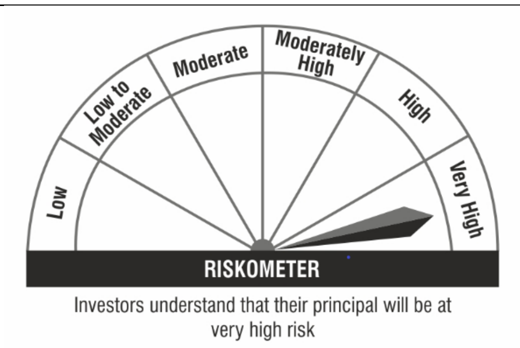
Key Information Memorandum

HDFC MNC Fund

An open ended equity scheme following multinational company (MNC) theme
Scheme Code: HDFC/O/E/THE/22/08/0114

This product is suitable for investors who are seeking*	Riskometer #
• To generate long-term capital appreciation/ income • Investment predominantly in equity & equity related instruments of multinational companies. *Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.	
# The product labeling assigned during the NFO is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made. For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com	

Offer of Units of Rs. 10 each during the New Fund Offer (NFO)
and Continuous Offer of Units at Applicable NAV

New Fund Offer (NFO) Opens on:	February 17, 2023
New Fund Offer (NFO) Closes on:	March 3, 2023
Scheme Reopens on:	Scheme will re-open for continuous Sale and Repurchase within 5 business days from the date of allotment of units under NFO.

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

Addresses, Website of the entities:

Sponsors :	**Asset Management Company:**	**Trustee :**
Housing Development Finance Corporation Limited **Registered Office :**	**HDFC Asset Management Company Limited** A Joint Venture with abrdn Investment Management Limited **Registered Office :**	**HDFC Trustee Company Limited** **Registered Office :** HDFC House, 2nd Floor,

Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020. **abrdn Investment Management Limited** **Registered Office :** 1 George Street, Edinburgh, EH2 2LL, United Kingdom.	HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. CIN: L65991MH1999PLC123027	H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. CIN: U65991MH1999PLC123026

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the Scheme / Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations, etc. investors should, before investment, refer to the Scheme Information Document(s) (SID) and Statement of Additional Information (SAI) available free of cost at any of the Investor Service Centres or distributors or from the website www.hdfcfund.com

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM. The date of this Key Information Memorandum is February 6, 2023

1. Name of Scheme

HDFC MNC Fund

2. Category of Scheme

Thematic Fund

3. Type of Scheme

An open ended equity scheme following multinational company (MNC) theme

4. Investment Objective

5. To provide long-term capital appreciation by investing predominantly in equity and equity related instruments of multinational companies (MNCs).

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

6. Asset Allocation Pattern of the Scheme

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

Types of Instruments	**Minimum Allocation (% of Net Assets)**	**Maximum Allocation (% of Net Assets)**	**Risk Profile**
Equity and Equity related instruments of Multi National Companies (MNCs)	80	100	Very High
Equity and Equity related instruments of companies other than above	0	20	Very High
Units of REITs and InvITs	0	10	Medium to High

Debt securities*, money market instruments and Fixed Income Derivatives	0	20	Low to Medium
Units of Mutual Fund@	0	20	Low to High

The Scheme may invest upto 20% of its net assets in the schemes of Mutual Funds in accordance with applicable provisions under Seventh Schedule to the SEBI (Mutual Funds) Regulations as amended from time to time.

As per SEBI Circular no. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, as amended from time to time, the Scheme may invest upto 20% of its net assets in foreign securities (including instruments of multinational companies). The Scheme seeks to invest an amount of US $15 million in foreign securities within a period of 6 months from the date of closure of NFO subject to enhancement of industry-wide overseas limits by RBI/SEBI. Further investments shall follow the norms for ongoing schemes as specified from time to time, which currently are, 20% of the average AUM in Overseas securities / Overseas ETFs of the previous three calendar months would be available to the Mutual Fund for that month to invest in Overseas securities / Overseas ETFs. Provided that the limit for investment in overseas securities including ETFs shall be as permitted by SEBI from time to time.
Derivative positions for equity other than hedging purposes shall not exceed 50% of maximum permissible allocation to equity assets and derivative positions for debt shall not exceed 50% of maximum permissible allocation to debt assets. Scheme may undertake imperfect hedging in accordance with guidelines and limits prescribed by SEBI from time to time.

The Scheme may invest upto 20% of its net assets in either securitized debt or structured obligations or credit enhancements. However, in accordance with provisions of SEBI Circular No. SEBI/HO/ IMD/DF2/CIR/P/ 2019/104 dated October 1, 2019 as may be amended by SEBI from time to time, investment 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 (mm) of the Regulations and shall include an entity, its subsidiaries, fellow subsidiaries, its holding company and its associates.

As per SEBI Circular SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021 as may be amended from time to time, the Mutual Fund under all its schemes shall not own more than 10% of instruments issued by a single issuer in debt instruments with special features such as subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption (“also referred to as "perpetual debt instruments”). Further, the Mutual Fund scheme shall not invest –
a) more than 10% of its NAV of the debt portfolio of the scheme in perpetual debt instruments; and
b) more than 5% of its NAV of the debt portfolio of the scheme in perpetual debt instruments issued by a single issuer.
The limit mentioned at a) and b) above shall be within the overall limit for debt instruments issued by a single issuer and other prudential limits with respect to the debt instruments.

The cumulative gross exposure through equity, debt and Money Market Instruments, derivative positions (including and fixed income derivatives), repo transactions and, Real Estate Investment Trusts (REITs), 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, subject to SEBI Circular(s) dated August 18, 2010 and March 4, 2021. Security wise hedge positions using derivatives such as Interest Rate Swaps, call options written under the covered call Strategy and any other positions specifically exempted under SEBI guidelines from time to time, subject to approval, if any, will not be considered in calculating above exposure.

The Scheme may undertake (i) repo / reverse repo transactions in Corporate Debt Securities not more than 10% of the net assets of the scheme or as permitted by extant SEBI regulation; (ii) and (iii) Short Selling. All these transactions will be undertaken in accordance with applicable guidelines issued by SEBI from time to time.

Further, a part of the total assets may be invested in the Tri-Party Repos on Government securities or treasury bills (TREPS) or repo or in an alternative investment as may be provided by RBI to meet the liquidity requirements, subject to approval, if any. From time to time, the Scheme may hold cash.

Pending deployment of funds of the Scheme in securities in terms of the investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of scheduled commercial banks, subject to the guidelines issued by SEBI vide its circular no. SEBI/IMD/CIR No. 1/ 91171 /07 dated April 16, 2007, as amended from time to time including SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/093 dated August 16, 2019. The AMC shall not charge investment management and advisory fees on such investments. Term Deposits placed as margin will be covered in exposure to cash and cash equivalent.

7. Investment Strategy

The Scheme will follow a bottom-up approach to stock-picking and primarily choose companies across sectors and market capitalization which falls under the criteria of multinational companies (MNCs).

MNCs shall mean:

1. Companies having foreign promoter shareholding over 50%, or
2. Companies that form part of Nifty MNC index.

The portfolio for identification of MNCs shall be reviewed on a half yearly frequency.

The fund manager will also consider business fundamentals, industry outlook, absolute as well as relative valuations, growth outlook and corporate governance of MNC companies.

Further, to achieve diversification, the Scheme may also invest up to 20% of the assets in companies other than MNCs.

The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds in terms of the prevailing SEBI (MF) Regulations.

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

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

The Scheme will retain the flexibility to invest in the entire range of debt instruments and money market instruments. Investment in Debt securities (including securitized debt, other structured obligations and credit enhanced debt rated SO / CE) and Money Market

Instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations.

The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations.

Though every endeavor will be made to achieve the objective of the Scheme, the AMC/Sponsors/ Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

8. Risk Profile of the Scheme

Scheme Specific Risk Factors

The Scheme is subject to the specific risks that may adversely affect the Scheme's NAV, return and / or ability to meet its investment objective.

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

- **Scheme Specific Risk factors:** The Scheme shall invest predominantly in equity and equity related instruments of companies which can be classified as Multinational Companies (MNCs) and hence will be affected by risks associated with such companies.
- Given that, the Scheme seeks to invest in equity/ equity related instruments of certain set of companies, which can be classified as MNCs, the volatility and/or adverse performance of these companies, would have a material adverse bearing on the performance of the Scheme.

(i) Risk factors associated with investing in equities and equity related instruments

- Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risks.

(ii) Risk factors associated with investing in Fixed Income Securities

- The Net Asset Value (NAV) of the Scheme, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The NAV of the Scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.

- Money market instruments, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.

- Investments in money market instruments involve credit risk commensurate with short term rating of the issuers.

- Investment in Debt instruments are subject to varying degree of credit risk or default (i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations) or any other issues, which may have their credit ratings downgraded. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on an issuer's credit quality and security values. This may increase the risk of the portfolio. The Investment Manager will endeavour to manage credit risk through in-house credit analysis.

- Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.

- Different types of fixed income securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the Schemes' 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. 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.

- The Scheme's performance may differ from the benchmark index to the extent of the investments held in the debt segment, as per the investment pattern indicated under normal circumstances.

- **Prepayment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Scheme to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Scheme.

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

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

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

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

The risks factors stated below for the SO & CE 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 Repo in 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.

(vi) Risk factors associated with investing in Non- Convertible Preference Shares

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

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

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

(vii) General Risk Factors

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

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

- As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme. In view of the above, the Trustee has the right, in its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described on **Page** ____ under **'Right to Limit Redemptions'** in Section **'Restrictions, if any, on the right to freely retain or dispose of units being offered'**.

- 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.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Scheme incurring losses till the security is finally sold.
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(viii) Risk factors associated with investing in Foreign Securities *(Std. Obs. 3)*

- **Currency Risk:**

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

- **Interest Rate Risk:**

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

- **Credit Risk:**

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

- **Taxation Risk:**

In addition to the disclosure related to taxation mentioned under section "**Special Consideration**" on **Page** ____, 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.

(ix) Risk factors associated with investing in Derivatives *(Std. Obs. 5)*

- 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.

(x) 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.

(xi) Risk pertaining to covered call strategy: Incorrectly pricing the option premium before writing the covered call by ignoring factors which determine pricing like number of days to expiry, adjustment with respect to announced corporate actions like dividend etc.

(xii) 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.

(xiii) Risks associated with Securities Lending *(Std. Obs. 6)*

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.

(xiv) Risk factors associated with investing in Securitized Debt

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

- **Limited Liquidity & Price Risk**

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

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

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

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

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

- **Bankruptcy of the Swap Bank**

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

- **Risk of Co-mingling**

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

(xv) Risk factors associated with REITs and InvITs:

- **Price Risk:**

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

- **Interest Rate Risk:**

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

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

- **Liquidity Risk:**
  This refers to the ease with which securities/instruments of REITs/InvITs can be sold. There is no assurance that an active secondary market will develop or be maintained.

  Hence there would be time when trading in the units could be infrequent. The subsequent valuation of illiquid units may reflect a discount from the market price of comparable securities/instruments for which a liquid market exists. As these products are new to the market they are likely to be exposed to liquidity risk.

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

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

(xvi) Risk factors associated with Creation of Segregated Portfolio

In the event of creation of Segregated Portfolio in case of a Credit Event, investors' investments may be subject to following risks:

- Investor holding units of Segregated Portfolio may not able to liquidate their holding till the time recovery of money from the issuer.
- Listing of units of Segregated Portfolio on recognised stock exchange does not necessarily guarantee its liquidity. There may not be active trading of units on the exchange. Further trading price of units on the exchange may be significantly lower than the prevailing NAV.
- Security comprising Segregated Portfolio may not realise any value.

(xvii) 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 have discretion at all times to cancel distributions/ payment of coupons.

NBFCs
While NBFCs 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 current RBI guidelines, banks have to maintain a Common Equity Tier-1 (CET-1) ratio of minimum 5.5% 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 period of 5 years from the date of issuance and typically annually thereafter, 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 period of 10 years from date of issuance and typically annually 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.

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

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

9. Risk Mitigation Strategy

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

The Scheme is mandated to construct a portfolio comprising predominantly of equity and equity related instruments of companies which can be classified as MNCs. However, to achieve diversification the Scheme may also invest up to 20% of the assets in companies other than MNCs. This will help mitigate the risk associated with investments in the MNCs.

MNC stocks as defined above are present in various sectors and across all market cap segments i.e. large, midcap and small cap. The portfolio will comprise stocks across market cap segments and sectors. This shall help in managing volatility & ensuring adequate liquidity at all times and will help achieve diversification.

Risk Mitigation for investments in debt securities:

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

For more details, refer Scheme Information Document (SID).

10. Comparison with other existing actively managed open ended equity schemes of HDFC Mutual Fund

Comparison with other open ended equity oriented schemes of HDFC Mutual Fund

Scheme Name	Scheme Category	Type of Scheme	Folios*	AUM* (Rs. Crore)
HDFC Banking & Financial Services Fund	Sectoral Fund	An open ended equity scheme investing in Banking and Financial Services Sector.	158128	2,524.94
HDFC Business Cycle Fund	Thematic Fund	An open ended equity scheme following business cycle based investing theme	1,25,986	2,401.08
HDFC Capital Builder Value Fund	Value Fund	An open ended equity scheme following a value investment strategy	2,62,134	5,369.61

Scheme Name	Scheme Category	Type of Scheme	Folios*	AUM* (Rs. Crore)
HDFC Dividend Yield Fund	Dividend Yield Fund	An open ended equity scheme predominantly investing in dividend yielding stocks	1,33,586	3,015.69
HDFC Flexi Cap Fund	Flexi Cap Fund	An open ended dynamic equity scheme investing across large cap, mid cap & small cap stocks	10,07,694	31,990.47
HDFC Focused 30 Fund	Focused Fund	An open ended equity scheme investing in maximum 30 stocks in large-cap, mid-cap and small-cap category (i.e. Multi-Cap)	1,75,149	3,423.01
HDFC Housing Opportunities Fund	Thematic Fund	An open ended equity scheme following housing and allied activities theme	80,224	1,130.75
HDFC Infrastructure Fund	Thematic Fund	An open-ended equity scheme following infrastructure theme	73,638	619.06
HDFC Large and Mid Fund	Large & Mid Cap Fund	An open ended equity scheme investing in both large cap and mid cap stocks	6,94,408	7,892.62
HDFC Mid Cap Opportunities Fund	Mid Cap Fund	An open ended equity scheme predominantly investing in mid cap stocks	15,80,074	35,618.73
HDFC Multi Cap Fund	Multi Cap Fund	An open ended equity scheme investing across large cap, mid cap & small cap stocks	4,00,246	5,815.73
HDFC Small Cap Fund	Small Cap Fund	An open ended equity scheme predominantly investing in small cap stocks	7,43,952	14,633.28
HDFC TaxSaver	ELSS	An Open-ended Equity Linked Savings Scheme with a statutory lock in of 3 years and tax benefit	7,04,362	9,859.88
HDFC Top 100 Fund	Large Cap Fund	An open ended equity scheme predominantly investing in large cap stocks	10,35,476	22,427.24

* As on January 31, 2023

11. Asset Under Management and Number of Folios

Not applicable as this is a new Scheme.

12. Plans/ Options

Plans: Regular & Direct

Regular Plan is for investors who wish to route their investment through any distributor. Direct Plan is for investors who wish to invest directly without routing the investment through any distributor.

Regular and Direct Plans offer the following sub-options:
(a) Growth Option
(b) Income Distribution cum Capital Withdrawal (IDCW) Option.

Under this Option, it is proposed to distribute income 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.**

This Option offers following Sub-Options / facilities:
- Payout of IDCW Option / facility and
- Re-investment of IDCW Option / facility

Default Option
Growth Option in case Growth Option or IDCW Option is not indicated.
Payout Option / facility in case Payout of IDCW Option / facility or Reinvestment of IDCW Option / facility is not indicated.

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

Scenario	ARN Code mentioned by the investor	Plan mentioned by the investor	Default Plan to be captured
1	Not mentioned	Not mentioned	Direct Plan
2	Not mentioned	Direct	Direct Plan
3	Not mentioned	Regular	Direct Plan
4	Mentioned	Direct	Direct Plan
5	Direct	Not Mentioned	Direct Plan
6	Direct	Regular	Direct Plan
7	Mentioned	Regular	Regular Plan
8	Mentioned	Not Mentioned	Regular Plan

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

The financial transactions# of an investor where his distributor's AMFI Registration Number (ARN) has been suspended temporarily or terminated permanently received during the suspension period shall be processed under "Direct Plan" and continue to be processed under

“Direct Plan” perpetually unless after suspension of ARN is revoked, unitholder makes a written request to process the future instalments / investments under “Regular Plan”. Any financial transactions requests received through the stock exchange platform, from any distributor whose ARN has been suspended, shall be rejected.

#Financial Transactions shall include all Purchase / Switch requests (including under fresh registrations of Systematic Investment Plan (“SIP”) / Systematic Transfer Plan (“STP”) or under SIPs/ STPs registered prior to the suspension period).

13. Applicable NAV (During Ongoing Offer Priod)

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.

Transaction requests received through mailing services:
Investors are requested to note that in case of application/transaction forms sent through mailing services such as Post, Courier, etc., the time of receipt for determining the applicability of NAV, would be the time when the request for purchase / sale / switch of units is actually time stamped at the Official Point(s) of Acceptance (OPA). Thus, there may be a time lag between the receipt of such application/transaction forms at OPA and the actual time stamping of the same in accordance with the regulatory requirements. This lag may impact the applicability of NAV for such transactions as per the applicable cut-off timing guidelines. Under no circumstances will HDFC AMC/the Fund or its service providers be liable for the same.

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

14. Minimum Application Amount / Number of Units

During NFO Period
Purchase: Rs. 100/- and any amount thereafter

During continuous offer period (after scheme re-opens for repurchase and sale):
Purchase/ Additional Purchase : Rs. 100/- and any amount thereafter

Note: Allotment of units will be done after deduction of applicable stamp duty and transaction charges, if any.

15. Despatch of Repurchase (Redemption) Request
Within 3 working days of the receipt of valid redemption request at the Official Points of Acceptance of HDFC Mutual Fund.

16. Benchmark Index
NIFTY MNC TRI (Total Returns Index)

17. IDCW Policy
he 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 distribution nor that the Distribution will be made regularly. In order to be a Unit holder, an investor has to be allotted Units against receipt of clear funds by the Scheme. On payment of Distribution, the NAV will stand reduced by the amount of Distribution and distribution tax /statutory levy (if applicable) paid. The Trustee / AMC reserves the right to change the record date from time to time.

Distribution Procedure:

In accordance with SEBI Circular no. SEBI/ IMD/ Cir No. 1/64057/06 dated April 4, 2006 as amended by SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 4, 2021, and November 25, 2022, the procedure for IDCW Distribution would be as under:

1. Quantum of IDCW and the record date will be fixed by the Trustee. 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 IDCWs.

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.

18. Name of the Fund Manager

Mr. Rahul Baijal
Mr. Priya Ranjan (Dedicated Fund Manager for Overseas Investments)

19. Performance of the Scheme

This Scheme is a new Scheme and does not have any performance track record.

20. Portfolio Details

Not Applicable as the proposed Scheme is a new Scheme.

21. Expenses of the Scheme

(I) Load Structure

Entry Load: Not Applicable

Pursuant to SEBI circular no. SEBI/ IMD/ CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor.

Exit Load:

- In respect of each purchase/switch-in of units, an Exit load of 1% is payable if units are redeemed/switched-out within 1 year from the date of allotment.
- No Exit Load is payable if units are redeemed / switched-out after 1 year from the date of allotment

In respect of Systematic Transactions such as SIP, GSIP, Flex SIP, STP, Flex STP, Swing STP, Exit Load, if any, prevailing on the date of registration / enrolment shall be levied.

(II) Recurring Expenses (% p.a. of daily Net Assets)

On the first Rs.500 crores of the daily net assets - 2.25% p.a.
On the next Rs.250 crores of the daily net assets - 2.00% p.a.
On the next Rs.1,250 crores of the daily net assets - 1.75% p.a.
On the next Rs.3,000 crores of the daily net assets - 1.60% p.a.
On the next Rs.5,000 crores of the daily net assets - 1.50% p.a.
On the next Rs.40,000 crores of the daily net assets – Total expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof.
On balance of the assets - 1.05% p.a.

In addition to the above recurring expenses, the following expenses may be charged under the Scheme:

(i) Expenses in respect of inflows from beyond top 30 cities a maximum charge of 0.30% on the daily net assets of the Scheme computed as per the guidelines issued by SEBI for meeting distribution expenses incurred for bringing inflows from such cities;

(ii) Expenses not exceeding 0.05% p.a. of daily net assets towards the various subheads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations; However, in terms of SEBI Circular No SEBI/HO/IMD/DF2/CIR/P/2018/ 15 dated February 02, 2018, in case exit load is not levied/not applicable, the AMC shall not charge the said additional expenses.

(iii) Brokerage and transaction costs not exceeding 0.12% of the value of trades in case of cash market transactions and 0.05% of the value of trades in case of derivatives transactions.

(iv) GST on Investment Management and Advisory Fees.

The TER of the Direct Plan under the Scheme will be lower to the extent of the distribution expenses / commission which is charged in the Regular Plan.

For further details, please refer to the SID.

22. Waiver of Load for Direct Applications

Pursuant to SEBI Circular No.SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load shall be charged for all mutual fund Schemes.

Therefore, the procedure for waiver of load for direct applications is no longer applicable.

23. Tax Treatment for the Investors (Unit Holders)

Investors are advised to refer to the Section on **'Taxation on investing in Mutual Funds'** in the **'Statement of Additional Information'** to consult their own tax advisors with respect to the specific amount of tax and other implications arising out of their participation in the Scheme.

24. Daily Net Asset Value (NAV) Publication

The AMC will calculate and disclose the first NAVs of the Scheme not later than 5 Business Days from the date of allotment of units under the NFO.

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

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

The Net Asset Value (NAV) of Segregated Portfolio, if any, shall be declared on every Business Day.

Mutual Fund / AMC will provide facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

AMC shall update the NAVs on the website of the Fund and AMFI by 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.

25. For Investor Grievances, Please Contact

Investors may contact any of the Investor Service Centres (ISCs) of the AMC for any queries / clarifications at telephone number 1800 3010 6767/ 1800 419 7676 (toll free), Fax number. (022) 22821144, e-mail: hello@hdfcfund.com. Investors can also post their grievances/feedback/suggestions on our website www.hdfcfund.com under the section 'Feedback or Queries'. The Head Office of the AMC will follow up with the respective ISCs to ensure timely redressal and prompt investor services. Mr. Sameer Seksaria, Head - Client Services can be contacted at Ramon House, 1st Floor, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020 at telephone number (Direct) (022) 66316301 or telephone number (Board) (022) 66316333. His email contact is: sameers@hdfcfund.com	**Registrar and Transfer Agent :** **Computer Age Management Services Ltd.,** Unit: HDFC Mutual Fund 5th Floor, Rayala Tower, 158, Anna Salai, Chennai - 600 002. Telephone No: 044-30212816 Fax No: 044-42032955 Email: enq_h@camsonline.com

26. Unit Holder's Information

Allotment / Refund:

The AMC shall allot units either in physical form (i.e. account statement) or in dematerialized form / refund money within 5 working days from the closure of the NFO.

Account Statements:

1. 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).
2. The holding(s) of the beneficiary account holder for units held in demat mode will be shown in the statement issued by respective Depository Participants (DPs) periodically.
3. A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor) and holding 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 by mail or e-mail on or before 15th of the succeeding month.
4. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable.
5. Half yearly CAS will not be sent to those Unit holders who do not have any holdings in the schemes of mutual fund and where no commission against their investment has been paid to distributors, during the concerned half-year period.
6. The periodical CAS will be sent by the Depositories to investors holding demat accounts (whether or not units are held in demat form) referred to as "SCAS" and by Mutual Fund Industry to other investors referred to as "MF-CAS".
7. The periodical CAS are issued on the basis of Permanent Account Number (PAN). Thus, CAS shall not be received by the Unit holders for the folios not updated with PAN and / or KYC details. Unit holders are therefore requested to ensure that the folios are updated with their PAN / KYC details.
8. For folios of the Fund not included in the CAS (due to non-availability of PAN), the AMC shall issue the necessary account statements within prescribed timeline by mail or email.
9. In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/ account statement.
10. The Unit holder may request for a physical account statement without any charges by writing to/calling the AMC/ISC/RTA. The Mutual Fund/ AMC shall despatch an account statement within 5 Business Days from the date of the receipt of request from the Unit holder.

Pursuant to SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/89 dated September 20, 2016 read with read with SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2020/194 dated October 05, 2020, the following additional disclosures will be provided in the CAS issued to the investors:

- Each CAS/SCAS shall also provide the total purchase value / cost of investment in each scheme. Further, whenever distributable surplus is distributed, a clear segregation between income distribution (appreciation on NAV) and capital distribution (Equalization Reserve) shall be suitably disclosed.
- CAS/SCAS issued for the half-year (ended September / March) shall also provide (i) the amount of actual commission paid by the AMC/ Fund to distributors (in absolute terms) during the half-year period, and (ii) the scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the half-year period for the scheme's applicable Option (regular or direct or both) where the concerned investor has actually invested in.

- The term ‘commission’ refers to all direct monetary payments and other payments made in the form of gifts / rewards, trips, event sponsorships etc. by the AMC/Fund to distributors. The commission disclosed is gross commission and does not exclude costs incurred by distributors such as Goods & Service Tax (wherever applicable, as per existing rates), operating expenses, etc.

Further information pertaining to SCAS sent by Depositories:

- In case an investor does not wish to receive SCAS, an option shall be given by the Depository to indicate negative consent.
- In case an investor does not wish to receive SCAS through e-mail, an option shall be given by the Depository to receive SCAS in physical.
- Investor(s) having multiple demat accounts across the Depositories shall have an option to choose the Depository through which the SCAS will be received.
- The half yearly SCAS will be sent by mail/e-mail as per the mode of receipt opted by the investors to receive monthly SCAS.
- In case of demat accounts with NIL balance and no transactions in mutual fund folios and in securities, the depository shall send physical statement to investor(s) in terms of regulations applicable to Depositories.

Periodic Disclosures:

Daily Performance Disclosure: The AMC shall upload performance of the Scheme (after it completes six months) on a daily basis on AMFI website in the prescribed format along with other details such Scheme AUM and previous day NAV, as prescribed by SEBI from time to time.

Portfolio Disclosures: The Mutual Fund / AMC will disclose portfolio (along with ISIN and other prescribed details) of the Scheme in the prescribed format on its website viz. www.hdfcfund.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as under:
For Debt Schemes – on a fortnightly basis (i.e. as on 15th and as on the last day of the month), within 5 days from end of fortnight.
For All Schemes – as at the end of the month / half-year i.e. March 31 and September 30, within 10 days from end of Month/Half year.

In case of unitholders whose e-mail addresses are registered, the Mutual Fund / AMC will also send the above via email within the timelines mentioned above. The timelines above will be subject to change as specified by SEBI from time to time.

Mutual Fund / AMC will publish an advertisement every half-year in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the half-yearly statement of the Scheme portfolio on its website and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will provide a physical copy of the statement of its Scheme portfolio, without charging any cost, on specific request received from a unitholder.

Monthly Average Asset under Management (Monthly AAUM) Disclosure: The Mutual Fund shall disclose the Monthly AAUM under different categories of Schemes as specified by SEBI in the prescribed format on a monthly basis on its website viz. www.hdfcfund.com and forward to AMFI within 7 working days from the end of the month.

Monthly Riskometer Disclosure: As per SEBI Guidelines, Riskometer of the Scheme shall be reviewed on a monthly basis based on evaluation of risk level of Scheme’s month end portfolios. Notice about changes in Scheme’s Riskometer, if any, shall be issued. For latest riskometer of the Scheme and the Benchmark, investors may refer to the monthly portfolios disclosed on the website of the Fund viz. www.hdfcfund.com as well as AMFI website within 10 days from the close of each month.

Half Yearly Unaudited Financial Results: Half yearly unaudited financial results shall be hosted in the prescribed format on the website of the Mutual Fund on www.hdfcfund.com within one month from the close of each half year i.e. on March 31 and on September 30 and an advertisement in this regard shall be published in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated.

Annual Financial Results: Annual report or an Abridged Summary, in the format prescribed by SEBI, will be hosted on the website of the Fund viz. www.hdfcfund.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as soon as may be but not later than four months from the date of closure of the relevant accounts year (i.e. 31st March each year). Mutual Fund / AMC will publish an advertisement every year, in the all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the Scheme wise Annual Report on the website of the Fund and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund/ AMC will e-mail the Scheme Annual Report or Abridged Summary thereof to those unitholders, whose email addresses are registered with the Mutual Fund. Investors who have not registered their email id will have an option of receiving a physical copy of the Annual Report or Abridged Summary thereof. Mutual Fund / AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder through any mode.

A physical copy of the scheme wise annual report shall be made available for inspection to the investors at the registered office of the AMC.

For further details, please refer to the SID.

IMPORTANT

Before investing, investors should also ascertain about any further changes pertaining to scheme made to this Scheme Information Document by issue of addenda / notice after the date of this Document from the AMC / Mutual Fund / Investor Service Centres (ISCs) / Website / Distributors or Brokers or Investment Advisers having valid registrations.