

ICICI Prudential PMS Absolute Return Portfolio

A series under "The Absolute Return Portfolio"

Portfolio Commentary

- Indian equity benchmarks ended August 2017 on a disappointing note. S&P BSE Sensex and Nifty 50 fell 2.41% and 1.58%, respectively in the month. Weak domestic economic data, Sebi's actions against shell companies and geopolitical tensions dented investor sentiments.
- The market fell sharply after the capital market regulator directed stock exchanges to initiate action against suspected 331 shell companies. Release of downbeat domestic manufacturing and services activity data and the RBI's neutral monetary policy stance despite reducing the repo rate in its policy meet on August 2, 2017 also impacted local indices. More losses were seen after the resignation of the CEO of an IT heavyweight and worsening asset quality of the banking major in the June quarter. Rising tensions between India and China along with heavy selling of domestic equities by FIIs also acted as a dampener. Discouraging global developments including political uncertainty in the US, mounting tensions between the US and North Korea, worries about the impact of storm Harvey which hit Texas towards the end of August pulled investors away from risky assets. Wariness ahead of release of domestic growth data and annual conference of global central bankers at Jackson Hole, Wyoming, in the US chipped off some gains.
- Further losses were, however, capped after the Securities Appellate Tribunal lifted Sebi's trading curbs on the shares of six suspected shell companies. India's and China's agreement to end the Doklam stand-off and robust GST revenue collection getting a good start in the first month (July 2017) also boosted sentiment for domestic equities. Buying by domestic institutional investors (DIIs) and short covering brought in some gains.
- Majority of the S&P BSE Sectoral indices ended lower in August 2017. S&P BSE Consumer Durable index (top gainer) and S&P BSE Oil & Gas index advanced 7.49% and 6.96%, respectively during the month. S&P BSE Metal index rose 6.91% owing to positive economic cues from China. S&P BSE Auto index fell 3.17% in the month after the GST Council recommended hiking the ceiling for compensation cess on motor vehicles to 25% from 15%. S&P BSE IT index lost around 4% owing to a sharp fall in an index heavyweight. Pharma stocks witnessed heavy selling pressure with S&P BSE Healthcare index (top loser) down 7.37% month-on-month.
- ICICI Prudential PMS Absolute Return Portfolio has underperformed its benchmark Nifty 50 Index in the previous month. The overweight sectors vis-à-vis benchmark was Pharma & Healthcare Services, Cement and Chemicals. The underweight sectors vis-à-vis benchmark was Software, Oil, Gas & Petroleum Products and Banks & Finance.

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Investment Philosophy

A focused equity portfolio that endeavors to achieve long term capital appreciation through equities by riding the dominant themes across market cycles.

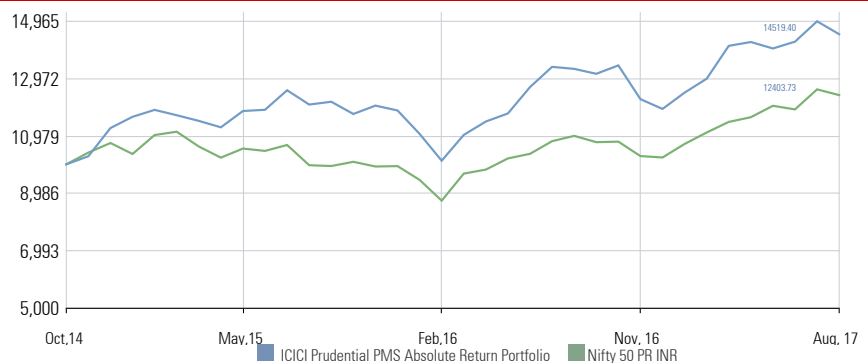
Snapshot

Portfolio Manager Name Aditya Sood
Inception Date** 22 Oct 2014

| Trailing Returns (31 Aug 2017) | Portfolio | Index |
|--------------------------------|-----------|-------|
| 1 Month | -2.99 | -1.58 |
| 3 Months | 3.54 | 3.08 |
| 6 Months | 11.92 | 11.69 |
| 1 Year | 9.04 | 12.88 |
| 2 Year | 9.65 | 11.54 |
| 3 Years | - | - |
| 4 Years | - | - |
| 5 Years | - | - |
| 10 Years | - | - |
| 15 Years | - | - |
| YTD | 21.77 | 21.16 |
| Since Inception | 13.94 | 7.82 |

Past performance may or may not be sustained in future and is no guarantee of future results.

Growth of ₹ 10,000



Calendar Returns 31 Aug 2017

| Returns | YTD | 2016 | 2015 |
|------------------------------------------------|-------|------|-------|
| ICICI Prudential PMS Absolute Return Portfolio | 21.77 | 0.45 | 1.89 |
| Nifty 50 PR INR | 21.16 | 3.01 | -4.06 |

Past performance may or may not be sustained in future and is no guarantee of future results.

Financial Year End Performance

| 01 Apr 17 | 01 Apr 16 | 01 Apr 15 |
|-----------|-----------|-----------|
| - | - | - |
| 30 Jun 17 | 31 Mar 17 | 31 Mar 16 |
| 1.03 | 28.05 | -4.23 |

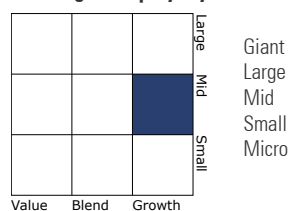
Quarterly Returns %

| | 1st qtr | 2nd qtr | 3rd qtr | 4th qtr |
|------|---------|---------|---------|---------|
| 2017 | 18.37 | 1.03 | - | - |
| 2016 | -7.14 | 15.06 | 3.63 | -9.28 |
| 2015 | -1.21 | 3.35 | 2.35 | -2.49 |

Portfolio 31 Aug 2017

| Portfolio Holding* (Top 20) | % Weight | Market Value (mil) |
|--------------------------------------------|----------|--------------------|
| Thomas Cook India Ltd | 8.49 | 2.20 |
| Prism Cement Ltd | 6.18 | 1.60 |
| Mahindra & Mahindra Financial Services Ltd | 5.38 | 1.39 |
| Sundaram Finance Ltd | 5.33 | 1.38 |
| JMC Projects (India) Ltd | 5.25 | 1.36 |
| Maruti Suzuki India Ltd | 5.20 | 1.35 |
| Multi Commodity Exchange of India Ltd | 5.13 | 1.33 |
| JK Lakshmi Cement Ltd | 5.11 | 1.32 |
| Axis Bank Ltd | 4.92 | 1.27 |
| Tata Chemicals Ltd | 4.90 | 1.27 |
| State Bank of India | 4.88 | 1.27 |
| Alembic Pharmaceuticals Ltd | 4.86 | 1.26 |
| AIA Engineering Ltd | 4.42 | 1.15 |
| Unichem Laboratories Ltd | 4.19 | 1.08 |
| Gujarat Pipavav Port Ltd | 4.16 | 1.08 |
| Cipla Ltd | 3.96 | 1.03 |
| Sun Pharmaceuticals Industries Ltd | 3.63 | 0.94 |
| Trent Ltd | 3.52 | 0.91 |
| Clariant Chemicals (India) Ltd | 2.70 | 0.70 |
| Exide Industries Ltd | 2.64 | 0.68 |

Morningstar Equity Style Box™



Sector Weightings

| Sector | % Equity |
|------------------------|----------|
| Cyclical | 67.88 |
| Basic Materials | 19.92 |
| Consumer Cyclical | 20.92 |
| Financial Services | 27.03 |
| Real Estate | - |
| Sensitive | 14.59 |
| Communication Services | - |
| Energy | - |
| Industrials | 14.59 |
| Technology | - |
| Defensive | 17.54 |
| Consumer Defensive | - |
| Healthcare | 17.54 |
| Utilities | - |

Risk Profile 31 Aug 2017

| | Portfolio | Benchmark |
|--------------------|-----------|-----------|
| Return | 9.04 | 12.88 |
| Std Dev | 16 | 10.93 |
| Downside Deviation | 10.32 | 5.93 |
| Alpha | -4.40 | - |
| Beta | 1.17 | - |
| R2 | 62.79 | - |
| Sharpe Ratio | 0.41 | 0.86 |
| Tracking Error | 9.97 | - |

Based on 1yr performance.

Portfolio Statistics 31 Aug 2017

| | |
|-----------------|-------|
| P/E Ratio (TTM) | 32.52 |
| P/B Ratio (TTM) | 3.07 |
| P/S Ratio (TTM) | 1.84 |
| P/C Ratio (TTM) | 10.57 |

Asset Allocation

| | % Long | % Short | % Net |
|--------|--------|---------|-------|
| Equity | 94.85 | 0.00 | 94.85 |
| Bond | 0.00 | 0.00 | 0.00 |
| Cash | 5.15 | 0.00 | 5.15 |
| Other | 0.00 | 0.00 | 0.00 |

**Since inception return 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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Disclaimers: 1) The performance of the stock across individual portfolios may vary significantly from the data depicted above. 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 above performance depictions and that of the stock within individual client portfolios. Neither the Portfolio Manager, nor the Asset Management Company, its Directors, employees or Sponsors shall in any way be liable for any variation noticed in the returns of individual portfolios. 2) There is no assurance that the value may be unlocked during our holding period of the stock. 3) Past performance may or may not be sustained in the future. Please refer to the disclosure document. 4) The stocks / sectors mentioned hereinabove should not be construed as an investment advice or a forecast of their expected future performance. These stocks / sectors may or may not form part of the portfolio in future. * Top 20 holdings (by weight) or all the stocks in the portfolio, whichever is less by number are disclosed.

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Disclosures

Investment Philosophy

It is the investment philosophy of the portfolio. It is very similar data point than Investment Criteria.

Quarterly Returns

Total returns calculated for calendar quarters.

Standard Deviation

Standard deviation of portfolio's return measures how much a portfolio's total returns have fluctuated in the past. The more the portfolio's returns fluctuate, the riskier the portfolio is likely to be. Portfolios that have been more volatile in the past tend to be more volatile in the future as well.

Downside Deviation

Calculated much like standard deviation, downside deviation focuses on the variation of returns below a specific threshold. It ignores upside variation because it adds value to the overall return and investors shouldn't be concerned about it.

R2

A measure of the percentage of portfolio's movement that can be accounted for by changes in its benchmark index. An R-squared of 100 indicates that a portfolio's movement is perfectly correlated with its benchmark.

Alpha

It is the amount by which a portfolio has out-performed its benchmark, taking into account the portfolio's exposure to market risk (as measured by Beta). Alpha is also known as the residual return.

Beta

A measure of a portfolio's sensitivity to market movements. The beta of the market is 1.00 by definition. A beta of 1.10 shows that the portfolio has performed 10% better than its benchmark index in up markets and 10% worse in down markets, assuming all other factors remain constant.

Sharpe Ratio

This is a measure of risk-adjusted return calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance.

Tracking Error

This indicates the volatility of the difference in returns between a portfolio and its benchmark. Also known as active risk. In the context of a passively-managed portfolio, tracking error describes how well the portfolio has tracked its benchmark.

P/E Ratio

It compares how the market values a company to the company's earnings. It can be either historic earnings or projected earnings. It is calculated as current share price divided by earnings. A higher P/E typically indicates that investors expect to see strong growth in the company.

P/B Ratio

It compares how the market values a company to the value on the company's books. It is calculated as current share price divided by book value per share. A company trading at several times its book value tends to indicate a growth stock where investors believe the book value will rise in the future.

P/S Ratio

This is an indicator of the value placed on company's sales/revenue. It is calculated either by dividing the company's market capitalization by its total sales over a 12-month period, or on a per-share basis by dividing the stock price by sales per share for a 12-month period.

P/C Ratio

A financial ratio calculated as current share price divided by cash flow per share - where cash flow is the spending and receiving of cash in a business. This indicates the value that the market has assigned to every that flows through the company.

Morningstar Equity Style Box

It is a graphical depiction of an equity portfolio's dominant investment style at a given point in time. The Style Box combines two dimensions: size (large shares, medium-sized shares, small shares) and valuation (growth, blend, value), resulting in nine possible style combinations. The Style Box gives an immediate picture of a portfolio's focus and enables investors to perform simple but essential portfolio allocation decisions.

Sector Weightings

It shows sectoral breakup of the portfolio on two levels. At 1st level is Morningstar defined super sectors i.e. Cyclical, Defensive and Sensitive, which classifies industries based on their level of sensitivity to economic cycles. At 2nd level industries are classified in to 11 sectors, as defined by Morningstar, based on the products / services they offer.

Disclaimer

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