



**Get, set,
grow.**

**Invest in midcap companies
that have growth potential
in the long run.**

‘Small Steps = Big Results’: SIP in ICICI Prudential

Midcap Fund

“A little by little, a little becomes a lot” – Tanzanian Proverb

The above quote captures the simple but effective approach of systematic investment plan (SIP) in the journey of wealth creation. The concept of SIP and its benefit like: disciplined approach, rupee cost averaging, emotionless investing etc. is well understood. This note will try to cover the benefit of opting for SIP in Midcap scheme at this juncture.

Why SIP in Midcap?



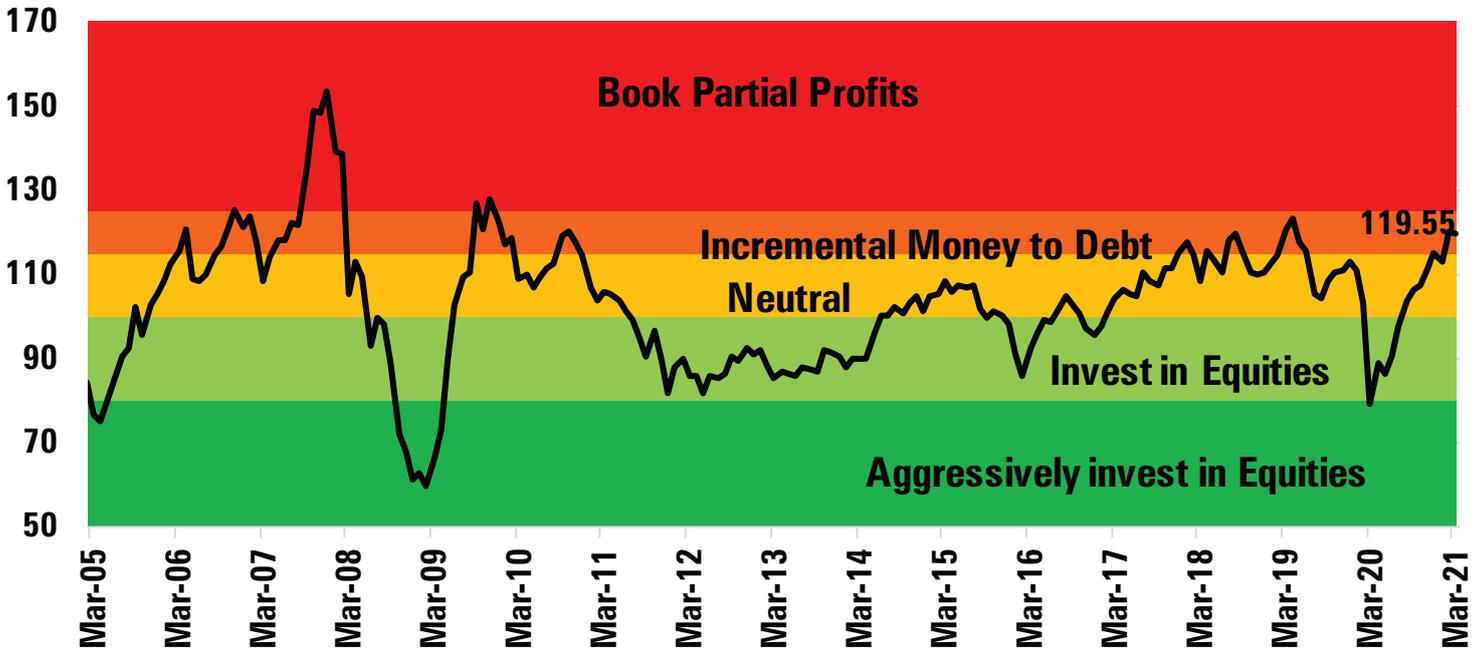
When Benjamin Graham said, **“Successful investing is about managing risk, not avoiding it.”** he may as well have been talking about investing in midcap stocks.

- 1. MITIGATING RISK:** Exposure in the midcap space may potentially pose some risk owing to the relatively medium size companies as compared to the relatively safer largecap companies. Therefore, to successfully manage risk in midcap investments one should focus on investing in a regular and consistent manner for long term.
- 2. SPREADING OF RISK:** The Systematic Investment Plan(SIP) route may be the optimum and a more efficient way to gain exposure in midcap stocks. The long tenure of the investment (preferably 5-yrs or 10-yrs) aims to take care of the risk as it gets distributed across the investment period.
- 3. LONG TERM WEALTH CREATION:** The long term view in midcap offers higher growth potential and also aims to generate good returns as the companies continue on the potential growth path during the same period.

Why its an oportune time to start SIP in Midcap scheme?

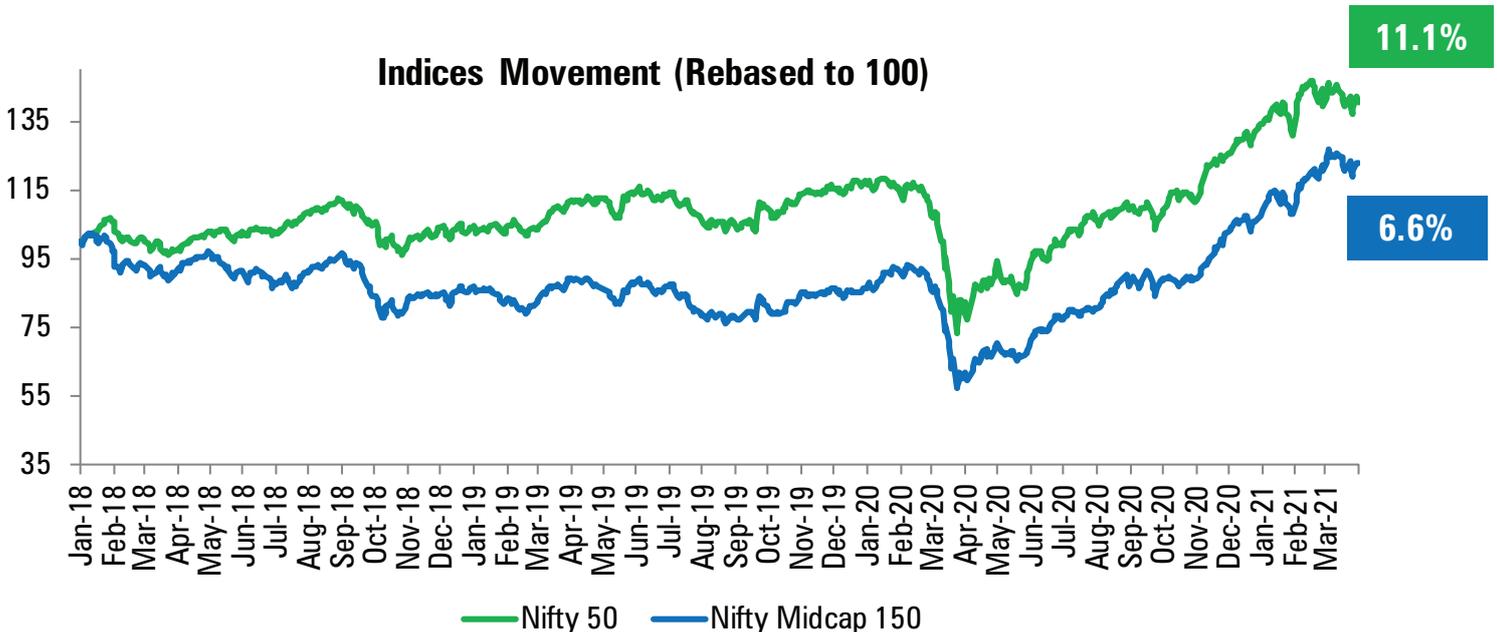


1. MARKET VALUATION: Equity Markets in terms of valuations are not cheap, so staggered way of investment is recommended



Equity Valuation index is calculated by assigning equal weights to Price-to-Earnings (PE), Price-to-Book (PB), G-Sec*PE and Market Cap to GDP ratio. G-Sec – Government Securities. GDP – Gross Domestic Product, Data as of Mar 31, 2021

2. VALUATIONS: With correction in midcap space in the last couple of years compared to largecap space, the frothiness in Midcap valuations appears to have subsided



3. FEAR OF MISSING OUT (FOMO): Global markets including domestic markets have rebounded sharply, recovering most of the losses incurred due to COVID-19 led economic slowdown, earnings downgrade and uncertain economic environment. It's been a classic case of markets climbing a wall of worry. This has led to many investors missing out on the V shaped recovery of the markets. Hence, we recommend a staggered way of investment at this juncture in the midcap space, to enable participation in the equity markets and while simultaneously limiting the downside risks.

4. TRIGGERS: In the near term, various factors may trigger market volatility and hence staggered investments in midcap space may help in limiting downside risks. Some of the key triggers which may influence markets are:

- Global central banks stance on stimulus measures
- Resurgence of COVID-19 and its impact on economic recovery
- Valuations moving higher
- Resulting uncertainty pertaining to sustainability of high growth and earnings

Why ICICI Prudential Midcap Fund?



1. INVESTMENT STRATEGY: The scheme has a good mix of Growth and Value stocks. The scheme aims to filter-out growth stocks wherein intrinsic value continues to rise and the scheme also aims to invest in value stocks where the management quality is intact with a potential growth trigger in-sight.

2. STRINGENT PROCESS: The portfolios stocks pass through a rigorous screening/filtering process in which each stock is evaluated on a continuous basis on multiple parameters to position the portfolio to capture potential future opportunities.

3. MARKET CAPITALIZATION: The scheme has an opportunistic approach towards large and smallcap. The scheme may take exposure to large cap companies in certain sectors where midcaps are not present e.g Insurance, Metal, Telecom etc. and exposure to smallcap companies which may be potential midcap candidates.

4. CURRENT THEME:

- **China + 1:** Opportunities in the outsourcing/ export space post the curb on exports from China by various countries (e.g Specialty Chemicals, White Goods, Mobile, Research & Pharma etc.)
- **Healthcare Services:** Post COVID era continued focus on healthcare may drive consumption and hence positive on the theme.
- **Vaccine Day Theme:** Sector or themes which may benefit once the COVID -19 infection rate drops substantially or vaccine is available at mass level (e.g Hotel, Theatre, Travelling space and Staffing company)
- **Financials:** Uptick in credit growth due to economic activity picking-up and improvement in asset quality of banks may bode well for the financial sector.

TOP TEN SECTORS	
Sector	% to NAV
Finance	11.2%
Banks	7.3%
Healthcare Services	7.0%
Chemicals	6.6%
Insurance	5.7%
Software	5.6%
Industrial Products	5.1%
Pharmaceuticals	5.0%
Consumer Durables	5.0%
Leisure Services	4.6%

TOP TEN STOCKS	
Company Name	% to NAV
Max Financial Services Ltd.	5.7%
The Federal Bank Ltd.	3.7%
The Indian Hotels Company Ltd.	3.5%
Metropolis Healthcare Ltd.	3.4%
Voltas Ltd.	3.3%
JK Cement Ltd.	2.8%
The Phoenix Mills Ltd.	2.8%
City Union Bank Ltd.	2.7%
Fortis Healthcare Ltd.	2.5%
LIC Housing Finance Ltd.	2.4%

Data as of Mar 31, 2021. Source: NSE. The stock(s)/sector(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 stock(s)/sector(s).

Riskometer and Disclaimers



<p>ICICI Prudential Midcap Fund (An open ended equity scheme predominantly investing in mid cap stocks.) is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Long term wealth creation • An open-ended equity scheme that aims for capital appreciation by investing in diversified mid cap companies. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>RISKOMETER</p> <p>Investors understand that their principal will be at Very High risk</p>
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