


HDFC Focused Equity Fund - Plan A

A close ended equity scheme investing in eligible securities as per Rajiv Gandhi Equity Savings Scheme

NFO Opens on 15th January 2015

NFO Closes on 13th February 2015

This product is suitable for investors who are seeking*:

- To generate capital appreciation over 1100 days i.e. tenure of the fund.
- Investments in portfolio of equity securities which are 'Eligible Securities' as specified in Rajiv Gandhi Equity Savings Scheme
- High risk  **(BROWN)**

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

Note: Risk is represented as:



(BLUE) investors understand that their principal will be at low risk



(YELLOW) investors understand that their principal will be at medium risk

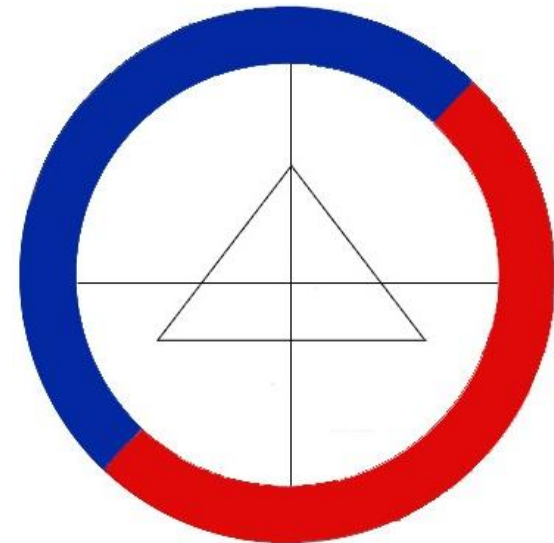


(BROWN) investors understand that their principal will be at high risk

January 2015

Table of Contents

- Economic & Market Outlook
- The Fund
- Investment Strategy
- Why HDFC Focused Equity Fund
- Why HDFC Mutual Fund?
- Product Features
- Tax Benefits
- Glossary
- Disclaimer



Economic Outlook : On the Recovery Path

- Weak decision making environment, increase in gold imports (2.7% of GDP in '12) and US tapering impacted economy adversely between FY 12 – 14.
- Economy is recovering steadily

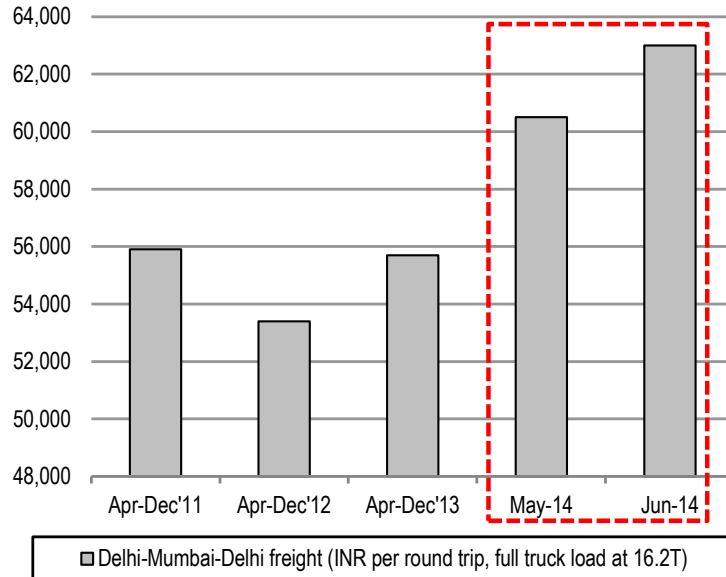
	FY13	FY14	FY15E
GDP Growth (%)	4.3	4.7	5.5
CAD (% of GDP)	4.7	1.7	1.4
FD (% of GDP)	4.9	4.5	4.1
CPI Average (%)	10.2	9.5	6.6
WPI Average (%)	7.3	6.0	3.8

- Recent sharp fall in crude oil prices, is likely to lead to lower CAD, fiscal deficit and inflation
- A strong, pro economy, pro business government bodes well for economy and for businesses

Economic Outlook : Positive Indicators

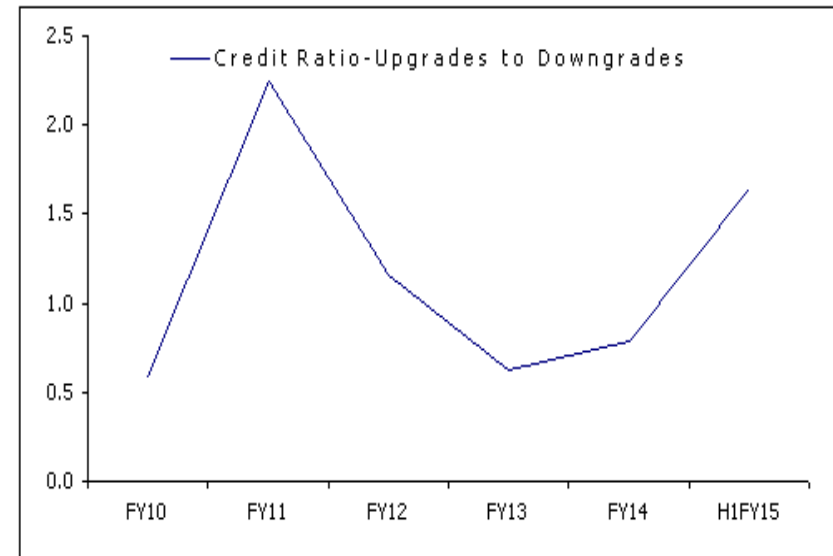
Better Macro – Economic environment has affected segments of the economy positively.

Commercial Vehicle freight rates shows signs of a pick-up



Source: IFTRT

Credit Quality Improving gradually



Source: Crisil

HSBC India Composite PMI for December 2014 at 54.5 is very encouraging

Source : HSBC

Economic Outlook : Positive Indicators

- India is a key beneficiary from lower commodity prices, especially crude oil.
- Lower commodity prices should lead to a sharp fall in CAD, inflation and lower fiscal deficit.
- Strong business friendly government bodes well for economic growth and for businesses.
- Corporate earnings should be better than estimates as corporate margins are significantly below long term averages and should improve as capacity utilization and business conditions improve.

Oil price fall : India best placed in EM

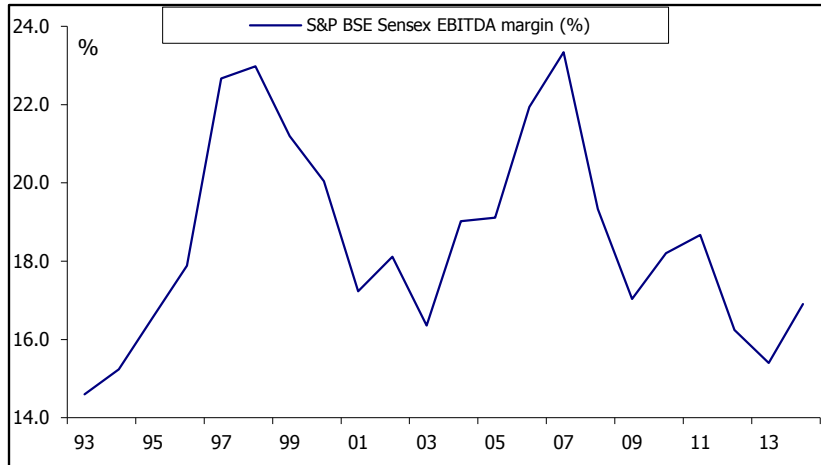
India stands to benefit the most amongst large Emerging Markets from the fall in oil prices

Country	Net Oil Imports to GDP, % (2013)	GDP US\$ bn (2013)
India	-5.20%	1,973
China	-2.60%	9,020
Indonesia	-2.60%	946
Brazil	-1.30%	2,457
Mexico	0.70%	1,275
Russia	12.60%	2,214

Source: World Bank, IMF; Bloomberg, CEIC, UNCTAD, Macquarie Asia Equity Strategy Research
Data is for calendar year 2013

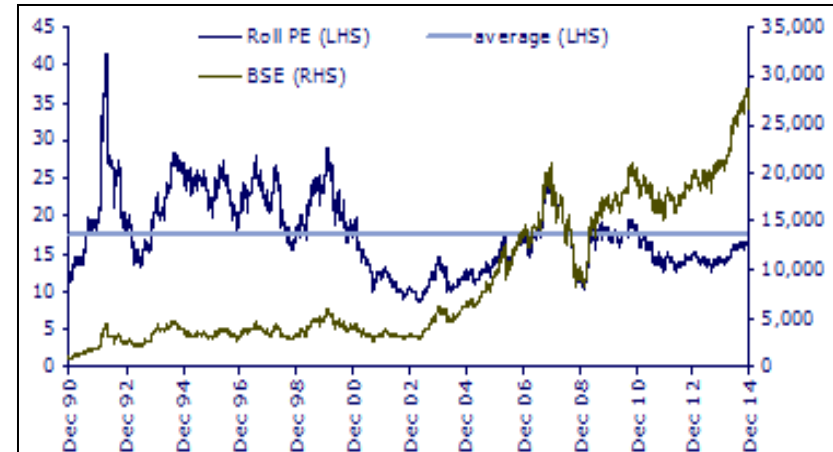
Equity Market Outlook

EBITDA margins at cyclical lows



Source : BOFA – ML*

Reasonable P/Es* despite markets run up



Source : CLSA

Reasonable P/Es & low EBIDTA margins lead to a positive outlook for equities

*Data is for calendar year.

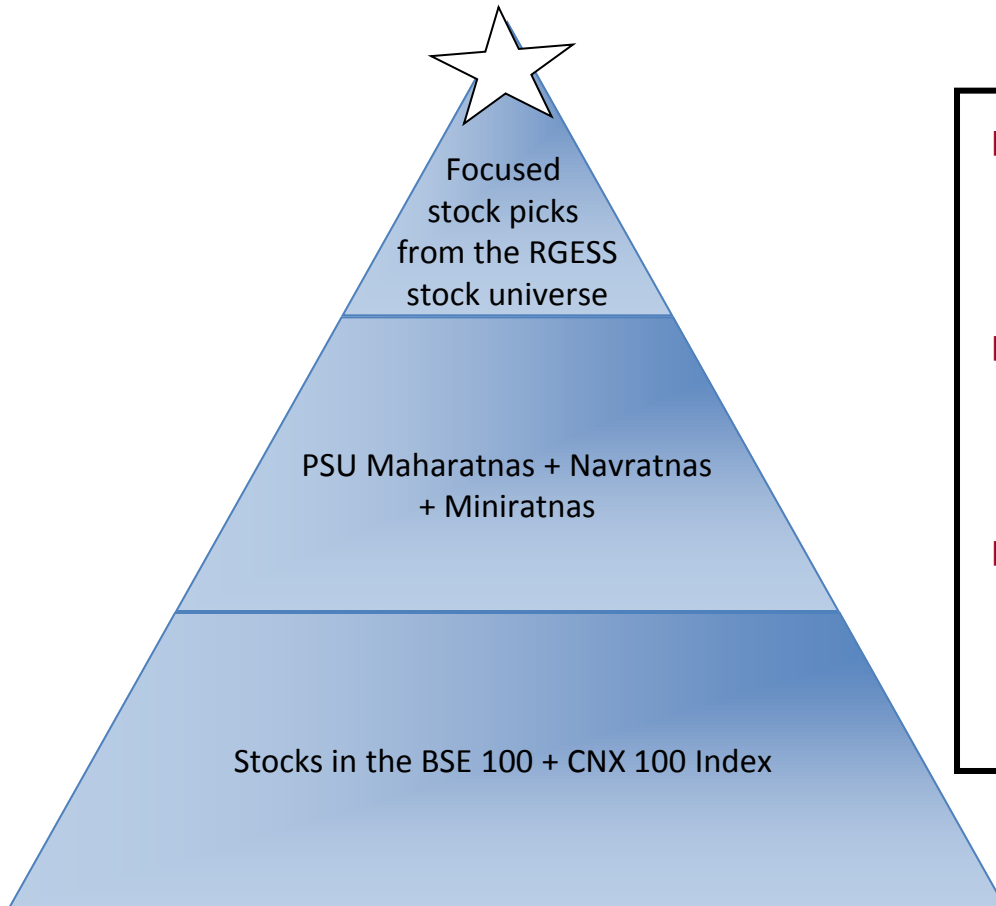
Reference made to S&P BSE SENSEX in this presentation is only for easy understanding of market movement and must not be construed as future performance of S&P BSE SENSEX. The Benchmark for this fund is S&P BSE 100.

Equity Market Outlook

- India is amongst a handful of large economies with a downward outlook on interest rates, stable political situation and benefits of lower commodity prices.
- Lower Interest Rates & strong earnings growth to provide impetus to equity markets.
- Current P/E multiples of equity markets are reasonable – neither expensive, nor cheap.
- Room for multiples to expand as expectations of growth improve.
- Merit in increasing allocation to equities (for those with a medium to long term view) in a phased manner and stay invested.

Presenting HDFC Focused Equity Fund – Plan A

Investment Universe



- Equity Shares* falling in the list of equity declared as "BSE-100" or "CNX-100" by the BSE or the NSE.
- Public Sector Enterprises categorized as Maharatna, Navratna or Miniratna by the Central Government.
- Upcoming IPOs of Public sector undertakings (PSUs) having a minimum of 51% government holding and minimum annual turnover of Rs 4000Cr in each of the last 3 Yrs.

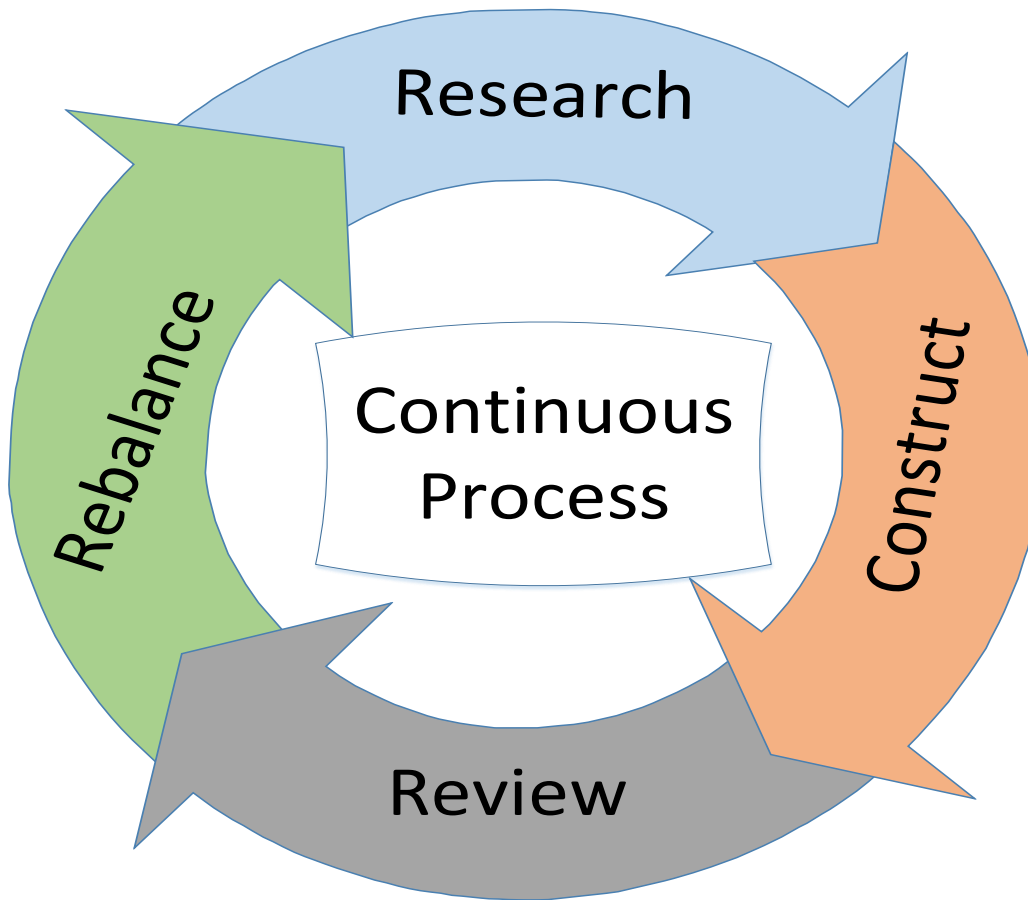
* As Per Rajiv Gandhi Equity Savings Scheme guidelines amended from time to time.

Investment Strategy

- Build and Maintain a diversified portfolio of eligible securities.
- Stocks with potential to appreciate in the long run.
- Companies with a potential ability to grow at a reasonable rate for the long term.
- Portfolio would reflect a cross-section of the growth areas of the economy.
- Portfolio primarily constructed on 'Buy & Hold' strategy while following a rational approach to selling.



Investment Process



- Researchers analyse & develop a pool of investable stocks from amongst eligible securities.
- Portfolio built from pool adhering to investment philosophy & processes.
- Portfolio based on market conditions & business outlook.
- Regular evaluation & rebalancing where required to maximize returns

Why HDFC Focused Equity Fund

- 1100 days diversified equity fund
- Equity allocation to well established companies forming part of the BSE 100 & select 'Maharatana' & 'Navaratna' government companies.
- Controlled universe of stocks – Mitigate risks arising out of stock selection
- Universe **covers 76%* of all listed** companies in India by market cap making it well positioned to benefit from the improving economic environment.
- Tax Benefits – Build wealth & get tax savings under Sec 80CCG** of the Income tax Act 1961, for eligible investors
- Proposed to be listed on BSE & NSE to provide liquidity to investors.

* Source : BSE as on 31st Dec 2014

** Refer Tax Benefits slide

Why HDFC Mutual Fund?

- Experienced fund management and research team with experience of managing assets across market cycles.
- Strong emphasis on managing and controlling portfolio risk; avoids chasing the latest “fads and trends”.
- Consistent fund performance across categories.[§]
- Product offerings across asset and risk categories enabling investors to invest in line with their investment objectives and risk taking capacity.
- The largest mutual fund in the country with average assets under management of over Rs. 1,50,000 crores for the quarter ended December 2014[#].

[§] Past performance may or may not be sustained in future

[#] Source: AMFI Website

Product Features

Name of The Scheme	HDFC Focused Equity Fund – Plan A
Type of Scheme	A Close-ended Equity Scheme investing in Eligible Securities as per Rajiv Gandhi Equity Savings Scheme (“RGESS”), as amended from time to time.
Investment Objective	To generate long term capital appreciation from a portfolio of Eligible Securities as specified in Rajiv Gandhi Equity Savings Scheme. There is no assurance that the investment objective of the Scheme will be realized.
Fund Manager	Mr. Srinivas Rao Ravuri
Investment Options*	<ul style="list-style-type: none"> ■ HDFC Focused Equity Fund – Plan A – Direct Option** ■ HDFC Focused Equity Fund – Plan A – Regular Option
Investment Sub-Option	Under Each Option: Growth & Dividend payout sub-options.
Minimum Application Amount (Under Each Plan /Option)	Purchase: Rs. 5,000 and in multiples of Rs 10/- thereafter
Tax Benefits	Investments made by 'New Retail Investor' in this Scheme will qualify for a 50% deduction of the actual amount invested from the taxable income of the financial year under Section 80CCG of the Income Tax Act, 1961. The maximum investment permissible for claiming deduction in a financial year is Rs.50,000/-. For further details, please refer to slide on Tax benefits
Loads	Entry / Exit Load: Not Applicable. Upfront commission shall be paid directly by the investor to the ARN Holder (AMFI registered Distributor) based on the investors’ assessment of various factors including the service rendered by the ARN Holder.
Liquidity	Being a close ended scheme, the Units of the Scheme will be listed on stock exchanges (NSE / BSE) to provide liquidity to the investors. The Units cannot be redeemed by the investors directly with the Fund until Maturity.
Term/Duration of the Scheme/Plan	1100 days from the date of allotment of Units.
Benchmark	S&P BSE 100 Index

**** Direct Option:** Direct Option is for investors who purchase/subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor. Direct Option shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under the Direct Option. For further details, please refer to the Scheme Information Document.

- Units of the Scheme are Eligible securities in accordance with Rajiv Gandhi Equity Savings Scheme (RGESS) notified by the Central Government. As per Section 80CCG of the Income Tax Act, 1961, a resident individual who acquires listed equity shares or listed units of equity oriented mutual fund in accordance with the RGESS, is entitled to a deduction of 50% of the amount invested from his total income to the extent the deduction does not exceed Rs.25,000/-, in addition to deduction available under Section 80C of the IT Act.
 - A New Retail Investor shall be eligible for the tax benefit under RGESS only for three consecutive financial years beginning with the Initial Year* (as defined in RGESS), in respect of the investment made in each financial year.
- The deduction shall be subject to following conditions:
- The gross total income of the investor for the relevant year does not exceed Rs.12 lakhs.
 - The investor is a 'New Retail Investor*' as specified in RGESS;
 - The investment is made in such listed equity shares or listed units of equity oriented mutual fund as specified in RGESS;
 - The investment is locked-in* for a 3 year period as provided in RGESS; and
 - If an investor, in a subsequent year fails to comply with any of the prescribed conditions, the taxability would be as provided under RGESS. DP would monitor these conditions.

* Refer next slide

For more details on RGESS refer the notification on RGESS issued by Ministry of Finance available on our website.

Tax Benefits – Definitions

"Initial Year":

- The financial year in which the investor designates his demat account as an RGESS demat Account and makes investment in the Eligible Securities for availing deduction under the Scheme; or
- The financial year in which the investor makes investment in Eligible Securities for availing deduction under RGESS for the first time, if the investor does not make any investment in Eligible Securities in the financial year in which the account is so designated

Lock – in:

- Units held under the Scheme by the Unit holders and as declared/ designated for availing tax benefits shall be subject to lock-in-periods viz. fixed lock-in and flexible lock-in as specified under the notified RGESS. The fixed lock-in-period shall commence from the date of purchase of such Units in the relevant financial year

and end on the 31st day of March of the year immediately following the relevant financial year.

- The flexible lock-in period will be of two years beginning immediately after the end of the fixed lock-in period.
- The Depositories will be required to ensure the enforcement of the lock-in on Units under the Scheme.
- Tax Deduction, however is available only to “New Retail Investor”
- New Retail Investor means a resident individual,-
 - Who has not opened a demat account and has not made any transactions in the derivative segment before the date of opening of a demat account or the first day of the Initial Year, whichever is later. However an individual who is not the first account holder of an existing joint demat account shall be deemed to have not opened a demat account for the purposes of RGESS; or
 - Who has opened a demat account but has not made any transactions in the equity segment or the derivative segment before the date he designates his existing demat account for the purpose of availing the benefit under RGESS or the first day of the Initial Year, whichever is later.

Asset Allocation Pattern

Under normal circumstances, the asset allocation of the scheme's portfolio will be as follows:

Types of Instruments	Minimum (% of Net Assets)	Maximum	Risk Profile
Equity securities specified as Eligible Securities for RGESS	95	100	Medium to High
Money Market Instruments** and Liquid Schemes	0	5	Low To Medium

**** The Scheme shall invest in Money Market Instruments as defined under SEBI (Mutual Funds) Regulations, 1996, with residual maturity of less than or equal to 91 days.**

The Scheme will not invest in ADR/ GDR/ foreign securities/ derivatives/ securitized debt nor undertake short selling or securities lending.

Glossary

- CAD – Current Account Deficit
- GDP – Gross Domestic Product
- Credit Ratio – The ratio, expressed as a percentage, which results when a borrower's monthly payment obligation on long-term debts is divided by his or her net income or gross monthly income
- Commercial Vehicles freight rates – Commercial Vehicles freight rates for a round trip quoted in INR
- HSBC India Composite PMI – The HSBC India Composite PMI™ is a weighted average computation of the 'Manufacturing Output Index' and the 'Services Business Activity Index', and is based on original survey data collected from a panel of over 800 companies based in the Indian manufacturing and service sectors. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

Disclaimer

For further details of the scheme, refer SID, FAQ`s, RGESS notifications & Sec. 80CCG of the Income Tax Act.

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

Thank You