

ICICI Prudential Value Fund – Series 8

NFO Period: 20th July to 3rd August 2015

The Product is suitable for investors who are seeking*	Riskometer
<ul style="list-style-type: none"> • Long term wealth creation solution • A close ended diversified equity fund that aims to provide capital appreciation by investing in a well-diversified portfolio of stocks through fundamental analysis. 	<p>Investors understand that their principal will be at moderately high risk</p>
<p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	

- ❑ Why Invest in Small Cap Stocks
- ❑ Our Frame Work of Recommendation: Why Small Caps Now
- ❑ Divergence of Market Capitalisations
- ❑ Co-relation with Commodity Prices & Interest Rates
- ❑ ICICI Prudential Value Fund Series-8
- ❑ Identifying Small Cap Success Stories

Why Invest in Small Cap Stocks



Potential For
Outperformance

Available at
Cheap
Valuations

Companies with
Strong Business
models

Under
Researched

**Small Cap
Stocks**

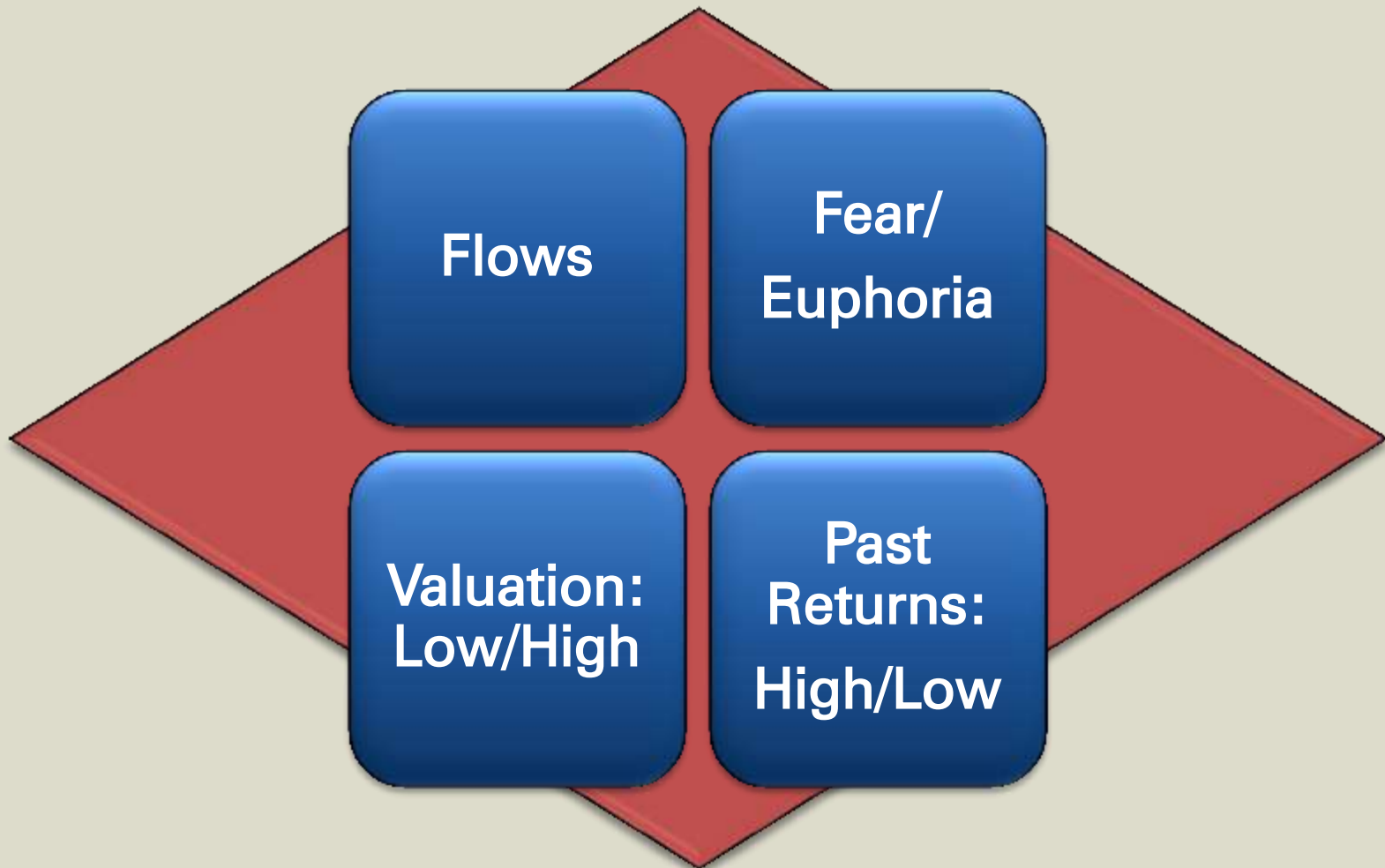
Reasonable
Return
Expectation

Ignored by
Investors

Spurt during
Economic
Upturn

Companies
with Special
Situations

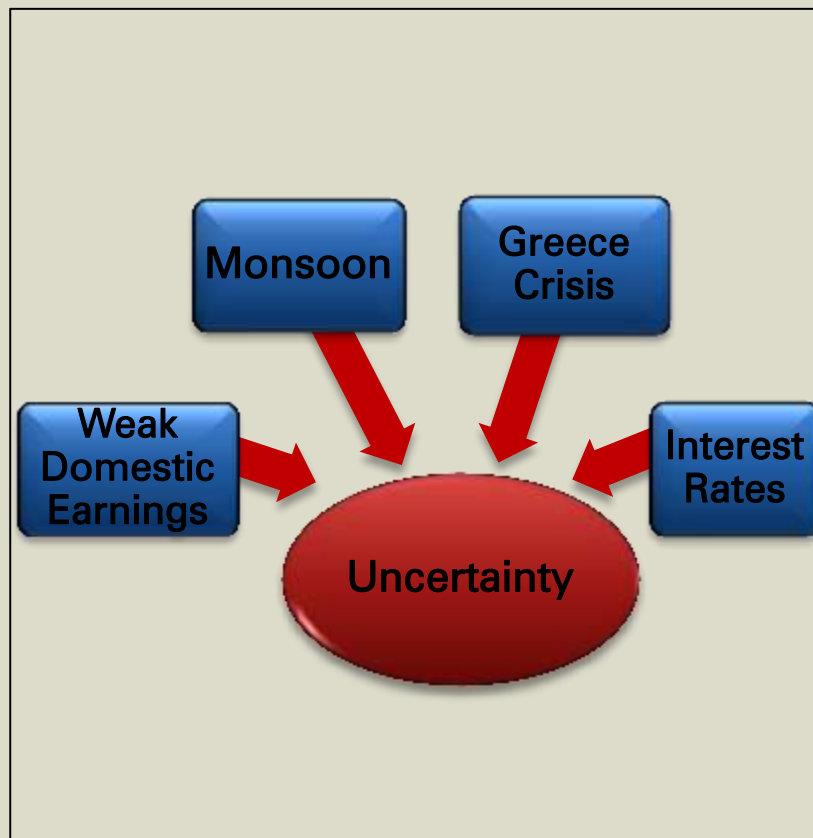
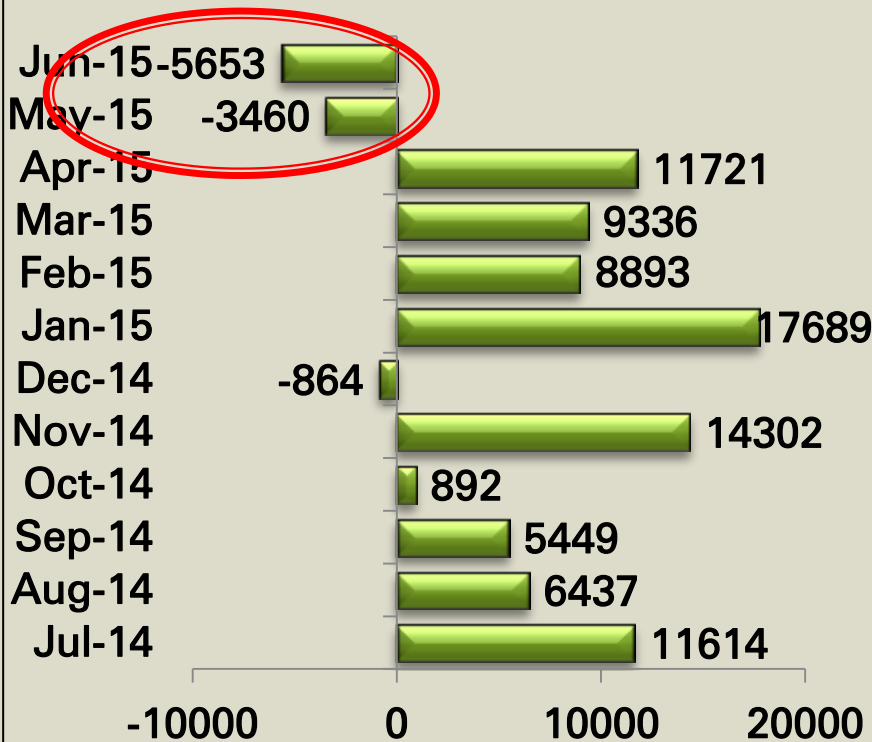
Our Framework of Recommendation: Why Small Caps Now



Our Framework of Recommendation: Flows & Fear



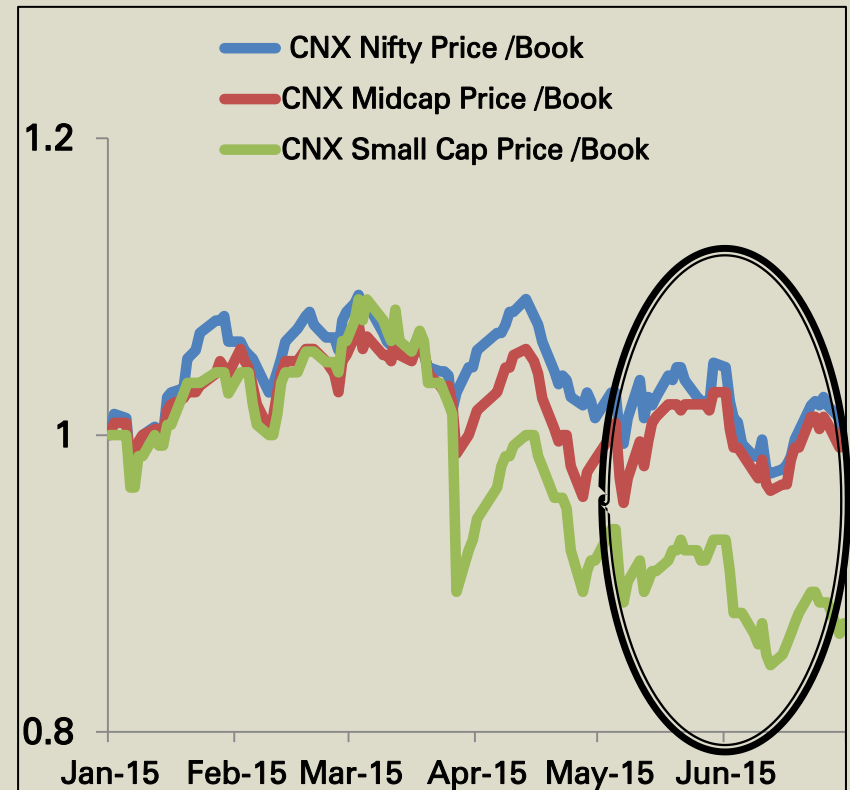
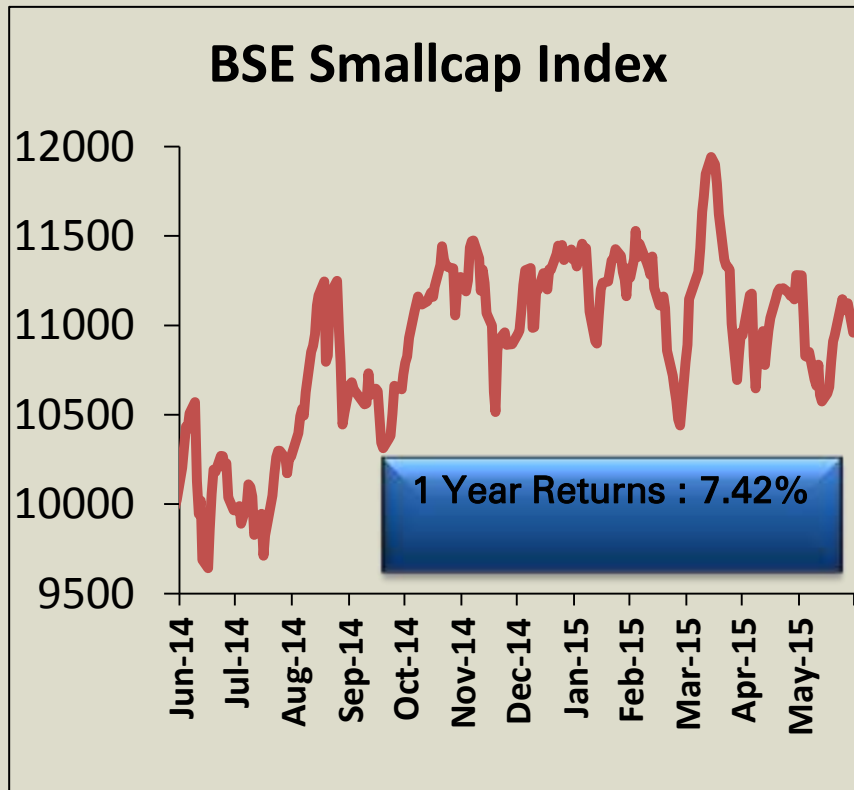
Amt in Rs Crs FII 's Flows



- FII Flows have turned negative over the past two months
- Global as well as Domestic Factors are causing Uncertainty/Pessimism

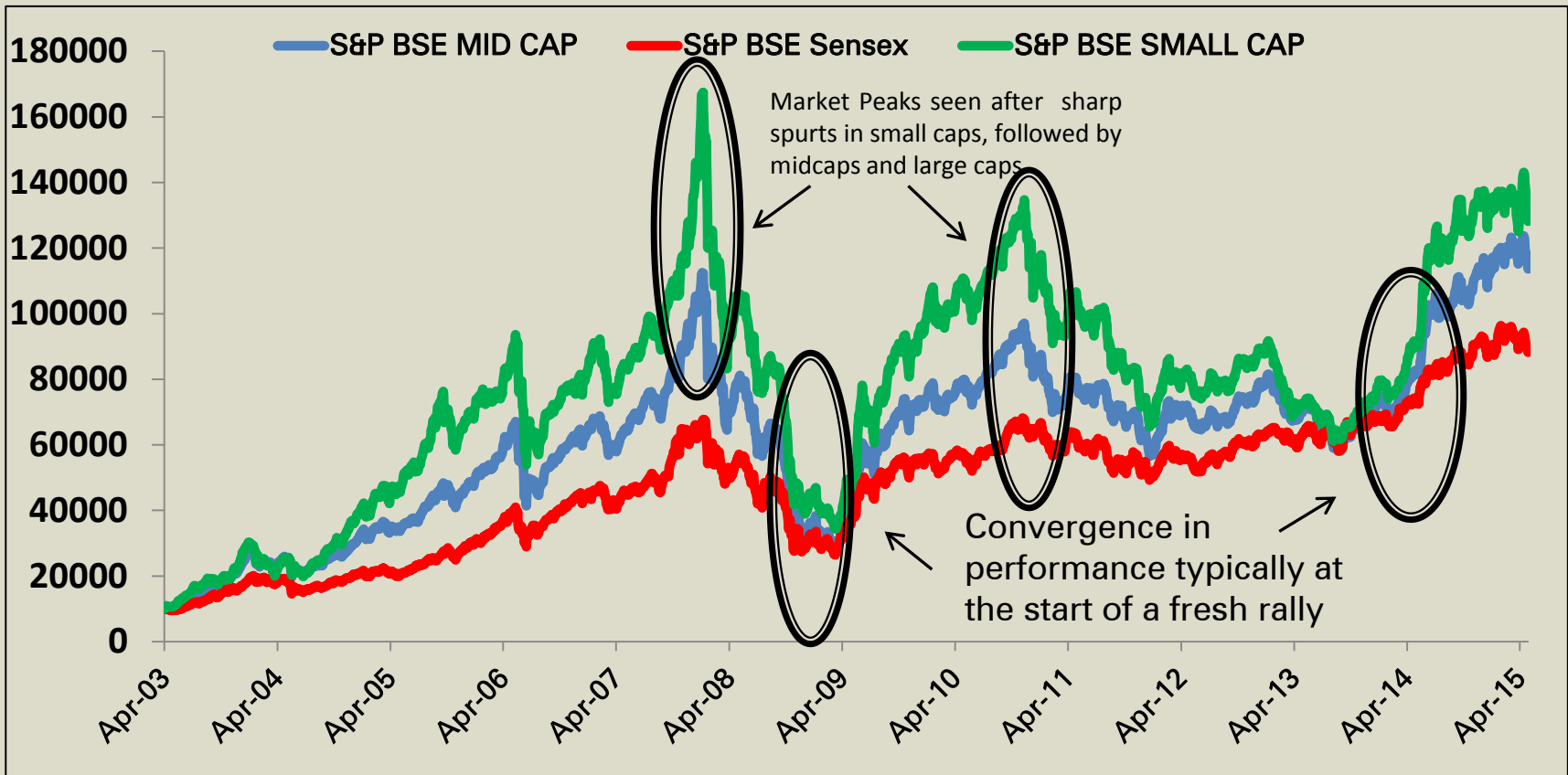
* Source Bloomberg FII:Foreign Institutional Investors

Our Framework of Recommendation: Past Return's & Valuations



- ❑ Past 1 year return's of the small cap index have been muted
- ❑ Quality Small Caps are trading at a discount to Midcaps and Large Caps

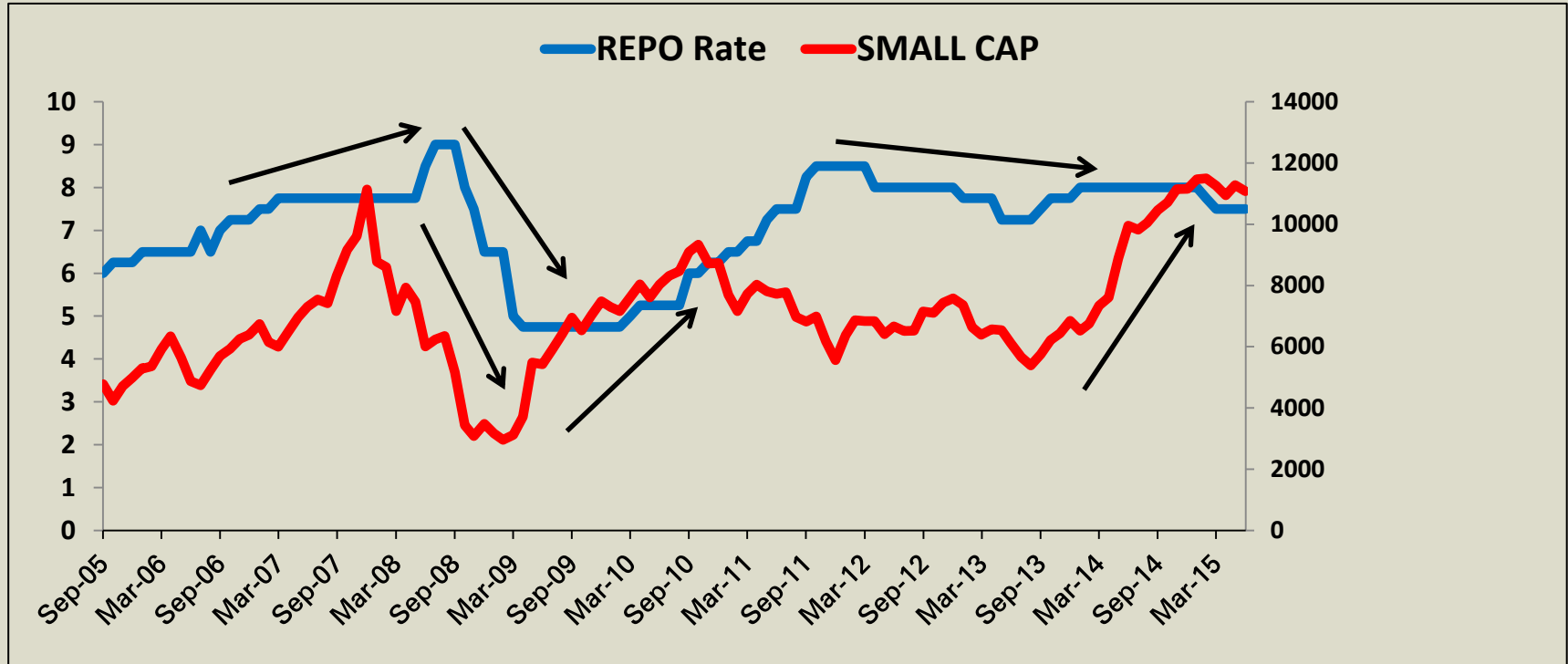
Small Caps Far Away from Peak



□ Performance data indicates the potential of sustained rally in small caps

*Source BSE India, All Figures Rebased to 10000, Past performance may or may not be sustained in future.

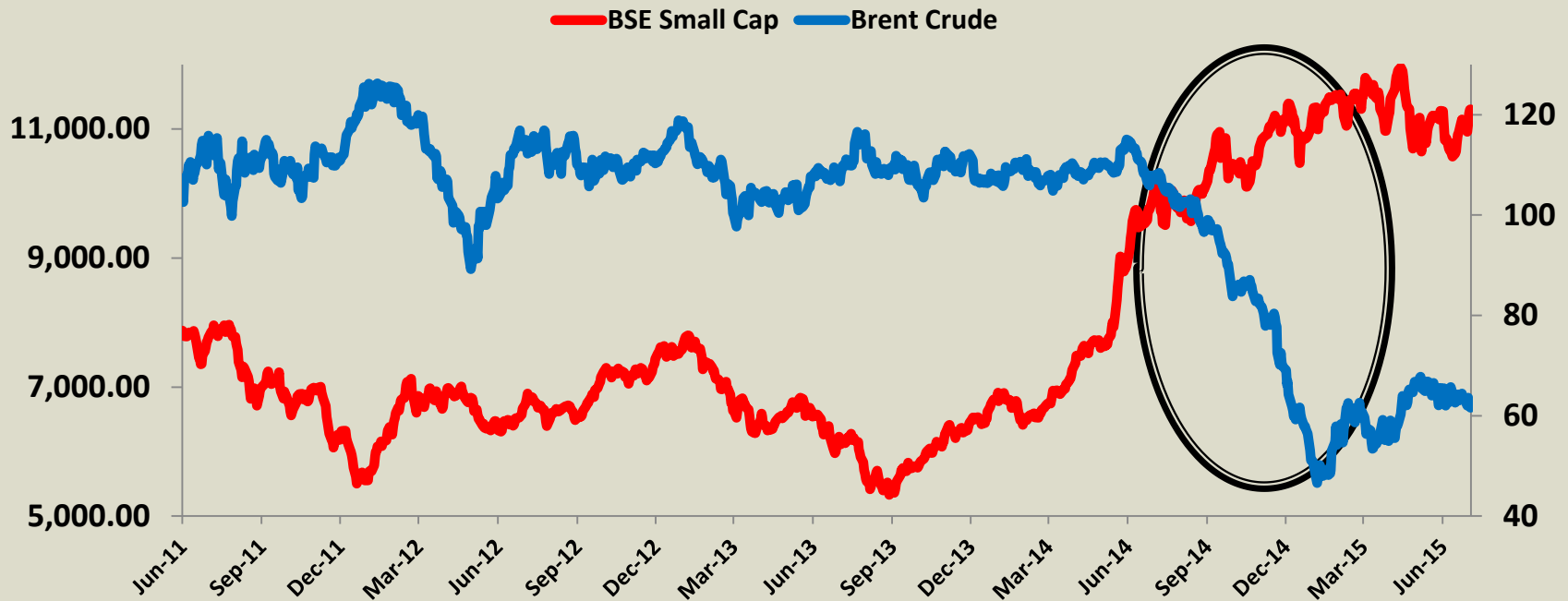
Relation Between Interest Rates & Small Caps



- Small Caps Historically tend to follow a negative co-relation with Interest Rates.
- Interest Rates having peaked out presents an reasonable investment Opportunity

*Source Bloomberg

Co-Relation between Oil & Small Caps



- Of Late Small Caps have shown a negative co-relation between oil price movement.
- Oil Price Correction could augurs well for Small Caps.

*Source :Bloomberg

About the Fund



A 3 years close ended equity fund that aims to provide capital appreciation by :

- Investing in high conviction stocks.
- Aims to Invest in Stocks with Market Capitalisation below Rs 10000Cr
- Being sector agnostic.
- Declaring commensurate dividends*.

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

The market capitalisation of less than Rs. 10000 cr is to explain the investment philosophy at the time of investment. Actual investment will depend on prevailing market conditions at the time of investment and investment opportunities available

Investment Approach for Small Cap Ideas



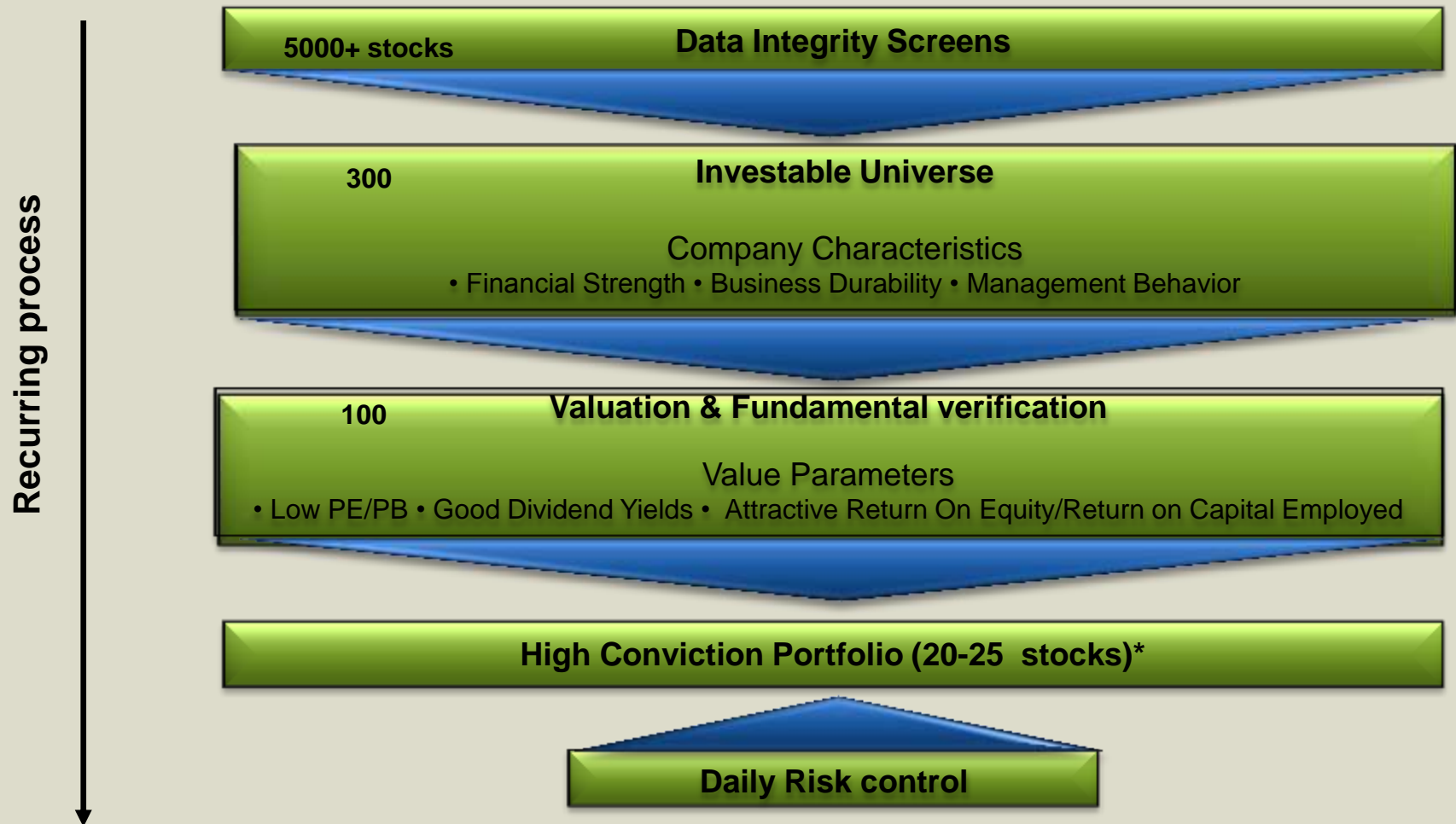
Identifying companies with good growth prospects by screening of :

- Future Midcaps
- Benefits from Mispricing
- Management-Good Corporate Governance
- Earnings/ Cash flows
- Competition-Economic Moat
- Industry Dynamics
- Customers, Suppliers, etc.



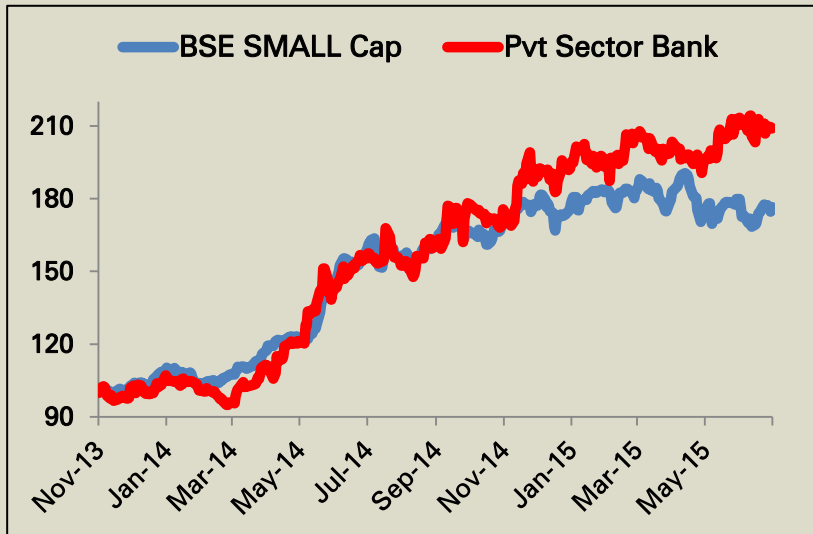
**Bottom up
Approach**

Our Stock Selection Process

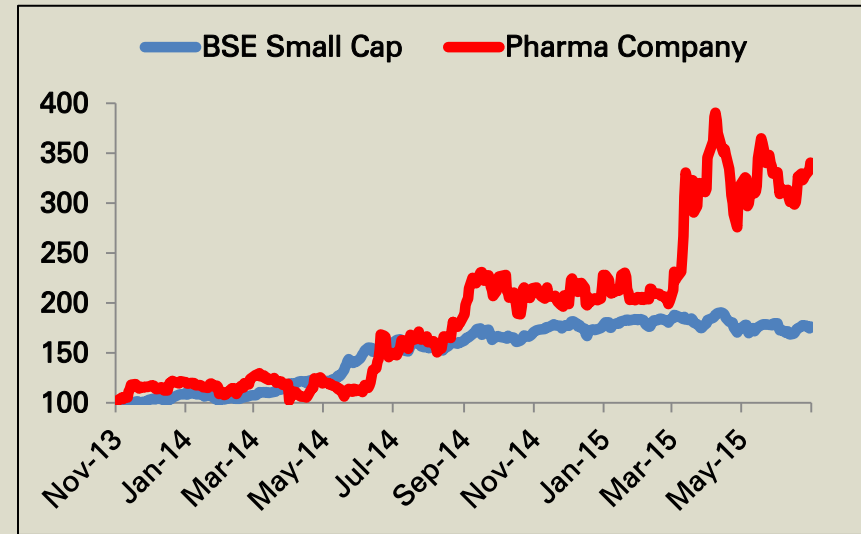


*The number of stocks provided is to explain the investment philosophy and the actual number may go up or down depending on the prevailing market conditions at the time of investment

Small Cap Success Stories



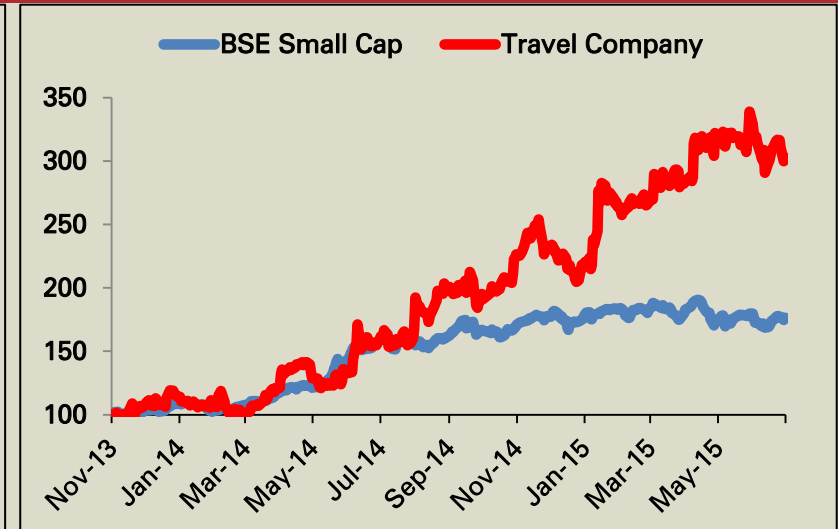
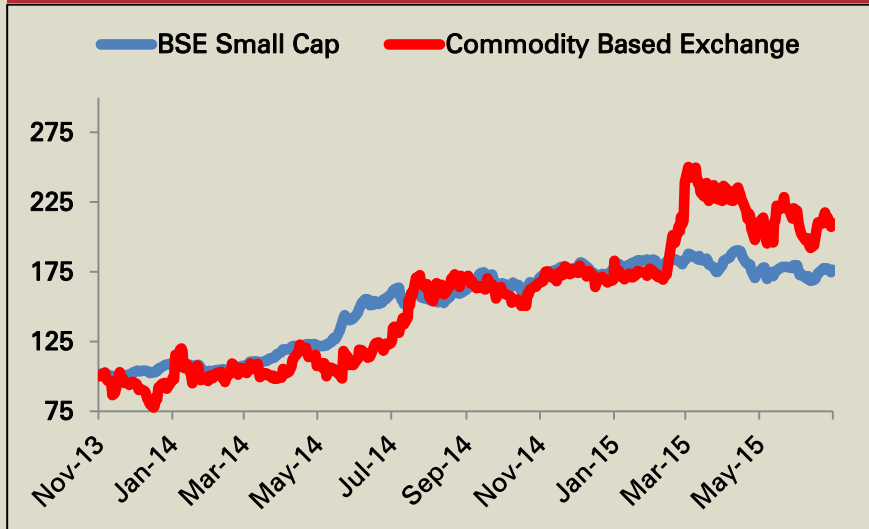
- ❑ Very old Pvt Sector Bank with Business concentrated in South India
- ❑ Conservative Management, Secured loans forming major part of loan book.
- ❑ Good Execution Track record across Business Cycles



- ❑ Pharma company with enhanced focus on niche opportunities in US and Oncology segment in domestic market.
- ❑ Nearing an Inflection point in the growth trajectory and is all set for Value Unlocking FY 17 onwards.

This slide is to illustrate the concept of identifying value 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.

Small Cap Success Stories



- ❑ Market Leader in Commodities Future industry
- ❑ One of the First exchange to launch mini contracts to cater to the need of small traders and SME's.
- ❑ Potential Regulatory changes could provide new growth avenues.

- ❑ Integrated leisure travel company with offerings across the value chain including travel services, holiday packages & foreign exchange.
- ❑ Strengthened itself in the leisure segment by acquisitions.

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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 stocks through fundamental analysis.</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	S&P BSE 500 Index
Fund Manager*	George Joseph & Manish Gunwani

*Mr. Shalya Shah 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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The sector(s)/ mentioned do not constitute any recommendation/opinion of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s). Past performance may or may not be sustained in the future. The portfolio of the scheme is subject to changes within the provisions of the Scheme Information document of the scheme. Please refer to the SID for investment pattern, strategy and risk factors