

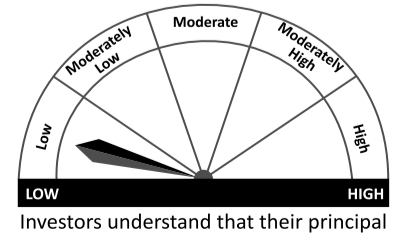
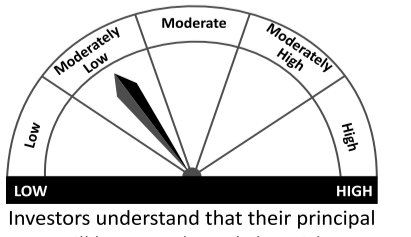
NOTICE-CUM-ADDENDUM

Notice-cum-Addendum to the Scheme Information Document (SID)/Key Information Memoranda (KIM) of ICICI Prudential Money Market Fund (referred as 'the Scheme')

NOTICE IS HEREBY GIVEN THAT, in accordance with SEBI Circular Nos. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 4, 2017, ICICI Prudential Trust Limited (the Trustee), has approved change in features of the Scheme which results in fundamental attribute change(s) in the Scheme with effect from June 05, 2018 ("Effective Date").

Securities and Exchange Board of India has communicated its no-objection for the above changes vide its letter nos. IMD/DF3/OW/P/2018/7267/1 dated March 08, 2018 and OW/P/2018/11750/1 dated April 17, 2018.

The existing and revised features of the Scheme are mentioned below:

	Existing Provision	Revised/Proposed Provision																						
Type of Scheme	An Open Ended Money Market Fund	An open ended debt scheme investing in money market instruments																						
Investment Objective	The Scheme seeks to provide reasonable returns, commensurate with low risk while providing a High level of liquidity, through investments made in money market securities.	The Scheme aims to provide reasonable returns commensurate with low risk and providing a high level of liquidity by investing in money market instruments. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.																						
Asset Allocation	Under normal circumstances, the asset allocation under the Scheme will be as follows: <table border="1"> <thead> <tr> <th>Type of Security</th> <th colspan="2">Indicative allocation (% of corpus) under normal circumstances</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Particulars</th> <th>Maximum</th> <th>Minimum</th> </tr> </thead> <tbody> <tr> <td>Money Market instruments</td> <td>100%</td> <td>0%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>Note:- In terms of SEBI Circular dated January 19, 2009, the Scheme shall make investment in/purchase money market securities with maturity of up to 91 days only. The cumulative gross exposure should not exceed 100% of the net assets of the scheme. It may be noted that no prior intimation/indication would be given to investors when the composition/asset allocation pattern under the Scheme undergo changes within the permitted band as indicated above or for changes due to defensive positioning of the portfolio with a view to protect the interest of the unit holders on a temporary basis. The investors/unit holders can ascertain details of asset allocation of the scheme as on the last date of each month on AMC's website at www.icicipruamc.com that will display the asset allocation of the scheme as on the given day. The securities mentioned in the asset allocation pattern could be listed, unlisted, privately placed, secured or unsecured, rated or unrated and of any maturity. The securities may be acquired through secondary market purchases, Initial Public Offering (IPO), other public offers, Private Placement, right offers (including renunciation) and negotiated deals.</p>	Type of Security	Indicative allocation (% of corpus) under normal circumstances		Risk Profile	Particulars	Maximum	Minimum	Money Market instruments	100%	0%	Low to Medium	Under normal circumstances, the asset allocation under the Scheme will be as follows: <table border="1"> <thead> <tr> <th>Type of Security</th> <th colspan="2">Indicative allocation (% of corpus) under normal circumstances</th> <th rowspan="2">Risk Profile</th> </tr> <tr> <th>Particulars</th> <th>Maximum</th> <th>Minimum</th> </tr> </thead> <tbody> <tr> <td>Money market instruments</td> <td>100%</td> <td>0%</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>The Scheme shall make investment in money market instruments having maturity up to 1 Year. The Scheme may also take exposure to: <ul style="list-style-type: none"> Securitized debt up to 50% of the net assets of the Scheme Derivatives up to 100% of the net assets of the Scheme The cumulative gross exposure should not exceed 100% of the net assets of the scheme. In case of any variance from the above asset allocation, the fund manager will carry out portfolio rebalancing within 30 Days. Further, in case the portfolio is not rebalanced within the period of 30 days, justification for the same shall be placed before the investment committee and reasons for the same shall be recorded in writing. The investment committee shall then decide on the course of action. The securities mentioned in the asset allocation pattern could be listed, unlisted, privately placed, secured or unsecured, rated or unrated and of any maturity. The securities may be acquired through secondary market purchases, Initial Public Offering (IPO), other public offers, Private Placement, right offers (including renunciation) and negotiated deals.</p>	Type of Security	Indicative allocation (% of corpus) under normal circumstances		Risk Profile	Particulars	Maximum	Minimum	Money market instruments	100%	0%	Low to Medium
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NAV Applicability	For Purchase transaction <ul style="list-style-type: none"> Valid Applications received at the designated official point of acceptance up to cut-off time of 2.00 p.m. and the entire subscription amount credited to bank account of respective Liquid scheme/money market fund before the cut-off time of 2.00 p.m. i.e. the subscription amount shall be available for utilisation before cut-off time - The closing NAV of the business day immediately preceding the day of receipt of the application shall be applicable. Valid Applications received at the designated official point of acceptance post cut-off time of 2.00 p.m. and the entire subscription amount credited to bank account of respective Liquid scheme/money market fund on the day of receipt of application i.e. the subscription amount shall be available for utilisation on the same day as day of receipt of application - The closing NAV of the business day immediately preceding the next business day shall be applicable. Irrespective of the time of receipt of valid application at the designated official point of acceptance and the entire subscription amount is not credited to respective Liquid scheme/money market fund account i.e. the subscription amount is not available for utilisation before the cut-off time - The closing NAV of the day immediately preceding the business day on which the funds are available for utilisation shall be applicable. For Switch Ins: <ol style="list-style-type: none"> Application for switch-in is received before the applicable cut-off time i.e. 2.00 p.m. Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the respective switch-in liquid scheme/money market fund before 2.00 p.m. The funds are available for utilisation before 2.00 p.m. by the respective switch-in Scheme. 	Cut-off Timings for scheme will be as applicable for schemes and plans other than liquid fund schemes and plans																						
Investment Strategy	Since providing liquidity is of paramount importance, the focus will be to ensure the same while seeking to maximize the yield. An appropriate mix of money market securities, government securities and fixed income securities will be used to achieve this. The Risk team of the AMC will carry out rigorous in depth credit evaluation of the debt securities proposed to be invested in. The credit evaluation includes a study of the operating environment of the issuer, the past track record as well as the future prospects of the issuer and the short term/longer term financial health of the issuer. The AMC will study the macro economic conditions, including the political and economic environment and factors affecting liquidity in an attempt to predict the direction of interest rates. Under normal circumstances up to 5% of portfolio may be invested in relatively illiquid securities. In the event that such securities have to be liquidated immediately, the value realized on such securities could be adversely impacted. This might adversely impact the net asset value of the Scheme. The Scheme may invest in other Scheme managed by the AMC or in the Scheme of any other Mutual Funds, provided such investment is in conformity to the investment objectives of the Scheme and Regulations. As per the Regulations, no investment management fees will be charged for such investments.	The scheme aims to identify securities which offer optimal level of yields/returns, considering risk-reward ratio. An appropriate mix of money market securities will be used to achieve this. Money Market securities include cash and cash equivalents. The scheme will invest in Money Market instruments having maturity up to 1 year. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested in will be carried out by the Risk Management team of the AMC. The credit evaluation includes a study of the operating environment of the company, the past track record as well as the future prospects of the issuer, the short as well as longer-term financial health of the issuer. The AMC may consider the ratings of such Rating Agencies as approved by SEBI to carry out the functioning of rating agencies. In addition, the investment team of the AMC will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The AMC would use this analysis to attempt to predict the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. Further, the Scheme may invest in other schemes managed by the AMC or in the Schemes of any other Mutual Funds, provided it is in conformity with the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments. The Scheme may use derivative instruments like Interest Rate Swaps, Interest Rate Futures, Forward Rate Agreements or other derivative instruments for the purpose of hedging, portfolio balancing and other purposes, as permitted under the Regulations. Hedging using Interest Rate Futures could be perfect or imperfect, subject to applicable regulations. Usage of derivatives may expose the Scheme to certain risks inherent to such derivatives. It may also invest in securitized debt. For the present, the Scheme does not intend to enter into underwriting obligations. However, if the Scheme does enter into an underwriting agreement, it would do so with the prior approval of the Board of the AMC/Trustees.																						
Product labeling and Risk-o-meter	This product is suitable for investors who are seeking*: <ul style="list-style-type: none"> Short term savings solution A money market fund that seeks to provide reasonable returns, commensurate with low risk while providing a high level of liquidity  <p>Investors understand that their principal will be at low risk</p> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	This product is suitable for investors who are seeking*: <ul style="list-style-type: none"> Short term savings A money market scheme that seeks to provide reasonable returns, commensurate with low risk while providing a high level of liquidity  <p>Investors understand that their principal will be at moderately low risk</p> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>																						

Scheme specific risk factors:

Risk Factors associated with investing in Securitized Debt:

A securitization transaction involves sale of receivables by the originator (a bank, non-banking finance company, housing finance company, microfinance companies or a manufacturing/service company) to a Special Purpose Vehicle (SPV), typically set up in the form of a trust. Investors are issued rated Pass Through Certificates (PTCs), the proceeds of which are paid as consideration to the originator. In this manner, the originator, by selling his loan receivables to an SPV, receives consideration from investors much before the maturity of the underlying loans. Investors are paid from the collections of the underlying loans from borrowers. Typically, the transaction is provided with a limited amount of credit enhancement (as stipulated by the rating agency for a target rating), which provides protection to investors against defaults by the underlying borrowers. Generally available asset classes for securitization in India are:

- Commercial vehicles
- Auto and two wheeler pools
- Mortgage pools (residential housing loans)
- Personal loan, credit card and other retail loans
- Corporate loans/receivables
- Microfinance receivables

In pursuance to SEBI communication dated: August 25, 2010, given below are the requisite details relating to investments in Securitized debt.

- Risk profile of securitized debt vis-à-vis risk appetite of the scheme:

Investment in these instruments will help the fund in aiming at reasonable returns. These returns come with a certain degree of risks which are covered separately in the Scheme Information Document. Accordingly, the medium risk profile of the securitized debt instruments matches that of the prospective investors of these funds.

- Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.
- Risk mitigation strategies for investments with each kind of originator

For a complete understanding of the policy relating to selection of originators, we have first analysed below risks attached to a securitization transaction.

In terms of specific risks attached to securitization, each asset class would have different underlying risks, however, residential mortgages are supposed to be having lower default rates as an asset class. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Some of the asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable the risks would correspondingly fluctuate. However, the credit enhancement stipulated by rating agencies for such asset class pools is typically much higher, which helps in making their overall risks comparable to other AAA/AA rated asset classes.

The Scheme may invest in securitized debt assets. These assets would be in the nature of Asset Backed securities (ABS) and Mortgage Backed securities (MBS) with underlying pool of assets and receivables like housing loans, auto loans, single corporate loan originators. The Scheme intends to invest in securitized instruments rated AAA/AA by a SEBI recognized credit rating agency.

Before entering into any securitization transaction, the risk is assessed based on the information generated from the following sources:

- Rating provided by the rating agency
- Assessment by the AMC

(1) Assessment by a Rating Agency

In its endeavor to assess the fundamental uncertainties in any securitization transaction, a credit rating agency normally takes into consideration following factors:

Credit Risk:

Credit risk forms a vital element in the analysis of securitization transaction. Adequate credit enhancements to cover defaults, even under stress scenarios, mitigate this risk. This is done by evaluating following risks:

- Asset risk
- Originator risk
- Portfolio risk
- Pool risks

The quality of the pool is a crucial element in assessing credit risk. In the Indian context, generally, pools are 'cherry-picked' using positive selection criteria. To protect the investor from adverse selection of pool contracts, the rating agencies normally take into consideration pool characteristics such as pool seasoning (seasoning represents the number of installments paid by borrower till date: higher seasoning represents better quality), over dues at the time of selection and Loan to Value (LTV). To assess its risk profile vis-à-vis the overall portfolio, the pool is analyzed with regard to geographical location, borrower profile, LTV, and tenure.

Counterparty Risk:

There are several counterparties in a securitization transaction, and their performance is crucial. Unlike in the case of credit risks, where the risks emanate from a diversified pool of retail assets, counterparty risks result in either performance or non-performance. The rating agencies generally mitigate such risks through the usage of stringent counterparty selection and replacement criteria to reduce the risk of failure. The risks assessed under this category include:

- Servicer risk
- Commingling risk
- Miscellaneous other counterparty risks

Legal Risks:

The rating agency normally conducts a detailed study of the legal documents to ensure that the investors' interest is not compromised and relevant protection and safeguards are built into the transaction.

Market Risks:

Market risks represent risks not directly related to the transaction, but other market related factors, stated below, which could have an impact on transaction performance, or the value of the investments to the investors.

- Macro-economic risks
- Prepayment risks
- Interest rate risks

Other Risks associated with investment in securitized debt and mitigation measures

Limited Liquidity and Price Risk:

There is no assurance that a deep secondary market will develop for the Certificates. This could limit the ability of the investor to resell them. Risk Mitigation: Securitized debt instruments are relatively illiquid in the secondary market and hence they are generally held to maturity. The liquidity risk and HTM nature is taken into consideration at the time of analyzing the appropriateness of the securitization.

Limited Recourse, Delinquency and Credit Risk:

The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and do not represent an obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts to the Certificate Holders may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of an Obligor to repay his obligation, the Servicer may repossess and sell the Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realise the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

Risk Mitigation: In addition to careful scrutiny of credit profile of borrower/pool additional security in the form of adequate cash collaterals and other securities may be obtained to ensure that they all qualify for similar rating.

Risks due to possible prepayments: Weighted Tenor/Yield

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments Full prepayment of underlying loan contract may arise under any of the following circumstances:

- Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
- Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
- The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same
- In the event of prepayments, investors may be exposed to changes in tenor and yield.

Risk Mitigation: A certain amount of prepayments is assumed in the calculations at the time of purchase based on historical trends and estimates. Further a stress case estimate is calculated and additional margins are built in.

Bankruptcy of the Originator or Seller:

If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale then an investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.

Risk Mitigation: Normally, specific care is taken in structuring the securitization transaction so as to minimize the risk of the sale to the trust not being construed as a "True Sale". It is also in the interest of the originator to demonstrate the transaction as a true sale to get the necessary revenue recognition and tax benefits.

Bankruptcy of the Investor's Agent:

If Investor's agent becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/Trustee but in its personal capacity, then an investor could experience losses or delays in the payments due under the swap agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustee and not in its personal capacity.

Risk Mitigation: All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent.

Credit Rating of the Transaction/Certificate:

The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

Risk of Co-mingling:

With respect to the Certificates, the Servicer will deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of originator. If originator in its capacity as Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss.

(2) Assessment by the AMC

Mapping of structures based on underlying assets and perceived risk profile

The scheme will invest in securitized debt originated by Banks, NBFCs and other issuers of investment grade credit quality and established track record. The AMC will evaluate following factors, while investing in securitized debt:

Originator:

Acceptance Evaluation Parameters (For Pool Loan and Single Loan Securitization Transactions)

Track record:

The AMC ensures that there is adequate past track record of the Originator before selection of the pool including a detailed look at the number of issuances in past, track record of issuances, experience of issuance team, etc.

Willingness to pay:

As the securitized structure has underlying collateral structure, depending on the asset class, historical NPA trend and other pool/loan characteristics, a credit enhancement in the form of cash collateral, such as fixed deposit, bank, guarantee etc. is obtained, as a risk mitigation measure.

Ability to pay:

This assessment is based on a strategic framework for credit analysis, which entails a detailed financial risk assessment.

Management analysis is used for identifying company specific financial risks. One of the most important factors for assessment is the quality of management based on its past track record and feedback from market participants. In order to assess financial risk a broad assessment of the issuer's financial statements is undertaken to review its ability to undergo stress on cash flows and asset quality. Business risk assessment, wherein following factors are considered:

- Outlook for the economy (domestic and global)
- Outlook for the industry
- Company specific factors

In addition a detailed review and assessment of rating rationale is done including interactions with the company as well as agency.

Critical Evaluation Parameters (For Pool Loan and Single Loan Securitization Transactions)

Typically the AMC would avoid investing in securitization transaction (without specific risk mitigant strategies/additional cash/security collaterals/guarantees) if there are concerns on the following issues regarding the originator/underlying issuer:

- High default track record/frequent alteration of redemption conditions/covenants
- High leverage ratios – both on a standalone basis as well on a consolidated level/group level
- Higher proportion of reschedulement of underlying assets of the pool or loan, as the case may be
- Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
- Poor reputation in market
- Insufficient track record of servicing of the pool or the loan, as the case may be.

Advantages of Investments in Single Loan Securitized Debt

- Wider Coverage: A Single Loan Securitized Debt market offers a more diverse range of issues/exposures as the Banks/NBFCs lend to larger base of borrowers.
- Credit Assessment: Better credit assessment of the underlying exposure as the Banks/NBFCs ideally co-invest in the same structure or take some other exposure on the same borrower in some other form.
- Better Structuring: Single Loan Securitized Debt investments facilitates better structuring than investments in plain vanilla debt instruments as it is governed by Securitization guidelines issued by RBI.
- Better Legal documentation: Single Loan Securitized Debt structures involve better legal documentation than Non-Convertible Debenture (NCD) investments.
- End use of funds: Securitized debt has better standards of disclosures as well as limitation on end use of funds as compared to NCD investments wherein the end use is general corporate purpose.
- Yield enhancer: Single Loan Securitized Debt investments give higher returns as compared to NCD investments in same corporate exposure.
- Regulator supervision: Macro level supervision from RBI in Securitization Investments as compared to NCD investments.
- Tighter covenants: Single Loan Securitized Debt structures involve tighter financial covenants than NCD investments.

Disadvantages of Investments in Single Loan Securitized Debt

- Liquidity risk: Investments in Single Loan Securitized Debts have relatively less liquidity as compared to investments in NCDs.
- Co-mingling risk: Servicers in a securitization transaction normally deposit all payments received from the obligors into a collection account. However, there could be a time gap between collection by a servicer and depositing the same into the collection account. In this interim period, collections from the loan agreements by the servicer may not be segregated from other funds of the servicer. If the servicer fails to remit such funds due to investors, investors in the Scheme may be exposed to a potential loss.

Table below illustrates the framework that will be applied while evaluating investment decision relating to a pool securitization transaction:

Characteristics/Type of Pool	Mortgage Loan	Commercial Vehicle and Construction Equipment	CAR	2 wheelers	Micro Finance Pools	Personal Loans
Approximate Average maturity (in Months)	36-120 months	12- 60 months	12-60 months	15-48 months	15-80 Weeks	5 months - 3 year
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	3-10%	4-12%	4-13%	4-15%	5-15%	5-15%
Average Loan to Value Ratio	75%-95%	80%-98%	75%-95%	70%-95%	Unsecured	Unsecured
Average seasoning of the Pool	3-5 months	3-6 months	3-6 months	3-5 months	2-7 weeks	1-5 months
Maximum single exposure range	4-5%	3-4%	NA (Retail Pool)	NA (Retail Pool)	NA (Very Small Retail Loan)	NA (Retail Pool)
Average single exposure range%	0.5%-3%	0.5%-3%	<1% of the Fund size	<1% of the Fund size	<1% of the Fund size	<1% of the Fund size

Notes:

1. Retail pools are the loan pools relating to Car, 2 wheeler, micro finance and personal loans, wherein the average loan size is relatively small and spread over large number of borrowers.
2. Information illustrated in the Tables above, is based on the current scenario relating to Securitized Debt market and is subject to change depending upon the change in the related factors.
3. The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments.
4. Majority of our securitized debt investments shall be in asset backed pools wherein we'll have underlying assets as Medium and Heavy Commercial Vehicles, Light Commercial Vehicles (LCV), Cars, and Construction Equipment etc. Where we invest in Single Loan Securitization, as the credit is on the underlying issuer, we focus on the credit review of the borrower. A credit analyst sets up limit for various issuers based on independent research taking into account their historical track record, prevailing rating and current financials.

In addition to the framework as per the table above, we also take into account following factors, which are analyzed to ensure diversification of risk and measures identified for less diversified investments:

• Size of the Loan:

We generally analyze the size of each loan on a sample basis and analyze a static pool of the originator to ensure the same matches the Static

pool characteristics. Also indicates whether there is excessive reliance on very small ticket size, which may result in difficult and costly recoveries. To illustrate, the ticket size of housing loans is generally higher than that of personal loans. Hence in the construction of a housing loan asset pool for say ₹1,00,00,000/- it may be easier to construct a pool with just 10 housing loans of ₹10,00,000 each rather than to construct a pool of personal loans as the ticket size of personal loans may rarely exceed ₹5,00,000/- per individual. Also to amplify this illustration further, if one were to construct a pool of ₹1,00,00,000/- consisting of personal loans of ₹1,00,000/- each, the larger number of contracts (100 as against one of 10 housing loans of ₹10 lakh each) automatically diversifies the risk profile of the pool as compared to a housing loan based asset pool.

• Average Original Maturity of the Pool:

Indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. To illustrate, in a car pool consisting of 60-month contracts, the original maturity and the residual maturity of the pool viz. number of remaining installments to be paid gives a better idea of the risk of default of the pool itself. If in a pool of 100 car loans having original maturity of 60 months, if more than 70% of the contracts have paid more than 50% of the installments and if no default has been observed in such contracts, this is a far superior portfolio than a similar car loan pool where 80% of the contracts have not even crossed 5 installments.

• Default Rate Distribution:

We generally ensure that all the contracts in the pools are current to ensure zero default rate distribution. Indicates how much % of the pool and overall portfolio of the originator is current, how much is in 0-30 DPD (days past due), 30-60 DPD, 60-90 DPD and so on. The rationale here being, as against 0-30 DPD, the 60-90 DPD is certainly a higher risk category.

• Geographical Distribution:

Regional/state/branch distribution is preferred to avoid concentration of assets in a particular region/state/branch.

• Loan to Value Ratio:

Indicates how much % value of the asset is financed by borrower's own equity. The lower LTV, the better it is. This Ratio stems from the principle that where the borrowers own contribution of the asset cost is high, the chances of default are lower. To illustrate for a Truck costing ₹20 lakhs, if the borrower has himself contributed ₹10 lakh and has taken only ₹10 lakh as a loan, he is going to have lesser propensity to default as he would lose an asset worth ₹20 lakhs if he defaults in repaying an installment. This is as against a borrower who may meet only ₹2 lakh out of his own equity for a truck costing ₹20 lakh. Between the two scenarios given above, the latter would have higher risk of default than the former.

• Average seasoning of the pool:

Indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a personal loan, if a pool of assets consist of those who have already repaid 80% of the installments without default, this certainly is a superior asset pool than one where only 10% of installments have been paid. In the former case, the portfolio has already demonstrated that the repayment discipline is far higher.

• Risk Tranching:

Typically, we would avoid investing in mezzanine debt or equity of Securitized debt in the form of sub ordinate tranche, without specific risk mitigant strategies/additional cash/security collaterals/guarantees, etc.

• The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund

Investments made by the scheme in any asset are done based on the requirements of the scheme and is in accordance with the investment policy. All Investments are made entirely at an arm's length basis with no consideration of any existing/consequent investments by any party related to the transaction (originator, issuer, borrower etc.). Investments made in Securitized debt are made as per the Investment pattern of the Scheme and are done after detailed analysis of the underlying asset. There might be instances of Originator investing in the same scheme but both the transactions are at arm's length and avoid any conflict of interest. In addition to internal controls in the fixed income investment process, there is regular monitoring by the compliance team, risk management group, and internal review teams. Normally the issuer who is securitizing instrument is in need of money and is unlikely to have long term surplus to invest in mutual fund scheme.

• In general, the resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt

The risk assessment process for securitized debt, as detailed in the preceding paragraphs, is same as any other credit. The investments in securitized debt are done after appropriate research by credit analyst. The ratings are monitored for any movement. Monthly Pool Performance MIS is received from the trustee and is analyzed for any variation. The entire securitized portfolio is published in the fact sheet and disclosed in the website with details of underlying exposure and originator.

Note: The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same.

Investors may please refer SID's of the relevant schemes for existing risk factors.

Provisions related to change in fundamental attributes:

In accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 the existing unitholders (i.e. whose names appear in the register of unitholders as on close of business hours on April 23, 2018) under the Scheme are hereby given an option to exit, i.e. either redeem their investments or switch their investments to any other schemes of ICICI Prudential Mutual Fund, within 36 days (at least 30 days) exit period starting from April 30, 2018 till June 04, 2018 (both days inclusive and upto 3.00 pm on June 04, 2018) at Applicable NAV, without payment of any exit load. The Exit Option can be exercised during the Exit Option Period by submitting a valid redemption/switch request at any Official Point of Acceptance of the Fund. For list of Official Points of Acceptance, please visit our website. A separate written communication is being sent to the existing Unit holders in this regard. In case any existing Unit holder has not received an Exit Option Letter, they are advised to contact any of our Investor Service Centres. Unitholders who do not exercise the exit option by 3.00 pm on June 04, 2018 would be deemed to have consented to the proposed modification. It may also be noted that no action is required in case Unitholders are in agreement with the aforesaid changes, which shall be deemed as consent being given by them for the proposed changes. Kindly note that an offer to exit is merely optional and is not compulsory.

All the valid applications for redemptions/switch received under the Scheme shall be processed at Applicable NAV of the day of receipt of such redemption/switch request, without payment of any exit load, provided the same is received during the exit period mentioned above. Unitholders who have pledged or encumbered their units will not have the option to exit unless they procure a release of their pledges/encumbrances prior to the submission of redemption/switch requests. Unitholders should ensure that their change in address or bank details are updated in records of ICICI Prudential Mutual Fund as required by them, prior to exercising the exit option for redemption of units. Unit holders holding Units in dematerialized form may approach their Depository Participant for such changes. In case units have been frozen/locked pursuant to an order of a government authority or a court, such exit option can be executed only after the freeze/lock order is vacated/revoked within the period specified above. The redemption proceeds shall be dispatched within 10 (ten) business days of receipt of valid redemption request to those unitholders who choose to exercise their exit option. Redemption/switch of units from the scheme, during the exit period, may entail capital gain/loss in the hands of the unitholder. Similarly, in case of NRI investors, TDS shall be deducted in accordance with the applicable Tax laws, upon exercise of exit option and the same would be required to be borne by such investor only. In view of individual nature of tax implications, unitholders are advised to consult their tax advisors.

The updated SID & KIM of the scheme containing the revised provisions shall be made available with our Investor Service Centres and also displayed on the website immediately after completion of duration of exit option.

We hope that you will provide us your support; in case of any queries you can reach our call centre on 18002006666/1800222999. We assure you that these changes are in line with our best endeavors to serve you better.

All other features and terms and conditions of the Scheme shall remain unchanged.

This Notice-cum-Addendum forms an integral part of the SID/KIM issued for the Scheme, read with the addenda issued from time to time.

For ICICI Prudential Asset Management Company Limited

Sd/
Authorised Signatory

Place : Mumbai
Date : April 17, 2018
No. 022/04/2018

MTNL/BSNL: 1800 222 999 • Others : 1800 200 6666 • Or, apply online at www.icicipruamc.com

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