

# Aim to identify Tomorrow's Leaders



ICICI Prudential PMS



# PIPE STRATEGY



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## Key Drivers of Stock Price

# Drivers of Stock Price



Fundamentally  
Driven

Function of RoE and  
Capital Allocation

**Price Benefitting from Both Earnings growth & P/E rerating.**

The aforesaid factors/framework are only indicative. There may be other factors that may be relevant for determination of stock prices. P/E – Price to earnings, EPS – Earnings per share.

# Markets Reward Companies with Earnings Potential

Universe of top NSE 500 Companies by Market Cap (Dec 2007 – Dec 2022)

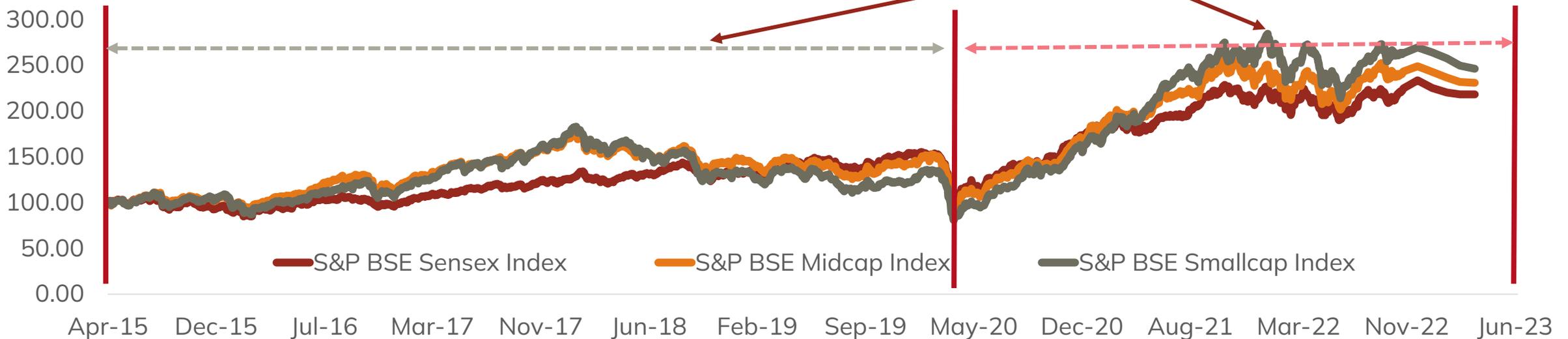
	15-Year CAGR ↓	No. of Companies	PAT Growth	Median ROE		Median P/E		
				2007	2022	2007	2022	
Focus to Identify	>15%	105	16.7% ↑	18.05	18.52 ↑	19.59	39.65	PE Rerating
	0% - 15%	282	10.4%	18.81	12.61	17.35	19.51	
Aim to Eliminate	-15% - 0%	96	3.9%	16.25	4.06	19.98	7.32	PE Derating
	<-15%	17	Negative Growth	14.80	Negative Earnings	45.46	Negative Earnings	

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.

# The Trend has Changed

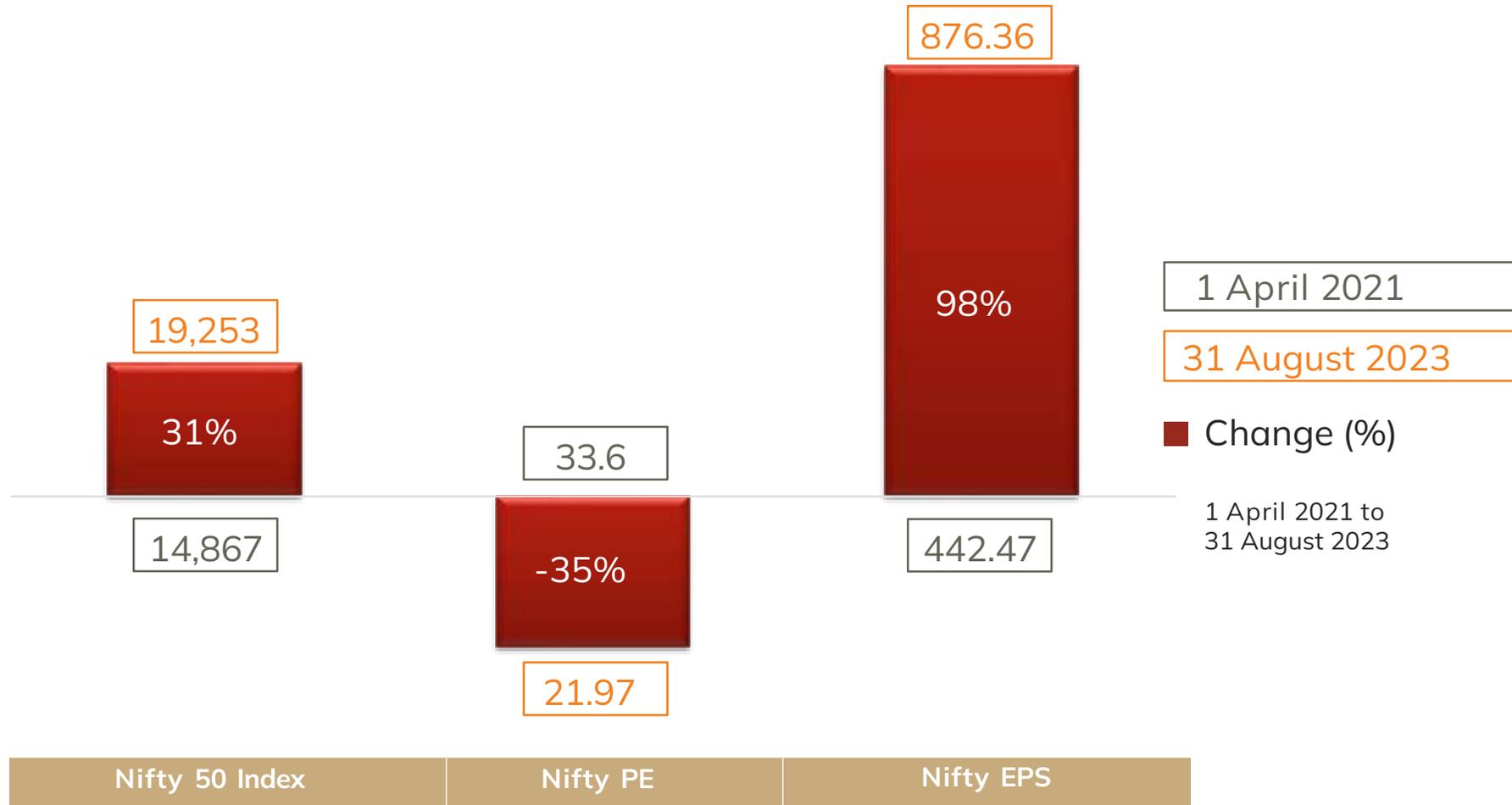
“There are decades where nothing happens; and there are weeks where decades happen”  
- Vladimir Ilyich

Index	April 30, 2015 to June 30, 2023		April 30, 2015 to December 31, 2019		January 1, 2020 to June 30, 2023	
	Price CAGR	EPS CAGR	Price CAGR	EPS CAGR	Price CAGR	EPS CAGR
S&P BSE Sensex	10.4%	7.6%	9.5%	1.6%	11.6%	16.9%
S&P BSE Midcap	11.1%	11.3%	8.1%	2.2%	15.7%	25.8%
S&P BSE Smallcap	12.0%	19.2%	4.9%	0.0%	23.2%	53.4%



Source: Index Values - [www.bseindia.com](http://www.bseindia.com). Data as on June 30, 2023. EPS – Earnings per Share of Index constituents.  
 Past Performance may or may not sustain in future. Graph rebased to 100

# Nifty 50 Index Movement



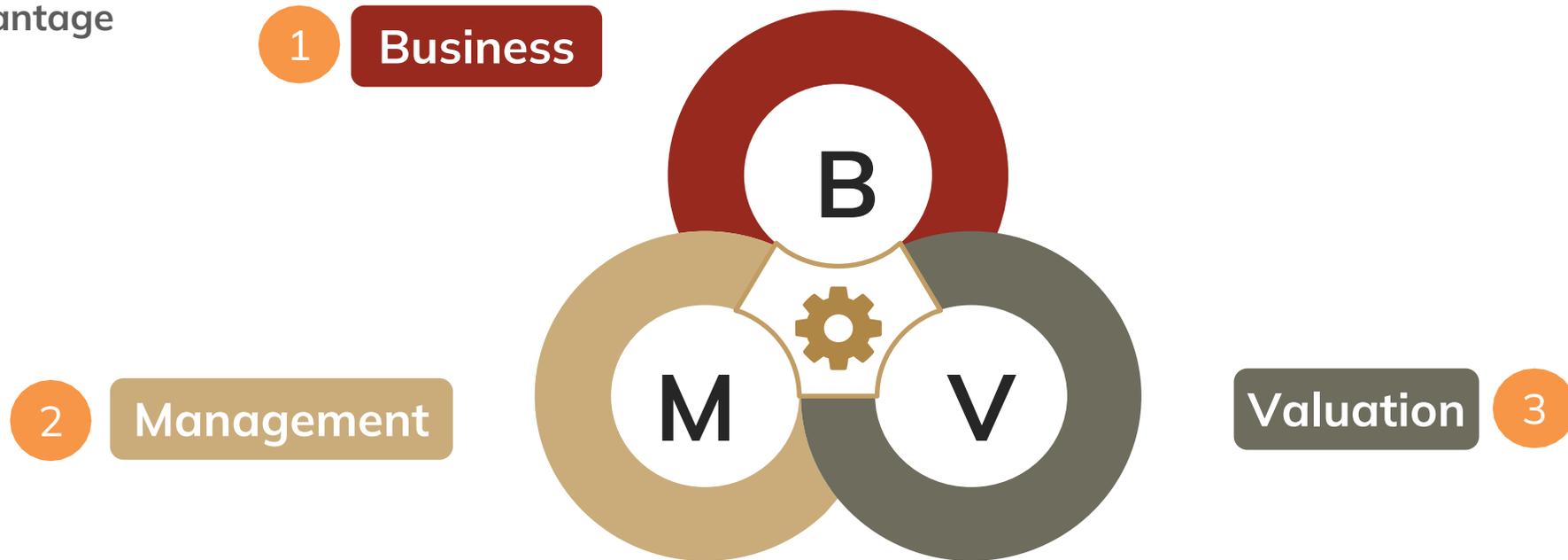
Source: Index Values - NSE India Limited. Data as on August 31, 2023. PE – Price to Earnings of Nifty 50 Index constituents | EPS – Earnings per Share of Nifty 50 Index constituents. Past Performance may or may not sustain in future

# INVESTMENT FRAMEWORK



# Investment Framework

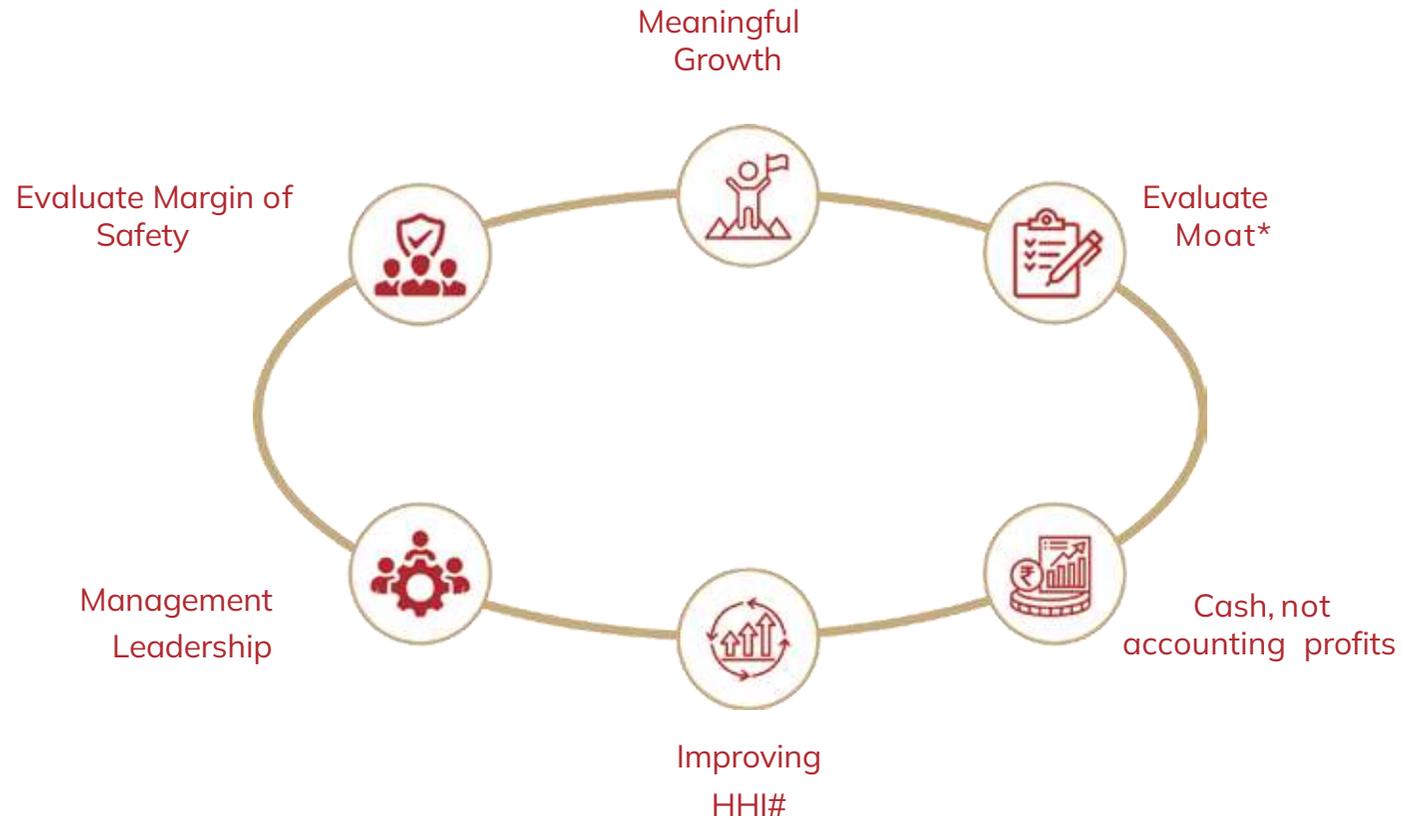
In search of companies with meaningful earnings growth and sustainable competitive advantage



**Aims to Identify Prominent businesses, with Competent Management, at Reasonable Valuations**

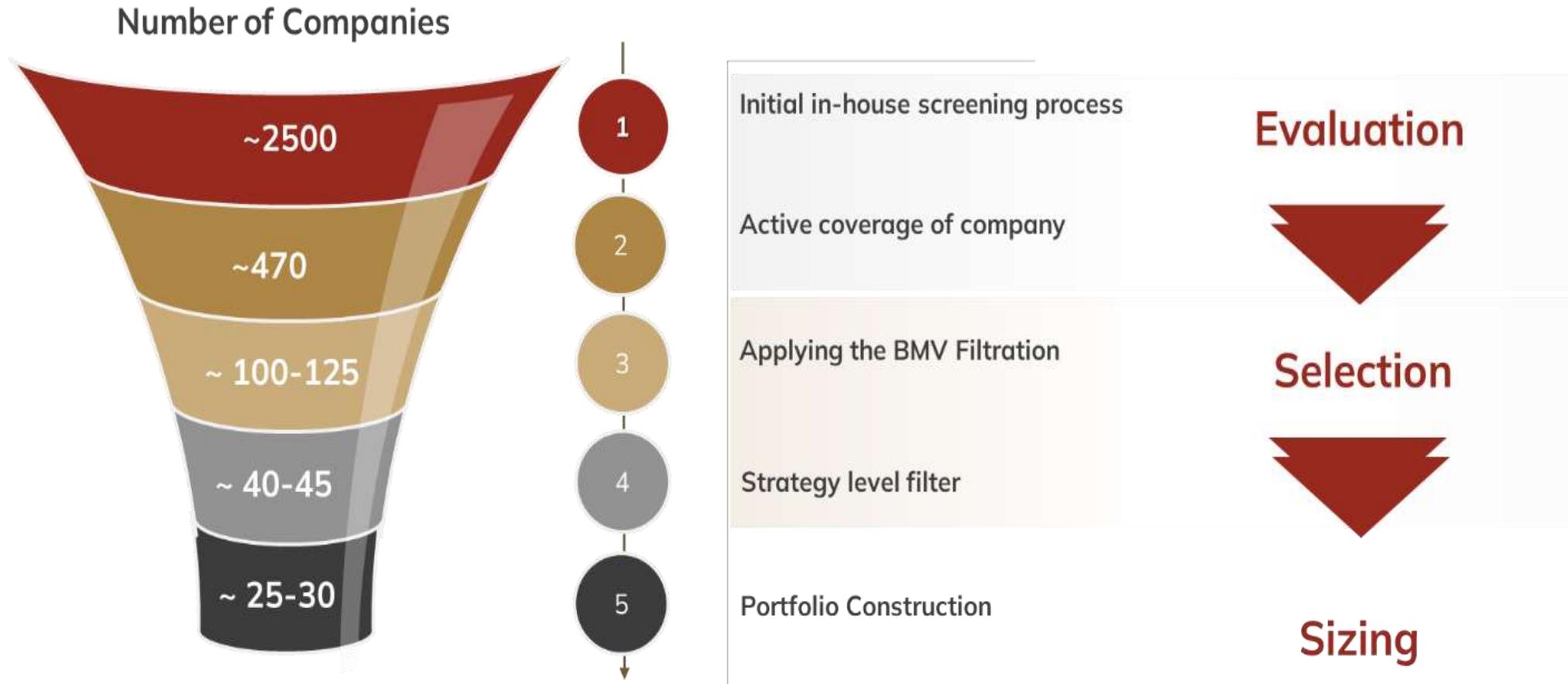
The aforesaid factors/framework are only indicative. There may be other factors that may be relevant for identification/selection of stock depending upon the varied market conditions

# The Circle of Competence



The aforesaid factors/framework are only indicative. There may be other factors that may be relevant for identification/selection of stock. All these factors may not be applicable for the investment approach, The factor shall be referred as applicable. #HHI refers to the Herfindahl-Hirschman Index, a commonly accepted measure of market/segment concentration. \*Moat: A competitive sustainable advantage

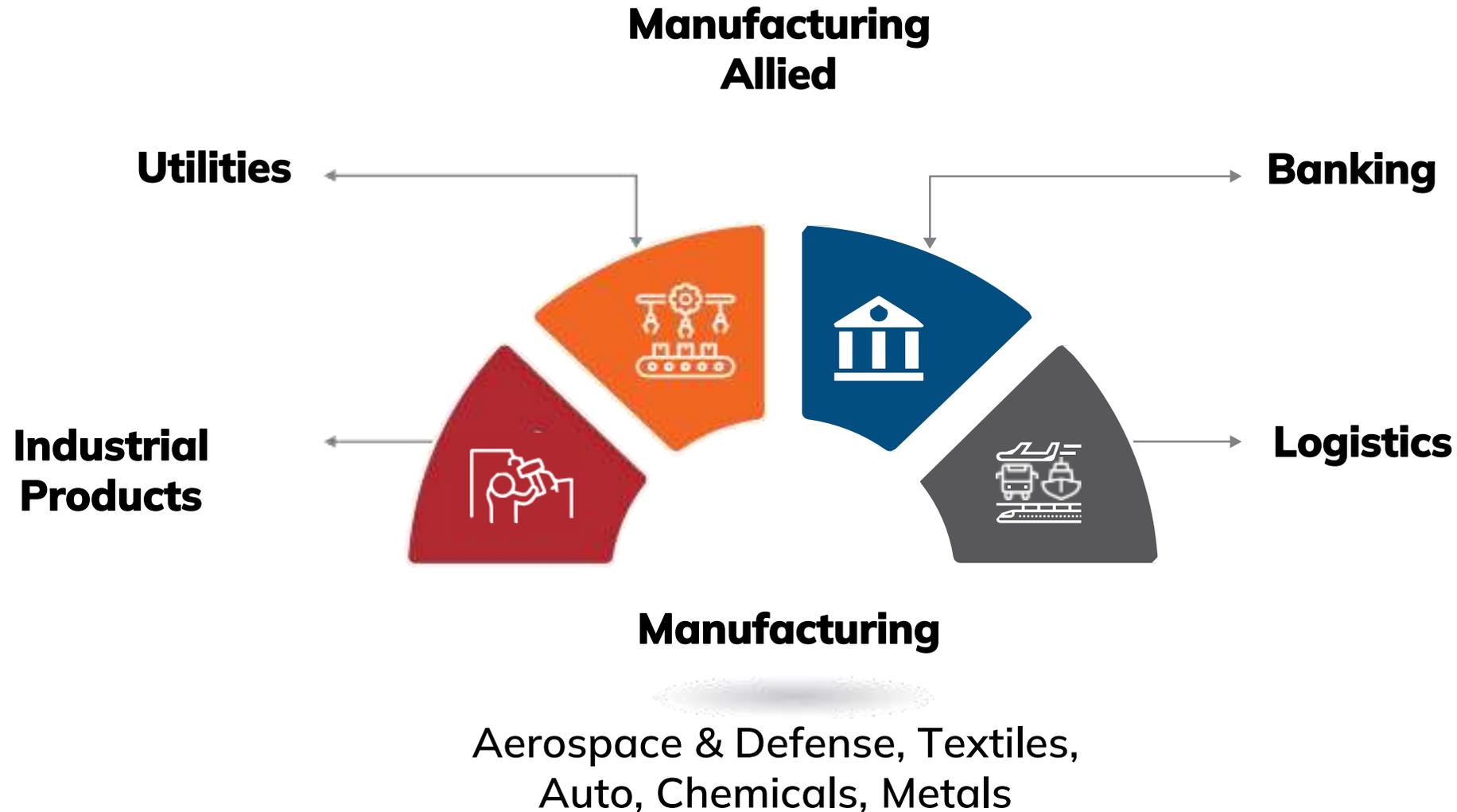
# Evaluation, Selection and Sizing



The aforesaid factors/framework are only indicative. There may be other factors that may be relevant for identification/selection of stock depending upon the varied market conditions. \*The number of companies is indicative and may increase or decrease based on the discretion of Investment Manager.

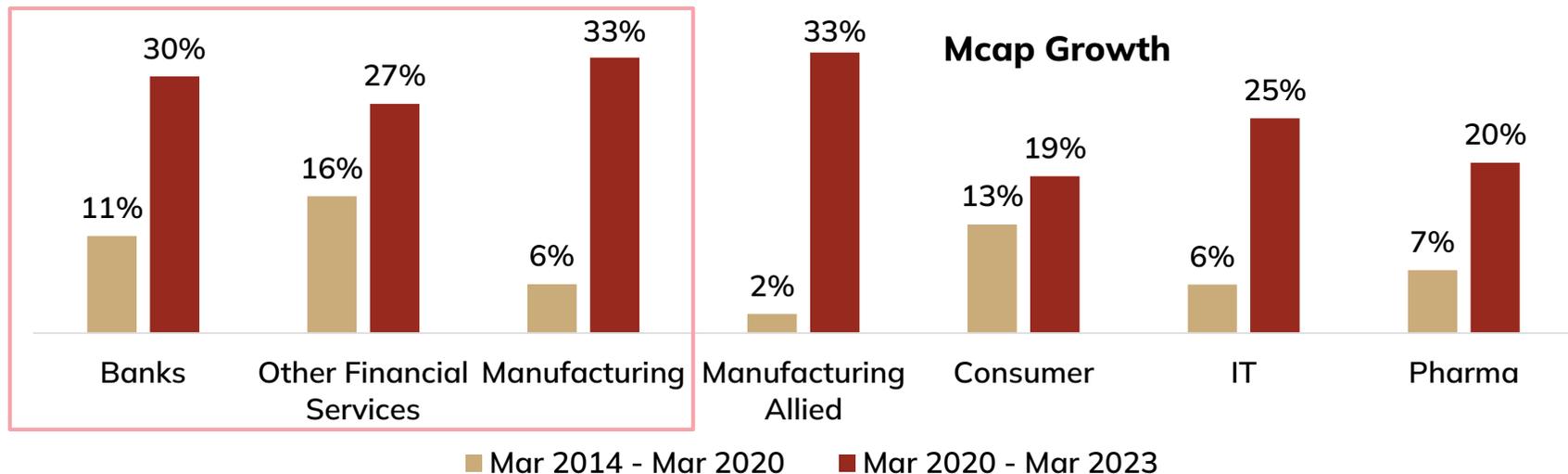
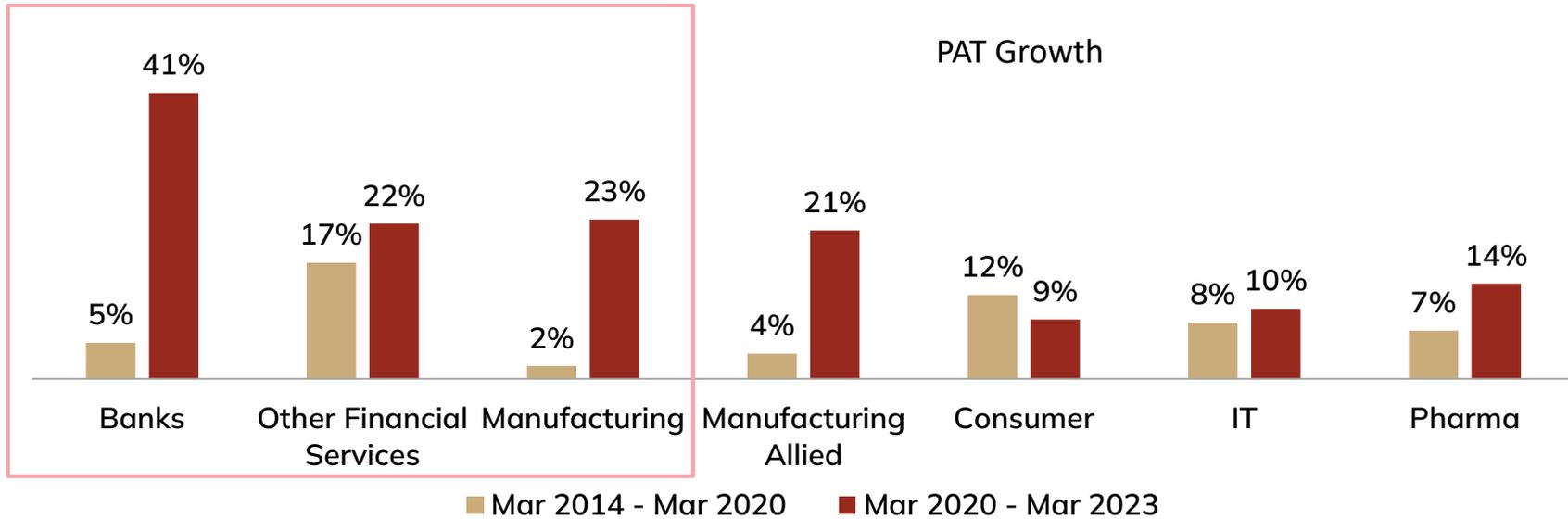
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# Top Down: Manufacturing & Manufacturing Allied



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). The above factors are only indicative and the Portfolio Manager may have different approaches for making investment in respective strategies.

# B2B: Emerging as Faster Growth Companies



As the economy opened up, the reforms implemented by the government over the past decade acted as a catalyst and the low interest rates and improved demand environment played a role in B2B companies growth.

## A Multifaceted ~20 Member Research Team\*



\*Research team which includes Equity Research analysts across the business activities engaged by the AMC. IPAMC: ICICI Prudential Asset Management Company Ltd. Note: Investment team shall be supported by the dealing team and common research team

# Fund Management Strength



**ANAND SHAH**  
Head – PMS & AIF Investment

## Portfolio Managers



**Chockalingam Narayanan**  
Sr. Fund Manager  
PMS & AIF



**Geetika Gupta**  
Fund Manager  
PMS & AIF

## Investment Support



**Sandip Santdasani**  
AVP - Investments



**Manan Shah**  
Senior Investment Analyst

## Dealing Team



**Dhaval Desai**  
AVP - Dealing



**Priti Agarwal**  
Dealing – PMS & AIF



**Vineet Sawant**  
Dealing – PMS & AIF

**Equity Research Analysts\*\***

\*\*We have an integrated common research team which includes Equity Research analysts across the business activities engaged by ICICI Prudential Asset Management Company Ltd. Note: Investment team shall be supported by the dealing team and research team

— PRESENTING —

**ICICI Prudential PMS**

**PIPE  
STRATEGY**

# ICICI Prudential PMS PIPE Strategy

**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.

**Strategy :** Equity

**Basis for selection of securities as a part of investment approach:** The Portfolio Manager under the Strategy predominantly invests in mid and small capitalisation companies which may be undergoing special situations or are in the midst of unfavourable business cycle.



The investment strategy, approach and the structure of the strategy 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 Portfolio Management Services Agreement. Please refer to the disclosure document & Portfolio Management Services Agreement for details and risk factors. The details of investment approach/strategy mentioned here are brief subset of details mentioned in the Disclosure Document(DD). Investors should refer the DD before investing.

The investment process mentioned above are indicative in nature. There may be other investment process for stock selection.

# The Proposition : Potential Sources of Alpha

1) Investing in growth stories which seem sustainable

Potential of price appreciation backed by Earnings Per Share growth.

2) Investing in companies with possibilities of demand explosion and margin expansions.

Expansion of revenue and profit growth rates surpasses historical averages leading to PE re-rating.  
Improves visibility and valuations leading to PE re-rating.

3) Buying businesses undergoing special situations, cyclicity and mispriced by market, now available at huge discount.

Aiming to provide margin of safety.

The aforesaid factors are only indicative and the investee companies of the Portfolio may or may not meet the aforesaid criteria. The Portfolio Manager's reserves the right to invest in accordance with the Portfolio Management Services Agreement and the Disclosure Document. PE – Price to Earnings

# About the Strategy



The Portfolio Manager under the PIPE Strategy predominantly invests in mid and small capitalisation companies which may be undergoing special situations or are in the midst of unfavourable business cycle.

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The Strategy shall follow top down approach in sector selection and bottom up process for stock selection.

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The Strategy may look to invest in companies which are fundamentally strong, and which may be considered to be one of the market leaders in their industries.

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The aforesaid points are only indicative. There may be other factors that may be relevant for identification of investment opportunity.

# Current Portfolio Positioning

# Portfolio Statistics – August 31, 2023



**Aim to focus on businesses which can grow earnings with an eye on improving ROE and reasonable valuations**

Strategy / Index	PAT Growth		ROE		P/E
	YOY PAT Growth <sup>1</sup> (Abs)	3 Year PAT Growth <sup>2</sup> (CAGR)	FY20	FY22	August 31, 2023
ICICI Prudential PMS PIPE Strategy	46.26%	61.04%	13.09	18.45	15.72

<sup>1</sup>TTM PAT of companies declared results up to June 2023 vs corresponding TTM period one year ago

<sup>2</sup>TTM PAT of companies declared results up to June 2023 vs corresponding TTM period three years ago

Source: Company Financials - Edelweiss Brokerage. The data above is for the underlying portfolio companies.

PAT – Profit After Tax| TTM – Trailing Twelve Months Return | ROE – Return on Equity | P/E – Price to Earnings | CAGR- Compounded annual Growth Rate | Abs – Absolute

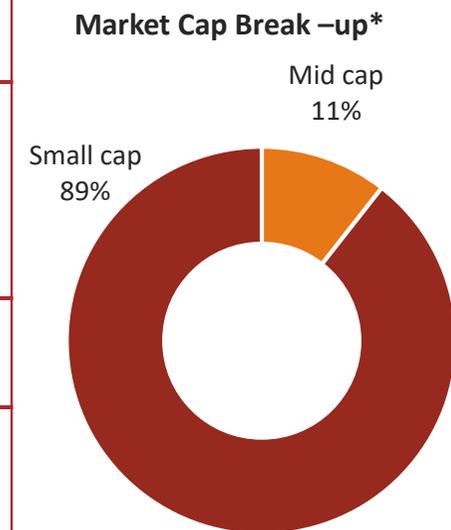
The portfolio data and the statistical analysis mentioned above is of the oldest Client of the Strategy. The actual portfolio composition in the portfolio shall vary from Client to Client. The sector(s)/stock(s) mentioned above do not constitute any investment recommendation of the same and the Strategy may or may not have any future position in these sector(s)/stocks(s).Past performance may or may not be sustained in future.

# ICICI Prudential PMS PIPE Strategy

August 31, 2023

Top 15 Holdings	% Assets
Sarda Energy and Minerals Ltd	7.97
Godawari Power and Ispat Ltd	6.93
Equitas Small Finance Bank Limited	6.51
Indian Bank	4.92
Repcos Home Finance Ltd	4.76
VRL Logistic Ltd	4.67
Vardhman Textiles Ltd	4.56
The Great Eastern Shipping Company Ltd	4.04
Karur Vysya Bank Ltd	3.83
Rolex Rings Limited	3.47
Ingersoll Rand India Ltd	3.40
Chalet Hotels Limited	3.32
Jindal Stainless Ltd	3.10
Automotive Axles Ltd	2.95
Jamna Auto Industries Limited	2.88

	Sector	% Assets	Total
<b>Manufacturing</b>	Ferrous Metals	18.00	<b>40.51</b>
	Auto Components	13.49	
	Textiles & Apparels	6.85	
	Chemicals & Petrochemicals	2.17	
<b>Manufacturing Allied</b>	Transport Services	10.72	<b>22.11</b>
	Industrial Products	6.32	
	Electrical Equipment	3.74	
	Industrial Manufacturing	1.33	
<b>Finance</b>	Banks	15.26	<b>20.02</b>
	Finance	4.76	
<b>Consumer</b>	Leisure Services	5.91	<b>10.65</b>
	Realty	2.82	
	Entertainment	1.92	
<b>Services</b>	Commercial Services & Supplies	2.67	<b>2.67</b>
<b>IT</b>	IT - Services	2.55	<b>2.55</b>



The portfolio data and the statistical analysis mentioned above is of the oldest client of the Strategy. The portfolio of individual clients may vary significantly. The sector(s)/stock(s) mentioned above do not constitute any recommendation of the same and the Strategy may or may not have any future position in these sector(s)/stocks(s). The above data is confidential and solely for information purpose only. | \*Figures have been rounded off

# Strategy Performance as on August 31, 2023



Performance as on August 31, 2023							
	1 Month	3 Months	6 Months	1 Year	2 Years CAGR	3 Years CAGR	Since Inception
<b>PIPE Strategy</b>	<b>5.42%</b>	<b>24.35%</b>	<b>40.34%</b>	<b>41.38%</b>	<b>29.95%</b>	<b>41.72%</b>	<b>31.95%</b>
S&P BSE 500 TRI	-0.61%	7.73%	17.34%	11.34%	9.15%	23.33%	19.25%

Calendar Year Performance as on August 31, 2023				
	YTD	2022	2021	2020
<b>PIPE Strategy</b>	<b>36.20%</b>	<b>20.33%</b>	<b>48.90%</b>	<b>20.57%</b>
S&P BSE 500 TRI	10.31%	4.77%	31.63%	18.41%

For performance relative to other Portfolio Managers within the Strategy by Association of Portfolio Managers in India (APMI) visit: [APMI \(apmiindia.org\)](http://apmi.apmiindia.org). Performance data provided herein is not verified by SEBI.

**PIPE Strategy – ICICI Prudential PMS PIPE Strategy**

**Inception Date ; 05-Sep-19**

Index Data Source: [www.bseindia.com](http://www.bseindia.com) | Strategy performance mentioned above is the aggregate performance of all Clients in the Strategy using the Time Weighted Rate of Return (TWRR) methodology and the performance of an individual Client may vary significantly from the above. Returns for one year or less are on absolute basis, while returns more than one year are on annualized basis. All the returns calculated above are after deduction of the applicable expenses. Please note that performance of your portfolio may vary from that of other clients and that generated by the Investment Approach across all clients because of 1) the timing of inflows and outflows of funds; and 2) differences in the portfolio composition because of restrictions and other constraints. Past performance may or may not be sustained in future and is no guarantee of future results. clients may note that the entity level performance of the Portfolio Manager is disclosed in the Disclosure Document and the same is available on the website of Portfolio Manager - [www.icicirupms.com](http://www.icicirupms.com).

# Key Highlights of The Strategy – PIPE Strategy



**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.

**Strategy:** Equity

**Types of securities:** Listed equity and equity related securities including exchange traded derivative instruments - 80% to 100%. Debt instruments through money market / liquid / liquid ETFs / short term mutual fund schemes - 0% to 20%. The Portfolio Manager may rebalance the Portfolio with no prior intimation/indication to the investors when the composition/asset allocation pattern under the PIPE Strategy undergo changes within the permitted band as indicated above or for changes due to defensive positioning of the portfolio with a view to protect the interest of the investors on a temporary basis.

**Basis for Selection of securities:** The Portfolio Manager under the PIPE Strategy predominantly invests in mid and small capitalisation companies which may be undergoing special situations or are in the midst of unfavourable business cycle.

**Investment Horizon:** 5 years and above | **Inception Date:** September 05, 2019 | **Benchmark:** S&P BSE 500 TRI | **Minimum Investment:** Rs 50 Lacs

The investment strategy, approach and the structure of the strategy 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 without any prior notice to investors. Please refer to the disclosure document & client agreement for details and risk factors. Investment Objective in line with Disclosure Document (DD). Basis of selection of securities, Risks associated with Strategy specific investment approach mentioned here are brief subset of details mentioned in the DD. Investors should refer the DD before investing

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# Strategy Specific Risks

## **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 : <https://www.iciciprupms.com/downloads/disclosure-document>

# Risk Factors & Disclaimers



Investment in securities involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. The value of the portfolio may be affected by changes in the general market conditions, factors and forces affecting capital market. There can be no assurance that the objective of the Portfolio would be achieved. Investors are advised to refer to the Disclosure Document, Portfolio Management Services Agreement and other related documents carefully and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing/redeeming under this Portfolio, before making a decision. Please note that performance of one investor in the portfolio may vary significantly from that of other investors and that generated by the Investment Approach across all investors because of 1) the timing of inflows and outflows of funds; and 2) differences in the portfolio composition because of restrictions and other constraints.

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, including specific risk factors, before investing.

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 in accordance with the regulatory provisions.

No claims may be made or entertained for any variances between the performance depictions and individual portfolio performance or for any losses (notional or real) or against any loss of opportunity for gain under various PMS Strategies. The Portfolio Manager (including its affiliates) and any of its employee/officers', directors shall not liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner. The recipient(s) alone shall be fully responsible/are liable for any decision taken on the basis of this material. The investments discussed in this may not be suitable for all investors.

Please note that past performance of the financial strategies, 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. The investors are not being offered any guaranteed or assured returns.

In the preparation of this material, the Portfolio Manager has used information that is publicly available, including information developed in-house. Some of the material used herein may have been obtained from members/persons other than the Portfolio Manager and/or its affiliates and which may have been made available to the Portfolio Manager and/ or to its affiliates. Information gathered and material used herein is believed to be from reliable sources. The Portfolio Manager however does not warrant the accuracy, reasonableness and/or completeness of any information. For data reference to any third party in this material no such party will assume any liability for the same. The Portfolio Manager has included statements/opinions/recommendations in this material, 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, the money and interest policies of India, inflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

All data/ information used in the preparation of this material is dated as mentioned in the portfolio data and may or may not be relevant any time after the issuance of this material. The Portfolio Manager takes no responsibility of updating any data/information in this material from time to time.

ICICI Prudential Asset Management Company Limited is registered with SEBI as a Portfolio Manager vide registration number **INP000000373**.



**Thank You**