

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

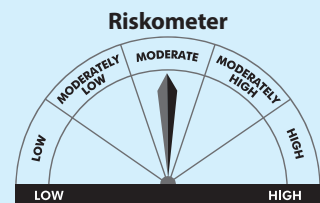
NFO Opens On: August 19, 2016  
NFO Closes On: September 2, 2016

Presenting HDFC Dual Advantage Fund – Series III – 1304D August 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 1304 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 UNDERSTAND THAT THEIR PRINCIPAL WILL BEAT MODERATE RISK

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

INVEST IN  
**HDFC**  
**DUAL ADVANTAGE FUND - SERIES II**  
(A Closed-ended Income Scheme)

**HDFC**  
**MUTUAL FUND**

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# 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 1304 Days					
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
<b>Scheme Corpus</b>	100	100	100	100	100
Debt allocation	88	88	88	88	88
<b>Debt Value on maturity (A)</b>	100	100	100	100	100
Direct Equity allocation	12	12	12	12	12
<b>CAGR (%) on equity allocation</b>	-20	-10	0	10	20
Equity Value at the time of Scheme maturity (B)	5.41	8.24	12.00	16.87	23.02
<b>Fund Value (A+B)</b>	105.41	108.24	112.00	116.87	123.02

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 all-time lows and hence, relatively flat markets for 8 years,

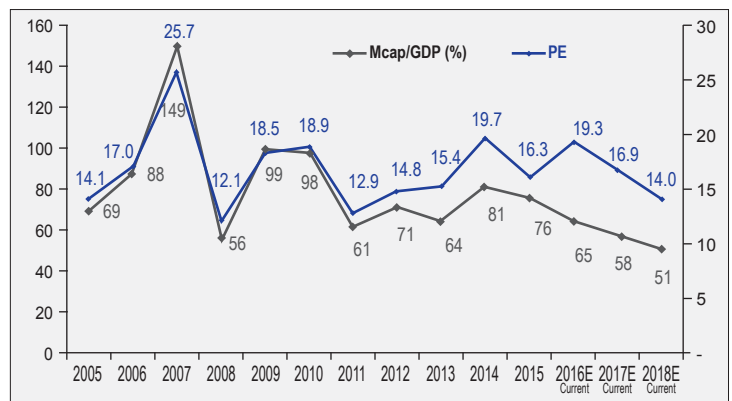
### Positives

- Profit growth to accelerate driven by low base of Cement / Commodity companies and corporate banks; acceleration of GDP growth, low wage inflation, improving capacity utilization, lower interest rates etc. to aid profitability

### Negatives

- Uncertain Global situation in general and emerging markets / China in particular.

India market cap to GDP ratio, calendar year-ends 2005-15 (%)



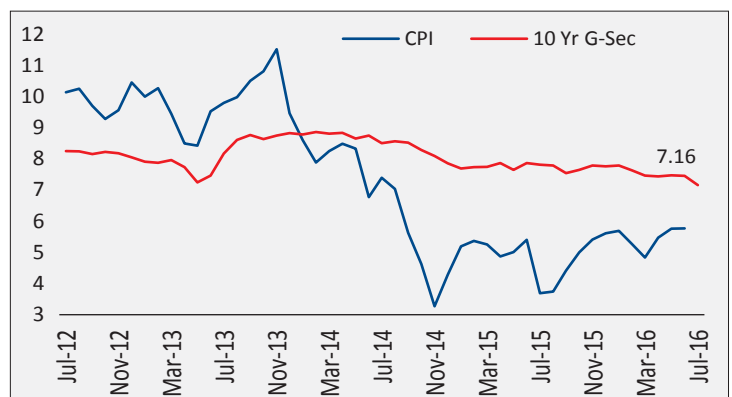
Source: World Bank, Bloomberg, Kotak Institutional Equities, Updated till 31st March, 2016

## DEBT OUTLOOK

Despite this large fall in yields, there is further downward bias to bond yields in our opinion.

- Fall in yields is much less than fall in inflation
- Higher real yields in India v/s other large economies
- Indian bonds real yield remain attractive for foreigners.

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



Source: HDFC AMC Research, Bloomberg

# HDFC Dual Advantage Fund-Series III

(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		
	AAA/P1+	AA	NA
<b>Debt &amp; Money Market Instruments</b>			
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
<b>Equity and Equity related Instruments (including equity derivatives)</b>	-	-	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

<b>Nature of Scheme</b>	Close-ended Income Scheme
<b>Investment Objective</b>	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.
<b>Fund Manager \$</b>	Fund Manager for Debt Portfolio : Anil Bamboli Fund Manager for Equity Portfolio : Krishan Kumar Daga
<b>Investment Option</b>	Direct & Regular Option
<b>Investment sub-options</b>	Under Each option: Growth & Dividend. The Dividend Option offers Dividend Payout facility
<b>Minimum Application Amount (Under Each Plan/Option)</b>	<b>Purchase:</b> Rs. 5,000 and in multiples of Rs. 10 thereafter
<b>Load Structure</b>	<b>Entry Load:</b> <ul style="list-style-type: none"><li>• 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.</li></ul> <b>Exit Load</b> <ul style="list-style-type: none"><li>• Not Applicable. The Units under the plan cannot be directly redeemed with the fund as the Units are listed on the stock exchange(s).</li></ul>
<b>Benchmark Index</b>	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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