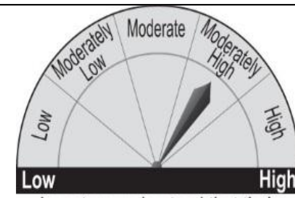
ICICI Prudential Multiple Yield Fund - Series 10 –1775 Days Plan A

(A Close-ended Income Fund) NFO Period: November 19, 2015 to December 03, 2015 Offer of units at Rs. 10 each during NFO period only.

This Product is suitable for investors who are seeking*:	Riskometer
• Long term wealth creation solution • A Hybrid fund that seeks to generate income by investing in fixed income securities and aim for capital appreciation by investing in equity and equity related instruments.	 Investors understand that their principal will be at moderately high risk
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	

The Fund aims to limit downside by investing in high rated debt instruments and at the same time endeavors to generate long term growth by investing in equity. This is achieved through the structure of the Fund's portfolio which will be predominantly invested in debt instruments (aim to limit downside risk), with a limited equity exposure aiming to provide capital appreciation. The returns are sought to be tax efficient.

Unique structure that aims to limit downside and grow your money

Around 73-78% of investor money will be invested in investment options like quality bond papers (rated investment grade) of reputed issuers. The Fund will invest in securities with a view to hold them till the maturity of the Fund. The AMC aims to identify securities, which offer reasonable levels of yield at lower levels of risks.

Around 22-27% will be invested in equity and equity related securities without any sector or market capitalization bias. This exposure may help to participate in the growth of these companies, thus seeking to provide the portfolio with an element of potential capital appreciation.

The Fund can also invest upto 5% in Government Securities.

The Fund proposes to invest in good rated, investment grade debt instruments. The maturity of the debt securities matches that of the Fund thereby mitigating interest rate risk.

Investment Approach

For Debt Portion:

- Investments in securities with high investment grade rating and maturing in line with the duration of the Fund i.e. ~5 Years (1775 days) and primarily with the objective of holding till maturity.
- It is endeavored to build a portfolio which is high on accrual from an asset mix of high investment grade corporate securities and bonds.

For Equity Portion:

- Focus on bottom up stock picking with no sector or market capitalization bias.
- The objective is to create a basket of stocks with ~5 years perspective.
- The focus is on maximizing returns.

Suitable for

- The Fund can serve as a good transition product for risk averse investors, who primarily save in traditional fixed income investments.
- Investors who would like to invest in a mix of debt and equity instruments.
- Investors looking forward to enhancing returns, from their portfolio, with a view to beat inflation in the long term, can consider this Fund.
- In terms of tax efficiency, traditional fixed income investors (in higher tax brackets) can consider investing in this Fund.

Other NFO details

Benchmark: Crisil Composite Bond Fund Index (80%) and CNX Nifty (20%)

Minimum application amount: Rs. 5000/- and in multiples of Rs.10 thereafter

Entry Load: Not Applicable; **Exit Load:** Since the units of the Fund will be listed on the stock exchange, exit load will not be applicable. Investors shall note that the brokerage on sales of the units of the funds on the stock exchanges shall be borne by the investors.

Liquidity: Listed on BSE Limited (BSE). No redemption / repurchase prior to maturity with the fund house.

Plans/Options available under the Fund:

- Regular Plan – Cumulative option
- Regular Plan – Dividend payout option
- Direct Plan – Cumulative option
- Direct Plan - Dividend payout option

Market Environment

Falling commodity prices and severe deflationary pressures across the world will continue to bring opportunities for investors as Reserve Bank of India (RBI) lowers the interest rate furthermore. However, we believe that RBI may cut rates gradually as it waits to see the transmission of earlier rate cuts. RBI has already stated in its fourth bi-monthly monetary policy meeting that it will maintain an accommodative stance, and its future actions will remain data dependent.

We believe inflation will continue to undershoot the RBI targets for Q1 of FY2016 and FY2017, and may remain around 5% and 4.5% respectively. The widening gap between long term bond yields and the repo rate provides good margin of safety for investors to benefit from by investing in duration funds. Despite 125 basis points (bps) repo rate cut since January 2015, longer end bond yields have not fallen much and there exists enough scope for yields to fall from their current levels. (Data source: RBI)

Investors' Dilemma: Debt or Equity?

The investor's fear of capital erosion prevents them from investing in equity. Therefore in past their asset allocation has got skewed towards other asset classes like real estate and gold, while being underweight on equity.

On the Debt side, the medium to long term good quality papers are still available at reasonable yields; investors may look at capitalizing the opportunity by investing at current levels with an aim to benefit from reasonable accrual income.

Yield as on	2 Year Bond (AAA)	3 Year Bond (AAA)	5 Year Bond (AAA)
31st Aug, 2015	8.20	8.24	8.44
30th Sep, 2015	8.18	8.25	8.35
31st Oct, 2015	7.92	8.03	8.14

Source: Bloomberg; Data on yields is for illustrative purpose only. This data is subject to market movement and actual portfolio construction will depend upon then prevailing market conditions at the time of investment. Prevailing yields do not construe return potential of any Scheme as there are various factors interest rate risk, economic conditions, conditions of equity market, expenses charged which impact the return potential of the Scheme.

We believe it would be an appropriate time to lock into prevailing yield of debt issuances of various issuers and hold them till maturity with a view to minimize the interest rate risk. However, there is a possibility of missing out on potential returns from equity markets, if one were to invest only in debt.

In our continuing endeavor to bring newer opportunities to our investors, while taking into account the evolving global and local environment, we believe that Multiple Yield Funds provide an investment opportunity with an aim to optimize income from debt and potential growth from equity.

Disclaimer:

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

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