

**Domestic Equity Market Update**

- Indian equities ended the week on a positive note, with the large cap-oriented BSE Sensex ending higher by 2.00% & Nifty 50 ending higher by 2.09% WoW respectively. The BSE Midcap index ended higher by 2.33% and the BSE Small cap index ended higher by 3.57%.
- On the BSE sectoral front, indices ended on a mixed note. Metal, Telecom and Consumer Durables, were the biggest outperformers.
- Domestic equity markets ended the week on a positive note as geopolitical tensions in the Middle East eased, buoyed by optimism over a potential ceasefire between Israel and Iran. This de-escalation alleviated concerns about global economic repercussions, leading to a decline in crude oil prices and renewed investor confidence. The rally gained further momentum as the US dollar weakened amid speculation of earlier-than expected interest rate cuts by the US Federal Reserve.

**Global Market Updates**

- US equity markets ended the week on a positive note mainly due to easing oil prices and as the Fed rate-cut signals offset early losses from the Middle East tensions. Strong performance in technology shares led to additional gains. However, these gains were limited as investors tracked Fed Chair Powell's cautious rate outlook, weak home sales data and an unexpected fall in the jobless claim numbers
- European equity markets ended on a positive note on optimism over easing Middle East tensions, following confirmation of the ceasefire by both Israeli and Iranian sources. Sentiment was further lifted as the US reached a deal with China to expedite rare earth shipments, easing trade concerns.
- Brent oil prices declined from USD 77.1 per barrel to USD 66.2 following a steep selloff triggered by the Iran-Israel ceasefire. The easing of geopolitical tensions also reduced risk premiums, contributing to the decline.

**Macro Data & Domestic News Released During the week**

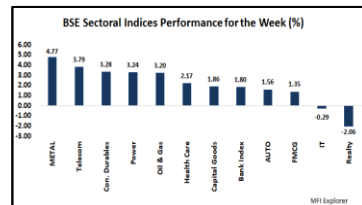
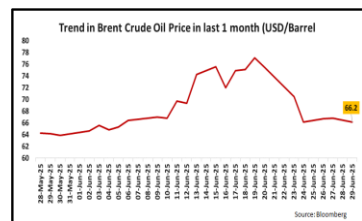
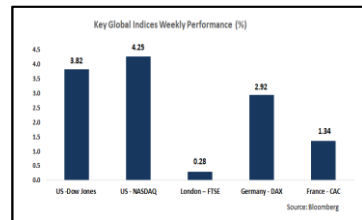
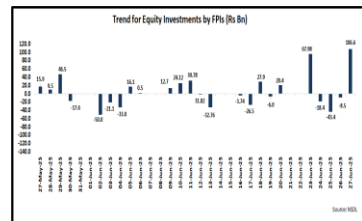
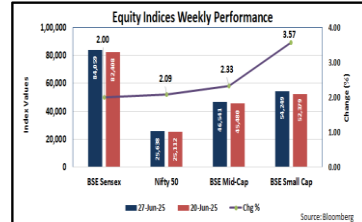
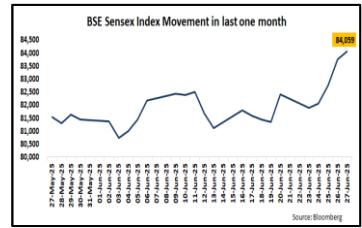
- According to data from the Ministry of Commerce and Industry, output growth in India's eight core infrastructure industries plummeted to a nine-month low of 0.7% YoY in May 2025 from an upwardly revised figure of 1% YoY in April 2025.
- As per data compiled by S&P Global, HSBC's flash India Composite Purchasing Managers' Index (PMI) rose to 61 in June 2025, up from a downward revised 59.3 in May 2025.
- S&P Global Ratings upgraded its FY26 growth forecast for India by 0.2% to 6.5% YoY, assuming a normal monsoon, lower crude oil prices, income-tax concessions and monetary easing. With inflation not a major risk, more focus on growth risks, and external factors unlikely to significantly constrain monetary policy easing, Asia-Pacific central banks are expected to continue to cut policy rates.
- As per RBI data, credit card spends, supported by a healthy growth in the net card additions, grew by 14.5% YoY to Rs 1.89 trillion in May 2025.
- Rating agency ICRA retained its India's GDP growth forecast for FY26 at 6.2% YoY, assuming well-distributed monsoons and crude oil prices averaging around USD 70/barrel. However, geopolitical tensions in West Asia, volatility in financial markets, and uncertain trade policies pose downside risks to this growth outlook, which have intensified.
- According to an RBI study, the Operating Profit Margin (OPM) of Indian private corporations moderated in FY25 amid high input costs. Manufacturing firms' OPM moderated by 20 bps to 14.2% in FY25 from 14.4% in FY24.
- Ratings agency ICRA lowered domestic passenger vehicles (PV) wholesale volume growth forecast to 1-4% YoY for FY26, citing concerns over high inventory levels and shortage of critical components such as rare earth magnets. ICRA had earlier pegged the PV wholesale volume growth for FY26 at 4-7% YoY.

**Outlook**

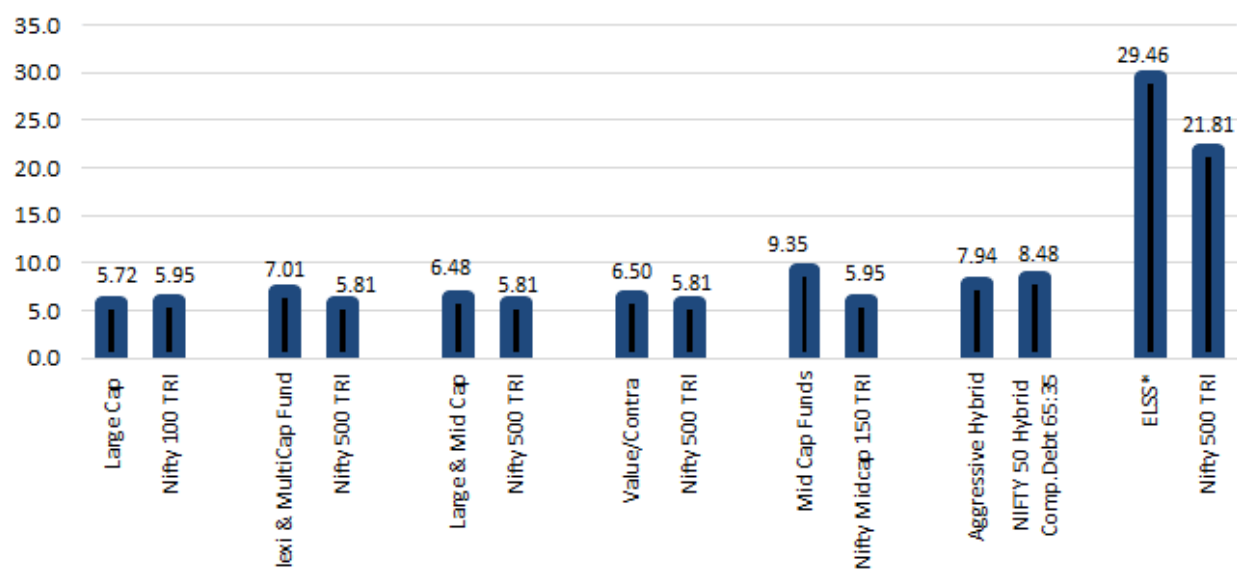
Going forward, the Indian equity market is likely to be driven by movement in the US Dollar index, improvement in consumption demand, developments around middle east tensions, FPI/DII flows, trade negotiation between India and the US, and strong liquidity support by the RBI. Overall, the higher-than-expected pick-up in GDP growth momentum in H2 FY25 bodes well for the outlook for FY26 as well. Growth in the second half was supported by a rise in government capex and construction activity, healthy agriculture performance, and continued momentum in the service sector. Receding tensions in the Middle East and a sharp correction in global crude oil prices have provided respite to the Indian Markets. Focus will now shift to the upcoming earnings season as the week progresses.

The recent challenges and issues with the domestic macro economy and corporate earnings are expected see improvement in the next couple of quarters. With the rate of change in the GDP growth showing signs of improvement, decline in inflation and budgetary support to the middle class is likely to enhance the disposable income in the FY26. Beneficial trade deals, strong monsoons is likely to shore up sentiments going forward. With RBI going all out to support growth through a mix of policy rate cuts and liquidity improvement measures, the wheels of the economy are likely to move faster in the medium term. With the currency volatility also expected to get controlled due to decline in the dollar index, FPIs too could look at Indian markets more favourably. Thus, barring any large external risks, markets are expected to deliver lower volatility in the medium term. High equity valuations continue to remain a challenge for the markets. Any uptick in earnings expectation or faster than anticipated up move in growth indicators could drive the markets higher.

In terms of deployment strategy, we continue to maintain our investment deployment strategy of 50% Lumpsum and 50% staggered over the next 5-6 months, due to elevated valuations. Fund managers who can pick out companies with superior growth prospects are likely to outperform vs pure value pickers in the medium term. Given the improved earnings performance delivered by the Midcap and few Smallcap sub sectors in Q4FY25, exposure to pure Mid and Small cap funds could be taken through STPs. From asset allocation in Equity Mutual Fund perspective, investors could look at investing across Flexicap, Large and Midcap, Multicap, Hybrid equity, Business cycle funds and using STPs as an instrument to invest in Smallcap/Midcap funds; in line with their risk profile and product suitability from a 2-3 years' time horizon.



### Avg. Returns of Recommended Funds vs Benchmark in last one year (Absolute %)



Note: \* ELSS performance is for 3 years on CAGR basis

| Returns Absolute %                    |         |          | Returns Compounded Annualised % |         |         |         |
|---------------------------------------|---------|----------|---------------------------------|---------|---------|---------|
| Category Average of Recommended Funds | 1 Month | 6 Months | 1 Year                          | 2 Years | 3 Years | 5 Years |
| Large Cap Funds                       | 3.27    | 5.65     | 5.72                            | 22.12   | 22.57   | 23.54   |
| Flexi & MultiCap Fund                 | 3.46    | 2.75     | 7.01                            | 27.11   | 27.45   | 28.10   |
| Large & Mid Cap Funds                 | 3.38    | 5.08     | 6.48                            | 26.56   | 26.40   | 27.61   |
| Mid Cap Funds                         | 3.93    | -2.02    | 9.35                            | 31.25   | 33.58   | 34.16   |
| Small Cap Funds                       | 4.16    | -3.35    | 0.66                            | 24.47   | 28.49   | 34.87   |
| Value/Contra Funds                    | 3.52    | 5.14     | 6.50                            | 27.04   | 27.42   | 30.41   |
| Focused Funds                         | 3.47    | 6.38     | 7.24                            | 25.68   | 25.30   | 26.84   |
| Aggressive Hybrid Funds               | 2.76    | 4.67     | 7.94                            | 20.66   | 20.39   | 22.48   |
| Dynamic Asset Allocation Funds        | 2.51    | 5.91     | 8.32                            | 18.03   | 18.24   | 19.26   |
| Equity Linked Saving Schemes          | 3.03    | 2.28     | 8.14                            | 29.76   | 29.46   | 27.59   |
| Infrastructure Oriented Funds         | 3.87    | 4.30     | 3.03                            | 30.08   | 29.99   | 34.22   |
| Nifty 50 Index TRI                    | 3.70    | 8.45     | 7.90                            | 18.11   | 18.79   | 21.24   |
| Nifty 500 TRI                         | 3.81    | 5.80     | 5.81                            | 22.03   | 21.81   | 23.76   |
| Nifty Infrastructure TRI              | 5.17    | 11.53    | 4.51                            | 30.57   | 28.43   | 26.56   |

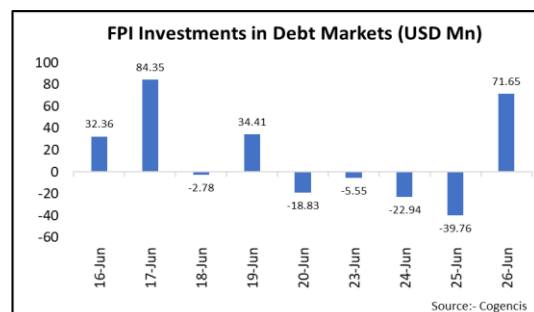
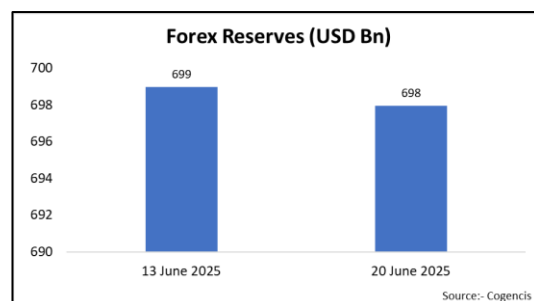
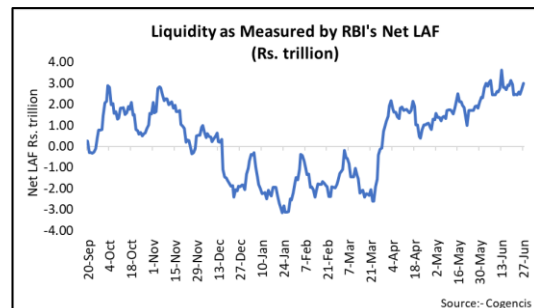
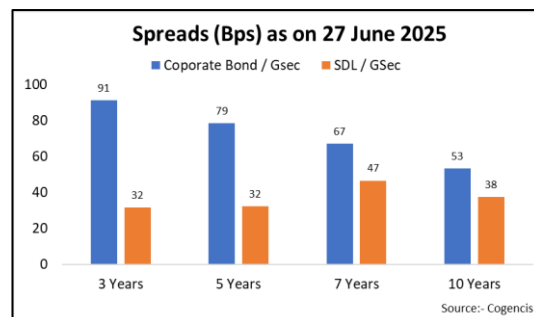
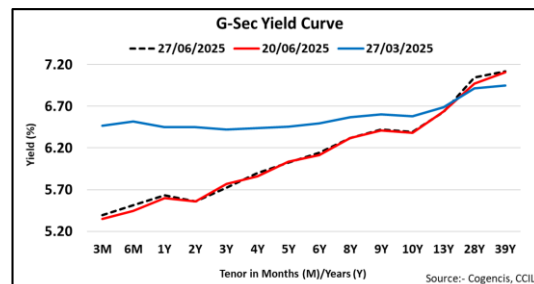
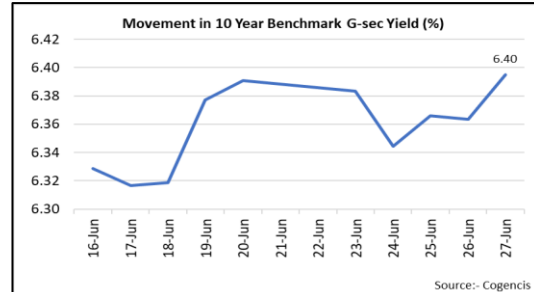
Note: Data as on June 27, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.  
Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to <https://icraanalytics.com/home/disclaimer>)

## Weekly Overview - Fixed Income Markets & Mutual Funds for week ended 27 June 2025

- Domestic G-Sec prices closed the week ended 27<sup>th</sup> June 2025 on a negative note wherein the yield on the most traded 10-year benchmark, the 6.79% G-Sec 2034 bond, closed higher by 2 bps at 6.40% as against its previous weekly close of 6.38% on 20<sup>th</sup> June 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment rose by up to 6 bps on a WoW basis. In case of the greater than one-year segment, yields rose by up to 2 bps on a WoW basis.
- Movement in G-sec yields :-**
  - Indian G-sec yields rose following RBI's announcement to absorb surplus liquidity from the banking system through a 7-day Variable Rate Reverse Repo (VRRR) auction for a notified amount of Rs. 1 trillion on June 27, 2025.
  - The total G-sec supply for the week stood at Rs 632 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 360 bn and the maturities were in the range of 3-10 years. The average cut off yield for the 10-year G-sec was 6.30%. There was no 10-year G-sec in the previous week. The SDLs' auction was to the tune of Rs 272 bn, and the maturities were in the range of 3-30 years. The average cut off yield for the 10-year SDL was 6.74% as against 6.68% in the previous week. The G-secs' auction was for the following: New GS 2028 and 6.33% GS 2035.
  - Banking system liquidity deteriorated, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average surplus of ~Rs 2.64 trillion during the week as against a daily average surplus of ~Rs 2.91 trillion during the previous week.
- Macro Data released during the week :-**
  - As per CBDT, net direct tax collections till June 19, 2025 dipped by 1.39% YoY to Rs 4.58 trillion. Non-Corporate tax collection grew by 0.71% YoY to Rs 2.72 trillion. Net corporate tax collections declined by 5.13% YoY to Rs 1.72 trillion. Securities Transactions Tax increased by 12.13% YoY to Rs 130.13 bn.
  - As per RBI data, India's Current Account Balance posted a surplus of USD 13.5 bn (1.3% of GDP) during Q4 FY25, due to a surge in services exports. There was a Current Account Surplus of USD 4.6 bn (0.5% of GDP) during Q4 FY24 and a Current Account Deficit of USD 11.3 bn (1.1% GDP) during Q3 FY25.
  - As per payroll data released by the EPFO, the number of new monthly subscribers under the Employees' Provident Fund (EPF) rose by 18.5% MoM to touch a 5-month high of 894,000 in April 2025 from 754,000 in March 2025, thereby reversing the deterioration seen in the labour market at the end of FY25.
  - As per RBI, India's forex reserves dropped by USD 1.01 bn to USD 697.93 bn for the week ended June 20, 2025 from USD 698.95 bn in the previous reporting week. Foreign currency assets dropped by USD 357 mn to USD 589.06 bn while gold reserves were down by USD 573 mn to USD 85.74 bn during the week.
- Other macro-economic news :-**
  - S&P Global Ratings upgraded its FY26 growth forecast for India by 0.2% to 6.5% YoY, assuming a normal monsoon, lower crude oil prices, income-tax concessions and monetary easing.
  - Rating agency ICRA retained its India's GDP growth forecast for FY26 at 6.2% YoY, assuming well-distributed monsoons and crude oil prices averaging around USD 70/barrel.
  - According to a report by ICRA, if the heightened tension in West Asia pushes average crude prices by USD 10 per barrel, it will typically push up India's net oil imports by nearly USD 13-14 bn during the year, enlarging India's CAD by ~0.3% of GDP to 1.5-1.6% of GDP.
- Global Updates :-**
  - As per data from the US Commerce Department, the US Personal Consumption Expenditures (PCE) price index growth accelerated to 2.3% YoY in May 2025 from 2.2% YoY in April 2025, matching expectations. Meanwhile, the Core PCE price index growth also accelerated to 2.7% YoY in May 2025 from an upwardly revised 2.6% YoY in April 2025. Economists had expected it to tick up to 2.6% YoY.
  - NATO allies have committed to significantly increasing their annual defence spending, aiming for a total of 5% of GDP by 2035. This pledge includes substantial investments in core defence capabilities and security-related expenditures.
  - As per revised data from the US Commerce Department, the US Real Gross Domestic Product (GDP) fell by an annualized 0.5% QoQ in Q1 CY25 compared to the previously reported annualized 0.2% QoQ dip. The modest decrease came following an annualized 2.4% QoQ jump by GDP in Q4 CY24.
- Outlook :-**

The liquidity condition, as measured by RBI's net LAF, deteriorated over the previous week. Retail inflation in India had eased further as the Consumer Price Index (CPI) fell to 2.82% YoY in May 2025 from 3.16% YoY in April 2025. The RBI decided to front load policy easing to support growth and hence cut policy rates by 50 bps and decided to reduce the Cash Reserve Ratio by 100 bps in 4 tranches between September to November 2025. Alongside this, the central bank revised the inflation guidance downward to 3.7% YoY for FY26 from its earlier projection of 4.0% YoY and retained growth projection at 6.5% YoY for FY26. They also decided to change the stance from 'accommodative' to 'neutral', citing limited scope for future policy action. **Going forward, the growth-inflation dynamics will determine the necessity of further policy actions by the RBI.** Progress around trade deals between US and its major trading partners continues to be a key monitorable for capital flows and market sentiments. De-escalation in the Middle East has pushed crude prices back, supporting overall macros in India.

At this juncture, G-sec yields, which seemingly had priced in a total of ~50 bps of policy rate cuts, are left with limited opportunity for incremental gains unless the central bank considers further growth-supportive policy easing in future policy meetings basis their updated outlook on growth-inflation dynamics. The staggered reduction of CRR is expected to keep the system liquidity comfortable. This may result in the steepening of the corporate bond yield curve. Thus, a case continues to exist for investment into corporate bond funds that are at the 1-4-year segment of the curve. Hence, investors can look at Corporate Bond Funds for a horizon of 15 months and above. For a horizon of 24 months and above, investors may consider Income Plus Arbitrage FoF. For a horizon of 3 months and above, investors can consider Arbitrage Funds. Whereas for a horizon of up to 3 months, investors can consider Overnight Funds and Liquid Funds. Investors can also look at Multi-asset allocation funds for a horizon of 36 months and above. Investors should invest in line with their risk profile and product suitability.



## Category Average Returns as on 27 June 2025

| Annualised Returns *                                   | 1 Day  | 1 Week | 1 Month | 2 Month | 3 Months | 6 Months | 9 Months | 1 Year | 2 Year | 3 Year |
|--|--------|--------|---------|---------|----------|----------|----------|--------|--------|--------|
| Overnight Funds  | 5.03   | 5.06   | 5.36    | 5.52    | 5.72     | 6.05     | 6.22     | 6.33   | 6.52   | 6.33   |
| Liquid Funds   | 5.83   | 5.54   | 6.43    | 6.29    | 7.05     | 7.03     | 7.06     | 7.11   | 7.14   | 6.85   |
| Floater Funds  | -1.03  | 6.86   | 3.62    | 7.56    | 11.46    | 9.61     | 8.78     | 9.00   | 8.30   | 7.82   |
| Low Duration Funds                                     | 1.45   | 6.36   | 6.87    | 8.16    | 10.06    | 8.55     | 8.10     | 8.00   | 7.47   | 7.10   |
| Money Market Funds                                     | 6.07   | 6.34   | 7.90    | 7.73    | 9.56     | 8.38     | 8.02     | 7.87   | 7.50   | 7.19   |
| Ultra Short Duration Funds                             | 6.22   | 5.87   | 7.11    | 7.02    | 8.37     | 7.59     | 7.39     | 7.31   | 7.07   | 6.74   |
| Banking And PSU Funds                                  | -7.93  | 5.15   | 2.23    | 7.52    | 12.28    | 9.88     | 8.73     | 8.99   | 7.82   | 7.47   |
| Corporate Bond Funds                                   | -7.11  | 6.01   | 2.44    | 8.09    | 12.73    | 10.22    | 9.05     | 9.33   | 8.05   | 7.66   |
| Medium Duration Funds                                  | -10.75 | 3.92   | 0.80    | 6.81    | 11.53    | 10.23    | 9.05     | 9.38   | 8.02   | 8.14   |
| Short Duration Funds                                   | -12.38 | 5.35   | 3.63    | 7.85    | 11.94    | 9.83     | 8.83     | 9.00   | 7.78   | 7.48   |
| Medium To Long Duration Funds                          | 14.83  | 1.65   | -7.83   | 2.58    | 9.67     | 9.03     | 7.34     | 8.35   | 7.47   | 7.56   |
| Long Duration Funds                                    | 85.20  | -6.68  | -26.44  | -5.58   | 3.87     | 6.88     | 5.38     | 7.24   | 7.99   | 9.16   |
| Dynamic Bond Funds                                     | 15.10  | -0.56  | -11.21  | 1.45    | 9.01     | 8.85     | 7.20     | 8.33   | 7.77   | 7.62   |
| Credit Risk Funds                                      | -5.09  | 5.03   | 5.11    | 12.90   | 14.27    | 13.92    | 11.67    | 11.13  | 9.43   | 8.67   |
| Gilt Funds / Gilt Funds with 10 year constant duration | 34.97  | -1.80  | -17.59  | -1.33   | 7.32     | 8.55     | 6.83     | 8.23   | 7.84   | 7.86   |
| Conservative Hybrid Funds                              | 87.50  | 11.05  | 2.66    | 10.27   | 14.87    | 7.71     | 4.62     | 7.51   | 10.26  | 10.46  |
| Index Funds  | -0.93  | 5.66   | 4.65    | 8.11    | 11.93    | 10.02    | 8.90     | 9.33   | 8.14   | 7.98   |
| Arbitrage Funds  | 19.66  | 4.38   | 7.97    | 5.64    | 6.86     | 6.65     | 6.71     | 6.78   | 7.22   | 6.65   |

\* Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year

| Recommended Funds' Average Returns (% Annualised Returns) | 1 Months | 3 Months | 6 Months | 1 Year | 2 Year | 3 Year |
|---|----------|----------|----------|--------|--------|--------|
| Medium to Long Duration Funds & Long Duration Funds       | -9.83    | 10.06    | 9.81     | 9.32   | 8.27   | 8.32   |
| Dynamic Bond Fund   | -16.36   | 7.63     | 8.01     | 7.85   | 7.91   | 7.75   |
| Gilt Funds & Gilt Funds with 10 year constant duration    | -23.07   | 5.52     | 7.56     | 7.59   | 8.10   | 7.99   |
| Short Duration / Medium Duration                          | 4.04     | 12.34    | 10.12    | 9.27   | 8.11   | 7.71   |
| Banking and PSU Funds                                     | 0.59     | 12.39    | 9.79     | 9.09   | 8.03   | 7.60   |
| Corporate Bond Funds                                      | 1.35     | 12.52    | 10.19    | 9.52   | 8.40   | 8.07   |
| Ultra Short Duration Funds /Low Duration / Floater Funds  | 7.42     | 9.61     | 8.44     | 8.03   | 7.65   | 7.33   |
| Money Market Funds  | 8.13     | 9.88     | 8.67     | 8.16   | 7.82   | 7.49   |
| Liquid Funds & Overnight Funds                            | 6.54     | 7.22     | 7.16     | 7.21   | 7.23   | 6.95   |
| Arbitrage Funds   | 8.17     | 7.21     | 6.96     | 7.08   | 7.53   | 6.98   |

Please Note that all the Dividend options factor in the taxation applicable for corporates

Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year

Returns shown in the chart above are for growth options.

Source for entire data stated above is Accord Fintech Pvt Ltd

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