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MONTHLY NEWSLETTER

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Introduction

Welcome to the June Edition of Our Economic & Investment Insights Newsletter

Welcome to the June edition of our Economic & Investment Insights Newsletter. This issue marks a pivotal moment in the evolving economic and market landscape, where caution and optimism are both present. This edition brings together an in-depth analysis of economic indicators, sectoral movements, and market dynamics to help you navigate a moderating economic environment.

Purpose of the Newsletter

The newsletter offers a comprehensive 360-degree view of India's macroeconomic backdrop, sectoral performance, liquidity conditions, and investment strategies. By linking granular data with strategic insights, we aim to equip investors, financial professionals, and policymakers with the clarity they need to make informed decisions.

What's Inside This Issue?

1. Macroeconomic Overview:

A look at the softening economy, with signs of improvement in certain sectors alongside caution in trade and auto sales.

While certain areas like consumer confidence and service sector activity have shown improvement, trade, auto sales, and foreign direct investment have weakened. The Reserve Bank of India's (RBI) rate cuts and falling bond yields suggest a supportive monetary policy, but external risks remain a concern.

2. RBI Rate Cuts:

We analyze the recent rate cuts by the Reserve Bank of India, including a reduction in the repo rate and CRR, and their potential impact on banking liquidity and credit growth. The section also discusses concerns raised by the RBI regarding global trade risks, particularly the effect of US tariffs on India's exports.

3. Equity Market Performance:

This section provides an overview of the equity market's performance, focusing on sectoral views, market breadth, and liquidity trends. We analyze the strengths and weaknesses of various sectors and assess overall market sentiment and momentum.

4. Primary Market:

Insights into the primary market, with a focus on upcoming IPOs. This section covers IPOs that are in the pipeline for CY25 and those awaiting SEBI approval, helping investors gauge potential opportunities in the equity market.

5. Mutual Funds:

A detailed review of top-performing mutual fund categories and their respective benchmarks for the near term. The section highlights the best-performing sectors and the factors driving their success, offering a strategic perspective for portfolio building.

Who Should Read This?

This newsletter is an invaluable tool for:

•Individual investors looking to build or reassess portfolios
•Wealth managers and advisors seeking data-backed allocation guidance
•Financial analysts interested in India's economic and sectoral health
•Anyone seeking a structured, empirical approach to investing

This is more than a monthly update—it's a blueprint for navigating today's investment climate with informed conviction and tactical precision.

Economic Activity Dashboard

	Latest Month	Vs. Last Year	Vs. Last month	YTD Growth
Industry				
IIP (Index)	152	3%	-8.00%	-
Power Consumption ('000 MUs)	4.8	-5%	-2%	3%
Petroleum Consumption (MMT)	21.30	1%	6%	0%
Steel Consumption (MMT)	13.10	9%	9%	10%
Cement Production (MT)	39.30	7%	-17%	11%
Trade & Investment				
Merchandise Exports ($ Bn.)	38.7	2%	1%	0
Merchandise Imports ($ Bn.)	60.6	-2%	-7%	-4%
Services Exports ($ Bn.)	32.4	7%	-8%	13%
Services Imports ($ Bn.)	17.10	-1%	-2%	2%
Auto				
Passenger Vehicle Sales ('0000 Units)	344.7	-1%	-1%	2.00%
2 Wheeler Sales ('000 Units)	1,655.9	2%	14%	-2.00%
3W Registrations ('000 Units) (does not include e-rickshaws)	55.80	5%	6%	5%
EV Registrations ('000 Units) (does not include e-rickshaws & commercial vehicles)	131.0	38%	9%	18%

	Latest Month	Vs. Last Year	Vs. Last month	YTD Growth*
BFSI				
UPI Value (INR Tn)	25.1	23%	5%	24%
Aggregate Deposits (INR Tn)	233.3	10%	1%	-
Aggregate Credit (INR Tn)	186.8	10%	0%	-
NSE & BSE Txns (INR K Cr)	2490.8	-6%	23.40%	-13%
Insurance Premium (INR K Cr)	52.7	10%	-5%	2%
Logistics				
E-Way Bills (Mn)	122.7	19%	3%	20%
JNPT Traffic ('000 TEUs)	666.7	17%	0%	17%
Air Passenger Bookings (Mn)	35.70	10%	-1%	11%
Air Freight (K Tons)	315.1	11%	-8%	5%
Sentiment				
Manufacturing PMI (Index)*	57.60	0%	-1%	-
Services PMI (Index)*	58.80	-2%	0%	-
Consumer Confidence	95.4	-2%	0%	-
Future Expectations Index	123.4	-1%	1%	-

*Data available only upto June-25, hence growth comparisons with June-25 and May-24.
*YTD growth compares the YTD performance of the mentioned indicators in the current year Vs. the same period in the previous year.

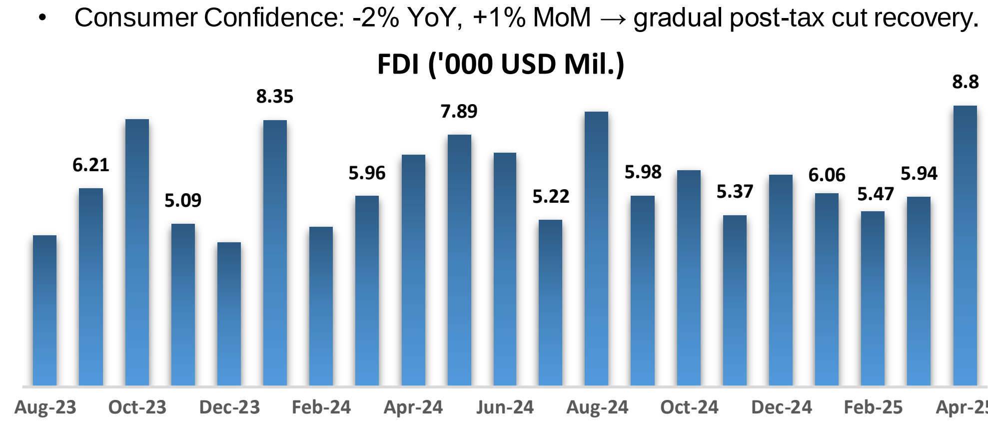
Industry
- Growth of +3% YoY shows moderate industrial activity, but sharp -8% MoM decline signals early signs of slowdown. Industrial growth driven by infra and real estate, but signs of slowdown are visible.
- **Automobile**
- Passenger Vehicles: -1% YoY, -1% MoM → urban demand stagnating
- .2-Wheelers: +2% YoY, +1% MoM → rural demand resilience.
- **EV Registrations:** +38% YoY, +9% MoM → strong adoption, structural shift.
- **Logistics**
- Air Passenger Bookings: +10% YoY, flat MoM → travel demand recovery.
- E-Way Bills: +19% YoY, +3% MoM → consistent goods movement. Air Freight: +11% YoY, -8% MoM → moderation in air cargo.

Foreign Trade
- Merchandise imports grew faster than exports, widening the trade deficit.
- Services trade surplus remains steady, but overall activity has declined.

BFSI
- Rising UPI transactions, insurance premiums, aggregate deposits, and credit.
- NSE & BSE Transactions: -6% YoY, +23% MoM → activity rebound, YTD lower.
- Insurance Premium: +10% YoY, -5% MoM → steady growth, monthly volatility.

Sentiments
- Manufacturing PMI: Stable, -1% MoM → continued expansion, slight moderation.
- Consumer Confidence: -2% YoY, +1% MoM → gradual post-tax cut recovery.

Macroeconomic	Latest Month	Vs. Last Year	Vs. Last month	YTD Growth*
GST Collections	2.01	16%	-15%	12%
WPI (%)	-	0.39%	-	-
CPI (%)	-	2.82%	-	-
Jan Dhan Deposits (INR Tn)	2.60	14%	-1%	13%
MGNREGA Emp. Provided (HH)	23.40	-3%	50%	2%



GST Collections
- Up +16% YoY, but -15% MoM decline signals seasonal moderation.
- YTD growth remains strong at +12%, indicating healthy consumption and compliance.

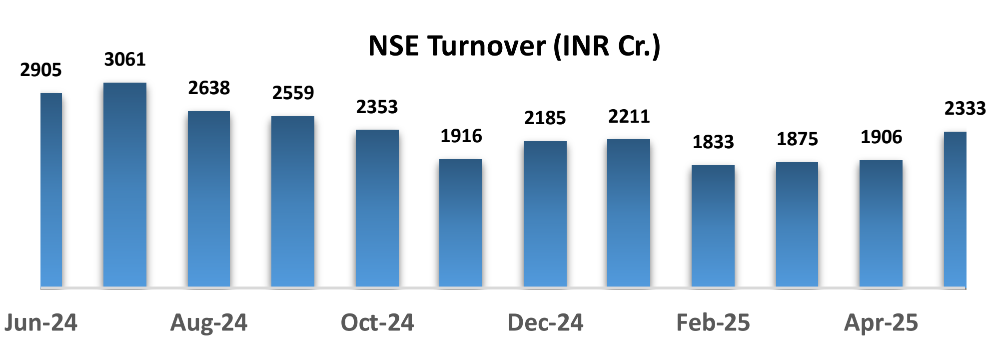
Inflation
- CPI at 2.82% YoY, reflecting moderate retail inflation, supportive for consumption.
- Low at 0.39% YoY, showing easing wholesale price pressures, aiding input costs.

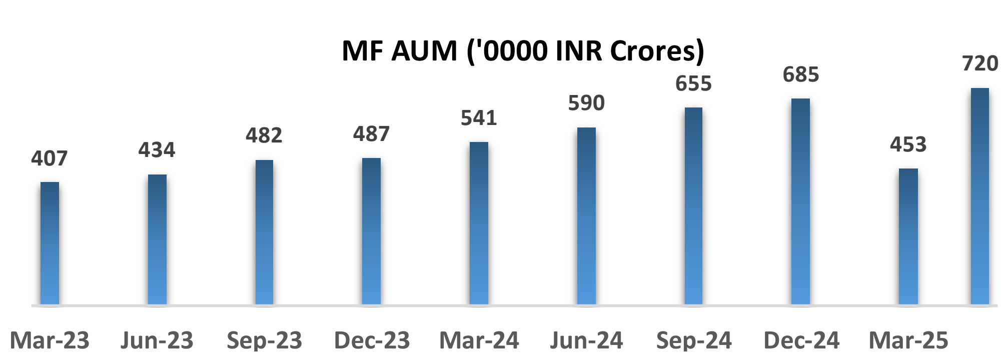
Jan Dhan
- Up +14% YoY, slight -1% MoM Decline, Indicates steady financial inclusion and rural liquidity support
- Sluggish inflows add to signs of softening economic activity.

Govt. Receipts & Expenditures (INR Tn)

Fiscal deficit declined in Feb-25 as increased tax revenues boosted overall govt. receipts

	Feb-25	March-25	Apr-25
Govt. Expenditure (INR Tn)	3.2	7.6	4.7
Govt. Receipts (INR Tn)	1.4	5.30	2.8
Fiscal Deficit (INR Tn)	1.8	2.30	1.9





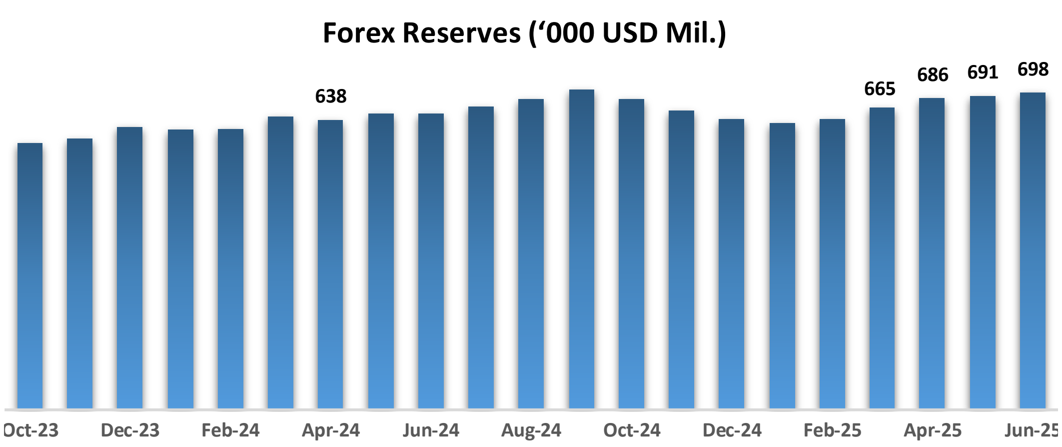
NSE Turnover & MF AUM
- **NSE transaction value** has increased over the past few months, reflecting strong investors sentiment
- **Mutual Fund AUM** has risen, suggesting strong retail and institutional investor engagement.

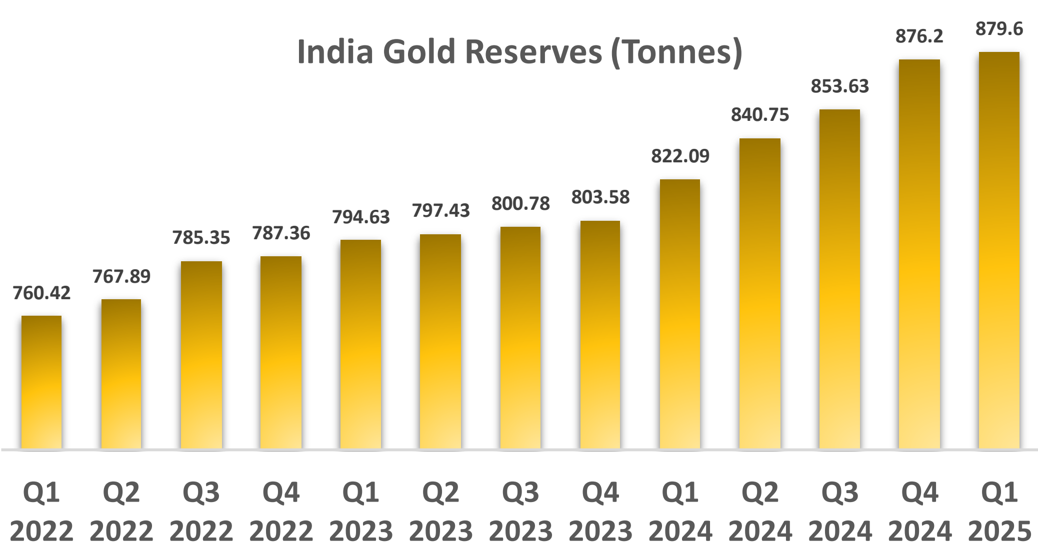
Consolidated View

- **High-frequency indicators** like GST collections, E-way bills, and UPI transactions show steady activity, but IIP, steel, and power consumption signal moderation.
- **Trade deficit** is widening as imports outpace exports, reflecting strong domestic demand but pressuring external balances.
- **Inflation (CPI & WPI)** stays moderate, supporting consumption and policy flexibility.
- **Credit growth** outpaces deposits, pointing to robust credit demand but potential liquidity management challenges.
- Overall, signals point to **gradual economic softening** with **domestic demand holding.**

Statistical Appendix		
Indicators	**Latest**	**Previous**
USD/INR	85.80	85.60
Sensex	83,607	81,214
Unemployment Rate	7.90% Feb-25	8.20% Jan-25
Inflation Rate	2.81%	3.34%
Interest Rate	5.50%	6%
Balance of Trade (USD Bil.)	-21.88	26.42
Manufacturing PMI	58.40	57.60
Services PMI	60.70	58.80
Consumer Confidence	95.40	95.50
Global Commodities Monthly		
Brent USD Bbl.	65.72	61.69
Crude Oil USD/Bbl.	62.68	58.67
Natural Gas USD/MMBtu.	3.45	3.47
Coal USD/T	109.90	98.87
Gold USD/t.oz	3292.2	3352.6
Silver USD/t.oz	34.81	33.05

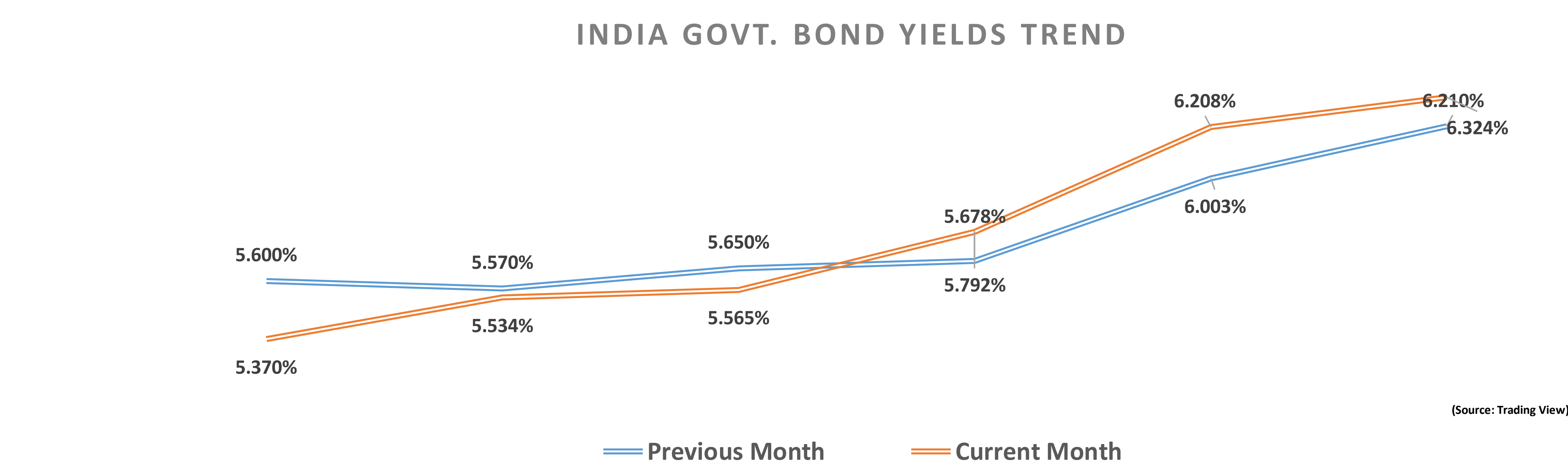
(Source: Trading Economics)





Macroeconomic Indicators - Current Overview

- **USD/INR Improvement**: Despite a perception of currency strength earlier, the INR has depreciated marginally to 83.80/USD, compared to 83.60 in the previous month.
- **Sensex Performance**: The Sensex posted a further gain of nearly 3%, continuing its upward trend from April. This reflects sustained investor optimism, likely driven by policy support, controlled inflation, and improving economic indicators.
- **Inflation Trends**: Inflation is falling and staying within the RBI's target range (2–6%). This means prices are under control, giving the central bank more room to support the economy.
- **RBI Interest Rate Cut**: The **RBI reduced interest rates by 50bps** to support economic activity. This move makes borrowing cheaper, encouraging investment and consumption, which helps mitigate economic slowdown.
- **PMI and Consumer Confidence**: **Manufacturing PMI**, **Services PMI**, and **Consumer Confidence** is stable, meaning people feel about the same regarding the economy and their personal finances.
- **Commodity Prices**: Commodity prices remain mixed, with **coal and natural gas stable**, continuing to reflect moderate global demand.
- **Gold Reserves and Forex Reserves**: India is **increasing its gold reserves**, which is boosting **forex reserves**. This reflects strategic reserve buildup, enhancing India's external sector resilience amid global uncertainty.
- **Yield Curve Steepens, Signaling Growth Optimism:** The **yield on short-term government securities (3M–1Y) declined by 30–60 bps**, in line with policy rate cuts. However, **longer-term yields (5Y–10Y) increased**, with the 10Y benchmark rising from 6.12% to 6.32%.
- **Capital Markets and Investment Sentiment**: The alignment of falling **short-term rates, stable inflation, resilient equity markets**, and rising reserves sets a favorable backdrop for: **Increased private investment** (due to lower borrowing costs), **Continued equity market inflows**, **Stronger consumption rebound**, supported by consumer sentiment and employment improvement



(Source: Trading View)

	3M Bonds	6M Bonds	1Y Bonds	2Y Bonds	5Y Bonds	10Y Bonds
Previous Month	5.600%	5.570%	5.650%	5.678%	6.003%	6.210%
Current Month	5.370%	5.534%	5.565%	5.792%	6.208%	6.324%

Real GDP Annual % Change	Previous 2024	Current 2025	Projections 2026
World Output	3.2	2.80	2.90
Advanced Economies	1.7	1.9	1.50
USA	2.8	1.40	1.50
Japan	-0.2	0.60	0.60
United Kingdom	0.9	0.70	0.40
Canada	1.3	1.4	1.60
Euro Area	0.8	1	1.4
Germany	-0.2	0.3	0.90
France	1.1	0.8	1.1
Italy	0.6	0.40	0.80
Spain	3.1	2.50	1.8
Other Advanced Economies	2	1.40	1.50
Emerging Markets & Developing Countries	4.2	3.70	3.90
Emerging & Developing Asia	5.2	4.50	4.60
China	5	5.40	4.80
India	6.60	6.50	6.50
Emerging & Developing Europe	3.2	2.10	2.4
Russia	3.8	1.50	0.90
Brazil	3.7	2	2
Mexico	1.8	-0.3	1.40
Middle East & Central Asia	2.4	3	3.50
Saudi Arabia	1.4	3	3.70
Sub Saharan Africa	3.8	3.80	4.2
Nigeria	3.1	3	2.70
South Africa	0.8	1	1.30
Memorandum			
Emerging Markets & Middle Income Economies	4.2	3.70	3.90
Low Income Developing Countries	4.1	4.6	5.40

(Source: https://en.macromicro.me/)

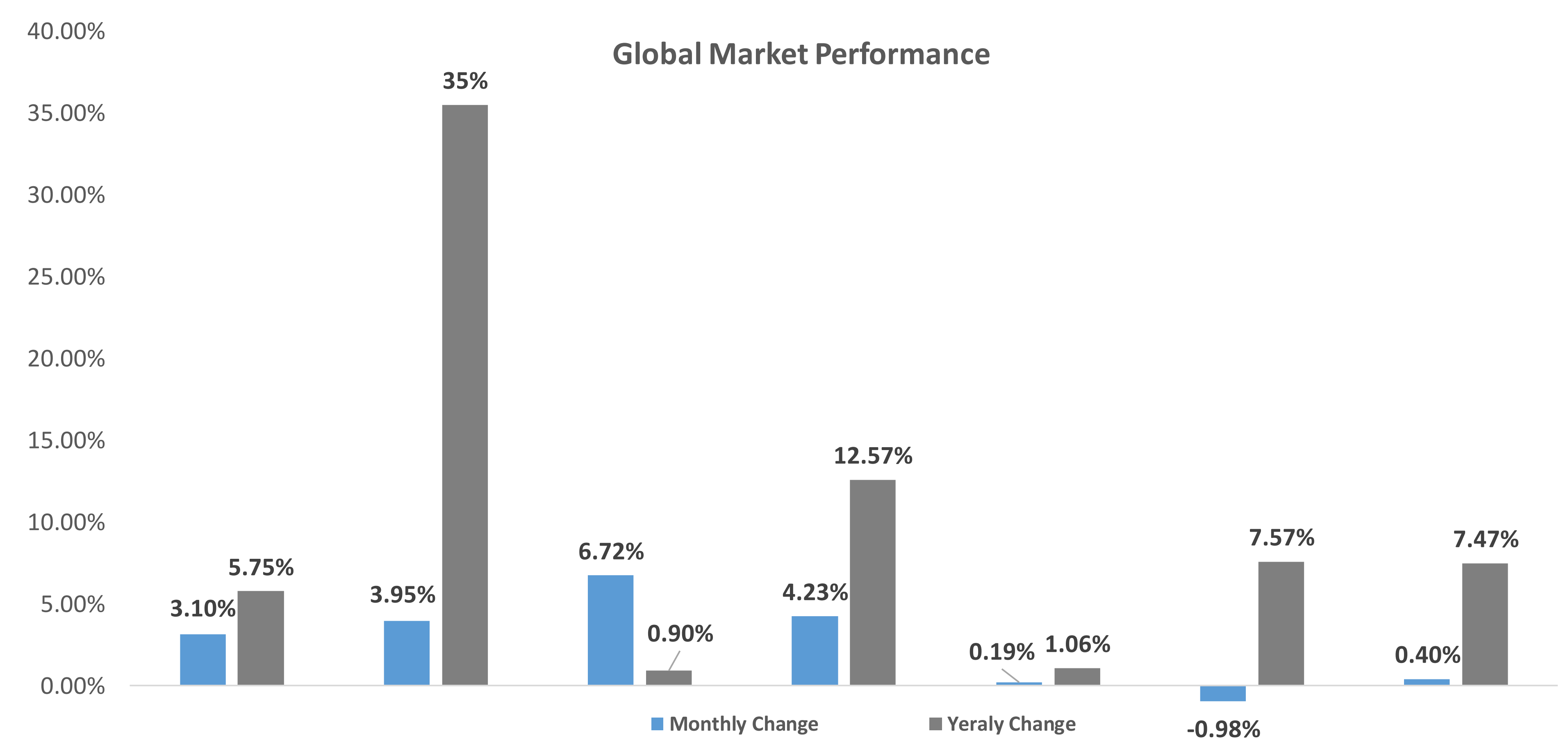
Global GDP Growth – Key Highlights (2025–2026)

Global Outlook

- **India** remains the **fastest-growing major economy**, holding steady at **6.5%**.**Advanced economies** remain weak with **growth slowing to 1.5%** in 2026.
- **Emerging & developing economies** lead global growth, especially in **Asia and Africa**.
- **India & China**: Continue driving growth; **India** steady at **6.5%**, **China** peaks at **5.4%**.
- **Sub-Saharan Africa**: Growth accelerates to **4.2%**, supported by consumption and reforms.
- **Middle East & Central Asia**: Rebound continues, led by Saudi Arabia and oil diversification.
- **Euro Area**: Shows gradual recovery with growth rising to **1.4%** by 2026.

Market Performance Highlights

- **China leads** globally with a **35% annual surge, likely** driven by **policy stimulus and recovery sentiment.**
- **India** continues to perform steadily, **supported by domestic resilience and inflows.**
- **Japan** saw the **biggest monthly spike (6.72%),** Japanese markets rose on **trade optimism**, supported by gains in major exporters like **Toyota and Tokyo Electron.**
- **USA markets** remain strong, with solid growth both monthly and annually.
- **Europe is mixed—**strong yearly gains but some weakness in recent months.
- **Russia & UK** underperformed, with muted market activity.



	India	China	Japan	USA	Russia	Euro Area	U.K
Monthly Change	3.10%	3.95%	6.72%	4.23%	0.19%	-0.98%	0.40%
Yeraly Change	5.75%	35%	0.90%	12.57%	1.06%	7.57%	7.47%

(Source: Trading Economics)

Global Valuations

Global Market Valuations		
Country	**P/E**	**5 Yrs. Avg. of P/E**
India	23	22.60
United States	25.07	21.93
China	10.02	10.95
France	18.39	16.36
Sweden	20.45	16.14
Germany	18.67	13.89
United Kingdom	17.75	12.57
Denmark	15.08	18.51
Japan	15.48	14.96
Singapore	14.34	13.57
Malaysia	14.15	14.44
Thailand	13.69	18.73
Israel	14.55	11.60
Vietnam	16.20	15.83
South Africa	13.84	10.31
Spain	11.92	11.53
Poland	12.55	10.09
Italy	13.14	10.64
Qatar	11.53	13.56
Indonesia	11.20	13.52
South Korea	11.61	10.50

(Source: https://en.macromicro.me/)

Global equity markets present a **diverse valuation landscape**, reflecting varying investor sentiments and economic conditions across regions:

Premium Valuations: United States (P/E 25.07 vs 5Y Avg 21.93) and India (P/E 23 vs 5Y Avg 22.60) continue to trade at premiums, driven by resilient corporate earnings, strong domestic demand, and structural growth drivers.

Sweden, France, Germany, and the UK are also trading above their 5-year averages, indicating sustained investor confidence in developed markets.

Attractive Valuations:
China (P/E 10.02 vs 10.95), South Korea (P/E 11.61 vs 10.50), Italy (P/E 13.14 vs 10.64) appear undervalued relative to history, presenting opportunities for value investors amid cyclical and policy-related uncertainties.

Emerging markets like Vietnam (P/E 16.20 vs 15.83) and Israel (P/E 14.55 vs 11.60) are trading near or slightly above historical averages, reflecting cautious optimism.

Divergence Trends:
While developed markets command **valuation premiums**, many emerging and select European markets present **relative value opportunities**, driven by local corrections, lower liquidity, and geopolitical uncertainties.
This **valuation gap is driving global liquidity flows into markets like China, South Korea, and Italy**, where earnings recovery is expected to bridge the discount over time.

Indian Market Data				
		Nifty 50	**Nifty Midcap 150**	**Nifty Small Cap 250**
Valuations				
	P/E	23	35.30	33.9
	P/B	3.70	5.35	4.23
Growth				
Sales (Median)	Growth	10.29%	11.74%	10.62%
Profit (Median)	Growth	11.25%	12.34%	17.61%
Earnings				
	EPS	1110	623.64	525.47

(Source: screener.in)

Indian Markets

Valuation

India's **large-cap P/E** is at **23**, slightly above its **5-year average** (**22.60**). **Mid-cap** and **small-cap segments** have elevated **P/Es** of **35.30** and **33.90**, respectively, with **P/B ratios** also higher than large caps, indicating **premium valuations** in broader markets. While this indicates high **investor interest**, it also suggests the need for **earnings catch-up** or **valuation correction** in these segments.

Earnings

Corporate earnings remain strong, and **forward estimates** continue to look positive. With **government expenditure** picking up after being frozen due to the **election season**, **economic activity** is expected to gain momentum. Additionally, the reduced number of **IPOs** compared to the previous year means **liquidity** that was flowing into the **primary markets** is now expected to shift towards the **secondary markets**, further supporting **earnings growth**.

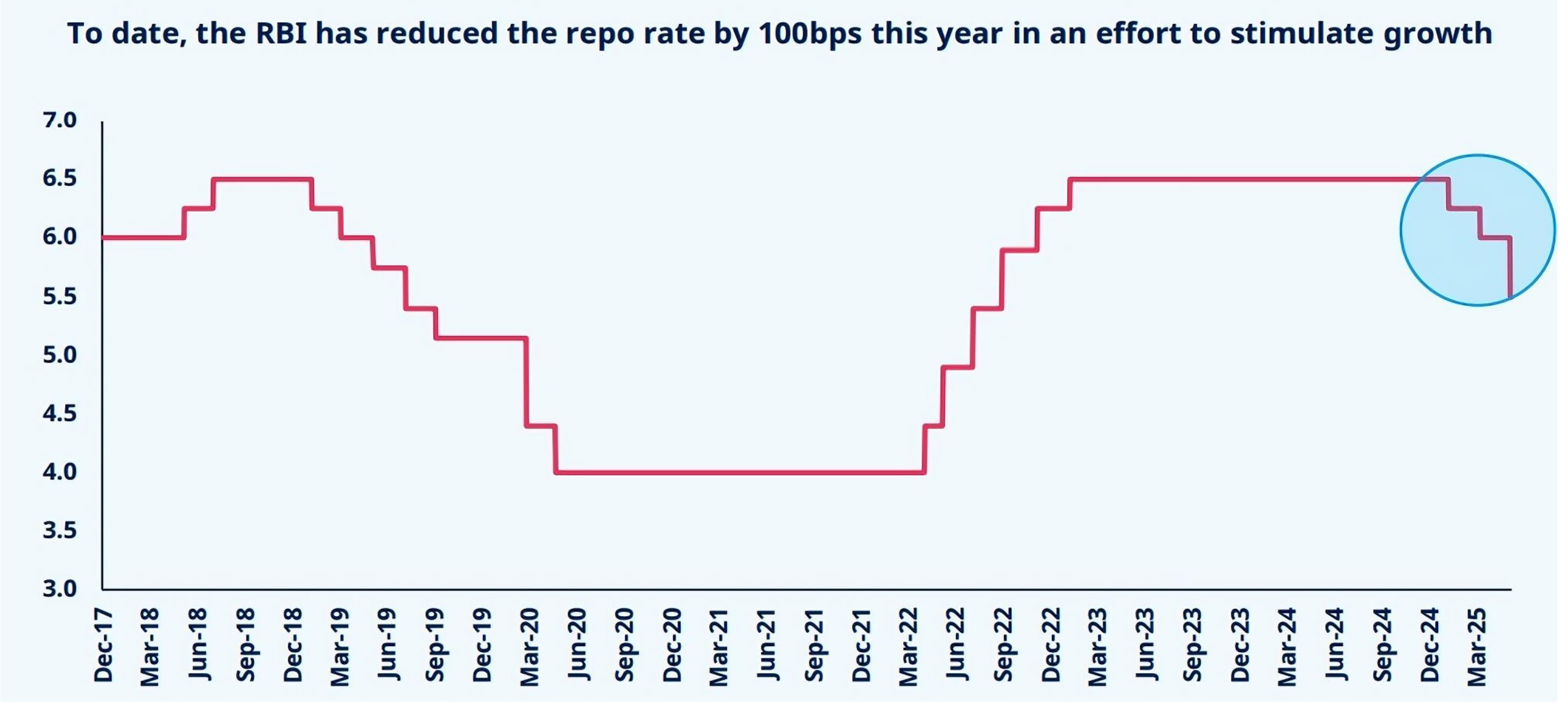
Growth

The higher **profit growth** in **small-cap segments** indicates **operational leverage** and **margin improvement** potential, though **valuations** are elevated. The ongoing **correction** is viewed as **cyclical** rather than **structural**, driven by **global risk-off sentiments**, with **long-term growth drivers** intact due to **domestic demand**, **manufacturing focus**, and **policy tailwinds**.

RBI's Bold Rate Cuts

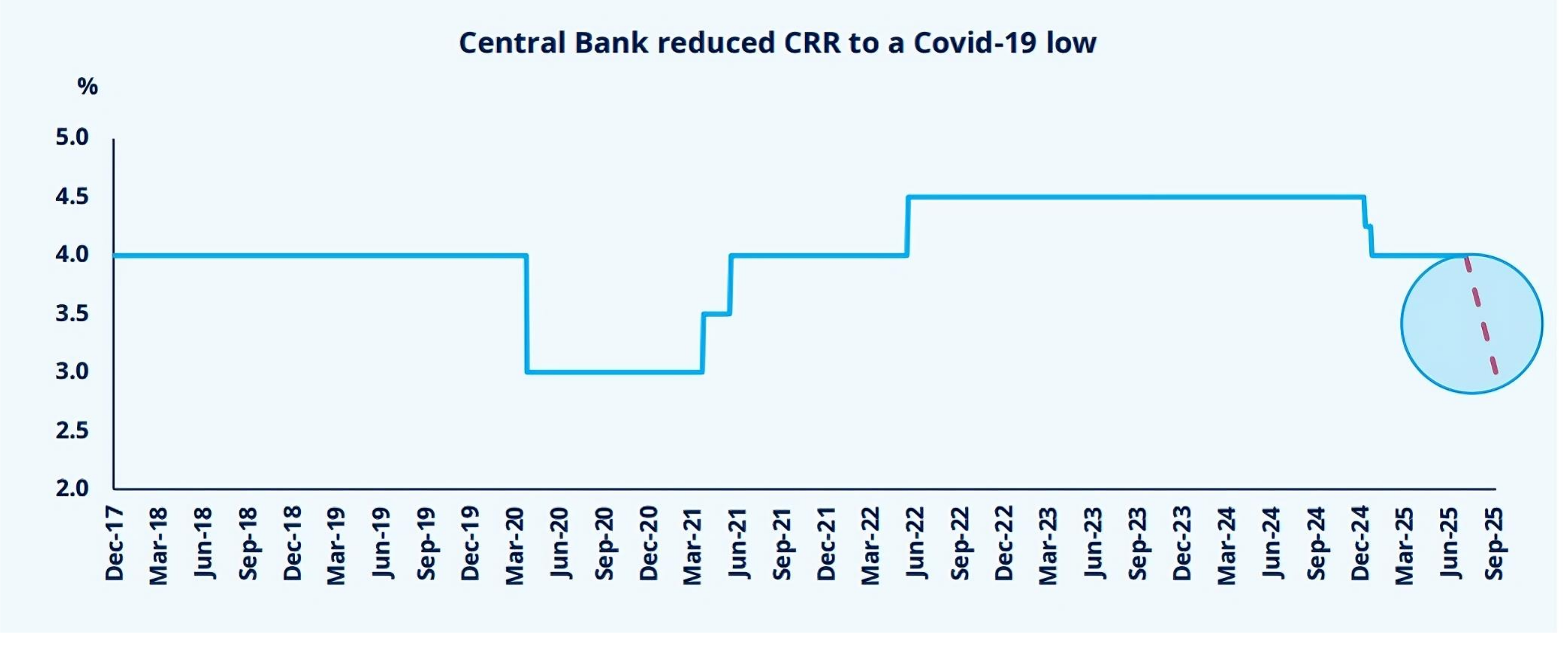
RBI Turns PRO-Growth: Will bold rate cuts spark India's next investment cycle?

In a notable move to support economic growth, the Reserve Bank of India, in its bi-monthly monetary policy, surprised markets by delivering a 50 basis points (bps) cut in the repo rate 6—double the anticipated 25bps reduction.



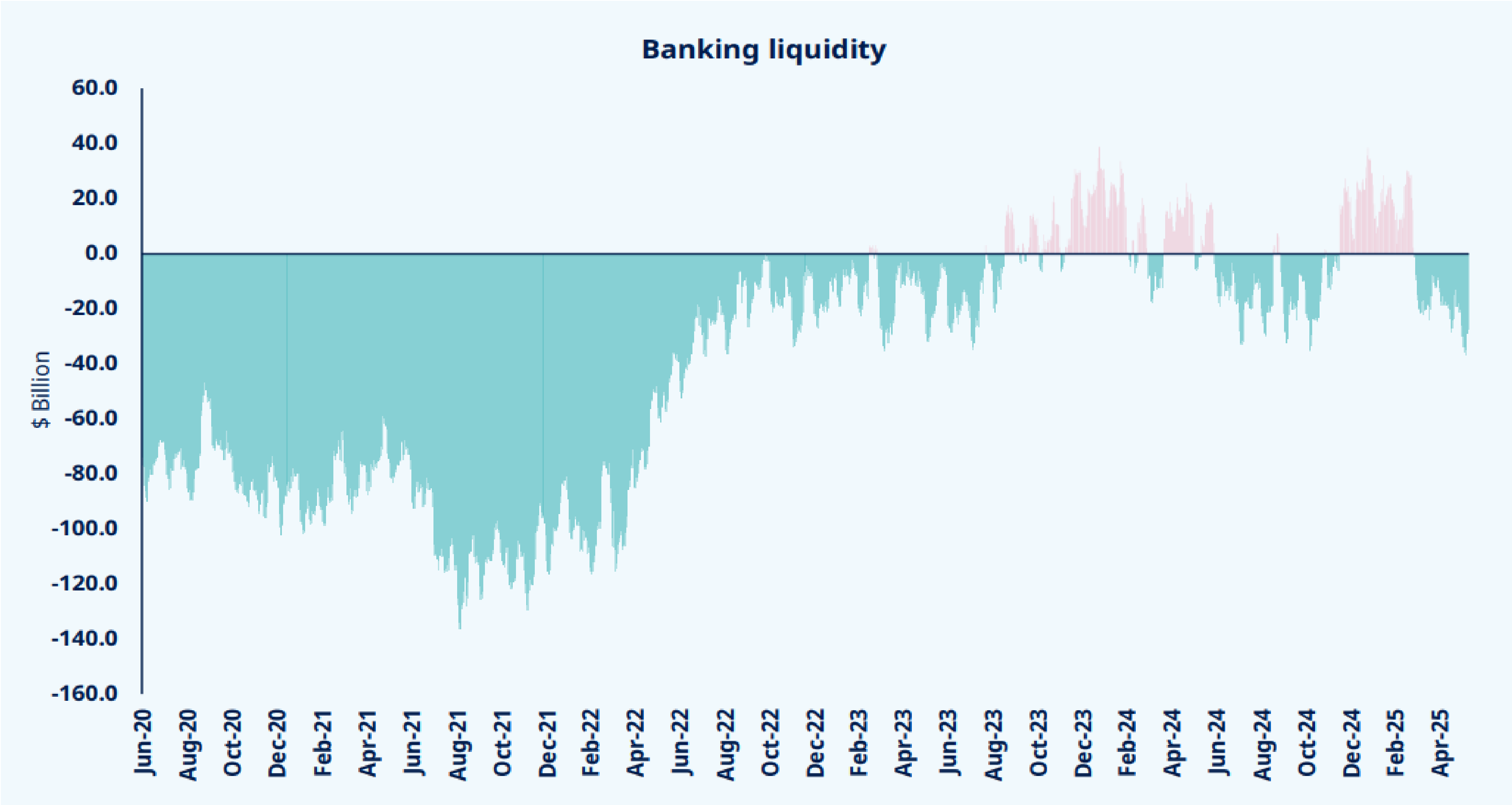
Source: Reserve Bank of India; Bloomberg; SBI FM, June 2025.

Additionally, the RBI also announced a phased 100bps reduction in the Cash Reserve Ratio (CRR), to be implemented in four tranches of 25bps each. These measures reflect the RBI's proactive approach to providing monetary support amid an increasingly complex and uncertain global macroeconomic backdrop.



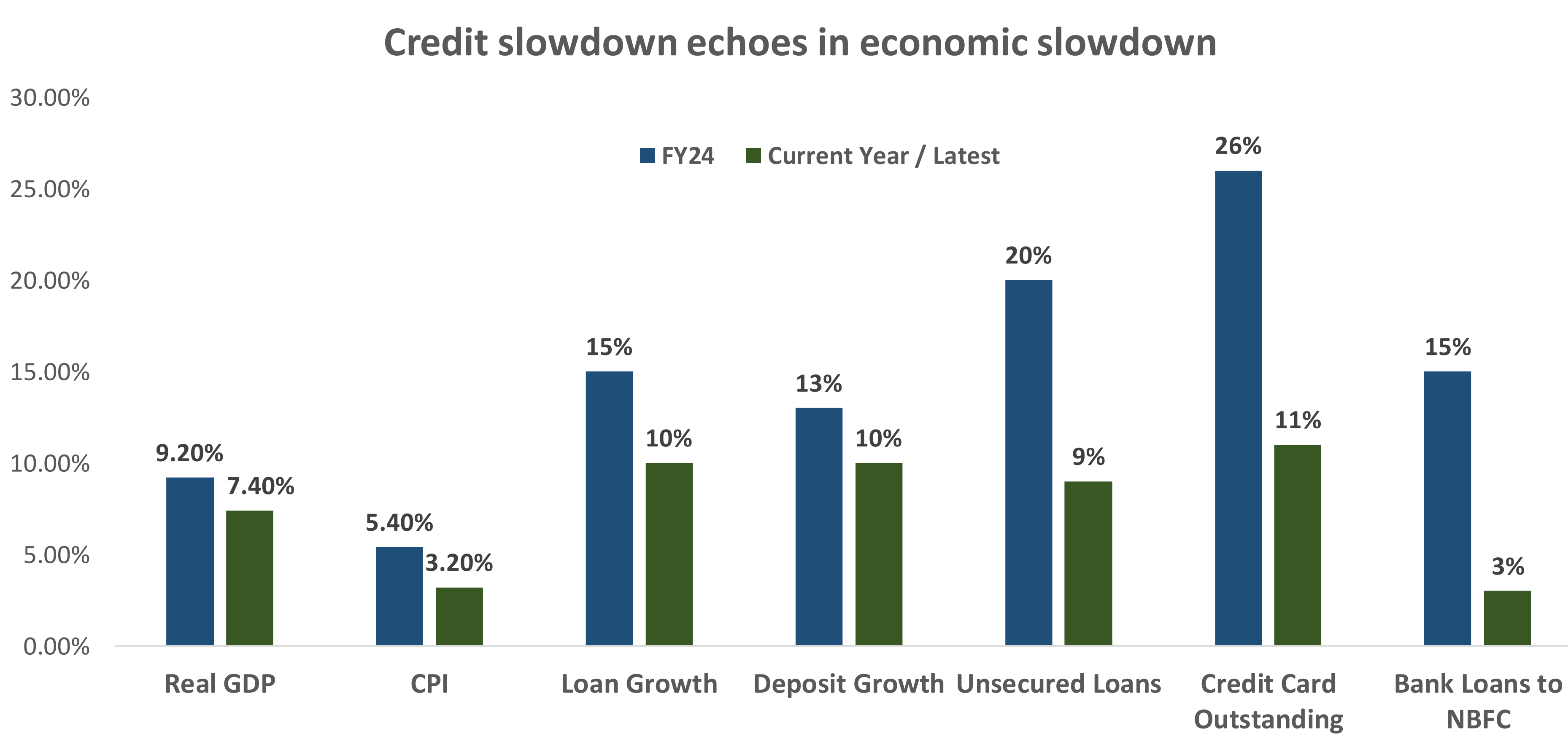
Source: Reserve Bank of India; Bloomberg; SBI FM, June 2025.

The phased CRR reduction—expected to inject approximately ₹2.5 trillion (~USD 25 billion) into the banking system by December 2025—will bring the ratio back to its pandemic-era low, reinforcing the RBI's intent to ensure sufficient banking system liquidity and facilitating smoother monetary transmission.



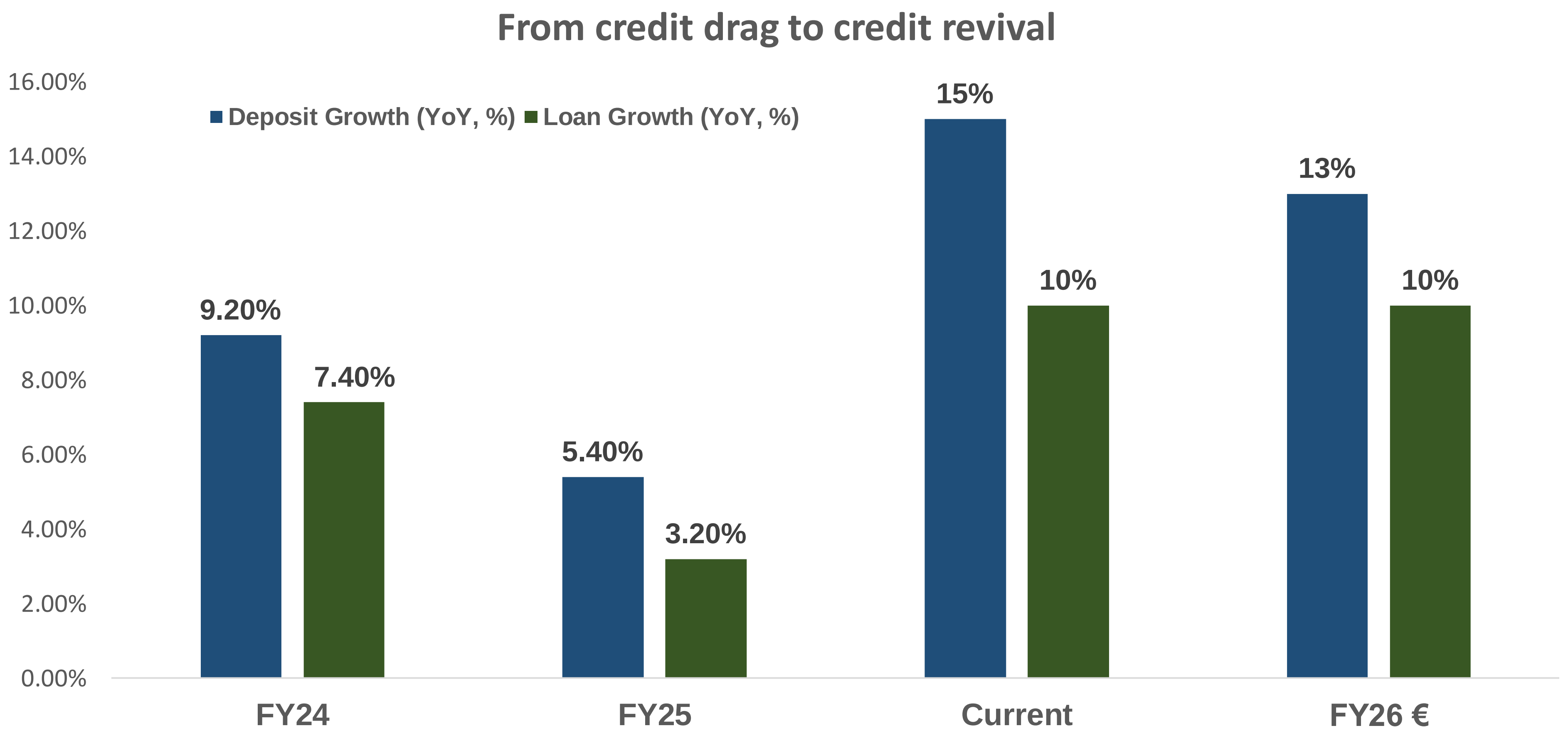
Source: Reserve Bank of India; Bloomberg; SBI FM, June 2025.

Banking system liquidity, deeply in deficit from 2020-22, normalized by mid-2023 with brief surpluses due to RBI interventions and capital inflows. However, liquidity has tightened again in 2024-25, prompting the RBI to cut rates and CRR to ease conditions. This liquidity crunch is driven by factors such as high government cash balances, robust credit demand, reduced forex inflows, and persistent currency leakage from the system



Source: Reserve Bank of India; Bloomberg; SBI FM, June 2025.

With lower rates, stable inflation, and careful government spending, the economy is set for an investment-led recovery. Credit growth may rise by 1.5–2% in the next year as the economy improves and lending becomes easier. This could encourage businesses to borrow more, helping the economy grow further.



Source: Reserve Bank of India; Bloomberg; SBI FM, June 2025.

With corporate balance sheets in a stronger position, inflation under control, and policy easing gaining traction, India's monetary stimulus could pave the way for a new cycle of capital formation, earnings growth, and a selective equity re-rating.

RBI Flagged Concerns Over US Tariffs and Their Impact On Exports And Domestic Grow

Global Trade Risks Highlighted:
The Reserve Bank of India (RBI) has expressed significant concerns about escalating global trade risks, particularly from US tariff measures, and their potential to disrupt India's exports and domestic growth.

Key points:

• **Impact of US Tariffs:** The RBI acknowledged the challenges posed by the recent 26% U.S. tariffs on Indian imports and emphasized the need to support domestic growth.

• **Export Risks:** Higher US tariffs (e.g., 26% on Indian imports) are expected to reduce net exports Uncertainty dampening growth by affecting investment and spending decisions of businesses and households.

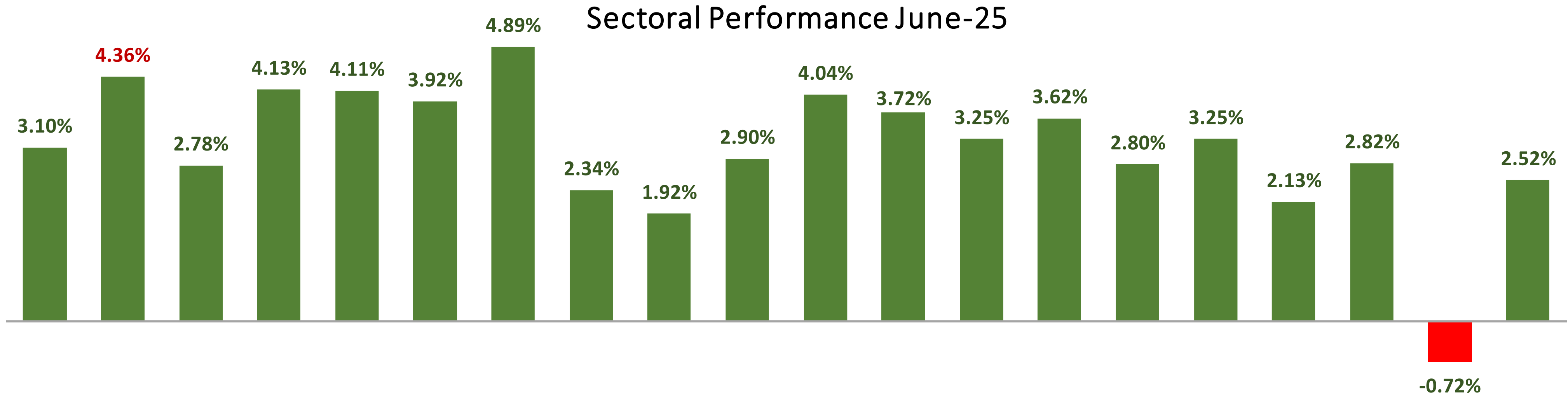
• **Global Spillovers:** Retaliatory tariffs (e.g., China's 34% on US goods) and supply chain disruptions could further dampen global demand, indirectly affecting India's trade.

• **Investment Uncertainty:** Trade tensions are discouraging business and household spending, slowing domestic economic momentum.

• **Global trade frictions** slowing worldwide economic activity, which in turn impedes India's domestic growth.

The full impact of U.S. tariffs on India's economy remains uncertain, with factors like export and import demand elasticity and potential policy responses. The RBI is committed to monitoring these developments and implementing necessary measures to support economic stability.

Equity



	Nifty 50	Nifty IT	Nifty Pharma	Nifty Healthcare	Nifty Commodity	Nifty Realty	Nifty Infra	Nifty Auto	Nifty Energy	Nifty Consumer Durables	Nifty Consumption	Nifty Metal	Nifty PSU Banks	Nifty Oil & Gas	Nifty Bank	Nifty Private Bank	Defence	Nifty Manufacturing	Nifty FMCG	Nifty Media
Jun-25	3.10%	4.36%	2.78%	4.13%	4.11%	3.92%	4.89%	2.34%	1.92%	2.90%	4.04%	3.72%	3.25%	3.62%	2.80%	3.25%	2.13%	2.82%	-0.72%	2.52%

(Source: Trading View)

Market & Sectoral Overview

Top Gainers
Nifty Infra (+4.89%) led the rally, followed by IT (+4.36%), Healthcare (+4.13%), Commodities (+4.11%), and Consumption (+4.04%), driven by strong capex, global tech demand, and steady consumption.

Laggards:
Nifty FMCG (-0.72%) was the only sector in decline, impacted by weak rural demand. Energy (+1.92%), Defense (+2.13%), and Auto (+2.34%) also underperformed.

Key Takeaways:
Infra, IT, and Healthcare drove gains, while FMCG weakness highlights rural pressure. Overall, broad sectoral strength reflects positive market sentiment.

MARKET BREADTH ANALYSIS

Date	Index Name	% of Stocks Above RSI (55 Days)	% of Stocks Above 20 SMA	% of Stocks Above 50 SMA	% of Stocks Above 100 SMA	% of Stocks Above 200 SMA
30-Jun-25	Nifty 500	58	67	80	84	57
30-Apr-25	Nifty 500	36	76	71	40	29
28-Feb-25	Nifty 500	18	8	8	6	10
31-Jan-25	Nifty 500	32	41	20	15	26
31-Dec-24	Nifty 500	45	27	38	33	44
29-Nov-24	Nifty 500	38	62	37	33	52
31-Oct-24	Nifty 500	43	36	23	34	56
30-Sep-24	Nifty 500	41	54	61	69	82

(Source: Stock Edge)

Market Sentiment Overview –

As of June 30, 2025, market sentiment has improved significantly, with a broad-based recovery in the Nifty 500. **80% of stocks are above the 50-day SMA** and **84% above the 100-day SMA**, showing strong medium-term momentum and widespread participation.

Short-Term and Momentum Indicators
Short-term strength has returned, with **58% of stocks above the 55-day RSI** and **67% above the 20-day SMA**, signaling renewed buying and recovery from oversold conditions.

Long-Term Strength Building
57% of stocks are now above the 200-day SMA, up from just 10% in February, indicating a positive shift in long-term trend and a more sustainable market recovery.

Positive Outlook:
With increasing percentages of stocks above the 50 SMA and 100 SMA, the market appears to be heading into a positive phase in the longer term.

MONTH	FII (INR Crore)			DII (INR Crore)			NIFTY
	Buy Amount	Sell Amount	Net Amount	Buy Amount	Sell Amount	Net Amount	
June-25	3,49,580	3,42,091	7,488	3,50,402	2,77,728	72,673	25,517 (30June, 2025)
May-25	3,51,188	3,39,415	11,773	2,98,232	2,30,590	67,64	24,750 (31May, 2025)

(Source: Money Control)

Liquidity Analysis

FII

- **Mixed flows**: After offloading ₹4,192 cr early in the month amid global uncertainty, they reversed course in the final week by injecting ₹8,710 cr into Indian equities—narrowing their net June outflow to around ₹4,300 .
- **Sector focus**:FIIs showed selective buying in sectors like Financial services, FMCG, defense, and healthcare, which are less sensitive to global volatility and align with India's domestic growth story.
- **Geopolitical Tensions:** Easing tensions (e.g., Israel-Iran conflict) reduced risk aversion, prompting FIIs to re-enter Indian equities.
- **Bond Exit:** Although FIIs continued to reduce exposure to Indian bonds (selling approximately ₹4,994 cr in G-Secs), equity flows reflected renewed confidence in growth-oriented sectors.

DII

- **Strong domestic demand**, government reforms (e.g., infrastructure push), and RBI's supportive measures (e.g., 50 bps repo rate cut to 5.5% in June) bolstered DII buying.
- **Tactical profit-taking**: DII selling on June 20 and 26 coincided with FII buying surges, indicating tactical profit-taking during market rallies.In January 2025, DIIs had a higher net inflow of ₹1,01,491 crores, further cushioning the market against FII outflows.
- **Growth sector focus**: DIIs likely focused on domestic-driven sectors like infrastructure, energy, and capital goods, leveraging their long-term view of India's growth.

Government Initiatives

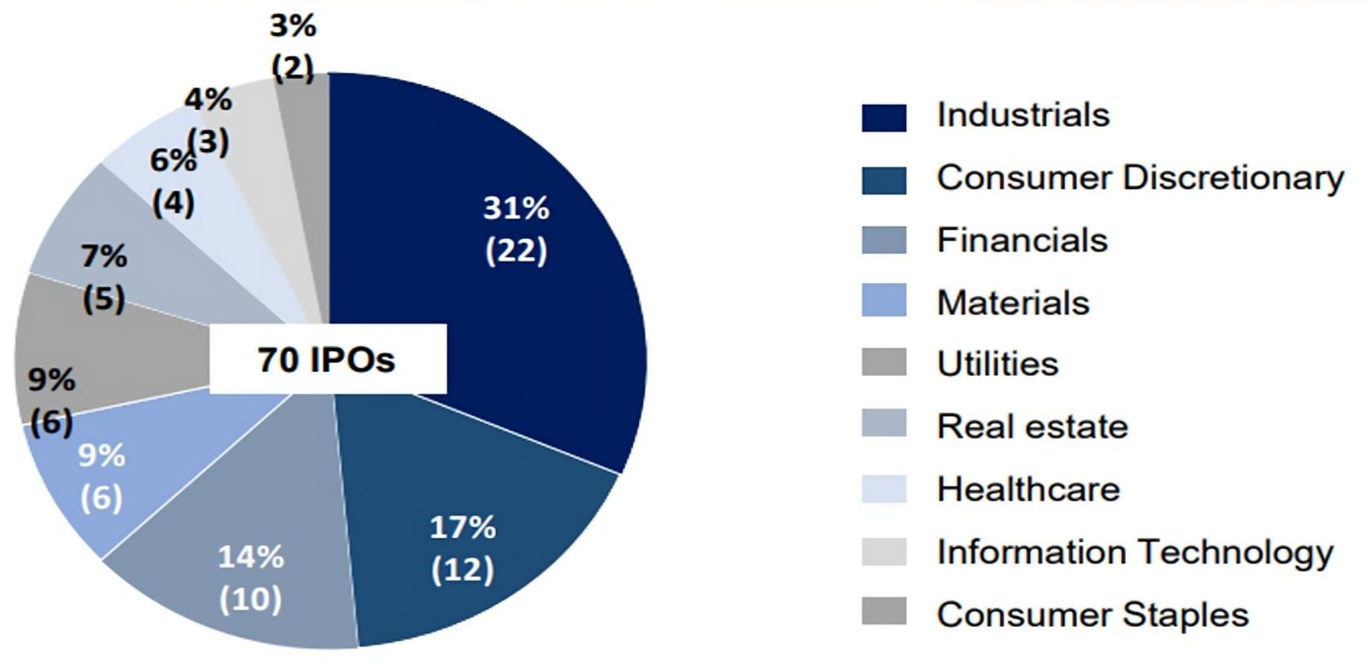
- **Import Duty Reduction:** Centre cuts import duty on crude edible oil from 20% to 10%, with effective duty reduced to 16.5% from 27.5%.
- **Battery Energy Storage Funding:.** ₹54 billion allocated for 30 GWh battery storage capacity, with 25 GWh for 15 states and the rest for NTPC.
- **Reform-linked Loans:** Centre offers ₹1.5 trillion interest-free capex loans to states with 60% unconditional funds linked to infrastructure spending.
- **Land Requirement for SEZs:** Minimum land requirement for semiconductor and electronics SEZs reduced from 50 hectares to 10 hectares.
- **Private R&D Investment:** Centre establishes ₹1 trillion RDI corpus to catalyze private R&D in strategic sectors.
- **Water Projects:** Chhattisgarh announces ₹490 billion for river-linking projects; Gujarat unveils ₹350 billion investment in semiconductor industries.
- **Railway Development:** New 100 electric train units and 50 Namo Bharat Trains; ₹64.1 billion allocated for two major railway projects.
- **Urban Infrastructure:** ₹36.3 billion approved for Pune Metro Line 2 extension; ₹59.4 billion for Jharia Master Plan (rehabilitation and fire control).
- **Toll Policy:** New toll for non-commercial vehicles introduced at ₹3,000 for up to 200 trips on national highways.
- **National Highways Monetization:** Toll-Operate-Transfer model to be replaced by the InvIT structure.
- **Job Creation Scheme:** Government launches ₹994.5 billion ELI scheme aiming to create 35 million jobs in key sectors over the next two years.

IPO's in Pipeline for CY25

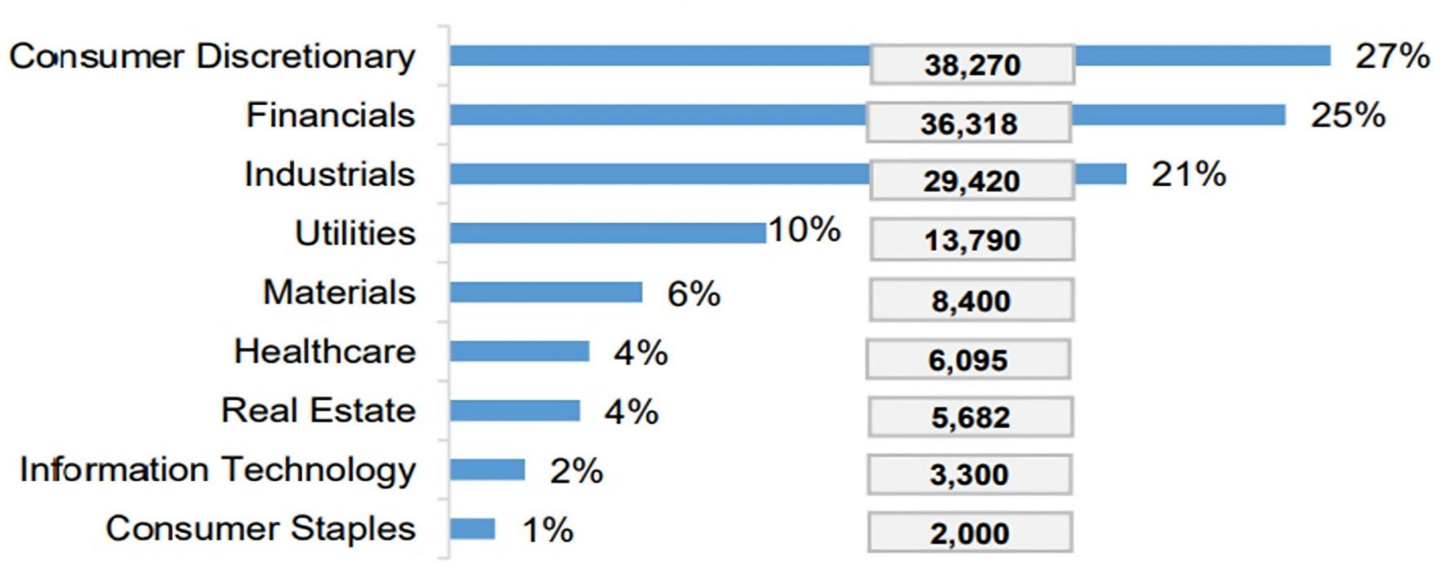
Top Issues (with issue amount > ₹ 1,500 Cr.)			
Company Name	**Date of Approval**	**Date of Expiry of Approval**	**Estimated Issue Amount (₹ Cr.)**
LG ELECTRONICS INDIA LTD.	13-Mar-25	12-Mar-26	28,050
VIKRAM SOLAR LTD.	29-May-25	28-May-26	7,000
CREDILA FINANCIAL SERVICES LTD.	15-May-25	14-May-26	5,000
DORF-KETAL CHEMICALS INDIA LTD.	27-May-25	26-May-26	5,000
JSW CEMENT LTD.	06-Jan-25	07-Jan-26	4,000
SMPP LTD.	29-Jan-25	28-Jan-26	4,000
HERO FINCORP LTD.	22-May-25	21-May-26	3,668
CONTINUUM GREEN ENERGY LTD.	15-Apr-25	14-Apr-26	3,650
NATIONAL SECURITIES DEPOSITORY LTD.	30-Sep-24	29-Sep-25	3,400
ANTHEM BIOSCIENCES LTD.	03-Apr-25	02-Apr-26	3,395
AVANSE FINANCIAL SERVICES LTD.	23-Oct-24	22-Oct-25	3,000
MANJUSHREE TECHNOPACK LTD.	08-Nov-24	07-Nov-25	3,000
VERITAS FINANCE LTD.	29-Apr-25	28-Apr-26	2,800
ECOM EXPRESS LTD.	29-Nov-24	28-Nov-25	2,600
SK FINANCE LTD.	30-Aug-24	29-Aug-25	2,200
TRAVEL FOOD SERVICES LTD.	22-Apr-25	21-Apr-26	2,000

70 issues are in pipeline that have received SEBI Approval with an estimated issue amount of more than ₹ 1,43,275 Cr.

No. of issues in pipeline (By Industry)



Issues in pipeline (By Amount in ₹ Cr. and %)

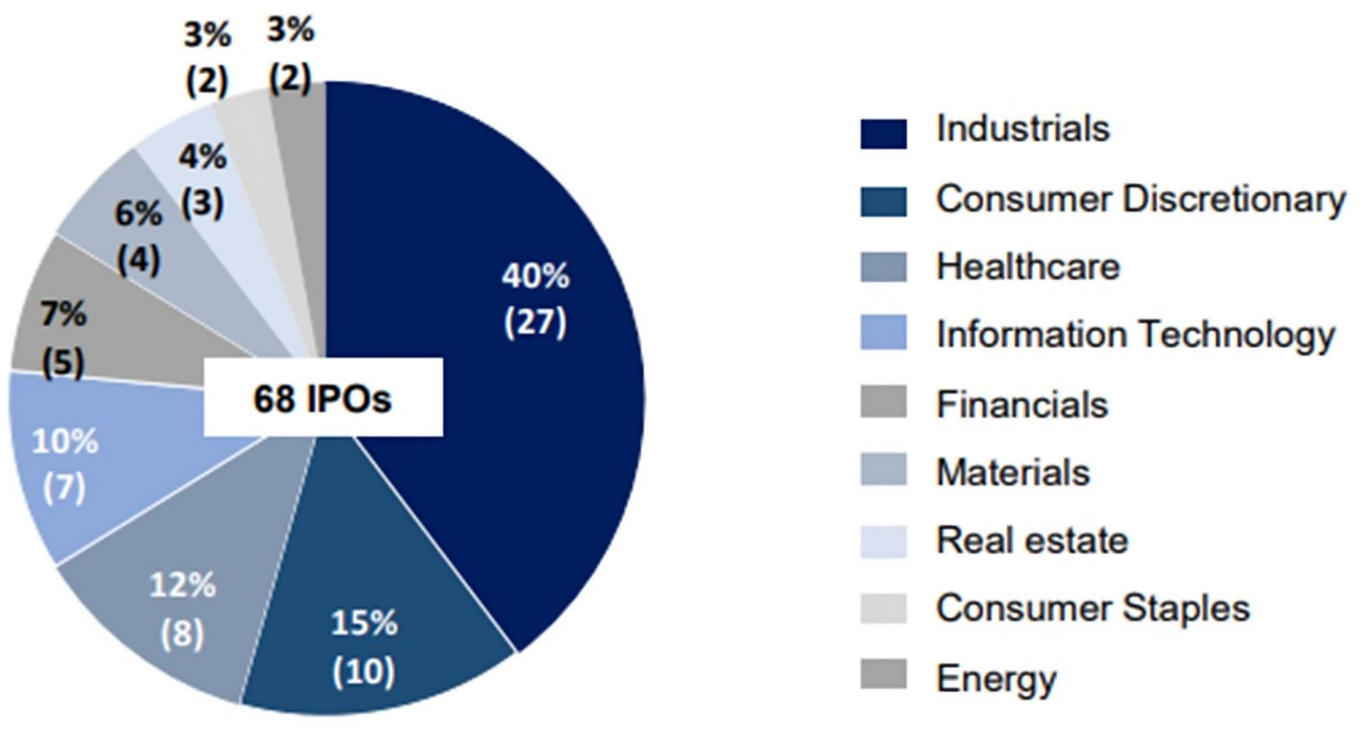


IPO's Filed With SEBI, Awaiting Approval

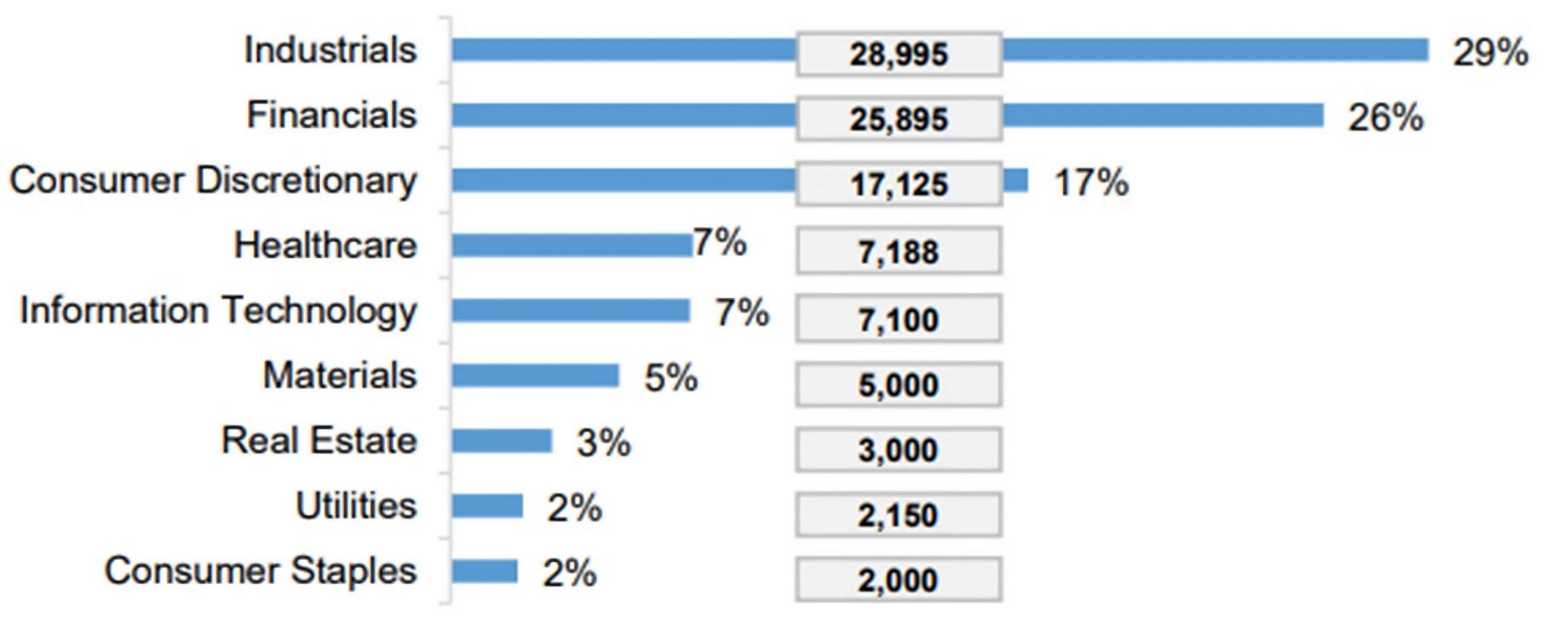
Company Name	Date of Filing	Estimated Issue Amount (₹ Cr.)
TATA CAPITAL LTD.	07-Apr-25	17,200
BILLIONBRAINS GARAGE VENTURES LTD.	26-May-25	5,950
PHYSICSWALLAH LTD.	19-Mar-25	4,600
ORKLA INDIA PVT.LTD.	10-Jun-25	3,200
PRESTIGE HOSPITALITY VENTURES LTD.	28-Apr-25	2,700
WEWORK INDIA MANAGEMENT LTD.	04-Feb-25	2,500
IMAGINE MARKETING LTD.	09-Apr-25	2,125
INNOVATIVIEW INDIA LTD.	17-Feb-25	2,000
JAIN RESOURCE RECYCLING LTD.	04-Apr-25	2,000
SHIPROCKET LTD.	26-May-25	2,000
URBAN CO.LTD.	30-Apr-25	1,900
LALITHAA JEWELLERY MART LTD.	07-Jun-25	1,700
AEQUS LTD.	09-Jun-25	1,700
MOURI TECH LTD.	13-May-25	1,500
PARK MEDI WORLD LTD.	03-Apr-25	1,260
SAATVIK GREEN ENERGY LTD.	17-Mar-25	1,150
RAVI INFRABUILD PROJECTS LTD.	14-May-25	1,100

68 issues are in pipeline that are awaiting SEBI Approval with an estimated issue amount of more than ₹ 98,453 Cr.

No. of issues in pipeline (By Industry)

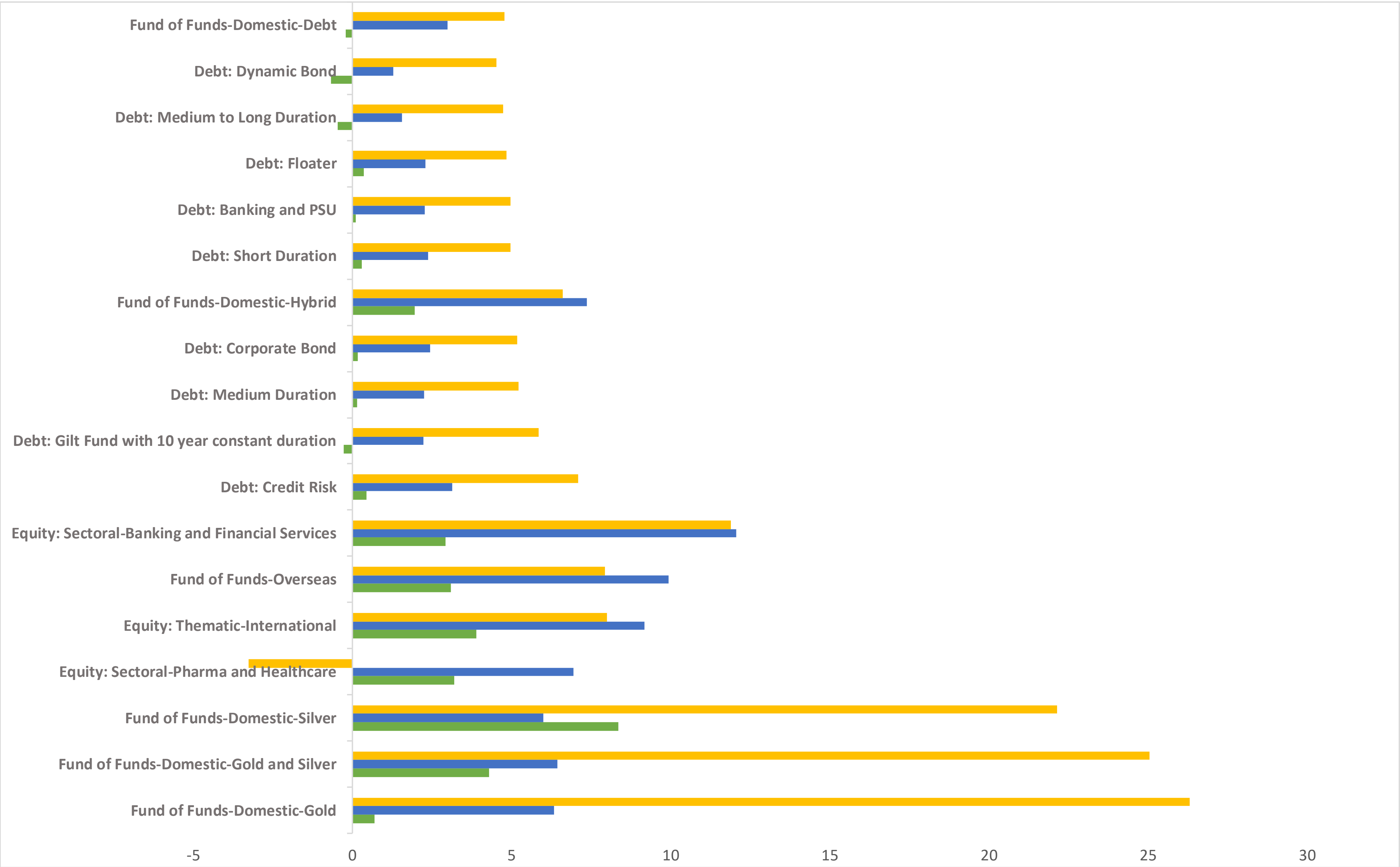


Issues in pipeline (By Amount in ₹ Cr. and %)

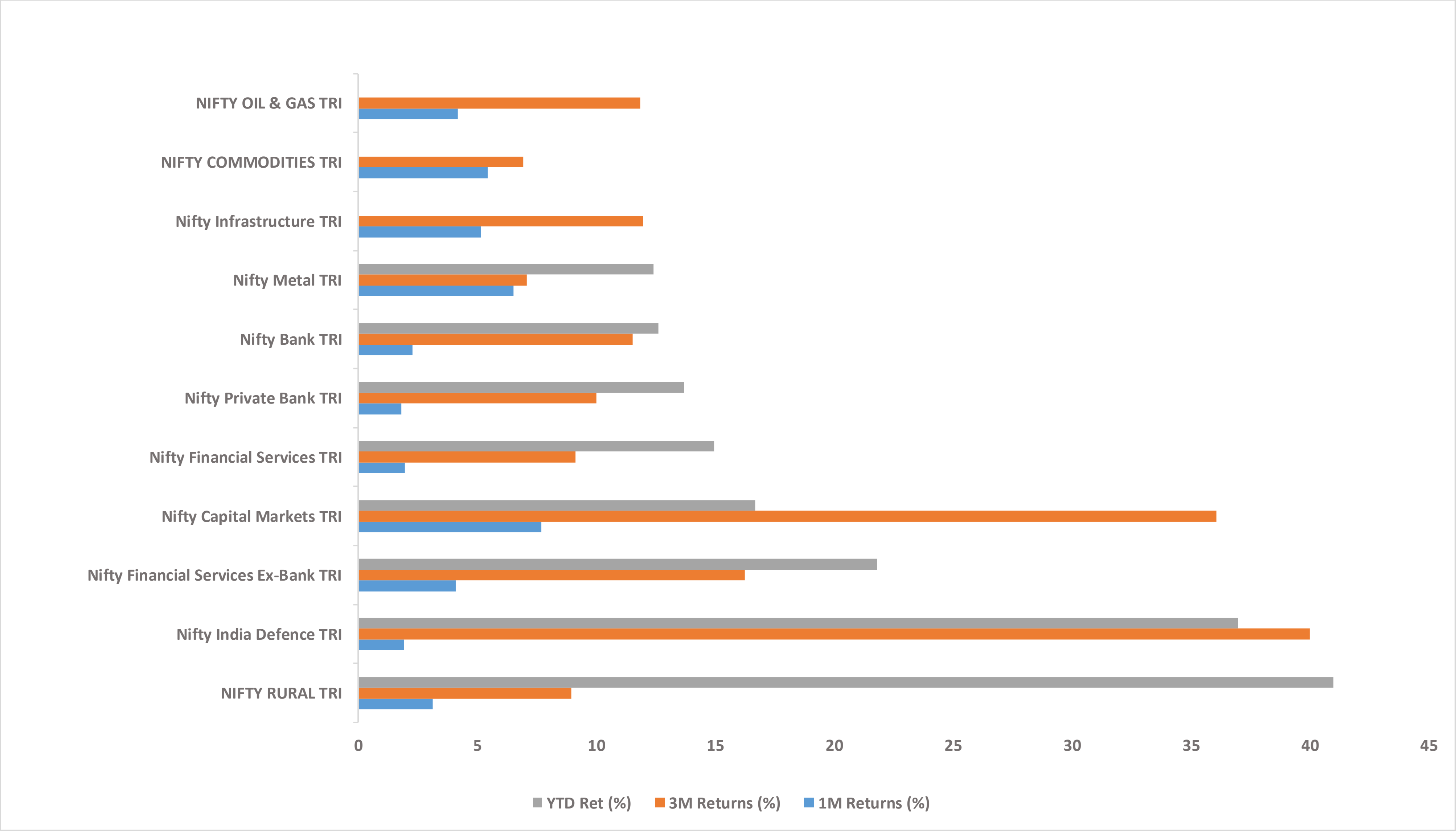


Mutual Funds

Top Performing Categories in Near Term

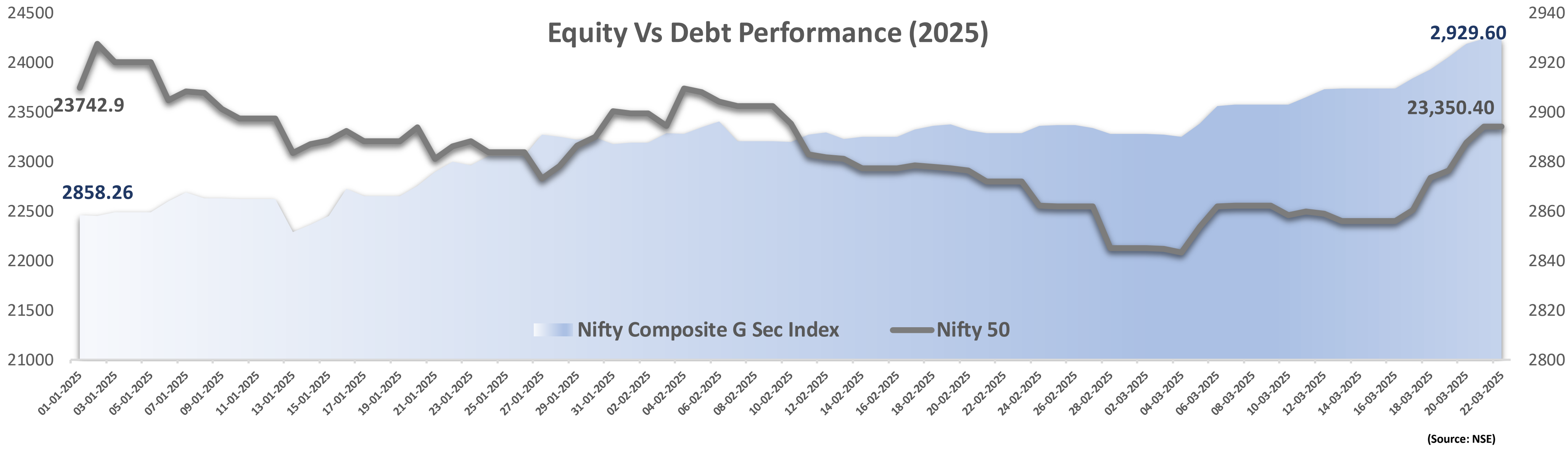


Top Performing Benchmarks in Near Term



(Source: Advisorkhoj)

Science Behind Our Curated Portfolio Creation



(Source: NSE)

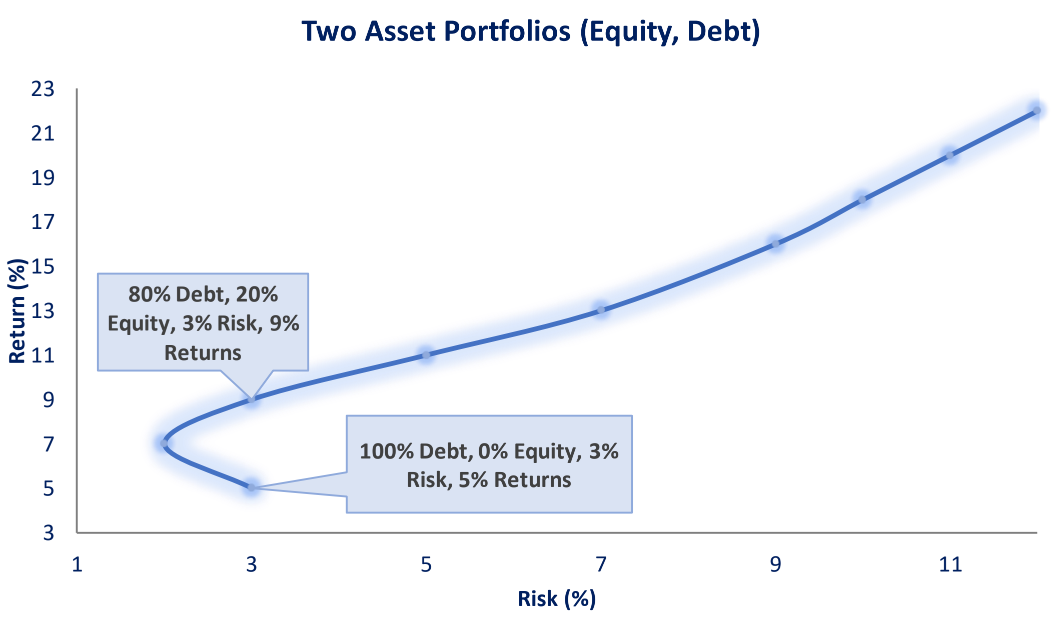
Inverse Correlation: Why Equities & Debt Move Differently

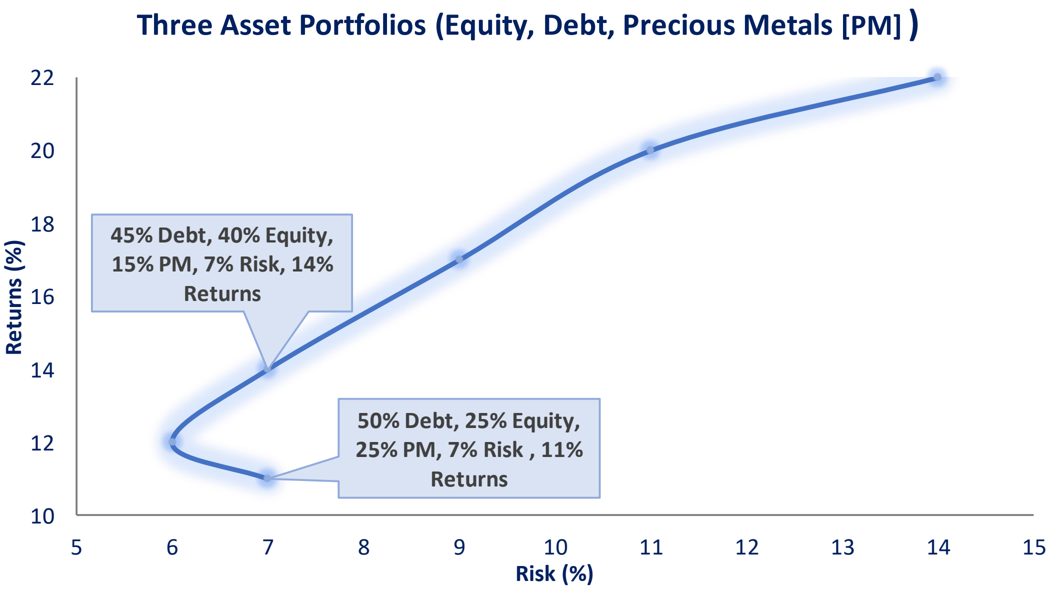
Comparing the performance of equity and debt reveals a decline in equity during the initial phase of the year, followed by a reversal of the downtrend in March. During the same period, while the equity asset class was declining, the debt segment experienced a rise. This showcases the negative correlation between the two asset classes.

There are multiple factors behind this phenomenon, but at a very basic level, it is primarily driven by market sentiment. During periods of strong economic activity and market booms, the potential returns from equities often outweigh the associated risks, leading to increased demand for equities and pushing markets higher. Conversely, during economic slowdowns or when markets become overheated, the risk of negative returns in equities rises, prompting investors to shift towards safer asset classes such as debt.

Other contributing factors to this inverse relationship include central banks' open market operations aimed at regulating and stabilizing the economy, changes in interest rates, and monetary policy decisions. Overall, the chart highlights the inverse relationship between equity and debt—an effect that can also extend to other asset classes such as precious metals, real estate, and more

The Efficient Frontier: Where Risk Meets Return





Asset Classes performance generally varies depending on prevailing economic conditions

- Equities are expected to do relatively well during recovery phase and boom.
- Debt Tends to perform well during recession and falling interest rates scenarios
- While no investment is guaranteed to be recession proof, some tend to perform better than others during downturns
- With inflationary pressures, commodities like gold, oil etc. usually increase in price along with the finished products that are made form them.

Investors can allocate their investments across various asset classes judiciously. A well-balanced mix of asset classes may help achieve an optimal level of risk-adjusted returns.

Even conservative investors can structure their portfolios to stay positive across market cycles, while aggressive investors may be able to reduce risk without compromising on high returns.

- Here, we have included two charts: one showcasing two-asset portfolios (equity and debt) and another showing three-asset portfolios (equity, debt, and precious metals).

- The efficient frontier graphs for both portfolio types clearly demonstrate how a thoughtful asset allocation strategy can lead to higher returns for the same level of risk.

- In the two-asset portfolio chart, we observe that a 100% debt portfolio would have delivered returns of 5% with 3% risk over the five-year period from 2020 to 2024.
  By increasing the equity allocation to 20% and reducing debt to 80%, the risk remains at 3%, but the returns jump to 9%.

- In the three-asset portfolio, adjusting the allocation among equity, debt, and precious metals can result in a portfolio with the same 7% risk, but with returns increasing from 11% to as much as 14%.

Our Approach: Modern Portfolio Theory in Action

We apply Modern Portfolio Theory (MPT) to construct our curated portfolios. The process begins with the calculation of expected returns and risk across various mutual fund categories. Next, we analyze the correlations between all these mutual fund categories.
Using this data, we generate all possible portfolios by exploring every feasible allocation and category combination. This comprehensive approach provides a deep understanding of the potential portfolios, along with their associated risks and returns. It allows us to identify the most efficient, risk-adjusted allocations based on the investor's return expectations.
But the process doesn't end there. The selected portfolios are rigorously back tested across different market scenarios—short-term, medium-term, and long-term. This strengthens our conviction in their resilience and ensures that the chosen portfolios are capable of delivering the desired outcomes.
Overall, we fine-tune the allocations among differently correlated asset classes to ensure that returns justify the risk—and to uncover opportunities where the target returns can be achieved with the lowest possible risk.

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