

“

NARRATIVE IS BECOMING MORE GROUNDED, AND HAS MOVED FROM WHO WILL BENEFIT FROM AI TO WHERE IS MONETISATION ACTUALLY HAPPENING.

”

ANAND SHAH
CIO – PMS & AIF
ICICI PRUDENTIAL AMC



**EXCLUSIVE
INTERVIEW**

The Iran–US conflict has once again exposed India’s reliance on Middle Eastern energy. Do you see this as a structural trigger for increasing focus on domestic energy production and renewables?



We believe this is not a new trigger but an acceleration of an existing trend. India has been steadily moving toward diversification, both in terms of sourcing energy and investing in domestic production and renewables.

Furthermore, India’s growth model is gradually transitioning toward greater self-reliance in energy, manufacturing, and critical infrastructure, driven by both economic necessity and policy intent. Diversification across energy sources such as fossil fuels, renewables, and domestic capacity is a necessity. Episodes of global supply disruption or geopolitical stress merely reinforce this reality and increases the urgency of execution.

As we look toward FY27, how should India prepare for potential global shocks or weaker earnings growth, and how should investors position themselves to navigate such uncertainties?



From a macro perspective, risks like energy price volatility, supply chain disruptions, and technological disruption may continue to create uncertainty. But these are not new phenomena. They evolve over time and markets adjust. Within the same industry, outcomes are expected to vary depending on how companies navigate cost pressures and demand. Overall, we believe investors should recalibrate expectations, as this is unlikely to be a phase of outsized returns, but rather steady compounding with disciplined investing.

For investors, it is of utmost importance to maintain asset allocation discipline. Avoid deploying capital in one go because the market environment remains fluid. The key is to think of this as a marathon, not a sprint, and align preparation and expectations accordingly.

Last year, AI was the dominant market theme driving valuations and investor interest. How has that narrative evolved today, and where do you see real earnings visibility emerging within the AI ecosystem?



A year ago, AI was largely a narrative-driven theme that led to valuation expansion across segments. Today, that narrative is becoming more grounded, and has moved from “who will benefit from AI” to “where is monetisation actually happening.”

In this theme there are broadly three layers: First, the infrastructure layer which consists of semiconductors, data centres, cloud. This is where earnings visibility is currently strongest, especially globally. Second, enablers which encompasses software platforms and tools. Here, visibility exists but is still evolving. Third, end users like IT services. This is where the situation is more nuanced. Near-term earnings risk is not as high as market corrections suggest, but there is uncertainty around long-term growth and pricing power. If AI leads to efficiency gains, it could also compress pricing.

So the narrative has shifted from broad-based optimism to selective earnings validation. As investors, we need to be far more discerning about where AI is actually translating into sustainable profitability.



With all yours PMS strategies collectively seeing over ₹8,000 crore in gross inflows this financial year (as of Feb 2026), how have you approached capital deployment in a largely sideways market?

Given the volatile market environment, we adopted a gradual deployment strategy. The recent market correction helped us to build positions in high-conviction ideas and increase weights where conviction improved.

Even in these times, we continue to adhere to our investment framework governed by the BMV – (Business-Management-Valuation) framework, focussed on identifying bottom-up opportunities which also acts as a buy and sell discipline.

The PMS Contra Strategy has delivered ~18% over the last five years (as of Feb 2026)-against a backdrop of evolving macro conditions and market volatility, what have been the key drivers behind this performance?



The performance of the Contra Strategy has been driven by getting both components of returns right, i.e. Earnings growth and Valuation re-rating. Even in identifying contrarian investment opportunities, we rely on our BMV framework, focussed on improving earnings growth potential through sustainable competitive advantage, management quality and governance, along with cash flow discipline.

The Contra Strategy adopts a contrarian approach, investing in sectors or stocks currently out of favor but with strong fundamentals and potential for revival. Contra investing requires the ability to withstand short-term underperformance. The payoff comes when the cycle turns and market expectations reset. For instance, in the past we have capitalized on opportunities in metals and financials during downturns, and this has helped deliver favourable outcomes over the long term.