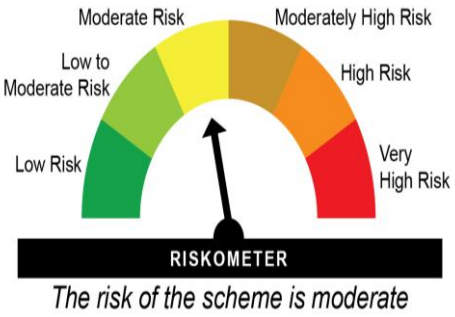
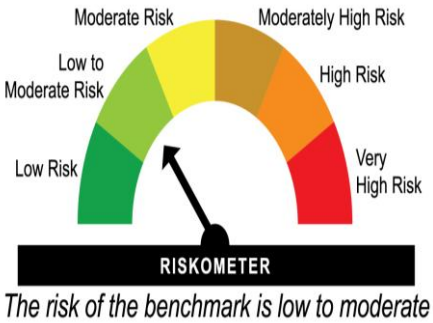
SCHEME INFORMATION DOCUMENT

HDFC Floating Interest Rates Fund

(erstwhile HDFC Floating Rate Debt Fund)

An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives). A Relatively High Interest Rate Risk and Moderate Credit Risk.

This product is suitable for investors who are seeking*:	**Scheme Riskometer#**	**Benchmark Riskometer#**
- income over short term - to generate income/capital appreciation through investment in a portfolio comprising substantially of floating rate debt, fixed rate debt instruments swapped for floating rate returns and money market instruments	*The risk of the scheme is moderate*	CRISIL Short Duration Debt A-II Index **(as per AMFI Tier I Benchmark)** *The risk of the benchmark is low to moderate*

*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.
#As on September 30, 2026. For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com

Potential Risk Class (Maximum risk the Scheme can take) :

Credit Risk → / Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)		**B-III**	

B-III - A Scheme with Relatively High Interest Rate Risk and Moderate Credit Risk.

Continuous Offer of Units at NAV based prices

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**
Address of the entities:

Asset Management Company (AMC): HDFC Asset Management Company Limited Registered Office: HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. CIN No: L65991MH1999PLC123027	**Trustee Company:** HDFC Trustee Company Limited Registered Office: HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. CIN No. U65991MH1999PLC123026
Website of the entities: www.hdfcfund.com	

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 2026, (herein after referred to as SEBI (MF) Regulations) as amended till date and circulars issued thereunder 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, Standard Risk Factors, Special Considerations, 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 (Section I and II) should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated November 25, 2026.

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SECTION I

PART I. HIGHLIGHTS/SUMMARY OF THE SCHEME

Sr. No.	Title	Description
I.	**Name of the Scheme**	**HDFC Floating Interest Rates Fund**
II.	**Category of the Scheme**	Floating Interest Rates Fund
III.	**Scheme Type**	An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives). A Relatively High Interest Rate Risk and Moderate Credit Risk.
IV.	**SEBI Scheme Code**	HDFC/O/D/FLF/18/03/0038
V.	**Investment Objective**	To generate income/capital appreciation through investment in a portfolio comprising substantially of floating rate debt, fixed rate debt instruments swapped for floating rate returns and money market instruments. **There is no assurance that the investment objective of the Scheme will be achieved.**
VI.	**Liquidity**	Units of the scheme can be redeemed/switched out on any Business day at NAV based prices.
VII.	**Benchmark (Total Return Index)**	The benchmark of the scheme is CRISIL Short Duration Debt A-II Index. The benchmark selection is as per AMFI prescribed guidelines and is based on investment objective of the scheme and its PRC/ credit risk level.
VIII.	**NAV Disclosure**	By 11.00 p.m. on every Business day on the website(s) of AMC and AMFI. For further details refer Section II.
IX.	**Applicable Timelines**	**Redemption Proceeds:** Within 3 working days of the receipt of valid redemption request at the Official Points of Acceptance of HDFC Mutual Fund for this Scheme or within such timelines as may be prescribed by SEBI / AMFI from time to time in case of exceptional circumstances or otherwise. **IDCW Proceeds:** Will be transferred within 7 working days of Record Date or such other timeline as may be specified by SEBI/AMFI from time to time.
X.	**Plans and Options**	**Plans:** Regular & Direct The Scheme offers Regular Plan and Direct Plan. Each Plan offers following Options:

<table>
<tr><td></td><td></td><td>
<table>
<tr><th>Option/Facility</th><th>Default Plan/Option</th><th>Frequency*</th><th>Record Date*</th></tr>
<tr><td>Growth</td><td>Growth Option in case Growth Option or IDCW Option**. IDCW Option is not indicated.</td><td>-</td><td>-</td></tr>
<tr><td>• Daily (Re-investment of IDCW Option/Facility), • Weekly and Monthly (Payout of IDCW option/Facility and Re-investment of IDCW Option/Facility)</td><td>Daily Reinvestment Option in case Daily Option, Weekly Option or Monthly Option is not indicated Reinvestment in case Payout or Reinvestment is not indicated.</td><td>• Daily • Weekly • Monthly</td><td>• Daily - Every Business Day • Weekly - Every Monday • Monthly - Last Monday of the month</td></tr>
</table>
*or immediately succeeding Business Day if that is not a Business Day. The Trustee reserves the right to change the frequency/record date from time to time

**Under this Option, it is proposed to declare IDCW subject to availability of distributable surplus, as computed in accordance with SEBI (MF) Regulations. Investors should note that the IDCW amount can be distributed out of investor's capital (Equalization Reserve), which is part of sale price that represents realized gains.

For detailed disclosure on default plans and options, kindly refer SAI.
</td></tr>
<tr><td>XI.</td><td>Load Structure</td><td>Exit Load:
Nil

In respect of Systematic Transactions such as SIP, STPs etc., Exit Load, if any, prevailing on the date of registration / enrolment shall be levied.</td></tr>
<tr><td>XII.</td><td>Minimum Application Amount/ Switch In</td><td>Rs.100/- and any amount thereafter</td></tr>
<tr><td>XIII.</td><td>Minimum Additional Purchase Amount</td><td>Rs.100/- and any amount thereafter</td></tr>
</table>

XIV.	**Minimum Redemption Amount/ Switch Out Amount**	Rs.100/- and multiples of Re.1/- thereafter There will be no minimum redemption criterion for Unit based redemption For further details, refer Section II, Part II, Clause D - Other Scheme Specific Disclosures - Minimum amount for purchase/redemption/switches.
XV.	**Segregated portfolio/side pocketing disclosure**	Currently, the scheme does not have a segregated portfolio. However, the Scheme has enabling provisions to create a segregated portfolio(s) under certain circumstances. For Details, kindly refer SAI.
XVI.	**Swing pricing disclosure**	At present the scheme has not triggered swing pricing. However, the Scheme has enabling provision to trigger swing pricing under certain circumstances. For Details, kindly refer SAI.
XVII.	**Stock Lending/Short Selling**	The Scheme may engage in Securities Lending / Short Selling as permitted under the applicable regulations and guidelines. For Details, kindly refer SAI.
XVIII.	**How to Apply and other details**	Investors can apply for their transactions requests either offline or electronically using the relevant application / transaction request forms available on our website or at any of our Officials Points of Acceptance. The application form/transaction slip for subscription/ redemption/ switches can be submitted at our Official Points of Acceptances whose addresses are available on the website of the AMC. These include: 1. AMC / RTA's branches i.e. Investor Services Centres* 2. HDFC MF website and App/ RTA website for Investors to transact 3. NSE MF Invest/ BSE StAR MF platforms of the Stock Exchanges(s) 4. Authorized Points of Service of MF Utilities India Private Limited (MFUI) 5. Channel partners/ Distributors/ RIAs/ Execution Only Platforms (EOPs) / Portfolio Managers who have tied up with the AMC 6. MF Central 7. National Commodity & Derivatives Exchange Limited (NCDEX) Nidhi platform of the Stock Exchanges(s) (only for non-demat mode) * Note: Business Centres i.e. Sales offices of HDFC AMC are not Official Points of Acceptance of transactions. The above list is indicative. For further details, including cut-off timing and applicability of NAV, refer Section II.
XIX.	**Investor Services**	Contact details for general service requests: • call at 1800 3010 6767/1800 419 7676 (toll free), or

		• e-mail: hello@hdfcfund.com or • Investors may contact / visit any of the Investor Service Centres (ISCs) of the AMC; or • post their feedback/suggestions on our website www.hdfcfund.com appearing under section 'Contact Us' ➔ Get in touch ➔ Write to us. Contact details for complaints resolution: • call at 1800 3010 6767/1800 419 7676 (toll free) • e-mail: hello@hdfcfund.com For any grievances with respect to transactions through NSE/BSE, the investors/Unit Holders should approach the investor grievance cell of the respective stock exchange.
XX.	**Special Product available on Ongoing basis**	**SYSTEMATIC INVESTMENT PLAN (SIP)** The Unit holders under the eligible Scheme(s) 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(s) at Applicable NAV. **SIP TOP UP FACILITY/ SIP STEP UP FACILITY** Investors may avail SIP Top-up/ SIP Step-up facility where they have options to increase the SIP Installment at pre-defined intervals. This will enhance the flexibility of the investor to invest higher amounts during the tenure of the SIP. **MICRO SYSTEMATIC INVESTMENT PLAN ("MICRO SIP")/ PAN EXEMPT INVESTMENTS** Investor i.e. either all joint holders or the first holder who do not hold PAN or are PAN exempt investors may invest (via lumpsum/SIP) up to Rs. 50,000 per year per investor. Such PAN exempt SIPs are referred to as Micro SIP. **SIP PAUSE FACILITY** The Fund offers Systematic Investment Plan ("SIP") Pause facility for investors who wish to temporarily pause their SIP in the Schemes of the Fund. **OTM - ONE TIME MANDATE ('FACILITY'):** OTM is a simple and convenient 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. Through OTM, investor authorizes the bank to debit their account upto a certain specified limit per transaction, on request received from the Fund, as and when the transaction is to be undertaken by the Unit holder, without the need of submitting cheque or fund transfer letter with every transaction thereafter. **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 AMC shall provide the STP facility for units held in demat mode in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time. **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 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 i.e. **Transferor Scheme** to the **Growth Option** of designated open-ended Scheme(s) of HDFC Mutual Fund i.e. **Transferee Scheme.** **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 **i.e. Transferor Scheme** to the **Growth Option** of designated open-ended Scheme(s) of HDFC Mutual Fund i.e. **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. **TRANSFER OF INCOME DISTRIBUTION CUM CAPITAL WITHDRAWAL (IDCW) PLAN FACILITY: - "TIP FACILITY"** Transfer of IDCW Plan (TIP) is a facility wherein unit holder(s) of "Source Scheme" of HDFC Mutual Fund can opt to automatically invest the IDCW (as reduced by the amount of applicable statutory levy) declared by the eligible Source Scheme into the "Target Scheme" of HDFC Mutual Fund. Open ended schemes which Offer IDCW option, can act as Source and / or Target Schemes. However, Schemes which do not offer IDCW Option, can act as only Target Schemes. **SYSTEMATIC WITHDRAWAL ADVANTAGE PLAN (SWAP)/ SYSTEMATIC WITHDRAWAL PLAN (SWP)** 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 balance at periodic intervals **(subject to completion of lock-in period, if any)**. Fixed Plan is available for Growth as well as IDCW Option and Variable Plan is available for Growth Option only for eligible Scheme(s)/Plan(s) under SWAP (SWP) facility. The AMC shall provide the SWAP (SWP) facility for units held in demat mode in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories

		and Participants) Regulations, 2018 as may be amended from time to time. **SWAP (SWP) TOP-UP FEATURE FACILITY** This facility allows investor/unitholder to opt for an annual increase in their withdrawal amount through SWAP/SWP on completion of one year from the date of registration of SWAP/SWP. **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. **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). **For further details on above special products / facilities, kindly refer SAI.**
XXI.	**Weblink**	Click here for Total Expense Ratio (TER) - https://www.hdfcfund.com/statutory-disclosure/total-expense-ratio-of-mutual-fund-schemes/reports Click here for factsheet – https://www.hdfcfund.com/investor-services/factsheets

DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

i. The Scheme Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 2026 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.

v. The contents of the Scheme Information Document including figures, data, yields etc. have been checked and are factually correct.

vi. The AMC has complied with the compliance checklist applicable for Scheme Information Documents and there are no deviations from the regulations.

vii. Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines there under shall be applicable.

Date: November 25, 2026
Place: Mumbai

Name: Supriya Sapre
Designation: Chief Compliance Officer

PART II. INFORMATION ABOUT THE SCHEME

A. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances the asset allocation (% of Net Assets) of the Scheme's portfolio will be as follows:

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Floating rate Securities* (including fixed rate Securities converted to floating rate exposures using swaps/ derivatives) @	65	100
Fixed rate debt securities (including securitized debt, money market instruments & floating rate debt securities swapped for fixed rate returns) @	0	35
Units issued by InvITs	0	10

*Floating rate Securities include Floating rate Money Market Securities.

@ As required under clause 5.7 of Master Circular, the Scheme shall hold at least 10% of its net assets in liquid assets ('liquid assets' shall include Cash, Government Securities, T-bills and Repo on Government Securities). In case of reduction in exposure to such liquid assets / securities below 10%, the AMC shall ensure that the above requirement is complied with before making any further investments. Further, the asset allocation limits shown above will be calculated after excluding this 10% limit.

Investment by Specified Schemes in the units of CDMDF:

In accordance with the requirement of Regulation 40 of SEBI (Mutual Funds) Regulations, 2026 read with clause 18.2.2 (b) of Master Circular, the Scheme has made an initial contribution of 25 bps of AUM of the Scheme as on December 31, 2022 for investing in the units of the Corporate Debt Market Development Fund ('CDMDF') within prescribed timelines. Subsequent to initial contribution, an incremental contribution to CDMDF shall be made every six months from the end of half year, i.e. on a bi-annual basis i.e., 30th June and 31st December of the relevant year, within prescribed timelines, as may be amended from time to time, to ensure 25 bps of AUM as at respective date(s) is invested in units of CDMDF at the prevalent NAV of the respective Class Units.

As per clause 13.18.1 of Master Circular, the cumulative gross exposure through debt & debt related instruments, derivative positions (including fixed income derivatives), government securities, money market instruments, repo transactions, credit default swaps, repo in corporate debt securities, Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the Scheme.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sr. no	Type of Instrument	Percentage of exposure	Circular references
1.	Securities Lending	a) Upto 25% of the net assets	Clause 13.6 of Master Circular

		b) Upto 5% of the net assets at single intermediary i.e. broker level	
2.	Derivatives (Hedging and Non-hedging)	Upto 100% of the net assets	Clause 13.15 of the Master Circular
3.	Securitised Debt	Upto 35% of the total assets	Clause 13.1 of the Master Circular
4.	Liquid Assets (Cash, Government Securities, T-bills, Repo/Reverse repo on Government Securities) and Tri-Party Repo/Reverse repo	Atleast 10% of the net assets	Clause 5.7.1 of Master Circular
5.	Credit Default Swaps	Upto 10% of AUM of the Scheme and shall be within the overall limit of derivatives	Clause 13.17 of Master Circular
6.	Instruments with special features such as AT1 and AT2 Bonds	As per regulatory limits	Clause 13.1 (9) of Master Circular
7.	Structured obligations and credit enhancements	As per regulatory limits	Clause 13.1 (10) of the Master Circular
8.	InvITs	a) Upto 10% of the NAV in the units of InvITs b) Upto 5% of the NAV in the units of InvITs at single issuer	Clause 13.13.5 of the SEBI Master Circular
9.	Overseas Debt Securities	Upto 75% of the net assets	Clause 13.11.2 of Master Circular
10.	Repo/ Reverse Repo in permitted corporate debt securities	Upto 10% of the net assets	Clause 13.8 of Master Circular
11.	Short Term deposits	As per regulatory limits	Clause 8 of Sixth Schedule of SEBI (MF) Regulations and Clause 13.7 of Master Circular
12.	Mutual Fund Units	Upto 5% of the net assets of the Mutual Fund (i.e. across all the schemes of the Fund)	Clause 3 of Sixth Schedule of SEBI (MF) Regulations and Clause 13.14.1 of Master Circular

In addition to the instruments stated in the table above, the Scheme may undertake Short Selling and such other transactions as permitted under the applicable regulations and the scheme may also hold cash from time to time.

Changes in asset allocation pattern/ Portfolio Rebalancing:

Short Term Defensive Consideration:

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. As per clause

1.9.1.b of Master Circular, as may be amended from time to time, 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 calendar days or such other timeline as may be prescribed by SEBI from time to time.

Portfolio rebalancing (in case of passive breaches):

As per clause 3.11 of Master Circular, as may be amended/ clarified from time to time, in the event of change in the asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager is required to carry out portfolio rebalancing within 30 Business Days.

In case the portfolio is not rebalanced within the period of 30 Business days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business days from the date of completion of mandated rebalancing period. In case the portfolio of the scheme is not rebalanced within the aforementioned mandated plus extended timelines, the AMC shall follow the requirements specified under the aforesaid circular including reporting the deviation to Trustees at each stage.

B. WHERE WILL THE SCHEME INVEST?

The Scheme will invest in securities as mentioned below. The investments will be made as per the limits specified in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations or any other applicable laws and guidelines.

- Debt and Money Market Instruments
- Short Term deposits
- Units of Mutual Funds
- InvITs
- Derivatives – Fixed Income
- Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time.

  Any other instruments as may be permitted by RBI / SEBI from time to time, subject to necessary regulatory approvals.

For detailed disclosures, kindly refer Section II.

C. WHAT ARE THE INVESTMENT STRATEGIES?

The investment objective of the Scheme is to generate income and capital appreciation through investment in a portfolio comprising substantially of floating rate debt, fixed rate debt instruments swapped for floating rate returns and money market instruments.

The Scheme shall endeavour to develop a well-diversified portfolio of debt (including securitised debt) and other instruments. The Scheme may also invest in the schemes of Mutual Funds.

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

As part of the Fund Management process, the Scheme may use derivative instruments such as futures and options, or any other derivative instruments that are permissible or may be permissible in future

under applicable regulations. However, trading in derivatives by the Scheme shall be for restricted purposes as permitted by the regulations.

For detailed derivative strategies, please refer to SAI. For exposure limits to derivatives, refer section **'Where will the scheme invest' under Section II, Part II, Clause A.**

Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsor/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. Every investment opportunity in Debt and Money Market Instruments would be assessed with regard to credit risk, interest rate risk, liquidity risk, derivatives risk and concentration risk.

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. A higher portfolio turnover results in higher brokerage and transaction cost.

D. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

CRISIL Short Duration Debt A-II Index

The benchmark is selected from the benchmarks notified by AMFI for the category of scheme in line with the Scheme's PRC level/credit risk level (as available for the benchmark). 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.

E. WHO MANAGES THE SCHEME?

The details of Fund Manager of the Scheme are as follows:

Name, Age & tenure^	Educational Qualifications	Experience (last 10 years)	Other Fund(s) Managed*
Anil Bamboli 55 Years **Tenure for managing the Scheme:** 6 months	• B. Com, Grad • CWA, • MMS (Finance), • CFA (CFA Institute)	Collectively over 32 years experience in Fund Management and Research, Fixed Income dealing • **July 25, 2003 till Date:** HDFC Asset Management Company Limited	1. HDFC Arbitrage Fund (co-managed Scheme) 2. HDFC Balanced Advantage Fund (co-managed Scheme) 3. HDFC Banking and PSU Debt Fund 4. HDFC Charity Fund for Cancer Cure (A Fixed Maturity Plan)

			5. HDFC Children's Fund (co-managed Scheme) 6. HDFC Dynamic Term Fund 7. HDFC Equity Savings Fund (co-managed Scheme) 8. HDFC Gilt Fund 9. HDFC Income Plus Arbitrage Active FOF (co-managed Scheme) 10. HDFC Medium Term Fund (co-managed Scheme) 11. HDFC Multi-Asset Active FOF (co-managed Scheme) 12. HDFC Multi Asset Allocation Fund (co-managed Scheme) 13. HDFC Short Term Fund 14. HDFC Ultra Short Term Fund (co-managed Scheme)

* excluding Overseas investments if any.

^Cut-off date considered for calculation of tenure is September 30, 2026.

Fund Manager for Overseas Investments:

Name, Age & tenure^	Educational Qualifications	Experience (last 10 years)	Other Fund(s) Managed*
Gopal Agrawal 53 Years **Tenure for managing the Scheme:** 1 month	• B.E., • MBM	Collectively over 23 years experience in Fund Management and 2.5 years in Equity Research • **July 9, 2020 till Date:** HDFC Asset Management Company Limited • **July 23, 2018 till June 30, 2020:** DSP Investment Managers Private Limited Last Position Held: Senior Fund Manager and Head-Macro strategy • **April 03, 2017 till July 16, 2018:** TATA Asset Management Company Limited Last Position Held: CIO-Equity • **October 01, 2007 till March 31, 2017:** Mirae Asset Global Investments (India) Pvt. Ltd.. Last Position Held: CIO-Equity and Chief Strategist	1. HDFC Arbitrage Fund (co-managed Scheme) 2. HDFC Balanced Advantage Fund (co-managed Scheme) 3. HDFC Banking and PSU Debt Fund 4. HDFC Banking & Financial Services Fund 5. HDFC Business Cycle Fund 6. HDFC Charity Fund for Cancer Cure (A Fixed Maturity Plan) 7. HDFC Children's Fund (co-managed Scheme) 8. HDFC Corporate Bond Fund 9. HDFC Credit Risk Fund 10. HDFC Defence Fund (co-managed Scheme) 11. HDFC Dividend Yield Fund 12. HDFC Dynamic Term Fund 13. HDFC ELSS - Tax Saver Fund

			14. HDFC Equity Savings Fund (co-managed Scheme) 15. HDFC Flexi Cap Fund 16. HDFC Focused Fund 17. HDFC Gilt Fund 18. HDFC Housing Opportunities Fund 19. HDFC Conservative Hybrid Fund (co-managed Scheme) 20. HDFC Aggressive Hybrid Fund (co-managed Scheme) 21. HDFC Medium to Long Term Fund (co-managed Scheme) 22. HDFC Infrastructure Fund 23. HDFC Innovation Fund 24. HDFC Large & Mid Cap Fund 25. HDFC Large Cap Fund 26. HDFC Liquid Fund (co-managed Scheme) 27. HDFC Long Term Fund 28. HDFC Ultra Short to Short Term Fund (co-managed Scheme) 29. HDFC Manufacturing Fund 30. HDFC Medium Term Fund (co-managed Scheme) 31. HDFC Mid Cap Fund 32. HDFC MNC Fund (co-managed Scheme) 33. HDFC Money Market Fund 34. HDFC Multi Cap Fund 35. HDFC Multi Asset Allocation Fund (co-managed Scheme) 36. HDFC Consumption Fund (co-managed Scheme) 37. HDFC Pharma and Healthcare Fund 38. HDFC Retirement Fund - Equity Plan (co-managed Scheme) 39. HDFC Retirement Fund - Hybrid-Debt Plan (co-managed Scheme) 40. HDFC Retirement Fund - Hybrid-Equity Plan (co-managed Scheme) 41. HDFC Short Term Fund 42. HDFC Small Cap Fund 43. HDFC Technology Fund (co-managed Scheme)

			44. HDFC Transportation and Logistics Fund (co-managed Scheme) 45. HDFC Ultra Short Term Fund (co-managed Scheme) 46. HDFC Value Fund

^Cut-off date considered for calculation of tenure is September 30, 2026.

F. HOW IS THE SCHEME DIFFERENT FROM EXISTING SCHEMES OF THE MUTUAL FUND?

The following list consists of existing actively managed open ended debt schemes of HDFC Mutual Fund.

Sr. No.	Scheme Name
1.	HDFC Banking and PSU Debt Fund
2.	HDFC Corporate Bond Fund
3.	HDFC Credit Risk Fund
4.	HDFC Dynamic Term Fund
5.	HDFC Floating Interest Rates Fund
6.	HDFC Gilt Fund
7.	HDFC Medium to Long Term Fund
8.	HDFC Liquid Fund
9.	HDFC Long Term Fund
10.	HDFC Ultra Short to Short Term Fund
11.	HDFC Medium Term Fund
12.	HDFC Money Market Fund
13.	HDFC Overnight Fund
14.	HDFC Short Term Fund
15.	HDFC Ultra Short Term Fund

For comparison between various schemes of HDFC Mutual Fund
Visit: https://www.hdfcfund.com/statutory-disclosure/offer-document-disclosures

G. HOW HAS THE SCHEME PERFORMED?

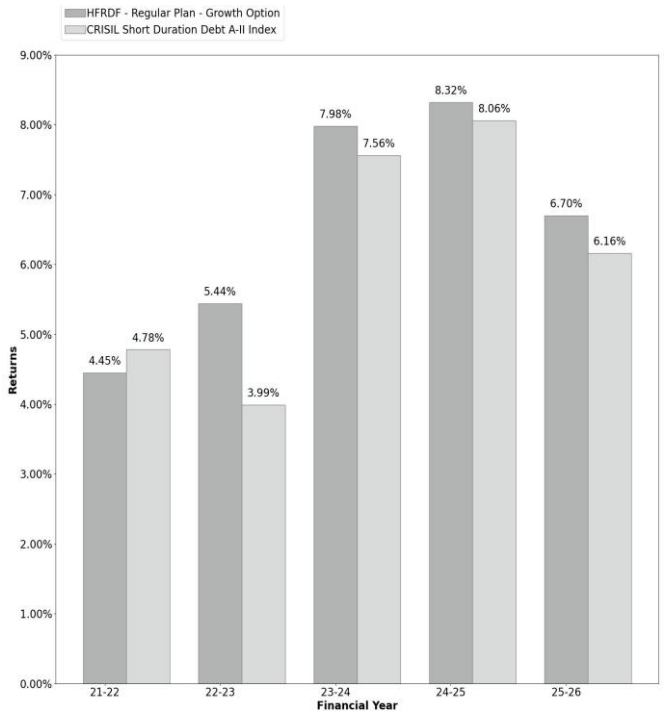
Performance of the Scheme (as at September 30, 2026)

The performance of the Scheme shall be benchmarked against CRISIL Short Duration Debt A-II Index

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

HDFC Floating Interest Rates Fund - Regular Plan - Growth Option	Absolute returns for each financial year for last 5 years^

Period	Returns (%)^	Benchmark Returns (%)#
Last 1 Year	5.59	5.17
Last 3 Years	7.22	7.07
Last 5 Years	6.58	6.14
Since Inception*	7.69	7.49



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

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

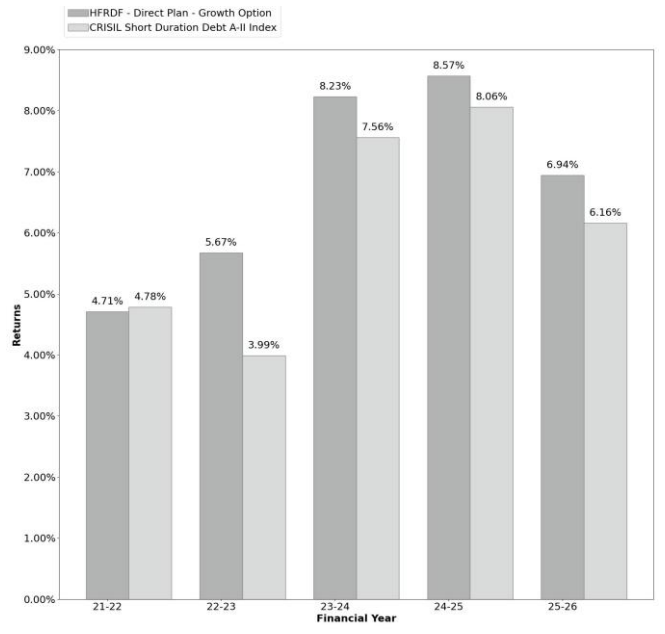
** Inception Date: 23-10-2007*

 # CRISIL Short Duration Debt A-II Index

Since inception returns are calculated on Rs. 13.1821 (allotment price).

HDFC Floating Interest Rates Fund - Direct Plan - Growth Option	Absolute returns for each financial year for last 5 years^

Period	Returns (%)^	Benchmark Returns (%)#
Last 1 Year	5.84	5.17
Last 3 Years	7.47	7.07
Last 5 Years	6.83	6.14
Since Inception*	7.76	7.49



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

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

**Inception Date: 1-1-2013*

 # CRISIL Short Duration Debt A-II Index

Since inception returns are calculated on Rs. 19.6301 (allotment price)

For Riskometer of Scheme and Benchmark, kindly refer cover page.

H. ADDITIONAL SCHEME RELATED DISCLOSURES

- **Scheme's portfolio holdings-**
  https://www.hdfcfund.com/statutory-disclosure/portfolio/monthly-portfolio

- **Portfolio Disclosure** -
  Monthly - https://www.hdfcfund.com/statutory-disclosure/portfolio/monthly-portfolio
  Fortnightly -https://www.hdfcfund.com/statutory-disclosure/portfolio/fortnightly-portfolio
  Half yearly - https://www.hdfcfund.com/statutory-disclosure/scheme-financials

- **Portfolio Turnover Ratio (September 30, 2026)**
  Without Derivatives - N.A.
  With Derivatives - N.A.

- **IDCW declaration track record for last 5 for the last five years or the last five IDCW distributions -** https://www.hdfcfund.com/nav-and-idcw

- **Addendums** - https://www.hdfcfund.com/statutory-disclosure/form-disclosures/addenda-notices

- **Aggregate investment in the Scheme by (September 30, 2026):**

Sr. No.	Category of Persons Fund Manager(s)	Net Value*		Market Value (in Rs.)
		Units	NAV per unit	
1	Anil Bamboli	2949.53	54.8997	1,61,928.53
2	Gopal Agrawal	89.38	54.8997	4,906.72

*includes mandatory investments under SEBI guidelines, if any.

For any other disclosure with respect to investments by key personnel and AMC directors including regulatory provisions in this regard, kindly refer SAI.

INVESTMENT BY THE AMC IN THE SCHEME

The AMC may invest in the Scheme during the continuous offer period subject to the SEBI (MF) Regulations. The AMC may also invest in other existing Schemes of the Mutual Fund. As per the existing SEBI (MF) Regulations and circulars issued thereunder, the AMC will not charge Investment Management and Advisory fee on the investment made by it in this Scheme or other existing Schemes of the Mutual Fund.

For details of existing mandatory investments by AMC in various schemes, visit - https://www.hdfcfund.com/statutory-disclosure/mandatory-investment-amc

PART III. OTHER DETAILS

A. COMPUTATION OF NAV

Methodology for 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 AMC will value its investments according to the valuation norms, as specified in Seventh Schedule of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time and as stipulated in the Valuation Policy and Procedures of the Fund, provided in SAI available on website.

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:

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

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 4 decimals. Units will be allotted upto 3 decimals.

Illustration for Computation of NAV:

NAV for the Scheme shall be calculated as shown below:

Particulars	**Amount (In INR)**
Assets	
Investments (at Market Value)	10,000
(Equity/Debt/Derivatives)	
Current Assets	
Interest receivable	1,000
Dividend Receivables	550
Trades Receivables	1,500
Total Assets (A)	13,050
Current Liabilities	
Trade Payables	1,500
Expense Payable	25
Dividend payable	25
Total Liabilities (B)	1,550
Net Assets (C) (A – B)	11,500
Units Outstanding (D)	1,000
NAV per unit (C/D)	₹ 11.50

METHODOLOGY FOR CALCULATION OF SALE AND REPURCHASE PRICE

- **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 for a valid purchase will be the Applicable NAV.

i.e. Sale Price = Applicable NAV

For a valid purchase request of Rs. 10,000 where the applicable NAV is Rs. 11.1234, the units allotted will be:

$$= \frac{\text{10,000 (i.e. purchase amount)}}{\text{11.1234 (i.e. applicable NAV)}}$$

= 899.006 units (rounded to three decimals)

Charges and other 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. 12.1234, the repurchase price will be:

= 12.1234 - (12.1234 X 1.00%)

= 12.1234 - 0.1212

= Rs. 12.0022

Therefore, for a repurchase of 899.006 units, the proceeds received by the investor will be -

= 899.006 (units) * 12.0022 (Repurchase price)

= Rs. 10,790.02 (rounded to two decimals)

Charges and other expenses, if any, borne by the investors have not been considered in the above illustration.

While determining the price of the units, the mutual fund shall ensure that the repurchase price of an open ended scheme is not lower than 97 per cent of the Net Asset Value.

For other details such as policies with respect to computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. refer to SAI.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below. The expenses shall be subject to the base expense limits, brokerage limits, transaction cost and statutory levies permissible under these regulations.

The AMC has estimated that upto 1.85% of the daily net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

The Base Expense Ratio (**BER**) of the Scheme shall include (a) Investment and Advisory fees under Regulation 66 (4); (b) Recurring scheme expenses under Regulation 66 (5); and (c) Charges/ commission/ fees related to distribution of mutual fund schemes under Regulation 66 (6) but shall exclude statutory levies applicable, if any, on the said expenses and transaction cost specified under Regulation 66 (10).

The base expenses charged to the Scheme shall not exceed the limits stated in Regulation 66 of the SEBI (MF) Regulations and as permitted under SEBI Circulars issued from time to time. Any expenditure in excess of the base limits specified in these regulations shall be borne by the AMC or the trustees or

sponsors. If any expense of the scheme is borne by AMC or by the trustee or sponsors, the same shall be done only after the investment and advisory fees charged to the scheme, if any, is fully reversed.

Maximum Base Expense Ratio under Regulation 66 (7) (c):

On the first Rs.500 crores of the daily net assets – 1.85 % p.a.

On the next Rs.250 crores of the daily net assets - 1.65 % p.a.

On the next Rs.1,250 crores of the daily net assets - 1.40 % p.a.

On the next Rs.3,000 crores of the daily net assets - 1.25% p.a.

On the next Rs.5,000 crores of the daily net assets - 1.15% p.a.

On the next Rs.40,000 crores of the daily net assets - 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 - 0.70% p.a.

Various fees, expenses, charges and statutory levies that would be charged to the Scheme:

Expense Head	**% of daily net assets (estimated) (p.a.)**
Investment Management and Advisory Fees[1]	Upto 1.85%
Audit Fees	
Fees and Expenses of trustees[2]	
Custodial Fees	
Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling expenses including fees, commission and charges towards distribution of mutual fund schemes[3]	
Cost of statutory advertisements	
Cost related to Investor Communications	
Cost of fund transfer from location to location	
Cost towards investor education, awareness and financial inclusion (at least 0.02% p.a.)[4]	
Brokerage & Transaction cost pertaining to execution of trade[5] [6]	
Other Expenses (as per Reg 66 of SEBI MF Regulations)	
Maximum Base Expense Ratio (BER) permissible under Regulation 66	Upto 1.85%
Maximum total expense ratio (TER) under Regulation 67[7]	Refer Note 7 below
Statutory levies (including GST) on all expenses excluding brokerage and transaction cost[8]	GST of 18% or any other rate as may be levied from time to time on the Taxable/ Invoice/ Contract amount. Additionally, levies such as Stamp Duty, STT etc.
Statutory levies (including GST) on brokerage and transaction cost[8]	Will be charged on Turnover of securities at prescribed rates.

Notes:

[1]There shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 66 (4) and (5) viz. Investment Management and Advisory Fees and various sub-heads of recurring expenses, respectively.

[2]Trustee 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 expenses as permitted from time to time under the Trust Deed and SEBI (MF) Regulations.

[3]Direct Plan under the Scheme shall have a lower expense ratio than Regular Plan, as no distribution commission is paid under such plan. All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a Regular Plan.

The charges or commission or fees related to distribution of mutual fund schemes shall be paid in the manner as may be specified by SEBI and AMFI from time to time.

[4]Investor Education and Awareness initiatives

As per clause 11.9 of Master Circular, 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 within the limits of base expenses prescribed under Regulation 66 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken. These funds shall be utilized as per the guidelines issued by SEBI and AMFI from time to time.

Further, as per Clause 11.6 of Master Circular, the AMC shall pay additional commission to distributors for onboarding new individual investors (new PAN) from B-30 cities at the mutual fund industry Level and new women individual investors (new PAN) from both Top 30 and B-30 cities.

The additional distribution commission shall be paid from the 2 basis points on daily net assets, mandated to be set apart annually by AMCs for investor education, awareness and financial inclusion initiatives, subject to adequate claw back provisions. The additional commission shall be in addition to the existing trail commission paid to the distributor from the scheme.

[5]Brokerage incurred for the purpose of execution of trade shall be charged to the schemes as provided under Regulation 66 (9) upto 6 bps and 2 bps of the trade value for cash market transactions and derivatives transactions (if permitted under the scheme) respectively. Any payment towards brokerage over and above the said 6 bps and 2 bps shall be part of the Base Expense Ratio (BER) limit (excluding statutory levies) as prescribed under Regulation 66 (7).

[6]Pursuant to Regulation 66 (10), transaction cost incurred for the purpose of execution of a trade shall mean regulatory levies and any other expenses charged by the stock exchanges, clearing corporation, and clearing house, as applicable. Such transaction costs shall not form part of the Base Expense Ratio (BER).

[7]The total of all expenses charged to the investors of the scheme, as mentioned under definition of 'Total expense ratio', shall be total of expense charged within the base limit specified under Regulation 66 (7), brokerage cost permitted under Regulation 66 (9), transaction cost incurred for the purpose of execution of trade as referred under Regulation 66 (10), and statutory levies charged to the investors. No charges other than the base expense ratio, brokerage cost, transaction cost, statutory levy and exit load including

levies as may be specified by the SEBI, shall be charged to the investors. Any expense other than those specified in Regulation 66 (4), (5), (6) (9) and (10) as mentioned above, shall not be charged to the scheme and shall be borne by the AMC or trustee or sponsors.

[8]Statutory levy means levy imposed by state government and central government.

The mutual fund would update the expense ratios on the website (www.hdfcfund.com) under the Section titled "Statutory Disclosures" under sub-section titled "Total Expense Ratio of Mutual Fund Schemes". Any change in the BER in comparison to previous BER charged to any scheme/plan shall be communicated to investors of the Scheme at least three working days prior to effecting such change. Further, the notice of change in BER shall be updated in the aforesaid section of the website at least three working days prior to effecting such change. Provided that any change in BER in a mutual fund scheme due to change in AUM or any decrease in BER in a mutual fund scheme due to various other regulatory requirements shall not require issuance of any prior notice to the investors.

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 in rupee terms the above, for the Scheme under reference, suppose an Investor invested Rs. 10,000/- (after deduction of stamp duty, if any) under the Growth Option, the impact of expenses charged will be as under:

Particulars	**Regular Plan**	**Direct Plan**
Amount invested at the beginning of the year (Rs.)	10,000	10,000
Returns before expenses (Rs.)	1,500	1,500
Expenses other than Distribution expenses (Rs.)	150	150
Distribution expenses (Rs.)	50	0
Returns after expenses at the end of the year (Rs.)	**1300**	**1350**
Returns (in %)	**13%**	**13.5%**

Note(s):

- The purpose of the above illustration is purely to explain the impact of expense ratio charged to the Plan(s) under 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 of the Scheme will be lower to the extent of the distribution expenses/ commission
- 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 seek appropriate advice.

C. LOAD STRUCTURE

Exit Load is an amount which is paid by the investor to redeem the units from the scheme. 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 AMC (www.hdfcfund.com) or you may call at 1800 3010 6767/1800 419 7676 or your distributor.

Type of Load	**Load chargeable (as % of NAV)**
Exit Load	Nil

No Entry Load will be charged.

(i) No Exit Load shall be levied for switching between Plans / Options within the Scheme. However, exit load will be applicable if the units are switched-out / redeemed from the Scheme within the exit load period from the initial date of purchase.

(ii) No Exit load will be levied on bonus Units and on units allotted on Re-investment of Income Distribution cum Capital Withdrawal.

(iii) No Exit load will be levied on Units allotted in the Target Scheme under the Transfer of Income Distribution cum Capital Withdrawal (IDCW) Plan Facility (TIP Facility).

(iv) 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.

(v) In case of Systematic Transactions such as Systematic Investment Plan (SIP), Flex Systematic Investment Plan (Flex SIP), Systematic Transfer Plan (STP), HDFC Flex Systematic Transfer Plan (Flex STP), HDFC Swing Systematic Transfer Plan (Swing STP), etc., Exit Load, if any, prevailing on the date of registration / enrolment shall be levied.

The AMC/ Trustee if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund 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. While determining the price of the units, the mutual fund shall ensure that the repurchase price of an open ended scheme is not lower than 97 per cent of the Net Asset Value. 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.

SECTION II

I. INTRODUCTION

A. DEFINITIONS/INTERPRETATION

Visit: https://www.hdfcfund.com/statutory-disclosure/offer-document-disclosures

B. RISK FACTORS

■ Scheme Specific Risk Factors:

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

Basis Risk: As the Scheme will invest in floating rate instruments, the Scheme could be exposed to the interest rate risk (a) to the extent of time gap in resetting of the benchmark rates and (b) to the extent the benchmark index fails to capture the interest rate movement.

Settlement Risk: In the case of swapping a fixed rate return for a floating return, there may be an additional risk of counter party who will pay floating rate return and receive fixed rate return.

Liquidity Risk: Due to the evolving nature of floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.

Benchmark Risk: The floating rate segment of the domestic debt market is in a nascent stage. As the floating rate segment develops further, more benchmarks for floating papers may be available in future. The fewer number of benchmarks currently present could reduce the choice of an appropriate benchmark for certain instruments.

Interest Rate Risk: Floating rate debt instruments, on account of periodical interest rate reset, carry a lower interest rate risk as compared to fixed rate debt instruments. Consequently, in a downward interest rate scenario the returns on floating rate debt instruments may not be better than those on fixed rate debt instruments.

Volatility Risk for Floating Rate Instruments: This scheme has exposure to floating rate instruments and/or interest rate derivatives. The duration of these instruments is linked to the interest rate reset period. The interest rate risk in a floating rate instrument or in a fixed rate instrument hedged with derivatives is likely to be lesser than that in an equivalent maturity fixed rate instrument. Under some market circumstances the volatility may be of an order greater than what may ordinarily be expected considering only its duration. Hence investors are recommended to consider the unadjusted portfolio maturity of the scheme as well and exercise adequate due diligence when deciding to make their investments.

(i) 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. This may increase the risk of the portfolio. The Investment Manager will endeavour to manage credit risk through in-house credit analysis.
- **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.
- 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.

- **Backstop facility in the form of investment in Corporate Debt Market Development Fund ('CDMDF')**:
  Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF and hence redemption shall not be allowed.

(ii) Risks associated with investment in unlisted securities:

- Except for any security of an associate or group company, the scheme can invest in securities which are not listed on a stock exchange ("unlisted Securities") or receive unlisted securities which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. These securities may lack a liquid secondary market and there can be no assurance that the Scheme will realise their investments in unlisted securities at a fair value.
- Investment in unrated instruments may involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities.

(iii) Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities

The risks factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instruments.

- Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms and could include guarantee, shortfall undertaking, letter of comfort, etc. from another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Credit enhancement could include additional security in form of pledge of shares listed on stock exchanges, etc. SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of car loan receivables, securities backed by trade receivables, credit card receivables etc. Hence, for CE rated instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer.
- **Liquidity Risk:** SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is adversely affected compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the scheme to sell such debt instruments and generate liquidity for the scheme or higher impact cost when such instruments are sold.
- **Credit Risk:** The credit risk of debt instruments which are CE rated is based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal

risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, comingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

(iv) 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.

(v) Risk factors associated with investing in Overseas 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 in Statement of Additional Information (SAI) under section "**Tax, Legal, General Information**", 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.

- **Exhaustion of Limit for investments in Overseas Securities:**

  In case the permissible limits for investments in overseas Securities by the Scheme provided by regulatory bodies is reached, then the scheme may not be able to make any further investments in permissible Overseas Securities. This could lead to loss of investment opportunity.

(vi) 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.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
- 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.

(vii) 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. The scheme may not be able to sell lent out securities, which can lead to temporary illiquidity & loss of opportunity.

(viii) 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 an 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 Bank with Liquidity facility**
  If the Bank with Liquidity facility, becomes subject to bankruptcy proceedings then an investor could experience losses or delays in the payments.
- **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.

(ix) Risk factors associated with investments in Perpetual Debt Instrument (PDI)

Perpetual Debt instruments are issued by Banks, NBFCs and corporates to improve their capital profile. Some of the PDIs issued by Banks which are governed by the RBI guidelines for Basel III Capital Regulations are referred to as Additional Tier I (AT1 bonds). While there are no regulatory guidelines for issuance of PDIs by corporate bodies, NBFCs issue these bonds as per guidelines issued by RBI. The instruments are treated as perpetual in nature as there is no fixed maturity date. The key risks associated with these instruments are highlighted below:

Key Risk Factors:

- **Risk on coupon servicing**

  Banks

  As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/ payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons.

  NBFCs

  While NBFCs may have discretion at all times to cancel payment of coupon, coupon can also be deferred (instead of being cancelled), in case paying the coupon leads to breach of capital ratios.

  Corporates

  Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

- **Risk of write-down or conversion into equity**

  Banks

  As per the regulatory requirements, Banks have to maintain a minimum Common Equity Tier-1 (CET-1) ratio of Risk Weighted Assets (RWAs), failing which the AT-1 bonds can get written down. Further, AT-1 Bonds are liable to be written down or converted to common equity, at the discretion of RBI, in the event of Point of Non Viability Trigger (PONV). PONV is a point, determined by RBI, when a bank is deemed to have become non-viable unless there is a write off/ conversion to equity of AT-1 Bonds or a public sector capital injection happens. The write off/conversion has to occur prior to public sector injection of capital. This risk is not applicable in case of NBFCs and Corporates.

- **Risk of instrument not being called by the Issuer**

  Banks

  The issuing banks have an option to call back the instrument after minimum specified period from the date of issuance, subject to meeting the RBI guidelines. However, if the bank does not

exercise the call on first call date, the Scheme may have to hold the instruments for a period beyond the first call exercise date.

NBFCs

The NBFC issuer has an option to call back the instrument after minimum specific period as per the regulatory requirement from date of issuance and thereafter, subject to meeting the RBI guidelines. However, if the NBFC does not exercise the call option the Scheme may have to hold the instruments for a period beyond the first call exercise date.

Corporates

There is no minimum period for call date. However, if the corporate does not exercise the call option, the Scheme may have to hold the instruments for a period beyond the call exercise date.

(x) Risk factors associated with Short Selling

Short-selling is the sale of shares which are not owned by the seller at the time of trade. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock he shorted and returns the stock to close out the loan. If the price of the stock corrects, Short seller can buy the stock back for less than he received for selling it and earn profit (the difference between higher short sale price and the lower purchase price). If the price of stock appreciates, short selling results in loss. Thus, Short positions carry the risk of losing money and these losses may grow theoretically unlimited if the price increases without limit and shall result into major losses in the portfolio.

(xi) Risk factors associated with InvITs:

- **Price Risk:**

  Securities/Instruments of 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 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 InvIT security/ instrument may default on interest payment or even on paying back the principal amount on maturity. Securities/ Instruments of 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 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 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 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 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.

(xii) Risk factors associated with Repo in permitted Corporate Debt Securities

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo in corporate debt securities is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. Some of the risks associated with repo in corporate debt are given below:

Counterparty Risk: Counterparty risk refers to the inability of the seller to meet the obligation to buy back securities at the contracted price on the contracted date. In case of over the counter (OTC) repo trades, the investment manager will endeavour to manage counterparty risk by dealing only with counterparties having strong credit profiles. Also, the counter-party risk is to an extent mitigated by taking collateral equivalent in value to the transaction after knocking off a minimum haircut on the intrinsic value of the collateral. In the event of default by the repo counterparty, the scheme shall have recourse to the corporate debt securities. In case the repo transaction is executed on exchange platform approved by RBI/SEBI, the exchange may also provide settlement guarantee.

Collateral Risk: Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk can be partly mitigated by restricting participation in repo transactions only in corporate debt securities which are approved by credit risk team. Additionally, to address the risk related to reduction in market value of corporate debt security held as collateral due to credit rating downgrade, the repo contract can incorporate either an early termination of the repo agreement or call for fresh margin to meet the minimum haircut requirement or call for replacement of security with eligible security. Moreover, the investment manager may apply a higher haircut on the underlying security than required as per RBI/SEBI regulation to adjust for the illiquidity and interest rate risk on the underlying instrument. To mitigate the risk of price reduction due to interest rate changes, the adequacy of the collateral can be monitored on a daily basis by considering the daily market value & applying the prescribed haircut. The fund manager or the exchange can then arrange for additional collateral from the counterparty, within a prespecified period. If the counterparty is not able to top-up either in form of cash / collateral, it would tantamount to early termination of the repo agreement, and the outstanding amount can be recovered by sale of collateral.

(xiii) Risk factors associated for investments in Mutual Fund Schemes

1. Movements in the Net Asset Value (NAV) of these Schemes may impact the performance. Any change in the investment policies or fundamental attributes of these Schemes will affect the performance of the Scheme to the extent of investment in such schemes.
2. Redemptions by in these Schemes would be subject to applicable exit loads.

(xiv) 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 under **section 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.
- 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.
- 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.

C. RISK MITIGATION STRATEGIES

Risk Mitigation measures for investments in debt instruments

- Any investments in debt securities would be undertaken after assessing the associated credit risk, interest rate risk and liquidity risk.

Credit Evaluation Process

The credit evaluation process 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 clause 13.1.4 of Master Circular, 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 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 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.

The liquidity Risk Management tools shall be as a under:

Liquidity Management Tool	Brief Description
Potential Risk Matrix Circular & Risk-o-meter Circular	The maximum risk that a scheme will run as per design and a measurement of that risk on a regular basis. Remedial measures also in place in case any of the design boundaries are breached.
Liquidity Risk Management (LRM) Circular	Defines Liquidity Risk arising from the liability side and covers all potential liquidity risk scenarios upto 99% confidence interval. Has remedial measures both for managing this risk on an ongoing basis (LRaR&LCRaR) as well as action plan in case there is a difference between actual outcome and projected outcome.
Stress Testing Circular	Addresses the asset side risk from an Interest Rate, Credit and Liquidity Risk perspective at an aggregate portfolio level in terms of its impact on NAV.
Risk Management Circular (RMC) Circular	The RMC circular brings in ALM requirement which addresses potential Liquidity requirement over a 90-day period and required relevant asset side liquidity to be maintained.
Swing Pricing Circular	In case of severe liquidity stress at an AMC level or a severe dysfunction at market level, the Swing Pricing guidelines get triggered which offers the contingency plan in case all else fails.

Risk Mitigation factors relating to investment in Perpetual Debt Instruments (PDI):

- Risk on coupon servicing and Risk of write-down or conversion into equity

Banks: The risks on coupon servicing or principal write down/ conversion to equity are mitigated, to a certain extent, if the investee bank has strong financial position and meets the required regulatory guidelines. Hence, an in-depth credit evaluation of each bank is undertaken, keeping in mind both quantitative (leverage, profitability, solvency ratios, capital adequacy, etc.) and qualitative factors (parentage, track record etc.). Given the regulatory guidelines, special focus is on capital cushion, track record of profitability, distributable surplus and/or strong parentage which has the capacity and willingness to infuse capital, in case it is needed. Investment is done only in the AT-1 bonds of banks with strong credit worthiness, in our assessment. This, in turn, reduces the risk of its capital position falling below regulatory requirements and / or reaching PONV.

Risk of write-down or conversion into equity is not applicable in case of NBFCs and Corporates.

- Risk on coupon servicing

NBFCs
These risks are mitigated, to certain extent, if the investee NBFC has strong financial position and meets the required regulatory guidelines. Hence, an in-depth credit evaluation of each NBFC is undertaken, keeping in mind both quantitative (leverage, profitability, solvency ratios, capital adequacy, etc.) and qualitative factors (parentage, track record etc.). Given the regulatory guidelines, special focus is on capital cushion, track record of profitability, distributable surplus and/or strong parentage which has the capacity and willingness to infuse capital, in case it is needed.

Corporates
To mitigate this risk, an in-depth credit evaluation of each corporate is undertaken, keeping in mind both quantitative (leverage, profitability, industry position, market share etc.) and qualitative factors (parentage, track record etc.). Additionally, given that the coupon is usually cumulative in nature and the corporate is restricted from paying any dividends till all previous dues are paid to the perpetual bond investor, the company has adequate incentive to not defer coupon on PDIs.

- Risk of instrument not being called by the Issuer

Banks
While the issuer bank does have an option to not exercise the first call, experience suggests that all Indian banks till now have exercised the call option during the call period. We believe that banks are cognizant of the investor sensitivities with regards to risk of not exercising the call option at the first call date. Further, as we invest in issuers with sound credit worthiness, we expect them to understand the importance of exercising the call as the part of their long term capital raising strategy. Any instance of skipping of call option exercise can lead to increase in cost of AT1 bonds for future issuance (as investor would start factoring in longer bond tenors) and impact the bank's profitability adversely. Given the importance of AT1 instruments for prudently managing the capital levels and improving the returns for the equity holders, we are of the opinion that banks would choose to service the interest on AT1 bonds and exercise the first call option on AT1 bonds, as they have done in the past. Finally, in case the issuer is unable to call the perpetual instrument on first call date (say due to market disruption), the annual call on these instruments would enable the bank to call the bond on any of the subsequent annual call options dates.

NBFCs and Corporates
While the issuer is not obligated to exercise the call option on first call date, the coupon step-up usually provides financial incentive to the Issuer to exercise the call option. Further, as we invest in issuer with sound credit worthiness, we expect them to be cognizant of the investor sensitivities with regards to exercising the call as the part of their long term resource raising strategy. Any instance of skipping of first call option exercise can lead to increase in cost of PDI for future issuance (as investor would start factoring in longer bond tenors) and impact the issuer's profitability adversely. Finally, in case the issuer

is unable to call the perpetual instrument on first call date (say due to market disruption), the coupon step up also compensates the investor for extended holding period.

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.

II. INFORMATION ABOUT THE SCHEME:

A. WHERE WILL THE SCHEME INVEST?

The Scheme will invest in securities as mentioned below. The investments will be made as per the limits specified in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations or any other applicable laws and guidelines.

Debt securities:

Debt instruments (in the form of floating rate bond/ notes, non-convertible debentures, bonds, secured premium notes, zero interest bonds, deep discount bonds, securitised debt, pass through certificates, asset backed securities, mortgage backed securities and any other domestic fixed income/debt securities including structured obligations etc.) include, but are not limited to:

1. Floating and Fixed rate debt obligations 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. Floating and Fixed rate Securities/obligations that have been guaranteed by Government of India and State Governments;
3. Floating and Fixed rate Securities/obligations of Corporate Entities (Public/Private sector undertakings);
4. Floating and Fixed rate Securities/obligations of Public/Private sector banks and development;
5. Securitized Debt, Structured Obligations, Credit enhanced Debt;
6. Non Convertible Preference Shares;
7. Non-convertible debentures;
8. Bonds;
9. Secured premium notes;
10. Zero interest bonds;
11. Deep discount bonds;
12. Floating rate bond / notes;
13. Pass through certificates;
14. Asset backed securities;
15. Mortgage backed securities;
16. Securitized Debt, Structured Obligations, Credit enhanced Debt;
17. Non Convertible Preference Shares;
18. Reverse/ Reverse Repo in permitted corporate debt securities;
19. Investment in Corporate Debt Market Development Fund ('CDMDF') - (For detailed write up, refer below);
20. Debt with special features such as AT1 and AT2 Bonds – (For more details, refer section 'What are the Investment Restrictions' under Section II, Part II, Clause B) and

21. Any other permissible domestic fixed income instrument.

- Money Market Instruments include:
  1. Commercial papers
  2. Commercial bills
  3. Treasury bills
  4. Government securities having an unexpired maturity upto one year
  5. Tri-party Repos/ Reverse Repos on Government securities or treasury bills (TREPS)
  6. Certificate of deposit
  7. Usance bills
  8. Permitted securities under a repo / reverse repo agreement
  9. Any other instruments as may be permitted by RBI / SEBI from time to time, subject to necessary regulatory approvals

  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 clause 13.1 of Master Circular, 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 debt and money market instruments 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 (as permitted), privately placed, secured/unsecured, rated/unrated.

- The Scheme may engage in short selling of securities /securities lending and borrowing in accordance with the framework relating to short selling and/or securities lending and borrowing specified by SEBI from time to time.
- 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 Corporate Debt Market Development Fund ('CDMDF'):**

In accordance with the requirement of Regulation 40 of SEBI (Mutual Funds) Regulations, 2026 read with clause 18.1 of Master Circular, the scheme has made initial contribution of 25 bps of AUM as on December 31, 2022 in the units of the CDMDF within prescribed timelines. Subsequent to initial

contribution, an incremental contribution to CDMDF shall be made every six months (i.e. at the end of half year ended June and December) at the prevalent NAV of the respective Class Units to ensure that in case the AUM of the Scheme further increases, 25 bps of scheme's AUM (i.e. as on half year ended June and December) is invested in units of CDMDF. Such investments shall be made as required under the above circular as amended from time to time.

In case the AUM decreases there shall be no return or redemption of units from CDMDF.

Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

In case of winding up of the Scheme, inter-scheme transfers within HDFC Mutual Fund or across Mutual Funds may be undertaken.

Investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits). Calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

CDMDF shall not be considered as an "associate" of the HDFC Mutual Fund and investment made in units of CDMDF in accordance with this circular shall not be considered as investment in associate or group company of HDFC Mutual Fund.

In terms of applicable SEBI Circular(s), for the purpose of asset allocation limits applicable for the scheme, investment in units of CDMDF shall be excluded from base of net assets.

CDMDF Framework:
CDMDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559(E) dated July 26, 2023 and clause 18.1.3. of Master Circular The framework will inclusive of following points: -

a) The CDMDF shall deal only in following securities during normal times:
- Low duration Government Securities
- Treasury bills,
- Tri-party Repo on G-sec,
- Guaranteed corporate bond repo with maturity not exceeding 7 days.

b) The fees and expenses of CDMDF shall be as follows:
- During Normal times: (0.15% + tax) of the Portfolio Value charged on daily pro-rata basis.
- During Market stress: (0.20% + tax) of the Portfolio Value charged on daily pro-rata basis.
- "Portfolio Value" means the aggregate amount of portfolio of investments including cash balance without netting off of leverage undertaken by the CDMDF.

c) Corporate debt securities to be bought by CDMDF during market dislocation includes listed money market instruments. The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.

d) CDMDF shall follow the Fair Pricing document, while purchase of corporate debt securities during market dislocation as specified under clause 18.1.3 of Master Circular.

e) CDMDF shall follow the loss waterfall accounting and guidelines w.r.t. purchase allocation and trade settlement of corporate debt securities bought by CDMDF, specified under clause 18.1.3 of Master Circular.

- 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 clause 13.7 of Master Circular, as may be amended from to time. For details, refer section '**What are the Investment Restrictions'**.

- **Investment in Overseas Securities**

  The Scheme may also invest in suitable investment avenues in overseas financial markets for the purpose of diversification, yield enhancement and to benefit from potential foreign currency appreciation, commensurate with the Scheme objectives and subject clause 13.11 of Master Circular 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:

  - Debt related ADRs/ GDRs issued by Indian or foreign companies
  - Initial and follow on public offerings of fixed income/debt securities for listing at recognized stock exchanges overseas
  - 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
  - Money market instruments rated not below investment grade
  - 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
  - Government securities where the countries are rated not below investment grade
  - Fixed Income Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
  - Short term deposits with banks overseas where the issuer is rated not below investment grade
  - 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 (c) permitted unlisted overseas securities (not exceeding 10% of their net assets) or d) Indian Securities not exceeding 25% of their net assets or such other limits and subject to such conditions in respect of the same, as specified by SEBI circular No. SEBI/HO/IMD/IMD-PoD-1/P/CIR/149 dated November 04, 2024 as amended from time to time.

  1. As per clause 13.11.2 of Master Circular:
     1.1. Mutual Funds can make overseas investments subject to a maximum of US $ 1 billion per Mutual Fund, within the overall industry limit of US $ 7 billion.
     1.2. Mutual Funds can make investments in overseas Exchange Traded Fund (ETF(s)) subject to a maximum of US $ 300 million per Mutual Fund, within the overall industry limit of US $ 1 billion.
  2. The allocation methodology of the aforementioned limits shall be as follows:

2.1. In case of overseas investments specified at Para 1.1 above, US $ 50 million would be reserved for each Mutual Fund individually, within the overall industry limit of US $ 7 billion.

Further, as per extant norms, 20% of the average AUM in Overseas securities / Overseas ETFs of the previous three calendar months would be available to the Mutual Fund for investment that month to invest in Overseas securities / Overseas ETFs subject to maximum limits specified at Para 1 above.

Notwithstanding the above, the limit for investment in overseas securities including ETFs shall be as permitted by SEBI from time to time.

The Scheme shall not have an exposure of more than 75% of its net assets in foreign securities, subject to regulatory limits specified 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 66 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**

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 a debt security of similar rating and maturity, which enables the scheme to optimize its income without taking any additional 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 reschedulement 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.

Illustrative framework, which will be applied while evaluating investment decision relating to a pool securitisation transaction:

Characteristics/ Type of Pool	**Mortgage Loan**	**Commercial Vehicle and Construction Equipment**	**Car**	**2 wheelers**	**Micro Finance Pools**	**Personal Loans**	**Single Sell Downs**	**Others**
Approximate Average maturity (in Months)	NA	12-60 months	12-60 months	8-40 months	NA	NA	Refer Note A	Refer Note B
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	NA	5-20%	4-15%	4-15%	NA	NA		
Average Loan to Value Ratio	NA	80-95%	70-90%	70-95%	NA	NA		
Average seasoning of the Pool	NA	3-8 months	3-8 months	2-5 months	NA	NA		
Maximum single exposure range	NA	3-7%	NA (Retail pool)	NA (Retail Pool)	NA	NA		
Average single exposure range %	NA	1-5%	0-1%	0-1%	NA	NA		

NA - Not Applicable

Information in the table above is based on current scenario and is subject to change depending upon the change in related factors.

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 take derivatives position 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 intends to use derivatives mainly for the purpose of hedging and portfolio balancing. Losses may arise as a result of using derivatives, but these are likely to be compensated by the gains on the underlying cash instruments held by the Scheme.
- The Scheme may take position in derivative instruments like Futures, Options, and such other derivative instruments as may be permitted by SEBI from time to time.

Exposure to Derivatives

The exposure limits for trading in derivatives by Mutual Funds specified by clauses 13.18.1 and 13.15 of Master Circular, are as follows:

1. The cumulative gross exposure through debt, derivative positions (including fixed income derivatives), repo transactions in corporate debt securities, credit default swaps, Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the scheme.

2. Cash or cash equivalents i.e. Government Securities, T-Bills and Repo on Government Securities having residual maturity of less than 91 calendar days may be treated as not creating any exposure.

3. 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.

4. (a) Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme.

(b) In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.

5. 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.

Exposure limits on Credit Default Swaps (CDS)

Exposure through CDS (Notional amount of both CDS bought and sold) shall not exceed 10% of AUM of Scheme and shall be within the overall limit of derivatives.

Exposure limits on Interest Rate Futures (IRF)

The exposure limits for trading in Interest Rate Futures (IRFs) by Mutual Funds specified by clause 13.15.2. of Master Circular 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:

$$\frac{\text{(Portfolio Modified Duration*Market Value of Portfolio)}}{\text{(Futures Modified Duration *Futures Price/PAR)}}$$

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, upto 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 clause 13.18.1 of Master Circular. The correlation should be calculated for a period of last 90 days.

Explanation: If the fund manager intends to do imperfect hedging upto 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:

i. The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or
ii. The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9.

c) At no point of time, the net modified duration of part of the portfolio being hedged should be negative.

d) The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of clause 13.18.1 of Master Circular.

- **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 on Government securities or treasury bills (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 **September 30, 2026** 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.

Instrument	**Yield Range (% per annum)**
Inter bank Call Money	4.35 - 5.25
91 Day Treasury Bill	5.17 - 5.50
364 Day Treasury Bill	5.81 - 6.17
A1 + Commercial Paper 90 Days	5.90 - 6.40
5 Year Government of India Security	6.49 - 6.89
10 Year Government of India Security	6.94 - 7.19
15 Year Government of India Security	7.10 - 7.38
1 Year Corporate Bond - AAA Rated	7.10 - 7.87
3 Year Corporate Bond - AAA Rated	7.58 - 8.12
5 Year Corporate Bond - AAA Rated	7.46 - 8.14

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:

Maturity	**US Treasury yields (%) (As at September 30, 2026)**
3 months	4.20
6 months	4.33
2 years	4.88
3 years	5.00
5 years	5.09
10 years	5.29

Source : H.15, Federal Reserve Statistical Release

Maturity	**US AA Corporate Bond yields rate* (%) (As at September 30, 2026)**
1 year	4.7662
2 years	5.0312
5 years	5.4772
10 years	5.8706

(Source - Bloomberg)

* Composite curve includes AA-, AA, AA+ as US AAA curve has been discontinued.

B. 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 settle their transactions only in dematerialised securities except for such instruments as may be specified by SEBI from time to time.

- The mutual fund shall not borrow except to meet temporary liquidity needs for the purpose of repurchase or redemption of units or payment of interest or Income Distribution cum Capital Withdrawal payout to the unitholders or for settlement of trades by equity-oriented index funds and equity-oriented exchange traded funds on account of under execution of sell trades on the stock exchange in the manner as may be specified by the board from time to time.

  The borrowing specified above shall be subject to:
  (a) such borrowing not exceeding twenty per cent of the net assets of the scheme; and
  (b) duration of such borrowing not exceeding a period of six months.

- The mutual fund is permitted to undertake intraday borrowing for addressing timing mismatch between outflows and inflows of a scheme, subject to such conditions as specified by SEBI.

- 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 Scheme except in respect of such securities as may be specified by SEBI from time to time.

- 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 subject to the below limits at rating level. 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.

  The scheme shall not invest more than:
  a. 10% of its NAV in debt and money market securities rated AAA; or
  b. 8% of its NAV in debt and money market securities rated AA; or
  c. 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

  The above investment limits may be extended by up to 2% of its NAV of the Scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to overall limit of 12% of its NAV of the Scheme for a single issuer.

  Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Tri-party Repos on Government securities or treasury bills (TREPS).

  Provided further that investment within such limit can be made in mortgaged backed securitised debts which are rated not below investment grade by a credit rating agency registered with SEBI.

  Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by SEBI from time to time.

- The Scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments.

  Provided that the Scheme may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the Scheme subject to such conditions as may be specified by SEBI from time to time.

  Provided further that the Scheme shall comply with the norms under the above clauses within the time and in the manner as may be specified by SEBI.

  Provided further that the norms for investments by the Scheme in unrated debt instruments shall be as specified by SEBI from time to time.

  As per these norms, investments in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall not exceed 5% of net assets of the Scheme.

  Further, the Scheme shall comply with provisions of clauses 5.4 and 13.1 of Master Circular regarding investment in Debt and Money Market Instruments, as amended from time to time, to the extent applicable to the Scheme.

- The Scheme shall invest in Debt instruments having Structured Obligations/Credit Enhancements in accordance with provisions of clause 5.4 of Master Circular as may be amended by SEBI from time to time. The same are currently as under:

  The investment of the Scheme in the following instruments shall not exceed 10% of the debt portfolio of the Scheme and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the Scheme:

  a. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade; and

  b. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.

  For this purpose, a group means a group as defined under regulation 2(1)(x) of SEBI MF Regulations.

  However, the above Investment limits shall not be applicable on investments in securitized debt instruments, as defined in SEBI (Public Offer and Listing of Securitized Debt Instruments) Regulations 2008.

  Investment in debt instruments, having credit enhancements backed by equity shares directly or indirectly, shall have a minimum cover of 4 times considering the market value of such shares.

- As per AMFI Best Practices Guidelines Circular No.115/2024-25 as amended from time to time, investment in Partly Paid Debentures, if undertaken, will be subject to a cap on maximum investment of Mutual Fund Scheme at 5% of the AUM of the scheme. However, once the Partly Paid Debentures are fully paid up, the cap on maximum investment of Mutual Fund scheme at 5% of the AUM of the scheme will not apply.

- Transfer of investments from one scheme to another scheme in the same Mutual Fund, shall be allowed only subject to such conditions as specified by SEBI from time to time.
The Scheme shall not invest more than 20% of its net assets in debt securities issued by issuers belonging to one sector. AMC shall utilize the "Sector" classification prescribed by AMFI for this purpose. However, this limit will not apply to investments in Certificates of Deposit issued by Banks, Tri- Party Repos (TREPS), Government Securities, Treasury Bills, Short Term Deposits of scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks.

  The Scheme may have an additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of its net assets by way of increase in exposure to Housing Finance Companies (HFCs) registered with National Housing Bank. Such additional exposure
shall be to securities issued by HFCs which are rated AA and above. Further, an additional 5% of the net assets of the Scheme may be invested in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. The total investment/exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the Scheme.

  The Schemes shall not invest more than 20% of its net assets in a group (excluding investments in securities issued by Public Sector Units, Public Financial Institutions and Public Sector Banks). Such investment limit may be extended to 25% of the net assets of the Scheme with the prior approval of the Trustees.

  Provided that investments by the Scheme in debt and money market instruments of group companies of both the sponsor and the asset management company shall not exceed 10% of the net assets of the Scheme. Such investment limit may be extended to 15% of the net assets of the Scheme with prior approval of the Board of Trustees.

  For this purpose, a group means a group as defined under regulation 2(1)(x) of SEBI MF Regulations.

- 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 the Scheme shall not invest in any fund of funds scheme.

- Pending deployment of funds of the Scheme in securities in terms of the investment objectives of the Scheme, the Fund may park the funds of the Scheme in short term deposits of scheduled commercial banks subject to the following guidelines as specified by SEBI

  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(s) 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.

   Trustees/AMC shall also take steps to ensure that a bank in which the Scheme has short term deposit does not park in the Scheme until the Scheme has short term deposit with such bank.

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 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 of the scheme, except for investments by equity oriented exchange traded funds (ETFs) and Index Funds and subject to such conditions as may be specified by SEBI;

(d) any fund of funds scheme.

- The Scheme may invest in the units of 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 InvIT; and

(b) The Scheme shall not invest –

(i) more than 10% of its NAV in the units of InvIT; and

(ii) more than 5% of its NAV in the units of InvIT issued by a single issuer.

The AMC / Trustee may alter these above stated restrictions from time to time to the extent the SEBI (MF) Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its respective investment objective. The AMC/Trustee may from time to time alter these restrictions in conformity with the SEBI (MF) Regulations. Further, apart from the investment restrictions prescribed under SEBI (MF) Regulations, the Fund may follow any internal norms vis-à-vis restricting/ limiting exposure to a particular scrip or sector, etc.

All investment restrictions shall be applicable at the time of making investment.

C. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the Scheme, in terms of Clause 1.9 of Master Circular read with Regulation 22 (9) (c) of the SEBI (MF) Regulations:

(i) Type of a Scheme

- An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives). A Relatively High Interest Rate Risk and Moderate Credit Risk.
- Floating Interest Rates Fund

(ii) Investment objective

- **Main Objective** - Please refer to section **'Investment Objective'** under **Section I, Part I – Highlights/Summary Of The Scheme**
- **Investment pattern** - Please refer to section '**How will the Scheme Allocate its Assets?'** under **Section I, Part II, Clause A**
- **Potential Risk Class:**
  Please refer to PRC matrix disclosed on the cover page. The PRC reflects the maximum risks (i.e., interest rate risk and credit risk) that the Scheme can take. The Scheme would have the flexibility to move downwards on the risk scale. However, any permanent change in the positioning of a Scheme into a cell resulting in a risk (in terms of credit risk or duration risk) which is higher than the maximum risk specified for the chosen PRC cell, shall be considered as a fundamental attribute change of the Scheme in terms of Regulation 22 (9) (c) of SEBI (Mutual Fund) Regulations, 2026.

  The Mutual Fund shall inform the unitholders about subsequent changes, if any, in the PRC through SMS and by providing a link on the website referring to the said change.

  However, the PRC value of a Scheme could change temporarily due to price movements, rating changes, investment actions, etc. Any such temporary change in the PRC cell of a scheme to a higher risk scale for either credit risk or duration risk beyond the maximum risk specified for the chosen PRC cell shall be subject to rebalancing in terms of provisions specified in the SID.

  PRC cell chosen does not reflect the scheme's pre-existing holdings as on June 7, 2021, i.e. date of SEBI Circular pertaining to perpetual bonds (including debt instruments with special features viz. subordination to equity which absorbs losses before equity capital and/ or convertible to equity upon trigger of a pre-specified event for loss absorption, for instance Additional Tier I bonds issued under Basel III framework) with respect to the Macaulay Duration and maturity thresholds specified therein, till the time such bonds are held by the scheme.

(iii)Terms of Issue

(a) **Liquidity provisions such as listing, repurchase, redemption.** For further details, please refer to section **"Other Scheme Specific Disclosures"** under **Section II, Part II, Clause D**

b) **Aggregate Fees and expenses charged to the Scheme**. For further details, please refer to section **"Annual Scheme Recurring Expenses"** under **Section I, Part III, Clause B**

c) **Any safety net or guarantee provided.** This Scheme does not provide any guaranteed or assured return.

Changes in Fundamental Attributes:

In accordance with Regulation 22 (9) (c) of the SEBI (MF) Regulations, read with clause 1.2.2.a and 22.10 of Master Circular, the AMC 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 affect the interest of Unit holders is carried out by the AMC unless:

- SEBI has reviewed and provided its comments on the proposal
- A written communication (including digital modes such as email/sms etc.) about the proposed change is sent to each unit holder;

- A notice shall be given in respect of such changes which shall be displayed on the website of the AMC i.e. www.hdfcfund.com; and
- The Unit holders are given an option for a period of atleast 30 calendar days to exit at the prevailing Net Asset Value without any exit Load.

D. OTHER SCHEME SPECIFIC DISCLOSURES:

Listing and transfer of units	Being an 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 Units of the Schemes in Demat mode are freely transferable subject to applicable laws. Units held in Statement of Account (SoA) mode may be transferred subject to prevailing AMFI / SEBI guidelines from time to time. If an applicant desires to transfer Units held in physical mode for e.g. in statement of account form, the AMC shall, upon receipt of valid and complete request for transfer together with the relevant documents, register the transfer within 30 days. Provided that the transferor(s) and the transferee(s) will have to comply with the procedure for transfer as may be laid down by the AMC or as required under the prevailing law from time to time including payment of stamp duty for transfer of Units, etc. Units held in Demat form are transferable in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time. For more details, refer SAI.
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 subject to applicable laws. 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 DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units.
IDCW Policy (Dividend)	The Trustee may decide to declare distributions under the IDCW Option of the Scheme subject to availability of distributable surplus. For IDCW Options having a defined frequency, the Trustee at its sole discretion may also declare interim distributions between two successive record dates. The declaration / actual payment of IDCW and the frequency thereof will depend on the availability of distributable surplus computed in accordance with SEBI (MF) Regulations. The decision of the Trustee in this regard shall be final. IDCW, 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 provide the list of eligible 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. There is no assurance or guarantee to Unit holders as to the rate/quantum of IDCW distribution nor that IDCW will be paid regularly. On payment of IDCW, the NAV will stand reduced by the amount of IDCW and Dividend distribution tax /statutory levy (if applicable) paid. The Trustee/ AMC reserves the right to change the record date from time to time. **IDCW Distribution Procedure** In accordance with clause 12.5 of Master Circular, the procedure for IDCW Distribution would be as under: 1. Quantum of IDCW and the record date will be fixed by the Trustee in their meeting. IDCW 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 IDCW 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. The Record Date will be 2 working days from the date of publication in at least one English newspaper or in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, whichever is issued earlier. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of Unit holders maintained by the Mutual Fund/ statement of beneficial ownership maintained by the Depositories, as applicable, for receiving IDCW. 4. The notice will, in font size 10, bold, categorically state that pursuant to payment of IDCW, 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 IDCW 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 IDCW declaration in any manner whatsoever will be issued by Mutual Fund. The requirement of giving notice shall not be applicable for IDCW Options having frequency upto one month.
Allotment	All Applicants whose monies towards purchase of Units have been realised by the Fund will be allotted units within 5 working days, provided the applications are complete in all respects and are found to be in order. Units will be allotted in dematerialized form if so requested by the unit holder in the application form. In all other cases, statement of account showing the number of units allotted will be issued. Any application for subscription of units may be rejected if found invalid, incomplete or due to unavailability of underlying securities, etc.

	The AMC shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder to convert his units in demat form. All Units will rank pari passu, among Units within the same Option in the Scheme concerned as to assets and liabilities, earnings and the receipt of IDCW distributions, if any, as may be declared by the Trustee.
Who can invest This is an indicative list and investors shall consult their financial advisor to ascertain whether the scheme is suitable to their 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 in a minor's folio. Payment for investment shall be accepted from the bank account of the minor, parent or legal guardian of the minor or from a joint account of the minor with the parent or legal guardian. 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 Portfolio Investors (FPI) registered with SEBI in accordance with applicable laws; 11. Army, Air Force, Navy and other paramilitary units and bodies created by such institutions; 12. Council of Scientific and Industrial Research, India; 13. Multilateral Financial Institutions/Bilateral Development Corporation Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India;

	14. Other Schemes of HDFC Mutual Fund subject to the conditions and limits prescribed by SEBI (MF) Regulations; 15. Trustee, AMC, Sponsor and their associates may subscribe to Units under the Scheme; 16. Such other category of investors as may be decided by the AMC/Trustee from time to time provided their investment is in conformity with the applicable laws and SEBI (MF) Regulations. **Note:** 1. Non-Resident Indians (NRIs), Persons of Indian Origin (PIOs) residing abroad residing abroad, Overseas Citizens of India (OCIs), and Foreign Portfolio Investors (FPIs) are permitted under the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 to invest in and redeem units of mutual funds in India, 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 certified true copy duly notarised should be submitted. In case of applications made by Non-Individual Investors, the authorized signatories/officials of Non-Individual investors should sign the application under their official designation and as per the authority granted to them under their Constitutive Documents/Board resolutions, etc. A list of specimen signatures of the authorized officials, duly certified/attested should also be attached to the Application Form. The Fund/AMC/Trustees shall deem that the investments made by the Investors are not prohibited by any law/Constitutive documents governing them and they possess the necessary authority to invest/transact. 3. Investors desiring to invest/transact in mutual fund schemes are required to mandatorily furnish PAN (PAN of the guardian in case minor does not have a PAN) and 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 including in case of non-individuals 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 Fund/AMC/Trustees/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 that the Investor(s) is permitted/authorised by the Constitution document/their Board of Directors etc. to make the investment/transact. 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 Investors. The 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 investor. Where the Units are held by a Unit holder in breach of any Regulations, AMC/the Fund may effect compulsory redemption of such units. 4. Returned cheques may not 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 this Scheme. 6. Subject to the SEBI (MF) Regulations, the Trustee may inter-alia reject any application for the purchase of Units if the application is invalid or incomplete or non-permissible under law or if the AMC/Trustee for any other reason believe that it would not be in the best interest of the Scheme or its Unitholders to accept such an application.
Who cannot invest	The 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, redemption and/or switch transaction, including registration of 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 and subject to compliance with all applicable laws and regulations prior to investing in the Scheme. b. 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. Investor residing in any Financial Action Task Force (FATF) designated High Risk jurisdiction. *The term "U.S. person" means any person that is a U.S. person within the meaning of Regulations 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 and other details	The Applications Forms are available at Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of Mutual Fund and/or may be downloaded from the website of AMC. The application forms should be submitted at ISCs /OPAs. OPAs include various Distributors, Registered Investment Advisers (RIAs), Portfolio Managers, Execution only Platforms (EOPs), Stock Exchange Platforms and other transaction platforms with whom AMC has entered into tie up to accept transactions from their customers. Refer back cover page for contact details of Registrar and Transfer Agent (CAMS), brief details various official points of acceptance, collecting bankers during NFO (if any), etc. The list of the ISCs/ OPAs, of the Mutual Fund is provided on the website of the AMC. i.e. www.hdfcfund.com. For further details, please refer to the SAI and Application form available on the website for the instructions. It is mandatory for investors to mention bank account numbers in their applications/requests for redemption.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	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.	**RIGHT TO RESTRICT REDEMPTION AND / OR SUSPEND REDEMPTION OF THE UNITS** (as per clause 5.3 of Master Circular): 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, if any 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.
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.	The below cut-off timings and applicability of NAV shall be applicable in respect of valid applications received at the Official Point(s) of Acceptance on a Business Day: **A] For Purchase (including switch-in) of any amount:** • In respect of valid applications received upto 3.00 p.m. and where the funds for the entire amount are available for utilization before the cut-off time i.e. credited to the bank account of the Scheme before the cut-off time - the closing NAV of the day shall be applicable.

- In respect of valid applications received after 3.00 p.m. and where the funds for the entire amount are credited to the bank account of the Scheme either at any time on the same day or 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 application, where the funds for the entire amount 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.

B] For Switch-ins of any amount:

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.
- In case of 'switch' transactions from one scheme to another, the allocation shall be in line with redemption payouts.

  In case of switches, the request should be received on a day which is a Business Day for the Switch-out scheme. Redemption for switch-out shall be processed at the applicable NAV as per cut-off timing. Switch-in will be processed at the Applicable NAV (on a Business Day) based on realization of funds as per the redemption pay-out cycle for the switch-out scheme.

For investments through systematic investment routes such as Systematic Investment Plans (SIP), Flex SIP, Systematic Transfer Plans (STP), Flex-STP, Swing STP, Transfer of Income Distribution cum Capital Withdrawal (IDCW) Plan facility (TIP), etc. 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 irrespective of the installment date of the SIP, STP or record date of IDCW etc.

While the AMC will endeavour to deposit the payment instruments accompanying investment application submitted to it with its bank expeditiously, it shall not be liable for delay in realization of funds on account of factors beyond its control such as clearing / settlement cycles of the banks.

Since different payment modes have different settlement cycles including electronic transactions (as per arrangements with Payment Aggregators / Banks / Exchanges etc), it may happen that the investor's account is debited, but the money is not credited within cut-off time on the same date to the Scheme's bank account, leading to a gap / delay in Unit allotment. Investors are therefore urged to use the most efficient electronic payment modes to avoid delays in realization of funds and consequently in Unit allotment.

	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. 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?	Please refer the AMC website www.hdfcfund.com for the list of official points of acceptance, collecting banker details etc. It is mandatory to mention bank account numbers in their applications/requests for redemption.
Minimum amount for purchase/redemption/switches.	**Minimum amount for Purchase/ Redemption (including Switch-in/Out):** For details refer section **'Highlights / Summary of the Scheme'.** Provisions for minimum amount of purchase / redemptions are not applicable in case of mandatory investments by the Designated Employees of the AMC in accordance with clause 7.14 of Master Circular. 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 / switch out 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 under the stated Plan / Option of the Scheme shall be redeemed.
Accounts Statements	The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form).

	A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds and holdings at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month on registered email address on or before 12th of the succeeding month and by 15th of the succeeding month for those who have opted for physical copy. Half-yearly CAS shall be issued to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable, at the end of every six months (i.e. September/ March) on or before 18th day of succeeding month on registered email address and 21st day of succeeding month through physical copy for those who do not have registered email addresses. For further details, refer SAI.
IDCW/Dividend	The payment of IDCW/Dividend to the unitholders shall be made within seven working days from the record date or as per timelines prescribed by SEBI/ AMFI from time to time.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from the date of redemption or repurchase or such other timelines as may be specified by SEBI / AMFI from time to time in case of exceptional circumstances or otherwise. For details refer para 15.3.3 of Master Circular.
Bank Mandate	**BANK DETAILS** In order to protect the interest of Unit holders from fraudulent encashment of redemption / IDCW 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. In case of units held in demat mode, payment will be made to the bank account linked to the demat account. The bank account registered in the folio of a minor should be that of the minor or should be a joint account of the minor with the guardian. Applications without complete bank details shall 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. ● **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/ IDCW proceeds etc. by providing necessary documents. Investors must specify any one account as the "Default Bank Account". ● **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.
Delay in payment of redemption / repurchase proceeds/IDCW	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/ IDCW proceeds are not transferred within the prescribed timeline. 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 / unit holders verification of identity or such other details relating to subscription for Units under any applicable law or as may be required by a regulatory body or any government authority, which results in delay in processing the application.
Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount	The unclaimed Redemption and IDCW amounts (the funds) are currently deployed by the Mutual Fund only in TREPS. However, the same may be deployed in other permissible instruments such as call money market or money market instruments or in a separate plan specifically launched under Overnight/Liquid/ Money Market Mutual Fund schemes to deploy unclaimed Redemption and IDCW amounts. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. The details of such unclaimed redemption/IDCW amounts are made available to investors upon them providing proper credentials, on website of the Mutual Fund and AMFI along with the information on the process of claiming the unclaimed amount and the necessary forms/documents required for the same. Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), will be separately disclosed to investors through the periodic statement of accounts/Consolidated Account Statement sent to the investors. Further, the investment management fee charged by the AMC for managing the said unclaimed amounts shall not exceed 50 basis points.
Disclosure with respect to investment by minors	Investments (including through existing SIP registrations) in the name of minors shall be permitted only from bank account of the minor, parent or legal guardian of the minor or from a joint account of the minor with the parent or legal guardian. It is reiterated that the redemption/ Income Distribution cum Capital Withdrawal (IDCW) proceeds for investments held in the name of Minor shall continue to be transferred to the verified bank account of the minor (i.e. of the minor or joint account of minor with parent/ legal guardian) only. Therefore, investors must ensure to update the folios with minor's bank account details as the 'Pay-out Bank account' by providing necessary documents before tendering redemption requests / for receiving IDCW distributions. **MINOR ATTAINING MAJOR STATUS** The Mutual Fund/AMC will register SIP/STP/SWAP(SWP)/or any other systematic enrollment 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. Such enrollments 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.

III. OTHER DETAILS

A. PERIODIC DISCLOSURES

Sr. no.	Name of the Disclosure	Frequency	Timelines	Disclosed on	Link
1.	Half Yearly Results (Unaudited)	Half yearly	within one month from the close of each half year i.e. on 31st March and on 30th September.	AMC website AMFI website	https://www.hdfcfund.com/statutory-disclosure/scheme-financials https://www.amfiindia.com/otherdata/accounts
2.	Annual Report	Annually	not later than four months from the date of closure of the relevant account's year (i.e. 31st March each year).	AMC website AMFI website	https://www.hdfcfund.com/statutory-disclosure/annual-reports https://www.amfiindia.com/otherdata/accounts
3.	Daily Performance Disclosure (after scheme completes six months of existence)	Daily	-	AMFI website	https://www.amfiindia.com/otherdata/fund-performance
4.	Portfolio Disclosure	Monthly/Fortnightly	**Monthly -** within 10 days from the close of each month.	AMC website AMFI website	https://www.hdfcfund.com/statutory-disclosure/portfolio/monthly-portfolio https://www.hdfcfund.com/statutory-disclosure/portfolio/fortnightly-portfolio

Sr. no.	Name of the Disclosure	Frequency	Timelines	Disclosed on	Link
			Fortnightly - within 5 days from the end of fortnight		https://www.amfiindia.com/online-center/portfolio-disclosure
5.	Monthly Average Asset under Management (Monthly AAUM) Disclosure	Monthly	within 7 working days from the end of the month.	AMC website	https://www.hdfcfund.com/statutory-disclosure/aum
6.	Scheme and Benchmark Riskometer	Monthly	within 10 days from the close of each month.	AMC website AMFI website	Monthly Portfolio - HDFC Mutual Fund (hdfcfund.com) https://www.amfiindia.com/online-center/risk-o-meter
7.	Scheme Summary Documents	Monthly	To be updated on a monthly basis or on changes in any of the specified fields, whichever is earlier.	AMC website AMFI website BSE website NSE website	https://www.hdfcfund.com/investor-services/fund-documents/scheme-summary https://www.amfiindia.com/otherdata/scheme-details https://www.bseindia.com/Static/Markets/MutualFunds/listOfAmc.aspx https://www.nseindia.com
8.	Investor Charter	-	As and when updated	AMC website	Investor Charter
9.	Portfolio Overlap	Monthly	To be updated on a monthly basis	AMC website	https://www.hdfcfund.com/statutory-disclosure/portfolio/portfolio-overlap

B. TRANSPARENCY/NAV DISCLOSURE

Net Asset Value This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by	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).

multiplying the NAV with your unit balance.	iii) Any other manner as may be specified by SEBI from time to time. AMC shall update the NAVs on the website of the Fund and AMFI by 11.00 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 and SEBI 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. Mutual Fund / AMC will provide facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

C. TRANSACTION CHARGES AND STAMP DUTY

Transaction Charges	No transaction charges shall be deducted from the subscription amount for transactions /applications received through the distributors (i.e. in Regular Plan).
Stamp Duty On Allotment/Transfer Of Units	Mutual fund units issued against Purchase transactions (whether through lump-sum investments or SIP or STP or switch-ins or reinvestment under IDCW Option) would be subject to levy of stamp duty @ 0.005% of the amount invested. Transfer of mutual fund units (such as transfers between demat accounts) are subject to payment of stamp duty @ 0.015%. Stamp duty is charged pursuant to Notification No. S.O. 4419(E) dated December 10, 2019 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, and subsequent Notification dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India. The rate and levy of stamp duty may vary as amended from time to time. For further details, refer SAI.

D. ASSOCIATE TRANSACTIONS

Please refer to Statement of Additional Information (SAI)

E. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

F. TAXATION

For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

This Scheme attracts taxation as "Other than Equity Oriented Funds"

Tax implications on distributed income by Mutual Funds^^:

Particulars	Resident Investors	Non-Resident Investors	Mutual Fund*
Dividend: (all types of 'other than equity oriented funds')			
TDS rate	10% (if dividend income exceeds INR 10,000 in a financial year)	20% + applicable Surcharge + Cess	Nil
Tax rate	**Individual / HUF:** Applicable Slab rates[1] **Domestic Company**[1]: 30% / 25%[2] / 22%[2] / 15%[2]	20%[1]	Nil
Capital Gains[1]: (a) Other than Equity Oriented Funds excluding specified mutual funds:			
Long Term Capital Gains (period of holding more than 12 months for listed units and more than 24 months for unlisted units)	12.5%[2] without indexation	12.5%[2] without indexation and without foreign currency fluctuation benefits	Nil
Short Term Capital Gains (period of holding less than or equal to 12 months for listed units and less than or equal to 24 months for unlisted units)	**Individual / HUF:** Applicable Slab rates[1] **Domestic Company**: 30% / 25%[2] / 22%[2] / 15%[2]	**Non-resident (other than Foreign Company):** Applicable Slab rates[1] **Foreign Company**: 35%	Nil
(**b) Specified Mutual Funds[$]:** Deemed Short Term irrespective of holding period. The capital gains will be taxed at applicable slab rates[1].			

Notes:

*The levy of tax on distributed income payable by Mutual Funds has been abolished w.e.f. April 1, 2020, and instead tax on income from mutual fund units in the hands of the unit holders at their applicable slab rates has been adopted.

[1]Tax rate to be increased by applicable surcharge and health and education cess at 4% on aggregate of base tax and surcharge.

[2]Subject to conditions as per the provisions of the Income-tax Act, 2025 (erstwhile Income-tax Act, 1961).

[$]Deemed Short Term Capital Gains - Capital gains from transfer of units of "Specified Mutual Fund Schemes" acquired on or after 1st April 2023 are treated as deemed short term capital gains taxable at applicable slab rates as provided above irrespective of the period of holding of such mutual fund units.

For this purpose, specified mutual fund means:
(a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or
(b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a).

Provided that the percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures.

Provided further that for the purposes of this clause, "debt and money market instruments" shall include any securities, by whatever name called, classified or regulated as debt and money market instruments by the Securities and Exchange Board of India.

^^The information set out is neither a complete disclosure of every material fact of the Income-tax Act, 2025 (erstwhile Income-tax Act, 1961) nor does it constitute tax or legal advice. 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. The information/ data herein alone is not sufficient and shouldn't be used or should not be construed as any advice. In view of the individual nature of tax implications, investors should make his/her/their own investigation and/or are advised to consult their professional tax advisor. For further details on taxation, please refer to the Section on Taxation on investing in Mutual Funds in Statement of Additional Information {SAI}.

G. LIST OF OFFICIAL POINTS OF ACCEPTANCE:

AMC/ RTA offices - https://www.hdfcfund.com/contact-us/visit-us

Other OPAs - https://www.hdfcfund.com/statutory-disclosure/offer-document-disclosures

H. 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

Visit: https://www.hdfcfund.com/statutory-disclosure/offer-document-disclosures

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 Floating Interest Rates Fund (erstwhile HDFC Floating Rate Debt Fund) was approved by the Trustee on April 24, 2002. Further, the Trustee at its board meeting dated November 30, 2017 and August 24, 2018 approved the changes in Fundamental Attributes of the Scheme.
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, 2026 and circulars 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: November 25, 2026	**NAVNEET MUNOT** Managing Director and Chief Executive Officer

DETAILS OF OFFICIAL POINTS OF ACCEPTANCE (OPA) FOR HDFC MUTUAL FUND

FOR TRANSACTIONS THROUGH THE STOCK EXCHANGE(S) INFRASTRUCTURE

Units of the scheme shall be available for purchase / redemption / switch through stock exchange platform(s) as may be made available from time to time by NSE and/or BSE. Accordingly, investors may approach their stock brokers / registered investment advisers / mutual fund distributors /Depository Participant#, etc. for their transactions through the applicable platforms. The eligible AMFI certified stock exchange Brokers/ Clearing Members/ Depository Participants who have complied with the conditions stipulated in clause 17.2.2 of Master Circular for stock brokers viz. AMFI/ NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund or the stock exchange platform (for transactions from RIAs, MFDs who are not stock brokers and Investors directly accessing stock exchange platform) will be eligible to be considered as Official Points of Acceptance (OPA).

For Processing only Redemption Request of Units Held in Demat Form.

FOR TRANSACTIONS THROUGH MF UTILITIES INDIA PRIVATE LIMITED ('MFU')

Both financial and non-financial transactions pertaining to scheme(s) of HDFC Mutual Fund can be done through MFU at the authorized Points of Service ("POS") of MFU. 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.

FOR TRANSACTIONS THROUGH MF CENTRAL

Kfin Technologies Private Limited (“KFintech”) and Computer Age Management Services Limited (“CAMS”) have jointly developed MFCentral - A digital platform for transactions/ service requests by Mutual Fund investors. Accordingly, MF Central will be considered as an Official Point of Acceptance (OPA) for transactions in the Scheme.

TRANSACTIONS THROUGH "CHANNEL PARTNERS"

Investors may enter into an agreement with certain distributors/ Registered Investment Advisers (RIAs) / Portfolio Managers / Execution Only Platforms (EOPs) (with whom AMC also has a tie up) singly and collectively referred to as "Channel Partners" 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/agreement/ any such arrangement in favour of the Channel Partners, as the case may be.

Under such arrangement, the Channel Partners will forward the details of transactions (viz. subscriptions/redemptions/switches) of investors electronically to the AMC / RTA for processing on daily basis as per the cut-off timings applicable to the relevant schemes and in accordance with applicable SEBI / AMFI circulars issued from time to time.

FOR TRANSACTIONS IN ELECTRONIC FORM

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 email) via various sources like its official website - www.hdfcfund.com, mobile handsets, designated email-id(s), etc. Additionally, this will also cover transactions submitted in electronic mode by specified banks, financial institutions, distributors viz. Channel Partners, 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 or other electronic platforms. The servers including email servers (maintained at various locations) of AMC and CAMS or any other service provider/transaction platform with whom the AMC has tied up for this

purpose will be the official point of acceptance for all such online / electronic transactions. For the purpose of determining the applicability of NAV, the time when the request for purchase / sale / switch of units is received in the servers of AMC/ RTA or such other service provider/ transaction platform, shall be considered.

TRANSACTIONS ON CALL

Transact On call ("**the Facility**") enables Investors to undertake Eligible Transaction(s) on phone / Interactive Voice Response (IVR) as may decided from time to time by the Fund, through its Authorized Call Centre(s), in relation to the Eligible Scheme(s) of the Fund. Accordingly, the Authorized Call Centre(s) of the Fund shall act as Official Point(s) of Acceptance of transactions under the Facility.
The detailed Terms and Conditions which govern the use of the Facility from time to time shall be made available on the website of the Fund viz. www.hdfcfund.com. The Investors should carefully read the Terms and conditions before placing / confirming any transaction requests on phone.

TRANSACTIONS AT AMC AND RTA OFFICES

Offices of AMC (excluding Business Centres) and RTA i.e. Investor Service Centres (ISCs) and CAMS Transaction Points (TPs) and Limited Transaction Points (LTPs) shall act as the OPAs to accept transactions in schemes of HDFC Mutual Fund. For their addresses, visit:

https://www.hdfcfund.com/contact-us/visit-us



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Registered Office:
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165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020
Tel.: 022-66316333 • Toll Free no. 1800 3010 6767/1800 419 7676
e-mail for Investors: hello@hdfcfund.com
e-mail for Distributors: partners@hdfcfund.com

website : www.hdfcfund.com

Registrar and Transfer Agent - Computer Age Management Services Limited (CAMS)

(Unit: HDFC Mutual Fund)

Rayala Towers, 6th Floor, Tower 1,

158, Anna Salai, Chennai - 600002.

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