The Tide Recedes

16th Jul'24

After an eventful May and early June, the remainder of June turned out to be relatively stable. The Indian equities cheered the return of the previous ruling party to power, despite a reduced majority and the need to form a coalition. With key ministries being unchanged, the markets were reassured of policy continuity with all eyes on the Union Budget on the 23rd Jul'24, where the tightrope of fiscal consolidation while maintaining the quality of expenditure will be keenly watched.

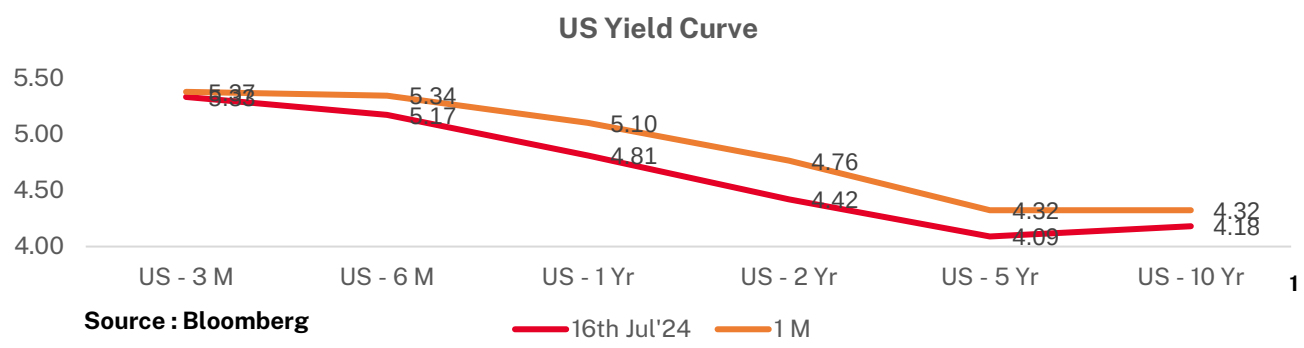
On the global front, there are early signs of weakness in the US economy, as the country proceeds towards presidential elections. The weaker Consumer Price Index (CPI) data for Jun'24 has rekindled hopes for an earlier than anticipated cut in interest rates, most likely in Sep'24. The headline inflation seems to be aligning with the central bank targets in the Euro Area with UK and Switzerland already attaining CPI targets below 2%. The Global Purchasing Managers' Index (PMIs) have inched higher, highlighting improvement in economic sentiments, especially led by countries in the European Union as the International Monetary Fund (IMF) upholds a global GDP growth target of 3.2% in CY'24. Worryingly, the Middle Eastern crisis festers on, impacting shipping routes along the Red Sea, leading to spikes in shipping costs and delays in shipment which, if allowed to continue, may impact the fight against global inflation as well as impinge on global growth.

US Macro Roundup:

- The Non-Farm Payrolls for Jun'24 expanded by 206,000, against ***market expectations of 200,000***. However, May'24 payroll additions were revised downwards to 218,000 from 272,000.
- The hourly earnings rose by 0.3% for the month, making for a 3.9% YoY gain - ***both in line with expectations***.
- The Unemployment rate increased to 4.1% in Jun'24 from 4.0% in the previous month-***highest since Oct'21.***
- The Headline inflation for Jun'24 declined 0.1% MoM, thereby pegging annual growth at 3.0%. ***Jun'24 is the first month since May'20 which saw a negative headline CPI growth,*** primarily owing to a decline in fuel prices. The Core CPI, meanwhile, inched higher by 0.1% for the month (3.3% annualized), although the pace of annual growth was slowest since Apr'21.

Market Impact: The US Yields witnessed a visible compression across tenors over the past month, noticeably post the CPI release. The market participants are now pricing in a rate cut in Sep'24 which has led to the sharp divergence in yields. The US equities capped a robust month with broad-based participation led by Russel 2000 (+9.0%), followed by DJIA (+3.7%) Nasdaq (+3.5%), and S&P 500 (+2.9%). The USD index weakened on an MoM basis, from 104.8 to 104.3 levels mirroring a decline in the yields.

Globally, the MSCI EM marginally outperformed the MSCI World on a MoM basis (+4.0% and 3.9% respectively). The Nikkei continued its robust performance (+6.4%) for the month which was matched by the Taiwan Index (+6.4%)



Source : Bloomberg

Global Central Banks Interest Rate Outlook

As compared to a spurt in central bank activity in early Jun'24, the past month was relatively muted from a policy action standpoint barring a rate cut by the Swiss National Bank. The Bank of England may also follow suit in their August policy decision as is widely anticipated with the inflation hovering around a targeted range of 2%. While we expect the status quo from the US Fed on their 31st Jul'24 policy meeting, Sep'24 is 'live' from a rate cut standpoint. The Bank of Japan is expected to continue the path of fiscal consolidation primarily via a reduction in sovereign bond holdings in its balance sheet.

Global Central Bank Policy Snapshot

Central Bank	Rate	Last Change	Next Meeting	Expectations
Bank of Canada	4.75%	5th Jun'24, 25 bps Cut	24th Jul'24	Status Quo
Bank of England	5.25%	2nd Aug'23, 25 bps Hike	1st Aug'24	Rate Cut
Bank of Japan	0.1%	8th Mar'24, 10 bps Hike	31st Jul'24	Rate Hike
European Central Bank	3.75%	7th Jun'24, 25 bps Cut	18th Jul'24	Status Quo
US Federal Reserve	5.50%	26th Jul'23, 25 bps Hike	31st Jul'24	Status Quo
People's Bank of China	3.65%	25th Jan'24, 50 bps Cut		
Reserve Bank of Australia	4.35%	7th Nov'23, 25 bps Hike	6th Aug'24	Status Quo
Reserve Bank of India	6.50%	8th Feb'23, 25 bps Hike	8th Aug'24	Status Quo
Swiss National Bank	1.25%	20th Jun'24, 25 bps Cut	26th Sep'24	Status Quo

Gold Prices Rise Sharply in July

After a flat ending in June, gold is currently trading up 6% for the month of July (as of 17th July) while silver, which finished June down 3.4%, is currently trading up around 5.6% (as of 17th July). The rally in gold is on the back of increasing rate-cut expectations amidst softer inflation prints. Gold, being a non-yielding asset, benefits in lower interest rate environments. There also continues to be strong safe-haven demand for this precious metal.

Silver prices have also followed suit and reacted positively to increasing rate cut expectations. Silver's low unit cost and lower entry-level have also made it more attractive to retail investors. The improved sentiment has coincided with heightened industrial demand, particularly in India and China.

While both retail and industrial demand is growing, it's not just the demand driving silver prices. Silver is also facing a severe supply crisis as a deficit that began to emerge in 2021 continues to widen, with the Silver Institute forecasting that the deficit will reach 215 million ounces by the end of 2024.

Crude Prices Rebound in June

Crude prices rose by around 6% in June to trade at around $82 per barrel (WTI benchmark), amid the easing US dollar, easing inflation, and hopes of increased summer fuel demand in the US. Furthermore, the threat of a wider Middle East conflict and dangers from intensifying hurricanes lifted the positive momentum.

The Organization of the Petroleum Exporting Countries (OPEC) plus cartel, which includes Russia, agreed to extend most of its deep oil production cuts into 2025 in the latest meeting held in early June. They also announced that the production cuts would be extended by another 2.2 million Barrels Per Day (BPD) by the end of September 2024. This also contributed to the sharp rally in June.

China Factory Activity Contracts for a Second Straight Month

The official manufacturing purchasing manager index (PMI) for June was 49.5, mirroring May's reading and aligning with economists' predictions from a Bloomberg survey. A PMI below 50 indicates a contraction. The non-manufacturing measure of activity in construction and services fell to 50.5. This compares with a forecast of 51 and a May reading of 51.1.

China's growth slowed in Q2 to 5.1%, compared to 5.3% in the previous quarter. This would be the lowest rate in three quarters, though it should keep expansion for the first six months of the year at 5.2%, in line with Beijing's annual goal of around 5%.

Dollar Index Declines Sharply in July

The dollar index is down around 2% in July (as of 17th July), touching 103.3 levels to register its second monthly decline in 2024. The decline In USD has tracked the decline in the US yields, as the US economy has started to show signs of slowing down and inflation seems to be cooling off.

INR has remained largely stable against the USD in June, ending the month at around 83.36 (as of 30th Jun'24) as against 83.42 (as of the end of May).

Indian Macro Update:

India's macroeconomic landscape continues to be robust. The IMF recently revised India's GDP growth forecast for FY'25 upwards to 7% from 6.8% previously. They also projected India along with China to contribute nearly 50% towards global GDP growth in the current year. As highlighted below, most high-frequency indicators point towards continued robust trends across various aspects of the economy. Some key highlights are provided below:

Industry

- India's eight core industries growth decelerated marginally in May'24, registering a YoY growth of 6.3% as compared to 6.7% in Apr'24. Five out of eight sectors registered growth, led by electricity and coal which grew by 12.8% and 10.2% respectively, while fertilizers, crude oil, and cement contracted by 1.7%, 1.1%, and 0.8%, respectively.
- The Index of Industrial Production (IIP) growth inched higher in May'24 to 5.9%, from 5.0% in Apr'24, led by a double-digit uptick in electricity generation and consumer durables production. However, broader participation remained muted with 6 out of 23 subsectors in manufacturing registering declines.
- India's manufacturing PMI for Jun'24 came in at 58.3, higher than the previous month's reading of 57.5 in May'24. Stronger demand led new orders continued to be the major contributor, as firms raised employment to the highest rate in the past 19 years.
- Services PMI reading for Jun'24 emerged stronger at 60.5 compared to 60.2 in May, the lowest in five months. The growth was fuelled by a sharp rise in sales and business activity while international orders expanded at a record pace.

Fiscal

- GST collections continued its robust show, with Jun'24 collections at INR 1.74 trillion, as compared to INR 1.73 trillion in May'24. On a YoY basis, Jun'24 collections were up 8%.

- India's fiscal deficit for FY'24 stood at INR 16.54 trillion, or 5.6% of GDP, lower than even the revised budgeted estimate of 5.8% of GDP (revised lower from 5.9% as of Feb'23). The net tax receipts were at 100.1% of budgeted estimates.
- Total expenditure stood at INR 44.4 trillion (99% of budgeted estimates), with capital expenditure on infrastructure projects at INR 9.5 trillion.
- The Reserve Bank of India (RBI) announced the highest-ever surplus transfer to the government at INR 2.11 trillion for FY'24, 2.4 times the amount transferred in FY'23 which was INR 0.87 trillion. The transfer amount was more than twice the budgeted estimate of INR 1 trillion. The higher surplus transfer was owing to an increase in interest income led by an increase in domestic and global interest rates.

Trade

- India's merchandise trade deficit for Q1FY'25 increased to USD 62.3 billion from USD 56.2 billion as of Q1FY'24. The overall Imports for the quarter stood at USD 172.2 billion (growth of 7.5% YoY) while the exports equaled USD 110 billion (growth of 5.8% YoY).
- Export growth was led by drugs & pharma (+9.3%), crude oil (+9.3%), and chemicals (+7.6%). Imports were led by crude oil (+23%), non-ferrous metals (+14.5%) precious metals like gold & silver, and petroleum.
- Services Exports meanwhile increased at a sharper clip, up 12.2% in Q1'FY25 to USD 90.4 billion from 5.9% in Q1 FY'24. The imports also increased at a faster pace, up 11.5% to USD 50.7 billion from 0.9% growth witnessed during the same period the previous year. The overall services exports surplus grew to USD 39.7 billion from USD 35.1 billion in Q1'FY'24.
- India's current account turned surplus in Q4FY'24 by USD5.7 billion or 0.6% of the GDP. The current account deficit for Q4FY'23 stood at USD 1.3 billion or 0.2% of the GDP, while for Q3 FY'24 stood at USD 8.7 billion or 1.0% of the GDP.
- For overall FY'24, India's current account deficit stood at 0.7% of the GDP, significantly narrower than 2% of the GDP in FY'23. The net services receipts which grew 4.1% YoY and private transfer receipts which grew by 11.9% were the key contributors towards narrowing the current account deficit as well as surplus in Q4'FY24.

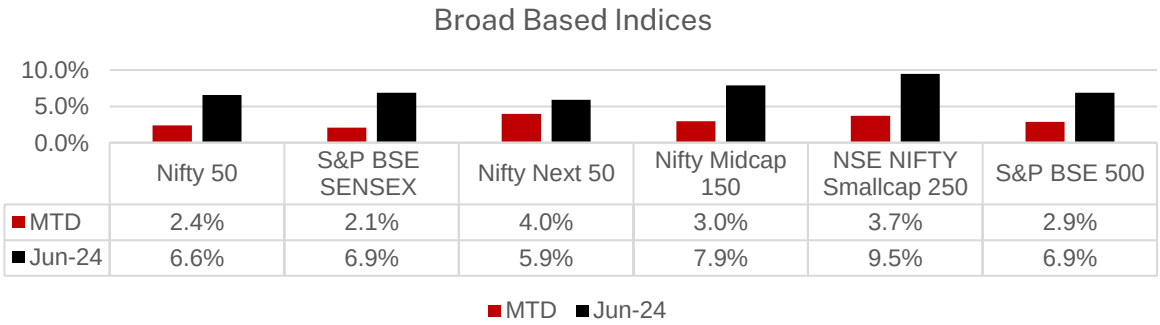
Indian Equity Update :

Overview:

The domestic equity indices continued their upward trajectory in July, with all eyes now turning to the Q1 earnings season, which commenced last week, and the upcoming budget announcement scheduled for July 23rd, which could provide further direction for the market.

As of 15 July 2024, the S&P BSE Sensex rose 2.1% to settle at 80,665. The Nifty 50 index on the other hand rose 2.4% to settle at 24,587. Both S&P BSE Sensex & Nifty 50 attained fresh record high levels.

Performances for the broader indices for the month of June & MTD (till 15th July 2024) are given below:



	Nifty 50	S&P BSE SENSEX	Nifty Next 50	Nifty Midcap 150	NSE NIFTY Smallcap 250	S&P BSE 500
MTD	2.4%	2.1%	4.0%	3.0%	3.7%	2.9%
Jun-24	6.6%	6.9%	5.9%	7.9%	9.5%	6.9%

Q1FY25 Earnings Expectations:

In Q1FY25, the market expects a modest earnings growth of ~ 3% YoY for Nifty 50 companies, mainly due to a large drag from the energy space. However, ex-energy, mainly BPCL & ONGC, Nifty 50 companies could deliver an 8% YoY growth.

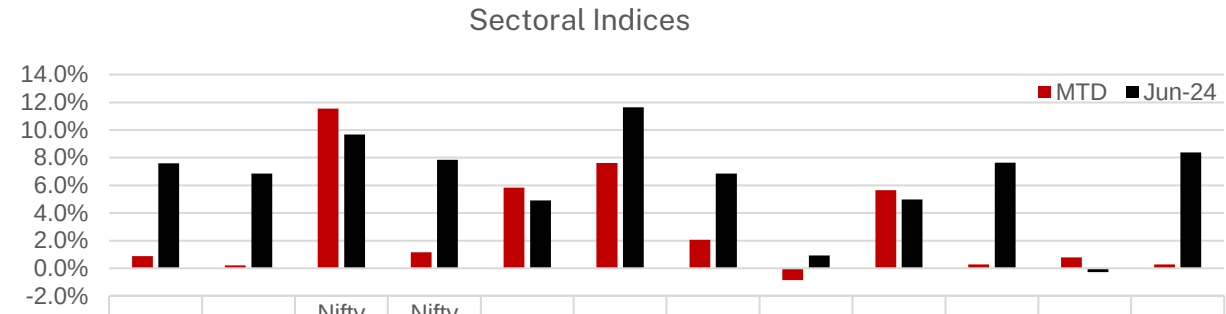
Domestic cyclical sectors such as banks, automobiles, and infrastructure/capital goods are expected to continue displaying strong momentum, but earnings growth is expected to be slower versus recent quarters owing to base effect. Most of the sectors are likely to see a marginal contraction in margins on a YoY basis in Q1, except automobiles.

The Nifty EPS for FY24 & FY25 remains broadly unchanged. The Nifty's valuation of 21.7/18.9x FY25/26E valuation looks reasonable given 14-15% earnings over the next 2-3 years coupled with an improving domestic macroeconomic print and a gradual improvement in the global outlook.

Some Key Sector Expectations:

- **Banks and NBFCs:** Banks are expected to report healthy performance with a slight moderation in earnings growth driven by weak Pre-Provision Operating Profit (PPoP) growth and gradual normalization of credit cost led by seasonality in asset quality. NBFCs are likely to report a mixed quarter. A seasonal weakness in growth, lower Net Interest Margins (NIMs), and marginally higher credit costs would lead to slightly lower earnings growth.
- **Automobiles:** Both OEMs and auto ancillary companies are expected to report healthy performance (YoY) in support of healthy growth in volumes. Premiumization trends, focus on product mix, and passing on higher costs to the customers is expected to drive operating performance.
- **Capital Goods**: Project-based companies are to report a good performance led by good order execution. In product companies, hot summers helped the growth of cooling products. Cables & Wires (C&W) companies are likely to see a decent quarter.
- **IT**: Tier-1 IT service companies to report marginal improvement, after a muted Q4FY24. They are likely to report a mixed Earnings Before Interest and Taxes (EBIT) margin trend. Moderate deal activity is expected in Q1FY25.
- **Cement**: Cement companies are expected to face softer demand and weak realizations for Q1FY2025 leading to a dip in overall operational and net profitability. The demand and pricing environment post Q2 FY2025 would be the key monitorable.
- **Power & Utilities:** Power demand grew 11% in Q1FY25 due to extreme temperatures across the country and a favorable base. Peak power demand of 250GW in May was the highest ever.
- **Consumer Discretionary:** Apparel and Quick Service Restaurants (QSRs) are likely to post muted performance with no major improvement in the mass-end discretionary products. Q1 will be a one-off quarter for hotel companies with lower revenue growth, affected by the general election and a heat wave in India.
- **Consumer Goods:** Companies will see a sequential improvement in volume growth with some revival in the rural demand. Adverse currency movement will impact international business performance. EBIDTA margins to stay high for most entities during the quarter.
- **Pharma:** A strong quarter is expected to be led by an uptick in US sales driven by the launch of specialty and complex products. India sales are expected to be in line with the Initial Product Mix (IPM), whereas Active Pharmaceutical Ingredient (API) sales are expected to recover due to stability in the prices of generics.

Movement in some crucial sectoral indices for the month of Jun'24 & MTD (till 15th Jul'24) is given below:



	Nifty Auto	Nifty Bank	Nifty India Defence	Nifty Fin Services	Nifty FMCG	Nifty IT	Nifty India Mfg	Nifty Metal	Nifty Pharma	NIFTY Private Bank	Nifty PSU Bank	Nifty Realty
MTD	0.9%	0.2%	11.6%	1.2%	5.8%	7.6%	2.1%	-0.9%	5.6%	0.3%	0.8%	0.3%
Jun-24	7.6%	6.9%	9.7%	7.8%	4.9%	11.7%	6.9%	0.9%	5.0%	7.6%	-0.3%	8.4%

FY25 Budget Overview :

The main budget for 2024-25 is most likely to shed light on vision of the government for the next five years and bring to focus the key themes that will help achieve the dream of making India a 'Viksit Bharat' by 2047.

This budget is anticipated to remain committed to the path of fiscal consolidation, and inch closer to the FY26 target of <4.5%, by bringing the fiscal deficit in FY25 to 4.9-5.1%, from 5.2% in interim budget (GDP for FY24 came in lower than what was assumed in the Interim Budget). This will be helped by additional fiscal space made available by the RBI's more-than-estimated surplus transfer and hopes of better-than-expected GDP growth this year.

Normal monsoon, gradual decline in inflation, softening of interest rates, and government's measures to boost consumption and investment will aid growth this year. As a result, enhanced spending on MGNREGA, PM KISAN, and PMAY schemes can be expected.

The capex is also expected at Rs 11.2-11.3 lakh crore for this year, to help crowd-in private investments. The markets will keep a watchful eye on borrowings which can change in case the fiscal deficit is altered from 5.2% as per the Interim Budget. Also, the sharing of the total borrowings between market and small savings would be of interest.

On the tax front, the following proposals may be important:

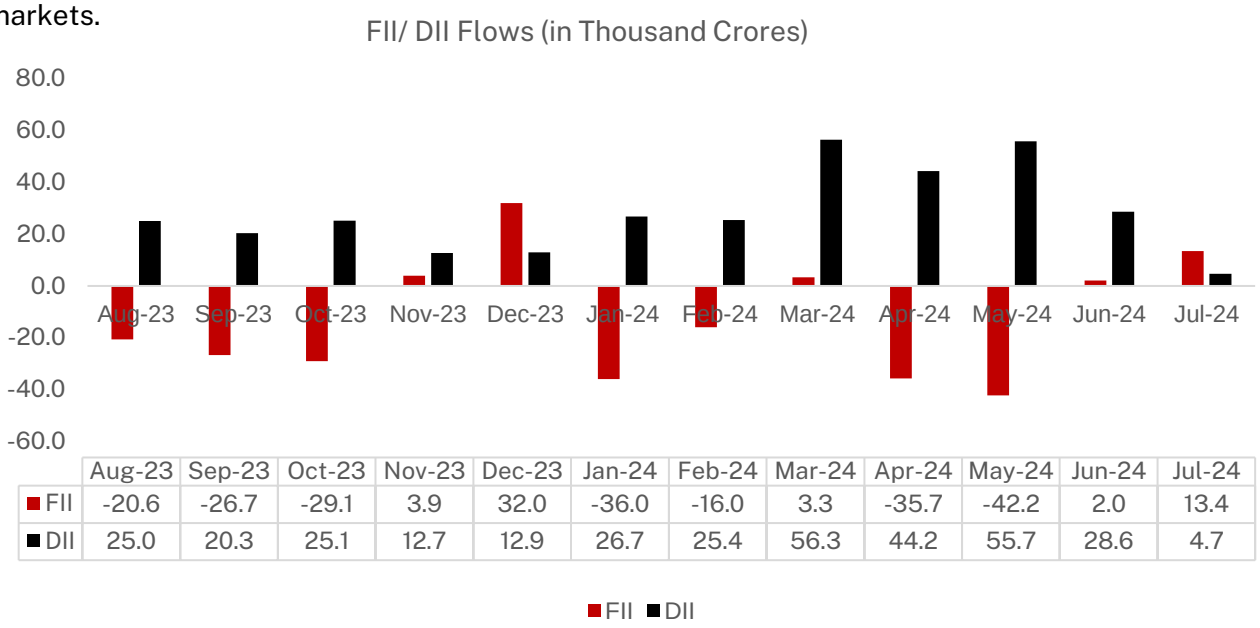
- To help sustain consumption growth and lighten the burden of consumers due to elevated prices in recent years, the government may increase the limits under standard deductions (new tax regime).
- To promote savings, exemption under 80C in the old tax regime may also be enhanced.
- To encourage people to buy homes, tax concession on interest paid can be increased.
- Custom duties on finished products of certain items may again be raised to correct the inverted duty structure.

FII/ DII Flows:

After being net sellers in April & May'24, a U-turn by Foreign Institutional Investor (FII) comes amid expectations that reforms will continue after the elections.

The FIIs turned net buyers in the Indian equity markets with total inflows worth INR 2,037 crores in Jun'24 & INR 13,403 crore in Jul'24 (as of 15th Jul'24).

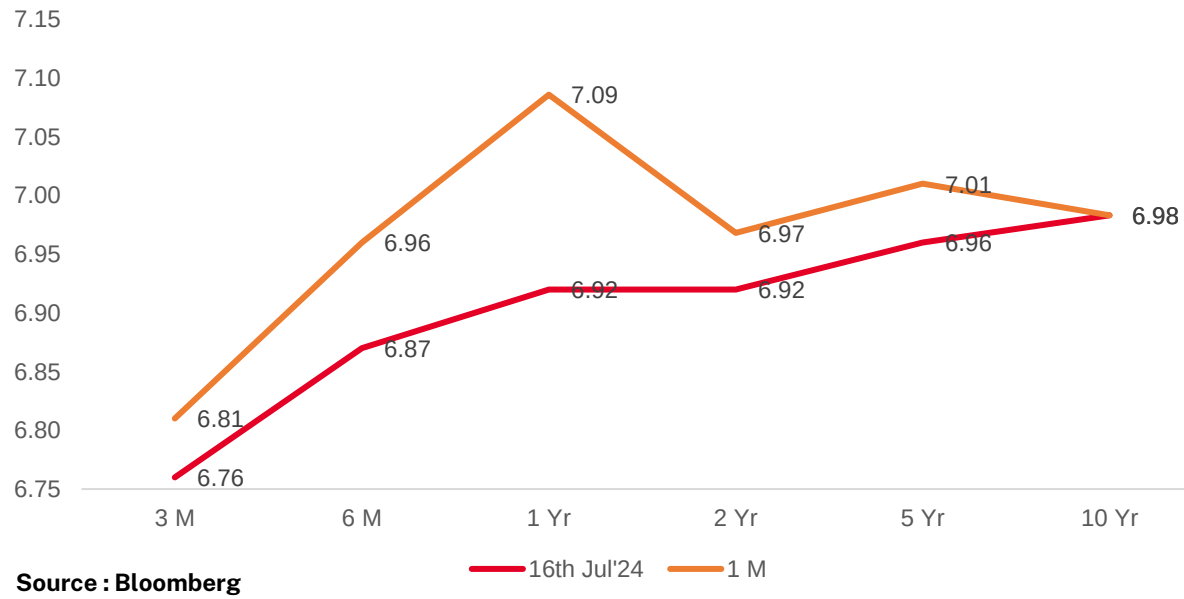
On the other hand, the Domestic Institutional Investors (DIIs) continued their buying streak and invested INR 28,633 crore in Jun'24 & INR 4,674 crore in Jul'24 (as of 15th July 2024)into the equity markets.



	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
FII	-20.6	-26.7	-29.1	3.9	32.0	-36.0	-16.0	3.3	-35.7	-42.2	2.0	13.4
DII	25.0	20.3	25.1	12.7	12.9	26.7	25.4	56.3	44.2	55.7	28.6	4.7

India Fixed Income Update :

The Indian sovereign yields, notwithstanding RBI's 'higher for longer stance', have seen a significant appreciation, tracking a favorable demand-supply scenario, higher liquidity in overnight markets, and a stable fiscal balance. The yield curve has witnessed a shift in the overall curvature since MTD Jun'24 with yields across tenors moving lower as can be witnessed in the graph below.



Source : Bloomberg

We are highlighting a few key existing and probable factors that are already impacting, or will further impact the Indian fixed-income yields below:-

- **System liquidity improves: The** Indian system liquidity turned surplus in June and MTD July, the average daily liquidity remained surplus at INR 1.06 trillion (for the month of May'24 with an average deficit of INR 1.38 trillion). This surplus liquidity aided a drop in shorter-end yields. As highlighted earlier, GST-related outflows are expected to act as a key liquidity drag, a phenomenon that is expected to persist as gross collections trend at all-time highs. The RBI in the recent past had announced Open Market Operation (OMO) purchases and similar measures may be expected from time to time to aid the liquidity scenario which will be supportive towards short-end yields.

- **Robust FPI Inflows in Jun'24 and MTD Jul'24:** The FPI flows in Indian debt markets returned starting the second half of May'24 and picked up pace in Jun'24 (inflows of USD1.7 billion) while MTD Jul'24 (as of 15th June) witnessed inflows worth USD 1.12 billion. **June 28th also marked India's official entry into JP Morgan's Emerging Bond Market Index**. The FPI holdings through the fully accessible route (FAR) saw a significant upswing from INR 1.77 trillion as of 15th Jun'24 to INR 1.93 trillion as of 15th Jul'24. Since 28th Jun'24, The FAR holdings inched up by USD ~0.8 billion, indicating flows through the ETF route.

- **The CPI inches higher:** India's headline inflation rose to 5.08% in Jun'24, up from 4.75% in the previous month as well as consensus estimates (4.8 – 5.0%), led by an increase in food inflation, at 9.55% compared to 8.70% in the previous month. A higher headline CPI validates RBI's current stance on holding interest rates at current levels and till food inflation shows signs of visible weakening, there is little room for a change in policy stance.

- **All eyes on the Union Budget :** Market participants will be eyeing the Union budget scheduled on the **23rd Jul'24**. From a bond market perspective, the fiscal deficit figure as well as the quality of expenditure will be keenly monitored. Broader expectations are aligned towards a fiscal deficit guidance of 4.9-5.0% for FY'25 (down from 5.6% in the previous fiscal) while maintaining the capital expenditure target set in the interim budget (up 11.11% from the previous fiscal). Market participants will also be tracking the path adopted by the Finance Ministry in utilizing the higher-than-anticipated surplus transfer from the RBI. Additionally, any further fiscal support to states will be monitored.

OIS Curve Remains Inverted:

The Indian Overnight Indexed Swap (OIS) Curve is normally taken as a lead indicator for the future interest rate trajectory. Compared to the 1-year OIS level of 6.77 and 5-year OIS level of 6.35 as of 14th May'24, they stood at 6.74 and 6.36 respectively as of 15th Jun'24. While the levels have cooled off across tenors, the inversion between 1-year and 5-year tenors continues.

Investment Outlook :

The election results and the volatility that ensued after the outcome acted as a timely reminder that equity markets can still be turbulent. However, with that out of the way and a stable political regime re-elected at the center, volatility has taken a breather with Nifty VIX steadying around the 14 handle, after hovering around the low 20s at the start of the month and peaking around 27 levels on 4th June. Focus now shifts to the Q1FY'25 earnings, with expectations of deceleration in earnings and profit growth as compared to the previous year, although some pockets are expected to deliver. The markets will be keenly eyeing the union budget presentation anticipated around the 23rd or 24th of Jul'24. While the continuation in stance with respect to fiscal prudence, infrastructure spending, and reduction of personal taxes will be supportive for markets, any increase in welfare spending and tweaks to capital gains taxation may lead to drawdowns.

We believe a combination of buoyant economic sentiments, return of private capex, robust fiscal, renewed consumer spending, and healthy bank and corporate balance sheets point towards continued momentum in Indian equities. We acknowledge there is exuberance in certain pockets within the investment universe which warrants additional caution, however in many entities, there is strong evidence of topline and bottom-line expansion and when viewed with this lens, the valuations seem adequate. However, we also believe that outperformance via re-rating may already have happened, and going forward earnings would increasingly form the basis for continued outperformance for stocks and equities overall as an asset class.

Indian fixed income as an asset class looks poised to deliver superior risk-adjusted returns based on a favorable demand scenario (backed by anticipated FPI flows and stable demand from DIIs), robust fiscal balance centered around policy continuity (post stable mandate in the center), easing inflation and peak interest rate environment. While there may be a probable extension in the 'higher for longer' stance from the RBI's Monetary Policy Committee (MPC), we do visualize an interest rate cut over the next 9-12 months. Additionally, healthy corporate balance sheets and an upbeat macroeconomic landscape augur well for investors looking at corporate bond issuances across the credit curve.

Tighter liquidity conditions combined with a marginal uptick in volatility and green shoots with respect to sector rotation make for attractive opportunities in the market-neutral category as an asset class. While geopolitical issues have been pushed to the back burner, they can still aid risk-off sentiments as was witnessed in the recent past. Also, with the global economy on a path of policy divergence and in varying states of the macro-economic and political landscape, volatility may remain elevated in the near term, necessitating the need for a portfolio and asset class hedge at all points of time.

Deployment Overview:

We encourage investors to adhere to 'Asset Allocation' and calibrate investment decisions by carefully monitoring the ever-evolving economic and geopolitical data points. Marrying our in-house Asset Allocation framework with our current stance on markets (as explained above), we build an investment outlook as follows –

- Indian equities, especially well-managed mid and small-cap portfolios, have contributed phenomenally towards investor portfolio returns in CY'23 and YTD CY''24 while large cap portfolios lagged the broader markets. On a YTD basis, large cap index has turned around with Nifty Next 50 being the best performer (+36.8%), followed closely by Nifty Small cap 100 (+22.7%), and Nifty Midcap 150 (+21.9%). On a one-month basis, we can see sector rotation at play with FMCG and IT indices back in reckoning. We continue to be bullish on equities as an asset class with India being among the fastest growing major economies over the next few years.

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- The US economy is showing signs of decline and interest rates are poised towards a decline, while major economies in the world grapple with concern around economic growth even as interest rates hover around the targeted range. This situation coupled with continued geopolitical escalations in the Middle East and Eastern Europe is expected to keep the global markets tentative. Hence, Volatility Hedge strategies primarily played out through a judicious mix of market neutral and select long-short strategies can be considered.
- The Indian fixed income as an asset class presents a two-fold opportunity. Tighter liquidity conditions have ensured attractive yields up to 1 year across the credit curve, while the mid to longer end yields continue to present an attractive entry point. We believe a well-managed fiscal deficit, along with a favorable demand-supply scenario which is emerging currently via the Index inclusion and resultant inflows does warrant a built-up in portfolio duration. However, considering the lack of visibility towards a policy pivot from the RBI, the positioning may be built over the remainder of Q2 and Q3'CY'24. We also believe the interest rate compression will be played out in a shorter timeframe of 6-12 months with the RBI expected to taper rates marginally (75-100 bps). The corporate yields in the 2–5-year bucket meanwhile continue to be attractive and selective credit opportunities may be considered via pooled vehicles like AIF.
- Our view on maintaining a steady allocation to gold has reaped steady returns for investment portfolios over the past year and we continue to be bullish on the commodity as a vital asset allocation tool, especially in the current economic and geopolitical backdrop.

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Please read the Disclosure Document of the proposed investment before investing.

MF Specific Risk Factors: Mutual Fund investments are subject to market risks, read all scheme related documents carefully.