

Today's  
beginners  
could be  
tomorrow's  
leaders.

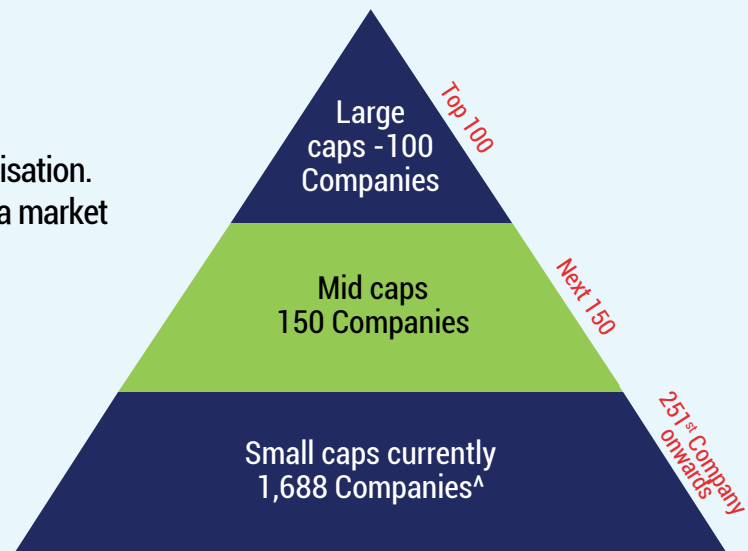


Invest in HDFC Small Cap Fund.

## What are Small Caps?

The small-cap universe consists of companies beyond the 250<sup>th</sup> company in terms of full market capitalisation. This includes more than 1500 small-cap companies with a market capitalisation above Rs 150 Cr.

Large Universe of small caps provides more opportunities for alpha generation.



Source: Classification as per SEBI circular (SEBI / HO/ IMD/ DF3/ CIR/ P/ 2017/ 114) dated October 6, 2017, wherein the universe of "Small Cap" shall consist of companies below 250<sup>th</sup> company in terms of full market capitalization. AMFI - As on 31<sup>st</sup> December 2022. ^Stock cut off - Market Cap above Rs 150 Cr. 1,688 small cap companies mentioned above are those small cap companies with market cap > Rs 150 Cr.

## Why should you invest in Small Caps?

1. Large universe of Small Caps provides investment opportunities in segments of the economy which may not be covered by Large Caps.
2. Small Cap companies are generally under-researched. As the size of the company increases, more analysts start tracking the stock. Institutional holding too increases as companies get larger.
3. Increase in analyst coverage and institutional holding could lead to better familiarity and higher multiples for such companies. As a result, previously mispriced smaller stocks may get re-priced.

## HDFC Small Cap Fund

Diversification is the cornerstone of investing, and diversifying your portfolio across market cap segments (Large Cap, Mid Cap and Small Cap) and is essential to build a well-rounded portfolio. HDFC Small Cap Fund, with a track record of more than 14 years, (Inception Date - April 3, 2008) provides investors with a viable avenue for investing in small-cap companies.

### Current Investment Approach of HDFC Small Cap Fund

#### Stock Selection

- Focus on quality companies with sound financial strength and reasonable return on equity
- Invest at sensible valuations in companies trading at reasonable multiples (P/E, P/B, EV/EBITDA etc.)
- Aim to minimise mistakes by investing in companies with sustainable and understandable business models, with good management quality

#### Sector Allocation

- Primarily a function of stock selection
- Portfolio overweight/underweight vs benchmark controlled to manage portfolio risk by the Fund Manager
- Portfolio to be invested between 90-100%, as far as possible

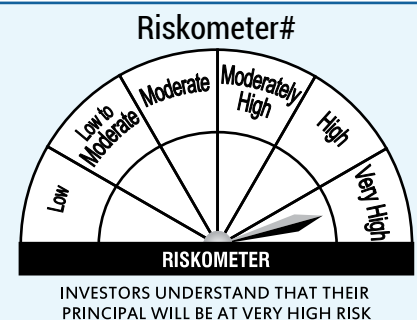
#### Market Capitalisation

- 65% to 100% of total assets are invested in Small Caps
- 0 to 35% of total assets are invested in Large and Mid Caps

The current investment strategy is subject to change depending on the market conditions.

#### This product is suitable for investors who are seeking~

- To generate long-term capital appreciation/income
- Investment predominantly in Small-Cap companies



~Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.

#For latest riskometer, investors may refer to the monthly portfolios disclosed on the website of the fund i.e. [www.hdfcfund.com](http://www.hdfcfund.com)