ICICI Prudential Multiple Yield Fund - Series 6 – 1825 Days Plan D

(Close-ended Income Fund) NFO Period: April 21, 2014 to May 5, 2014
Offer of units at Rs. 10 each during NFO period only.

This Product is suitable for investors who are seeking*:

- Long term savings solution
- A Hybrid fund that seeks to generate income by investing in fixed income securities and aim for capital appreciation by investing in equity and equity related instruments.

MEDIUM RISK (YELLOW)

*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*

The Fund aims to limit downside by investing in high rated debt instruments and at the same time endeavors to generate long term growth by investing in equity. This is achieved through the structure of the Fund's portfolio which will be predominantly invested in debt instruments (aim to limit downside risk), with a limited equity exposure aiming to provide capital appreciation. The returns are sought to be tax efficient.

Unique structure that aims to limit downside and grow your money

Around 72-77% of investor money will be invested in investment options like quality bond papers (rated investment grade) of reputed issuers. The Scheme will invest in securities with a view to hold them till the maturity of the Scheme. The AMC aims to identify securities, which offer reasonable levels of yield at lower levels of risks.

Around 23-28% will be invested in equity and equity related securities without any sector or market capitalization bias. This exposure may help to participate in the growth of these companies thus seeking to provide the portfolio with an element of potential capital appreciation.

The Scheme can also invest upto 5% each in CPs and CDs.

The Fund proposes to invest in good rated, investment grade debt instruments. The maturity of the debt securities matches that of the fund thereby mitigating interest rate risk.

Investment Approach

For Debt Portion:

- Investments in securities with high investment grade rating and maturing in line with the duration of the Scheme i.e. 5 Years (1825 days) and primarily with the objective of holding till maturity.
- It is endeavored to build a portfolio which is high on accrual from an asset mix of high investment grade corporate securities and bonds.

For Equity Portion:

- Focus on bottom up stock picking with no sector or market capitalization bias.
- The objective is to create a basket of stocks with a 5-year perspective.
- The focus is on maximizing returns.

Suitable for

- The Fund can serve as a good transition product for risk averse investors, who primarily save in traditional fixed income investments.
- Investors who have shunned equities because of their market linked nature can consider investing in this Fund as it has mix of debt and equity instruments.
- Investors looking forward to enhancing returns, from their portfolio, with a view to beat inflation in the long term, can consider this Fund.
- In terms of tax efficiency, traditional fixed income investors (in higher tax brackets) can consider investing in this fund.

Other NFO details

Benchmark: Crisil MIP Blended Index

Minimum application amount: Rs. 5000/- and in multiples of Rs.10 thereafter

Entry Load: Not Applicable; **Exit Load:** Since the Plan will be listed on the stock exchange, load will not be applicable. Investors shall note that the brokerage on sales of the units of the schemes on the stock exchanges shall be borne by the investors.

Liquidity: Listed on NSE Ltd. No redemption / repurchase prior to maturity with the fund house

Options available under the scheme:

- Regular Plan – Cumulative option

- Regular Plan – Dividend payout option
- Direct Plan – Cumulative option
- Direct Plan - Dividend payout option

Market Environment

The Reserve Bank of India maintained status quo on its key interest rates in its first bi-monthly monetary policy on 1st April, 2014. There was marginal shift in liquidity support provided by the RBI to the system from LAF to Term Repo. RBI lowered cap on overnight repo under LAF from 0.50% of NDTL of banking system to 0.25%; compensating by an increase in term repo for same amount under 7 day and 14 day repo which has been increased from 0.50% to 0.75%. These adjustments will not change the overall liquidity situation, but the cost of funds could go up marginally and will now be the function of market demand for funds rather than the current repo rate of 8%. Going ahead, we believe RBI may maintain cautious stance and wait for more information and clarity on uncertainties around elections and monsoon for further direction on the monetary policy in June'2014 policy.

Further, the lowering of current account deficit logically leads to a sequence of triggers - lower inflation, fall in interest rates and consequently growth. This has enhanced our conviction that from the medium term perspective, there is a significant improvement in the outlook of equity. The outcome of the general election results in May, 2014 is one of the major events, which the market is currently focusing on. The outcome of the same is likely to decide the market trend in the near term.

Going forward, we are looking for a government which is focused on growth, lower inflation and better governance. The fixed income market is expected to remain attractive at current situation. Hence, there lies a potential opportunity.

Investors' Dilemma: Debt or Equity?

The investor's fear of capital erosion prevents them from investing in equity. Therefore in past their asset allocation has got skewed towards other asset classes like real estate and gold, while being underweight on equity.

On the Debt side, the medium to long term good quality papers are available at reasonable yields; investors may look at capitalizing the opportunity by investing at current levels with an aim to benefit from reasonable accrual income.

	2 Year Bond (AAA)	3 Year Bond (AAA)	5 Year Bond (AAA)
31st Jan, 2014	9.75	9.73	9.73
28th Feb, 2014	9.79	9.79	9.82
28th Mar, 2014	9.46	9.47	9.58

Source: Bloomberg; Data on yields is for illustrative purpose only. This data is subject to market movement and actual portfolio construction will depend upon then prevailing market conditions at the time of investment. Prevailing yields do not construe return potential of any Scheme as there are various factors interest rate risk, economic conditions, conditions of equity market, expenses charged which impact the return potential of the Scheme.

We believe it would be an appropriate time to lock into prevailing yield of debt issuances of various issuers and hold them till maturity with a view to minimize the interest rate risk. However, there is a possibility of missing out on potential returns from equity markets, if one were to invest only in debt.

In our continuing endeavor to bring newer opportunities to our investors, while taking into account the evolving global and local environment, we believe that Multiple Yield Funds provide an investment opportunity with an aim to optimize income from debt and potential growth from equity.

Statutory Details

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

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