IPRU SNIPPETS

# “Is My Car Allergic to Vanilla Ice Cream?”

ICICI PRUDENTIAL MUTUAL FUND

**A customer sent a bizarre complaint to a renowned automobile company:**

**He mentioned that his family followed the tradition of choosing an ice cream flavour every night after dinner. He would drive two miles to purchase it from a particular store.**

**Here is the strange part: Whenever he bought vanilla ice cream, his new car engine would not start upon his return. On the other hand, if he selected any other flavour, his car would start perfectly fine.**

**So, he asked the question, "Is My Car Allergic to Vanilla Ice Cream?"**

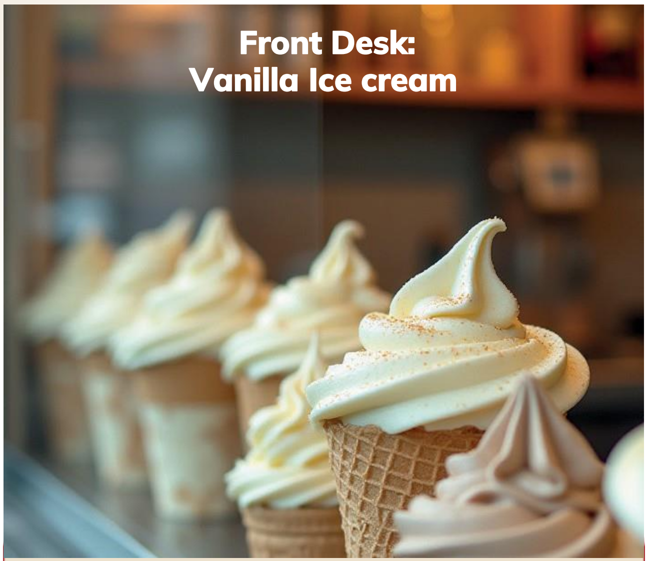
**Intrigued by this issue, the automobile company requested him to document four nights of buying ice cream. The result was indeed peculiar:**

| | | | |
|---|---|---|---|
| **Night 1** |  Vanilla Ice cream bought | The car would not start  | X |
| **Night 2** |  Strawberry Ice cream bought | The car started immediately  | ✓ |
| **Night 3** |  Chocolate Ice cream bought | The car started immediately  | ✓ |
| **Night 4** |  Vanilla Ice cream bought | The car would not start  | X |

After the follow-up mail from the customer, the automobile company assigned an engineer to visit that particular store for further investigation. His observations post the visit were as follows:

Vanilla, being the most popular flavour, was placed at the front of the store for easy access.

Other flavours were located at the back, where it took longer to get served.



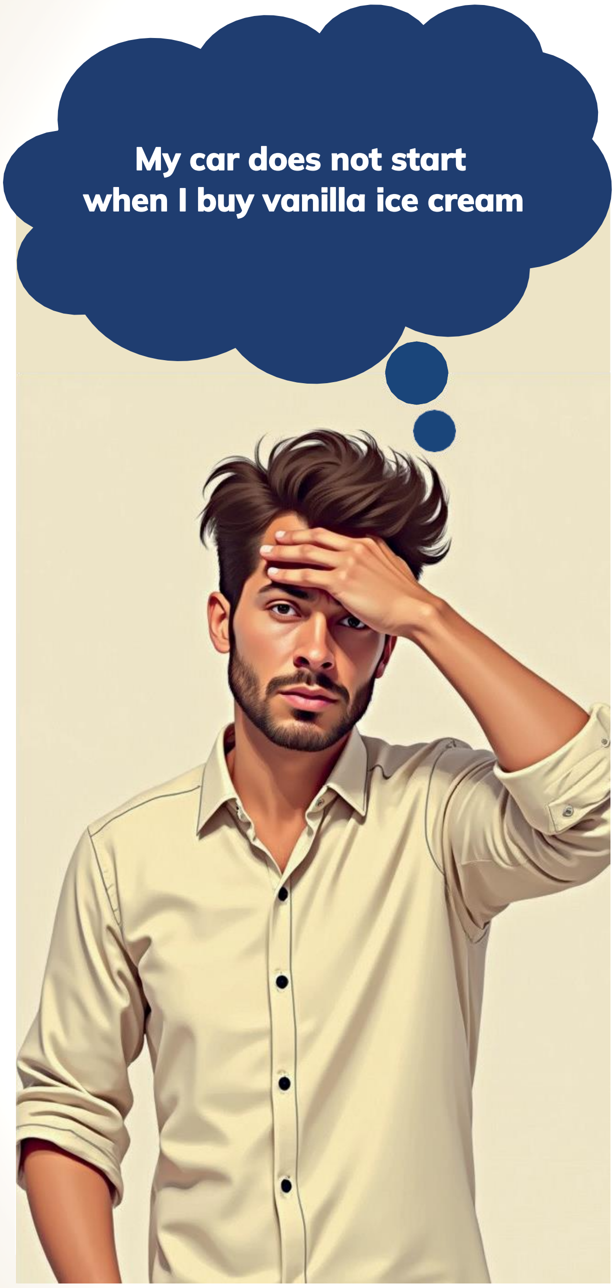


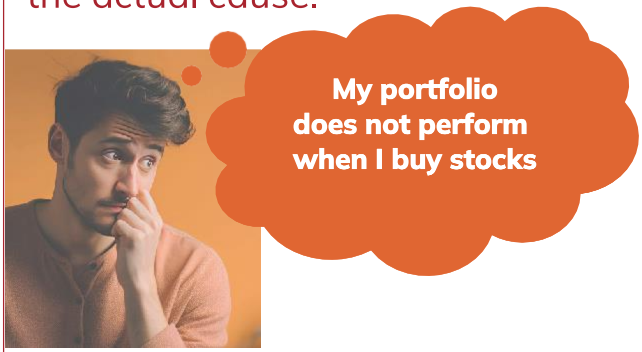
Whenever the customer bought vanilla ice cream, he would return in less than five minutes. During this short time, the car engine remained hot, causing a vapour lock problem that prevented the car from starting.

On the other hand, when he selected other flavours, it took him longer to return, giving the engine enough time to cool off. In this case, the vapour lock issue did not arise and he was able to start his car with ease.

**Finally, the pieces of the puzzle began to fall in place – The culprit was not the vanilla ice cream but the vapour lock!**

| Customer | Investors |
|---|---|
| The customer associated the car issue with buying vanilla ice cream, without understanding the actual cause. | Similarly, when a stock price falls, investors may jump to unfounded conclusions, without understanding the actual cause. |






**When a stock price falls, it does not mean that your portfolio is allergic to that stock! Various factors, such as Global/Domestic Events, Regulatory Aspects, Sector and Company related changes could lead to a temporary fall in stock prices.**

## The Automobile Company

**Identify the Root Cause:**

The automobile company identified the root cause, which was the vapour lock.

**Convert Challenge into an Opportunity:**

After identifying the issue, the company designed a more efficient engine for customers. The fuel pump was relocated to the interior of the fuel tank so that the pump remained cooler. This would reduce the risk of vapour lock.

## Professional Management

**Identify the Root Cause:**

Similarly, when a strong company goes through a challenging phase, the fund manager would first identify the root cause, be it global/domestic events, regulatory aspects, company or sector related changes.

**Convert Challenge into an Opportunity:**

After identifying the special situation, the fund manager would invest in the stock at lower price levels. This could benefit the portfolio when the stock price recovers.

**How about a scheme that focuses on:**
**a) Identifying the root challenge/crisis in a company**
**b) Filtering out whether it is a permanent or a temporary issue**
**c) Converting the challenge into an opportunity by entering at lower prices**

# ICICI Prudential India Opportunities Fund

The Scheme invests in fundamentally strong businesses that are going through temporary challenges but are expected to rise back.

These temporary challenges can arise due to a) Global/Domestic Developments b) Changes in Sector and Company c) Regulatory Changes

**Global/Domestic**
- Covid-19 outbreak
- Russia-Ukraine Conflict

**Changes in Sector and Company**
- Semi-conductor shortage in the Auto Industry
- Corporate restructuring

**Regulatory Changes**
- Windfall taxes imposed on Oil Refining companies
- Moratorium period on Telecom dues

The above list is not exhaustive

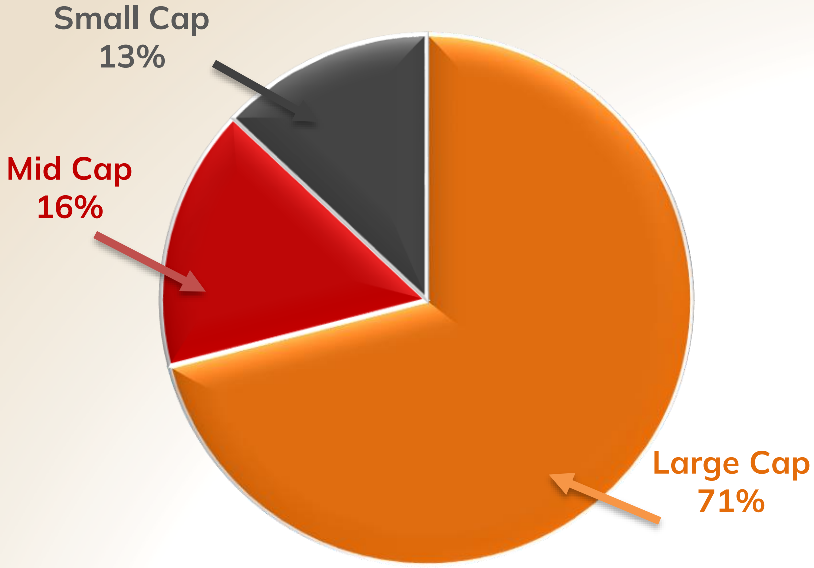
## Rationale for Top 5 Holdings of the Scheme

| Stock | % Holding | Special Situation at time of Stock Entry |
|---|---|---|
| Axis Bank Ltd. | 7.28% | Hypercompetitive pressures in the deposit market and worries around weaker synergies from Citi integration |
| HDFC Bank Ltd. | 6.78% | Merger related strain on the funding franchise of merged entity and the potential tightness in deposit market |
| ICICI Bank Ltd. | 4.53% | Banking companies operating on higher operating expenses in their endeavour to capture the deposit market |
| Sun Pharmaceutical Industries Ltd. | 3.52% | Weak sentiments due to temporary restrictions by USFDA coupled with price erosions |
| HDFC Life Insurance Company Ltd. | 3.08% | The overhang of potential regulatory changes for the sector pertaining to commission structure, misselling in the Banca Channel, mandatory open architecture |

Portfolios as on March 31 2025. Gross equity level considered. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s). USFDA: United Sates Food and Drug Administration. The investment strategy will be as per the SID.

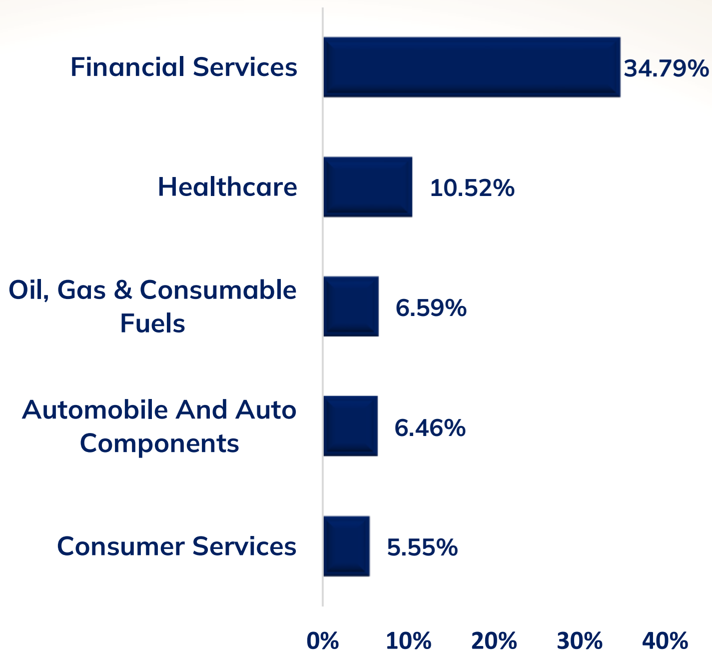
# ICICI Prudential India Opportunities Fund

## Portfolio Market Cap Allocation (%)




A major portion of the portfolio is allocated to Large caps, offering relative stability

## Top 5 Sector Holdings




Portfolio as on March 31, 2025. The investment strategy will be as per the SID. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

## Returns of ICICI Prudential India Opportunities Fund - Growth Option as on March 31, 2025

**The Scheme delivered 21.25% CAGR returns since inception, performing better than the Benchmark (Nifty 500 TRI), that delivered 15.81% CAGR returns since inception.**

| Particulars | 1 Year | | 3 Years | | 5 Years | | Since Inception | |
|---|---|---|---|---|---|---|---|---|
| | CAGR (%) | Current Value of Investment of Rs. 10,000 | CAGR (%) | Current Value of Investment of Rs. 10,000 | CAGR (%) | Current Value of Investment of Rs. 10,000 | CAGR (%) | Current Value of Investment of Rs. 10,000 |
| Scheme | 11.87 | 11186.61 | 23.21 | 18716.06 | 35.83 | 46279.72 | 21.25 | 33090.00 |
| Nifty 500 TRI (Benchmark) | 6.37 | 10637.31 | 13.85 | 14761.39 | 26.22 | 32055.20 | 15.81 | 24880.36 |
| Nifty 50 TRI (Additional Benchmark) | 6.65 | 10665.36 | 11.74 | 13955.68 | 23.68 | 28956.77 | 14.54 | 23241.42 |
| NAV (Rs.) Per Unit (as on March 31,2025 : 33.09) | 29.58 | | 17.68 | | 7.15 | | 10.00 | |

Notes:
1. Different plans shall have different expense structure. The performance details provided herein are of ICICI Prudential India Opportunities Fund.
2. The scheme is currently managed by Sankaran Naren & Roshan Chutkey. Mr. Sankaran Naren has been managing this fund since Jan 2019. Total Schemes managed by the Fund Manager is 15 (15 are jointly managed).
   Mr. Roshan Chutkey has been managing this fund since Jan 2019. Total Schemes managed by the Fund Manager is 5 (2 are jointly managed). Refer annexure from page no. 113 for performance of other schemes currently managed by Sankaran Naren & Roshan Chutkey.
3. Date of inception: 15-Jan-19.
4. Past performance may or may not be sustained in future and the same may not necessarily provide the basis for comparison with other investment.
5. Load is not considered for computation of returns.
6. In case, the start/end date of the concerned period is a nonbusiness date (NBD), the NAV of the previous date is considered for computation of returns. The NAV per unit shown in the table is as on the start date of the said period.
7. The above returns are of the Regular Plan. CAGR: Compound Annual Growth Rate.

## Key Takeaways

a) The automobile company first identified the root cause of the problem, which was the vapour lock issue. Converting this challenge into an opportunity, the company designed a more efficient engine for customers. This reduced the risk of vapour lock.

b) Similarly, when a stock price falls, it is crucial to first identify the reason, be it Global/Domestic events, Changes in Sector and Company, Regulatory Changes.

**c) ICICI Prudential India Opportunities Fund** identifies such special situations and converts the challenge into an opportunity by investing in companies that are fundamentally strong and expected to bounce back.

Follows a Bottom up approach to identify companies going through a special situation

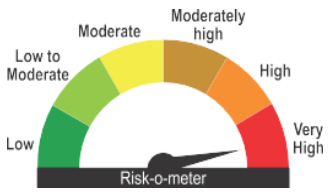
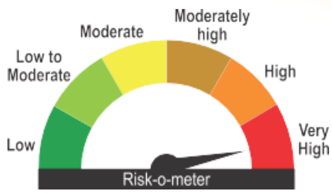
Invests in fundamentally strong businesses that are going through temporary challenges but are expected to rise back strongly

Flexibility to move across various sectors and market caps

To Know More Click Here

ICICI PRUDENTIAL MUTUAL FUND

## Disclaimers and Risk-o-meter

| | Scheme | Benchmark (Nifty 500 TRI) |
|---|---|---|
| **ICICI Prudential India Opportunities Fund**<br>(An open ended equity scheme following special situations theme)<br>is suitable for investors who are seeking*:<br><br>• Long Term Wealth Creation<br>• An equity scheme that invests in stocks based on special situations theme.<br><br>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them | <br>The risk of the scheme is very high | <br>The risk of the Benchmark is very high |

Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. The above riskometers are as on March 31, 2025. Please refer to https://www.icicipruamc.com/news-and-updates/all-news for more details.

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

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