



NFO DATE Opens October 6, 2022 Closes October 20, 2022

Presenting ICICI Prudential

Transportation and Logistics Fund





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About the theme



Considered as economic growth engine, the theme consists of industries broadly classified under 3 key sectors

Auto Original Equipment Manufacturers (OEMs) e.g. 2W, 3W, Tractors, PVs etc.



Auto Ancillaries (Ancs.)
e.g. Batteries, Electronics, Tyres, etc.



Logistics
e.g. Supply chain, Rail, Shipping, etc.



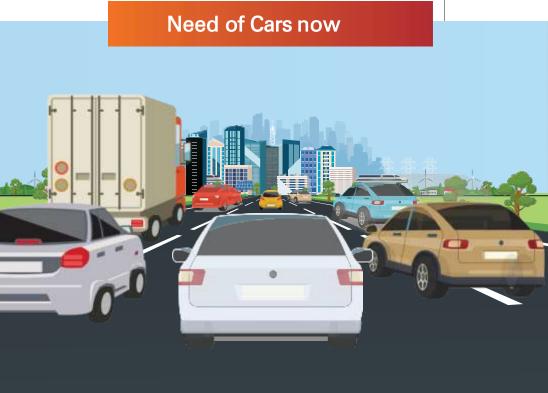


Auto – Not a luxury anymore!



As we evolve, luxury becomes our necessity







Auto OEMs – Opportunities Galore



The Auto OEM sector with its presence across different products offers multiple investment opportunities

Auto Sector



Two-Wheelers

- Mopeds & Electric
 - Scooters
 - Motorcycles



Passenger Vehicles

- Passenger Cars
- Utility Vehicles
- Multi-Purpose Vehicles



Commercial Vehicles

- Light Commercial Vehicles
- Heavy Commercial Vehicles



Three-Wheelers

- Passenger Carriers
 - Goods Carrier



Auto Ancillaries – Adding Value to Auto...



Every Auto you see, has a lot of ancillaries embedded in it

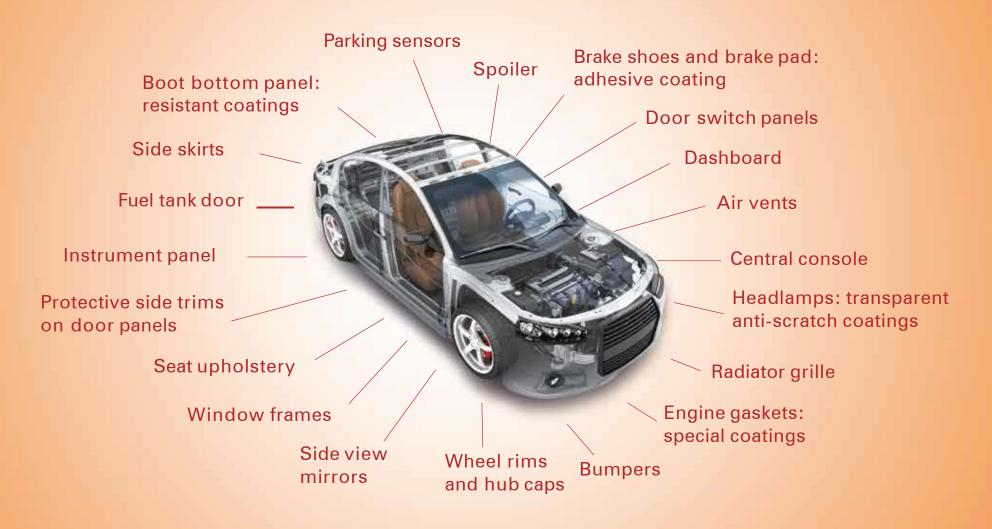


Auto is incomplete without ancillaries



Auto Ancillaries – Wide Scope







Logistics – Supporting the necessities & luxury!





Logistics helps you get anything, anytime and anywhere



Logistics - Supply Chain Simplified



Logistics-

When you order online...





Logistics – Supply Chain Simplified



PEADY



Transportation & Logistics:
Get Set Go!!!





Automobiles – Long Term Compounding Story





User

India's demographic advantage



Usage

Penetration is still low compared to global peers



Market Share

We expect Indian companies to increase market share with China + 1 and Europe + 1 Theme



Premiumization or Disruption

With new technology like EV may lead to disruption or premiumization



Import Substitution

Necessary
ecosystem and
Govt. focus with
various
incentives

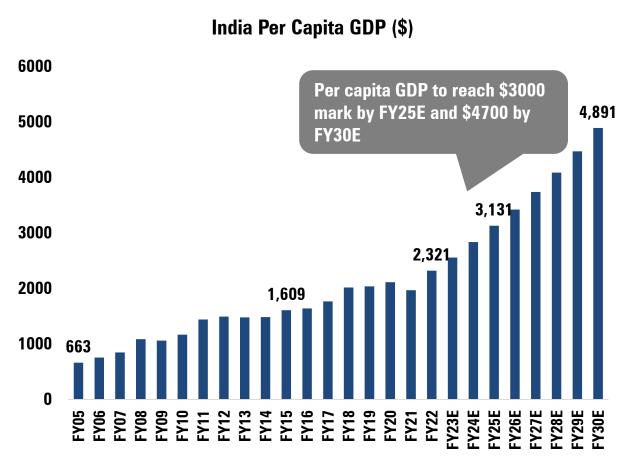
EV – Electric Vehicles. China + 1 / Europe + 1 is the business strategy to avoid investing only in China / Europe and diversify business into other countries. These are broad parameters, there can be additional parameters. There are various factors which may impact growth longevity such as population, changing lifestyles, demographics etc. the same may vary from time to time.



User – Rising Disposable Income



India's per capita income is on the rise indicating further room for rise in discretionary spend which may benefit the sector



India Inc. Avg. Salary increase (%, yoy) 25% 23.5% Single digit **Double digits salary increase** salary increase 20% 15.1% 15% 12.6% 10.2% 10% 9.3% **5**%

2016

2017

2018

2019

2015

2007

2010

2011

2012

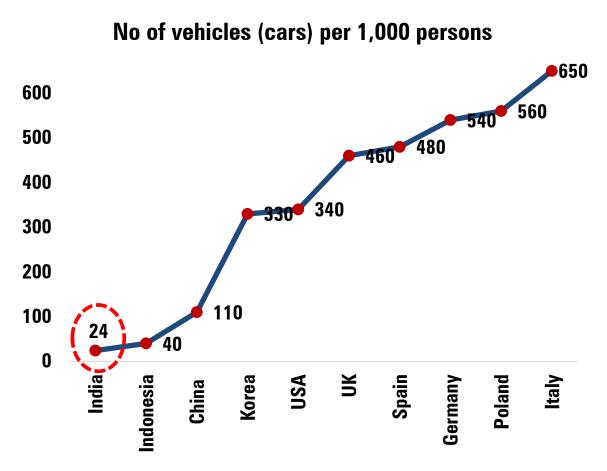
2013

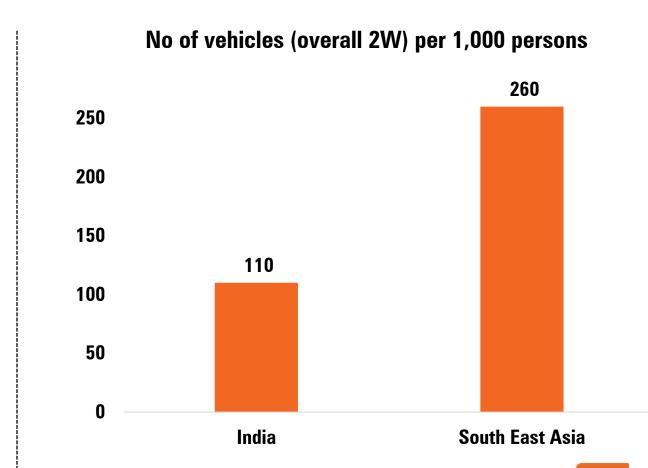


Usage – Scope for further penetration



India still has a long way to go in terms of auto penetration as compared to other economies which are at an advanced stage



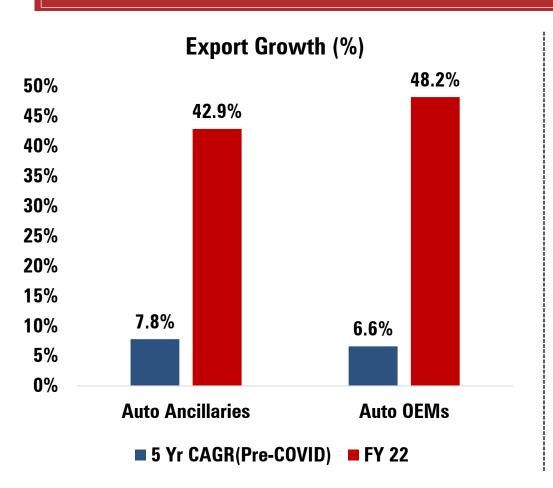




Market Share Gains



Global auto players in a bid to diversify their supply chains, consider India as the favorable destination which is reflected in the optimistic commentaries by key players



Hyundai

"For Hyundai, <u>India will play a bigger role when it comes to supply of parts</u> to destinations in South America and Eastern Europe like Brazil, Slovakia and others. India is already one of the regional headquarters and, post-covid, it will be a regional hub for procurement of parts for other countries,"

Kia

Kia India said in a prepared statement, "India is a strategic geography for Kia Corporation, not only in terms of sales but also in terms of developing India as a manufacturing and export hub."

Suzuki

"The covid pandemic has also shown the need to have multiple sources. If Suzuki finally decides to make India the sole hub for production (of Swift), then exports of Maruti is expected to benefit immensely. Also, given its production capacity in India, financially it will make sense as well"

Toyota

Toyota Motor Corporation is planning to make <u>India its production center for EV</u> (electric vehicle) parts for both domestic and export markets. The company will export EV components to Japan and some ASEAN (Association of Southeast Asian Nations) countries

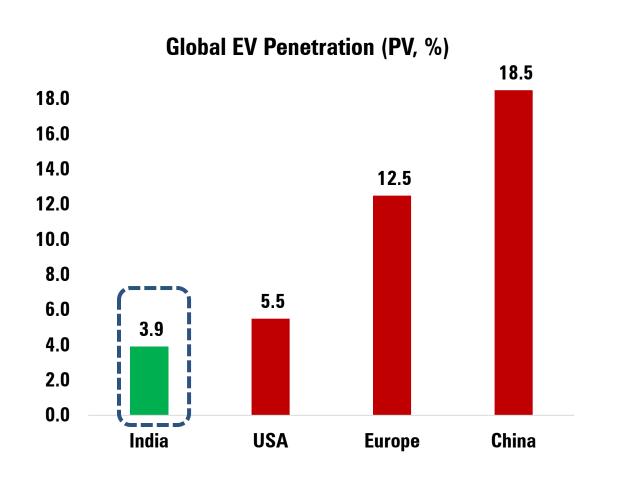
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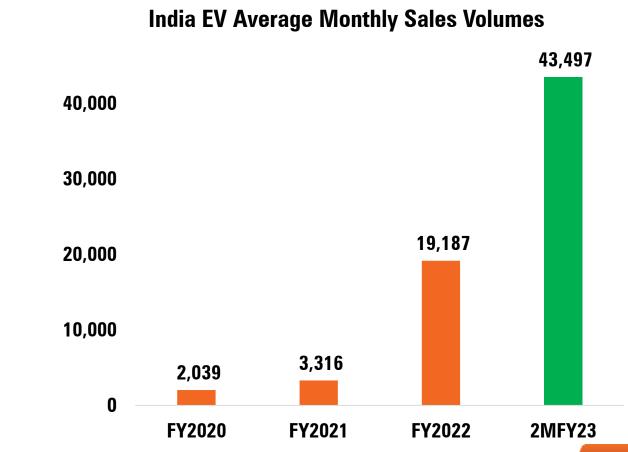


Disruption – EV Demand & Penetration



Given rising fuel prices & increased focus to reduce emissions, countries globally have adopted EVs in a significant manner. India is expected to follow suit thereby giving rise to multiple investment opportunities





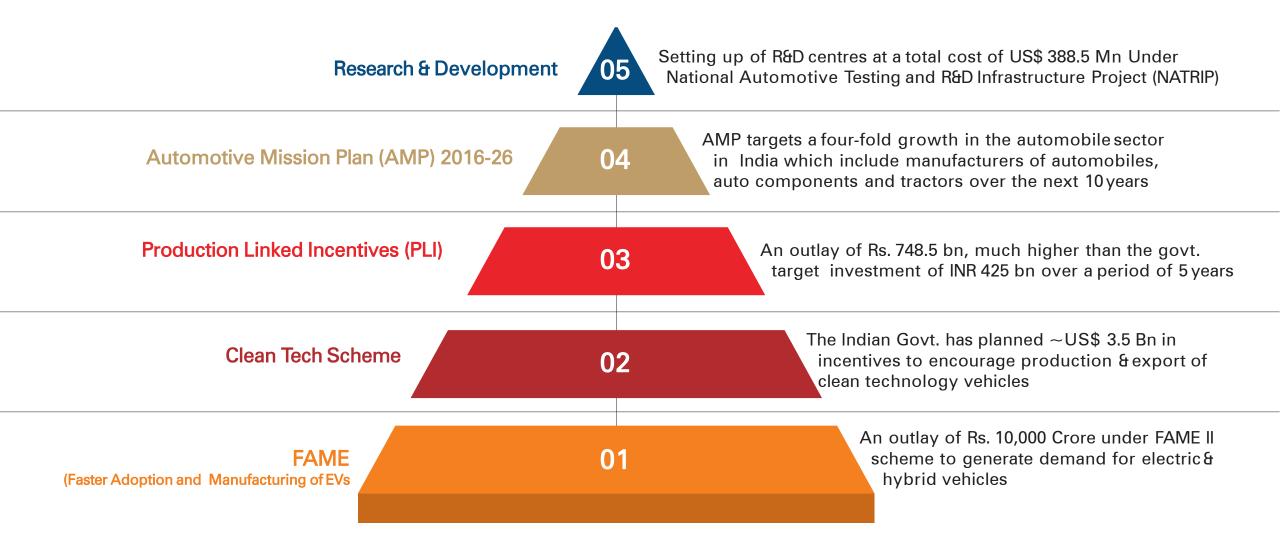
Source – Elara Securities, Kotak Institutional Equities

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Import Substitution – Auto (Good Exports & Incentives)







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Logistics – A Structural Story



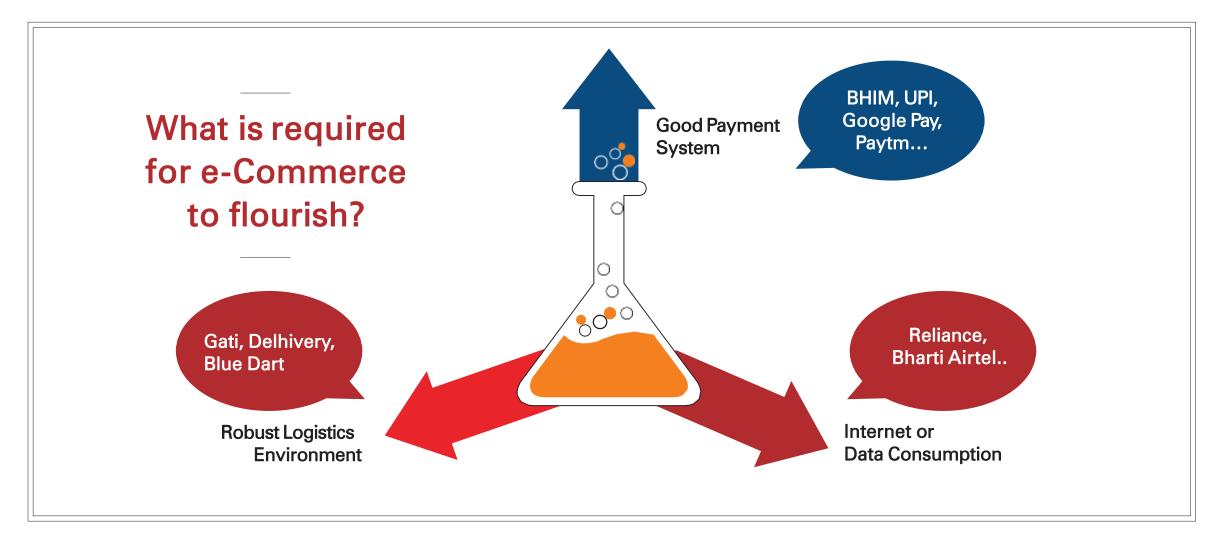


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Logistics – A Structural Story





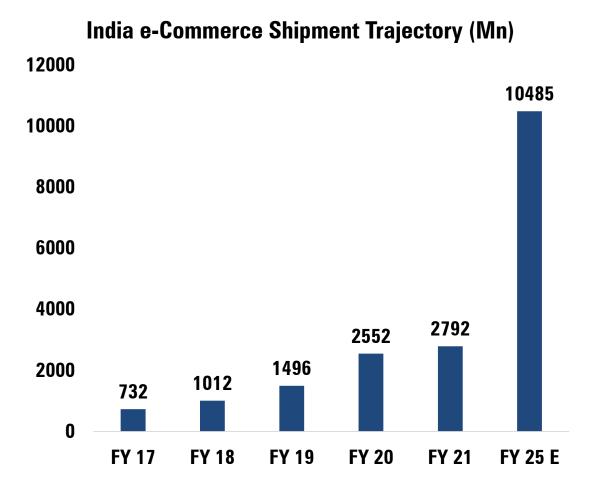
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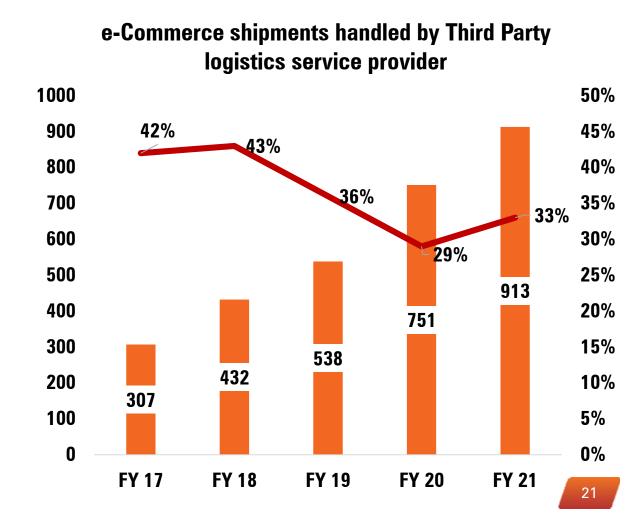


Logistics – A Structural Story



E-Commerce Growth key for Logistics





Source : Spark Capital Research



Logistics – Comparison between US, China and India logistics market and top players



Comparison between US, China and India logistics markets and top players

Parameters	US	China	India
GDP (US \$ Tn)	21	14.7	2.7
Total Logistics Market (% of GDP)	~8	~15	~14
Share of Top Organized Players	~15	~7-10	~1.5
Per Capita Logistics Spend (US\$)	4860	1540	280
Average Warehouse Size (000 sq ft.)	100-200	20-50	08-12
Average Truck Size (feet)	48	45	24-32
Average daily distance travelled by trucks (km)	500+	423	325

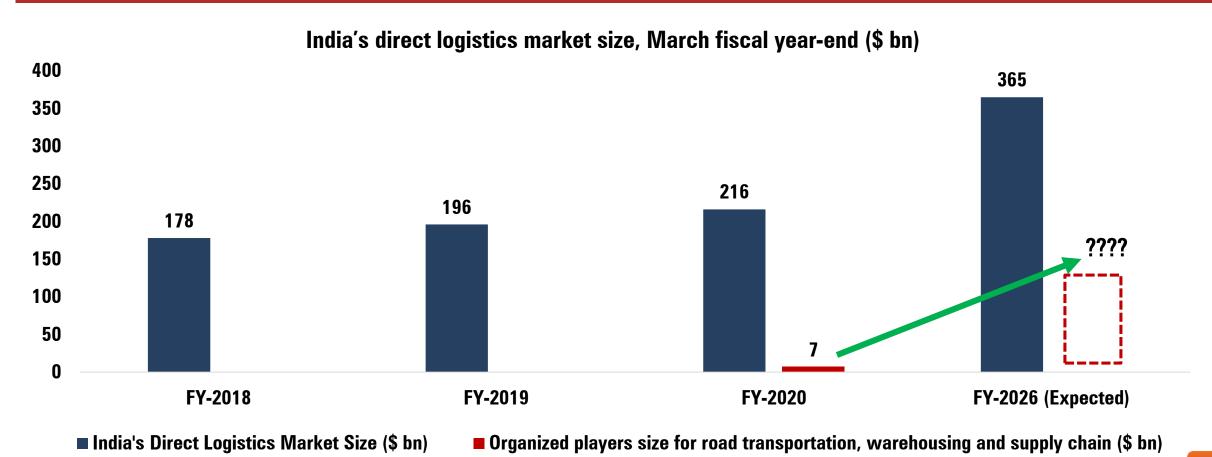
Notes: (a) GDP is for CY2020 for US, China and India. (b) Logistics market spend is for CY2020 for US and China, FY2020 (March fiscal year-ends) for India. (c) Share of top-10 organized players is based on domestic road transportation, warehousing and supply chain revenues only. (d) All players mentioned in the table above other than Delhivery are either listed or unlisted subsidiaries of listed MNCs. Source: Chamber of Commerce India, Report on Logistics, India Economics Survey 2017-18, 2019-20, RedSeer Estimates, Kotak Research



Logistics – Fragmented and Unorganized Market ripe for disruption



India's logistics market is estimated at \$ 216 billion out of which organized players contributed only ~3.5%(\$6-7 Billion) in FY 2020. We expect disruption in this segment and market share shift from unorganized to organized players

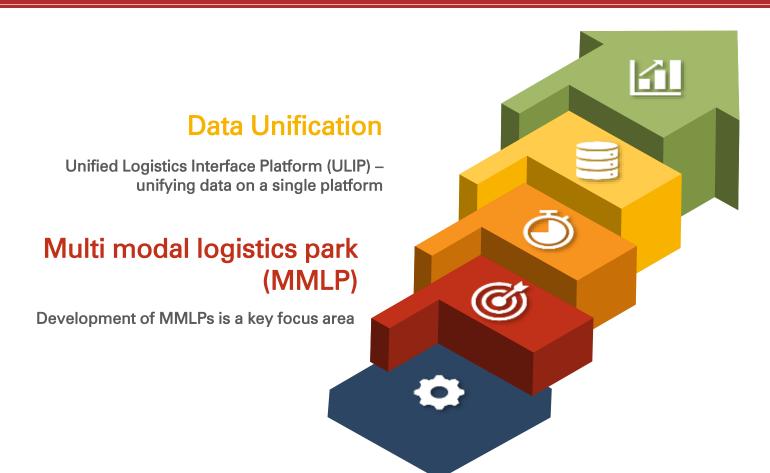




Logistics – Government Focus



Recently launched National Logistics Policy (NLP) aimed at promoting seamless movement of goods & improving competitiveness re-iterates Govt. intent and focus on overall growth & development



Logistics Cost

Logistics Cost in India is high (13-14% of GDP). NLP aims to bring this proportion down to 10%

NLP Groundwork

Projects like Bharatmala, Sagarmala, Direct Port Delivery (DPD), UDAN, DFC commissioning steps in the same direction

Efficiency

With modal transportation skewed towards road transport, NLP aims at optimal modal mix – a key to reduce cost

Source – www.pmindia.gov.in. DFC – Dedicated Freight Corridor. MMLP - Multi-Modal Logistics Parks (MMLPs) is a key policy initiative of the Govt. of India to develop Multi-Modal Logistics Parks in hub-and-spoke model to improve the country's freight logistics sector



About the scheme





INVESTMENT OBJECTIVE

To generate long term capital appreciation by investing edominantly in equity and equity related securities of companies engaged in transportation and logistics sectors



INVESTMENT APPROACH

Blend of Topdown & Bottom-up approach



INVESTMENT UNIVERSE

The scheme may invest 80% in companies forming a part of Transportation & Logistics theme & upto 20% in other equity/equity related securities



ADR/GDR/ FOREIGN SECURITIES

The scheme may invest upto 20% of its net assets in ADR / GDR / Foreign equity securities



INVESTMENT HORIZON

The scheme may follow a 'buy & hold' approach & hence an investment horizon of min 5 years is recommended



MARKETCAP BIAS

The scheme may adopt a flexicap bias, basis suitable opportunities

ADR – American Depository Receipts, GDR – Global Depository Receipts, The asset allocation and investment strategy will be as per Scheme Information Document



Investment Universe across Sectors



Auto



- Bajaj Auto Ltd
- Mahindra & Mahindra Ltd
- Tata Motors Ltd
- TVS Motor Company Ltd
- Eicher Motors Ltd
- Ashok Leyland Ltd
- Maruti Suzuki Ltd

Auto Anc





- Amara Raja Batteries Ltd
- Apollo Tyres Ltd
- Motherson Sumi Wiring India Ltd
- MRF Ltd
- Minda Corporation Ltd
- Bosch Ltd

Logistics



- Blue Dart Express Ltd
- Container Corporation of India Ltd
- Delhivery Ltd
- Gujarat Pipavav Port Ltd
- Shipping Corporation of India Ltd
- Mahindra Logistics Ltd
- VRL Logistics Ltd

The above list is illustrative and not exhaustive. Other listed players may form a part of mentioned sectors.

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Benchmark Constituents



The scheme may invest in industries/stocks that form a part of Transportation & Logistics Theme

TOP 10 INDUSTRIES		TOP 10 STOCKS			
Industry	Weight (%)	Stocks	Weight (%)		
Passenger Cars & Utility Vehicles	39	Mahindra & Mahindra Ltd.	14.6		
2/3 Wheelers	19	Maruti Suzuki India Ltd.	13.8		
Auto Components & Equipments	9	Tata Motors Ltd.	9.5		
Port & Port services	7	Adani Ports And Special Economic Zone Ltd.	7.1		
Tyres & Rubber Products	5	Bajaj Auto Ltd.	6		
Castings & Forgings	3	Eicher Motors Ltd.	5.5		
Commercial Vehicles	3	Hero Motocorp Ltd.	4.3		
Abrasives	2	Tube Investments Of India Ltd.	3		
Airline	2	TVS Motor Company Ltd.	2.8		
Tour Travel Related Services	2	Ashok Leyland Ltd.	2.7		

Source: NSE. Data as of Sep 5, 2022. The sector(s)/stock(s) mentioned in this document do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future positions in the sector(s)/stock(s). The asset allocation and investment strategy will be as per Scheme Information Document









Transportation & Logistics – Catalysts for growth



CASE FOR INVESTING IN TRANSPORTATION

- Under-penetrated market compared to relevant markets
- Strong distribution network in place
- Net Cash balance sheets & negative Working Capital cycle for all players
- Core return ratios strong
- Positive correlation to GDP growth
- Temporary issues like Chip shortage, high raw material prices resolved/eased

CASE FOR INVESTING IN LOGISTICS

- Formalization of economy i.e. shift from unorganized to organized sector helping in the growth of logistics space
- E-commerce & Indian e-commerce shipments growth trajectory expected to grow
- Under-penetrated compared to peers
- Govt. initiatives to reduce cost and increase efficiency bodes well

With muted performance in the last couple of years, we believe that the theme is coming out of the woods and there are more legs to recovery



Muted Theme Performance



Nifty Transportation & Logistics Index has delivered almost flat returns in last 5 years. Performance off-take has just begun and is expected to continue its upward trajectory





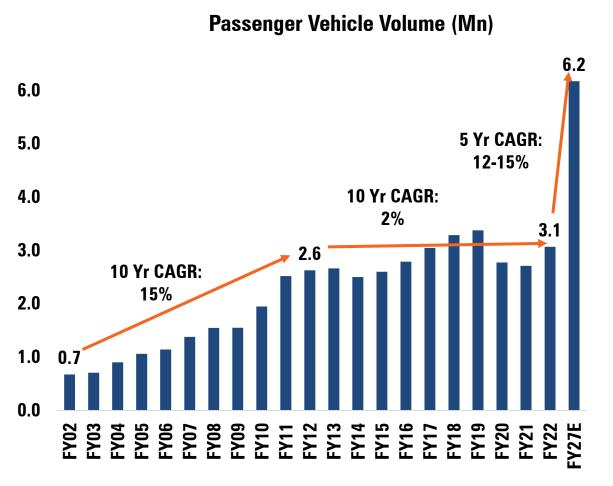
Source: NSE. Data as of Aug 31, 2022. Past performance may or may not sustain in future

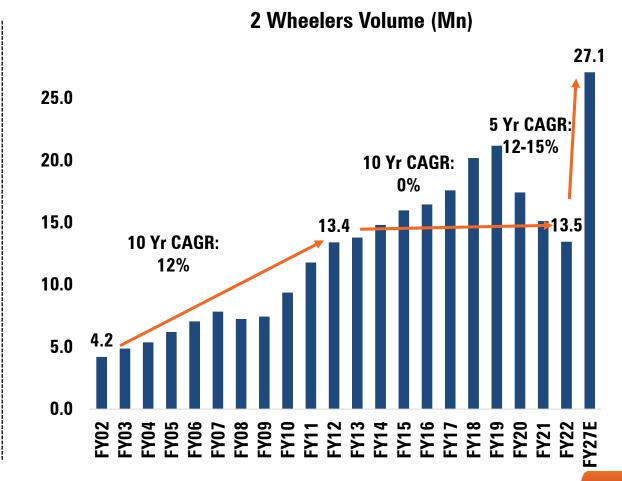


Muted Industry Sales



Transportation (Auto) has witnessed a stagnant decade and this is expected to turn around





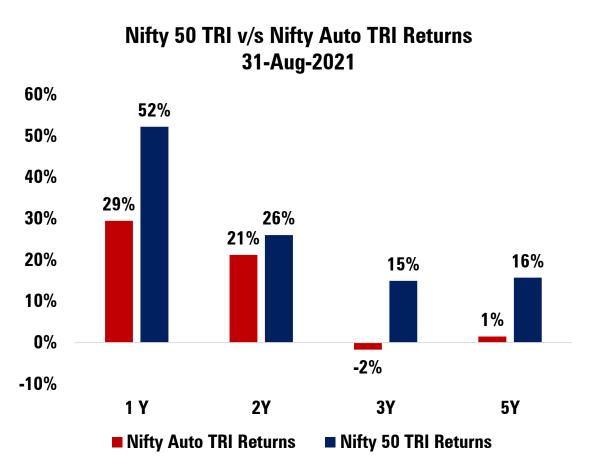
Source: Kotak Institutional Equities. Past performance may or may not sustain in future

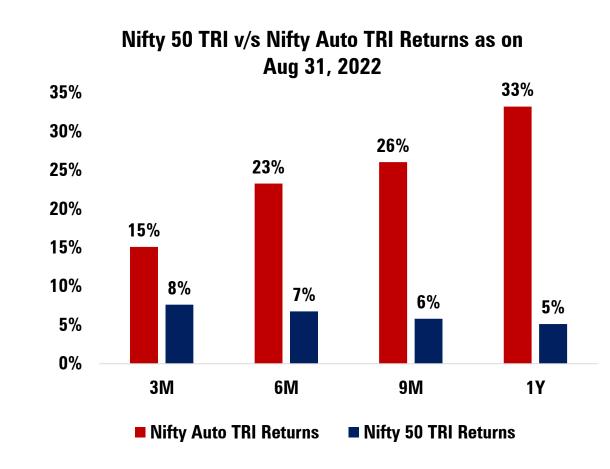


Auto sector – Bouncing Back



Last Year, we increased allocation to Auto Sector as the valuation was attractive





Source: NSE. Returns for one year or less than one year have been calculated on absolute basis and returns for more than one year have been calculated on Absolute basis. Past Performance may or may not sustain in future. The sector(s)/stock(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in this sector(s)/stock(s).



How have we played the theme in our open ended schemes?



	Automobile & Ancillaries Allocation (%)											
Scheme	Jul-22	Jun-22	May-22	Apr-22	Mar-22	Feb-22	Jan-22	Dec-21	Nov-21	Oct-21	Sep-21	Aug-21
IPRU Bluechip Fund	8.0	8.5	7.9	7.3	6.9	7.3	7.8	7.9	7.8	7.2	6.6	5.4
IPRU Pru Flexicap Fund	19.1	19.1	16.4	15.3	14.1	14.0	13.9	13.3	13.6	11.8	11.0	9.3
IPRU Focused Equity Fund	7.8	8.2	7.7	7.5	6.6	6.6	6.9	6.7	7.2	6.3	7.5	5.7
IPRU Large & Mid Cap Fund	9.9	9.7	9.4	10.2	9.9	9.7	9.6	8.3	7.7	9.4	8.1	5.8

Data as of July 31, 2022. IPRU – ICICI Prudential. The sector(s)/stock(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in this sector(s)/stock(s).



Our experience in managing NFOs



Scheme Name	Since Inception Returns (%)	Broader Market Return (Nifty 50 TRI)	Inception Date	Rationale for Launch	
IPRU Pharma Healthcare and Diagnostics (P.H.D) Fund	16%	13%	13 - Jul- 18	Pharma companies were trading at attractive valuations	
IPRU Manufacturing Fund	16%	16%	11-Oct-18	Govt. thrust for manufacturing, import substitution, indigenous supply chain etc.	
IPRU India Opportunities Fund	20%	15%	15-Jan-19	Handful of stocks rallying, challenging regulatory environment etc.	
IPRU Bharat Consumption Fund	14%	14%	12-Apr-19	Tapping India's long term demographic advantage	

Source: MFI. IPRU – ICICI Prudential. Data as of Sep 16, 2022. Returns < 1Y in absolute terms, < 1Y in CAGR terms. Past performance may or may not sustain in future. The sector(s)/stock(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in this sector(s)/stock(s).



Our experience in managing NFOs



Scheme Name	Since Inception Returns (%)	Broader Market Return (Nifty 50 TRI)	Inception Date	Rationale for Launch
IPRU MNC Fund	22%	15%	17-Jun-19	Investing in companies with good management, operational efficiency and better capital allocation
IPRU Quant Fund	21%	17%	11-Dec-20	Overcoming behavioral biases and limiting human intervention
IPRU Business Cycle Fund	19%	15%	18-Jan-21	Dynamism in Macroeconomic indicators & expected change in Market cycle
IPRU Flexicap Fund	13%	10%	17-Jul-21	Active management and flexibility to navigate equity markets

Source: MFI. IPRU – ICICI Prudential. Data as of Sep 16, 2022. Returns <1Y in absolute terms, <1Y in CAGR terms. Past performance may or may not sustain in future. The sector(s)/stock(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in this sector(s)/stock(s).



Portfolio Features



Type of Scheme	An open ended equity scheme following transportation & logistics theme				
Plans	ICICI Prudential Transportation and Logistics Fund – Regular Plan &				
	ICICI Prudential Transportation and Logistics Fund – Direct Plan				
Options	Growth &IDCW*				
Minimum Application Amount	Rs. 5,000 (plus in multiples of Re.1)				
Minimum Additional Application Amount	Rs. 1,000 (plus in multiples of Re.1)				
Minimum Redemption Amount	Any Amount				
Entry Load	Not applicable				
Exit Load	Less than 1 month 1% of applicable NAV				
	More than 1 month Nil				
Fund Manager	Harish Bihani, Sharmila D'Mello (Overseas Investment)				
Benchmark Index	Nifty Transportation & Logistics TRI				
SIP / SWP / STP	Available				

*IDCW –Income Distribution cum Capital Withdrawal Option. Payment of dividend is subject to availability of distributable surplus and Trustee approval. Pursuant to payment of dividend, the NAV of the scheme falls to the extent of dividend payout. When units are sold and sale price (NAV) is higher than face value of the unit, a portion of sale price that represents realized gains is credited to an Equalization Reserve Account and which can be used to pay dividend. Dividend can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. In case the unit holder has opted for dividend payout option, the minimum amount for dividend payout shall be 100 (net of dividend distribution tax and other statutory levy, if any), else the dividend would be mandatorily reinvested



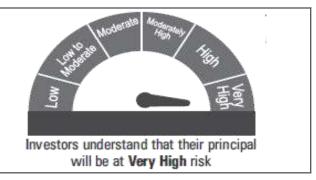
Riskometer & Disclaimer



ICICI Prudential Transportation and Logistics Fund (An open ended equity scheme following transportation & logistics theme) is suitable for investors who are seeking*:

- Long Term Capital Appreciation
- An open ended equity scheme following transportation & logistics theme

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



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

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It may be noted that risk-o-meter of the Scheme specified above is based on the scheme characteristics and may vary post NFO, when the actual investments are made. The same shall be updated in accordance with provisions of SEBI circular dated October 5, 2020 on Product labelling in mutual fund schemes on ongoing basis

