IPRU SNIPPETS

ICICI PRUDENTIAL MUTUAL FUND

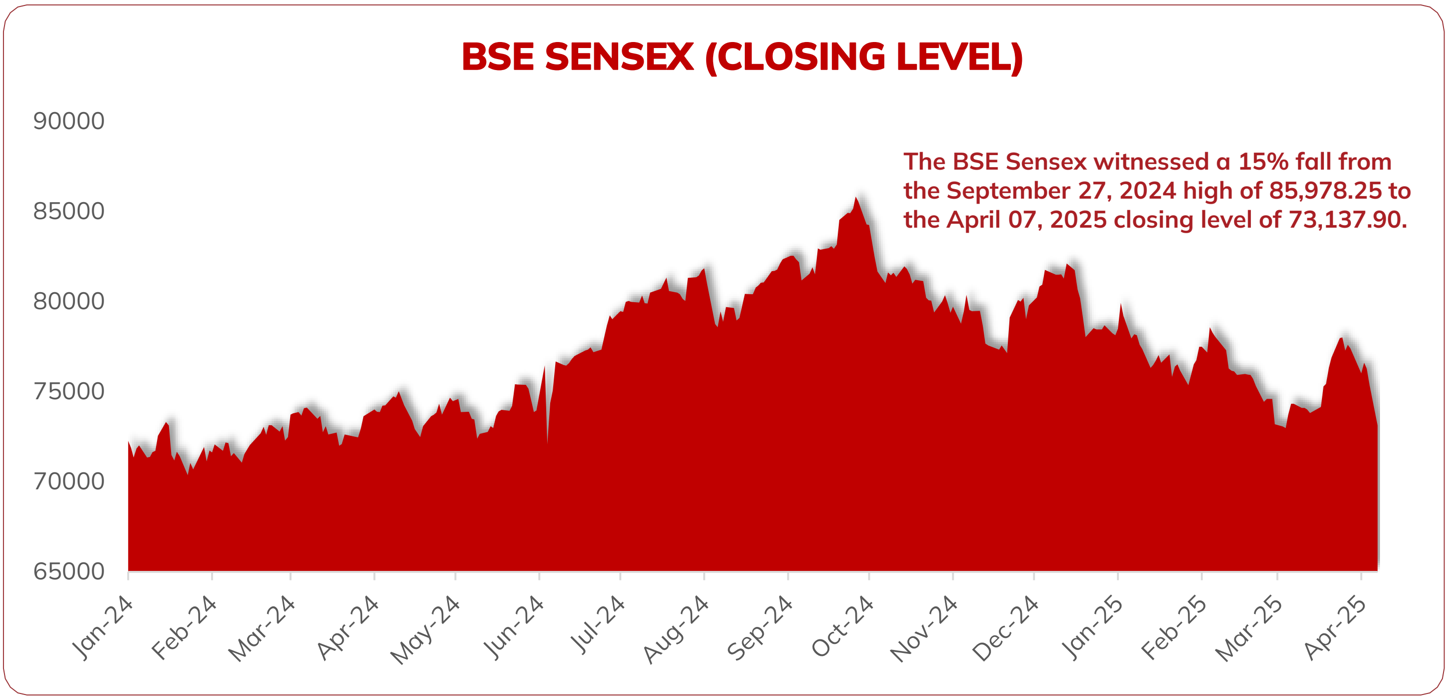
Markets Trapped in a Crossfire

How to Navigate Market Volatility?

The Headlines That Kept Investors on the Edge

One of the most valuable morals of life is that, 'It takes years to build trust in a relationship, only seconds to break and a long time to repair'.

The U.S. president termed tariffs as 'medicine' and indicated that foreign governments would have to pay significantly to lift tariffs. This painful dose of sweeping tariffs is certainly a bitter pill to swallow for key trading partners of the U.S. – Equity markets experienced a traumatic sell-off as flaring trade tensions triggered fears of a global economic fallout.



Source: BSE. Past performance may or may not sustain in future. Data as on April 07, 2025. U.S.: United States

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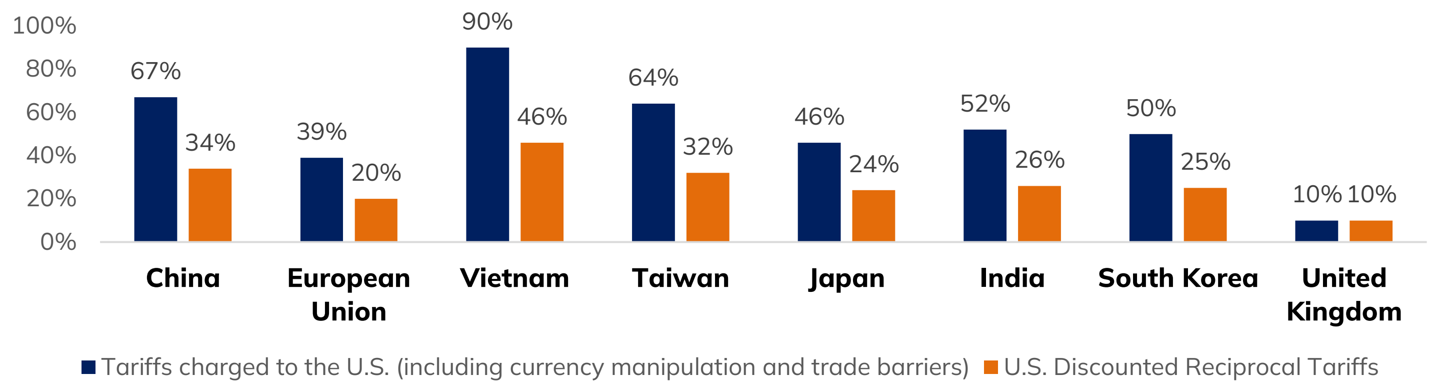
Who is to Blame for the Market Chaos?

1) An Aggressive Tariff Plan snowballed market turmoil: The U.S. president announced reciprocal tariffs on more than 180 countries to boost America's manufacturing capabilities. Leaving trading partners in despair, the U.S. imposed steep tariff rates on imports from several countries, including 26% on India, 34% on China, 20% on the European Union and 46% on Vietnam.

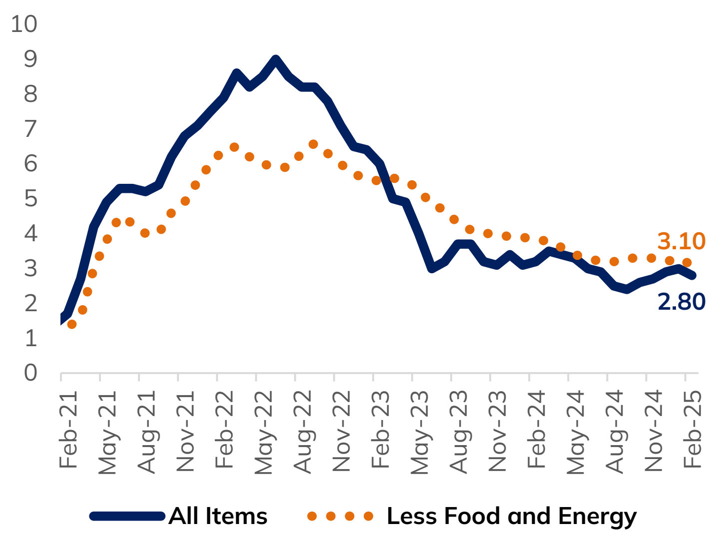
RECIPROCAL TARIFFS ON KEY ECONOMIES



Source: Data as on April 07, 2025. Avendus Spark Research. U.S.: United States.

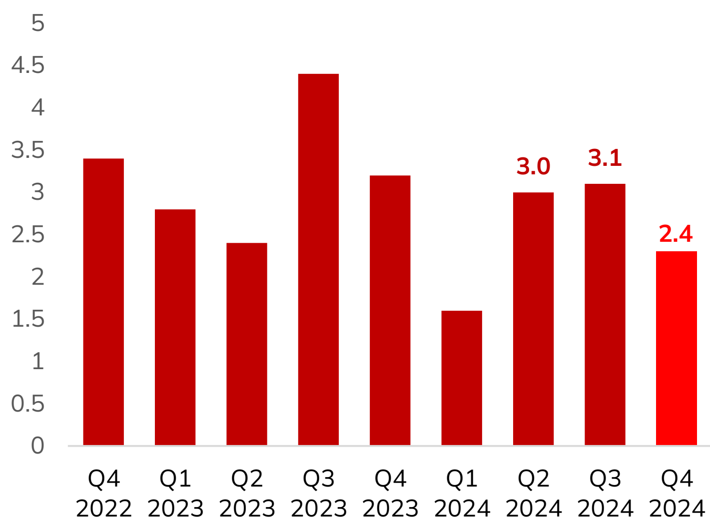
2) Growing Concerns of a Global Slowdown: The flipside of tariffs is that it could squeeze the profit margins of businesses heavily dependent on imports. Companies may pass on the higher costs to consumers by raising the prices of goods. While the U.S. inflation eased significantly from the June 2022 high of 9%, it is still above the long-term target of 2%. Tariffs imposed could drive inflation upwards, impact consumer sentiment and weigh on economic growth.

U.S. CONSUMER PRICE INDEX (%)



Source: U.S. Bureau of Labor Statistics, Year-on-year % change. U.S.: United States

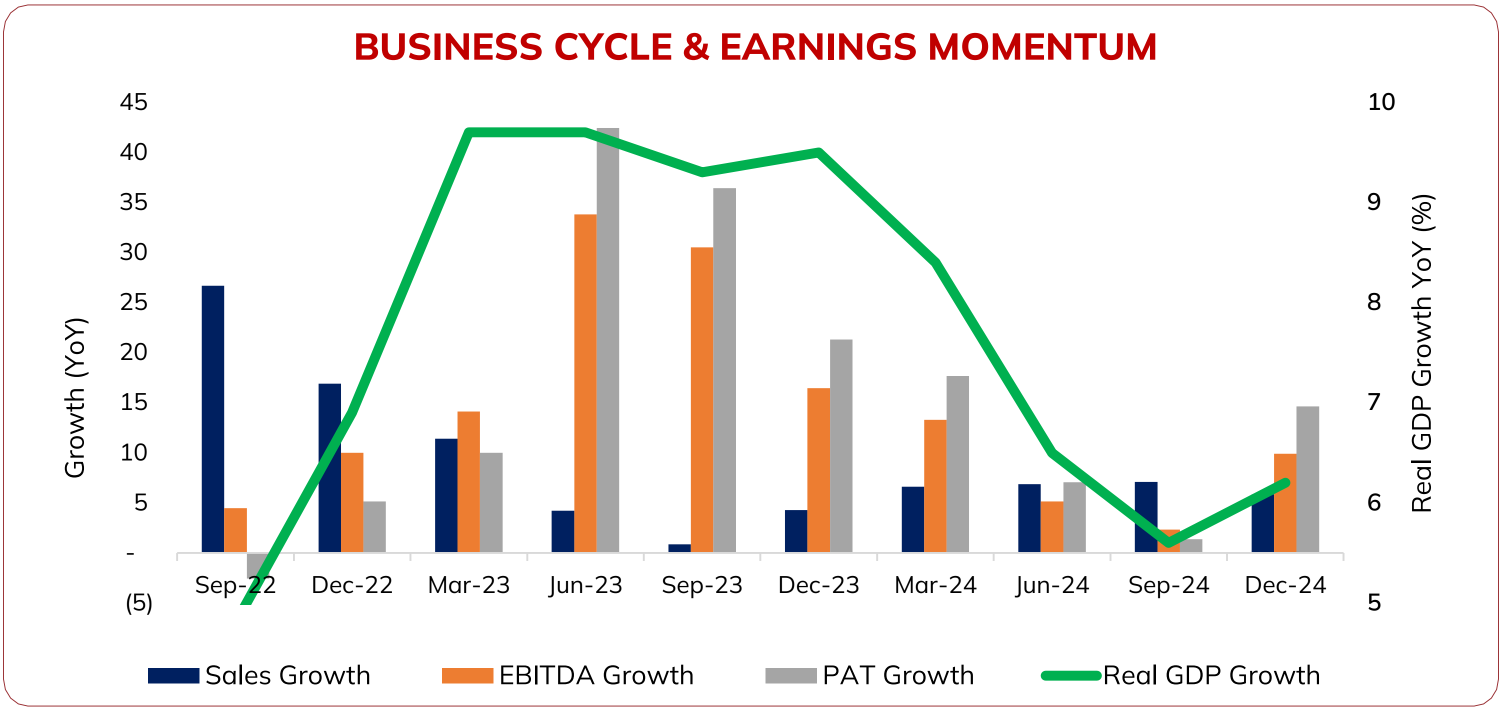
U.S. REAL GROSS DOMESTIC PRODUCT (%)



Source: U.S. Bureau of Economic Analysis. Q4 2024 data is the third estimate. Percent change from preceding quarter.

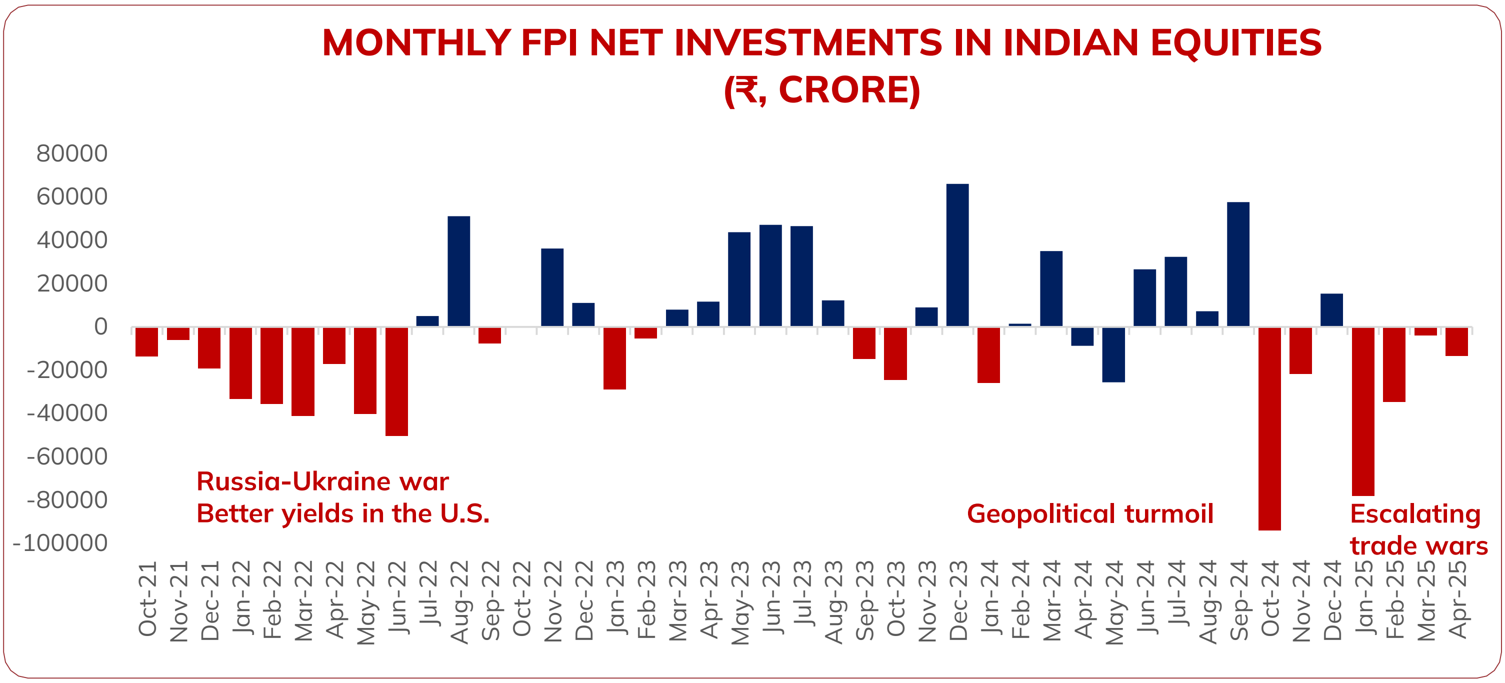
Who is to Blame for the Market Chaos?

3) Concerns around Corporate Earnings Slowing Down in India: The Equity market is also nervous due to the slowdown in the earnings cycle, which was evident in the last two quarters.



Source: Ambit Research. The above chart pertains to NSE 500 Companies. GDP: Gross Domestic Product. PAT: Profit After Tax. EBITDA: Earnings before interest, taxes, depreciation and amortization. YoY: Year-on-Year.

4) The Pain of Foreign Portfolio Investors Selling: Foreign Portfolio Investors offloaded Indian equities worth ₹13,483 crore in April 2025* amid concerns over the contagion effect of escalating trade wars on emerging economies.

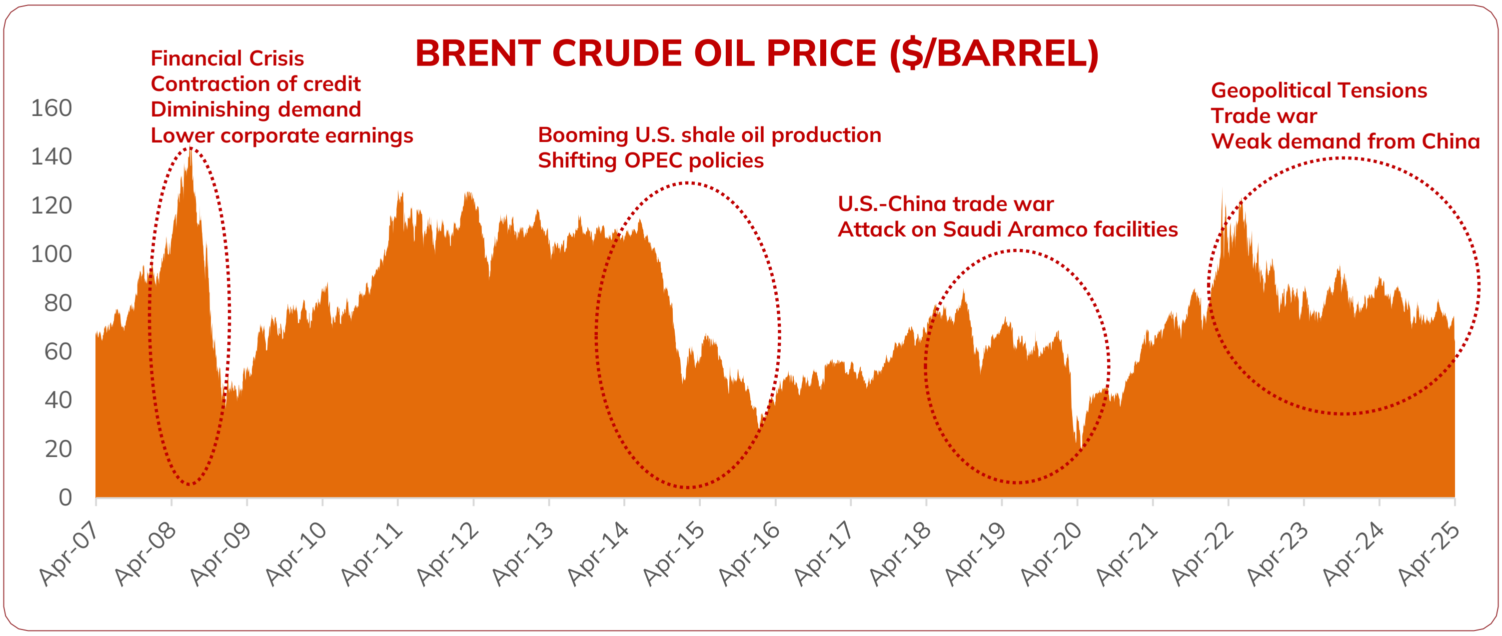


Source: National Securities Depository Limited (NSDL). *April 2025 data is up to April 07, 2025. FPI: Foreign Portfolio Investment

Looking at the Brighter Side

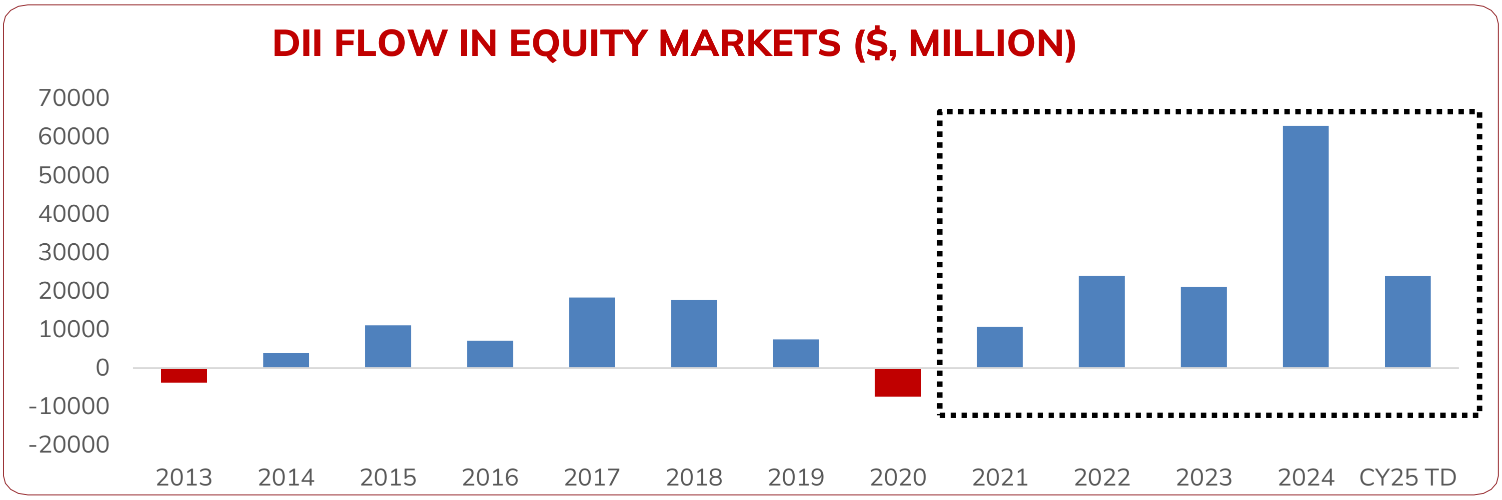
1) Crude Oil Prices Ease: Brent Crude Oil Prices cooled from $82/barrel in January 2025 to around $64/barrel in April 2025. The U.S. imposed the maximum pressure campaign on Iran and signalled 25% tariff on countries importing crude oil from Venezuela, which would impede global oil supply.

Eight OPEC+ countries plan to increase oil output by 411,000 barrels per day in May 2025 to stabilize oil market conditions. Lower oil prices are beneficial for countries, like India, that rely heavily on imports for their oil requirements.



Source: Reuters, OPEC: Organization of the Petroleum Exporting Countries. U.S.: United States. Data as on April 07, 2025.

2) Inflows from Domestic Institutional Investors: India has a large domestic market, which is ready to partner with the U.S. across sectors, such as Oil & Gas, Defence, Pharmaceuticals, etc. Participation of Domestic Institutional Investors has been encouraging in the equity markets.



Source: Macquarie. CY25TD Data as on April 07, 2025. DII: Domestic Institutional Investors. The above includes CY: Calendar Year. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

Looking at the Brighter Side

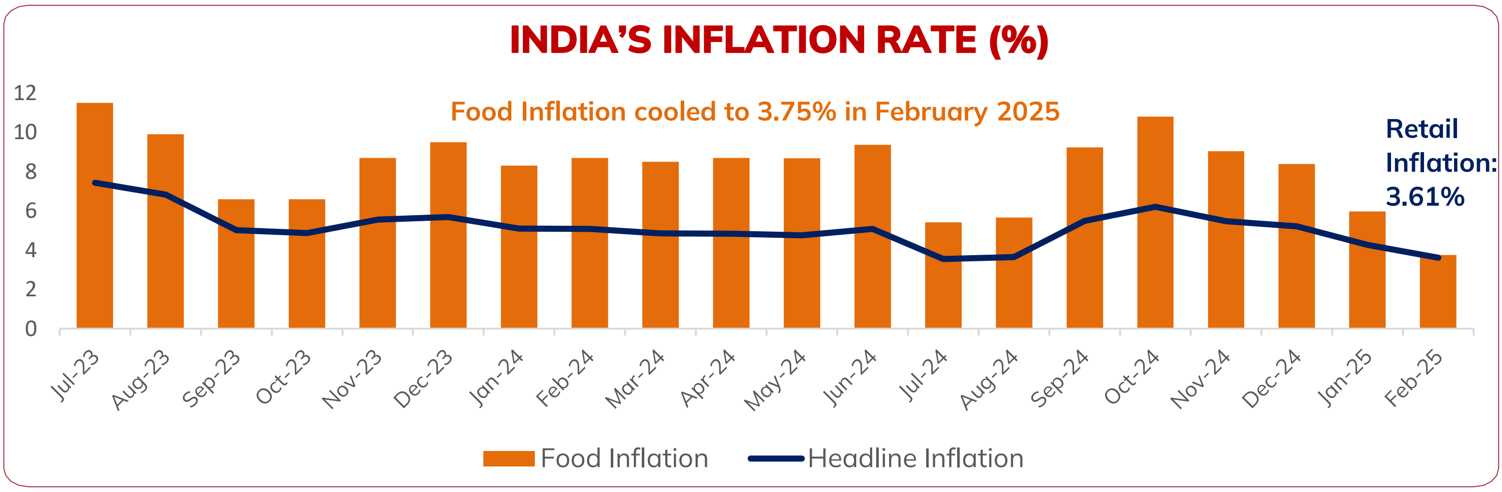
3) The Reserve Bank of India (RBI) reduced the Repo Rate: In the April 2025 monetary policy meeting, the RBI reduced the repo rate by 25 basis points to 6% amid slowing economic growth and easing retail inflation. The RBI also changed its stance from 'Neutral' to 'Accommodative'. Further, the RBI has swiftly tackled liquidity shortages by conducting open market operations (OMO), daily variable rate repo (VRR) auctions and dollar/rupee buy-sell swap auctions.

The repo rate cut decision comes at a time when the U.S. tariff policies have clouded the economic outlook, uncertainties loom around the international trade prospects, the U.S. Dollar Index has dropped sharply to 103 levels in April 2025 and equity market sell-offs continue to unnerve investors.

4) India's Strong Macroeconomic Developments:

a) The factors expected to support growth are sustained demand from rural areas, an expected recovery in urban consumption, increased government capital expenditure and healthy balance sheets of corporates and banks. The Real GDP growth for 2025-26 has been projected at 6.5% (Source: RBI).

b) India's retail inflation, measured by the Consumer Price Index (CPI), cooled to a seven-month low of 3.61% in February 2025, largely driven by easing food prices. The agricultural prospects appear bright on the back of robust crop production and healthy reservoir levels. The CPI inflation for 2025-26 has been revised to 4.0% from the earlier 4.2% (Source: RBI).



Source: Centre for Monitoring Indian Economy (CMIE), Data as on February 2025. GDP: Gross Domestic Product. RBI: Reserve Bank of India.

c) Manufacturing activity is showing signs of revival, industrial activity continues to recoup and business expectations remain robust.

Looking at the Brighter Side

5) Domestic Market Valuations have become more palpable:

The following tabular representation indicates that the P/E Ratio of Nifty 50 has cooled from 24.26x on September 30, 2024 to 20.14x on April 07, 2025.

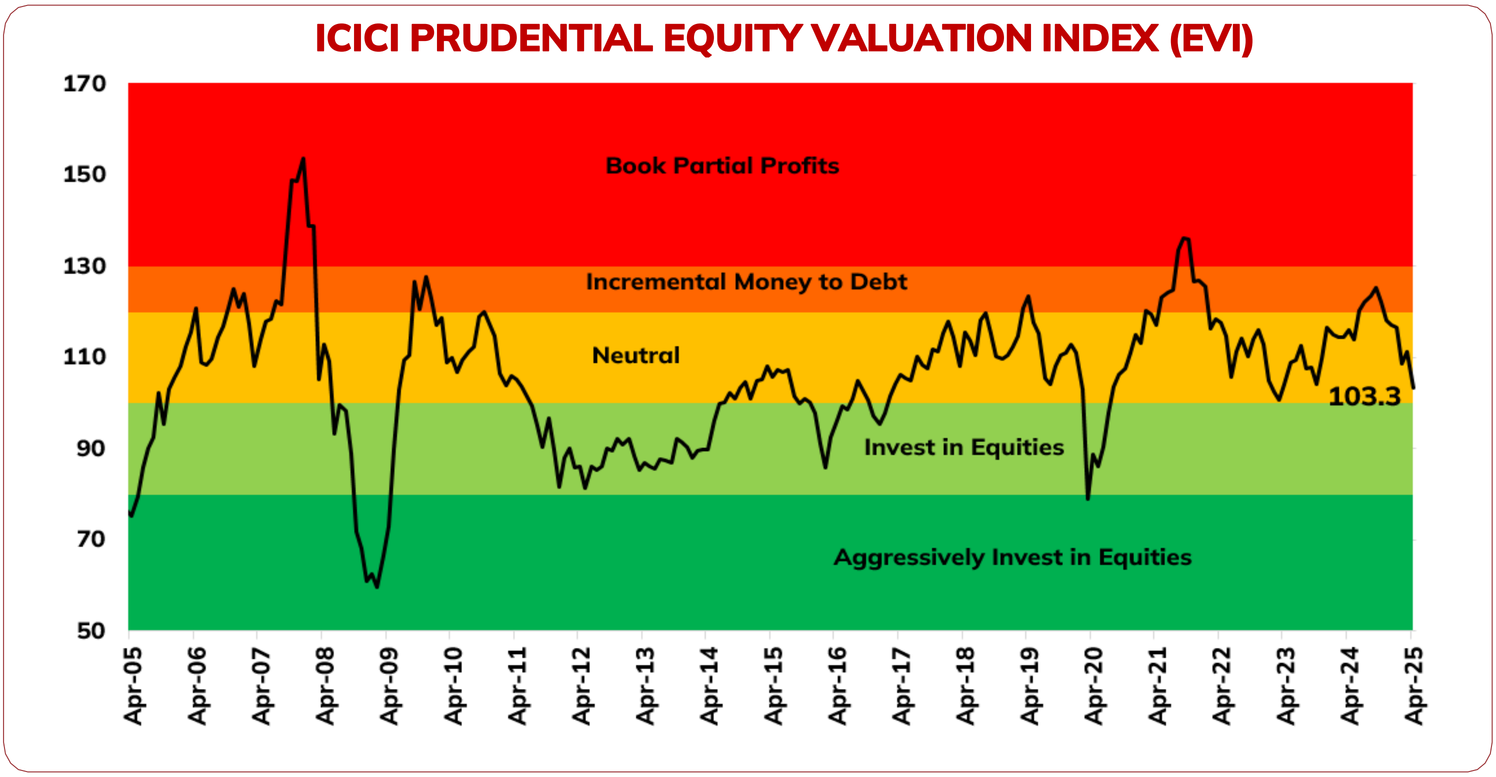
Nifty 50			
Date	Closing Level	P/E Ratio	P/B Ratio
30-September-2024	25810.85	24.26	3.87
07-April-2025	22161.60	20.14	3.28

Source: NSE. P/E: Price-to-Earnings Ratio. P/B: Price-to-Book Ratio

6) 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. Markets have cooled off and the EVI has also started to trend down and is now at the lower end of the neutral zone.

Date	Nifty 50 Closing Level	Equity Valuation Index Level
30-September-2024	25810.85	125.3
07-April-2025	22161.60	103.3



Data as on April 07, 2025 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.

IPRU SNIPPETS

The Dilemma of Investors

Amidst the market chaos thick with anxiety, your phone may have buzzed with calls from concerned peers, all grappling with the dilemma:

"Should we hold onto our investments or cut our losses?"

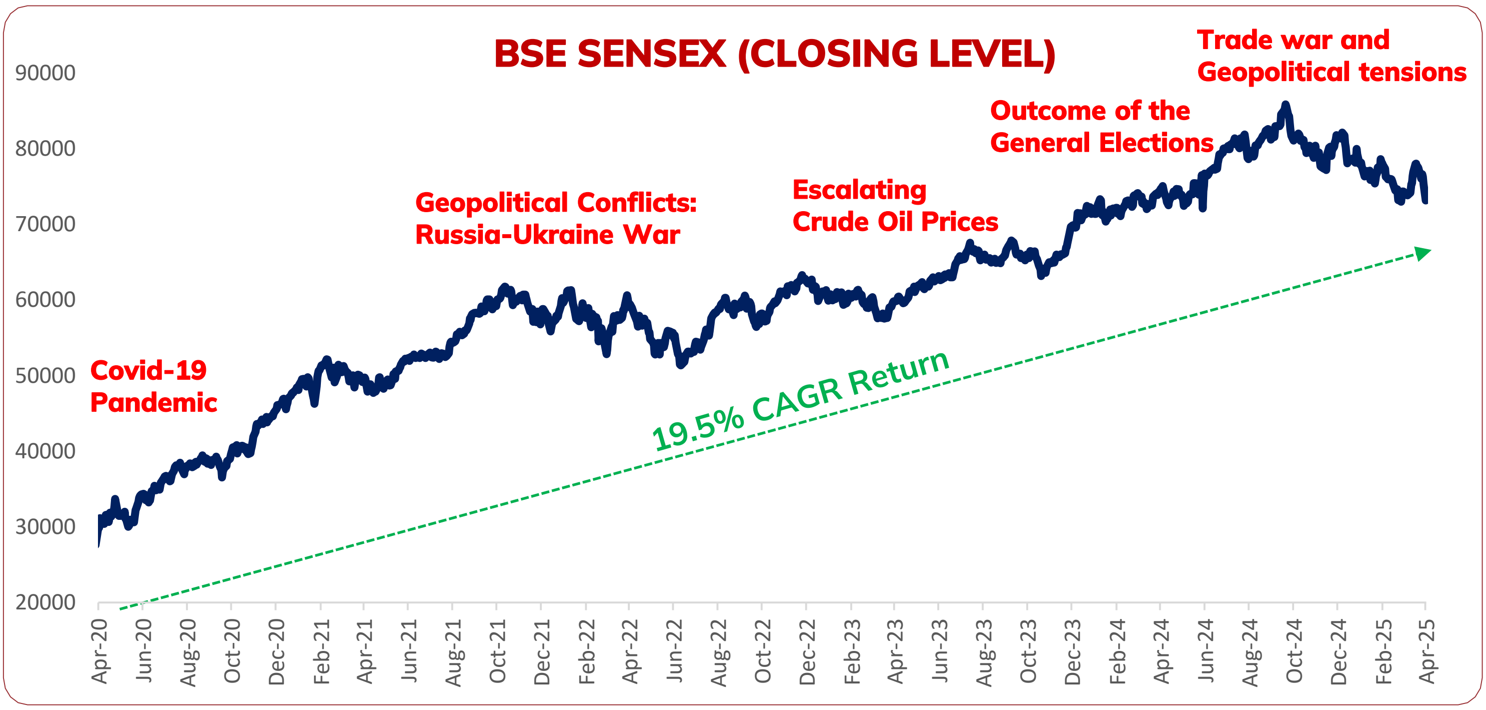
Source: NSE. Data as on April 07, 2025. The India VIX (India Volatility Index) is a measure of market volatility derived by the National Stock Exchange (NSE).

The Truth

Whether you pluck the petals of a rose, toss a coin or gaze into a crystal ball, the fact remains – No one can predict the markets with certainty!

Equity markets are inherently volatile – During the last 5 years, the markets grappled with the Covid-19 pandemic; when economies began to recover from the black swan event, geopolitical conflicts such as the Russia-Ukraine war added layers of uncertainties; global supply chain disruptions posed several challenges. The 2024 General Election outcome came as a surprise. Subdued corporate earnings, flaring geopolitical tensions and the recent trade war scenario have further dampened investor sentiment.

Most market participants would have expected the markets to deliver muted returns amidst several setbacks. However, despite the chaos, the markets (BSE Sensex) delivered 19.5% CAGR returns in the past 5 years, rewarding those who remained invested for the long term.



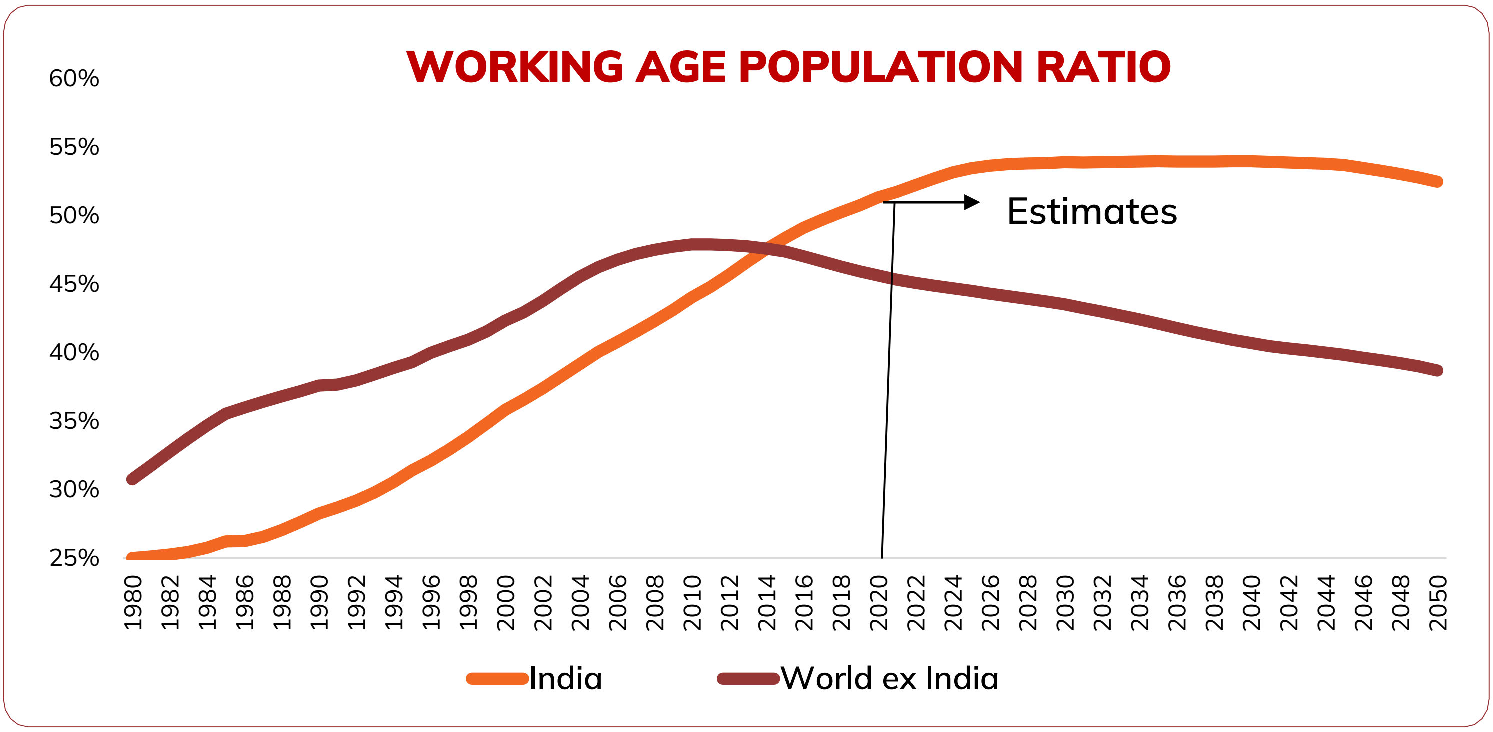
Source: BSE Sensex. Data as on April 07, 2025. Past performance may or may not sustain in future. CAGR: Compound Annual Growth Rate. CAGR returns calculated from April 07, 2020 to April 07, 2025.

ICICI PRUDENTIAL MUTUAL FUND

Do Not Worry – Believe in India's Long-Term Structural Story

India has a relatively young population mix with a median age of 28.4 years, providing a competitive workforce advantage. India's strong demographic dividend is poised to facilitate innovation and boost manufacturing activities, driving economic growth.

Young Population → Contribute → Innovative Strategies → Boosts → Manufacturing Activities = Drives Growth

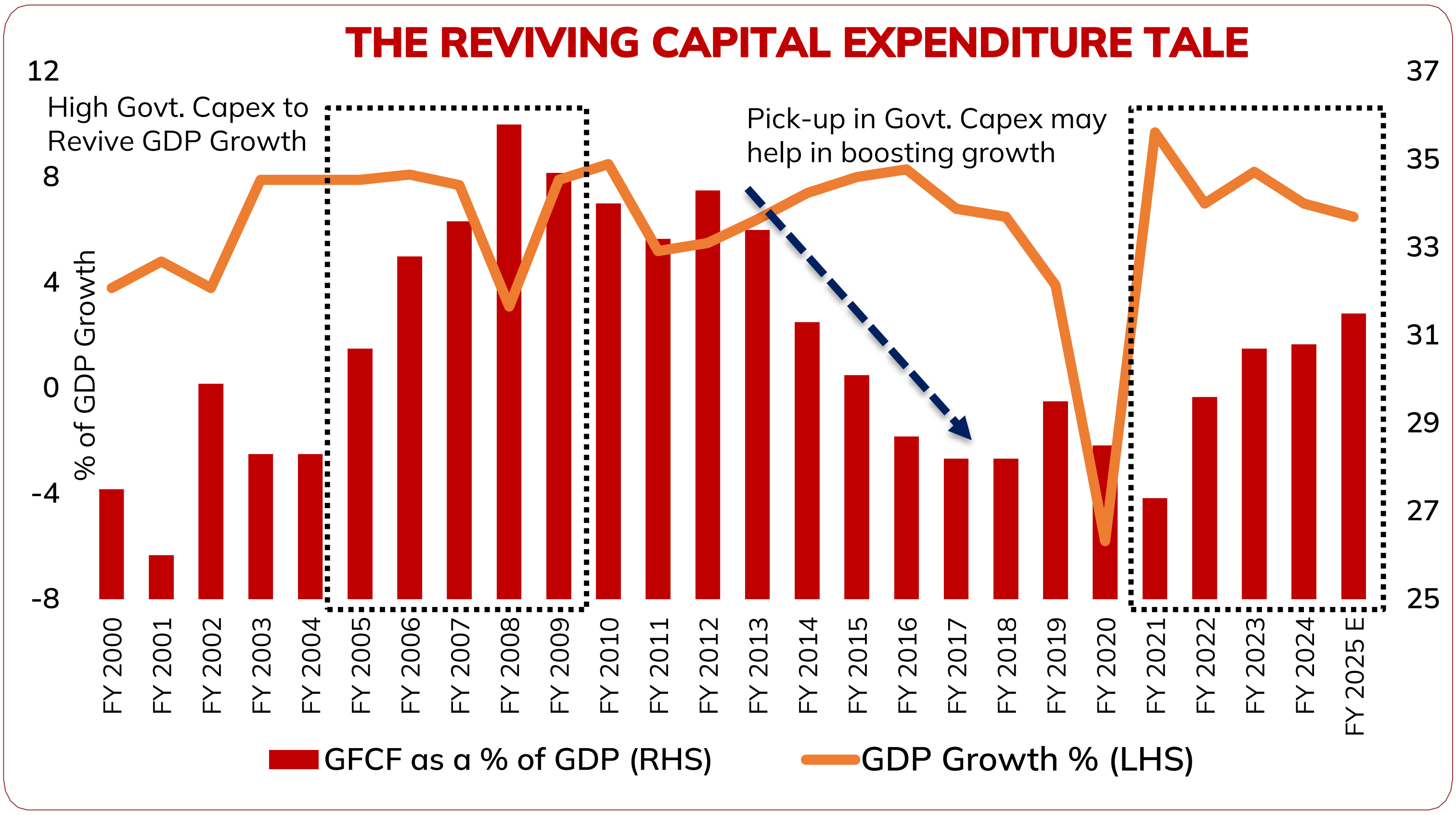


Data Source: Morgan Stanley Research

Do Not Worry – Believe in India's Long-Term Structural Story

As you walk down streets, you may have often seen construction ongoing for development of new metro lines and highways. Indeed, travelling is bound to become more convenient once these infrastructure projects are complete.

After a decade of decline in capital formation from 2011 to 2021, Government capital expenditure has picked up steam – better infrastructure, enhanced public services and a resultant increase in employment opportunities provides an impetus for economic growth.



Data Source: Jefferies Research and IMF. GFCF: Gross Fixed Capital Formation, GDP: Gross Domestic Product, FY: Financial Year, Capex: Capital Expenditure, Govt.: Government, E: Estimates, RHS: Right Hand Side, LHS: Left Hand Side

Do Not Worry – Believe in India's Long-Term Structural Story

Gone are the days when our homes were equipped only with an electric bulb, a television and gas stove. Today, our living spaces includes a wide array of modern appliances such as refrigerators, microwaves, electric stoves and more.

An increase in the purchasing power and aspiration for premium products would further bolster domestic demand dynamics.

	Premium Products Growth		Normal Products Growth	
	Sub category	10 Yr CAGR (%)	Sub category	10 Yr CAGR (%)
Cleansing	Body Wash / Liquid Soaps	15.8	Bar Soap	8.1
Haircare	Premium Hair care	14.7	Mass Hair Care	7.1
Tea	Green Tea	26.3	Normal Tea	9.4
Deodorant	Premium Deodorant	18.9	Mass Deodorant	12
Beverages	Nutrition Drink	7.1	Non alcoholic beverages	9.2
Homecare	Air care	10.1	Dishwashing	9.9
Footwear	Sports Footwear	16.1	Normal Footwear	9.2




The Indian market is currently underpenetrated, presenting vast opportunities for expansion.

Products	India	China	USA
Auto	4%	15%	81%
Outbound Trips	6%	9%	42%
Air Conditioners	8%	60%	90%
Refrigerators	18%	94%	100%
Smartphone Users	37%	54%	83%
Internet Users	58%	60%	95%

Source: Avendus Spark and CLSA Research. Data for white goods consumption is for Calendar Year 2021. Data for Premium & Normal Products is as on March 2024. Yr: Year. Past performance may or may not sustain in future.

So, What is the Way Out?

One thing is evident – India's long-term structural story remains intact. However, we can't disregard volatility in the global landscape owing to various factors, such as geopolitical conflicts and a trade war scenario.

So, what is the effective way to navigate market volatility?

a) Consider to start Systematic Transfer Plans (STP) into Diversified Equity Schemes.

a) Consider investing a good amount in asset allocation schemes.

b) Consider schemes with a flexible mandate – the flexibility to invest across various sectors/themes and market capitalizations.

Scheme Recommendations for Systematic Transfer Plans (STP) into Diversified Equity Schemes

ICICI Prudential Business Cycle Fund

Aims to navigate business cycles with the flexibility to invest across sector/themes and market caps

ICICI Prudential Flexicap Fund

Invests across a diversified basket of large, mid and small cap stocks

ICICI Prudential Thematic Advantage Fund (FOF)

Aims to invest in emerging opportunities across various sectors & themes

ICICI Prudential India Opportunities Fund

Aims to generate long-term capital appreciation by investing in opportunities presented by special situations

ICICI Prudential Equity Minimum Variance Fund

Aims for lower volatility than the benchmark (Nifty 50 TRI) by investing in Equity and Equity related instruments through a diversified basket

ICICI Prudential Large & Mid Cap Fund

Aims to invest in large-cap stocks and in mid-cap stocks

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.

Scheme Recommendations for Our Asset Allocation/Hybrid/Fund of Funds schemes that can invest in various asset classes

Scheme	Asset Class				Taxation
	Net Equity Range	Equity	Debt	Gold	
ICICI Prudential Equity & Debt Fund	65-80%	✓	✓		Equity
ICICI Prudential Multi-Asset Fund	10-80%	✓	✓	✓	Equity
ICICI Prudential Balanced Advantage Fund	30-80%	✓	✓		Equity
ICICI Prudential Equity Savings Fund	15-50%	✓	✓		Equity
ICICI Prudential Asset Allocator Fund (FOF)^	0-100%*	✓	✓	✓	12.5% Taxation with 24 months holding period

Data as on March 31, 2025. The net equity exposure is calculated net of stock futures and options (Notional Exposure of Index Put Options only). 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. ^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. *Please note that total Non Debt Allocation of the scheme will be 35-100%. Non Debt allocation includes Equity & Gold. Consult your tax advisor for further details on taxation and applicability based on your tax structure and regime. FOFs: Fund of Funds.

Key Takeaways

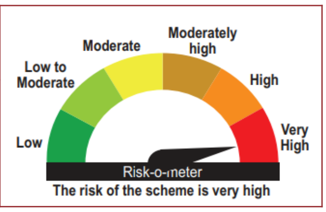
- Volatility is a part and parcel of the equity market.
- When investing in Equities, it is important to have a long-term horizon.
- The long-term structural story of India is intact with strengthening manufacturing capabilities, a strong demographic dividend, initiatives by the government to enhance infrastructure, aspiration for premium products that would further bolster domestic demand dynamics.
- Equity market valuations have become reasonable but are not cheap at these levels. Hence, we recommend to consider:

a) Systematic Transfer Plans (STP) into Diversified Equity Schemes
b) Lumpsum in Asset Allocation/Hybrid/Fund of Funds schemes that can invest in various asset classes

Riskometers

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

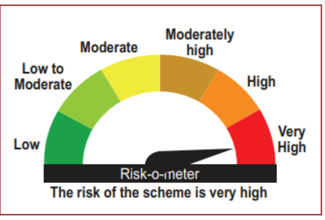
- Long term wealth creation
- An equity scheme that invests in Indian markets with focus on riding business cycles through dynamic allocation between various sectors and stocks at different stages of business cycles



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

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



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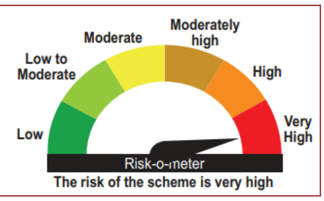
ICICI Prudential Multi-Asset Fund (An open ended scheme investing in Equity, Debt and Exchange Traded Commodity Derivatives/units of Gold ETFs/units of Silver ETFs/units of REITs & InvITs/Preference shares) is suitable for investors who are seeking*:

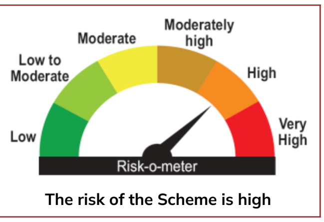
- Long Term Wealth Creation
- An open ended scheme investing across asset classes



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

ICICI Prudential Asset Allocator Fund (FOF) (An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETFs/schemes) is suitable for investors who are seeking*:

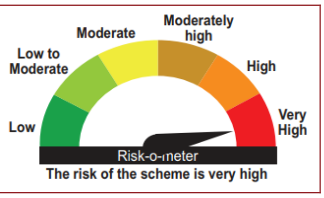
- Long term wealth creation
- An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETF/schemes.



*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 this Scheme in addition to the expenses of the underlying Schemes in which this Scheme makes investment.

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

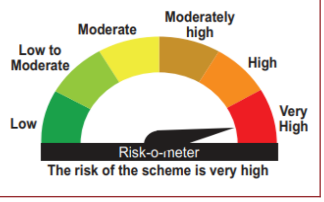
- Long term wealth creation
- An equity scheme that invests in stocks based on special situations theme



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

ICICI Prudential 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

Please note that the Risk-o-meter(s) specified above will be evaluated and updated on a monthly basis. The above riskometers are as on March 31, 2025. Please refer to https://www.icicipruamc.com/news-and-updates/all-news for more details.

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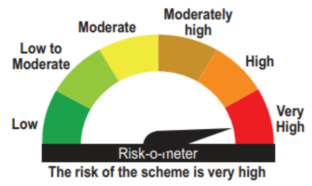
Riskometers

ICICI Prudential Thematic Advantage Fund (FOF) (An open ended fund of funds scheme investing predominantly in Sectoral/Thematic schemes) is suitable for investors who are seeking*:

- Long term wealth creation
- An open ended fund of funds scheme investing predominantly in Sectoral/Thematic equity oriented schemes.



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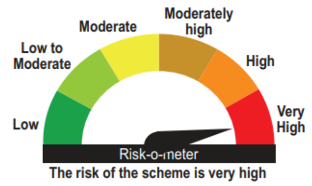
ICICI Prudential Balanced Advantage Fund (An open ended dynamic asset allocation fund) is suitable for investors who are seeking*:

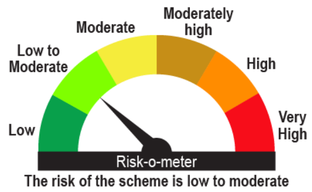
- Long term capital appreciation/income
- Investing in equity and equity related securities and debt instruments



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

ICICI Prudential Equity Savings Fund (An open ended scheme investing in equity, arbitrage and debt) is suitable for investors who are seeking*:

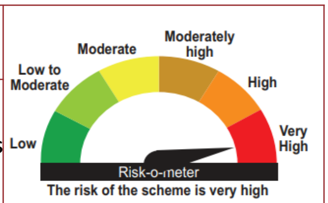
- Long term wealth creation
- An open ended scheme that seeks to generate regular income through investments in fixed income securities, arbitrage and other derivative strategies and aim for long term capital appreciation by investing in equity and equity related instruments.



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

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

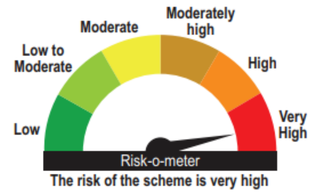
- Long term wealth creation
- To generate long term capital appreciation by investing in Equity & Equity related instruments through a diversified basket with an aim to minimize the portfolio volatility.



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

ICICI Prudential Large & Mid Cap Fund (An open ended equity scheme investing in both large cap and mid cap stocks) is suitable for investors who are seeking*:

- Long term wealth creation
- An open ended equity scheme investing in both large cap and mid cap stocks



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Disclaimer

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

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