


# ICICI Prudential Value Fund – Series 12

NFO Period – 27th March 2017 to 10th April 2017

Benchmark – S&P BSE 500 Index

The Product is suitable for investors who are seeking*	Riskometer
<ul style="list-style-type: none"> <li>□ Long term wealth creation solution</li> <li>□ A close ended diversified equity fund that aims to provide capital appreciation by investing in well diversified portfolio of stocks through fundamentals analysis.</li> </ul>	 <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>	

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# Content



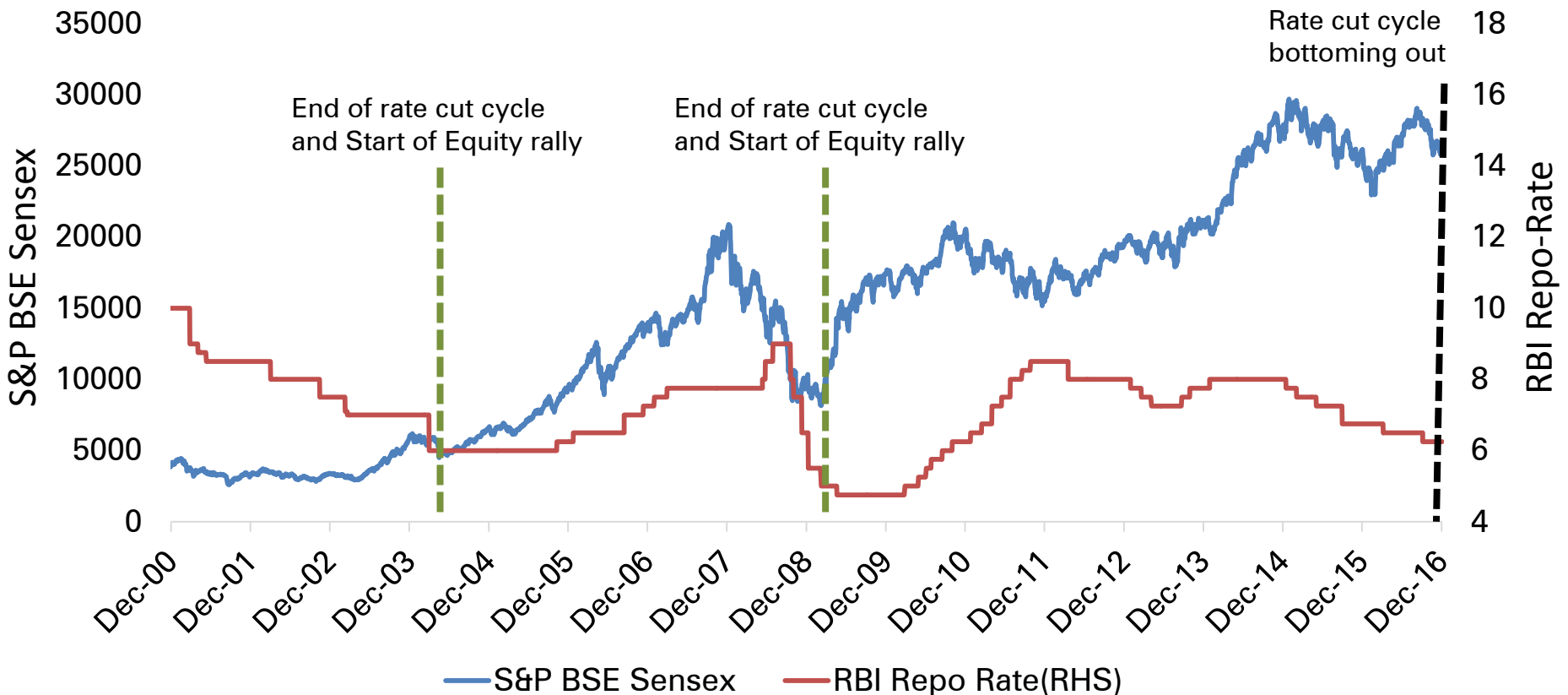
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# Why Equities Now?

## Fixed Income Rally is Generally Followed By Equity



History suggests that equity rally starts after interest rate cycle bottoms



Source: Bloomberg, data as of December 30, 2016. Past performance may or may not be sustained in future.

# India Macro Indicators: On Strong Footing



	FY 13	FY 14	FY 15	FY 16	NOW*
GDP Growth	5.6	6.6	7.2	7.9	7.1
Inflation	10.2	9.5	5.9	4.9	3.2
Savings Rate	33.8	33	32.3	31.6	--
Capital Formation	38.6	34.7	34.2	29.2	26.6
CAD	4.8	1.7	1.3	1.1	0.3
Forex Reserves (\$bn)	292	304	342	356	360

Indian Macro indicators have strengthened structurally over last 3 years. Most indicators have improved and few are gradually improving. Together these macro factors may take the trend growth to higher levels in coming years.

Source: Bloomberg. \*Data as of Feb 28, 2017.

# Look Beyond P/E, Market is at an inflection point



	Dec-07	Feb-17	
Trailing P/E Nifty 50	27.6	21.8	Though P/E is high all other economic factors are at bottom of the cycle
Trailing PB Nifty 50	5.7	2.8	
Market Cap to GDP Ratio	149	80	
<b>Past Returns of Nifty 50 (CAGR)</b>			EPS growth is almost flat in last 3 years.
Last 1 year Return	55%	27%	
Last 2 year Return	47%	0%	
Last 3 year Return	43%	12%	Macro indicators are at bottom and have huge scope to improve
<b>Past Earnings Per Share Growth (CAGR)</b>			
Last 1 year (YoY)	20%	3%	
Last 2 year (YoY)	28%	6%	
Last 3 year (YoY)	22%	-4%	
<b>Macro Indicators</b>			
Capacity Utilisation*	92%	69%	
Credit Growth (YoY) **	21%	5%	
RoE Nifty 50	26%	14%	
Net FII Flows (12 month trailing Rs. Cr)	80,915	47,842	
IIP (Average 12 Month Trailing)	16%	4%	

Source: Bloomberg; As on Feb 28, 2017; \*Capacity Utilisation is as per FY 07 and FY 16, \*\* Credit Growth is total credit growth as per RBI; PE – Price-to-Earnings; PB – Price-to-Books; GDP – Gross Domestic Product; FII – Foreign Institutional Investors; ROE – Return on Equity; CAGR – Compounded annual growth rate; IIP -5 Index of industrial production ; EPS – Earnings Per Share

# Current Opportunities

- > Unorganised to Organised
- > Infrastructure Sector



# Unorganised to Organised Shift



## GST

Introduction of GST will help create a level-playing field for UnOrganised sector and Organised sector.

## Demonetisation

The demonetisation drive is expected to benefit Organised sectors.

Benefit  
Organised  
Players



Will Lower tax evasion, increase compliance. Facilitate seamless movement of goods.

This can shift consumers away from local manufactures

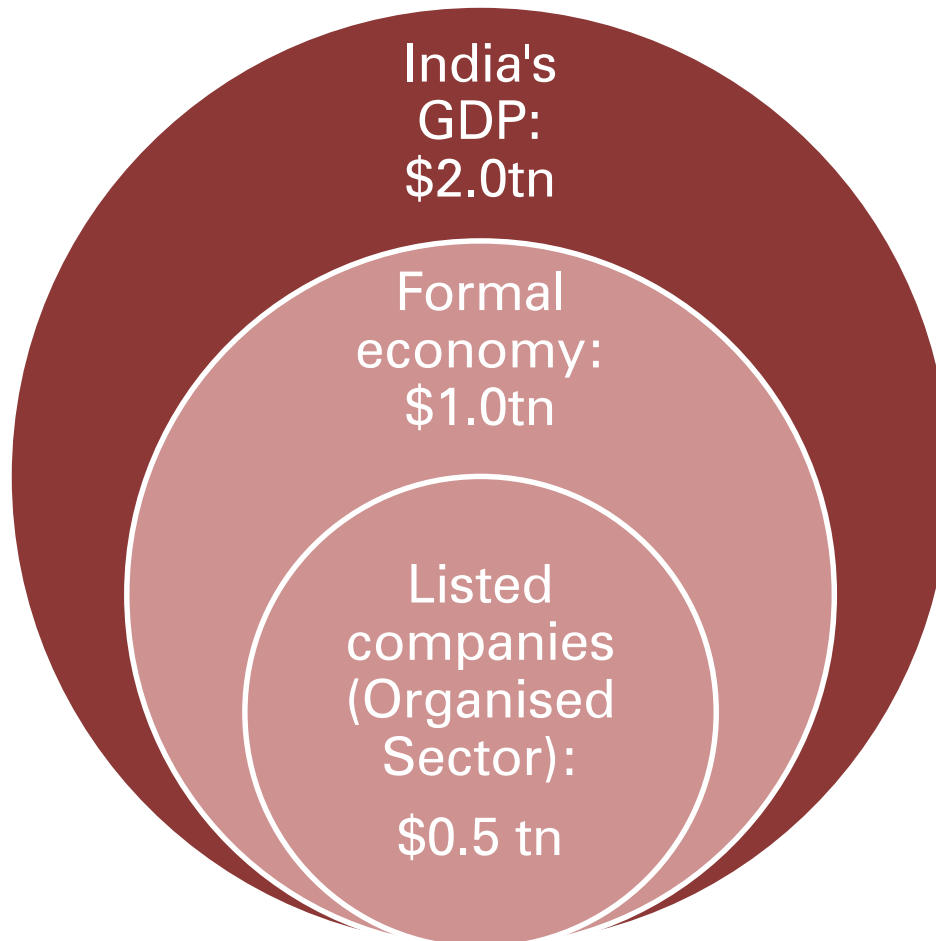
Consumers to use more cashless medium of transaction.

Opportunity:  
This may result in higher topline and bottom line growth for branded companies.

Source: Edelweiss Securities; GST - Goods & Service Tax

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# India: On The Cusp of Accelerated Shift to Organized Segment



This share has huge scope to increase as the overall economy moves from informal to formal aided by various government reforms



Contribution of organised/listed companies is currently 1/4th of the economy

Source: Edelweiss Securities; All \$ represents United States Dollar



# Opportunity Seen as there is a shift towards Organised economy



Sectors with high share of Unorganised Businesses	Share of Unorganised Businesses in Sector
✓ Food Services	90%
✓ Apparel	80%
✓ Plywood	70%
✓ Sanitary ware	60%
✓ Tiles	50%
✓ Footwear	50%
✓ Electric Goods	40%
✓ Pipes	40%
✓ Small Appliances	40%
✓ Paints	30%

Source: Company data, Credit Suisse estimates

# Organised Vs. Unorganised



Strategy of Organised Players	Strategy of UnOrganised Players
Large Distribution Network	Scattered Distribution Network and More Regional Bias
<ul style="list-style-type: none"> <li>- Superior Quality</li> <li>- Accounting of Taxes</li> <li>- Thus, Optimally Priced</li> </ul>	<ul style="list-style-type: none"> <li>- Inferior Quality</li> <li>- Under Reporting of Tax</li> <li>- Thus, Sub-Optimally Priced</li> </ul>
Branding – Familiarity & Trust	Brand Push – Offer higher margins to distribution channel
Economies of Scale	Diseconomies of scale

GDP Contribution



GDP Contribution

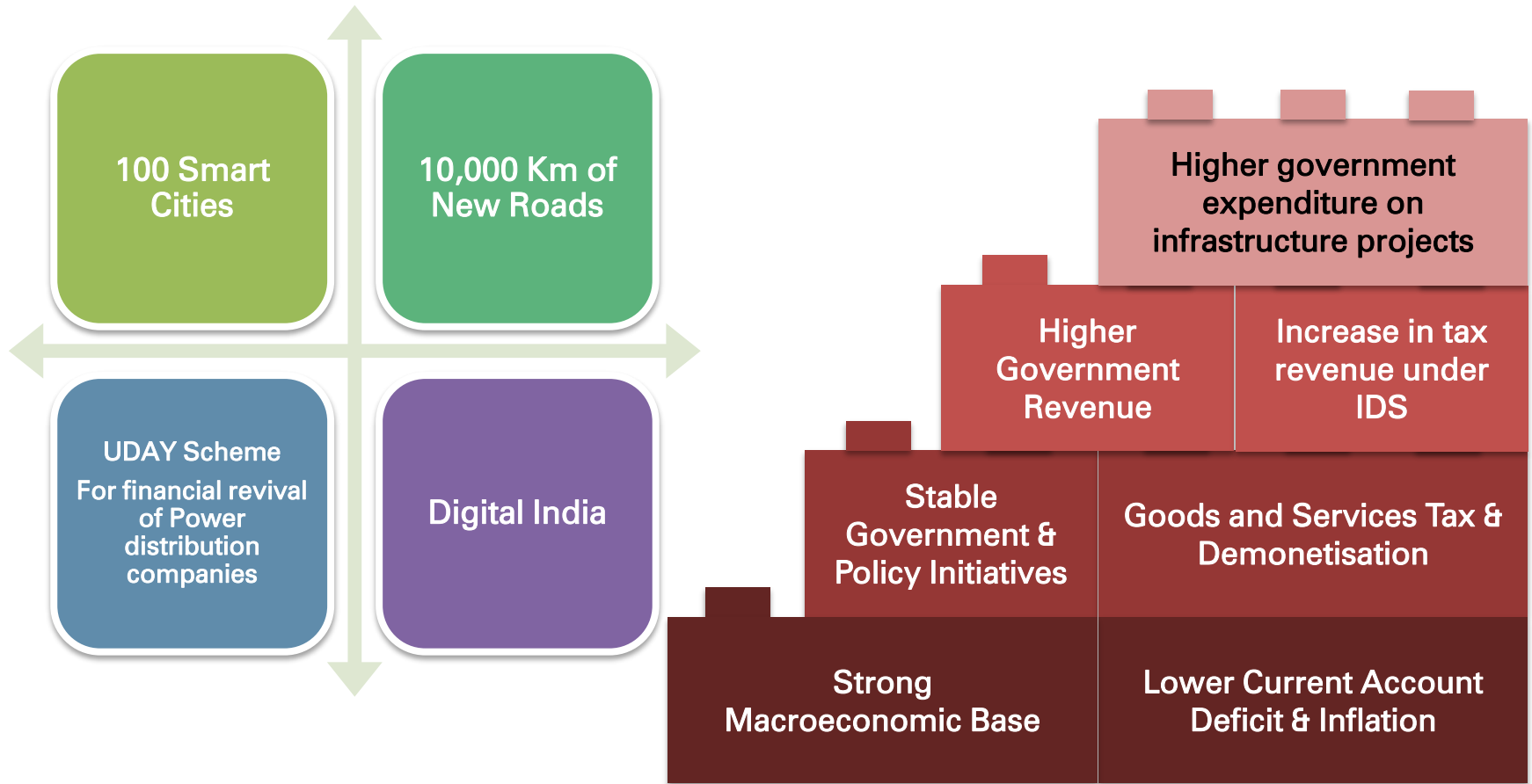
Source: National Commission for Enterprises in the UnOrganised Sector

# Current Opportunities

- > Unorganised to Organised
- > **Infrastructure Sector**



# Why Infrastructure Sector?



Sources : CLSA | UDAY: Ujwal DISCOM Assurance Yojana | IDS: Income Disclosure Scheme

# Infrastructure Sector



**POWER:** Government's focus on lowering debts of power distribution companies and infrastructure expansion in rural and urban areas.

**MINERALS / MINING:** Could grow in tandem with expected increase in demand for power, operational efficiency, and attractive valuations.

**TELECOM:** India's demographic advantage, rapid growth in data consumption, and government initiatives such as Digital India.

**CONSTRUCTION & CONSTRUCTION PROJECTS:** Government's focus on infrastructure expansion in rural and urban areas. They could also leverage on excess capacity.

**TRANSPORTATION:** Could benefit from the implementation of Goods and Services Tax (GST), operational efficiency, and attractive valuations.

# Government Boost for Cement Consumption



100 Smart Cities  
Funding:  
INR 48,000 crore

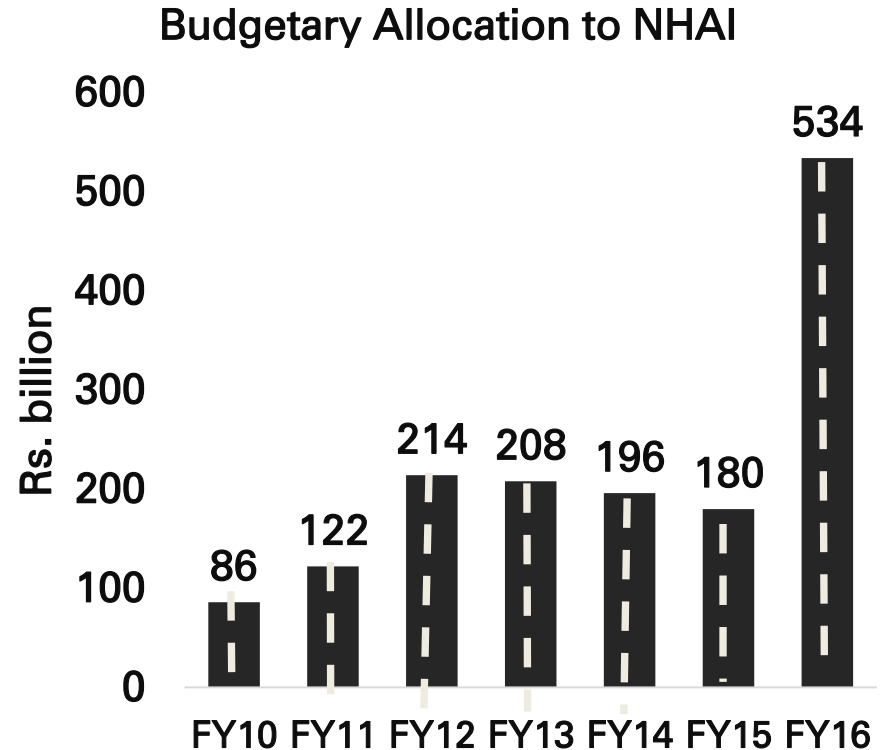
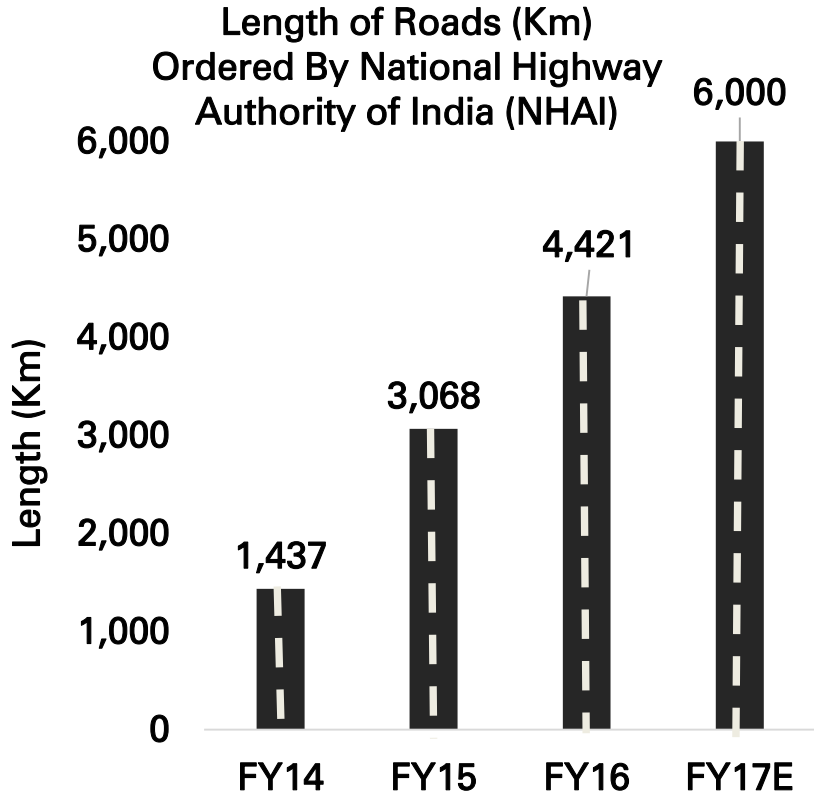
10,000 Km of New Roads  
Funding:  
INR 97,000 crore



Affordable Housing : 20 Mn Homes by 2022

Source: Union Budget 2017-18;

# Transportation Sector: Numbers Pave The Way



Sectors that contribute raw material and companies involved in the creation of roads can benefit from higher allocation in budget on road infrastructure creation.

Source: Citigroup Global Markets India Private Limited, Ministry of Road Transport and Highways, and Shipping. All figures are approximate. FY17E: estimated

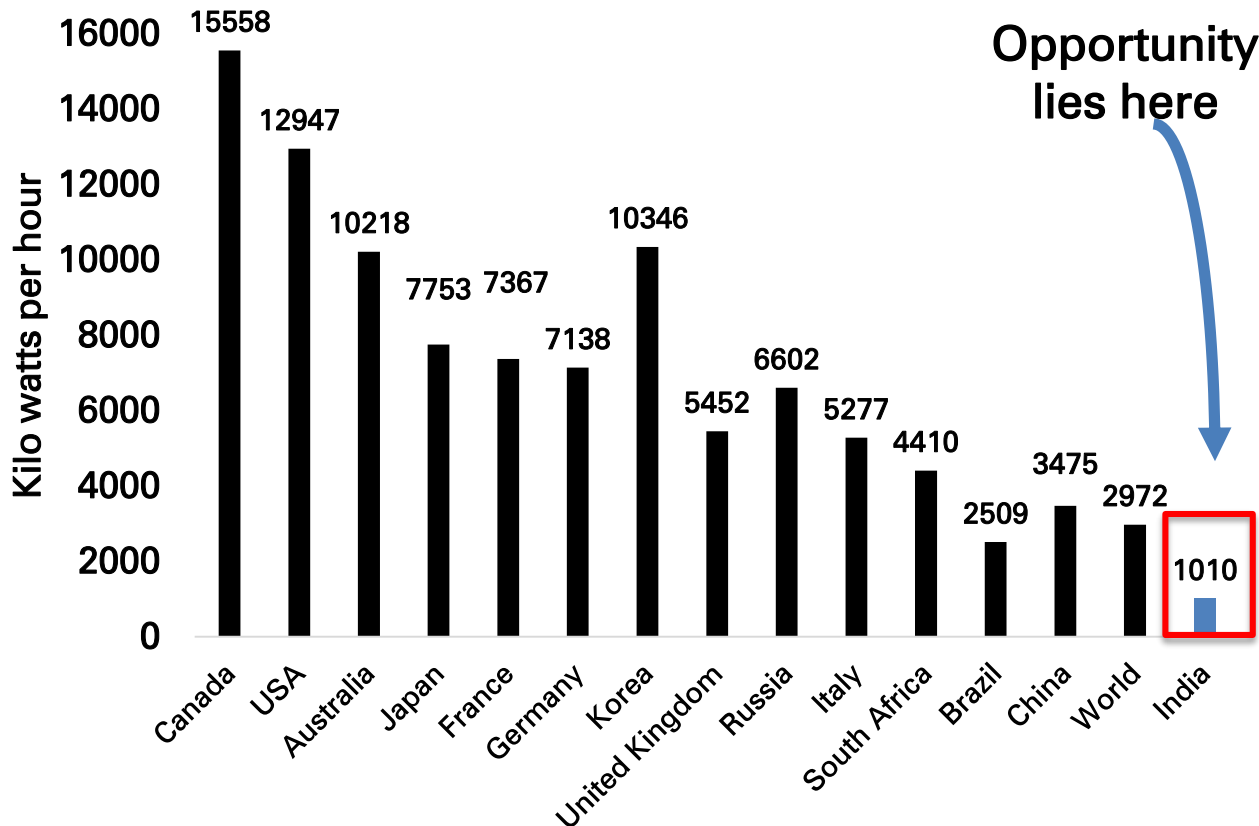
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# Power Sector: Power-Packed Potential



## India vs. World

### Per Capita Consumption in 2014-15



Opportunity lies here

Availability of power will increase and will aid demand for white goods.

Sectors that will benefit from increase in power demand:

- Consumer Durables
- Manufacturing
- Power Companies

Source: Central Electricity Authority; All figures are approximate; PriceWaterHouse Cooper; Kwh: Kilo watt hours. The figures are approximate. \*these figures are estimated



- **Flexicap Strategy**
- **Bottom-up approach**
- **Fund intends to invest in 25-30\* stocks given at particular point in time.**
- **Sector Themes**
  - Unorganised to Organised
  - Infrastructure sector

\* The No. of Stocks provided is to explain the investment philosophy and the actual No. may go up and down depending on than prevailing market conditions at the time of investment. The fund may invest up to 30 stocks depending on the discretion of the Fund Managers. The stock selection and investment strategy will be as per the Scheme Information Document

# Scheme Features



Tenure	:	1360 days
NFO Period	:	27th March 2017 to 10th April 2017
MICR cheques	:	Till end of business day on 10th April 2017
RTGS and transfer cheques	:	Till end of business day on 10th April 2017
Switches	:	Switches from equity schemes -10th April 2017; Till cut off time (specified for switch outs in the source scheme) 10th April 2017 from other schemes
Option to be launched	:	ICICI Prudential Value Fund - Series 12 - Dividend ICICI Prudential Value Fund - Series 12 Direct Plan - Dividend
Entry / Exit Load	:	Nil
Minimum Application Amount	:	Rs.5,000/- (plus in multiple of Re.10)
Liquidity	:	To be listed
Benchmark	:	S&P BSE 500 Index
Fund Manager	:	S. Naren & George Joseph*

# Disclaimers and Risk Factors



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

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