

UPDATE ON ICICI PRUDENTIAL CREDIT RISK FUND



WE PERFORM THE BACKGROUND CHECKS FOR YOU.

Rigorous credit-selection process with an aim to deliver better risk-adjusted returns.

Dear All,

In light of last night's development in the fixed income space, this led to lot of anxiety in the system, we, at ICICI Prudential Mutual Fund, would like to highlight and re-emphasize below points on the management of ICICI Prudential Credit Risk Fund (the scheme):

1. As on date April 23, 2020, we have total debt AUM of INR 1, 82,300 Crores, out of which we have INR 10,700 Crores in ICICI Prudential Credit Risk Fund, which constitutes 5.9% of the overall fixed income AUM.
2. Our exposure towards instruments with rating below AA- stands at INR 3,806 Crores which is 2.09% of the overall fixed income AUM (Data as on April 23, 2020).
3. **Our SLR (Safety Liquidity and Returns) Philosophy** – SLR has remained the guiding philosophy for all our Non- Credit and Credit schemes. This has ensured that we always give importance to risk adjusted returns.
4. **Twin Pillars of Credit Discipline:**
 - a. **First Pillar:** Issuer selection - By avoiding marginal borrowers and by appropriate risk reward analysis
 - b. **Second Pillar:** Avoiding concentration - Both on the asset and on the liability sides.
 - i. On the Asset side by having per instrument/per group exposure limit – 80* different securities with average exposure of around 1.25% to each individual issuer (Data as on March 31, 2020).
 - ii. On the liability side by having limit on quantum of investment which can be accepted from single investor (INR 50 Crores*), ensuring that the AUMs are granular. Also, we have ensured that at all point of time concentrated AUM in the scheme remains below 12%*.

- 5. Focus on Liquidity Management:** The scheme endeavours to maintain adequate liquidity to cater to redemption requirement. In the last few months, we have ensured that we have shored up the liquidity in the scheme. Also, we would like to highlight that we do not have any borrowings across our portfolios as on April 23, 2020. Finally, we believe high banking liquidity in excess of INR 7,00,000 Crores, Long Term Repo Operations (LTRO) and expectations of further rate cuts could provide necessary tail wind in the current environment.
- 6. Strong commitment:** As on April 23, 2020, ICICI Prudential AMC Limited has sizable investment in the scheme.

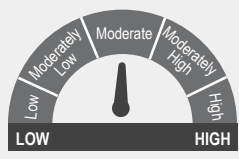
Our View:

We have been continuously recommending ICICI Prudential Credit Risk Fund due to elevated yields and due to higher risk reward benefit. In these challenging times, we would like to re-emphasize that we will continue to stick to our Credit selection process which has ensured that historically we have never encountered any delay or defaults in any of our schemes. Also, we would like to harp that we continue to remain cognizant of managing the liquidity, concentration, credit and duration in our accrual portfolios to provide investor with better risk adjusted returns.

*With effect from December 19, 2019, Maximum Investment Amount per investor including existing investment amount (based on Permanent Account Number of first holder) at the time of investment across all folios shall not exceed Rs.50crore. However, the AMC/Mutual Fund may at its discretion accept an amount greater than Rs.50crore, subject to the limits: a) The aggregate AUM of all the investors with more than Rs.50crore does not exceed 12% of the Scheme's AUM, which is declared on the last day of preceding calendar quarter. b) Maximum investment amount per investor across all folios does not exceed 5% of the Scheme's AUM, which is declared on the last day of preceding calendar quarter.

Type of Scheme	
Scheme Name	Type of Scheme
ICICI Prudential Credit Risk Fund	An open ended debt scheme predominantly investing in AA and below rated corporate bonds

Riskometer & Disclaimer

<p>ICICI Prudential Credit Risk Fund is suitable for investors who are seeking:*</p> <ul style="list-style-type: none"> • 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 		<p>Investors understand that their principal will be at Moderate risk</p>
<p>*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>		

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

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