

**Domestic Equity Market Update**

- Indian equities ended the week on a mixed note, with the large cap-oriented BSE Sensex ending lower by 0.90% & Nifty 50 ending lower by 0.72% WoW respectively. The BSE Midcap index ended higher by 1.05% and the BSE Small cap index ended higher by 1.47%.
- On the BSE sectoral front, indices ended on a mixed note. Realty, Healthcare, and Auto were the biggest outperformers.
- Domestic equity markets ended the week on a mixed note dragged down by global trade uncertainties owing to US trade and tariff talks and weak domestic earnings in the first quarter of fiscal 2026. However, there were a few gains because of easing inflation data.

**Global Market Updates**

- US equity markets ended the week on a positive note owing to upbeat retail sales data for June and stronger-than-expected earnings reports of major corporations. However, few losses were witnessed after the US President announced 35% tariffs on Canadian imports and higher-than-expected key inflation data.
- European equity markets ended on a mixed note. Germany's DAX rose owing to strong quarterly results from major corporations and optimism over a potential trade deal between the US and the EU. The CAC 40 declined as investors were cautious over tariff-driven inflation following higher-than-expected US inflation data.
- Brent oil prices declined from USD 70.44 per barrel to USD 69.37 as the US President's 50-day deadline for Russia to broker a peace deal eased immediate supply concerns.

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

- According to vessel tracking data from global commodity market analytics firm Kpler, India's import of crude oil from Russia rose to an 11-month high in June 2025 as refiners topped up tanks amid the Israel-Iran war. India imported 2.08 mn barrels per day (bpd) of Russian crude in June 2025, the highest since July 2024.
- As per CMIE, more than half of all new project announcements in Q1 FY26 came from the manufacturing sector. Manufacturing projects worth around Rs. 2.3 trillion were announced in the three-month period, accounting for 54% of total new projects.
- A recent Kantar report revealed that in FY25, unbranded products recorded 8.4% YoY volume growth in cities, compared to just 2.3% YoY in rural India. Urban households, influenced by inflationary pressures and a growing trend of online product discovery, are leaning more towards unbranded goods.
- According to a report by real estate analytics firm PropEquity, Tier 2 cities such as Indore, Nagpur and Surat have outpaced big cities as realtors launched nearly 470,000 residential plots, with an estimated launch value of approximately Rs 2.44 trillion, across the top 10 tier 1 and tier 2 cities between 2022 and May 2025.
- According to a statement from the Society of Indian Automobile Manufacturers (SIAM), automakers delivered 312,849 units to dealerships in June 2025, marking a 7.4% YoY decline.
- From Nifty 200 universe, 30 companies have announced their Q1 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 5.81%, 10.18% and 19.83% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 5.14%, 9.86% and 34.65% YoY respectively.**
- From Nifty 500 universe, 58 companies have announced their Q1 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 4.44%, 8.54% and 19.42% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 2.91%, 8.99% and 34.18% YoY respectively. Higher PAT could be attributed to One off income for few large companies.**

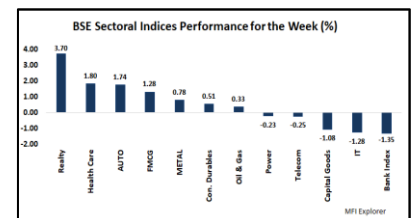
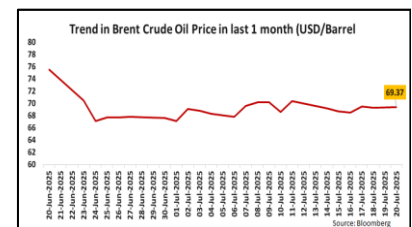
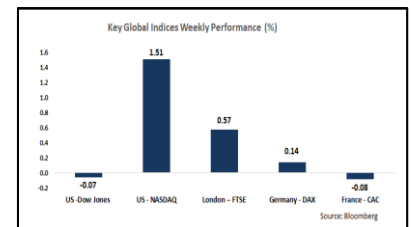
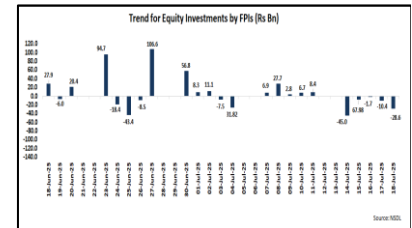
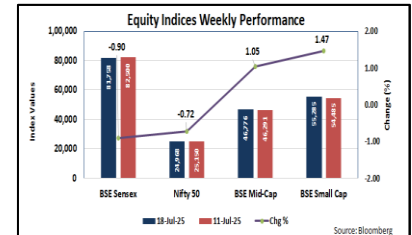
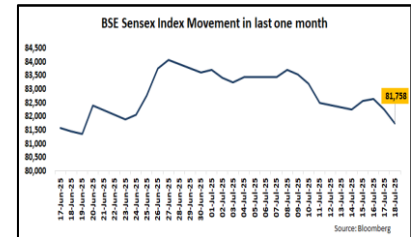
**Outlook**

Going forward, the Indian equity market is likely to be driven by movement in the US Dollar index, Q1 FY26 earnings, improvement in consumption demand, geo politics, 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.

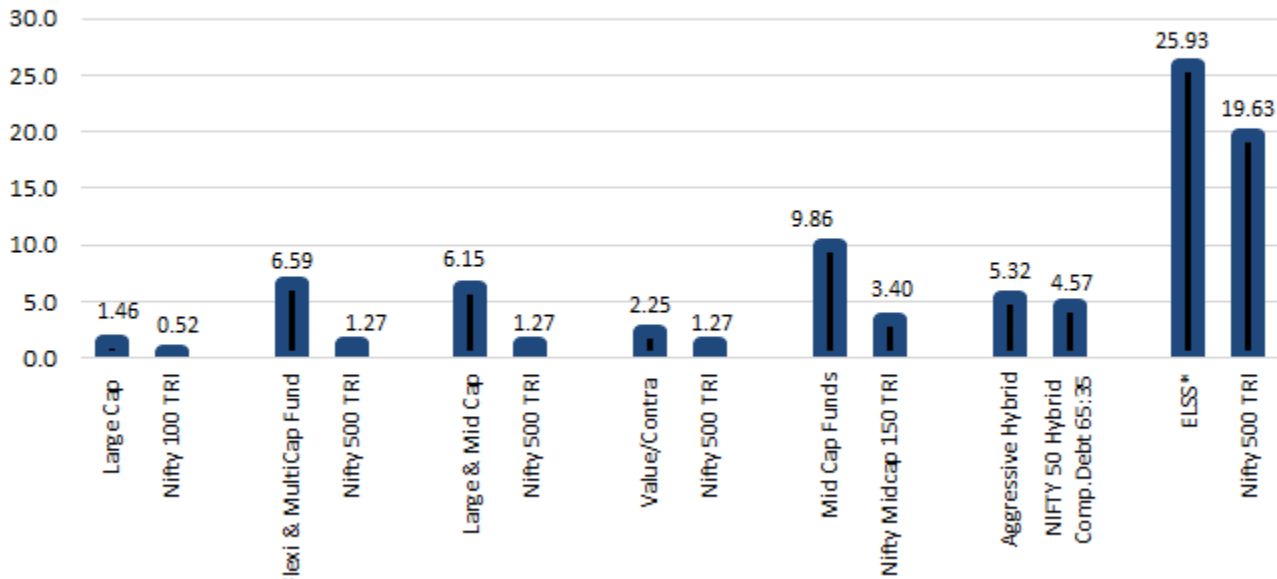
The recent challenges and issues with the domestic macro economy and corporate earnings are already starting to see improvement and are expected improve further in the next couple of quarters. With a favourable base, the earnings are likely to see steady growth in FY26. With the rate of change in the GDP growth showing signs of improvement, decline in inflation, and budgetary support to the middle class, disposable incomes are likely to improve in FY26. Beneficial trade deals and strong monsoons are 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. In near term trade deal with US is likely to be an important variable which can drive both market sentiments and currency strength. Thus, barring any large external risks, markets are expected to deliver lower volatility in the medium-term.

Though the valuations continue to remain rich, the equity markets may choose to ignore them if the earnings growth remains reasonable and liquidity remains abundant, thus creating opportunities in stocks which can demonstrate strong earnings growth. We are already seeing gradual narrowing of the markets, so fund managers who are able to be fairly nimble and identify growth ideas can generate alpha vs their peers.

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. 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, exposure to pure Mid and Small cap funds could be taken through STPs. From an asset allocation perspective in Equity Mutual Funds, 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                       | 1.08    | 6.98     | 1.46                            | 18.72   | 20.47   | 21.73   |
| Flexi Cap Funds                       | 2.31    | 7.64     | 6.59                            | 25.42   | 24.55   | 24.69   |
| Multi Cap Funds                       | 0.47    | 6.99     | 1.30                            | 23.94   | 26.42   | 31.79   |
| Large & Mid Cap Funds                 | 2.49    | 9.27     | 6.15                            | 26.92   | 25.98   | 27.04   |
| Mid Cap Funds                         | 3.65    | 8.31     | 9.86                            | 31.00   | 31.05   | 32.75   |
| Small Cap Funds                       | 4.10    | 6.14     | 3.55                            | 27.59   | 29.41   | 35.37   |
| Value/Contra Funds                    | 1.94    | 7.31     | 2.25                            | 24.29   | 25.39   | 28.77   |
| Focused Funds                         | 1.39    | 8.88     | 2.67                            | 22.25   | 23.08   | 25.89   |
| Aggressive Hybrid Funds               | 1.02    | 6.85     | 5.32                            | 18.64   | 19.00   | 20.85   |
| Dynamic Asset Allocation Funds        | 0.87    | 6.06     | 5.33                            | 16.20   | 16.54   | 17.58   |
| Equity Linked Saving Schemes          | 1.65    | 6.66     | 4.15                            | 25.91   | 25.93   | 25.98   |
| Business Cycle Funds                  | 1.88    | 11.63    | 6.37                            | 24.38   | 24.45   | --      |
| Nifty 50 Index TRI                    | 0.91    | 8.41     | 1.94                            | 13.82   | 16.66   | 19.42   |
| Nifty 500 TRI                         | 1.73    | 7.97     | 1.27                            | 18.58   | 19.63   | 22.43   |
| Nifty Infrastructure TRI              | 2.64    | 10.29    | -0.37                           | 26.51   | 26.09   | 25.83   |

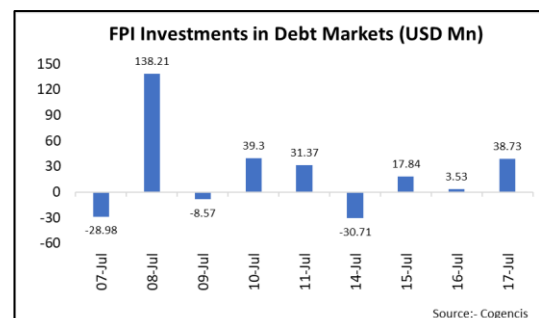
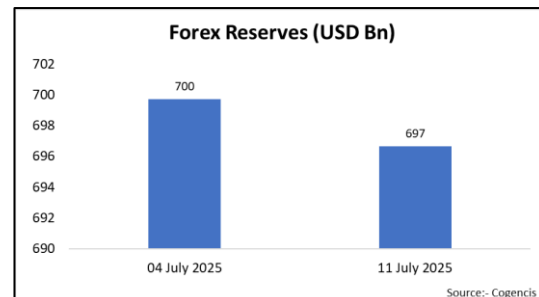
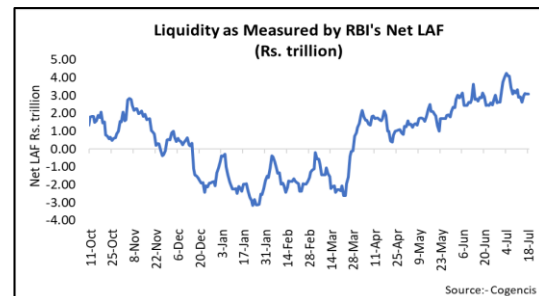
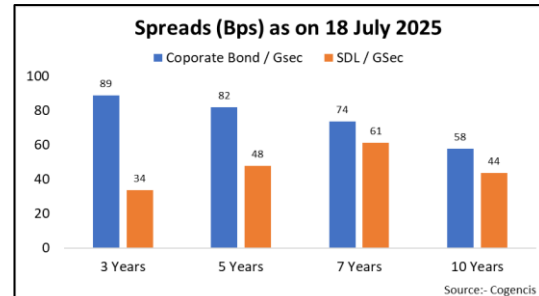
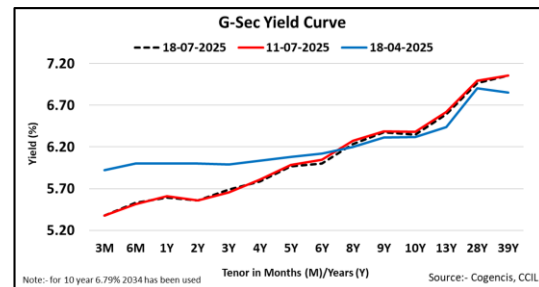
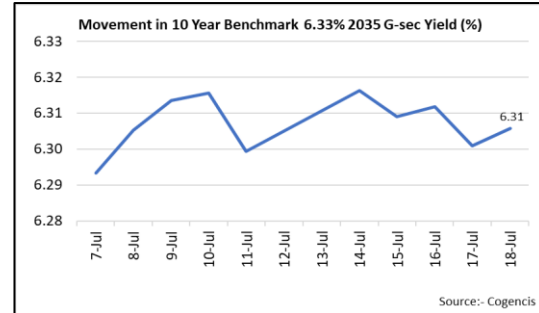
Note: Data as on July 18, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.  
Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to <https://icraanalytics.com/home/disclaimer>)

## Weekly Overview - Fixed Income Markets & Mutual Funds for week ended 18 July 2025

- Domestic G-Sec prices closed the week ended 18<sup>th</sup> July 2025 on a negative note wherein the yield on the 10-year benchmark, the 6.33% G-Sec 2035 bond, closed higher by 1 bps at 6.31% as against its previous weekly close of 6.30% on 11<sup>th</sup> July 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-) 10 bps to 22 bps on a WoW basis. In case of the greater than one-year segment, yields fell up to 10 bps on a WoW basis.
- Movement in G-sec yields :-**
  - Indian G-sec yields rose in response to an increase in US Treasury yields. However, the losses were limited due to lower domestic retail inflation data for June 2025, which has strengthened expectations that the RBI may implement an additional interest rate cut in the coming months.
  - The total G-sec supply for the week stood at Rs 539 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 270 bn and the maturities were in the range of 5-29 years. There was no 10-year G-sec. The SDLs' auction was to the tune of Rs 269 bn, and the maturities were in the range of 3-38 years. The average cut off yield for the 10-year SDL was 6.87% as against 6.88% in the previous week. The G-secs' auction was for the following: New GS 2030 and 7.09% GS 2054.
  - 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 2.98 trillion during the week as against a daily average surplus of ~Rs 3.25 trillion during the previous week.
- Macro Data released during the week :-**
  - As per the Ministry of Statistics & Programme Implementation, India's retail inflation, measured by the Consumer Price Index (CPI), eased to 2.1% YoY in June 2025, down from 2.82% YoY in May 2025. It is the lowest inflation after January 2019. CPI-based inflation for June 2025 remained below the RBI medium-term target of 4% YoY, continuing the recent trend of subdued price pressures.
  - According to the data released by the Commerce and Industry ministry, Wholesale Price Index (WPI) inflation dipped to -0.13% YoY in June 2025, from 0.39% YoY in May 2025, marking the first negative reading since the beginning of 2025. The drop was largely driven by deflationary trends in food articles, fuel and power, and basic metals.
  - As per RBI, India's forex reserves dipped by USD 3.06 bn to USD 696.67 bn for the week ending July 11, 2025. Foreign currency assets, decreased \$2.48 billion to \$588.81 billion.
- Other macro-economic news :-**
  - According to data released by the government, India's trade deficit stood at USD 18.78 bn in June 2025. The gap comes amid stagnant year-on-year export growth and a decline in imports. Merchandise exports in June 2025 were recorded at USD 35.14 bn, nearly flat from USD 35.16 bn in June 2024. On the import side, the country saw a 3.71% YoY decline, totalling to USD 53.92 bn.
  - As per CRISIL, India's CPI inflation is to average 4% YoY in FY26, down from 4.6% YoY in FY25. The agency said that food inflation is expected to be softer given the forecasts of above-normal monsoon by the Indian Meteorological Department (IMD).
  - As per Fitch Ratings, the RBI's aggressive liquidity injections in FY26 are likely to ensure the effective transmission of the entire 100 bps of policy rate cuts announced so far in 2025. Fitch also said that the RBI's actions represent a clear policy shift aimed at supporting loan growth while avoiding a spike in funding costs.
- Global Updates :-**
  - As per the US Labor Department, the consumer price index of US rose by 0.3% MoM in June 2025 after inching up by 0.1% MoM in May 2025. It was in line with economist estimates in the month of June 2025.
  - As per the China's National Bureau of Statistics, China's GDP came in at 5.2% YoY in Q2 CY25 against expectations for 5.0% YoY after rising 5.4% YoY in Q2 CY24.
  - The China's General Administration of Customs reported that exports of China increased 5.8% YoY in June 2025. This was stronger than the 4.8% YoY increase in May 2025 and economists' forecast of 5.0% YoY.
- Outlook :-**

The liquidity condition, as measured by RBI's net LAF, deteriorated over the previous week, but is still substantially in surplus. Hence, the RBI, on 18<sup>th</sup> July 2025, conducted another VRRR auction to align call money rate with the Repo rate. Retail inflation in India eased further as the Consumer Price Index (CPI) fell to 2.10% YoY in June 2025 from 2.82% YoY in May 2025. The RBI had front loaded policy easing to support growth and hence had 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 had 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 had changed the stance from 'accommodative' to 'neutral', citing limited scope for future policy action. **Going forward, the growth-inflation dynamics will continue to determine the necessity of further policy actions by the RBI though, with a benign inflation print, the Central Bank has enough space to maneuver policy rates to support growth.** Developments of interim negotiations between the US and its key trading partners is expected to continue driving the market sentiments and capital flows.

At this juncture, long duration bonds have limited scope 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 spread at the shorter end of the Corporate Bond yield curve has narrowed marginally over G-secs during the last month. Based on easing liquidity, 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. Also, as a tactical opportunity Dynamic Bond Funds can be considered. 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 18 July 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                                        | 5.14   | 5.17   | 5.14    | 5.28    | 5.43     | 5.84     | 6.10     | 6.23   | 6.47   | 6.34   |
| Liquid Funds                                           | 5.03   | 5.57   | 5.88    | 6.21    | 6.18     | 6.85     | 6.93     | 7.02   | 7.11   | 6.88   |
| Floater Funds                                          | 16.55  | 7.26   | 6.90    | 6.19    | 7.69     | 9.87     | 8.74     | 8.95   | 8.31   | 7.83   |
| Low Duration Funds                                     | 9.51   | 6.47   | 6.98    | 7.30    | 7.89     | 8.68     | 8.00     | 7.97   | 7.48   | 7.12   |
| Money Market Funds                                     | 6.29   | 6.38   | 7.03    | 7.61    | 7.55     | 8.42     | 7.94     | 7.83   | 7.50   | 7.22   |
| Ultra Short Duration Funds                             | 7.18   | 6.05   | 6.66    | 6.98    | 6.94     | 7.62     | 7.31     | 7.28   | 7.07   | 6.76   |
| Banking And PSU Funds                                  | 18.88  | 8.58   | 5.64    | 5.44    | 7.50     | 10.07    | 8.72     | 8.88   | 7.88   | 7.43   |
| Corporate Bond Funds                                   | 19.69  | 9.02   | 6.36    | 5.72    | 8.14     | 10.58    | 9.10     | 9.29   | 8.12   | 7.62   |
| Medium Duration Funds                                  | 22.30  | 8.99   | 8.33    | 6.08    | 8.02     | 10.93    | 9.35     | 9.60   | 8.20   | 7.75   |
| Short Duration Funds                                   | 15.75  | 7.82   | 6.10    | 6.14    | 7.86     | 10.07    | 8.90     | 8.96   | 7.85   | 7.47   |
| Medium To Long Duration Funds                          | 38.69  | 10.61  | 6.07    | 0.46    | 4.37     | 9.70     | 8.02     | 8.44   | 7.59   | 7.56   |
| Long Duration Funds                                    | 119.97 | 27.78  | 13.18   | -6.62   | 0.77     | 9.22     | 6.75     | 7.94   | 8.32   | 9.16   |
| Dynamic Bond Funds                                     | 56.28  | 15.21  | 7.32    | -0.71   | 4.06     | 9.94     | 7.90     | 8.55   | 7.94   | 7.61   |
| Credit Risk Funds                                      | 17.98  | 9.35   | 8.05    | 7.37    | 11.86    | 14.31    | 11.74    | 11.28  | 9.53   | 8.62   |
| Gilt Funds / Gilt Funds with 10 year constant duration | 75.19  | 18.64  | 9.00    | -3.44   | 2.77     | 9.97     | 7.88     | 8.63   | 8.09   | 7.99   |
| Conservative Hybrid Funds                              | -24.99 | 5.69   | 8.48    | 4.38    | 9.94     | 9.94     | 5.88     | 6.71   | 10.00  | 9.88   |
| Index Funds                                            | 10.95  | 7.02   | 5.54    | 6.05    | 7.66     | 10.13    | 8.82     | 9.15   | 8.18   | 7.71   |
| Arbitrage Funds                                        | 13.55  | 3.01   | 5.43    | 6.18    | 5.41     | 6.38     | 6.72     | 6.64   | 7.07   | 6.74   |

\* 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       | 8.56     | 4.90     | 10.67    | 9.52   | 8.44   | 8.33   |
| Dynamic Bond Fund                                         | 8.77     | 4.52     | 10.23    | 8.78   | 8.22   | 7.86   |
| Gilt Funds & Gilt Funds with 10 year constant duration    | 6.47     | 3.72     | 10.60    | 9.27   | 8.53   | 8.47   |
| Short Duration / Medium Duration                          | 6.61     | 8.20     | 10.39    | 9.24   | 8.18   | 7.67   |
| Banking and PSU Funds                                     | 5.90     | 7.42     | 10.13    | 8.96   | 8.05   | 7.67   |
| Corporate Bond Funds                                      | 6.25     | 7.67     | 10.55    | 9.48   | 8.45   | 8.02   |
| Ultra Short Duration Funds /Low Duration / Floater Funds  | 7.07     | 7.62     | 8.38     | 7.94   | 7.64   | 7.38   |
| Money Market Funds                                        | 7.16     | 7.77     | 8.72     | 8.13   | 7.80   | 7.48   |
| Liquid Funds & Overnight Funds                            | 5.99     | 6.26     | 6.97     | 7.12   | 7.20   | 6.97   |
| Arbitrage Funds                                           | 5.67     | 5.76     | 6.77     | 6.97   | 7.38   | 7.11   |

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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