

# ICICI Prudential Energy Opportunities Fund

Powering your country  
Powering your portfolio

NFO July 02, 2024  
DATE July 16, 2024



## ENERGY – ESSENTIAL PART OF OUR LIFE !!!

### CONSIDERING THE EXAMPLE OF HOUSEHOLDS:

Earlier, necessities of every house were **electric lights, a gas stove and a television**

But now, **different electrical appliances**, such as refrigerator, air conditioner, induction stove, microwave, cars, two-wheelers, etc. **have become a necessity for most households**



**Lifestyle Change**  
Increase in Energy Demand



### THROWING LIGHT ON THE NEED FOR ENERGY

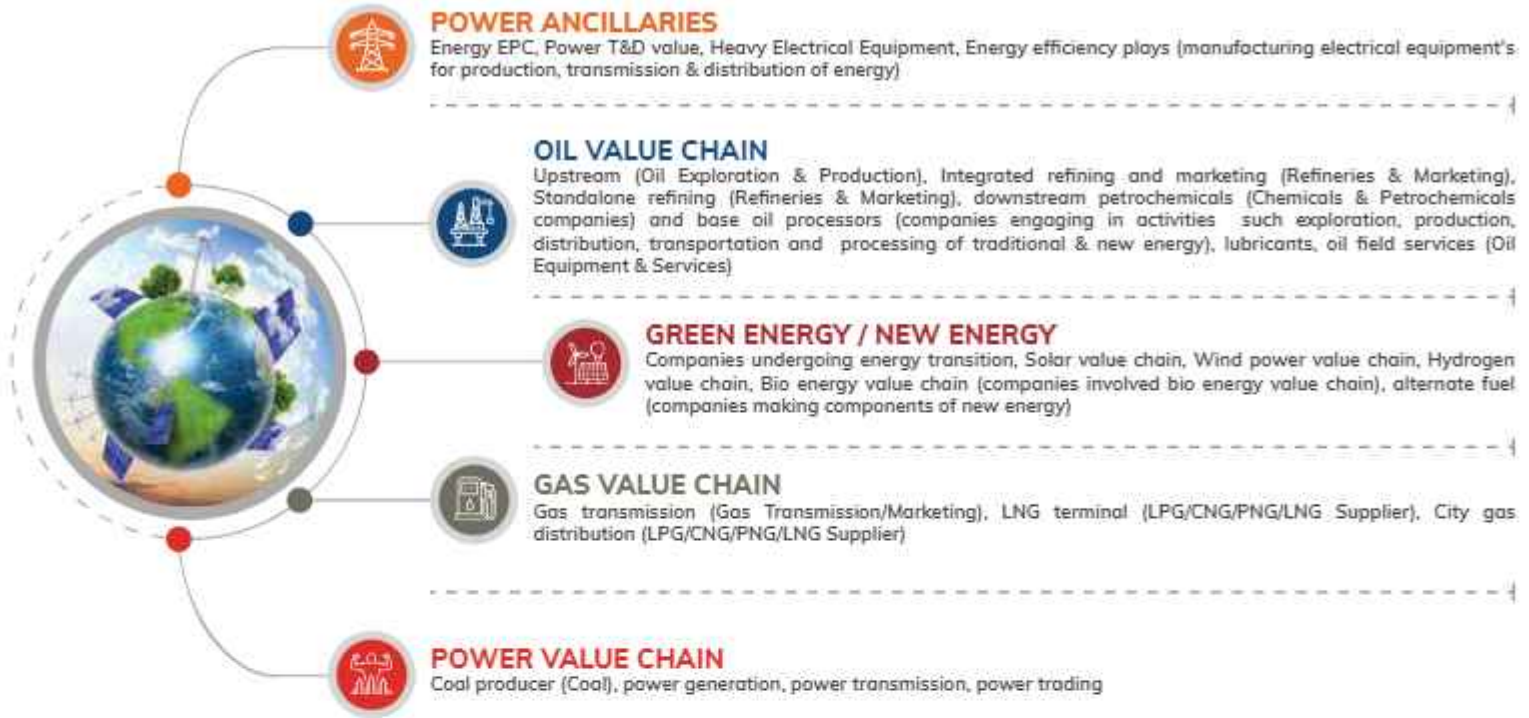


The above example is only for illustration purpose. The stock(s)/sector(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in these stock(s)/sector(s).





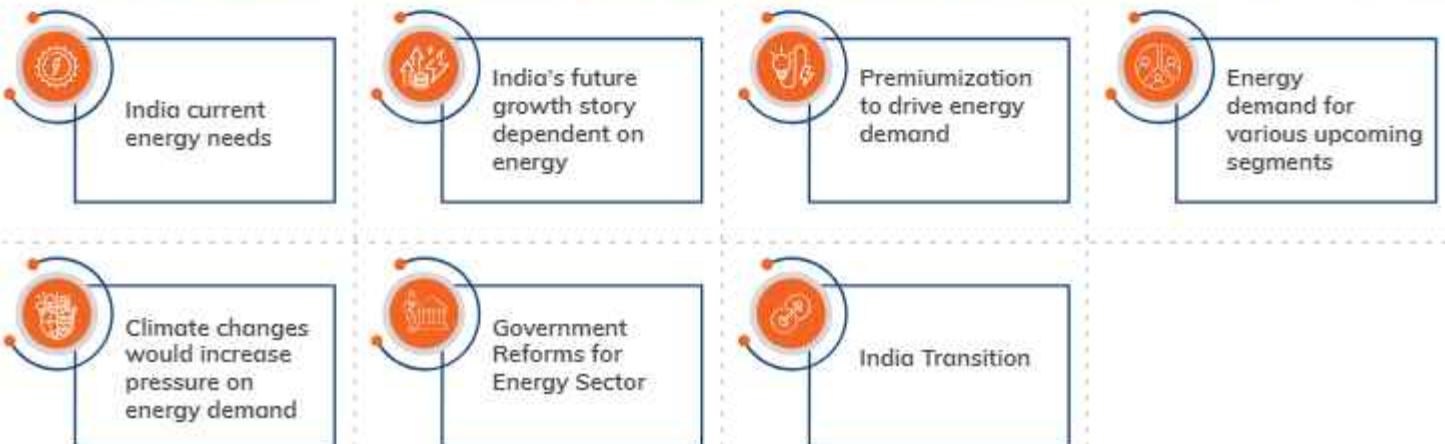
# INVESTMENT UNIVERSE



The above list is inclusive and not exhaustive. The stock(s)/sector(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in these stock(s)/sector(s).LNG: Liquefied Natural Gas, CNG: Compressed Natural Gas, PNG: Piped Natural Gas. EPC: Engineering, Procurement and Construction, T&D: Transmission & Distribution.



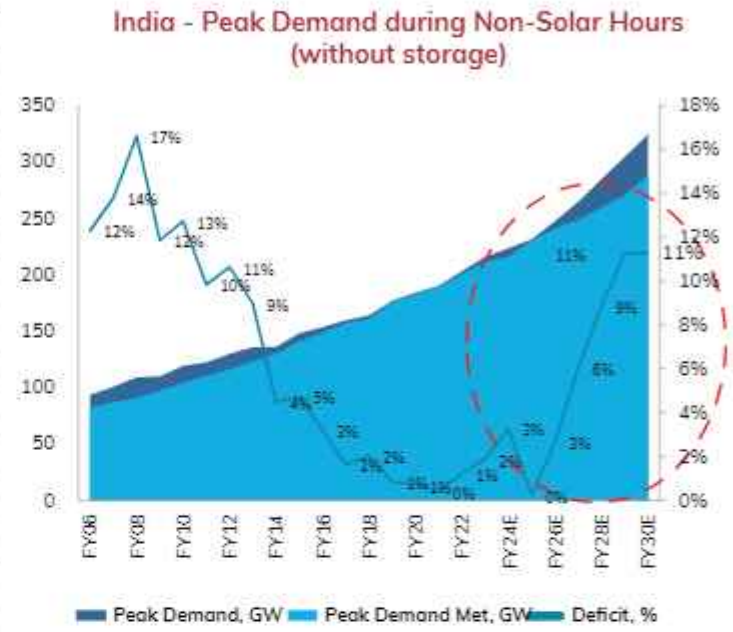
# INDIA & ENERGY FUTURE IS INTERTWINED





# INDIA ENERGY - DEMAND & SUPPLY GAP

Power demand expected to grow strongly in future and expected shortages maybe observed mainly during non-solar hours. This may warrant continued focus towards the sector by the Government to reduce the deficit gap



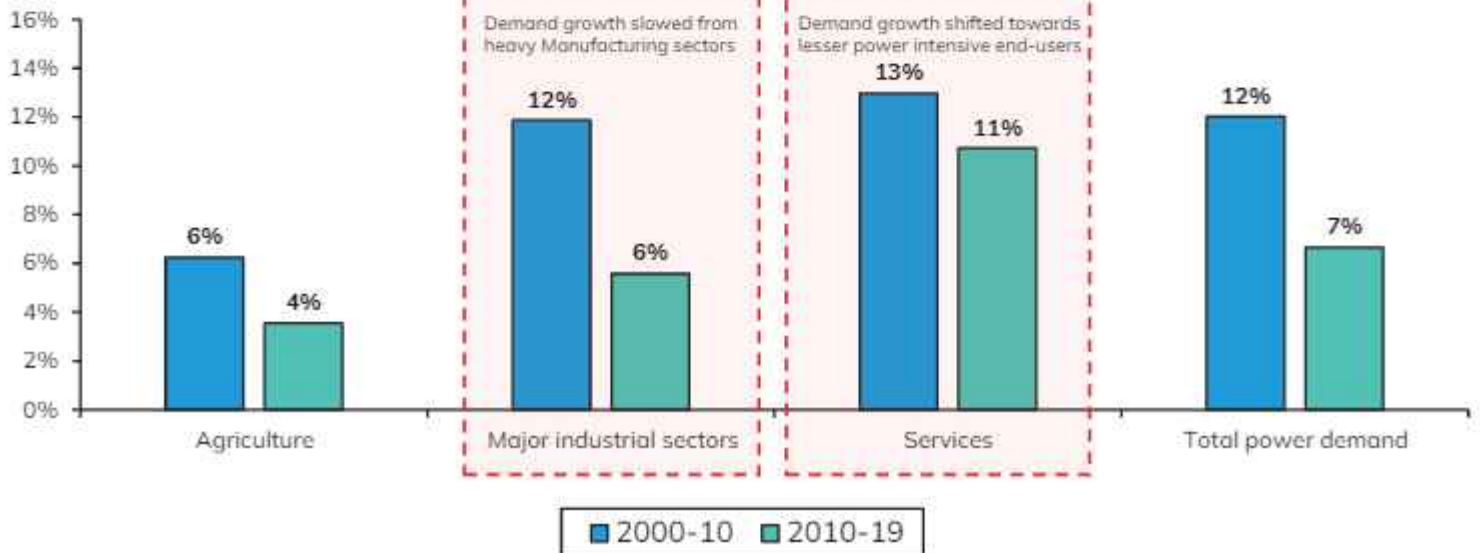
Source: CEA, Govt. of India, Avendus Spark Research, FY: Financial year, Gw: Gigawatt



# INDIA'S GROWTH STORY DEPENDENT ON ENERGY: EXAMPLE CHINA

China's shift from Agriculture to Manufacturing during 2000-10 period created massive demand for Power and now the same is normalized due to their focus on service oriented industries. India's journey was different, wherein we moved from Agri to services and now shifting towards Manufacturing, which may warrants for higher demand for energy

### China power demand CAGR by sector (%)



Source: Bernstein Research, Agri : Agriculture





## India's Road to 'net zero' by 2070



### Key overall targets

- Reducing emission intensity of GDP by **45%** by 2030, compare to 2005 level.
- Non-fossil fuel based generation capacity to **50%** by 2030.
- Increasing carbon sink coverage by **2.5 -3.bn tonnes** of CO2 equivalent, by 2030.
- Reducing projected emissions by **1 billion tonnes** from 2021 till 2030.

### Key initiative specific targets



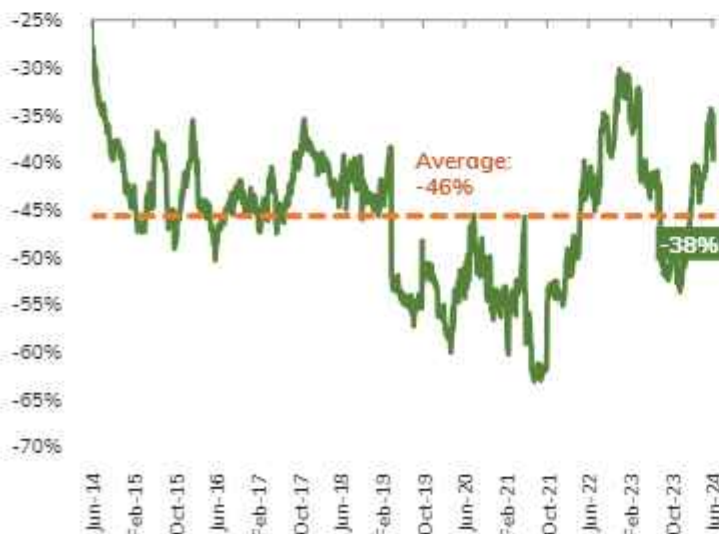
Source: Citi Research, GW: Gigawatt, GDP: Gross Domestic Product, CB: Compressed Biogas, MMTPA: Million Metric Tonne Per Year, Bn: Billion. The stock(s)/sector(s) mentioned in this slide do not constitute any recommendation and ICICI Prudential Mutual Fund may or may not have any future position in these stock(s)/sector(s).



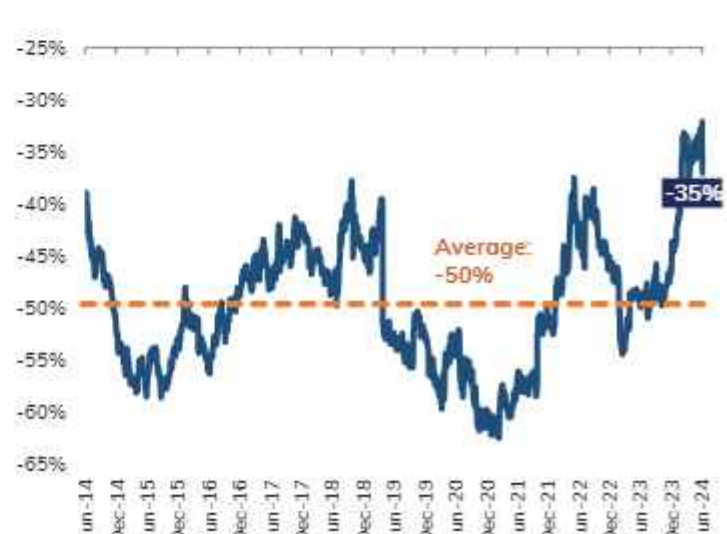
## NIFTY ENERGY INDEX VALUATION V/S BROADER MARKET

Even after the theme outperforming the broader market, valuation remain reasonable. Nifty Energy Index Trailing PE is at 13.5x compared to Nifty 50 Index Trailing PE at 21.4x

### Nifty Energy Index P/E Discount to Nifty 50 Index



### Nifty Energy Index P/B Discount to Nifty 50 Index



Data as on June 14, 2024. Source: NSE. P/E: Price to Earnings, P/B: Price to Book Value



## PROPOSED PORTFOLIO CONSTRUCT – THOUGHTS & PHILOSOPHY

- Conventional sources of energy companies - like Oil & Gas, Coal or Thermal or Gas generation companies

- Strong FCF & Balance Sheet Strength

- Focus towards companies which are also venturing into green energy space

- Companies with re-rating potential

- Allied Sectors like manufacturing of pipelines for energy, bio-energy value chain, manufacturing of electrical equipment, energy automation & consultancy services etc.

- Innovative companies

- Strong execution



### ENERGY

Predominantly taking exposure in companies involved in the traditional & new energy sectors



### OPPORTUNITIES

Investing in companies which are supporting the energy companies (allied business activities)

### OTHER ASPECTS:



Largecap biased\*



Investing in companies with long-term bias

FCF: Free Cashflow Generation. The asset allocation and investment strategy will be as per the SID. \* The benchmark (Nifty Energy TRI) has 100% exposure to large cap companies.



## SUMMARY

- India's structural story remains strong and expected to grow at a robust pace
- Energy remains major catalyst for India to realize its growth target
- Energy demand is expected to grow over the decade and would remain a key theme for long-term
- Various factors like Climate change, premiumization, India's focus on manufacturing, Growth in per capita income etc. remains factors that propel growth in India's energy demand
- There are various companies involved in the value chain of Energy, this would help in creating a diversified portfolio
- Decadal theme with Long-term bias and hence, investors with long-term horizon should invest in the scheme





## PORTFOLIO FEATURES

Type of Scheme	An open-ended equity scheme following energy theme.				
Plans	ICICI Prudential Energy Opportunities Fund – Regular Plan & ICICI Prudential Energy Opportunities Fund – Direct Plan				
Options	Growth & IDCW*				
Minimum Application Amount	Rs. 5,000 (plus in multiples of Re.1)				
Minimum Additional Application Amount	Rs. 5,000 (plus in multiples of Re.1)				
Minimum Redemption Amount	Any Amount				
Entry Load	Not applicable				
Exit Load	<table border="1"> <tr> <td>Less than 3 months</td> <td>1% of applicable NAV</td> </tr> <tr> <td>More than 3 months</td> <td>Nil</td> </tr> </table>	Less than 3 months	1% of applicable NAV	More than 3 months	Nil
Less than 3 months	1% of applicable NAV				
More than 3 months	Nil				
Benchmark Index	Nifty Energy TRI				
SIP / SWP / STP	Available				
Fund Managers	Sankaran Naren and Nitya Mishra. The overseas investment will be managed by Sharmila D'Mello				

\*IDCW– Income Distribution cum Capital Withdrawal Option. Payment of dividend is subject to availability of distributable surplus and Trustee approval. Pursuant to payment of IDCW, the NAV of the scheme falls to the extent of dividend payout. When units are sold and sale price (NAV) is higher than face value of the unit, a portion of sale price that represents realized gains is credited to an Equalization Reserve Account and which can be used to pay dividend. Dividend can be distributed out of investors capital (Equalization Reserve), which is part of sale price that represents realized gains. In case the unit holder has opted for dividend payout option, the minimum amount for dividend payout shall be 100 (net of dividend distribution tax and other statutory levy, if any), else the dividend would be mandatorily reinvested



## RISKOMETER & DISCLAIMER

<p><b>ICICI Prudential Energy Opportunities Fund</b> (An open-ended equity scheme following the energy theme.) is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>• Long Term Wealth Creation</li> <li>• An equity scheme that predominantly invests in instruments of companies engaged in and/or expected to benefit from the growth in traditional &amp; new energy sectors &amp; allied business activities</li> </ul>	 <p>Investors understand that their principal will be at <b>Very High Risk</b></p>
<p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	

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

All figures and other data given in this document are dated. The same may or may not be relevant at a future date. The AMC takes no responsibility of updating any data/information in this material from time to time. The information shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Prudential Asset Management Company Limited. Prospective investors are advised to consult their own legal, tax and financial advisers to determine possible tax, legal and other financial implication or consequence of subscribing to the units of ICICI Prudential Mutual Fund.

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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.