

HDFC Small Cap Fund

Fund Snapshot

Morningstar Category	India Fund Small-Cap
Fund Size (INR bn)	99
Inception Date	4/3/2008
Annual Report Net Expense Ratio	2.19
Morningstar Rating Overall	★★★
Manager Name	Multiple
Minimum Investment (INR)	5,000
Morningstar Analyst Rating	Bronze

Manager Biography & Fund Strategy

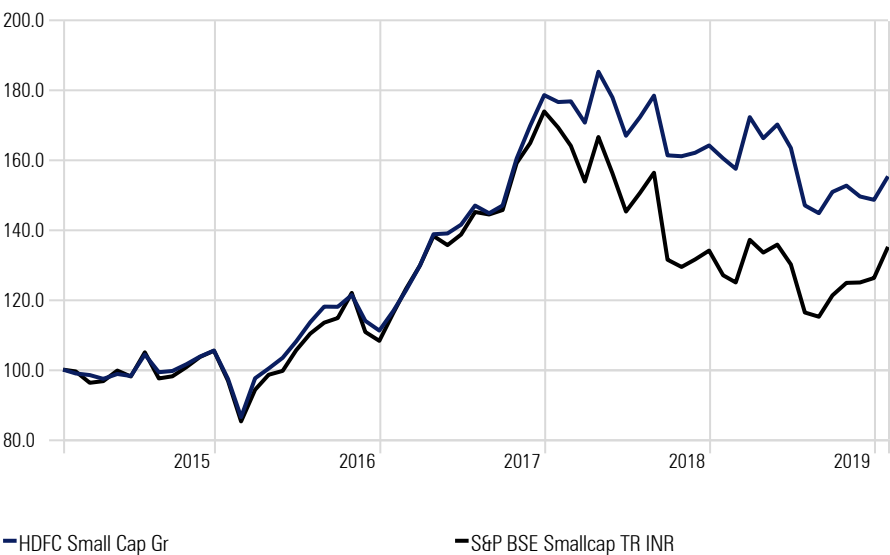
Setalvad ranks amongst the best portfolio managers in the India small/mid-cap Morningstar Category. He has been managing this fund since 2014 and has been associated with HDFC since 2007. We view his long tenure at the fund house as a positive. Detailed and exhaustive research is central to his investment approach. The analyst team is composed of seven members who have an average experience of more than 14 years.

Chirag Setalvad emphasizes understanding businesses before investing. He adopts a hands-on approach to research, in order to identify companies with robust business models, strong competitive advantages, and clean balance sheets. Company meetings are an integral part of the evaluation process. Setalvad looks for tangible business models with a track record. Emerging companies with untested business models don't find favor with him. He typically looks for companies that can generate reasonable free cash flows and have high ROEs. Setalvad combines absolute and relative valuation parameters to select stocks that aren't too expensive relative to their growth prospects. The portfolio's price multiples tend to be slightly lower compared with the category averages. Broadly speaking, the investment style can be characterized as growth at reasonable price. Setalvad has consistently adhered to his professed style of investing in quality businesses with established track records. This incorporates an element of predictability to the investment process, one that will likely hold the fund in good stead over longer periods. The investment process follows a bottom-up approach and is reasonably simple and well defined.

Chirag Setalvad is benchmark-agnostic when constructing the portfolio. This has resulted in a portfolio that often differs significantly from the IISL Nifty Free Float Small Cap 100 Index and the category norm. The portfolio follows a diversified approach, currently consisting of around 70-80 stocks with individual holdings typically accounting for around 4%. The top 10 holdings account for around 25%-30% of the portfolio.

Investment Growth

Time Period: 2/1/2015 to 1/31/2020



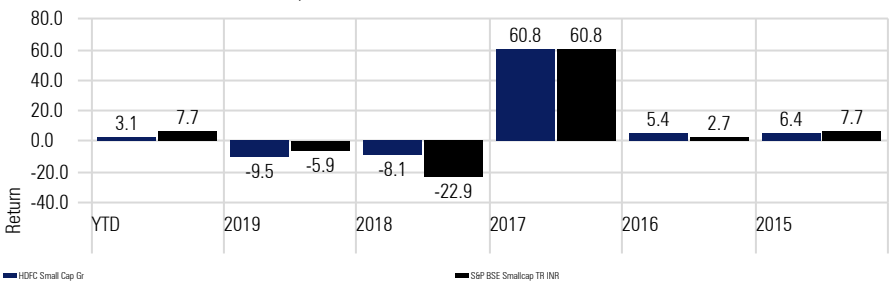
Trailing Returns

Data Point: Return Calculation Benchmark: S&P BSE Smallcap TR INR

	YTD	1 Year	3 Years	5 Years	10 Years
HDFC Small Cap Gr	3.10	-1.64	8.09	9.05	11.99
S&P BSE Smallcap TR INR	7.67	11.66	3.80	6.51	7.17

Calendar Year Returns

Calculation Benchmark: S&P BSE Smallcap TR INR



Top Holdings

Portfolio Date: 1/31/2020

	Equity Style Box	Position Market Value (mil)	Portfolio Weighting %
NIIT Technologies Ltd		3,752.81	3.80
Sonata Software Ltd		2,983.27	3.02
INOX Leisure Ltd		2,688.94	2.72
Balkrishna Industries Ltd		2,567.64	2.60
DCB Bank Ltd		2,480.29	2.51
Chambal Fertilisers & Chemicals Ltd		2,478.51	2.51
Atul Ltd		2,355.33	2.39
Bajaj Electricals Ltd		2,262.45	2.29
Indian Hotels Co Ltd		2,256.05	2.29
The Federal Bank Ltd		2,209.69	2.24

Equity Sectors

Portfolio Date: 1/31/2020

