



Aim to invest  
in **State  
Development  
Loans** with  
target maturity  
approach

Presenting

ICICI Prudential

**Nifty SDL Dec 2028**

**Index Fund**

**NFO  
DATE**

October 4, 2022

October 11, 2022

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

**₹TARAKKI KAREIN!**



# Traditional Investments vs Target Maturity Debt Index Funds



Parameters	Traditional Investments	Target Maturity Debt Index Funds
Credit Risk	Low	Low
Liquidity	At Cost	At Market Price
Redemption Cycle	1. At Maturity 2. Before Maturity with Penalty	Any working day before maturity
Tenure	1 to 10 years	Varied Maturity Profile
Taxation	At respective tax slab rate	Short Term Gains: At respective tax slab rates* Long Term Gains: 20% with Indexation

For more details on taxation consult your investment advisors. Investments in traditional investment avenues offer assured or guaranteed returns however investments in mutual funds are subject to market risks.

Traditional Investment Avenues – Fixed Deposits or Gold.



## Why do investors generally invest in Debt Funds?



**Tax efficient investment avenue**



**Liquid compared to traditional investment**



**Ability to generate suitable returns**

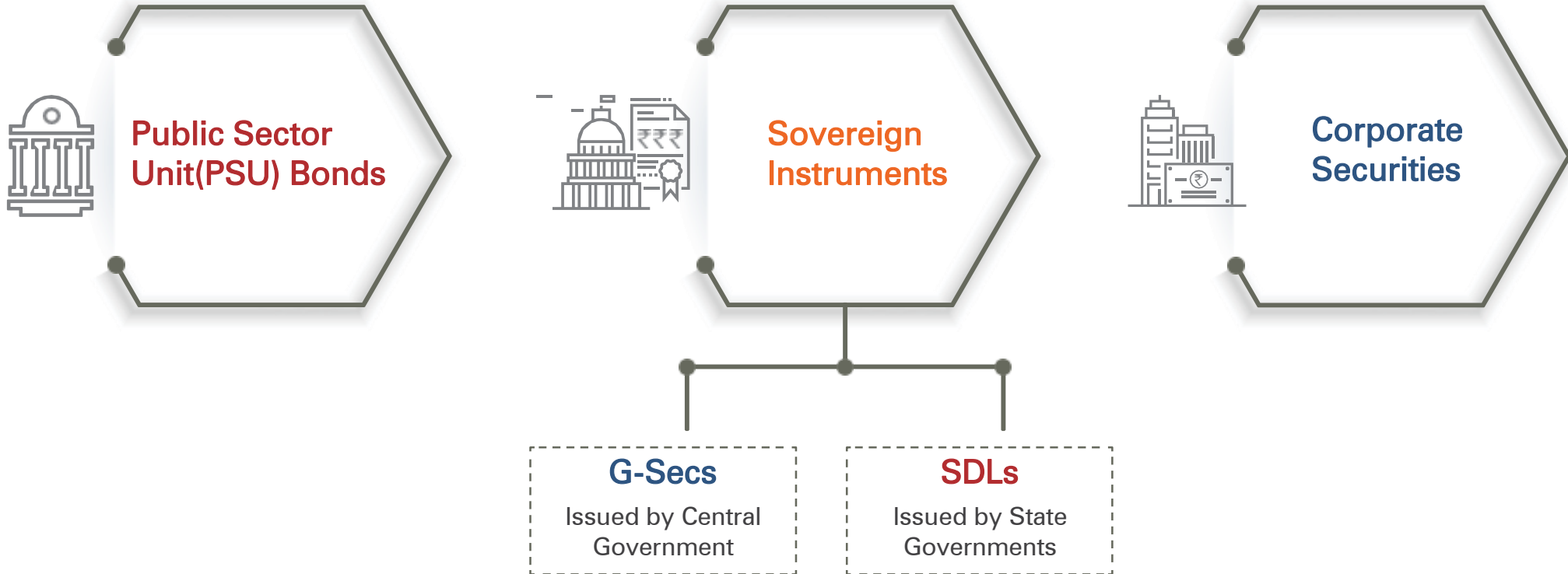


**Flexible Investment Horizon**





There are three main segments in the debt market in India:





# What are State Development Loans (SDLs)?



SDLs are bonds that are issued by the State Governments to manage their state finances and fund their fiscal deficit.

SDLs are Sovereign Rated bonds, similar to Government Securities (G-Sec) issued by the Government of India. Hence, SDLs provide one of the highest level of safety in terms of credit risk.



## Key Highlights:

SDLs are market based borrowing arrangements for states

Very Low Credit Risk as they are rated similar to G-Secs

Interest Rates generally higher than G-sec of similar maturities.

SDL issuances are managed by RBI



## GLOBAL TENSIONS INFLUENCING RBI'S DECISION

In line with the market expectations, the RBI announced a 50bps hike to the Repo Rate in its 4<sup>th</sup> Bi-monthly Monetary Policy Committee Meeting. The RBI has consecutively hiked rates in the past four policy meets, including the off-cycle meet in May 2022.

## KEY HIGHLIGHTS OF THE MPC MEETING



RBI Increased the Repo Rate  
by 50 bps to 5.90%



Standing Deposit Facility  
Rate is adjusted at 5.65%  
Marginal Standing Facility  
(MSF) rate and Bank Rate  
adjusted at 6.15%



GDP Growth  
FY22-23, Real GDP growth  
projected at 7.0% from 7.2%



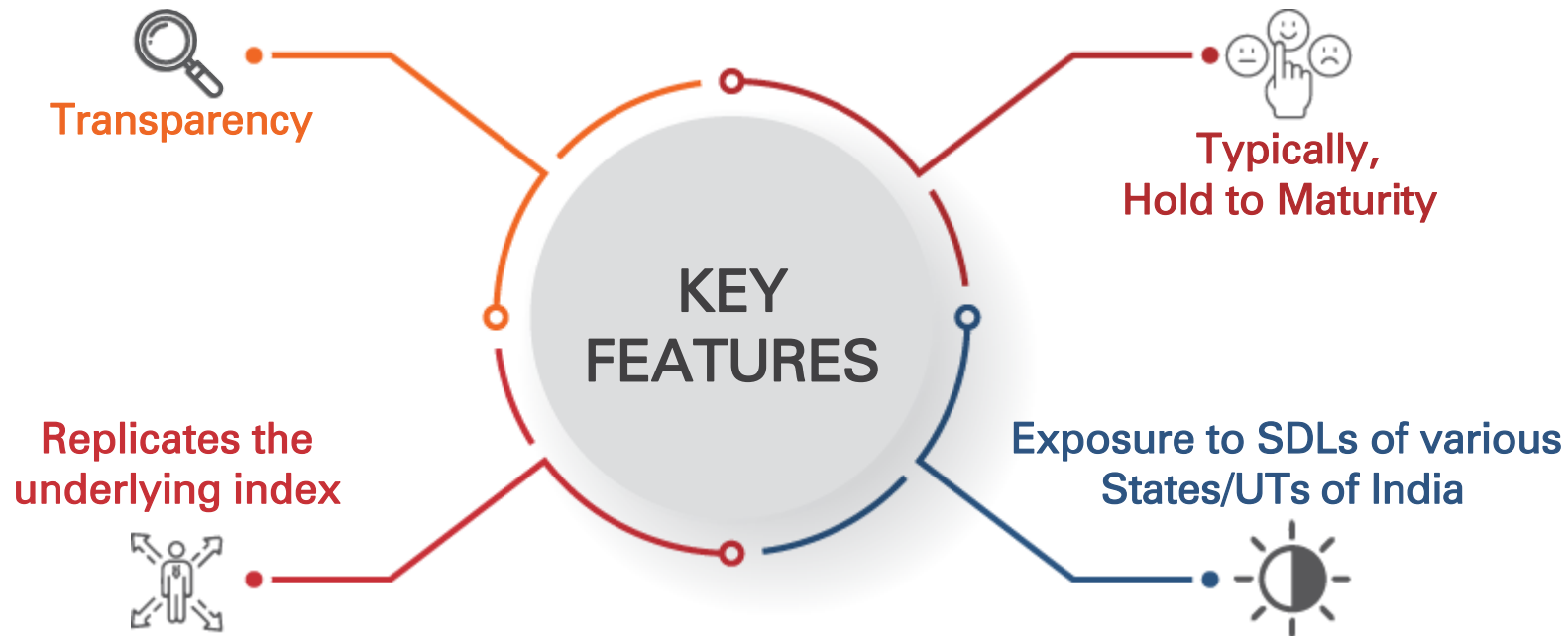
Inflation projections  
FY22-23, CPI projection  
retained at 6.7%



# Adding Target Maturity Index Funds

For the benefit of our investors, we are adding passive debt schemes in our passive bouquet → Target Maturity Index Funds

Target Maturity Index Funds are passive investments in debt securities that aims to replicate the composition of the underlying index and have a specific maturity date.







## INTRODUCING

ICICI Prudential

**Nifty SDL Dec 2028 Index Fund**





## ICICI Prudential Nifty SDL Dec 2028 Index Fund

An open-ended target maturity Index Fund tracking Nifty SDL Dec 2028 Index.

ICICI Prudential  
Nifty SDL Dec 2028  
Index Fund

INVESTS

IN

Nifty SDL  
Dec 2028 Index

Diversified portfolio  
of State Development Loans

The index shall mature on  
December 29, 2028\*

\*In case the mentioned date falls on a Non-Business Day, the immediate next Business Day will be considered.



# Index Methodology



## METHODOLOGY

The index is computed using the total return methodology including price return and coupon return.



## STATE/UT SELECTION

13 states/UTs are selected based on the highest outstanding amount as on July 18, 2022 maturing during the twelve month period ending December 29, 2028.



## SECURITY SELECTION

As on July 18, 2022, for every selected state/UT, most recently issued SDL maturing during the twelve month period ending December 29, 2028 is selected to be part of the index.#



## WEIGHT

Each state/UT that is part of the index is given equal weight as on the base date of the index



## INDEX REVIEW AND REBALANCING

On a Semi-Annual basis



## INDEX TERMINATION

December 29, 2028\*

#These selected 13 securities will continue to remain in the index till they mature.

\*If the index matures on a holiday, the index value will be computed till the prior working day.

Source: [www.niftyindices.com](http://www.niftyindices.com) Please note : Though the fund is suppose to replicate the index constituents, it is important to note that the same is subject to availability SDLs comprising the index and provision of Scheme Information Document



# Index Constituents

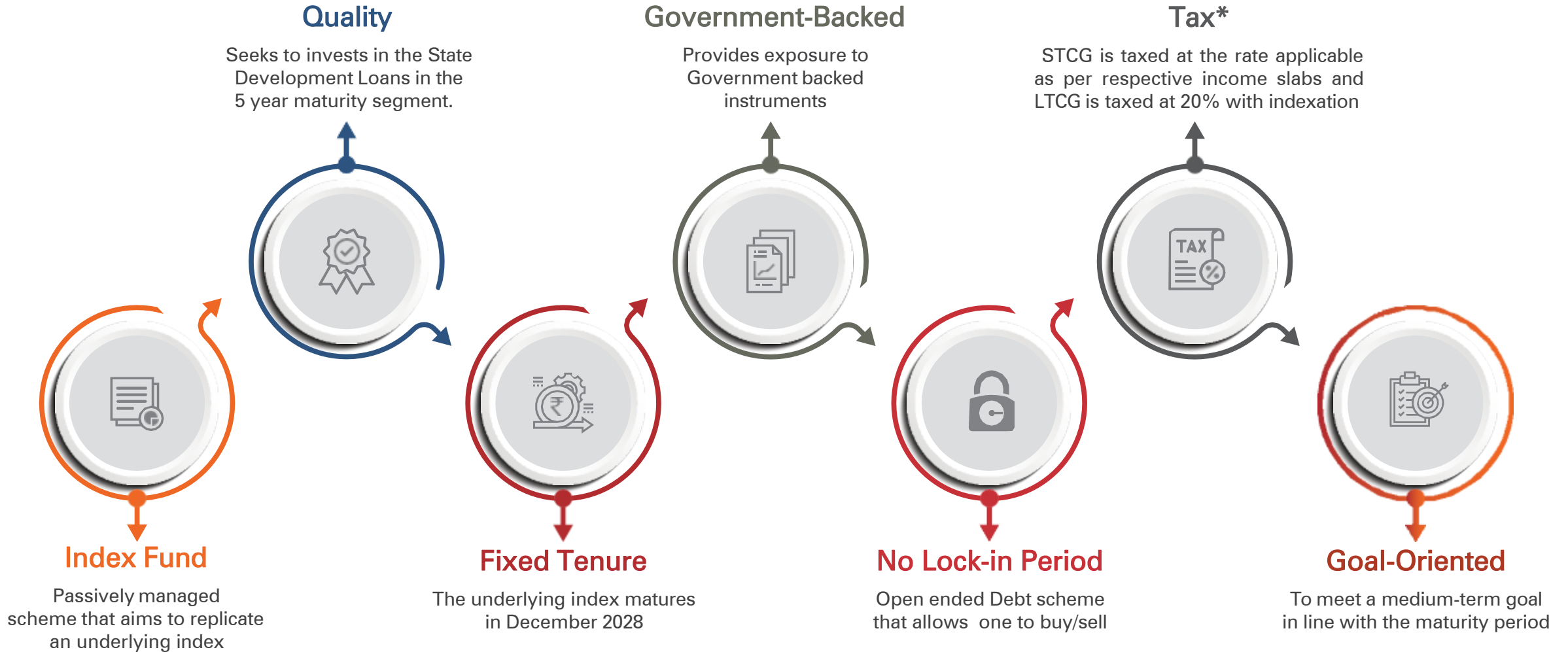
## Index Constituents as on July 18, 2022

Sr. No.	Issuer Name	Coupon	Maturity Date	Weight
1	Uttar Pradesh Government	8.08%	26-Dec-28	7.69%
2	Rajasthan Government	8.09%	26-Dec-28	7.69%
3	Gujarat Government	8.08%	26-Dec-28	7.69%
4	Madhya Pradesh Government	8.37%	05-Dec-28	7.69%
5	Andhra Pradesh Government	6.40%	02-Dec-28	7.69%
6	Maharashtra Government	6.35%	25-Nov-28	7.69%
7	Tamil Nadu Government	7.22%	30-Oct-28	7.69%
8	West Bengal Government	6.79%	11-Aug-28	7.69%
9	Bihar Government	6.77%	04-Aug-28	7.69%
10	Haryana Government	7.63%	01-Jun-28	7.69%
11	Karnataka Government	6.99%	17-Mar-28	7.69%
12	Punjab Government	7.02%	10-Mar-28	7.69%
13	Kerala Government	7.02%	03-Mar-28	7.69%
	<b>Total</b>			<b>100.00%</b>

The Scheme shall track the underlying index in line with SEBI circular no. SEBI/HO/IMD/DOF2/P/CIR/2022/69 dated May 23, 2022.



# Why Invest in ICICI Prudential Nifty SDL Dec 2028 Index Fund?



LTCG – Long Term Capital Gain (held for more than 36 months); STCG – Short Term Capital Gain (held for not more than 36 months)

\*Provides indexation benefit. consult your tax advisor for more details on taxation.



# Illustration on Indexation

Period of Holding: 6.26 years (From Sept 27, 2022 to Dec 29, 2028)

	Traditional Investment Avenues (without Indexation)	Target Maturity Index Fund - Dec 2028 (with Indexation)
Investment Amount (Sept 2022)	100,000	100,000
Assumed Rate of Return*	6.45%	7.64%
Holding Period (Number. of Years)	6.26	6.26
Holding Period (Number of days)	2,286	2,286
Indexation	Not Available	Available
Value on Maturity (Dec 2028)	147,915	158,581
Indexed Cost#	--	144,043
Taxable Amount	47,915	14,539
Applicable Tax**	20,481	3,478
Post Tax Value	127,484	155,104
Net Post Tax Return	3.95%	7.26%

\*Assumed Rate of return: For Traditional Investment Avenue – Highest SBI FD Rate is considered; for Target Maturity Index Fund – Dec 2028: YTM (semi-annualized) for Nifty SDL Dec 2028 Index as on September 27, 2022 is considered.

\*\*For Traditional Investment, Average Individual slab rate is considered @ 30% plus maximum applicable surcharge and cess; for Target Maturity Index Fund – Dec 2028, 20% Long term Gains Tax plus maximum applicable surcharge and cess. Fees and expenses are not considered for above calculation. Investors are advised to consult their tax advisors for taxation related matters. To be used for illustrative purposes only. Amounts mentioned above are in INR.

\$The cost of inflation index used for calculation of indexed cost is based on the assumed rate of inflation. This is for illustration purposes only and may vary depending on the actual cost of inflation index notified by the Indian tax authorities. Actual tax implications may differ basis prevailing tax laws. Inflation Rate considered – 6.00%. Holding period – Number of days / years from September 27, 2022 till December 29, 2028.

Traditional Investment Avenue has the highest safety for Principal invested, there is no assurance or guarantee of future performance of ICICI Prudential Nifty SDL Dec 2028 Index Fund. The gross YTM (Semi -annualized) of Index is as on Sep 27, 2022 The Scheme returns may vary due to various factors including expenses.

Past performance is no guarantee of future returns.

ICICI Prudential AMC Ltd./ICICI Prudential Mutual Fund is not guaranteeing/offering/communicating any indicative yield/returns on investment.



# About The NFO



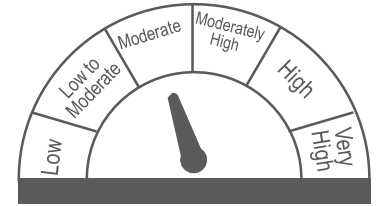
<b>Scheme Name</b>	ICICI Prudential Nifty SDL Dec 2028 Index Fund
<b>NFO Period</b>	October 04, 2022 till October 11, 2022
<b>Plans / Options</b>	Plans: Regular & Direct   Options: Growth & IDCW (IDCW Payout & IDCW Reinvestment)
<b>Exit Load</b>	Nil
<b>Minimum Application Amount</b>	<b>DURING NEW FUND OFFER PERIOD/ DURING ONGOING OFFER PERIOD:</b> Rs. 1,000/- and multiples of Re. 1/- thereafter. For switches = Rs. 1,000/- and any amount thereafter
<b>Minimum Additional Application Amount, Including Switches</b>	Rs. 500/- and multiples of Re. 1/- thereafter. Minimum additional application amount for switches = Rs. 500/- and any amount thereafter
<b>SIP Amount</b>	<b>DURING NEW FUND OFFER PERIOD/ DURING ONGOING OFFER PERIOD:</b> Daily, Weekly, Fortnightly, Monthly SIP\$: Rs. 500/- (plus in multiple of Re. 1/-) Minimum installments: 6 Quarterly SIP\$: Rs. 1,000/- (plus in multiple of Re. 1/-) Minimum installments – 4 \$The applicability of the minimum amount of installment mentioned is at the time of registration only.
<b>Benchmark</b>	Nifty SDL Dec 2028 Index
<b>Fund Manager</b>	Mr. Anuj Tagra and Mr. Darshil Dedhia



ICICI Prudential Nifty SDL Dec 2028 Index Fund (An open-ended Target Maturity Index Fund tracking Nifty SDL Dec 2028 Index. A relatively high interest rate risk and relatively low credit risk.) is suitable for investors who are seeking:\*

- Income over a long period
- An open-ended Target Maturity Index Fund tracking Nifty SDL Dec 2028 Index, subject to tracking error.

\*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 **Moderate Risk**

#It may be noted that risk-o-meter of the Scheme specified above is based on the scheme characteristics and may vary post NFO, when the actual investments are made. The same shall be updated in accordance with provisions of SEBI circular dated October 5, 2020 on Product labelling in mutual fund schemes on ongoing basis.

As per SEBI Circular dated, June, 07, 2021, the potential risk class matrix based on interest rate risk and credit risk, is as below:

Potential Risk Class			
Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	<b>A-III</b>		





## MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY

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