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Fixed Maturity Plans - Series 36
(A Close-ended Income Scheme)

HDFC FMP 1161D July 2016 (1)

(A Fixed Maturity Plan under HDFC Fixed Maturity Plans-Series 36, a close ended income scheme)

Fixed Maturity Plans (FMPs)

Fixed Maturity Plans popularly known as FMPs are close-ended debt funds. Investors can invest in FMPs only during the New Fund Offer period. The scheme units thereafter can be traded on the exchanges. FMPs are an investment avenue as they mitigate interest rate risk by holding the underlying securities till maturity.

FMPs invest in debt and money market instruments such as Treasury bills (T-bills) commercial papers (Cps), certificates of deposit (CDs) government and corporate bonds. To enable investors to take informed decision regarding the quality of securities and risk associated, FMPs disclose instruments in which they propose to invest as well as floors and ceilings within 5% range of the intended allocation against each sub asset class/credit rating.

With the indexation benefit, FMPs deliver tax efficient returns. In the growth option of FMPs, returns earned are treated as capital gains (short-term or long-term depending on the investment tenure). In the case of short-term capital gains (i.e. if investments are held for less than 3 Years), the interest income is added to the investor's income and is taxed at the marginal rate of tax. As for long-term capital gains (if investments are held for more than 3 Years), the tax liability is determined based the indexed value of the investment. The capital gain after this calculation will be taxed at 20% + applicable surcharges and cesses as applicable.

HDFC FMP 1161D July 2016(1)

HDFC FMP 1161D July 2016 (1) is a close-ended income plan which seeks to generate income through investments in Debt / Money Market Instruments and Government Securities maturing on or before the maturity date of the Plan.

New Fund Offer (NFO) schedule:

NFO Opens on:	July 19, 2016
NFO Closes on:	July 26, 2016
Date of Allotment	July 27, 2016
Date of Maturity	September 30, 2019*

*or immediately succeeding business day, if that day is not a business day

Tax Benefit

Investing in HDFC FMP 1161D July 2016 (1) shall enable the investors to avail the three indexation benefit on holding the investments till maturity. Indexation of cost of acquisition means raising the cost of investment depending on the Cost Inflation Index (CII) value in the financial year of purchase and sale of units, money lost due to the effect of inflation and then calculates the tax on the balance. Therefore, tax is calculated only on the gain after adjusting for inflation.

How does Three Indexation benefit work?

Illustration

For the amount invested in July 2016 (FY 2016-17) and redeemed in September 2019 (FY 2019-20) hence the investor is eligible to take three indexation benefit across four financial years viz. FY 2016-17, 2017-18, 2018-19, 2019-20.

Investment horizon: 1161 days

Particulars	Term Deposits			Taxation on FMP investments (with Indexation)		
	5%	7%	9%	5%	7%	9%
Amount Invested (in Rs.)	1,00,000			1,00,000		
Annualized Rate of Interest (%)	5%	7%	9%	5%	7%	9%
Gross Value at Maturity (in Rs.)	1,16,788	1,24,012	1,31,537	1,16,788	1,24,012	1,31,537
Indexed Cost of Acquisition (in Rs.) #	NA	NA	NA	1,26,878	1,26,878	1,26,878
Capital Gains/Interest on investments (in Rs.)	16,788	24,012	31,537	-10,090	-2,866	4,659
Applicable Tax Rate (%)	30.90%*	30.90%*	30.90%*	23.07%	23.07%	23.07%
Taxable Income (in Rs.)	16,788	24,012	31,537	0**	0**	4,659
Tax Liability (in Rs.)	5,188	7,420	9,745	-	-	1,075
Post Tax value at Maturity (in Rs.)	1,11,601	1,16,592	1,21,792	1,16,788	1,24,012	1,30,462
Post Tax Gain (in Rs.)	11,601	16,592	21,792	16,788	24,012	30,462
Post Tax Gain (CAGR%)	3.51%	4.94%	6.39%	5.00%	7.00%	8.72%

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In case the investment is made in the FY 2012-2013 and redeemed in the FY 2015-2016, the investor gets indexation benefits across 3 financial years. CII is [1081 (FY 2015-2016), 1024 (FY 2014-2015), 939 (FY 2013-2014), 852 (FY 2012-2013)].

* The tax rate assumed is the highest rate based on the current tax slabs (Income up to Rs 1 crore)

** Taxable income is zero as the indexed cost of acquisition is greater than the maturity value.

Notes:

- This is a hypothetical illustration to explain the concept of three indexation and its benefits and actual figures may vary.
- The Scheme is not providing any assured or guaranteed returns, neither forecasting any returns. HDFC Mutual Fund/HDFC AMC is not guaranteeing/offering/communicating any indicative yield on investments for the said Scheme. Investors are advised not to rely on any communication regarding indicative yield with regard to the Scheme.**
- The features of Term Deposits and FMPs are not comparable. The comparison is limited to tax efficiency which will be subject to the prevailing tax laws.**
- Changes in tax structure may affect post tax returns.
- This illustration is for Resident Individuals/HUF investing in the growth option. Interest calculation is assumed on yearly cumulative basis.
- In view of individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor. Investors should be aware that the fiscal rule/laws may change and there can be no guarantee that the current tax position may continue indefinitely.

Fund Suitability

The scheme is suitable for investors:

- Who want to lock in their investments at the prevailing yields
- Whose investment horizon matches the tenure of the plan
- Investors who want lower volatility in the returns
- Investors looking for better post tax returns taking the benefits of indexation

Intended Asset Allocation Table

Instruments	Credit Rating						
	AAA	A1+	AA	A	BBB	Unrated	Not Applicable
Debt & Money Market Instruments							
Certificates of Deposit (CDs)		0-5					
Commercial Papers (CPs)		0-5					
Usance Bills							
Non-Convertible Debentures (NCDs)*			10-15	75-80		5-10	
Government Securities/Treasury Bills							0-5
CBLO/Reverse Repos/Units of Debt or Liquid Mutual Funds Schemes							0-5

* Includes CDs issued by select All-India Financial Institutions permitted by RBI from time to time.

Notes:

- The ratings indicated in the above table include "-" and "+". For eg. the AA rating shall also include AA- and AA+. Similarly, securities with Rating A1 shall also include A1+.
- All ratings will be considered at the time of investment. In case an instrument has more than one publicly available rating, the more conservative rating will be considered for the purpose of investment.
- Sectors in which the Scheme shall not invest - The Plan under the Scheme shall not invest in instruments issued by Gems & Jewellery and Airline Companies.

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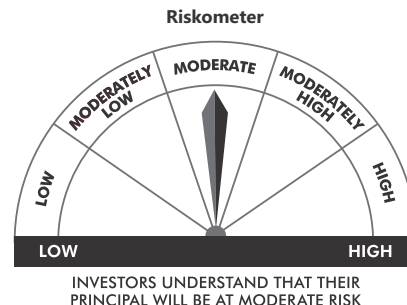
Product Features

Investment Objective	To generate income through investments in Debt/Money Market Instruments and Government Securities maturing on or before the maturity date of the Plan.
Type of Scheme	A close-ended income scheme
Investment Options	This Plan offers Regular Option and Direct Option. Regular and Direct Options offer the following sub options: a) Growth Option b) Dividend Option (Normal dividend and quarterly dividend) with payout facility
Minimum Application amount	Rs. 5000/- and in multiple of Rs. 10/- thereafter per application during the NFO period only
Benchmark	CRISIL Short Term Bond Fund Index
Liquidity	The units of the scheme will be listed on the capital market segment of the National Stock Exchange of India Ltd(NSE) and BSE Ltd(BSE). The units of the scheme cannot be redeemed by the investors directly with the fund until the Maturity/Final Redemption date.
Offer Price	Rs. 10/- per unit

For further details, refer SID/KIM available at all HDFC ISCs and on our website www.hdfcfund.com

This product is suitable for investors who are seeking *

- regular income over medium term
- investment in debt and money market instruments and government securities



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

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