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A GOOD BUYING OPPORTUNITY





In order to curb exchange rate volatility and stabilize rupee, the Reserve Bank of India has taken various measures since 15th July 2013. The key measures announced were:




- The central bank has hiked the MSF rate (Marginal Standing Facility) by 200bps to 10.25% while keeping the repo rate unchanged at 7.25%.
- The overall limit for access to LAF (Liquidity Adjustment Facility) by each individual bank is set at 0.5 per cent of its own NDTL (Net demand and time liabilities) w.e.f 24th July 2013.
- RBI had announced open market sale of G-secs worth INR120bn.
- Banks need to maintain higher average CRR (cash reserve ratio) of 99% of the requirement on daily basis as against earlier 70%, effective from July 27.




(Source: www.rbi.org.in)

RBI's announcement that it was gearing up for an interest rate defence of the currency was seen as bold step and caught markets completely off guard, increasing money market, government bond, corporate bond and interest rate swap yields. We believe bond yields have become attractive for investments and present a reasonable opportunity for investors to add debt funds in the portfolio.

ICICI Prudential Mutual Fund offers a wide range of fixed income strategies across accrual and duration types to suit an investor's needs in various market environments. The details of some debt funds are shown below:




| Particulars | ICICI Prudential Liquid Plan | ICICI Prudential Flexible Income Plan | ICICI Prudential Ultra Short Term Plan | ICICI Prudential Short Term Plan |
|---|--|---|--|--|
| YTM (%) | 10.74 | 10.76 | 11.18 | 10.28 |
| Average Maturity | 24.92 days | 79.31 days | 181.12 days | 2.26 years |
| Modified Duration | 21.98 days | 68.65 days | 161.75 days | 1.89 years |
| Indicative Investment Horizon | 1 Day to 1Week | 15 - 30 Days | 1 - 3 Months | 6 - 12 Months |
| Exit Load | Nil | Nil | Nil | 0.50% upto 3 months |
| Product Labelling: This product is suitable for investors who are seeking* | <p>Short term savings solution.</p> <p>A liquid fund that aims to provide reasonable returns commensurate with low risk and providing a high level of liquidity.</p>  <p>LOW RISK (BLUE)</p> | <p>Short term savings solution.</p> <p>A Debt Fund that aims to maximise income by investing in debt and money market instruments while maintaining optimum balance of yield, safety and liquidity.</p>  <p>LOW RISK (BLUE)</p> | <p>Short term savings solution.</p> <p>A Debt Fund that aims to generate regular income by investing in debt and money market instruments of very short maturities.</p>  <p>LOW RISK (BLUE)</p> | <p>Short term income generation and capital appreciation solution.</p> <p>A debt fund that aims to generate income by investing in a range of debt and money market instruments of various maturities.</p>  <p>LOW RISK (BLUE)</p> |

| Particulars | ICICI Prudential Regular Savings Fund | ICICI Prudential Dynamic Bond Fund | ICICI Prudential Income Opportunities Fund |
|---|--|---|---|
| YTM (%) | 11.46 | 9.34 | 9.77 |
| Average Maturity | 2.15 years | 5.33 years | 8.09 years |
| Modified Duration | 1.76 years | 3.55 years | 5.09 years |
| Indicative Investment Horizon | 15 Months & above | 12 months & above | 24 months & above |
| Exit Load | 2% upto 15 Months | 0.5% upto 6 months | 1% upto 1 year |
| Product Labeling This product is suitable for investors who are seeking* | <p>Medium term savings solution.</p> <p>A debt fund that aims to deliver consistent performance by investing in a basket of debt and money market instruments with a view to provide reasonable returns while maintaining optimum balance of safety, liquidity and yield.</p>  <p>LOW RISK (BLUE)</p> | <p>Medium term wealth creation solution.</p> <p>A debt fund that invests in Debt and money market instruments with a view to provide regular income and growth of capital.</p>  <p>LOW RISK (BLUE)</p> | <p>Long term savings solution.</p> <p>A Debt Fund that invests in debt and money market instruments of various credit ratings and maturities with a view to maximising income while maintaining an optimum balance of yield, safety and liquidity.</p>  <p>LOW RISK (BLUE)</p> |

| Particulars | ICICI Prudential Corporate Bond Fund | ICICI Prudential Gilt Fund - Investment Plan | ICICI Prudential Gilt Fund Investment Plan - PF Option |
|---|---|---|--|
| YTM (%) | 10.23 | 8.69 | 8.67 |
| Average Maturity | 3.47 years | 14.54 years | 14.04 years |
| Modified Duration | 2.68 years | 7.38 years | 7.14 years |
| Indicative Investment Horizon | 30 Months & above | 24 months & above | 24 months & above |
| Exit Load | 3% - upto 12months 2% - 12 to 24 months 1% - 24 to 30 months | Nil | 1% upto 1 year |
| Product Labeling This product is suitable for investors who are seeking* | <p>Long term savings solution.</p> <p>A debt fund that invests in debt and money market instruments of various maturities with a view to maximise income while maintaining optimum balance of yield, safety and liquidity.</p> <p> LOW RISK (BLUE)</p> | <p>Long term wealth creation solution.</p> <p>A Gilt Fund that aims to generate income through investment in Gilts of various maturities.</p> <p> LOW RISK (BLUE)</p> | <p>Long term wealth creation solution.</p> <p>A Gilt Fund that aims to generate income through investment in Gilts of various maturities.</p> <p> LOW RISK (BLUE)</p> |

- *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
- Data as on 24th July 2013.

Note: Risk may be represented as:

| | | |
|---|--|---|
|  (BLUE) investors understand that their principal will be at low risk |  (YELLOW) investors understand that their principal will be at medium risk |  (BROWN) investors understand that their principal will be at high risk |
|---|--|---|

DISCLAIMER

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

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