

**Domestic Equity Market Update**

- Indian equities ended the week on a positive note, with the large cap-oriented BSE Sensex ending higher by 1.48% and Nifty 50 ending higher by 1.51% WoW respectively. The BSE Midcap index ended higher by 1.59% and the BSE Small cap index ended higher by 1.51%.
- On the BSE sectoral front, most of the indices ended on a positive note. Auto, Metal and Consumer Durables were the biggest outperformers.
- Domestic equity markets ended the week on a positive note driven by optimism around GST rate cuts, easing trade frictions with the US and expectations of a US Federal Reserve (Fed) rate cut following softer-than-expected US jobs data.

Global Market Updates

- US equity markets mostly ended the week on a positive note following a positive reaction to separate Labor Department reports on consumer price inflation for Aug 2025, which boosted investor expectations of an interest rate cut by the Federal Reserve. Additionally, markets looked ahead to the Federal Reserve's monetary policy announcement scheduled for Sep 17, 2025.
- European equity markets ended on a positive note as the latest US data on inflation and unemployment claims strengthened expectations of a Federal Reserve rate cut next week. However, gains were limited due to concerns over tariffs.
- Brent oil prices rose due to escalating supply concerns from the Russia-Ukraine war and emerging Middle East tensions. The US President's signal of potential new sanctions on Russia further supported the price uptick.

Macro Data & Domestic News Released During the Week

- According to Moody's, the decline in India's effective Goods and Services Tax (GST) rates is expected to boost private consumption, but the resulting loss of tax revenue could limit progress in fiscal consolidation and debt reduction. They said that the revenue forgone is likely to exceed government estimates.
- As per Goods and Services Tax Network (GSTN) data, the generation of e-way bills rose 22.5% YoY to 129.13 mn in August 2025, marking the second-highest monthly tally on record. This follows July 2025's all-time high of 131.91 mn.
- According to a report by private think tank QuantEco Research, the Eighth Central Pay Commission (CPC) payouts are likely to tilt the growth-inflation balance somewhat 'unfavourably' and kick off RBI's rate hike cycle in late FY27 or FY28. The report says that the final implementation by the commission may see a lag of at least 1 year, implying that revised payouts will be disbursed with sizeable arrears.
- As per RBI data, India's outward Foreign Direct Investment (FDI) moderated to USD 2.1 bn in August 2025 from USD 3.4 bn in August 2024. Sequentially, it declined sharply against USD 4.1 bn in July 2025.
- As per data released by AMFI, inflow in equity mutual funds dropped by 22% MoM to Rs 334.30 bn in August 2025, largely due to a sharp fall in New Fund Offers (NFOs) and global macroeconomic uncertainties. Despite the decline, this marks the 54th consecutive month of net inflows into the equity segment. Systematic Investment Plan (SIP) inflows also moderated slightly to Rs 282.65 bn during the month.

Outlook

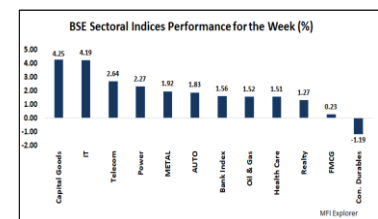
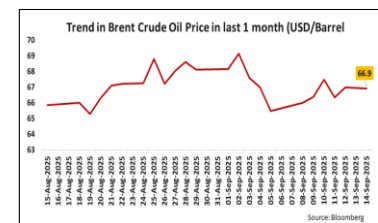
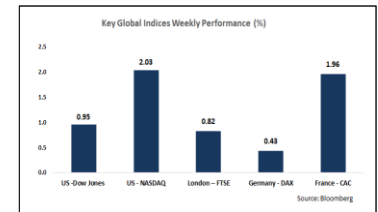
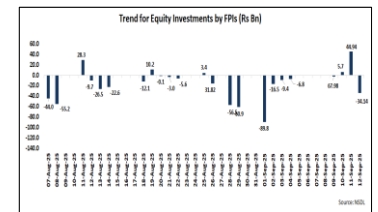
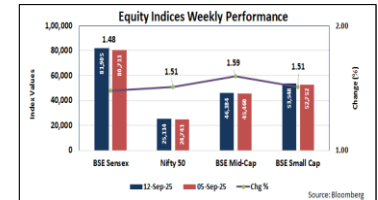
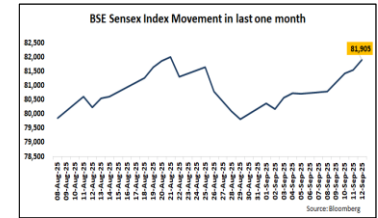
Going forward, the Indian equity market is likely to be driven by any moves around India-US trade deals, movement in the US Dollar index, improvement in consumption demand post the proposed GST slab rationalisation, FPI/DII flows, and strong liquidity support by the RBI. The US President Donald Trump has imposed about 50% tariff on India, including penalty due to India's trade relations with Russia which has led to volatility in sector exposed to US. There is still expectation of better trade deals that can come about in due course. The proposed GST rate rationalisation may support sectors that could be adversely impacted due to tariffs and act as a tailwind to the overall domestic consumption going ahead. The Fed Chair's remarks at the Jackson Hole Symposium hinted at the possibility of a softening in their stance which could improve liquidity in the US markets, bring the dollar index down, which, in turn, could direct flows towards Emerging Markets. Overall, the Q1 FY26 GDP numbers beat the expectations with 7.8% YoY growth on the back of low inflation, strong central and state capex along with signs of pickup in private consumption which could sustain going forward due to a lower base and contained inflation, while a lot will also depend on how US tariffs play out along with the impact of GST rate rationalisation.

With a low base, any pickup in consumption demand due to GST rationalisation, or further meaningful support provided by the RBI could help drive superior earning performance which is likely to also ensure better equity market performance.

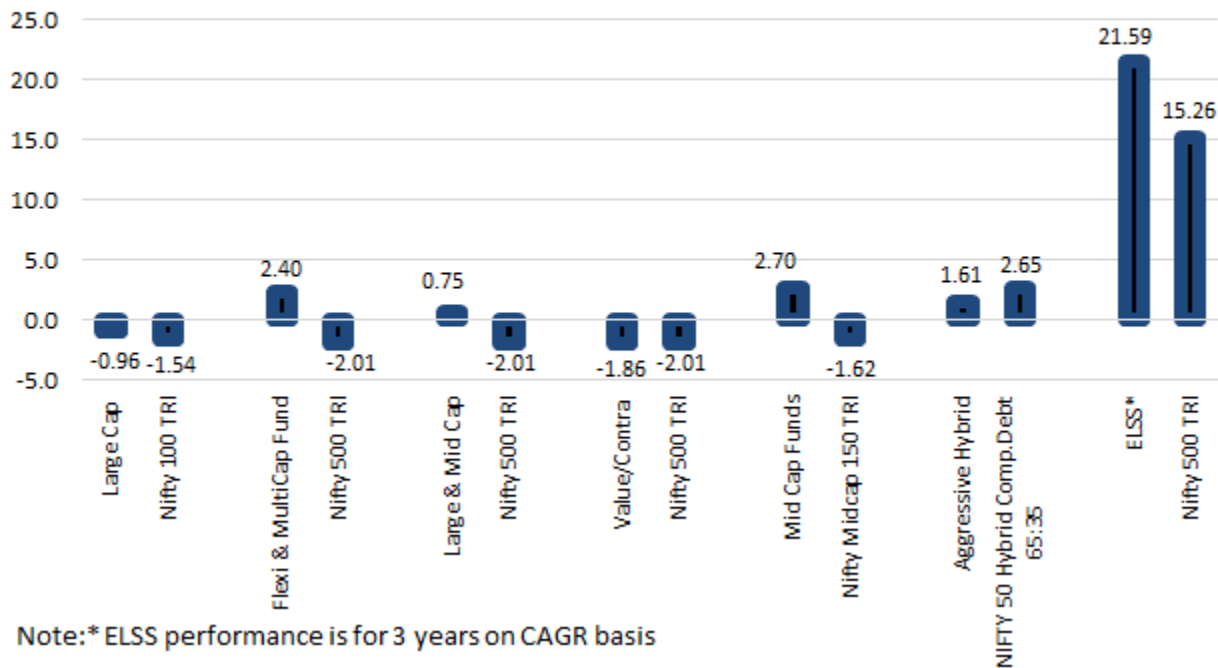
With rich valuations, incoming US tariff related weakness and continued weakness in urban demand, the Indian equity markets seem to be in consolidation mode post the recent up-move. The supply from FPIs and the Primary markets on the back of rich valuations seem to be weighing down on the market performance. The Government on its part has rationalised GST rates to improve domestic consumption. Market participants also expect further policy rate cuts by the RBI to keep growth buoyant. If further support comes about, or if tariffs get re-negotiated, or we get favourable tariffs with EU (negotiations ongoing) the markets are likely to take that positively. Currently, the markets are getting narrower and opportunities seem to be available in the set of stocks which have been able to deliver incrementally better revenue/earnings growth. Also, with no specific sector showing broad-based and continued momentum, Fund Managers who are able to be fairly nimble and identify growth ideas could generate alpha vs their peers.

In terms of deployment strategy, we are cautiously optimistic to maintain our investment deployment strategy of 50% Lumpsum and 50% staggered over the next 5-6 months, as Indian macros still remain amongst the best in the world and any near-term volatility could be used by investors to add to their exposures. Fund managers who can pick out companies with superior growth prospects are likely to outperform vs pure value pickers in the medium-term.

On allocations in Equity Mutual Fund perspective, investors could look at investing across Largecaps, Flexicap, Large and Midcap, Hybrid equity, Business cycle funds and using STPs as an instrument to invest in Smallcap/Midcap/Multicap 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 %)



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	2.37	12.59	-0.96	16.79	16.84	20.94
Flexi Cap Funds	4.48	18.75	2.40	23.53	20.97	23.96
Multi Cap Funds	1.45	18.09	-2.30	19.86	21.48	30.12
Large & Mid Cap Funds	2.97	17.89	0.75	23.74	21.93	25.66
Mid Cap Funds	2.99	21.22	2.70	26.76	25.38	30.61
Small Cap Funds	2.56	18.09	-5.94	20.97	22.79	31.09
Value/Contra Funds	2.11	13.94	-1.86	20.10	20.85	26.90
Focused Funds	2.81	14.80	0.33	20.14	19.34	25.81
Aggressive Hybrid Funds	1.97	10.69	1.61	16.21	15.94	20.12
Dynamic Asset Allocation Funds	1.69	8.94	3.16	14.49	14.34	17.08
Equity Linked Saving Schemes	2.96	15.30	-1.53	22.59	21.59	24.94
Business Cycle Funds	2.48	17.08	5.53	22.87	21.71	--
Nifty 50 Index TRI	2.63	12.71	0.16	13.43	13.16	18.38
Nifty 500 TRI	2.84	15.22	-2.01	16.36	15.26	20.90
Nifty Infrastructure TRI	1.30	14.32	-2.23	21.90	20.86	24.53

Note: Data as on September 12, 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 12 September

- Domestic G-Sec prices closed the week ended 12th September 2025 on a negative note wherein the yield on the 10-year benchmark, the 6.33% G-Sec 2035 bond, closed higher by 2 bps at 6.49% as against its previous weekly close of 6.47% on 05th August 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-) 23 bps to 7 bps on a WoW basis. In case of the greater than one-year segment, yields were mixed in the range of (-) 3 bps to 4 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields rose as market participants booked profits following previous week's rally, which had been driven by easing fiscal concerns. Losses deepened after the domestic retail inflation in August 2025 increased to 2.07% YoY, fuelled by higher food prices and a fading base effect, dampening expectations of another rate cut by the RBI.
 - The total G-sec supply for the week stood at Rs 429 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 280 bn and the maturities were in the range of 15-30 years. There was no 10-year G-sec this week. The SDLs' auction was to the tune of Rs 149 bn and the maturities were in the range of 4-20 years. There was no 10-year SDL this week. The G-secs' auction was for the following: 6.01% GS 2030 and 7.24% GS 2055.
 - Banking system liquidity deteriorated slightly, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average surplus of ~Rs 2.69 trillion during the week as against a daily average surplus of ~Rs 2.93 trillion during the previous week.
- Macro Data released during the week :-**
 - As per MoSPI data, India's retail inflation inched up as the Consumer Price Index (CPI) rose by 2.07% YoY in August 2025 from 1.55% YoY in July 2025. Core CPI inflation (ex-Food and Fuel) decelerated marginally to 4.11% YoY in August 2025 as against 4.12% YoY in July 2025.
 - As per data from the Union Finance Ministry, India's external debt increased 10.1% YoY in FY25 to USD 736.3 bn, marking the fastest expansion in seven years in Dollar terms. In Rupee terms, the debt stock climbed to Rs 63 trillion, reflecting a 13% YoY growth and an addition of Rs 7.3 trillion.
 - As per RBI data, India's forex reserves jumped by USD 4.04 bn to USD 698.27 bn for the week ended September 05, 2025. Foreign currency assets increased by USD 540 mn to USD 584.48 bn.

Other macro-economic news :-

- According to Crisil, the representative price of a home-cooked vegetarian thali fell to Rs 29.1 in August 2025, dropping 7% YoY. Similarly, the price of a non-vegetarian thali fell to Rs 54.6, declining by 8% YoY.
- As per data from the US Treasury Department, the RBI steadily reduced its purchases of US Treasuries even before President Trump slapped India with punishing tariffs. India's investment in Treasuries slipped to USD 227.4 bn in June 2025 from USD 235.3 bn in May 2025 and about USD 242 bn a year earlier.
- Global rating agency Fitch has raised India's FY26 GDP forecast to 6.9% YoY from 6.5% YoY. Domestic demand is expected to be the key driver of growth.

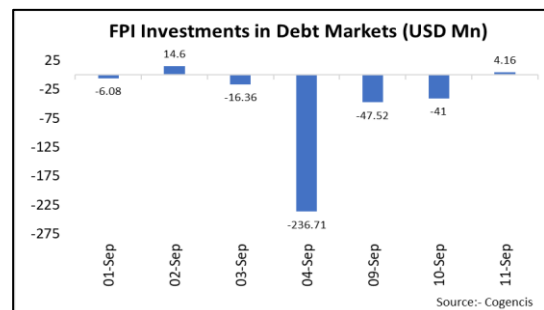
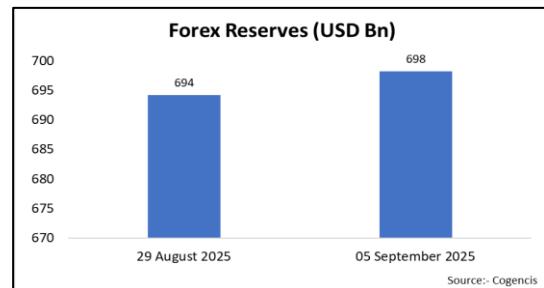
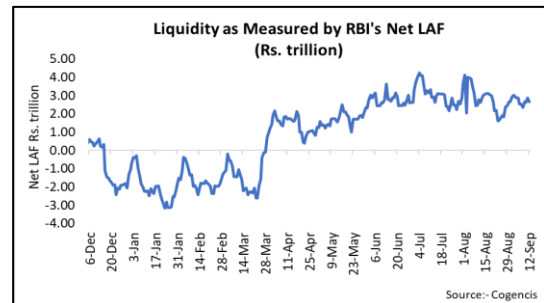
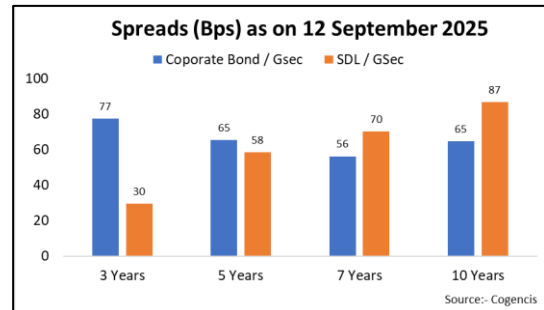
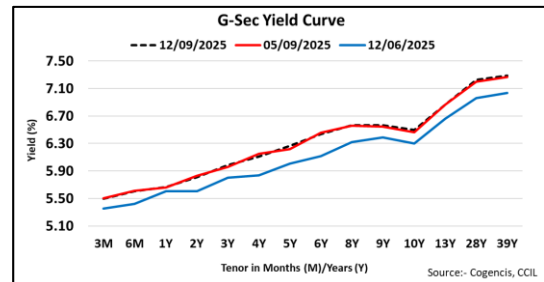
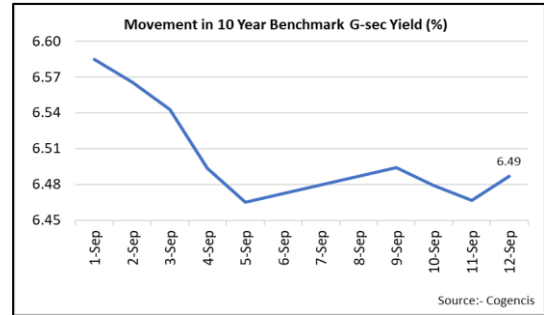
Global Updates :-

- According to the US Labor Department, the US Consumer Price Index growth accelerated to 2.9% YoY in August 2025 from 2.7% YoY in July 2025, in line with economist estimates. Core consumer price growth in August 2025 was unchanged from the previous month at 3.1% YoY, also in line with estimates.
- As per data from the US Labor Department, initial jobless claims in the US climbed to 263,000 in the week ended September 6, 2025, an increase of 27,000 from the previous week's revised level of 236,000.
- The European Central Bank left its key interest rate unchanged, as expected, and raised the Euro area growth projection for 2025 while inflation forecasts were stable. The Governing Council held the deposit rate steady at 2.00%. The refinancing rate was left unchanged at 2.15% and the marginal lending rate at 2.40%.

Outlook :-

The liquidity condition, as measured by RBI's net LAF, weakened over the previous week but was still comfortably in surplus. RBI conducted further Variable Rate Reverse Repo (VRRR) auctions cumulatively worth Rs 2 trillion to absorb excess liquidity and align call money rate with the Repo rate. In its 6th August 2025 MPC meeting, the RBI had kept policy rates unchanged, moving to a 'wait-and-watch' approach while continuing with their neutral stance. The RBI had also revised their inflation outlook for FY26 downward to 3.1% from 3.7% projected earlier on the back of benign inflation outlook, while keeping growth projection same as earlier at 6.5%. Retail inflation in India inched up as the Consumer Price Index (CPI) rose by 2.07% YoY in August 2025 from 1.55% YoY in July 2025. India's Gross Domestic Product (GDP) grew by 7.8% YoY in Q1 FY26, which was above RBI's projection of 6.5% YoY. Going forward, growth-inflation dynamics will continue to determine the necessity of further policy actions by the RBI. **The lower tax structure announced as part of GST rationalization is expected to weigh down on inflation further, providing RBI enough space to look at policy easing.** In the interim, the projection of lower-than-expected revenue loss from GST rationalization and expectations of a lower supply of longer dated securities in the H2 FY26 borrowing calendar has been viewed positively by market participants. **In the US, Fed Chair Jerome Powell had given subtle hints towards rate cuts in his Jackson Hole Speech.** Going forward, the next policy decision by the Fed scheduled for this week and forward commentary on future policy easing are expected to remain key driving factors for market sentiments and capital flows.

Despite the recent contraction, the current G-Sec term spreads at the longer end still remain attractive tactically for Dynamic bond funds and Gilt funds which have positioned their portfolio to take advantage of the same. The spread at the shorter end of the Corporate Bond yield curve continues to remain at lucrative levels against G-secs. Liquidity is expected to remain comfortable, and the curve may steepen further. 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 or consider Dynamic Bond Funds and Gilt Funds for tactical opportunity. For a horizon of 3 months and above, investors can consider Arbitrage Funds and Money Market 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 12 September 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	5.19	5.18	5.23	5.25	5.22	5.56	5.87	6.06	6.38	6.36
Liquid Funds	5.00	5.16	5.43	5.41	5.56	6.41	6.63	6.80	7.01	6.90
Floater Funds	-0.98	3.52	4.02	3.23	4.44	8.49	7.93	7.93	7.96	7.58
Low Duration Funds	1.63	4.69	4.69	4.80	5.49	8.05	7.58	7.60	7.36	7.06
Money Market Funds	2.74	4.33	5.02	5.15	5.72	7.86	7.56	7.56	7.39	7.17
Ultra Short Duration Funds	2.86	4.44	4.99	5.07	5.54	7.12	6.97	7.05	6.97	6.77
Banking And PSU Funds	6.89	6.24	3.57	2.58	3.40	8.65	7.73	7.80	7.68	7.11
Corporate Bond Funds	4.38	5.87	3.85	2.70	3.76	9.01	8.04	8.12	7.90	7.34
Medium Duration Funds	9.33	5.55	5.25	2.54	4.35	8.75	8.28	8.27	8.10	7.36
Short Duration Funds	4.20	5.16	3.78	3.06	4.03	8.63	7.89	7.94	7.72	7.22
Medium To Long Duration Funds	16.29	0.14	2.70	-2.49	-0.21	6.00	5.85	5.89	7.18	6.66
Long Duration Funds	66.19	-7.33	3.60	-7.87	-4.18	2.49	3.15	3.68	7.36	7.28
Dynamic Bond Funds	26.14	-0.58	3.39	-2.33	-0.24	6.03	5.71	5.86	7.38	6.86
Credit Risk Funds	5.96	6.48	6.59	4.71	5.62	10.70	11.16	10.44	9.44	8.46
Gilt Funds / Gilt Funds with 10 year constant duration	35.52	-6.06	5.30	-5.27	-2.00	4.58	4.91	5.21	7.34	6.89
Conservative Hybrid Funds	29.38	16.51	8.94	0.25	2.59	11.04	4.88	4.64	9.21	8.67
Index Funds	7.11	5.24	2.85	2.54	3.50	8.19	7.77	7.73	8.06	7.26
Arbitrage Funds	10.40	3.60	4.40	4.69	5.10	5.99	6.26	6.33	6.84	6.80

* 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	2.04	-1.08	5.83	6.43	7.82	7.11
Dynamic Bond Fund	4.02	-0.54	6.16	5.72	7.51	6.99
Gilt Funds & Gilt Funds with 10 year constant duration	3.72	-1.45	5.80	6.12	7.85	7.44
Short Duration / Medium Duration	3.39	3.98	8.80	8.14	8.01	7.40
Banking and PSU Funds	3.40	3.15	8.57	7.85	7.77	7.31
Corporate Bond Funds	3.94	3.45	8.83	8.14	8.13	7.63
Ultra Short Duration Funds /Low Duration / Floater Funds	5.24	5.86	7.81	7.62	7.52	7.31
Money Market Funds	5.15	5.86	8.15	7.84	7.69	7.47
Liquid Funds & Overnight Funds	5.44	5.60	6.52	6.89	7.11	6.99
Arbitrage Funds	4.63	5.35	6.38	6.64	7.14	7.18

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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