

NFO Period:
June 18,
2012
to
July 02,
2012



Introducing
ICICI Prudential

US BLUECHIP

EQUITY FUND

An Open Ended Equity Scheme

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- 1 Why investing in US is a big opportunity?
- 2 Why invest now in US?
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Why investing in US is a big opportunity?

I. Access to established Industries and Global Leaders that may not be available in India

Industries:

- Defense / Aerospace
- Semiconductor
- Toys
- Internet and Ecommerce Services



Global Leaders: Some of the world's biggest public companies are from USA

- The biggest computer services company
- The biggest pharmaceutical company
- The biggest restaurant company
- The biggest computer hardware company
- The biggest beverage company



Source: Forbes 2012, Global 2000, world's biggest public companies

Listed companies in the US represent 62 different industries. Most of these industries are not available or poorly represented in the listed space in India.

II. US offers Diversification Benefits

Table 1 shows very low correlation between Indian and US markets, signifying potential diversification benefits to Indian investors

Table 1

Correlation between Nifty and S&P 500 (Daily returns)				
	1 Year	3 Year	5 Year	10 Year
Correlation	0.28	0.27	0.30	0.23

Source: Credit Suisse. Correlation is a statistical measure of how two securities/indices move in relation to each other. Data as on May 31, 2012

Table 2 shows the performance generated by the US equity market as compared to the Indian equity market in years of high volatility

Table 2

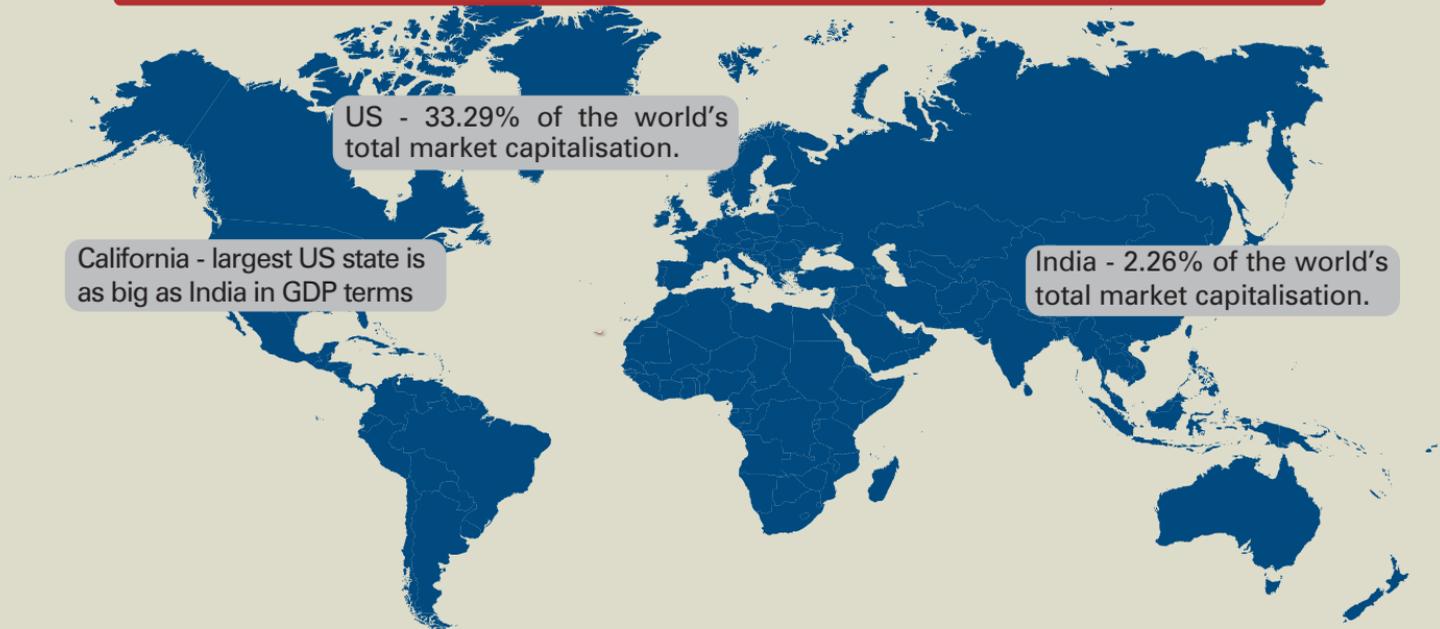
Performance of S&P500 in years of high volatility in Nifty				
Year	Nifty	S&P 500 (in USD terms)	S&P 500* (in INR terms)	Relative Performance
2008	-49.88%	-38.49%	-23.83%	26.05%
2011	-23.88%	-0.00%	18.70%	42.58%

Only the years where Nifty has been most volatile in past 10 years are considered. In other years Nifty might have outperformed S&P 500. * The currency conversion as per the rate on the 1st day of 2008 & 2011 respectively and as per the last date of 2008 & 2011 respectively. Source: Bloomberg.

Past performance may or may not be sustained in future.

III. Size, Scale and Depth

USA has highest share of world's GDP & the world's largest Equity Market



With such size, scale and depth, the movement of US market to a great extent influences global markets.

IV. US – A country of Global Brands

US brands are a part of your daily life



VI. Concluding points

- Why invest in the US?

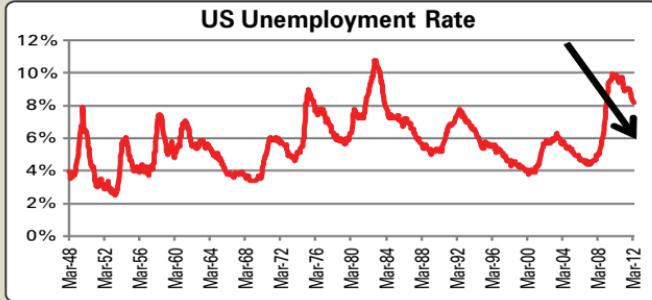


- US – critical component of any broadly diversified asset allocation given the **depth and breadth of the market**
- With a current market capitalization of over \$15 trillion, the US market makes up almost **half of the MSCI World index**
- Home to **16 of the 20 largest companies in the world** ^
- Offers **more investible companies** than any other single country market
- Offers **diversification across industries**
- US companies are **innovative and entrepreneurial**
- We believe that today, there are **fewer challenges** in the US than in other parts of the world, and **solutions to key macroeconomic issues** are closer on the horizon.

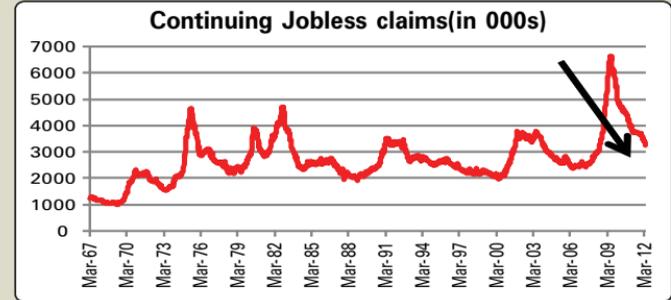
Source: Bloomberg, Data as on 03/06/12 ^ Forming part of the MSCI World Index as on 31/05/2012

Why invest now in US?

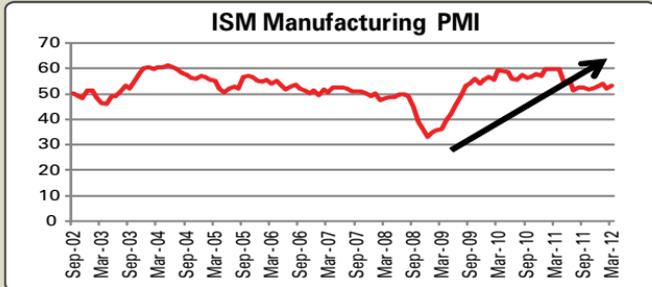
I. Lead Economic Indicators positive



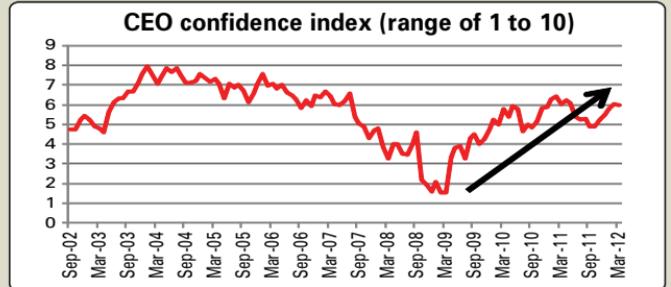
Unemployment rate fast falling from post crisis high



Jobless claims already reaching pre-crisis levels

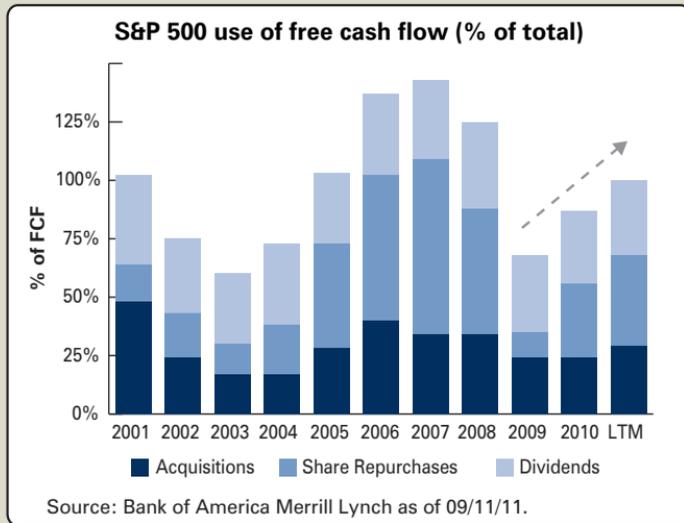


A PMI (Purchasing Managers Index) reading of greater than 50 is indication of healthy growth in manufacturing business confidence

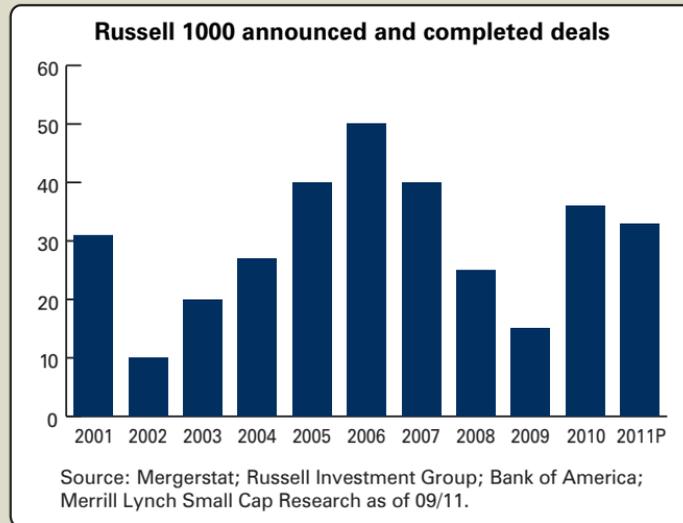


Confidence levels in the country is expected to soon reach pre-crisis levels

II (a). Corporate America is Healthy



Companies are redeploying cash, signaling confidence in the economy



Merger & acquisition activity is healthy

II (b). Corporate America is Healthy

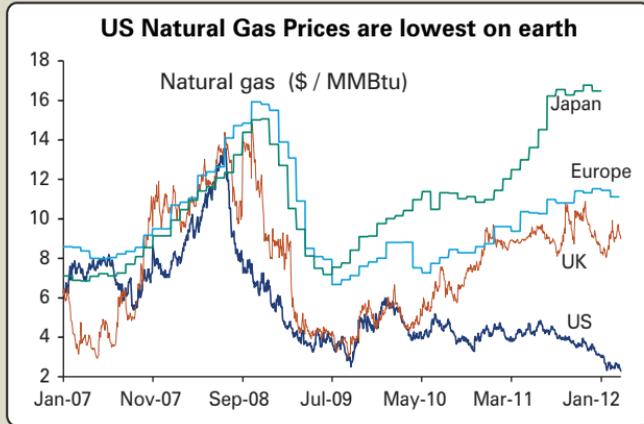


- Issues impacting US equities today are different from ones that defined 2008
- Companies are better prepared to adapt to a challenging macro environment
- Corporate balance sheets are stronger than they have been in many years with over \$1.46 trillion of cash and companies have started to redeploy it
- Mergers and acquisition activity has picked up
- Management teams have prepared for the worst despite not having seen any deterioration yet
- High possibility of US companies continuing to grow from high consumption markets like India

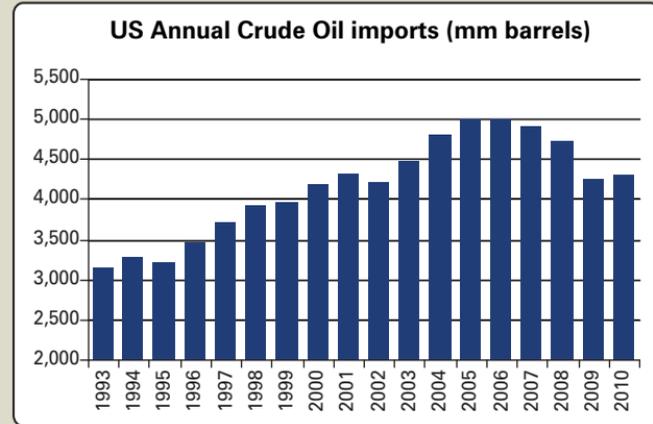
Source: Credit Suisse. \$1.46 trillion is cumulative of cash on balance sheet of S&P 500 constituents as on June 04, 2012

III. Triggers for structural growth in US

(a) The Next Middle East



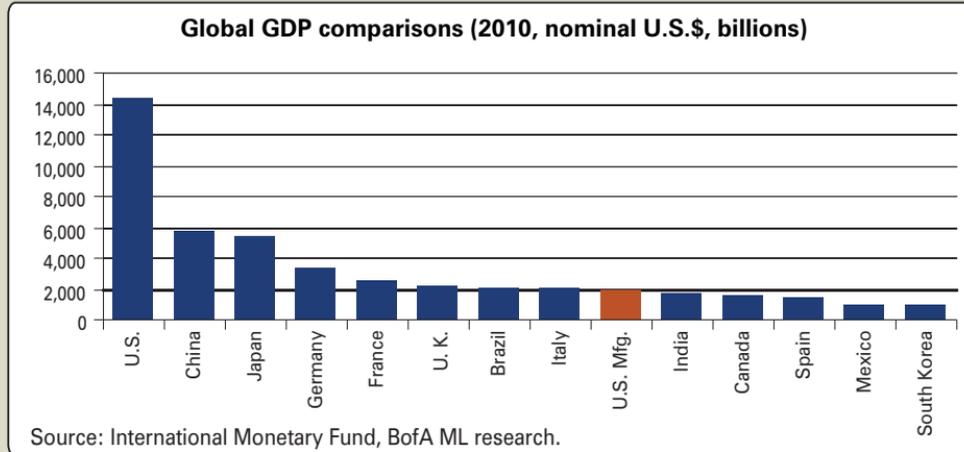
Source: BofA Merrill Lynch Global Research, Bloomberg



Source: EIA, BofA Merrill Lynch Global Research

- High global energy prices provide a powerful incentive to the US to develop domestic energy resources
- Onshore oil and gas output in North America is growing fast and natural gas as a fuel now represents over one-third of the source for US manufacturers
- As a result, US dependence on crude oil imports has reduced and has seen a decline

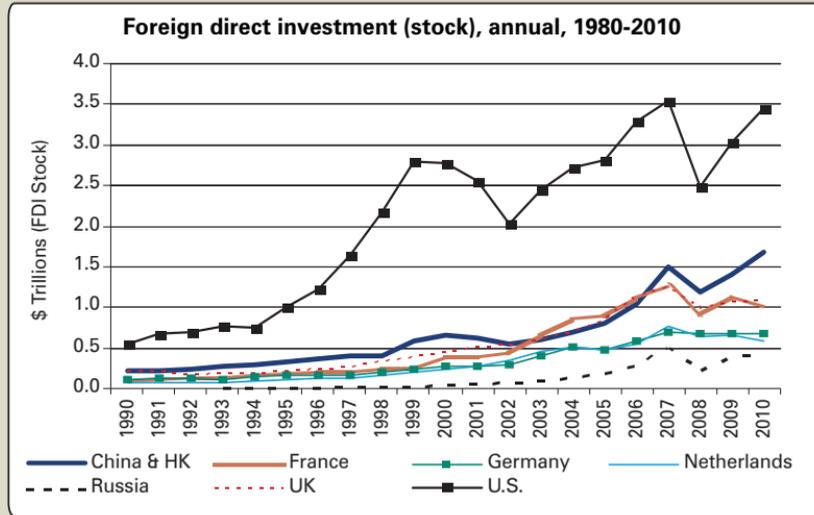
III. Triggers for structural growth in US (b) A Manufacturing Powerhouse



- By itself, the U.S. manufacturing economy would be one of the largest economies in the world – ranking #9 if it were a country
- From being the 5th highest in terms of hourly manufacturing compensation costs in 2000, the US is already 14th in 2010 and the 2008 crisis has helped realign labor costs

III. Triggers for structural growth in US

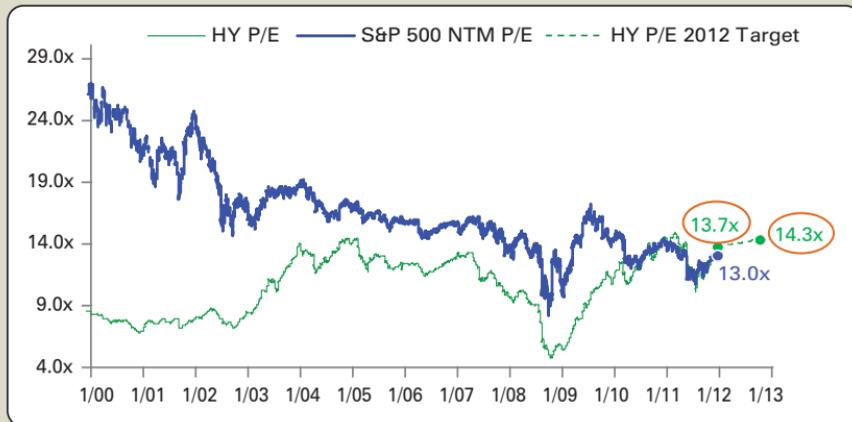
(c) FDI destination



- The US carries the largest stock of Foreign Direct Investment in the world
- Nearly 10% of manufacturing workers in the U.S. are employed by a foreign owned firm

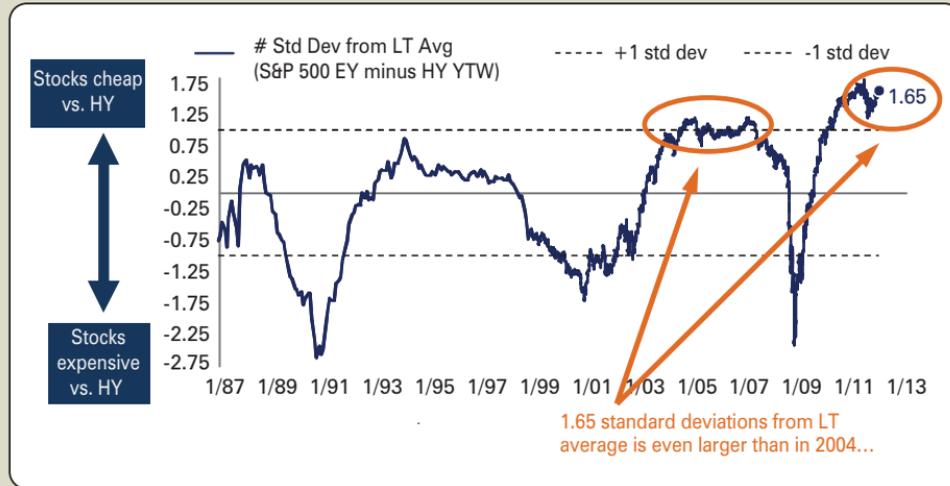
Source: UNCTAD, BofAML research.

IV. US market is trading at a discount



- Macro headwinds have given potential opportunity to purchase companies with strong fundamentals at attractive valuations
- Forward price-to-earnings (PE) ratio valuations are compelling at 13.0x compared to 13.7x for US High Yield (HY) debt
- At 13.7x and 2013E EPS of \$110 the S&P 500 could potentially be valued at 1507

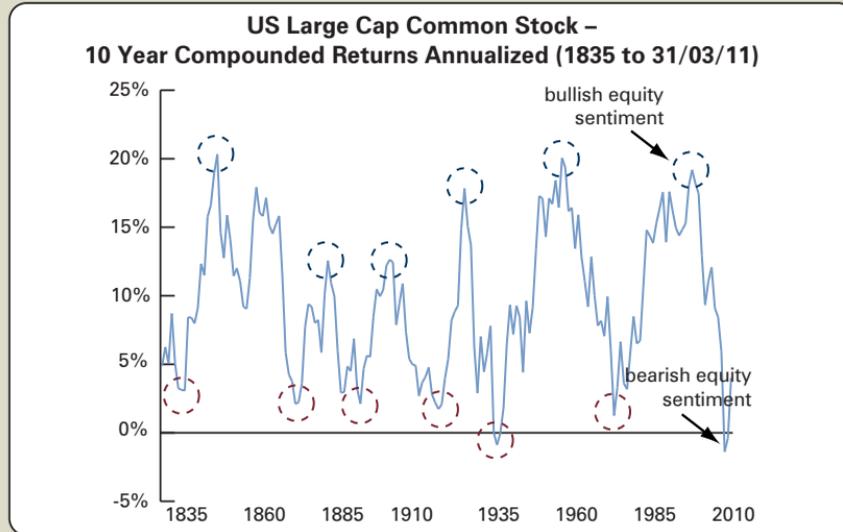
V. Valuations are more attractive than in 2004



- How unusual is the discount of equities to high-yield (HY) debt?
- The standard deviation of difference between S&P 500 and High Yield from long-term historical relationships shows the Equity Yield vs. High Yield is 1.65 standard deviation above the long term average

Source: J.P. Morgan, FactSet, and Dataquery

VI. A compelling long term investment opportunity



- The above chart shows that investors may have done well if they reduced their equity allocation after 10 years of strong performance and increased their equity allocation after 10 years of weak performance
- However, investors tend to do just the opposite

Source: Empirical Research and FactSet

VII. Resilience of US markets rewards long-term investors



A look at historical events in the US equity market (S&P 500) between 1980 - 2010 and the corresponding compounded return generated shows that:

- During this period, US equities were impacted by the real estate market collapse, the technology bubble, 9/11 attack and financial crisis
- Yet the market (S&P 500) generated a return of 14% CAGR (in INR terms) over this 30-year timeframe
- This shows that the US continues to be an attractive investment over the long term, though it is not immune to macro level issues

Past performance may or may not be sustained in future.

Presenting

ICICI Prudential

US Bluechip Equity Fund

An Open Ended Equity Scheme

I. About the Scheme



- An open ended equity scheme
- The scheme will primarily invest in equity and equity related securities of Bluechip companies listed on the stock exchanges of the United States of America
 - New York Stock Exchange
 - NASDAQ
- Benchmarked against S&P 500
- Partnership with Morningstar Equity Research Services (one of the largest equity research groups in the world) for research services on US stock selection

II. Stock Selection Process

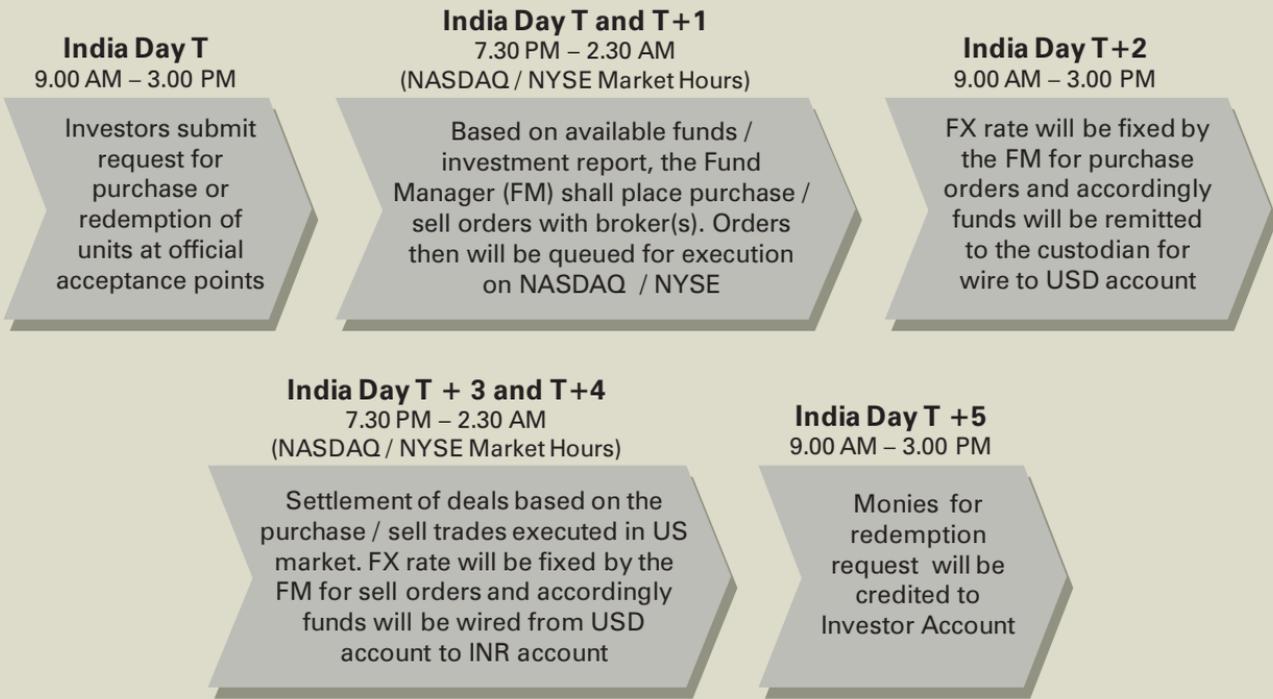


III. Use Rupees to buy shares in US companies



- The United States remains a core component of investment portfolios for global investors. Why not for Indians as well?
- The fund provides access to the world's largest and most prominent market
- Through ICICI Prudential US Bluechip Equity Fund buying US bluechip companies is now as easy as investing in Indian mutual fund
- Invest in **ICICI Prudential US Bluechip Equity Fund** for a high conviction US Bluechip portfolio

V. The Investment Process Flow



VI. Scheme Features

Options	Regular option with Growth & Dividend sub-option with Dividend payout and Dividend reinvestment facility	
Minimum Application Amount	₹ 5,000 (plus in multiples of ₹ 1)	
Minimum Additional Application Amount	₹ 1,000 (plus in multiples of ₹ 1)	
Minimum Redemption Amount	₹ 500 (plus in multiples of ₹ 1)	
Entry Load	Not Applicable	
Exit Load	For redemption/switch-out of units within 3 months (including the last day of the third month) from the date of allotment	3% of the applicable NAV
	For redemption/switch-out of units after 3 months but before 1 year (including the last day of a year) from the date of allotment	1% of the applicable NAV
	For redemption/switch-out of units after 1 year from the date of allotment	Nil
Benchmark Index	S&P 500	

Risk Disclosures and Disclaimers



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The above referred companies/sectors are illustrative and are neither a recommendation nor a guarantee of a future investment by ICICI Prudential Mutual Fund in them.

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