

# ICICI Prudential Asset Management Company Ltd

## Alternative Investment Funds & Portfolio Management Services



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- 01** Budget Highlights

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- 02** Market Overview

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- 03** Where do we Stand Today?

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- 04** Growth Opportunities in the Market Today

# Many reforms/ Policy decisions.....Outside Budget



## PRODUCTION LINKED INCENTIVE

To boost domestic manufacturing

## LAND REFORMS

Creation of Land banks to make land easily identifiable for industrial projects

## INSOLVENCY & BANKRUPTCY CODE

Provides for insolvency resolution in time bound manner

## PM GATI SHAKTI

Allocation of Rs. 100 Tn. to expedite the projects of National Infrastructure Pipeline

## NATIONAL ASSET RECONSTRUCTION CO. LTD

A 'bad bank' to aggregate & acquire stressed loans

## TAXATION REFORMS

Cut in Corporate Tax rates to 22%\*, introduction of GST & faceless tax assessment



Source – NSSO, Income Tax data, Census, Spark Capital Research, Morgan Stanley. \*15% for Manufacturing Companies, ARC – Asset Reconstruction Company

# Multifaceted initiatives to improve the living standards



2.1 Cr houses constructed under PMAY



2.9 Cr Rural households electrified under Saubhagya



11 Cr tap water connections under JJM



13 Lakh candidate trained under DDU- GKY



11 Cr LPG connections provided under PMUY



22 Cr AB-JAY beneficiaries



7.2 Lakh km roads constructed since 2000 under PMGKSY



NEP to revolutionize education, 14500 PM-SHRI schools to be set up



30 Cr enrolments in PMSBY, 49 Lakh enrolments in PM-SYM

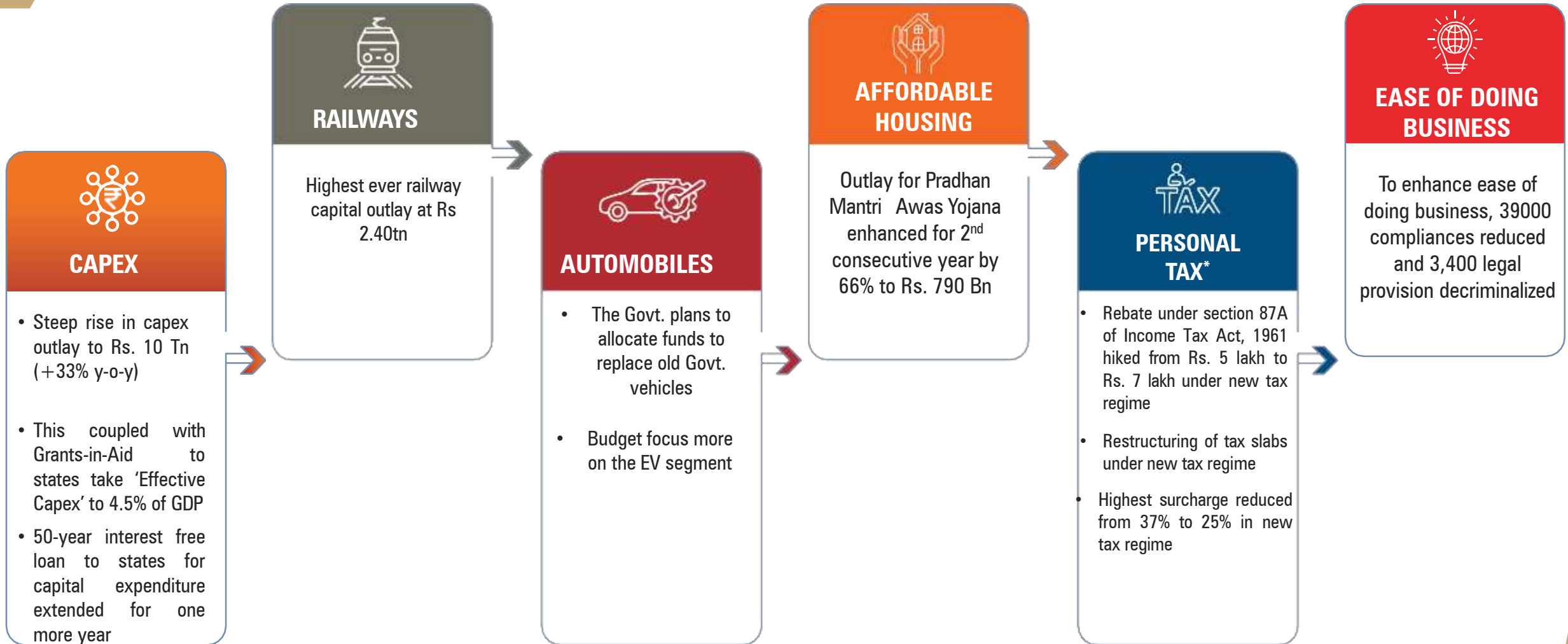


6.5 Cr households offered MGNREGS work in FY 23



Source - <https://www.indiabudget.gov.in/economicsurvey>. PMAY – Pradhan Mantri Awas Yojna, JJM – Jal Jeevan Mission, DDU – GKY - Deen Dayal Upadhyaya Grameen Kaushalya Yojana, PMUY - Pradhan Mantri Ujjwala Yojana, AB-JAY - Ayushman Bharat – Pradhan Mantri Jan Aarogya Yojana, PMGKSY - Pradhan Mantri Gram Sadak Yojana, PM-SHRI - Pradhan Mantri Schools for Rising India, PMSBY - Pradhan Mantri Suraksha Bima Yojana, PM-SYM - Pradhan Mantri Shram Yogi Maan-dhan, MGNREGS - Mahatma Gandhi National Rural Employment Guarantee Scheme, NEP – National Education Policy

# Union Budget 2023 - 24 – Key Announcements



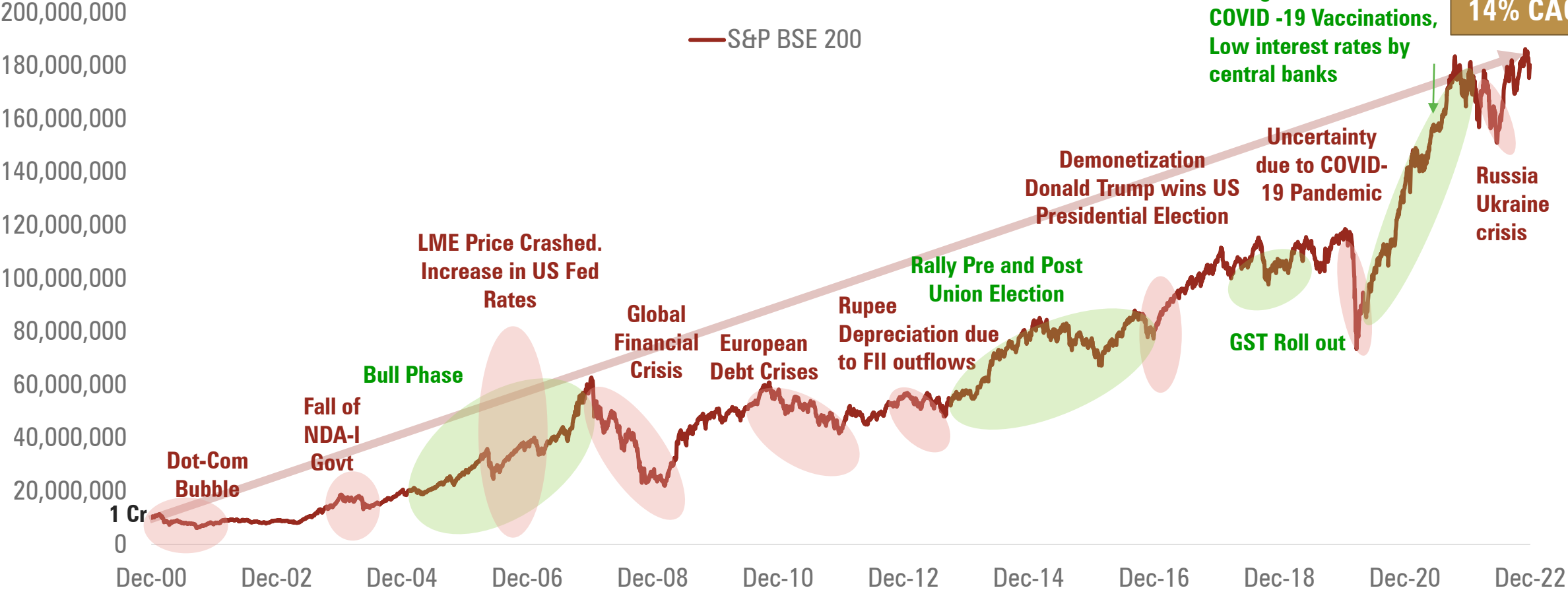
# Market Overview...



# Natural direction of market is up.....



Growth of Rs.1,00,00,000/-



Source for index data: BSE; | Data as on December 2022 | Past Performance may or may not sustain in future



$$\text{Price} = \text{EPS} \times \text{P/E}$$



**In Equity Markets.....For earnings growth...**

**EPS decides the long term market direction.**



**Companies  
Create Wealth...**

**... Not Markets**



# Companies create wealth...not Markets.



## Wealth Creators vs Wealth Destroyers

Calendar Year End → 3-Year CAGR ↓	No. of Top 500 Companies by Market-cap delivering >20% CAGR over 3-year periods															
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
>20%	350	27	106	73	247	130	79	322	251	293	260	142	88	59	219	277
0-20%	105	87	196	141	156	129	99	117	146	147	174	182	139	83	144	164
-20% to 0	41	173	147	180	72	159	194	49	78	44	54	134	179	206	115	54
<-20%	4	213	51	106	25	82	128	12	25	16	12	42	94	152	22	5

<b>Nifty 500 Return</b>	44%	-2%	10%	-3%	16%	3%	0%	23%	12%	12%	12%	11%	12%	7%	18%	16%
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<b>Outperforming Nifty 500</b>	195	128	213	235	275	231	179	273	307	350	337	208	121	95	231	312
<b>Underperforming Nifty 500</b>	305	372	287	265	225	269	321	227	193	150	163	292	379	405	269	188

# Nearly 200 Companies Outperformed the Nifty 500, with Improving Earnings & RoE



Companies that have generated **reasonable profit growth** over time with **reasonable return on equity** have seen a **P/E rerating**

31 Dec 2007 to 31 Dec 2022		Universe of top 500 Companies by Marketcap - NSE				
15-Year CAGR ↓	No. of Companies	PAT Growth	Median ROE		Median P/E	
			2007	2022	2007	2022
>20%	46	19.6% ↑	17.98	19.12 ↑	19.94	42.70
10% - 20%	152	15.2%	19.28	16.16	17.91	28.74
0% - 10%	189	9.0%	17.29	11.02	17.50	16.43
-20% - 0%	107	3.6%	16.48	2.28	20.03	6.34
<-20%	6	Negative Growth	11.54	Negative Earnings	77.39	Negative Earnings

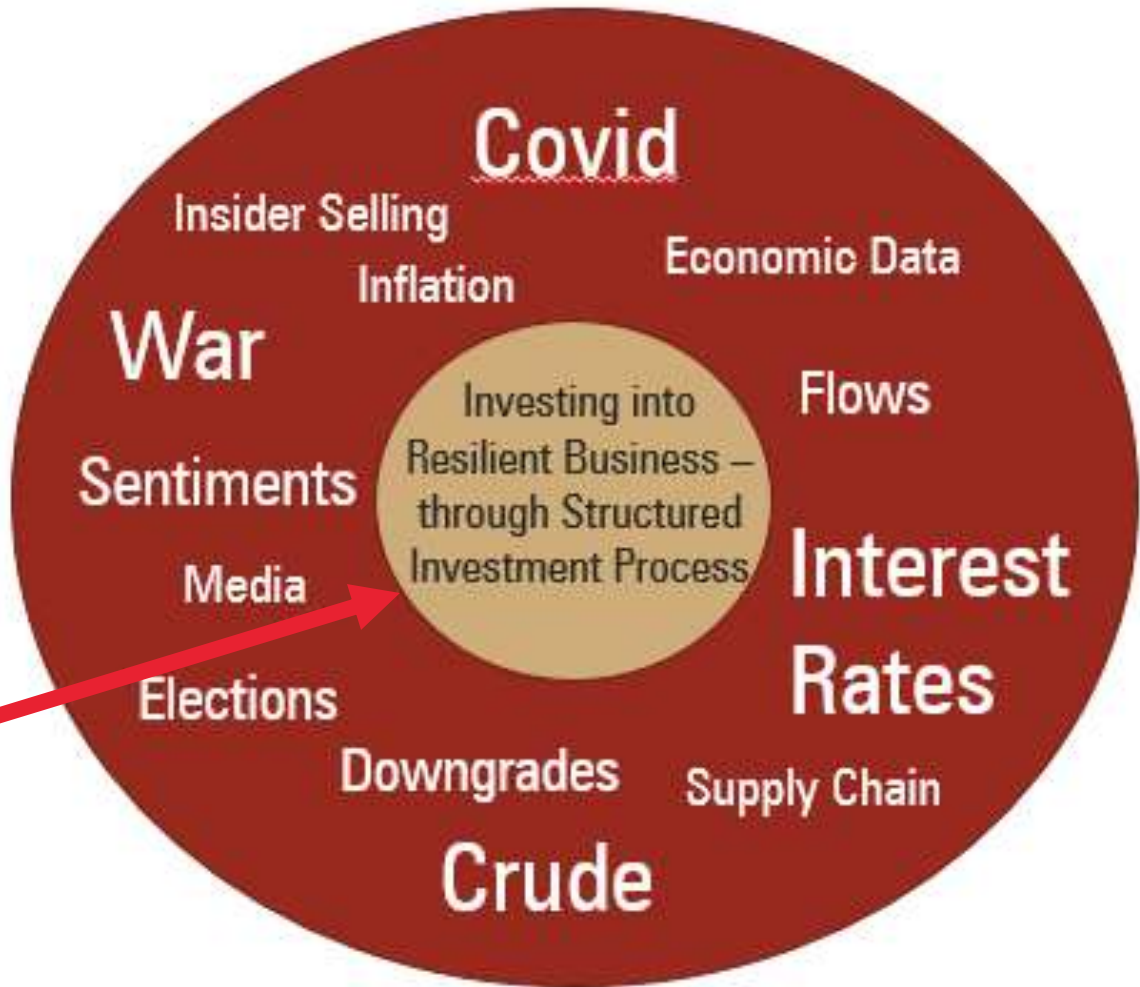
Focus to Identify

Aim to Eliminate

PE Rerating

PE Derating

Source: Edelweiss, NSE | Data as on Dec 31, 2022 | Profit Growth: Reported Profit After Tax. Return/Market Cap between December 31, 2007 to December 31, 2022 | Universe of top 500 NSE Listed companies by Marketcap over the 15 year period. Past Performance may or may not sustain in future.



Investment Framework

**BMV\***

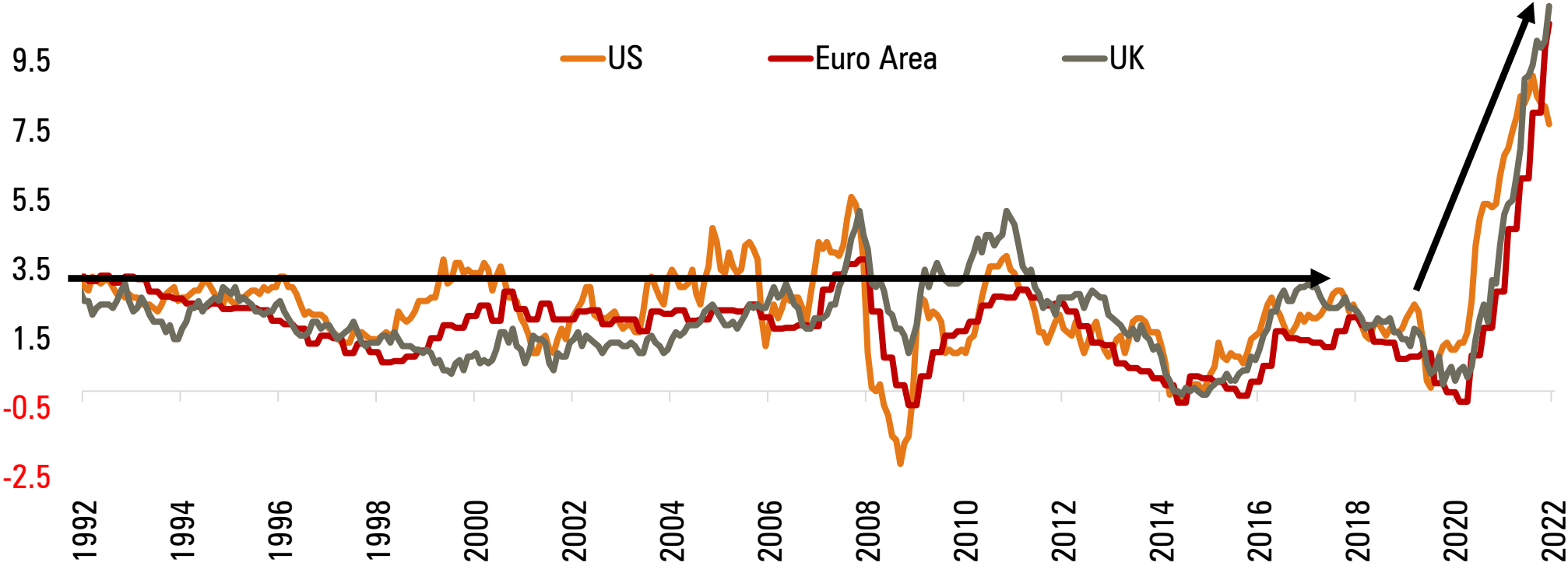
BMV – Business, Management & Valuations

# **Where do we stand today: Short term?**

# High Global Inflation



### Global Inflation (CPI YoY, %)

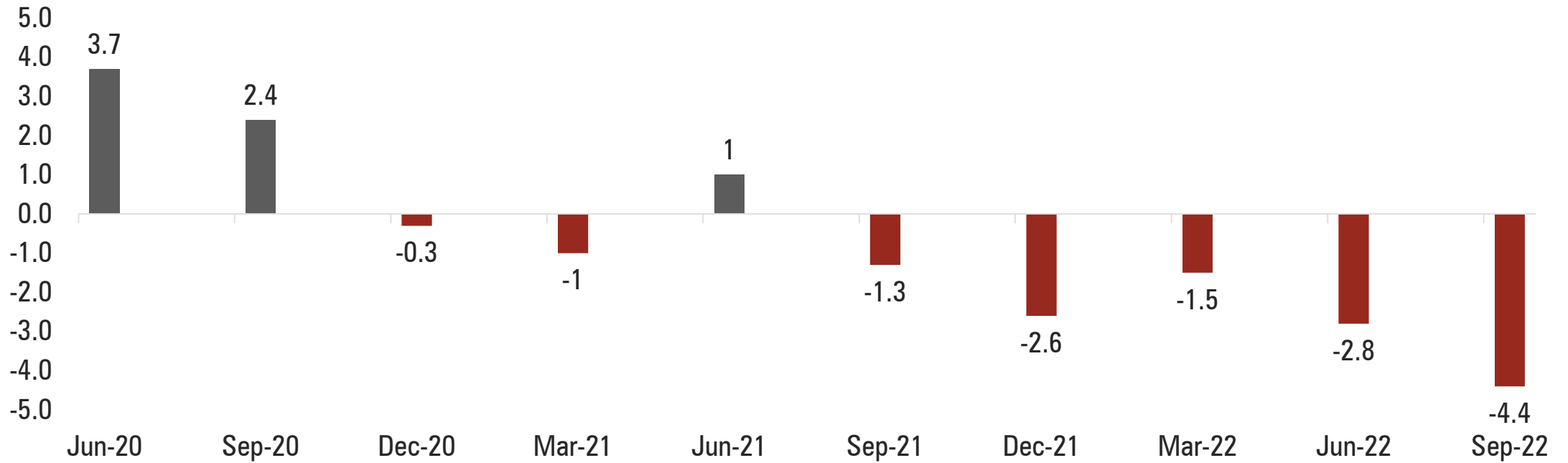


Source: Nuvama Institutional Equities. Data as of Nov 30, 2022. US – United States, UK – United Kingdom, CPI – Consumer Price Index. Past performance may or may not sustain in future.

# India's Current Account Deficit



India Current Account Deficit as % of GDP

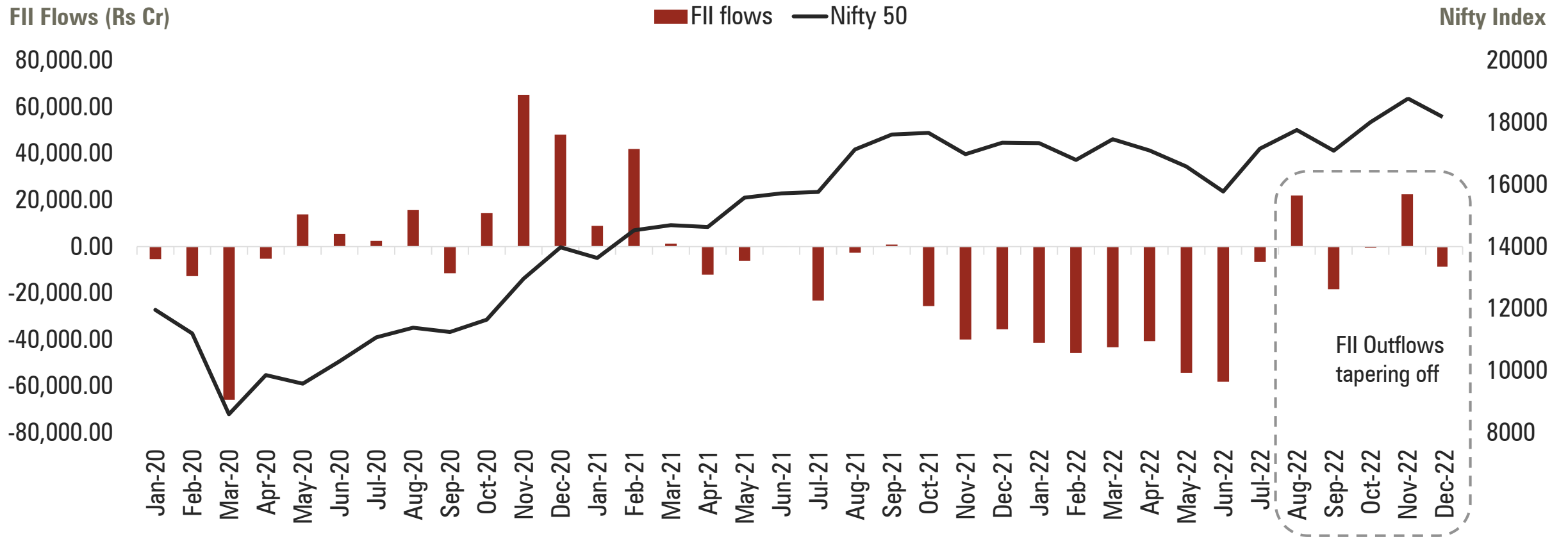


India's Current Account Balance recently recorded a deficit on the back of widening merchandise trade deficit & increase in net outgo of investment income payments

Source – Reserve Bank of India. Data as of September 30, 2022



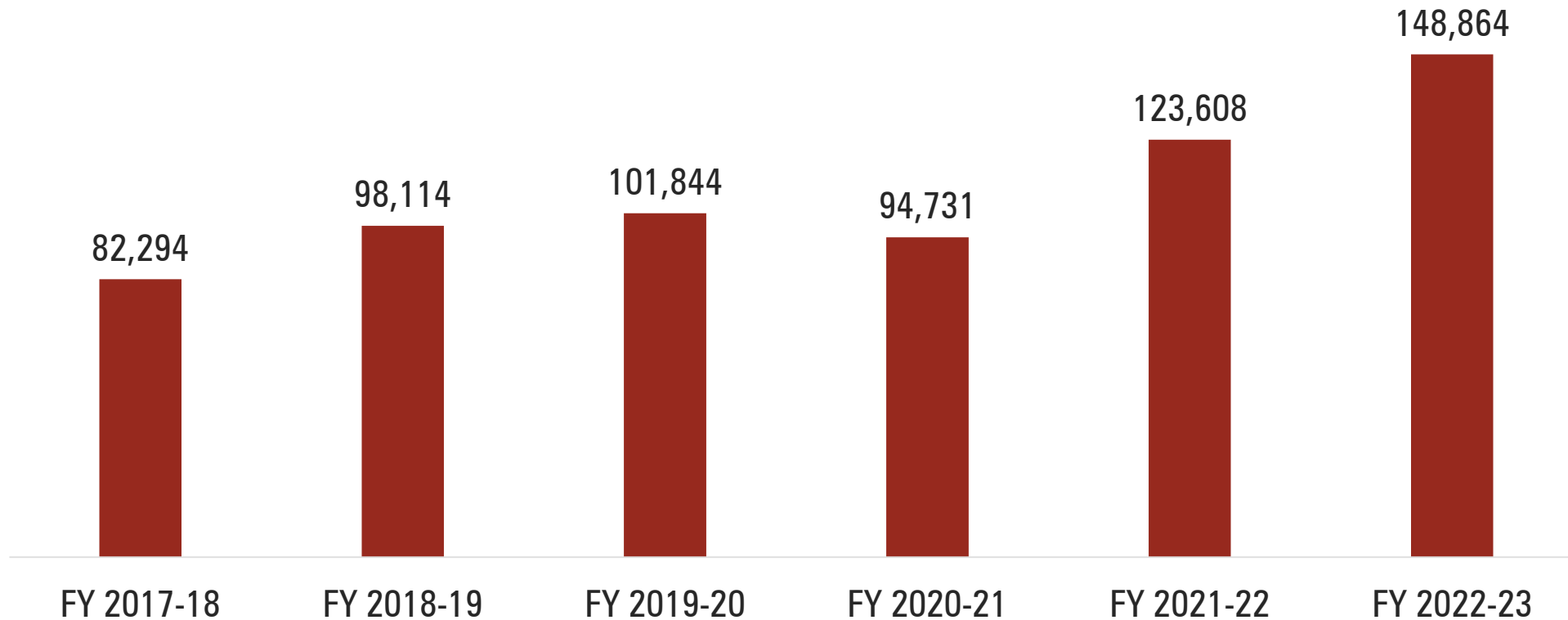
# FII Outflows tapering off



Source: Nomura India Equity Strategy, NSDL, NSE India | Past Performance may or may not sustain in future

## Sustained GST collections indicating economic activity pick up

Monthly average GST Collection (Rs. In Crores)



- ✓ **The monthly GST collection has been above 1.4Lakh Crore since April 2022**
- ✓ **A robust growth in GST collections does not only indicate economy activity pick up but also aids the government in capital expenditure and managing fiscal deficit**

# Where do we stand today: Medium Term?

Earning Story of Last Decade tells us :

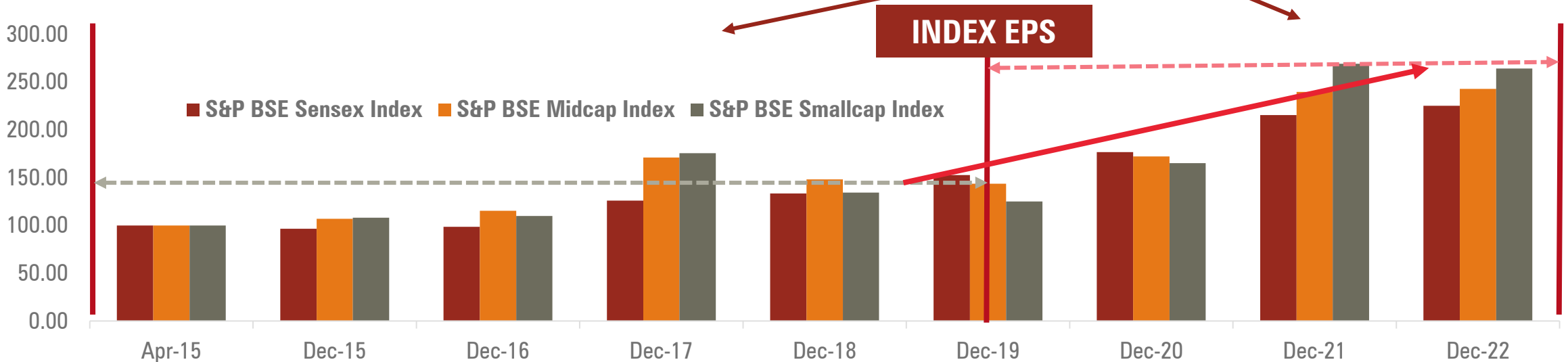
Future  $\neq$  Past

# The Trend has changed



“There are decades where nothing happens; and there are weeks where decades happen”  
- Vladimir Ilyich

Index	Apr 30, 2015 to December 31, 2022		April 30, 2015 to Dec 31, 2019		Dec 31, 2019 to December 31, 2022	
	Price CAGR	EPS CAGR	Price CAGR	EPS CAGR	Price CAGR	EPS CAGR
S&P BSE Sensex	11.2%	7.5%	9.5%	1.6%	13.8%	17.4%
S&P BSE Midcap	12.3%	9.6%	8.1%	2.2%	19.1%	22.3%
S&P BSE Smallcap	13.5%	19.8%	4.9%	0.0%	28.3%	58.6%



Source: [www.bseindia.com](http://www.bseindia.com). Data as on December 31, 2022. EPS – Earnings per Share of Index constituents. Past Performance may or may not sustain in future. Graph rebased to 100

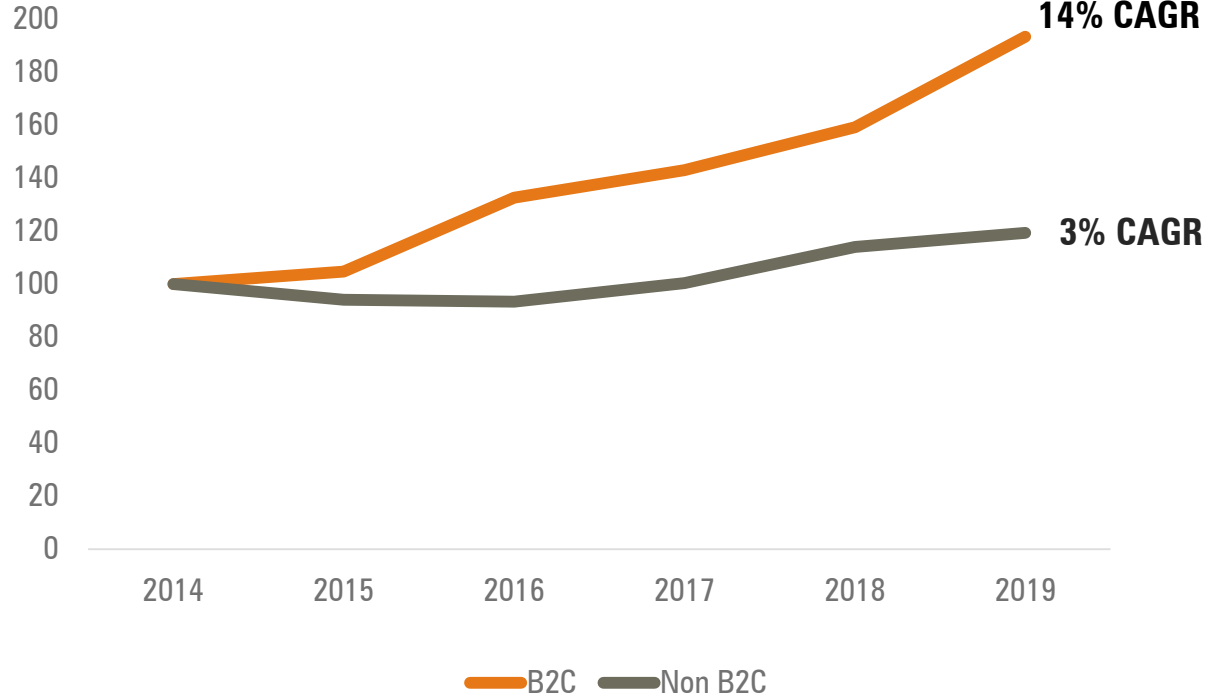
# Changing Trends – Earnings Growth – B2C & Non-B2C



## PAT Growth

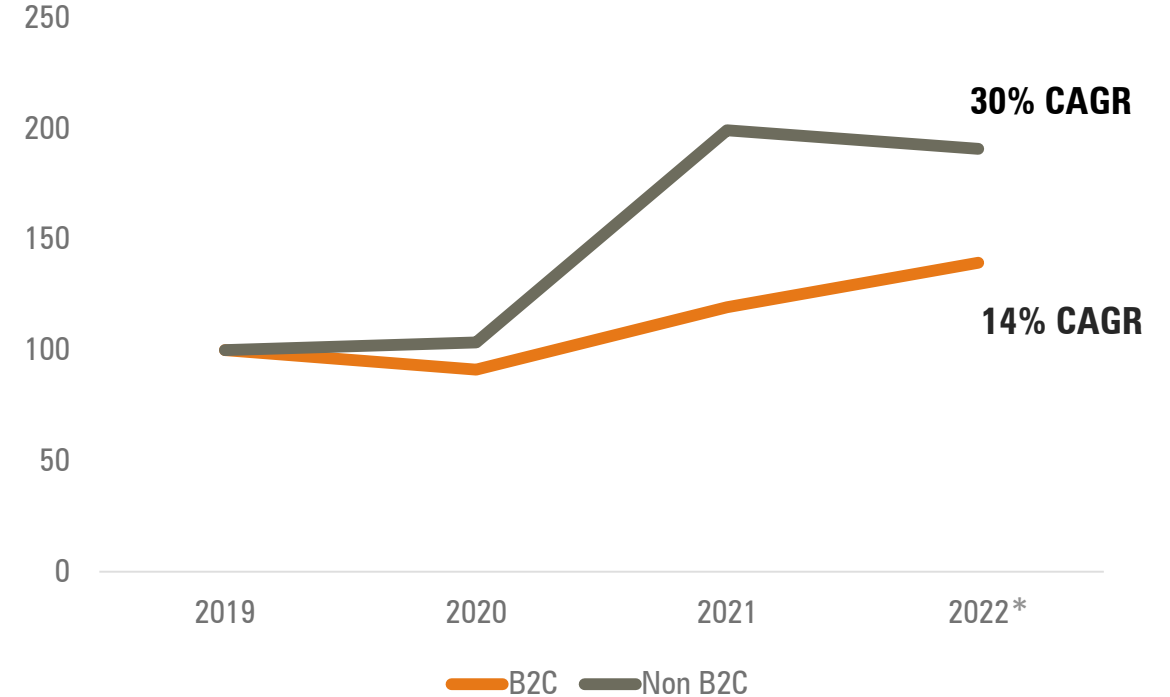
Aggregate PAT  
(Rebased to 100)

Pre 2020



Aggregate PAT  
(Rebased to 100)

Post 2020



Universe of NSE 200 companies considered.

B2C sectors: Auto, Consumer Goods, Media & Entertainment, Retailing, Hotels/Resorts, Telecom, Retail banks

Non-B2C Sectors: Construction, Metals, Industrial Manufacturing, Pharma, Power, Transportation, IT, Other Banks

Past Performance may or may not sustain in future. \*2022- Till Sep 2022 quarter | The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios/Scheme may or may not have any future positions in these Stock(s)/Sector(s). PAT – Profit After Tax

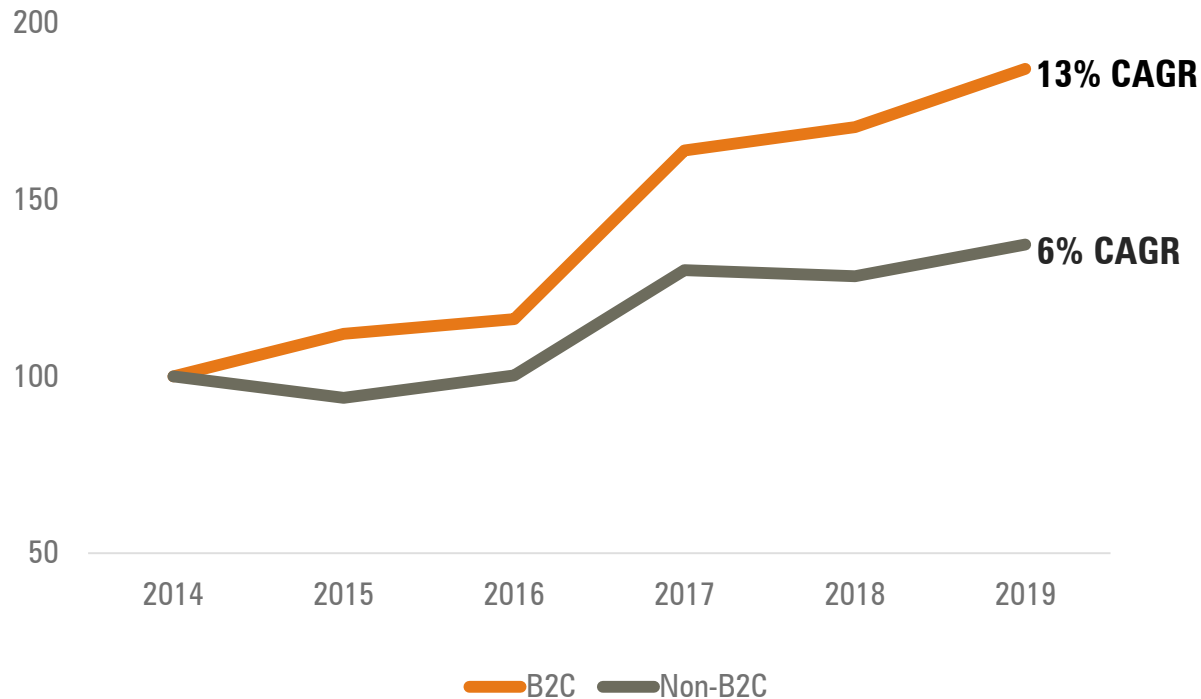
# Changing Trends – Market-cap Movement – B2C & Non B2C



## Market Capitalization Growth

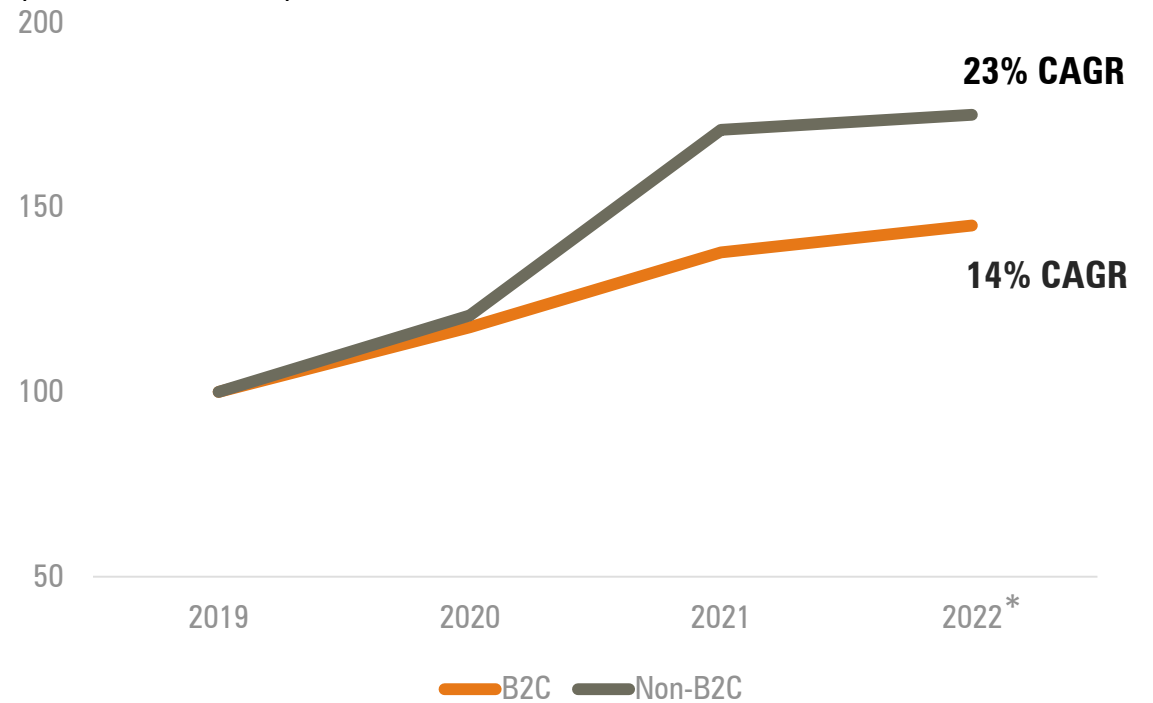
Marketcap  
(Rebased to 100)

Pre 2020



Marketcap  
(Rebased to 100)

Post 2020



Universe of NSE 200 companies considered.

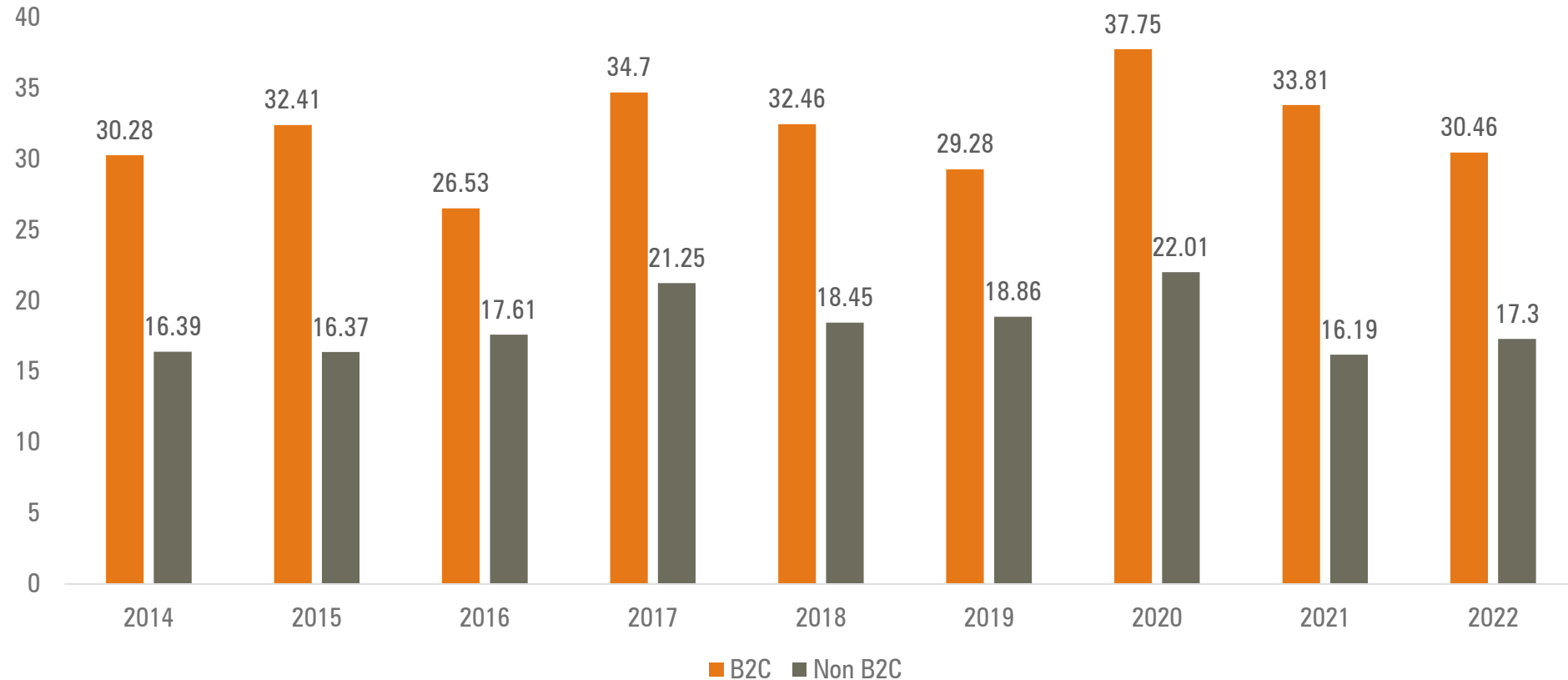
B2C sectors: Auto, Consumer Goods, Media & Entertainment, Retailing, Hotels/Resorts, Telecom, Retail banks

Non-B2C Sectors: Construction, Metals, Industrial Manufacturing, Pharma, Power, Transportation, IT, Other Banks

Past Performance may or may not sustain in future. \*2022 - Till Dec 2022 | The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios/Scheme may or may not have any future positions in these Stock(s)/Sector(s).

# Changing Trends – Price to Earnings – B2C & Non B2C

## Price to Earnings



Universe of NSE 200 companies considered.

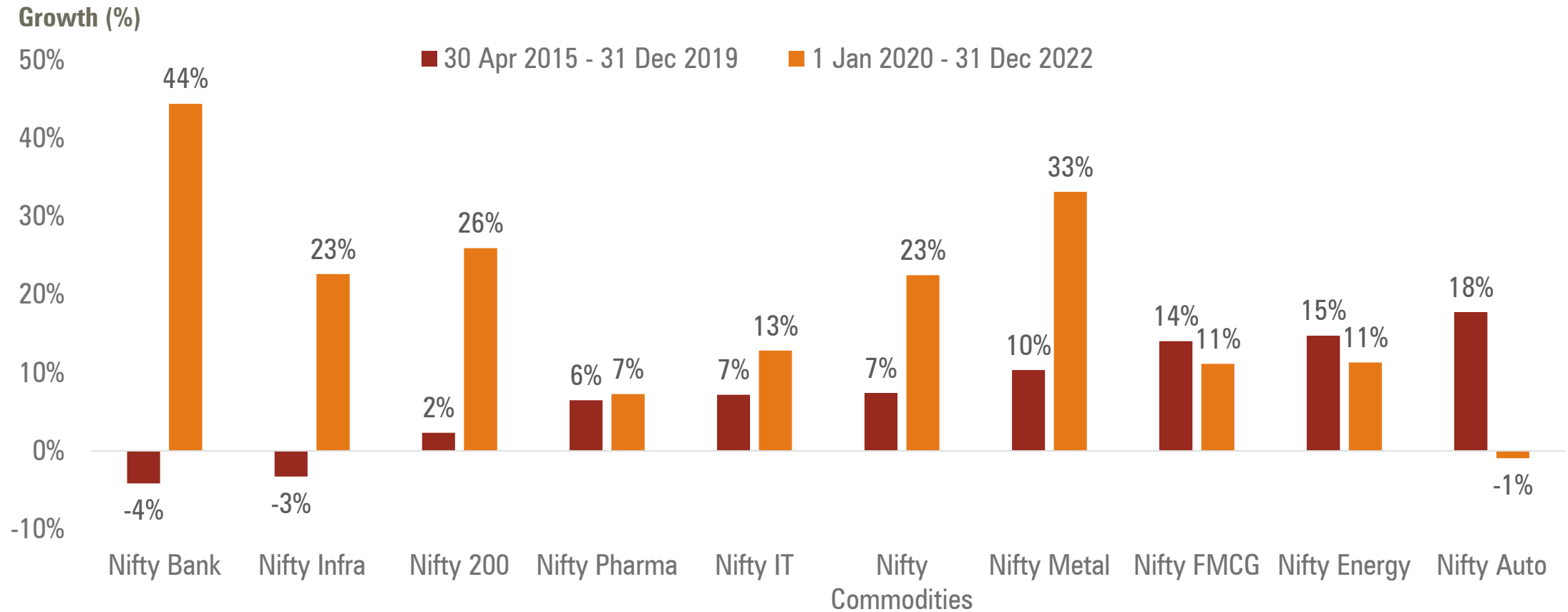
B2C sectors: Auto, Consumer Goods, Media & Entertainment, Retailing, Hotels/Resorts, Telecom, Retail banks

Non-B2C Sectors: Construction, Metals, Industrial Manufacturing, Pharma, Power, Transportation, IT, Other Banks

Past Performance may or may not sustain in future. | The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios/Scheme may or may not have any future positions in these Stock(s)/Sector(s).

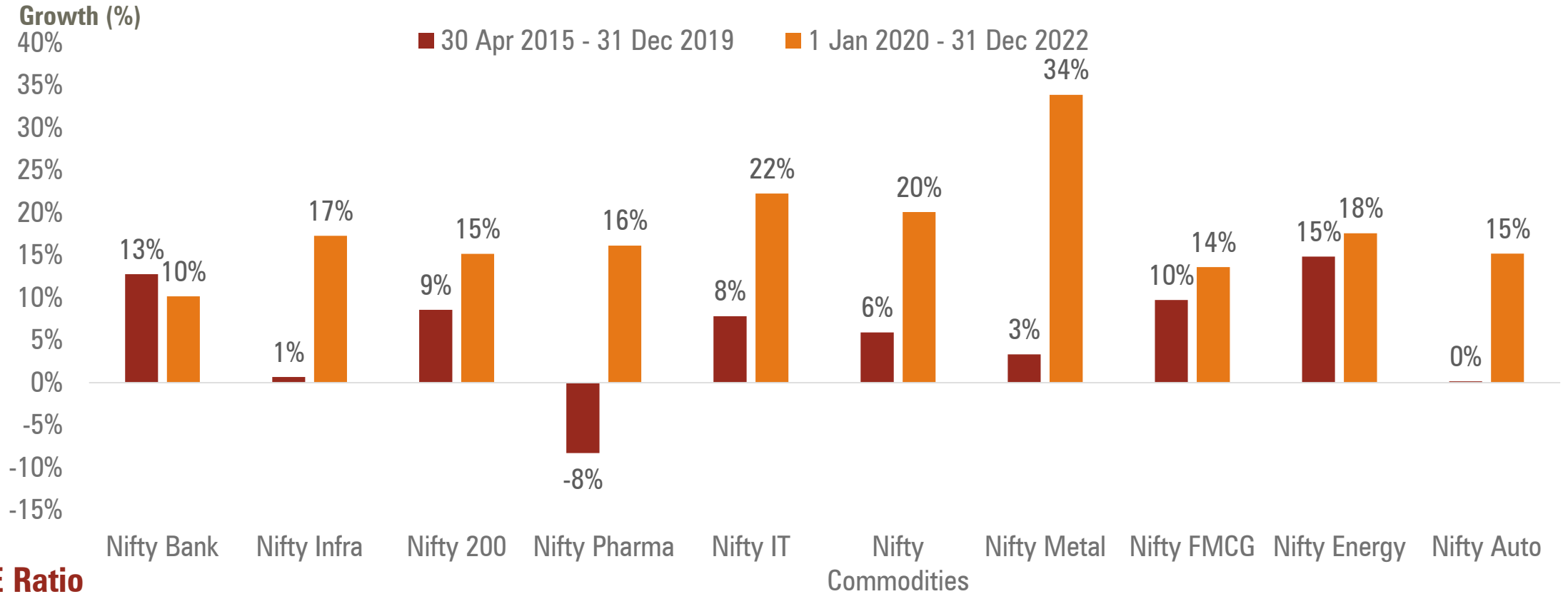


# Changing Trends – Sector-wise - EPS Growth



Source: NSE ([www.nseindia.com](http://www.nseindia.com)) | Data as on December 31, 2022 | Past Performance may or may not sustain in future | The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios/Scheme may or may not have any future positions in these Stock(s)/Sector(s). EPS – Earnings per Share

# Changing Trends – Sector-wise - Price Growth

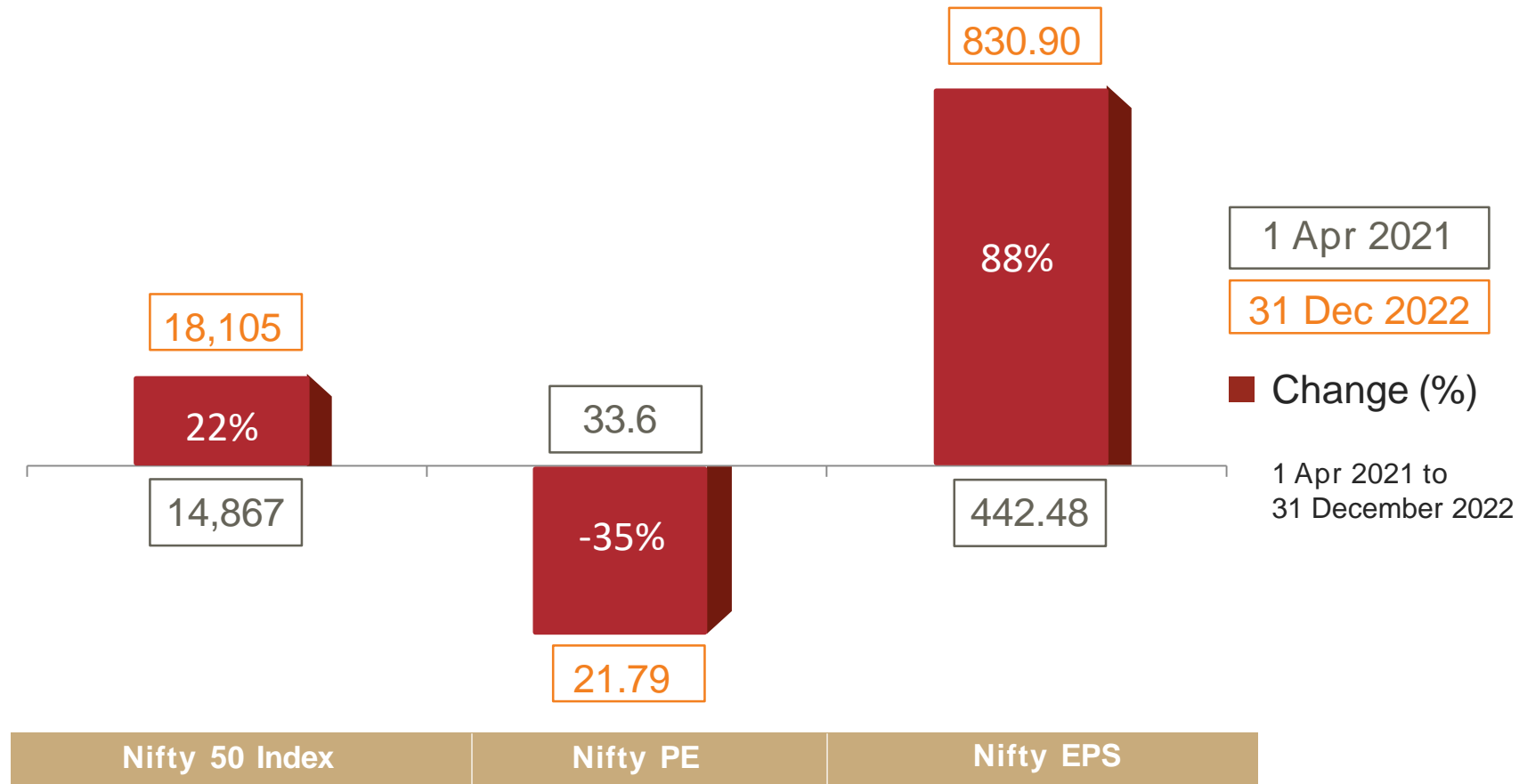


## P/E Ratio

	Nifty Bank	Nifty Infra	Nifty 200	Nifty Pharma	Nifty IT	Nifty Commodities	Nifty Metal	Nifty FMCG	Nifty Energy	Nifty Auto
<b>Apr-15</b>	19.1	20.0	22.7	51.9	20.1	14.7	13.9	45.5	12.4	52.0
<b>Dec-19</b>	40.8	24.1	30.0	25.8	20.7	13.7	10.2	37.9	12.4	24.4
<b>Dec 22</b>	18.1	21.1	22.9	32.7	26.3	12.9	10.4	40.5	14.6	38.3

Source: NSE ([www.nseindia.com](http://www.nseindia.com)) | Data as on December 31, 2022 | Past Performance may or may not sustain in future | The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios/Scheme may or may not have any future positions in these Stock(s)/Sector(s). P/E – Price to Earnings

# Nifty 50 Index Movement Since April 2021



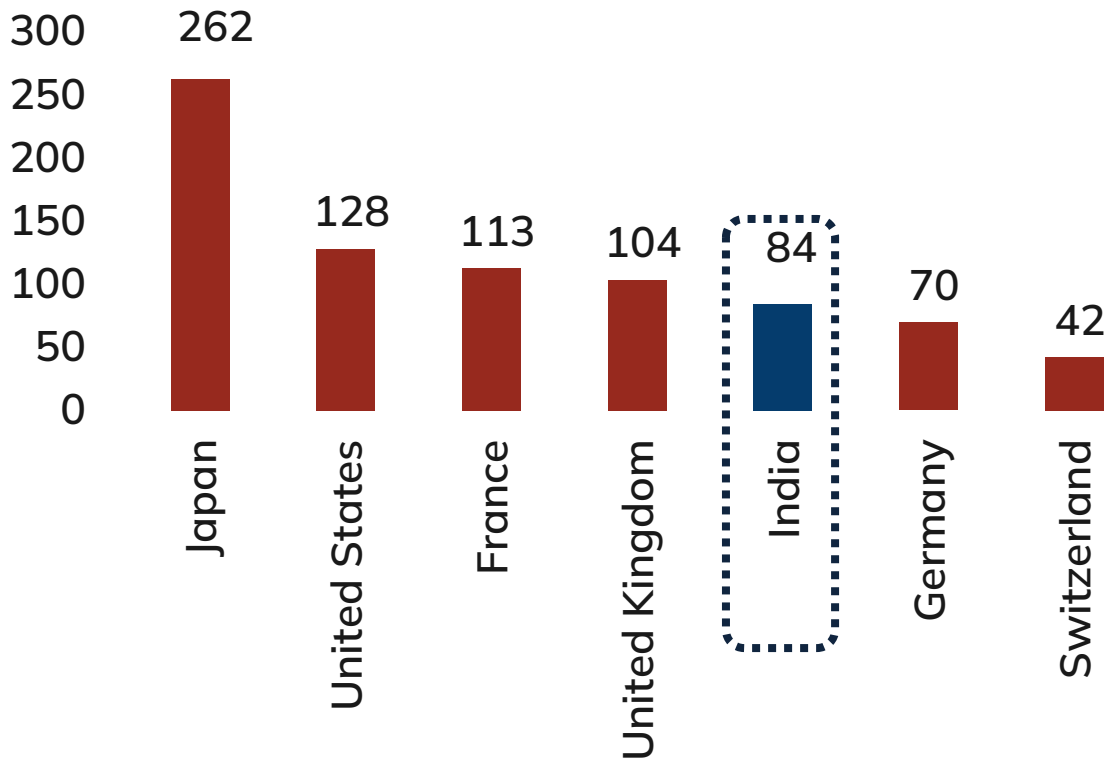
Source: Index Values -NSE India Limited. Data as on December 31, 2022. PE – Price to Earnings of Nifty 50 Index constituents | EPS – Earnings per Share of Nifty 50 Index constituents. Past Performance may or may not sustain in future

# Growth Opportunities in the Market Today

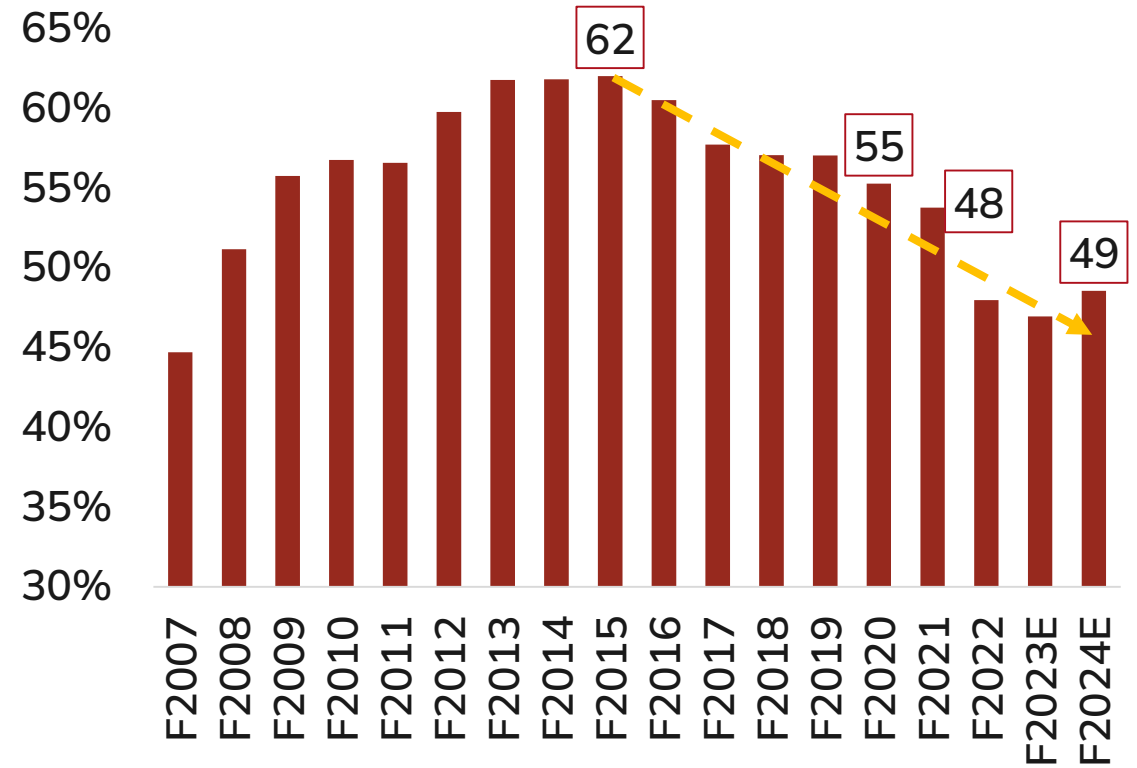
# Improving Macros



### Government Debt, % of GDP



### Corporate Debt, % of GDP

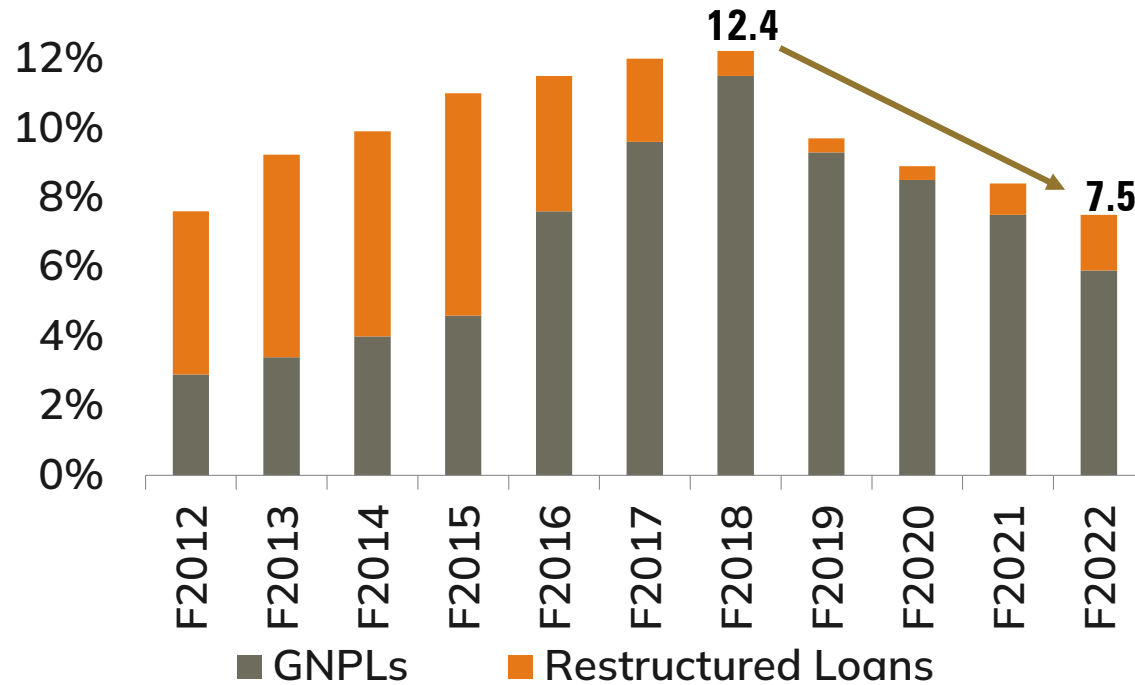


Source: Morgan Stanley and Nirmal Bang Institution. Past performance may or may not sustain in future. GDP – Gross Domestic Product, Govt. – Government, E – Estimates

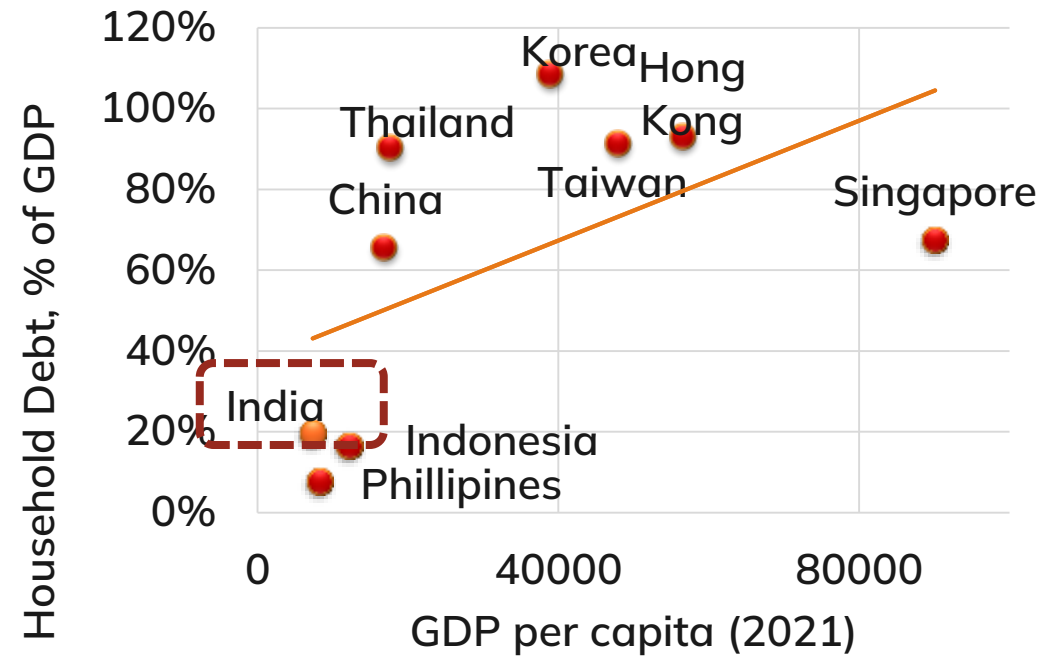
# Lower Stressed Assets Creating a Conducive Environment



## Banks have repaired their Balance Sheets in last few years



## Household balance sheet is not leveraged compared to other countries

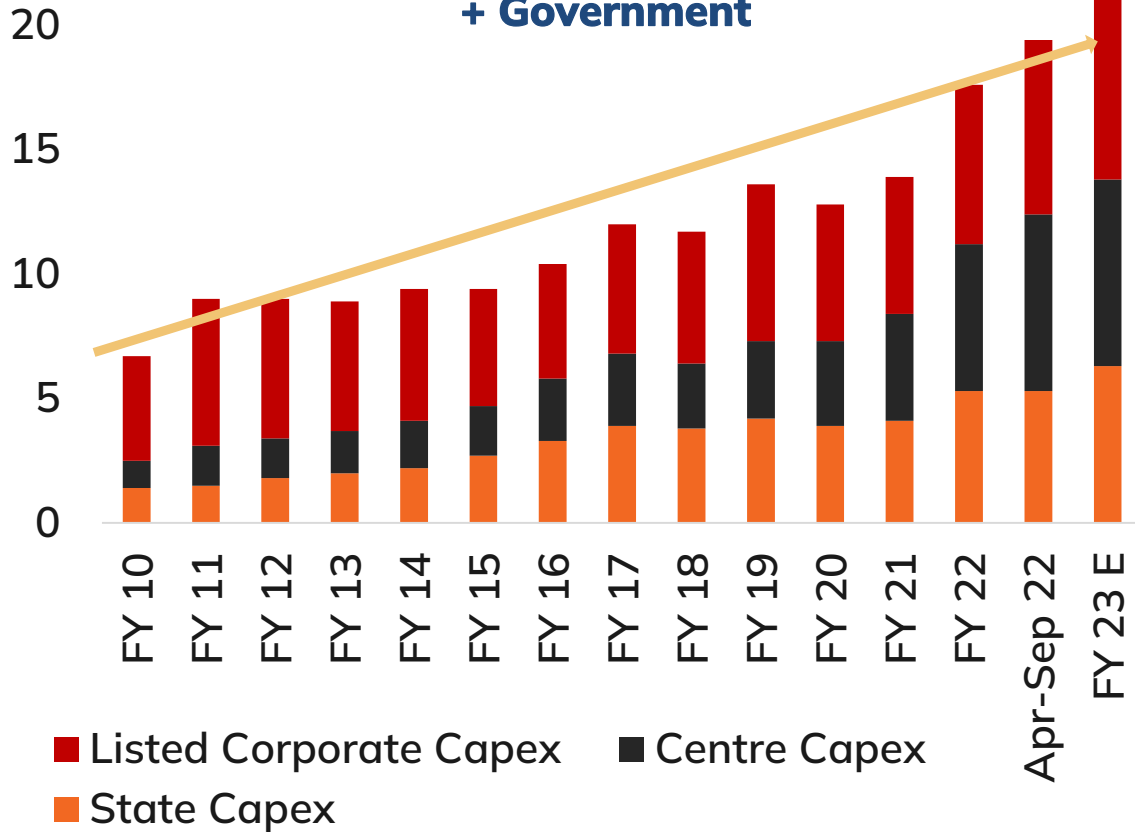


Source: Morgan Stanley. GNPL: Gross Non Performing Loans. GDP: Gross Domestic Product

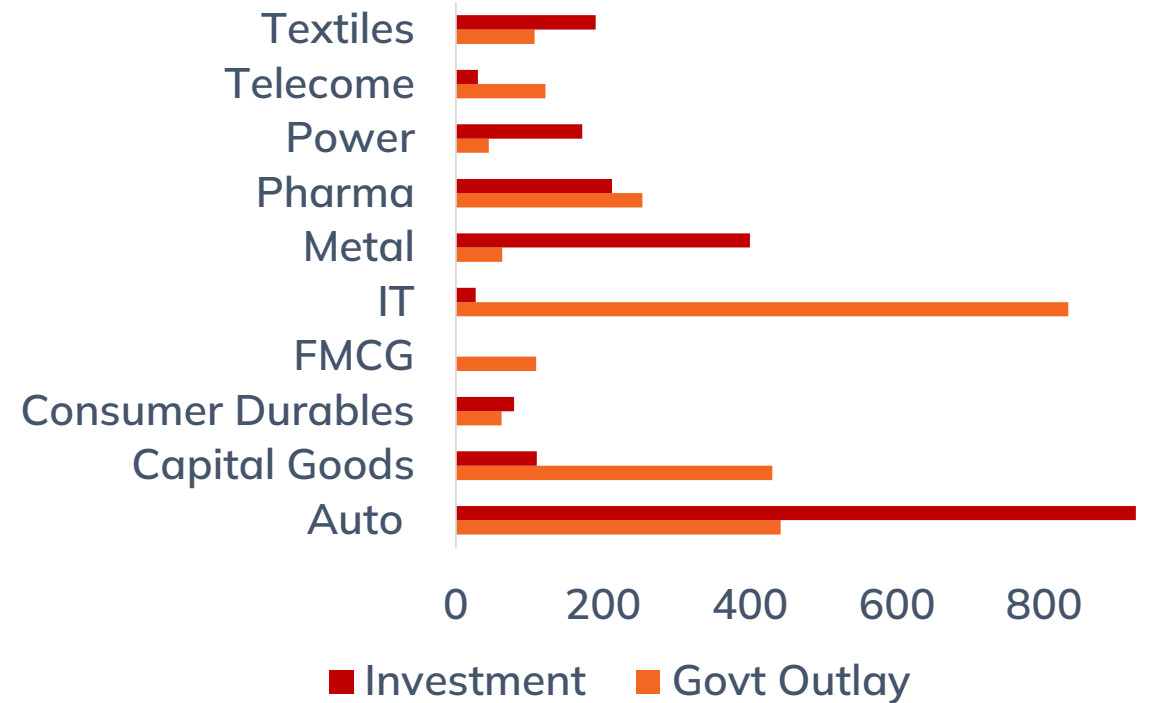
# PLI: Rejuvenating the Private Capex Cycle



### Combined Capex for Listed Corporates + Government



### Tracking PLI Progress across Sectors (INR Bn)



Source: Morgan Stanley and ICICI Securities. Capex – Capital Expenditure, E - Estimate, PLI – Production Linked Incentives, IT – Information Technology

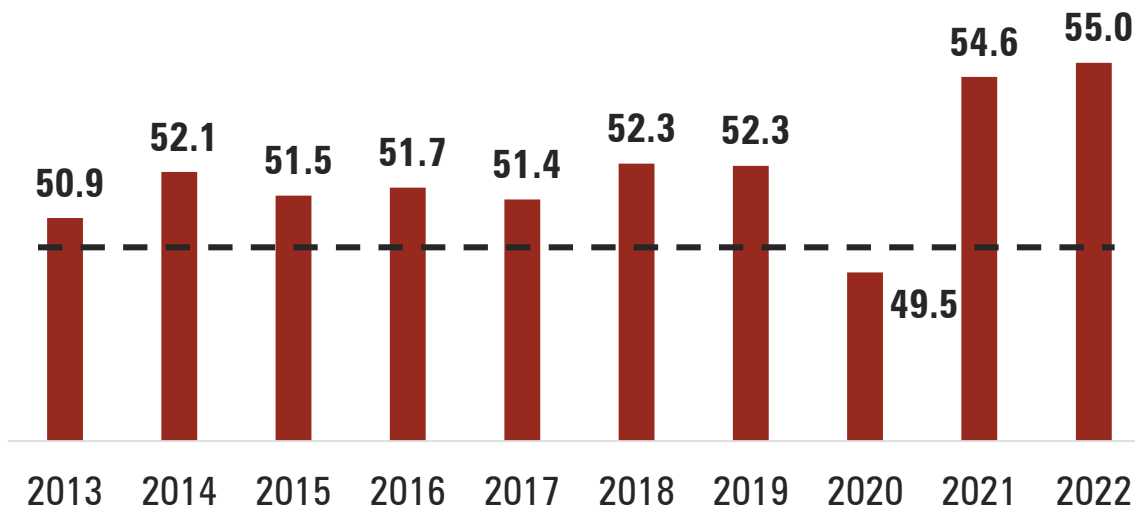


# Robust growth seen in manufacturing PMI, one of the highest among G20 countries



The S&P Global India Manufacturing Purchasing Managers' Index (PMI) measures the performance of the manufacturing sector, a reading above 50 indicates an expansion of the manufacturing sector.

Yearly average Manufacturing PMI



Country	Manufacturing PMI November 2022
Saudi Arabia	58.5
India	55.7
South Africa	52.6
Mexico	50.6
Indonesia	50.3
China	49.4
Euro Area	47.8
United States	46.2
United Kingdom	44.7
Brazil	44.3

Indian manufacturing has been in the expansionary phase and sentiments have further reached a 9 Year high post COVID-19 pandemic

India has the second highest manufacturing PMI within the G20 countries surpassing even all the developing nations

Sources: Centrum, HIS Markit ;PMI Data as on November 30, 2022

# Participating in India's Growth Journey



**Trade**  
Exports champions  
Imports substitution

**Investment**  
Local/regional manufacturing base  
Automation and Digitisation

**Consumption**  
Improving penetration  
Higher discretionary spending

**Government policy led Formalisation**  
Unorganised to organized  
Geopolitics led opportunities

# Boutique : Top Down – Manufacturing & Manufacturing Allied



## MANUFACTURING ALLIED



## MANUFACTURING

**Aerospace & defense, Textiles, Auto, Chemicals, Metals**

Thank You

# PMS Strategy Specific Risk Factors & Disclosures



## Disclosures associated with ICICI Prudential PMS Contra Strategy investment approach:

**Investment Objective:** ICICI Prudential PMS Contra Strategy (The "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.

**Investment Horizon:** 4 years and above | **Benchmark:** S&P BSE 200 index | **Minimum Investment:** Rs 50,00,000

## Risks associated with ICICI Prudential PMS Contra Strategy approach:

The Contra Strategy predominantly select stocks following a Contrarian style of investing.

There could be time periods when securities selected based on their relevancy to the investment style followed by the Portfolio Manager underperform relative to other stocks or the overall markets. This could impact performance.

The Contra Strategy aims at maintaining a diversified portfolio without any undue concentration in any sector or stock and the portfolio may underperform relative to concentrated portfolios during certain periods of time.

The Contra Strategy invests across market capitalisations. Hence, risks relevant to investing in small and mid cap stocks are also applicable for the strategy. These risks have been elaborated in the Strategy specific risk factors section of 'ICICI Prudential PMS Flexicap Strategy' of the Disclosure Document.

The Contra Strategy predominantly invests in equity and equity related securities including exchange traded derivatives and liquid and other short term mutual fund schemes including liquid ETF.

The above mentioned risk factors and general risk factors relating to the Portfolio are elaborated in the 'Risk Factors' section of this Disclosure Document.

## Disclosures associated with ICICI Prudential PMS Flexicap Strategy investment approach:

**Investment Objective:** ICICI Prudential PMS Flexicap Strategy (the "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.

**Investment Horizon:** 4 years and above | **Benchmark:** S&P BSE 200 index | **Minimum Investment:** Rs 50,00,000

## Risks associated with ICICI Prudential PMS Flexicap Strategy investment approach:

The securities in the Flexicap Strategy may be predominantly characterized by a stock selection where more emphasis is on 'Growth at Reasonable Price'. There could be time periods when securities of this nature may underperform relative to other stocks in the market which could impact the performance.

The Flexicap Strategy aims at maintaining a diversified portfolio without any undue concentration in any sector or stock and the portfolio may underperform relative to concentrated portfolios during certain periods of time.

The Flexicap Strategy invests across market capitalisations. The small/mid cap stocks give an opportunity to go beyond the usual large blue chip stocks and present possible higher capital appreciation, it is important to note that small/mid cap stocks can be riskier and more volatile on a relative basis. Therefore, the risk levels of investing in small/mid cap stocks are more than investing in large cap stocks. It may be noted that over a time these two categories have demonstrated different levels of volatility and investment returns. Among the reasons for the greater price volatility are the less certain growth prospects of small/mid cap stocks, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of small/mid cap stocks to changing economic conditions. Small/mid cap stocks carry large amount of liquidity risk compared to the large cap stocks, as the ability to sell is limited by overall trading volume in the securities, which it invests.

The Flexicap Strategy predominantly invests in equity and equity related securities including exchange traded derivatives and liquid and other short term mutual fund schemes including liquid ETF.

The above mentioned risk factors and general risk factors relating to the Portfolio are elaborated in the 'Risk Factors' section of this Disclosure Document.

## Disclosures associated with ICICI Prudential PMS PIPE Strategy investment approach:

**Investment Objective:** ICICI Prudential PMS PIPE Strategy (the "PIPE Strategy") aims to provide long-term capital appreciation and generate returns by investing predominantly: in Mid and Small Cap segment of the market by having exposure in companies enjoying some economic moat; and/or undergoing special situations or in the midst of unfavourable business cycle.

**Investment Horizon:** 4 years and above | **Benchmark:** Nifty Mid Smallcap 400 Index | **Minimum Investment:** Rs 50,00,000

## Risks associated with ICICI Prudential PMS PIPE Strategy investment approach:

Investing in mid and smaller companies may lack depth of management, be unable to generate funds necessary for growth or development, or be developing or marketing new products or services for which markets are not yet established and may never become established. They could also suffer from disadvantages such as outdated technologies, lack of bargaining power with suppliers, low entry barriers and inadequate management depth. Overall, the risks of investing in mid and small companies are:

transparency may not be on par with established companies;

liquidity on the exchanges may be lower than large companies;

corporate governance may be an issue with some companies; and

Resilience to withstand shocks of business/economic cycles may be comparatively lower than large companies.

The PIPE Strategy invests in mid and small capitalisation companies that are undergoing special situations or are in midst of an unfavourable business cycle. Such strategy may take longer than anticipated to play out as desired by the Portfolio Manager which may fluctuate the PIPE Strategy returns.

The PIPE Strategy predominantly invests in equity and equity related securities including exchange traded derivatives and liquid and other short term mutual fund schemes including liquid ETF. Please refer the Disclosure Document for the below risk factors:

Risks related to equity and equity linked investments

Risks related to derivative investments

Risks related to investments in debt and debt related instruments

The above mentioned risk factors and general risk factors relating to the Portfolio are elaborated in the 'Risk Factors' section of this Disclosure Document.

*The Strategy features mentioned herein involves risk and there can be no assurance that specific objectives will be met under differing market conditions or cycles. The Strategy features as stated herein is only indicative in nature and is subject to change within the provisions of the disclosure document and client agreement. Please refer to the disclosure document & client agreement for details and risk factors. 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 before investing.*

*The above mentioned risk factors and general risk factors relating to the Portfolio are elaborated in the 'Risk Factors' section of this Disclosure Document.*

*Direct Option: 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](mailto:PMS@icicipruamc.com)*

# Risk Factors & Disclaimers



The Portfolio Manager shall have the sole and absolute discretion to invest in respect of the Client's investment in any type of security subject to the Agreement and as stated in the Disclosure Document and make such changes in the investments and invest some or all of the Client's investment amount in such manner and in such markets as it deems fit would benefit the Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Clients' account is absolute and final and can never be called in question or be open to review at any time during the currency of the agreement or any time thereafter except on the ground of malafide, fraud, conflict of interest or gross negligence. This right of the Portfolio Manager shall be exercised strictly in accordance with the relevant Acts, rules and regulations, guidelines and notifications in force from time to time.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The recipient(s) alone shall be fully responsible/are liable for any decision taken on the basis of this material. All recipients of this material should before dealing and/or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice. The investments discussed in this may not be suitable for all investors. Financial products and instruments are subject to market risks and yields may fluctuate depending on various factors affecting capital/debt markets. There is no assurance or guarantee that the objectives of the portfolio will be achieved. Please note that past performance of the financial products, instruments and the portfolio does not necessarily indicate the future prospects and performance thereof. Such past performance may or may not be sustained in future. Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. The investors are not being offered any guaranteed or assured returns.

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# Risk Factors & Disclaimers



Investing in securities involves certain risks and considerations associated generally with making investments in securities. The value of the portfolio investments may be affected generally by factors affecting financial markets, such as price and volume, volatility in interest rates, currency exchange rates, changes in regulatory and administrative policies of the Government or any other appropriate authority (including tax laws) or other political and economic developments. Consequently, there can be no assurance that the objective of the Portfolio would be achieved. The value of the portfolios may fluctuate and can go up or down. Prospective investors are advised to carefully review the Disclosure Document, Client Agreement, and other related documents carefully and in its entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under this Portfolio, before making an investment decision.

The Stock(s)/Sector(s) mentioned in this material do not constitute any recommendation of the same and the portfolios may or may not have any future positions in these Stock(s)/Sector(s).

The composition of the portfolio is subject to changes within the provisions of the disclosure document. The benchmark of the portfolios can be changed from time to time in the future. The inability of the Portfolio Manager to make intended securities purchases due to settlement problems could cause the portfolio to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the portfolio due to the absence of a well-developed and liquid secondary market for securities would result, at times, in potential losses to the portfolio. Please note that past performance of the financial products, instruments and the portfolio does not necessarily indicate the future prospects and performance thereof. Such past performance may or may not be sustained in future. Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. The investors are not being offered any guaranteed or assured returns. The AMC may be engaged in buying/selling of such securities. Please refer to the Disclosure Document and Client Agreement for portfolio specific risk factors.

Individual returns of Clients for a particular portfolio type may vary significantly from the data on performance of the portfolios as may be depicted by the Portfolio Manager from time to time. 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 performance depictions and individual portfolio performance. Neither ICICI Prudential Asset Management Company Ltd. (the AMC) nor its Directors, Employees or Sponsors shall be in any way liable for any variations noticed in the returns of individual portfolios.

The Client shall not make any claim against the Portfolio Manager against any losses (notional or real) or against any loss of opportunity for gain under various PMS Products, on account of or arising out of such circumstance/ change in market condition or for any other reason which may specifically affect a particular sector or security. ICICI Prudential Asset Management Company Limited is registered with SEBI as a Portfolio Manager vide registration number INP000000373.