FIXED INCOME UPDATE

September 2026

ICICI PRUDENTIAL MUTUAL FUND

Fixed Income Update

Bank Credit Growth	Bank Deposit Growth
18.3%	14.7%

Money Market				
Tenure	CD (%)	Change*	CP (%)	Change*
1M	6.10	-22	6.63	-4
3M	6.40	-40	7.10	-15
6M	6.77	-18	7.27	-8
12M	7.27	7	7.75	5

Tenure	G-Sec (%)	Change*	AAA CB (%)	Change*
1Y	5.78	6	7.55	13
3Y	6.28	5	7.68	22
5Y	6.49	6	7.69	22
10Y	6.95	12	7.71	22

Yield on the benchmark 10-year G-sec rose to 6.95% on Aug 31, 2026, against 6.83% at the end of July, amid opposing domestic and global factors.

Deferment of India's inclusion in the Bloomberg Global Aggregate Index disappointed investors expecting stronger foreign portfolio inflows.

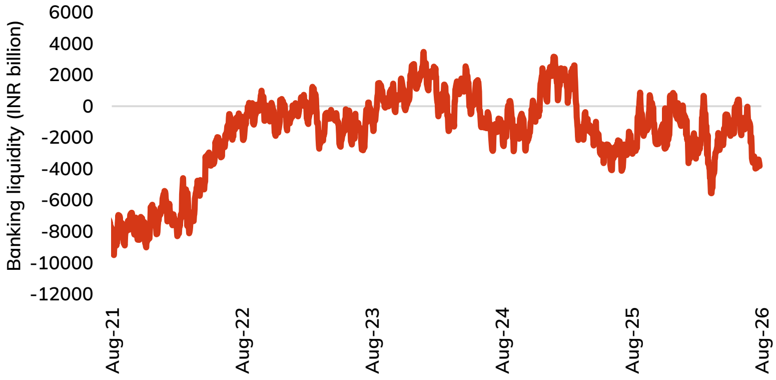
Continued geopolitical uncertainties in West Asia also contributed to the caution in the bond market.

The rise in oil prices heightened concerns over imported inflation and raised expectations that the MPC may need to adopt a tighter policy stance if inflationary pressures broaden. The early closure of the RBI's foreign currency non-resident (bank) or FCNR(B) swap facility also weighed on market sentiment,

Data as on Aug 31, 2026. *Change in basis points (bps) Data Source – RBI, Mospi.Nic.in; Credit & Deposit Growth data as on Aug 15, 2026; Y-o-Y represents Year-on-Year growth. CRISIL Fixed Income Database, CP - Commercial Paper, CD – Certificate of Deposit, CB – Corporate Bond.

Macro Update

GST Collection (Goods & Services Tax)	₹1.99 lakh crore (Aug 2026)
Forex Reserves	$729 billion (Aug 21, 2026)
Manufacturing PMI	52.8 (In Aug 2026)



Data Source – RBI, Mospi.Nic.in, CRISIL Fixed Income Database ; CPI – Consumer Price Index, WPI – Wholesale Price Index, GDP – Gross Domestic Product. PMI – Purchasing Managers' Index.

CRUDE: Brent crude closed at $90.49 per barrel on Aug-end 2026, up 0.4% from $90.12 per barrel on July-end 2026.

INFLATION: CPI inflation hardened to 4.5% on year in July 2026 from 4.4% in June 2026.

CURRENCY USD/INR: Rupee closed at Rs.95.45 on Aug-end 2026, weakening 0.9% against Rs.94.60 on July-end 2026.

Gold: Gold prices closed at Rs.1,55,835 per 10 gm on Aug-end 2026, up 9.1% from Rs.1,42,860 per 10 gm on July-end 2026.

Source: CRISIL. Data as on Aug 31, 2026.

Our Outlook

Bond yields inched up in Aug 2026 amid concerns over domestic inflation stemming from higher crude oil prices and tapering FPI inflows in bonds. On the positive side, the economy posted a resilient 7.8% YoY growth for Q1:FY2026-27.

We believe the rise in yields has increased attractiveness of long-bond yields. Hence, we recommend gradually adding duration to portfolios.

On monetary policy, we maintain our earlier stance that the RBI could likely look-through inflation concerns given that current rise in oil, food prices is supply-side driven. As the economy recovers and growth expands, we expect the RBI to normalize interest rates to a neutral level.

For fixed income portfolios, we favor corporate bonds in the 1- to 3-year duration range. On the sovereign side, we maintain a positive outlook on long-dated State Government Securities. Consequently, we recommend investment in short-term products, corporate bonds, floating interest rates instruments, and banking and PSU debt in the current environment.

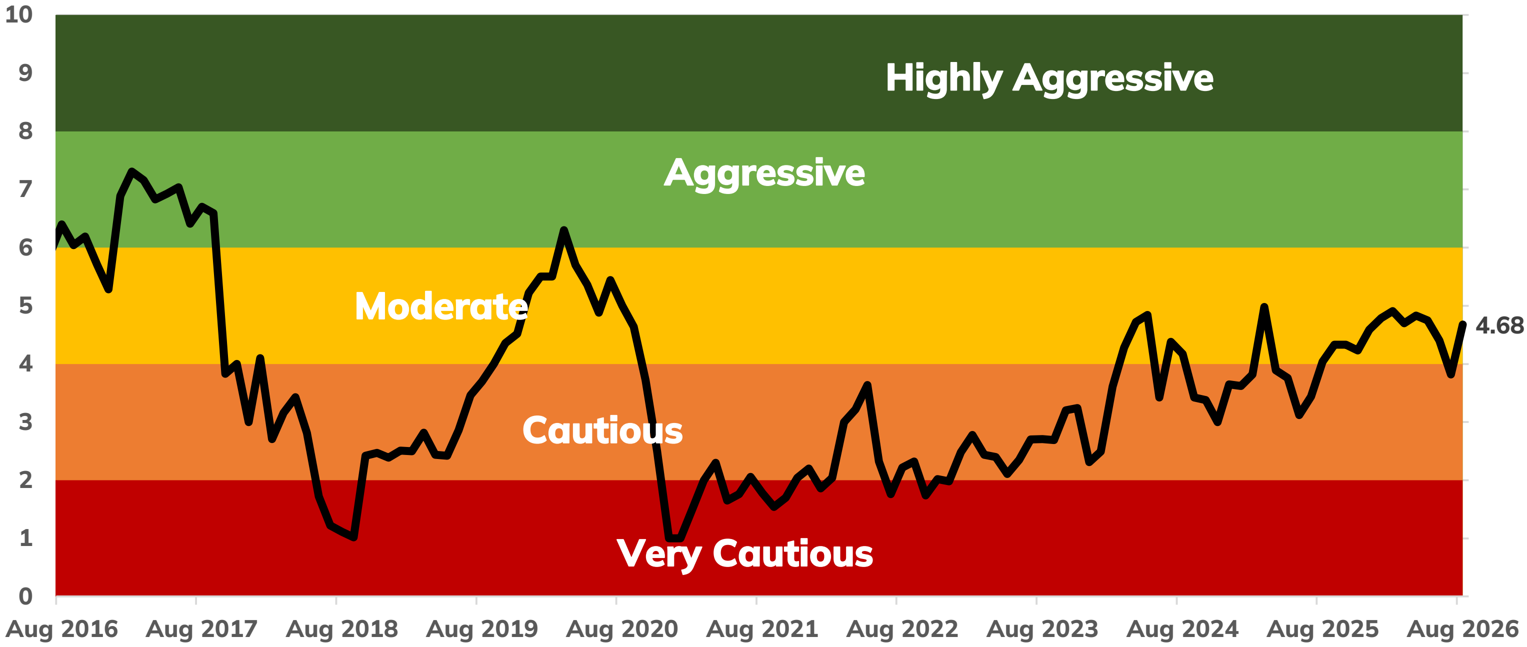
Market Activity

The 10-year Indian benchmark bond yield rose to 6.95% on Aug 31, 2026, up 12 bps compared to 6.83% as on July 31, 2026.

Liquidity conditions were generally in surplus during the month. The 91-day T-bill yield fell 5 bps on-month to 5.29% whereas the 182-day T-bill rose 4 bps to 5.63%. (Source: CCIL)

bps – basis points; T-bill – Treasury Bill; RBI – The Reserve Bank of India; MPC – Monetary policy committee; SDL – State Development Loans. GST – Goods and services tax.

Debt Valuation Index for Duration Risk Management



Data as on Aug 31, 2026. Debt Valuation Index considers WPI, CPI, Sensex returns, Gold returns and Real estate returns over G-Sec yield, Current Account Balance, Fiscal Balance, Credit Growth and Crude Oil Movement for calculation. RBI – Reserve Bank of India. Debt Valuation Index is a proprietary model of ICICI Prudential AMC Ltd. (the AMC) used for assessing overall debt valuations. The AMC may also use this model for other facilities/features offered by the AMC.

Our Recommendation

Category	Scheme	Indicative Investment Horizon
For Parking Surplus Funds		
Arbitrage	ICICI Prudential Arbitrage Fund	3 months and above
Equity Savings	ICICI Prudential Equity Savings Fund	6 months and above
Ultra Short to Short Term	ICICI Prudential Ultra Short to Short Term Fund (Erstwhile ICICI Prudential Savings Fund)	3 months and above
Money Market	ICICI Prudential Money Market Fund	3 months and above
Floating Interest Rates	ICICI Prudential Floating Interest Rates Fund (Erstwhile ICICI Prudential Floating Interest Fund)	6 months and above
Short Term Approach = Moderate Duration + Accruals		
Short Term	ICICI Prudential Short Term Fund	6 months and above
Corporate Bond	ICICI Prudential Corporate Bond Fund	6 months and above
Banking and PSU Debt	ICICI Prudential Banking and PSU Debt Fund (Erstwhile ICICI Prudential Banking & PSU Debt Fund)	9 months and above
Long Term Approach = Dynamic Duration		
Dynamic Term	ICICI Prudential Dynamic Term Fund (Erstwhile ICICI Prudential All Seasons Bond Fund)	3 years and above
Credit Focus		
Credit Risk	ICICI Prudential Credit Risk Fund	1 year and above
Medium Term	ICICI Prudential Medium Term Fund (Erstwhile ICICI Prudential Medium Term Bond Fund)	1 year and above
Tactical Approach		
Gilt	ICICI Prudential Gilt Fund	1 year and above

None of the aforesaid recommendations are based on any assumptions. These are purely for reference and the investors are requested to contact their financial advisors before investing. Note: The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price.

The Schemes have undergone certain categorization changes in accordance with the Master Circular for Mutual Funds, with effect from August 26, 2026. For complete details refer to the addendum on the AMC's website www.icicipruamc.com.

Potential Risk Class Matrix

The Potential risk class (PRC) matrix based on interest rate risk and credit risk.

<table>
<tr><th>Sr No</th><th>Scheme Name</th><th>Position in the Matrix</th></tr>
<tr><td>1</td><td>ICICI Prudential Dynamic Term Fund</td><td rowspan="7">
<table>
<tr><th colspan="4">Potential Risk Class</th></tr>
<tr><td>Credit Risk→
Interest Rate Risk ↓</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr>
<tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr>
<tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr>
<tr><td>Relatively High (Class III)</td><td></td><td>B-III</td><td></td></tr>
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<tr><td>2</td><td>ICICI Prudential Ultra Short to Short Term Fund</td></tr>
<tr><td>3</td><td>ICICI Prudential Corporate Bond Fund</td></tr>
<tr><td>4</td><td>ICICI Prudential Banking & PSU Debt Fund</td></tr>
<tr><td>5</td><td>ICICI Prudential Floating Interest Fund</td></tr>
<tr><td>6</td><td>ICICI Prudential Short Term Fund</td></tr>
<tr><td>7</td><td>ICICI Prudential Medium Term Bond Fund</td></tr>
<tr><td>8</td><td>ICICI Prudential Gilt Fund</td><td>
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<tr><td>9</td><td>ICICI Prudential Credit Risk Fund</td><td>
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<tr><td>10</td><td>ICICI Prudential Money Market Fund</td><td>
<table>
<tr><th colspan="4">Potential Risk Class</th></tr>
<tr><td>Credit Risk→
Interest Rate Risk ↓</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr>
<tr><td>Relatively Low (Class I)</td><td></td><td>B-I</td><td></td></tr>
<tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr>
<tr><td>Relatively High (Class III)</td><td></td><td></td><td></td></tr>
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Riskometers

ICICI Prudential Equity Savings Fund

(An open ended scheme investing in equity, arbitrage and debt.)

The risk of the scheme is low to moderate

This product is suitable for investors who are seeking*:

- Long term wealth creation.
- An open ended scheme that seeks to generate regular income through investments in fixed income securities, arbitrage and other derivative strategies and aim for long term capital appreciation by investing in equity and equity related instruments.

ICICI Prudential Ultra Short to Short Term Fund

(An open ended debt scheme investing in instruments such that the Macaulay Duration of the portfolio is between 6 months to 12 months. A relatively high interest rate risk and moderate credit risk.)

The risk of the scheme is moderate

This product is suitable for investors who are seeking*:

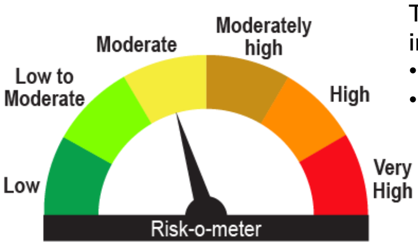
- Short term savings
- An open ended low duration debt scheme that aims to maximise income by investing in debt and money market instruments while maintaining optimum balance of yield, safety and liquidity.

Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. The above risk-o-meters are as on July 31, 2026. Please refer to https://www.icicipruamc.com/media-center for more details.

Riskometers

ICICI Prudential Banking and PSU Debt Fund

(An open ended debt scheme predominantly investing in Debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal bonds. A relatively high interest rate risk and moderate credit risk.)



The risk of the scheme is moderate

This product is suitable for investors who are seeking*:

- Short term savings
- An open ended debt scheme predominantly investing in debt instruments of banks, Public Sector Undertakings, Public Financial Institutions and Municipal Bonds.

ICICI Prudential Dynamic Term Fund

(An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and moderate credit risk.)

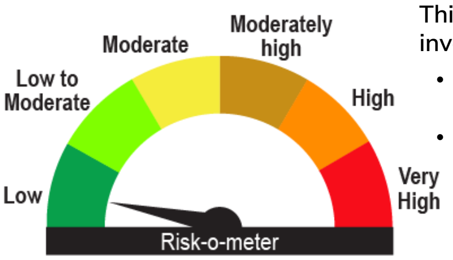
The risk of the scheme is moderately high

This product is suitable for investors who are seeking*:

- All duration savings
- A debt scheme that invests in debt and money market instruments with a view to maximize income while maintaining optimum balance of yield, safety and liquidity.

ICICI Prudential Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities. No investment in InvITs is permitted.)



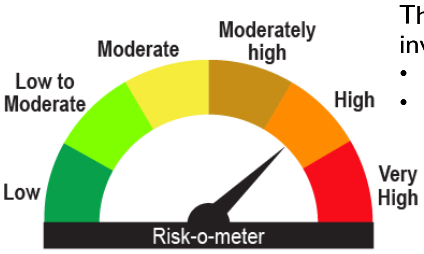
The risk of the scheme is low

This product is suitable for investors who are seeking*:

- Short Term Income Generation
- A hybrid scheme that aims to generate low volatility returns by using arbitrage and other derivative strategies in equity markets and investments in debt and money market instruments

ICICI Prudential Credit Risk Fund

(An open ended debt scheme predominantly investing in AA and below rated corporate bonds. (excluding AA+ rated corporate bonds.) A relatively high interest rate risk and relatively high credit risk.)



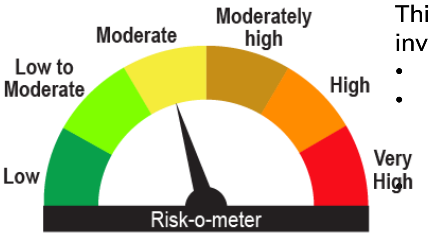
The risk of the scheme is high

This product is suitable for investors who are seeking*:

- Medium term savings
- A debt scheme that aims to generate income through investing in AA and below rated corporate bonds while maintaining the optimum balance of yield, safety and liquidity.

ICICI Prudential Corporate Bond Fund

(An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk.)



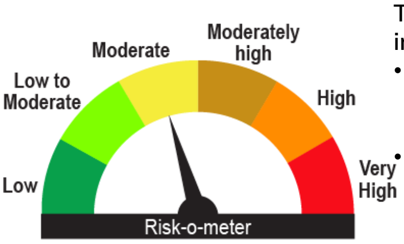
The risk of the scheme is moderate

This product is suitable for investors who are seeking*:

- Short term savings
- An open ended debt scheme predominantly investing in highest rated corporate bonds.

ICICI Prudential Short Term Fund

(An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 years and 3 years. A relatively high interest rate risk and moderate credit risk.)



The risk of the scheme is moderate

This product is suitable for investors who are seeking*:

- Short term income generation and capital appreciation solution
- A debt fund that aims to generate income by investing in a range of debt and money market instruments of various maturities.

ICICI Prudential Floating Interest Rates Fund

((An open ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives). A relatively high interest rate risk and moderate credit risk.

The risk of the scheme is moderate

This Product is suitable for investors who are seeking*:

- Short term savings
- An open ended debt scheme predominantly investing in floating rate instruments

ICICI Prudential Gilt Fund

(An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk.)

The risk of the scheme is moderate

This product is suitable for investors who are seeking*:

- Long term wealth creation.
- A Gilt scheme that aims to generate income through investment in Gilts of various maturities

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Riskometers

ICICI Prudential Money Market Fund

(An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk.)

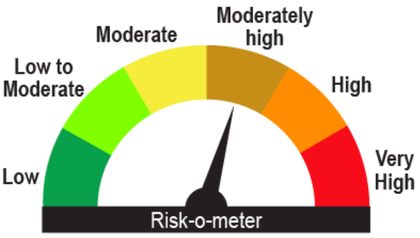
The risk of the scheme is low to moderate

This Product is suitable for investors who are seeking*:

- Short term savings
- A money market scheme that seeks to provide reasonable returns, commensurate with low risk while providing a high level of liquidity.

ICICI Prudential Medium Term Fund

(An open Ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 Years and 4 Years The Macaulay duration of the portfolio is 1 Year to 4 years under anticipated adverse situation. A relatively high interest rate risk and moderate credit risk)



The risk of the scheme is moderately high

This Product is suitable for investors who are seeking*:

- Medium term savings
- A debt scheme that invests in debt and money market instruments with a view to maximize income while maintaining optimum balance of yield, safety and liquidity

Disclaimer

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

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