

ICICI Prudential --- Growth Fund - Series 2

NFO Period: July 14, 2014 to July 28, 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

CONTENT

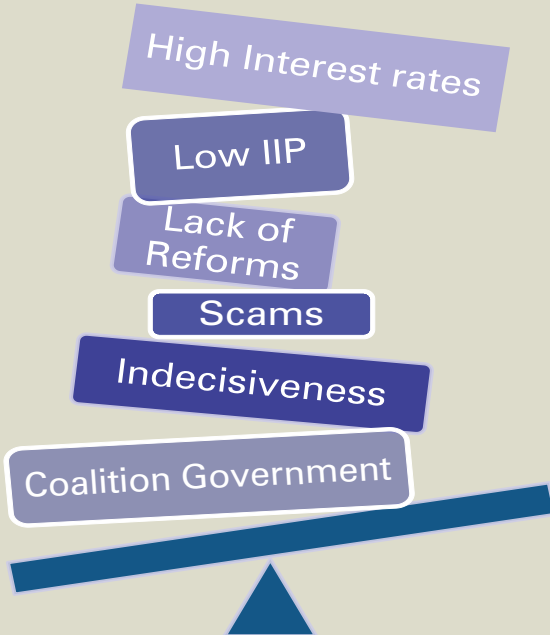


- 1 Why Now?
- 2 Earnings and Market Performance
- 3 Growth Opportunities
- 4 Identifying Growth Stocks in the Market
- 5 ICICI Prudential Growth Fund - Series 2

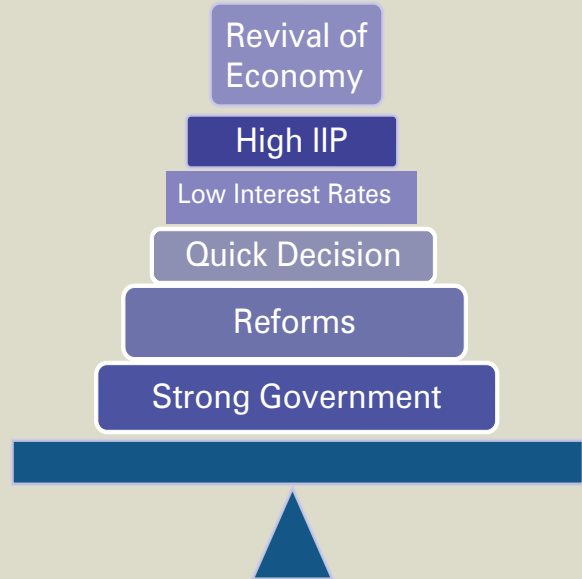
Why Now?

Strong Government

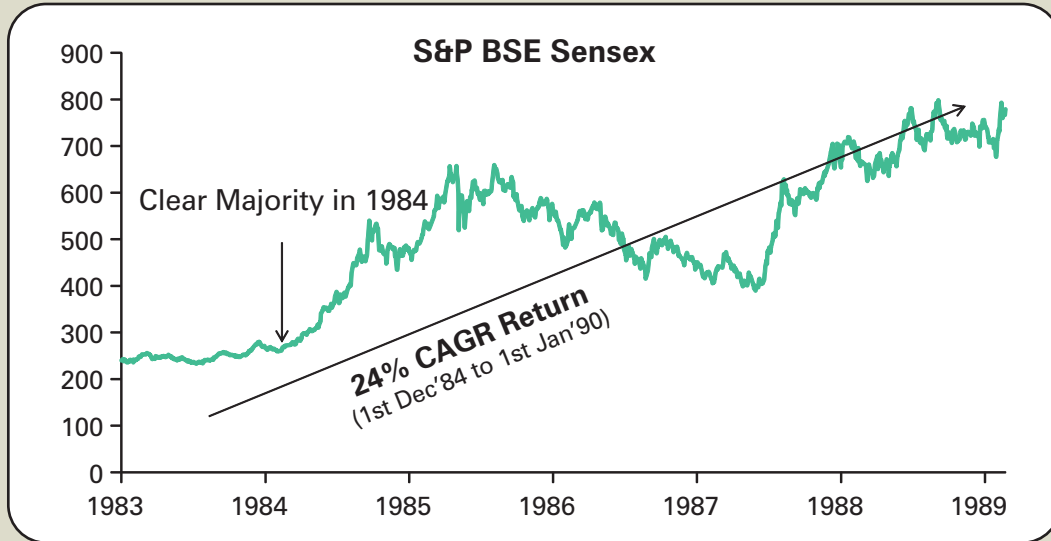
HISTORY



FUTURE EXPECTATIONS



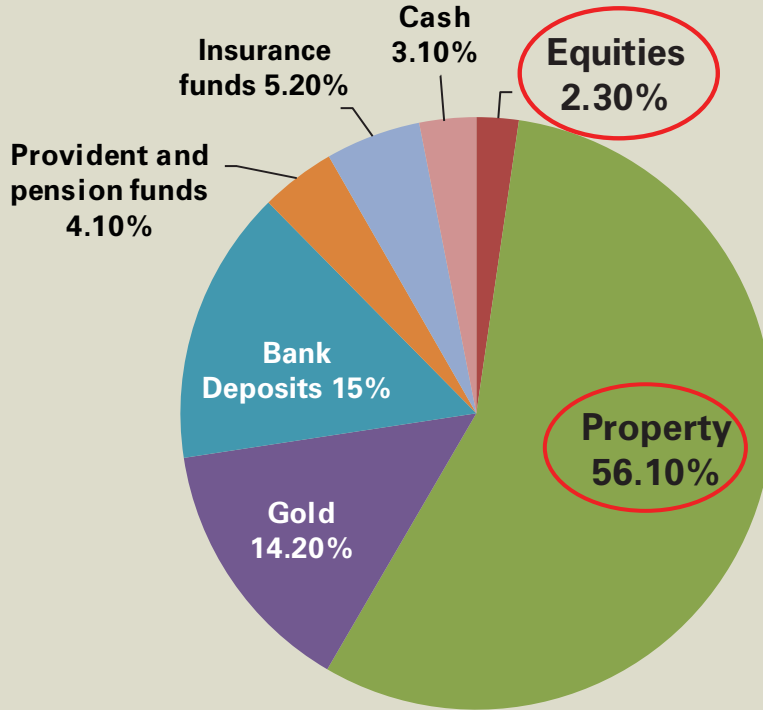
Sensex Performance Post 1984



The last time the market saw a majority mandate for any government was in 1984.

This slide is just for the understanding and reference of market movements over the period of time and the same shall not be construed as the reflection of future market movements.

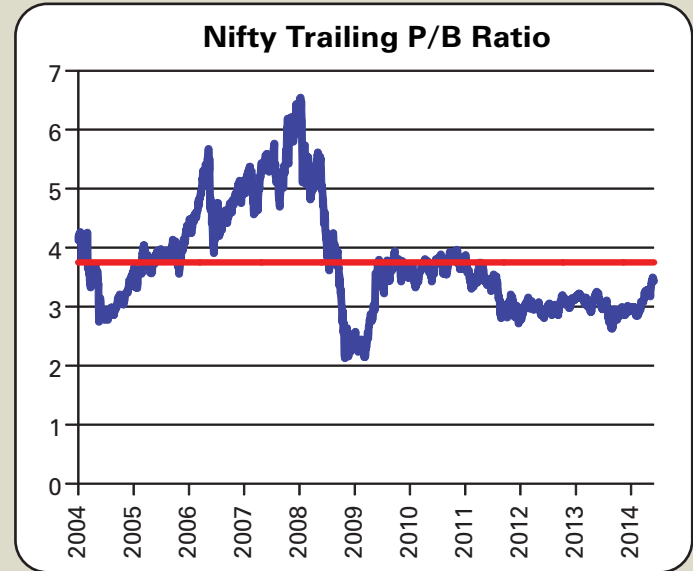
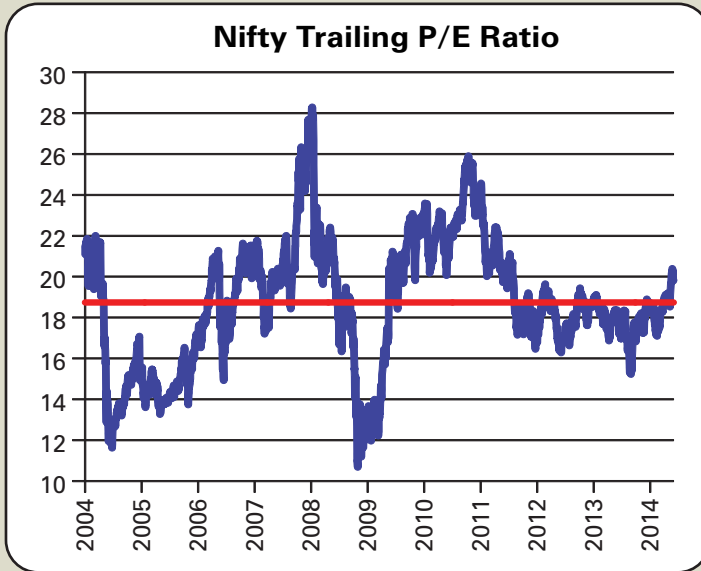
Domestic Investors Underweight Equity



**Total assets:
US \$ 6 Trillion**

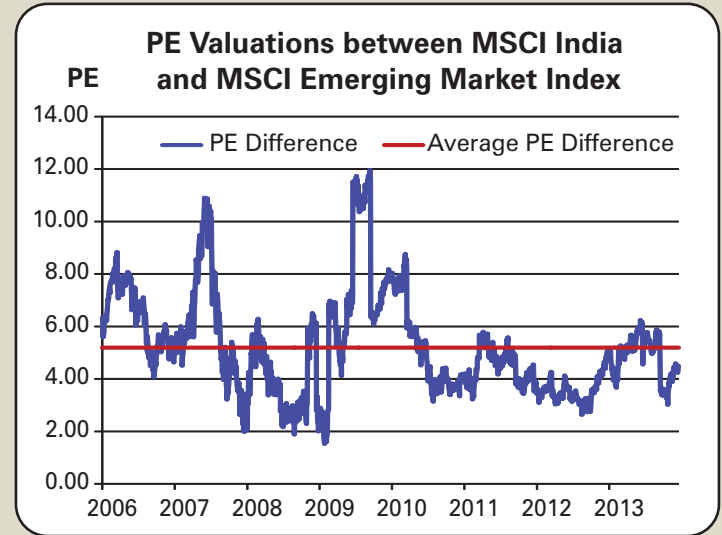
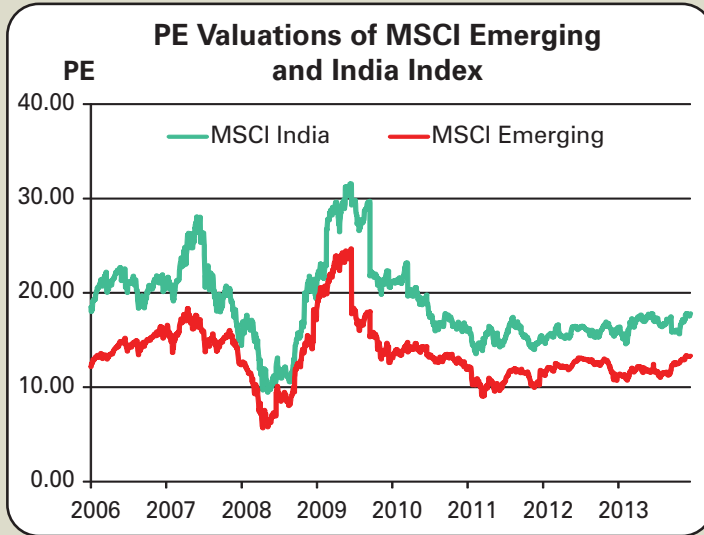
- 56% of total savings of Indian household is invested in Real Estate.
- Only 2.3% is invested in Equities.

Market Valuations



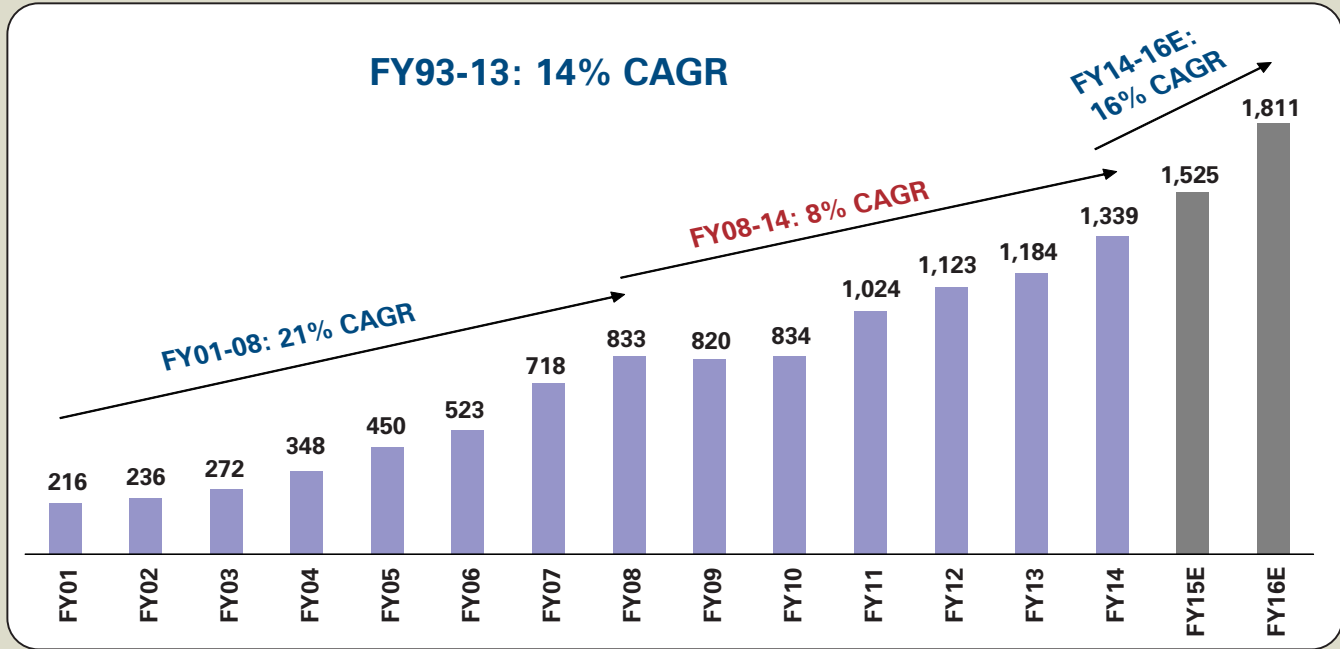
From PB & PE perspective, markets are trading at fair valuations.

Market Valuations Low from FII's Perspective



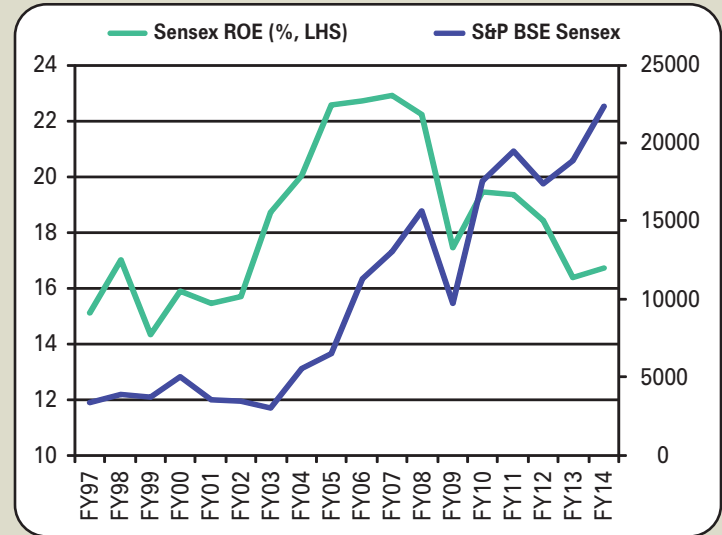
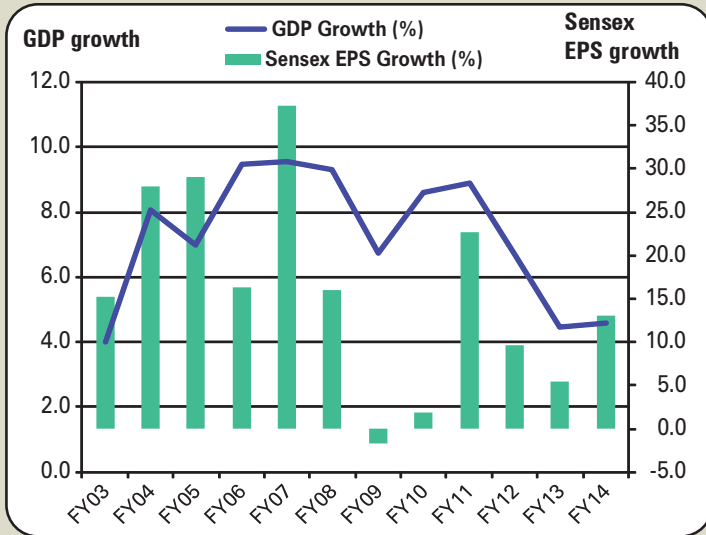
- Historically, MSCI India commands a premium vis-a-vis MSCI Emerging Market.
- From a valuation gap perspective, it still trades at a discount to long term average.

Earnings expected to Grow



Earnings and Market Performance

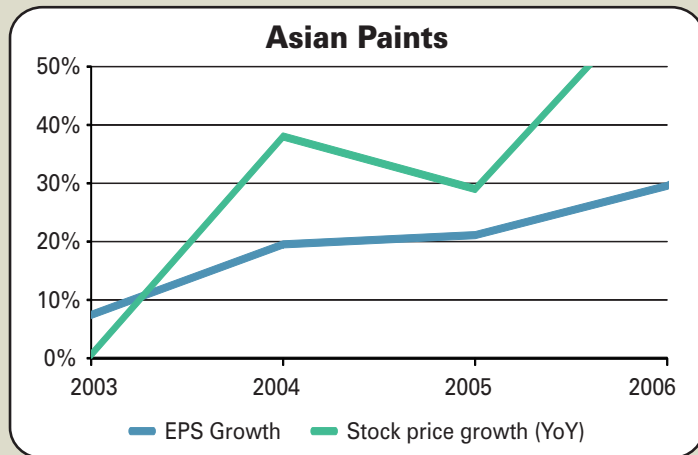
Earnings, GDP Growth and Market Performance



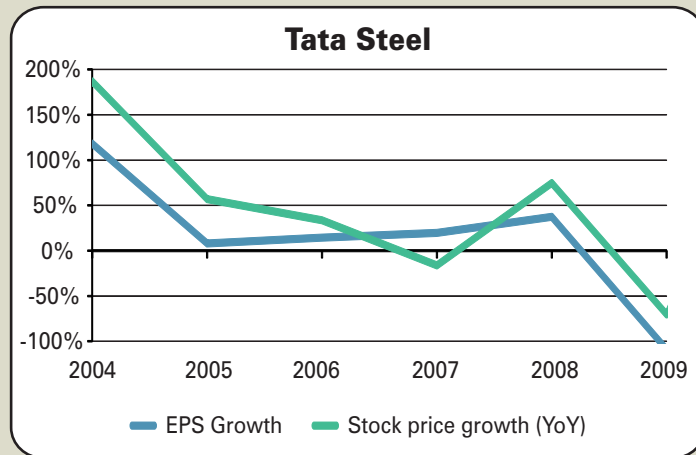
- There is a high correlation between Sensex Earnings and India's real GDP growth rate & Sensex movement

Relationship between Earnings and Stock Prices

Increasing Earnings and stock price outperformance



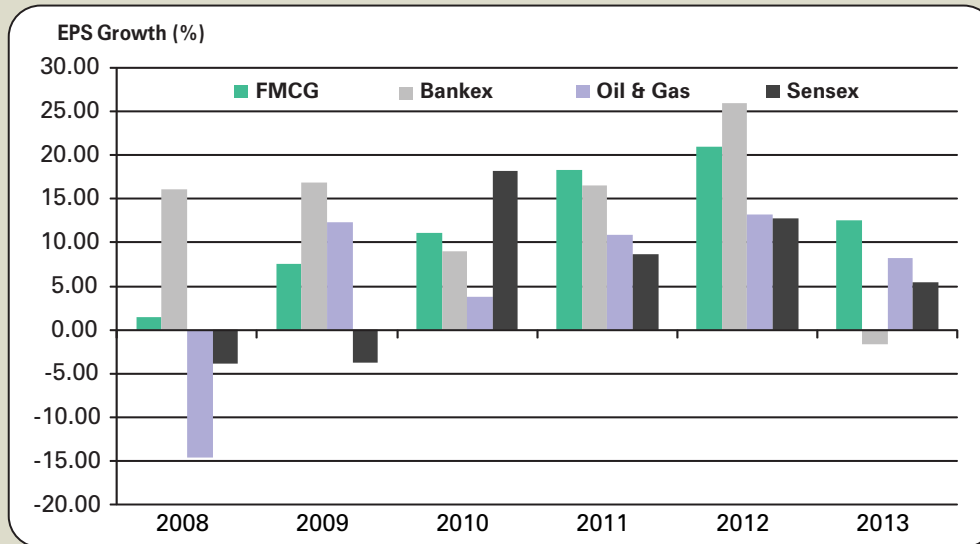
Decreasing Earnings and stock price underperformance



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.

Growth Opportunities

Earnings Growth of Sensex and Sectors



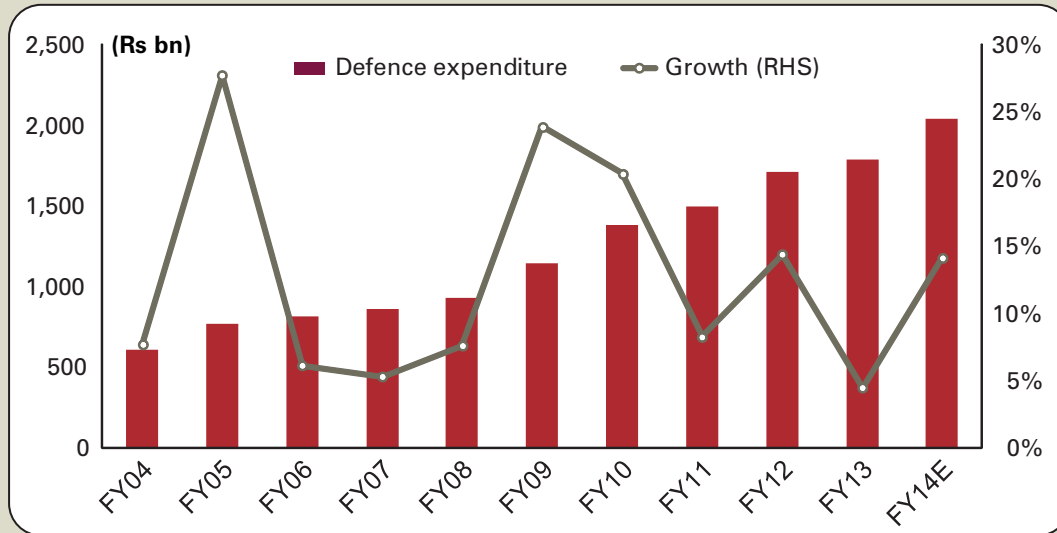
- While some sectors have historically outperformed the BSE Sensex in terms of earnings growth, what needs to be seen is, which ones will outperform going forward.

Investment in Railway Infrastructure

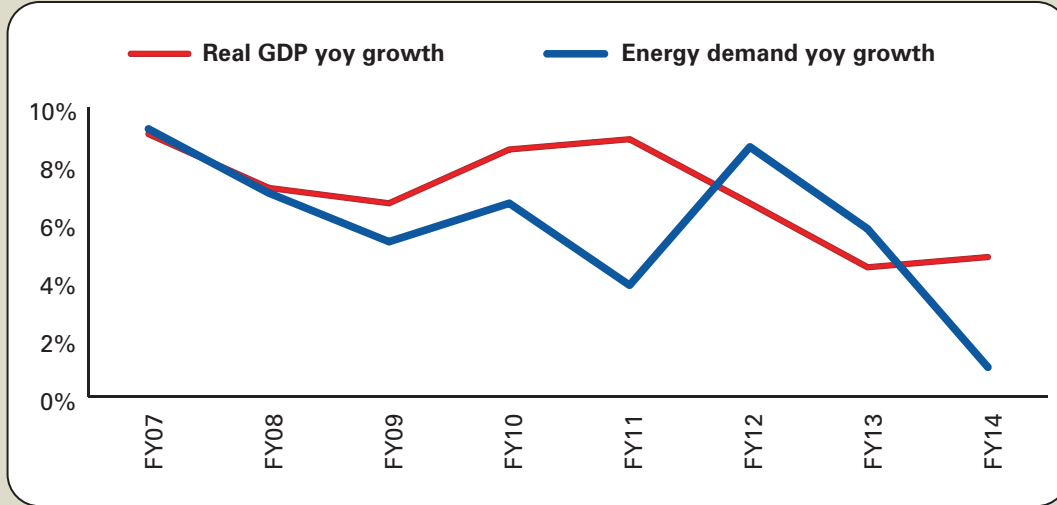


- All the ancillary industries namely, wagons, steel, logistics, etc. are expected to benefit from investment in Railway infrastructure.

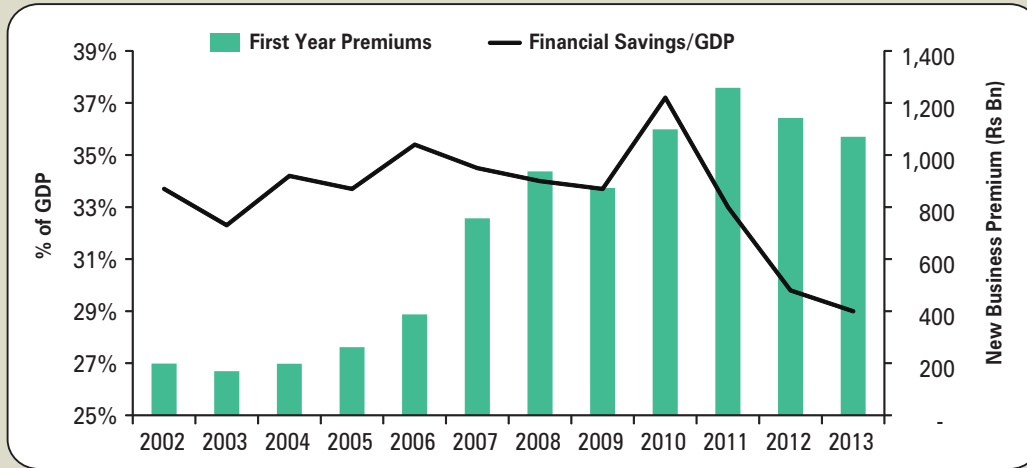
*Three rail corridors of 334 km (Tori-Shivpuri-Kathotia in North Karanpura, Jharkhand; Bhupdeopur-Korichhaapar to Mand Raigadh mines in Chhattisgarh; and Barpali-Jharsuguda in IB Valley, Odisha)



- Obsolete defence equipment currently account for 50% vs. MoD norm of 30%.
- Strong order book for defence electronics worth Rs 750 bn over next 3 years vs average of Rs 117 bn in the past 3 years.

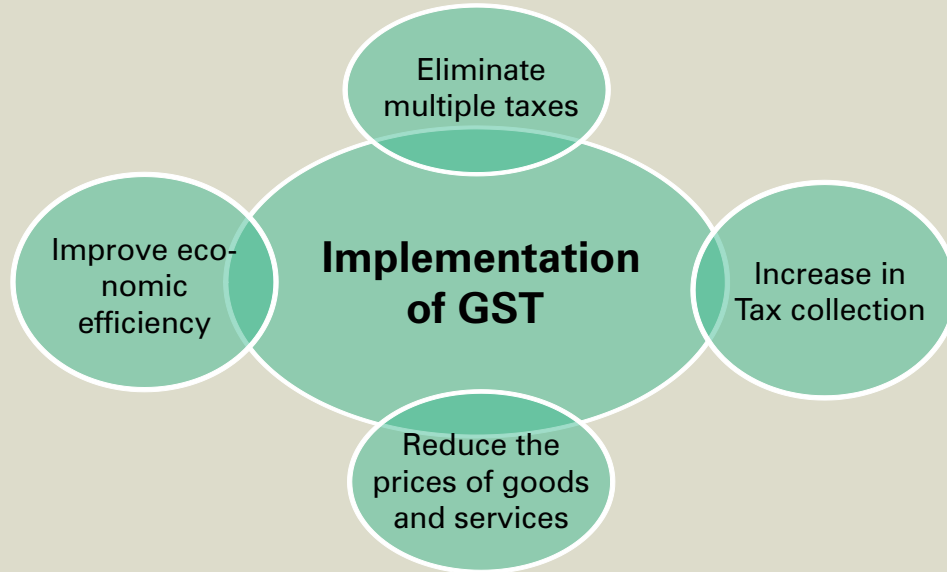


- We expect power demand to recover going forward as economic activity picks up.
- Power demand is artificially depressed due to industrial slowdown.



- There is a clear correlation between the GDP growth, savings rate and new business premium.
- If the economy improves, savings rate as well as new business premiums are expected to go up.

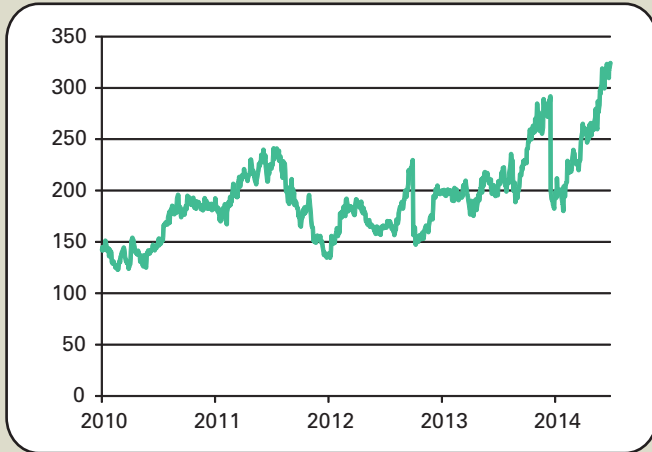
Implementation of GST



- According to a study by NCAER, a complete implementation of the GST could **lift GDP growth by 0.9-1.7 percentage points** for all future years.

Identifying Growth Stocks in the Market

An Auto Ancillary Company



- The company had good record of creating shareholder value since IPO.
- Management has proven track record in acquiring companies and improving their operations.
- Clientele include almost all the top OEM players in passenger vehicle industry.
- Given the large opportunity in auto ancillary space and good execution by management, stock has delivered healthy returns.

This slide is to illustrate the concept of identifying growth stocks in the market. There is also a possibility of the expected event not happening or some other unforeseen event that may affect performance of the company. The performance of stocks would ultimately depend on various factors such as prevailing market conditions, global political scenario, exchange rate etc. Investors are requested to note that there are various factors (both local and international) that can have impact on the future performance and expectations of any company. Information given is available in public domain. There is no assurance or guarantee of any company being able to sustain its performance in future

An Engineering Company



- The company has capabilities across railway infrastructure from tracks to wagons.
- It was expected that the company would benefit from increased thrust on railway infrastructure by the new government.
- Uptick in demand for rolling stock* can enhance scope of opportunity for the company.

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A Close Ended Equity Fund

About the Fund



- **A 3.5 years close ended equity fund investing in 40-60 stocks#**
 - **Only Dividend option**
 - **Defined term helps calibrate entry/exit points better.**
- **Aims to provide long-term capital appreciation by:**
 - **Identifying companies which are likely to see growth in earnings over the tenure of the scheme.**
 - **Investing across market cap with a bias towards mid and small cap space.**
 - **Declare commensurate dividends*.**

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.

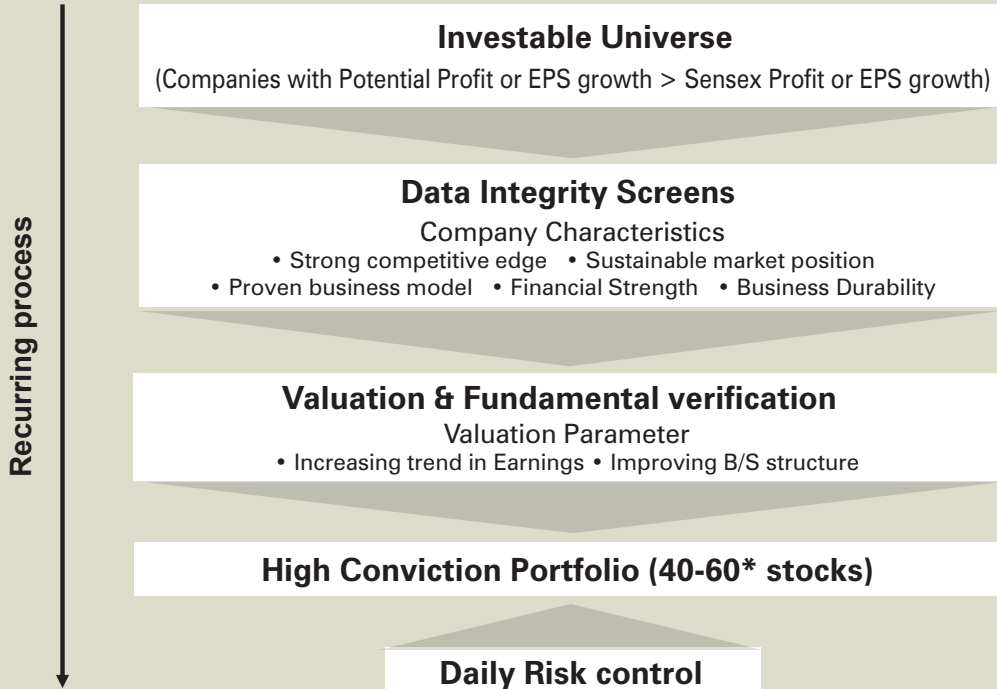
* Dividends will be declared subject to availability of distributable surplus and approval from Trustees

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.**

Investment Approach



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SCHEME FEATURES

Type of scheme	A Close ended equity scheme
Tenure	1286 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	Direct Plan – Dividend payout Option Regular Plan – Dividend payout Option
Minimum Application Amount	Rs 5,000 (plus in multiple of Rs.10)
Entry & Exit Load	Not Applicable
Benchmark Index	CNX Nifty Index
Fund Manager*	Mr. Yogesh Bhatt and Mr. 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.

All figures and other data given in this document are as on 30th June 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.

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NOTE



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