



**Discover the  
true value,  
before the  
world does.**

*Presenting HDFC Capital Builder Value Fund*

## Investment philosophy and approach

- The Scheme's approach is opportunity dependent
- Focus on undervalued stocks that are trading below intrinsic value, as measured by potential earnings or asset values, and/or future cash flow growth
- The Scheme may own good businesses going through a temporary difficult period as they usually present an attractive entry point
- Seeks to buy companies with strong track record
- Avoids companies where management quality is poor
- Overall preference is to buy companies with good cash flows and strong management

## A Value Investment Strategy

- **No Sector bias**  
Well diversified across sectors-with a bias towards attractive companies in each sector
- **Value Bias**  
The Scheme will generally maintain a minimum of 50% of the equity portfolio in stocks where- Trailing P/E (Price/Earnings) or trailing P/B (Price/Book Value) Ratio **is less than** Median P/E or P/B of stocks in the NIFTY 500 Index
- **No Market cap bias**  
Being a multi-cap fund benchmarked to the NIFTY 500 there is an attempt to have good representation across market capitalizations based on opportunity and risk-reward

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### GUIDING PRINCIPLES FOR PORTFOLIO CREATION

- Focus on buying value stocks
- Bottom-up stock picking within sector
- Sectoral diversification
- Ensuring consistency of risk adjusted returns

HDFC Mutual Fund/AMC is not guaranteeing returns on investments made in this scheme. The current investment strategy is subject to change depending on the market conditions.

**HDFC**

**CAPITAL BUILDER VALUE FUND**

(An Open-ended Equity Scheme Following A Value Investment Strategy)

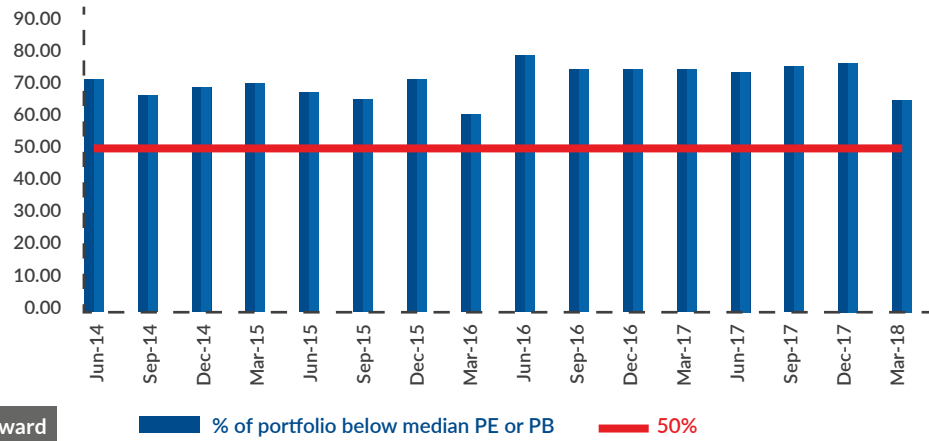
**HDFC**  
**MUTUAL FUND**  
BHAROSA APNO KA

## Value biased

The fund has been positioned as a Value fund post scheme re-categorization w.e.f May 23, 2018

Has anything changed? **No**

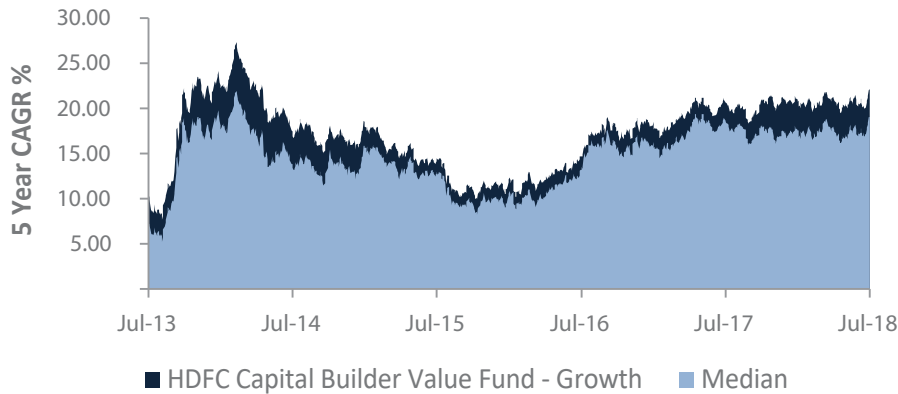
The scheme has consistently maintained a value bias over the last 16 quarters. →



What has worked in the past (value bias) to continue going forward

## A Consistent Performer\*

Internal study of Multi-Cap Funds#



- 3 year and 5 year CAGR rolling returns on a daily basis analysed for the past 5 years for each day falling during the period 31<sup>st</sup> July 2013 to 31<sup>st</sup> July 2018
- Category median 3 and 5 year CAGR observed for each day over the said 5 year period amounting 1229 number of observations
- **HDFC Capital Builder Value Fund outperformed the category median on all 1229 observations.**

HDFC Capital Builder Value Fund	No of Funds in Category	No of Observations	% times > Median	Average CAGR of 1229 observations	Average CAGR of median returns over 1229 observations
3 Year Rolling Returns	67	1229	100%	17.1%	14.7%
5 Year Rolling Returns	62	1229	100%	17.3%	17.7%

## Why look at Consistency?

- A fund having large outperformance in a particular financial year may not sustain the same year after year. Hence, trying to predict which fund will top the chart in the next one year may not be possible.
- While choosing funds, one needs forward looking analysis that does not focus only on funds with strong recent performance.
- Consistent funds may not be the highest in terms of quantum of returns delivered, but would have delivered above median returns during most points in time.

Source: ICRA Online. Schemes included are Multicap Funds based on Icaonline categorization as on 31st July 2018. Category median refers to the mid-point of the range of CAGR returns for each day of observation for the Schemes under the category. \* Past performance may or may not be sustained in the future. The study cited above is for general information and illustrative purposes to explain the concept of consistent performance and should not be construed as an investment advice on minimum returns or guarantee of returns. Due to personal nature of investments and financial planning, investors are advised to consult their financial advisor.

#Multi-Cap universe considered for illustrative purpose only.

## Consistent<sup>^</sup> performance over long term

<sup>^</sup>Outperformance in 19 out of 24 financial years with consistent outperformance in last 11 years\*

Date	Mar-95	Mar-96	Mar-97	Mar-98	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
HDFC Capital Builder Value Fund (A)	15.2%	-29.7%	-23.0%	23.7%	65.6%	7.9%	-21.8%	8.0%	-9.5%	129.1%	56.3%	68.3%	0.2%	26.0%	-38.7%	108.6%	14.9%	-5.5%	6.9%	23.4%	43.2%	-2.5%	27.8%	14.57%
Benchmark (B)	-15.2%	-13.8%	-9.8%	13.3%	6.0%	74.5%	-43.0%	2.8%	-9.6%	107.8%	21.6%	64.2%	8.1%	21.6%	-40.0%	88.0%	7.3%	-8.7%	5.1%	17.7%	33.6%	-7.5%	23.9%	12.87%
Outperformance (A - B)	30.4%	-15.8%	-13.2%	10.4%	59.6%	-66.5%	21.2%	5.2%	0.0%	21.3%	34.7%	4.2%	-7.9%	4.3%	1.4%	20.6%	7.7%	3.2%	1.8%	5.7%	9.6%	5.0%	3.9%	1.7%

Returns are for Regular Plan Growth Option. Benchmark-NIFTY 500 TRI - As TRI data is not available since inception of the scheme, benchmark performance is calculated using composite CAGR of NIFTY 500 PRI values from Feb 01, 94 to Dec 31, 94 and TRI values since Jan 01, 95.

\*Scheme taken over from Zurich India Mutual Fund with effect June 20<sup>th</sup> 2003. Past performance may or may not be sustained in the future. HDFC AMC is not guaranteeing returns on any investments made in this Scheme. For complete performance details refer page 4.

## Percentage of instances across return ranges

Returns CAGR(%)	1 Year	3 Years	5 Years	10 Years	15 Years
More than 20	43	42	33	53	46
More than 15	51	52	52	75	88
More than 10	59	67	74	94	100
More than 0	72	82	100	100	
More than -10	80	93			
More than -20	88	99			

Consistently delivering positive returns over long term horizon.

Example: Over a 5 year horizon, investment in HDFC Capital Builder Value Fund has always yielded positive returns. Further, in 74% instances, investors have earned returns exceeding 10% and so on.

As on 31<sup>st</sup> July, 2018. Daily Rolling returns since inception date of the scheme (1<sup>st</sup> Feb '94) Past performance may or may not be sustained in the future. HDFC AMC is not guaranteeing returns on any investments made in this scheme. For complete performance details refer page 4.

## Why HDFC Capital Builder Value Fund?



- Value investment style focused on picking undervalued stocks has generated alpha consistently\*.
- Further, Bottom up stock picking without significant sectoral divergence from a wider benchmark i.e. NIFTY 500 results in efficient risk management. The scheme has maintained exposure to at least 13 out of 18 sectors of the benchmark over the last 16 quarters#.
- Value bias of the scheme, along with its consistent performance\* and wide diversification make the scheme an ideal investment avenue for investors seeking equity exposure.

# Refer latest detailed portfolio on website [www.hdfcfund.com](http://www.hdfcfund.com)

\* Past performance may or may not be sustained in the future. For complete performance details refer page 4.

## SIP Performance - HDFC Capital Builder Value Fund - Regular Plan - Growth Option

An SIP since inception of just Rs. 10,000 invested systematically on the first business day of every month (total investment ~ Rs. 29.40 lacs) in HDFC Capital Builder Value Fund would have grown to 4.48 crore by 31st July 2018 (refer below table).

SIP Investments	Since Inception	15 year SIP	10 year SIP	5 year SIP	3 year SIP	1 year SIP
Total Amount Invested (Rs.)	2,94,0000	1,800,000	1,200,000	600,000	360,000	120,000
Market Value as on July 31, 2018 (Rs.)	44,778,703	7,660,272	2,997,270	930,623	464,074	125,865
<b>Returns (Annualised) (%)</b>	<b>18.48</b>	<b>17.49</b>	<b>17.43</b>	<b>17.61</b>	<b>17.23</b>	<b>9.22</b>
<b>Benchmark Returns (Annualised)(%)#</b>	<b>14.93</b>	<b>14.23</b>	<b>14.36</b>	<b>15.77</b>	<b>17.01</b>	<b>12.31</b>
<b>Additional Benchmark Returns (Annualised)(%)##</b>	<b>13.72</b>	<b>13.87</b>	<b>13.50</b>	<b>14.76</b>	<b>17.87</b>	<b>19.86</b>

CAGR returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return) for Regular Option. The above investment simulations are for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital.

## HDFC Capital Builder Value Fund- Performance - Regular Plan - Growth Option

NAV as at July 31, 2018 Rs. 300.712 (Per unit)

Period	Scheme Returns (%)	Benchmark Returns (%) <sup>#</sup>	Additional Benchmark Returns (%) <sup>##</sup>	Value of investment of Rs. 10,000		
				Scheme (Rs)	Benchmark (Rs) <sup>#</sup>	Additional Benchmark (Rs) <sup>##</sup>
Last 1 year	12.59	11.06	14.20	11,259	11,106	11,420
Last 3 years	13.15	12.09	11.42	14,491	14,087	13,834
Last 5 years	22.06	18.46	16.03	27,104	23,334	21,038
Since inception (Feb 01, 1994)	14.90	11.17	10.69	300,712	134,145	120,460

Returns greater than 1 year period are compounded annualized (CAGR). The Scheme is managed by Mr. Miten Lathia since March 20, 2017. <sup>#</sup>NIFTY 500 - As TRI data is not available since inception of the scheme, benchmark performance is calculated using composite CAGR of Nifty 500 PRI values from Feb 01, 94 to Dec 31, 94 and TRI values since Jan 01, 95. <sup>##</sup> NIFTY 50 - As TRI data is not available since inception of the scheme, additional benchmark performance is calculated using composite CAGR of Nifty 50 PRI values from Feb 01, 94 to June 29, 99 and TRI values since June 30, 99. TRI = Total Return Index

## Other fund managed by Miten Lathia, Fund Manager of HDFC Capital Builder Value Fund

Scheme	Managing portfolio since	Returns (%) as on 31 <sup>st</sup> July, 2018		
		Last 1 year (%)	Last 3 years (%)	Last 5 years (%)
HDFC DYNAMIC PE RATIO FUND OF FUNDS (Equity Assets)	28 - June- 14	1.44	8.07	9.66
Benchmark - NIFTY 50 Hybrid Composite Debt 65:35 Index		9.78	10.10	13.53

Returns greater than 1 year period are compounded annualized (CAGR). The above returns are of Regular Plan - Growth Option.

Past performance may or may not be sustained in the future. Load is not taken into consideration for computation of performance. The performance of the Scheme(s) is benchmarked to the Total Return Index (TRI) Variant of the Indices.

Different plans viz. Regular Plan and Direct Plan have different expense structure. The expenses of the Direct Plan under the scheme will be lower to the extent of the distribution expenses/commission charged in the Regular Plan.

HDFC Capital Builder Value Fund is suitable for investors who are seeking\*:

- To generate long-term capital appreciation / income in the long term
- Investment primarily in undervalued stocks

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

