



Dear Valued Investors,

We are introducing Value Based SIP/STP/ One Time SMART Investment transaction facility. This is ALGO(Algorithm) model which has been specially designed for maintaining asset allocation as per individual risk profiling and suitability. ALGO is based on market PE, PB, Market Cap to GDP ratio etc.

ALGO Bands, Investment Triggers and Investment Zones

ALGO			Investment Zone
From	To	Equity Allocation (in %)*	
0	922	100	← Green
923	1038	90	
1039	1153	80	
1154	1268	70	← Yellow
1269	1383	60	
1384	1499	50	
1500	1614	40	
1615	1729	30	← Red
1730	1844	20	
1845	+	0	

Triggers

Now Let's see How it Works...

Basically, when we invest in Equity we can invest in different categories, namely;

Pure Equity (Aggressive) - Large Cap, Mid Cap, Small Cap Funds

Asset Allocation (Dynamic Allocation between Debt and Equity) – Dynamic, Balanced Advantage Funds
(Asset Allocation schemes invest between Debt and Equity and the allocation keeps on changing every month, basically they will start to reduce Equity as markets go up and Increase Equity when markets start to fall down)

As an Investor we should be in Equity to generate good returns but should not be in that category throughout the investment cycle

So, we came up with an Algo number which keeps on changing everyday based on Nifty movement (Stock Market)

We further divided the number into different zones, Green, Yellow and Red

Green Zone – Invest in Equity (X)

Yellow Zone – Invest in Equity (X)

Red Zone – Invest in Equity through Asset Allocation (X)

From	To
0	1153
1154	1614
1615	+

What is Smart Investing SIP

Smart Investing SIP is basically doing a Monthly PURCHASE every time in Equity or Asset Allocation scheme based on Algo.

EXAMPLE

So, we select 2 Schemes from same Mutual Fund

Asset Allocation (According to Algo)	Equity (According to Algo)
Motilal Dynamic Equity Fund	Motilal Multicap 35 Fund

X = PURCHASE (SIP) Amount per month

Now when we are in Red Zone your investment will happen in Motilal Dynamic Equity Fun (Asset Allocation) – X

When we are in Yellow your investment will happen in Motilal Multicap 35 Fund (Equity) – X

When we are in Green Zone your investment will happen in Motilal Multicap 35 Fund (Equity) – X

Also, when the Algo moves from Red to Green Zone and vice versa we also switch all units in the underlying category

Red to Green – Switch All Units - Motilal Dynamic Equity Fund (Asset Allocation) to Motilal Multicap 35 Fund (Equity)

Green to Red – Switch All Units - Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation)

To explain further Let's take Motilal Example, let's say we are currently in Red Zone, so SIP (Purchase) will happen in Motilal Dynamic Equity Fund (Asset Allocation), 6 months down the line we reach yellow zone, so SIP (Purchase) will happen in Motilal Multicap 35 Fund (Equity), now after say 1 year we move to Green Zone, then also SIP (Purchase) will happen in Motilal Multicap 35 Fund (Equity) plus we will also switch All Units from Motilal Dynamic Equity Fund (Asset Allocation) to Motilal Multicap 35 Fund (Equity)

Now after say another 3 years we move to Red Zone, your monthly SIP (Purchase) will now go into Motilal Dynamic Equity Fund (Asset Allocation) and we will also switch All Units from Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation)

What is Smart Investing Lumpsum/ One time investment

Smart Investing Lumpsum is basically doing a PURCHASE one time in Equity or Asset Allocation scheme based on Algo

EXAMPLE – FRESH INVESTMENT

So, we select 2 Schemes from same Mutual Fund

Asset (According to Algo)	Allocation	Equity (According to Algo)
Motilal Dynamic Equity Fund		Motilal Multicap 35 Fund

When we are in Red Zone your fresh investment will happen in Motilal Dynamic Equity Fun (Asset Allocation)

When we are in Yellow Zone your fresh investment will happen in Motilal Multicap 35 Fund (Equity)

When we are in Green Zone your fresh investment will happen in Motilal Multicap 35 Fund (Equity)

Also, when the Algo moves from Red to Green Zone and vice versa we also switch all units in the underlying category

Red to Green – Switch All Units - Motilal Dynamic Equity Fund (Asset Allocation) to Motilal Multicap 35 Fund (Equity)

Green to Red – Switch All Units - Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation)

To explain further Let's take Motilal Example, let's say we are currently in Red Zone, so Fresh Purchase will happen in Motilal Dynamic Equity Fund (Asset Allocation), 6 months down the line we reach yellow zone, so we will do nothing and stay as it is, now after say 1 year we move to Green Zone, then we will switch All Units from Motilal Dynamic Equity Fund (Asset Allocation) to Motilal Multicap 35 Fund (Equity)

Now after say another 3 years we move to Red Zone, we will switch All Units from Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation)

EXAMPLE – EXISTING INVESTMENT

So, we select 2 Schemes from same Mutual Fund, where you are already invested in 1 of the Scheme

Asset (According to Algo)	Allocation	Equity (According to Algo)
Motilal Dynamic Equity Fund		Motilal Multicap 35 Fund

Red to Green – Switch All Units - Motilal Dynamic Equity Fund (Asset Allocation) to Motilal Multicap 35 Fund (Equity)

Green to Red – Switch All Units - Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation)

You have to select currently where the investment is:

It will be either Motilal Dynamic Equity Fund (Asset Allocation) or Motilal Multicap 35 Fund (Equity)

You selected Motilal Multicap 35 Fund (Equity)

Let's say we are currently in Red Zone, so on 15th of the Month switch will happen from Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation), 6 months down the line we reach yellow zone, so we will do nothing and stay as it is, now after say 1 year we move to Green Zone, then we will switch All Units from Motilal Dynamic Equity Fund (Asset Allocation) to Motilal Multicap 35 Fund (Equity)

Now after say another 3 years we move to Red Zone, we will switch All Units from Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation)

Or you selected Motilal Dynamic Equity Fund (Asset Allocation)

Let's say we are currently in Red Zone, so on 15th of the Month we will do nothing and stay as it is, 6 months down the line we reach yellow zone, so we will do nothing and stay as it is, now after say 1 year we move to Green Zone, then we will switch All Units from Motilal Dynamic Equity Fund (Asset Allocation) to Motilal Multicap 35 Fund (Equity)

Now after say another 3 years we move to Red Zone, we will switch All Units from Motilal Multicap 35 Fund (Equity) to Motilal Dynamic Equity Fund (Asset Allocation)

What is Smart Investing through Value STP

Value STP is basically transferring from Equity Savings/Liquid fund (Core Scheme) to either Equity or Asset Allocation scheme based on the Algo along with increasing or decreasing switch amounts

Red Zone - 1x

Yellow Zone - 3x

Green Zone - 5x

X = STP Amount per month

Period – 5 Years i.e. 60 Months

Whatever amount you decide we divide it by 60

So, let's say 10 Lakhs, then $10,00,000 / 60 = 16,666$ so we can take our X as 17,000

If we take 4 lakhs, then $4,00,000 / 60 = 6,666$ so we can take our X as 7,000

Also, you can decide the total amount and calculate your X and invest in the Core schemes at regular intervals, so for the above you decided your X as 17,000 and initial investment is 10 Lakhs, but you can invest 2 Lakhs now and keep topping it

EXAMPLE

So, what we do is we select 3 Schemes from same Mutual Fund

Core Scheme (lump sum investment)	If Switch to Asset Allocation (According to Algo)	If Switch to Equity (According to Algo)
ICICI Prudential Equity Savings	ICICI Prudential Balanced Advantage Fund	ICICI Prudential Large and Mid Cap Fund

Now when we are in Red Zone your investment will happen in ICICI Prudential Balanced Advantage Fund (Asset Allocation) – 1X

When we are in Yellow your investment will happen in ICICI Prudential Large and Mid Cap Fund (Equity) – 3X

When we are in Green Zone your investment will happen in ICICI Prudential Large and Mid Cap Fund (Equity) – 5x

Also when the Algo moves from Red to Green Zone and vice versa we also switch all units in the underlying category

Red to Green – Switch All Units - ICICI Prudential Balanced Advantage Fund (Asset Allocation) to ICICI Prudential Large and Mid Cap Fund (Equity)

Green to Red – Switch All Units - ICICI Prudential Large and Mid Cap Fund (Equity) to ICICI Prudential Balanced Advantage Fund (Asset Allocation)

To explain further Let's take ICICI Example, let's say we are currently in Red Zone, We will do a lump sum purchase in ICICI Equity Savings Fund and monthly STP (Switch) will happen in ICICI Prudential Balanced Advantage Fund, 6 months down the line let's say we reach yellow zone, the switch will start happening in ICICI Prudential Large and Mid Cap at 3 times the STP Amount, now after say 1 year we move to Green Zone, then the switch will be 5 times the STP Amount into ICICI Prudential Large and Mid Cap plus we will also switch All Units from ICICI Prudential Balanced Advantage Fund to ICICI Prudential Large and Mid Cap

Now after say another 3 years we move to Red Zone, your monthly STP (If any amount is left) will now go into ICICI Prudential Balanced Advantage Fund and we will also switch All Units from ICICI Prudential Large and Mid Cap to ICICI Prudential Balanced Advantage Fund

After the Amount is completely shifted from the ICICI Equity Savings Fund (Core Scheme) this becomes a Smart Investing Lump Sum and keeps on shuffling between ICICI Prudential Balanced Advantage Fund (Asset Allocation) to ICICI Prudential Large and Mid Cap (Equity)

The following is an example from 5 Dec 2014 to 2 Jan 2020

STP From 05-Dec-14 to 02-Jan-20						
	ICICI Pru Equity Savings Fund - Reg (G)	ICICI Pru Large & Mid Cap Fund - (G)	ICICI Pru Balanced Advantage Fund (G)	Value As On	Strategy	Returns (CAGR)
				02-Jan-20	Outperformance (v/s Value STP)	
Initial Investment	60.00 Lacs					
Only STP	11.67 Lacs	75.31 Lacs		86.99 Lacs	11.74 Lacs	7.59%
Value STP			98.73 Lacs	98.73 Lacs		10.30%

As you can see if you did a normal STP (60 Lakhs) you would have made 86.99 lakhs whereas in our strategy you would have made 98.73 lacs, an out performance of approx. 11.74 lacs

Above all, in Normal STP you are still in ICICI Large and Mid Cap so any stock market correction will lead to further erosion in value whereas in case of ICICI Balanced Advantage value erosion will be minimal

Some Scheme attributes

Scheme Name	Corpus (In crs.)	Launch Date	Scheme Nature	Scheme Sub Nature
ICICI Prudential Balanced Advantage Fund	28,383	30-Dec-06	Hybrid	Dynamic Asset Allocation or Balanced Advantage
ICICI Prudential Equity Savings Fund	1,481	05-Dec-14	Hybrid	Equity Savings
ICICI Prudential Large & Mid Cap Fund	3,567	09-Jul-98	Equity	Large & Mid Cap Fund

ASSET ALLOCATION			
Scheme Name	Equity	Debt	Others
ICICI Prudential Balanced Advantage Fund	47.37	26.71	25.93
ICICI Prudential Equity Savings Fund	28.97	27.75	43.28
ICICI Prudential Large & Mid Cap Fund	95.25	0.45	4.30
As on 30 th Nov 2019			

As you can see the Equity investment would be less in Asset Allocation Schemes so any downside from here will result in an opportunity to invest

Kindly go through the same & feel Free to call for any query.
Looking forward to your favorable response, Thanks!

With Best Regards,

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