

ICICI Prudential

Growth Fund - Series 1

NFO Period: June 02, 2014 to June 16, 2014

This product is suitable for investors who are seeking*:

- **Long term wealth creation solution**
- **A close-ended diversified equity fund that aims to provide capital appreciation by investing in equity and equity related instruments.**



**HIGH RISK
(BROWN)**

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

Note: Risk may be represented as:



(BLUE) investors understand that their principal will be at low risk



(YELLOW) investors understand that their principal will be at medium risk



(BROWN) investors understand that their principal will be at high risk

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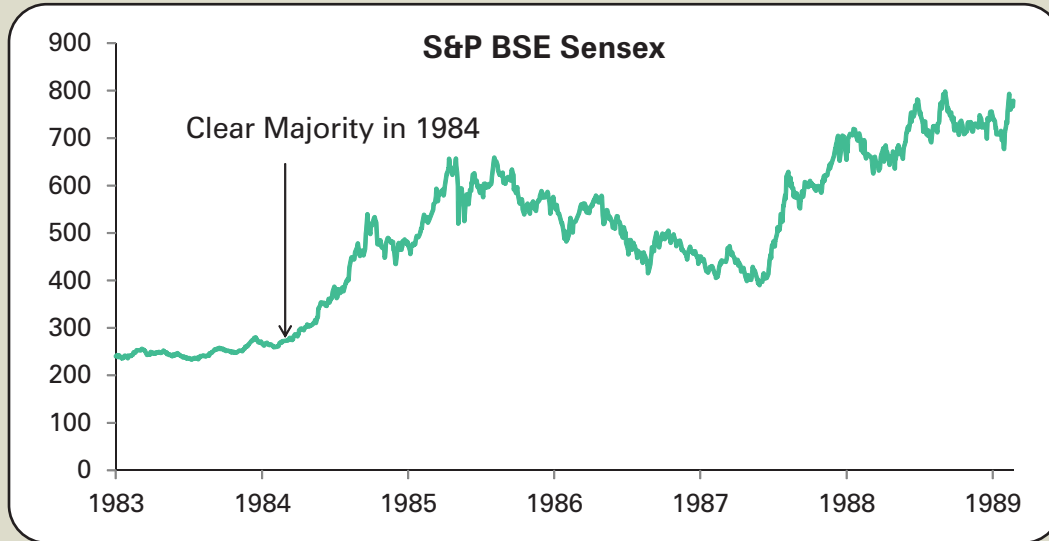


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- New government emerges with clear majority after 3 decades.
- This event is a **structural change** for equities.
- With clear majority at the centre, the decision making could be on a fast track mode and pave its way for structural reforms.
- This can lead to potential re-rating/upgrades of earnings of the corporates in several sectors.

Hence, it is important for investors to consider investing in equities at this point of time.

Sensex performance post 1984



The last time the market saw a clear majority for any govt. was way back in 1984.

Equity Investing - Framework

EQUITY INVESTING - FRAMEWORK



- **MACRO INDICATORS**

- Invest when GDP growth is low
- Invest when IIP is low
- Invest when Fiscal Deficit is improving

- **VALUATIONS**

- Invest when earnings have bottomed out

- **SENTIMENT**

- Invest when investors are under allocated towards equities

Capturing EPS Growth

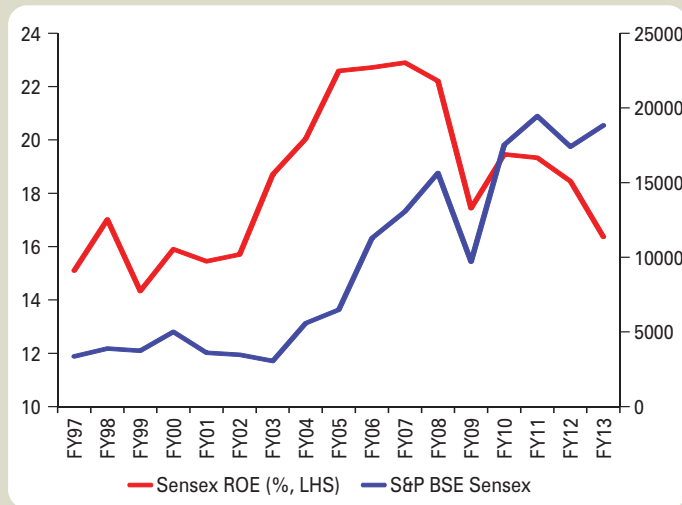
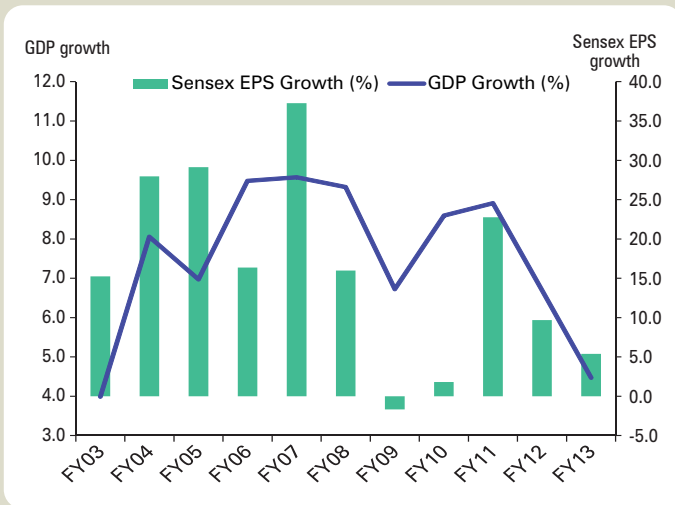
WHY EARNINGS ARE IMPORTANT?



- Sign of good corporate management and efficient use of capital
- High correlation between earnings and real GDP growth rate
- Increasing market share leads to high earnings
- Healthy margins; good financial health echoes in earnings
- Stock prices are lead indicators of earnings

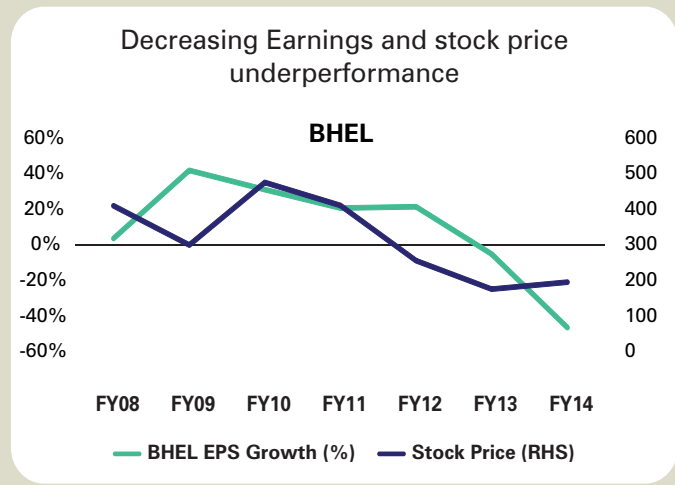
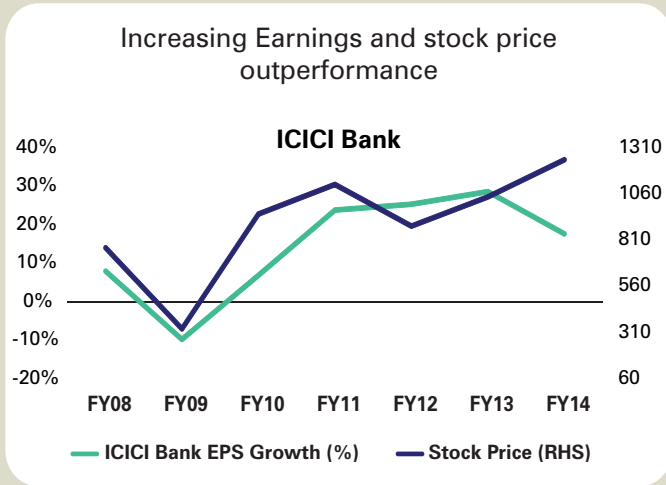
Effectively, increasing earnings means increase in shareholders' wealth

EARNINGS, GDP GROWTH AND MARKET PERFORMANCE



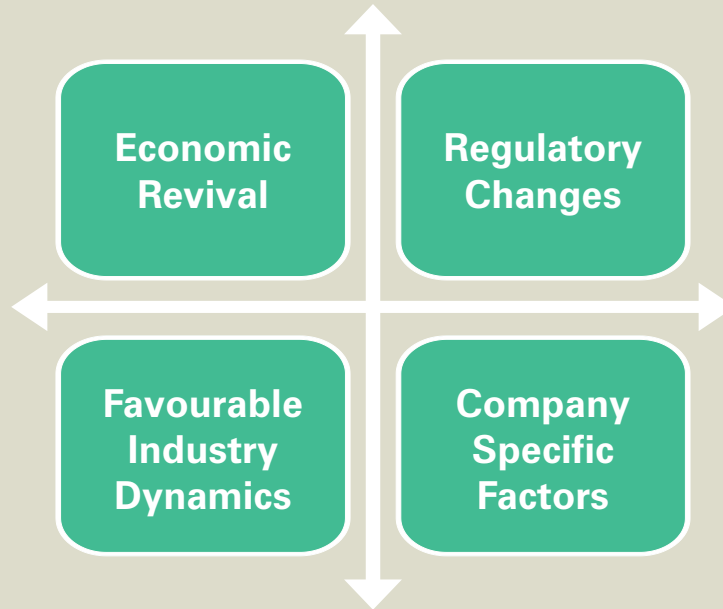
There is a high correlation between Sensex Earnings and India's real GDP growth rate & Sensex movement

RELATIONSHIP BETWEEN EARNINGS AND STOCK PRICES



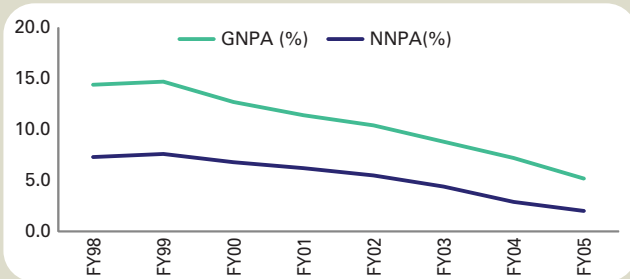
This illustration is to explain the concept of stock price movement basis the change in earnings of the Company. Actual results may vary significantly from the ones mentioned here. The stocks given above should not in any manner be construed as recommendation and ICICI Prudential Mutual Fund/AMC may or may not have any future position in these stocks. The performance of stocks would ultimately depend on various factors such as prevailing market conditions, global political scenario, exchange rate etc.

OPPORTUNITIES FOR EARNINGS EXPANSION

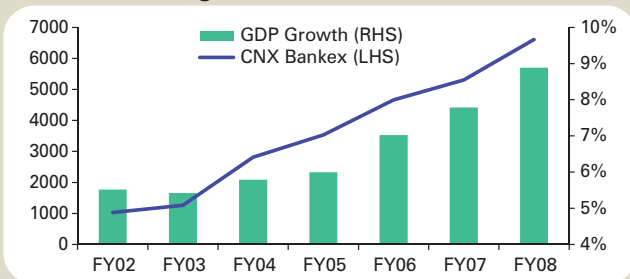


Identifying companies where there could be a turnaround based on above parameters, leading to increase in Earnings

Improvement in NPA's during NDA regime



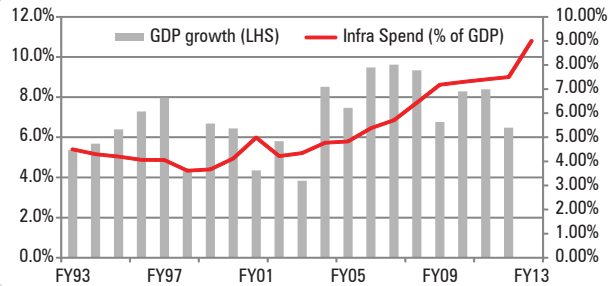
GDP growth and CNX Bankex



Banking

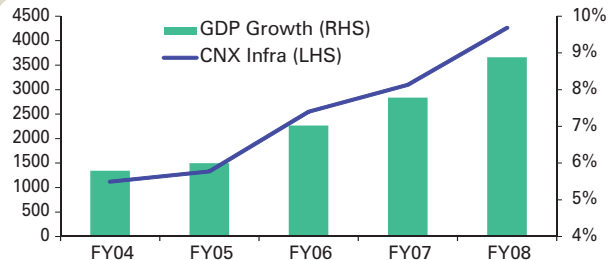
- The new government can take steps to clear supply side bottlenecks, which may lead to lower inflation.
- It is expected that NDA Govt. may take initiatives to bring down NPA's in the banking sector as they had done in the 98-04 period.
- Reversal in the interest rate cycle and improvement in NPA's may lead to increase the earnings in the banking sector.

Infrastructure



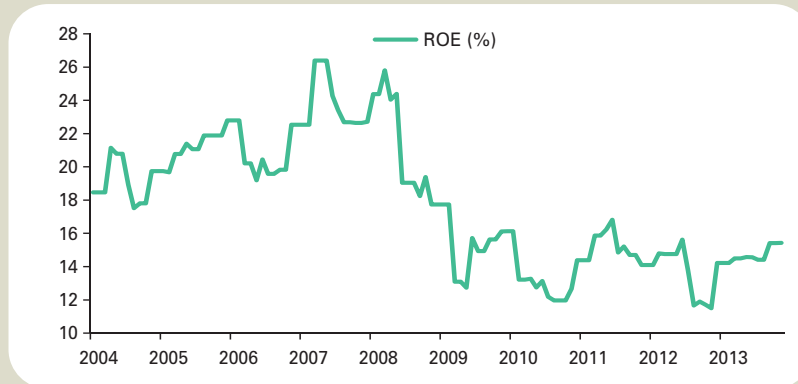
- Implementation of infra projects during the NDA (98-04) regime was firm.
- Past trend shows that there has been strong correlation between infra spending and GDP growth.

GDP growth and CNX Infra Index



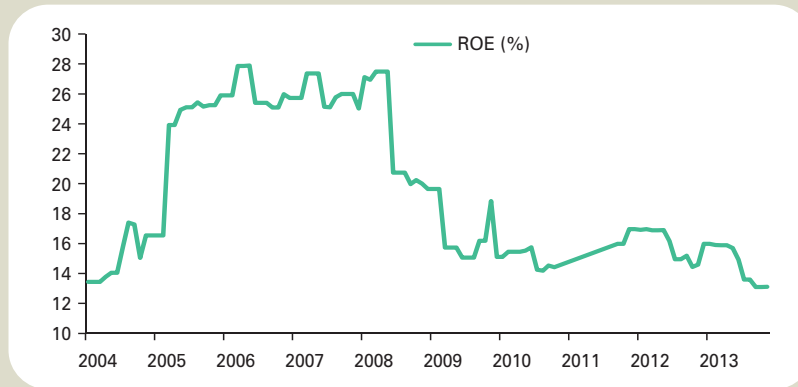
- Softening of interest rates along with the expected clearance of stalled projects may lead to growth in earnings of the infra companies

MSCI Oil and Gas



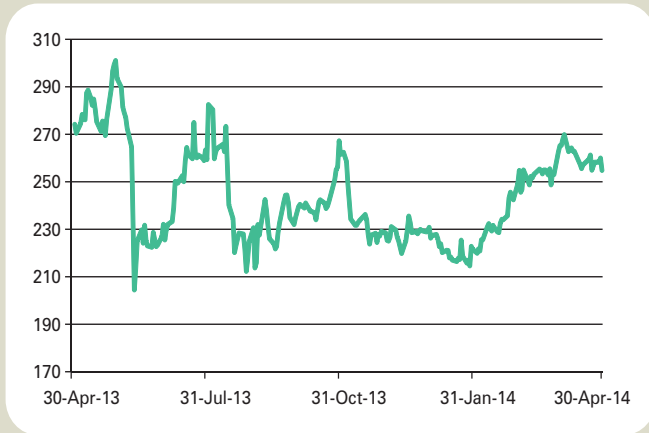
- Increase in global crude prices and depreciation of INR led to increase in under recoveries for the Oil marketing companies
- Deregulation of diesel prices can reduce subsidy burden and improve earnings of PSU Oil and Gas companies

MSCI Industrials



- Debottlenecking projects – which involves lesser capital outlay but which can improve capacity utilization, can be the main focus of the new government.
- This may lead to spurt in growth in the coming years.
- Further, fall in the interest rates may also lead to improvement in the earnings for industrial sector.

A Consumer Discretionary company



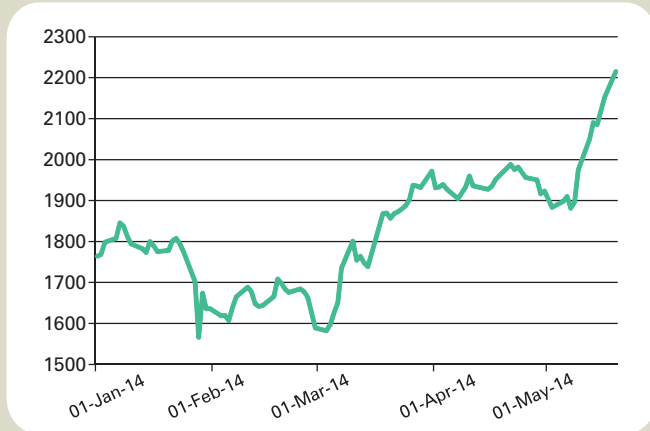
- Due to curbs on gold imports in 2013, the stock price of the company was immediately impacted on the expectations of fall in earnings.
- We believe that with the CAD situation under control, the regulator is likely to reverse the restrictions.
- This may have positive impact on the earnings.

This illustration is to explain company specific factors that can impact earnings. It is necessary to note that the list given above is not exhaustive and there may be other factors impacting earnings. Past performance may or may not be sustained in future. The stock mentioned above does not constitute any recommendation and ICICI Prudential Mutual Fund/AMC may or may not have any future position in this stock. The performance of stocks would ultimately depend on various factors such as prevailing market conditions, global political scenario, exchange rate etc.

Identifying Growth Stocks in the Market

IDENTIFYING GROWTH STOCKS IN THE MARKET

An Auto Company



- Markets had expected a recovery on passenger car segment.
- The expectations were that strengthening of INR can be beneficial for the company.
- The company had invested in new plant, which could help in meeting demand whenever there is recovery in the economy.

This slide is to illustrate the concept of identifying growth stocks in the market. There is also a possibility of the expected event not happening or some other unforeseen event that may affect performance of the company. The performance of stocks would ultimately depend on various factors such as prevailing market conditions, global political scenario, exchange rate etc. Investors are requested to note that there are various factors (both local and international) that can have impact on the future performance and expectations of any company. Information given is available in public domain. There is no assurance or guarantee of any company being able to sustain its performance in future.

IDENTIFYING GROWTH STOCKS IN THE MARKET

A Large Cap Bank



- Markets had expected a recovery in Economy.
- There was an opportunity in the counter when stock price slumped as large amount of NPA and restructured loans were recognized in the financials.
- The banks backed with professional management and which are well capitalized; could participate in growth when the credit demand picks up.

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IDENTIFYING GROWTH STOCKS IN THE MARKET

A Cement Company



- The company has high debt on its balance sheet and is in the process of deleveraging cycle.
- Softening of interest rates and improvement in demand for the cement industry may help improve earnings.

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ICICI Prudential Growth Fund - Series 1

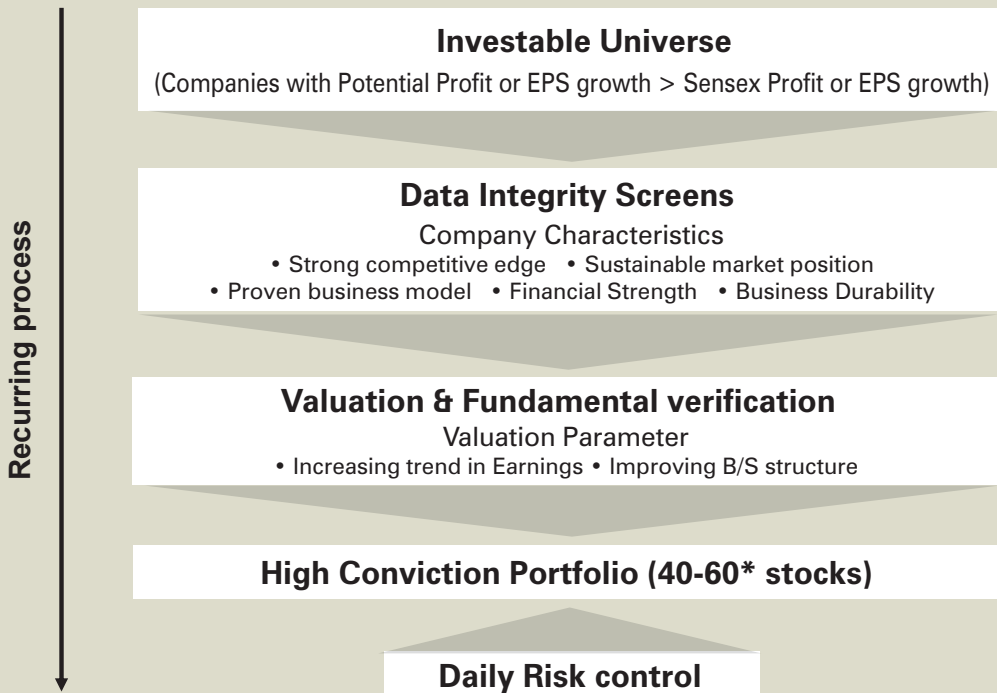


- **A 3 year close ended equity fund investing in 40-60 stocks#**
- **Aims to provide long-term capital appreciation by:**
 - **Identifying companies which are likely to see growth in earnings over next 3 years period.**
 - **Investing across market cap with a bias towards mid & small cap space, Infrastructure and Banking sector.**
 - **Being adequately diversified, while not restricting it to benchmark sector weights.**
 - **Declare commensurate dividends*.**

The number of stocks provided is to explain the investment philosophy and the actual number may go up or down depending on then prevailing market conditions at the time of investment.

* Dividends will be declared subject to availability of distributable surplus and approval from Trustees

Investment Approach



* The number of stocks provided is to explain the investment philosophy and the actual number may go up or down depending on then prevailing market conditions at the time of investment.

SCHEME FEATURES

Type of scheme	A Close ended equity scheme
Investment Objective	<p>The investment objective of the Scheme is to provide capital appreciation by investing in a well-diversified portfolio of equity and equity related securities.</p> <p>However, there can be no assurance that the investment objective of the Scheme will be realized.</p>
Options	<p>Direct Plan – Dividend payout Option Regular Plan – Dividend payout Option</p>
Minimum Application Amount	Rs 5,000 (plus in multiple of Rs.10)
Entry & Exit Load	Not Applicable
Benchmark Index	CNX Nifty Index
Fund Manager*	Manish Gunwani & Venkatesh Sanjeevi

* Mr. Ashwin Jain for investment in ADR/GDR/ Foreign securities

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

All figures and other data given in this document are as on 30th April 2014 unless stated otherwise. The same may or may not be relevant at a future date. The AMC takes no responsibility of updating any data/information in this material from time to time. The information shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Prudential Asset Management Company Limited.

Prospective 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.

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