

# Invest in India's Growth Story at 2.5% discount\*



(An open-ended Exchange Traded Fund  
investing in S&P BSE Bharat 22 Index)  
Managed by ICICI Prudential AMC Ltd.

**Further Fund Offer Period**

**Anchor investors: June 19, 2018**

**Non-Anchor investors: June 20 – 22, 2018**

\*Discount is calculated on Further Fund Offer (FFO) Reference Market Price which is determined on the basis of average of full day volume weighted average price on the BSE during the Non Anchor Investor FFO Period (inclusive of open as well as close date) for each of the index constituents of the S&P BSE Bharat 22 Index. Discount will be on shares to be disinvested by the Government of India. In the event an index constituent is purchased from open market to meet the Maximum Amount to be Raised during FFO, no discount will be offered on such purchase of index constituent from open market. The information contained herein is solely for private circulation for reading / understanding of registered Advisors / Distributors and should not be circulated to investors/prospective investors.

# Why invest in ETFs?

ETFs are passively managed mutual fund schemes tracking a benchmark index and reflect the performance of that index. The types of ETFs are as under:

## Benefits offered by ETFs:

Low cost as compared to actively managed mutual fund schemes

Diversification

Trading at real time NAV

Index is based on research and back tested data

Transparency in holdings and price

Periodic portfolio rebalancing

Adequate liquidity with AMC and on stock exchange

# Growth of ETFs in India

- Indian ETF industry has seen rapid growth in last 3 years.
- **Recent investments in ETFs:**  
EPFO's apex decision making body has approved the proposal to increase investments in equity ETFs to 15% of the investible deposits. The major contribution towards AUM of ETFs is by EPFO.



Data Source: MFI Explorer Data as on April 2018. EPFO: Employee Provident Fund Organisation

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# BHARAT 22 ETF



An open-ended Exchange Traded Fund investing in S&P BSE Bharat 22 Index

## Investment Objective:

The investment objective of the Scheme is to invest in constituents of the underlying Index in the same proportion as in the underlying index, and endeavor to provide returns before expenses, which closely correspond to the total returns of the underlying Index.\*

**Underlying Index:** S&P BSE Bharat 22 Index

\*Performance of the Scheme may differ from that of underlying index due to tracking error. There can be no assurance or guarantee that the investment objective of the Scheme would be achieved.  
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# Background: BHARAT 22 ETF

- The foundation of BHARAT 22 ETF was laid in Union Budget Speech 2017
- BHARAT 22 ETF is managed by ICICI Prudential Asset Management Company
- BHARAT 22 ETF had the largest NFO in the history of Indian Mutual Fund industry.
- **“Retirement Fund”** as a new category of investor was introduced during NFO
- During the NFO: 3.35 lakh applications amounting to ₹ 32,000 crores.
- Initial offer of ₹ 8,500 crores
- Government disinvested ₹14,500 crores during the NFO period and allocation of 25% to each category of investors.
- **“The Government introduced Exchange Traded Fund Bharat-22 to raise ₹14,500 crore, which was over-subscribed in all segments.”**– statement by the Minister of Finance in Union Budget 2018-2019

# S&P BSE Bharat 22 Index

- The S&P BSE Bharat 22 Index is designed to measure the performance of select companies disinvested by the Central Government of India according to the disinvestment program.
- **Stock weighting mechanism** – Free Float Market Capitalization Weighting Method
- **Weight caps** – Stock level cap: 15%; Sector level cap: 20%
- **Rebalancing** – Annually in March
- **Additions/ deletions to the index** – As per Gol notification on their website.
- For details about the index, refer -  
<http://www.asiaindex.co.in/indices/equity/sp-bse-bharat-22-index>

# S&P BSE Bharat 22 Index

## Index Constituents



Sr. No.	Company Name	Basic Industry	Weight (%)
1	National Aluminium Co Ltd	Basic Materials	5.47
		<b>Total - Basic Materials (%)</b>	<b>5.47</b>
2	Oil & Natural Gas Corp Ltd	Energy	5.97
3	Indian Oil Corp Ltd	Energy	4.23
4	Bharat Petroleum Corp Ltd	Energy	3.66
5	Coal India Ltd	Energy	4.58
		<b>Total - Energy (%)</b>	<b>18.44</b>
6	State Bank of India	Finance	8.87
7	Axis Bank Ltd	Finance	8.78
8	Bank of Baroda	Finance	1.15
9	Rural Electrification Corp Ltd	Finance	0.85
10	Power Finance Corp Ltd	Finance	0.64
11	Indian Bank	Finance	0.26
		<b>Total - Finance (%)</b>	<b>20.55</b>

Sr. No.	Company Name	Basic Industry	Weight (%)
12	ITC Ltd	FMCG	15.32
		<b>Total - FMCG (%)</b>	<b>15.32</b>
13	Larsen & Toubro Ltd	Industrials	15.82
14	Bharat Electronics Ltd	Industrials	2.15
15	Engineers India Ltd	Industrials	0.86
16	NBCC (India) Ltd	Industrials	0.99
		<b>Total - Industrials (%)</b>	<b>19.82</b>
17	Power Grid Corp of India Ltd	Utilities	6.95
18	NTPC Ltd	Utilities	7.71
19	GAIL India Ltd.	Utilities	4.54
20	NHPC Ltd.	Utilities	0.87
21	NLC India Ltd.	Utilities	0.14
22	SJVN Ltd.	Utilities	0.19
		<b>Total - Utilities (%)</b>	<b>20.40</b>

Data as on May 31, 2018. Source: Asia Index Pvt. Ltd. (AIPL)

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# S&P BSE Bharat 22 Index

## Index Statistics

Market capitalization breakup			
Market cap	S&P BSE Bharat 22 Index (%)	Nifty 50/ S&P BSE Sensex (%)	Nifty 100 (%)
Large	92.1	100	100
Mid	7.9	-	-
Small	-	-	-
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

S&P BSE Bharat 22 Index - Categories of index constituents		
Category	Count	Weight (%)
<b>CPSEs:</b>	<b>16</b>	<b>49.8</b>
- Maharatna	6	30.7
- Miniratna – I	2	1.1
- Navratna	8	18.0
<b>PSU Bank</b>	<b>3</b>	<b>10.3</b>
<b>SUUTI A Group</b>	<b>3</b>	<b>39.9</b>
<b>Total</b>	<b>22</b>	<b>100.0</b>

Data as on May 31, 2018. Source: AIPL. Source for Market cap breakup : AMFI.

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# BHARAT 22 ETF

## Reasons to invest

### Diversified exposure



Volatility

Risk adjusted Returns



- Six sectors (Basic Materials, Energy, Finance, FMCG, Industrials and Utilities).
- Secular growth prospects (FMCG and Utilities) + Cyclical (Energy, Metals, Industrials).
- Diversification can help reduce volatility and improve risk adjusted returns.

### Seeking Stability + Growth

- Mix of leaders from different sectors representing balance between stability and growth.

### Stock and Sector cap

- Stock level cap of 15% and sector level cap of 20% applied annually at rebalancing.

### Free Float Market Capitalization Method

- Reduces concentration of few heavy weight companies by considering shares available for trading in the market.

# BHARAT 22 ETF

## Reasons to invest

### Incentives offered to investors

- The Government has offered a discount of 2.5% <sup>^</sup> to the investors of BHARAT 22 ETF during the NFO.

### Attractive Dividend Yield

- Higher dividend yield in comparison to Nifty 50/ S&P BSE Sensex\*.

### Reasonable Valuations

- Attractive investment opportunity due to lower P/E and relatively better Earnings Growth in comparison to Nifty 50/ S&P BSE Sensex\*.

### Government Reforms and Initiatives

Earnings Potential 

- The constituents of the index capture the various key reforms and initiatives of the GoI like Financial Inclusion, Digital and Cashless Economy, Make in India, GST, Infrastructure Reforms, etc.

### Futures and Options (F&O)

- Highly liquid index since more than 99% of index constituents are available under F&O segment\*.

\*Data as on May 31, 2018. <sup>^</sup> Dividend received from the scheme constituents shall be reinvested in the scheme in order to minimize tracking error. The above characteristics are in respect of S&P BSE Bharat 22 Index which is the underlying index for BHARAT 22 ETF. Discount is calculated on Further Fund Offer (FFO) Reference Market Price which is determined on the basis of average of full day volume weighted average price on the BSE during the Non Anchor Investor FFO Period (inclusive of open as well as close date) for each of the index constituents of the S&P BSE Bharat 22 Index. Discount will be on shares to be disinvested by the Government of India. In the event an index constituent is purchased from open market to meet the Maximum Amount to be raised during FFO, no discount will be offered on such purchase of index constituent from open market. The information contained herein is solely for private circulation for reading / understanding of registered Advisors / Distributors and should not be circulated to investors/prospective investors.

# Why to invest now?

Currently, based on valuation parameters Mid-caps/Small-caps are relatively expensive than large-caps. Therefore, we continue to prefer large-caps over Mid and Small-caps.

## Outlook on Sectors forming part of BHARAT 22 ETF

### Banks (19.1%)

- Turnaround of NPA cycle, Positive for Banks

### Oil Companies (19.3%)

- Crude oil prices likely to head lower, Positive for Oil Companies

### Power Companies (15.9%)

- Government's push for all homes to be electrified by 2019, Positive for Power Companies

### Infrastructure including housing (16.8%)

- Push by the Government for Infrastructure and Housing, Positive for Infrastructure Sector

### Basic Materials (5.5%)

- Recovery of metal prices, Positive for the sector

Source: Internal

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# S&P BSE Bharat 22 Index



## Past Performance

Name of the index	Total Returns (CAGR %)			
	1 year	3 years	5 years	10 years
S&P BSE Bharat 22 Index	0.2	8.0	13.0	11.8
S&P BSE SENSEX (TRI)	15.1	9.8	13.9	9.5

Data as on May 31,2018. Data Source: AIPL, NSE. Past Performance may or may not sustain in future. S&P BSE Bharat 22 Index: First Value Date – Mar 17, 2006; Launch Date – Aug 10, 2017. The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme. Performance of S&P BSE Bharat 22 Index is on back tested basis. The S&P BSE SENSEX is the Total Return variant of the Index. The information contained herein is solely for private circulation for reading / understanding of registered Advisors / Distributors and should not be circulated to investors/prospective investors.

# S&P BSE Bharat 22 Index

## Index Statistics



Name of the index	Earnings Growth (FY20E)	P/E		P/BV		Dividend Yield
		FY19E	FY20E	FY19E	FY20E	May-18
S&P BSE Bharat 22 Index	22%	17	14	2.8	2.5	2.5
S&P BSE SENSEX	19%	18	15	2.6	2.3	1.1

Data Source: Edelweiss Research. Estimates. Earnings Growth in CAGR terms. S&P BSE Bharat 22 Index: First Value Date – Mar 17, 2006; Launch Date – Aug 10, 2017. Past Performance may or may not sustain in future. The statistics pertain to the Index and do not in any manner indicate the returns/performance of the Scheme. The information contained herein is solely for private circulation for reading / understanding of registered Advisors / Distributors and should not be circulated to investors/prospective investors.

# Government Reforms and Initiatives aligned to BHARAT 22 ETF



Reforms/ Initiatives	Key highlights	Companies aligned with reforms and initiatives
<b>Financial Sector Reforms</b>	<ul style="list-style-type: none"> <li>• Insolvency and Bankruptcy Code 2016</li> <li>• Monetary Policy Committee</li> <li>• Expansion of Banking sector</li> <li>• Digital and Cashless Economy</li> <li>• Listing of Insurance Companies.</li> </ul>	<ul style="list-style-type: none"> <li>• Axis Bank</li> <li>• Bank of Baroda (BOB)</li> <li>• Indian Bank</li> <li>• State Bank of India (SBI)</li> </ul>
<b>Taxation Reforms</b>	<b>Goods and Services Tax (GST)</b> - Single Indirect tax structure aimed at eliminating cascading effect of indirect taxes.	All companies forming part of the index.
<b>Infrastructure Reforms</b>	Quality of infrastructure and speeding up clearance of stalled infrastructure projects	<ul style="list-style-type: none"> <li>• Larsen &amp; Toubro Ltd. (L &amp; T)</li> <li>• NBCC (India) Ltd</li> <li>• National Aluminum Co. Ltd. (NALCO)</li> </ul>
<b>Liberalisation of Foreign Direct Investment (FDI) in India</b>	Progressively liberalized to permit FDI in most sectors under the automatic route.	<ul style="list-style-type: none"> <li>• Axis Bank.</li> <li>• BOB</li> <li>• Bharat Electronics Ltd.</li> <li>• SBI</li> </ul>

Source for Reforms/ Initiatives and Key Highlights: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=169636>.

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# Government Reforms and Initiatives aligned to BHARAT 22 ETF



Reforms/ Initiatives	Key highlights	Companies aligned with reforms and initiatives
<b>Manufacturing in India</b>	<ul style="list-style-type: none"> <li>Expanding Manufacturing facilities in India</li> <li>International Skill Development Centres for domestic workers.</li> </ul>	<ul style="list-style-type: none"> <li>ITC</li> <li>L &amp; T</li> <li>NALCO.</li> </ul>
<b>Oil &amp; Gas Sector Reforms</b>	<ul style="list-style-type: none"> <li>Direct Benefit Transfer of LPG subsidies</li> <li>Introduction of Daily Fuel pricing.</li> </ul>	<ul style="list-style-type: none"> <li>Bharat Petroleum Corp. Ltd. (BPCL)</li> <li>GAIL (India) Ltd.</li> <li>Oil &amp; Natural Gas Corp. Ltd (ONGC).</li> </ul>
<b>Energy Sector Reforms</b>	<ul style="list-style-type: none"> <li>Providing 24x7 quality, reliable and affordable power supply</li> <li>Revival package for electricity distribution companies of India (DISCOMs).</li> </ul>	<ul style="list-style-type: none"> <li>BPCL</li> <li>Coal India Ltd.</li> <li>NTPC Ltd.</li> <li>NHPC Ltd.</li> <li>Power Grid Corporation of India Ltd.</li> <li>Power Finance Corporation of India Ltd</li> <li>Rural Electrification Corporation of India Ltd.</li> <li>SJVN Ltd.</li> </ul>

Source for Reforms/ Initiatives and Key Highlights: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=169636>.

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# BHARAT 22 ETF



## Scheme Features

FFO Period	<b>Anchor investors:</b> June 19, 2018 <b>Non-Anchor investors:</b> June 20 - 22, 2018
Minimum application amount (during FFO)	<b>Anchor investors:</b> RFs– Rs. 10 crore and in multiple of Re. 1 QIBs – Rs. 10 crore and in multiple of Re. 1 <b>Non-anchor investors:</b> RII - Rs. 5,000 (and in multiple of Re. 1) upto Rs. 2 lacs RFs – Rs. 2,00,001 and in multiples of Re 1/- thereafter QIBs – Rs. 2,00,001 and in multiples of Re 1/- thereafter NIIs – Rs. 2,00,001 and in multiples of Re 1/- thereafter RII will include ICICI Prudential BHARAT 22 FOF
Cheques/ Demand Drafts, Transfer requests, RTGS and NEFT from Non-Anchor investors	Till the end of business hours upto June 22, 2018
Entry/ Exit Load	Nil
Liquidity	To be listed on BSE Ltd. and National Stock Exchange of India Ltd.
Benchmark	S&P BSE Bharat 22 Index
Fund Manager	Kayzad Eghlim

Applications for BHARAT 22 ETF will be accepted at the AMC (physical and online applications), CAMS OPAT and platforms of recognised stock exchanges and registered intermediaries.

RFs: Retirement Funds, QIBs: Qualified Institutional Buyers, RIIs: Retail Individual Investors, NIIs: Non-Institutional Investors.

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**Participate in ICICI Prudential's BHARAT 22 ETF  
by investing in**

# **ICICI Prudential BHARAT 22 FOF**

**(An open-ended Fund of Funds investing in units of BHARAT 22 ETF)**

## **New Fund Offer Period**

**Opens: June 20, 2018**

**Closes: June 22, 2018**

# ICICI Prudential BHARAT 22 FOF

ICICI Prudential BHARAT 22 FOF is an open ended Fund of Funds investing in units of BHARAT 22 ETF.

**Who can invest:** A non demat Retail Investor can invest in ICICI Prudential BHARAT 22 FOF.

**Application Amount during New Fund Offer period:** Retail Investor can invest minimum of Rs. 5000/- and maximum upto Rs. 2 lac during the New Fund Offer period of ICICI Prudential BHARAT 22 FOF.

# Why invest in ICICI Prudential BHARAT 22 FOF?



- The application received during NFO of ICICI Prudential BHARAT 22 FOF (FOF) will be considered as investment during the Further Fund Offer of BHARAT 22 ETF
- Investor will get benefit of discount offered under BHARAT 22 ETF i.e. 2.5% discount on Government disinvestment.
- It will allow not demat holder to participate in India growth story of BHARAT 22 ETF
- The FOF is defined under “equity oriented fund” for taxation purpose.
- Switch from existing schemes
- Post closure of NFO, investor can invest through Systematic Investment Plans.

# ICICI Prudential BHARAT 22 FOF



## Scheme Features

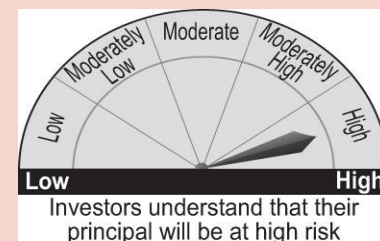
New Fund Offer Period	June 19, 2018 to June 22, 2018
Minimum application amount (during NFO)	Rs. 5,000 and in multiples of Re.1 thereafter, subject to maximum investment amount of Rs. 2,00,000 (Rupees Two Lakhs Only)
Who can invest?	<ul style="list-style-type: none"> <li>• Resident adult individual</li> <li>• Minor through parent/lawful guardian</li> <li>• Karta of Hindu Undivided Family (HUF)</li> <li>• Sole Proprietorship Concern</li> <li>• Non-resident Indians/Persons of Indian origin residing abroad (NRIs) on full repatriation basis or on non-repatriation basis</li> </ul>
Cheques/ Demand Drafts, Transfer requests, RTGS and NEFT from Non-Anchor investors	Till the end of business hours upto June 22, 2018
Entry/ Exit Load	Nil
Underlying Scheme	BHARAT 22 ETF
Benchmark	S&P BSE Bharat 22 Index
Fund Manager	Kayzad Eghlim

# Riskometer and Disclaimers

This product is suitable for investors who are seeking\*:

- Long term wealth creation
- **BHARAT 22 ETF:** An Exchange Traded Fund that aims to provide returns that closely correspond to the returns provided by S&P BSE Bharat 22 Index, subject to tracking error.
- **ICICI Prudential BHARAT 22 FOF:** A fund of funds scheme with the primary objective to generate returns by investing in units of BHARAT 22 ETF.

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



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

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