

# OPEN THE DOOR TO INDIA'S GROWING HOUSING OPPORTUNITY.

Presenting

ICICI Prudential

## Housing Opportunities Fund

Investing in equity and equity-related instruments of entities engaged in and/or expected to benefit from the growth in housing theme.

**NFO  
DATES**

**Opens March 28, 2022**

**Closes April 11, 2022**

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

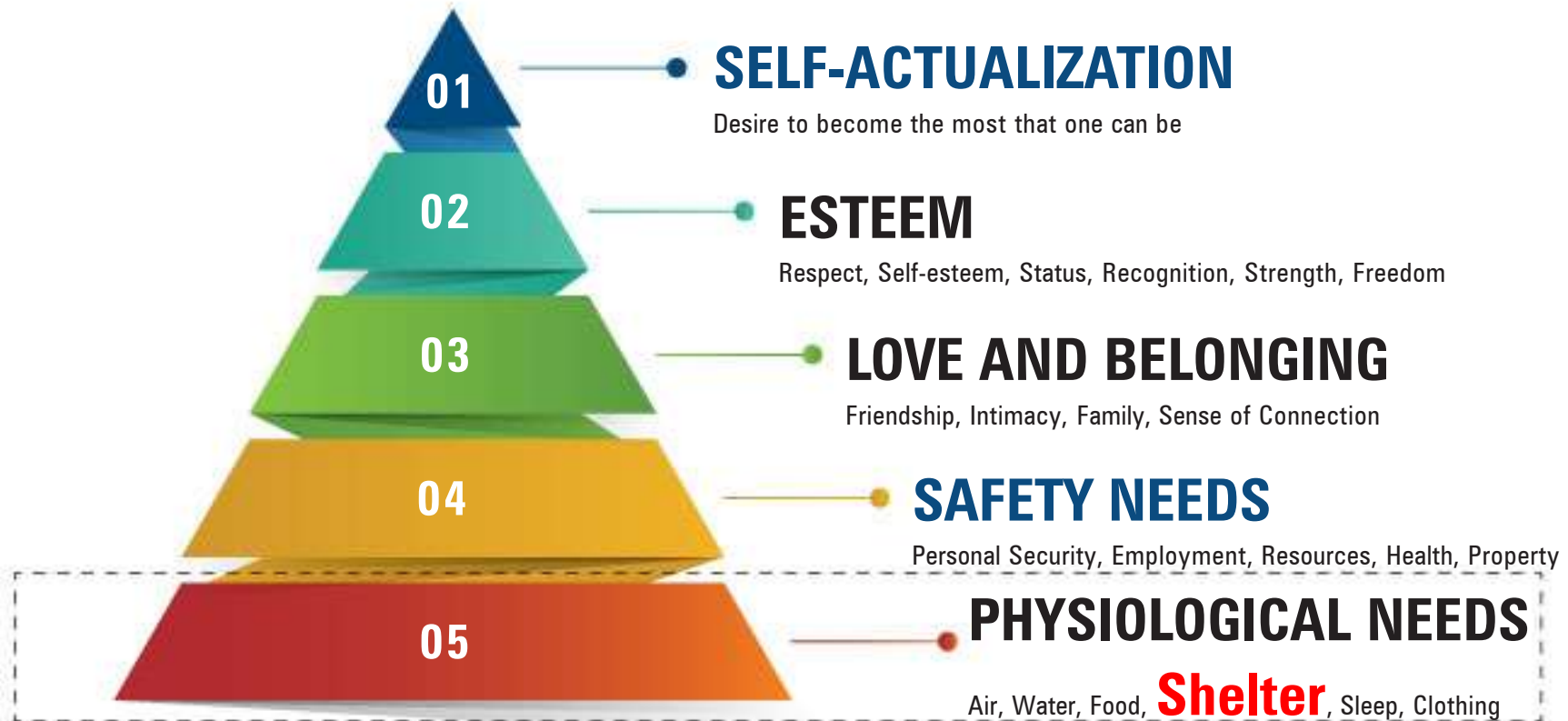
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**ICICI direct.com**  
*Investments at Your Fingertips*



# MASLOW'S HIERARCHY OF NEEDS

Maslow's hierarchy of needs is an idea in psychology proposed by Abraham Maslow which visualized the various needs of individuals







# WHAT ARE THE THREE BASIC NEEDS OF LIFE?



India has over the years become an agricultural powerhouse and one of the largest textile producers, it is housing that has lagged and there is a long way to go.



**Roti  
(Food)**



**Kapda  
(Clothing)**



**Makaan  
(Shelter)**

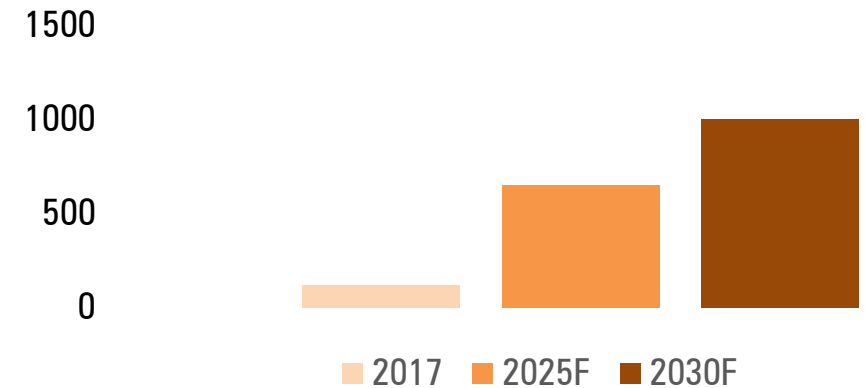


# HOUSING THEME – THE WAY FORWARD

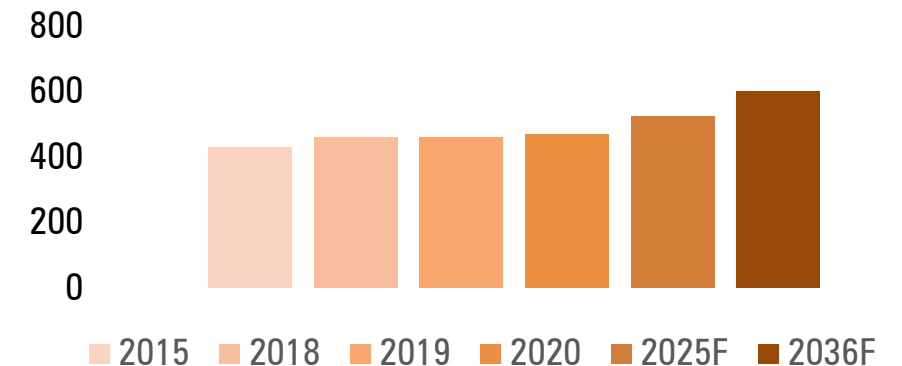



- Real Estate sector in India is expected to reach US\$ 1 trillion by 2030.
- By 2025 it may contribute 13% to the country's GDP
- The number of Indians living in urban areas is expected to reach 525 million by 2025 and 600 million by 2036
- Housing sales volume across seven major cities in India surged 113% YoY, signifying healthy recovery post lockdown
- Under the ambitious Pradhan Mantri Awas Yojana (PMAY) scheme, the residential sector is expected to grow significantly

**India's Real Estate Market (US\$ billion)**



**Urban Population in India (million)**

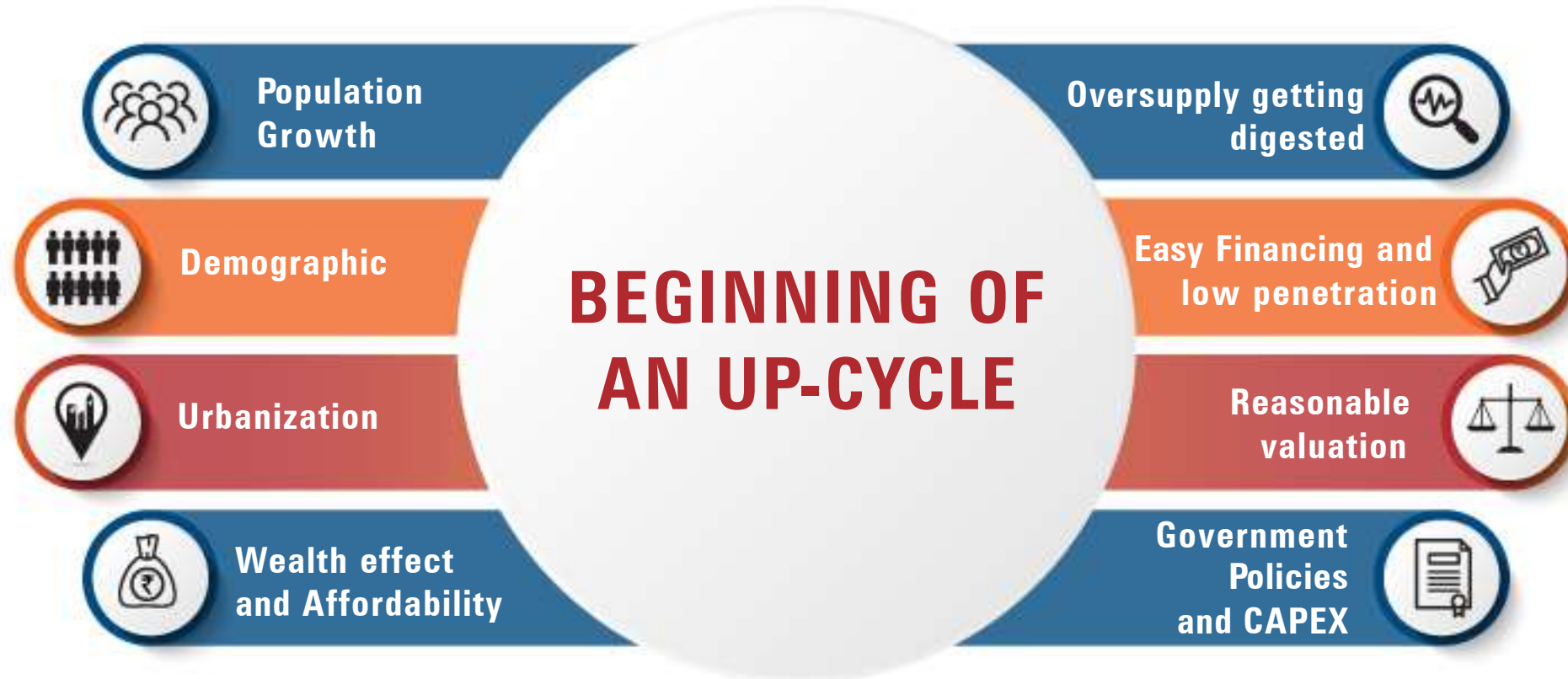




**Cycle turning for housing theme**



# WHY INVEST NOW – BEGINNING OF AN UP-CYCLE

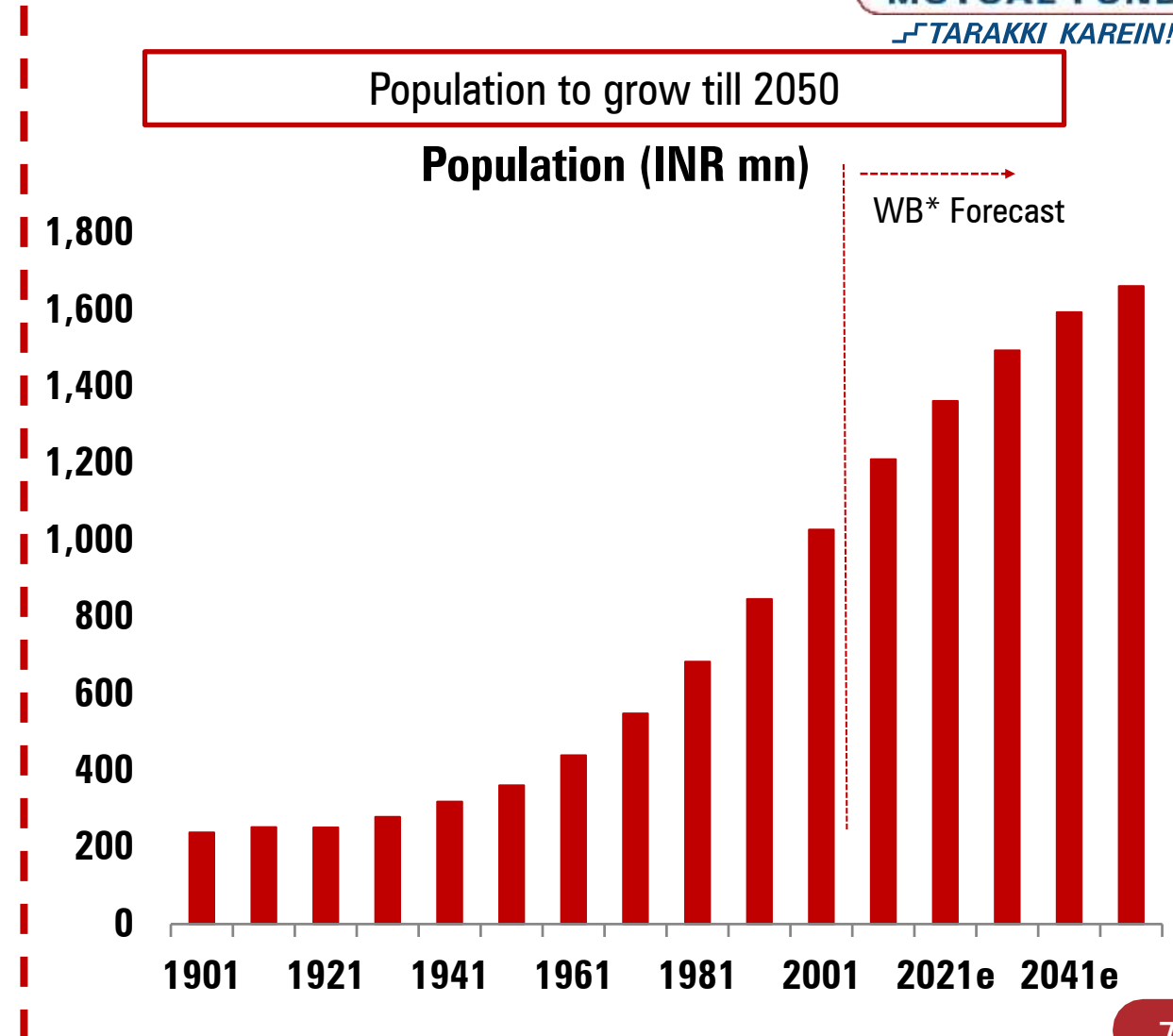




# POPULATION GROWTH



- India's population expected to grow till 2050
- With increasing population, more housing would be required
- Also, increasing trend of nuclear families may also help in driving the demand for housing



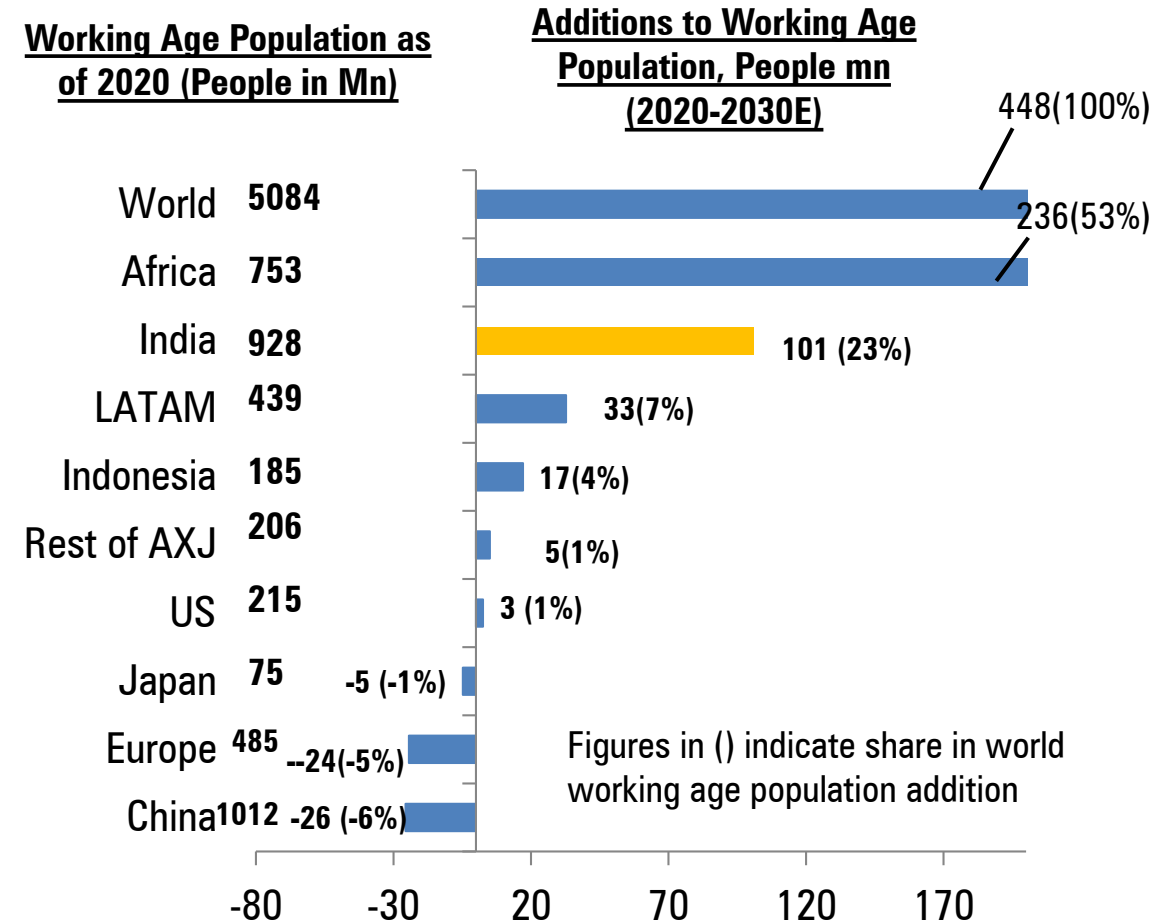




# DEMOGRAPHIC ADVANTAGE



- India is among the few countries expected to enjoy a higher working population and lower dependent population for the next three decades
- India may have young population with a median age of 30 even in 2030, against China already at 37 Years and World at 32 Years
- Also, the ratio of India's dependent population to working-age population size is set to fall further, implying rising income households
- All these factors may give a strong impetus to housing theme in the coming years





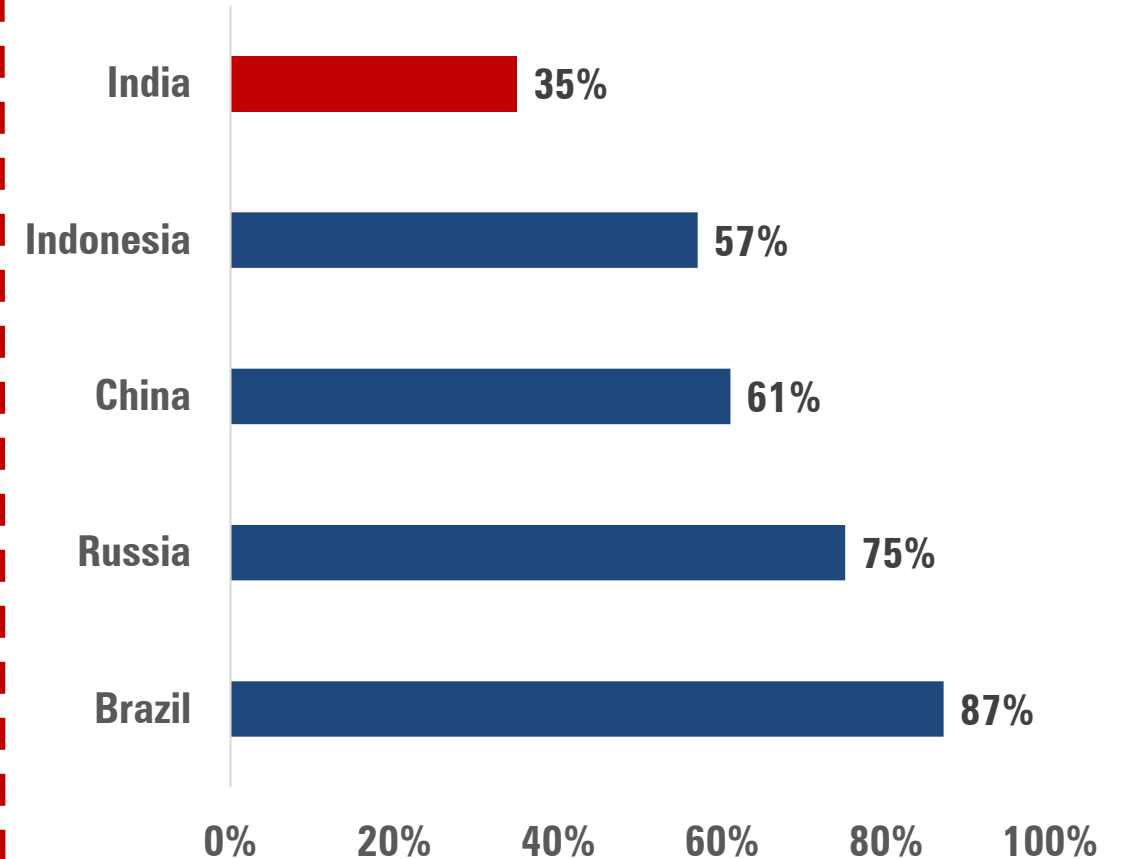


# URBANIZATION TRENDS

- India's urbanization rate is much lower than the global average; only 35% is classified urban compared to global average of 54%
- Urbanization is a key trend. Access to higher education, unremunerative agriculture and infra development are driving force
- In the last decade, India's urban population had grown by 3.4x the growth rate of the rural population
- In the decade ahead, the urban population is expected to grow at over 5x the growth rate of the population
- Higher urban population will require more residential and non-residential constructions such as office, healthcare and hotel industry

Data Source : UN World Urbanization Prospects, Indiadatahub, Macquarie Research, November 2021

## Share of Urban Population (% 2020)

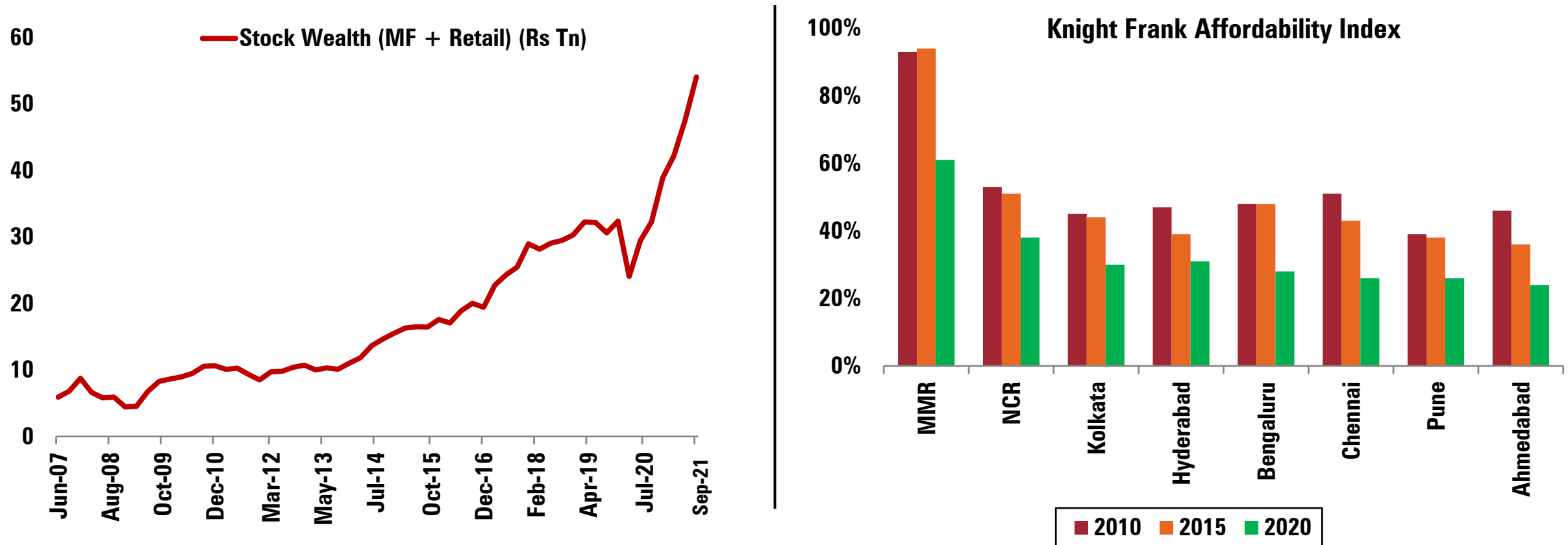




# WEALTH EFFECT AND AFFORDABILITY



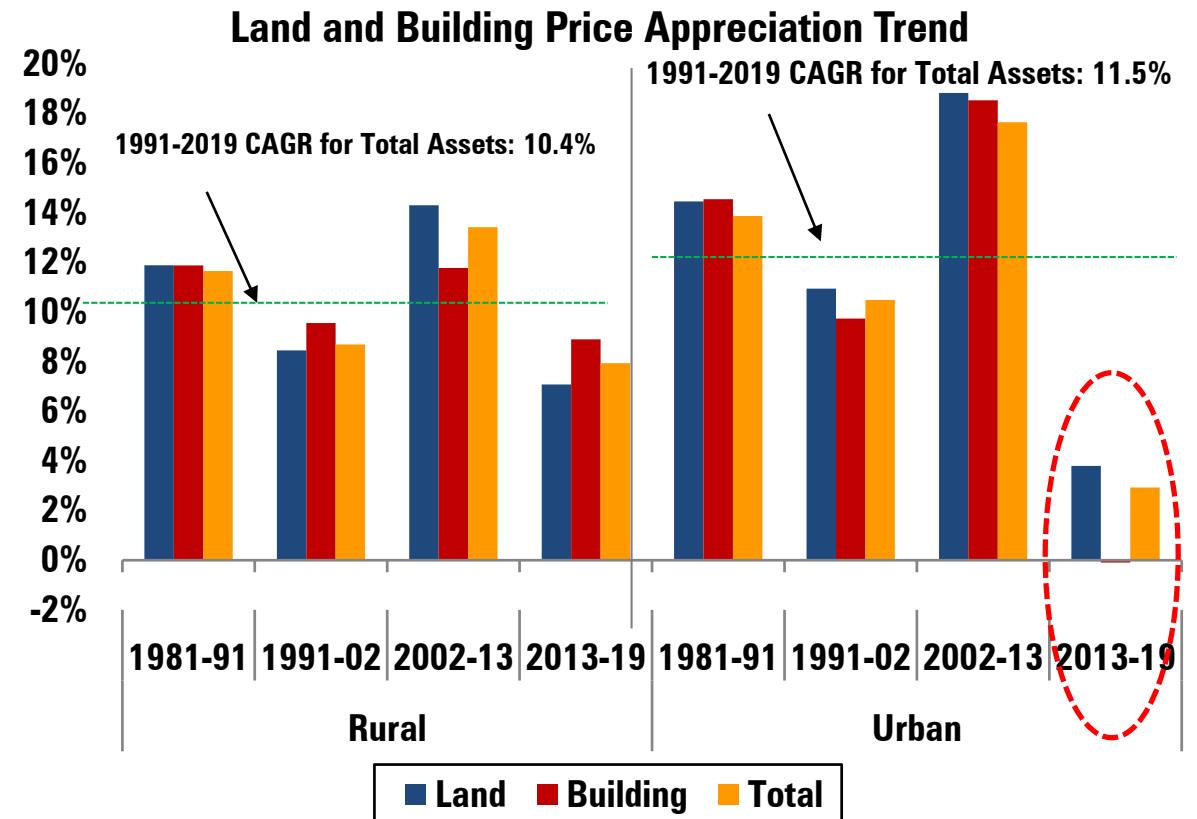
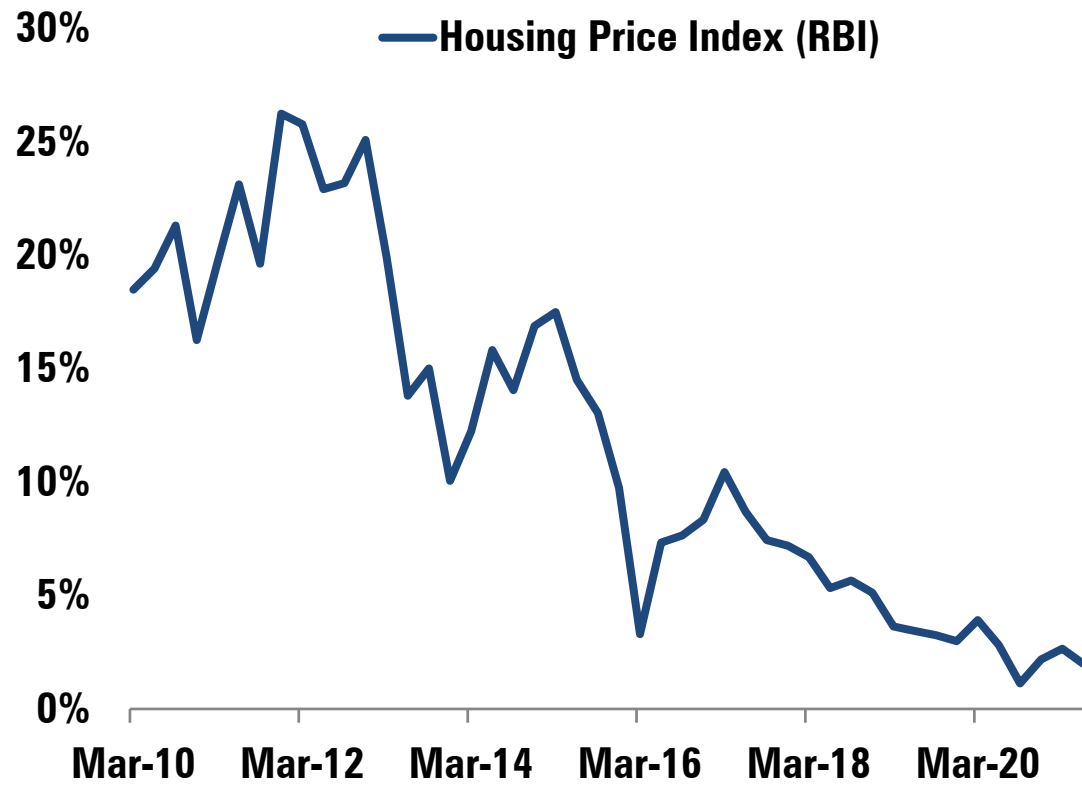
Earlier perceived as elite, perception towards Real estate as an asset class for investment or for consumption has changed, thanks to substantial increase in earnings capability and better affordability of individuals





# REASONABLE VALUATIONS

With muted gains from lands and buildings since 2013 leading to time correction of Physical assets,  
the segment is attractively valued



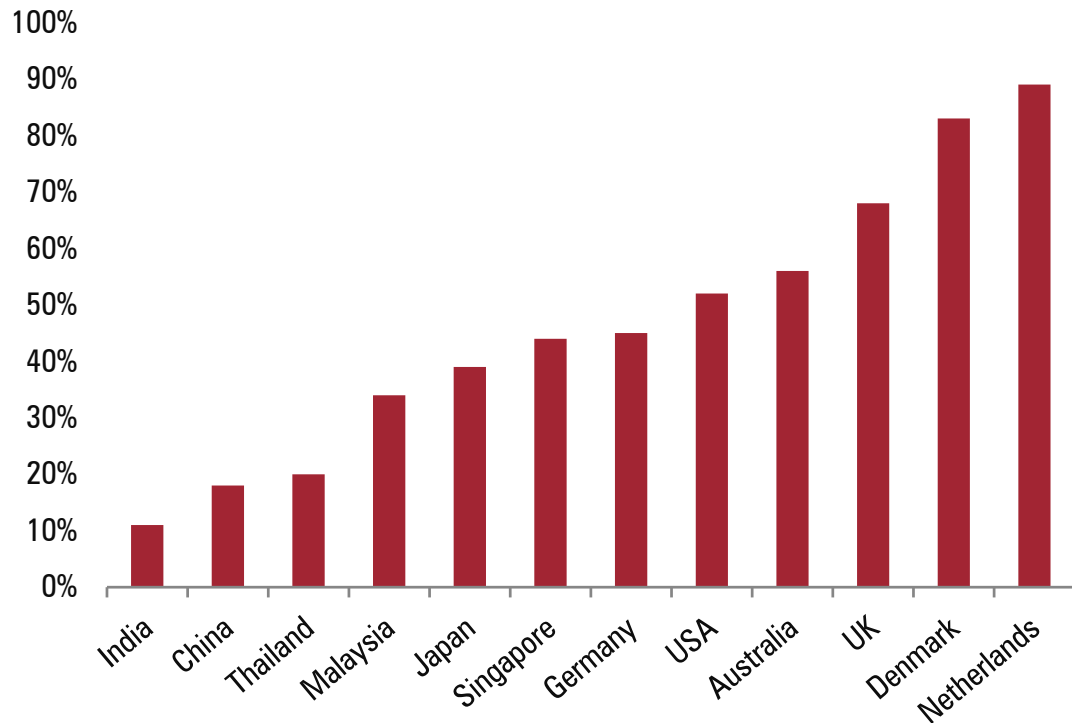


# EASY FINANCING AND LOW PENETRATION

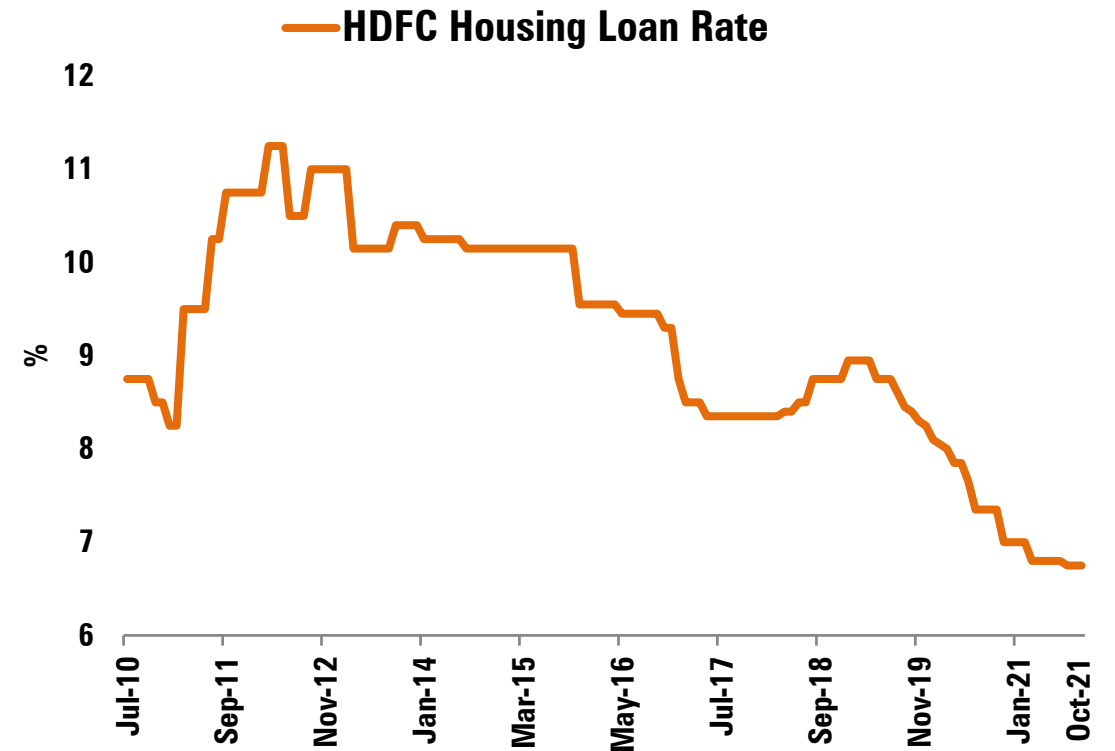


India has low penetration in Mortgage loan segment compared to its Global peers.  
This may reverse with pick-up in demand due to lower housing loan rates

Mortgages as % of Nominal GDP



Data Source : HDFC, Credit Suisse



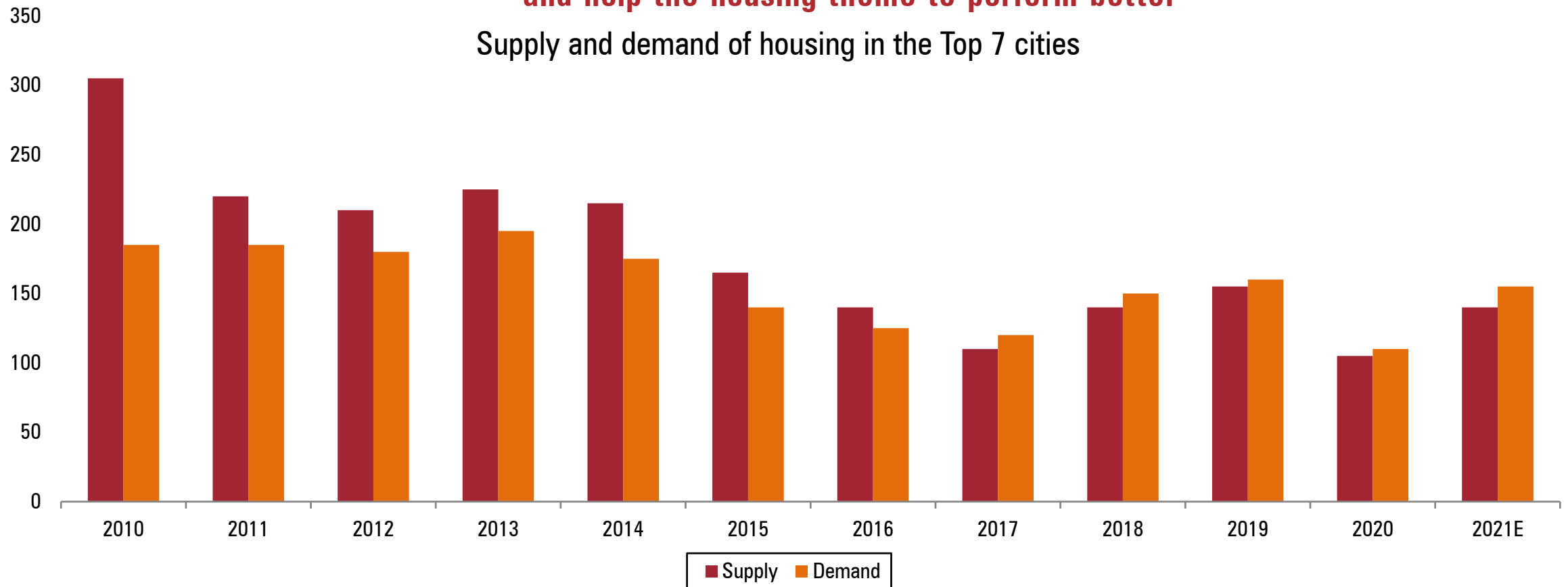




# OVERSUPPLY GETTING DIGESTED



**The oversupply of 2008-12 appears to be digested which may lead to less pressure in real estate prices  
and help the housing theme to perform better**  
Supply and demand of housing in the Top 7 cities





# GOVERNMENT POLICIES AND CAPEX



The Govt. has been trying to stimulate activity in the sector through various supportive measures

## AFFORDABLE HOUSING

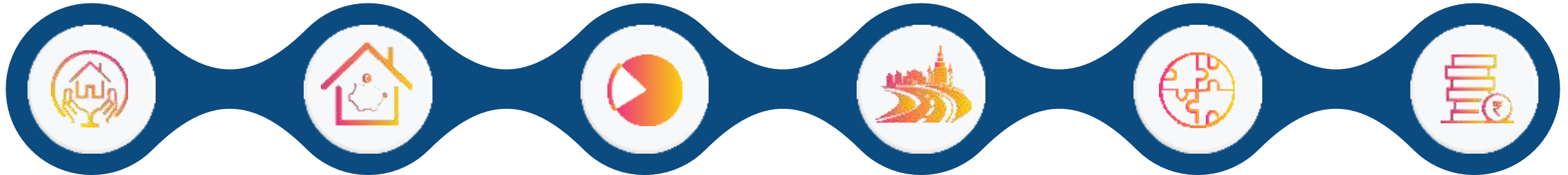
Rise in allocation to PM Awas Yojana  
– Rs 480 Bn in FY23 from Rs. 275 Bn  
in FY22

## CAPEX

Increase in Capex from Rs. 5.54  
Tn in FY22 to Rs. 7.5 Tn in FY23  
(35% rise)

## FDI INVESTMENTS

Government has allowed 100%  
FDI for townships and  
settlements development projects



## AFFORDABLE RENTAL HOUSING COMPLEX (ARCH) SCHEME

Rental accommodation for migrant  
workers and urban poor

## STAMP DUTY CUTS

By Govt. of Maharashtra and  
Madhya Pradesh

## RBI POLICY

RBI maintains  
accommodative stance with  
interest rate unchanged at 4%



# Summary – Multiple drivers falling in place for pick-up in Housing Cycle (Illustration)



|                           | Increasing leverage for developers |              |           |          | Start of up-cycle led by:<br><br>1) Supply correction (reducing inventory pressure);<br><br>2) Improving demand given heightened affordability for end-users & improving rental yields for investors |
|---------------------------|------------------------------------|--------------|-----------|----------|--|
| Demand (000's units)      | 234                                | 404          | 343       | 303      |  |
| Launches (000's units)    | 258                                | 518          | 404       | 270      |  |
| Inventory (000's units)   | 323                                | 664          | 910       | 814      |  |
| Income/Job prospects      | Very High                          | High         | Medium    | Low      |  |
| Property Price to Income  | 5.5                                | 5.2          | 4.6       | 3.9      |  |
| Investor Confidence       | Very High                          | High         | Medium    | Low      |  |
| Consolidation             | 1,100                              | 2,385        | 2,250     | 1,400    |  |
| Price CAGR %              | 10%                                | 6-7%         | 4%        | -5% - 0% |  |
| Realty MCap as % of total | 4%                                 | 2%           | 1%        | 1%       |  |
| Access to Debt & Equity   | Very High                          | High         | Medium    | Low      |  |
| Market Sentiment          | 🤪 Frenzy                           | 🤪 Optimistic | 😐 Neutral | 😨 Fear   |  |

# **LAUNCHING ICICI PRUDENTIAL HOUSING OPPORTUNITIES FUND**







# ABOUT THE SCHEME



## PHILOSOPHY

Aims to invest in opportunities across housing theme

## SUITABILITY

Scheme is suitable for investors looking for opportunities to participate in potential growth of Housing theme



## INVESTMENT UNIVERSE

Basic industries like Power, Cement, Consumer Electronics etc. (that form a part of Nifty Housing Index)

## OBJECTIVE

Long term wealth creation by investing in equity and equity related instruments of entities engaged in and/or expected to benefit from the growth in housing theme





# WHAT ALL YOU NEED TO BUILD A HOUSE ?



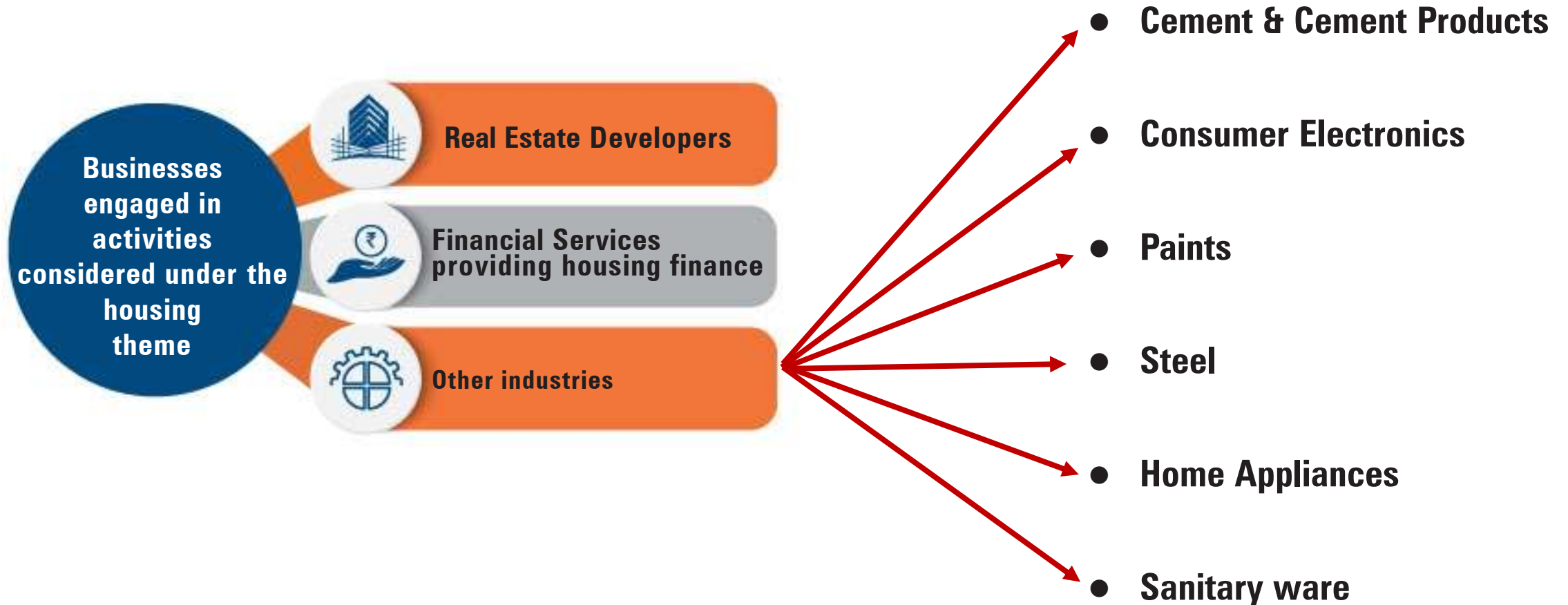
The above list is not exhaustive



# IN WHICH BUSINESSES WILL THE SCHEME INVEST?



The scheme will aim to invest in basic eligible themes that form a part of Nifty Housing Index





# NIFTY HOUSING INDEX CONSTITUENTS

## Index Constituents

| Sector                   | Weight (%) |
|--------------------------|------------|
| Financial Services       | 25.8       |
| Consumer Goods           | 17.3       |
| Cement & Cement Products | 16.1       |
| Construction             | 13.3       |
| Power                    | 11.4       |
| Metals                   | 10.9       |
| Oil & Gas                | 5.2        |

## Top 10 Stocks

| Stocks                                  | Weight (%) |
|---|------------|
| Larsen & Toubro Ltd.                    | 9.9        |
| Asian Paints Ltd.                       | 8.7        |
| HDFC Bank Ltd.                          | 6.6        |
| ICICI Bank Ltd.                         | 5.6        |
| Tata Steel Ltd.                         | 5.3        |
| Ultratech Cement Ltd.                   | 5.1        |
| Housing Development Finance Corporation | 4.7        |
| Adani Green Energy Ltd.                 | 4.1        |
| NTPC Ltd.                               | 4.1        |
| Grasim Industries Ltd.                  | 4.0        |

Source : NSE India, Data as on Jan 31, 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).

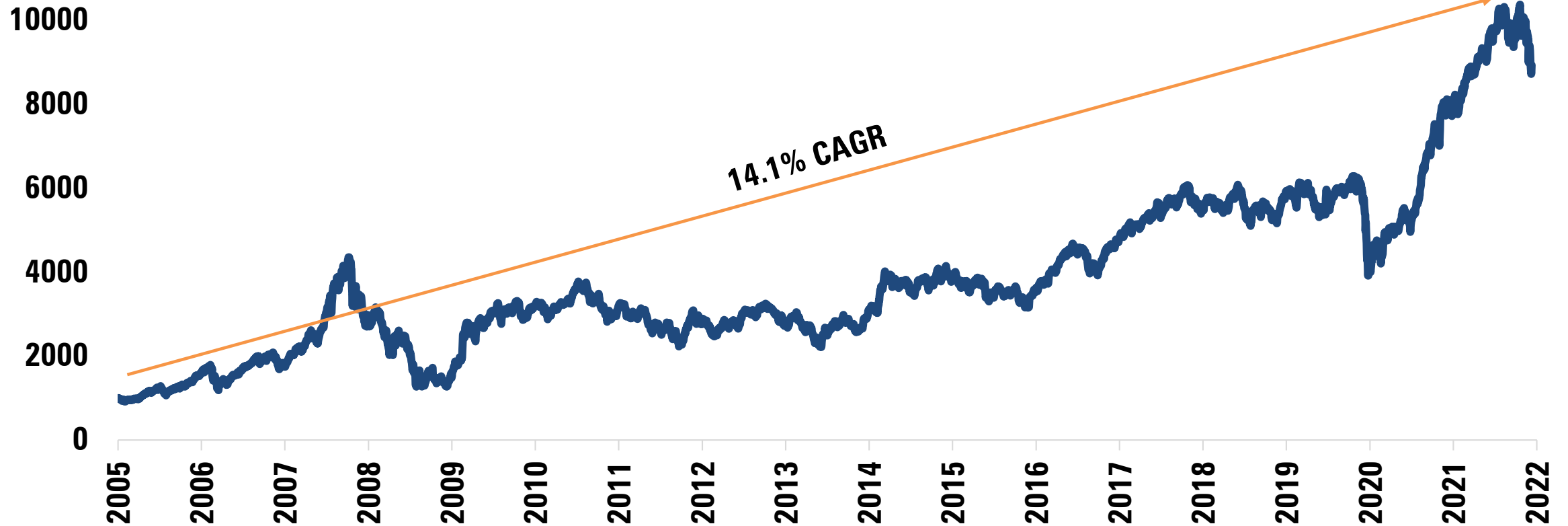




# NIFTY HOUSING INDEX PERFORMANCE



## Nifty Housing Index TRI



Source : NSE India, Data as on Feb 28, 2022. Past performance may or may not sustain in future



# SUMMARY



**Housing  
theme  
addresses the  
basic need of  
an individual**



**Cycle for  
housing  
theme is  
turning**



**India's favourable  
demographics,  
urbanization  
trend, better  
affordability,  
lower rates etc.  
is creating a  
conducive  
environment**



**Govt. thrust  
towards  
housing,  
further  
gives  
impetus to  
the theme**



**Housing  
encapsulates  
industries like  
banks, steel,  
power, etc.**



**Good option  
for an  
investor  
who would  
aim to  
benefit from  
growing need  
of Indians for a  
better shelter**



**Long Term  
Approach**



# PORTFOLIO FEATURES



|                                       |  |                             |
|---------------------------------------|--|-----------------------------|
| Type of Scheme                        | An open ended equity scheme following housing theme  |                             |
| Plans                                 | ICICI Prudential Housing Opportunities Fund - Regular & ICICI Prudential Housing Opportunities Fund - Direct |                             |
| 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<br>More than 1 Month   | 1% of applicable NAV<br>Nil |
| Fund Manager                          | Sankaran Naren & Anand Sharma  |                             |
| Benchmark Index                       | Nifty Housing TRI  |                             |
| SIP / SWP / STP                       | Available  |                             |

\*IDCW – Income Distribution cum Capital Withdrawal Option. Payment of IDCW is subject to availability of distributable surplus and Trustee approval. Pursuant to payment of IDCW, the NAV of the scheme falls to the extent of IDCW 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 IDCW. IDCW 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 IDCW payout option, the minimum amount for IDCW payout shall be 100 (net of IDCW distribution tax and other statutory levy, if any), else the IDCW would be mandatorily reinvested. In addition to the fund managers managing this fund, overseas investment will be managed by Ms. Priyanka Khandelwal.



# RISK-O-METER AND DISCLAIMER



## ICICI PRUDENTIAL HOUSING OPPORTUNITIES FUND

This scheme is suitable for investors who are seeking\*:

- Long term capital appreciation
- An open ended equity scheme following housing theme

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



Investors understand that their principal will be at Very High Risk

Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. Please refer to <https://www.icicipruamc.com/news-and-updates/all-news> for more details.

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