

Invest in
ICICI Prudential
Equity Minimum Variance Fund

Let markets fluctuate,
not your peace of mind

NFO
DATE

Nov 18, 2024
Dec 02, 2024





**Ever heard of a person with a height of 6 feet
drown in a river with an average depth of 5 feet?**





Beware of the Flaw of Average

A man with a height of 6 feet, drowned while crossing a river that had an average depth of only 5 feet!

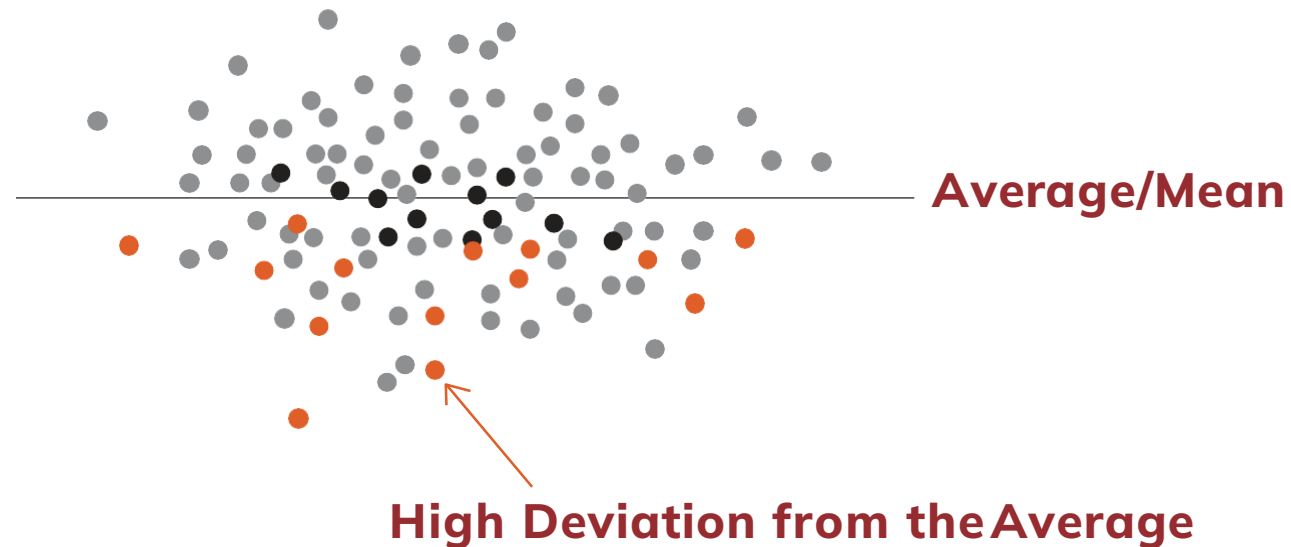


'Average' could be deceptive as it overshadows the actual picture or **VARIANCE** from the average



What is Variance?

In a data set, **Variance** measures the deviation of each number from the average. A larger variance would indicate that the numbers are further spread out from the average.



Variance = Standard deviation*

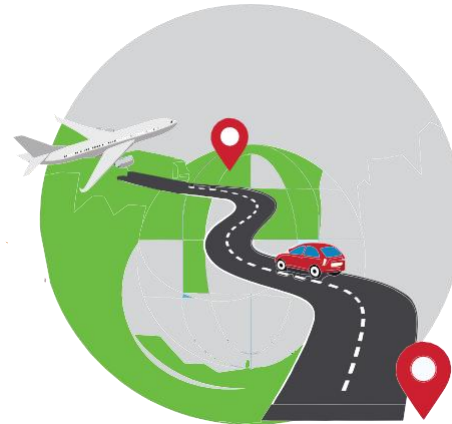
*Standard deviation is calculated as the square root of the variance



The Variance we encounter in our Daily Lives

For Example: One needs to travel to airport from his hotel and the map displays that the average time to reach would be 1 hour.

During peak hours, the time to reach increases to 1.5 hours.



When the congestion is less, he would take 45 minutes.



Average Time to reach the Airport: 1 hour



Variance: 30 minutes

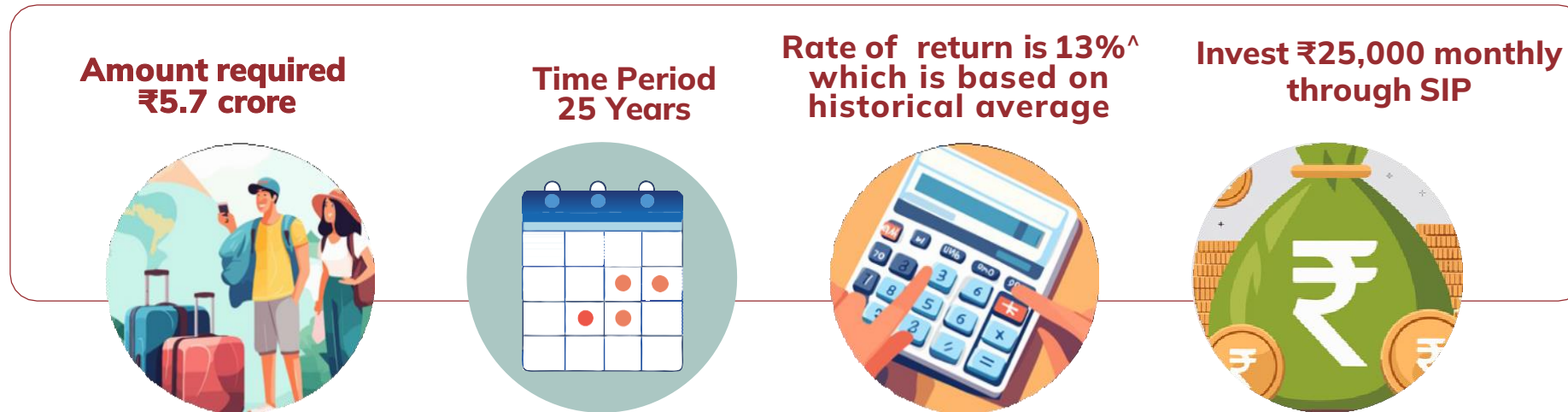


Variance: 15 minutes



The Relevance of Variance in Investment

Suppose: You aspire to retire comfortably after 25 years, for which you compute how much to invest:



However, after 25 years, the investment grew to ₹3.3 crore instead of ₹5.7 crore. What went wrong?

The actual rate of return turned out to be 10%, lesser than the expected average.

OR

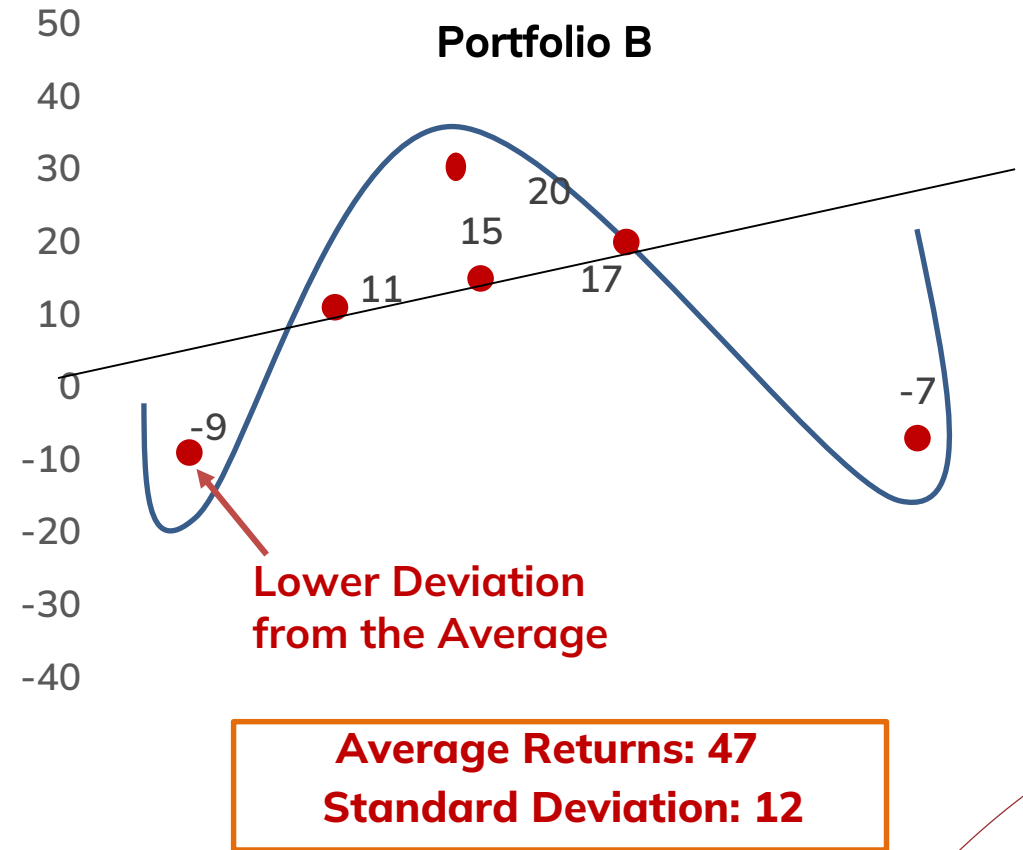
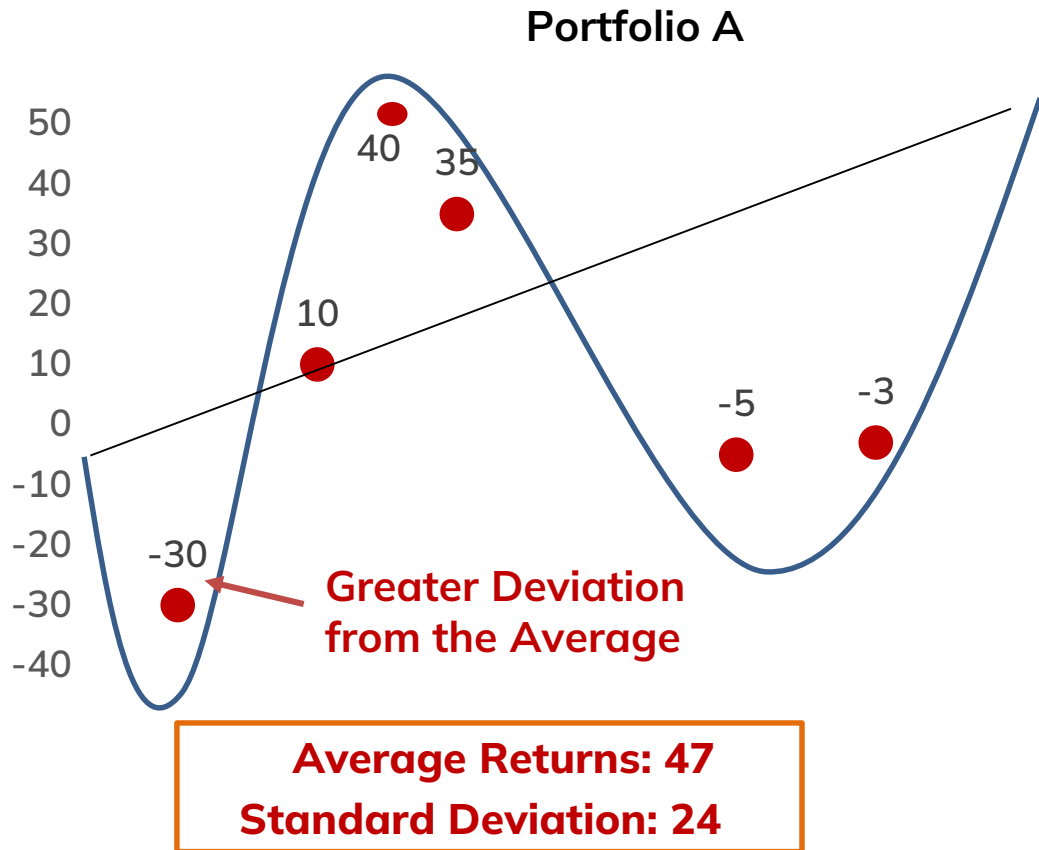
You had to withdraw for an emergency, resulting in a deviation from the plan.

The above is only for illustration to understand the concept. The numbers are not related to any mutual fund scheme. [^]This is the assumed rate of return taking into account various market factors and is shown only for understanding purpose. The same should not be construed as future returns that the investors will receive. The calculations are for illustrative purpose and based on mean of 10 year rolling return between 01/06/14 and 31/05/24 for the Benchmarks: Nifty which is 12.42%. Past performance may or may not sustain in future.



The Variance Tale of Two Portfolios

While Portfolio A and Portfolio B give the same average returns, there's a huge difference in the amount by which the returns vary from the mean





Taking learnings from the above

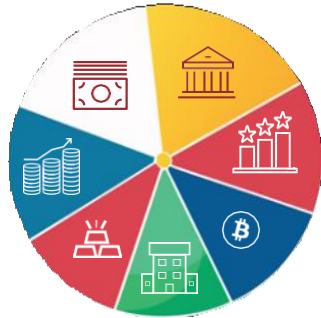
Be it our daily lives like estimating the time to travel or building an investment portfolio, variance plays a key role



Why has Variance taken center stage now?

Portfolios are getting tilted towards risk compared to returns for various reasons:

1. Risk-Reward
taking a back-seat in portfolio
allocation



3. High Valuations



5. Heightened Geo-political
tensions



7. FPI Flows



2. Historical Returns



4. Slow earnings
growth



6. India Growth
Story



8. Our View



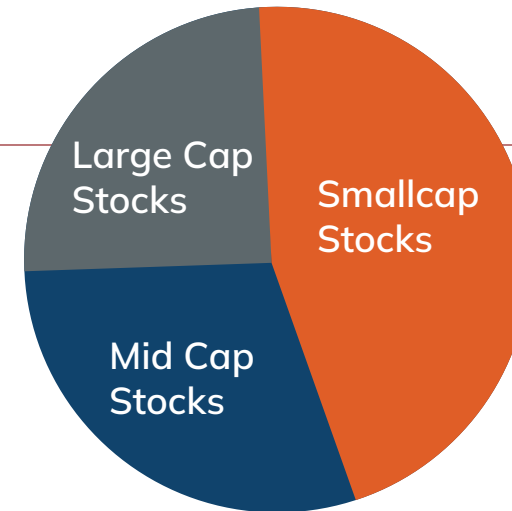


1. Risk-Reward Taking Back Seat !!!

Investors few years back on an average used to have allocation towards equity, debt & hybrid schemes



Now on an average with Mark-to-market gain, high historical returns, higher risk-appetite, the portfolio is tilted more towards equity and that too more towards Mid and Smallcap





1. Risk-Reward taking back seat

Investors continued to flock towards Midcap & Smallcap schemes due to past returns

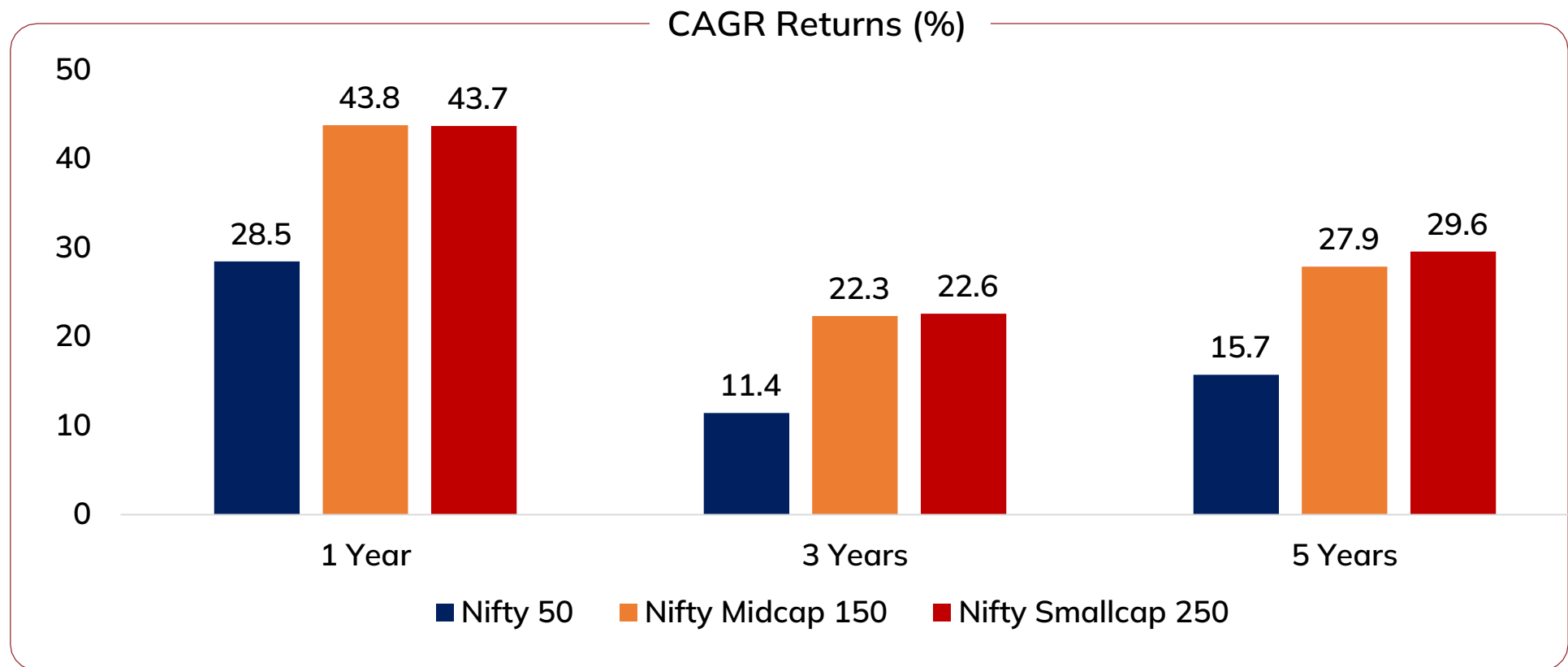
| Category | Flows into various category (INR Bn) | | | | | | | |
|---------------------------------------|--------------------------------------|------------|-------------|-------------|------------|------------|------------|-------------|
| | 2020 | 2021 | 2022 | 2023 | Mar-24 | Jun-24 | Sep-24 | CYTD 24 |
| Flexicap Fund | 0 | 179 | 220 | 116 | 27 | 31 | 32 | 260 |
| Large Cap Fund | -24 | 29 | 137 | -30 | 21 | 10 | 18 | 114 |
| Large & Midcap Fund | 18 | 87 | 200 | 189 | 32 | 29 | 36 | 262 |
| Midcap Fund | 5 | 106 | 205 | 229 | 10 | 25 | 31 | 196 |
| Smallcap Fund | 14 | 38 | 198 | 410 | -1 | 23 | 31 | 217 |
| Sectoral / Thematic Fund | 83 | 255 | 209 | 308 | 79 | 224 | 133 | 1205 |
| Value / Contra / Focused Fund | -3 | 60 | 184 | 92 | 18 | 17 | 17 | 141 |
| Dividend Yield / ELSS / Multicap Fund | -3 | 213 | 258 | 300 | 39 | 48 | 47 | 358 |
| Total | 90 | 967 | 1611 | 1614 | 225 | 407 | 345 | 2753 |

Data till Sep 30,2024 is considered. Data Source: Nuvama Research, AMFI (<https://www.amfiindia.com/research-information/amfi-monthly>) and Kotak Institutional Research. CYTD: Calendar Year Till Date, Bn: Billion. Data is on calendar year basis.



2. Historical Returns

All segments of market have rallied especially the Midcap & Smallcap space

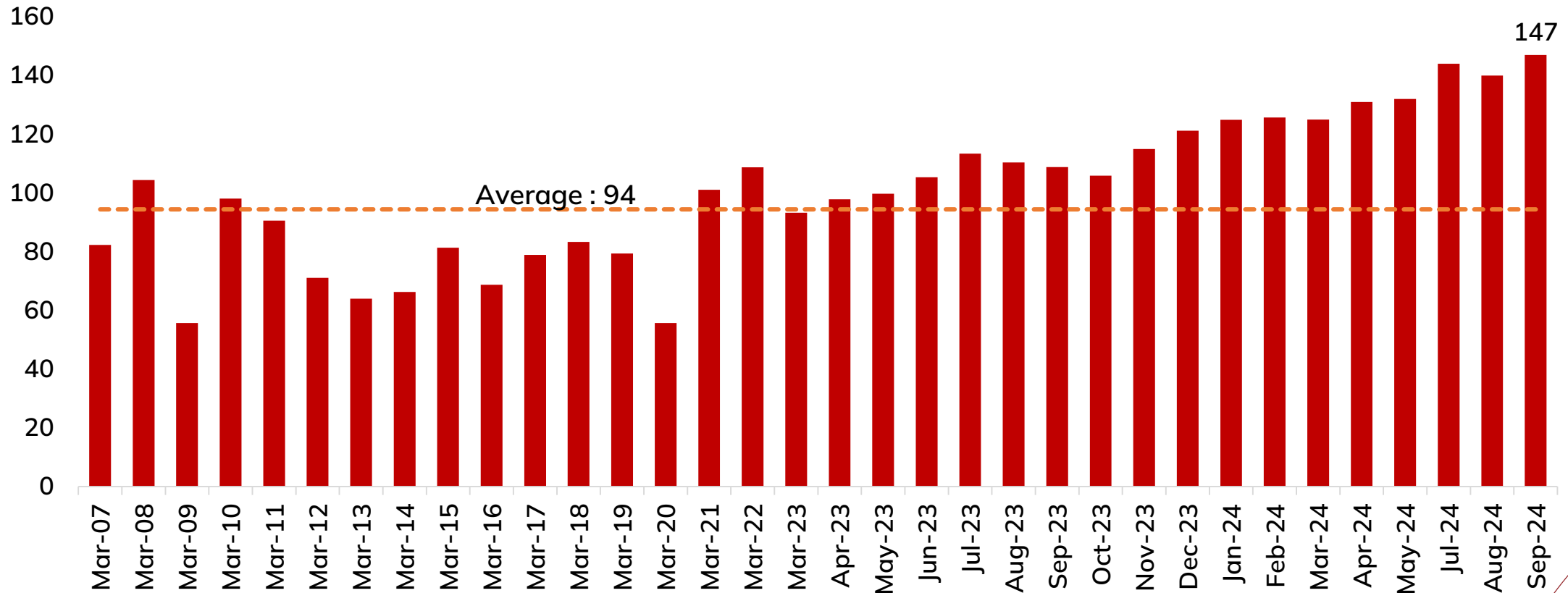




3. Valuations not cheap

Ongoing rally in equity markets has pushed country's market cap to GDP to 147% v/s historical average of 94%

Indian Market Cap to GDP (%)

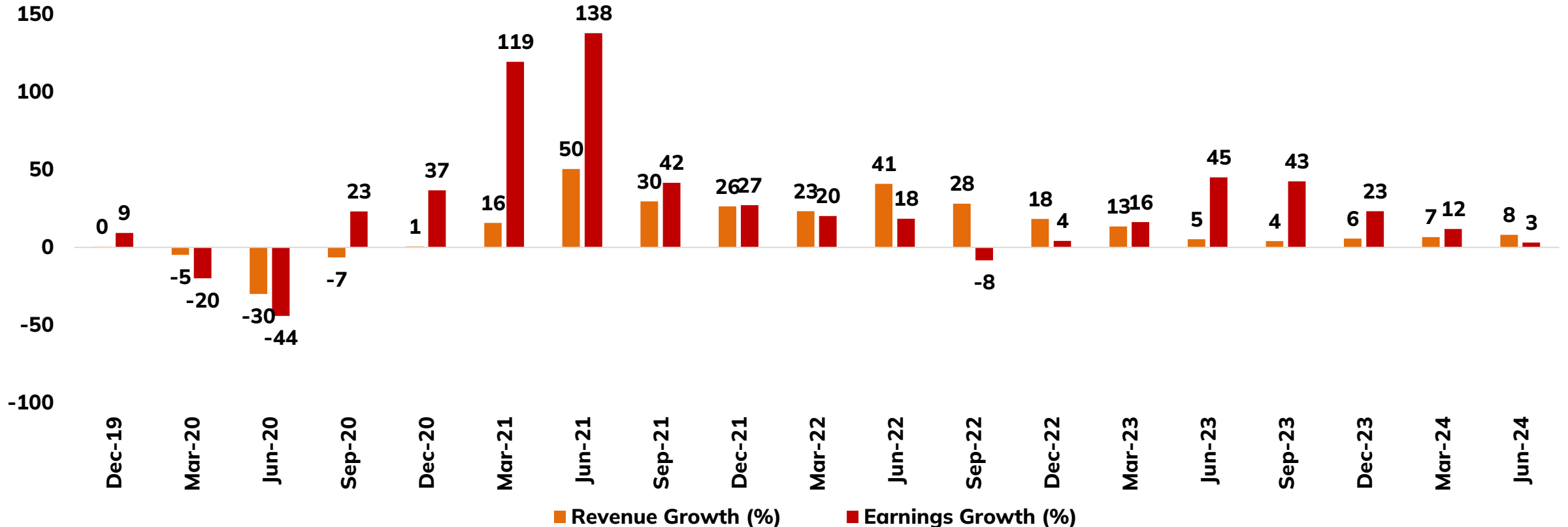




4. Slow Earnings Growth

Moderation is seen in corporate earnings as the tailwinds of (a) lower input prices & (b) easy liquidity is already behind us

Revenue & Earnings YOY Growth of BSE 500 Companies (%)





5. Heightened Geo-Political Tensions

A series of geo-political crises is bringing significant uncertainty and fragility to macros

US-CHINA
Long standing issues over multiple topics – Taiwan, tech decoupling & trade tensions

WAR
The Russia-Ukraine + Hamas-Israel war seems far from over, disturbing global supply chains

GULF TENSIONS
The on-going wars have led to country blocs on both sides disturbing national relations



6. India Growth Story

India's Long-Term Growth Story remains intact, mainly due to four factors:



**Strong Govt
Balance Sheet**



**Healthy Bank
Balance Sheet**



**Robust Corporate
Balance Sheet**



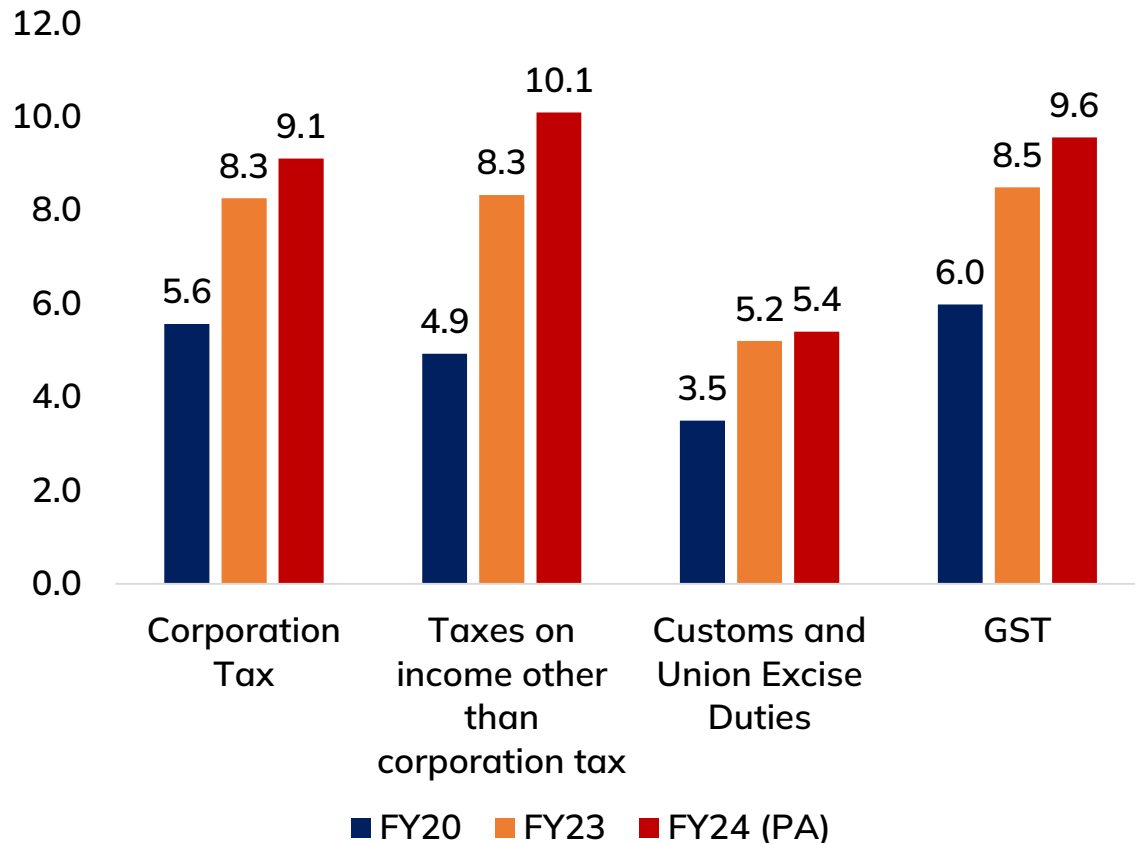
**Stable household
balance sheet**



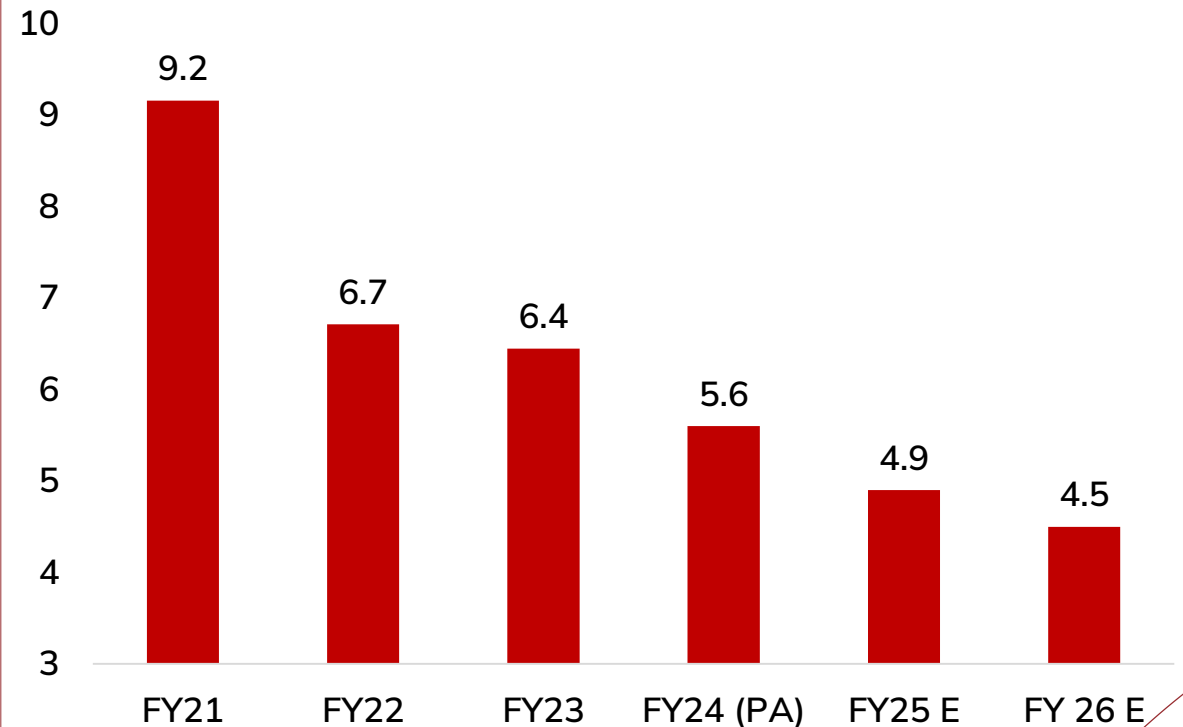
Healthy Balance Sheets – Govt.

Dual benefit of Buoyancy in tax revenue and Govt's Fiscal Consolidation Roadmap

Govt. Tax Revenues (INR Lakhs Cr)



Fiscal Deficit (as a % of GDP)

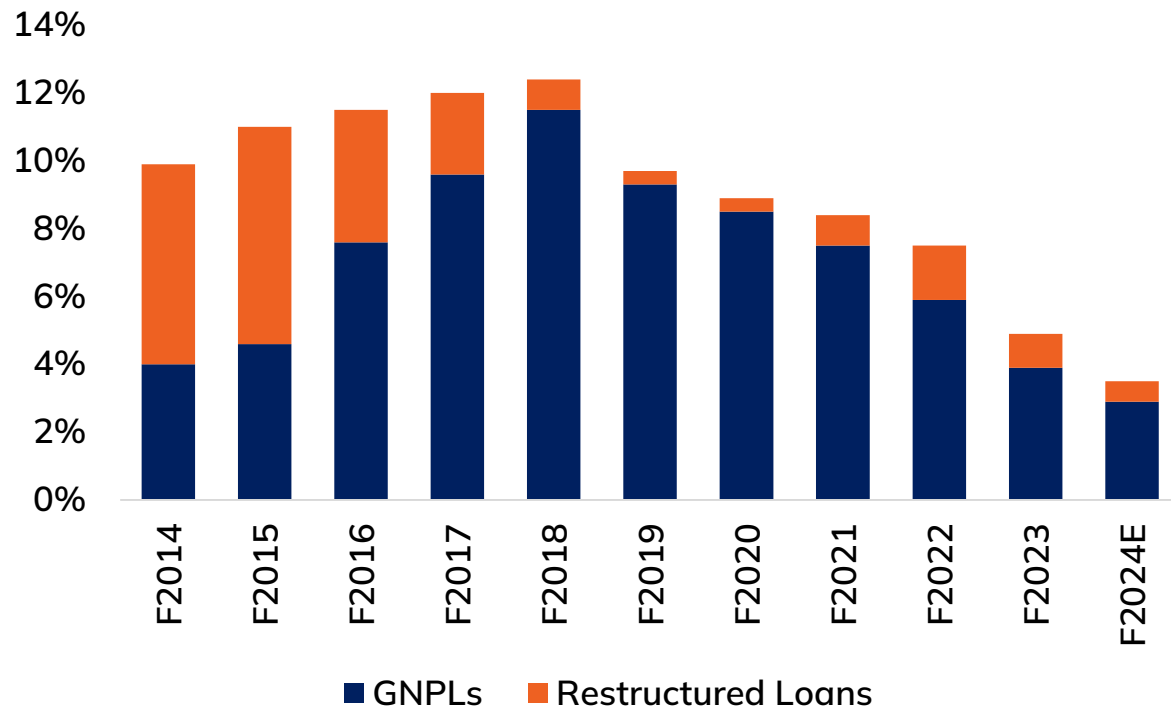




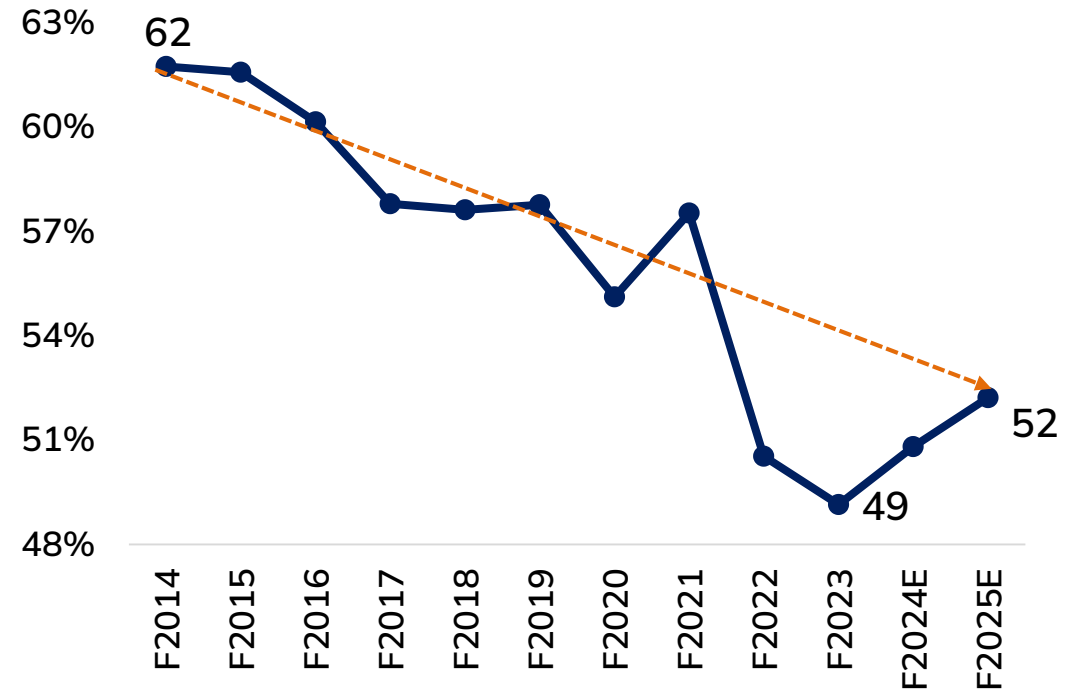
Healthy Balance Sheets – Banks & Corporates

Impaired loans decelerate further in FY24 and corporate balance sheets are healthy thereby improving the overall ecosystem for private capex

Impaired Loans Decelerate



Corporate Debt, % of GDP

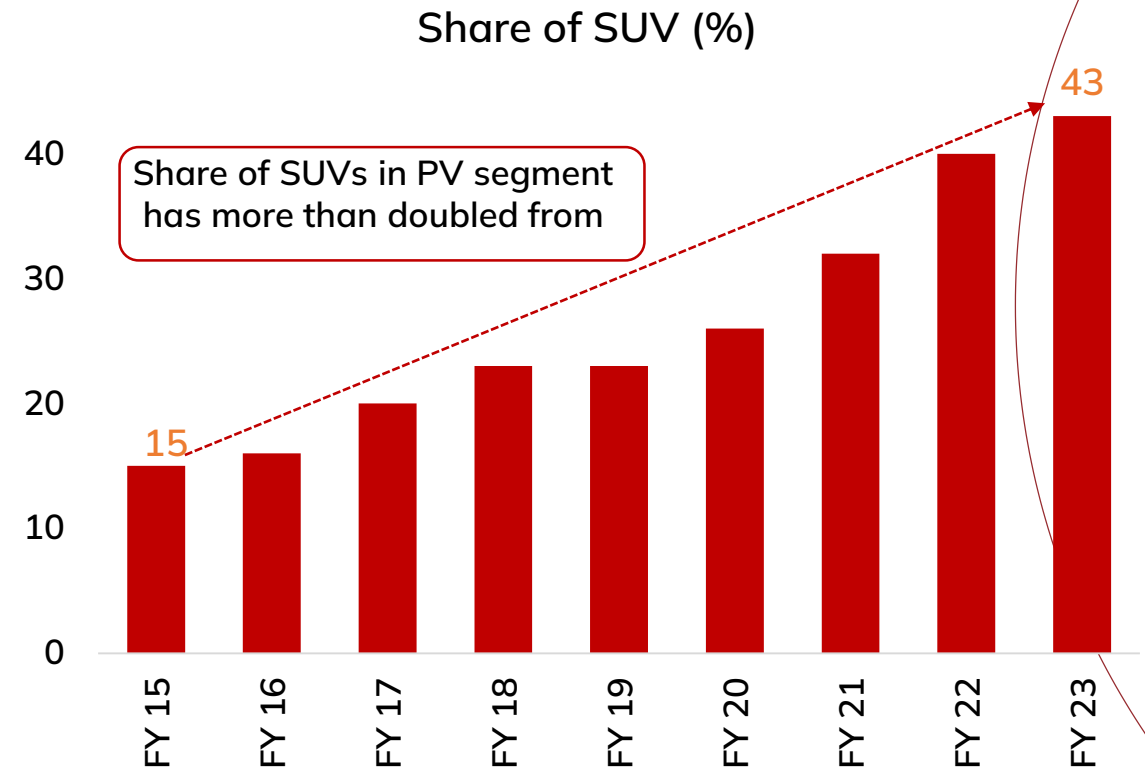




Household Balance Sheet

Premiumization is becoming deeply ingrained in the Indian customers as growth in premium products outpace growth of mass consumption goods

| Category | Premium Products Growth | | Normal Products Growth | |
|-----------|--------------------------|----------------|-------------------------|----------------|
| | Sub category | 10 Yr CAGR (%) | Sub category | 10 Yr CAGR (%) |
| Cleansing | Body Wash / Liquid Soaps | 15.8 | Bar Soap | 8.1 |
| Haircare | Premium Hair care | 14.7 | Mass Hair Care | 7.1 |
| Tea | Green Tea | 26.3 | Normal Tea | 9.4 |
| Deodorant | Premium Deodorant | 18.9 | Mass Deodorant | 12 |
| Beverages | Nutrition Drink | 7.1 | Non alcoholic beverages | 9.2 |
| Homecare | Air care | 10.1 | Dishwashing | 9.9 |
| Footwear | Sports Footwear | 16.1 | Normal Footwear | 9.2 |

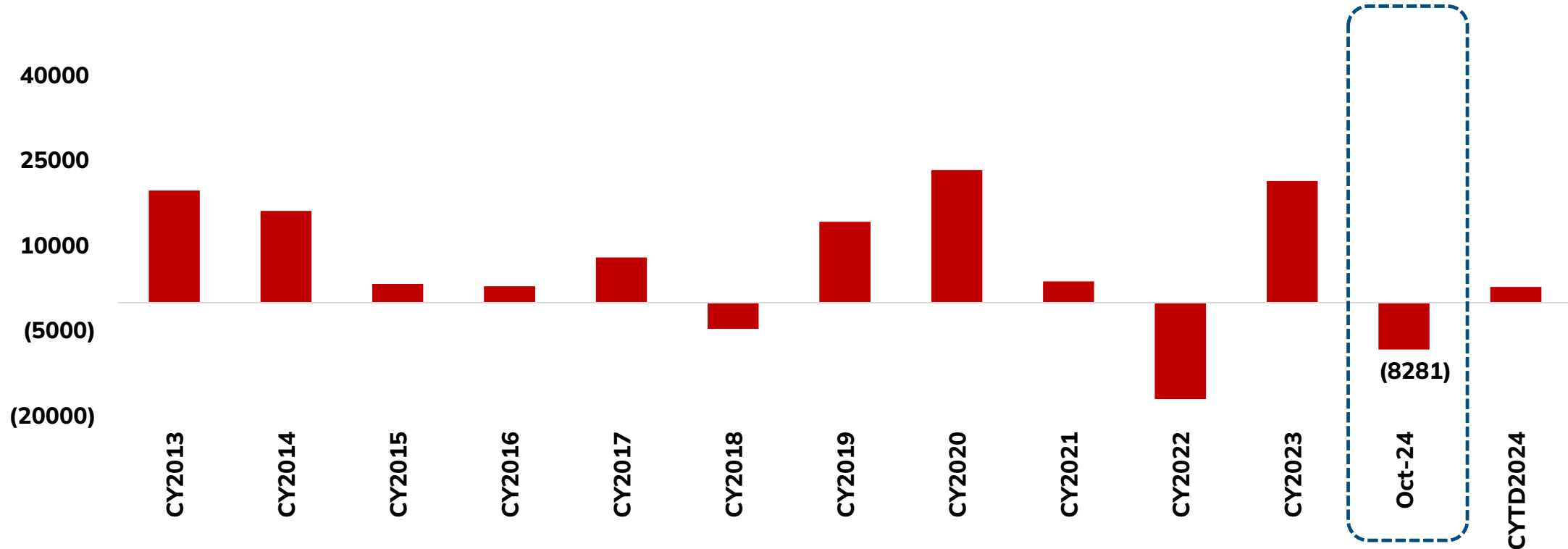




7. FPI Flows

Since last few years, FPI have been selling India Equities, the major brunt has been felt by the large-caps and any reversal may in future may result in this segment doing much better

Net investments in cash market by FPI, DII & MFs (USD Mn)





8. Our View

1

India's macro remains strong and long-term story intact.

2

Valuations are not cheap

3

Prefer Largecaps over Mid and smallcap due to reasonable valuation

4

Lumpsum in FOFs, Multi asset allocation and Hybrid schemes, as they have flexibility to move across asset classes

5

For existing investors, we recommend to stay invested as India's long-term growth story remains intact.

6

Investors who wish to add equity should focus on schemes that has flexible investment mandate or schemes which can manage higher volatility



Our Outlook - Recommendations

| Plan of action | Recommendation |
|--|--|
| Manage Asset Allocation | Hybrid Schemes/ FOF schemes |
| Invest in less co-related assets | Multi-Asset Schemes/ FOF schemes |
| Invest in equity schemes with high flexibility | Flexicap Schemes or schemes/FOFs with flexible mandate |
| Invest in equity schemes that have low volatility | Minimum Variance schemes |



— INTRODUCING —
**ICICI Prudential Equity
Minimum Variance Fund**



About the Fund

Equity oriented scheme

Objective to provide long-term capital appreciation

Aims for lower volatility in the fund vis-à-vis the benchmark

Risk adjusted returns focused scheme rather than being only return focused

Diversified portfolio spread across companies from Nifty 50 Index



About the Universe

While low variance as an investment approach can give better risk adjusted returns, we prefer low volatility in Nifty 50 Index due to following reasons

| | Remarks |
|-------------------------------|--|
| Large Caps | Low Volatility |
| Governance + Liquidity | High |
| Current Valuations | Reasonable |
| Performance | Good but lagging compared to other marketcaps |



About the Universe

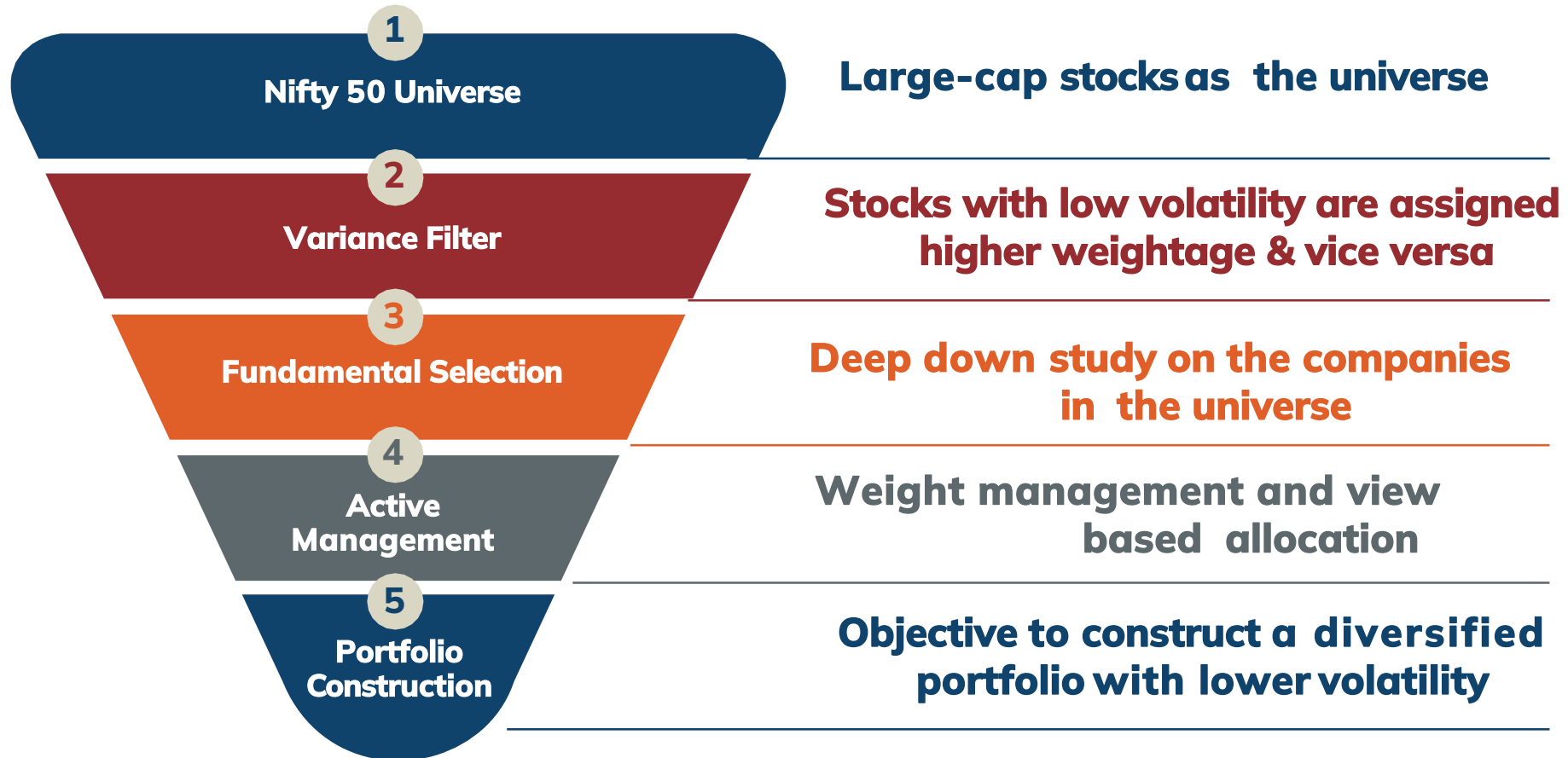
Valuations are reasonable in the Large-cap space

| Period | As a % of Total Market Cap | | | |
|--------|----------------------------|---------|------------|--------------|
| | Top 50 | Next 50 | Midcap 150 | Smallcap 250 |
| 2013 | 66.5 | 13.8 | 12.4 | 7.2 |
| 2014 | 62.5 | 14.3 | 14.1 | 9.1 |
| 2015 | 59.8 | 14.0 | 15.2 | 11.0 |
| 2016 | 58.8 | 14.1 | 15.3 | 11.8 |
| 2017 | 53.4 | 14.7 | 17.3 | 14.6 |
| 2018 | 58.3 | 13.7 | 16.3 | 11.7 |
| 2019 | 61.8 | 13.1 | 15.6 | 9.5 |
| 2020 | 60.9 | 13.3 | 15.5 | 10.2 |
| 2021 | 55.6 | 13.1 | 16.8 | 14.4 |
| 2022 | 56.7 | 12.5 | 16.1 | 14.7 |
| 2023 | 51.4 | 13.1 | 17.6 | 17.8 |
| Sep-24 | 47.8 | 14.1 | 18.7 | 19.4 |

Source: NSE. Data as on Sep 30,2024. Data is on calendar year basis. Past performance may or may not sustain in future. Red indicates high valuations, Amber indicates neutral valuations and Green indicates attractive valuations.



Investment Strategy

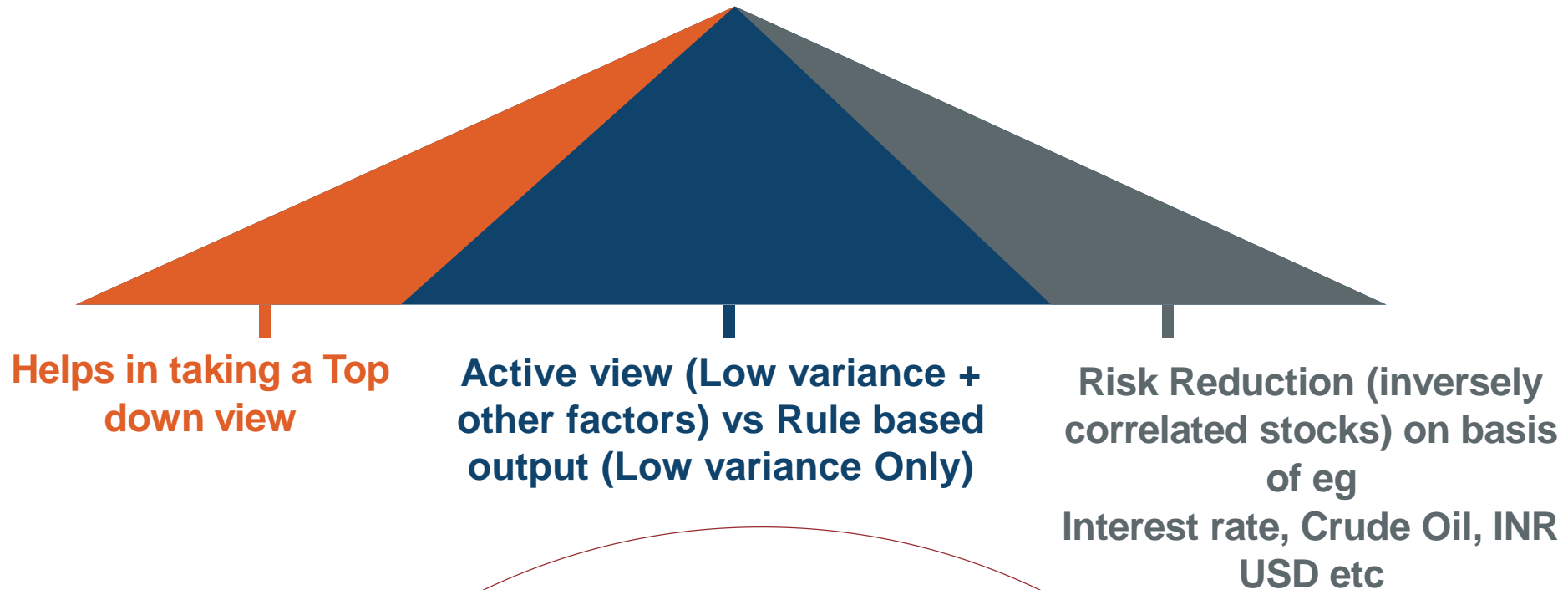


Objective: Portfolio Var (X) < Nifty 50 Var (X)



Why Active Allocation is Important ?

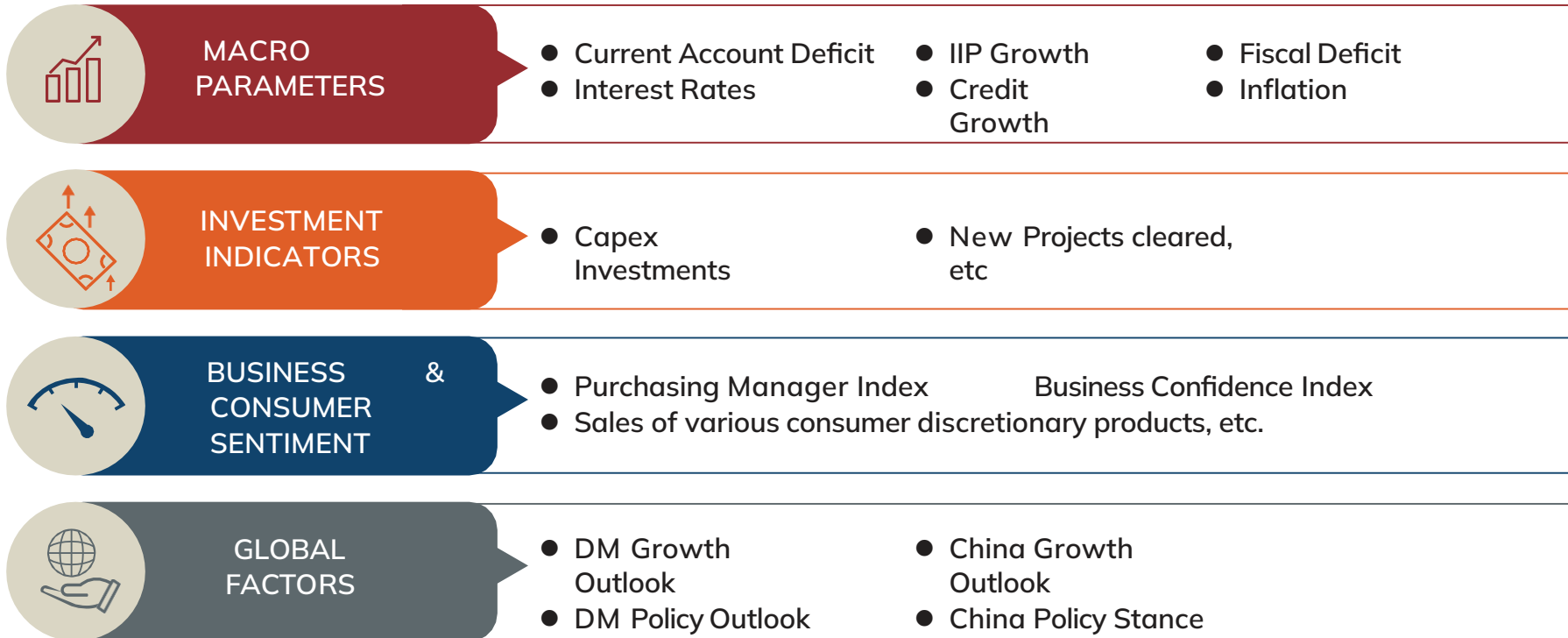
Benefits of Active Allocation





Top Down View

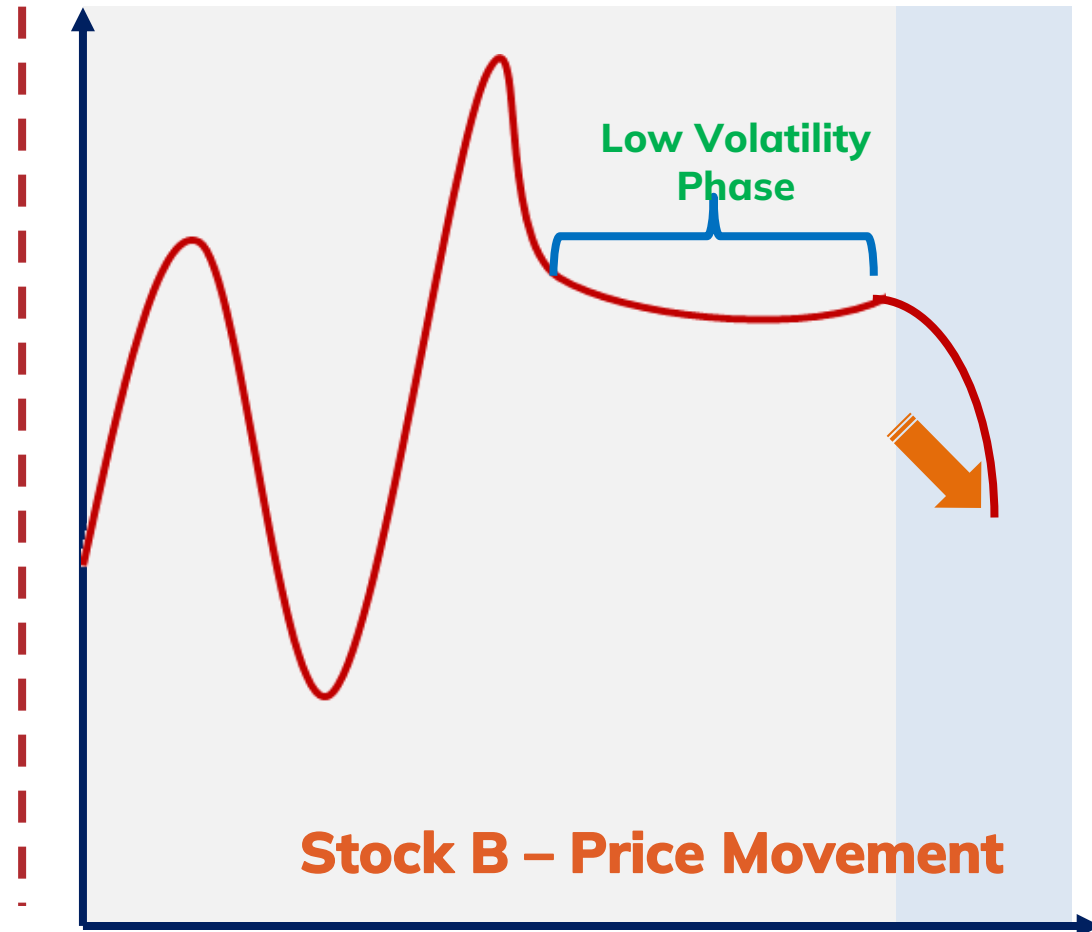
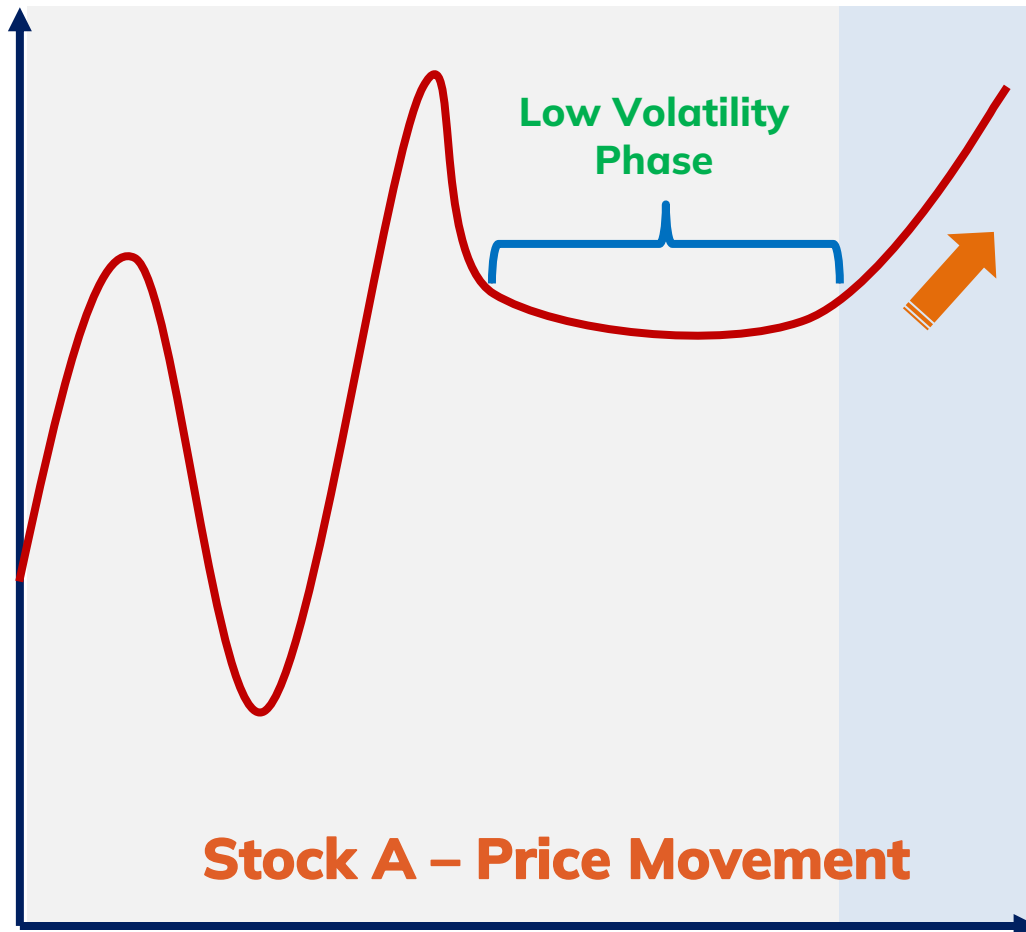
The fund manager would consider various macro indicators for managing sector weights





Active View vs Rule Based Output

Post low volatility phase stock price may move upwards or downwards, Endeavour of active management would be to reduce instances of negative stock movement by considering Earnings Outlook, Management commentary etc.





Portfolio Co-relation

Oil Prices as an Example



A famous paint company which has oil as the key input raw materials would get negatively impacted if the oil prices go up.

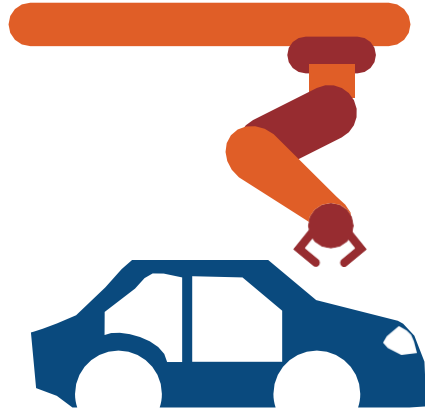


A famous oil exploration company and is in the process of exploration of Oil would get positively impacted if the Oil prices go up.



Portfolio Co-relation

Interest Rate as an Example



An auto manufacturing company is negatively impacted due to high interest rates as consumers refrain spending on cars due to higher interest rates on loans



A banking company benefits from high interest rates as it earns better spread on its lending book



Myth Buster # 1

Low Variance = Defensive* Sectors Only



Historical Back-tested Data on Sectoral Exposure with variance as the rule

Historically, the approach had exposure to various sectors and it is not only restricted to defensive sectors

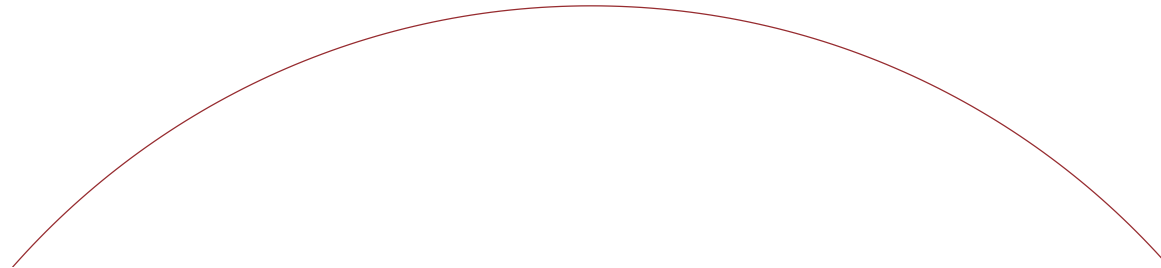
| Sector | Cement | Auto | FMCG | Energy | Finance | Healthcare | Industrials | Media | Metals | Retail | Technology | Utilities |
|--------|--------|-------|-------|--------|---------|------------|-------------|-------|--------|--------|------------|-----------|
| Dec-03 | 9.1% | | 29.7% | 2.7% | 16.3% | 15.3% | 12.1% | | 6.2% | | | 6.0% |
| Dec-04 | 9.8% | 8.1% | 23.7% | 3.5% | 14.0% | 17.2% | 8.9% | | 5.9% | | | 5.7% |
| Dec-05 | 10.8% | 9.4% | 10.5% | 6.7% | 17.3% | 17.0% | 9.8% | | 6.0% | | 9.9% | 2.8% |
| Dec-06 | 10.5% | 10.1% | 6.8% | 6.3% | 16.6% | 16.3% | 6.0% | | | | 21.7% | 5.6% |
| Dec-07 | 9.7% | 9.8% | 6.6% | 6.5% | 15.2% | 17.1% | | | | | 24.9% | 10.1% |
| Dec-08 | 9.5% | 13.3% | 7.9% | 6.2% | 12.2% | 7.7% | 11.6% | | | | 21.4% | 10.2% |
| Dec-09 | 9.4% | 7.5% | 8.8% | 8.9% | 11.6% | 8.5% | 14.4% | | | | 17.3% | 13.6% |
| Dec-10 | 6.2% | 12.4% | 9.3% | 8.8% | 11.8% | 12.0% | 11.5% | | | | 13.7% | 14.3% |
| Dec-11 | 9.1% | 9.2% | 8.4% | 12.4% | 8.9% | 11.5% | 11.6% | | | | 13.4% | 15.4% |
| Dec-12 | 12.3% | 5.8% | 11.1% | 9.8% | 12.4% | 14.6% | 6.4% | | | | 12.3% | 15.3% |
| Dec-13 | 16.2% | 5.8% | 10.4% | 9.3% | 10.0% | 15.2% | 3.5% | | | | 15.0% | 14.6% |
| Dec-14 | 12.8% | 12.4% | 10.9% | 6.3% | 10.8% | 14.5% | 3.5% | 3.1% | | | 15.8% | 9.8% |
| Dec-15 | 13.3% | 13.4% | 10.2% | 3.5% | 14.0% | 12.9% | 3.4% | 3.3% | | | 19.5% | 6.6% |
| Dec-16 | 13.2% | 13.1% | 10.8% | 6.4% | 14.7% | 9.1% | 2.8% | 3.1% | | | 20.3% | 6.5% |
| Dec-17 | 6.3% | 13.5% | 10.1% | 15.1% | 15.5% | 3.3% | 5.8% | 3.0% | | | 19.8% | 7.5% |
| Dec-18 | 3.3% | 13.3% | 11.2% | 8.8% | 18.5% | 3.2% | 3.1% | 3.1% | 2.8% | 2.6% | 19.4% | 10.8% |
| Dec-19 | 3.0% | 12.9% | 17.9% | 8.4% | 17.8% | 3.2% | 6.2% | | 2.7% | | 16.7% | 11.2% |
| Dec-20 | 6.7% | 3.4% | 20.1% | 8.8% | 15.7% | 8.9% | 6.2% | | | 2.9% | 19.4% | 7.7% |
| Dec-21 | 6.2% | 3.5% | 19.7% | 9.2% | 16.2% | 12.8% | 3.1% | | | 2.9% | 19.8% | 6.6% |
| Dec-22 | 6.2% | 3.4% | 22.8% | 6.2% | 16.5% | 12.8% | 3.1% | | | 2.9% | 19.7% | 6.4% |
| Dec-23 | 5.9% | 9.5% | 18.9% | 6.4% | 20.4% | 10.3% | 3.2% | | | 2.9% | 16.4% | 6.1% |

* Back-tested data taken for Nifty 50 stocks based on low variance filter on last day of every calendar year. The stock(s)/sector(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in these stock(s)/sector(s). Defensive sectors are those whose revenue remains stable irrespective of economic cycle



Myth Buster # 2

Low Variance* = Low Returns



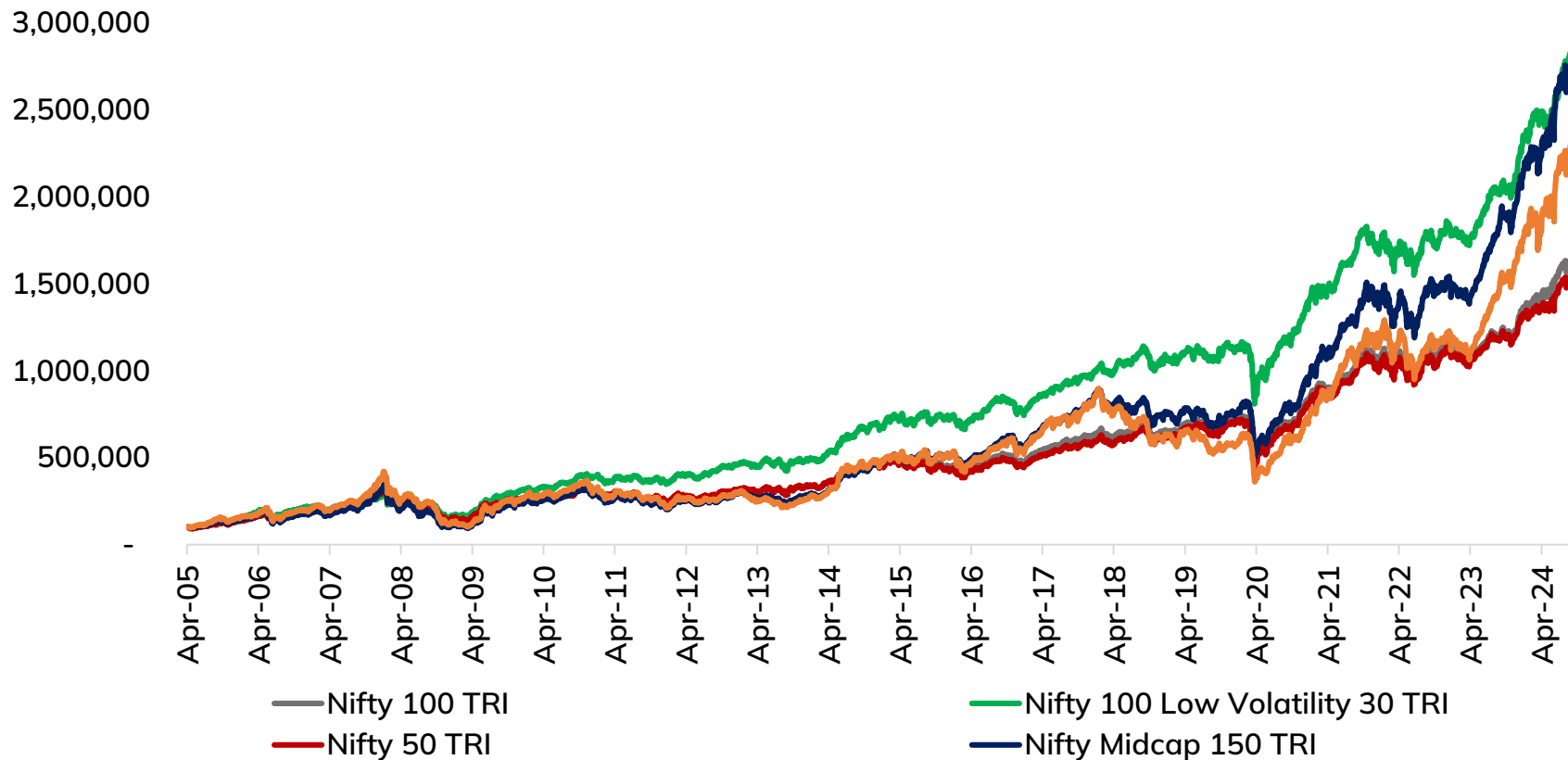
*The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



How does Low Variance approach Help?

Due to lower volatility and low drawdown, the approach has created better experience

The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



| Index | Value of Investment (INR) | CAGR (%) |
|--------------------------|---------------------------|----------|
| Nifty 100 low Vol 30 TRI | 27.30 Lakhs | 18.4 |
| Nifty Midcap 150 TRI | 26.0 Lakhs | 18.1 |
| Nifty Smallcap 250 TRI | 21.4 Lakhs | 16.9 |
| Nifty 100 TRI | 15.73 Lakhs | 15.1 |
| Nifty 50 TRI | 14.91 Lakhs | 14.8 |



How does Low Variance approach Help?

For 60% of the times, the Nifty 100 Low Volatility 30 TRI have outperformed Nifty 100 TRI.

| CY | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
|------|---------------|---------------------------------|--------------|----------------------|------------------------|
| 2005 | 38.1 | 52.6 | 39.3 | 43.4 | 55.8 |
| 2006 | 40.2 | 43.3 | 41.9 | 28.5 | 32.9 |
| 2007 | 59.5 | 31.5 | 56.8 | 78.2 | 97.4 |
| 2008 | -53.1 | -42.3 | -51.3 | -64.9 | -68.6 |
| 2009 | 84.9 | 92.9 | 77.6 | 113.9 | 117.4 |
| 2010 | 19.3 | 25.5 | 19.2 | 20.1 | 17.6 |
| 2011 | -24.6 | -11.9 | -23.4 | -31.2 | -35.2 |
| 2012 | 32.0 | 31.9 | 28.8 | 47.0 | 40.7 |
| 2013 | 7.9 | 6.6 | 8.1 | -1.3 | -6.4 |
| 2014 | 34.9 | 36.8 | 32.9 | 62.7 | 71.7 |
| 2015 | -1.3 | 9.8 | -3.0 | 9.7 | 11.3 |
| 2016 | 3.9 | 2.3 | 3.3 | 5.9 | 0.3 |
| 2017 | 34.2 | 31.4 | 31.6 | 56.6 | 60.2 |
| 2018 | 2.6 | 7.4 | 4.6 | -12.6 | -26.1 |
| 2019 | 11.8 | 5.2 | 13.5 | 0.6 | -7.3 |
| 2020 | 16.1 | 24.3 | 16.1 | 25.6 | 26.5 |
| 2021 | 26.4 | 24.2 | 25.6 | 48.2 | 63.3 |
| 2022 | 5.4 | 2.4 | 6.2 | 3.4 | -3.4 |
| 2023 | 20.7 | 31.2 | 21.0 | 44.1 | 49.3 |
| CYTD | 23.7 | 25.5 | 19.7 | 32.4 | 32.6 |

Source: MFI Explorer. MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. Data as on Oct 27,2024 is considered. Returns are in absolute basis. CY: Calendar Year, CYTD: Calendar Year Till Date. Past performance may or may not be sustained in the future. The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



How does Low Variance approach Help?

The approach has been able to capture most of the upside in the bull phase

| Events | Period | Bull Phase | | | | |
|---------------------------------|-------------------|---------------|---------------------------------|--------------|----------------------|------------------------|
| | | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
| 2007 Boom | Mar 07 - Jan 08 | 64% | 37% | 61% | 81% | 90% |
| 2009 Recovery | Mar 09 - May 09 | 62% | 40% | 57% | 82% | 91% |
| BJP Govt. being elected | Feb 14 - Feb 15 | 45% | 46% | 43% | 73% | 80% |
| Recovery after Yuan devaluation | Dec 16 to Aug 18 | 29% | 29% | 28% | 30% | 22% |
| Recovery Post Covid -19 | Mar 20 to Oct 21 | 77% | 68% | 78% | 100% | 117% |
| Strong Earnings Momentum | June 22 to Sep 24 | 28% | 32% | 27% | 44% | 45% |

Source: MFI Explorer. MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. Returns for less than 1 year are in absolute basis and more than 1 year are in CAGR terms. Past performance may or may not be sustained in the future. The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns. Covid - 19 refers to Coronavirus Disease 2019.



How does Low Variance approach Help?

But the major outperformance can be attributed mainly to limiting downside

| Events | Period | Bear Phase | | | | |
|----------------------|------------------|---------------|---------------------------------|--------------|----------------------|------------------------|
| | | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
| Eurozone Crisis | Nov 10 - Dec 11 | -21% | -9% | -19% | -32% | -36% |
| US Fed Taper Tantrum | Dec 12- Sep 13 | -10% | -8% | -9% | -21% | -28% |
| Yuan Devaluation | Aug 15 to Feb 16 | -18% | -12% | -17% | -17% | -22% |
| NBFC Crisis | Sep 18 - Oct 18 | -13% | -10% | -12% | -16% | -19% |
| Covid-19 | June 19 - Mar 20 | -34% | -27% | -34% | -33% | -40% |
| High Valuations | Oct 21- June 22 | -17% | -14% | -16% | -21% | -23% |

Source: MFI Explorer. MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. Returns for less than 1 year are in absolute basis and more than 1 year are in CAGR terms. Past performance may or may not be sustained in the future. The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



How does Low Variance approach Help?

Even in flat markets, the approach has given better experience to investors

| Period | Flat Phase | | | | |
|-------------------|---------------|---------------------------------|--------------|----------------------|------------------------|
| | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
| Nov 09 - May 10 | 2% | 9% | 1% | 10% | 13% |
| Mar 10 - June 12 | 1% | 10% | 2% | -1% | -5% |
| Jan 11 to June 13 | 2% | 9% | 2% | -1% | -8% |
| Jan 15 - Sep 16 | 3% | 11% | 3% | 14% | 10% |
| Feb 21 - Jun 22 | 3% | 3% | 2% | 11% | 15% |
| Oct 21 to Feb 23 | -1% | 2% | 0% | 2% | 0% |

Source: MFI Explorer. MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. Returns for less than 1 year are in absolute basis and more than 1 year are in CAGR terms. Past performance may or may not be sustained in the future. The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



How does Low Variance approach Help?

3 Y Rolling Return daily basis from April 2005

| Returns | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
|-----------------------|---------------|---------------------------------|--------------|----------------------|------------------------|
| Min | -6.9 | -3.9 | -5.6 | -17.2 | -17.5 |
| Max | 40.7 | 38.6 | 41.8 | 40.8 | 44.9 |
| Average | 12.7 | 15.7 | 12.4 | 15.7 | 13.7 |
| Std Deviation | 6.9 | 6.1 | 6.8 | 11.7 | 14.1 |
| Risk Adjusted Returns | 1.8 | 2.6 | 1.8 | 1.3 | 1.0 |
| Total Observations | 4084 | 4084 | 4084 | 4084 | 4084 |

| Returns Range | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
|---------------|---------------|---------------------------------|--------------|----------------------|------------------------|
| <0% | 3% | 1% | 2% | 10% | 19% |
| 0-10% | 30% | 11% | 35% | 22% | 23% |
| 10-15% | 31% | 35% | 29% | 14% | 9% |
| >15% | 37% | 53% | 34% | 53% | 49% |

Data Source: MFI; MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. Data in % CAGR terms; The above analysis is done considering the investment period between April 01, 2005 and September 30, 2021. Returns are calculated for the period between April 01, 2008 to September 30, 2024. Past performance may or may not sustain in the future. The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



How does Low Variance approach Help?

5 Y Rolling Return daily basis from April 2005

| Returns | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
|-----------------------|---------------|---------------------------------|--------------|----------------------|------------------------|
| Minimum | (0.7) | 2.2 | (1.0) | (2.3) | (6.2) |
| Maximum | 24.4 | 27.9 | 24.2 | 32.4 | 34.2 |
| Average | 12.5 | 15.7 | 12.1 | 15.3 | 12.5 |
| Std Deviation | 4.6 | 4.0 | 4.6 | 7.0 | 8.3 |
| Risk Adjusted Returns | 2.7 | 3.9 | 2.6 | 2.2 | 1.5 |
| Total Observations | 3598 | 3598 | 3598 | 3598 | 3598 |

| Returns Range | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
|---------------|---------------|---------------------------------|--------------|----------------------|------------------------|
| <0% | 0% | 0% | 0% | 1% | 8% |
| 0-10% | 28% | 5% | 30% | 22% | 29% |
| 10-15% | 42% | 39% | 45% | 26% | 24% |
| >15% | 30% | 56% | 25% | 51% | 39% |

Data Source: MFI; MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. Data in % CAGR terms; The above analysis is done considering the investment period between April 01, 2005 and September 30, 2021. Returns are calculated for the period between April 01, 2008 to September 30, 2024. Past performance may or may not sustain in the future. The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



How does Low Variance approach Help?

The low variance approach has performed well across time periods & in different zones of IPRU Equity Valuation Index (EVI)

| Investment Zones Zones (as per EVI) | No of Observations in the zone | Average Point to Point monthly Returns | | | | |
|--|--------------------------------------|--|------------------------------------|--------------|-------------------------|---------------------------|
| | | Nifty 100 TRI | Nifty 100 Low Volatility 30 TRI | Nifty 50 TRI | Nifty Midcap 150 TRI | Nifty Smallcap 250 TRI |
| Dark Green | 9 | 26.60% | 31.58% | 25.78% | 30.95% | 30.97% |
| Green | 58 | 15.96% | 18.38% | 15.21% | 21.79% | 20.47% |
| Amber | 103 | 10.19% | 12.85% | 10.21% | 11.54% | 8.79% |
| Red | 20 | 10.36% | 14.06% | 9.91% | 12.44% | 11.29% |
| Dark Red | 8 | 6.90% | 15.16% | 6.27% | 8.83% | 6.57% |

Methodology for calculation : EVI month-end values are taken and the next three year returns of the respective index is calculated, the final number is arrived by taking average of all the return observations in that particular zone. Data Source: MFI; MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit <http://www.icraonline.com/legal/standard-disclaimer.html>. Returns are calculated on CAGR basis. Above analysis is done considering the investment period between April 2005 and Sep 2021. The returns are calculated for the period between April 2008 and Sep 2024. Equity Valuation Index (EVI) is a proprietary model of ICICI Prudential AMC Ltd. (the AMC) used for assessing overall equity market valuations. The AMC may also use this model for other facilities/features offered by the AMC. Equity Valuation index is calculated by assigning equal weights to Price-to-Earnings (PE), Price-to-Book (PB), G-Sec*PE and Market Cap to GDP ratio any other factor which the AMC may add/delete from time to time. G-Sec – Government Securities. GDP – Gross Domestic Product. Past performance may or may not sustain in future. The objective of using Nifty 100 Low Volatility 30 TRI is to give a broad understanding of returns, however the endeavor would be to actively manage the portfolio within the Nifty 50 basket over and above variance as a factor, to enhance the overall portfolio risk-adjusted returns



Ideal for Investors

- **Who are looking for long-term capital appreciation**
- **Who are looking for equity investments, but worried about high market volatility**
- **Who are looking to invest in large-cap companies having good corporate governance and high cash-flows**





Our Experience in identifying Ideas!

2018-19

Theme/Sector based fund

Launched Pharma, Manufacturing, Consumption, Commodities etc., post narrow rally



Special Situation Theme

Launched Special situation fund, post NBFC Crisis in 2018

2019

2021-22

Broad theme based fund

Launched PSU Equity, Transportation, Housing, Innovation etc. post COVID, due to attractive valuations



Business Cycle & Flexicap Theme

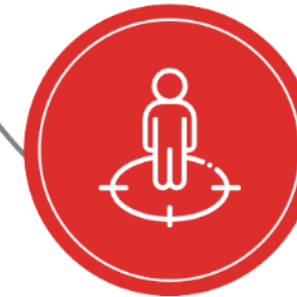
Launched pure Macro fund & Flexi Fund, due to rapid macro challenges (COVID, Geo-political tensions, Energy shortage etc.)

2021

2021-23

Positioning change in ESF

Markets expensive & Taxation impact, parking solution





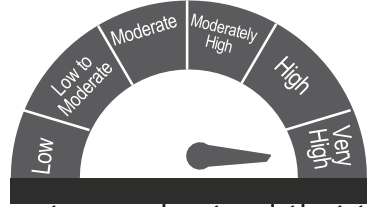
Scheme Features

| | | |
|---------------------------------------|---|----------------------|
| Type of Scheme | An open ended equity scheme following Minimum Variance theme | |
| Plans | ICICI Prudential Equity Minimum Variance Fund-Direct Plan ICICI Prudential Equity Minimum Varinace Fund – Regular Plan | |
| Options | Growth & IDCW* | |
| Minimum Application Amount | Rs. 5,000 (plus in multiples of Re.1) | |
| Minimum Additional Application Amount | Rs. 1,000 (plus in multiples of Re.1) | |
| Minimum Redemption Amount | Any Amount | |
| Entry Load | Not applicable | |
| Exit Load | Less than 12 months | 1% of applicable NAV |
| | More than 12 months | Nil |
| Benchmark Index | Nifty 50 TRI | |
| SIP / SWP / STP | Available | |
| Fund Managers | Vaibhav Dusad, for Overseas investment Nitya Mishra | |

*IDCW – Income Distribution cum Capital Withdrawal Option. Payment of dividend is subject to availability of distributable surplus and Trustee approval. Pursuant to payment of IDCW, the NAV of the scheme falls to the extent of dividend payout. When units are sold and sale price (NAV) is higher than face value of the unit, a portion of sale price that represents realized gains is credited to an Equalization Reserve Account and which can be used to pay dividend. Dividend can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. In case the unit holder has opted for dividend payout option, the minimum amount for dividend payout shall be 100 (net of dividend distribution tax and other statutory levy, if any), else the dividend would be mandatorily reinvested



Riskometer & Disclaimer

| | |
|--|---|
| <p>ICICI Prudential Equity Minimum Variance Fund (An open ended equity scheme following Minimum Variance theme) is suitable for investors who are seeking*:</p> |  <p>Investors understand that their principal will be at Very High Risk</p> |
| <ul style="list-style-type: none"> •Long Term Wealth Creation •To generate long term capital appreciation by investing in Equity & Equity related instruments through a diversified basket with an aim to minimize the portfolio volatility. | |
| <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> | |

It may be noted that the scheme risk-o-meter specified above is based on the internal assessment of the scheme characteristics and may vary post NFO when the actual investments are made. The same shall be updated on ongoing basis in accordance with clause 17.4 of the Master Circular.

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

All figures and other data given in this document are dated. The same may or may not be relevant at a future date. The AMC takes no responsibility of updating any data/information in this material from time to time. The information shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Prudential Asset Management Company Limited. Prospective investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of ICICI Prudential Mutual Fund.

Disclaimer: In the preparation of the material contained in this document, ICICI Prudential Asset Management Company Ltd. (the AMC) has used information that is publicly available, including information developed in-house. Some of the material used in the document 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 in this document is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. We have included statements / opinions

/ recommendations in this document, which contain words, or phrases such as “will”, “expect”, “should”, “believe” 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, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc. ICICI Prudential Asset Management Company Limited (including its affiliates), the Mutual Fund, The Trust 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, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner. Further, the information contained herein should not be construed as forecast or promise. The recipient alone shall be fully responsible/are liable for any decision taken on this material.