

ICICI Prudential

Growth Fund - Series 3

NFO Period: September 17, 2014 to October 1, 2014

This product is suitable for investors who are seeking*:

- Long term wealth creation solution
- A close-ended diversified equity fund that aims to provide capital appreciation by investing in equity and equity related instruments.

 **HIGH RISK
(BROWN)**

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

Note: Risk may be represented as:



(BLUE) investors understand that their principal will be at low risk



(YELLOW) investors understand that their principal will be at medium risk



(BROWN) investors understand that their principal will be at high risk

- 1 Why Now?
- 2 Early signs of turnaround visible
- 3 Growth in Revenues and Market Performance
- 4 Current Growth Opportunities
- 5 ICICI Prudential Growth Fund - Series 3

Why Now?

Moving from expectations to execution

What has happened

- Easier environment clearance
- Higher FDI in railways, defence
- No retrospective taxation

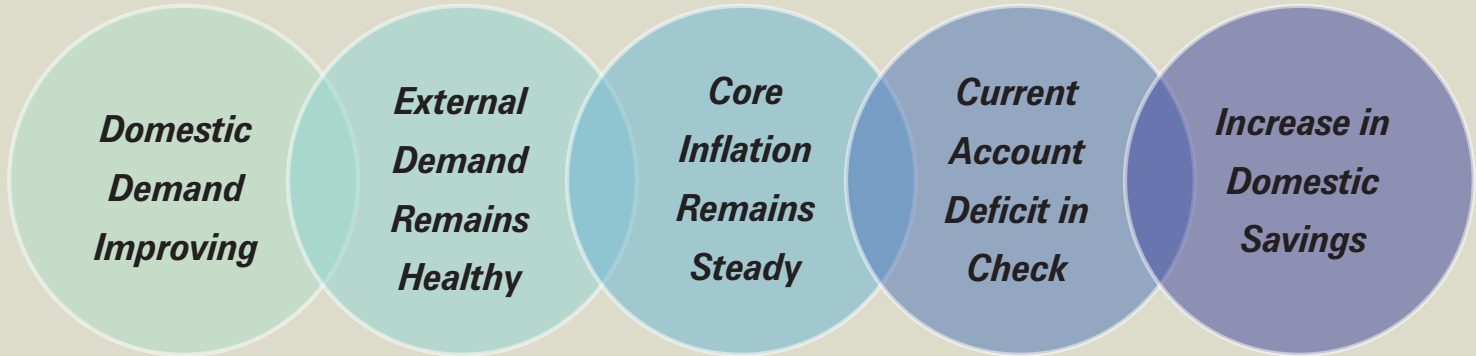
What is happening

- Simplification of industrial rules like licensing
- Resolution of stuck PPP project disputes
- New avenues for funding infra and construction projects through REIT's and relaxation in norms for banks

What is expected

- Easier labour and land-acquisition laws
- Pickup in PPP project awards
- Progress in large new infra projects, eg, highspeed rail, river linking

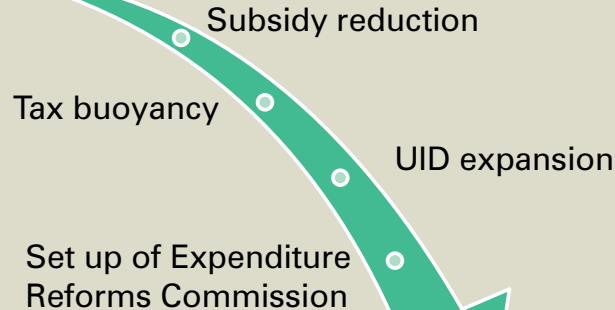
Macro Stability Continues to Improve



- Silent economic transformation continues with major macroeconomic indicators showing a positive outlook.
- Macro stability conditions expected to improve further with the key driver being sustained deceleration in CPI Inflation

Fiscal Deficit expected to decline by one-third

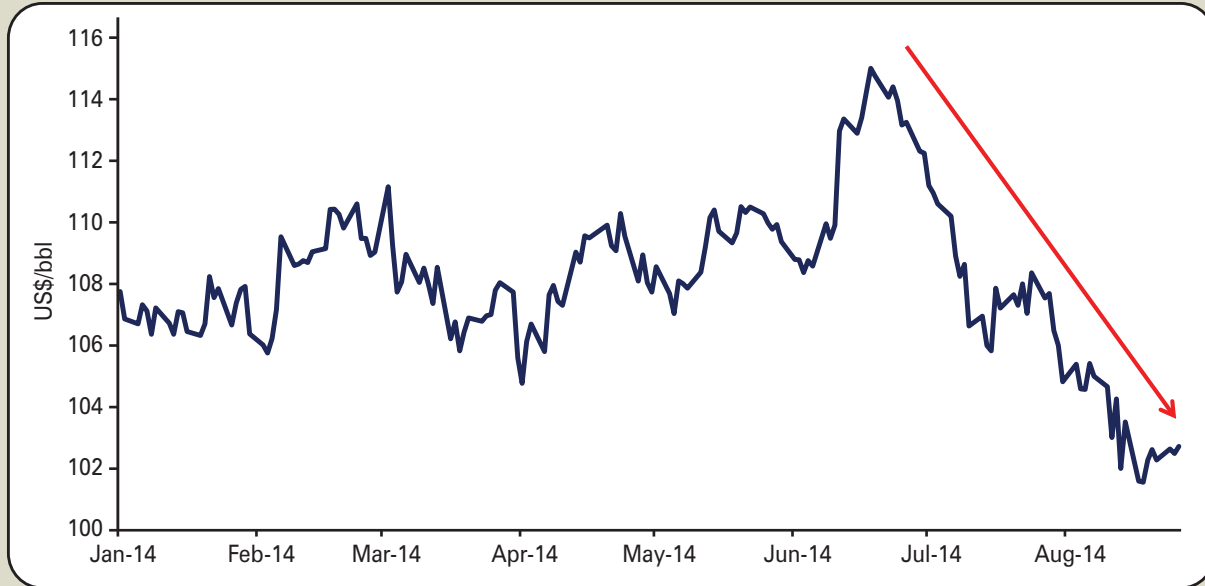
FY14 fiscal deficit 4.6% of GDP



FY17 fiscal deficit 3.0% of GDP

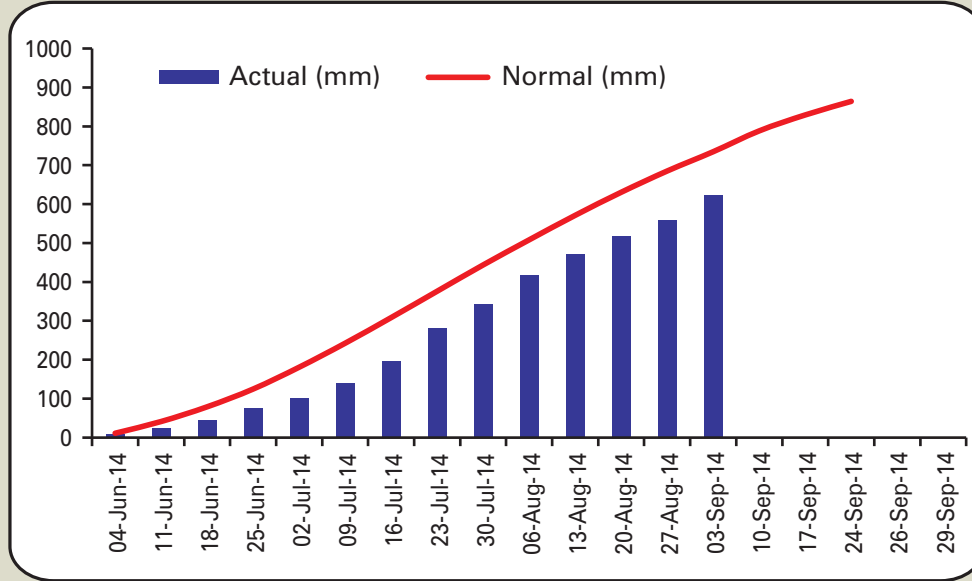
- Fiscal deficit reduction can lead to flow of resources to more productive sectors of the economy.

Crude Oil Prices on decline



- The correction in crude oil prices has abated worries in areas such as Current Account Deficit, Core Inflation, Oil Subsidies, Fiscal Deficit and Corporate margins.

Strong Recovery in Monsoon

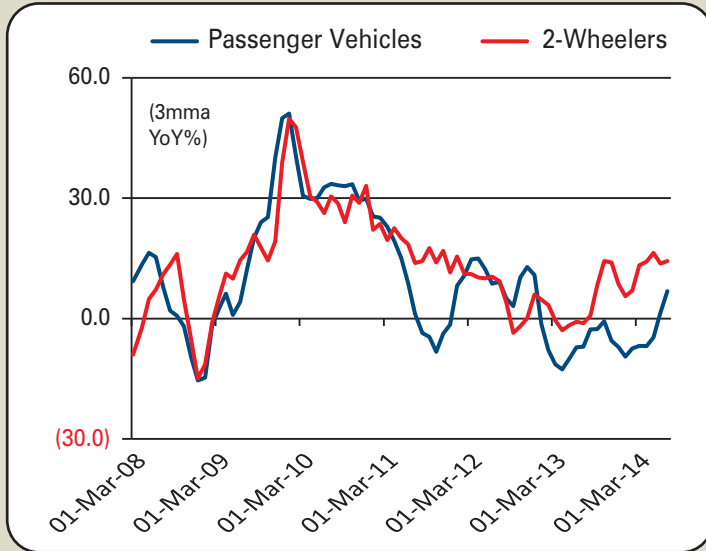


- Major worry on monsoon behind us as IMD has predicted above-normal rainfall for the remaining season.

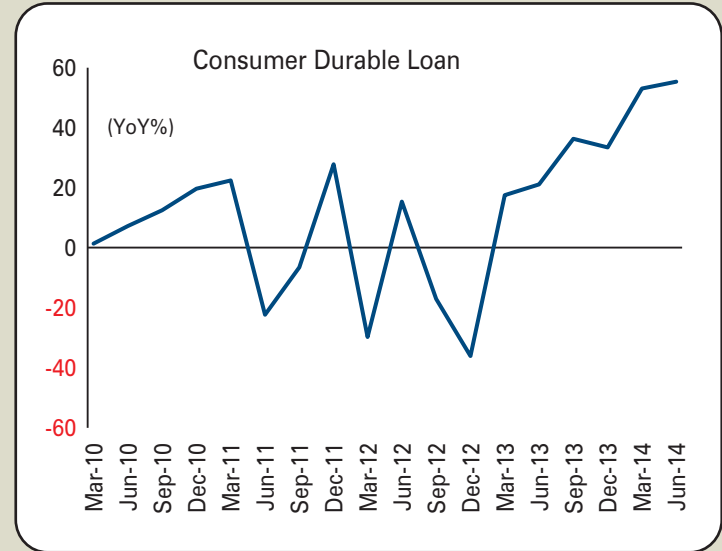
Early signs of turnaround visible

Signs of turnaround – demand side

Auto Sales on an uptrend

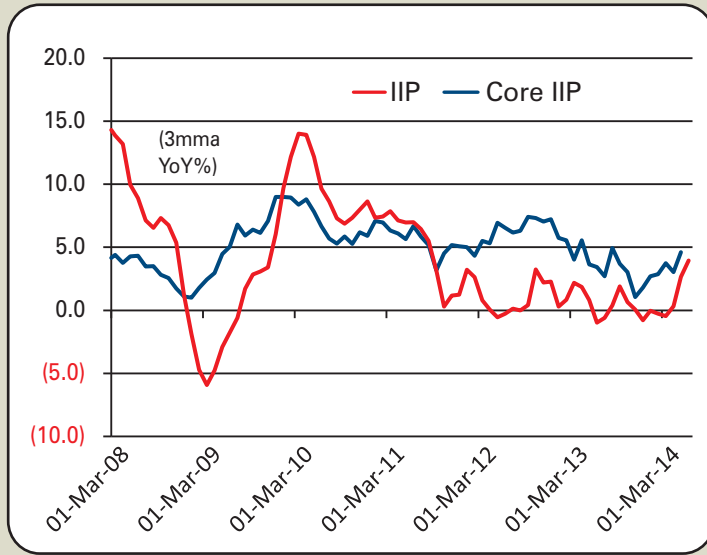


Durable loan growth

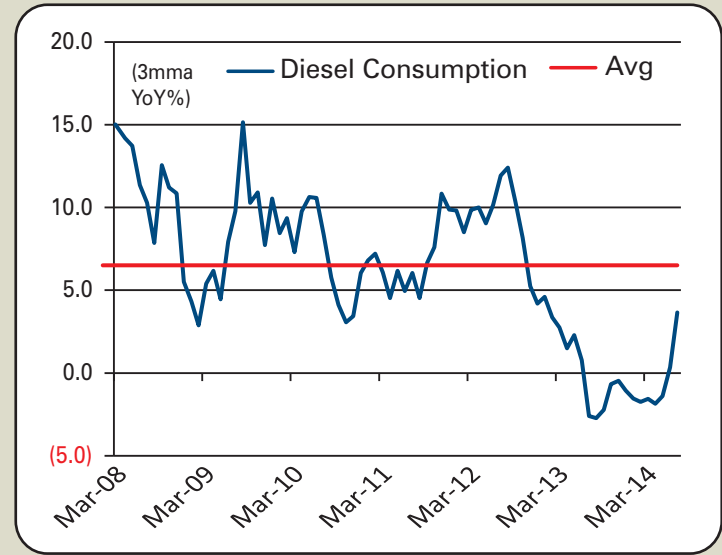


Signs of turnaround – supply side

IIP on Growth Trajectory

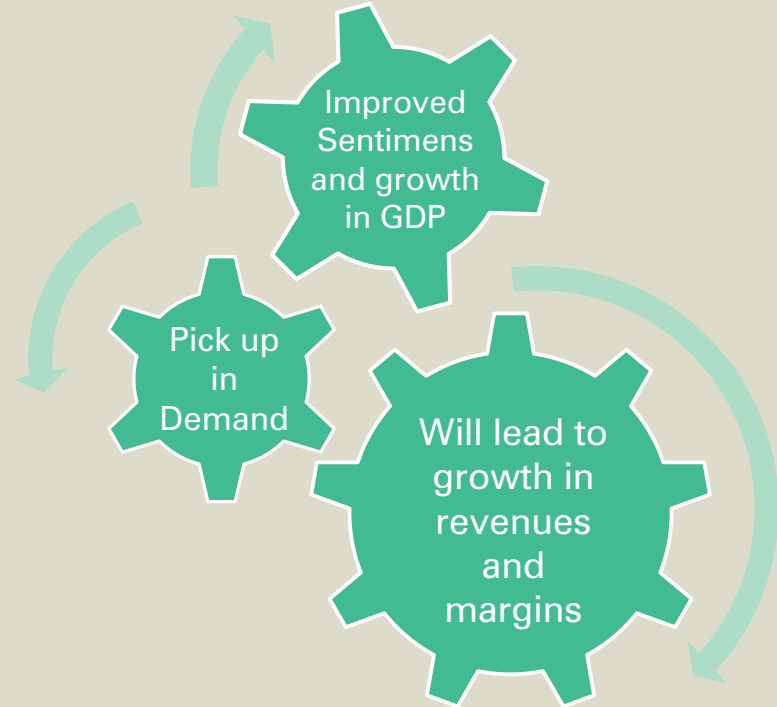


Diesel consumption ticking up

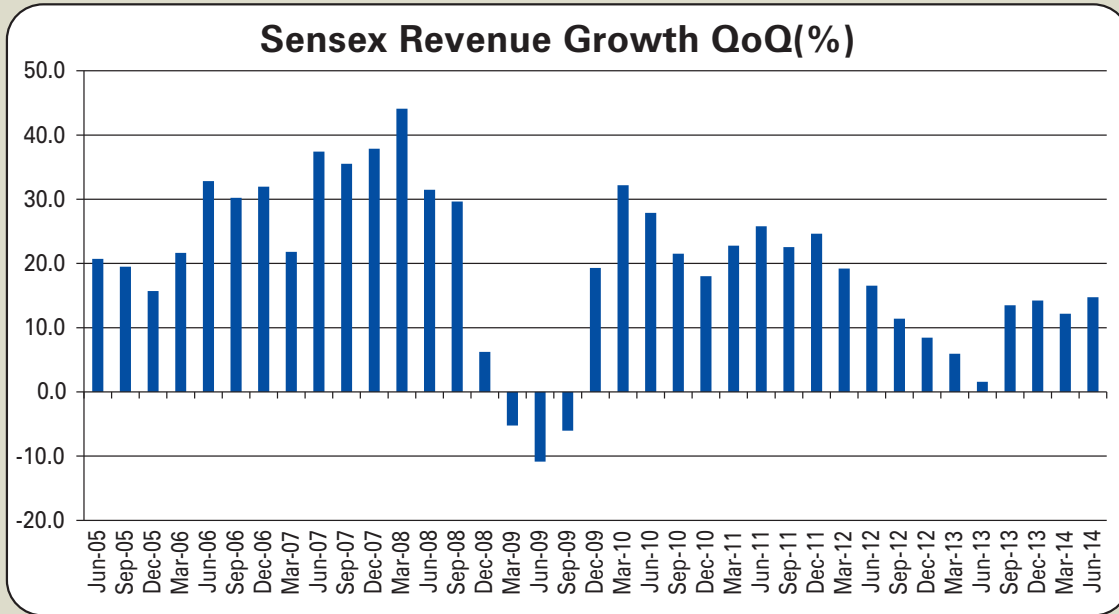


Pick up in sentiments to actuate revenue growth

GDP growth, demand up tick and company's profitability has high positive correlation



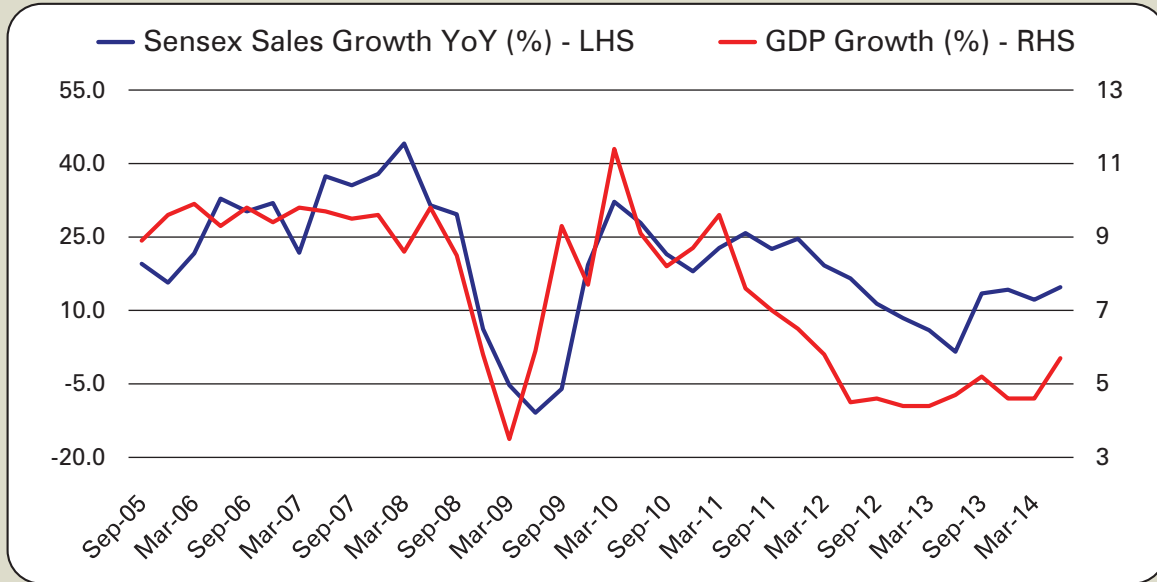
Revenues expected to Grow



- Revenue growth has bottomed out and is expected to grow in the next few years.

Revenues and Market Performance

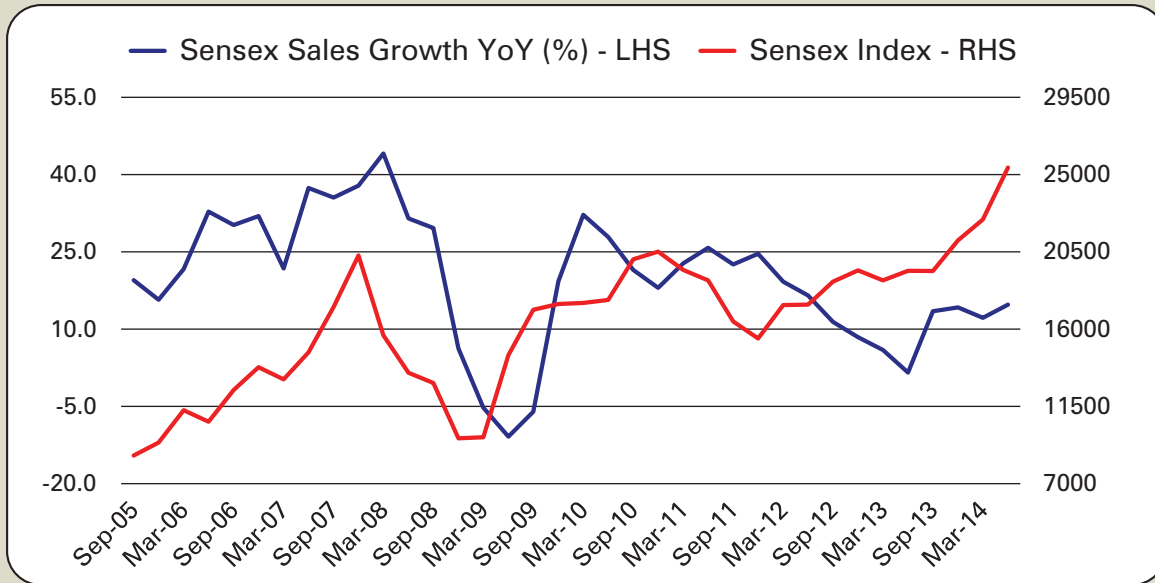
Sensex Revenues and GDP growth



- There has been high correlation with revenues and GDP growth

Past performance may or may not be sustained in future

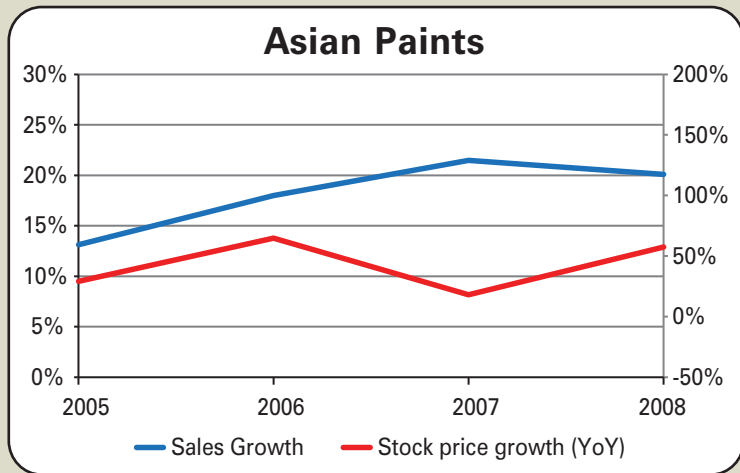
Sensex Revenues and market performance



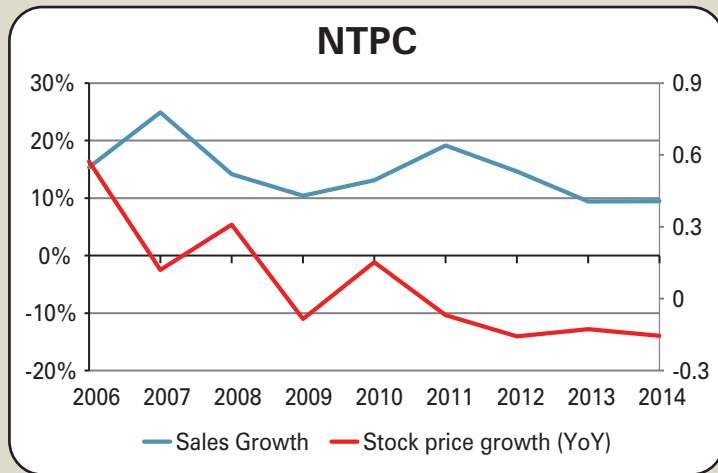
- There has been high correlation with revenues and market performance.

Relationship between revenues and stock prices

Increasing Revenues and stock price outperformance

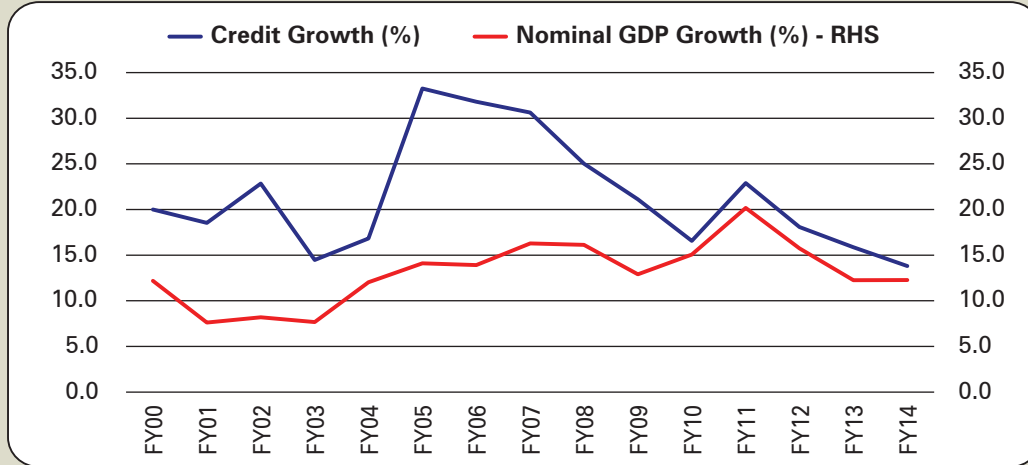


Decreasing Revenues and stock price underperformance

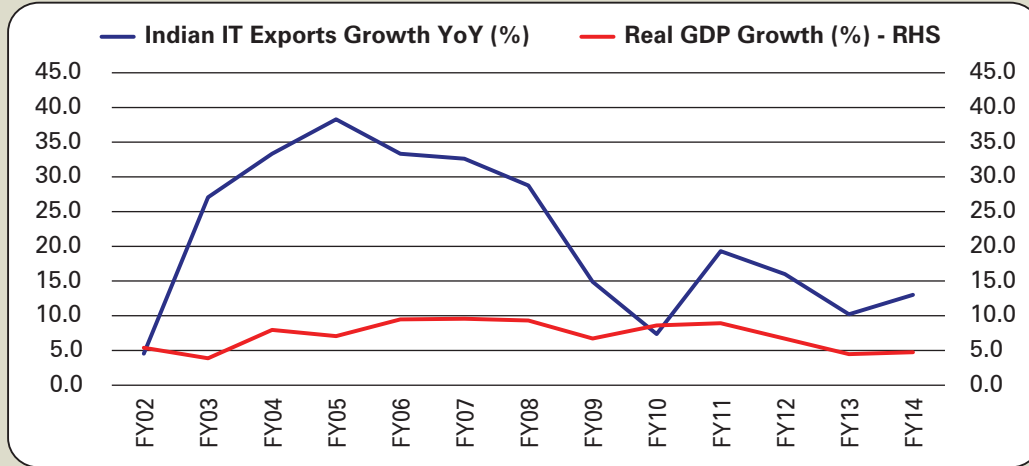


This illustration is to explain the concept of stock price movement basis the change in earnings of the Company. Actual results may vary significantly from the ones mentioned here. The stocks given above should not in any manner be construed as recommendation and ICICI Prudential Mutual Fund/AMC may or may not have any future position in these stocks. The performance of stocks would ultimately depend on various factors such as prevailing market conditions, global political scenario, exchange rate etc.

Current Growth Opportunities

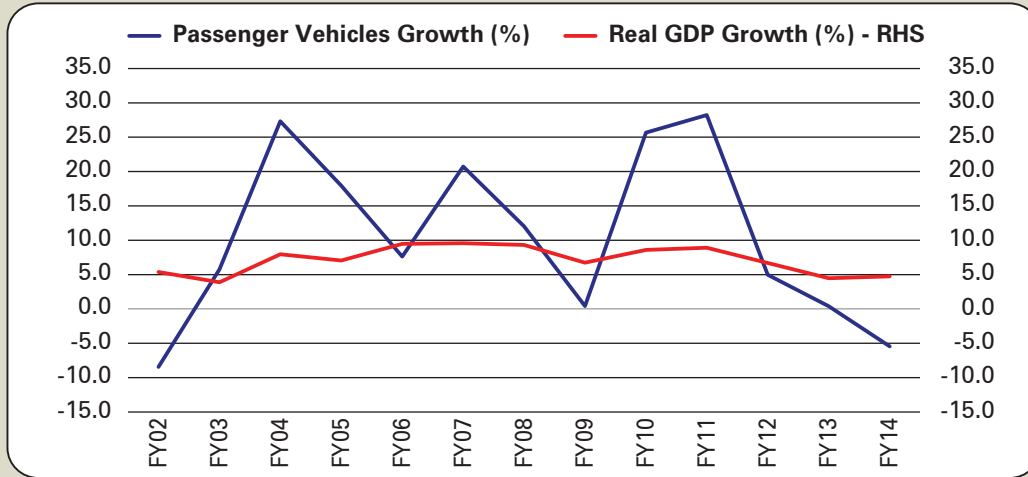


- Recovery in the economy can fuel the credit growth of the banking sector which may lead to increase in NIM's.
- Between 2004-08, credit growth of banking sector was way above the GDP growth.

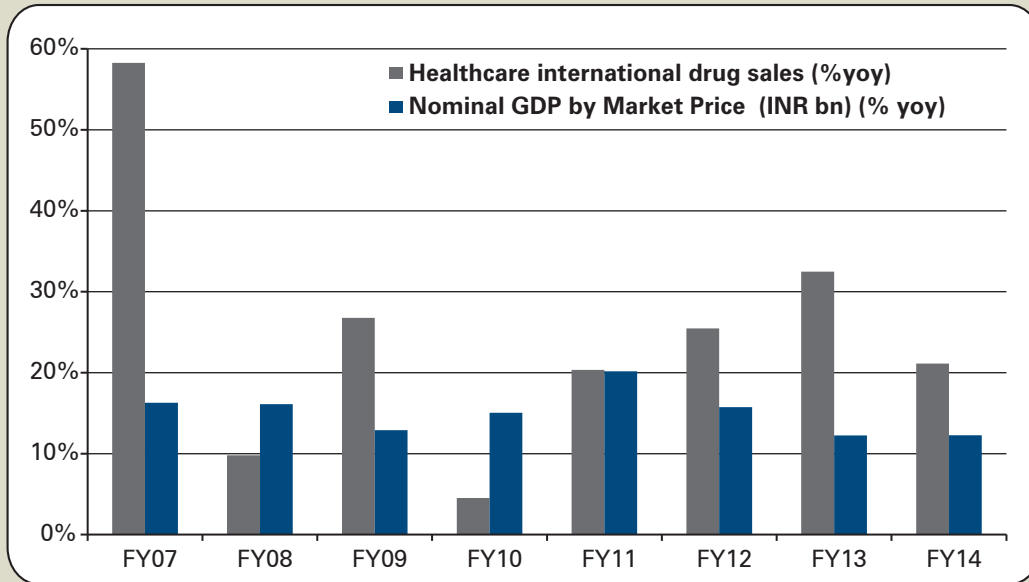


- With recovery in the global economies, there could be spurt in the exports growth of IT companies.
- Revenues of IT companies are expected to grow in the next few years.

Consumer Discretionary



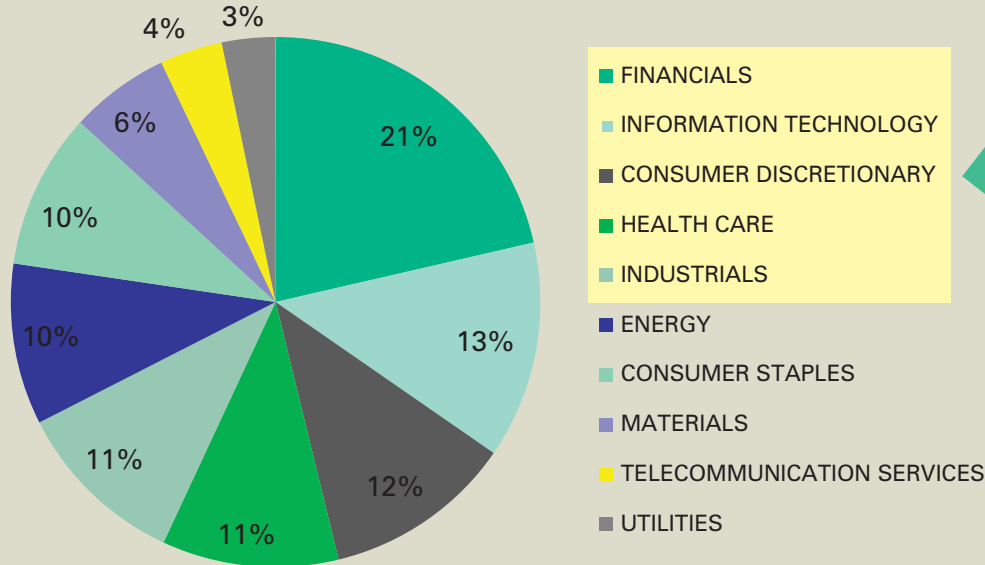
- Consumer discretionary demand has high correlation with GDP growth.
- Demand is set to increase with increase in GDP growth; this can lead to growth in revenues.



- Healthcare industry is expected to grow above nominal GDP growth rate.

Sectors with Highest Weights - Globally

MSCI All Country World Index Weights



Accounts for 67% of weight in Index

ICICI Prudential --- **Growth Fund - Series 3**

A Close Ended Equity Fund

- **A 3.5 years close ended equity fund that aims to provide long-term capital appreciation by:**
 - **Identifying growth stocks within the framework of fundamentals and management quality.**
 - **Opportunistically investing across market cap.**
 - **Taking concentrated sector calls.**
 - **Declaring commensurate dividends[#].**

[#] Dividends will be declared subject to availability of distributable surplus and approval from Trustees

Investment Approach

Investable Universe

Companies with revenue growth higher than nominal GDP growth.

Market Cap

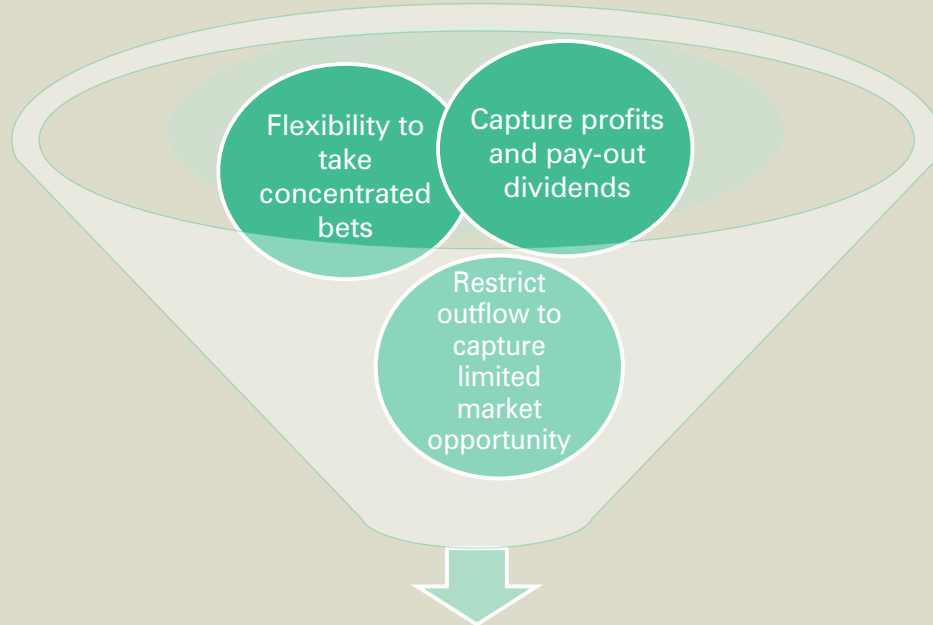
Flexibility to have higher allocation to any particular market cap category.

Sectors

Exposure limited to 5 sectors ^ .

^ This is the investment philosophy and the actual exposure to sectors will depend on market conditions at the time of investing.

Why Close Ended Fund?

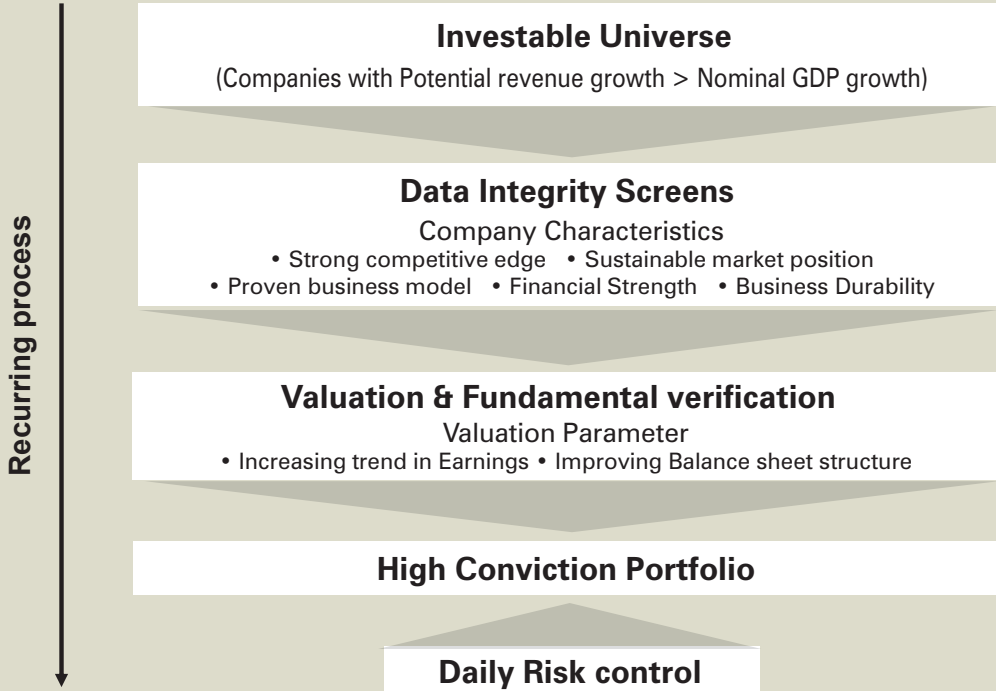


Lock-in brings in the necessary discipline

Why 3.5 years or 42 months?



- **The fund will mature 1 year prior to the term of the elected government.**
- **The objective of the government would be to get re-elected for another term.**
- **To have a stronger recall in the minds of voters, the government could target large deliveries in the last 1-2 years of the elected term.**
- **Market valuations could start reflecting current and on-going govt. efforts in the 2nd half of its elected term.**



SCHEME FEATURES

Type of scheme	A Close ended equity scheme
Tenure	1278 days
Investment Objective	<p>The investment objective of the Scheme is to provide capital appreciation by investing in a well-diversified portfolio of equity and equity related securities.</p> <p>However, there can be no assurance that the investment objective of the Scheme will be realized.</p>
Options	<p>Direct Plan – Dividend payout Option</p> <p>Regular Plan – Dividend payout Option</p>
Minimum Application Amount	Rs 5,000 (plus in multiple of Rs.10)
Entry & Exit Load	Not Applicable
Benchmark Index	CNX Nifty Index
Fund Manager^s	Mr. Manish Gunwani

\$ Mr. Ashwin Jain for investment in ADR/GDR/ Foreign securities

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

All figures and other data given in this document are as on 31st August 2014 unless stated otherwise. The same may or may not be relevant at a future date. The AMC takes no responsibility of updating any data/information in this material from time to time. The information shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Prudential Asset Management Company Limited.

Prospective investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of ICICI Prudential Mutual Fund.

Disclaimer: In the preparation of the material contained in this document, ICICI Prudential Asset Management Company Ltd. (the AMC) has used information that is publicly available, including information developed in-house. Some of the material used in the document may have been obtained from members/persons other than the AMC and/or its affiliates and which may have been made available to the AMC and/or to its affiliates. Information gathered and material used in this document is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. We have included statements / opinions / recommendations in this document, which contain words, or phrases such as “will”, “expect”, “should”, “believe” and similar expressions or variations of such expressions, that are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

ICICI Prudential Asset Management Company Limited (including its affiliates), the Mutual Fund, The Trust and any of its officers, directors, personnel and employees, shall not liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner.

Further, the information contained herein should not be construed as forecast or promise. The recipient alone shall be fully responsible/are liable for any decision taken on this material.



For more information, please log on to www.icicipruamc.com