

# Save Taxes Wisely

# Background

## Salient Features of Section 80C of the Income – tax Act, 1961

- Section 80C of Income Tax Act, 1961 w.e.f. April 1, 2005 (A.Y. 2006-07) provides for deduction from gross total income in respect of specified sums paid or deposited
- Aggregate amount of deductions under Section 80C shall not exceed Rs. 100,000
- Section 80C has no sectoral limits
- Eligible investments u/s 80C, *inter alia*, include:
  1. Life Insurance Premiums
  2. Unit Linked Insurance Plans (ULIP)
  3. Public Provident Fund (PPF)
  4. National Saving Certificate (NSC)
  5. Subscription to 'eligible issue of capital'
  6. Equity Linked Saving Schemes (ELSS)

# Popular Options

Parameter	PPF#	NSC#	ELSS
<b>Tenure</b>	15 years	6 years	Open-ended (Infinite), Close-ended (10 years) Lock-in period: 3 years
<b>Returns (As applicable presently)</b>	8% p.a.	8% p.a. Compounded (half-yearly)	Not Assured
<b>Min. Investments *</b>	Rs. 500	Rs. 100	Rs. 500
<b>Max. Investments *</b>	Rs. 70,000	No limit	No limit
<b>Amount eligible for deduction u / s 80C *</b>	Rs. 70,000	Rs. 1,00,000	Rs. 1,00,000
<b>Whether income received is tax-free u / s 10 of The Income – tax Act, 1961 *</b>	Yes. Interest u/s 10(11)	No	Yes. Dividend u/s 10 (35) & LTCG^ u/s 10 (38)

\* In a financial year ^LTCG – Long Term Capital Gains

# Presenting **HDFC TaxSaver**

**(An Open-ended Equity Linked Savings Scheme with a  
lock-in period of 3 years)**

# The following example illustrates:

Assume Gross Total Income for the year is	Rs. 10,00,000
Investment in HDFC Tax saver	Rs. 100,000
Income on which tax will be paid	Rs. 900,000
<b>Tax Saved on Rs. 100,000/- (Tax Rate assumed: 30%)</b>	<b>Rs. 30,900*</b>

\*Including education cess @ 2% and secondary and higher education cess @ 1%

This implies that you can avail benefit of Rs. 30,900 in tax savings itself on investment. This is along with the returns your investment would possibly earn in the fund

# Why HDFC TaxSaver?

**This is how an amount of Rs. 10,000 invested on March 31, 1996 would have performed on March 31, 2009**

Year Ended	PPF (Rs.) @	NSC (Rs.) @	S&P CNX 500 (Rs.) #	HDFC TaxSaver * (Rs.) \$\$
31.3.1996	10,000	10,000	10,000	10,000
31.3.1997	11,200	11,240	9,018	9,040
31.3.1998	12,544	12,630	10,220	12,400
31.3.1999	14,049	14,190	10,830	23,190
31.3.2000	15,735	15,940	18,895	62,430
31.3.2001	17,466	17,910	10,772	39,650
31.3.2002	19,125	20,150	11,076	50,100
31.3.2003	20,846	22,003	10,017	47,020
31.3.2004	22,514	24,028	20,817	1,01,210
31.3.2005	24,315	26,239	25,321	1,70,420
31.3.2006	26,261	28,653	41,569	3,31,020
31.3.2007	28,362	31,291	44,925	3,37,730
31.3.2008	30,631	34,170	54,645	3,83,483
<b>31.3.2009</b>	<b>33,081</b>	<b>35,815</b>	<b>32,777</b>	<b>244,849</b>

**\*Past performance may or may not be sustained in future.** Please also refer to the relative performance table on slide 15. @ Year end balances have been arrived at by adding interest at the rates notified by the competent authorities from time to time. \$\$ Adjusted for the dividends declared under the Scheme prior to its splitting in Dividend and Growth Options. # Benchmark Index.

**Maturity amount of NSC is reinvested on the maturity date at the prevailing interest rate**



# PPF v/s HDFC TaxSaver

A comparison of Rs. 10,000 invested every financial year on the specified date

Period Ended	Amount deposited/subscribed (Rs.)	Balance in PPF a/c Rs. @	Outstanding value of HDFC TaxSaver units (Rs.)* \$\$
29-Mar-96	10,000	10,000	10,000
31-Mar-97	10,000	21,200	19,040
31-Mar-98	10,000	33,744	36,117
31-Mar-99	10,000	47,793	77,544
31-Mar-00	10,000	63,051	218,758
30-Mar-01	10,000	79,040	148,935
28-Mar-02	10,000	96,154	198,188
31-Mar-03	10,000	113,846	196,004
31-Mar-04	10,000	132,954	431,897
31-Mar-05	10,000	153,590	737,239
31-Mar-06	10,000	175,878	1,441,997
31-Mar-07	10,000	199,948	1,481,220
31-Mar-08	10,000	225,944	1,691,892
31-Mar-09	10,000	254,019	1,090,253
31-Dec-09	<b>140,000</b>	<b>281,047</b>	<b>2,213,024</b>

\* Past performance may or may not be sustained in future. The above simulation is for illustration purpose only. Please also refer to the relative performance table on slide 15. @ Year end balance has been arrived at by adding interest at the rates notified by the Competent authorities from time to time. \$\$ Adjusted for the dividends declared under the scheme prior to its splitting into the Dividend and Growth Options.



# Portfolio Strategy

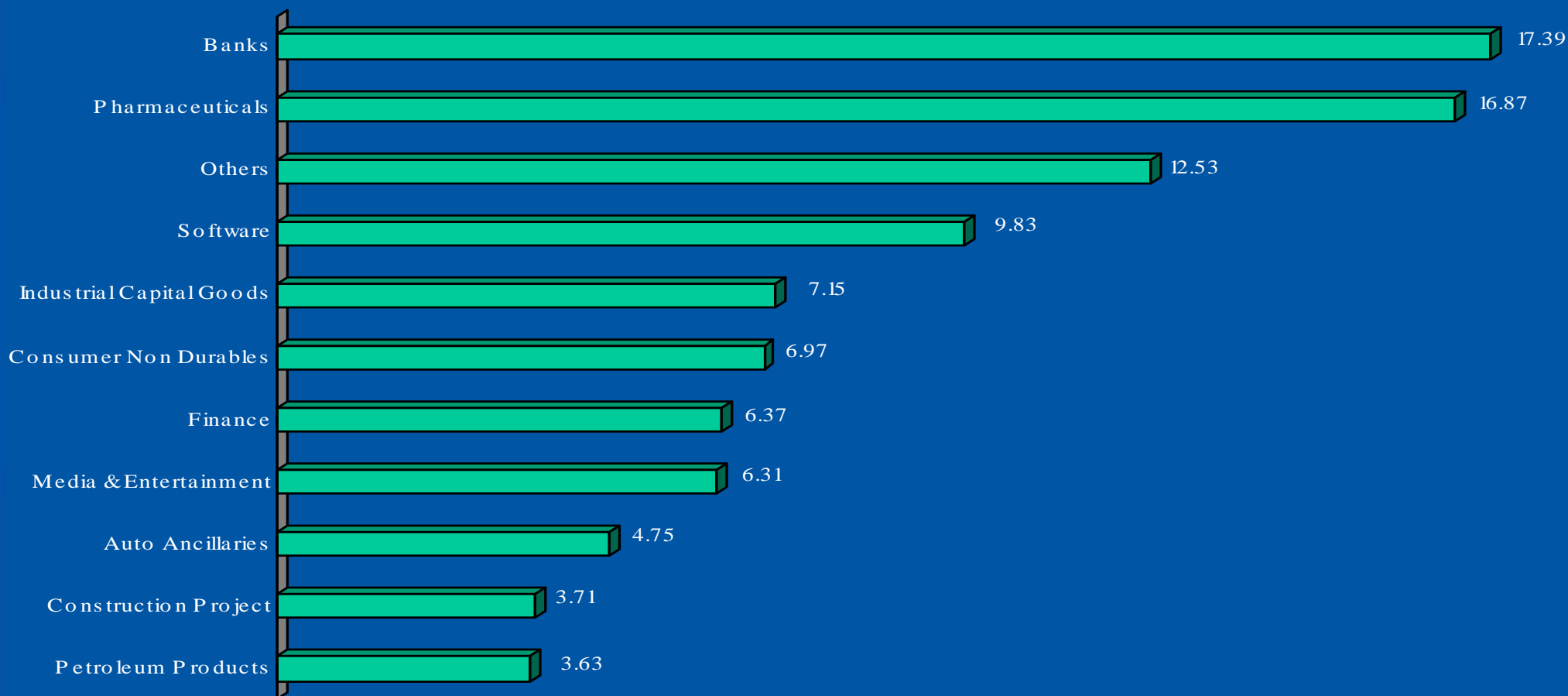
- In order to provide long term capital appreciation, the scheme will invest mainly in growth companies
- The companies selected under this portfolio would as far as practicable consist of medium to large sized companies which:
  - Are likely to achieve above average growth than the industry
  - Enjoy distinct competitive advantages; and
  - Have superior financial strengths
- The aim will be to create a portfolio, which represents a cross-section of strong growth companies in the prevailing market
- In order to reduce the risk, the portfolio will target reasonable diversification

# Portfolio Composition

(As on December 31, 2009)

# Industry Allocation - % of Net Assets

(As at December 31, 2009)



Others include: Transportation (2.40%), Oil (1.95%), Auto (1.68%), Industrial Products (1.65%), Telecom – Services (1.55%), Power (0.95%), Chemicals (0.92%), Construction (0.89%), Paper Products (0.43%), Trading (0.11%)

# Portfolio Composition

(As at December 31, 2009)

	% to Net Assets
Top 10 equity holdings	40.47
<b>Total Equity &amp; Equity Related Holdings</b>	<b>95.51</b>
Cash, Cash Equivalents and Net Current Assets	4.49
<b>Grand Total</b>	<b>100.00</b>
Net Assets (Rs. In crore)	2,124.84
No. of companies in the portfolio	50

# Product Features

<b>Type of Scheme</b>	Open-ended Equity Linked Savings Scheme with a lock-in period of 3 years
<b>Inception Date (Date of allotment)</b>	March 31, 1996
<b>Investment Objective</b>	To achieve long term growth of capital
<b>Fund Manager \$</b>	Vinay Kulkarni (Since November 21, 2006)
<b>Options</b>	Growth and Dividend – The Dividend Option offers Dividend Payout and Reinvestment facility
<b>Minimum Application Amount (Under Each Option)</b>	Purchase & Additional Purchase: Rs. 500 and in multiples of Rs. 500 thereafter
<b>Load Structure</b>	<b>Entry Load: Not Applicable.</b> 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. <b>Exit Load: Nil.</b>
<b>Lock-in period</b>	3 Years from the date of allotment of the respective units
<b>Tax Benefit</b>	U/s 80C of the Income-tax Act, 1961, an individual / HUF is entitled to a deduction upto Rs. 1 Lakh (along with other prescribed investments) for amounts invested in HDFC TaxSaver while computing the total income
<b>Benchmark</b>	S&P CNX 500

\$ 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	Minimum 80	Medium to High
Debt and money market instruments*	Maximum 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 TaxSaver (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 (%) #
<b>Last 1 Year (365 Days)</b>	99.07*~	88.57*
<b>Last 3 Years (1098 days)</b>	10.35**	9.50**
<b>Last 5 Years (1826 Days)</b>	25.81**	19.11**
<b>Last 10 Years (3654 Days)</b>	25.43**	13.63**
<b>Since Inception \$ (5023 Days) (Over 13 Years)</b>	32.82**	14.15**

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

\*\* Compounded Annualised Returns # Benchmark Index

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

\$\$ Adjusted for dividends declared under the scheme prior to its splitting into the dividend and growth options

\$ Inception Date: March 31, 1996



# 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
<b>Total Amount Invested (Rs.)</b>	165,000	120,000	60,000	36,000	12,000
<b>Market Value (Rs.)</b>	2,426,980.87	660,396.01	103,223.19	51,935.13	18,351.78
<b>Returns (annualised) (%) *</b>	34.77	32.04	21.84	25.28	110.78
<b>Benchmark Returns (annualised) (%) #</b>	18.32	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: March 31, 1996.

\*Load is not taken into consideration and returns are of Growth Option. Investors are advised to refer to the relative performance table furnished on slide number 15.

**Disclaimer:** The above investment simulation is for illustration 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. Entry / Exit Load is not taken into consideration in the above investment simulation. Please refer SIP enrolment form or contact nearest ISC for SIP load structure.



# Dividend History

Record Date	Cum Dividend NAV per Unit (Rs.)^	Dividend Per Unit (Rs.)^
August 6, 1999	25.690	3.60
November 29, 1999	35.440	5.00
April 3, 2000	41.580	21.00
March 30, 2001	15.720	1.60
March 15, 2002	17.940	2.00
July 15, 2003	19.922	2.00
February 27, 2004	28.433	2.00
March 15, 2004	26.716	2.00
February 17, 2005	40.572	5.00
March 17, 2006	67.080	7.50
March 7, 2007	60.360	7.50
March 7, 2008	66.092	8.00
March 5, 2009	31.155	5.00

**^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

- Value Research Rating - \* \* \* \* (Four Stars) in Equity – Tax Planning Category (24 schemes) for 3 and 5 year periods ending December 31, 2009\*
- Five – stars indicate that fund is in the top 10 per cent of its category in terms of historical risk – adjusted returns
- 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 TaxSaver?

- Well diversified equity fund
- Well established track record of consistently outperforming its benchmark for over 12 years\*
- Gives investors the twin advantage of availing of a tax deduction under section 80C of the Income-tax Act, 1961 along with the prospect of superior returns through equity investments
- Has given investors a significantly superior post tax return as compared to traditional tax saving instruments

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



# HDFC TaxSaver is suitable for investors:

- Considering to invest for tax planning and avail benefit of tax deduction u/s 80C of the Income – Tax Act, 1961
- Looking for an alternate to traditional tax saving instruments
- Willing to invest in a diversified equity fund with a consistent track record for a minimum period of at least three years

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- **Ranking 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 a 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 based on the weighted average monthly returns for the last 3 and 5-year periods ending December 31, 2009. The number of schemes in the Equity Diversified Category is 153. 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. Investors should be aware that the fiscal rules/ tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of individual nature of tax consequences, each investor is advised to consult his/ her own professional tax advisor. HDFC TaxSaver 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 TaxSaver (an open-ended equity linked savings scheme with a lock-in period of 3 years;** the objective is to achieve long term growth of capital) 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. **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 NAVs on all Business Days. **Asset Allocation Pattern:** Equity and equity related instruments (minimum 80%); debt and money market instruments (investment in securitised debt, if undertaken, not to exceed 20% of the net assets of the Scheme) (maximum 20%). **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:** Nil. **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.

# Thank You