ICICI PRUDENTIAL MUTUAL FUND

UNFOLDING THE VALUATION TALE

Imagine you decide to invest in a hotel business, you always aspired to pursue.

As you evaluate options, two splendid properties – **Hotel Royal** and **Hotel Elegant,** nestled in prime locations, draw your attention.

INITIALLY, YOU EVALUATE THE PRICE OF THE HOTELS

Hotel Royal

Hotel Elegant

Your obvious choice would be **Hotel Royal, priced at ₹10 crore,** the relatively lower priced proposition.

FURTHER, YOU GAUGE THE EARNINGS OF THE HOTELS

Hotel Royal

Earnings: **₹2 CRORE**

Hotel Elegant

Earnings: **₹5 CRORE**

At this stage, you are in two minds – While the price of Hotel Royal is lower, the earnings potential of Hotel Elegant is greater. So, which option is viable?

This is only for illustration purpose.

FOR A CLEAR PICTURE OF THE TRUE WORTH, YOU EVALUATE THE VALUATIONS

Hotel Royal	Hotel Elegant
Price: ₹10 CRORE	Price: ₹15 CRORE
Earnings: ₹2 CRORE	Earnings: ₹5 CRORE

VALUATION

Hotel Royal	Hotel Elegant
= Current Price/Earnings	= Current Price/Earnings
= ₹10 crore/₹2 crore	= ₹15 crore/₹5 crore
= **5 times**	= **3 times**

It is evident that the **valuation of Hotel Elegant is cheaper** than that of Hotel Royal though the initial price looked expensive. This is because the return on capital employed is better for Hotel Elegant.

With the above computation, we arrived at the **Price-to-Earnings Ratio,** one of the indicators used for assessing the valuations of a company.

WHAT IS THE PRICE-TO-EARNINGS (P/E) RATIO?

Price-to-Earnings Multiple is the ratio of a stock's market price per share to its earnings per share.

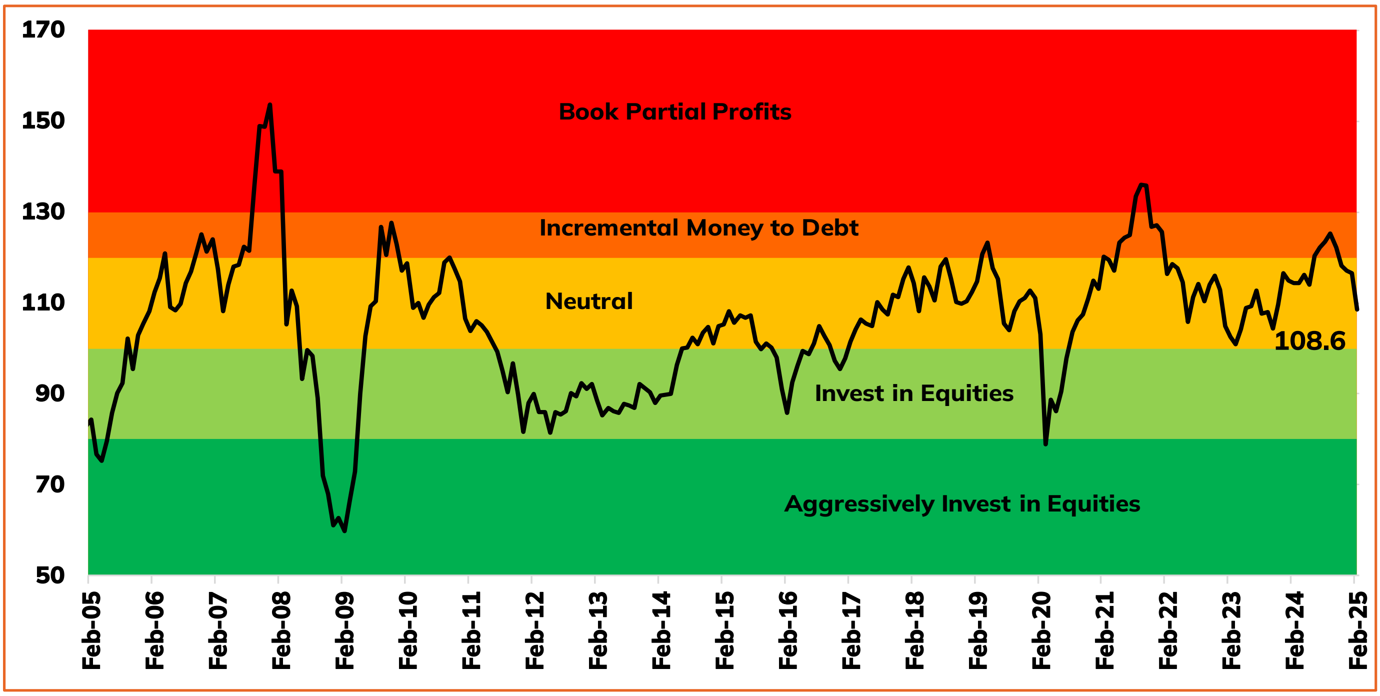
This ratio is used to gauge the relative value of an index or stock.

It can provide an indication of whether a stock is expensive or cheap at its current market price.

Similar to the Price-to-Earnings ratio, there are various other valuations measures, such as the Price-to-Book (P/B) ratio, that could be used to gauge the valuation of an index and stock.

ICICI PRUDENTIAL EQUITY VALUATION INDEX (EVI)

Equity Valuation Index (EVI) is a proprietary model of **ICICI Prudential AMC Ltd.** used for assessing overall equity market valuations. Our in-house Equity Valuation Index is calculated by assigning equal weights to Price-to-Earnings (P/E), Price-to-Book (P/B), G-Sec*P/E, Market Cap to GDP ratio and other factors.



Data as on February 28, 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.

Markets have cooled off and EVI has also started to trend down, while continuing to remain in the neutral zone.

Market volatility cannot be tamed

The above graphics is only for illustration purpose. Map not to scale. This map has been used for design and representational purpose only, it does not depict the geographical boundaries of the country. These do not conform to the external boundaries of India recognized by the Survey of India.

ICICI PRUDENTIAL MUTUAL FUND

WHAT IS THE SOLUTION?

> When you can't change the direction of the wind – adjust your sails.
>
> -H. Jackson Brown Jr.

Investing in schemes that have the flexibility to invest across asset classes, sectors and market caps could help navigate market volatility.

OUR KEY RECOMMENDATIONS

Market cap and Sector/Theme Flexibility

- ICICI Prudential Business Cycle Fund
- ICICI Prudential Flexicap Fund
- ICICI Prudential India Opportunities Fund
- ICICI Prudential Thematic Advantage Fund (FOF)

Asset Class Flexibility

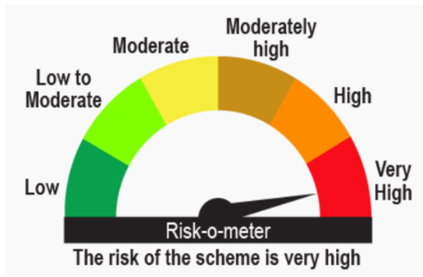
- ICICI Prudential Equity & Debt Fund
- ICICI Prudential Multi-Asset Fund
- ICICI Prudential Balanced Advantage Fund
- ICICI Prudential Asset Allocator Fund (FOF)

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

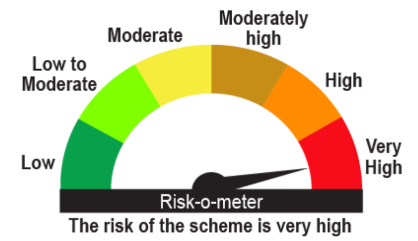
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



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 & small cap stocks

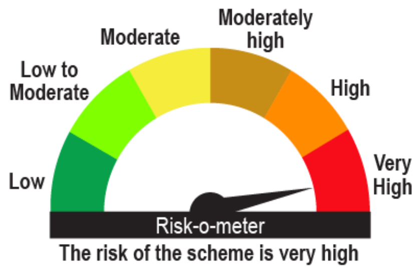
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



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

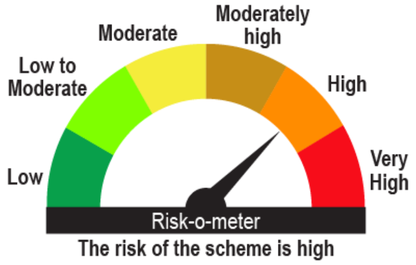
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



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

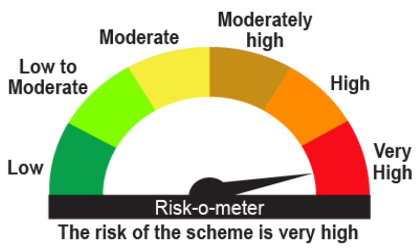
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



ICICI Prudential 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.



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 January 31, 2025. Please refer to https://www.icicipruamc.com/news-and-updates/all-news for more details.

RISKOMETERS

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*:

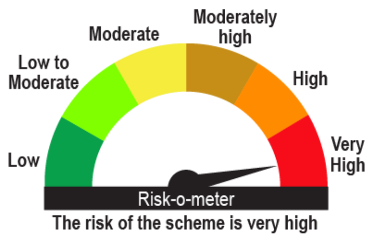
- Long term wealth creation
- An open ended fund of funds scheme investing in equity oriented schemes, debt oriented schemes and gold ETF/schemes

*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

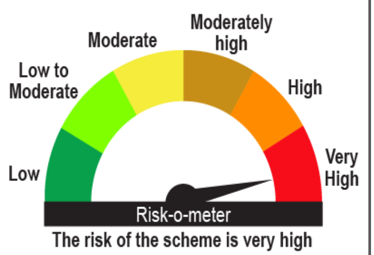
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



ICICI Prudential 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

*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.



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DISCLAIMER

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

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