

## About the Scheme

Launched on September 15, 2004, **ICICI Prudential Medium Term Bond Fund** is 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. The 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

- The scheme focuses on accrual income by investing into medium-term debt instruments available at a spread over current market yields.
- The scheme aims to generate higher carry (interest income) along with due emphasis on credit quality and liquidity.
- The scheme intends to generate income through investments in a range of debt and money market instruments while maintaining the optimum balance of yield, safety and liquidity.

## Current Investment Approach

- **Instrument profile:** The scheme seeks to invest mainly in debt securities issued by corporate. The scheme endeavours to restrict G-Sec allocation with an aim to limit volatility in the scheme.
- **Credit risk management:** The scheme intends to invest in debt instruments of good credit quality. It aims to maintain exposure to securities across credits.
- **Security selection:** The scheme seeks to invest in securities that offer reasonable levels of yield at commensurate risks.
- **Duration management:** Although active trading and active duration management will not be a part of the overall investment approach, the Macaulay duration is expected to be approximately in the range of 3-4 years.
- **Hold till maturity:** The scheme aims to generate accrual income by investing in corporate bonds primarily with hold till maturity approach.
- **Total return bias:** The scheme aims to benefit from accruals and capital gains from moderate duration calls.

## Why ICICI Prudential Medium Term Bond Fund?

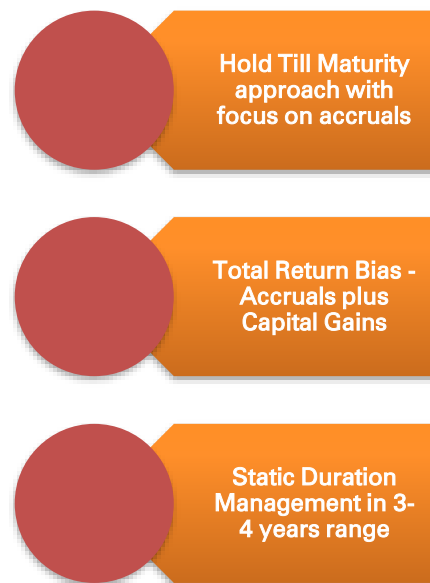
- ✓ The scheme aims to provide benefits of both worlds; Accrual & Duration.
- ✓ It aims to maintain reasonable Yield to Maturity (YTM) and a moderate duration.
- ✓ It aims to maintain a fair balance between the two and aims to generate returns in both market conditions—rising as well as falling interest rates.

Investors who have wish to invest in corporate bonds with an aim to earn returns predominantly through accruals and partly from potential capital appreciation may consider investing in this scheme.

## Investment Style

| Credit Quality |        |     | Duration       |
|----------------|--------|-----|----------------|
| High           | Medium | Low |                |
|                |        |     | Low            |
|                |        |     | Short          |
|                |        |     | Medium         |
|                |        |     | Medium to Long |
|                |        |     | Long           |

## Investment Approach



## Potential Risk Class (PRC)

| Potential Risk Class (PRC)  |                          |                    |                           |
|-----------------------------|--------------------------|--------------------|---------------------------|
| Credit Risk →               | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) |
| Interest Rate Risk ↓        |                          |                    |                           |
| Relatively Low (Class I)    |                          |                    |                           |
| Moderate (Class II)         |                          |                    |                           |
| Relatively High (Class III) |                          | B-III              |                           |

## Features of the Scheme

|                                       |  |
|---------------------------------------|--|
| Type of Scheme                        | 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. A relatively high interest rate risk and moderate credit risk ) |
| Plans                                 | ICICI Prudential Medium Term Bond Fund and ICICI Prudential Medium Term Bond Fund – Direct Plan  |
| Options                               | Growth and IDCW* ( Quarterly, Half Yearly and Annual frequencies) (IDCW payout and re-investment facility available)   |
| 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                             | Upto 10% of units within 1 year from the date of allotment – Nil<br>More than 10% of units within 1 year from the date of allotment – 1% of applicable NAV<br>After 1 year from the date of allotment – Nil  |
| Fund Manager                          | Manish Banthia (Managing this scheme since Nov 2016, has 16 years of experience)<br>Shadab Rizvi (Managing this scheme since Jun 2017, has 15 years of experience)   |
| Benchmark Index                       | CRISIL Medium Term Debt Index  |
| SIP / SWP / STP (Flex/Value)          | Available  |

\*IDCW – Income Distribution cum Capital Withdrawal Option. Payment of IDCW 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 IDCW 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 IDCW. IDCW 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 IDCW payout option, the minimum amount for IDCW payout shall be 100 (net of statutory levy, if any), else the IDCW would be mandatorily reinvested. IDCW Payout -Payout of Income Distribution cum capital withdrawal option; IDCW Reinvestment - Reinvestment of Income Distribution cum capital withdrawal option.

### This Product 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 maximise 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



Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis as per SEBI circular dated October 05, 2020 on Product Labelling in Mutual Fund schemes –Risk-o-meter. Please refer to <https://www.icicipruamc.com/news-and-updates/all-news> for more details.

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. A relatively high interest rate risk and moderate credit risk)



### Statutory Details

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

In the preparation of the material contained in this document, ICICI Prudential Asset Management Company Limited (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 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. The AMC (including its affiliates), the Mutual Fund, the trust and any of its officers, directors, personnel and employees, shall not be 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. The recipient alone shall be fully responsible/are liable for any decision taken based on this material. All figures and other data given in this document are dated and the same may or may not be relevant in future. 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.