

ENJOY THE BENEFITS OF **DEBT & EQUITY** IN ONE FUND.

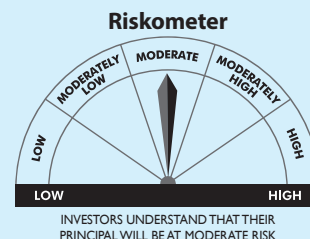
NFO Opens On: November 21, 2016
NFO Closes On: December 5, 2016

Presenting HDFC Dual Advantage Fund – Series III – 1224D November 2016.

Toll-free no.: 1800 3010 6767 / 1800 419 7676

This product is suitable for investors who are seeking*:

- Regular income as well as capital appreciation over 1224 days (tenure) of the fund
- To generate returns by investing in debt and money market instruments and also in equity and equity related instruments to achieve capital appreciation.



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

HDFC Dual Advantage Fund-Series III

(A Closed-ended Income Scheme)

INVESTMENT OBJECTIVE

The Scheme seeks to generate income by investing in a portfolio of debt and money market securities which mature on or before the date of maturity of the Scheme. The scheme also seeks to invest a portion of the portfolio in equity and equity related securities to achieve capital appreciation. There is no assurance that the investment objective of the Schemes will be realized.

HOW DOES DUAL ADVANTAGE WORK?

- Portfolio comprising a judicious mix of Debt securities & money market instruments and also equity and equity related instruments
- The debt portion of the scheme will aim to provide relatively stable return while the equity portion will aim to generate capital appreciation
- E.g.: The scheme invests ~88% in debt and money market instruments. The 88% of the portfolio invested in debt securities is structured to grow over the tenure of the scheme to 100% (net of annual recurring expenses)
- The remaining corpus will be invested in equities and equity related instruments to generate capital appreciation.

The actual allocation can be different within the Asset Allocation and Investment Pattern mentioned in the SID. There is no assurance of any capital protection or capital guarantee for investors in this scheme. HDFC Mutual Fund/AMC is not guaranteeing returns on investments made in this scheme. There is no assurance that the investment objective of the scheme will be realised.

Scenario analysis over 1224 Days					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
Scheme Corpus	100	100	100	100	100
Debt allocation	88	88	88	88	88
Debt Value on maturity (A)	100	100	100	100	100
Direct Equity allocation	12	12	12	12	12
CAGR (%) on equity allocation	-20	-10	0	10	20
Equity Value at the time of Scheme maturity (B)	5.68	8.43	12.00	16.52	22.12
Fund Value (A+B)	105.68	108.43	112.00	116.52	122.12

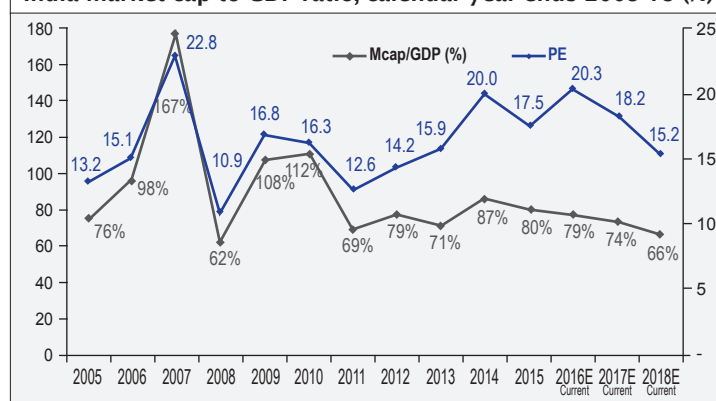
As explained in the scenarios given above, over the tenure of the scheme the initial scheme investment has remained intact and the value of portfolio appreciated, despite positive or negative equity returns.

The portion of debt/equity portfolio does not offer any assured returns and is subject to market risks. The equity returns generated by the Scheme would depend on the portion of asset allocated to equity. There is no assurance of any capital protection or capital guarantee for investors in this scheme. HDFC Mutual Fund/AMC is not guaranteeing returns on investments made in this scheme. There is no assurance that the investment objective of the scheme will be realised.

EQUITY OUTLOOK

- Market cap to GDP near 10 year lows
- S&P BSE SENSEX EBITDA margins are improving steadily
- Improving EBITDA margins, lower interest rates should lead to improved EPS / Profit growth in coming years

India market cap to GDP ratio, calendar year-ends 2005-18 (%)

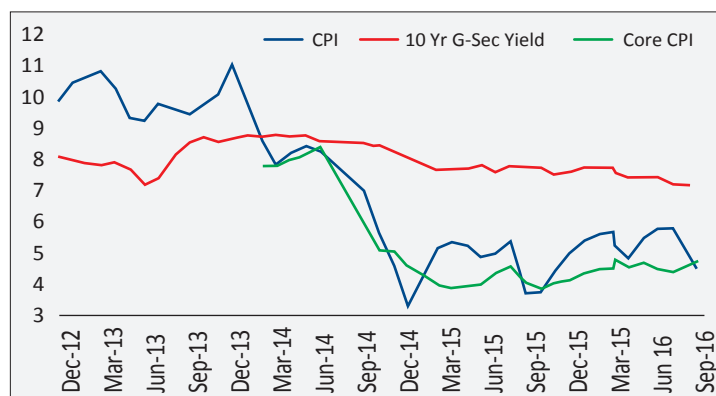


Source: Kotak Institutional Equities, Bloomberg

DEBT OUTLOOK

- CPI has fallen from ~10% to ~4.3% in Sep 16, while Yields have fallen from ~8.8% in Dec 13 to ~6.6%
- RBI has suggested with decline in global real rates the more appropriate real neutral rate for India is around 1.25%
- Real yields of ~1.8-2.3% (~2.3% vs. CPI, ~1.8% vs. Core CPI) still leaves room for further rate cuts
- Low CAD, rising FDI, falling Fiscal Deficit, weak IIP growth also support lower rates

In line with the above, our recommendation to investors would be to remain invested in debt oriented funds.



Source: Kotak Institutional Equities, Bloomberg

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(A Closed-ended Income Scheme)

FUND SUITABILITY

- Investors with low to medium risk appetite
- Investors who do not want to take interest rate risk and want to earn prevailing yields over the tenure of the Plan.
- It offers investors to participate in equities with the stability in the portfolio being provided by the debt portion of the portfolio.
- Investors can take benefit of indexation and get an opportunity to earn better tax adjusted returns.

HDFC Mutual Fund / AMC is not guaranteeing returns on investments made in this scheme. In view of the individual circumstances / financial needs and risk profile, each investor is advised to consult his / her financial advisor.

INDICATIVE ASSET ALLOCATION

Instruments	Credit Ratings		
Debt & Money Market Instruments	AAA/P1+	AA	NA
Certificate of Deposit (CDs)	0-5	-	-
Commercial Papers (CPs)	0-5	-	-
Non - Convertible Debentures (NCDs)*	63-68	20-25	-
Government Securities / Treasury Bills	-	-	0-5
CBLO / Reverse Repos / units of liquid mutual fund schemes	-	-	0-5
Equity and Equity related Instruments (including equity derivatives)	-	-	0-12

*Includes CDs issued by select All-India Financial Institutions permitted by RBI from time to time. For further details, please refer to the Scheme Information Document / Key Information Memorandum.

KEY SCHEME FEATURES

Nature of Scheme	Close-ended Income Scheme
Investment Objective	To generate income by investing in a portfolio of debt and money market securities which mature on or before the date of maturity of the scheme. The scheme also seeks to invest a portion of the portfolio in equity and equity related securities to achieve capital appreciation. There is no assurance that the investment objective of the Schemes will be realized.
Fund Manager \$	Fund Manager for Debt Portfolio : Anil Bamboli Fund Manager for Equity Portfolio : Krishan Kumar Daga
Investment Option	Direct & Regular Option
Investment sub-options	Under Each option: Growth & Dividend. The Dividend Option offers Dividend Payout facility
Minimum Application Amount (Under Each Plan/Option)	Purchase: Rs. 5,000 and in multiples of Rs. 10 thereafter
Load Structure	Entry Load: <ul style="list-style-type: none">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. Exit Load <ul style="list-style-type: none">Not Applicable. The Units under the plan cannot be directly redeemed with the fund as the Units are listed on the stock exchange(s).
Benchmark Index	CRISIL Debt Hybrid 60+40 Fund Index

\$ Dedicated Fund Manager for Overseas Investments: Mr Rakesh Vyas

For further details, please refer to the Scheme Information Document / Key Information Memorandum.

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

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