

**Domestic Equity Market Update**

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 0.36% & Nifty 50 ending lower by 0.53% WoW respectively. The BSE Midcap index ended lower by 1.71% and the BSE Small cap index ended lower by 2.49%.
- On the BSE sectoral front, indices ended on a mixed note. Realty, IT, and FMCG were the biggest laggards.
- Domestic equity markets ended the week on a negative note dragged down by weak earnings, stalled United States (US)-India trade talks and persistent foreign fund outflows.

Global Market Updates

- US equity markets ended the week on a positive note amid optimism over a potential US-European Union trade deal and upbeat corporate earnings reports.
- European equity markets ended on a mixed note. Gains were supported by the region's central bank maintaining interest rates, reflecting easing inflation trends. Investor sentiment also improved amid expectations of a US-EU trade agreement. However, gains were limited by concerns over some disappointing earnings updates.
- Brent oil prices declined from USD 69.37 per barrel to USD 69.18 on easing supply worries and rising demand concerns following uncertainty around US trade tariffs.

Macro Data & Domestic News Released During the Week

- According to S&P Global, business activity in India accelerated in July 2025, driven by manufacturing, with the headline HSBC Flash India Composite PMI Output Index rising to 60.7 in July 2025 from 58.4 in June 2025.
- The Asian Development Bank (ADB) has revised downwards India's GDP growth forecast for FY26 to 6.5% YoY from the earlier 6.7% YoY in its July 2025 forecast, primarily due to the effects of US tariff policies.
- As per media report, July 2025 is shaping up to be the busiest month for Initial Public Offerings (IPOs) in CY25, with nearly a dozen companies raising over Rs 100 bn.
- As per the World Bank, India would need an estimated investment of USD 2.4 trillion by 2050 and USD 10.9 trillion by 2070 to meet the urban infrastructure requirements of an estimated 951 mn urban population by 2050, with a critical role to be played by the private sector.
- According to data released by the Ministry of Commerce and Industry, India's core infrastructure sector grew to a three-month high of 1.7% YoY in June 2025, up from 1.2% YoY.
- According to industry body SIAM, automobile exports from India rose 22% YoY in Q1 FY26 driven by record shipment of passenger vehicles and robust growth in segments like two-wheelers and commercial vehicles.
- From Nifty 200 universe, 76 companies have announced their Q1 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 8.04%, 12.36% and 15.90% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 7.35%, 11.03% and 34.14% YoY respectively.**
- From Nifty 500 universe, 155 companies have announced their Q1 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 6.86%, 10.28% and 14.98% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 5.39%, 8.25% and 29.25% YoY respectively.** Higher PAT could be attributed to One off income for few sectors like Construction, Power and Media.

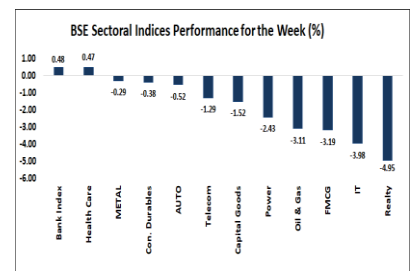
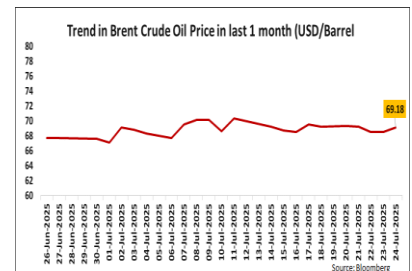
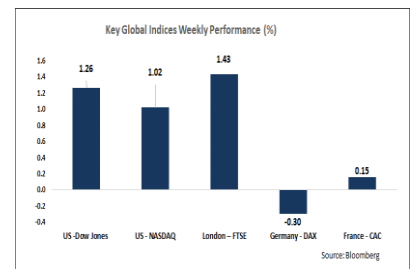
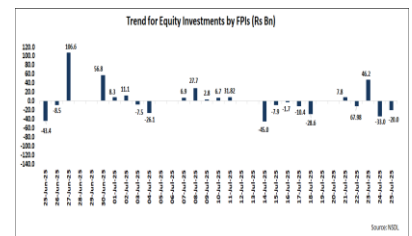
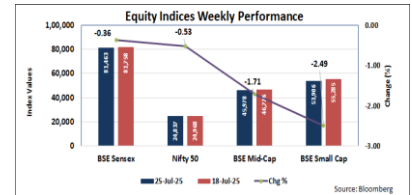
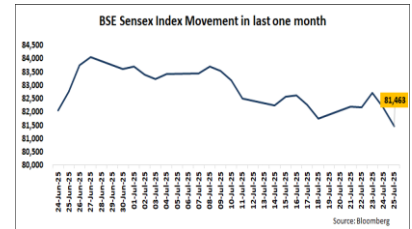
Outlook

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, 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. Market participants have taken the India-UK Free Trade Agreement positively and are waiting for US trade deal to assess its impacts on companies.

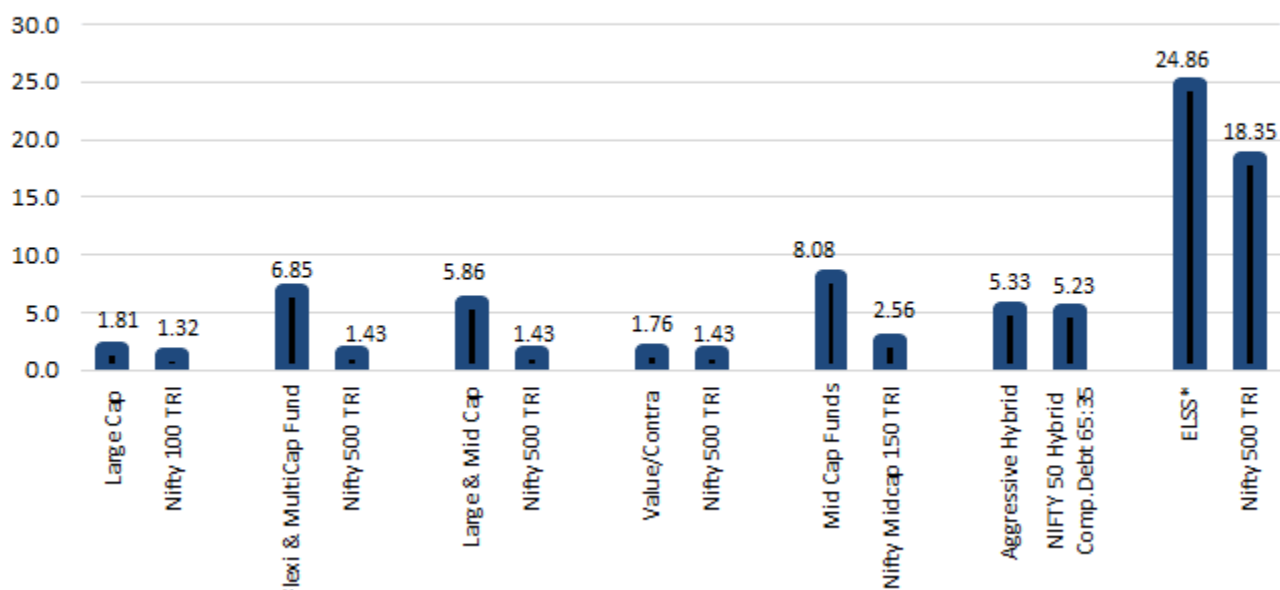
The recent challenges and issues with the domestic macro economy and corporate earnings are already starting to see improvement and are expected improve further in the next couple of quarters. With a favourable base, the earnings are likely to see steady growth in FY26. With the rate of change in the 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.

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	-0.86	7.96	1.81	18.13	19.43	21.12
Flexi Cap Funds	-0.39	10.05	6.85	24.87	23.52	23.87
Multi Cap Funds	-1.31	8.44	0.57	22.35	24.75	31.27
Large & Mid Cap Funds	-0.15	10.47	5.86	25.92	24.73	26.36
Mid Cap Funds	-0.09	10.04	8.08	30.06	29.29	31.94
Small Cap Funds	0.56	8.35	0.67	25.59	27.53	34.25
Value/Contra Funds	-0.64	7.88	1.76	22.76	24.00	27.97
Focused Funds	-0.50	9.91	3.45	21.67	22.10	25.55
Aggressive Hybrid Funds	-0.34	7.49	5.33	17.96	18.23	20.44
Dynamic Asset Allocation Funds	-0.60	6.26	5.04	15.60	15.89	17.12
Equity Linked Saving Schemes	-0.14	9.26	4.45	25.16	24.86	25.40
Business Cycle Funds	-0.25	12.58	7.06	23.56	23.67	--
Nifty 50 Index TRI	-1.31	8.41	3.06	13.73	15.62	18.68
Nifty 500 TRI	-0.99	8.62	1.43	17.84	18.35	21.65
Nifty Infrastructure TRI	-1.33	10.59	-0.35	24.65	24.69	24.76

Note: Data as on July 25, 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>)

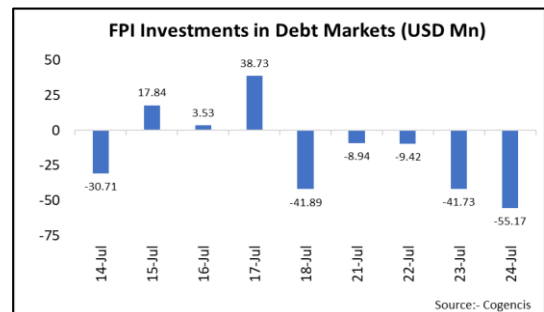
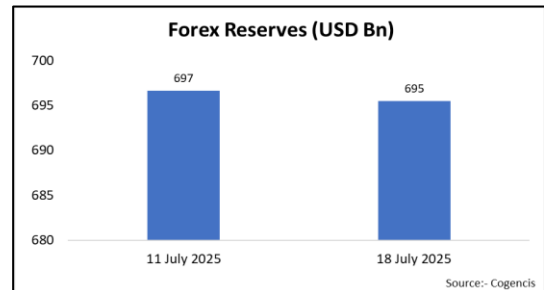
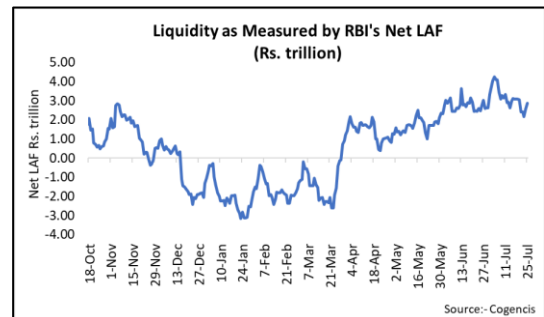
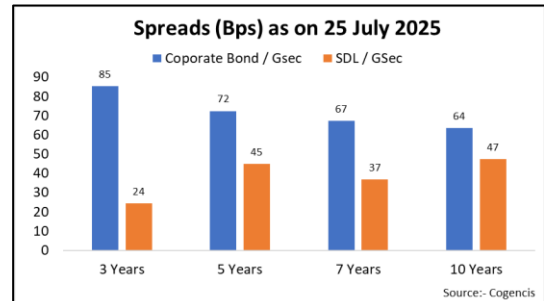
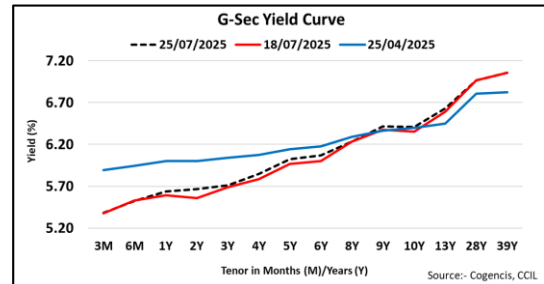
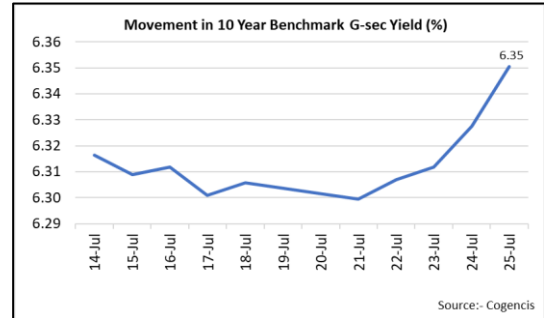
Weekly Overview - Fixed Income Markets & Mutual Funds for week ended 25 July 2025

- Domestic G-Sec prices closed the week ended 25th July 2025 on a negative note wherein the yield on the 10-year benchmark, the 6.33% G-Sec 2035 bond, closed higher by 4 bps at 6.35% as against its previous weekly close of 6.31% on 18th July 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-) 3 bps to 5 bps on a WoW basis. In case of the greater than one-year segment, yields rose up to 8 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields rose as the banking system's liquidity surplus narrowed due to tax outflows. Losses deepened following hawkish remarks from the RBI Governor, which dampened investor appetite for debt securities.
 - The total G-sec supply for the week stood at Rs 467.5 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 10-year G-sec auction cutoff yield was at 6.34%. The SDLs' auction was to the tune of Rs 107.5 bn, and the maturities were in the range of 12-30 years. There was no 10-year SDL. The G-secs' auction was for the following: 5.91% 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 2.48 trillion during the week as against a daily average surplus of ~Rs 2.98 trillion during the previous week.
- Macro Data released during the week :-**
 - As per RBI data, net inflows of foreign resources via External Commercial Borrowings (ECBs) grew 158% YoY to USD 4.4 bn in April-May 2025 from USD 1.7 bn in the year-ago period. However, ECB registrations declined 31.32% YoY to USD 5.7 bn during April-May 2025 from USD 8.3 bn in the same period of 2024.
 - As per PIB, in June 2025, UPI had handled over Rs 24.03 trillion in payments. This was spread across 18.39 bn transactions. There were 13.88 bn transactions which is an increase of about 32% YoY.
 - As per RBI data, India's forex kitty declined by USD 1.18 bn to USD 695.49 bn during the week ended July 18, 2025. In the previous reporting week, the overall kitty had dropped by USD 3.06 bn to USD 696.67 bn. For the week ended July 18, foreign currency assets slipped by USD 1.20 bn to USD 587.61 bn.
- Other macro-economic news :-**
 - India and the United Kingdom have signed the Comprehensive Economic and Trade Agreement (CETA), a bilateral free trade agreement marking a major milestone in their longstanding partnership. Bilateral trade has already reached USD 56 bn, with a target to double this by 2030.
 - The Asian Development Bank has revised downwards India's GDP growth forecast for FY26 to 6.5% YoY from the earlier 6.7% YoY in its July 2025 forecast, primarily due to the effects of US tariff policies.
 - As per RBI's Monthly Bulletin, despite global uncertainties, India's economic activity remained stable in June-July 2025, supported by a promising agricultural season, robust services, and moderate industrial growth. CPI inflation stayed below 4% YoY for the fifth month due to food price deflation. Aided by sufficient forex reserves, the external sector showed resilience, with system liquidity remaining in surplus.
 - As per a Labour Ministry statement, EPFO added all-time high 20.06 lakh net members in May 2025, which includes 9.42 lakh new employees. This is 4.79% MoM higher and 2.84% higher on YoY basis. The May 2025 figure marks the highest recorded addition since payroll data tracking began in April 2018.
- Global Updates :-**
 - US President Donald Trump announced that there will be a baseline tariff starting at 15% and going up to 50% on all imports. The announcement comes just days before the revised rates are set to take effect on August 1, 2025, and marks a shift from Trump's earlier stance.
 - The Governing Council, led by ECB President Christine Lagarde, kept the deposit rate unchanged at 2.00%. The refinancing rate was retained at 2.15% and the marginal lending rate at 2.40%. The decision was in line with expectations, as policymakers assessed that price pressures continue to ease, but acknowledged that the economic environment remains highly uncertain mainly due to the trade tariff wars.
 - The PBOC maintained its interest rates unchanged as the economy faces subdued domestic demand amid challenging global economic conditions. The bank retained its one-year Loan Prime Rate (LPR) at 3.0%. Similarly, the five-year LPR, the benchmark for mortgage rates, was kept unchanged at 3.50%.

Outlook :-

The liquidity condition, as measured by RBI's net LAF, deteriorated further over the previous week, but is still substantially in surplus. Hence, the RBI has been conducting VRRR auction to absorb excess liquidity and 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 in its latest MPC in June 2025 to support growth. **Going forward, the growth-inflation dynamics will continue to determine the necessity of further policy actions by the RBI. However, the latest statement from RBI governor indicated despite decelerating inflation, due to the lag with which monetary policy works, they may need to wait further before moving the needle of policy rates downward.** Developments of interim negotiations between the US and its key trading partners is expected to remain a key driving factor for 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 25 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	5.16	5.33	5.21	5.25	5.40	5.80	6.07	6.21	6.46	6.35
Liquid Funds	4.92	5.18	5.78	5.99	6.11	6.79	6.90	6.99	7.10	6.89
Floater Funds	-10.31	3.80	7.08	5.15	7.12	9.63	8.71	8.84	8.27	7.83
Low Duration Funds	1.07	5.11	7.00	6.78	7.64	8.62	7.97	7.93	7.47	7.13
Money Market Funds	4.52	5.25	6.98	7.21	7.34	8.39	7.91	7.79	7.49	7.23
Ultra Short Duration Funds	2.71	4.75	6.46	6.63	6.75	7.57	7.27	7.24	7.05	6.77
Banking And PSU Funds	-23.19	2.66	6.96	3.60	6.85	9.80	8.68	8.75	7.88	7.40
Corporate Bond Funds	-21.52	3.53	7.35	4.14	7.45	10.32	9.09	9.16	8.12	7.61
Medium Duration Funds	-26.19	1.54	8.80	4.50	7.30	10.48	9.33	9.40	8.22	7.70
Short Duration Funds	-15.79	3.79	7.16	4.81	7.42	9.80	8.91	8.83	7.87	7.45
Medium To Long Duration Funds	-50.63	-3.94	6.23	-1.22	2.60	8.63	7.94	8.11	7.59	7.44
Long Duration Funds	-117.99	-14.63	11.21	-7.96	-3.62	6.75	6.48	7.37	8.30	9.07
Dynamic Bond Funds	-60.56	-6.12	7.13	-2.32	1.72	8.50	7.76	8.16	7.88	7.51
Credit Risk Funds	-15.13	3.96	7.98	6.48	11.33	14.14	11.72	11.16	9.53	8.61
Gilt Funds / Gilt Funds with 10 year constant duration	-94.87	-13.56	7.30	-5.20	-0.62	8.01	7.63	8.08	8.00	7.80
Conservative Hybrid Funds	-109.98	-8.61	3.40	2.74	7.88	9.95	6.74	6.59	9.83	9.62
Index Funds	-4.88	4.90	6.72	4.68	7.41	9.82	8.92	9.01	8.21	7.69
Arbitrage Funds	32.36	8.27	6.82	6.24	5.36	6.40	6.59	6.65	7.13	6.76

* 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	8.49	2.84	9.71	9.20	8.46	8.21
Dynamic Bond Fund	8.11	1.59	8.58	8.31	8.10	7.77
Gilt Funds & Gilt Funds with 10 year constant duration	6.27	1.03	9.08	8.87	8.49	8.34
Short Duration / Medium Duration	7.61	7.75	10.11	9.12	8.21	7.65
Banking and PSU Funds	7.28	6.89	9.89	8.84	8.05	7.65
Corporate Bond Funds	7.48	6.99	10.25	9.35	8.44	7.99
Ultra Short Duration Funds / Low Duration / Floater Funds	7.02	7.43	8.32	7.90	7.62	7.39
Money Market Funds	7.17	7.54	8.69	8.09	7.79	7.49
Liquid Funds & Overnight Funds	5.87	6.20	6.92	7.08	7.19	6.98
Arbitrage Funds	7.16	5.72	6.80	6.97	7.44	7.13

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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