ICICI Prudential PMS PIPE Portfolio Series 1

A series under The PIPE Portfolio

ICICI PRUDENTIAL PORTFOLIO MANAGEMENT SERVICES

Investment Philosophy: A concentrated portfolio which aims to provide long-term capital appreciation and generate returns by taking meaningful stake in companies enjoying some economic moat or undergoing special situations or in the midst of unfavourable business cycle. Typically, such companies tend to be smaller or out of favour but have the potential to become large because of various dynamics like strong/upcoming business line,quality management ,improving margins etc. and offer significant potential for returns.

Investment Strategy*:

A Portfolio which aims to provide long-term capital appreciation and generate returns by taking meaningful stake in companies that are typically smaller or out of favor. For defensive consideration, while waiting for expected investment opportunities or to meet the liquidity requirements from time to time, the Portfolio may invest in debt and money market instruments.

The Portfolio would look to invest in companies whose market capitalization at the time of investment is very small but have the potential to become large because of various dynamics like strong / upcoming business line, quality management, improving margins etc.

ICICI Prudential Asset Management Company Limited (the Portfolio Manager) shall consider the following aspects for identifying the stocks to invest in:

- Long Term Call on Stocks which have the potential to offer better return over the tenure of the portfolio.
- Bottom Up" Stock Picking Approach seeking to identify companies with above average profitabilty and also use a "top down " discipline for risk control.
- Stocks with long-term growth prospects but currently available at modest relative valuations
- Qualitative Assessment based on the concept of moat which allows a firm to earn above-average returns on capital over a long period of time. Concept of Moat provides analytical framework for selecting companies that generate excess return as compared to competitors for many years.
- Investing in growth opportunity provided by business cyclicality, special situation, mispricing by the market during the tenor of the portfolio.

Market cap strategy: Mid & Small Cap
Investment style: Blend

Indicative Portfolio Composition*:

- ✓ Equity and equity related instruments to the tune of 65-100%.
- ✓ A focused portfolio of 10-15 ideas, predominantly in the Mid & Small Cap Space.
- ✓ Debt, Money Market and Cash in the range of 0-35% through debt and money market mutual fund scheme/s of ICICI Prudential Mutual Fund for temporary investment purpose

*The strategy described herein involves risk and there can be no assurance that specific objectives will be met under differing market conditions or cycles. The investment strategy and the composition of the portfolio as stated herein is only indicative in nature and is subject to change within the provisions of the disclosure document and client agreement without any prior notice to investors. Please refer to the disclosure document & client agreement for details and risk factors.

Investment Suitability

The Portfolio is suitable for investors:

- seeking to enter equity markets with a long term view on Mid & Small Cap Stocks through a concentrated portfolio of 10-15 stocks which are out of favor or for some reason offer significant potential for returns.
- having an investment horizon upto 5 years.

First Applicant   Second Applicant   Third Applicant

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Portfolio Features

Minimum Ticket Size	Rs. 25 Lacs
Investment Horizon	Upto 5 years from the date of inception
Term	The term of the Portfolio will be 36 months from the date of commencement of the Portfolio and may be extended twice by the Portfolio Manager, at its discretion, for a further period of 12 months at a time (this period collectively referred to as the Term). The Portfolio Manager reserves the right to redeem the Portfolio before the end of the Term, as it may deem fit in the interest of the investors
Distribution	Proceeds from investment exits may be distributed back to investors at the discretion of the manager in the best interest of the investors.
Exit Load on redemption by the client ** #	Amount Sought to be redeemed within 36 month from date on commencement-3% of the portfolio Value
	Amount Sought to be redeemed from the 36th month but before 48 months-2% of the portfolio Value
	Amount Sought to be redeemed after 48 months-1% of the portfolio value
	At Maturity or with respect to Distributions by the portfolio:Nil
Fees and charges	Please Refer Schedule II- CLIENT FEES & CHARGES

**Redemption period is calculated from the Date of Commencement of the Portfolio.

#Redemption amount is arrived at after calculation / charging of all Fees and Expenses (including Performance Linked Fee)

Declaration by investor relating to ICICI Prudential PMS PIPE Portfolio Series 1 (A Seies under the PIPE Portfolio)

I / We confirm that I / We have read and understood the provisions relating to this portfolio to this agreement, including the Disclosure Document, and the Risk factors relating to ICICI Prudential PMS PIPE Portfolio Series 1 (A series under The PIPE Portfolio). I / We further confirm that we have agreed to make an investment in the ICICI Prudential PMS PIPE Portfolio Series 1 (A series under The PIPE Portfolio) only after satisfying ourselves on the terms and conditions governing this agreement, the risk factors and all the relevant documents pertaining to the ICICI Prudential PMS PIPE Portfolio Series 1 (A series under The PIPE Portfolio) and shall be bound by the same. I / We agree and understand that, this note forms an integral part of the Discretionary Portfolio Management Services agreement entered into between myself/ ourselves and Portfolio Manager.

Date:

Place:

Portfolio Specific Risk Factors:

In general, investment in the portfolio may be affected by risks associated with equities and fixed income securities.

Investing in small cap companies is based on the premise that relatively small companies will increase their earnings and grow into larger, more valuable companies. However, as with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. Historically, small cap stocks have experienced greater volatility than other equity asset classes, and they may be less liquid than larger cap stocks. Thus, relative to larger, more liquid stocks, investing in small cap stocks, involves potentially greater volatility and risk. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

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In addition, smaller companies may lack depth of management, be unable to generate funds necessary for growth or development, or be developing or marketing new products or services for which markets are not yet established and may never become established. They could also suffer from disadvantages such as - outdated technologies, lack of bargaining power with suppliers, low entry barriers and inadequate management depth. Overall, the risks of investing in medium / small companies are (a) transparency/liquidity levels may not be on par with established, large companies; (b) corporate governance may be an issue with some companies; and (c) they may not be resilient enough to withstand shocks of business/economic cycles

Risk Factors & Disclaimers:

- Investing in securities including equities and derivatives involves certain risks and considerations associated generally with making investments in securities. The value of the portfolio investments may be affected generally by factors affecting financial markets, such as price and volume, volatility in interest rates, currency exchange rates, changes in regulatory and administrative policies of the Government or any other appropriate authority (including tax laws) or other political and economic developments. Consequently, there can be no assurance that the objective of the Portfolio would achieve. The value of the portfolios may fluctuate and can go up or down. Prospective investors are advised to carefully review the Disclosure Document, Client Agreement, and other related documents carefully and in its entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under this Portfolio, before making an investment decision. The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios may or may not have any future positions in these Stock(s)/Sector(s). The composition of the portfolio is subject to changes within the provisions of the disclosure document. The benchmark of the portfolios can be changed from time to time in the future. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of investments in portfolios. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Portfolio Manager to make intended securities purchases due to settlement problems could cause the portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio due to the absence of a well developed and liquid secondary market for debt securities would result, at times, in potential losses to the portfolio.
- Individual returns of Clients for a particular portfolio type may vary significantly from the data on performance of the portfolios depicted in this material. This is due to factors such as timing of entry and exit, timing of additional flows and redemptions, individual client mandates, specific portfolio construction characteristics or structural parameters, which may have a bearing on individual portfolio performance. No claims may be made or entertained for any variances between the performance depictions and individual portfolio performance. Neither the Portfolio Manager nor ICICI Prudential Asset Management Company Ltd. (the AMC) its Directors, Employees or Sponsors shall be in any way liable for any variations noticed in the returns of individual portfolios.
- The Client shall not make any claim against the Portfolio Manager against any losses (notional or real) or against any loss of opportunity for gain under various PMS Products, on account of or arising out of such circumstance/ change in market condition or for any other reason which may specifically affect a particular sector or security, including but not limited to disruption/prohibition/ discontinuation/ suspension of trading in a particular Security including any index or scrip specific futures/ options or due to any act of Company, Market Intermediary by SEBI or any other regulatory authority which may result in trading in such security(ies) being completely or partially affected, to which the Portfolio Manager has taken exposure/ proposed to take exposure and is unable to take additional exposure/ restrain him from taking any position in a particular equity or related derivative instruments etc. due to any reason beyond the control of the Portfolio Manager resulting in unhedged positions or losses due to unwinding of certain positions or losses due to any reason or related to any of the aforesaid circumstances.
- The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's account in any type of security subject to the Agreement and as stated in the Disclosure Document and make such changes in the investments and invest some or all of the Client's investment amount in such manner and in such markets as it deems fit would benefit the Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Clients' account is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines and notifications in force from time to time.
- By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The recipient(s) alone shall be fully responsible/are liable for any decision taken on the basis of this material. All recipients of this material should before dealing and/or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this may not be suitable for all investors. Financial products and instruments are subject to market risks and yields may fluctuate depending on various factors affecting capital/debt markets. There is no assurance or guarantee that the objectives of the portfolio will be achieved. Please note that past performance of the financial products, instruments and the portfolio does not necessarily indicate the future prospects and performance thereof. Such past performance may or may not be sustained in

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- In the preparation of this material the AMC has used information that is publicly available, including information developed in-house. Some of the material used herein 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 herein is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and/or completeness of any information. For data reference to any third party in this material no such party will assume any liability for the same. We have included statements/opinions/recommendations in this material, which contain words, or phrases such as "will", "expect", "should", "believe" and

also PE ratios, EPS and Earnings Growth for forthcoming years and similar expressions or variations of such expressions, which 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, the monitory and interest policies of India, inflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

- 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 Portfolio Manager/ the AMC take no responsibility of updating any data/information in this material from time to time. The Portfolio Manager and the AMC (including its affiliates), 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, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner

Risks attached with the use of derivatives:

- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
- Derivative products are specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Also, the market for derivative instruments is nascent in India. The risks associated with the use of derivatives are different from or possibly greater than the risks associated with investing directly in securities and other traditional investments.

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