



ICICI Prudential Value Fund – Series 15

NFO Period: 27th June 2017 to 11th July 2017

All data/information used in the preparation of this material is dated and may or may not be relevant any time after the issuance of this material. The AMC takes no responsibility of updating any data/information in this material from time to time. The recipient of this material is solely responsible for any action taken based on this material. **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.**

Our Outlook for Indian Equity Market

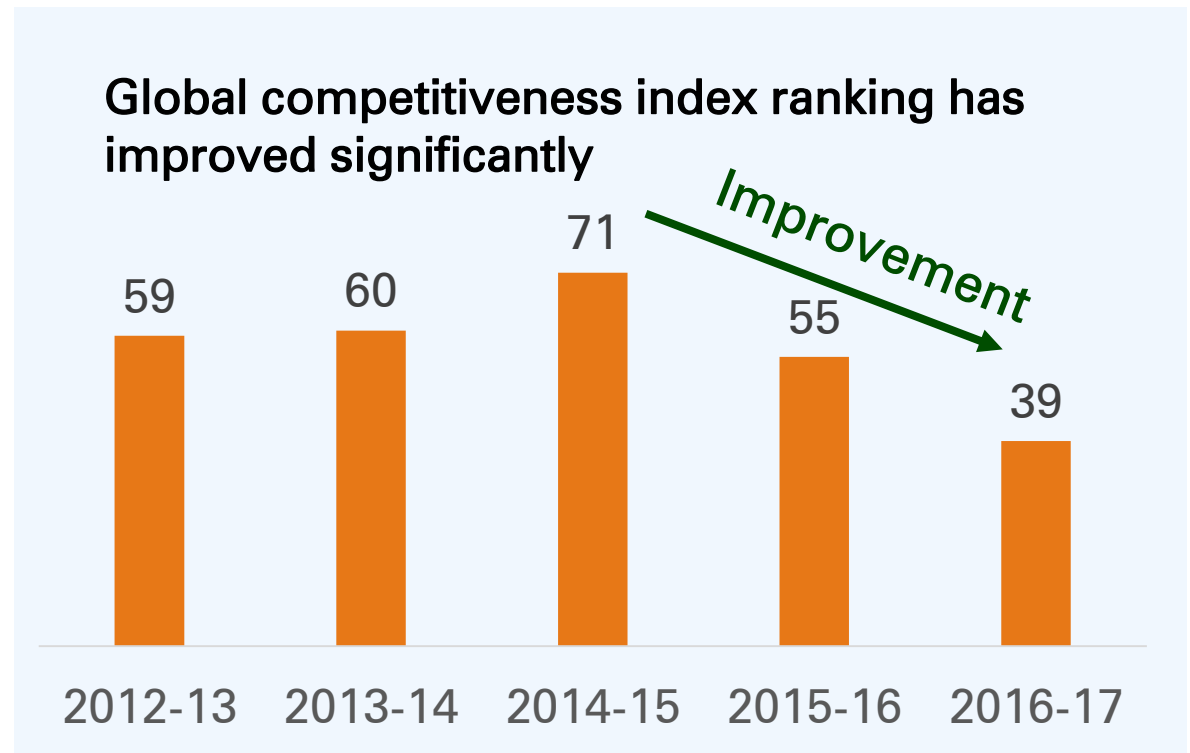
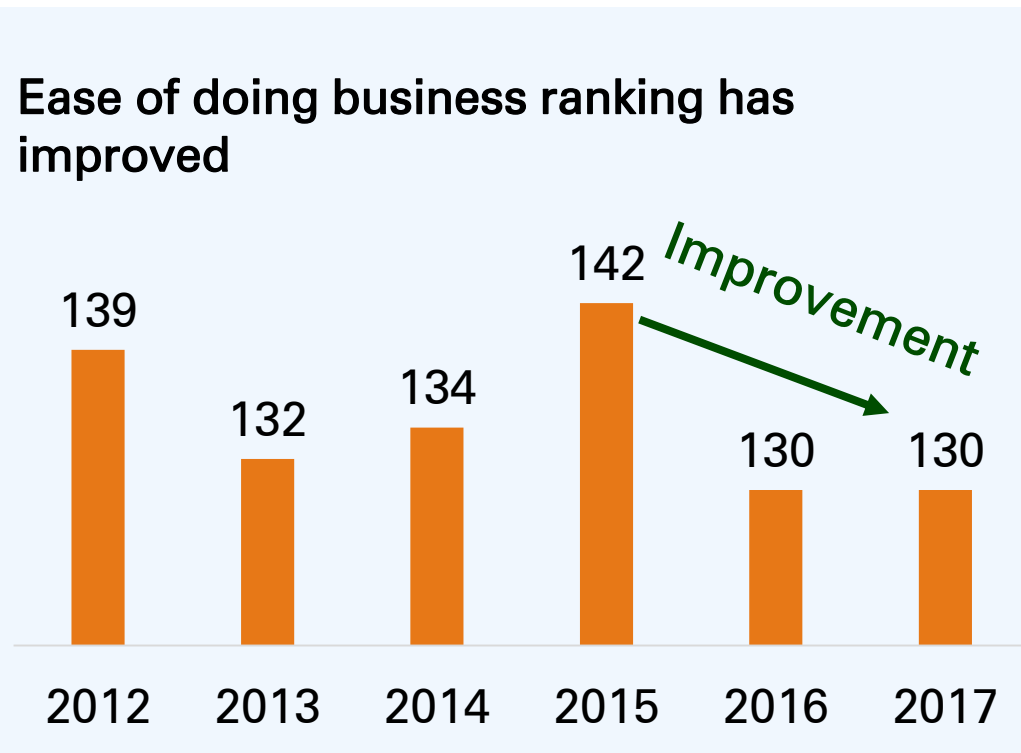


- ❑ From a global context, India stands out for three reasons – stable macros, prudent fiscal and monetary policies, and gradual but steady pace of reforms.
- ❑ With the implementation of Goods and Services Tax (GST), there is huge expectation of the tax base increasing and a larger part of the economy coming under taxation.
- ❑ We recommend that investors can continue to maintain over-weight exposure in equities. Reasonable growth is expected from equity markets over the next two-to-three years.

India Story – Ease of Doing Business

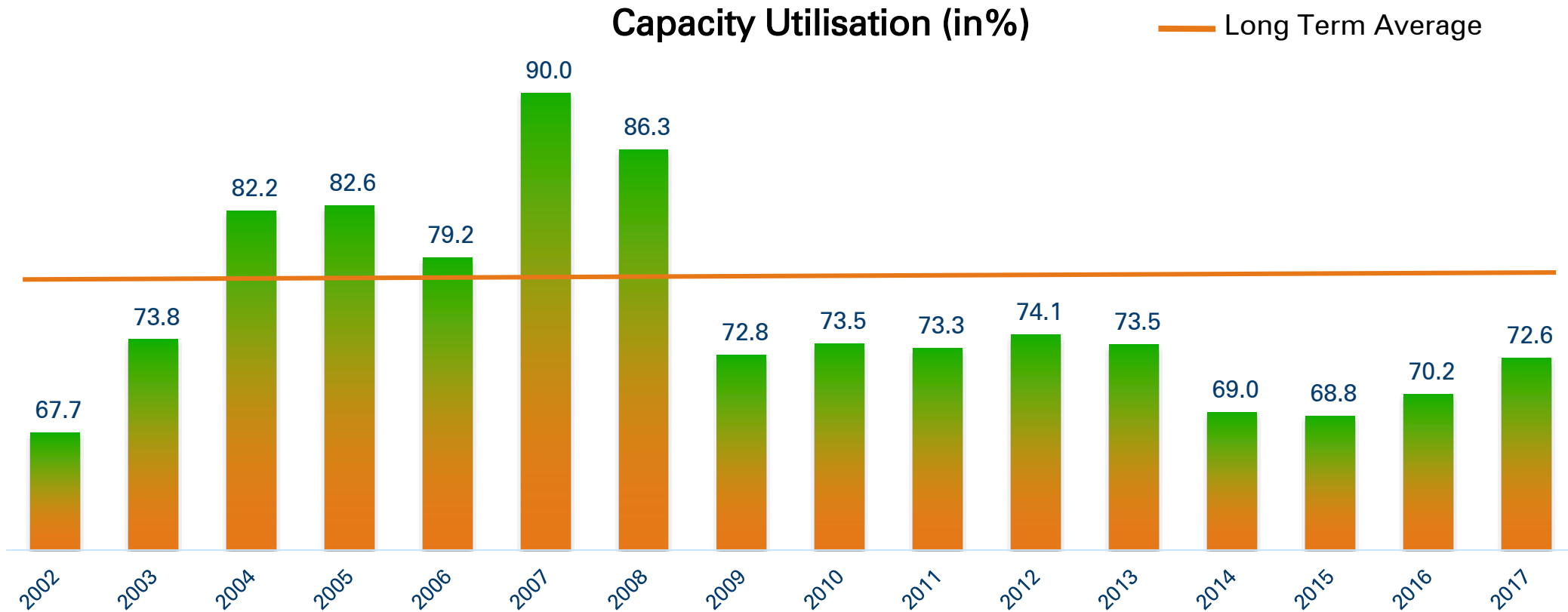


India has gained significant traction among the investing community globally as the policy environment has been improving.



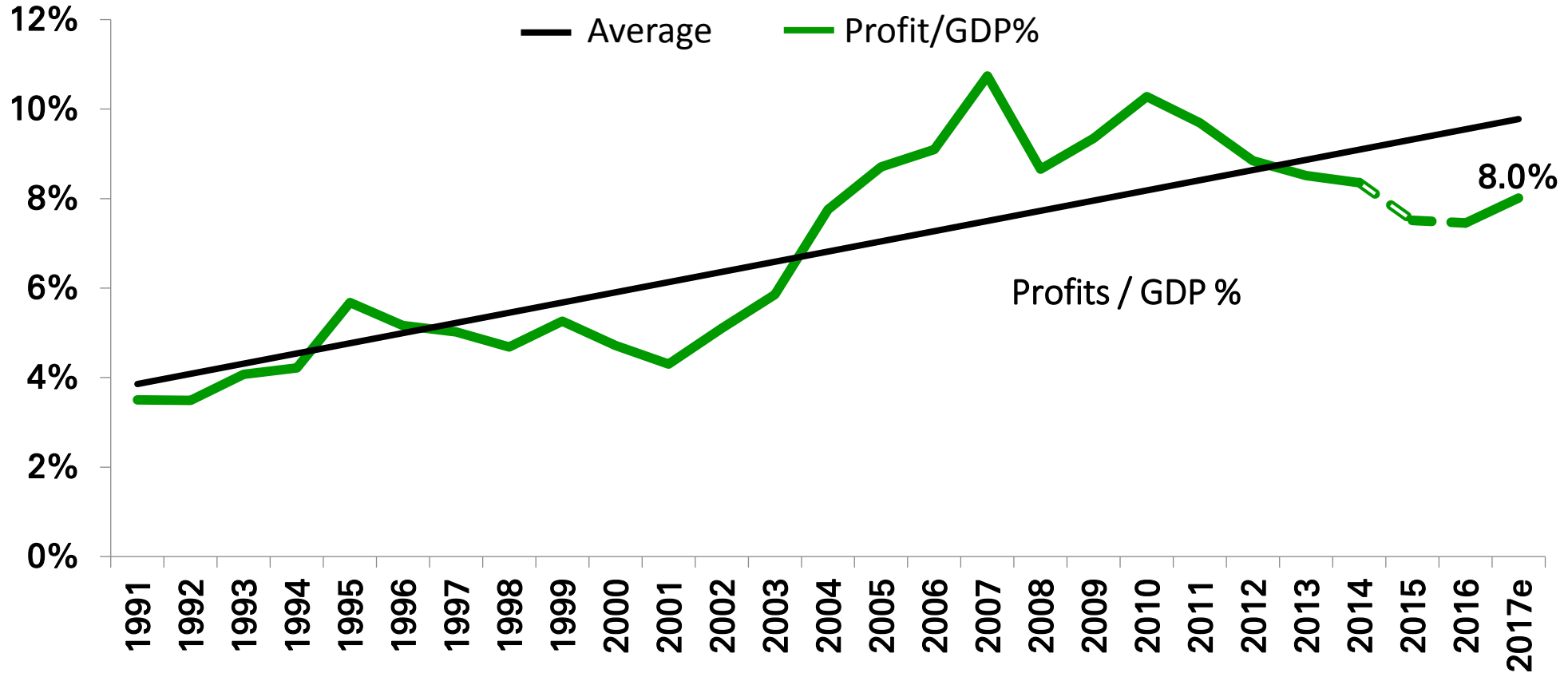
Source: CEIC; Macquarie Research, May 2017; FDI – Foreign Direct Investment in US\$ bn; Ease of doing business is Jan 31 of each year. The information herein is solely for private circulation and for reading/understanding of registered Advisors/Distributors and should not be circulated to investors/prospective investors.

India Story - Capacity Utilisation below Long Term Average



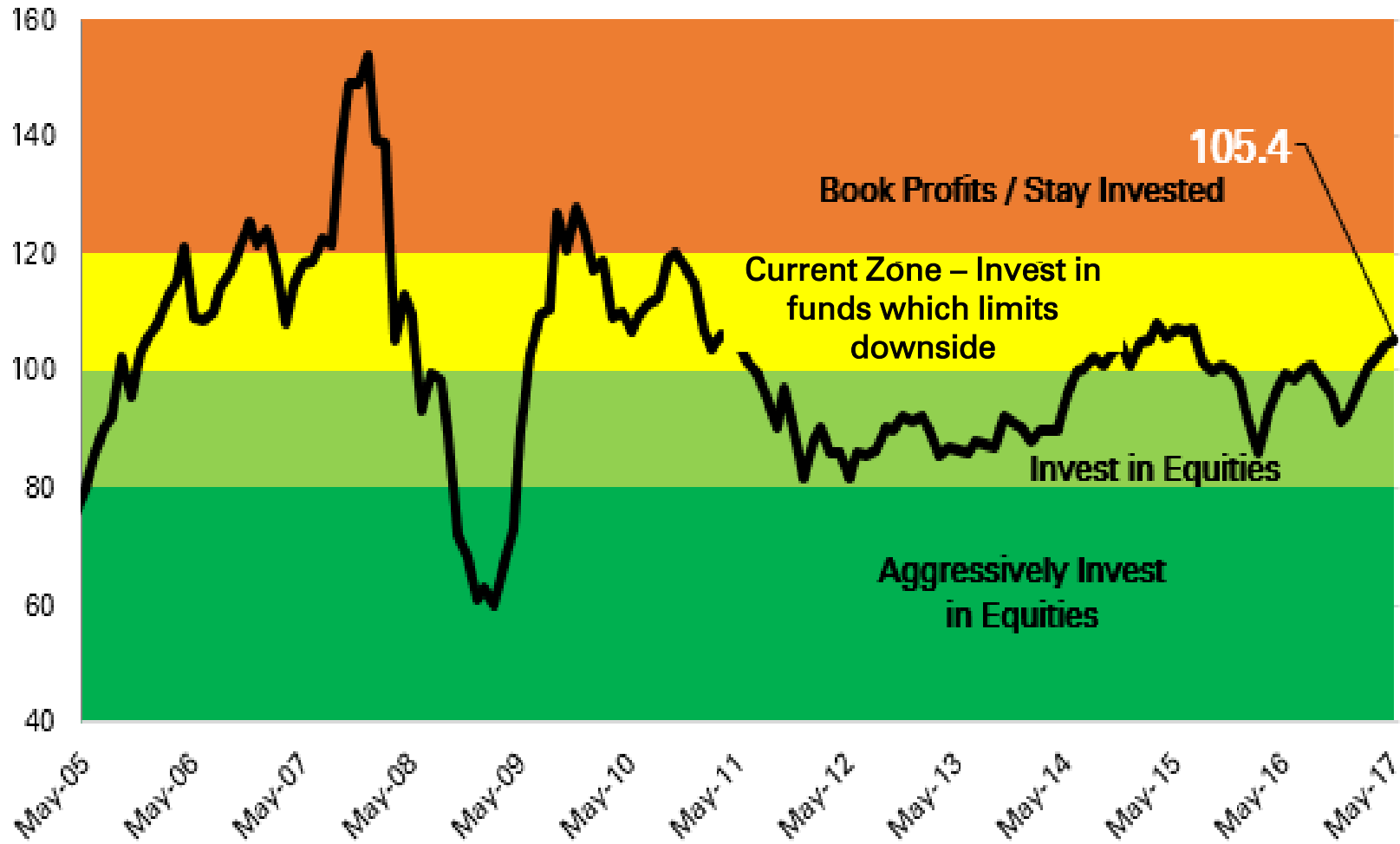
The capacity utilisation is below the long term average of 76%. As demand increases, the corporates may be able to manufacture more without spending additionally to build capacity. This may result in higher operating leverage.

India Story - Corporate Profitability Likely to Pick Up



Due to low capacity utilisation, the Corporate profitability has been muted.

Equity Valuation Index – We are in the Mid Cycle



As Global uncertainties cannot be ruled out, near term volatility can be expected. Hence, investor could consider investing in funds which can limit the downside due to volatility.

Presenting ICICI Prudential Value Fund - Series 15



- ❑ We are in the midst of economic uptrend and investors could participate in the equity market with a conservative approach
- ❑ The fund aims to limit downside by using hedging strategy and counter cyclical investment approach
- ❑ Earnings cycle is yet to improve and most micro indicators have just started picking-up
- ❑ Stock specific value investing opportunities are available
- ❑ Value/Contra investing approach could be a prudent way forward

ICICI Prudential Value Fund - Series 15 aims to

- ❑ The Fund invests in equity with an aim to limit the downside.
- ❑ The Fund follows Multicap approach
- ❑ The Fund uses hedging strategy to limit the downside



ICICI Prudential Value Fund – Series 15 – Key Themes



Infrastructure

Corporate Lending - Banks

Contrarian approach on Pharma and Technology Sector

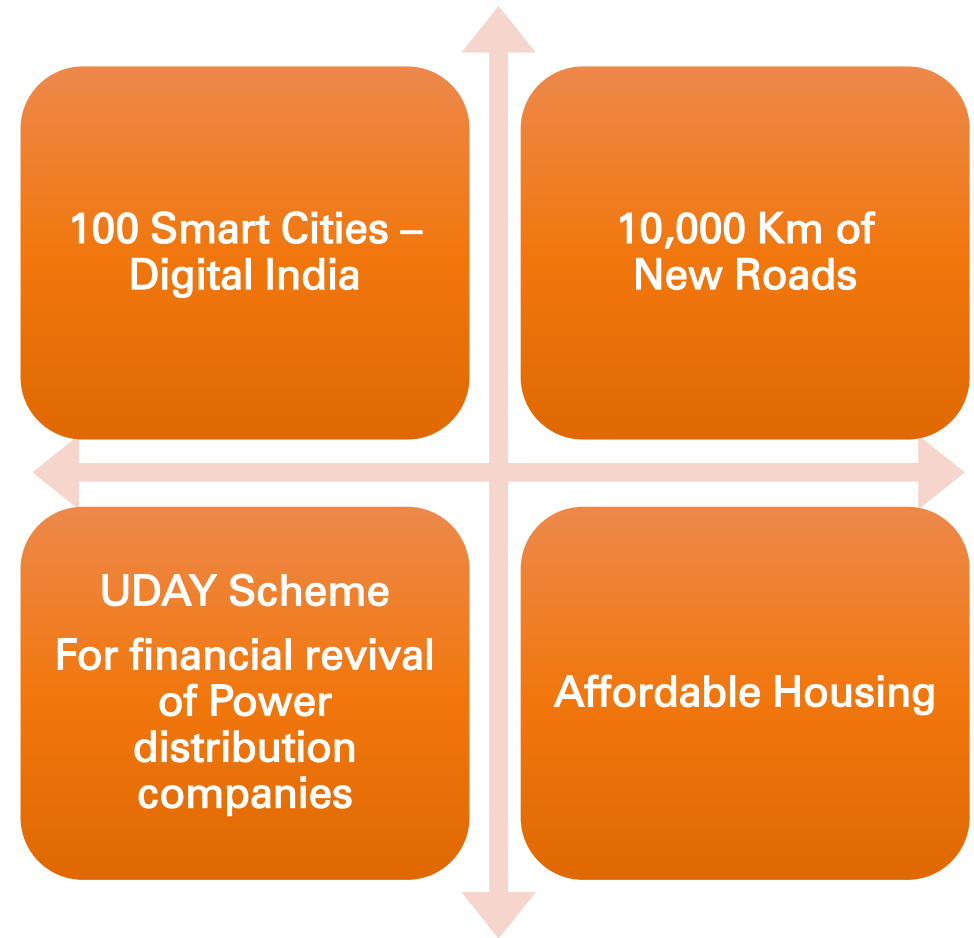
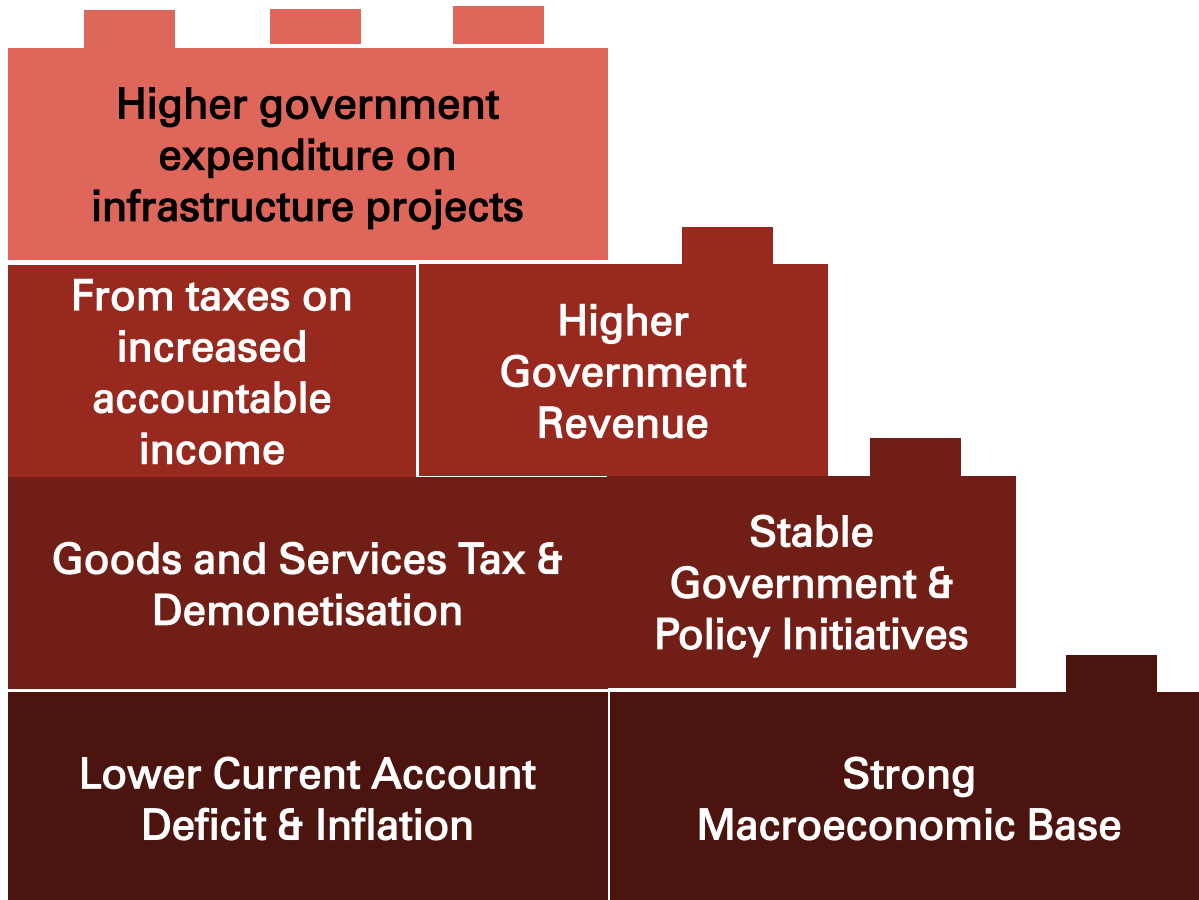
Unorganised to Organised shift

Why Invest In Infrastructure Sector?

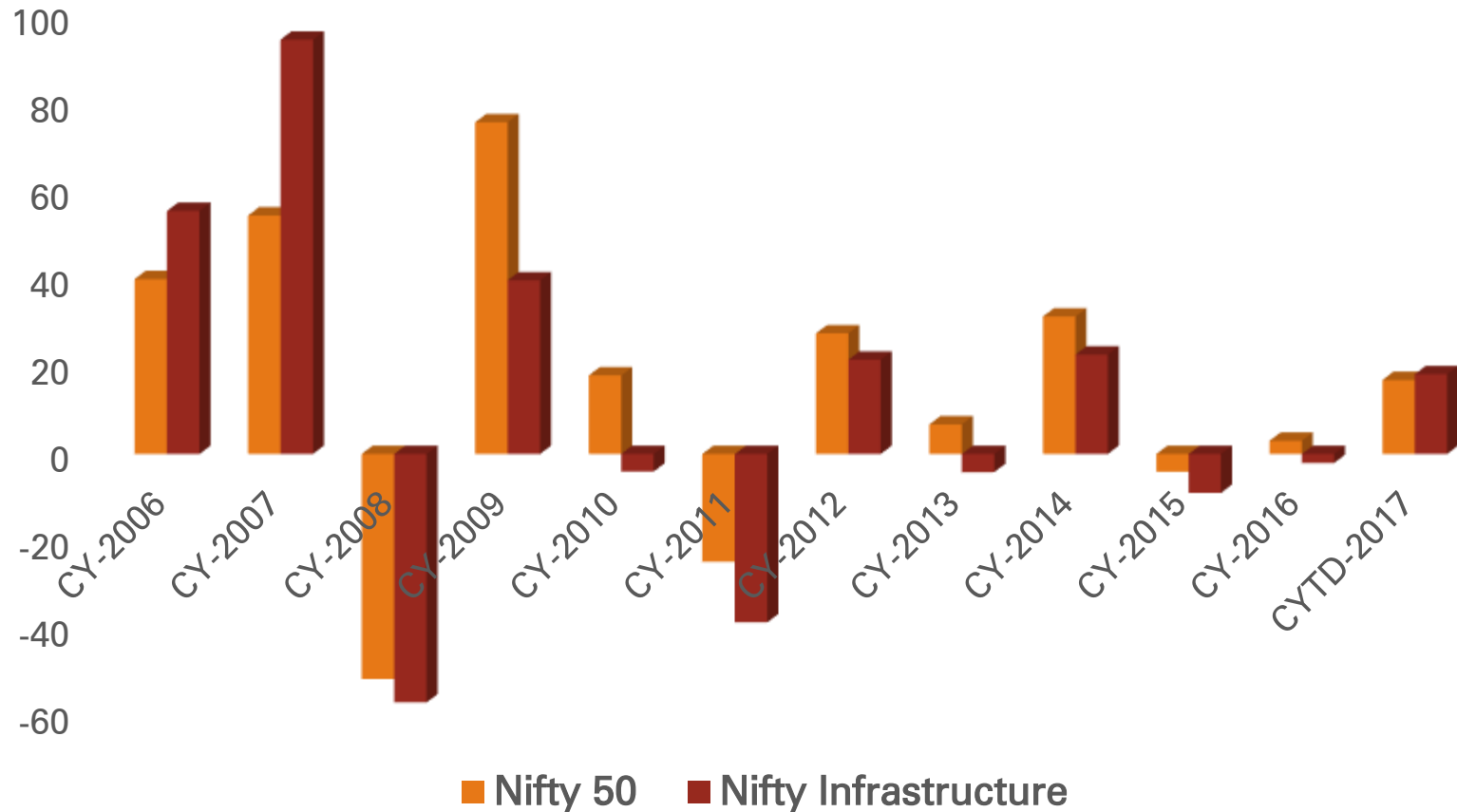


- POWER:** Government's focus on lowering debts of power distribution companies and infrastructure expansion in rural and urban areas.
- MINERALS / MINING:** Could grow in tandem with expected increase in demand for power, operational efficiency, and relatively cheaper valuations.
- TELECOM:** India's 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 relatively cheaper valuations.

Factors Supporting Infrastructure Growth



Infrastructure Sector Valuations Still Reasonable (Calendar Year Return %)



Sector has underperformed the broader market in the last ten years

Index	10 Years Absolute %
Nifty 50	129.61
Nifty Infrastructure	-9.89

The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). Data as on 15 June 2017. Past performance may or may not be sustained in future, **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.**

Why Corporate Lending Banks

Credit Growth



- Credit growth is expected to pick up
- Bottoming of NPA Cycle
- Passage of bankruptcy code, sale of corporate assets

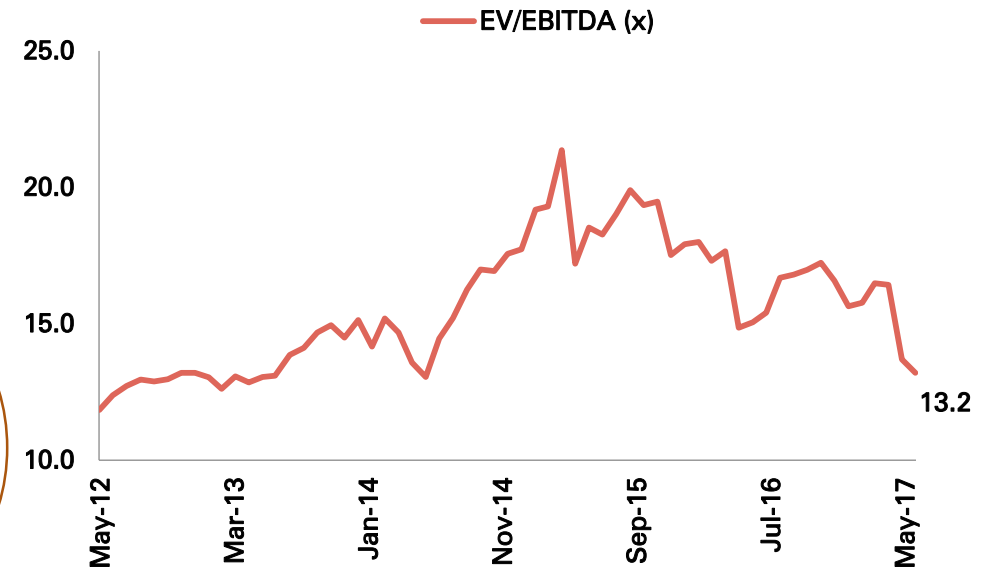
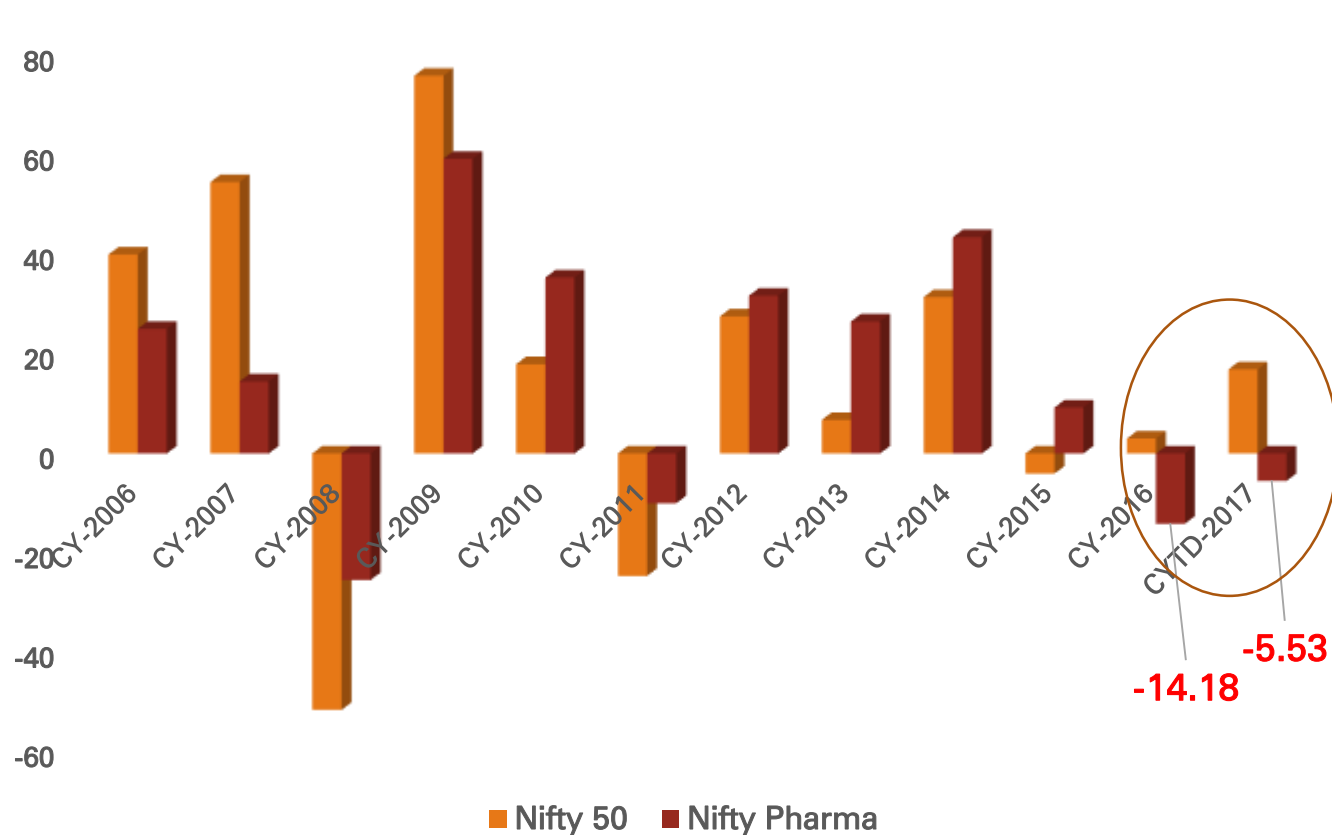
Source: Edelweiss Research. Data as on 15th June 2017. The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). Past performance may or may not be sustained in future, **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.**

Why Pharma Sector?



- Last one year has seen 3 clear headwinds for the sector
 - Rupee/ dollar appreciation and currency issues in some emerging markets
 - Delay in Resolution of Food and Drug Administrator (FDA) issues of a few companies by a few quarters which has led to lack of approvals
 - Pricing pressure in USA
- What potential do we see in the sector?
 - Domestic market may continue to grow 12-14%
 - Emerging markets can continue to deliver strongly for Indian Companies
 - USA can grow with good pipeline for large Indian companies in USA
 - Increase in R&D to play out
 - FDA issue resolution which will result in approvals and operating leverage play

Pharma Sector Valuations Still Reasonable (Calendar Year Return %)



Pharma can be a good contrarian bet, since it has underperformed the broader market in the last two years

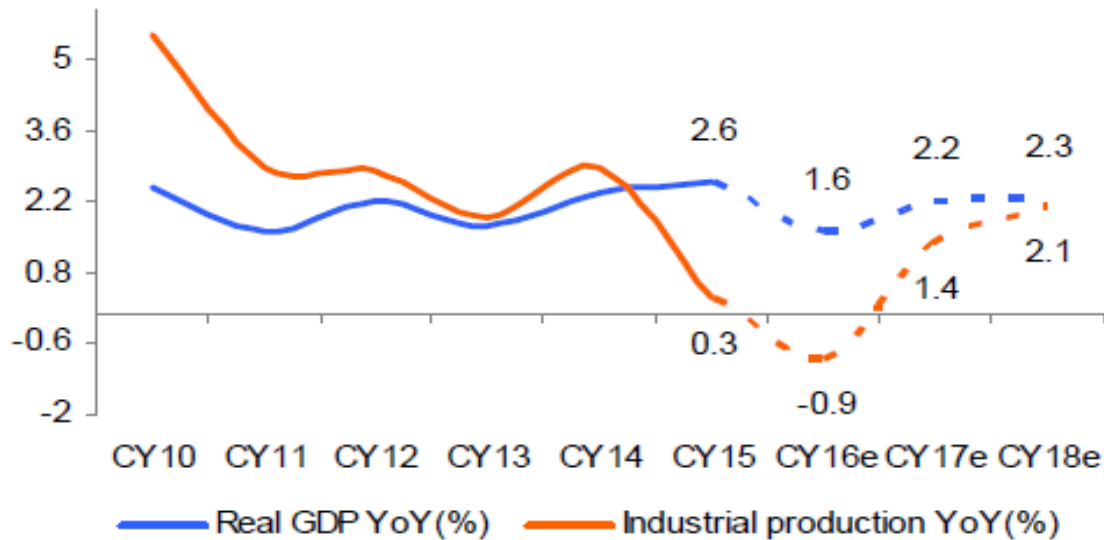
Source: Bloomberg. EV: Enterprise Value, EBITDA: Earnings Before Income Tax Depreciation and Amortization, CYTD: Current Year to Date. Data as on June 15, 2017. The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). Data as on 15 June 2017. Past performance may or may not be sustained in future, **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.**

Information Technology

Maturing from "growth" to "value"



- Despite growth below 10%, Indian IT firms maintain their competitive advantage in enabling adoption of large scale disruption at the reasonable value.
- FY18 does lend optimism riding the improvement in US economy, particularly US financials, consumer confidence index, retail sales, new home sales, employment etc.



US Economy is expected to improve in CY17-CY18

Indian IT has a high correlation between P/E and US\$ revenue growth

Source: Bloomberg E:Estimates. The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). **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.**

Organised vs. Unorganised



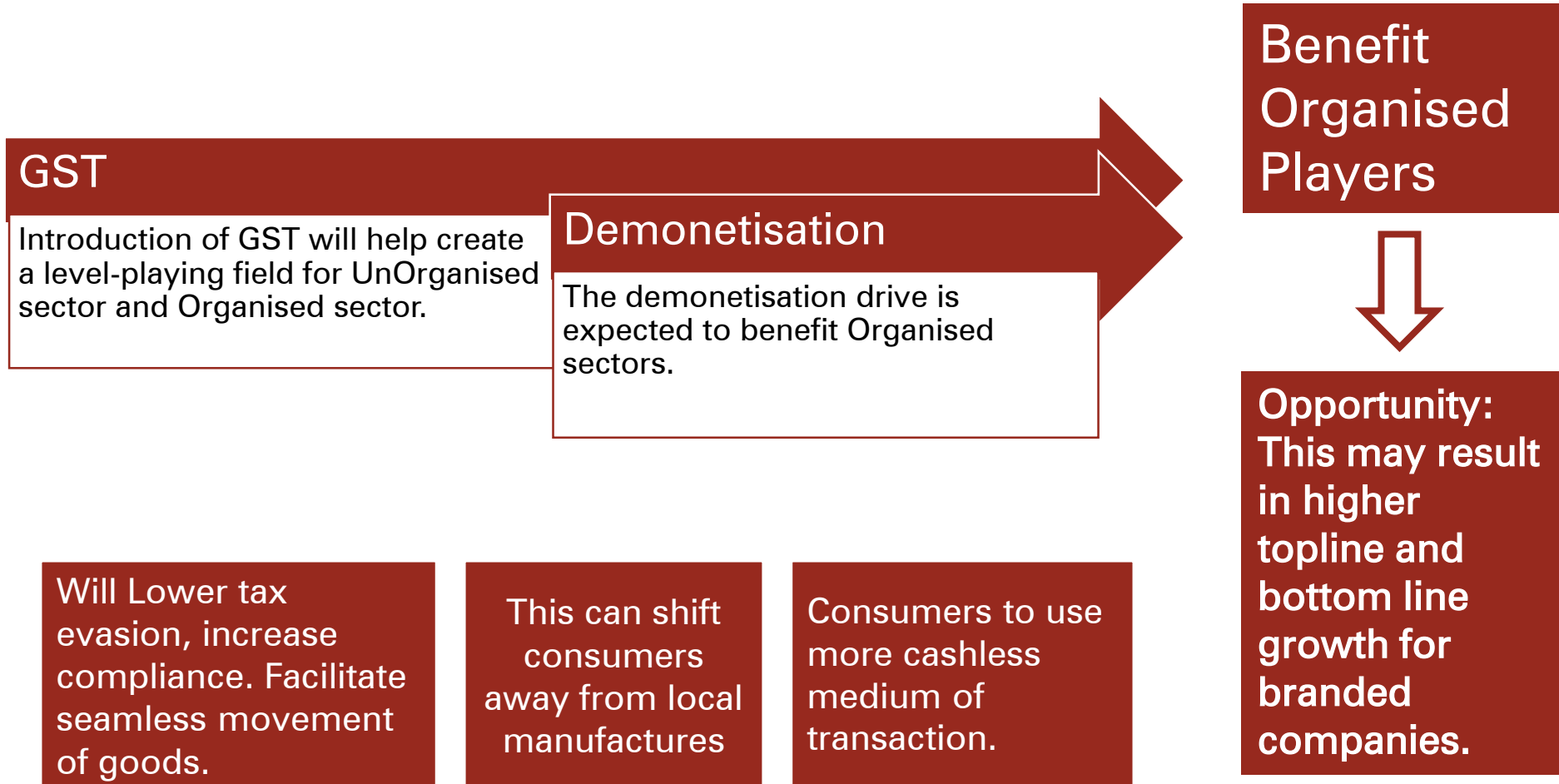
Strategy of Organised Players	Strategy of Un-Organised Players
Large Distribution Network	Scattered Distribution Network and More Regional Bias
<ul style="list-style-type: none"> - Superior Quality - Accounting of Taxes - Thus, Optimally Priced 	<ul style="list-style-type: none"> - Inferior Quality -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

GDP Contribution
← Shift
GDP Contribution

Source: National Commission for Enterprises in the UnOrganised Sector

The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). **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.**

Unorganised to Organised



Source: Edelweiss Securities; GST - Goods & Service Tax

The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). **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.**

Opportunity seen as there is a shift towards organised economy

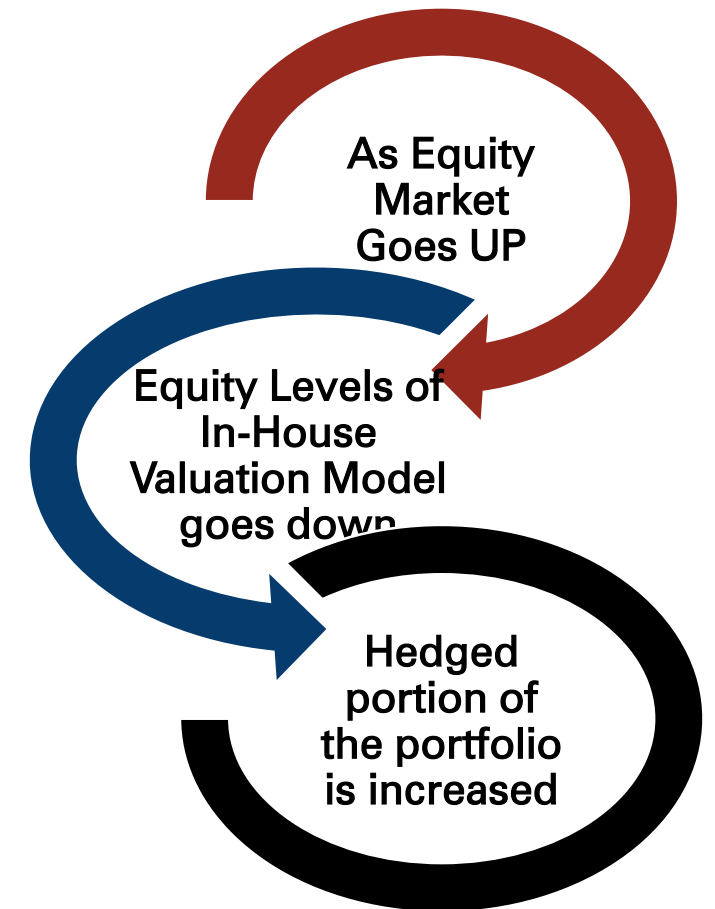
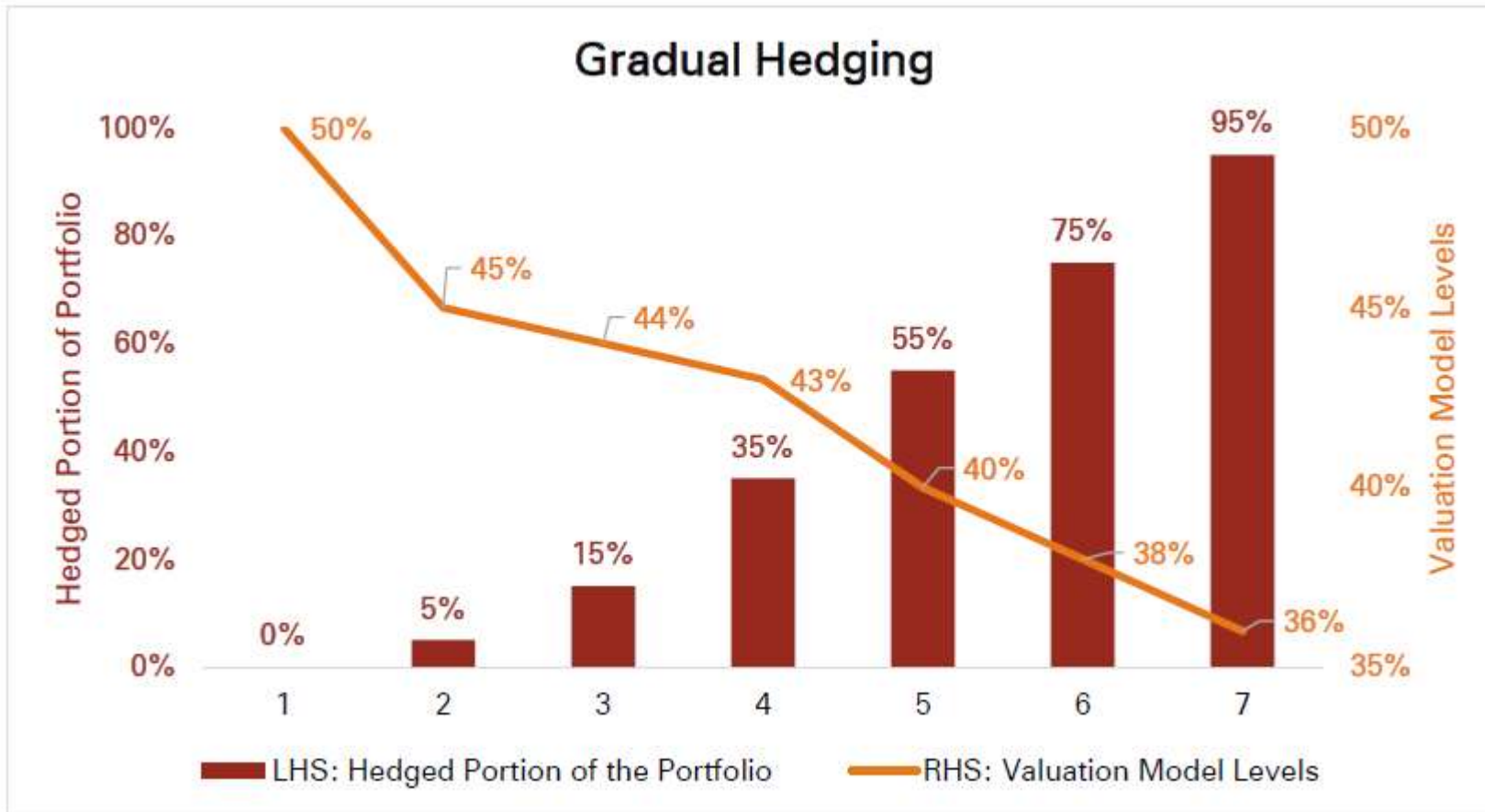


Sectors with high share of Unorganised Businesses	Share of Unorganised Businesses in Sector
✓ Food Services	90%
✓ Apparel	80%
✓ Plywood	70%
✓ Sanitary ware	60%
✓ Tiles	50%
✓ Footwear	50%
✓ Electric Goods	40%
✓ Pipes	40%
✓ Small Appliances	40%
✓ Paints	30%

Source: Company data, Credit Suisse estimates

The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). **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.**

Sell High – Hedging Strategy (Only for Illustration)



Simulation – Hedging the portfolio (Only for Illustration)

Hedge	Index Level	Equity Return	Option Return	Total Return
0%	9,600.00	95.00	0.00	95.00
10%	9,700.00	95.99	0.00	95.99
20%	9,800.00	96.98	0.00	96.98
30%	9,900.00	97.97	0.00	97.97
40%	10,000.00	98.96	0.00	98.96
50%	10,100.00	99.95	0.00	99.95
60%	10,200.00	100.94	0.00	100.94
70%	10,300.00	101.93	0.00	101.93
80%	10,400.00	102.92	0.00	102.92
90%	10,500.00	103.91	0.00	103.91
100%	10,600.00	104.90	0.00	104.90
	10,600.00	104.90	0.00	104.90
	10,500.00	103.91	0.10	104.00
	10,400.00	102.92	0.29	103.21
	10,300.00	101.93	0.58	102.50
	10,200.00	100.94	0.95	101.89
	10,100.00	99.95	1.41	101.36
	10,000.00	98.96	1.96	100.92
	9,900.00	97.97	2.59	100.56
	9,800.00	96.98	3.29	100.27
	9,700.00	95.99	4.08	100.06
	9,400.00	93.02	6.91	99.93
	9,200.00	91.04	8.89	99.93

As the market Starts falling, hedged position will help to limit the Downside



As the market is rising, hedge position may increase.

Fund Buys Put options

The exposure to derivatives can depend on our internal Price to Book based valuation model.

Why Invest in ICICI Prudential Value Fund – Series 15?



Themes - Infrastructure, Corporate Lending Banks, Contrarian sector - Pharma and Technology and Unorganised to Organised shift are likely to play out well with two - three years investment horizon

Helps in bottom-up stock selection with clear three year view

Aims to limit downside

Why Close Ended Funds?

Fixed Investment Horizon – Roller Coaster (Ups and Down) Example



Fixed investment horizon, could help fund manager to take long term concentrated - bets and themes

Limited Exit Option – Duranto Train Example (One Entry and One Exit)



The risk of early exit or late entry, due to investor psychology can be controlled

ICICI Prudential Value Fund – Series 15 Features



Tenure	:	1299 days
NFO Period	:	June 27, 2017 to July 11, 2017
MICR cheques	:	Till the end of business hours on July 11, 2017
RTGS and transfer cheques	:	Till the end of business hours on July 11, 2017
Switches	:	Switches from equity schemes – July 11, 2017 till cut off time (specified for switch outs in the source scheme) Switches from other schemes – July 11, 2017 till cut off time (specified for switch outs in the source scheme)
Option to be launched	:	ICICI Prudential Value Fund - Series 15 - Growth & Dividend , ICICI Prudential Value Fund - Series 15 - Direct Plan - Growth & 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 & Ihab Dalwai

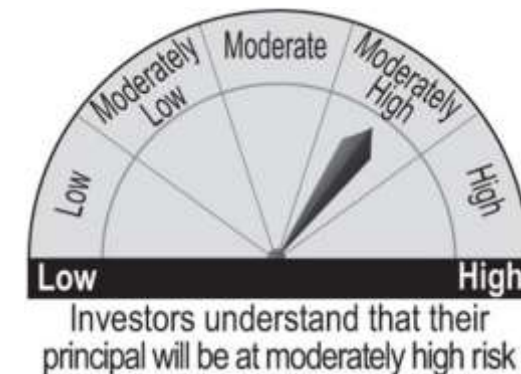
Riskometer & Disclaimer



ICICI Prudential Value Fund – Series 15 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.

Disclaimer: All figures and data given in the document are dated unless stated otherwise. In the preparation of the material contained in this document, the AMC has used information that is publicly available, including information developed in-house. Some of the material used in the document may have been obtained from members/persons other than the AMC and/or its affiliates and which may have been made available to the AMC and/or to its affiliates. Information gathered and material used in this document is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. We have included statements / opinions / recommendations in this document, which contain words, or phrases such as “will”, “expect”, “should”, “believe” and similar expressions or variations of such expressions, that are “forward looking statements”. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

The AMC (including its affiliates), the Mutual Fund, the trust and any of its officers, directors, personnel and employees, shall not liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner. The recipient alone shall be fully responsible/are liable for any decision taken on this material.

The sector(s)/stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(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.

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.

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.