



## Equity Advised Portfolio Report

For

Mr. S\*\*\*\*\* G\*\*\*\*\*

Prepared by

Mr. Arnik Shah

Certified Financial Planner, CFP<sup>CM</sup>

Mumbai

October 1, 2016

Private & Confidential

## An Important Message

Dear Mr. G\*\*\*\*\*

We are pleased to present your Equity Advised Portfolio Report. We have analyzed your risk profile and recommended the **Frontline Equity Portfolio** for your equity allocation.

You will have to execute the portfolio either own your own or through your Equity Advisor.

This report contains:

1. Risk Profile
2. Asset Allocation
3. Recommended Equity Portfolio
4. Recommendation of Debt Funds

Sincerely,

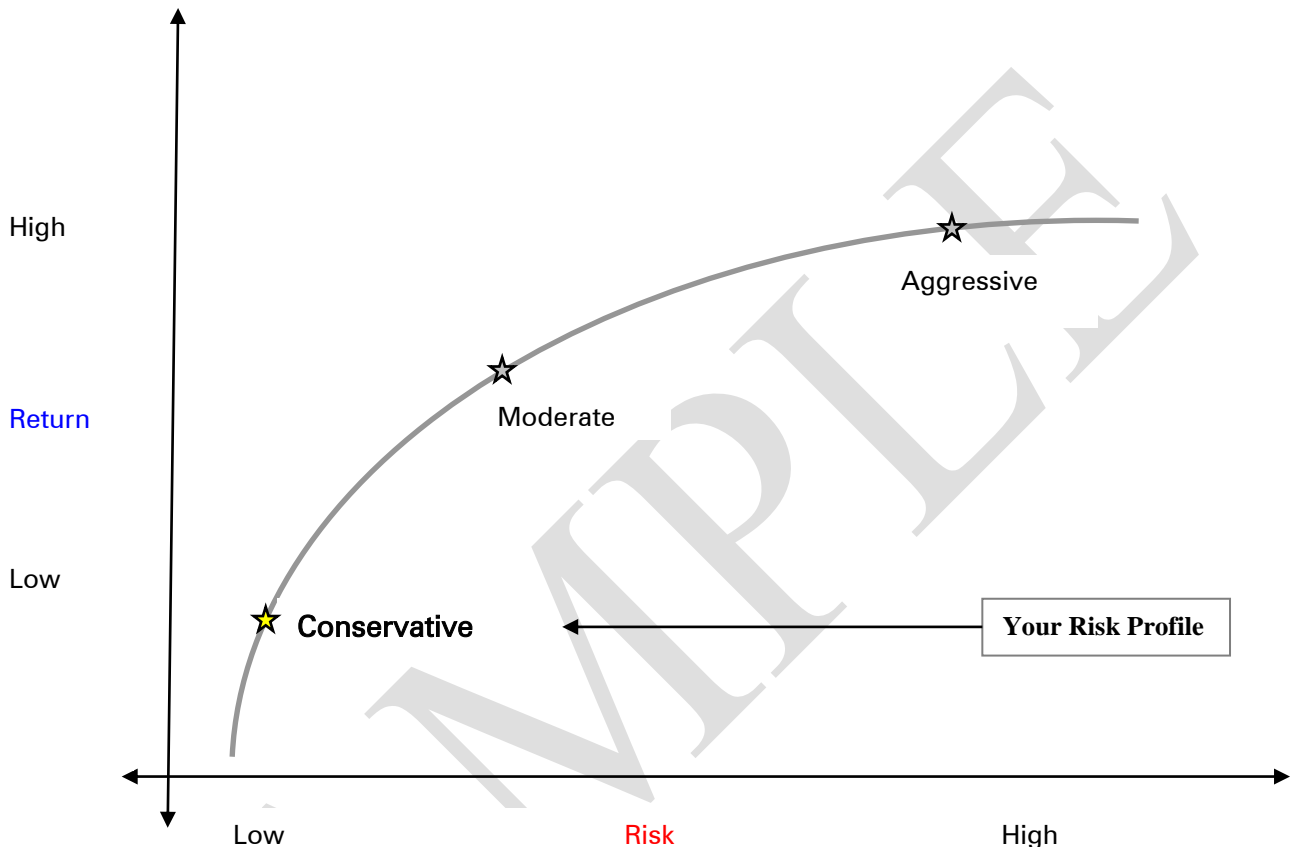
ICICI Securities Ltd.

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## Risk Profile

Let's begin with determining your risk profile. It provides guidelines on which assets to allocate as per your risk appetite.

Risk profile is determined based on the information provided by you and your responses in the risk profiling exercise.



You have emerged as an investor with a **“Conservative”** profile. Investors with this profile typically have the following characteristics.

1. Your primary goal is preservation of capital
2. You always avoid taking undue risk and want to preserve your investment capital
3. You look for those investment avenues which will help you generate income to beat inflation and at the same time protect your capital
4. You prefer investing in clearly defined risk-return investment avenues as you are averse to risk

## Asset Allocation

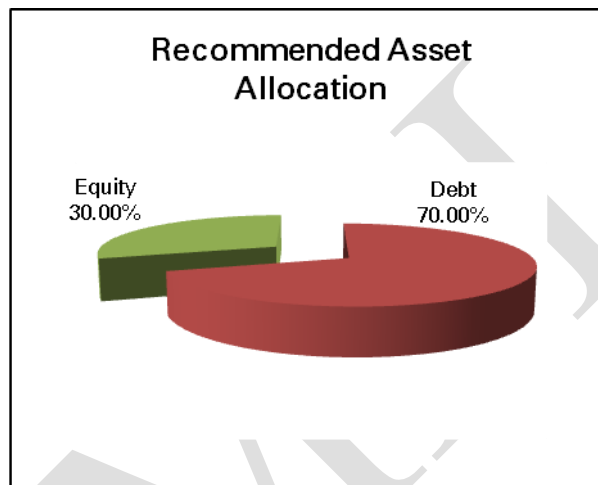
The second step involves determining appropriate Asset Allocation based on your Risk Profile.

Asset Allocation is the most important factor in portfolio construction and indicates the distribution of your investments in different asset classes i.e. equity, debt, cash & alternate.

The suggested asset allocation based on your risk profile is given below.

Risk Profile	Cash#	Debt	Equity	Alternate#
Conservative	0.00%	70.00%	30.00%	0.00%

# Cash & Alternate are optional and the recommend allocation is between 5-10%



Note: The suggested asset allocation is as per your risk profile alone & not based on your life goals, we would recommend you go through financial planning service for knowing the exact asset allocation.

**Equity Recommendations**

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## Recommended Portfolio based on Risk Profile

**Equity-** The investment objective of the Frontline Equity Portfolio is to achieve long term stable capital appreciation from a portfolio that is predominantly invested in large cap companies. The portfolio invests in companies that have established business model, strong balance sheet, quality management and have delivered superior capital efficiency ratios over a period of time, with an aim to minimize risks in the portfolio.

### *Frontline Equity Portfolio*

<b>Key Points:</b>	
<b>Recommended Investment Horizon</b>	3 Years +
<b>Investment Universe</b>	Majority of the stocks from ICICI direct coverage universe and/or BSE 500
<b>Performance Benchmark</b>	Nifty 50
<b>Key Risks</b>	Market Risk
<b>Taxation</b>	We advise you to seek consultation from Tax Advisor before making any investment decision
<b>No of Stocks</b>	18
<b>Minimum No of Sector</b>	5
<b>Maximum Weightage</b>	40%

<b>Sector</b>	<b>%</b>
Automobiles	16%
BFSI	25%
Consumer Goods	17%
Infrastructure	10%
IT	12%
Media & Telecom	5%
Oil & Gas	5%
Pharma	10%
<b>Total</b>	<b>100%</b>

<b>Market Capitalization</b>	<b>%</b>
Largecap	95
Midcap	5
Smallcap	0
<b>Total</b>	<b>100%</b>

## Plan of Action

As per your profiler, you would like to start the Equity Portfolio investment at **Rs. 500,000/-**

The Following is the portfolio that we recommend to invest in:

Amount to be Invested		Rs. 500,000
Stocks	Weightage* (%)	Quantity to be bought
<b>Automobiles</b>	<b>16.00%</b>	
Stock 1	5.00%	1
Stock 2	6.00%	5
Stock 3	5.00%	73
<b>BFSI</b>	<b>25.00%</b>	
Stock 4	8.00%	31
Stock 5	5.00%	32
Stock 6	7.00%	25
Stock 7	5.00%	8
<b>Consumer Goods</b>	<b>17.00%</b>	
Stock 8	7.00%	142
Stock 9	5.00%	21
Stock 10	5.00%	11
<b>Infrastructure</b>	<b>10.00%</b>	
Stock 11	5.00%	96
Stock 12	5.00%	18
<b>IT</b>	<b>12.00%</b>	
Stock 13	7.00%	34
Stock 14	5.00%	10
<b>Media &amp; Telecom</b>	<b>5.00%</b>	
Stock 15	5.00%	46
<b>Oil &amp; Gas</b>	<b>5.00%</b>	
Stock 16	5.00%	67
<b>Pharma</b>	<b>10.00%</b>	
Stock 17	5.00%	16
Stock 18	5.00%	33
<b>Total</b>	<b>100.00</b>	

\*As on 30<sup>th</sup> September 2016

### Important Note

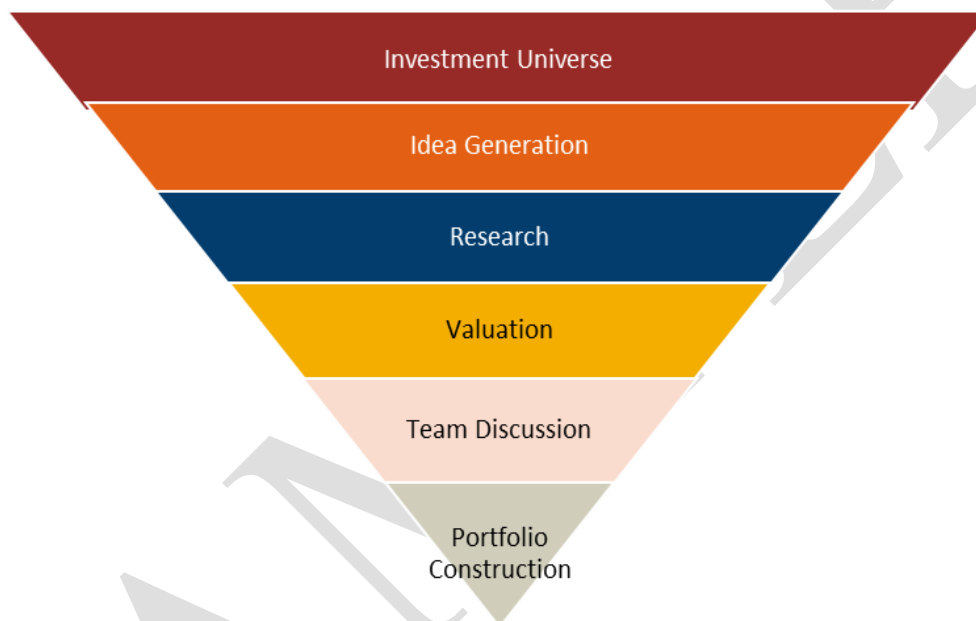
- ✓ You are requested to execute the above portfolio on your own or connect with your Equity Advisors at the earliest
- ✓ You will be intimated on any rebalancing requirements or changes every quarter or earlier as required. You are requested to act on the changes accordingly

## Investment Philosophy & Approach to Equity Investing

The arena of equity investments is like the menu card of a restaurant with a variety of products, suitable for different tastes and needs. Just as there is no one food that is best for everyone, there is no one investment that is best for all investors. The choice of investment option depends on the degree of risk an investor is comfortable with. An investor can generate better risk-adjusted returns by investing in an appropriate portfolio in a disciplined manner.

The portfolio investment approach is one of the effective ways of creating long-term stable wealth, the ultimate objective of investment into equity markets. Effective diversification through a basket of stocks helps to build stable wealth over a period of time.

Our portfolio has been constructed with a balanced approach using both the top-down approach as well as bottom-up approach in the construction of the portfolio. We prefer to invest in sustainable businesses with strong fundamentals over a long term horizon of 3-5 years.





**Debt Recommendations**

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## Debt Mutual Fund Recommendations

**Crisil A rated Debt Funds Point to Point Return As on September 30, 2016**

Sr. No.	Fund Name	Fund Benchmark	Latest AUM (Cr.)	3 Months (abs)	6 Months (abs)	1 Year (abs)	3 Years (CAGR)	5 Years (CAGR)	Since Inception (%)
<b>Income</b>									
1	DSPBR Strategic Bond Fund(G)	Crisil Composite Bond Fund Index	2985.84	6.06	8.74	12.47	11.18	10.16	7.20
2	HDFC High Interest Fund-Dynamic Plan(G)	Crisil Composite Bond Fund Index	1858.32	6.93	9.64	13.47	12.17	10.29	9.24
3	ICICI Pru Dynamic Bond Fund(G)	Crisil Composite Bond Fund Index	1247.66	5.53	8.24	13.11	11.77	9.97	8.59
4	L&T Flexi Bond Fund-Reg(G)	Crisil Composite Bond Fund Index	121.48	6.26	9.13	12.99	11.50	10.22	5.61

**Annexures**

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## ITC Ltd. (ITC)

- ITC is the largest cigarette manufacturer (~75% volume share) & among the largest paperboard manufacturing companies in India. It also has the second largest hotel chain in the country. ITC's emerging strength is the FMCG (others) business led by robust growth of 16.9% CAGR (FY09-17) & strong portfolio of brands like Aashirvaad & Sunfeast.
- ITC has been aggressive recently to shape itself into India's leading FMCG company. The company has set before itself an ambitious vision of achieving a topline of ₹ 100000 crore from non-cigarette FMCG business by 2030. This translates into a CAGR of 17.4% in this segment in FY15-30E. After starting the FMCG business from scratch in 2003, it had a topline of ₹ 10511.8 crore from this segment in FY17. We expect non-cigarette FMCG business to clock revenue CAGR of 12.3% in FY17-19E. Further, post GST implementation, ITC requires 12% hike in prices in order to pass on the additional burden of taxes in GST regime in FY2018E and 8% in FY19E. Thus, we are factoring in 1.0% volume growth for cigarettes in both FY18E and FY19E.
- We remain cautious on the cigarette's volume growth due to ~22% additional tax burden in FY18E post GST implementation. However, ITC's focus on growing its FMCG business by entering newer segments and tapping opportunity in foods segment would be a catalyst for topline growth in the long run. We are thus estimating a gross revenue and PAT CAGR of 10.2% and 8.6%, respectively over FY17-19E with EBITDA margin of 24.3% in FY19E.

Key Financials	FY16	FY17	FY18E	FY19E
Revenue (₹ crore)	51,582.5	55,001.7	61,128.5	66,756.9
EBITDA (₹ crore)	13,714.6	14,578.0	14,650.6	16,386.8
Net Profit (₹ crore)	9,328.4	10,200.9	10,810.4	12,039.4
EPS (₹)	7.7	8.4	8.9	9.9
P/E (x)	37.6	34.4	32.4	29.1
P/BV (x)	5.6	7.7	7.1	6.9
ROE (%)	22.4	22.5	21.9	23.8
ROCE (%)	33.2	32.9	31.6	34.3

## Stock 2

### DESCRIPTION

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## Stock 18

### DESCRIPTION

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