

# ICICI Prudential PMS Value Portfolio (the Portfolio)

## A series under "Deep Value" Portfolio

**Investment Philosophy:** ICICI Prudential PMS Value Portfolio aims to follow a value investment style and intends to offer a diversified portfolio of stocks that have high potential but are quoting at a discount to their fair/intrinsic value.

A diversified Portfolio, which endeavors to generate capital gains over the long term, by investing in a diversified portfolio of significantly undervalued stocks.

### **Investment Strategy\*:**

The core investment philosophy of value investing is based on the belief that stocks cannot continue to quote at values that are significantly below their fair values over the long term. At some point in time, the markets are likely to recognize the extent of undervaluation of these companies. The same could lead to a rerating/appreciation in the company's stock price.

There are various reasons why stocks tend to quote at low valuations. Some of these include:

- ✓ An irrational market sentiment that drives down the price of a stock to a level lower than justified by fundamentals. This could occur as an overreaction to negative news or as result of market pessimism on corporate/industry fundamentals. Markets also often tend to ignore certain stocks/sectors that appear to have low growth or non-exciting stories.
- ✓ Valuations not factoring in all aspects of the companies earning potential: Companies may have certain hidden assets on their books or assets whose actual value may not be factored in by the markets. This could include surplus land, equity holdings, cash on balance sheets, trademarks etc. The markets are also at times slow to factor in company developments such as operational or financial restructuring, entry in to new markets, capacity expansions, introduction of new products, change in management etc. that could potentially add significant value to the worth of the business. During cyclical downturns, a number of companies are also often valued based on bottom cycle earnings, which can look very attractive as the industry cycle improves.

The Portfolio Manager aims to find a good business at reasonable price and not mediocre business at a bargain price. Portfolio Manager endeavors to invest in securities with

- Favourable long-term prospects;
- Strong management;
- Scalable businesses;
- Sustainable competitive edge; and
- Available at an attractive/reasonable price

The Portfolio aims to follow 'buy and hold' strategy in order to fully capitalise the true underlying value of the business potential which gets 'unlocked' over a period of time. However, the portfolio may be actively managed to take advantage of certain market trends with an endeavour to enhance returns.

Investment Style of the Portfolio:

### **1. Value approach based on quantitative parameters-**

The Portfolio intends to invest primarily in stocks that are significantly undervalued i.e. a stock which trades at valuations that are significantly below the estimated fair value of the company. The degree of undervaluation of the stock may be judged by various quantitative valuation parameters including, but not limited to, price/earnings, price/book, dividend yield, price/cash flow, replacement cost, sum-of-part valuation etc.

---

-----  
First Applicant

-----  
Second Applicant

-----  
Third Applicant

# ICICI Prudential PMS Value Portfolio (the Portfolio)

## A series under “Deep Value” Portfolio

**Investment Philosophy:** ICICI Prudential PMS Value Portfolio aims to follow a value investment style and intends to offer a diversified portfolio of stocks that have high potential but are quoting at a discount to their fair/intrinsic value.

### 2. Capture Special situations and contra calls

The Portfolio Manager may use contra investing strategy which involves selection of stocks that are not popular at the moment but have the potential to do well over time because of factors such as strong fundamentals, future turnaround in the business cycle and revival in economic growth.

### 3. Bottom-up approach

The Portfolio Manager aims to follow a bottom-up approach to identify value stocks across market capitalizations that are likely to transform into tomorrow’s market leaders resulting in potential capital appreciation over time.

**Market cap strategy:** Multi-cap with a bias towards Mid-Caps

**Investment style:** Value

#### Indicative Portfolio Composition\*:

- ✓ Diversified Equity Portfolio of undervalued stocks
- ✓ A portfolio of 20-25 ideas, biased towards Mid-Caps
- ✓ Maximum exposure to a security – 10% of the Portfolio
- ✓ Maximum exposure to a sector – 25% of the Portfolio or +/- 7% from the sectorial weightage in the Benchmark Index whichever is higher

\*The philosophy 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 invest for a fairly long term with an aim to benefit from the full investment cycle
- ✓ with an investment horizon of at least 3 years and above

#### Portfolio Features

Minimum Ticket Size	Rs. 25 Lacs
Investment Horizon	3 years and above
Portfolio Term	Open-Ended
Benchmark	S&P BSE Mid-Cap
Fees and charges	Please Refer Schedule II- CLIENT FEES & CHARGES

#### Declaration by investor relating to ICICI Prudential PMS Value Portfolio (A series under “Deep Value” 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 Value Portfolio (A series under “Deep Value” Portfolio). I / We further confirm that we have agreed to make an investment in the ICICI Prudential PMS Value Portfolio (A series under “Deep Value” Portfolio) only after satisfying ourselves on the terms and conditions governing this agreement, the risk factors and all the relevant documents pertaining to the

-----  
First Applicant

-----  
Second Applicant

-----  
Third Applicant

ICICI Prudential PMS Value Portfolio (A series under "Deep Value" Portfolio) and shall be bound by the same. I / We agree and understand that, this note forms an integral part of the Agreement entered into between myself/ ourselves and Portfolio Manager.

Date:

Place:

**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. 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. 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 securities would result, at times, in potential losses to the portfolio. 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 future. Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. The investors are not being offered any guaranteed or assured returns. The AMC may be engaged in buying/selling of such securities. Please refer to the Disclosure Document and Client Agreement for portfolio specific risk factors.
- Individual returns of Clients for a particular portfolio type may vary significantly from the data on performance of the portfolios as may be depicted by the Portfolio Manager from time to time. 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 ICICI Prudential Asset Management Company Ltd. (the AMC) nor 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.
- The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's investment 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. 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 investments discussed in this may not be suitable for all investors.

---

-----  
First Applicant

-----  
Second Applicant

-----  
Third Applicant

- 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 monetary 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.

---

-----  
First Applicant

-----  
Second Applicant

-----  
Third Applicant