IPRU SNIPPETS

ICICI PRUDENTIAL MUTUAL FUND

Do You Search For Social Proof?

The Quest for Social Proof in Daily Lives

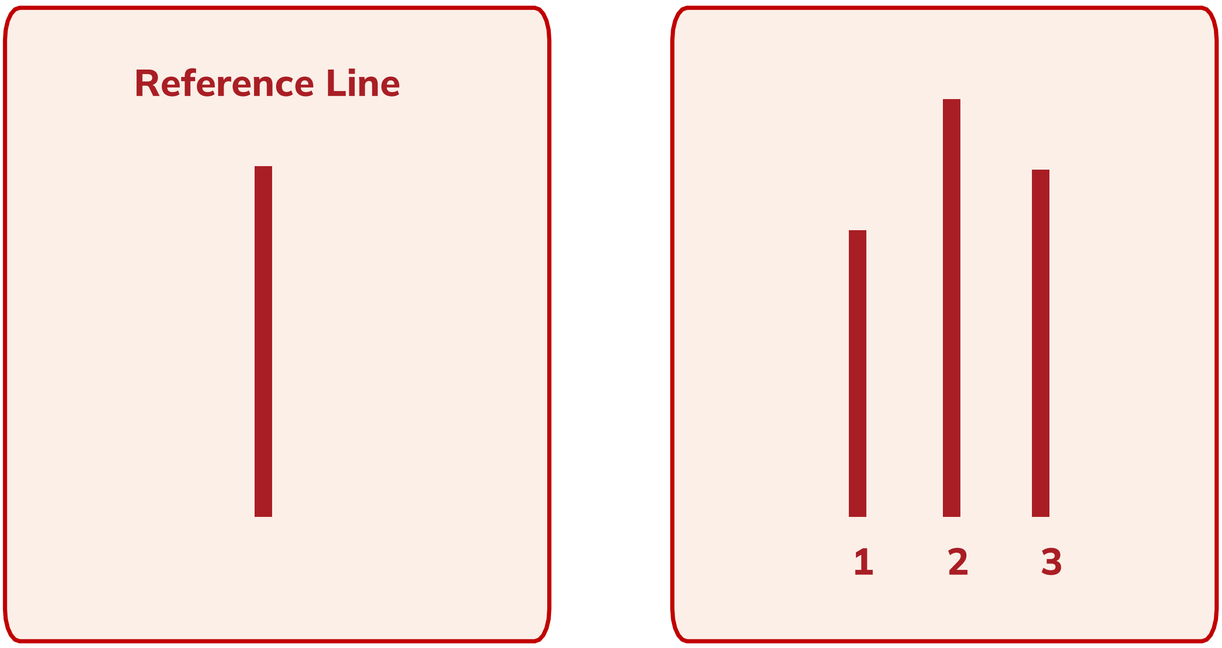
Picture this: You are at a music concert. When the artists perform a tune, someone from the audience begins to clap and suddenly the whole room follows suit. What drives this response? Social proof.

After the concert, you decide to visit a restaurant. As you look around, you notice a long queue outside a multi-cuisine food joint. Convinced that a larger number of customers indicate good quality food, you decide to visit that restaurant. What drives this response? Social proof.

Eye Opener: The Social Proof Experiment

In 1950s, an experiment conducted by a renowned psychologist displays how peer pressure can override logical reasoning.

The Experiment: The participant was shown a card with a reference line and another card with three lines of different lengths, numbered 1, 2 and 3. The participant was told to select the line that matches the length of the reference line.



Scenario 1: When alone in the room, the participant selected 'Line 3', which is the correct answer.

Scenario 2: Five actors entered the room and intentionally selected 'Line 1' even though the obvious answer is 'Line 3'. Influenced by the group, the participant also selected the incorrect answer to match their selection.

Source: Reference from Research Journals, The Art of Thinking Clearly Book.

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The Quest for Social Proof while Investing

Social proof, referred to as herd instinct, implies that investors believe they are behaving correctly when they act in the same manner as others.

Asset Bubble

01
Market participants notice a new product or technology.

02
As investors buy the stock of that product, prices gain momentum.

03
The fear of missing out drives more investors to buy the stock, fueling the upward trajectory.

04
However, when investors detect speculation, they begin to sell. Stock price falls quickly.

Market Correction

01
Equity markets face headwinds like geopolitical tensions, black swan events, etc.

02
Investors are flooded with unsolicited advice and misleading information.

03
Investors panic and begin to exit the market.

04
Peer pressure compels other investors to follow suit.

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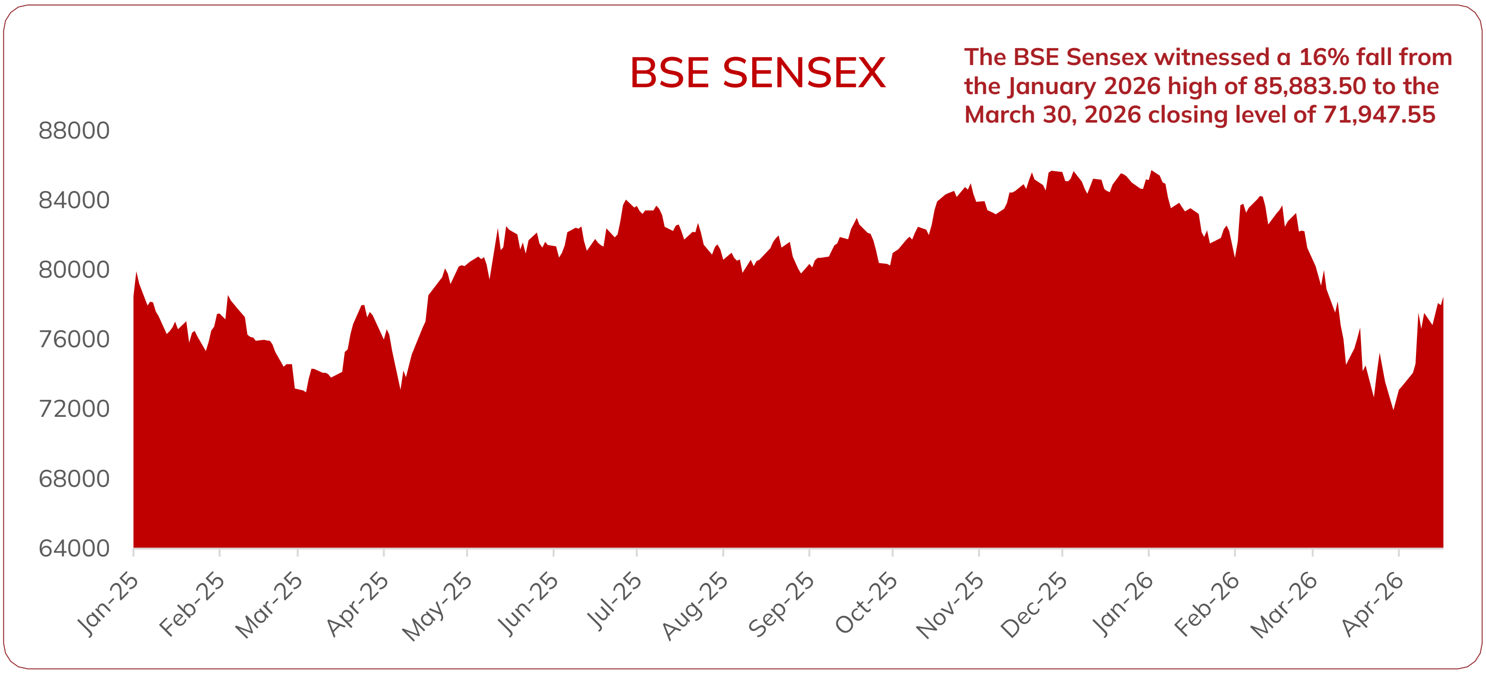
Tough Times May Not Last but Tough People Do!

The escalating West Asia conflict sent equity markets into a tailspin. Geopolitical tensions caused disruption to key oil infrastructure, global crude oil prices surged and the currencies of emerging markets came under pressure amidst heightened risk aversion.

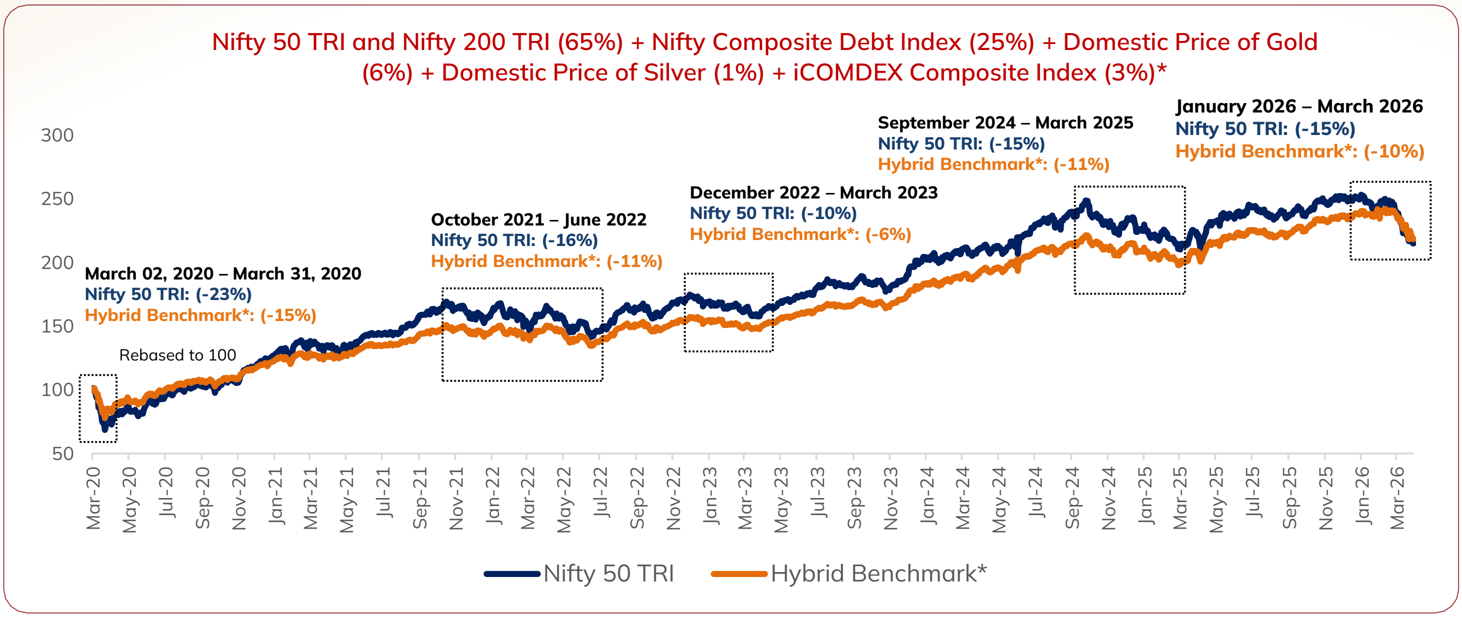
During this period, you may have received calls from worried associates thinking of exiting their investments as they observed others selling.



Source: Bombay Stock Exchange (BSE). Past performance may or may not sustain in future. Data as on April 17, 2026. The above are closing prices of the index.

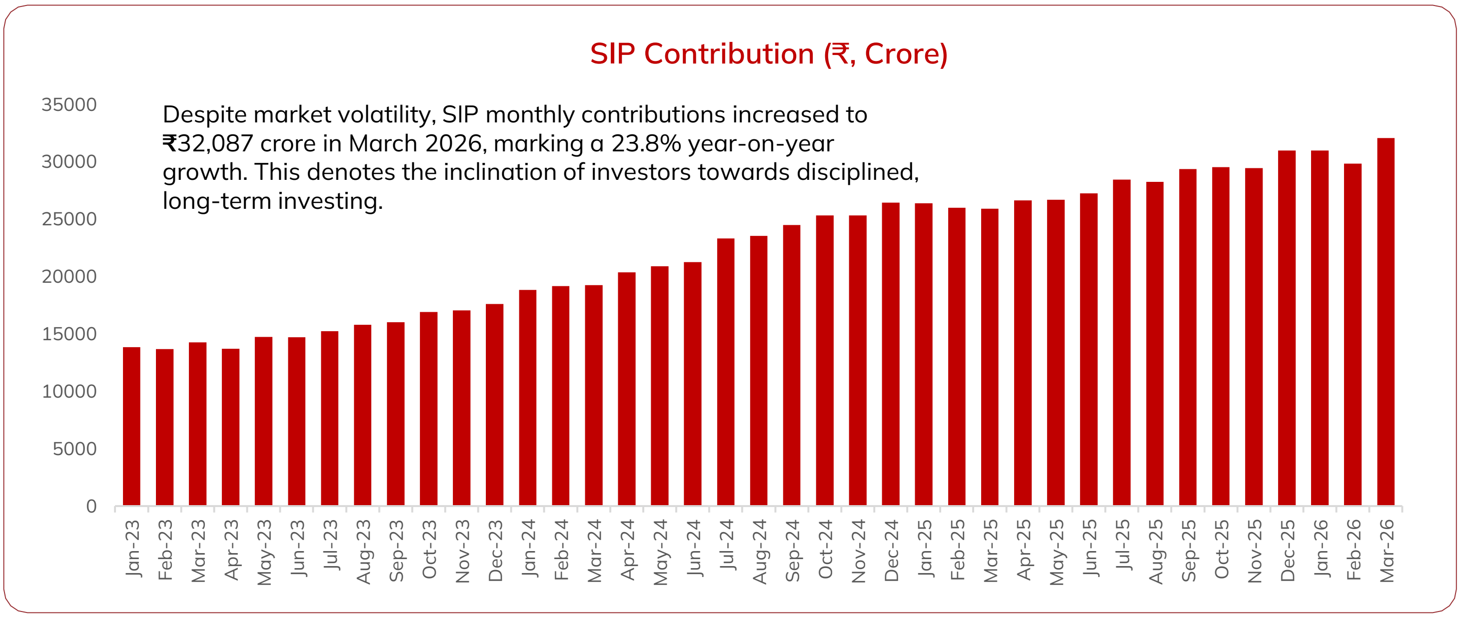
4 Ways to Battle Social Proof

1) Diversification could act as the first line of defense: Investing in a portfolio of different asset classes tends to fall lesser during market downturns compared to a portfolio concentrated on Equity.



Source: CRISIL. Data as on March 31, 2026. Nifty 50 TRI is considered. TRI: Total Returns Index. Past performance may or may not be sustained in the future. In each phase, price erosion has been computed from peak to trough. *The above Hybrid Benchmark refers to Nifty 200 TRI (65%) + Nifty Composite Debt Index (25%) + Domestic Price of Gold (6%) + Domestic Price of Silver (1%) + iCOMDEX Composite Index (3%).

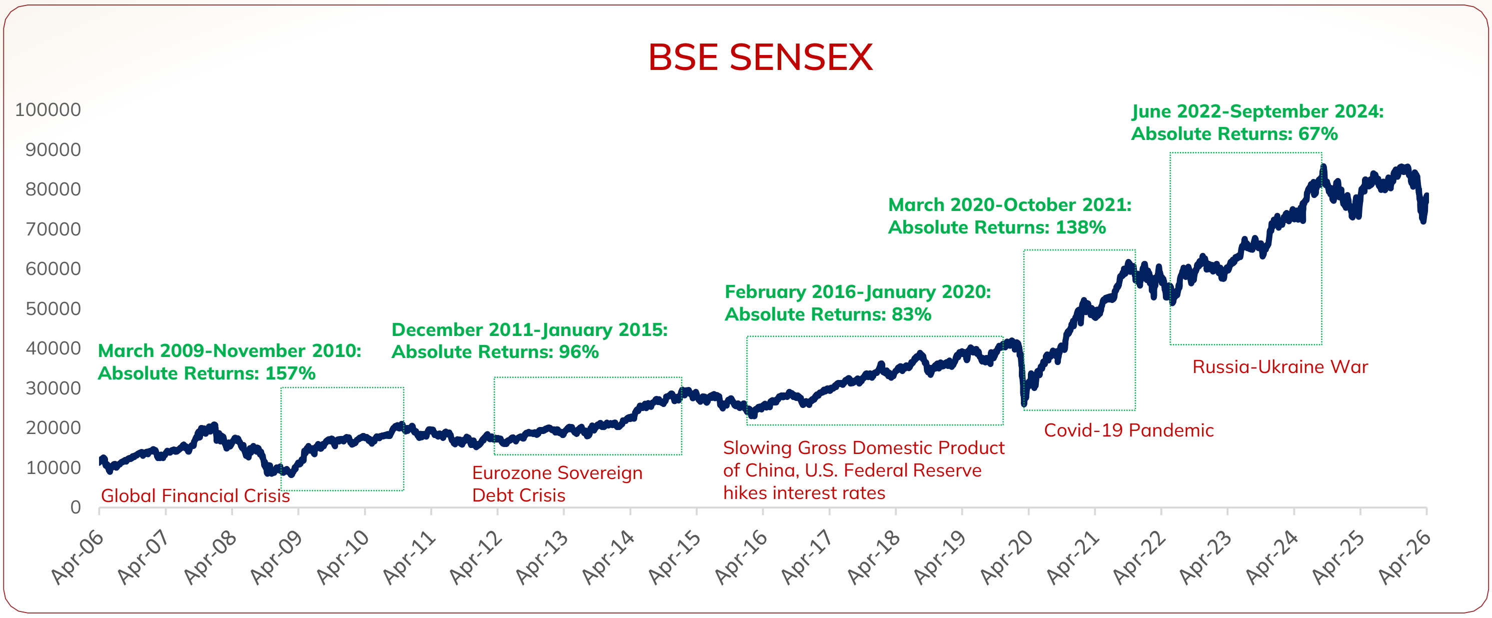
2) Invest Regularly; Slow and steady wins the race: Investing regularly through the Systematic Investment Plan (SIP) route helps maintain discipline and removes the need to time the market, which is often challenging for investors.



Source: Data as on March 31, 2026. Association of Mutual Funds in India (AMFI). SIP: Systematic Investment Plan.

4 Ways to Battle Social Proof

3) The need to remain invested through market ups and downs: Staying invested through market cycles could help investors benefit from opportunities presented by the market and compound their invested amount over a period of time.



Source: Bombay Stock Exchange (BSE). Past performance may or may not be sustained in the future. Data as on April 17, 2026. The above are closing prices of the index. U.S.: United States. Absolute returns are computed from the lowest closing price to the highest closing price during that period.

4) When making an investment decision, evaluate if you are being rational or biased: Relying heavily on market tips, unverified news or advice from associates could often drive decisions based on emotions like panic selling. Rational investors tend to remain focused on their long-term goals; prioritizing value, sound fundamentals and growth prospects of a business.

4 Ways to Battle Social Proof

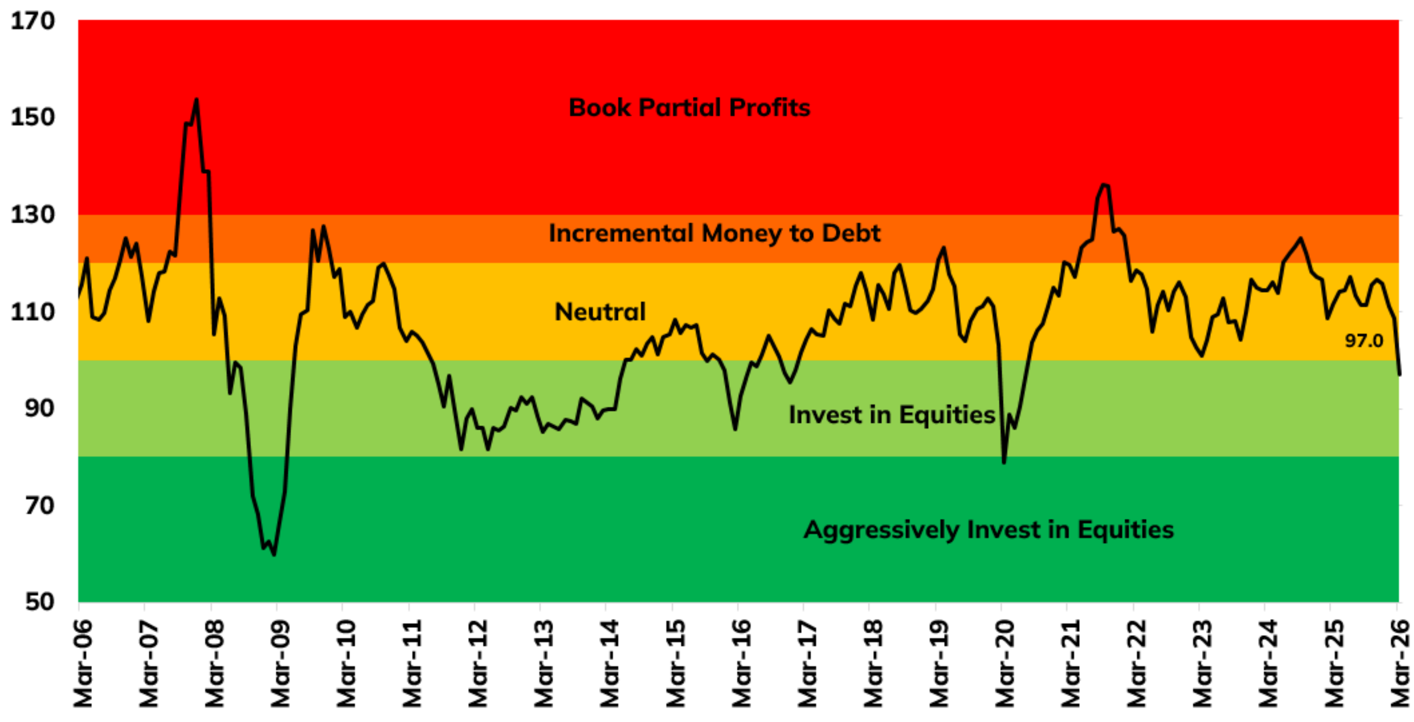
Interesting Fact: Domestic Market Valuations have become palpable:
The following tabular representation indicates that the P/E Ratio of Nifty 50 has cooled from 24.26x on September 30, 2024 to 21.38x on April 17, 2026.

Nifty 50			
Date	Closing Level	P/E Ratio	P/B Ratio
30-September-2024	25,810.85	24.26	3.87
17-April-2026	24,353.55	21.38	3.33

Source: National Stock Exchange (NSE). P/E: Price-to-Earnings Ratio. P/B: Price-to-Book Ratio

Our In-House Equity Valuation Index (EVI) model shows that valuations have cooled off: EVI is a proprietary model of ICICI Prudential AMC Ltd. used for assessing overall equity market valuations. ICICI Prudential Equity Valuation Index indicates that market valuations have eased from elevated levels post recent corrections. One can consider investing in equities in a staggered manner through Systematic Investment Plan (SIP)/Systematic Transfer Plan (STP) in schemes that have the flexibility to maneuver across sectors/market caps. Since market volatility may persist given geopolitical tensions, we continue to recommend investing in Hybrid/Asset Allocation schemes.

ICICI PRUDENTIAL EQUITY VALUATION INDEX (EVI)



Data as on March 31, 2026 has been considered. Equity Valuation Index (EVI) is a proprietary model of ICICI Prudential AMC Ltd. (the AMC) used for assessing overall equity market valuations. The AMC may also use this model for other facilities/features offered by the AMC. Equity Valuation index is calculated by assigning equal weights to Price-to-Earnings (PE), Price-to-Book (PB), G-Sec*PE and Market Cap to GDP ratio any other factor which the AMC may add/delete from time to time. G-Sec : Government Securities. GDP: Gross Domestic Product.

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Time to break free from social proof.
To know about mutual fund schemes you can consider

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Disclaimer

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

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