ICICI PRUDENTIAL MUTUAL FUND

THE YEAR GONE BY

An insightful roundup of relevant stories in the recent month backed by interesting data points

The **'Rumble in the Jungle,'** a legendary heavyweight boxing match in 1974, was one of the most-watched events in the sports arena. In a stunning display of resilience, the underdog emerged victorious by knocking out his opponent in the eighth round, reclaiming the world heavyweight boxing title.

This victory was memorable due to the use of the 'rope-a-dope' technique, where the boxer leaned against the ropes, inviting his opponent to unleash punches that were largely ineffective. The dynamics shifted when the attacker became exhausted, providing his opponent the opportunity to strike back with force.

In 2025, the Indian equity market suffered severe blows from geopolitical risks, U.S. trade tariffs and outflows from foreign portfolio investors. However, the tide has turned – market valuation froth has cooled off, corporate earnings gained traction and the government implemented measures to support domestic demand. After leaning against the rope, the Indian economy is poised to make a comeback with renewed strength.

While we ponder about the course ahead, it is important to connect the dots with key market events of 2025.

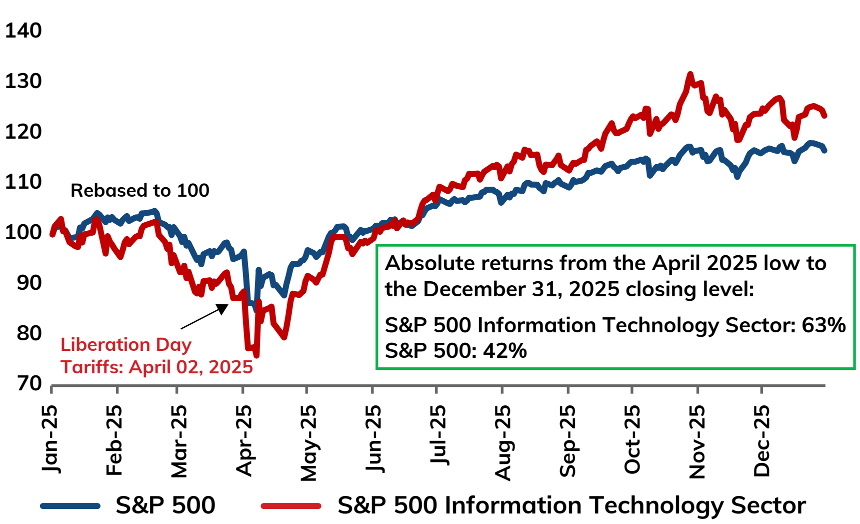
S&P 500 climbs the 'Wall of Worry', reaching all-time highs

When S&P 500 stepped into 2025, it was compelled to swallow a bitter pill of trade tariffs levied by the U.S. and mounting national debt. **Caught off guard, the index plummeted around 21% from the February 2025 high of 6147 to a low of 4835 on April 07, 2025.** However, S&P 500 not only staged a comeback in May 2025 but also reached new highs during the year:

U.S. Tech giants flexed their muscles with strong corporate earnings growth, embarking on a massive Artificial Intelligence (AI) infrastructure buildout.

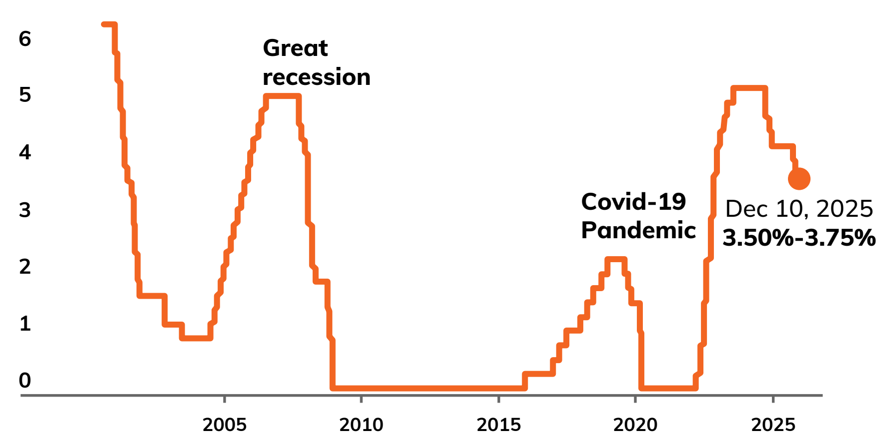
The U.S. Federal Reserve implemented three interest rate cuts during the year to stimulate economic activity and support a dwindling labour market.

S&P 500 INDEX AND S&P 500 INFORMATION TECHNOLOGY SECTOR INDEX



Source: Reuters, Data as on December 31, 2025. Past performance may or may not sustain in future. The above are closing prices.

MIDPOINT OF THE FEDERAL FUNDS TARGET RANGE (%)



Source: Reuters, Federal Reserve. Data as on December 10, 2025. The chart reflects the midpoint of the Federal Reserve's target range. U.S.: United States.

Trade tensions eased when the U.S. entered a temporary trade deal with China in October 2025, which included rare earth exports, cooperation on fentanyl and boosting agricultural trade.

The U.S. Federal Reserve strives for maximum employment and an inflation rate of 2%

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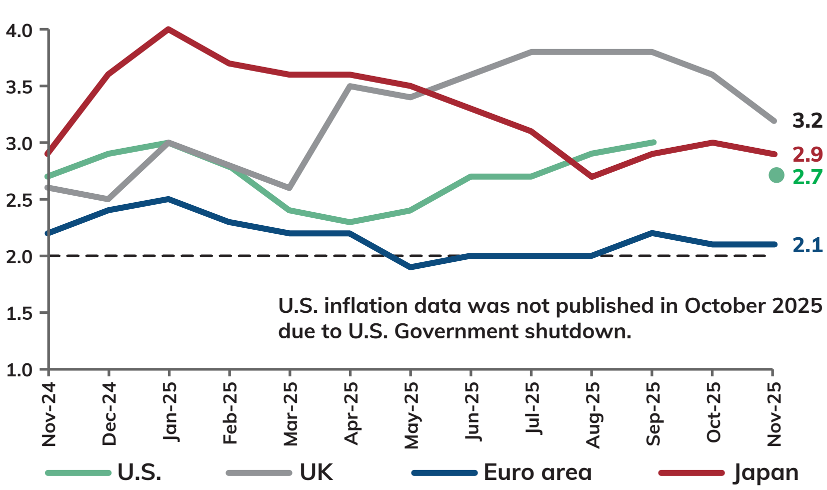
In response to a sluggish labour market that rattled consumers, **the U.S. Federal Reserve lowered the benchmark interest rate by 25 bps to 3.50%-3.75% in December 2025,** delivering its third rate cut of the year.

Unemployment rate edged up: Labour force growth slowed considerably during the year, owing to a tighter immigration policy. In November 2025, the U.S. unemployment rate rose to 4.6%, its highest level since September 2021. While employment rose in health care and construction, federal government continued to lose jobs.

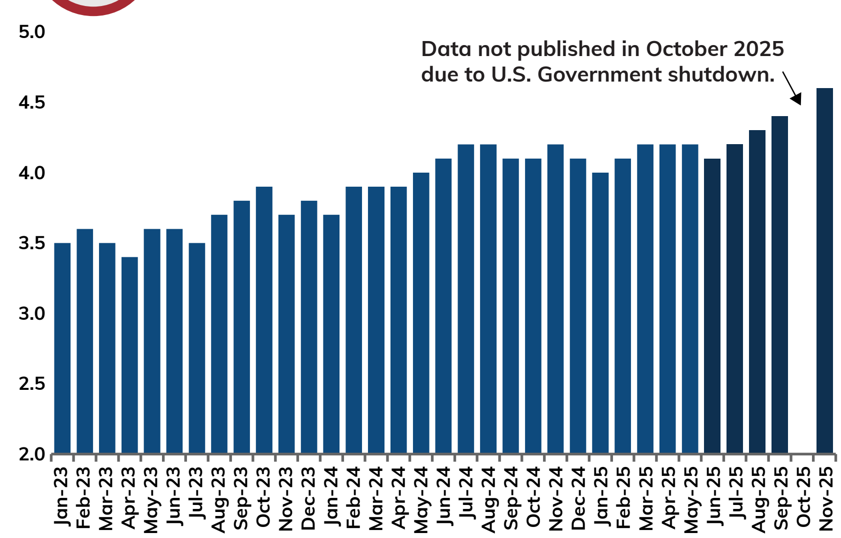
Inflationary pressures: Higher trade tariffs pushed the prices of certain categories of goods upwards. In November 2025, the U.S. Consumer Price Index increased 2.7% on an annual basis, which is still above the target of 2%.

HEADLINE INFLATION OF SELECT ADVANCED ECONOMIES (%)



Source: Reserve Bank of India (RBI) Bulletin, December 2025. U.S.: United States. UK: United Kingdom. Bps: Basis points.

U.S. UNEMPLOYMENT RATE (%)



Source: U.S. Bureau of Labor Statistics.

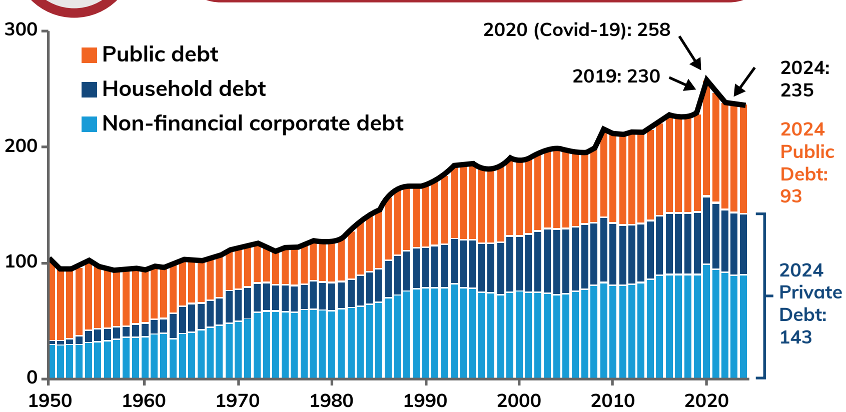
Strategic decision to manage market liquidity: In December 2025, the U.S. Federal Reserve decided to start buying short-dated government bonds to manage market liquidity levels. The initial round is expected to total around $40 billion in Treasury bills per month.

Economic projections: The unemployment rate is expected to average 4.4% by the end of 2026. While the real Gross Domestic Product (GDP) growth forecast for 2026 was revised upward to 2.3%, the personal consumption expenditure inflation forecast was reduced to 2.4% (Source: U.S. Federal Reserve Board).

Rising fiscal pressures collid with global economic uncertainties

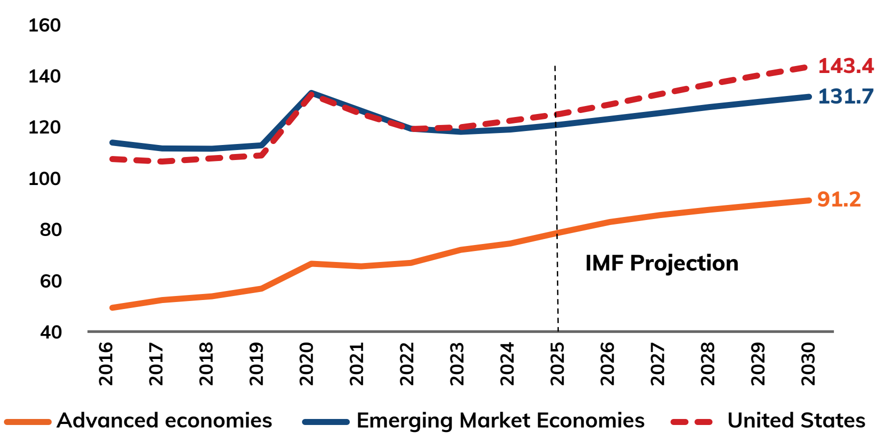
Policymakers have to navigate a complex trade-off between flaring geopolitical risks, an uncertain global trade environment and rising debt servicing costs. **The IMF anticipates global public debt to rise above 100% of the GDP by 2029, marking the highest level since 1948. In May 2025, Moody's Ratings downgraded the long-term issuer ratings of the U.S. to 'Aa1' from 'Aaa'** due to a mounting debt pile.

GLOBAL DEBT (% OF GLOBAL GDP)



Source: International Monetary Fund (IMF). Report as on September 2025. The rounded estimated ratios of global debt to GDP are weighted by each country's GDP in U.S. Dollars. GDP: Gross Domestic Product. U.S.: United States.

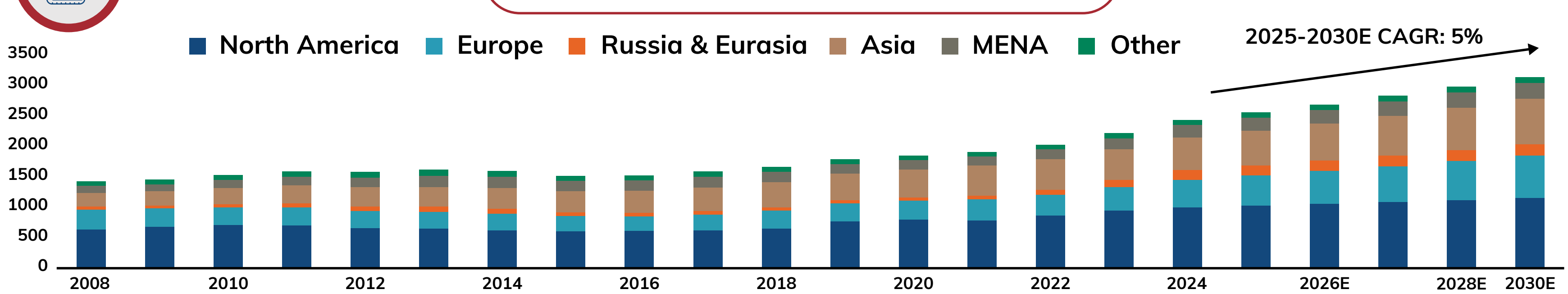
GENERAL GOVERNMENT GROSS DEBT (% OF GDP)



Source: International Monetary Fund (IMF) report as on October 2025. GDP: Gross Domestic Product. U.S.: United States.

Rising geopolitical vulnerabilities and increasing security threats led to a surge in defence spending, posing a fiscal dilemma for countries already saddled with high levels of debt.

WORLD DEFENSE SPENDING ($, BILLION)



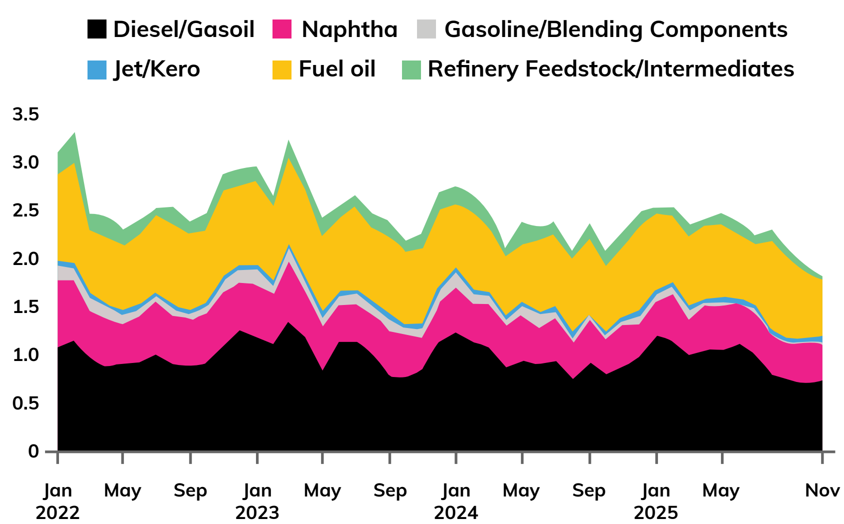
Source: J.P.Morgan Corporate and Investment Bank. Data as of December 15, 2025. MENA: Middle East and North Africa. E: Estimate. CAGR: Compound Annual Growth Rate. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

Oil market in a state of flux

In January 2025, Brent crude oil prices shot up to $82/barrel, fueled by global supply chain disruptions. The U.S. imposed sanctions on Russia's oil industry and restored the 'maximum pressure' campaign on Iran to cut off its crude oil exports. **Currently, geopolitical tensions between the U.S. and Venezuela have also flared.**

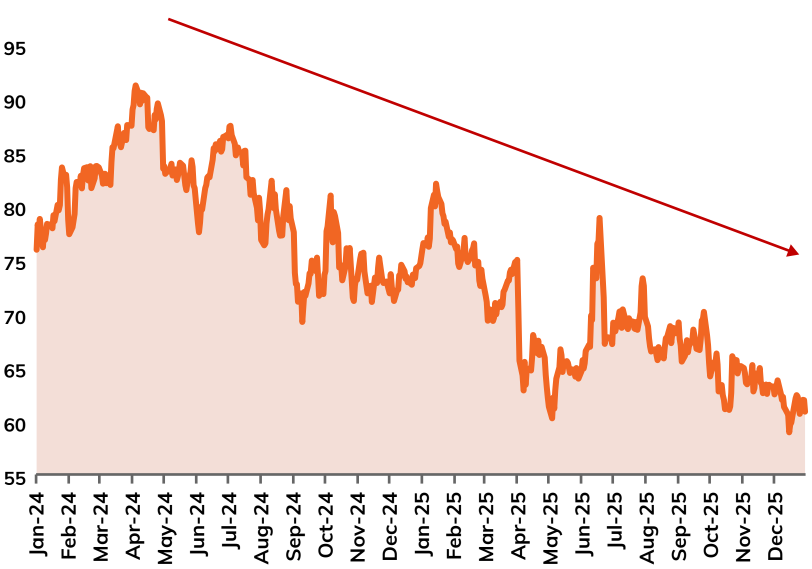
In November 2025, Russia's fuel shipments sank to its lowest since the war began in 2022, impeded by drone strikes and sanction pressures. Amid the geopolitical turmoil, **Indian and Chinese refiners were compelled to diversify across other regions,** such as the U.S., Middle East and Africa.

RUSSIA'S FUEL SLUMP (MILLION BARRELS/DAY)



Source: Vortexa Data, Bloomberg. Seaborne exports of Russia's main oil products volumes as on November 15, 2025.

BRENT CRUDE OIL PRICE ($/BARREL)



Source: Reuters. Data as on December 31, 2025. OPEC: Organization of the Petroleum Exporting Countries. U.S.: United States.

Despite geopolitical risks, oil prices dropped to $60/barrel on December 31, 2025, correcting nearly 26% from the January 2025 peak. The decline was driven by rising production, especially from the OPEC cartel, combined with sluggish consumption, which raised concerns of a growing global oil glut.

Gold – The Knight in a shining armour amid global economic uncertainties

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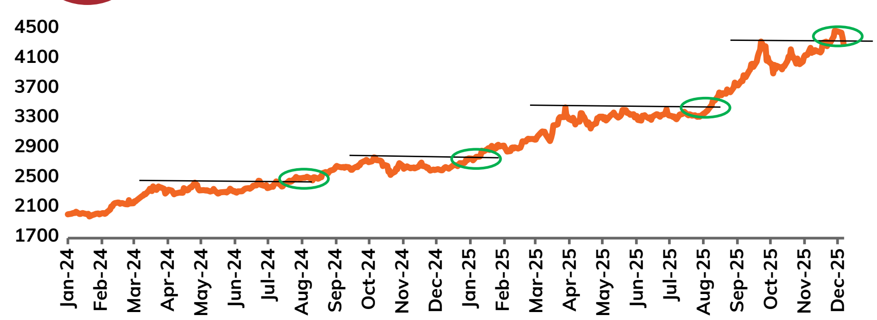
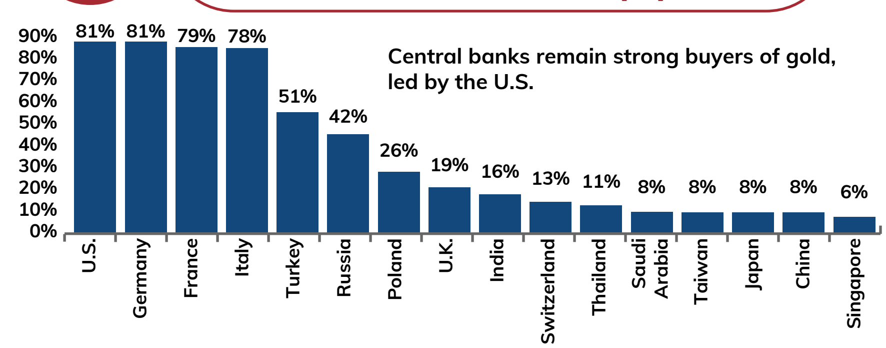
Investors had every reason to feel unnerved – The global environment was fraught with geopolitical turmoil, trade tariffs threatened to push prices higher and the U.S. labour market softened. **On December 31, 2025, Gold prices surged to $4308/ounce,** climbing around 65% from $2610/ounce on December 31, 2024 (LBMA Price). Gold played a multifaceted role like the protagonist of a blockbuster movie, serving as a **strategic reserve for central banks, a relatively stable asset for investment and a component in jewellery manufacturing.**

GOLD PRICES (LBMA, $/OUNCE)



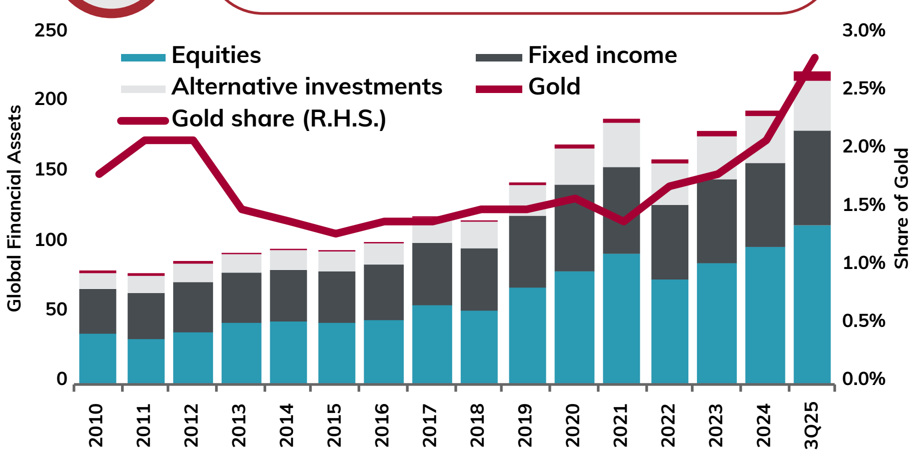
Source: LBMA: London Bullion Market Association. Data as on December 31, 2025. U.S.: United States. The gold price in India was around ₹133461/10 gms on December 31, 2025.

GOLD AS A PERCENTAGE OF TOTAL RESERVE HOLDINGS ACROSS SELECT CENTRAL BANKS (%)



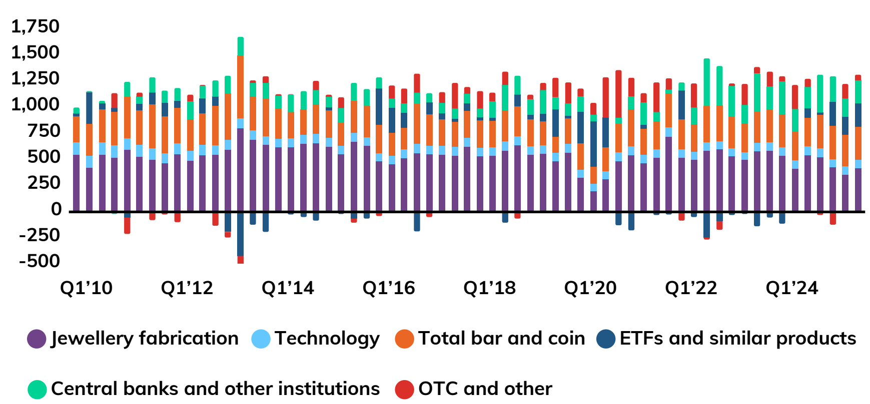
Source: World Gold Council, International Monetary Fund, J.P Morgan Commodities Research. Report as on December 16, 2025. U.S.: United States. UK: United Kingdom.

GLOBAL FINANCIAL ASSETS ($, TRILLION) AND SHARE OF GOLD (%)



Source: World Gold Council, Metals Focus, CFTC, MSCI, IMF, J.P Morgan. Q: Quarter. Share of Gold includes bar and coin holdings. R.H.S.: Right-hand side.

TOTAL GLOBAL QUARTERLY GOLD DEMAND BY SECTOR (TONNES)



Sources: ICE Benchmark Administration, Metals Focus, World Gold Council. Data as on September 30, 2025. ETFs: Exchange Traded Funds. OTC: Over-the-counter. Q: Quarter.

Silver prices surpassed crude oil prices for the first time since early 1980s

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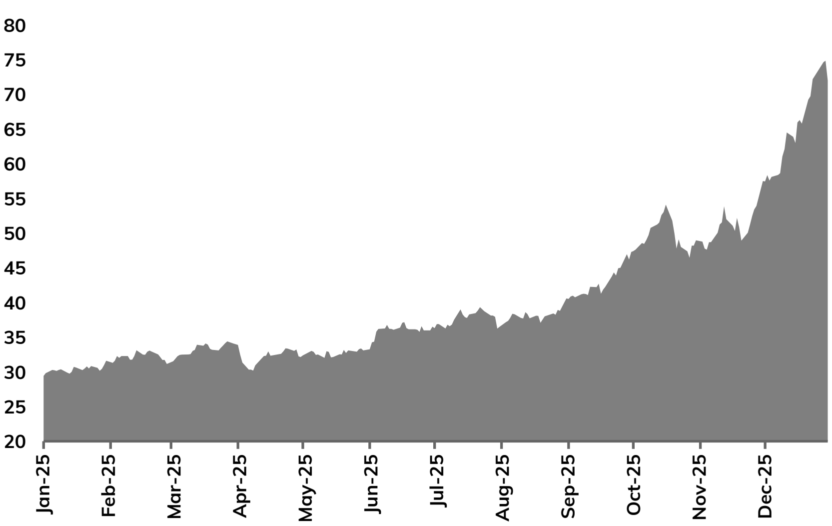
Silver, nicknamed the 'Devil's metal' because of its price volatility, climbed to a high of $75/ounce on December 30, 2025 from $29/ounce on December 31, 2024, marking an absolute return of 159% (LBMA price), owing to a perfect storm of supply constraints and growing demand.

- **Supply constrains:** Silver mine production has been decreasing, particularly in Central and South America, due to mine closures, declining ore grades and operational challenges.
- **Increasing demand:** The industrial demand for silver surged for applications in solar panels, electric vehicles and electronics manufacturing.

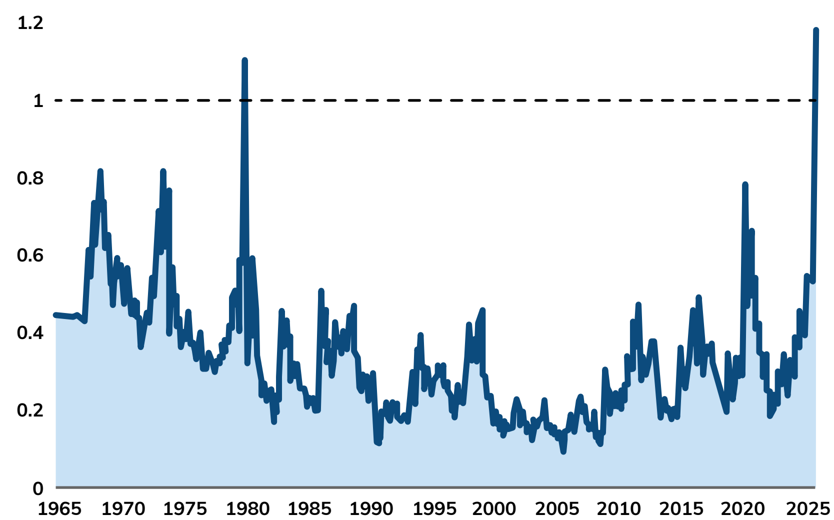
While silver prices surged, oil prices struggled to hold ground due to oversupply and soft demand from major consumers like China and Europe. **The silver-to-oil ratio has now inverted with silver priced higher than a barrel of crude oil, marking a historic inversion in commodity markets.**

SILVER PRICES (LBMA, $/OUNCE)



Source: LBMA: London Bullion Market Association. Data as on December 31, 2025. U.S.: United States.

SILVER-TO-OIL RATIO



Source: Bloomberg. Data as on December 2025. The above ratio indicates how many barrels of oil can be bought with one ounce of silver.

Platinum prices also tested new highs during the year, trading around $2027/ounce on December 31, 2025 as industrial demand increased for usage in green hydrogen technologies and electronics.

The U.S. set loose a tsunami of tariffs – be it friend or foe, no country was spared

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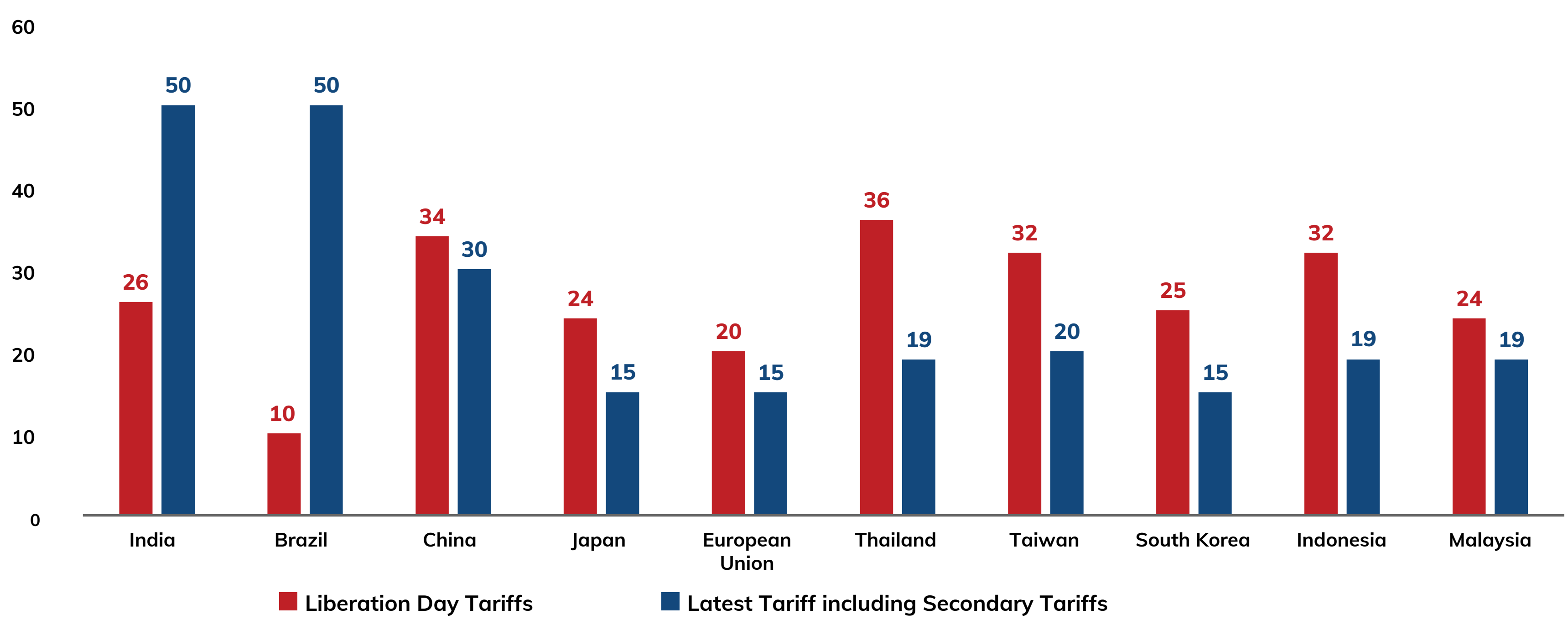
On April 02, 2025, the U.S. president levied 'Liberation Day' tariffs on trading partners, sending the stock market tumbling. These included a **baseline 10% tariff on most imports** and additional country-specific tariffs based on trade imbalances. In subsequent months, the threats encompassed a range of products like **steel, aluminium, automobile, specific pharmaceuticals and copper.**

Why were tariffs imposed? Firstly, **the U.S. targeted its trade balance with other countries.** Secondly, **the U.S. president believed that imposing tariffs would boost domestic manufacturing.** However, high tariffs would squeeze the profit margins of businesses and **drive inflation upwards.**

TARIFFS IMPOSED ON SELECT COUNTRIES (%)



Source: CRISIL Research. U.S.: United States. Data as on December 30, 2025.

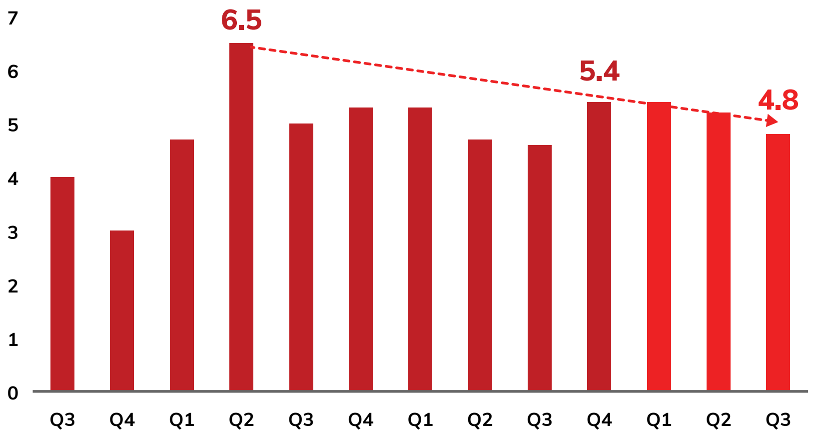
Trade tensions eased during the second half of the year when the U.S. finalized trade deals with countries like Indonesia, Vietnam, the Philippines, South Korea, the United Kingdom, the European Union, Japan and entered a temporary trade truce with China.

Why is China's recovery foundation fragile?

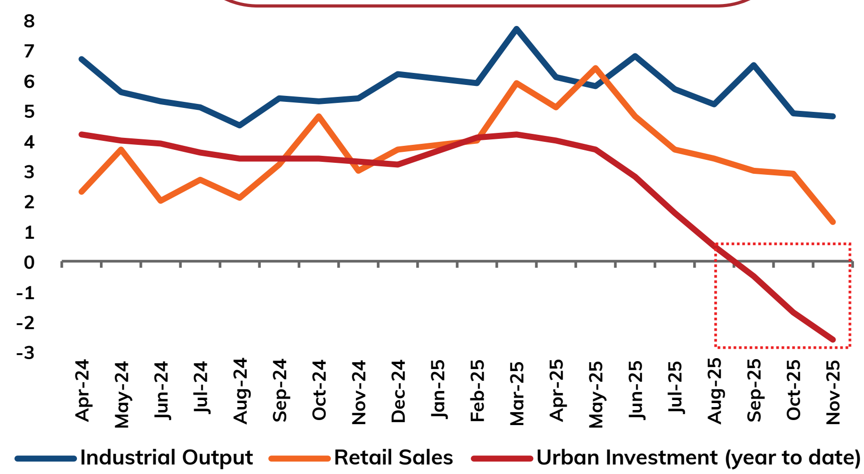
When the 'Liberation Day' tariffs were unveiled on April 02, 2025, China swiftly engaged in a tit-for-tat tariff war with the U.S. by using its rare earths supply chain as a strong weapon. However, following a trade truce in October 2025, **China agreed to roll back export controls on rare earth elements for a year and open its market to specific agricultural exports.**

China's economic slowdown deepened as domestic demand wobbled, the property sector was on a shaky footing and deflationary pressures persisted. **China's fixed-asset investment contracted 2.6% year-on-year from January to November 2025, reflecting business uncertainties.**

CHINA'S GROSS DOMESTIC PRODUCT GROWTH (YEAR-ON-YEAR, %)



CHINA'S INDUSTRIAL OUTPUT, RETAIL SALES AND URBAN INVESTMENT (YEAR-ON-YEAR, %)



Source: National Bureau of Statistics. Q: Quarter. U.S.: United States.

Low inflation relative to trading partners led to real exchange rate depreciation, contributing to strong exports. **In November 2025, exports rose 5.9% year-on-year, outpacing a 1.9% gain in imports. Consequently, China's annual trade surplus roared above $1 trillion for the first time.**

During the year, China's government provided policy support, including infrastructure spending, consumer subsidies and local financial packages aimed to bolster consumption. **According to the 15th Five-year Plan, China seeks to further boost domestic consumption, prioritize technological self-reliance and strengthen social services to support broad-based economic development.**

The banter between Equity market bulls and bears

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Throughout 2025, the journey of the Indian equity market resembled an action-packed movie, filled with high-voltage drama and unexpected twists that kept investors at the edge of their seats:

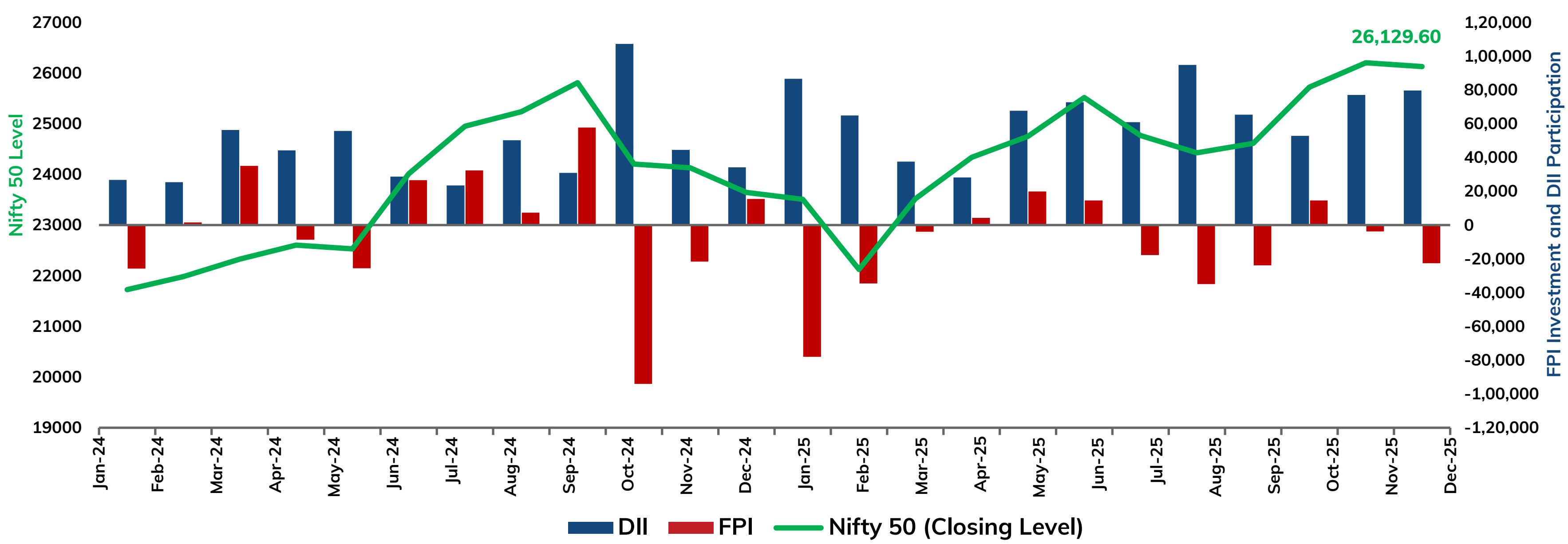
Unexpected twists: Concerns loomed around a steep 50% tariff imposed by the U.S. on several Indian goods. Further, geopolitical turmoil in the Middle East heightened fears of supply chain disruptions.

High-stakes drama: The Indian Rupee plummeted to a low of 91 against the U.S. Dollar amid uncertainties around the U.S.-India trade deal and Foreign Portfolio Investors offloading Indian equities.

Turning point: The government and the RBI introduced income tax changes, rationalization of the Goods and Services Tax (GST) rates and key interest rate cuts to boost domestic demand.

Climatic moments: India's real GDP growth hit a six-quarter high in Q2FY26, corporate earnings picked up and S&P Global Ratings upgraded India's long-term sovereign credit rating to 'BBB'.

MONTHLY FPI NET INVESTMENTS IN INDIAN EQUITIES AND DII PARTICIPATION (₹, CRORE) AND NIFTY 50 CLOSING LEVEL



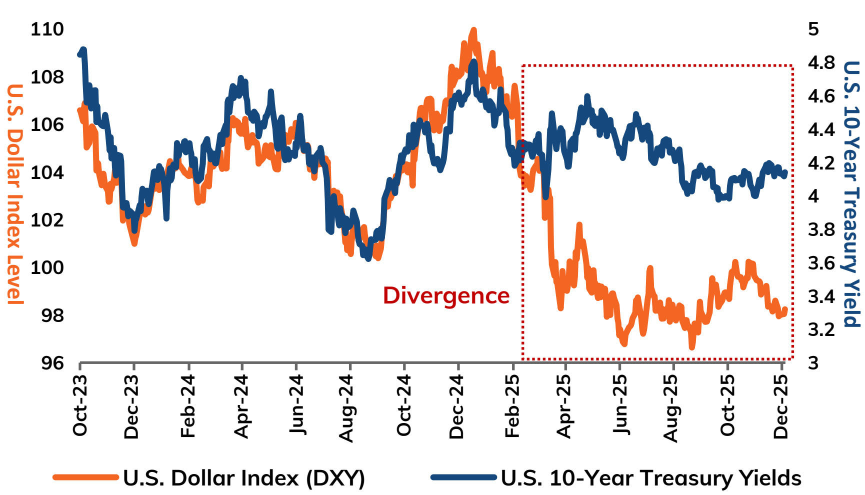
Source: National Securities Depository Limited (NSDL). December 2025 FPI data as on December 31, 2025. FPI: Foreign Portfolio Investment. DII: Domestic Institutional Investment. RBI: Reserve Bank of India. FY: Financial Year. Q: Quarter. U.S.: United States. GDP: Gross Domestic Product. Past performance may or may not sustain in future.

The trajectory of Bond Yield

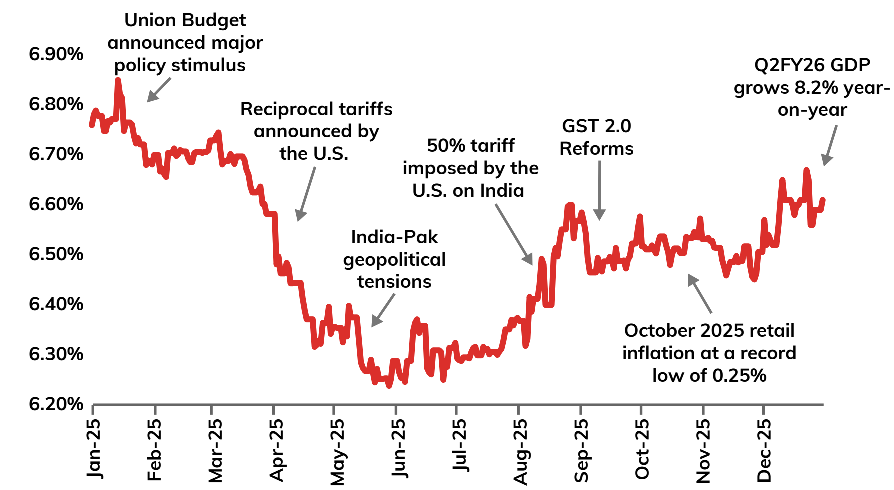
In January 2025, the U.S. 10-year Treasury yield rose to 4.80% as concerns loomed around the impact of trade tariffs on prices of consumer goods. **Consumer sentiment dampened further as Moody's Ratings downgraded the long-term issuer ratings** of the U.S. to 'Aa1' in May 2025, **citing significant increase in government debt. The U.S. President also signed the 'One Big Beautiful Bill Act' into law,** which could pose risks to the fiscal health of the economy.

Despite rising inflation concerns, the yield declined to around 4.12% on December 30, 2025: **The U.S. Federal Reserve lowered the benchmark interest rate** thrice during the year to support a weakening labour market. **Additionally, trade tensions eased as the U.S. opened doors to trade negotiations with China. Re-opening of the U.S. government on November 12, 2025, after a 43-day shutdown,** restored pay for federal employees, boosting consumer spending.

U.S. 10-YEAR TREASURY YIELD (%) AND U.S. DOLLAR INDEX



INDIA 10-YEAR G-SEC YIELD (%)



Source: Reuters. Data as on December 30, 2025. RBI: Reserve Bank of India. Moody's; Press Information Bureau news, G-sec: Government securities. U.S.: United States. GST: Goods and Services Tax. Q: Quarter. FY: Financial Year. GDP: Gross Domestic Product.

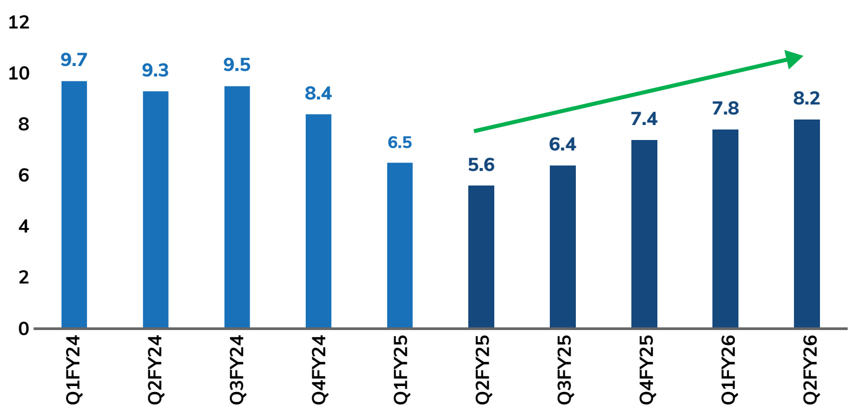
India 10-year G-sec yield stabilized around 6.58% on December 30, 2025. Positive sentiment was fueled by the **possible inclusion of Indian bonds in the Bloomberg Global Aggregate Index,** easing retail inflation, strong economic growth in Q2FY26 and monetary policy stimulus measures by the RBI.

Factors driving India's Economic Growth momentum

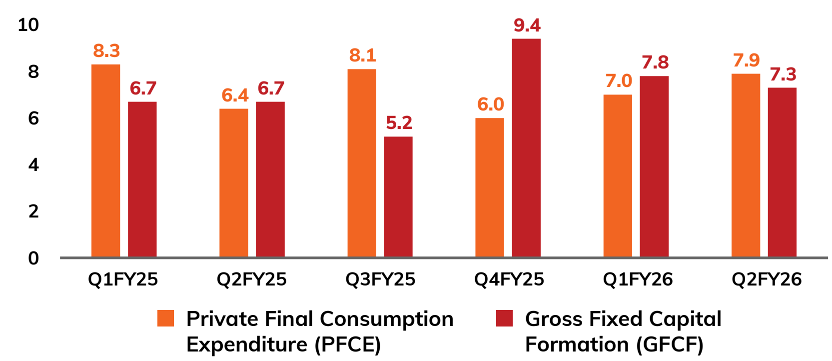
Hitting the ball out of the park, India's real GDP grew to a six-quarter high of 8.2% year-on-year in Q2FY26, up from 5.6% in Q2FY25.

India's Private final consumption expenditure grew to 7.9% year-on-year in Q2FY26, up from 7.0% in the preceding quarter.

INDIA'S REAL GDP GROWTH RATE (YEAR-ON-YEAR GROWTH %)

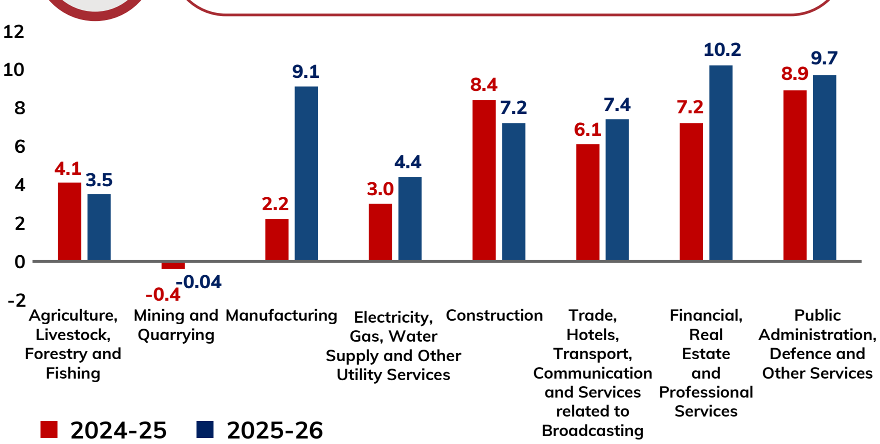


PRIVATE FINAL CONSUMPTION EXPENDITURE AND GROSS FIXED CAPITAL FORMATION (YEAR-ON-YEAR GROWTH %)

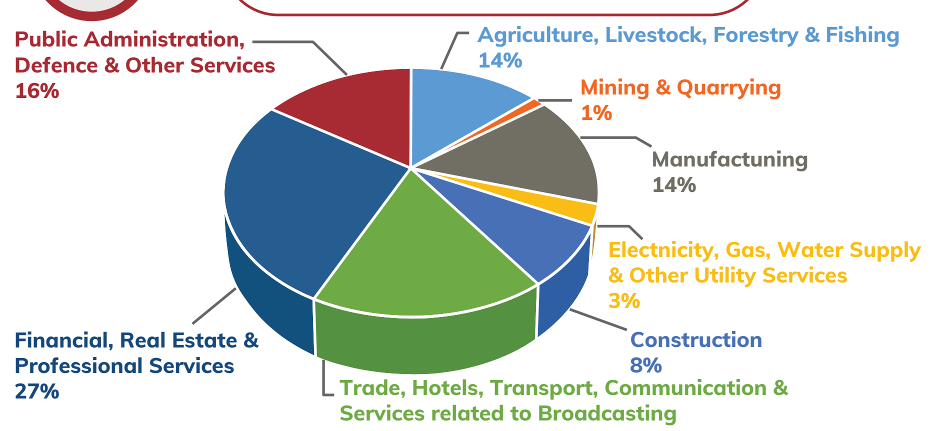


GDP growth was aided by a sharp uptick in the manufacturing sector growth, which accelerated to 9.1% in Q2FY26, alongside strong services growth. Looking ahead, continued impact of Goods and Services Tax (GST) rationalization, benign inflation, healthy balance sheets of corporates and financial institutions, congenial monetary and financial conditions should continue to support economic activity.

SECTOR-WISE GROWTH RATES (%) OF REAL GVA IN Q2FY25 AND Q2FY26



SECTORAL COMPOSITION OF NOMINAL GVA IN Q2FY26

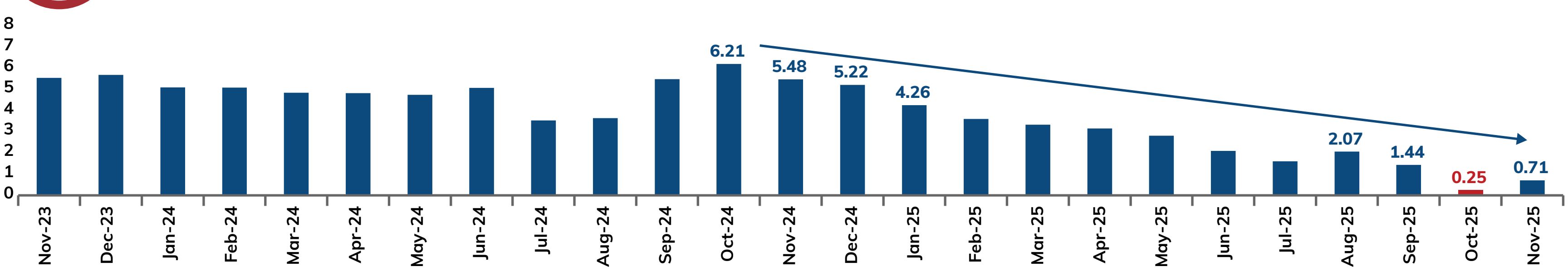


Source: Ministry of Statistics & Programme Implementation (MOSPI). Q: Quarter. GVA: Gross Value Added.

India's Retail Inflation takes a dive

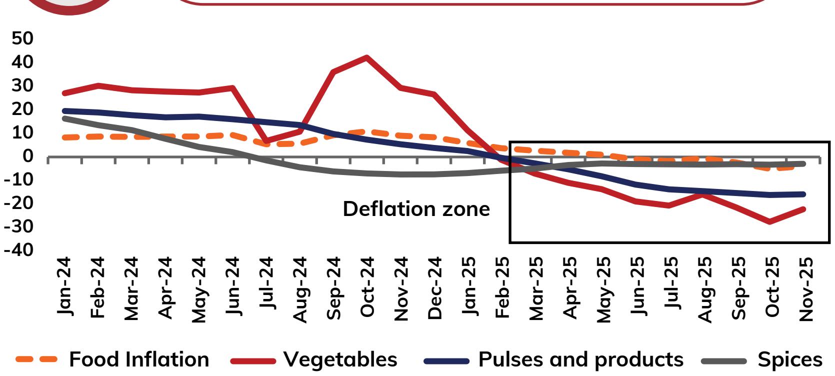
The cost of 'Roti, Kapada, and Makaan' plays on the minds of most households as these fundamental needs shape daily lives. Bringing relief to households, **India's retail inflation, measured by Consumer Price Index (CPI), has been on a downward trajectory, easing to 0.71% year-on-year in November 2025 from 5.48% in November 2024,** supported by a sharp fall in food prices. **Adequate reservoir levels, conducive soil moisture, higher Kharif production and healthy Rabi sowing augur well for food price stability.** Further, **the Goods and Services Tax (GST) rate cuts** have positively impacted the overall inflationary environment.

INDIA'S CPI INFLATION (YEAR-ON-YEAR GROWTH %)



Deflation in key components, such as vegetables (-22.20%), pulses (-15.86%) and spices (-2.89%) contributed to the decline in food prices. Inflation rates for **oils and fats (7.87%) and fruits (6.87%) also moderated during the year. In November 2025, Core inflation, which excludes volatile items like food and fuel prices, remained stable at 4.3%,** underpinned by moderating inflation within clothing and footwear, health and education subgroups.

DEFLATION IN CERTAIN FOOD COMPONENTS (YEAR-ON-YEAR, %)



Group	Weightage	Nov-25 (YoY)	Oct-25 (YoY)
Food and beverages	45.86%	-2.8%	-3.7%
Pan, tobacco and intoxicants	2.38%	3.0%	2.9%
Clothing and footwear	6.53%	1.5%	1.7%
Housing	10.07%	3.0%	3.0%
Fuel and light	6.84%	2.3%	2.0%
Miscellaneous	28.32%	5.6%	5.7%

Source: Centre for Monitoring Indian Economy (CMIE), Ministry of Statistics and Programme Implementation (MOSPI). Data as on November 2025. YoY: Year-on-Year. CPI refers to Headline consumer price index.

The RBI's shift towards supporting growth amid global uncertainties

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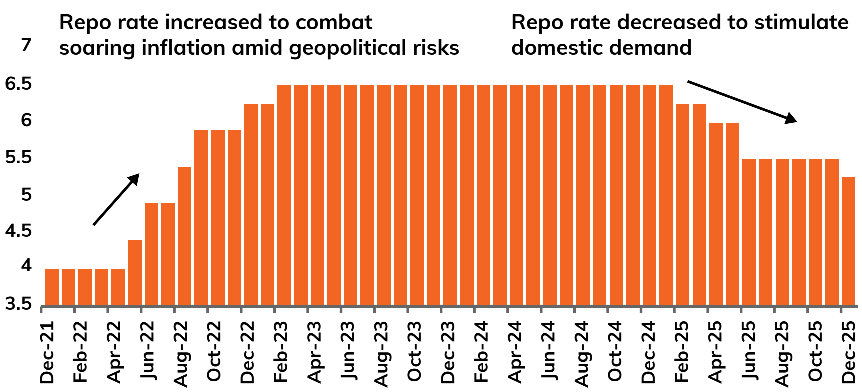
In December 2025, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) decided to cut the repo rate by 25 bps to 5.25% and continue with its 'Neutral' stance. While lowering the key interest rate, the RBI governor characterized **India's current macroeconomic scenario as a 'rare goldilocks period', that marks strong economic growth with very low inflation at the same time.**

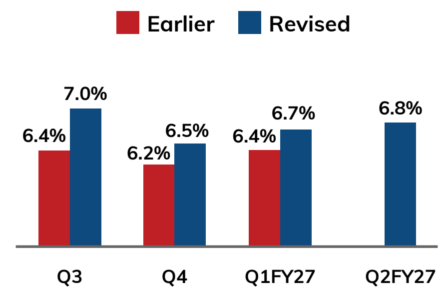
The RBI delivered four repo rate cuts during the year, lowering the rate from 6.50% in February 2025 to 5.25% by December 2025 – a cumulative rate cut of 125 bps. A lower cost of borrowing for banks could typically reduce interest rates on loans, encouraging businesses to avail credit for expanding operations and individuals to take consumer durable loans, vehicle loans, housing loans etc., which would support economic growth.

REPO RATE %)

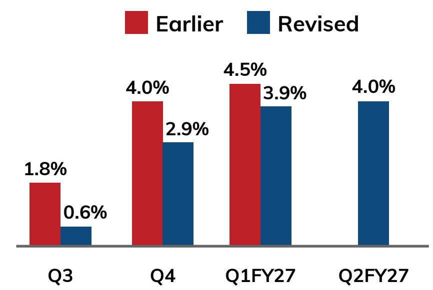


RBI's PROJECTIONS

FY26 Real GDP projection revised upward to 7.3% from 6.8%.



FY26 CPI Inflation revised downward to 2.0% from 2.6%.



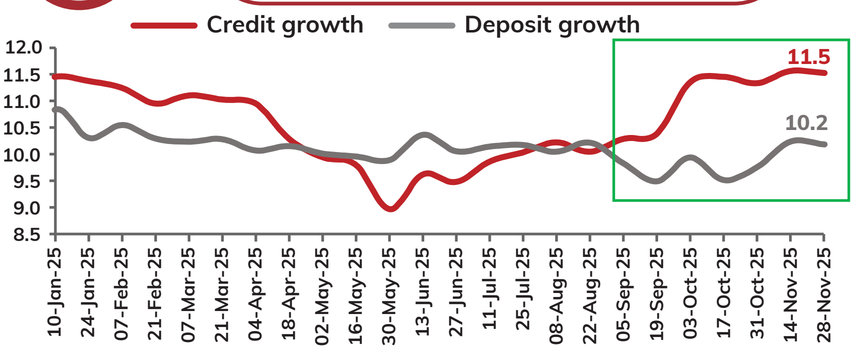
Liquidity Infusion Announements		Regulatory Relaxation Announcements
Open Market Operations (OMO) purchases	₹7825 billion government bond purchases in phases to inject durable liquidity.	The RBI relaxed the loan-to-value (LTV) ratio, allowing borrowers to get more credit against their gold collateral for smaller loans (up to ₹2.5 lakh).
Cash Reserve Ratio (CRR) cuts	CRR reduced from 4.00% to to 3.00% in phases to boost bank's lending and credit growth.	Review of capital market exposure enabling framework for Indian banks to finance acquisitions by Indian corporates.
USD/INR Swap	$40 billion buy-sell swap to inject rupee liquidity and manage Foreign exchange markets.	Revision of risk weights applicable to lending to micro finance institutions and NBFCs.

Source: Reserve Bank of India (RBI). USD: U.S. Dollar. INR: Indian Rupee. NBFC: Non-Banking Financial Company. GDP: Gross Domestic Product. CPI: Consumer Price Inflation. Q: Quarter. FY: Financial Year. Bps: Basis points.

Growth of India's Bank Credit Offtake gained traction

Bank credit exhibited steady momentum, underpinned by Goods and Services Tax (GST) reductions, an uptick in corporate borrowing and sustained activity in retail and MSME segments.

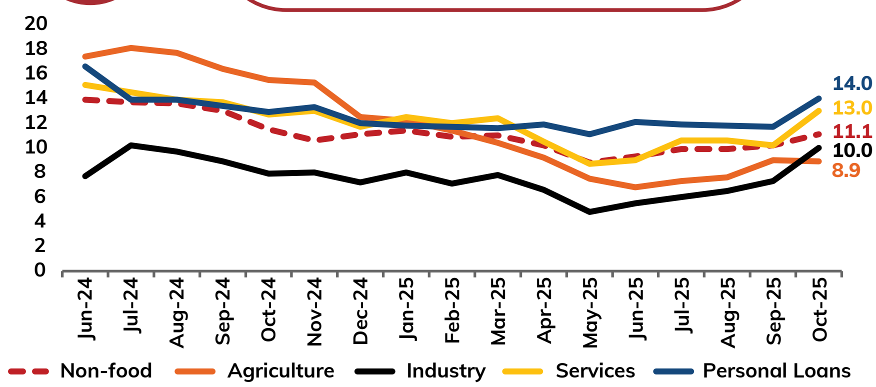
CREDIT AND DEPOSIT GROWTH (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI) Bulletin, November 2025. MSME: Micro, Small and Medium Enterprises. Scheduled commercial banks' data are inclusive of regional rural banks. Data includes the impact of the merger of a non-bank with a bank.

Non-food bank credit growth was supported by strong NBFC lending and a rise in vehicle financing, driven significantly by passenger vehicle sales.

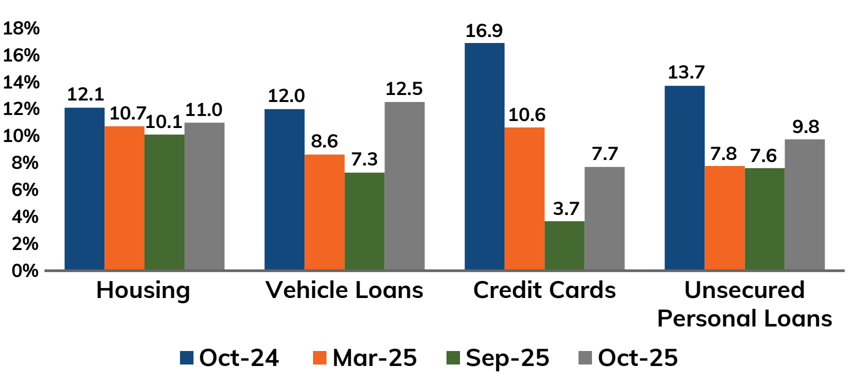
BANK CREDIT GROWTH ACROSS NON-FOOD SEGMENTS (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI), CareEdge Ratings.

Personal loans growth was driven by a surge in loans against gold jewellery coupled with a rise in housing and vehicle loans.

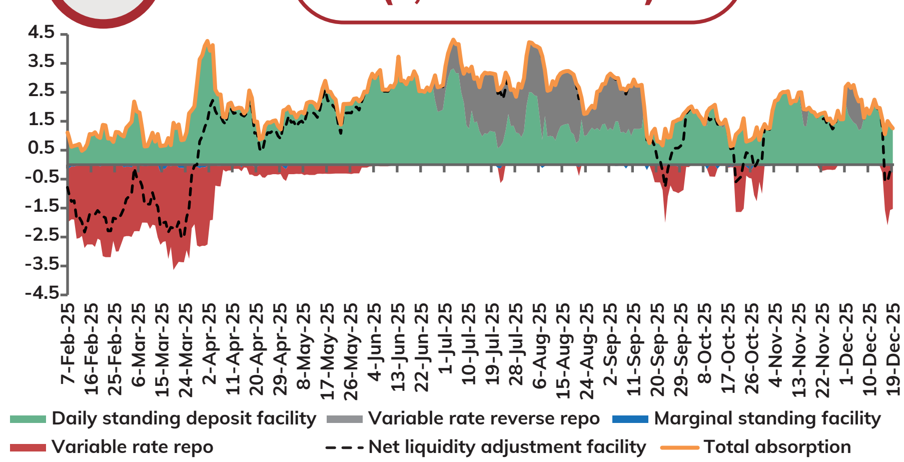
UPTICK IN PERSONAL LOANS ACROSS CATEGORIES (YEAR-ON-YEAR, %)



Source: Reserve Bank of India (RBI), CareEdge Ratings. Note: unsecured personal loans include consumer durables and other personal loans.

In December 2025, system liquidity was impacted by the buildup in government cash balances due to advance tax payments.

LIQUIDITY CONDITIONS (₹, LAKH CRORE)



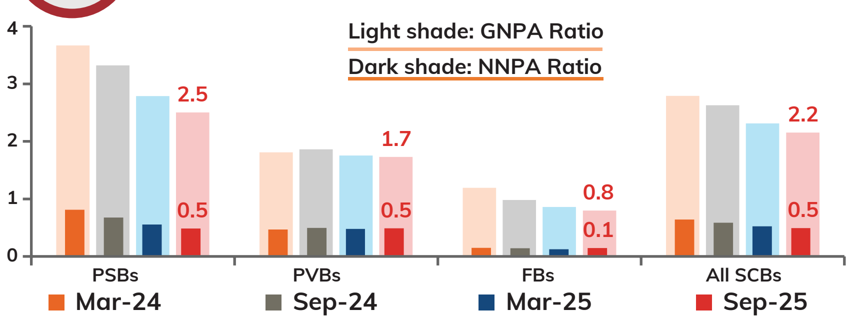
Source: Reserve Bank of India (RBI) Bulletin, December 2025.

The Gross NPAs of Scheduled Commercial Banks declined to an all-time low

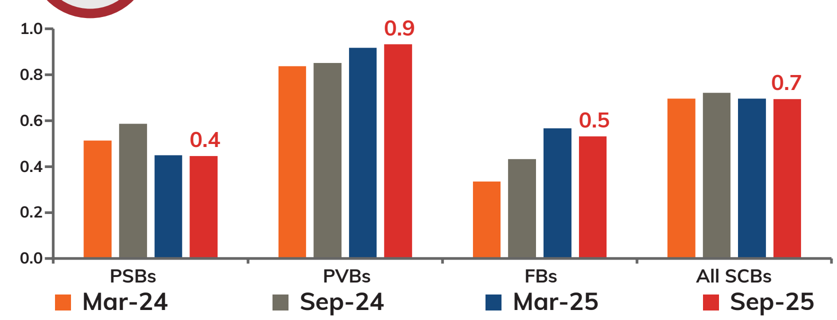
Scheduled commercial banks (SCBs) remained sound with robust capital and liquidity buffers, demonstrating ongoing improvement in asset quality and maintaining steady profitability. At the aggregate level, the **Gross Non-Performing Assets ratio of SCBs declined to a fresh low of 2.2% and the Net Non-Performing Assets ratio declined to a record low of 0.5%.**

The half-yearly slippage ratio, measuring new accretions to Non-Performing Assets as a share of standard advances at the beginning of the period, **remained stable at 0.7%.**

GNPA AND NNPA RATIO (%)



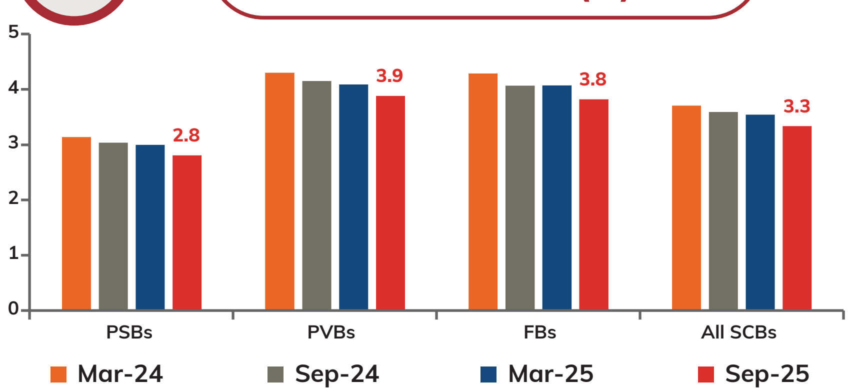
HALF-YEARLY SILPPAGE RATIO (%)



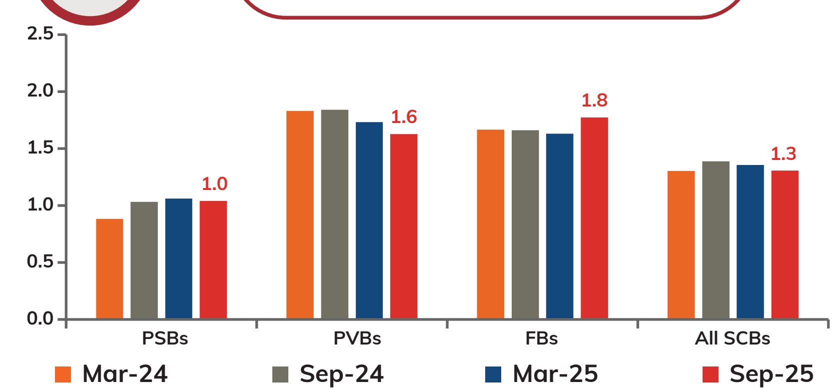
Source: Reserve Bank of India Financial Stability Report, December 2025. PSBs: Public Sector Banks. PVBs: Private Sector Banks. FBs: Foreign Banks. SCBs: Scheduled Commercial Banks. GNPAs: Gross Non-Performing Assets. NNPAs: Net Non-Performing Assets.

Net interest margin (NIM) recorded a broad-based 20 bps fall in September 2025 over March 2025 due to relatively higher decline in yield on assets than in cost of funds. While the Return on Assets ratio declined in recent years, it has remained at comfortable levels.

NET INTEREST MARGIN (NIM) - ANNUALIZED (%)



RETURN ON ASSETS (ROA) - ANNUALIZED (%)

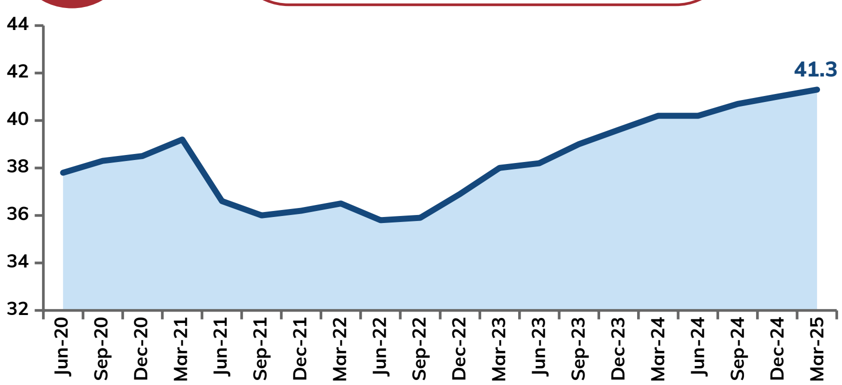


Source: Reserve Bank of India Financial Stability Report, December 2025. Bps: Basis points.

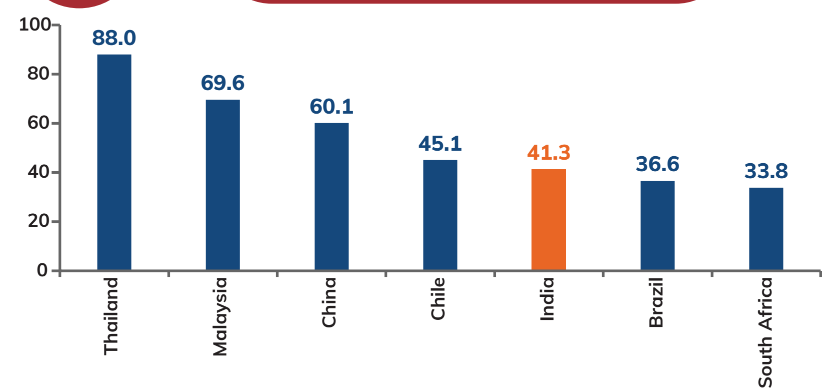
India's Household Debt remains relatively low

India's household debt stood at 41.3% of Gross Domestic Product (GDP) as at end-March 2025, rising from its 5-year average of 38.3%. However, India's household debt remained lower relative to most of the peer emerging market economies.

INDIA'S HOUSEHOLD DEBT (% OF GDP)



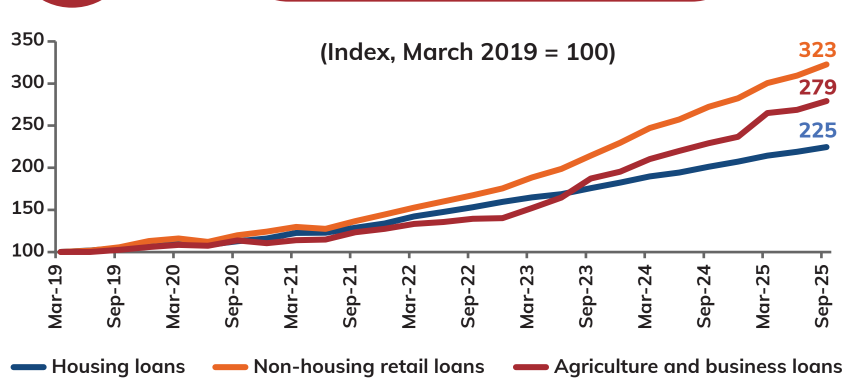
HOUSEHOLD DEBT OF EMEs (% OF GDP)



Source: Reserve Bank of India Financial Stability Report, December 2025. Data for India is sourced from the Reserve Bank of India (RBI), while data for other countries is sourced from the BIS (Bank for International Settlements). The above data is as on March 2025.

As of September 2025, Non-housing retail loans primarily extended for consumption purposes, continue to be the dominant segment.

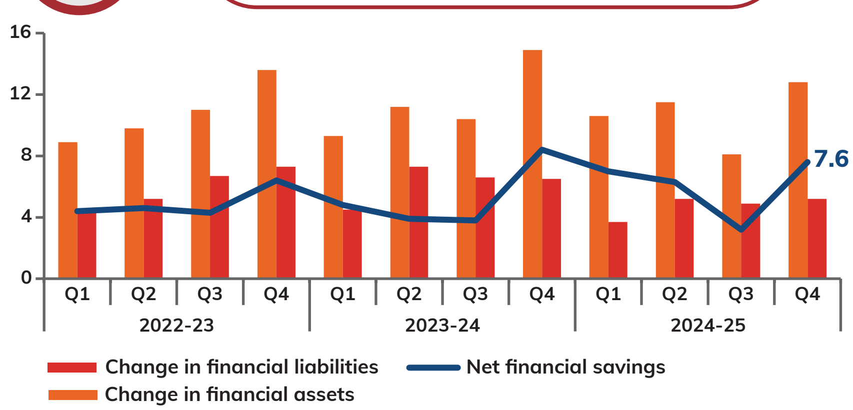
HOUSEHOLD OUTSTANDING BORROWINGS



Source: Reserve Bank of India Financial Stability Report, December 2025. TransUnion CIBIL.

Net household financial savings improved to 7.6% of GDP in Q4FY25, owing to a rise in financial assets and stabilization of liabilities, while stock of gross financial assets remained steady.

NET FINANCIAL SAVINGS FLOW (% OF GDP)



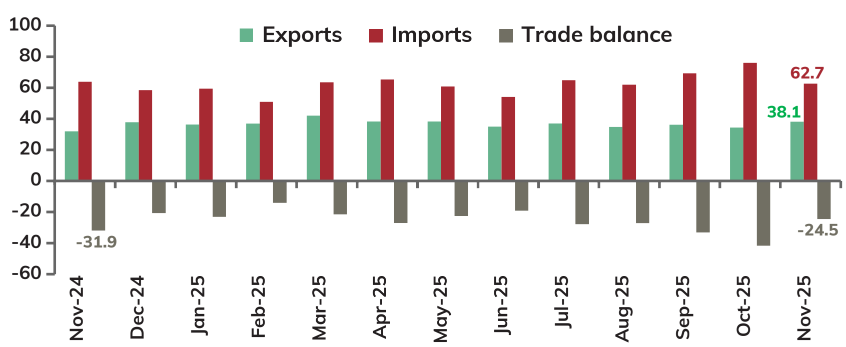
Source: Reserve Bank of India Financial Stability Report, December 2025. GDP: Gross Domestic Product. Q: Quarter. FY: Financial Year.

Made in India, Delivered globally: India's merchandise exports revive

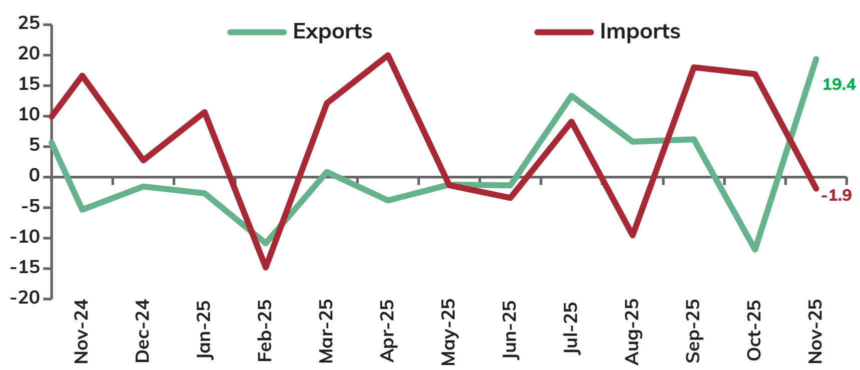
Defying all odds, India's merchandise exports surged 19.4% year-on-year to $38.13 billion in November 2025, marking the fastest pace of growth since June 2022. The rebound was broad-based, led by **engineering goods, electronic goods, gems and jewellery, drugs and pharmaceuticals and petroleum products.**

Here is an intriguing fact: India's merchandise exports to the U.S. increased 22.6% year-on-year in November 2025. How did exports grow despite the trade standoff? Connecting the pieces of the jigsaw, **exports to the U.S. were primarily driven by electronic goods, such as smartphones, that have remained largely insulated from tariffs.**

INDIA'S MERCHANDISE TRADE DEFICIT, EXPORTS AND IMPORTS ($, BILLION)



INDIA'S MERCHANDISE EXPORTS AND IMPORTS (YEAR-ON-YEAR %)



India's merchandise exports have picked up steam, supported by various government initiatives:

- **Global partnerships facilitate export diversification:** In July 2025, India and the UK signed the Comprehensive Economic and Trade Agreement under which tariffs have been reduced. Further, the Trade and Economic Partnership Agreement with the European Free Trade Association countries came into force in October 2025, broadening market access for goods. The India-New Zealand Free Trade Agreement (FTA) was concluded in December 2025, which would enhance market access and tariff preferences for Indian exports to New Zealand.
- **Measures to reduce debt-servicing stress for exporters:** In November 2025, the Reserve Bank of India (RBI) implemented relief measures for eligible exporters, such as providing a loan moratorium (September-December 2025), extending export realization periods (to 15 months) and increasing shipment windows (to 3 years).
- **Framework for strengthening India's export competitiveness:** In December 2025, the Government of India approved the Export Promotion Mission with an outlay of ₹25,060 crore to boost exports.

Source: Press Information Bureau (PIB), Reserve Bank of India (RBI), UK: United Kingdom. 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).

The Indian Rupee is trapped in a crossfire of global headwinds

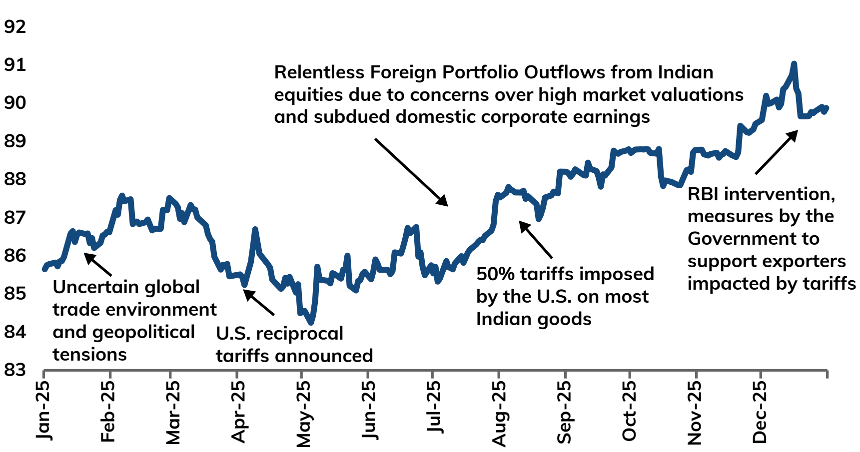
The Indian Rupee plummeted to a low of 91 against the U.S. Dollar in December 2025, impacting businesses servicing external loans, families planning an overseas trip, students preparing for education abroad and importers. What are the reasons for this slide?

Progress on the U.S.-India trade deal has been sluggish, with no definite timelines in sight, leading to fragile investor sentiment.

A strengthening U.S. Dollar Index and Foreign Portfolio Investors offloading Indian equities worth ₹22,611 crore in December 2025 intensified challenges faced by the Indian Rupee.

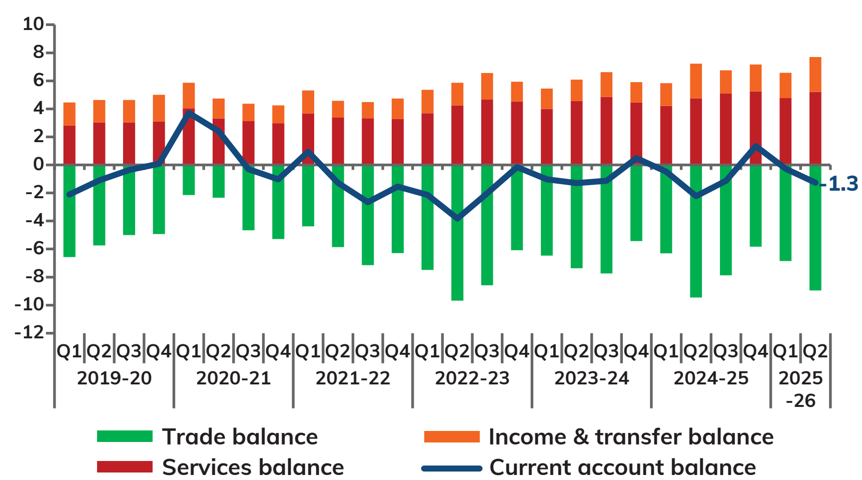
If India's current account deficit widens, it could exert downward pressure on the Indian Rupee.

USD/INR



Source: Reuters. Data as on December 31, 2025. U.S.: United States. INR: Indian Rupee. USD: U.S. Dollar.

CURRENT ACCOUNT BALANCE (% OF GDP)



Source: Reserve Bank of India (RBI), Financial Stability Report. Q: Quarter. GDP: Gross Domestic Product.

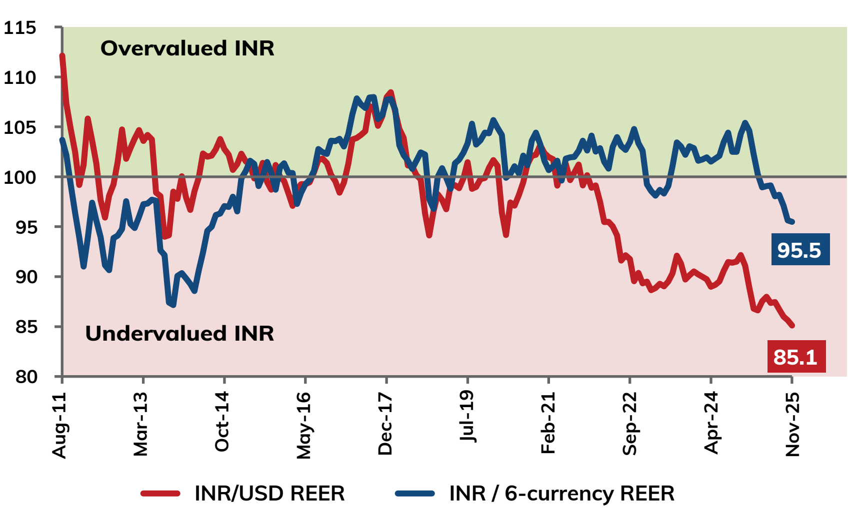
On the positive front, India's foreign exchange reserves stood at $696.61 billion as on December 26, 2025, which could act as a buffer against global financial unrest. Inclusion of India's sovereign bonds into global indices like Bloomberg and FTSE Russell would attract foreign capital flows, which would support the Rupee.

The paradox of a weaker Indian Rupee and strong economic growth

The Indian Rupee declining to an all-time low against the U.S. Dollar in 2025 does not indicate a macroeconomic meltdown. India's external vulnerability indicators continue to show improvement: **India's Foreign exchange reserves are sufficient to cover around 11 months of actual merchandise imports** on a balance of payments basis. **External debt stood at 19.2% of GDP in September 2025** and **the share of short-term debt on residual maturity basis became more favourable** at 44.4% of the foreign exchange reserves. **India's fiscal position has strengthened with an improvement in the quality of expenditure.**

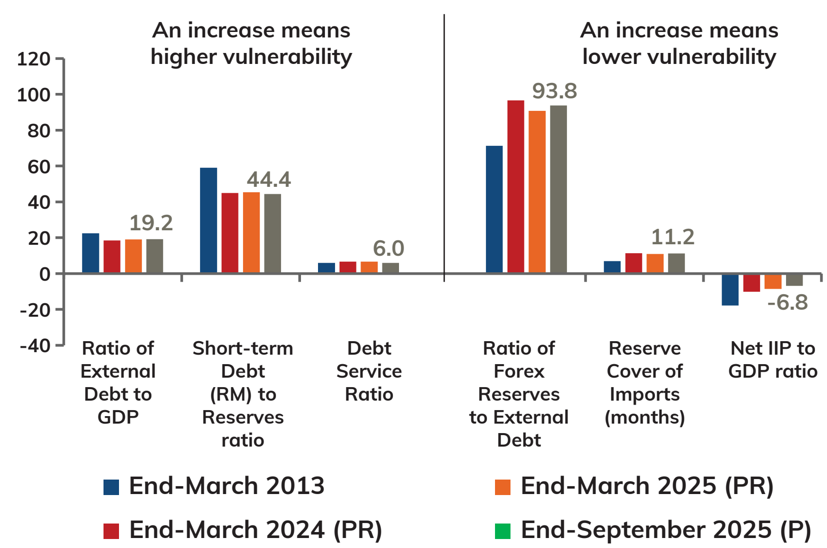
Attractive Indian Rupee valuations, strong economic growth prospects, benign retail inflation levels and a strengthening fiscal position denote that India's macroeconomic fundamentals have been resilient despite global headwinds, making it an appealing destination for foreign investments.

INR/ 6 CURRENCY WEIGHTED REER AND INR/USD REER



Source: CLSA Research. The 6-currency weighted REER for India measures the rupee's real purchasing power against a basket of currencies of major trading partners (i.e. U.S., Europe, Japan, UK, China, and Singapore). The green shade indicates overvalued/ stronger INR and the Red shade indicates undervalued/weaker INR. The 2015-16 reading is based as 100. INR: Indian Rupee, REER: Real Effective Exchange Rate.

EXTERNAL VULNERABILITY INDICATORS (%)



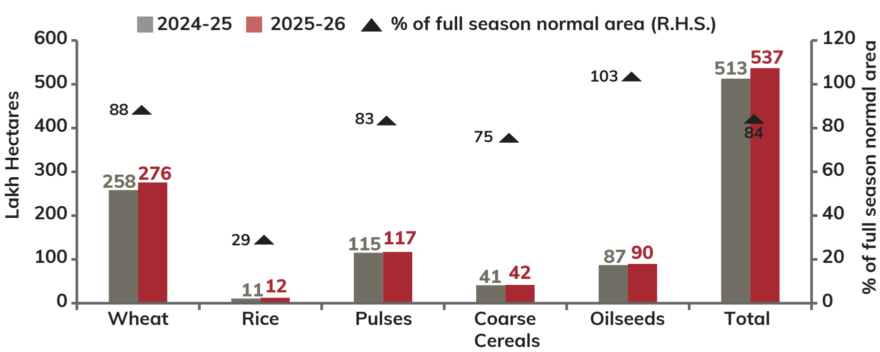
Source: Reserve Bank of India (RBI) Financial Stability Report, December 2025. Ministry of Finance. RM: Residual Maturity, R: Revised, P: Provisional, PR: Partially Revised. GDP: Gross Domestic Product. IIP: International Investment Position.

The thriving heart of Rural India

ICICI PRUDENTIAL MUTUAL FUND

Fueled by better job prospects and rising female labour force participation, the rural unemployment rate fell to a low of 3.9% in November 2025. Rural demand remains robust, driven by government welfare schemes, moderating inflation and favourable monsoon conditions. **As on December 18, 2025, the average storage level in 166 major reservoirs in India reached 83% of its full capacity, supporting Rabi sowing.**

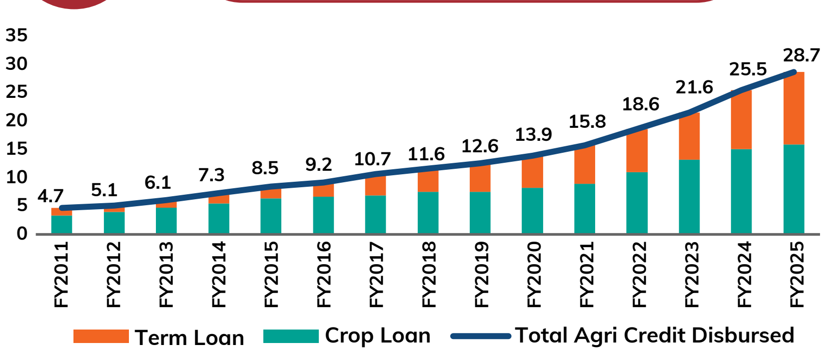
HIGHER RABI SOWN AREA (LAKH HECTARES)



Source: Reserve Bank of India (RBI) Bulletin, December 2025. Ministry of Agriculture and Farmers' Welfare. Data is as on December 12, 2025. R.H.S: Right-hand side.

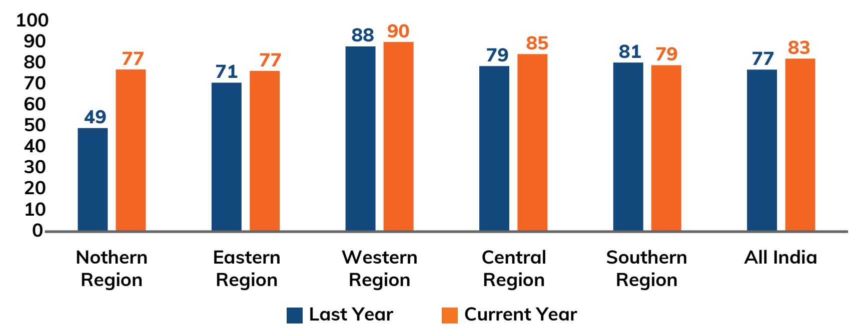
In FY25, the actual disbursement of farm credit increased to ₹28.7 lakh crore for crop production and farm sector investment, supported by priority sector norms and the coverage of Kisan Credit Card.

AGRICULTURE SECTOR CREDIT (₹, LAKH CRORE)



Source: National Bank for Agriculture and Rural Development. FY: Financial Year.

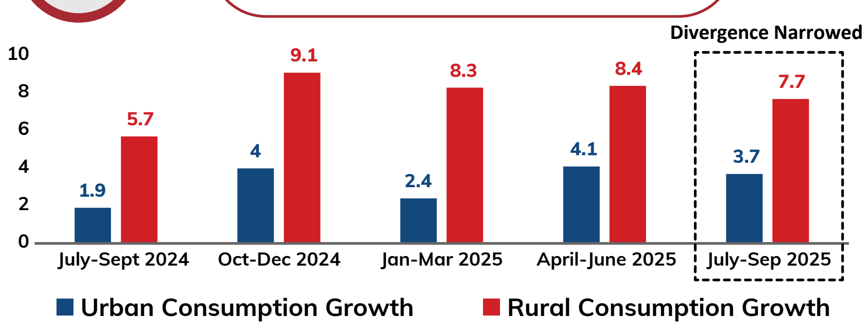
RESERVIOR STORAGE LEVEL (% OF FULL RESERVOIR LEVEL)



Source: Reserve Bank of India (RBI) Bulletin, December 2025. Central Water Commission.

In the July-September 2025 quarter, rural markets recorded a Fast-Moving Consumer Goods volume growth of 7.7%, outpacing that of urban markets for the seventh consecutive quarter.

RURAL AND URBAN TREND - FMCG VOLUME GROWTH (%)



Source: NielsenIQ, 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).

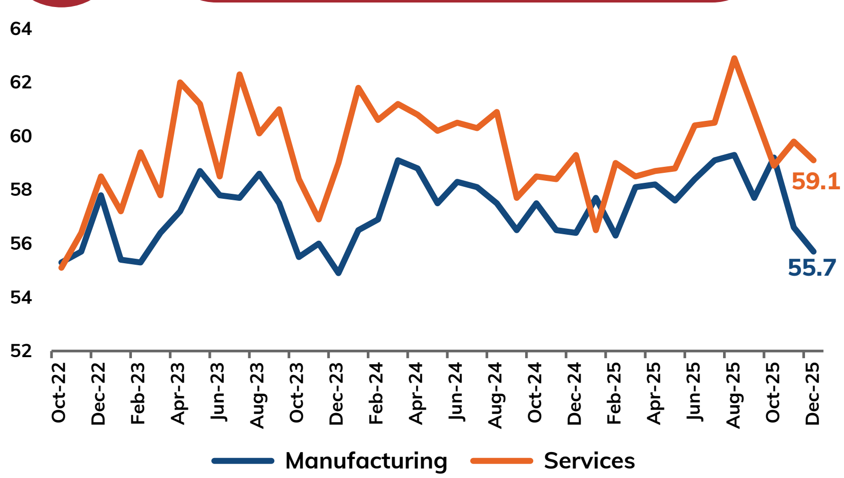
India's private sector activity continues to expand

Every robust economy has a story of factories rooted at its foundation and for India, this narrative is unfolding rapidly. Throughout 2025, India's private sector activity indicator remained above the neutral mark of 50.0, with both manufacturing and services sector displaying expansion.

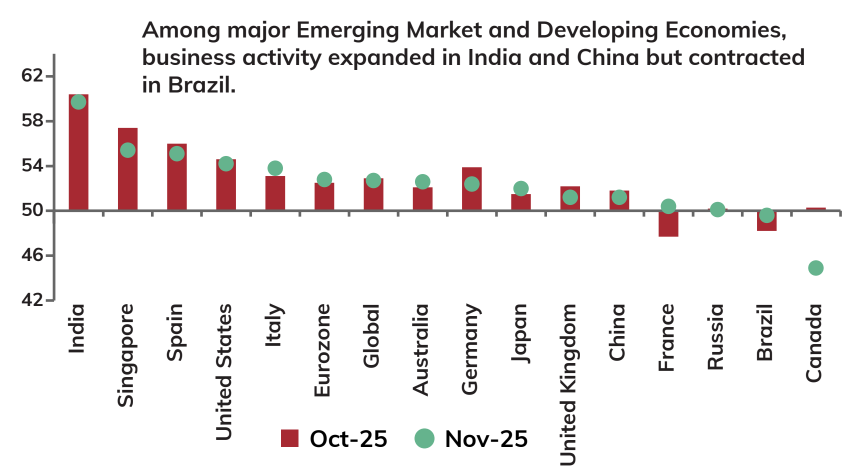
Uptick in new export orders: In December 2025, businesses reported new export orders from markets, including the U.S., Australia, Bangladesh, Canada, Germany, the Middle East, Sri Lanka and the UK.

Supportive Government schemes: Government initiatives like the National Manufacturing Mission and the Production-Linked Incentive (PLI) scheme have reinforced India's competitiveness as a global manufacturing hub.

INDIA'S PURCHASING MANAGERS' INDEX (PMI)



S&P GLOBAL COMPOSITE PMI INDEX



Source: S&P Global. Reserve Bank of India (RBI) Bulletin, December 2025. The HSBC Flash India PMI is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined by S&P Global as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. GDP: Gross Domestic Product. A level of 50 of the PMI indicates no change in activity, while a reading above 50 signals expansion and below 50 suggests contraction. PMI: Purchasing Managers' Index. U.S.: United States. UK: United Kingdom.

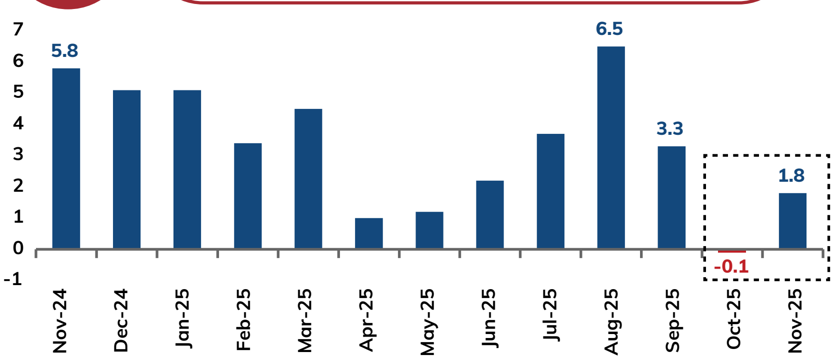
Key factors driving optimism: The Goods and Services Tax (GST) rate cuts, new product strategies, streamlined supply chains and reduced logistics costs improved the profitability of businesses.

India's core sector output finds its way to recovery

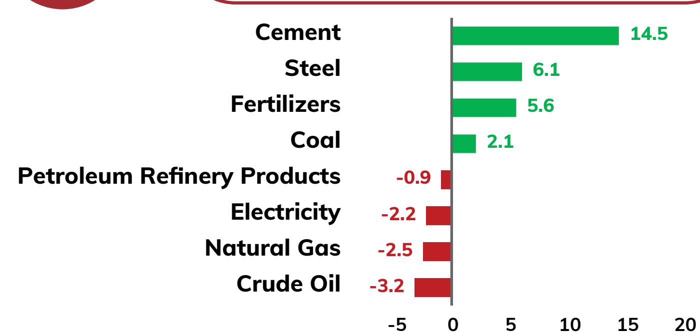
ICICI PRUDENTIAL MUTUAL FUND

In November 2025, India's eight core infrastructure sectors rebounded with a growth of 1.8% year-on-year, supported by cement, steel, fertilizers and coal sector output. **Growth in cement and steel production can be attributed to the Government's focus on infrastructure development. Subsidies provided by the Government and strong rural demand contributed to fertilizer production growth. In contrast, petroleum refinery products displayed subdued performance, denoting slower refining activity. Electricity generation forayed into the contraction zone,** influenced by changing weather patterns.

INDEX OF EIGHT CORE INDUSTRIES PERFORMANCE (YEAR-ON-YEAR, %)



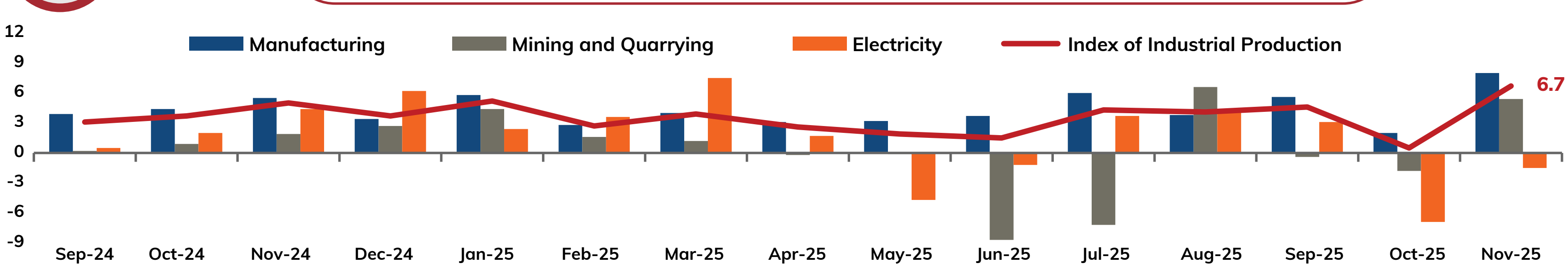
SECTOR OUTPUT GROWTH IN NOVEMBER 2025 (%)



Source: Ministry of Commerce and Industry. The eight core sectors are: Coal, crude oil, natural gas, refinery products, fertilizers, steel, cement, and electricity. November 2025 print is provisional. The above data includes Year-on-year growth.

In November 2025, India's Index of Industrial Production (IIP) growth accelerated sharply to 6.7%, the highest in almost two years. While manufacturing and mining sector performance supported the overall IIP growth, electricity output continued to contract.

INDEX OF INDUSTRIAL PRODUCTION - MANUFACTURING, MINING AND QUARRYING, ELECTRICITY (YEAR-ON-YEAR %)



Source: Ministry of Statistics and Programme Implementation (MOSPI). 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).

Fiscal Stimulus Measures to boost consumption

The GST Council shifted from its four-slab tax rate structure (5%, 12%, 18%, 28%) to a 2-tier structure (5% and 18%) for most goods and services.

What are the benefits? a) Lower prices of goods and services would increase household savings and stimulate consumption. **b) Reduced rates on inputs like cement, auto parts, and handicrafts would lower costs** and make small businesses more competitive. **c) Simpler rates encourage compliance, expanding the tax base and improving revenues.**

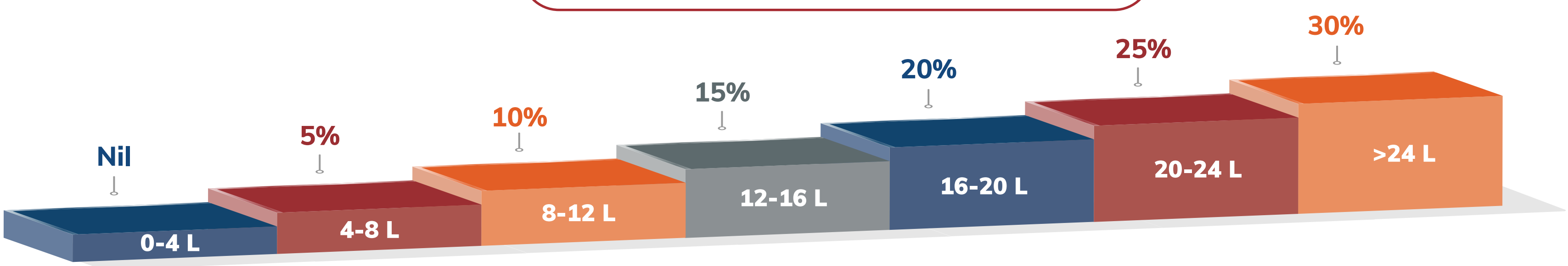
Individual Life & Health Insurance	Household Items	Packaged Food Items	36 Life Saving Drugs	Small cars, 350 cc or below motorcycles	ACs, TVs and Dishwashers	Beauty and Physical Well-being Services	Hotels costing ₹7,500 or less per unit/night
							
18% → 0%	12% or 18% → 5%	12% or 18% → 5%	12% or 5% → 0%	28% → 18%	28% → 18%	18% → 5%	12% → 5%

Source: Press Information Bureau (PBI). ACs: Air-conditioners. TVs: Televisions. Cc: Cubic Centimeters.

Tax relaxation measures announced in the Union Budget 2025-26 would support consumption.

a) No tax payable up to the income* of ₹12 lakh under the new regime (rebate of ₹60,000 can be claimed under 87A^). b) Tax deduction limit for senior citizens doubled from ₹50,000 to ₹1 lakh. c) The annual limit of ₹2.4 lakh for TDS on rent increased to ₹6 lakh. d) Tax payers are allowed to claim annual value of two self-occupied properties without any conditions (as compared to previously one).

TAX STRUCTURE UNDER NEW REGIME



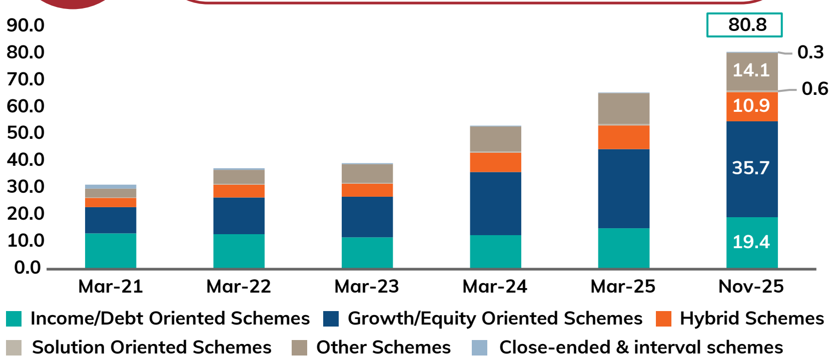
Source: Union Budget 2025-26. (https://www.indiabudget.gov.in/). *Income other than capital gains. TDS: Tax deducted at source. ^Section 87A of the Income Tax Act, 1961. L: Lakh. Please consult your tax advisors for more details. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

Key highlights of India's Mutual Fund Industry

ICICI PRUDENTIAL MUTUAL FUND

In November 2025, the Net Assets Under Management (AUM) of India's mutual fund industry reached a record high of ₹80.80 lakh crore, marking a 18.7% year-on-year growth.

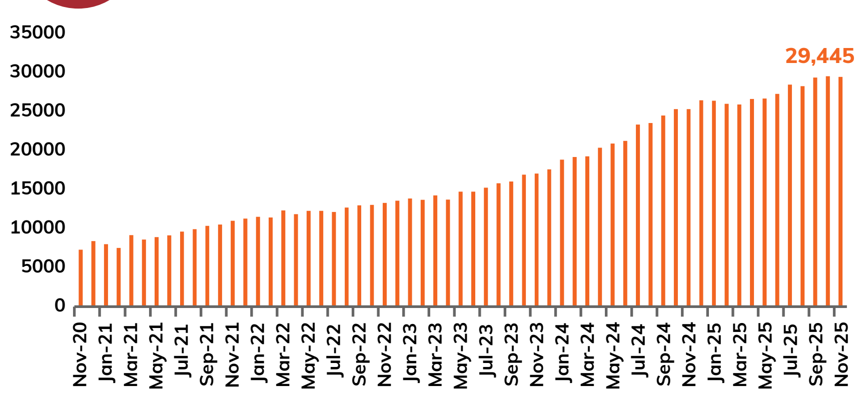
NET ASSETS UNDER MANAGEMENT (₹, LAKH CRORE)



Source: Association of Mutual Funds in India (AMFI), CRISIL Intelligence.

In November 2025, Systematic Investment Plan (SIP) contributions maintained momentum with inflows of ₹29,445 crore, indicating the growing confidence in long-term, disciplined investing.

SIP CONTRIBUTION (₹, CRORE)



Sources: Association of Mutual Funds in India (AMFI). SIP: Systematic Investment Plan.

In November 2025, Equity mutual funds witnessed net inflows of ₹29,911 crore, registering a 21% jump from October 2025. Flexi cap funds led the pack, indicating interest in schemes that invest dynamically across different market capitalizations.

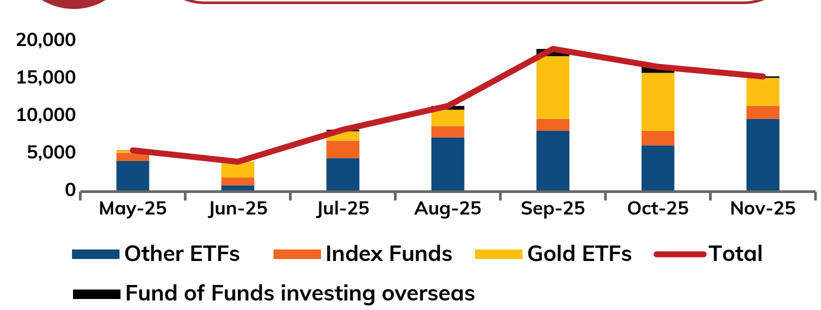
MONTHLY FLOW OF MUTUAL FUNDS (₹, CRORE)

Category	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	May-25
Equity	29,911	24,690	30,422	33,430	42,702	23,587	19,013
Debt	-25,693	1,59,958	-101,977	-7,980	1,06,801	-1,711	-15,908
Hybrid	13,299	14,156	9,397	15,294	20,879	23,223	20,765
Others	15,385	16,668	19,057	11,437	8,259	3,997	5,526
Solution-oriented schemes	320	261	286	320	283	206	177
Closed-ended and interval schemes	-467	-77	-331	-58	-131	-207	-465
Total	32,755	2,15,657	-43,143	52,443	1,78,794	49,095	29,108

Note: Cells in green to red signify the highest to lowest inflows in that period. Source: Association of Mutual Funds in India (AMFI). CRISIL Intelligence.

In November 2025, inflows into Gold ETFs was driven by demand for relatively stable assets amid global economic uncertainties.

MONTHLY FLOW TREND OF PASSIVE SCHEMES (₹, CRORE)



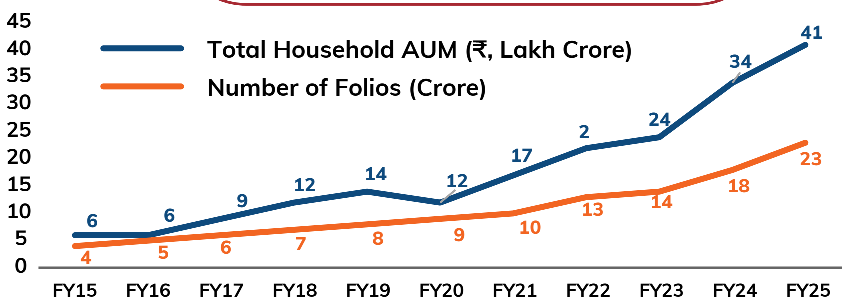
Source: Association of Mutual Funds in India (AMFI). CRISIL Intelligence. ETFs: Exchange Traded Funds. The categories mentioned in this document do not include any recommendations.

Key highlights of India's Mutual Fund Industry

ICICI PRUDENTIAL MUTUAL FUND

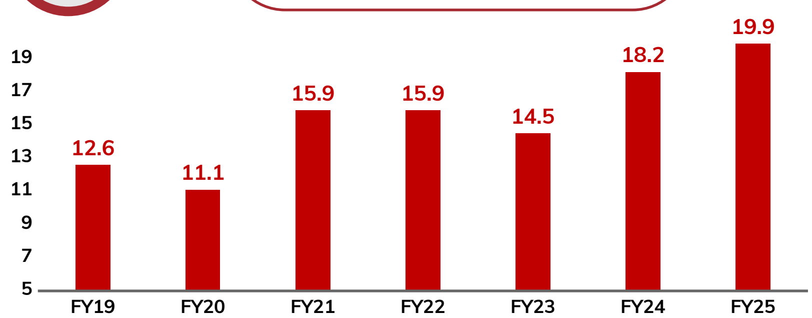
The number of mutual fund folios have increased over the years, demonstrating deeper financial inclusion, preference for diversified investment products managed by professionals and mushrooming distribution channels.

TOTAL HOUSEHOLD AUM (₹, LAKH CRORE) AND NUMBER OF FOLIOS (CRORE)



Source: Association of Mutual Funds in India (AMFI). Bain-Groww collaborative analysis. AUM: Assets Under Management. An investor may have multiple accounts in a single fund or across funds. FY: Financial Year.

INDIA'S MUTUAL FUND AUM-TO-GDP RATIO (%)

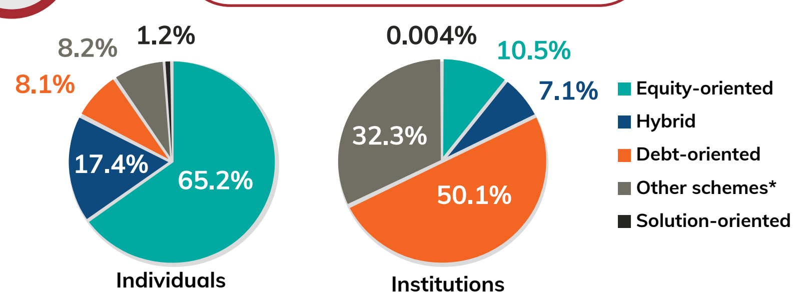


Source: Association of Mutual Funds in India (AMFI). CRISIL Intelligence. Net month-end AUM and nominal GDP at current prices have been considered. AUM: Assets Under Management. GDP: Gross Domestic Product. FY: Financial Year.

Systematic Investment Plan (SIP) Trend

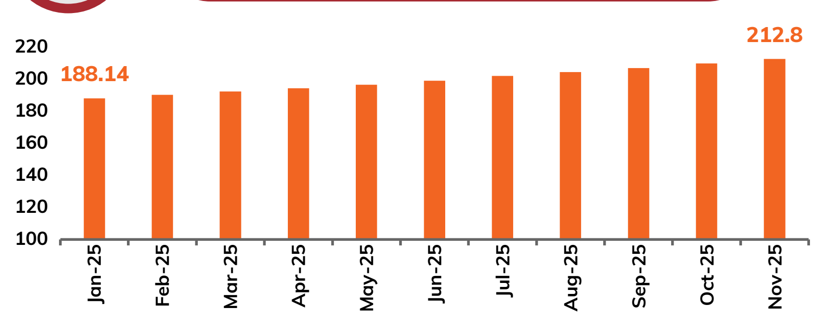
Contribution	Nov-2025	Oct-2025	Sep-2025	Aug-2025	Jul-2025	Jun-2025
Number of contributing SIP accounts (crore)	9.43	9.45	9.25	8.99	9.11	8.64
SIP Monthly Contribution (crore)	29,445	29,529	29,361	28,265	28,464	27,269
SIP assets (₹, lakh crore)	16.53	16.25	15.52	15.18	15.19	15.31
SIP assets as a % of industry assets	20.5	20.3	20.5	20.2	20.2	20.6

ASSET MIX: INDIVIDUALS AND INSTITUTIONS



Source: Association of Mutual Funds in India (AMFI). CRISIL Intelligence. Note: *Other schemes include index funds, gold ETFs, other ETFs, and fund of funds investing overseas. AUM: Assets Under Management. Data as on November 2025.

NUMBER OF DEMAT ACCOUNTS (MILLION)



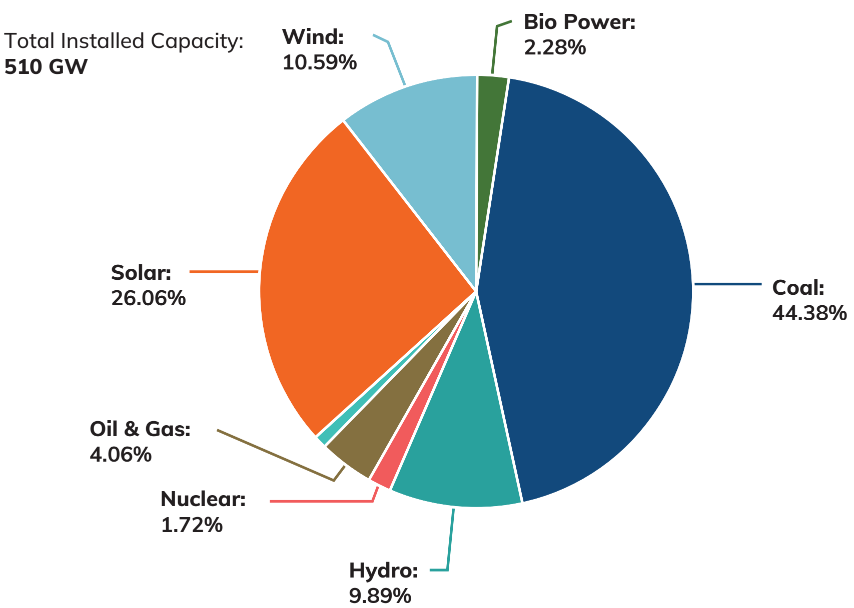
Source: Central Depository Services Ltd. (CDSL), National Securities Depository Ltd. (NSDL).

More Renewable Power to India

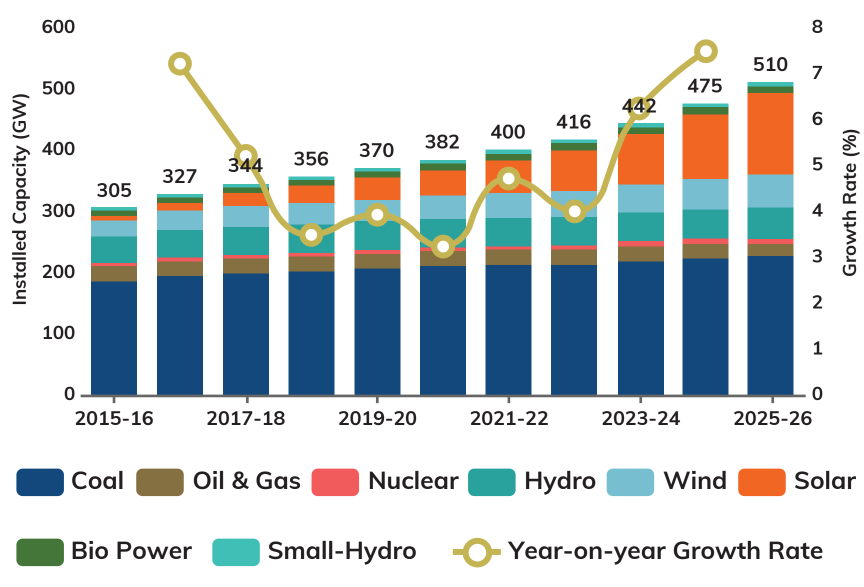
Milestone achieved: In November 2025, India's total installed electricity capacity reached 510 GW, with over 50% of the capacity generated from non-fossil fuel sources. India has achieved the Paris Agreement's 2030 climate target five years ahead of schedule, demonstrating commitment to sustainable energy.

Flagship Schemes: The PM Surya Ghar Muft Bijli Yojana, PM-KUSUM, Solar Parks Scheme and National Wind-Solar Hybrid Policy encourage domestic manufacturing.

SOURCE-WISE ELECTRICITY INSTALLED CAPACITY (%)



SOURCE-WISE ELECTRICITY INSTALLED CAPACITY TREND (GW)



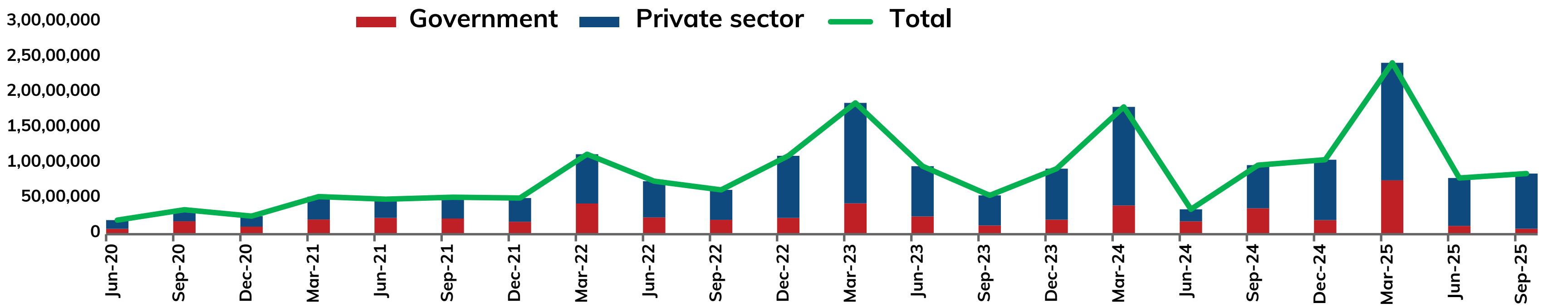
Source: NITI Aayog. Data as on November 30, 2025. GW: Gigawatt. PM-KUSUM: Pradhan Mantri Kisan Urja Suraksha Evam Utthan Mahabhiyan. The sector(s) /stock(s) mentioned in this presentation do not constitute any recommendation of the same and ICICI Prudential Mutual Fund may or may not have any future position in these sector(s)/stock(s).

Attracting Foreign Investment: India allows 100% foreign direct investment (FDI) in the renewable energy sector under the automatic route. This move would contribute to developing essential green infrastructure, supporting India's ambition to reach net zero carbon emissions by 2070.

The value of New Projects announced rises compared to the previous year

The decline in value of new investment projects announced by the private sector can largely be attributed to global trade uncertainties. Further, the recent rationalization of the Goods and Services Tax (GST) rate prompted certain state governments to recalibrate their revenue visibility. The government remains focused to building infrastructure, which would facilitate trade and serve as a catalyst for economic growth.

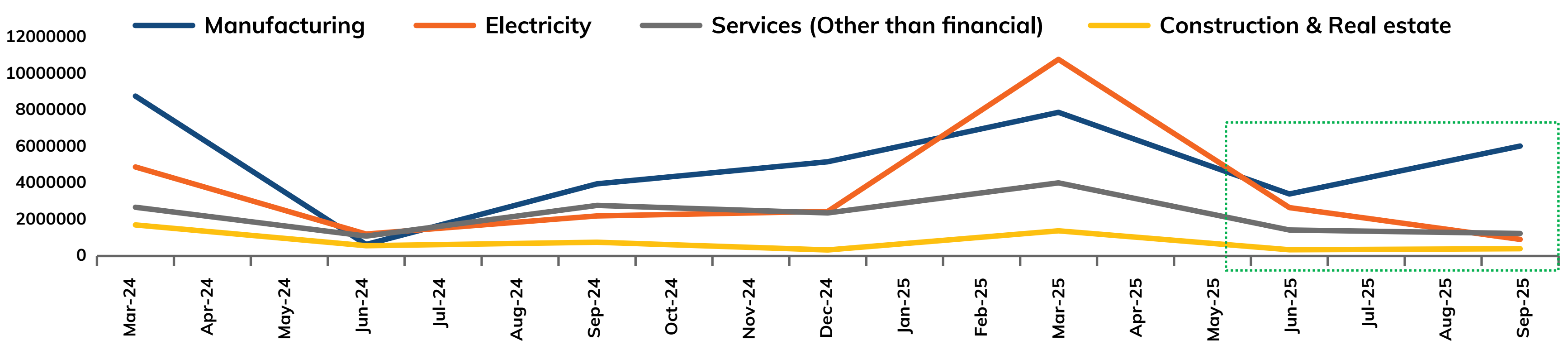
VALUE OF NEW INVESTMENT PROJECTS ANNOUNCED BY OWNERSHIP (₹, MILLION)



Source: Centre for Monitoring Indian Economy (CMIE). Data updated as on December 30, 2025.

The Manufacturing sector continues to dominate with respect to value of new projects announced.

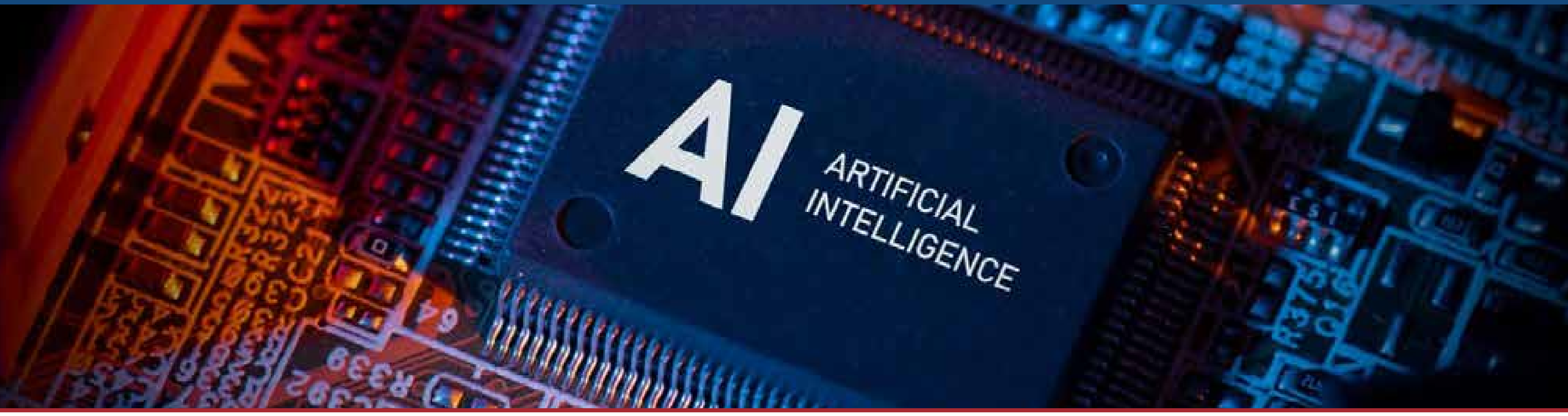
VALUE OF NEW INVESTMENT PROJECTS ANNOUNCED BY INDUSTRY (₹, MILLION)



Source: Centre for Monitoring Indian Economy (CMIE). Data updated as on December 30, 2025. 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).

Is the Artificial Intelligence (AI) revolution here to stay?

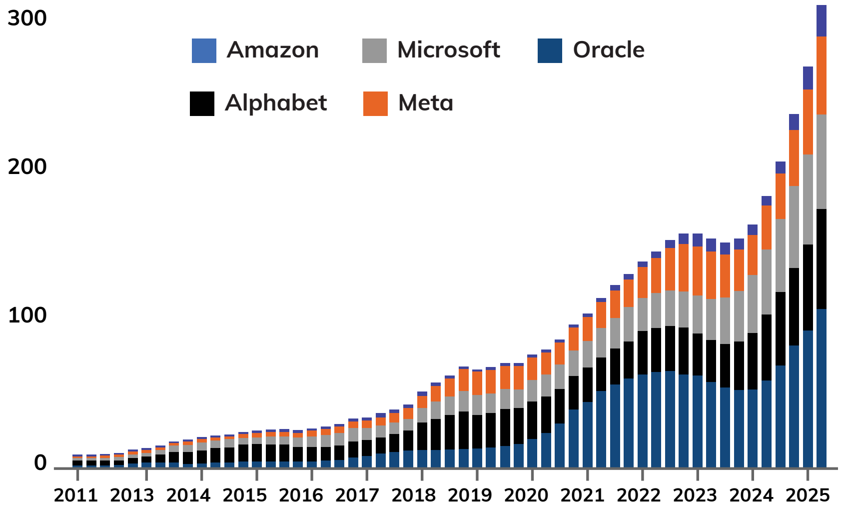
ICICI PRUDENTIAL MUTUAL FUND



Whether you like it or hate it, you cannot ignore it – Artificial Intelligence has been stealing the limelight. **Key tech companies in the U.S. are building vast AI infrastructure, resulting in excess competition and concerns over stretched valuations in AI stocks. The top 10 holdings in the S&P 500 make up over 40% of the index, driving the question, 'Is the AI boom a bubble in the making?'**

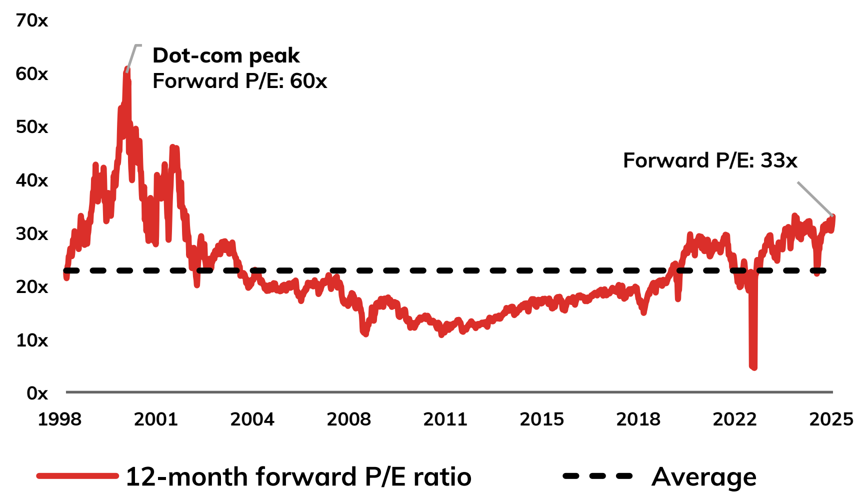
Firstly, the growth of Magnificent Seven tech firms has been fueled by the effective business models and leverage of intellectual property. Secondly, **though the forward P/E ratio of the U.S. technology sector is currently trading above its long-term average,** strong corporate earnings have kept valuations relatively in check, which is different from the Dot-com bubble phase.

CAPITAL EXPENDITURES OF THE FIVE BIGGEST SPENDERS ($, BILLION)



Source: Bloomberg. Note: Oracle's quarters end a month earlier than those of the other companies. The above is trailing 12 months. October 2025 report.

U.S. TECHNOLOGY SECTOR 12-MONTH FORWARD P/E RATIO



Source: Bloomberg Finance L.P, Savvy Investor report. Data as on October 31, 2025. Past performance may or may not sustain in future. P/E: Price-to-Earnings is calculated by dividing the current market price of a stock by its Earnings Per Share.

AI: Artificial Intelligence. 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).

The narrative of High-Frequency Indicators

ICICI PRUDENTIAL MUTUAL FUND

While Goods and Services Tax (GST) revenue collections were largely impacted by the rationalization of GST rates, other available high-frequency indicators of economic activity such as **e-way bills, petroleum consumption and digital payments, registered a pick-up in growth. The notable increase in e-way bill generation denotes a rise in freight activity and movement of goods. Digital payments registered robust growth in transaction volume,** driven by rapid technological innovation and the convenience of making seamless real-time transactions.

High Frequency-Indicators – Robust Economic Activity (Year-on-Year Growth %)

Indicator	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
GST E-way bills	16.3	17.6	23.1	14.7	20.2	23.4	18.9	19.3	25.8	22.4	21.0	8.2	27.6
GST revenue	0.6	7.3	12.3	9.1	9.9	12.6	16.4	6.2	7.5	6.5	9.1	4.6	0.7
Toll Collection	11.9	9.8	14.8	18.7	11.9	16.6	16.4	15.5	14.8	12.7	4.5	4.6	2.9
Electricity demand	3.7	5.1	1.3	2.4	5.7	2.8	-4.8	-2.3	2.6	3.8	3.5	-5.8	-0.6
Petroleum consumption	10.6	2.0	3.0	-5.2	-3.1	0.2	1.1	0.5	-4.4	4.8	7.6	-0.4	3.0
Of which Petrol	9.6	11.1	6.7	5.0	5.7	5.0	9.2	6.8	5.9	5.5	8.0	7.4	2.6
Diesel	8.5	5.9	4.2	-1.3	0.9	4.2	2.1	1.5	2.4	1.2	6.6	-0.3	4.7
Aviation Turbine Fuel	8.5	8.7	9.4	4.2	5.7	3.9	4.4	3.3	-2.3	-2.9	-0.8	2.1	5.4
Digital Payments - volume	30.1	33.1	33.0	26.7	30.8	30.0	29.2	28.3	30.9	31.1	28.1	21.5	27.2

<<<<<<Contraction--Expansion>>>>>>

Source: Reserve Bank of India (RBI) Bulletin, December 2025. Goods and Services Tax Network (GSTN), Central Electricity Authority (CEA), Ministry of Petroleum and Natural Gas, Government of India, National Payments Corporation of India (NPCI). Digital Payments data for November 2025 is provisional. The data on toll collections for November 2025 growth rate is calculated by aggregating daily data. The heatmap translates the data range for each indicator into a colour gradient scheme with red denoting the lowest values and green corresponding to the highest values of the respective data series.

Retail passenger vehicle sales grew at their highest pace in over a year, aided by GST rate cuts, marriage season demand and improved supply. Retail tractor sales growth gained traction, buoyed by positive Rabi season prospects, reduction in GST rates and a hike in minimum support prices of Rabi crops.

High Frequency Indicators - Revival of Urban Demand (Year-on-Year Growth %)

	Indicator	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Urban Demand	Domestic Air Passenger Traffic	13.8	10.8	14.1	12.1	9.9	9.7	2.6	3.7	-2.5	-0.5	-2.5	3.5	6.7
	Retail Passenger Vehicle Sales	-11.8	-2.0	15.5	-10.3	6.3	1.6	-3.1	2.5	-0.8	0.9	5.8	10.7	19.7
Rural Demand	Retail Automobile Sales	12.0	-12.5	6.6	-7.2	-0.7	2.9	5.4	4.8	-4.3	2.8	5.2	40.5	2.1
	Retail Tractor Sales	29.9	25.8	5.2	-14.5	-5.7	7.6	2.8	8.7	11.0	30.1	3.6	14.2	56.5
	Retail Two-wheeler Sales	16.3	-17.6	4.2	-6.3	-1.8	2.3	7.3	4.7	-6.5	2.2	6.5	51.8	-3.1

<<<<<<Contraction--Expansion>>>>>>

Source: Reserve Bank of India (RBI) Bulletin, December 2025. Airports Authority of India, Federation of Automobile Dealers Associations (FADA), and Ministry of Rural Development, Government of India. The data on domestic air passenger traffic for November 2025 growth rate is calculated by aggregating daily data. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series. GST: Goods and Services Tax. 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).

The narrative of High-Frequency Indicators

ICICI PRUDENTIAL MUTUAL FUND

Steel output grew strongly towards the end of the year, reflecting continued momentum in infrastructure and construction activity. Stable domestic demand coupled with Goods and Services Tax (GST) reforms contributed to the strong growth of the automobile sector.

High-Frequency Indicators – Indicators for Industrial Growth (Year-on-Year, Growth %)

	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Automobile production	8.0	1.3	9.4	2.3	6.5	-1.7	5.2	1.2	10.7	8.1	10.8	-2.8	22.3
Passenger vehicle production	6.5	9.2	3.7	4.5	11.2	10.8	5.4	-1.8	0.1	-4.1	16.1	9.8	22.8
Tractor production	24.7	20.9	23.7	-7.8	18.5	20.5	9.1	9.8	11.5	9.4	23.0	13.0	37.5
Two-wheelers production	8.8	-0.6	10.3	1.6	5.6	-4.1	4.7	1.4	12.3	10.0	9.8	-5.6	20.9
Three-wheelers production	-5.5	7.6	16.2	6.5	6.0	4.1	16.9	8.6	24.0	15.8	15.9	15.9	55.4
Crude steel production	4.5	8.3	7.4	6.0	8.5	9.3	11.0	12.6	13.8	12.8	13.2	9.4	11.8
Finished steel production	2.8	5.3	6.7	6.7	10.0	6.6	7.0	10.9	13.8	13.8	13.8	10.0	13.5
Imports of capital goods	4.4	6.1	15.5	-0.5	8.6	24.5	15.7	3.4	13.3	0.2	12.8	8.7	13.1

<<<<<<Contraction---Expansion>>>>>>

Source: Reserve Bank of India (RBI) Bulletin, December 2025. Central Electricity Authority (CEA), Ministry of Power; Society of Indian Automobile Manufacturers (SIAM), Office of Economic Adviser, Government of India, Joint Plant Committee, Directorate General of Commercial Intelligence & Statistics and Tractor and Mechanisation Association. In the heatmap, red denotes the lowest values and green corresponds to the highest values of the respective data series.

The Naukri JobSpeak Index surged in November 2025, led by fresh hiring, especially in non-IT sectors like education, hospitality and real estate. **Work demand under the Mahatma Gandhi National Rural Employment Guarantee Scheme continued to contract,** signifying improvement in rural labour market conditions.

High-Frequency Indicators – Employment (Year-on-Year, Growth %)

	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Naukri Job Speak Index	2.0	8.7	3.9	4.0	-1.5	8.9	0.3	10.5	6.8	3.4	10.1	-9.3	23.5
PMI employment: manufacturing	52.9	53.4	54.8	54.5	53.4	54.2	54.9	55.1	53.3	53.1	52.1	52.4	50.9
PMI employment: services	56.6	55.5	56.3	56.2	52.5	53.9	57.1	55.1	51.4	52.2	51.9	51.4	51.6
MGNREGA: work demand	3.9	8.2	14.4	2.8	2.2	-6.5	4.4	4.4	-12.3	-26.2	-27.1	-35.1	-31.9

<<<<<<Contraction---Expansion>>>>>>

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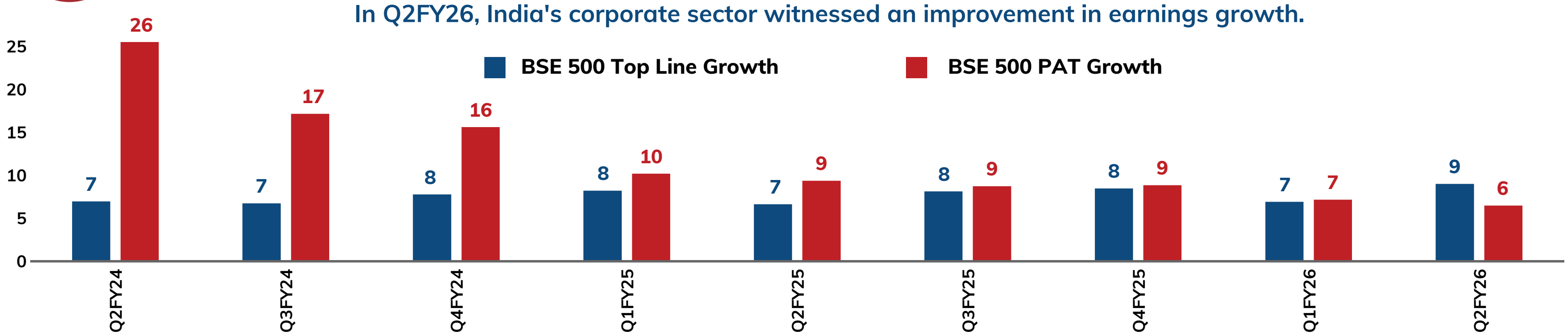
Q2FY26 Corporate Earnings Growth – Thumbs Up or Down?

ICICI PRUDENTIAL MUTUAL FUND

BSE 500 TOP LINE & PROFIT GROWTH (YEAR-ON-YEAR, %)

In Q2FY26, India's corporate sector witnessed an improvement in earnings growth.



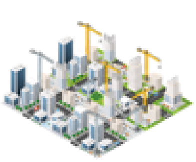
Source: Nuvama Institutional Equities. Data as of September 30, 2025. Q: Quarter. FY: Financial Year. Top Line Growth refers to Sales/ Revenue Growth. PAT: Profit After Tax.

BANKING SECTOR

During Q2FY26, the Net Interest Margins and asset quality for banks improved. In October 2025, the RBI introduced measures to strengthen the resilience of the banking sector and improve the flow of credit.

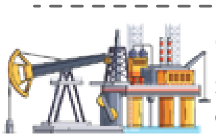
FAST-MOVING CONSUMER GOODS

Resilient rural demand continues to drive growth on the back of favourable government reforms, healthy reservoir levels and comfortable buffer stock of food grains.



INFRASTRUCTURE

The cement industry witnessed sequential decline due to heavy monsoon that disrupted operations. However, companies remain optimistic about a rise in demand, citing government infrastructure spending.



OIL & GAS

Strong refining margins boosted the recent quarterly earnings of several oil and gas companies.

AUTOMOBILE

Original Equipment Manufacturers demonstrated strong operating performance, led by Goods and Services Tax rate cuts and robust festive demand. Compact Sports Utility Vehicles continued to gain market share. Improving rural sentiment aided the sales of 2-wheelers and entry-level Passenger vehicles.

INFORMATION TECHNOLOGY (IT)

Margins of IT businesses were aided by currency gains and cost efficiencies. The industry saw early signs of Artificial Intelligence (AI) adoption, which would help businesses gain a competitive edge.

PHARMACEUTICALS

While domestic and specialty businesses performed well, export-heavy generics segment faced challenges owing to price erosion and product-mix headwinds.

Other Key Developments

India's fiscal deficit trajectory: In recent years, India's fiscal position has strengthened on account of the ongoing fiscal consolidation, improvement in the quality of expenditure and earmarking of debt-to-GDP as the key benchmark for the central government's fiscal policy. The fiscal deficit, which peaked at 9.2% of the GDP in FY21 due to the pandemic, has been on a consistent downward glide path, reaching 4.8% of the GDP in FY25 with a target of 4.4% of the GDP in FY26 (Source: Ministry of Finance. FY: Financial Year. GDP: Gross Domestic Product).

Labour codes to streamline labour laws: The Government of India announced the implementation of the four Labour Codes – the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020 and the Occupational Safety, Health and Working Conditions Code, 2020 with effect from 21st November 2025, rationalizing 29 existing labour laws. This landmark move lays the foundation for better wages, social security and enhanced welfare for India's workforce (Source: Press Information Bureau).

Tariffs imposed by Mexico to support the local industry: On December 11, 2025, Mexico imposed higher import duties ranging from 5% to 50% on 1400 products like electronics, apparels, vehicles, textiles and metals, imported from countries without a free trade agreement. (Source: Mexican Senate).

Prices of base metals on the rise: Several base metal, such as copper, tin and aluminium have experienced sharp price increases during the year, alongside precious metals such as gold and silver. The surge in base metal prices has been driven by strong demand from industries across advanced electronics, renewable energy and Artificial Intelligence (AI) sectors, the U.S. Federal Reserve lowering the benchmark interest rate and expectations of fiscal stimulus in China.

Japan hikes interest rate: In November 2025, Japan's headline consumer price growth rose to 2.9% year-on-year, which continued to pressure real wages. In December 2025, the Bank of Japan increased its benchmark rate to 0.75%, the highest level in 30 years to combat persistent inflation.

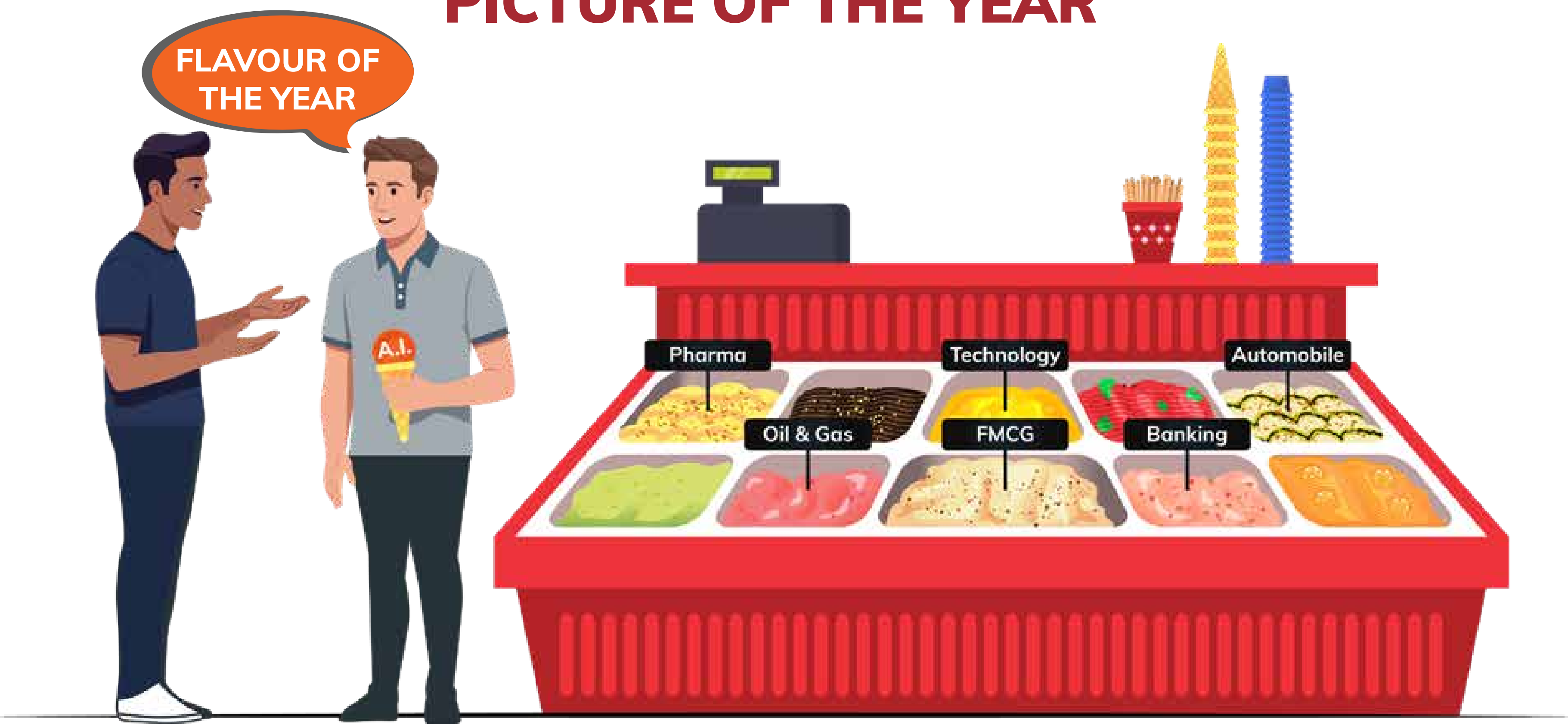
And it is a wrap for the month

ICICI PRUDENTIAL MUTUAL FUND

The year 2025 was challenging as trade tensions, geopolitical conflicts, growing public debt and policy uncertainty cast a shadow over the global economic growth prospects. World trade uncertainties eased towards the end of the year, supported by renewed traction in U.S. trade negotiations. Rate cuts by the U.S. Federal Reserve boosted investor sentiment and lifted key indices across the board. However, financial market volatility resurfaced with apprehensions around AI investments.

India's fiscal dynamics remain healthy, which were reflected in the S&P Global Ratings upgrade of India's sovereign rating to 'BBB'. Domestic factors, such as continued impact of GST rationalization, benign inflation, healthy balance sheets of corporates and financial institutions and congenial monetary and financial conditions should continue to support India's economic growth trajectory.

PICTURE OF THE YEAR



The pictures used in this document are for illustration purpose only. AI: Artificial Intelligence. FMCG: Fast-Moving Consumer Goods. U.S.: United States. GST: Goods and Services Tax. The sector(s) /stock(s) mentioned in this 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).

Disclaimer

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

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