

HDFC Mutual Fund

An Overview

(August 2012)



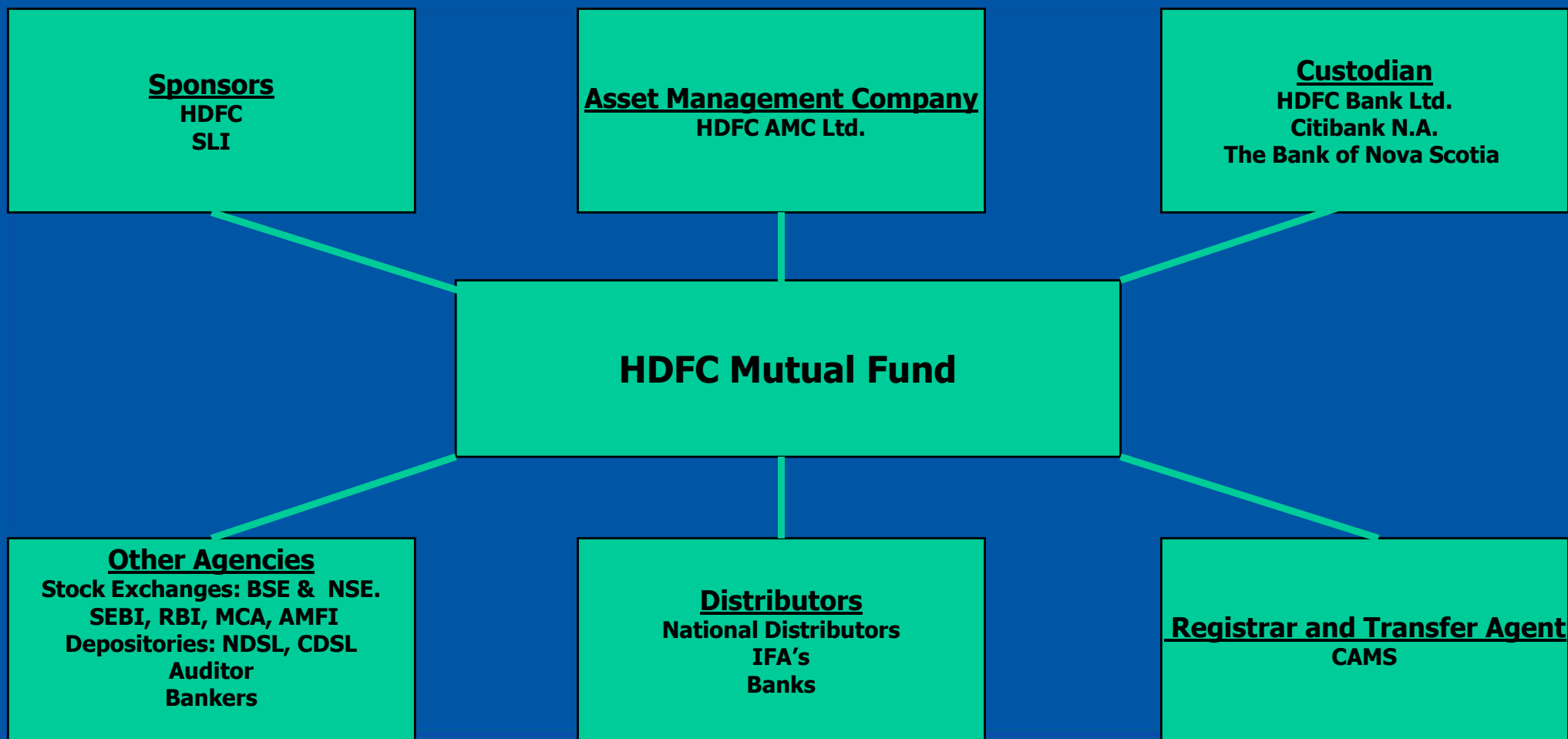
Table of Contents

- Our Vision, Framework, Background and Reach
- Sponsors and Shareholding Pattern
- Investment Philosophy, Risk Management and Fund Management Team
- Why HDFC Mutual Fund
- Disclaimer

Our Vision

*To be a dominant player in the Indian Mutual Fund space,
recognized for its high levels of ethical and professional conduct
and a commitment towards enhancing investor interests*

Framework of HDFC Mutual Fund



HDFC: Housing Development Finance Corporation Limited

SLI: Standard Life Investments Limited

AMFI: The Association of Mutual Funds in India , CAMS: Computer Age Management Services Private Limited

CDSL: Central Depository Securities (India) Limited), NSDL: National Securities Depositories Limited

MCA: Ministry of Corporate Affairs.

NSE: National Stock Exchange of India Ltd, BSE: BSE Limited.

SEBI: Securities and Exchange Board of India, RBI: Reserve Bank of India

IFA: Individual Financial Advisor



Our Background

- HDFC Asset Management Company Limited (AMC) was incorporated under the Companies Act, 1956, on December 10, 1999 and was approved to act as an Asset Management Company for the Mutual Fund by SEBI vide its letter dated July 3, 2000
- Following the decision by Zurich Insurance Company (ZIC), the sponsor of Zurich India Mutual Fund, to divest its Asset Management Business in India, HDFC AMC acquired the schemes of Zurich India Mutual Fund effective June 19, 2003
- Strong Parentage – Co-Sponsored by Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited (SLI), the investment arm of The Standard Life Group, UK

Our Reach

(As on July 31, 2012)

- Total Live Accounts: over 5 million
- Total Number of Distributors: 40,127
- Total Number of Schemes: 38 (excluding 1 Fund of Fund scheme)
- Number of Investor Service Centers (HDFC AMC): 117 (Including Dubai)
- Number of Transaction Points (CAMS): 197

Sponsors and Shareholding Pattern

Our Sponsors

**Housing Development Finance
Corporation Limited (HDFC)**

Standard Life Investments Limited (SLI)

**Registered Office: Ramon House,
H. T. Parekh Marg, 169, Backbay
Reclamation,
Churchgate, Mumbai 400 020**

**Registered Office: 1 George Street,
Edinburgh, EH2 2LL, United Kingdom**



Housing Development Finance Corporation Limited (HDFC)

- HDFC was incorporated in 1977 as the first specialised mortgage company in India; its activities include housing finance, property related services (property identification, valuation etc), training and consultancy
- HDFC is a professionally managed organisation with Board of Directors consisting of eminent persons representing various fields including finance, taxation, construction, urban policy and development
- HDFC's client base comprises of over 13 lac borrowers, 11 lac depositors, 2.09 Lac shareholders and 25,000 deposit agents as at March 31, 2012
- HDFC has received the highest ratings for its bonds and deposits program for the 17th year in succession and has raised funds from various international agencies inter alia The World Bank, ADB, IFC (Washington), etc.

For more details visit www.hdfc.com



Standard Life Investments Limited (SLI)

- Standard Life Investments is a leading asset management company, with approximately £ 157.6 billion of assets under management as at June 30, 2012.
- The company operates in the UK, Canada, Hong Kong, China, Korea, Ireland and the USA to ensure it is able to form a truly global investment view
- In order to meet the different needs and risk profiles of its clients, SLI manages a diverse portfolio covering all of the major markets world wide, which includes a range of private and public equities, government and company bonds, property investments and various derivative instruments
- The company's current holdings in UK equities account for approximately 1.8% of the market capitalisation of the London Stock Exchange

For more details visit www.standardlifeinvestments.com



Investment Philosophy, Risk Management & Fund Management Team



Investment Philosophy

- The key to wealth creation is not targeting high returns with high risk, but focusing on consistent returns (with low volatility) and avoiding large mistakes. Therefore we:
- Are focused on **risk control** and **avoiding big mistakes**
- Target **consistent returns**
- Essentially positioned as a ***"No Surprise Fund"***

Investment Philosophy (Equities)

- The key belief is that over time, stock prices reflect their intrinsic values
- Our investment philosophy and process is primarily based on long term fundamentals, margin of safety and effective diversification
- To create wealth over time, the key is capital protection and therefore we emphasize the price of purchase greatly
- The research process emphasizes both quantitative and qualitative factors
- We believe that it is possible to achieve higher portfolio returns through active management consistently over the long term

What We Avoid

- Taking short term trading positions
- Investing in companies with below satisfactory management quality / corporate governance
- Making significant cash calls
- Investing outside the selected investment universe of stocks

Investment Philosophy (Fixed Income)

- Determination of interest rate trends, emphasis on high credit quality, controlling volatility on account of interest rate swings and maintaining necessary portfolio liquidity are the key determinants of our fixed income strategy. Portfolios are built to achieve optimal risk-adjusted total returns
- Extension or retraction of portfolio maturity / duration is effected only after a careful evaluation of yield curves, spreads between quality issuers and market sectors
- Our emphasis is on instruments having high credit quality where the financial strength of the issuer (or guarantor) is well-documented by major rating services. In addition, in-house credit analysis is relied upon to arrive at relative positions within major rating categories

Investment Philosophy (Fixed Income)

- This approach translates into the following:
 - An investment style that is developed through an appraisal of the respective schemes' investment objectives, expectations and positioning, risk tolerance and unique needs
 - Emphasis on portfolio quality in the implementation of our strategy, while using fundamental and technical analysis to seek opportunities for profitable investments. The focus is on detailed and better understanding of the business that we invest in
 - Primary goal is the development and implementation of respective scheme portfolios such that optimal risk-adjusted returns are achieved while maintaining good quality portfolio and liquidity

Risk Management

- Risk management is an integral part of our investment management process
- The risk manager tracks adherence to investment restrictions, objectives, processes, internal norms, limits, etc. on an ongoing basis
- Adherence to regulatory and internal investment norms and limits monitored independently by the risk management department
- Risk management focuses on alignment of portfolios with the respective investment objectives, effective diversification, restricting investments to quality assets etc.

Fund Management Team (Equity)

Name and Designation	Experience	Funds Managed*
<u>Mr. Prashant Jain</u> Chief Investment Officer	Collectively over 21 years of experience in fund management and research in mutual fund industry	<ul style="list-style-type: none"> ■ HDFC Equity Fund ■ HDFC Top 200 Fund ■ HDFC Prudence Fund ■ HDFC MF Monthly Income Plan – Long Term Plan (Equities) ■ HDFC Infrastructure Fund #
<u>Mr. Vinay Kulkarni</u> Senior Fund Manager	Collectively over 23 years of experience, of which 21 years in fund management and equity research and 2 years in the IT industry	<ul style="list-style-type: none"> ■ HDFC Core & Satellite Fund ■ HDFC Premier Multi – Cap Fund ■ HDFC Index Fund ■ HDFC TaxSaver ■ HDFC MF Monthly Income Plan – Short Term Plan (Equities) ■ HDFC Multiple Yield Fund (Equities)
<u>Mr. Chirag Setalvad</u> Senior Fund Manager	Collectively over 15 years of experience, of which 13 years in fund management and equity research and 3 years in investment banking	<ul style="list-style-type: none"> ■ HDFC Mid-Cap Opportunities Fund ■ HDFC Balanced Fund ■ HDFC Capital Builder Fund @ ■ HDFC Children’s Gift Fund ■ HDFC Long Term Advantage Fund ■ HDFC Multiple Yield Fund – Plan 2005 (Equities)
<u>Mr. Srinivas Rao Ravuri</u> Senior Fund Manager	Collectively over 15 years of experience in Indian Financial markets, primarily in equity research and fund management	<ul style="list-style-type: none"> ■ HDFC Growth Fund ■ HDFC Long Term Equity Fund ■ HDFC Infrastructure Fund \$
<u>Mr. Miten Lathia</u> Fund Manager- Equities & Senior Equity Analyst	Collectively over 12 years of experience in Equity Research .	<ul style="list-style-type: none"> ■ HDFC Capital Buidler Fund @@
<u>Mr. Rakesh Vyas</u> Fund Manager - Foreign Securities & Senior Equity Analyst	Collectively over 8 years of experience of which 3 years in Application Engineering (Control and Automation) and over 5 years in Equity Research	<ul style="list-style-type: none"> ■ All eligible schemes of HDFC Mutual Fund investing in foreign securities

For details of the particular Schemes managed please refer to the respective Scheme Information Documents.

- # jointly with Mr. Srinivas Rao Ravuri
- \$ jointly with Mr. Prashant Jain
- Excluding overseas investments ,if any
- @ Jointly with Mr Miten Lathia
- @@ Jointly with Mr Chirag Setalvad



Fund Management Team (Fixed Income)

Name and Designation	Experience	Funds Managed*
<u>Mr. Shobhit Mehrotra</u> Senior Fund Manager and Head of Credit	Collectively over 19 years of experience in Fixed Income markets, credit rating etc.	<ul style="list-style-type: none"> ■ HDFC MF Monthly Income Plan – LTP and STP (Debt) ■ HDFC Income Fund ■ HDFC High Interest Fund – Short Term Plan ■ HDFC Liquid Fund ■ HDFC Floating Rate Income Fund ■ HDFC Fixed Maturity Plans - Series XII & XV ■ HDFC Medium Term Opportunities Fund ■ HDFC Fixed Maturity Plans -Series XVIII TO XX **
<u>Mr. Anil Bamboli</u> Senior Fund Manager	Collectively over 17 years of experience in Fund Management and Research	<ul style="list-style-type: none"> ■ HDFC Multiple Yield Fund (Debt) ■ HDFC Multiple Yield Fund – Plan 2005 (Debt) ■ HDFC High Interest Fund ■ HDFC Short Term Plan ■ HDFC Cash Management Fund – Treasury Advantage Plan ■ HDFC Gilt Fund ■ HDFC Arbitrage Fund ■ HDFC Gold Exchange Traded Fund ■ HDFC Debt Fund for Cancer Cure ■ HDFC Short Term Opportunities Fund ■ HDFC Gold Fund, an open ended fund of fund scheme investing in HDFC Gold Exchange Traded Fund ■ HDFC Cash Management Fund – Call Plan & Savings Plan ** ■ HDFC Quarterly Interval Fund ** ■ HDFC Fixed Maturity Plans Series XXI to XXII **
<u>Mr. Rakesh Vyas</u> Fund Manager -Foreign Securities & Senior Equity Analyst	Collectively over 8 years of experience of which 3 years in Application Engineering (Control and Automation) and over 5 years in Equity Research	<ul style="list-style-type: none"> ■ All eligible schemes of HDFC Mutual Fund investing in foreign securities

For details of the particular Schemes managed please refer to the respective Scheme Information Documents.

* Excluding overseas investments, if any

** W.e.f July 25, 2012

Why HDFC Mutual Fund?



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
- One of the largest mutual funds in the country with average assets under management of over ₹ 92,624.52 crores # for the quarter of April 12 to June 12

\$ Past performance may or may not be sustained in future

Source: AMFI (excluding FOF)



Disclaimer & Risk Factors

■ **DISCLAIMER:** This presentation has been prepared by HDFC Asset Management Company Limited (“HDFC AMC”) on the basis of internal data. The information contained in this document is for general purposes only. The document is given in summary form and does not purport to be complete. The document does not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this document. The information/ data herein alone are not sufficient and should not be used for the development or implementation of an investment strategy. The same should not be construed as investment advice to any party. Neither HDFC AMC and HDFC Mutual Fund (the Fund) nor any person connected with them, accepts any liability arising from the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein.

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



Thank You

