

ICICI Prudential PMS Value Portfolio

"A series under Deep Value Portfolio"

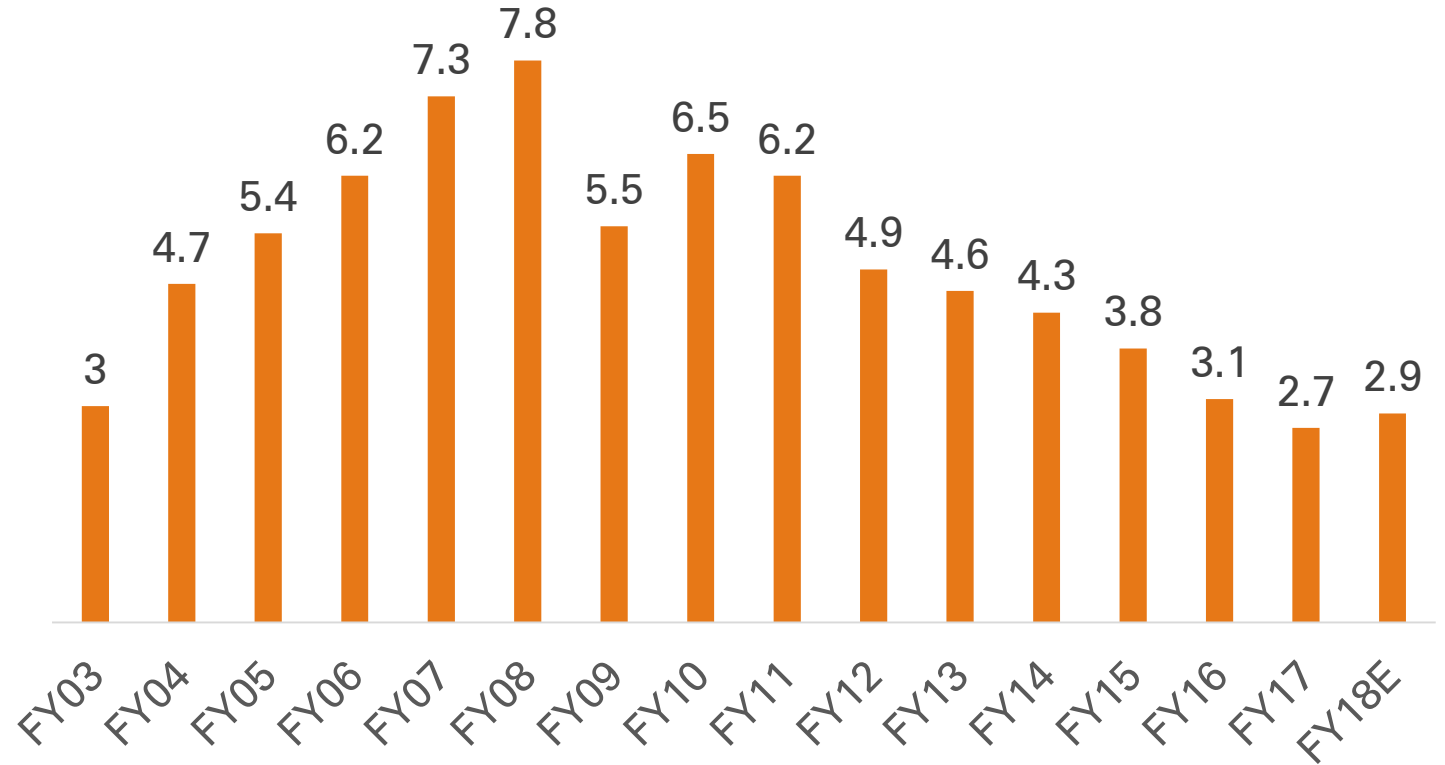
- 2018 Union Budget was in line with the market expectations. The budget emphasis was on rural economy and social sector. The government reiterated its focus on infrastructure spending: expansion of roads, railways, airport capacity, housing, smart-city etc. These measures can benefit the economy, as various sectors gain from the implementation of budget announcements: rural consumption, infrastructure, and agriculture-related companies.
- The Finance Minister brought back the long term capital gain tax for Indian investors in the most non-disruptive manner possible. The tax regime has been introduced on prospective basis, thereby giving market participants ample time to adjust to the new regime.
- We expect corporate earnings to revive backed by an improvement in capacity utilisation. However, at current levels, equity markets seem to have already factored in the supposed turnaround of corporate earnings.
- The risks to our view are global risks and oil prices volatility. On the domestic front state election results may be a risk.

Source : Internal

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Corporate Profit to GDP

- Corporate profitability at cyclical lows
- As operating leverage improves India could see a strong rebound in earnings
- Lower interest rates could aid growth



Source : Motilal Securities; GDP –Gross Domestic Product; E - Estimates

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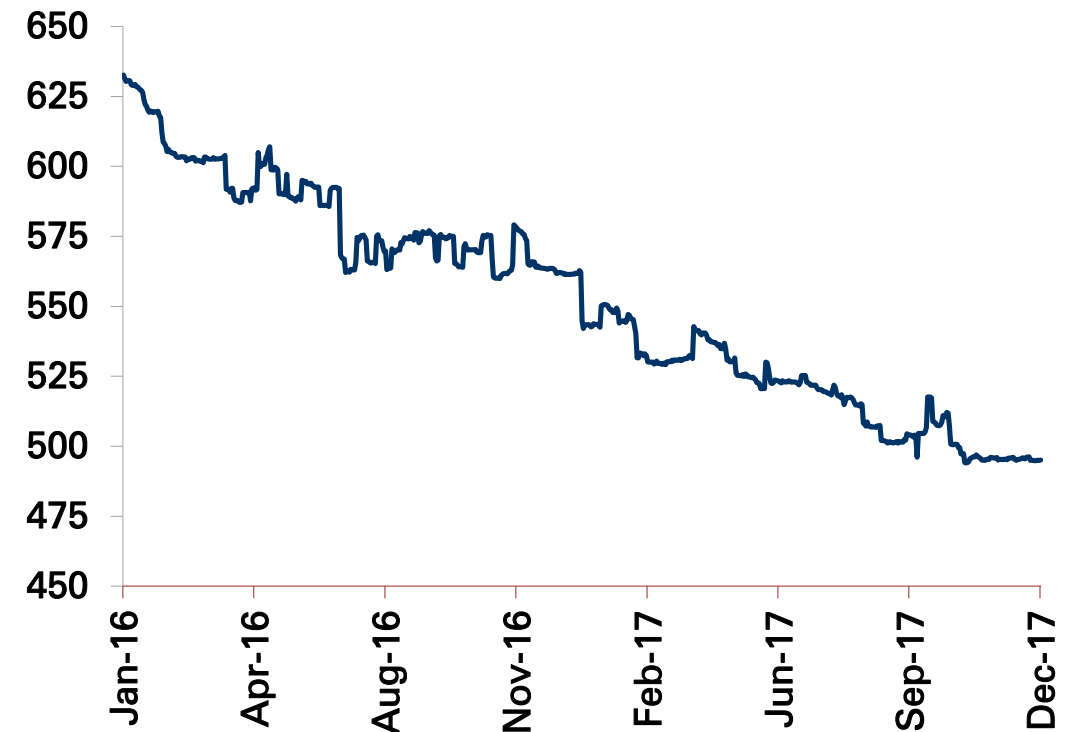
Earnings Growth is Expected

BSE200 consensus earnings growth

	FY17	FY18E	FY19E
Consumer Discretionary	(4.7)	18.1	31.4
Consumer Staples	8.5	13.3	19.9
Energy	22.4	6.7	14.5
Financials	26.5	21.0	36.0
Health Care	8.2	(13.5)	30.2
Industrials	21.5	11.9	22.4
Information Technology	5.7	1.7	8.6
Materials	47.1	82.0	29.1
Real Estate	27.6	(42.9)	56.5
Telecommunication Services	(49.8)	(69.0)	238.1
Utilities	(7.3)	29.0	17.9
BSE200 Index	13.4	15.7	24.1

Nifty FY18 consensus EPS has been stable for last two months

FY18 Nifty EPS Estimate



Source : IIFL Research, Data as of Dec 2017 ; E – Estimated; Past performance may or may not be sustained in the future; BSE 200 – S&P BSE 200 Index

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About the Portfolio



The Investments in ICICI Prudential PMS Value Portfolio are targeted at investments for a long term horizon in companies which have potential for capital appreciation. The portfolio follows a bottom-up approach, and aims at capturing special situations and contrarian calls.

Key Features

A focused portfolio of 20-25 ideas, biased towards Mid-Caps

Investment Horizon

3 Years & Above

Maximum Exposure to a Security

10% of the Portfolio

Maximum Sectorial Exposure

25% of the Portfolio or +/- 7% from the sectorial weightage in the Benchmark Index, whichever is higher

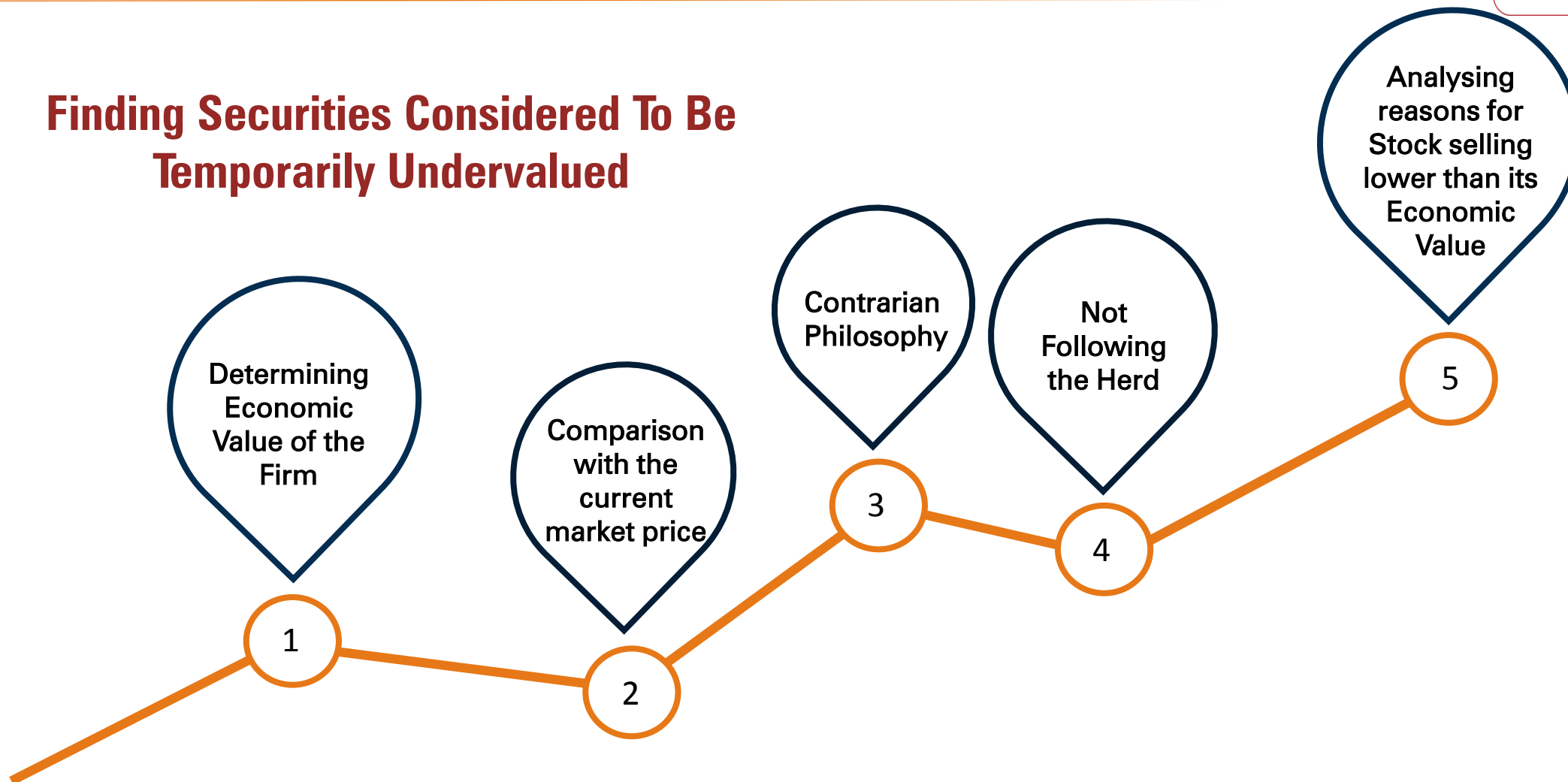
Benchmark Index

S&P BSE Mid-Cap

Minimum Investment Amount

INR 25,00,000 (25 lacs)

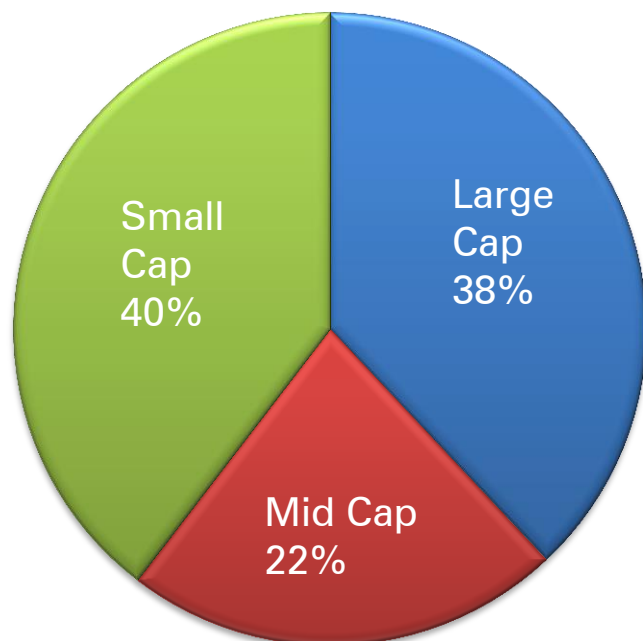
Finding Securities Considered To Be Temporarily Undervalued



Understanding Value Investing

- **SOTP (Sum of Parts Valuation):** The sum-of-parts valuation is a process of valuing a company by determining what its aggregate divisions would be worth if it was spun off or acquired by another company. The valuation provides a range of values for a company's equity by aggregating the standalone value of each of its business units and arriving at a single total enterprise value.
- **Contrarian Investing:** A contrarian investor enters the market when others are feeling negative about it and the value is lower than its intrinsic value. When there is an overarching pessimistic sentiment on a stock, it has the possibility of lowering the price so low, the downfalls and risks of the company's stock are overblown. Figuring out which distressed stocks to buy and selling them once the company recovers, thus boosting the stock value, is the major play for contrarian investors.
- **Special Situation:** A special situation refers to particular circumstances involving a security that would compel investors to trade the security based on the special situation, rather than the underlying fundamentals of the security or some other investment rationale. An investment made due to a special situation is typically an attempt to profit from a change in valuation as a result of the special situation, and is generally not a long term investment.

Market Capitalization Break-up



Top 10 Holdings	
Stocks	% to Net Assets
Infosys Ltd	8.31
Orient Refractories Limited	6.15
Tata Investment Corp Ltd	6.14
VST Tillers Tractors Ltd	6.08
Ashiana Housing Ltd	5.61
NTPC Ltd	4.61
Engineers India Ltd	4.41
Grindwell Norton Ltd	4.27
HCL Technologies Ltd	3.95
ICICI Bank Ltd	3.45

Well diversified Portfolio across market cap.

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). Data as on 31st Jan, 2018.

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Portfolio: Well diversified across sectors



Power: 6%



Consumer Non Durable: 6%



Oil, Gas & Petroleum: 2%



Banks & Finance: 16%



Industrial Products: 15%



Auto: 10%



Software: 12%

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Sector: % Asset of Portfolio

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Portfolio Statistics

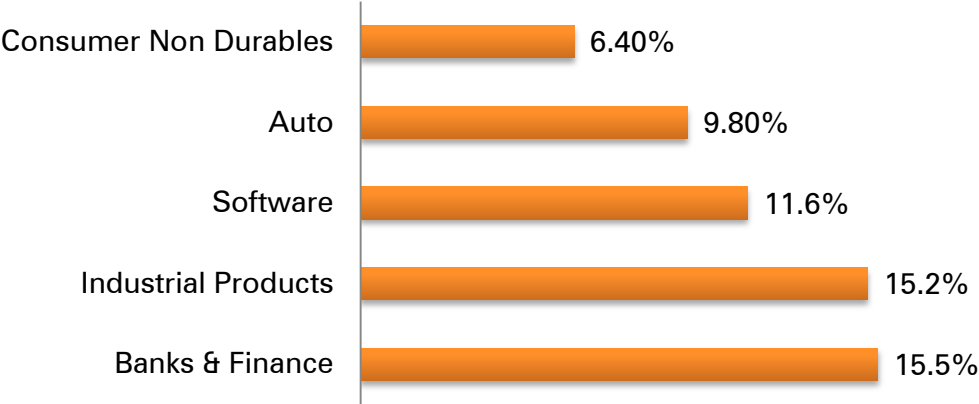


No of Stocks: 27

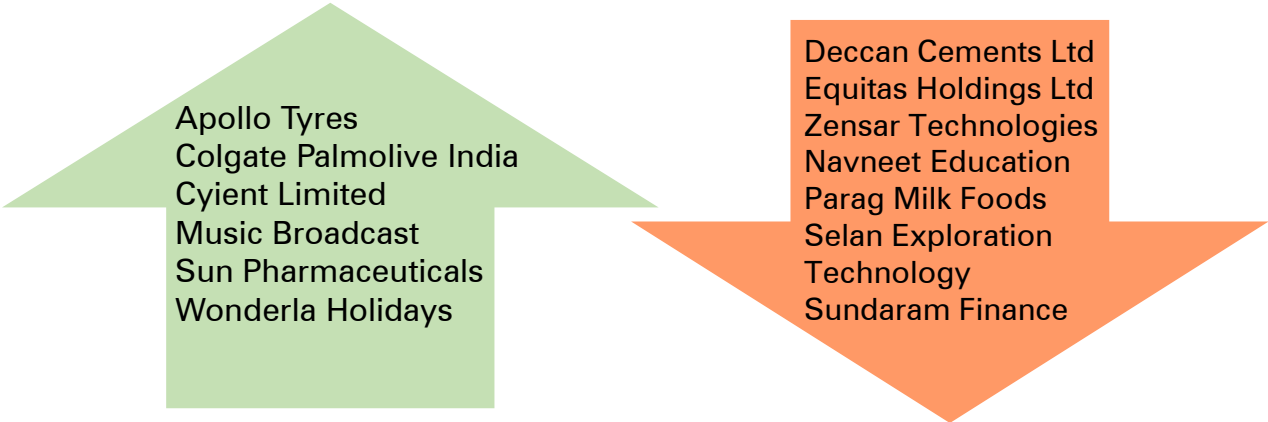
Top 10 holdings: 52.99%

Top 5 Sectors: 58.5%

Top 5 Sector Exposure



Stock – In / Stock - Out



Valuation Parameters

Avg. PE Ratio: 26.14

Avg. PB Ratio: 2.44

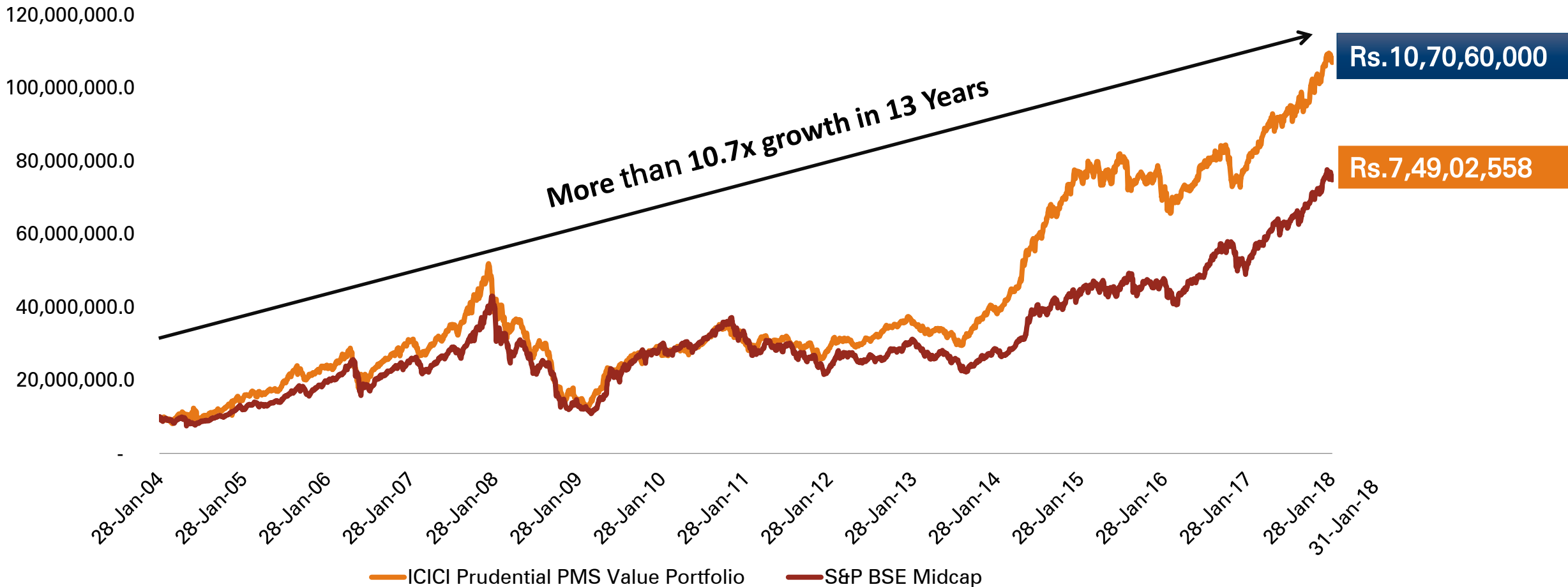
Avg. P/S Ratio: 3.31

Avg. P/C Ratio: 13.63

PE: Price to Earning, PB: Price to book, P/S: Price to Sales, P/C: Price to Cash. 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). Data as on 31st Jan, 2018. Past performance may or may not be sustained in future.

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Portfolio Performance



Value rebased to INR 10000000. Data as on 31st Jan 2018. Past performance may or may not be sustained in future. The return mentioned above is the return of the oldest client of the portfolio. Further, the portfolio value is re-based as and when applicable.

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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 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. 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 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.

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, that 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.

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Thank You