

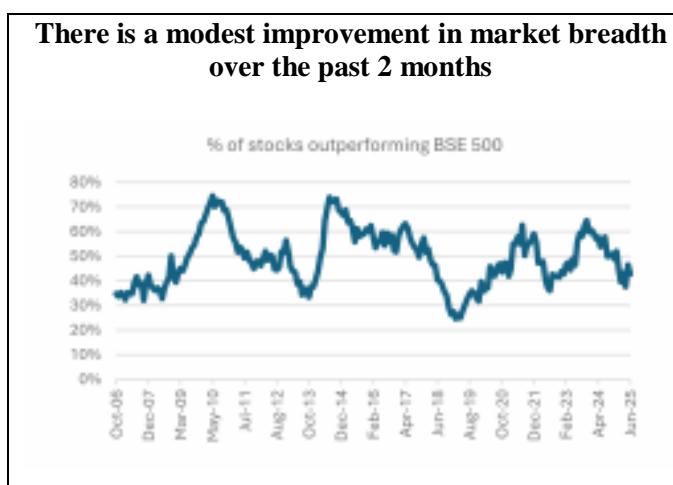


Market Commentary

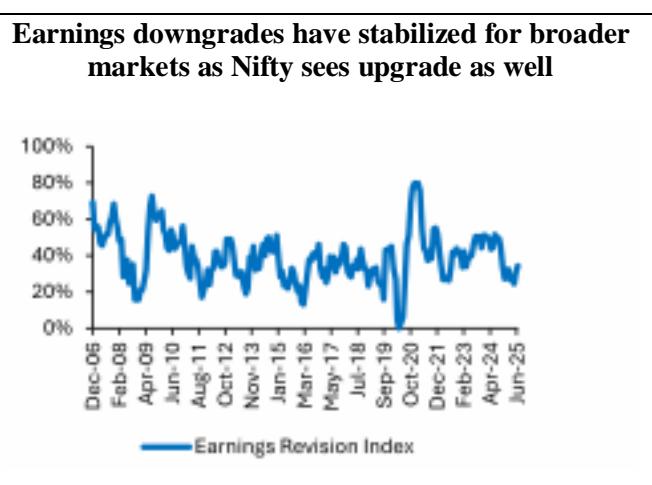
July 2025

Index Name	1M	3M	1Yr	3 Yr	5 Yr
Broad Market Indices					
Nifty 50	3.37	9.02	7.54	18.74	21.34
Nifty Next 50	3.47	9.63	-2.78	24.51	22.77
Nifty 100	3.38	9.13	5.68	19.22	21.41
Nifty 500	3.77	11.05	5.68	21.99	24.03
Nifty Midcap 150	4.15	15.16	6.11	30.67	32.31
Nifty Smallcap 250	5.78	17.93	4.62	30.98	35.38
Nifty Microcap 250	3.05	17.07	5.50	38.66	45.51
Nifty Total Market	3.74	11.27	5.67	22.45	24.50
Sectoral Indices					
Nifty Auto	2.47	12.30	-4.57	27.80	30.00
Nifty Bank	3.12	11.67	10.28	20.67	22.63
Nifty Chemicals	5.80	14.46	14.56	16.71	28.20
Nifty Consumer Durables	2.94	7.91	0.49	19.54	24.29
Nifty Financial Services	2.93	8.97	17.09	21.77	21.82
Nifty FMCG	-0.53	3.36	-1.41	15.28	15.00
Nifty Healthcare Index	4.24	5.83	15.77	25.28	20.72
Nifty IT	4.57	6.40	9.96	14.20	23.85
Nifty Media	2.52	18.93	-11.37	-2.01	6.09
Nifty Metal	3.96	5.12	-1.93	27.89	38.79
Nifty Oil & Gas	3.63	11.87	-2.50	16.86	21.61
Nifty Pharma	2.91	4.40	12.55	22.88	18.00
Nifty Private Bank	2.70	10.05	8.96	19.96	19.89
Nifty PSU Bank	3.25	15.73	-1.59	44.68	39.53
Nifty Realty	3.92	15.90	-10.47	37.26	37.65

- June saw a continuation of uptrend for Indian equities with the Nifty and the Sensex delivering 3.4% and 3% respectively for the month.
- Market breadth improved for the second month in a row as Nifty 500 index delivered 3.77% returns.
- However, Mid and Small caps have continued to outperform during the month generating 4.15% & 5.78% respectively.
- Amongst the sectoral indices, Chemicals, Healthcare & IT outperformed during the month.
- The strong breadth of the market was visible with all indices except FMCG delivering positive returns.
- Following the strong bounce back in the markets, valuation concerns have started to creen back amongst market



Source : SBI MF Fact Sheet

**India as the 4th Largest Economy...with 3rd Largest Tag within reach!**



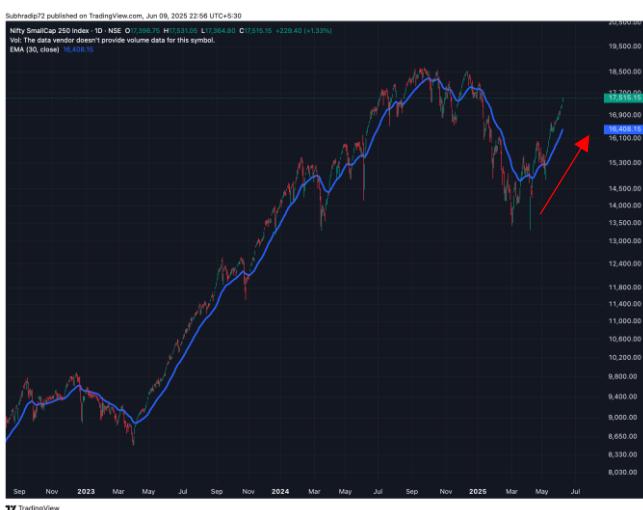
- Last week, NITI Aayog CEO highlighted that India crossed Japan in economic size to become the 4th largest. This aligns with the April 2025 update of 'World Economic Outlook' by IMF, which estimates 2025 GDP (FY2026E GDP) for India at US\$4.187tn, marginally ahead of Japan's US\$4.186tn.
- Germany, with a GDP of US\$4.7 trillion, is currently the third-largest economy. According to IMF projections, India could surpass Germany by 2028 (FY2029).
- India remains the fastest-growing major economy, with relative upgrades in growth outlook. Despite global volatility, India's macroeconomic resilience and positive fundamentals support a strong long-term investment case.
- Over the next decade, manufacturing growth on the 'supply side' and rising consumption on the 'demand side' are expected to drive growth. Investment portfolios could consider these opportunities while positioning portfolios

Source **HDFC AMC Tuesday Talking Point**

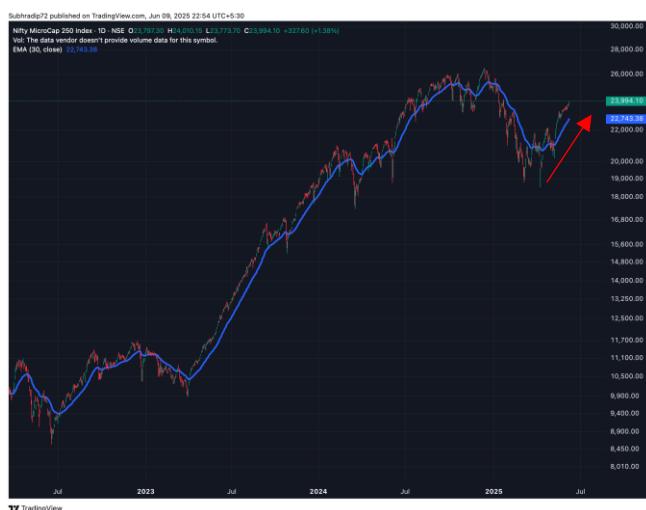
Positive news flow on the economy, the Govt's sensitive handling of the Pahalgam terrorist attack & subsequent escalation & de-escalation around the tension with Pakistan along with a slightly positive FYQ4 result season, resulted in a sense of optimism & resurgence building back into the sentiments.

Amidst a weak but in line FY25 Q4 corporate earnings score card, the silver lining is that consensus earnings downgrades have been arrested. While earnings revisions for top 100 stocks show a directional improvement, Nifty's FY26 earning per share has seen a marginal upgrade as well. RBI's triple easing on rates, liquidity and regulations to support growth has aided expectations of earnings growth pick-up going forward. For now, high-frequency indicators remain mixed—consumer sentiment is improving, but trade and capex indicators are still sluggish. Global policy uncertainty remains high with the 90-day Trump tariff pause coming to an end on July 9. For India too, there hasn't been any trade deal with the US yet and the risk of higher tariffs in the next few days looms large. Outward-facing sectors continue to underperform amidst this uncertainty.

Nifty Small Cap 250 Index has retraced ~78% of its fall from peak



Nifty Micro Cap 250 Index has retraced ~61% of its fall from peak



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 %
		Profit Growth	Loss Growth	Growth	Growth %	Growth %	Growth %
Nifty 50	50	31	17	2	6.10%	13.20%	6.90%
Nifty Next 50	50	29	17	4	3.70%	14.50%	22.20%
Nifty 500	499	312	162	25	6.00%	13.30%	11.70%
Nifty Midcap 100	100	62	31	7	7.30%	14.70%	15.60%
Nifty Midcap 50	50	29	17	4	5.50%	12.10%	12.80%
Nifty Small Cap 250	249	161	78	10	7.40%	10.60%	10.90%
Nifty Small Cap 100	99	61	32	6	8.30%	10.90%	12.20%
Nifty Microcap 250	243	141	91	11	6.90%	-0.40%	9.90%

Source : Trendlyne, Esbee Sharpe Research

EBIDT Growth in FY 25 Q4, has been positive and in double digits across the market segment

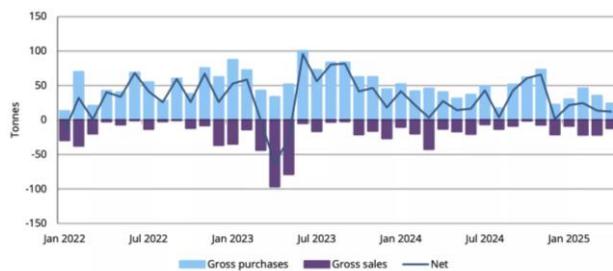
Revenue growth has been subdued in single digits, but has mostly remained in line with expectations.

FY 24-25 TTM Nifty 50 EPS of Rs. 1112, is trading at 22.32X PE, which is close to Nifty Median PE range of ~22X

Gold Outlook

Chart 1: Central bank net purchases slowed in April for the second consecutive month

Monthly reported central bank activity, tonnes*

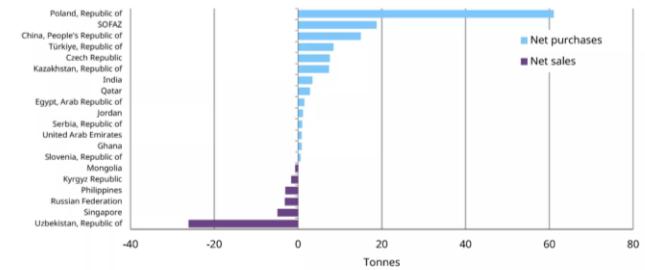


*Data to 30 April 2025 where available.

Source: IMF, respective central banks, World Gold Council

Chart 2: Central banks continue their broad accumulation of gold in 2025

Y-t-d central bank net purchases and sales, tonnes*



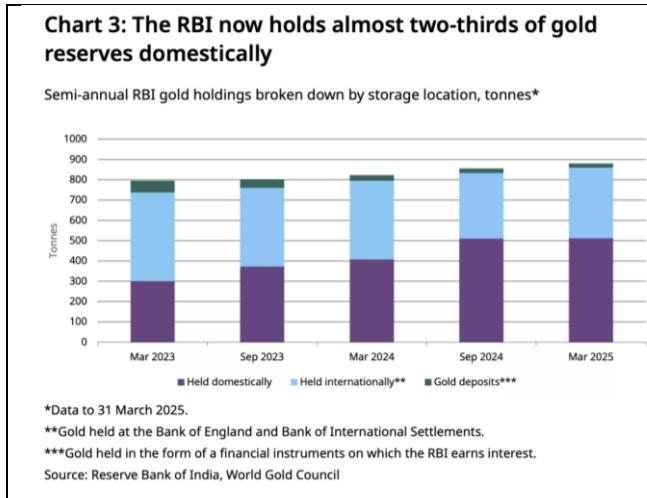
*Data to 30 April 2025 where available. SOFAZ represents the gold reserves of the State Oil Fund of Azerbaijan (SOFAZ)

Source: IMF, respective central banks, World Gold Council

Global central banks bought a net 12t in [April](#) based on reported data, 12% lower than the previous month and below the 12-month average of 28t.

However the data in the chart indicates that activity in one month is not necessarily an indication of activity in subsequent months. Also data is released with, at times, a significant lag.

And while higher prices may have pushed up gold allocations in some central bank portfolios, possibly closer to targets, we still expect overall buying to continue, given that the economic and geopolitical outlook remains highly uncertain.



Source : **World Gold Council**

In its half-yearly report the RBI stated that 512t (58%) was held domestically at the end of March, slightly higher on a tonnage basis (510t) but lower on a percentage basis (60%) compared to six months earlier (**Chart 3**). The RBI has made significant efforts in recent years to store a higher proportion of its gold reserves domestically – just two years ago it reported that only 38% of its gold reserves were held in India.

- The RBI's focus on increasing domestic gold storage underscores a growing emphasis on monetary security and autonomy. This strategic rebalancing aligns with global trends where central banks are prioritizing asset safety amid geopolitical and economic uncertainties.
- The long term outlook on Gold continues to remain positive, even as current price levels may create a psychological barrier.
- We also hear erstwhile money managers, who had a negative/neutral outlook on gold now changing their views.
- **Any correction should be used as an opportunity to allocate to Gold.**

Summary

- While the Mid and small-caps valuations continue to trade at a premium vis-à vis their history as well as vs. Nifty large cap, we believe one can start looking to allocate monies into selective small cap portfolios.
- 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 continue to 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.
- 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.
- The Market mood suggests, that there is an urgency to deploy idle cash, even as cash levels in the



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 22.32X 2025 earnings and 21X 2026(E), we continue to prefer allocating 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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