HDFC Mid-Cap Opportunities Fund

**Scheme Objective**

To generate long-term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities of Small and Mid-Cap companies.

**Fund Commentary**

HDFC Midcap Opportunities scheme falls under Mid & Small Cap Fund Category. The objective of the scheme is to generate long-term capital appreciation from a portfolio that is substantially constituted of equity and equity related securities of Small and Mid-Cap companies. The scheme is benchmark to index Nifty Free Float Midcap 100. On 3 and 5 year investment horizon, the scheme has generated a return of 38.88% and 22.49% respectively as against a return of 30.13% and 14.84% generated by the respective benchmark during the same period. The SIP yield for the investment horizon of 3 & 5 year stood at 27.78% and 27.45% as against 21.96% and 19.76% respectively.

The scheme is managed by Chirag Setalvad. He holds bachelor degree in science and has done Master in Business Administration from University of North Carolina. He has been managing this fund since May 2007. Prior to joining this fund, he has worked with New Vernon Advisory Services Limited, HDFC AMC and ING Baring N.V. Ever since his joining; the fund has delivered a return of 17.66% as against a return of 11.03% delivered by its respective benchmark. The fund manager adopts growth cum value oriented strategy across Mid Cap category.

The scheme has a corpus of INR 12259.33 Crores which is distributed across 74 stocks. The scheme invests in equities (95.89%), debt (3.67%) and others (0.44%) -cash and cash related instruments. Within equities, the scheme has taken highest exposure in Mid Capitalization stocks (59.58%) followed by Large Capitalization Stocks @32.75% and Small Cap Stocks @ 1.94%. The low concentration of 24.20% in the Top 10 stocks bodes well for the portfolio as it limits the volatility of portfolio. The scheme has taken exposure in multiple sectors like Financial Services (22.06%), Industrial Manufacturing (15.59%), Consumer Goods (10.89%), Pharma (8.62%), Automobile (8.05%), IT (5.76%), Energy (5.41%), Construction (5.09%), Fertilizers & Pesticides (4.73%) and Media & Entertainment (4.36%) with a view to diversify the overall portfolio. The Portfolio turnover ratio of the scheme is 254.66%; means that ~255% of total securities are churned by the fund manager in the last one year.

Amongst What in Category, scheme has increased its exposure in HDFC Mutual Fund (HDFC Liquid Fund-Dir-Growth) (3.67%), Indian Hotels Co. Ltd. (0.83%), Hindustan Petroleum Corporation Ltd. (0.63%), Adani Ports & SEZ (0.39%), PNB (0.16%) and Navneet Education Ltd. (0.13%) whereas the scheme has decreased its exposure in Bajaj Finance Ltd. (0.49%), Whirlpool Of India Ltd. (0.32%), Pidilite Industries Ltd. (0.26%), Bayer Cropscience Ltd. (0.20%, Mahanagar Gas Ltd. (0.03%) and Metalyst Forgings Ltd.(0.02%).

The Treynor Ratio of the scheme is 17.69 as compared to 6.59; implying better returns per unit of systematic risk. The Beta of the scheme is 0.97. The scheme has been able to deliver an alpha of 10.73. Return due to net selectivity is 99.67 implying the quality of fund manager to pick quality investment for the portfolio. The fund manager has been able to generate returns consistently as indicated by higher information (8.86) as against (0.60) by benchmark. The scheme has a Sortino ratio of 2.29 as against 1.59 of its benchmark; depicting better returns per unit of risk.

<table>
<thead>
<tr>
<th>Performance Analysis (%)</th>
<th>(&lt;1 yr Abs; &gt;1 yr CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period</td>
<td>Fund</td>
</tr>
<tr>
<td>6 Month</td>
<td>31.54</td>
</tr>
<tr>
<td>1 Year</td>
<td>9.99</td>
</tr>
<tr>
<td>3 Year</td>
<td>38.88</td>
</tr>
<tr>
<td>5 Year</td>
<td>22.49</td>
</tr>
</tbody>
</table>

**Scheme Details**

<table>
<thead>
<tr>
<th>Structure</th>
<th>Mid &amp; Small Cap Fund</th>
<th>Launch Date</th>
<th>25-Jun-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV (Rs.)</td>
<td>43.58 ( 16-Aug-2016 )</td>
<td>Min. Invest.(Rs.)</td>
<td>5000</td>
</tr>
<tr>
<td>Corpus(Cr)</td>
<td>12259.33 ( Jul-2016 )</td>
<td>Expense Ratio</td>
<td>2.14 ( 31-Jul-2016 )</td>
</tr>
<tr>
<td>Exit Load</td>
<td>0 Year to 1 Year;1%</td>
<td>Benchmark Index</td>
<td>Nifty Free Float Midcap 100</td>
</tr>
<tr>
<td>Fund Manager</td>
<td>Chirag Setalvad</td>
<td>No of stocks</td>
<td>74</td>
</tr>
</tbody>
</table>

The Master of the scheme has been engaged as Fund Manager for the last 10 years. The fund has been performing consistently with a return of 20.95% in one year and 38.88% in three years against 27.58% and 30.13% benchmark respectively.
HDFC Mid-Cap Opportunities Fund

NAV Movement Vs Benchmark (Rebased)

Capitalisation

Asset Allocation (%)

Top 10 Stock Holdings (%)  % AUM  1 Mth Return

Company Name  Jul 16  31-Jul-16  Sector Name
Hindustan Petroleum Corporation Ltd.  3.40  26.64%  Financial Services
Volts Ltd.  2.70  8.47%  Industrial Manufacturing
Cholamandalam Investment & Finance Comp  2.63  15.16%  Consumer Goods
Tube Investments of India Ltd.  2.44  13.16%  Pharma
Aurobindo Pharma Ltd.  2.31  6.59%  Automobile
Yes Bank Ltd.  2.28  9.92%  IT
Bajaj Finance Ltd.  2.16  29.71%  Energy
Axis Bank Ltd.  2.14  2.37%  Construction
Carborundum Universal Ltd.  2.08  6.88%  Fertilisers & Pesticides
Divis Laboratories Ltd.  2.06  8.01%  Media & Entertainment

Concentration Analysis

What's In  No of Shares  % of AUM  What's Out  No of Shares  % of AUM

HDFC Mutual Fund (HDFC Liquid Fund - 1,467,239  3.67  Bajaj Finance Ltd. (126,600) -0.49
(HDFC Liquid Fund - 1,467,239  3.67  Whirlpool of India Ltd. (376,000) -0.32
Indian Hotels Co. Ltd.  7,608,000  0.83  Pidilite Industries Ltd. (383,200) -0.26
Hindustan Petroleum  100,000  0.63  Bayer Cropscience Ltd. (47,559) -0.20
Adani Ports and  1,750,000  0.39  Mahanagar Gas Ltd. (72,660) -0.03
Special Economic  500,000  0.16  Metalyst Forgings Ltd. (613,050) -0.02
Punjab National  2,340,000  0.13
Bank

Risk Analysis

SIP YIELD (%)

Period  Fund  Benchmark
6 months  73.73  58.32
1 Yrs  36.78  30.24
2 Yrs  19.12  15.72
3 Yrs  27.78  21.96
5 Yrs  27.45  19.76

Risk Factors/Disclaimers: Mutual Funds and Securities investments are subject to market risks and their NAVs / prices can fluctuate on factors affecting capital/debt markets. Past performance is not an indicator of future performance of the investments. Efforts have been made to ensure that the information provided are accurate, complete and up-to-date, irrespective please read the offer document of the respective schemes before investing. SPA Group is not liable for any inaccurate of incomplete information. SPA Group also takes no responsibility for any gain/loss on any investment made pursuant to the above letter.