



# Swing your investment in the right direction.

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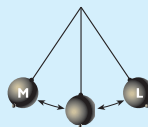
INVEST IN THE

**HDFC**

**PREMIER MULTI-CAP FUND**

An Open-ended Growth Scheme

A FUND WITH



**Swing Factor**

**HDFC**  
**MUTUAL FUND**

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**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. **Scheme Specific Risk Factors:** Mid Cap stocks can be riskier and more volatile on a relative basis. 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 Premier Multi-Cap 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 generate capital appreciation in the long term through equity investments by investing in a diversified portfolio of Mid Cap and Large Cap 'blue chip' companies. **Asset Allocation Pattern:** Equity & Equity related instruments (85-100%); out of which Large Cap (35-65%) and Mid Cap (35-65%), Debt Securities (0-15%) [including securitised debt of upto 10% of net assets] and Money Market Instruments (0-15%). **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. **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 and units allotted on dividend reinvestment. **HDFC Premier Multi-Cap Fund** which is 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. **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 Rs. 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 Premier Multi-Cap Fund

An Open-ended Growth Scheme

## A CLOSER LOOK AT THE MARKETS

Where most of the attention is focused on the movements of the SENSEX, what is interesting to note is that two broad categories of the markets viz. large cap stocks and the mid cap stocks do not move uniformly and in fact, sometimes large caps do better and sometimes mid caps do better. It is therefore natural to expect that investments in large cap or mid cap stocks at different points of time will be profitable to different extents as can be seen in the chart below.

### Large Caps vs Mid Caps

It is extremely difficult to predict which segment of the market will outperform the other in the future...

CY	CNX MIDCAP RETURNS (%)	BSE SENSEX RETURNS (%)
2004	42	12
2005	32	41
2006	28	47
2007	78	46
2008	-59	-52
2009	99	81

Source: www.bseindia.com, www.nseindia.com. Data computation internal. Returns are absolute. CY- Calendar Year.

## HDFC PREMIER MULTI-CAP FUND

SWING your investments in the right direction: The HDFC Premier Multi-Cap Fund recognizes the different movements of large cap and mid cap indices over time and tries to optimize returns by taking tactical asset allocation decisions between large and mid cap stocks using its SWING strategy. The Fund will have two levels of asset allocation

- Normal Asset Allocation
- SWING – Tactical Asset Allocation

**Normal Asset Allocation:** The Fund will normally invest 35% in large cap stocks and 35% in mid cap stocks. Large caps are typically well established companies with a successful track record of earnings and dividends and with leadership / near leadership position in their business segments. They are less risky as compared to mid caps and will provide stability to the portfolio. Mid cap companies offer potential for higher returns but the risk associated with them is also higher. Mid cap companies at times are able to grow at a faster pace and typically being less researched and ignored by the market can be available at attractive valuations – making them potential candidates for higher returns. Normal asset allocation thus targets a good balance between the higher return potential of mid caps and relative stability of large caps.

**SWING - Tactical Asset Allocation:** The balance 30% of the Fund's investments will SWING into either large caps or mid caps depending on the outlook for which category is better. The tools used for the outlook will be primarily the PE multiples of large caps and mid caps on an average and the expected growth rates in earnings of the two categories. Thus the asset allocation of the Fund is likely to be as follows:

SCENARIO	Allocation to large caps	Allocation to mid caps
Outlook for large caps is better	65%	35%
Outlook for mid caps is better	35%	65%

The above SWING strategy, if successfully executed is likely or can be expected to optimize returns a step further.

### Focus on Premier / Blue chip companies:

This Fund will invest predominantly in 'premier' or 'blue chip' companies in both the large cap and mid cap portions of the Fund. While there is no sacrosanct definition of 'blue chip', it is typically a

company with a successful track record, having reasonable competitive advantage in its business and an able management. This is likely to result in a very good quality portfolio besides lowering the risk as well.

### Risk Control

We at HDFC Mutual Fund strongly believe that the key to long-term wealth creation is not in targeting high returns with high degree of risk but rather in targeting consistent returns with lower risk and in avoiding big mistakes. In line with this strategy, HDFC Premier Multi-Cap Fund is based on sound risk management. More specifically, the following are the key features of risk control:

1. The Fund will predominantly confine itself to Premier / Blue chip companies across market capitalizations. This is a significant tool for risk management and it will go a long way in improving the quality of the portfolio and therefore, of reducing the risk of the portfolio.
2. Exposure to mid caps will be increased beyond 35% only if the mid caps are available at significantly more attractive valuations compared to large caps. This will ensure that the Fund increases exposure to mid caps only when it is justified by potential of higher returns.
3. As a further risk reduction tool the mid cap portfolio will be very well diversified across companies. This will minimize the impact of any adverse developments in these companies.

### Conclusion

HDFC Premier Multi-Cap Fund, in addition to the advantages of equity diversified funds viz. active management, diversification etc. offers the following unique advantages.

- SWING strategy: A unique feature of the Fund is the Swing strategy, which will offer a good balance between the safety of large caps and higher return potential of mid caps
- Normal asset allocation targets a good balance between the higher return potential of mid caps and relative stability of large caps
- The Fund will predominantly confine its investments to Premier / Blue chip companies. This is likely to result in a very high quality portfolio and also reduce portfolio risk.

So if you want your investment to SWING in the right direction, consider investing now.

### Relative Performance - Growth Option (as at June 30, 2010)

NAV per Unit (as at June 30, 2010) -

Growth Option: Rs.27.288 ; Dividend Option : Rs.15.474

Date	Period	NAV Per Unit (Rs.)	Returns (%) ^	Benchmarks Returns (%) #
June 30, 2009	Last 1 Year (365 days)	18.576	46.90	27.41
June 29, 2007	Last 3 Years (1097 days)	19.957	10.97	6.82
June 30, 2005	Last 5 Years (1826 days)	10.802	20.35	18.31
April 6, 2005	Since Inception (1911 days)	10.000	21.14	18.63

^Past performance may or may not be sustained in the future  
Above returns are compounded annualized (CAGR) #S&P CNX 500

### SIP Investment

This is how your investments would have grown if you had invested say Rs. 1,000 systematically on the first Business Day of every month over a period of time.

HDFC Premier Multi-Cap Fund	Since Inception	5 Year SIP	3 Year SIP	1 Year SIP
Total Amount Invested (Rs. '000)	63.00	60.00	36.00	12.00
Market Value as on June 30, 2010 (Rs. '000)	103.19	97.69	53.55	15.55
Returns (Annualised) * %	18.84	19.58	27.57	59.07
Benchmark Returns # %	14.81	15.29	18.52	37.73

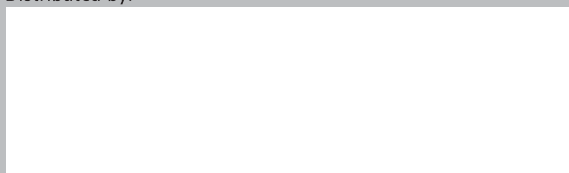
Past performance may or may not be sustained in the future  
#S&P CNX 500

\* 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.

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.

Please refer SIP Enrolment Form or contact nearest ISC for SIP Load Structure.

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