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KEY INFORMATION MEMORANDUM

H-SIF Hybrid Long-Short Fund

by HDFC Mutual Fund

(An Interval investment strategy investing in equity and debt securities, including limited short exposure in equity and debt through derivatives)

(Investment Strategy Code: HSIF/I/H/HLSF/26/10/0001/HDFC)

NSE and BSE Scrip Code: Scrip code to be updated at the time of listing of units of Investment Strategy

This product is suitable for investors who are seeking#:	**Risk-band***	**Benchmark Risk- band** **NIFTY 50 Hybrid Composite Debt 50:50 Index**
Income accrual and Capital appreciation over Medium to long term through investment in Fixed income instruments, equity and equity related instruments including limited exposure to derivatives.		
*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 Rs. 10 each Per Unit for cash during the New Fund Offer Period (NFO) and at NAV based prices upon re-opening

New Fund Offer (NFO) Opens on:	**November 13, 2026**
New Fund Offer (NFO) Closes on:	**November 27, 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: HDFC House, 2nd Floor, H.T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai - 400 020. CIN No: L65991MH1999PLC123027	**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. U65991MH1999PLC123026
Website of the entities: www.hdfcfund.com Webpage of SIF: https://hsif.hdfcfund.com/	

This Key Information Memorandum (KIM) sets forth the information which a prospective investor ought to know before investing. For further details of the Investment Strategy/SIF, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Investment Strategy Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centres or distributors or from the webpage https://hsif.hdfcfund.com/

The Investment Strategy particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 2026, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

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 Key Information Memorandum is dated October 28, 2026.

DISCLAIMER OF NSE:

As required, a copy of this Draft Investment Strategy Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/6162 dated August 28, 2026, permission to H-SIF Hybrid Long-Short Fund to be launched under H-SIF offered by HDFC Mutual Fund to use the Exchange's name in this Draft Investment Strategy Information Document as one of the stock exchanges on which the units of H-SIF Hybrid Long-Short Fund are proposed to be listed subject to, H-SIF fulfilling various criteria for listing. The Exchange has scrutinized this Draft Investment Strategy Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to H-SIF. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Investment Strategy Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Investment Strategy Information Document; nor does it warrant that the H-SIF Hybrid Long-Short Fund 's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of H-SIF, its sponsors, its management or any investment strategy of H-SIF.

Every person who desires to apply for or otherwise acquire any units of the of H-SIF Hybrid Long-Short Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer of BSE Limited:

BSE Ltd. (the Exchange) has given vide its letter dated August 27, 2026 permission to H-SIF Hybrid Long-Short Fund to be launched under H-SIF offered by HDFC Mutual Fund to use the Exchange's name in this ISID as one of the Stock Exchanges on which the H-SIF Hybrid Long-Short Fund units are proposed to be listed. The Exchange has scrutinized this ISID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to H-SIF Hybrid Long-Short Fund to be launched under H-SIF offered by HDFC Mutual Fund. The Exchange does not in any manner: -

i) warrant, certify or endorse the correctness or completeness of any of the contents of this ISID; or

ii) warrant that this Investment Strategy's units will be listed or will continue to be listed on the Exchange; or

iii) take any responsibility for the financial or other soundness of H-SIF, its promoters, its management or any Investment Strategy or project of H-SIF;

and it should not for any reason be deemed or construed that this ISID has been cleared or approved by the Exchange.

Every person who desires to apply for or otherwise acquires any unit of H-SIF Hybrid Long -Short Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

1. Name of the Investment Strategy

H-SIF Hybrid Long-Short Fund

2. Investment Strategy Code

HSIF/I/H/HLSF/26/10/0001/HDFC

3. Category of Investment Strategy

Hybrid Long-Short Fund

4. Type of Investment Strategy

An Interval investment strategy investing in equity and debt securities, including limited short exposure in equity and debt through derivatives.

5. Investment Objective

To generate income and capital appreciation by investing across fixed income instruments, equity and equity related instruments including limited short exposure in equity and debt through derivatives.

There is no assurance that the investment objective of the Investment Strategy will be achieved.

6. Asset Allocation Pattern

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Equity and Equity related instruments ^ including units of Equity Oriented Mutual Funds and Exchange Traded Funds	25	75
Debt and Money Market Instruments^ including Units of Debt Oriented Mutual Fund schemes and Exchange Traded Funds	25	75
Units of InvITs	0	20

^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), Infrastructure Investment Trusts (InvITs), other permitted instruments 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.	Derivative (Hedging Purposes)	Upto 100% of Net Assets	Clause 21.6 of Master Circular
3.	Short exposure through unhedged derivative positions	Upto 25% of Net Assets	Clause 21.6.1 of Master Circular
4.	Securitized debt	Upto 20% of debt assets	Clause 13.1 of Master Circular
5.	Structured Obligations or Credit Enhancements	Upto 50% of maximum permissible allocation to debt assets	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	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 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	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. Further investments will follow the norms for ongoing Investment Strategy.

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

Timelines for deployment of Funds during the New Fund Offer (NFO) period

In accordance with clause 7.24 of 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.

7. Investment Approach

The Investment Strategy aims to achieve income generation through investment in fixed income instruments and arbitrage strategy while generating capital appreciation through tactical investment calls in equity & equity related instruments. The strategy also aims to take position in derivative strategies across Equity and Debt to optimize risk return profile.

The fixed income allocation will focus to optimize the yield. The Investment Strategy will retain the flexibility to invest in the entire range of debt securities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook. The allocation will focus to generate accrual and tap potential price appreciation opportunity across market cycles. The investment strategy can take exposure to Debt derivatives to improve the return profile.

Arbitrage exposure aims to provide 100% hedge to the Equity allocation. The Investment Strategy will take tactical calls in Equity to generate capital appreciation through Long equity, Unhedged Short exposure, Derivatives strategies and special situation equity exposure to improve Investment Strategy returns. Attractive spreads and Premium harvesting through option strategies can potentially add to the return attribution of the Investment Strategy.

The Investment Strategy will seek to capitalize on special situations such as IPOs, FPOs, rights issues, buybacks, open offers, demergers, mergers, QIPs, delisting's, index rebalancing events etc. These event-driven opportunities will be tactically assessed for short-term return generation

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
Long/Short Straddle/Strangle	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 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 engage in Short Selling and Securities Lending and Borrowing activities, subject to the regulations and the applicable guidelines.

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

For detailed derivative strategies, please refer to SAI.

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.

8. Risk Profile of the Investment Strategy

Investment Strategy specific risk factors:

The investment strategy will adopt a Long-Short strategy with investment into Equity and Equity related instruments and across Fixed income instruments including Derivatives. The Investment Strategy aims to deliver returns with exposure to Debt instruments, and through Arbitrage and Equity position under the equity exposure. The Investment Strategy may involve taking opportunistic/tactical calls through derivative strategy to optimize risk return profile. The Investment Strategy under Debt investments will retain the flexibility to invest in the entire range of debt securities. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

The Investment Strategy will adopt a Long-Short approach, while also employing unhedged short exposure through derivative instruments of up to 25% of net assets.

A) Derivative exposure

The AMC 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 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 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 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 and Debt derivatives may result in relatively higher volatility than pure long only funds.

B) 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 for high yield debt papers. 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.

(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) 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.

(xvii) 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.

For details on risk mitigation measures, please refer ISID.

9. Plans/ Options

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 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.

10. Applicable NAV (after the Investment Strategy opens for subscriptions and redemptions)

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), Transfer of Income Distribution cum Capital Withdrawal (IDCW) Plan facility (TIP), 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.

11. Subscription Frequency

The Investment Strategy will be open for daily subscription for all Business Days.

12. Redemption Request

The Investment Strategy will offer redemption two times a week i.e. every Monday and Wednesday of the week. In case Monday or Wednesday is a non- business day, the AMC shall process the redemption on the next business day.

The Trustees reserves the right to change the Redemption frequency in future, subject to SEBI Regulations and any other law, as applicable.

13. 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.

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/-.

For SIP: Minimum amount for accredited investor will be 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 under 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.

14. Minimum Application Amount / Number of units

Purchase (including switch-in)	**Additional Purchase (including switch-in)**	**Redemption (including switch-out)**
During NFO Period and continuous offer period (after investment strategy re-opens for repurchase and sale)		
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. **Note:** Allotment of units will be done after deduction of applicable stamp duty, if any.	Minimum Additional Application Amount (including Switch-In) to be Rs. 5,000/ and in multiples of Re.1 thereafter. **Note**: Allotment of units will be done after deduction of applicable stamp duty, if any.	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/-.

The above threshold of Minimum Application Amount 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 Schemes under Mutual Fund 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.

Frequency	Minimum Amount	Minimum Instalments
Daily	Rs 5,000 and multiples of Re. 1 thereafter	6
Weekly	Rs 10,000 and multiples of Re. 1 thereafter	6
Fortnightly	Rs 10,000 and multiples of Re. 1 thereafter	6
Monthly	Rs 10,000 and multiples of Re. 1 thereafter	6
Quarterly	Rs. 20,000 and in multiples of Re. 1 thereafter	4
Half-Yearly	Rs 50,000 and multiples of Re 1 thereafter	2
Yearly	Rs 1,00,000 and above in multiples of Re. 1 thereafter	1

15. Notice Period

The redemption frequency will be twice a week i.e. Monday and Wednesday in every week. In case Monday or Wednesday is a non-business day, the AMC shall process the redemption on the next business day.

In case in any event, if required, the AMC shall ensure that the notice period shall not exceed 15 days.

The Trustee reserves the right to modify notice period at a future date.

16. Despatch of Repurchase (Redemption Amount)

Within 3 working days of the receipt of valid redemption request at the Official Points of Acceptance of H-SIF.

17. Benchmark Index

NIFTY 50 Hybrid Composite Debt 50:50 Index

18. IDCW/Dividend 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.

Note:

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 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.

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.

19. Name of the Fund Manager

Mr. Anil Bamboli (Debt investments), Mr. Ihab Dalwai (Equity investments), Mr. Paul S Parampreet (Equity investments) and Mr. Gopal Agarwal (Overseas investments).

20. Name of the Trustee Company

HDFC Trustee Company Limited

21. Performance of the Investment Strategy

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

22. Expenses of the Investment Strategy

1. **NFO Expenses:**

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees, marketing and advertising, registrar expenses, printing and stationery, bank charges etc. In accordance with the provisions of SEBI Circular, 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.

2. **Load Structure**

Exit Load:

- 0.50% of applicable Net Asset Value - If the amount sought to be redeemed or switched out on or before 90 days from the date of allotment.
- NIL - If the amount sought to be redeemed or switched out after 90 days from the date of allotment

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.

3. **Recurring Expenses** (% p.a. of daily Net Assets)

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

On the first Rs.500 crores of the daily net assets – 1,85 % p.a.

On the next Rs.250 crores of the daily net assets - 1.65 % p.a.

On the next Rs.1,250 crores of the daily net assets - 1.40 % p.a.

On the next Rs.3,000 crores of the daily net assets - 1.25% p.a.

On the next Rs.5,000 crores of the daily net assets - 1.15% 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 - 0.70% p.a.

The maximum limit of recurring expenses that can be charged to the Investment Strategy would be as per Regulation 66 of the SEBI (MF) Regulation, 2026. Investors are requested to read "**Section- Annual Recurring Expenses**" in the I**SID.**

For further details, please refer to the ISID.

23. Additional Investment Strategy related Disclosures

- **Investment Strategy's portfolio holdings**- Not applicable since this is a new Investment strategy.
- **Portfolio Disclosure** - Not applicable since this is a new Investment strategy.

- **Portfolio Turnover Ratio (xxx xx, 2026)**
  Without Derivatives -
  With Derivatives -

- **Addendums -** Not applicable since this is a new Investment strategy

- **Aggregate investment in the Investment Strategy by (xxx xx, 2026)**
  Not applicable since this is a new Investment strategy.

- **Details of IDCW declaration for last five years or the last five distributions -** https://hsif.hdfcfund.com/

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/.

24. Daily Net Asset Value (NAV) Publication

The AMC will calculate and disclose the first NAV within the timelines stipulated under the Regulations from the closure of the New Fund Offer Period. Subsequently, the AMC shall update the NAV under a separate head on the webpage of SIF https://hsif.hdfcfund.com/ and on the Association of Mutual Funds of India (AMFI) website (www.amfiindia.com). The NAVs will be normally updated by 11.00 p.m.* on every Business Day.

***Notes:**
1. The investment strategy is permitted to take exposure to overseas securities. In case where the Investment Strategy has taken exposure to overseas securities, the NAV of the investment strategy would be declared by 10:00 a.m. on the following business day.
2. In case the investment strategy ceases to hold exposure to any overseas securities during the business day, NAV of the investment strategy for that day would continue to be declared on 10:00 a.m. on the following business day, Subsequent to that day, NAV of the investment strategy shall be declared on 11:00 p.m., on the same day.

In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of working hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAV.

25. Tax Treatment for the Investors (Unit Holders)

Investors are advised to refer to the details in the Statement of Additional Information and also independently refer to their tax advisor.

26. For Investor Grievances, Please Contact

Investors may contact any of the Investor Service Centres (ISCs) of the AMC for any queries / clarifications at telephone number 1800 3010 6767 (toll free), e-mail: hello@hdfcfund.com.	**Registrar and Transfer Agent:** **Computer Age Management Services Ltd.,** Unit: HDFC Mutual Fund 5th Floor, Rayala Tower, 158, Anna Salai, Chennai - 600 002. Telephone No: 044-30212816 Fax No: 044-42032955 Email: enq_h@camsonline.com

27. Unit Holder's Information

Allotment / Refund:

The AMC shall allot units either in physical form (i.e. account statement) or in dematerialized form / refund money within 5 working days from the closure of the NFO.

Email ID for communication:

First / Sole Holders should register their own email address and mobile number in their folio for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.

Account 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 schemes/investment strategy(s) of 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.

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 downloadable spreadsheet format.	H-SIF webpage AMFI	https://hsif.hdfcfund.com/ https://www.amfiindia.com/sif/sif-online-center/portfolio-disclosure
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/

IMPORTANT

Before investing, investors should also ascertain about any further changes pertaining to the Investment Strategy such as features, load structure, etc. made to the Investment Strategy Information Document/ Key Information Memorandum by issue of addenda/ notice after the date of this Document from the AMC/ Mutual Fund/ Investor Service Centres (ISCs)/ Webpage/ Distributors or Brokers or Investment Advisers holding valid registrations.