

ICICI Prudential Value Fund – Series 16

A close-ended equity fund

The information herein is solely for private circulation and for reading/understanding of registered Advisors / Distributors and should not be circulated to investors/prospective investors



About the ICICI Prudential Value Fund – Series 16

- Tenure: 1,300 days i.e. ~3.5 years
- NFO period: July 24, 2017 to August 7, 2017.
- Fund Manager: Sankaran Naren and Ihab Dalwai

Portfolio Composition

Themes:

- Infrastructure Sector
- Corporate Lending - Banks
- Contrarian approach in Pharma and Technology Sector
- Economy shift from Unorganised to organised economy sector



Businesses Shifting From Unorganised to Organised Segment of the Economy



Information Technology



Pharmaceutical



Banking



Infrastructure

Multi-cap approach: The Fund seeks to predominantly invest in large-cap stocks, however it seeks to opportunistically invest in mid- and small-cap stocks as well.

Why Invest Now?

Market view:

- We believe equity market may show reasonable growth over next three years
- Stable macroeconomic indicators and pro-growth government policies can lead to economic growth revival
- Expected increase in capacity utilisation without incremental capital expenditure may lead to higher corporate profitability
- We remain overweight on equities at this point of time.

We believe, the expected up-move in the equity market could be accompanied by intermittent volatility owing to various domestic and international events.

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How Will We Manage Volatility?

Stock price (NIFTY 50)	Strike price	Premium	Premium/Strike Price	Tenure of the product
9800	9800	575	5.87%	3 years

Particulars	Falling Market		Flat Market	Rising Market		
	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
Equity return	-15% p.a.	-10% p.a.	0% p.a.	10% p.a.	15% p.a.	20% p.a.
Equity returns (absolute)	-38.59%	-27.10%	0.00%	33.10%	52.09%	72.80%
Put payoff (absolute)	38.59%	27.10%	0.00%	0.00%	0.00%	0.00%
Put cost	-5.87%	-5.87%	-5.87%	-5.87%	-5.87%	-5.87%
Total Absolute Return	-5.87%	-5.87%	-5.87%	27.23%	46.22%	66.93%
Value of Investment	94,133	94,133	94,133	1,27,233	1,46,220	1,66,933

- The above illustration explains the value of Rs. 1, 00,000 in this fund at the time of maturity.
- The put option will be bought at the strike price 9800 by paying premium of around 6%. (Assumption)
- A put option is an option contract in which the buyer has the right to buy & not the obligation to sell a specific quantity of an underlying security at specified price (Strike price) within a fixed period of time. The strategy in this particular fund will be used to limit the downside when market falls. If the underlying securities falls, the value of put will increase (all else being equal).
- As shown above when market falls by 15% during the tenure of the fund. The total Payoff by put option is around 38.5% thus limiting downside.
- If markets continues to fall the value of put option will increase as the price of the underlying index reduces as compare to its strike price. Thus, the maximum loss that a buyer of a put option can incur is the option premium paid.

Target Audience

This Fund is suitable for investors who wish to invest in the equity markets at the current stage with the aim of capturing upside in the market with limited downside risk.

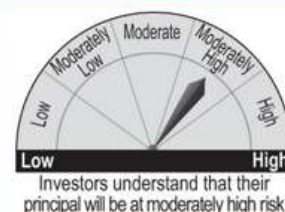
Fund Options

Growth and Dividend option

ICICI Prudential Value Fund – Series 16 is suitable for investors who are seeking:*

- Long term wealth creation
- A close-ended equity fund that aims to provide capital appreciation by investing in well-diversified portfolio of stocks through fundamental analysis.

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



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

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