

**Domestic Equity Market Update**

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 1.84% & Nifty 50 ending lower by 1.78% WoW respectively. The BSE Midcap index ended lower by 2.72% and the BSE Small cap index ended lower by 2.93%.
- On the BSE sectoral front, most of the indices ended on a negative note. Realty, Telecom and Metal were the biggest laggards.
- Domestic equity markets ended the week on a negative note as steep US tariffs up to 50% on Indian goods weighed on sentiment, leading to investor caution regarding the economic fallout. However, the downside remained limited after data showed that India's industrial output grew at the fastest pace in four months, rising 3.5% YoY in Jul 2025.

Global Market Updates

- US equity markets ended the week on a negative note due to profit-taking, as some investors looked to cash in on the recent market strength. Sentiment was also tempered by uncertainty surrounding the interest rate outlook and broader economic indicators. However, losses were limited as investors digested strong earnings from the AI sector, despite softer data centre sales.
- European equity markets ended on a negative note weighed down by geopolitical concerns stemming from escalating clashes in Gaza and Ukraine, as well as political uncertainty in France.
- Brent oil prices declined from USD 68.8 per barrel to USD 67.43 as trade policy threats heightened concerns over global tech tensions and digital tax disputes, potentially impacting the US economic and energy outlook. Additionally, prices fell amid worries that the unofficial end of the summer driving season could reduce demand.

Macro Data & Domestic News Released During the Week

- As per estimates released by MoSPI, India's Gross Domestic Product (GDP) grew 7.8% YoY in Q1 FY26, hitting a five-quarter high. During Q1 FY25, GDP growth stood at 6.5% YoY.
- According to NSO data, growth in industrial production rose to a four-month high of 3.5% YoY in July 2025 from 1.5% YoY in June 2025.
- Fitch Ratings affirmed India's rating at "BBB-" with a stable outlook on the back of robust growth and solid external finances.
- As per RBI data, sales of listed private Non-Financial Companies grew at a slower pace of 5.5% YoY in Q1 FY26 compared to 6.9% YoY in Q1 FY25.
- According to SEBI data, the total commitments for AIFs surged to Rs 14.2 trillion as of June 2025, growing 20% YoY and 5% QoQ growth.
- According to NSE's Market Pulse Report, the share of new investors under the age of 30 has risen in the first four months of FY26, reaching 56.2%, up from 53.2% in FY25.
- According to ratings agency CareEdge, container volume growth in FY26 is estimated to moderate by 100-150 bps and log an 8% YoY growth at around 380 mn metric tonnes.

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.

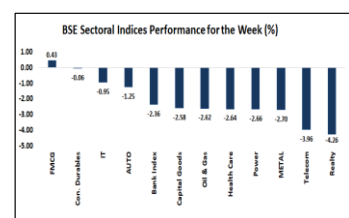
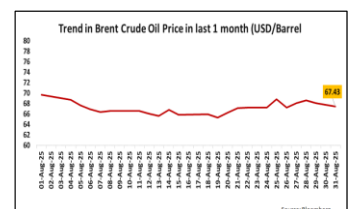
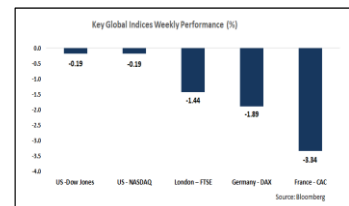
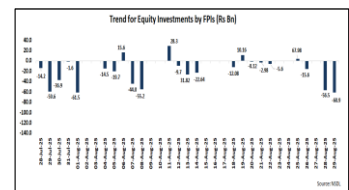
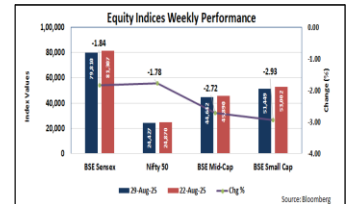
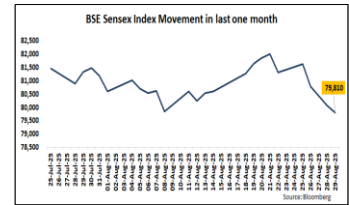
Quarterly earnings for Q1 FY26, have been mostly in line with expectations, but expectations too had been toned down. Notably, small caps have been a laggard. There is a possibility that consumers could postpone their spending in anticipation of lower prices due to GST cuts, which could dent the Q2 FY26 earnings. Benefits of RBI's policy measures is likely to be visible in the next couple of quarters. Companies linked to rural India have been able to deliver improved performance. As per fund managers, Luxury and Consumer Tech Platform companies have been able to deliver on topline growth, but urban middle-class driven segments and roads and railways driven sectors have/are likely to see weakness. For Banks, after a very strong performance on the credit costs front over last few quarters, the credit costs seem to be rising/normalising especially in MSME, SME and personal loans space.

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.

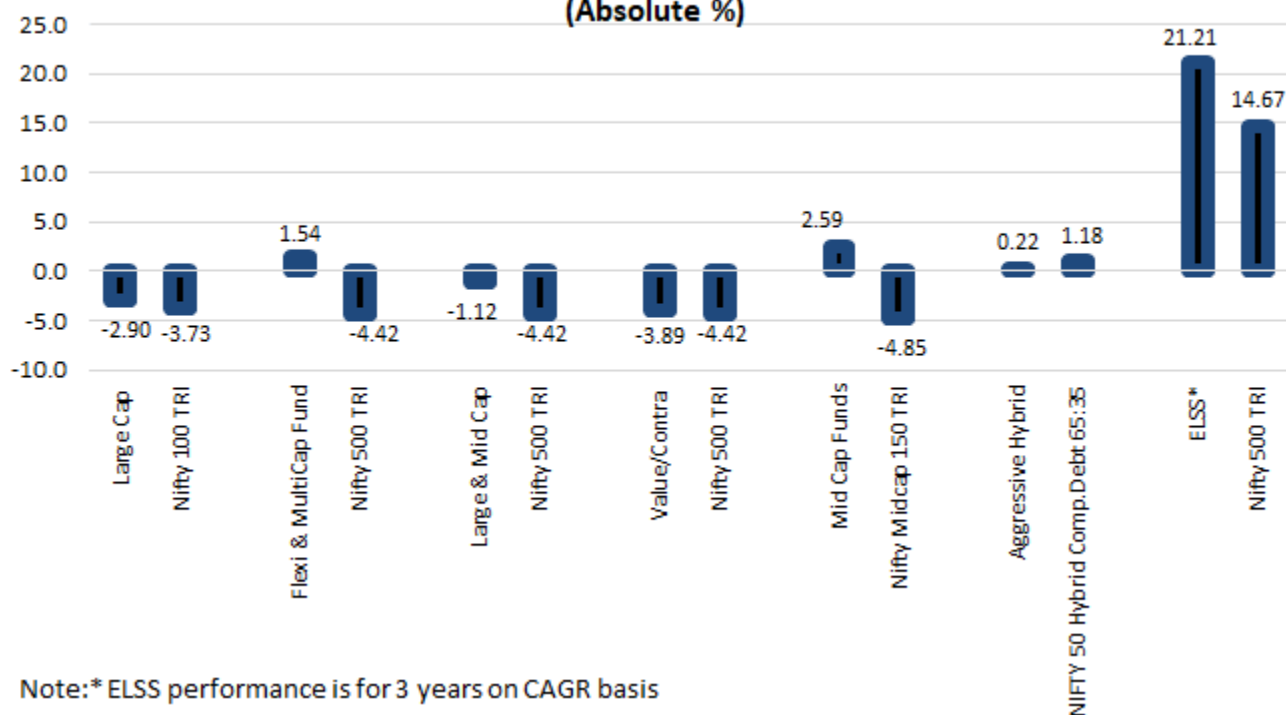
With rich valuations, incoming US tariff related weakness and continued weakness in the urban demand, the Indian equity markets seem to be in consolidation mode post the recent up-move. Consumption which forms the largest part of the GDP, is likely to get boost once the new GST slabs come about. Strong monsoons and continued support from the RBI should keep growth buoyant. If further support comes about, or if tariffs get renegotiated, 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 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 %)



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	-1.17	11.59	-2.90	17.29	16.49	20.26
Flexi Cap Funds	-0.46	16.57	1.54	23.26	20.60	23.40
Multi Cap Funds	-2.06	16.72	-4.20	19.00	21.50	28.95
Large & Mid Cap Funds	-1.22	15.71	-1.12	23.36	21.62	24.75
Mid Cap Funds	-1.20	18.93	2.59	25.94	26.06	29.82
Small Cap Funds	-3.65	17.31	-7.69	19.27	23.30	30.44
Value/Contra Funds	-1.80	12.79	-3.89	20.23	20.84	26.32
Focused Funds	-0.61	13.32	-1.13	20.49	19.26	24.81
Aggressive Hybrid Funds	-1.34	9.71	0.22	16.23	15.77	19.37
Dynamic Asset Allocation Funds	-0.69	8.16	1.76	14.62	14.05	16.56
Equity Linked Saving Schemes	-2.40	13.79	-3.42	22.07	21.21	24.02
Business Cycle Funds	-0.21	16.81	3.55	23.57	21.35	--
Nifty 50 Index TRI	-1.21	11.33	-2.01	14.03	12.49	17.92
Nifty 500 TRI	-1.82	13.75	-4.42	16.36	14.67	20.36
Nifty Infrastructure TRI	-2.01	16.35	-5.09	23.19	20.96	24.32

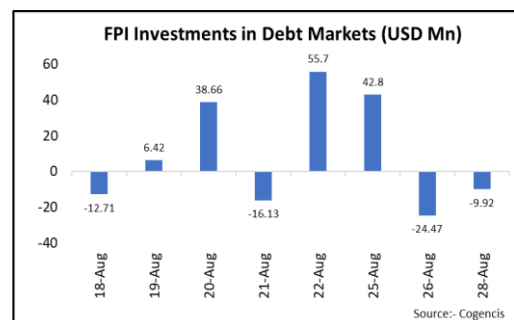
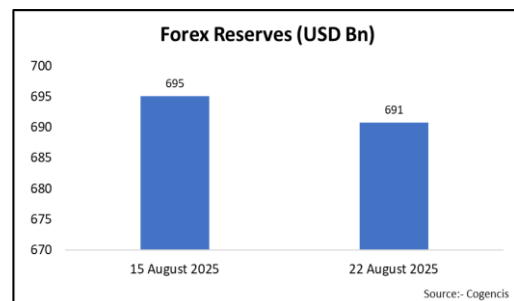
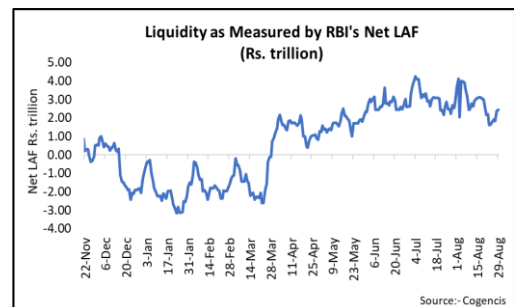
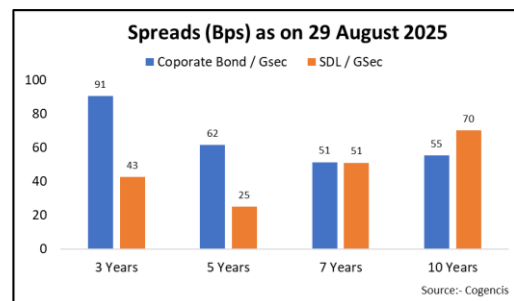
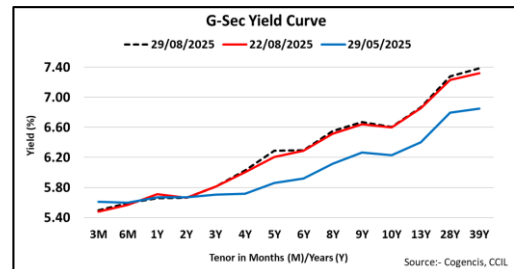
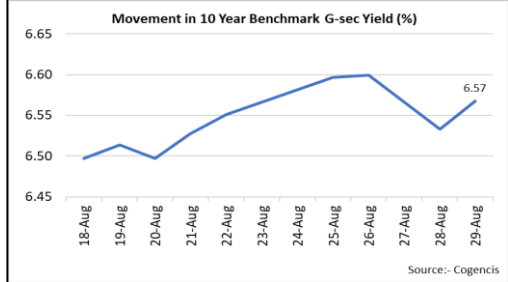
Note: Data as on August 29, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to <https://icraanalytics.com/home/disclaimer>)

Weekly Overview - Fixed Income Markets & Mutual Funds for week ended 29 August 2025

- Domestic G-Sec prices closed the week ended 29th August 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 6.57% as against its previous weekly close of 6.55% on 22nd August 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment rose up to 22 bps on a WoW basis. In case of the greater than one-year segment, yields rose up to 3 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields rose amidst persistent worries about higher supply after the proposed GST cut fuelled fiscal concerns. They declined further as the sentiment was dented after strong economic growth data. However, few gains were witnessed due to short covering.
 - The total G-sec supply for the week stood at Rs 608.92 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 320 bn and the maturities were in the range of 15-40 years. There was no 10-year G-sec this week. The SDLs' auction was to the tune of Rs 288.93 bn and the maturities were in the range of 4-30 years. The average cut off yield for 10-year SDL was 7.36% against 7.13% in the previous week. The G-secs' auction was for the following: 6.68% GS 2040 and 6.90% GS 2065.
 - 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 2.07 trillion during the week as against a daily average surplus of ~Rs 2.61 trillion during the previous week.
- Macro Data released during the week :-**
 - As per estimates released by MoSPI, India's Gross Domestic Product (GDP) grew 7.8% YoY in Q1 FY26, hitting a five-quarter high. During Q1 FY25, GDP growth stood at 6.5% YoY. The latest estimates are above RBI's projection of 6.5% YoY for Q1 FY26.
 - According to the Controller General of Accounts (CGA), the Centre's Fiscal Deficit for April-July of FY26 expanded to 29.9% of the Budget Estimates (BE) comparable to Rs 4.7 trillion from Rs 2.8 trillion or 17.2% of BE for the April-July of FY25. The net tax revenue stood at 23.3% of BE in April-July of FY26, compared to 27.7% in the corresponding period of FY25.
 - As per RBI data, India's forex reserves dropped USD 4.39 bn to USD 690.72 bn for the week ended August 22, 2025. Foreign currency assets decreased by USD 3.65 bn to USD 582.25 bn.
- Other macro-economic news :-**
 - According to RBI Governor, RBI could step in with policy measures if the 50% US tariff, due to take effect from Wednesday, affects domestic economic growth. He stressed that the RBI had not "lost sight of growth" while anchoring inflation amid uncertainties.
 - According to the latest Annual Survey of Industries data released by MoSPI, employment in industries increased by 5.92% YoY to 19.5 mn in FY24 from 18.4 mn in FY23. The Gross Value Added (GVA) in the industries increased by 11.9% YoY to Rs 24.58 trillion in FY24 from Rs 21.97 trillion in FY23.
 - Earlier this month, S&P Global Ratings upgraded India's sovereign rating to 'BBB'. However, Fitch maintained its existing assessment, cautioning that while India's growth outlook remains robust and external finances are solid, government finances continue to be a credit weakness.
- Global Updates :-**
 - According to revised data from the US Commerce Department, the Real Gross Domestic Product of US rose by 3.3% YoY in Q2 CY25 as compared to the previously reported 3.0% YoY surge for the quarter. Economists had expected the jump in GDP to be upwardly revised to 3.1% YoY for the quarter.
 - As per data from the US Commerce Department, the Personal Consumption Expenditures (PCE) price index growth in July 2025 came in unchanged from June 2025 at 2.6% YoY, in line with estimates. The Core PCE price index ticked up to 2.9% YoY in July 2025 from 2.8% YoY in June 2025, matching estimates.
 - As per data from Destatis, the German economy shrank more than initially estimated, with its Gross Domestic Product falling 0.3% QoQ in Q2 CY25, reversing a 0.3% QoQ growth in Q1 CY25.

Outlook :-

The liquidity condition, as measured by RBI's net LAF, continued to weaken over the previous week but remained comfortably in surplus. RBI conducted further Variable Rate Reverse Repo (VRRR) auctions cumulatively worth Rs 2.25 trillion to absorb excess liquidity and align call money rate with the Repo rate. The RBI had kept policy rates unchanged in its latest MPC on 6th August 2025, moving to a 'wait-and-watch' approach while continuing with their neutral stance. The RBI 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 eased further as the Consumer Price Index (CPI) fell to 1.55% YoY in July 2025 from 2.10% YoY in June 2025. As per MoSPI, India's Gross Domestic Product (GDP) grew by 7.8% YoY in Q1 FY26, above RBI's projection of 6.5% YoY. **Going forward, the growth-inflation dynamics will continue to determine the necessity of further policy actions by the RBI. For now, positive developments around both have given RBI enough space and flexibility to wait and watch before easing policy further.** The development around changes in GST cut will be watched in terms of the fiscal impact it creates, which may drive near term volatility in the bond market. Once the details are out, the bond market is likely to take a more nuanced position. **In the US, Fed Chair Jerome Powell gave subtle hints towards rate cuts in his Jackson Hole Speech.** Going forward, developments around a Bi-lateral Trade Agreement with the US and Fed's policy decisions are expected to remain key driving factors for market sentiments and capital flows. **The high term spreads at the longer end have created tactical opportunities in 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 29 August 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	5.24	5.27	5.25	5.24	5.25	5.61	5.93	6.10	6.40	6.36
Liquid Funds	5.55	5.28	5.44	5.65	5.78	6.49	6.71	6.86	7.04	6.90
Floater Funds	-22.07	-1.38	0.41	3.71	3.36	8.53	7.90	7.93	7.91	7.57
Low Duration Funds	-3.19	3.28	4.35	5.60	5.86	8.10	7.70	7.66	7.38	7.08
Money Market Funds	3.32	4.90	5.24	5.94	6.38	7.98	7.69	7.64	7.43	7.18
Ultra Short Duration Funds	2.60	4.60	5.09	5.72	6.05	7.21	7.08	7.12	7.01	6.78
Banking And PSU Funds	-22.53	-2.48	-1.06	2.94	1.61	8.58	7.77	7.76	7.59	7.09
Corporate Bond Funds	-28.02	-2.41	-1.45	2.93	1.84	8.88	8.03	8.08	7.80	7.30
Medium Duration Funds	-35.85	-4.22	-2.61	3.09	1.74	8.51	8.08	8.22	7.89	7.31
Short Duration Funds	-24.05	-1.60	-0.15	3.49	2.86	8.55	7.93	7.97	7.63	7.20
Medium To Long Duration Funds	-84.41	-16.22	-13.23	-3.79	-6.12	5.68	5.40	5.72	6.77	6.58
Long Duration Funds	-132.62	-32.23	-29.14	-10.51	-16.57	2.14	2.18	3.18	6.66	7.34
Dynamic Bond Funds	-86.06	-16.35	-13.53	-3.71	-7.05	5.88	5.29	5.73	7.01	6.73
Credit Risk Funds	-11.43	-0.35	2.08	4.95	4.75	11.87	11.06	10.49	9.34	8.42
Gilt Funds / Gilt Funds with 10 year constant duration	-144.15	-24.20	-22.29	-8.23	-12.15	3.99	3.92	4.69	6.70	6.64
Conservative Hybrid Funds	-59.85	-29.20	-9.40	-4.71	-2.12	10.53	4.57	4.26	9.13	8.75
Index Funds	-14.25	-3.28	-1.56	2.59	2.15	8.04	7.85	7.70	7.90	7.33
Arbitrage Funds	1.64	3.20	5.70	5.29	5.80	6.19	6.41	6.56	6.95	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	-18.69	-8.13	5.54	6.11	7.33	7.03
Dynamic Bond Fund	-15.49	-7.82	5.98	5.64	7.10	6.86
Gilt Funds & Gilt Funds with 10 year constant duration	-18.93	-9.53	5.23	5.69	7.29	7.27
Short Duration / Medium Duration	-1.08	2.77	8.72	8.15	7.91	7.37
Banking and PSU Funds	-1.66	1.42	8.54	7.80	7.67	7.31
Corporate Bond Funds	-3.09	0.96	8.52	8.05	7.99	7.58
Ultra Short Duration Funds /Low Duration / Floater Funds	5.19	6.36	7.90	7.70	7.55	7.34
Money Market Funds	5.39	6.54	8.28	7.93	7.73	7.49
Liquid Funds & Overnight Funds	5.48	5.84	6.60	6.95	7.13	6.99
Arbitrage Funds	5.99	6.09	6.58	6.89	7.26	7.14

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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