Annual Fixed Income Outlook 2025

'UNCERTAIN' – THE NEW WORLD ORDER

ICICI PRUDENTIAL MUTUAL FUND

Preface

'UNCERTAIN- THE NEW WORLD ORDER', that's one way of describing the current markets.

Yields are being pushed and pulled due to domestic and global cues. The push to lower yields is seen coming from domestic economic environment. But, yields are also being pulled up due external cues such as Trump's anticipated trade and fiscal policies. Until now, we enjoyed a two-year period of moderate volatility in bonds, equities and currency markets in India. Going forward, however, we will have wait and watch to see if the buoyant period will continue or if uncertainties lead us to higher volatility.

This is where our 'Annual Fixed Income Outlook' can help. Now, let us tackle things one at a time. First, we will first look back at all the important stuff that happened last year, under 'The Year Gone By'.

Then, we will decode the new challenges facing us in fixed income markets and take clues from it to find out position in this constantly changing environment.

So let's begin!

What we said in 2024?

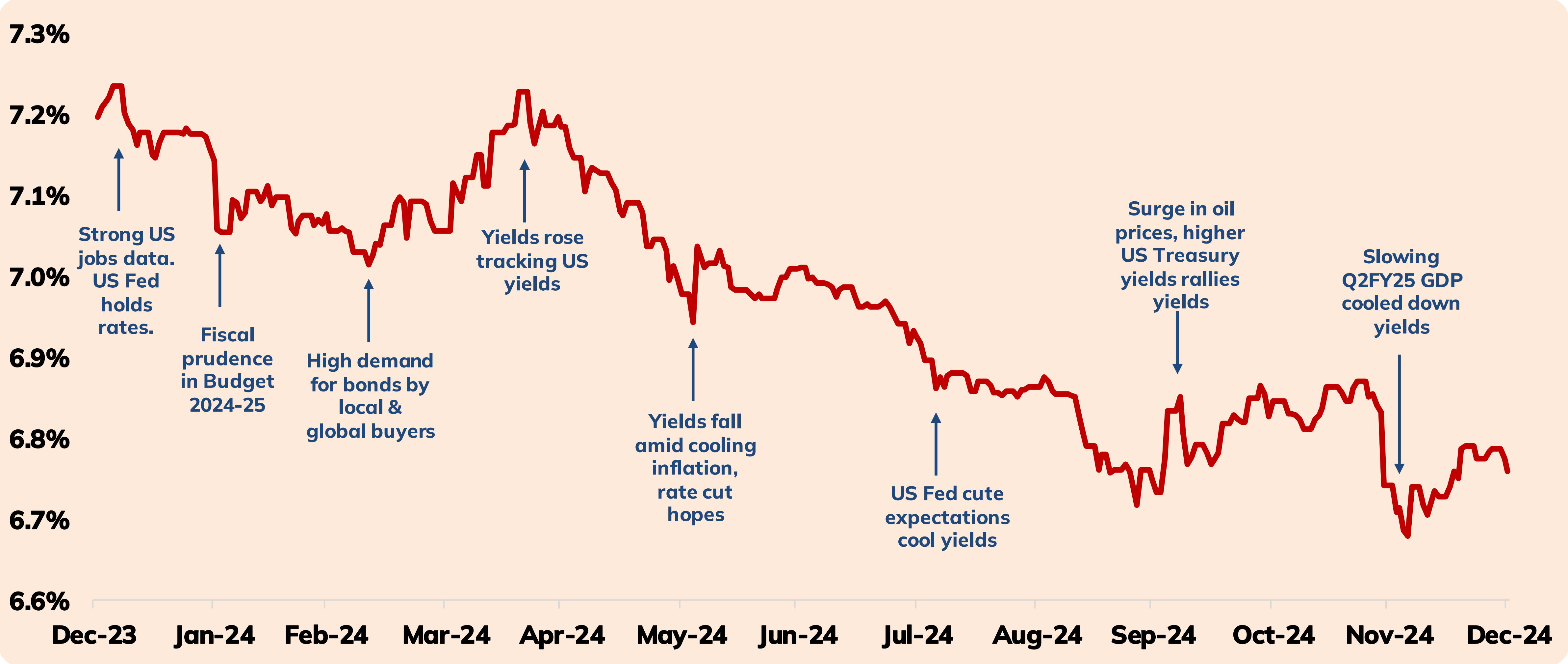
Indian economy is in an expansion mode. Inflation is expected to remain moderate and within the RBI's tolerable band. Hence, there is low probability of rate cuts.

Monetary policy has done the heavy-lifting in managing the economy and the baton is now passed on to the fiscal side where the deficit gap needs to be narrowed.

We may see push and pull on our yields from global cues. Yields may cool due to a dovish US Fed, but a recovering Chinese economy could pull back yields higher.

Accruals may become attractive as corporates tap the bond market for capital. Active duration management is also required as global cues impact domestic macros and long-term yields.

Bond Markets
G-Sec in 2024



Data as on Dec 31, 2024. Source – CCIL

Monetary
RBI's Key Measures in 2024

In 2024, the RBI kept key policy rates unchanged. However, it cut the CRR to 4.0% to reduce cost for banks and changed its stances from being Accommodative to Neutral.

Hiked Repo Rate to 6.50% by Feb 2023

Announced record dividend of ₹2.1 Trillion to Govt. in May 2024

Continuous VRR/VRRR auctions to augment liquidity conditions

Changed stance to Neutral in Oct 2024 meet

Cut CRR by 50 bps to 4.00% on Dec 6, 2024

Source – rbi.org.in. CRR – Cash Reserve Ratio rate. VRR – Variable Rate Repo. VRRR – Variable Rate Reverse Repo.

Monetary

RBI's MPC Decision in 2024

The RBI did not change the key interest rates in 2024. However, it did vary its projections of economic growth and consumer price inflation throughout the year, settling for a modest growth with moderately high inflation.

Policy Month	Stance	GDP Projections (FY24-25)	CPI Projection (FY24-25)
February 6-8, 2024	Withdrawal of Accommodation	7.0%	4.5%
April 3-5, 2024			
June 5-7, 2024		7.2%	
August 6-8, 2024			
October 7-9, 2024	Neutral		
December 4-6, 2024		6.6%	4.8%

Source – rbi.org.in.

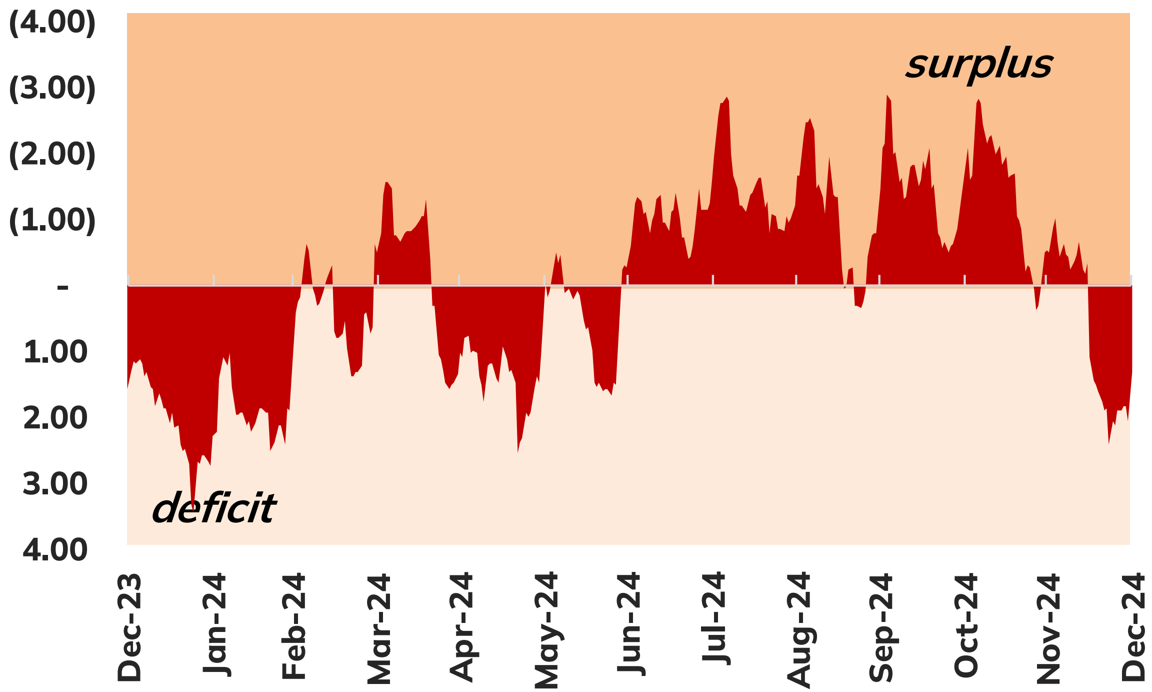
Monetary

RBI's Active Interventions in 2024

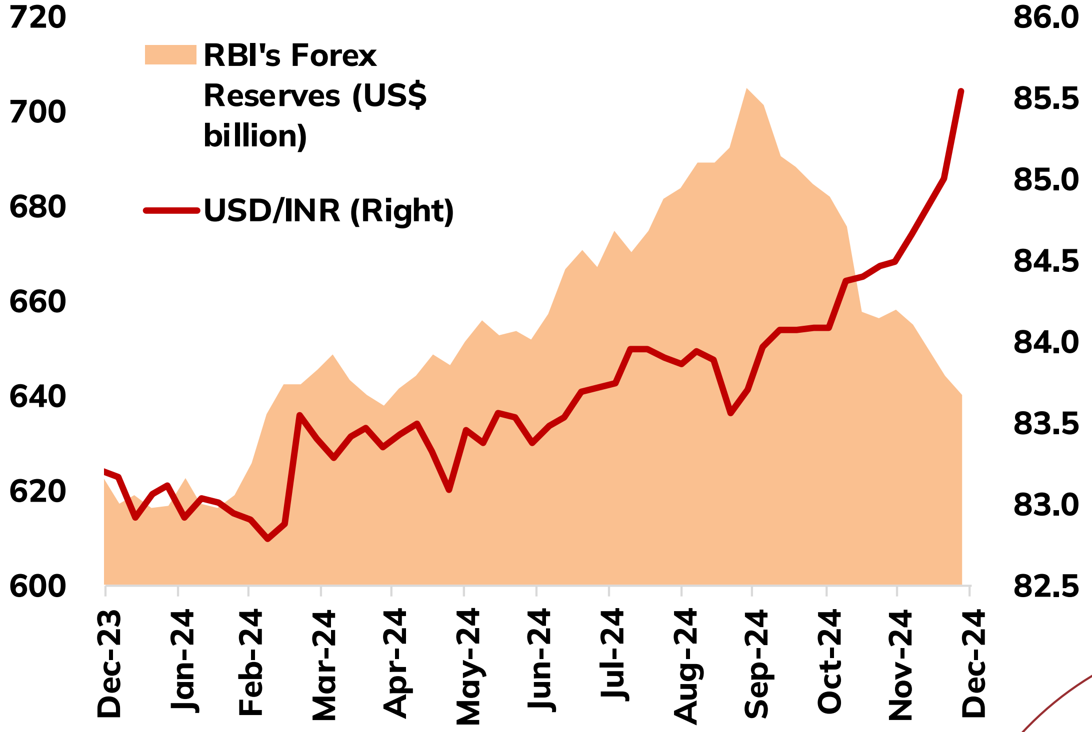
The RBI actively intervened in addressing liquidity issues throughout the year with VRRRs during surplus periods and VRR in deficit periods.

The RBI's attempt at stabilizing an expensive Rupee amidst intense FPI selling led to erosion of precious Forex reserves.

Banking Liquidity (₹ Lakh Crore)



RBI's Forex Reserves



Data available as on Dec 31, 2024. Source: rbi.org.in. FPI – Foreign Portfolio Investors. Forex – Foreign Exchange. VRRR – Variable Rate Reverse Repo. VRR – Variable Rate Repo

Economy
Where We Stand?

Economy

Why we think we are still in an Expansion Phase

Indicator	Value	Comments
Current Account Deficit	1.2% of GDP	Under control
Fiscal Deficit	4.9%	At a prudent level
Inflation	<6%	Within tolerable range
Credit Growth (Dec 2024)	>11% YoY	Moderation in unsecured personal loans
Corporate Balance Sheets	Deleveraged	Private capex cycle expected to pick up
Real Estate Prices	Moderate to High	Probable Risk

Economy is in an expansion mode but growth has moderated in certain pockets. Growth is expected to pick up again in the coming quarters. If the growth is slower, there are enough policy levers to push the short term growth back to the trend.

Data as on Dec 31, 2024. Source: rbi.org.in; NSE - National Stock Exchange; CMIE - Centre for Monitoring Indian Economy

Global Economy
In an uncertain phase of transition

Prologue

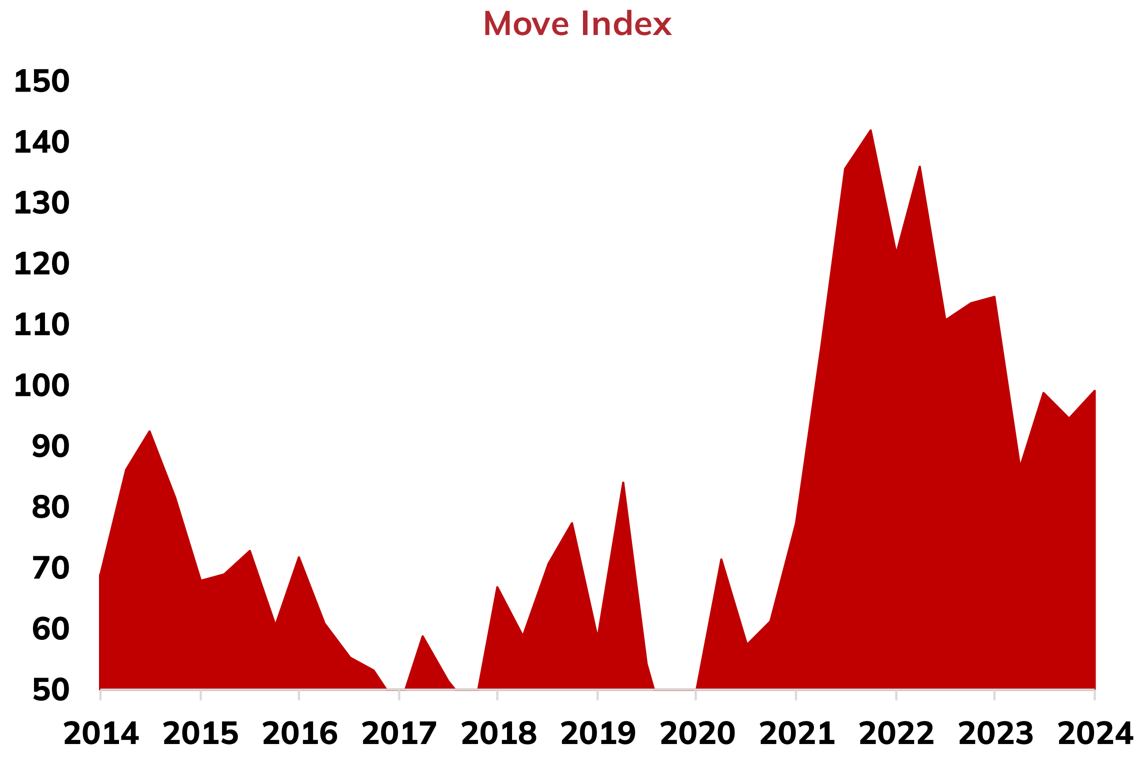
The transition of global economics from the post-Berlin Wall period to the present day reflects significant shifts in international dynamics and policy approaches. Following the fall of the Berlin Wall, the world witnessed an era of peaceful geopolitics characterized by the expansion of the World Trade Organization (WTO), which facilitated global trade and investments. The United States dollar solidified its position as the dominant global currency, further supported by capitalist policies that promoted open markets and fiscal austerity. This period was marked by lower inflation and lower bond yields, fostering a stable economic environment conducive to growth.

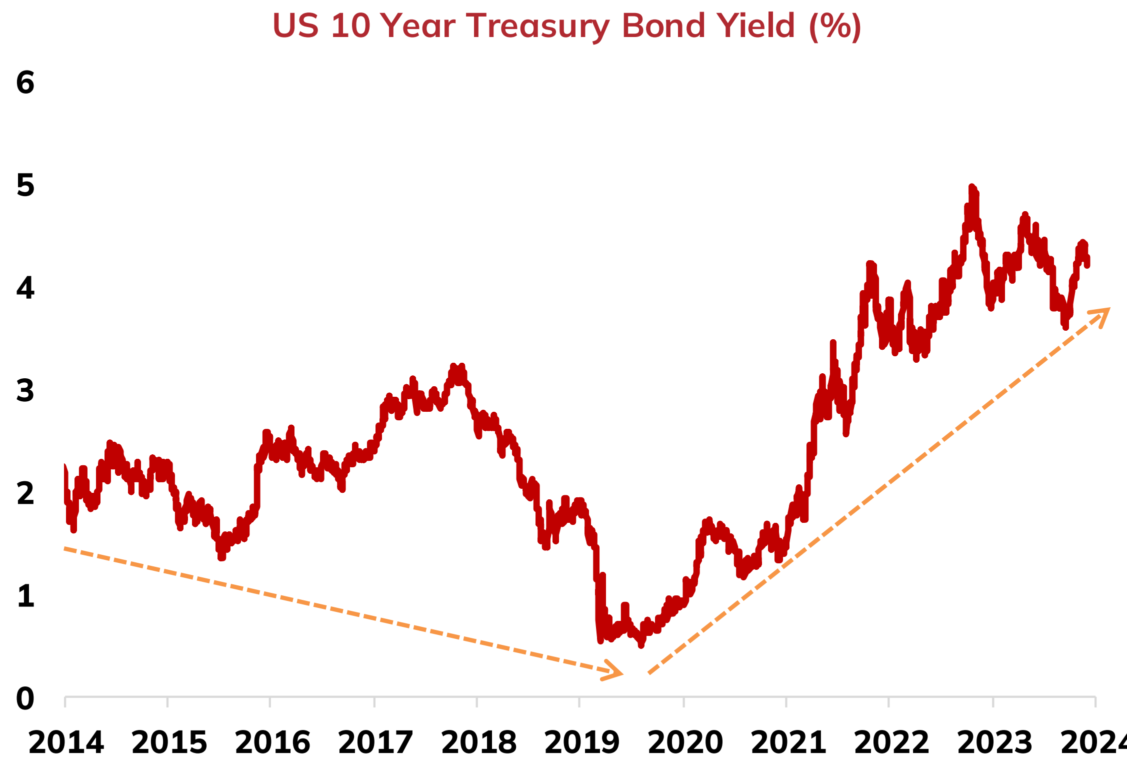
However, today's economic landscape presents a stark contrast. The rise of tariffs and trade wars has disrupted the previously smooth flow of international commerce. Geopolitical tensions have escalated, sometimes manifesting in actual conflicts. High fiscal spending by governments, often aimed at mitigating economic slowdowns, has led to increased public debt and mounting inflationary pressures. These challenges have contributed to higher bond yields and a renewed focus on reducing external trade deficits. Furthermore, the concept of de-dollarization has gained traction as countries seek alternatives to the US dollar's dominance. Populist policies have also emerged, reflecting a shift towards addressing concerns over increased inequality.

Collectively, these factors illustrate the new world order in the contemporary era.

Volatility in Asset Markets
Where it is already Visible

The 10Y US Treasury yield has fluctuated with large moves in the past two years. The increased volatility is highlighted by the MOVE index as well.

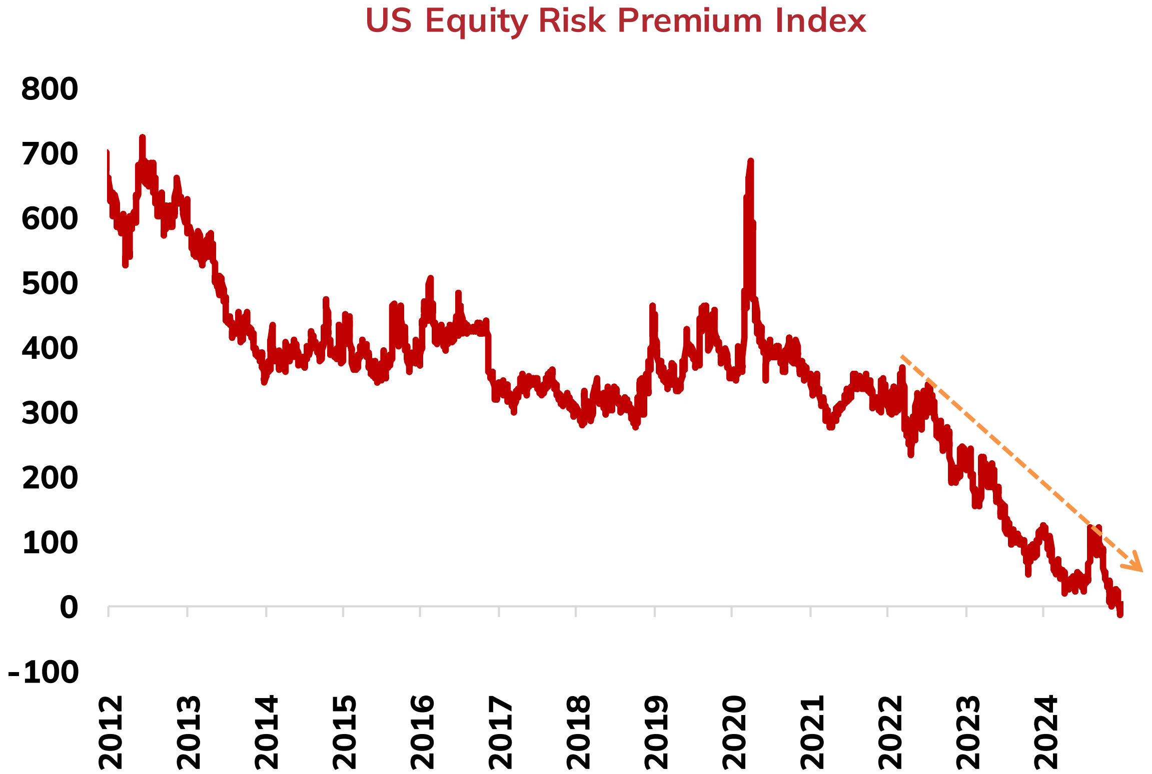


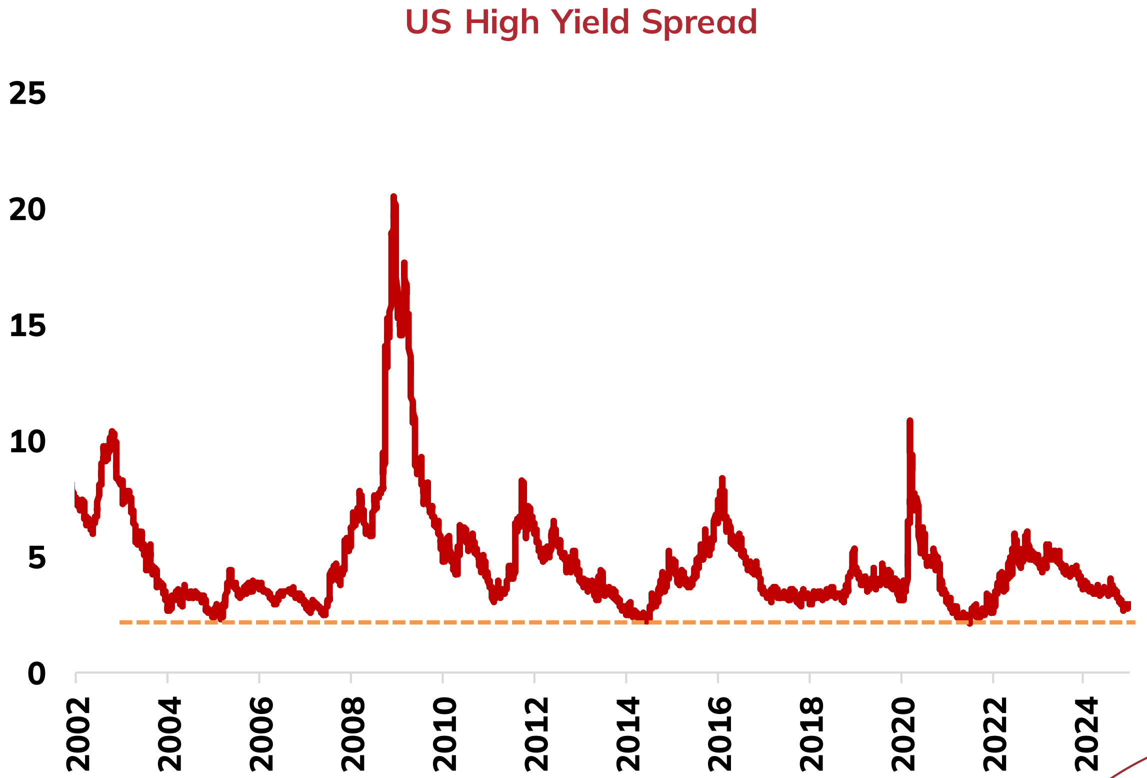


Source: Bloomberg, Morgan Stanley. Data as on Dec 31, 2024. The MOVE index, or Merrill Lynch Option Volatility Estimate Index, is a crucial gauge of interest rate volatility in the U.S. Treasury market. The index measures the implied volatility of U.S. Treasury options across various maturities.

Volatility in Asset Markets
Where it is yet to show

Despite high bond yields, risk premiums remain cyclically lower in both equity and credit markets.



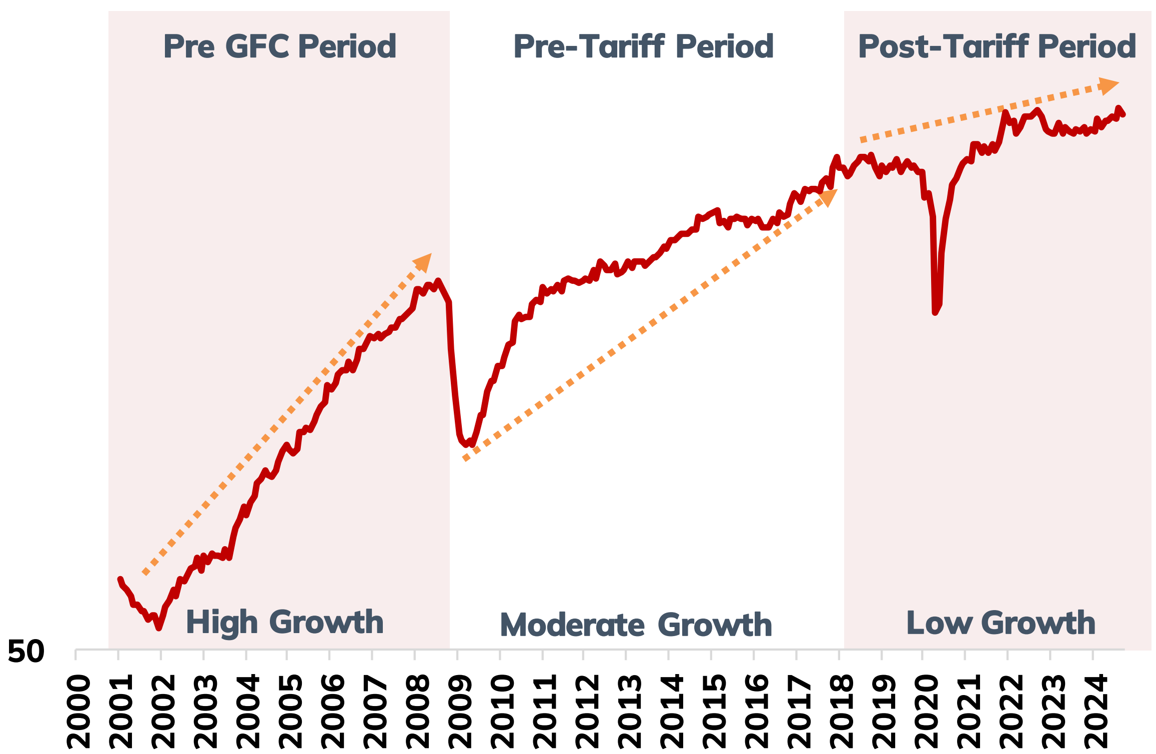


Source: Bloomberg, Morgan Stanley. Data as on Dec 31, 2024

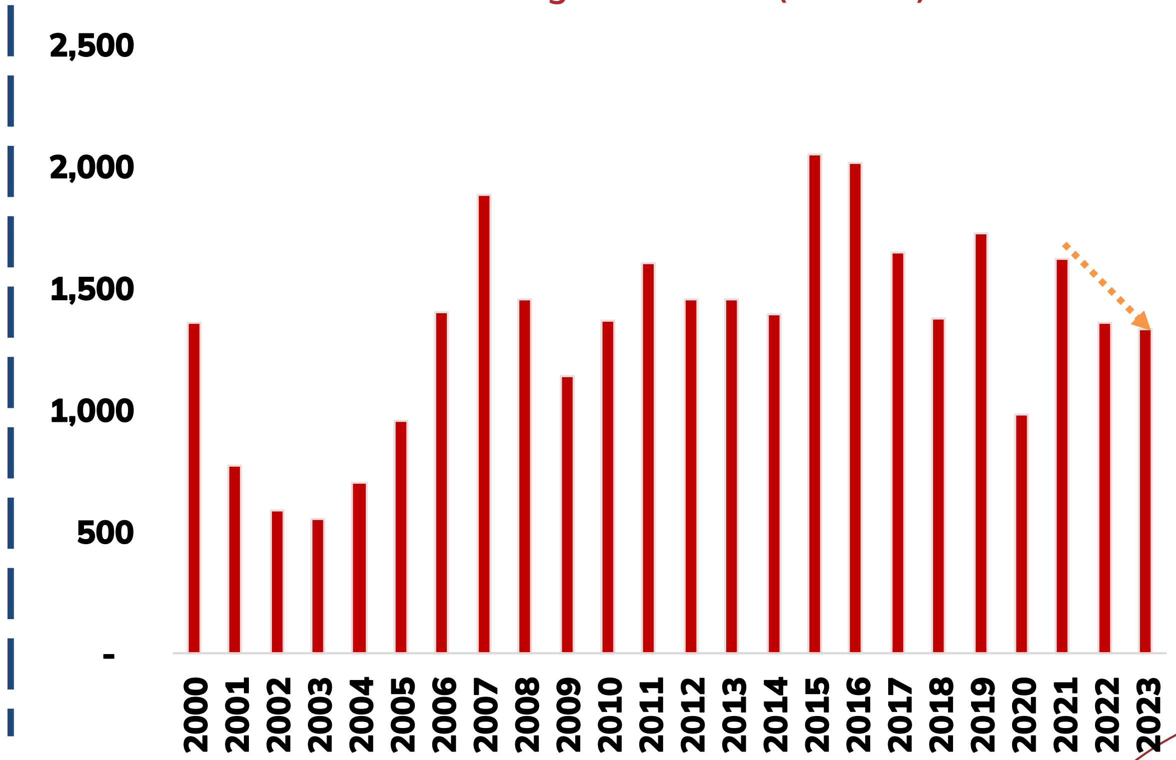
Global Trade Volumes & Capital Flows

There has been a fall in the global trade volumes and global capital flows. Any further fall can lead to an increased volatility in the currency markets.

CPB Merchandise: World Trade Volume Index



World FDI gross inflows (USD bn)



Source: Bloomberg, Morgan Stanley. World Trade Volume data is as on Dec 31, 2024 and World FDI gross inflows data is as on Dec 31, 2023.

Fear of Liz Truss Moment?

“We saw an example of the “Truss moment” in the UK, when a new Prime Minister and Finance Minister’s unsustainable policies went too far, and the market panicked and lost all confidence in both the country’s currency and bond markets.

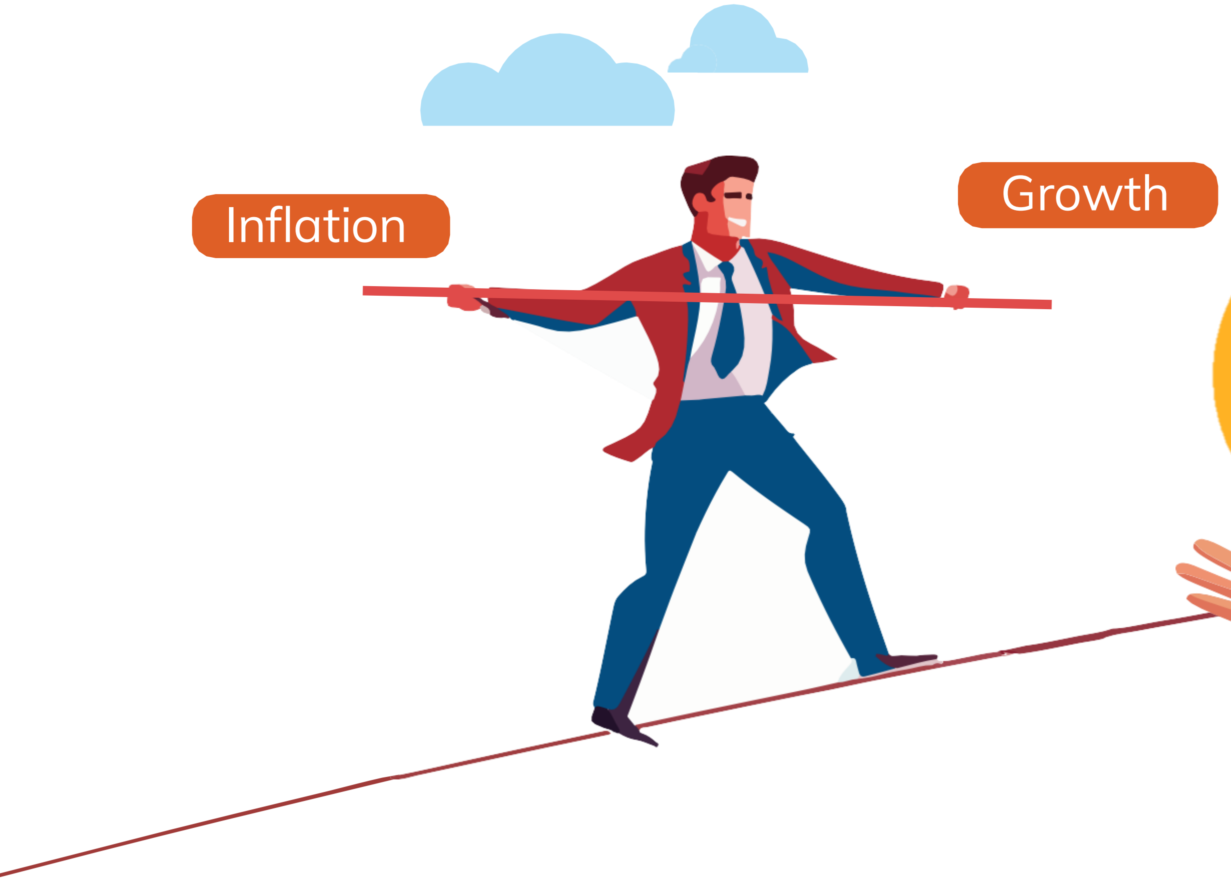
This could happen in more countries, as the debt burdens are enormous. Countries are running structural budget deficits despite government debts that already being very high. Running such big budget deficits at the time of reasonably robust economic growth isn’t a great look. If disinflation reverses or budgets balloon further then bond yields will shoot up again, and that could be painful.

But will it cause more “Liz Truss moments”?

It feels like tempting fate to say so, but probably not. And there’s certainly no magical, unknowable but hard limit where the bond markets suddenly “lose confidence” in large advanced reserve-currency countries.”

Will the Focus of Global Central Banks Shift?

Now



Next?

2025

All Eyes on the New US President

Fierce

OR

Rational

The Fierce Way
What Trump Has Said

Here is a glimpse of some of the key policy measures announced by the Trump-led administration.

Protectionist Trade Policies and Changes to Foreign Policy

- Impose universal baseline tariff of 10% to 20% on all imports.
- Additional tariffs on all imports from China.
- End the Russia-Ukraine war and save on aid sent to Ukraine.
- Consider pulling out of Nato if members don't spend at least 2% of GDP on defense.

Immigration

- Mass Deportation
- Strengthens Immigration and Customs Enforcement (ICE).
- Increase penalties for illegal entry and overstaying visas.
- Eliminate birthright citizenship.

Lower Tax

Lower Corporate Tax:
Promoting local production through reduced corporate tax rate for domestic manufacturers.

Lower Income Tax:
Extension of most expiring provisions of the Tax Cuts and Jobs Act of 2017 (TCJA).

Energy Production

Lift hurdles to oil and gas development as well as power plant construction.

Source: Trump's campaign websites; Goldman Sachs GIR

The Fierce Way
High Tariffs: Game Theory

If history serves us right, the tariff actions by Trump in his second presidency era would lead to reaction by the impacted economies. This action-reaction is reminiscent of game theory leading to uncertainties.

USA

Impose High Tariffs

Allow Currency to Depreciate

Increase Tariffs on Imports

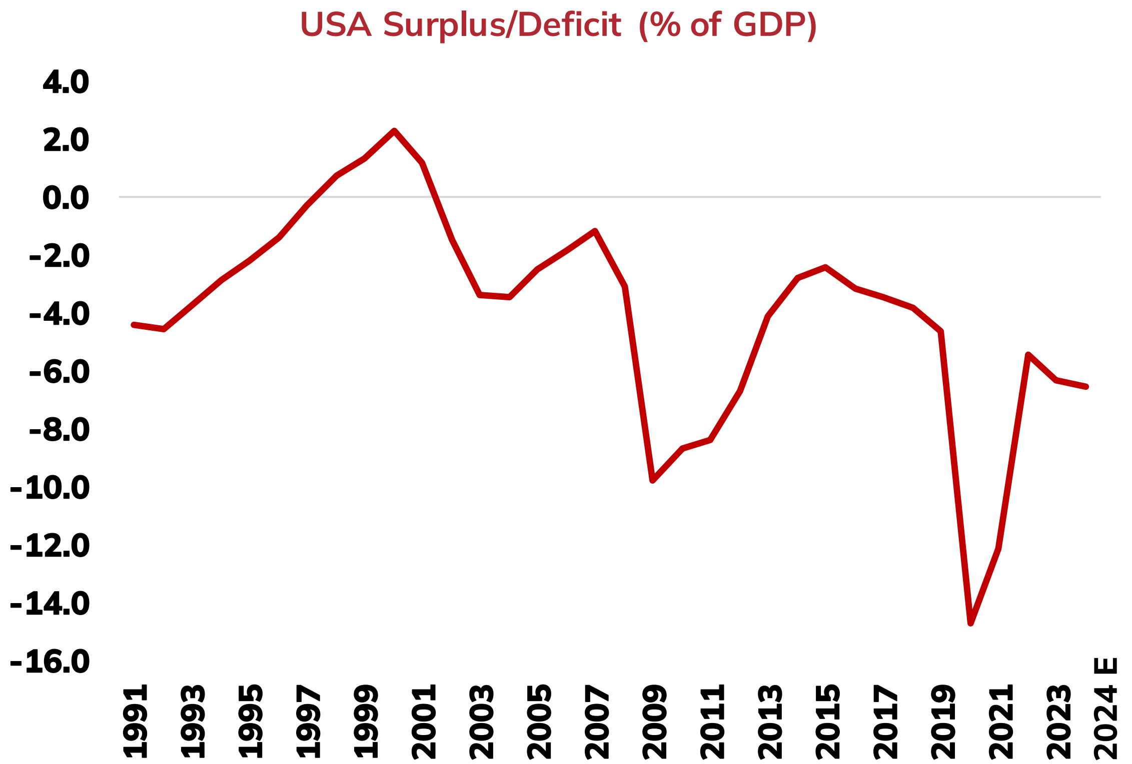
Increase Restriction on Exports of scarce resources

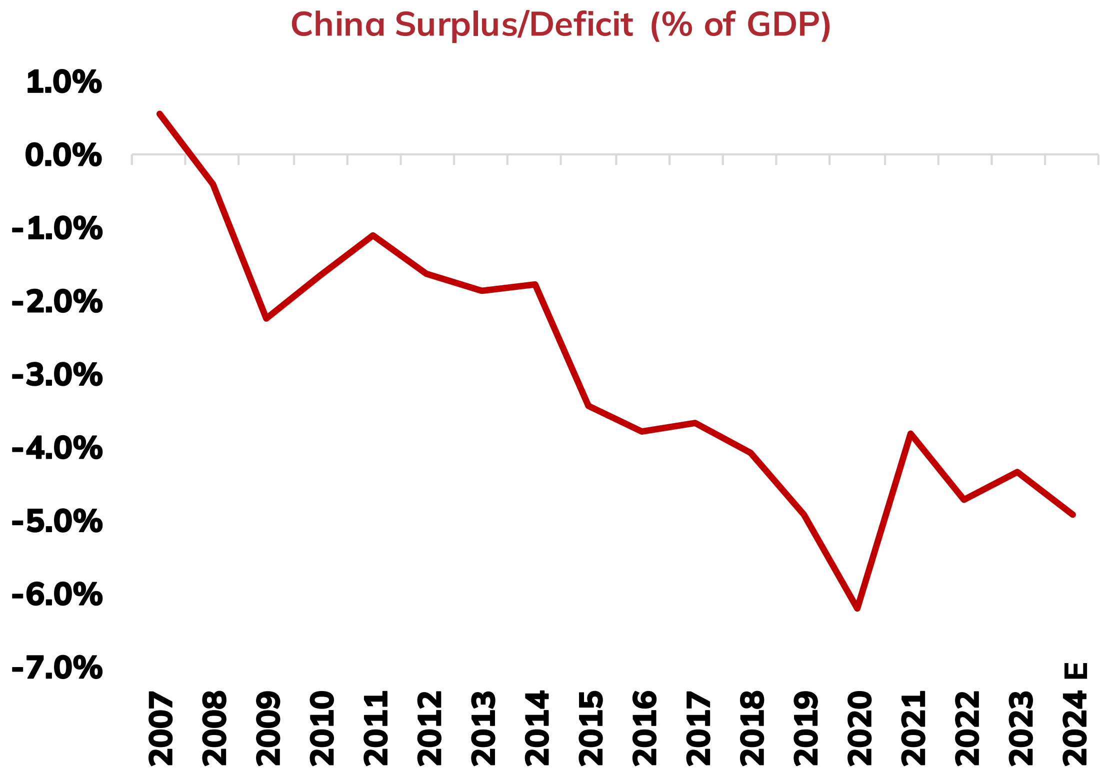
China

Data as on Dec 31, 2024. Source: Goldman Sachs

The Fierce Way
US & China's Fiscal Showdown

Trump has plans to extend tax cuts for corporations and individuals. China too plans to raise fiscal deficit to boost spending in 2025 to support its struggling economy.





Source: Bloomberg, Morgan Stanley. Data as on Dec 31, 2024.

The Fierce Way
Possibilities of Fiscal Force

Will Fiscal Push Support Global Growth?

Or

Increase Global Inflation?

Or

Support High Asset prices?

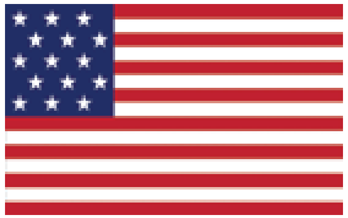
Or

Lead to Higher bond yields?

The Rationale Way

What If It's More Talk, Less Walk?

But, what if Trump is not able to successfully raise tariffs, or dismisses it entirely? Then, the situation would be quite different.



US

No Tariff Hikes

US inflation cools further. Economy slows down. Dovish Fed cuts rates

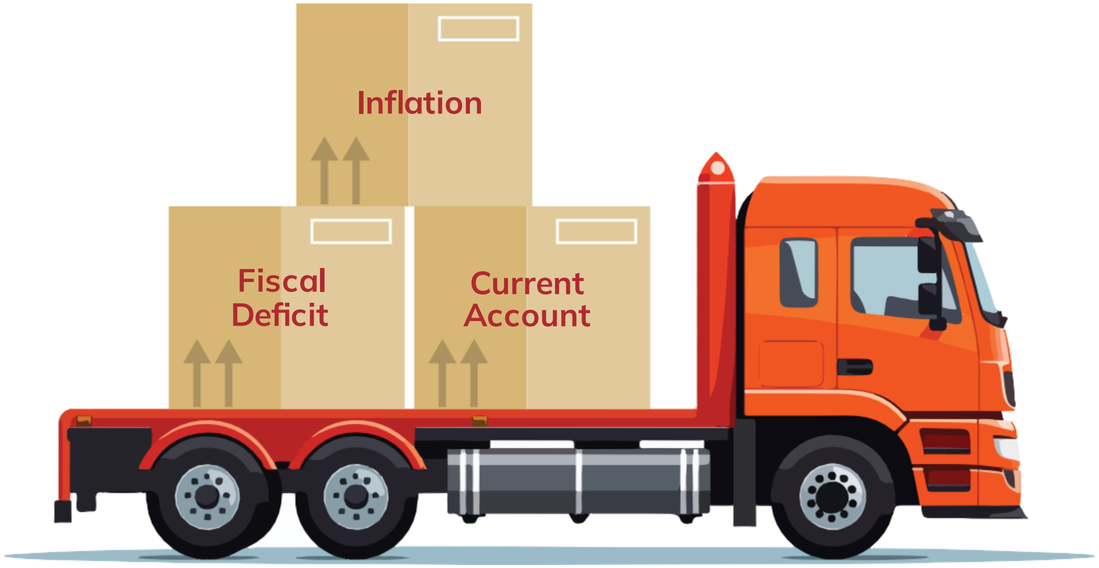
Absence of any protectionist trade policies by Trump would stay the US Fed's forecasted path for US economic growth i.e. allowing for a softer growth with low inflation, and more rate cuts.

China, too, would be able to focus inwards at boosting consumption and boosting its trade ties with the US.

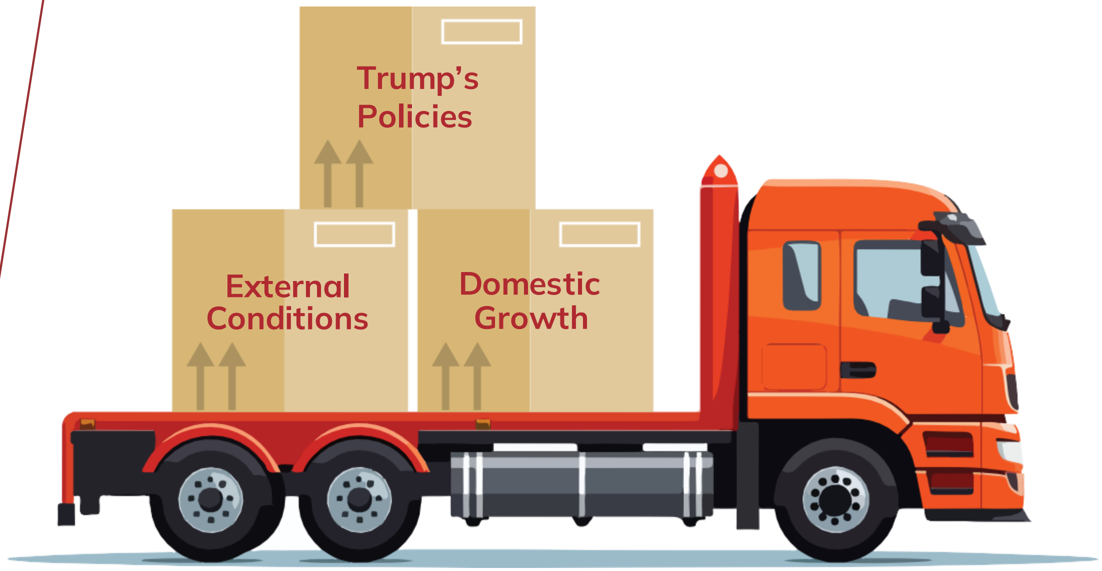
India: 2024 vs 2025

The major cues having an impact on Indian markets and our economy have moved from being largely domestic, local, to becoming more domestic plus global in nature.

2024



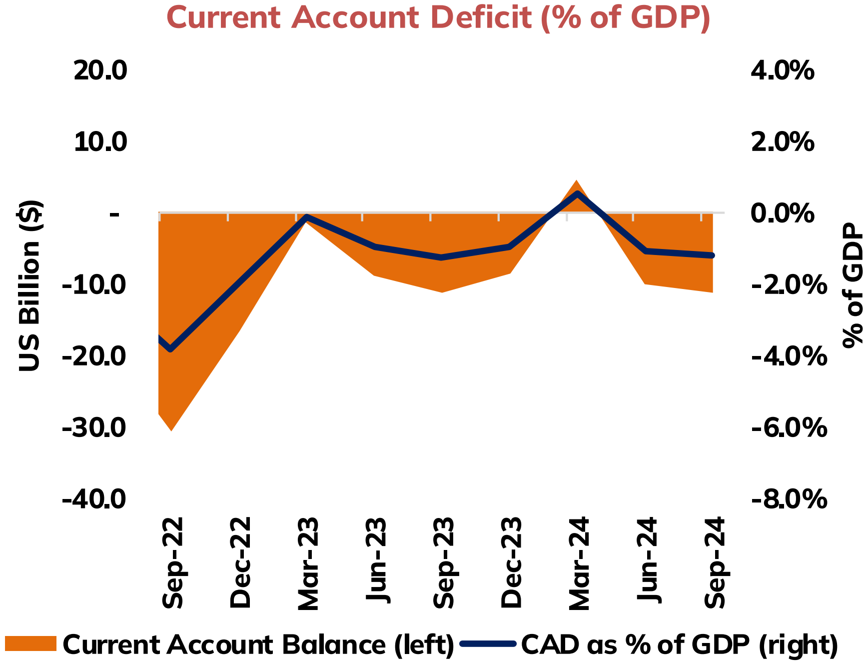
2025



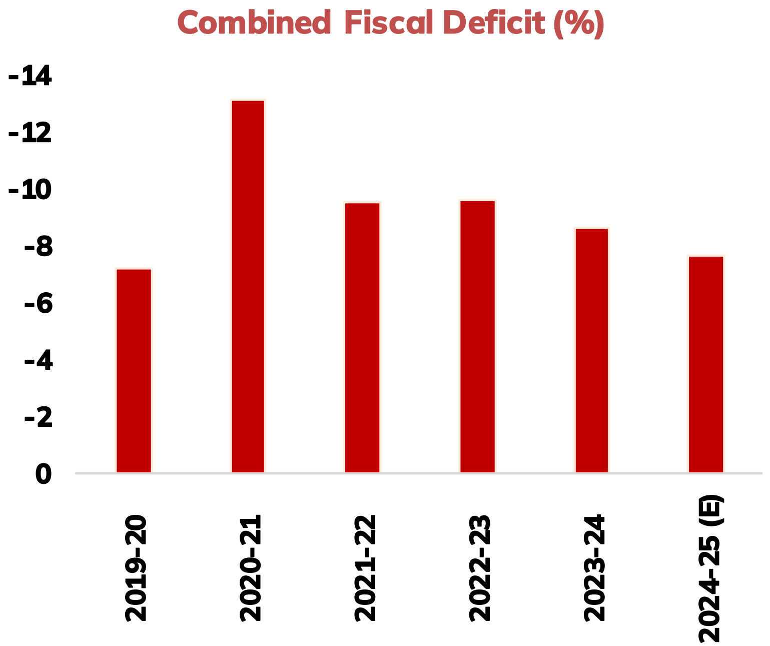
The India Story
India's Economy Remains Resilient

India's macros are relatively strong in comparison to earlier periods. The strong macros offer safety against turbulent capital flows and also positions India as a desirable destination for global investments.

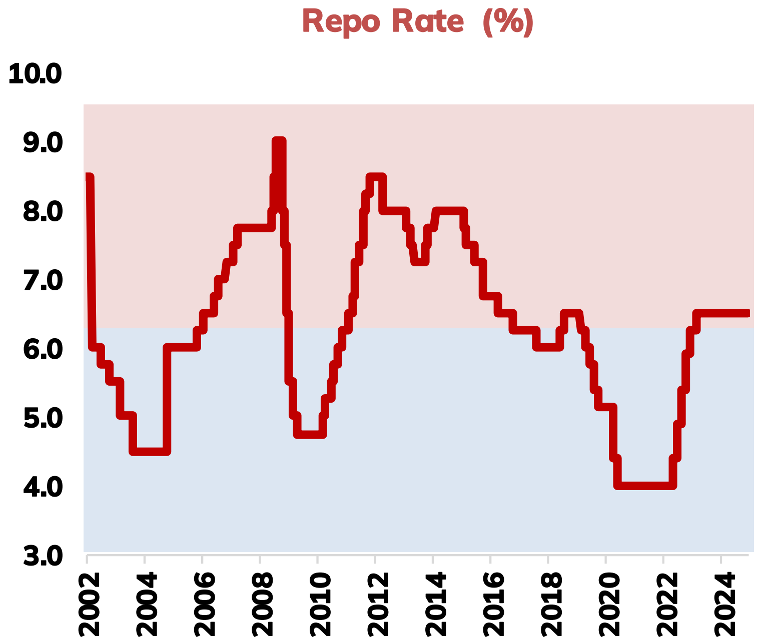
Stable Current Account



Narrowing Fiscal Deficit

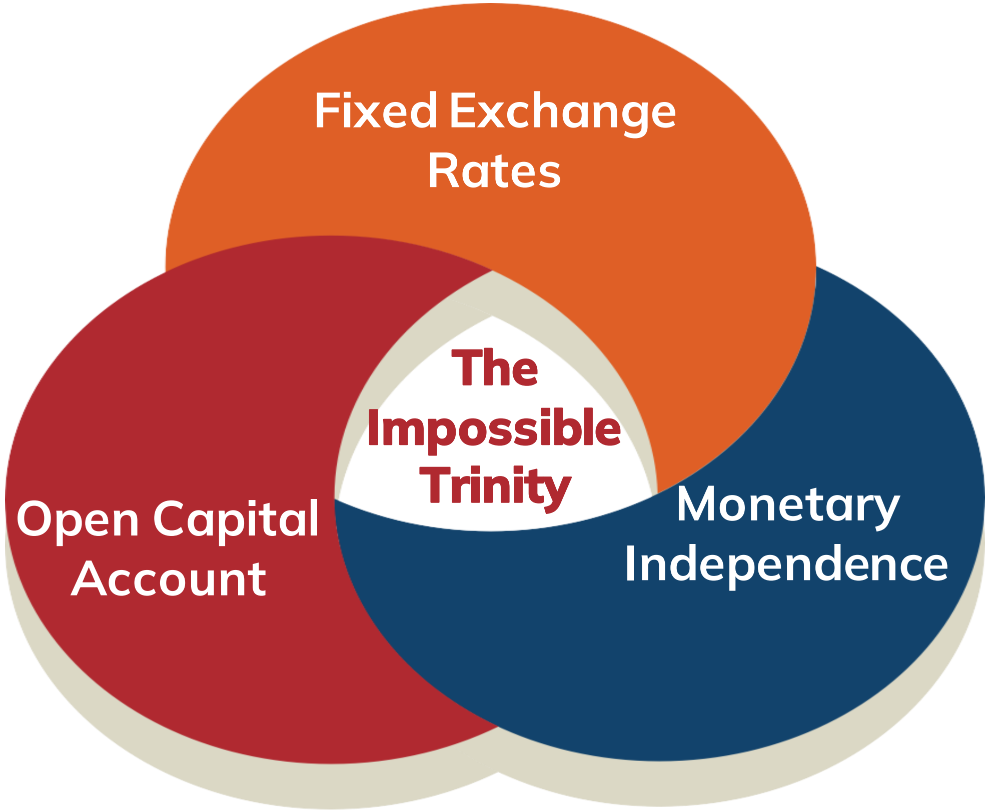


Neutral Interest Rates



Data as on Dec 31, 2024. Source: RBI; PIB. E - Estimates

The India Story
Addressing the Global Turbulence



Only two are possible!

The RBI had maintained stable exchange rates for sometime now, while keeping capital accounts flexible and monetary policy independent from political influence.

But the turbulent flow of capital is now testing this trinity. Which one would the RBI give away to maintain stability? It cannot have both fixed exchange rate and monetary policy independence.

Outlook on Fixed Income

1. We expect India to grow around its potential, any deviation can be addressed through some monetary and/ or fiscal policy measures.

2. If the growth continues to remain slow, we expect a shallow rate cut cycle.

3. We expect inflation to remain within the RBI's tolerable band.

4. Ideally, the currency should bear the maximum brunt of global volatility. If the policy makers do not allow the currency to free float it may make monetary policy decisions complicated.

5. Any policy measures from RBI to support growth will help the short term corporate bond curve.

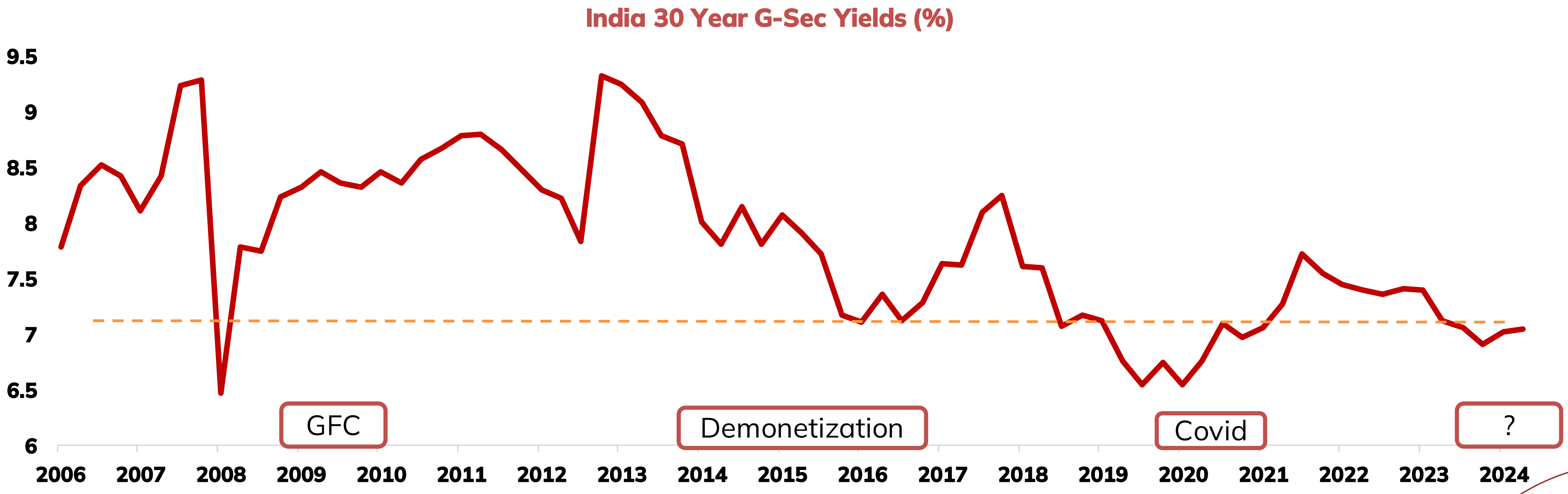
6. The tailwinds for term premium compressions are mostly behind, as both fiscal consolidation and bond index inclusion flows are done.

7. Given the uncertain global environment, we recommend to not take excessive risks. We would recommend products that could take moderate risk and products which can manage duration risk actively.

Bond Markets

Long end G-sec curve remains expensive

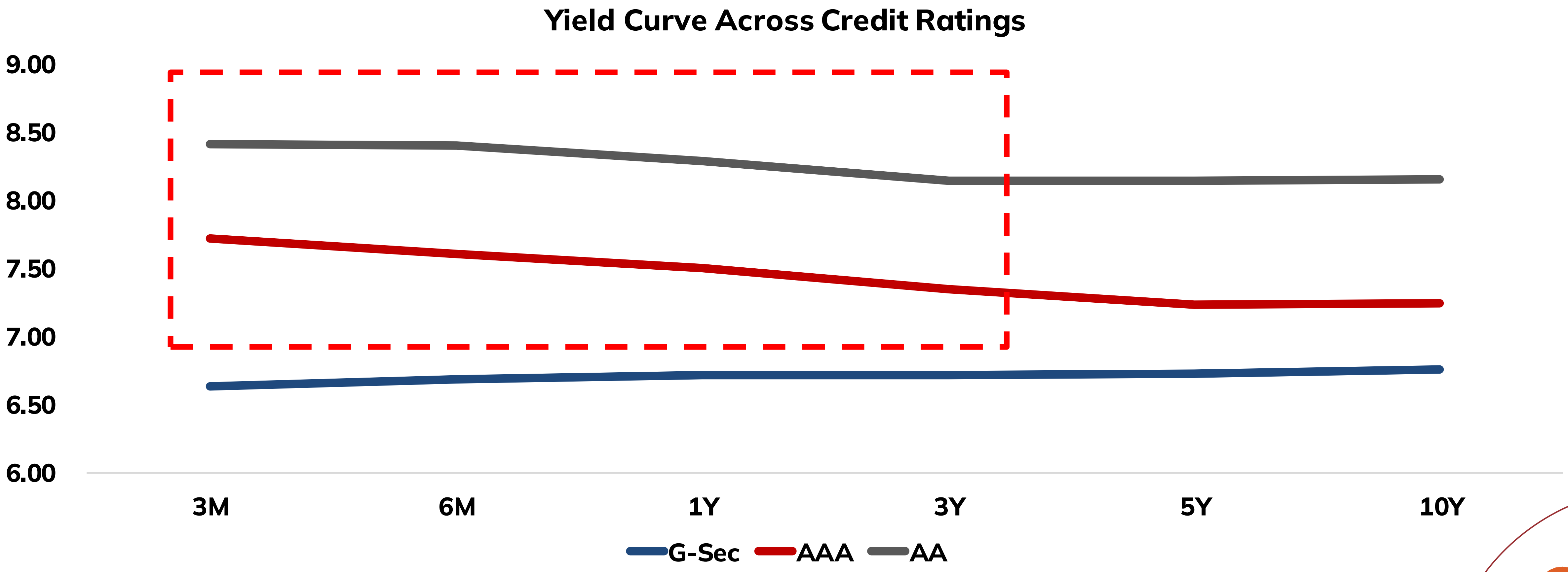
We have traded below the current levels of 30 year G-sec yields only during a recession or during a crisis. There is no such emergency today.



Data as on Dec 28, 2024. Source – RBI; CCIL.

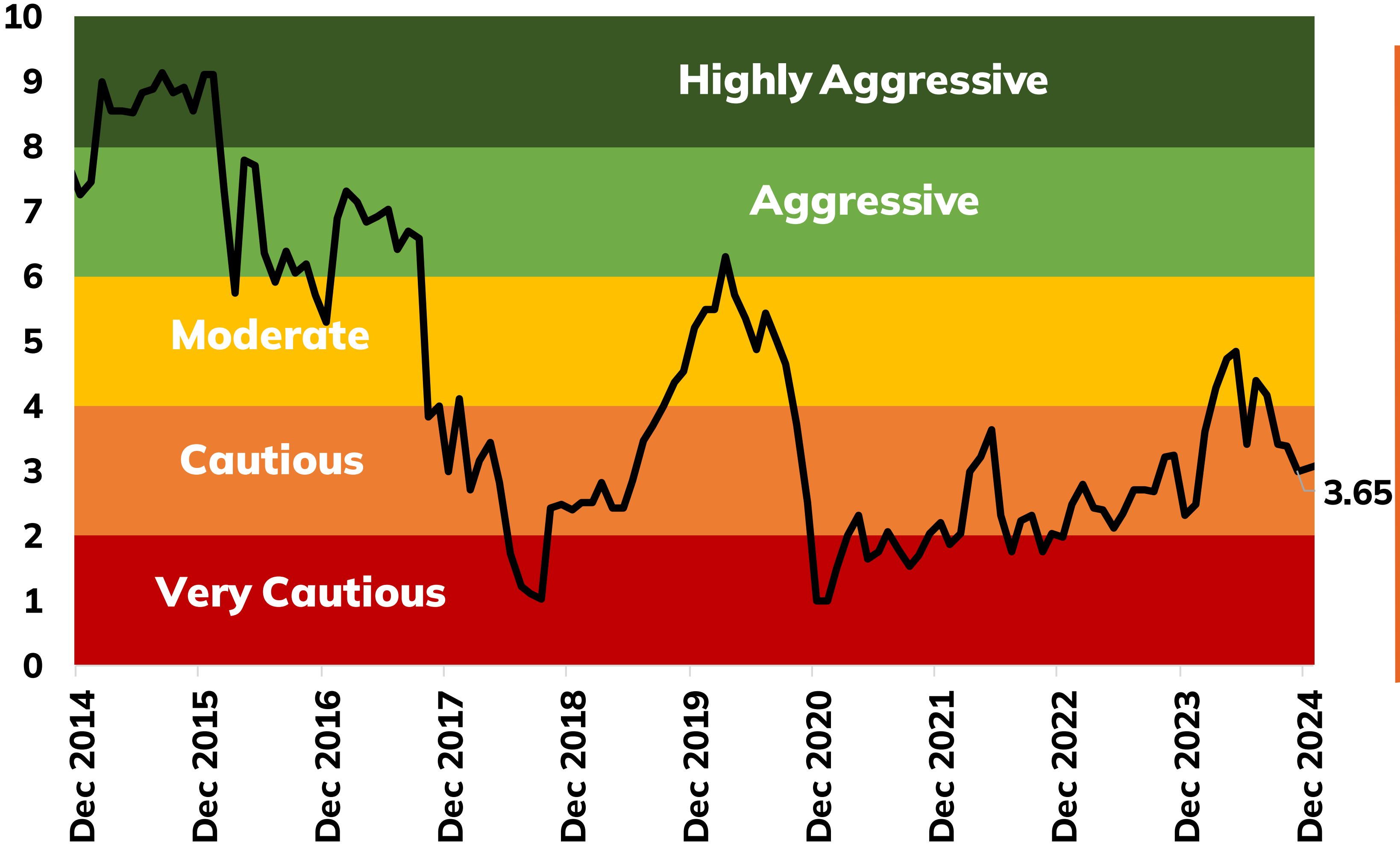
Bond Markets
Yield Curve and Credit Curve

The short end of the yield curve is a decent zone for fixed income investments given the attractive spreads on AAA and AA rated corporate bonds. Due to inversion in corporate bond yield curve, the longer end is not attractive.



Data as on Dec 28, 2024. Source – RBI; CCIL.

Fixed-Income Approach



We are cautious on LONG DURATION owing to the current business cycle. Global cues such as China's stimulus measures and expected policy changes post the US elections may keep longer-end yields volatile.

This means **short to medium Duration along with active duration management** seems suitable in the current scenario.

Data as on Dec 31, 2024. 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 and any other factor which the AMC may add/delete from time to time.

Our Current Portfolio Positioning
Low to Moderate Duration + Accruals

Scheme Name	Cash & Sovereign	AAA & Equivalent	Spread Assets AA & Below	YTM	Macaulay Duration
	(% Holding)				
ICICI Prudential Ultra Short Term Fund	13.02%	69.11%	17.61%	7.75%	0.48 Years
ICICI Prudential Savings Fund	15.27%	72.13%	12.36%	7.73%	0.9 Years
ICICI Prudential Floating Interest Fund	50.72%	21.32%	27.54%	7.98%	1.3 Years
ICICI Prudential Corporate Bond Fund	24.44%	74.76%	0.55%	7.65%	2.48 Years
ICICI Prudential Credit Risk Fund	15.43%	15.89%	55.23%	8.56%	1.96 Years
ICICI Prudential Banking & PSU Debt Fund	21.25%	77.70%	0.81%	7.55%	2.87 Years
ICICI Prudential Short Term Fund	33.56%	49.42%	16.76%	7.79%	2.38 Years
ICICI Prudential Medium Term Bond Fund	32.15%	12.05%	52.82%	8.22%	3.43 Years
ICICI Prudential All Seasons Bond Fund	54.56%	13.20%	31.99%	7.72%	3.73 Years

Data as on Dec 31, 2024. YTM is the rate of return anticipated on a bond if held until maturity. This should not be considered as an indication of the returns that maybe generated by the scheme. The securities bought by the scheme may or may not be held till their respective maturities. Past performance may or may not be sustained in future, *Includes TREPS & Net Current Assets, ^ Includes Treasury Bills, # - Excludes REITs and InvITs.

Our Key Recommendations

PARKING OPTION
(3-12 Months)

ICICI Prudential Money Market Fund

ICICI Prudential Ultra Short Term Fund

ICICI Prudential Savings Fund

ICICI Prudential Equity - Arbitrage Fund

ICICI Prudential Equity Savings Fund

SHORT TERM
(1-3 Years)

ICICI Prudential Short Term Fund

ICICI Prudential Corporate Bond Fund

ICICI Prudential Banking & PSU Debt Fund

ICICI Prudential Medium Term Bond Fund

ICICI Prudential Credit Risk Fund

LONG TERM
(More than 3 Years)

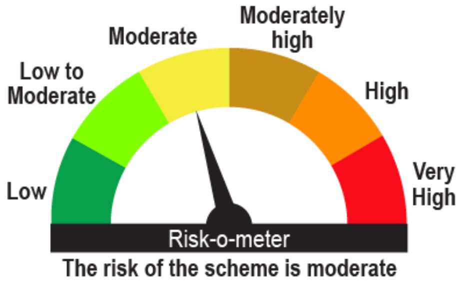
ICICI Prudential All Seasons Bond Fund

Risk-o-meters

Please note that the Risk-o-meter(s) specified will be evaluated and updated on a monthly basis. The below riskometers are as on Dec 31, 2024. Please refer to https://www.icicipruamc.com/news-and-updates/all-news for more details.

ICICI Prudential Liquid Fund

(An open ended liquid scheme. A relatively low interest rate risk and moderate credit risk.)

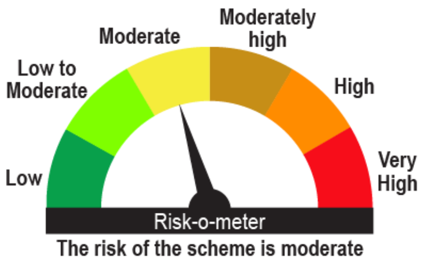


This product is suitable for investors who are seeking*:

- Short term savings solution
- A liquid fund that aims to provide reasonable returns commensurate with low risk and providing a high level of liquidity

ICICI Prudential Banking & 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.)

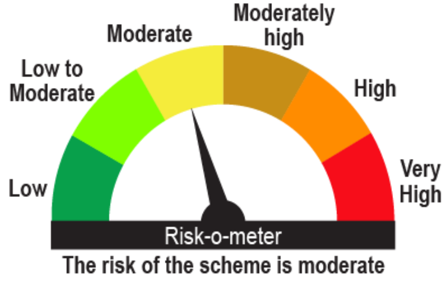


This product is suitable for investors who are seeking*:

- 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 Money Market Fund

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

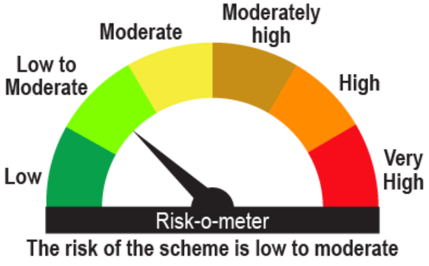


This product is suitable for investors who are seeking*:

- 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 Savings Fund

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



This product is suitable for investors who are seeking*:

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

Risk-o-meters

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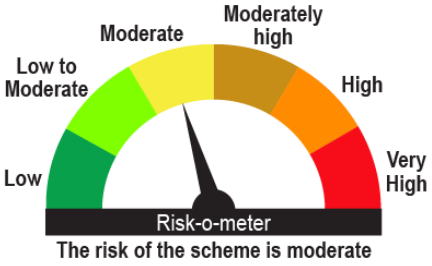
ICICI Prudential Floating Interest Fund

(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.)

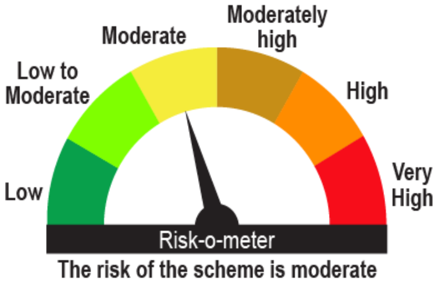


This product is suitable for investors who are seeking*:

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

ICICI Prudential All Seasons Bond Fund

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

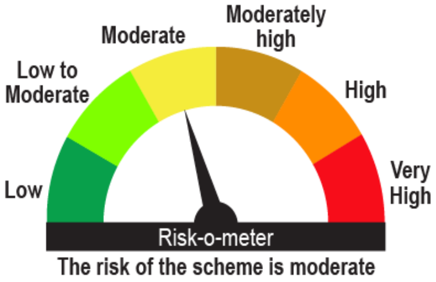


This product is suitable for investors who are seeking*:

- 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 Ultra Short Term Fund

(An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. A moderate interest rate risk and moderate credit risk.)

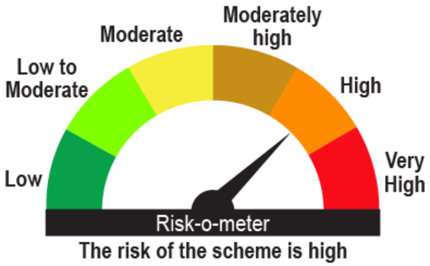


This product is suitable for investors who are seeking*:

- Short term regular income
- An open ended ultra-short term debt scheme investing in a range of debt and money market instruments.

ICICI Prudential Credit Risk Fund

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



This product is suitable for investors who are seeking*:

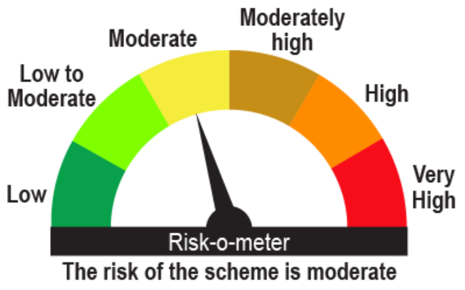
- Medium term savings
- A debt scheme that aims to generate income through investing predominantly in AA and below rated corporate bonds while maintaining the optimum balance of yield, safety and liquidity.

Risk-o-meters

Please note that the Risk-o-meter(s) specified will be evaluated and updated on a monthly basis. The below riskometers are as on Dec 31, 2024. Please refer to https://www.icicipruamc.com/news-and-updates/all-news for more details.

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.)

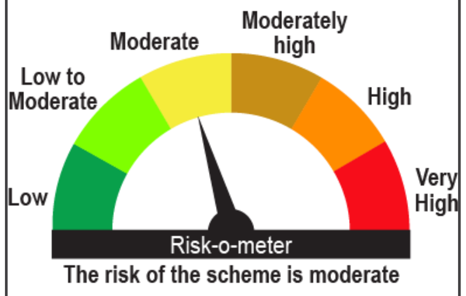


This product is suitable for investors who are seeking*:

- Short term savings
- An open ended debt scheme predominantly investing in highest rate 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 Year and 3 Years. A relatively high interest rate risk and moderate credit risk.)

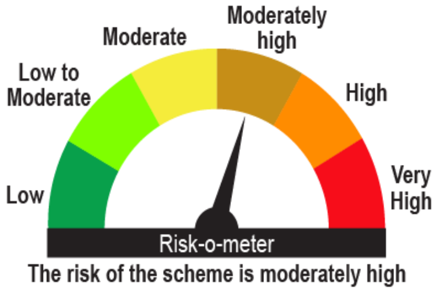


This product is suitable for investors who are seeking*:

- 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 Medium Term Bond 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)



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

Risk-o-meters

Please note that the Risk-o-meter(s) specified will be evaluated and updated on a monthly basis. The below riskometers are as on Dec 31, 2024. Please refer to https://www.icicipruamc.com/news-and-updates/all-news for more details.

ICICI Prudential Equity Savings Fund

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

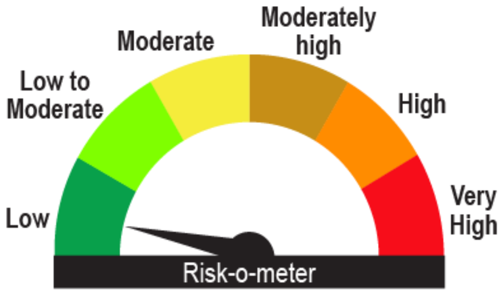
The risk of the scheme is low to moderate

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 Equity-Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)



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

Potential Risk Class

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

ICICI Prudential Credit Risk Fund

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

ICICI Prudential Ultra Short Term Fund

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

ICICI Prudential Liquid Fund, ICICI Prudential Money Market Fund

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

ICICI Prudential Savings Fund, ICICI Prudential Floating Interest Fund, ICICI Prudential Medium Term Bond Fund, ICICI Prudential All Seasons Bond Fund, ICICI Prudential Corporate Bond Fund, ICICI Prudential Banking & PSU Debt Fund, ICICI Prudential Short Term Fund

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

YTM Disclaimer

Scheme Name	ICICI Prudential Money Market Fund	ICICI Prudential Savings Fund	ICICI Prudential Floating Interest Fund	ICICI Prudential Banking & PSU Debt Fund	ICICI Prudential Corporate Bond Fund	ICICI Prudential All Seasons Bond Fund
Description	An open ended debt scheme investing in money market instruments. A relatively low interest rate risk and moderate credit risk	An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months. A relatively high interest rate risk and moderate credit risk.	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	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.	An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk.	An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and moderate credit risk.
Annualised Portfolio YTM*:	7.45%	7.73%	7.98%	7.55%	7.65%	7.72%
Macaulay Duration	154.97 Days	0.9 Years	1.3 Years	2.87 Years	2.48 Years	3.73 Years
Residual Maturity	156.02 Days	1.71 Years	5.6 Years	4.19 Years	3.84 Years	5.69 Years

As per AMFI Best Practices Guidelines Circular No. AMFI/ 35P/ MEM-COR/72 / 2022-23 dated December 31, 2022 on Standard format for disclosure Portfolio YTM for Debt Schemes, Yield of the instrument is disclosed on annualized basis as provided by Valuation agencies. *in case of semi annual YTM, it will be annualized.

The Yield to Maturity (YTM) mentioned is based on scheme portfolio dated Dec 31, 2024. YTM is the rate of return of a bond if held until maturity. This should not be considered as an indication of the returns that maybe generated by the scheme. The securities bought by the scheme may or may not be held till their respective maturities.

YTM Disclaimer

Scheme Name	ICICI Prudential Short Term Fund	ICICI Prudential Liquid Fund	ICICI Prudential Credit Risk Fund	ICICI Prudential Medium Term Bond Fund	ICICI Prudential Ultra Short Term Fund
Description	An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 Year and 3 Years. A relatively high interest rate risk and moderate credit risk.	An open ended liquid scheme. A relatively low interest rate risk and moderate credit risk.	An open ended debt scheme predominantly investing in AA and below rated corporate bonds. A relatively high interes rate risk and relatively high credit risk	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.	An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. A moderate interest rate risk and moderate credit risk
Annualised Portfolio YTM*:	7.79%	7.27%	8.56%	8.22%	7.75%
Macaulay Duration	2.38 Years	54.01 Days	1.96 Years	3.43 Years	0.48 Years
Residual Maturity	3.99 Years	55.06 Days	2.39 Years	4.38 Years	0.5 Years

As per AMFI Best Practices Guidelines Circular No. AMFI/ 35P/ MEM-COR/ 72 / 2022-23 dated December 31, 2022 on Standard format for disclosure Portfolio YTM for Debt Schemes, Yield of the instrument is disclosed on annualized basis as provided by Valuation agencies. *in case of semi annual YTM, it will be annualized.

The Yield to Maturity (YTM) mentioned is based on scheme portfolio dated Dec 31, 2024. YTM is the rate of return of a bond if held until maturity. This should not be considered as an indication of the returns that maybe generated by the scheme. The securities bought by the scheme may or may not be held till their respective maturities.

Disclaimer

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

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 as of Dec 31, 2024 unless stated otherwise. The same may or may not be relevant at a future date. 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 (the AMC). Prospective investors are advised to consult their own legal, tax and financial advisors 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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