

Fund Review

ICICI Prudential Infrastructure Fund

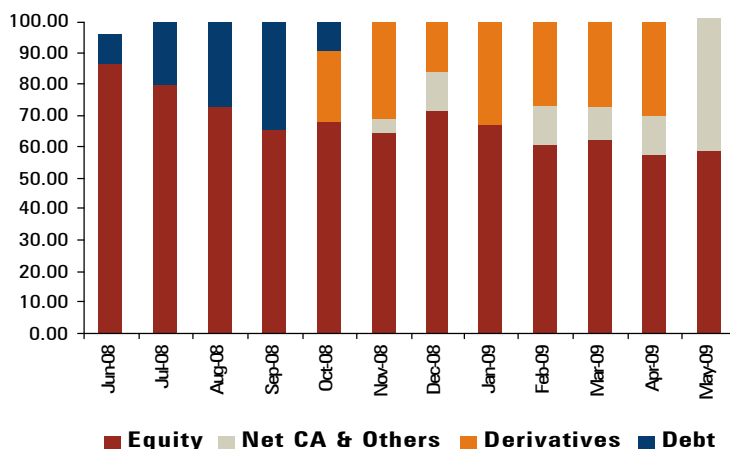
Dynamically managed....

Since its launch in 2005, ICICI Prudential Infrastructure has been a steady performer. It has delivered 25% compounded annualised return since its inception. It is an actively managed infrastructure portfolio with the fund manager being aggressive in switching between different asset classes, namely, equity, debt, cash, etc., within the infrastructure space.

Analysis

- The fund is one of the top performing funds in the infrastructure space for over a three to five year horizon. However, the performance has been lagging in the last one year on account of extreme volatility in the market
- The fund manager has been very active in churning his portfolio between different asset classes, viz., equity, debt, derivatives and cash & cash equivalents, thereby increasing the funds portfolio risk. Even though the fund has outperformed the broader indices, it has not been able to deliver superior returns commensurate with the risk taken
- In the second half of 2008, the fund reduced its equity exposure to around 65% and increased its debt exposure to around 36%. The strategy of debt allocation did not help the fund register any superior return over its peers as it was more being reactive than proactive. It increased the exposure to debt at a time when major gains had already taken place and exited at the wrong time, therefore missing the rally
- The fund manager then moved out of debt and hedged the portfolio via options and index futures. The hedging strategy would have been fruitful if it was used in the whole downturn. However, on the contrary, it acted against it in the recent rally, thereby limiting the fund's return.
- Average equity exposure since January 2009 has been low at around 60-65% levels. During May 2009, the fund manager has increased its cash holding to 42% indicating the cautious view towards the market

Exhibit 1: Fund asset allocation (June 2008 - May 2009)



Source: ICICIdirect.com Research, NAVIndia

Scheme Objective

To generate capital appreciation and income distribution to unit holders by investing predominantly in equity/equity related securities of the companies belonging to the infrastructure industries and balance in debt securities and money market instruments including call money.

Scheme Details

Type	Growth
Scheme	Open
Category	Equity - Diversified
Launch Date	18-Jul-2005
Inception Date	12-Sep-2005
Fund Manager	Mrinal Singh & Sankaran Naren
Benchmark	NIFTY (S&P CNX)
AUM (As On 31-May-2009) (in Cr.)	3750.05
Unit NAV (As On 08-Jun-2009) (Rs.)	24.42
Face Value (Rs.)	10
Entry Load	0
Exit Load	1
Minimum Investment (Rs.)	5000
Incremental Investment In Multiple Of Rs.	1
NAV Frequency	DAILY

Analyst's Name

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Annexure:
Exhibit 2: Top 5 Sector Holdings - May 2009

Sector	Holding (%)
Refineries	14.62
Telecommunications - Service Provider	8.76
Banks - Private Sector	8.73
Power Generation And Supply	4.74
Construction	4.06

Source: ICICIdirect.com Research, NAVIndia

Exhibit 3: Top 5 Company Holdings - May 2009

Company Name	Holding (%)
Reliance Industries Ltd	10.00
Bharti Airtel Ltd	8.76
Reliance Petroleum Ltd	4.56
HDFC Bank Ltd	4.51
ICICI Bank Ltd	4.22

Source: ICICIdirect.com Research, NAVIndia

Exhibit 4: Returns Chart

Scheme Name	Inception Date	Corpus	1 Month	3 Months	6 Months	1 Year	3 Years	Since Inception
Reliance Diversified Power Sector	10-May-2004	5233.42	27.60	71.42	63.67	3.66	42.12	43.24
DSP BR India T.I.G.E.R. Fund	11-Jun-2004	3433.64	27.41	70.99	63.56	-2.60	22.03	30.74
Tata Infrastructure Fund	20-Jan-2005	2213.19	29.78	73.74	58.92	-9.58	20.82	26.56
ICICI Pru Infrastructure Fund	12-Sep-2005	3750.05	17.12	58.88	54.75	-5.02	28.21	25.48
UTI-Infrastructure Fund	01-Aug-2005	1322.11	26.13	59.00	53.26	-4.47	19.44	22.40
Sundaram BNP Paribas CAPEX Opportunities Fund	29-Sep-2005	526.38	49.78	102.06	70.78	-4.51	19.42	20.86
Canara Robeco Infrastructure	02-Dec-2005	138.68	27.60	84.75	74.31	-0.06	21.96	17.38
Birla Sun Life Infrastructure Fund - Plan A	17-Mar-2006	385.05	33.03	87.75	70.68	-0.30	18.09	9.31
Taurus Infrastructure Fund	03-Apr-2007	12.36	52.32	134.87	107.81	6.37	N.A	5.05
Tata Growing Economies Infrastructure - Plan E	15-Apr-2008	105.89	26.47	72.58	60.36	0.49	N.A	-2.19
Tata Growing Economies Infrastructure - Plan A	15-Apr-2008	26.87	17.68	57.46	51.88	-4.28	N.A	-5.35
ALG Infrastructure & Economic Reform	25-Feb-2008	226.64	31.48	71.60	56.64	-9.63	N.A	-25.55
Sensex			23.49	76.15	60.06	-5.82	16.40	17.44
Nifty			22.35	69.07	59.12	-4.28	17.57	15.61
BSE 100			26.00	80.03	64.00	-7.12	17.37	17.45

Corpus as on 31st May 2009

Returns as on 8th June 2009, Returns more than one year are compounded annualised return

Source: ICICIdirect.com Research, NAVIndia

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