

Presenting HDFC Equity Fund

(An Open-Ended Growth Scheme)

Consistency across market cycles*

***Best Fund over 10 Years for Growth Option
(Equity – India) in 2006, 2007, 2008 & 2009#***

(Awarded by Lipper Fund Awards India 2009/2008/2007/2006, out of 34/23/18/14 schemes, for the period ending December 31 2008/2007/2006/2005 respectively.)

* Past performance may or may not be sustained in the future. Please refer to the relative performance table for complete details.

Past performance is no guarantee of future results. Please refer to the rating methodology and disclaimer on slide No. 24.



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The Underlying Philosophy

The key to building wealth is not in targeting high returns with high risk each year, rather in avoiding big mistakes in every year

Investment Strategy

- Maintaining a focused portfolio
- Investing predominantly in growing companies
- Investing in strong / quality companies
- Remaining effectively diversified
- Maintaining a liquid portfolio
- Performing over medium / long term

Focused Portfolio

- A +ve approach to investing (target alpha)
- Target reasonable exposure to high conviction ideas (4-7% each for large caps; 1-3% each for mid caps)
- Benchmark is less relevant

Investing in growing companies...

- The fund targets companies that are expected to grow at above average rates in the foreseeable future, have superior financial strengths and enjoy distinct competitive advantage; Fund has selectively invested in cyclical stocks also at times
- Growth reduces risk over time
- However, the fund avoids growth at very expensive valuations

Investing in strong companies...

- Stronger companies reduce risk in bad times, both of the markets and of the industry
- Preference for strong and well managed companies across capitalization
- Preference for No. 1, 2 or 3 companies in the respective sectors / segments
- Investment in mid caps is also targeted in strong companies in their respective sectors

Effective Diversification

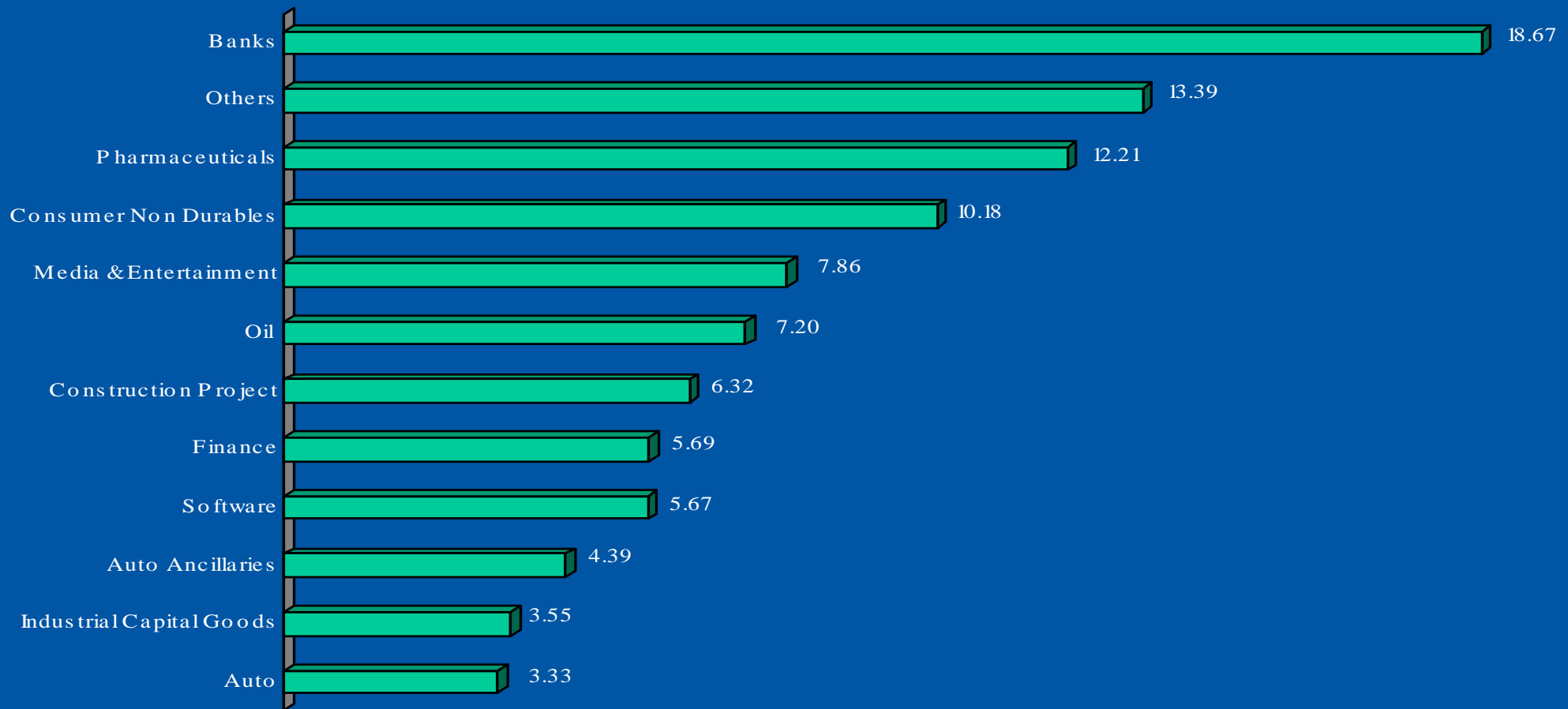
- Quality of diversification is more important than quantity
- Investments in 10 stocks with high correlation is riskier than investments in 3 stocks with low correlation
- Despite maintaining a focused portfolio the fund is reasonably diversified across sectors
- Care is taken to target low correlation across sectors (diversify across key economic risks / variables)

Portfolio Composition

(As on December 31, 2009)

Industry Allocation - % of Net Assets

(As at December 31, 2009)



Others include: Transportation (2.76%), Hardware (2.48%), Petroleum Products (2.14%), Gas (1.91%), Construction (1.10%), Power (1.09%), Chemicals (0.61%), Ferrous Metals (0.59%), Textile Products (0.40%), Textiles – Synthetic (0.31%)

Portfolio Composition

(As at December 31, 2009)

| | % to Net Assets |
|---|-----------------|
| Top 10 equity holdings | 38.22 |
| Total Equity & Equity Related Holdings | 98.46 |
| Cash, Cash Equivalents and Net Current Assets | 1.54 |
| Grand Total | 100.00 |
| Net Assets (Rs. In crore) | 5,395.96 |

Product Features

| | |
|---|--|
| Type of Scheme | Open-ended Growth Scheme |
| Inception Date (Date of allotment) | January 1, 1995 |
| Investment Objective | To achieve capital appreciation |
| Fund Manager \$ | Prashant Jain (Since June 19, 2003)* |
| Plans / Options | Growth and Dividend The Dividend Option offers Dividend Payout and Reinvestment facility |
| Minimum Application Amount (Under Each Plan) | Purchase: Rs. 5,000 and any amount thereafter Additional Purchase: Rs. 1,000 and any amount thereafter |
| Load Structure | <p>Entry Load:</p> <ul style="list-style-type: none"> ■ Not Applicable. Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor. Upfront commission shall be paid directly by the investor to the ARN Holder (AMFI registered Distributor) based on the investors' assessment of various factors including the service rendered by the ARN Holder. <p>Exit Load:</p> <ul style="list-style-type: none"> ■ In respect of each purchase / switch – in of units, an exit load of 1.00% is payable if units are redeemed / switched – out within 1 year from the date of allotment. ■ No exit load is payable if units are redeemed / switched out after 1 year from the date of allotment. <p>No entry / exit load shall be levied on bonus units and units allotted on dividend reinvestment.</p> |
| Benchmark | S&P CNX 500 |

*Date of Migration from Zurich India Mutual Fund.

\$ Dedicated Fund Manager for Overseas Investments: Anand Ladha

Asset Allocation Pattern

Under normal circumstances, the asset allocation of the scheme's portfolio will be as follows:

| Types of Instruments | Normal Allocation (% of Net Assets) | Risk Profile |
|---------------------------------------|-------------------------------------|----------------|
| Equities & Equity related instruments | 80 - 100 | Medium to High |
| Debt and money market instruments* | 0 - 20 | Low to medium |

*Investment in Securitised debt, if undertaken, would not exceed 20% of the net assets of the Scheme. The scheme may seek investment opportunity in the ADR / GDR / Foreign Equity and Debt Securities (max. 40% of net assets) subject to SEBI (Mutual Funds) Regulations, 1996. The scheme may use derivatives mainly for the purpose of hedging and portfolio balancing (max 25% of net assets) based on the opportunities available subject to SEBI (Mutual Funds) Regulations, 1996.

Performance & Fund Rating

(As on December 31, 2009)

Relative Performance HDFC Equity Fund (Growth Option) (As on December 31, 2009)

The fund has outperformed its benchmark in all of the following time periods^

| Period | Returns (%) ^ | S&P CNX 500 Returns (%) # |
|------------------------------------|---------------|---------------------------|
| Last 1 Year (365 Days) | 105.57*~ | 88.57* |
| Last 3 Years (1098 Days) | 16.64** | 9.50** |
| Last 5 Years (1826 Days) | 28.55** | 19.11** |
| Last 10 Years (3654 Days) | 25.59** | 13.63** |
| Since Inception (5478 Days) | 23.27** | 10.45** |

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

*Absolute Returns ** Compounded Annualised Returns # Benchmark Index

~ Due to an over all sharp rise in the stock prices.

Date of Inception: January 1, 1995



Systematic Investment Plan Returns

(As on December 31, 2009)

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

| | Since Inception \$ | 10 Years | 5 Years | 3 Years | 1 Year |
|---|--------------------|------------|------------|-----------|-----------|
| Total Amount Invested (Rs.) | 180,000 | 120,000 | 60,000 | 36,000 | 12,000 |
| Market Value (Rs.) | 2,442,859.48 | 695,620.37 | 116,789.44 | 55,462.97 | 18,877.32 |
| Returns (annualised) (%) * ^ | 30.56 | 33.00 | 26.98 | 30.15 | 120.90 |
| Benchmark Returns (annualised) (%) # | 17.12 | 21.83 | 18.33 | 19.80 | 91.12 |

^ Past Performance may or may not be sustained in the future.

S&P CNX 500 \$ Inception Date: January 1, 1995

*Load is not taken into consideration and the Returns are of Growth Option. Investors are advised to refer to Relative Performance table on slide 15 for Non – SIP Returns

Please refer to the SIP enrolment form or contact the nearest ISC for SIP load structure.

Disclaimer: The above investment simulation is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. HDFC Mutual Fund / HDFC Asset Management Company Ltd. is not guaranteeing or promising or forecasting any returns. SIP does not assure a profit or guarantee protection against loss in a declining market. Please refer SIP enrolment form or contact nearest ISC for SIP load structure.



Dividend History

| Record Date | NAV per Unit (Rs.) Cum Dividend | Dividend Per Unit (Rs.) [^] |
|--------------------|------------------------------------|---|
| August 6, 1999 | 16.030 | 1.60 |
| November 29, 1999 | 19.100 | 2.00 |
| March 24, 2000 | 21.520 | 3.00 |
| December 22, 2000 | 12.660 | 1.70 |
| March 15, 2002 | 13.470 | 1.20 |
| July 15, 2003 | 17.097 | 2.00 |
| September 30, 2003 | 18.792 | 2.50 |
| March 19, 2004 | 20.790 | 1.50 |
| November 30, 2004 | 23.445 | 3.00 |
| March 17, 2006 | 41.877 | 5.00 |
| March 7, 2007 | 40.352 | 5.00 |
| March 7, 2008 | 45.447 | 5.50 |
| March 19, 2009 | 23.253 | 3.00 |

[^]Past performance may or may not be sustained in the future.

All dividends are on face value of Rs. 10 per unit. After payment of the dividend, the per Unit NAV will fall to the extent of the payout and statutory levy (if applicable)



Fund Rating

- HDFC Equity Fund – Growth Option has been awarded the '**Best Fund over Ten Years**' in the 'Equity India Category' by Lipper Fund Awards India 2009, out of 34 schemes, for the period ending December 31, 2008*
- It was awarded the "Best Fund over Ten Years" in the ""Equity India Category"" in 2006, 2007, 2008 as well. **2009 makes it four in a row***
 - *HDFC Equity Fund - Growth Option was awarded the 'Best Fund over Ten Years' in the 'Equity India Category' (from amongst 23 schemes) for the period ending December 31, 2007 at Lipper Fund Awards 2008.*
 - *HDFC Equity Fund - Growth Option was awarded the Best Fund for over Ten Years in the 'Equity India Category' (from amongst 18 schemes) for the period ending December 31, 2006 at Lipper Fund Awards 2007.*
 - *HDFC Equity Fund - Growth Option was awarded the Best Fund over Ten Years in the 'Equity India Category' (from amongst 14 schemes) for the period ending December 31, 2005 at Lipper Fund Awards 2006.*
- Value Research Rating - * * * * (Four Stars) in Equity – Diversified Category (153 schemes) for 3 and 5 year periods ending December 31, 2009*
- Four – stars indicate that the fund is in the next 22.5 per cent of its category in terms of historical risk – adjusted returns

***Past performance is no guarantee of future results.
Please refer to the last slide on rating methodology and disclaimer.**

Fund Suitability

Why HDFC Equity Fund?

- One of the oldest equity diversified funds in the industry with a well established track record* of over 15 years
- Preference for market leaders across market capitalization ensures quality of portfolio at all times
- Maintains an effectively diversified portfolio at all times, thus reducing portfolio risk
- Consistent above average performance across time periods and market cycles; the fund has beaten its benchmark in all but one calendar years since 1997*

* Past performance may or may not be sustained in future.



HDFC Equity Fund is suitable for investors:

- Looking for an effectively diversified, core holding within their mutual fund portfolio
- Considering investing in a fund which avoids short term 'fads and trends' and emphasizes performance over the medium to long term
- Preferring a fund with a consistent investment philosophy and disciplined investment approach across market cycles

- **DISCLAIMER:** This presentation has been prepared and issued on the basis of internal data, publicly available information and other sources believed to be reliable. The information contained in this document is for general purposes only and not a complete disclosure of every material fact and terms and conditions and features of HDFC Equity Fund. The information/ data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on our current views and assumptions 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 recipient alone shall be fully responsible / liable for any decision taken on the basis of this presentation. The content of this presentation is confidential and intended solely for the use of the addressee. If you are not the addressee, or the person responsible for delivering it to the addressee, any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful. No part of this document may be duplicated in whole or in part in any form and/or redistributed without prior written consent of the HDFC Mutual Fund/ HDFC Asset Management Company Limited. The recipient(s) should before investing in the Scheme(s) make his/their own investigation and seek appropriate professional advice.
- **Value Research Ratings - Rating Methodology:** Value Research Fund Ratings are a composite measure of historical risk-adjusted returns. In the case of equity funds, this rating is based on the weighted average monthly returns for the last 3 and 5-year periods. These ratings do not take into consideration any entry or exit load. Each category must have a minimum of 10 funds for it to be rated. Effective, July 2008, we have put an additional qualifying criteria, whereby a fund with less than Rs 5 crore of average AUM in the past six months will not be eligible for rating.

Five stars indicate that the fund is in the top 10 per cent of its category in terms of historical risk adjusted returns. Four stars indicate that a fund is in the next 22.5 per cent of its category. The number of schemes in equity diversified category are 153. These fund ratings are as on December 31, 2009. The Value Research Ratings are published in Monthly Mutual Fund Performance Report and Mutual Fund Insight. The Ratings are subject to change every month. The Rating is based on primary data provided by respective funds, Value Research does not guarantee the accuracy.

■ **Risk Factors:** All mutual funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved and the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsors and their affiliates / AMC / Mutual Fund and its Scheme(s) do not indicate the future performance of the Scheme of the Mutual Fund. There is no assurance or guarantee to unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. Investors in the Scheme are not being offered any guaranteed / assured returns. The NAV of the units issued under the Scheme may be affected, inter-alia by changes in the interest rates, trading volumes, settlement periods, transfer procedures and performance of individual securities. The NAV will inter-alia be exposed to Price / Interest Rate Risk and Credit Risk. HDFC Equity Fund which is benchmarked to S&P CNX 500 Index is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). IISL is not responsible for any errors or omissions or the results obtained from the use of such index and in no event shall IISL have any liability to any party for any damages of whatsoever nature (including lost profits) resulted to such party due to purchase or sale or otherwise of such product benchmarked to such index. **HDFC Equity Fund**, an open-ended growth scheme, is only the name of the scheme and does not in any manner indicate either the quality of the Scheme, its future prospects and returns. Please read the Scheme Information Document and Statement of Additional Information before investing. **Investment Objective:** To achieve capital appreciation. **Asset Allocation Pattern:** Equity and equity linked instruments (80%-100%); Debt and Money Market Instruments (0%-20%). Investment in securitised debt, if undertaken, will not exceed 20% of the net assets of the Scheme. **Terms of Issue:** Applications for subscriptions/redemptions/switches would be accepted at official points of acceptance on all Business Days at NAV based prices. The AMC will calculate and publish NAV on all Business Days. **Load Structure:** Entry Load: **Not Applicable.** Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor. Upfront commission shall be paid directly by the investor to the ARN Holder (AMFI registered Distributor) based on the investors' assessment of various factors including the service rendered by the ARN Holder. **Exit Load:** In respect of each purchase / switch – in of units, an exit load of 1.00% is payable if units are redeemed / switched – out within 1 year from the date of allotment. No exit load is payable if units are redeemed / switched – out after 1 year from the date of allotment. No entry / exit load shall be levied on Bonus units and units allotted on dividend reinvestment. HDFC Equity Fund is benchmarked to S&P CNX 500 Index are not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). IISL is not responsible for any errors or omissions or the results obtained from the use of such index and in no event shall IISL have any liability to any party for any damages of whatsoever nature (including lost profits) resulted to such party due to purchase or sale or otherwise of such product benchmarked to such index. **Statutory Details:** HDFC Mutual Fund has been set up as a trust sponsored by Housing Development Finance Corporation Limited and Standard Life Investments Limited (liability restricted to their contribution of Rs. 1 lakh each to the corpus) with HDFC Trustee Company Limited as the Trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited as the Investment Manager.

■ **LIPPER FUND INDIA AWARDS 2009 RANKING**

- **Ranking Methodology:** The funds considered were funds registered for sale in the respective country as of December 31, 2008/2007/2006/2005 with at least 36 months of performance history as of the said date. All calculations are based on Lipper's risk adjusted Consistent Returns measure, before sales charge. The highest Lipper Leader for Consistent Return (Effective Return) value within each eligible classification determines the fund classification winner over three, five or ten years. Please refer to <http://www.lipperweb.com> for further information and the Ranking Methodology.
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