

ICICI Prudential Growth Fund – Series 4

NFO Period: 13th Oct to 27th Oct 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
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Why Equities?

Current Opportunity - Domestic Cyclical

Sectors to Play in Domestic Cyclical

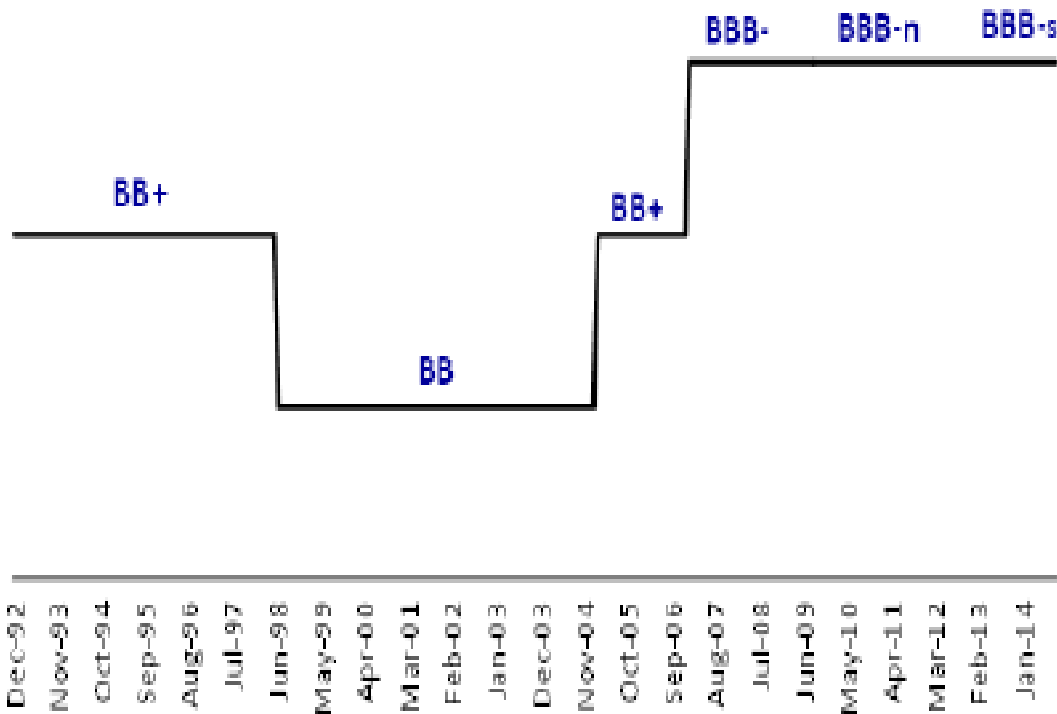
Software – A value Play

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Why Equities?



S&P upgrades India rating outlook to 'stable'



- Rating rationale endorsed political change that in S&P's assessment is conducive for reforms that in turn could improve growth and fiscal.
- The rating outlook would hold for 24 months.
- Possibilities of upgrade emanate from per capita trend GDP growth at higher than 5.5% and improvement in fiscal, inflation and external situation.

India's economic cycle is turning around....



Sentiment improving, cycle is already turning



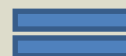
Capital expenditure revival to drive GDP growth



Actions taken by government to revive growth.



Corporate performance could improve significantly

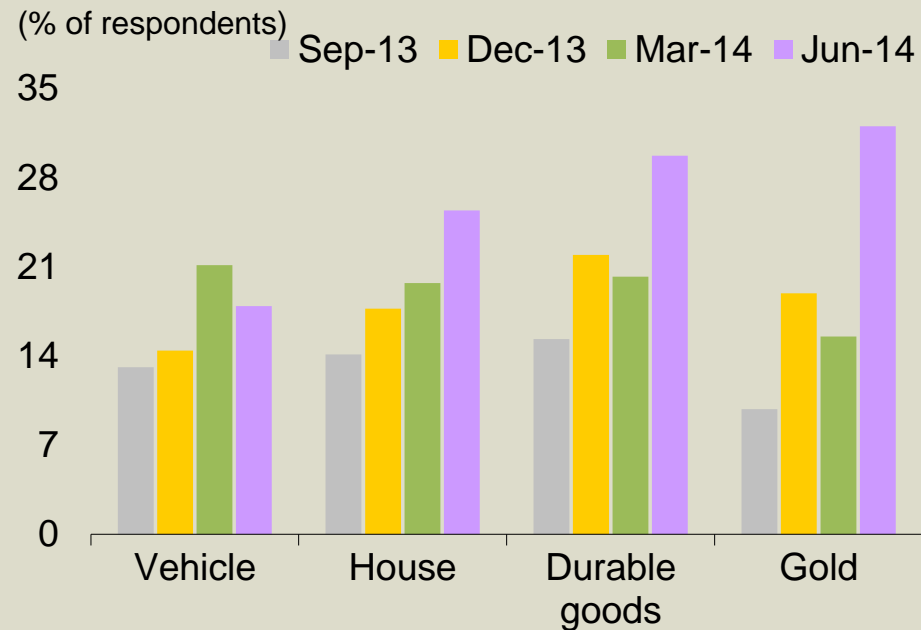


Can drive market performance

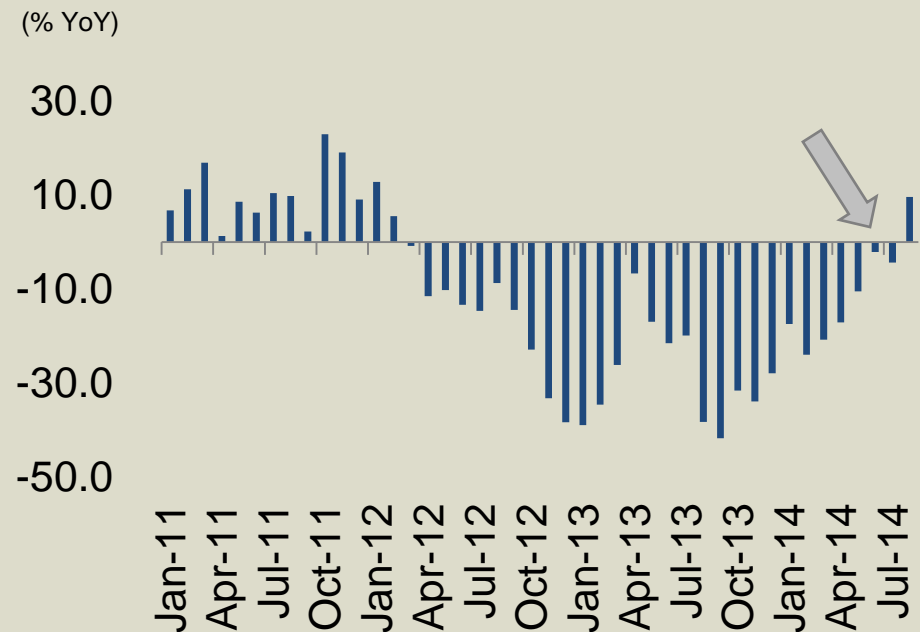
Sentiment improving, cycle is already turning



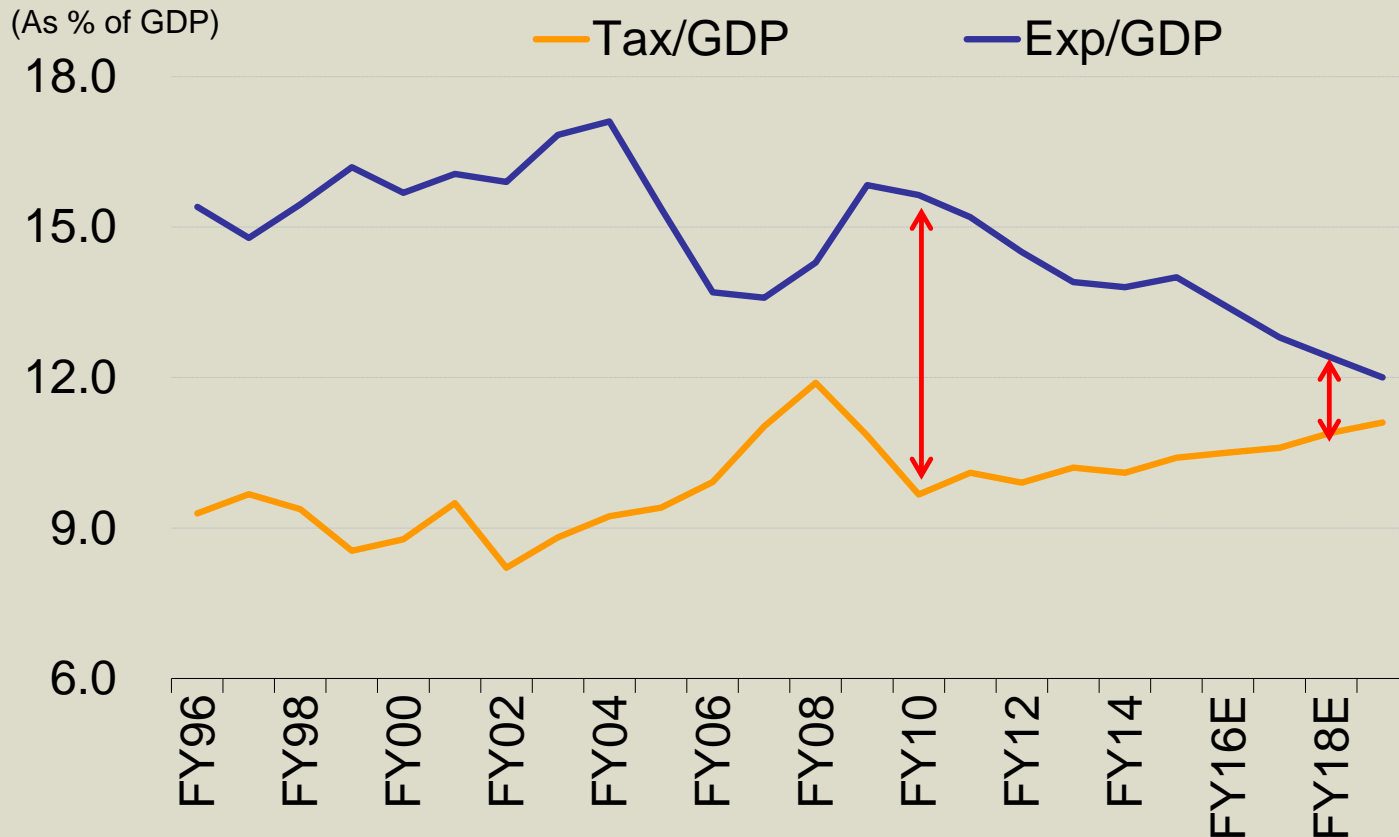
Consumer confidence level improving



MHCV cycle turning after 30 months

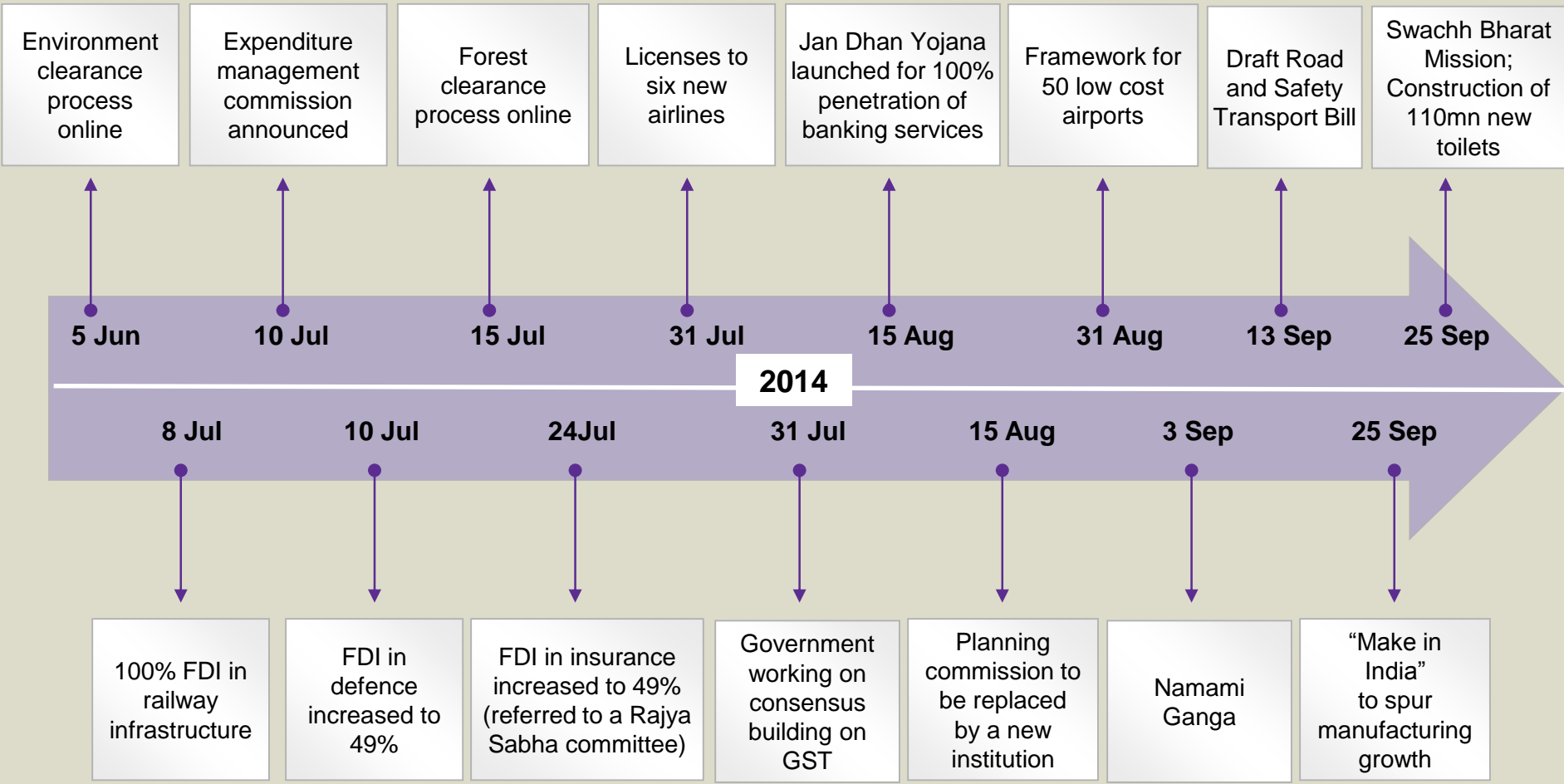


Capex revival to drive GDP growth



India's expense to GDP ratio has declined from 2010 levels, providing headroom for the Government for investment in capital expenditure (capex).

Actions taken by government to revive growth

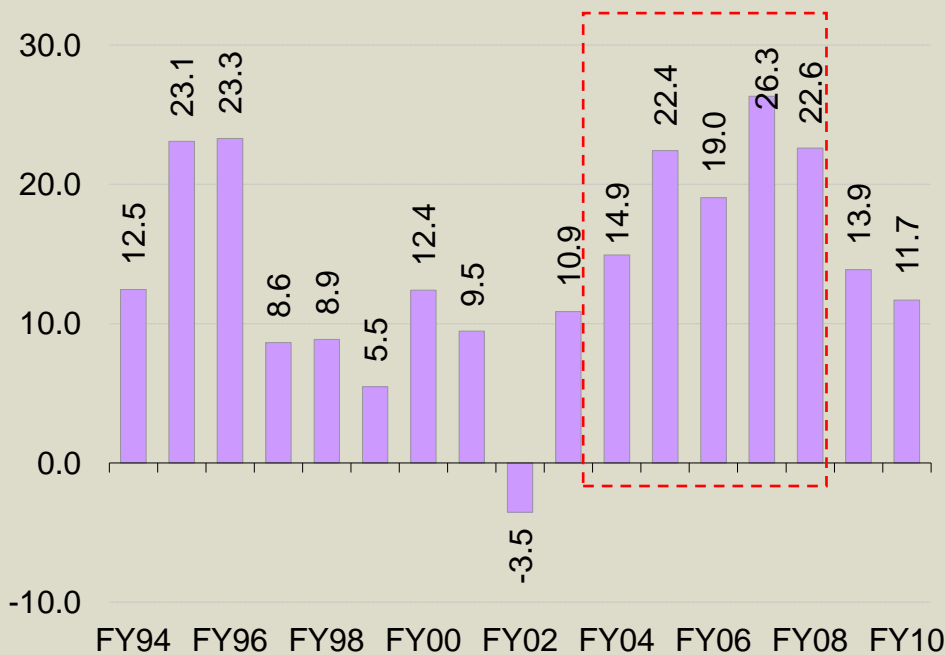


Source: IDFC Securities; FDI - Foreign direct investment; GST - Goods and Services Tax

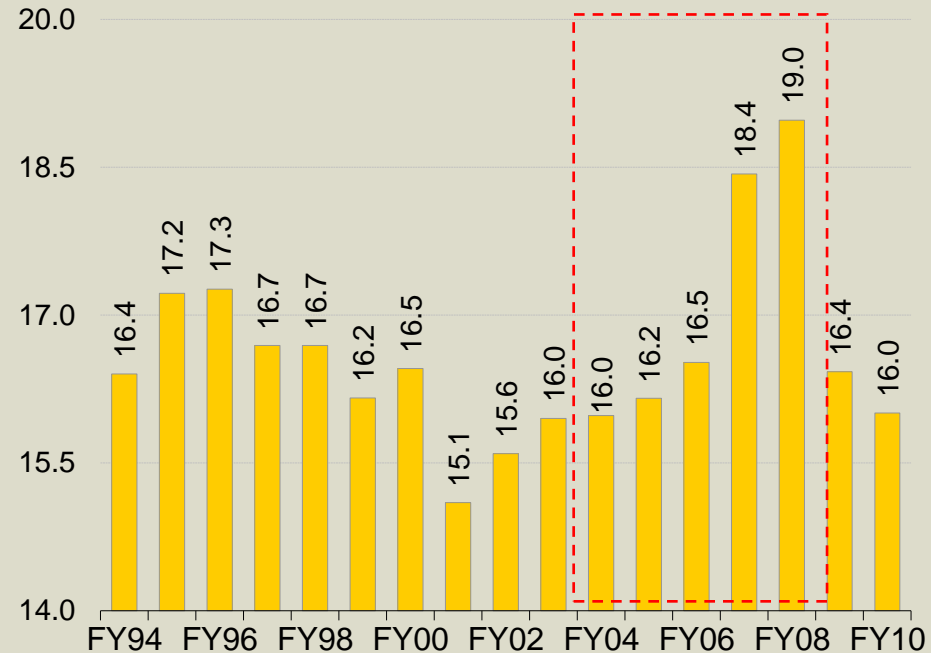
Corporate performance could improve significantly



(Sales growth) Sales growth at 21% CAGR in FY04-08



(EBITDA Margins) Margins expand in upcycle



Sales growth and margins expand in an up cycle. Between 2004-08, average sales growth was at 21% CAGR

Source: IDFC Securities; EBITDA – Earnings before interest, tax, depreciation and amortization; CAGR – Compounded Annual Growth rate; Past performance may or may not be sustained

Why Equities?

Current Opportunity - Domestic Cyclical

Sectors to Play in Domestic Cyclical

Software – A value Play

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Current Opportunity - Domestic Cyclicals



Domestic Cyclicals are:

- Companies whose fundamentals are linked to domestic economy.
- Earnings predominantly come from domestic market.
- Earnings have high positive correlation with GDP Growth.

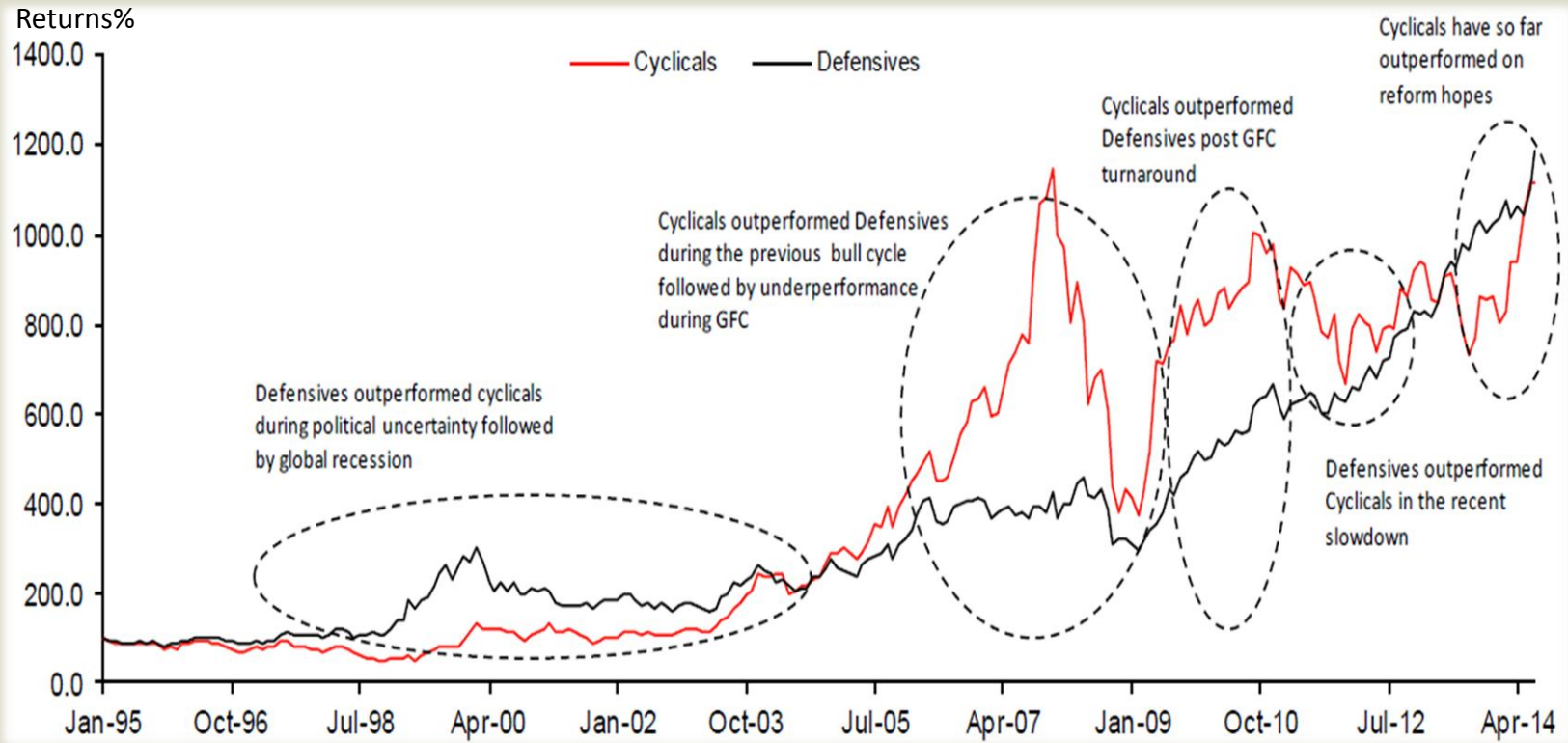
Expected revival in the economy has potential to benefit Domestic Cyclicals in the near term.

Current Opportunity - Domestic Cyclicals



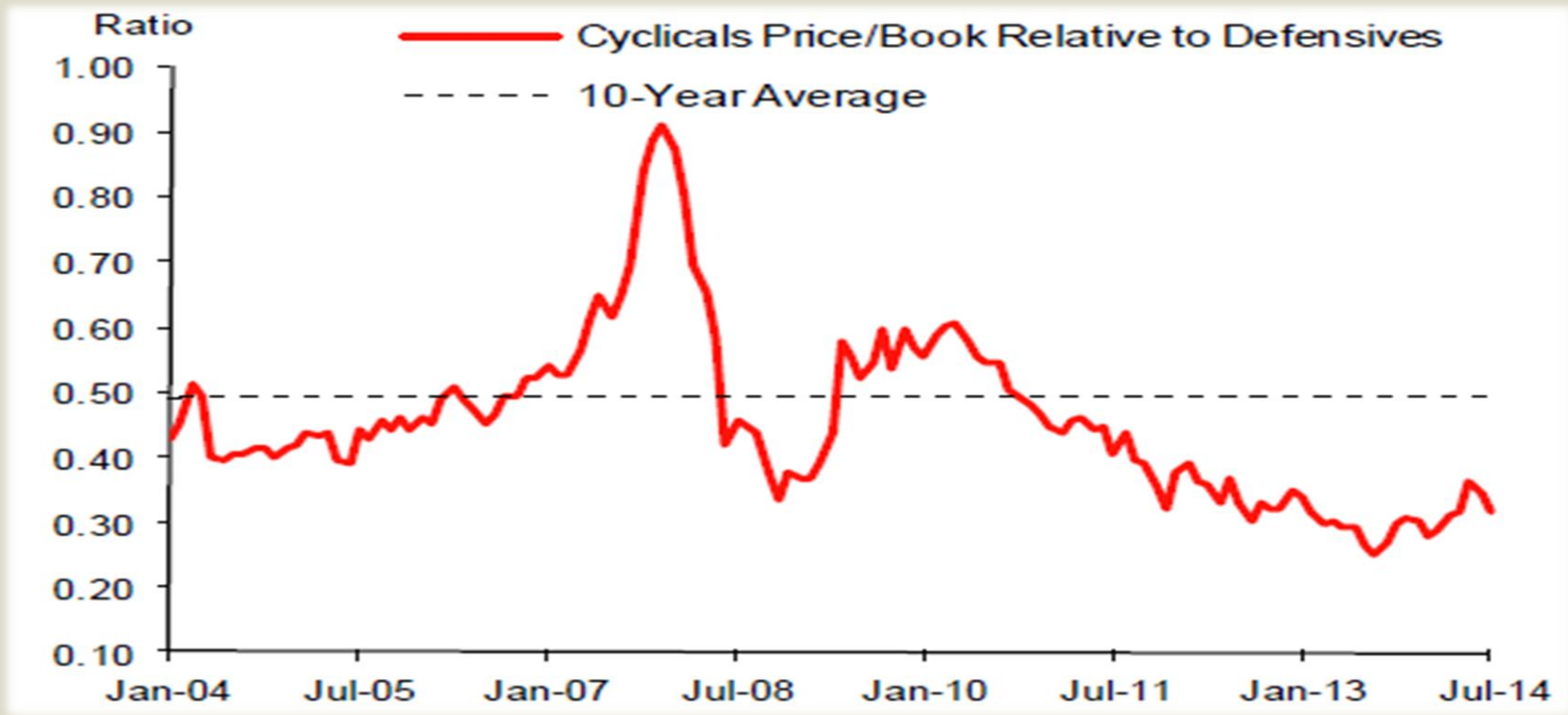
- A sharp turnaround in macro indicators and strong electoral mandate has led to favourable outlook on domestic recovery/reform plays.
- Domestic cyclicals have underperformed over the past few years.
- Over the past half-decade, exporters and consumer were favoured by equity investors.
- Going forward, investors may seek to switch investments towards domestic cyclical sectors amidst good case for economy recovery.

Cyclicals outperform during boom



Cyclicals have started outperforming defensives in the current rally

Domestic Cyclical are undervalued



Price to Book value of Cyclical remain undervalued as compared to defensives

Why Equities?

Current Opportunity - Domestic Cyclical

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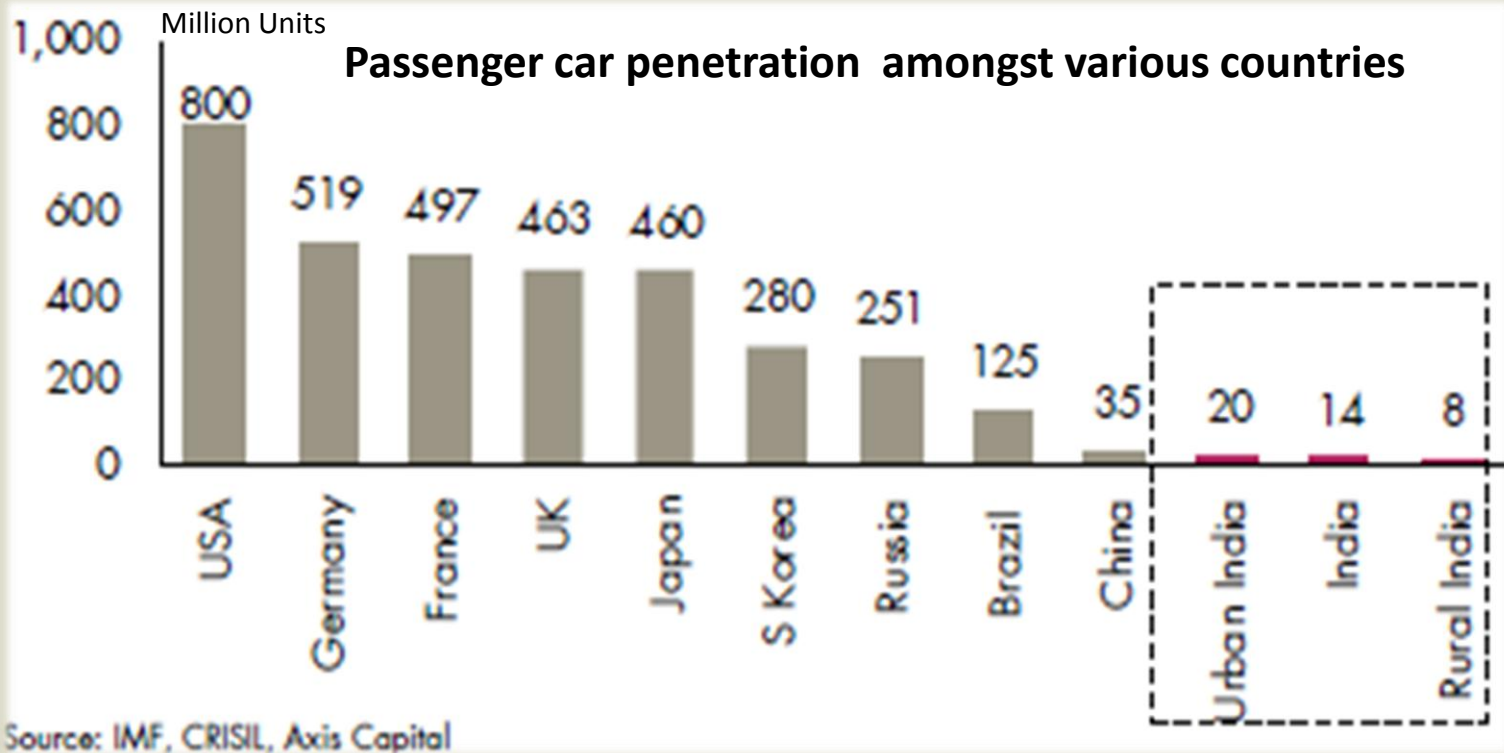
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Automobiles



- Automobile Sector generally derive 60-70% of their Business Fundamentals and variables from India.
- 4 wheeler Manufacturing companies more favoured as consumer discretionary spending to go up with improvement in economic conditions.
- Last few years, passenger car growth in the four wheeler category has been around 0-1% against long term average of around 10-12%.
- Auto Majors have important new product Launches in all segments (Small Car/SUV/Sedan) lined up.

Auto: Gain from discretionary spending



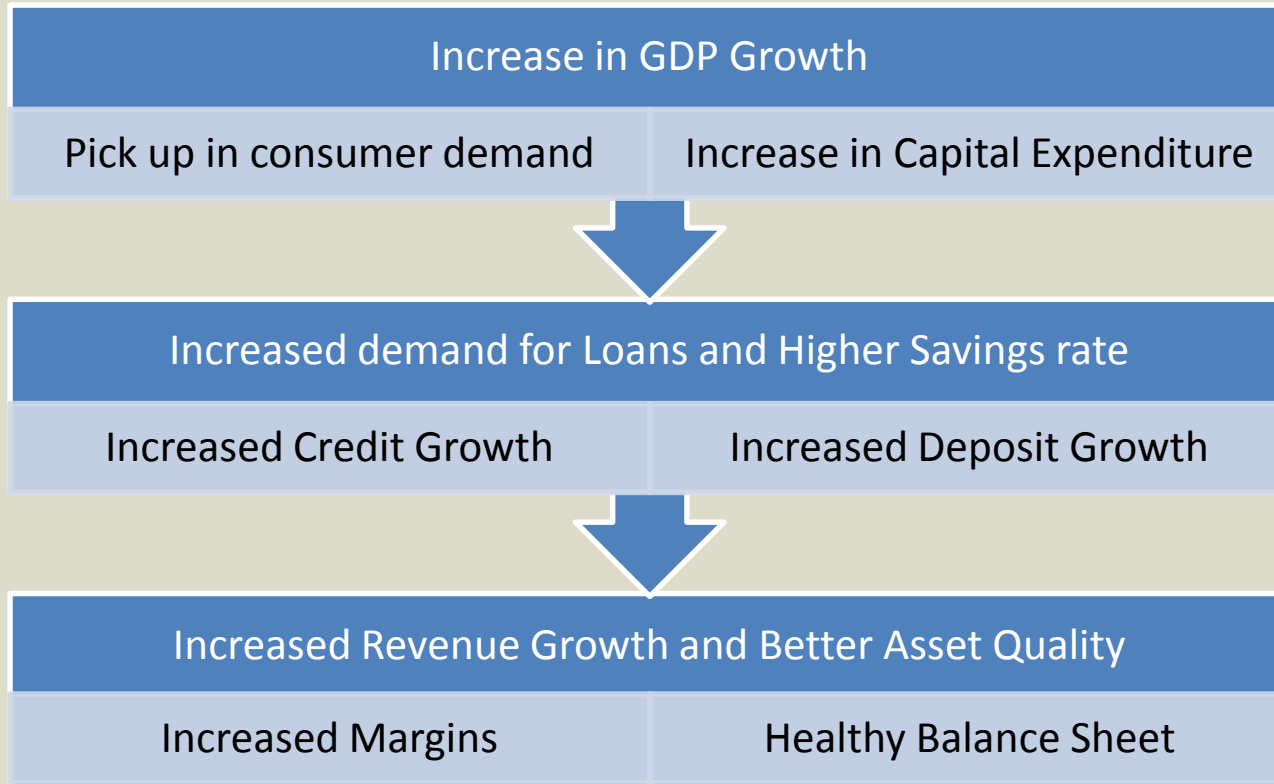
Large scope for first time buyer growth; Sentiment is the primary driver behind purchase for such buyers

Banks & Financial Services



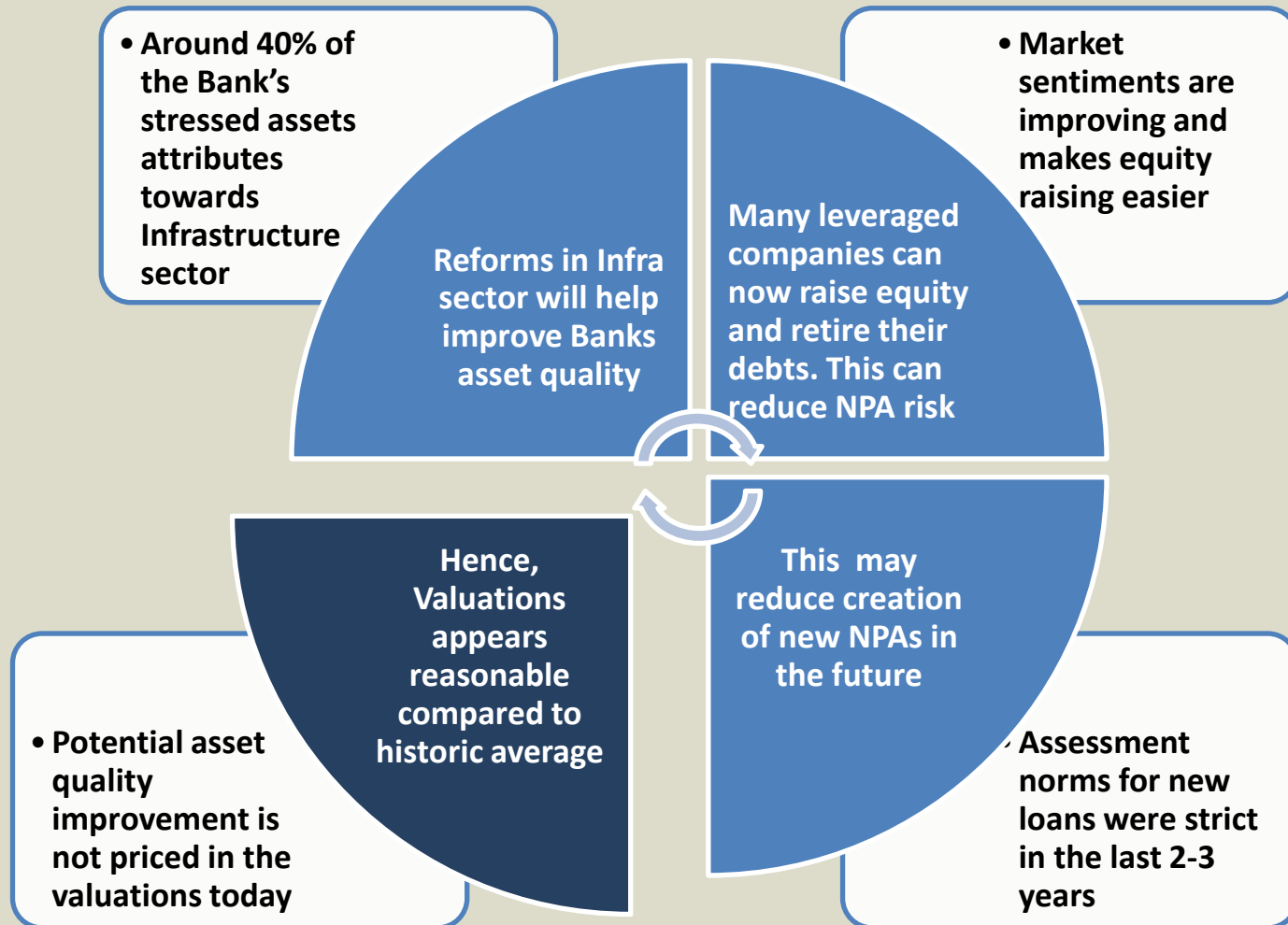
- Banking is a play on the overall economy.
- Asset quality cycle expected to improve going ahead.
- Banking sector gives investor an opportunity to participate in all sections of the economy- Manufacturing, Services, Trading, Agriculture.
- Most large banks are trading below long term average valuations and have valuation upside potential.
- Private sector Banks preferred as they are better poised to gain market share and have better Asset quality.

Direct play to economy revival



In past, Banking Index has been a lead indicator of the economic situation. A possible improvement in the economy may get discounted in the stock prices well before the macro numbers start indicating the improvement.

Asset Quality improvement a potential play



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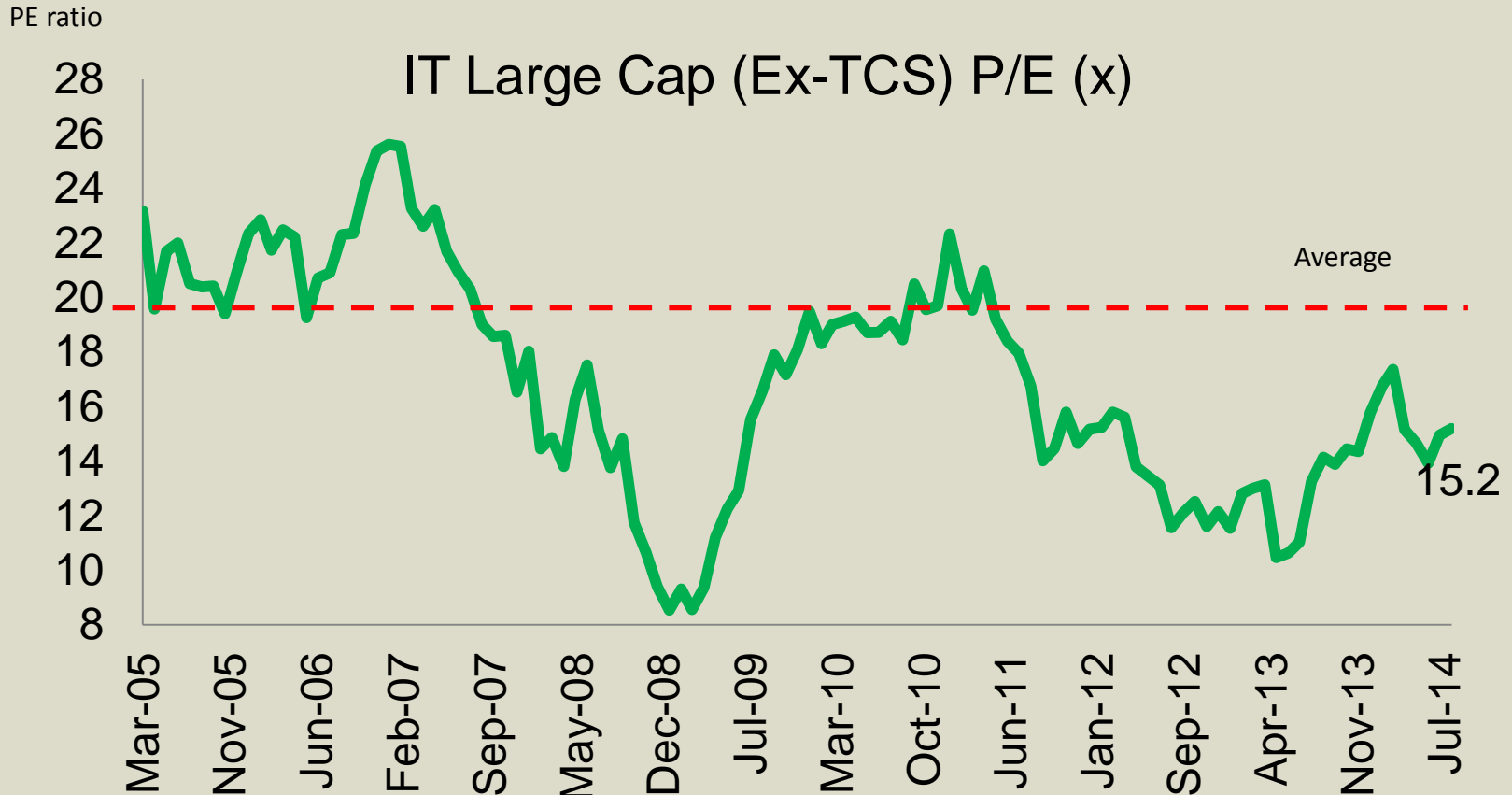
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Value theme to play: Software



- IT sector is poised to gain from the overall global recovery and growth in demand along with stability in INR.
- IT companies have one of the good Corporate Governance Structure with companies having healthy balance sheets and Low Debt
- Excluding TCS the entire sector today is below its long term average valuations.
- Valuations are at par or below broader market valuation. An anomaly to past trend as historically IT Companies demand premium over market valuations.

Value theme to play: Software



Select large cap IT stocks (Ex-TCS) are trading at attractive valuations

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About the fund

A 3.5 years close ended equity fund of select 25 stocks#.

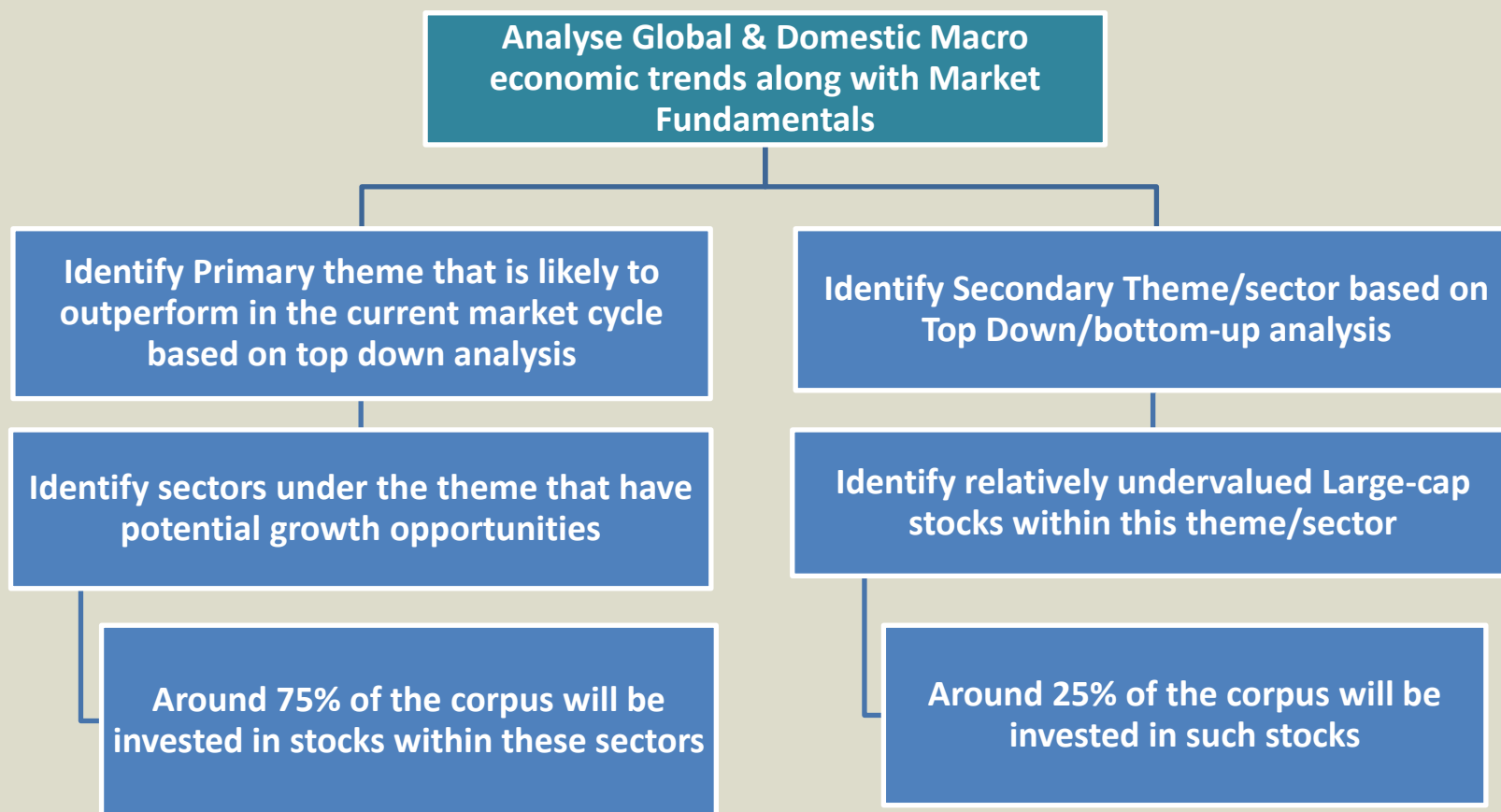
Aims to:

- Invests in around 15 high conviction large-cap stocks#.
- Invests in 10 high conviction mid/small cap stocks with bottom up approach #.
- Identify out-performers on absolute basis over medium term.
- Declare commensurate dividends*.

*Dividends will be declared subject to availability of distributable surplus and approval from Trustees

#The number of stocks provided is to explain the investment philosophy and the actual number may go up or down depending on then prevailing market conditions at the time of investment

Investment Approach for Large Cap



The percentage specified is based on investment strategy and can undergo a change depending on then prevailing market conditions and investment opportunities available.

Investment Approach for Mid/ Small Cap



Identifying companies with bias towards domestic
cyclicals with good growth prospects by screening of :

- Company Financials
- Management
- Earnings/ Cash flows
- Competition
- Industry Dynamics
- Customers, Suppliers, etc.

Bottom up
Approach

A large blue arrow pointing upwards is positioned on the right side of the slide. Inside the arrow, the text 'Bottom up Approach' is written in white, with 'Bottom up' on the top line and 'Approach' on the bottom line.

Current Investment Approach



- The fund will play the DOMESTIC CYCLICALS as primary theme
- Secondary Theme/Sector will be played through exposure towards INFORMATION TECHNOLOGY
- Portfolio can comprise around 15# select Large-cap stocks within domestic cyclicals theme and Information Technology sector and 10# Mid/Small cap bottom up ideas with biased towards domestic cyclicals.

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Indicative themes that can be part of the investment approach



Domestic cyclicals

Exports

Defensives

Global cyclicals

*Public sector
undertakings*

Infrastructure

Scheme Features



Type of scheme	A Close ended equity scheme
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	Direct Plan – Dividend payout Option Regular Plan – Dividend payout Option
Minimum Application Amt.	Rs.5,000 (plus in multiple of Rs.10)
Entry & Exit Load	Not Applicable
Benchmark Index	CNX Nifty Index
Fund Manager*	Yogesh Bhatt and Vinay Sharma

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

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

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