

ICICI Prudential Regular Income Fund

An open ended income fund

Income is not assured and is subject to availability of distributable surplus

June Review

Only for reading and understanding of distributors and advisors of ICICI Prudential Mutual Fund



Investment Style

Credit Quality

High	Medium	Low	Maturity
			Short
			Medium
			Long

Portfolio Commentary

The portfolio is well diversified across various credit ratings ranging between AA+ to A- with an aim maintain a reasonable portfolio yield. The fund's YTM currently stands at 10.15%

The fund has maintained low modified duration of around 1 year, with the aim to generate return mainly from accrual income with lower volatility.

Investment Approach

Focus on Accrual Income
Invest in well researched high yielding debt instruments
Hold till maturity approach

About The Fund

This fund invests in well researched investment grade corporate bonds and 0 – 5% into equity arbitrage opportunities.

It aims to generate 3 way returns:

- Accrual income by predominantly holding securities till maturity.
- Gains from any credit rating upgrades of debt securities in the portfolio.
- Potential Capital appreciation in the event of fall in interest rates.

Investment Strategy:

- Invests in well researched credits offering relatively higher yield.
- Intends to take advantage of internal credit research to generate alpha for the portfolio from any potential rating upgrades of debt instruments.
- The fund invests predominantly in well researched AA and A rated debt instruments.
- The fund aims to generate stable accrual income by investing in corporate bonds primarily with hold till maturity approach.

Our Outlook

- Government bond yields have consolidated given that yields have dropped by 50 bps from highs seen in February 2016. Yields may continue to fall as demand supply dynamics seem to be in favour. The Open Market Operations (OMO) purchases by the RBI while adding liquidity is also leading to lowering the net supply of government bonds in the market. The government has auctioned Rs 1,200 billion of bonds since April and with RBI buying Rs 750 billion of bonds and with redemptions of over Rs. 400 billion, net government bond supply is negative.
- PSU banks have been the major participants in the OMOs to book treasury gains in their HTM (hold-to-maturity) portfolios. As they come back in the market to rebuild these positions in G-sec, yields may benefit and witness fall led by additional demand from these PSU Banks.
- In the near term short term yields may fall on the back of easing liquidity conditions while long end of the curve may fall led by favourable demand-supply dynamics.
- We believe interest rates may continue downward movement as structurally lower inflation shall provide scope for further rate cuts. As per the Indian Metrological Department (IMD) forecast if monsoons are normal it may lead to lower food inflation and provide further room for RBI to cut rates. We recommend incremental investments in short- to medium-duration funds as they may offer better risk-adjusted returns from hereon.

Quantitative Indicators

Modified Duration	1.036 years
Average Maturity	1.204 years
YTM	10.15%
Closing AUM as on 31st May 2016	1574.96 Crs.

Why ICICI Prudential Regular Income Fund

The scheme is relevant for investment during all time periods.

The current portfolio YTM of 10.15% (as on May 31, 2016) offers good accruals. Considering the fact that interest rates are expected to fall further, it may be an opportune time to lock investments at prevailing levels of Yield to Maturity (YTM).

With scope for improvement in the overall economic environment, some holdings in the scheme may get upgraded and this can help the scheme to generate potential capital appreciation. Upgrade in the ratings may translate into fall in yields which has the potential to trigger rise in bond prices.

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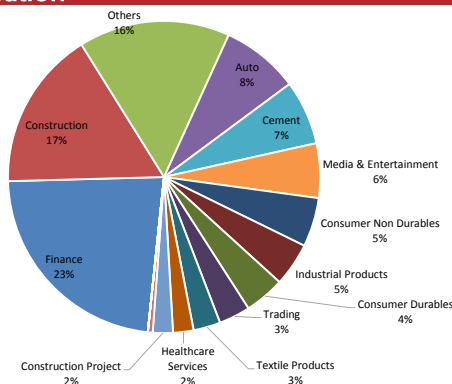
Top Holding as on 31 May 2016

Company name/Issuer/ Instrument name	Rating	% of NAV
Ashok Leyland Ltd.	ICRA AA-	8.05%
Prism Cement Ltd.	ICRA A-	6.67%
Indian Hospital Corporation Ltd.	BWR AA-	6.34%
Promont Hillside Private Ltd.	CARE AA	5.96%
Bahadur Chand Investments Private Ltd.	ICRA AA	5.42%
Parry Sugars Refinery India Private Ltd.	CRISIL A+	5.09%
Pune Solapur Expressway Pvt Ltd.	ICRA A	5.08%
Avenue Supermarts Ltd.	CRISIL AA-	4.16%
Equitas Microfinance Ltd.	CARE A	4.13%
Aspire Home Finance Corporation Ltd.	ICRA AA-	3.83%

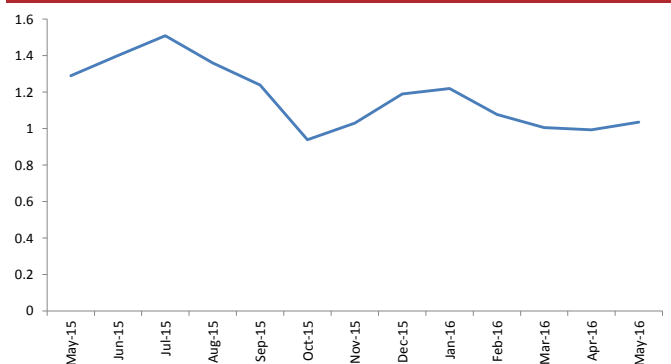
Features of the Fund

Plan	ICICI Prudential Regular Income Fund & ICICI Prudential Regular Income Fund - Direct	
Options	Growth Option Dividend Option (Monthly, Quarterly & Half Yearly)	
Minimum Application Amount	Rs. 5000 (plus in multiples thereof)	
Minimum Additional Application Amount	Rs. 1000 (plus in multiple of Re. 1)	
Minimum Redemption Amount	Rs. 500 and in multiples thereof.	
Entry Load	Not Applicable	
Exit Load	If the amount sought to be redeemed or switched out, is invested up to 12 months from the date of allotment.	1%
	If the amount, sought to be redeemed or switched out, is invested for a period of more than 12 months from the date of allotment.	Nil
Fund Manager	Mr. Rajat Chandak managing this Scheme since Sep 2012 & has overall 8 years of experience. Mr. Rahul Bhuskute managing this Scheme since Oct 2014 & has overall 19 years of experience.	
Benchmark Index	Crisil MIP Blended Index	
SIP/STP/SWP	Available	

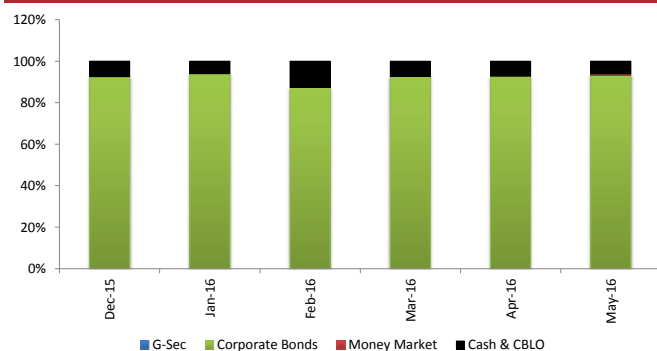
Sector Allocation



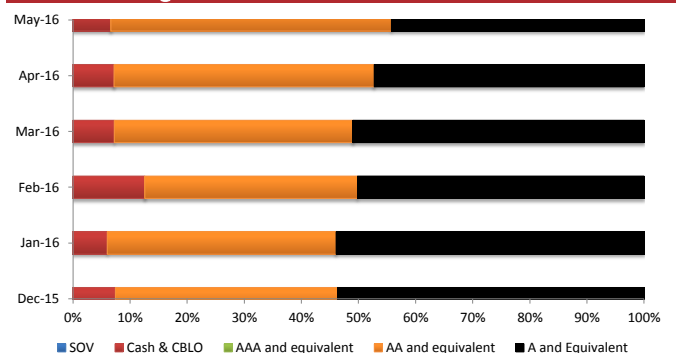
Modified Duration



Asset Allocation



Credit Rating



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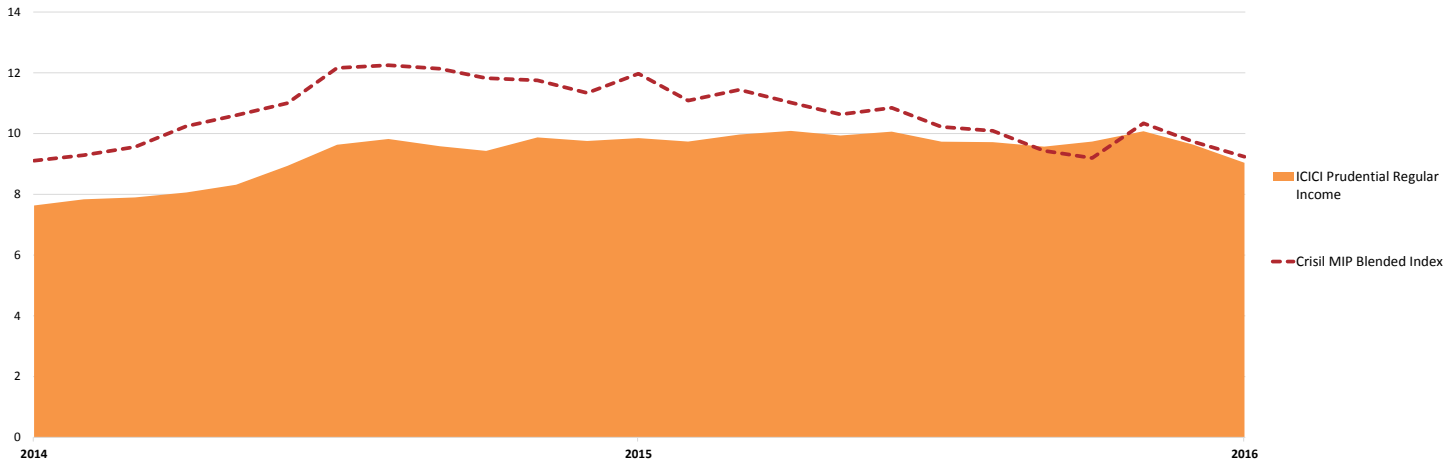


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Performance Analysis

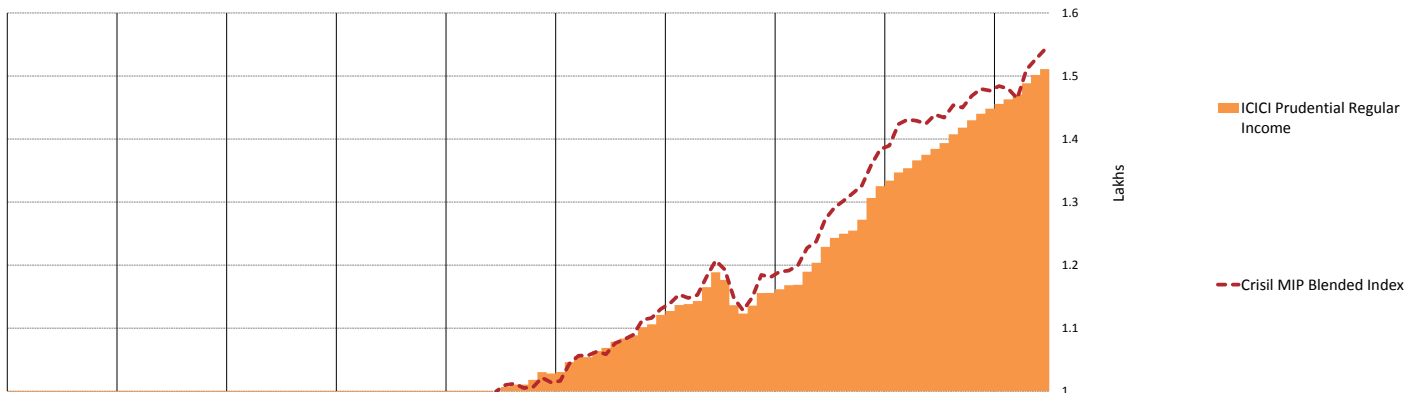
Rolling Return Performance



Returns above are CAGR for a period of 36 months.

Yearly & Cumulative Performance

Growth of Rs. 100,000 invested in the scheme v/s Benchmark Index performance



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Year
--	--	--	--	--	9.39	3.07	14.83	9.12	9.10	ICICI Prudential Regular Income
13.48	-2.31	12.99	7.00	1.74	12.10	4.41	16.83	6.79	9.37	Crisil MIP Blended Index

Investment Performance

Investment Period	ICICI Prudential Regular Income	Crisil MIP Blended Index	Crisil 1 Year T-Bill Index
Last 1 Year	9.05	7.18	7.69
Last 3 Years	8.33	8.49	7.29
Last 5 Years	8.60	9.05	7.59
Since Inception	8.60	8.48	7.28

Date of Scheme Inception Unit Launch Date	NAV Per Unit.* (Rs)	ICICI Prudential Regular Income	Crisil MIP Blended Index	Crisil 1 Year T-Bill Index
Since inception till 31-May-2016 (returns in % CAGR)	15.20	8.60	8.48	7.28
31-May-2015 to 31-May-2016 (returns in absolute %)	13.93	9.05	7.18	7.69
31-May-2014 to 31-May-2015 (returns in absolute %)	12.36	12.65	13.00	8.53
31-May-2013 to 31-May-2014 (returns in absolute %)	11.96	3.39	5.45	5.66

Returns are calculated for Growth option and are in % and absolute returns for period less than 1 year & CAGR for a period of 1 year or more. The scheme benchmark for ICICI Prudential Regular Income is Crisil MIP Blended Index and additional benchmark is Crisil 1 Year T-Bill Index.

* As on start of period considered above. The scheme benchmark for ICICI Prudential Regular Income is Crisil MIP Blended Index and additional benchmark is Crisil 1 Year T-Bill Index. Returns for dividend option would assume reinvestment of tax free dividends declared at the then prevailing NAV. Load and Taxes are not considered for computation of returns.

Returns less than one year calculated on simple annualized basis and more than one year on CAGR basis

Past performance may or may not be sustained in future

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

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Details of some of the holdings in the portfolio

Corporate Securities	About the issuer	Rating
Indian Hospital Corporation Ltd. (IHCL)	IHCL is a promoter group company of Apollo Hospital Enterprise Limited. Secured by pledge of equity shares of Apollo Hospital Enterprise Ltd.	BWR AA-
AMRI Hospitals Ltd	AMRI Hospitals is a private hospital chain which is headquartered at the city of Kolkata, West Bengal, India and it is owned by the Emami & Shraichi group. The paper is secured by pledge of equity shares of Emami Ltd.	BWR AA-
Rajesh Estates and Nirman Private Ltd.	RENPL is a part of Rajesh Group, which is an established player in Mumbai residential real estate sector. The paper is secured by pledge of equity shares of Sun Pharma Ltd	FITCH AA
Tata Housing Development Company Limited (THDCL)	Established in 1984, THDCL is a closely held public limited company engaged in real estate development, having developed ~3 mn sq.ft. of residential and commercial space in the past. The company is a subsidiary of Tata Sons Limited (Tata Sons) which holds 99.8% stake in the company.	ICRA AA
Ma Multi-Trade Private Ltd.	Group company of Shishir Bajaj Group. Secured by pledge of shares of Bajaj Corp Ltd.	BWR A+
Asian Satellite Broadcast Pvt. Ltd. (ASBPL)	ASBPL is a promoter company of Essel Group a leading business conglomerate promoted by Mr Subhash Chandra. Secured by pledge of share of ZEE Ltd.	Unrated
Promont Hillside Private Ltd.	A subsidiary of Tata Housing Development Ltd. Tata Housing is a 100% subsidiary of Tata Sons.	CARE AA
SKS Microfinance Ltd.	A Leading micro finance company with diversified resources profile, improving asset quality, comfortable liquidity profile, experienced management team and geographically diversified loan portfolio. The PAT for 9MFY15 stood at Rs.147 crore on total income of Rs.577 crore. (Source: CARE)	CARE A+
Essel Propack Ltd.	Essel Propack Limited (EPL) together with its subsidiaries, associates and joint ventures is one of the leading specialty packaging global company. It is a part of ESSEL Group promoted by Dr. Subhash Chandra.	CARE AA-
NRB Bearings Ltd.	A leading Bearing manufacturer catering to various manufacturing industries	CRISIL AA-
Ujjivan Financial Services	Ujjivan is a Bangalore based micro-finance company and was established in 2005. Ujjivan reported PAT of Rs. 75.7 crore during for FY 2014-15.	CARE A
Prism Cement Ltd.	PCL, promoted by the Rajan Raheja group, was incorporated in 1992 and has been in the business of manufacturing and selling cement since 1997.	ICRA A-
Avenue Supermarts Ltd.	ASL is engaged in the organized retail business through its D-Mart branded chain of stores. The Company is in the business of organized retail. As at Mar-15, ASL has been operating 84 retail stores across Maharashtra, Gujarat, Andhra Pradesh and Karnataka Regions in India.	CRISIL AA-
Parry Sugars Refinery India Private Ltd.	Subsidiary of EID Parry Ltd. one of the leading entities in the Murugappa group of Companies.	CRISIL A+
Emami Realty Ltd.	One of the leading companies of Emami Group. The NCD is secured by pledge of equity shares of Emami Ltd.	BWR AA-

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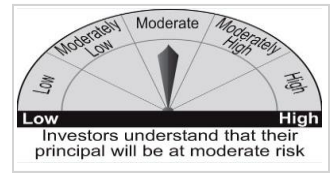
Sadbhav Infrastructure Project Ltd.	SIPL is a 100% subsidiary of Sadbhav Engineering Ltd. (SEL). The NCD is backed by corporate guarantee by Sadbhav Engineering Ltd.	CARE A+
Equitas Microfinance	The company has been formed for the purpose of extending micro credit. The company has experienced management and strong processes. During Q1FY16, the company generated PAT of Rs.21 crore on a total income of Rs.131 crore.	CARE A
Bhaskar Industries Pvt. Ltd	It is secured by pledge of shares by DB Corp Limited. DB Corp is the flagship company of Dainik Bhaskar Group. It was incorporated on October 27, 1995 and is one of the leading print media company publishing 8 newspapers with 58 editions, 199 sub-editions in 4 languages (Hindi, Gujarati, English and Marathi) across 14 states in India	BWR AA-
Pune Solapur Expressway Ltd.	A subsidiary of Tata Realty and Infrastructure Ltd. It is a 100% subsidiary of Tata Sons.	ICRA A
Bahadur Chand Investments Private Ltd.	One of the principal holding companies of Hero Moto Corp Limited.	ICRA AA
Au Financiers (India) Ltd.	Au Financiers (India) Ltd. incorporated in 1996, is a Rajasthan-based non-banking finance company that provides loans and advances to customers in semi-urban and rural India. The Company operates in the commercial vehicle finance segment and business loans backed by property collaterals. The company has a housing finance subsidiary operating in largely low ticket housing loans.	FITCH A+
Prestige Estates Projects Ltd.	PEPL has an established track record of more than 28 years in residential, commercial, retail and hospitality segments in the real estate market. During the nine month of FY2015, PEPL (standalone) reported a net profit of Rs 300 crore on an operating income of Rs 1,698 crore.	ICRA A+
Aspire Home Finance Corporation Ltd.	Aspire is promoted by Motilal Oswal Securities Limited (MOSL). s's ultimate parent (Motilal Oswal Financial Services Limited; rated [ICRA]AA with stable outlook) and the commitment of Motilal Oswal Group to this entity - in terms of both capital support and board level supervision are key positives.	ICRA AA-
Techno Electric & Engineering Company Ltd. (TEECL)	TEECL is a leading engineering, procurement and construction (EPC) services company in India's power sector. The Company provides engineering, procurement and construction services to all three industry segments (generation, transmission and distribution). The Company also possesses specific domain knowledge that enables it to serve the EPC needs of power, steel, fertilizer, metals and petrochemicals sectors, among others.	ICRA AA-
Incline Realty Private Limited	A Oberoi Group company	CARE AA+

This Product is suitable for investors who are seeking*:

Medium term regular income solution

A hybrid fund that aims to generate regular income through investments primarily in debt and money market instruments and long term capital appreciation by investing a portion in equity

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



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