SEPTEMBER 2026

EQUITY VALUATIONS PERSPECTIVE

Our 'VCTS' framework (Valuations, Cycle, Trigger, Sentiments) indicates that market valuations remain neutral. Continued strong momentum of Credit Growth and Capacity Utilisation indicates that Business cycle remains healthy. Future market triggers which may cause volatility include geopolitical tensions, complex trade dynamics, and global monetary policy stance. FPIs continued their buying momentum in Aug-2026 (second month in row) at an even faster pace. DII buying momentum continued. Sentiments also continue to remain neutral. Based on our 'VCTS' framework, one can consider investing in equities in a staggered manner through SIP / STP in schemes that have the flexibility to maneuver across sectors / market cap. We continue to recommend investing in Hybrid / Asset Allocation schemes since market volatility may persist.

Parameters ('VCTS' Framework)	Dec-07	Oct-08	Jan-18	Mar-20	Aug-26
'V'aluations					
Trailing P/E Nifty 50	27.62	12.57	27.50	19.38	20.36
Trailing P/B Nifty 50	6.39	2.42	3.73	2.45	2.92
Market Cap to GDP Ratio	149%	54%	93%	56%	139%
'C'ycle					
Capacity Utilization (Manufacturing Sector)	91.7%	75.9%	75.2%	68.6%	77.4% (Q4FY26)
Credit Growth	23.3%	28.5%	11.0%	6.1%	18.3%
'S'entiments					
Net FPI Flows (12 Months trailing in Rs. Cr)	80,915	-52,410	66,210	6,152	-260,092
Nifty 50 Returns:					
1 Year	54.8%	-51.1%	28.8%	-26.0%	-1.4%
2 Year	47.1%	-12.2%	20.7%	-7.8%	-2.3%
3 Year	43.4%	6.8%	7.8%	-2.1%	7.7%
Nifty 50 EPS growth:					
1 Year	20.4%	9.7%	17.0%	10.7%	3.9%
2 Year	27.9%	18.5%	10.1%	4.0%	4.9%
3 Year	21.3%	18.8%	2.3%	4.0%	10.5%
Macro Indicators					
IIP (twelve months trailing)	15.60%	3.90%	7.50%	18.20%	6.7% (July 2026)
GDP Growth	9.60%	5.80%	7.20%	3.10%	7.8% (Q1FY27)
USD/INR	39.3	49.3	63.6	75.6	95.5
Brent Crude (USD/Barrel)	93.7	65.3	69.1	22.7	90.5
G-Sec Yields					
India	7.79%	7.45%	7.43%	6.14%	6.95%
USA	4.02%	3.95%	2.71%	0.67%	4.75%

Time period considered: December 2007– Markets pre Global Financial Crisis (GFC) (Peak Valuations), October 2008– Market fall post GFC (Low Valuations), January 2018– Pre-NBFC & Pre-US-China crisis (Peak Valuations), March 2020 (low valuations)– COVID-19. August 2026– Current Valuations. All data is as on August 31, 2026 unless stated otherwise. Source: NSE, BSE India, NSDL, Reserve Bank of India, Nuvama Institutional Equities. P/E: Price to Earnings Ratio; P/B: Price to Book Ratio; CAGR: Compound Annualized Growth Rate; YoY: Year on Year; FPI: Foreign Portfolio Investors; IIP: Index of Industrial Production; GDP: Gross Domestic Product, EPS – Earnings Per Share. Returns & EPS growth mentioned are in CAGR terms. G-Sec yields is for 10 year Govt. Bond Yields (6.48 GS 2035). Current MCap to GDP ratio is sourced from Nuvama Institutional Equities. *Data is sourced from Kotak Institutional Equities. DII bought equity worth 3,883 Mn US$ (Data as on August 28, 2026). DII: Domestic Institutional Investor. Past performance may or may not sustain in future. SIP: Systematic Investment Plan, STP: Systematic Transfer Plan

ICICI Prudential Mutual Fund Registration No.: MF/003/93/6

Parameters ('VCTS' Framework)

The 'VCTS' (Valuations, Cycle, Trigger, Sentiments) framework is a market checklist which can be used to determine market valuations/conditions for investment at any given point in time. The framework can find application across asset classes. It aims to navigate markets efficiently by reflecting on various data points used in the framework.

Market Valuations

P/E or PBV helps in ascertaining whether the market is expensive or cheap

Buy - Valuations Cheap

Sell - Valuations Expensive

Business Cycle

Indicators like capacity utilization or credit growth help in understanding the strength of business cycle

Buy - Cycle is weak

Sell - Cycle is Strong

Triggers

Triggers are events which can have impact on the overall equity market

Triggers - Unpredictable event like COVID-19, Geo-Political Tensions

Sentiments

Sentiments helps in understanding investors affinity towards the equity market

Buy - Negative Sentiments

Sell – Positive Sentiments

PE – Price-to-Earnings; PBV – Price to Book Value Ratio; COVID-19 is Coronavirus disease 2019.