

KEEPING EMOTIONS  
IN CHECK HELPS  
**BRING DISCIPLINE  
IN INVESTING.**



Invest in

ICICI Prudential

# Passive Strategy Fund (FOF)

 **ICICI**  
**PRUDENTIAL**   
**MUTUAL FUND**

**TARAKKI KAREIN!**

Investors may please note that they will be bearing the recurring expenses of this Scheme in addition to the expenses of the underlying schemes in which the scheme makes investment.



## About ICICI Prudential Passive Strategy Fund (FOF)



An open ended fund of funds scheme investing predominantly in Units of Domestic Equity Exchange Traded Funds.

An open ended Fund of Funds (FOF) that shall invest 95% of its net assets in Units of Domestic Equity Exchange Traded Funds (ETFs).

The FOF shall invest in various Market Cap, Sector / Theme, Smart Beta strategies based ETFs or any other equity ETFs launched in future. The FOF shall not invest in any other schemes except Equity ETFs.

Being a FOF scheme investing in Domestic Equity ETFs, these ETFs broadly invest across sectors/themes/smart beta strategies.

Such investments shall be in line with the investment strategy of the scheme. As per February 2022 portfolio, the FOF has invested in Sector / Theme / Smart Beta based ETFs.

There would not be any exposure towards Index Funds or other Fund of Funds schemes.



## POPULAR SECTORS IN THEMATIC INVESTING



Public Sector  
Undertakings



Banking &  
Housing Finance



Information  
Technology



Healthcare  
& Pharma



Auto



FMCG



Infrastructure

**A Theme is a Combination of Allied Sectors/Stocks, which are interwoven around a Common Idea or Opportunity**



### Correlation between Themes & Macros

Understanding Correlation of Sectoral / theme Performance & Macros become challenging due to Time Constraint & Limited Resources



# Complex Relation between Sectoral performance and Macro Environment



## Winner keeps changing : Sectoral Performance (Calendar Year Returns)

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
FMCG 51%	IT 60%	PB 70%	NALV30 11%	S&P BSE 17%	Midcap 150 56%	IT 26%	Bank 19%	HC 62%	IT 55%	S&P BSE 6%
PB 42%	HC 27%	Bank 66%	NLV 10%	Auto 9%	CN 47%	FMCG 15%	PB 17%	IT 57%	Midcap 150 48%	Auto 4%
Auto 40%	NV20 14%	Midcap 150 63%	HC 10%	Bank 8%	PB 42%	NV20 10%	IT 10%	NV20 28%	S&P BSE 40%	Bank 2%
CN 32%	NALV30 13%	Auto 52%	Midcap 150 10%	PB 8%	Bank 41%	PB 9%	NV20 9%	NALV30 26%	NV20 37%	PB 2%
Bank 32%	FMCG 13%	S&P BSE 49%	CN 9%	Midcap 150 7%	NALV30 34%	NLV 7%	NLV 5%	Midcap 150 26%	NALV30 26%	CN -4%
Midcap 150 30%	CN 11%	HC 44%	IT 5%	NALV30 6%	Auto 32%	Bank 7%	NALV30 4%	NLV 24%	NLV 24%	NV20 -5%
HC 26%	Auto 7%	NALV30 37%	FMCG 1%	FMCG 5%	NV20 32%	NALV30 3%	Midcap 150 1%	CN 21%	CN 21%	FMCG -5%
NALV30 26%	NLV 7%	NLV 37%	Auto -1%	NV20 4%	FMCG 31%	CN -1%	CN 5%	FMCG 15%	Auto 18%	NALV30 -5%
NLV 24%	Midcap 150 -1%	NV20 35%	PB -2%	NLV 3%	NLV 30%	S&P BSE -5%	FMCG 0%	Auto 13%	Bank 14%	NLV -5%
NV20 20%	PB -2%	CN 32%	NV20 -6%	CN -1%	S&P BSE 23%	HC -7%	S&P BSE -4%	Bank -3%	FMCG 12%	Midcap 150 -8%
S&P BSE 16%	S&P BSE -4%	FMCG 20%	S&P BSE -8%	IT -8%	IT 11%	Midcap 150 -13%	HC -9%	PB -3%	HC 11%	HC -9%
IT -1%	Bank -8%	IT 17%	Bank -9%	HC -14%	HC -6%	Auto -22%	Auto -11%	S&P BSE -8%	PB 5%	IT -12%

Data as on end of each calendar year Latest data as of February 28, 2022. Source : MFI Explorer. HC – Healthcare, IT – Information Technology, PB – Private Bank, CN – Consumption, Bank – Banking Index, FMCG – Fast Moving Consumer Goods, NALV – Alpha LowVol 30, NLV – LowVol 30. Past performance may or may not sustain in future. The stocks/sectors mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in these stocks/sectors. \*Upto February 28, 2022.



## Controlling Emotions

Most of the investors find it difficult to control emotions (Greed & Fear) during Market Extremes



## The Market is a very Emotional Place that Appeals to Fear and Greed

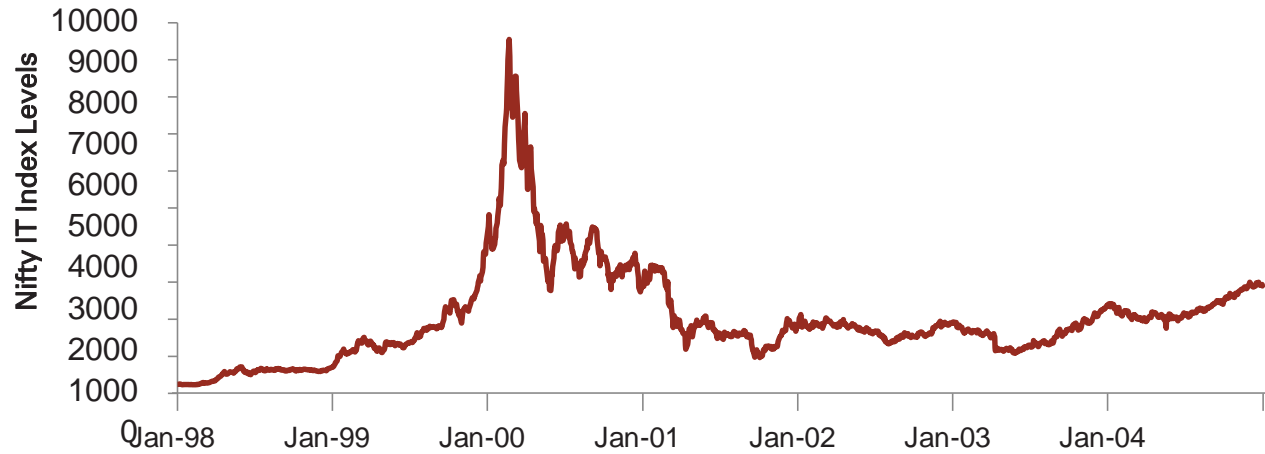




# 1999-00 Dotcom Bubble: Market frenzy to buy Tech Stocks resulted in Negative Returns



Nifty IT Index



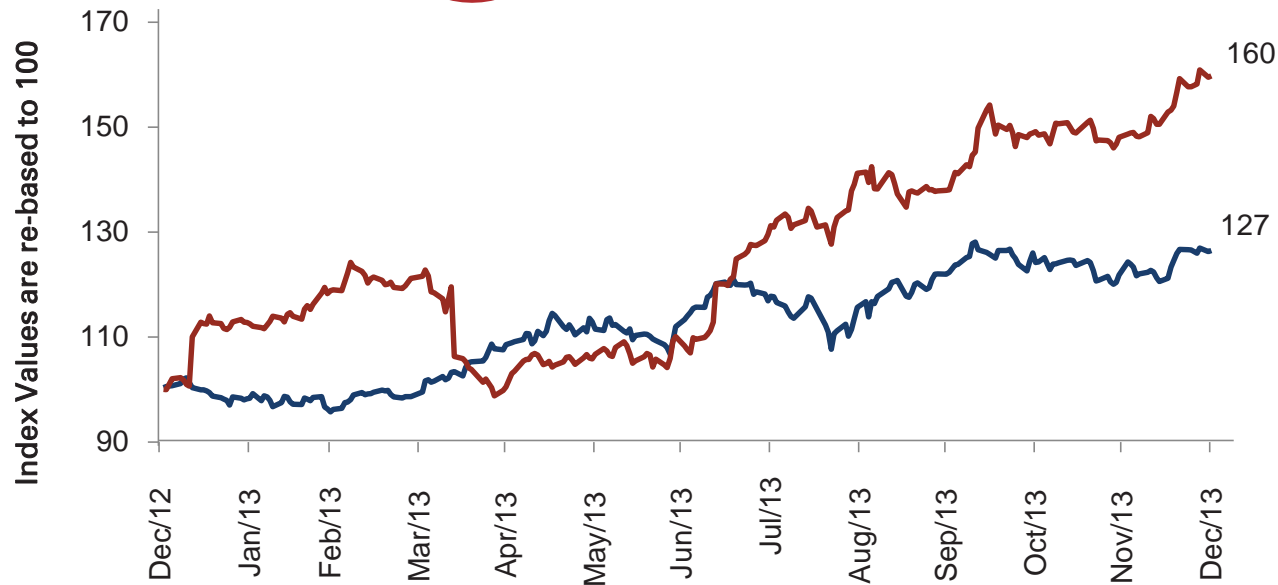
Period	Nifty IT Index (CAGR)
1st Mar 2000 to 1st Mar 2001	-64.9%

- Valuation of IT companies based on site visit
- IT Sector gave returns of over ~740 % between Feb 99- Feb 00
- But corrected massively once the dot-com bubble busted





# Most of the Investors missed the “Export Oriented Theme” during 2013 Taper Tantrums



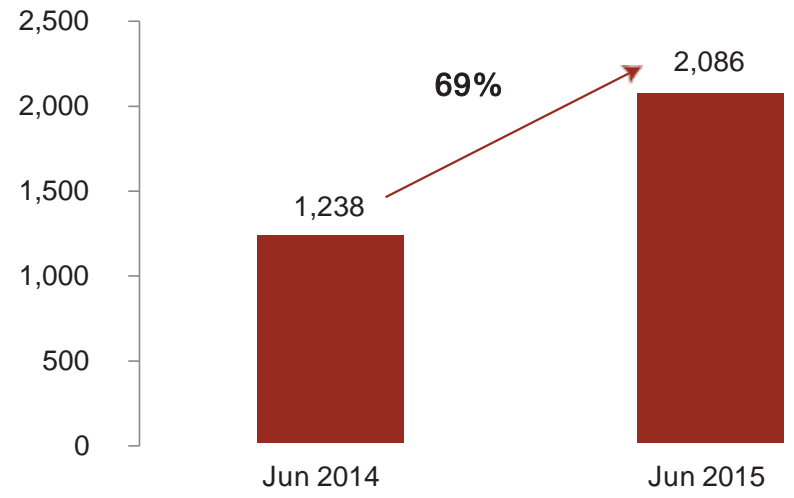
- Weaker macro environment: High fiscal deficit, High Inflation, High Current Account Deficit Expensive Currency
- High corporate leverage, neutral household leverage
- Conducive environment for export oriented sectors to perform



# Hopes of better returns disappointed “Pharma investors” in 2015-2018



Total Category AUM (In Rs. Crs)



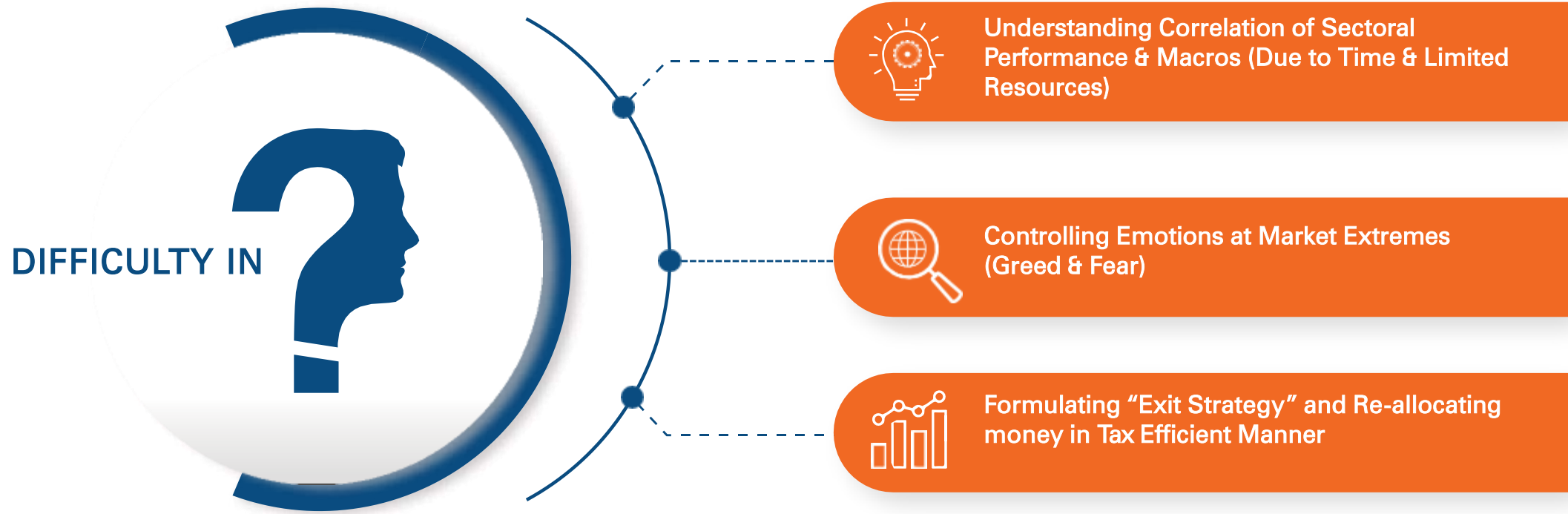
Period	Nifty Pharma Index (CAGR)
1st June 2015 to 1st June 2018	-12.07%

- June 2014 to June 2015: Pharma category\* AUM grew 69% in absolute terms
- Post June 2015, the next 3 years returns from Nifty Pharma Index were -12.07% CAGR

Source: MFI Explorer; Past performance may or may not be sustained in future. The performance of the scheme is benchmarked to the Total Return variant of the Index.  
 \*Category refers to all schemes under Pharma Fund category; Category definition as per Value Research classification



## 3 Challenges most of the investors face while taking call on themes





A **SMART** (Sector/Theme **M**oving **A**llocation at **R**ight **T**ime)  
way of Investing through-

# ICICI Prudential Passive Strategy Fund (FoF)

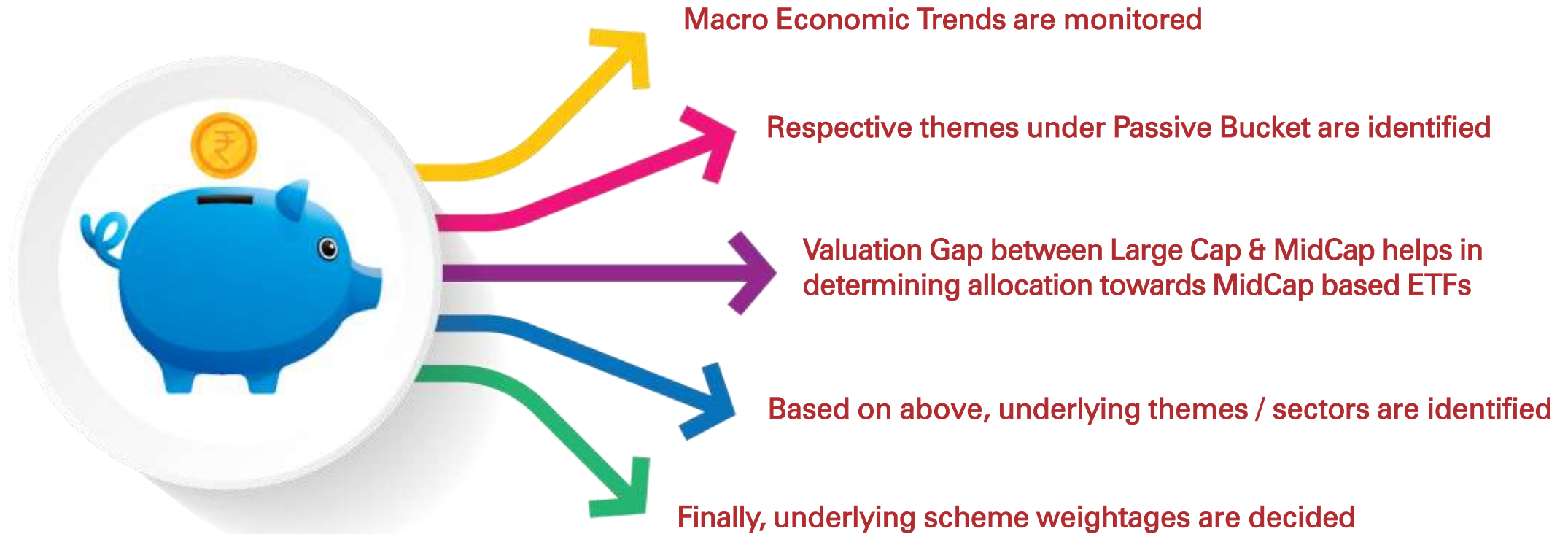




## Our Experience in delivering Macro Calls

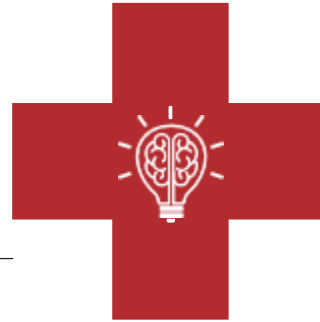


Year	Call	Rationale
2012-13	Invest in Global Funds	Inflation and Current Account Deficit at alarming levels
2013-14	Invest in Infrastructure, Banking, Small & Midcap Funds	Strong Govt. mandate, expectations of NPA resolution, expectation of fall in interest rates.
2017	Invest in Technology Fund	Expensive currency, global growth expected to be better than domestic growth
2018	Redeem from Small & Midcaps	Valuations in the Mid and Smallcap space stretched relative to Largecaps
2018	Invest in Gold	NBFC loan book expansion in weak income environment, low earnings growth & market volatility
2020	Aggressively invest in G-Sec	Slowdown growth and inflation. RBI interventions increase in the wake of COVID-19



The above parameters are not exhaustive and also may change depending on market conditions. Please refer to the SID for investment pattern, strategy and risk factors. The asset allocation and investment strategy will be as per Scheme Information Document. The portfolio of the scheme is subject to changes within the provisions of the Scheme Information document of the Scheme. Investments made by the scheme will be through Domestic Equity ETFs.

# SMA



# RT

**S** – Diversified **S**ectors / Themes

**M** – **M**oving Between diversified Sectors / themes

**A** – Tactical **A**llocation between Smart Beta ETFs and Midcap ETFs

**R**ight **T**ime

- ✓ Shifting between theme based ETFs
- ✓ The scheme will be defined under 'Equity Oriented Fund' for the purpose of taxation



## Passive Sector / Theme based ETFs





Smart beta investing combines the benefits of passive investing and the advantages of active investing strategies.





## Our Smart Beta ETFs Offerings



### ICICI Prudential Nifty Low Vol 30 ETF

ETF tracking Nifty 100 Low Volatility 30 Index which aims to **measure the performance** of the **low volatile securities** in the **large market capitalization** segment.

### ICICI Prudential Alpha Low Vol 30 ETF

ETF tracking Nifty Alpha Low-Volatility 30 Index which is designed to **reflect the performance** of a portfolio of **stocks** selected based on top **combination of Alpha and Low Volatility**.

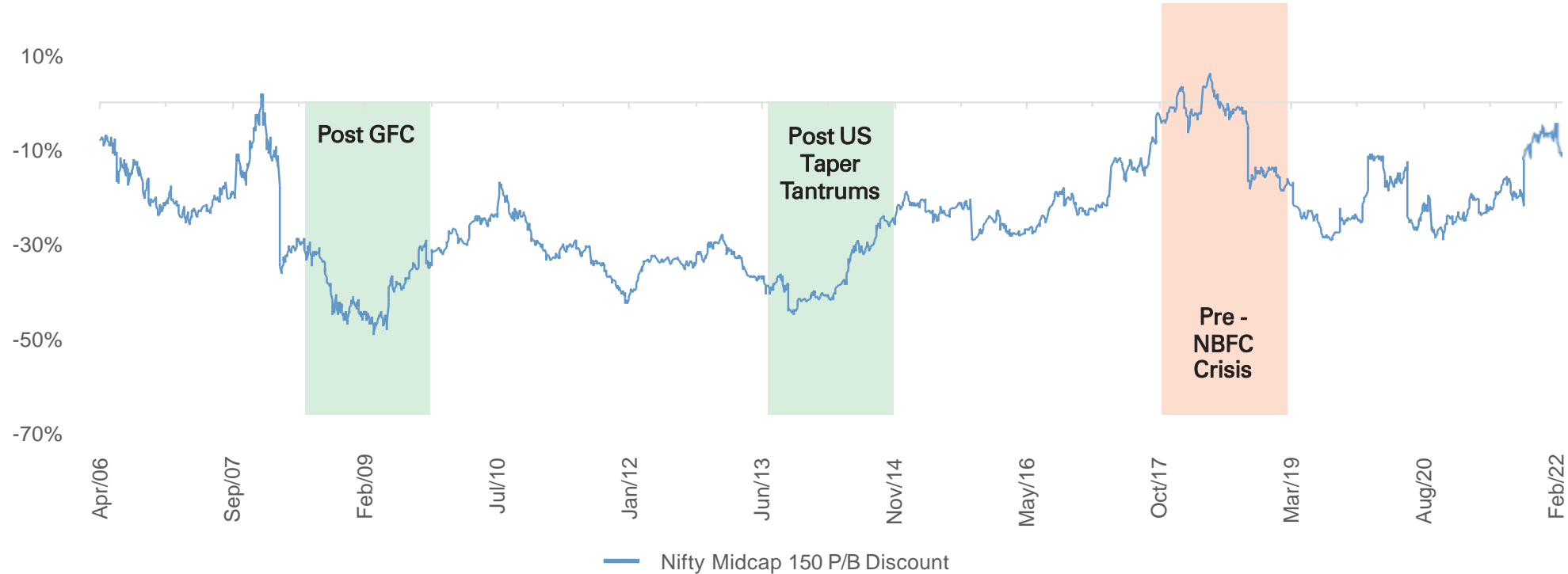
### ICICI Prudential NV20 ETF

ETF tracking Nifty50 Value 20 Index which is designed to reflect the **behavior and performance** of a diversified portfolio of **value companies** forming a part of **NIFTY 50 Index**.



Based on valuation gap between Largecap & Midcap, the FOF shall take timely calls in Midcap ETF

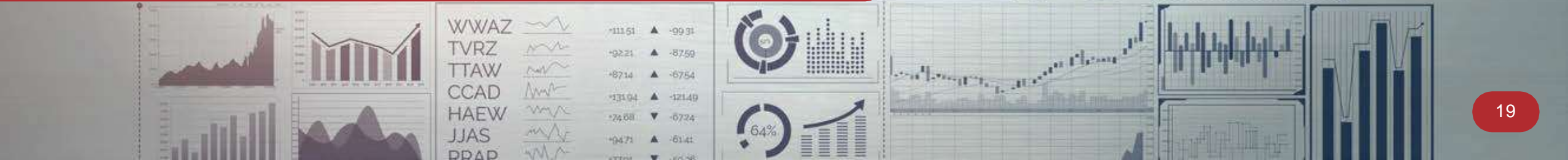
## Mid Premium/Discount over Largecaps



Source: NSE India. Data as of Feb 28, 2022. GFC- Global Financial Crisis, NBFC – Non Banking Financial Company. Nifty 100 Index is considered for Largecaps



# Current Portfolio Positioning





# ICICI Prudential Passive Strategy Fund (FoF) – Portfolio (As On February 28, 2022)



Scheme Name	Feb-22
ICICI Prudential Consumption ETF	15%
ICICI Prudential Nifty Auto ETF	15%
ICICI Prudential Bank ETF	10%
ICICI Prudential Healthcare ETF	20%
ICICI Prudential Private Banks ETF	15%
ICICI Prudential Nifty Low Vol 30 ETF	9%
BHARAT 22 ETF	5%
ICICI Prudential Alpha Low Vol 30 ETF.	5%
ICICI Prudential IT ETF	4%
<b>Short Term Debt and net current assets</b>	<b>2%</b>
<b>Total Net Assets</b>	<b>100%</b>

Source: MFI & Internal. Data as on February 28, 2022. The Stocks/Sectors/Schemes mentioned in this slide do not constitute any recommendation and ICICI Prudential Passive Strategy Fund (FOF) may or may not have any future position in these stocks/sectors/schemes. The portfolio of the scheme is subject to changes within the provisions of the Scheme Information document of the Scheme. All data points are for respective month end.



# ICICI Prudential Passive Strategy Fund (FoF) - Details




<b>Scheme Description</b>	An open ended fund of funds scheme investing predominantly in Units of Domestic Equity Exchange Traded Funds
<b>Fund Managers</b>	Mr. Sankaran Naren and Mr. Dharmesh Kakkad
<b>Minimum Application Amount</b>	Rs. 5,000 (and in multiples of Re. 1) Minimum application amount for switch ins – Rs. 5,000 and any amount thereafter
<b>Entry Load</b>	Not Applicable
<b>Exit Load</b>	If units purchased or switched in from another scheme of the Fund are redeemed or switched out upto 15 days from the date of allotment – 1% of the Applicable NAV  If units purchased or switched in from another scheme of the Fund are redeemed or switched out after 15 days from the date of allotment - Nil
<b>Benchmark</b>	Nifty 200 TRI

The Scheme will invest in underlying schemes as permitted in the Scheme Information Document from time to time.




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<p>ICICI Prudential Passive Strategy Fund (FoF) (An open ended fund of funds scheme investing predominantly in Sectoral / Thematic equity oriented schemes) is suitable for investors who are seeking*:</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High Risk</p>
<ul style="list-style-type: none"><li>• Long Term wealth creation</li><li>• An open ended fund of funds scheme investing predominantly in units of domestic Equity Exchange traded funds</li></ul>	
<p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	








<p><b>BHARAT 22 ETF (An open-ended Exchange Traded Fund investing in S&amp;P BSE Bharat 22 Index) is suitable for investors who are seeking:*</b></p> <ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An Exchange Traded Fund that aims to provide returns that closely correspond to the returns provided by S&amp;P BSE BHARAT 22 Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<p><b>ICICI Prudential Bank ETF (An open-ended Exchange Traded Fund tracking Nifty Bank Index) is suitable for investors who are seeking:*</b></p> <ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An exchange traded fund that aims to provide returns that closely correspond to the returns provided by Nifty Bank Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<p><b>ICICI Prudential Nifty Low Vol 30 ETF (An open ended exchange traded fund tracking Nifty 100 Low Volatility 30 Index) is suitable for investors who are seeking:*</b></p> <ul style="list-style-type: none"> <li>• Long term wealth creation solution</li> <li>• An Exchange Traded Fund that aims to provide returns that closely correspond to the returns provided by Nifty 100 Low Volatility 30 Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>

Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. Riskometers are as on February 28, 2022.

Please refer to <https://www.icicipruamc.com/news-and-updates/all-news> for more details.





<p><b>ICICI Prudential Private Banks ETF (An open-ended Exchange Traded Fund replicating / tracking NIFTY Private Bank Index) is suitable for investors who are seeking:*</b></p> <ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An exchange traded fund that aims to provide returns that closely correspond to the returns provided by NIFTY Private Bank Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<p><b>ICICI Prudential Midcap 150 ETF (An open-ended Index Exchange Traded Fund tracking Nifty Midcap 150 Index) is suitable for investors who are seeking:*</b></p> <ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An exchange traded fund that aims to provide returns that closely correspond to the returns provided by NIFTY Midcap 150 Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<p><b>ICICI Prudential IT ETF (An open-ended Exchange Traded Fund tracking NIFTY IT Index) is suitable for investors who are seeking:*</b></p> <ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An exchange traded fund that aims to provide returns that closely correspond to the returns provided by NIFTY IT Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>


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<p>ICICI Prudential FMCG ETF (An open-ended Exchange Traded Fund replicating / tracking NIFTY FMCG Index) is suitable for investors who are seeking:*</p> <ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An exchange traded fund that aims to provide returns that closely correspond to the returns provided by NIFTY FMCG Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<p>ICICI Prudential Consumption ETF (An open-ended Exchange Traded Fund replicating / tracking NIFTY India Consumption Index) is suitable for investors who are seeking:*</p> <ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An Exchange Traded Fund that aims to provide returns that closely correspond to the returns provided by Nifty India Consumption Index, subject to tracking error.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>





<p>ICICI Prudential Alpha Low Vol 30 ETF (An open-ended Index Exchange Traded Fund tracking Nifty Alpha Low-Volatility 30 Index) is suitable for investors who are seeking:*</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An exchange traded fund that aims to provide returns that closely correspond to the returns provided by Nifty Alpha Low-Volatility 30 Index, subject to tracking error.</li> </ul>	
<p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	

<p>ICICI Prudential Healthcare ETF (An open-ended Exchange Traded Fund replicating / tracking NIFTY Healthcare Index) is suitable for investors who are seeking:*</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An exchange traded fund that aims to provide returns that closely correspond to the returns provided by NIFTY Healthcare Index, subject to tracking error.</li> </ul>	
<p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	

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<p>ICICI Prudential NV20 ETF (An open ended exchange traded fund tracking Nifty50 Value 20 Index.) is suitable for investors who are seeking:*</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<ul style="list-style-type: none"> <li>• Long term wealth creation solution</li> <li>• An Exchange Traded Fund that seeks to provide returns that closely correspond to the returns provided by Nifty 50 Value 20 Index, subject to tracking error.</li> </ul>	
<p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	
<p>ICICI Prudential Nifty Auto ETF (An open-ended Exchange Traded Fund tracking Nifty Auto Index) This scheme is suitable for investors who are seeking*:</p>	<p><b>SCHEME RISKOMETER</b></p>  <p>Investors understand that their principal will be at Very High risk</p>
<ul style="list-style-type: none"> <li>• Long term wealth creation</li> <li>• An Exchange Traded Fund that aims to provide returns that closely correspond to the returns provided by Nifty Auto Index, subject to tracking error.</li> </ul>	
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**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**

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