

**Domestic Equity Market Update**

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 0.92% & Nifty 50 ending lower by 0.82% WoW respectively. The BSE Midcap index ended lower by 1.29% and the BSE Small cap index ended lower by 1.86%.
- On the BSE sectoral front, indices ended on a mixed note. Healthcare, Realty and FMCG were the biggest laggards.
- Domestic equity markets ended the week on a negative note due to renewed US tariff threats, sustained foreign fund outflows and lacklustre Q1 earnings.
- Global Market Updates**
- US equity markets ended the week on a positive note mainly on optimism over a possible rate cut in September (following weak jobs data), on upbeat corporate earnings.
- European equity markets ended on a positive note with support from strong corporate earnings and on expectations of a rate cut by the US Federal Reserve.
- Brent oil prices fell from USD 69.28 per barrel to USD 66.24 on supply concerns as concerns over a potential OPEC+ output increase and as US President's comments on Russia talks raised doubts over new sanctions.

Macro Data & Domestic News Released During the Week

- According to various economists, the US' move to raise the tariff on most Indian goods to 50% could drag India's GDP growth for FY26 by 35 to 60 bps.
- As per NPCI data, Unified Payments Interface (UPI) transactions reached 19.47 bn in July 2025, up 6% MoM. The transactions were worth Rs 25.08 trillion, a 4% MoM increase in value.
- According to Govt. data, India's net revenues from Goods and Services Tax (GST) grew by a marginal 1.7% YoY in July 2025 to Rs 1.68 trillion.
- Fitch Ratings, in its India Corporates Credit Trends Report, cut India's GDP projections for FY26 to 6.3% YoY, down from their earlier projection of 6.4% YoY in April 2025.
- According to S&P Global, the HSBC India Composite Purchasing Managers' Index (PMI) edged up to 61.1 in July 2025 from 61.0 in June 2025, marking a 15-month high.
- As per India Ratings and Research, banks' credit growth is expected to climb up to 13% YoY in FY26, but added that higher tariffs, if they indeed come about, may impact the number.
- From Nifty 200 universe, 170 companies have announced their Q1 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 6.97%, 9.86% and 10.31% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 6.36%, 8.63% and 15.91% YoY respectively.**
- From Nifty 500 universe, 401 companies have announced their Q1 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 6.98%, 8.82% and 9.79% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 6.19%, 7.16% and 12.90% YoY respectively. Chemicals, Oil & Gas and Cement sector seemed to have deliver better results compared to other sectors.**

Outlook

Going forward, the Indian equity market is likely to be driven by any changes in India-US tariffs deals, movement in the US Dollar index, improvement in consumption demand, 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. US President Donald Trump hits India with 25% tariff, plus penalty of an unspecified quantum because of India's trade relations with Russia which can lead to volatility in sector exposed to US going forward according to market participants. There are still expectation of better trade deals that can come about in August- September. The MPC decided to maintain a neutral stance while closely monitoring incoming data and growth-inflation trends to guide future policy.

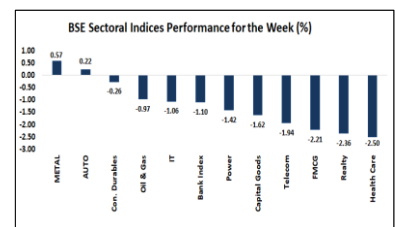
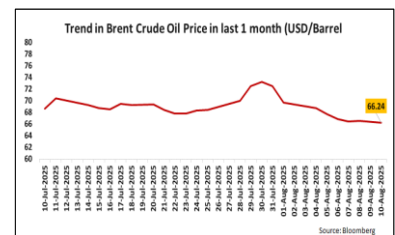
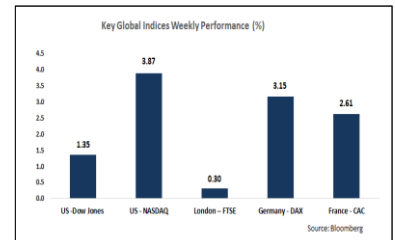
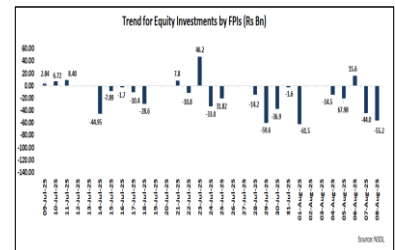
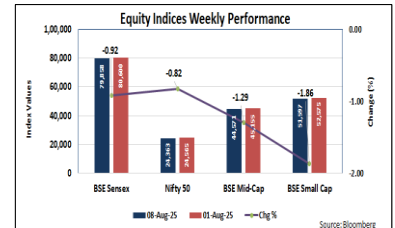
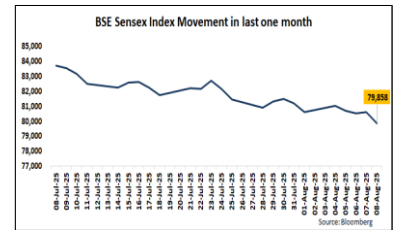
Quarterly earnings for Q1 FY26, have been mostly in line with expectations, but expectations too had been toned down. Benefits of RBI's policy measures is likely to be visible in the next couple of quarters. Companies linked to rural India have been able to deliver improved performance. As per fund managers, 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.

On expected earnings side, with a low base, any pickup in urban consumption demand, or incremental government spending support, or further meaningful support provided by the RBI could help drive superior earning performance which is likely to also ensure better equity market performance.

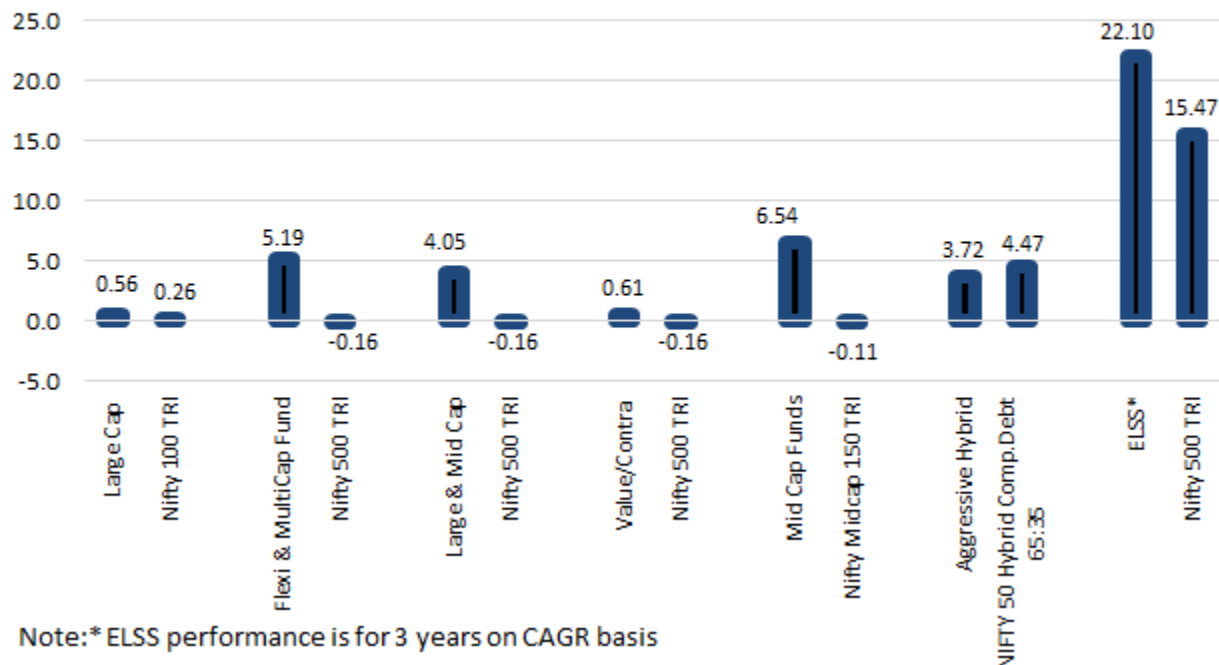
With rich valuations, incoming US tariff related weakness and continued weakness in the urban demand, the Indian equity markets seem to be in consolidation mode post the recent up-move. Equity market participants are expecting more support from the government and the RBI to keep growth buoyant. If further 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	-3.70	3.94	0.56	16.60	16.94	20.57
Flexi Cap Funds	-2.95	5.18	5.19	23.15	20.80	23.22
Multi Cap Funds	-0.74	4.67	-0.72	19.87	22.29	30.51
Large & Mid Cap Funds	-3.18	5.82	4.05	23.54	22.33	25.31
Mid Cap Funds	-3.03	6.82	6.54	27.54	26.86	30.47
Small Cap Funds	-4.44	3.56	-2.61	21.70	24.81	32.17
Value/Contra Funds	-4.04	3.97	0.61	20.72	21.63	26.80
Focused Funds	-3.15	5.13	2.38	19.86	19.77	25.20
Aggressive Hybrid Funds	-2.95	3.69	3.72	16.44	16.31	19.83
Dynamic Asset Allocation Funds	-2.48	3.89	3.80	14.65	14.52	16.84
Equity Linked Saving Schemes	-4.32	4.42	1.58	22.85	22.10	24.50
Business Cycle Funds	-2.47	9.12	6.23	22.53	21.90	--
Nifty 50 Index TRI	-4.37	4.20	2.28	12.93	12.88	18.17
Nifty 500 TRI	-4.62	4.33	-0.16	16.19	15.47	20.74
Nifty Infrastructure TRI	-6.15	8.08	-1.33	22.64	22.31	24.11

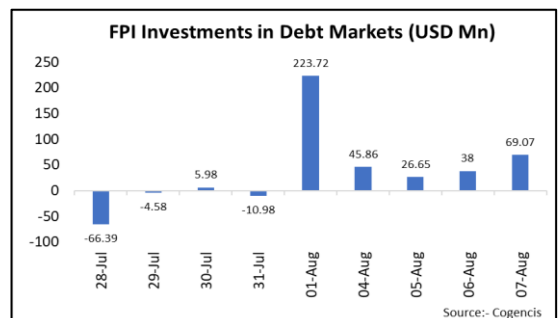
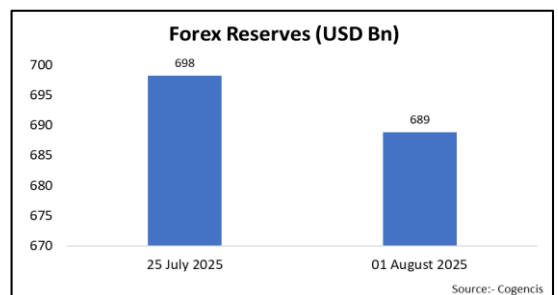
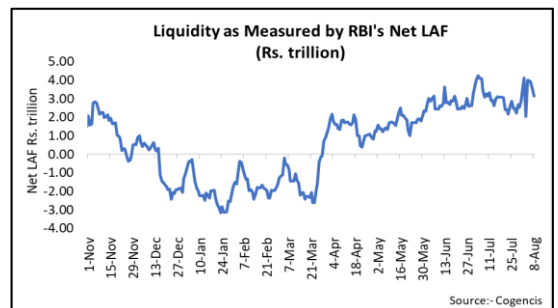
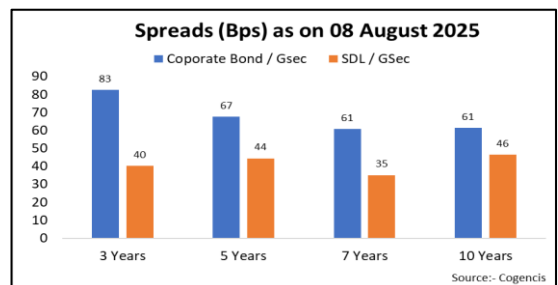
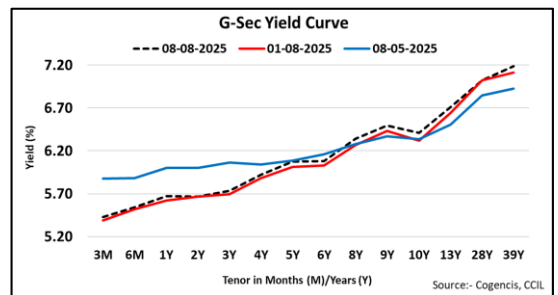
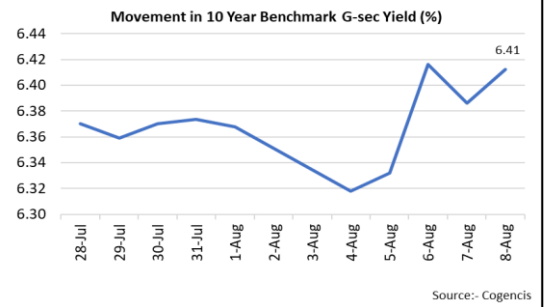
Note: Data as on August 8, 2025. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ICRA Analytics Ltd. (For Disclaimer of ICRA Analytics Ltd, refer to <https://icraanalytics.com/home/disclaimer>)

Weekly Overview - Fixed Income Markets & Mutual Funds for week ended 8 August 2025

- Domestic G-Sec prices closed the week ended 8th August 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 6.41% as against its previous weekly close of 6.37% on 1st August 2025.
- In case of AAA rated corporate bonds, yields in the less than one-year segment were mixed in the range of (-) 4 bps to 20 bps on a WoW basis. In case of the greater than one-year segment, yields rose up to 13 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields rose as the RBI kept rates unchanged, opting for a wait-and-watch approach to assess the impact of earlier rate cuts on the economy, contrary to market expectations of a dovish tone or further easing.
 - The total G-sec supply for the week stood at Rs 517.50 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 250 bn and the maturities were in the range of 7-49 years. There was no 10-year G-sec. The SDLs' auction was to the tune of Rs 267.50 and the maturities were in the range of 4-30 years. There average cut off for the 10-year SDL was 6.96% vs 6.93% for the previous week. The G-secs' auction was for the following: 6.28% GS 2032 and 7.09% GS 2074.
 - Banking system liquidity improved, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average surplus of ~Rs 3.71 trillion during the week as against a daily average surplus of ~Rs 2.79 trillion during the previous week.
- Macro Data released during the week :-**
 - The RBI's Monetary Policy Committee (MPC), decided to keep the benchmark repo rate unchanged at 5.5%, with a 6-0 unanimous vote. The committee also maintained its policy stance at 'neutral', signaling that future move will depend on inflation and growth dynamics. The SDF rate remained at 5.25%, while the MSF rate and the Bank Rate were unchanged at 5.75% each.
 - The RBI sharply lowered its inflation forecast to 3.1% YoY for FY26 from 3.7% YoY earlier, citing easing food prices, a favourable monsoon, and adequate foodgrain stocks, while keeping its growth outlook steady at 6.5% YoY for FY26. The MPC projected inflation at 2.1% YoY in Q2 FY26, 3.1% YoY in Q3 FY26, and 4.4% YoY in Q4 FY26. For Q1 FY27, inflation is expected to rise to 4.9% YoY as base effects fade.
 - According to Govt. data, India's net revenues from Goods and Services Tax (GST) grew by a marginal 1.7% YoY in July 2025 to Rs 1.68 trillion, largely due to a sharp spike in refunds even as gross collections were up 7.5% YoY at almost Rs 1.96 trillion. Net revenues from domestic transactions, in fact, contracted 0.2% YoY in July, even though gross domestic revenues were up 6.7% YoY.
- Other macro-economic news :-**
 - The government has proposed 2022-23 as the new base year for the Index of Industrial Production (IIP) and Gross Domestic Product (GDP), and 2024 for the Consumer Price Index (CPI). Currently, the base year for both IIP and GDP is 2011-12, while it is 2012 for CPI. The new CPI will draw weight of items from the Household Consumption Expenditure Survey 2023-24.
 - According to CRISIL, the cost of vegetarian and non-vegetarian thalis declined 14% YoY and 13% YoY, respectively, thanks to a drop in prices of vegetables, broiler and pulses.
 - According to various economists, the US' move to raise the tariff on most Indian goods to 50% could drag India's GDP growth for FY26 by 35 to 60 bps.
- Global Updates :-**
 - As per the US Commerce Department, the US trade deficit narrowed to USD 60.2 bn in June 2025 from a revised USD 71.7 bn in May 2025. Imports plunged by 3.7% MoM to USD 337.5 bn in June 2025 after slipping by 0.2% MoM to USD 350.3 bn in May 2025.
 - According to CME Group's FedWatch Tool, the chances of a quarter point rate cut in September 2025 have jumped to 91.9% from 63.1% in the week ended July 31, 2025.
 - As per Eurostat, the Euro area consumer price inflation was unchanged as the harmonized index of consumer prices increased 2.0% YoY in July 2025, in line with the ECB's 2% YoY target.
- Outlook :-**

The liquidity condition, as measured by RBI's net LAF, continued improving over the previous week, and remained substantially in surplus. Hence, the RBI conducted multiple Variable Rate Reverse Repo (VRRR) auctions worth Rs 4.5 trillion of different tenures to absorb excess liquidity and align call money rate with the Repo rate. Retail inflation in India had eased further as the Consumer Price Index (CPI) fell to 2.10% YoY in June 2025 from 2.82% YoY in May 2025. However, the RBI kept policy rates unchanged in its latest MPC on 6th August 2025, moving to a wait-and-watch approach while continuing with neutral stance. The central bank 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%. **Going forward, the growth-inflation dynamics will continue to determine the necessity of further policy actions by the RBI. However, the RBI governor indicated they may need to wait further before moving the needle of policy rates downward.** In the US, the Fed kept rates unchanged. US President Donald Trump announced higher than expected tariff for India. Going forward, developments around Bi-lateral Trade Agreement (BTA) with US is expected to remain a key driving factor for the market sentiments and capital flows.

The lucrative 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. Also, as a tactical opportunity Dynamic Bond Funds and Gilt 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 8 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	5.30	5.18	5.22	5.18	5.33	5.71	6.02	6.17	6.44	6.35
Liquid Funds	4.84	5.36	5.29	5.57	6.04	6.63	6.81	6.93	7.07	6.89
Floater Funds	2.75	0.76	4.30	3.79	7.12	9.21	8.44	8.49	8.19	7.79
Low Duration Funds	5.33	4.38	5.23	5.21	7.37	8.36	7.87	7.84	7.45	7.14
Money Market Funds	4.34	5.19	5.33	5.69	7.25	8.14	7.80	7.73	7.46	7.18
Ultra Short Duration Funds	4.86	5.02	5.24	5.55	6.76	7.38	7.18	7.19	7.04	6.78
Banking And PSU Funds	4.33	0.25	3.51	1.58	6.99	9.16	8.47	8.43	7.86	7.35
Corporate Bond Funds	2.46	-0.21	3.77	2.13	7.29	9.63	8.82	8.78	8.10	7.55
Medium Duration Funds	-7.92	-2.91	2.38	2.62	6.83	9.77	8.90	8.92	8.19	7.58
Short Duration Funds	5.73	1.57	3.99	2.70	7.30	9.29	8.58	8.52	7.86	7.41
Medium To Long Duration Funds	-25.80	-15.45	-1.63	-2.53	1.59	7.48	7.02	7.16	7.43	7.18
Long Duration Funds	-56.15	-37.24	-5.65	-8.15	-5.54	4.92	4.77	5.87	8.02	8.59
Dynamic Bond Funds	-21.72	-16.77	-1.78	-3.35	0.82	7.40	6.82	7.21	7.66	7.26
Credit Risk Funds	-3.21	0.86	3.90	4.32	7.79	13.57	11.37	10.85	9.47	8.54
Gilt Funds / Gilt Funds with 10 year constant duration	-48.52	-29.82	-5.56	-6.11	-2.39	6.36	6.18	6.72	7.63	7.40
Conservative Hybrid Funds	-79.93	-16.42	-9.13	-2.48	5.57	7.60	5.42	5.90	9.43	8.98
Index Funds	-9.57	-0.43	3.79	2.76	6.54	9.18	8.61	8.47	8.23	7.58
Arbitrage Funds	37.30	1.27	5.96	5.82	5.32	6.28	6.39	6.51	7.06	6.78

* 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	-2.27	1.05	8.05	7.91	8.21	7.84
Dynamic Bond Fund	-2.42	0.57	7.49	7.36	7.85	7.51
Gilt Funds & Gilt Funds with 10 year constant duration	-4.09	-0.42	7.58	7.57	8.17	8.05
Short Duration / Medium Duration	4.30	7.61	9.59	8.79	8.18	7.59
Banking and PSU Funds	3.32	6.98	9.19	8.48	7.99	7.60
Corporate Bond Funds	3.60	6.97	9.53	8.89	8.38	7.92
Ultra Short Duration Funds /Low Duration / Floater Funds	5.50	7.38	8.09	7.82	7.60	7.40
Money Market Funds	5.50	7.43	8.45	8.03	7.77	7.49
Liquid Funds & Overnight Funds	5.31	6.12	6.75	7.02	7.16	6.99
Arbitrage Funds	6.30	5.72	6.68	6.86	7.38	7.17

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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