

Market Outlook

Macroeconomic factors of Indian economy are stable compared to other emerging markets and fiscal consolidation of the country continues to be in positive territory. Meanwhile, an improving external environment, stronger consumption and robust public capital expenditure augur well for earnings. As consumption increases we believe that the capacity utilisation can also rise, and corporates would report increase in earnings without additional capital expenditure. The resultant operating leverage could lead to higher earnings.

With the Government taking legislative steps to implement GST (Goods and Services Tax) within the second half of the calendar year 2017, there is likelihood that macro numbers could improve further. The implementation of GST could benefit organised businesses. As tax compliance increases, more businesses could shift from unorganised to organised segments of the economy. We believe that the valuations are fair. However, as earnings increase, Price-to-Earnings (PE) can re-rate towards the higher-end. Hence, PE may expand more than its long-term average.

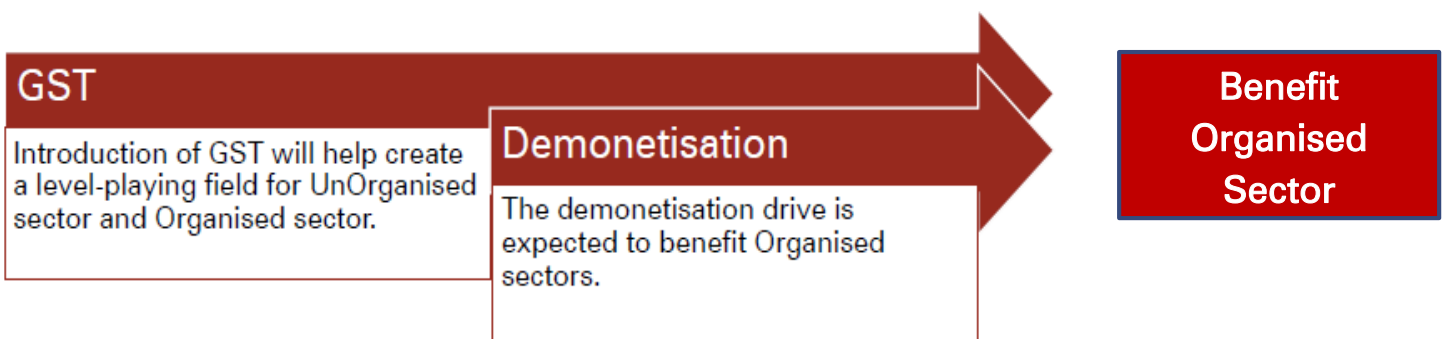
We believe investors could continue to remain over-weight in equities, as reasonable growth is expected from equity markets over the next two-to-three years. The returns in equities could be front-ended i.e. returns can come before earnings growth is reported.

ICICI Prudential Value Fund - Series 13 could be a favourable choice for investors who would want to benefit from government's focus on infrastructure development and structural reforms in India.

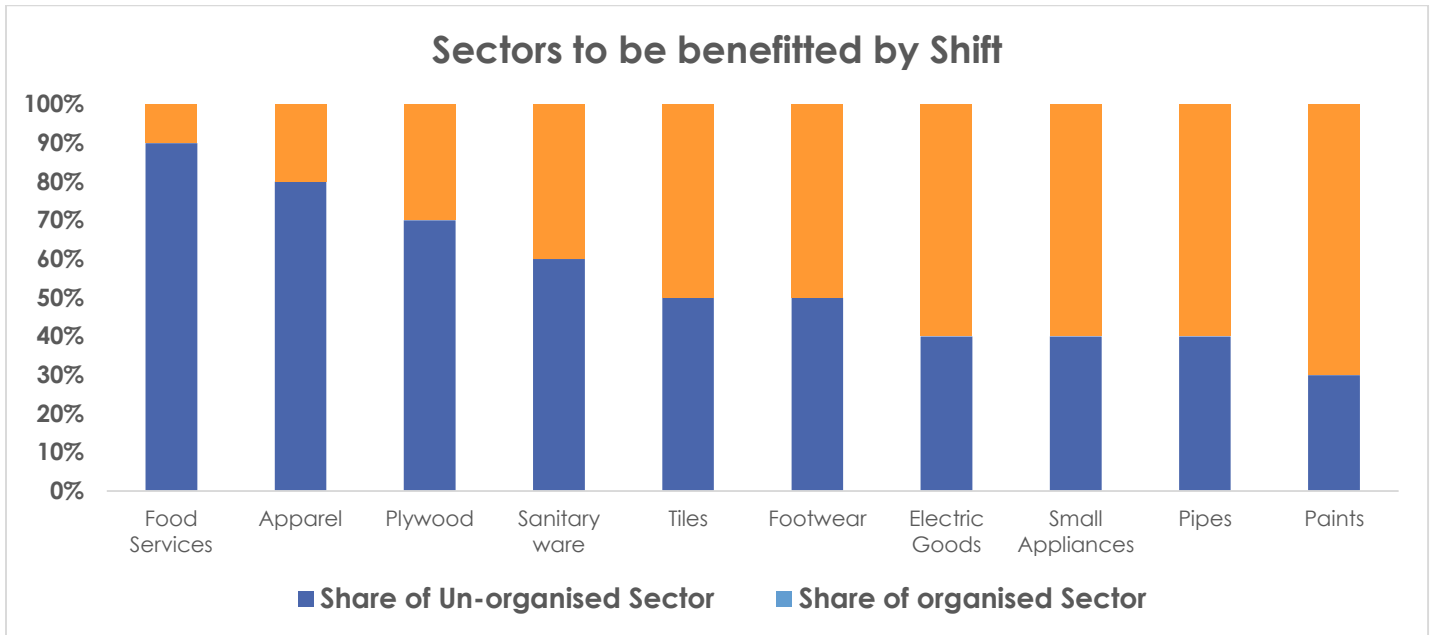
Unorganised to Organised

Unorganised player's contribution to India's GDP is pegged at 50% however, the stage has been set for the tables to turn and the baton to pass to the organised segment at an accelerated pace. The game changer is the Government's various policy initiatives—streamlining of corporate taxes & business regulations, implementing GST, among others—that are bound to propel this shift. These reforms, in conjunction with burgeoning urbanisation, booming e-commerce and an expanding aspirational middle class, will undoubtedly move the pendulum emphatically in favour of organised players, offering them opportunities.

Due to the factors mentioned above, Companies listed under organized sector are expected to benefit the most by gaining market share from unorganized market.



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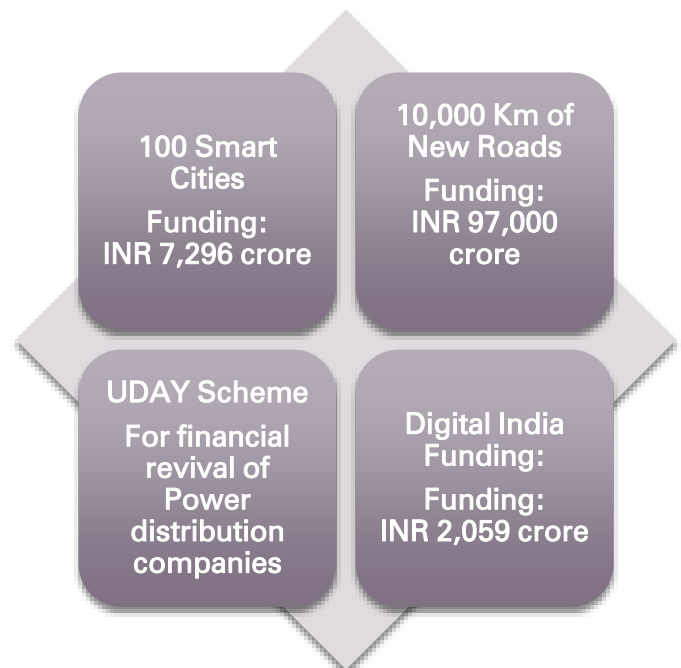


Infrastructure Sector

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Ministry of Road Transport and Highways, and Ministry of Shipping, has announced the Government's target of Rs 25 trillion (US\$ 376.53 billion) investment in infrastructure over a period of three years, which will include Rs 8 trillion (US\$ 120.49 billion) for developing 27 industrial clusters and an additional Rs 5 trillion (US\$ 75.30 billion) for road, railway and port connectivity projects.

Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development.

Below are the reasons for the boost of Indian infrastructure sector.



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- Higher Government expenditure on infrastructure projects
- Government revenues might increase from taxes as the accountable income might increase after demonetization
- Stable Government & Policy initiatives
- Goods and Services Tax
- Strong Macroeconomic base as India is at reasonable lower current account deficit & low inflation
- The Government's vision for India to provide 24*7 power. For this target the Government plans to spend USD 50 bn on transmission infrastructure. It aims for 1bn tons of domestic coal production.

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

ICICI Prudential Value Fund - Series 13 - Investment Strategy

- 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

ICICI Prudential Value Fund - Series 13

Type of scheme	A three years (1329 days) close ended equity scheme
New Fund Offer (NFO) period	April 25, 2017 to May 09, 2017
Investment Objective	The investment objective of the scheme is to provide capital appreciation by investing in a well-diversified portfolio of stocks through fundamental analysis.
Options	<ul style="list-style-type: none">• ICICI Prudential Value Fund - Series 13 Dividend Option• ICICI Prudential Value Fund - Series 13 - Direct Plan Dividend Option
Benchmark Index	<ul style="list-style-type: none">• S&P BSE 500 Index
Fund Managers*	<ul style="list-style-type: none">• S Naren & George Joseph*

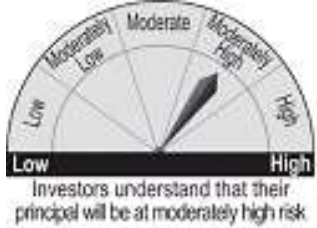
ICICI Prudential Value Fund – Series 13



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*Mr. Ihab Dalwai for investment in ADR/GDR/ Foreign securities.

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

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

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