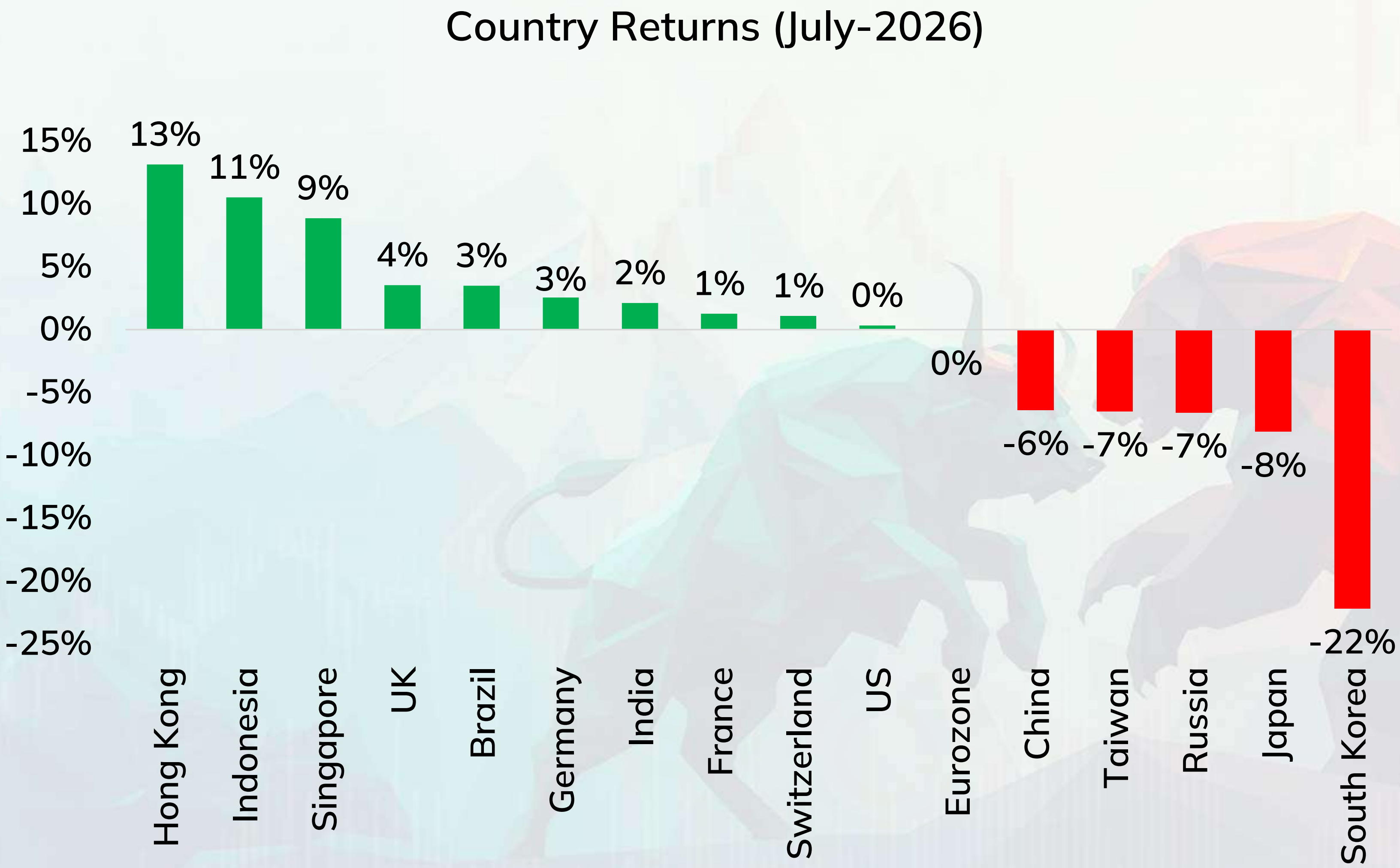
EQUITY MARKET OUTLOOK

August 2026

ICICI PRUDENTIAL MUTUAL FUND

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

Global Equity Markets – Leaders & Laggards



- After a strong sell-off in June-2026, Hong Kong attracted good flows. Investors renewed their faith in China's tech ecosystem & AI companies
- Indian equities though higher during the month, were volatile due to geo-politics and weak INR
- South Korea underperformed significantly as investors questioned the AI spend sustainability

Data Source – ACE MF. Returns data is from June 30, 2026 to July 31, 2026. Past performance may or may not sustain in the future. Returns are absolute returns. INR – Indian Rupee, AI – Artificial Intelligence. Past performance may or may not sustain in future. Indices considered – India: BSE Sensex, France: – CAC 40, Germany: DAX, Eurozone: Euronext 100, UK: FTSE, Brazil: Ibovespa, Indonesia: Jakarta Composite Index, South Korea: Kospi, Japan: Nikkei, Russia: RTS, China: SSE Composite, Singapore: Strait Times, Switzerland: Swiss Market Index, Taiwan: TWSE Capitalization Weighted Stock Index, US: Dow Jones Industrial Average, Hong Kong: Hang Seng

Sectoral Indices – IT Back in Action

- FPIs turned net buyers in Indian IT during the month on the back of attractive valuations post prolonged underperformance. This drove IT sector returns
- Power / Capital Goods underperformed as FPIs booked profits in capex heavy sectors

Data Source: MFIE Research. MFI Explorer is a tool provided by ICRA Analytics Ltd. For their standard disclaimer please visit https://icraanalytics.com/home/Disclaimer. Returns data is from June 30, 2026 to July 31, 2026 (in absolute terms). Indices used: Power Sector – BSE Power TRI, Bankex Sector – BSE Bankex TRI, FMCG Sector – BSE FMCG TRI, Energy Sector – BSE Energy TRI, For Capital Goods Sector – BSE CG TRI, Auto Sector – BSE AUTO TRI , Oil & Gas Sector – BSE Oil & Gas TRI, Finance Sector – BSE Financial Services TRI, Metal Sector – BSE METAL TRI, Telecom Sector – BSE Telecom TRI , HC Sector – BSE HC TRI, Realty Sector – BSE Realty TRI, Consumer Durables Sector – BSE CD TRI, IT Sector – BSE IT TRI is considered. CG: Capital Goods, CD: Consumer Durables, IT: Information Technology, FMCG: Fast moving Consumer Goods. FPIs – Foreign Portfolio Investors. Past performance may or may not sustain in future. The sector(s)/stock(s) mentioned in this document do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future positions in the sector(s)/stock(s).

Global & Domestic Economy – When the winds rise, roots hold

As Nassim Taleb's philosophy suggests, it is not the absence of wind that defines resilience, but the strength of the roots. Today, global markets are navigating powerful crosswinds—from elevated AI-driven valuations to persistent geopolitical uncertainty. India, too, faces these winds. Yet, supported by deep structural roots—robust domestic demand, ongoing reforms, healthy corporate balance sheets and sustained capital expenditure – the economy has continued to demonstrate resilience.

Strong roots don't prevent turbulence; they provide the stability to withstand it.

Global Picture – Geo-politics meets Markets

- Geo-political instability has clearly seen a rise in the last decade
- A volatile mix of surging tensions, rapid and unpredictable technological changes like AI and intensifying economic strains like high inflation and record debt are adding to Global Risks

Source: UNCTAD (UN Trade & Development). Data as of July 31, 2026. AI – Artificial Intelligence. Geo-political risk index is a measure of adverse geopolitical events and associated risks

Global Picture –
Geo-politics meets Markets

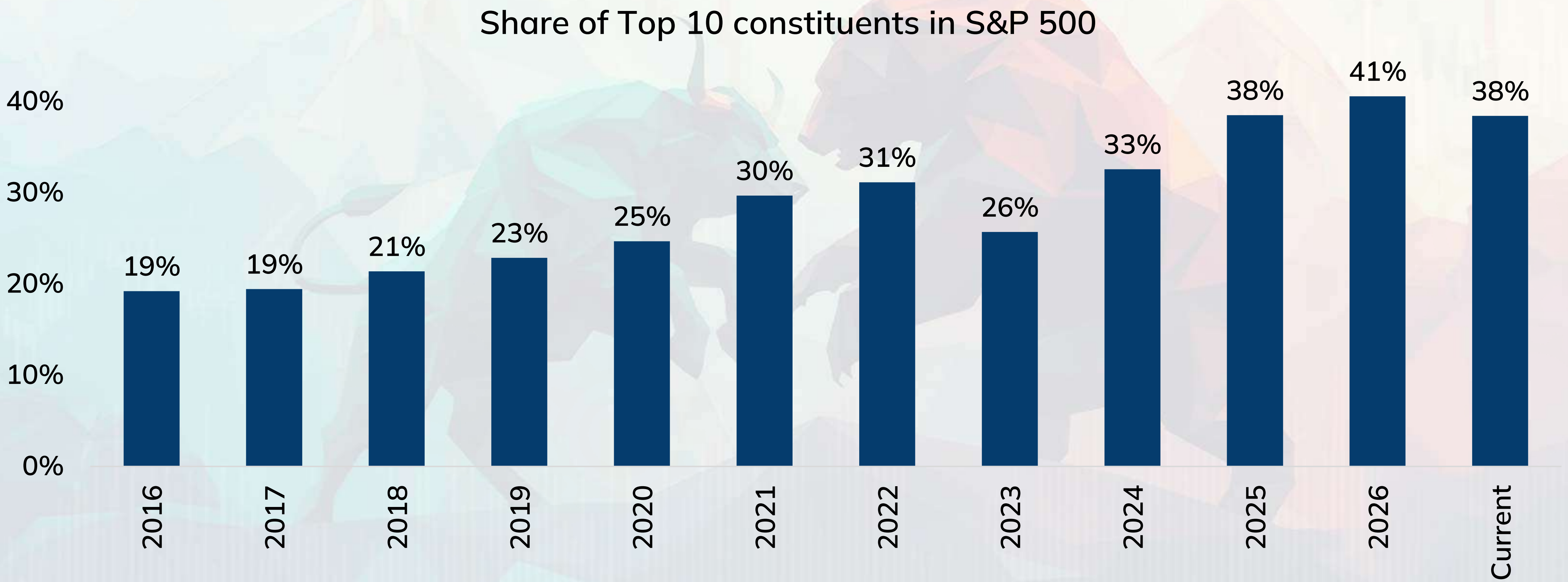
As per an IMF report, the divide in trade, technology and capital flows across the global economies is increasing given persistent geo-political tensions. This is impacting global macros

Metrics	Historical Baseline	Current Status / 2026 Outlook
Annual New Trade Restrictions	~1,000 policy actions/year	~3,000 policy actions/year
Global FDI Share of GDP	Historical peak > 3.0%	Retrenched to 1.3% - 1.5%
Global Growth Forecast (2026)	Historical average ~3.8%	Softened to 3.1%
Capital Flow Alignment	Multilateral / Globalized	Geopolitically aligned ('Friend-shoring')

Source – IMF Staff Compliance Estimates, World Economic Outlook (WEO) Update, April 2026.

Global Picture –
When AI lifts the markets

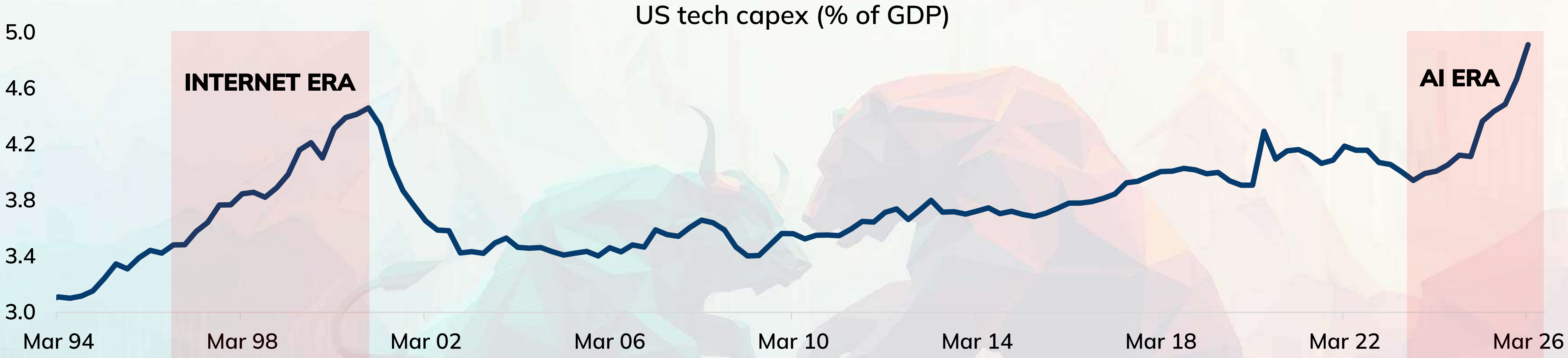
Artificial Intelligence (AI) is driving global valuations higher, particularly in the US. The share of top 10 constituents in S&P 500 has surged significantly in last decade thanks to the rise of 'Mag-7' stocks that form the structural engine of AI revolution



Source – Nuvama Institutional Equities. Data as of June 30, 2026. Mag-7 stocks i.e. 'Maginficent-7 Stocks' include Apple, Microsoft, Nvidia, Amazon, Alphabet, Meta and Tesla. Past performance may or may not sustain in future.

Global Picture –
Déjà Vu? The AI Capex Cycle

The current AI cycle has similarities to the internet boom of 1990s wherein technology capex showed signs of excess



INTERNET

1995-97: Basic utility; low disruption

1998-99: Rapid adoption; high capex;

Early 2000: Melt up in hardware stocks

Mid 2000-2002: Supply glut in capex; Stock bust

AI

2023-24: High compute cost -basic utility

2025-26: Rapid adoption and increased use case

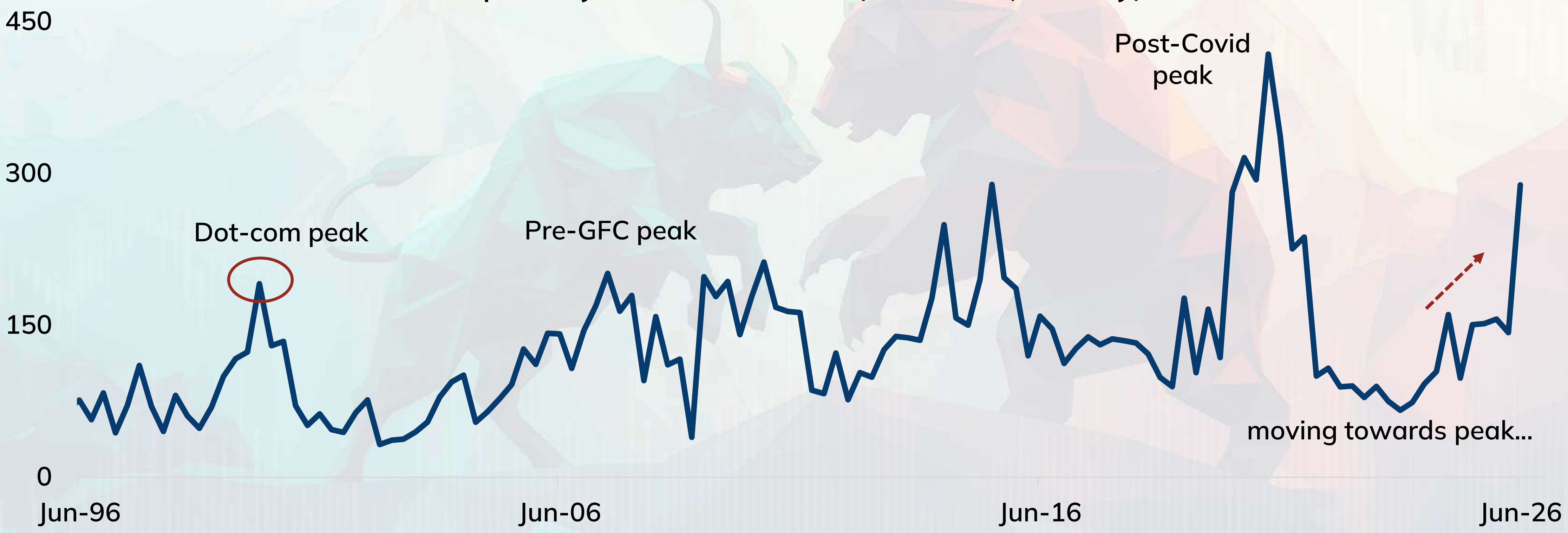
Current: Melt up in hardware stocks

Source: Nuvama Institutional Equities. Capex – Capital Expenditure, GDP – Gross Domestic Product. Past performance may or may not sustain in future

Global Picture –
IPO Boom – Liquidity finds a new home

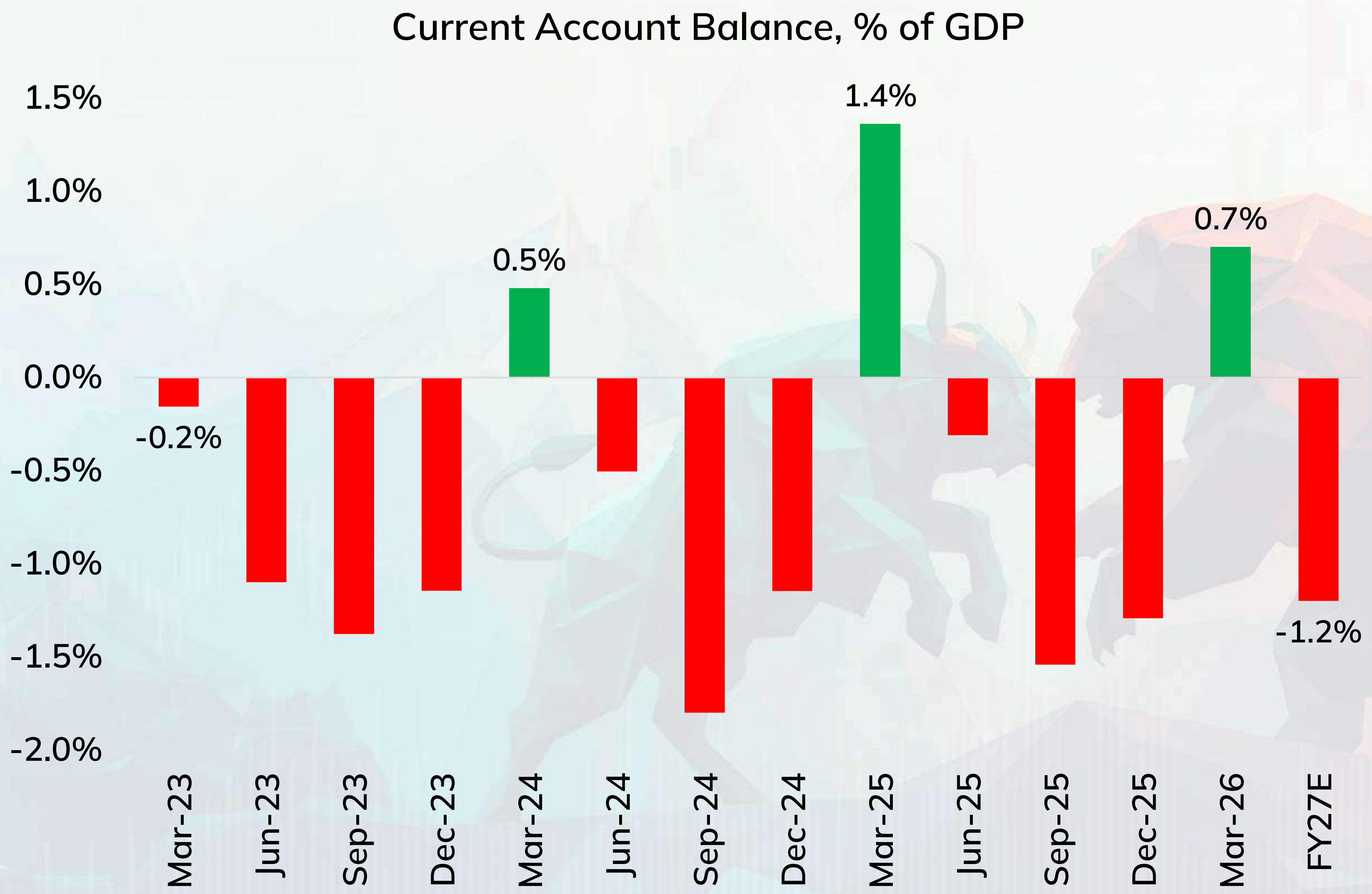
Today, from a global IPO supply perspective, levels are moving towards peak given a large pipeline of IPOs lined up. This can drain liquidity from global markets

Global primary market issuance (USD bn, Quarterly)



Source: Nuvama Research. Data as of Jun 30, 2026. IPO – Initial Public Offering. GFC – Global Financial Crisis, USD – US Dollar, bn - Billion. Primary market issuances include Initial Public Offering and Primary Market Offering

Indian Economy – Rooted in Resilience



- Strong services exports and remittance inflows helped India post a current account surplus in Q4FY26
- This was despite the crude prices soaring due to West-Asia war

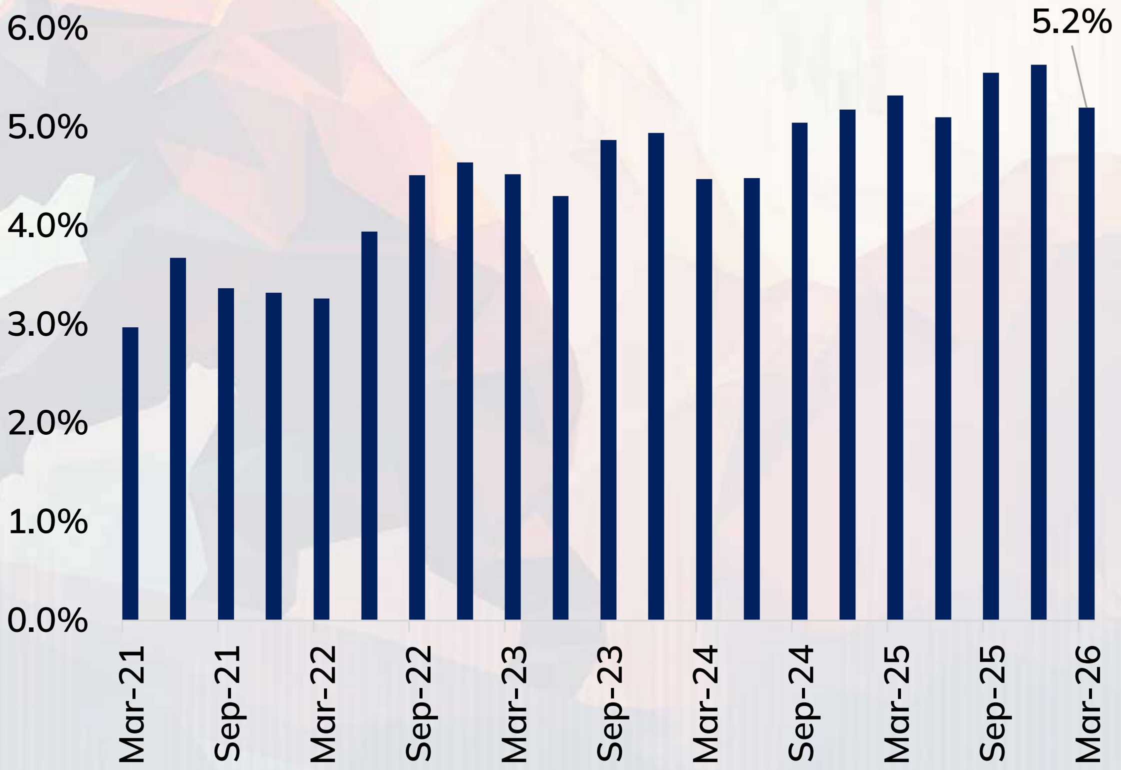
Source: Morgan Stanley Research, RBI, Nirmal Bang Institutional Equities. Data as on March 31, 2026. GDP – Gross Domestic Product. E - Estimate

Indian Economy – Rooted in Resilience

The pressure on India's trade balance during the West-Asia war was cushioned by healthy Forex Reserves & growing Services surplus

Forex Reserves (USD bn)

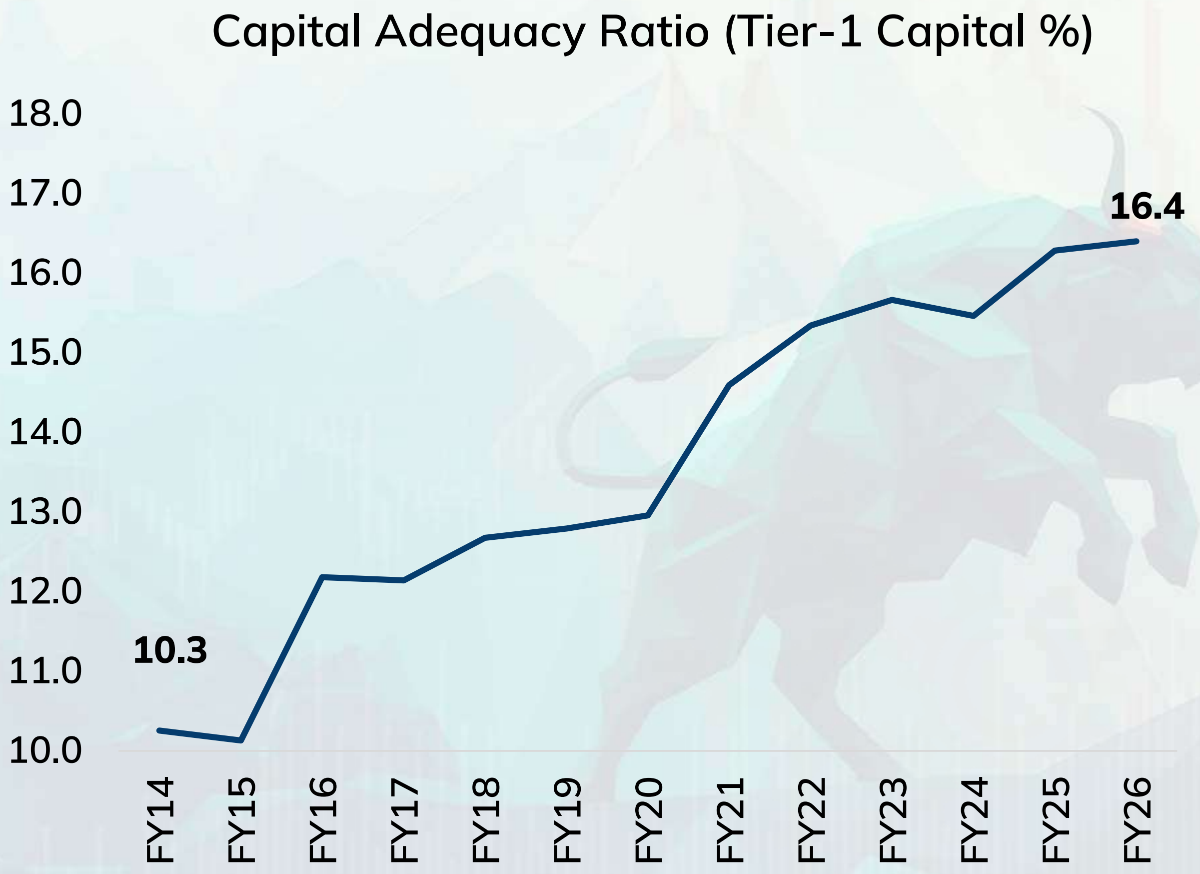
Services Trade Balance, % of GDP

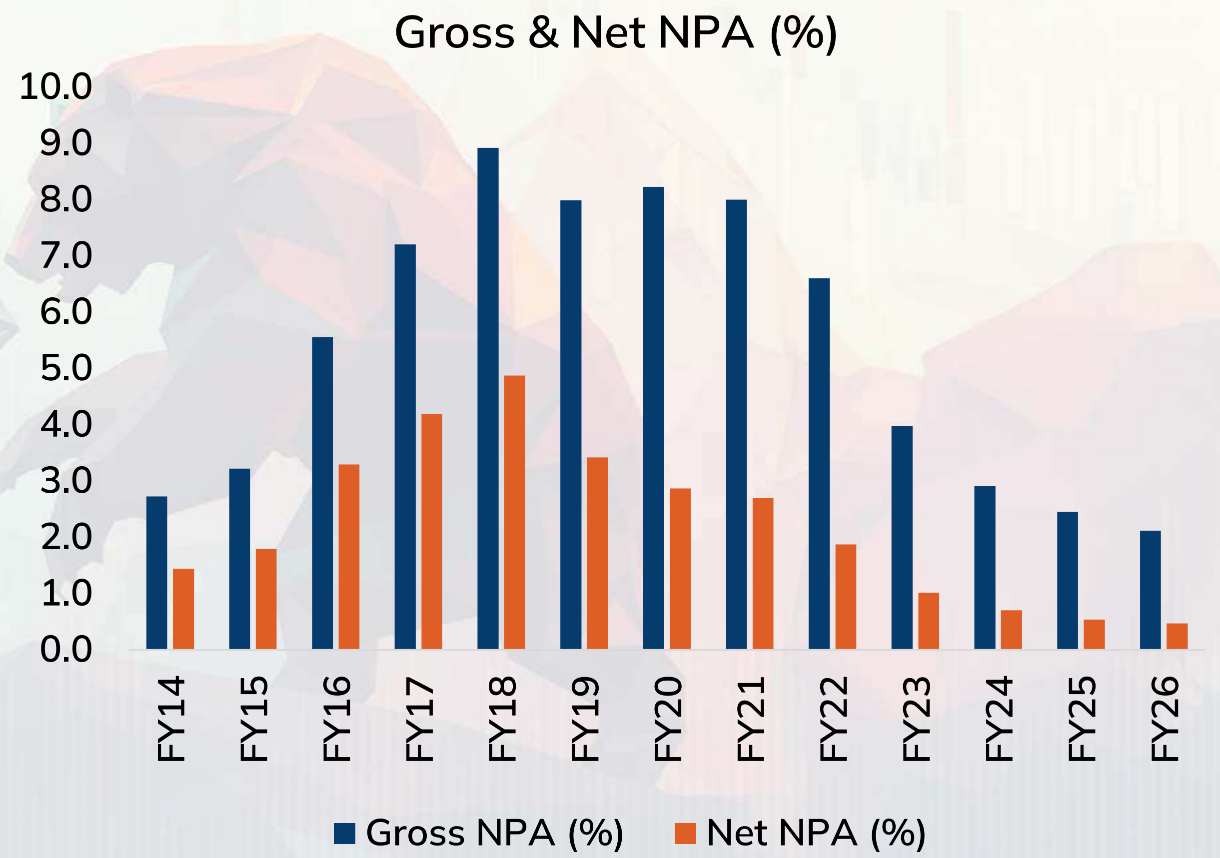


Data Source: RBI, Morgan Stanley Research. USD Bn – USD Billion, GDP – Gross Domestic Product

Indian Economy – Rooted in Resilience

Banks are well-capitalized and asset quality is improving contributing to the resilience of overall financial system

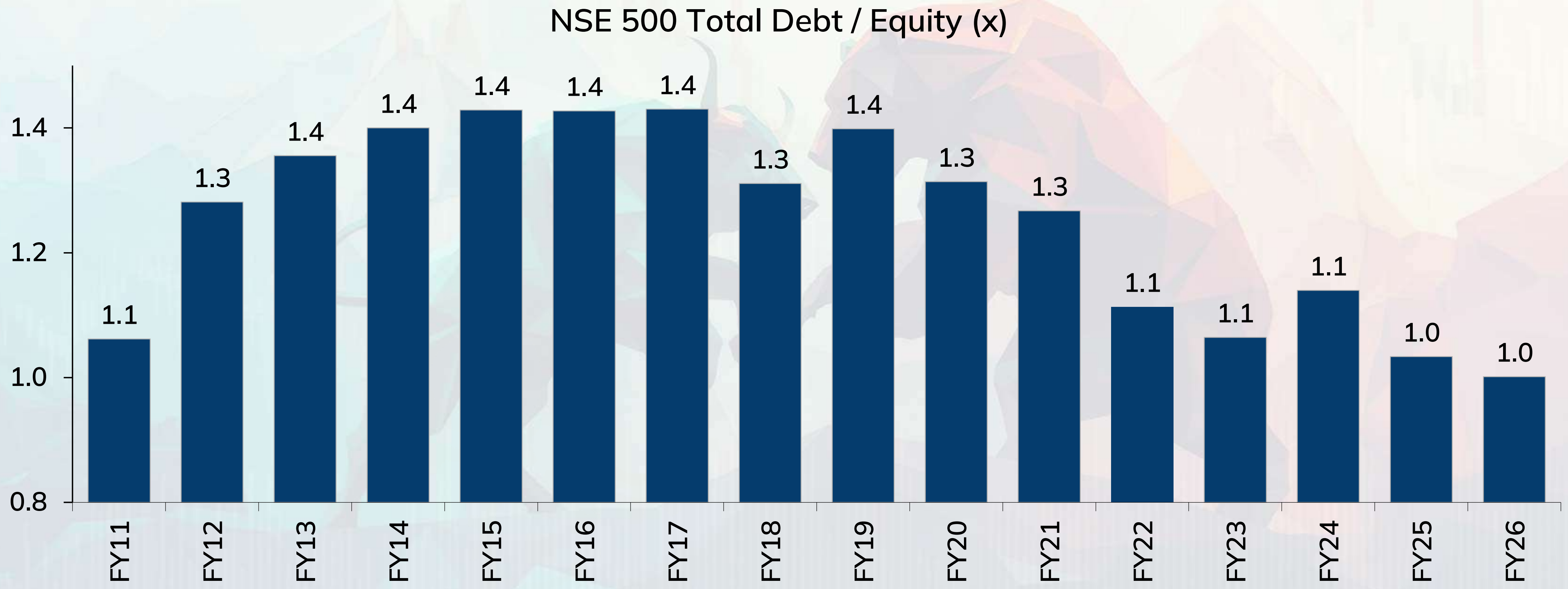




Data as on Mar 31, 2026. Source: DAM Capital. NPA – Non Performing Asset, FY – Financial Year. Past performance may or may not sustain in future. Capital Adequacy Ratio measures a bank's capacity to absorb losses, protecting depositors and ensuring stability

Indian Economy – Rooted in Resilience

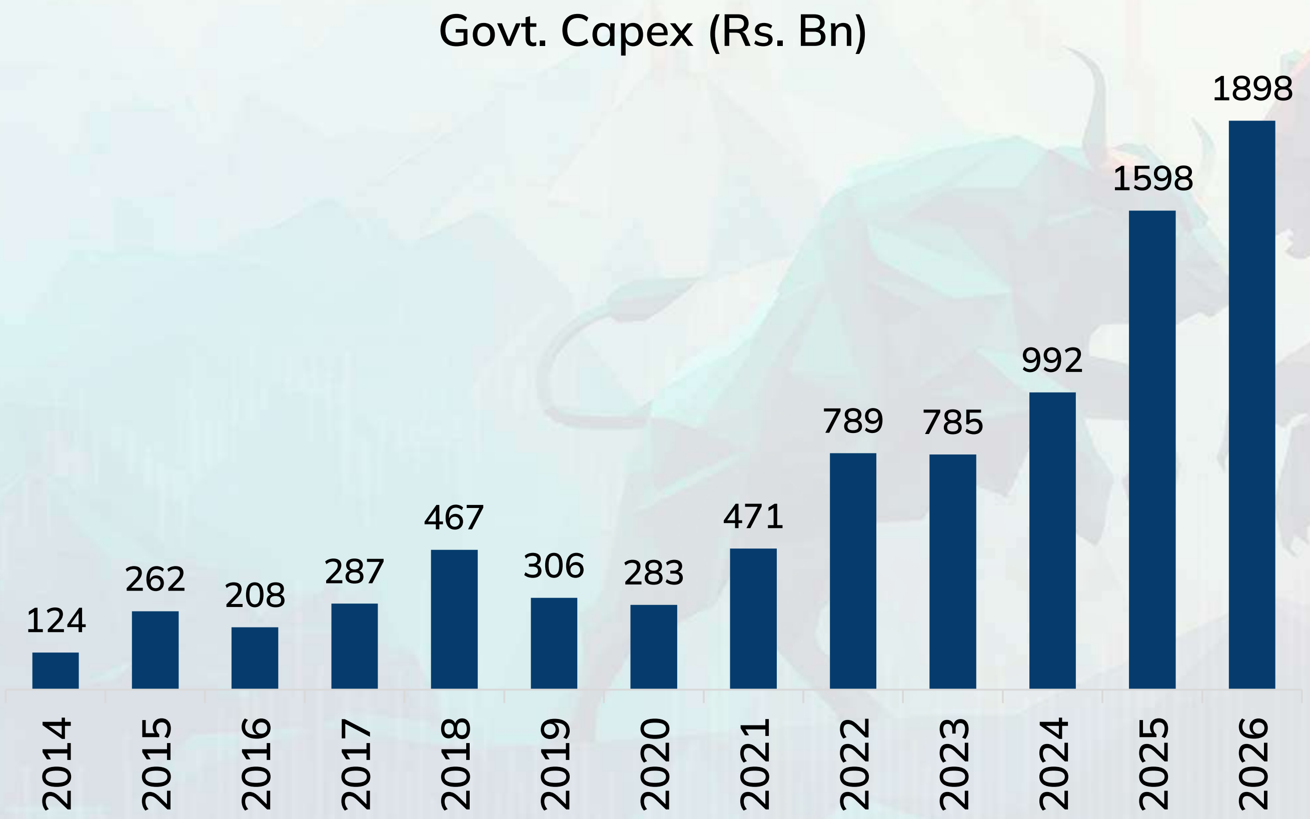
Corporates are de-leveraging Vs their past cycles indicating good financial health & decreasing their vulnerability to any financial system shock



Source: DAM Capital. Data as of March 31, 2026. Past performance may or may not sustain in future. The ratio total debt/equity ratio is calculated as total liabilities / total shareholder's equity. For all NSE 500 companies, the average of total debt to equity ratio is considered

Indian Economy – Rooted in Resilience

Sharp pickup in Govt. capex reflects continued fiscal support for the economy, aiding investment, consumption and earnings growth, which may help domestic equities



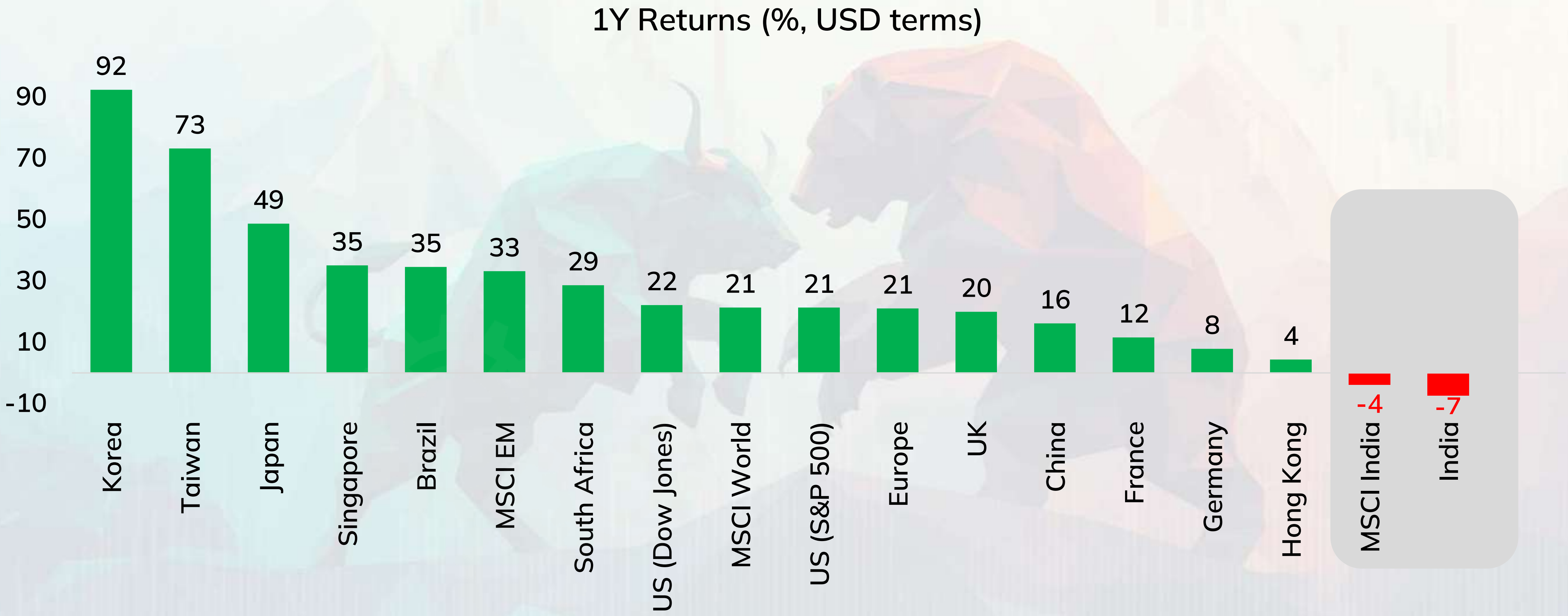
Ministry	Growth (% YoY)
Coal	218.0%
MSME	38.5%
New and Renewable Energy	25.7%
Defence	15.0%
Power	8.7%
Rural Development	3.0%
Road	2.1%

Source: Avendus Spark. Data as of June 04, 2026. bn: billion. MSME: Micro, Small and Medium Enterprises, Capex: capital expenditure. Returns are in absolute terms. Past performance may or may not sustain in future.

INDIAN EQUITIES – CURRENT STATE

'V'aluations Re-set

Indian equities were commanding rich valuations until last year. They have moderated post recent corrections



Source: DAM Capital. Data as of Aug 10, 2026. Returns are in absolute terms. Past performance may or may not sustain in future. Indices considered: Kospi for Korea, Taiwan – TWSE Capitalization Weighted Index, Brazil – Ibovespa Sao Paulo Index, MSCI EM – MSCI Emerging Markets Index, Japan – Nikkei 225, South Africa – JSE Top 40 Index, China – Shanghai Composite Index, Singapore – Strait Times, UK – FTSE 100, Europe – Euro Stoxx 50, Hong Kong – Hang Seng Index, France – CAC 40, Germany – DAX, India – Nifty 50

'V'aluations Re-set

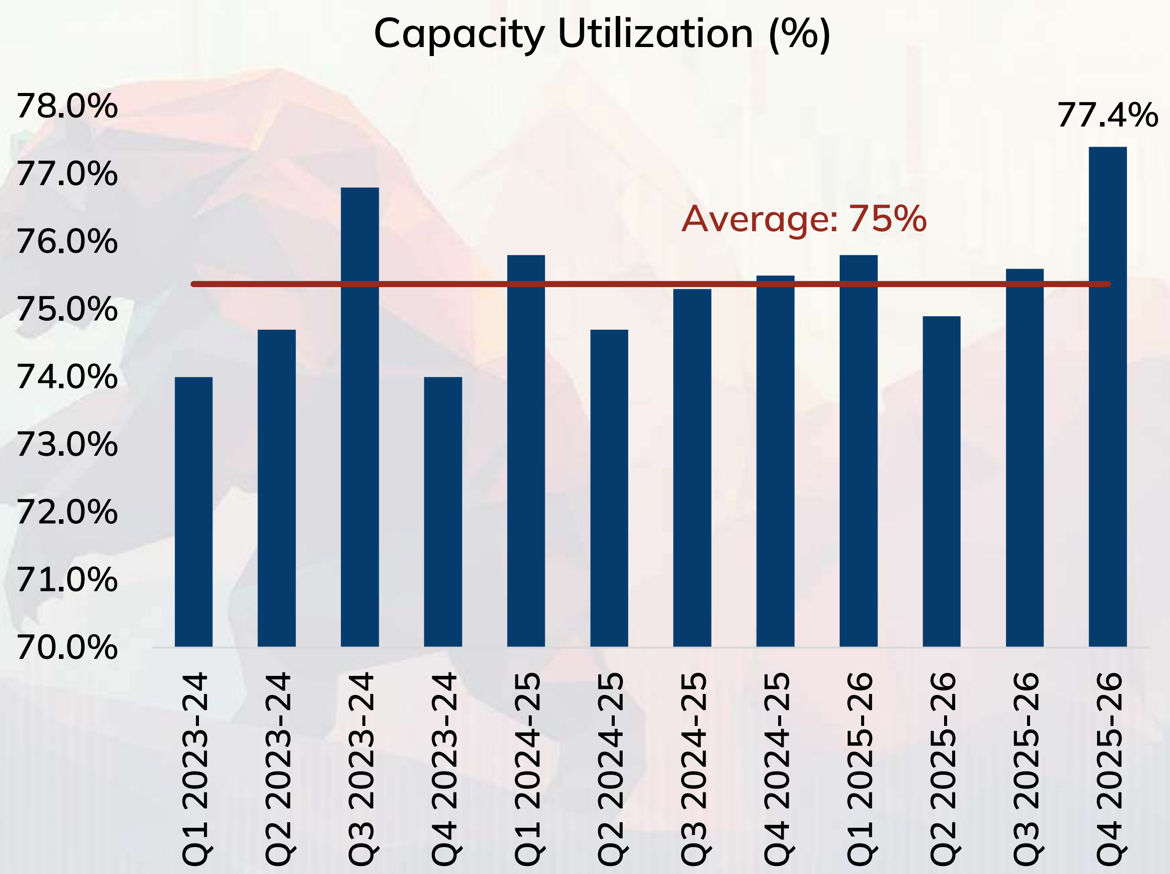
The valuations froth seen in last 2 years, has come off

Period	As a % of Total Market Cap			
	Top 50 Stocks	Next 50 Stocks	Midcap-150 Stocks	Smallcap - Above 250 Stocks
2015	59.8	14	15.2	11
2016	58.8	14.1	15.3	11.8
2017	53.4	14.7	17.3	14.6
2018	58.3	13.7	16.3	11.7
2019	61.8	13.1	15.6	9.5
2020	60.9	13.3	15.5	10.2
2021	55.6	13.1	16.8	14.4
2022	56.7	12.5	16.1	14.7
2023	51.4	13.1	17.6	17.8
2024	46.1	13.8	19.3	20.8
2025	46.7	13.9	20.0	19.4
Jul-26	44.3	14.3	20.7	20.8

Source: NSE. Data as on July 31, 2026. Data is on calendar year basis. Past performance may or may not sustain in future. Red indicates high valuations, Amber indicates neutral valuations and Green indicates attractive valuations.

'C'ycle –
Business Cycle Holds Firm

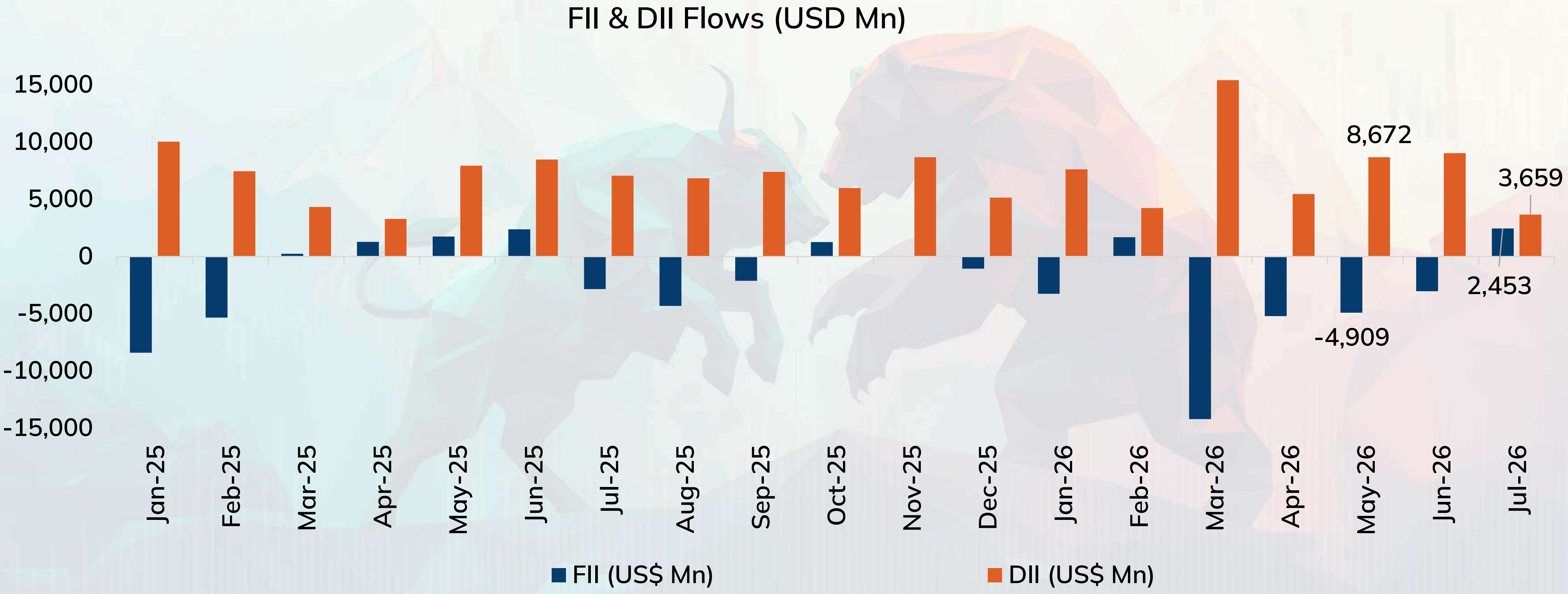
Business Cycle continues to remain strong indicating good overall economic health



Source – RBI. YoY – Year on Year, Q – Quarter. Data as of July 15, 2026 for Credit Growth & Mar 2026 for Capacity Utilization.

‘S’entiments – Neutral

Sentiments were subdued in case of FIIs in last few months as they moved to ‘safer assets’ from riskier ones (Emerging Markets) whereas DIIs continued to buy. July saw a reversal in this trend with FIIs turning net buyers



Source – Kotak Institutional Equities. Data as of July 31, 2026. Past performance may or may not sustain in future. FII – Foreign Institutional Investor, DII – Domestic Institutional Investor

Key Takeaways

Global markets are volatile at the moment and India is not completely insulated from the near term jolts. Factors that may chart future course include – Inflation, Global Central Banks' monetary policies & Growth

There may be a short term impact on India's trade balance, currency and other macro indicators like Growth

However, India's core fundamentals remain intact – Healthy forex reserves, services trade surplus, strong demand, steady long term Govt. reforms

Valuations have eased, Business Cycle remains robust, Sentiments are neutral. However, in near term, volatility is inevitable as geo-political environment is very dynamic

Given that recent corrections have cooled-off valuations, 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

Since market volatility may persist, we continue to recommend investing in Hybrid / Asset Allocation schemes

SIP – Systematic Investment Plan, STP – Systematic Transfer Plan

Recommendations

Hybrid / Asset allocation schemes to manage volatility

- IPRU Equity & Debt Fund
- IPRU Multi-Asset Fund
- IPRU Balanced Advantage Fund
- IPRU Dynamic Asset Allocation Active FOF (erstwhile ICICI Prudential Asset Allocator Fund (FOF))

Schemes with flexibility to maneuver across sectors / themes

- IPRU Business Cycle Fund
- IPRU Flexicap Fund
- IPRU Dividend Yield Equity Fund
- IPRU Active Momentum Fund
- IPRU Multicap Fund
- IPRU Diversified Equity All Cap Active FOF
- IPRU India Opportunities Fund
- IPRU Value Fund (erstwhile ICICI Prudential Value Discovery Fund)

Large cap biased schemes for long term wealth creation

- IPRU Large Cap Fund (erstwhile ICICI Prudential Bluechip Fund)
- IPRU Equity Minimum Variance Fund

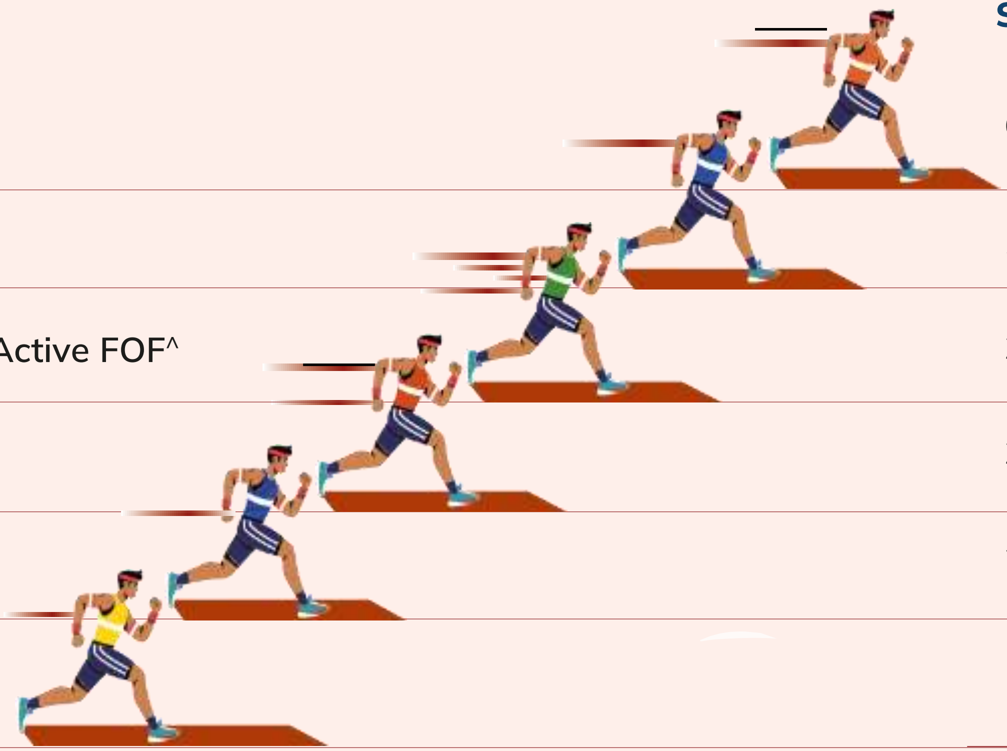
Continue SIP/STP as the long term view remains intact, strongly recommend ICICI Prudential Booster STP*

IPRU – ICICI Prudential, SIP – Systematic Investment Plan, STP – Systematic Transfer Plan, FOF – Fund of Fund. The asset allocation and investment strategies will be as per Scheme Information Document. * ICICI Prudential Booster Systematic Transfer Plan is a facility wherein unit holder(s) can opt to transfer variable amount(s) from designated open ended scheme(s) of ICICI Prudential Mutual Fund to the designated open ended scheme(s) of ICICI Prudential Mutual Fund

Walking the talk

At market peak in Sep-24, we were overall cautious on equities and hence our asset allocation schemes too had lower equity allocation. As we believe that high valuations have now cooled-off, the equity allocation across these schemes have increased

EQUITY RANGE		Sep-24	Jul-26
65-80%	ICICI Prudential Equity & Debt Fund	67.3%	74.6%
10-80%	ICICI Prudential Multi-Asset Fund	50.5%	67.1%
35 - 100%*	ICICI Prudential Dynamic Asset Allocation Active FOF^	37.4%	63.5%
30-80%	ICICI Prudential Balanced Advantage Fund	31.8%	68.4%
10-25%	ICICI Prudential Regular Savings Fund	21.7%	24.1%
15-50%	ICICI Prudential Equity Savings Fund	16.3%	19.0%



Data as on July 31, 2026. FOF: Fund of Fund. Net equity exposure is market value of long equity positions in equity and equity related securities, netted off against market value of short position through equity derivatives. Equity options are excluded from the calculations. The portfolio of the scheme is subject to changes within the provisions of the Scheme Information document of the scheme. Please refer to the SID for investment pattern, strategy and risk factors. The asset allocation and investment strategy will be as per Scheme Information Document. ^Pursuant to SEBI's framework on Fund of Fund Schemes, the Scheme features has been modified with effect from November 25, 2025. Kindly refer to the AMC's website for detailed information. Investors may please note that they will be bearing the recurring expenses of this Scheme in addition to the expenses of the underlying Schemes in which this Scheme makes investment. * Erstwhile ICICI Prudential Asset Allocator Fund (FOF). Please note that total Non Debt Allocation of the scheme will be 35-100%. Compulsorily convertible debentures and foreign equity has been included in the net equity exposure.

Riskometers

ICICI Prudential Balanced Advantage Fund (An open ended dynamic asset allocation fund) is suitable for investors who are seeking*:

- ❑ Long term capital appreciation/income
- ❑ Investing in equity and equity related securities and debt instruments

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Multi-Asset Fund (An open ended scheme investing in Equity, Debt and Exchange Traded Commodity Derivatives/ units of Gold ETFs/units of Silver ETFs/units of REITs & InvITs/ Preference shares) is suitable for investors who are seeking*:

- ❑ Long Term Wealth Creation
- ❑ An open ended scheme investing across asset classes

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Large Cap Fund (Erstwhile ICICI Prudential Bluechip Fund) (An open ended equity scheme predominantly investing in large cap stocks) is suitable for investors who are seeking*:

- ❑ Long term wealth creation
- ❑ An open ended equity scheme predominantly investing in large cap stocks

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Equity Minimum Variance Fund (An open ended equity scheme following Minimum Variance theme) is suitable for investors who are seeking*:

- ❑ Long term wealth creation
- ❑ To generate long term capital appreciation by investing in Equity & Equity related instruments through a diversified basket with an aim to minimize the portfolio volatility

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

Riskometers

ICICI Prudential Equity & Debt Fund (An open ended hybrid scheme investing predominantly in equity and equity related instruments) is suitable for investors who are seeking*:

- ❑ Long term wealth creation solution
- ❑ A balanced fund aiming for long term capital appreciation and current income by investing in equity as well as fixed income securities

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Dynamic Asset Allocation Active FOF (Erstwhile ICICI Prudential Asset Allocator Fund (FOF)) (An open ended Fund of Funds scheme investing dynamically in units of active equity and debt oriented schemes) is suitable for investors who are seeking*:

- ❑ Long term wealth creation
- ❑ An Open-ended Fund of Funds scheme investing dynamically in units of active equity and debt oriented mutual fund schemes.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

Investors may please note that they will be bearing the recurring expenses of the relevant fund of funds scheme in addition to the expenses of the underlying schemes in which the fund of funds scheme makes investment.

ICICI Prudential Flexicap Fund (An open ended dynamic equity scheme investing across large cap, mid cap & small cap stocks) is suitable for investors who are seeking*:

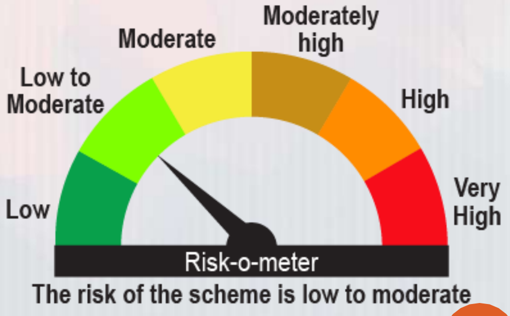
- ❑ Long term wealth creation
- ❑ An open ended dynamic equity scheme investing across large cap, mid cap and small cap stocks

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Equity Savings Fund (An open ended scheme investing in equity, arbitrage and debt) 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.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



Riskometers

ICICI Prudential Regular Savings Fund (An open ended hybrid scheme investing predominantly in debt instruments) suitable for investors who are seeking*:

- ❑ Medium to long term regular income solution
- ❑ A hybrid fund that aims to generate regular income through investments primarily in debt and money market instruments and long term capital appreciation by investing a portion in equity.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Value Fund (Erstwhile ICICI Prudential Value Discovery Fund) (An open ended equity scheme following a value investment strategy.) is suitable for investors who are seeking*:

- ❑ Long term wealth creation
- ❑ An open ended equity scheme following a value investment strategy

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential India Opportunities Fund (An open ended equity scheme following special situations theme) is suitable for investors who are seeking*:

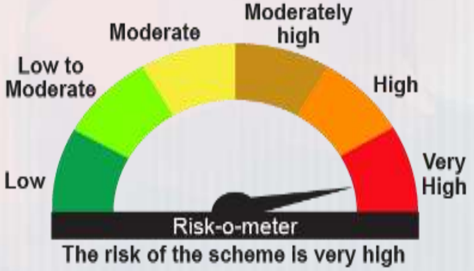
- ❑ Long Term Wealth Creation
- ❑ An equity scheme that invests in stocks based on special situations theme.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Business Cycle Fund (An open ended equity scheme following business cycles based investing theme) is suitable for investors who are seeking*:

- ❑ Long term wealth creation
- ❑ An equity scheme that invests in Indian markets with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



Riskometers

ICICI Prudential Diversified Equity All Cap Active FOF (An open ended Fund of Funds scheme investing predominantly in the units of diversified domestic active equity-oriented schemes based on varied market caps) is suitable for investors who are seeking*:

- Long term wealth creation
- An open ended Fund of Funds scheme investing predominantly in the units of diversified domestic active equity-oriented schemes based on varied market caps

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

Investors may please note that they will be bearing the recurring expenses of the relevant fund of funds scheme in addition to the expenses of the underlying schemes in which the fund of funds scheme makes investment.

ICICI Prudential Multicap Fund (An open ended equity scheme investing across large cap, mid cap, small cap stocks) is suitable for investors who are seeking*:

- Long Term Wealth Creation
- An open ended equity scheme investing across large cap, mid cap and small cap stocks.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Active Momentum Fund (An open ended equity scheme following momentum theme) is suitable for investors who are seeking*:

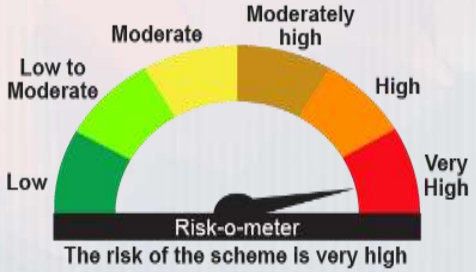
- Long Term Wealth Creation
- An open ended equity scheme investing in equity and equity related instruments of companies reflecting momentum factors.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

ICICI Prudential Dividend Yield Equity Fund (An open ended equity scheme predominantly investing in dividend yielding stocks) is suitable for investors who are seeking*:

- Long term wealth creation
- An open ended equity scheme that aims for growth by primarily investing in equity and equity related instruments of dividend yielding companies.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them



Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis as per SEBI circular on Product Labeling in Mutual Fund schemes - Risk-o-meter. The above riskometers are as on July 31, 2026. Please refer to https://www.icicipruamc.com/media-center for more details.

Disclaimer

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

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