TURNING POINTS AHEAD

ICICI PRUDENTIAL ASSET MANAGEMENT

OUTLOOK

2021

Puzzle to Unlock the Investment Ideas of 2021

N	T	S	P	E	C	I	A	L	S	I	T	U	A	T	I	O	N	Q	I	F	D
O	R	B	D	R	E	R	B	E	T	K	D	R	E	U	B	D	R	E	R	J	I
I	H	I	U	A	S	L	U	M	P	A	C	C	R	U	A	L	E	H	I	K	V
T	Y	P	G	S	S	Y	D	T	Y	P	C	T	T	G	D	G	T	E	Y	O	I
A	I	D	J	E	I	S	G	S	T	D	J	O	V	A	L	U	E	Q	I	F	D
R	P	G	L	C	Z	N	E	O	P	G	L	C	L	C	E	L	C	Z	P	Q	E
U	S	J	X	U	A	S	E	T	U	M	P	U	A	L	T	X	U	A	S	Z	N
D	F	K	W	T	Q	F	I	S	F	O	W	T	D	L	A	W	T	Q	F	W	D
E	H	X	R	R	P	D	E	M	S	N	E	T	I	S	A	T	I	O	N	T	Y
V	K	V	Y	B	I	K	F	J	K	C	Y	B	J	T	F	Y	E	I	K	Y	I
I	Z	N	I	C	Y	Z	S	L	Z	O	Y	C	L	R	S	I	C	E	Z	E	E
T	C	Q	A	S	S	E	T	A	L	L	O	C	A	T	I	O	N	R	S	P	L
C	B	E	M	L	W	B	Y	V	B	N	M	L	L	K	Y	M	L	W	B	S	D
A	M	T	B	J	H	M	R	N	F	O	C	U	S	E	D	E	Q	U	I	T	Y

The solution to this quiz is at the end of the presentation

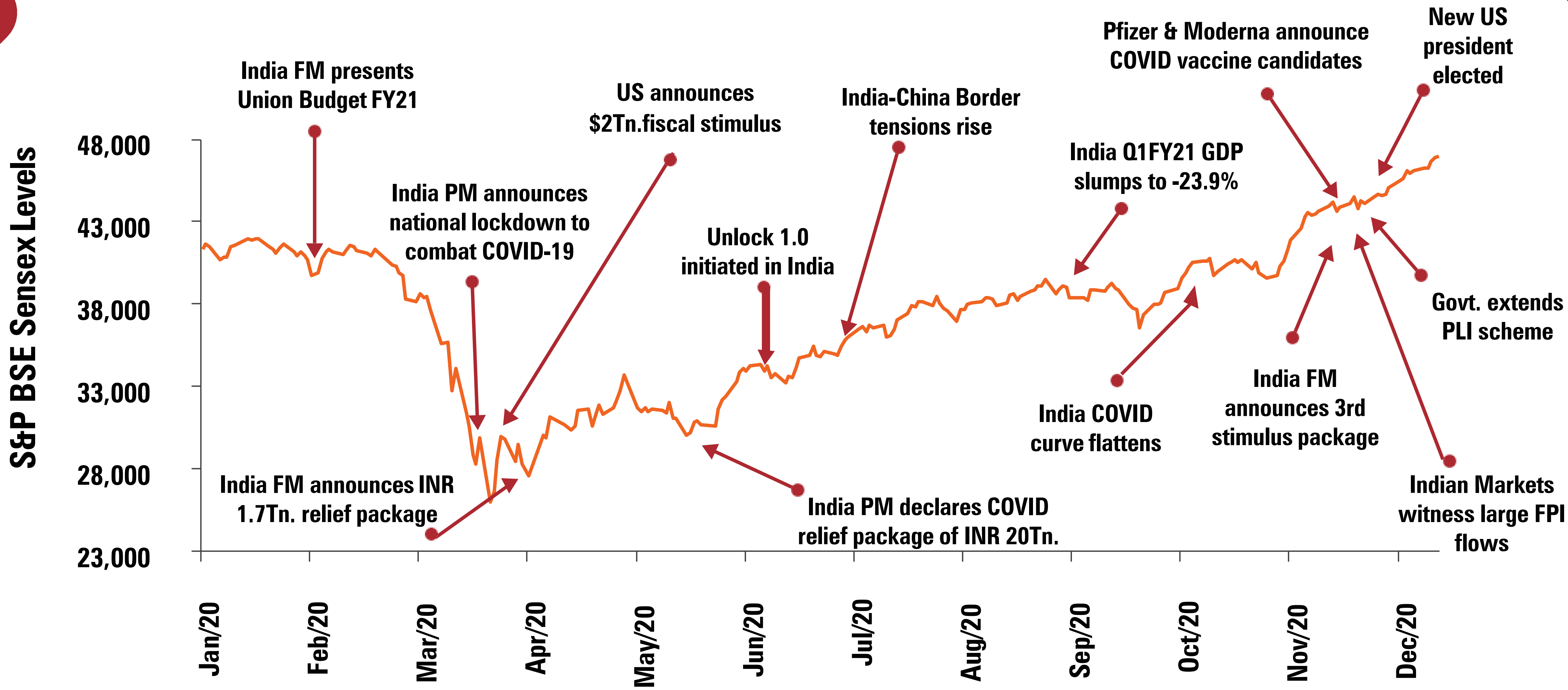
Recap: Our Calls In 2020

OUR CALLS	RATIONALE
MARCH-20: Invest Aggressively in Equities	Valuations post COVID-19 correction attractive
APR-20: Invest across Fixed Income Space including Accrual schemes	Winding up of select schemes by an AMC. Valuations in AA & below segments attractive. RBI expected to cut rates
OCT-20: Invest lumpsum in Special Situation, Value, Dividend Yield & Focused Category	Valuations gap between Value and Growth high & US Election triggers
NOV-20: Do not redeem & continue investment in Asset Allocation Schemes	Markets neither expensive nor cheap

RECAP

COVID- Coronavirus disease, RBI – Reserve Bank of India, AMC – Asset Management Company

Rear-View Mirror: Glancing Through 2020 (Equity)



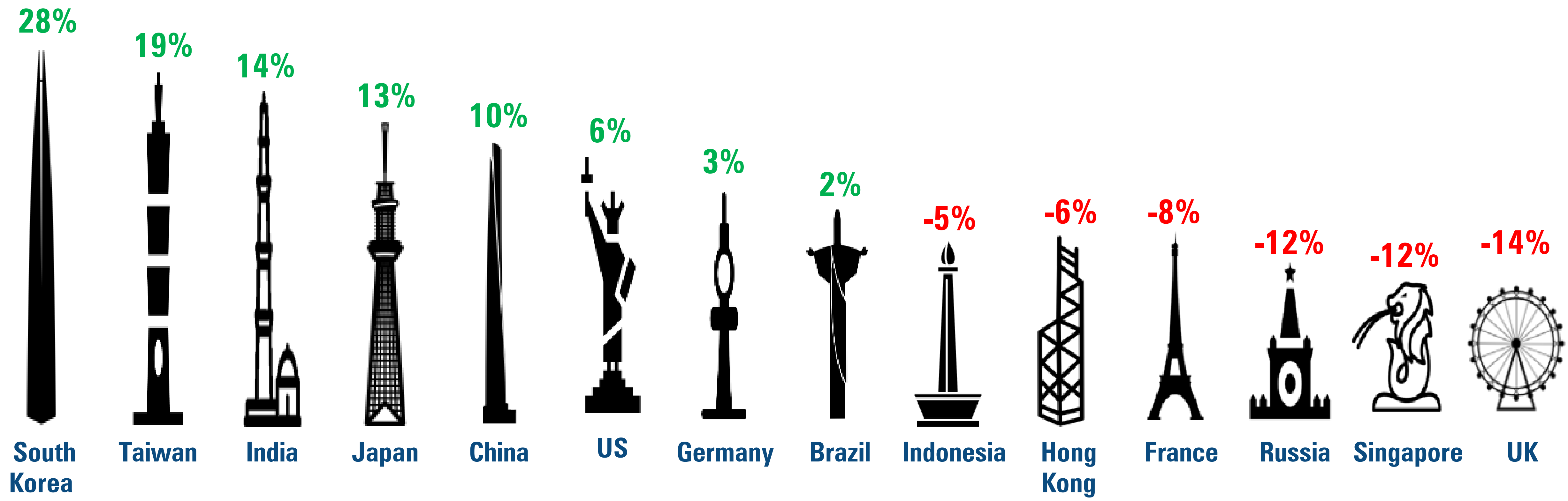
Source: KPMG, www.indiabudget.gov.in, Ministry of Finance, NSO, www.pmindia.gov.in, CNN, NSE, BSE NSDL. Data as of Dec 18, 2020. COVIDE-19 Coronavirus Disease 2019, US – United States, GDP – Gross Domestic Product, FM – Finance Minister, PM – Prime Minister, PLI – Production Linked Incentive, FPI – Foreign Portfolio Investors. Past performance may or may not sustain in future

GLOBAL MARKETS IN 2020

Map not to scale. This map has been used for design and representational purpose only, it does not depict the geographical boundaries of the country. These do not conform to the external boundaries of India recognized by the Survey of India.

Global Indices Performance – Emerging Markets steal the show

Absolute Performance in 2020 (%)



Germany - DAX Index; China - SSE Composite Index; France - CAC 40 Index; Japan - Nikkei; 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; Taiwan – Taiwan Stock Exchange Corporation; India – S&P BSE Sensex; Returns in % terms. Data Source: MFI & ACEMF; Returns are absolute returns for the index calculated between December 31, 2019 – December 24, 2020. Past performance may or may not be sustained 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

India – The darling of FPIs

Foreign Flows to Emerging Markets (USD Bn)

	INDIA	INDONESIA	KOREA	TAIWAN	THAILAND	MALAYSIA
CY2013	19.8	-1.8	4.9	9.2	-6.2	1.1
CY2014	16.2	3.8	5.7	13.2	-1.1	-2.0
CY2015	3.3	-1.6	3.4	3.4	-4.4	5.1
CY2016	2.9	1.3	11.0	11.0	2.2	-0.6
CY2017	8.0	-3.0	5.8	5.8	-0.8	2.5
CY2018	-4.6	-3.7	-12.2	-12.2	-8.9	-2.9
CY2019	14.2	3.5	9.4	9.4	-1.5	-2.7
CY2020	21.5	-3.2	-17.6	-17.6	-8.3	-5.8

Source: Edelweiss Research. Data as of Dec 21, 2020, FPI- Foreign Portfolio Investors.

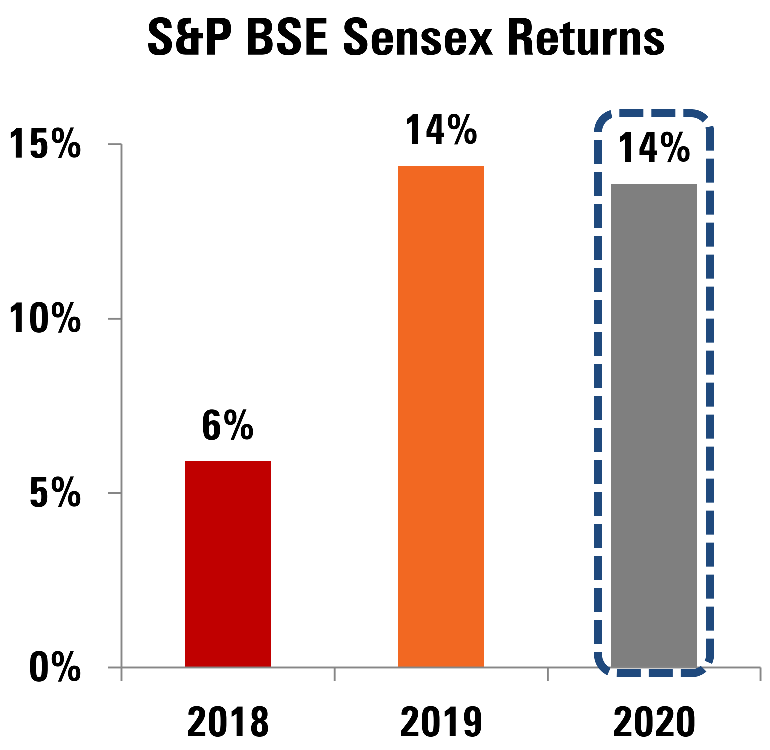
ICICI PRUDENTIAL ASSET MANAGEMENT

INDIAN EQUITY MARKETS IN 2020

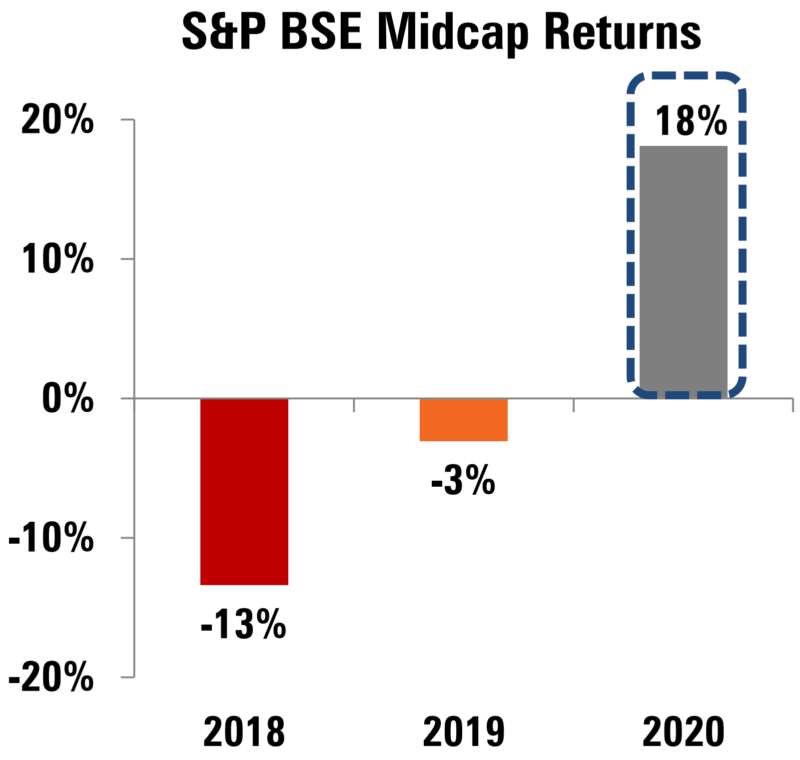
Mid and Smallcap back with a vengeance

Small & Midcaps trimmed sizable losses of last 2 consecutive years and ended the year on positive note

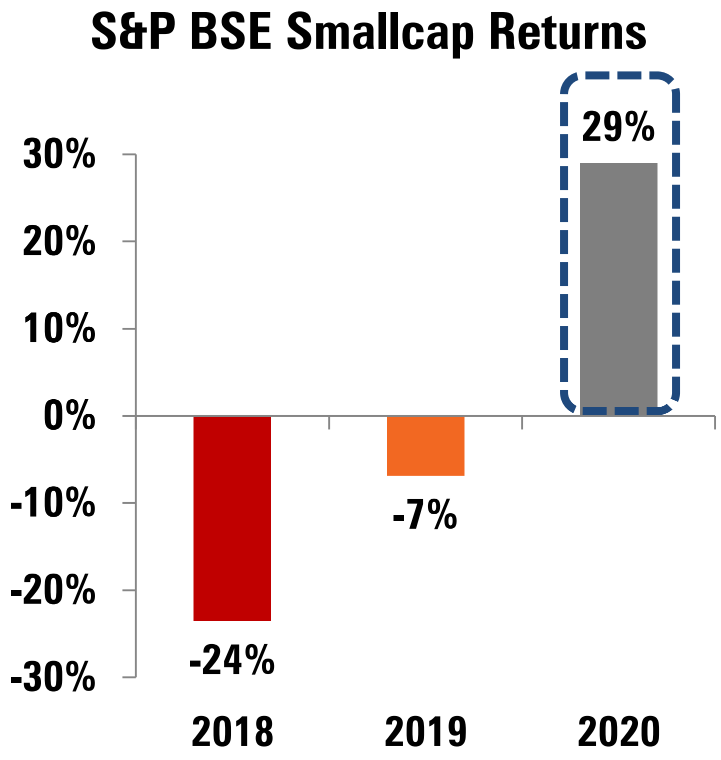
S&P BSE SENSEX



S&P BSE MIDCAP

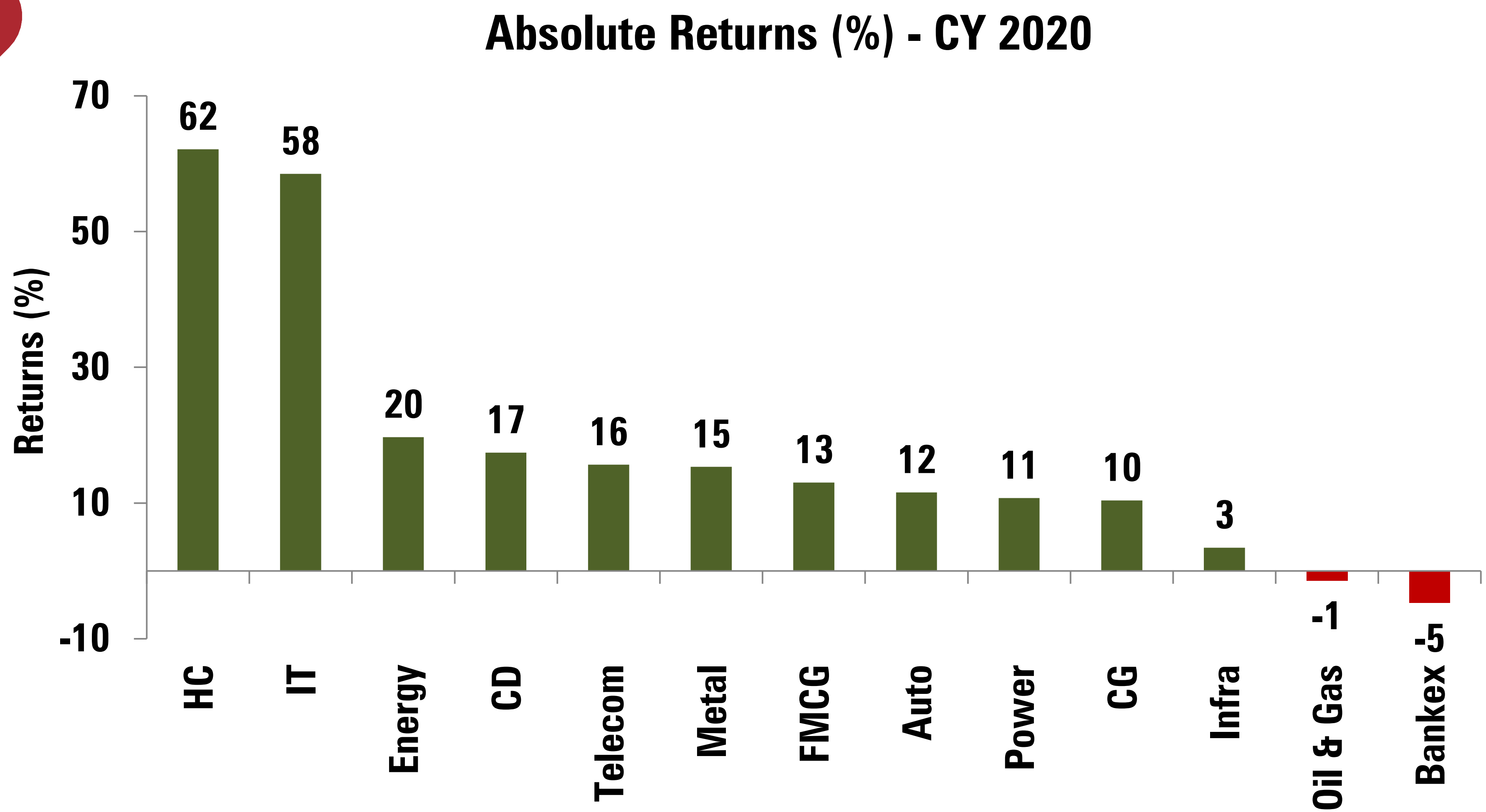


S&P BSE SMALLCAP



Source: BSE India; Data as of Dec 24, 2020 Past performance may or may not be sustained in future

Sectoral Performance

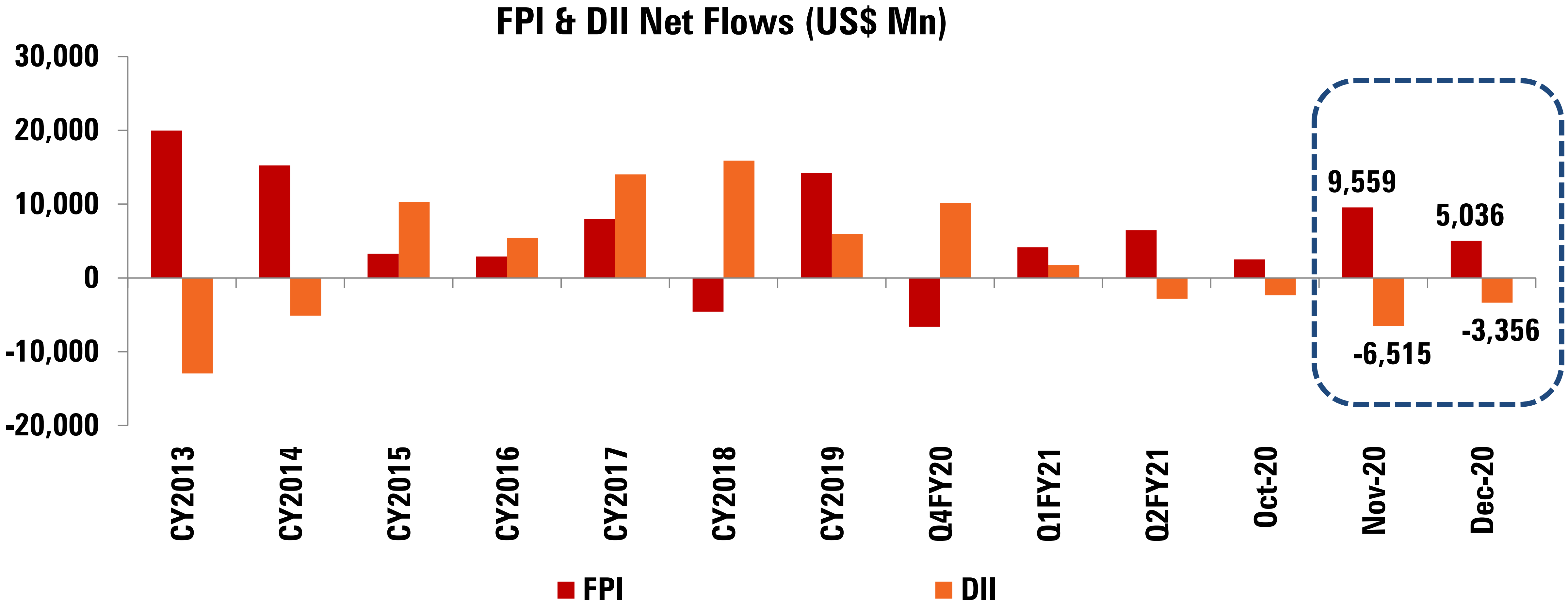


Due to COVID impact, defensive sectors like Healthcare & IT outperformed. Cyclical sectors like Banking & Financials underperformed

All indices are of S&P BSE and carry the prefix of S&P BSE; Abbreviated CD - S&P BSE Consumer Durables; CG - S&P BSE Capital Goods; FMCG - S&P BSE Fast Moving Consumer Goods; HC - S&P BSE Health Care; Infra. - S&P BSE India Infrastructure; IT - S&P BSE Information Technology, NBFC – Non-banking Finance Companies. Data Source: MFI, ACEMF ; Returns are absolute returns for the TRI variant of the index calculated between December 31, 2019– December 24, 2020; COVID – Coronavirus Disease. Past performance may or may not be sustained in future. The sectors)/stock(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in this sector(s)/stock(s). MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit http://www.icraonline.com/legal/standard-disclaimer.html

FPIs – Double time lucky!

FPI flows remained stronger than DII Flows in 2020 with last 2 months i.e. Nov-20 & Dec-20 witnessing large inflows



Source: Kotak Securities; Data as of Dec 18, 2020; FPI – Foreign Portfolio Investors; DII – Domestic Institutional Investors. DII includes Banks, Domestic Financial Institutions, Insurance, New Pension Scheme & Mutual Funds

Now that's an interesting chart…

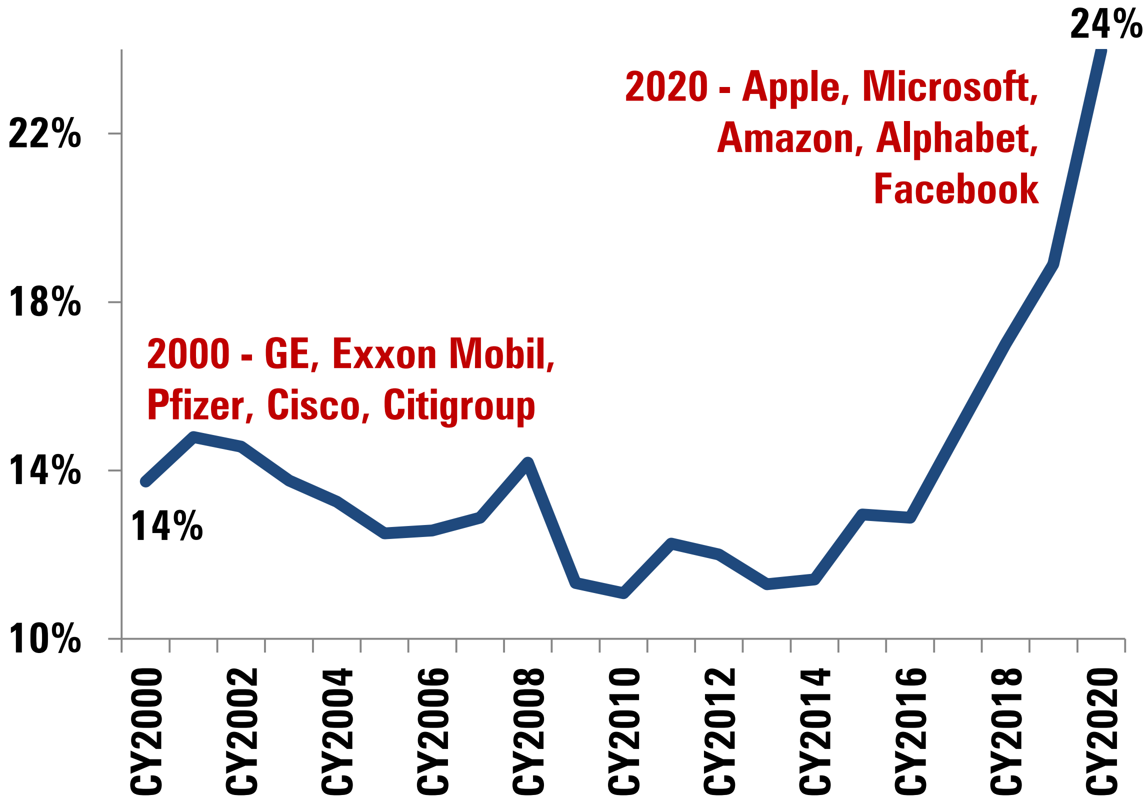
IPO Season & Big becomes Bigger

Three of the biggest IPOs for US Tech companies have been in 2020 – Snowflake, Airbnb, DoorDash

IPO Date	Company	Amount Raised (USD Bn.)
May-12	Facebook	16.0
May-19	Uber	8.1
Mar-01	Agere Systems	4.1
Sep-20	Snowflake	3.9
Mar-17	Snap	3.9
Dec-20	Airbnb*	3.7
Dec-20	DoorDash	3.4
Mar-19	Lyft	2.6
Jun-17	Altice USA	2.2
Nov-13	Twitter	2.1

The top 5 companies in S&P 500 Index represent ~25% of the total Index Marketcap

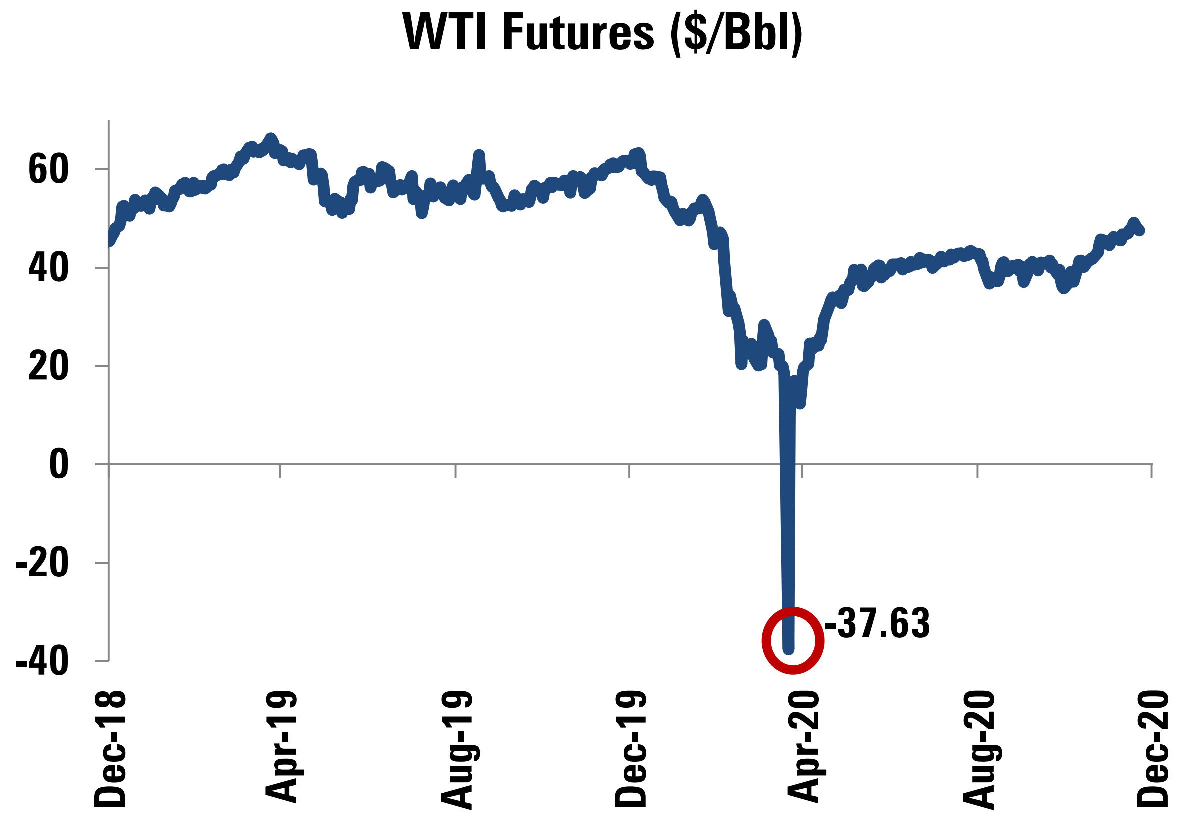
Top 5 companies as a % of S&P 500 Marketcap



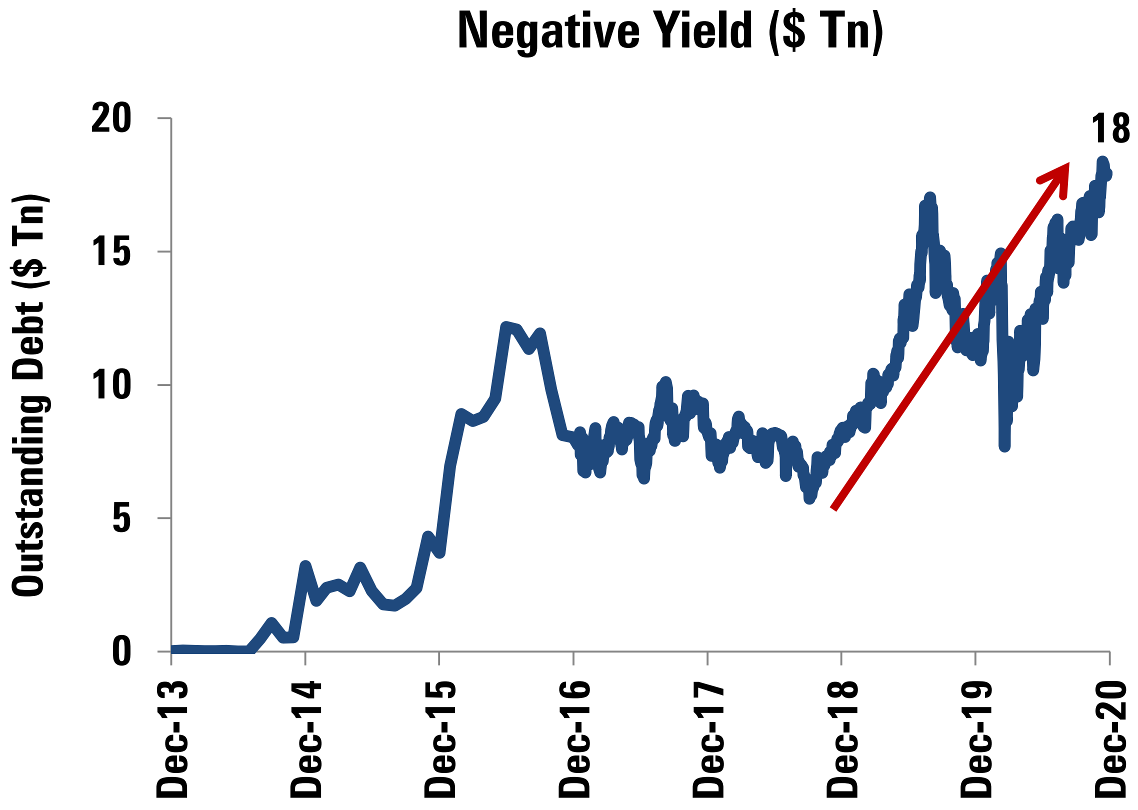
Source: CNBC. Edelweiss Research. IPO Data as of Dec 11, 2020. Marketcap data as of Dec 2020. *Airbnb figure assumes underwriters buy allotted shares. IPO – Initial Public Offer. Past performance may or may not sustain in future. The sectors)/stock(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in this sector(s)/stock(s).

Negative Duos – Crude Oil Futures & Global Debt

WTI Crude oil futures for May 2020 crashed due to excess inventory and COVID shock

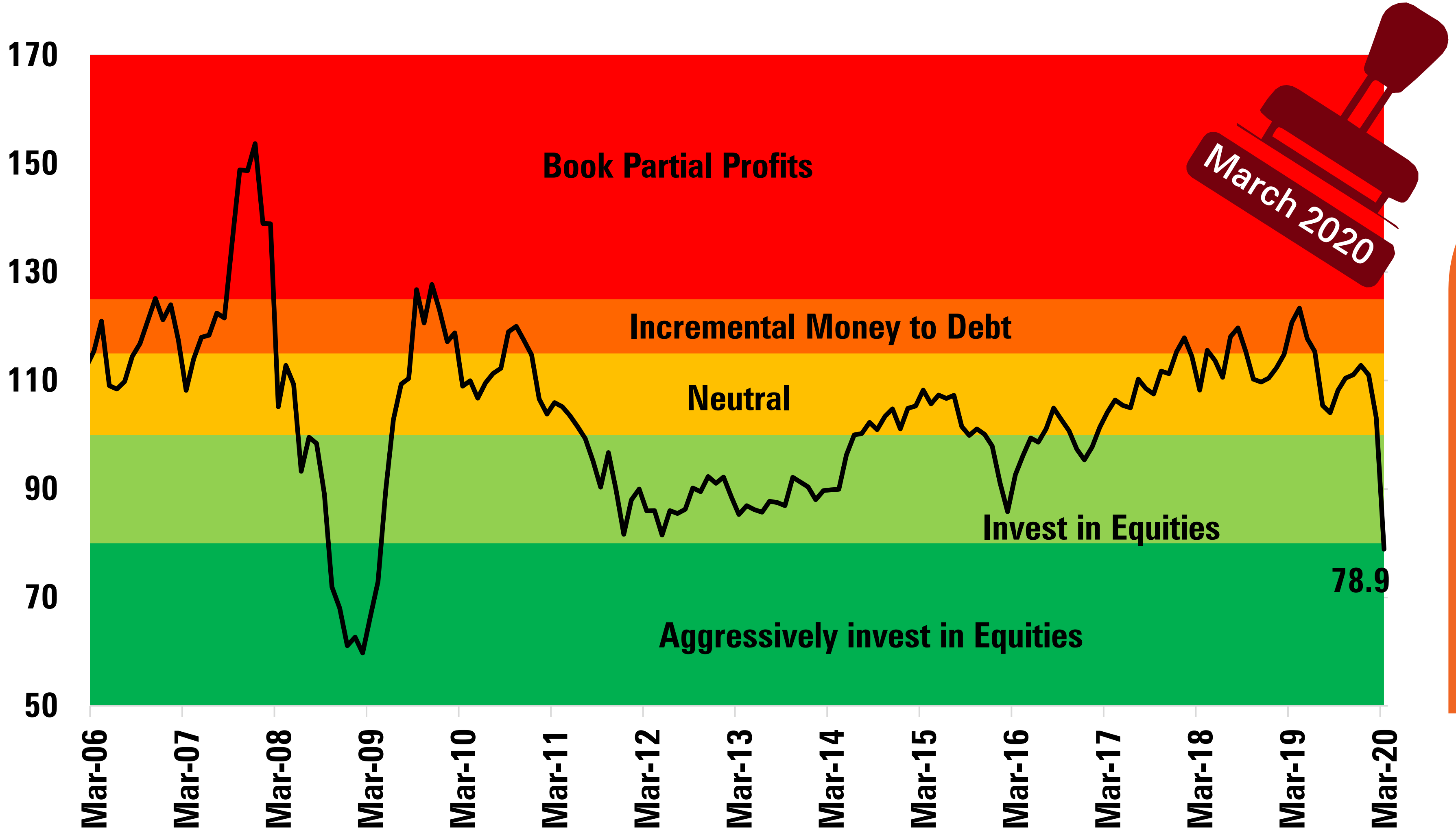


Total outstanding debt globally in negative yield zone is close to US $ 18 Trillion



Source: Edelweiss Research, CRISIL. Data as of Dec 22, 2020. WTI – West Texas Intermediate. Past performance may or may not sustain in future

That feeling of 2008…



First time post 2008, our Equity Valuation Index entered the Dark Green Zone indicating a good opportunity to invest in equities at reasonable price

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. G-Sec – Government Securities. GDP – Gross Domestic Product, Data as of Mar 31, 2020

Outlook 2021 – Turning Points Ahead

Past decade has been favourable for equity as an asset class with accommodative stance of Global Central Banks to encourage Growth. We believe, markets may rally further with continued accommodative policies of Global Central Banks primarily US. However, the road to 2021 & beyond, consists of various Turning Points, which we believe may change the course of current market direction, leading to a change in sectoral leadership & investment styles. We would like to present various indicators which we believe are at/close to their turning points. Hence, we believe, this phase may require investment portfolios to be highly nimble while giving due importance to overall asset allocation

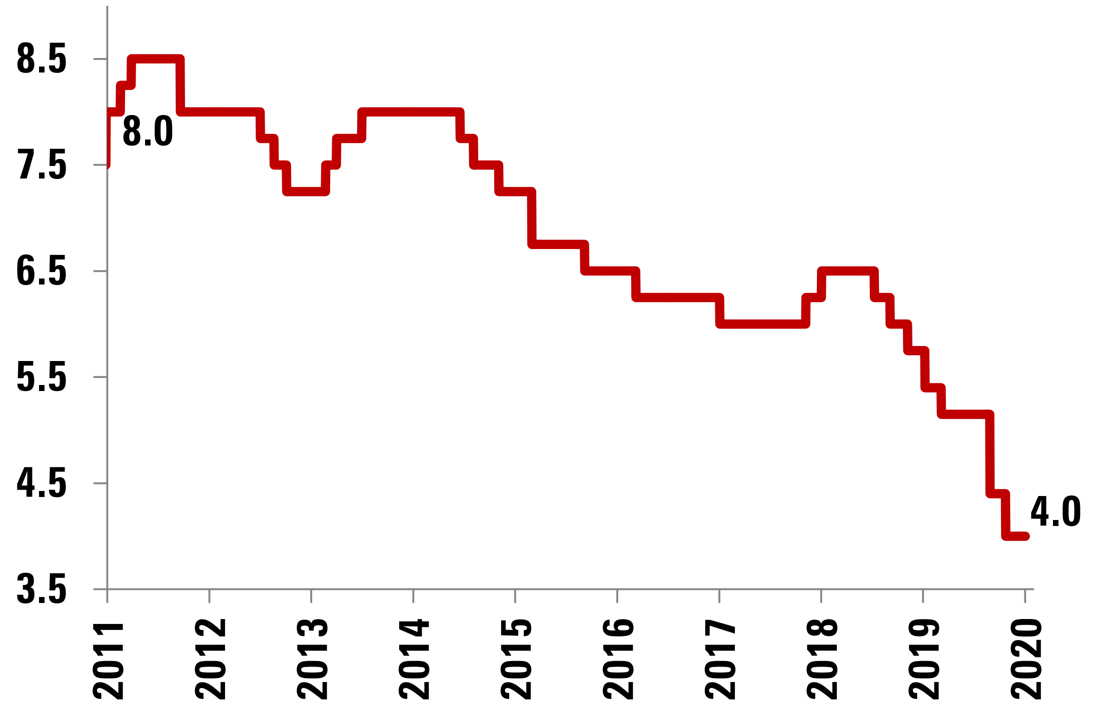
NOTE: Turning Points may play out earlier or later than anticipated. If the turning points play out sooner than anticipated, then we may come with an interim communication

POTENTIAL TURNING POINTS

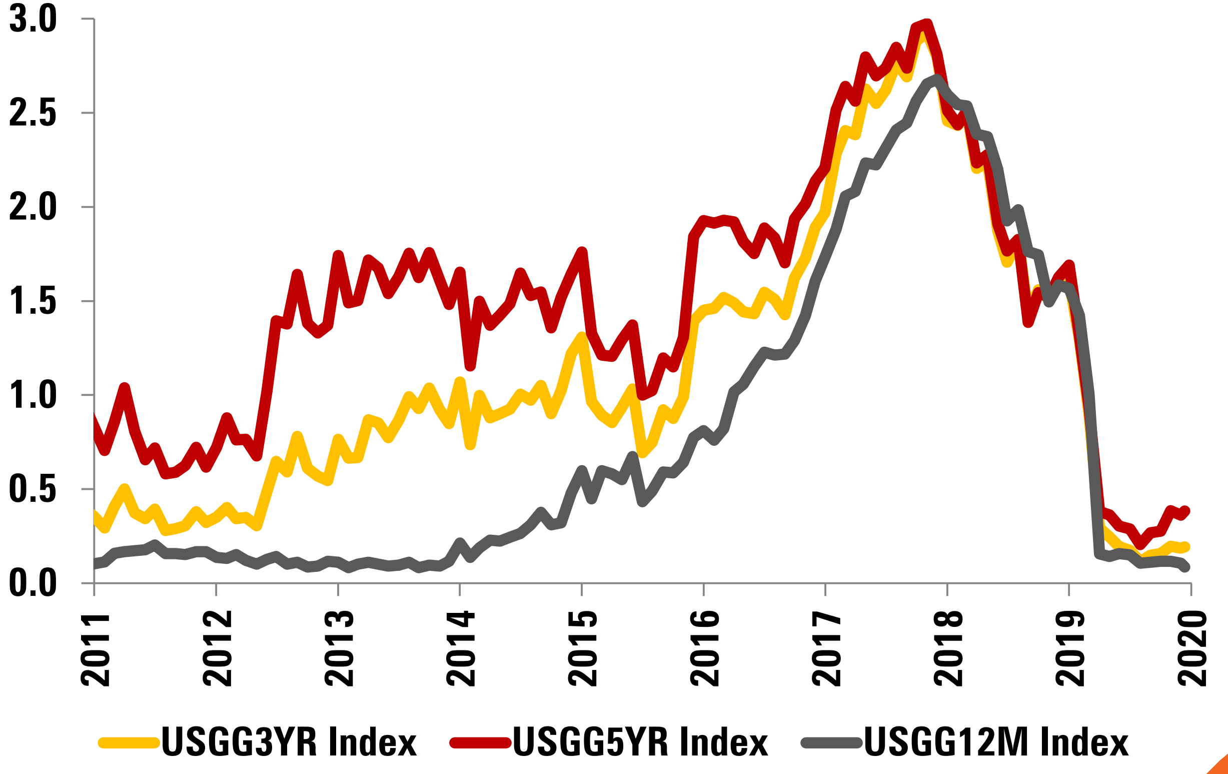
Turning Point – Normalization of Loose Monetary Policy

Over the last decade, Global Central Banks, have supported growth by maintaining a low interest rate environment. Any change in the interest rate stance may be a turning point for the current market rally

India Repo Rate (%)



US 3Y, 5Y, 10Y Treasury Yields (%)

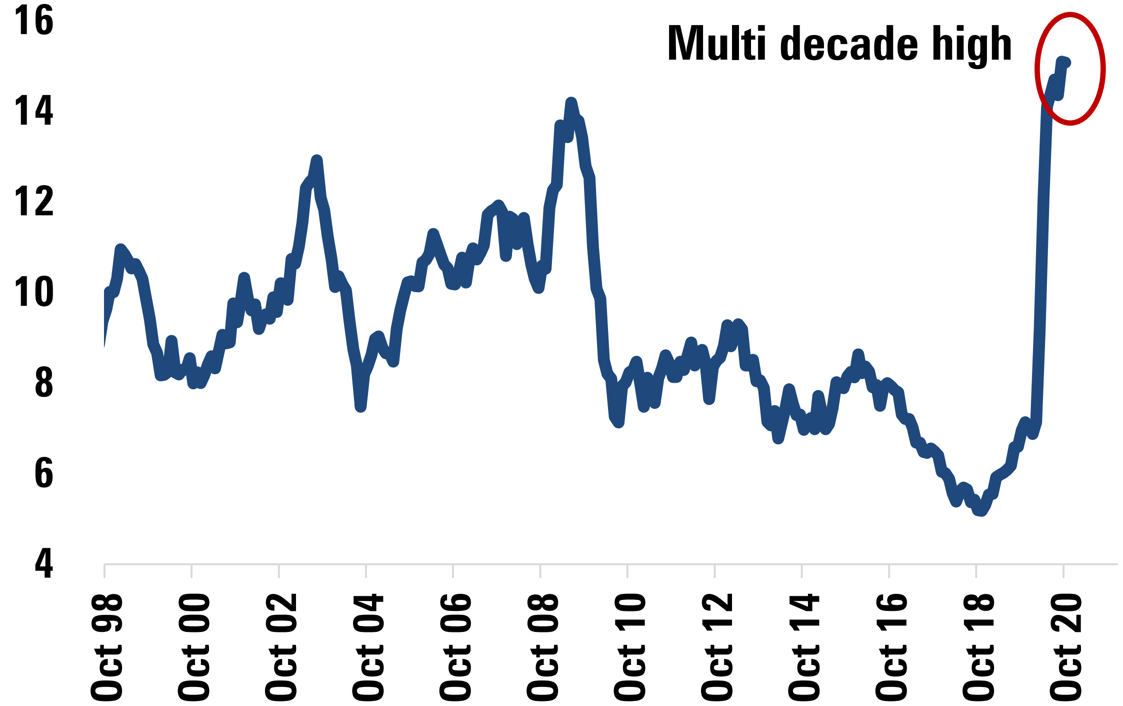


Source: RBI, Edelweiss Research. Data as Dec 21, 2020.

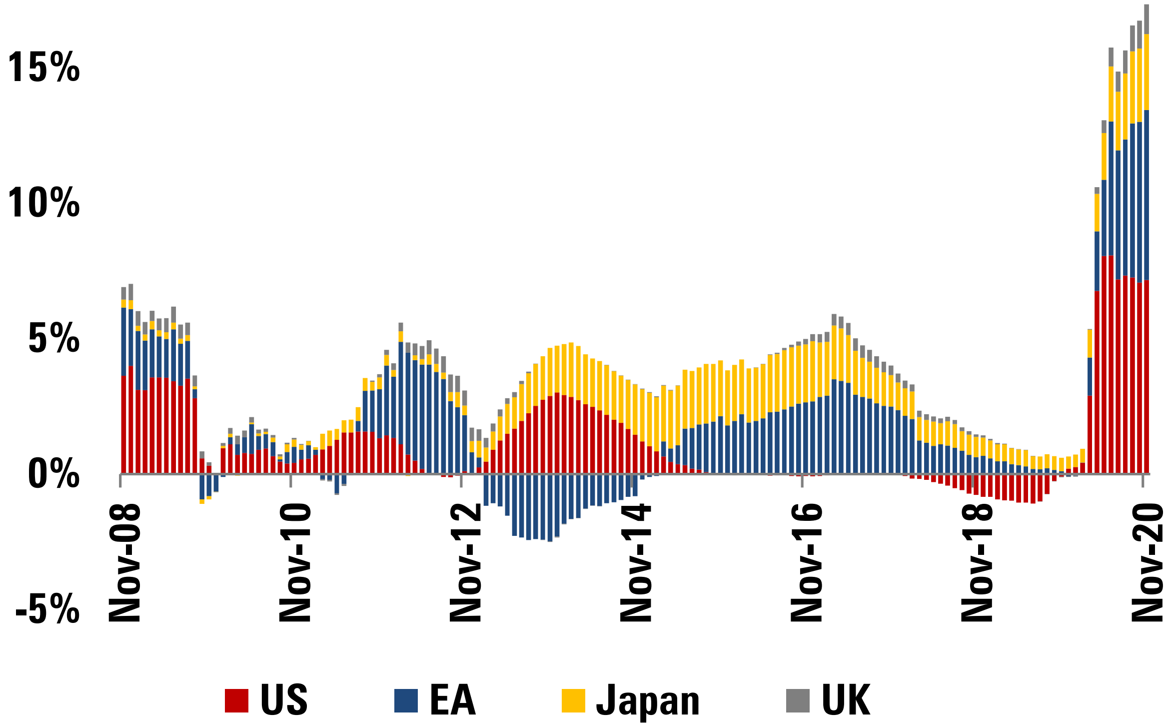
Turning Point – Normalization of Fiscal Stimulus

Global Economies have expanded their balance sheets manifold in the last decade thereby increasing liquidity. Any change in the stance on quantum of stimulus may be a turning point for current market rally

Global broad money supply (%, YoY)



Change in Central Banks Balance Sheets (% of GDP, 12M change)

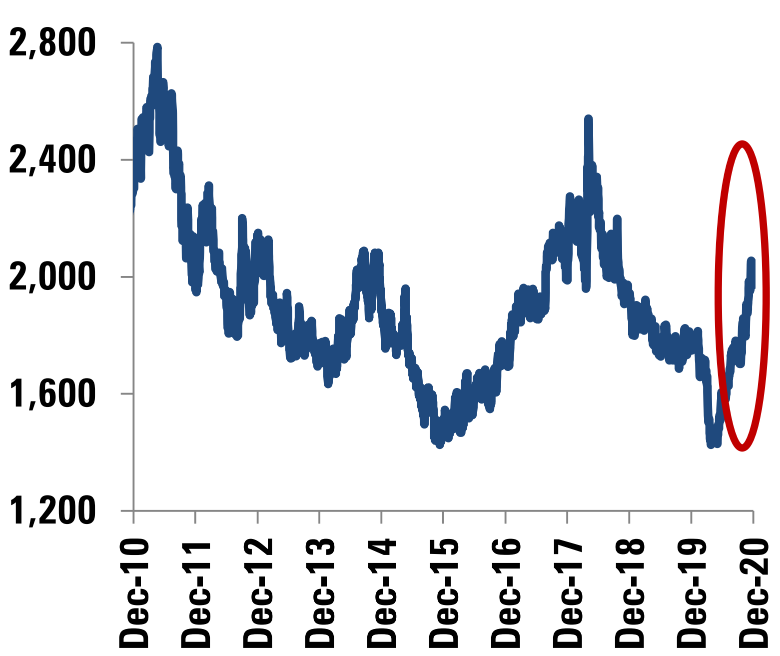


Source: Edelweiss Research, Morgan Stanley Research.

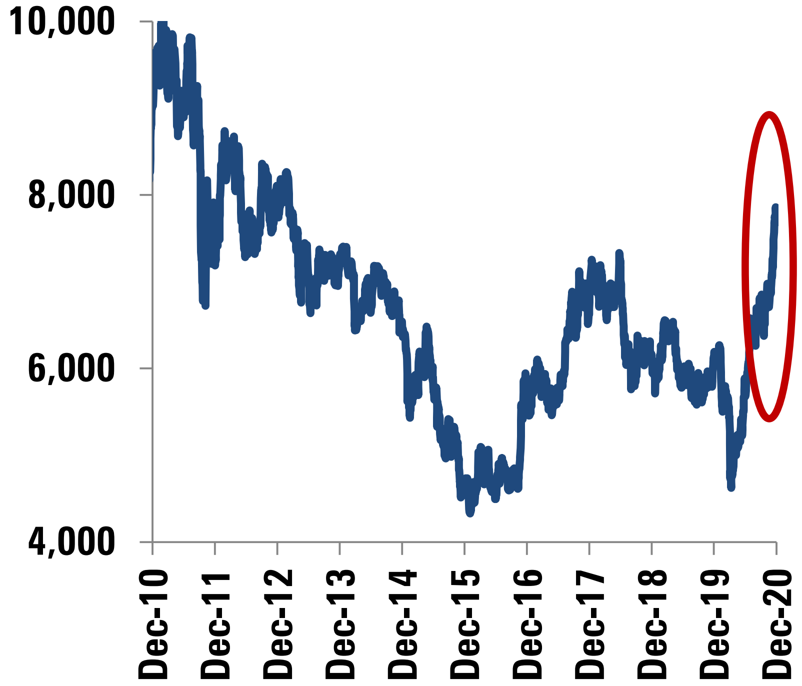
Turning Point – Deflation to Reflation

In the last decade, globally, inflation remained benign. However, easy liquidity may result in inflation picking up, which may be a turning point for current market rally.
Commodity prices – one of the key indicators to gauge demand has already begun performing

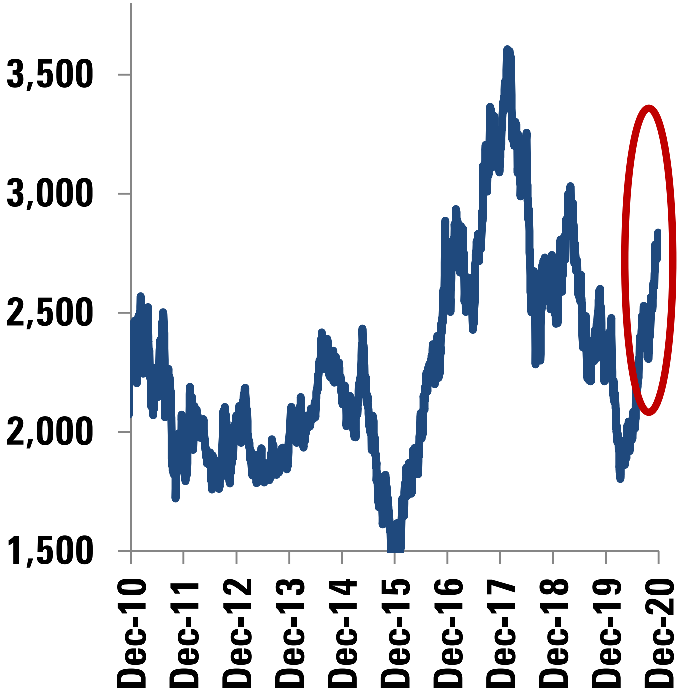
LME Aluminium price (US$/ton)



LME Copper price (US$/ton)



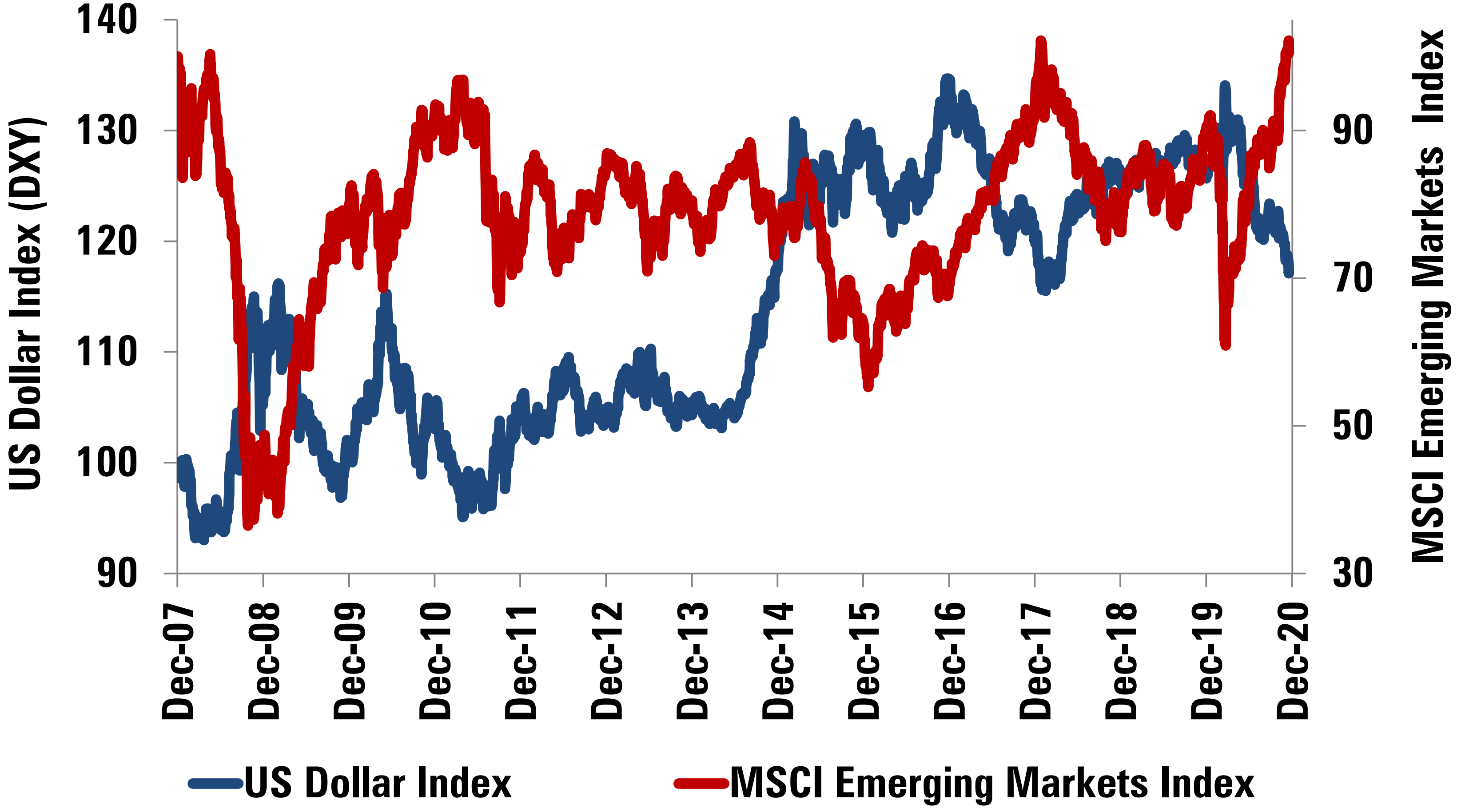
LME Zinc price (US$/ton)



Source: Kotak Securities Ltd. LME – London Metal Exchange. Data as of Dec 23, 2020

Turning Point – Dollar Index & Emerging Markets

US Dollar Index Vs. MSCI Emerging Markets

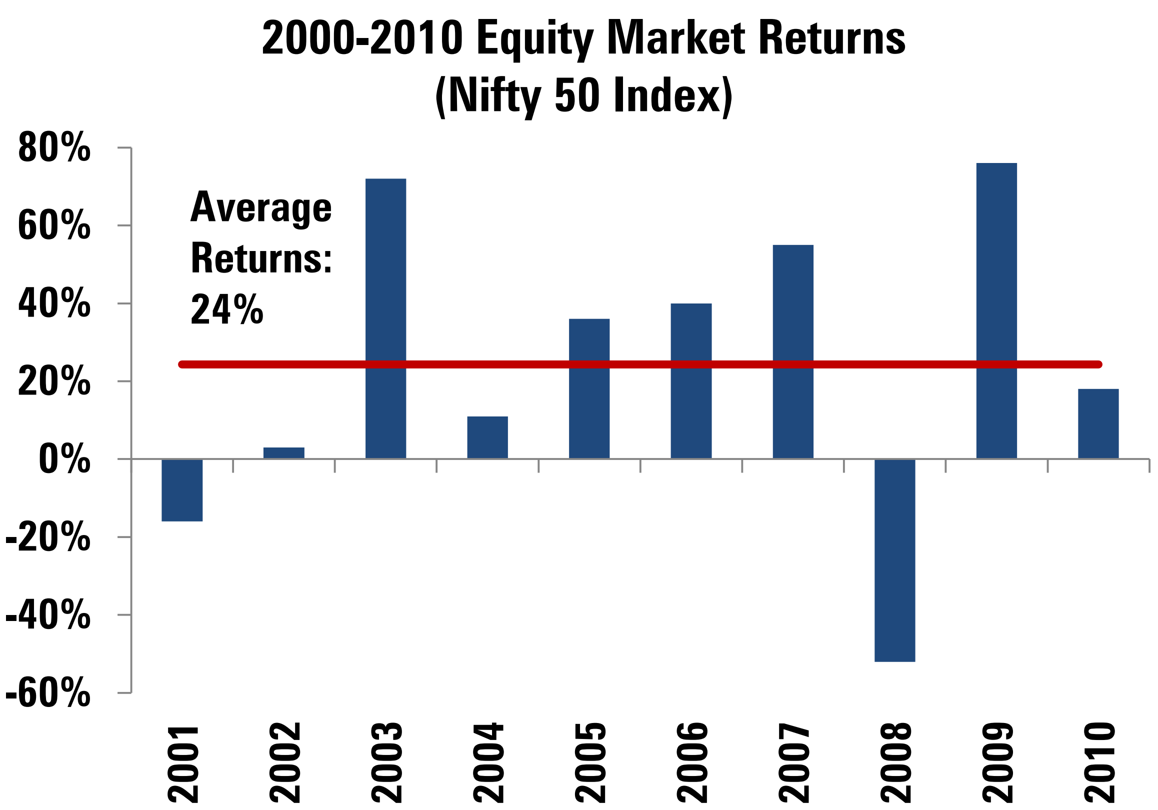


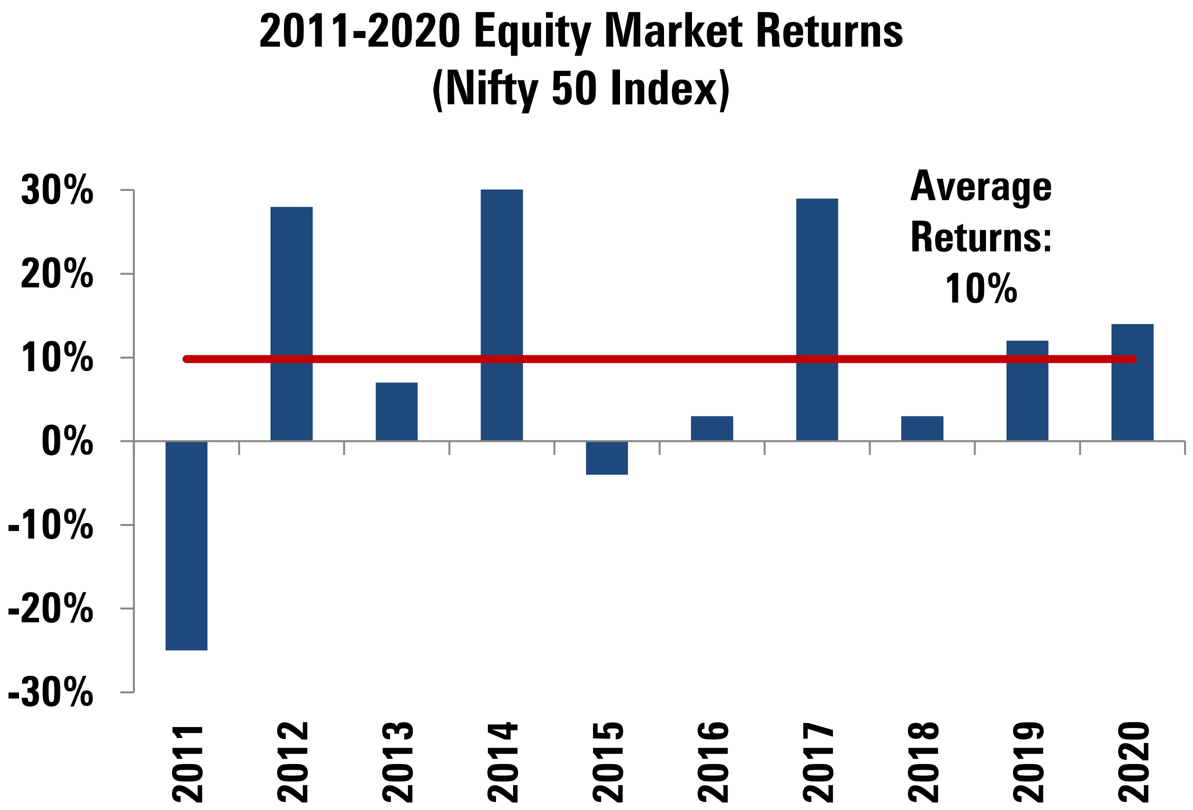
Dollar Index has begun depreciating on the back of significant Monetary stimulus by US Fed which may be a positive for Emerging Markets until the trend reverses – A Turning Point for Equity Markets

Source: Morgan Stanley Research. Data as of Dec 21, 2020. Prices have been re-based to 100. GFC – Global Financial Crisis. Past performance may or may not sustain in future

Turning Point – Volatility

In the last decade, equity markets delivered decent returns in relatively less volatile period due to ample liquidity. With limited room for rate cuts and fiscal stimulus there may be a turning point for current market rally





Source: NSE. Data as of Dec 29, 2020. Past performance may or may not sustain in future

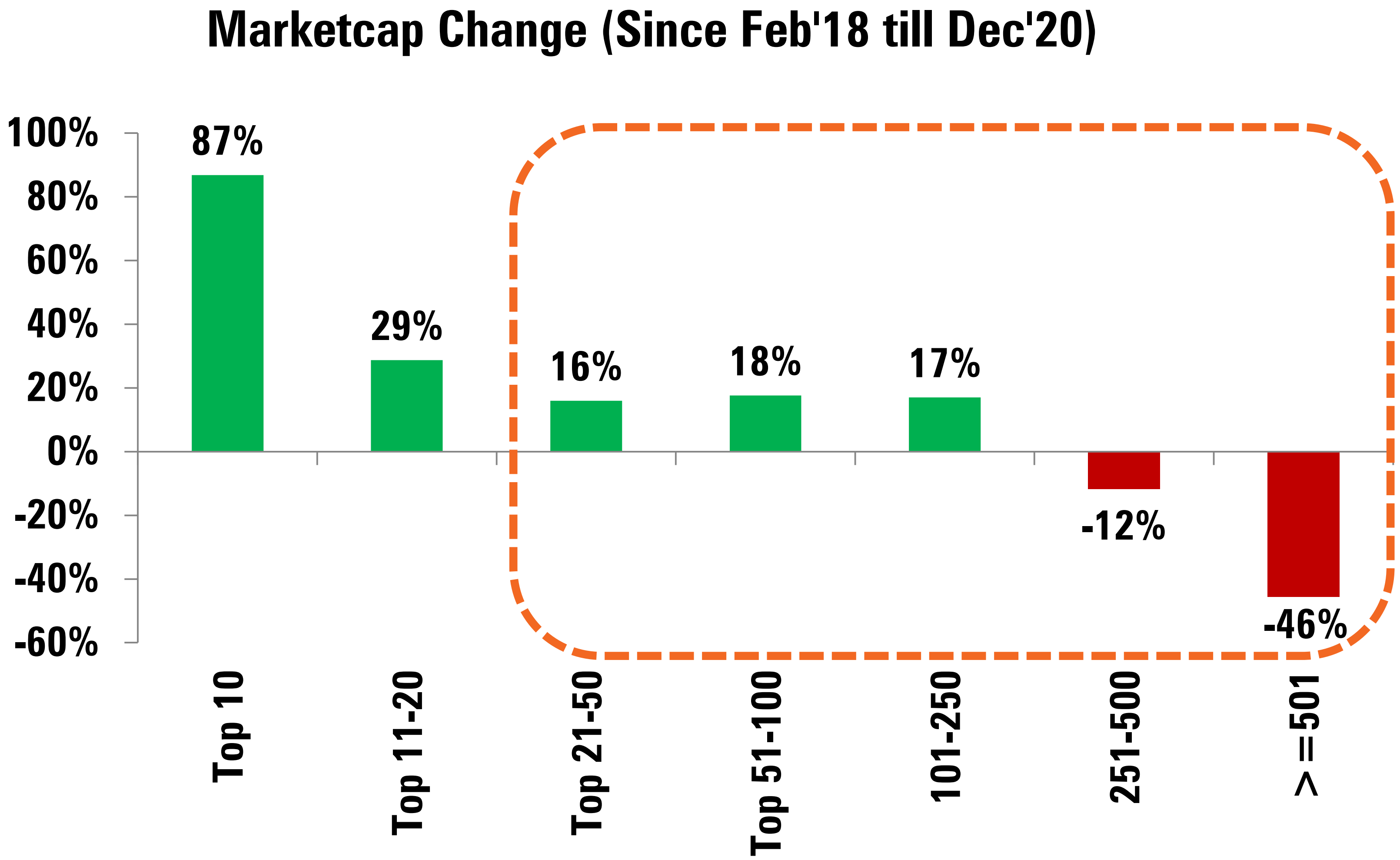
Turning Point – Change in Market Cycles

Any change in Market Cycle may trigger a change in Business Cycle

BURST	BETTER TIME TO INVEST	BORING	BOOM	BUBBLE
• Lehman Crisis 2008 • Dot com burst – 2001 • Credit in 2019	• Equity Markets in 2009-2013 • Credit in 2020 • Real Estate in 2020	• Equity Markets in 2012 & 2015 • Debt in 2016 (pre demonetization)	• Equity Markets in 2006 & 2017 • Equity Markets Currently	• e-Commerce in 2014 • Bitcoin in 2017 • Equity in 2007 & 1999 / 2000
Negative & Massive Global Event	Attractive Valuations No Flows	Neutral Valuations Low Flows	High Valuations High Flows	Expensive Valuations Huge Flows

Source: MFIE, NSE. Data as of Dec 22, 2020. The sector(s)/stock(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in this sector(s)/stock(s). 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

Turning Point – Concentrated to Broad Based Rally



Post 2018 market fall, market rally was concentrated and led by Growth stocks. Going forward, we expect the rally to be more broad based on the back of growth picking up and expansionary policy measures by Global Central Banks

Total Universe considered is 3801 listed stocks. Stocks are arranged in descending order as per Marketcap. Marketcap change is considered for period between 28-Feb-18 and 23-Dec-20. Source: Edelweiss Research. Past performance may or may not sustain in future

To Sum Up: Turning Point in Equity Markets

LAST DECADE

Scenario

Easy Monetary Policy + Interest Rate Cuts
=
led to Lower Volatility

Strategy

Positive for equities as an asset class and long duration schemes

NEXT DECADE

Scenario

Limited room for rate cut + Elevated Global equity valuations
=
May result in Volatility

Strategy

- Macro environment dynamic. Investment Portfolios need to be nimble to move across sectors/themes
- Asset Allocation strategies that tend to perform across time periods, recommended

Equity Outlook – 2021

- We are currently in a Developed World Central Bank Bull Market
- Going forward, we expect multiple turning points and triggers in the coming years to dominate market movement
- We believe, the current market rally may continue till the time certain turning points/ triggers play out
- Market volatility too may continue given uncertainty related to COVID and Global Central Bank policies
- Macro economic environment is going to be critical and we may witness change in sectoral leaderships
- Recent market rally was narrow driven by select Growth stocks. Going forward, we expect broad-based reasonably valued companies to perform
- As highlighted earlier, we are in a boom phase and our recommendations can be summed up using the acronym **A-B-C-D** (Please refer next slide for more details)

Investment Themes For 2021: ABCD

A

ICICI Prudential Asset Allocator Fund (FOF) – Takes exposure across asset classes i.e. Equity, Debt & Gold

B

ICICI Prudential Balanced Advantage Fund – Dynamically manages equity & debt allocation basis Market Valuations

C

ICICI Prudential Business Cycle Fund – Invest in scheme which is nimble enough to move across sectors/marketcap as Business Cycles change

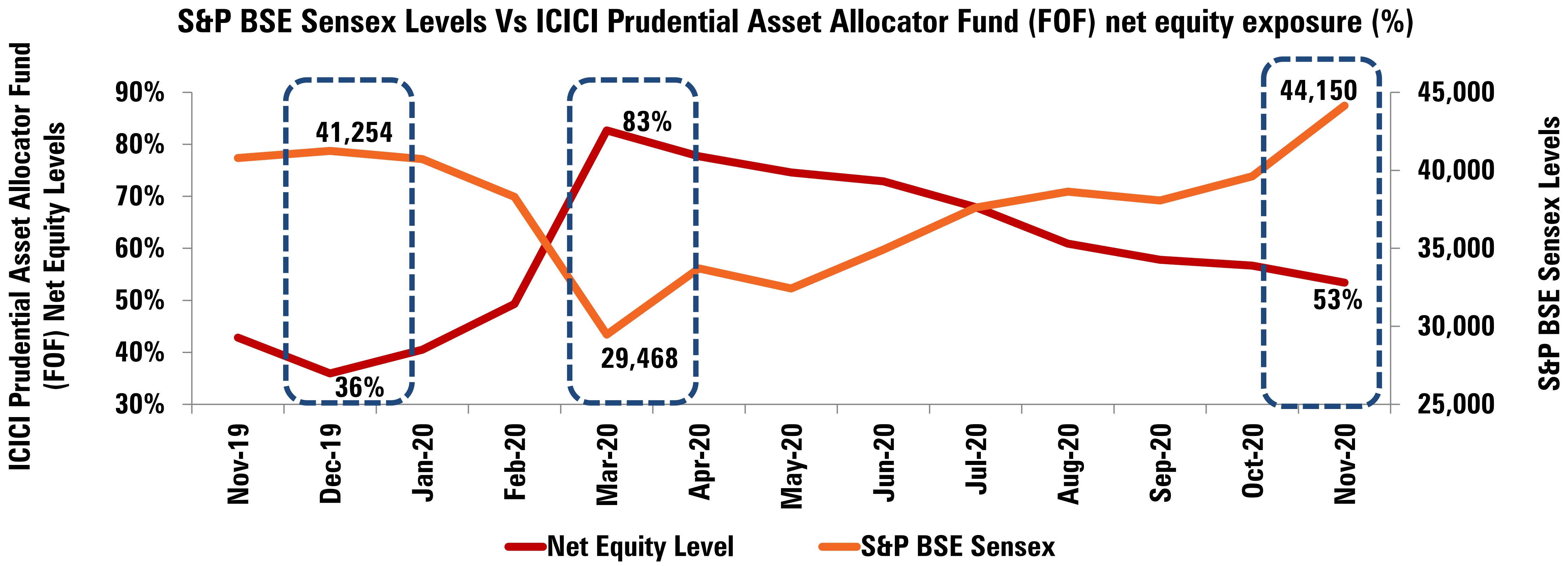
D

Strategies which are available at a Discount to the broader markets – ICICI Prudential Value Discovery Fund, ICICI Prudential India Opportunities Fund, ICICI Prudential Dividend Yield Equity Fund, ICICI Prudential Focused Equity Fund, ICICI Prudential Infrastructure Fund

The asset allocation and investment strategy will be as per Scheme Information Document.

Asset Allocation Strategies – Better equipped to handle Turning Points

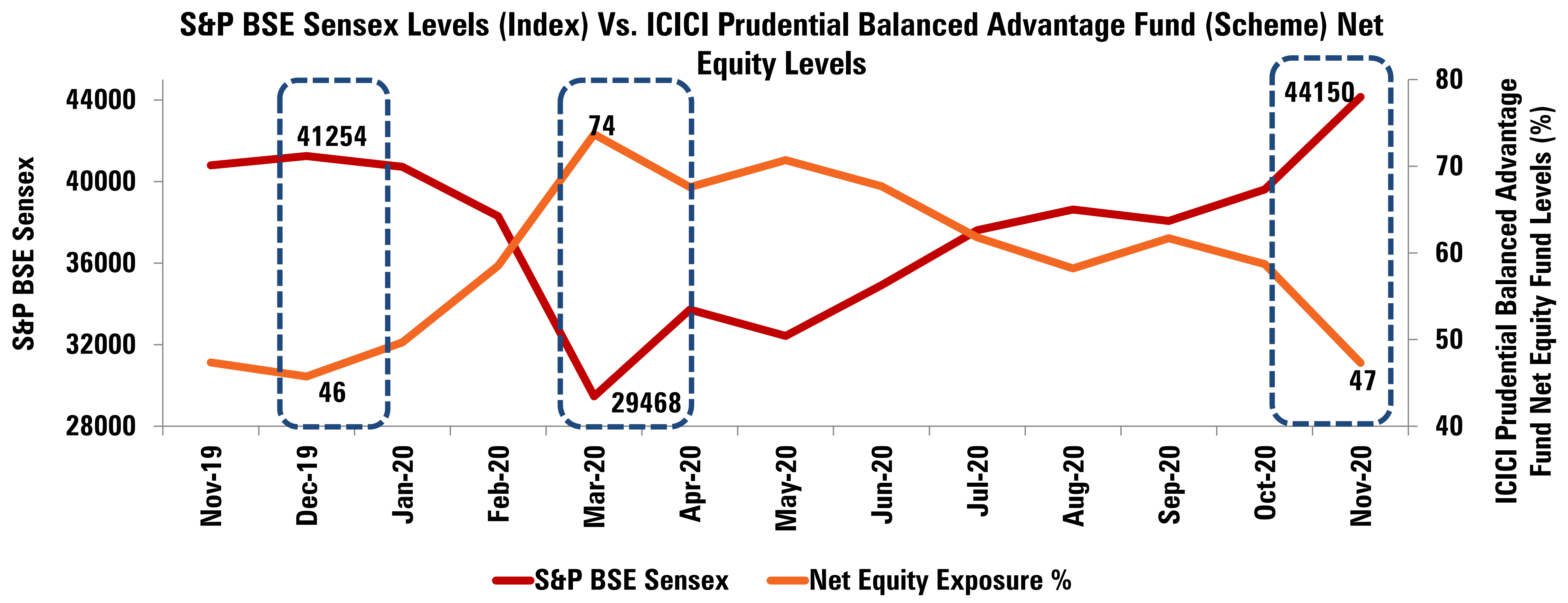
ICICI Prudential Asset Allocator Fund (FOF) aims to allocate across Equity, Debt & Gold basis relative valuations. The scheme's current exposure includes 53% Equity, 40% Debt & 6% Gold*



Source: MFI. Net Equity levels are as on month ends,. The portfolio of the scheme is subject to changes with in the provisions of the Scheme Information document of the scheme. Please refer to the SID for investment pattern, strategy and risk factors. Data as on Nov 30, 2020. *Remaining portfolio consists of cash: 1%. The asset allocation and investment strategy of the Scheme will be as per Scheme Information Document. 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. Investors may please note that they will be bearing the recurring expenses of this Scheme in addition to the expenses of the underlying Schemes in which this Scheme makes investment.

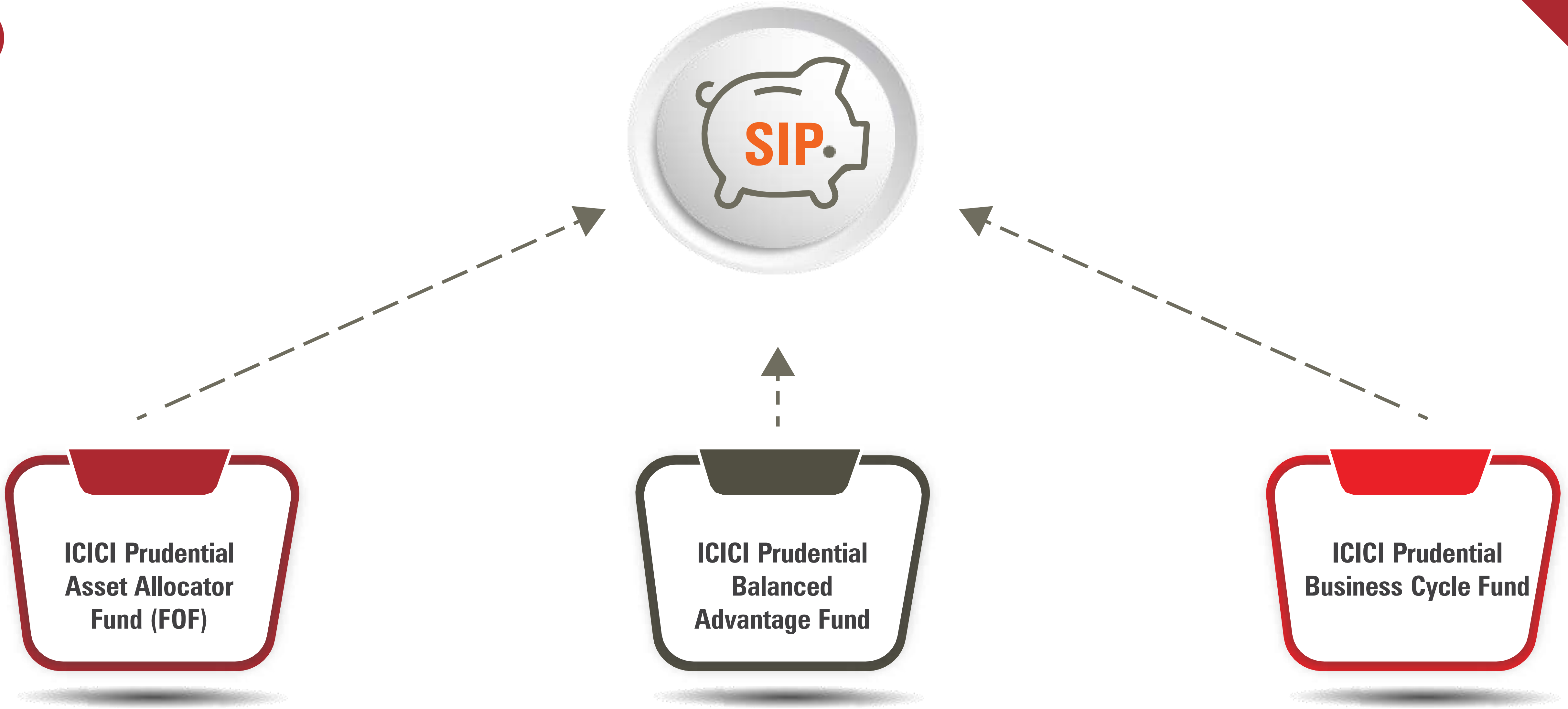
Asset Allocation Strategies – Better equipped to handle Turning Points

ICICI Prudential Balanced Advantage Fund aims to allocate between Equity & Debt basis market valuations



Source: BSE India & MFI, Data as of Nov 30, 2020. Period considered is Nov-19 to Nov-20. The asset allocation and investment strategy will be as per Scheme Information Document. MFI Explorer is a tool provided by ICRA Online Ltd. For their standard disclaimer please visit http://www.icraonline.com/legal/standard-disclaimer.html

Our Top SIP Recommendations



SIP – Systematic Investment Plan, SWP – Systematic Withdrawal Plan. The asset allocation and investment strategy will be as per Scheme Information Document.

Our Long term SIP Recommendations with Freedom SIP

ICICI Prudential Value Discovery Fund

ICICI Prudential India Opportunities Fund

ICICI Prudential Bluechip Fund

ICICI Prudential Focused Equity Fund

ICICI Prudential Midcap Fund & ICICI Prudential Smallcap Fund

ICICI Prudential Freedom SIP* is a combination of Smart Features, to help investors achieve their Financial Goals. Freedom SIP allows investors to switch the SIP investments to a target scheme, post completion of the SIP tenure & monthly SWP will continue from the target scheme.

SIP – Systematic Investment Plan, SWP – Systematic Withdrawal Plan. ICICI Prudential Freedom SIP is an optional feature that allows initial investments through SIP, switch toanother scheme after a pre- defined tenure and SWP post that. ^The SWP will be processed either till Dec2099 or till units are available in target scheme, whichever is earlier. Please read the terms and conditions inthe application form before investing..For source and target scheme names,refer the Application Form of ICICI Prudential Freedom SIP. ICICI Prudential Mutual Fund reserves the right tomake changes in the source and target schemes. Investor may please note that ICICI Prudential Freedom SIPis different from ICICI Prudential Freedom SWP.The asset allocation and investment strategy will be as per Scheme Information Document. *For more information visit www.icicipruamc.com

Triggers

We may re-visit our strategies & recommendations once these factors come into action

US INFLATION

US acknowledging inflation & in conclusion pausing stimulus

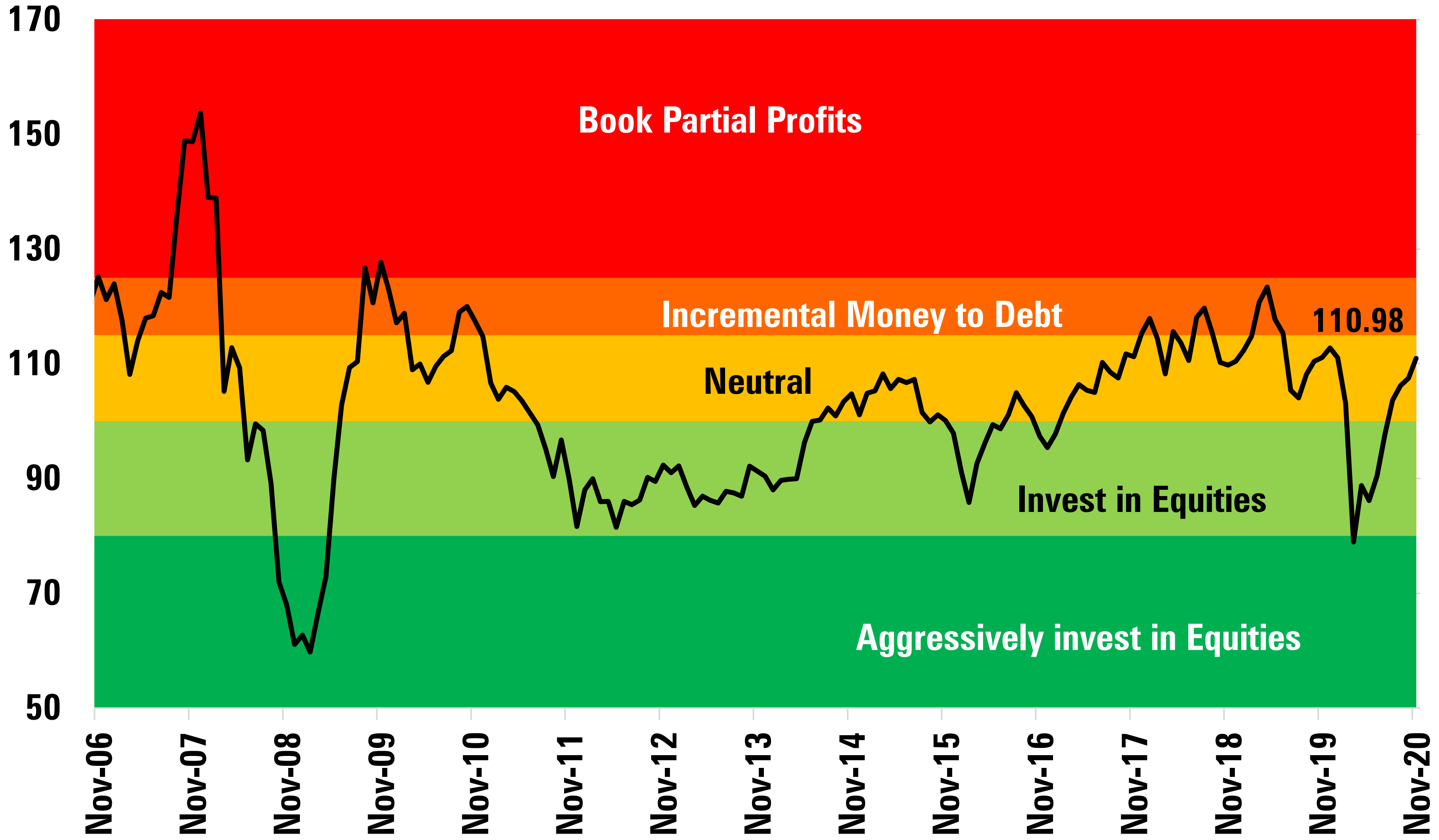
US 10Y TREASURY YIELDS

US Treasury Yields reaching 2%

CRUDE

Crude Oil touching 60$/bbl may lead to high inflation

Our Equity Valuation Index



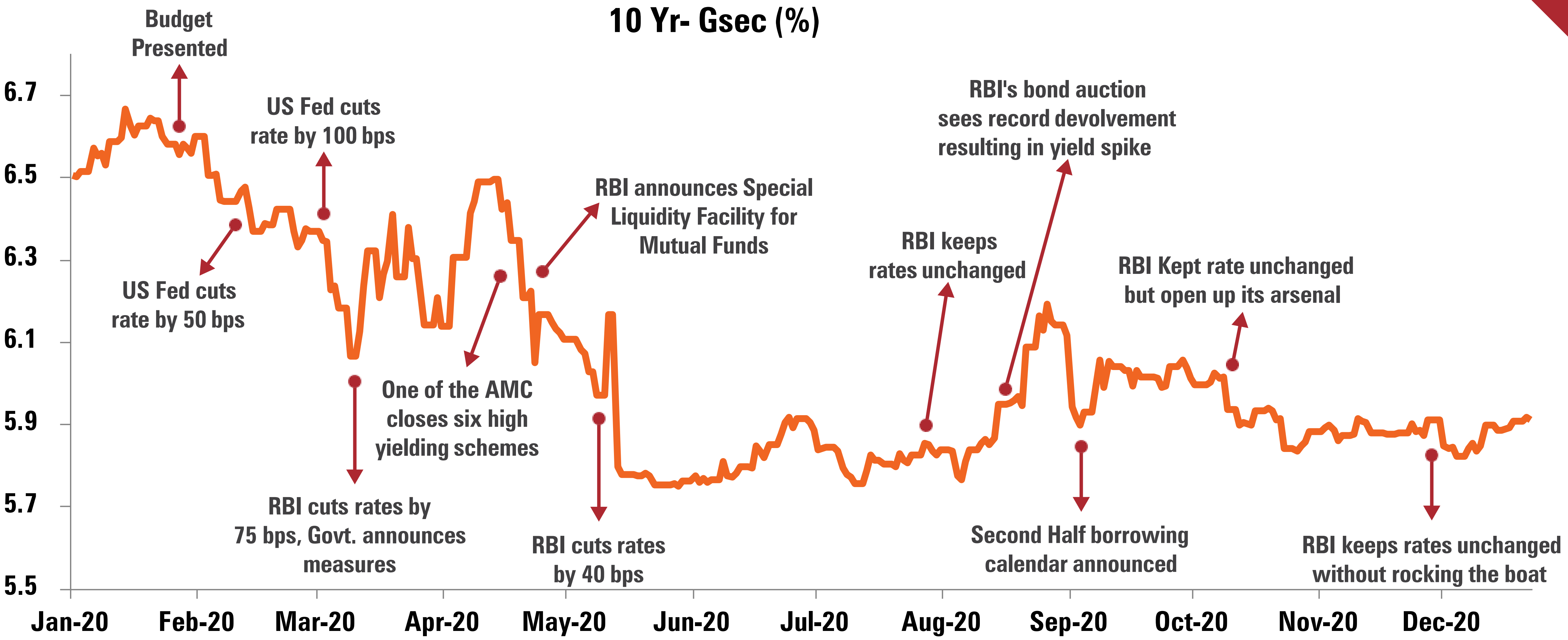
Our Equity Valuation at this juncture recommends staggered investment with a minimum horizon of 3-5 Yrs coupled with 'Dynamic Asset Allocation Scheme'

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. G-Sec – Government Securities. GDP – Gross Domestic Product, Data as of Nov 30, 2020

FIXED INCOME OUTLOOK:

Turning Points Ahead

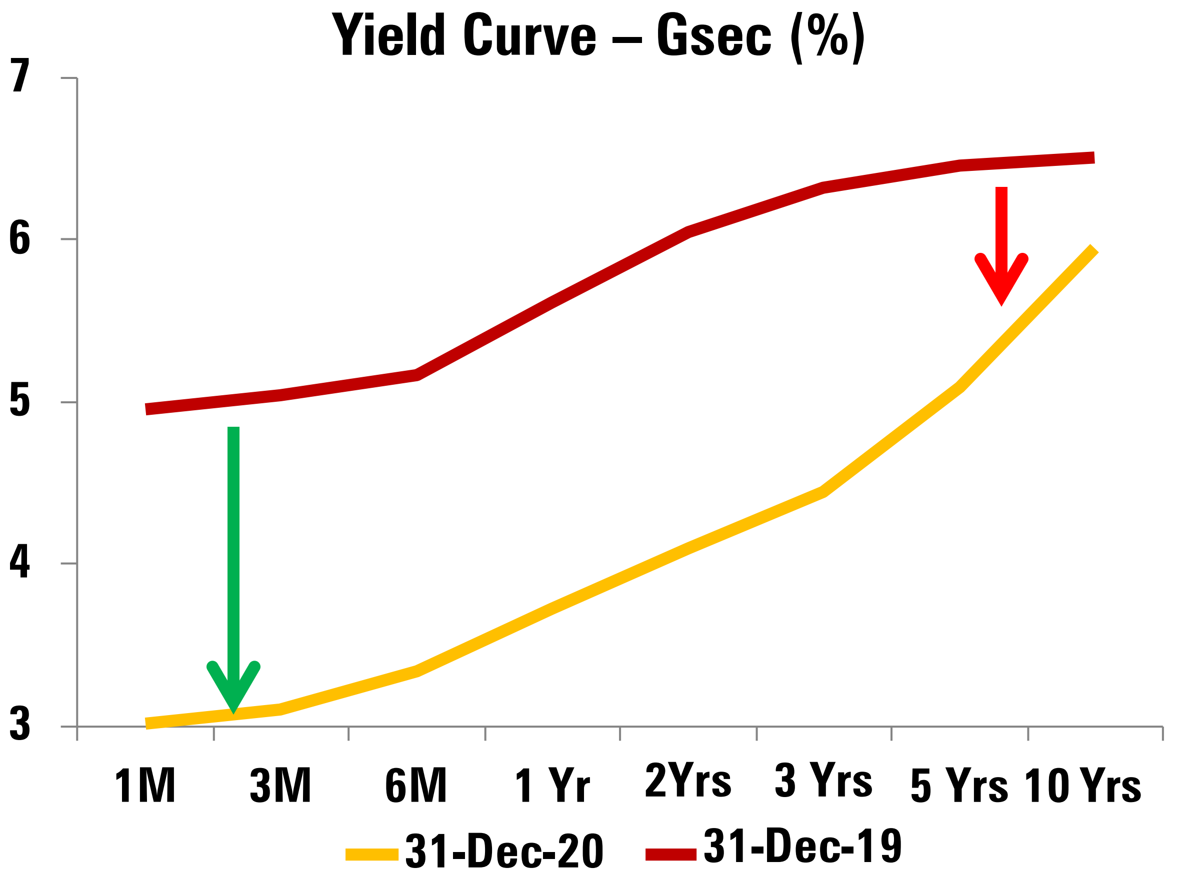
Rear-View Mirror: Glancing through 2020 (Fixed Income)

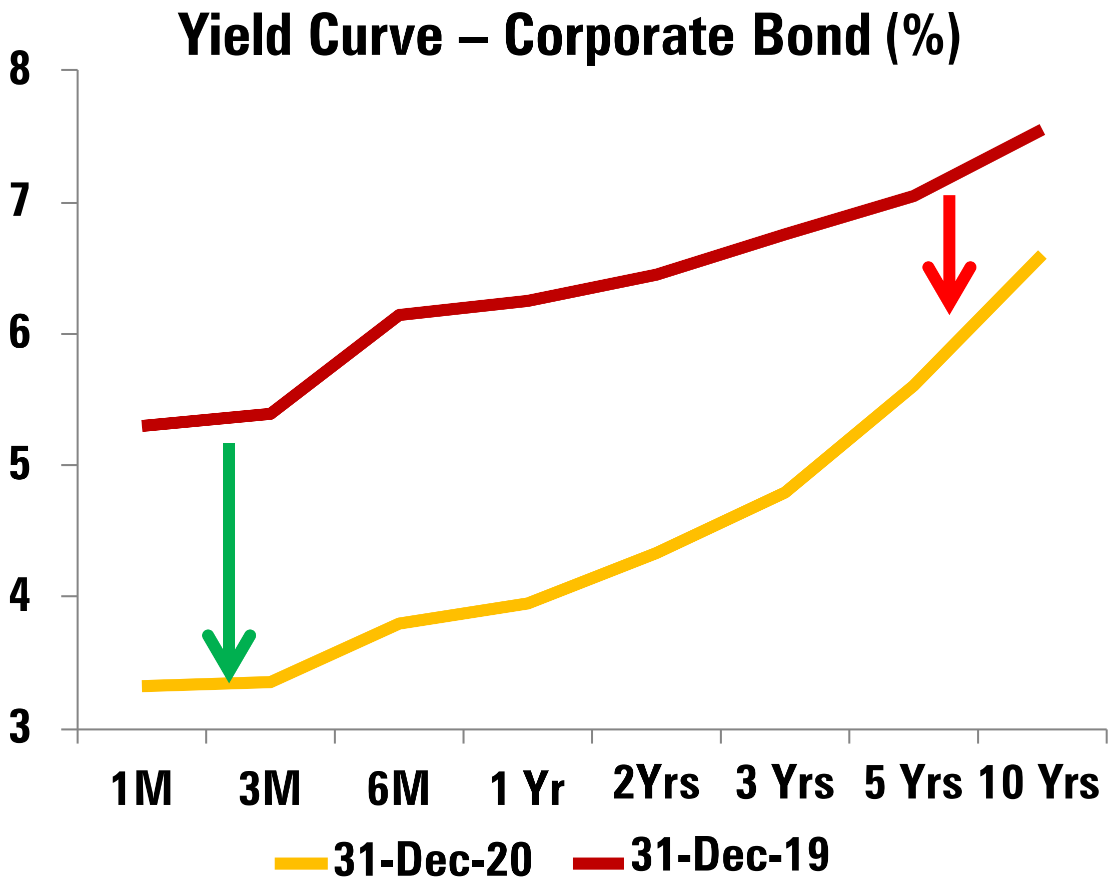


Data as on Dec 31, 2020, CRISIL Research, Morgan Stanley Research. Fed – Federal Reserve, RBI – Reserve Bank of India, WHO, World Health Organization, PM – Prime Minister, MPC – Monetary Policy Committee, AMC – Asset Management Company. Past performance may or may not sustain in future

Yield Curve Movement

Accommodative stance coupled with abundant liquidity and aggressive rate cut enabled the yield curve to soften (Bull steepening: Short term rates fell more than the long term rates)





Data as on Dec 31, 2020, CRISIL Research

Outlook 2021 – Turning Points Ahead

Past few years have been favourable for fixed income as an asset class with RBI stance remaining supportive in terms of aggressive rate cuts and resulting abundant liquidity. These conditions created a conducive environment for duration and high quality instruments. However, the road to 2021 & beyond, consists of various Turning Points, which we believe may change the course of current market direction, leading to increased volatility and returns moderation. We would like to present various indicators which we believe are at/close to their turning points. **Hence, we believe, this phase may require investment portfolios to be managed actively with focus on accrual strategy**

NOTE: Turning Points may play out earlier or later than anticipated. If the turning points play out sooner than anticipated, then we may come with an interim communication

TURNING POINTS

Major Changes in Debt post 2013

Formation of MPC

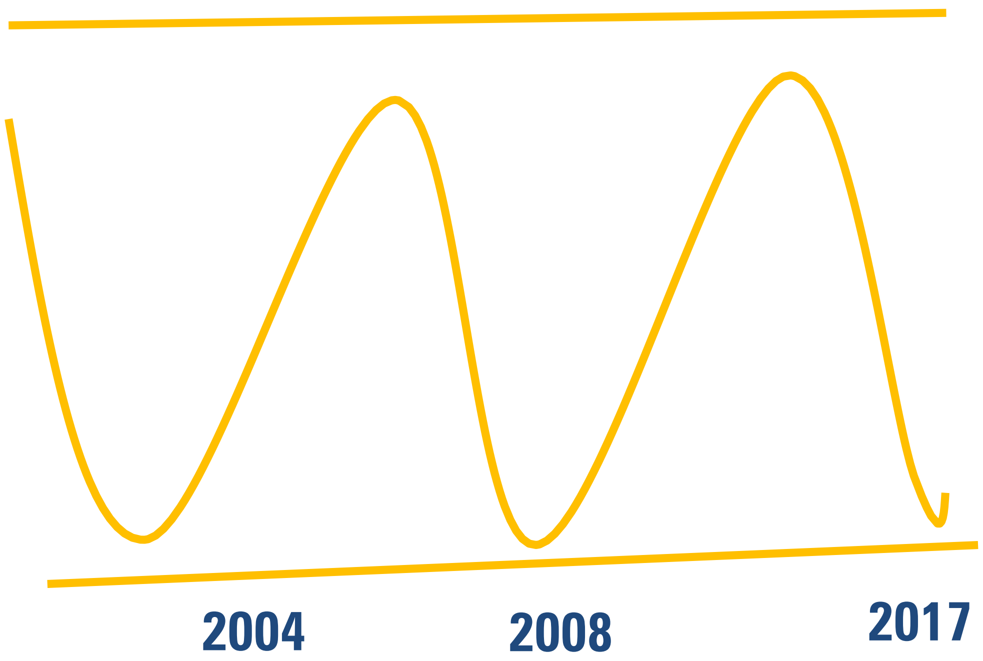
Inflation Targeting

Importance of Real Rates

MPC – Monetary Policy Committee

Triggers – Macros to be critical going forward

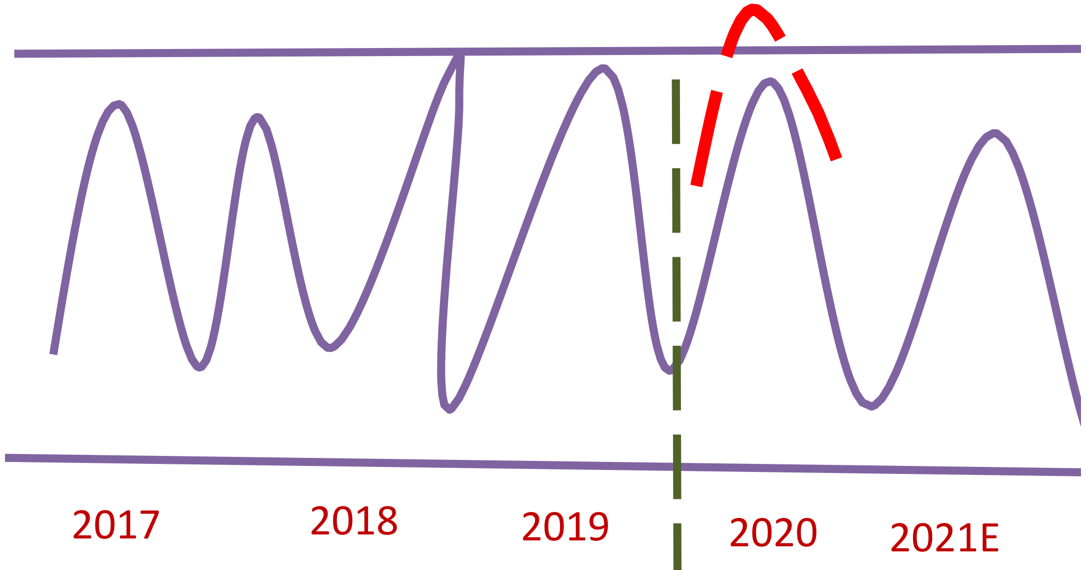
HISTORICAL DEBT CYCLE PRE-2013



LONG DEBT CYCLE:

- At the turnings points higher volatility
- Debt cycle were extended based on the RBI stance

POST 2013: EXPECTED DEBT CYCLE



SHORTER DEBT CYCLE:

- More Volatility in short term, but stable cycle for long term
- MPC Committee focus on inflation, will not allow debt cycle to extend

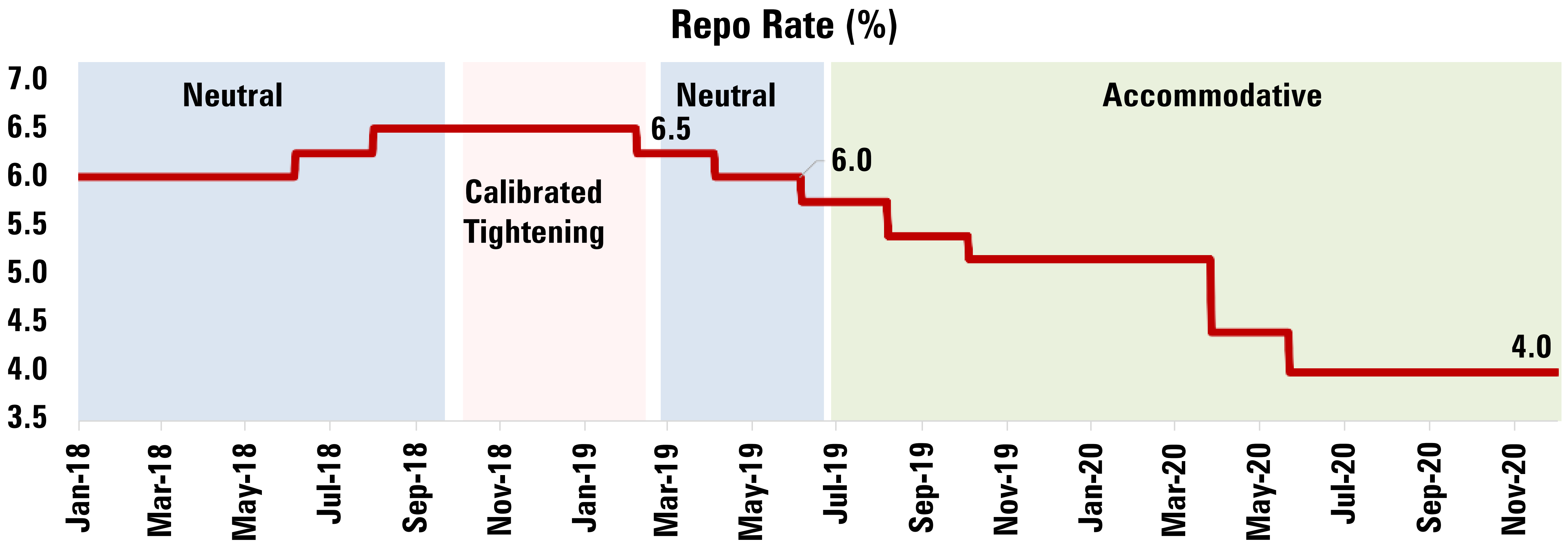
TURNING POINT:

Post COVID, Is there a turning point in the RBI stance based on growth & inflation dynamics ??????

RBI – Reserve Bank of India, MPC – Monetary Policy Committee, COVID – Coronavirus Disease, E - Estimated

Turning Point in Rate Cut and Stance

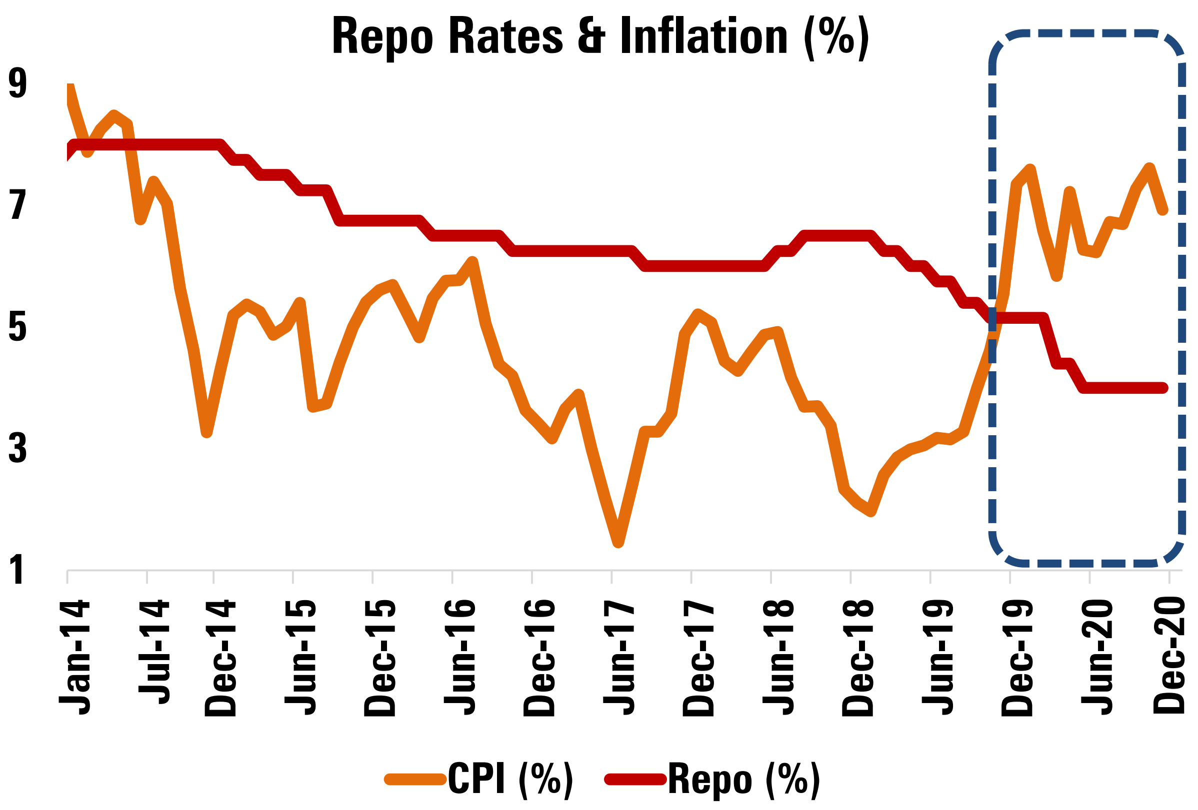
We are close to all time low repo rates with 250 bps reduction in this rate cut cycle. We assign low probability for rate cuts and expect RBI to rationalize its stance based on the growth and inflation dynamics going forward

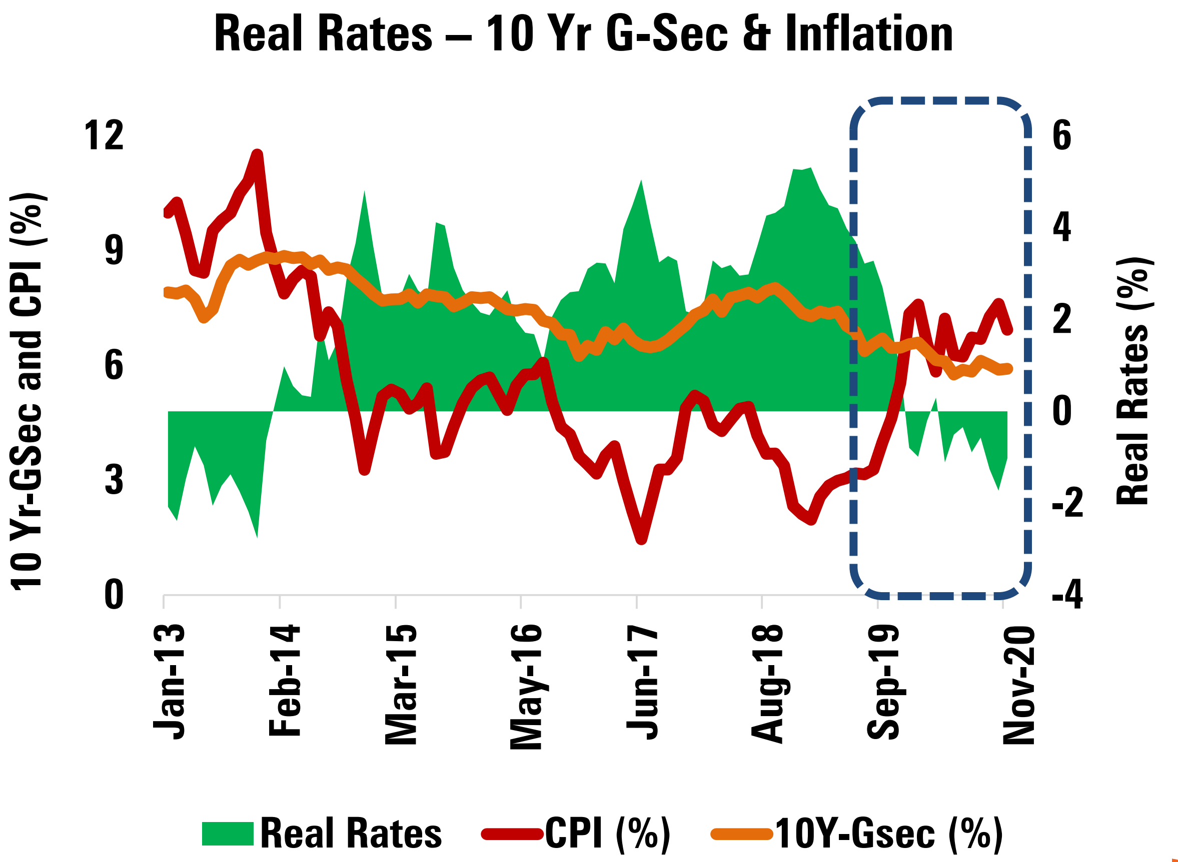


Data as on Dec 31, 2020, Source: RBI

Shift from Conventional Inflation Targeting Framework ?

RBI may look through a high inflation phase till the growth recovers completely, this may result in negative real rates which may be negative for fixed income markets

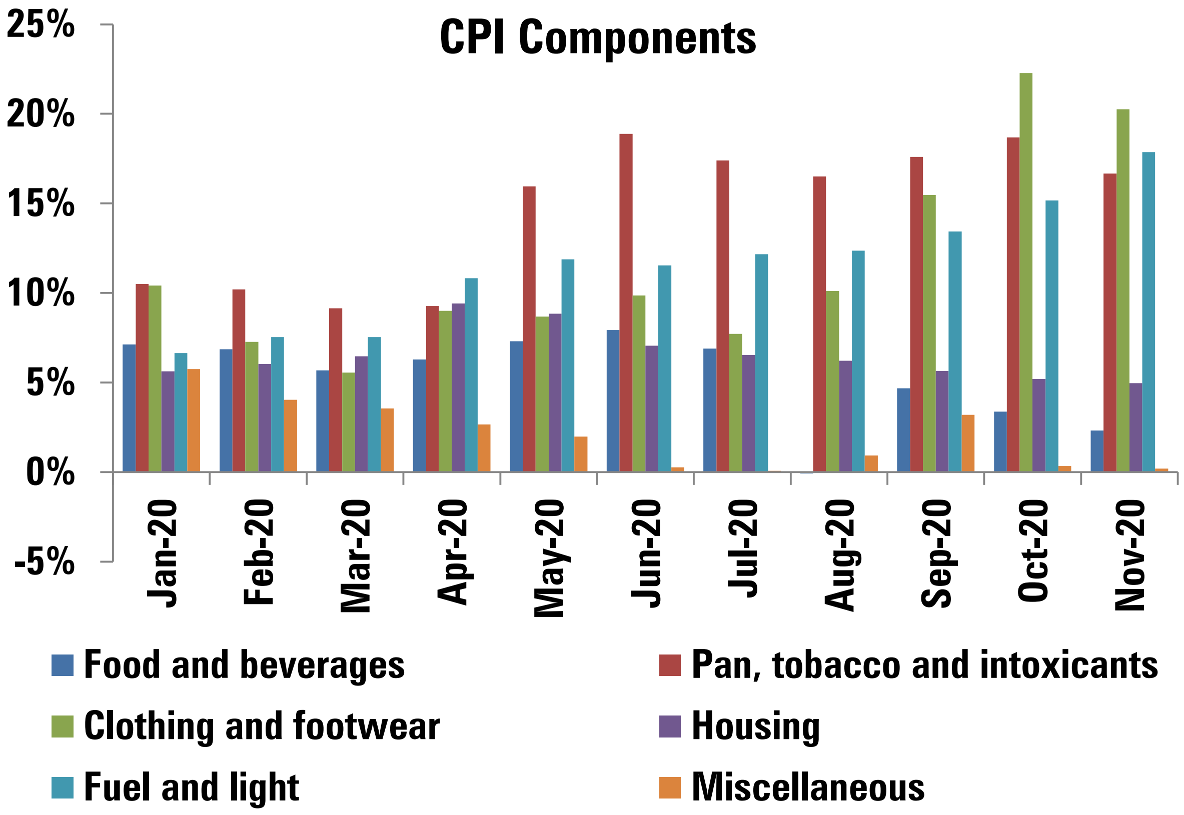


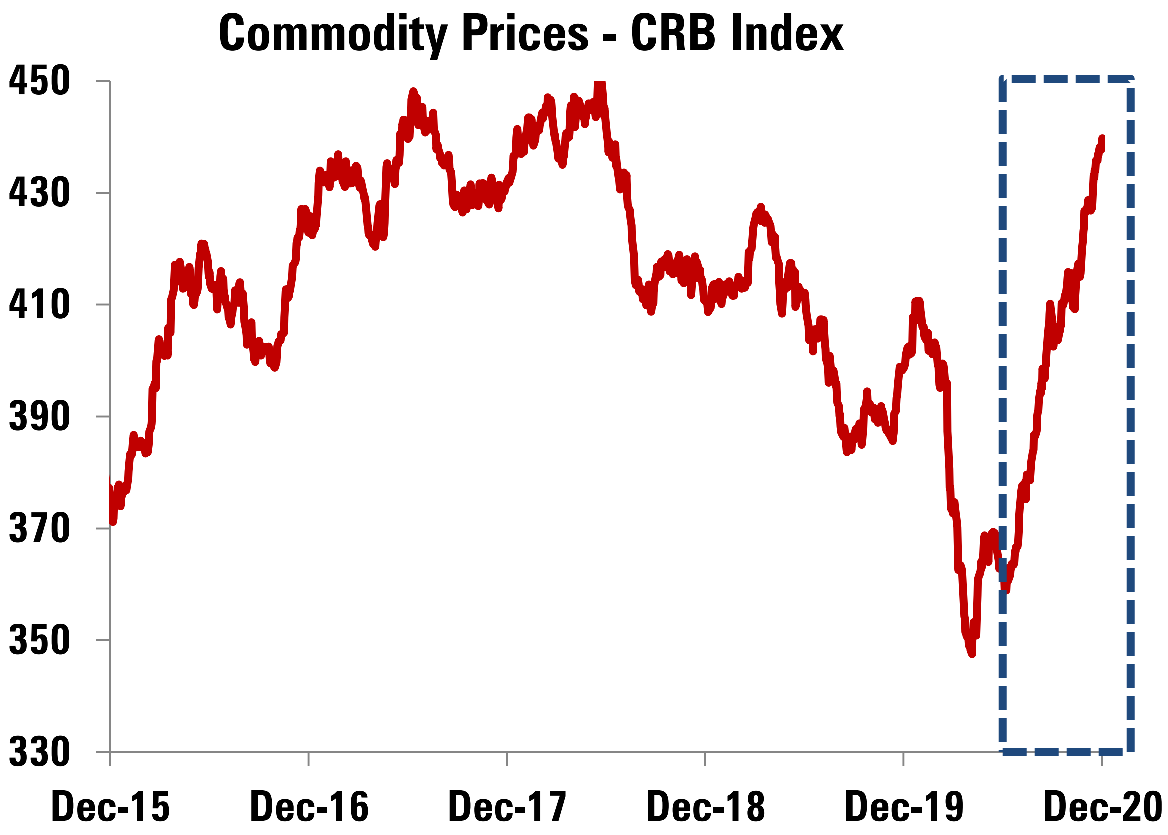


Data as on Nov 30, CRISIL Research

Turning Point in Inflation

Inflation may remain sticky as the food prices remain elevated due to supply chain shocks post COVID-19 and due to commodity prices which have started to inch-up

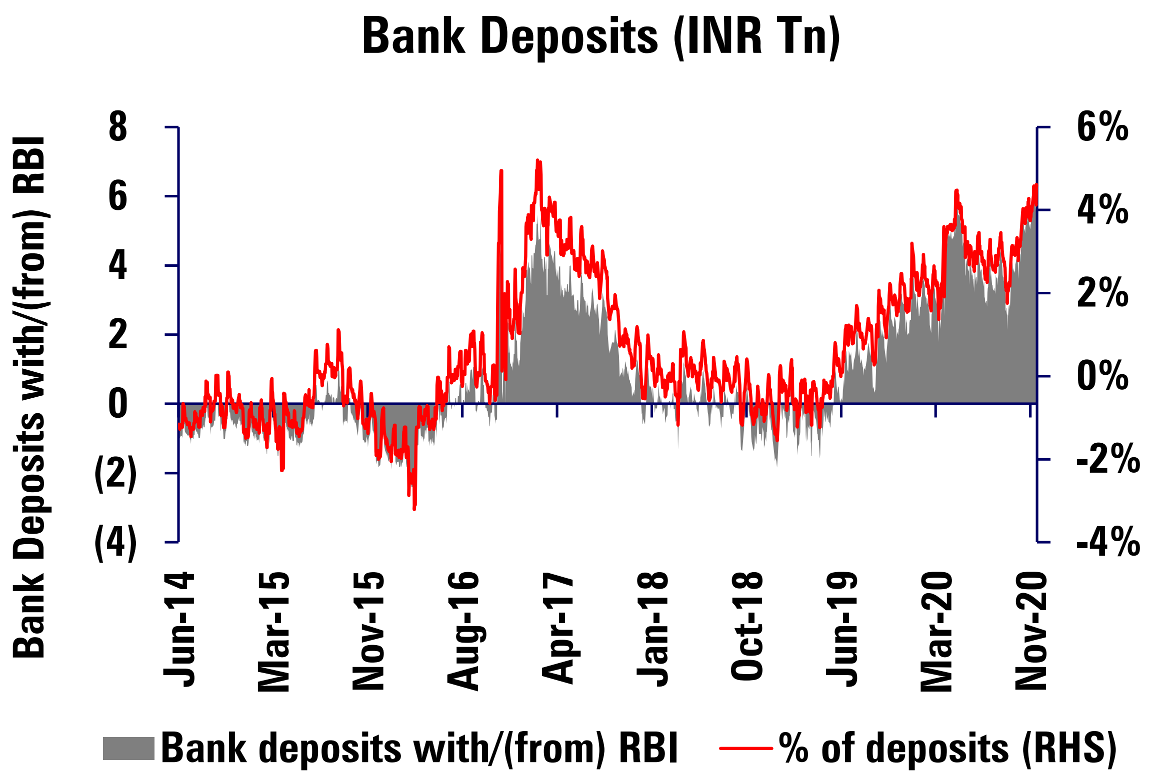


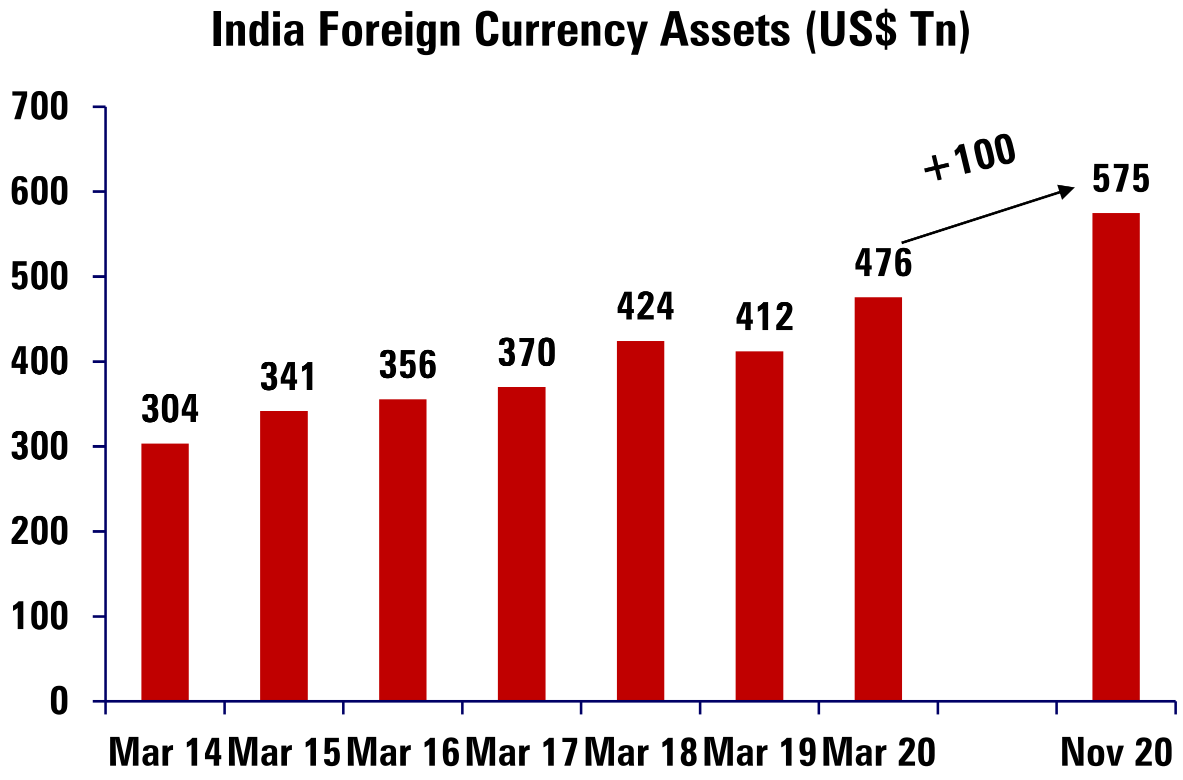


Data as on Dec 30, Source : Morgan Stanley Research

Turning Point in Liquidity

Liquidity has remained abundant in system due to slowdown in economic activity, high capital flows, RBI's Fx Operations and accommodative stance.
We expect a turning point in liquidity conditions from abundant to moderate.

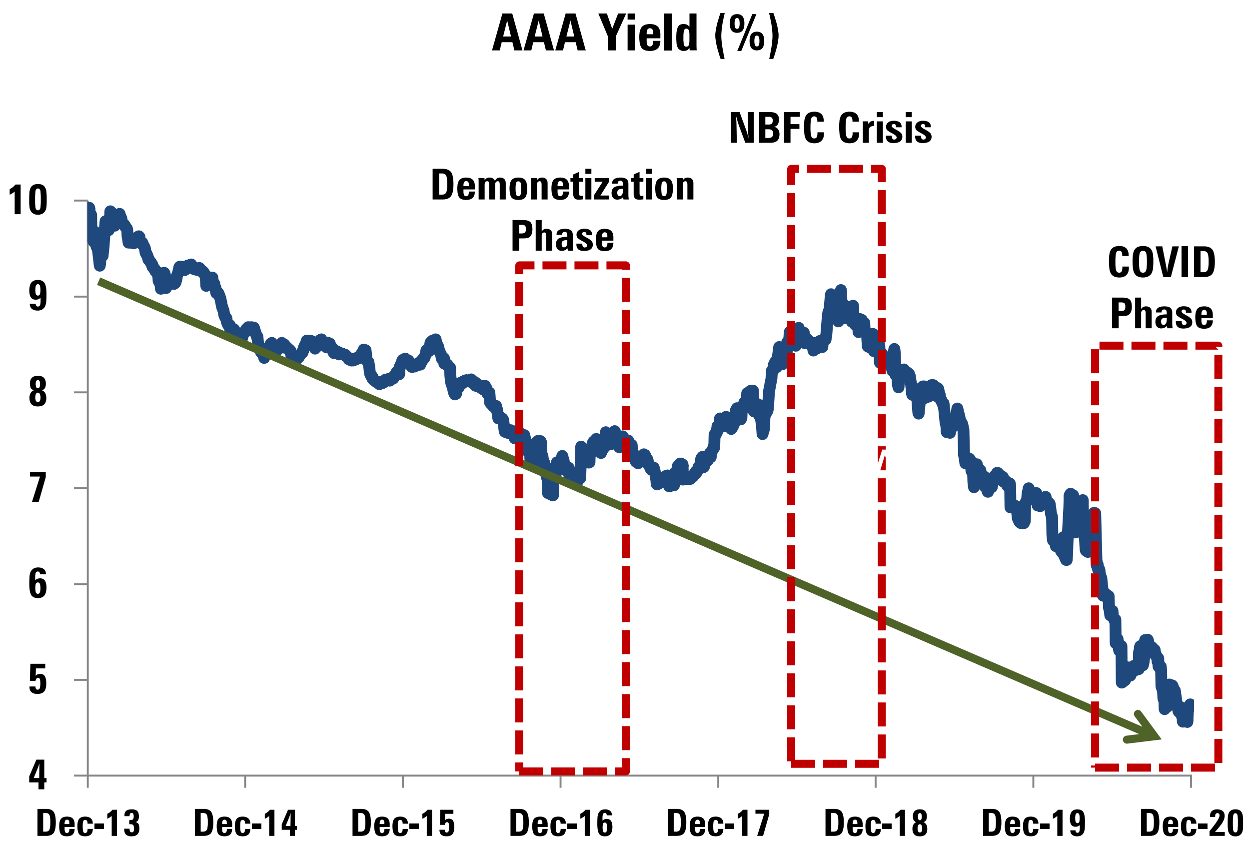


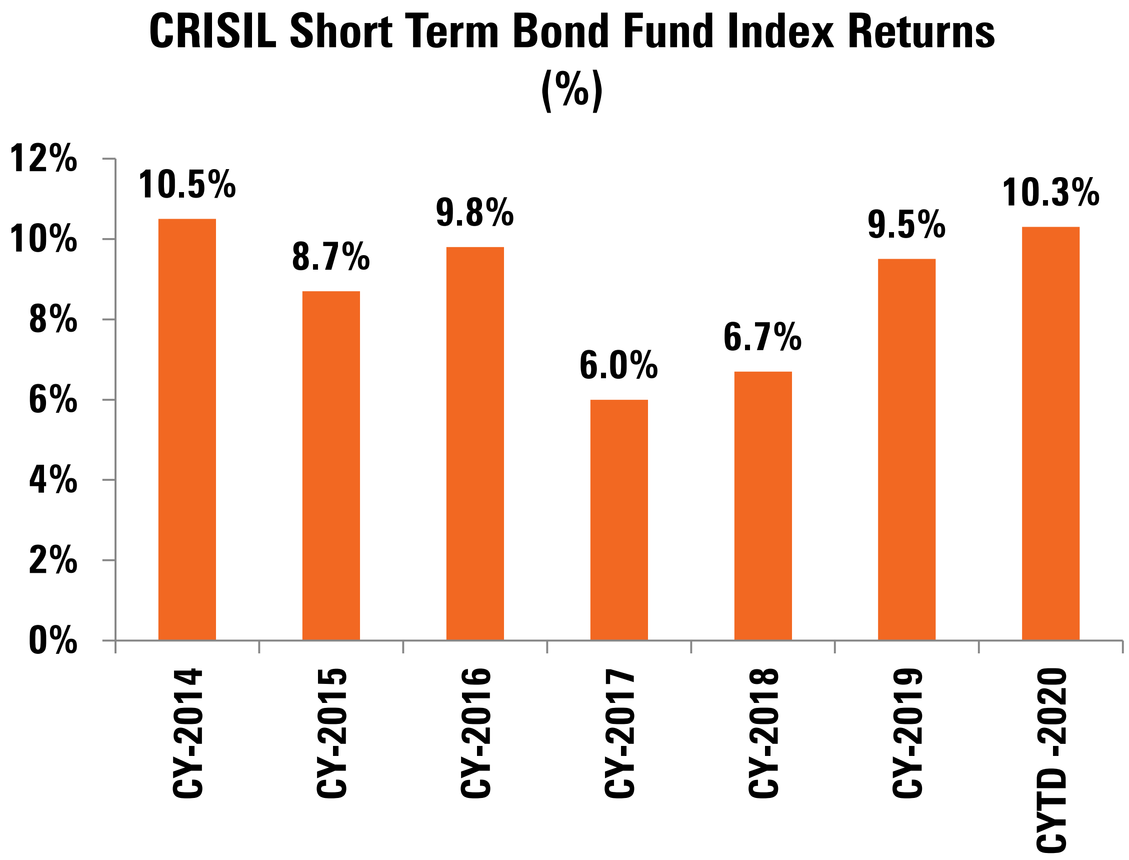


Data as on Dec 30, Source : CLSA Research. RBI-Reserve Bank of India, Fx – Foreign Exchange

Turning Point in Returns

Capital appreciation strategy played out meaningfully due to ultra-loose monetary policy and AAA(1-4 Yrs) segment benefitted the most. Going forward returns expectations need to be rationalized





Data as on Dec 30, Source : CRISIL Research

To Sum Up: Turning Point in Fixed Income

LAST COUPLE OF YEARS

Scenario

Easy Monetary Policy + Interest Rate Cuts
=
led to higher returns for Duration Funds

Strategy

Long Duration Funds and Passive Long Duration Funds

COMING FEW YEARS

Scenario

Limited room for rate cut + liquidity conditions might moderate + shift in ultra-loose monetary stance
=
May result in some volatility

Strategy

- Be nimble, recommend active management strategy
- Positive on accrual strategy as the yields of spread assets are reasonable compared to AAA papers and money market instruments

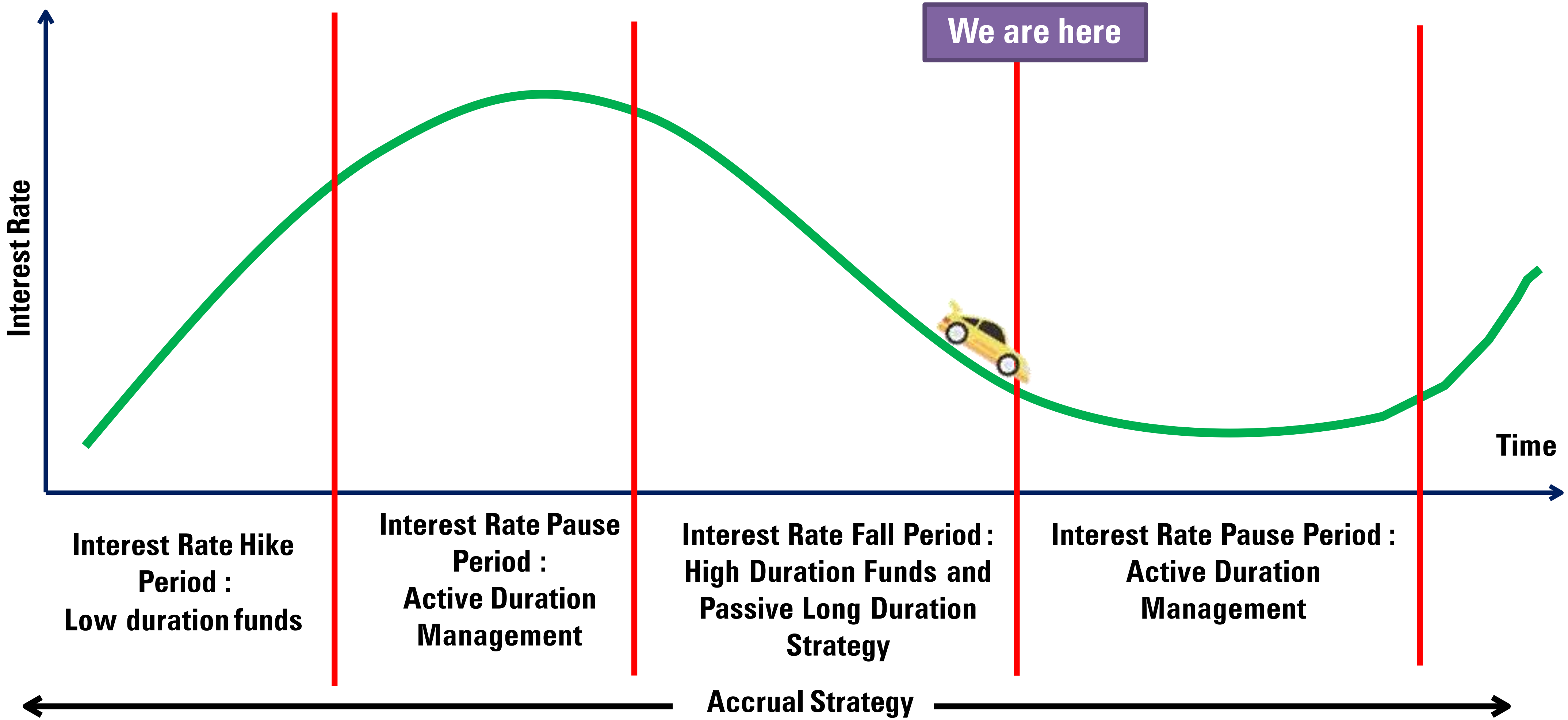
Summary – Fixed Income Outlook

- Capital gain strategy has played out meaningfully and going forward returns expectations need to be rationalized
- Going forward accrual strategy is expected to take the driving seat
- RBI may continue to maintain accommodative stance and may look through the high inflation phase, but may start to rationalize stance once the economy stabilizes
- Going forward, we assign low probability for rate cuts due to change in growth and inflation dynamics
- In the coming quarters, we expect liquidity to moderate as the growth & economic activity picks-up
- In the current phase, more nimble and active duration management strategy is recommended to benefit from high term premium
- We recommend Accrual strategy with an aim to benefit from higher carry

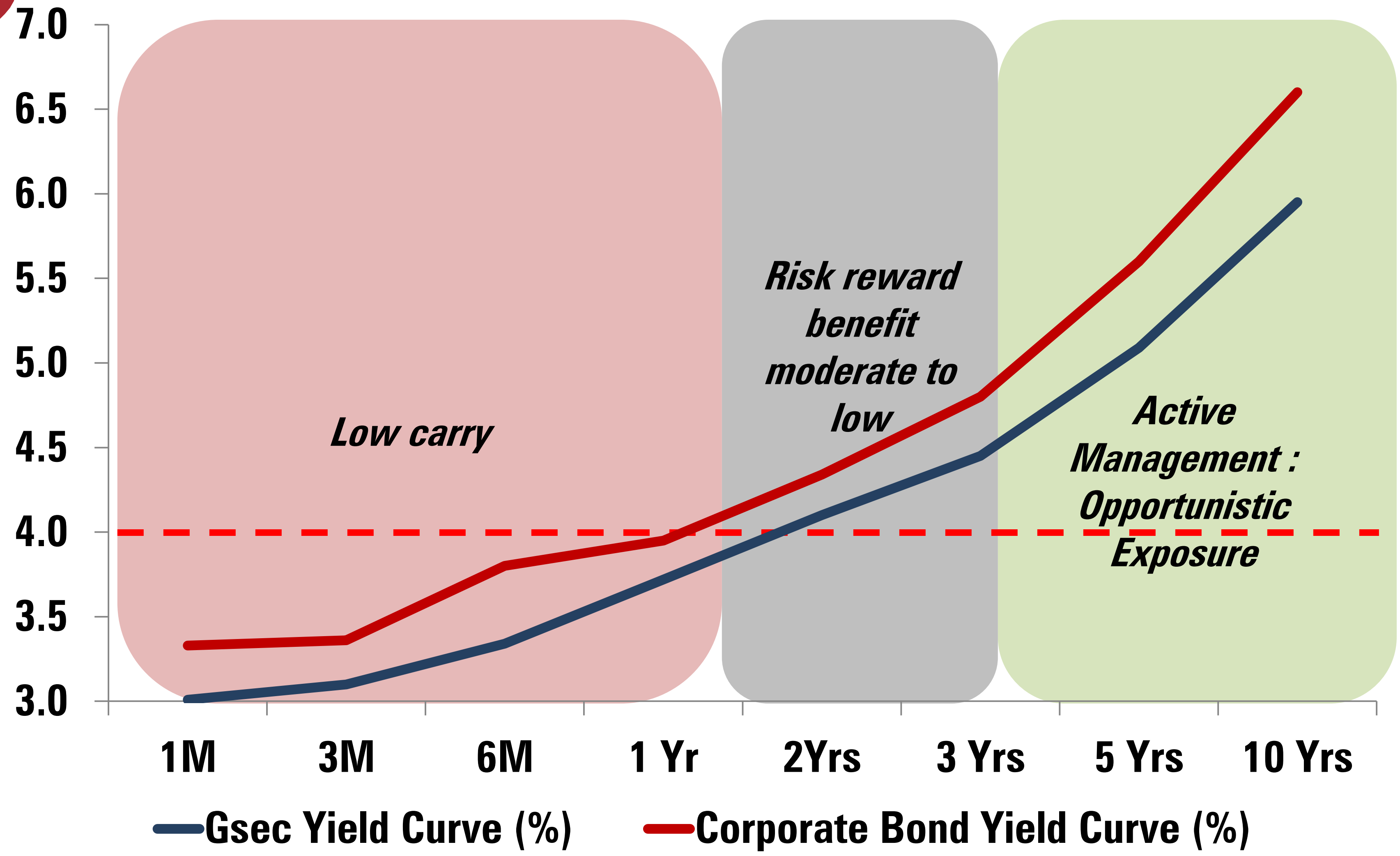
STRATEGY GOING FORWARD

Accrual and Active Duration (AA)

Turning Point in Debt Cycle & Product Strategy



Yield Curve Positioning & Product Strategy

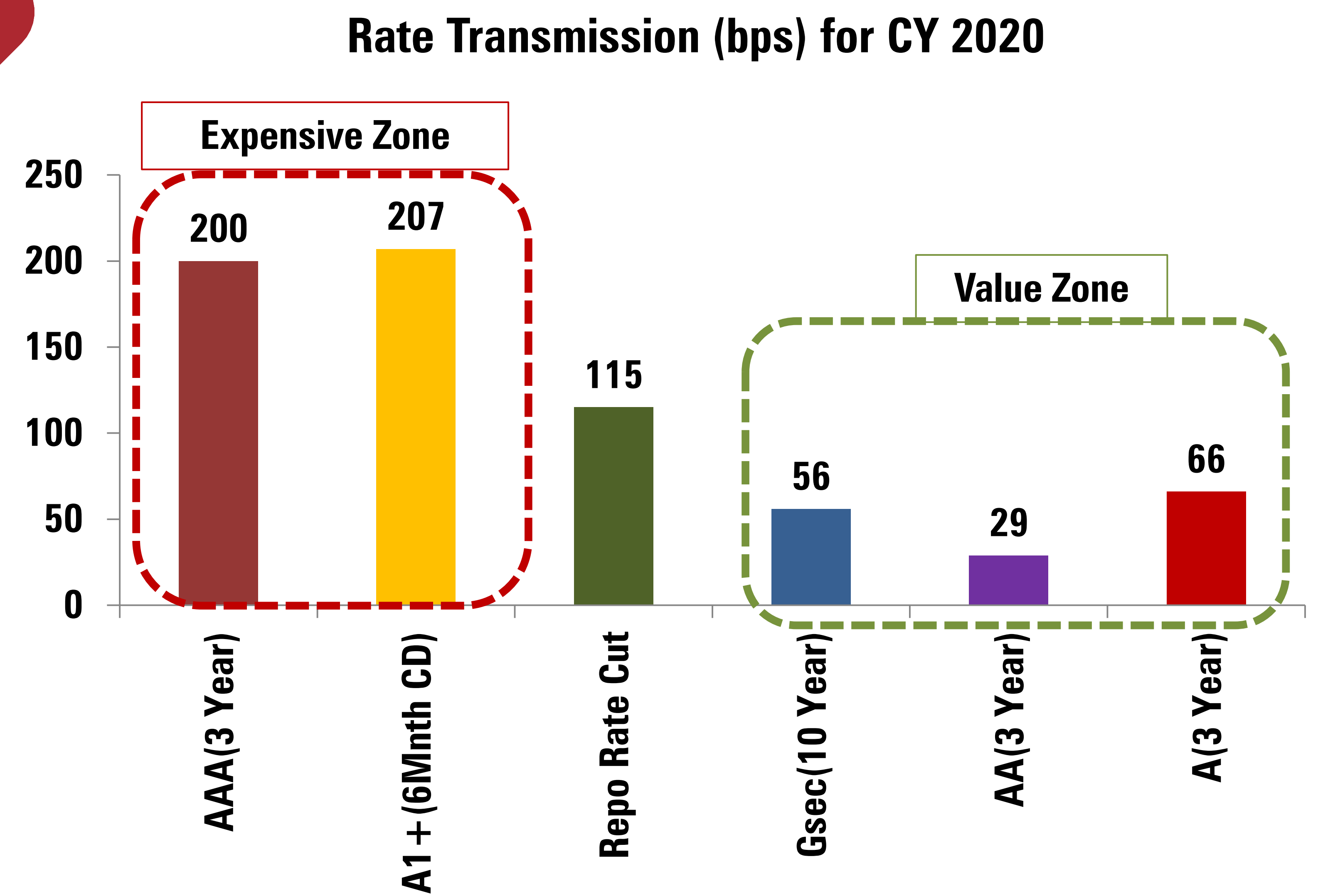


Data as on Dec 30, CRISIL Research

KEY TAKEAWAY:

Duration needs to be managed actively at this current juncture. We may advocate barbell strategy at this juncture by having higher duration which may provide better carry and lower duration to provide manage interest rate volatility

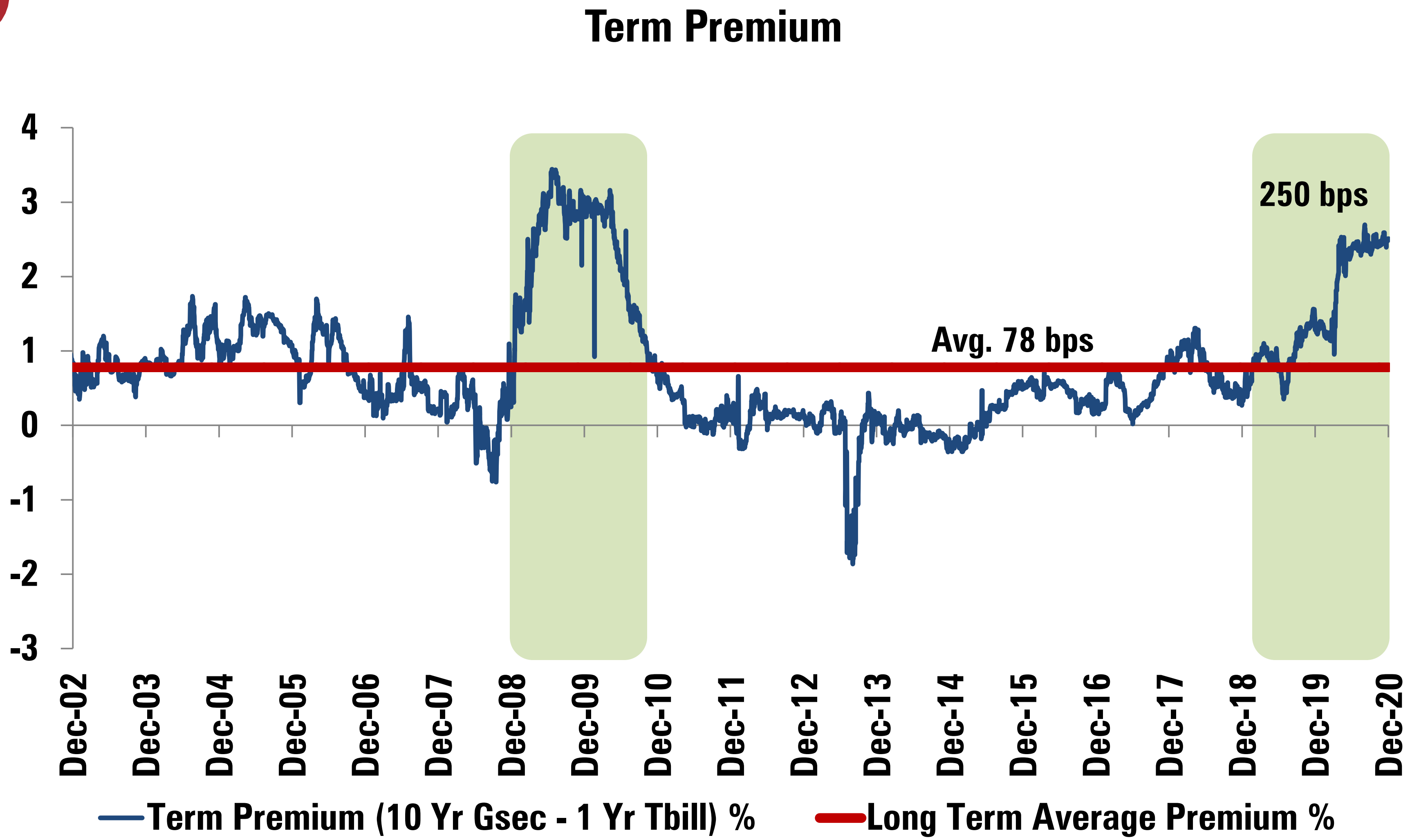
Current Scenario – Accrual Strategy



Instrument Type	Yields (%)	
	31-Dec-19	31-Dec-20
AAA(3 Year)	6.80	4.80
A1+(6Mnth CD)	5.56	3.49
Repo Rate	5.15	4.00
Gsec(10 Year)	6.51	5.95
AA(3 Year)	7.85	7.56
A(3 Year)	9.47	8.81

Source: CRISIL Research, Data as on Dec 31, 2020, CD – Certificate of Deposit, bps – basis points, Past performance may or may not sustain in future

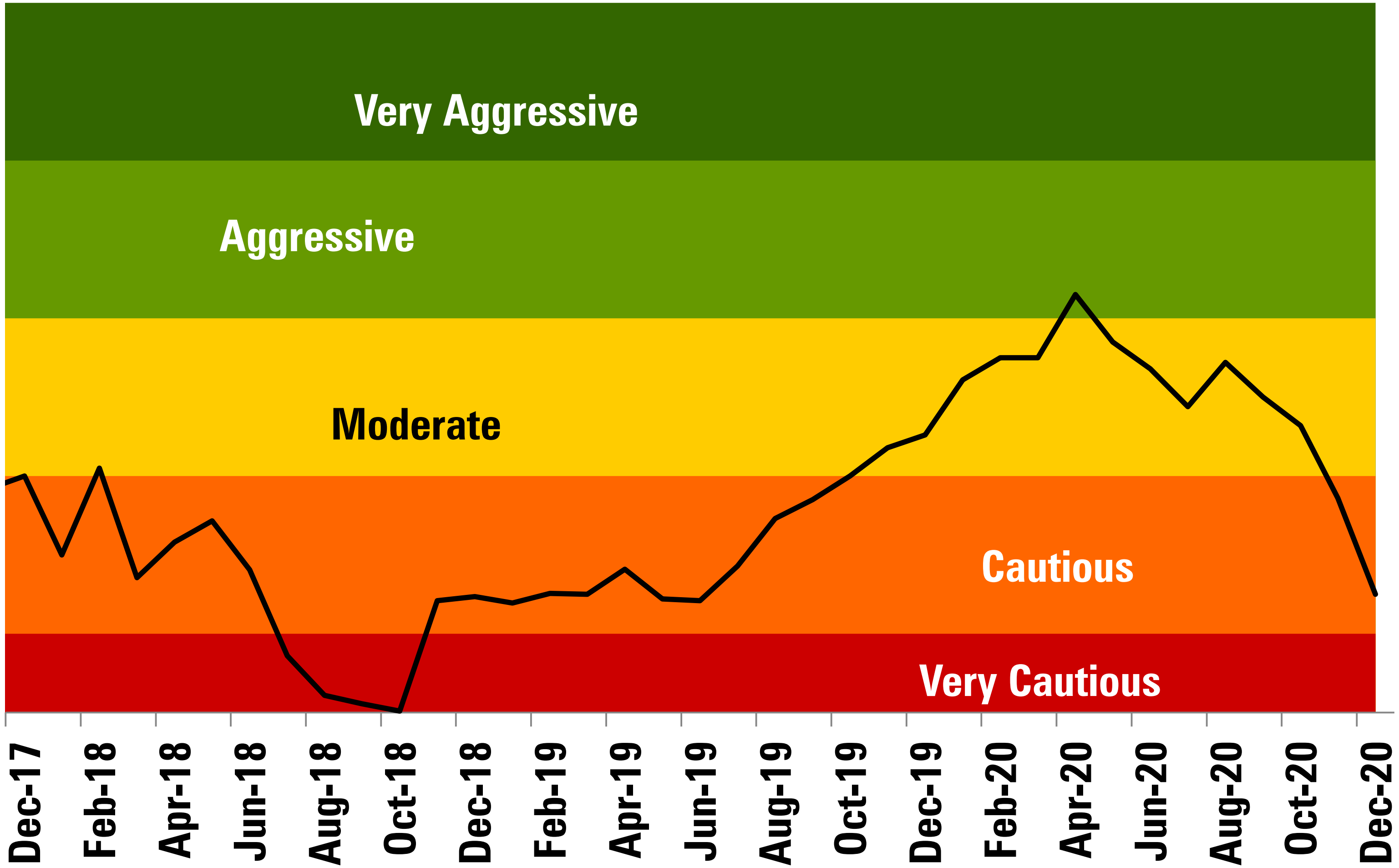
Current Scenario – Active Duration



Currently, the term premium is at one of the highest levels seen in the last 10 years and active duration may help in capturing the same with adequate risk management

Source: CRISIL Research, Data as on Dec 30, 2020. Past performance may or may not sustain in future

Our Debt Valuation Index for Duration Risk Management



We remain cautious on duration and recommend active duration management. Barbell strategy (combination of high duration and low duration instrument) maybe followed to benefit from high term premium and mitigate interest rate volatility

Data as on Dec 31, 2020. Debt Valuation Index considers WPI, CPI, Sensex returns, Gold returns and Real estate returns over G-Sec yield, Current Account Balance and Crude Oil Movement for calculation.

Fixed Income scheme recommendations: 2021

Scheme Recommendations – Fixed Income/Arbitrage

Approach	Scheme Name	Call to Action	Rationale
Arbitrage	ICICI Prudential Equity Arbitrage Fund	Invest with 3 Months & above horizon	Spreads at reasonable levels
Short Duration	ICICI Prudential Savings Fund ICICI Prudential Ultra Short Term Fund ICICI Prudential Floating Interest Fund	Invest for parking surplus funds	Accrual + Moderate Volatility
Accrual Schemes	ICICI Prudential Credit Risk Fund ICICI Prudential Medium Term Bond Fund	Core Portfolio with >1 Yr investment horizon	Better Accrual
Dynamic Duration	ICICI Prudential All Seasons Bond Fund	Long Term Approach with >3 Yrs investment horizon	Active Duration and Better Accrual

Portfolio Positioning

- Across our portfolios we aim to manage duration actively
- In short duration schemes, we aim to run Barbell Strategy to benefit from term premium and to reduce interest rate volatility
- In Schemes which aim to invest in short end of the yield curve, we have added exposure towards Floating Rate Bonds (FRB)
- We have added good quality AA Corporate Bond in select portfolios, due to higher spread premium

Our PMS Strategies –
ICICI Prudential PMS Contra Strategy

Investment Objective ^ : ICICI Prudential PMS Contra Strategy seeks to generate capital appreciation by investing predominantly in equity and equity related instruments through contrarian investing.

Basis for Selection of Securities: The Portfolio Manager follows 'Contra' style of investing which involves taking contradictory bets on equity stocks i.e. taking calls/exposure on underperforming stocks which are currently not in favour in the market but are expected to do well in the long run. The Portfolio Manager may also select stocks of companies in sectors where entry barriers are high, sectors in consolidation or of companies in special situation.

What is Contrarian Investing?

1 Out of Flavour
Aims to invest in companies with a less positive sentiment, possibly due to temporary headwinds.

2 Focus
On Sectors/Stocks where widespread pessimism about a company may drive prices low.

3 Avoids
Stocks/Sectors where optimism results in high valuation that may lead to correction when not justified by fundamentals.

Key Features

Investment Horizon:
4 Years & Above

Benchmark Index:
S & P BSE 200

Minimum Investment Amount:
Rs.50,00,000

Investor's may invest with us directly as well. To invest in any of our PMS strategies directly, kindly write to us at PMS@icicipruamc.com

The investment strategy, approach and the structure of the portfolio herein involves risk and there can be no assurance that specific objectives will be met under differing market conditions or cycles. The investment strategy and the composition of the portfolio as stated herein is only indicative in nature and is subject to change within the provisions of the disclosure document and client agreement. ^ The details pertaining to the investment approach mentioned herein is a subset of details specified in the Disclosure Document. Kindly refer the Disclosure Document for the detailed investment approach and risk factors before investing. The key attributes mentioned above are indicative in nature. The Investment Manager may or may not consider all of the above key attributes and may consider such other attributes than as mentioned above

Our PMS Strategies –
ICICI Prudential PMS Flexicap Strategy

Investment Objective ^ : ICICI Prudential PMS Flexicap Strategy is a diversified equity strategy that endeavours to achieve long term capital appreciation and generate returns by investing across market capitalisations.

Basis for Selection of Securities: The Portfolio Manager selects equity and equity related securities of companies from the listed universe space across market capitalisation which fit into the investment strategy of the portfolio. The Portfolio Manager uses a blend of top-down and bottom-up approach for stock selection. The top-down approach helps to identify key macro-economic and sectoral themes for stock selection. The bottom-up approach helps to identify companies that are believed to be attractive investment opportunities in various industries and market conditions

A Flexicap Approach

1 Identification: Investment Universe is the broad-based market cap range. Follows GARP (growth at reasonable price) philosophy to identify stocks with growth prospects available at reasonable valuations

2 Investment Style: Comprises a 'core' and 'satellite' portfolio strategy. Follows a mix of a top-down and a bottom-up approach which varies from time to time

3 Portfolio Construction: Top-down approach helps to identify key macro economic & sectoral themes. The bottom-up approach helps to identify attractive companies in various industries & market conditions.

Key Features

Investment Horizon: 4 Years & Above

Benchmark Index: S & P BSE 200

Minimum Investment Amount: Rs.50,00,000

Investor's may invest with us directly as well. To invest in any of our PMS strategies directly, kindly write to us at PMS@icicipruamc.com

Solution to the Puzzle

N	T	S	P	E	C	I	A	L	S	I	T	U	A	T	I	O	N	Q	I	F	D
O	R	B	D	R	E	R	B	E	T	K	D	R	E	U	B	D	R	E	R	J	I
I	H	I	U	A	S	L	U	M	P	A	C	C	R	U	A	L	E	H	I	K	V
T	Y	P	G	S	S	Y	D	T	Y	P	C	T	T	G	D	G	T	E	Y	O	I
A	I	D	J	E	I	S	G	S	T	D	J	O	V	A	L	U	E	Q	I	F	D
R	P	G	L	C	Z	N	E	O	P	G	L	C	L	C	E	L	C	Z	P	Q	E
U	S	J	X	U	A	S	E	T	U	M	P	U	A	L	T	X	U	A	S	Z	N
D	F	K	W	T	Q	F	I	S	F	O	W	T	D	L	A	W	T	Q	F	W	D
E	H	X	R	R	P	D	E	M	S	N	E	T	I	S	A	T	I	O	N	T	Y
V	K	V	Y	B	I	K	F	J	K	C	Y	B	J	T	F	Y	E	I	K	Y	I
I	Z	N	I	C	Y	Z	S	L	Z	O	Y	C	L	R	S	I	C	E	Z	E	E
T	C	Q	A	S	S	E	T	A	L	L	O	C	A	T	I	O	N	R	S	P	L
C	B	E	M	L	W	B	Y	V	B	N	M	L	L	K	Y	M	L	W	B	S	D
A	M	T	B	J	H	M	R	N	F	O	C	U	S	E	D	E	Q	U	I	T	Y

Investment Ideas of 2021

- Asset Allocation
- Business Cycle
- Special Situation
- Dividend Yield
- Focused Equity
- Value
- Active Duration
- Accrual

Riskometers

ICICI Prudential Balanced Advantage Fund (An open ended dynamic asset allocation fund) is suitable for investors who are seeking*:

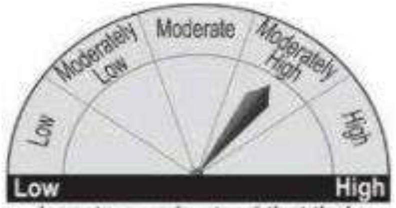
- ❑ Long term wealth creation solution
- ❑ An equity fund that aims for growth by investing in equity and derivatives.

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

ICICI Prudential Bluechip Fund (An open ended equity scheme predominantly investing in large cap stocks) is suitable for investors who are seeking*:

- ❑ Long term wealth creation
- ❑ An open ended equity scheme predominantly investing in large cap stocks.

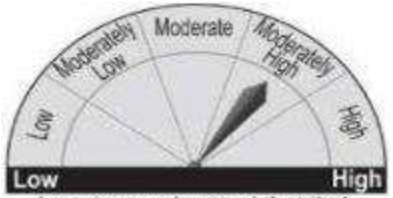
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



ICICI Prudential Value Discovery Fund (An open ended equity scheme following a value investment strategy) is suitable for investors who are seeking*:

- ❑ Long term wealth creation
- ❑ An open ended equity scheme following a value investment strategy

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



ICICI Prudential Business Cycle Fund (An open ended equity scheme following business cycles based investing theme) is suitable for investors who are seeking*:

- ❑ Long Term wealth creation
- ❑ An equity scheme that invests in Indian markets with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles

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

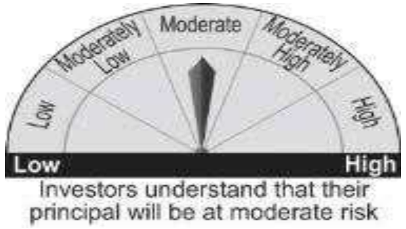
Investors understand that their principal will be at **high** risk

Riskometers

ICICI Prudential Credit Risk Fund (An open ended debt scheme predominantly investing in AA and below rated corporate bonds) is suitable for investors who are seeking*:

- ❑ Medium term savings
- ❑ A debt scheme that aims to generate income through investing predominantly in AA and below rated corporate bonds while maintaining the optimum balance of yield, safety and liquidity

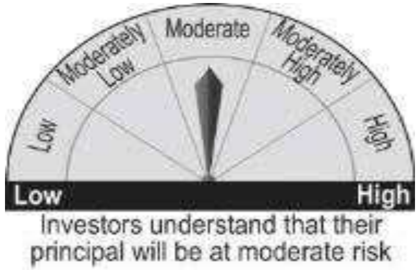
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



ICICI Prudential Medium Term Bond Fund (An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 Years and 4 Years. The Macaulay duration of the portfolio is 1 Year to 4 years under anticipated) adverse situation is suitable for investors who are seeking*:

- ❑ Medium term savings
- ❑ A debt scheme that invests in debt and money market instruments with a view to maximize income while maintaining optimum balance of yield, safety and liquidity

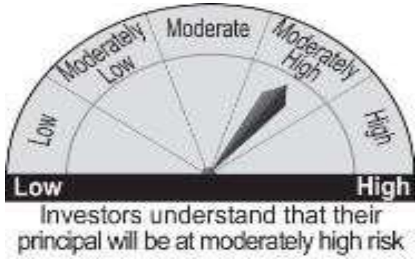
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



ICICI Prudential Smallcap Fund (An open ended equity scheme predominantly investing in small cap stocks) is suitable for investors who are seeking*:

- ❑ Long Term wealth creation
- ❑ An open ended equity scheme that seeks to generate capital appreciation by predominantly investing in equity and equity related securities of small cap companies.

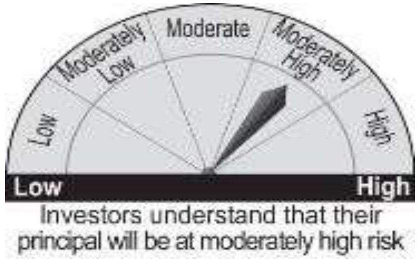
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



ICICI Prudential Dividend Yield Equity Fund (An open ended equity scheme predominantly investing in dividend yielding stocks) suitable for investors who are seeking*:

- ❑ Long Term wealth creation
- ❑ An open ended equity scheme that aims for growth by primarily investing in equity and equity related instruments of dividend yielding companies.

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



Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price

Riskometers

ICICI Prudential All Seasons Bond Fund (An open ended dynamic debt scheme investing across duration) is suitable for investors who are seeking*:

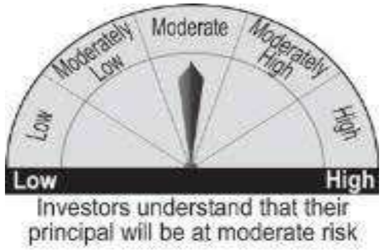
- ❑ All duration savings
- ❑ A debt scheme that invests in debt and money market instruments with a view to maximize income while maintaining optimum balance of yield, safety and liquidity

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

ICICI Prudential Floating Interest Fund (An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives) is suitable for investors who are seeking*:

- ❑ Short term savings
- ❑ An open ended debt scheme predominantly investing in floating rate instruments

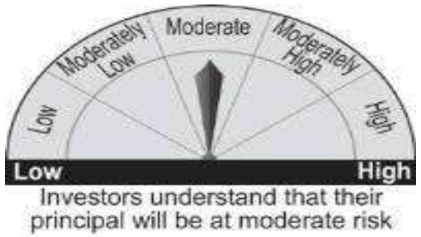
*Investors should consult their financial advisers if in doubt about whether the product is suitable forthem



ICICI Prudential Ultra Short Term Fund (An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 monthsis suitable for investors who are seeking*:

- ❑ Short term regular income
- ❑ An open ended ultra-short term debt scheme investing in a range of debt and money market instruments

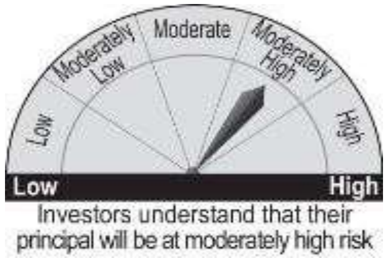
*Investors should consult their financial advisers if in doubt about whether the product is suitable forthem



ICICI Prudential Midcap Fund (An open ended equity scheme predominantly investing in mid cap stocks) is suitable for investors who are seeking*:

- ❑ Long Term wealth creation
- ❑ An open-ended equity scheme that aims for capital appreciation by investing in diversified mid cap companies.

*Investors should consult their financial advisers if in doubt about whether the product is suitable forthem



Riskometers

ICICI Prudential India Opportunities Fund (An open ended equity scheme following special situations theme) is suitable for investors who are seeking*

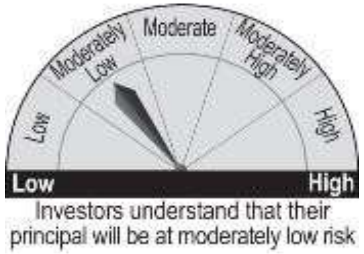
- ❑ Long term wealth creation
- ❑ An equity scheme that invests in stocks based on special situations theme.

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

ICICI Prudential Savings Fund (An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months) is suitable for investors who are seeking*

- ❑ Short term savings
- ❑ An open ended low duration debt scheme that aims to maximize income by investing in debt and money market instruments while maintaining optimum balance of yield, safety and liquidity

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

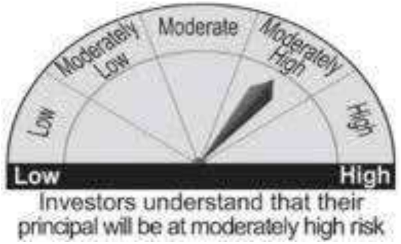


ICICI Prudential Asset Allocator Fund (FoF) (An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETFs/ schemes) is suitable for investors who are seeking*:

- ❑ Long Term wealth creation
- ❑ An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETF/schemes.

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

Investors may please note that they will be bearing the recurring expenses of this Scheme in addition to the expenses of the underlying Schemes in which this Scheme makes investment.



ICICI Prudential Focused Equity Fund (An open ended equity scheme investing in maximum 30 stocks across market-capitalisation i.e focus on multicap) is suitable for investors who are seeking*:

- Long term wealth creation
- An open ended equity scheme investing in maximum 30 stocks across market-capitalisation.

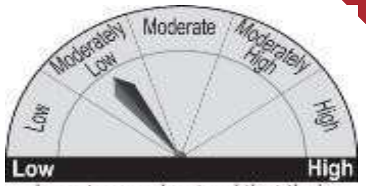
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

Riskometer & Disclaimer

ICICI Prudential Equity Arbitrage Fund (An open ended scheme investing in arbitrage opportunities) is suitable for investors who are seeking*

- Short Term Income Generation
- A hybrid scheme that aims to generate low volatility returns by using arbitrage and other derivative strategies in equity markets and investments in debt and money market instruments

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



Investors understand that their principal will be at moderately low risk

ICICI Prudential Infrastructure Fund (An open ended equity scheme following Infrastructure theme) is suitable for investors who are seeking*

- Long Term Wealth Creation
- An open ended equity scheme that aims for growth by primarily investing in companies belonging to infrastructure & allied sectors

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

Investors understand that their principal will be at high risk

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

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