

# **PORTFOLIO MANAGEMENT: A CASE STUDY OF ICICI PRUDENTIAL AMC**

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## **ABSTRACT**

### **Purpose**

Effective portfolio management is vital to successful product innovation. Portfolio management is about making strategic choices—which markets, products, and technologies our business will invest in. It is about resource allocation—how you will spend your scarce engineering, R&D, and marketing resources. It focuses on project selection—on which new product or development projects you choose from the many opportunities you face. And it deals with balance—having the right balance between numbers of projects you do and the resources or capabilities you have available [1]. This research paper delves into the fundamental principles, methodologies, and instruments used in portfolio management, specifically examining strategic asset allocation, diversification, risk and return balancing, and performance assessment metrics including the Sharpe Ratio, Beta, and Alpha. This study examines how professional fund managers use case-based analysis to create and adjust investment portfolios that match investor needs and market trends, focusing on ICICI Prudential's mutual fund schemes. This study delves deeper into the comparative effectiveness of direct and regular plans, the influence of behavioral biases on investment choices, and the impact of regulatory policies on portfolio approaches.

### **Design**

The research design used in this study is causal research, a quantitative approach characterized by a pre-determined and systematic methodology. The primary aim is to investigate the cause-and-effect link between portfolio management methods and the degree of risk linked to mutual funds. The study is conducted in a process consisting of three primary phases. The initial stage requires collecting pertinent data from company records, online financial tools such as Ticker Tape, and data on Net Asset Values (NAVs) and several risk metrics. The second stage involves gathering information from secondary sources, which include published reports, academic journals, and industry databases. The study also utilizes an exploratory research approach, encompassing a review of existing literature and observational and analytical methods to gain a more comprehensive understanding of portfolio risk in mutual fund investments.

## Findings

The research uncovered that several ICICI Prudential mutual fund programmes, including the ICICI Prudential Banking and Financial Services Fund, the ICICI Prudential Midcap Fund, and the ICICI Prudential Infrastructure Fund, are typified by high levels of risk. This observation is consistent with a key investment principle, which holds that increased risk is typically linked with the possibility of greater returns. Those investing in these funds may encounter increased price fluctuations, but they could potentially achieve higher earnings over the long term if market conditions are favourable.

Studies of the Sharpe Ratio reveal that most of ICICI Prudential's equity-based mutual funds provide a substantial risk premium to investors. Funds with a high Sharpe Ratio are delivering returns significantly exceeding the risk-free rate, factoring in the level of risk undertaken. The study also employed Beta as a measure of volatility, indicating how responsive a fund's returns are to fluctuations in the overall market. This metric enables investors to grasp the amount of systematic risk they face while investing in a specific mutual fund.

## Relevance

Effective portfolio management is key to optimizing resource allocation and minimizing risk in the investment environment. Investors choose, arrange, and track a combination of investments suited to their individual risk levels, financial outlook, and objectives. As financial markets have become increasingly complex and investment choices have expanded, skilled portfolio management is now a necessity for both personal and organisational investors. Through techniques like asset allocation, diversification, and regular rebalancing, portfolio management aims to achieve the highest possible returns while limiting exposure to potential risks. This investment strategy ensures that portfolio allocations are consistent with market trends, current economic conditions, and individual financial goals. Portfolio management in mutual funds and professional asset management allows fund managers to offer steady results and maximize returns for investors.

Achieving long-term financial stability and informed investment decisions in a dynamic market depends heavily on the effective practice of portfolio management.

## INTRODUCTION

### PORTFOLIO MANAGEMENT

Portfolio management is concerned with the careful planning of investments in securities. An individual who is investing in securities must. Select from a wide selection of securities and determine the most suitable allocation of funds among them. The investor must choose the appropriate securities. The amount should be invested has not been specified. In portfolio management, return and risk are inherently linked. The investor is attempting to select from a portfolio. Maximising returns while minimising risk exposure. The characteristics of individual securities and portfolios also vary significantly [3]. An investor can achieve substantial returns by placing his funds in a diversified investment portfolio. The performance of a portfolio can be determined from the returns it has generated .

Portfolio management encompasses selection, security analysis, portfolio revision, and portfolio evaluation. Portfolio management is essentially a process. Portfolio management is a

A process used by conglomerates to increase the profitability of investment while reducing associated risks.

## ROLE OF PORTFOLIO MANAFEMENT

Portfolio management was a relatively obscure term in the past. A method which is beyond the reach of the small investor, but the era has shown that Portfolio management is a widely accepted term that is predominantly used in India. The concepts and methodology associated with portfolio management [4]. The concepts and approach related to portfolio management issues are currently prominent features in the headlines of financial magazines and newspapers. In the early years of 90's India boarded on a programme of economic globalization and liberalization, receiving significant support from private players. This amendment has made the Indian industry. A very large quantity of Since 1987, mutual fund performance has experienced an upward trend in the market. Investment in securities has gained significant traction due to this growth, and as a result, appreciable momentum has been earned.

Portfolio management is being increasingly utilised by mutual funds, investment planning boards, individual investors, and assisted by research. India's Securities Exchange Board of India (SEBI) functions as an administrative body. This ensures the market for securities is It ensures that the market of securities is the primary goal is to provide a secure environment, free from scams, and ensure that investor funds are protected. The advent of computers marked a significant shift in technology from that point onwards. Methods for evaluating various solutions. The trend towards economic globalization and liberalization has led to an increased free movement of capital. A portfolio now encompasses not only domestic securities but also foreign securities. expanded.

Portfolio management is the primary method through which an Investors can achieve the highest possible returns while simultaneously reducing the associated risks.

The objectives of portfolio management can be articulated as:

1. Reducing the potential for risk. Minimization of risk.
2. Capital growth.
3. Liquidity.
4. Maximizing the efficient use of available resources.
5. Tax planning

## TYPES OF PORTFOLIO MANAGEMENT

### Active portfolio management:

Active Portfolio Management focuses on generating higher returns than a benchmark index like the Nifty 50 or the BSE Sensex.

The portfolio manager actively manages the investment portfolio, and the research team picks the requisite securities.

Investors who have a higher risk appetite and seek higher capital gains opt for Active Portfolio Management. The portfolio manager selects undervalued stocks and sells them at a higher price when they realize their true potential.

Moreover, the portfolio manager diversifies the portfolio across investment options to mitigate investment risk.

**Passive Portfolio Management:**

Passive Portfolio Management involves mimicking the performance of a market index such as the Nifty 50.

The fund manager tracks and replicates the stock market index portfolio to give investors returns in line with the index it tracks.

Passive Portfolio Management focuses on index funds which are mutual funds that mimic market index portfolios.

Moreover, the Passive Portfolio Management strategy involves lower transaction costs as the portfolio manager doesn't churn the portfolio frequently compared to Active Portfolio Management.

**Discretionary Portfolio Management:**

The Discretionary Portfolio Management Services portfolio manager has complete control over the portfolio and can adopt any strategy to achieve investment objectives.

Investment Decisions are entirely at the portfolio manager's discretion, and the clients don't have much of a say in investment decisions.

**Non-Discretionary Portfolio Management:**

Under Non-Discretionary Portfolio Management Services, the portfolio manager gives investment ideas. However, clients decide whether to take up these investment ideas while the execution of trades rests with the portfolio manager.

In Non-Discretionary Portfolio Management Services, the fund manager suggests investment strategies and works according to the direction given by the client.

**MUTUAL FUND**

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. It is a very useful source of investment for common man [3].

**CONCEPT OF MUTUAL FUNDS**

A Mutual Fund is basically a system for gathering together the investments of a large quantity of individuals. Individuals investing small amounts collectively for the purpose of achieving attractive yields. Appreciation of capital is prioritized, with safety and liquidity serving as key considerations. A mutual fund is a type of investment vehicle. A trust aggregates the funds of multiple investors who have a collective financial objective. The funds

gathered are subsequently invested in securities like stocks and bonds [5]. Other types of securities besides these. The income generated from these investments and the increase in capital value. The realized profit is distributed among the unit holders in accordance with the number of units they hold. Mutual Dynamic financial institutions, specifically funds, are pivotal players in the economy by fulfilling a crucial role. Establishing a direct connection, mobilizing savings, and investing them in the stock market. The distinction lies between savings and the capital market. The activities of mutual funds encompass both. Impact on savings patterns, capital market growth, and the economy is seen both in the short and long term. A mutual fund is a diversified portfolio consisting of numerous financial instruments, encompassing a wide range of products in different categories. In a mutual fund company, fund managers create portfolios that consist of various assets. In a Mutual fund company, the Fund Managers make Portfolios of different. They continuously analyse combinations of market risk and expected returns to achieve a positive outcome. Redemption can be offered to mutual fund investors.

#### **PROCESS OF INVESTMENT PORTFOLIO MANAGEMENT**

##### **Process of Investment Portfolio Management**

Identification of Investment Objectives

Estimation of Capital Market

Decision Regarding Asset Allocation

Formulation of Portfolio Strategy

Selection of Securities and Investment

Implementation of Portfolio

Revision and Evaluation of Portfolio

Rebalancing the Portfolio

Sources: wallstreetmojo.com

## **RATIOS**

### **Sharpe Ratio**

The Sharpe ratio is a metric utilized to assess the risk-adjusted performance of a mutual fund. The measure evaluates the excess return a fund produces, relative to the risk assumed, versus a risk-free investment such as a fixed deposit. Generally, a higher Sharpe ratio signifies more effective risk-adjusted performance, suggesting the fund has produced higher returns relative to the risk it has undertaken.

The Sharpe ratio is calculated using the following formula:

$$\text{Sharpe Ratio} = (R_p - R_f) / \sigma_p$$

Where:

- $R_p$  = The return of the portfolio (mutual fund)
- $R_f$  = The risk-free rate of return (e.g., a fixed deposit rate)
- $\sigma_p$  = The standard deviation of the portfolio's excess return (a measure of the fund's volatility)

## Beta Ratio

In mutual funds, beta serves as a metric that gauges a fund's volatility or responsiveness to market variations. This metric shows the extent to which a fund's performance is anticipated to adjust in line with broader market fluctuations.

### Understanding Beta:

The beta of one

A fund with a beta of 1 is anticipated to track market movements precisely. A 10% market increase is predicted to result in a corresponding 10% increase for a fund with a beta of 1.

Beta values exceeding one.

A fund with a beta value exceeding 1 is more prone to volatility than the market. A beta of 1.2 implies the fund's volatility is 20% higher than the markets.

The beta value is less than one.

Funds with a beta of less than 1 are typically less volatile than the market. For example, a beta of 0.8 signifies that the fund exhibits 20% less volatility compared to the market.

Negative Beta:

Returns on a fund with a negative beta move inversely to market movements.

## Standard Deviation

Within the realm of mutual funds, standard deviation serves as a statistical metric to gauge the fluctuation in a fund's returns over a designated time frame. This information essentially conveys to investors how much the fund's returns may vary from its average, thereby enabling them to comprehend the associated risk with the investment.

The formula for standard deviation is:  $SD = \sqrt{\sum (x - \bar{x})^2 / N}$ , where:

- SD is the standard deviation.
- N is the number of observations (e.g., monthly returns).
- x represents each return value in the dataset.
- $\bar{x}$  is the mean of the data (average return).

## LITERATURE OF REVIEW

### THEORETICAL FRAMEWORK ON PORTFOLIO MANAGEMENT

Portfolio management involves the strategic combination of art and science to make informed decisions regarding investment composition, aligning investments with specific objectives, and optimizing asset allocation for both individual and institutional clients, while also carefully weighing the trade-off between risk and investment performance. Key theoretical frameworks form the foundation of successful portfolio management strategies.

**Modern Portfolio Theory (MPT):** Harry Markowitz developed the Modern Portfolio Theory (MPT), which stresses the importance of diversification to decrease unique or idiosyncratic risk. The theory suggests that investors can create a portfolio that strikes the best balance between potential returns and the level of risk involved, allowing for the highest returns at a specific risk level or the lowest risk at a specified return. This process entails choosing a combination of assets that are not fully correlated with each other, thereby dispersing risk.

**Asset Allocation:** The process involves allocating an investment portfolio across various asset classes, including equities, fixed income securities, and cash holdings. This decision is generally regarded as one of the most vital in portfolio management, as it has a considerable impact on long-term returns and risk. Allocating assets strategically entails establishing long-term target percentages, whereas tactical asset allocation involves making short-term adjustments based on market predictions.

**Risk-Adjusted Returns:** Effective portfolio management focuses on achieving the highest possible returns while maintaining a specified level of risk. Funds are typically assessed using metrics such as the Sharpe Ratio, Treynor Ratio, and Jensen's Alpha, which compare investment returns to the associated level of risk.

**Investment Styles (Value vs. Growth):** Investment managers frequently adhere to distinct investment approaches. "Value investing" centers on pinpointing undervalued securities that are being traded at a price lower than their intrinsic value, whereas "growth investing" focuses on companies with significant earnings growth potential. Some managers use a combination of both approaches.

**Active vs. Passive Management:** Fund managers actively invest by making targeted choices in an effort to surpass the performance of a selected market index. The objective of passive management, as seen in index funds and ETFs, is to mirror the performance of a particular index.

### EVOLUTION OF ICICI PRUDENTIAL AMC

**Establishment:** ICICI Prudential AMC was incorporated on June 22, 1993, and the mutual fund itself was set up on October 12, 1993. **Joint Venture:** It was initially founded as ICICI Asset Management Company, later becoming a joint venture between ICICI Bank Limited (an Indian financial institution) and Prudential Plc (a UK-based financial services giant) in 1998.

### AUM GROWTH:

2008: Crossed ₹250 billion in Assets Under Management (AUM).

2010: Crossed ₹500 billion in AUM.



2015: Crossed ₹1 trillion in AUM, making ICICI Prudential Life (the insurance arm) the first private life insurer to achieve this.

2021: Crossed ₹2 trillion in AUM.

2023: Crossed ₹2.5 trillion in AUM.

December 2023: AUM of ₹6.4 lakh crores.

March 31, 2025: AUM of ₹9,14,878 crore (as per some reports), and other sources indicate over ₹9,27,917 crore.

Current (May 2025): Managing over ₹9,65,956.95 crores across 813 schemes.

## INVESTMENT PHILOSOPHY AND STRATEGY

ICICI Prudential AMC's core investment philosophy revolves around creating long-term wealth for investors through a blend of fundamental research, rigorous risk management, and a focus on consistent, risk-adjusted performance. Their approach is characterized by:

**Research-Driven Decisions:** The AMC places a strong emphasis on extensive research and analytical rigor in its investment decision-making process. This encompasses a combination of qualitative and quantitative assessments of economic cycles, industry performance, firm fundamentals, management capabilities, and market outlook.

**Diversification:** Their strategy is built around diversifying investments across different market capitalizations (large, mid, small cap), sectors, and investment approaches. Their diverse range of mutual fund offerings is clearly evident, with options such as multi-cap and flexi-cap funds.

**Balanced Risk-Adjusted Returns:** The primary objective is to achieve superior returns while maintaining a corresponding level of risk. Their historical performance demonstrates this, with numerous funds consistently surpassing benchmarks across diverse categories, especially in equity and hybrid funds.

**Flexibility and Pragmatism:** The ICICI Prudential Value Discovery Fund, managed by Sankaran Naren, utilizes a value investing style, but the overall strategy prioritizes flexibility to accommodate shifting market conditions, as noted in Business Standard (2025).

**Long-Term Horizon:** The company's investment strategy, specifically for stock investments, focuses on generating long-term growth of capital, matching the financial objectives of numerous investors (ICICI Prudential AMC website).

## CONCLUSION

ICICI Prudential Asset Management Company has established itself as a leading player in the Indian asset management industry through the successful implementation of various portfolio management strategies. Success is largely due to an emphasis on core research, a broad portfolio of products that meets various investor requirements, and a secure risk management system. The overall body of research recognizes the general difficulties encountered by large AMC-backed PMS, yet ICICI Prudential's consistent track record in numerous schemes and the proficiency of its investment team demonstrate its successful implementation of portfolio management strategies. Subsequent studies may explore the particular statistical methods utilized by ICICI Prudential's investment managers more thoroughly and conduct a comparative examination of their Portfolio Management Services (PMS) performance in relation to other prominent PMS suppliers in India.



## RESEARCH DESIGN AND METHODOLOGY

### RESEARCH METHODOLOGY

#### RESEARCH DESIGN

This study adopts a descriptive and exploratory research design to investigate the complex relationship between portfolios management and investor behaviour. By integrating theoretical framework and strategies with empirical evidence from a real-world analytical technique, the design supports a nuanced understanding of the subject.

The central aim of this research is to analyse how fundamental analysis, technical analysis and other strategies affect risk and return. Special consideration is given to evaluating the ICICI Prudential funds, measuring investors engagement and their tools and strategies, and identifying the psychological and experiential factors influencing managing portfolios and opting mutual fund schemes on the basis of risk and return and other decisions.

To ensure a comprehensive and credible analysis, the study employs a mixed-methods approach, study employs a quantitative approach to analyse the data, with percentage analysis being the primary technique used for evaluating trends, patterns, and performance metrics.

Core components of the research design include:

**Case Study Methodology:** ICICI Prudential AMC is examined as the primary case to explore managing portfolios practices within industry.

**Mixed-Methods Approach:** A combination of quantitative data (through structured charts) enhances the richness of findings.

**Cross-Sectional Research:** Data is gathered at a single point in time to assess current perceptions and the existing impact of portfolio managing efforts.

The research methodology is structured around three critical dimensions:

**Theoretical Framework:** Application of risk ratios and investor's behaviour models suited to mutual schemes.

**Data Collection Methods:** Approaches used to gather information from the reports, fact sheets, journals, official records, brochures, statistical highlights, newspapers, magazines etc.

**Analytical Techniques:** Procedures for interpreting the collected data to derive meaningful insights.

#### SOURCES OF DATA

The present study is primarily based on secondary data collected from various credible sources. These include published annual reports, mutual fund fact sheets, and records or information available with clients and mutual fund institutions. Additionally, data was gathered from reputed financial websites such as the ICICI Prudential Mutual

Fund website, Advisor Khoj, and Money control, along with relevant articles published in financial journals and newspapers. The study employs a quantitative approach to analyse the data, with percentage analysis being the primary technique used for evaluating trends, patterns, and performance metrics. This method enables a systematic and objective assessment of mutual fund performance and portfolio management strategies, providing valuable insights for both investors and researchers. This study is not only vital for the selected asset management companies but also fruitful for the overall growth and development of investors' funds and financial market.

1. Internet and Web search
2. Company's website
3. ICICI Prudential Asset Management company
4. Factsheet and Annexure collected from ICICI mutual fund.

## DATA ANALYSIS TECHNIQUES

Basic Concepts which we would know to understand the data analysis

### 1. NAV Net Asset Value

It represents a Fund's per share market Value means price of the single unit of the fund. NAV calculation is important because NAV is not similar to the price of an Equity share in market. NAV is calculated at the end of each trading day based on the closing market prices of the portfolio's securities.

$$\text{NAV} = \frac{\text{Total Asset Value in the fund} - \text{Total value of liabilities}}{\text{Number of Outstanding Shares}}$$

### 2. SIP Systematic Investment Plan

SIP offers investments in a mutual fund scheme in fixed amounts at regular instalments.

### 3. Folio Number

The folio number is a unique number identifying the investor Account with the Fund. Like a bank a/c number the folio number can be used as a way to uniquely identify fund investors.

### 4. ARN-AMFI Registration Number

It is unique number which is assigned to all the qualified mutual fund distributor or expert for trading in various schemes AMFI.

### 5. Current value

The latest market value of all your investments undertaken in MF.

### 6. Cost Value-

The total investment value in your scheme.

## TOOLS FOR STUDY

The data collected for the study has been systematically tabulated, analyzed, and interpreted using appropriate analytical tools. Various statistical techniques such as Beta, Standard Deviation, and Technical Analysis have been employed to measure both systematic and unsystematic risk. To evaluate the mutual fund that offers the highest return per unit of risk, the Sharpe Ratio has been applied.

## LIMITATIONS OF THE STUDY

- 1.The data collection was strictly confined to secondary sources.
- 2.Collecting historical NAV is very difficult.
- 3.Collecting Clients portfolio details is very difficult.
- 4.Selection of schemes for study is very difficult because lot of varieties in schemes.

## DATA ANALYSIS AND INTERPRETATION

Out of 102 mutual fund schemes offered by this AMC, 1 is/are ranked 5 \*, 4 is/are ranked 4 \*, 18 is/are ranked 3 \*, 5 is/are ranked 2 \*, 3 is/are ranked 1 \*, and 71 schemes are not ranked

Figure1. Schemes managed by ICICI Prudential AMC

### SCHEMES MANAGED

Scheme Name	Crisil Rating	Category	Risk	3Y Return (%)	AUM (Cr) (₹)
ICICI Prudential Bluechip Fund - Direct Plan - Growth	4 ★	Large Cap Fund	Very High Risk	14.81	60,177.20
ICICI Prudential Bluechip Fund - Growth	4 ★	Large Cap Fund	Very High Risk	14.14	60,177.20
ICICI Prudential Balanced Advantage Fund - Direct Plan - Growth	NA	Dynamic Asset Allocation or Balanced Advantage	Very High Risk	11.85	58,716.56
ICICI Prudential Balanced Advantage Fund - Growth	2 ★	Dynamic Asset Allocation or Balanced Advantage	Very High Risk	11.16	58,716.56
ICICI Prudential Liquid Fund - Direct Fund - Growth	2 ★	Liquid Fund	Low to Moderate Risk	6.81	55,112.40
ICICI Prudential Liquid Fund - Growth	1 ★	Liquid Fund	Low to Moderate Risk	6.72	55,112.40
ICICI Prudential Multi-Asset Fund - Growth	3 ★	Multi Asset Allocation	Very High Risk	17.37	52,257.08
ICICI Prudential Multi-Asset Fund - Direct Plan - Growth	4 ★	Multi Asset Allocation	Very High Risk	18.21	52,257.08
ICICI Prudential Multi-Asset Fund - Growth	3 ★	Multi Asset Allocation	Very High Risk	0.00	52,257.08
ICICI Prudential Value Discovery Fund - Growth	3 ★	Value Fund	Very High Risk	18.58	46,114.48
ICICI Prudential Value Discovery Fund - Direct Plan - Growth	3 ★	Value Fund	Very High Risk	19.21	46,114.48

Sources: [www.icicipruamc.com](http://www.icicipruamc.com)

Here we are analyzing and interpreting the scheme “ICICI PRUDENTIAL BLUECHIP FUND-DIRECT PLAN-GROWTH” which is managed by ICICI Prudential AMC.

## ICICI Prudential Bluechip Fund - Direct Plan - Growth



Regular Direct Growth - Direct Go

Category : Large Cap Fund

Fund House : ICICI Prudential Mutual Fund

NAV : ₹ 108.63 1.6%  
(as on 08th April, 2025)

Crisil Rating ★★★★★ Above average performance among peers

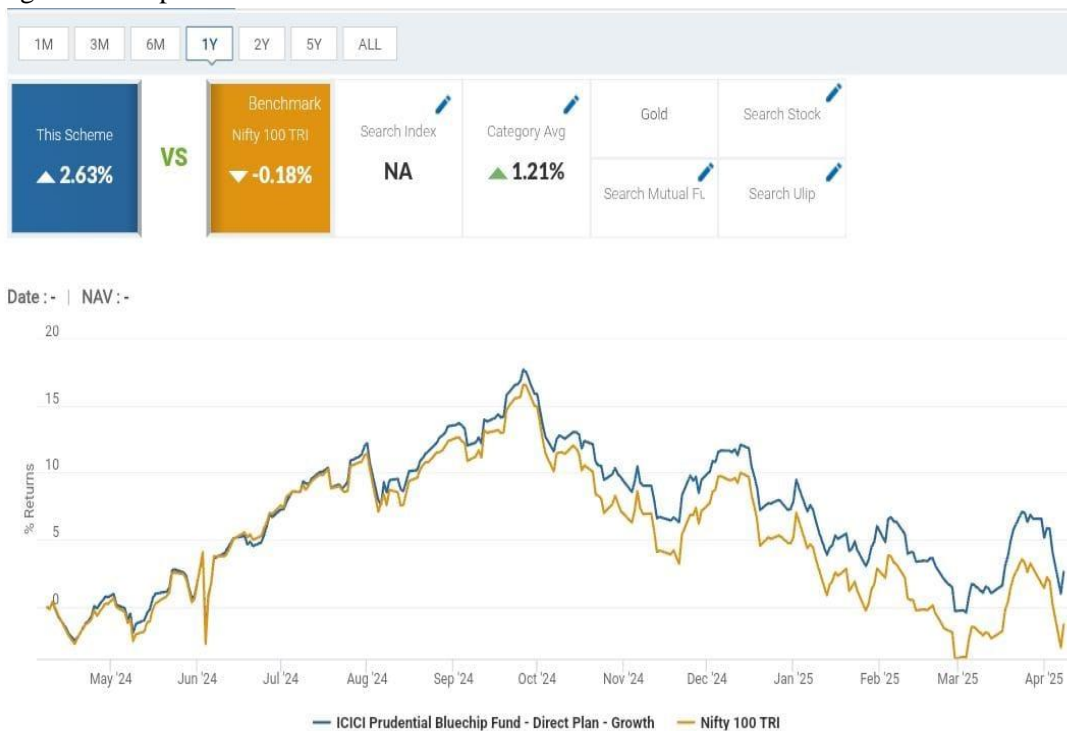
Sources: [www.moneycontrol.com](http://www.moneycontrol.com)

**Large Cap Fund:** The fund has 91.91% investment in domestic equities of which 76.15% is in Large Cap stocks, 3.52% is in Mid Cap stocks, 0.53% in Small Cap stocks. The fund has 0.78% investment in Debt, of which 0.78% in Government securities.

**Suitable For:** Investors who are looking to invest money for at least 3-4 years and looking for high returns. At the same time, these investors should also be ready for possibility of moderate losses in their investments.

**NAV (Net Asset Value):** It represents a Fund's per share market Value means price of the single unit of the fund.

Figure2. Comparison between The Scheme and Index



Sources: [www.moneycontrol.com](http://www.moneycontrol.com)

It presents performance comparison between the ICICI Prudential Blue-chip Fund – Direct Plan – Growth and its benchmark, the Nifty 100 TRI, along with the category average.

Metric	ICICI Prudential Blue-chip Fund	Nifty 100 TRI (Benchmark)	Category Average
Absolute Return (5 Yrs.)	25.67%	22.23%	22.27%

### Returns (as of April 8, 2025)

Short-term performance (3-6 months, YTD) is slightly negative, likely due to recent market corrections.

Long-term performance is excellent, consistently outperforming the category average and ranking in the top quartile.

### Investment Suggestions

#### Pros:

Superior long-term performance across all time frames (2, 3, 5, 10 years). Lower volatility and risk compared to peers, making it suitable for moderate to conservative investors. Strong Sharpe Ratio, indicating that returns are well-compensated for the risk taken. Consistent top-quartile ranks in category for long-term investment horizons.

#### Cons:

Short-term volatility may impact investors looking for quick gains. Recent negative returns in YTD, 3-month, and 6-month periods—though better than the category average.

**Suggestions:** Yes, this fund is a strong investment candidate for long-term wealth creation. Given its: Low risk (as shown by standard deviation and beta), Excellent long-term performance, Strong risk-adjusted returns, this fund is well-suited for SIPs and long-term lump sum investments, especially for investors with a 3–10-year horizon.

### Investment Suggestions

**1. Long-Term Investors:** This fund is a solid choice for long-term goals (5+ years).

Its consistent outperformance and resilience during corrections make it suitable for wealth creation. Suggested Allocation: 15–25% of total equity portfolio for conservative to moderate investors.

**2. Short-Term Caution:** 1-year returns are modest and indicate short-term market volatility. Investors with less than a 3-year horizon may consider combining this with debt funds or hybrid funds.

**3. SIP Strategy:** Starting or continuing a Systematic Investment Plan (SIP) can average out volatility and capture long-term growth. Ideal for cost averaging and disciplined investing.

**4. Diversification Tip:** While this is a large-cap fund, diversify with mid-cap or flexi-cap funds for higher growth potential.

### Key Highlights:

#### 1. Performance Overview (1-Year):

ICICI Prudential Blue-chip Fund: +2.63%, Benchmark (Nifty 100 TRI): -0.18%, Category Average: +1.21%. The fund has outperformed both the benchmark and the category average significantly, delivering positive returns in a relatively flat or declining market.

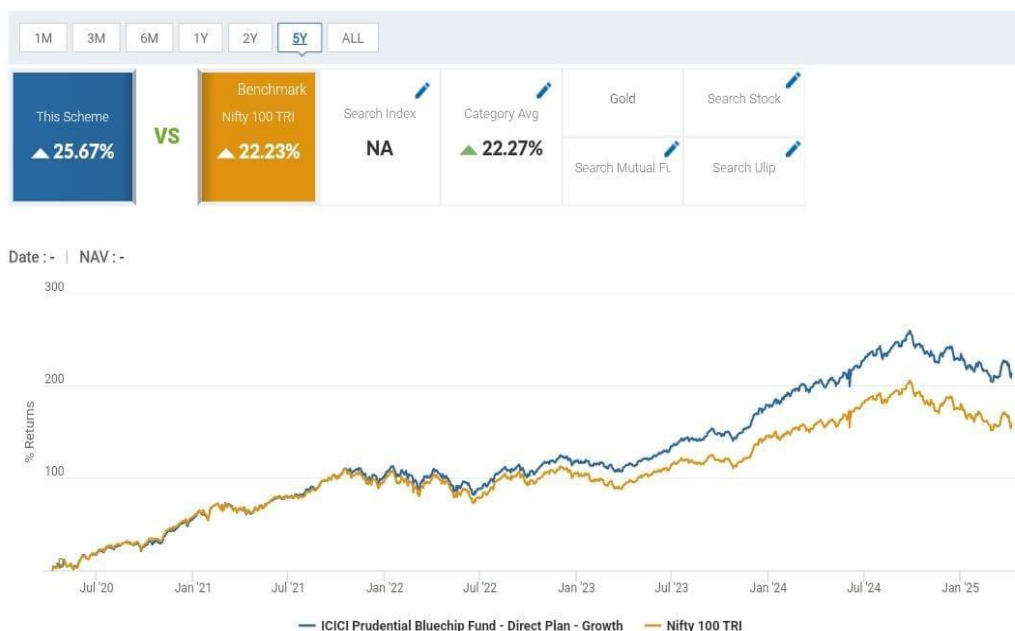
#### 2. Chart Analysis (Returns over Time):

From April 2024 to October 2024, both the fund and benchmark saw strong positive returns, with the fund consistently staying above the benchmark. Peak performance occurred around October 2024, where returns were around 15%. Post-October, both experienced a downward trend, with several corrections through November 2024 to March 2025. The fund showed better recovery and resilience in February–April 2025, maintaining higher returns than the benchmark.

### Conclusion:

**Fund Performance:** Strong, consistent outperformance over the benchmark and category. **Risk Management:** Better downside protection and faster recovery. **Investment Perspective:** Suitable for long-term investors seeking stability with moderate returns in large-cap equity exposure.

Figure3. Performance of Blue-chip for last five years



Sources: [www.moneycontrol.com](http://www.moneycontrol.com)

Here's a detailed analysis of the chart and data shown for the ICICI Prudential Blue-chip Fund – Direct Plan – Growth, benchmarked against the Nifty 100 TRI, over a 5-year period:

**1. Performance Summary (Last 5 Years):** Outperformance: The fund outperformed both the benchmark and the category average. This reflects strong fund management and stock selection within the large-cap space.

## 2. Trend Analysis (Graph Insights):

2020 to Early 2021: Steady upward growth, recovering from the COVID-19 market crash.

2021 to Mid-2022: Volatile sideways movement in both the fund and benchmark, likely due to inflation fears and global rate hikes.

Mid-2022 to Early 2024: Strong upward rally. The fund shows a steeper rise compared to the benchmark, showing alpha generation.

Late 2024 to Early 2025: Both the fund and benchmark show a downward trend, but the fund maintains a higher cumulative return.

**3. Risk-Adjusted Performance:** Though not directly visible from the chart, some inferred points: Lower volatility in drawdowns compared to the benchmark. Higher peak performance indicates good stock-picking during bullish phases.

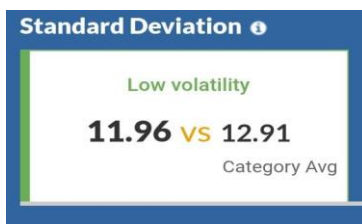
**4. Implications for Investors:** It indicates that strong buy candidate for long-term investors in the large-cap category. Consistent outperformance shows effective active management. May suit moderate to aggressive investors seeking long-term capital appreciation.



## Risk Ratios

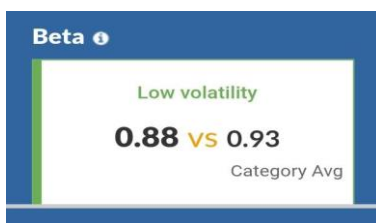
### Standard Deviation

Standard Deviation value gives an idea about how volatile fund returns has been in the past 3 years. Lower value indicates more predictable performance. So if you are comparing 2 funds (lets say Fund A and Fund B) in the same category. If Fund A and Fund B has given 9% returns in last 3 years, but Fund A standard deviation value is lower than Fund B. So you can say that there is a higher chance that Fund A will continue giving similar returns in future also whereas Fund B returns may vary.



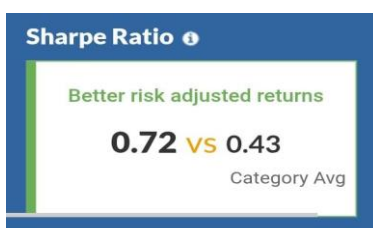
### Beta Ratio

Beta value gives idea about how volatile fund performance has been compared to similar funds in the market. Lower beta implies the fund gives more predictable performance compared to similar funds in the market. So, if you are comparing 2 funds (let's say Fund A and Fund B) in the same category. If Fund A and Fund B has given 9% returns in last 3 years, but Fund A beta value is lower than Fund B. So, you can say that there is a higher chance that Fund A will continue giving similar returns in future also whereas Fund B returns may vary.



### Sharpe Ratio

Sharpe ratio indicates how much risk was taken to generate the returns. Higher the value means, fund has been able to give better returns for the amount of risk taken. It is calculated by subtracting the risk-free return, defined as an Indian Government Bond, from the fund's returns, and then dividing by the standard deviation of returns. For example, if fund A and fund B both have 3-year returns of 15%, and fund A has a Sharpe ratio of 1.40 and fund B has a Sharpe ratio of 1.25, you can choose fund A, as it has given higher risk-adjusted return.



## Returns of ICICI Prudential Blue-chip Fund

Figure4. Returns of ICICI Prudential Blue-chip fund since inception

RETURNS (NAV as on 08th April, 2025)						
Period Invested for	₹10000 Invested on	Latest Value	Absolute Returns	Annualised Returns	Category Avg	Rank within Category
1 Week	01-Apr-25	9756.60	-2.43%	-	-2.31%	18/33
1 Month	07-Mar-25	10096.70	0.97%	-	0.55%	9/31
3 Month	08-Jan-25	9565.90	-4.34%	-	-6.24%	4/32
6 Month	08-Oct-24	9120.10	-8.80%	-	-10.40%	6/32
YTD	01-Jan-25	9511.40	-4.89%	-	-6.63%	3/32
1 Year	08-Apr-24	10262.60	2.63%	2.63%	1.21%	9/31
2 Year	06-Apr-23	14654.00	46.54%	20.96%	18.09%	4/30
3 Year	08-Apr-22	15045.70	50.46%	14.57%	11.60%	3/28
5 Year	08-Apr-20	31368.80	213.69%	25.67%	22.27%	2/25
10 Year	08-Apr-15	35395.90	253.96%	13.46%	11.67%	1/23
Since Inception	01-Jan-13	58560.60	485.61%	15.49%	12.76%	5/33

Sources: www.moneycontrol.com

## FINDINGS

**Risk Levels:** Certain ICICI Prudential mutual fund schemes, specifically the ICICI Prudential Banking and Financial Services Fund, ICICI Prudential Midcap Fund, and ICICI Prudential Infrastructure Fund, exhibit high levels of risk. This aligns with the investment principle that higher risk is often associated with the potential for higher returns. Investors in these funds may experience greater price volatility but could also achieve higher long-term returns in favourable market conditions.

**Risk Premium:** An analysis of the Sharpe Ratio for ICICI Prudential's equity-based mutual fund products indicates that most deliver a significant risk premium to investors. A high Sharpe Ratio suggests these funds provide returns well above the risk-free rate, adjusted for the risk taken, making them attractive to investors willing to accept volatility for superior returns.

**Direct vs. Regular Plans:** Direct Plans of mutual fund schemes tend to offer better returns than Regular Plans over the same period. This is primarily due to the exclusion of distribution and advisory commissions in Direct Plans, resulting in lower expense ratios and higher net returns for investors.

**Market Volatility (Beta):** The study used Beta to measure volatility, indicating a fund's sensitivity to overall market movements. A Beta value greater than 1 implies higher volatility than the market, while a Beta less than 1 suggests lower volatility. This metric helps investors understand their exposure to systematic risk when investing in a particular mutual fund.

**NAV and Performance Trends:** The ICICI Prudential Blue-chip Fund – Direct Plan – Growth was highlighted for its long-term outperformance and resilience during market corrections. It consistently surpassed the Nifty 100 TRI and category average, especially in 5-year returns (25.67% vs. 22.23%).

**Diversification Strategy:** The AMC utilizes a multi-cap, sectoral, and flexi-cap strategy, allowing it to balance risk across market conditions. Funds are diversified across large, mid, and small caps, and occasionally debt instruments.

**Investor Suitability:** The schemes are designed for different investor profiles: long-term SIP investors, moderate risk-takers, and wealth creators. ICICI Prudential Blue-chip Fund is specifically recommended for 3–10-year investment horizons.

## CONCLUSION

ICICI Prudential Asset Management Company (AMC) has established itself as a prominent player in the Indian mutual fund industry through the effective implementation of sound portfolio management strategies. These strategies are deeply rooted in the principles of Modern Portfolio Theory (MPT), which advocates diversification as a key method of minimizing unsystematic risk while optimizing returns. The AMC's approach includes a strategic blend of asset allocation, risk management, and both active and passive fund management styles, tailored to meet the evolving needs of different investor profiles.

The company's consistent use of risk-adjusted performance measures, such as the Sharpe Ratio and Beta, provides strong evidence of its ability to deliver returns that are not only competitive but also aligned with the level of risk undertaken. A high Sharpe Ratio indicates that the funds have generated superior returns per unit of risk, while Beta helps investors understand how sensitive a particular fund is to market fluctuations. By maintaining balanced portfolios that respond effectively to market volatility, ICICI Prudential AMC has demonstrated its strength in offering stability even during uncertain economic conditions.

Moreover, the company's strong emphasis on research-driven decision-making plays a significant role in its fund performance. The fund managers actively analyze market cycles, economic indicators, and sectoral trends to make informed investment choices. This strategic approach ensures that the funds remain aligned with market trends and investor goals, whether they seek long-term capital growth or short-term stability.

Overall, the findings of this study reinforce the idea that with the appropriate fund selection, time horizon, and investor risk profile, ICICI Prudential's mutual fund schemes can serve as a robust avenue for wealth creation. Even in periods of market turbulence, the company's disciplined and dynamic portfolio strategies help safeguard investor interests while delivering consistent long-term performance.

## RECOMMENDATIONS

The study recommends the following for investors:

**Strategic Investment:** Investment strategies should be tailored to the investor or their financial advisor to create a balanced and wealth-maximized portfolio. Investors should seek assistance from a financial advisor when investing in mutual funds.

**Systematic Investment Plans (SIPs):** SIPs are considered the best way to create long-term wealth. Investors should analyze the returns and benchmarks of schemes before making investments.

**Direct Plans:** Investors should focus on direct plans to reduce intermediary costs. Tax Policies and Statutory Rules: Investors need to be aware of tax policies and statutory rules related to mutual fund investments.

**Encourage SIPs for Long-Term Wealth Creation:** Investors should adopt Systematic Investment Plans (SIPs) in funds like the ICICI Prudential Blue-chip Fund to benefit from rupee-cost averaging and disciplined investing.

**Use Sharpe and Beta as Primary Evaluation Tools:** Investors should rely on Sharpe Ratio for risk-adjusted returns and Beta for volatility comparison while selecting mutual funds.

**Diversification Across Fund Types:** Investors should consider combining large-cap, mid-cap, and flexi-cap funds to ensure both stability and growth.

**Risk Profiling for Better Fund Matching:** AMCs and financial advisors must emphasize investor risk profiling to recommend suitable funds, especially distinguishing between aggressive and conservative investors.

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