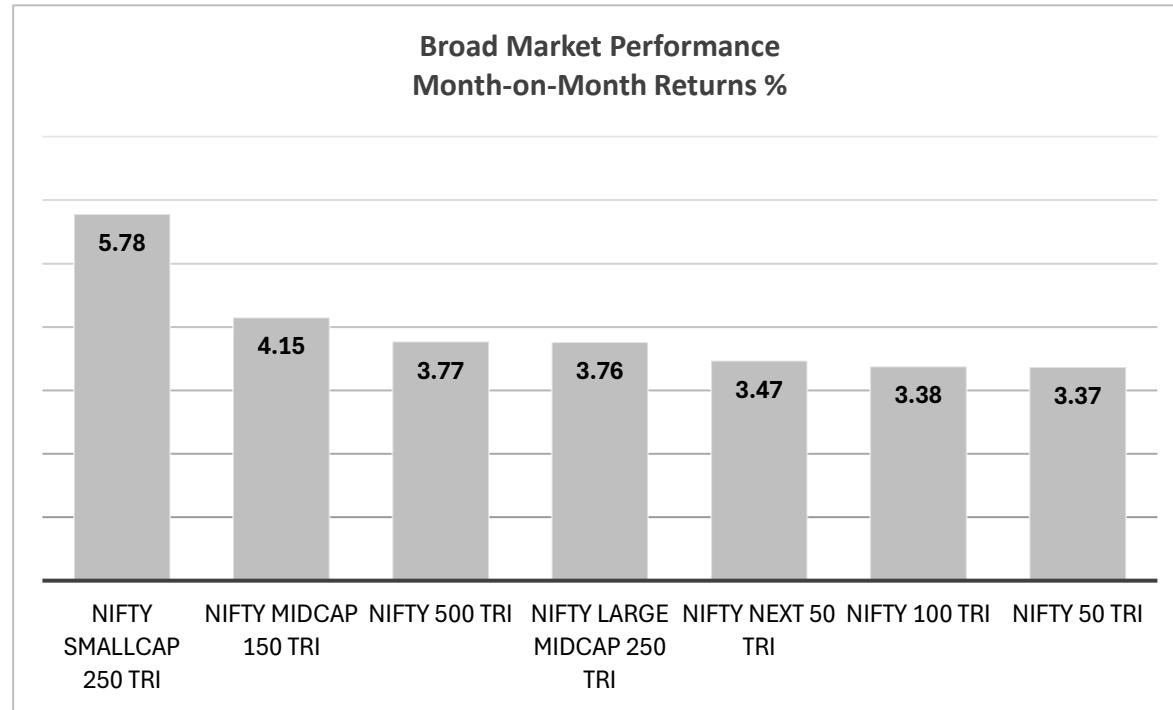


Investment Strategy

July 2025

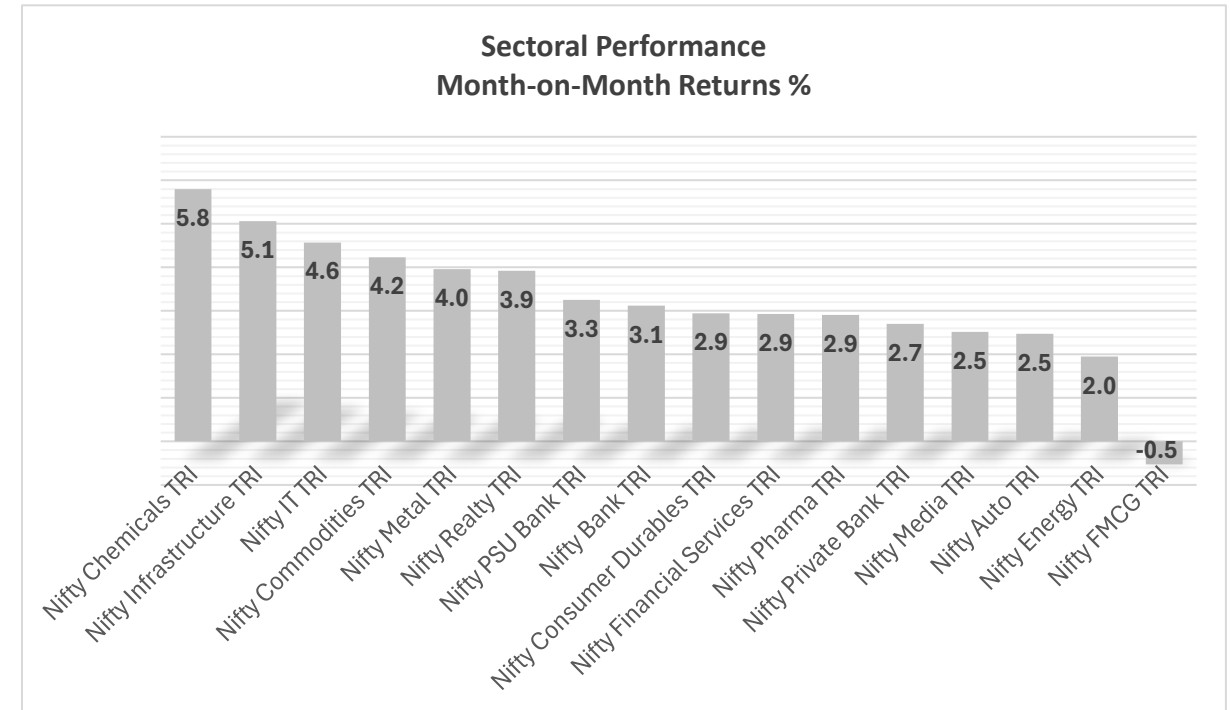
Equity Market Wrap

Equity Market Performance



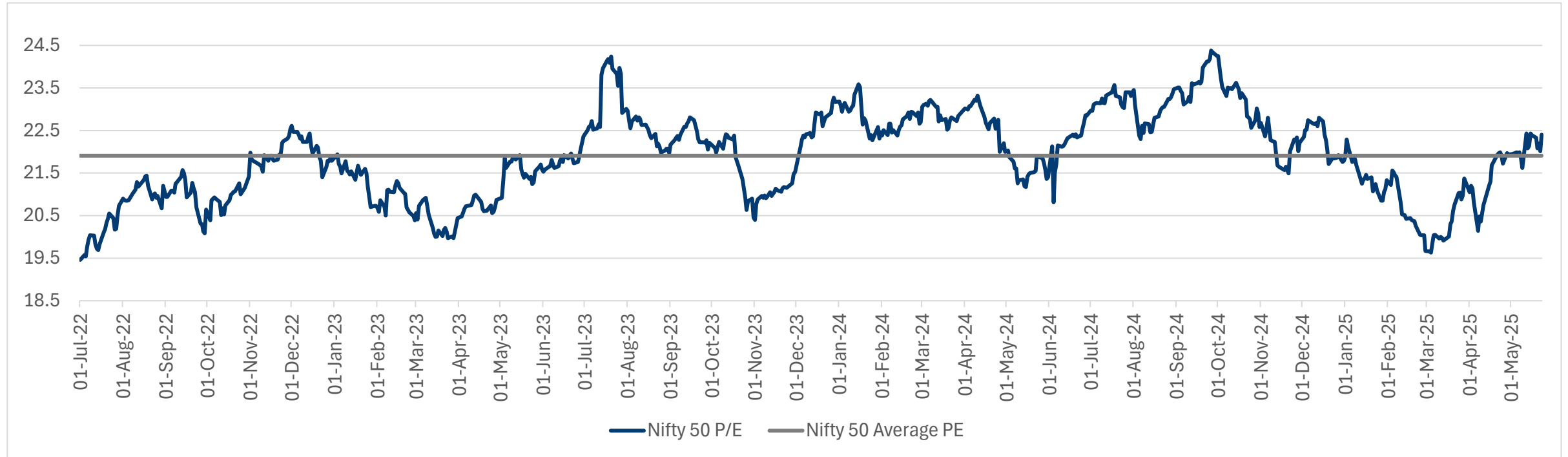
Source: MFI360 Explorer
Data as on 30th June 2025

Despite global uncertainties, all broad market indices remained positive in June 2025, supported by the Indian economy's strong fundamentals.



All sectoral indices except Nifty FMCG posted positive returns during June 2025. The top-performing sectors were chemicals, infrastructure and IT with m-o-m returns of 5.8%, 5.1% and 4.6%, respectively.

Valuation Perspective

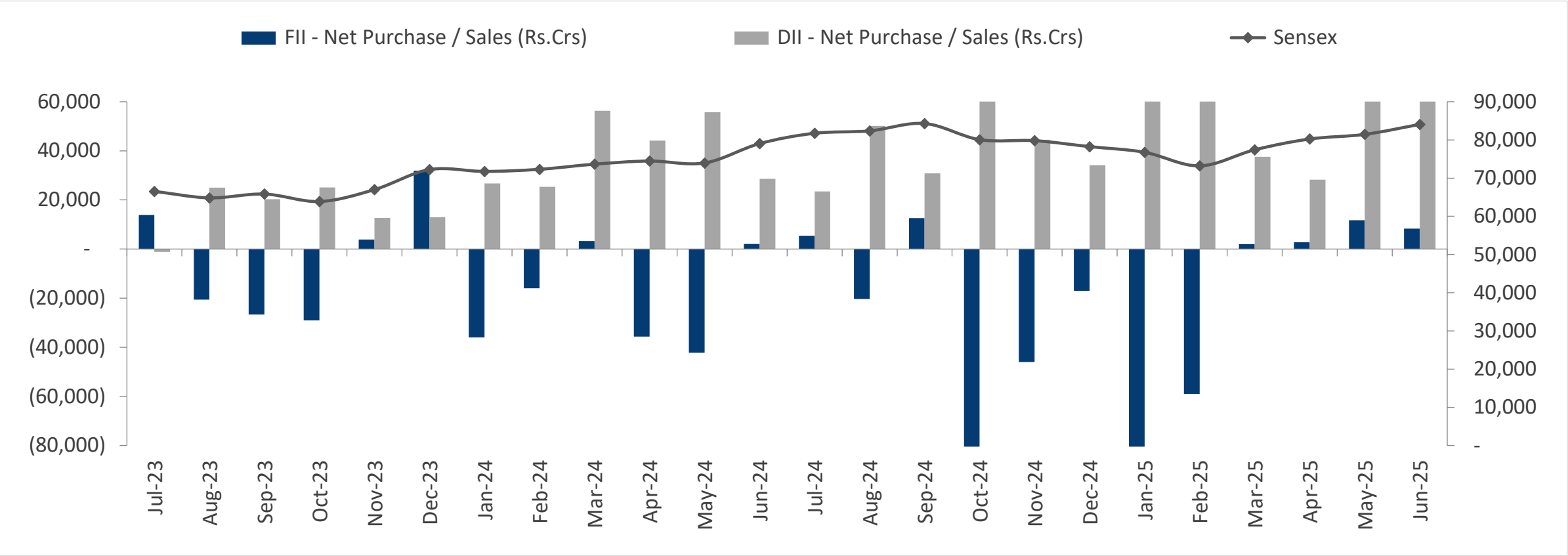


Source: NSE

The Nifty 50 index has shown signs of a recovery recently. However, its price-to-earnings (PE) ratio remains marginally high to its three-year average of 21.9% on June 30, 2025. This suggests that while the market is recovering, valuations are still relatively stable as compared to historical averages.

Consistent inflow of FII and DII investors

FII inflows have been in the green for the past four months along with consistent domestic inflows, which helps to keep market momentum positive.



Source: Internal Mirae Asset Sharekhan Research Desk

Global Market Update

- Global equity markets remained volatile in June 2025 due to the ongoing tariff-led uncertainties and geopolitical tensions in the Middle East. The Israel-Iran conflict kept crude oil prices high, but with the recent de-escalation, prices eased, which provide relief to India's inflation outlook and current account balance.
- The World Bank cut its global growth estimate this year because of trade-related uncertainties. As per the "Global Economic Prospects - June-25", the world economy is now expected to growth at 2.3% (previous projection: 2.7% in Jan-25). India's growth projections for FY26 are unchanged at 6.3%, and the economy is expected to grow slightly faster at 6.5% in FY27 and 6.7% in FY28.
- The US Federal Reserve kept its benchmark interest rate steady at 4.25-4.5% at its June meeting, marking the fourth consecutive pause as it monitors inflation and labor market conditions. While economic activity improves and unemployment rate remains low, inflation stays high. Reciprocal tariffs from other countries could add to the pressure on inflation outlook.

Global Market Update

- The Bank of England (BoE) held interest rates steady at 4.25% as inflation remained above the central bank's target level. The MPC voted 6-3 to keep rates on hold while three members favoured a 25-bps cut amid concerns over a weaker labour market and elevated global risks.
- The Dollar Index traded lower as inflation stays above the target level and any rate cut could further fuel the inflation outlook. The Indian Rupee opened 20 paise up on June 27, 2025 as the Dollar Index continues to trade lower. The Indian Rupee opened at 85.50 as compared to 85.70 in the previous session.

The US Fed held rates steady for the fourth straight time but the speculation on rate cut could add pressure on inflation outlook. The Middle East tension eased and would help to cool oil prices with improving India's inflation and current account outlook.

Domestic Market Update

- The Reserve Bank of India (RBI) cut the repo rate by 50 bps and the cash reserve ratio (CRR) by 100 bps in phases. These liquidity-boosting measures would likely support domestic growth and corporate profitability. However, the shift in policy stance from *Accommodative* to *Neutral* would limit the prospects for further easing.
- Banking system liquidity is in positive and these measures would add durable liquidity in the system, which would again help transmission of lower rate benefit to the system, which is positive for growth.
- The broader equity market remained positive at June-end with the small-cap and mid-cap indices beating the Nifty, rising by 5.8% and 4.2%, respectively, as compared to the Nifty's 3.4% gain.
- Despite global uncertainties, the RBI kept GDP growth projections constant at 6.5% for FY26 amid a strong policy stimulus, expectation of above normal monsoon and a likely recovery in domestic demand.

Lower policy rates with liquidity measures would support growth in 2025 but the uneven monsoon, global trade uncertainties and geo-political escalations could be the key risks to this outlook.

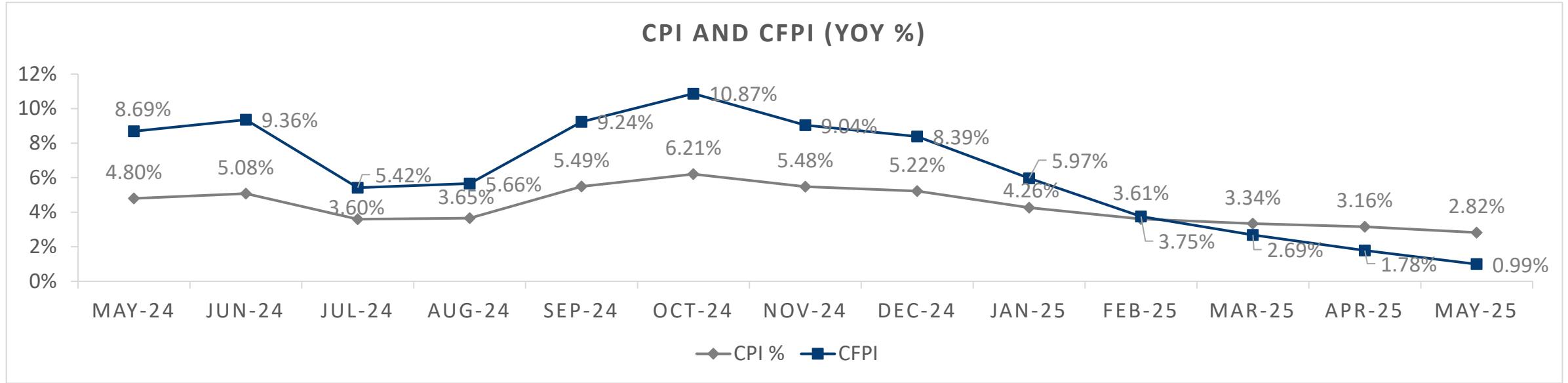
Debt Market Wrap

RBI's Monetary Policy Update

- The RBI's MPC cut the repo rate by 50 bps to 5.5%. Consequently, the standing deposit facility (SDF) rate changed to 5.25% and the Marginal Standing Facility (MSF) rate and bank rate at 5.75%. Out of the MPC's six members, five voted to cut the rate by 50 bps and one voted to reduce it by 25 bps. The policy stance also shifted back to “Neutral” from “Accommodative” signaling limited room for further rate cuts.
- The Indian economy is recovering but global trade uncertainties could emerge as headwinds . Taking all these factors into consideration, the GDP growth projected at 6.5% for FY26 with Q1 at 6.5%, Q2 at 6.7%, Q3 at 6.6% and Q4 at 6.3%.
- The RBI has highlighted weather and trade related uncertainties as these could impact commodity prices. Considering all these factors, the CPI inflation forecast for FY26 has lowered to 3.7% as compared to earlier projections of 4% reflecting growing confidence of easing pricing pressure. Quarterly inflation projections were lowered for Q1 to 2.9% from 3.6%, Q2 to 3.4% from 3.9% and increased marginally for Q3 to 3.9% from 3.8%. Inflation projections remained constant for Q4 at 4.4%.
- Banking system liquidity is in the green and to further provide durable liquidity in the system, the RBI has reduced the cash reserve ratio (CRR) by 100 bps to 3% of net demand and time liabilities in a staggered manner. The CRR cut will be carried out in four equal tranches of 25 bps each with effect from the fortnights beginning September 6, October 4, November 1 and November 29, 2025. This would add durable liquidity of Rs.2.5 lakh crore to the banking system by December 2025.

The RBI in its recent policy did large than expected by cutting repo rate by 50bps after the benign inflation. The RBI has also cut the CRR which would help to inject durable liquidity into the system, but the policy stance now changed to “Neutral” which indicates limited room for further easing.

Consumer Price Index (CPI) Inflation



- CPI inflation continued to fall and eased to 2.82% in May 2025 as compared to 3.16% in the previous months. The CPI inflation is trending below the RBI target level of 4% from the last four months and the food inflation was the major contributor to the ease in inflation.
- Food & Beverages, which have the highest weightage of 54.2% continue its downward trajectory and further ease to 1.5% in May-25 as compared to 2.14% in the previous month. Within food & beverages, the inflation in vegetables are the major contributors to ease overall inflation as it further contracted from -10.98% in the previous month to -13.70% in May 2025. Within the food & beverage basket the contraction continues in vegetables, pulses & products, Meat & fish and spices and are major contributors to the easing in inflation.
- Inflation in the miscellaneous segment increased marginally to 5.06% and personal care & effects was the major contributor, where prices increased by 13.49%. However, inflation in “Household goods and services” help to ease this segment’s inflation.

Source:- Mospi

Index of Industrial Production (IIP)

The IIP growth rebounded to 3% in Mar-25 compared to 2.7% in the previous month. The growth in manufacturing and electricity are the major contributors to this overall growth.

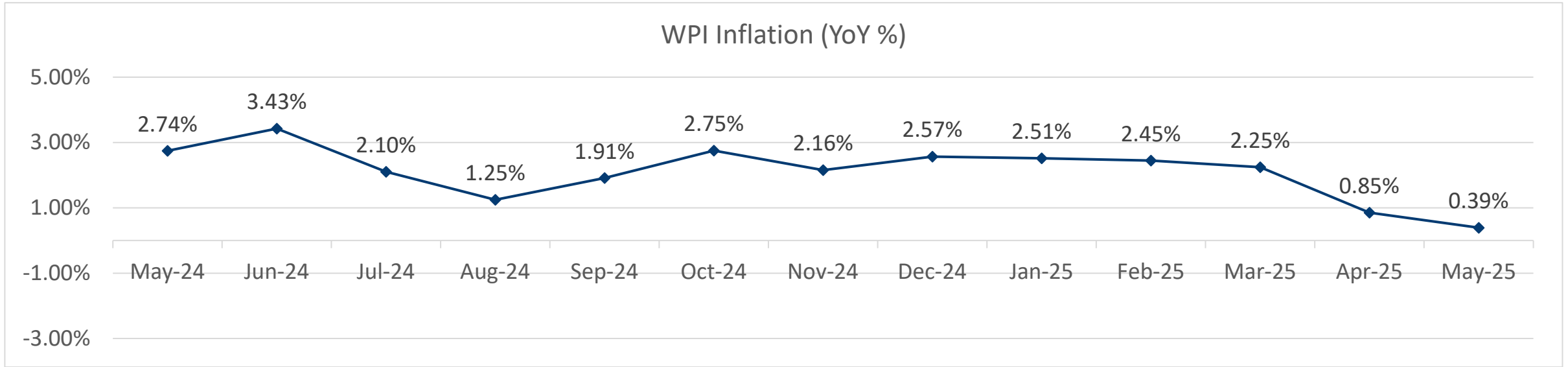
- **Mining:-** Activity continues to decline, contracting to -0.2% in April 2025 compared to a growth of 1.2% in the previous month. Despite a favorable base effect, the mining activity contracted as on month-on-month basis the contraction was much higher at -17.4%.
- **Manufacturing:-** It has the highest weightage of (77.6%) in the IIP. Activity moderated to 3.4% in April 2025 as compared to growth of 4% in the previous month. On a month-on-month basis, activity contracted by -7.9% compared to a growth of 9.4% in the previous month. Among major manufacturing items, “Manufacture of chemicals and chemical products” which has weight of 7.87% contracted by -3.6% and “Manufacture of coke and refined petroleum products” which has a weightage of 11.77%, contracted by -2.1%. These two are the major contributors to overall ease in IIP. Out of total 23 industries, 16 recorded growth and others are in contraction.
- **Electricity:-** Output moderated sharply to 1.1% in Apr-25 compared to growth of 7.5% in the previous month. On a m-o-m basis, activity contracted by -2.3% compared to growth of 13.1% in the previous month.

GROWTH IN SECTORAL			
	Feb-25	Mar-25	Apr-25
MINING	1.6%	1.2%	-0.2%
MANUFACTURING	2.8%	4.0%	3.4%
ELECTRICITY	3.6%	7.5%	1.1%
GENERAL	2.7%	3.9%	2.7%
GROWTH IN USE-BASED CLASSIFICATION			
PRIMARY GOODS	2.8%	3.9%	-0.4%
CAPITAL GOODS	8.2%	3.6%	20.3%
INTERMEDIATE GOODS	1.0%	3.8%	4.1%
INFRASTRUCTURE/ CONSTRUCTION GOODS	6.8%	9.9%	4.0%
CONSUMER DURABLES	3.7%	6.9%	6.4%
CONSUMER NON-DURABLES	-2.1%	-4.0%	-1.7%

The arrival of a normal monsoon, easing overall inflation and ease in income tax burden announced in last budget could help to boost the consumption and are key factors to drive future IIP growth trajectory.

Source:- Mospi

Wholesale Price Index (WPI) Inflation



WPI inflation has been declining for the past five months and further ease to 0.39% on May 2025. Except manufactured products, the inflation in “Primary Articles” & “Fuel & Power” was in contraction and was the major contributor to the overall ease in inflation.

- Inflation in primary articles which has the weight of 22.62% in the WPI basket, further contracted to -2.02% in May 2025 as compared to -1.44% in the previous month. The inflation in food articles further contracted to -1.56% compared to -0.86% in the previous month. Within food articles, the fruits & vegetables prices further contracted to -8.20% and was the primarily due to contraction of -21.62% in vegetable inflation. Within the vegetable inflation the major contraction was in *tomatoes, potatoes, cabbages* and *ladies' finger* at -32.76%, -29.42%, -41.87% and -26.81% respectively.
- Within the food articles the inflation in Pulses also contracted sharply to -10.41% and Arhar dal was the major contributor as it contracted by -26.39%. Contraction in pulses prices is also among the major contributors to ease overall inflation in food articles.

Source:- Office of the Economic Adviser

Debt Market Wrap

System liquidity to remain in surplus

- The weighted average call money rate remained below the policy rate during the month of June 2025 and this was attributed to surplus liquidity in the system. The central bank recently decided to drain excess liquidity from the system to prevent a further decline in overnight borrowing cost.
- System liquidity stood at Rs.2.7 lakh crore as of June 26, 2025 and it is in positive since April 2025. The RBI's liquidity measures and government spending have helped to keep system liquidity in positive. The average banking system liquidity during the month of June-2025, was Rs.2.8 lakh crore, as compared to an average liquidity of Rs.1.5 lakh crore in the previous month.

Bond prices & other updates

- The 10-year 7.26% 2034 G-Sec yields revised upward to 6.39% on June 26, 2025 as compared to 6.29% at the beginning of the month and this was primarily attributable to change in policy stance in RBI's recent policy.
- With growing comfort on inflation, the RBI in its recent policy cut the repo rate by 50bps and CRR by 100bps beginning from Sep-25 to Dec-25 which is expected to infuse around Rs.2.5 lakh crore of durable liquidity into the system. Along with these liquidity infusion measures, the RBI has also changed the policy stance of from *Accommodative* to *Neutral* indicating that the room for further rate cut now be limited.
- The RBI has kept the GDP growth projection constant at 6.5% for FY26. However, the global trade uncertainties have emerged and could add risk to this economic recovery but the recent repo rate and CRR cut would help to sustain the recovery.
- The RBI has lowered its inflation projections for FY26 to 3.7% from 4% and revised quarterly inflation projections down for Q1 and Q2 of FY26.
- Headline inflation eased to 2.82% for May-25 and it is the lowest since Feb-19. The decline was largely driven by a sustained softening of food & beverages inflation which fell sharply to 1.5% in May-25 compared to 9.7% in Oct-24.

Outlook & Investment Strategy

Equity Market Outlook and Investment Strategy

India's Strengths:

- Indian equities remained resilient despite global uncertainties including tariff war and the Israel-Iran conflict.
- Easing inflation, supported by favourable weather conditions and the RBI's recent cuts to the repo rate and CRR, has helped sustain market momentum as the focus shifts toward economic growth.
- The FII inflows is in positive from last four months despite global uncertainties signaling growing optimism about Indian market among global investors.
- The World Bank cut the global growth outlook to 2.3% while it maintained growth outlook for India at 6.3%.
- Outlook for small-cap and mid cap stocks is turning selectively positive and expecting growth acceleration in certain segments.

Challenges:

- Global slowdown due to tariff war could affect the domestic economy, while supply chain disruptions could spur inflation.

Investment Strategy – Equity

India may face near-term volatility due to global uncertainties. However, easing domestic inflation, shifting focus on economic growth by RBI and improved liquidity in the system would keep market momentum strong. Large-cap equities are preferred for reasonable valuations and potential FPI inflows for long-term investment.

Debt Market Outlook and Investment Strategy

Domestic growth and global uncertainties to drive the domestic yields

- The RBI in its recent policy cut repo rate by 50 bps and change policy stance from accommodative to neutral indicating that there is limited room for further rate cut and could depend on growth uncertainties. The RBI has also cut CRR by 100 bps to 3% of NDTL in a phased manner from Sep-25 to Dec-25 which could add durable liquidity of ~Rs. 2.5 lakh crore into the banking system by December 2025. This recent repo rate cut would help to support credit growth and liquidity measures of CRR cut would help to improve the transmission of policy rate cuts.
- The RBI has also reduced the headline inflation projections to 3.7% for FY26 from 4% growing more confidence on CPI easing cycle. The strong agriculture performance with favorable monsoon would keep inflation risk balanced.
- These recent cut in repo rate and CRR would help to support economic growth but with change in policy stance the expectation of further rate cut from RBI would be limited unless there is downside risk to growth outlook.

Investment Strategy

It is time to shift allocation from long end of the curve as the RBI has shifted policy stance to neutral and now there is limited scope for further rate cuts unless there are growth uncertainties. We also see prudence in having some allocation to precious metals as hedge against global uncertainties.

Mutual Fund Model Portfolios

MUTUAL FUND MODEL PORTFOLIOS | AGGRESSIVE PORTFOLIO

AMC	SCHEME NAME
Large and Large & Mid Cap	
Nippon	Nippon India Large Cap Fund
Mirae Asset	Mirae Asset Diversified Equity Allocator Passive FOF
MID CAP	
Motilal Oswal	Motilal Oswal Midcap Fund
Edelweiss	Edelweiss Mid Cap Fund
Small CAP	
Bandhan	Bandhan Small Cap Fund
Nippon	Nippon India Small Cap Fund
Flexi Cap	
HDFC	HDFC Flexi Cap Fund
Parag Parikh	Parag Parikh Flexi Cap Fund
Sectoral/Thematic	
SBI	SBI Banking & Financial Services Fund
Mirae Asset	Mirae Asset Great Consumer Fund

Portfolio Composition

Large and
Large & Mid
Cap
40%

Mid & Small
Cap
20%

Flexi Cap
30%

Thematic
10%

Minimum time horizon: 5 years
Review frequency: 6 months

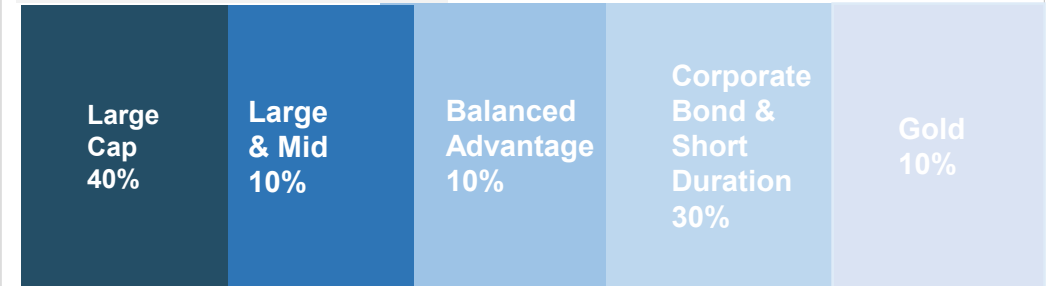
Aggressive Investor

You are ready to take high risks, and very easily adapt when things don't go as you had planned, financially. Your objective is to get the highest return possible in the long term, and you accept the ups and downs along the way

MUTUAL FUND MODEL PORTFOLIOS | MODERATE PORTFOLIO

AMC	SCHEME NAME
LARGE CAP	
Nippon	Nippon India Large Cap Fund
ICICI Prudential	ICICI Prudential Large Cap Fund
Large & Mid	
Mirae Asset	Mirae Asset Diversified Equity Allocator Passive FOF
Bandhan	Bandhan Large & Mid Cap Fund
Balanced Advantage	
HDFC	HDFC Balanced Advantage Fund
ICICI Prudential	ICICI Prudential Balanced Advantage Fund
Corporate Bond & Short Duration	
Kotak	Kotak Corporate Bond Fund
Mirae Asset	Mirae Asset Short Duration Fund
Gold	
Mirae Asset	Mirae Asset Gold ETF Fund of Fund

Portfolio Composition



Minimum Time Horizon: 3 years
Review Frequency: 12 months

Moderate Investor

You are an average risk taker and try to adapt when things don't go as you had planned, financially. Your long term objective is to get a better return than a Fixed Deposit, net of tax, even if the short-term performance could sometime be below expectations

MUTUAL FUND MODEL PORTFOLIOS | CONSERVATIVE PORTFOLIO

AMC	SCHEME NAME
Corporate Bond & Short Duration	
Aditya Birla Sun Life	Aditya Birla Sun Life Corporate Bond Fund
ICICI Prudential	ICICI Prudential Corporate Bond Fund
Mirae Asset	Mirae Asset Short Duration Fund
HDFC	HDFC Short Term Fund
Balanced Advantage	
ICICI	ICICI Prudential Balanced Advantage Fund
HDFC	HDFC Balanced Advantage Fund
Gold	
Mirae Asset	Mirae Asset Gold ETF Fund of Fund

Portfolio Composition

Corporate
Bond & Short
Duration
70%

Balanced
Advantage
20%

Gold
10%

Minimum Time Horizon: 3 years
Review Frequency: 12 months

Conservative Investor

You are unwilling to take risks, and get very uneasy when things don't go as you had planned, financially. Your long term objective is to try to get a slightly better return than a fixed deposit, net of tax.

MUTUAL FUND MODEL PORTFOLIOS | Regular Income Basket

AMC	SCHEME NAME
Balanced Advantage	
ICICI Prudential	ICICI Prudential Balanced Advantage Fund
HDFC	HDFC Balanced Advantage Fund
Equity Savings	
Mirae Asset	Mirae Asset Equity Savings Fund
SBI	SBI Equity Savings Fund

Reasons to select SWP option than dividend option to get regular income		
	SWP	Dividend
Withdrawal Amount	Regular income amount is Fixed	Dividend amount is not fixed
Flexibility	Investor can change in regular income amount at any time	Dividend frequency is at the discretion of the fund house
Taxation	Capital gains on investments withdrawn are taxed as per equity taxation	Tax as per income slab for dividend income

Portfolio Composition

Balanced Advantage
70%

Equity Savings
30%

Minimum Time Horizon: More than 5 years
Review Frequency: 12 months

Investor

You are investing lumpsum amount and want regular income from investment. You are ready to take moderate risk.

MUTUAL FUND MODEL PORTFOLIOS | Build India Basket

SCHEME NAME	Objective	Riskometer
Thematic Funds		
Tata India Consumer Fund	The scheme seeks long term capital appreciation by investing at least 80% of it's net assets in equity/equity related instruments of the companies in the Consumption Oriented sectors in India.	Very High
Mirae Asset Great Consumer Fund	The investment objective of the scheme is to generate long term capital appreciation by investing in a portfolio of companies/funds that are likely to benefit either directly or indirectly from consumption led demand in India.	Very High
Sectoral Fund- Banking & Finance		
SBI Banking & Financial Services Fund	The scheme seeks to generate long-term capital appreciation from a portfolio that is invested predominantly in equity and equity related securities of companies engaged in banking and financial services.	Very High
Flexi Cap / Multi Cap Funds		
ICICI Prudential Multicap Fund	The scheme seeks to generate capital appreciation through investments in equity & equity related instrument across large cap, mid cap and small cap stocks of various industries.	Very High
Parag Parikh Flexi Cap Fund	The scheme aims to achieve long-term capital appreciation by investing primarily in equity and equity related instruments.	Very High

Portfolio Composition

**Thematic/
Sectoral
80%**

**Flexi
Cap/Multi
Cap
20%**

Minimum Time Horizon: 5 years
Review Frequency: 12 months

Investor

You are ready to take high risk and want to participate in growth story through thematic and sectoral schemes.

SCHEME SELECTION AND INVESTING

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One Click SIP ([click here](#))

Consult your investment portfolio advisor before making any investment

Mutual Fund Research (Q-Square Methodology)

A 360-degree quantitative and qualitative analysis of mutual fund schemes to help you choose the right fund



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2. The NAV of units issued under the Schemes of mutual funds can go up or down depending on the factors and forces affecting capital markets and may also be affected by changes in the general level of interest rates. The NAV of the units issued under the scheme may be affected, inter alia, by changes in the interest rates, trading volumes, settlement periods, transfer procedures and performance of individual securities. The NAV will inter alia be exposed to Price/ Interest Rate Risk and Credit Risk.
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Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll Mirae Asset Sharekhan

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000. **Correspondence/Administrative Office Address** - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000. **Registration and Contact Details:** Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498. SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL- IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

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