

Market Commentary
May 2025

Index Name	1M	3M	1 Yr	3 Yr	5 Yr
Broad Market Indices					
Nifty 50	3.48	3.65	9.01	13.81	21.18
Nifty Next 50	2.33	2.38	0.14	15.70	22.71
Nifty 100	3.29	3.43	7.22	13.72	21.24
Nifty 500	3.25	2.21	5.95	15.36	23.64
Nifty Midcap 150	3.96	0.22	5.73	21.84	31.98
Nifty Smallcap 250	1.69	-3.03	-2.42	18.25	34.56
Nifty Microcap 250	1.30	-7.77	0.36	26.00	46.61
Nifty Total Market	3.18	1.84	5.74	15.64	24.09

Sectoral Indices					
Nifty Auto	4.76	-2.40	-0.02	27.32	31.58
Nifty Bank	6.83	11.09	12.51	16.12	21.37
Nifty Consumer Durables	4.06	-1.31	7.53	11.00	23.28
Nifty Financial Services	4.15	12.53	20.77	17.32	20.70
Nifty FMCG	5.35	0.15	6.07	15.89	16.61
Nifty Healthcare Index	2.72	2.09	18.03	19.48	21.13
Nifty IT	-2.84	-15.99	10.37	6.38	22.83
Nifty Media	2.62	-4.00	-19.50	-10.51	6.08
Nifty Metal	-5.62	2.17	-5.81	11.87	37.70
Nifty Oil & Gas	5.97	6.00	-4.53	11.94	22.23
Nifty Pharma	3.00	1.74	15.53	18.28	19.30
Nifty Private Bank	6.67	12.57	12.77	15.26	19.10
Nifty PSU Bank	4.45	3.56	-13.36	35.05	38.73
Nifty Realty	4.06	-3.85	-8.73	26.33	36.86

April was a volatile month, when Nifty went down -5.31% during the month following the Tariff announcements, and subsequently went up 9.27% from the lows.

While all the Indices closed in the +ve during the month, the breadth of the market was negative considering the fact that 1 year returns are barely in single digits for the Indices.

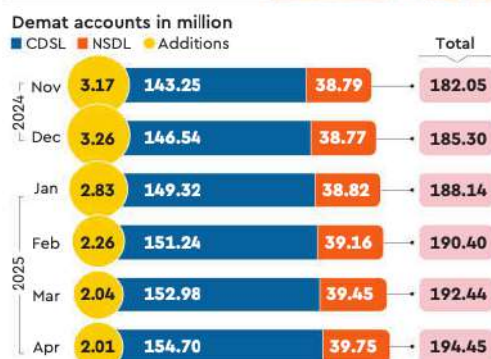
Private Banks saw strong buying interest, a result of FII's buying, backed by possible passive allocations.

Nifty IT & Metals were -ve during the month given the uncertainty that has emerged over Tariffs globally.

Nifty Media seems to be the most neglected sector at the moment, given that 5 year returns are just ~6% CAGR.

Demat account addition at two-year low in April

THE CONTINUING FALL in the additions to demat accounts, seen over the past many months, has been attributed to choppy markets and a weak sentiment. In April, only 2 million accounts were added—the smallest monthly rise in two years. Although the secondary markets rallied in April, IPO activity was subdued with just one mainboard IPO and four SME IPOs being launched. —Kishor Kadam

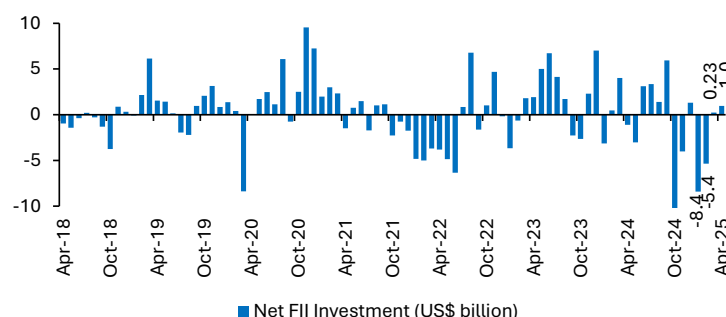


Source : Financial Express

% of stocks outperforming BSE 500



Subdued market mood with a weakening market breadth & slowdown in demat account addition.



Markets have received strong buying support from FIIs.

Source : SBI MF Market Outlook

Index Name	% age fall from Sept' 24 Peak
Nifty 50	-7.18%
Nifty Next 50	-16.32%
Nifty 100	-8.85%
Nifty 200	-9.14%
Nifty 500	-10.07%
Nifty Midcap 50	-9.64%
NIFTY Midcap 100	-10.49%
NIFTY Smallcap 100	-14.60%
Nifty Smallcap 250	-16.68%
Nifty Midcap 150	-11.15%
Nifty Microcap 250	-18.48%
Nifty Auto	-18.87%
Nifty Bank	1.31%
Nifty Energy	-22.43%
Nifty Financial Services	3.81%
Nifty FMCG	-14.68%
Nifty IT	-15.10%
Nifty Media	-29.52%
Nifty Metal	-14.06%
Nifty MNC	-17.11%
Nifty Pharma	-6.36%
Nifty PSU Bank	-3.86%
Nifty Realty	-21.70%
Nifty India Consumption	-13.21%
Nifty Commodities	-12.46%
Nifty Dividend Opportunities	-15.37%
Nifty Infrastructure	-9.08%

Other than the Nifty 50 Index led by private banks, which is inching closer to its recent 52 week high, all the other Indices, continue to languish below their 52 week high and most of them are down in double digit -ve percentage figures.

Amongst sector indices, Nifty media continues to be down the most since its Sept 24 highs.

"Prime Minister Shri Narendra Modi inaugurates WAVES 2025"

WAVES 2025 Summit Begins In Mumbai, Spotlights India's Media And Entertainment Industry



WAVES 2025 will witness participation from over 90 countries, with more than 10,000 delegates, 1,000 creators, 300+ companies, and 350+ startups. The summit will feature 42 plenary sessions, 39 breakout sessions, and 32 masterclasses spanning diverse sectors including broadcasting, infotainment, AVGC-XR, films, and digital media.....

Source : Ministry of External Affairs website, www.ddnews.gov.in

Source : www.nseindia.com, Esbee Sharpe Research

"India's media and entertainment industry is today valued at USD 28 billion. It can grow to over USD 100 billion in the next decade. This growth will drive entrepreneurship, generate millions of jobs, and create a ripple effect across sectors,"Mukesh Ambani

NSE unveils 43-stock Nifty Waves Index to track performance of India's creative economy. The Nifty Wave **(World Audio, Visual & Entertainment)** Index comprises of 43 listed companies from sectors such as media, entertainment, gaming, film, television, digital platforms, and music.

"YouTube paid ₹21,000 crore to Indian content creators in 3 years, will invest ₹850 crore in country"CEO Neal Mohan

Source : www.livemint.com, www.ptinews.com

Launching of the Wave Index by NSE opens the door for mutual funds to create funds & ETFs around this theme. However all the listed companies in this space have market caps less than ~11000 Crs, (most being in the micro-cap space) and exposed to high volatility & liquidity issues, besides corporate governance issues in some cases. Albeit the risk associated with this sector, we believe Media & Entertainment is an interesting space to look out for.

Stocks Result Review- Apr 01, 2025 to May 8, 2025 for Q4 FY24-25 ending Mar 31, 2025

Stock Universe	No of Companies who have announced their results	(+) ve Profit Growth	(- ve) Profit Growth	Neutral Profit Growth	Total Revenue Growth %	Total EBITD Growth %	Total Operating Profit Growth %
Nifty 50	27	15	10	2	6.60%	10.10%	6.60%
Nifty Next 50	25	16	8	1	1.80%	15.10%	11.70%
Nifty 500	188	115	62	11	5.30%	11.30%	9.30%
Nifty Midcap 100	42	26	12	4	5.30%	14.60%	14.60%
Nifty Midcap 50	21	13	7	1	2.40%	11.10%	17.30%
Nifty Small Cap 250	77	49	25	3	7.70%	10.40%	21.60%
Nifty Small Cap 100	31	20	8	3	12.90%	16.00%	40.50%
Nifty Microcap 250	51	29	19	3	12.20%	-47.70%	6.90%

Source : Trendlyne, Esbee Sharpe Research

The earnings season till date has been in line with expectations without any surprises. Nifty 50 companies continue to grow in single digits even as the midcap & small cap companies delivered growth in double digits. Market players will keenly follow management guidance on underlying business outlook, without necessarily making changes to the 2026 Earnings estimate yet.



Source : IKIGAI AMC Market Outlook

Many Stocks Are Trading At Expensive Valuation		
12 M Trailing PE Ratio	BSE 500 Index No of Stocks Apr 30,2025	BSE 500 Index No of Stocks Jan 1,2020
1000 +	4	1
500-1000	4	1
100-500	40	10
75-100	35	17
50-75	88	50
Total	171	79

Source: Bloomberg, Flara's, Fact Performance metrics may not contain in future

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Source : Kotak Mutual Fund Monthly Outlook

While there are multiple data points emerging from the US suggesting that the US markets are trading on thin grounds, recent sharp correction in the large seven companies in the S&P 500, and subsequent sustained FII inflows in the Indian markets, may be a result of portfolio rebalancing (since US markets had significantly outperformed other markets in the last decade) more than anything else.

However what it also means is that the necessary "gunpowder" is available both from the FIIS & the DIIs. If markets derive confidence on the broad economic outlook & earnings growth the sentiment could change favourably.

Most stocks with high growth are trading at expensive valuations & the task for fund managers picking stocks become that much difficult

Summary

- ✚ Mid and small-caps valuations continue to trade at a premium vis-à-vis their history as well as vs. Nifty large cap. Therefore, the risk-reward continues to be more towards large caps now.
- ✚ Valuations starting to look attractive in pockets. Market euphoria has corrected significantly and with sentiment turning weak, most sentiment indicators suggest a “Neutral” to “Buy” outlook on equities.
- ✚ We also believe there is a strong appetite to buy at lower levels, where market players find the risk to reward ratio favourable when the Nifty trades below 20X PE on a trailing basis.
- ✚ In the short term, markets will continue to be driven by news flow mostly from America & therefore likely to remain volatile.
- ✚ The recent market overhang over tension at the border with Pakistan, could be temporary unless there is a full-scale escalation.
- ✚ We have however seen markets discounting events and news quickly and bad news tend to get accounted for within 6-8 months most of the time.
- ✚ Fundamentals will take prevalence on market direction going forward and the focus is likely to shift back towards companies which have strong business models, long-term earnings growth visibility and sustainable cashflows.
- ✚ In this scenario our preference is to stick to funds, which have better consistency of performance across multiple market cycles, managed by a stable fund management team & with smaller size AUMs.

Our Investment Thesis

- ✚ We continue to focus on building portfolios by diversifying across different strategies, with fresh allocations directed to large & midcap, multi-cap, focus funds category through weekly Systematic Transfer Plans (STPs).
- ✚ Following the recent market recovery, Nifty is trading at 23.24X 2025(E) earnings and 20.4X 2026(E) (10th May Nifty Closing), we prefer to allocate 30% of available funds in lumpsum at current market levels, while adopting 12-16 weeks STP strategy
- ✚ We believe Gold can complement a portion of your debt allocation. However considering the volatile nature of the commodity and the fact that it is already trading at an all-time high, one should increase allocation in Gold in a staggered manner.
- ✚ Hybrid Funds - balanced advantage & multi asset allocation funds continue to remain a suitable investment option strategy for first time investors (coupled with SIP) as well as conservative investors.
- ✚ For investors whose time horizon is 1-3 years, we prefer adopting a strategy using arbitrage funds & equity savings funds

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