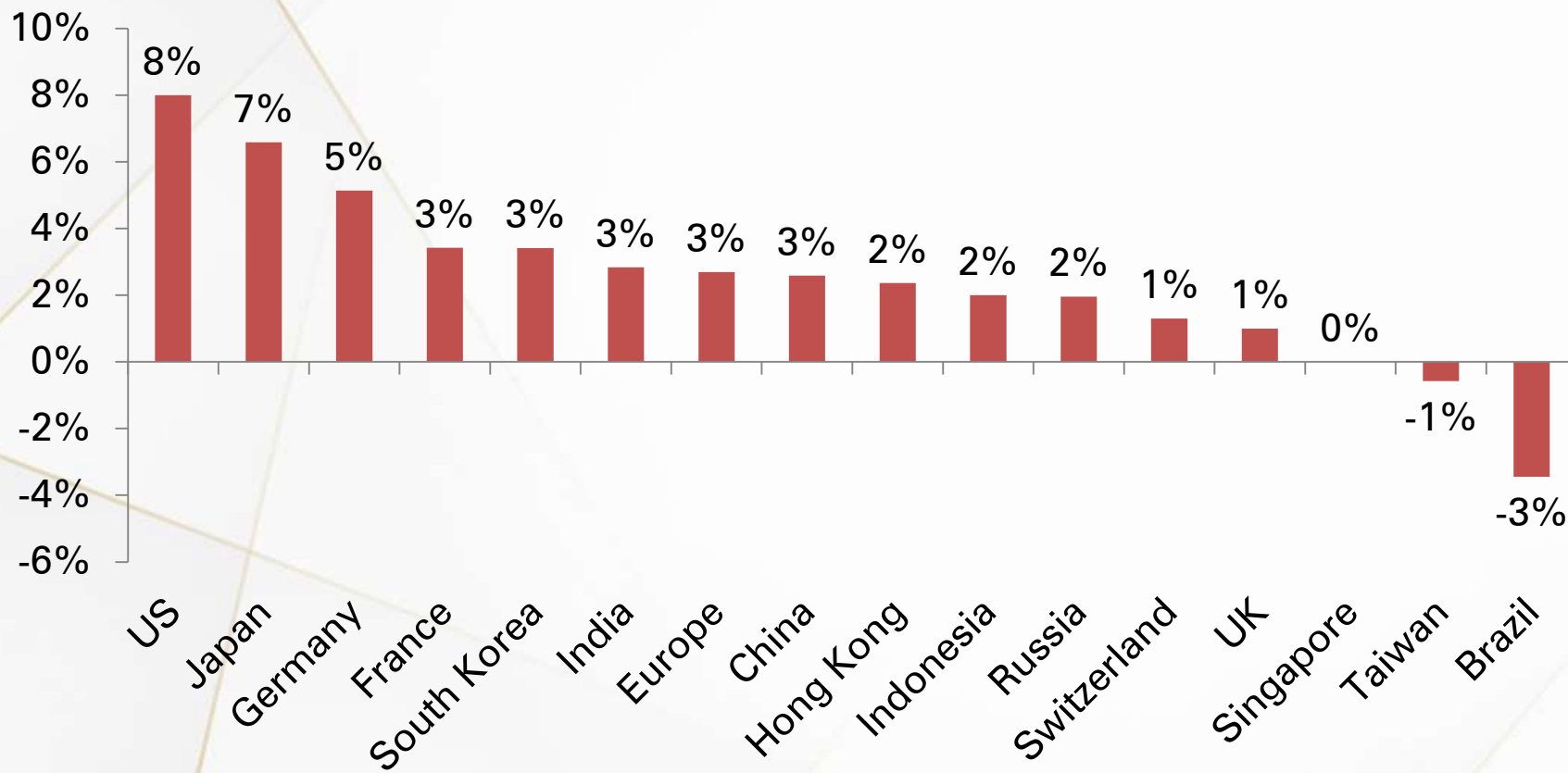


ICICI PRUDENTIAL PMS

VALUE STRATEGY

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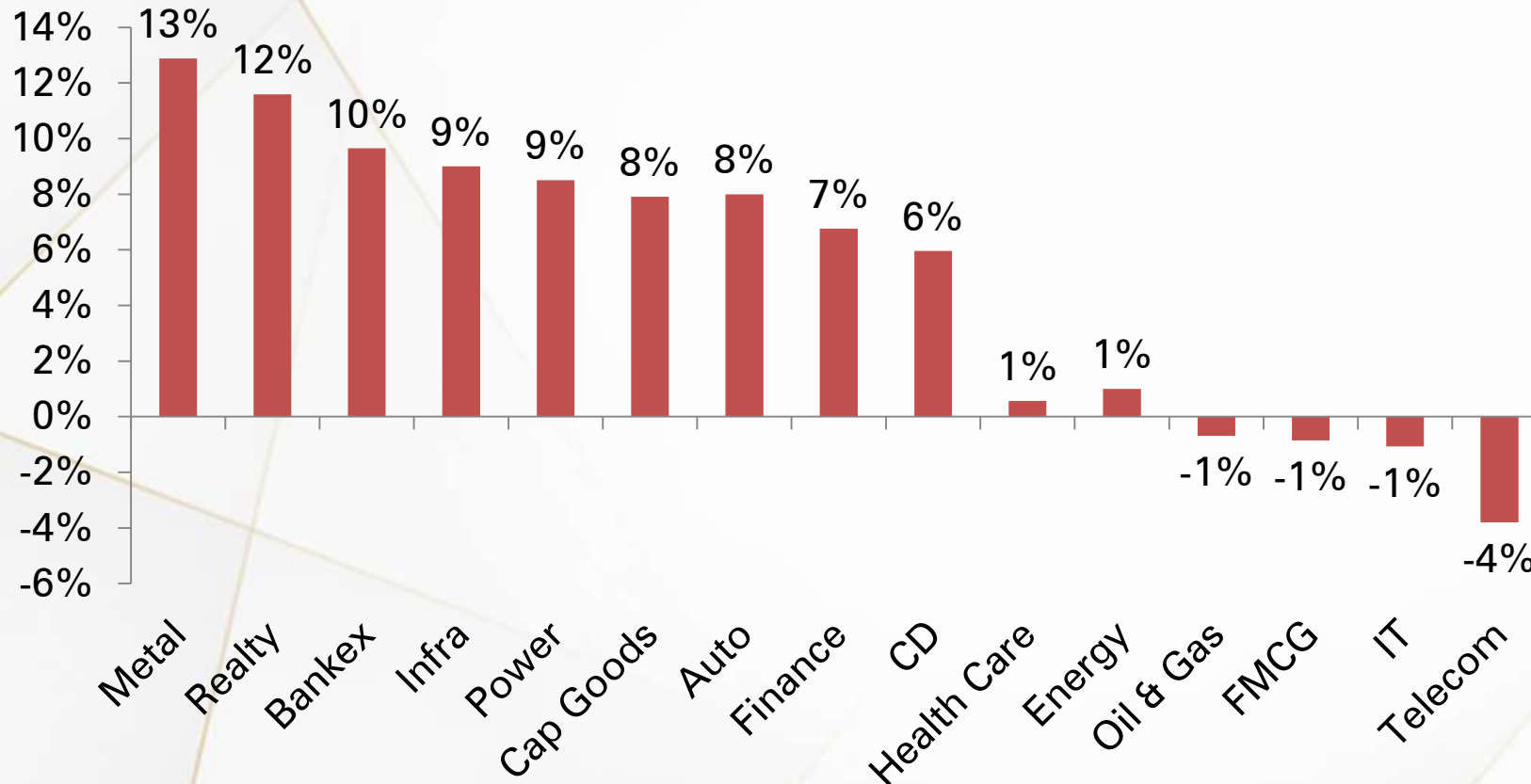
Global Indices Performance – August 2020



Optimism over a potential vaccine, the U.S. and China's commitment toward a phase-one deal, and the Fed's relaxed attitude toward inflation helped boost risk assets once again.

Germany - DAX Index; China - SSE Composite Index; France - CAC 40 Index; Japan - Nikkei; Eurozone - Euronext 100; Hong Kong - HangSeng; US - Dow Jones; Singapore - Strait Times; Russia - RTS Index; Indonesia - Jakarta Composite Index; U.K. - FTSE; South Korea - Kospi; Brazil - Ibovespa Sao Paulo Index; Indonesia – Jakarta Composite Index; Switzerland – Swiss Market Index; Taiwan – Taiwan Stock Exchange Corporation; India – S&P BSE Sensex; Returns in % terms. GDP – Gross Domestic Product. Data Source: MFI & ACEMF JP Morgan; Returns are absolute returns for the index calculated between July, 31 2020 – Aug 31,2020. Past performance may or may not sustain in future. MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. COVID-19 is Coronavirus disease 2019.

Sectoral Indices Performance – August 2020



Metals outperformed on the back of improvement in domestic demand & higher exports

Telecom underperformed as lack of clarity over AGR terms loomed.

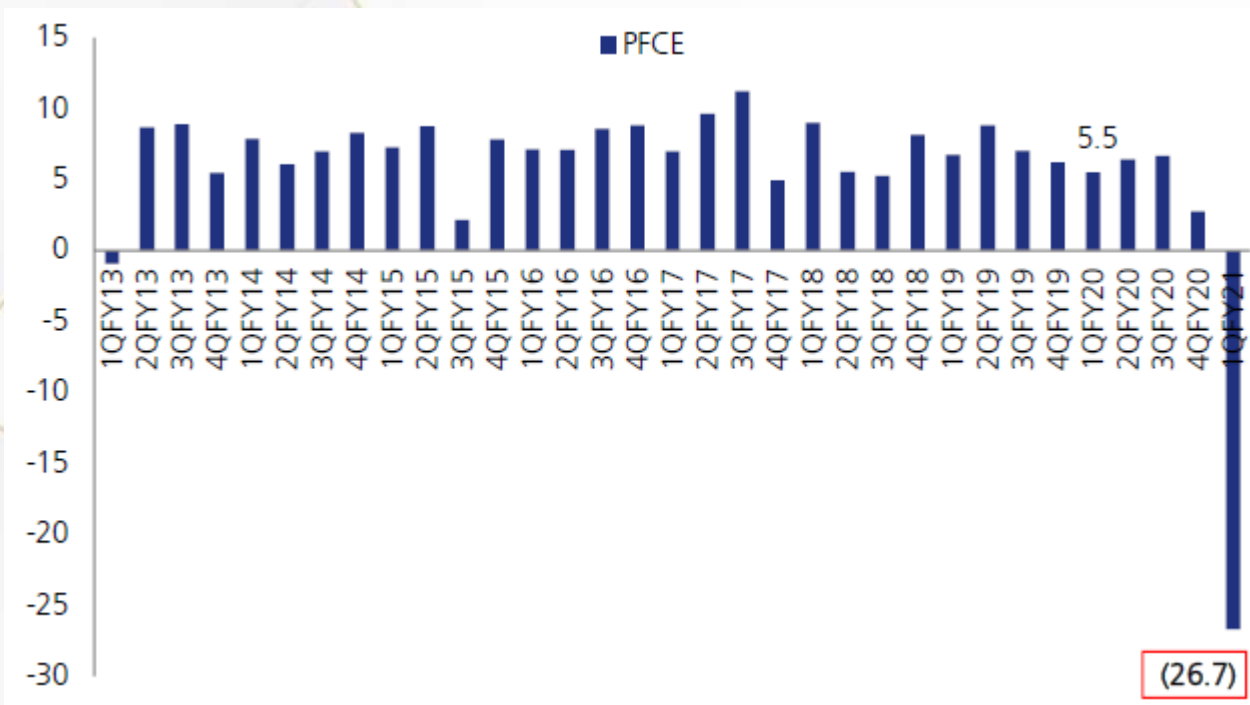


- The Nifty ended 2.8% higher MoM at 11,388 in Aug'20 with the index closing higher for the third straight month now. Mid-caps and small-caps led the market, making the rally more broad-based. This was aided by huge FII inflows in Aug'20 of USD6.1b – the highest monthly inflows in 10 years. DIIs continued to sell with outflows of USD1.5b.
- Indian equities continued their upward momentum during the month; however, the last trading day of the month saw a sharp correction on account of renewed tensions along the India-China border at Ladakh. India's volatility index moderated for the fifth consecutive month and declined 5.6% in August despite witnessing a +25% gain on 31-Aug.
- 1QFY21 GDP highlights the pandemic and lock-down impact: Real GDP/GVA growth contracted by 23.9%/22.8% in 1QFY21. Private consumption declined by 27% YoY; investments contracted 47% YoY while government consumption remained robust with growth of 16% YoY.
- MSCI EM rose 2.1% in August, underperforming DM (+7.0%) by 4.4%. EM had a stop-and-go month as markets wrestled with the return of US-China tensions. Optimism over a potential vaccine, the U.S. and China's commitment toward a phase-one deal, and the Fed's relaxed attitude toward inflation helped boost risk assets once again.
- In the last policy meeting, RBI kept policy rates on hold while maintaining its accommodative stance. RBI permitted a one-time restructuring of loans wherein the restructured loans remain standard assets, unlike earlier, when any restructured debt would be considered a non-performing asset.

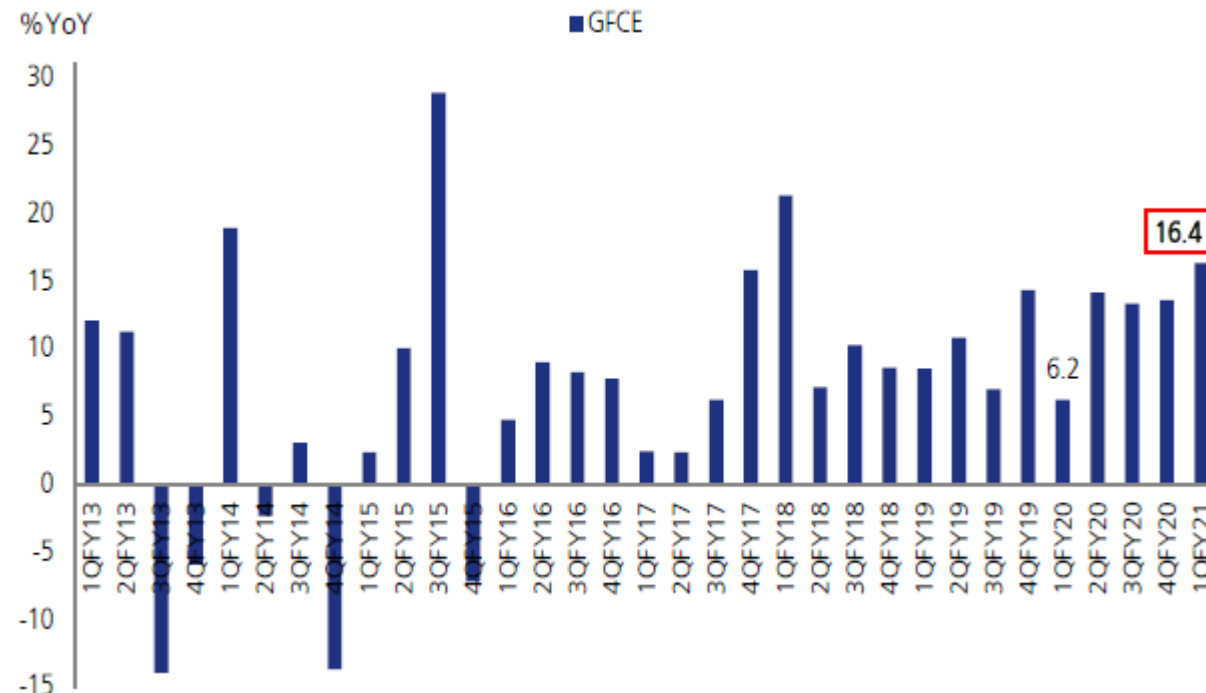
Government Spending Crucial to Support Growth



Private Final Consumption Expenditure recorded a 26.7% YoY Fall in 1QFY21



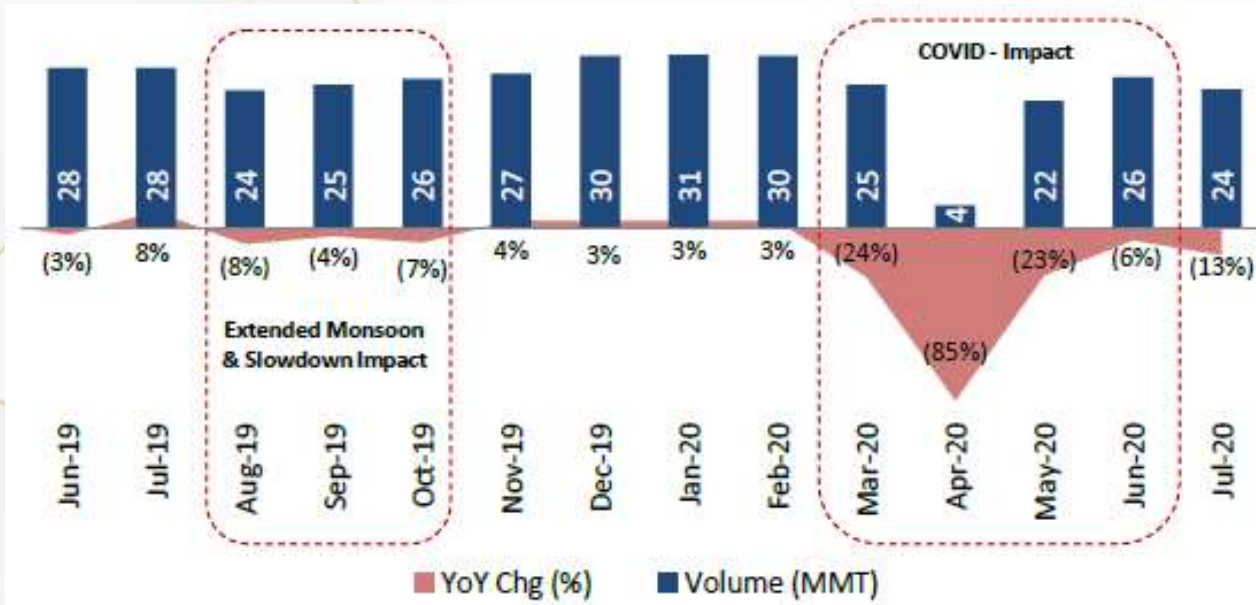
Govt Final Consumption Expenditure growth at 16.4% YoY



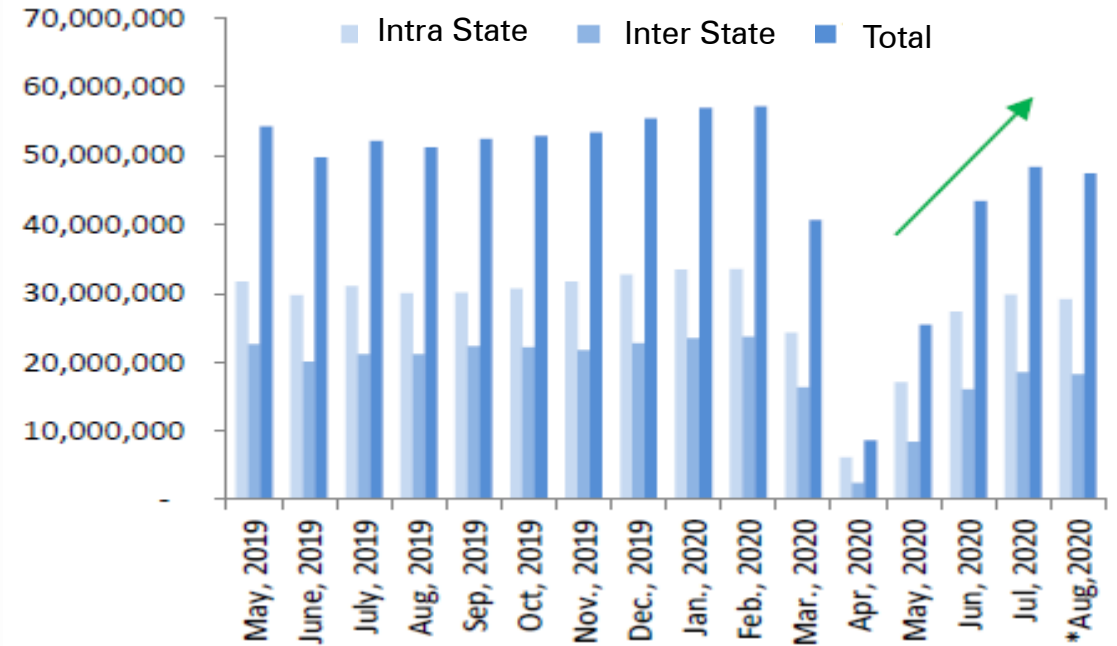
GDP estimates for FY21 have been all over the place this year due to the unpredictable nature of the situation. While Indian economy has faced the worst contraction in GDP among the major economies due to a very stringent lockdown, the recovery process is expected to continue along with the phased lifting of the lockdown. Many high frequency data – E-WAY bill generation, vehicle registration, online transactions etc. – are hinting at a continuous recovery post the unlocking of the economy in Jun'20.



Cement Demand saw sharp recovery post opening of the economy in May-June 2020



Monthly E-Way Bill Generation



With returning of migrant labours and reopening of construction activities, it is expected that the normalcy may return in post monsoon period.

E-way bill generation moderated to 11%, WoW. As of 30th Aug, 93% of E-Way bills were generated compared to previous year.

Source: Philip Capital Institutional Equities, Ashika Institutional Equities. * As of 30th Aug 2020. The sector(s)/stock(s) mentioned above do not constitute any recommendation of the same and the Strategy may or may not have any future position in these sector(s)/stocks(s).

What is Value Investing?



Value Investing

- The most common definition for Value Investing is “Investing in under valued companies currently out of flavour with potential to realize value in future”
- We define Value Investing as “**Good business at reasonable / attractive price**” and not mediocre business at a bargain price

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 under-valuation of these companies.

The same could lead to a rerating/appreciation in the company’s stock price.

We believe that Value Stocks are available at all point of time.

About the Strategy



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

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

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.

Key Features

Investment Horizon	3 Years & Above
Benchmark Index	Nifty 200
Minimum Investment Amount	INR 50,00,000 (50 lakhs)

The Strategy features 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. Benchmark changed to Nifty 200 with effect from June 29, 2020



Investment Process

Stock Picking Parameters

Characteristics

Sectors that are Easy to Understand
Visible Competitive Advantage
Capable Management



Due Diligence

Adherence to
Due Diligence Processes



Investment Decision

Risk & Reward

Potential to Generate
a Compounded Performance
over the Long Term

Key Tenets of Stock Market Investing



- Return expectations have to be reasonable. It is hard to get above-average return every year, every month



- Stock price is always a roller coaster and investor must accept with humility his/her inability to rightly forecast the stock price at any point in time



- Risk is not the same as stock price volatility, risk is permanent loss of capital. Hence protect capital

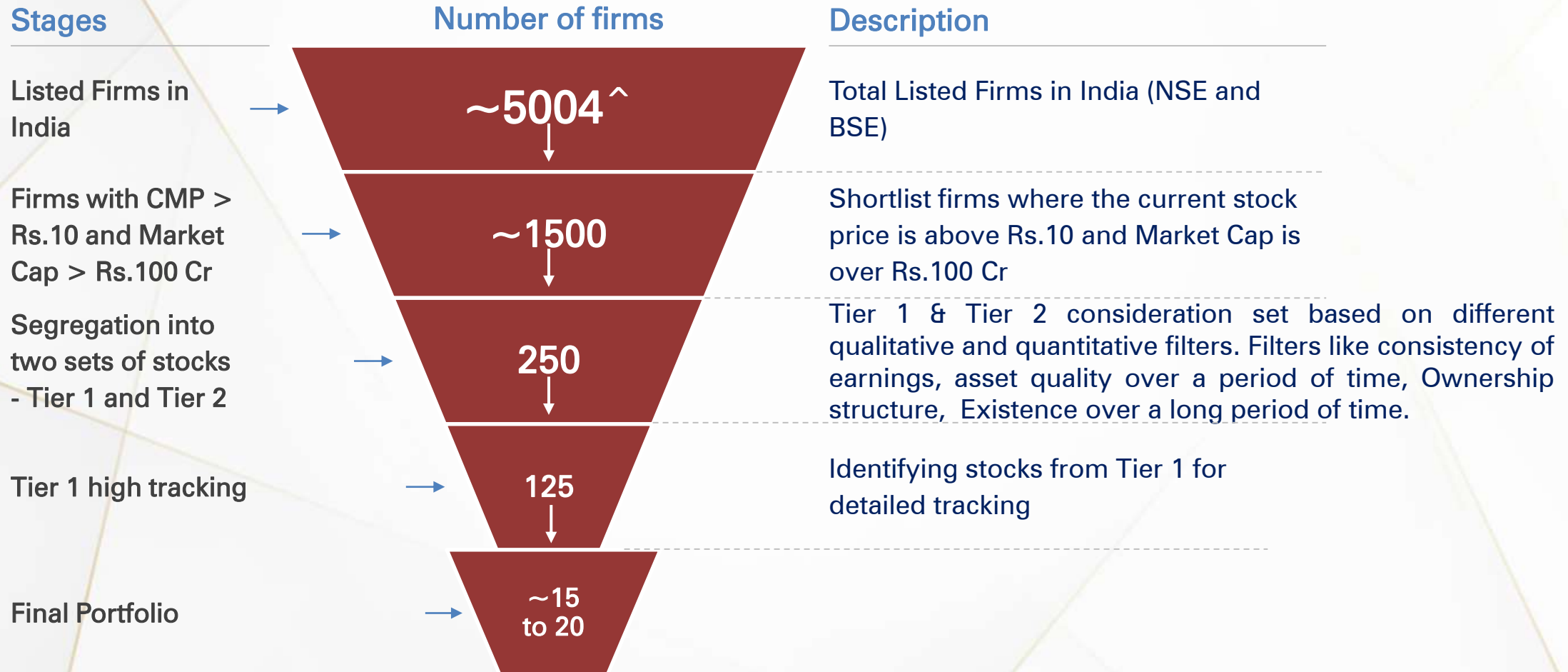


- Know the participant. It is important to know who likes the investment opportunity now and who doesn't like it now and why



- Aims to invest in **sectors that are simpler to understand**
- Seeks to invest in **businesses where there is visible competitive advantage** which makes their customers come back to them. This could be service excellence and/or product excellence
- Endeavour to invest in **businesses that are run by capable management**. Capable managements are the ones who
 - understand their limitations
 - use data to arrive at decisions
 - Has 'skin in the game' - great returns have come from promoters who deeply understand the business, owns a large part of the business, still are passionate managers. Top of it, they are efficient capital allocators
 - have demonstrated emotional intelligence in good times and bad times
 - work for maximization of shareholder wealth
- Aims to invest in businesses that not only generate **adequate cash to invest into their core business expansion**, but also can invest incrementally into other businesses verticals that have the potential to generate decent returns.

Process of Building a Consideration Set



The process mentioned above is just an illustration. The actual process may differ. [^] AMFI list as on June 30, 2020

Illustrative Criteria to Shortlist Stocks



Description	Parameter	Quantification	Means what?
Cash Conversion	Cash Flow from Operations to EBITDA conversion	> 50%	Profits are genuine
Sales Growth	Core Sales Growth	> 12%	Higher than nominal GDP
Capital Allocation	ROE and ROIC	> 25%	Higher quality business
PAT Growth/Sales Growth	Rolling 3 year PAT Growth/Sales Growth	> 1	Firm continues to improve profitability consistently due to operational efficiency
Dividend pay out	Dividend	> 20%	Firm likes to profit share
Leverage	Debt to Equity	Less than 0.5	Firm growing with internal accruals
Equity Dilution over last 10 years		No dilution in non-financials	Firm is not over aggressive
Tax Rate		>25%	Profits are not inflated due to tax advantages
Auditor consistency and reputation	Number of auditors in the past 10 years and reputation	Maximum 2	Indicates stability and possible reliability
Off balance sheet items and RPT	Guarantees and litigated amounts		Gives data related to corporate (mis) governance
Promoter Holding	Per Cent holding	At least 50%	Commitment to the business



No of Stocks: 29

Top 10 holdings: 49%

Top 5 Sectors: 64%

Top 10 Holdings

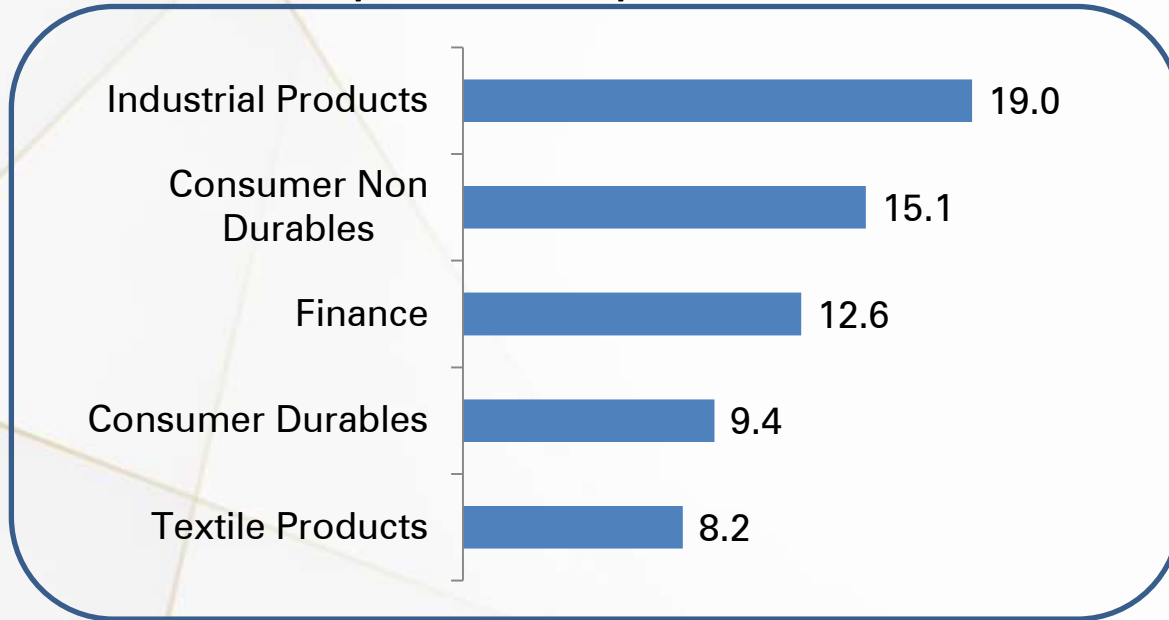
Stocks	% to Net Assets
Marico Ltd	7.16
HDFC Ltd	5.92
AIA Engineering Ltd	5.25
Schaeffler India Limited	4.69
Kotak Mahindra Bank Ltd	4.57
Page Industries Ltd	4.52
ITC Ltd	4.51
Vesuvius India Ltd	4.38
TTK Prestige Ltd	4.16
MRF Ltd	4.15

The data mentioned above is of a benchmark client and data of an individual client may vary significantly from the above. Valuation Parameter.

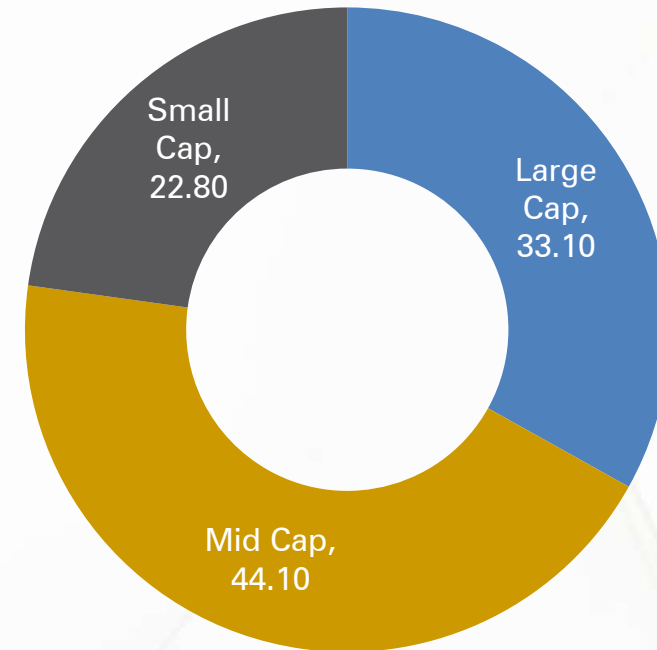
The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and strategy may or may not have any future positions in these stock(s)/Sector(s).
Data as on August 31, 2020



Top 5 Sector Exposure (%)



Market Capitalization Break-up



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Data as on August 31, 2020



Strategy Performance

	1 M	3 M	6 M	1 Y	2 Y	3 Y	5 Y	Since Inception ^
ICICI Prudential PMS Value Strategy	4.78%	12.72%	0.64%	2.53%	-4.54%	0.37%	4.75%	12.47%
Nifty 200	3.01%	18.62%	1.35%	3.44%	-2.87%	3.07%	7.03%	9.16%

Calendar Year Performance

	YTD	2019	2018	2017	2016	2015
ICICI Prudential PMS Value Strategy	-4.88%	3.39%	-7.77%	38.93%	-3.62%	2.69%
Nifty 200	-5.87%	8.68%	-1.01%	33.43%	3.70%	-1.90%

Calendar year return in absolute terms.

Performance calculated using Time Weighted Rate of Return (TWRR) method for the aggregate portfolio. Returns for one year or less are on absolute basis, while returns more than one year are on annualized basis. All the returns calculated above are after deduction of the applicable expenses. is no guarantee of future results. Past performance may or may not sustain in future. Data as on 31 Aug, 2020. ^ Since inception return from April 1, 2014.

Risk Factors & Disclaimers



Investing in securities 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 be achieved. 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. 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.

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Risk Factors & Disclaimers



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.

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