Through Certificates (PTCs).

- **Bankruptcy of the Swap Bank**

If the Swap Bank, becomes subject to bankruptcy proceedings then an Investor could experience losses or delays in the payments due under the Interest Rate Swap Agreement.

- **Risk of Co-mingling**

With respect to the Certificates, the Servicer will deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of originator. If originator in its capacity as Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss.

(x) Risk factors associated with processing of transaction through Stock Exchange Mechanism

The trading mechanism introduced by the stock exchange(s) is configured to accept and process transactions for mutual fund units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other recognised stock exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing/settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the stock exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized stock exchange(s).

(xi) Risk factors associated with REITs and InvITs:

- **Price Risk:**

Securities/Instruments of REITs and InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. The extent of fall or rise in the prices is a fluctuation in general market conditions, factors and forces affecting capital market, Real Estate and Infrastructure sectors, level of interest rates, trading volumes, settlement periods and transfer procedures.

- **Interest Rate Risk:**

Securities/Instruments of REITs and InvITs run interest rate risk. Generally, when interest rates rise, prices of units fall and when interest rates drop, such prices increase.

- **Credit Risk:**

Credit risk means that the issuer of a REIT/InvIT security/instrument may default on interest payment or even on paying back the principal amount on maturity. Securities/Instruments of REITs and InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.

- **Liquidity Risk:**

This refers to the ease with which securities/instruments of REITs/InvITs can be sold. There is no assurance that an active secondary market will develop or be maintained. Hence there would be time when trading in the units could be infrequent. The subsequent valuation of illiquid units may reflect a discount from the market price of comparable securities/instruments for which a liquid market exists. As these products are new to the market they are likely to be exposed to liquidity risk.

- **Reinvestment Risk:**

Investments in securities/instruments of REITs and InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.

- **Legal and Regulatory Risk**

The regulatory framework governing investments in securities/instruments of REITs and InvITs comprises a relatively new set of regulations and is therefore untested, interpretation and enforcement by regulators and courts involves uncertainties. Presently, it is difficult to forecast as to how any new laws, regulations or standards or future amendments will affect the issuers of REITs/InvITs and the sector as a whole. Furthermore, no assurance can be given that the regulatory system will not change in a way that will impair the ability of the Issuers to comply with the regulations, conduct the business, compete effectively or make distributions.
B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme (at portfolio level). The two conditions mentioned above shall be complied with within each subsequent calendar quarter, on an average basis, as specified by SEBI. In case the Scheme does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the units would be redeemed at applicable NAV. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25% limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

- The information set out in the Scheme Information Document (SID) and Statement of Additional Information (SAI) are for general purposes only and do not constitute tax or legal advice. The tax information provided in the SID/SAI does not purport to be a complete description of all potential tax costs, incidence and risks inherent in subscribing to the Units of scheme offered by HDFC Mutual Fund. Investors should be aware that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position as laid out herein may continue indefinitely. The applicability of tax laws, if any, on HDFC Mutual Fund/ Scheme / investments made by the Scheme and/or investors and/ or income attributable to or distributions or other payments made to Unitholders are based on the understanding of the prevailing tax legislations and are subject to adverse interpretations adopted by the relevant authorities resulting in tax liability being imposed on the HDFC Mutual Fund/ Scheme/ Unitholders/ Trustee /AMC.

In view of the individual nature of the tax consequences, each investor is advised to consult his/ her own professional tax advisor to determine possible legal, tax, financial or other considerations for subscribing and/or redeeming the Units and/or before making a decision to invest/ redeem Units. The tax information contained in SID/SAI alone may not be sufficient and should not be used for the development or implementation of an investment strategy or construed as investment advice. Investors alone shall be fully responsible/ liable for any investment decision taken on the basis of this document. Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information.

- The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in SAI.

- Redemption by the Unit holder either due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise.

- Subject to SEBI (Mutual Funds) Regulations, 1996 in the event of substantial investment by the Sponsors and their associates directly or indirectly in the Scheme of the Mutual Fund, Redemption of Units by these entities may have an adverse impact on the performance of the Scheme because of the timing of any such Redemptions and this may also impact the ability of other Unit holders to redeem their Units.

- The AMC / Fund has registered the Scheme(s) with Securities & Commodities Authority (“SCA”) as foreign investment fund, which can be distributed in the United Arab Emirates (“UAE”) by licensed distributor(s) who have obtained approval from SCA to promote the Scheme(s) within the UAE. The Scheme may in future be registered in any other jurisdiction, as and when the Trustee/ AMC desires.

The distribution of the Scheme(s) and the SID / SAI may be restricted or totally prohibited in certain jurisdictions on account of non registration of the Scheme(s) or any other requirements in such jurisdictions and, accordingly, persons who come in possession of the SID / SAI are required to apprise themselves of and observe / adhere to any such restrictions and / or legal, compliance requirements with respect to their eligibility for investment in the Scheme(s). Any person receiving a copy of this SID, SAI or any application form accompanying the SID / SAI in such jurisdiction should not treat the receipt thereof as an invitation to them to subscribe or invest in the Scheme. Such persons should in no event use any such application form unless in the relevant jurisdiction such an invitation to subscribe could lawfully be made to them and such application form could lawfully be used without complying with any registration or other legal requirements by the AMC / Fund / Trustee.

- Any dispute arising out of the Scheme shall be subject to the non-exclusive jurisdiction of the Courts in India. Statements in this SID are, except where otherwise stated, based on the law, practice currently in force in India and are subject to changes therein.

Investors are advised to rely upon only such information and/or representations as contained in this SID. Any subscription or redemption made by any person on the basis of statements or representations which are not contained in this SID or which are inconsistent with the information contained herein shall be solely at the risk of the Investor. The Investor is required to confirm the credentials of the individual/firm he/she is entrusting his/ her application form alongwith payment instructions for any transaction in the Scheme. The Mutual Fund/Trustee/ AMC shall not be responsible for any acts done by the intermediaries representing or purportedly representing such Investor.

- The AMC and/ or its Registrars & Transfer Agent (RTA) reserve the right to disclose/share Unit holder’s details of folio(s) and transaction details thereunder with the following third parties:
  a) RTA, Banks and/or authorised external third parties who are involved in transaction processing, dispatching etc., of the Unitholder’s investment in the Scheme;
  b) Distributors or sub-brokers through whom the applications are received for the Scheme;
  c) Any other organizations for compliance with any legal or regulatory requirements or to verify the identity of the Unitholders for complying with anti-money laundering requirements.
The need to Know Your Customer (KYC) is vital for the record of identity and address(es) of investors. The KYC programme must verify and maintain the identity of the investor to formulate and implement a client identification strategy. The Rules issued by SEBI regarding the Anti Money Laundering (AML) prevention of money laundering. The Trustee / AMC may reject any application or prevent further transactions to competent authorities under PMLA and rules/guidelines issued thereunder without obtaining prior approval of the Unitholder/any other person. In connection with the Trustee / AMC reserves the right to reject any such application at its discretion.

The AMC offers portfolio management / non-binding investment advisory services, acts as an investment manager to the Alternative Investment Fund (AIF) and such activities are not in conflict with the activities of the Mutual Fund. The AMC has renewed its registration obtained from SEBI vide Registration No. - PM / INP000000506 dated February 18, 2016 to act as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993. The said certificate of registration is valid unless it is suspended or cancelled by SEBI. The AMC will also act as the investment manager for HDFC AMC AIF - II ("AIF Fund"), which is formed as a trust and has received registration as a Category II Alternative Investment Fund from SEBI vide Registration No. IN/AIF2/ 12-13/0038. The Certificate of Registration is valid till the expiry of the last scheme set up under the AIF Fund. No Scheme(s) have yet been launched under the AIF Fund. As and when any Scheme is launched, the AMC will ensure that there are no material conflicts of interest. Any potential conflicts between the AIF Fund and the Mutual Fund will be adequately addressed by (a) ensuring that there are no material conflicts of interest. Any potential conflicts between the AIF Fund and the Mutual Fund, and the key investment team of the AIF Fund is not involved with the activities of the Mutual Fund; and (c) ensuring that there is no inter-se transfer of assets between the Mutual Fund and any scheme of the AIF Fund.

Mutual funds investments are subject to market risks and the Investors should review/study this SID, the SAI and the addenda thereto issued from time to time carefully in its entirety before investing and should not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation or financial/investment matters. There can be no assurance or guarantee that the Scheme objectives will be achieved and the investment decisions made by the AMC may not always be profitable.

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML) laws, all intermediaries, including Mutual Funds, have to formulate and implement a client identification i.e. Know Your Customer programme, verify and maintain the record of identity and address(es) of investors.

The need to Know Your Customer (KYC) is vital for the prevention of money laundering. The Trustee / AMC may seek information or obtain and retain documentation used to establish identity. It may re-verify identity and obtain any missing or additional information for this purpose. The Trustee / AMC shall have absolute discretion to reject any application or prevent further transactions by a Unit holder, if after due diligence, the Investor / Unit holder / a person making the payment on behalf of the Investor does not fulfill the requirements of the Know Your Customer (KYC).

If after due diligence the Trustee / AMC has reason to believe that any transaction is suspicious in nature as regards money laundering, the AMC shall report such transactions to competent authorities under PMLA and rules/guidelines issued thereunder by SEBI/RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued thereunder without obtaining prior approval of the Unitholder/any other person. In connection with the Trustee / AMC reserves the right to reject any such application at its discretion.
**D. DEFINITIONS**

In this Scheme Information Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“AMC” or “Asset Management Company” or “Investment Manager”</td>
<td>HDFC Asset Management Company Limited, incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of HDFC Mutual Fund.</td>
</tr>
<tr>
<td>“AMFI Certified Stock Exchange Brokers”</td>
<td>A person who is registered with AMFI as Mutual Fund Distributor and who has signed up with HDFC Asset Management Company Limited and also registered with BSE &amp; NSE as Participant.</td>
</tr>
<tr>
<td>“ARN Holder” or “AMFI registered Distributors”</td>
<td>Intermediary registered with Association of Mutual Funds in India (AMFI) to carry out the business of selling and distribution of mutual fund units and having AMFI Registration Number (ARN) allotted by AMFI.</td>
</tr>
<tr>
<td>“Applicable NAV”</td>
<td>The NAV applicable for purchase or redemption or switching of Units based on the time of the Business Day on which the application is accepted, subject to the provisions of ‘realisation of funds’ and ‘cut off timings’ as described in this Scheme Information Document.</td>
</tr>
<tr>
<td>“Beneficial Owner”</td>
<td>Beneficial owner as defined in the Depositories Act 1996 (22 of 1996) means a person whose name is recorded as such with a depository.</td>
</tr>
<tr>
<td>“Book Closure”</td>
<td>The time during which the Asset Management Company would temporarily suspend sale, redemption and switching of Units.</td>
</tr>
<tr>
<td>“Business Day”</td>
<td>A day other than: (i) Saturday and Sunday; or (ii) A day on which the banks in Mumbai and / or RBI are closed for business/ clearing; or (iii) A day on which the National Stock Exchange of India Limited is closed; or (iv) A day which is a public and /or bank holiday at a Investor Service Centre where the application is received; or (v) A day on which Sale / Redemption / Switching of Units is suspended by the AMC; or (vi) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.</td>
</tr>
<tr>
<td>“Business Hours”</td>
<td>Presently 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be applicable from time to time.</td>
</tr>
<tr>
<td>“Clearing Member” or “CM”</td>
<td>Clearing Members are members of the Clearing Houses / Clearing Corporations who facilitate settlement of trades done on stock exchanges.</td>
</tr>
<tr>
<td>“Consolidated Account Statement”</td>
<td>Consolidated Account Statement is a statement containing details relating to all the transactions across all mutual funds viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions, etc. (including transaction charges paid to the distributor) and holding at the end of the month.</td>
</tr>
<tr>
<td>“Custodian”</td>
<td>A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is Citibank N.A.</td>
</tr>
<tr>
<td>“Depository”</td>
<td>Depository as defined in the Depositories Act, 1996 (22 of 1996) and in this SID refers to National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).</td>
</tr>
<tr>
<td>“Depository Participant”</td>
<td>‘Depository Participant’ means a person registered as such under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.</td>
</tr>
<tr>
<td>“Depository Records”</td>
<td>Depository Records as defined in the Depositories Act, 1996 (22 of 1996) includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the said Act from time to time.</td>
</tr>
<tr>
<td>“Derivative”</td>
<td>Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.</td>
</tr>
<tr>
<td>“Direct Plan”</td>
<td>A Plan for investors who wish to invest directly without routing the investment through any distributor. This Plan shall have a lower expense ratio excluding...</td>
</tr>
<tr>
<td><strong>“Dividend”</strong></td>
<td>Income distributed by the Mutual Fund on the Units.</td>
</tr>
<tr>
<td><strong>“Entry Load” or “Sales Load”</strong></td>
<td>Load on Sale / Switch in of Units.</td>
</tr>
<tr>
<td><strong>“Equity Related Instruments”</strong></td>
<td>“Equity Related Instruments” includes convertible bonds and debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other like instrument.</td>
</tr>
<tr>
<td><strong>“Exit Load” or “Redemption Load”</strong></td>
<td>Load on Redemption / Switch out of Units.</td>
</tr>
<tr>
<td><strong>“Floating Rate Debt Instruments”</strong></td>
<td>Floating rate debt instruments are debt instruments issued by Central and / or State Government, corporates or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Fund. The interest on the instruments could also be in the nature of fixed basis points over the benchmark gilt yields.</td>
</tr>
<tr>
<td><strong>“Foreign Institutional Investors” or “FII”</strong></td>
<td>FII means Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.</td>
</tr>
<tr>
<td><strong>“Foreign Portfolio Investor” or “FPI”</strong></td>
<td>FPI means a person who satisfies the eligibility criteria prescribed under Regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014.</td>
</tr>
<tr>
<td><strong>“Foreign Securities”</strong></td>
<td>Securities as specified in the SEBI circular- SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and any subsequent amendments thereto specified by SEBI and/or RBI from time to time.</td>
</tr>
<tr>
<td><strong>“Gilts” or “Government Securities”</strong></td>
<td>Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Government Securities Act, 2006, as amended or re-enacted from time to time.</td>
</tr>
<tr>
<td><strong>“Holiday”</strong></td>
<td>The day(s) on which the banks (including the Reserve Bank of India) are closed for business or clearing in Mumbai or their functioning is affected due to a strike/ bandh call made at any part of the country or due to any other reason.</td>
</tr>
<tr>
<td><strong>“Investment Management Agreement”</strong></td>
<td>The agreement dated June 8, 2000 entered into between HDFC Trustee Company Limited and HDFC Asset Management Company Limited, as amended from time to time.</td>
</tr>
<tr>
<td><strong>“Investor Service Centres” or “ISCs”</strong></td>
<td>Designated Offices of HDFC Asset Management Company Limited or such other centres / offices as may be designated by the AMC from time to time.</td>
</tr>
<tr>
<td><strong>“InvIT” or “Infrastructure Investment Trust”</strong></td>
<td>“InvIT” or “Infrastructure Investment Trust” shall have the meaning assigned in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014 As per SEBI (Infrastructure Investment Trusts) Regulations, 2014, InvIT is defined as: “InvIT” or “Infrastructure Investment Trust” shall mean the trust registered as such under these regulations.</td>
</tr>
<tr>
<td><strong>“Load”</strong></td>
<td>In the case of Redemption / Switch out of a Unit, the sum of money deducted from the Applicable NAV on the Redemption / Switch out and in the case of Sale/ Switch in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch in of a Unit in addition to the Applicable NAV.</td>
</tr>
<tr>
<td><strong>“Market Capitalisation”</strong></td>
<td>Market value of the listed company, which is calculated by multiplying its current market price by number of its shares outstanding. The investment universe of “Large Cap” “Mid Cap” and “Small Cap” shall comprise companies as defined by SEBI from time to time. In terms of SEBI circular SEBI/ HO/ IMD/ DF3/ CIR/ P/ 2017/ 114 dated October 6, 2017 read with SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 4, 2017, the same are as follows:</td>
</tr>
<tr>
<td></td>
<td>• Large Cap: 1st -100th company in terms of full market capitalization</td>
</tr>
<tr>
<td></td>
<td>• Mid Cap: 101st -250th company in terms of full market capitalization</td>
</tr>
<tr>
<td></td>
<td>• Small Cap: 251st company onwards in terms of full market capitalization</td>
</tr>
</tbody>
</table>
| | If a stock is listed on more than one recognized stock exchange, an average of full market capitalization of the stock on all such stock exchanges, will be computed. In case a stock is listed on only one of the recognized stock exchanges, the full market capitalization of that stock on such an exchange will be considered. While preparing the single consolidated list of stocks, average full market capitalization of the previous six month of the stocks shall be considered. Mutual Funds would be required to adopt the list of stocks prepared by AMFI, which would be updated every six months (based on the data as on the end
<table>
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<tr>
<th>Term</th>
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<tbody>
<tr>
<td>of June and December of each year) within 5 calendar days from the end of the 6 months period. Subsequent to any updation in the list, Mutual Funds would have to rebalance their portfolios (if required) in line with updated list, within a period of one month.</td>
<td></td>
</tr>
<tr>
<td><strong>Money Market Instruments</strong></td>
<td>Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time.</td>
</tr>
<tr>
<td><strong>Mutual Fund</strong> or &quot;the Fund&quot;</td>
<td>HDFC Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882.</td>
</tr>
<tr>
<td><strong>Net Asset Value</strong> or &quot;NAV&quot;</td>
<td>Net Asset Value per Unit of the Scheme, calculated in the manner described in this Scheme Information Document or as may be prescribed by the SEBI (MF) Regulations from time to time.</td>
</tr>
<tr>
<td><strong>Non-Resident Indian</strong> or &quot;NRI&quot;</td>
<td>A person resident outside India who is either a citizen of India or a person of Indian origin.</td>
</tr>
<tr>
<td><strong>Official Points of Acceptance</strong> or “OPA”</td>
<td>Places, as specified by AMC from time to time where application for subscription / redemption / switch will be accepted on ongoing basis.</td>
</tr>
<tr>
<td><strong>Overseas Citizen of India</strong> or &quot;OCI&quot;</td>
<td>A person registered as an overseas citizen of India by the Central Government under section 7A of The Citizenship Act, 1955. The Central Government may register as an OCI a foreign national (except a person who is or had been a citizen of Pakistan or Bangladesh or such other person as may be specified by Central Government by notification in the Official Gazette), who was eligible to become a citizen of India on 26.01.1950 or was a citizen of India on or at any time after 26.01.1950 or belonged to a territory that became part of India after 15.08.1947 and his/her children and grand children (including Minor children), provided his/her country of citizenship allows dual citizenship in some form or other under the local laws.</td>
</tr>
<tr>
<td><strong>Person of Indian Origin</strong> or “PIO”</td>
<td>A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grand parents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).</td>
</tr>
<tr>
<td><strong>Plans</strong></td>
<td>Plans shall include and mean existing and any prospective Plan(s) issued by the Scheme in accordance with SEBI (MF) Regulations.</td>
</tr>
<tr>
<td><strong>Rating</strong></td>
<td>An opinion regarding securities, expressed in the form of standard symbols or in any other standardised manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999.</td>
</tr>
<tr>
<td><strong>RBI</strong></td>
<td>Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934)</td>
</tr>
<tr>
<td><strong>Registrar and Transfer Agent</strong> or &quot;RTA&quot;</td>
<td>Computer Age Management Services Pvt. Limited (CAMS) Chennai, currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time.</td>
</tr>
<tr>
<td><strong>Redemption / Repurchase</strong></td>
<td>Redemption of Units of the Scheme as permitted under the SID.</td>
</tr>
<tr>
<td><strong>Redemption / Switch Trigger</strong></td>
<td>Under this facility, an Unit holder has the option to trigger a sale or switch of his unit holding in the Scheme either partly for a specified amount or specified units or fully under the following circumstances: (1) On his achieving a desired absolute rate of return on his entire investment in the schemes as specified by the Unit holders as communicated to the Fund; or (2) On specified dates as communicated to the Fund. The aforesaid facility may be offered / withdrawn in such Option(s)/ Plan(s)/ Scheme at the discretion of the AMC, as may be decided from time to time, with prospective effect. The circumstances / terms and conditions under which the trigger can be activated may also be varied by the AMC from time to time.</td>
</tr>
<tr>
<td><strong>REIT</strong> or “Real Estate Investment Trust”</td>
<td>“REIT” or “Real Estate Investment Trust” shall have the meaning assigned in clause (zm) of sub-regulation 1 of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014. As per SEBI (Real Estate Investment Trusts) Regulations, 2014, REIT is defined as: “REIT” or “Real Estate Investment Trust” shall mean a trust registered as such under these regulations.</td>
</tr>
<tr>
<td><strong>Regular Plan</strong></td>
<td>The Plan / Option already in existence prior to the introduction of Direct Plan under the Scheme on January 1, 2013 are referred to as “Regular Plan” in this SID.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>------</td>
<td>------------</td>
</tr>
<tr>
<td>&quot;Regulatory Agency&quot;</td>
<td>Government of India, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund</td>
</tr>
<tr>
<td>&quot;Repo&quot;</td>
<td>Sale of Securities with simultaneous agreement to repurchase / resell them at a later date.</td>
</tr>
<tr>
<td>&quot;Reverse Repo&quot;</td>
<td>Purchase of Securities with a simultaneous agreement to sell them at a later date.</td>
</tr>
<tr>
<td>&quot;Sale / Subscription&quot;</td>
<td>Sale or allotment of Units to the Unit holder upon subscription by the investor / applicant under the Scheme.</td>
</tr>
<tr>
<td>&quot;Scheme&quot; or &quot;HDFC Balanced Advantage Fund&quot; or &quot;HBAF&quot;</td>
<td>HDFC Balanced Advantage Fund (including, as the contexts permits Plans/ Options thereunder)</td>
</tr>
<tr>
<td>&quot;Scheme Information Document&quot; or &quot;SID&quot;</td>
<td>This document issued by HDFC Mutual Fund, offering Units of the Scheme viz. HDFC Balanced Advantage Fund</td>
</tr>
<tr>
<td>&quot;SEBI&quot;</td>
<td>Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.</td>
</tr>
<tr>
<td>&quot;SEBI (MF) Regulations&quot; or &quot;Regulations&quot;</td>
<td>Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.</td>
</tr>
<tr>
<td>&quot;Securities Consolidated Account Statement (‘SCAS’)&quot;</td>
<td>Securities Consolidated Account Statement (‘SCAS’) is a statement sent by the Depository that shall contain details relating to all the transaction(s) viz. purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal advantage plan, systematic transfer plan, bonus transactions, etc. carried out by the Beneficial Owner(s) (including transaction charges paid to the distributor) across all schemes of all mutual funds and transactions in securities held in dematerialized form across demat accounts, during the month and holdings at the end of the month.</td>
</tr>
<tr>
<td>&quot;Short Selling&quot;</td>
<td>Selling a stock which the seller does not own at the time of trade.</td>
</tr>
<tr>
<td>&quot;Sponsors&quot; or &quot;Settlors&quot;</td>
<td>Housing Development Finance Corporation Limited and Standard Life Investments Limited.</td>
</tr>
<tr>
<td>&quot;Statement of Additional Information&quot; or &quot;SAI&quot;</td>
<td>The document issued by HDFC Mutual Fund containing details of HDFC Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.</td>
</tr>
<tr>
<td>&quot;Stock Lending&quot;</td>
<td>Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.</td>
</tr>
<tr>
<td>&quot;Switch&quot;</td>
<td>Redemption of a unit in any scheme (including the plans / options therein) of the Mutual Fund against purchase of a unit in another scheme (including the plans/ options therein) of the Mutual Fund, subject to completion of Lock-in Period, if any.</td>
</tr>
<tr>
<td>&quot;Unit&quot;</td>
<td>The interest of the Unit holder which consists of each Unit representing one undivided share in the assets of the Scheme.</td>
</tr>
<tr>
<td>&quot;Unit holder&quot; or &quot;Investor&quot;</td>
<td>A person holding Unit in the Scheme of HDFC Mutual Fund offered under this Scheme Information Document.</td>
</tr>
</tbody>
</table>

**INTERPRETATION**

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:
- all references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- all references to "dollars" or "$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings relate to Indian Standard Time (IST).
### E. ABBREVIATIONS

In this Scheme Information Document the following abbreviations have been used.

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADR</td>
<td>American Depository Receipts</td>
</tr>
<tr>
<td>AMC</td>
<td>Asset Management Company</td>
</tr>
<tr>
<td>AMFI</td>
<td>Association of Mutual Funds in India</td>
</tr>
<tr>
<td>BSE</td>
<td>BSE Limited</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
</tr>
<tr>
<td>CDSL</td>
<td>Central Depository Services (India) Limited</td>
</tr>
<tr>
<td>DP</td>
<td>Depository Participant</td>
</tr>
<tr>
<td>ECS</td>
<td>Electronic Clearing System</td>
</tr>
<tr>
<td>EFT</td>
<td>Electronic Funds Transfer</td>
</tr>
<tr>
<td>FCNR A/c</td>
<td>Foreign Currency (Non-Resident) Account</td>
</tr>
<tr>
<td>FII</td>
<td>Foreign Institutional Investor</td>
</tr>
<tr>
<td>FPI</td>
<td>Foreign Portfolio Investor</td>
</tr>
<tr>
<td>GDR</td>
<td>Global Depository Receipts</td>
</tr>
<tr>
<td>GST</td>
<td>Goods and Services Tax</td>
</tr>
<tr>
<td>HBAF</td>
<td>HDFC Balanced Advantage Fund</td>
</tr>
<tr>
<td>ISC</td>
<td>Investor Service Centre</td>
</tr>
<tr>
<td>KRA</td>
<td>KYC Registration Agency</td>
</tr>
<tr>
<td>KYC</td>
<td>Know Your Client</td>
</tr>
<tr>
<td>MIBOR</td>
<td>Mumbai Inter-Bank Offer Rate</td>
</tr>
<tr>
<td>NAV</td>
<td>Net Asset Value</td>
</tr>
<tr>
<td>NECS</td>
<td>National Electronic Clearing Service</td>
</tr>
<tr>
<td>NEFT</td>
<td>National Electronic Funds Transfer</td>
</tr>
<tr>
<td>NRE A/c</td>
<td>Non-Resident (External) Rupee Account</td>
</tr>
<tr>
<td>NRI</td>
<td>Non-Resident Indian</td>
</tr>
<tr>
<td>NRO A/c</td>
<td>Non-Resident Ordinary Rupee Account</td>
</tr>
<tr>
<td>NSDL</td>
<td>National Securities Depositories Limited</td>
</tr>
<tr>
<td>NSE</td>
<td>National Stock Exchange of India Limited</td>
</tr>
<tr>
<td>OCI</td>
<td>Overseas Citizen of India</td>
</tr>
<tr>
<td>PAN</td>
<td>Permanent Account Number</td>
</tr>
<tr>
<td>PEKRN</td>
<td>PAN Exempt KYC Reference Number</td>
</tr>
<tr>
<td>PIO</td>
<td>Person of Indian Origin</td>
</tr>
<tr>
<td>RIA</td>
<td>SEBI Registered Investment Advisors</td>
</tr>
<tr>
<td>RBI</td>
<td>Reserve Bank of India</td>
</tr>
<tr>
<td>RTA</td>
<td>Registrar and Transfer Agent</td>
</tr>
<tr>
<td>RTGS</td>
<td>Real Time Gross Settlement</td>
</tr>
<tr>
<td>SAI</td>
<td>Statement of Additional Information</td>
</tr>
<tr>
<td>SEBI</td>
<td>Securities and Exchange Board of India</td>
</tr>
<tr>
<td>SID</td>
<td>Scheme Information Document</td>
</tr>
<tr>
<td>SIP</td>
<td>Systematic Investment Plan</td>
</tr>
<tr>
<td>STP</td>
<td>Systematic Transfer Plan</td>
</tr>
<tr>
<td>SWAP</td>
<td>Systematic Withdrawal Advantage Plan</td>
</tr>
<tr>
<td>TREPS</td>
<td>Tri-Party Repos</td>
</tr>
</tbody>
</table>
F. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

(i) This Scheme Information Document has been prepared in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.

(iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Signed : sd/-

Place : Mumbai
Name : Yezdi Khariwala
Date : April 30, 2019
Designation : Chief Compliance Officer

G. COMPARISON OF EXISTING SCHEMES:

For details on comparison of existing schemes refer to Page 81 to 99.
II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME:

HDFC Balanced Advantage Fund is an open ended Balanced Advantage Fund.

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

To provide long term capital appreciation / income from a dynamic mix of equity and debt investments.

There is no assurance that the investment objective of the Scheme will be realized.

C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

**ASSET ALLOCATION:**

Under normal circumstances the asset allocation will be as follows:

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation</th>
<th>Maximum Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity &amp; Equity related instruments #</td>
<td>65</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

# Unhedged equity exposure shall be limited to 90% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; and (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

The Scheme may invest up to 35% of its total assets in foreign securities. The Scheme may invest up to 100% of its total assets in Derivatives.

Pending deployment of funds of the Scheme in securities in terms of the investment objective of the Scheme the AMC may park the funds of the Scheme in short term deposits of scheduled commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as amended from time to time.

Stock Lending by the Fund


of securities notified by SEBI vide circular No MRD/DoP/SE/Dep/Cir-14/2007 dated December 20, 2007, as may be amended from time to time, the Scheme seeks to engage in Stock Lending.

The AMC shall adhere to the following limits should it engage in Stock Lending.

1. The exposure of the Scheme at the time of lending will presently be restricted to 25% of its net assets.
2. The exposure to a single approved intermediary will presently not exceed 5% of the net assets of the Scheme or Rs. 5 crore whichever is higher.

The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity.

**Change in Asset Allocation Pattern**

Subject to SEBI (MF) Regulations the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and for defensive consideration only.

In the event of change in the asset allocation, the fund manager will carry out portfolio rebalancing within 30 Days. Further, in case the portfolio is not rebalanced within the period of 30 days, justification for the same shall be placed before the investment committee and reasons for the same shall be recorded in writing. The investment committee shall then decide on the course of action.

**Debt Market In India**

The instruments available in Indian Debt Market are classified into two categories, namely Government and Non-Government debt. The instruments available in these categories include:

### A] Government Debt -

- Central Government Debt
- Treasury Bills
- Dated Government Securities
  - Coupon Bearing Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds
- State Government Debt
  - State Government Loans
  - Coupon Bearing Bonds

### B] Non-Government Debt

- Instruments issued by Government Agencies and other Statutory Bodies
  - Government Guaranteed Bonds
  - PSU Bonds
- Instruments issued by Public Sector Undertakings
  - Commercial Paper
  - PSU Bonds
  - Fixed Coupon Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds
- Instruments issued by Banks and Development Financial Institutions
  - Certificates of Deposit
  - Promissory Notes
  - Bonds
  - Fixed Coupon Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds
- Instruments issued by Corporate Bodies
  - Commercial Paper
  - Non-Convertible Debentures
  - Fixed Coupon Debentures
  - Floating Rate Debentures
  - Zero Coupon Debentures
  - Pass Through Securities

Activity in the Primary and Secondary Market is dominated by Central Government Securities including Treasury Bills. These instruments comprise close to 60% of all outstanding debt and more than 75% of the daily trading volume on the Wholesale Debt Market Segment of the National Stock Exchange of India Limited.

In the money market, activity levels of the Government and Non-Government Debt vary from time to time. Instruments that comprise a major portion of money market activity include,
- Overnight Call
- Repo/Reverse Repo Agreements
- Tri-party Repos (TREPS)
- Treasury Bills
- Government Securities with a residual maturity of < 1 year
- Commercial Paper
- Certificates of Deposit
- Bills Rediscounting Scheme

Though not strictly classified as Money Market Instruments, PSU/DFI/Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The following table gives approximate yields prevailing during the month ended March 2019 on some of the instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy.

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Yield Range (% per annum)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter bank Call Money</td>
<td>5.90 - 6.30</td>
</tr>
<tr>
<td>91 Day Treasury Bill</td>
<td>6.14 - 6.41</td>
</tr>
<tr>
<td>364 Day Treasury Bill</td>
<td>6.31 - 6.51</td>
</tr>
<tr>
<td>A1+ Commercial Paper 90 Days</td>
<td>7.33 - 7.58</td>
</tr>
<tr>
<td>5 Year Government of India Security</td>
<td>6.93 - 7.06</td>
</tr>
<tr>
<td>10 Year Government of India Security</td>
<td>7.32 - 7.39</td>
</tr>
<tr>
<td>15 Year Government of India Security</td>
<td>7.62 - 7.75</td>
</tr>
<tr>
<td>1 Year Corporate Bond - AAA Rated</td>
<td>7.20 - 7.91</td>
</tr>
<tr>
<td>3 Year Corporate Bond - AAA Rated</td>
<td>7.37 - 7.96</td>
</tr>
<tr>
<td>5 Year Corporate Bond - AAA Rated</td>
<td>7.64 - 8.26</td>
</tr>
</tbody>
</table>

Source: Bloomberg

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

Generally, for instruments issued by a non-Government entity (corporate / PSU bonds), the yield is higher than the yield on a Government Security with corresponding maturity. The difference, known as credit spread, depends on the credit rating of the entity.

**Overseas Debt Market**

The nature and number of debt instruments available in international debt markets is very wide. In terms of diverse instruments as well as liquidity, overseas debt markets offer great depth and are extremely well developed.

Investment in international debt greatly expands the universe of top quality debt, which is no longer restricted to the limited papers available in the domestic debt market. The higher rated overseas sovereign, quasi-government and corporate debt offer lower default risk in addition to offering a high degree of liquidity since these are traded across major international markets. Investments in rated international debt offer multiple benefits of risk reduction, a much wider universe of top quality debt and also potential gains from currency movements.

Investments in international markets are most often in U.S. dollars, though the Euro, Pound Sterling and the Yen are also major currencies. Though this market is geographically well spread across global financial centres, the markets in the U.S., European Union and London offer the most liquidity and depth of instruments.

Besides factors specific to the country / issuer, international bond prices are influenced to a large extent by a number of other factors; chief among these are the international economic outlook, changes in interest rates in major economies, trading volumes in overseas markets, cross currency movements among major currencies, rating changes of countries / corporations and major political changes globally.
The approximate yields to maturity in the US Bond Market are as follows:

<table>
<thead>
<tr>
<th>Maturity</th>
<th>US Treasury yields (%) (As at March 28, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 months</td>
<td>2.43</td>
</tr>
<tr>
<td>6 months</td>
<td>2.44</td>
</tr>
<tr>
<td>2 years</td>
<td>2.23</td>
</tr>
<tr>
<td>3 years</td>
<td>2.18</td>
</tr>
<tr>
<td>5 years</td>
<td>2.20</td>
</tr>
<tr>
<td>10 years</td>
<td>2.39</td>
</tr>
</tbody>
</table>

Source: H.15, Federal Reserve Statistical Release

<table>
<thead>
<tr>
<th>Maturity</th>
<th>US AA Corporate Bond yields rate* (%) (As at March 29, 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>2.55</td>
</tr>
<tr>
<td>2 years</td>
<td>2.53</td>
</tr>
<tr>
<td>5 years</td>
<td>2.67</td>
</tr>
<tr>
<td>10 years</td>
<td>3.13</td>
</tr>
</tbody>
</table>

(Source - Bloomberg)
* Composite curve include AA-, AA, AA+ as US AAA curve has been discontinued.

D. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme shall be invested in accordance with the investment objective in any (but not exclusively) of the following securities:

- **Equity and equity related instruments:**
  Investments in these securities will be as per the limits specified in the asset allocation table of Scheme, subject to permissible limits laid under SEBI (MF) Regulations.

- **Debt securities:**
  The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. These instruments are more specifically highlighted below:
  - Debt instruments (in the form of non-convertible debentures, bonds, secured premium notes, zero interest bonds, deep discount bonds, floating rate bond / notes, securitised debt, pass through certificates, asset backed securities, mortgage backed securities and any other domestic fixed income securities including structured obligations etc.) include, but are not limited to:
    1. Debt issuances of the Government of India, State and local Governments, Government Agencies and statutory bodies (which may or may not carry a state / central government guarantee),
    2. Debt Instruments that have been guaranteed by Government of India and State Governments,
    3. Debt Instruments issued by Corporate Entities (Public / Private sector undertakings),
    4. Debt Instruments issued by Public / Private sector banks and development financial institutions.
  - Money Market Instruments include:
    1. Commercial papers
    2. Commercial bills
    3. Treasury bills
    4. Government securities having an unexpired maturity up to one year
    5. Tri-party Repos (TREPS)
    6. Certificate of deposit
    7. Usance bills
    8. Permitted securities under a repo / reverse repo agreement
    9. Any other like instruments as may be permitted by RBI / SEBI from time to time

Investment in debt will usually be in instruments, which have been assessed as “high investment grade” by at least one credit rating agency authorised to carry out such activity under the applicable regulations. Pursuant to SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the AMC may constitute committee(s) to approve proposals for investments in unrated debt instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investments would be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any unrated debt security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought. Investment in debt instruments shall generally have a low risk profile and those in money market instruments shall have an even lower risk profile. The maturity profile of debt instruments will be selected in accordance with the AMC’s view regarding current market conditions, interest rate outlook and the stability of ratings.

Investments in Debt and Money Market Instruments will be as per the limits specified in the asset allocation table(s) of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations.

Investments in both equity and debt will be made through secondary market purchases, initial public offers, other public offers, placements and right offers (including renunciation). The securities could be listed, unlisted, privately placed, secured / unsecured, rated / unrated.

Pending deployment as per investment objective, the moneys under the Scheme may be parked in short-term deposits of Scheduled Commercial Banks.

The Scheme shall abide by the guidelines for parking of funds in short term deposits as per SEBI Circular No. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007, as may be amended from to time. For details refer ‘What are the Investment Restrictions’ on Page 33.

The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds, provided it is in conformity with the investment objectives.
of the Scheme and in terms of the prevailing SEBI (MF) Regulations. As per the SEBI (MF) Regulations, no investment management fees will be charged for such investments and the aggregate inter scheme investment made by all the schemes of HDFC Mutual Fund or in the schemes of other mutual funds shall not exceed 5% of the net asset value of the HDFC Mutual Fund.

### Investment in Foreign Securities

The Scheme may also invest in suitable investment avenues in overseas financial markets for the purpose of diversification, commensurate with the Scheme objectives and subject to the provisions of SEBI Circular No. SEBI/IMD/ Cir No.7/104753/07 dated September 26, 2007 as may be amended from time to time and any other requirements as may be stipulated by SEBI/RBI from time to time. Towards this end, the Mutual Fund may also appoint overseas investment advisors and other service providers, as and when permissible under the regulations. The Scheme may, in terms of its investment objectives with the approval of SEBI/RBI invest in following Foreign Securities:

i. ADRs/ GDRs issued by Indian or foreign companies
ii. Equity of overseas companies listed on recognized stock exchanges overseas
iii. Initial and follow on public offerings for listing at recognized stock exchanges overseas
iv. Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
v. Money market instruments rated not below investment grade
vi. Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds
vii. Government securities where the countries are rated not below investment grade
viii. Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
ix. Short term deposits with banks overseas where the issuer is rated not below investment grade
x. Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets).

Mutual funds can make overseas investments [as stated in point (i) to (x) above] subject to a maximum of US $300 million (limit per mutual fund subject to overall limit of US $7 billion) or such limits as may be prescribed by SEBI from time to time.

Subject to the approval of the RBI / SEBI and conditions as may be prescribed by them, the Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, index options, index futures, interest rate futures/swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management.

The Mutual Fund may, where necessary appoint intermediaries as sub-managers, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses as stated under Regulation 52 of SEBI (MF) Regulations.

### Investment in Securitised Debt

A securitisation transaction involves sale of receivables by the originator (a bank, non-banking finance company, housing finance company, or a manufacturing/service company) to a Special Purpose Vehicle (SPV), typically set up in the form of a trust. Investors are issued rated Pass Through Certificates (PTCs), the proceeds of which are paid as consideration to the originator. In this manner, the originator, by selling his loan receivables to an SPV, receives consideration from investors much before the maturity of the underlying loans. Investors are paid from the collections of the underlying loans from borrowers. Typically, the transaction is provided with a limited amount of credit enhancement (as stipulated by the rating agency for a target rating), which provides protection to investors against defaults by the underlying borrowers.

Generally available asset classes for securitisation in India are:

- Commercial vehicles
- Auto and two wheeler pools
- Mortgage pools (residential housing loans)
- Personal loan, credit card and other retail loans
- Corporate loans/receivables

### Investment / Risk Mitigation Strategy

1. **Risk profile of securitised debt vis-à-vis risk appetite of the Scheme(s)**

   The risk profile of securitised debt is generally at par with the risk profile of other debt securities at the same level of credit rating. Securitised debt offers additional income (spread) over the risk profile of other debt securities at the same level of credit risk. Securitised debt is generally less liquid, however, investment in securitised debt is made to maintain a diversified portfolio of debt securities that optimizes return without increasing the overall risk profile of the Scheme.

2. **Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitised debt, etc**

   The originator is an entity (like banks, non-banking finance companies, corporates etc), which has initially provided the loan & is also generally responsible for servicing the loans. The schemes will invest in securitised debt of originators with at least investment grade credit rating and established track
record. A detailed evaluation of originator is done before the investment is made in securitised debt of any originator on various parameters given below:

- **Track record**

  The investment in securitised debt is done based on origination and underwriting process and capabilities of the originator, overview of corporate structure, group to which they belong, experience of the company in the business & how long they have been in the business, financial condition of the company, credit rating, past performance of similar pools by the originator, etc.

- **Willingness to pay through credit enhancement facilities etc.**

  Credit enhancement is provided by the originator, as indicated by rating agencies, so as to adequately cover the defaults and acts as a risk mitigation measure. The size of the credit enhancement as indicated by rating agency depends on the originator’s track record, past delinquencies, pattern of the portfolio & characteristics of the pool vis-a-vis of the portfolio, nature of the asset class.

- **Ability to pay**

  The quality of the origination impacts the performance of the underlying asset & thus originators with strong systems and processes in place can eliminate poor quality assets. A robust risk management system of the originator and availability of MIS reports on timely basis, results in creation of strong asset portfolio.

- **Business Risk Assessment**

  The business risk assessment of originator / underlying borrower also includes detailed credit assessment wherein following factors are also considered:
  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

  In addition, a detailed review and assessment of rating rationale is done along with interactions with the company as well as the rating agency. All investment in securitised debt is done after taking into account, the Critical Evaluation Parameters (for pool loan and single loan securitisation transactions) regarding the originator / underlying issuer as mentioned below:

  - Default track record/ frequent alteration of redemption conditions / covenants

- **High leverage ratios of the ultimate borrower (for single-sell downs) - both on a standalone basis as well on a consolidated level/ group level**

- **Higher proportion of reschedulment of underlying assets of the pool or loan, as the case may be**

- **Higher proportion of overdue assets of the pool or the underlying loan, as the case may be**

- **Poor reputation in market**

- **Insufficient track record of servicing of the pool or the loan, as the case may be.**

3. **Risk mitigation strategies for investments with each kind of originator**

  Investments are based on assessment of following parameters, so as to mitigate risk associated with such investment:

  a. Credit quality, size and reach of the originator
  b. Nature of receivables/asset category i.e. cars, construction equipment, commercial vehicles, personal loans etc.
  c. Collection process, infrastructure and follow-up mechanism
  d. Quality of MIS
  e. Credit cum liquidity enhancement
  f. Credit appraisal norms of originator
  g. Asset Quality - portfolio delinquency levels
  h. Past performance of rated pools
  i. Pool Characteristics - seasoning, Loan-to-value ratios, geographic diversity etc.

4. **The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments**

  Diversification of underlying assets is achieved through a) prudent mix of asset categories - i.e. cars (new, used), commercial vehicles, construction equipment, unsecured loans to individuals or small & medium enterprises b) total number of contracts in a pool c) average ticket size of loans and d) geographical distribution.

  Risk mitigation measures for less diversified investments in pools is accomplished through the size of credit enhancement, seasoning or loan to value ratios.
Notes:
A. In case of securitised debt with underlying being single loan, the investment limit applicable to the underlying borrower is considered.
B. Other investment will be decided on a case to case basis.
In case of asset backed pools (ABS), evaluation of the pool assets is done considering the following factors: (Refer the table above which illustrates the averages of parameters considered while selecting the pool)
- Size of the loan
- Average original maturity of the pool
- Loan to Value Ratio
- Average seasoning of the pool
- Default rate distribution
- Geographical Distribution
- Credit enhancement facility
- Liquid facility
- Structure of the pool

5. Minimum retention period of the debt by originator prior to securitisation

The illustrative average seasoning of the debt by originator prior to securitisation is given above in table (Refer Point 4).

Minimum retention period of the debt by originator prior to securitisation in the case of asset pools is in the form of seasoning of loans to various asset classes (cars, commercial vehicles, etc.) and generally varies from one month to six months depending on the nature of asset.

6. Minimum retention percentage by originator of debts to be securitised

While minimum retention percentage by originator is not prescribed, any amount retained by the originator through subordination is viewed positively at the time of making investment and generally varies from 5% to 10%.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund

All proposals for investment in securitised debt are evaluated by the credit analyst based on several parameters such as nature of underlying asset category, pool characteristics, asset quality, credit rating of the securitisation transaction, and credit cum liquidity enhancement available. Investment in securitised debt in any scheme is made by the respective fund manager in line with the investment objective of that scheme.

8. The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitised debt (in general)

Investment in securitised debt is monitored regularly with regards to its performance on various parameters such as collection efficiency, delinquencies, prepayments and utilization of credit enhancement. Information on these parameters is available through monthly reports from Pool Trustees and through information disseminated by the rating agencies. Monthly performance report is released by the credit analyst to the fund management team and the fund management team periodically reviews the same.
Trading in Derivatives

The Scheme may invest in derivatives based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objective of the Scheme.

The Scheme may invest in derivative instruments like Futures, Options, Interest Rate Swaps, Forward Rate Agreements, and such other derivative instruments as may be permitted by SEBI from time to time.

Derivative investments may be undertaken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under SEBI (MF) Regulations from time to time. Hedging could be perfect or imperfect.

In case the Scheme has investment in foreign securities, then the Scheme may hedge the exchange rate risk on all receivables on these instruments through various derivative products such as forwards, currency futures/options, etc.

Pursuant to SEBI Circular No. DNPD/Cir-29/2005 dated September 14, 2005, the Scheme will be treated as Trading Members at par with a registered FII in respect of position limits on index futures, index options, stock options and stock futures contracts.

Derivatives can be traded over the exchange or can be structured between two counter-parties. Those transacted over the exchange are called Exchange Traded derivatives whereas the other category is referred to as OTC (Over the Counter) derivatives.

Some of the differences of these two derivative categories are as under:

Exchange traded derivatives: These are quoted on the exchanges like any other traded asset class. The most common amongst these are the Index Futures, Index Options, Stock Futures and Options on individual equities / securities. The basic form of the futures contract is similar to that of the forward contract, a futures contract obligates its owner to purchase a specified asset at a specified exercise price on the contract maturity date. Futures are cash-settled and are traded only in organised exchanges. Exchange traded derivatives are standardised in terms of amount and delivery date. Standardisation and transparency generally ensures a liquid market together with narrower spreads. On the other hand, for delivery dates far in the future, there may be insufficient liquidity in the futures market whereas an OTC price may be available.

OTC derivatives: OTC derivatives require the two parties engaging in a derivatives transaction to come together through a process of negotiation. It is a derivative that is customised in terms of structure, amount, tenor, underlying assets, collateral etc. Some of the common examples are interest rate and currency swaps, Forward Rate Agreements (FRAs) etc.

Exposure to Derivatives

Please refer to Page 17 for the details of maximum exposure to investment in Derivatives by the Scheme.

Position Limits


i. Position limit for Mutual Funds in index options contracts
   a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
   b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for Mutual Funds in index futures contracts
   a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
   b. This limit would be applicable on open positions in all futures contracts on a particular underlying.

iii. Additional position limit for hedging
   In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:
   1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
   2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for Mutual Funds for stock based derivative contracts
   The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts will be as follows:
   - The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

v. Position limit for each scheme of a Mutual Fund
   The scheme-wise position limit requirements shall be:
   1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:
      1% of the free float market capitalization (in terms of number of shares).
      or
      5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
   2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
   3. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all
schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Exposure Limits

The exposure limits for trading in derivatives by Mutual Funds specified by SEBI vide its Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 are as follows:

1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.
2. Mutual Funds shall not write options or purchase instruments with embedded written options.
3. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
4. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
5. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
   a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
   b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
   c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
   d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
6. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.
7. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.
8. Definition of Exposure in case of Derivative Positions
   Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Future</td>
<td>Futures Price * Lot Size * Number of Contracts</td>
</tr>
<tr>
<td>Short Future</td>
<td>Futures Price * Lot Size * Number of Contracts</td>
</tr>
<tr>
<td>Option Bought</td>
<td>Option Premium Paid * Lot Size * Number of Contracts</td>
</tr>
</tbody>
</table>

Exposure limits on Interest Rate Futures (IRF)

The exposure limits for trading in Interest Rate Futures (IRFs) by Mutual Funds specified by SEBI vide its Circular No. SEBI/HO/IMD/DF2/CIR/P/2017/109 dated September 27, 2017 are as follows:

i. To reduce interest rate risk in a debt portfolio, mutual funds may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

\[
\text{Market Value of the Portfolio} = \text{Portfolio Modified Duration} \times \text{Futures Modified Duration} \times \text{Futures Price/PAR} \times \text{Modified Duration of the Bond Portfolio or Part of the Portfolio} \]

ii. In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

iii. Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, up to maximum of 20% of the net assets of the scheme, subject to the following:

   a) Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.

   b) Mutual Funds are permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is atleast 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of SEBI circular dated August 18, 2010. The correlation should be calculated for a period of last 90 days.

Explanation: If the fund manager intends to do imperfect hedging up to 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:
E. WHAT ARE THE INVESTMENT STRATEGIES?

The investment objective of the Scheme is to provide long term capital appreciation / income from a mix of equity and debt investments. The Scheme would invest in Government securities, money market instruments, securitised debt, corporate debentures and bonds, preference shares, quasi Government bonds or any other debt instruments, equity and equity related instruments etc as permitted by Regulations.

Different asset classes exhibit different risk-return profile and relatively low correlation to each other as compared to investments within the same asset class. The fund manager will determine asset allocation between equity and debt depending on prevailing market and economic conditions.

The debt-equity mix at any point of time will be a function of interest rates, equity valuations, medium to long term outlook of the asset classes and risk management etc.

The aim of equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance.

The Scheme will retain the flexibility to invest in the entire range of debt securities (including securitised debt) and money market instruments. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time.

Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities.

The Scheme may also invest in the schemes of Mutual Funds. Though every endeavour will be made to achieve the objective of the Scheme, the AMC/ Sponsors/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

Risk Control

Investments made from the net assets of the Scheme would be in accordance with the investment objective of the Scheme and the provisions of the SEBI (MF) Regulations. The AMC will strive to achieve the investment objective by way of a judicious portfolio mix comprising of Debt and Money Market Instruments and equity/ equity related instruments.

Risk Mitigation measures for investments in equity / equity related and debt instruments:

- The Scheme’s portfolio comprises a judicious mix of equity and debt investments. The Scheme has the flexibility to vary the debt component from 0 to 35.
- The Scheme aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks.
- The Scheme targets to maintain exposure across different market cap segments - i.e. large, mid-cap and small cap. This shall aid in managing volatility and also improve liquidity. The debt and money market investments of the scheme also help in maintaining the portfolio liquidity.
- Investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.
- The Scheme seeks to manage the duration of debt assets on a proactive basis to manage interest rate risks and to optimise returns.
- A credit evaluation of each debt exposure would be undertaken. This would also consider the credit ratings given to the instrument by recognised rating agencies. Investments in debt / money market securities would normally be undertaken in instruments that have been assigned high investment grade ratings by any of the recognised rating agencies. Unrated investments, if any, would require specific approval from a committee constituted for the purpose.

Credit Evaluation Policy

The credit evaluation policy of the AMC entails evaluation of credit fundamentals of each investment opportunity. Some of the factors that are evaluated inter-alia may include outlook on the sector, parentage, quality of management, and overall financial strength of the credit. The AMC utilises ratings of recognized rating agencies as an input in the credit evaluation process. Investments in bonds and debenture are usually in instruments that have been assigned high investment grade ratings by a recognized rating agency.

In line with SEBI Circular No. MFD/CIR/9/120/ 2000 dated November 24, 2000, the AMC may constitute committee(s) to approve proposals for investments in unrated instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investmentswould be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought.

- Liquidity Risk: Liquidity risk is the risk of not being able to sell / liquidate a security at short notice at prevailing market prices or without incurring impact cost. While government bonds, money market instruments and shorter maturity instruments are generally easier to sell, corporate bonds and other instruments typically face higher liquidity risk. Further, higher rated securities normally are more liquid compared to lower rated securities. As a result, different portfolios will face different levels of liquidity risk based on the underlying portfolio composition. Some of the strategies to reduce liquidity risk are creating portfolios that are diversified across maturities, ratings, types of securities, etc. in line with the fund objectives, regulations and investment strategy.

- Credit Risk: Lower rated securities have a higher credit risk compared to higher rated securities. Hence, credit risk faced by different schemes will be different based on the underlying portfolio / investment strategy. To reduce the credit risk, a comprehensive and in-depth credit evaluation of each issuer will be undertaken, using both quantitative (leverage, profitability, solvency ratios etc.) and qualitative
Factors (parentage, track record etc.). Each of the scheme/portfolio will endeavour to maintain adequate diversification across issuers/sectors in line with scheme objectives, regulations and investment strategy. Unrated investments, if any, would require specific approval from a committee constituted for the purpose.

- Debt Derivatives Risk: The AMC has provision for using derivative instruments for portfolio balancing and hedging purposes. Interest Rate Swaps will be done with approved counter parties under pre approved ISDA agreements. Mark to Market of swaps, netting off of cash flow and default provision clauses will be provided as per standard practice on a reciprocal basis. Interest Rate Swaps and other derivative instruments will be used as per local (RBI and SEBI) regulatory guidelines.

- Interest Rate Risk: Interest rate risk is the risk of change in the NAVs due to change in overall market yields. The change in value of a security, for a given change in yield, is higher for a security with higher duration and vice versa. Hence portfolios with higher duration will have higher volatility. The AMC shall strive to actively manage the duration of the respective funds based on the prevailing market conditions/outlook of interest rates, keeping in mind the scheme objectives, investment strategy and applicable regulations.

- Concentration Risk: The AMC will attempt to mitigate this risk by maintaining adequate diversification across issuers/sectors/instrument type in line with the scheme objectives, investment strategy and applicable regulations. This will also be managed by keeping prudent investment limits on any particular industry or issuer or issuer group based on the size, credit profile, etc. to reduce issuer or industry specific risk.

Risk Mitigation measures for investments in Non-Convertible Preference Shares:

- Credit Risk - To reduce the credit risk, a comprehensive and in-depth credit evaluation of each issuer will be undertaken, using both quantitative (leverage, profitability, solvency ratios etc.) and qualitative factors (parentage, track record etc.).

- Liquidity Risk - The Fund endeavours to invest in preference shares of those companies which have relatively better market acceptability amongst market participants that increases the probability of secondary sale in case an exit from the investment is required.

- Unsecured in nature - The Fund endeavours to mitigate this risk by exercising due diligence while assessing the business, financial and management risks of the company before investing.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

### Strategies for Investment in Derivatives as per derivative strategy of the Scheme

**Basic Structure of an Index Future**

Index Futures are instruments designed to give exposure to the equity market indices. BSE Limited and the National Stock Exchange of India Limited have started trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and short term interest rates.

**Example:**

**Assumptions:**

- 1 month BSE 30 Future
- Spot Index: 4900
- Future Price on day 1: 4920
- Fund buys 10,000 futures contracts

**On Date of settlement**

- Future price = Closing spot price = 4950
- Profits for the Fund = (4950-4920)*10000 = Rs. 300,000 + interest for the 1 month period

Please note that the above example is given for illustration purposes only.

The net impact for the Fund will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity) plus interest costs on funds that would otherwise be invested in stocks comprising the index. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and/or mis pricing of the future at any time during the life of the contract.

The strategies below are given for illustration purposes only. Some of the strategies involving derivatives that may be used by the Investment Manager, with an aim to protect capital and enhance returns include:

**Strategy Number 1**

- **Using Index Futures to increase percentage investment in equities**

  This strategy will be used for the purpose of generating returns on idle cash, pending its investment in equities. The Scheme is subject to daily flows. There may be a time lag between the inflow of funds and their deployment in stocks. If so desired, the scheme would be able to take immediate exposure to equities via index futures. The position in index futures may be reversed in a phased manner, as the funds are deployed in the equity markets.

**Example:**

The scheme has a corpus of Rs. 50 crore and there is an inflow of Rs. 5 crore in a day. The AMC may buy index futures contracts of a value of Rs. 5 crore. Later as the money is deployed in the underlying equities, the value of the index futures contracts can be suitably reduced.

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Event</th>
<th>Equity Portfolio Gain / (Loss) (Rs. in crore)</th>
<th>Derivative Gain / (Loss) (Rs. in crore)</th>
<th>Total Portfolio Gain / (Loss) (Rs. in crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rs. 50 Crore Equity exposure</td>
<td>10% rise in equity prices</td>
<td>5</td>
<td>Nil</td>
<td>5</td>
</tr>
<tr>
<td>Rs. 50 Crore Equity exposure +</td>
<td>10% rise in equity prices</td>
<td>5</td>
<td>0.05</td>
<td>5.5</td>
</tr>
<tr>
<td>Rs. 5 Crore long position index futures</td>
<td>10% fall in equity prices</td>
<td>(5)</td>
<td>Nil</td>
<td>(5)</td>
</tr>
<tr>
<td>Rs. 50 Crore Equity exposure</td>
<td>10% fall in equity prices</td>
<td>(5)</td>
<td>(0.5)</td>
<td>(5.5)</td>
</tr>
</tbody>
</table>
**RISKS**

- The strategy of taking a long position in index futures increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index.

- The long position will have as much loss / gain as in the underlying index. e.g. if the index appreciates by 10%, the index future value rises by 10%. However, this is true only for futures contracts held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the underlying index. This is called the basis risk.

- While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific futures contract.

**Strategy Number 2**

**Downside Protection Using Stock Put**

As a stock hedging strategy, the purchase of a put option on an underlying stock held would lead to a capping of the loss in value of the stock in the event of a material decline in the stock’s price.

The purchase of a put option against a stock holding in the scheme gives the scheme the option of selling the stock to the writer of the put at the predetermined level of the Put Option, called the strike price. If the stock falls below this level, the downside for the scheme is protected as it has already locked into the selling price. In case of a fall in the stock’s price below the strike price, the value of the Put Option appreciates, approximately corresponding to the extent of the stock’s price fall below the strike price.

**Example:**

Let us assume 20000 shares of XYZ Limited held in the portfolio with a market value of Rs. 1000 per share (overall Rs. 2 crores). The scheme purchases put options on the stock of XYZ Limited (not exceeding its holding of 20000 shares) with a strike price of Rs. 990 for an assumed cost (called Option Premium) of Rs.15 per share (Rs. 3 lakhs for 20000 shares).

By purchasing the above Put Option, the scheme has effectively set a floor to the realisation from the stock at Rs. 975 per share (Rs. 990 strike price less Rs. 15 Option Premium paid).

In case the stock price of the company falls below Rs. 975 per share, the gain in the price of the Put Option when added to the actual market price of the stock would bring the sale realisation per share close to Rs. 975 per share.

After purchasing the above Put Option, in case the price of the stock appreciates, remains around Rs. 1000 or declines slightly to remain above the strike price, the scheme may not avail of the option and the cost for having bought the option remains fixed at Rs. 15 per share.

In effect, a floor (in this case effectively Rs. 975) is set to the stock by buying an Option at a cost that is known (in this case Rs. 15 per share).

**RISKS**

- There can be no assurance that ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific options contract.

- A hedging strategy using Put Options is a perfect hedge on the expiration date of the put option. On other days, there may be (temporary) imperfect correlation between the share price and the put option.

**Strategy Number 3**

**Using Call option on Index to increase percentage investment in equities.**

This strategy will be used for the purpose of participating in the upside of the market.

**Example:**

Suppose, the Scheme has a corpus of Rs. 100 crore and the Scheme on January 31, 2019 buys upto maximum 20% of the net assets into Index call option wherein strike price of underlying benchmark index is 10,000 and the premium on each call option for expiry after 3 years i.e. February 1, 2022 was at Rs. 2,000.

Based on the above strategy the net assets of the Scheme will be as under:

<table>
<thead>
<tr>
<th>Date</th>
<th>Closing value of underlying benchmark index</th>
<th>Call Premium/ value at expiry (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/01/2019</td>
<td>10,000</td>
<td>2,000</td>
</tr>
<tr>
<td>February 1, 2022</td>
<td>12,400</td>
<td>2,400</td>
</tr>
</tbody>
</table>

Thus, the gain on the above strategy for the Scheme will be Rs. 400 (Rs. 2,400 - Rs. 2,000) on each call option.

**RISKS**

- The strategy of taking a long position in index call option increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in...
the index.

- The risk/downside, if the market falls/remains flat is only limited to the option premium paid.
- The long position will have as much loss / gain as in the underlying index. For e.g. if the index appreciates by 10%, the index options value rises by 10%. However, this is true only for options held till maturity.
- While option markets are typically less liquid than the underlying cash market, hence there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific contract.

### Strategy Number 4

**Using Put option on Index to minimize downside in equities**

This strategy will be used for the purpose of hedging against downside in the market and capping the maximum loss in such a scenario.

**Example:**

Suppose, the Scheme has a corpus of Rs 100 crore and the Scheme on January 31, 2019 buys 6% of the net assets into At-the-money Index put option wherein strike price of underlying benchmark index having expiry February 1, 2022 index put option is Rs 10,000, bought at a premium of Rs. 600.

Based on the above strategy the net assets of the Scheme will be as under:

<table>
<thead>
<tr>
<th>Existing Scheme Net Assets</th>
<th>Revised Scheme Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asset Type</strong></td>
<td><strong>Rs. (in crores)</strong></td>
</tr>
<tr>
<td>Equity</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>100</td>
</tr>
</tbody>
</table>

* Option premium paid is to take downside exposure to Rs 94 crore in underlying benchmark index. Therefore, the total exposure to long equities is Rs 94 crore and participation in downside of underlying benchmark index is Rs 94 crore through the option.

<table>
<thead>
<tr>
<th>Date</th>
<th>Closing value of underlying benchmark index</th>
<th>Put Premium/ value at expiry (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/01/2019</td>
<td>10,000</td>
<td>600</td>
</tr>
<tr>
<td>February 1, 2022</td>
<td>9,000</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Thus, the gain on the above strategy for the Scheme will be Rs. 400 (Rs. 1,000 - Rs. 600) on each call option.

**RISKS**

- The strategy of taking a long position in index put option hedges a portfolio of long only stocks/funds against potential markets falls. The long position in the put option is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not provide gains perfectly aligned to the movement in the index.

- The risk/downside, if the index remains above the strike price is only limited to the option premium paid. The premium paid is the maximum downside to the portfolio. There is positive return in the put strategy only if the index falls below the strike price.

- The long position will have as much loss / gain as the reverse of the underlying index. For e.g. if the index depreciates by 10%, the index options value rises by 10%. However, this is true only for options held till maturity.

- While option markets are typically less liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific contract.

In terms of Circular No. MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/1999-2000 dated November 1, 1999 and July 7, 1999 respectively issued by Reserve Bank of India, Mutual Funds are permitted participation in Interest Rate Swaps and Forward Rate Agreements. These products were introduced for deepening the country's debt and money markets. The Scheme may trade in these instruments for the purpose of hedging and portfolio balancing or to undertake any other strategy as permitted under SEBI (MF) Regulations from time to time. SEBI has also permitted trading of interest rate derivatives through Stock Exchange.

**Strategies for Investment in Debt Derivatives as per derivative strategy of Scheme**

RBI and SEBI over the years vide various circulars have permitted Mutual Funds to participate in Interest Rate Swaps, Forward Rate Agreements and Interest Rate Futures. These products were introduced for deepening the country's debt and money markets. The Scheme may trade in these instruments or any new instrument permitted by SEBI for the purpose of hedging and portfolio balancing or to undertake any other strategy as permitted under SEBI (MF) Regulations from time to time. SEBI has also permitted trading of interest rate derivatives through Stock Exchange.

**Interest Rate Swaps (IRS)**

All swaps are financial contracts, which involve exchange (swap) of a set of payments owned by one party for another set of payments owned by another party, usually through an intermediary (market maker). An IRS can be defined as a contract between two parties (Counter Parties) to exchange, on particular dates in the future, one series of cash flows, (fixed interest) for another series of cashflows (variable or floating interest) in the same currency and on the same principal for an agreed period of time. The exchange of cashflows need not occur on the same date.

It may be noted that in such hedged positions (fixed v/s floating or vice versa), both legs of the transactions have interest rate volatility as underlying.

**Basic Structure of a Swap**

Assume that the Scheme has a Rs. 20 crore floating rate investment linked to FBIL (Financial Benchmarks India Private Ltd) – Overnight MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a
fixed predetermined rate (assume 7%) and pays the "benchmark rate" (MIBOR), which is fixed by the FBIL or any other agency such as Reuters, etc. This swap would effectively lock-in the rate of 7% for the next 6 months, eliminating the daily interest rate risk.

The steps will be as follows -

- Assuming the swap is for Rs. 20 crore June 1, 2019 to December 1, 2019. The Scheme is a fixed rate receiver at 7% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say MIBOR).
- On June 1, 2019 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association (ISDA).
- On a daily basis, the benchmark rate fixed by FBIL will be tracked by them.
- On December 1, 2019 they will calculate the following:
  - The Scheme is entitled to receive interest on Rs. 20 crore at 7% for 183 days i.e. Rs. 0.7019 crore, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
  - The counterparty is entitled to receive daily compounded MIBOR rate for 183 days & pay 7% fixed.
- On December 1, 2019, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 0.7019 crore, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.
- Effectively the Scheme earns interest at the rate of 7% p.a. for six months without lending money for 6 months fixed, while the counterparty pays interest @ 7% p.a. for 6 months on Rs. 20 crore, without borrowing for 6 months fixed.

The above example illustrates the benefits and risks of using derivatives for hedging and optimizing the investment portfolio. Swaps have their own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

Forward Rate Agreement

A FRA is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date, based on a notional amount, for an agreed period. In short, in a FRA, interest rate is fixed now for a future period. The special feature of FRAs is that the only payment is the difference between the FRA rate and the Reference rate and hence are single settlement contracts. As in the case of IRS, notional amounts are not exchanged.

Assume that on December 1, 2019, the 30 day commercial paper (CP) rate is 7.75% and the Scheme has an investment in a CP of face value Rs. 25 crores, which is going to mature on December 30, 2019. If the fund manager's view is that the interest rates are likely to remain stable or decline after December 30, 2019, and if the fund manager, wants to re-deploy the maturity proceeds for 1 more month and does not want to take the risk of interest rates going down, he can then enter into a following forward rate agreement (FRA) say as on December 1, 2019:

He can receive 1 X 2 FRA at 7.75% (FRA rate in 1 month time for 1 months lending) on the notional amount of Rs. 25 crores, with a reference rate of 30 day CP benchmark. If the CP benchmark on the settlement date i.e. December 30, 2019 falls to 7.50%, then the Scheme receives the present value of 25 bps (7.75% - 7.50%) on the notional amount Rs. 25 crores for 1 month. The maturity proceeds are then reinvested at say 7.50% (close to the benchmark). The scheme, however, would have locked in the rate prevailing on December 1, 2019 (7.75%) as it would have received 25 basis points on Rs. 25 cr as settlement amount from FRA. Thus the fund manager can use FRA to mitigate the reinvestment risk.

In this example, if the rates move up by 25 basis points to 8% on the settlement date (December 30, 2019), the Scheme loses 25 basis points on Rs. 25 cr for 1 month, but since the reinvestment will then happen at 8%, effective returns for the Scheme is unchanged at 7.75%, which is the prevailing rate on December 1, 2019.

Interest Rate Futures (IRFs):

An Interest Rate Futures contract is “an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today.” The underlying security for Interest Rate Futures is either Government Bond, T-Bill or any other permitted benchmark security. IRFs contracts are cash settled. Holders of the fixed income securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts.

Example:

Date: 15/12/2019
Spot price of GOI Security: Rs 105.05
May Futures price of IRF Contract: Rs 105.12
On 15/12/2019 ABC bought 2000 GOI securities from spot market at Rs 105.05. He anticipates that the interest rate will rise in near future. Therefore to hedge the exposure in underlying market he may sell December 2019 Interest Rate Futures contracts at Rs 105.12
On 30/12/2019 due to increase in interest rate: Spot price of GOI Security: Rs 104.24 Futures Price of IRF Contract: Rs 104.28
Loss in underlying market will be (104.24 - 105.05)*2000 = Rs 1,620
Profit in the Futures market will be (104.28 – 105.12)*2000 = Rs 1,680.

Imperfect Hedging using IRF

IRF can be taken at portfolio level to reduce the interest rate risk of the portfolio or part of the portfolio (including one or more securities). However, in case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging ie basis risk. In order to reduce the basis risk for the portfolio hedging strategy, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any)
and the IRF would be atleast 0.9 at the time of initiation of hedge. The correlation should be calculated for a period of last 90 days. Additionally, Imperfect hedging using IRFs would be restricted upto maximum of 20% of the total assets of the scheme.

Example:
Date: 15/06/2019
Total Assets of the Scheme: Rs. 100 cr
Modified Duration of the Scheme: 4.75
August 2019 Future Price of IRF contract of 6.79 GOI 2029: 103.24
Modified Duration of 6.79 GOI 2029: 7.13
Correlation between IRF and Portfolio during last 90 days: 0.95

On 15/06/2019, the fund manager anticipates that the interest rates will rise in near future. Therefore, to hedge the exposures of the portfolio he sells 19,00,000 IRF contracts of August 2019 6.79 GOI 2029 at 103.24. Thus, the value of Futures contract is Rs. 19.62 cr, which is less than 20% of Scheme value.

On 15/07/2019, due to interest rate increase by 5 basis points, the values of securities in the portfolio reduced to Rs. 99.76 cr and the price of IRF contract for August 2019 6.79 GOI 2029 reduced to Rs. 102.88. This resulted in loss in the value of the securities of Rs. 0.24 cr (Rs. 100 cr - Rs. 99.76 cr) and profit in the futures position of Rs. 0.07 cr \{(103.24-102.88)*19,00,000\}

Given that there was imperfect correlation between portfolio and the IRF (ie basis risk) as well as cap on the maximum portfolio hedging allowed as per extant regulation, the loss in the value of portfolio was not completely matched by the gain from the IRF contract. Nevertheless, the fund manager was able to protect the value of the portfolio, to an extent, using the IRF contract. The loss on proportionate basis (ie —20% of portfolio) would have been only Rs. 0.05 cr as against gain of Rs. 0.07 cr of gain from IRF.

Risk Factors of SWAP/ Forward Rate Agreement (FRA)/ Interest Rate Futures (IRF)
- **Credit Risk:** This is the risk of defaults by the counterparty. This is usually negligible, as there is no exchange of principal amounts in a derivative transaction.
- **Market Risk:** Market movements may adversely affect the pricing and settlement of derivatives.
- **Liquidity Risk:** The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.
- **Additional Risk viz. Basis Risk associated with imperfect hedging using Interest Rate Futures (IRF):** The imperfect correlation between the prices of securities in the portfolio and the IRF contract used to hedge part of the portfolio leads to basis risk. Thus, the loss on the portfolio may not exactly match the gain from the hedge position entered using the IRF.

**PORTFOLIO TURNOVER**
The Scheme is an open-ended Scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

**INVESTMENT DECISIONS**
The Investment Committee comprising Chief Investment Officer (CIO), Fund Manager(s) - Equities (for equity related matters), Fund Manager(s) - Debt (for debt related matters) and Chief Compliance Officer will inter alia lay down the fund’s investment philosophy, policy and processes / procedures, review the performance / portfolios of the Scheme, monitor the credit ratings of debt exposures, etc.

Fund Manager shall be responsible for taking investment/ divestment decisions for their scheme and for adhering to the Fund’s investment philosophy, policy and processes / procedures. Investment decisions shall be recorded by the Fund Manager along with reasons for the same. Research reports, both internal and external, covering inter alia factors like business outlook, financial analysis, valuation, etc. shall assist the Fund Manager in the decision-making. Credit exposure limits shall be set and reviewed by the Head of Credit, Fund Manager(s) - Debt and the CIO.

The Executive Director & Chief Investment Officer and the Investment Committee report to the Managing Director. Investment decisions are taken by the Fund Manager of the respective scheme and the Managing Director does not play any role in the day-to-day investment decisions. The Managing Director of the AMC shall ensure that the investments made by the Fund Managers are in the interest of the Unit holders.

Periodic presentations will be made to the Board of Directors of the AMC and Trustee Company to review the performance of the Scheme.

**INVESTMENT BY THE AMC IN THE SCHEME**
The AMC may invest in the Scheme anytime during the continuous offer period subject to the SEBI (MF) Regulations. The AMC may also invest in existing Scheme of the Mutual Fund. As per the existing SEBI (MF) Regulations, the AMC will not charge Investment Management and Advisory fee on the investment made by it in the Scheme or other existing scheme of the Mutual Fund.

**F. FUNDAMENTAL ATTRIBUTES**
Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) **Type of a scheme**
Please refer to Section ‘Type of the Scheme’ on Page 17.

(ii) **Investment Objective**
- Main Objective - Please refer to section ‘What is the Investment Objective of the Scheme?’ on Page 17.
- Investment pattern - Please refer to section ‘How will the Scheme Allocate its Assets?’ on Page 17.
(iii) Terms of Issue

a) Liquidity provisions such as listing, repurchase, redemption.

b) Aggregate Fees and Expenses charged to the Scheme

Please refer to section ‘Fees and Expenses’ on Page 74 for details.

c) Any safety net or guarantee provided

The Scheme does not provide any guaranteed or assured return.

Changes in Fundamental Attributes

In accordance with Regulation 18 (15A) of the SEBI (MF) Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme and the Plan(s)/Option(s) thereunder and affect the interest of Unit holders is carried out unless:

- A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and

- The Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any Exit Load.

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

BENCHMARK INDEX

NIFTY 50 Hybrid Composite Debt 65:35 Index (Total Returns Index)

This Index tracks the performance of portfolio having 65% exposure to NIFTY 50 TRI and 35% exposure to NIFTY Composite Debt Index and as the scheme will invest in both - equity and debt, it is an appropriate benchmark for the Scheme. The performance will be benchmarked to the Total Returns Variant of the Index.

The Trustee reserves the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the investment objectives and appropriateness of the benchmark subject to SEBI (MF) Regulations, and other prevailing guidelines, if any.

H. WHO MANAGES THE SCHEME?

The details of Fund Managers of HDFC Balanced Advantage Fund are as follows:

<table>
<thead>
<tr>
<th>Name, Age &amp; Tenure ▲</th>
<th>Educational Qualifications</th>
<th>Experience (last 10 years)</th>
<th>Other Fund(s) Managed*</th>
</tr>
</thead>
</table>
| Mr. Prashant Jain    | CFA (CFA Institute), PGDM-IIM Bangalore, B.Tech. - IIT, Kanpur | Collectively over 28 years of experience in fund management and research in Mutual Fund Industry. **June 20, 2003 till Date:** HDFC Asset Management Company Limited. **July 1993 to June 19, 2003:** Zurich Asset Management Company (India) Private Limited Last Position Held - Chief Investment Officer | ● HDFC Equity Fund  
● HDFC Hybrid Debt Fund (Equity Assets)  
● HDFC Top 100 Fund |

* excluding Overseas investments, if any

▲ Cut-off date considered for calculation of tenure is March 31, 2019. The same includes tenure for managing HDFC Prudence Fund.
<table>
<thead>
<tr>
<th>Name, Age &amp; Tenure</th>
<th>Educational Qualifications</th>
<th>Experience (last 10 years)</th>
<th>Other Fund(s) Managed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Amar Kalkundrikar</td>
<td>B.Com., Chartered Accountant; CFA - (CFA Institute); MBA (Columbia Business School)</td>
<td>Collectively over 16 years experience of which 13 years in Equity Research &amp; Portfolio Management.</td>
<td>• HDFC Arbitrage Fund&lt;br&gt;• HDFC Banking and PSU Debt Fund&lt;br&gt;• HDFC Capital Builder Value Fund&lt;br&gt;• HDFC Charity Fund For Cancer Cure - Arbitrage Plan&lt;br&gt;• HDFC Charity Fund For Cancer Cure - Debt Plan&lt;br&gt;• HDFC Children's Gift Fund&lt;br&gt;• HDFC Corporate Bond Fund&lt;br&gt;• HDFC Credit Risk Debt Fund&lt;br&gt;• HDFC Dual Advantage Fund - Series II &amp; III&lt;br&gt;• HDFC Dynamic Debt Fund&lt;br&gt;• HDFC Equity Fund&lt;br&gt;• HDFC Equity Opportunities Fund - Series 2&lt;br&gt;• HDFC Equity Savings Fund&lt;br&gt;• HDFC Fixed Maturity Plan - Series 27, 29, 30, 35 to 40, 42 to 44&lt;br&gt;• HDFC Floating Rate Debt Fund&lt;br&gt;• HDFC Focused 30 Fund&lt;br&gt;• HDFC Gilt Fund&lt;br&gt;• HDFC Growth Opportunities Fund&lt;br&gt;• HDFC Housing Opportunities Fund - Series 1&lt;br&gt;• HDFC Hybrid Debt Fund&lt;br&gt;• HDFC Hybrid Equity Fund&lt;br&gt;• HDFC Income Fund&lt;br&gt;• HDFC Infrastructure Fund&lt;br&gt;• HDFC Liquid Fund&lt;br&gt;• HDFC Long Term Advantage Fund&lt;br&gt;• HDFC Low Duration Fund&lt;br&gt;• HDFC Medium Term Debt Fund&lt;br&gt;• HDFC Mid - Cap Opportunities Fund&lt;br&gt;• HDFC Money Market Fund&lt;br&gt;• HDFC Multi-Asset Fund&lt;br&gt;• HDFC Retirement Savings Fund&lt;br&gt;• HDFC Short Term Debt Fund&lt;br&gt;• HDFC Small Cap Fund&lt;br&gt;• HDFC TaxSaver&lt;br&gt;• HDFC Top 100 Fund&lt;br&gt;• HDFC Ultra Short Term Fund</td>
</tr>
<tr>
<td>39 years</td>
<td>Tenure for managing the Scheme: 2 months</td>
<td>March 2002 till Date&lt;br&gt;HDFC Asset Management Company Limited</td>
<td>^ Cut-off date considered for calculation of tenure is March 31, 2019.</td>
</tr>
</tbody>
</table>
I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to SEBI (MF) Regulations, the following investment restrictions are applicable to the Scheme:

- The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:
  Provided that the Mutual Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.
  Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.
  Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

- The Mutual Fund shall enter into transactions relating to Government Securities only in dematerialised form.

- Save as otherwise expressly provided under SEBI (MF) Regulations, the Mutual Fund shall not advance any loans for any purpose.

- The Mutual Fund shall get the securities purchased/ transferred in the name of the Mutual Fund on account of the respective Scheme, wherever the investments are intended to be of a long term nature.

- The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company.
  Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Tri-Party Repos.
  Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board.

- The Scheme shall not invest more than 10% of its NAV in unrated debt instruments [irrespective of residual maturity period (above or below one year)], issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Trustee and the Board of the AMC.
  Provided that such limit shall not be applicable for investments in Government securities, treasury bills and Tri-Party Repos.

- The Mutual Fund under all its Scheme will not own more than 10% of any Company's paid up capital carrying voting rights.
  Provided that the Sponsor of the Fund, its associate or group company including the asset management company of the Fund, through the Scheme(s) of the Fund or otherwise, individually or collectively, directly or indirectly, shall not have 10% or more of the share-holding or voting rights in the asset management company or the trustee company of any other mutual fund.
  Provided that in the event of a merger, acquisition, scheme of arrangement or any other arrangement involving the sponsors of the mutual funds, shareholders of the asset management companies or trustee companies, their associates or group companies which results in the incidental acquisition of shares, voting rights or representation on the board of the asset management companies or trustee companies beyond the above specified limit, such exposure may be rebalanced within a period of one year of coming into force of such an arrangement.

- Transfer of investments from one scheme to another scheme in the same Mutual Fund, shall be allowed only if:-
  (a) such transfers are made at the prevailing market price for quoted Securities on spot basis
  Explanation : spot basis shall have the same meaning as specified by Stock Exchange for spot transactions
  (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

- The Scheme may invest in another scheme(s) under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same AMC or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund.
  Provided that this clause shall not apply to any fund of funds scheme.

- The Scheme shall abide by the following guidelines for parking of funds in short term deposits as per SEBI Circular No. SEBI/IMD/CIR No. 1/91171/07 dated April 16, 2007.
  1. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
  2. Such short-term deposits shall be held in the name of the Scheme.
  3. The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
  4. Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
  5. The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  6. The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme.
  7. No investment management and advisory fees will be charged for such investments in the respective Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market.

- The Scheme shall not make any investments in:
  (a) any unlisted security of an associate or group company of the Sponsors;
  (b) any security issued by way of private placement by any other mutual fund.
an associate or group company of the Sponsors;
(c) the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets;
(d) any fund of funds scheme.

- The Scheme may invest in the units of REITs and InvITs subject to the following:
  (a) HDFC Mutual Fund under all its Schemes shall not own more than 10% of units issued by a single issuer of REIT and InvIT; and
  (b) The Scheme shall not invest –
      (i) more than 10% of its NAV in the units of REIT and InvIT; and
      (ii) more than 5% of its NAV in the units of REIT and InvIT issued by a single issuer.

- The Scheme shall not invest more than 10% of its NAV in case of the equity shares or equity related instruments of any company.

J. HOW HAS THE SCHEME PERFORMED?

Performance of the Scheme (as at March 29, 2019)

(Benchmarked to the Total Returns Index (TRI) Variant of the Index)

<table>
<thead>
<tr>
<th>Period</th>
<th>Absolute returns for each financial year for the last 5 years^</th>
<th>HDFC Balanced Advantage Fund - Regular Plan - Growth Option</th>
<th>HDFC Balanced Advantage Fund - Direct Plan - Growth Option</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period Returns (%)$$$^</td>
<td>Benchmark Returns (%)$$</td>
<td>Period Returns (%)</td>
</tr>
<tr>
<td>Last 1 Year</td>
<td>11.54</td>
<td>13.11</td>
<td>12.81</td>
</tr>
<tr>
<td>Last 3 Years</td>
<td>15.30</td>
<td>13.18</td>
<td>16.59</td>
</tr>
<tr>
<td>Last 5 Years</td>
<td>15.35</td>
<td>11.76</td>
<td>16.43</td>
</tr>
<tr>
<td>Since Inception*</td>
<td>18.68</td>
<td>N.A.</td>
<td>14.65</td>
</tr>
</tbody>
</table>

^Past performance may or may not be sustained in the future

Returns greater than one year are compounded annualized (CAGR).

* Inception Date: February 1, '94
$ N.A. - Not Available
$$ All dividends declared prior to the splitting of the Scheme into Dividend & Growth Options are assumed to be reinvested in the units of the Scheme at the then prevailing NAV (ex-dividend NAV)

Note: Effective close of business hours of June 1, 2018, HDFC Prudence Fund merged with HDFC Growth Fund (HDFC Balanced Advantage Fund after changes in fundamental attributes). As the portfolio characteristics and the broad investment strategy of HDFC Balanced Advantage Fund is similar to that of erstwhile HDFC Prudence Fund, the track record i.e. since inception date and past performance of erstwhile HDFC Prudence Fund has been considered, in line with SEBI circular on Performance disclosure post consolidation/merger of scheme dated April 12, 2018.
K. ADDITIONAL SCHEME RELATED DISCLOSURE(S):

A. Portfolio Related Disclosures (as on March 31, 2019)

<table>
<thead>
<tr>
<th>Issuer</th>
<th>% to NAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Bank of India</td>
<td>13.57</td>
</tr>
<tr>
<td>ICICI Bank Ltd.</td>
<td>10.54</td>
</tr>
<tr>
<td>Infosys Limited</td>
<td>8.38</td>
</tr>
<tr>
<td>Larsen and Toubro Ltd.</td>
<td>6.78</td>
</tr>
<tr>
<td>NTPC Limited</td>
<td>3.91</td>
</tr>
<tr>
<td>Reliance Industries Ltd.</td>
<td>3.50</td>
</tr>
<tr>
<td>Power Grid Corporation of India Ltd</td>
<td>3.41</td>
</tr>
<tr>
<td>Tata Sons Ltd.</td>
<td>3.29</td>
</tr>
<tr>
<td>HDFC Bank Ltd.</td>
<td>3.15</td>
</tr>
<tr>
<td>Power Finance Corporation Ltd</td>
<td>2.91</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>59.44</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sector Allocation (% of Net Assets)</th>
<th>% to NAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>45.56</td>
</tr>
<tr>
<td>Energy</td>
<td>17.50</td>
</tr>
<tr>
<td>IT</td>
<td>10.34</td>
</tr>
<tr>
<td>Construction</td>
<td>7.87</td>
</tr>
<tr>
<td>Metals</td>
<td>5.75</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>2.74</td>
</tr>
<tr>
<td>Pharma</td>
<td>2.56</td>
</tr>
<tr>
<td>Industrial Manufacturing</td>
<td>2.44</td>
</tr>
<tr>
<td>Chemicals</td>
<td>1.78</td>
</tr>
<tr>
<td>Others</td>
<td>0.91</td>
</tr>
<tr>
<td>Fertilisers &amp; Pesticides</td>
<td>0.81</td>
</tr>
<tr>
<td>Services</td>
<td>0.72</td>
</tr>
<tr>
<td>Automobile</td>
<td>0.63</td>
</tr>
<tr>
<td>Cement &amp; Cement Products</td>
<td>0.30</td>
</tr>
<tr>
<td>Media &amp; Entertainment</td>
<td>0.11</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

**Portfolio Turnover Ratio** - Last 1 year: 15.01%

- Aggregate of equity securities and debt instruments held by the Scheme at issuer level/sectors are as of the date indicated.
- Top 10 holdings disclosure do not include cash & cash equivalents, fixed deposits and/or exposure in derivative instruments, if any.
- Others under sector disclosure include cash & cash equivalents.
- For complete details and latest monthly portfolio, investors are requested to visit www.hdfcfund.com/statutory-disclosures/monthly portfolio.

B. Aggregate value of Investments held in the Scheme by the following category of person(s) as on March 31, 2019

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Net Asset Value of Units held (Rs. in Lacs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Balanced Advantage Fund</td>
<td>AMC’s Board of Directors 167.03 Fund Manager(s) 3067.88 Key Managerial Personnel* (other than Scheme’s Fund Manager(s)) 120.17</td>
</tr>
</tbody>
</table>

* Managing Director of the AMC is covered under the category of Key Managerial Personnel.
### III. UNITS AND OFFER

This Section provides details you need to know for investing in the Scheme.

#### A. NEW FUND OFFER (NFO)

This section does not apply to the Scheme covered in this SID as the Scheme forming part of this SID have already been launched. Therefore, the section 'New Fund Offer (NFO)' is not applicable except for the relevant details covered under section 'B. Ongoing Offer Details'.

#### B. ONGOING OFFER DETAILS

<table>
<thead>
<tr>
<th>Plans/ Options offered</th>
<th>The Scheme offers following plans:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Regular Plan: This Plan is for investors who wish to route their investment through any distributor.</td>
</tr>
<tr>
<td></td>
<td>2. Direct Plan: This Plan is for investors who wish to invest directly without routing the investment through any distributor. This Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid/charged under the Direct Plan.</td>
</tr>
</tbody>
</table>

Each Plan offers two Options (i) Growth Option and (ii) Dividend Option with Payout and Reinvestment facility.

- **i Growth Option**
  - Dividends will not be declared under this Option. The income attributable to Units under this Option will continue to remain invested and will be reflected in the Net Asset Value of Units under this Option. Hence, Unitholders who opt for this Option will not receive any dividend.

- **ii Dividend Option**
  - Under the Dividend Option, it is proposed to declare dividends, subject to availability of distributable surplus, as computed in accordance with SEBI (MF) Regulations.
    - **a. Dividend Payout Facility**
      - Dividends, if declared, will be paid (subject to deduction of tax at source, if any) to those Unitholders / Beneficial Owners whose names appear in the Register of Unit holders maintained by the Mutual Fund / statement of beneficial ownership maintained by the Depositories, as applicable, on the notified record date.
    - **b. Dividend Re-investment Facility**
      - Unit holders opting for Dividend Option may choose to reinvest the dividend to be received by them in additional Units of the Scheme. Under this facility, the dividend due and payable to the Unit holders will be compulsorily and without any further act by the Unit holders, reinvested in the Dividend Option at the prevailing ex-dividend Net Asset Value per Unit on the record date. The amount of dividend re-invested will be net of tax deducted at source, wherever applicable. The dividends so re-invested shall constitute a constructive payment of dividends to the Unit holders and a constructive receipt of the same amount from each Unit holder for reinvestment in Units.
      - On reinvestment of dividends, the number of Units to the credit of Unit holder will increase to the extent of the dividend reinvested divided by the Applicable NAV as explained above. **There shall, however, be no Entry Load and Exit Load on the dividend so reinvested.**

- **Dividend Frequency:** Under the Dividend Option, the Scheme has a monthly frequency for dividend distribution. The record date for the same shall be 25th day of every month or the immediately succeeding Business Day, if that day is not a Business Day.

The AMC reserves the right to introduce a new option / investment Plan at a later date, subject to the SEBI (MF) Regulations. The AMC also reserves the right to discontinue / withdraw any option / investment plan, if deemed fit, after taking approval of the Board of Directors of AMC and Trustee.
Default Plan/ Option

Growth Option in case Growth Option or Dividend Option is not indicated. Dividend Payout in case Dividend Payout or Dividend Reinvestment is not indicated.

Investors should indicate the Plan (viz. Direct plan/ Regular Plan) for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form. In case of valid applications received without indicating any choice of Plan, the application will be processed for the Plan as under:

<table>
<thead>
<tr>
<th>Scenario</th>
<th>ARN Code mentioned by the investor</th>
<th>Plan mentioned by the investor</th>
<th>Default Plan to be captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not mentioned</td>
<td>Not mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>2</td>
<td>Not mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>3</td>
<td>Not mentioned</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>4</td>
<td>Mentioned</td>
<td>Direct</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>5</td>
<td>Direct</td>
<td>Not Mentioned</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>6</td>
<td>Direct</td>
<td>Regular</td>
<td>Direct Plan</td>
</tr>
<tr>
<td>7</td>
<td>Mentioned</td>
<td>Regular</td>
<td>Regular Plan</td>
</tr>
<tr>
<td>8</td>
<td>Mentioned</td>
<td>Not Mentioned</td>
<td>Regular Plan</td>
</tr>
</tbody>
</table>

In cases of wrong/ invalid/ incomplete ARN codes are mentioned on the application form, the application shall be processed under Regular Plan. The AMC shall contact and obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor/ distributor. In case, the correct code is not received within 30 calendar days, the AMC shall reprocess the transaction under Direct Plan from the date of application without any exit load.

Ongoing Offer Period

This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.

The Scheme offer for Sale / Switch-in and Redemption / Switch-out of Units on every Business Day. Units of the Scheme would be available at Applicable NAV on any Business Day.

Unit holders have an option to hold the Units in demat (electronic ) form. However, this facility is not available in case of units offered under the Daily/ Weekly/Fortnightly Dividend Option(s). Units held in demat form will be transferable. Holding/ transacting of units held in demat mode shall be in accordance with the procedures/ requirements laid down by the Depositories, viz. NSDL/ CDSL in accordance with the provisions under the Depositories Act, 1996 and Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.

SUBSCRIPTION OF UNITS

Existing/ New Investors under the Scheme may submit their purchase/switch - in requests as follows:

1. **Account Statement (non-demat) form:** Investors/ existing Unitholders opting for units in account statement (non- demat) form, can submit their valid application for subscription/switch-in at any of the Official Points of Acceptance of HDFC Mutual Fund.

2. **Demat (Electronic) form:** Investors/ existing Unitholders, opting for units in demat form, can submit their valid application for subscription only at any of the Official Points of Acceptance of HDFC Mutual Fund and not to their Depository Participants. Investor opting for units in demat form will be required to mention in the application form DP ID No. and Beneficiary Account No. with the Depository Participant (DP). The Units allotted will be credited to the demat account of the Unit holder as per the details provided in the application form. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs / Depositories periodically.
Applications by Existing/ New Investors under the Scheme must be for the minimum amount as mentioned on Page 45. The AMC reserves the right to change the minimum application amount from time to time.

Subscriptions on an ongoing basis may be made only by specifying the amount to be invested and not the number of Units to be subscribed. The total number of Units allotted will be determined with reference to the applicable Sale Price and fractional Units may be created. Fractional Units will be computed and accounted for up to three decimal places.

REDEMPTION OF UNITS

The Units can be Redeemed (i.e. sold back to the Mutual Fund) or Switched-out on every Business Day at the Redemption Price.

Unit holders may submit their redemption/ switch-out requests as follows:

1. For units held in Demat (electronic) form: Unitholders should submit their valid redemption request to their Depository Participant (DP). The redemption proceeds will be credited to the bank account of the Unitholder, as per the bank account details recorded with the DP.

2. For units held in Account Statement (non-demat) form: The Redemption/ Switch-out request can be made by way of a written request on a pre-printed form or Transaction Slip, which should be submitted at / may be sent by mail to any of the Official Point(s) of Acceptance.

In case the Units are held in the names of more than one Unit holder, where mode of holding is specified as ‘Joint’, Redemption requests will have to be signed by all the joint holders. However, in cases of holding specified as ‘Anyone or Survivor’, any of the Unit holders will have the power to make Redemption request, without it being necessary for all the Unit holders to sign. However, in all cases, the Redemption proceeds will be paid only to the first named holder.

DEMATERIALIZATION/ REMATERIALIZATION OF UNITS

If the Unit holder desires to hold the Units in a Dematerialized/ Rematerialized form at a later date, the request for conversion of units held in Account Statement (non demat) form into Demat (electronic) form or vice versa should be submitted alongwith a Demat/Remat Request Form to their Depository Participants.

However the Trustee/ AMC reserves the right to change the dematerialization/ rematerialization process in accordance with the procedural requirements laid down by the Depositories, viz. NSDL/ CDSL and/or in accordance with the provisions laid under the Depositories Act, 1996 and the Regulations thereunder.

Dividend Policy

The Trustee reserves the right to declare dividends under the dividend option of the Scheme depending on the availability of distributable surplus under the Scheme. Dividends, if declared, will be paid (subject to deduction of tax at source, if any) to those Unit holders whose names appear in the Register of Unit holders on the record date. In case of Units held in dematerialized mode, the Depositories (NSDL/ CDSL) will give the list of demat account holders and the number of Units held by them in electronic form on the Record date to the Registrars and Transfer Agent of the Mutual Fund who shall be eligible to receive the dividends. Further, the Trustee at its sole discretion may also declare interim dividend. However, it must be distinctly understood that the actual declaration of dividend and the frequency thereof will inter-alia, depend on the availability of distributable surplus as computed in accordance with SEBI (MF) Regulations and the decision of the Trustee /AMC in this regard shall be final.

There is no assurance or guarantee to Unit holders as to the rate/quantum of dividend distribution nor that dividends will be paid regularly. On payment of dividends, the NAV will stand reduced by the amount of dividend and dividend tax/ statutory levy (if applicable) paid. The Trustee/ AMC reserves the right to change the record date from time to time.
### Dividend Distribution Procedure

In accordance with SEBI Circular no. SEBI/ IMD/ Cir No. 1/ 64057/06 dated April 4, 2006, the procedure for Dividend Distribution would be as under:

1. Quantum of dividend and the record date will be fixed by the Trustee in their meeting. Dividend so decided shall be paid, subject to availability of distributable surplus.

2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the dividend including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.

3. Record date shall be the date, which will be considered for the purpose of determining the eligibility of Unitholders / Beneficial Owners whose names appear in the Register of Unit holders maintained by the Mutual Fund/ statement of beneficial ownership maintained by the Depositories, as applicable, for receiving dividends. The Record Date will be 5 calendar days from the issue of notice.

4. The notice will, in font size 10, bold, categorically state that pursuant to payment of dividend, the NAV of the Scheme would fall to the extent of payout and statutory levy (if applicable).

5. The NAV will be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.

6. Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever will be issued by Mutual Fund.

The requirement of giving notice shall not be applicable for Dividend Options having frequency upto one month.

### Allotment

All Applicants whose monies towards purchase of Units have been realised by the Fund will receive a full and firm allotment of Units, provided also the applications are complete in all respects and are found to be in order. The Trustee retains the sole and absolute discretion to reject any application.

Normally no Unit certificates will be issued. However, if the applicant so desires, the AMC shall issue a non-transferable Unit certificate to the applicant within 5 Business Days of the receipt of request for the certificate. Unit certificate if issued must be duly discharged by the Unit holder(s) and surrendered alongwith the request for Redemption / Switch or any other transaction of Units covered therein.

All Units will rank pari passu, among Units within the same Option in the Scheme concerned as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustee.

Face Value per unit of all Plans/ Options under the Scheme is Rs. 10.

### Who Can Invest

This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.

The following persons (i.e. an indicative list of persons) are eligible and may apply for subscription to the Units of the Scheme provided they are not prohibited by any law / Constitutive documents governing them:

1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;

2. Karta of Hindu Undivided Family (HUF);

3. Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) or a court appointed legal guardian. There shall not be any joint holding with minor investments.

4. Partnership Firms & Limited Liability Partnerships (LLPs);
5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or bodies of individuals and societies registered under the Societies Registration Act, 1860, Co-Operative Societies registered under the Co-Operative Societies Act, 1912, One Person Company;

6. Banks & Financial Institutions;

7. Mutual Funds/ Alternative Investment Funds registered with SEBI;

8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;

9. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO)/ Overseas Citizen of India (OCI) on repatriation basis or on non-repatriation basis;

10. Foreign Institutional Investors (FIIs) registered with SEBI on repatriation basis;

11. Foreign Portfolio Investors (FPI) registered with SEBI on repatriation basis;

12. Army, Air Force, Navy and other paramilitary units and bodies created by such institutions;

13. Council of Scientific and Industrial Research, India;

14. Multilateral Financial Institutions/ Bilateral Development Corporation Agencies/ Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India;

15. Other Schemes of HDFC Mutual Fund subject to the conditions and limits prescribed by SEBI (MF) Regulations;

16. Trustee, AMC, Sponsor and their associates may subscribe to Units under the Scheme;

17. Such other category of investors as may be decided by the AMC / Trustee from time to time, so long as their investment is in conformity with the applicable laws and SEBI (MF) Regulations.

Note :

1. NRIs and PIOs/ OCIs/ FIIs/ FPIs have been granted a general permission by Reserve Bank of India Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming Units of the mutual funds subject to conditions set out in the aforesaid regulations.

2. In case of application(s) made by individual investors under a Power of Attorney, the original Power of Attorney or a duly notarized copy should be submitted alongwith the subscription application form. In case of applications made by non-individual investors, the authorized signatories of such non-individual investors should sign the application form in terms of the authority granted to them under the Constitutional Documents/Board resolutions/Pow er of Attorneys, etc. A list of specimen signatures of the authorized signatories, duly certified / attested should also be attached to the Application Form. The Mutual Fund/AMC/Trustee shall deem that the investments made by such non individual investors are not prohibited by any law/Constitutional documents governing them and they possess the necessary authority to invest.

3. Investors desiring to invest / transact in mutual fund schemes are required to comply with the KYC norms applicable from time to time. Under the KYC norms, Investors are required to provide prescribed documents for establishing their identity and address such as copy of the Memorandum and Articles of Association / bye-laws/trust deed/partnership deed/Certificate of Registration along with the proof of authorization to invest, as applicable, to the KYC Registration Agency (KRA) registered with SEBI.

The Mutual Fund/ AMC/ Trustee/ other intermediaries will rely on the declarations/ affirmations provided by the Investor(s) in the Application/ Transaction Form(s) and the documents furnished to the KRA. Further, the Investor shall be liable to indemnify the Fund/ AMC/ Trustee/ other
intermediaries in case of any dispute regarding the eligibility, validity and authorization of the transactions and/or the applicant who has applied on behalf of the Investor. The Mutual Fund/ AMC/ Trustee reserves the right to call for such other information and documents as may be required by it in connection with the investments made by the investors.

4. Returned cheques are not liable to be presented again for collection and the accompanying application forms are liable to be rejected by the AMC. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.

5. The Trustee reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued by the investor for purchase of Units of the Scheme.

6. Subject to SEBI (MF) Regulations, any application for subscription of Units may be accepted or rejected in the sole and absolute discretion of the AMC/Trustee. The AMC/Trustee may inter-alia reject any application for the purchase of Units if the application is invalid, incomplete or if the AMC/Trustee for any other reason does not believe that it would be in the best interests of the Scheme or its Unitholders to accept such an application.

Who cannot invest

The aforementioned persons/entities as specified under section “Who Can Invest?” shall not be eligible to invest in the Scheme, if such persons/entities are:

1. United States Person (U.S. person*) as defined under the extant laws of the United States of America, except the following:
   a. NRIs/PIOs may invest/transact, in the Scheme, when present in India, as lump sum subscription and/or switch transaction (other than systematic transactions) only through physical form and upon submission of such additional documents/undertakings, etc., as may be stipulated by AMC/Trustee from time to time to time and subject to compliance with all applicable laws and regulations prior to investing in the Scheme.
   b. FII/FPIs may invest in the Scheme as lump sum subscription and/or switch transaction (other than systematic transactions) through submission of physical form in India, subject to compliance with all applicable laws and regulations and the terms, conditions, and documentation requirements stipulated by the AMC/Trustee from time to time, prior to investing in the Scheme.

The Trustee/AMC reserves the right to put the transaction requests received from such U.S. person on hold/reject the transaction request/redeem the units, if allotted, as the case may be, as and when identified by the AMC that the same is not in compliance with the applicable laws and/or the terms and conditions stipulated by Trustee/AMC from time to time. Such redemptions will be subject to applicable taxes and exit load, if any.

The physical application form(s) for transactions (in non-demat mode) from such U.S. person will be accepted ONLY at the Investor Service Centres (ISCs) of HDFC Asset Management Company Limited (HDFC AMC). Additionally, such transactions in physical application form(s) will also be accepted through Distributors and other platforms subject to receipt of such additional documents/undertakings, etc., as may be stipulated by AMC/Trustee from time to time from the Distributors/Investors.

2. Residents of Canada;

3. NRIs residing in any Financial Action Task Force (FATF) declared non-compliant country or territory

*The term “U.S. person” means any person that is a U.S. person within the meaning of Regulation S under the Securities Act of 1933 of U.S. or as defined by the U.S. Commodity Futures Trading Commission or as per such further amended definitions, interpretations, legislations, rules etc, as may be in force from time to time.
### How to Apply

**Cash investments**

Pursuant to SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012 read with SEBI Circular No. CIR/IMD/DF/10/2014 dated May 22, 2014 the Fund will accept subscription applications with payment mode as ‘Cash’ ("Cash Investments") to the extent of Rs. 50,000/- per investor, per financial year. Cash Investments in legal tender, accompanied with valid applications, shall be accepted by the Scheme subject to the following:

1. **Eligible Investors:** Only resident individuals, sole proprietorships and minors (through guardians), who are KYC Compliant and have a Bank Account can make Cash Investments. Such investors may or may not possess a Permanent Account Number (PAN).

2. **Mode of application:** Applications for subscription with ‘Cash’ as mode of payment can be submitted in physical form only at select Investor Service Centres (ISCs) of the Fund. Cash Investments cannot be made through electronic modes such as website of the Fund / Channel Distributors or through Stock Exchange Platforms, etc.

3. **Cash collection facility with HDFC Bank:** Currently, the Fund has made arrangement with HDFC Bank Limited (“the Bank”) to collect cash at its designated branches from investors (accompanied by a deposit slip issued and verified by the Fund).

The Bank only acts as an aggregator for cash received towards subscriptions under various schemes received on a day at the various Bank branches. The Bank would be remitting the cash collected to the Fund’s scheme usually by the next business day.

Please refer our website www.hdfcfund.com or contact any of our ISCs for an updated list of designated bank branches / ISCs accepting Cash Investments.

The acceptance of Cash Investments by the Fund is subject to-

(i) compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under, the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable AML rules, regulations and guidelines; and

(ii) sufficient systems and procedures in place.

For details on procedure and conditions for making ‘Cash Investments’, refer section ‘How to Apply’ appearing in SAI or contact any of our ISCs or visit our website www.hdfcfund.com

### Listing

Being open ended Scheme under which Sale and Redemption of Units will be made on continuous basis by the Mutual Fund (subject to completion of lock-in period, if any), the Units of the Scheme are not proposed to be listed on any stock exchange. However, the Mutual Fund may at its sole discretion list the Units under the Scheme on one or more stock exchange at a later date.

### The policy regarding re-issue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.

The number of Units held by the Unit holder under his folio / Demat Account will stand reduced by the number of Units redeemed. Presently, the AMC does not intend to reissue the repurchased units. However, the Trustee reserves the right to reissue the repurchased units at a later date after issuing adequate public notices and taking approvals, if any, from SEBI.

### Restrictions, if any, on the right to freely retain or dispose of units being offered.

The Units of the Scheme are not transferable except Units of the Scheme held in electronic (demat) mode. In view of the same, additions / deletions of names will not be allowed under any folio of the Scheme. However, the said provisions will not be applicable in case a person (i.e. a transferee) becomes a holder of the Units by operation of law or upon enforcement of pledge, then the AMC shall, subject to production of such satisfactory evidence and submission of such documents, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units of the Scheme.

The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission of Units and not transfer.

**RIGHT TO RESTRICT REDEMPTION AND / OR SUSPEND REDEMPTION OF THE UNITS:**

The Fund at its sole discretion reserves the right to restrict Redemption (including switch-out) of the Units (including Plan /Option) of the Scheme of the Fund upon occurrence of the below mentioned events for a period not exceeding ten (10)
working days in any ninety (90) days period subject to approval of the Board of Directors of the AMC and the Trustee. The restriction on Redemption (including switch-out) shall be applicable where the Redemption (including switch-out) request is for a value above Rs. 2,00,000/- (Rupees Two Lakhs). Further, no restriction shall be applicable to the Redemption / switch-out request upto Rs. 2,00,000/- (Rupees Two Lakhs). It is further clarified that, in case of redemption request beyond Rs. 2,00,000/- (Rupees Two Lakhs), no restriction shall be applicable on first Rs. 2,00,000/- (Rupees Two Lakhs).

The Trustee / AMC reserves the right to restrict Redemption or suspend Redemption of the Units in the Scheme of the Fund on account of circumstances leading to a systemic crisis or event(s) that severely constrict market liquidity or the efficient functioning of the markets. A list of such circumstances under which the restriction on Redemption or suspension of Redemption of the Units in the Scheme of the Fund may be imposed are as follows:

1. Liquidity issues- when market at large becomes illiquid affecting almost all securities rather than any issuer specific security; or
2. Market failures / Exchange closures; or
3. Operational issues; or
4. If so directed by SEBI.

It is clarified that since the occurrence of the abovementioned eventualities have the ability to impact the overall market and liquidity situation, the same may result in exceptionally large number of Redemption requests being made and in such a situation the indicative timelines (i.e. within 3-4 Business Days) mentioned by the Fund in the scheme offering documents, for processing of requests for Redemption may not be applicable.

Any restriction on Redemption or suspension of Redemption of the Units in the Scheme(s) of the Mutual Fund shall be made applicable only after specific approval of the Board of Directors of the AMC and Trustee Company and thereafter, immediately informing the same to SEBI.

The AMC / Trustee reserves the right to change / modify the provisions of right to restrict Redemption and / or suspend Redemption of the Units in the Scheme of the Fund.

| Ongoing Price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors. |
| This is the price you need to pay for purchase/switch-in. |
| The Sale Price will be the Applicable NAV of the Scheme / Plan / Option. i.e. Sale Price = Applicable NAV |
| For a valid purchase request of Rs. 10,000 where the applicable NAV is Rs. 11.123, the units allotted will be: |
| = 10,000 (i.e. purchase amount) |
| = 11.123 (i.e. applicable NAV) |
| = 899.038 units (rounded to three decimals) |
| Transaction charges and other charges/expenses, if any, borne by the investors have not been considered in the above illustration. |

| Ongoing Price for redemption (sale)/switch-outs (to other schemes/plans of the mutual fund) by investors. |
| This is the price you will receive for redemptions/switch-outs |
| The Repurchase Price for a valid repurchase will be the applicable NAV reduced by any exit load (say 1%), i.e. applicable NAV - (applicable NAV X applicable exit load). |
| For a valid repurchase request where the applicable NAV is Rs. 12.123, the repurchase price will be: |
| = 12.123 - (12.123 X 1.00%) |
| = 12.123 - 0.121 |
| = Rs. 12.002 |
| Therefore, for a repurchase of 899.038 units, the proceeds received by the investor will be - |
| = 899.038 (units) * 12.002 (Repurchase price) |
| = Rs. 10,790.25 (rounded to two decimals) |
| Transaction charges and other charges/expenses, if any, borne by the investors have not been considered in the above illustration. |
Cut off timing for subscriptions/ redemptions/switches

This is the time before which your application (complete in all respects) should reach the official points of acceptance.

A] Applications for amount less than Rs. 2 lakh

For Purchase (Including switch-in):
- In respect of valid applications received upto 3.00 p.m. on a Business Day by the Fund along with a local cheque or a demand draft payable at par at the Official Point(s) of Acceptance where the application is received, the closing NAV of the day on which application is received shall be applicable.
- In respect of valid applications received after 3.00 p.m. on a Business Day by the Fund along with a local cheque or a demand draft payable at par at the Official Point(s) of Acceptance where the application is received, the closing NAV of the next Business Day shall be applicable
- However, in respect of valid applications, with outstation cheques / demand drafts not payable at par at the Official Point(s) of Acceptance where the application is received, closing NAV of the day on which the cheque / demand draft is credited shall be applicable.

B] Applications for amount equal to or more than Rs. 2 lakh

i) For Purchases:
- In respect of valid applications received for an amount equal to or more than Rs. 2 lakh upto 3.00 p.m. at the Official Point(s) of Acceptance and where the funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the Scheme before the cut-off time i.e. available for utilization before the cut-off time - the closing NAV of the day shall be applicable.
- In respect of valid applications received for an amount equal to or more than Rs. 2 lakh after 3.00 p.m. at the Official Point(s) of Acceptance and where the funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the Scheme before the cut-off time of the next Business Day i.e. available for utilization before the cut-off time of the next Business Day - the closing NAV of the next Business Day shall be applicable.
- Irrespective of the time of receipt of applications for an amount equal to or more than Rs. 2 lakh at the Official Point(s) of Acceptance, where the funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the Scheme before the cut-off time on any subsequent Business Day i.e. available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable.

ii) For Switch-ins:
For determining the applicable NAV, the following shall be ensured:
- Application for switch-in is received before the applicable cut-off time.
- Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the Scheme before the cut-off time.
- The funds are available for utilization before the cut-off time.
Where application is received after the cut-off time on a day but the funds are cleared on the same day, the closing NAV of the next Business Day shall be applicable.

For investments of an amount equal to or more than Rs. 2 lakh through systematic investment routes such as Systematic Investment Plans (SIP), Flex SIP, Systematic Transfer Plans (STP), Flex-STP, Swing STP, FLEXINDEX Plan, the units will be allotted as per the closing NAV of the day on which the funds are available for utilization by the Target Scheme.

All multiple applications for investment at the Unit holders' PAN and holding pattern level in a Scheme (irrespective of amount or the plan/option/sub-option) received on the same Business Day, will be aggregated to ascertain whether the total amount equals to Rs. 2 lakh or more and to determine the applicable Net Asset Value. Transactions in the name of minor received through guardian will not be aggregated with the transaction in the name of same guardian. The AMC may have additional criteria for aggregation of multiple transactions. The criteria for aggregation of multiple transactions shall be as decided by the AMC at its sole discretion from time to time.

C] For Redemption (including switch-out) applications
- In respect of valid applications received upto 3 p.m. on a Business Day by the Fund, same day's closing NAV shall be applicable.
* In respect of valid applications received after 3 p.m. on a Business Day by the Fund, the closing NAV of the next Business Day shall be applicable.

**Transactions through online facilities / electronic modes:**

The time of transaction done through various online facilities / electronic modes offered by the AMC, for the purpose of determining the applicability of NAV, would be the time when the request for purchase / sale / switch of units is received in the servers of AMC/RTA.

In case of transactions through online facilities / electronic modes, there may be a time lag of upto 5-7 banking days between the amount of subscription being debited to investor's bank account and the subsequent credit into the respective Scheme's bank account. This lag may impact the applicability of NAV for transactions where NAV is to be applied, based on actual realization of funds by the Scheme. Under no circumstances will HDFC Asset Management Company Limited or its bankers or its service providers be liable for any lag / delay in realization of funds and consequent pricing of units.

The AMC has the right to amend cut off timings subject to SEBI (MF) Regulations for the smooth and efficient functioning of the Scheme.

**Where can the applications for purchase/ redemption / switches be submitted?**

- The application forms for subscription/ redemption/#/switches should be submitted at / may be sent by mail to, any of the ISCs / Official Points of Acceptance whose addresses are mentioned on **Page 100 to 106** of the SID.

#In case of units held in demat mode, applications for redemptions should be submitted to the respective Depository Participants only.

- The Investors can also purchase/redeem Units of the eligible Plan(s) under the Scheme through various channels/modes. Please refer to section "Special Products available" on **Page 46** for more details.

For details on updated list of ISCs / Official Points of Acceptance investors are requested to call 1800 3010 6767/ 1800 419 7676 or contact the AMC branches or log on to our website [www.hdfcfund.com](http://www.hdfcfund.com).

**Minimum amount for purchase/ redemption/ switches**

**Minimum amount for Purchase (including Switch-in):**

For details refer section ‘Highlights / Summary of the Scheme’ on **Page 3**.

**Minimum Amount / Units For Redemption (including Switch-out):**

The request for minimum amount /units for redemption / switch-out of Units under each plan / option would be Rs. 500 and multiples of Rs. 1/- thereafter. There will be no minimum redemption criterion for Unit based redemption.

- The Redemption / Switch-out would be permitted to the extent of credit balance in the Unit holder’s account of the Plan(s) /Option(s) of the Scheme (subject to completion of Lock-in period or release of pledge / lien or other encumbrances).

- The Redemption / Switch-out request can be made by specifying the rupee amount or by specifying the number of Units of the respective Plan(s) /Option(s) to be redeemed. In case a Redemption / Switch-out request received is for both, a specified rupee amount and a specified number of Units of the respective Plan(s) / Option(s), the specified number of Units will be considered the definitive request. In case the value / number of available units held in the Unit holder’s folio / account under the Plan / Option of the Scheme is less than the amount / number of units specified in the redemption / switchout request, then the transaction shall be treated as an all units redemption and the entire balance of available Units in the folio / account of the Unit holder shall be redeemed.

- The AMC / Trustee reserves the right to change / modify the minimum amount / units for redemption (including switch-out) provision offered under the Scheme of the Fund.

**Minimum balance to be maintained and consequences of non-maintenance.**

Investors may note that in case balance in the account of the Unit holder of the Plan(s) / Option(s) of the Scheme does not cover the amount of Redemption request, then the Mutual Fund is authorised to close the account of the Unit holder and send the entire such (lesser) balance to the Unit holder.

**Closure of Unit Holders' Account**

Investors may note that the AMC at its sole discretion may close a Unit holder's account under a Plan / Option of the Scheme after giving notice of 30 days, if at the time of any part Redemption, the value of balance Units (represented by the Units in the Unit holder's account if such Redemption / Switch were to take place, valued at the applicable Redemption Price), falls below minimum amount/ units for Redemption as mentioned above (or as the AMC may decide from time to time) or where the Units are held by a Unit holder in breach of any Regulation.
Special Products available

SYSTEMATIC INVESTMENT PLAN (SIP)

The Unit holders under the Scheme can benefit by investing specified Rupee amounts at regular intervals for a continuous period. Under the SIP, Investors can invest a fixed amount of Rupees at regular intervals for purchasing additional Units of the Scheme at Applicable NAV. This concept is called Rupee Cost Averaging.

Unit holder can enroll for the SIP facility by submitting duly completed Enrolment Form at the Official Point(s) of Acceptance. It may be noted that new investors can apply for SIP without any existing investment / folio.

The provision for minimum application amount for the Scheme shall not be applicable to SIP investments, which have different minimum installment amount. Presently, SIP offers investors three plans viz. 'Daily Systematic Investment Plan (DSIP)', 'Monthly Systematic Investment Plan (MSIP)' and 'Quarterly Systematic Investment Plan (QSIP)'.

DSIP shall be triggered and processed only on all Business Days.

Mode of payment for DSIP installments shall be only through OTM Debit Mandate.

Minimum amount shall be as under:
For DSIP: Rs. 300 and in multiples of Re. 1 thereafter
For MSIP: Rs. 500 and in multiples of Re. 1 thereafter; and
For QSIP: Rs. 1,500 and in multiples of Re. 1 thereafter.

For open ended equity linked savings schemes - All SIP Frequencies - Rs. 500 and in multiples of Rs. 500 thereafter

- Minimum number of Installments under MSIP:
  - In respect of each SIP Installment less than Rs. 1,000/- in value: 12
  - In respect of each SIP Installment equal to or greater than Rs. 1,000/- in value: 6

- Minimum number of Installments under QSIP:
  - In respect of each SIP Installment less than Rs. 3,000/- in value: 4
  - In respect of each SIP Installment equal to or greater than Rs. 3,000/- in value: 2

There is no maximum duration for SIP enrolment.

SIP Top Up Facility:
Top up in Amount

Investors may avail SIP Top-up facility where they have an option to increase the amount of the SIP Installment by a fixed amount at pre-defined intervals. This will enhance the flexibility of the investor to invest higher amounts during the tenure of the SIP. SIP Top up facility is not available under Micro SIP and DSIP.

SIP Top-up facility shall be available for SIP Investments through ECS (Debit Clearing) / Direct Debit Facility / Standing Instruction only. The Top-up amount should be in multiples of Rs. 100 only. Monthly SIP offers top-up frequency at half yearly and yearly intervals. Quarterly SIP offers top-up frequency at yearly intervals only. In case the top-up frequency is not indicated under Monthly SIP, it will be considered as yearly interval.

An Illustration: How to calculate the SIP Top-up amount?

SIP Period : 01-Jan-2019 to 01-Dec-2020 (2 Years)
Monthly SIP Installment Amount : Rs. 2,000
SIP Date : 1st of every month (24 installments)
Top-up Amount: Rs. 1,000
Top-up Frequency: Half Yearly

SIP Installments shall be as follows:

<table>
<thead>
<tr>
<th>Installment No(s).</th>
<th>From Date</th>
<th>To Date</th>
<th>Monthly SIP Installment Amount in Rs.</th>
<th>SIP Top-up Amount in Rs.</th>
<th>Increased Monthly SIP Installment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(A)</td>
<td>(B)</td>
<td>(A + B)</td>
</tr>
<tr>
<td>1 to 6</td>
<td>1-Jan-19</td>
<td>1-Jun-19</td>
<td>2,000</td>
<td>N.A.</td>
<td>2,000</td>
</tr>
<tr>
<td>7 to 12</td>
<td>1-Jul-19</td>
<td>1-Dec-19</td>
<td>2,000</td>
<td>1,000</td>
<td>3,000</td>
</tr>
<tr>
<td>13 to 18</td>
<td>1-Jan-20</td>
<td>1-Jun-20</td>
<td>3,000</td>
<td>1,000</td>
<td>4,000</td>
</tr>
<tr>
<td>19 to 24</td>
<td>1-Jul-20</td>
<td>1-Dec-20</td>
<td>4,000</td>
<td>1,000</td>
<td>5,000</td>
</tr>
<tr>
<td>N.A.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N.A. - Not Applicable

SID - HDFC BALANCED ADVANTAGE FUND

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**Percentage Top-Up**

Unit holders have an option to Top-up the SIP amount as a percentage of the existing SIP installment. The features of the said option are detailed below:

- Investor can Top-up the SIP amount by a minimum of 10% and in multiples of 1% thereafter, of the existing SIP installment.
- SIP (including the Top-up) amount will be rounded off to the nearest Rs. 10.
- Percentage Top-up can be done at annual frequency only.
- In case the SIP amount (including Top-up) under the said option exceeds the maximum amount mentioned by the investor in the debit mandate, the said SIP Top-up request will stand rejected and the SIP will continue to be processed with the last topped up SIP installment amount.

**An Illustration: How to calculate the SIP Top-up amount?**

SIP Period: 01-Dec-2018 to 01-Nov-2023 (5 Years)

Monthly SIP Installment Amount: Rs. 2,000

SIP Date: 1st of every month (60 installments)

Top-up Percentage: 10%

Top-up Frequency: Annual

<table>
<thead>
<tr>
<th>Installment No(s.)</th>
<th>From Date</th>
<th>To Date</th>
<th>Monthly SIP Installment Amount in Rs. (A)</th>
<th>SIP Top-up Amount in Rs. [10% of (A)] (B)</th>
<th>SIP Top-up Round off Amount in Rs. (3)</th>
<th>SIP installment including Top-up amount in Rs. (A + B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 12</td>
<td>1-Dec-18</td>
<td>1-Nov-19</td>
<td>2,000</td>
<td>N.A.</td>
<td>N.A.</td>
<td>2,000</td>
</tr>
<tr>
<td>13 to 24</td>
<td>1-Dec-19</td>
<td>1-Nov-20</td>
<td>2,000</td>
<td>200</td>
<td>N.A.</td>
<td>2,200</td>
</tr>
<tr>
<td>25 to 36</td>
<td>1-Dec-20</td>
<td>1-Nov-21</td>
<td>2,000</td>
<td>220</td>
<td>N.A.</td>
<td>2,420</td>
</tr>
<tr>
<td>37 to 48</td>
<td>1-Dec-21</td>
<td>1-Nov-22</td>
<td>2,420</td>
<td>242</td>
<td>240</td>
<td>2,660</td>
</tr>
<tr>
<td>49 to 60</td>
<td>1-Dec-22</td>
<td>1-Nov-23</td>
<td>2,660</td>
<td>266</td>
<td>270</td>
<td>2,930</td>
</tr>
</tbody>
</table>

N.A. - Not Applicable

**Top-up cap option:**

Unit holders have an option to cap the SIP Top-up amount based on either a fixed pre-defined amount or date as detailed below:

- **Top-up cap amount:** Investor has an option to cap the SIP Top-up amount once the SIP installment (including Top-up amount) reaches a fixed predefined amount. Thereafter the SIP installment will remain constant till the end of SIP tenure.

  The fixed pre-defined amount should be same as the maximum amount mentioned by the investor in the debit mandate. In case of difference between the cap amount & the maximum amount mentioned in debit mandate, then amount which is lower of the two amounts shall be considered as the default SIP cap amount.

- **Top-up cap month-year:** Investor has an option to provide an end date to the SIP Top-up amount. It is the date from which Top-up to the SIP installment amount will cease and the SIP installment will remain constant till the end of SIP tenure.

  Investor shall have flexibility to choose either top-up cap amount or top-up cap month-year. In case of multiple selections, top-up cap amount will be considered as default selection.

  If none of the above options for Top-up cap is selected by the investor, the SIP Top-up will continue as per the SIP end date and Top-up amount specified by the investor.

**Illustration 1: How to fix Top-up cap amount?**

SIP Period: 01-Jan-2019 to 01-Dec-2021 (3 Years)

Monthly SIP Installment Amount: Rs. 2,000

SIP Date: 1st of every month (36 installments)
Top-up Amount: Rs. 1,000
Top-up Frequency: Half Yearly
Top-up cap amount (including SIP Installment): Rs. 5,000
SIP Installments shall be as follows:

<table>
<thead>
<tr>
<th>Installment No(s.)</th>
<th>From Date</th>
<th>To Date</th>
<th>Monthly SIP Installment Amount in Rs.</th>
<th>SIP Top-up Amount in Rs.</th>
<th>SIP installment including Top-up amount in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 6</td>
<td>1-Jan-19</td>
<td>1-Jun-19</td>
<td>2,000</td>
<td>N.A.</td>
<td>2,000</td>
</tr>
<tr>
<td>7 to 12</td>
<td>1-Jul-19</td>
<td>1-Dec-19</td>
<td>2,000</td>
<td>1,000</td>
<td>3,000</td>
</tr>
<tr>
<td>13 to 18</td>
<td>1-Jan-20</td>
<td>1-Jun-20</td>
<td>3,000</td>
<td>1,000</td>
<td>4,000</td>
</tr>
<tr>
<td>19 to 24</td>
<td>1-Jul-20</td>
<td>1-Dec-20</td>
<td>4,000</td>
<td>1,000</td>
<td>5,000</td>
</tr>
<tr>
<td>25 to 30</td>
<td>1-Jan-21</td>
<td>1-Jun-21</td>
<td>5,000</td>
<td>N.A.</td>
<td>5,000</td>
</tr>
<tr>
<td>31 to 36</td>
<td>1-Jul-21</td>
<td>1-Dec-21</td>
<td>5,000</td>
<td>N.A.</td>
<td>5,000</td>
</tr>
</tbody>
</table>

N.A. - Not Applicable. It may be seen in the above illustration that once the Top-up cap amount (including the SIP installment) reaches Rs. 5,000, the SIP installment amount starting January 1, 2019 remains constant.

Illustration 2: How to fix top-up cap month-year?
SIP Period: 01-Jan-2019 to 01-Dec-2021 (3 Years)
Monthly SIP Installment Amount: Rs. 2,000
SIP Date: 1st of every month (36 installments)
Top-up Amount: Rs. 1,000
Top-up Frequency: Half Yearly
Top-up cap month - year: 01-Jul-2020
SIP Installments shall be as follows:

<table>
<thead>
<tr>
<th>Installment No(s.)</th>
<th>From Date</th>
<th>To Date</th>
<th>Monthly SIP Installment Amount in Rs.</th>
<th>SIP Top-up Amount in Rs.</th>
<th>SIP installment including Top-up amount in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 6</td>
<td>1-Jan-19</td>
<td>1-Jun-19</td>
<td>2,000</td>
<td>N.A.</td>
<td>2,000</td>
</tr>
<tr>
<td>7 to 12</td>
<td>1-Jul-19</td>
<td>1-Dec-19</td>
<td>2,000</td>
<td>1,000</td>
<td>3,000</td>
</tr>
<tr>
<td>13 to 18</td>
<td>1-Jan-20</td>
<td>1-Jun-20</td>
<td>3,000</td>
<td>1,000</td>
<td>4,000</td>
</tr>
<tr>
<td>19 to 24</td>
<td>1-Jul-20</td>
<td>1-Dec-20</td>
<td>4,000</td>
<td>N.A.</td>
<td>4,000</td>
</tr>
<tr>
<td>25 to 30</td>
<td>1-Jan-21</td>
<td>1-Jun-21</td>
<td>4,000</td>
<td>N.A.</td>
<td>4,000</td>
</tr>
<tr>
<td>31 to 36</td>
<td>1-Jul-21</td>
<td>1-Dec-21</td>
<td>4,000</td>
<td>N.A.</td>
<td>4,000</td>
</tr>
</tbody>
</table>

N.A. - Not Applicable. It may be seen in the above illustration that after 1-Jul-2020 (the pre-defined Top up cap month-year), the SIP installment amount remains constant.

The AMC / Trustee reserves the right to change the terms and conditions of this facility at a later date on a prospective basis. The AMC / Trustee reserves the right to withdraw the SIP Top-up facility.

Investors can invest under this facility at periodic intervals by providing post-dated cheques to Official Point(s) of Acceptance. An investor is eligible to issue only one cheque for each month / quarter in the same SIP enrolment form. All SIP cheques under MSIP and QSIP should be of the same amount and same date.
Investors can choose any date of his / her preference as SIP Debit Date. However, in case the chosen date falls on a Non-Business Day or on a day which is not available in a particular month, the SIP will be processed on the immediate next Business Day. In case the SIP Debit date is not indicated, 10th shall be treated as the Default date. The first cheque and subsequent cheque should not fall in the same month in case of MSIP and in the same quarter in case of QSIP. The cheques should be drawn in favour of respective Scheme(s) e.g. "HDFC Scheme Name A/c PAN" or "HDFC Scheme Name A/c Investor Name"; and crossed "A/c Payee only".

On receipt of the post dated cheques, the Fund will send a letter to the Unit holder confirming that the Unit holder's name has been noted for the SIP facility. The cheques will be presented on the dates mentioned on the cheque and subject to realization of the cheque, Units will be allotted at the Applicable NAV. In case the SIP date falls on a holiday or falls during a Book Closure period, the immediate next Business Day will be considered for this purpose.

Investors / Unit holders may also enroll for SIP Auto Debit facility through Electronic Clearing Service (Debit Clearing) of the Reserve Bank of India or for SIP Direct Debit Facility / Standing Instruction Facility available with specified Banks / Branches. In order to enroll for SIP Auto Debit facility or Direct Debit Facility or Standing Instruction, an investor must fill-up the SIP Enrolment Form (for investment through Auto Debit / ECS / Standing Instructions).

The SIP registration will be discontinued in cases where six (6) consecutive installments are not honored or the Bank Account [for OTM / ECS (Debit clearing) / Direct Debit / Standing Instruction] is closed and request for change in bank account is not submitted at least 30 days before the next SIP Auto Debit date.

Investors will have the right to discontinue the SIP facility at any time by sending a written request to any of the Official Point(s) of Acceptance. Notice of such discontinuance should be received at least 15 days prior to the due date of the next installment. On receipt of such request, the SIP facility will be terminated. The balance post-dated cheque/s will be returned to the Investor.

Exit Load, if any, prevailing on the date of enrolment shall be levied in the Scheme.

Transactions Charges shall be deducted from SIP installments, if applicable. For further details, refer to the section ‘Highlights / Summary of the Scheme’ on Page 3.

The AMC / Trustee reserves the right to change / modify load structure and other terms and conditions under the SIP prospectively at a future date.

Please refer to the SIP Enrolment Form for terms & conditions before enrolment.

MICRO SYSTEMATIC INVESTMENT PLAN ("MICRO SIP")/ PAN EXEMPT INVESTMENTS

Investment in mutual fund schemes [including through Systematic Investment Plan (SIP)] upto Rs. 50,000 per year per investor, are exempt from the requirement of PAN. Such PAN exempt SIPs are referred to as Micro SIP.

Investors may make PAN exempt investments subject to the following provisions:

- The limit of Rs. 50,000/- is applicable at an aggregate level (SIP plus lumpsum investments) across all Schemes of the Fund in a rolling 12 month period or in a financial year i.e. April to March.

- This exemption is applicable only to investments by “Eligible Investors” i.e. individuals [including Joint Holders who are individuals, NRIs but not PIOs], Minors and Sole proprietary firms, who do not possess a PAN*. Hindu Undivided Family (HUF) and other categories are not eligible for PAN exemption.

  *In case of joint holders, first holder must not possess a PAN.

- Eligible Investors are required to undergo Know Your Customer (KYC) procedure with any of the SEBI registered KYC Registration Agency (KRA).

- Eligible Investors must attach a copy of the KYC acknowledgement letter containing the PAN Exempt KYC Reference No (PEKRN) issued by the KRA along with the application form. Eligible investors must hold only one PEKRN.

Eligible Investors who wish to enroll for Micro SIP are required to fill in the SIP Enrolment Form available with the ISCs, distributors/agents and also displayed on the website www.hdfcfund.com

All terms and conditions (including load structure and Transaction Charges) of Systematic Investment Plans (SIPs) (except availability of SIP Top-up facility) shall apply to Micro SIPs.
The detailed procedures / requirements for accepting PAN exempt investments, including Micro SIPs, shall be as specified by AMC/Trustee from time to time and their decision in this behalf will be final and binding.

Please refer to the Micro SIP Enrolment Form for terms & conditions before enrolment.

**FLEX SYSTEMATIC INVESTMENT PLAN (FLEXSIP)**

Flex SIP is a facility whereby investors can invest at predetermined intervals in Growth Option of open ended equity and hybrid schemes (the eligible schemes) of the Fund, higher amount(s) determined by a formula linked to value of investments, to take advantage of market movements. The eligible schemes for Flex SIP investments are subject to change from time to time. Investors are requested to contact nearest Investor Service Centre (ISC) of the Fund or email us at cliser@hdfcfund.com or visit our website www.hdfcfund.com for the updated list of eligible schemes.

The first Flex SIP installment (not exceeding Rs. 1 Lakh) will be processed for the fixed amount specified by the Unit holder in the enrolment form. From the second installment onwards, the investment amount shall be higher of:

- Fixed amount to be invested per installment; or
- The amount determined by the formula: (fixed amount to be invested per installment X number of installments including the current installment) - market value of the investments through Flex SIP 2 Business Days prior to the SIP date.

At any given point in time, the subsequent Flex SIP installment amount determined by the above formula shall be capped at 2 times the first Flex SIP installment amount or Rs. 1,99,999/- whichever is lower. The installment amount shall be rounded off to nearest multiple of Re. 1/-.

The total amount invested during the tenure of the Flex SIP shall not exceed the total enrolment amount i.e. fixed amount per installment X total number of installments under the Flex SIP registration. Thus, the last installment amount shall be decided accordingly.

**Illustration**

Flex SIP Enrolment Details:

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>HDFC XYZ Fund - Growth Option (&quot;the Scheme&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installment Date &amp; Frequency of Flex SIP</td>
<td>15th of every month (T)</td>
</tr>
<tr>
<td>Fixed Installment Amount</td>
<td>Rs. 5000/-</td>
</tr>
<tr>
<td>Number of Installments</td>
<td>36</td>
</tr>
<tr>
<td>Total Enrolment Amount</td>
<td>Rs 5000 X 36 = Rs 1,80,000</td>
</tr>
<tr>
<td>Period</td>
<td>January 2019 to December 2021</td>
</tr>
</tbody>
</table>

**i. How would the Flex SIP installment be calculated?**

Calculation of Flex SIP installment amount for instance on the date of the fourth installment i.e. April 15, 2019 (T):

- Total units allotted upto the date of previous installment i.e. March 15, 2019 is assumed as 685.50;
- The Net Asset Value ("NAV") of the Scheme on April 13, 2019 (T-2) is assumed as Rs. 18/- per unit;
- Hence the market value of the investment in the Scheme on April 13, 2019 is Rs. 12,339 [685.50 X 18].

The installment amount will be calculated as follows:

- Fixed amount specified at the time of enrolment: Rs. 5,000/-

Or

As determined by the formula: 
\[ [(5,000 X 4) - 12,339.00] = Rs. 7,661.00 \]

whichever is higher

Hence, the installment amount on April 15, 2019 will be Rs. 7,661/-

**ii. How would maximum Flex SIP installment be calculated?**

Calculation of Flex SIP installment amount for instance on the date of the seventh installment i.e. July 15, 2019 (T):

- Total units allotted upto the date of previous installment i.e. June 15, 2019 is assumed as 1,558.675;
NAV of the Scheme on July 13, 2019 (T-2) is assumed as Rs. 14/- per unit;

Hence the market value of the investment as on July 13, 2019 is Rs. 21,821 [1558.675 X 14].

The installment amount will be calculated as follows:

Fixed amount specified at the time of enrolment: Rs. 5,000/-

or

As determined by the formula: [(5,000 X 7) - 21,821.00] = Rs. 13,179.00

whichever is higher; subject to 2 times the initial installment amount

Hence, the installment amount on July 15, 2019 will be Rs. 10,000/-

iii. How would the Flex SIP instalment be calculated vis-à-vis total enrolment amount?

In the above illustration, the total enrolment amount for Flex SIP is Rs. 1,80,000 (5000 X 36 months).

If the total amount invested in Flex SIP till the 34th month is Rs. 1,77,000, then the 35th installment will be Rs. 3000 (Rs. 1,80,000 - Rs. 1,77,000) and the Flex SIP will cease.

An investor has an option to choose from 5 Flex SIP tenures viz. 3 years, 5 years, 10 years, 15 years and 20 years. If a tenure is not chosen, 5 years shall be the default Flex SIP tenure. The facility offers Monthly Flex Systematic Investment Plan (MFLEX) and Quarterly Flex Systematic Investment Plan (QFLEX) frequencies. In case the frequency is not indicated, Monthly frequency shall be treated as the Default Frequency.

The minimum amount per installment for shall be:

**MFLEX:** Rs. 500/- and in multiples of Rs. 100/- thereafter (For Equity Linked Savings Schemes (ELSS), it shall be Rs. 500/- and in multiples of Rs. 100/- thereafter)

**QFLEX:** Rs. 1500/- and in multiples of Rs. 100/- thereafter (For ELSS, it shall be Rs. 1500/- and in multiples of Rs. 500/- thereafter)

For ELSS Schemes, the amount invested in each installment shall be in multiples of Rs. 500/-. Investors can choose any preferred date of the month as SIP debit date (10th is the default date). In case the chosen date falls on a non-Business Day or on a day which is not available in a particular month, the SIP will be processed on the immediate next Business Day. If an investor chooses more than one date for SIP, separate SIPs shall be registered for each such date as per the frequency selected by the investor. Flex SIP shall be processed only through NACH mode.

**Exit Load, if any, prevailing on the date of Flex SIP enrolment shall govern the investments during the tenure.**

In the following circumstances, the Flex SIP facility may cease and SIP may be processed for the fixed installment amount specified by the unitholder at the time of enrolment:

(a) If there is a reversal of any SIP installment due to insufficient balance or technical reasons; or

(b) If there is redemption/ switch-out of any units allotted under Flex SIP. (Units under a Scheme are redeemed on First In First Out (FIFO) basis, irrespective of the mode of allotment).

Unitholders can discontinue the facility by giving thirty days written notice to any of the Fund’s Investor Service Centres (ISCs). An investor can place a request for cancellation for any one SIP debit date, in case multiple debit dates are chosen.

Top up feature is not available under Flex SIP facility. All other terms and conditions of the SIP facility shall apply mutatis mutandis to the Flex SIP facility. The AMC/Trustee reserves the right to change / modify the terms and conditions of Flex SIP facility or withdraw the facility.

Please refer to the SIP / Flex SIP Enrolment Forms for further details and the terms & conditions before enrolment.

**GROUP SYSTEMATIC INVESTMENT PLAN (GSIP)**

GSIP means the Systematic Investment Plan for participation by the Employee of the Corporate to subscribe to the Units of the Scheme.

GSIP offers investors Monthly Systematic Investment Plan (MSIP).

**There is no maximum duration for GSIP enrolment.**

Under GSIP Corporate can only select the GSIP date. Corporate can choose any date of its preference as GSIP Debit Date. However, in case the chosen date falls on a Non-Business Day or on a day which is not available in a particular
month, the GSIP will be processed on the immediate next Business Day. In case the GSIP Debit date is not indicated, 10th shall be treated as the Default date. All GSIP cheques should be of the same date. The cheques should be drawn in favour of “HDFC Mutual Fund-Corporate Name”, and crossed “A/c Payee Only”. The Corporate must write the ‘Corporate Code Number (‘CCN’)’ on the reverse of the cheque(s). For details Mode of Payment, please refer to Terms and Conditions of GSIP as mentioned in the Application cum Group Systematic Investment Plan (GSIP) Enrolment Form.

Investors investing through GSIP facility, have an option to hold the Units in dematerialized form (except for units offered under the Daily/Weekly/Fortnightly Dividend Options). The units will be allotted in demat form based on the Applicable NAV and will be credited to investor’s Demat Account on weekly basis on realisation of funds. For e.g. Units will be credited to investor’s Demat account every Monday on the basis of realization status received during the last week (Monday to Friday).

Exit Load, if any, prevailing on the date of enrolment shall be levied in the Scheme.

Transactions Charges shall be deducted from SIP installments, if applicable. For further details, refer to the section ‘Highlights / Summary of the Scheme’ on Page 3.

The AMC / Trustee reserve the right to change / modify load structure and other terms and conditions under the GSIP prospectively at a future date.

For further details on GSIP, please refer to Application cum GSIP Enrolment Form.

OTM - ONE TIME MANDATE (‘FACILITY’):

OTM is a simple, convenient and paperless facility that enables the Unit holders to transact in the Schemes of the Fund by submitting OTM - One Time Mandate registration form to the Fund. It is a one - time registration process wherein the Unit holder(s) of the Scheme of the Fund authorizes his/her bank to debit their account upto a certain specified limit based per day, on request received from the Fund, as and when the transaction is undertaken by the Unit holder, without the need of submitting cheque or fund transfer letter with every transaction thereafter. This Facility is only available to Unit holder(s) of the Fund who have been assigned a folio number by the AMC.

Unit Holder(s) are requested to note that the AMC reserves the right to amend the terms and conditions, or modify, or discontinue the Facility for existing as well as prospective investors at anytime in future.

For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions, OTM registration form available at the Investor Service Centres (ISCs) of the Fund and also available on www.hdfcfund.com.

SYSTEMATIC TRANSFER PLAN (STP)

A Unit holder holding units in non-demat form may enroll for the Systematic Transfer Plan and choose to Switch on a daily, weekly, monthly or quarterly basis from one HDFC Mutual Fund scheme to another scheme, which is available for investment at that time. The provision of “Minimum Redemption Amount” of the designated Transferor Scheme(s) and “Minimum Application Amount” of the designated Transferee Scheme(s) shall not be applicable to STP. The amount thus switched shall be converted into Units on the scheduled date and such number of Units will be subtracted from the Unit balance of that Transferor Scheme(s). In case these dates fall on a Holiday or fall during a Book Closure period, the next Business Day will be considered for this purpose. The amount so switched shall be reinvested in the Transferee Scheme / Plan.

Presently STP offers investor two plans viz. Fixed Systematic Transfer Plan (FSTP) with daily, weekly, monthly and quarterly frequency and Capital Appreciation Systematic Transfer Plan (CASTP) with monthly and quarterly frequency. The minimum number of installments under each Plan are as follows.

Under Daily FSTP:
- where installment amount is less than Rs. 1,000/- : 12
- where installment amount is equal to or greater than Rs. 1,000/- : 6

Under Weekly STP:
- Where installment amount is less than Rs. 1,000: 12 installments
- Where installment amount is equal to or greater than Rs. 1,000: 6 installments

However, for weekly STP in equity linked savings schemes, there should be a minimum of 6 installments for enrollment.
Under Monthly FSTP & Monthly CASTP:
- Minimum 6 installments

Under Quarterly FSTP & Quarterly CASTP:
- Minimum 2 installments

Further, the minimum balance in the Unit holders account or the minimum amount of application at the time of enrolment for STP in the Transferor Scheme should be Rs. 12,000.

There will be no maximum duration for STP enrolment.

The amount transferred under the STP from the Transferor Scheme to the Transferee Scheme shall be effected by redeeming units of Transferor Scheme at Applicable NAV, after payment of Exit Load, if any, and subscribing to the units of the Transferee Scheme at Applicable NAV in respect of each STP investment. In case the STP date falls on a Non-Business Day or falls during a book closure period, the immediate next Business Day will be considered for the purpose of determining the applicability of NAV.

Unit holders may change the amount (but not below the specified minimum) by giving written notice to any of the Official Point(s) of Acceptance. Unit holders will have the right to discontinue the STP facility at any time by sending a written request to the Official Point(s) of Acceptance. Notice of such discontinuance should be received at least 10 days prior to the due date of the next transfer date. On receipt of such request, the STP facility will be terminated. STP will be terminated automatically if all the Units are liquidated or withdrawn from the Transferor Scheme or pledged or upon the Fund’s receipt of notification of death or incapacity of the Unit holder.

Exit Load, if any, prevailing on the date of enrolment shall be levied in the Transferee Scheme.

The AMC / Trustee reserves the right to change / modify load structure and other terms and conditions under the STP prospectively at a future date.

Please refer to the STP Enrolment Form for further details and terms and conditions before enrolment.

HDFC FLEX SYSTEMATIC TRANSFER PLAN

HDFC Flex Systematic Transfer Plan (Flex STP) is a facility wherein unit holder(s) holding units in non-demat form of designated open-ended Scheme(s) of HDFC Mutual Fund can opt to transfer variable amount(s) linked to value of investments under Flex STP on the date of transfer at pre-determined intervals from designated open-ended Scheme(s) of HDFC Mutual Fund (hereinafter referred to as “Transferor Scheme”) to the Growth Option of designated open-ended Scheme(s) of HDFC Mutual Fund (hereinafter referred to as “Transferee Scheme”). Flex STP offers transfer facility at daily, weekly, monthly and quarterly intervals. Unitholder is free to choose the frequency of such transfers. The amount to be transferred under Flex STP from Transferor Scheme to Transferee Scheme shall be calculated as follows:

\{(fixed amount to be transferred per installment or the amount as determined by the following formula [(fixed amount to be transferred per installment X number of installments including the current installment) - market value of the investments through Flex STP in the Transferee Scheme on the date of transfer] whichever is higher)\}.

There should be a minimum of 12 installments where installment amount is less than Rs. 1,000/- and a minimum of 6 installments where installment amount is equal to or greater than Rs. 1,000/- under Flex STP - Daily & Weekly Intervals. However, for weekly STP in equity linked savings schemes, there should be a minimum of 6 installments for enrollment. There should be a minimum of 6 installments for enrollment under Flex STP - Monthly Interval and 2 installments under Flex STP - Quarterly Interval. Also, the minimum unit holder’s account balance or a minimum amount of application at the time of Flex STP enrolment in the Transferor Scheme should be Rs. 12,000.

In case the amount to be transferred is not available in the Transferor Scheme in the unit holder’s account, the residual amount will be transferred to the Transferee Scheme and Flex STP will be closed.

The total Flex STP amount invested in the Transferee Scheme shall not exceed the total enrollment amount i.e. amount per installment X number of installments. The amount transferred under the Flex STP from the Transferor Scheme to the Transferee Scheme shall be effected by redeeming units of Transferor Scheme at Applicable NAV, after payment of Exit Load, if any, and subscribing to the units of the Transferee Scheme at Applicable NAV in respect of each Flex STP investment.
Exit Load, if any, prevailing on the date of enrolment shall be levied in the Transferee Scheme.

Unitholders who wish to enroll for this facility are required to fill HDFC Flex STP Enrolment Form available with the ISCs, distributors/agents and also displayed on the website www.hdfcfund.com.

Unit holders may opt for either Swing STP or Flex STP registration in a particular target scheme in a folio. Further, multiple Swing STPs or multiple Flex STP registrations in the same target scheme in a folio will also not be allowed.

The AMC / Trustee reserve the right to change / modify load structure and other terms and conditions under the HDFC Flex STP prospectively at a future date.

Please refer to the HDFC Flex STP Enrolment Form for further details and terms & conditions before enrolment.

**HDFC SWING SYSTEMATIC TRANSFER PLAN**

HDFC Swing Systematic Transfer Plan (Swing STP) is a facility wherein unit holder(s) holding units in non-demat form can opt to transfer an amount at regular intervals from designated open-ended Scheme(s) of HDFC Mutual Fund ("Transferor Scheme") to the Growth Option of designated open-ended Scheme(s) of HDFC Mutual Fund ("Transferee Scheme") including a feature of Reverse Transfer from Transferee Scheme into the Transferor Scheme, in order to achieve the Target Market Value on each transfer date in the Transferee Scheme. Swing STP offers transfer facility at weekly, monthly and quarterly intervals.

The minimum amount per Swing STP installment shall be as follows:

- **Swing STP - Weekly Interval**: Rs. 500 and any amount thereafter.
- **Swing STP - Monthly Interval**: Rs. 1,000 and any amount thereafter.
- **Swing STP - Quarterly Interval**: Rs. 3,000 and any amount thereafter.

There should be a minimum of 12 installments where installment amount is less than Rs. 1,000/- and a minimum of 6 installments where installment amount is equal to or greater than Rs. 1,000/- under Swing STP- Weekly. However, for weekly STP in equity linked savings schemes, there should be a minimum of 6 installments for enrollment. There should be a minimum of 6 installments for enrollment under Swing STP - Monthly Interval and 2 installments under Swing STP - Quarterly Interval. Beginning of quarter could be any month. There is no maximum duration for Swing STP enrollment.

Also, the minimum unit holder’s account balance or a minimum amount of application at the time of Swing STP enrolment in the Transferor Scheme should be Rs. 12,000.

The provision of ‘Minimum Redemption Amount’ as specified in the Scheme Information Document(s) of the respective designated Transferor Scheme(s) (Transferee Scheme(s) in case of Reverse Transfer) and ‘Minimum Application Amount’ specified in the Scheme Information Document(s) of the respective designated Transferee Scheme(s) (Transferor Scheme(s) in case of Reverse Transfer) will not be applicable for Swing STP.

The objective of Swing STP is to achieve the Total Target Market Value in the Transferee Scheme by transferring an amount from the Transferor Scheme at regular intervals in such a way so as to increase the Target Market Value of units in the Transferee Scheme systematically by a fixed amount (i.e. the first installment amount specified by the Unitholder) on the date of each transfer till the tenure of the Swing STP.

The amount to be transferred under Swing STP from Transferor Scheme to Transferee Scheme shall be calculated as follows:

- The first Swing STP installment will be processed for the first installment amount specified by the Unitholder at the time of enrollment.
- From the second Swing STP installment onwards, the transfer amount may be higher/lower than the first installment amount, as derived by the formula stated below:

  \[
  \text{(First installment amount} \times \text{Number of installments including the current installment)} - \text{Market Value of the investments through Swing STP in the Transferee Scheme on the date of transfer)}
  \]

In case the amounts (as specified above) to be transferred are not available in the Transferor Scheme in the unit holder’s account, the residual amount will be transferred to the Transferor Scheme and Swing STP will be closed.

**Reverse Transfer:** On the date of transfer, if the Market Value of the investments in the Transferee Scheme through Swing STP is higher than the first installment amount X number of installments (including the current installment), then a
Reverse Transfer will be effected from the Transferee Scheme to the Transferor Scheme to the extent of the difference in the amount, in order to arrive at the Target Market Value.

The total amount invested through Swing STP over its tenure in the Transferee Scheme, may be higher or lower than the Total Target Market Value of the investment (i.e. the first installment amount X total number of installments specified by the Unitholder). This may be on account of fluctuations in the Market Value of the Transferee Scheme. **If you decide to take up this facility, you should be aware of the possibility, that the total amount invested through Swing STP could be higher or lower than the Total Target Market Value of the investment.**

The redemption/ switch-out of units allotted in the Transferee Scheme shall be processed on First In First Out (FIFO) basis. **In case there is a redemption/ switch-out of any units allotted under Swing STP in the Transferee Scheme by the Unit holder, the balance installments under Swing STP will be processed as a normal STP for the remaining installments by investing the amount indicated as first installment amount, on the date of each transfer over the balance tenure of the Swing STP, subject to availability of unit balance in the Transferor Scheme.**

Swing STP will be automatically terminated if all units are liquidated or withdrawn from the Transferor Scheme or pledged or upon receipt of intimation of death of the unit holder.

Unit holders will have the right to discontinue the Swing STP facility at any time by sending a written request to the OPA. On receipt of such request, the Swing STP facility will be terminated within 15 days.

The amount transferred under the Swing STP from the Transferor Scheme to the Transferee Scheme shall be effected by redeeming units of Transferor Scheme at the Applicable NAV, after payment of Exit Load, if any, and subscribing to the units of the Transferee Scheme at Applicable NAV.

Exit Load, if any, prevailing on the date of enrollment shall be levied on the Transferee Scheme and Transferor Scheme (for units purchased through Reverse Transfer).

Unit holders who wish to enroll for this facility are required to fill HDFC Swing STP Enrolment Form available with the ISCs, distributors/agents and also displayed on the website www.hdfcfund.com.

Unit holders may opt for either Swing STP or Flex STP registration in a particular target scheme in a folio. Further, multiple Swing STPs or multiple Flex STP registrations in the same target scheme in a folio will also not be allowed.

The AMC / Trustee reserve the right to change / modify load structure and other terms and conditions under the HDFC Swing STP prospectively at a future date. **Please refer to the HDFC Swing STP Enrolment Form for further details and terms & conditions before enrolment.**

**DIVIDEND TRANSFER PLAN FACILITY**

Dividend Transfer Plan (DTP) is a facility wherein unit holder(s) of “Source Scheme(s)” of HDFC Mutual Fund can opt to automatically invest the dividend (as reduced by the amount of applicable statutory levy) declared by the eligible Source Scheme(s) into the “Target Scheme(s)” of HDFC Mutual Fund.

DTP facility will be available to unit holder(s) holding units in non-demat form under the Dividend Plan / Option of the Source Scheme(s). However, the DTP facility will not be available to unit holder(s) under the Daily Dividend Option in the Source Scheme(s). Unit holder(s)’ enrolment under the DTP facility will automatically override any previous instructions for ‘Dividend Payout’ or ‘Dividend Reinvestment’ facility in the Source Scheme. For updated list of eligible Source Scheme(s) and Target Scheme(s) the Unit holder is advised to contact nearest Investor Service Centre (ISC) of HDFC Mutual or the distributor or visit our website www.hdfcfund.com.

The dividend amount to be invested under the DTP from the Source Scheme to the Target Scheme shall automatically be invested by subscribing to the units of the Target Scheme on the immediate next Business Day after the Record Date at the applicable NAV of the Target Scheme.

**No Exit Load will be levied on units allotted in the Target Scheme under the Dividend Transfer Plan.**

The AMC / Trustee reserves the right to change/ modify the terms and conditions of the DTP on a prospective basis.

**Please refer to the DTP Enrolment Form for terms and conditions before enrolment.**
SYSTEMATIC WITHDRAWAL ADVANTAGE PLAN (SWAP)
This facility, available to the Unit holders of the Scheme holding units in non-demat form, enables them to withdraw (subject to deduction of tax at source, if any) fixed sum (Fixed Plan) or a variable amount (Variable Plan) from their Unit accounts at periodic intervals (subject to completion of lock-in period, if any). Fixed Plan is available for Growth as well as Dividend Option and Variable Plan is available for Growth Option only for eligible Scheme(s)/Plan(s) under SWAP facility. Unitholder(s) who opt for Fixed Plan under systematic withdrawal from each Scheme/Plan have an option of Monthly, Quarterly, Half-Yearly and Yearly intervals and Unitholder(s) who opt for Variable Plan under systematic withdrawal from each Scheme/Plan have an option of Quarterly, Half-Yearly and Yearly intervals. Unit holder can avail of this facility subject to the terms and conditions contained in the SWAP Enrolment Form, by choosing any date, as applicable, of his/her preference as SWAP withdrawal date. In case the chosen date falls on a holiday or during a Book Closure period or on a date which is not available in a particular month, the immediate next Business Day will be deemed as the SWAP withdrawal date. In case no date is mentioned 25th will be considered as the Default Date.

The amount withdrawn (subject to deduction of tax at source, if any) under SWAP by Redemption shall be converted into the specific Scheme/Plan Units at the NAV based prices as on the SWAP withdrawal date of month/quarter/half-year/year, as applicable, and such Units will be subtracted from the Unit Balance of the Unit holders. If the net asset value of the Units outstanding on the withdrawal date is insufficient to process the withdrawal request, then the Mutual Fund will redeem the Units outstanding in its entirety.

In respect of amount withdrawn under SWAP, the Exit Load, if any, applicable to the Scheme/Plan as on the date of allotment of units in case of lumpsum investments and date of registration in case of units allotted under all Systematic Investment facilities i.e. all types of SIPs/STPs, shall be levied.

Investors may note that if you decide to take up Fixed Plan under SWAP facility, you should be aware of the possibility that you could erode your capital.

Investors can enroll themselves for the facility by submitting the duly completed SWAP Enrolment Form at any of the OPAS.

The AMC/Trustee reserve the right to change/modify the terms and conditions under the SWAP prospectively at a future date.

SWAP facility is available subject to terms & conditions. Please refer to the SWAP Enrolment Form for terms & conditions before enrolment.

NOTE: MINOR ATTAINING MAJOR STATUS
For SIP/STP/SWAP registered prior to April 1, 2011, the AMC/Mutual Fund shall continue to process the existing SIP/STP/SWAP as registered beyond the date of the minor attaining major status till instruction from the major to terminate the SIP/STP/SWAP is received by the AMC/Mutual Fund along with the prescribed documents for change of account status from minor to major, if not submitted earlier.

However, for SIP/STP/SWAP registration requests received on/after April 1, 2011, the Mutual Fund/AMC will register SIP/STP/SWAP in the folio held by a minor only till the date of the minor attaining majority, even though the instructions may be for a period beyond that date. The SIP/STP/SWAP facility will automatically stand terminated upon the Unit Holder attaining 18 years of age.

For folios where the units are held on behalf of the minor, the account shall be frozen for operation by the guardian on the day the minor attains majority and no transactions shall be permitted till the requisite documents for changing the status of the account from ‘minor’ to ‘major’ are submitted.

HDFC FLEXINDEX PLAN
This facility is available to Unit holders holding units in non-demat form of select debt/liquid Schemes to automatically transfer the specified percentage of the amount registered in the Source schemes to select equity schemes on the trigger dates occurring during the period of 1 year from the date of registration. Any Unit holder can avail of this facility subject to terms and conditions contained in the HDFC FLEXINDEX PLAN form.

Presently, Unit holders under the Plan are offered twin enrolment options viz. Flexible Installment option and Fixed Installment option. The minimum Unit holder’s account balance or a minimum amount of investment in the Source scheme at the time of enrolment under the Plan should be Rs. 20,000/- and in multiples of Rs. 1,000/- thereafter. However, the Unit holder has to comply with the provision of Minimum Application Amount in the Source Schemes. The
Unit holders of the Source schemes have to set triggers based on the predetermined event. For the purpose of this Plan, Predetermined event means the reaching or crossing of closing Index (i.e. BSE SENSEX) levels as specified by the Unit holder. Under Flexible Installment option the minimum percentage to be indicated against each Index level trigger is 10% and in multiples of 1% thereafter and under Fixed Installment option the percentage indicated against each Index level trigger is fixed at 25%. The cumulative percentage under each option will be equal to 100.

On the trigger date, the specified percentage of the amount registered will be transferred in the Target Scheme after payment of Exit Load if any, by creation of units in the Target Scheme at the closing NAV of the same day i.e. the trigger date. Exit Load, if any, prevailing on the date of enrolment shall be levied in the Target Scheme.

Once a transaction is processed, the same will not be reversed and it will be final and binding upon the Unit holder. The AMC will require at least 7 calendar days from the date of submission of valid enrolment forms to register the Unit holder under the Plan.

For all predetermined events the amount registered under the Plan shall be computed based on the value of the unit balance in the Source scheme, prevailing on the respective trigger dates. The transactions will be processed by the Fund only after verifying that the registered amount on each trigger date is equal to or more than the percentage value of the flexible/fixed trigger options (as indicated by the Unit holders). In case the value of the unit balance in the Source scheme on the trigger date is less than the percentage value of the flexible/fixed trigger options or the balance is nil, then the said trigger will not be processed.

In case the date of redemption request and the trigger date coincide i.e. the date of receipt of redemption request from the Unit holder in the Source scheme and the date of event trigger date happens to be the same date, then, the redemption transaction will always be processed first. In case in there is an all unit redemption and Unit balance in the Source scheme is reduced to Nil even then the Plan will continue for a period of 1 year from the date of registration.

On completion of 1 year from the date of registration, in case Nil Triggers or few Triggers are activated, then the balance of the amount registered under the Plan will be automatically transferred into the Target scheme in 6 equal monthly installments on 1st of every month (or immediately following business day, if that day is not a business day), provided the balance amount is not less than the minimum amount of transfer per installment under Systematic Transfer Plan (STP) of the respective Target schemes. Load Structure as prevailing under STP will be applicable and the transfers will be subject to STP terms and conditions.

In case, the balance amount registered under the Plan falls below the minimum amount of transfer per installment under STP, the same shall continue to remain invested in the Source scheme. The provision of ‘Minimum Redemption Amount’ as specified in the Scheme Information Document(s) of the Source schemes will not be applicable for HDFC FLEXINDEX PLAN. Whereas, the provision of ‘Minimum Application Amount’ specified in the Scheme Information Document(s) of the Target schemes will be applicable for HDFC FLEXINDEX PLAN.

Investors who wish to enroll for the Plan are required to fill the HDFC FLEXINDEX PLAN enrolment form available with the ISCs, distributors/agents and also displayed on the website www.hdfcfund.com. The Enrolment Form complete in all respects should be submitted at any of the Official Point(s) of Acceptance (OPA) of HDFC Mutual Fund.

Unit holders will have the right to discontinue the Plan at any time by sending a written request to the OPA. Notice of such discontinuance shall be made effective within 7 calendar days from the date of receipt of the said request. Triggers, which may get activated until the effective date of discontinuation shall be processed in accordance with the terms, laid hereinabove.

The Trustee reserves the right to change the terms and conditions of the Plan at a later date on a prospective basis.

Please refer to the HDFC Flexindex Plan Enrolment Form for terms and conditions before enrolment.

AUTOMATIC TRIGGER FACILITY

Under this facility, a Unit holder holding units in non-demat form may opt for withdrawal and / or switch based on the Unit balance attaining a minimum capital appreciation / gains, events, dates etc (subject to deduction of tax at source, if any). The Units will be redeemed as and when the balance reaches a desired value or after certain period of time etc. In case of triggers linked with
events / dates, on realisation of gains, a specified amount / full amount / gains / appreciation etc. would be redeemed and paid either on the investment attaining a particular value or after a particular period of time. Unit holders can enroll themselves for the facility by filling in the appropriate box in the Application Form or by subsequently making a written request to the ISC.

Please read the instructions on the Application Form for further details.

SWITCHING OPTIONS
Unit holders under the Scheme holding units in non-demat form have the option to Switch part or all of their Unit holdings in the Scheme to another scheme established by the Mutual Fund, or within the Scheme from one Plan / Option to another Plan / Option (subject to completion of lock-in period, if any) which is available for investment at that time, subject to applicable exit load. This Option will be useful to Unit holders who wish to alter the allocation of their investment among the Scheme(s) / Plan(s) / Option(s) of the Mutual Fund in order to meet their changed investment needs.

The Switch will be effected by way of a Redemption of Units [On a First In First Out (FIFO) basis] from the Scheme / Plan and a reinvestment of the Redemption proceeds in the other Scheme / Plan and accordingly, to be effective, the Switch must comply with the Redemption rules of the Scheme and the issue rules of the other scheme (e.g. as to the minimum number of Units that may be redeemed or issued, Exit / Entry Load etc). The price at which the Units will be Switched out of the Scheme will be based on the Redemption Price, and the proceeds will be invested in the other Scheme / Plan at the prevailing sale price for units in that Scheme / Plan.

Exit Load for switches within the Scheme:
(i) No exit load shall be levied for switching between Options under the same Plan within the Scheme.
(ii) Switch of investments from Regular Plan to Direct Plan under the same Scheme/ Plan shall be subject to applicable exit load, unless the investments were made directly i.e. without any distributor code. However, any subsequent switch-out or redemption of such investments from Direct Plan will not be subject to any exit load.
(iii) No exit load shall be levied for switch-out from Direct Plan to Regular Plan under the same Scheme/ Plan. However, any subsequent switch-out or redemption of such investment from Regular Plan shall be subject to exit load based on the original date of investment in the Direct Plan.

The Switch request can be made on a pre-printed form or by Transaction Slip which should be submitted at / may be sent by mail to any of the Official Point(s) of Acceptance.

The AMC reserves the right to modify the load structure for Switching between Plans within the Scheme(s) or Options within the respective Plans at a future date.

FACILITY TO PURCHASE / REDEEM UNITS OF THE SCHEME THROUGH STOCK EXCHANGE(S).
A Unitholder may purchase / redeem units of eligible Plan(s) under the Scheme through the Stock Exchange infrastructure. Please refer to the website of the Fund for the eligible Plan(s) available for purchase/redemption through infrastructure of various stock exchanges.

This facility i.e. purchase / redemption of units will be available to both existing and new investors. The investors will be eligible to only purchase / redeem units of the eligible Scheme(s)/Plan(s). The list of eligible schemes is subject to change from time to time. Switching of units is not permitted. Investors have an option to hold the units in physical or dematerialized form. In order to facilitate transactions in mutual fund units through the stock exchange infrastructure, BSE has introduced BSE StAR MF Platform and NSE has introduced Mutual Fund Service System (MFSS). All trading members of BSE & NSE who are registered with AMFI as Mutual Fund Advisors and who have signed up with HDFC Asset Management Company Limited and also registered with BSE & NSE as Participants (“AMFI certified stock exchange brokers” or “Brokers”) are eligible to offer this facility to investors. Additionally, the units of the Scheme are permitted to be transacted through Clearing Members of the registered Stock Exchanges. Further, the Depository Participants of registered Depositories are permitted to process only redemption request of units held in demat form.

The units of eligible Schemes are not listed on BSE & NSE and the same cannot be traded on the Stock Exchange. The window for purchase/redemption of units on BSE & NSE will be available between 9 a.m. and 3 p.m. or such other timings as may be decided. Investors who are interested in transacting in eligible Scheme(s)/ Plan(s) should register themselves with Brokers/Clearing Members/ Depository Participants.
The eligible AMFI certified stock exchange Brokers/Clearing Members/Depository Participants who have complied with the conditions stipulated in SEBI Circular No. SEBI /IMD / CIR No.11/183204/2009 dated November 13, 2009 for stock brokers viz. AMFI /NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund will be considered as Official Points of Acceptance (OPA) of the Mutual Fund.

Investors will be able to purchase/redeem units under the Scheme in the following manner:

i. Purchase of Units:
   a. Physical Form
      • The investor who chooses the physical mode is required to submit all requisite documents along with the purchase application (subject to applicable limits prescribed by BSE/NSE) to the Brokers or Clearing Members.
      • The Broker/Clearing member shall verify the application for mandatory details and KYC compliance.
      • After completion of the verification, the purchase order will be entered in the Stock Exchange system and an order confirmation slip will be issued to investor.
      • The investor will transfer the funds to the Brokers/Clearing Members.
      • Allotment details will be provided by the Brokers/Clearing Members to the investor.
   b. Dematerialized Form
      • The investors who intend to hold units in demat form are required to have a demat account with CDSL/ NSDL.
      • The investor who chooses to hold units in demat form is required to place an order for purchase of units (subject to applicable limits prescribed by BSE/NSE) with the Brokers or Clearing Members.
      • The investor should provide their depository account details to the Brokers/ Clearing Members.
      • The purchase order will be entered in the Stock Exchange system and an order confirmation slip will be issued to investor.
      • The investor will transfer the funds to the Brokers/ Clearing Members.
      • Investors shall receive the units through Broker/ Clearing Member's pool account. The AMC/ Mutual Fund shall credit the units into Broker/ Clearing Member's pool account and Broker/Clearing Member in turn shall credit the units to the respective investor's demat account. (Refer Note 1 below)
      • Such credit of units by the AMC/ Mutual Fund to the Broker / Clearing Member's pool account shall discharge AMC/ Mutual Fund of its obligation of allotment of units to the individual investor.
      • Allotment details will be provided by the Brokers/ Clearing Members to the investor.

Note 1: Facility for Direct Credit of units into investor's demat account is available only on orders routed through NSE's MFSS platform.
   • The Brokers shall indicate direct payout of Units to investor's specified demat account at the time of placing the order.
   • The Clearing Corporation shall consider the details provided by the Brokers as final and correct and shall not be responsible for any incorrect details provided by the Brokers. The Brokers shall be fully responsible for any erroneous details.
   • For valid subscription orders, all the units as allotted by the AMC/ RTA, shall be settled into the investors's account as provided by the Broker.
   • If the credit to the beneficiary accounts of the client fails for e.g. on account of incorrect or inactive account details, the units shall be transferred to AMC's pool Account. An intimation for such unit credit shall be given to the Broker by the RTA.
   • AMC/RTA on receipt of such units in its pool account, shall convert the units in non-demated mode/ physical mode within T+2 working days (T being the date of transfer of units to AMC pool account).
   • AMC/RTA shall send a communication to the investor either by email or by sending a physical copy of Statement of Account once the units are converted to non-demated mode.
ii. Redemption of Units:

a. Physical Form

- **Routed through Brokers/Clearing Members**
  - The investor who chooses the physical mode is required to submit all requisite documents along with the redemption application (subject to applicable limits prescribed by BSE/NSE) to the Brokers or Clearing Members.
  - The redemption order will be entered in the Stock Exchange system and an order confirmation slip will be issued to investor.
  - The redemption proceeds will be credited to the bank account of the investor, as per the bank account details recorded with the Mutual Fund.

b. Dematerialized Form

- **Routed through Brokers/Clearing Members**
  - The investors who intend to hold units in demat form are required to have a demat account with CDSL/NSDL and units converted from physical mode to demat mode prior to placing of redemption order.
  - The investor who chooses to hold units in demat from is required to place an order for redemption (subject to applicable limits prescribed by BSE/NSE) with the Brokers or Clearing Members.
  - The investors should provide their Depository Participant with Depository Instruction Slip with relevant units to be credited to Clearing Corporation pool account.
  - The redemption order will be entered in the system and an order confirmation slip will be issued to investor.
  - Investors shall receive redemption amount through Broker/Clearing Member's account. The AMC/Mutual Fund shall pay proceeds to the Broker/Clearing Member and Broker/Clearing Member in turn to the respective investor's account.
  - Such payment of redemption proceeds by the AMC/Mutual Fund to the Broker/Clearing Member shall discharge the AMC/Mutual Fund of its obligation of payment to the individual investor.

- **Routed Through Depository Participants**
  - The investors who intend to deal in Depository mode are required to have units in the demat account maintained with CDSL/NSDL prior to placing of redemption order with their Depository Participant.
  - The investors should provide their Depository Participant with Depository Instruction Slip with relevant Scheme ISIN and units to be redeemed.
  - The redemption proceeds will be credited to the bank account of the investor, as per the bank account details recorded with the Depository Participant.

iii. Switch Transactions

The switch of units of mutual fund schemes is available on Stock Exchange infrastructure viz. BSE StAR MF Platform for transactions carried both in demat and physical mode. The investors will be able to switch the units from/to the Eligible Schemes of the Fund through BSE StAR MF Platform.

The switch transactions can also be carried through other Stock Exchange infrastructure as and when such a facility is made available by the concerned Stock Exchange. The switch facility through the Stock Exchange(s) infrastructure will be in accordance with the procedures and guidelines issued by the respective Stock Exchange(s) from time to time.

The Trustee reserves the right to change/modify the features of the facility to transact through the Stock Exchange(s) infrastructure on a prospective basis.

Transactions routed through distributors/RIAs

- Distributors/RIAs registered with Association of Mutual Funds in India (AMFI) and permitted by the concerned recognized stock exchanges shall be eligible to use recognized stock exchanges' infrastructure to purchase and redeem mutual fund units (Demat/Non Demat) on behalf of their clients, directly from Mutual Fund.
- Distributors/RIAs shall not handle pay out/pay in of funds as well as units on behalf of investor.
- Pay in of funds will be directly received by recognized Clearing Corporation and payout of funds will be directly made to investor account. In the same manner, units shall be credited and debited directly from the demat account/
Folio of investors in case of Demat/Non-demat transactions respectively. Unitholders are requested to note that request for conversion of units held in Account Statement (non-demat) form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants.

Applications for purchase/redemption of units which are incomplete /invalid are liable to be rejected. Separate folios will be allotted for units held in physical and demat mode. The applicability of NAV will be subject to guidelines issued by SEBI on Uniform cut-off timings for applicability of NAV of Mutual Fund Scheme(s)/Plan(s). In case of non-financial requests/applications such as change of address, change of bank details, etc. investors should approach Official Point(s) of Acceptance (OPA) of HDFC Mutual Fund if units are held in physical mode and the respective Depository Participant(s) if units are held in demat mode. An account statement will be issued by HDFC Mutual Fund to investors who purchase/ redeem their units under this facility in physical mode. In case of investors who intend to deal in units in depository mode, a demat statement will be sent by Depository Participant showing the credit/debit of units to their account.

Investors will have to comply with Know Your Customer (KYC) norms as prescribed by BSE/NSE/CDSL/ NSDL and the Mutual Fund to participate in this facility. Investors should contact the OPA of HDFC Mutual Fund for further details.

The facility to transact units through the stock exchange infrastructure shall be in accordance with SEBI Circular No. SEBI /IMD / CIR No.11/183204/ 2009 dated November 13, 2009, No. CIR/IMD/DF/17/2010 dated November 9, 2010, No. CIR/MRD/DSA/32/2013 dated October 4, 2013 and No. CIR/MRD/ DSA/33/2014 December 9, 2014 as amended from time to time as also in accordance with the procedures and guidelines issued by the respective Stock Exchanges and the Depositories from time to time.

The Trustee reserves the right to change/modify the features of this facility at a later date.

**TRANSACTIONS THROUGH “CHANNEL DISTRIBUTORS”**

Investors may enter into an agreement with certain distributors (with whom AMC also has a tie up) referred to as “Channel Distributors” who provide the facility to investors to transact in units of mutual funds through various modes such as their website / other electronic means or through Power of Attorney in favour of the Channel Distributor, as the case may be.

Under such arrangement, the Channel Distributors will aggregate the details of transactions (viz. subscriptions/redemptions/switches) of their various investors and forward the same electronically to the AMC / RTA for processing on daily basis as per the cut-off timings applicable to the relevant schemes.

The Channel Distributor is required to send copy of investors’ KYC Proof and agreement entered into between the investor and distributor to the AMC / RTA (one time for central record keeping) as also the transaction documents / proof of transaction authorization as the case may be, to the AMC / RTA as per agreed timelines.

In case KYC Proof and other necessary documents are not furnished within the stipulated timeline, the transaction request, shall be liable to be rejected.

Normally, the subscription proceeds, when invested through this mode, are by way of direct credits to the specified bank account of the Fund. The Redemption proceeds (subject to deduction of tax at source, if any) and dividend payouts, if any, are paid by the AMC to the investor directly through direct credit in the specified bank account of the investor or through issuance of payment instrument, as applicable.

It may be noted that investors investing through this mode may also approach the AMC / OPA (Official Point(s) of Acceptance directly with their transaction requests (financial / non-financial) or avail of the online transaction facilities offered by the AMC.

The Mutual Fund, the AMC, the Trustee, along with their directors, employees and representatives shall not be liable for any errors, damages or losses arising out of or in connection with the transactions undertaken by investors / distributors through above mode.

**SUBSCRIPTION OF UNITS THROUGH ELECTRONIC MODE**

Subject to an investor fulfilling applicable terms and conditions as may be stipulated by the AMC from time to time, the AMC/ Mutual Fund/ Registrar/ or any other agent or representative of the AMC/ Mutual Fund/ Registrar (“Recipient”) may accept instructions/transaction requests transmitted through fax /web / any other electronic mode as may be permitted by the AMC from time to time (hereinafter referred to as "electronic transactions") by such investor.
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(hereinafter referred to as "transmitter").

The acceptance of the electronic transactions will be solely at the risk of the transmitter and the Recipient shall not be liable and/or responsible for any loss or damage caused to the transmitter directly and/or indirectly, as a result of sending and/or purporting to send such electronic transactions including where such electronic transactions sent / purported to be sent is not processed by the Recipient for any reason whatsoever.

The transmitter acknowledges that electronic transactions is not a secure means of giving instructions / transactions requests and is aware of the risks involved including but not limited to such instructions/requests being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc.

The transmitter acknowledges that the request to the Recipient to act on any electronic transactions is for the transmitter's convenience and the Recipient is not obliged or bound to act on the same.

The transmitter authorizes the Recipient to accept and act on the electronic transactions that the Recipient believes in good faith to be given by the transmitter duly signed. The Recipient at its discretion may treat such electronic transactions as final for all record purposes.

In case there is any discrepancy between the particulars mentioned in the electronic transactions and the original document/s that may be received thereafter, the Recipient shall not be liable for any consequences arising therefrom.

The transmitter agrees that security procedures adopted by the Recipient may include signature verification, telephone call backs or a combination of the same, that may be recorded by tape recording device and the transmitter consents to such recording and agrees to co-operate with the Recipient to enable confirmation of such electronic transactions.

The transmitter accepts that the electronic transactions shall be time stamped (wherever required) upon receipt by the Recipient in accordance with SEBI (MF) Regulations.

In consideration of the Recipient accepting and at its sole discretion acting on any electronic transactions received / purporting to be received from the transmitter, the transmitter hereby agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustee (hereinafter referred to as ‘indemnified parties’) from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from and/or in connection with or in any way relating to the indemnified parties in good faith accepting and acting on the electronic transactions.

The AMC reserves the right to modify the terms and conditions and/or to discontinue the facility at any time. On availing this facility, transmitter will unequivocally be bound by what is stated above.

ELECTRONIC SERVICES

The Services facility includes HDFCMFOnline Investors, a Unitholders transaction portal. The AMC/Fund may at its sole discretion offer/discontinue any and/or all of the Services facilities offered to any Unitholder in the event the facility is restricted under the applicable jurisdictional laws of such Unitholder.

HDFCMFOnline Investors

The Fund's website www.hdfcfund.com offers this facility to enable Unitholders to execute purchases, redemptions, switches and systematic registrations. In addition, a Unitholder can seek account details, view his portfolio's valuation, download account statements, request for documents and avail such other services as may be introduced by the Fund from time to time. HDFCMFOnline Investors is also available as an app on mobile devices. Unitholders can have access by downloading the app.

Alerts

Unit holders can receive SMS confirmations for transactions such as purchases, redemptions or switches, dividends declared, if any, and any other alerts.

For further details and the terms and conditions applicable for availing Services, please visit our website www.hdfcfund.com

TRANSACTIONS THROUGH MF UTILITY ("MFU")

The AMC has entered into an Agreement with MF Utilities India Private Limited ("MFUI"), a “Category II - Registrar to an Issue” under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility ("MFU") a “Shared Services” initiative formed by the Asset Management Companies of
SEBI registered Mutual Funds under the aegis of Association of Mutual Funds in India (AMFI). MFU acts as a transaction aggregation portal for enabling transactions in multiple Schemes of various Mutual Funds with a single form and a single payment instrument. Both financial and non-financial transactions pertaining to Scheme(s) of HDFC Mutual Fund (the Fund) can be done through MFU at the authorized Points of Service (POS) of MFUI. The details of POS with effect from the respective dates published on MFU website at www.mfuindia.com will be considered as Official Point of Acceptance (OPA) for transactions in the Scheme(s) of the Fund.

Additionally, such transactions can also be carried out electronically on the online transaction portal of MFU at www.mfuonline.com as and when such a facility is made available by MFUI and that the same will be considered OPA for transactions in the Scheme(s) of the Fund.

The key features of MFU are:

1. Investors will be required to obtain Common Account Number ("CAN") for transacting through MFU.
2. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the Point of Service (POS) of MFUI. HDFC AMC and / or CAMS, Registrar and Transfer Agent (RTA) of the Fund shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU.
3. Investors will be allotted a CAN, a single reference number for all investments across Mutual Funds, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any.
4. Currently, the transactions facilitated through MFU for the investors are:
   (i) CAN registration;
   (ii) Submission of documents to KRAs for KYC Registration;
   (iii) Financial transactions like Purchases, Redemptions and Switches, Registration of Systematic Transactions like Systematic Investments (SIP) using a single Mandate, Systematic Withdrawals (SWP) and Systematic Transfers (STP);
   (iv) Non-financial transactions (NFT) like Bank Account changes, facilitating change of address through KRAs etc. based on duly signed written requests from the Investors.
5. The CRF and other relevant forms for transacting through MFU can be downloaded from MFUI website at www.mfuindia.com or can be obtained from MFUI POS.
6. Investors transacting through MFU shall be deemed to have consented to exchange of information viz. personal and / or financial (including the changes, if any) between the Fund / HDFC AMC and MFUI and/or its authorized service providers for validation and processing of transactions carried out through MFU.
7. For details on carrying out the transactions through MFU or any queries or clarifications related to MFU, investors are requested to contact the Customer Care of MFUI on 1800-266-1415 (during the business hours on all days except Sunday and Public Holidays) or send an email to clientservices@mfuindia.com. Investors of the Fund can also get in touch with Investor Service Centres (ISCs) of HDFC AMC to know more about MFU.
8. For any escalations and post-transaction queries pertaining to Scheme(s) of the Fund, the Investors are requested to get in touch with the ISCs of HDFC AMC.

The transactions carried out through MFU shall be subject to the terms & conditions as may be stipulated by MFUI / Fund / HDFC AMC from time to time. The terms & conditions of offering of the Scheme(s) of the Fund as specified in the Scheme Information Document (SID), Key Information Memorandum (KIM) and Statement of Additional Information (SAI) shall be applicable to transactions through MFU.

**Account Statements**

**APPLICABLE TO INVESTORS WHO OPT TO HOLD UNITS IN NON-DEMAT FORM**

- The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/or mobile number.
- A consolidated account statement for each calendar month to the Unit holder(s) in whose folio(s) transaction(s) has/have taken place during the month on or before 10th of the succeeding month shall be sent by mail or e-mail.
In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/account statement.

The transactions viz. purchase, redemption, switch, dividend payout, etc., carried out by the Unit holders shall be reflected in the CAS on the basis of Permanent Account Number (PAN).

The CAS shall not be received by the Unit holders for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN.

For folios not included in the CAS (due to non-availability of PAN), the AMC shall issue monthly account statement to such Unit holder(s), for any financial transaction undertaken during the month on or before 10th of succeeding month by mail or email.

For folios not eligible to receive CAS (due to non-availability of PAN), the AMC will issue an account statement (reflecting transactions of the Fund) to the investors within 5 Business Days from the receipt of such request, by mail/email.

The Unit holder may request for a physical account statement by writing to/calling the AMC/ISC/RTA. The Mutual Fund/AMC shall despatch an account statement within 5 Business Days from the date of the receipt of request from the Unit holder.

Half Yearly Consolidated Account Statement:

CAS detailing holding across all schemes at the end of every half-year (i.e. September/March), on or before 10th day of succeeding month, shall be sent by mail/e-mail to all Unit holders holding units in non-demat form, excluding those Unit holders who do not have any holdings in the schemes of the Fund and where no commission against their investment has been paid to distributors, during the concerned half-year period.

The half yearly consolidated account statement will be sent by e-mail to the Unit holders whose e-mail address is registered with the Fund, unless a specific request is made to receive in physical.

APPLICABLE TO INVESTORS WHO HAVE A DEMAT ACCOUNT AND OPT TO HOLD UNITS IN NON-DEMAT FORM: (Pursuant to the provisions of SEBI Circular No. CIR/MRD/DP/31/2014 dated November 12, 2014)

MONTHLY SCAS:

A single Securities Consolidated Account Statement ('SCAS')^ for each calendar month to the Unit holder(s) who are holding a demat account ('Beneficial Owner(s)') in whose folio(s) transaction(s) has/have taken place during the month on or before 10th of the succeeding month shall be sent by mail/e-mail.

^Securities Consolidated Account Statement ('SCAS') shall contain details relating to all the transaction(s)** carried out by the Beneficial Owner(s) (including transaction charges paid to the distributor) across all schemes of all mutual funds and transactions in securities held in dematerialized form across demat accounts, during the month and holdings at the end of the month.

**transaction(s) shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal advantage plan, systematic transfer plan, bonus transactions, etc.

For the purpose of sending SCAS, common investor(s) across mutual funds and the database of Depositories shall be identified based on the Permanent Account Number (PAN). In case of multiple holding, identification shall be based on the PAN of the first holder and the pattern of holding.

The SCAS will be sent by e-mail to the investor(s) whose e-mail address is registered with the Depositories. In case an investor does not wish to receive SCAS through e-mail, an option shall be given by the Depository to receive SCAS in physical.

The SCAS shall not be received by the Unit holder(s) for the folio(s) not updated with PAN and/or KYC details. The Unit holder(s) are therefore requested to ensure that the folio(s) are updated with their PAN/KYC.
Where PAN is not available, the account statement shall be sent to the Unit holder by the AMC.

In case of a specific request received from the Unit holder(s), the AMC/Fund will provide an account statement (reflecting transactions of the Fund) to the Unit holder(s) within 5 Business Days from the receipt of such request.

In case an investor does not wish to receive SCAS, an option shall be given by the Depository to indicate negative consent.

Investor(s) having multiple demat accounts across the Depositories shall have an option to choose the Depository through which the SCAS will be received.

**PERIODIC SCAS:**

- Half-yearly (i.e. September/ March) SCAS shall be issued to all investors, excluding those investors who do not have any holdings in the mutual fund schemes and where no commission against their investment has been paid to distributors, during the concerned half-year period, detailing holding across all schemes of mutual funds and securities held in dematerialized form across demat accounts shall be sent by Depositories to investors at the end of every six months (i.e. September/ March), on or before 10th day of succeeding month.

- The half yearly SCAS will be sent by mail/e-mail as per the mode of receipt opted by the investors to receive monthly SCAS.

- In case of demat accounts with NIL balance and no transactions in mutual fund folios and in securities, the depository shall send physical statement to investor(s) in terms of regulations applicable to Depositories.

Investors who are not eligible for receiving SCAS shall continue to receive a monthly account statement from the AMC.

**Note:** Pursuant to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016, the following additional disclosures will be provided in the CAS issued to the investors:

- Each CAS/SCAS shall also provide the total purchase value / cost of investment in each scheme.

- CAS/SCAS issued for the half-year ended September / March shall also provide (i) the amount of actual commission paid by the AMC/ Fund to distributors (in absolute terms) during the half-year period, and (ii) the scheme’s average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the half-year period for the scheme’s applicable Option (regular or direct or both) where the concerned investor has actually invested in.

- The term ‘commission’ refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by the AMC/Fund to distributors. Further, a mention may be made in such CAS/SCAS indicating that the commission disclosed is gross commission and does not exclude costs incurred by distributors such as GST (wherever applicable, as per existing rates), operating expenses, etc.

**APPLICABLE TO INVESTORS WHO OPT TO HOLD UNITS IN DEMAT FORM**

The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business Days of receipt of valid application/transaction to the Unit holders registered e-mail address and/or mobile number. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DP / Depositories periodically.

**COMMUNICATION BY EMAIL**

For those Unit holders who have provided an e-mail address, the AMC will send the communication/Account Statement by email. Unit holders will be required to download and print the documents after receiving e-mail from the Mutual Fund. Should the Unit holder experience difficulty in accessing the electronically delivered documents, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. It is deemed that the Unit holder is aware of all security risks including possible third party interception of the documents and contents of the documents becoming known to third parties.

**Dividend**

- The dividend proceeds will be paid directly into the Unitholder's bank account through various electronic payout modes such as Direct credit/NEFT/RTGS/ECS/NECS etc. unless the Unitholder has opted to receive the proceeds through Warrant/Cheque/Demand Draft.
- The proceeds will be paid in favour of the Unit holder (registered holder of the Units or, if there is more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund (please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI, even in cases where investments are made in cash). Warrant/Cheque/Demand Draft will be sent to the Unit holders address (or, if there is more than one holder on record, the address of the first-named Unit holder).

- The dividend warrants /cheque / demand draft shall be despatched to the Unitholders within 30 days of the date of declaration of dividend. In the event of failure of despatch of dividend within the stipulated 30 day period, the AMC shall be liable to pay interest @ 15% per annum to the Unitholders.

- For units held in demat form: The Dividend proceeds will be credited to the bank account of the Unitholder, as per the bank account details recorded with the Depository Participant through electronic payout modes or by forwarding a Warrant / Cheque / Demand Draft based on the list provided by the Depositories (NSDL/ CDSL) giving the details of the demat account holders and the number of Units held by them in demat form on the Record date.

### Redemption

#### Payment of Redemption Proceeds

Unitholders will receive redemption proceeds directly into their bank account through various electronic payout modes such as Direct credit/ NEFT/RTGS/ECS/NECS etc. unless they have opted to receive the proceeds through Cheque/Demand Draft.

Redemption proceeds will be paid in favour of the Unit holder (registered holder of the Units or, if there is more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund (please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI, even in cases where investments are made in cash). Redemption cheques will be sent to the Unit holders address (or, if there is more than one holder on record, the address of the first-named Unit holder).

As per SEBI (MF) Regulations, the Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of the Redemption date. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid by the AMC in case the Redemption proceeds are not dispatched within 10 Business Days of the Redemption date.

However, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption proceeds cheque within 3-4 Business Days from the date of redemption.

On an ongoing basis, when existing and new investors make subscriptions, a lien on Units allotted will be created, and such Units shall not be available for redemption until the payment proceeds are realised by the Scheme. In case the cheque / draft is dishonoured by the bank, the transaction shall be reversed and the Units allotted earlier shall be cancelled, and a fresh Account Statement shall be dispatched to the Unit holder. In case a Unit holder requests for redemption of “ALL UNITS” soon after making purchase, where the funds have not have not yet been realized, only “FREE UNITS” i.e. where funds have been clearly realized, will be redeemed. Units will be redeemed on First In First Out (FIFO) basis.

#### For units held in demat form

Unitholders should submit their valid redemption request to their Depository Participant (DP). The redemption proceeds will be credited to the bank account of the Unitholder, as per the bank account details recorded with the DP through electronic modes or by forwarding a Cheque / Draft.

#### Redemption by NRIs/ PIOs/ OCIs/ FII/ FPIs

Payment to NRI/ PIOs/ OCI/ FI/ FPI Unit holders will be subject to the relevant laws/ guidelines of the RBI as are applicable from time to time (also subject to deduction of tax at source as applicable).
In the case of NRIs/ PIOs/ OCIs

Subject to RBI/FEMA Regulations, redemption proceeds may be:

(i) Credited to the Unitholder’s NRO account, where the payment for the purchase of the Units redeemed was made out of funds held in NRO account; or

(ii) Credited at the Unitholder’s option to the NRE / FCNR/ NRO account, where the Units were purchased on repatriation basis and the payment for such purchase was made by inward remittance through normal banking channels or out of funds held in NRE/ FCNR account of the Unitholder; or

(iii) Remitted abroad.

In the case of FIs

The Fund will credit the net amount of redemption proceeds of such Units to the foreign currency account or Non-Resident Rupee Account of the FI.

In the case of FPIs

The Fund will credit the net amount of redemption proceeds of such Units to the foreign currency account or Special Non-Resident Rupee Account of the FPI.

BANK DETAILS

In order to protect the interest of Unit holders from fraudulent encashment of redemption / dividend cheques, SEBI has made it mandatory for investors to provide their bank details viz. name of bank, branch, address, account type and number, etc. to the Mutual Fund. Payment will be made only in the Bank Account registered with the Mutual Fund. This also applies to cases where investments are made through cash payments. Applications without complete bank details shall be rejected. Further, it will be mandatory for the investors to submit any one of the documentary proof mentioned in point No.1, 2 and 3 as detailed in procedure under section “Change in Bank Account” on Page 68 in case the pay-out bank account details (i.e. bank account for receipt of redemption/ dividend proceeds) mentioned in the application form for subscription under a new folio is different from pay-in bank account details (i.e. bank account from which a subscription payment is being made). The Fund / AMC / Trustee reserves the right to call for such other information and documents as may be required from the investors. Investors are requested to note that applications for new folio creation submitted (wherein pay-out bank details is different from payin bank details) without any of the required documentary proof relating to pay-out bank account details will be treated as invalid and liable to be rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques/ warrants and/ or any delay/ loss in transit.

In case Unit holder has not provided the bank details at the time of making investment (pertains to the period when bank details were not mandatory), redemption requests should be submitted along with the following documents:

1. Any one of the following documents:
   1.1. Cancelled original cheque leaf (where first Unit holder name and bank account number printed on the face of the cheque). Unit holders should without fail cancel the cheque and write 'Cancelled' on the face of it to prevent any possible misuse;
   1.2. Self attested copy of the bank pass book or a statement of bank account with current entries not older than 3 months having the name and address of the first unit holder and account number;
   1.3. Letter from the bank on its letterhead certifying that the Unit holder maintains an account with the bank, the bank account information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available) and specimen signature of the Unit holder.

2. Self attested copy of any one of the documents admissible as Proof of Identity (PoI) as may be prescribed by SEBI from time to time.
Note: The above documents shall be submitted in Original. If copies are furnished, the same must be submitted at the Investor Service Centres of AMC (ISCs) where they will be verified with the original documents to the satisfaction of the Fund. The original documents will be returned across the counter to the Unit holder after due verification. In case the original of any document is not produced for verification, then the copies should be attested by the bank manager with his / her full signature, name, employee code, bank seal and contact number.

In case of folios held on behalf of minors, when a minor attains the age of majority, the documents pertaining to the major investor's bank details registration must be submitted to the Fund.

- **Multiple Bank Accounts Registration**

  The AMC/ Mutual Fund provides a facility to the investors to register multiple bank accounts (currently upto 5 for Individuals and 10 for Non - Individuals) for receiving redemption/ dividend proceeds etc. by providing necessary documents. Investors must specify any one account as the 'Default Bank Account'. The investor, may however, specify any other registered bank account for credit of redemption proceeds at the time of requesting for redemption.

  Investors holding units in non-demat form are requested to avail the facility of registering multiple bank accounts by filling in the 'Multiple Bank Accounts Registration Form' available at our Investor Service Centres (ISCs) or on our website www.hdfcfund.com.

- **Change in Bank Account**

  For investors holding units in demat mode, the procedure for change in bank details would be as determined by the depository participant.

  For investors holding units in non-demat mode, the Unit holders may change their bank details registered with the Mutual Fund by submitting 'Multiple Bank Account Registration Form' or a standalone separate Change of Bank Details Form.

  In case a 'Change of Bank Details Form' is submitted, the following procedure needs to be adhered to:

  1. Unit holders will be required to submit the duly filled in Change of Bank Details Form along with a cancelled original cheque leaf of the new bank account as well as the bank account currently registered with the Mutual Fund (where the account number and first unit holder name is printed on the face of the cheque). Unit holders should without fail cancel the cheque and write 'Cancelled' on the face of it to prevent any possible misuse.

  2. Where such name is not printed on the original cheque, the Unit holder may submit a letter from the bank on its letterhead certifying that the Unit holder maintains an account with the bank, the bank account information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

  3. In case of non-availability of any of these documents, a self attested copy of the bank pass book or a statement of bank account with current entries not older than 3 months having the name and address of the first unit holder and account number.

  **Note:** The above documents shall be submitted in Original. If copies are furnished, the same must be submitted at the ISCs where they will be verified with the original documents to the satisfaction of the Fund. The original documents will be returned across the counter to the Unit holder after due verification. In case the original of any document is not produced for verification, then the copies should be attested by the bank manager with his / her full signature, name, employee code, bank seal and contact number.

  In the event of a request for change in bank account information being invalid/ incomplete / not satisfactory in respect of signature mismatch/document insufficiency/ not meeting any requirements more specifically as indicated in clauses 1-3 above, the request for such change will not be processed. Redemptions/ dividend payments, if any, will be processed and the last registered bank account information will be used for such payments to Unit holders.
Unit holders may note that it is desirable to submit their requests for change in bank details at least 7 days prior to the date of redemption/dividend payment, if any, and ensure that the request for change in bank details has been processed before submitting the redemption request. If change in bank details has not been processed, payment will be made in the existing bank account registered in the folio. Further, in the event of a request for redemption of units being received within seven days of change in bank account details, the normal processing time as specified in the Scheme Information Document, may not necessarily apply, however it shall be within the regulatory limits. Any unregistered bank account or a new bank account mentioned by the Unit holder along with the redemption request may not be considered for payment of redemption/dividend proceeds.

**Change of Address**

1) For investors holding units in demat mode, the procedure for change in address would be as determined by the depository participant.

2) For investors holding units in non-demat mode, the procedure as detailed below shall be applicable. Unit holder will be required to submit a valid request for change in address details along with the following supporting documents:

- **KYC Not Complied Folios/Clients:**
  - Self attested copy of Proof of New Address; and
  - Self attested copy of PAN card copy, if PAN is updated in the folio or PAN/other proof of identity as may be prescribed by SEBI from time to time, if PAN is not updated in the folio.

- **KYC Complied Folios/Clients:**
  - Self attested copy of Proof of New Address; and
  - Any other document/form that the KYC Registration Agency (KRA) may specify from time to time.

The above documents will be forwarded to KRA for updation in their record.

**Note:** The above documents shall be submitted in Original. If copies are furnished, the same must be submitted at the ISCs where they will be verified with the original documents to the satisfaction of the Fund. The original documents will be returned across the counter to the Unit holder after due verification. In case the original of any document is not produced for verification, then the copies should be properly attested/verified by entities authorized for attesting/verification of the documents as per extant KYC guidelines.

Unit holders are advised to provide their contact details like telephone numbers, mobile numbers and email IDs to HDFC Mutual Fund in writing.

The AMC/Trustee reserves the right to amend the aforesaid requirements.

**Email ID for communication**

First/Sole Holders should register their own email address and mobile number in their folio for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.

**Payment to Alternate Payee**

The Mutual Fund may, subject to compliance with such requirements as it deems fit and necessary, arrange to make payments towards redemption and/or any distribution in favour of an alternate payee on Unitholder’s specific request. Procedures will have to be complied with by the Unitholder for giving instructions for payment to Alternate Payee. The Unitholder(s) would be liable for the loss resulting from a fraudulent encashment/payment to Alternate Payee, based on the Unitholder’s instructions, that the Mutual Fund reasonably believed and relied upon to be genuine. The Mutual Fund, reserves the right to obtain an indemnity or verification countersigned by a Bank Manager, Notary Public, Magistrate or any other party acceptable to it before accepting any such instructions from the Unitholder. All payments and settlements made to such Alternate Payee(s) and a receipt thereof shall be a valid discharge by the Mutual Fund and the Mutual Fund shall not in any manner liable to the Unitholder. It may be noted that there is no commitment from the Mutual Fund that this facility will be available to the Unitholder(s).
| **Delay in payment of redemption / repurchase proceeds** | The AMC shall be liable to pay interest to the Unit holders at 15% or such other rate as may be prescribed by SEBI from time to time, in case the redemption / repurchase proceeds are not made within 10 Business Days of the date of Redemption / repurchase. However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC / Trustee is required to obtain from the investor / unitholders verification of identity or such other details relating to subscription for Units under any applicable law or as may be requested by a regulatory body or any government authority, which may result in delay in processing the application. |

| **C. PERIODIC DISCLOSURES** | |
| **Net Asset Value** | The AMC will calculate and disclose NAVs at the close of every Business Day. As required by SEBI, the NAVs shall be disclosed in the following manner:  
   i) Displayed on the website of the Mutual Fund (www.hdfcfund.com)  
   ii) Displayed on the website of Association of Mutual Funds in India (AMFI) (www.amfiindia.com).  
   iii) Any other manner as may be specified by SEBI from time to time.  
   Mutual Fund / AMC will provide facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.  
   AMC shall update the NAVs on the website of the Fund and AMFI by 9.00 p.m. every Business day. In case of any delay in uploading on AMFI website, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs. |
| **Daily Performance Disclosure** | The AMC shall upload performance of the Scheme on a daily basis on AMFI website in the prescribed format along with other details such as Scheme AUM and previous day NAV, as prescribed by SEBI from time to time. |
| **Portfolio Disclosure** | The Mutual Fund/ AMC will disclose portfolio (along with ISIN) of the Scheme in the prescribed format, as on the last day of the month/ half-year i.e. March 31 and September 30, on its website viz. www.hdfcfund.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com within 10 days from the close of each month/ half-year respectively. In case of unitholders whose e-mail addresses are registered, the Mutual Fund / AMC will send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month / half-year respectively.  
   Mutual Fund / AMC will publish an advertisement every half-year in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the website of Association of Mutual Funds in India (AMFI).  
   Mutual Fund / AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from a unitholder. |
| **Monthly Average Asset under Management (Monthly AAUM) Disclosure** | The Mutual Fund shall disclose the Monthly AAUM under different categories of Schemes as specified by SEBI in the prescribed format on a monthly basis on its website viz. www.hdfcfund.com and forward to AMFI within 7 working days from the end of the month. |
| **Half Yearly Results** | The Mutual Fund shall host half yearly disclosures of the Scheme’s unaudited financial results in the prescribed format on its website viz. www.hdfcfund.com within one month from the close of each half year i.e. on 31st March and on 30th September and shall publish an advertisement in this regard in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated. |
**Annual Report**

Scheme Annual report in the format prescribed by SEBI, will be hosted on the website of the Fund viz. www.hdfcfund.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as soon as may be but not later than four months from the date of closure of the relevant accounts year (i.e. 31st March each year). Mutual Fund / AMC will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the Scheme wise Annual Report on the website of the Fund and on the website of Association of Mutual Funds in India (AMFI).

Mutual Fund / AMC will e-mail the Scheme Annual Report or Abridged Summary thereof to those unitholders, whose email addresses are registered with the Mutual Fund. Investors who have not registered their email id will have an option of receiving a physical copy of the Annual Report or Abridged Summary thereof. Mutual Fund / AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder through any mode. A physical copy of the scheme wise annual report shall be made available for inspection to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary thereof shall be displayed prominently on the website of the Fund and shall also be displayed on the website of Association of Mutual Funds in India (AMFI).

**Associate Transactions**

**Taxation**

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

As per the provisions of the Income Tax Act, 1961, an "equity oriented fund" is a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65% of the total proceeds of such fund.

**Tax implications for Equity Oriented Funds**

<table>
<thead>
<tr>
<th></th>
<th>Resident Investors ^ ^</th>
<th>Mutual Fund ^ ^</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax on Dividend:</strong></td>
<td><strong>Nil</strong></td>
<td>Dividend Distribution Tax (DDT) :10%* (refer note 1 below)</td>
</tr>
<tr>
<td><strong>Capital Gains:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term (Period of holding more than 12 months)</td>
<td>10% without indexation * + applicable Surcharge ^ ^ + 4% Cess $</td>
<td>Nil</td>
</tr>
<tr>
<td>Short Term (Period of holding less than or equal to 12 months)</td>
<td>15% + applicable Surcharge ^ ^ + 4% Cess $</td>
<td>Nil</td>
</tr>
</tbody>
</table>

**Note:**

1. On income distribution, if any, made by the Mutual Fund, additional income tax is payable under section 115R of the Act. For the purpose of determining the tax payable, the amount of distributed income shall be increased to such amount as would, after reduction of tax from such increased amount, be equal to the income distributed by the Mutual Fund. The impact of the same has not been reflected above.

2. Equity Oriented Funds will also attract Securities Transaction Tax (STT) at applicable rates.

* plus surcharge at the rate of 12% and 4% Cess $

* Section 112A provides that long term capital gains arising from transfer of a long term capital asset being a unit of an equity oriented fund shall be taxed at 10% without indexation and foreign currency fluctuation benefit of such capital gains exceeding one lakh rupees. The concessional rate of 10% shall be available only if STT has been paid on transfer in case of units of equity-oriented...
mutual funds. Further, section 55 of the Act provides for a grandfathering provision up to January 31, 2018.

^ Surcharge rates are as under:

- **In case of Corporate Assesses:**
  i. Where the taxable income exceeds Rs. 1 crore but less than Rs. 10 crores - At the rate of 7% (Marginal Relief in Surcharge, if applicable)
  ii. Where the taxable income exceeds Rs. 10 crore - At the rate of 12% (Marginal Relief in Surcharge, if applicable)

- **In case of Non-Corporate Assesses:**
  i. for individuals, HUF, association of persons, body of individuals and artificial juridical person, surcharge at 10% where income exceeds Rs. 50 lakhs but does not exceed Rs. 1 crore and surcharge at 15% where income exceeds Rs. 1 crore is applicable.
  ii. for firm, co-operative society and local authority, surcharge at 12% is applicable where income exceeds Rs. 1 crore.

^ Health and Education Cess shall be applicable at 4% on aggregate of base tax and surcharge.

^ ^ The information given herein is as per the prevailing tax laws. For further details on taxation, please refer to the Section on Taxation on investing in Mutual Funds in Statement of Additional Information (SAI). Investors should be aware that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of the individual nature of tax implications, investors are advised to consult their professional tax advisor.

<table>
<thead>
<tr>
<th>Investor services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investors may contact any of the Investor Service Centres (ISCs) of the AMC for any queries/clarifications at telephone number 1800 3010 6767/1800 419 7676 (toll free), Fax number. (022) 22821144, e-mail: <a href="mailto:cliser@hdfcfund.com">cliser@hdfcfund.com</a>. Investors can also post their grievances/feedback/suggestions on our website <a href="http://www.hdfcfund.com">www.hdfcfund.com</a> under the section 'Feedback or queries' appearing under 'Contact Us'. The Head Office of the AMC will follow up with the respective ISCs to ensure timely redressal and prompt investor services. Mr. John Mathews, Head - Client Services can be contacted at Ramon House, 1st Floor, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020 at telephone number (Direct) (022) 66316301 or telephone number (Board) (022) 66316333. His e-mail contact is: <a href="mailto:jmathews@hdfcfund.com">jmathews@hdfcfund.com</a>.</td>
</tr>
<tr>
<td>For any grievances with respect to transactions through NSE / BSE, the investors/Unit holders should approach the investor grievance cell of the stock exchange.</td>
</tr>
</tbody>
</table>
D. COMPUTATION OF NAV

The Net Asset Value (NAV) per Unit of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding under the Scheme on the valuation date. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time. In case of any conflict between the Principles of Fair Valuation and valuation guidelines specified by SEBI, the Principles of Fair Valuation shall prevail.

NAV of Units under each Scheme/Plan shall be calculated as shown below:

\[
\text{NAV (Rs.) per Unit} = \frac{\text{Market or Fair Value of the Scheme's Investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme / Plan}}
\]

The NAV of the Scheme will be calculated and disclosed at the close of every Business Day.

Separate NAV will be calculated and announced for each of Plans/Options. The NAVs will be calculated upto 3 decimals. Units will be allotted upto 3 decimals.
IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme and also about the transaction charges to be borne by the investors. The information provided under this Section seeks to assist the investor in understanding the expense structure of the Scheme and types of different fees/expenses/loads the investor is likely to incur on purchasing and selling the Units of the Scheme.

A. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses incurred for the Scheme. These expenses include but are not limited to Investment Management and Advisory Fees charged by the AMC, Registrar and Transfer Agents' Fees & expenses, Marketing and Selling costs etc.

The AMC has estimated that the following expenses will be charged to the Scheme, as permitted under Regulation 52 of SEBI (MF) Regulations. The expenses are estimated on assets under management (daily net assets) of Rs. 500 crores. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund viz. www.hdfcfund.com

<table>
<thead>
<tr>
<th>Expense Heads</th>
<th>[% of daily net assets ^ (estimated) (p.a.)]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Management and Advisory Fees</td>
<td></td>
</tr>
<tr>
<td>Trustee Fees &amp; Expenses</td>
<td></td>
</tr>
<tr>
<td>Audit Fees &amp; Expenses</td>
<td></td>
</tr>
<tr>
<td>Custodian Fees &amp; Expenses</td>
<td></td>
</tr>
<tr>
<td>RTA Fees &amp; Expenses</td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; Selling expenses including agent commission</td>
<td></td>
</tr>
<tr>
<td>Cost related to Investor Communication</td>
<td></td>
</tr>
<tr>
<td>Cost of fund transfer from location to location</td>
<td></td>
</tr>
<tr>
<td>Cost of providing account statements and dividend / redemption cheques and warrants</td>
<td></td>
</tr>
<tr>
<td>Costs of Statutory Advertisements</td>
<td></td>
</tr>
<tr>
<td>Cost towards investor education &amp; awareness (at least 0.02% p.a.)¹</td>
<td></td>
</tr>
<tr>
<td>Brokerage &amp; Transaction cost over and above 0.12% and 0.05% on value of trades for cash and derivative market trades respectively</td>
<td>Upto 2.25%</td>
</tr>
<tr>
<td>GST on expenses other than Investment Management and Advisory Fees¹</td>
<td></td>
</tr>
<tr>
<td>GST on brokerage and transaction cost¹</td>
<td></td>
</tr>
<tr>
<td>Other Expenses</td>
<td></td>
</tr>
</tbody>
</table>

^ At least 5% of the TER will be charged towards distribution expenses/commission in the Regular Plan under the Scheme. The TER of the Direct Plan under the Scheme will be lower to the extent of the above mentioned distribution expenses/commission (at least 5% of TER) which is charged in the Regular Plan. For example, in the event that the TER of the Regular Plan is 1% p.a., the TER of the Direct Plan would not exceed 0.95% p.a. In case the exposure to debt and money market instruments exceeds 65% of total assets, such recurring expenses shall be lesser by at least 0.25% p.a. of the daily total assets

¹In terms of SEBI Circular No SEBI/HO/IMD/DF2/CIR/P/2018/15 dated February 02, 2018, in case exit load is not levied/not applicable, the AMC shall not charge the said additional expenses.

Notes:

¹Trustee Fees and Expenses

In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges and expenses, a quarterly fee computed at a rate not exceeding 0.10% per annum of the daily net assets of the Scheme(s) or a sum of Rs. 15,00,000 per annum, whichever is higher. Such fee shall be paid to the Trustee within seven working days from the end of each quarter every year, namely, within 7 working days from June 30, September 30, December 31 and March 31 of each year. The Trustee may charge further expenses as permitted from time to time under the Trust Deed and SEBI (MF) Regulations.

²Investor Education and Awareness initiatives

As per Para F of the SEBI Circular No. CIR/IMD/DF2/2012 dated September 13, 2012, the AMC shall annually set apart at least 2 basis points p.a. (i.e. 0.02% p.a.) on daily net assets of the Scheme(s) within the limits of total expenses prescribed under Regulation 52 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken.

³Refer Point (3) below on GST on various expenses/exit load.

⁴Fungibility of expenses: The expenses towards Investment Management and Advisory Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations are fungible in nature. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively. Further, the additional expenses under Regulation 52(6A)(c) shall also be incurred towards any of these expense heads.

The purpose of the above table is to assist the Investor in understanding the various costs and expenses that an Investor
in the Scheme will bear directly or indirectly. The figures in the table above are estimates. The actual expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI (MF) Regulations. Currently these are as under:

(1) **Maximum Total Expense Ratio under Regulation 52 (6):**

- On the first Rs.500 crores of the daily net assets - 2.25% p.a.
- On the next Rs.250 crores of the daily net assets - 2.00% p.a.
- On the next Rs.1,250 crores of the daily net assets - 1.75% p.a.
- On the next Rs.3,000 crores of the daily net assets - 1.60% p.a.
- On the next Rs.5,000 crores of the daily net assets - 1.50% p.a.
- On the next Rs.40,000 crores of the daily net assets - Total expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof.

On balance of the assets - 1.05% p.a.

(2) **Additional Expenses under Regulation 52 (6A):**

(i) To improve the geographical reach of the Scheme in smaller cities / towns as may be specified by SEBI from time to time, expenses not exceeding 0.30% p.a. of daily net assets, if the new inflows from retail investors from such cities are at least (a) 30% of gross new inflows in the Scheme or (b) 15% of the average assets under management (year to date) of the Scheme, whichever is higher.

In case inflows from retail investors from beyond top 30 cities is less than the higher of (a) or (b) above, additional TER on daily net assets of the scheme shall be charged on a proportionate basis as follows:

\[
\text{Daily net assets} \times 30 \text{ basis points} \times \text{New inflows from retail investors from beyond top 30 cities} \times \frac{365}{366}
\]

* 366, wherever applicable.

The amount so charged shall be utilised for distribution expenses incurred for bringing inflows from retail investors from such cities. However, the amount incurred as expense on account of inflows from retail investors from such cities shall be credited back to the Scheme in case the said inflows are redeemed within a period of one year from the date of investment.

Currently, SEBI has specified that the above additional expense may be charged for inflows from retail investors from beyond ‘Top 30 cities’. Top 30 cities shall mean top 30 cities based on Association of Mutual Funds in India (AMFI) data on ‘AUM by Geography - Consolidated Data for Mutual Fund Industry’ as at the end of the previous financial year.

Inflows from “retail investors” shall mean inflows of amount up to Rs 2 lakhs per transaction, from individual investors.

(ii) Brokerage and transaction costs incurred for execution of trades and included in the cost of investment not exceeding 0.12% of the value of trades in case of cash market transactions and 0.05% of the value of trades in case of derivatives transactions.

In accordance with SEBI circular no. CIR/IMD/DF2/2012 dated November 19, 2012, any payment towards brokerage and transaction cost, over and above the said 0.12% and 0.05% for cash market transactions and derivatives transactions respectively, may be charged to the Scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 (6) of the SEBI (MF) Regulations, 1996.

(iii) Expenses not exceeding 0.05% p.a. of daily net assets towards Investment Management and Advisory Fees and the various sub-heads of recurring expenses mentioned under Regulation 52 (2) and (4) respectively of SEBI (MF) Regulations. However, in terms of SEBI Circular No SEBI/ HO/ IMD/ DF2/ CIR/P/ 2018/15 dated February 02, 2018, in case exit load is not levied / not applicable, the AMC shall not charge the said additional expenses.

(3) **GST**

As per Para B of the SEBI Circular No. CIR/IMD/DF21/2012 dated September 13, 2012, GST shall be charged as follows:

1. GST on investment management and advisory fees shall be charged to the Scheme in addition to the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
2. GST on other than investment management and advisory fees, if any, shall be borne by the Scheme within the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
3. GST on exit load, if any, shall be paid out of the exit load proceeds and exit load net of GST, if any, shall be credited to the Scheme.
4. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under Regulation 52 of the SEBI (MF) Regulations.

The total expenses of the Scheme including the Investment Management and Advisory Fee shall not exceed the limits stated in Regulation 52 of the SEBI (MF) Regulations. Any expenditure in excess of the SEBI regulatory limits shall be borne by the AMC or by the Trustee or the Sponsor.

The mutual fund would update the current expense ratios on the website (www.hdfcfund.com) at least three working days prior to the effective date of the change and update the TER under the Section titled “Statutory Disclosures” under sub-section titled “Total Expense Ratio of Mutual Fund Schemes”
Illustration: Impact of Expense Ratio on Scheme’s return:

Expense ratio, normally expressed as a percentage of Average Assets under Management, is calculated by dividing the permissible expenses under the Regulations by the average net assets.

To further illustrate the above, for the Scheme under reference, suppose an Investor invested Rs. 10,000/- under the Growth Option, the impact of expenses charged will be as under:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Regular Plan</th>
<th>Direct Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invested on March 31, 2018 (A)</td>
<td>10,000.00</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Value of above investment as on March 31, 2019 (post all applicable expenses) (B)</td>
<td>10,648.53</td>
<td>10,698.52</td>
</tr>
<tr>
<td>Expenses charged during the year (other than Distribution Expenses/Commission) (C)</td>
<td>50.00</td>
<td>50.00</td>
</tr>
<tr>
<td>Distribution Expenses/Commission charged during the year (D)</td>
<td>50.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Value of above investment as on March 31, 2019 (after adding back all expenses charged) (E) [E = B+C+D]</td>
<td>10,748.53</td>
<td>10,748.52</td>
</tr>
<tr>
<td>Returns (%) (post all applicable expenses) (F) [F = (E-A)/A]</td>
<td>6.49%</td>
<td>6.99%</td>
</tr>
<tr>
<td>Returns (%) (without considering any expenses) (G) [G = (E-A)/A]</td>
<td>7.49%</td>
<td>7.49%</td>
</tr>
</tbody>
</table>

Note(s):
- The purpose of the above illustration is to purely explain the impact of expense ratio charged to the Scheme and should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- It is assumed that the expenses charged are evenly distributed throughout the year.
- The expenses of the Direct Plan under the Scheme will be lower to the extent of the above mentioned distribution expenses/commission.
- Calculations are based on assumed NAVs, and actual returns on your investment may be more, or less.
- Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to consult his or her own financial advisor.

B. TRANSACTION CHARGES

For details refer section ‘Highlights / Summary of the Scheme’ on Page 3.

C. LOAD STRUCTURE

Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the Fund (www.hdfcfund.com) or call at Toll Free No. 1800 3010 6767/ 1800 419 7676 or your distributor.

Details of Load Structure
(On Ongoing basis)

<table>
<thead>
<tr>
<th>Particulars (as a % of Applicable NAV)</th>
<th>HDFC Balanced Advantage Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry / Sales Load</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td>Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor. Upfront commission shall be paid directly by the investor to the ARN Holder (AMFI registered Distributor) based on the investors’ assessment of various factors including the service rendered by the ARN Holder.</td>
</tr>
<tr>
<td>Exit / Redemption Load</td>
<td>• In respect of each purchase / switch-in of Units, upto 15% of the units may be redeemed without any exit load from the date of allotment.</td>
</tr>
<tr>
<td></td>
<td>• Any redemption in excess of the above limit shall be subject to the following exit load:</td>
</tr>
<tr>
<td></td>
<td>- Exit load of 1.00% is payable if Units are redeemed / switched-out within 1 year from the date of allotment of units.</td>
</tr>
<tr>
<td></td>
<td>• No Exit Load is payable if Units are redeemed / switched-out after 1 year from the date of allotment. (i) No exit load shall be levied for switching between Options under the same Plan within the Scheme.</td>
</tr>
</tbody>
</table>
Switch of investments from Regular Plan to Direct Plan under the same Scheme/Plan shall be subject to applicable exit load, unless the investments were made directly i.e. without any distributor code. However, any subsequent switch-out or redemption of such investments from Direct Plan will not be subject to any exit load.

(ii) No exit load shall be levied for switch-out from Direct Plan to Regular Plan under the same Scheme/Plan. However, any subsequent switch-out or redemption of such investment from Regular Plan shall be subject to exit load based on the original date of investment in the Direct Plan.

(iii) No Exit load will be levied on Bonus Units and Units allotted on Dividend Re-investment.

(iv) No Exit load will be levied on Units allotted in the Target Scheme under the Dividend Transfer Plan.

(v) In case of Systematic Transactions such as Systematic Investment Plan (SIP), Flex SIP, Group Systematic Investment Plan (GSIP), Systematic Transfer Plan (STP), HDFC Flex Systematic Transfer Plan (Flex STP), HDFC Swing Systematic Transfer Plan (Swing STP), HDFC Flexindex Plan (Flexindex), Exit Load, if any, prevailing on the date of registration/enrolment shall be levied.

Under the Scheme(s), the Trustee/AMC reserves the right to modify/change the Load structure if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund. The AMC reserves the right to introduce/modify the Load Structure depending upon the circumstances prevailing at that time subject to maximum limits as prescribed under the SEBI (MF) Regulations. The Load may also be changed from time to time and in the case of an Exit/Redemption Load this may be linked to the period of holding. Exit load (net of GST) charged, if any, shall be credited to the Scheme. The investor is requested to check the prevailing load structure of the Scheme before investing.

The Redemption Price however, will not be lower than 93% of the NAV, and the Sale Price will not be higher than 107% of the NAV, provided that the difference between the Redemption price and Sale price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time which is presently 7% calculated on the Sale Price.

Any imposition or enhancement of Exit Load in the load shall be applicable on prospective investments only. However, AMC shall not charge any load on issue of bonus units and units allotted on reinvestment of dividend for existing as well as prospective investors. At the time of changing the load structure the AMC/Mutual Fund may adopt the following procedure:

(i) The addendum detailing the changes will be attached to Scheme Information Document and Key Information Memorandum and displayed on our website www.hdfcfund.com. The addendum will be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Document and Key Information Memorandum already in stock.

(ii) Arrangements will be made to display the changes/modifications in the Scheme Information Document in the form of a notice in all the Investor Service Centres and distributors/brokers office.

(iii) The introduction of the Load along with the details will be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the Account Statement or in the covering letter issued to the Unit holders after the introduction of such Load.

(iv) A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no entry load shall be charged for all mutual fund schemes.

Therefore, the procedure for waiver of load for direct applications is no longer applicable.

V. RIGHTS OF UNITHOLDERS

Please refer to 'Statement of Additional Information ('SAI')' for details.
VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS, FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

1. Penalties and action(s) taken against foreign Sponsor(s) limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out and where the headquarters of the Sponsor(s) is situated. Also, top 10 monetary penalties of foreign Sponsor(s) during the last three years.

None.

(ii) SEC carried out an investigation into the alleged front-running of trade orders of HDFC Mutual Fund by certain set of persons on the basis of information provided by Mr. Nilesh Kapadia, formerly a Dealer (Equities) at HDFC Asset Management Company Limited ("the AMC"), and had issued the following orders and notices in the matter:

- SEC interim order no. WTM/KMA/IVD/267/06/2010 dated June 17, 2010
- SEC order no. WTM/MPB/SEBI/EFD/DRA-3/28/2018 dated July 27, 2018

HDFC Trustee Company Limited ("the Trustee Company"), the AMC and its Managing Director had filed consent applications seeking settlement of the issues arising out of and any proceedings that may be initiated by SEC in this regard, including under the SEC (Mutual Funds) Regulations, 1996, SEC (Portfolio Managers) Regulations, 1993, Clause IV (Operation Risks) in Operating Manual for Risk Management for Indian Mutual Funds - Annexure to Circular No. MFD / CIR / 15 / 19133 / 2002 dated September 30, 2002. The Trustee Company, the AMC and Mr. Milind Barve, Managing Director of the AMC remitted sums of Rs. 20,00,000/-, Rs. 20,00,000/- and Rs. 15,00,000/- respectively without admission or denial of guilt, and the AMC also undertook to compensate investors for any losses suffered by them on account of the alleged front-running activities, as determined by SEC. SEC issued a Consent Order no. CO/ID-6/AO/BMW/130-132/2011 dated September 30, 2011 in this regard. The AMC also terminated the services of Mr. Nilesh Kapadia.

SEBI by its order dated July 24, 2014, inter alia, prohibited Mr. Nilesh Kapadia and certain other accused persons from accessing the securities market, or buying, selling or otherwise dealing in securities, for a period of 10 (ten) years for violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. SEBI further directed that Mr. Nilesh Kapadia shall not associate himself with any intermediary or any other entity registered with SEBI for a period of 10 years from the date of the interim order dated January 17, 2010.

(ii) Securities and Exchange Board of India (SEBI) vide letter No. SEBI / HO / IMD / DF4 / OW / P / 2018 / 15988 / 1 and letter No. SEBI / HO / IMD / DF4 / OW / P / 2018 / 15989 / 1, dated May 31, 2018, respectively (collectively "the Applicants"), informed HDFC Asset Management Company Limited (AMC) and HDFC Trustee Company Limited (Trustee Company) about initiation of quasi-judicial proceedings against them in respect of certain alleged violations under SEBI (Mutual Funds) Regulations, 1996 and circulars and/or guidelines issued thereunder, observed during the inspection of HDFC Mutual Fund conducted by SEBI for the period April 1, 2014 to March 31, 2016, viz. (a) maturity of a security purchased by a scheme of HDFC Mutual Fund exceeding the maturity of the scheme, (b) difference in TER for direct and regular plans being lower than the commission paid to the distributors in certain schemes, (c) excess charges being debited for certain years were credited after a period of more than one year, (d) NAVs of certain schemes not being published on HDFC Mutual Fund’s website for a certain period of time, and (e) error in valuation of unlisted equity shares of a company. Whilst the AMC and the Trustee Company (collectively "the Applicants") did not receive any show cause notice from SEBI, the Applicants filed settlement
applications with SEBI under SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 ("Settlement Regulations") for settling any adjudication proceedings which may arise out of the inspection, without admission or denial of guilt. Pursuant to discussions with SEBI, and in accordance with the Settlement Regulations, the AMC remitted a sum of Rs. 3,78,56,498/- towards settlement amount for and on behalf of both the Applicants in relation to the pending quasi judicial proceedings. Subsequently, SEBI has issued settlement orders viz. Settlement Order nos. PM/RR/13/2018-19 dated December 4, 2018 and PM/RR/14/2018-19 dated December 4, 2018 respectively in this regard. Vide the settlement orders SEBI has stated that the quasi judicial proceedings have been disposed off.

3. Details of all enforcement actions (including the details of violation, if any) taken by SEBI in the last three years and/or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/or suspension and/or cancellation and/or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/or the AMC and/or the Board of Trustees /Trustee Company and/or any of the directors and/or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party.

(i) Refer disclosure at point 2 (i) above.

(ii) SEBI issued a show-cause notice dated January 13, 2014 ("SCN") to inter alia, Mr. Vimal Bhandari (an independent director on the Board of HDFC Trustee Company Limited) amongst others (the "Notices"), in his capacity as a non-executive director of IL&FS Investmart Securities Limited ("III") (now known as HSBC InvestDirect Securities (India) Limited, pursuant to an acquisition by HSBC group in 2008) for the alleged non-compliance with the code of conduct for stock brokers under Schedule II of the SEBI (Stock Broker and Sub-Broker) Regulations, 1992 and certain provisions of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995 in connection with certain sale transactions executed by III, as a broker on behalf of certain clients, in the scrip of Adani Exports Limited in December 2000. Subsequently, the Noticee submitted his response denying all the allegations raised in the SCN. Pending the aforesaid SEBI proceedings, in the year 2016, the Noticee filed a settlement application to settle the matter, without admission or denial of the finding of the facts and conclusion of law, through a settlement order in terms of the SEBI (Settlement of Administrative and Civil Proceedings) Regulations, 2014 in respect of the SCN. SEBI passed a joint settlement order dated February 13, 2017 in favour of five directors. This order disposed of the SEBI proceedings initiated against the Noticee.

(iii) Mr. Vimal Bhandari is an independent director on the Board of HDFC Trustee Company Limited. He is also an Independent director of RBL Bank Limited. He was a co-noticee in the show cause notice ref. EFD/DRA2/SPV/V/31372/2015/1 dated November 6, 2015 of SEBI with regard to “deemed public issue” of RBL Bank Limited ("the Bank"), as an independent director on the Board of the Bank. Since then the Bank had submitted an application for settlement of the matter under the SEBI (Settlement of Administrative and Civil Proceedings) Regulations 2014 and SEBI vide their letter dated March 17, 2016, in-principle agreed to accept the Bank’s proposal to settle the matter, subject to the Bank complying with certain terms, which was followed by a settlement order dated May 30, 2016 disposing of the proceedings initiated under the show cause notice.

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/or the AMC and/or the Board of Trustees /Trustee Company and/or any of the directors and/or key personnel are a party.

(i) In accordance with applicable SEBI MF Regulations and the relevant Scheme Information Document(SID), a few of the schemes of HDFC Mutual Fund ("the Fund") had made investments in Pass Through Certificates (PTCs) of certain securitisation trusts ("the Trusts"). The returns filed by few of these securitisation trusts whose PTCs were held by the Fund were taken up for scrutiny by the Income Tax Authorities for Assessment Years 2007-08, 2008-09, 2009-10 and 2010-11. Arising out of this, they had raised a tax demand on such Trusts. On failure to record any settlement, they sent demand notices to the Fund along with other Mutual Funds as beneficiaries / contributors to such Trusts. The Fund in consultation with its tax and legal advisors had contested the applicability of such demand and got the attachment order vacated by the Mumbai High Court. The Securitisation Trusts on their part have contested the matter and the Income Tax Appellate Tribunal (ITAT) has upheld their appeal and dismissed the contentions and all the cross - appeals filed by the Tax Authorities. We are given to understand that the Tax Authorities have on their part preferred an appeal in the High Court against the ITAT order, where the matter is now at a pre-admission stage and have also filed a Miscellaneous application before the ITAT, where the matter is at the hearing stage.

(ii) HDFC Mutual Fund ("the Fund"), through its various schemes, holds secured Non-Convertible Debentures (NCD) aggregating to a sum of Rs.232.5 Crores of Hazaribagh Ranchi Expressway Limited (HREL) which is a subsidiary of IL&FS Transport Networks Limited (ITNL). ITNL is a subsidiary of Infrastructure Leasing & Financial Services Limited (IL & FS). Vide Order dated October 1, 2018 passed by National Company Law Tribunal (NCLT), a new Board of Directors was appointed for IL&FS. Further, in the matter of Company Appeal No. 346 of 2018 and Company Appeal No. 347 of 2018 between Union of India (UOI) and IL&FS before the National Company Law Appellate Tribunal (NCLAT), Order dated October 15, 2018 was passed, pursuant to which inter alia, stay was imposed on declaring any event of default and also on initiating any legal proceedings against all the IL&FS group companies (including HREL). Subsequently, Affidavits were filed by UOI as well as IL&FS stating that interalia all IL&FS group companies in India have been segregated into three categories viz. Green, Amber and Red on the basis of “12 month cash flow solvency test” (Testing Period):

Green: Green companies are fully capable of meeting all obligations of that entity (both operational and financial, both secured and unsecured) during the Testing Period;

Amber: Amber companies are only able to meet payment obligations to operational and secured creditors during the Testing Period; and
Red: Red Companies are entities which cannot meet their respective payment obligations towards even the secured financial creditor during the Testing Period.

HREL has been classified as ‘Amber’ category. Given the circumstances, HDFC AMC acting as the investment manager for the Fund has filed an intervention application before the NCLAT for securing the recovery of the entire Debt on the NCDs.

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/ Trustee Company which SEBI has specifically advised to be disclosed in the SID, or notified by any other regulatory agency.

None.

Notes:

1. Any amendments / replacement / re-enactment of SEBI (MF) Regulations subsequent to the date of the Scheme Information Document shall prevail over those specified in this Scheme Information Document.

2. HDFC Growth Fund was approved by the Trustee on June 26, 2000. Further, the Trustee at its board meeting dated November 30, 2017 and December 20, 2018 approved the change in Fundamental Attributes of HDFC Balanced Advantage Fund (Erstwhile HDFC Growth Fund and HDFC Prudence Fund).

3. The Scheme Information Document is an updated version of the same in line with the current laws/ regulations and other developments.

4. Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

For and on behalf of the Board of Directors of HDFC Asset Management Company Limited

Place : Mumbai
Date : April 30, 2019

MILIND BARVE
Managing Director
### A. EQUITY SCHEMES

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Equity Fund</td>
<td>Multi Cap Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To generate capital appreciation / income from a portfolio, predominantly in equity &amp; equity related instruments. The Scheme would predominantly invest in companies spanning entire market capitalization that:</td>
<td>The Scheme may invest in:</td>
<td>An open ended equity scheme investing across large cap, mid cap &amp; small cap stocks.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Type of Instruments</td>
<td>Risk Profile</td>
<td>a) are likely to achieve above average growth</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Minimum Allocation (% of Total Assets)</td>
<td>Maximum Allocation (% of Total Assets)</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and Equity Related Instruments</td>
<td>65</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may invest up to a maximum 35% of the total assets in Foreign Securities and up to 100% of its total assets in Derivatives.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

Though every endeavour will be made to achieve the objective of the Scheme, the AMC/ Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
### HDFC Top 100 Fund

**Scheme Name**: HDFC Top 100 Fund  
**Scheme Category**: Large Cap Fund

#### Asset Allocation Table

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation (% of Total Assets)</th>
<th>Maximum Allocation (% of Total Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity Related Instruments of Large Cap Companies</td>
<td>80</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>20</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

#### Investment Objective

To provide long-term capital appreciation/income by investing predominantly in Large-Cap companies.

#### Investment Strategy

The investment objective of the Scheme is to provide long-term capital appreciation by investing predominantly in Large-Cap companies.

The Scheme will maintain a minimum exposure of 80% to Large-Cap stocks. The Scheme may also invest up to 20% of AUM in debt and money market securities. The Scheme will remain diversified across key sectors and economic variables.

The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time.

Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock Lending activities.

Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

The Scheme may also invest in the schemes of Mutual Funds.

Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

#### Product Positioning

An open-ended equity scheme predominantly investing in large cap stocks.
**Scheme Name**: HDFC Mid-Cap Opportunities Fund  
**Scheme Category**: Mid Cap Fund

### Asset Allocation Table

Under normal circumstances the asset allocation will be as follows:

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation (% of Total Assets)</th>
<th>Maximum Allocation (% of Total Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity Related Instruments of Mid Cap companies**</td>
<td>65</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Equity and Equity Related Instruments other than above</td>
<td>0</td>
<td>35</td>
<td>High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments.</td>
<td>0</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

**Investment Objective**

To provide long-term capital appreciation/income by investing predominantly in Mid-Cap companies.

**Investment Strategy**

The investment objective of the Scheme is to provide long-term capital appreciation/income by investing predominantly in Mid-Cap companies.

The Scheme shall follow a predominantly Mid-cap strategy with a minimum exposure of 65% to Mid-Cap stocks. The Scheme may also seek participation in other equity and equity related securities to achieve optimal portfolio construction.

The aim of equity strategy will be to predominantly build a portfolio of mid-cap companies which have:

- a) reasonable growth prospects
- b) sound financial strength
- c) sustainable business models
- d) acceptable valuation that offers potential for capital appreciation

The Scheme aims to maintain a reasonably diversified portfolio at all times.

The Scheme may also invest in the schemes of Mutual Funds. Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

**Product Positioning**

An open ended equity scheme predominantly investing in mid cap stocks

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**** Investment universe of "Mid Cap":

- The investment universe of "Mid Cap" shall comprise companies as defined by SEBI from time to time.
- In terms of SEBI circular (SEBI/ HO/ IMD/ DF3/ CIR/ P/ 2017/ 114) dated October 6, 2017, the universe of "Mid Cap" shall consist of 101st to 250th company in terms of full market capitalization and that the Scheme will be required to adhere the following:
  - The list of stocks of Mid Cap companies prepared by AMFI in this regard will be adopted.
  - The said list would be uploaded on the AMFI website and would be updated every six months based on the data as on the end of June and December of each year or periodically as specified by SEBI.
  - Subsequent to any updation in the said list as uploaded by AMFI, the portfolio of the Scheme will be rebalanced within a period of one month.

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may invest up to a maximum 35% of its total assets in Foreign Securities and up to 100% of its total assets in Derivatives.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.
<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Small Cap Fund</td>
<td>Small cap Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To provide long-term capital appreciation/ income by investing predominantly in Small-Cap companies.</td>
<td>The investment objective of the Scheme is to provide long-term capital appreciation/ income by investing predominantly in Small-Cap companies. The Scheme shall follow a predominantly small cap strategy with a minimum exposure of 65% to Small-Cap stocks. The Scheme may also seek participation in other equity and equity related securities to achieve optimal portfolio construction.</td>
<td>An open ended equity scheme predominantly investing in small cap stocks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Type of Instruments</td>
<td>Minimum Allocation (% of Total Assets)</td>
<td>Maximum Allocation (% of Total Assets)</td>
<td>Risk Profile</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and equity related instruments of Small Cap companies**</td>
<td>65</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and equity related instruments other than Small Cap companies</td>
<td>0</td>
<td>35</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

**Investment universe of “Small Cap”:

- The investment universe of “Small Cap” shall comprise companies as defined by SEBI from time to time.
- In terms of SEBI circular SEBI/ HO/ IMD/ DF3/ CIR/ P/ 2017/ 114 dated October 6, 2017, the universe of “Small Cap” shall consist of 251st company onwards in terms of full market capitalization and that the Scheme will be required to adhere the following:
  - The list of stocks of Small Cap companies prepared by AMFI in this regard will be adopted.
  - The said list would be uploaded on the AMFI website and would be updated every six months based on the data as on the end of June and December of each year or periodically as specified by SEBI.
  - Subsequent to any updation in the said list as uploaded by AMFI, the portfolio of the Scheme will be rebalanced within a period of one month.
  - The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.
  - The Scheme may invest up to a maximum 35% of the total assets in Foreign Securities and up to 100% of its total assets in Derivatives.
  - The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
## HDFC Capital Builder Value Fund

**Scheme Name:** HDFC Capital Builder Value Fund

**Scheme Category:** Value Fund

### Asset Allocation Table

Under normal circumstances the asset allocation will be as follows:

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation (% of Total Assets)</th>
<th>Maximum Allocation (% of Total Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity Related Instruments</td>
<td>65</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may invest up to a maximum 35% of the total assets in Foreign Securities and up to 100% of its total assets in Derivatives.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

### Investment Objective

To achieve capital appreciation/income in the long term by primarily investing in undervalued stocks. There is no assurance that the investment objective of the Scheme will be realized.

### Investment Strategy

The investment objective of the Scheme is to achieve capital appreciation/income in the long term by primarily investing in undervalued stocks. Undervalued stocks are generally those that are trading at prices below their intrinsic value as measured by potential earnings or asset values, and/or future cash flow growth.

The Scheme will generally maintain a minimum of 50% of the equity portfolio in stocks where the trailing Price / Earnings ratio is lower than the corresponding median of the current stocks in the benchmark index (NSE500 Index). The portfolio for this purpose shall be reviewed on a monthly frequency.

The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time.

Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock Lending activities.

The Scheme may also invest in the schemes of Mutual Funds.

Though every endeavour will be made to achieve the objectives of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objectives of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

### Product Positioning

An open ended equity scheme following a value investment strategy.
**Scheme Name**: HDFC Infrastructure Fund  
**Scheme Category**: Thematic Fund  

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation (% of Total Assets)</th>
<th>Maximum Allocation (% of Total Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities &amp; Equity related Instruments of infrastructure/infrastructure related companies</td>
<td>80</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Equities &amp; Equity related Instruments of companies other than mentioned above</td>
<td>0</td>
<td>20</td>
<td>High</td>
</tr>
<tr>
<td>Debt securities (including securitised debt) and money market instruments and Fixed Income Derivatives</td>
<td>0</td>
<td>20</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

**Investment Objective**: To seek long-term capital appreciation/income by investing predominantly in equity and equity related securities of companies engaged in or expected to benefit from the growth and development of infrastructure. There is no assurance that the investment objective of the Scheme will be realized.

**Investment Strategy**: The Scheme shall invest predominantly in equity and equity related securities of companies engaged in or expected to benefit from the growth and development of infrastructure. The following is an indicative list of sectors covered under infrastructure/related areas:
- Airports
- Banking and Financial Services
- Cement and Cement Products
- Construction and related industries
- Electrical and Electronic Components
- Energy
- Engineering
- Metals/Minerals
- Housing and related industries
- Industrial Capital Goods
- Industrial Products
- Oil & Gas and allied industries
- Petroleum and related industries
- Ports
- Power and Power Equipment
- Telecom
- Urban Infrastructure including Transportation, Water, etc.

The Scheme shall invest across the above mentioned sectors or other sectors related to infrastructure. The Scheme may also invest up to 20% of the total assets of the Scheme in non-infrastructure related companies. The Scheme will invest in companies spanning entire market capitalization.

The Scheme may also invest up to 20% of AUM in debt or money market instruments and Fixed Income Derivative, including Securitised debt. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may invest up to a maximum 35% of the total assets in Foreign Securities and up to 100% of its total assets in Derivatives.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.
<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC TaxSaver</td>
<td>Equity Linked Savings Scheme (ELSS)</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To generate capital appreciation / income from a portfolio, comprising predominantly of equity &amp; equity related instruments.</td>
<td>The investment objective of the scheme is to generate capital appreciation / income from a portfolio, comprising predominantly of equity &amp; equity related instruments. The aim of equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. Investment in debt securities and money market instruments will be as per the limits in the asset allocation table of the scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.</td>
<td>An Open-ended Equity Linked Savings Scheme with a statutory lock in of 3 years and tax benefit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation (% of Total Assets)</th>
<th>Maximum Allocation (% of Total Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity Related Instruments</td>
<td>80</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>20</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Scheme Name</td>
<td>Scheme Category</td>
<td>Asset Allocation Table</td>
<td>Investment Objective</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------</td>
<td>------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>HDFC Growth Opportunities Fund</td>
<td>Large &amp; Mid Cap Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To generate long term capital appreciation/ income from a portfolio of equity and equity related securities of predominantly large cap and mid-cap companies.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Type of Instruments</td>
<td>Minimum Allocation (% of Total Assets)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and Equity Related Instruments of Large and Mid Cap companies of which:</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Large Cap^ companies</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mid Cap^ Companies</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Small Cap^ Companies</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
</tr>
</tbody>
</table>

^ Investment universe of “Large Cap”, “Mid Cap” and “Small Cap”:
- The investment universe of “Large Cap”, “Mid Cap” and “Small Cap” shall comprise companies as defined by SEBI from time to time.
- In terms of SEBI circular SEBI / HO / IMD / DF3 / CIR / P / 2017 / 114 dated October 6, 2017:
  - the universe of “Large Cap” shall consist of 1st to 100th company in terms of full market capitalization;
  - the universe of “Mid Cap” shall consist of 101st to 250th company in terms of full market capitalization;
  - the universe of “Small Cap” shall consist of 251st company onwards in terms of full market capitalization; and that the Scheme will be required to adhere the following:
- The list of stocks of “Large Cap”, “Mid Cap” and “Small Cap” companies prepared by AMFI in this regard will be adopted.
- The said list would be uploaded on the AMFI website and would be updated every six months based on the data as on the end of June and December of each year or periodically as specified by SEBI.
- Subsequent to any updation in the said list as uploaded by AMFI, the portfolio of the Scheme will be rebalanced within a period of one month.

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.
<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Focused 30 Fund</td>
<td>Focused Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To generate long term capital appreciation/income by investing in equity &amp; equity related instruments of up to 30 companies. There is no assurance that the investment objective of the Scheme will be realized.</td>
<td>The Scheme seeks to generate long term capital appreciation/income by investing in equity &amp; equity related instruments of up to 30 companies. The Scheme would have the flexibility to invest across market capitalization in stocks with high growth potential. Investment in Debt securities and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.</td>
<td>An open ended equity scheme investing in maximum 30 stocks in large-cap, mid-cap and small-cap category (i.e. Multi-Cap)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation (% of Total Assets)</th>
<th>Maximum Allocation (% of Total Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity Related Instruments *</td>
<td>65</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

* Subject to overall limit of 30 stocks.

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may invest a maximum 35% of the total assets in Foreign Securities and upto 100% of its total assets in Derivatives.

The Scheme may undertake (i) repo/reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.
<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HDFC Index Fund-NIFTY 50 Plan</strong></td>
<td>Index Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>The investment objective of the Scheme is to generate returns that are commensurate with the performance of the NIFTY 50 Index, subject to tracking errors. There is no assurance that the investment objective of the Scheme will be realized.</td>
<td>The NIFTY 50 Plan will be managed passively with investments in stocks in a proportion that is as close as possible to the weightages of these stocks in the respective Index. The investment strategy would revolve around reducing the tracking error to the least possible through regular rebalancing of the portfolio, taking into account the change in weights of stocks in the Index as well as the incremental collections/ redemptions in the Scheme. A part of the funds may be invested in debt and money market instruments, to meet the liquidity requirements. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/ Sponsors/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.</td>
<td>An open ended scheme replicating/ tracking NIFTY 50 Index</td>
</tr>
<tr>
<td><strong>HDFC Index Fund-SENSEX Plan</strong></td>
<td>Index Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>The investment objective of the Scheme is to generate returns that are commensurate with the performance of the S&amp;P BSE SENSEX Index. The investment strategy would revolve around reducing the tracking error to the least possible through regular rebalancing of the portfolio, taking into account the change in weights of stocks in the Index as well as the incremental collections/ redemptions. A part of the funds may be invested in debt and money market instruments, to meet the liquidity requirements.</td>
<td>The Scheme will be managed passively with investments in stocks in a proportion that is as close as possible to the weightages of these stocks in the respective Index. The investment strategy would revolve around reducing the tracking error to the least possible through regular rebalancing of the portfolio, taking into account the change in weights of stocks in the Index as well as the incremental collections/ redemptions. A part of the funds may be invested in debt and money market instruments, to meet the liquidity requirements.</td>
<td>An open ended scheme replicating/ tracking S&amp;P BSE SENSEX Index</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Normal Allocation (% of Total Assets)</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities covered by the NIFTY 50 Index</td>
<td>95-100</td>
<td>High</td>
</tr>
<tr>
<td>Debt securities and money market instruments but excluding subscription and redemption cash flow</td>
<td>0-5</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

Subscription cash flow is the subscription money in transit before deployment and redemption cash flow is the money kept aside for meeting redemptions.

The Scheme will not make any investment in Debt Derivatives, ADR /GDR /Foreign Securities /Securitized Debt /Repo in Corporate Debt Securities.
The Scheme may invest up to 100% of its total assets in Equity Derivatives. The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time. The Scheme may undertake (i) Credit Default Swaps; (ii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the Schemes of Mutual Funds. Though every endeavor will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

### B. SOLUTION ORIENTED SCHEMES

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Children's Gift Fund</td>
<td>Children's Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To generate capital appreciation/ income from a portfolio of equity &amp; equity related instruments and debt and money market instruments. There is no assurance that the investment objective of the Scheme will be realized.</td>
<td>The total assets of the Scheme will be invested in equities, equity related instruments, debt (including securitised debt) and money market instruments, with an objective of generating long-term returns and maintaining risk under control. The aim of equity strategy will be to predominantly build a portfolio of companies across market capitalization which have: a) reasonable growth prospects b) sound financial strength c) sustainable business models d) acceptable valuation that offer potential for capital appreciation The Scheme aims to maintain a reasonably diversified portfolio at all times. Investment in Debt securities (including securitised debt) and Money Market Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time.</td>
<td>An open ended fund for investment for children having a lock-in for at least 5 years or till the child attains age of majority (whichever is earlier)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation</th>
<th>Maximum Allocation</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity related Instruments</td>
<td>65% of Total Assets</td>
<td>80% of Total Assets</td>
<td>High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>20% of Total Assets</td>
<td>35% of Total Assets</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0% of Total Assets</td>
<td>10% of Total Assets</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0% of Total Assets</td>
<td>10% of Total Assets</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Scheme Name</td>
<td>Scheme Category</td>
<td>Asset Allocation Table</td>
<td>Investment Objective</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>-----------------------</td>
<td>----------------------------------------------------------------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>HDFC Retirement Savings Fund</td>
<td>Retirement Fund</td>
<td>The Scheme offers investors three Investment Plans:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(i) Equity Plan,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(ii) Hybrid- Equity Plan, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(iii) Hybrid-Debt Plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Each of the Investment Plans will be managed as separate portfolio.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Equity Plan</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Type of Instruments</strong> Minimum Allocation (Min) Maximum Allocation (Max) Risk Profile</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and Equity related Instruments</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Hybrid-Equity Plan</strong> Minimum Allocation (Min) Maximum Allocation (Max) Risk Profile</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and Equity related Instruments</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
</tr>
</tbody>
</table>

The investment objective of the Scheme is to provide long-term capital appreciation/income by investing in a mix of equity and debt instruments to help investors meet their retirement goals. There is no assurance that the investment objective of the Scheme will be realized.

In line with the investment objective, the Investment Plan(s) will adopt the following investment strategies:

**Equity Plan**

The total assets of the Equity Plan will be primarily invested in Equity and Equity related instruments. However, the Equity Plan provides for flexibility to invest in debt instruments and money market instruments.

**Hybrid-Equity Plan**

The total assets of the Hybrid-Equity Plan will be primarily invested in Equity and Equity related instruments. The AMC will invest the total assets of the Hybrid-Equity Plan in Debt/Money market instruments with an objective of generating long term returns and maintaining risk under control as per the limit specified in asset allocation pattern.

**Hybrid-Debt Plan**

The total assets of the Hybrid-Debt Plan will be primarily invested in Debt and Money market instruments. The Hybrid-Debt Plan will retain the flexibility to invest across all the debt and money market instruments of various maturities. The AMC will also invest the total assets of the Hybrid-Debt Plan in Equity and Equity related instruments. This Plan seeks to generate steady long term returns with relatively low levels of risk.

The aim of equity strategy will be to build a portfolio of companies across market capitalization which have:

a) reasonable growth prospects
<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hybrid-Debt Plan</td>
<td>Hybrid-Debt Plan</td>
<td>Type of Instruments</td>
<td>Minimum Allocation (% of Total Assets)</td>
<td>Maximum Allocation (% of Total Assets)</td>
<td>Risk Profile</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>70</td>
<td>95</td>
<td>Low to Medium</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity and Equity related Instruments</td>
<td>5</td>
<td>30</td>
<td>High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investment Plans may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

Investment Plans may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

Investment Plans may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time.

Subject to the Regulations and the applicable guidelines, the Investment Plans may engage in Stock Lending activities.

Though every endeavour will be made to achieve the objectives of the Investment Plan(s) under the Scheme, the AMC/Sponsors/Trustees do not guarantee that the investment objectives of the Investment Plan(s) will be achieved. No guaranteed returns are being offered by the Investment Plan(s).
## C. HYBRID SCHEMES (Equity Oriented)

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Multi-Asset</td>
<td>Multi Asset Allocation</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>The objective of the Scheme is to generate long term capital appreciation/income by investing in a diversified portfolio of equity &amp; equity related instruments, debt &amp; money market instruments and Gold. There is no assurance that the investment objective of the Scheme will be realized.</td>
<td>The Scheme aims to provide diversification across Equity, Debt and Gold with an aim to provide optimal risk adjusted returns. <strong>Equity Investments</strong> The aim will be to invest in companies across market capitalization which have: a) reasonable growth prospects b) sound financial strength c) sustainable business models d) acceptable valuation that offers potential for capital appreciation. The Scheme aims to maintain a reasonably diversified portfolio at all times. <strong>Debt Investments</strong> Investment in Debt securities (including securitised debt) and money market instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. <strong>Gold</strong> The Scheme may invest in Gold, Gold ETFs and Gold related instruments (including derivatives, Sovereign Gold Bonds etc as and when SEBI/RBI permits). <strong>REITs &amp; InvITs</strong> The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI/RBI from time to time. <strong>Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities.</strong> The Scheme may also invest in the schemes of Mutual Funds.</td>
<td>An open ended scheme investing in Equity and Equity related instruments, Debt &amp; Money Market Instruments and Gold</td>
</tr>
<tr>
<td>Fund</td>
<td>Allocation Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Type of Instruments | Minimum Allocation (% of Total Assets) | Maximum Allocation (% of Total Assets) | Risk Profile |
--- | --- | --- | --- |
Equity and equity related instruments | 65 | 80 | High |
Debt Securities (including securitised debt) and money market instruments | 10 | 30 | Low to Medium |
Gold * | 10 | 30 | Medium to High |
Units issued by REITs and InvITs | 0 | 10 | Medium to High |
Non-convertible preference shares | 0 | 10 | Low to Medium |

* includes physical Gold, Gold ETFs and other Gold related instruments \(^*\) which may be permitted by Regulator from time to time.

\(^*\) The Scheme may invest in Gold Monetization Scheme of banks notified by RBI as per SEBI vide Circular No. CIR/MFD/DF/11/2015 dated December 31, 2015 subject to the guidelines provided by SEBI, which may be amended from time to time.

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may invest in Corporate Debt Securities; Credit Default Swaps; Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

The Scheme may undertake (i) repo / reverse repo transactions; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.
<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Balanced Advantage Fund</td>
<td>Balanced Advantage Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To provide long term capital appreciation/ income from a dynamic mix of equity and debt investments. There is no assurance that the investment objective of the Scheme will be realized.</td>
<td>The investment objective of the Scheme is to provide long term capital appreciation / income from a mix of equity and debt investments. The Scheme would invest in Government securities, money market instruments, securitised debt, corporate debentures and bonds, preference shares, quasi Government bonds or any other debt instruments, equity and related instruments etc as permitted by Regulations. Different asset classes exhibit different risk-return profile and relatively low correlation to each other as compared to investments within the same asset class. The fund manager will determine asset allocation between equity and debt depending on prevailing market and economic conditions. The debt-equity mix at any point of time will be a function of interest rates, equity valuations, medium to long term outlook of the asset classes and risk management etc. The aim of equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. The Scheme will retain the flexibility to invest in the entire range of debt securities (including securitised debt) and money market instruments. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme may also invest in the schemes of Mutual Funds. Though every endeavour will be made to achieve the objective of the Scheme, the AMC/ Sponsors/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.</td>
<td>An open ended Balanced Advantage Fund</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation % of Total Assets</th>
<th>Maximum Allocation % of Total Assets</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>0</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Equity &amp; Equity related instruments#</td>
<td>65</td>
<td>100</td>
<td>High</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

# Unhedged equity exposure shall be limited to 90% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.

The Scheme may invest up to 35% of its total assets in foreign securities. The Scheme may invest upto 100% of its total assets in Derivatives.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; and (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.
The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time. The Scheme may invest up to 35% of its total assets in foreign securities. The Scheme may invest up to 100% of its total assets in Derivatives.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities; (ii) Credit Default Swaps; (iii) Short Selling and such other transactions in accordance with guidelines issued by SEBI from time to time.

Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities.

The Scheme may also invest in the schemes of Mutual Funds. Though every endeavour will be made to achieve the objective of the Scheme, the AMC/ Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.
<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Equity Savings Fund</td>
<td>Equity Savings Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To provide capital appreciation by investing in Equity &amp; equity related instruments, Arbitrage opportunities, and Debt &amp; money market instruments. There is no assurance that the investment objective of the scheme will be realized.</td>
<td>The Scheme shall endeavour to provide capital appreciation and income distribution to the investors using arbitrage opportunities, investment in equity/equity-related instruments and debt/money market instruments.</td>
<td>An open ended scheme investing in equity, arbitrage and debt</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Type of Instruments</strong></td>
<td><strong>Minimum Allocation (% of Total Assets)</strong></td>
<td><strong>Maximum Allocation (% of Total Assets)</strong></td>
<td><strong>Risk Profile</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and equity related instruments:</td>
<td>65</td>
<td>90</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Of which net long through equity and equity related instruments*:</td>
<td>15</td>
<td>40</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Of which derivatives including index futures, stock futures, index options and stock options, etc</td>
<td>25</td>
<td>75</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other derivative opportunities:</td>
<td>0</td>
<td>20</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>10</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Contd...)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Equity investments:**

The Scheme may aim to generate capital appreciation/income by investing in a cross section of companies diversified across major industries, economic sectors and market capitalization.

**Arbitrage Opportunities:**

The Scheme may seek to generate income through arbitrage opportunities such as Index/Stock Spot vs Index/Stock Futures or Index Futures vs Stock Futures or Future of same stock with different expiry months or ADR/GDR vs underlying shares etc.

The Scheme may also use corporate action or event driven strategy where there is a potential opportunity for arbitrage in cash or derivative market such as dividend arbitrage or buy-back arbitrage or merger etc.

**Debt/Money market instruments:**

Investment in Debt securities (including securitised debt) and money market instruments will be as per the limits in the asset allocation table of the scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

**REITs/InvITs:**

The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time.

Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock Lending activities.

The Scheme may also invest in the schemes of Mutual Funds.
In defensive circumstances the asset allocation will be as per the below table:

<table>
<thead>
<tr>
<th>Type of Instruments</th>
<th>Minimum Allocation (%) of Total Assets</th>
<th>Maximum Allocation (%) of Total Assets</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity and Equity Related Instruments:</td>
<td>15</td>
<td>65</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Of which net long through equity and equity related instruments*</td>
<td>15</td>
<td>40</td>
<td>High</td>
</tr>
<tr>
<td>Of which derivatives including index futures, stock futures, index options and stock options, etc</td>
<td>0</td>
<td>50</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Other derivative opportunities</td>
<td>0</td>
<td>20</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>35</td>
<td>85</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

* This net long equity exposure is aimed to gain from potential capital appreciation and thus is a directional equity exposure which will not be hedged.

Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the scheme will be achieved. No guaranteed returns are being offered under the Scheme.
The Scheme will seek to generate income through arbitrage opportunities such as Index/Stock Spot vs Index/Stock Futures or Index Futures vs Stock Futures or Future of same stock with different expiry months or ADR/GDR vs underlying shares etc.

The Scheme may use corporate action or event driven strategy where there is a potential opportunity for arbitrage in cash or derivate market such as dividend arbitrage or buy-back arbitrage or merger etc.

The Scheme would carry out simple strategies, which would be to take offsetting positions on various markets simultaneously across various asset classes. The overall risk the Scheme would carry would be that of being market neutral. The Scheme would not attempt to leverage or have short positions.

Investment in Debt securities (including securitised debt) and money market instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

Subject to the Regulations and the applicable guidelines, the Scheme may, engage in Stock Lending activities.

The Scheme may also invest in the hybrid securities viz. units of REITs and InvITs for diversification and subject to necessary stipulations by SEBI from time to time.

The Scheme may also invest in the schemes of Mutual Funds. Though every endeavour will be made to achieve the objective of the Scheme, the AMC/ Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

An open ended scheme investing in arbitrage opportunities

---

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Scheme Category</th>
<th>Asset Allocation Table</th>
<th>Investment Objective</th>
<th>Investment Strategy</th>
<th>Product Positioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDFC Arbitrage Fund</td>
<td>Arbitrage Fund</td>
<td>Under normal circumstances the asset allocation will be as follows:</td>
<td>To generate income through arbitrage opportunities and debt &amp; money market instruments. There is no assurance that the investment objective of the Scheme will be realized.</td>
<td>The Scheme will seek to generate income through arbitrage opportunities such as Index/Stock Spot vs Index/Stock Futures or Index Futures vs Stock Futures or Future of same stock with different expiry months or ADR/GDR vs underlying shares etc.</td>
<td>An open ended scheme investing in arbitrage opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Type of Instruments</td>
<td>Minimum Allocation (% of Total Assets)</td>
<td>Maximum Allocation (% of Total Assets)</td>
<td>Risk Profile</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and equity related instruments</td>
<td>65</td>
<td>90</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Derivatives including index futures, stock futures, index options and stock options, etc.</td>
<td>65</td>
<td>90</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other derivative opportunities</td>
<td>0</td>
<td>20</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>10</td>
<td>35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>In defensive circumstances the asset allocation will be as per the below table:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Type of Instruments</td>
<td>Minimum Allocation (% of Total Assets)</td>
<td>Maximum Allocation (% of Total Assets)</td>
<td>Risk Profile</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Equity and equity related instruments</td>
<td>0</td>
<td>65</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Derivatives including index futures, stock futures, index options and stock options, etc.</td>
<td>0</td>
<td>65</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other derivative opportunities</td>
<td>0</td>
<td>20</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Debt Securities (including securitised debt) and money market instruments</td>
<td>35</td>
<td>100</td>
<td>Low to Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Units issued by REITs and InvITs</td>
<td>0</td>
<td>10</td>
<td>Medium to High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-convertible preference shares</td>
<td>0</td>
<td>10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

The Scheme may invest in the schemes of Mutual Funds in accordance with the applicable extant SEBI (Mutual Funds) Regulations as amended from time to time.
A. List of Investor Service Centres (ISCs) of Computer Age Management Services Pvt. Ltd. (CAMS), Registrar & Transfer Agents of HDFC Mutual Fund. These ISCs will be in addition to the existing points of acceptance at the offices of HDFC Asset Management Company Ltd. (Investor Service Centres for HDFC Mutual Fund). These ISCs of CAMS will be the official points of acceptance of transactions for schemes of HDFC Mutual Fund except HDFC Arbitrage Fund.

ANDHRA PRADESH : Portion 3, First Floor, No: 3-16, Behind NRI Hospital, NCS Road, Srinivasa Nagar, Vijaynagaram - 535003. Door No 48-3-2, Flat No. 2, 1st Floor, Sidhi Plaza, Near Visakha Library, Srinagar, Visakhapatnam - 530 016. ASSAM: Dhanabal Complex, Ground Floor, Durgabari, rangagoda Road, Nearer Dena Bank, Tinsukia - 786 125. BIHAR: G-3, Ground Floor, Om Vihar Complex, SP Verma Road, Patna - 800 001. 69, G pandu Chowk (Ground Floor), K.P Road, Gaya - 823 001. GOA: Lawande Sarmalkar Bhavan, 1st Floor, Office No. 2 Next to Mahallaxmi Temple, Panaji, Goa - 403 001. GUJARAT: 111-113, 1st Floor - Devpath, Building, Off C G Road., Behind Lal Bungalow, Ellis Bridge, Ahmedabad - 380 006. Office 207 - 210, Everest Building, Opp. Shastri Maidan, Limda Chowk, Rajkot - 360 001. Shop No - G-5, International Commerce Center, Nr. Kadiwala School, Majura Gate, Ring Road, Surat - 395 002. 103, Aries Complex, BPC Road, Off R.C. Dutt Road, Alkapuri, Vadodara - 390 007. HIMACHAL PRADESH: 328/12, Ram Nagar, 1st Floor, Above Ram Traders, Mandi - 175 001. JHARKHAND: Millennium Tower, Room No:15, First Floor, R- Road, Bistupur, Jamshedpur - 831 001. KARNATAKA : Trade Centre, 4th Floor, No: 45, Dickensen Road (Next to Manipal Centre), Bangalore - 560 042. G & S, Inland Monarch, Opp. Karnataka Bank, Kadri Main Road, Kadri, Mangalore - 575 003. KERALA: Building Name: Modayil, Door No.: 39/2638 DJ, 2nd Floor, 2A, M. G. Road, Cochin - 682 006. Kerala. MAHARASHTRA : Ground Floor, Rajabahadur Compound, Opp. Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai - 400 023. Platinum Mall, Office No. 307, 3rd Floor, Jawahar Road, Ghatkopar East, Mumbai - 400 077. 145 Lendara Park, New Ramdaspath, Behind IndusInd Bank, Nagpur - 440 010. Vartak Pride, 1st floor, Survey No 46,City Survey No 1477, Hingne Budruk D. P. Road, Behind Dinanath Mangeshkar Hospital, Karmerven, Pune - 411052. MADHYA PRADESH: Plot No. 10, 2nd Floor, Alankar Complex, Near ICICI Bank, M. P. Nagar, Zone II, Bhopal - 462 011. 101, Shalimar Corporate Centre, 8-B, South Tukoganj, Opp. Green Park, Indore - 452 001. NEW DELHI: 7-E, 4th Floor, Deen Dayaa Research Institute Building, Swami Ram Tirth Nagar, Near Videocon Tower, Jhandewalan Extension, New Delhi - 110 055. Ground Floor, Unit no. 5/6/8, Pearls Best Heights I, Plot no. A-5, Nr. Max Hospital, Netaji Subhas Place, Pitampura North Delhi. New Delhi - 110 034. Aggarwal Cyber Plaza-II, Commercial Unit No. 371, 3rd Floor, Plot No. C-7, Netaji Subhash Place, Pitampura, New Delhi - 110034. ORISSA : Plot No. - 111, Varaha Complex Building, 3rd Floor, Station Square, Khangel Nagar, Unit 3, Bhubaneswar - 751 001. PUNJAB : Deepak Towers, SCO 150-155, 1st Floor, Sector 17-C, Chandigarh - 160 017. U/GF, Prince Market, Green Field, Near Traffic Lights, Sarabha Nagar Pul, Pathowal Road, Ludhiana - 141 002. RAJASTHAN: G-III, Park Sarao, R-7, Udyadhur Marga, C-Scheme, Behind Ashok Nagar Police Station, Jaipur - 302 001. 1/5, Nirmal Tower, 1st Chopasani Road, Jodhpur - 342 003. SIKKIM: Hotel Heritage Sikkim, Ground Floor, Diesel Power House Road (D.P.H. Road), Near Janta Bhawan, Gangtok - 737 101. TAMIL NADU : No 1334, Thadagam Road, Thruumoorathy Layout, R.S.Puram,Behind Venkteswara Bakery, Coimbatore - 641002. 178/10, Kodambakkam High Road, Opp. Hotel Palm Grove, Nungambakkam, Chennai - 600 034. TELANGANA: 208, 2nd Floor, Jade Arcade, Paradise Circle, Secunderabad - 500 033. UTTAR PRADESH: 106 -107 -108, 1st Floor, Ind Phase,City Centre, 63/2, The Mall, Kanpur - 208 001. Off# 4, 1st Floor, Centre Court Building, 3/c, 5-Park Road, Hazratganj, Lucknow - 226 001. B-11, LGF, Radccc, Rajgbb, Ghaziabad - 201 002. UTTARAKHAND: Dev Bazar, Bazpur Road, Keshipur - 244713. WEST BENGAL : 2nd Floor, Saket Building, 44 Park Street, Kolkata - 700 016.

B. List of Transaction Points of Computer Age Management Services Pvt. Ltd. (CAMS), Registrar & Transfer Agents of HDFC Asset Management Company Ltd. (Investor Service Centres for HDFC Mutual Fund) except HDFC Arbitrage Fund.

CAMS – OFFICIAL POINTS OF ACCEPTANCE OF TRANSACTIONS (CONTD.)


C. List of Limited Transaction Points (LTPs) of Computer Age Management Services Pvt. Ltd. (CAMS), Registrar & Transfer Agents of HDFC Mutual Fund. These LTPs of CAMS will be the official points of acceptance of transactions for schemes of HDFC Mutual Fund except transactions of Liquid Schemes / Plans viz. HDFC Liquid Fund, HDFC Liquid Fund - Premium Plan, HDFC Overnight Fund and HDFC Arbitrage Fund. These LTPs will accept transaction / service requests from Monday to Friday between 12 p.m. and 3 p.m. only.


SID - HDFC BALANCED ADVANTAGE FUND
Eligible investors can undertake any transaction, including purchase / redemption / switch and avail of any services as may be provided by HDFC Asset Management Company Limited (AMC) from time to time through the online/electronic modes (including fax / email) via various sources like its official website - www.hdfcfund.com, mobile handsets, designated fax number(s) / email-id(s), etc. Additionally, this will also cover transactions submitted in electronic mode by specified banks, financial institutions, distributors etc., on behalf of investors, with whom AMC has entered or may enter into specific arrangements or directly by investors through secured internet sites operated by CAMS. The servers including fax/email servers (maintained at various locations) of AMC and CAMS will be the official point of acceptance for all such online/ electronic transaction facilities offered by the AMC to eligible investors.

**OFFICIAL POINTS OF ACCEPTANCE FOR TRANSACTIONS IN ELECTRONIC FORM**

* accepts transactions of Liquid Schemes / Plans viz. HDFC Liquid Fund, HDFC Liquid Fund - Premium Plan and HDFC Overnight Fund.

**POINTS OF SERVICE ("POS") OF MF UTILITIES INDIA PRIVATE LIMITED ("MFUI") AS OFFICIAL POINTS OF ACCEPTANCE (OPA) FOR TRANSACTIONS THROUGH MF UTILITY ("MFU")**

Both financial and non-financial transactions pertaining to Scheme(s) of HDFC Mutual Fund (‘the Fund’) can be done through MFU at the authorized POS of MFUI. The details of POS published on MFU website at www.mfuindia.com will be considered as Official Point of Acceptance (OPA) for transactions in the Scheme.

**AMFI CERTIFIED STOCK EXCHANGE BROKERS/ CLEARING MEMBERS /DEPOSITORY PARTICIPANTS# AS OFFICIAL POINTS OF ACCEPTANCE FOR TRANSACTIONS (PURCHASE/ REDEMPTION) OF UNITS OF HDFC MUTUAL FUND SCHEMES THROUGH THE STOCK EXCHANGE(S) INFRASTRUCTURE**

# For Processing only Redemption Request of Units Held in Demat Form.

The eligible AMFI certified stock exchange Brokers/ Clearing Members/ Depository Participants who have complied with the conditions stipulated in SEBI Circular No. SEBI /IMD / CIR No.11/183204/2009 dated November 13, 2009 for stock brokers viz. AMFI/ NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund will be considered as Official Points of Acceptance (OPA) of the Mutual Fund.
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