INVESTMENT STRATEGY INFORMATION DOCUMENT (ISID)

H-SIF Equity Ex-Top 100 Long-Short Fund

by HDFC Mutual Fund

(An open-ended Investment Strategy investing in equity and equity-related instruments including limited short exposure in equity through derivative instruments of stocks other than large cap stocks)

(Investment Strategy Code: HSIF/O/E/EELS/26/10/0002/HDFC)

This product is suitable for investors who are seeking#:	**Risk-band***	**Benchmark Risk- band Nifty 500 TRI**
- Capital appreciation over long term - to invest in Long-Short portfolio of equity and equity related instruments of companies excluding top 100 stocks by market capitalization		
*The Risk band shall be as specified by AMFI The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the characteristics of the Investment Strategy or model portfolio and the same may vary post NFO when the actual investments are made. #Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		

Offer of units of Rs10/- each for cash during the New Fund Offer and Continuous offer for Units at NAV based prices

New Fund Offer (NFO) Opens on:	**December 04, 2026**
New Fund Offer (NFO) Closes on:	**December 18, 2026**
Investment Strategy re-opens on**:**	Investment Strategy will re-open for continuous Sale and Repurchase within 5 working days from the date of allotment of units under NFO

Name of SIF: H-SIF by HDFC Mutual Fund

Name of Mutual Fund (Fund): HDFC Mutual Fund

Name of Asset Management Company (AMC): HDFC Asset Management Company Limited

Name of Trustee Company: HDFC Trustee Company Limited

Address of the entities:

Asset Management Company (AMC): HDFC Asset Management Company Limited Registered Office:	**Trustee Company:** HDFC Trustee Company Limited Registered Office:

HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. CIN No: L65991MH1999PLC123027	HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. CIN No. U65991MH1999PLC123026
Website of the entities: www.hdfcfund.com	

The particulars of the Investment Strategy have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 2026, (herein after referred to as SEBI (MF) Regulations) as amended till date and circulars issued thereunder filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Investment Strategy Information Document.

The Investment Strategy Information Document sets forth concisely the information about the Investment Strategy that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Investment Strategy Information Document after the date of this Document from the SIF/Mutual Fund / Investor Service Centres / Webpage/ Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of SIF, Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on https://hsif.hdfcfund.com/**.**

SAI is incorporated by reference (is legally a part of the Investment Strategy Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our webpage https://hsif.hdfcfund.com/

The Investment Strategy Information Document (Section I and II) should be read in conjunction with the SAI and not in isolation. Investors are advised to note that,

"**Investments in Specialized Investment Fund involves relatively higher risk including potential loss of capital, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision."**

This Investment Strategy Information Document is dated November 20, 2026.

TABLE OF CONTENTS

SECTION I. 5
Part I. HIGHLIGHTS/SUMMARY OF THE INVESTMENT STRATEGY 5
DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY 11
Part II. INFORMATION ABOUT THE INVESTMENT STRATEGY 12
A. HOW WILL THE INVESTMENT STRATEGY ALLOCATE ITS ASSETS? 12
B. WHERE WILL THE INVESTMENT STRATEGY INVEST? 15
C. WHAT IS THE INVESTMENT APPROACH? 15
D. HOW WILL THE INVESTMENT STRATEGY BENCHMARK ITS PERFORMANCE? 18
E. WHO MANAGES THE INVESTMENT STRATEGY? 18
F. HOW IS THE INVESTMENT STRATEGY DIFFERENT FROM EXISTING INVESTMENT STRATEGY OF THE SIF? 19
G. HOW HAS THE INVESTMENT STRATEGY PERFORMED? 19
H. ADDITIONAL INVESTMENT STRATEGY RELATED DISCLOSURES 19
PART III. OTHER DETAILS 20
A. COMPUTATION OF NAV 20
B. NFO EXPENSES 22
C. ANNUAL RECURRING EXPENSES 22
D. LOAD STRUCTURE 25
SECTION II. 26
I. INTRODUCTION 26
A. DEFINITIONS / INTERPRETATION 26
B. RISK FACTORS 26
C. RISK MITIGATION STRATEGIES 36
II. INFORMATION ABOUT THE INVESTMENT STRATEGY: 39
A. WHERE WILL THE INVESTMENT STRATEGY INVEST? 39
B. WHAT ARE THE INVESTMENT RESTRICTIONS? 51
C. FUNDAMENTAL ATTRIBUTES 56
D. FLOORS AND CEILING WITHIN A RANGE OF 5% OF THE INTENDED ALLOCATION AGAINST EACH SUB CLASS OF ASSET, AS PER CLAUSE 14.5 OF SEBI MASTER CIRCULAR: 57
E. OTHER INVESTMENT STRATEGY SPECIFIC DISCLOSURES: 57
III. OTHER DETAILS 69
A. PERIODIC DISCLOSURES 69
B. SCENARIO ANALYSIS FOR DERIVATIVE POSITIONS (AS SPECIFED BY AMFI) 70
C. LIQUIDITY RISK MANAGEMENT TOOLS AND ITS APPLICABILITY- NOT APPLICABLE 71
D. TRANSPARENCY/NAV DISCLOSURE 71
E. TRANSACTION CHARGES AND STAMP DUTY 72
F. ASSOCIATE TRANSACTIONS - Please refer to Statement of Additional Information (SAI) 72

G. TAXATION 72
H. RIGHTS OF UNITHOLDERS 74
I. LIST OF OFFICIAL POINTS OF ACCEPTANCE: 74
J. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY 74

SECTION I

PART I. HIGHLIGHTS/SUMMARY OF THE INVESTMENT STRATEGY

Sr. No.	Title	Description
I.	**Name of the Investment Strategy**	**H-SIF Equity Ex-Top 100 Long-Short Fund**
II.	**Category of the Investment Strategy**	Equity Ex-Top 100 Long-Short Fund
III.	**Type of Investment Strategy**	An open-ended Investment Strategy investing in equity and equity-related instruments including limited short exposure in equity through derivative instruments of stocks other than large cap stocks.
IV.	**Investment strategy code**	HSIF/O/E/EELS/26/10/0002/HDFC
V.	**Investment Objective**	To generate long-term capital appreciation by adopting long-short strategy and investing predominantly in equity and equity related instruments of Ex- top 100 stocks by market capitalization **There is no assurance that the investment objective of the Investment Strategy will be achieved.**
VI.	**Liquidity/Listing**	The Investment Strategy being offered is open ended strategy and will offer units for sale / switch-in and redemption / switch-out, on each business day at NAV based prices subject to applicable loads. The Investment Strategy being open ended, sale and repurchase is available on a continuous basis and therefore the Units of the Investment Strategy are presently not proposed to be listed on any stock exchange. The Trustee may, at its sole discretion, cause the Units under the Investment Strategy to be listed on one or more Stock Exchanges.
VII.	**Benchmark (Total Return Index)**	Nifty 500 TRI Nifty 500 TRI is a broad market Index that provides a broad representation of the Indian Equity Market. The Investment Strategy shall invest minimum 65% in stocks Ex – top 100 stocks (i.e. Midcap and Small cap stocks) and balance can include Large cap stocks. Since Nifty 500 Index provides for mix of large, mid and small cap stocks it serves as a relevant benchmark for this type of strategies where investment would span across all market caps. Hence Nifty 500 index shall be most suited for comparing the performance of Investment Strategy. The AMC / Trustees reserve the right to change the Benchmark in future for measuring the performance of the Investment

		Strategy and as per the guidelines and directives issued by SEBI from time to time.
VIII.	**Subscription frequency**	Daily
IX.	**Redemption frequency**	Daily The Trustees reserves the right to change the Redemption frequency in future, subject to SEBI Regulations and any other law, as applicable.
X.	**NAV Disclosure**	The AMC will calculate and disclose the first NAVs of the Investment Strategy not later than 5 Business Days from the date of allotment of units under the NFO. Subsequently, the AMC will calculate and disclose the NAVs under the Investment Strategy at the close of every Business Day and shall update the NAVs on the webpage of SIF and AMFI by 11.00 p.m. every Business Day. For further details refer Section II.
XI.	**Applicable Timelines**	• **Dispatch of Redemption Proceeds:** Within 3 working days of the receipt of valid redemption request at the Official Points of Acceptance of the AMC and CAMS for this Investment Strategy or within such timelines as may be prescribed by SEBI / AMFI from time to time in case of exceptional circumstances or otherwise. • **Dispatch of IDCW Proceeds:** Will be transferred within 7 working days of Record Date or as per timelines prescribed by SEBI/AMFI from time to time.
XII.	**Plans and Options** Plans/Options and sub options under the Investment Strategy	**Plans:** Regular & Direct Regular and Direct Plans offer the following options: (a) Growth Option (b) Income Distribution cum Capital Withdrawal (IDCW) Option Under this Option, it is proposed to declare income / capital Distribution (IDCW) subject to availability of distributable surplus, as computed in accordance with SEBI (MF) Regulations. Investors should note that distributions can be made out of Equalization Reserves (representing accumulated realized gains), which is part of sale price paid by them. ➢ This Option offers following facilities: • Payout of IDCW ("Payout") and • Re-investment of IDCW ("Re-investment") Default Option- Growth Default Facility- Payout For detailed disclosure on default plans and options, kindly refer SAI. **Note:** a) IDCW payable to the unitholder under the Investment Strategy, irrespective of mode of payout (i.e. electronic or physical), for a particular Record Date, under the folio which

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<tr><td></td><td></td><td>is less than Rs.100/- shall compulsorily be reinvested in the reinvestment sub- option / facility and the details will be made available in the monthly CAS which will be sent to the investor.
b) Where an IDCW payout to a unitholder under the Investment Strategy, irrespective of mode of payment (i.e. electronic or physical), results into an unclaimed amount, all future IDCWs shall compulsorily be reinvested into the reinvestment sub-option / facility and the details will be made available in the monthly CAS which will be sent to the investor.</td></tr>
<tr><td>XIII.</td><td>Load Structure</td><td>Entry Load: Nil

Exit Load:
• 0.50% of applicable Net Asset Value - If the amount sought to be redeemed or switched out within 6 months from allotment.
• NIL - If the amount sought to be redeemed or switched out after 6 months.
The Trustees shall have a right to prescribe or modify the exit load structure with prospective effect subject to the maximum prescribed under the Regulations.</td></tr>
<tr><td>XIV.</td><td>Minimum Application Amount/ Switch In</td><td>During NFO and on continuous basis

Minimum of Rs. 10,00,000/- and in multiples of Re. 1/- thereafter.

Minimum amount for accredited investor: Rs. 10,000 and in multiples of Re. 1/- thereafter.

For SWP: The minimum balance after each withdrawal should be at least Rs. 10,00,000/-.

For STP: The minimum balance after every systematic transfer out instalment should be at least Rs. 10,00,000/-.

The above threshold shall not apply to:

1. Aggregate Investment by an investor across all investment strategies offered by the SIF, at the Permanent Account Number (‘PAN’) level and holding-pattern level, shall not be less than INR 10 lakh (hereinafter referred to as the ‘Minimum Investment Threshold’). The Minimum Investment Threshold of INR 10 lakh shall apply exclusively to investments under SIF and shall not include investments made by the investor in regular MF schemes of the same AMC. Subsequent investment can be in multiples of Rs 1 thereafter.
2. Mandatory investments made by the AMCs for designated employees as per clause 7.14 of Master Circular for Mutual Funds dated March 20, 2026.
Systematic Investment Plan (SIP) can be registered by the existing investor subject to meeting Minimum threshold investment of Rs. 10 Lakhs. Minimum amount for accredited investor will be Rs. 10,000 and in multiples of Re. 1/- thereafter.

<table>
<tr><th>Frequency</th><th>Minimum Amount</th><th>Minimum Instalments</th></tr>
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		<table><tr><td>Daily</td><td>Rs 5,000 and multiples of Re. 1 thereafter</td><td>6</td></tr><tr><td>Weekly</td><td>Rs 10,000 and multiples of Re. 1 thereafter</td><td>6</td></tr><tr><td>Fortnightly</td><td>Rs 10,000 and multiples of Re. 1 thereafter</td><td>6</td></tr><tr><td>Monthly</td><td>Rs 10,000 and multiples of Re. 1 thereafter</td><td>6</td></tr><tr><td>Quarterly</td><td>Rs. 20,000 and in multiples of Re. 1 thereafter</td><td>4</td></tr><tr><td>Half-Yearly</td><td>Rs 50,000 and multiples of Re 1 thereafter</td><td>2</td></tr><tr><td>Yearly</td><td>Rs 1,00,000 and above in multiples of Re. 1 thereafter</td><td>1</td></tr></table>
XV.	**Minimum Additional Purchase Amount**	Minimum Additional Application Amount (including Switch-In) to be Rs. 5,000/ and in multiples of Re.1 thereafter
XVI.	**Minimum Redemption Amount/ Switch Out Amount**	The redemption/switch out amount will be subject to compliance with provisions mentioned under "Minimum investment threshold". Aggregate investment by an investor across all investment strategies offered by H-SIF, at the Permanent Account Number ('PAN') level and holding-pattern level, shall not be less than Rs.10,00,000/-.
XVII.	**Notice Period**	NA
XVIII.	**New Fund Offer Period**	NFO opens on: December 04, 2026 NFO closes on: December 18, 2026 The New Fund Offer shall remain open for subscription for a minimum period of 3 working days but shall not be kept open for more than 15 calendar days or such other time permitted under the applicable regulations / law. Any changes in dates will be published through Addendum on webpage of SIF i.e. https://hsif.hdfcfund.com/.
XIX.	**New Fund Offer Price:**	INR 10 per unit
XX.	**Segregated portfolio/side pocketing disclosure**	Currently, the Investment Strategy does not have a segregated portfolio. However, the Investment Strategy has enabling provisions to create a segregated portfolio(s) under certain circumstances. For Details, kindly refer SAI.
XXI.	**Swing pricing disclosure**	Not Applicable

XXII.	**Stock Lending/Short Selling**	The Investment Strategy may engage in Stock Lending/ Short Selling. For Details, kindly refer SAI.
XXIII.	**How to Apply**	Investors can apply for their transactions requests either offline or electronically using the relevant application / transaction request forms available on the webpage of SIF i.e. https://hsif.hdfcfund.com/ or at any of our Officials Points of Acceptance. The application form/transaction slip for subscription/ redemption/ switches can be submitted at our Official Points of Acceptances whose addresses are available on the webpage of the SIF. These include: 1. AMC / RTA's branches i.e. Investor Services Centres* 2. H-SIF page https://hsif.hdfcfund.com/ and App/ RTA website for Investors to transact 3. NSE MF Invest Platform/BSE StAR MF/ National Commodity & Derivatives Exchange Limited (NCDEX) Nidhi platform (only for non-demat mode) platforms of the Stock Exchanges(s) 4. Authorized Points of Service of MF Utilities India Private Limited (MFUI) 5. Channel partners/ Distributors/ RIAs/ Portfolio Managers/Execution Only Platforms (EOPs) who have tied up with the AMC * Note: Business Centres i.e. Sales offices of HDFC AMC are not Official Points of Acceptance of transactions. Investors may apply through the ASBA process during the NFO period of the Investment Strategy by filling in the ASBA form and submitting the same to their respective banks, which in turn will block the amount in the account as per the authority contained in ASBA form and undertake other tasks as per the procedure specified therein. For complete details on ASBA process refer Statement of Additional Information (SAI) made available on webpage of SIF i.e. https://hsif.hdfcfund.com/ The above list is indicative. For further details, including cut-off timing and applicability of NAV, refer Section II.
XXIV.	**Investor Services**	Contact details for general service requests: • call at 1800 3010 6767/1800 419 7676 (toll free), or • e-mail: hsif@hdfcfund.com or • Investors may contact / visit any of the Investor Service Centres (ISCs) of the AMC; or • post their feedback/suggestions on our webpage https://hsif.hdfcfund.com/ appearing under section 'Contact Us' ➔ Get in touch ➔ Write to us. Contact details for complaints resolution: • call at 1800 3010 6767/1800 419 7676 (toll free) • e-mail: hsif@hdfcfund.com

		For any grievances with respect to transactions through NSE/BSE, the investors/Unit Holders should approach the investor grievance cell of the respective stock exchange.
XXV.	**Specific attribute of the investment strategy**	Not applicable
XXVI.	**Special product/facility available during the NFO and on ongoing basis**	• **Systematic Investment Plan (SIP)** The Unit holders under the eligible Investment Strategy can benefit by investing specified Rupee amounts at regular intervals for a continuous period. Under the SIP, Investors can invest a fixed amount of Rupees at regular intervals for purchasing additional Units of the Investment Strategy at Applicable NAV. • **Systematic Transfer Plan (STP)** A Unit holder holding units in non-demat form may enroll for the Systematic Transfer Plan and choose to Switch on a daily, weekly, monthly or quarterly basis from one Investment Strategy to another Investment Strategy, which is available for investment at that time. The AMC shall provide the STP facility for units held in demat mode as per the in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time. • **Systematic Withdrawal Plan (SWP)** This facility, available to the Unit holders of the Investment Strategy to withdraw (subject to deduction of tax at source, if any) fixed sum (Fixed Plan) from their Unit balance at periodic intervals (subject to completion of lock-in period, if any). Fixed Plan is available for Growth as well as IDCW Option for eligible Investment Strategy/Plan under SWP facility. The AMC shall provide the SWAP facility for units held in demat mode as per the in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time. For further details of above special products / facilities, For Details, kindly refer SAI.
XXVII.	**Weblink**	**Weblink for TER for last 6 months and Daily TER**: will be updated after the launch of Investment strategy **Weblink for Investment strategy factsheet:** Factsheet link (the factsheet will be available in the month succeeding the allotment of units):

DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

(i) The Investment Strategy Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 2026 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Investment strategy as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Investment Strategy Information Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the Investment Strategy.

(iv) The intermediaries named in the Investment Strategy Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

(v) The contents of the Investment Strategy Information Document including figures, data, yields etc. have been checked and are factually correct

(vi) A confirmation that the AMC has complied with the compliance checklist applicable for Investment Strategy Information Document other than cited deviations/ that there are no deviations from the regulations

(vii) Notwithstanding anything contained in this Investment Strategy Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and the guidelines there under shall be applicable.

Date: November 20, 2026
Place: Mumbai

Name: Supriya Sapre
Designation: Chief Compliance Officer

PART II. INFORMATION ABOUT THE INVESTMENT STRATEGY

A. HOW WILL THE INVESTMENT STRATEGY ALLOCATE ITS ASSETS?

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Equity and Equity related securities of Ex- Top 100* companies (including up to 25% in Unhedged short positions through derivative instruments)^	65	100
Other Equity and Equity related instruments	0	35
Debt & Money Market instruments and Units of Debt-Oriented Mutual Funds	0	35
Units of InvITs	0	20

*Ex-top 100 companies shall be all companies other than large cap companies. The Large cap companies based on market capitalization as identified and disclosed by AMFI, shall be considered.

^Unhedged short position can be up to 25% of net assets and derivatives exposure can be upto 100% of net assets

In accordance with the clause 13.18.1 of the Master Circular, the cumulative gross exposure through equity and equity related instruments, debt and money market instruments, derivative positions (including fixed income derivatives), Units of Mutual Fund, repo transactions and credit default swaps in corporate debt securities, Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the Investment Strategy.

Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure. SEBI vide letter dated November 3, 2021 has clarified that Cash Equivalent shall consist of Government Securities, T-Bills and Repo on Government Securities.

All securities, instruments, or deposits provided as margin shall be categorized under the relevant asset class for asset-allocation purposes.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sr. No	Type of Instrument	Percentage of Exposure	Circular References
1.	Securities Lending	a)Upto 20% of the net assets b)Upto 5% of the net assets at single intermediary i.e. broker level	Clause 13.6 of Master Circular
2.	Equity Derivatives for Hedging purpose	Upto 100% of equity allocation	Clause 8.5 and 21.6 of Master Circular

3.	Short exposure through unhedged derivative positions in equity and equity related instruments of other than large cap stocks.	Upto 25% of Net Assets	Clause 21.6.1 (a) of Master Circular
4.	Securitized debt	Upto 20% of maximum permissible allocation to debt assets	Clause 13.1 of Master Circular
5.	Structured Obligations or Credit Enhancements	Up to 10% of the debt portfolio of the investment strategy and the group exposure in such instruments shall not exceed 5% of the debt portfolio of the investment strategy in the following instruments: • Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and • Supported rating of debt instruments (i.e. after factoring - in credit enhancement) is above investment grade	Clause 13.1.10 of Master Circular
6.	Repo/ Reverse Repo / Tri-Party repos (TREPS) on Government Securities and Treasury Bills (G-Secs and T-Bills)	To meet liquidity requirements or pending deployment as per regulatory limits	Read with clause 1.7.3 of Master Circular and as per SEBI Mutual Funds Regulations
7.	Instruments with special features AT1 and AT2 bonds	(a) Upto 10% of its NAV of the debt portfolio of the Investment Strategy in perpetual debt instruments (b) Upto 5% of its NAV of the debt portfolio of the Investment Strategy at single issuer level The above exposure will be subject to the overall limit for debt instruments issued by a single issuer and other prudential limits with respect to the debt instruments.	Clause 13.1.9 of Master Circular
8.	InvITs	(a) Up to 20% of NAV in units of InvIT (b) Up to 10% of NAV at single issuer level	Clause 21.5 of Master Circular
9.	Overseas Securities	Upto 35% of the net assets@	Clause 13.11.2 of Master Circular

10.	Repo / Reverse Repo in corporate debt securities	Upto 10% of the net assets	Clause 13.8.2 of Master Circular
11.	Short Term deposits	As per regulatory limits	Clause 13.7 of Master Circular
12.	Credit Default Swaps	Upto 10% of the AUM of the Investment Strategy, and shall be within the overall limit of derivatives	Clause 13.17 of Master Circular
13.	Mutual Fund Units (as per asset allocation table above)	Upto 5% of the net assets of the Mutual Fund. The investment strategy will not invest in any other investment strategy.	Clause 13.14.1 of Master Circular

@The Investment Strategy may invest an amount of US$20 million in overseas securities within a period of 6 months from the NFO closure date, subject to availability of limit and guidelines laid down by SEBI. Post completion of the said 6 months, Clause 13.11 of the Master Circular relating to "Ongoing Schemes" shall be applicable.

In addition to the instruments stated in the table above, the Investment Strategy may hold cash from time to time.

Timelines for deployment of funds collected in NFO:

In accordance with clause 7.24 of the Master Circular, the AMC shall deploy the funds garnered during the NFO within 30 Business Days from the date of allotment of units.

In an exceptional case, if the AMC is not able to deploy the funds as per the aforesaid timeline, justification in writing, including details of efforts taken to deploy the funds shall be placed before the Investment Committee of the AMC.

The Investment Committee, after examining the root cause for delay in deployment, may extend the timeline by 30 Business Days. The Investment Committee shall also recommend on how to ensure deployment within 30 Business Days going forward and monitor the same. However, an extension shall not be granted if the Investment Strategy's assets are liquid and readily available.

In case the funds are not deployed as per the aforesaid mandated plus extended timelines, the AMC shall follow the requirements specified under the aforesaid circular including reporting the deviation to Trustees at each stage.

The Trustees shall monitor the deployment of funds collected in NFO and take steps, as may be required, to ensure that the funds are deployed within a reasonable timeframe.

Changes in asset allocation pattern/Portfolio Rebalancing:

Short Term Defensive Consideration:

Subject to SEBI (MF) Regulations the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. As per clause 1.9.1(b) of Master Circular, as may be amended from time to time, such changes in the investment pattern will be for short term and for defensive consideration only.

In the event of change in the asset allocation, the fund manager will carry out portfolio rebalancing within 30 calendar days or such other timeline as may be prescribed by SEBI from time to time.

Portfolio rebalancing (in case of passive breaches):

As per clause 3.11 of Master Circular, as may be amended/ clarified from time to time, in the event of change in the asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager is required to carry out portfolio rebalancing within 30 Business Days.

In case the portfolio is not rebalanced within the period of 30 Business days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business days from the date of completion of mandated rebalancing period. In case the portfolio of the Investment Strategy is not rebalanced within the aforementioned mandated plus extended timelines, the AMC shall follow the requirements specified under the aforesaid circular including reporting the deviation to Trustees at each stage.

B. WHERE WILL THE INVESTMENT STRATEGY INVEST?

The Investment Strategy will invest in securities as mentioned below. The investments will be made as per the limits specified in the asset allocation table of the Investment Strategy, subject to permissible limits laid under SEBI (MF) Regulations or any other applicable laws and guidelines.

- Equity and equity related instruments
- Debt and Money Market Instruments
- Short Term deposits
- Units of mutual funds
- InvITs
- Derivatives
- Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time.

Any other instruments as may be permitted by RBI / SEBI from time to time, subject to necessary regulatory approvals.

For detailed disclosures, kindly refer Section II.

C. WHAT IS THE INVESTMENT APPROACH?

The investment approach of the Investment Strategy is to generate long-term capital appreciation by adopting long-short strategy in equity and equity related instruments of stocks excluding top 100 stocks by market capitalization (i.e Small-Cap and Mid-Cap Companies). In addition to the long equity portfolio, the Investment Strategy may take unhedged short exposure of up to 25% of net assets through permissible exchange-traded derivative instruments, specifically for purposes other than hedging and portfolio rebalancing.

The Investment Strategy shall have a minimum exposure of 65% in equity and equity-related instruments of Small-Cap and Mid-Cap Companies.

The aim of Long-Short Equity Investment Strategy will be to invest in companies which have:
a) reasonable growth prospects
b) sound financial strength
c) sustainable business models
d) acceptable valuation that offers potential for capital appreciation.

The derivative portfolio may employ the following strategies, as deemed appropriate by the Fund Manager based on prevailing market conditions, valuations and fundamentals:

Strategy	Explanation
Equity Arbitrage	Short Futures against the underlying stock
Covered Calls	Writing call options against existing long equity positions to generate premium income in range-bound or moderately bullish markets
Portfolio Hedging with Index Options	Buying Index Put Option to hedge the Equity Portfolio
Portfolio Hedging with Index Future	Shorting Index Future to hedge the Equity Portfolio
Protective Stock Puts	Buying Puts against underlying stock
Protective Stock Calls	Long Calls against Short Stock Future
Short Call	Short a call option, profiting if the asset price is below strike price
Short Put	Short a put option, profiting if the asset price is above strike price
Long Put Option	Buying a put option to profit from decline in the asset price
Long Call Option	Buying a Call option to profit from advance in the asset price
Long Futures	Buying Futures to profit from advance in the asset price
Short Futures	Shorting Futures to profit from decline in the asset price
Bull Put Spread	Buy a put at lower strike price and Short a put at higher strike price. Profit if the asset price is above the higher strike price
Bear Call Spread	Short a Call at lower strike price and Buy a Call at higher strike price. Profit if the asset price stays below the lower strike price
Straddle/Strangle	Long/Short Put and Call options to profit from the asset prices remaining range-bound

It may be noted that the above list of derivative strategies is for illustration purpose and additional derivative strategies may be undertaken/ introduced based on evolving market conditions.

The Investment Strategy aims to maintain a reasonably diversified portfolio at all times. The Investment Strategy may also invest a certain portion of its corpus in debt and money market securities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The Investment Strategy may also invest in the hybrid securities viz. units of InvITs for diversification and subject to necessary stipulations by SEBI from time to time. Subject to the Regulations and the applicable guidelines, the Investment Strategy may engage in Stock Lending activities. The Investment Strategy may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. The Investment Strategy may also invest in IPOs of companies where the above criteria is met. The Investment Strategy will endeavour to follow diversified approach by allocating to companies across sectors within Small-Cap and Mid Cap space.

The Investment Strategy may engage in Short Selling and Securities Lending and Borrowing activities, subject to the regulations and the applicable guidelines.

For detailed derivative strategies, please refer to SAI.

Though every endeavour will be made to achieve the objective of the Investment Strategy, the AMC/Sponsor/Trustee do not guarantee that the investment objective of the Investment Strategy will be achieved. No guaranteed returns are being offered under the Investment Strategy.

PORTFOLIO TURNOVER

Portfolio turnover refers to the rate at which investments in a fund or portfolio are bought and sold within a given period, typically a year. Considering the Investment Strategy, the portfolio would be subject to high portfolio turnover. However, the portfolio turnover ratio may vary as the Investment strategy may change the portfolio according to Asset Allocation to align itself with the objectives of the Investment Strategy. A higher portfolio turnover results in higher brokerage and transaction cost.

Risk Control

Investments made by the Investment Strategy would be in accordance with the investment objectives of the Investment Strategy and provisions of SEBI (MF) Regulations. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves identifying risks and taking proper measures for the same. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The Investment Strategy may also use various derivatives products for the purpose of trading, hedging and portfolio balancing from time to time, with an attempt to protect the value of the portfolio and enhance Unitholders' interest. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

Offsetting of Transactions

SEBI circular on SIF framework permits the investment strategy to offset certain derivative transactions.

As per clause 21.6.1(d) of Master Circular - Offsetting of exposure at the portfolio level shall be allowed for:
(i) Cash and derivative positions on the same underlying security and having the same expiry date.
(ii) Between derivative positions on the same underlying security and having the same expiry date.

Below are some of the illustrative scenarios for offsetting of positions on the same underlying security:

No.	Position 1	Position 2	Offsetting allowed/not?	Net exposure to be considered
s	Equity Long	Futures Short	Yes	Equity Long only
2	Equity /Futures Long	Call option Short	Yes	Equity /Futures Long only
3	Equity /Futures Long	Put option Long	Yes	Equity /Futures Long only
4	Futures Short	Call option Long	Yes	Futures Short only
5	Futures Short	Put option Short	Yes	Futures Short only
6	Call option Long	Call option Short	Yes	Call option Short only
7	Put option Long	Put option Short	Yes	Put option short only
8	Equity Long	Futures Long	No	Equity Long + Futures Long
9	Equity /Futures Long	Call option Long	No	Equity /Futures Long + Call option Long
10	Equity /Futures Long	Put option Short	No	Equity /Futures Long + Put option Short

11	Futures Short	Call option Short	No	Futures short + Call option short
12	Futures Short	Put option Long	No	Futures short + Put option Long
13	Call option Long	Put option Short	No	Call option Long + Put option Short
14	Call option Short	Put option Long	No	Call option Short + Put Option Long

For offsetting of positions, the futures and options contracts shall be on the same underlying security and having same expiry date.

D. HOW WILL THE INVESTMENT STRATEGY BENCHMARK ITS PERFORMANCE?

Nifty 500 TRI

The performance of the Investment Strategy would be benchmarked against Nifty 500 TRI. Nifty 500 TRI is a broad market Index that provides a broad representation of the Indian Equity Market. The Investment Strategy shall invest minimum 65% in stocks Ex – top 100 stocks (i.e. Midcap and Small cap stocks) and balance can include Large cap stocks.

Since Nifty 500 Index provides for mix of large, mid and small cap stocks it serves as a relevant benchmark for this type of strategies where investment would span across all market caps. Hence Nifty 500 index shall be most suited for comparing the performance of Investment Strategy.

The AMC / Trustees reserve the right to change the Benchmark in future for measuring the performance of the Investment Strategy and as per the guidelines and directives issued by SEBI from time to time.

E. WHO MANAGES THE INVESTMENT STRATEGY?

The details of Fund Manager of the Investment Strategy are as follows:

Name, Age & tenure^	Educational Qualifications	Experience (last 10 years)	Other Investment Strategy(s) Managed*
Chirag Setalvad 50 Years **Tenure for managing the Investment Strategy[$]:** NA	• B.Sc. in Business Administration - University of North Carolina, Chapel Hill.	Collectively over 28 years experience in experience, of which 23 years in Fund Management and Equity Research and 4 years in investment banking. • **March 19, 2007 till Date:** HDFC Asset Management Company Limited	NA
Ihab Dalwai 39 Years **Tenure for managing the Investment**	• Chartered Accountant (ICAI) • CFA level 3 cleared (CFA Institute, USA) • B.Com	**September 07, 2026 onwards** HDFC Asset Management Company Limited **April 04, 2011 to September 04, 2026** ICICI Prudential Asset Management Company Ltd	H-SIF Hybrid Long-Short Fund

Strategy[$]: NA		Last position held: Senior Fund Manager - Equity	

* excluding Overseas investments if any.

Dedicated Fund Manager for Overseas Investments:

Name, Age & tenure^	Educational Qualifications	Experience (last 10 years)	Other Investment Strategy(s) Managed
Gopal Agarwal 53 Years **Tenure for managing the Investment Strategy[$]:** NA	• B.E., • MBM	Collectively over 23 years' experience in Fund Management and 2.5 years in Equity Research • **July 9, 2020 till Date:** HDFC Asset Management Company Limited • **July 23, 2018 till June 30, 2020:** DSP Investment Managers Private Limited Last Position Held: Senior Fund Manager and Head-Macro strategy • **April 03, 2017 till July 16, 2018:** TATA Asset Management Company Limited Last Position Held: CIO-Equity • **October 01, 2007 till March 31, 2017:** Mirae Asset Global Investments (India) Pvt. Ltd.. Last Position Held: CIO-Equity and Chief Strategist	H-SIF Hybrid Long-Short Fund

[$]Since it is a new Investment Strategy, tenure of the fund manager is not applicable.

F. HOW IS THE INVESTMENT STRATEGY DIFFERENT FROM EXISTING INVESTMENT STRATEGY OF THE SIF?

As on date the H-SIF does not have any other investment strategies under the Equity category.

G. HOW HAS THE INVESTMENT STRATEGY PERFORMED?

This Investment Strategy is a new product and does not have any performance track record.

H. ADDITIONAL INVESTMENT STRATEGY RELATED DISCLOSURES

Not applicable since this is a new Investment strategy.

- **Investment Strategy's portfolio holdings**

- **Portfolio Disclosure**
- **Addendums**

- **Portfolio Turnover Ratio (xxx xx, 2026)**
  Without Derivatives -
  With Derivatives -
- **Aggregate investment in the Investment Strategy by (xxx xx, 2026)**
- **Details of IDCW declaration for last five years or the last five distributions** –

For any other disclosure with respect to investments by key personnel and AMC directors including regulatory provisions in this regard, kindly refer SAI.

INVESTMENT BY THE AMC IN THE INVESTMENT STRATEGY

The AMC may invest in the Investment Strategy during the NFO and ongoing basis subject to the SEBI (MF) Regulations. As per the existing SEBI (MF) Regulations and circulars issued thereunder, the AMC will not charge Investment Management and Advisory fee on the investment made by it in this Investment Strategy

For details of existing mandatory investments by AMC in various Investment Strategy(s), visit - https://hsif.hdfcfund.com/

PART III. OTHER DETAILS

A. COMPUTATION OF NAV

Methodology for Computation of NAV:

The Net Asset Value (NAV) per Unit of the Investment Strategy will be computed by dividing the net assets of the Investment Strategy by the number of Units outstanding under the Investment Strategy on the valuation date. The AMC will value its investments according to the valuation norms, as specified in Schedule VII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time and as stipulated in the Valuation Policy and Procedures of the Fund, provided in SAI available on webpage.

In case of any conflict between the Principles of Fair Valuation and valuation guidelines specified by SEBI, the Principles of Fair Valuation shall prevail.

NAV of Units under each Investment Strategy / Plan shall be calculated as shown below:

$$\text{NAV (Rs.) per Unit} = \frac{\text{Market or Fair Value of the Investment Strategy's Investments + Current Assets - Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Investment Strategy's /Plan}}$$

The NAV of the Investment Strategy will be calculated and disclosed at the close of every Business Day.

Separate NAV will be calculated and announced for each of Plans/Options. The NAVs will be calculated upto 3 decimals. Units will be allotted upto 3 decimals.

Illustration for Computation of NAV:

NAV for the Investment Strategy shall be calculated as shown below:

Particulars	Amount (In INR)
Assets	
Investments (at Market Value)	10,000
(Equity/Debt/Derivatives)	
Current Assets	
Interest receivable	1,000
Dividend Receivables	550
Trades Receivables	1,500
Total Assets (A)	13,050
Current Liabilities	
Trade Payables	1,500
Expense Payable	25
Dividend payable	25
Total Liabilities (B)	1,550
Net Assets (C) (A – B)	11,500
Units Outstanding (D)	1,000
NAV per unit (C/D)	₹ 11.50

METHODOLOGY FOR CALCULATION OF SALE AND REPURCHASE PRICE

- **Ongoing Price for subscription (purchase)/ switch-in (from other Investment Strategy) by investors. (This is the price you need to pay for purchase/ switch-in):**

  The Sale Price for a valid purchase will be the Applicable NAV.

  i.e. Sale Price = Applicable NAV

  For a valid purchase request of Rs. 10,000 where the applicable NAV is Rs. 11.123, the units allotted will be:

  = 10,000 (i.e. purchase amount)
  11.123 (i.e. applicable NAV)

  = 899.038 units (rounded to three decimals)

  Charges and other expenses, if any, borne by the investors have not been considered in the above illustration.

- **Ongoing Price for redemption (sale)/ switch-outs (to other Investment Strategy /) by investors. (This is the price you will receive for redemptions/ switch-outs):**

  The Repurchase Price for a valid repurchase will be the applicable NAV reduced by any exit load (say 1%). i.e. applicable NAV - (applicable NAV X applicable exit load).

  For a valid repurchase request where the applicable NAV is Rs. 12.123, the repurchase price will be:

  = 12.123 - (12.123 X 1.00%)

= 12.123 - 0.121

= Rs. 12.002

Therefore, for a repurchase of 899.038 units, the proceeds received by the investor will be -

= 899.006 (units) * 12.022 (Repurchase price)

= Rs. 10,790.25 (rounded to two decimals)

Charges and other expenses, if any, borne by the investors have not been considered in the above illustration.

While determining the price of the units, the investment strategy shall ensure that the repurchase price of an open ended Investment Strategy is not lower than 97 per cent of the Net Asset Value.

For other details such as policies with respect to computation of NAV, rounding off, investment in foreign securities, procedure in case of delay in disclosure of NAV etc. refer to SAI.

B. NFO EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees, paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

No New Fund Offer Expenses will be charged to the Investment Strategy. The NFO expenses for launch of Investment Strategy will be borne by the AMC.

C. ANNUAL RECURRING EXPENSES

These are the fees and expenses for operating the Investment Strategy. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below. The expenses shall be subject to the base expense limits, brokerage limits, transaction cost and statutory levies permissible under these regulations.

The AMC has estimated that upto 2.10% of the daily net assets of the Investment Strategy shall be charged to the Investment Strategy as base expenses. For the actual expenses being charged, the investor should refer to the webpage of the SIF.

The Base Expense Ratio (BER) of the Investment Strategy shall include (a) Investment and Advisory fees under Regulation 66 (4); (b) Recurring Investment Strategy expenses under Regulation 66 (5); and (c) Charges/ commission/ fees related to distribution of Investment Strategies under Regulation 66 (6) but shall exclude statutory levies applicable, if any, on the said expenses and transaction cost specified under Regulation 66 (10).

The base expenses charged to the Investment Strategy shall not exceed the limits stated in Regulation 66 of the SEBI (MF) Regulations and as permitted under SEBI Circulars issued from time to time. Any expenditure in excess of the base limits specified in these regulations shall be borne by the AMC or the trustees or sponsors. If any expense of the Investment Strategy is borne by AMC or by the trustee or sponsors, the same shall be done only after the investment and advisory fees charged to the Investment Strategy, if any, is fully reversed.

Maximum Base Expense Ratio under Regulation 66 (7) (c):

On the first Rs.500 crores of the daily net assets - 2.10 % p.a.

On the next Rs.250 crores of the daily net assets - 1.90 % p.a.

On the next Rs.1,250 crores of the daily net assets - 1.60 % p.a.

On the next Rs.3,000 crores of the daily net assets - 1.50% p.a.

On the next Rs.5,000 crores of the daily net assets - 1.40% p.a.

On the next Rs.40,000 crores of the daily net assets - Expense ratio reduction of 0.05% for every increase of Rs.5,000 crores of daily net assets or part thereof.

On balance of the assets - 0.95% p.a.

Various fees, expenses, charges and statutory levies that would be charged to the Investment Strategy:

Expense Head	% of daily net assets (estimated) (p.a.)
Investment Management and Advisory Fees[1]	Upto 2.10%
Audit Fees	
Fees and Expenses of trustees[2]	
Custodial Fees	
Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling expenses including fees, commission and charges towards distribution of Investment Strategy[3]	
Cost of statutory advertisements	
Cost related to Investor Communications	
Cost of fund transfer from location to location	
Cost towards investor education, awareness and financial inclusion (at least 0.02% p.a.)[4]	
Brokerage & Transaction cost pertaining to execution of trade[5] [6]	
Other Expenses (as per Reg 66 of SEBI MF Regulations)	
Maximum Base expense ratio (BER) permissible under Regulation 66	Upto 2.10%
Maximum total expense ratio (TER) permissible under Regulation 67[7]	Refer Note 7 below
Statutory levies (including GST) on all expenses excluding brokerage and transaction cost[8]	GST of 18% or any other rate as may be levied from time to time on the Taxable/ Invoice/ Contract amount. Additionally, levies such as Stamp Duty, STT etc.
Statutory levies (including GST) on brokerage and transaction cost[8]	Will be charged on Turnover of securities at prescribed rates.

Notes:

[1]There shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 66 (4) and (5) viz. Investment Management and Advisory Fees and various sub-heads of recurring expenses, respectively.

[2]**Trustee Fees and Expenses**
In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges and expenses, a quarterly fee computed at a rate not exceeding 0.10% per annum of the daily net assets of the Investment Strategy(s) and Mutual fund schemes or a sum of Rs. 3 crores per annum, whichever is higher. Such fee shall be paid to the Trustee within seven working days from the end of each quarter every year, namely, within 7 working days from June 30, September 30,

December 31 and March 31 of each year. The Trustee may charge expenses as permitted from time to time under the Trust Deed and SEBI (MF) Regulations.

[3]Direct Plan under the Investment Strategy shall have a lower expense ratio than Regular Plan, as no distribution commission is paid under such plan. All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in a Regular Plan.
The charges or commission or fees related to distribution of Investment Strategy s shall be paid in the manner as may be specified by SEBI and AMFI from time to time.

[4]Investor Education and Awareness initiatives
As per clause 11.9 of Master Circular, the AMC shall annually set apart at least 2 basis points p.a. (i.e. 0.02% p.a.) on daily net assets of the Investment Strategy within the limits of base expenses prescribed under Regulation 66 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken. These funds shall be utilized as per the guidelines issued by SEBI and AMFI from time to time.

[5]Brokerage incurred for the purpose of execution of trade shall be charged to the Investment Strategies as provided under Regulation 66 (9) upto 6 bps and 2 bps of the trade value for cash market transactions and derivatives transactions respectively. Any payment towards brokerage over and above the said 6 bps and 2 bps shall be part of the Base Expense Ratio (BER) limit (excluding statutory levies) as prescribed under Regulation 66 (7).

[6]Pursuant to Regulation 66 (10), transaction cost incurred for the purpose of execution of a trade shall mean regulatory levies and any other expenses charged by the stock exchanges, clearing corporation, and clearing house, as applicable. Such transaction costs shall not form part of the Base Expense Ratio (BER).

[7]The total of all expenses charged to the investors of the Investment Strategy, as mentioned under definition of 'Total expense ratio', shall be total of expense charged within the base limit specified under Regulation 66 (7), brokerage cost permitted under Regulation 66 (9), transaction cost incurred for the purpose of execution of trade as referred under Regulation 66 (10), and statutory levies charged to the investors. No charges other than the base expense ratio, brokerage cost, transaction cost, statutory levy and exit load including levies as may be specified by the SEBI, shall be charged to the investors. Any expense other than those specified in Regulation 66 (4), (5), (6) (9) and (10) as mentioned above, shall not be charged to the Investment Strategy and shall be borne by the AMC or trustee or sponsors.

[8]Statutory levy means levy imposed by state government and central government.

The AMC would update the expense ratios on the webpage https://hsif.hdfcfund.com/ under the Section titled "Statutory Disclosures" under sub-section titled "Total Expense Ratio of Investment Strategies". Any change in the BER in comparison to previous BER charged to any Investment Strategy/plan shall be communicated to investors of the Investment Strategy at least three working days prior to effecting such change. Further, the notice of change in BER shall be updated in the aforesaid section of the webpage at least three working days prior to effecting such change. Provided that any change in BER in a Investment Strategy due to change in AUM or any decrease in BER in a Investment Strategy due to various other regulatory requirements shall not require issuance of any prior notice to the investors.

Illustration: Impact of Expense Ratio on Investment Strategies return:

Expense ratio, normally expressed as a percentage of Average Assets under Management, is calculated by dividing the permissible expenses under the Regulations by the average net assets.

To further illustrate in rupee terms the above, for the Investment Strategy under reference, suppose an Investor invested Rs. 10,000/- (after deduction of stamp duty, if any), the impact of expenses charged will be as under:

Particulars	Regular Plan	Direct Plan
Amount invested at the beginning of the year (Rs.)	10,000	10,000
Assumed Returns before expenses (Rs.)	1,500	1,500
Expenses other than Distribution expenses (Rs.)	150	150
Distribution expenses (Rs.)	50	0
Returns after expenses at the end of the year (Rs.)	**1300**	**1350**
Returns (in %)	**13%**	**13.5%**

Note(s):

- The purpose of the above illustration is purely to explain the impact of expense ratio charged to the Plan(s) under the Investment Strategy and should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- It is assumed that the expenses charged are evenly distributed throughout the year.
- The expenses of the Direct Plan of the Investment Strategy will be lower to the extent of the distribution expenses/ commission
- Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to seek appropriate advice.

D. LOAD STRUCTURE

Exit Load is an amount which is paid by the investor to redeem the units from the Investment Strategy. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the webpage of the SIF https://hsif.hdfcfund.com/ or you may call at 1800 3010 6767/1800 419 7676 or your distributor.

Type of Load	Load chargeable (as %age of NAV)
Exit Load	• In respect of each purchase / switch-in of Units, an Exit Load of 0.50% is payable if Units are redeemed/ switched-out within 6 months from the date of allotment. • No Exit Load is payable if Units are redeemed / switched-out after 6 months from the date of allotment.

No Entry Load will be charged.

(i) No Exit Load shall be levied for switching between Plans / Options within the Investment Strategy. However, exit load will be applicable if the units are switched-out / redeemed from the Investment Strategy within the exit load period from the initial date of purchase.

(ii) No Exit load will be levied on bonus Units and on units allotted on Re-investment of Income Distribution cum Capital Withdrawal.

(iii) No Exit load will be levied on Units allotted in the Target Investment Strategy under the Transfer of Income Distribution cum Capital Withdrawal (IDCW) Plan Facility (TIP Facility).

(iv) In case of Systematic Transactions such as Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), etc., Exit Load, if any, prevailing on the date of registration / enrolment shall be levied.

The AMC/ Trustee if it so deems fit in the interest of smooth and efficient functioning of the SIF reserves the right to introduce/modify the Load Structure depending upon the circumstances prevailing at that time subject to maximum limits as prescribed under the SEBI (MF) Regulations. While determining the price of the units, the investment strategy shall ensure that the repurchase price of an open ended Investment Strategy is not lower than 97 per cent of the Net Asset Value. Exit load (net of GST) charged, if any, shall be credited to the Investment Strategy. The investor is requested to check the prevailing load structure of the Investment Strategy before investing.

SECTION II

I. INTRODUCTION

A. DEFINITIONS / INTERPRETATION

Visit: https://hsif.hdfcfund.com/

B. RISK FACTORS

■ Investment Strategy specific risk factors:

Some of the specific risk factors related to the Investment Strategy include, but are not limited to the following:

The Investment Strategy will adopt a Long-Short approach, investing predominantly in equity and equity-related instruments of companies beyond the top 100 stocks by market capitalization (i.e., Mid-Cap and Small-Cap companies as defined by AMFI), while also employing unhedged short exposure through derivative instruments of up to 25% of net assets.

a) Liquidity and Price Risk

While Mid-Cap and Small-Cap stocks offer the potential for higher capital appreciation by providing exposure beyond established large-cap companies, they are inherently more volatile and carry relatively higher risk. Investors should note that Small and Mid-Cap stocks may exhibit lower liquidity and sharper price drawdowns compared to large-cap stocks, particularly during periods of market stress. It should be noted that over a period of time, large cap, midcap and small cap stocks have demonstrated different levels of volatility and investment returns. And it is important to note that generally, no one category consistently outperforms the others.

b) Derivative Exposure

The use of unhedged short derivative positions introduces an additional layer of risk. Unlike hedged positions, unhedged short exposures are not offset by corresponding long holdings. If the price of an underlying security moves contrary to the Fund Manager's expectation, the Investment Strategy may incur mark-to-market losses on such positions. Investors should note that unhedged short positions introduce a directional risk that is incremental to the market risk inherent in a conventional long-only equity strategy. The performance of the Investment Strategy is therefore dependent not only on the appreciation of long positions but also on the accuracy of the Fund Manager's view on securities expected to underperform (short positions). As such unhedged exposure to equity derivatives may result in relatively higher volatility than pure long only funds

c) Investment in Debt and Money Market securities

To the extent the Investment Strategy has investments in Debt and Money Market securities it will be affected by changes in the general levels of interest rates. The Investments are also subject to risk of an issuer's credit risk. Also, the Liquidity of the investments depend upon the market conditions which might impact the price of the security.

(i) Risk factors associated with investing in equities and equity related instruments

- Equity shares and equity related instruments are volatile and prone to price fluctuations on a daily basis. Investments in equity shares and equity related instruments involve a degree of risk and investors should not invest in the Investment Strategy unless they can afford to take the risks.

- Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges. Investment in such securities may lead to increase in the Investment Strategy portfolio risk.
- While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges and may lead to the Investment Strategy incurring losses till the security is finally sold.
- Investment Strategy's performance may differ from the benchmark index to the extent of the investments held in the debt segment, as per the investment pattern indicated under normal circumstances.

(ii) Risk factors associated with investing in Fixed Income Securities

- The Net Asset Value (NAV) of the Investment Strategy, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The NAV of the Investment Strategy is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.
- Money market instruments, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of the Investment Strategy and may lead to the Investment Strategy incurring losses till the security is finally sold.
- Investments in money market instruments involve credit risk commensurate with short term rating of the issuers.
- Investment in Debt instruments are subject to varying degree of credit risk or default (i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations) or any other issues, which may have their credit ratings downgraded. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on an issuer's credit quality and security values. This may increase the risk of the portfolio. The Investment Manager will endeavour to manage credit risk through in-house credit analysis.
- **Prepayment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the Investment Strategy to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Investment Strategy.
- **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Investment Strategy are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- **Settlement risk:** Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Investment Strategy are uninvested and no return is earned thereon. The inability of the Investment Strategy to make intended securities purchases, due to settlement problems, could cause the Investment Strategy to miss certain investment opportunities. Similarly, the inability to sell securities held in the Investment Strategy's portfolio, due to the absence of a well developed and liquid secondary market for debt securities, may result at times in potential losses to the Investment Strategy in the event of a subsequent decline in the value of securities held in the Investment Strategy's portfolio.
- Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.

- Different types of fixed income securities in which the Investment Strategy would invest as given in the Investment Strategy Information Document carry different levels and types of risk. Accordingly, the Investment Strategy risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, AAA rated bonds are comparatively less risky than AA rated bonds.
- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.
- As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates and are subject to issuer default risk. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio. Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically.

- **Risks associated with investment in unlisted securities:** Except for any security of an associate or group company, the Investment Strategy can invest in securities which are not listed on a stock exchange ("unlisted Securities") or receive unlisted securities which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted debt securities may lack a liquid secondary market and there can be no assurance that the Investment Strategy will realise their investments in unlisted securities at a fair value.
- Investment in unrated instruments may involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities.

(iii) Risks associated with Investing in Structured Obligation (SO) & Credit Enhancement (CE) rated securities

The risks factors stated below for the Structured Obligations & Credit Enhancement are in addition to the risk factors associated with debt instruments.

- Credit rating agencies assign CE rating to an instrument based on any identifiable credit enhancement for the debt instrument issued by an issuer. The credit enhancement could be in various forms and could include guarantee, shortfall undertaking, letter of comfort, etc. from another entity. This entity could be either related or non-related to the issuer like a bank, financial institution, etc. Credit enhancement could include additional security in form of pledge of shares listed on stock exchanges, etc. SO transactions are asset backed/ mortgage backed securities, securitized paper backed by hypothecation of car loan receivables, securities backed by trade receivables, credit card receivables etc. Hence, for CE rated instruments evaluation of the credit enhancement provider, as well as the issuer is undertaken to determine the issuer rating. In case of SO rated issuer, the underlying loan pools or securitization, etc. is assessed to arrive at rating for the issuer.
- **Liquidity Risk:** SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is adversely affected compared to similar rated debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the Investment Strategy to sell such debt instruments and generate liquidity for the Investment Strategy or higher impact cost when such instruments are sold.

- **Credit Risk:** The credit risk of debt instruments which are CE rated is based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. In case of SO transactions, comingling risk and risk of servicer increases the overall risk for the securitized debt or assets backed transactions. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

(iv) Risk factors associated with investment in Tri-Party Repo

The SIF is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the SIF in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; Thus, reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL).

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus, the Investment Strategy is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The SIF is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the SIF is called upon to absorb settlement/default losses of another member by CCIL, as a result the Investment Strategy may lose an amount equivalent to its contribution to the default fund.

(v) Risk factors associated with investing in Foreign Securities

- **Currency Risk:**

  Moving from Indian Rupee (INR) to any other currency entails currency risk. To the extent that the assets of the Investment Strategy will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee.

- **Interest Rate Risk:**

  The pace and movement of interest rate cycles of various countries, though loosely co-related, can differ significantly. Hence by investing in securities of countries other than India, the Investment Strategy stand exposed to their interest rate cycles.

- **Credit Risk:**

  Investment in Foreign Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer. This is substantially reduced since the SEBI (MF) Regulations stipulate investments only in debt instruments with rating not below investment grade by accredited/registered credit rating agency.

- **Taxation Risk:**

  In addition to the disclosure related to taxation mentioned in **Statement of Additional Information (SAI)** under section "**Special Consideration",** Investment in Foreign Securities poses additional challenges based on the tax laws of each respective country or jurisdiction. The Investment Strategy may be subject to a higher level of taxes than originally anticipated and or dual taxation.

  The Investment Strategy may be subject to withholding or other taxes on income and/or gains arising from its investment portfolio. Further, such investments are exposed to risks associated with the changing / evolving tax / regulatory regimes of all the countries where the Investment Strategy invests. All these may entail a higher outgo to the Investment Strategy by way of taxes, transaction costs, fees etc. thus adversely impacting its NAV; resulting in lower returns to an Investor.

- **Legal and Regulatory Risk:**

  Legal and regulatory changes could occur during the term of the Investment Strategy which may adversely affect it. If any of the laws and regulations currently in effect should change or any new laws or regulations should be enacted, the legal requirements to which the Investment Strategy and the investors may be subject could differ materially from current requirements and may materially and adversely affect the Investment Strategy and the investors. Legislation/ Regulatory guidelines could also be imposed retrospectively.

- **Country Risk:**

  The Country risk arises from the inability of a country, to meet its financial obligations. It is the risk encompassing economic, social and political conditions in a foreign country, which might adversely affect foreign investors' financial interests. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilisation of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.

- To manage risks associated with foreign currency and interest rate exposure, the Mutual Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI/ RBI from time to time.

- **Exhaustion of Limit for investments in Overseas Securities:**

  In case the permissible limits for investments in overseas Securities by the Investment Strategy provided by regulatory bodies is reached, then the Investment Strategy may not be able to make any further investments in permissible Overseas Securities. This could lead to loss of investment opportunity.

  As and when the investment limits at Mutual Fund level/Industry level are exhausted or nearing exhaustion, the Investment Strategy may temporarily suspend deployment of funds in overseas funds/securities.

(vi) Risk factors associated with investing in Derivatives

- The AMC, on behalf of the Investment Strategy may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and enhance Unit holders' interest. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Other risks include, the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.
- **Credit Risk:**

  The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction.
- **Market Risk:**

  Market movements may adversely affect the pricing and settlement of derivatives.
- **Illiquidity risk:**

  This is the risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

Risk associated with Long/Short straddle and strangle strategies

Long/Short straddle and strangle strategies involve simultaneously writing call and put options. These strategies may generate premium income where the price of the underlying remains within the expected range. However, a material movement in either direction may result in significant losses. The exposure remaining after permissible offsetting shall be included within the 25% unhedged short derivative exposure limit. Margin requirements may increase materially during periods of volatility, potentially requiring the Investment Strategy to provide additional collateral or close positions at unfavourable prices.

Additional Risk viz. Basis Risk associated with imperfect hedging using Interest Rate Futures (IRF): The imperfect correlation between the prices of securities in the portfolio and the IRF contract used to hedge part of the portfolio leads to basis risk. Thus, the loss on the portfolio may not exactly match the gain from the hedge position entered using the IRF.

The investment strategy may involve exposure to unhedged derivative positions. The associated risks include:

Unhedged derivative positions are exposed to multiple layers of financial risk due to the absence of offsetting strategies. The most significant is market risk, as adverse price movements in the underlying asset can lead to significant losses. This risk is amplified by the inherent leverage embedded in derivatives, which may result in losses exceeding the initial investment and could trigger margin calls.

Unhedged positions are also exposed to liquidity risk as unfavorable or stressed market conditions may restrict the ability to exit or roll over positions without incurring significant costs. In addition, operational risks, including trade execution errors, settlement failures, system malfunctions, or model inaccuracies, may lead to unintended exposures and potential financial loss

The risk associated with derivative strategies include:

Derivative instruments are subject to a range of risks that may materially impact investment performance. These include pricing and valuation risk, arising from market volatility, liquidity constraints, or model limitations that may lead to mispricing or imperfect correlation with underlying exposures. Execution risk may occur when actual trade execution deviates from quoted prices due to market conditions or operational delays. Basis risk can emerge when the derivative used for hedging does not move in line with the underlying asset. Margin risk arises from potential increases in initial or variation margins, one-sided margin requirements, or cash-only collateral demands, which may necessitate unwinding positions at adverse prices. Additionally, counterparty risk exists when OTC derivative counterparties fail to meet contractual obligations; this risk is mitigated by transacting only with approved counterparties or through regulated exchanges.

Risks from Short Exposure (Unhedged Derivative Positions)

- Use of unhedged derivative positions to generate short exposure (up to limits permitted under SEBI Master Circular) introduces risks of amplified losses if markets move contrary to expectations, since the downside can be greater than the initial premium or margin posted.
- Short exposures may result in potentially unlimited loss, as adverse price movements in the underlying instruments are theoretically uncapped.

(vii) Risk factors associated with investing in Non- Convertible Preference Shares

- **Credit Risk -** Credit risk is the risk that an issuer will be unable to meet its obligation of payment of Dividend and/ or redemption of principal amount on the due date. Further, for non-cumulative preference shares, issuer also has an option to not pay Dividends on preference shares in case of inadequate profits in any year.
- **Liquidity Risk -** The preference shares generally have limited secondary market liquidity and thus we may be forced to hold the instrument till maturity.
- **Unsecured in nature -** Preference shares are unsecured in nature and rank lower than secured and unsecured debt in hierarchy of payments in case of liquidation. Thus, there is significant risk of capital erosion in case the company goes into liquidation.

(viii) Risk factors associated with Securities Lending

As with other modes of extensions of credit, there are risks inherent to securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the Investment Strategy and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Investment Strategy may not be able to sell lent out securities, which can lead to temporary illiquidity & loss of opportunity.

(x) Risk factors associated with investing in Securitised Debt

The Risks involved in Securitised Papers described below are the principal ones and does not represent that the statement of risks set out hereunder is exhaustive.

- **Limited Liquidity & Price Risk**

  There is no assurance that a deep secondary market will develop for the Certificates. This could limit the ability of the investor to resell them.

- **Limited Recourse, Delinquency and Credit Risk**

  The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and do not represent an obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts to the Certificate Holders may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Servicer may repossess and sell the Asset. However, many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realise the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

- **Risks due to possible prepayments and Charge Offs**

  In the event of prepayments, investors may be exposed to changes in tenor and yield. Also, any Charge Offs would result in the reduction in the tenor of the Pass Through Certificates (PTCs).

- **Bankruptcy of Bank with Liquidity facility**

  If the Bank with Liquidity facility, becomes subject to bankruptcy proceedings then an investor could experience losses or delays in the payments.

- **Risk of Co-mingling**

  With respect to the Certificates, the Servicer will deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of originator. If originator in its capacity as Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss.

(x) Risk factors associated with investments in Perpetual Debt Instrument (PDI)

Perpetual Debt instruments are issued by Banks, NBFCs and corporates to improve their capital profile. Some of the PDIs issued by Banks which are governed by the RBI guidelines for Basel III Capital Regulations are referred to as Additional Tier I (AT1 bonds). While there are no regulatory guidelines for issuance of PDIs by corporate bodies, NBFCs issue these bonds as per guidelines issued by RBI. The instruments are treated as perpetual in nature as there is no fixed maturity date. The key risks associated with these instruments are highlighted below:

Key Risk Factors:

- **Risk on coupon servicing**

  Banks

  As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/ payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons.

  NBFCs

  While NBFCs may have discretion at all times to cancel payment of coupon, coupon can also be deferred (instead of being cancelled), in case paying the coupon leads to breach of capital ratios.

  Corporates

  Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

- **Risk of write-down or conversion into equity**

  Banks

  As per the regulatory requirements, Banks have to maintain a minimum Common Equity Tier-1 (CET-1) ratio of Risk Weighted Assets (RWAs), failing which the AT-1 bonds can get written down. Further, AT-1 Bonds are liable to be written down or converted to common equity, at the discretion of RBI, in the event of Point of Non Viability Trigger (PONV). PONV is a point, determined by RBI, when a bank is deemed to have become non-viable unless there is a write off/ conversion to equity of AT-1 Bonds or a public sector capital injection happens. The write off/conversion has to occur prior to public sector injection of capital. This risk is not applicable in case of NBFCs and Corporates.

- **Risk of instrument not being called by the Issuer**

Banks

The issuing banks have an option to call back the instrument after minimum specified period from the date of issuance, subject to meeting the RBI guidelines. However, if the bank does not exercise the call on first call date, the Investment Strategy may have to hold the instruments for a period beyond the first call exercise date.

NBFCs

The NBFC issuer has an option to call back the instrument after minimum specific period as per the regulatory requirement from date of issuance and thereafter, subject to meeting the RBI guidelines. However, if the NBFC does not exercise the call option the Investment Strategy may have to hold the instruments for a period beyond the first call exercise date.

Corporates

There is no minimum period for call date. However, if the corporate does not exercise the call option, the Investment Strategy may have to hold the instruments for a period beyond the call exercise date.

(xi) Risk factors associated with Short Selling

Short-selling is the sale of shares which are not owned by the seller at the time of trade. Instead, the seller borrows it from someone who already owns it. Later, the short seller buys back the stock he shorted and returns the stock to close out the loan. If the price of the stock corrects, Short seller can buy the stock back for less than he received for selling it and earn profit (the difference between higher short sale price and the lower purchase price). If the price of stock appreciates, short selling results in loss. Thus, Short positions carry the risk of losing money and these losses may grow theoretically unlimited if the price increases without limit and shall result into major losses in the portfolio.

(xii) Risk factors associated with InvITs:

- **Price Risk:**

  Securities/Instruments of InvITs are volatile and prone to price fluctuations on a daily basis owing to market movements. The extent of fall or rise in the prices is a fluctuation in general market conditions, factors and forces affecting capital market, Real Estate and Infrastructure sectors, level of interest rates, trading volumes, settlement periods and transfer procedures.

- **Interest Rate Risk:**

  Securities/Instruments of InvITs run interest rate risk. Generally, when interest rates rise, prices of units fall and when interest rates drop, such prices increase.

- **Credit Risk:**

  Credit risk means that the issuer of a InvIT security/ instrument may default on interest payment or even on paying back the principal amount on maturity. Securities/ Instruments of InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.

- **Liquidity Risk:**

  This refers to the ease with which securities/instruments of InvITs can be sold. There is no assurance that an active secondary market will develop or be maintained. Hence there would be time when trading in the units could be infrequent. The subsequent valuation of illiquid units may reflect a discount from the market price of comparable securities/instruments for which a liquid market exists. As these products are new to the market they are likely to be exposed to liquidity risk.

- **Reinvestment Risk:**

Investments in securities/instruments of InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or Dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.

- **Legal and Regulatory Risk**

  The regulatory framework governing investments in securities/instruments of InvITs comprises a relatively new set of regulations and is therefore untested, interpretation and enforcement by regulators and courts involves uncertainties. Presently, it is difficult to forecast as to how any new laws, regulations or standards or future amendments will affect the issuers of REITs/InvITs and the sector as a whole. Furthermore, no assurance can be given that the regulatory system will not change in a way that will impair the ability of the Issuers to comply with the regulations, conduct the business, compete effectively or make distributions.

(xiii) Risk factors associated for investments in Mutual Fund Schemes

1. Movements in the Net Asset Value (NAV) of these Schemes may impact the performance. Any change in the investment policies or fundamental attributes of these Schemes will affect the performance of the Investment Strategy to the extent of investment in such Schemes.
2. Redemptions by in these Schemes would be subject to applicable exit loads.

(xiv) Risk factors associated with Covered Call

Covered call strategies involve risks that may limit potential returns and affect portfolio performance. The strategy caps upside gains because the written call obligates the investor to sell the underlying asset at the strike price if exercised. There is also opportunity risk, as strong upward movements in the underlying asset may result in foregone gains. Additionally, the strategy remains exposed to downside market risk, since declines in the underlying asset's value may exceed the premium received. Liquidity and execution risks may arise if option markets experience low participation or wide bid-ask spreads.

(xv) Risk factors associated with Repo in permitted Corporate Debt Securities

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo in corporate debt securities is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. Some of the risks associated with repo in corporate debt are given below:

Counterparty Risk: Counterparty risk refers to the inability of the seller to meet the obligation to buy back securities at the contracted price on the contracted date. In case of over the counter (OTC) repo trades, the investment manager will endeavour to manage counterparty risk by dealing only with counterparties having strong credit profiles. Also, the counter-party risk is to an extent mitigated by taking collateral equivalent in value to the transaction after knocking off a minimum haircut on the intrinsic value of the collateral. In the event of default by the repo counterparty, the Investment Strategy shall have recourse to the corporate debt securities. In case the repo transaction is executed on exchange platform approved by RBI/SEBI, the exchange may also provide settlement guarantee.

Collateral Risk: Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk can be partly mitigated by restricting participation in repo transactions only in corporate debt securities which are approved by credit risk team. Additionally, to address the risk related to reduction in market value of corporate debt security held as collateral due to credit rating downgrade, the repo contract can incorporate either an early termination of the repo agreement or call for fresh margin to meet the minimum haircut requirement or call for replacement of security with eligible security. Moreover, the investment manager may apply a higher haircut on the underlying security than required as per RBI/SEBI regulation to adjust for the illiquidity and interest rate risk on the underlying instrument. To mitigate the risk of price reduction due to interest rate changes, the adequacy of the collateral can be monitored on a daily basis by considering the daily market value & applying the prescribed haircut. The fund manager or the exchange can then arrange for additional collateral from

the counterparty, within a prespecified period. If the counterparty is not able to top-up either in form of cash / collateral, it would tantamount to early termination of the repo agreement, and the outstanding amount can be recovered by sale of collateral.

(xvi) General Risk factors

- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Investment Strategy. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Units of the Investment Strategy can go up or down because of various factors that affect the capital markets in general.
- As the liquidity of the investments made by the Investment Strategy could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Investment Strategy. In view of the above, the Trustee has the right, in its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described under **section Right to Restrict Redemption and / or Suspend Redemption of the units.**
- At times, due to the forces and factors affecting the capital market, the Investment Strategy may not be able to invest in securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible securities / investments amounting to substantial reduction in the earning capability of the Investment Strategy. The Investment Strategy may retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.
- Investment Strategy to be adopted by the Investment Strategy may carry the risk of significant variance between the portfolio allocation of the Investment Strategy and the Benchmark particularly over a short to medium term period.
- Performance of the Investment Strategy may be affected by political, social, and economic developments, which may include changes in government policies, diplomatic conditions, and taxation policies.
- The Investment Strategy at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.

C. RISK MITIGATION STRATEGIES

Risk mitigation for investments in equity

The Investment strategy's portfolio shall mainly comprise stocks of Small-Cap and Mid-Cap companies (at least 65% of the portfolio shall be in equity and equity-related instruments of Small-Cap and Mid-Cap companies). The residual 35% of the portfolio can be invested in Large Caps, Debt and Money Market Instruments and InVITs. This flexibility of investing in large-cap stocks, Debt and Money Market Instruments and InVITs shall aid in managing volatility and also aid reasonable liquidity. This will enable the fund to maintain a proper asset-liability match so as to ensure redemption / maturity payments are made on time and not affected by illiquidity of the underlying stocks.

With a wide array of companies in the Small-Cap and Mid-Cap space (150 Mid-Caps and more than 2300 Small Caps considering a market cap threshold of Rs 150Cr as of 31-Dec-2025), there is ample scope to diversify the portfolio. The Investment Strategy aims to maintain a well-diversified equity portfolio comprising stocks across various sectors of the economy. This shall aid in managing concentration risk and sector specific risks.

The Investment Strategy may deploy unhedged short exposure of up to 25% of net assets through permissible exchange-traded derivative instruments, for purposes other than hedging and portfolio rebalancing. Such short positions may be initiated based on the Fund Manager's assessment of prevailing market conditions, stretched valuations or deteriorating fundamentals, with the objective of dynamically managing net portfolio exposure. As a consequence of such short positions, the net portfolio beta may be lower than that of a conventional long-only strategy, potentially reducing the magnitude of drawdowns during periods of broad market decline.

Risk mitigation for investments in Debt

Credit Evaluation Process

The credit evaluation process of the AMC entails evaluation of credit fundamentals of each investment opportunity. Some of the factors that are evaluated inter-alia may include outlook on the sector, parentage, quality of management, and overall financial strength of the credit. The AMC utilises ratings of recognized rating agencies as an input in the credit evaluation process. Investments in bonds and debenture are usually in instruments that have been assigned high investment grade ratings by a recognized rating agency.

In line with clause 13.1 of Master Circular, the AMC may constitute committee(s) to approve proposals for investments in unrated instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investments would be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought.

- **Liquidity Risk:** Liquidity risk is the risk of not being able to sell / liquidate a security at short notice at prevailing market prices or without incurring impact cost. While government bonds, money market instruments and shorter maturity instruments are generally easier to sell, corporate bonds and other instruments typically face higher liquidity risk. Further, higher rated securities normally are more liquid compared to lower rated securities. As a result, different portfolios will face different levels of liquidity risk based on the underlying portfolio composition. Some of the strategies to reduce liquidity risk are creating portfolios that are diversified across maturities, ratings, types of securities, etc. in line with the fund objectives, regulations and Investment Strategy.
- **Credit Risk:** Lower rated securities have a higher credit risk compared to higher rated securities. Hence, credit risk faced by different Investment Strategies will be different based on the underlying portfolio / Investment Strategy. To reduce the credit risk, a comprehensive and in-depth credit evaluation of each issuer will be undertaken, using both quantitative (leverage, profitability, solvency ratios etc.) and qualitative factors (parentage, track record etc.). Each of the Investment Strategy/portfolio will endeavour to maintain adequate diversification across issuers / sectors in line with Investment Strategy objectives, regulations and Investment Strategy. Unrated investments, if any, would require specific approval from a committee constituted for the purpose.
- **Debt Derivatives Risk:** The AMC has provision for using derivative instruments for portfolio balancing and hedging purposes. Interest Rate Swaps will be done with approved counter parties under pre approved ISDA agreements. Mark to Market of swaps, netting off of cash flow and default provision clauses will be provided as per standard practice on a reciprocal basis. Interest Rate Swaps and other derivative instruments will be used as per local (RBI and SEBI) regulatory guidelines.
- **Interest Rate Risk:** Interest rate risk is the risk of change in the NAVs due to change in overall market yields. The change in value of a security, for a given change in yield, is higher for a security with higher duration and vice versa. Hence portfolios with higher duration will have higher volatility. The AMC shall strive to actively manage the duration of the respective funds based on the prevailing market conditions / outlook of interest rates, keeping in mind the Investment Strategy's objectives, Investment Strategy and applicable regulations.
- **Concentration Risk:** The AMC will attempt to mitigate this risk by maintaining adequate diversification across issuers/ sectors / instrument type in line with the Investment Strategy's objectives, Investment Strategy and applicable regulations. This will also be managed by keeping prudent investment limits on

any particular industry or issuer or issuer group based on the size, credit profile, etc. to reduce issuer or industry specific risk.

Risk Mitigation measures for investments in Non-Convertible Preference Shares:

- **Credit Risk -** To reduce the credit risk, a comprehensive and in-depth credit evaluation of each issuer will be undertaken, using both quantitative (leverage, profitability, solvency ratios etc.) and qualitative factors (parentage, track record etc.).
- **Liquidity Risk -** The Fund endeavours to invest in preference shares of those companies which have relatively better market acceptability amongst market participants that increases the probability of secondary sale in case an exit from the investment is required.
- **Unsecured in nature -** The Fund endeavours to mitigate this risk by exercising due diligence while assessing the business, financial and management risks of the company before investing.

Risk Mitigation factors relating to investment in Perpetual Debt Instruments (PDI):

- **Risk on coupon servicing and Risk of write-down or conversion into equity**

Banks: The risks on coupon servicing or principal write down/ conversion to equity are mitigated, to a certain extent, if the investee bank has strong financial position and meets the required regulatory guidelines. Hence, an in-depth credit evaluation of each bank is undertaken, keeping in mind both quantitative (leverage, profitability, solvency ratios, capital adequacy, etc.) and qualitative factors (parentage, track record etc.). Given the regulatory guidelines, special focus is on capital cushion, track record of profitability, distributable surplus and/or strong parentage which has the capacity and willingness to infuse capital, in case it is needed. Investment is done only in the AT-1 bonds of banks with strong credit worthiness, in our assessment. This, in turn, reduces the risk of its capital position falling below regulatory requirements and / or reaching PONV.

Risk of write-down or conversion into equity is not applicable in case of NBFCs and Corporates.

- **Risk on coupon servicing**

NBFCs
These risks are mitigated, to certain extent, if the investee NBFC has strong financial position and meets the required regulatory guidelines. Hence, an in-depth credit evaluation of each NBFC is undertaken, keeping in mind both quantitative (leverage, profitability, solvency ratios, capital adequacy, etc.) and qualitative factors (parentage, track record etc.). Given the regulatory guidelines, special focus is on capital cushion, track record of profitability, distributable surplus and/or strong parentage which has the capacity and willingness to infuse capital, in case it is needed.

Corporates
To mitigate this risk, an in-depth credit evaluation of each corporate is undertaken, keeping in mind both quantitative (leverage, profitability, industry position, market share etc.) and qualitative factors (parentage, track record etc.). Additionally, given that the coupon is usually cumulative in nature and the corporate is restricted from paying any dividends till all previous dues are paid to the perpetual bond investor, the company has adequate incentive to not defer coupon on PDIs.

- **Risk of instrument not being called by the Issuer**

Banks
While the issuer bank does have an option to not exercise the first call, experience suggests that all Indian banks till now have exercised the call option during the call period. We believe that banks are cognizant of the investor sensitivities with regards to risk of not exercising the call option at the first call date. Further, as we invest in issuers with sound credit worthiness, we expect them to understand the importance of exercising the call as the part of their long term capital raising strategy. Any instance of skipping of call option exercise can lead to increase in cost of AT1 bonds for future issuance (as investor would start factoring in longer bond

tenors) and impact the bank's profitability adversely. Given the importance of AT1 instruments for prudently managing the capital levels and improving the returns for the equity holders, we are of the opinion that banks would choose to service the interest on AT1 bonds and exercise the first call option on AT1 bonds, as they have done in the past. Finally, in case the issuer is unable to call the perpetual instrument on first call date (say due to market disruption), the annual call on these instruments would enable the bank to call the bond on any of the subsequent annual call options dates.

NBFCs and Corporates
While the issuer is not obligated to exercise the call option on first call date, the coupon step-up usually provides financial incentive to the Issuer to exercise the call option. Further, as we invest in issuer with sound credit worthiness, we expect them to be cognizant of the investor sensitivities with regards to exercising the call as the part of their long term resource raising strategy. Any instance of skipping of first call option exercise can lead to increase in cost of PDI for future issuance (as investor would start factoring in longer bond tenors) and impact the issuer's profitability adversely. Finally, in case the issuer is unable to call the perpetual instrument on first call date (say due to market disruption), the coupon step up also compensates the investor for extended holding period.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

II. INFORMATION ABOUT THE INVESTMENT STRATEGY:

A. WHERE WILL THE INVESTMENT STRATEGY INVEST?

The Investment Strategy will invest in securities as mentioned below. The investments will be made as per the limits specified in the asset allocation table of the Investment Strategy, subject to permissible limits laid under SEBI (MF) Regulations or any other applicable laws and guidelines.

- **Equity and equity related instruments:**

Investments in below securities will be as per the Investment Strategy and as per the limits specified in the asset allocation table of Investment Strategy, subject to permissible limits laid under SEBI (MF) Regulations.

- **Debt securities:**

Debt issuances by various types of issuers such as Government of India, State and local Governments, Government Agencies and statutory bodies, Corporate Entities, Public / Private sector undertakings, Public / Private sector banks and development financial institutions, etc. Debt issuances may include but are not limited to:

1. Non-convertible debentures;
2. Bonds;
3. Secured premium notes;
4. Zero interest bonds;
5. Deep discount bonds;
6. Floating rate bond / notes;
7. Pass through certificates;
8. Asset backed securities;
9. Mortgage backed securities;
10. Securitized Debt, Structured Obligations, Credit enhanced Debt;
11. Non Convertible Preference Shares;
12. Reverse/ Reverse Repo in corporate debt securities;
13. Debt with special features such as AT1 and AT2 Bonds and
14. Any other permissible domestic fixed income instrument.

- Money Market Instruments, which include:
  1. Commercial papers
  2. Commercial bills
  3. Treasury bills
  4. Government securities having an unexpired maturity upto one year
  5. Tri-party Repos/ Reverse Repos on Government securities or treasury bills (TREPS)
  6. Certificate of deposit
  7. Usance bills
  8. Permitted securities under a repo / reverse repo agreement

Any other instruments as may be permitted by RBI / SEBI from time to time, subject to necessary regulatory approvals.

Investment in debt will usually be in instruments, which have been assessed as "high investment grade" by at least one credit rating agency authorised to carry out such activity under the applicable regulations. Pursuant to clause 13.1 of Master Circular, the AMC may constitute committee(s) to approve proposals for investments in unrated debt instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investments would be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any unrated debt security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought. Investment in debt instruments shall generally have a low risk profile and those in money market instruments shall have an even lower risk profile. The maturity profile of debt instruments will be selected in accordance with the AMC's view regarding current market conditions, interest rate outlook and the stability of ratings.

Investments in Debt and Money Market Instruments will be as per the limits specified in the asset allocation table(s) of the Investment Strategy, subject to permissible limits laid under SEBI (MF) Regulations.

Investments in debt and money market instruments will be made through secondary market purchases, initial public offers, other public offers, placements and right offers (including renunciation). The securities could be listed, unlisted (as permitted), privately placed, secured/unsecured, rated/unrated.

- Pending deployment as per investment objective, the moneys under the Investment Strategy may be parked in short-term deposits of Scheduled Commercial Banks.

  The Investment Strategy shall abide by the guidelines for parking of funds in short term deposits as per clause 13.7 of Master Circular, as may be amended from to time. For details, refer section '**What are the Investment Restrictions'**.

- The Investment Strategy may engage in short selling of securities /securities lending and borrowing in accordance with the framework relating to short selling and/or securities lending and borrowing specified by SEBI from time to time.

- The Investment Strategy may invest in scheme of mutual fund under the same asset management company or in the scheme of other mutual funds, provided it is in conformity with the investment objectives of the Investment Strategy and in terms of the prevailing SEBI (MF) Regulations. As per the SEBI (MF) Regulations, no investment management fees will be charged for such investments and aggregate inter investment made by all Investment Strategies/schemes under the same management or in Mutual Funds

under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.

- **Investment in Foreign Securities**

The Investment Strategy may also invest in suitable investment avenues in overseas financial markets for the purpose of diversification, yield enhancement and to benefit from potential foreign currency appreciation, commensurate with the Investment Strategy objectives and subject clause 13.11.2 of Master Circular as may be amended from time to time and any other requirements as may be stipulated by SEBI/RBI from time to time. Towards this end, the Mutual Fund may also appoint overseas investment advisors and other service providers, as and when permissible under the regulations. The Investment Strategy may, in terms of its investment objectives with the approval of SEBI/RBI invest in following Foreign Securities:

- ADRs/ GDRs issued by Indian or foreign companies
- Equity of overseas companies listed on recognized stock exchanges overseas
- Initial and follow on public offerings for listing at recognized stock exchanges overseas
- Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
- Money market instruments rated not below investment grade
- Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds
- Government securities where the countries are rated not below investment grade
- Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
- Short term deposits with banks overseas where the issuer is rated not below investment grade
- Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas (c) permitted unlisted overseas securities (not exceeding 10% of their net assets) or d) Indian Securities not exceeding 25% of their net assets or such other limits and subject to such conditions in respect of the same, as specified by clause 13.11.9. of Master Circular as amended from time to time.

1. As per clause 13.11.2 of Master Circular:
   1.1. Mutual Funds (including SIF) can make overseas investments subject to a maximum of US $ 1 billion per Mutual Fund, within the overall industry limit of US $ 7 billion.
   1.2. Mutual Funds (including SIF) can make investments in overseas Exchange Traded Fund (ETF(s)) subject to a maximum of US $ 300 million per Mutual Fund, within the overall industry limit of US $ 1 billion.
2. The allocation methodology of the aforementioned limits shall be as follows:
   2.1. In case of overseas investments specified at Para 1.1 above, US $ 50 million would be reserved for each Mutual Fund individually, within the overall industry limit of US $ 7 billion.

Further, as per extant norms, 20% of the average AUM in Overseas securities / Overseas ETFs of the previous three calendar months would be available to the Mutual Fund for investment that month to invest in Overseas securities / Overseas ETFs subject to maximum limits specified at Para 1 above.

Notwithstanding the above, the limit for investment in overseas securities including ETFs shall be as permitted by SEBI from time to time.

The Investment Strategy shall not have an exposure of more than 35% of its net assets in foreign securities, subject to regulatory limits specified from time to time.

Subject to the approval of the RBI / SEBI and conditions as may be prescribed by them, the Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, index options, index futures, interest rate futures/swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management.

The SIF may, where necessary appoint intermediaries as sub-managers, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses as stated under Regulation 66 of SEBI (MF) Regulations.

- **Investment in Securitised Debt**

  A securitisation transaction involves sale of receivables by the originator (a bank, non-banking finance company, housing finance company, or a manufacturing/service company) to a Special Purpose Vehicle (SPV), typically set up in the form of a trust. Investors are issued rated Pass Through Certificates (PTCs), the proceeds of which are paid as consideration to the originator. In this manner, the originator, by selling his loan receivables to an SPV, receives consideration from investors much before the maturity of the underlying loans. Investors are paid from the collections of the underlying loans from borrowers. Typically, the transaction is provided with a limited amount of credit enhancement (as stipulated by the rating agency for a target rating), which provides protection to investors against defaults by the underlying borrowers.

  Generally available asset classes for securitisation in India are:

  - Commercial vehicles
  - Auto and two wheeler pools
  - Mortgage pools (residential housing loans)
  - Personal loan, credit card and other retail loans
  - Corporate loans/receivables

Investment / Risk Mitigation Strategy

1. **Risk profile of securitised debt vis-à-vis risk appetite of the Investment Strategy**

   The risk profile of securitised debt is generally at par with the risk profile of other debt securities at the same level of credit rating. Securitised debt offers additional income (spread) over a debt security of similar rating and maturity, which enables the Investment Strategy to optimize its income without taking any additional credit risk. Securitised debt is generally less liquid, however, investment in securitised debt is made to maintain a diversified portfolio of debt securities that optimizes return without increasing the overall risk profile of the Investment Strategy.

2. **Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitised debt, etc**

   The originator is an entity (like banks, non-banking finance companies, corporates etc), which has initially provided the loan & is also generally responsible for servicing the loans. The Investment Strategys will invest in securitised debt of originators with at least investment grade credit rating and established track record. A detailed evaluation of originator is done before the investment is made in securitised debt of any originator on various parameters given below:

   - **Track record**

     The investment in securitised debt is done based on origination and underwriting process and capabilities of the originator, overview of corporate structure, group to which they belong, experience of the company in the business & how long they have been in the business, financial condition of the company, credit rating, past performance of similar pools by the originator, etc.

   - **Willingness to pay through credit enhancement facilities etc.**

     Credit enhancement is provided by the originator, as indicated by rating agencies, so as to adequately cover the defaults and acts as a risk mitigation measure. The size of the credit enhancement as

indicated by rating agency depends on the originator's track record, past delinquencies, pattern of the portfolio & characteristics of the pool vis-a-vis of the portfolio, nature of the asset class.

- **Ability to pay**

  The quality of the origination impacts the performance of the underlying asset & thus originators with strong systems and processes in place can eliminate poor quality assets. A robust risk management system of the originator and availability of MIS reports on timely basis, results in creation of strong asset portfolio.

- **Business Risk Assessment**

  The business risk assessment of originator / underlying borrower also includes detailed credit assessment wherein following factors are also considered:

  - Outlook for the economy (domestic and global)
  - Outlook for the industry
  - Company specific factors

  In addition, a detailed review and assessment of rating rationale is done along with interactions with the company as well as the rating agency. All investment in securitised debt is done after taking into account, the Critical Evaluation Parameters (for pool loan and single loan securitisation transactions) regarding the originator / underlying issuer as mentioned below:

  - Default track record/ frequent alteration of redemption conditions / covenants
  - High leverage ratios of the ultimate borrower (for single-sell downs) - both on a standalone basis as well on a consolidated level/ group level
  - Higher proportion of reschedulement of underlying assets of the pool or loan, as the case may be
  - Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
  - Poor reputation in market
  - Insufficient track record of servicing of the pool or the loan, as the case may be.

3. Risk mitigation strategies for investments with each kind of originator

Investments are based on assessment of following parameters, so as to mitigate risk associated with such investment:

a. Credit quality, size and reach of the originator
b. Nature of receivables/asset category i.e. cars, construction equipment, commercial vehicles, personal loans etc.
c. Collection process, infrastructure and follow-up mechanism
d. Quality of MIS
e. Credit cum liquidity enhancement
f. Credit appraisal norms of originator
g. Asset Quality - portfolio delinquency levels
h. Past performance of rated pools
i. Pool Characteristics - seasoning, Loan-to-value ratios, geographic diversity etc.

4. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments

Diversification of underlying assets is achieved through a) prudent mix of asset categories - i.e. cars (new, used), commercial vehicles, construction equipment, unsecured loans to individuals or small & medium enterprises b) total number of contracts in a pool c) average ticket size of loans and d) geographical distribution.

Risk mitigation measures for less diversified investments in pools is accomplished through the size of credit enhancement, seasoning or loan to value ratios.

Illustrative framework, which will be applied while evaluating investment decision relating to a pool securitisation transaction:

Characteristics/ Type of Pool	Mortgage Loan	Commercial Vehicle and Construction Equipment	Car	2 wheelers	Micro Finance Pools	Personal Loans	Single Sell Downs	Others
Approximate Average maturity (in Months)	NA	12-60 months	12-60 months	8-40 months	NA	NA	Refer Note A	Refer Note B
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	NA	5-20%	4-15%	4-15%	NA	NA		
Average Loan to Value Ratio	NA	80-95%	70-90%	70-95%	NA	NA		
Average seasoning of the Pool	NA	3-8 months	3-8 months	2-5 months	NA	NA		
Maximum single exposure range	NA	3-7%	NA (Retail pool)	NA (Retail Pool)	NA	NA		
Average single exposure range %	NA	1-5%	0-1%	0-1%	NA	NA		

NA - Not Applicable

Information in the table above is based on current scenario and is subject to change depending upon the change in related factors.

Notes:

A. In case of securitised debt with underlying being single loan, the investment limit applicable to the underlying borrower is considered.

B. Other investment will be decided on a case to case basis.

In case of asset backed pools (ABS), evaluation of the pool assets is done considering the following factors: (Refer the table above which illustrates the averages of parameters considered while selecting the pool)

- Size of the loan
- Average original maturity of the pool
- Loan to Value Ratio
- Average seasoning of the pool
- Default rate distribution
- Geographical Distribution
- Credit enhancement facility
- Liquid facility
- Structure of the pool

5. Minimum retention period of the debt by originator prior to securitisation

The illustrative average seasoning of the debt by originator prior to securitisation is given above in table (Refer Point 4).

Minimum retention period of the debt by originator prior to securitisation in the case of asset pools is in the form of seasoning of loans to various asset classes (cars, commercial vehicles, etc.) and generally varies from one month to six months depending on the nature of asset.

6. **Minimum retention percentage by originator of debts to be securitised**

   While minimum retention percentage by originator is not prescribed, any amount retained by the originator through subordination is viewed positively at the time of making investment and generally varies from 5% to 10%.

7. **The mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular Investment Strategy of the fund**

   All proposals for investment in securitised debt are evaluated by the credit analyst based on several parameters such as nature of underlying asset category, pool characteristics, asset quality, credit rating of the securitisation transaction, and credit cum liquidity enhancement available. Investment in securitised debt in any Investment Strategy is made by the respective fund manager in line with the investment objective of that Investment Strategy.

8. **The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitised debt (in general)**

   Investment in securitised debt is monitored regularly with regards to its performance on various parameters such as collection efficiency, delinquencies, prepayments and utilization of credit enhancement. Information on these parameters is available through monthly reports from Pool Trustees and through information disseminated by the rating agencies. Monthly performance report is released by the credit analyst to the fund management team and the fund management team periodically reviews the same.

Trading in Derivatives

- The Investment Strategy may take derivatives position based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objective of the Investment Strategy.
- The Investment Strategy may utilize derivative instruments primarily for the purposes of hedging, portfolio management and portfolio balancing. While such usage is intended to mitigate risk, investors are advised that certain derivative positions may, at times, remain partially or fully unhedged. Unhedged or residual derivative exposures may subject the scheme to heightened market risk, liquidity risk, and leverage-related risks.
- Derivative instruments involve inherent leverage, and adverse movements in the price or volatility of the underlying assets may result in losses that may exceed the initial margin or capital deployed. In extreme market conditions, such exposures may lead to significant or potentially unlimited losses. The Scheme may also be required to furnish additional margins on short notice, failing which derivative positions may be squared off or liquidated at unfavorable prices, resulting in further losses. The Investment Strategy may take position in derivative instruments like Futures, Options, and such other derivative instruments as may be permitted by SEBI from time to time.

Exposure to Derivatives

The exposure limits for trading in derivatives by Mutual Funds specified by SEBI vide its clause 13.15 of Master Circular and as amended from time to time are as follows:

Position Limits

The position limits for trading in derivatives by Mutual Funds specified by clause 13.15 of Master circular read with SEBI circular No. SEBI/HO/MRD/TPD-1/P/CIR/2025/79 dated May 29, 2025 as amended from time to time are as follows:

i. Position limit for the Mutual Fund in index options contracts

The position limit for the Mutual Fund / SIF (Fund) in index options contracts shall be as follows:

a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be net end of day future equivalent open interest limit of ₹ 1,500 crore and gross future equivalent open interest of ₹ 10,000 crore (i.e. neither gross long Future Equivalent open interest nor gross short Future Equivalent open interest shall exceed ₹10,000 cr).

b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for the Fund in index futures contracts

The position limit for the Mutual Fund / SIF (Fund) in index futures contracts shall be as follows:

a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be ₹500 crore or 15% of the total open interest (OI) of the market in index futures, whichever is higher, per Stock Exchange.

b. This limit would be applicable on open positions in all futures contracts on a particular underlying.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

1. Aggregate short positions in index derivatives (short futures, short calls and long puts) shall not exceed (FutEq terms for Index options and gross notional terms for Index futures) the Mutual Fund's holding of stocks.
2. Aggregate long positions in index derivatives (long futures, long calls and short puts) shall not exceed (FutEq terms for Index options and gross notional terms for Index futures) the Mutual Fund's holding of cash and cash equivalent, government securities, T-Bills and similar instruments.

iv. Position limit for Mutual Funds for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts will be as follows:

The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

v. Position limit for each Investment Strategy of a Mutual Fund

The Investment Strategy-wise position limit requirements shall be:

1. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a Investment Strategy of a mutual fund shall not exceed the higher of:

   1% of the free float market capitalization (in terms of number of shares). or

   5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. For index based contracts, Mutual Funds shall disclose the total open interest held by its Investment Strategy or all Investment Strategies put together in a particular underlying index, if

such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Exposure Limits

The exposure limits for trading in derivatives by Mutual Funds specified by clauses 13.18.1 and 13.15 of Master Circular, are as follows:

1. The cumulative gross exposure through equity and equity related instruments, debt and money market instruments, derivative positions (including fixed income derivatives), Units of Mutual Fund, repo transactions in corporate debt securities, credit default swaps, Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the Investment Strategy. Security wise hedge positions using derivatives such as Interest Rate Swaps, call options written under the covered call Strategy and any other positions specifically exempted under SEBI guidelines from time to time, will not be considered in calculating above exposure.

2. Mutual Funds shall not write options or purchase instruments with em-bedded written options (except for exposure on account of call option written under the covered call strategy, if permitted under the Investment Strategy).

3. Cash or cash equivalents i.e. Government Securities, T-Bills and Repo on Government Securities having residual maturity of less than 91 days may be treated as not creating any exposure.

4. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
    a) Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
    b) Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
    c) Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
    d) The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

5. (a) Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the Investment Strategy.
   (b) In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the Investment Strategy. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.

6. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.

7. Definition of Exposure in case of Derivative Positions

Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	**Exposure**
Futures (long and short)	Futures Price * Lot Size * Number of Contracts
Option Bought	Option Premium Paid * Lot Size * Number of Contracts
Options Sold	Market price of the underlying * Lot size * Number of contracts
Any other derivative exposure	Notional market value of the contract

Exposure limits on Credit Default Swaps (CDS)

Exposure through CDS (Notional amount of both CDS bought and sold) shall not exceed 10% of AUM of Investment Strategy and shall be within the overall limit of derivatives.

Exposure limits on Interest Rate Futures (IRF)

The exposure limits for trading in Interest Rate Futures (IRFs) by Mutual Funds specified by clause 13.15.2 of Master Circular are as follows:

i. To reduce interest rate risk in a debt portfolio, mutual funds may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

$$\frac{\text{(Portfolio Modified Duration* Market Value of the Portfolio)}}{\text{(Futures Modified Duration *Futures Price/PAR)}}$$

ii. In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

iii. Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, upto maximum of 20% of the net assets of the Investment Strategy, subject to the following:

   a) Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.

   b) Mutual Funds are permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is atleast 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of clause 13.18.1 of Master Circular. The correlation should be calculated for a period of last 90 days.

   Explanation: If the fund manager intends to do imperfect hedging upto 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:

   i. The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or

ii. The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the Investment Strategy (including one or more securities) and the IRF is at least 0.9.

c) At no point of time, the net modified duration of part of the portfolio being hedged should be negative.

d) The portion of imperfect hedging in excess of 20% of the net assets of the Investment Strategy should be considered as creating exposure and shall be included in the computation of gross exposure in terms of clause 13.18.1 of Master Circular.

- **Debt Market In India**

The instruments available in Indian Debt Market are classified into two categories, namely Government and Non - Government debt. The instruments available in these categories include:

A] Government Debt

- Central Government Debt
- Treasury Bills
- Dated Government Securities
  - Coupon Bearing Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds
- State Government Debt
  - State Government Loans
  - Coupon Bearing Bonds

B] Non-Government Debt

- Instruments issued by Government Agencies and other Statutory Bodies
  - Government Guaranteed Bonds
  - PSU Bonds
- Instruments issued by Public Sector Undertakings
  - Commercial Paper
  - PSU Bonds
  - Fixed Coupon Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds
- Instruments issued by Banks and Development Financial Institutions
  - Certificates of Deposit
  - Promissory Notes
  - Bonds
  - Fixed Coupon Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds
- Instruments issued by Corporate Bodies
  - Commercial Paper
  - Non-Convertible Debentures
  - Fixed Coupon Debentures
  - Floating Rate Debentures
  - Zero Coupon Debentures

- Pass Through Securities

Activity in the Primary and Secondary Market is dominated by Central Government Securities including Treasury Bills. These instruments comprise close to 60% of all outstanding debt and more than 75% of the daily trading volume on the Wholesale Debt Market Segment of the National Stock Exchange of India Limited.

In the money market, activity levels of the Government and Non- Government Debt vary from time to time. Instruments that comprise a major portion of money market activity include,

- Overnight Call
- Repo/Reverse Repo Agreements
- Tri-party Repos on Government securities or treasury bills (TREPS)
- Treasury Bills
- Government Securities with a residual maturity of < 1 year
- Commercial Paper
- Certificates of Deposit
- Bills Rediscounting Scheme

Though not strictly classified as Money Market Instruments, PSU/ DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The following table gives approximate yields prevailing during the month ended **October 30, 2026** on some of the instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy.

Instrument	Yield Range (% per annum)
Inter bank Call Money	4.85 -5.85
91 Day Treasury Bill	5.38 -5.93
364 Day Treasury Bill	6.12 -6.66
A1 + Commercial Paper 90 Days	6.15 -7.3
5 Year Government of India Security	6.93 -7.21
10 Year Government of India Security	7.19 -7.48
15 Year Government of India Security	7.42 -7.62
1 Year Corporate Bond - AAA Rated	7.59 -8.38
3 Year Corporate Bond - AAA Rated	7.7 -8.54
5 Year Corporate Bond - AAA Rated	7.76 -8.56

Source: Bloomberg

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

Generally, for instruments issued by a non-Government entity (corporate / PSU bonds), the yield is higher than the yield on a Government Security with corresponding maturity. The difference, known as credit spread, depends on the credit rating of the entity.

- **Overseas Debt Market**

The nature and number of debt instruments available in international debt markets is very wide. In terms of diverse instruments as well as liquidity, overseas debt markets offer great depth and are extremely well developed.

Investment in international debt greatly expands the universe of top quality debt, which is no longer restricted to the limited papers available in the domestic debt market. The higher rated overseas sovereign, quasi-government and corporate debt offer lower default risk in addition to offering a high degree of liquidity since

these are traded across major international markets. Investments in rated international debt offer multiple benefits of risk reduction, a much wider universe of top quality debt and also potential gains from currency movements.

Investments in international markets are most often in U.S. dollars, though the Euro, Pound Sterling and the Yen are also major currencies. Though this market is geographically well spread across global financial centres, the markets in the U.S., European Union and London offer the most liquidity and depth of instruments.

Besides factors specific to the country / issuer, international bond prices are influenced to a large extent by a number of other factors; chief among these are the international economic outlook, changes in interest rates in major economies, trading volumes in overseas markets, cross currency movements among major currencies, rating changes of countries / corporations and major political changes globally.

The approximate yields to maturity in the US Bond Market are as follows:

Maturity	US Treasury yields (%) (As at October 30, 2026)
3 months	4.16
6 months	4.25
2 years	4.56
3 years	4.65
5 years	4.71
10 years	4.94

Source: H.15, Federal Reserve Statistical Release

Maturity	US AA Corporate Bond yields rate* (%) (As at October 30, 2026)
1 year	4.5988
2 years	4.8064
5 years	5.1593
10 years	5.5414

(Source - Bloomberg)

* Composite curve include AA-, AA, AA+ as US AAA curve has been discontinued.

B. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to SEBI (MF) Regulations, the following investment restrictions are applicable to the Investment Strategy:

1. No investment strategy of a Specialized Investment Fund shall invest more than 10% of its NAV in the equity shares and equity-related instruments of any company. Further, the limit shall also be applicable for investment in units of Venture capital funds.

2. An investment strategy under Specialized Investment Fund shall not invest more than 20 per cent of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 25 per cent of the NAV of the investment strategy with the prior approval of the Board of Trustees and Board of Directors of the asset management company:
   Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and triparty repo on Government securities or treasury bills:

Provided further that investments within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board:

Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by the Board from time to time.

3. The Specialized Investment Fund shall not borrow except to meet temporary liquidity needs for the purpose of repurchase or redemption of units or payment of interest or Income Distribution cum Capital Withdrawal payout to the unitholders or for settlement of trades by equity-oriented index funds and equity-oriented exchange traded funds on account of under execution of sell trades on the stock exchange in the manner as may be specified by the board from time to time.
   The borrowing specified above shall be subject to:
   (a) such borrowing not exceeding twenty per cent of the net assets of the investment strategy; and
   (b) duration of such borrowing not exceeding a period of six months.

4. The Specialized Investment Fund is permitted to undertake intraday borrowing for addressing timing mismatch between outflows and inflows of a investment strategy, subject to such conditions as specified by SEBI.

5. No Specialized Investment Fund under all its investment strategies should own more than 15% of any company's paid up capital carrying voting rights or fifteen per cent of units of REITs issued by a single issuer:
   Provided that investment in the asset management company or the trustee company of a mutual fund shall be governed by Regulation, 6(1)(a):
   Provided further that the 15% limit shall be inclusive of 10% limit for Investment Strategies as specified at Item No. 5 under Paragraph 13.1.
   (Explanation: If a mutual fund under all its schemes owns ten per cent of any company's paid up capital carrying voting rights or ten per cent of units of REITs issued by a single issuer, as the case may be, then the Specialized Investment fund under all its investment strategies shall not own more than five per cent of that company's paid up capital carrying voting rights or five per cent of units of REITs issued by a single issuer respectively, as the case may be.)

6. A Specialized Investment Fund may invest in the units of InvITs subject to the following:
   (a) No Specialized Investment Fund under all its investment strategies shall own more than 20 per cent of units issued by a single issuer of InvIT: Provided that the 20% single issuer limit shall be inclusive of 10% limit for mutual fund schemes as specified at Item No. (a) under Paragraph 13.13.5.
   (b) An investment strategy under Specialized Investment Fund shall not invest - (i) more than 20 per cent of its NAV in the units of InvITs; and (ii) more than 10 per cent of its NAV in the units of InvIT issued by a single issuer: Provided that such limits shall not be applicable for investments in case of index fund or sector or thematic scheme pertaining to InvIT.

7. The cumulative gross exposure through equity and equity related instruments, debt and money market instruments, derivative positions (including fixed income derivatives), Units of Mutual Fund, repo transactions and credit default swaps in corporate debt securities, Infrastructure Investment Trusts (InvITs), and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the investment strategy. The said limit shall be subject to the offsetting provisions provided under SEBI guidelines.

8. The total exposure at any point of time shall be the sum of exposure through instruments in both the cash market and derivatives market. Passive breaches in any, shall be rebalanced in accordance with the provisions of paragraph 3.11 of SEBI Master Circular.

9. The Specialized Investment Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities.

Provided that the Specialized Investment Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.

Provided further that the Specialized Investment Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

10. The Specialized Investment Fund shall settle their transactions only in dematerialised securities except for such instruments as may be specified by SEBI from time to time.

11. The Specialized Investment Fund shall get the securities purchased or transferred in the name of the Specialized Investment Fund on account of the Investment Strategy except in respect of such securities as may be specified by SEBI from time to time.

12. Save as otherwise expressly provided under SEBI (MF) Regulations, the Specialized Investment Fund shall not advance any loans for any purpose.

13. As per SEBI (MF) Regulations, the Specialized Investment Fund under all its Investment Strategy(s) will not own more than 10% of any company's paid up capital carrying voting rights.

    Provided that the Sponsor of the Fund, its associate or group company including the asset management company of the Fund, through the Investment Strategy(s) of the Fund or otherwise, individually or collectively, directly or indirectly, shall not have 10% or more of the share- holding or voting rights in the asset management company or the trustee company of any other Specialized Investment Fund.

    Provided further that in the event of a merger, acquisition, Investment Strategy of arrangement or any other arrangement involving the sponsors of the Specialized Investment Funds, shareholders of the asset management companies or trustee companies, their associates or group companies which results in the incidental acquisition of shares, voting rights or representation on the board of the asset management companies or trustee companies beyond the above specified limit, such exposure may be rebalanced within a period of one year of coming into force of such an arrangement.

14. The Investment Strategy shall only invest in equity shares or equity related instruments which are listed or to be listed.

15. The Investment Strategy shall not make any investment in:
    - Any unlisted security of an associate or group company of the Sponsor; or
    - Any security issued by way of private placement by an associate or group company of the Sponsor; or
    - The listed securities of group companies of the Sponsor, which is in excess of 25% of the net assets of the Investment Strategy of the Fund except for investments by equity oriented exchange traded funds (ETFs) and Index Funds, subject to such conditions as may be specified by SEBI.
    - any fund of funds Investment Strategy.
    - Investment in the listed securities of group companies of the sponsor by Equity oriented ETFs and Index Funds based on widely tracked and non-bespoke indices, In accordance with the weightage of the constituent of the underlying index, subject to an overall cap of 35% of NAV of the scheme, in the group companies of the sponsor

    Provided that (A) Widely tracked and non bespoke indices shall be indices that are tracked by passive funds or act as primary benchmark for actively managed funds with collective AUM of INR 20,000 Cr. and above. (B) The list of indices based on the criteria specified above, shall be determined on half yearly

basis as per the above specified AUM threshold as on March 31st and September 30th respectively. The list of such indices shall be updated by AMFI and published on its website by April 15th and October 15th respectively every year, after seeking Board's approval.

16. The Investment Strategy shall not invest more than 20% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act.
The Investment Strategy shall not invest more than:
a. 20% of its NAV in debt and money market securities rated AAA; or
b.16% of its NAV in debt and money market securities rated AA; or
c.12% of its NAV in debt and money market securities rated A and below issued by a single issuer.

    The above investment limits may be extended by up to 5% of the NAV of the Investment Strategy with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to overall limit of 25% of its NAV of the Investment Strategy for a single issuer. Provided that:

    a) such limit shall also be applicable to mortgage backed securitized debt which are rated not below investment grade by a credit rating agency registered with the Board.

    b) such limit shall not be applicable for investments in debt exchange traded funds, Government Securities, treasury bills and Tri-party Repos on Government securities or treasury bills (TREPS).

    c) such limit is not applicable for investment in securitized debt (mortgage backed securities and asset backed securities), at the originator level.

    d) the long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of Credit Rating Agencies between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating. Exposure to government money market instruments such as TREPS on G-Sec/ T-bills shall be treated as exposure to government securities.

17. An investment strategy under the SIF shall not invest more than 25% of its NAV in debt and money market securities of a particular sector (excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G Secs, TBills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks).

    An additional exposure to financial services sector (over and above the limit of 25%) not exceeding 10% of the net assets of the investment strategy on account of purchase shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only.

    Further, an additional exposure of 5% of the net assets of the investment strategy shall be allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio.
    Provided that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/ exposure in HFCs shall not exceed 25% of the net assets of the scheme on account of purchase.

18. An investment strategy under the SIF shall not invest more than 25% of its NAV in debt and money market securities of a particular sector.

19. The Investment Strategy may invest in scheme of mutual fund under the same asset management company or in the scheme of other mutual funds, provided it is in conformity with the investment objectives of the Investment Strategy and in terms of the prevailing SEBI (MF) Regulations. As per the SEBI (MF) Regulations, no investment management fees will be charged for such investments and aggregate inter

investment made by all Investment Strategies under the same management or in Mutual Funds under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.Further, the Investment Strategy shall not invest in any fund of funds scheme.

20. Inter Investment Strategy transfer of securities shall be in accordance with clause 13.19 of Master Circular as amended from time to time.

21. Pending deployment of funds of the Investment Strategy in securities in terms of the investment objectives of the Investment Strategy, the Fund may park the funds of the Investment Strategy in short term deposits of scheduled commercial banks subject to the following guidelines as specified by SEBI
    - "Short Term" for parking of funds shall be treated as a period not exceeding 91 calendar days.
    - Short Term deposits shall be held in the name of the Investment Strategy.
    - Total investment of the Investment Strategy in short term deposit(s) of all the Scheduled Commercial Banks put together shall not exceed 15% of the net assets. However, this limit can be raised upto 20% of the net assets with prior approval of the Board of Trustees.
    - Investments in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Specialized Investment Fund in short term deposits.
    - The Investment Strategy shall not park more than 10% of the net assets in short term deposit(s) of any one scheduled commercial bank including its subsidiaries.
    - The Investment Strategy shall not park in short term deposit of a bank which has invested in the Investment Strategy. Trustees/ AMC shall also take steps to ensure that a bank in which the Investment Strategy has short term deposit does not invest in the Investment Strategy until the Investment Strategy has short term deposit with such bank.
    - No investment management and advisory fees will be charged for such investments in the Investment Strategy.
    - The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash market.

22. The Investment Strategy shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/ redemption of units or payment of interest to the unit holders. Such borrowings shall not exceed more than 20% of the net assets of the Investment Strategy and the duration of the borrowing shall not exceed a period of 6 months.

23. Specialized investment fund may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the Investment Strategy. In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the Investment Strategy. However, if Specialized Investment Fund are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned above.

24. The Investment Strategy will comply with any other Regulation applicable to the investments of mutual funds from time to time.

25. In terms of clause 1.7.3 of Master Circular as amended from time to time, NFO proceeds may be deployed in Tri-Party Repos on Government securities or treasury bills (TREPS) before the closure of NFO period. However, no investment management and advisory fees will be charged on funds deployed in TREPS during the NFO period. Further, the appreciation received from investment in TREPS shall be passed on to the investors. In case the minimum subscription amount is not garnered by the Investment Strategy

during the NFO period, the interest earned upon investment of NFO proceeds in TREPS shall be returned to investors, in proportion of their investments, along with the refund of the subscription amount.

The AMC / Trustee may alter these above stated restrictions from time to time to the extent the SEBI (MF) Regulations change, so as to permit the Investment Strategy to make its investments in the full spectrum of permitted investments for Specialized Investment Funds to achieve its respective investment objective. The AMC/Trustee may from time to time alter these restrictions in conformity with the SEBI (MF) Regulations. Further, apart from the investment restrictions prescribed under SEBI (MF) Regulations, the Fund may follow any internal norms vis-à-vis restricting/ limiting exposure to a particular scrip or sector, etc.

All investment restrictions shall be applicable at the time of making investment.

C. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the Investment Strategy, in terms of Clause 1.9 of Master Circular read with Regulation 29(9) (c) of the SEBI (MF) Regulations:

(i) Type of a Investment Strategy

- An open ended equity Investment Strategy predominantly investing in Ex-Top 100 Long-Short stocks.
- Equity Ex-Top 100 Long-Short Fund

(ii) Investment objective

- **Main Objective** - Please refer to section **'Investment Objective'** under **Section I, Part I – Highlights/Summary Of The Investment Strategy**
- **Investment pattern** - Please refer to section '**How will the Investment Strategy Allocate its Assets?'** under **Section I, Part II, Clause A**

(iii) Terms of Issue

(a) **Liquidity provisions such as listing, repurchase, redemption.** For further details, please refer to section **"Other Investment Strategy Specific Disclosures"** under **Section II, Part II, Clause D**

b) **Aggregate Fees and expenses charged to the Investment Strategy**. For further details, please refer to section **"Annual Investment Strategy Recurring Expenses"** under **Section I, Part III, Clause B**

c) **Any safety net or guarantee provided.** This Investment Strategy does not provide any guaranteed or assured return.

Changes in Fundamental Attributes:

In accordance with Regulation 22 (9) (c) of the SEBI (MF) Regulations, read with clause 1.2.2.a, 1.9.2 and 22.10 of Master Circular, the Trustee and AMC shall ensure that no change in the fundamental attributes of the Investment Strategy and the Plan(s)/Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Investment Strategy and the Plan(s)/ Option(s) thereunder affect the interest of Unit holders is carried out by the AMC unless:

- SEBI has reviewed and provided its comments on the proposal
- A written communication about the proposed change is sent to each Unit holder
- A notice shall be given in respect of such changes which shall be displayed on the webpage of the SIF i.e. https://hsif.hdfcfund.com/ ; and
- The Unit holders are given an option for a period of atleast 30 calendar days to exit at the prevailing Net Asset Value without any exit Load.

D. FLOORS AND CEILING WITHIN A RANGE OF 5% OF THE INTENDED ALLOCATION AGAINST EACH SUB CLASS OF ASSET, AS PER CLAUSE 14.5 OF SEBI MASTER CIRCULAR:

Not applicable

E. OTHER INVESTMENT STRATEGY SPECIFIC DISCLOSURES:

Listing and transfer of units	Being an open ended Investment Strategy under which Sale and Redemption of Units will be made on continuous basis by the AMC (subject to completion of lock-in period, if any), the Units of the Investment Strategy are not proposed to be listed on any stock exchange. However, the AMC may at its sole discretion list the Units under the Investment Strategy on one or more stock exchange at a later date. The Units of the Investment Strategy in Demat mode are freely transferable. Units held in Statement of Account (SoA) mode may be transferred subject to prevailing AMFI / SEBI guidelines from time to time. Units held in Demat form are transferable in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time." For more details, refer SAI.
Dematerialization of units	The Unit holders would have an option to hold the Units in demat form or account statement (non-demat) form. Units held in Demat Form are freely transferable. The Applicant intending to hold Units in demat form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units.
Minimum Target amount (This is the minimum amount required to operate the investment strategy and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return.)	The minimum subscription amount to be raised by the Investment Strategy at the time of new fund offer shall be Rs.10 crore. In case the SIF fails to collect the minimum subscription amount of Rs. 10 Crores under the Investment Strategy, the SIF and the AMC shall be liable to refund the subscription amount to the Applicants of the Investment Strategy.
Redemption and subscription frequency of the investment strategy	<u>Subscription</u> The subscription frequency of investment strategy shall be daily. <u>Redemption:</u> The redemption frequency of the investment strategy shall be daily. The Trustees reserves the right to change the Subscription/Redemption frequency in future, subject to SEBI regulations and any other law, as applicable.

Notice period of the investment strategy	Not applicable
Maximum amount to be raised (if any)	There is no maximum amount.
IDCW Policy	The Trustee may decide to declare distributions under the IDCW Option of the Investment Strategy subject to availability of distributable surplus. For IDCW Options having a defined frequency, the Trustee at its sole discretion may also declare interim distributions between two successive record dates. The declaration / actual payment of IDCW and the frequency thereof will depend on the availability of distributable surplus computed in accordance with SEBI (MF) Regulations. The decision of the Trustee in this regard shall be final. IDCW, if declared, will be paid (subject to deduction of tax at source, if any) to those Unit holders whose names appear in the Register of Unit holders on the record date. In case of units held in dematerialized mode, the Depositories (NSDL/CDSL) will provide the list of eligible demat account holders and the number of units held by them in electronic form on the Record date to the Registrars and Transfer Agent of the Mutual Fund. There is no assurance or guarantee to Unit holders as to the rate/quantum of IDCW distribution nor that IDCW will be paid regularly. On payment of IDCW, the NAV will stand reduced by the amount of IDCW and Dividend distribution tax /statutory levy (if applicable) paid. The Trustee/ AMC reserves the right to change the record date from time to time. **IDCW Distribution Procedure** In accordance with clause 12.5 of Master Circular, the procedure for IDCW Distribution would be as under: 1. Quantum of IDCW and the record date will be fixed by the Trustee in their meeting. IDCW so decided shall be paid, subject to availability of distributable surplus. 2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the IDCW including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated. 3. The Record Date will be 2 working days from the date of publication in at least one English newspaper or in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, whichever is issued earlier. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of Unit holders maintained by the Mutual Fund/ statement of beneficial ownership maintained by the Depositories, as applicable, for receiving IDCW. 4. The notice will, in font size 10, bold, categorically state that pursuant to payment of IDCW, the NAV of the Investment Strategy would fall to the extent of payout and statutory levy (if applicable). 5. The NAV will be adjusted to the extent of IDCW distribution and statutory levy, if any, at the close of business hours on record date.

	6. Before the issue of such notice, no communication indicating the probable date of IDCW declaration in any manner whatsoever will be issued by Mutual Fund. The requirement of giving notice shall not be applicable for IDCW Options having frequency upto one month.
Allotment	All Applicants whose monies towards purchase of Units have been realised by the Fund will be allotted units within 5 working days, provided the applications are complete in all respects and are found to be in order. Units will be allotted in dematerialized form if so requested by the unit holder in the application form. In all other cases, statement of account showing the number of units allotted will be issued. Any application for subscription of units may be rejected if found invalid, incomplete or due to unavailability of underlying securities, etc. For applicants applying through **'APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA)',** on allotment, the amount will be unblocked in their respective bank accounts and account will be debited only to the extent required to pay for allotment of Units applied in the application form. Units will be allotted upto 3 decimals. Face Value per unit of all Plans/ Options under the Investment Strategy is Rs. 10. Applicants under the Investment Strategy will have an option to hold the Units either in physical form (i.e. account statement) or in dematerialized form. Accordingly, the AMC shall allot units either in physical form (i.e. account statement) or in dematerialized form within 5 working days from the date of closure of the NFO period / date of receipt of initial application during Continuous Offer Period. **Dematerialization** The Applicants intending to hold the Units in dematerialized mode will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL/CDSL and will be required to mention in the application form DP's Name, DP ID No. and Beneficiary Account No. with the DP at the time of purchasing Units. The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically. Units held in demat form are freely transferable. If the Unit holder desires to hold the Units in a Dematerialized / Rematerialized form at a later date, the request for conversion of units held in Account Statement (non demat) form into Demat (electronic) form or vice versa should be submitted alongwith a Demat/Remat Request Form to their Depository Participants. The AMC shall issue units in dematerialized form to a unit holder in a Investment Strategy within two working days of the receipt of request from the unit holder to convert his units in demat form. All Units will rank pari passu, among Units within the same Option in the Investment Strategy concerned as to assets and liabilities, earnings and the receipt of IDCW distributions, if any, as may be declared by the Trustee. **Allotment Confirmation**

	An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 working days of the closure of the NFO Period / date of receipt of valid application during Continuous Offer Period to the Unit holder's registered e-mail address and/or mobile number. Note: Allotment of units will be done after deduction of applicable stamp duty and other charges, if any.
Refund	In case the investment strategy fails to collect the minimum subscription amount of Rs. 10 Crore, the AMC shall be liable to refund the subscription amount to the Applicants. Refunds of subscription money, if any, shall be completed within 5 working days from the closure of the New Fund Offer Period. No Interest will be payable by the AMC on any subscription money refunded within 5 working days from the closure of the New Fund Offer Period. Interest on subscription amount will be payable for amounts refunded by the AMC later than 5 working days from the closure of the New Fund Offer Period at the rate of 15% per annum for the period in excess of 5 working days and will be charged to the AMC. Note: For the purpose of allotment of units / refund of monies under NFO the term "working days" shall include Business Days but shall not include Holidays.
Who can invest This is an indicative list and investors shall consult their financial advisor to ascertain whether the Investment Strategy is suitable to their risk profile.	The following persons (i.e. an indicative list of persons) are eligible and may apply for subscription to the Units of the Investment Strategy provided they are not prohibited by any law/Constitutive documents governing them: 1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis; 2. Karta of Hindu Undivided Family (HUF); 3. Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) or a court appointed legal guardian. There shall not be any joint holding in a minor's folio. Payment for investment shall be accepted from the bank account of the minor, parent or legal guardian of the minor or from a joint account of the minor with the parent or legal guardian. 4. Partnership Firms & Limited Liability Partnerships (LLPs); 5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or bodies of individuals and societies registered under the Societies Registration Act, 1860, Co-Operative Societies registered under the Co-Operative Societies Act, 1912, One Person Company; 6. Banks & Financial Institutions; 7. Mutual Funds/Alternative Investment Funds registered with SEBI; 8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in Investment Strategy(s) under their trust deeds;

	9. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO)/Overseas Citizen of India (OCI) on repatriation basis or on non-repatriation basis; 10. Foreign Portfolio Investors (FPI) registered with SEBI in accordance with applicable laws; 11. Army, Air Force, Navy and other paramilitary units and bodies created by such institutions; 12. Council of Scientific and Industrial Research, India; 13. Multilateral Financial Institutions/Bilateral Development Corporation Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India; 14. Other Investment Strategies of H-SIF subject to the conditions and limits prescribed by SEBI (MF) Regulations; 15. Trustee, AMC, Sponsor and their associates may subscribe to Units under the Investment Strategy; 16. Such other category of investors as may be decided by the AMC/Trustee from time to time provided their investment is in conformity with the applicable laws and SEBI (MF) Regulations. **Note:** 1. Non-Resident Indians ("NRIs"), Overseas Citizens of India ("OCIs") and Foreign Portfolio Investors ("FPIs") may invest in and redeem units of the Investment Strategy, on a repatriation or non-repatriation basis, as applicable, subject to their eligibility under the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019, the Foreign Exchange Management (Deposit) Regulations, 2016, and the applicable SEBI and RBI requirements, each as amended from time to time. Such investors shall comply with the prescribed mode of payment, bank-account, remittance, documentation, Know Your Client, beneficial-ownership, taxation and other applicable requirements. 2. In case of application(s) made by Individual Investors under a Power of Attorney, the original Power of Attorney or a duly notarized copy should be submitted. In case of applications made by Non-Individual Investors, the authorized signatories/officials of such Non-Individual investors should sign the application under their official designation and as per the authority granted to them under their Constitutive Documents/Board resolutions, etc. A list of specimen signatures of the authorized officials, duly certified/attested should also be attached to the Application Form. The Fund/AMC/Trustees shall deem that the investments made by the Investors are not prohibited by any law/Constitutive documents governing them and they possess the necessary authority to invest/transact.

	3. Investors desiring to invest/transact in Investment Strategies are required to mandatorily furnish PAN (PAN of the guardian in case minor does not have a PAN) and comply with the KYC norms applicable from time to time. Under the KYC norms, Investors are required to provide prescribed documents for establishing their identity and address including in case of non-individuals copy of the Memorandum and Articles of Association/bye-laws/trust deed/partnership deed/Certificate of Registration along with the proof of authorization to invest, as applicable, to the KYC Registration Agency (KRA) registered with SEBI. The Fund/AMC/Trustees/other intermediaries will rely on the declarations/affirmations provided by the Investor(s) in the Application/Transaction Form(s) and the documents furnished to the KRA that the Investor(s) is permitted/authorised by the Constitution document/their Board of Directors etc. to make the investment/transact. Further, the Investor shall be liable to indemnify the Fund/AMC/Trustee/other intermediaries in case of any dispute regarding the eligibility, validity and authorization of the transactions and/or the applicant who has applied on behalf of the Investors. The Fund/AMC/Trustee reserves the right to call for such other information and documents as may be required by it in connection with the investments made by the investor. Where the Units are held by a Unit holder in breach of any Regulations, AMC/the Fund may effect compulsory redemption of such units. 4. Returned cheques may not be presented again for collection, and the accompanying application forms are liable to be rejected by the AMC. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor. 5. The Trustee reserves the right to recover from an investor any loss caused to the Investment Strategy on account of dishonour of cheques issued by the investor for purchase of Units of this Investment Strategy. 6. Subject to the SEBI (MF) Regulations, the Trustee may inter-alia reject any application for the purchase of Units if the application is invalid or incomplete or non-permissible under law or if the AMC/Trustee for any other reason to believe that it would not be in the best interest of the Investment Strategy or its Unitholders to accept such an application.
Who cannot invest	The persons/entities as specified under section **"Who Can Invest?"** shall not be eligible to invest in the Investment Strategy, if such persons/entities are: 1. United States Person (U.S. person*) as defined under the extant laws of the United States of America, except the following: a. NRIs/PIOs may invest/transact, in the Investment Strategy, when present in India, as lump sum subscription, redemption and/or switch transaction, including registration of systematic transactions only through physical form and upon submission of such additional documents/undertakings, etc., as may be stipulated by AMC/Trustee from time to time and subject

	to compliance with all applicable laws and regulations prior to investing in the Investment Strategy. b. FPIs may invest in the Investment Strategy as lump sum subscription and/or switch transaction (other than systematic transactions) through submission of physical form in India, subject to compliance with all applicable laws and regulations and the terms, conditions, and documentation requirements stipulated by the AMC/Trustee from time to time, prior to investing in the Investment Strategy. The Trustee/AMC reserves the right to put the transaction requests received from such U.S. person on hold/reject the transaction request/redeem the units, if allotted, as the case may be, as and when identified by the AMC that the same is not in compliance with the applicable laws and/or the terms and conditions stipulated by Trustee/AMC from time to time. Such redemptions will be subject to applicable taxes and exit load, if any. The physical application form(s) for transactions (in non-demat mode) from such U.S. person will be accepted ONLY at the Investor Service Centres (ISCs) of HDFC Asset Management Company Limited (HDFC AMC). Additionally, such transactions in physical application form(s) will also be accepted through Distributors and other platforms subject to receipt of such additional documents/undertakings, etc., as may be stipulated by AMC/Trustee from time to time from the Distributors/Investors. 2. Residents of Canada; 3. Investor residing in any Financial Action Task Force (FATF) designated High Risk jurisdiction. *The term "U.S. person" means any person that is a U.S. person within the meaning of Regulations under the Securities Act of 1933 of U.S. or as defined by the U.S. Commodity Futures Trading Commission or as per such further amended definitions, interpretations, legislations, rules etc, as may be in force from time to time.
How to Apply and other details	The Applications Forms are available at Investor Service Centres (ISCs)/Official Points of Acceptance (OPAs) of Mutual Fund and/or may be downloaded from the webpage of SIF. The application forms should be submitted at ISCs /OPAs. OPAs include various Distributors, Registered Investment Advisers (RIAs), Portfolio Managers, Execution only Platforms (EOPs), Stock Exchange Platforms and other transaction platforms with whom AMC has entered into tie up to accept transactions from their customers. Refer back cover page for contact details of Registrar and Transfer Agent (CAMS), brief details various official points of acceptance, collecting bankers during NFO (if any), etc. The list of the ISCs/ OPAs, of the Mutual Fund is provided on the webpage of the SIF. i.e. https://hsif.hdfcfund.com/.

	For further details, please refer to the SAI and Application form available on the webpage for the instructions. It is mandatory for investors to mention bank account numbers in their applications/requests for redemption.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the Investment Strategy or the AMC) involved in the same.	Presently, the AMC does not intend to reissue the repurchased units. However, the Trustee reserves the right to reissue the repurchased units at a later date after issuing adequate public notices and taking approvals, if any, from SEBI.
Restrictions, if any, on the right to freely retain or dispose of units being offered.	**Subscription**: In the interest of the investors and in order to protect the portfolio from market volatility, the Trustees reserve the right to limit or discontinue subscriptions under the Investment Strategy for a specified period of time or till further notice subject to SEBI Regulations and any other laws applicable from time to time **Redemption**: Suspension or restriction of repurchase/ redemption facility under any Investment Strategy of the mutual fund shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees except for complying with Minimum Investment Threshold. After obtaining the approval from the AMC Board and the Trustees, intimation would be sent to SEBI in advance providing details of circumstances and justification for the proposed action shall also be informed.
Cut off timing for subscriptions/ redemptions/ switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.	The below cut-off timings and applicability of NAV shall be applicable in respect of valid applications received at the Official Point(s) of Acceptance on a Business Day: **A] For Purchase (including switch-in) of any amount:** ● In respect of valid applications received upto 3.00 p.m. and where the funds for the entire amount are available for utilization before the cut-off time i.e. credited to the bank account of the Investment Strategy before the cut-off time - the closing NAV of the day shall be applicable. ● In respect of valid applications received after 3.00 p.m. and where the funds for the entire amount are credited to the bank account of the Investment Strategy either at any time on the same day or before the cut-off time of the next Business Day i.e. available for utilization before the cut-off time of the next Business Day - the closing NAV of the next Business Day shall be applicable. ● Irrespective of the time of receipt of application, where the funds for the entire amount are credited to the bank account of the Investment Strategy before the cut-off time on any subsequent Business Day i.e. available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable. **B] For Switch-ins of any amount:** For determining the applicable NAV, the following shall be ensured: ● Application for switch-in is received before the applicable cut-off time.

	• Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the Investment Strategy before the cut-off time. • The funds are available for utilization before the cut-off time. • In case of 'switch' transactions from one Investment Strategy to another, the allocation shall be in line with redemption payouts. In case of switches, the request should be received on a day which is a Business Day for the Switch-out Investment Strategy. Redemption for switch-out shall be processed at the applicable NAV as per cut-off timing. Switch-in will be processed at the Applicable NAV (on a Business Day) based on realization of funds as per the redemption pay-out cycle for the switch-out Investment Strategy. For investments through systematic investment routes such as Systematic Investment Plans (SIP), Systematic Transfer Plans (STP) etc. the units will be allotted as per the closing NAV of the day on which the funds are available for utilization by the Target Investment Strategy irrespective of the installment date of the SIP, STP or record date of IDCW etc. While the AMC will endeavour to deposit the payment instruments accompanying investment application submitted to it with its bank expeditiously, it shall not be liable for delay in realization of funds on account of factors beyond its control such as clearing / settlement cycles of the banks. Since different payment modes have different settlement cycles including electronic transactions (as per arrangements with Payment Aggregators / Banks / Exchanges etc), it may happen that the investor's account is debited, but the money is not credited within cut-off time on the same date to the Investment Strategy's bank account, leading to a gap / delay in Unit allotment. Investors are therefore urged to use the most efficient electronic payment modes to avoid delays in realization of funds and consequently in Unit allotment. **C] For Redemption (including switch-out) applications** • In respect of valid applications received upto 3 p.m. on a Business Day by the Fund, same day's closing NAV shall be applicable. • In respect of valid applications received after 3 p.m. on a Business Day by the Fund, the closing NAV of the next Business Day shall be applicable. **Transactions through online facilities / electronic modes:** The time of transaction done through various online facilities / electronic modes offered by the AMC, for the purpose of determining the applicability of NAV, would be the time when the request for purchase / sale / switch of units is received in the servers of AMC/RTA. The AMC has the right to amend cut off timings subject to SEBI (MF) Regulations for the smooth and efficient functioning of the Investment Strategy.
Where can the applications for purchase/redemption switches be submitted?	Please refer the AMC's SIF Webpage at the following link for the list of official points of acceptance, collecting banker details etc. https://hsif.hdfcfund.com/ For further details, refer to how to apply section.

Minimum amount for purchase/redemption/switches	**Minimum amount for Purchase/Redemption (including Switch-in/out):** For details refer section **'Highlights / Summary of the Investment Strategy'.** Note: Provisions for minimum amount of purchase / redemptions are not applicable in case of mandatory investments by the Designated Employees of the AMC in accordance with clause 7.14 of Master Circular. There will be no minimum redemption criterion for Unit based redemption. The Redemption / Switch-out would be permitted to the extent of credit balance in the Unit holder's account of the Plan(s) / Option(s) of the Scheme (subject to completion of Lock-in period or release of pledge / lien or other encumbrances). The Redemption / Switch-out request can be made by specifying the rupee amount or by specifying the number of Units of the respective Plan(s) / Option(s) to be redeemed. In case a Redemption / Switch-out request received is for both, a specified rupee amount and a specified number of Units of the respective Plan(s)/ Option(s), the specified number of Units will be considered the definitive request. In case the value / number of available units held in the Unit holder's folio / account under the Plan / Option of the Scheme is less than the amount / number of units specified in the redemption / switchout request, then the transaction shall be treated as an 'all units' redemption and the entire balance of available Units in the folio / account of the Unit holder under the stated Plan / Option of the Scheme shall be redeemed. The redemption will be subject to compliance with provisions mentioned under "Minimum investment threshold". Aggregate investment by an investor across all investment strategies offered by H-SIF, at the Permanent Account Number ('PAN') level and holding-pattern level, shall not be less than Rs.10,00,000/-.
Minimum threshold requirement and consequences of non-maintenance	The SIF shall not accept from an investor, an investment amount less than Rs.10,00,000/- across all investment strategies. Minimum amount for accredited investor: Rs. 10,000 and in multiples of Re. 1/- thereafter. 1. The AMC shall ensure that an aggregate investment by an investor across all investment strategies offered by the SIF, at the Permanent Account Number ('PAN') level and holding-pattern level, is not less than Rs. 10,00,000/- and/or multiples thereof. 2. The Minimum Investment Threshold of Rs. 10,00,000/- shall apply exclusively to investments under SIF and shall not include investments made by the investor in schemes of Mutual Fund of the same AMC. 3. The AMC shall offer systematic investment options such as Systematic Investment Plan for investment strategies launched under the SIF, while ensuring compliance with the Minimum Investment Threshold. Breach of Minimum Investment Threshold

	1. The AMC shall ensure that the investor's total investment value does not fall below the Minimum Investment Threshold due to redemption transactions initiated by the investor. 2. Passive breaches like fall in valuations due to market movements shall not be treated as a violation of the Minimum Investment Threshold. However, if the total investment value falls below the threshold due to a passive breach, the investor shall only be permitted to redeem the entire remaining investment amount from the SIF.
Accounts Statements	The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form). A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds and holdings at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month on registered email address on or before 12th of the succeeding month and by 15th of the succeeding month for those who have opted for physical copy. Half-yearly CAS shall be issued to all investors providing the prescribed details across all mutual funds and securities held in dematerialized form across demat accounts, if applicable, at the end of every six months (i.e. September/ March) on or before 18th day of succeeding month on registered email address and 21st day of succeeding month through physical copy for those who do not have registered email addresses. For further details, refer SAI.
IDCW (Dividend)	The payment of IDCW (Dividend) to the unitholders shall be made within seven working days from the record date or as per timelines prescribed by SEBI/ AMFI from time to time.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from the date of redemption or repurchase or such other timelines as may be specified by SEBI / AMFI from time to time in case of exceptional circumstances or otherwise. For details refer para 15.3.3 of Master Circular.
Bank Mandate	**BANK DETAILS** In order to protect the interest of Unit holders from fraudulent encashment of redemption / IDCW cheques, SEBI has made it mandatory for investors to provide their bank details viz. name of bank, branch, address, account type and number, etc. to the Mutual Fund. Payment will be made only in the Bank Account registered with the Mutual Fund. In case of units held in demat mode, payment will be made to the bank account linked to the demat account. The bank account registered in the folio of a minor should be that of the minor or should be a joint account of the minor with the guardian. Applications without complete bank details shall be rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques/ warrants and/ or any delay/ loss in transit.

	• **Multiple Bank Accounts Registration** The AMC/ Mutual Fund provides a facility to the investors to register multiple bank accounts (currently upto 5 for Individuals and 10 for Non - Individuals) for receiving redemption/ IDCW proceeds etc. by providing necessary documents. Investors must specify any one account as the "Default Bank Account". • **Change in Bank Account** For investors holding units in demat mode, the procedure for change in bank details would be as determined by the depository participant. For investors holding units in non-demat mode, the Unit holders may change their bank details registered with the Mutual Fund by submitting 'Multiple Bank Account Registration Form' or a standalone separate Change of Bank Details Form.
Delay in payment of redemption /repurchase proceeds/dividend	The AMC shall be liable to pay interest to the Unit holders at 15% or such other rate as may be prescribed by SEBI from time to time, in case the redemption/ repurchase/ IDCW proceeds are not transferred within the prescribed timeline. However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC / Trustee is required to obtain from the investor / unit holders verification of identity or such other details relating to subscription for Units under any applicable law or as may be required by a regulatory body or any government authority, which results in delay in processing the application.
Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount	The unclaimed Redemption and IDCW amounts (the funds) are currently deployed by the Mutual Fund only in TREPS. However, the same may be deployed in other permissible instruments such as call money market or money market instruments or in a separate plan specifically launched under Overnight/Liquid/ Money Market Mutual Fund Investment Strategies to deploy unclaimed Redemption and IDCW amounts. Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. The details of such unclaimed redemption/IDCW amounts are made available to investors upon them providing proper credentials, on webpage of the SIF and AMFI along with the information on the process of claiming the unclaimed amount and the necessary forms/documents required for the same. Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), will be separately disclosed to investors through the periodic statement of accounts/Consolidated Account Statement sent to the investors. Further, the investment management fee charged by the AMC for managing the said unclaimed amounts shall not exceed 50 basis points.
Disclosure with respect to investment by minors	Investments (including through existing SIP registrations) in the name of minors shall be permitted only from bank account of the minor, parent or legal

	guardian of the minor or from a joint account of the minor with the parent or legal guardian. It is reiterated that the redemption/ Income Distribution cum Capital Withdrawal (IDCW) proceeds for investments held in the name of Minor shall continue to be transferred to the verified bank account of the minor (i.e. of the minor or joint account of minor with parent/ legal guardian) only. Therefore, investors must ensure to update the folios with minor's bank account details as the 'Pay-out Bank account' by providing necessary documents before tendering redemption requests / for receiving IDCW distributions. **MINOR ATTAINING MAJOR STATUS** The Mutual Fund/AMC will register SIP/STP/SWAP/or any other systematic enrollment in the folio held by a minor only till the date of the minor attaining majority, even though the instructions may be for a period beyond that date. Such enrollments will automatically stand terminated upon the Unit Holder attaining 18 years of age. For folios where the units are held on behalf of the minor, the account shall be frozen for operation by the guardian on the day the minor attains majority and no transactions shall be permitted till the requisite documents for changing the status of the account from 'minor' to 'major' are submitted.

III. OTHER DETAILS

A. PERIODIC DISCLOSURES

Sr. no.	Name of the Disclosure	Frequency	Timelines	Disclosed on	Link
1.	Half Yearly Results (Unaudited)	Half yearly	within one month from the close of each half year i.e. on 31st March and on 30th September.	H-SIF webpage AMFI	https://hsif.hdfcfund.com/ https://www.amfiindia.com/sif
2.	Annual Report	Annually	not later than four months from the date of closure of the relevant account's year (i.e. 31st March each year).	H-SIF webpage	https://hsif.hdfcfund.com/
3.	Portfolio Disclosure	Every Alternate Month	within 10 days from the close of each alternate month in a user friendly and	H-SIF webpage AMFI	https://hsif.hdfcfund.com/ https://www.amfiindia.com/sif/sif-online-center/portfolio-disclosure

			downloadable spreadsheet format.		
4.	Risk Band	Monthly	within 10 days from the close of each month.	H-SIF webpage AMFI	https://hsif.hdfcfund.com/ https://www.amfiindia.com/sif
5.	Investment Strategy Summary Documents	Monthly	To be updated on a monthly basis or on changes in any of the specified fields, whichever is earlier.	H-SIF webpage	https://hsif.hdfcfund.com/

B. SCENARIO ANALYSIS FOR DERIVATIVE POSITIONS (AS SPECIFED BY AMFI)

Below is scenario analysis of the Investment Strategy, depicting the expected loss to the investor due to market movements as prescribed by AMFI.

Equity Oriented Investment Strategies

The following table shows the performance of Nifty50 index and individual performance of other indices:	
Nifty50	**10.00%**
IT Sector	**-15.00%**
Banking Sector	**8.50%**

Total AUM of Investment Strategy	**₹ 10,00,00,000**

Scenario 1: Without any unhedged short derivative exposure

Portfolio		**Weight (NAV/Total NAV)**	**Net Asset Value(NAV)**	**PnL (Nifty up by 10%)**	**PnL (Nifty down by 10%)**
Equity	Nifty50	95.0%	₹ 9,50,00,000	₹ 95,00,000	₹ 95,00,000
Cash	-	5.0%	₹ 50,00,000	₹ -	₹ -
Total		**100.0%**	**₹10,00,00,000**	**₹ 95,00,000**	**₹ 95,00,000**
				9.50%	**-9.50%**

Scenario 2: 25% short exposure in IT Sector

Portfolio		Weight (NAV/Total NAV)	Net Asset Value(NAV)	PnL (Nifty up by 10%)	PnL (Nifty down by 10%)
Equity	Nifty50	70.0%	₹7,00,00,000	₹ 70,00,000	₹ 70,00,000
Unhedged Futures Short	IT Sector	25.0%	₹ 2,50,00,000	₹ 37,50,000	₹ 37,50,000
Cash		5.0%	₹ 50,00,000	₹ -	₹ -
Total		**100.00%**	**₹ 10,00,00,000**	**₹1,07,50,000**	**₹ 1,07,50,000**
				10.75%	**-10.75%**

Scenario 3: 25% short exposure in Banking Sector

Portfolio		Weight (NAV/Total NAV)	Net Asset Value(NAV)	PnL (Nifty up by 10%)	PnL (Nifty down by 10%)
Equity	Nifty50	70.0%	₹ 7,00,00,000	₹ 70,00,000	₹-70,00,000
Unhedged Futures Short	Banking Sector	25.0%	₹ 2,50,00,000	₹ - 21,25,000	₹ 21,25,000
Cash		5.0%	₹ 50,00,000	₹ -	₹ -
Total		**100.00%**	**₹ 10,00,00,000**	**₹ 48,75,000**	**₹-48,75,000**
				4.88%	**-4.88%**

Scenario 4: 15% short exposure in IT Sector and 10% short exposure in Banking sector

Portfolio		Weight (NAV/Total NAV)	Net Asset Value(NAV)	PnL (Nifty up by 10%)	PnL (Nifty down by 10%)
Equity	Nifty50	70.0%	₹ 7,00,00,000	₹ 70,00,000	₹ -70,00,000
Unhedged Futures Short	IT Sector	15.0%	₹ 1,50,00,000	₹ 22,50,000	₹-22,50,000
Unhedged Futures Short	Banking Sector	10.0%	₹ 1,00,00,000	₹8,50,000	₹ 8,50,000
Cash		5.0%	₹ 50,00,000	₹ -	₹ -
Total		**100.000%**	**₹ 10,00,00,000**	**₹ 84,00,000**	**₹ -84,00,000**
				8.40%	**-8.40%**

Note:

1	Equity Derivatives may include exchange traded Futures and Options on equity securities
2	NAV is representative of the market value at the asset level and aggregates to 100% at the fund level

C. LIQUIDITY RISK MANAGEMENT TOOLS AND ITS APPLICABILITY- NOT APPLICABLE

D. TRANSPARENCY/NAV DISCLOSURE

Net Asset Value This is the value per unit of the scheme on a particular day. You can ascertain the	The AMC will calculate and disclose the first NAVs of the Investment Strategy not later than 5 Business Days from the date of allotment of units under the NFO.

value of your investments by multiplying the NAV with your unit balance.	Subsequently, the AMC will calculate and disclose NAVs at the close of every Business Day. As required by SEBI, the NAVs shall be disclosed in the following manner: i) Displayed on the webpage of the SIF (https://hsif.hdfcfund.com/) ii) Displayed on the website of Association of Mutual Funds in India (AMFI) (www.amfiindia.com). iii) Any other manner as may be specified by SEBI from time to time. AMC shall update the NAVs on the webpage of the Fund and AMFI by 11.00 p.m. every Business day. In case of any delay in uploading on AMFI website, the reasons for such delay would be explained to AMFI and SEBI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs. Mutual Fund / AMC will provide facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

E. TRANSACTION CHARGES AND STAMP DUTY

Transaction Charges	No transaction charges shall be deducted from the subscription amount for transactions /applications received through the distributors (i.e. in Regular Plan).
Stamp Duty On Allotment/Transfer Of Units	Units of SIF issued against Purchase transactions (whether through lump-sum investments or SIP or STP or switch-ins or reinvestment under IDCW Option) would be subject to levy of stamp duty @ 0.005% of the amount invested. Transfer of SIF units (such as transfers between demat accounts) are subject to payment of stamp duty @ 0.015%. Stamp duty is charged pursuant to Notification No. S.O. 4419(E) dated December 10, 2019 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, and subsequent Notification dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India. The rate and levy of stamp duty may vary as amended from time to time. For further details, refer SAI.

F. ASSOCIATE TRANSACTIONS - Please refer to Statement of Additional Information (SAI)

G. TAXATION

For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

Equity oriented Funds[$]

Tax implications on distributed income by Mutual Funds^^:

Particulars	Resident Investors	Non-Resident Investors	Mutual Fund*
Dividend:			
TDS rate	10% (if dividend income exceeds INR 10,000 in a financial year)	20% + applicable Surcharge + Cess	Nil
Tax rates[1]	**Individual / HUF:** Applicable rates **Domestic Company**: 30% / 25%[2] / 22%[2] / 15%[2]	20%	Nil
Capital Gains[1 2]:			
Long Term (period of holding more than 12 months)	12.5% without indexation	12.5% without indexation and without foreign currency fluctuation benefits	Nil
Short Term (period of holding less than or equal to 12 months)	20%	20%	Nil

Notes:

[$]Equity oriented fund means:

a) a fund in which minimum 65% of total proceeds is invested in listed equity shares of domestic companies or

b) in a case where the fund invests in the units of another listed fund:

- minimum 90% of total proceeds is invested in the units of such other fund; and
- such other fund also invests minimum 90% of total proceeds in listed equity shares of domestic companies.

*The levy of tax on distributed income payable by Mutual Funds has been abolished w.e.f. April 1, 2020, and instead tax on income from mutual fund units in the hands of the unit holders at their applicable rates has been adopted.

[1]Tax rate to be increased by applicable surcharge and health and education cess at 4% on aggregate of base tax and surcharge.

[2]Subject to conditions as per the provisions of the Income-tax Act, 2025 (erstwhile Income-tax Act, 1961).

^^ The information set out is neither a complete disclosure of every material fact of the Income-tax Act, 2025 (erstwhile Income-tax Act, 1961). nor does it constitute tax or legal advice. Investors should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. The information/ data herein alone is not sufficient and shouldn't be used or should not be construed as any advice. In view of the individual nature of tax implications, investors should make his/her/their own investigation and/or are advised to consult their professional tax advisor. For further details on taxation, please refer to the Section on Taxation on investing in Mutual Funds in Statement of Additional Information {SAI}.

H. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

I. LIST OF OFFICIAL POINTS OF ACCEPTANCE:

AMC/ RTA offices - https://hsif.hdfcfund.com/

Other OPAs - https://hsif.hdfcfund.com/

J. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

Visit: https://hsif.hdfcfund.com/

Notes:

1. Any amendments / replacement / re-enactment of SEBI (MF) Regulations subsequent to the date of the Investment Strategy Information Document shall prevail over those specified in this Investment Strategy Information Document.
2. The Scheme Information Document is an updated version of the same in line with the current laws/ regulations and other developments.
3. **Notwithstanding anything contained in this Investment Strategy Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 2026 and circulars and the guidelines there under shall be applicable.**

	For and on behalf of the Board of Directors of **HDFC Asset Management Company Limited**
Place: Mumbai Date: November 20, 2026	**NAVNEET MUNOT** Managing Director and Chief Executive Officer

DETAILS OF OFFICIAL POINTS OF ACCEPTANCE (OPA) FOR HDFC MUTUAL FUND

FOR TRANSACTIONS THROUGH THE STOCK EXCHANGE(S) INFRASTRUCTURE

Units of the Investment Strategy shall be available for purchase / redemption / switch through stock exchange platform(s) as may be made available from time to time by NSE and/or BSE. Accordingly, investors may approach their stock brokers / registered investment advisers / mutual fund distributors /Depository Participant#, etc. for their transactions through the applicable platforms. The eligible AMFI certified stock exchange Brokers/ Clearing Members/ Depository Participants who have complied with the conditions stipulated in clause 17.2.2 of Master Circular for stock brokers viz. AMFI/ NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund or the stock exchange platform (for transactions from RIAs, MFDs who are not stock brokers and Investors directly accessing stock exchange platform) will be eligible to be considered as Official Points of Acceptance (OPA).

For Processing only Redemption Request of Units Held in Demat Form.

FOR TRANSACTIONS THROUGH MF UTILITIES INDIA PRIVATE LIMITED ('MFU')

Both financial and non-financial transactions pertaining to Investment Strategies of H-SIF can be done through MFU at the authorized Points of Service ("POS") of MFU. The details of POS published on MFU website at www.mfuindia.com will be considered as Official Point of Acceptance (OPA) for transactions in the Scheme.

TRANSACTIONS THROUGH "CHANNEL PARTNERS"

Investors may enter into an agreement with certain distributors/ Registered Investment Advisers (RIAs) / Portfolio Managers / Execution Only Platforms (EOPs) (with whom AMC also has a tie up) singly and collectively referred to as "Channel Partners" who provide the facility to investors to transact in units of mutual funds through various modes such as their website / other electronic means or through Power of Attorney/agreement/ any such arrangement in favour of the Channel Partners, as the case may be.

Under such arrangement, the Channel Partners will forward the details of transactions (viz. subscriptions/redemptions/switches) of investors electronically to the AMC / RTA for processing on daily basis as per the cut-off timings applicable to the relevant schemes and in accordance with applicable SEBI / AMFI circulars issued from time to time.

FOR TRANSACTIONS IN ELECTRONIC FORM

Eligible investors can undertake any transaction, including purchase / redemption / switch and avail of any services as may be provided by HDFC Asset Management Company Limited (AMC) from time to time through the online/electronic modes (including email) via various sources like its official website - https://hsif.hdfcfund.com/, mobile handsets, designated email-id(s), etc. Additionally, this will also cover transactions submitted in electronic mode by specified banks, financial institutions, distributors viz. Channel Partners, etc. on behalf of investors, with whom AMC has entered or may enter into specific arrangements or directly by investors through secured internet sites operated by CAMS or other electronic platforms. The servers including email servers (maintained at various locations) of AMC and CAMS or any other service provider/transaction platform with whom the AMC has tied up for this purpose will be the official point of acceptance for all such online / electronic transactions. For the purpose of determining the applicability of NAV, the time when the request for purchase / sale / switch of units is received in the servers of AMC/ RTA or such other service provider/ transaction platform, shall be considered.

TRANSACTIONS ON CALL

Transact On call ("**the Facility**") enables Investors to undertake Eligible Transaction(s) on phone / Interactive Voice Response (IVR) as may decided from time to time by the Fund, through its Authorized Call Centre(s), in relation to the Eligible Scheme(s) of the Fund. Accordingly, the Authorized Call Centre(s) of the Fund shall act as Official Point(s) of Acceptance of transactions under the Facility.

The detailed Terms and Conditions which govern the use of the Facility from time to time shall be made available on the website of the Fund viz. https://hsif.hdfcfund.com/ . The Investors should carefully read the Terms and conditions before placing / confirming any transaction requests on phone.

TRANSACTIONS AT AMC AND RTA OFFICES

Offices of AMC (excluding Business Centres) and RTA i.e. Investor Service Centres (ISCs) and CAMS Transaction Points (TPs) and Limited Transaction Points (LTPs) shall act as the OPAs to accept transactions in schemes of HDFC Mutual Fund. For their addresses, visit: https://hsif.hdfcfund.com/



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e-mail for Distributors: sifpartners@hdfcfund.com
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Registrar and Transfer Agent - Computer Age Management Services Limited (CAMS)
(Unit: HDFC Mutual Fund)
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