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THE CHANGING FORMATION

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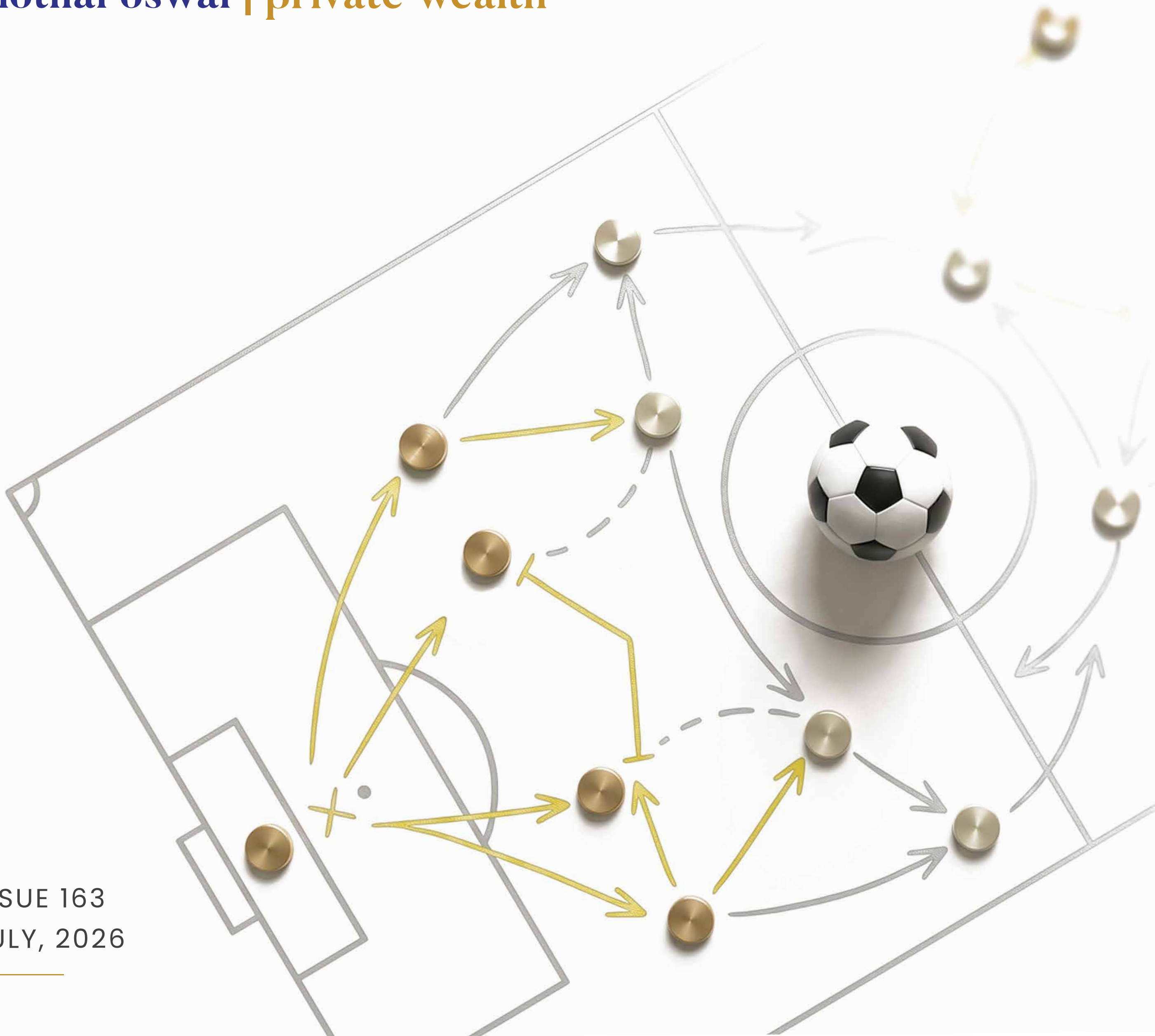


ISSUE 163
JULY, 2026

Contents

The global investment landscape is undergoing a shift as several long-standing market relationships and trends evolve. A stronger U.S. dollar no longer consistently translates into emerging market underperformance, U.S. equity performance is broadening beyond mega-cap technology, and crude oil has rapidly transitioned from supply shock to surplus.

A sharp ~30% correction in crude oil price before inching up again has been the defining macro development over the past month. The correction in price has materially improved India's macroeconomic outlook by easing inflationary pressures, strengthening the external account, and pushing domestic bond yields lower. While geopolitical risks remain and warrant monitoring, the decline in crude prices has created a more favourable backdrop for growth.

India remains well positioned to benefit from multiple long-term structural growth drivers, including a revival in the capital expenditure cycle, expansion of Global Capability Centres (GCCs), improving manufacturing competitiveness, and progress on trade agreements. India's contribution to global corporate profits and GDP continues to exceed its representation in global equity indices, leaving room for higher global allocations over time. With valuations moderating over the past 18 months, the market now offers a more balanced risk-reward opportunity.

Against this backdrop, shorter economic cycles, faster change in sector leadership, and greater return dispersion are reshaping investment opportunities.

> *“Much like a football manager who adapts formations to opponent or changing match conditions, investors also need to embrace **“The Changing Formation”** by adopting greater flexibility and agility in portfolio construction.”*

Ashish Shanker
MD & CEO,
Motilal Oswal Private Wealth

As market breadth improves and leadership broadens beyond benchmark constituents, the broader market presents attractive opportunities. Compared with the Nifty 50, the mid- and small-cap universe has significantly higher representation of high-growth sectors such as capital goods, manufacturing, renewable, healthcare and other new-economy businesses. In the current environment, these segments can provide investors with diversified exposure to structural growth themes beyond the traditional large-cap universe. Supported by improved valuations compared to Sep'24, this strengthens the case for increasing our earlier overweight allocation further in mid- and small-cap strategies.

We continue to maintain a Neutral stance on equities while recommending a portfolio allocation of 40% Hybrid/Large Caps, 10% Global Equities, and 50% Mid & Small Caps, reflecting a 10% increase in our overweight position towards the broader market. Lump-sum investments may be considered in hybrid strategies at current levels, while investments in pure equity portfolios should be staggered given prevailing uncertainties. Any meaningful market correction should be utilised for more aggressive deployment.

Within fixed income, the RBI's calibrated measures to support capital inflows, together with lower crude oil prices, have helped stabilise domestic bond markets and moderate government bond yields to ~6.7-6.8%. While yields are expected to remain broadly range-bound, periodic volatility from geopolitical developments or inflation risks cannot be ruled out. Thus, we continue to favour accrual strategies as the core fixed income allocation, with exposure across the credit spectrum complemented by income-generating assets like InvITs and liquid alternatives e.g. arbitrage funds and conservative SIF strategies.

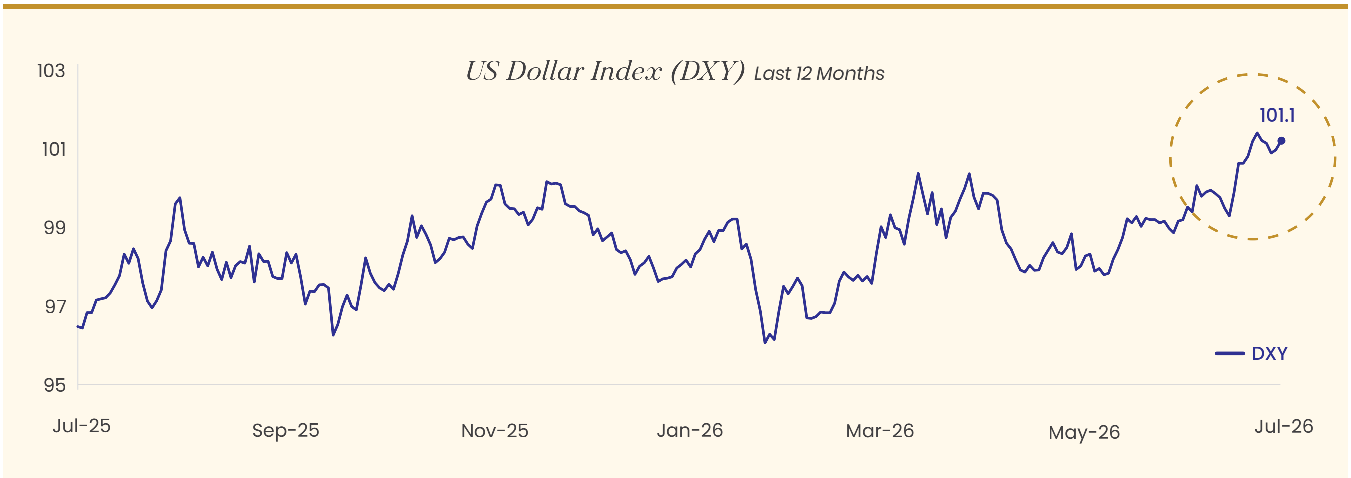
Sustained central bank buying continues to support gold structurally, though elevated real rates should keep prices range-bound near term. We stay neutral on precious metals overall, favoring gold as the core holding for its role as a portfolio stabilizer and hedge against currency and geopolitical risks. Silver benefits from strong industrial demand, a persistent supply deficit, and a better entry point after its recent correction — but its higher volatility warrants only measured, selective exposure.

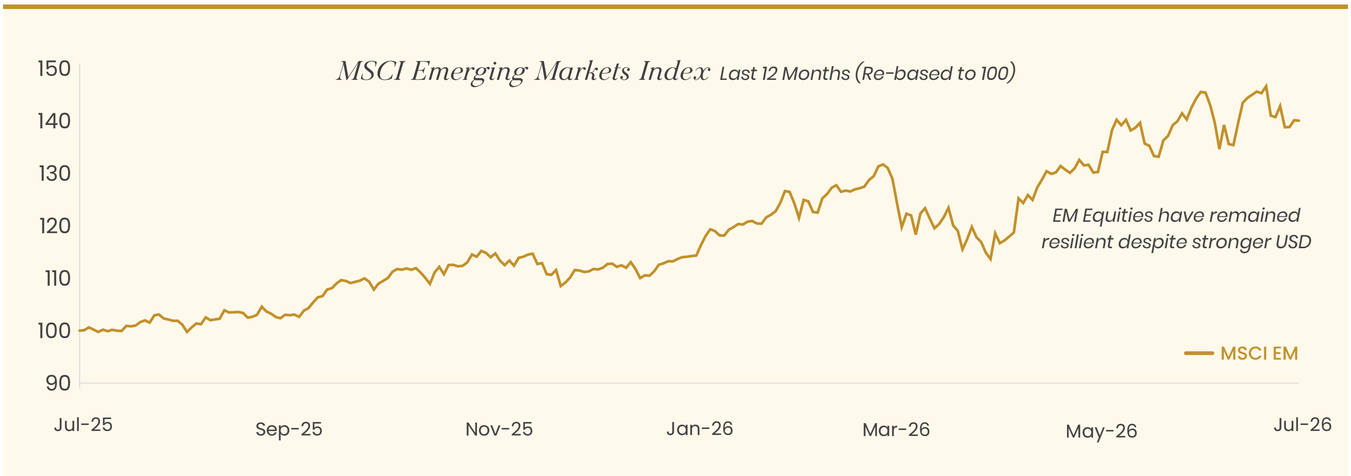
Happy Investing!

Global investment landscape is undergoing a shift as several long-standing market relationships evolve

Stronger U.S. dollar no longer consistently translates into emerging market underperformance...

RISING DXY ≠ UNDERPERFORMANCE IN EMs





KEY TAKEAWAYS

Recent DXY strength is primarily driven by higher US short-term yields and anticipation of higher interest rates. A stronger DXY is a headwind – not an automatic sell signal

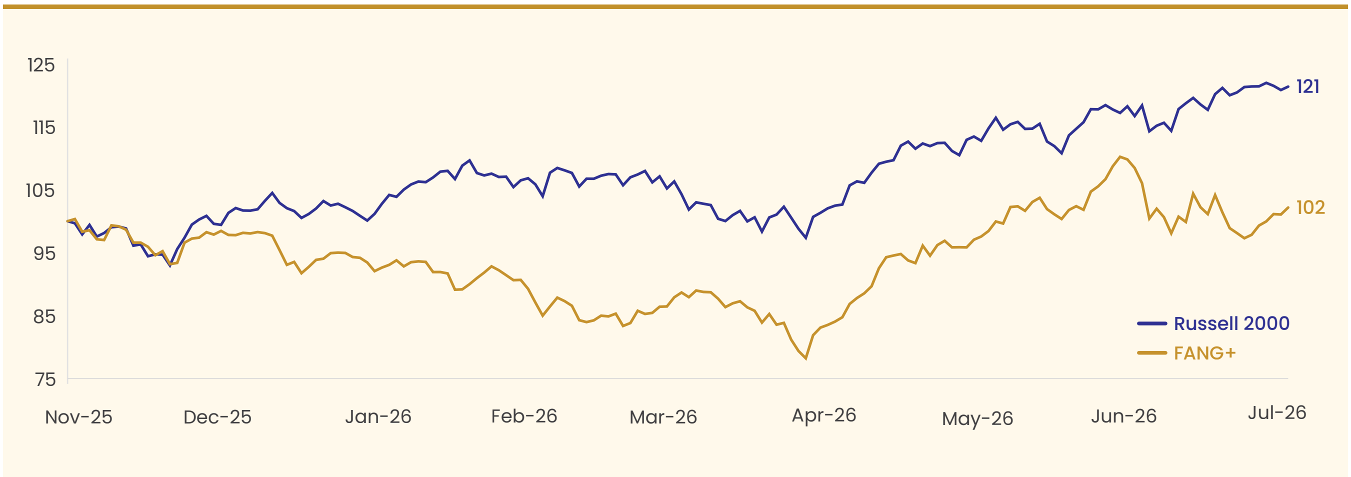
Historical DXY–EM relationship has weakened – EM can no longer be viewed as a homogeneous basket

Short-term rate tightening can keep DXY resilient – EM performance is increasingly likely to be determined by domestic economic fundamentals and corporate earnings, rather than by the direction of the U.S. dollar alone.

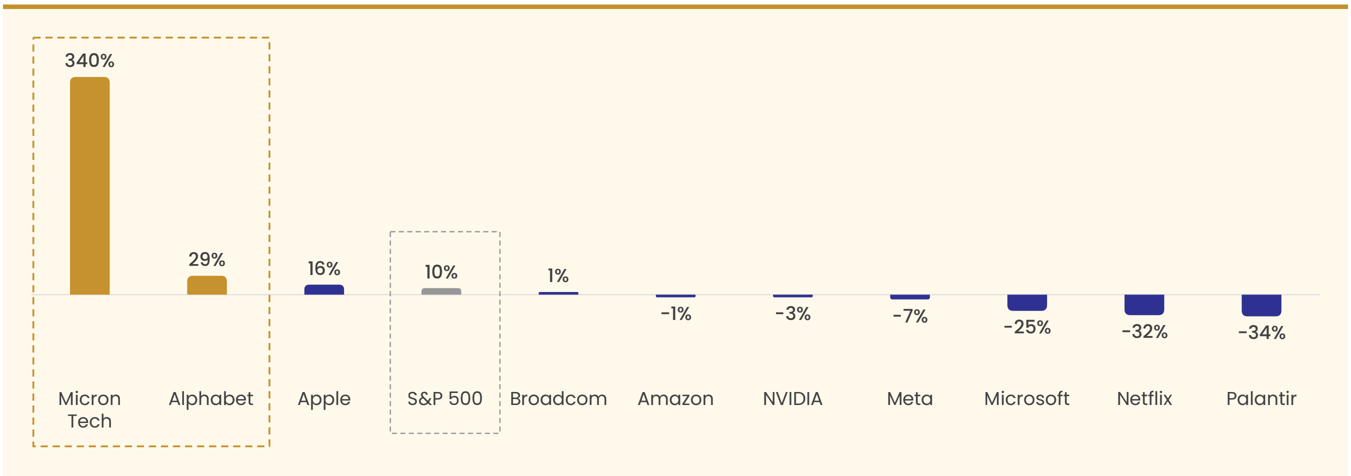
Source: Investing.com, BlackRock Weekly Commentary (29th June 2026). Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

U.S. equity leadership is broadening beyond mega-cap technology...

US LARGE CAP VS SMALL CAP (PERFORMANCE DIVERSION)



PRICE PERFORMANCE WEAKNESS WITHIN FANG+ (%)



WHY IS THIS HAPPENING?

SMALL-CAP CATCH-UP

Russell 2000 has outperformed sharply after years of relative underperformance, supported by improving risk appetite and lower-rate expectations.

FANG+ STRENGTH IS NARROW

FANG+ return is being held up by only a few names, mainly Micron, while most constituents have delivered weak/negative returns.

MEGA-CAP TECH FATIGUE

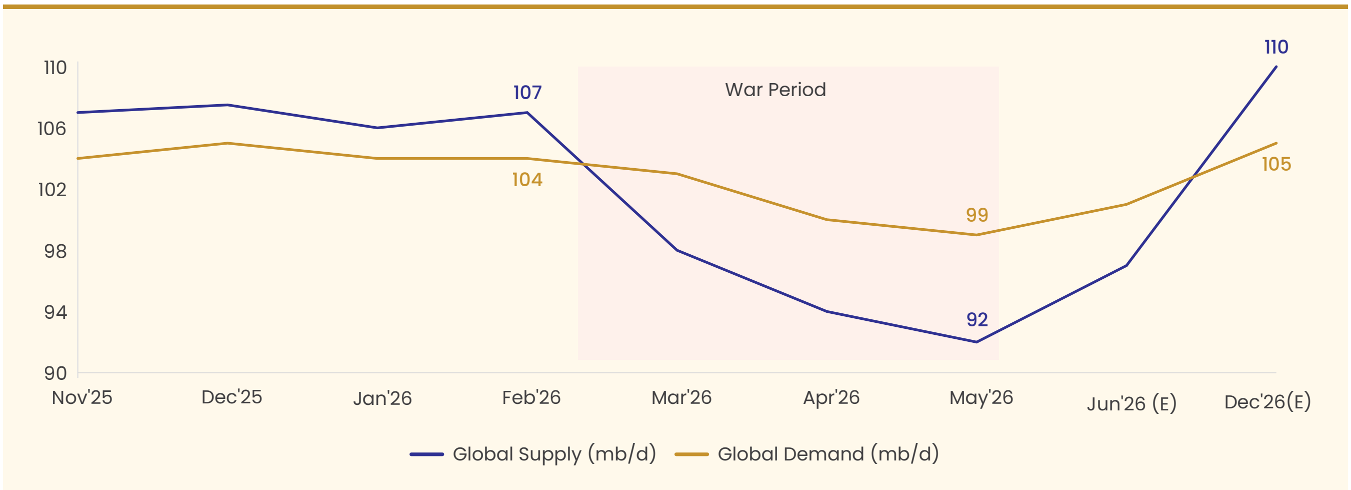
Markets are questioning elevated AI expectations, high capex intensity and rich valuations, leading to selective fatigue in mega-cap tech.

Key Takeaway: Leadership has rotated from concentrated mega-cap tech towards broader markets.

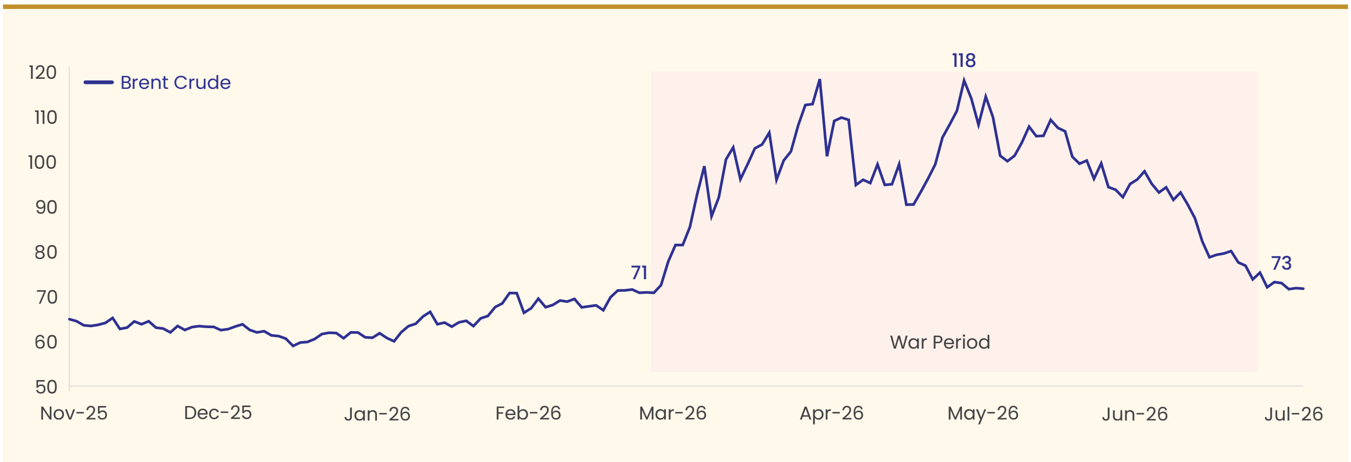
Data Period: 31st Oct'25 – 6th Jul'26; Source: Internal Research, Investing.com. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

And, crude oil has rapidly transitioned from supply shock to surplus

GLOBAL OIL DEMAND AND SUPPLY



BRENT CRUDE PRICE $/BBL



KEY REASONS

Reopening of the Strait of Hormuz : US and Iran signed a memorandum of understanding to end the conflict and reopen the Strait of Hormuz

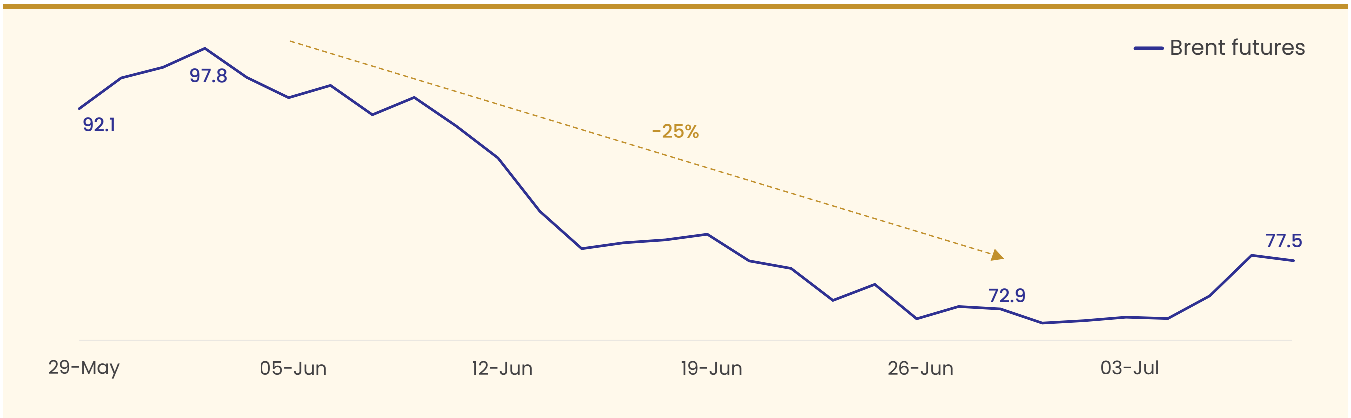
Sharp drop in Chinese demand : China, the world's largest crude importer, has reduced its oil imports by roughly about 4.6 million barrels per day (~5% of global supply)

UAE's exit from OPEC in May led to increase in supply from UAE compared to its OPEC Quota

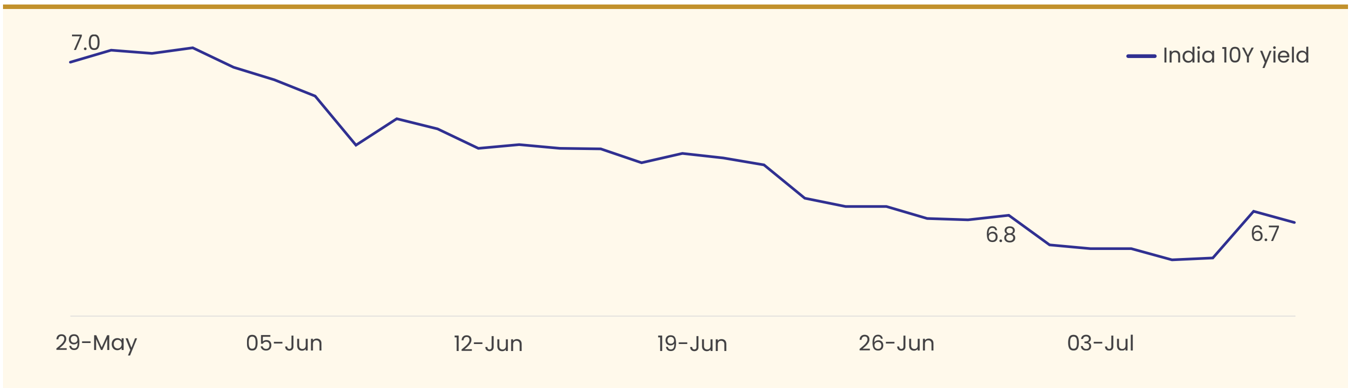
Source: IEA, EIA, Trading Economics, Investing.com, RBI DIBE and Internal Research. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

Decline in crude prices has created a more favourable backdrop for Indian economic growth

BRENT OIL FUTURES (USD)

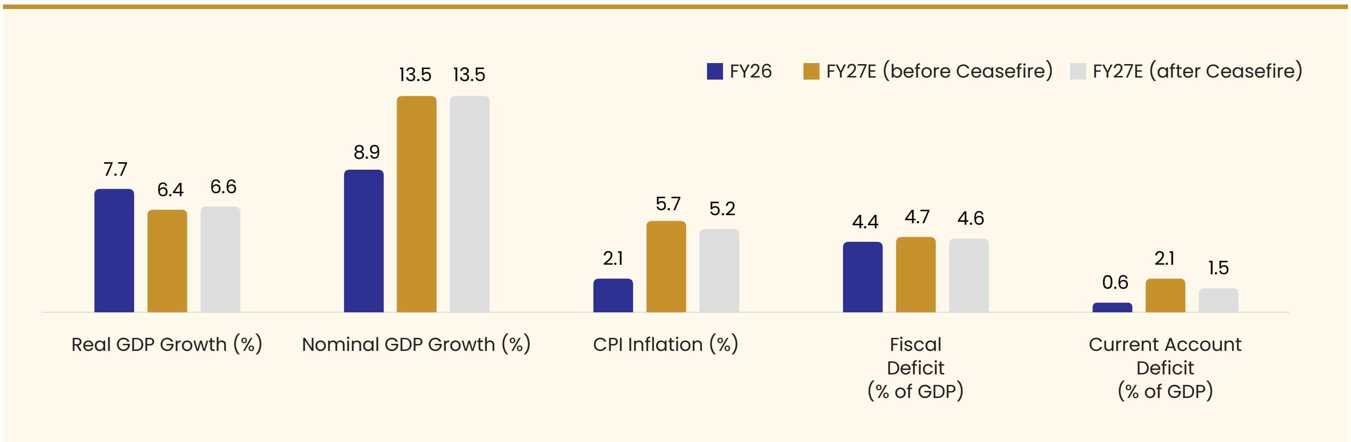


10Y Yield (%) – India



A sharp correction in crude oil price has improved India's macroeconomic outlook by easing inflationary pressures, strengthening the external account, and pushing domestic bond yields lower.

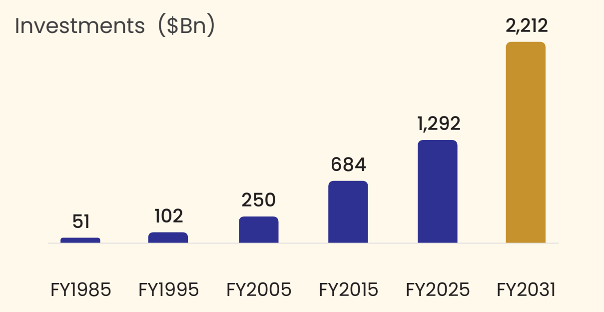
INDIA: MACRO OUTLOOK IMPROVES POST CEASEFIRE



Source: Kotak Monthly DeKode, Internal Research, Investing.com. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

India remains well positioned to benefit from multiple long-term structural growth drivers

REVIVAL IN THE CAPITAL EXPENDITURE CYCLE



Investment To Increase 1.8x, To US$2.2tn By F2031e

Investment as a % of GDP to peak at 37%

Key drivers of capex – Data Centre Buildout, Renewable Energy, Grid Storage, Infrastructure, Defence

GCC AS INDIA'S EMPLOYMENT AND SECTORAL GROWTH ENGINE

$470—600 B

SERVICES EXPORTS

(by 2030)

4,200+

NEW GCC UNITS

(projected by 2030)

EMPLOYMENT SCALING: 2.3M (FY26) ⟶ 4.5M BY 2030

350–500k jobs p.a. through 2030

Shift from entry-level to specialist roles (AI, governance, domain expertise)

28% wage premium vs. median tech; formal benefits + skill development

Sectoral Expansion: Beyond BFSI/IT into Healthcare, Auto, Retail, Energy

PROPOSED TRADE AGREEMENTS COULD INCREASE EXPORTS BY ~$53BN

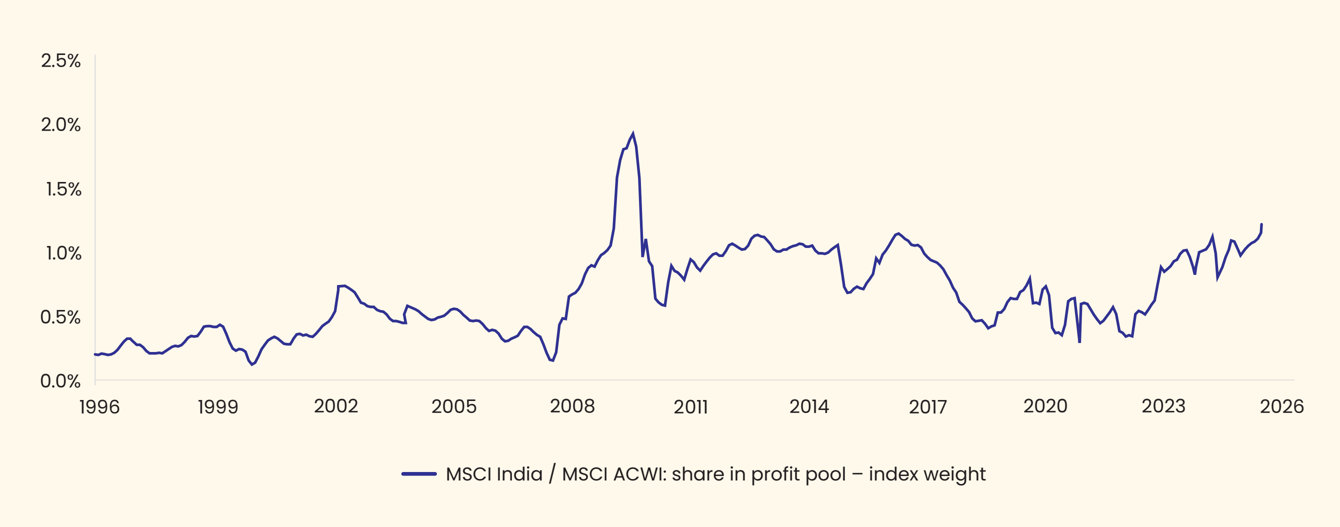
FTAS PARTNERS ($, BN)	EXPORTS			SHARE IN IMPORTS		POTENTIAL INCREASE PER YEAR
	2025	2026E	2029E	2026E	2029E	
EU	88	92	183	1.10%	1.80%	30.2
USA	93	97	144	2.60%	3.40%	15.8
UK	14	14	25	1.50%	2.20%	3.6
UAE	39	41	51	8.70%	9.50%	3.5
Total	233	244	404	1.80%	2.50%	53

Source: Kotak MF, Edelweiss MF, Nasscom Zinnov GCC Value Orbit Report – May 2026, Avendus Spark, Internal Research

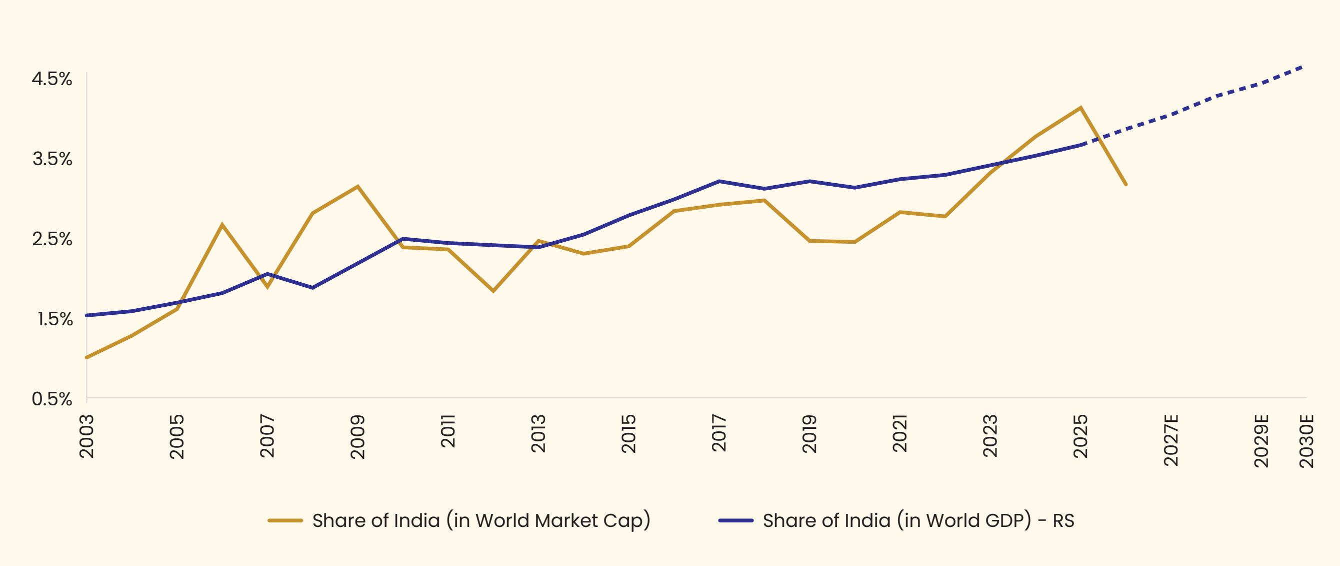
Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

India has stronger fundamentals, moderated valuations; still lower global representation

INDIA'S PROFIT SHARE AT ITS HIGHEST RELATIVE TO INDEX WEIGHT



MARKET CAP TO GDP OF INDIA < MARKET CAP TO GDP OF WORLD



Source: Bloomberg, RIMES, MSCI, Morgan Stanley Research, MOFSL. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

India has stronger fundamentals, moderated valuations; still lower global representation

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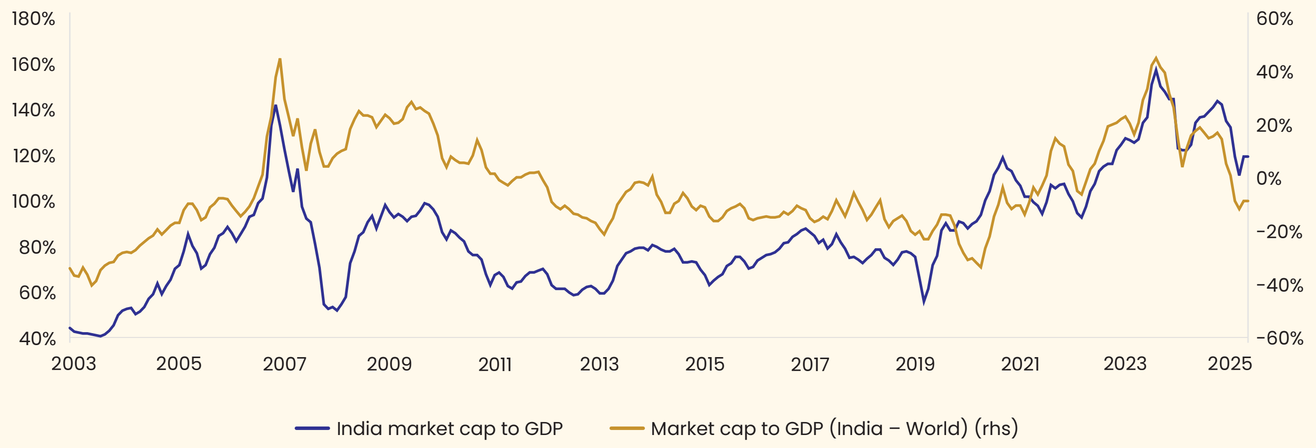
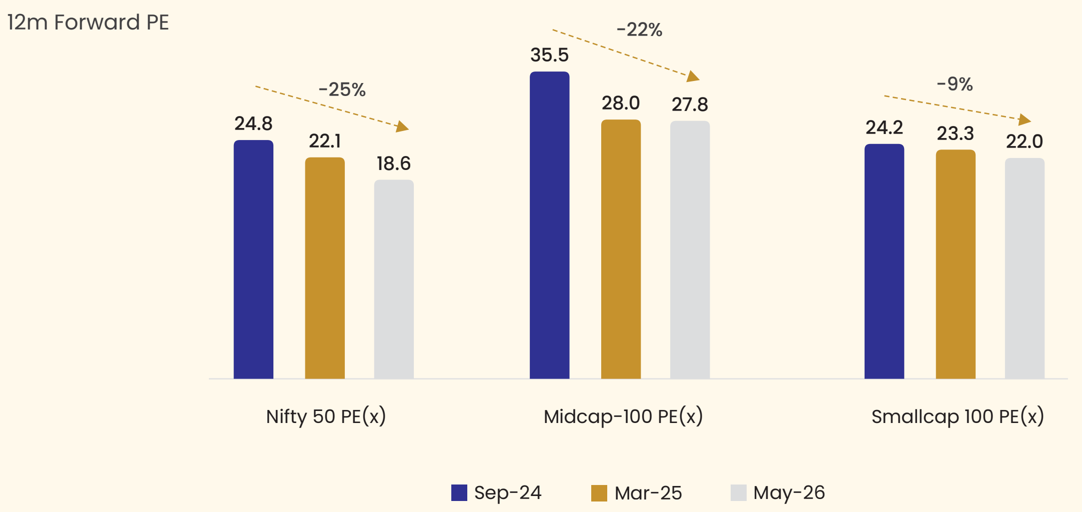


VALUATIONS OF KEY BENCHMARK INDICES CORRECTED SIGNIFICANTLY FROM THEIR SEP'24 HIGHS

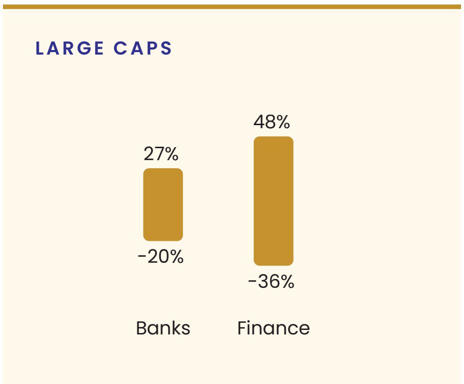


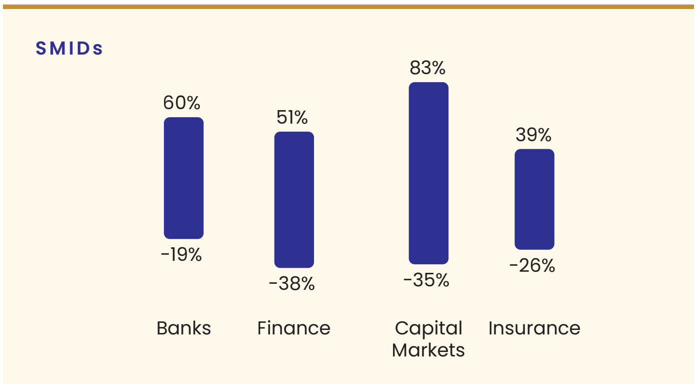
Source: Bloomberg, RIMES, MSCI, Morgan Stanley Research, MOFSL. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

Changing sectoral leadership and greater return dispersion is reshaping investment opportunities

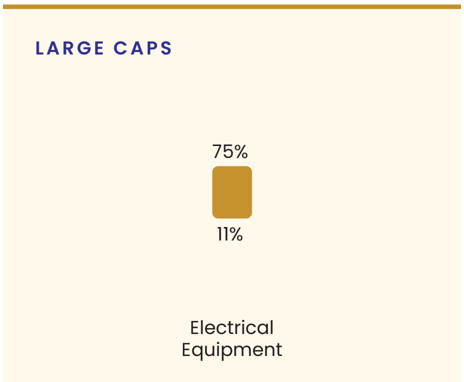
The data below captures the range between the best- and worst-performing stocks across select sectors and market-cap segments, highlighting the significant dispersion within each category.

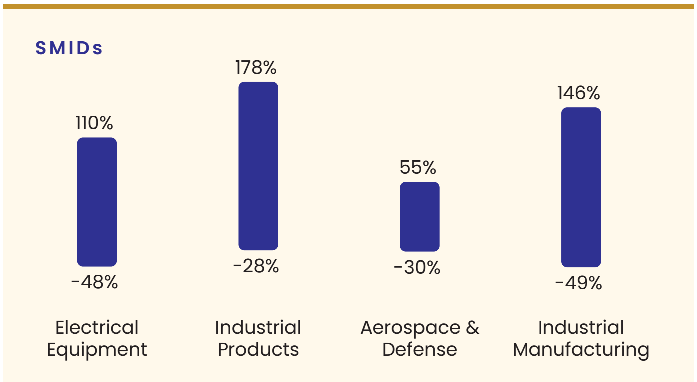
FINANCIAL SERVICES



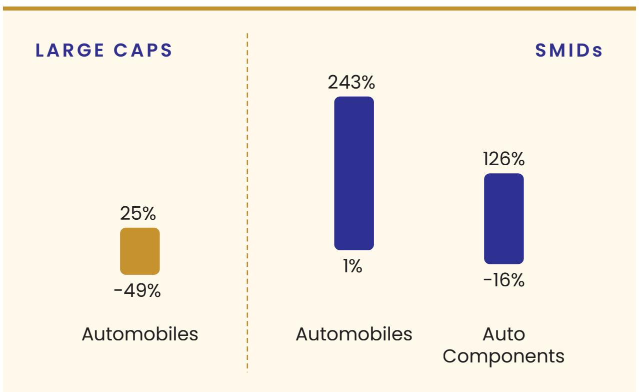


CAPITAL GOODS

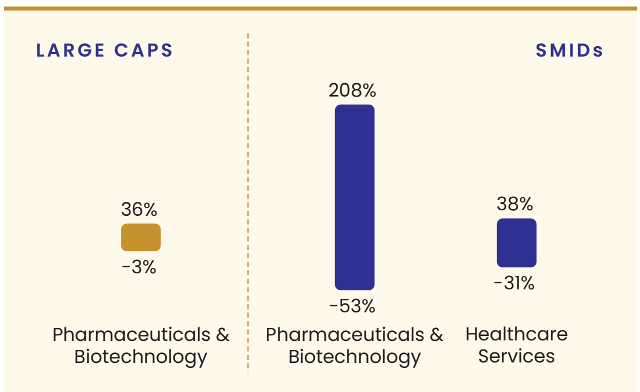




AUTO AND AUTO COMPONENTS



HEALTHCARE



Data Period: 30th Jun'25 – 30th Jun'26. Source: ACE MF, ACE Equity, Internal Research. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

Active management is increasingly becoming more critical to capture emerging sources of alpha

CATEGORY	1 MONTH	6 MONTHS	1 YEAR
Large Cap (Mean)	4.8	-3.6	-1.4
Large Cap (Median)	5.0	-4.1	-1.4
Nifty 50 TRI	1.7	-7.4	-5.4
% of funds outperforming the benchmark	97%	100%	94%
Mid Cap (Mean)	3.9	3.4	5.4
Mid Cap (Median)	3.8	3.4	5.9
Nifty Midcap 150 - TRI	1.0	3.5	4.2
% of funds outperforming the benchmark	97%	48%	70%
Small Cap (Mean)	5.3	8.9	6.4
Small Cap (Median)	5.4	8.5	6.0
Nifty Smallcap 250 - TRI	4.3	7.7	0.1
% of funds outperforming the benchmark	81%	55%	83%
Flexi Cap (Mean)	4.7	-0.6	1.1
Flexi Cap (Median)	4.9	-1.4	0.6
Nifty 500 - TRI	1.7	-2.4	-1.7
% of funds outperforming the benchmark	93%	61%	75%
Multi Cap (Mean)	4.6	2.2	3.2
Multi Cap (Median)	4.7	2.1	3.5
Nifty500 Multicap 50:25:25 – TRI	2.1	0.1	-0.6
% of funds outperforming the benchmark	97%	72%	84%

Data as on 30th Jun'26. Source: Internal Research, ACE MF. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

Compared to Nifty 50, SMID universe has significantly higher representation of high-growth sectors

SECTOR	REVENUE (%)		PAT (%)		TOTAL NO. OF COMPANIES	NO. OF SMID	% OF SMID
	FY27E	FY28E	FY27E	FY28E			
Real Estate	23%	27%	29%	31%	15	13	87%
EMS	39%	24%	41%	48%	7	7	100%
Capital Goods	11%	22%	14%	24%	19	11	58%
Infrastructure	15%	22%	27%	44%	3	3	100%
NBFC - Lending	18%	19%	18%	21%	29	23	79%
Others*	22%	19%	58%	39%	42	39	93%
Logistics	15%	18%	16%	33%	9	8	89%
Retail	19%	16%	23%	23%	26	23	88%
Total					150	127	85%

SECTOR	REVENUE (%)				PAT (%)			
	FY27E - LC	FY27E - SMID	FY27E - LC	FY27E - SMID	FY27E - LC	FY27E - SMID	FY27E - LC	FY27E - SMID
Real Estate	19%	25%	17%	32%	22%	34%	19%	41%
EMS	--	39%	--	24%	--	41%	--	48%
Capital Goods	10%	21%	22%	22%	12%	30%	23%	33%
Infrastructure	--	15%	--	22%	--	27%	--	44%
NBFC - Lending	19%	18%	20%	19%	16%	21%	21%	21%
Others*	35%	17%	29%	14%	1037%	17%	46%	37%
Logistics	16%	14%	17%	18%	14%	23%	32%	37%
Retail	21%	17%	17%	14%	20%	27%	20%	27%

"Others" includes internet/platform companies, travel & hospitality, building materials, specialty industrials, staffing/business services and select new-age consumption names. **Example:** Eternal, Swiggy, One97, FSN E-Commerce, InterGlobe Aviation, Indian Hotels, TBO Tek, Indegene, Inventurus, APL Apollo, Astral, Supreme Industries, Gravita, MTAR Tech and Va Tech Wabag.

Sectors in the MOFSL universe with >15% revenue growth and >20% PAT growth have been taken. ~85% of these companies are SMIDs

Common Theme: India's domestic growth cycle across manufacturing, infrastructure, urbanisation, energy transition and logistics formalisation, represented through **EMS, Capital Goods, Infrastructure, Real Estate and Logistics.** This is complemented by credit growth and premium consumption through **NBFCs** and **Retail,** while the **"Others"** bucket adds exposure to digital platforms, travel, building materials, speciality manufacturing and business services.

Source: Motilal Oswal India Strategy Q4 Earnings Report, Internal Research. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

RBI's Calibrated Measures:

Rates, Liquidity, Currency, Inflation

MONETARY POLICY

Repo rate cut 125 bps cumulatively since Feb-2025 to 5.25%; maintained the status quo, highlighting the RBI's balancing act between rising inflation risks and moderating growth ; RBI to remain data dependent

LIQUIDITY MANAGEMENT

Durable liquidity of Rs.4,955bn (31-May-26) expected to increase to ~Rs.9,233bn by 30-Sep-26 — driven by ~Rs.4,128bn of net FX purchases, partly offset by CRR & CIC leakage effects.

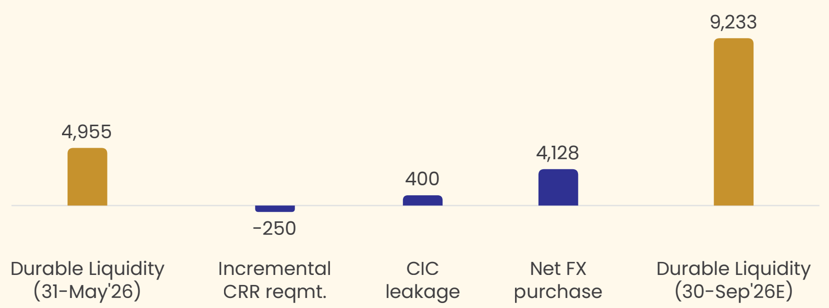
CURRENCY MANAGEMENT

INR fell to a low of ~96.8/USD before RBI's 5-Jun FX package (FCNR(B) hedge support, ECB swap window, FAR expansion) helped it recover to ~94.4/USD by Jun-2026.

INFLATION WATCH

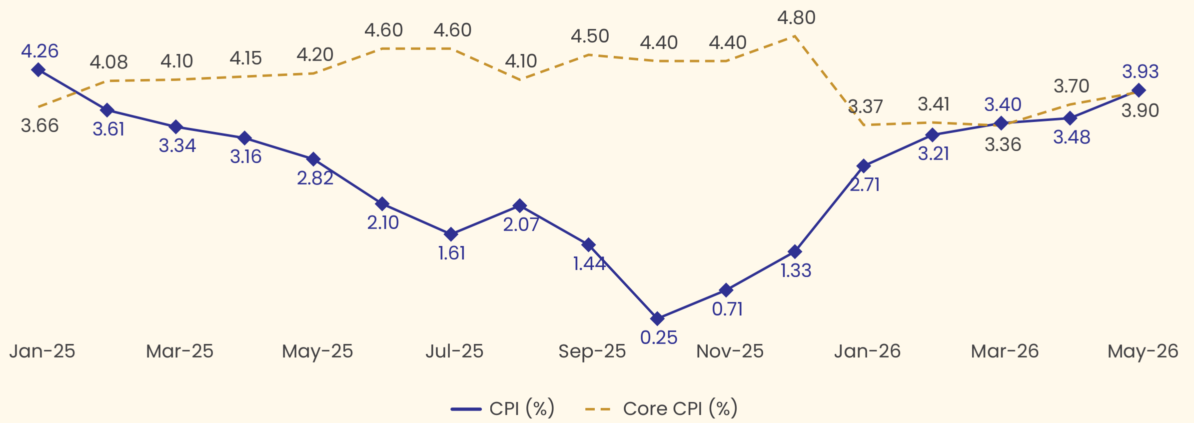
CPI remains contained, but monsoon & crude are key swing factors. WPI inflation jumped from 4.0% (Mar-26) to 8.3% (Apr-26) and 9.7% y-o-y (May-26) on the oil/commodity shock;

DURABLE LIQUIDITY BUILD UP (INR BILLION)



CPI REMAINS CONTAINED – WITHIN RBI'S TARGET OF 4.2% Q1FY27

CPI & CORE CPI TREND

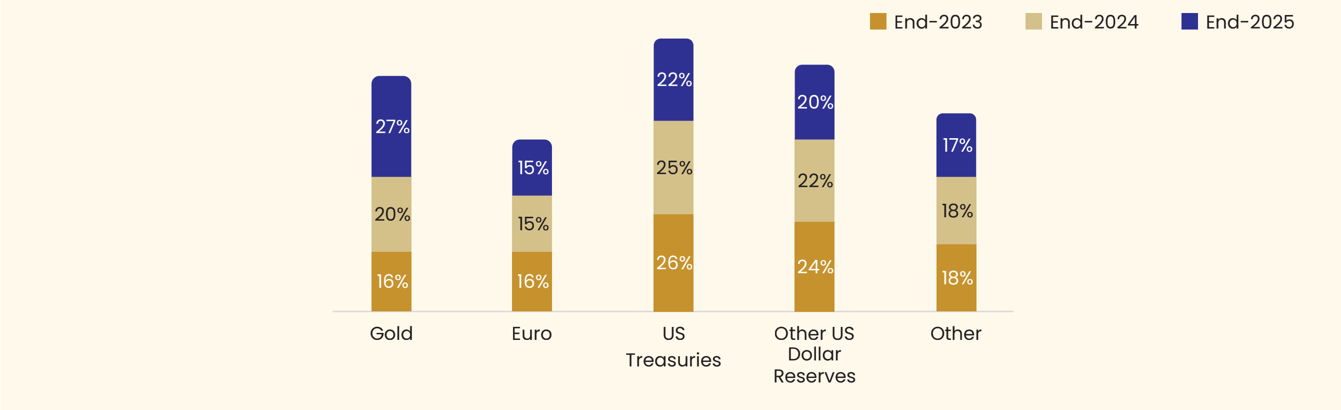


Source : MOSPI, SBIAMC, Investing.com, Internal Research. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

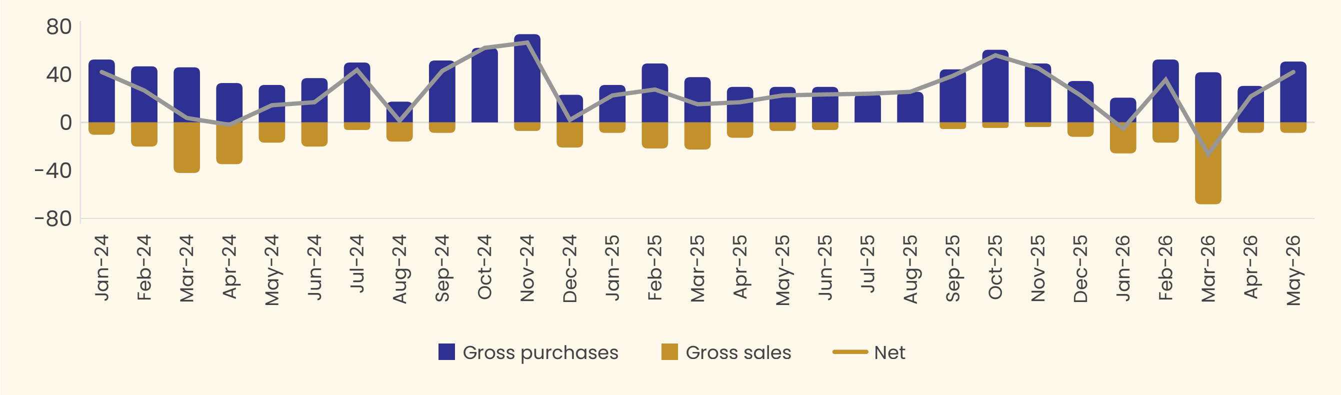
Sustained central bank buying is providing support,

but prices to remain range bound amidst elevated interest rates

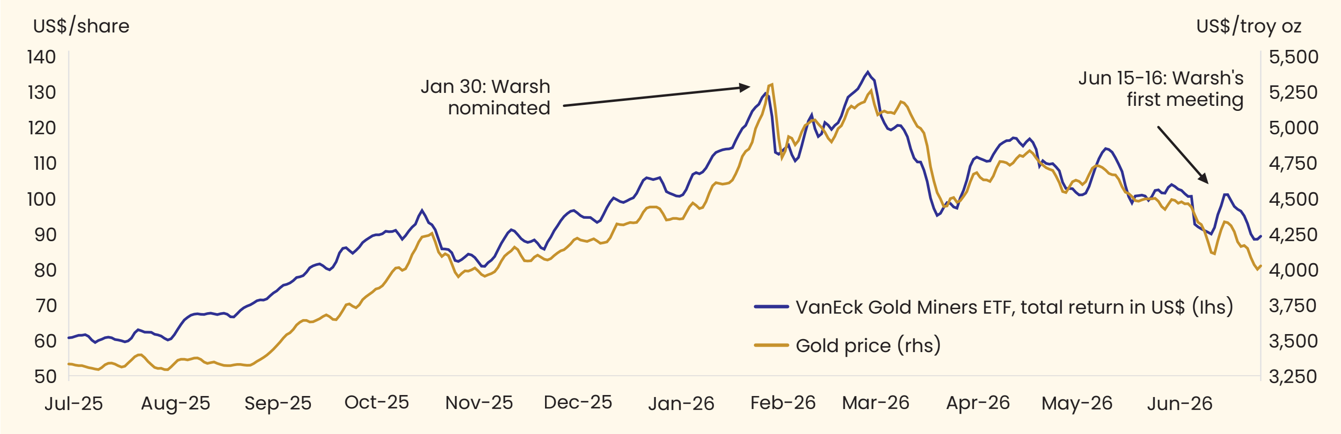
GOLD IS BACK TO THE LEAD IN GLOBAL RESERVE ASSETS (IN%)



Central banks continued net gold purchases in May, having bought 41t. This was a continuation of rebound started in April from the sizeable net sales reported in March.



However, prices expected to be range-bound, pricing in the hawkishness from the Fed



Source: DSP MF, World Gold Council, Kotak MF. Disclaimer: The above data is for informational purposes. The analysis may or may not be sustained in future.

Temperature Gauge Index

We are cognizant of the fact that investments are tuned to meet your objectives and thus calling for a suitable asset mix basis your investment objective. However the challenge always remains to accurately estimate when the market is cheap or expensive. In order to arrive at the decision of preferring equity over debt or vice versa, we believe earning yield to bond yield is an excellent parameter to consider. This ratio indicates the perceived risk differential between equity and bonds.

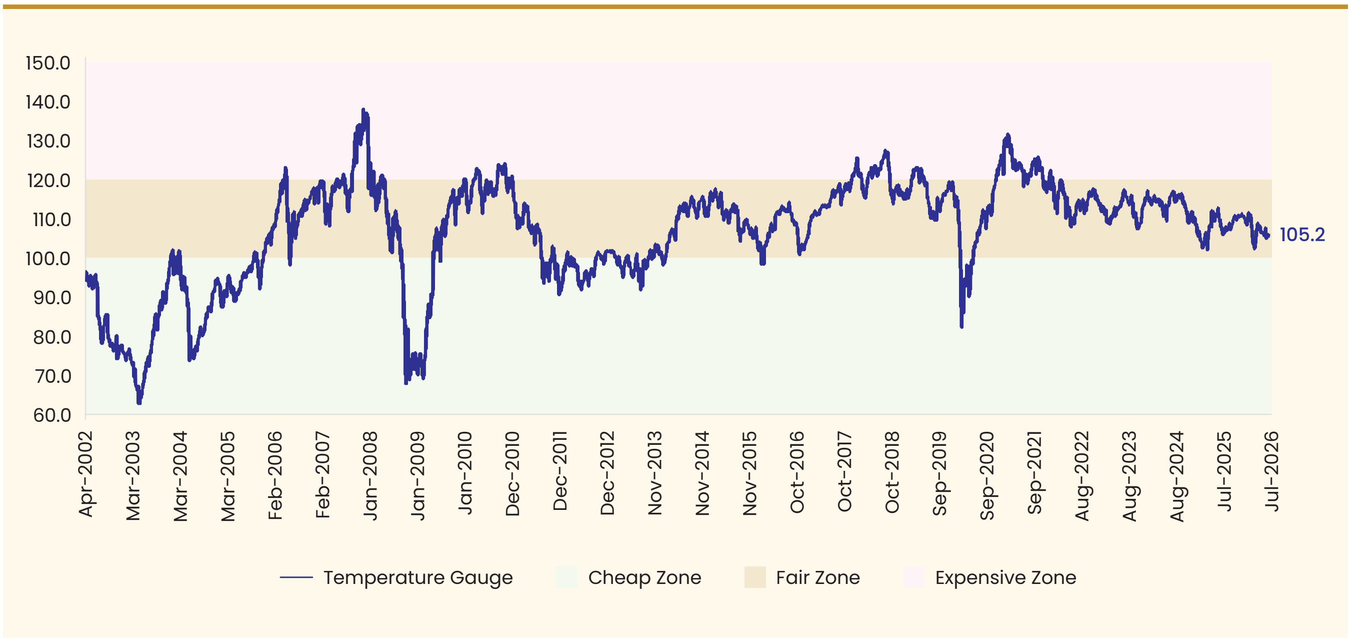
Historically whenever earnings yield and bond yield spreads are above 0.8, equities are considered to be undervalued.

The earning yield to bond yield parameter along with our in-house indicator of market valuations named as MOVI – The Motilal Oswal Valuation Index enables us to arrive at a well-researched and thought through asset class outlook. MOVI is basically an index which is calculated based on the Price to Earnings (PE), Price to Book Value (PB) and Dividend Yield (DY) on the components of Nifty 50. By means of an algorithm the weighted average PE, PB and DY of the components of Nifty 50, one arrives at index. A higher level on the MOVI means markets are expensive and hence one should reduce equity exposure and vice versa.

With the above mentioned input variables, we have crafted a unique model coined as Temperature Gauge which help in making investment choices across asset classes.

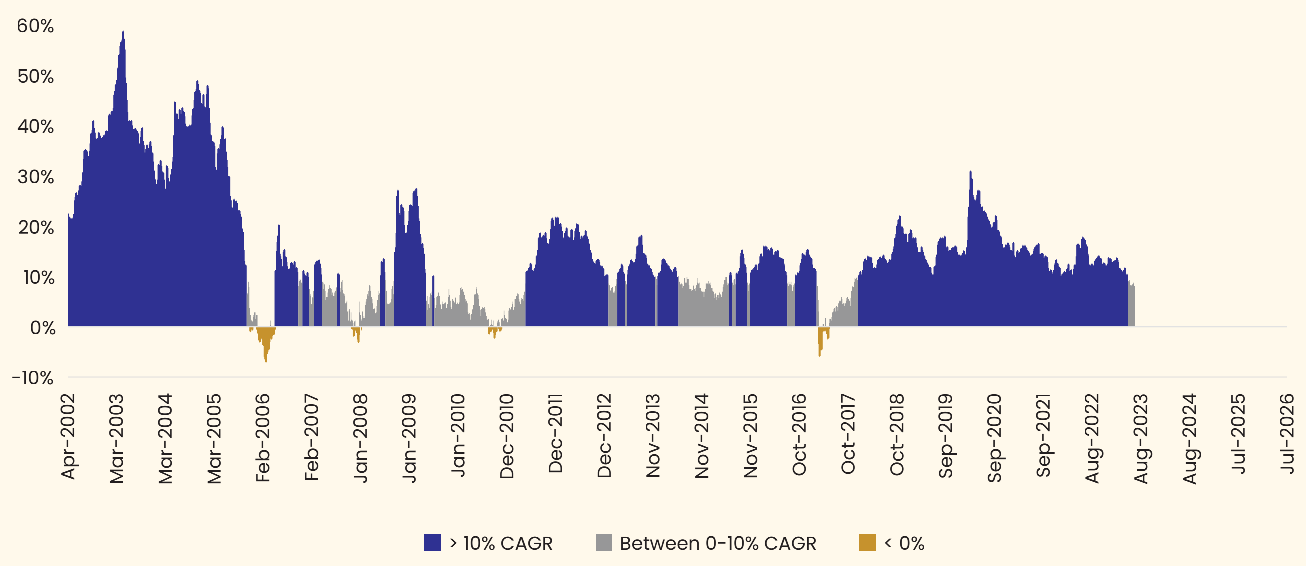
*This qualitative and quantitative process would enable us to construct **"winning portfolios"** for our clients. In line with our philosophy of providing better insights to you, we hope you find the same informative.*

TEMPERATURE GAUGE INDEX



Data as on 8th July'26. Source: Capital Line, Bloomberg Internal Research. Disclaimer: The above graph is for informational purpose. Past performance may or may not be sustained in future.

NIFTY -3 YEAR FORWARD RETURN



Data as on 8th July'26. Source: Capital Line, Bloomberg Internal Research. Disclaimer: The above graph is for informational purpose. Past performance may or may not be sustained in future.

TEMPERATURE GAUGE INDEX – SENSITIVITY ANALYSIS

Nifty50/10 Yr Gsec	6.37%	6.57%	6.77%	6.97%	7.17%
22630	102	103	104	104	105
22880	102	103	104	105	106
23130	102	103	104	105	106
23380	103	104	105	105	106
23630	103	104	105	106	107
23880	103	104	105	106	107
24130	104	105	106	106	107
24380	104	105	106	107	108
24630	104	105	106	107	108
24880	105	106	106	107	108
25130	105	106	107	108	109
25380	105	106	107	108	109
25630	105	106	107	108	109

Blue Color Text Indicates Current Level of Nifty 50 and 10 yr G-sec levels. Data as on 8th July'26. Source: Capital Line, Bloomberg Internal Research. Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.

3 YR FORWARD RETURNS OF NIFTY AT DIFFERENT LEVELS OF TEMPERATURE GAUGE INDEX

NIFTY 50				NIFTY 50			TIMES POSITIVE	% TIMES	
INDEX RANGE		COUNT IN RANGE	% OF COUNT	MIN	MAX	AVERAGE	% TIMES POSITIVE	6% TO 10%	>10%
65	70	60	1%	24%	57%	43%	100.0%	0%	100%
70	75	202	2%	15%	51%	32%	100.0%	0%	100%
75	80	285	3%	14%	45%	37%	100.0%	0%	100%
80	85	168	2%	15%	43%	34%	100.0%	0%	100%
85	90	207	2%	12%	49%	33%	100.0%	0%	100%
90	95	539	6%	2%	47%	27%	100.0%	2%	97%
95	100	832	9%	1%	44%	18%	100.0%	8%	91%
100	105	787	9%	-2%	30%	13%	89.6%	18%	64%
105	110	1151	13%	-4%	22%	10%	63.2%	11%	43%
110	115	2018	23%	-7%	22%	9%	73.2%	29%	32%
115	120	1617	18%	-4%	21%	9%	84.8%	23%	33%
120	125	804	9%	-2%	18%	10%	93.5%	10%	61%
125	130	135	2%	0%	16%	12%	99.3%	4%	80%
130	135	84	1%	-2%	15%	6%	91.7%	0%	36%
135	145	28	0%	-3%	0%	-1%	10.7%	0%	0%

Data as on 8th July'26. Source: Capital Line, Bloomberg Internal Research. Disclaimer: The above graph is for informational purpose. Past performance may or may not be sustained in future.

EQUITY ALLOCATION & DEPLOYMENT GRID

BELOW GRID IS BASED ON TEMPERATURE GAUGE INDEX

Valuation	Underweight	Neutral	Overweight
Expensive	No Action	Reduce	Reduce
Fair	Invest	Stay Invested	Stay Invested
Cheap	Invest	Invest	Stay Invested

Strategic Allocation

100% Staggered

Lumpsum in Hybrid
Staggered in Pure Equity Oriented Strategies

100% Lumpsum

Data as on 8th July'26. Source: Capital Line, Bloomberg Internal Research. Disclaimer: The above graph is for informational purpose. Past performance may or may not be sustained in future.

Gold Monetization:

Can India Turn Idle Gold into Productive Capital?

INDIA'S GOLD PARADOX

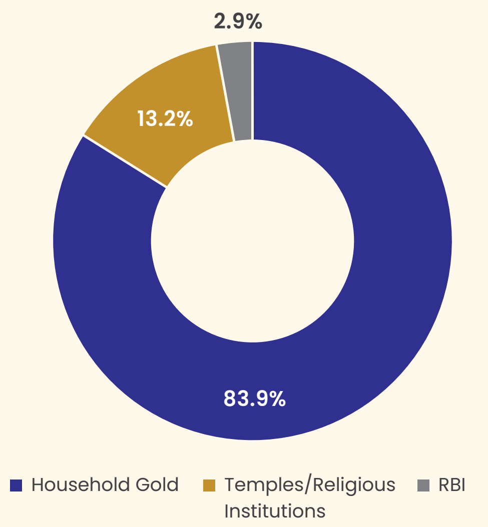
India's relationship with gold is a study in contradiction. Indian households collectively hold an estimated 25,000 tonnes of gold – more than the combined official reserves of the US, Germany, Italy, France and Russia. Add temple and institutional holdings, and India's total gold stock climbs to roughly 34,600 tonnes, worth close to $3.79 trillion – nearly 89% of nominal GDP.

25,000
TONNES
Gold held by Indian households

34,600
TONNES
India's Total Gold Stock

$3.79
TRILLION
Estimated Total Value

WHO HOLDS INDIA'S GOLD RESERVES?



Source: https://www.gold.org/goldhub/research/market-primer/gold-market-primer-market-size-and-structure

Yet every year, India goes back to the world market and buys more. The gold import bill hit a record $71.98 billion in FY26, up 24% in value even as volumes fell – a sign of price, not consumer appetite. That bill is one of the largest contributors to India's current account deficit, estimated at $42 billion for the year.

India does not have a gold shortage. It has a gold mobility problem.

Vast reserves sit dormant in lockers and temple vaults while the country pays a steep forex price for gold it may already own several times over. The Gold Monetization Scheme (GMS) was built to solve exactly this.

What Is Gold Monetization

How Does It Actually Work?

At its simplest, gold monetisation lets a depositor hand over physical gold – jewellery, bars, or coins – to a bank, which credits it as an interest-bearing account rather than paying out cash upfront. What the depositor earns is interest – paid annually in gold grams or cash depending on the scheme, at a modest rate of roughly 2.25%-2.50%. At maturity, they get back the principal – as gold or its cash equivalent, depending on tenure – plus the interest accumulated along the way.

The gold itself doesn't lie idle in a vault either. It moves to a refiner, gets melted and recast into standard bars, and is then lent or auctioned to jewellers and bullion dealers who need raw gold to make new jewellery.

> *GMS isn't a new idea. It's a 27-year-old story being redesigned, still chasing the households' trust.*

In effect, a bangle locked away in a Nagpur cupboard can become the raw material for a necklace made in Surat — without India importing a single fresh gram to make that happen.

GMS is trying to build this loop: locked away household gold funding the country's own jewellery and refining industry, instead of costly imports doing the same job.

India's first attempt at this idea, the 1999 Gold Deposit Scheme, mobilised barely 2 tonnes by 2015 – undone by a 500-gram minimum deposit that priced out majority households, and ending up serving mostly temple trusts, not families. The 2015 relaunch as Gold Monetization Scheme lowered that minimum to 30 grams, and later 10 grams, while adding short, medium and long-term tenures – a more thoughtful redesign that, as the numbers show, still hasn't closed the underlying trust gap.

WHY DOES INDIA NEED THIS SCHEME?

For the government, gold monetization isn't a matter of good economic housekeeping – it is balance-of-payments arithmetic. Gold is one of India's largest single imports, paid for in foreign exchange the country doesn't earn back – draining reserves, pressuring the rupee, and widening the current account deficit. Household gold, in effect, is a gold mine India already owns: already extracted, refined, turned into jewellery – and sitting idle in lockers, valuable but generating zero income. That paradox is exactly what the scheme is trying to fix.

There's a second, quieter motivation too: formalisation. Gold sitting outside the banking system is, from the state's point of view, invisible. Bringing even a portion of it onto bank balance sheets has the potential to convert static wealth into something the financial system can track, lend against and build policy around – even at a modest interest cost to the exchequer.

HAS ANYONE ELSE TRIED – AND SUCCEEDED?

India is not alone in facing this problem. Turkey offers the most instructive parallel — an estimated 3,500 tonnes of "under-the-mattress" gold, worth around 12% of GDP, once sat outside its formal economy too. From 2011, Turkey's central bank folded gold into its reserve requirements, and banks ran structured "gold days" campaigns, sending assayers into branches to convert customers' gold on the spot.

The result: roughly 100 tonnes mobilised by 2020 – but the real win was cultural. Gold ATMs, gold mutual funds, and gold pension products – a whole ecosystem grew up around treating gold as a financial instrument, not just an heirloom. Turkey succeeded because banks, refiners and jewellers all had a commercial stake in making it convenient. India's GMS is yet to build the same coalition.

Why Has GMS Struggled?

GMS has mobilised barely 39 tonnes since 2015 – against a 25,000-tonnes household stock. That's roughly 0.16% of India's available gold. The scheme's underperformance became formal policy in March 2025, when the government discontinued its medium and long-term deposit components.

39

TONNES

Total Gold GMS has mobilised since 2015 against a 25,000 tonnes of Household Gold Stock

Five problems explain the failure:

Cultural resistance: GMS gold is melted and recast, so a depositor never gets the same piece back – a deal-breaker for jewellery with generational or religious meaning.

Fear of scrutiny: Households worry that formally declaring gold holdings – often accumulated over generations, sometimes without clear paper trails – will invite tax questions they'd rather avoid.

Structural friction: Purity testing, documentation and KYC remain cumbersome next to the near-instant liquidity of a gold loan, and GMS's ~2.25% - 2.50% interest looks unattractive against gold's own price appreciation.

Distribution gap: Only designated bank branches could accept GMS deposits – often unfamiliar, and staffed by people with no real expertise in valuing gold, unlike the neighbourhood jeweller who has assessed that family's gold for years.

Weak bank incentives: A bank must melt, refine and lend the gold onward to jewellers at ~6–6.5% – a healthy spread over the ~2.5% it pays depositors, until insurance, transport and processing costs eat into it. GMS hasn't excited either side of the counter

WHAT IS REVIVING THE INTEREST IN THIS SCHEME?

Interest is reviving in the scheme driven by necessity, rather than nostalgia. On May 13, 2026, the government hiked gold's import duty from 6% to 15% – the steepest increase on record – to conserve foreign exchange as the rupee slid, and gold ate into nearly 11% of India's import bill. PM Modi went further, publicly asking citizens to postpone gold purchases for a year.

Demand cratered within two weeks, hitting the unorganised trade that makes up 65% of the market. This is precisely the environment in which GMS should thrive: with imports deliberately squeezed, recycled domestic gold is fast becoming the only supply available at scale.

A record duty hike, a rupee under pressure, rising demand — necessity, not nostalgia, is reviving the GMS

COULD JEWELLERS BE THE MISSING LINK?

The most-discussed fix has been jewellers as active intermediaries rather than bystanders – and it may already be underway. Multiple reports suggest the government is close to unveiling a revamped GMS letting jewellers formally act as "collection partners," gathering gold from households and routing it through banks and refiners, with a mooted target of over 1,000 tonnes mobilised ahead of the festive season.

However, the mechanics aren't entirely new; banks and large jewellers were already allowed to act as gold collection points since 2021, earning a small handling fee. IBJA wants that commission raised to about 2% of gold value. Even a meek 0.5-1% annual mobilisation rate could, in theory, yield 350-400 tonnes a year.

But the track record is sobering: jewellers were already in the network since 2021, yet mobilisation crept from 30 to just 39 tonnes in four years. A distribution fix doesn't touch the resistance described earlier – it solves only one of the five problems above.

India’s Other Gold Reserve: The Temple Vaults

Temple gold deserves its own conversation, because it doesn't behave like household gold at all. India's temples are estimated to collectively hold ~4,000 tonnes of gold, a figure that stays opaque since most vaults are never fully disclosed.

What makes temple gold different – and arguably easier to mobilise – is that it is institutional, not sentimental. This is precisely why temples have historically been among GMS's few consistent participants, even as households stayed away in droves. Expanding temple participation is one of the more realistic near-term levers for scaling GMS – but it inevitably touches questions of religious sentiment, trust autonomy and governance transparency that demand a careful approach.

GMS VS GOLD LOANS VS SOVEREIGN GOLD BONDS

The gold loan market's trajectory is the sharpest possible contrast to GMS. Organised gold loans grew at a CAGR of ~25-26% between FY20-FY24, with ICRA projecting an AUM of ~INR 15 lakh crore in FY26 – a stark contrast to the GMS track record. A simple explanation for this contrasting outcome is as follows:

FACTOR	GOLD LOAN	GOLD MONETIZATION
Giving up household ownership	No	Yes (economically & emotionally)
Melting of jewellery	No	Usually yes
Return of same jewellery	Yes, after repayment	No
Primary benefit	Liquidity	Interest + formalisation
Why it scaled faster	Asset remains familiar	Requires deeper confidence

Sovereign Gold Bonds took a third path – and also ran aground. Launched alongside GMS in 2015, SGBs offered paper exposure to gold prices plus 2.5% interest, no melting or logistics required. But they solved a narrower problem – diverting future demand into paper, not mobilising gold already in lockers.

As prices surged, the government's redemption liability ballooned to ₹1.12 lakh crore against ~132 tonnes. New issuances stopped after February 2024, with no revival planned. Budget 2026 further withdrew the capital-gains tax exemption on SGBs bought on the secondary market – only original subscribers holding to full 8-year maturity retain that tax-free status.

A SCHEME AT CROSSROADS

A decade on, GMS sits at an inflection point.

The macro case has never been stronger – a widening current account deficit, record import bills, and a jewellery industry now actively lobbying for the reforms that could make monetization work at scale. The jeweller-intermediary model tackles the scheme's biggest structural gap: a distribution channel households actually trust. But the harder problem – persuading families to permanently part with jewellery carrying generational and religious meaning – isn't one commission structures alone can solve. Gold loans won because they let households keep their gold and get liquidity. GMS still asks for a more permanent trade-off.

Whether India can finally turn its idle gold into productive capital may depend less on redesigning the scheme once more, and more on finding a version of monetization Indian households accept and trust in the long run.

Snapshot:
Macro Economies

	US	JAPAN	AUSTRALIA	GERMANY	FRANCE	UNITED KINGDOM	EURO AREA
GDP YoY	2.7%	0.6%	2.5%	0.4%	0.9%	0.9%	0.3%
Inflation rate	4.2%	1.5%	4.0%	2.3%	1.8%	2.8%	3.2%
10 Yr Bond Yield	4.5%	2.7%	4.8%	2.9%	3.5%	4.8%	3.3%
Policy rate	3.8%	1.0%	4.4%	2.4%	2.4%	3.8%	2.4%

Snapshot:
Emerging Economies

	INDIA	INDONESIA	BRAZIL	MEXICO	SOUTH KOREA	CHINA	RUSSIA
GDP YoY	7.8%	5.6%	1.8%	0.2%	3.8%	5.0%	-0.2%
Inflation rate	3.9%	3.1%	4.7%	3.9%	3.1%	1.2%	5.3%
10 Yr Bond Yield	6.7%	7.2%	14.3%	9.0%	4.2%	1.7%	16.4%
Policy rate	5.3%	5.8%	14.3%	6.5%	2.5%	3.0%	14.3%

Disclaimer: Data updated from Trading Economics as on 1st July 2026.

Global Market Review & Outlook

If the first half of 2026 will be remembered for two words — Iran and AI. The month began badly: hostilities between Israel and Iran flared again in the first week, the May US inflation print came in at a three-year high, and a violent sell-off in Asian technology shares triggered Korea's circuit breakers. It ended very differently. A preliminary US–Iran peace agreement around mid-June, followed by a renewed halt to hostilities and the partial reopening of the Strait of Hormuz, sent Brent crude down by roughly a fifth — its steepest monthly fall since the COVID crash of March 2020.

June was also the month the world's major central banks moved in visibly different directions, all within a single week. The ECB delivered a 25 bps rate hike, the Bank of Japan lifted its policy rate to the highest level since 1995, and the Federal Reserve — under new Chair Kevin Warsh, presiding over his first meeting, held rates but flipped its projections from a cut to a hike.

CENTRAL BANK	DATE	DECISION
ECB	June 11	Hiked 25 bps; deposit rate to 2.25%
Bank of Japan	June 16	Hiked 25 bps to 1.00%
Federal Reserve	June 17	Held at 3.50%–3.75%
Bank of England	June 18	Held at 3.75%

Source: Federal Reserve, ECB, Bank of Japan, Bank of England

United States

THE WARSH FED MAKES ITS DEBUT

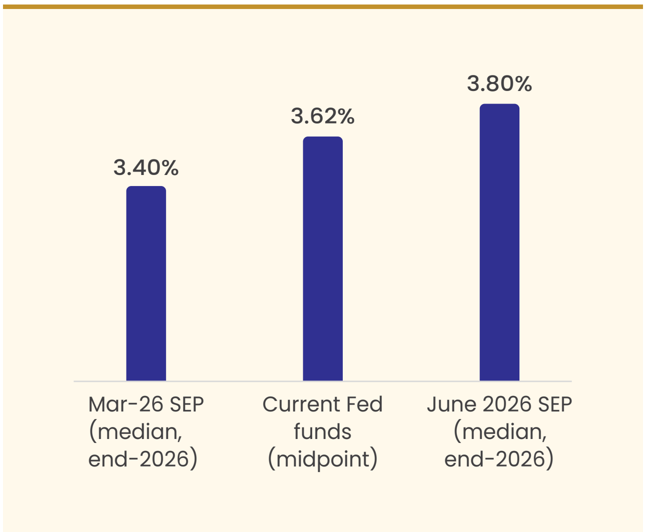
The committee voted unanimously to keep the funds rate at 3.50%–3.75%. The median forecast for the funds rate at end-2026 rose to 3.8% from 3.4% in March — implying at least one hike this year. The committee lifted its 2026 headline PCE inflation projection to 3.6% (from 2.7%), trimmed GDP growth to 2.2%, and lowered the unemployment projection to 4.3%.

FED FUNDS RATE — HELD (UNANIMOUS VOTE)

3.50% - 3.75%

No change from prior meeting. Markets had priced this outcome in full.

THE DOT PLOT FLIPS : FED'S MEDIAN RATE PATH NOW IMPLIES A HIKE



Median FOMC projection for the funds rate at end-2026.
Source: Federal Reserve Summary of Economic Projections

The Nasdaq Composite fell around 3% and the S&P 500 about 1.3% during the month as investors took profit in the semiconductor complex that had carried the entire second-quarter rally, while the Dow gained roughly 2.4% and finishing above 52,000 for the first time. Russell 2000 is up more than 9% in 2026, its best first half since 1991, evidence the rally has broadened well beyond mega-cap technology.

DOW JONES

52,000 ▲

IN JUNE 2026

For the first time ever

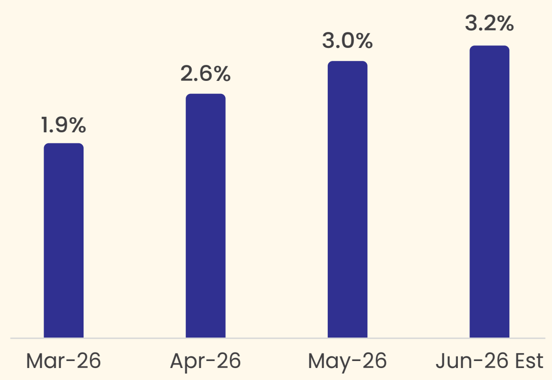
US BENCHMARKS	JUNE 2026	2026 YTD
Nasdaq Composite	-2.8% ▼	12.0% ▲
S&P 500	-1.3% ▼	9.3% ▲
Dow Jones Industrials	2.4% ▲	8.1% ▲
Russell 3000	-0.6% ▼	9.9% ▲

Source: Investing.com

Europe & the United Kingdom

On June 11 the ECB raised all three key rates by 25 basis points, taking the deposit rate to 2.25%. President Lagarde framed the move as a straightforward response to the war in the Middle East: May inflation had climbed to 3.2%, with rising energy costs and services inflation accelerating to 3.5% in May.

EURO AREA INFLATION



Source: Internal Reseach

The Bank of England chose patience over pre-emption. The MPC held Bank Rate at 3.75% on June 18. UK CPI stood at 2.8% in May. FTSE 100 delivered above 1% in June 2026, trading comfortably above the 10,000 mark it first crossed last December.

UK CPI

2.8% ▼

Its lowest level since March 2025

BENCHMARKS	JUNE 2026	2026 YTD
FTSE100	1.5% ▲	5.5% ▲
DAX	-0.03% ▼	1.9% ▲
CAC40	3.1% ▲	2.5% ▲
STOXX 600	3.3% ▲	7.6% ▲

Source: Investing.com

Japan

On June 16 the Bank of Japan raised its policy rate by 25 basis points to 1.00% — the first move since December and the highest level since 1995. The trigger was unambiguous: wholesale prices rose 6.3% in May, the fastest in over three years as war-driven energy costs fed through. A relentlessly weak yen strengthened the case — the currency spent most of June pinned near ¥160 to the dollar despite a reported ¥11.7 trillion of intervention in April & May, and in early July slipped to ¥162, its weakest in 39 years.

Equities barely blinked. The Nikkei 225 crossed 70,000 for the first time in mid-June and enters the second half up roughly 35% for the year — the best-performing major developed market — propelled by the semiconductor and AI-infrastructure complex, foreign inflows and improving corporate fundamentals.

1.00%

POLICY RATE, +25BPS

Highest level since 1995 — the first move since December, as the BOJ responded to accelerating price pressure.

¥162

YEN WEAKEST IN 39 YEARS

Slipped past ¥160 in early July despite a reported ¥11.7 trillion of April–May intervention.

+35%

NIKKEI 225, YTD

Crossed 70,000 for the first time in mid-June — the best-performing major developed market this year.

China, Korea & Emerging Markets

Asia's AI-linked markets delivered the most spectacular — and most violent — price action of the half. South Korea's KOSPI, the world's best-performing major index this year with gains near 100%, tripped its circuit breakers on June 8 and June-23 with 8.3% and 9.9% single-day plunge, as Samsung Electronics and SK Hynix sold off. Taiwan's TAIEX followed a similar, slightly gentler script.

MARKET	INDEX	2026 YTD (%, LOCAL CURRENCY)	
South Korea	KOSPI	≈ 95%	▲
Taiwan	TWII	≈ 55%	▲
China	Shanghai Composite	≈ 2%	▲
Hong Kong	Hang Seng	-11%	▼

Price returns, local currency, through end-June 2026 (≈ figures approximate). Source: Investing.com, Yahoo Finance

China remained the region's laggard-turned-bystander. Mainland indices ground modestly higher, with the Shanghai Composite holding a gentle uptrend, but Hong Kong's Hang Seng is down about 11.5% for the year, weighed by the same tech de-rating that lifted its neighbours and by an uneven domestic recovery. Emerging markets in aggregate nonetheless remain the year's standout asset class: the MSCI Emerging Markets index entered June up roughly 26% for the year.

KOSPI HIT LOWER CIRCUIT ON 23RD JUNE

-9.9% ▼

Oil

The defining macro move of the month was, once again, oil — this time downward. Brent crude collapsed from around $92 at the end of May to roughly $73 by June 30, a fall of more than 20% and the steepest monthly decline since March 2020, as the ceasefire held, tanker traffic through the Strait of Hormuz gradually resumed and US–Iran talks moved to Qatar.

-20%+

BRENT CRUDE,
May 31 - June 30

The steepest monthly decline since March 2020.

Looking Ahead

June resolved one of the year's two great uncertainties and sharpened the other. The energy shock is unwinding faster than almost anyone expected, and if the ceasefire holds, the disinflationary impulse from cheaper oil will dominate the second half. The AI trade is now the live question: earnings have been undeniably spectacular, but June's semiconductor whiplash — record quarters followed by double-digit single-day drawdowns — shows how little tolerance remains for disappointment at current valuations.

With earnings growth running at its fastest pace since 2021, labour markets softening but not cracking, and the rally broadening into small caps, industrials and international markets, the fundamental backdrop entering July remains constructive. The risks are equally clear: a breakdown in the War talks, a Fed forced by sticky core inflation to deliver the hike its dots now imply, or an AI earnings stumble.

> *“The risks going forward are clear: a breakdown in the War talks, a Fed forced by sticky core inflation to deliver the hike its dots now imply, or an AI earnings stumble.”*

Growth Holds Its Ground, Even as the Pace Turns More Measured

The Indian economy has begun FY27 on a resilient footing, supported by robust GST collections, record June auto sales and continued expansion in business activity. While growth remains healthy, recent data suggests that the economy is entering a phase of normalization after a period of strong momentum. Manufacturing and services activity have moderated modestly, and inflation has edged up from unusually low levels. This does not signal a weakening of the growth story; rather, it reflects a transition toward a more sustainable growth trajectory. Going forward, the emphasis will be on tracking these evolving trends as the economy settles into its next phase of expansion.

GST COLLECTIONS REMAIN ROBUST, LED BY IMPORTS

The gold loan market's trajectory is the sharpest possible contrast to GMS. Organised gold loans grew at a CAGR of ~25-26% between FY20-FY24, with ICRA projecting an AUM of ~INR 15 lakh crore in FY26 – a stark contrast to the GMS track record. A simple explanation for this contrasting outcome is as follows:

A closer look shows that the growth was largely driven by import-related collections, which rose sharply by 34.6%, while domestic GST collections grew at a more moderate 6.5%. After adjusting for higher refunds, net GST collections stood at ₹1.62 lakh crore, up 11.2% year-on-year.

India's GST collections remained strong, with gross revenue rising 13.9% year-on-year to ₹1.95 lakh crore, compared with ₹1.71 lakh crore in June 2025.

₹1.95

LAKH CRORE

Gross GST revenue collected in June 2026

13.9% YOY ▲

vs ₹1.71 lakh crore in June 2025

PARTICULARS	JUN-26	JUN-25	YOY GROWTH
Gross domestic GST revenue	1,34,774	1,26,506	6.5%
Gross import GST revenue	60,038	44,600	34.6%
Total gross GST revenue	1,94,812	1,71,105	13.9%
Total refunds	32,436	25,121	29.1%
Total net GST revenue	1,62,377	1,45,984	11.2%

Source: gst.gov.in

The quarterly trend also remained positive. Gross GST collections increased from ₹5.77 lakh crore in Q4 FY26 to ₹6.32 lakh crore in Q1 FY27, registering a 9.5% quarter-on-quarter rise and an 8.4% increase over the same quarter last year. Within this, domestic collections grew by 2.8%, while import-linked collections rose by 26.2%.

Overall, GST collections continue to reflect a resilient tax base and healthy revenue generation. While import-led collections were the key driver during the month, steady growth in domestic collections suggests that underlying economic activity remains stable. This raises the next question: is the same strength also visible in consumer demand?

Record June Auto Sales Reflect Healthy Demand

The auto sales data broadly supports this view. India recorded its highest-ever vehicle retail sales for June, with total registrations rising 21.8% year-on-year to 25.57 lakh units, according to FADA. On a month-on-month basis, sales increased by a modest 1.0%.

The improvement was broad-based across segments. Passenger vehicle sales reflected steady urban and discretionary demand, while two-wheelers pointed to healthy mass-market consumption.

Tractor sales remained strong, supported by rural activity, and commercial vehicle sales indicated improving freight movement and business activity. Two-wheeler sales remained strong on a year-on-year basis but declined marginally month-on-month, suggesting some normalization after a period of strong growth.

SEGMENT	YOY GROWTH	MOM GROWTH
Two-wheelers	21%	-1%
Passenger vehicles	29%	2%
Commercial vehicles	17%	9%
Tractors	25%	21%
Total vehicles	22%	1%

Source: FADA

Overall, June's auto sales data reinforces the trend seen in GST collections, with both consumer and business demand remaining healthy. To assess whether this strength is also translating into wider economic activity, it is useful to examine what businesses are reporting through the PMI indicators.

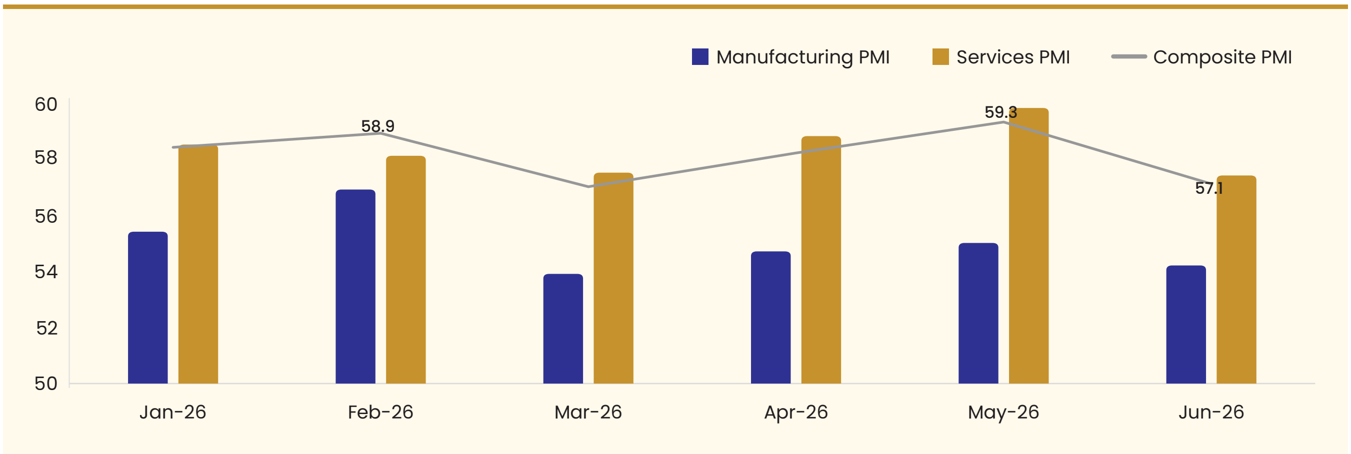
BUSINESS ACTIVITY CONTINUES TO EXPAND AT A MORE MEASURED PACE

India's business activity moderated in June, with the Composite PMI declining to 57.1 from 59.3 in May, its lowest level since March. However, the index remains comfortably above the 50-mark, which separates expansion from contraction. This indicates a slower pace of growth rather than a decline in activity.

The Services PMI eased to 57.4 from 59.8. Output and new orders continued to rise, although at a slower pace, while hiring moderated after a strong two-month period. Overseas demand improved, with foreign sales recording their strongest growth in three months.

Manufacturing activity also softened, with the Manufacturing PMI declining to 54.2 from 55.0 in May. Output and new orders grew at a slower pace, while export orders recorded their weakest increase since March 2023, mainly due to softer demand from parts of Europe. In response, businesses moderated their purchasing, hiring and inventory accumulation, reflecting a more measured demand environment.

INDIA PMI MOMENTUM



Source: Trading Economics

The overall message remains constructive: economic activity continues to expand, although the moderation in momentum is becoming more visible. This slowdown is also being accompanied by a gradual rise in inflation, which warrants closer attention.

INFLATION EDGES HIGHER BUT REMAINS WELL CONTAINED

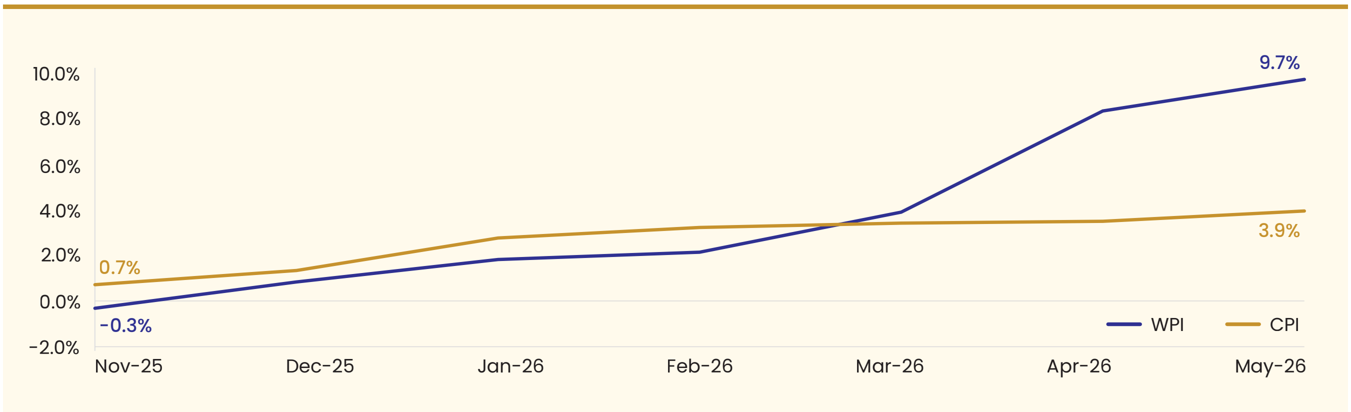
CPI inflation rose to 3.9% year-on-year in May 2026 from 3.5% in April, mainly due to higher food and fuel-related prices. The phased increase in petrol and diesel prices during May directly raised transport costs, while higher commercial LPG prices added to inflation in services such as restaurants and accommodation.

Food inflation increased to 4.8% from 4.2%, led by higher prices of vegetables, pulses, edible oils and cereals. Tomato prices recorded a particularly sharp rise. At the same time, domestic crop arrivals and reservoir levels remain comfortable. However, higher fuel costs could add some pressure to food prices through increased transportation

Core inflation also rose moderately to 3.9% from 3.7%. The increase was spread across transport, services, clothing and footwear, and household items. This suggests that price pressures are becoming somewhat broader, although the increase remains gradual rather than sharp.

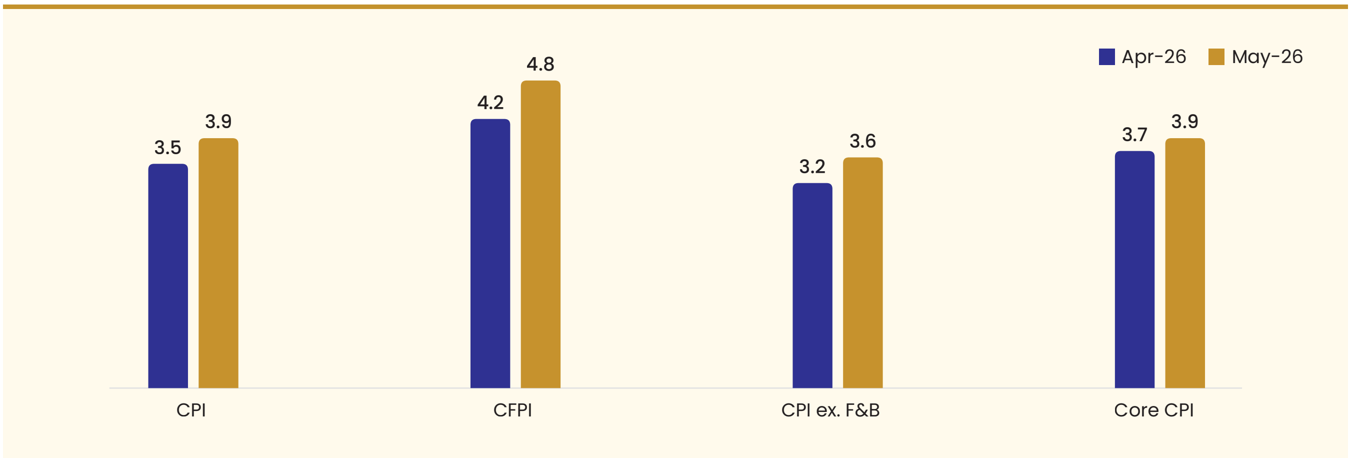
The RBI revised its FY27 CPI inflation forecast to 5.1% from 4.6%, based on a higher crude oil assumption of around USD 95 per barrel. As crude oil prices have eased from their recent highs, inflation may not rise as sharply as this assumption suggests. However, WPI inflation remains meaningfully higher than CPI, indicating that some input-cost pressures have not yet been passed on to consumers. If businesses begin passing on these costs, CPI inflation could move gradually higher in the coming months.

WPI AND CPI



Sources: RBI, MOSPI,MOSL Ecoscope (Jun26)

FOOD INFLATION INCREASED TO 4.8% IN MAY'26; CORE INFLATION ROSE TO 3.9%



Sources: RBI, MOSPI,MOSL Ecoscope (Jun26)

Crude Oil correction Improves India's CAD Outlook

One of the key risks to India's macro-outlook in recent months was the sharp rise in crude oil prices following heightened geopolitical tensions. Given India's dependence on imported oil, a sustained increase in crude prices could have widened the current account deficit and placed additional pressure on foreign-exchange reserves. Earlier stress estimates, based on crude oil at around USD 95 to USD 100 per barrel, indicated a potential import shock of nearly USD 30 billion in the 6 months, equivalent to about 4.4% of our forex reserves.

Since then, geopolitical tensions have eased and crude oil prices have corrected sharply to around USD 73 per barrel. At current price levels, the estimated additional oil import burden over six months is significantly lower at around USD 6 billion, equivalent to nearly 0.9% of forex reserves. This reduces the risk of a sharp deterioration in the current account and provides greater comfort on India's external position.

INFLATION EDGES HIGHER BUT REMAINS WELL CONTAINED

Taken together, June data points to an economy that remains fundamentally resilient, even as the pace of expansion becomes more measured.

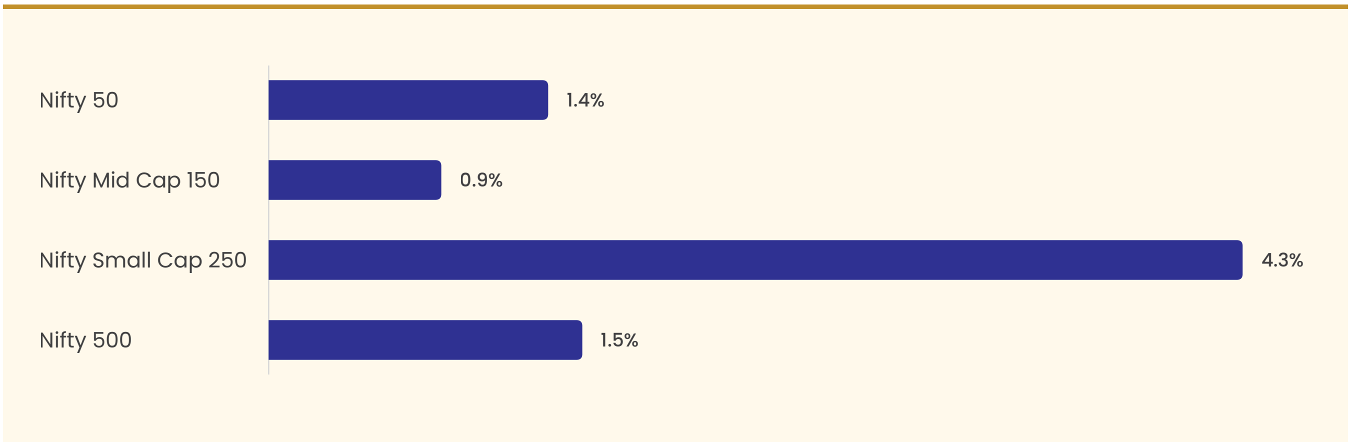
The economy appears to be transitioning from a period of rapid growth to a steadier and more sustainable pace. Looking ahead, maintaining the strength of domestic demand while closely monitoring inflationary pressures will be important for sustaining growth momentum through FY27.

Indian Equity Review

June 2026 saw Indian equities return to positive territory after consolidating in May, with the Nifty 50 gaining 1.4% MoM to close at 23,866. The index remained highly volatile through the month, moving within a broad range of around 1,191 points before ending 318 points higher. Despite the monthly recovery, the Nifty 50 remained down 8.7% in CY26 YTD, reflecting the impact of the sharp correction witnessed earlier in the year.

Broader markets also ended higher, though performance varied across segments. The Nifty Midcap 150 gained a modest 0.9% MoM, while the Nifty Smallcap 250 rose sharply by 4.3%, emerging as the strongest-performing segment during the month. The Nifty 500 advanced 1.5%, broadly in line with the Nifty 50. Market breadth remained balanced, with 24 out of 50 Nifty constituents closing higher MoM, suggesting that the recovery was selective rather than broad-based.

NIFTY INDICES RETURN (%)



Source: Internal Research, NSE

Sectoral Performance

June 2026 saw sector leadership shift towards financials and domestic-facing sectors. Private Banks and Real Estate led with 6% MoM gains, followed by Media (+5%), PSU Banks (+4%) and Healthcare (+4%). The rebound in Real Estate and

Technology was the weakest performer, falling 10% MoM, while Metals (-7%), Power (-3%), Oil & Gas (-3%) and Consumer (-1%) also declined. Overall, June reflected a clear rotation towards banks and real estate, while Technology and select cyclical sectors lost momentum.

Source: Motilal Oswal Bulls and Bears Report

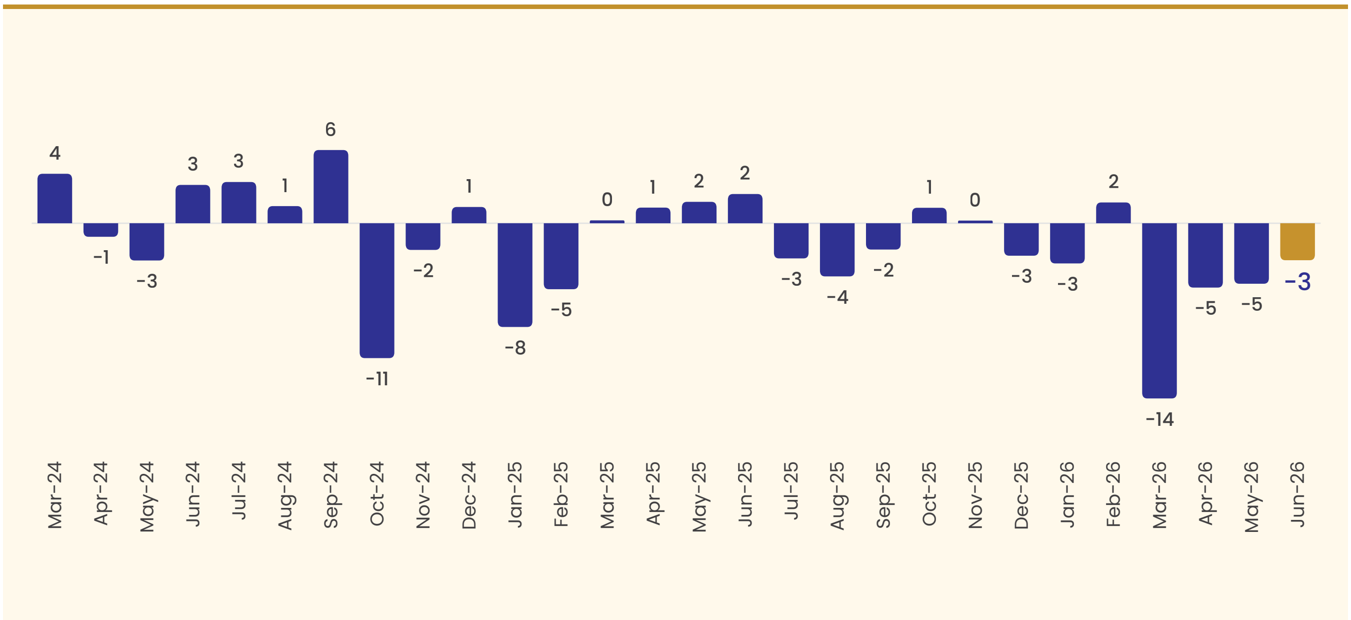
FII vs DII Flows

Foreign selling continued in June 2026, with FIIs recording net equity outflows of USD 3.0 billion for the fourth consecutive month. However, the pace of selling eased from USD 4.9 billion in May, suggesting some moderation in foreign investor caution.

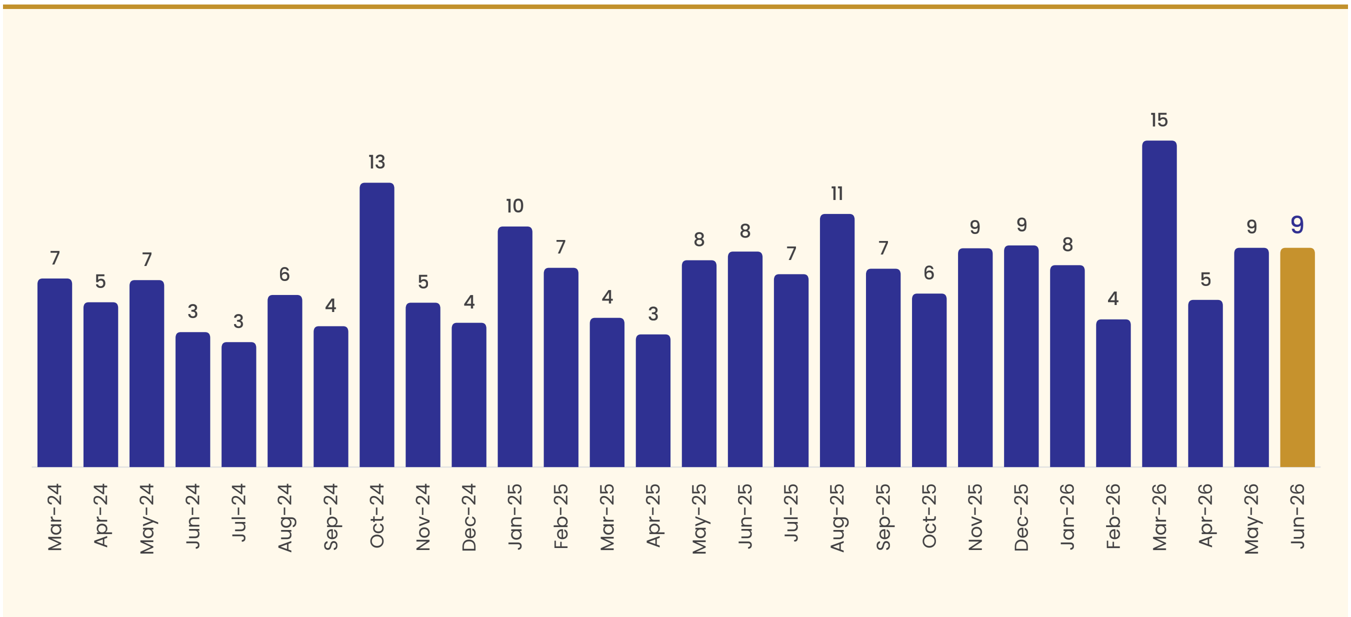
DIIs continued to provide strong support, recording net inflows of USD 8.7 billion, unchanged from May. Overall, domestic liquidity remained more than sufficient to absorb foreign outflows, continuing to provide stability to Indian equities.

INSTITUTIONAL FLOWS (USD B)

FII EQUITY FLOWS (US$ BN)



DII EQUITY FLOWS (US$ BN)



Source: Motilal Oswal Institutional Equities

Corporate Earnings — Q1FY27 Preview

Nifty 50

Nifty 50 earnings are expected to grow 10% YoY in 1QFY27, the strongest pace in four quarters. Financials, Metals, Telecom and Technology are likely to drive growth, while Oil & Gas remains the key drag.

NIFTY 50 EARNINGS ARE EXPECTED TO GROW

10% YoY

in 1QFY27

MOFSL Universe

MOFSL Universe earnings are expected to decline 3% YoY, largely due to losses in Oil & Gas, particularly OMCs. Excluding Metals and Oil & Gas, earnings are likely to grow 11%, supported by Financials, Telecom, Technology and consumer-facing sectors. Automobiles, Healthcare and Cement may remain weak.

EXCLUDING METALS AND OIL & GAS EARNINGS ARE LIKELY TO GROW

11% YoY

Performance Across Market Capitalisations

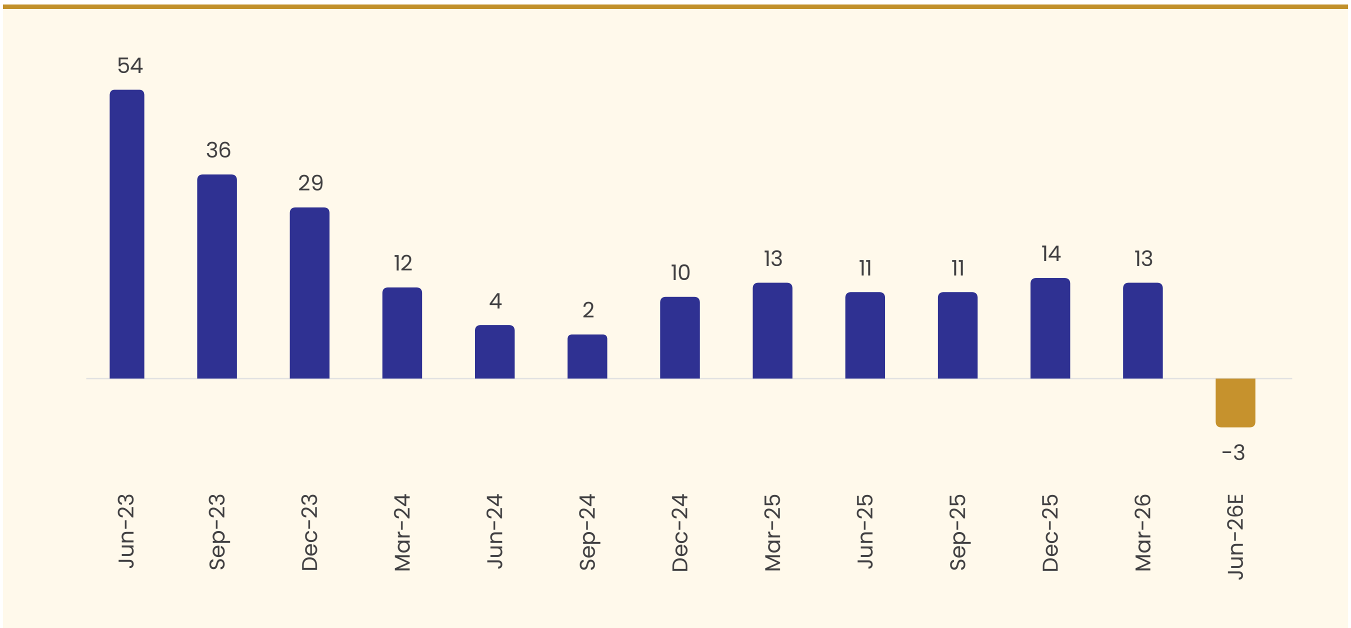
Small-cap earnings are expected to grow 20% YoY, while large- and mid-cap earnings may decline 2% and 14%, respectively. Revenue growth remains healthy across segments, but margin pressure—especially among mid-caps—is likely to weigh on profitability.

SMALL-CAP EARNINGS ARE EXPECTED TO GROW

20% YoY

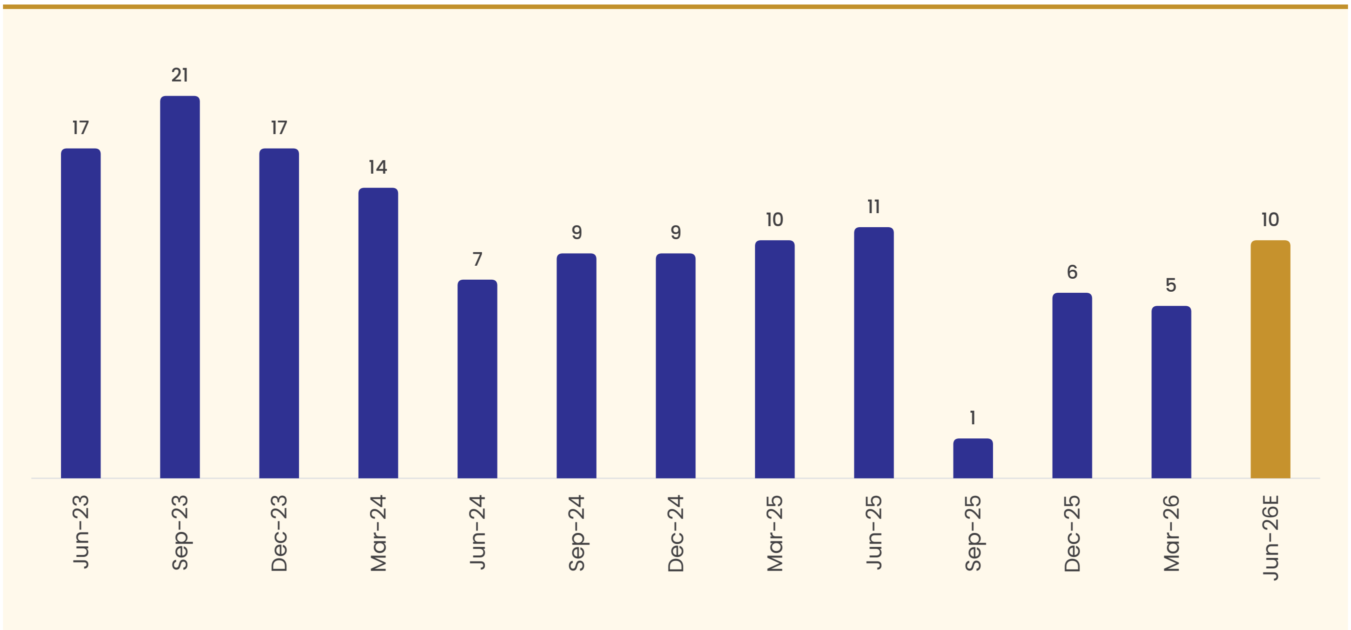
MOFSL UNIVERSE PAT GROWTH

MOFSL UNIVERSE



NIFTY 50 PAT GROWTH

NIFTY UNIVERSE



Valuations

The Nifty is now trading at a 12-month forward Price-to-Earnings (P/E) ratio of 18.8x, which is ~10% below its 10-year historical average of 21x. Mid and small-cap equities' 12-month forward P/E trades at a 14%/29% premium to their 10-year averages of 23.9x/17.4x but the extent of the premium has come down substantially compared to Sep'24.

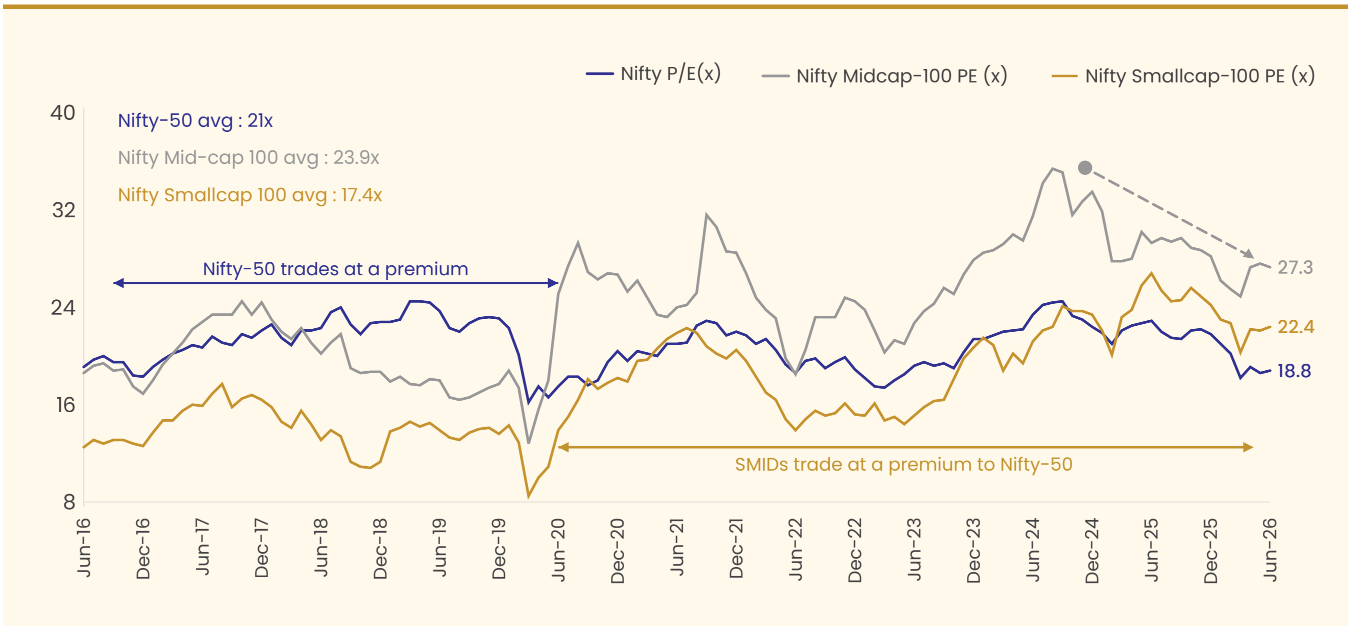
CURRENT NIFTY 50 VALUATIONS

18.8x

12-Month Forward P/E Ratio

~10% BELOW 10-YEAR AVERAGE

JUN'16-JUN-26 P/E(X) 12M FWD AVG. P/E(X)



Source: Motilal Oswal Eagle Eye Report

BELOW ARE THE COMPARATIVE VALUATIONS OF A FEW KEY SECTORS

SECTOR	12M FORWARD P/E OR P/B	10Y AVG P/E OR P/B	COMMENTARY
Automobiles	25.7x P/E	23.7x P/E	Trading at a ~9% premium to historical averages. Demand is improving as West Asia tensions ease, with double-digit growth expected across most segments. PV, tractor and 2W demand remains healthy, while MHCV volumes may stay under pressure during the monsoon.
Private Banks	2.0x P/B	2.5x P/B	Trading at a ~19% discount to historical averages. Fundamentals remain healthy, supported by strong credit growth, stable asset quality and benign credit costs, although higher deposit competition could keep margins range-bound.
PSU Banks	1.2x P/B	0.9x P/B	Trading at a ~34% premium to historical averages. Strong credit growth and stable asset quality remain supportive, while higher funding costs and slower CASA accretion could limit margin expansion.
Capital Goods	41.4x P/E	27.7x P/E	Valuations remain elevated at a ~50% premium to historical averages. Ordering activity was affected by the West Asia crisis but is expected to improve, led by power T&D, renewables, defence and data centres. A selective approach remains prudent.
Consumer Staples	38.3x P/E	42.7x P/E	Trading at a ~10% discount to historical averages. Companies are taking calibrated price hikes to offset higher input and freight costs, but volatile crude prices and inflation remain risks to margins and demand recovery.
Consumer Durables	42.5x P/E	37.8x P/E	Trading at a ~12% premium to historical averages. Summer demand for room air conditioners remained healthy before moderating in June due to weaker weather conditions, while infrastructure and electrification continue to support the medium-term outlook.
Healthcare	35.5x P/E	27.9x P/E	Trading at a 27% premium, valuations are nearing their 10-year high, supported by healthy domestic formulations, export and CDMO demand. Hospitals also continue to benefit from higher occupancies, improving case mix and capacity additions.
Real Estate	26.9x P/E	33.7x P/E	Trading at a ~20% discount to historical averages. Office leasing remained healthy, rising 15% YoY, while declining vacancy levels despite higher supply point to sustained occupier demand.
Technology	14.3x P/E	21.5x P/E	Trading at a ~34% discount to historical averages. Demand remains weak amid slower client decisions, lower discretionary spending and AI-led uncertainty, while wage costs and continued investments could keep margins under pressure.

Portfolio Strategy

Old signals are losing reliability: a stronger dollar no longer predicts EM underperformance, US leadership is broadening beyond mega-cap tech, and crude has flipped from a supply shock to surplus within 3 months. India is positioned to benefit from multiple long-term growth drivers, including a revival in the capex cycle, expansion of Global Capability Centers (GCCs), improving manufacturing competitiveness, and progress on trade agreements. These trends should support earnings growth over the medium term.

India's share of global corporate profits continues to exceed its weight in global equity indices, while its contribution to global GDP growth remains disproportionately high. This leaves room for higher global allocations over time given that valuations have moderated over the last 18 months.

Market breadth is improving, with a rising share of stocks delivering positive returns across timeframes and market caps — a sign the game is opening up beyond a narrow set of leaders.

Shorter market cycles are driving faster sector rotation and greater dispersion within sectors, particularly in the mid- and small-cap universe. This changing market structure reinforces the case for active management and disciplined stock selection to generate alpha. Compared with the Nifty, the broader market has greater representation in high-growth sectors such as capital goods and healthcare, while benchmark indices remain more concentrated in relatively mature sectors.

> *“This strengthens the case for increasing earlier overweight allocation further to mid and small caps, supported by moderated valuations.”*

Valuations have corrected meaningfully from Sep-24 highs – Nifty 50 now trades below its 10-year average while extension of premium in mid & small cap over 10-yr average has come down over thee last 18 months.

Considering the current scenario, we continue to maintain Neutral view on Equities.

PORTFOLIO ALLOCATION

40%
ALLOCATION
Hybrid/Large caps

10%
ALLOCATION
Global

50%
ALLOCATION
Mid & Small Caps

Investment Strategy: Lump-sum investments in Hybrid funds at current levels; For Pure equity-oriented strategies, a staggered approach is prudent given the uncertainty. Any sharp correction should be used for aggressive deployment.

RBI's Playbook | Rates, Liquidity, Currency, Inflation

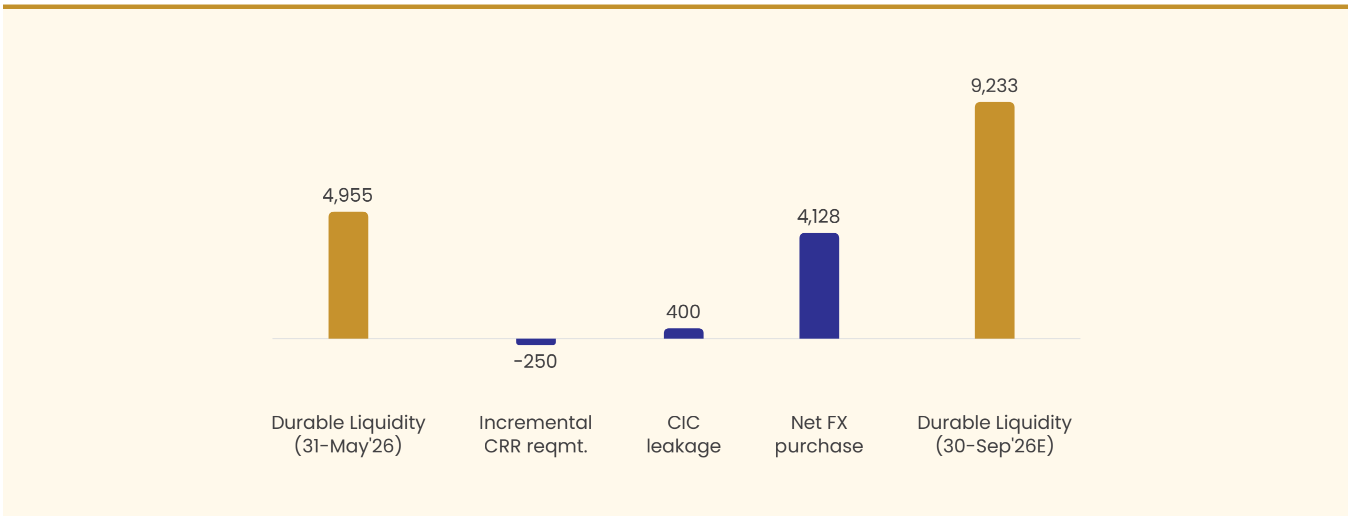
MONETARY POLICY

Repo rate cut 125 bps cumulatively since Feb-2025 to 5.25%; maintained the status quo, highlighting the RBI's balancing act between rising inflation risks and moderating growth ; RBI to remain data dependent

LIQUIDITY MANAGEMENT

Durable liquidity of Rs.4,955bn (31-May-26) expected to increase to ~Rs.9,233bn by 30-Sep-26 — driven by ~Rs.4,128bn of net FX purchases, partly offset by CRR - Cash Reserve Ratio and CIC - Currency in Circulation

DURABLE LIQUIDITY BUILD UP (INR BILLION)



CURRENCY MANAGEMENT

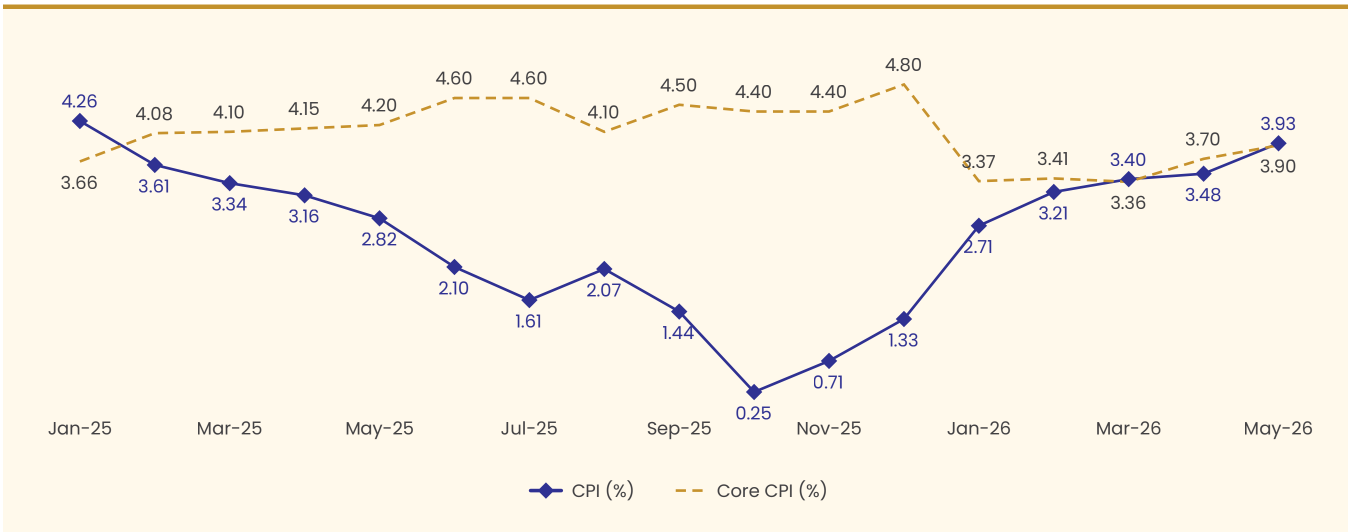
INR fell to a low of ~96.8/USD before RBI's 5-Jun FX package (FCNR(B) hedge support, ECB swap window, FAR expansion) helped it recover to ~94.4/USD by Jun-2026.

INFLATION WATCH

CPI remains contained, but monsoon & crude are key swing factors. WPI inflation jumped from 4.0% (Mar-26) to 8.3% (Apr-26) and 9.7% y-o-y (May-26) on the oil/commodity shock;

CPI REMAINS CONTAINED – WITHIN RBI'S TARGET OF 4.2% Q1FY27

CPI & CORE CPI TREND



*As of 30 June 2026. Collective holdings are end-of-period levels. Source: Bloomberg, Company Filings, World Gold Council

FPI Debt Flows Revive — CY26YTD

RBI'S RECENT MEASURES TO ATTRACT DEBT INFLOWS : DEBT HAS STAYED RESILIENT EVEN AS EQUITY FPI OUTFLOWS DEEPENED

> 50–60 bn of dollar inflows expected initially from RBI's June package — rising to $80–100 bn in an optimistic scenario, per RBI/Market estimates.

> Rupee: peak weakness ~96.8/USD → stabilized near 94.4/USD by Jun-2026 as measures took effect.

MEASURE	EST. INFLOW / TIMELINE
Full hedging-cost absorption for 3-5Y FCNR(B) NRI deposits	~$30-35 bn; till 30-Sep-26
Concessional forex swap for PSU External Comm. Borrowings	~$10-15 bn; till 31-Dec-26
FAR expansion — all new 15Y/30Y/40Y G-Secs, limits removed, aiding global bond index flows	Permanent change
FPI exemption from withholding & capital-gains tax on G-Secs	Effective 1-Apr-2026
Export proceeds realisation period restored to 9 months	Implemented
Higher NRI/OCI investment limits in listed equities	Immediate / permanent

Total debt inflow swung from -$1,169M in April to +$5,849M in June, ending YTD at +$7,578M even as equity stayed deep negative.

DEBT INFLOWS (USD MN)

MONTH	TOTAL DEBT	DEBT-FAR	DEBT-GL	DEBT-VRR	EQUITY
January	663	1461	-805	7	-3976
February	2067	949	593	525	2497
March	-926	-1246	671	-351	-12724
April	-1169	-14	-826	-329	-6474
May	291	462	-10	-161	-3450
June	5849	2273	3235	341	-5157
July **	803	503	408	-108	566
Total – 2026	7578	4388	3266	-76	-28718

GL - General Limit; FAR - Fully Accessible Route; VRR - Voluntary Retention Route. Source : NSDL, Internal Research ** Data as on 8th July 2026

10 Yr G-Sec — *Why the Yields have softened*

Yields have eased to 6.76% as crude softens and foreign debt inflows pick up

G-Sec yields and Brent crude have moved in tandem — both easing as the oil price war-premium unwinds, reflecting their close link via inflation and the current account. Having said, on breaching the cease fire, war concerns surfaces

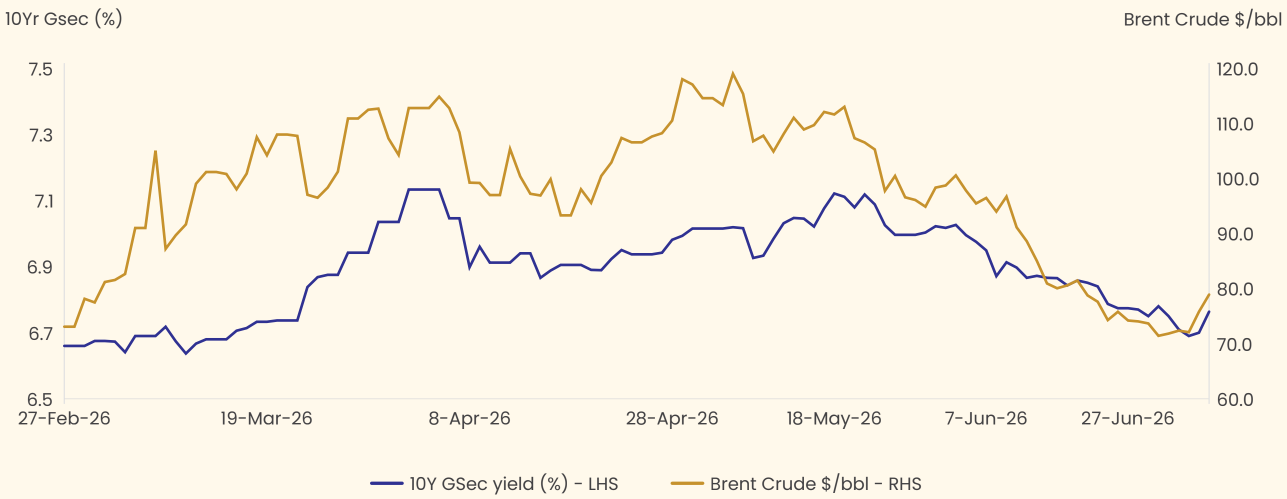
6.76%

10 YR GSEC

$78.8

BRENT $ BBL

10 YR GSEC YIELD VS BRENT CRUDE



Crude oil prices have fallen — Brent down from a ~$120 March war peak to ~$78.8, easing India's import bill, CAD and inflation outlook, which supports lower yields

Rupee stability — RBI's FX measures (NOP cap, NDF ban, forex swaps) calmed the rupee, reducing the risk premium foreign holders demand on INR debt

FPI debt inflows — tax-free G-Secs (June 5 ordinance) and FCNR(B) hedging support drove ~$2.7B into FAR securities, lifting bond prices and pulling yields down

Inflation trajectory slightly better than before — easing energy costs feed through to the CPI/WPI outlook, reinforcing rate neutral/cut expectations

Improved system liquidity — RBI's surplus liquidity stance and OMO purchases have kept short-term rates anchored, supporting demand for G-Secs

Source : Investing.com ; market reports, internal research, Data as on 8th July 2026

India G-Sec Yield Curve

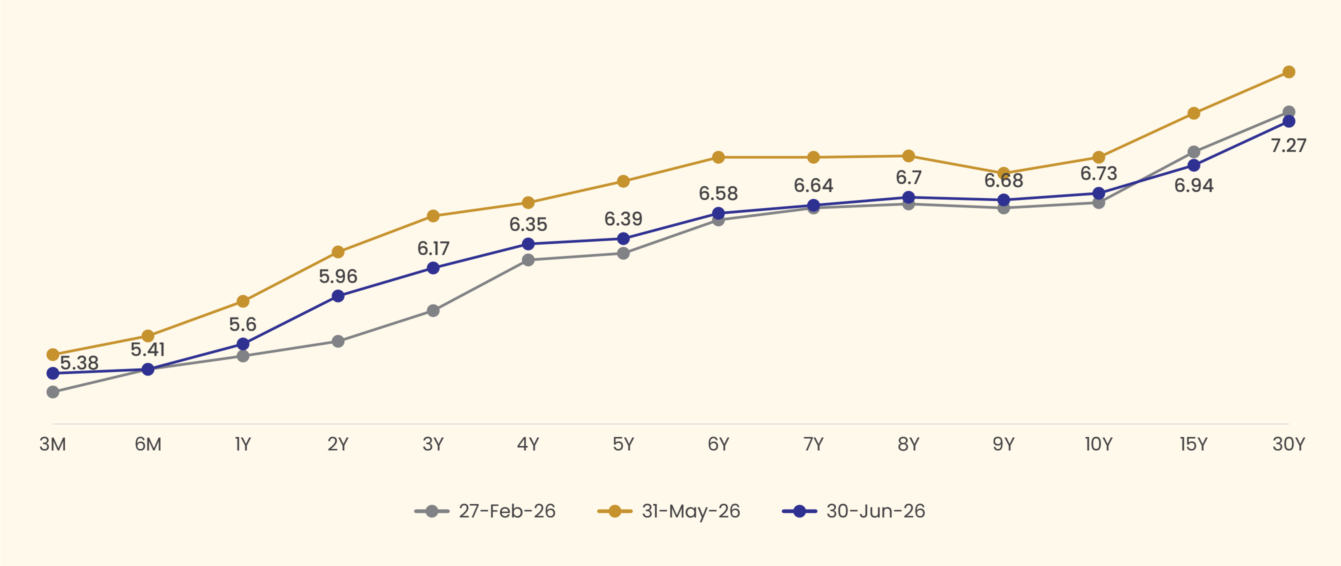
What's Driving the Shape of the Curve

Short end (3M-2Y) fell the most in June as RBI's FX-driven liquidity injection (~Rs.4.1tn) & FCNR(B)/ECB flows eased money-market rates (3M CD -70bps m-o-m).

Long end (10Y-30Y) stays elevated vs history, however the spread has come down substantially in line with our expectation.

Softer crude oil & easing Middle-East tensions reduced the inflation risk premium priced into long bonds.

10 YR GSEC YIELD VS BRENT CRUDE



SPREAD (BPS)	FEB'26	SPREAD (BPS)
10Y / 3M	142	135
30Y / 10Y	68	54
10Y / 1Y	115	113

Source : Investing.com ; market reports, internal research, Data as on 8th July 2026

Fixed Income View & Portfolio Strategy

The global macro environment continues to be characterised by tight financial conditions, with inflationary risks remaining elevated and central banks maintaining a hawkish posture.

On the domestic front, RBI has introduced a comprehensive suite of measures aimed at attracting dollar inflows — a response to sustained balance of payments pressures, softening capital flows, and stress on the rupee. Notably, this has been achieved without resorting to aggressive rate action, reflecting the central bank's preference for calibrated, non-disruptive intervention.

Against this backdrop, the 10-year G-Sec yield has retraced 30–40 basis points from its recent peak and now trades in the 6.7–6.8% range, aided by a decline in crude oil prices and RBI's currency-stabilisation measures. Yields may remain range-bound in the near term, with recent highs likely to act as resistance.

6.7—6.8%

CURRENT TRADING RANGE

10-Year G-Sec Yield

30-40 bps

RETRACEMENT FROM PEAK

Yields have retraced from their recent highs, aided by falling crude and RBI action

OUTLOOK

Yields are likely to remain range-bound in the near term, with recent highs acting as resistance.

> That said, some volatility cannot be ruled out, particularly should geopolitical risks — such as a breach of the prevailing ceasefire — resurface. While inflation continues to track within forecast, risks emanating from the monsoon, food prices, and crude oil trends warrant continued monitoring.

> In essence, the recent measures have proven effective in stabilising near-term conditions; however, their durability may ultimately be contingent on underlying fundamentals — particularly the sustainability of capital flows, the trajectory of global risk appetite, and the path of crude oil prices.

Given this macroeconomic construct, we continue to recommend accrual strategies as the core allocation within fixed income portfolios

> Accrual exposure may be built across the credit spectrum, with 55–60% of the fixed income allocation directed towards Performing Credit and Private Credit Strategies, high-yield NCDs, and income-generating assets such as InvITs

> The balance of the portfolio may be deployed in relatively liquid fixed-income alternatives, offering both flexibility and risk-adjusted stability namely Arbitrage Funds (min 3 months holding period), Hybrid SIF Funds (min 2 yr holding period), Conservative Equity Savings funds (min 3 years holding period)

Gold

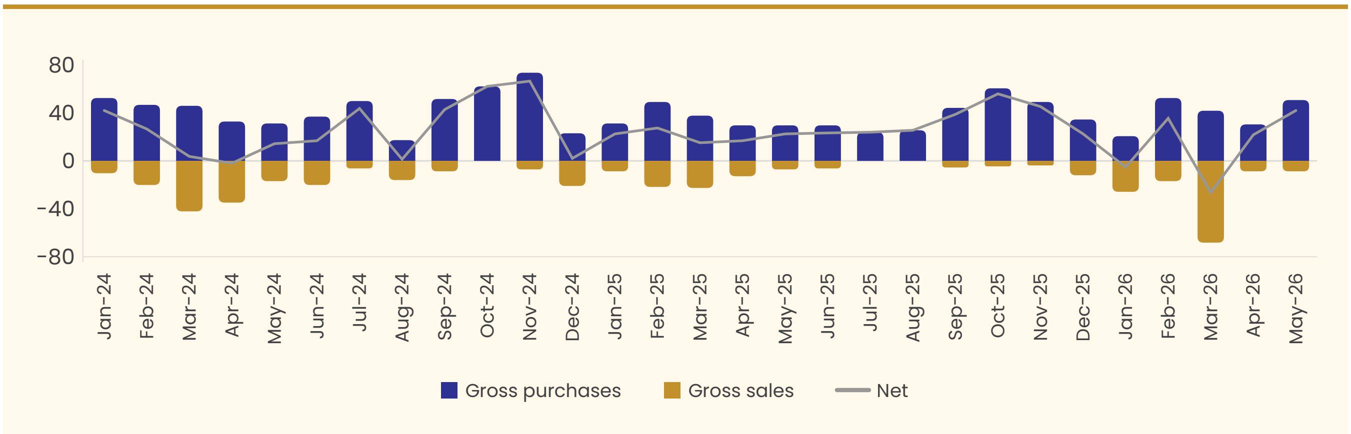
Gold remained volatile through the first half of 2026. After reaching a record high of above US$5,595/oz in January amid escalating Iran tensions, prices corrected sharply in March following restrictions in the Strait of Hormuz. Gold subsequently weakened further through the second quarter, closing below US$4,100/oz in June as improving risk sentiment reduced safe-haven demand. Despite the correction, gold continues to trade well above its two-year average, supported by sustained central bank demand and lingering geopolitical uncertainty.

Central Bank Demand

Central bank demand remained supportive in May, with reported net purchases of 41 tonnes. Buying continued to be led by Poland, China, Uzbekistan and Kazakhstan, while Turkey and Russia were among the few notable sellers. As highlighted in the charts below, purchases remain concentrated among a core group of central banks, although the number of countries gradually adding to their gold reserves has continued to widen.

CENTRAL BANKS STAY ON COURSE IN MAY BUYING A NET 41T OF GOLD

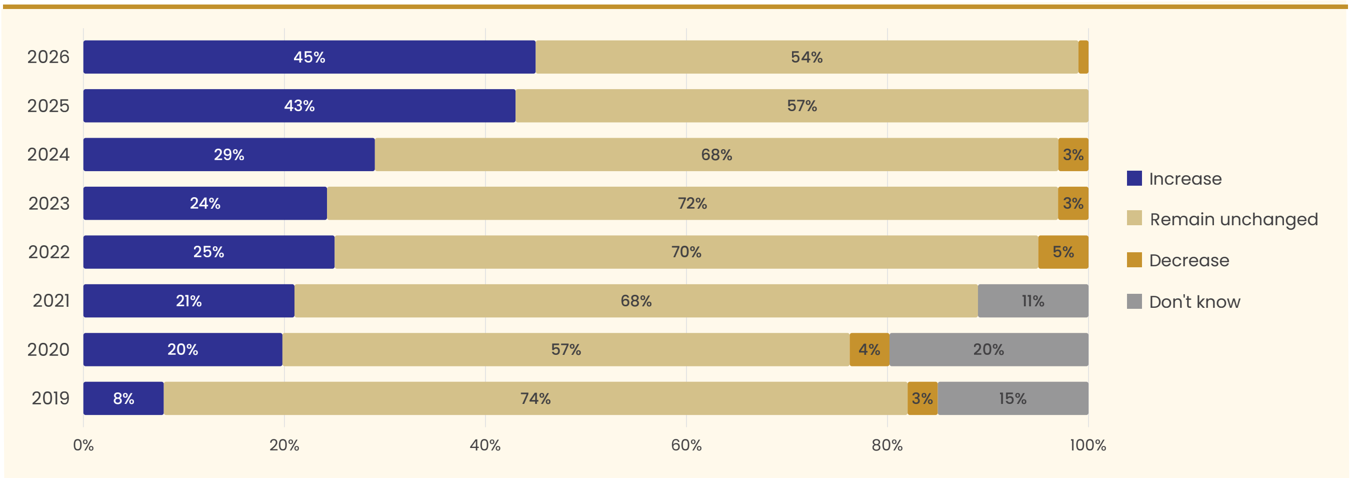
Monthly reported central bank activity, tonnes*



*Data to 30 June 2026, where available. Source IMF, respective central banks, World Gold Council

A RECORD HIGH NUMBER OF CENTRAL BANKERS EXPECT THEIR GOLD RESERVES TO INCREASE

How do you expect your institution's gold reserves to change over the next month 12 months?



2026 base: All central banks (74); advanced economy (17); EMDE (57). "Don't know" was removed as an option in 2023. Source: IMF, respective central banks, World Gold Council

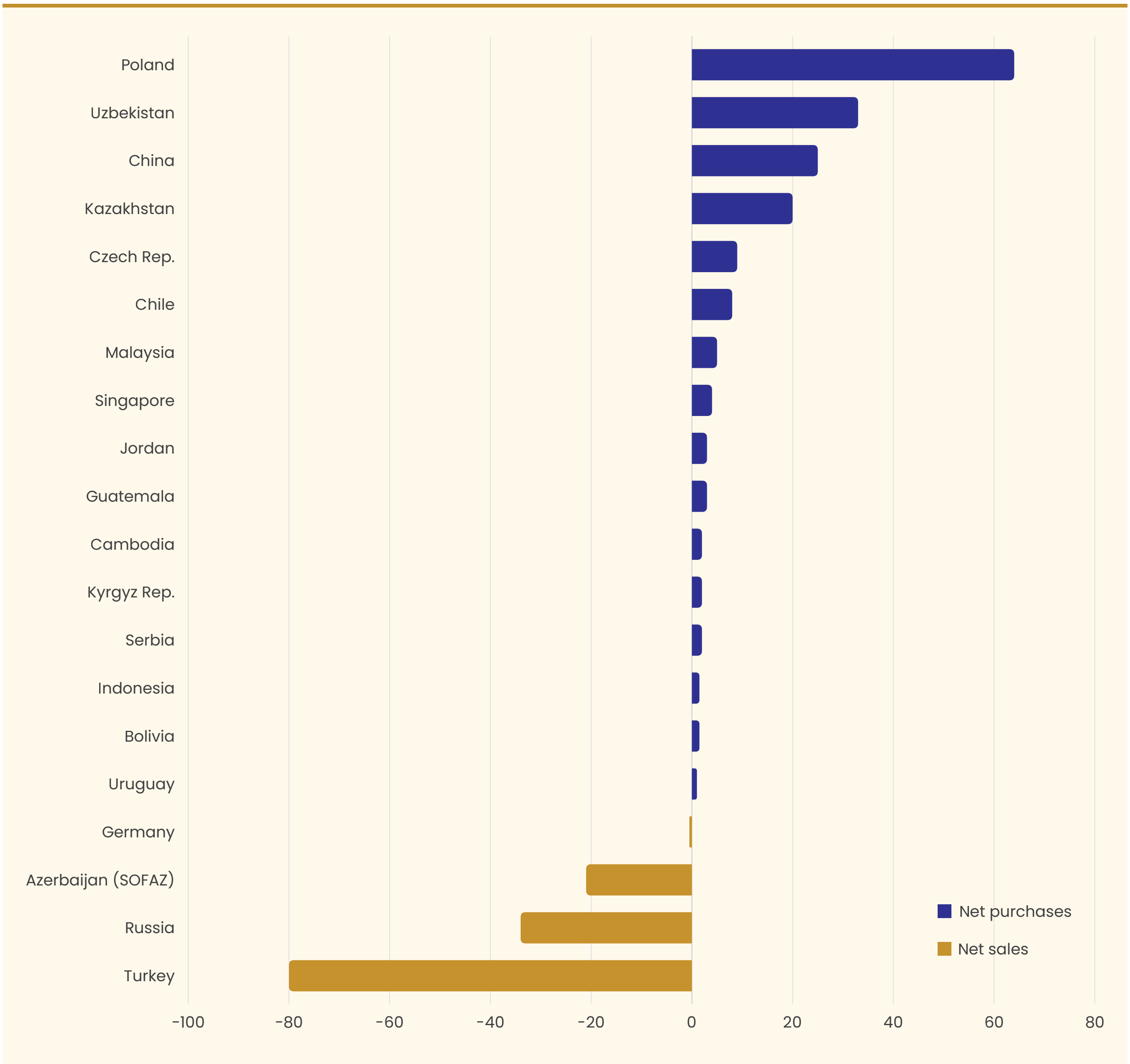
Poland remained the largest year-to-date buyer, while China extended its gold-buying streak to a 20th consecutive month.

> **45%**
>
> **OF CENTRAL BANK SURVEYED EXPECT GOLD RESERVES TO INCREASE**
>
> versus 8% in 2019

A record 45% of central banks surveyed expect their own gold reserves to increase over the next 12 months, compared with just 8% in 2019. Against a backdrop of geopolitical uncertainty and continued focus on reserve diversification, central bank purchases are likely to remain an important source of structural support for gold.

YEAR-TO-DATE CENTRAL BANK GOLD ACTIVITY

Central bank net purchases and sales, tonnes*



*Data to 30 June 2026, where available. Note: The Bulgarian National Bank's transfer of 2t to the European Central Bank as part of its adoption of the euro is excluded from the chart. Source: IMF, respective central banks, World Gold Council

Investment Flows

Global gold ETF demand weakened further in June as investors reduced exposure following the sharp correction in gold prices. Global physically backed gold ETFs recorded outflows of US$8.9bn during the month, with all regions witnessing net selling.

North America led the outflows, losing US$5.5bn as the decline in gold prices and expectations of higher interest rates increased the opportunity cost of holding gold. In Asia, selling was largely led by Chinese funds amid improving equity market sentiment, while India continued to attract inflows as investors viewed the decline in gold prices as an entry opportunity.

Despite the weakness in June, global gold ETF flows remained positive at US$8bn during the first half of 2026. Asia remained the key driver of demand, recording its strongest first half on record, suggesting that investor interest in gold remains intact despite the recent price volatility.

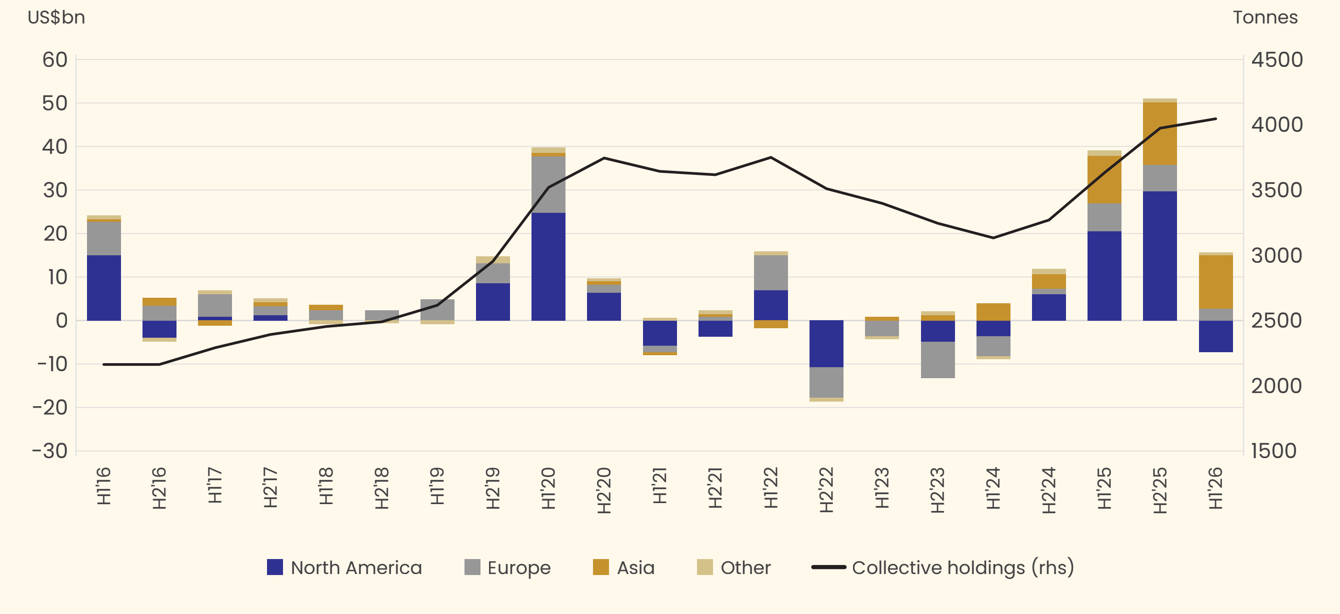
US$8bn

GLOBAL GOLD ETF FLOWS

H1, 2026

GLOABL GOLD ETF INFLOWS IN H1 WERE DRIVEN BY ASIAN FUNDS

Global gold ETF flows by region and collective gold holdings*



*As of 30 June 2026. Collective holdings are end-of-period levels. Source: Bloomberg, Company Filings, World Gold Council

Fed Policy Expectations and Energy Markets

Fed policy remains a near-term headwind for gold. With markets now pricing at least one rate hike before year-end, real yields have remained elevated. Higher bond yields increase the opportunity cost of holding gold, as it does not generate any income, making interest-bearing assets relatively more attractive.

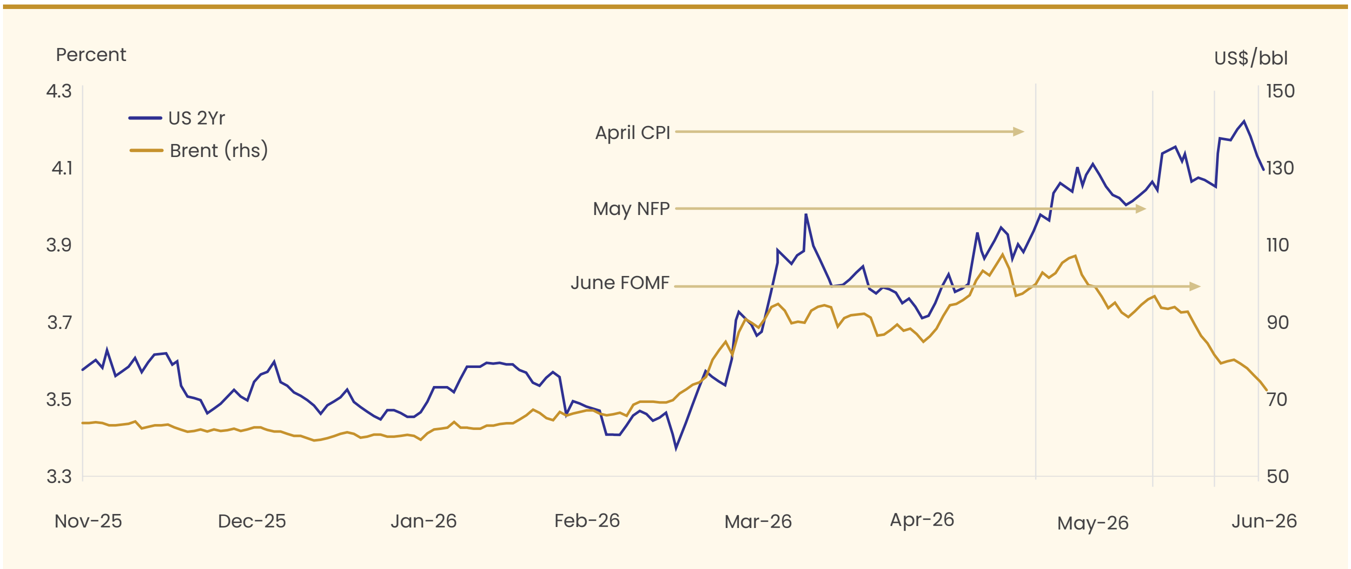
At the same time, inflation risks continue to support gold's broader investment case.

The recent divergence between Brent crude and the 2-year US Treasury yield suggests that lower oil prices may not necessarily translate into lower inflation.

With yields remaining elevated despite easing energy prices, markets appear increasingly focused on persistent inflation pressures, which could reinforce demand for gold as a hedge against inflation.

OIL DOWN WITH RATES UP POINT TO A NEW INFLATION

Risk 2-year US Treasury yield vs Brent crude oil price*



Sources: Bloomberg, World Gold Council; Disclaimer: https://www.gold.org/terms.and.conditions#proprietary-rights
*Data as of 26 June 2026. Based on The Narrative in Markets Is Changing, Torsten Slok, Apollo, June 2024
https://www.apollo.com/wealth/the-daily-spark/the-narrative-In-markets-Is-changing

As a result, gold continues to be influenced by two opposing forces - elevated yields limiting near-term upside, while inflation and geopolitical uncertainty provide support on declines.

Conclusion

Following a volatile first half of 2026, gold may remain rangebound as elevated yields and a hawkish Federal Reserve cap near-term upside.

While recent ETF outflows reflect near-term investor caution, positive H1 flows, ongoing central bank buying, inflation concerns and geopolitical uncertainty continue to underpin gold's broader investment case.

Accordingly, we retain a neutral outlook on precious metals, with a clear preference for gold over silver.

Client Portfolio Strategy

ASSET CLASS	VIEW: SHORT TERM	VIEW: LONG TERM	PORTFOLIO ALLOCATION
Equity	Neutral	Positive	40% allocation to Hybrid/Large caps, 10% to Global and 50% allocation to Mid & Small Caps Lump-sum in Hybrid funds and a staggerred approach over the next 2-3 months for Pure equity-oriented strategies
Debt and Alternates	Biased towards accrual strategies	Biased towards accrual strategies	For 3 - 5 years: 55% – 60% of the portfolio to Performing Credit & Private Credit Strategies, Select InvITs/NCDs For < 3 years: Arbitrage Funds (min 3 months), Hybrid SIF Funds (min 2 years), Conservative Equity Savings funds (min 3 years)
Commodities	Gold: Neutral Silver: Neutral	Gold: Positive Silver: Neutral	Gold ETFs, Silver ETFs, Passive FoFs

FOCUSED INVESTMENT LIST

ASSET CLASS	HOLDING PERIOD	STRATEGY	MANAGED STRATEGIES
Equity	3 years+	Equity Hybrids	ABSL Balanced Advantage Fund, Edelweiss Aggressive Hybrid
		Multi Asset	White Oak Multi Asset Fund, ICICI Pru Multi Asset Fund
		Multi Caps	**PMS:** Buoyant Opportunities PMS, ICICI Pru ACE PMS, MO Founders PMS, Alchemy Select Stock PMS **AIFs:** Alchemy Long Term Ventures Fund 3, Carnelian Bharat Amritkaal Fund 2, MO Value Migration AIF Series I, Buoyant Opportunities AIF 4, **MFs:** DSP Business Cycle Fund, Abakkus Flexi Cap Fund, Helios Flexi Cap Fund, Mirae Asset Multi Cap Fund, MO Large and Mid Cap Fund, Bandhan Large & Mid Cap Fund
		Mid & Small Cap	Edelweiss Mid Cap Fund, Invesco India Mid Cap Fund Bandhan Small Cap Fund, Abakkus Small cap Fund
Debt and Alternates	3 months+	Arbitrage Funds	Kotak Arbitrage Fund, Invesco India Arbitrage Fund, Motilal Oswal Arbitrage Fund, Edelweiss Arbitrage Fund
	3 years+	Equity Savings	ICICI Pru Equity Savings Fund, Kotak Equity Savings Fund
	2 years+	SIFs - Hybrid	Altiva Hybrid Long-Short Fund, RedHex Hybrid Long-Short Fund
	3 years+	InvITs	Indigrid InvIT, IndusInfra InvIT, RaajMarg InvIT
	Remaining Tenor: 5.7 years	Private Credit	MO India Credit Excellence Fund - I
	Remaining Tenor: 5.9 Years		Lighthouse Canton Growth Debt Fund II
	2 years+	SIFs - Equity	iSIF Equity Ex-Top 100 Long-Short Fund
	Remaining Tenor: 9.0 years	Private Equity	Agastya Capital India Growth Fund
	Remaining Tenor: 9.2 years		L Catterton India Fund I
Offshore	3 years+	Out-bound Equity Strategies	Mirae Asset Global Allocation Fund, DSP Global Equity Fund

Client Portfolio Strategy

IN-HOUSE MANDATE SOLUTIONS LIST

ASSET CLASS	HOLDING PERIOD	STRATEGY	MANAGED STRATEGIES
Equity	3 years+	DPMS (Equity MFs)	Delphi 4C Advantage
		CAT III AIF (boutique equity managers)	Delphi Emerging Star Strategy
		NDPMS (bespoke equity portfolio)	Delphi Alpha Edge PMS , Catalyst PMS
Fixed Income	3 months - 3 years	NDPMS (bespoke fixed income portfolio)	Delphi Income Shield PMS
Multi Asset	3 years+	DPMS (MFs)	Delphi All Weather Strategy (AWS)

CLIENT ONBOARDING CHECKLIST

Client Name:

General Infomation:

Do you have a single window view to all of your assets, liabilities, investments?	Yes ☐	/ No ☐
Is the family aware of your investments?	Yes ☐	/ No ☐
Do you have any family in foreign locations?	Yes ☐	/ No ☐
Is there any transfer to India or from India to family member abroad?	Yes ☐	/ No ☐
Do you hold any foreign assets or investments?	Yes ☐	/ No ☐
Do you have any family member with special requirement? Have you planned for them?	Yes ☐	/ No ☐

Type of Investments:

Stocks ☐ Bonds ☐ AIF ☐ PMS ☐ Real Estate ☐ Mutual Fund ☐ Fixed Deposit ☐

Do you have joint holder?	Yes ☐	/ No ☐
Do you have Nominees?	Yes ☐	/ No ☐
Do you need to update nominee?	Yes ☐	/ No ☐
Were you a joint holder with someone?	Yes ☐	/ No ☐
Need assistance to transfer joint holding?	Yes ☐	/ No ☐

Physical Shares:

Do you own physical shares that needs to be converted to demat?	Yes ☐	/ No ☐
Do you own physical Mutual Funds that needs to be converted to demat?	Yes ☐	/ No ☐

PPF & EPF:

Do you know the status of your PPF or EPF?	Yes ☐	/ No ☐

Loans:

Do you have existing loans?	Yes ☐	/ No ☐
Is there a change, top-up requirement?	Yes ☐	/ No ☐
Are there any receivables?	Yes ☐	/ No ☐
Is your family aware of the receivables?	Yes ☐	/ No ☐

EMERGENCIES: HAVE YOU PLANNED FOR EMERGENCIES?

Life Insurance:

Insurance?	Yes ☐	/ No ☐
Is your family aware of it?	Yes ☐	/ No ☐

Medical Insurance:

Medical Insurance?	Yes ☐	/ No ☐
Do you think it is adequate?	Yes ☐	/ No ☐

Will:

Do you have a Will?	Yes ☐	/ No ☐
Do you need to update your Will?	Yes ☐	/ No ☐

Real Estate:

Do you have multiple real estate?	Yes ☐	/ No ☐
Have you planned for liquidity / transfer?	Yes ☐	/ No ☐

Family situation:

Are there any Dependents, potential inhertance, global mobility consideration?	Yes ☐	/ No ☐

Other Questions:

Digital assets, such as domain names and digital art?

Is your family aware of Lockers?

Is your family aware of the Bank accounts?

Is your family aware of Income sources?

How are your vehicles held?

GENERAL INFORMATION & CLIENT PROFILE

PARTICULARS	DETAILS
Portfolio Characteristics	
Investment Horizon	
Liquidity Requirements	
Cash Flow Requirements	
Restricted Investments	
Performance Benchmarking	
Portfolio Review	
Review of Guidelines	

INVESTMENT CHARTER – EXPOSURE GUIDELINES

MANDATE	CRITERIA	PORTFOLIO COMPLIANCE
Asset Allocation	• Equity (Mutual Funds, Direct Equity, AIFs) • Fixed Income (Mutual Funds, Structures, AIF, Direct Debt) • Alternatives (Real Estate, Private Equity, Long Short Funds) • Liquid Assets (Liquid, Ultra Short-term, and Arbitrage Funds)	
Return Expectations[1]		
Investment Time Horizon[2]		

[1] Return expectations for portfolio since inception for active and closed holdings. There is no guarantee that the performance will be achieved.
[2] Average age of portfolio holding–Including Closed Holdings

INVESTMENT CHARTER – EXPOSURE GUIDELINES

MANDATE	CRITERIA	PORTFOLIO COMPLIANCE
Market Cap Limits	• Large Cap (Top 100 Companies) • Mid Cap (101 to 250th Company) • Small Cap (251st Company Onwards)	
Interest Rate Risk	Modified Duration	
Credit Quality	• AAA & Above • AA & Above • A & Below	
Close Ended Investments	Maximum allocation to closed ended investments	
Mutual Funds & Managed Accounts	• Single AMC • Single Scheme	
Other Instruments	• Single Issuer • Single Instrument	
Proprietary Products	Own AMC/ Self-Managed Funds/ Structures/ Debt	

DISCLAIMER

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