COVID-19, Lockdown, Oil & More

A mid-year update on the Indian economy & markets

Your big opportunity may be right where you are now

Napolean Hill

June 2020

Nothing lasts forever, not even your troubles – Arnold Glasgow

Crisis on Wall Street as Lehman Totters, Merrill Is Sold, AIG Seeks to Raise Cash

Fed rates decision
IMF warns of 'super taper tantrum' risk

BoP Crisis in 1991

Stitch in time saves nine: Rao
Depreciation to play havoc with economy, says opposition

Industry divided over likely impact of depreciation

RBI hikes bank rates to 11 pc

U.S. ATTACKED
HIJACKED JETS DESTROY TWIN TOWERS AND HIT PENTAGON IN DAY OF TERROR

Brexit earthquake
Prime minister announces resignation • Vote to leave threatens break-up of UK

Stock markets in biggest fall since 2008 as virus fears trigger panic selling

GULF WAR BEGINS
Bush: We will not fail

The year dot.com turned into dot.bomb

INDIA GOES NUCLEAR
Three underground tests at Pokhran

2G Scandal

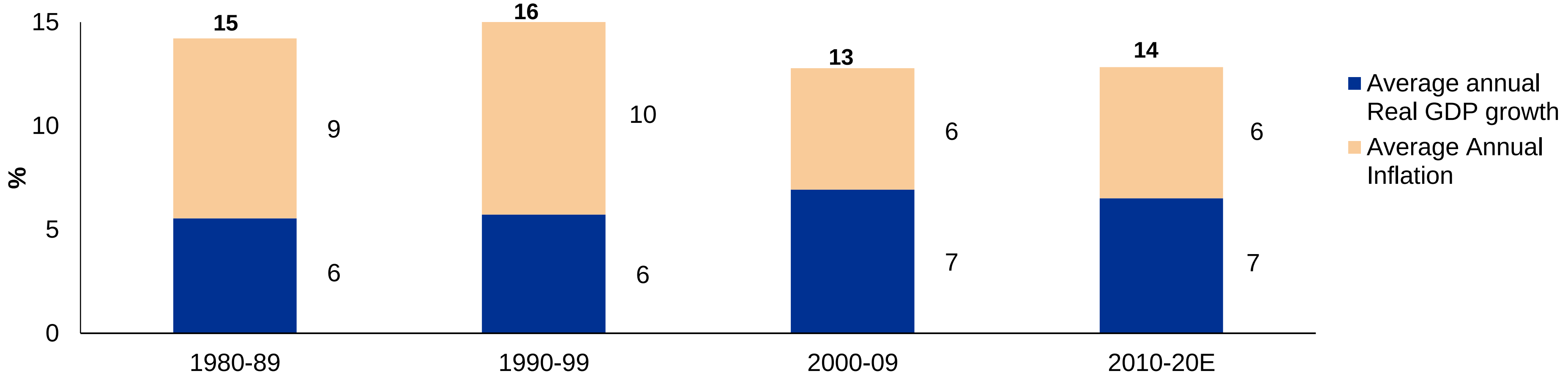
LOSS TO THE NATION
₹176000000000
A Raja deprived govt of this much money in 2G spectrum allocation: CAG report

Pakistan pulls out forces, India ends Kargil offensive

Refer disclaimer on slide 46

Tough times don't last, tough economies do !

Indian economy has grown steadily despite several challenges



1980-89
Operation Blue Star
Rajiv Gandhi Government
Birth of IT Industry
Rise of BJP in Indian Politics
Advent of TV, Maruti Car

1990-99
Global Oil Crisis - Gulf War
BoP Crisis, Reforms commence
Asian Crisis, Era of coalitions
1st BJP govt., Kargil Conflict
Growth of IT, Satellite TV, Mobiles

2000-09
Violence in Gujarat post Godhra
9/11 , Dotcom Bubble
Growth of Indian Generics Cos.
10 year Congress rule
Lehmann Crisis, QE

2010-20E
Coal, NIMO etc. scandals
QE Tapering, PIGS, Greece
High FD & CAD, high inflation
BJP Government elected twice
Demonetisation, GST, Make in India
COVID19

In FY21, economy is likely to contract for the first time in 40 years ! FY22 is likely to be a high growth year due to low base^; Normalcy in growth likely from FY23 onwards^

Source : IMF Data, Estimates are IMF estimates;

^The information herein is based on the assumption that COVID19 would be behind us by March 2021 and the economy would bounce back by FY22. However, if impact of COVID19 continues after March 2021, various scenarios presented in this document may not hold good.

India Economy : Long Term Growth drivers

- Excellent demographics and large availability of skilled, young, English speaking and competitive manpower
- Abundant natural resources
- Global leadership in services
- Manufacturing opportunity – Reducing competitiveness of China & desire of MNCs to reduce dependence on China is opening up manufacturing opportunity for India, for a second time^.
- Low penetration of consumer goods and improving affordability over long term (refer slide 5)
- Large unmet needs of infrastructure (refer slide 6)
- Low interest rates globally and low oil prices create a favorable external environment for India

While events like 9/11, Global Financial crisis, Covid-19 etc. get disproportionate attention, it is these silent forces that drive growth

^ first time was during early 2000, when China gained significant market share in global merchandise trade

India – Consumer goods penetration and affordability

- With improving affordability led by improving per capita income and easy availability of retail loans, penetration of consumer goods has increased sharply in last few years.
- Post COVID19, consumer discretionary spends are likely to slowdown in near term led by pressure on wages, less availability of retail loans and low savings.
- However, penetration in India is significantly lower compared to other developing countries like China & Brazil (for most consumer discretionary categories).
- As current situation normalizes, consumption, especially consumer discretionary, provides a long runaway for economic growth.

India	Per capita Income (US$)	Household Debt %	Household Saving %
2011	1459	12.4	23.6
2019E	2010	17.7	18.2

Consumer goods penetration% in India compared to 2011					
India	**Refrigeration**	**Home Laundry**	**Room AC**	**2 Wheeler**	**4 Wheeler**
2011	20.4	7.8	3.8	25.1	4.5
2019E	37.0	15.8	5.5	54.6	9.7

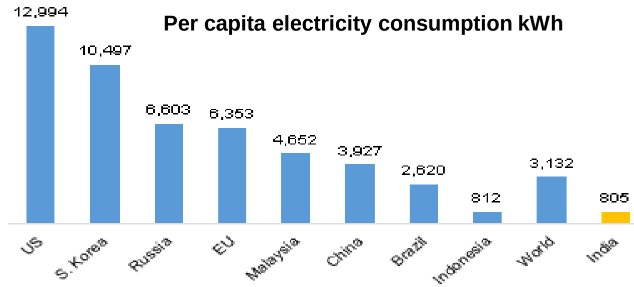
Consumer goods penetration% in India compared to other developing nations					
	Refrigeration	**Home Laundry**	**Room AC**	**2 Wheeler**	**4 Wheeler**
India	37.0	15.8	5.5	54.6	9.7
China	95.0	91.9	109.3	44.9	51.7
Brazil	98.5	66.9	n.a.	26.4	49.4

Source : Morgan Stanley, CLSA, Haitong, Kotak Institutional Equities, Room AC, 2Wheeler & 4 Wheeler data is for 2010 & 2020E

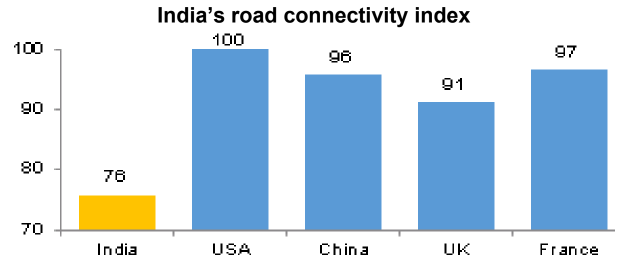
Infrastructure sector has large growth potential

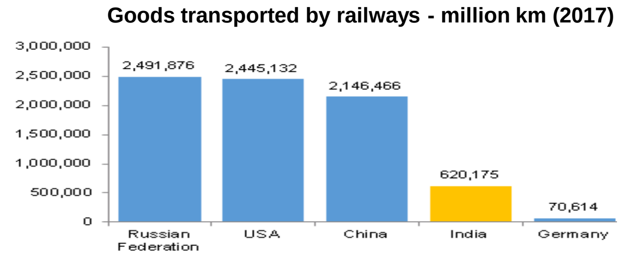
- The government recognizes the need to increase capacity and upgrade existing infrastructure to raise India's competitiveness to achieve its target of USD 5tn economy .

- India is well below the global average in per capita electricity consumption. Growth in electricity demand to drive growth in generation, transmission and distribution. India also has a plan for renewable generation capacity of 175GW by 2022 and 450GW by 2030.



- Potential for investments in roads, ports and railways is also significant





- As per the recent National Infrastructure Plan of the government, it expects infrastructure investment to more than double over FY20-25 compared to FY15-19

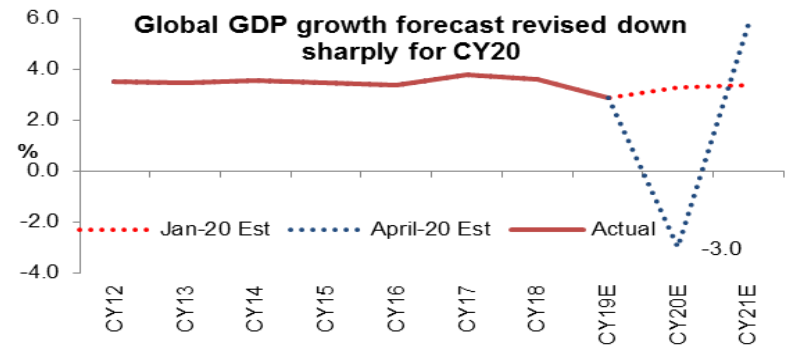
National Infrastructure Plan

Rs lakh crores	FY15-19	FY20-25
Power	12.9	26.9
Roads and bridges	8.2	20.3
Urban	7.1	19.1
Railways	4.8	13.6
Irrigation	4.2	8.9
Airports	0.5	1.4
Ports	0.5	1.2
Others	7.0	19.9
Total infra investments	**44.9**	**111.3**

Source : Worldbank, *WEF Global Competitiveness Report, Transport Competitiveness Report, World Development Indicators-World Bank, IR Yearbook 2018*

India : Key Events

- Major events of recent past
  - Outbreak of Covid-19 & disruption due to lockdown
  - Decline in Oil prices
  - Winding up of six debt schemes by a large mutual fund house



Source: IMF reports dated April 6, 2020 and January 9, 2020

- Impact of Covid-19 and subsequent lockdowns (refer slide 8 & 9)
  - World GDP to contract, a first in last 11 years; India's GDP to shrink, a first in 40 years
  - Corporate profitability to deteriorate sharply in FY21; Industrial capex to slowdown in the near term
  - Pressure on wages, less availability of retail loans and low savings is likely to impact consumption for sometime

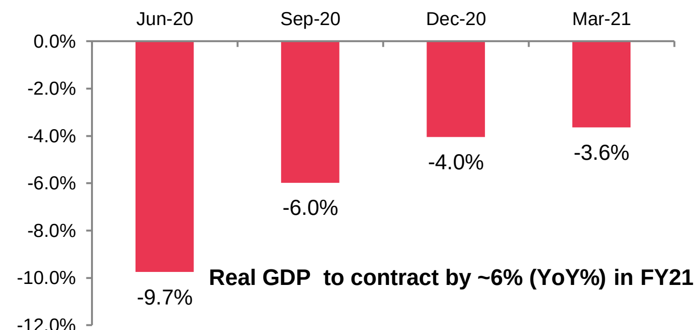
- Low Oil prices, fall in import of consumer goods etc to improve balance of payment in FY21 (refer slide 11)

- Fiscal deficit set to widen on back of low revenues and fiscal stimulus (refer slide 10)
  - Weak corporate profitability and economic activity to result in loss of revenues (~2.5-3% of GDP)
  - Fiscal stimulus/support to vulnerable sections of society (~1% of GDP)

India Growth Outlook: Sharp fall in FY21, recovery in FY22

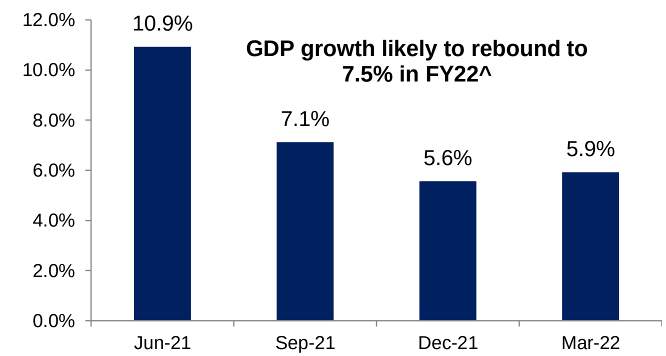
- Impact on economy due to Covid-19 is likely to be more but shorter than Global Financial Crisis of 2008-09 (GFC)
  - Impact of Covid-19 is across all major sectors as compared to financial sector in GFC
  - Economic growth during GFC was ~3% (FY09) while it is expected that GDP will shrink sharply in FY21

- FY21 : GDP likely to contract by ~6%
  - Impact of lockdown will be felt most in Q1FY20
  - Loss of incomes likely to lead to weak consumption for rest of the year
  - Cut back on industrial capex driven by weak corporate profitability
  - Cushioned by improvement in CAD



Source: UBS Securities

- FY22^: GDP growth to bounce back due to low base effect and absence of lockdown
  - Income normalisation should boost spending
  - Low interest rates to improve affordability
  - Likely pickup in industrial capex
  - Partly offset by CAD turning negative as domestic demand and oil prices normalise



Source: UBS Securities

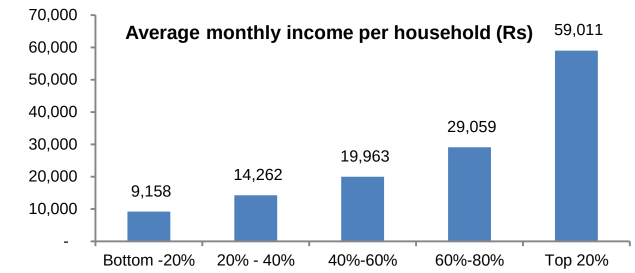
Growth in FY21 and FY22^ are like the two ends of a Pendulum;

Growth to return to normalcy by FY23^

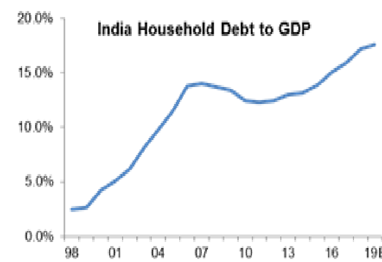
^The information herein is based on the assumption that COVID19 would be behind us by March 2021 and the economy would bounce back by FY22. However, if impact of COVID19 continues after March 2021, various scenarios presented in this document may not hold good.

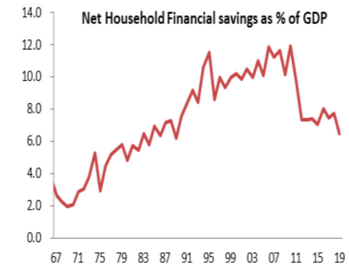
Consumption and Industrial capex to slowdown

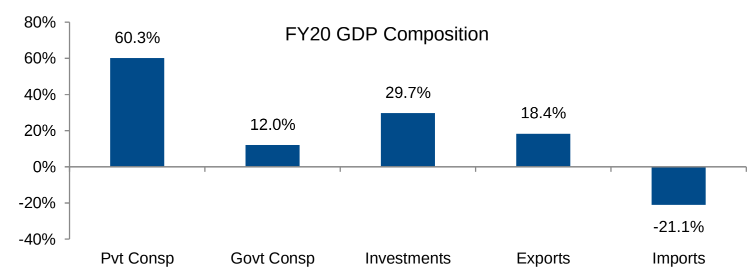
- As per World Inequality Database (2015), Income distribution in India is skewed
  - Bottom 50% of households have a share of 15% in National income
- Consumption forms 60% of GDP and was driving growth in past few years
  - Consumption was supported by rising Household debt and falling savings
- Lockdown has broken this mode of growth temporarily
- Key impacted sectors are labour intensive
  - Trade, Retail, Transportation, Aviation, Tourism, Hotels and Restaurants
  - Export oriented businesses, Manufacturing especially in MSMEs segment
  - Construction activities especially in real estate
- Construction and Services, that constitute over 60% of Indian GDP employ over 40% of labour force, mostly in low income categories
  - Wage pressure likely due to weak corporate / SME / MSMEs profitability
- Fall in demand , drop in corporate profits, stretched working capital to impact capex in FY21
- Behavioural changes expected
  - Uncertainty to encourage savings, cutback in discretionary consumption and reduce debt driven consumption
  - Culture of work from home, videoconferences etc. might pick up
  - Realization that "lifestyle" costs and not "life"

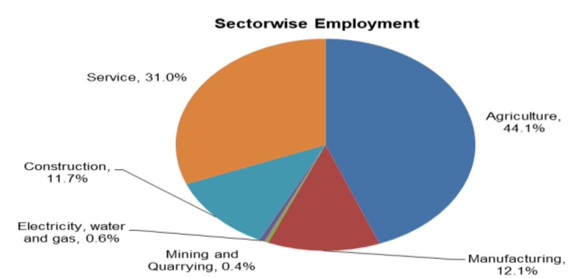


Source: ICE Survey 2016; Figures are extrapolated using nominal GDP growth between FY16 to FY20 by HDFC AMC









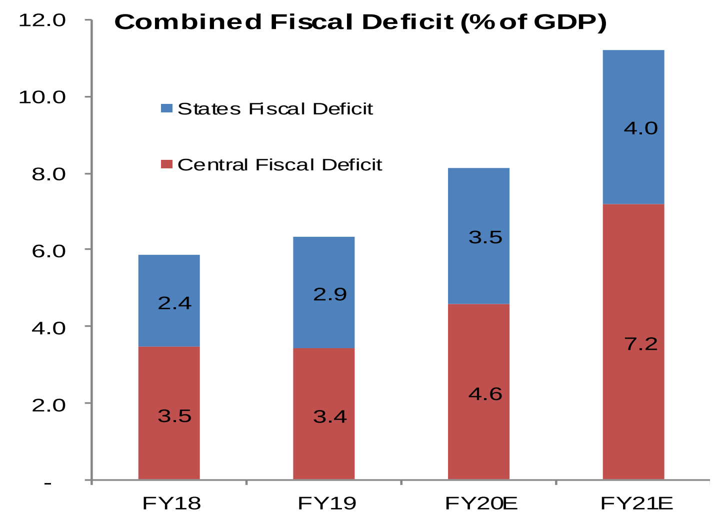
Source: Morgan Staley, JM Financials, CMIE

Fiscal deficit likely to widen significantly

- Government finances were stretched in FY20 with fiscal deficit (FD) at 4.6% (FY20BE: 3.3%, FY20RE: 3.8%)
- Pre-Covid Revenue growth assumptions were already aggressive; Post lockdown, revenues to contract sharply
  - Tax collections to shrink significantly due to weak economic activity, low corporate profitability and pressure on incomes
  - Increase in excise duties on petrol & diesel to partially set off the impact
  - Non-tax revenue and Divestments proceeds also likely to fall short
- States' Fiscal deficit likely to widen to 4-4.5% of GDP on back of weak revenue collections
- Combined fiscal deficit in FY21 could breach 11% of GDP on back of lower revenues and fiscal stimulus
- Current lower than revenue neutral GST rates, if tweaked, can reduce the fiscal pressure

Central Fiscal Deficit (INR bn)	FY21BE	Assumptions	Estimates	Net shortfall
Gross Tax Revenue	**24,230**		**19,198**	**-5,032**
Direct Taxes				
Income tax	6,380	-26%	4,730	-1,650
Corporate tax	6,810	-20%	5,415	-1,395
Indirect taxes				
Goods and service tax	6,905	-44%	3,900	-3,005
Customs duties	1,380	-28%	994	-386
Excise duties*	2,670	53%	4,085	1,415
Others	85	-13%	74	-11
Less: States' share & others	7,871	-28%	5,691	-2,180
Net Tax Revenue	**16,359**	-17%	**13,507**	**-2,852**
Non-Tax revenue	**3,849**	-21%	**3,028**	**-821**
Capital Receipts	**2,250**	-62%	**850**	**-1,400**
Net Revenue shortfall				**-5,073**
Covid-19 led additional spend				-1,200
Incremental FD over budgeted				**-6,200**
Increase in FD as % of GDP^				**3.7%**

Source: Kotak Institutional Equities; * includes additional revenue due to increase in duties on petrol & diesel
BE- Budgeted Estimate; RE – Revised Estimates; ^ impact due to lower than forecasted GDP



Source: Kotak Institutional Equities

External position of India is on a strong footing

- India is better placed compared to most other Emerging Markets.

Tailwinds to Balance of Payment (BoP)

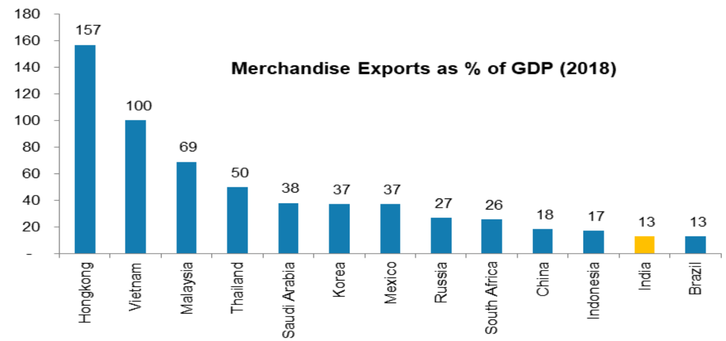
- Fall in Oil prices is a big positive for India
  - Assuming average price of USD 40/barrel, India can save ~USD 46 bn
- Lower imports of electronics goods (USD 55 bn) and other goods due to weak demand
- India's export dependence (13% of GDP) is low compared to most other EMs; besides composition of discretionary items like luxury goods, auto, etc. in exports is low

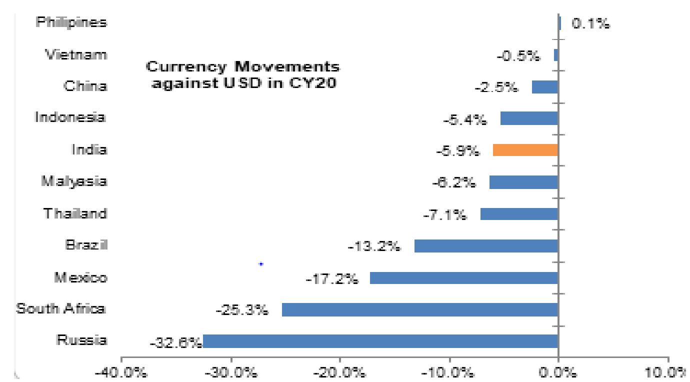
Headwinds to BoP

- Lower remittances, especially from Gulf ($74 bn)
- Exports likely to fall on weak global trade
- Comfortable BoP Outlook reflects in moderate INR depreciation compared to other EM currencies

USD bn	FY20E	FY21E	Savings/(Dis-saving)
Net Oil imports	87.9	41.7	46.2
Electronic imports	54.5	50	4.5
Other imports	292.2	278.3	13.9
Non-Oil exports	278.7	255.2	-23.5
Remittances	74	65	-9
Net savings			32.1
% of GDP			1.2

Source: Kotak Institutional Equities





Sources: JM Financials, Bloomberg, World Bank

Data updated till 31st May 2020

Manufacturing : Opportunity knocks again for India

- India missed the manufacturing opportunity to China in 2000s

Merchandise exports (USD bn)	CY98	CY18
China	183	2,487
India	33	326
Difference	**150**	**2,161**

- Shift of manufacturing from China was already underway due to rising wages and environment compliance costs in last few years

- Disruption caused in supply chain due to over dependence on China likely to bring a sense of urgency in this shift

- India could be a beneficiary of this shift in manufacturing base from China due to following reasons
  - a large domestic market
  - improving ease of doing business
  - availability of skilled human resources at low cost
  - concessional corporate tax rate (15%) for new manufacturing units set up before March 2023 (Chart 5)

Chart 1

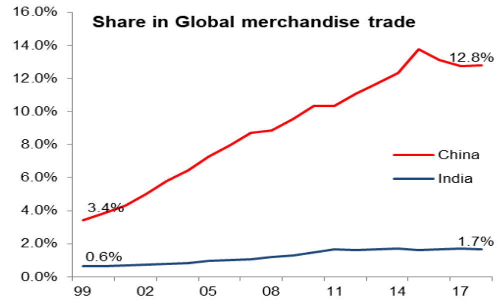


Chart 2

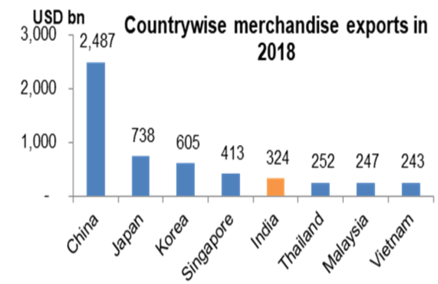


Chart 3

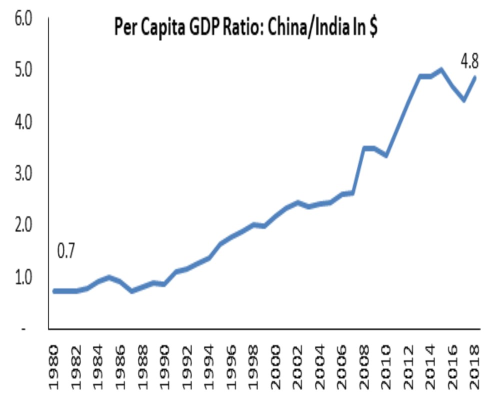


Chart 4

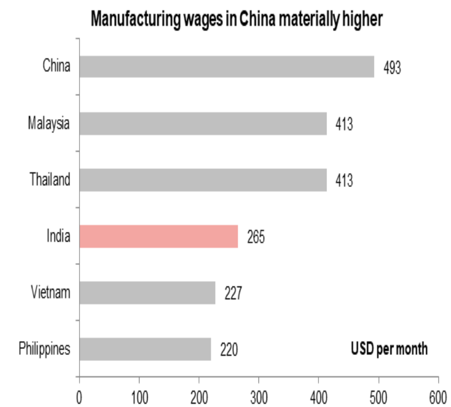
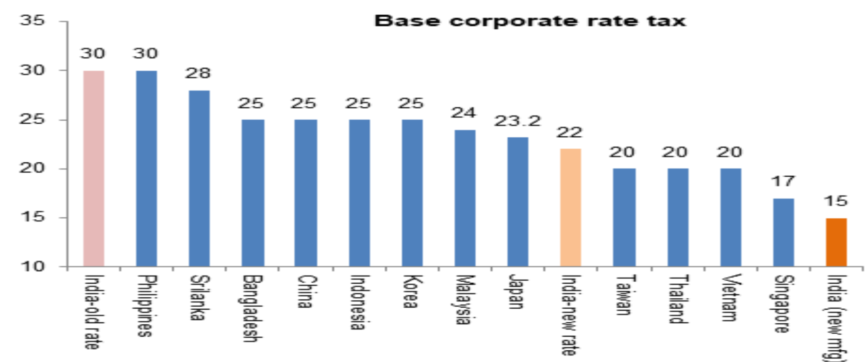


Chart 5



Sources: Kotak Institutional Equities, JM Financials, Bloomberg, JETRO

Refer disclaimer on slide 46

Crises & Emergencies – Trigger to big reforms ?

- Big reforms in the history of the world were triggered by large crisis / emergencies
- Decisions / Reforms that were pending for years were taken in matter of weeks / months and resulted in the betterment of the world
- Below is a list of some such important reforms:

Crises / Emergency	**Reforms**
Civil war in the US	End of slavery
French revolution	End of monarchy in France
Great Depression	3R - Relief, Recovery & Reform Program
World War II	Creation of peace keeping institutions like United Nations
Destruction in Japan during World War II	Rapid move towards Industrialization
Global Financial crisis	Dodd Frank Act, Regular stress testing of Banks (CCAR & DFAST)

In the midst of every crises, lies great opportunity - **Albert Einstein**

Crises & Emergencies - What's true for world, is also true for India !

- Post independence, several social, economic, agricultural reforms in India were a result of emergencies or crises

Crises / Emergency	Reforms
Lack of manufacturing ability post independence	5 year plans, Setting up of PSUs in core sectors
Food / Milk shortage in 60's	Green revolution, White revolution
Balance of Payment (BoP) crisis	Liberalization in 1991
Securities scam	Dematerialization of stocks, Establishment of NSE for electronic trading
Coal and 2G Scam	Transparent auctioning of Natural resources
Double digit inflation	Inflation targeting by RBI
Weak asset quality of Banks	Insolvency & Bankruptcy Code (IBC)

COVID 19 crisis - Prime Minister's call for Self Reliant India Movement

Reforms in Land, Labour, Law and Liquidity on the anvil

Self Reliant India : Reforms and Measures announced

- **Support for MSMEs**
  - Guaranteed collateral-free loans up to INR 3 lakh crore
  - To provide subordinate debt of upto INR 20,000 crore and Equity infusion of upto INR 50,000 crore
  - Global tenders disallowed for government procurement for amount up to INR 200 crore
  - All MSME receivables from government and CPSEs to be paid in 45 days (from 13 May 2020)

- **Commercial mining in coal and minerals**
  - Introduction of commercial mining in coal through revenue sharing basis instead of fixed pricing to attract private sector
  - Coal Gasification/Liquefaction will be incentivised through rebate in revenue share
  - Infrastructure development of INR 50,000 crore including INR 18,000 crores on mechanised transport of coal
  - Joint auctions for bauxite and coal mines will be conducted to help the aluminium industry

- **Agriculture reforms and measures**
  - Amendment to Essential commodities act to deregulate many agriculture items for better price realisation for farmers
  - Central law formed for barrier free inter state trade for agriculture produce; e-trading of agriculture produce
  - Financing facility of INR 1 lakh crore for funding Agriculture Infra projects

- **Indigenization in Defence sector**
  - To notify a list of weapons & defence procurements which will not be open for imports with year-wise timelines
  - Separate budget provisioning for domestic capital procurement to reduce import bill of defense equipments
  - Ordnance factory boards to be corporatised

Continued…

- **Power Distribution Sector**
  - Loan of INR 90,000 crores to Discoms through Power Finance Corporation and Rural Electrification Corporation Ltd
  - To privatize power distribution in Union territories
  - Tariff policy and Electricity Act laying out reforms in consumer rights, timely payment of Gencos, DBT for subsidy, reduction in cross-subsidy surcharge and improving governance of Discoms etc. to be released
  - Additional borrowing limits under FRBM Act to state governments linked to reforms in the power sector

- **Real Estate Sector**
  - Suo moto extension of deadline by 6 months for projects expiring on or after 25 March 2020
  - Credit linked subsidy scheme (CLSS) for those earning between INR 6-18 lakh annually extended up to Mar'21 from Mar'20

- **Push towards Privatization of CPSEs**
  - Private sector to be allowed to participate in all sectors
  - List of strategic and non-strategic sector to be notified; Maximum One to four PSUs will operate in strategic sector only
  - PSUs operating in non-strategic sector to be privatised / divested in due course

- **Other measures**
  - Increased allocation to MNREGA by INR 40,000 crores to INR 1,00,000 crores
  - Increased state borrowing limits by 2% to 5% of GSDP^ (0.5% unconditional and rest subject to progress in specified reforms)
  - Special liquidity facility for NBFCs (INR 30,000 crore) and INR 45,000 cr of Partial credit guarantee scheme for NBFC (first 20% of loss to be borne by Guarantor , GOI)

^ GSDP – Gross State Domestic Product

Economic Outlook Summary

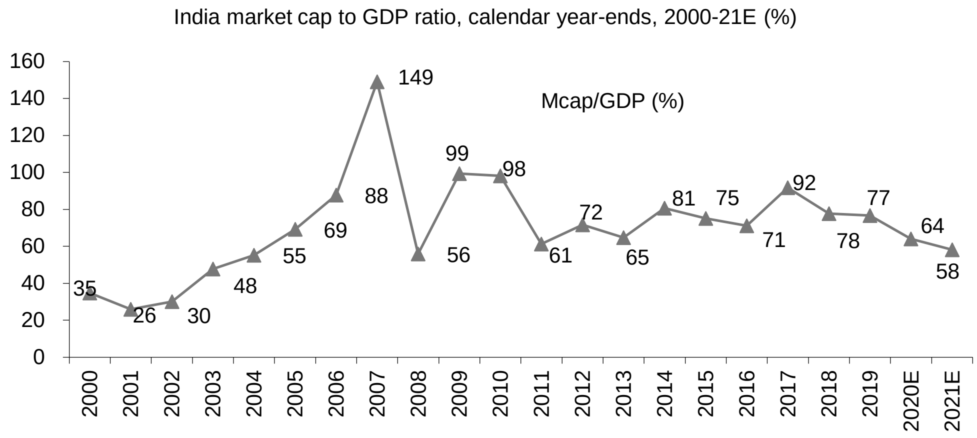
- With pressure on wages, low savings, less availability of retail loans to consumers and heightened insecurity, impact on consumption, especially discretionary consumption, is likely to be felt for sometime. (refer slide 9)
- Significant impact on corporate profits in FY21 likely; likely to normalise by FY22^ for most sectors
- Combined fiscal deficit in FY21 likely to breach 11% of GDP on back of lower revenues and fiscal stimulus (refer slide 10)
- Significant Impact on economic growth in FY21; sharp rebound in FY22^; normalcy in growth likely from FY23 onwards^
- India stands to benefit on the external front due to fall in oil prices and low exposure to merchandise exports in GDP in FY21 (refer slide 11)
- Reforms announced by Central Government to support growth in medium term (refer slide 15 and 16)

The comeback is likely to be stronger than the setback

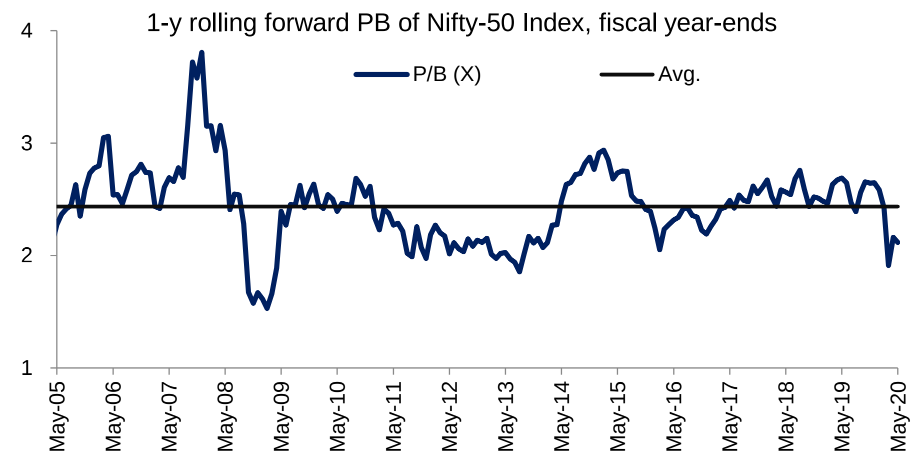
^The information herein is based on the assumption that COVID19 would be behind us by March 2021 and the economy would bounce back by FY22. However, if impact of COVID19 continues after March 2021, various scenarios presented in this document may not hold good.

Equity Markets Update

Equity Markets update - Valuation near previous lows



Source: Kotak Insti Equities, CY20 & CY21 ratio based on current Market cap and GDP estimates of CY20 & CY21



- Markets were down by 23% in March 20 (one of the sharpest monthly falls) led by highest ever monthly FPI outflows
- FY21 P/E is less relevant due to significant dislocation of profits expected in several sectors. NIFTY 50 (~9580 level, May 29) is trading at FY22 P/E of 14.6 times (Source: Kotak Insti Equities)
- Price / Book Value, Marketcap / GDP are better measures in current situation. Prevailing Price / Book Value , Marketcap / GDP are comparable with market bottoms in earlier crises (refer chart above)

Low Marketcap to GDP – What does history tell us ?

End of Calendar Year	Marketcap to GDP %	Next 1 year NIFTY returns	Next 3 year NIFTY returns
2003	48	11%	111%
2004	55	36%	195%
2008	56	76%	113%
2011	61	28%	79%
2013	65	31%	30%
May 2020	~58	?	?

Source: Kotak Insti Equities, Bloomberg

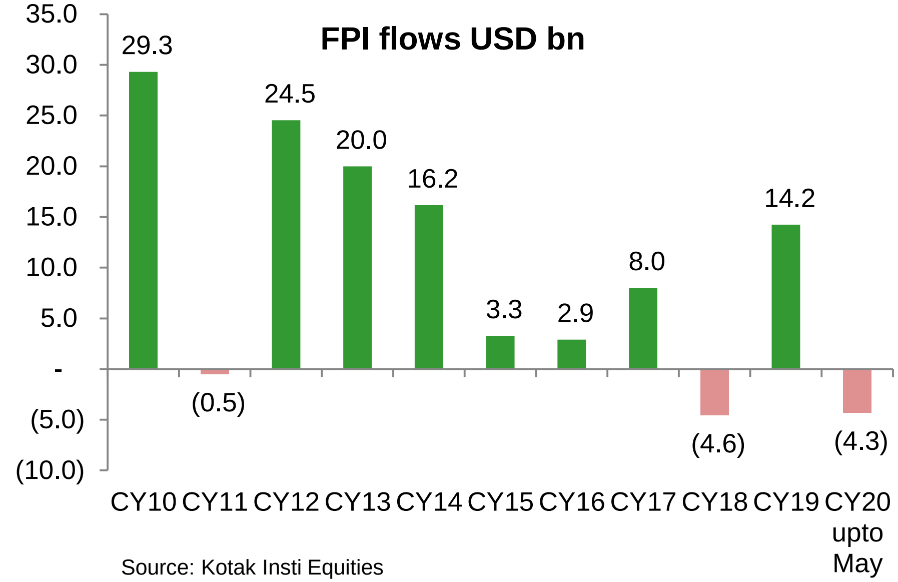
- Marketcap to GDP is close to 55% and reflects good value. In the past , similar valuations were followed by good returns over next 3 years
- Significant correction in Indian equities led by global selloff in equities and FPI outflows from India. **March 20 saw highest ever monthly FPI outflow of US$ 8.4bn**
- In the past, periods of heavy FPI outflows were followed by periods of sizeable inflows (refer slide 21)
- Historically, sharp corrections in Indian markets triggered by global events were followed by good returns over medium to long term (refer slide 22)

Past performance may or may not sustain in future. Returns are neither assured nor guaranteed.

FPIs selling, will the trend reverse ?

		FPI Flows Rs crs			
Year	**90 days period ending**	**Outflows***	**next 360 days**	**FPI outflows as % of India total Market Cap**	**% NIFTY Return next 360 days**
2006	11-Aug-06	-4,758	95,307	-0.2%	33%
2008	29-Oct-08	-30,428	1,11,664	-1.1%	85%
2011	13-Dec-11	-12,680	2,00,042	-0.2%	23%
2013	01-Oct-13	-6,938	1,71,914	-0.1%	38%
2015	18-Dec-15	-30,179	73,552	-0.3%	5%
2016	29-Feb-16	-26,497	93,963	-0.3%	28%
2017	08-Feb-17	-30,414	44,457	-0.3%	23%
2018	09-Nov-18	-38,872	68,564	-0.3%	13%
2020	05-May-20	-50,000	??	-0.4%	

Source – Edelweiss; Maximum outflow on a 90 days rolling period



Source: Kotak Insti Equities

- During the current COVID crisis, FPIs have sold more than Rs.50,000 crs as on 5-May-2020 on a 90 day rolling basis.
- In the past, periods of major FPI selling, were followed by periods of sizeable FPI inflows

Global selloffs and Indian markets – Correlation only in near term

		1 year % return		Next 3 year return %		Next 5 year return %	
Month	**Events**	**MSCI India**	**MSCI World**	**MSCI India**	**MSCI World**	**MSCI India**	**MSCI World**
December 2000	Dotcom Bubble	-17	-14	42	-15	121	3
September 2001	9/11	-32	-29	93	13	321	48
October 2008	Global Financial Crisis	-53	-43	81	27	113	67
March 2020	**Corona virus**	-26	-12	?	?	?	?

Source: Bloomberg

- Historically, sharp corrections in Indian markets triggered by global events have been followed by good returns over medium to long term.

- Indian economy is uniquely structured and the impact of global developments is low to moderate over the medium term.

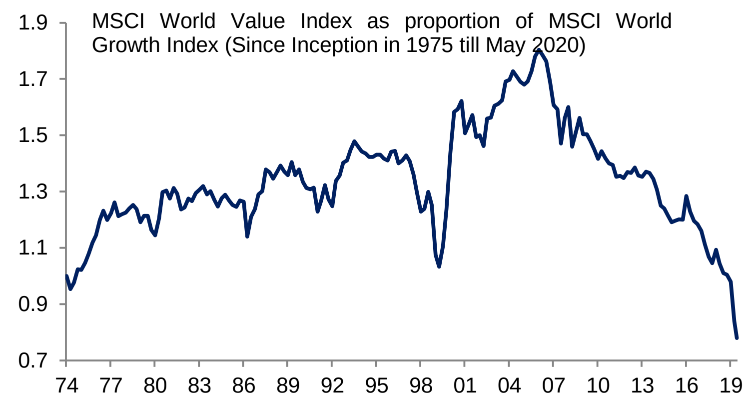
Value vs Growth Investing

- Simply put, Value Investing is investing in stocks / assets that are currently underpriced relative to their true intrinsic value. Conversely, Growth Investing is investing in stocks / assets that have potential for higher business growth in future

- Alternating outperformance by Value & Growth
  - Value outperformed Growth by 1.7% CAGR between 1974-97
  - Growth outperformed between 1997-99 by 17.5% CAGR
  - Value again outperformed Growth between 1999-2007 by 5.1% CAGR
  - From 2007 till present, Growth has outperformed Value by 6% CAGR. This is the longest period of Growth outperforming Value !

Period	MSCI Growth (% Return CAGR) – A	MSCI Value (% Return CAGR) – B	Difference (B-A) % CAGR
1974-97	10.6	12.3	1.7
1997-99	31.9	14.4	-17.5
1999-07	-1.3	3.8	5.1
2007-May 20	5.5	-0.6	-6.0
1974-May 20	**7.8**	**7.2**	**-0.6**

- MSCI World Value Index as a proportion to MSCI World Growth Index is currently at an all time low



Sources: Bloomberg, MSCI, Data updated till May 31, 2020

Refer disclaimer on slide 46

Post Covid Environment – Will the growth-value tide reverse ?

- In India, growth is likely to contract sharply in near term driven by weakness in consumption & private capex (refer slide XX)
- In the Post Covid-era, the environment is likely to be characterized by
  - Pressure on wages and employment
  - Slowdown in retail loans
  - High liquidity and Low interest rates
  - Higher savings and cutback on discretionary consumption
  - Government's focus on infra, Make in India, manufacturing etc. to revive growth
- Will this environment prove conducive for Value ?

The intelligent investor is likely to need considerable will power to keep from following the crowd

Benjamin Graham

Sector rotation – an enduring phenomenon

Period	Most Preferred Sector / Themes	Previous 10 year CAGR return %	Next 10 year / return till CY19 CAGR %
FY92 -	Whole Market, SENSEX	35%	-2%
CY00	IT (E.g.: Large IT Company, since 1991)	117%	9%
CY00	FMCG (Eg: Large FMCG Company)	36%	3%
CY07	Power (Eg: Large Power Utility since 2004)	45%	-1%
CY07	Real Estate (Eg: Large Real estate company)	112%	-32%
CY07	Capital Goods / Infra (Eg: Large EPC company)	42%	4%
CY10	Oil Exploration (Eg: Large Oil Exploration company)	38%	-2%
CY10	Corporate Banks (Eg: Large PSU Bank)	34%	3%
CY19	FMCG (Eg: Large FMCG Company)y	24%	??

Period	Most Avoided Sector / Themes	Previous 10 year CAGR return %	Next 10 year / return till CY19 CAGR %
CY00	Capital Goods (Eg: Large Capital Goods company since 1992)	-5%	46%
CY00	Metals (Eg: Large Metal company since 1991)	-4%	30%
CY01	Auto (Eg: Large Auto export company)	-4%	27%
CY02	Cement (Eg: Large Cement company)	3%	27%
CY07	FMCG (Eg: Large FMCG Company)	7%	23%
FY20	Utilities (Eg: Large PSU Utility Company)	-7%	??

Source: Bloomberg, Trends ; Above data is illustrative in nature. Refer disclaimers on slide 40

- Markets have demonstrated a love-hate relationship with different sectors over time
- Over past 30 years, sectors which have performed strongly over a decade have typically underperformed subsequently and vice versa

"Reversion to the mean is the iron rule of the financial markets"

John C Bogle

Sector wise impact of COVID-19 & portfolio positioning of key Large cap / Multicap schemes

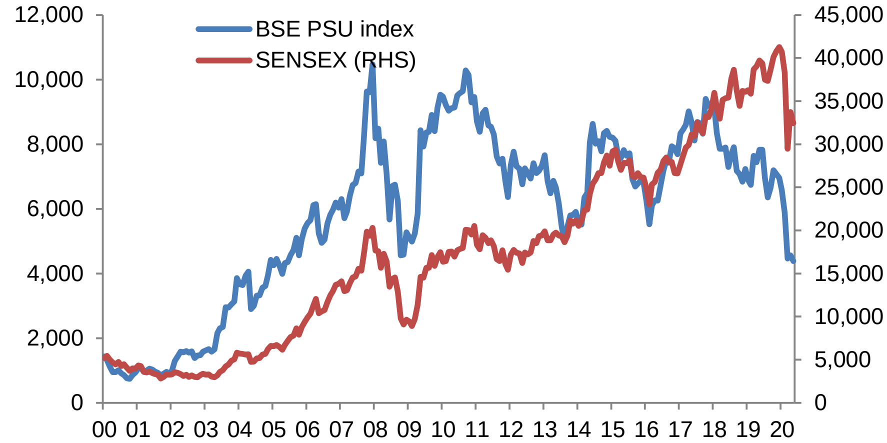
Sector	Comments	impact in FY21^	Impact in FY22^	NIFTY 50 Weight as on end-May 20 (%)	Current Valuation vs. 10 year average	HDFC scheme's Portfolio Positioning
Financials	• Loan book growth slowdown likely • NPAs likely to rise especially in retail and MSME portfolios. • Large banks should gain share and come out stronger; Lower credit spreads to benefit strong NBFCs	Medium	Low	32	Corporate Banks – Below, Retail focused Banks - Inline Retail focused NBFCs – above	Overweight Corporate Banks, underweight retail focused Banks / NBFC
Engineering / Capex	• Healthy order backlog. Infrastructure push from government can benefit • Execution in FY21 to be impacted due to labour challenges, lockdown, etc.; To improve as situation normalize	Medium	Low	3	Below	Overweight
Tobacco	• Prolonged lockdown resulting in higher impact than FMCG as outdoor visitations are limited and general consumer behavior is to minimize / avoid smoking at home. Impact on consumption habit regularization post removal of lockdown to be seen. • Marginal mitigating factors such as sharp reduction in cross-border illegal trade.	High	Low	4	Below	Overweight
Utilities	• RoE based businesses. Low impact on profitability	Low	Low	2	Below	Overweight
FMCG (ex-Tobacco)	• Spending priorities to change; volumes might be impacted, down trading to cheaper brands possible • Brands with higher outdoor / out-of-home salience and premium / impulse / indulgence products to be impacted • Fall in crude prices and likely cut in ad spends will help mitigate some impact on profitability.	Medium	Low	8	Above	Underweight
Auto	• Sharp fall in volumes and high fixed costs are the key negatives • Costs of upgradation of products is yet to be passed on for BS VI compliant products	High	Low	6	Above	Underweight

^The information herein is based on our internal estimates and the assumption that COVID19 would be behind us by March 2021 and the economy would bounce back by FY22. However, if impact of COVID19 continues after March 2021, various scenarios presented in this document may not hold good.

Source: Kotak Insti Equities

PSUs – Value or Value trap ?

- **BSE PSU Index was performing broadly in line with/ outperforming the BSE Sensex Index for 18 years from 2000 to end 2017** (see adjacent chart). However, in last 2 years there has been sharp divergence with BSE PSU Index underperforming BSE SENSEX by 50%.



- In our opinion, Divestment through ETF's has been a key reason:
  - Regular supply of PSU shares through various ETFs distorts market demand and supply
  - Discount offered on ETF's creates interest amongst arbitragers & short term investors as against long term investors.

- An announcement of strategic sales in PSU's suggests a significant shift in strategy with ETF utility as a disinvestment tool on the decline

Will strategic sale route preferred over ETFs for divestment change things going forward ?

ETF utility as disinvestment tool on the decline: Pandey

PRASANTA SAHU
New Delhi, February 3

THE UTILITY OF exchange-traded funds (ETFs) as a principal means for disinvestment might be on the wane as large-scale strategic sales being planned would reduce the availability of stocks for such baskets, department of investment and public asset management (Dipam) secretary Tuhin Kanta Pandey said on Monday. The government has mobilised a record ₹45,080 crore which was more than half of its FY19 disinvestment receipts via two ETFs — ₹26,350 crore from a CPSE ETF and ₹18,730 crore from Bharat-22 fund. In FY20, ₹30,868 crore was mopped up via the two ETFs.

"The idea (Temasek model) needs to be debated. The existing model for India is anyway competent to achieve the objective of strategic sales as well as sales of stocks in baskets via ETF."
— TUHIN KANTA PANDEY, DIPAM SECRETARY

Pandey, who is steering the government's augmented privatisation drive, critical to achieving its all-time high non-debt capital receipts target of ₹2.1 lakh crore in FY21, however, discounted the feasibility of the Economic Survey 2019-20 proposal that a mechanism similar to Singapore's Temasek be set up to maximise disinvestment receipts.

Continued on Page 2

Source: Economic Times dated February 3, 2020

"Strategic disinvestment of select CPSEs would remain a priority of this government"

Finance Minister Mrs Nirmala Sitharaman

It is Investments made in TOUGH times, that yield GOOD returns

- Historically, investments made in uncertain times, have yielded good returns

- Investment made in 9 out of 10 major crises over last 20 years, have yielded double digit returns over next one year !

Time period	Date of Investment *	Crisis	Next One year return
1998	30-06-1998	Asian Financial Crisis	26.1%
1999	30-06-1999	Kargil War	23.9%
2001	30-09-2001	Attack on World trade Center, US	5.4%
2002-2003	30-06-2003	SARS Outbreak	32.8%
2003	30-06-2003	Iraq war	32.8%
2004	31-05-2004	BJP unexpectedly losing election	40.7%
2008	31-12-2008	Global Financial Crisis	75.8%
2011-12	31-12-2011	European Debt crisis	27.7%
2013	28-02-2013	Taper tantrum	10.3%
2016	30-06-2016	BREXIT announcement	14.9%
2020		Corona virus / Major private sector bank defaults	?

Source: Bloomberg
* Dates are month-end date of a month during the crisis

Be Fearful When Others Are Greedy and Greedy When Others Are Fearful

Warren Buffet

COVID 19 – The key is tomorrow, not today !

- COVID 19 is a once in a lifetime event and has resulted in severe temporary stress
- However, impact of one such year on intrinsic value of businesses is minimal
- Like in the past, the world should limp back to normalcy and neither COVID19 nor lockdown should be making headlines after some time. Markets tend to over-react to crises in the near term leading to sharp corrections
- **Historically, NIFTY returns below 5% CAGR over a 10 year period have been followed by good returns over next 3, 5 and 10 years (see adjacent table)**
- **Interestingly, due to markets fall due to COVID 19, 10 year NIFTY returns are at 5% CAGR currently. This has happened after 15 years.**
- In our opinion, current markets offer a good opportunity for the discerning investor. It would be advisable to increase exposure to equities and stay invested with a medium to long term view

Note: Past results may or may not repeat in future

	NIFTY Returns (% CAGR)			
FY ended	Previous 10 years	Next 3 years	Next 5 years	Next 10 years
Mar-01	12%	16%	24%	18%
Mar-02	-1%	22%	28%	17%
Mar-03	4%	52%	37%	19%
Mar-04	4%	29%	11%	14%
Mar-05	7%	32%	21%	15%
Mar-06	13%	-4%	11%	9%
Mar-07	15%	11%	7%	9%
Mar-08	16%	7%	4%	8%
Mar-09	11%	21%	17%	14%
Mar-10	13%	3%	10%	5%
Mar-11	18%	5%	6%	
Mar-12	17%	17%	12%	
Mar-13	19%	11%	12%	
Mar-14	14%	11%	12%	
Mar-15	15%	6%		
Mar-16	9%	15%		
Mar-17	9%	-2%		
Mar-18	8%			
Mar-19	14%			
Mar-20	5%			

Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble (cap)”
— **Warren Buffett**

Refer disclaimer on slide 46

Equity Markets Summary – Opportunity in adversity !

- Significant impact on corporate profits in FY21 likely; however, minimal impact expected on intrinsic values of most businesses.
- Indian equity markets in aggregate are trading at attractive valuations;
  - Marketcap to GDP is ~55% and reflects good value. In the past , such levels were followed by good returns over next 3 years
  - The current Price to Book Value of the markets is comparable to earlier crisis such as GFC, IT Bubble and Asian Crisis.
- Historically, sharp corrections in Indian markets triggered by global events were followed by good returns over medium to long term.
- 10 year NIFTY returns are at 5% CAGR currently, this has happened after 15 years. Historically NIFTY returns below 5% CAGR for a 10 year period have been followed by good returns over next 3, 5 and 10 years (refer slide 29)
- Significant increase in Covid-19 cases in India & across the world, sharp rise in oil prices, sharp escalation in border dispute with China, etc. are key risks in near term

Life is a cycle, always in motion, if good times have moved on so will times of trouble

Fixed Income Markets Update

Increase in risk aversion

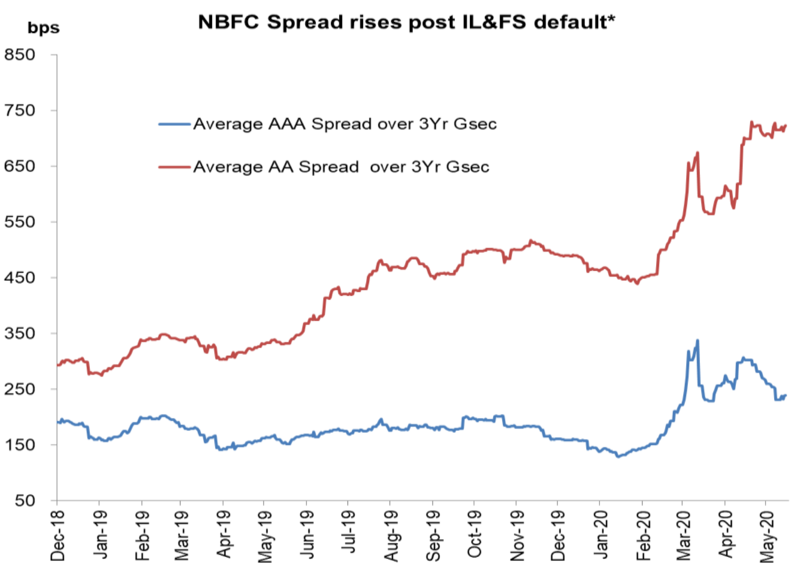
- Since default of IL&FS in Sep'18 and subsequent default by Dewan Housing Finance Corporation Limited, risk aversion towards lower rated issuers had risen significantly.

- Write-down of Additional Tier I bonds of Yes Bank in Q4FY20 added to the prevailing risk aversion

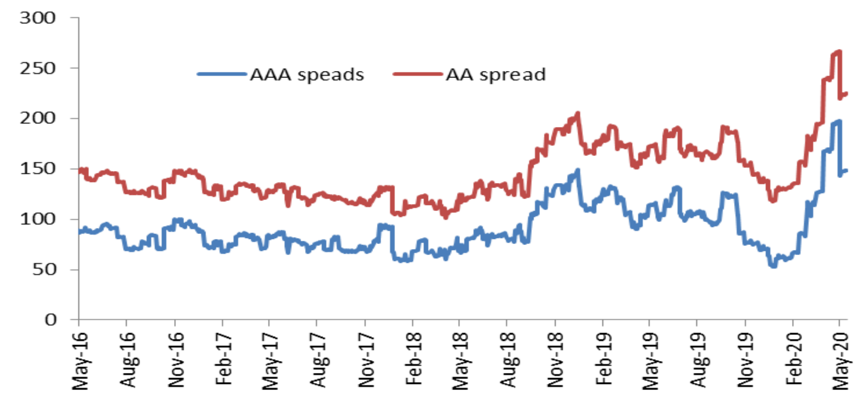
- Disruption due to Covid-19, lockdown and lack of clarity on moratorium on debt taken by NBFCs led to risk aversion rising further; this led to higher pace of redemptions in mutual fund schemes

- Subsequently, a Mutual Fund announced the winding up of 6 schemes, leading to further rise in redemptions for credit risk fund category

- Due to redemption pressure, non-AAA corporate bond and NBFCs/HFCs spreads over Gsec rose sharply in April but moderated slightly in May



Corporate bond spreads over 3 Year Gsec



Source: Daily valuation provided by ICRA/CRISIL, Bloomberg, RBI

Source: Bloomberg

* AAA average spread is average spread of 3 Yr. bond yields for select large AAA rated NBFCs over 3 Yr benchmark Gsec. AA average spread is average spread of 3 Yr. bond yields for select large AA rated NBFCs over 3 Yr benchmark Gsec . If the rating on any NBFC is downgraded, it is removed from calculation of spread of that category.

RBI Measures – Steps in right direction

- RBI announced large set of measures to counter the disruption due to COVID-19

Reduction in policy rates twice

	Feb-2020 (%)	June-2020 (%)	Remarks
Repo Rate	5.15	4.00	Spread between Repo and reverse repo rate increased to 65 bps from 25 bps
Reverse repo rate	4.90	3.35	
Cash Reserve ratio	4.00	3.00	For a period of one year ending March 26, 2021. This is likely to infuse liquidity of INR 1.37 lakh crore in the system.

– Other major steps taken and their possible impact

Steps taken	Key Details & Rationale	Impact, in our view
Targeted Long Term Repos Operations (TLTROs)	RBI conducted TLTROs for banks, of INR 1 lakh crore at floating and linked to repo rate. Amount availed under this facility has to be deployed in investment grade rated CPs and corporate bonds/NCDs It also announced TLTROs 2.0 of INR 50,000 crore to be deployed in CPs, NCDs and bonds issued by NBFCs, with 50% of amount carved out for small NBFCs and MFIs	To improve the liquidity for higher rated corporates and NBFCs. AAA rated corporate bond spreads (over Gsec) to compress Limited impact on liquidity of lower rated corporates/NBFCs
Moratorium on term loans instalments and interest on working capital	All commercial banks, NBFCs, HFCs, MFIs etc. allowed to give moratorium of 6 months on term loans instalments and interest on working capital facilities outstanding as on 1st Mar'20. Bank and NBFC loans to commercial real estate (RE) have been given additional one-year extension for RE projects delayed for reasons beyond the control of promoters.	This should ease immediate liquidity requirements of borrowers
Special Refinance Facility for some PFIs	A special refinance facility for a total amount of INR 50,000 cr to NABARD (INR 25000 cr), SIDBI (INR 15000 cr) and NHB (INR 10000 cr), to help meet sectoral credit needs.	Limited impact as these institutions have adequate market access. To improve system liquidity and reduce market supply of bonds
Special Liquidity Facility for mutual funds (SLF-MF)	RBI to conduct repo operations of 90 days tenor at the fixed repo rate. Amount availed under these scheme to be used for extending loan to MFs and /or purchasing securities from MFs. Total amount available under this scheme is INR 50,000 crores	Initial response has been muted as risk aversion remains high.

Source: RBI

Interest Rates Outlook

Factors supporting lower yields

- Sharp rate cuts by RBI and major central banks; easing bias likely to continue
- Accommodative stance to remain till *“it is necessary to revive growth & mitigate the impact of COVID-19 on the economy”* - RBI
- Concerns over global growth due to disruption caused by spread of coronavirus
- Weak growth and soft commodity prices likely to result in lower inflation in medium term
- Unconventional tools used by RBI to improve transmission of rate cuts (Operation TWIST, LTROs, Targeted LTROs)
- Muted credit growth vs. deposit growth; Ample global and domestic liquidity

Factors opposing lower yields

- Excess SLR securities holding of PSU banks
- Large supply of dated securities by Central and State Governments
- Food prices may keep near term inflation over RBI’s target of 4%
- Sharp reductions in oil production might lead to higher oil prices over a year

Short to medium end of the yield curve offers better risk adjusted returns, in our judgement

Our Investment Philosophy for Fixed Income

- In-depth credit assessment / risk control is key to our credit investments

- Indian fixed income markets have limited liquidity, hence philosophy of **SLR** for credit, generally **prioritized** in that order
  - **Safety** – Superior credit quality
  - **Liquidity** – Prefer securities with better liquidity; focused on portfolio liquidity
  - **Returns** – Risk reward is the key & not yield alone

- Given that credit markets can deteriorate without much warning, even in the best of credit environments, our endeavour is to be prudent on credit risk.

Refer disclaimer on slide 46

How do we control risk ?

- Key strategies for risk control:
  - **Risk Assessment** - *Intense focus on underlying credit evaluation, focus on 4 C's*
  - **Risk Mitigation -** *Adequate covenants, right sizing, diversification, regular monitoring etc*
  - **Risk Pricing –** *Take risk only when it pays*
- Emphasis on Four **C**'s of Credit
  - **Character** of Management *(e.g. avoided exposure to a large distressed housing finance company)*
  - **Capacity** to Pay *(e.g. avoided exposure to a large distressed infrastructure company)*
  - **Collateral** pledged to secure debt (e.g. recovered large portion of investment backed by shares of large media company)
  - **Covenants** of debt *(e.g. recovered investment from a MFI player due to covenants)*

  Risk Control achieved through **conservative sizing** of exposure based on *proprietary* ***Credit Scoring Model*** which factors in – ***Parentage, Financials, Rating & Outlook.***

- Over last decade, in our assessment, MFs have experienced instances of credit stress* in nearly 18 companies / Groups.
- HDFC MF was not exposed to most such stressed cases *(Highlighted in Red)*
- Even is cases where HDFC MF had exposure, we recovered major portion of our investment due to **C**ovenants, good business/**C**ollateral and parentage *(Highlighted in Green)*
- Overall credit costs have been **minimal for HDFC MF** (Stressed exposures at ~0.69% of AUM of affected schemes as on 31st May 2020)

List of companies / Groups which faced stress*		
Deccan Chronicle Group	Religare Group	Dewan Housing Group
Amtek Auto Limited	Vodafone Idea Ltd.	Anil Ambani Group
Jindal Steel & Power - Group	Sintex Group	Cox & Kings Ltd
Ballarpur (BILT) Group	IL&FS Group (other than SPVs)	Cafe Coffee Day Group
Yes Bank	Altico Capital	
IDBI Bank	Jana Small Finance Bank	Zee Promoter Group$$
IL&FS SPVs$ (backed by NHAI annuity)		Simplex Infrastructures$

$ Principal exposure to IL&FS SPV and Simplex Infrastructure at time of credit stress was ~Rs. 358 cr. As of May'20 after the 50% haircut the market value of these exposure was ~Rs. 179 cr or ~0.69% of total AUM of affected schemes. *Stress is defined as companies whose ratings were eventually downgrade to BBB or below rating category ^ Total GNPA of banking Sector.
$$ As of May'20, the market value of residual Zee Promoter Group exposure was ~Rs. 7.3 cr or ~0.11% of Total AUM of affected schemes.

Conservative Fund Positioning by HDFC Mutual Fund

- In view of lack of liquidity in Indian Debt markets, especially for bonds of non-AAA issuers, Fixed income schemes of HDFC MF, including HDFC Credit Risk Debt Fund (HDFC CRDF) have maintained cautious approach to credit.
- As of May 31, 2020, HDFC CRDF has investments spread across more than 45 issuers and over 20 business groups.
- In HDFC CRDF, proportion of exposure in AAA/A1+ and equivalent rated securities (including cash and equivalent#) has improved from ~29% as on 30th March 2020 to ~36% as on May 31, 2020 as shown in table below:

	As on 31st Mar 2020		As on 30th April 2020		As on 31st May 2020	
Ratings / Category	**% of AUM**	**Cumulative % of AUM**	**% of AUM**	**Cumulative % of AUM**	**% of AUM**	**Cumulative % of AUM**
Cash & Equivalent#	5.2	5.2	12.3	12.3	4.2	4.2
AAA / A1+ and equivalent	24.1	29.2	25.7	38.0	32.4	36.6
AA+/ AA/AA-	51.2	80.5	39.3	77.3	40.7	77.3
PSU Banks AT1$	5.2	85.7	5.1	82.4	6.7	84.0
Others*	14.3	100.0	17.6	100.0	16.0	100.0

- As is evident from the above table, more than 84% of the portfolio consists of PSU Banks Additional Tier I (AT1) securities and other AA- and above rated exposures; Pace of redemption has moderated in Credit risk fund since early May-20
- Additionally, other open ended funds of HDFC MF are also positioned conservatively.

Rating Profile	**Liquid and Overnight Fund**	**Open ended Debt oriented Funds^ excluding HDFC CRDF, Gilt, Liquid and Overnight funds**
AAA, A1+ and FDs^, #	100%	84.45%
AA+/AA/AA-	0.0%	11.82%
A+/A/A- and below rated	0.0%	3.73%

^ Ultra Short, Low Duration, Money Market, Floating rate, Short Term, Medium Term, Income (medium to long duration), Dynamic, Banking & PSU, Corporate Bond, Hybrid Debt fund, Retirement Savings Fund - Hybrid Debt Plan; This is considering only the debt assets of all the aforesaid schemes. ^ including cash and equivalent

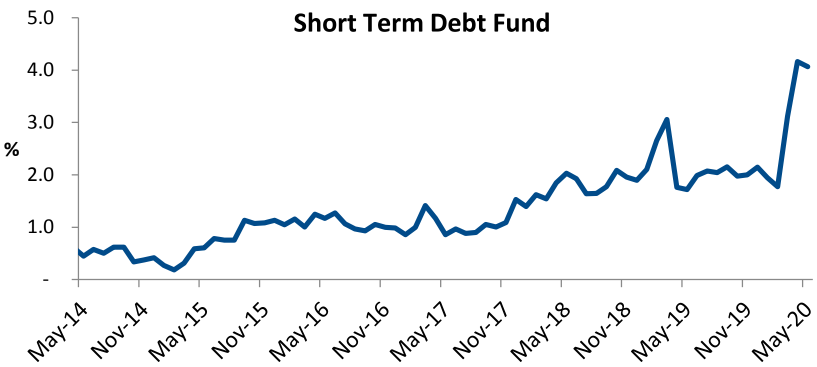
•Refer to our detailed portfolios on our website www.hdfcfund.com # - including net current assets

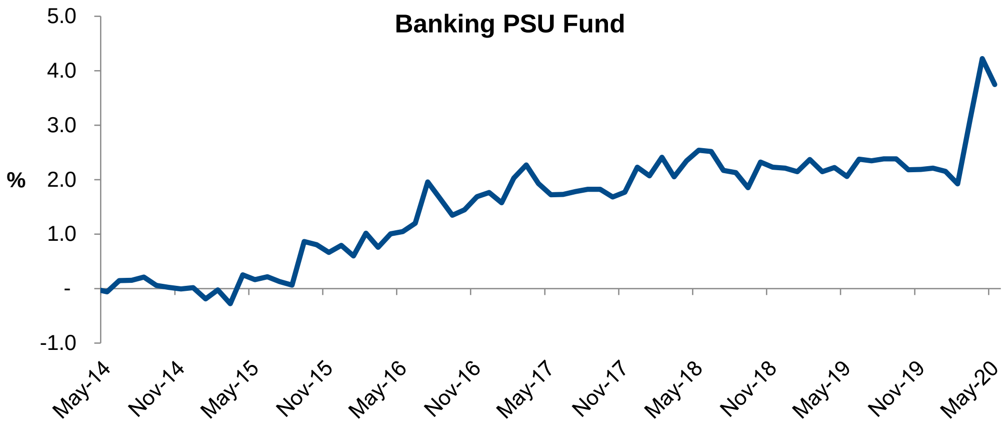
$ Rated AA/A+/A as of 31st March 2020 and Rated A on 30th April 2020 and 31st May 2020

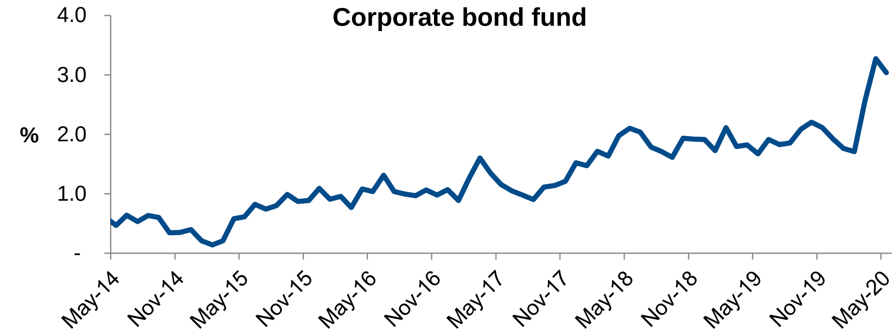
Refer disclaimer on slide 46

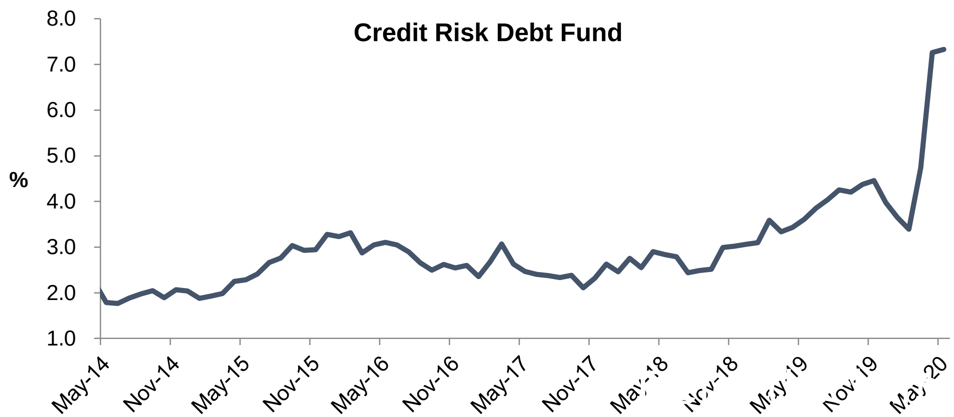
YTMs of HDFC schemes have healthy spread over 91 days T-bills

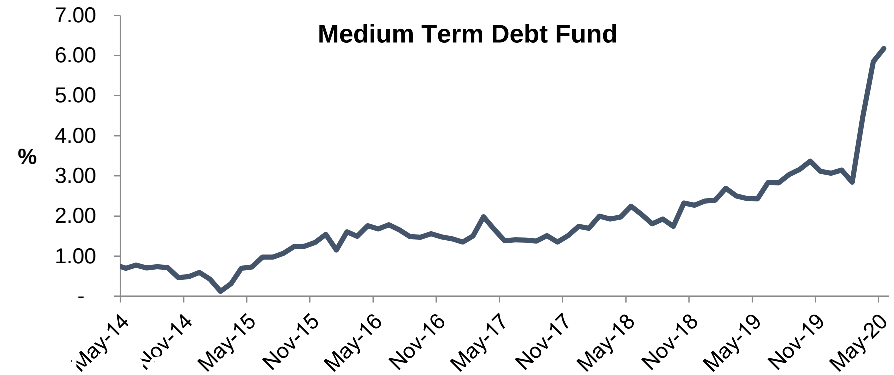
- The spread between YTMs of select HDFC schemes and 91-day Tbills has widened significantly and are at attractive levels, significantly higher than the long term average.











Source: ICRA MFI Explorer, All the graphs are spread of month-end YTMs of respective schemes over 91 T-bills cut-off yield of last auction of that month

Outlook for Fixed Income

- Various actions taken by RBI and RBI Governor’s statements suggest that RBI is open to taking further conventional and unconventional policy measures to counter the impact on slowdown due to the pandemic.

- However, aggressive revenue assumptions and planned fiscal stimulus would lead to high fiscal slippage in FY21; This is a key risk.

- Considering the aforesaid factors, we continue to recommend investment in short to medium duration debt funds.

Covid-19 and Lockdown : What should Investors do ?

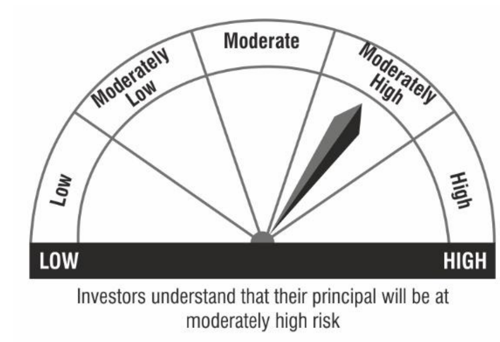
- COVID19 is a once in a life time event and likely to impact economy & corporate profitability significantly in near term;
  - Impact on saving habits and consumption patterns could be for some time
- Indian economy likely to bounce back in FY22 due to a low base, structural strengths and favorable external environment ^
- Decisions in times like these have significant impact on Investing outcomes
- Recent sharp fall in equities highlights the outlier risks in Equities and importance of asset allocation
- Equity Markets are trading at attractive valuations, similar to past crises; Historically, returns of investors who have remained invested or increased exposure to equities in such corrections, have been attractive
- Investors should, therefore, stay invested in such times and, if risk appetite permits, may consider increasing exposure to equities in phases

> *We must accept finite disappointment, but we must never lose infinite hope*
>
> **Martin Luther King**

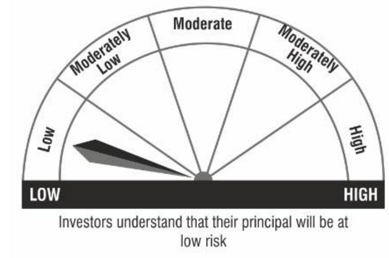
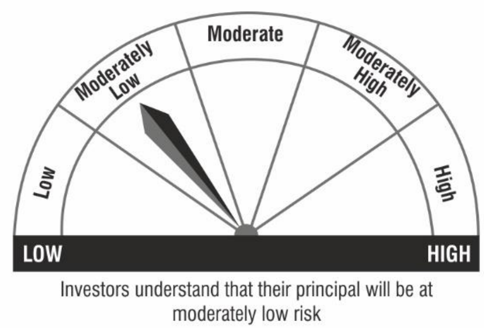
^The information herein is based on the assumption that COVID19 would be behind us by March 2021 and the economy would bounce back by FY22. However, if impact of COVID19 continues after March 2021, various scenarios presented in this document may not hold good.

Refer disclaimer on slide 46

Product Labelling : Equity Schemes

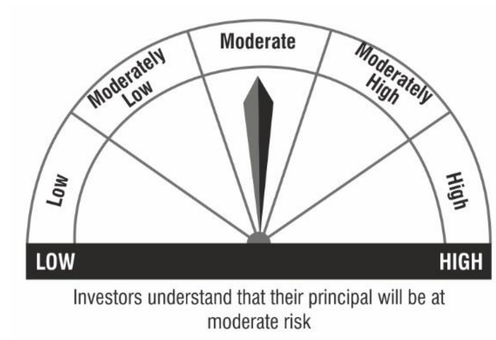
Name of Scheme	This product is suitable for investors who are seeking*	Riskometer
HDFC Equity Fund	• To generate long-term capital appreciation / income • Investment predominantly in equity & equity related Instruments	
HDFC Top 100 Fund	• To generate long-term capital appreciation / income • Investment predominantly in Large-Cap companies	

Product Labelling : Debt Schemes

<table>
<tr><th>Name of Scheme</th><th>This product is suitable for investors who are seeking*</th><th>Riskometer</th></tr>
<tr><td>HDFC Overnight Fund</td><td>• Regular income over short term that may be in line with the overnight call rates
• To generate returns by investing in debt and money market instruments with overnight maturity</td><td rowspan="2">
</td></tr>
<tr><td>HDFC Liquid Fund</td><td>• Regular income over short term
• To generate income through a portfolio comprising money market and debt instruments</td></tr>
<tr><td>HDFC Ultra Short Term Fund</td><td>• Income over short term
• income/ capital appreciation through investment in debt securities and money market instruments.</td><td rowspan="6">
</td></tr>
<tr><td>HDFC Money Market Fund</td><td>• Income over short term
• To generate income/ capital appreciation by investing in money market instruments.</td></tr>
<tr><td>HDFC Low Duration Fund</td><td>• Income over short term
• To generate income/ capital appreciation through investment in debt securities and money market instruments.</td></tr>
<tr><td>HDFC Short Term Debt Fund</td><td>• Income over short term
• To generate income/ capital appreciation through investment in debt and money market instruments.</td></tr>
<tr><td>HDFC Corporate Bond Fund Fund</td><td>• Income over short to medium term
• To generate income / capital appreciation through investments predominantly in AA+ and above rated corporate bonds</td></tr>
<tr><td>HDFC Floating Rate Debt Fund</td><td>• Income over short term
• To generate income / capital appreciation through investments in a portfolio comprising substantially of floating rate debt, fixed rate debt instruments swapped for floating rate returns and money market instruments</td></tr>
</table>

Refer disclaimer on slide 46

Product Labelling : Debt Schemes

<table>
<tr><th>Name of Scheme</th><th>This product is suitable for investors who are seeking*</th><th>Riskometer</th></tr>
<tr><td>HDFC Medium Term Debt Fund</td><td>• Income over medium term
• To generate income/ capital appreciation by investments in debt and money market instruments.</td><td rowspan="6">
</td></tr>
<tr><td>HDFC Income Fund</td><td>• Income over medium to long term
• To generate income/ capital appreciation through investments in debt and money market instruments.</td></tr>
<tr><td>HDFC Gilt Fund</td><td>• Credit risk free returns over medium to long term
• To generate credit risk-free returns through investments in sovereign securities issued by the Central Government and / or State Government.</td></tr>
<tr><td>HDFC Banking and PSU Debt Fund</td><td>• Income over short to medium term
• To generate income / capital appreciation through investments in debt and money market instruments consisting predominantly of securities issued by entities such as Scheduled Commercial Banks (SCBs), Public Sector undertakings (PSUs), Public Financial Institutions (PFIs), Municipal Corporations and such other bodies</td></tr>
<tr><td>HDFC Credit Risk Fund</td><td>• Income over short to medium term
• To generate income / capital appreciation by investing predominantly in AA and below rated corporate debt (excluding AA+ rated corporate bonds)</td></tr>
<tr><td>HDFC Dynamic Debt Fund</td><td>• Income over medium to long term
• To generate income/ capital appreciation by investing in a range of debt and money market instruments</td></tr>
</table>

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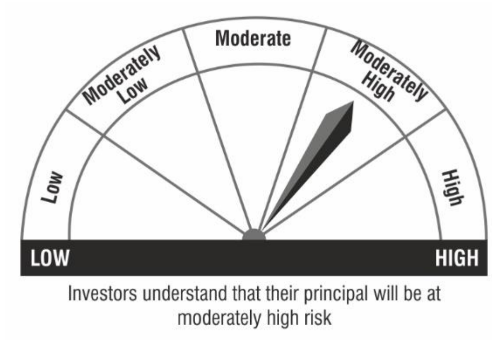
Product Labelling : Hybrid / Solution-Oriented Schemes

Name of Scheme	This product is suitable for investors who are seeking*	Riskometer
HDFC Hybrid Debt Fund	• To generate long-term income /capital appreciation • Investments primarily in debt securities, money market instruments and moderate exposure to equities	
HDFC Retirement Savings Fund – Hybrid Debt Plan	• A corpus to provide for pension in the form of income to the extent of the redemption value of their holding after the age of 60 years. • Investment predominantly n debt and money market instruments & balance in equity and equity related instruments.	

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Thank You

Disclaimer

The views are based on internal data, publicly available information and other sources believed to be reliable. The information given is for general purposes only. Past performance may or may not be sustained in future. The current investment strategies are subject to change depending on market conditions. The statements are given in summary form and do not purport to be complete. The views / information provided do not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this information. The information/ data herein alone are not sufficient and should not be used for the development or implementation of an investment strategy. The statements contained herein are based on our current views and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. **The information herein is based on the assumption that COVID19 would be behind us by March 2021 and the economy would bounce back by FY22. However, if impact of COVID19 continues after March 2021, various scenarios presented in this document may not hold good.** Stocks/Sectors referred above are illustrative and not recommended by HDFC Mutual Fund / AMC. The Fund may or may not have any present or future positions in these sectors. The above has been prepared on the basis of information which is already available in publicly accessible media. The above should not be construed as an investment advice or a research report or a recommendation by HDFC Mutual Fund/HDFC AMC to buy or sell the stock or any other security covered under the respective sector/s. HDFC Mutual Fund/AMC is not guaranteeing any returns on investments made in the Scheme(s). Neither HDFC AMC and HDFC Mutual Fund nor any person connected with them, accepts any liability arising from the use of this document.. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. For complete portfolio/details refer to our website www.hdfcfund.com

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

Thank You