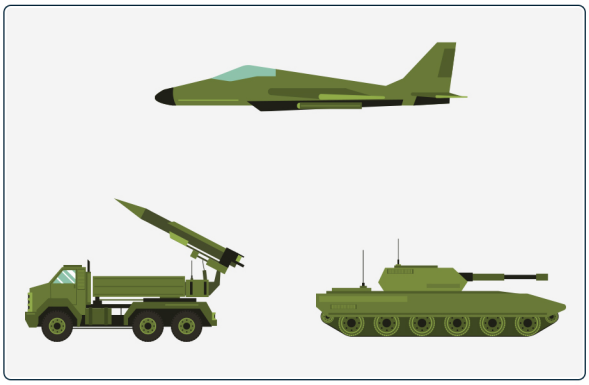
Mutual Fund Distributor

Seeking Opportunities: Explore HDFC Defence Fund's Growth Potential



OVERVIEW OF THE DEFENCE SECTOR:



The global geopolitical landscape is akin to a complex puzzle, constantly evolving as nations recalibrate their strategies to safeguard their interests. In this intricate chess game of strategic maneuvers, defense spending plays a pivotal role in ensuring not just national security but also global stability. Nations worldwide allocate a significant portion of their GDP, typically ranging from 2 - 4% to defense—a crucial investment intertwined with economic growth and the overarching global landscape.

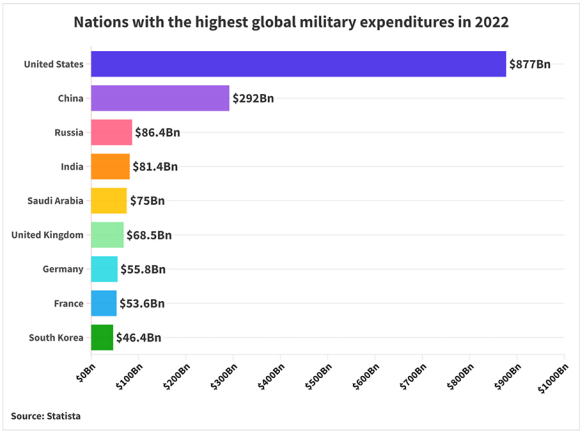
India, a key player on this global stage, allocates approximately 2.5 - 3% of its budget to defense, standing among the top five nations in terms of defense expenditure. However, in comparison to major players like the USA and China, India's spending is notably less. Recent global events underscore the urgency for nations to enhance their defense capabilities to keep pace with evolving threats.

INDIA'S DEFENSE LANDSCAPE:

Increased Spending: India consistently directs substantial funds towards defense, aligning closely with its overall economic growth.

Self-Sufficiency Drive: Actively reducing dependence on foreign acquisitions, India emphasizes domestic production and implements policies to foster self-sufficiency.

Global Exports: Expanding its footprint in the global defense market, India is increasing exports of defense products, indicating significant growth potential.



Private Sector Participation: The defense sector in India experiences a surge in involvement from private companies, contributing to capital retention within the country.

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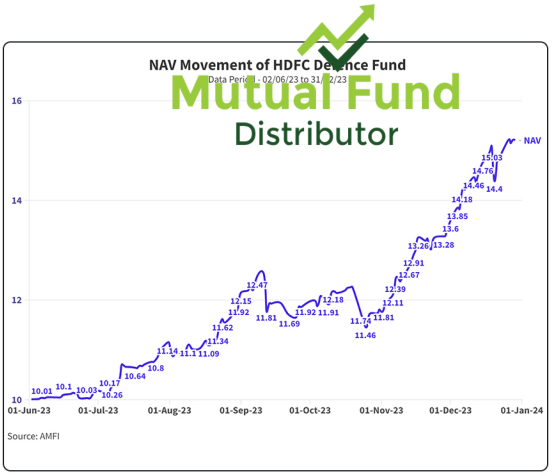
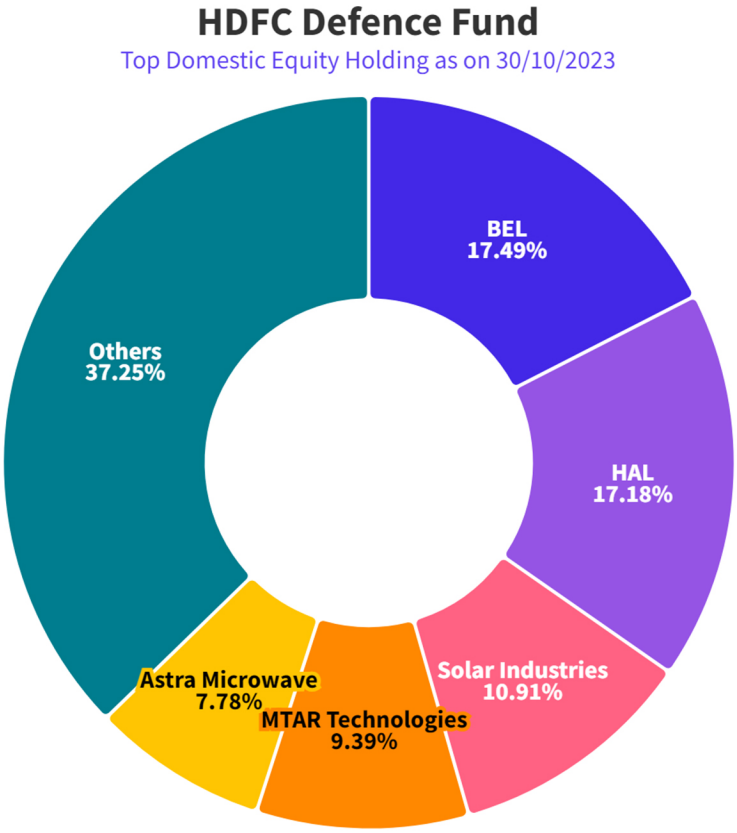
INTRODUCING HDFC DEFENCE FUND:

In this dynamic landscape, HDFC Defence Fund emerges as a distinctive opportunity for investors. This open-ended equity scheme offers exclusive access to defense and allied sector companies, adopting a bottom-up approach that prioritizes growth, quality, and reasonable valuations across large, mid, and small-cap stocks. Notably, it stands as the sole fund dedicated exclusively to this dynamic sector.



TOP 5 HOLDINGS:



Source: HDFC Defence Fund Fact Sheet

RISKS AND MITIGANTS IN DEFENSE SECTOR INVESTMENTS:

Investing in the defense sector, like any industry-focused fund, comes with inherent risks. These may include reliance on government policies and concentration risks, necessitating investor preparedness for potential downturns. For those with a robust risk tolerance, systematic investment plans (SIPs) in Defence Sectoral Funds could be considered.



It's essential to be aware that the HDFC Defence fund has a unique investment limit of Rs 10,000/- SIP per month, based on the individual's PAN. These restrictions are in place to ensure optimal utilization of funds received from investors, particularly when the fund manager is navigating investments in relatively less liquid stocks of mid and small-sized companies.

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Amidst global transformations, defense evolves from being merely a shield to becoming a catalyst for progress and influence on the global stage. Through the avenue of Defence Sectorial Funds, investors not only contribute financially but actively partake in molding critical facets of national development and global equilibrium. Embark on a strategic journey with HDFC Defence Fund and you may become an integral part of a transformative narrative.



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