



HDFC CAPITAL BUILDER FUND

(An Open-ended Growth Scheme)

A fund that generally invests in strong companies
which are below their fair value.

Toll Free No.: 1 800 233 6767
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Continuing a tradition of trust.

Stock referred in the pictorial above are purely illustrative and are not recommended by HDFC Mutual Fund/ HDFC Asset Management Company Ltd. The Fund may or may not have any present or future positions in these stocks.

Registered Office: Ramon House, 3rd Floor, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020. Tel.: 022-6631 6333. Fax: 022-2282 1144.

Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved and the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsors and their affiliates / AMC / Mutual Fund and its Scheme(s) do not indicate the future performance of the Scheme of the Mutual Fund. There is no assurance or guarantee to unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. Investors in the Scheme are not being offered any guaranteed / assured returns. The NAV of the units issued under the Scheme may be affected, inter-alia by changes in the interest rates, trading volumes, settlement periods, transfer procedures and performance of individual securities. The NAV will inter-alia be exposed to Price / Interest Rate Risk and Credit Risk. **HDFC Capital Builder Fund, an open-ended growth scheme is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme, its future prospects and returns. Please read the Scheme Information Document and Statement of Additional Information before investing. Investment Objective:** To achieve capital appreciation in the long term. HDFC Capital Builder Fund benchmarked to S&P CNX 500 Index is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). IISL is not responsible for any errors or omissions or the results obtained from the use of such index and in no event shall IISL have any liability to any party for any damages of whatsoever nature (including lost profits) resulted to such party due to purchase or sale or otherwise of such product benchmarked to such index. **Terms of Issue:** Applications for subscriptions/redemptions/switches would be accepted at official points of acceptance on all Business Days at NAV based prices. The AMC will calculate and publish NAV on all Business Days. **Statutory Details:** HDFC Mutual Fund has been set up as a trust sponsored by Housing Development Finance Corporation Limited and Standard Life Investments Limited (liability restricted to their contribution of ₹ 1 lakh each to the corpus) with HDFC Trustee Company Limited as the Trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited as the Investment Manager.

HDFC Capital Builder Fund

(An Open-ended Growth Scheme)

HDFC Capital Builder Fund, an open-ended growth scheme, aims to invest in strong companies at prices that are below fair value in the opinion of the Fund Manager.

The Scheme defines a 'strong company' as one that has the following characteristics:

- Strong management, characterised by competence and integrity
- Strong position in its business (preferably market leadership)
- Efficiency of operations, as evidenced by profit margins and asset turnover, compared to its peers in the industry
- Working capital efficiency
- Consistent surplus cash generation
- High profitability indicators (returns on funds employed)

In common parlance, such companies are also called 'Blue Chips'

The Scheme defines (reasonable prices) as:

- a market price quote that is around 30% lower than its value, as determined by the discounted value of its estimated future cash flows
- a P/E multiple that is lower than the company's sustainable return on funds employed
- a P/E growth ratio that is lower than those of the company's competitors
- in case of companies in cyclical businesses, a market price quote that is around 50% lower than its estimated replacement cost.

The Scheme does not consider it essential for all companies in the portfolio to satisfy all these criteria. These are used as guidelines for assessing the valuation of companies.

The investment approach is based on the philosophy that value may be uncovered only where the crowd has not discovered it yet. In the opinion of the fund managers such value exists in good quality well managed "neglected" stocks, with an equitable mix of large and small companies. Guided by the belief that earnings drive stock prices, the companies in the portfolio exhibit potential for earnings momentum and attractive valuations.

INVESTMENT OBJECTIVE:

To achieve capital appreciation in the long term.

FEATURES:

Asset Allocation: Equity & Equity related instruments: upto 100%; Debt Securities and Money Market Instruments: not more than 20% (Securitized Debt upto 20% of Net Assets).

Options: Growth & Dividend. The Dividend Option offers Dividend Payout & Reinvestment facility.

Minimum Application Amount (Under each Option):

- Purchase: ₹ 5,000 and any amount thereafter.
- Additional Purchase: ₹ 1,000 and any amount thereafter.

LOAD STRUCTURE:

Entry Load: Not Applicable.

Upfront commission shall be paid directly by the investor to the ARN Holder (AMFI registered Distributor) based on the investors' assessment of various factors including the service rendered by the ARN Holder.

Exit Load:

• In respect of each purchase / switch-in of units, an Exit Load of 1.00% is payable if Units are redeemed / switched-out within 1 year from the date of allotment.

• No Exit Load is payable if Units are redeemed / switched-out after 1 year from the date of allotment.

No Entry / Exit load shall be levied on bonus units & units allotted on dividend reinvestment.

The Trustee reserves the right to change/modify the load structure from a prospective date, subject to SEBI (Mutual Funds) Regulations, 1996.

NAV (as at September 30, 2010)

	NAV per Unit (₹)
Growth Option	117.837
Dividend Option	28.544

Relative Performance ^ (Growth Option)-as at September 30, 2010

Date	Period	NAV per Unit (₹)	Returns (%) ^	Benchmark Returns (%) #
September 30, 2009	Last 1 Year (365 days)	85.948	37.10	19.58
September 28, 2007	Last 3 Years (1098 days)	83.094	12.31	5.53
September 30, 2005	Last 5 Years (1826 days)	48.846	19.25	16.70
September 29, 2000	Last 10 Years (3653 days)	11.770	25.88	18.18
February 1, 1994	Since Inception (6085 days)	10.000	15.95	9.63

^Past performance may or may not be sustained in the future

Above returns are compounded annualized (CAGR).

#S&P CNX 500

Benefits of Systematic Investment Plan (SIP)

To illustrate the advantages of SIP investments, this is how your investments would have grown if you had invested say ₹ 1,000 systematically on the first Business Day of every month over a period of time.

SIP Investments	Since Inception SIP	10 Year SIP	5 Year SIP	3 Year SIP	1 Year SIP
Total Amount Invested (₹ '000)	200.00	120.00	60.00	36.00	12.00
Market Value as on September 30, '10 (₹ '000)	1,681.35	617.02	109.02	59.80	16.38
Returns (Annualised)* (%)	22.41	30.77	24.11	35.87	73.63
Benchmark Returns (%) (Annualised) (%) #	16.25	22.95	17.81	25.18	52.60

Past performance may or may not be sustained in the future

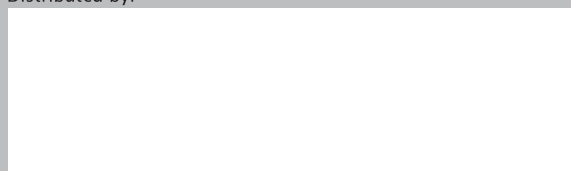
#S&P CNX 500. Inception date: February 1, 1994.

*Load is not taken into consideration and the Returns are of Growth Option.

Investors are advised to refer to the Relative Performance Table furnished above for non-SIP returns. **Past performance may or may not be sustained in the future.** Please refer to SIP enrolment form or contact nearest ISC for SIP load structure.

Disclaimer: The above investment simulation is for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. The AMC/ Mutual Fund is not guaranteeing or promising or forecasting any returns. SIP does not assure a profit or guarantee protection against a loss in a declining market.

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