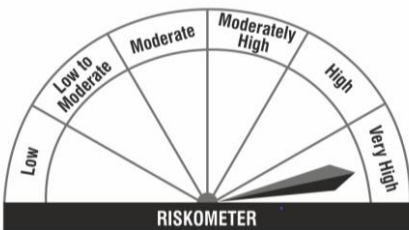
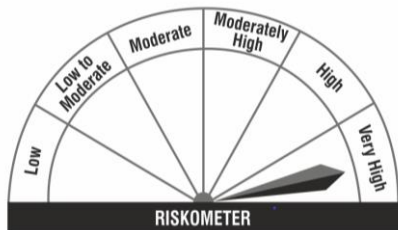


## SCHEME INFORMATION DOCUMENT

### HDFC Silver ETF

**An open ended Exchange Traded Fund replicating/tracking performance of Silver**  
**BSE Scrip Code: 543592, NSE Symbol: HDFCSILVER**

| This product is suitable for investors who are seeking*:                                                                                                                                                                                                                                                                                  | Scheme Riskometer <sup>#</sup>                                                                                                                                                          | Benchmark Riskometer <sup>#</sup>                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Returns that are commensurate with the performance of Silver, subject to tracking errors, over long term.</li> <li>• Investment in Silver bullion of 0.999 fineness.</li> </ul>                                                                                                                  |  <p><b>RISKOMETER</b></p> <p>Investors understand that their principal will be at very high risk</p> |  <p><b>RISKOMETER</b></p> |
| <p>*Investors should consult their financial advisers, if in doubt about whether the product is suitable for them.</p> <p><sup>#</sup>As on September 30, 2024. For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. <a href="http://www.hdfcfund.com">www.hdfcfund.com</a></p> |                                                                                                                                                                                         |                                                                                                              |

#### Continuous Offer of Units in Creation Unit Size at Intra-day NAV based prices

The units of the Scheme are listed on the National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE). All investors including Market Makers and Large Investors can subscribe (buy)/redeem (sell) units on a continuous basis on the NSE/BSE on which the Units are listed during the trading hours on all the trading days. In addition, Market Makers and Large Investors can directly subscribe to/redeem units of the Scheme on all Business Days with the Fund in 'Creation Unit Size' at Intra-day NAV based prices on an ongoing basis.

|                                                                                                                                                                                                                    |                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name of Mutual Fund (Fund): HDFC Mutual Fund<br>Name of Asset Management Company (AMC): HDFC Asset Management Company Limited<br>Name of Trustee Company: HDFC Trustee Company Limited<br>Address of the entities: |                                                                                                                                                            |
| <b>Asset Management Company (AMC):</b><br>HDFC Asset Management Company Limited<br>Registered Office:<br>HDFC House, 2nd Floor, H.T. Parekh Marg,<br>165-166, Backbay Reclamation,                                 | <b>Trustee Company:</b><br>HDFC Trustee Company Limited<br>Registered Office:<br>HDFC House, 2nd Floor, H.T. Parekh Marg,<br>165-166, Backbay Reclamation, |

|                                                                |                                                                |
|----------------------------------------------------------------|----------------------------------------------------------------|
| Churchgate, Mumbai - 400 020.<br>CIN No: L65991MH1999PLC123027 | Churchgate, Mumbai - 400 020.<br>CIN No. U65991MH1999PLC123026 |
| Website of the entities:<br>www.hdfcfund.com                   |                                                                |

**The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date and circulars issued thereunder filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.**

The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund/Investor Service Centres (ISCs)/Website/Distributors or Brokers.

**The investors are advised to refer to the Statement of Additional Information (SAI) for details of HDFC Mutual Fund, Standard Risk Factors, Special Considerations, Tax and Legal issues and general information on [www.hdfcfund.com](http://www.hdfcfund.com)**

**SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website [www.hdfcfund.com](http://www.hdfcfund.com)**

**The Scheme Information Document (Section I and II) should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated November 21, 2024.

#### **DISCLAIMER OF NSE:**

As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/5391 dated December 10, 2021 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's Units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's Units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its Sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any Units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**DISCLAIMER OF BSE:**

“BSE Ltd. (“the Exchange”) has given vide its letter dated December 10, 2021 permission to HDFC Mutual Fund to use the Exchange’s name in this SID as one of the Stock Exchanges on which this Mutual Fund’s Units are proposed to be listed. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to HDFC Mutual Fund. The Exchange does not in any manner:-

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or
- ii) warrant that this scheme’s units will be listed or will continue to be listed on the Exchange; or
- iii) take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund;

and it should not for any reason be deemed or construed that this SID has been cleared or approved by the Exchange.

Every person who desires to apply for or otherwise acquires any unit of HDFC Silver ETF of this Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

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## SECTION I

### Part I. HIGHLIGHTS/SUMMARY OF THE SCHEME

| Sr. No. | Title                             | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I.      | <b>Name of the Scheme</b>         | <b>HDFC Silver ETF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| II.     | <b>Category of the Scheme</b>     | Exchange Traded Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| III.    | <b>SEBI Scheme Type</b>           | An open ended Exchange Traded Fund replicating/tracking performance of Silver.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| IV.     | <b>Scheme Code</b>                | HDFC/O/O /OET/22/03/0092                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| V.      | <b>Investment Objective</b>       | <p>The investment objective of the Scheme is to generate returns that are in line with the performance of physical Silver in domestic prices, subject to tracking error.</p> <p><b>There is no assurance that the investment objective of the Scheme will be achieved.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| VI.     | <b>Liquidity/ Listing details</b> | <p><b>Transactions on the Stock Exchange:</b></p> <p>The Units of the ETF are listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE) and/or BSE Limited (BSE). All investors including Market Makers and Large Investors can subscribe (buy)/redeem (sell) Units on a continuous basis on the NSE and/or BSE on which the Units are listed during the trading hours on all the trading days.</p> <p>The price of the ETF Units in the secondary market on the Stock Exchange(s) will depend on demand and supply at that point of time. There is no minimum trade amount, although Units are normally traded in round lots of 1 Unit.</p> <p>AMC has appointed at least two Market Makers (MMs), who are members of the Stock Exchanges or such other persons as permitted by SEBI to act as Market Makers, to provide continuous liquidity on the stock exchange where the units of ETF are listed. The Market Makers offer two-way quotes (buy and sell quotes) in the secondary market for ensuring liquidity in the ETF Units.</p> <p>Further, the AMC reserves the right to modify Market Makers on an ongoing basis. The list of Market Makers is available on the website of the Fund <a href="http://www.hdfcfund.com">www.hdfcfund.com</a>.</p> <p><b>Transactions directly with the Fund by Market Makers/Large Investors:</b></p> |

|  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p>Market Makers and Large Investors can directly subscribe to/redeem the ETF Units on all Business Days with the Fund in Creation Unit Size at Intra-day NAV on an ongoing basis.</p> <p>Intra-day NAV means the NAV applicable for subscription/redemption transaction by a Market Maker/Large Investor, based on the price at which the purchase/sale of commodity representing the Underlying Index was executed for their respective transaction(s) during the day and shall include the Cash Component. Additionally, transaction handling charges, if any, will have to be borne by the Market Maker/ Large Investor.</p> <p><b>Redemption of units directly with the Mutual Fund during Liquidity Window:</b></p> <p>Investors can directly approach the AMC for redemption of units of ETFs, for transactions of upto Rs. 25 Crores without any exit load, in case of the following scenarios:</p> <ol style="list-style-type: none"> <li>Traded price (closing price) of the ETF units is at discount of more than 1% to the day end NAV for 7 continuous trading days, or</li> <li>No quotes for such ETFs are available on stock exchange(s) for 3 consecutive trading days, or</li> <li>Total bid size on the exchange is less than half of Creation Units Size daily, averaged over a period of 7 consecutive trading days.</li> </ol> <p>Such instances shall be tracked by the AMC on an ongoing basis and in case any of the above mentioned scenario arises, the same shall be disclosed on the website of the Mutual Fund.</p> <p>In the event of above, valid applications received by the fund upto the cut-off time will be processed on the basis of the closing NAV of the day of receipt of request and for valid applications received after cut-off time, the closing NAV of the next Business Day shall be applicable.</p> <p>Please refer to para '<b>Settlement of Purchase/Sale of Units of the Scheme on NSE and BSE</b>' and '<b>Rolling Settlement</b>' under section '<b>Cut off timing for subscriptions/redemption/switches</b>' for further details.</p> <p><b>Dematerialization</b></p> <p><b>The Units of the Scheme will be issued, traded and settled compulsorily in dematerialized (electronic) form.</b> Investors intending to invest in Units of the ETF will be required to have a beneficiary account with a Depository Participant (DP) of NSDL/CDSL.</p> |
|--|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|              |                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>VII.</b>  | <b>Benchmark (Total Return Index)</b>        | <p>Domestic Prices of physical Silver (derived as per regulatory norms). The benchmark is also referred to as “Underlying Index” in this document.</p> <p>The above Index has been chosen as the benchmark as required under Clause 3.3.7 of Master Circular.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>VIII.</b> | <b>NAV Disclosure</b>                        | <p>The AMC will calculate and disclose the NAVs under the Scheme at the close of every Business Day and shall update the NAVs on the website of the Fund and AMFI by 11.00 p.m. every Business day or by 09:00 a.m. of the following calendar day in case of investments by the Scheme in Exchange Traded Commodity Derivatives (ETCDs).</p> <p><b>Indicative NAV (iNAV):</b></p> <p>Indicative NAV (iNAV) is the per unit NAV based on the current market value of Scheme’s portfolio during the trading hours of the ETF. iNAVs shall be disclosed on Stock Exchange(s), where the units of the ETF are listed, and traded during the trading hours and shall be updated based on the latest available data for silver. Accordingly, iNAV disclosed for the Scheme may either be static or dynamic depending upon the availability of the underlying price. iNAV will not have any bearing on the creation or redemption of units directly with the Fund by the Market Makers/Large Investors.</p> <p>For further details refer Section II.</p> |
| <b>IX.</b>   | <b>Applicable Timelines</b>                  | <p><b>Redemption:</b> Within 3 working days of the receipt of valid redemption request at the Official Points of Acceptance of HDFC Mutual Fund for this Scheme or within such timelines as may be prescribed by SEBI / AMFI from time to time in case of exceptional circumstances or otherwise.</p> <p><b>IDCW Proceeds (if declared):</b> Will be transferred within 7 working days of Record Date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>X.</b>    | <b>Plans and Options</b>                     | <p>Presently the Scheme does not offer any Plans/Options for investment.</p> <p>However, Trustees may at their absolute discretion reserve the right to distribute income from time to time (which will be paid out to the Unit holders) in accordance with the IDCW Policy. The AMC and the Trustees reserve the right to introduce such other Plans/Options as they deem necessary or desirable from time to time, in accordance with the SEBI Regulations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>XI.</b>   | <b>Load Structure</b>                        | <b>Exit Load:</b> Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>XII.</b>  | <b>Minimum Application Amount/ Switch In</b> | <b>On an On-going Basis:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|       |                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| XIII. | <b>Minimum Additional Purchase Amount</b>           | <b>A. On the Stock Exchange:</b> Investors (including Market Makers and Large Investors): Units of HDFC Silver ETF can be subscribed (in lots of 1 Unit) during the trading hours on all trading days on the NSE and/or BSE on which the Units are listed. Each Creation Unit Size will consist of 30,000 units.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| XIV.  | <b>Minimum Redemption Amount/ Switch Out Amount</b> | <p>Note: Allotment of units will be done after deduction of applicable stamp duty and transaction, if any.</p> <p><b>B. Directly with the Fund:</b> Market Makers/Large Investors:</p> <p>On an ongoing basis, Market Makers and Large Investors* may approach the Fund directly for subscription / redemption of units of the ETF at the Intra-Day NAV in multiples of Creation Unit size. Additionally, the transaction handling charges, if any, will have to be borne by the Market Maker/Large Investor.</p> <p>*The minimum application amount for Large Investors shall be Rs. 25 Crores<sup>^</sup> (apart from the requirement of the application being in multiples of Creation Unit Size).</p> <p><sup>^</sup>For Large investors viz.: a) Schemes managed by Employee Provident Fund Organisation, India and b) Recognised Provident Funds, approved gratuity funds and approved superannuation funds under Income tax Act, 1961, the minimum amount of Rs. 25 crores will not apply until February 28, 2025 or such other timeline as may be specified by SEBI.</p> <p><b>Market Makers:</b> Application for subscription of HSETF Units directly with the Fund in Creation Unit Size at Intra-day NAV based prices in exchange of (i) Cash and Cash Component or (ii) Portfolio Deposit and Cash Component.</p> <p><b>Large Investors:</b> Application for subscription of HSETF Units directly with the Fund in Creation Unit Size at Intra-day NAV based prices by payment of requisite Cash and Cash Component as determined by the AMC only by means of payment instruction of Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) or Funds Transfer Letter/Transfer Cheque of a bank where the Scheme has a collection account.</p> <p>Redemption of Units in Creation Unit Size will be allowed by means of exchange of Portfolio Deposit i.e. Withdrawal or in Cash.</p> <p><b>Redemption directly with the Fund during Liquidity Window:</b><br/>Minimum 1 Unit. Refer point VI “Liquidity / Listing Details” above.</p> |
| XV.   | <b>Segregated Portfolio</b>                         | Currently, the scheme does not have a segregated portfolio. However, the Scheme has enabling provisions to create segregated portfolio(s) under certain circumstances. For details, kindly refer SAI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| XVI.  | <b>Stock Lending/Short Selling</b>                  | The Scheme also may engage in Silver lending, and/ or deposit Silver with banks in return for fees as and when permitted by SEBI.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

|        |                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| XVII.  | <b>How to Apply and other details</b>                        | <p>The applications filled up and duly signed by the Market Makers/Large Investors should be submitted at the ISCs (AMC branches) whose addresses are available on the website of the AMC i.e. <a href="http://www.hdfcfund.com">www.hdfcfund.com</a>. Applications may also be submitted electronically at the relevant points of acceptance such as designated email ids of the AMC, etc.</p> <p>For further details, refer Section II.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| XVIII. | <b>Investor Services</b>                                     | <p>Contact details for general service requests:</p> <ul style="list-style-type: none"> <li>• call at 1800 3010 6767/1800 419 7676 (toll free), or</li> <li>• e-mail: <a href="mailto:hello@hdfcfund.com">hello@hdfcfund.com</a> or</li> <li>• Investors may contact / visit any of the Investor Service Centres (ISCs) of the AMC; or</li> <li>• post their feedback/suggestions on our website <a href="http://www.hdfcfund.com">www.hdfcfund.com</a> under the section 'Contact Us' → Get in touch → Write to us</li> </ul> <p>Contact details for complaints resolution:</p> <ul style="list-style-type: none"> <li>• call at 1800 3010 6767/1800 419 7676 (toll free)</li> <li>• e-mail: <a href="mailto:hello@hdfcfund.com">hello@hdfcfund.com</a></li> <li>• For any grievances with respect to transactions through NSE/BSE, the investors/Unit Holders should approach the investor grievance cell of the stock exchange.</li> </ul> |
| XIX.   | <b>Creation Unit Size, Portfolio Deposit, Cash Component</b> | <p>Each Creation Unit Size consists of 30,000 Units of the Scheme (each Unit of the Scheme will be approximately equal to 1 gram of Silver) and Cash Component, if any.</p> <p><b>'Portfolio Deposit'</b> shall be of standard 30 kg bars with fineness of 999 parts per thousand (or 99.9% purity) confirming Good Delivery norms as specified in the Regulations.</p> <p><b>'Cash Component'</b> represents the difference between Net Assets Value (NAV) and the closing market price of underlying commodity i.e. physical silver, as at the end of previous business day.</p> <p>For further details, refer Para titled <b>"HOW HDFC Silver ETF (the ETF) WORKS"</b> in Section I, Part II (A) of this SID.</p>                                                                                                                                                                                                                          |
| XX.    | <b>Special products available on Ongoing basis</b>           | <p>Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), Systematic Withdrawal Advantage Plan (SWAP), Transfer of Income Distribution Cum Capital Withdrawal (IDCW) Plan Facility, HDFC Flexindex Plan and HDFC Swing Systematic Transfer Plan are not available under this Scheme.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| XXI.   | <b>Weblink</b>                                               | <p>Click here for Total Expense Ratio (TER) - <a href="https://www.hdfcfund.com/statutory-disclosure/total-expense-ratio-of-mutual-fund-schemes/reports">https://www.hdfcfund.com/statutory-disclosure/total-expense-ratio-of-mutual-fund-schemes/reports</a></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

|  |  |                                                                                                                                                                                |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | Click here for factsheet/ Index Solution Factsheet – <a href="https://www.hdfcfund.com/investor-services/factsheets">https://www.hdfcfund.com/investor-services/factsheets</a> |
|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

- (i) The Scheme Information Document submitted to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.
- (iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.
- (v) The contents of the Scheme Information Document including figures, data, yields etc. have been checked and are factually correct.
- (vi) The AMC has complied with the compliance checklist applicable for Scheme Information Documents and there are no deviations from the regulations.
- (vii) Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.
- (viii) The Trustees have ensured that the HDFC Silver ETF approved by them is a new product offered by HDFC Mutual Fund and is not a minor modification of any existing scheme/fund/product.

**Date:** November 21, 2024

**Place :** Mumbai

**Name:** Supriya Sapre

**Designation:** Chief Compliance Officer

## **Part II. INFORMATION ABOUT THE SCHEME**

### **A. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?**

| Instruments                                                                       | Indicative allocations (% of total assets) |                    |
|-----------------------------------------------------------------------------------|--------------------------------------------|--------------------|
|                                                                                   | Minimum Allocation                         | Maximum Allocation |
| Silver#                                                                           | 95                                         | 100                |
| Debt Securities & Money Market Instruments, units of Debt Schemes of Mutual Funds | 0                                          | 5                  |

#includes physical Silver and other Silver related instruments which may be permitted by SEBI from time to time and currently includes Exchange Traded Commodity Derivatives (ETCDs) having Silver as the underlying.

Exposure to ETCDs having Silver as the underlying shall not exceed 10% of net asset value of the Scheme. However, the above limit of 10% shall not be applicable to Silver ETFs where the intention is to take delivery of the physical Silver and not to roll over its position to next contract cycle.

The above limits shall not apply to Subscription and Redemption Cash Flow. Subscription cash flow is the subscription money received for deployment and redemption cash flow is the money kept aside for meeting redemptions.

The cumulative gross exposure through Silver, Silver related instruments including ETCDs having Silver as the underlying, debt and money market instruments and units of debt schemes of mutual funds shall not exceed 100% of the net assets of the Scheme except to the extent of deployment of Subscription cash flow.

#### **Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)**

| SR. No | Type of Instrument                                                                                            | Percentage exposure of                                                                 | Circular references                                                                             |
|--------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1.     | Repo/ Reverse Repo / Tri-Party repos (TREPS) on Government Securities and Treasury Bills (G-Secs and T-Bills) | To meet liquidity requirements or pending deployment as per regulatory limits          | Clause 1 of Seventh Schedule of SEBI Mutual Fund Regulation                                     |
| 2.     | Short Term deposits                                                                                           | As per regulatory limits                                                               | Clause 8 of Seventh Schedule of SEBI Mutual Fund Regulation and Clause 12.16 of Master Circular |
| 3.     | Mutual Fund Units (as per asset allocation pattern table above)                                               | Upto 5% of the net assets of the Mutual Fund (i.e. across all the schemes of the Fund) | Clause 4 of Seventh Schedule of SEBI Mutual Fund Regulation                                     |

#### **The Scheme will not make any investment in-**

| SR. No | Types of Instruments |
|--------|----------------------|
| 1.     | Debt Derivatives     |

|    |                                                                                                                                                                                                     |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2. | ADR/GDR/Foreign Securities                                                                                                                                                                          |
| 3. | Securitized Debt                                                                                                                                                                                    |
| 4. | Credit Default Swaps                                                                                                                                                                                |
| 5. | Short Selling, Stock Lending                                                                                                                                                                        |
| 6. | Repo in permitted corporate debt securities                                                                                                                                                         |
| 7. | Debt instruments having special features viz. subordination to equity (absorbs losses before equity capital) and/or convertible to equity upon trigger of a pre-specified event for loss absorption |
| 8. | Structured obligations (SO rating) and/or credit enhanced debt (CE rating). However, debt securities with government guarantee shall be excluded from such restriction.                             |
| 9. | Units of Real Estate Investment Trusts (REITs) and/or Infrastructure Investment Trusts (InvITs).                                                                                                    |

### Change in Asset Allocation Pattern / Portfolio Rebalancing

The Scheme, out of the funds allocated shall primarily invest in Silver (includes physical Silver and other Silver related instruments which may be permitted by Regulator from time to time) and shall invest in debt and money market securities, only to the extent necessary to meet the liquidity requirements for honouring repurchase/redemptions/expenses. In view of the nature of the Scheme, the asset allocation pattern as indicated above may not change, except in line with the changes made in SEBI (MF) Regulations, from time to time.

Expectation is that, over a period of time, the tracking error of the Scheme relative to the performance of the Underlying commodity will be relatively low. The AMC would monitor the tracking error of the Scheme on an ongoing basis and would seek to minimize tracking error to the maximum extent possible.

The tracking error i.e. the standard deviation of the difference in daily returns between the Scheme and the underlying commodity annualized over 1 year period based on past one year rolling data shall not exceed 2%. In case of unavoidable circumstances in the nature of force majeure, which are beyond the control of the AMCs, the tracking error may exceed 2% and the same shall be brought to the notice of Trustees with corrective actions taken by the AMC, if any.

In case the Scheme is in existence for a period of less than one year, the annualized standard deviation shall be calculated based on available data.

The Scheme shall disclose the tracking error based on past one year rolling data, on a daily basis, on the website of the AMC and AMFI.

Upon completion of 1 year of the Scheme, tracking difference i.e. the difference of returns between the Scheme and the commodity annualized over 1 year, 3 year, 5 year, 10 year and since the scheme inception period shall be disclosed on the website of the AMC and AMFI, on a monthly basis.

Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC, the intention being at all times to seek to protect the interests of the Unit holders. As per clause 1.14.1.2.b of

Master Circular, such changes in the investment pattern will be for short term and only for defensive considerations.

### **Portfolio Rebalancing norms**

In the event of the asset allocation falling outside the limits specified in the asset allocation table, the Fund Manager will rebalance the same within 7 days from the date of deviation or such other timeline as may be prescribed by SEBI from time to time. Further, in case the portfolio is not re-balanced, justification for the same shall be placed before the investment committee and reasons for the same shall be recorded in writing. The investment committee shall then decide on the course of action.

## **INTRODUCTION TO SILVER EXCHANGE TRADED FUND**

### **Silver as an Asset Class**

Silver like other precious metals has been regarded as a form of money and store of value for more than 4,000 years. Although it lost its role as legal tender in developed countries when the use of the Silver standard came to a final end in 1935. In 2009, the main demand for Silver was for industrial applications, Jewellery, bullion coins, and exchange-traded products.

Unlike gold, the price of Silver swings between its perceived role as a store of value and its role as an industrial metal. For this reason, price fluctuations in the Silver market are more volatile than gold.

Globally, Silver is traded as an integral part of investor portfolios mostly through regulated route of ETFs, in India, investors invest in Silver through many ways like the traditional route – Silver bars, Silver coins, and Silver jewellery, and if they would rather not deal with physical Silver, they invest through paper forms of Silver too like Silver futures, etc.

### **Silver ETFs**

Silver exchange-traded funds (ETFs) track the price of Silver and are generally more liquid than owning the precious metal itself. Like other precious metals, Silver tends to be favored by investors seeking a hedge against inflation or a safe haven in times of market turmoil. Silver ETFs are a convenient option for investors wanting to own physical bullion without the hassle of insuring and storing the metals themselves. Worldwide, Silver ETFs have been more popular than Gold ETFs.

### **Silver and Portfolio Diversification**

Asset allocation is an important aspect of any investment strategy. By balancing asset classes of different correlations, investors hope to maximise returns and minimise risk.

To counter adverse movements in a particular asset or asset class, many investors now strive to achieve more effective diversification in their portfolios by incorporating alternative investments such as commodities. While gold has been the only investment option so far in the commodity space, Silver has also emerged as an investment option.

Silver offers enhanced diversification opportunities relative to many alternative assets. Independent studies have shown that while alternative assets and traditional diversifiers often fail during times of market stress or instability, even a small allocation to Silver may also significantly improve the consistency of portfolio performance during both stable and unstable financial periods.

### **Benefits of Silver ETFs**

- Can be easily bought/sold like any other stock on the exchange through terminals spread across the country.
- Can be bought/sold anytime during market hours at prices that are expected to be close to actual NAV of the Scheme. Thus, investor invests at real-time prices as opposed to end of day prices.

- No separate form filling for buying/selling units. It is just a phone call to your broker or a click on the net.
- Ability to put limit orders.
- Minimum investment for a Silver ETF is one unit.
- Protects long-term investors from the inflows and outflows of short-term investors.
- Helps in increasing liquidity of underlying Silver market.
- An investor can get a consolidated view of his investments without adding too many different account statements, as the units will be in demat form.

#### Uses of Silver ETFs

- No need to hold physical Silver
- Units are issued in demat form, thereby reducing risk of holding physical Silver.
- Allows easy asset allocation for Large Investor
- Investors with a shorter term horizon have liquidity due to ability to trade during the day and expected to have quotes near NAV during the course of trading day on an exchange where the units of the Silver ETF are listed.

Comparison of Silver ETF with Physical Silver is given in the illustrative chart below:

| Sr No | Parameter                         | Jeweller                                                       | Bank                                                    | Silver ETF                                                          |
|-------|-----------------------------------|----------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------------|
| 1     | How Silver is held                | Physical (Bars/Coins)                                          | Physical (Bars/Coins)                                   | Dematerialized (Electronic Form)                                    |
| 2     | Pricing                           | Differs from one to another. Neither transparent nor standard. | Differs from bank to bank. Not Standard.                | Linked to International Silver Prices and very transparent          |
| 3     | Buying Premium above Silver price | Likely to be more                                              | Likely to be more                                       | Likely to be less                                                   |
| 4     | Making Charges                    | Charges are incurred                                           | Charges are incurred                                    | No Charges are incurred                                             |
| 5     | Impurity Risk                     | High                                                           | Nil                                                     | Nil                                                                 |
| 6     | Storage Requirement               | Locker/Safe                                                    | Locker/Safe                                             | Demat Account                                                       |
| 7     | Security of Asset                 | Investor is responsible                                        | Investor is responsible                                 | Fund House takes the responsibility                                 |
| 8     | Resale                            | Conditional and uneconomical                                   | Banks do not buy back                                   | At Secondary Market Prices                                          |
| 9     | Convenience in Buying/Selling     | Less convenient, as Silver needs to be moved physically        | Less convenient, as Silver needs to be moved physically | More Convenient, as held in electronic form under the demat account |
| 10    | Quantity to Buy/Sell              | Available in standard denomination                             | Available in standard denomination                      | Minimum is 1 gram according to the fund                             |
| 11    | Bid Ask Spread                    | Very High                                                      | Can't Sell Back                                         | Very Low                                                            |
| 12    | Risk of Theft                     | Yes, possible                                                  | Yes, possible                                           | No, Not possible                                                    |

#### HOW HDFC SILVER ETF (HSETF) (the ETF) WORKS

The role of the AMC is of a facilitator to the Market Makers/Large Investors to purchase/sell Silver on their behalf for the purpose of creating/redeeming HSETF Units in Creation Unit Size.

#### Issue of Units

1. The Face Value of each unit was 1 gram of Silver as on date of Allotment of Units under the New Fund Offer.

2. As HSETF are listed on the NSE and/or BSE, investors can buy or sell Units of HSETF from the secondary market on the Stock Exchange(s). The minimum number of Units that can be bought or sold on the Stock Exchange(s) is 1 (one) Unit.
3. Alternatively, Market Makers and Large Investors can directly buy/sell HSETF Units from the Fund in 'Creation Unit' size, as defined below.

**'Creation Unit Size'** is the number of Units of HSETF, which is exchanged against a predefined quantity and purity of physical Silver called the Portfolio Deposit and a Cash Component. For redemption of Units it is vice versa i.e. a fixed number of Units of Scheme are exchanged for Portfolio Deposit and Cash Component. The Portfolio Deposit and Cash Component may change from time to time and is discussed separately under this Scheme Information Document.

Each Creation Unit Size consists of 30,000 Units of HSETF (each Unit of HSETF will be approximately equal to 1 gram of Silver) and Cash Component, if any.

'Cash Component' represents the difference between Net Assets Value (NAV) and the closing market price of underlying commodity i.e. physical silver, as at the end of previous business day.

This difference includes accrued annual charges, management fees, accrued interest income earned by the Scheme, if any, and residual cash in the Scheme. In addition, the Cash Component will include transaction cost as charged by the Custodian/DP and other incidental expenses for Creating Units including statutory levies, if any. Cash Component will also include exit load, if applicable.

The Cash Component will vary from time to time and will be decided and announced by the AMC at the beginning of a Business Day and will apply to all transactions for that day.

#### **I. Purchase of HSETF Units in Creation Unit Size directly with the Fund:**

##### **A) Market Makers:**

1. Market Makers may submit an application for purchase of HSETF Units in Creation Unit Size to the AMC on any Business Day, within the applicable cut-off timing for NAV applicability.
2. By submitting the application the Market Makers agree to transfer (deposit) the Portfolio Deposit (i.e. physical Silver) and the Cash Component (if any) in the Scheme's account. The physical deposit of Silver and Cash Component is explained below. The day on which the application is submitted is referred to as the 'T' day.
3. Market Makers are required to transfer (deposit) the Portfolio Deposit (i.e. physical Silver) to the Custodian before the applicable cut-off time, while the balance Cash Component, if any has to be paid to the AMC only by means of payment instruction of Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) or Funds Transfer Letter/Transfer Cheque of a bank where the Scheme has a Operations account.
4. The total amount of Silver and/or equivalent Cash Component if any required for creation of Units in Creation Unit Size will be based on the prorata amount of the NAV of the Scheme represented by the Creation Units (i.e. 30,000 Units) being created determined on the day the request to create is placed by the Market Makers.
5. As per the agreement with Custodian for physical Silver, Custodian will accept physical Silver only if the Silver is in compliance with the Good Delivery norms as specified in the Regulations which are as under:
  - a) Original Assay Certificate;
  - b) Bar list from the refiner;
  - c) relevant shipping documents (airway bill and customs invoice) establishing that the Silver has been shipped directly from a Good London Refiner using an accredited international shipping company on a door to door basis through one of the accredited agencies; and
  - d) such other documents that the Custodian may require from time to time so as to adequately indicate the purity of the Silver deposited with it.

The Custodian will ensure that all Silver deposited with it is accompanied by the above documents and that the Silver bars indicate that the fineness is 999 parts per thousand or above.

6. On having credited the Scheme's account with the Silver deposits in the physical form, the custodian will confirm to the AMC of vaulting of Silver and in turn AMC instructs the registrar the total number of units to be created and upon realization of the Cash Component, the creation of Units will be at the Intra-day NAV of the scheme on T day (i.e. the date on which application was made by Market Makers within the applicable cut-off timing).
7. The Registrar & Transfer Agent will then allocate the Units in proportion of the amount received from the Market Makers and will credit the Units to the demat account of the Market Makers.

#### **B) Large Investors:**

1. On an ongoing basis, Large Investors\* may approach the Fund directly for subscription of units of the ETF at the Intra-Day NAV in multiples of Creation Unit size. Additionally, the transaction handling charges, if any, will have to be borne by the Market Maker/Large Investor.

\*The minimum application amount for Large Investors shall be Rs. 25 Crores^ (apart from the requirement of application being in multiples of Creation Unit Size).

^For Large investors viz.: a) Schemes managed by Employee Provident Fund Organisation, India and b) Recognised Provident Funds, approved gratuity funds and approved superannuation funds under Income tax Act, 1961, the minimum amount of Rs. 25 crores will not apply until February 28, 2025 or such other timeline as may be specified by SEBI.

2. On receipt of confirmation from the Custodian of crediting the Scheme's account with the Silver deposits purchased by the AMC on behalf of the Large Investor, AMC will instruct the Registrar & Transfer Agent the total number of Units to be created and upon realization of the requisite cash, the creation of Units will be at Intra-day NAV of the scheme on T day (i.e. the date on which application was made by Large Investors within the applicable cut-off timing).

**The role of the AMC is of a facilitator to the Market Makers/Large Investors to purchase/sell Silver on their behalf for the purpose of creating/redeeming HSETF Units in Creation Unit Size.**

**The Portfolio Deposit and/or Cash Component for HSETF may change from time to time due to change in NAV.**

**The Scheme shall meet its expenses out of the cash held and in case the cash is insufficient to meet expenses, the Scheme may be required to sell the Portfolio Deposit to meet the Scheme expenses resulting into Portfolio Deposit being lower than the Units allotted under the Scheme.**

**The Fund may from time to time change the size of the Creation Unit in order to equate it with marketable lots of the underlying instruments.**

#### **Portfolio Deposit**

Portfolio Deposit shall be of standard 30 kg bars with fineness of 999 parts per thousand (or 99.9% purity) confirming to Good Delivery Standards as specified in the Regulations.

The quantity and purity (fineness) of physical Silver will be defined and announced by the AMC from time to time.

#### **II. Redeeming of HSETF Units in Creation Unit Size directly with the Fund:**

1. The procedure by which an Market Makers/Large Investors can redeem HSETF Units in Creation Unit Size will mirror the procedure for the creation of HSETF Units.
2. Market Makers and Large Investors\* may make a redemption request to the AMC directly for redemption of units of the ETF at the Intra-Day NAV in multiples of Creation Unit size. Additionally, the transaction handling charges, if any, will have to be borne by the Market Maker/Large Investor. Such request may

be made on any Business Day in a duly filled redemption form, within the applicable cut-off timing for NAV applicability.

\*The minimum application amount for Large Investors shall be Rs. 25 Crores<sup>^</sup> (apart from the requirement of application being in multiples of Creation Unit Size).

<sup>^</sup>For Large investors viz.: a) Schemes managed by Employee Provident Fund Organisation, India and b) Recognised Provident Funds, approved gratuity funds and approved superannuation funds under Income tax Act, 1961, the minimum amount of Rs. 25 crores will not apply until February 28, 2025 or such other timeline as may be specified by SEBI.

3. By placing the redemption request, the Market Makers/ Large Investors agree to transfer the requisite number of HSETF Units in Creation Unit Size to the Scheme's DP accounts on T+0 business days.
4. The request for redemption by Market Makers/Large Investors needs to be enclosed with the delivery order used in the depository system duly acknowledged by the DP with whom the Market Makers/Large Investor has a depository account stating the number of HSETF Units transferred to the Scheme's DP account.
5. After successful verification of the redemption request, the AMC will instruct the Custodian to transfer the Portfolio Deposit i.e. Withdrawal of physical Silver to the custody account of Market Makers/Large Investors and remit/collect the Cash Component after adjusting transaction handling charges, other applicable charges and the difference between the applicable NAV and closing price of Silver.
6. The expenses associated with taking the physical delivery of Silver will have to be borne by Market Makers/Large Investors.
7. The delivery of physical Silver to Market Makers/Large Investors will be made at the location of the Custodian within the jurisdiction of Mumbai.
8. The redemption price for redemption of Units in Creation Unit Size will be at the Intra-day NAV on the redemption request date subject to cut-off timing limits.
9. Redemption proceeds will be sent to Market Makers/ Large Investors within 3 working days of the date of redemption subject to confirmation with the depository records of the Scheme's DP account.

#### **Creation/Redemption of HSETF Units facility (for Cash Directly):**

HDFC Mutual Fund shall allow only cash purchases of HSETF Units in Creation Unit Size by Large Investors. Such investors shall make creation request to the Fund where upon the Fund will arrange to purchase the underlying physical Silver. The role of the AMC is of a facilitator to the Large Investors to purchase Silver on their behalf for the purpose of creating HSETF Units in Creation Unit Size.

Also, the Fund provides for cash redemption of HSETF Units in Creation Unit Size by Market Makers/Large Investors. On receipt of such redemption requests the Fund will arrange to sell physical Silver on behalf of the Market Makers/Large Investors. Accordingly, the sale proceeds of physical Silver after adjusting necessary charges/costs and exit load, if any will be remitted to the Market Makers/Large Investors.

The creation/redemption request for cash can be made to the Fund in a duly filled application/transaction form.

Application/Transaction form for Creation/Redemption for HSETF Units in 'Creation Unit Size' can be obtained from any of the ISCs/Official Points of Acceptance of the AMC.

The minimum number of HSETF Units that can be created/ redeemed for Cash directly with the Fund will be announced by the Fund from time to time. In the event of change in 'Creation Unit Size', the Fund shall provide Large Investors a one time exit window to exercise the redemption (repurchase) of their existing holding of Units of HSETF created directly with the Fund in the prevailing Creation Unit Size without payment of exit load. On closure of the exit window, redemption (repurchase) made directly with the Fund shall be in the new Creation Unit Size.

### Example of computation of Cash Component for Creation/ Redemption of Units in Creation Unit Size:

As explained above, the Creation Unit is made up of 2 components i.e. Portfolio Deposit and Cash Component. The Portfolio Deposit will be determined by the Fund. Portfolio Deposit shall be of standard 30 kg bars with fineness of 999 parts per thousand (or 99.9% purity) confirming to Good Delivery Standards as specified in the Regulations. The value of Portfolio Deposit will change due to changes in the prices during the day.

The total amount of Silver and/or equivalent Cash Component if any required for creation of Units in Creation Unit Size will be based on the prorata amount of the NAV of the Scheme represented by the Creation Units (i.e. 30,000 Units) being created determined on the day the request to create is placed by the Market Makers

|                                                                           |   |           |
|---------------------------------------------------------------------------|---|-----------|
| Number of Units comprising one Creation Unit                              | A | 30,000    |
| NAV per Unit (as at the end of the Previous Business Day)                 | B | 64        |
| Value of one Creation Unit                                                | C | 19,20,000 |
| Closing price per gram of Silver (excl. GST) on the previous Business Day | D | 63        |
| Value of Portfolio Deposit (physical Silver of 30 kg) (AxD)               | E | 18,90,000 |
| Cash Component # (C-E)                                                    | F | 30,000    |

The above is just an example to illustrate the calculation of Cash Component.

# Cash Component will vary depending upon the accrued interest, income earned by the Scheme, the actual charges incurred like Custodial Charges and other incidental charges for creating Units and will include the difference between the purchase/sale price and closing price of Portfolio Deposit for creation/redemption of HSETF Units in Creation Unit Size.

The AMC shall disclose at the start of each Business Day the Portfolio Deposit and Cash Component for subscription and redemption of HSETF Units in Creation Unit Size on its website [www.hdfcfund.com](http://www.hdfcfund.com) and the same would be applicable for subscribing and redeeming Units in Creation Unit Size for that Business Day only.

### Buying/Selling through the Stock Exchange:

Buying/Selling Units on the Stock Exchange is just like buying/ selling any other normal listed securities. If an investor has bought Units, an investor has to pay the purchase amount to the broker/sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the Exchange. If an investor has sold Units, an investor has to deliver the Units to the broker/sub-broker before the securities pay-in day of the settlement cycle on the Exchange.

The Units (in case of Units bought) and the funds (in the case of Units sold) are paid out to the broker on the payout day of the settlement cycle on the Exchange. The trading member would pay the money or deliver the Units to the investor in accordance with time prescribed by the Stock Exchange regulations.

If an investor has bought Units, he should give standing instructions for 'Delivery-In' to his/her DP for accepting Units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the Units directly to his/her beneficiary account on receipt of the same from Exchange's clearing corporation.

An investor who has sold Units should instruct his/her Depository Participant (DP) to give 'Delivery Out' instructions to transfer the Units from his/her account to the trading member account through whom he/she have sold the Units. The details of the pool A/c of his/her trading member to which the Units are to be transferred, Unit quantity etc. should be mentioned in the delivery out instructions given by him/her to the DP. The instructions should be given will before the prescribed securities pay-in day. SEBI has advised that the delivery out instructions should be given atleast 24 hours prior to the cut off time for the prescribed securities pay in to avoid any rejection of instructions due to data entry errors, network problems, etc.

The above procedure relating to purchase and sale of Units by different types of investors/Market Makers in the HDFC Silver Exchange Traded Fund is tabulated for easy reference:

| <b>(A) Market Makers and Large Investors</b> | <b>Subscription/Purchase</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Redemption/Sale</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Market Makers                                | On any Business Day within the applicable cut-off timing, applications along with physical Silver* (i.e. Creation Unit Size of standard 30 kg) and/or Cash Component. * The Silver should be of fineness of 999 parts per thousand (99.9%) On any Business Day within the applicable cut-off timing, application along with the requisite Cash (including cash Component) as determined by AMC for creation of Units in Creation Unit Size paid only by means of payment instruction of Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) or Funds Transfer Letter/Transfer Cheque of a bank where the Scheme has a collection account. | On any Business Day within the applicable cut-off timing limits, redemption requests in Creation Unit Size, where upon the Fund will transfer the Portfolio Deposit i.e. Withdrawal of physical Silver to the custody account of Market Makers and/or the Cash Component as requested by the Market Makers<br>On any Business Day within the applicable cut-off timing limits, redemption requests in Creation Unit Size, where upon the Fund will transfer the funds including/the Cash Component as requested by the Market Makers. |
| Large Investors                              | On any Business Day within the applicable cut-off timing, application along with the requisite Cash (including cash Component) as determined by AMC for creation of Units in Creation Unit Size paid only by means of payment instructions of Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) or Funds Transfer Letter/Transfer Cheque of a bank where the Scheme has a collection account.                                                                                                                                                                                                                                           | On any Business Day within the applicable cut-off timing limits, redemption requests in Creation Unit Size, where upon the Fund will transfer the funds including/the Cash Component as requested by the Large Investors.                                                                                                                                                                                                                                                                                                             |
| Market Makers/<br>Large Investors            | In addition, Market Makers and Large Investors can subscribe (buy)/redeem (sell) Units on a continuous basis on the stock exchange(s) on which the HSETF Units are listed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

|                        |                                                                                  |                                                                                      |
|------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Applicable NAV         | Applicable Intra-day NAV as per uniform cut off timing.                          | Applicable Intra-day NAV as per uniform cut off timing.                              |
| Role of Market Makers  | Give two way quotes in the secondary market. Stands as a seller for a buy order. | Give two-way quotes in the secondary market. Stands as a buyer against a sell order. |
| Role of Large Investor | Only an investor- no other role in the Scheme operations.                        | Only an investor- no other role in the Scheme operations.                            |

| <b>(B) Other Investors</b> | <b>Subscription/Purchase</b>                                            | <b>Redemption/Sale</b>                                                  |
|----------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Other investors            | Only through the stock exchange(s) on which the HSETF Units are listed. | Only through the stock exchange(s) on which the HSETF Units are listed. |

#### **Procedure for Redemption directly with the Mutual Fund during Liquidity Window:**

The Scheme shall announce a Liquidity Window on its website, in following scenarios:

- Traded price (closing price) of the ETF units is at discount of more than 1% to the day end NAV for 7 continuous trading days, or
- No quotes for such ETFs are available on stock exchange(s) for 3 consecutive trading days, or
- Total bid size on the exchange is less than half of Creation Units Size daily, averaged over a period of 7 consecutive trading days.

During the Liquidity Window, Investors may tender their redemption request to their Depositories Participants for redemption at Applicable NAV, for transactions upto Rs 25 Crores. Redemptions up to 3.00 p.m. on any Business Day, shall be processed by the Fund at the closing NAV of the day and those received thereafter on that day will be processed at the closing NAV of the next Business Day. In such cases, redemption proceeds shall be credited to the bank account linked to unitholder's demat account.

#### **Market Makers:**

AMC has appointed at least two Market Makers (MMs), who are members of the Stock Exchanges or such other persons as permitted by SEBI to act as Market Makers, to provide continuous liquidity on the stock exchange where the units of ETF are listed. The Market Makers offers two-way quotes (buy and sell quotes) in the secondary market for ensuring liquidity in the ETF Units.

Further, the AMC reserves the right to modify Market Makers on an ongoing basis. The list of Market Makers will be available on the website of the Fund [www.hdfcfund.com](http://www.hdfcfund.com).

#### **Custodian**

##### **I. Deutsche Bank A.G.**

Deutsche Bank House,  
 Haziralal Somani Marg,  
 Fort, Mumbai - 400 001

The Trustee has appointed Deutsche Bank A.G. as the custodian of Portfolio Deposit (i.e. Physical Silver) for HDFC Silver Exchange Traded Fund. Deutsche Bank A.G. is SEBI approved Custodian having Registration No IN/CUS/003. The registration of the Custodian is valid and effective.

The Custodian shall hold the custody and possession of the Portfolio Deposit of the Scheme and will discharge all the functions as are ordinarily discharged by a Custodian.

It does not have any power or authority to sell or dispose of or deal with the Portfolio Deposit held by it on behalf of the Scheme except as instructed by the AMC. The Trustee reserves the right to change the Custodian for Portfolio Deposit, if required.

The salient responsibilities of Custodian would inter-alia include:

1. keeping Portfolio Deposit belonging to the Scheme in safe custody and holding the same either in the name of the Trustee A/c - HDFC Silver Exchange Traded Fund or in such other manner as may be mutually agreed.
2. ensuring smooth inflow/outflow of Portfolio Deposit as and when necessary, as per the instruction by the AMC.
3. ensuring that the benefits due to the holdings (i.e. Portfolio Deposit) of the Scheme are recovered in time.
4. responsibility for loss of/or damage to the Portfolio Deposit due to fraud, bad faith, negligence, willful
5. neglect, default, or willful default on his part or on the part of its approved agents.
6. appointment of Sub-Custodian which is eligible to act as a Custodian of Portfolio Deposit of the Scheme under applicable laws and regulations, with the prior consent of Trustee.

The Custodian will be entitled to remuneration for its services in accordance with the terms of Custodian Agreement.

## **II. SBI-SG Global Securities Services Private Limited**

“B wing”, Jeevan Seva Annex Bldg., Ground Floor,  
S.V. Road, Santacruz (West), Mumbai-400 054,  
SEBI Registration No. IN/CUS/022

The Trustee has appointed SBI-SG Global Securities Services Private Limited as Custodian of Securities/Instruments (other than Portfolio Deposit) held by HDFC Silver Exchange Traded Fund. The Custodian, in accordance with the Custodian Agreement entered into with the Trustee and AMC, shall act and discharge its duties and responsibilities.

## **B. WHERE WILL THE SCHEME INVEST?**

The Scheme will invest in securities as mentioned below. The investments will be made as per the limits specified in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations or any other applicable laws and guidelines.

- Silver bullion - fineness (or purity) of 999 parts per thousand (99.9%) or higher. Investments in Silver bullion will be as per the limits specified in the asset allocation table.
- Exchange Traded Commodity Derivatives
- Investments in Silver related instruments (which include Exchange Traded Commodity Derivatives (ETCDs) having Silver as the underlying and derivative instruments related to Silver as and when permitted by SEBI).
- The Scheme also may engage in Silver lending, and/ or deposit Silver with banks in return for fees as and when permitted by SEBI.
- Debt and Money Market Instruments
- Short Term Deposits
- Units of mutual funds
- Any other instruments as may be permitted by RBI / SEBI from time to time, subject to necessary regulatory approvals.

For detailed disclosures, kindly refer Section II.

## **C. WHAT ARE THE INVESTMENT STRATEGIES?**

The investment objective of the Scheme is to generate returns that are in line with the performance of physical Silver in domestic prices, subject to tracking error. The Scheme may invest in Silver and Silver related instruments and intends to track the domestic prices of physical Silver (derived as per regulatory norms). Investment in Debt securities and money market instruments will be as per the limits in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.

The Scheme may also invest in the debt schemes of Mutual Funds.

**Though every endeavour will be made to achieve the objective of the Scheme, the AMC/Sponsor/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.**

**RISK CONTROL:** Investments made from the net assets of the Scheme would be in accordance with the investment objective of the Scheme and the provisions of the SEBI (MF) Regulations. The AMC will strive to achieve the investment objective by way of a judicious portfolio mix comprising Silver (includes physical Silver and other Silver related instruments which may be permitted by Regulator from time to time) and instruments related to Silver (including derivatives as and when permitted by SEBI), Debt Securities and Money Market Instruments. Investments in Silver (includes physical Silver and other Silver related instruments which may be permitted by Regulator from time to time) would be primarily assessed with regard to its fineness. The AMC will endeavour to address the key risks associated with investments in Silver Bullion as under:

### **Quality and Purity Risk**

Physical Silver purchased by the Scheme will be of fineness (or purity) of 999 parts per thousand (99.9%) or higher. Custodian will accept physical Silver only if the Silver is in compliance with the Good Delivery norms as specified in the Regulations.

### Passive Investments

HSETF is a passively managed fund that shall be investing substantial portion of its assets in physical Silver and tracking its performance to the price of Silver.

Therefore, irrespective of decline/rise in prices of physical Silver, HSETF shall remain invested in Silver and being a passively managed fund, no active calls based on outlook of Silver prices will be taken by the Fund.

### Custody risk

There is a risk that part or all of the physical silver belonging to the Scheme could be lost, damaged or stolen. In order to ensure safety, the said silver will be stored with custodian in its vaults. In order to mitigate the risks associated with handling, storing and safekeeping of physical silver necessary insurance covers are taken by custodians.

### Tracking Error

The tracking error is the annualised standard deviation of the difference in daily returns between domestic price of physical silver and the NAV of HDFC Silver ETF annualized over 1 year period.

In case of unavoidable circumstances in the nature of force majeure which are beyond the control of the AMC, the tracking error may exceed 2%, and the same shall be brought to the notice of Trustees with corrective actions taken by the AMC, if any.

NAV of the Scheme is dependant on valuation of Silver. Silver has to be valued based on the formula prescribed by SEBI.

NAV so computed may vary from the price of Silver in the domestic market.

Tracking error could be the result of a variety of factors including but not limited to:

- Delay in the purchase or sale of Silver due to:
  - Illiquidity of Silver,
  - Delay in realisation of sale proceeds,
  - Creating a lot size to buy the required amount of Silver
- The Scheme may buy or sell the Silver at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- The potential for trades to fail, which may result in the Scheme not having acquired Silver at a price necessary to track the benchmark price.
- The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
- Disinvestments to meet redemptions, recurring expenses etc.
- Execution of large buy/sell orders
- Transaction cost (including taxes and insurance premium) and recurring expenses
- Realisation of Unit holders' funds.

Tracking error due to movement in prices of physical Silver will impact the performance of HSETF. However, the Scheme will endeavour to keep tracking error as low as possible by:

- Use of Silver related derivative instruments, as and when allowed by SEBI (MF) Regulations
- Rebalancing of the portfolio.
- Setting off of incremental subscriptions against redemptions.

Every investment opportunity in Debt and Money Market Instruments would be assessed with regard to credit risk, interest rate risk and liquidity risk.

### 1. Credit Evaluation Policy:

The credit evaluation policy of the AMC entails evaluation of credit fundamentals of each investment opportunity. Some of the factors that are evaluated inter-alia may include outlook on the sector, parentage, quality of management, and overall financial strength of the credit. The AMC utilizes ratings of recognised rating agencies as an input in the credit evaluation process. Investments in bonds and debenture are usually in instruments that have been assigned high investment grade ratings by a recognized rating agency. In line with clause 12.12 of Master Circular, the AMC may constitute committee(s) to approve proposals for investments in unrated instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investments would be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought.

### 2. Interest Rate Risk:

An interest rate scenario analysis would be performed on an on-going basis, considering the impact of the developments on the macro-economic front and the demand and supply of funds. Based on the above analysis, the AMC would manage the investments of the Scheme on a dynamic basis to exploit emerging opportunities in the investment universe and manage risks at all points in time.

### 3. Liquidity Risk:

The AMC will attempt to reduce liquidity risk by investing in securities that would result in a staggered maturity profile of the portfolio, investment in structured securities that provide easy liquidity and securities that have reasonable secondary market activity. In the event of a requirement to liquidate all or a substantial part of these investments in a very short duration of time, the AMC may not be able to realize the full value of these securities to an adverse impact on the Net Asset Value of the Scheme. Please refer to section "Right to Restrict Redemption" under Section "Restrictions, if any, on the right to freely retain or dispose of units being offered" for further details.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

## PORTFOLIO TURNOVER

Portfolio Turnover measures the volume of trading that occurs in a Scheme's portfolio (Silver in this scheme) during a given time period. The Scheme is an open-ended Exchange Traded Fund. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through Stock Exchange(s) or with HDFC Mutual Fund directly by Market Makers and Large Investors that may require purchase or sale of Silver. In view of the nature of the Scheme, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. A higher portfolio turnover results in higher brokerage and transaction cost.

## D. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

### Domestic Prices of physical Silver (derived as per regulatory norms).

The above Index has been chosen as the benchmark as required under Clause 3.3.7 of Master Circular. However, the Scheme's performance may not be strictly comparable with the performance of the Benchmark, due to the inherent differences in the construction of the portfolio.

The Trustee reserves right to change the benchmark for performance of the scheme in conformity with the investment objectives and appropriateness of the benchmark subject to SEBI (MF) Regulations, and other prevailing guidelines, if any by suitable notification to the investors to this effect.

## E. WHO MANAGES THE SCHEME?

The details of Fund Manager of the Scheme are as follows:

| Name, Age & tenure^                                                                       | Educational Qualifications                                                                    | Experience (last 10 years)                                                                                                                                        | Other Fund(s) Managed*                                                                                                        |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| <b>Bhagyesh Kagalkar</b><br>56 Years<br><b>Tenure for managing the Scheme:</b><br>2 Years | <ul style="list-style-type: none"> <li>• B.E (Production)</li> <li>• MMS (Finance)</li> </ul> | Collectively over 30 years experience in Equity Research, investments and Finance<br><b>• January 3, 2007 till Date:</b><br>HDFC Asset Management Company Limited | 1. HDFC Asset Allocator Fund of Funds (co-managed Scheme)<br>2. HDFC Gold ETF<br>3. HDFC Multi-Asset Fund (co-managed Scheme) |

\* excluding Overseas investments if any.

^Cut-off date considered for calculation of tenure is September 30, 2024.

## F. HOW IS THE SCHEME DIFFERENT FROM EXISTING SCHEMES OF THE MUTUAL FUND?

The following list consists of existing open-ended Commodity ETFs of HDFC Mutual Fund

| Sr. No. | Scheme Name     |
|---------|-----------------|
| 1.      | HDFC Silver ETF |
| 2.      | HDFC Gold ETF   |

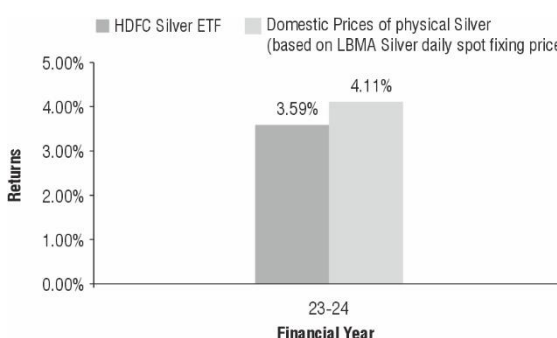
For comparison between various schemes of HDFC Mutual Fund

Visit: <https://www.hdfcfund.com/statutory-disclosure/offer-document-disclosures>

## G. HOW HAS THE SCHEME PERFORMED?

Performance of the Scheme (as at September 30, 2024)

The performance of the Scheme shall be benchmarked against Domestic Prices of Physical Silver

| HDFC Silver ETF                                                                                                                                                                                                                                                                                                                                 |                          |                                    | Absolute returns for each financial year for last 1 years <sup>^</sup>             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------|------------------------------------------------------------------------------------|
| Period                                                                                                                                                                                                                                                                                                                                          | Returns (%) <sup>^</sup> | Benchmark Returns (%) <sup>#</sup> |  |
| Last 1 Year                                                                                                                                                                                                                                                                                                                                     | 24.93                    | 26.23                              |                                                                                    |
| Since Inception*                                                                                                                                                                                                                                                                                                                                | 27.82                    | 30.03                              |                                                                                    |
| <sup>^</sup> Past performance may or may not be sustained in the future<br>Returns greater than one year are compounded annualized (CAGR).<br>*Inception Date: September 2, 2022<br><sup>#</sup> Domestic Prices of Physical Silver (derived as per regulatory norms)<br>Since inception returns are calculated on Rs. 52.51 (allotment price). |                          |                                    |                                                                                    |

For Riskometer of Scheme and Benchmark, kindly refer cover page

## H. ADDITIONAL SCHEME RELATED DISCLOSURES

- Scheme's portfolio holdings- <https://www.hdfcfund.com/statutory-disclosure/portfolio/monthly-portfolio>
- Exposure to Top 7 issuers, stocks, groups and sectors: In monthly Portfolio above or in Factsheet. To view scheme factsheets, [Factsheet - HDFC Mutual Fund \(hdfcfund.com\)](https://www.hdfcfund.com/statutory-disclosure/factsheet) - Not Applicable for this Scheme.
- Portfolio Disclosure –  
 Monthly - <https://www.hdfcfund.com/statutory-disclosure/portfolio/monthly-portfolio>  
 Half yearly - <https://www.hdfcfund.com/statutory-disclosure/scheme-financials>
- Portfolio Turnover Ratio – Not Applicable for this Scheme.
- Aggregate investment in the Scheme by:

| Sr.No. | Category of Persons<br>Fund Manager(s) | Net Value* |              | Market Value<br>(in Rs.) |
|--------|----------------------------------------|------------|--------------|--------------------------|
|        |                                        | Units      | NAV per unit |                          |
| 1      | Bhagyesh Kagalkar                      | -          | -            | -                        |

\*includes mandatory investments under SEBI guidelines, if any  
 For disclosure with respect to investments by key personnel and AMC directors including regulatory provisions in this regard, kindly refer SAI.

- **INVESTMENT BY THE AMC IN THE SCHEME**

The AMC may invest in the Scheme during the continuous offer period subject to the SEBI (MF) Regulations. The AMC may also invest in other existing Schemes of the Mutual Fund. As per the existing SEBI (MF) Regulations and circulars issued thereunder, the AMC will not charge Investment Management and Advisory fee on the investment made by it in the Scheme or other existing Schemes of the Mutual Fund.

For details of existing mandatory investments by AMC in various schemes, visit - <https://www.hdfcfund.com/statutory-disclosure/mandatory-investment-amc>

### **Part III. OTHER DETAILS**

#### **A. COMPUTATION OF NAV**

The Net Asset Value (NAV) per Unit of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding under the Scheme on the valuation date. The AMC will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI (MF) Regulations, or such norms as may be specified by SEBI from time to time and as stipulated in the Valuation Policy and Procedures of the Fund, provided in SAI available on website.

In case of any conflict between the Principles of Fair Valuation and valuation guidelines specified by SEBI, the Principles of Fair Valuation shall prevail.

NAV of Units of under the Scheme shall be calculated as shown below:

$$\begin{array}{rcl}
 & \text{Market or Fair Value of the Scheme's Investments} & \\
 & + \text{Current Assets} & \\
 \text{NAV (Rs.)} & - \text{Current Liabilities and Provisions} & \\
 = & \hline
 \text{per Unit} & \text{No. of Units outstanding} & \\
 & \text{under each Scheme} & 
 \end{array}$$

The NAV of the Scheme will be calculated and disclosed at the close of every Business Day.

The NAV of the Scheme will be calculated upto 4 decimals.

While determining the price of the units, the mutual fund shall ensure that the repurchase price of an open ended scheme is not lower than 95 per cent of the Net Asset Value.

#### **Valuation of Silver:**

The Scheme will invest in physical Silver. Since physical Silver and other permitted instruments linked to Silver are denominated in Silver tonnage, it will be valued based on the market price of Silver in the domestic market and will be marked to market on a daily basis. The market price of Silver in the domestic market on any Business Day would be arrived at as under.

#### **Value of Silver:**

Silver held by the Fund would be valued at their domestic price(s). For arriving at the domestic price of Silver on any Business Day, the per troy ounce, US dollar price of Silver (fineness of 999.0 parts per thousand) of that day, sourced as specified in the Regulations, would be adjusted for –

- (a) conversion to metric measures as per standard conversion rates;
- (b) for conversion of US dollars into Indian rupees as per the RBI reference rate, of that business day, declared by the Foreign Exchange Dealers Association of India (FEDAI); and
- (c) addition of -
  - i. transportation and other charges that may be normally incurred in bringing such Silver from London (as specified in the Regulations) to the place where it is actually stored on behalf of the Fund; and
  - ii. notional customs duty and other applicable taxes and levies that may be normally incurred to bring the Silver from London (as specified in the Regulations) to the place where it is actually stored on behalf of the Fund.

Provided that the adjustment under clause (c) above may be made on the basis of a notional premium that is usually charged for delivery of Silver to the place where it is stored on behalf of the Fund.

Provided further that where the Silver held by a Scheme has a greater fineness, the relevant price as per regulatory norms shall be taken as the reference price under this sub-paragraph.

|                                   |         |                |
|-----------------------------------|---------|----------------|
| Price of Silver (London AM Rate)  | A       | 23.50\$/ounce  |
| Premium (cost of import)          | B       | 0.25 \$/ounce  |
| Total price of Silver             | C=(A+B) | 23.75 \$/ounce |
| Conversion factor (Kg's to ounce) | D       | 32.15          |
| RBI Reference Rate (\$)           | E       | 78.84          |
| Price of Silver per Kg. (CxDxE)   | F       | Rs.60,199.27   |
| Import Duty per Kg*               | G       | Rs.6,555.00    |
| Total price of Silver (F+G)       | H       | Rs.66,754.00   |

\*Custom Duty, as currently levied by the tax authorities and is subject to change.

#### Illustration for Computation of NAV:

NAV for the Scheme shall be calculated as shown below:

| Particulars                                    | Amount (In INR) |
|------------------------------------------------|-----------------|
| <b>Investments (at Market Value)</b>           | 10,000.00       |
| <b>Current Assets</b>                          |                 |
| GST Receivables                                | 300             |
| Receivable from Market Makers / Large Investor | 400             |
| Trades Receivables                             | 1,500           |

|                                           |                  |
|-------------------------------------------|------------------|
| <b>Total Assets (A)</b>                   | 12,200           |
| <b>Current Liabilities</b>                |                  |
| Trade Payables                            | 1,058            |
| Expense Payable                           | 100              |
| TCS Payable/ Receivable                   | 200              |
| <b>Total Liabilities (B)</b>              | 1,358            |
| <b>Net Assets (C) (A – B)</b>             | 10,842           |
| <b>Units Outstanding (D)</b>              | 1,000            |
| <b>NAV per unit (C/D) (in 4 decimals)</b> | <b>₹ 10.8420</b> |

## B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto 1.00% of the daily net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the AMC [www.hdfcfund.com](http://www.hdfcfund.com).

| <b>Expense Head</b>                                                                                                  | <b>% of daily net assets* (estimated) (p.a.)</b> |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Investment Management and Advisory Fees <sup>4 6</sup>                                                               | Upto 1.00%                                       |
| Trustee Fees & Expenses <sup>1</sup>                                                                                 |                                                  |
| Audit Fees & Expenses                                                                                                |                                                  |
| Custodial Fees & Expenses                                                                                            |                                                  |
| Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants |                                                  |
| Marketing & Selling expenses including Agents Commission and Statutory Advertisements <sup>2</sup>                   |                                                  |
| Cost related to Investor Communications                                                                              |                                                  |
| Cost of fund transfer from location to location                                                                      |                                                  |
| Cost towards investor education & awareness (0.01% p.a.) <sup>3</sup>                                                |                                                  |
| Brokerage & transaction cost on value of trades <sup>5</sup>                                                         |                                                  |
| GST on expenses other than investment and advisory fees <sup>4</sup>                                                 |                                                  |
| GST on brokerage and transaction cost <sup>4</sup>                                                                   |                                                  |
| Other Expenses such as listing fees etc. (as per Reg 52 of SEBI MF Regulations)                                      |                                                  |
| <b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c)<sup>6</sup></b>                         | <b>Upto 1.00%</b>                                |

Notes:

### <sup>1</sup> **Trustee Fees and Expenses**

In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges and expenses, a quarterly fee computed at a rate not exceeding 0.10% per annum of the daily net assets of the Scheme(s) or a sum of Rs. 15,00,000 per annum, whichever is higher. However, the Trustee may charge any fee amount within the rate/amount as specified hereto. Such fee shall be paid to the Trustee within seven working days from the end of each quarter every year, namely, within 7 working days from June 30, September 30, December 31 and March 31 of each year. The Trustee may charge further expenses as permitted from time to time under the Trust Deed and SEBI (MF) Regulations.

### <sup>2</sup> **Marketing and Selling Expenses**

The Scheme shall not incur any distribution expenses and no commission shall be paid by the Scheme.

### <sup>3</sup> **Investor Education and Awareness initiatives**

As per clause 10.1.16 of Master Circular, the AMC shall annually set apart **1** basis points p.a. (i.e. **0.01%** p.a.) on daily net assets of the Scheme within the limits of total expenses prescribed under Regulation 52 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken.

### <sup>4</sup> **GST**

As per clause 10.3 of the Master Circular, GST shall be charged as follows:

1. GST on investment management and advisory fees shall be charged to the Scheme in addition to the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
2. GST on other than investment management and advisory fees, if any, shall be borne by the Scheme within the maximum limit of TER as prescribed in Regulation 52 (6) of the SEBI (MF) Regulations.
3. GST on exit load, if any, shall be paid out of the exit load proceeds and exit load net of GST, if any, shall be credited to the Scheme.
4. GST on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under Regulation 52 of the SEBI (MF) Regulations.

<sup>5</sup> Brokerage and transaction cost incurred for the purpose of execution of trade shall be charged to the schemes as provided under Regulation 52 (6A) (a) upto 12 bps and 5 bps for cash market transactions and derivatives transactions (if permitted under the scheme) respectively. Any payment towards brokerage and transaction costs, over and above the said 12 bps and 5 bps may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52.

<sup>6</sup> There shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively.

The purpose of the above table is to assist the Investor in understanding the various costs and expenses that an Investor under the Scheme will bear directly or indirectly. The figures in the table above are estimates. The actual expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI (MF) Regulations.

The total expenses charged to the ETF Scheme shall not exceed one per cent (1.00%) of the daily net assets and such other limits as stated in Regulation 52(6).

All scheme related expenses including commission paid to distributors, if any, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the

regulatory limits and not from the books of AMC, its associate, sponsor, trustees or any other entity through any route in terms of SEBI circulars, subject to the clarifications provided by SEBI to AMFI vide letter dated February 21, 2019 as amended from time to time on implementation of clause 10.1.12 of Master Circular on Total Expense Ratio (TER) and performance disclosure for Mutual Fund.

The total expenses of the Scheme shall not exceed the limits stated in Regulation 52 of the SEBI (MF) Regulations and as permitted under SEBI Circulars issued from time to time. Any expenditure in excess of the SEBI regulatory limits shall be borne by the AMC or by the Trustee or the Sponsor.

The mutual fund would update the current expense ratios on the website ([www.hdfcfund.com](http://www.hdfcfund.com)) at least three working days prior to the effective date of the change and update the TER under the Section titled “Statutory Disclosures” under sub- section titled “Total Expense Ratio of Mutual Fund Schemes”.

#### **Illustration: Impact of TER on Scheme’s return:**

Expense ratio, normally expressed as a percentage of Average Assets under Management, is calculated by dividing the permissible expenses under the Regulations by the average net assets.

To further illustrate the above, for the Scheme under reference, suppose an Investor invested Rs. 10,000/- (after deduction of stamp duty and transaction charges, if any), the impact of expenses charged will be as under:

| <b>Particulars</b>                                         | <b>Amount / Rate</b> |
|------------------------------------------------------------|----------------------|
| Amount invested at the beginning of the year (Rs.)         | 10,000               |
| Returns before expenses (Rs.)                              | 1,500                |
| Expenses other than Distribution expenses (Rs.)            | 150                  |
| Distribution expenses (Rs.)                                | 0                    |
| <b>Returns after expenses at the end of the year (Rs.)</b> | <b>1350</b>          |
| <b>Returns (in %)</b>                                      | <b>13.5%</b>         |

#### **Note(s):**

- The purpose of the above illustration is to purely explain the impact of expense ratio charged to the Plan(s) under the Scheme and should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- It is assumed that the expenses charged are evenly distributed throughout the year.
- Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to seek appropriate advice.

#### **C. LOAD STRUCTURE**

Exit Load is an amount which is paid by the investor to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC ([www.hdfcfund.com](http://www.hdfcfund.com)) or you may call at 1800 3010 6767/1800 419 7676 or your distributor.

| Type of Load | Load chargeable (as % of NAV) |
|--------------|-------------------------------|
| Exit Load    | Not Applicable.               |

The AMC/ Trustee if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund reserves the right to introduce/modify the Load Structure depending upon the circumstances prevailing at that time subject to maximum limits as prescribed under the SEBI (MF) Regulations. While determining the price of the units, the mutual fund shall ensure that the repurchase price of an open ended scheme is not lower than 95 per cent of the Net Asset Value. Exit load (net of GST) charged, if any, shall be credited to the Scheme. The investor is requested to check the prevailing load structure of the Scheme before investing.

## SECTION II

### I. INTRODUCTION

#### A. DEFINITIONS/INTERPRETATION

Visit: <https://www.hdfcfund.com/statutory-disclosure/offer-document-disclosures>

#### B. RISK FACTORS

##### ■ Scheme Specific Risk Factors:

The Scheme is subject to the specific risks that may adversely affect the Scheme's NAV, return and/or ability to meet its investment objective.

The specific risk factors related to the Scheme include, but are not limited to the following:

#### 1. Risk factors associated with investing in Silver and Silver related instruments:

- **Market Risk:** The value of the Units relates directly to the value of the Silver held by the Scheme and fluctuations in the price of Silver could adversely affect investment value of the Units. The factors that may effect the price of Silver, inter-alia, include economic and political developments, changes in interest rates and perceived trends in bullion prices, exchange rates, inflation trends, market movements, etc.
- **Currency Risk:** The formula for determining NAV of the Units is based on the imported (landed) value of Silver. The landed value of Silver is computed by multiplying international market price by US dollar value. The value of Silver or NAV, therefore will depend upon the conversion value of US dollar into Indian rupee and attracts all the risks attached to such conversion.
- **Counter party Risk:** There is no Exchange for physical Silver in India. The Scheme may have to buy or sell Silver from the open market, which may lead to counter party risks for the Scheme for trading and settlement.
- **Asset Class Risk:** The returns from physical Silver in which the Scheme invests may underperform returns from other securities or asset classes.
- **Physical Silver:** There is a risk that part or all of the Scheme's Silver could be lost, damaged or stolen. Access to the Scheme's Silver could also be restricted by natural events or human actions. Any of these actions may have adverse impact on the operations of the Scheme and consequently on investment/redemption in Units.
- **Liquidity Risk:** The Scheme may retain certain investments in cash or cash equivalents for its day-today liquidity requirements. The Scheme has to sell Silver only to bullion bankers/traders who are authorized to buy Silver. Though, there are adequate numbers of players (commercial or bullion bankers) to whom the Scheme can sell Silver, the Scheme may have to resort to distress sale of Silver if there is no or low demand for Silver to meet its cash needs of redemption or expenses. The Trustee, in general interest of the Unit holders of the Scheme offered under this Scheme Information Document and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units, which can be redeemed on any Business Day.

- **Regulatory Risk:** Any changes in trading regulations by the stock exchange(s) or SEBI may affect the ability of Market Makers to arbitrage resulting into wider premium/discount to NAV. Any changes in the regulations relating to import and export of Silver or Silver jewellery (including customs duty, sales tax and any such other statutory levies) may affect the ability of the Scheme to buy/sell Silver against the purchase and redemption requests received.
- **Passive Investments:** The Scheme is not actively managed. The performance of the Scheme may be affected by a general price decline in the Silver prices. The Scheme invests in the physical Silver regardless of their investment merit. The AMC does not attempt to take defensive positions in declining markets.
- **Indirect taxation:** For the valuation of Silver by the Scheme, indirect taxes like customs duty, VAT, etc. would also be considered. Hence, any change in the rates of indirect taxation/applicable taxes would affect the valuation of the Scheme.
- **Operational Risk:** Silver Exchange Traded Funds (SETFs) are relatively new products and their value could decrease if unanticipated operational or trading problems arise. HDFC Silver Exchange Traded Fund, an open ended Exchange Traded Fund, is therefore subject to operational risks. In addition, investors should be aware that there is no assurance that Silver will maintain its long-term value in terms of purchasing power. In the event that the price of Silver declines, the value of investment in Units is expected to decline proportionately.
- **Redemption Risk:** Though this is an open-ended scheme, the Scheme would ordinarily repurchase Units in Creation Unit Size. Thus, Unit holding less than Creation Unit Size can only be sold through the secondary market on the Exchange. Further, the price received upon the redemption of Units of the Scheme may be less than the value of the underlying commodity represented by them. If on any day the requisite price as specified under the Regulations or the currency exchange rate is not available due to holiday(s) etc., then the immediately previous day's prices / rates shall be applied for the purpose of calculating the value of the underlying commodity. Hence the NAV so computed may vary from the price of the underlying commodity in the domestic market.
- HDFC Silver Exchange Traded Fund (HSETF) is a passively managed fund that shall be investing substantial portion of its assets in physical Silver and tracking its performance to the price of Silver. Therefore, irrespective of decline/rise in prices of physical Silver, HSETF shall remain invested in Silver and being a passively managed fund, no active calls based on outlook of Silver prices will be taken by the Fund.
- Investments by the Scheme are subject to availability of Silver. If favourable investment opportunities do not exist or opportunities have notably diminished, the scheme may suspend accepting fresh subscriptions.
- Performance of the Scheme may be affected by political, social and economic developments, which may include changes in government policies, diplomatic conditions, taxation and other policies.
- **NAV** of the Scheme is dependant on valuation of silver. Silver has to be valued based on the formula prescribed by SEBI. NAV so computed may vary from the price of silver in the domestic market.
- **Custody risk:** There is a risk that part or all of the physical silver belonging to the Scheme could be lost, damaged or stolen. In order to ensure safety, the said silver will be stored with custodian in its

vaults. In order to mitigate the risks associated with handling, storing and safekeeping of physical silver necessary insurance covers are taken by custodians.

- **Tracking Error/Tracking Difference Risk:** The tracking error i.e. the annualised standard deviation of the difference in daily returns between physical silver and the NAV of Silver ETF annualized over 1 year period. Tracking difference is the difference of returns between the Scheme and the index annualized over 1 year, 3 year, 5 year, 10 year and since the scheme inception period.

In case of unavoidable circumstances in the nature of force majeure which are beyond the control of the AMCs, the tracking error may exceed 2%, and the same shall be brought to the notice of Trustees with corrective actions taken by the AMC, if any.

Tracking Error/Tracking Difference could be the result of a variety of factors including but not limited to:

- Delay in the purchase or sale of silver due to:
    - Illiquidity of silver,
    - Delay in realisation of sale proceeds,
    - Creating a lot size to buy the required amount of silver
  - The Scheme may buy or sell the silver at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
  - The potential for trades to fail, which may result in the Scheme not having acquired silver at a price necessary to track the benchmark price.
  - The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
  - Disinvestments to meet redemptions, recurring expenses etc.
  - Execution of large buy/sell orders
  - Transaction cost (including taxes and insurance premium) and recurring expenses
  - Realisation of Unit holders' funds
- Tracking error due to movement in prices of physical silver will impact the performance of HSETF. However, the Scheme will endeavour to keep tracking error as low as possible by:
- Use of silver related derivative instruments, as and when allowed by SEBI (MF) Regulations
  - Rebalancing of the portfolio.
  - Setting off of incremental subscriptions against redemptions

## 2. Risk Factors Associated with Investments in Exchange Traded Commodity Derivatives:

- **Commodity risks:** The Fund may invest in commodities markets and may therefore have investment exposure to the commodities markets and one or more sectors of the commodities markets, which may subject the Fund to greater volatility than investments in traditional securities, such as stocks and bonds. Volatility in the commodities markets may be caused by changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates, domestic and foreign inflation rates, investment and trading activities of mutual funds, hedge funds and commodities funds, and factors such as drought, floods, weather, livestock disease, embargoes, tariffs and other regulatory

developments, or supply and demand disruptions. Because the Fund's performance is linked to the performance of volatile commodities, investors should be willing to assume the risks of potentially significant fluctuations in the value of the Fund's shares.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of investment strategies depends upon the ability of the fund manager(s) to identify such opportunities which may always not be available. Identification and execution of the strategies to be pursued by the fund manager(s) involve uncertainty and decision of fund manager(s) may not always be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies. Systemic risks which may be witnessed while trading in Indian Commodities Market are Liquidity risk, Price risk in terms of volatility, Exchange Risk and counterparty risks.

- **Liquidity Risk:** While ETCDs that are to be listed on an exchange carry lower liquidity risk, the ability to sell these contracts is limited by the overall trading volume on the exchanges. The liquidity of the Schemes' investments is inherently restricted by trading volumes of the ETCD contracts in which it invests. Additionally, change in margin requirements or intervention by government agencies to reduce overall volatility in the underlying commodity could lead to adverse impact on the liquidity of the ETCD.
- **Price risk:** ETCDs are leveraged instruments hence, a small price movement in the underlying security could have a large impact on their value. Also, the market for ETCDs is nascent in India hence, arbitrage can occur between the price of the physical commodity and the ETCD, due to a variety of reasons such as technical issues and volatile movement in the price of the physical good. This can result in mispricing and improper valuation of investment decisions as it can be difficult to ascertain the amount of the arbitrage.
- **Settlement risk:** ETCDs can be settled either through the exchange or physically. The inability to sell ETCDs held in the Schemes' portfolio in the exchanges due to the extraneous factors may impact liquidity and would result in losses, at times, in case of adverse price movement. Wherein the underlying commodity is physically delivered in order to settle the derivative contract, such settlement could get impacted due to various issues, such as logistics, Government policy for trading in such commodities.

If the Commodities futures position passes its last square off date or the 'Intention' is missed to be provided before the Delivery Intention period, the buyer or the seller will be allocated delivery of the commodity. Thus, there emerges a risk of holding goods in physical form at the warehouses. Though the commodity is inclusive of insurance cost, there is a small deductible in each claim which is not payable by the Insurance company.

### 3. Risk Factors Associated with Lending of physical Silver:

The physical Silver lending activity by Scheme will have the inherent probability of collateral value drastically falling in time of strong downward market trends resulting in inadequate value of collateral. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business setback and become unable to honor its commitments. This along with a simultaneous fall in value of collateral would render potential loss to the Scheme. Also, the risk could be in the form of non-availability of ready physical Silver for sale, during the period physical Silver is lent. Physical Silver would be lent if permitted by the concerned regulatory authorities in India.

### 4. Market Trading Risks:

- Although Units of Scheme described in this Scheme Information Document are listed/to be listed on the Exchange, there can be no assurance that an active secondary market will be developed or be maintained.

- Trading in Units of the Scheme on the Exchange may be halted because of market conditions or for reasons that in view of the Exchange Authorities or SEBI, trading in Units of the Scheme is not advisable. In addition, trading in Units of the Scheme is subject to trading halts caused by extraordinary market volatility and pursuant to the Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of the Exchange necessary to maintain the listing of Units of the Scheme will continue to be met or will remain unchanged.
- Any changes in trading regulations by the Stock Exchange(s) or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/ discount to NAV.
- The Units of the Scheme may trade above or below their NAV. The NAV of the Scheme will fluctuate with changes in the market value of Scheme's holdings. The trading prices of Units of the Scheme will fluctuate in accordance with changes in their NAV as well as market supply and demand for the Units of the Scheme.
- The Units will be issued only in demat form through depositories. The records of the depository are final with respect to the number of Units available to the credit of Unit holder. Settlement of trades, repurchase of Units by the Mutual Fund during liquidity window depends upon the confirmations to be received from depository(ies) on which the Mutual Fund has no control.
- Governments, central banks and related institutions worldwide, own a significant portion of the aggregate world Silver holdings. If one or more of these institutions decides to sell in amounts large enough to cause a decline in world Silver prices, the price of Units of the Scheme will be adversely affected.
- The Scheme provides for the creation and redemption of Units in Creation Unit Size directly with the Fund and therefore, it is expected that large discounts or premiums to the NAV of the Units of the Scheme will not sustain due to arbitrage opportunity available.
- Conversion of underlying physical Silver into the Units of the Scheme may attract capital gain tax depending on acquisition cost and holding period.

##### **5. Risk factors associated with investing in Fixed Income Securities**

The Scheme will invest not less than 95% of its corpus in physical Silver and other Silver related instruments as this Scheme endeavours to earn returns that correspond to Silver. The Scheme will have insignificant cash or debt/ money market investments. Therefore, the Scheme is not significantly susceptible to risks associated with debt/money markets.

- The Net Asset Value (NAV) of the Scheme, to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The NAV of the Scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.
- Money market instruments, while fairly liquid, lack a well developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.
- Investments in money market instruments involve credit risk commensurate with short term rating of the issuers.
- Investment in Debt instruments are subject to varying degree of credit risk or default (i.e. the risk of an issuer's inability to meet interest or principal payments on its obligations) or any other issues, which may have their credit ratings downgraded. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on an issuer's credit quality and security values. This may increase the risk of the portfolio. The Investment Manager will endeavour to manage credit risk through in-house credit analysis.
- **Prepayment Risk:** Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may

force the Scheme to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the Scheme.

- **Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- **Settlement risk:** Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are uninvested and no return is earned thereon. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme's portfolio, due to the absence of a well developed and liquid secondary market for debt securities, may result at times in potential losses to the Scheme in the event of a subsequent decline in the value of securities held in the Scheme's portfolio.
- Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.
- Different types of fixed income securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the Scheme risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, AAA rated bonds are comparatively less risky than AA rated bonds.
- The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio.
- As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates and are subject to issuer default risk. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio. Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically.
- The Scheme's performance may differ from the benchmark index to the extent of the investments held in the debt segment, as per the investment pattern indicated under normal circumstances.
- The Scheme at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments.
- **Risks associated with investment in unlisted securities:** Except for any security of an associate or group company, the scheme can invest in securities which are not listed on a stock exchange ("unlisted

Securities”) which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted debt securities may lack a liquid secondary market and there can be no assurance that the Scheme will realise their investments in unlisted securities at a fair value.

- Investment in unrated instruments may involve a risk of default or decline in market value higher than rated instruments due to adverse economic and issuer-specific developments. Such investments display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for unrated investments tends to be more volatile and such securities tend to be less liquid than rated debt securities.

- **Risk factors associated with investment in Tri-Party Repo**

The mutual fund is a member of securities segment and Triparty Repo trade settlement of the Clearing Corporation of India (CCIL). All transactions of the mutual fund in government securities and in Tri-party Repo trades are settled centrally through the infrastructure and settlement systems provided by CCIL; thus reducing the settlement and counterparty risks considerably for transactions in the said segments. The members are required to contribute an amount as communicated by CCIL from time to time to the default fund maintained by CCIL as a part of the default waterfall (a loss mitigating measure of CCIL in case of default by any member in settling transactions routed through CCIL).

As per the waterfall mechanism, after the defaulter's margins and the defaulter's contribution to the default fund have been appropriated, CCIL's contribution is used to meet the losses. Post utilization of CCIL's contribution if there is a residual loss, it is appropriated from the default fund contributions of the non-defaulting members. Thus, the scheme is subject to risk of the initial margin and default fund contribution being invoked in the event of failure of any settlement obligations. In addition, the fund contribution is allowed to be used to meet the residual loss in case of default by the other clearing member (the defaulting member).

CCIL shall maintain two separate Default Funds in respect of its Securities Segment, one with a view to meet losses arising out of any default by its members from outright and repo trades and the other for meeting losses arising out of any default by its members from Triparty Repo trades. The mutual fund is exposed to the extent of its contribution to the default fund of CCIL, in the event that the contribution of the mutual fund is called upon to absorb settlement/default losses of another member by CCIL, as a result the scheme may lose an amount equivalent to its contribution to the default fund.

## 6. General Risk factors

- Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Units of the Scheme can go up or down because of various factors that affect the capital markets in general.
- As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or restructuring of the Scheme. In view of the above, the Trustee has the right, in its sole discretion, to limit redemptions (including suspending redemptions) under certain circumstances, as described under **section Right to Restrict Redemption and / or Suspend Redemption of the units**.
- At times, due to the forces and factors affecting the capital market, the Scheme may not be able to invest in securities falling within its investment objective resulting in holding the monies collected by it in cash or cash equivalent or invest the same in other permissible securities / investments amounting to

substantial reduction in the earning capability of the Scheme. The Scheme may retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.

- Investment strategy to be adopted by the Scheme may carry the risk of significant variance between the portfolio allocation of the Scheme and the Benchmark particularly over a short to medium term period.
- Performance of the Scheme may be affected by political, social, and economic developments, which may include changes in government policies, diplomatic conditions, and taxation policies.

### C. RISK MITIGATION STRATEGIES

Investments made from the net assets of the Scheme would be in accordance with the investment objective of the Scheme and the provisions of the SEBI (MF) Regulations. The AMC will strive to achieve the investment objective by way of a judicious portfolio mix comprising Silver (includes physical Silver and other Silver related instruments which may be permitted by Regulator from time to time) and instruments related to Silver (including derivatives as and when permitted by SEBI), Debt Securities and Money Market Instruments. Investments in Silver (includes physical Silver and other Silver related instruments which may be permitted by Regulator from time to time) would be primarily assessed with regard to its fineness.

For detailed risk mitigation strategies with respect to the above investments / instruments, refer para titled “**RISK CONTROL**” under Section I, Part II (C) titled “**What are the Investment Strategies?**”

## II. INFORMATION ABOUT THE SCHEME:

### A. WHERE WILL THE SCHEME INVEST?

The Scheme will invest in securities as mentioned below. The investments will be made as per the limits specified in the asset allocation table of the Scheme, subject to permissible limits laid under SEBI (MF) Regulations or any other applicable laws and guidelines.

- Silver bullion - fineness (or purity) of 999 parts per thousand (99.9%) or higher. Investments in Silver bullion will be as per the limits specified in the asset allocation table.
- Exchange Traded Commodity Derivatives (ETCDs) having Silver as the underlying  
The Scheme may participate in ETCDs having silver as the underlying in line with Clause 12.26 of Master Circular and other guidelines as may be specified by SEBI / AMFI / Stock Exchanges from time to time.

Before investing in silver ETCDs, the Fund shall:

- Appoint a custodian registered with SEBI for custody of commodities (such as Silver), arising due to physical settlement of contracts.
- Put in place a written down investment policy with regard to investment in ETCDs approved by Board of the AMC and the Trustees. The policy shall be reviewed by the Boards of AMC and Trustees at least once a year.
- Put in place written down valuation policies approved by the Boards of AMC and Trustees for valuation of commodity derivatives and the underlying goods, arising due to physical settlement of contracts. The approved valuation policies shall be subject to the principles of fair valuation of the assets of the Scheme.

AMCs shall not on board Foreign Portfolio Investors (FPIs) in schemes investing in ETCDs until FPIs are permitted to participate in ETCDs.

The Scheme may participate in the ETCDs as 'clients' and shall be subject to all the rules, regulations and instructions, position limit norms, etc. as may be applicable to clients, issued by SEBI and Exchanges from time to time. The position limits at mutual fund level shall be as applicable to 'Trading Members'.

#### **Exposure limits for Derivatives as regards Silver ETCD**

Exposure to ETCDs having Silver as the underlying shall not exceed 10% of net asset value of the Scheme. However, the limit of 10% shall not be applicable where the intention is to take delivery of the physical Silver and not to roll over its position to next contract cycle.

The following exposures shall not be considered in the cumulative gross exposure of the Scheme:

- a. Short position in ETCDs not exceeding the holding of the underlying goods received in physical settlement of ETCD contracts
- b. Short position in ETCDs not exceeding the long position in ETCDs on the same goods.
- c. Further, mutual funds shall not write options, or purchase instruments with embedded written options in goods or on commodity futures.

The Scheme while participating in silver ETCDs may hold the underlying silver in case of physical settlement of contracts, in that case the Scheme shall dispose of such silver from the books of the Scheme, at the earliest, not exceeding 180 days from the date of holding of physical silver as per Clause 12.26 of Master Circular or such other timeline as prescribed by SEBI from time to time.

The Scheme shall not have net short positions in ETCDs on silver, considering its positions in physical silver as well as ETCDs, at any point of time.

- Investments in Silver related instruments (which include Exchange Traded Commodity Derivatives (ETCDs) having Silver as the underlying and derivative instruments related to Silver) as and when permitted by SEBI.
- The Scheme also may engage in Silver lending, and/ or deposit Silver with banks in return for fees as and when permitted by SEBI.

#### ● **Debt securities:**

Debt issuances by various types of issuers such as Government of India, State and local Governments, Government Agencies and statutory bodies, Corporate Entities, Public / Private sector undertakings, Public / Private sector banks and development financial institutions, etc. Debt issuances may include but are not limited to:

1. Non-convertible debentures;
2. Bonds;
3. Secured premium notes;
4. Zero interest bonds;
5. Deep discount bonds;
6. Floating rate bond / notes;
7. Non-Convertible Redeemable Preference Shares;
8. Any other permissible domestic fixed income security.

#### ● **Money Market Instruments include:**

1. Commercial papers
2. Commercial bills
3. Treasury bills

4. Government securities having an unexpired maturity upto one year
5. Tri-party Repos / Reverse Repos on Government securities or treasury bills (TREPS)
6. Certificate of deposit
7. Usance bills
8. Permitted securities under a repo/reverse repo agreement (other than Corporate Debt Securities)
9. Any other instruments as may be permitted by RBI / SEBI from time to time, subject to necessary regulatory approvals

Investments will be made through secondary market purchases, initial public offers, other public offers, placements and right offers (including renunciation). The securities could be listed (as permitted), unlisted, privately placed, secured/unsecured, rated/unrated of any maturity.

Investment in debt securities will usually be in instruments, which have been assessed as “high investment grade” by at least one credit rating agency authorised to carry out such activity under the applicable regulations. Pursuant to clause 12.12 of the Master Circular, the AMC may constitute committee(s) to approve proposals for investments in unrated debt instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investments would be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any unrated debt security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought. Investment in debt instruments shall generally have a low risk profile and those in money market instruments shall have an even lower risk profile. The maturity profile of debt instruments will be selected in accordance with the AMC’s view regarding current market conditions, interest rate outlook and the stability of ratings.

Investments in debt will be made through primary or secondary market purchases, other public offers, placements and right offers (including renunciation). The securities could be listed, unlisted (as permitted), privately placed, secured/unsecured, rated/unrated.

- Where the monies are parked in short term deposits of Scheduled Commercial Banks pending deployment, the Scheme shall abide by the following guidelines as per clause 12.16 of the Master Circular:
  - 1) “Short Term” for parking of funds shall be treated as a period not exceeding 91 days.
  - 2) Such short-term deposits shall be held in the name of the Scheme.
  - 3) The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
  - 4) Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
  - 5) The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
  - 6) The Scheme shall not park funds in short- term deposit of a bank, which has invested in the Scheme. Trustees/AMC shall also take steps to ensure that a bank in which the Scheme has short term deposit does not invest in the Scheme until the Scheme has short term deposit with such bank.

7) No investment management and advisory fees will be charged for such investments in the Scheme.

The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market.

- The Scheme may invest in overnight, liquid, money market and other debt mutual fund schemes provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing SEBI (MF) Regulations. As per the SEBI (MF) Regulations, no investment management fees will be charged for such investments and the aggregate inter scheme investment made by all the schemes of HDFC Mutual Fund or in the schemes of other mutual funds shall not exceed 5% of the net asset value of the HDFC Mutual Fund.

## **B. WHAT ARE THE INVESTMENT RESTRICTIONS?**

As per the Regulations, the following investment restrictions are currently applicable to the Scheme:

The corpus of the Scheme shall be invested only in Silver or Silver related instruments in accordance with its investment objective, except to the extent necessary to meet the liquidity requirements for honouring repurchases or redemptions, as disclosed in this Scheme Information Document.

- Every mutual fund shall buy and sell Silver on the basis of deliveries and shall in all cases of purchases, take delivery of Silver and in all cases of sale, deliver the Silver:

Provided further that a mutual fund may enter into derivatives transactions on a recognized stock exchange as and when permitted by SEBI, subject to the framework specified by SEBI.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

- The Scheme shall not invest in foreign debt securities.
- The Scheme shall invest in Silver of 0.999 fineness and above.
- Exposure to ETCDs having Silver as the underlying shall not exceed 10% of net asset value of the scheme. However, the above limit of 10% shall not be applicable to Silver ETFs where the intention is to take delivery of the physical Silver and not to roll over its position to next contract cycle.
- The mutual fund shall not borrow except to meet temporary liquidity needs of the mutual funds for the purpose of repurchase, redemption of units or payment of interest or IDCW to the unitholders.

Provided that the mutual fund shall not borrow more than 20 per cent of the net asset of the scheme and the duration of such a borrowing shall not exceed a period of six months.

- Save as otherwise expressly provided under SEBI (MF) Regulations, the Mutual Fund shall not advance any loans for any purpose.
- Pending deployment of funds of the Scheme in securities in terms of the investment objectives of the Scheme, the Fund may invest the funds of the Scheme in short term deposits of scheduled commercial banks subject to the following guidelines as specified by SEBI.
  - “Short Term” for parking of funds shall be treated as a period not exceeding 91 days.
  - Short Term deposits shall be held in the name of the Scheme.

- Total investment of the Scheme in short term deposit(s) of all the Scheduled Commercial Banks put together shall not exceed 15% of the net assets. However, this limit can be raised upto 20% of the net assets with prior approval of the Board of Trustees.
- Investments in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
- The Scheme shall not invest more than 10% of the net assets in short term deposit(s) of any one scheduled commercial bank including its subsidiaries.
- The Scheme shall not invest in short term deposit of a bank which has invested in the Scheme. Trustees/AMC shall also take steps to ensure that a bank in which the Scheme has short term deposit does not invest in the Scheme until the Scheme has short term deposit with such bank.
- No investment management and advisory fees will be charged for such investments in the Scheme.
- The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash market.
- However, period for 'pending deployment' as stated above for the Scheme shall not exceed 7 days.

The following are the restrictions specified under Seventh Schedule to the Regulations:

- Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

- The Mutual Funds having an aggregate of securities worth Rs.10 crore or more as on the latest balance-sheet date, shall subject to such instructions as may be issued from time to time by SEBI, settle their transactions only through dematerialised securities. The Mutual Fund shall enter into transactions relating to Government Securities only in dematerialised form.
- The Mutual Fund will, for securities purchased in the non depository mode get the securities transferred in the name of the Mutual Fund on account of the Scheme, wherever the investments are intended to be of a long term nature.
- The Scheme shall not invest more than 10% of its debt portfolio in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 12% of the debt portfolio of the scheme with the prior approval of the Board of Trustees and the Board of directors of the asset management company.

The Scheme shall not invest more than:

- a. 10% of its debt portfolio in debt and money market securities rated AAA; or
- b. 8% of its debt portfolio in debt and money market securities rated AA; or
- c. 6% of its debt portfolio in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 2% of the debt portfolio of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the extended 12% limit.

Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Tri-party Repos on Government securities or treasury bills (TREPS).

Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a credit rating agency registered with SEBI.

Provided further that such limit shall not be applicable for investments in case of debt exchange traded funds or such other funds as may be specified by SEBI from time to time.

- The Scheme shall not invest more than 10% of its NAV in unrated debt instruments [irrespective of residual maturity period (above or below one year)], issued by a single issuer and the total investment

in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Trustee and the Board of the AMC.

- The Scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments.

Provided that the Scheme may invest in unlisted nonconvertible debentures up to a maximum of 10% of the debt portfolio of the Scheme subject to such conditions as may be specified by SEBI from time to time.

Provided further that the Scheme shall comply with the norms under the above clauses within the time and in the manner as may be specified by SEBI.

Provided further that the norms for investments by the Scheme in unrated debt instruments shall be as specified by SEBI from time to time.

As per prevailing norms, investments in unrated debt and money market instruments, other than government securities, treasury bills, derivative products such as Interest Rate Swaps (IRS), Interest Rate Futures (IRF), etc. by mutual fund schemes shall not exceed 5% of net assets of the Scheme.

However, the Scheme shall comply with provisions of clause 4.3.1 of Master Circular regarding investment in Debt and Money Market Instruments, as amended from time to time, to the extent applicable to the Scheme.

- Transfer of investments from one Scheme to another Scheme in the same mutual fund, shall be allowed only if:-
  - a. such transfers are made at the prevailing market price for quoted Securities on spot basis.  
Explanation: spot basis shall have the same meaning as specified by Stock exchange for spot transactions.
  - b. the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
  - c. Inter Scheme Transfers are effected in accordance with the guidelines specified by clause 12.30 of the Master Circular.
- The Scheme may invest in other scheme(s) under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all Schemes under the same AMC or in Schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund. Further, the Scheme shall not invest in any fund of funds scheme.
- The Scheme shall not make any investments in:
  - a. any unlisted security of an associate or group company of the Sponsors; or
  - b. any security issued by way of private placement by an associate or group company of the Sponsors; or
  - c. the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets of the scheme, except for investments by equity oriented exchange traded funds (ETFs) and Index Funds and subject to such conditions as may be specified by SEBI;
  - d. any fund of funds Scheme.

However, as per proviso to regulation 44(1) of the SEBI (MF) regulations the above stated investment restrictions as specified under Seventh Schedule of the Regulations shall not be applicable to this Scheme.

The AMC/Trustee may alter these above stated restrictions from time to time to the extent the SEBI (MF) Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its respective investment objective. The AMC/Trustee may from time to time alter these restrictions in conformity with the SEBI (MF) Regulations. Further, apart from the investment restrictions prescribed under SEBI (MF) Regulations, the Fund may follow any internal norms vis-à-vis restricting/limiting exposure to a particular scrip or sector, etc

All investment restrictions shall be applicable at the time of making investment.

### C. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the Scheme, in terms of Clause 1.14 of Master Circular read with Regulation 18 (15A) of the SEBI (MF) Regulations:

#### (i) Type of a Scheme

- An open ended Exchange Traded Fund (ETF) replicating/tracking Domestic Prices of physical Silver
- Exchange Traded Fund

#### (ii) Investment objective

- **Main Objective** - Please refer to section '**Investment Objective**' under **Section I, Part I – Highlights/Summary Of The Scheme**
- **Investment pattern** - Please refer to section '**How will the Scheme Allocate its Assets?**' under **Section I, Part II, Clause A**

#### (iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption.** For further details, please refer to section "**Other Scheme Specific Disclosures**" under **Section II, Part I, Clause F**
- Aggregate Fees and expenses charged to the Scheme.** For further details, please refer to section "**Annual Scheme Recurring Expenses**" under **Section I, Part III, Clause B**
- Any safety net or guarantee provided.** This Scheme does not provide any guaranteed or assured return.

#### Changes in Fundamental Attributes:

In accordance with Regulation 18 (15A) and Regulation 25(26) of the SEBI (MF) Regulations, read with clause 1.14.1.4 and 17.10 of Master Circular, the Trustee and AMC shall ensure that no change in the fundamental attributes of the Scheme and the Plan(s)/Option(s) thereunder or fee and expenses payable or any other change which would modify the Scheme and affect the interest of Unit holders is carried out by the AMC unless:

- SEBI has reviewed and provided its comments on the proposal
- A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and

- The Unit holders are given an option for a period of atleast 30 calendar days to exit at the prevailing Net Asset Value without any exit Load.

#### D. INDEX METHODOLOGY

Not Applicable to this Scheme.

#### E. PRINCIPLES OF INCENTIVE STRUCTURE FOR MARKET MAKERS

Incentives may be provided at the discretion of the AMC to Market Makers, subject to the applicable regulatory provisions.

Pursuant to Clause 3.6.1.4 of Master Circular, the principles of incentive structure pertaining to Market Makers shall be as mentioned below:

1. Incentives may be provided at the discretion of the AMC to Market Makers, subject to the applicable regulatory provisions.
2. Incentives, if any, to Market Makers shall be charged to the scheme within the maximum permissible limit of TER.
3. Incentive structure may be linked to performance of the Market Makers in terms of generating liquidity in units of ETFs and other relevant factors, based on the data obtained from stock exchanges.

Further, Stock Exchanges may also incentivize the Market Makers through Liquidity Enhancement Schemes (LES) as per the applicable provisions.

#### F. OTHER SCHEME SPECIFIC DISCLOSURES:

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| <b>Listing and transfer of units</b> | <p>An investor can buy/sell Units on a continuous basis on the NSE and/or BSE on which the Units are listed during the trading hours like any other publicly traded stock. The price of the Units in the market will depend on demand and supply at that point of time. The minimum number of Units that can be bought or sold through the Stock Exchange is 1 (one) Unit.</p> <p>The Mutual Fund may at its sole discretion list the Units of the Scheme on any other recognized Stock Exchange(s) at a later date. The Scheme may suspend the listing / delist Units of the Scheme for trading from any of the stock exchanges provided the Units are listed on atleast one stock exchange.</p> <p>The AMC engages Market Makers for creating liquidity for the Scheme on the Stock Exchange(s) so that investors are able to buy or redeem Units on the Stock Exchange(s) using the services of a stock broker.</p> |
| <b>Dematerialization of units</b>    | <p><b>The Units of the Scheme will be issued, traded and settled compulsorily in dematerialized (electronic) form.</b> Investors intending to invest in Units of the ETF will be required to have a beneficiary account with a Depository Participant (DP) of NSDL/CDSL.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| <b>Dividend Policy (IDCW)</b> | <p>The Trustee reserves the right to declare IDCW under the IDCW option of the Scheme depending on the availability of distributable surplus under the Scheme. IDCW, if declared, will be paid (subject to deduction of tax at source, if any) to those Unit holders whose names appear in the Register of Unit holders on the record date. In case of Units held in dematerialized mode, the Depositories (NSDL/ CDSL) will give the list of demat account holders and the number of Units held by them in electronic form on the Record date to the Registrars and Transfer Agent of the Mutual Fund who shall be eligible to receive the IDCW. Further, the Trustee at its sole discretion may also declare interim IDCW. However, it must be distinctly understood that the actual declaration of IDCW and the frequency thereof will inter-alia, depend on the availability of distributable surplus as computed in accordance with SEBI (MF) Regulations and the decision of the Trustee /AMC in this regard shall be final. There is no assurance or guarantee to Unit holders as to the rate/quantum of IDCW distribution nor that the IDCW will be paid regularly. In order to be a Unit holder, an investor has to be allotted Units against receipt of clear funds by the Scheme. On payment of IDCW, the NAV will stand reduced by the amount of IDCW and Dividend distribution tax /statutory levy (if applicable) paid. The Trustee / AMC reserves the right to change the record date from time to time.</p> <p><b>IDCW Distribution Procedure:</b></p> <p>In accordance with clause 11.6.1 of Master Circular, the procedure for IDCW Distribution would be as under:</p> <ol style="list-style-type: none"> <li>1. Quantum of Distribution and the record date will be fixed by the Trustee. Amounts so decided shall be paid, subject to availability of distributable surplus.</li> <li>2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the Distribution including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.</li> <li>3. The Record Date will be 2 working days from the date of publication in at least one English newspaper or in a newspaper published in the language of the region where the Head Office of the mutual fund is situated, whichever is issued earlier. Record date shall be the date which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of Unit holders maintained by the Mutual</li> </ol> |
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|                                                                                                                                                                                | <p>Fund/statement of beneficial ownership maintained by the Depositories, as applicable, for receiving IDCW.</p> <ol style="list-style-type: none"> <li>The notice will, in font size 10, bold, categorically state that pursuant to payment of IDCW, the NAV of the Scheme would fall to the extent of payout and statutory levy (if applicable).</li> <li>The NAV will be adjusted to the extent of IDCW Distribution and statutory levy, if any, at the close of business hours on record date.</li> <li>Before the issue of such notice, no communication indicating the probable date of IDCW declaration in any manner whatsoever, will be issued by Mutual Fund.</li> </ol> <p>The requirement of giving notice shall not be applicable for IDCW Options having frequency upto one month.</p>                                                                                                                                                                                                                                       |
| <b>Allotment</b>                                                                                                                                                               | <p>During Continuous Offer Period, only Market Makers / Large Investors can transaction directly with the Fund. Other Investors may trade on the exchange.</p> <p>All Applicants whose monies towards purchase of Units have been realised by the Fund will receive a full and firm allotment of Units in their demat account, provided also the applications are complete in all respects and are found to be in order.</p> <p>Any application for subscription of units may be rejected if found invalid, incomplete or due to unavailability of underlying securities, etc.</p> <p>Face value of units under the Scheme is Rs. 52.5177. Units will be allotted in whole figure. Excess amount, if any, would be refunded to the investor.</p> <p>For details, refer <b>Point VI. “Liquidity” and Point XII. Minimum Application amount</b> under Section I, Part I titled “<b>Highlights</b>”.</p> <p>For Procedures, refer Para titled “<b>How HDFC Silver ETF (HSETF) (the ETF) Works</b>” in Section I, Part II (A) of this SID.</p> |
| <b>Who can invest</b><br><br>This is an indicative list and investors shall consult their financial advisor to ascertain whether the scheme is suitable to their risk profile. | <p>The following persons (i.e. an indicative list of persons) are eligible and may apply for subscription to the Units of the Scheme provided they are not prohibited by any law/Constitutive documents governing them:</p> <ol style="list-style-type: none"> <li>Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;</li> <li>Karta of Hindu Undivided Family (HUF);</li> <li>Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) or a court</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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|  | <p>appointed legal guardian. There shall not be any joint holding in a minor's folio. Payment for investment shall be accepted from the bank account of the minor, parent or legal guardian of the minor or from a joint account of the minor with the parent or legal guardian.</p> <ol style="list-style-type: none"> <li>4. Partnership Firms &amp; Limited Liability Partnerships (LLPs);</li> <li>5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or bodies of individuals and societies registered under the Societies Registration Act, 1860, Co-Operative Societies registered under the Co-Operative Societies Act, 1912, One Person Company;</li> <li>6. Banks &amp; Financial Institutions;</li> <li>7. Mutual Funds/Alternative Investment Funds registered with SEBI;</li> <li>8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;</li> <li>9. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO)/Overseas Citizen of India (OCI) on repatriation basis or on non-repatriation basis;</li> <li>10. Foreign Portfolio Investors (FPI) registered with SEBI in accordance with applicable laws. However, as the Scheme may invest in Silver ETCDs, FPIs can invest in the Scheme only if they are permitted to participate in ETCDs;</li> <li>11. Army, Air Force, Navy and other paramilitary units and bodies created by such institutions;</li> <li>12. Council of Scientific and Industrial Research, India;</li> <li>13. Multilateral Financial Institutions/Bilateral Development Corporation Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India;</li> <li>14. Other Schemes of HDFC Mutual Fund subject to the conditions and limits prescribed by SEBI (MF) Regulations;</li> <li>15. Trustee, AMC, Sponsor and their associates may subscribe to Units under the Scheme;</li> <li>16. Such other category of investors as may be decided by the AMC/Trustee from time to time provided their investment is in conformity with the applicable laws and SEBI (MF) Regulations.</li> </ol> |
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|  | <p><b>Note:</b></p> <ol style="list-style-type: none"> <li>1. Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad/Overseas Citizens of India (OCI)/Foreign Portfolio Investors (FPIs) have been granted a general permission by Reserve Bank of India under Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in/redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.</li> <li>2. In case of application(s) made by Individual Investors under a Power of Attorney, the original Power of Attorney or a certified true copy duly notarised should be submitted. In case of applications made by Non-Individual Investors, the authorized signatories/officials of Non-Individual investors should sign the application under their official designation and as per the authority granted to them under their Constitutive Documents/Board resolutions, etc. A list of specimen signatures of the authorized officials, duly certified/attested should also be attached to the Application Form. The Fund/AMC/Trustees shall deem that the investments made by the Investors are not prohibited by any law/Constitutive documents governing them and they possess the necessary authority to invest/transact.</li> <li>3. Investors desiring to invest/transact in mutual fund schemes are required to mandatorily furnish PAN (PAN of the guardian in case minor does not have a PAN) and comply with the KYC norms applicable from time to time. Under the KYC norms, Investors are required to provide prescribed documents for establishing their identity and address including in case of non-individuals copy of the Memorandum and Articles of Association/bye-laws/trust deed/partnership deed/Certificate of Registration along with the proof of authorization to invest, as applicable, to the KYC Registration Agency (KRA) registered with SEBI. The Fund/AMC/Trustees/other intermediaries will rely on the declarations/affirmations provided by the Investor(s) in the Application/Transaction Form(s) and the documents furnished to the KRA that the Investor(s) is permitted/authorised by the Constitution document/their Board of Directors etc. to make the investment/transact. Further, the Investor shall be liable to indemnify the Fund/AMC/Trustee/other intermediaries in case of any dispute regarding the eligibility, validity and authorization of the transactions and/or the applicant who has applied on behalf of the Investors. The Fund/AMC/Trustee reserves the right to call</li> </ol> |
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|                          | <p>for such other information and documents as may be required by it in connection with the investments made by the investor. Where the Units are held by a Unit holder in breach of any Regulations, AMC/the Fund may effect compulsory redemption of such units.</p> <ol style="list-style-type: none"> <li>4. Returned cheques may not to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.</li> <li>5. The Trustee reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued by the investor for purchase of Units of this Scheme.</li> <li>6. Subject to the SEBI (MF) Regulations, the Trustee may inter-alia reject any application for the purchase of Units if the application is invalid or incomplete or non-permissible under law or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its Unitholders to accept such an application.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Who cannot invest</b> | <p>The persons/entities as specified under section “<b>Who Can Invest?</b>” shall not be eligible to invest in the Scheme, if such persons/entities are:</p> <ol style="list-style-type: none"> <li>1. United States Person (U.S. person*) as defined under the extant laws of the United States of America, except the following:             <ol style="list-style-type: none"> <li>a. NRIs/PIOs may invest/transact, in the Scheme, when present in India, as lump sum subscription, redemption and/or switch transaction, including registration of systematic transactions (if permitted under the schemes) only through physical form and upon submission of such additional documents/undertakings, etc., as may be stipulated by AMC/Trustee from time to time and subject to compliance with all applicable laws and regulations prior to investing in the Scheme.</li> <li>b. FPIs may invest in the Scheme as lump sum subscription and/or switch transaction (other than systematic transactions) through submission of physical form in India, subject to compliance with all applicable laws and regulations and the terms, conditions, and documentation requirements stipulated by the AMC/Trustee from time to time, prior to investing in the Scheme.</li> </ol> </li> </ol> <p>The Trustee/AMC reserves the right to put the transaction requests received from such U.S. person on hold/reject the transaction request/redeem the units, if allotted, as the case may be, as and when identified by the AMC that the same is not in compliance with the applicable laws and/or the terms and</p> |

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|                                                                                                                                                                         | <p>conditions stipulated by Trustee/AMC from time to time. Such redemptions will be subject to applicable taxes and exit load, if any.</p> <p>The physical application form(s) for transactions (in non-demat mode) from such U.S. person will be accepted ONLY at the Investor Service Centres (ISCs) of HDFC Asset Management Company Limited (HDFC AMC). Additionally, such transactions in physical application form(s) will also be accepted through Distributors and other platforms subject to receipt of such additional documents/undertakings, etc., as may be stipulated by AMC/Trustee from time to time from the Distributors/Investors.</p> <p>2. Residents of Canada;</p> <p>3. Investor residing in any Financial Action Task Force (FATF) designated High Risk jurisdiction.</p> <p>*The term "U.S. person" means any person that is a U.S. person within the meaning of Regulations under the Securities Act of 1933 of U.S. or as defined by the U.S. Commodity Futures Trading Commission or as per such further amended definitions, interpretations, legislations, rules etc, as may be in force from time to time.</p> |
| <b>How to Apply and other details</b>                                                                                                                                   | <p>The Applications Forms duly signed by the Market Makers/Large Investors should be submitted at the ISCs (AMC branches) whose addresses are available on the website of the AMC i.e. <a href="http://www.hdfcfund.com">www.hdfcfund.com</a>.</p> <p>For further details, please refer to the SAI and Application form available on the website for the instructions.</p> <p>Refer back cover page for contact details of Registrar and Transfer Agent (CAMS).</p> <p>It is mandatory for investors to mention bank account numbers in their applications/requests for redemption.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</b> | <p>All units can be reissued without any limit by the Scheme.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Restrictions, if any, on the right to freely retain or dispose of units being offered.</b>                                                                           | <p><b>RIGHT TO RESTRICT REDEMPTION AND/OR SUSPEND REDEMPTION OF THE UNITS:</b> (as per clause 1.12 of Master Circular):</p> <p>The Fund at its sole discretion reserves the right to restrict Redemption (including switch- out) of the Units (including Plan/Option) of the Scheme of the Fund upon occurrence of the</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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|  | <p>below mentioned events for a period not exceeding ten (10) working days in any ninety (90) days period subject to approval of the Board of Directors of the AMC and the Trustee. The restriction on Redemption (including switch-out) shall be applicable where the Redemption (including switch-out) request is for a value above Rs. 2,00,000/- (Rupees Two Lakhs). Further, no restriction shall be applicable to the Redemption/switch-out request upto Rs. 2,00,000/- (Rupees Two Lakhs). It is further clarified that, in case of redemption request beyond Rs. 2,00,000/- (Rupees Two Lakhs), no restriction shall be applicable on first Rs. 2,00,000/- (Rupees Two Lakhs).</p> <p>The Trustee/AMC reserves the right to restrict Redemption or suspend Redemption of the Units in the Scheme of the Fund on account of circumstances leading to a systemic crisis or event(s) that severely constrict market liquidity or the efficient functioning of the markets.</p> <p>A list of such circumstances under which the restriction on Redemption or suspension of Redemption of the Units in the Scheme of the Fund may be imposed are as follows:</p> <ol style="list-style-type: none"> <li>1. Liquidity issues- when market at large becomes illiquid affecting almost all securities rather than any issuer specific security; or</li> <li>2. Market failures/exchange closures; or</li> <li>3. Operational issues; or</li> <li>4. If so directed by SEBI.</li> </ol> <p>It is clarified that since the occurrence of the abovementioned eventualities have the ability to impact the overall market and liquidity situation, the same may result in exceptionally large number of Redemption requests being made and in such a situation the indicative timelines, if any mentioned by the Fund in the scheme offering documents, for processing of requests for Redemption may not be applicable.</p> <p>Any restriction on Redemption or suspension of Redemption of the Units in the Scheme(s) of the Mutual Fund shall be made applicable only after specific approval of the Board of Directors of the AMC and Trustee Company and thereafter, immediately informing the same to SEBI.</p> <p>The AMC/Trustee reserves the right to change/modify the provisions of right to restrict Redemption and/or suspend Redemption of the Units in the Scheme of the Fund.</p> |
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| <p><b>Cut off timing for subscriptions/ redemptions/ switches</b></p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p> | <p><b>In case of Purchase/Redemption directly with Mutual Fund (By Market Makers and Large Investors):</b></p> <p>The provisions for Cut-off timings for NAV applicability will not be applicable for direct transaction with the Fund.</p> <p><b>In case of Redemption directly with the Mutual Fund during Liquidity Window:</b></p> <p>The Cut-off time for receipt of valid application for Redemptions directly with the Fund during Liquidity Window is 3.00 p.m. Valid applications received by the fund upto the cut-off time will be processed on the basis of the closing NAV of the day of receipt of request and for valid applications received after cut-off time, the closing NAV of the next Business Day shall be applicable.</p> <p><b>Settlement of Purchase/Sale of Units of the Scheme on NSE/BSE</b></p> <p>Buying/Selling of Units of the Scheme on NSE/BSE is just like buying/selling any other normal listed security. If an investor has bought Units, an investor has to pay the purchase amount to the broker/sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the Stock Exchange(s). If an investor has sold Units, an investor has to deliver the Units to the broker/sub-broker before the securities pay-in day of the settlement cycle on the Stock Exchange(s). The Units (in the case of Units bought) and the funds (in the case of Units sold) are paid out to the broker on the pay-out day of the settlement cycle on the Stock Exchange(s). The Stock Exchange(s) regulations stipulate that the trading member should pay the money or Units to the investor within 24 hours of the pay-out.</p> <p>If an investor has bought Units, he should give standing instructions for 'Delivery-In' to his/her/its DP for accepting Units in his/her/its beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her/its DP to his/her/its trading member. The trading member will transfer the Units directly to his/her/its beneficiary account on receipt of the same from NSE's/BSE's Clearing Corporation.</p> <p>An investor who has sold Units should instruct his/her/its Depository Participant (DP) to give 'Delivery Out' instructions to transfer the Units from his/her/its beneficiary account to the Pool Account of his/her/its trading member through whom he/she/it have sold the Units. The details of the Pool A/C (CM-BP-ID) of his/her trading member to which the Units are to be transferred, Unit quantity etc. should be mentioned in the Delivery Out instructions given by him/her</p> |
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|                                                                                                  | <p>to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the Delivery Out instructions should be given at least 24 hours prior to the cut-off time for the prescribed securities pay-in to avoid any rejection of instructions due to data entry errors, network problems, etc.</p> <p><b>Rolling Settlement</b></p> <p>As per the SEBI's circular dated September 7, 2021, the rolling settlement on T+1 on optional basis shall come into force with effect from January 01, 2022. The same is applicable for all trades from January 27, 2023 onwards. The Pay-in and Pay-out of funds and the Units will take place within 1 working days after the trading date.</p> <p>The pay-in and pay-out days for funds and securities are prescribed as per the Settlement Cycle. A typical Settlement Cycle of Rolling Settlement is given below:</p> <p><b>Day Activity</b></p> <table border="1" data-bbox="596 882 1434 1274"> <tr> <td>T</td><td>The day on which the transaction is executed by a trading member</td></tr> <tr> <td>T + 1</td><td>Confirmation of all trades including custodial trades by 7.30 a.m.</td></tr> <tr> <td>T + 1</td><td>Processing and downloading of obligation files to brokers/custodians by 1.00 p.m.</td></tr> <tr> <td>T + 1</td><td>Pay-in of funds and securities by 10:50 am for Funds &amp; 10:30 am for Securities</td></tr> <tr> <td>T + 1</td><td>Pay out of funds and securities by 3 pm / as and when received from exchange</td></tr> </table> <p>While calculating the days from the Trading day (Day T), weekend days (i.e. Saturday and Sundays) and bank holidays are not taken into consideration.</p> <p>The AMC has the right to amend cut off timings subject to SEBI (MF) Regulations for the smooth and efficient functioning of the Scheme.</p> | T | The day on which the transaction is executed by a trading member | T + 1 | Confirmation of all trades including custodial trades by 7.30 a.m. | T + 1 | Processing and downloading of obligation files to brokers/custodians by 1.00 p.m. | T + 1 | Pay-in of funds and securities by 10:50 am for Funds & 10:30 am for Securities | T + 1 | Pay out of funds and securities by 3 pm / as and when received from exchange |
| T                                                                                                | The day on which the transaction is executed by a trading member                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |   |                                                                  |       |                                                                    |       |                                                                                   |       |                                                                                |       |                                                                              |
| T + 1                                                                                            | Confirmation of all trades including custodial trades by 7.30 a.m.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |   |                                                                  |       |                                                                    |       |                                                                                   |       |                                                                                |       |                                                                              |
| T + 1                                                                                            | Processing and downloading of obligation files to brokers/custodians by 1.00 p.m.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |   |                                                                  |       |                                                                    |       |                                                                                   |       |                                                                                |       |                                                                              |
| T + 1                                                                                            | Pay-in of funds and securities by 10:50 am for Funds & 10:30 am for Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |   |                                                                  |       |                                                                    |       |                                                                                   |       |                                                                                |       |                                                                              |
| T + 1                                                                                            | Pay out of funds and securities by 3 pm / as and when received from exchange                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |   |                                                                  |       |                                                                    |       |                                                                                   |       |                                                                                |       |                                                                              |
| <p><b>Minimum amount for purchase/redemption/switches/ subscription/redemption with AMC.</b></p> | <p><b>ON THE EXCHANGE</b></p> <p>Investors can subscribe (buy) and redeem (sell) Units on a continuous basis on the NSE/BSE on which the Units are listed. Subscriptions made through Stock Exchanges will be made by specifying the number of Units to be subscribed and not the amount to be invested. On the Stock Exchange(s), the Units of the ETF can be purchased/sold in minimum lot of 1 (one) Unit and in multiples thereof.</p> <p><b>DIRECTLY FROM THE FUND</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |   |                                                                  |       |                                                                    |       |                                                                                   |       |                                                                                |       |                                                                              |

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|  | <p><b>Market Makers/Large Investors (in Creation Unit Size):</b> For details refer 'Highlights / Summary of the Scheme'.</p> <p>The Fund creates/redeems Units of HDFC Silver ETF (the Scheme) in large size known as "Creation Unit Size". Each "Creation Unit" consists of 30,000 Units of the Scheme. The value of the "Creation Unit" is 30 kilogram of physical Silver or in multiple thereof called as the "Portfolio Deposit" and a "Cash Component" which will be exchanged for 30,000 Units of the Scheme.</p> <p>The Portfolio Deposit and Cash Component for the Scheme may change from time to time due to change in NAV.</p> <p>The subscription/redemption of Units of the ETF in Creation Unit Size will be allowed both by means of exchange of Portfolio Deposit and by Cash (i.e. payments shall be made only by means of payment instruction of Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) or Funds Transfer Letter/Transfer Cheque of a bank where the Scheme has a collection account).</p> <p>The Fund may from time to time change the size of the Creation Unit in order to equate it with marketable lots of the underlying instruments.</p> <p><b>Investors during Liquidity Window:</b> Minimum 1 Unit.</p> <p>The Redemption would be permitted to the extent of credit balance in the Unit holder's account of the Plan(s) / Option(s) of the Scheme (subject to completion of Lock-in period or release of pledge / lien or other encumbrances).</p> <p>The Redemption request can be made by specifying the rupee amount or by specifying the number of Units of the respective Plan(s) / Option(s) to be redeemed. In case a Redemption request received is for both, a specified rupee amount and a specified number of Units of the respective Plan(s)/ Option(s), the specified number of Units will be considered the definitive request.</p> <p>In case the value / number of available units held in the Unit holder's folio / account under the Plan / Option of the Scheme is less than the amount / number of units specified in the redemption request, then the transaction shall be treated as an 'all units' redemption and the entire balance of available Units in the folio / account of the Unit holder under the stated Plan / Option of the Scheme shall be redeemed.</p> <p>No switch (switch-in/switch-out) requests will be accepted under the Scheme.</p> |
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| <b>Accounts Statements</b> | <p>The AMC will credit the units to the beneficiary account of the unitholder within five working days from date of receipt of valid application.</p> <p>Note: The term “working days” here shall include Business Days but shall not include Holidays.</p> <p>As the units of the Scheme will be issued, traded and settled compulsorily in dematerialized (electronic) form, the statement of holding of the Unitholder i.e. beneficiary account holder will be sent by the respective DPs/Depositories periodically, as per applicable rules.</p> <p>For further details, refer SAI.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Dividend/ IDCW</b>      | <p>The payment of dividend/IDCW (if declared) to the unitholders shall be made within seven working days from the record date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Redemption</b>          | <p>The redemption or repurchase proceeds shall be dispatched to the unitholders within three working days from the date of redemption or repurchase or such other timelines as may be specified by SEBI / AMFI from time to time in case of exceptional circumstances or otherwise.</p> <p>For details refer para 14.1.3 of Master Circular.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Bank Mandate</b>        | <p><b>BANK DETAILS FOR ETFs</b></p> <p>In order to protect the interest of Unit holders from fraudulent encashment of redemption/dividend cheques, SEBI has made it mandatory for investors to provide their bank details viz. name of bank, branch, address, account type and number, etc. to the Mutual Fund. Payment will be made to the bank account linked to the demat account (except in case of Market Makers / Large investors directly transacting with the Fund for whom a folio has been generated by the AMC, where the redemption proceeds shall be credited to the bank account registered in the folio of the investor). Hence, investors should ensure to furnish those Bank Account details in the application form. The bank account registered in the folio of a minor should be that of the minor or should be a joint account of the minor with the guardian. Applications without complete bank details shall be rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques/warrants and/or any delay/loss in transit.</p> <p><b>Change in Bank Account for ETFs:</b></p> <p>a) <b>For investors other than Market Makers and Large Investors transacting directly with the Fund:</b> The procedure for</p> |

|                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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|                                                                                   | <p>change in bank details would be as determined by the depository participant.</p> <p>b) <b>For Market Makers and Large Investors transacting directly with the Fund:</b> These Unit holders may change their bank details registered with the Mutual Fund by submitting either a standalone separate 'Change of Bank Details Form' or a 'Multiple Bank Account Registration Form' at ISCs (AMC branches).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Delay in payment of redemption /repurchase proceeds/dividend</b>               | <p>The AMC shall be liable to pay interest to the Unit holders at 15% or such other rate as may be prescribed by SEBI from time to time, in case the redemption/ repurchase/ IDCW proceeds are not transferred within the prescribed timeline. However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC / Trustee is required to obtain from the investor / unit holders verification of identity or such other details relating to subscription for Units under any applicable law or as may be required by a regulatory body or any government authority, which results in delay in processing the application.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount</b> | <p>The unclaimed Redemption and IDCW amounts (the funds) are currently deployed by the Mutual Fund only in TREPS. However, the same may be deployed in other permissible instruments such as call money market or money market instruments or in a separate plan specifically launched under Overnight/Liquid/ Money Market Mutual Fund schemes to deploy unclaimed Redemption and IDCW amounts. Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. The details of such unclaimed redemption/IDCW amounts are made available to investors upon them providing proper credentials, on website of Mutual Funds and AMFI along with the information on the process of claiming the unclaimed amount and the necessary forms/documents required for the same.</p> <p>Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), will be separately disclosed to investors through the periodic statement of accounts/Consolidated Account Statement sent to the investors. Further, the investment management fee charged by the AMC for managing the said unclaimed amounts shall not exceed 50 basis points.</p> |

|                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <b>Disclosure with respect to investment by minors</b> | <p>Investments (including through existing SIP registrations) in the name of minors shall be permitted only from bank account of the minor, parent or legal guardian of the minor or from a joint account of the minor with the parent or legal guardian.</p> <p>However, the redemption/ Income Distribution cum Capital Withdrawal (IDCW) proceeds for investments held in the name of Minor shall continue to be transferred to the verified bank account of the minor (i.e. of the minor or minor with parent/ legal guardian) only. Therefore, investors must ensure to update the folios with minor's bank account details as the 'Pay-out Bank account' by providing necessary documents before tendering redemption requests / for receiving IDCW distributions.</p> <p><b>MINOR ATTAINING MAJOR STATUS</b><br/>         The Mutual Fund/AMC will register SIP/STP/SWAP/or any other systematic enrollment in the folio held by a minor only till the date of the minor attaining majority, even though the instructions may be for a period beyond that date. Such enrollments will automatically stand terminated upon the Unit Holder attaining 18 years of age.</p> <p>For folios where the units are held on behalf of the minor, the account shall be frozen for operation by the guardian on the day the minor attains majority and no transactions shall be permitted till the requisite documents for changing the status of the account from 'minor' to 'major' are submitted.</p> |
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### III. OTHER DETAILS

#### A. PERIODIC DISCLOSURES

| Sr. No | Name of the Disclosure          | Frequency   | Timelines                                                                                                           | Disclosed on                    | Link                                                                                                                                                                                                                                                                                                               |
|--------|---------------------------------|-------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.     | Half Yearly Results (Unaudited) | Half yearly | within one month from the close of each half year i.e. on 31 <sup>st</sup> March and on 30 <sup>th</sup> September. | AMC website<br><br>AMFI website | <a href="https://www.hdfcfund.com/statutory-disclosure/scheme-financials">https://www.hdfcfund.com/statutory-disclosure/scheme-financials</a><br><br><a href="https://www.amfiindia.com/research-information/other-data/accounts-data">https://www.amfiindia.com/research-information/other-data/accounts-data</a> |
| 2.     | Annual Report                   | Annually    | not later than four months from the date of closure of the relevant account's                                       | AMC website<br><br>AMFI website | <a href="https://www.hdfcfund.com/statutory-disclosure/annual-reports">https://www.hdfcfund.com/statutory-disclosure/annual-reports</a><br><br><a href="https://www.amfiindia.com/research-information/other-data/accounts-data">https://www.amfiindia.com/research-information/other-data/accounts-data</a>       |

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|----|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                                                                                       |                         | year (i.e. 31 <sup>st</sup> March each year).                       |                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3. | Daily Performance Disclosure (after scheme completes six months of existence)                                                         | Daily                   | -                                                                   | AMFI website                    | <a href="https://amfiindia.com/research-information/other-data/mf-scheme-performance-details">amfiindia.com/research-information/other-data/mf-scheme-performance-details</a>                                                                                                                                                                                                                                                                           |
| 4. | Portfolio Disclosure                                                                                                                  | Monthly/<br>Half yearly | within 10 days from the close of each month/half-year respectively. | AMC website<br><br>AMFI website | <a href="https://www.hdfcfund.com/statutory-disclosure/portfolio">https://www.hdfcfund.com/statutory-disclosure/portfolio</a><br><br><a href="https://www.hdfcfund.com/statutory-disclosure/scheme-financials">https://www.hdfcfund.com/statutory-disclosure/scheme-financials</a><br><br><a href="https://www.amfiindia.com/research-information/other-data/accounts-data">https://www.amfiindia.com/research-information/other-data/accounts-data</a> |
| 5. | Monthly Average Asset under Management (Monthly AAUM) Disclosure                                                                      | Monthly                 | within 7 working days from the end of the month.                    | AMC website                     | <a href="https://www.hdfcfund.com/statutory-disclosure/aum">https://www.hdfcfund.com/statutory-disclosure/aum</a>                                                                                                                                                                                                                                                                                                                                       |
| 6. | Scheme and Benchmark Riskometer                                                                                                       | Monthly                 | within 10 days from the close of each month.                        | AMC website<br><br>AMFI website | <a href="https://www.hdfcfund.com/statutory-disclosure/portfolio">https://www.hdfcfund.com/statutory-disclosure/portfolio</a><br><br><a href="https://www.amfiindia.com/research-information/other-data/accounts-data">https://www.amfiindia.com/research-information/other-data/accounts-data</a>                                                                                                                                                      |
| 7  | Tracking Error                                                                                                                        | Daily                   | Daily basis                                                         | AMC website<br><br>AMFI website | <a href="https://www.hdfcfund.com/statutory-disclosure/tracking-error">https://www.hdfcfund.com/statutory-disclosure/tracking-error</a><br><br><a href="https://www.amfiindia.com/research-information/other-data/tracking_errordata">https://www.amfiindia.com/research-information/other-data/tracking_errordata</a>                                                                                                                                  |
| 8  | Tracking Difference<br>(Upon completion of 1 year of the Scheme, tracking difference shall be disclosed on the website of the AMC and | Monthly                 | within 10 days from the close of each month.                        | AMC website<br><br>AMFI website | <a href="https://www.hdfcfund.com/statutory-disclosure/tracking-error">https://www.hdfcfund.com/statutory-disclosure/tracking-error</a><br><br><a href="https://www.amfiindia.com/research-information/other-data/tracking_errordata">https://www.amfiindia.com/research-information/other-data/tracking_errordata</a>                                                                                                                                  |

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|    | AMFI, on a monthly basis)                   |                           |                                                                                                                 |                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 9  | Change in constituents of the index, if any | As and when it is changed | Immediately                                                                                                     | AMC website                                                           | Refer respective product pages on our website i.e. <a href="http://www.hdfcfund.com">www.hdfcfund.com</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 10 | Scheme Summary Documents                    | Monthly                   | within 15 days from the close of each month or on changes in any of the specified fields, whichever is earlier. | AMC website<br><br>AMFI website<br><br>BSE website<br><br>NSE website | <a href="https://www.hdfcfund.com/investor-services/fund-documents/scheme-summary">https://www.hdfcfund.com/investor-services/fund-documents/scheme-summary</a><br><br><a href="https://www.amfiindia.com/research-information/other-data/scheme-details">https://www.amfiindia.com/research-information/other-data/scheme-details</a><br><br><a href="https://www.bseindia.com/Static/Markets/MutualFunds/listOfAmc.aspx">https://www.bseindia.com/Static/Markets/MutualFunds/listOfAmc.aspx</a><br><br><a href="https://www.nseindia.com/">https://www.nseindia.com/</a> |
| 11 | Investor Charter                            | -                         | As and when updated                                                                                             | AMC website                                                           | <a href="https://files.hdfcfund.com/s3fs-public/2024-05/Investor%20Charter%20-%20MF.pdf? gl=1*1jtk2cr* gcl au* MTMzMDQ3NzExNS4xNzE1MjMwMzlw">https://files.hdfcfund.com/s3fs-public/2024-05/Investor%20Charter%20-%20MF.pdf? gl=1*1jtk2cr* gcl au* MTMzMDQ3NzExNS4xNzE1MjMwMzlw</a>                                                                                                                                                                                                                                                                                        |

## B. TRANSPARENCY/NAV DISCLOSURE

|                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Net Asset Value</b><br><br>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance. | <p>The NAVs will be calculated and disclosed at the close of every Business Day in the following manner:</p> <ul style="list-style-type: none"> <li>(i) Displayed on the website of the Mutual Fund (<a href="http://www.hdfcfund.com">www.hdfcfund.com</a>)</li> <li>(ii) Displayed on the website of Association of Mutual Funds in India (AMFI) (<a href="http://www.amfiindia.com">www.amfiindia.com</a>).</li> <li>(iii) Any other manner as may be specified by SEBI from time to time.</li> </ul> <p>The same shall also be communicated to the Stock Exchange(s), where the units are listed.</p> <p>Mutual Fund/AMC will provide facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.</p> <p>AMC shall update the NAVs on the website of the Fund and AMFI by 11.00 p.m. every Business day or by 09:00 a.m. of the following calendar day in case of investments by the Scheme in Exchange Traded Commodity Derivatives (ETCDs). In case of any delay in uploading on</p> |
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|                              | AMFI website, the reasons for such delay would be explained to AMFI and SEBI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.                                                                                                                                                                                                                                                                        |
| <b>Indicative NAV (iNAV)</b> | Indicative NAV (iNAV) is the per unit NAV based on the current market value of Scheme's portfolio during the trading hours of the ETF. iNAV's shall be disclosed on Stock Exchange (s), where the units of the ETF are listed and traded during the trading hours and shall be updated based on the latest available data for silver. Accordingly, iNAV disclosed for the Scheme may either be static or dynamic depending upon the availability of the underlying price. iNAV will not have any bearing on the creation or redemption of units directly with the Fund by the Market Makers/Large Investors. |

### C. TRANSACTION CHARGES AND STAMP DUTY

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Transaction Charges</b>                       | <p>In accordance with clause 10.5 of Master Circular,</p> <p><b>(i) For First Time Mutual Fund Investor (across Mutual Funds):</b> Transaction Charge of <b>Rs. 150/-</b>; and</p> <p><b>(ii) For other Investors:</b> Transaction Charge of <b>Rs. 100/-</b>.</p> <p>will be deducted from the purchase/subscription amount for payment to the distributor (who has opted-in to receive the same), and the balance shall be invested.</p> <p>For details refer SAI.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Stamp Duty on Allotment/Transfer of Units</b> | <p>Mutual fund units issued against Purchase transactions (whether through lump-sum investments or SIP or STP or switch-ins or reinvestment under IDCW Option) would be subject to levy of stamp duty @ 0.005% of the amount invested.</p> <p>Transfer of mutual fund units (such as transfers between demat accounts) are subject to payment of stamp duty @ 0.015%.</p> <p>Stamp duty is charged pursuant to Notification No. S.O. 4419(E) dated December 10, 2019 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, and subsequent Notification dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India. The rate and levy of stamp duty may vary as amended from time to time.</p> <p>For further details, refer SAI.</p> |

**D. ASSOCIATE TRANSACTIONS** - Please refer to Statement of Additional Information (SAI)

**E. TAXATION**

For details on taxation please refer to the clause on Taxation in the SAI apart from the following:

**Other than Equity Oriented Funds<sup>\$</sup>**

Tax implications on distributed income (hereinafter referred to as either 'dividend' or 'capital gains') by Mutual Funds:

| Particulars                                                                                                                                                                                                                                                                                                        | Resident Investors^^                                                                                                                                                                                                                                                                                                                                                                              | Non-Resident Investors^^                                                                                                                  | Mutual Fund^^               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| (I) Other than Equity Oriented Funds (including specified mutual funds):                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                           |                             |
| Dividend:                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                           |                             |
| TDS*                                                                                                                                                                                                                                                                                                               | 10% (if dividend income exceeds INR 5,000 in a financial year)                                                                                                                                                                                                                                                                                                                                    | 20% <sup>1</sup> + applicable Surcharge + 4% Cess <sup>2</sup>                                                                            | Nil<br>(Refer Note A below) |
| Tax rates                                                                                                                                                                                                                                                                                                          | Individual / HUF -<br>Income tax rate applicable to the Unit holders as per their income slabs<br>Domestic Company -<br>30% + Surcharge as applicable + 4% Cess <sup>2</sup><br>25% <sup>3</sup> + Surcharge as applicable + 4% Cess <sup>2</sup><br>22% <sup>4</sup> + 10% Surcharge <sup>4</sup> + 4% Cess <sup>2</sup><br>15% <sup>4</sup> + 10% Surcharge <sup>4</sup> + 4% Cess <sup>2</sup> | 20%+ applicable Surcharge + 4% Cess <sup>2</sup>                                                                                          | Nil<br>(Refer Note A below) |
| (II) Other than Equity Oriented Funds (other than specified mutual funds):                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                           |                             |
| Capital Gains <sup>1 5</sup> :                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                           |                             |
| Long Term<br>For units transferred before 23 July 2024, the holding period for long term capital asset would be more than 36 months.<br>For units transferred on or after 23 July 2024, holding period for long term capital asset would be more than 12 months for listed units and 24 months for unlisted units. |                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                           |                             |
| Units Transferred before 23 July 2024                                                                                                                                                                                                                                                                              | 20% with indexation + applicable Surcharge + 4% Cess <sup>2</sup>                                                                                                                                                                                                                                                                                                                                 | 20% with indexation for listed / 10% without indexation and without foreign currency fluctuation for unlisted + applicable surcharge + 4% | Nil                         |

|                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                    |     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
|                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                             | Cess <sup>2</sup>                                                                                                                                                                                  |     |
| Units Transferred on or after 23 July 2024                                                                                                                                                                                                                                                                                                          | 12.5% without indexation + Surcharge as applicable + 4% Cess <sup>2</sup>                                                                                                                                                                                                                                                                                                                   | 12.5% without indexation and without foreign currency fluctuation + Surcharge as applicable + 4% Cess <sup>2</sup>                                                                                 | Nil |
| <b>Short Term</b><br>For units transferred before 23 July 2024, the holding period for short term capital asset would be less than or equal to 36 months.<br>For units transferred on or after 23 July 2024, holding period for long term capital asset would be less than or equal to 12 months for listed units and 24 months for unlisted units. |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                    |     |
| Tax rate on Short Term Capital Gains                                                                                                                                                                                                                                                                                                                | Individual / HUF - Income tax rate applicable to the Unit holders as per their income slabs<br>Domestic Company - 30% + Surcharge as applicable + 4% Cess <sup>2</sup><br>25% <sup>3</sup> + Surcharge as applicable + 4% Cess <sup>2</sup><br>22% <sup>4</sup> + 10% Surcharge <sup>4</sup> + 4% Cess <sup>2</sup><br>15% <sup>4</sup> + 10% Surcharge <sup>4</sup> + 4% Cess <sup>2</sup> | Non-resident (other than Foreign Company) - Income tax rate applicable to the Unit holders as per their income slabs<br><br>Foreign Company - 35% + Surcharge as applicable + 4% Cess <sup>2</sup> | Nil |
| <b>(III) (Specified Mutual Funds)<sup>6</sup>: Deemed Short Term irrespective of holding period. The capital gains will be taxed basis rates as applicable for short term capital gain.</b>                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                    |     |
| Tax rate on Deemed Short Term Capital Gains                                                                                                                                                                                                                                                                                                         | Individual / HUF - Income tax rate applicable to the Unit holders as per their income slabs<br>Domestic Company - 30% + Surcharge as applicable + 4% Cess <sup>2</sup><br>25% <sup>3</sup> + Surcharge as applicable + 4% Cess <sup>2</sup><br>22% <sup>4</sup> + 10% Surcharge <sup>4</sup> + 4% Cess <sup>2</sup><br>15% <sup>4</sup> + 10% Surcharge <sup>4</sup> + 4% Cess <sup>2</sup> | Non-resident (other than Foreign Company) - Income tax rate applicable to the Unit holders as per their income slabs<br><br>Foreign Company - 35% + Surcharge as applicable + 4% Cess <sup>2</sup> | Nil |

**Notes:**

- A. The levy of tax on distributed income payable by mutual funds has been abolished w.e.f. April 1, 2020 and instead tax on income from mutual fund units in the hands of the unit holders at their applicable rates has been adopted.

<sup>1</sup>The withholding tax would be lower of 20% (plus applicable surcharge and cess) or the rate provided under the relevant tax treaty, whichever is lower, subject to eligibility and compliance with applicable conditions.

As per the provisions of section 196D of the Act which is specifically applicable in case of FPI/FII, the withholding tax rate of 20% (plus applicable surcharge and cess) on any income in respect of securities referred to in section 115AD(1)(a) credited / paid to FII shall apply. The proviso to section 196D (1) of the Act provides for claiming the tax treaty benefits at the time of withholding tax on income with respect to securities of FPIs, subject to furnishing of tax residency certificate and such other documents as may be required. As per section 196 D (2) of the Act, no TDS shall be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

<sup>2</sup> Health and Education Cess shall be applicable at 4% on aggregate of base tax and surcharge.

<sup>3</sup> The Finance Bill (No. 2), 2024 provides that in case of domestic company, the rate of income-tax shall be 25% if its total turnover or gross receipts in the financial year 2022-23 does not exceed Rs. 400 crores.

<sup>4</sup> The corporate tax rates for domestic companies (not claiming specified incentives and deductions) at the rate of 22% under section 115BAA and domestic manufacturing companies (not claiming specified incentives and deductions) set-up and registered on or after 1 October 2019 and manufacturing commenced on or before 31 March 2024 at the rate of 15% under section 115BAB. The tax computed in case of domestic companies whose income is chargeable to tax under section 115BAA or section 115BAB shall be increased by a surcharge at the rate of 10%.

<sup>5</sup> Short term/ long term capital gain tax will be deducted at the time of redemption of units in case of non-resident investors only. However, as per section 196A of the Act, withholding tax would be lower of the rate of 20% (plus applicable surcharge and cess) or rates provided in the tax treaty on any income in respect of units of mutual fund in case of non-residents as per section 196A of the Act. The non-resident unitholders have to provide the required documents for claiming the benefit of tax treaty.

<sup>6</sup> As per section 50AA of the Act, the gains from transfer or redemption or maturity of unit of a Specified Mutual Fund or a Market Linked Debenture acquired on or after 1 April 2023, will be taxed as deemed short-term capital gains at appropriate applicable rates. Effective 23 July 2024, it has been proposed to tax capital gains arising from the transfer / redemption / maturity of an unlisted bond or an unlisted debenture as short-term capital gains irrespective of the holding period of such asset.

Specified Mutual Fund means a Mutual Fund, where not more than thirty five percent of its total proceeds is invested in the equity shares of domestic companies. Provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

Market Linked Debenture means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a market linked debenture by the Securities and Exchange Board of India.

The definition of the “specified mutual fund” is proposed to be amended from FY 2025-26 as (a) Mutual fund which invests more than 65 per cent of its total proceeds in debt and money market instruments; or (b) a fund which invests 65 per cent or more of its total proceeds in units of a fund referred to in above sub-clause (a).

\* Section 206AB would apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person, as defined. This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BA, 194BB, 194-IA, 194-IB, 194LBC, 194M or 194N of the Act. The TDS rate in this section is higher of the followings rates:

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of five per cent.

It is also provided that if the provision of section 206AA of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the Act. Specified person' means a person (excluding non-residents who do not have a permanent establishment in India or person not required to file income-tax return and notified by Central Government) who has not filed income-tax return under section 139(1) for the preceding year and aggregate of TDS and TCS in his case is INR 50,000 or more in the said year.

<sup>s</sup>The tax rates mentioned above are those provided in the Income tax Act, 1961 and amended as per the Finance Bill (No.2), 2024 applicable for the financial year 2024-25 relevant to assessment year 2025-26. The information given as per the amendments as per the Finance Bill (No.2), 2024 are subject to enactment after approval of Rajya Sabha Parliament and assent of the President of India.

^^ The information given herein is as per the prevailing tax laws. For Further details on taxation, please refer to the Section on Taxation on investing in Mutual Funds in Statement of Additional Information {SAI}. 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 the individual nature of tax implications, investors are advised to consult their professional tax advisor with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.

#### **F. RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.

#### **G. LIST OF OFFICIAL POINTS OF ACCEPTANCE:**

AMC offices - <https://www.hdfcfund.com/contact-us/visit-us>

#### **H. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

Visit: <https://www.hdfcfund.com/statutory-disclosure/offer-document-disclosures>

**Notes:**

1. Any amendments / replacement / re-enactment of SEBI (MF) Regulations subsequent to the date of the Scheme Information Document shall prevail over those specified in this Scheme Information Document.
2. The Scheme under this Scheme Information Document was approved by the Trustee vide its resolution dated September 14, 2021.
3. The Scheme Information Document is an updated version of the same in line with the current laws/ regulations and other developments.
4. **Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and circulars and the guidelines there under shall be applicable.**

|                                                                                                |                                                                          |
|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| For and on behalf of the Board of Directors of<br><b>HDFC Asset Management Company Limited</b> |                                                                          |
| Place: Mumbai<br>Date: November 21, 2024                                                       | <b>NAVNEET MUNOT</b><br>Managing Director and<br>Chief Executive Officer |

## **DETAILS OF OFFICIAL POINTS OF ACCEPTANCE (OPA) FOR HDFC MUTUAL FUND**

### **TRANSACTIONS AT AMC OFFICES**

Offices of AMC (excluding Business Centres) i.e. Investor Service Centres (ISCs) shall act as the OPAs to accept transactions in ETF schemes of HDFC Mutual Fund.

### **FOR TRANSACTIONS IN ELECTRONIC FORM (FOR ETFs)**

Eligible investors can undertake any transaction, including purchase / redemption / switch and avail of any services as may be provided by HDFC Asset Management Company Limited (AMC) from time to time through the online/electronic modes (including email) via various sources like its official website - [www.hdfcfund.com](http://www.hdfcfund.com), designated email-id(s), etc. Additionally, this will also cover transactions submitted in electronic mode by specified banks, financial institutions, distributors viz. Channel Partners, etc. on behalf of investors, with whom AMC has entered or may enter into specific arrangements or directly by investors through secured internet sites operated by CAMS or other electronic platforms. The servers including email servers (maintained at various locations) of AMC and CAMS or any other service provider/transaction platform with whom the AMC has tied up for this purpose will be the official point of acceptance for all such online / electronic transactions. For the purpose of determining the applicability of NAV, the time when the request for purchase / sale / switch of units is received in the servers of AMC/ RTA or such other service provider/ transaction platform, shall be considered.

For addresses of AMC offices, visit: <https://www.hdfcfund.com/contact-us/visit-us>



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**website: [www.hdfcfund.com](http://www.hdfcfund.com)**

**Registrar and Transfer Agent - Computer Age Management Services Limited (CAMS)**

(Unit: HDFC Mutual Fund)

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