

# TEMPO

Trends | Economy | Markets | Performance | Outlook



August 2025

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# Global equity markets at a glance

	Countries	Exchange Name	Index Level	Valuation (12-month forward)					Absolute Performance (%)			
				P/E	P/E 10yr Avg	P/B	P/B 10yr Avg	ROE	1 Month	3 Month	6 Month	1 Year
				(x)	(x)	(x)	(x)	(%)				
Developed Market	USA	S&P500	6,363	22.4	18.7	4.7	3.4	20.8%	2.5%	14.3%	5.3%	15.2%
	USA	Nasdaq	21,130	28.7	25.1	5.5	4.5	19.0%	3.7%	21.1%	7.7%	20.1%
	Europe	STOXX 600	551	14.7	14.4	2.0	1.7	13.6%	1.7%	4.4%	2.1%	6.3%
	UK	FTSE 100	9,183	13.2	12.9	2.0	1.7	15.3%	4.8%	8.1%	5.9%	9.7%
	Germany	DAX	24,323	15.8	13.1	1.8	1.5	11.6%	1.7%	8.1%	11.9%	31.4%
	France	CAC 40	7,859	15.3	13.8	1.8	1.5	11.7%	2.5%	3.5%	-1.2%	4.3%
	Japan	Topix	41,070	19.4	18.1	2.0	1.7	10.4%	1.4%	13.9%	3.8%	5.0%
	Australia	ASX 200	8,743	19.2	16.2	1.9	1.9	10.0%	2.3%	7.6%	2.5%	8.0%
	Singapore	STI Index	4,174	13.1	12.5	1.4	1.1	10.5%	5.3%	8.9%	8.2%	20.8%
	Hong Kong	Hang Seng	24,773	10.9	10.4	1.2	1.1	11.2%	2.9%	12.0%	22.5%	42.8%
Emerging Market	India	Sensex	81,186	20.8	19.0	3.2	2.8	15.2%	-2.9%	1.2%	4.8%	-0.7%
	China	Shanghai composite	3,573	13.1	11.6	1.3	1.3	9.6%	3.7%	9.0%	9.9%	21.6%
	Brazil	Bovespa	133,990	8.0	10.4	1.2	1.5	14.7%	-3.5%	-0.8%	6.2%	5.0%
	Korea	KOSPI	3,245	10.7	10.2	1.1	0.9	10.0%	5.7%	26.9%	28.9%	17.1%
	Mexico	IPC	57,396	11.7	13.6	2.1	1.9	18.0%	-0.1%	2.0%	12.1%	8.1%
	Phillipines	PCOMP	6,253	9.7	15	1.2	1.7	12.5%	-1.8%	-1.6%	6.7%	-5.5%
	Turkey	XU100	10,722	3.3	5.9	0.5	0.9	15.9%	7.8%	18.1%	7.2%	0.8%
	Thailand	SET	1,242	13.3	15.2	1.2	1.6	8.8%	14.0%	3.8%	-5.5%	-5.9%
	Vietnam	VN30	1,615	11	10.8	1.8	1.8	16.1%	9.3%	23.3%	20.8%	24.3%
	Indonesia	JCI	7,484	11.2	15.0	1.6	2.0	13.9%	8.0%	10.6%	5.3%	3.2%

# Indian equity markets at a glance

## Market cap & Sector performance – Trailing period

	Segment	Absolute Performance (%)				CAGR (%)		
		1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Market-cap	Large-cap (NIFTY 50)	-2.77%	2.44%	6.17%	0.54%	14.32%	18.88%	12.60%
	Large-cap (NIFTY Next 50)	-2.61%	4.34%	6.82%	-9.53%	18.74%	21.03%	13.61%
	Large-cap (NIFTY 100)	-2.74%	2.76%	6.28%	-1.32%	14.62%	19.05%	12.71%
	Midcap (NIFTY Midcap 150)	-2.74%	7.74%	7.98%	-1.74%	24.76%	30.42%	17.78%
	Large & Midcap (NIFTY Large Midcap 250)	-2.74%	5.25%	7.21%	-1.40%	19.74%	24.76%	15.35%
	Small-cap (NIFTY Smallcap 250)	-3.57%	11.83%	8.44%	-3.93%	25.74%	32.74%	15.09%
	Multicap (NIFTY 500)	-2.83%	4.52%	6.83%	-1.63%	17.13%	21.69%	13.66%
	Micro-cap (NIFTY Microcap250)	-1.01%	14.39%	5.50%	-3.16%	34.51%	44.15%	20.35%
Themes/Sector	Auto (NIFTY AUTO)	-0.57%	6.60%	4.03%	-10.59%	24.47%	27.73%	11.83%
	Banks (NIFTY Bank)	-2.26%	2.17%	13.50%	9.42%	15.22%	21.76%	12.22%
	Commodities (NIFTY Commodities)	-2.01%	2.95%	8.58%	-8.48%	17.39%	25.30%	14.87%
	Consumption (NIFTY India Consumption)	-0.66%	4.32%	6.40%	0.47%	17.12%	20.21%	13.54%
	Energy (NIFTY Energy)	-3.91%	2.66%	4.10%	-19.18%	11.88%	20.24%	17.24%
	Healthcare (NIFTY Healthcare)	3.14%	6.26%	8.49%	9.00%	23.78%	18.84%	9.02%
	Infrastructure (NIFTY Infrastructure)	-3.44%	3.59%	9.17%	-3.62%	23.90%	24.95%	12.20%
	Information Technology (NIFTY IT)	-9.07%	-0.43%	-16.35%	-11.63%	8.74%	16.60%	14.03%
	Manufacturing (NIFTY India Manufacturing)	-1.99%	5.71%	7.40%	-5.66%	21.92%	26.08%	13.35%
	Oil & Gas (NIFTY Oil & Gas)	-4.37%	0.95%	7.01%	-14.04%	13.90%	18.94%	16.19%
	Pharma (NIFTY Pharma)	3.63%	5.03%	6.86%	5.45%	22.24%	16.21%	7.03%
	Realty (NIFTY Realty)	-7.34%	3.20%	-0.78%	-16.34%	26.92%	35.74%	18.39%
	Transportation (NIFTY Transportation & Logistics)	0.82%	10.18%	9.98%	-6.90%	26.12%	30.46%	13.76%

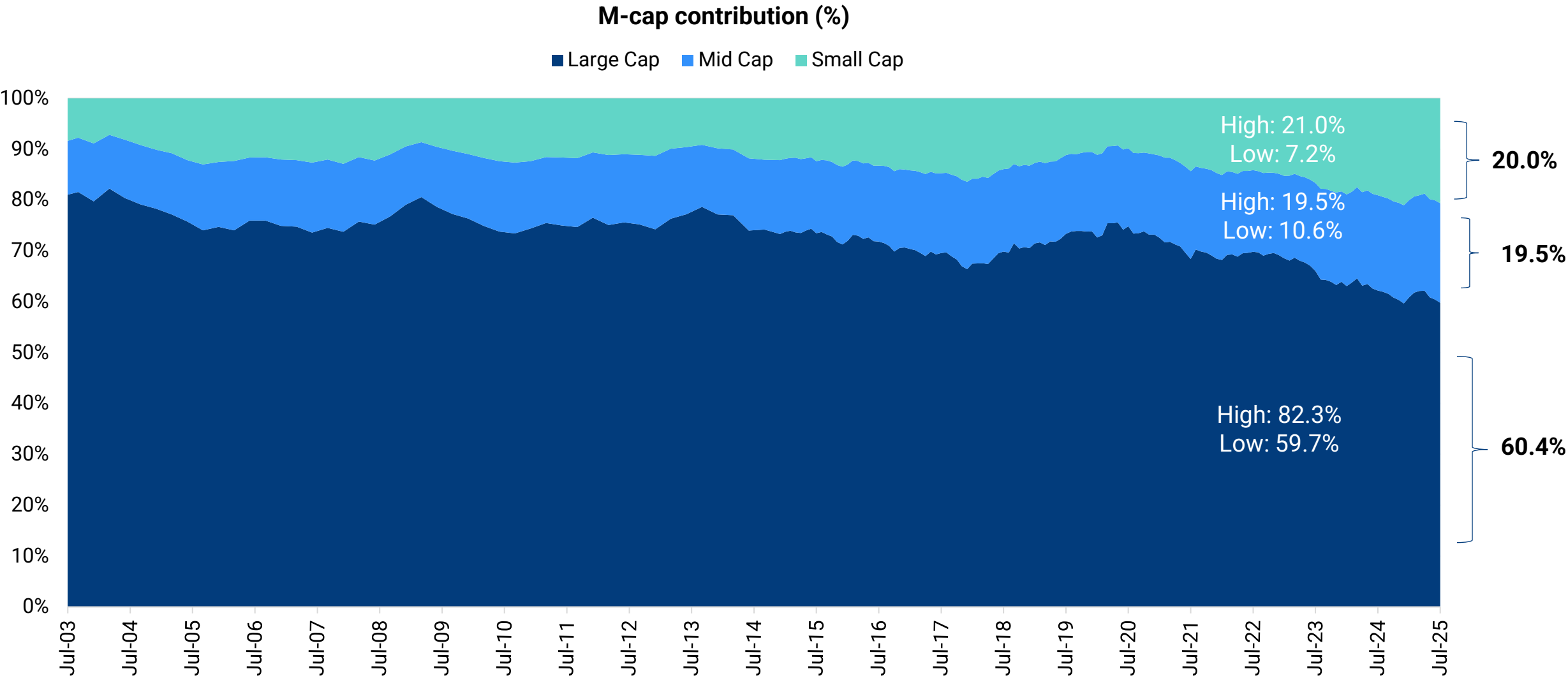
Source: NSE. Performance up to 1 year is absolute and above 1 year is CAGR. Data as of 31<sup>st</sup> July, 2025. The above indices are TR Indices.

# Indian equity markets at a glance

## Factor performance – Trailing period

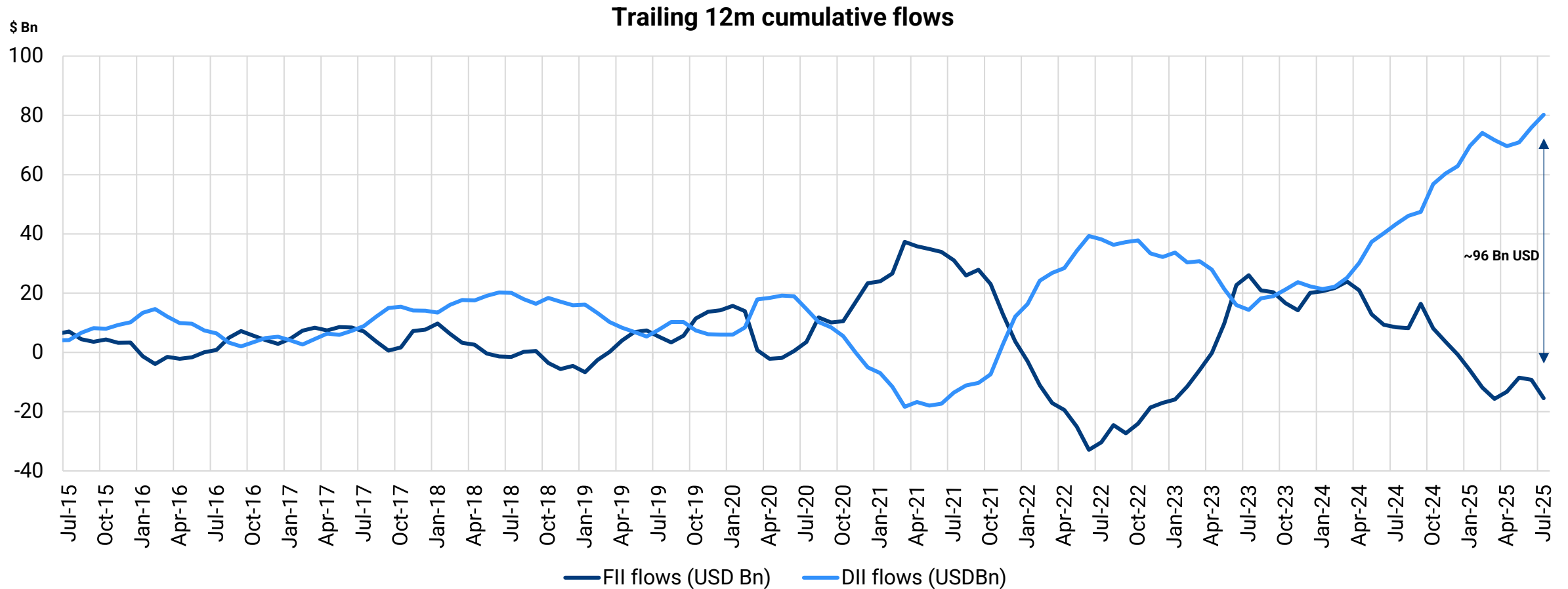
	Segment	Absolute Performance (%)				CAGR (%)		
		1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Single Factor	Value (NIFTY 50 Value 20 Index)	-3.29%	0.05%	-4.24%	-9.67%	14.89%	20.41%	14.87%
	Quality (NIFTY 100 Quality 30 Index)	-2.56%	2.86%	0.42%	-6.90%	14.02%	17.59%	11.52%
	Low Vol (NIFTY 100 Low Vol 30 Index)	-0.54%	3.31%	4.50%	0.15%	17.03%	19.22%	13.94%
	Alpha (NIFTY 100 Alpha 30)	-2.85%	6.56%	6.45%	-13.71%	16.77%	19.91%	15.84%
	Alpha (NIFTY 200 Alpha30)	-3.88%	7.14%	6.86%	-13.74%	28.37%	27.43%	19.48%
	Momentum (NIFTY 200 Momentum30)	-5.15%	3.49%	2.73%	-17.62%	20.13%	22.28%	17.09%
	Quality (NIFTY 200 Quality30)	-3.70%	2.69%	-0.48%	-7.76%	13.58%	17.30%	12.75%
	Value (NIFTY 200 Value30)	-3.61%	2.86%	7.19%	-9.21%	34.06%	38.07%	16.55%
	Momentum (NIFTY Midcap150 Momentum50)	-4.18%	6.27%	7.44%	-6.31%	26.49%	33.64%	21.49%
	Quality (NIFTY Midcap150 Quality50)	-2.40%	7.30%	6.55%	-3.12%	15.40%	20.29%	14.76%
	Quality (NIFTY Smallcap250 Quality50)	-3.77%	11.29%	6.65%	-7.18%	23.95%	32.67%	18.21%
	Momentum (NIFTY500 Momentum 50)	-6.04%	4.51%	4.63%	-18.28%	22.39%	27.78%	18.08%
	Value (NIFTY500 Value 50)	-3.43%	3.41%	5.70%	-9.94%	33.49%	38.85%	16.68%
Multi- Factor	Alpha Low Vol (NIFTY Alpha Low Vol 30)	-2.59%	1.21%	1.83%	-10.54%	18.54%	19.39%	14.67%
	Quality Low Vol (NIFTY Quality Low Vol 30)	-1.58%	0.86%	0.82%	-6.61%	12.66%	16.65%	11.35%
	Momentum Quality (NIFTY500 Multicap Momentum Quality 50)	-6.40%	4.84%	2.32%	-15.58%	22.00%	24.64%	17.15%
	Momentum Quality (NIFTY MidSmallcap 400 Momentum Quality 100)	-5.18%	5.99%	5.55%	-10.92%	22.81%	28.04%	18.03%
	Momentum Quality (NIFTY Smallcap 250 Momentum Quality 100)	-5.76%	8.42%	5.06%	-14.51%	20.39%	30.15%	17.78%

# Trends in % share to total M-cap



# Trends in FII & DII flows

**Tug of war between FIIs & DIIs has been the story of Indian markets**





# Equity flows

## FPI Flows USD Mn

CY	India	Brazil	Indonesia	Malaysia	Philippines	S.Korea	Taiwan	Thailand	Vietnam
<b>CYTD*</b>	-10,286	3,682	-3,672	-2,929	-623	-4,851	1,856	-1,854	-1,171
Jan-25	-8,418	1,158	-229	-702	-114	-1,002	-1,261	-330	-255
Feb-25	-5,353	133	-1,111	-495	-145	-2,846	-3,884	-195	-375
Mar-25	234	555	-490	-1,045	50	-1,461	-13,144	-647	-374
Apr-25	1,271	25	-1,233	-417	-54	-6,955	-170	-432	-512
May-25	1,738	1,873	337	237	-259	887	7,567	-151	18
Jun-25	2,373	970	-511	-305	-72	2,009	4,963	-244	-44
<b>Jul-25</b>	-2,131	-1032	-435	-201	-29	4,517	7,785	482	371

CY	FPI (India)	DII's (India)
<b>CYTD*</b>	-8,155	34,909
Jan-25	-8,418	10,030
Feb-25	-5,353	7,454
Mar-25	234	4,327
Apr-25	1,271	3,286
May-25	1,738	7,924
Jun-25	2,373	8,463
<b>Jul-25</b>	-2,131	6,320

## Key Highlights

- \* **Taiwan** continues to **lead** in FPI net inflows in July '25
- \* **Brazil & Taiwan** are the only countries to record positive net FPI flows so far in **CY 2025**
- \* DIIs have maintained their dominant presence in India's equity markets throughout CY 2025



# Trends in the commodity market

## Key Highlights

- \* **Silver** has **outpaced Gold**, gaining ~13% over the past 3 months, while Gold has remained flat
- \* Despite **gold's** recent **underperformance** relative to silver, it has maintained superior performance in the last 1Y
- \* **Crude oil prices** have increased by ~7% in the last month but have **declined** by ~11% over the last year, largely driven by **geopolitical tensions**

	Current Rate	1M	3M	6M	1Y	CYTD*
Gold (USD/oz)	3,290	-0.40%	0.04%	17.56%	34.41%	25.35%
Silver (USD/oz)	37	1.67%	12.56%	17.28%	26.57%	27.03%
Brent Crude (USD/bbl)	73	6.99%	15.05%	-5.55%	-10.77%	-1.88%
Aluminium (USD/ton)	2,562	-1.32%	8.04%	-1.15%	15.01%	1.41%
Copper (USD/ton)	9,560	-4.88%	4.85%	7.08%	5.03%	10.49%
Lead (USD/ton)	1,930	-4.35%	-0.90%	0.89%	-5.80%	0.24%
Zinc (USD/ton)	2,754	0.46%	7.70%	2.29%	5.29%	-6.77%

# Trends in the forex market

## Performance of currencies against the USD

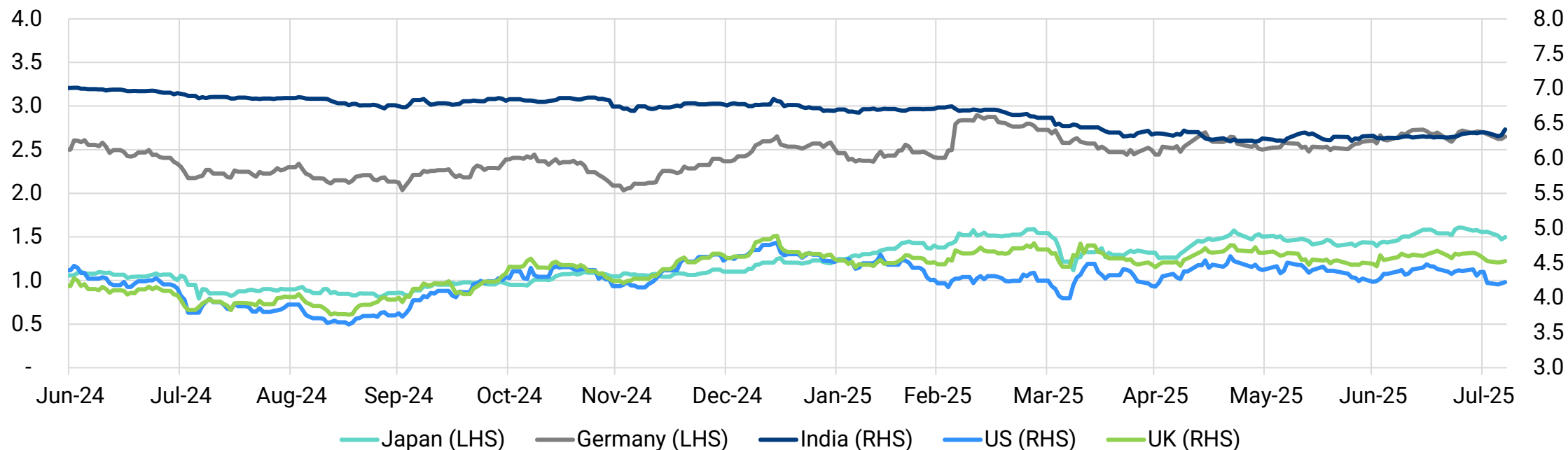
	1M	3M	6M	1Y	CYTD*	Currency Rate
INR	-2.09%	-3.55%	-1.12%	-4.42%	-2.27%	87.60 (USDINR)
Euro	-3.16%	0.77%	10.16%	5.44%	10.25%	0.88 (USDEURO)
GBP	-3.82%	-0.92%	6.55%	2.73%	5.52%	0.76 (USDGBP)
JPY	-4.46%	-5.09%	2.95%	-0.51%	4.28%	150.75 (USDJPY)
CNY	-0.50%	0.99%	0.62%	0.37%	1.38%	7.20 (USDCNY)
DXY	3.19%	0.50%	-7.75%	-3.97%	-7.85%	99.97
CAD	-1.80%	-0.41%	4.94%	-0.35%	3.81%	1.39 (USDCAD)
AUD	-2.37%	0.36%	3.33%	-1.79%	3.83%	1.56 (USDAUD)
CHF	-2.36%	1.66%	12.14%	8.09%	11.70%	0.81 (USDCHF)

## Key Highlights

- \* The INR is down ~4% in the last 1Y
- \* The Dollar Index climbed 3%, reversing part of its sharpest six-month drop
- \* At the heart of the dollar's decline is a renewed trade war

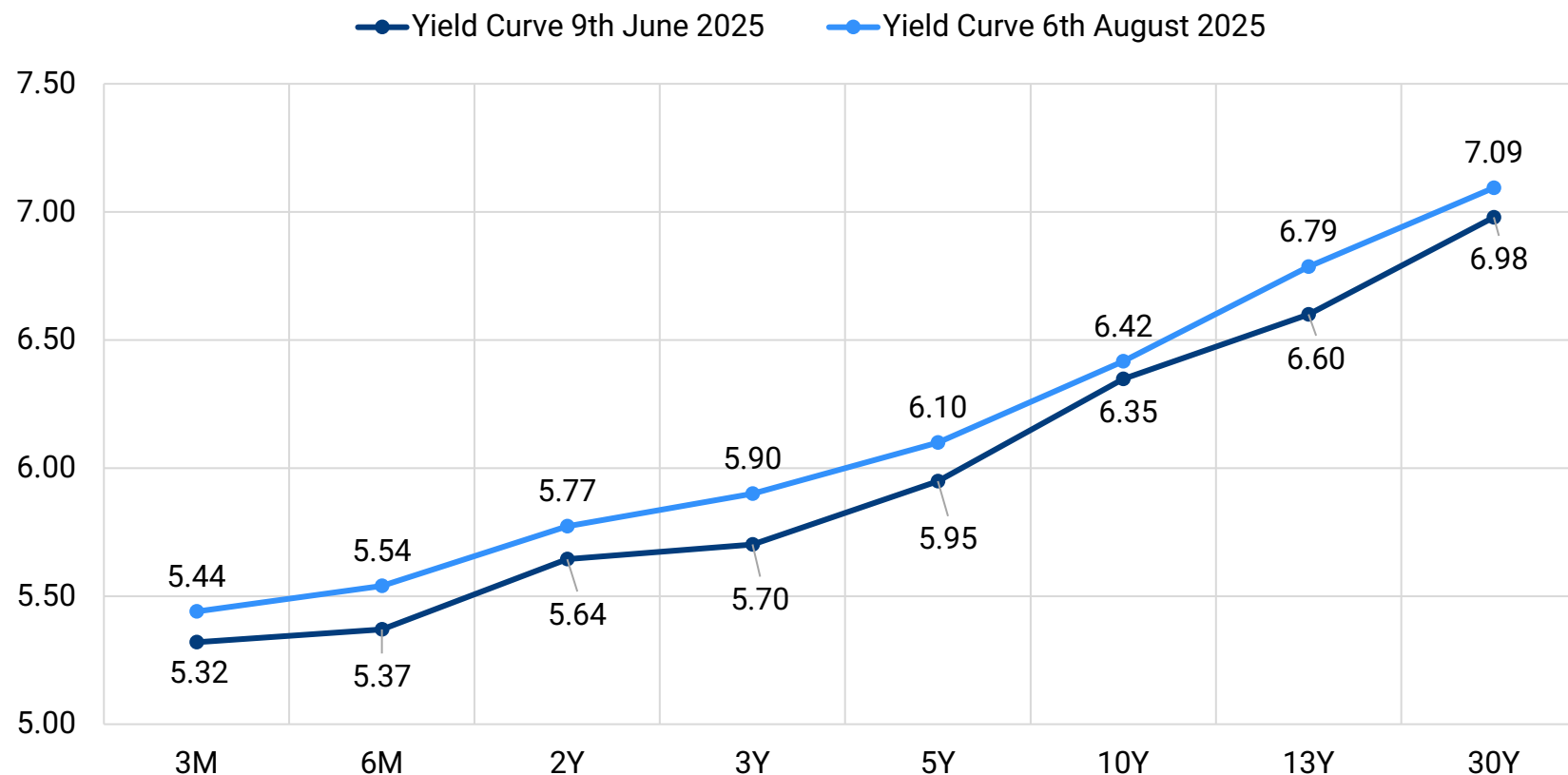
# Tracking the 10-year G-sec yields

**Movement in 10-year G-Sec yields %**



	India	US	Japan	UK	Germany
<b>Current YTM</b>	6.42%	4.23%	1.50%	4.53%	2.65%
M-o-M (bps)	12.30	-15.37	3.50	-6.00	0.70
Q-o-Q (bps)	7.90	-4.37	19.00	6.60	17.50
Y-o-Y (bps)	-46.00	33.38	59.60	60.60	44.90

# Tracking India's yield curve



## Key Highlights

Bond yields hardened after the MPC kept policy rates & policy stance unchanged as a section of market participants felt that the RBI may be done with the rate cut cycle

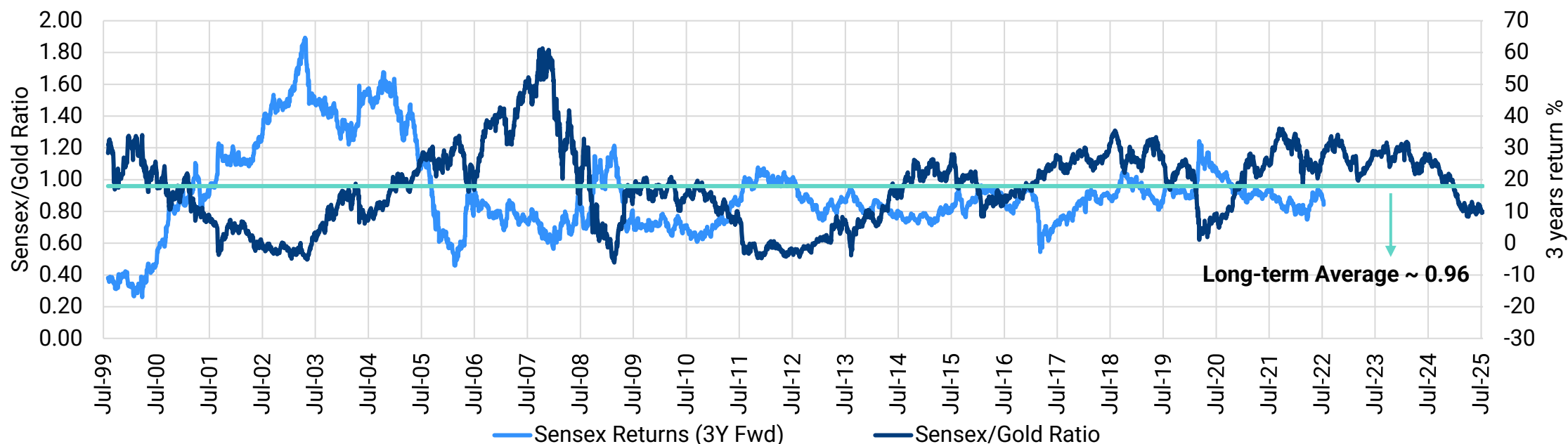
# Asset class returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	CYTD*	
8.70%	17.30%	41.29%	7.70%	31.49%	45.80%	31.60%	14.40%	26.91%	25.02%	29.18%	Gold (Domestic Price)
8.63%	15.00%	37.65%	6.70%	24.60%	28.20%	28.71%	10.80%	26.29%	22.93%	28.13%	Silver (Domestic Price)
7.40%	12.94%	21.83%	6.00%	20.30%	18.40%	4.40%	4.25%	14.90%	20.69%	26.68%	China Equity
1.38%	11.96%	6.20%	5.91%	13.04%	17.89%	3.44%	3.60%	7.80%	17.57%	8.59%	US Equity
0.22%	10.10%	6.00%	-1.10%	10.72%	12.29%	1.40%	2.51%	7.30%	16.24%	6.01%	G-Sec
-3.92%	9.80%	4.71%	-2.14%	10.50%	10.40%	-4.10%	0.50%	7.29%	9.57%	5.31%	ST Bonds
-6.60%	5.12%	0.50%	-4.38%	9.50%	9.30%	-8.00%	-12.55%	7.20%	8.95%	5.27%	Corporate Bond
-7.50%	4.30%	0.00%	-10.54%	8.97%	-0.29%	-11.83%	-18.11%	-10.46%	7.96%	3.12%	India Equity

Note: ST Bonds: CRISIL Short Term Bond Index, G-Sec: CRISIL 10 Year Gilt Index, India Equity: NSE 500 TRI, China Equity: Hang Seng TRI, US Equity: S&P 500 TRI, Gold: Domestic Gold Prices, Silver: Domestic Silver Prices, Corporate Bond: CRISIL Composite Bond Index

# Gold vs Equity: The relative valuation game

Sensex-Gold ratio vs Sensex 3 year forward returns

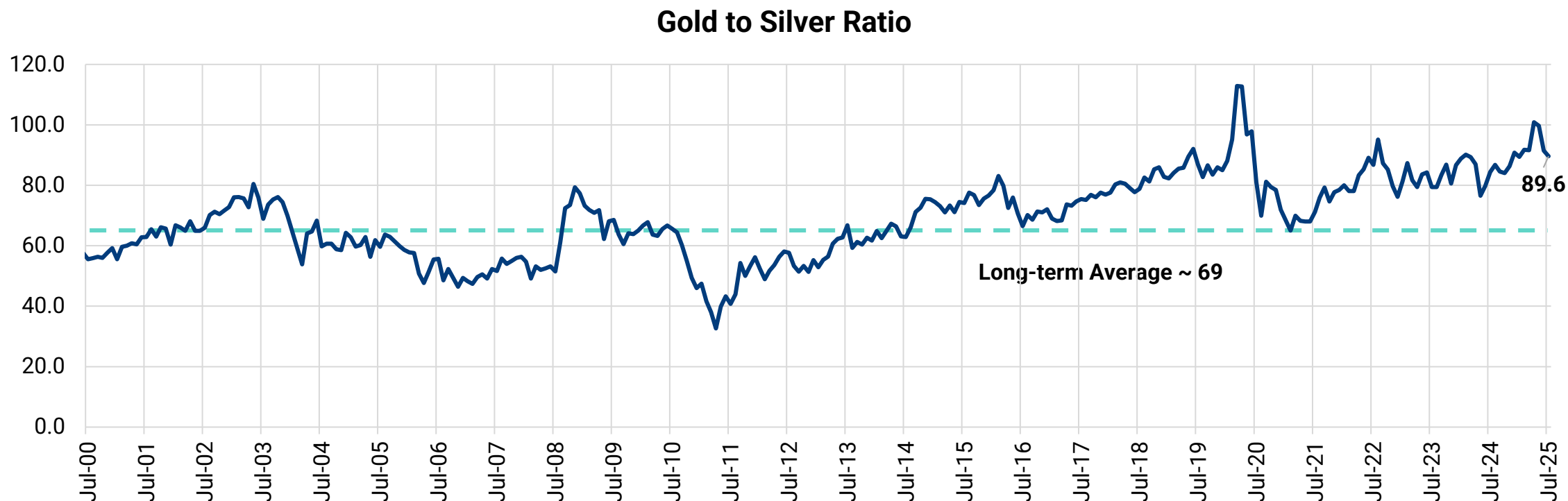


Sensex to Gold Ratio	Equity 3Y Fwd. Returns			Gold 3Y Fwd. Returns		
	Average	Min	Max	Average	Min	Max
>1.40	5.59	-1.78	10.68	25.38	18.46	30.00
1.21 to 1.40	7.23	-16.99	17.55	18.86	7.41	32.42
1.01 to 1.20	10.50	-15.74	48.02	14.91	1.62	35.67
0.80 to 1	15.80	-13.15	53.85	12.29	-1.04	35.20
<0.80	25.12	5.80	64.65	7.22	-9.95	35.95

\* The current ratio is **0.80**, below the long-term average of 0.96, indicating that **gold** is **slightly overvalued** compared to equities based on historical trends

\* The chart shows that when the **ratio is low**, **equities** tend to stage a **comeback**

# Gold vs Silver: The relative valuation game

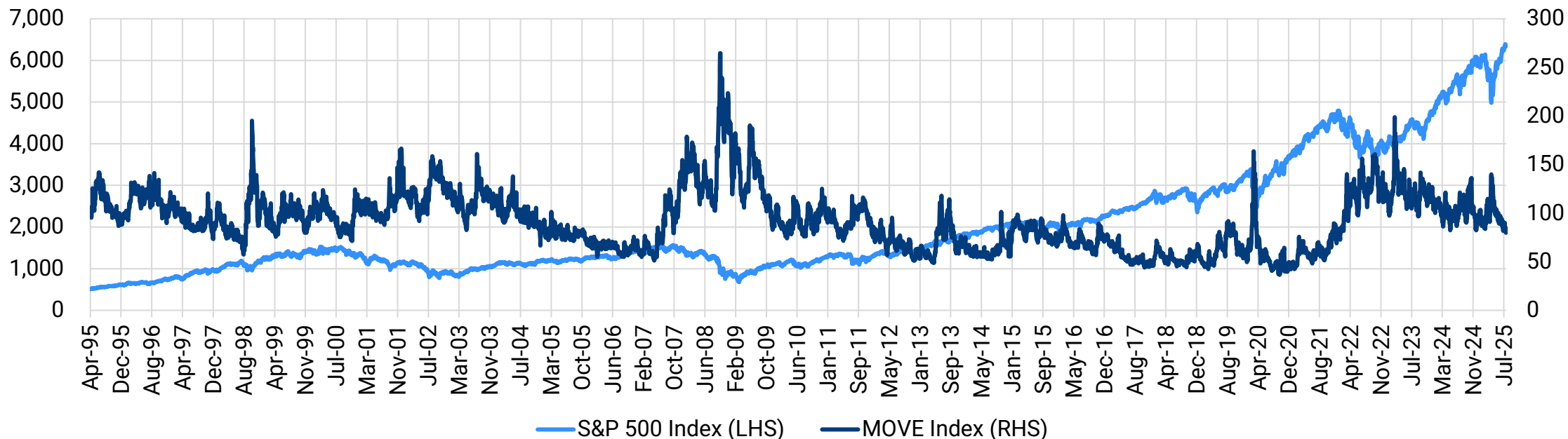


- \* Historically, such elevated levels in the ratio have often signalled silver being undervalued relative to gold and have preceded periods of outperformance by silver. Silver outperformed Gold in the last 1M ending July'25 by ~2%
- \* In simple terms, silver currently looks undervalued compared to gold, making it an attractive contrarian investment opportunity



# What does the MOVE index tell us?

Index Movement



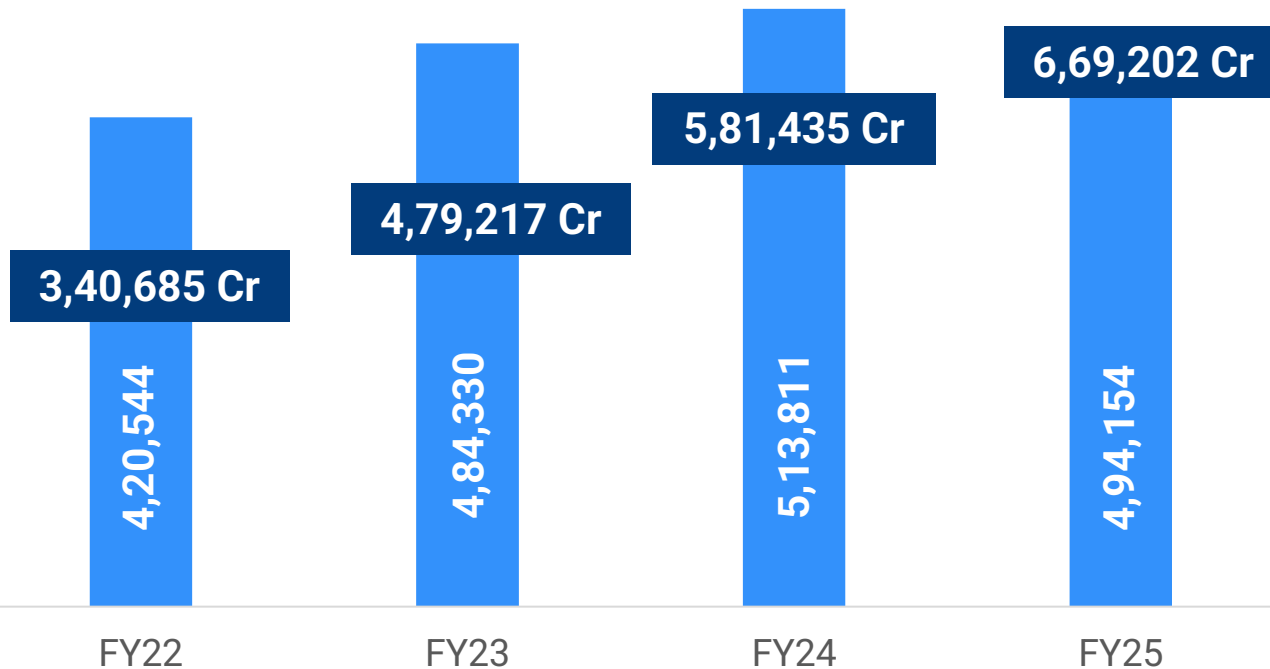
- \* Increase in bond volatility, as measured by the MOVE index, often precede or coincide with declines in the S&P 500
- \* Historically, the correlation between the MOVE index and the S&P 500 has been **(0.36)**
- \* The sharp decline in the MOVE Index from 139.88 in mid April'25 to 79.84 in July'25 coincided with a strong rebound in the S&P 500, which rose 27%—highlighting an inverse relationship between the MOVE index and equity performance

# Trends in the housing market sector

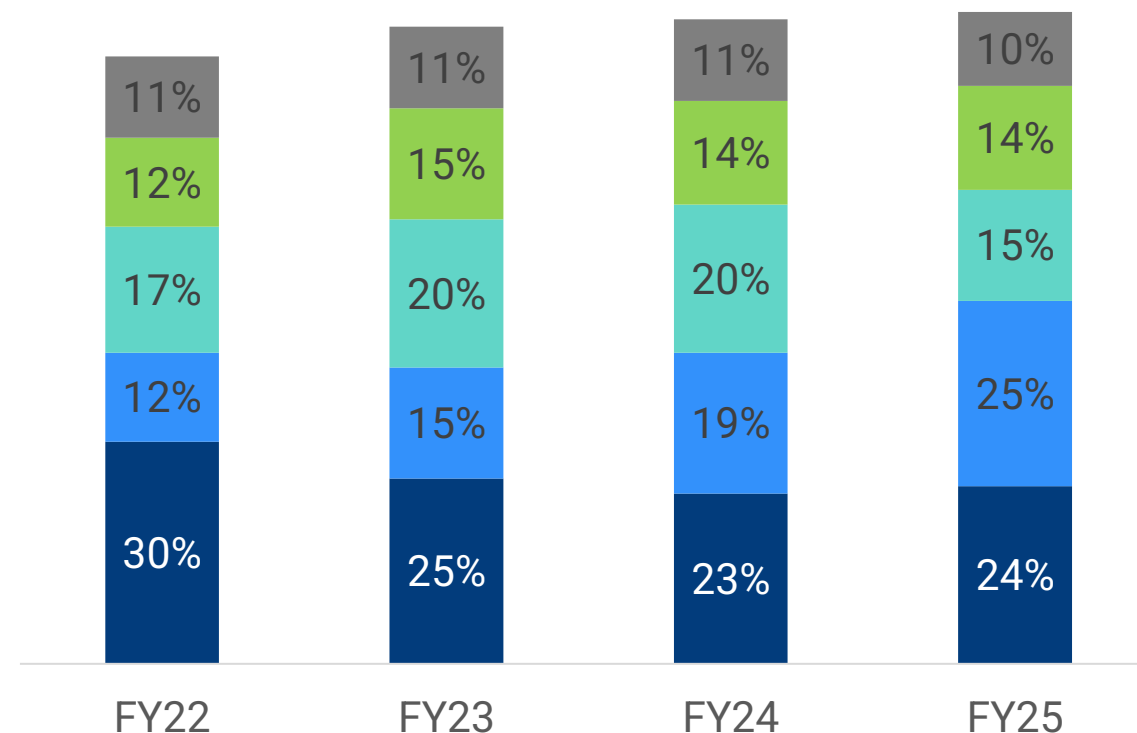
96% of growth seen in value of units sold seen since FY22

Market share in revenue terms for NCR has jumped ~2x from 12% in FY22 to 25% in FY25

Value of units sold      No of units sold



MMR   NCR   Hyderabad   Bengaluru   Pune



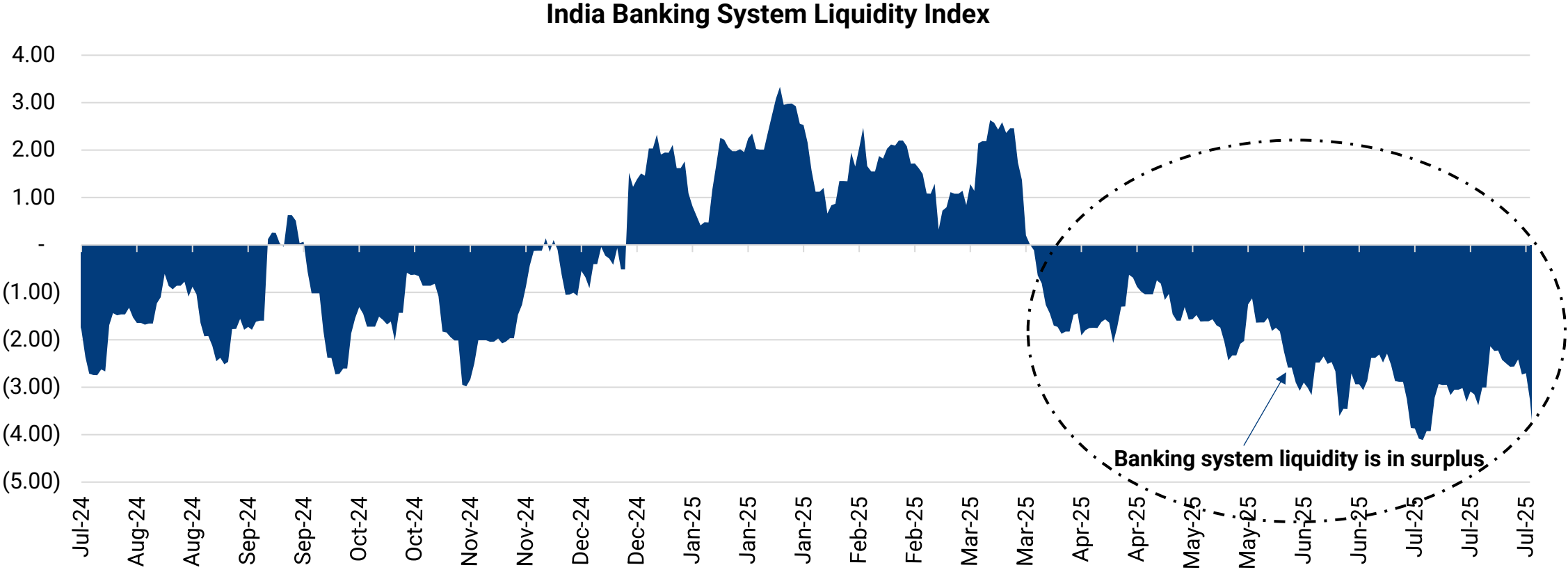
Trends | **Economy** | Markets | Performance | Outlook

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# Banking system liquidity in surplus

Banking liquidity turns surplus since the start of FY26 supported by RBI measures



Source: Bloomberg. Bloomberg Intelligence India Banking System Liquidity index is considered. GOI –Govt of India. Data as on 6<sup>th</sup> August,2025

# Indian debt market indicators

Broad Indices	01-Aug-25	Week Ago	Month Ago	6M Ago	Year Ago
1 Year AAA Corporate Bond	6.84%	6.79%	6.86%	7.67%	7.60%
3 Year AAA Corporate Bond	6.82%	6.80%	6.94%	7.43%	7.45%
5 Year AAA Corporate Bond	6.97%	6.96%	6.98%	7.31%	7.47%
10 Year AAA Corporate Bond	7.08%	7.08%	7.15%	7.19%	7.47%
1 Year G-Sec	5.57%	5.66%	5.58%	6.57%	6.81%
3 Year G-Sec	5.88%	5.85%	5.85%	6.61%	6.82%
5 Year G-Sec	6.10%	6.09%	6.10%	6.62%	6.82%
10 Year G-Sec	6.37%	6.35%	6.30%	6.69%	6.92%

# Key macro indicators

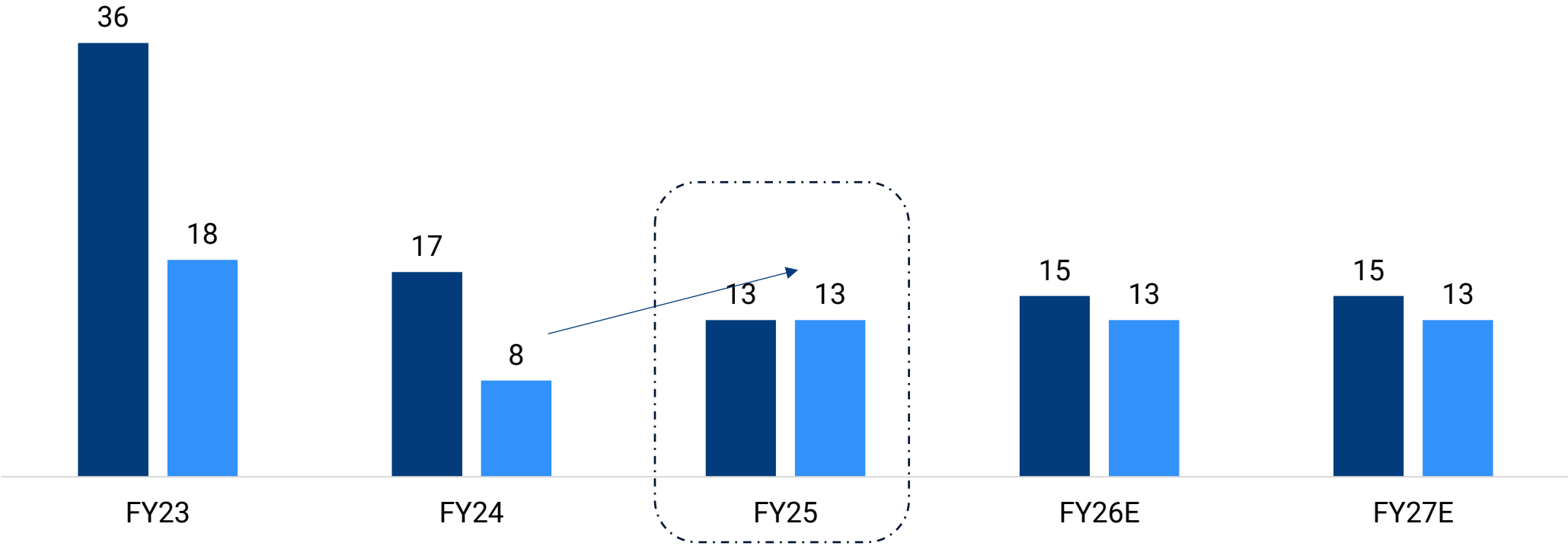
Indicator	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
CPI Inflation (YoY %)	5.1	3.5	3.7	5.5	6.2	5.5	5.2	4.3	3.6	3.3	3.2	2.8	2.1
Crude Indian Basket (\$)	82.6	84.2	78.3	73.7	75.1	73.0	73.3	80.2	77.3	72.5	67.7	64.0	69.8
GST Collection (lakh Crs.)	1.7	1.8	1.8	1.7	1.9	1.8	1.8	2.0	1.8	2.0	2.4	2.0	1.9
FX Reserve (\$ bn)	652	667	684	705	685	658	640	631	639	665	688	691	703
Trade Balance (\$Bn)	-21.0	-23.5	-29.6	-20.7	-27.1	-37.9	-22.0	-23.1	-14.1	-21.5	-26.4	-21.9	-18.8
Bank Credit %	17.4	13.7	13.6	13.0	11.5	12.1	11.2	11.4	11.0	11.0	10.3	9.0	9.5
Bank Deposit %	11.1	10.6	10.8	11.5	11.7	12.0	9.8	10.3	10.3	10.3	10.2	9.9	10.1
Manufacturing PMI	58.3	58.1	57.5	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6	58.4
Services PMI	60.5	60.3	60.9	57.7	58.5	58.4	59.3	56.5	59.0	58.5	58.7	58.8	60.4

# Diverging Trends: Rural demand strengthens while urban demand softens in FY25

FY25 was marked by a revival in rural consumption

Rural vs. Urban consumption trend (YoY %)

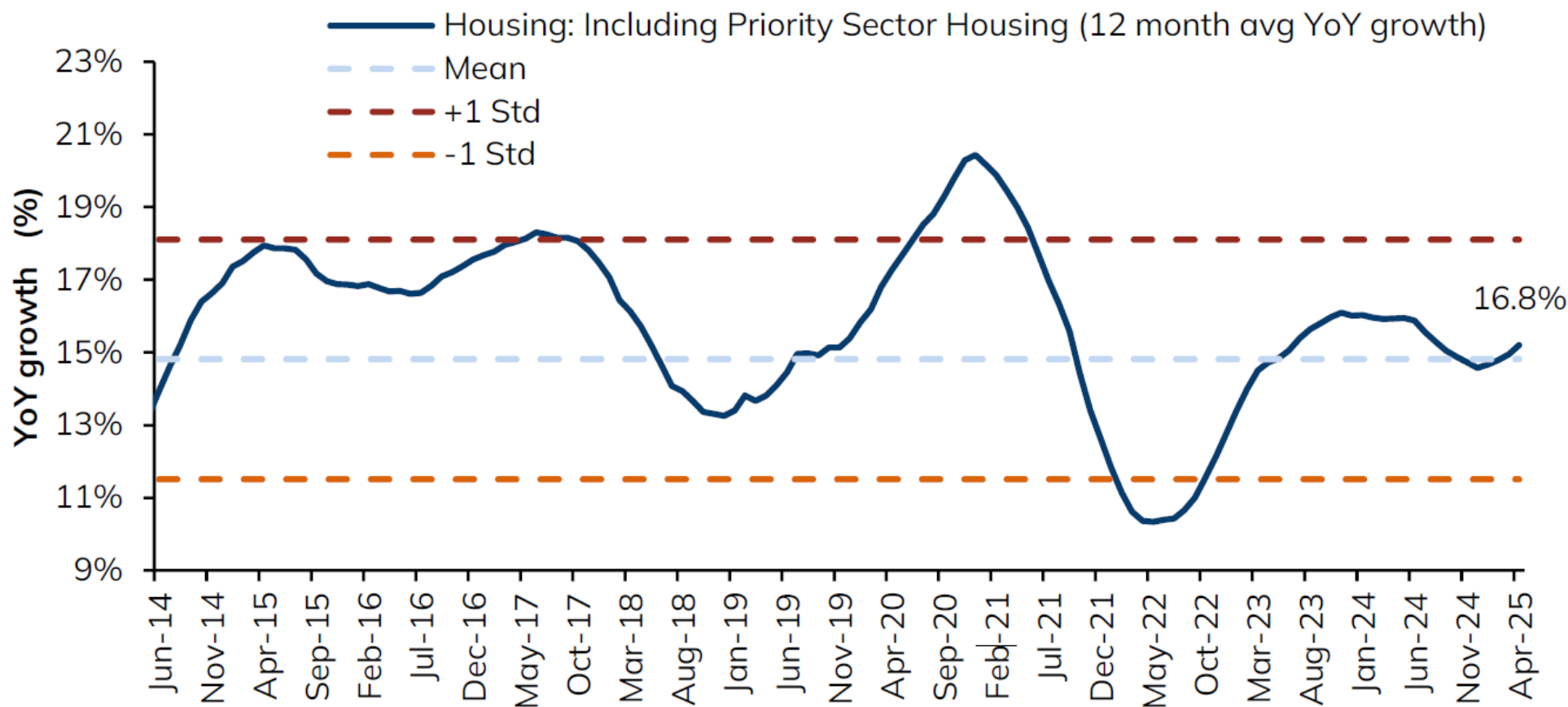
Urban Rural





# Housing credit maintains strong growth momentum

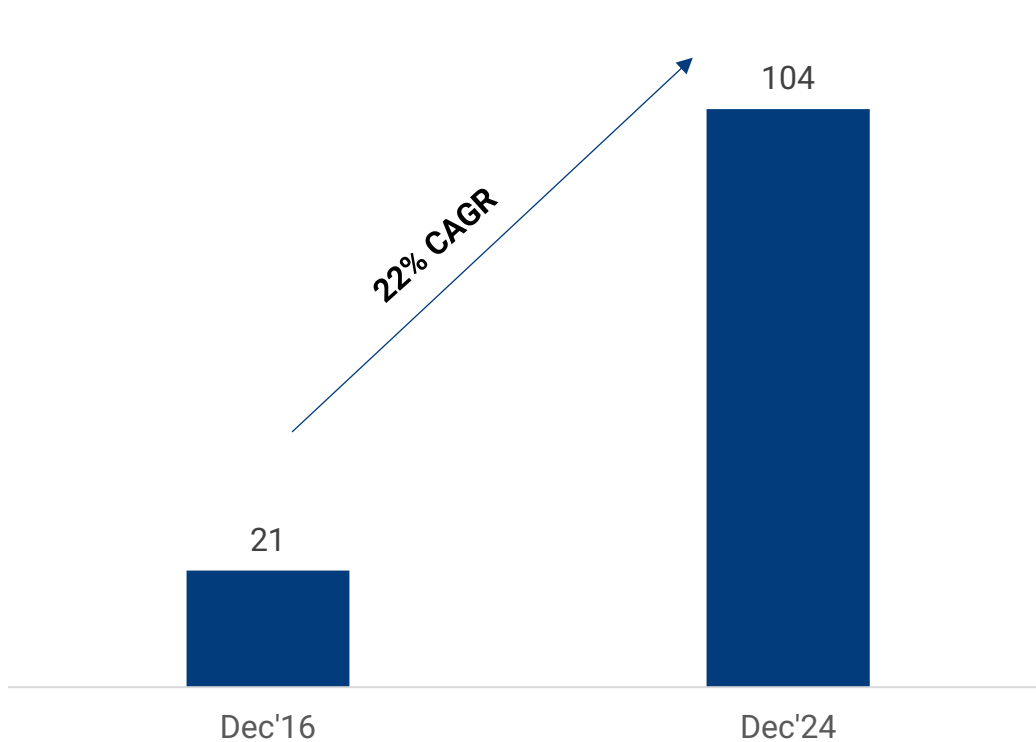
**Housing credit growth for banks is robust at 16.8% YoY**



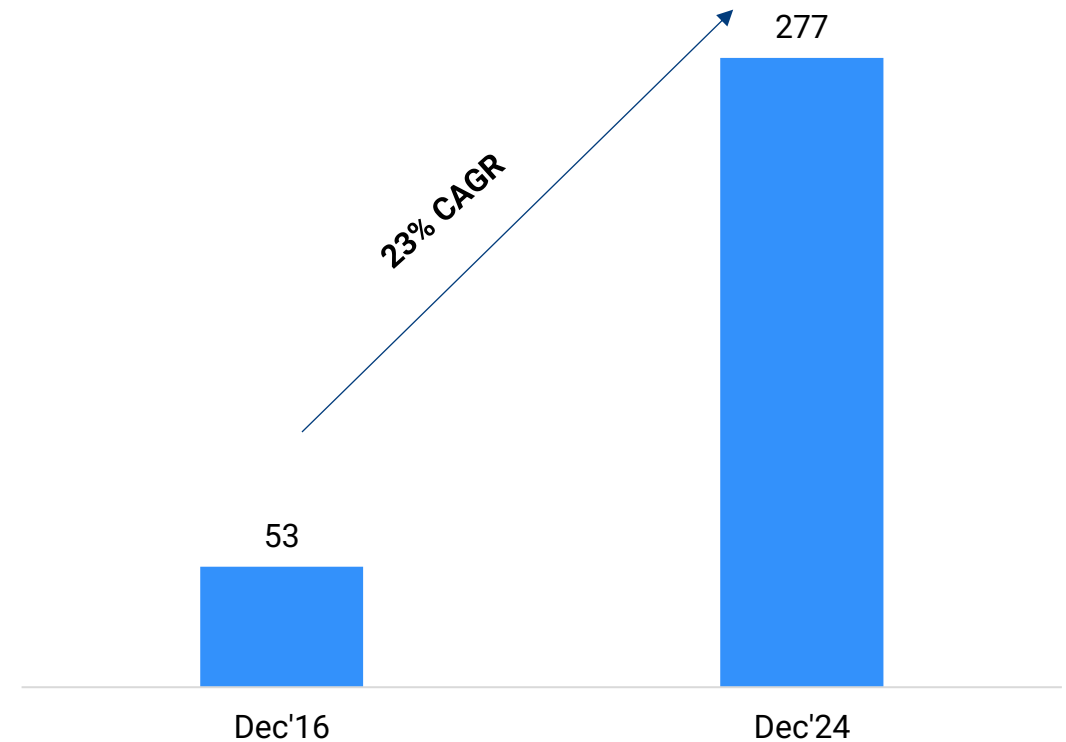
# Retail credit has experienced significant growth over the past decade

**Retail credit has surged over the last decade, driven more by a rise in borrower count than loan size—powered by small-ticket, non-mortgage products bringing new borrowers into formal finance**

India Retail Credit (INR Tn)

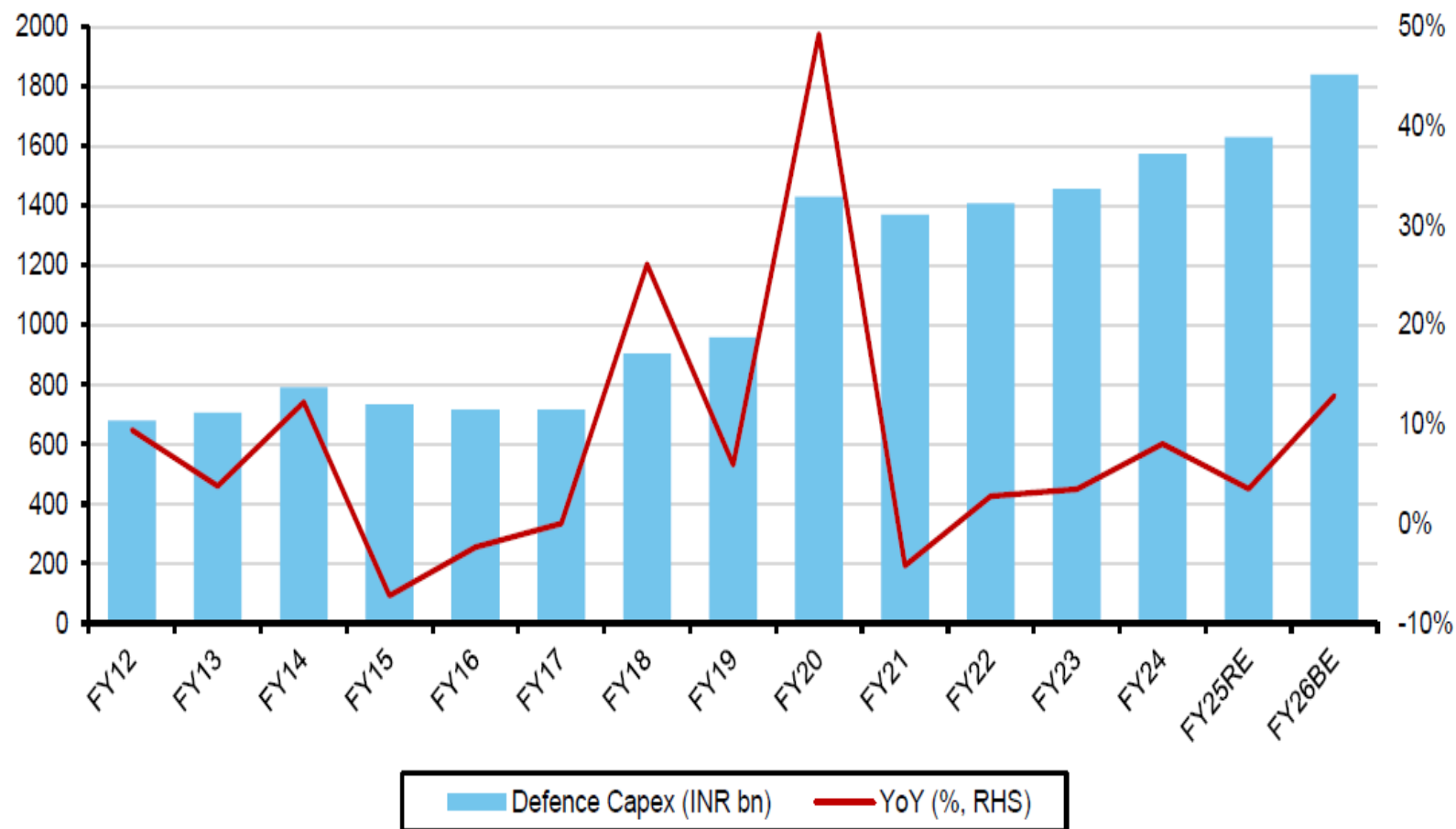


Consumers with Active Credit (Mn)



# Strengthening Security: India's Increasing Defense Capex

India has increased its capex on defense over the years



## Key Highlights

- \* India has substantially ramped up its capital expenditure in the defense sector since 2021, driven by rising geopolitical tensions

# Debt trajectory across economies

## General government gross debt (% to GDP)

Country	2024 (%)	2025(f) (%)	2030(f) (%)	2030 minus 2024 (%)
US	120.8	122.5	128.2	7.4
UK	101.2	103.9	106.1	4.9
Euro area	87.7	88.7	92.9	5.2
Japan	236.7	234.9	231.7	-5.0
Brazil	87.3	92.0	99.4	12.1
Russia	20.3	21.4	27.2	6.9
India*	81.3	80.4	75.8	-5.5
China	88.3	96.3	116.0	27.7
South Africa	76.4	79.6	88.7	12.3

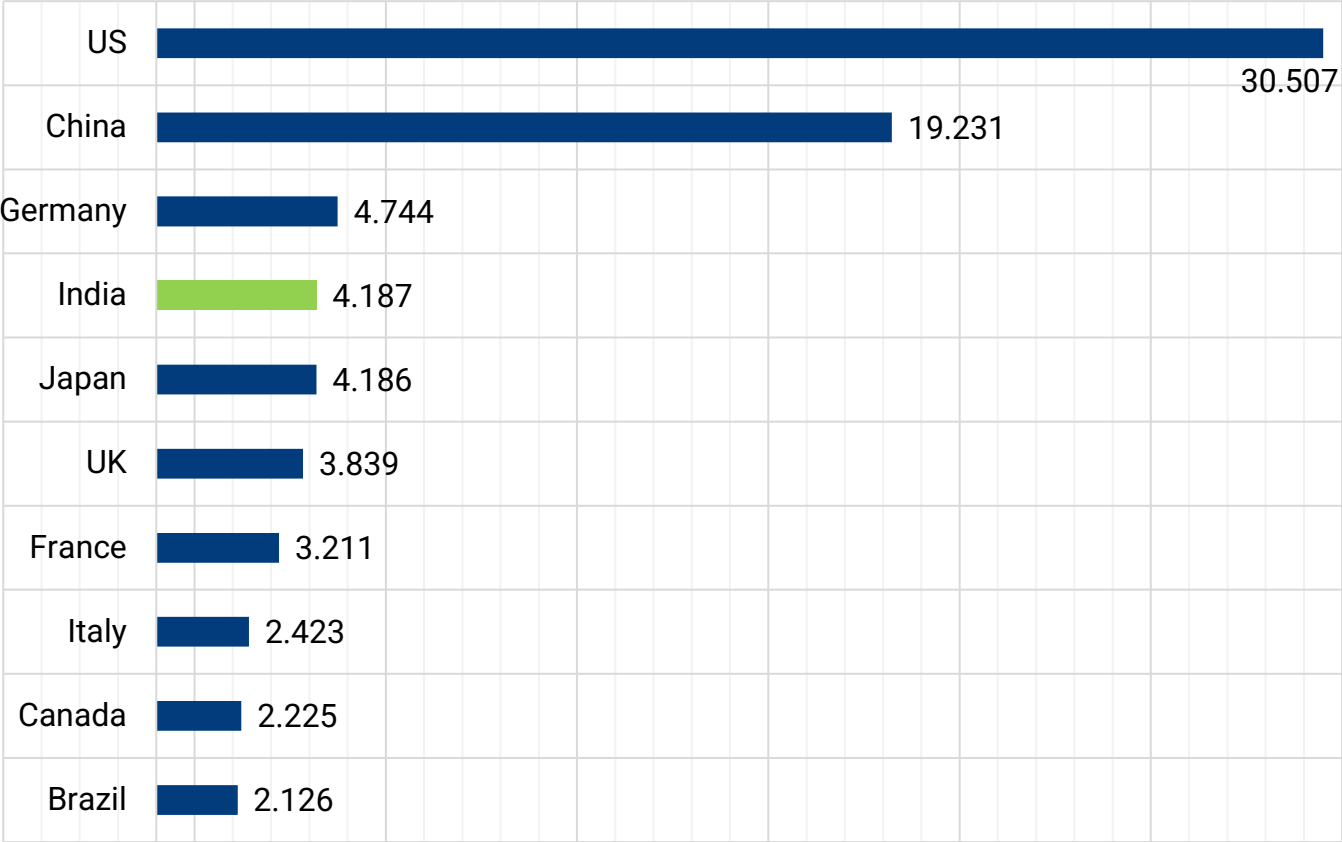
### Key Highlights

- \* In India, with a strong focus on fiscal consolidation, general government debt as a % of GDP is projected to decline from 81.3% in 2024 to 75.8% in 2030, a reduction of 5.5 %
- \* The quantum of increase is the highest in China at 27.7% followed by South Africa at 12.3% and Brazil at 12.1%

# India vs Global Economies: The GDP Shift

India to surpass Japan as 4th largest economy in 2025

GDP USD Tn (2025E)

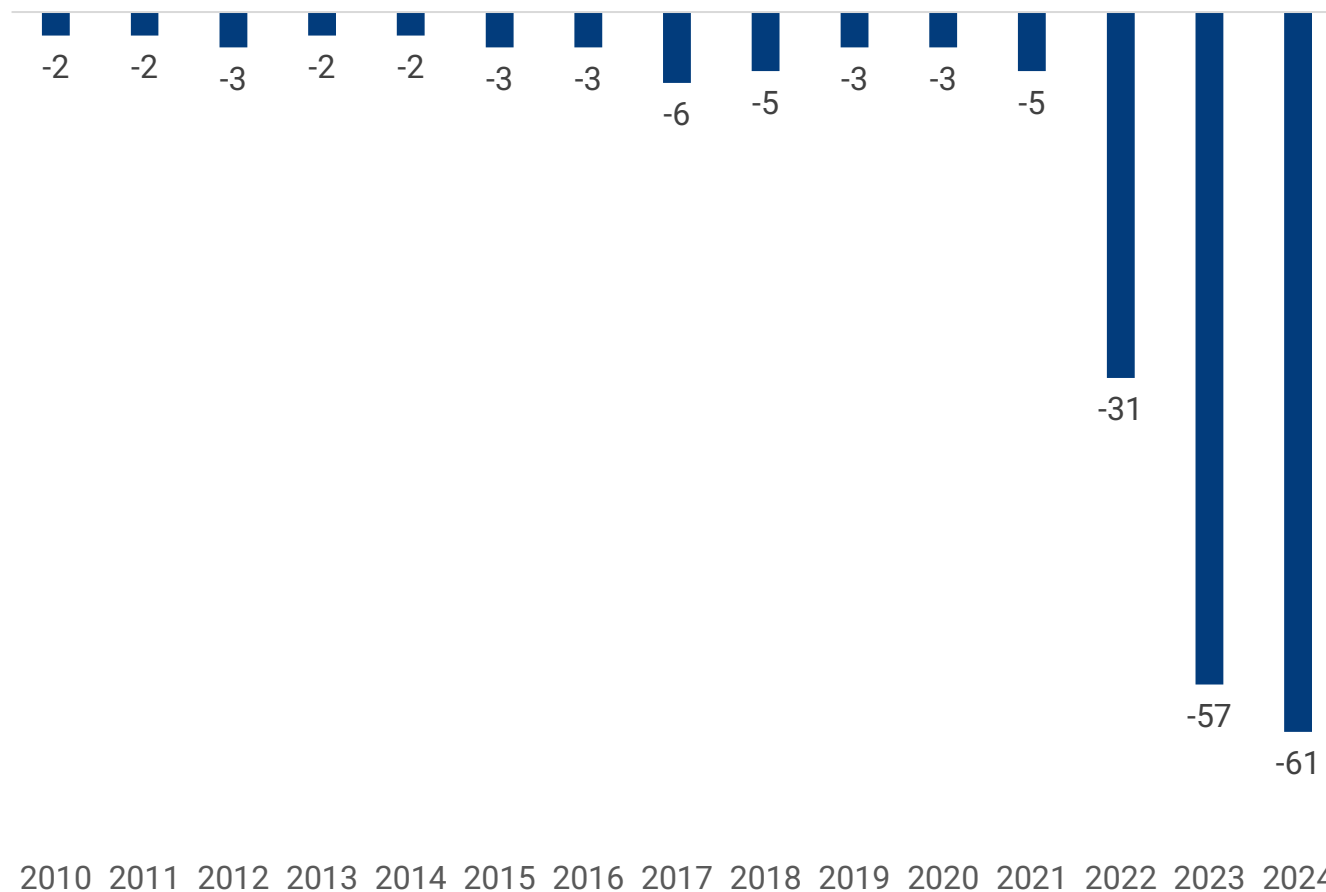


India has strong per capita GDP growth potential

Country	GDP per capita (USD)
US	89,105
China	13,687
Germany	55,911
India	2,878
Japan	33,956
UK	54,949
France	46,792
Italy	41,091
Canada	53,558
Brazil	9,964

# Trend in India's trade balance with Russia

India's trade balance with Russia (USD Bn)



## Key Highlights

- \* India's trade deficit with Russia has expanded nearly 12-fold between CY21 and CY24
- \* India's exports to Russia totaled USD 4.88 Bn in FY25, against imports of USD 63.84 Bn
- \* Both sides expect to reach the bilateral trade target of USD 100 Bn by 2030

# Tariffs imposed by US on various countries

Country	Imports by the US in CY24 (US\$ bn)	Tariffs announced on Apr 02, 2025 (%)	Tariffs effective from Aug 01, 2025 (%)
EU	606	20	15
Mexico	506	25	30
China	439	34	30
Canada	412	25	35
Japan	148	24	15
Vietnam	137	46	20
South Korea	132	26	25
Taiwan	116	32	_*
India	87	26	50^
UK	68	10	10
Thailand	63	37	36
Malaysia	53	24	25
Brazil	42	10	50
Indonesia	28	32	19
Australia	17	10	_*
Bangladesh	8	37	35
Pakistan	5	29	_*

## Key Highlights

- \* India's goods exports to the US primarily include pharma, textiles / garments, gems & jewellery, auto components and compete with primarily other EMs.

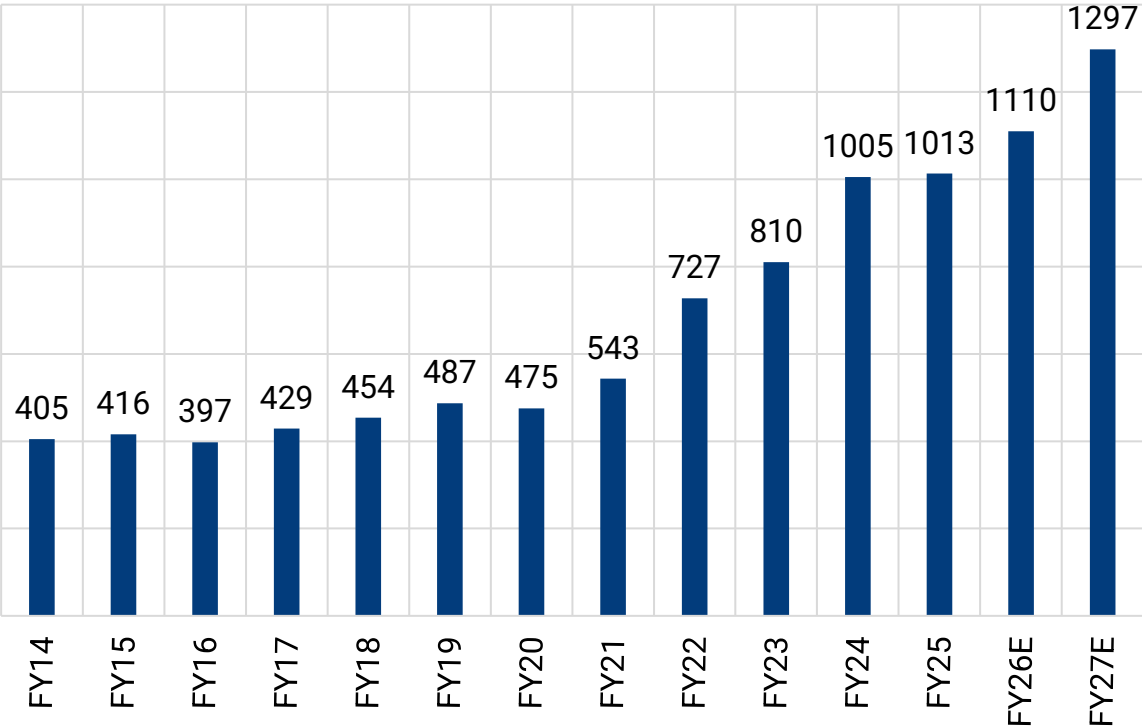


Trends | Economy | **Markets** | Performance | Outlook

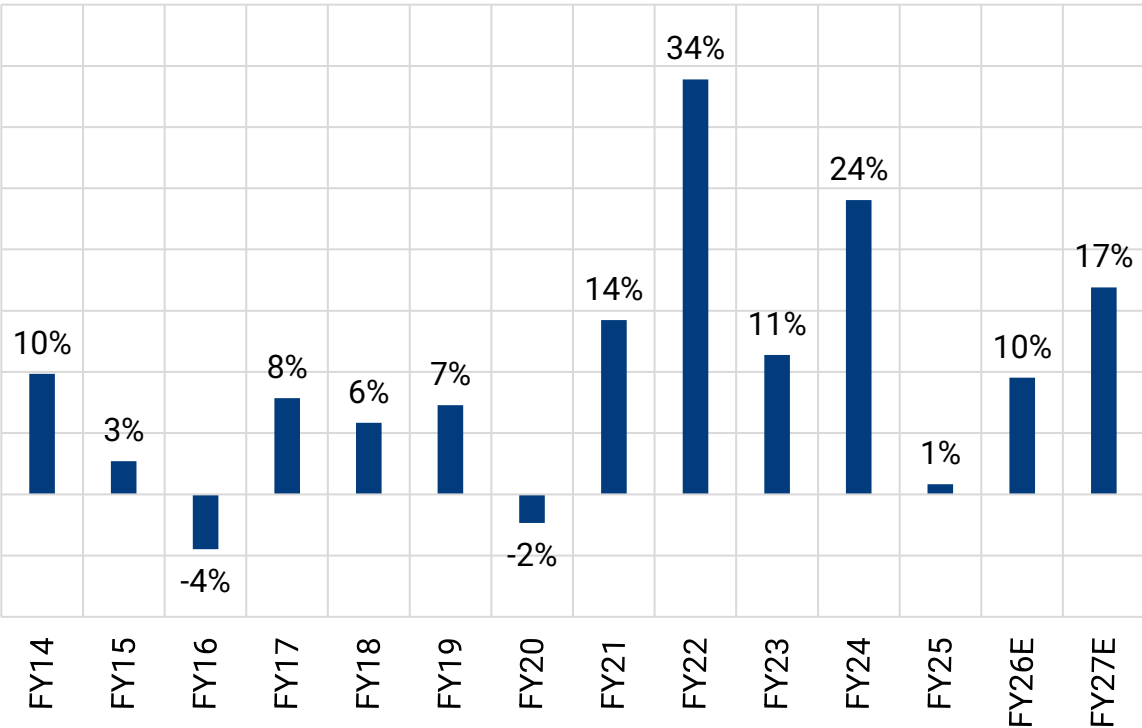


# Earnings growth

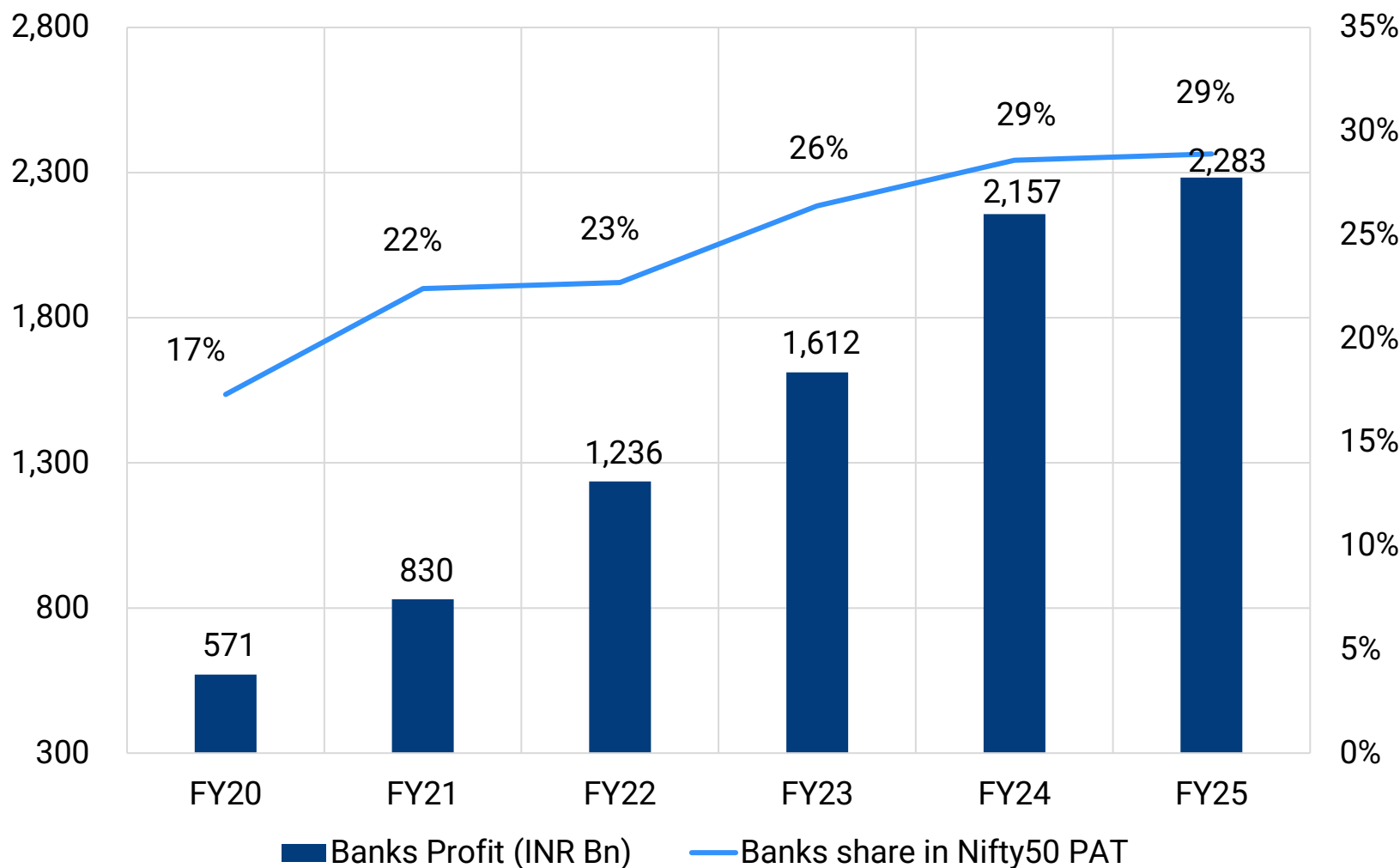
Nifty50 EPS (₹)



Nifty50 EPS Growth (%)



# Banks share in Nifty50 PAT continue to rise

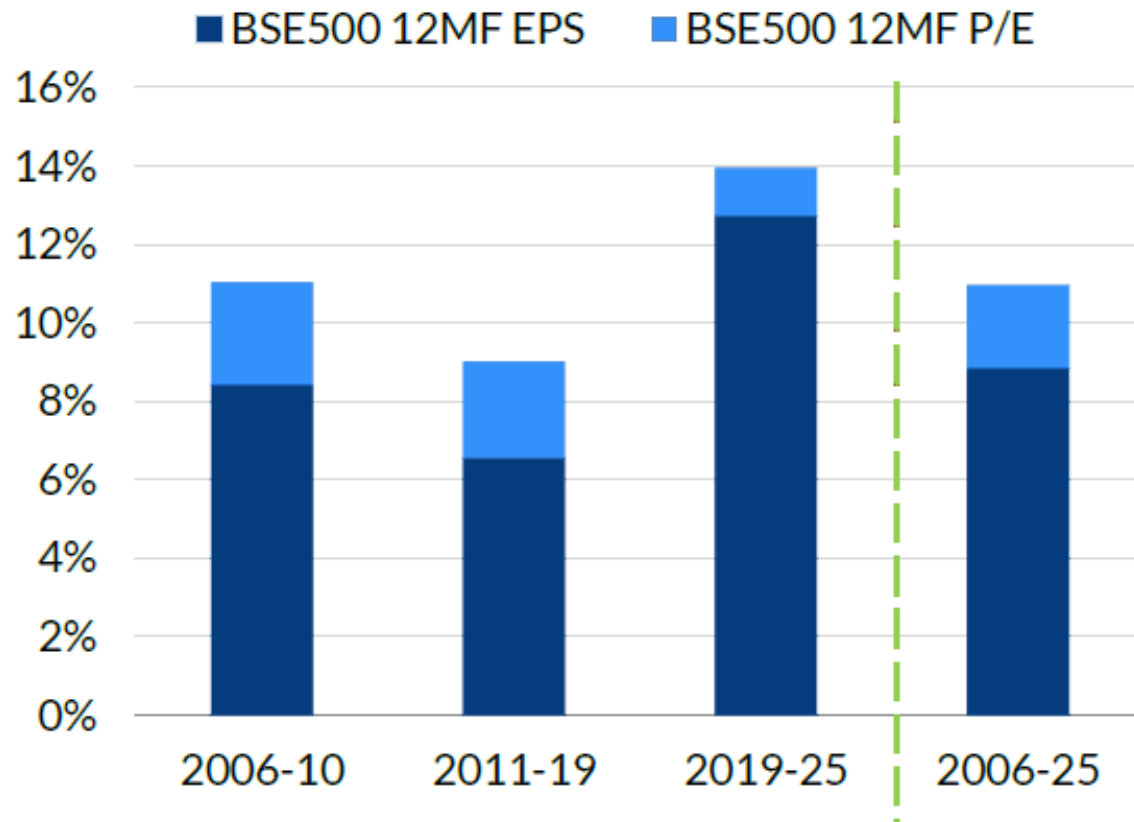


## Key Highlights

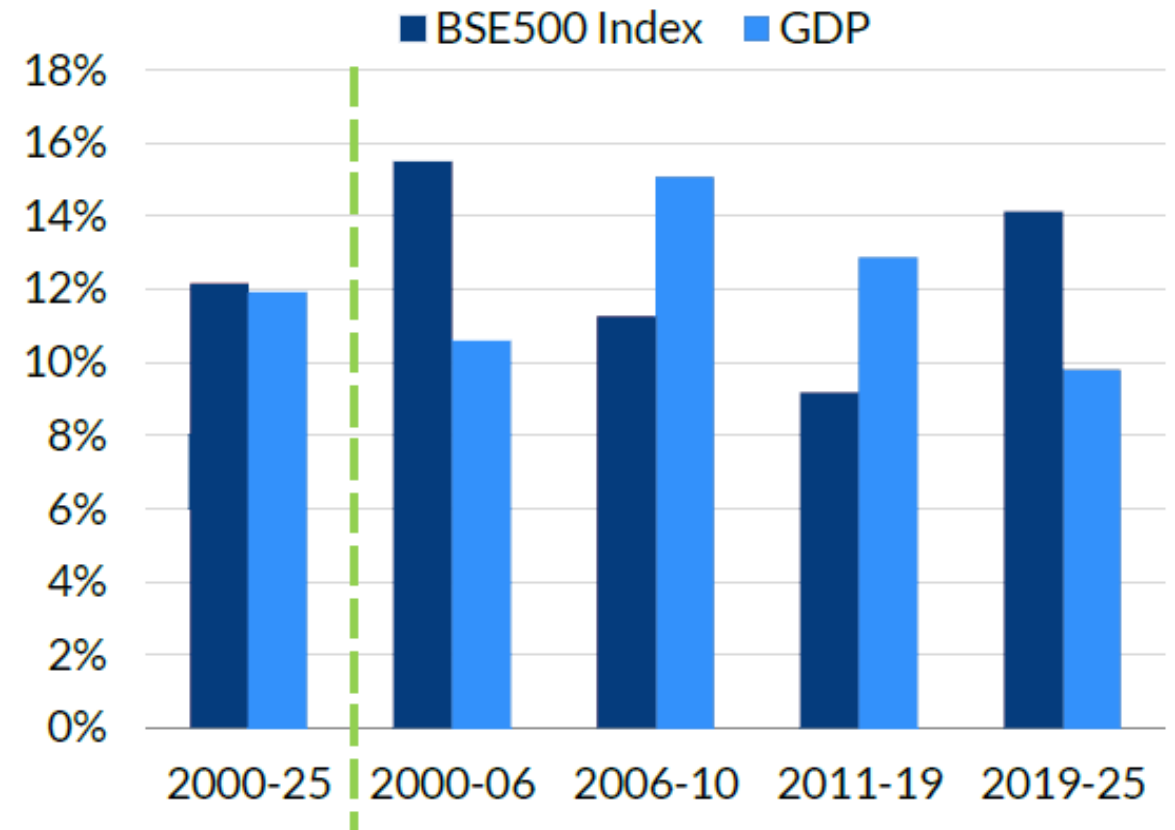
- \* The share of banks in Nifty 50 earnings has risen significantly—from 17% in FY20 to 29% in FY25—highlighting their growing contribution to overall profitability
- \* During the same period, the weight of banks in the Nifty 50 index increased from 26.3% to 31.2%, reflecting their enhanced market positioning

# Profitability, not valuations, drives India's returns

**Stronger earnings growth remain the key contributor to market gains**



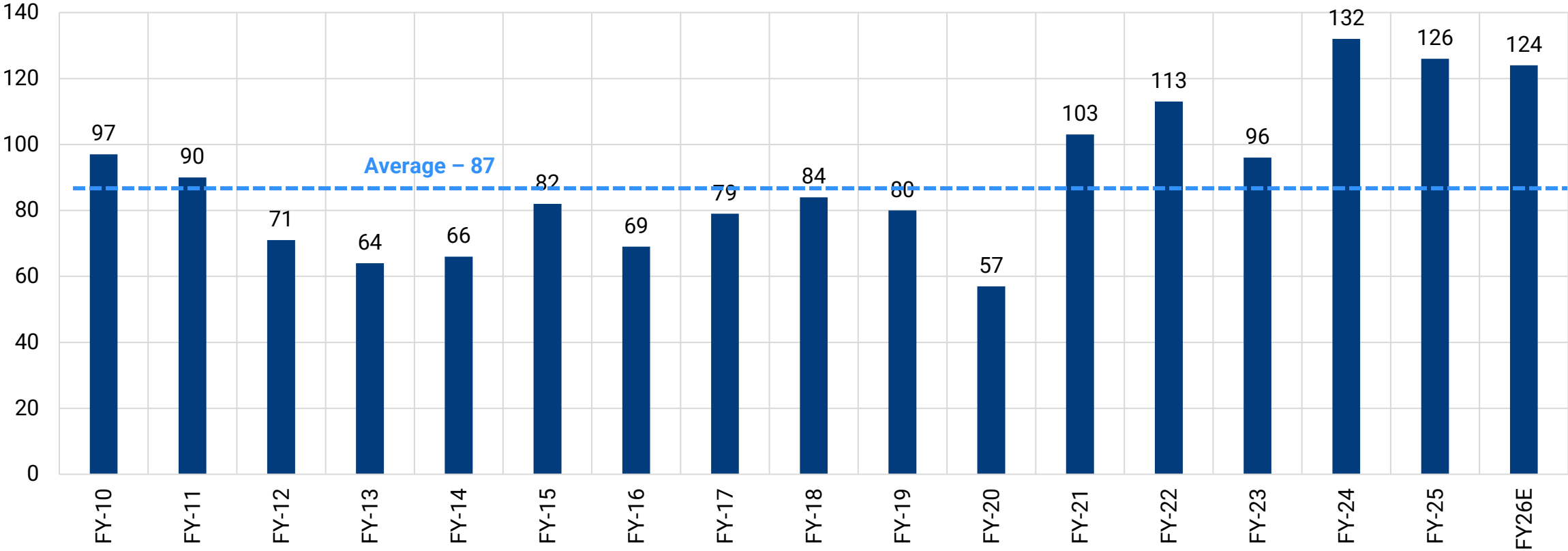
**Market returns aligned with GDP growth over 2000–25**



# Marketcap to GDP

FY26E Marketcap to GDP ratio is at 124

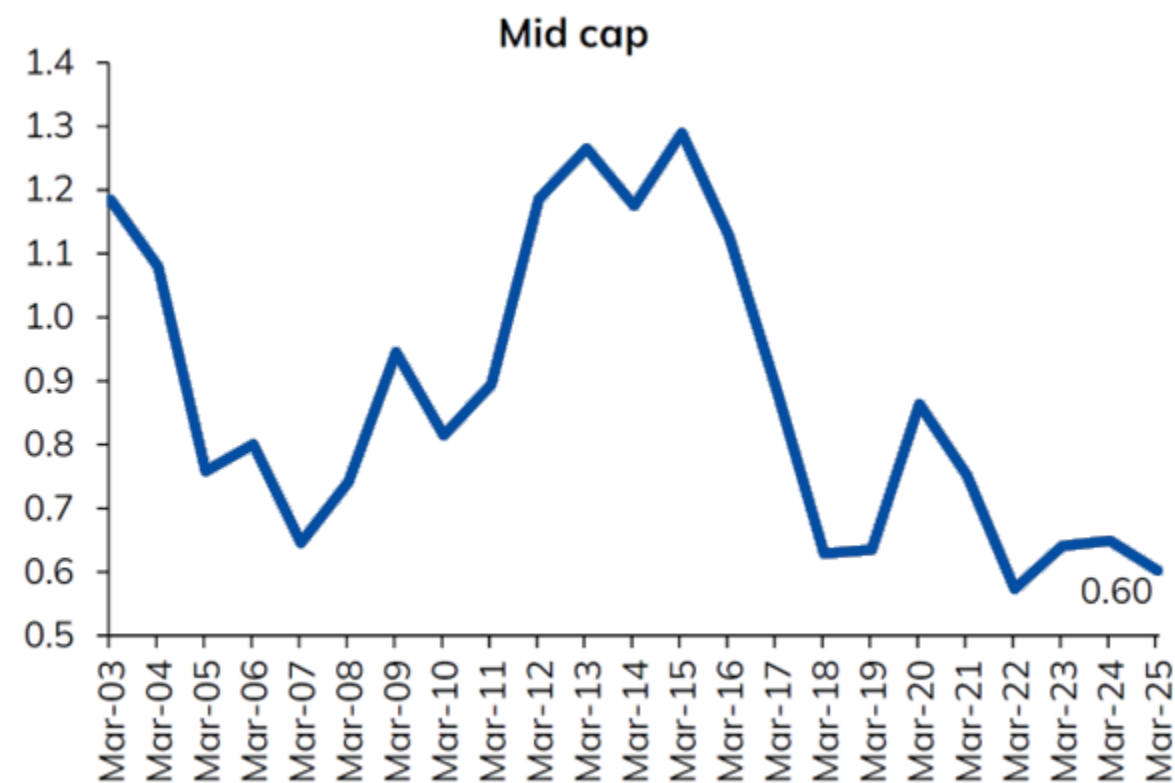
Marketcap to GDP ratio (%)



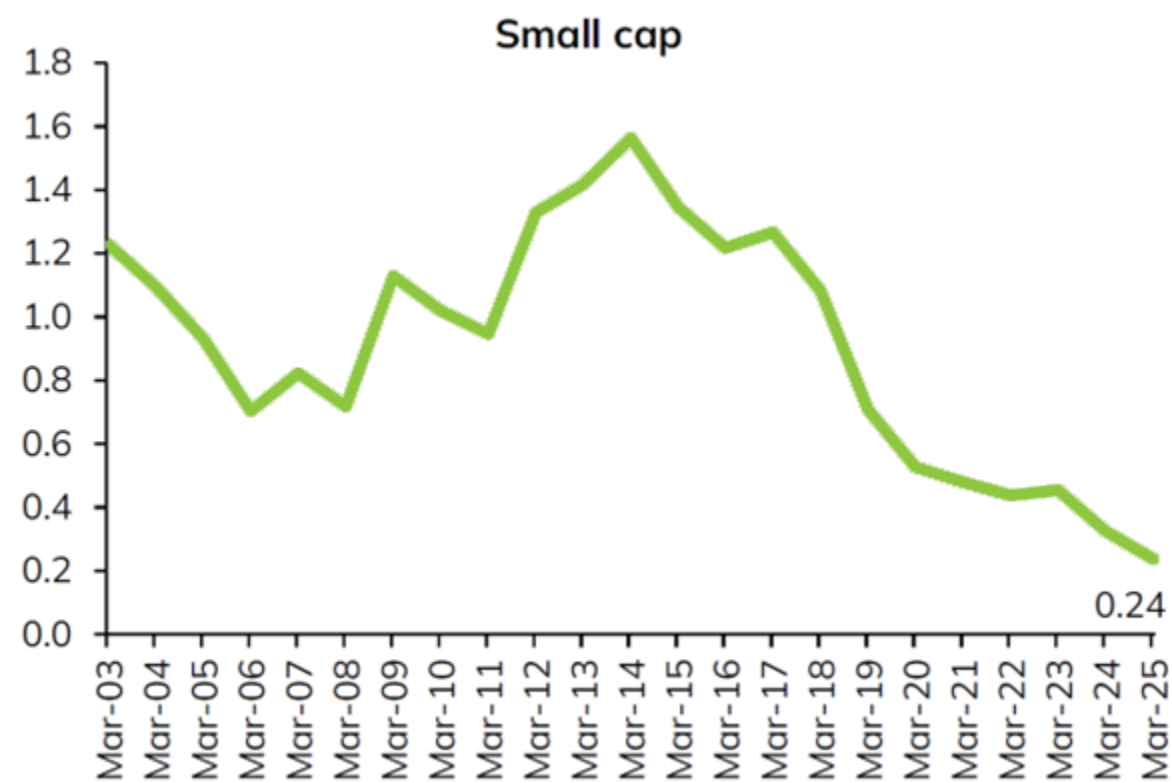
# Strengthening balance sheet health of mid & small caps



Mid cap net debt / equity (x) trend

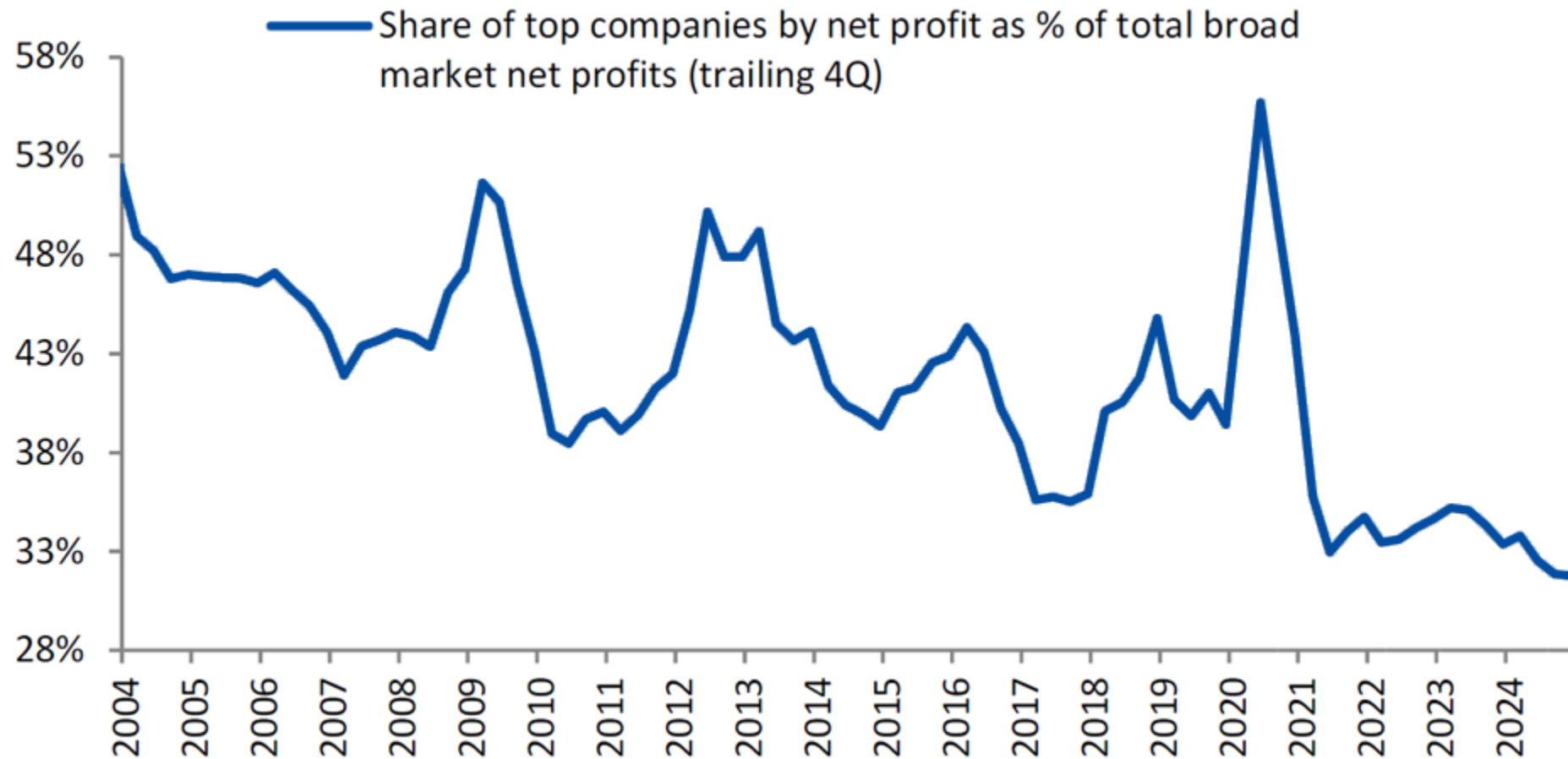


Small cap net debt / equity (x) trend



# Mid & Small Caps lead earnings acceleration post Covid

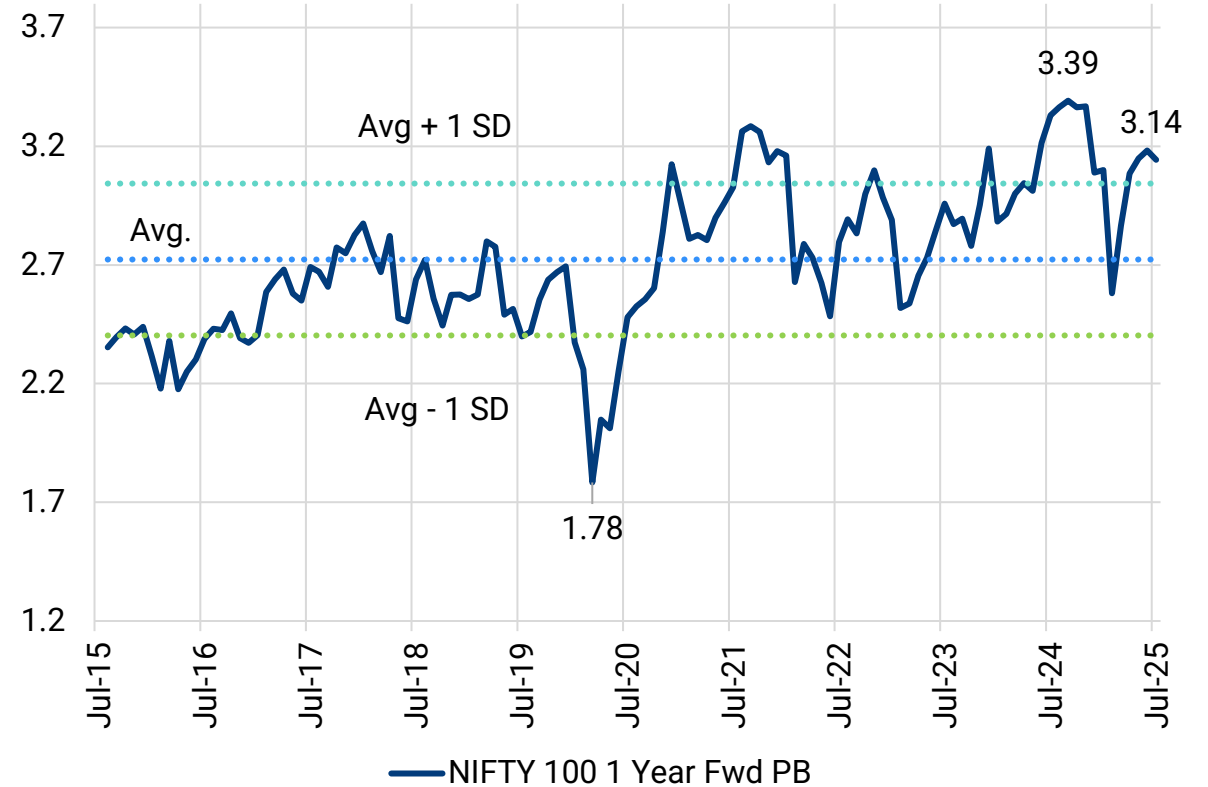
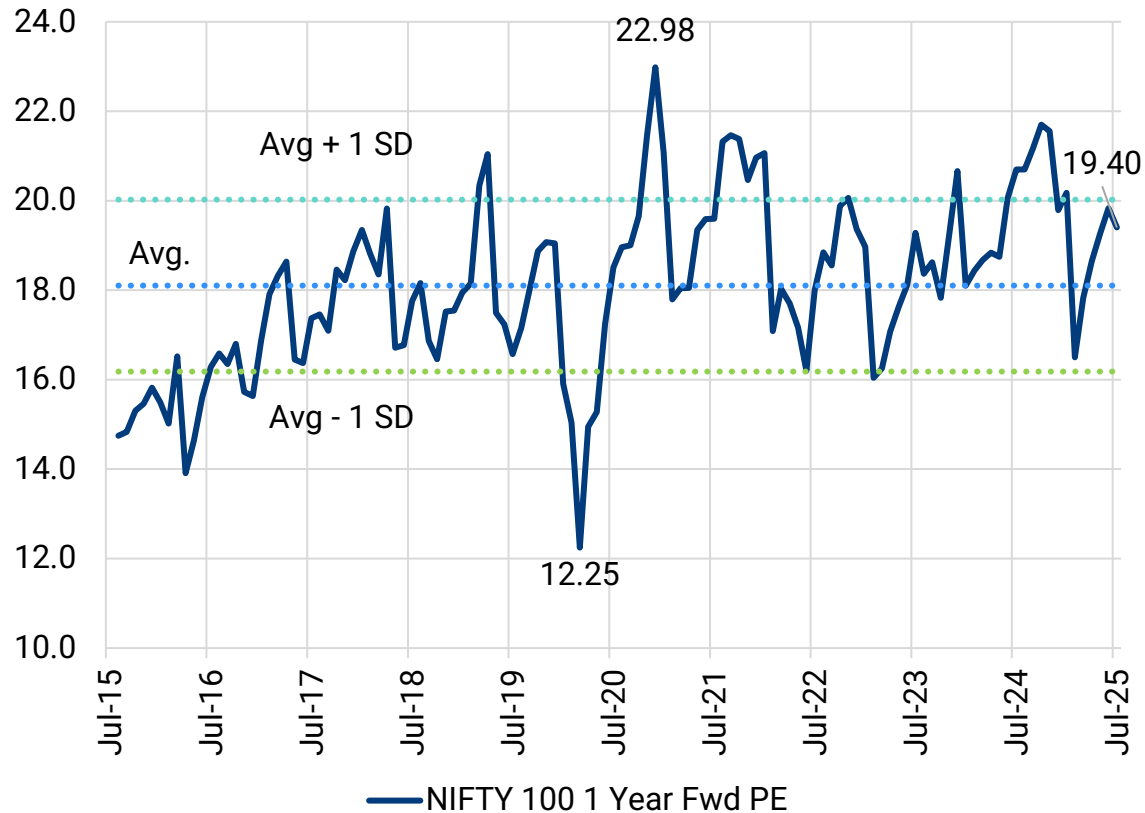
**Mid and small caps have witnessed a sharper acceleration in earnings post Covid**



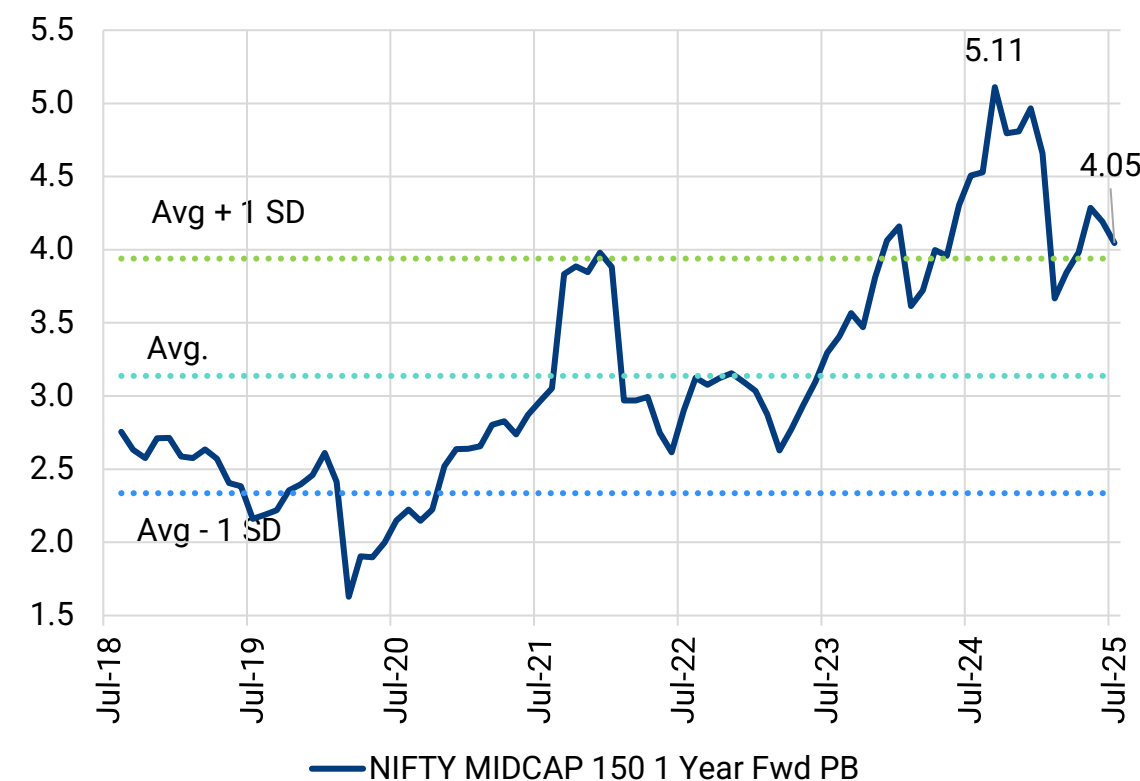


# Valuations - Largecap

**Largecap valuations are above its long-term average**

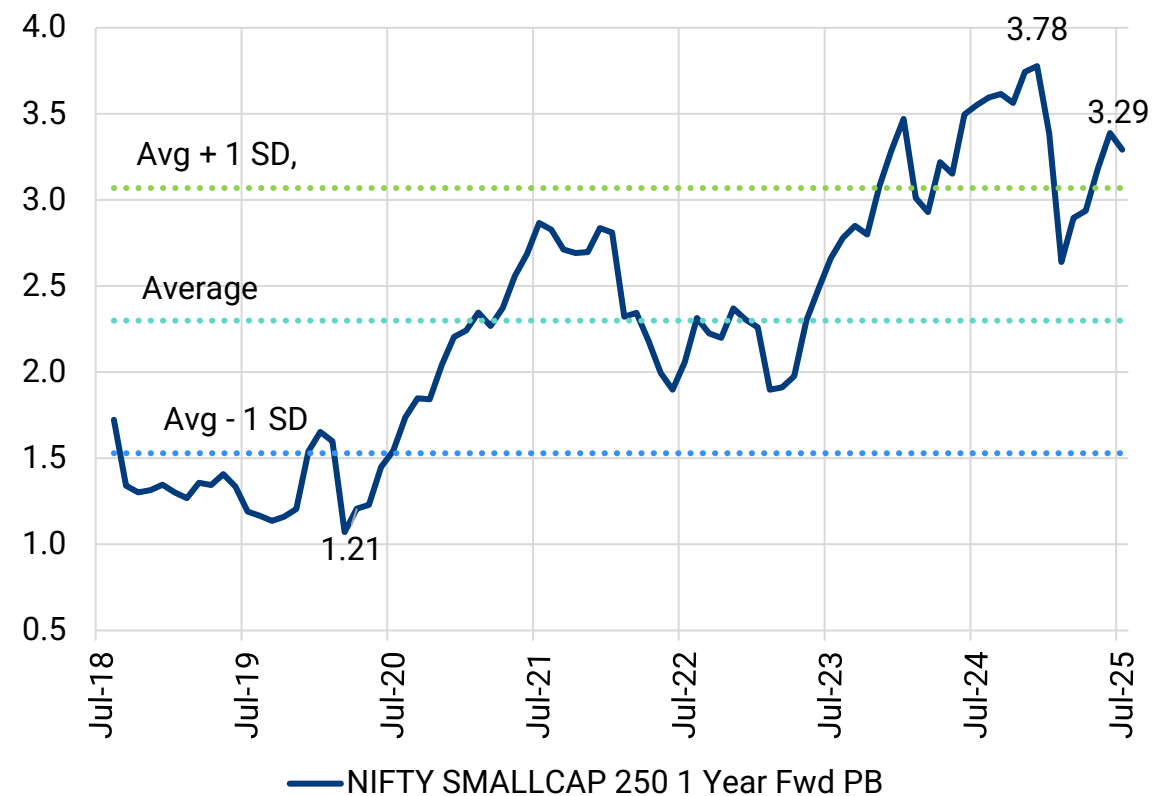
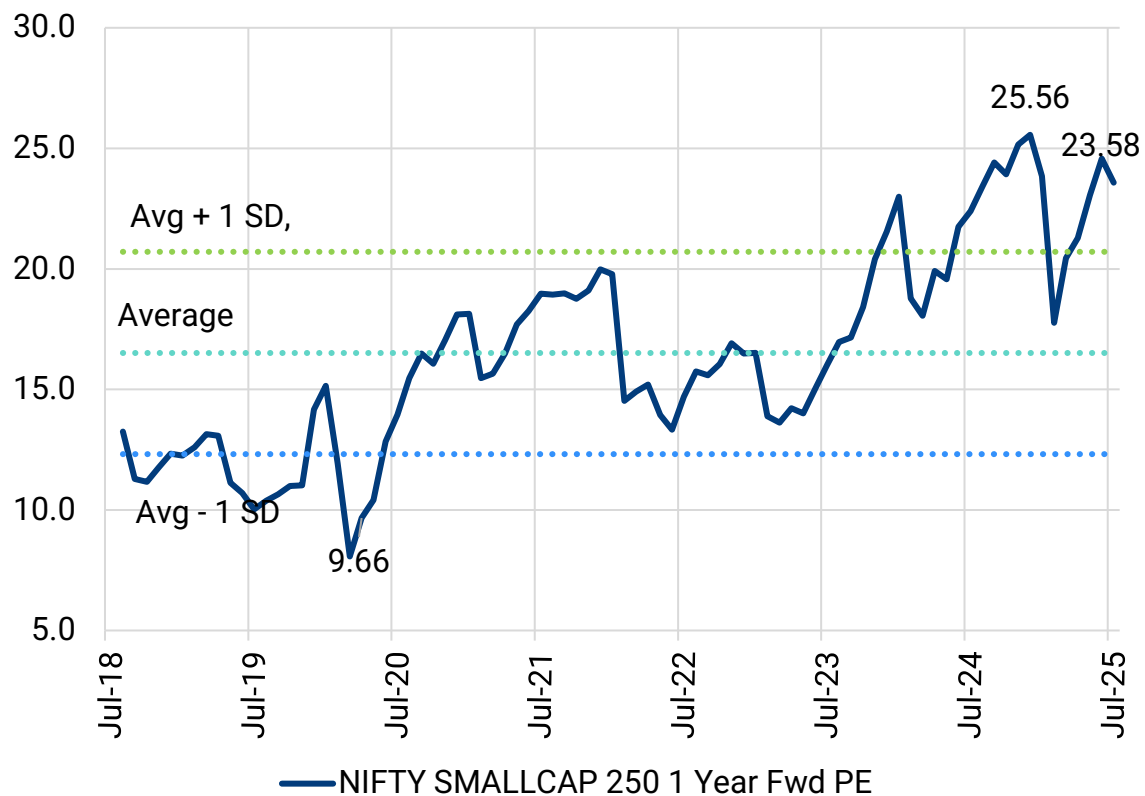


## Midcap valuations remain elevated



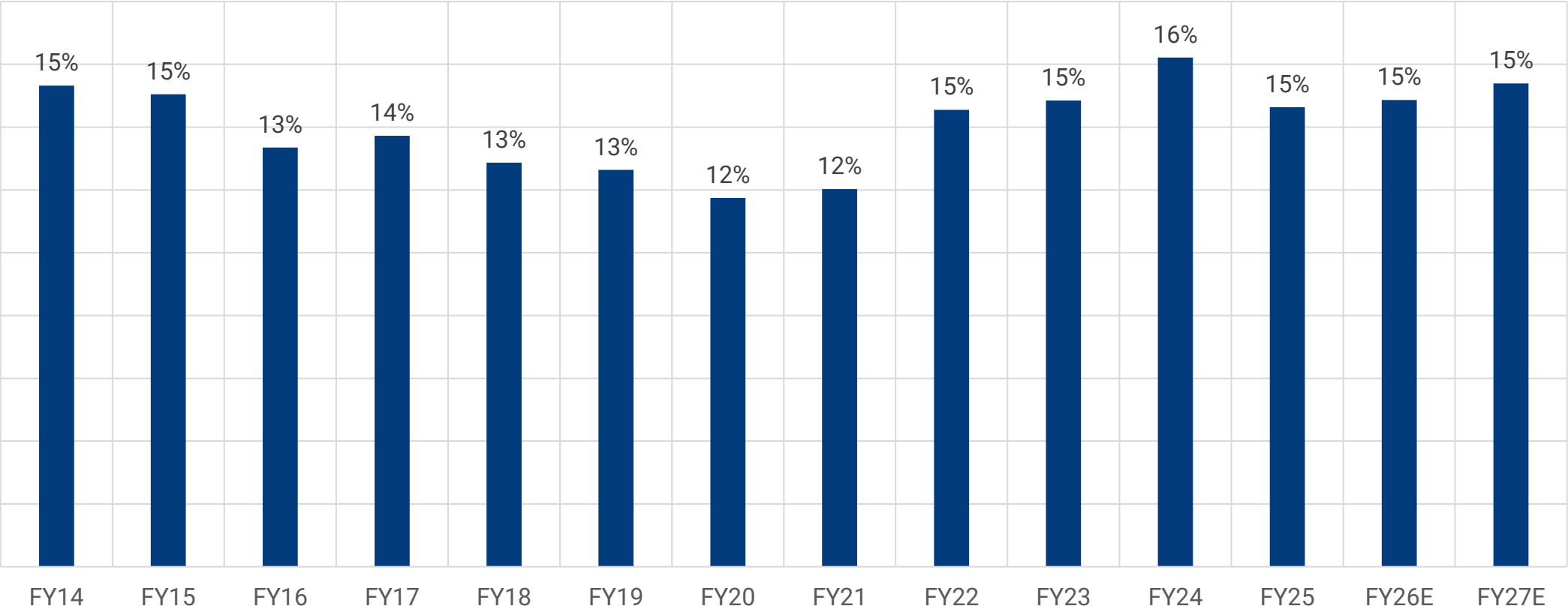
# Valuations – Smallcap

## Smallcap valuations have become expensive



Nifty50 ROE continues to register strong double-digit growth

Nifty50 ROE (%)

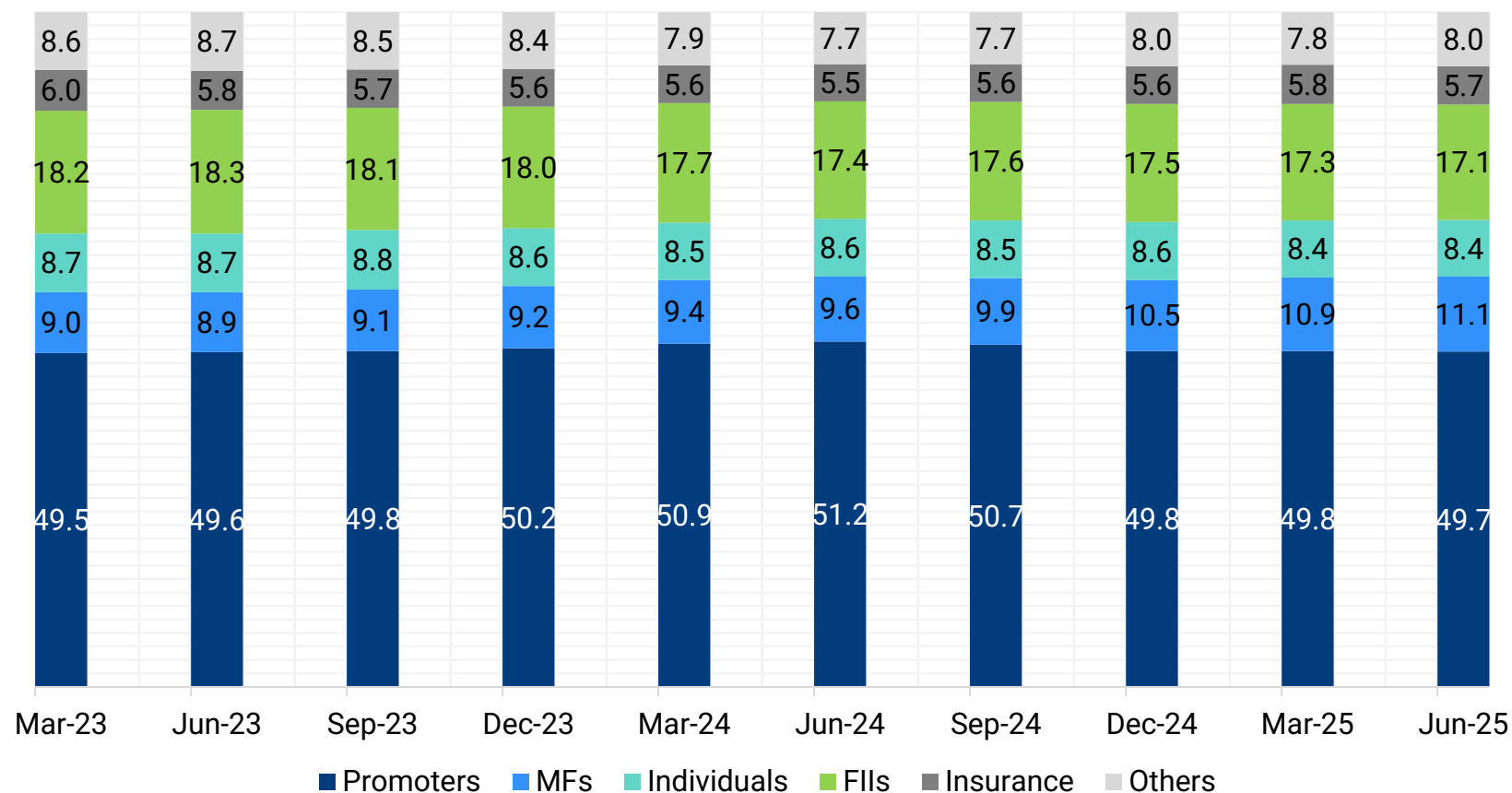


# Sectoral valuation

Sector	Current P/E	10-year Average	Current P/B	10-year Average
Auto	24.9	26.2	4.0	3.3
Private Banks	17.9	21.0	2.4	2.5
PSU Banks	7.4	10.4	1.1	0.9
Consumers	42.8	42.2	10.5	10.2
Healthcare	33.5	27.0	4.8	3.8
Infrastructure	17.7	12.9	1.3	1.2
Metals	11.1	10.5	2.0	1.6
Oil & Gas	15.8	12.9	1.6	1.5
Technology	22.0	21.3	6.6	5.8
Capital Goods	36.6	25.3	6.8	3.9

# Ownership structure of Indian equities

Ownership structure %

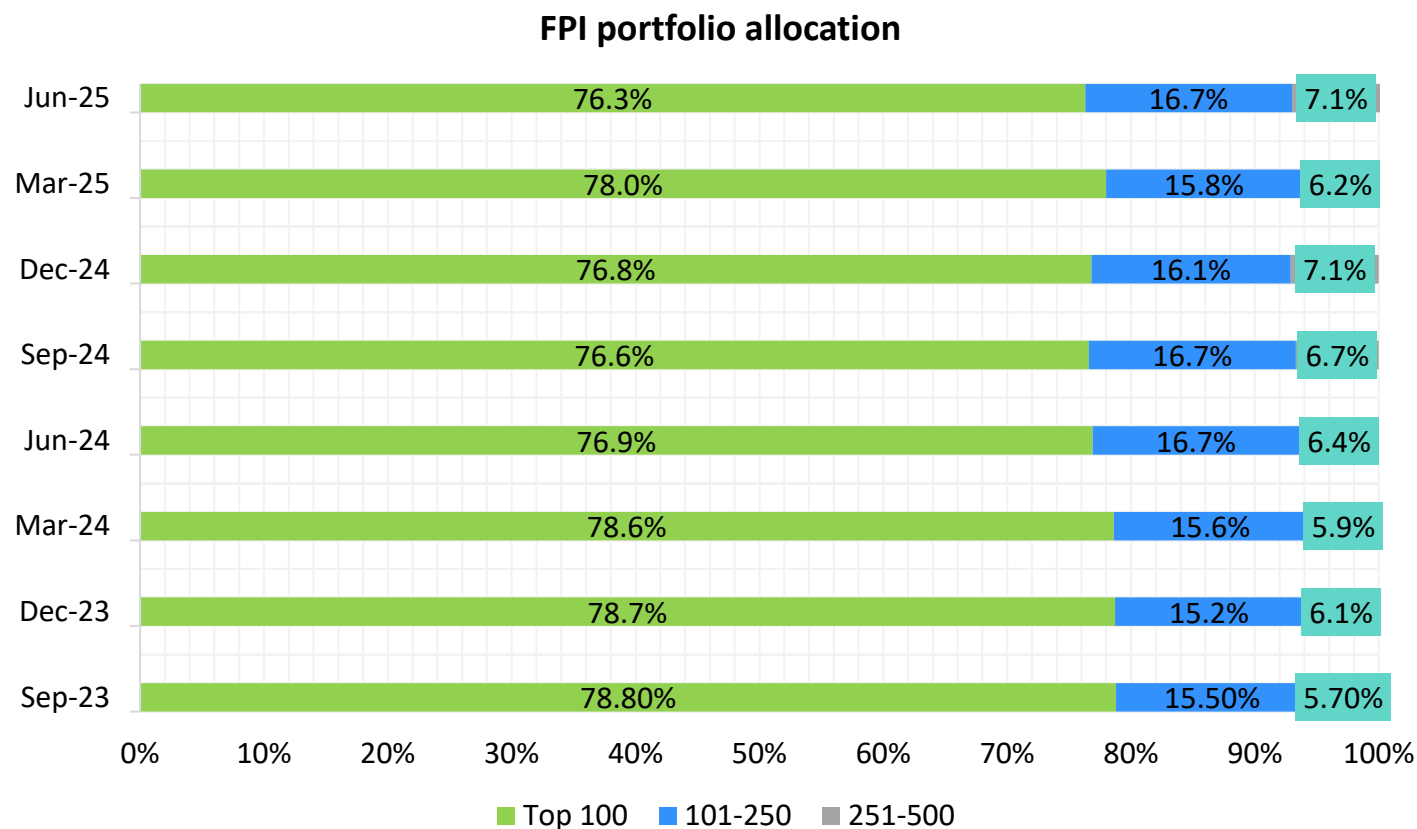


## Key Highlights

- \* **MF ownership** in Indian equities is at an **all time high** at **11.1%** in June 2025
- \* **FIIs** have **reduced** their positions dropping to **17.1%** in June'25 from 18.3% in June 2023

# FPI allocation to Large, Mid & Small Caps

## Portfolio allocation of FPI by M-cap rank



## Key Highlights

- \* **FPIs** have **decreased** their portfolio allocation in **large caps** from 78.0% in Mar'25 to 76.3% in June'25
- \* They have **increased** their allocation in **mid & small caps** to 16.7% & 7.1% respectively

# Analysis of sector-wise FPI holdings

Sectors	Portfolio Share		Change
	Jul-25	Jul-24	
Financials	31.6%	27.5%	4.1%
IT	7.4%	9.3%	-1.9%
Oil & gas	7.0%	8.5%	-1.5%
Healthcare	7.0%	5.9%	1.1%
Auto & Ancillary	7.0%	8.1%	-1.1%
Service	6.9%	6.3%	0.6%
Industrials	5.6%	5.9%	-0.3%
FMCG	5.5%	6.1%	-0.6%
Telecom & Media	5.0%	3.9%	1.1%
Construction Material	3.4%	3.9%	-0.5%
Utilities	3.4%	4.5%	-1.1%
Metals & Mining	2.8%	3.0%	-0.2%
Durables	2.6%	2.9%	-0.3%
Agriculture & Chemicals	2.0%	1.7%	0.3%
Realty	1.9%	2.2%	-0.3%
Others	0.8%	0.5%	0.3%

## Key Highlights

- \* **Jul'25 witnessed selling after 3 continuous month of buying.** There was selling of (~\$2.0 bn) vs buying of ~\$1.7 bn in Jun'25
- \* **Out of 16 sectors, equal number of sectors saw inflows and outflows.** Inflows were led by Services ~\$0.7 bn (consistent buying since Apr'25), followed by Metals & Mining ~\$0.4 bn, and FMCG ~\$0.2 bn.
- \* **IT saw the maximum outflows (~\$2.2 bn),** mainly driven by subdued Q1FY26 earnings and disappointing outlook
- \* **Outflows** were seen in **Financials** (~\$0.7 bn), followed by **Realty and Auto** (~\$0.4 bn each), **Oil & Gas and Consumer Durables** (~\$0.3 bn each).



Trends | Economy | Markets | **Performance** | Outlook

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# How do different asset class respond to each other?

**Correlation between asset class over 10Y period**

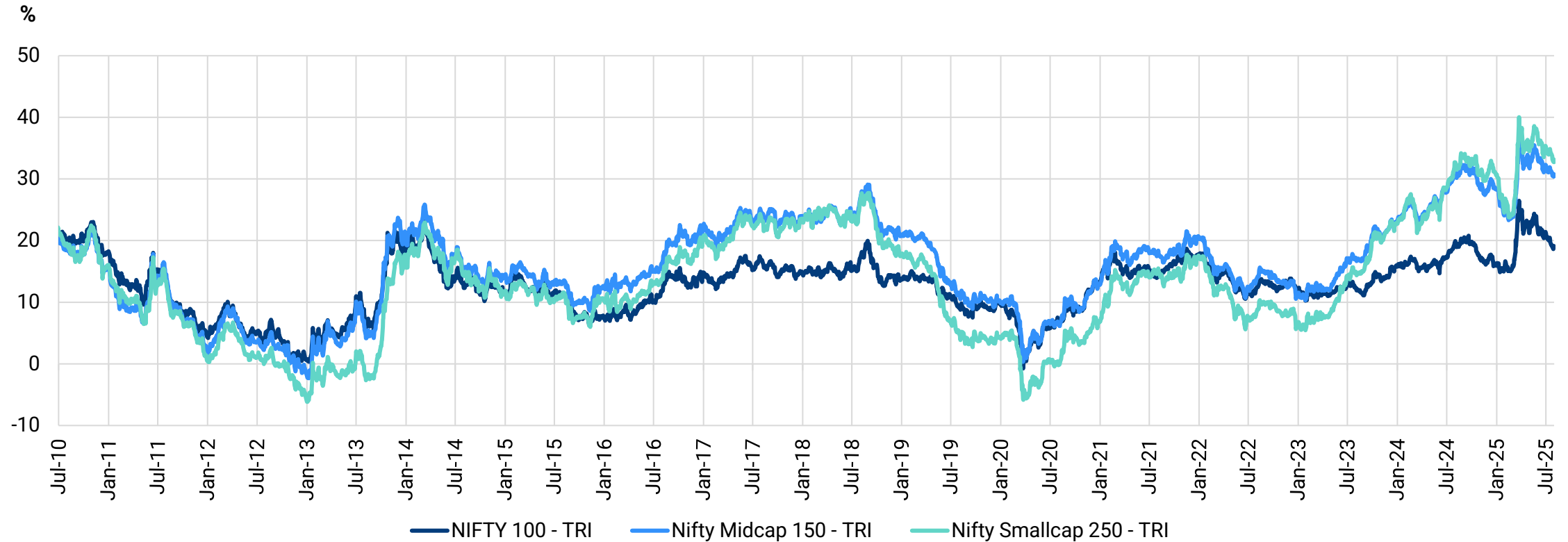
	Nifty 50 TRI	Gold	Silver	Gold + Silver	USD/INR	Nifty 10Y G-sec	S&P 500 TRI	Hang Seng TRI	Crude Oil	10-Yr SD
Nifty 50 TRI	1	-0.08	0.10	0.04	-0.16	0.08	0.32	0.40	0.12	16.63%
Gold		1	0.78	0.91	0.00	0.02	-0.01	-0.01	0.00	12.23%
Silver			1	0.91	-0.06	0.01	0.07	0.14	0.06	24.08%
Gold + Silver				1	-0.04	0.02	0.04	0.09	0.04	16.64%
USD/INR					1	-0.10	-0.06	-0.14	0.00	4.59%
Nifty 10Y G-sec						1	-0.02	-0.01	-0.11	4.25%
S&P 500 TRI							1	0.21	0.30	17.93%
Hang Seng TRI								1	0.14	22.03%
Crude Oil									1	43.55%

# Large, mid and small cap performance

**In 11 of the past 17 CY, mid and small caps have outperformed large caps**

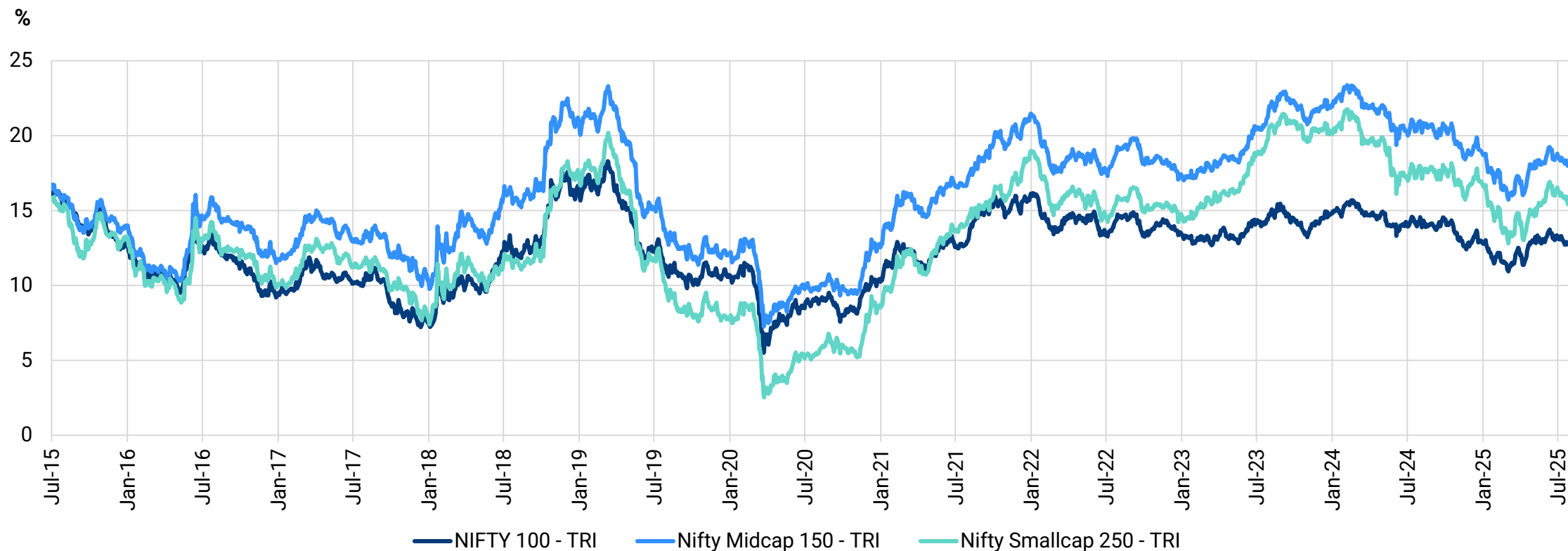
Period	Large Cap (%)	Mid Cap (%)	Small Cap (%)
CY2008	-53.07%	-64.94%	-68.58%
CY2009	84.88%	113.87%	117.37%
CY2010	19.28%	20.07%	17.63%
CY2011	-24.93%	-31.01%	-35.07%
CY2012	32.51%	46.69%	40.39%
CY2013	7.89%	-1.28%	-6.44%
CY2014	34.88%	62.67%	71.66%
CY2015	-1.26%	9.70%	11.27%
CY2016	5.01%	6.53%	1.39%
CY2017	32.88%	55.73%	58.47%
CY2018	2.57%	-12.62%	-26.15%
CY2019	11.83%	0.62%	-7.26%
CY2020	16.08%	25.56%	26.46%
CY2021	26.45%	48.16%	63.34%
CY2022	4.94%	3.91%	-2.64%
CY2023	21.24%	44.61%	49.09%
CY2024	12.95%	24.46%	27.21%
CYTD*	4.48%	1.41%	-3.15%

# 5 year rolling returns



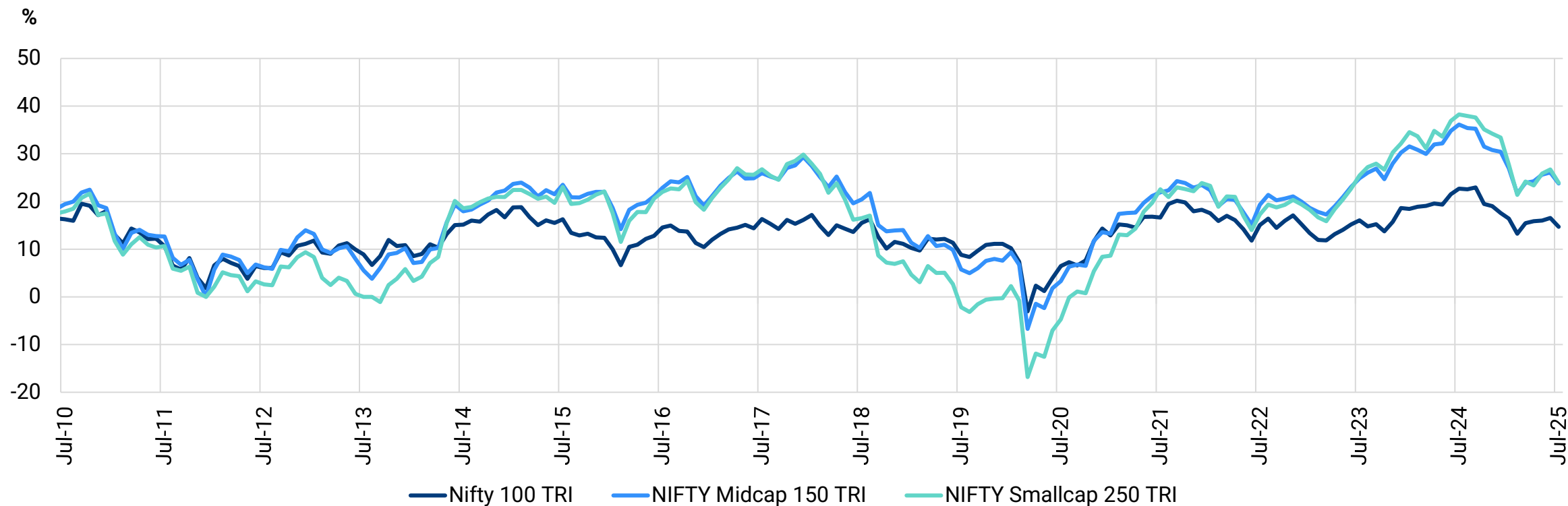
Since 2010	NIFTY 100 – TRI	Nifty Midcap 150 – TRI	Nifty Smallcap 250 – TRI
Min (%)	-0.75	-2.34	-6.16
Max (%)	26.45	36.76	40.03
Average (%)	12.88	16.07	13.62

# 10 year rolling returns



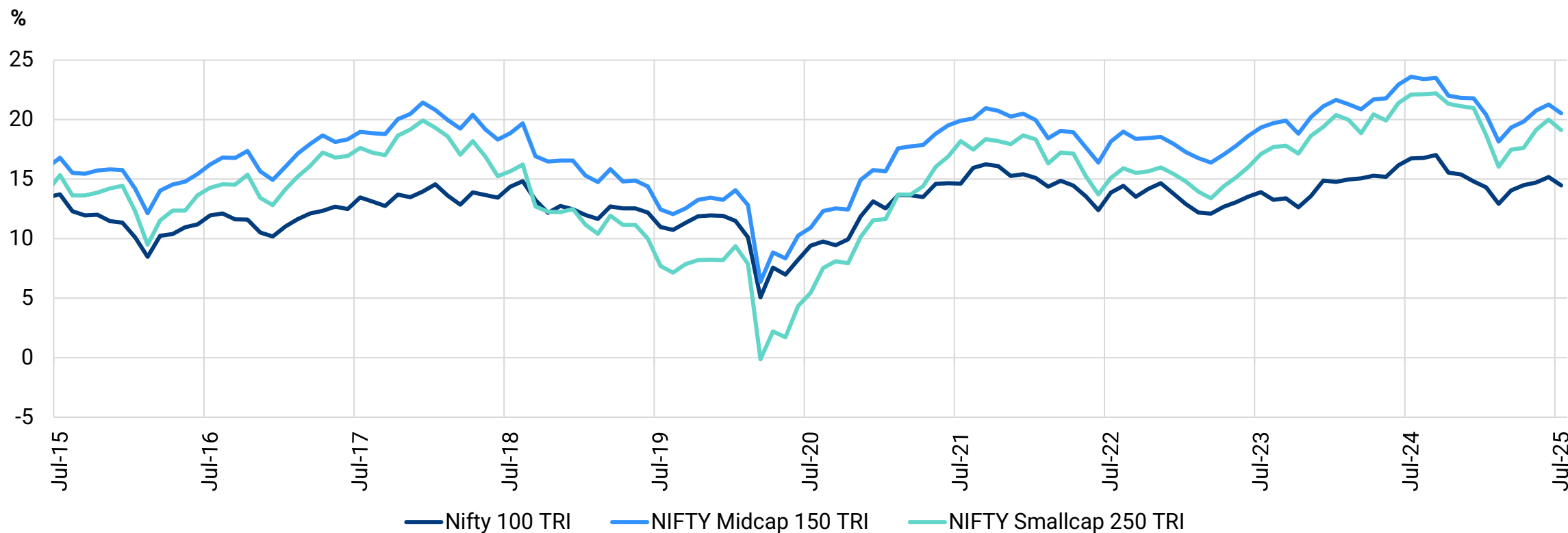
Since 2015	NIFTY 100 – TRI	Nifty Midcap 150 – TRI	Nifty Smallcap 250 – TRI
Min (%)	5.50	7.27	2.53
Max (%)	18.29	23.37	21.77
Average (%)	12.54	16.14	13.46

# 5 year SIP rolling returns



Since 2010	NIFTY 100 - TRI	Nifty Midcap 150 - TRI	Nifty Smallcap 250 - TRI
Min (%)	-3.03	-6.71	-16.81
Max (%)	22.95	36.14	38.26
Average (%)	13.20	17.58	15.40

# 10 year SIP rolling returns



Since 2015	NIFTY 100 - TRI	Nifty Midcap 150 – TRI	Nifty Smallcap 250 - TRI
Min (%)	5.07	6.37	-0.13
Max (%)	17.02	23.60	22.20
Average (%)	12.94	17.43	14.74

# Drawdowns

Period	Large Cap (%)	Mid Cap (%)	Small Cap (%)
CY 2008	-61.08%	-71.75%	-72.80%
CY 2009	-18.67%	-23.51%	-24.88%
CY 2010	-10.30%	-16.26%	-20.13%
CY 2011	-26.35%	-32.29%	-36.26%
CY 2012	-13.69%	-12.21%	-13.89%
CY 2013	-14.69%	-24.05%	-31.48%
CY 2014	-6.44%	-7.82%	-8.59%
CY 2015	-13.68%	-11.92%	-14.81%
CY 2016	-12.96%	-16.96%	-22.49%
CY 2017	-4.42%	-6.79%	-8.03%
CY 2018	-14.85%	-23.50%	-35.69%
CY 2019	-10.49%	-14.28%	-21.42%
CY 2020	-37.92%	-38.45%	-43.48%
CY 2021	-9.86%	-10.30%	-9.19%
CY 2022	-16.10%	-20.30%	-26.61%
CY 2023	-8.51%	-7.72%	-10.92%
CY 2024	-11.33%	-11.00%	-12.39%
CYTD*	-9.99%	-17.25%	-23.54%



Trends | Economy | Markets | Performance | Outlook



- \* We are constructive on Indian equities from medium term perspective as domestic consumption, government and private led investments perk up economy.
- \* Over the medium to long term, three compelling themes emerge for investors – brand building as formalization accelerates, market share gainers amid AI and mobile-led shifts, and decadal disruption driven by data and clean energy transitions.
- \* However, we anticipate volatility in CY25 driven by geopolitical developments and elevated valuations.
- \* From a valuation standpoint, markets are hovering around fair value zone, with valuations moderately above long-term averages across large, mid, and small caps.
- \* Heightened geopolitical uncertainty on the back of a steep rise in fear of tariffs, sanctions and occasional conflicts has led to the US Fed adopting a shallower rate cut policy. US dollar, on back of these uncertainties has been weakening and we are witnessing incremental flows from FII's towards emerging markets.
- \* On the domestic front, stable political system provides a good visibility of policy continuity. The early onset of the monsoon and expectations of above-average rainfall this year are likely to support robust agricultural output.
- \* High frequency data has been mixed, the rural economy seems to be on a mend and is expected to improve further in coming months, helped both by better agriculture produce and government policies.
- \* Opportunities lie in selective investments, focusing on better growth visibility and quality companies with sector leadership or faster growth rates. Broad based rally is now moving towards selective bottoms up stock picking.
- \* We see the current market as a buy-on-dips market. With valuations fair and earnings upgrades 3–5 months away, accumulating on corrections, macro or earnings-led would be a sensible strategy.
- \* Volatility is likely through CY25 but should be seen as an opportunity for long-term investors. Spreading out investments remains prudent.

- \* August MPC kept policy rates & policy stance unchanged while trimming their FY26 average CPI forecast to 3.1% from 3.7% earlier. However, the FY26 GDP growth forecast was retained at 6.5%.
- \* However, bond yields hardened after the announcement as a section of market participants felt that the RBI may be done with the rate cut cycle. Yield of the new benchmark 10-year IGB closed at 6.42% from its pre-policy level of 6.33% on August 6th.
- \* RBI Governor emphasized the importance of the transmission of the previous rate cuts in the banking system. He observed that 50% to 70% transmission has taken place in case of weighted-average-new loan rates and weighted-average-new deposit rates.
- \* The ongoing VRRR auctions are having a negative impact on the short-end of the money market curve as 3M T-Bills, which were trading in the range of 5.35-5.4% before the VRRR auctions, have hardened to 5.44-46% range in the last auction.
- \* Based on the view that RBI may be at the fag end of the rate cut cycle, investors should focus on the accrual strategy in their portfolios and focus on liquid & high quality bonds maturing in 2- to 4-year tenor for decent accrual and relatively lower price risk perspective in our view.

# Factor Investing commentary

- \* With macro strength and earnings momentum intact, the market is in a risk-on mode, favoring pro-growth styles
- \* Momentum and Growth are regaining traction, supported by improving 3M returns and sector tailwinds, but gains are tactical—not backed by earnings upgrades
- \* Value's deep discount and exposure to defensives provide balance amid stretched valuations elsewhere
- \* A barbell strategy—tilting toward Growth and Momentum while anchoring with Value—can capture upside while managing volatility
- \* Strategy going forward: Tilt towards Momentum & Growth for upside, anchor with Value for defense, and focus on Financials, Healthcare, and Capital Goods for sector-driven resilience and cyclicity

# Our Long-Only Equity Funds

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# Equity funds overview

Scheme	Edelweiss Mid Cap Fund			Edelweiss Small Cap Fund			Edelweiss Focused Fund			Edelweiss Large & Mid Cap Fund		
AUM (Rs Cr.)	11,041			4,981			962			4,064		
Market Cap Allocation	Large 19%	Mid 69%	Small 12%	Large 1%	Mid 31%	Small 68%	Large 77%	Mid 21%	Small 2%	Large 52%	Mid 37%	Small 11%
Over-Weight Sectors	<ul style="list-style-type: none"> <li>Consumer Services</li> <li>Information Technology</li> <li>Fast Moving Consumer Goods</li> </ul>			<ul style="list-style-type: none"> <li>Automobile and Auto Components</li> <li>Consumer Services</li> <li>Construction Materials</li> </ul>			<ul style="list-style-type: none"> <li>Consumer Durables</li> <li>Construction</li> <li>Financial Services</li> </ul>			<ul style="list-style-type: none"> <li>Consumer Services</li> <li>Information Technology</li> <li>Consumer Durables</li> </ul>		
Under-Weight Sectors	<ul style="list-style-type: none"> <li>Consumer Durables</li> <li>Healthcare</li> <li>Power</li> </ul>			<ul style="list-style-type: none"> <li>Financial Services</li> <li>Healthcare</li> <li>Power</li> </ul>			<ul style="list-style-type: none"> <li>Telecommunication</li> <li>Healthcare</li> <li>Fast Moving Consumer Goods</li> </ul>			<ul style="list-style-type: none"> <li>Fast Moving Consumer Goods</li> <li>Automobile and Auto Components</li> <li>Oil, Gas and Consumable Fuels</li> </ul>		

# Equity funds overview

Scheme	Edelweiss ELSS Tax Saver Fund			Edelweiss Flexi Cap Fund			Edelweiss Multi Cap Fund		
AUM (Rs Cr.)	416			2,770			2,909		
Market Cap Allocation	Large 66%	Mid 19%	Small 15%	Large 69%	Mid 24%	Small 7%	Large 48%	Mid 27%	Small 25%
Over-Weight Sectors	<ul style="list-style-type: none"> <li>Financial Services</li> <li>Information Technology</li> <li>Healthcare</li> </ul>			<ul style="list-style-type: none"> <li>Information Technology</li> <li>Healthcare</li> <li>Construction</li> </ul>			<ul style="list-style-type: none"> <li>Healthcare</li> <li>Financial Services</li> <li>Consumer Services</li> </ul>		
Under-Weight Sectors	<ul style="list-style-type: none"> <li>Services</li> <li>Oil, Gas, &amp; Consumable Fuels</li> <li>Fast Moving Consumer Goods</li> </ul>			<ul style="list-style-type: none"> <li>Oil, Gas &amp; Consumable Fuels</li> <li>Services</li> <li>Financial Services</li> </ul>			<ul style="list-style-type: none"> <li>Oil, Gas &amp; Consumable Fuels</li> <li>Capital Goods</li> <li>Construction Materials</li> </ul>		

# Portfolio return ratios

	Edelweiss ELSS Tax Saver Fund	Edelweiss Large & Mid Cap Fund	Edelweiss Flexi Cap Fund	Edelweiss Multi Cap Fund	Edelweiss Mid Cap Fund	Edelweiss Small Cap Fund	Edelweiss Focused Equity Fund
FY26E EPS growth (%)	15.3	16.0	11.9	15.6	17.2	17.3	13.8
FY27E EPS growth (%)	18.1	18.3	18.3	19.4	19.3	19.2	18.6
PEG (x)	1.1	1.2	1.2	1.1	1.3	1.2	1.2
FY26E ROE (%)	19.7	18.4	18.9	19.1	21.5	17.3	20.2
FY27E ROE (%)	20.6	19.4	19.9	20.1	22.4	18.6	20.9
PER FY26E (x)	26.4	27.8	28.8	30.4	34.7	32.9	28.9
PER FY27E (x)	19.9	21.8	21.7	21.8	25.6	23.1	21.5

**Note:** These are estimates of the underlying portfolio based on available information and is not indicative of any present or future performance of the fund. Portfolio of the fund would depend on asset allocation and investment strategy as stated in Scheme Information Document and prevailing market conditions and is subject to change without any notice. Sectors/ Stocks mentioned here should not be construed as a recommendation. Stock in are part of the portfolio of Edelweiss Mutual fund schemes as on the latest available portfolio as on 31<sup>st</sup> July, 2025. Performance of the above sectors/stocks should not be construed as indicative yield of any of the schemes of Edelweiss Mutual Fund. Edelweiss Mutual Fund may or may not hold any position in these sectors/stocks in future.



# New entries and exits in fund portfolio

	Edelweiss Mid Cap Fund	Edelweiss Small Cap Fund	Edelweiss Focused Fund	Edelweiss Flexi Cap Fund	Edelweiss Multi Cap Fund	Edelweiss ELSS Tax Saver Fund	Edelweiss Large & Mid Cap Fund
Entry	<ul style="list-style-type: none"> <li>Craftsman Automation Ltd</li> <li>Mankind Pharma Ltd</li> <li>Canara Bank Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Craftsman Automation Ltd</li> <li>Motherson Sumi Wiring India Ltd</li> <li>KSB Ltd</li> </ul>	<ul style="list-style-type: none"> <li>HDB Financial Services Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Craftsman Automation Ltd</li> <li>Jindal Stainless Steel Ltd</li> <li>Varun Beverages Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Craftsman Automation Ltd</li> <li>Varun Beverages Ltd</li> <li>HDB Financial Services Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Gabriel India Ltd</li> <li>HDB Financial Services Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Mankind Pharma Ltd</li> <li>HDB Financial Services Ltd</li> </ul>
Exits	<ul style="list-style-type: none"> <li>Info Edge (India) Ltd</li> <li>Concord Biotech Ltd</li> </ul>	<ul style="list-style-type: none"> <li>BSE Ltd</li> <li>The Phoenix Mills Ltd</li> <li>Muthoot Finance Ltd</li> </ul>	NIL	<ul style="list-style-type: none"> <li>Info Edge (India) Ltd</li> <li>JSW Steel Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Info Edge (India) Ltd</li> <li>Bharat Dynamics Ltd</li> <li>JSW Steel Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Balkrishna Industries Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Son BLW Precision Forgings Ltd</li> </ul>

# Active stock exposure across equity funds

Edelweiss Mid Cap Fund		Edelweiss Small Cap Fund		Edelweiss Large & Mid Cap Fund	
COFORGE LIMITED	2.69	UNO MINDA LTD	2.24	COFORGE LIMITED	1.23
CG POWER AND INDUSTRIAL SOLUTIONS LTD	1.93	CITY UNION BANK LTD	2.19	UNO MINDA LTD	1.09
RADICO KHAITAN LTD	1.63	KEI INDUSTRIES LTD	2.15	MAX HEALTHCARE INSTITUTE LTD	1.03
MULTI COMMODITY EXCH INDIA LTD	1.59	GABRIEL INDIA LTD	2.05	INDIAN BANK LTD	1.00
MARICO LTD	1.53	JUBILANT INGREVIA LTD	1.94	POWER MECH PROJECTS LTD	0.99
INDIAN HOTELS CO LTD	1.52	INDIAN BANK LTD	1.82	CAN FIN HOMES LTD	0.98
PERSISTENT SYSTEMS LTD	1.52	APL APOLLO TUBES LTD	1.78	AETHER INDUSTRIES LTD	0.98
INDIAN BANK LTD	1.42	AJANTA PHARMA LTD	1.78	CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LTD	0.96
SHRIRAM FINANCE LTD	1.41	FORTIS HEALTHCARE LTD	1.78	MULTI COMMODITY EXCH INDIA	0.94
VISHAL MEGA MART LTD	1.40	KRISHNA INSTITUTE OF MEDICAL SCIENCES LTD	1.69	DIXON TECHNOLOGIES INDIA LTD	0.93

# Active stock exposure across equity funds

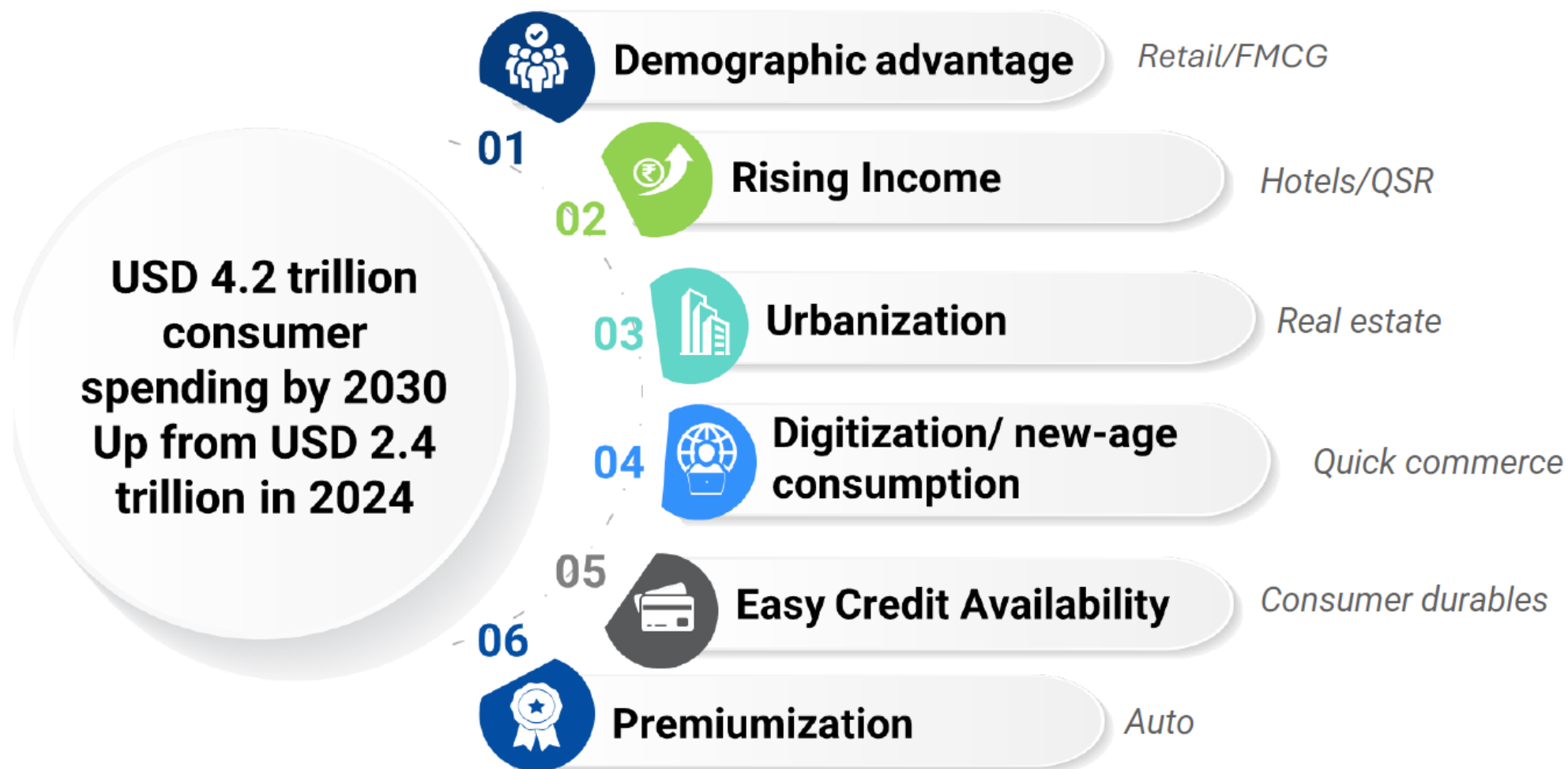
Edelweiss Flexi Cap Fund		Edelweiss ELSS Tax Saver Fund		Edelweiss Focused Fund		Edelweiss Multi Cap Fund	
NTPC LTD	2.03	BSE LTD	1.86	MARICO LTD	4.05	RADICO KHAITAN LTD	2.04
COFORGE LIMITED	1.91	MUTHOOT FINANCE LTD	1.64	PERSISTENT SYSTEMS LTD	3.89	NTPC LTD	1.91
ULTRATECH CEMENT LTD	1.49	BIKAJI FOODS INTERNATIONAL LTD	1.31	TITAN CO LTD	3.86	KRISHNA INSTITUTE OF MEDICAL SCIENCES LTD	1.88
LARSEN & TOUBRO LTD	1.39	BHARAT ELECTRONICS LTD	1.30	LARSEN & TOUBRO LTD	3.49	MULTI COMMODITY EXCH INDIA LTD	1.86
PERSISTENT SYSTEMS LTD	1.36	MULTI COMMODITY EXCH INDIA LTD	1.26	KEI INDUSTRIES LTD	3.26	NAVIN FLUORINE INTERNATIONAL LTD	1.78
CG POWER AND INDUSTRIAL SOLUTIONS LTD	1.27	TRENT LTD	1.25	SUN PHARMACEUTICAL INDUSTRIES LTD	3.12	HOME FIRST FINANCE CO INDIA LTD	1.69
PB FINTECH LTD	1.20	STATE BANK OF INDIA LTD	1.21	SHRIRAM FINANCE LTD	2.89	CEAT LTD	1.69
DIXON TECHNOLOGIES INDIA LTD	1.13	GABRIEL INDIA LTD	1.20	ULTRATECH CEMENT LTD	2.85	BIKAJI FOODS INTERNATIONAL LTD	1.62
MULTI COMMODITY EXCH INDIA LTD	1.12	KARUR VYSYA BANK LTD	1.16	DIXON TECHNOLOGIES INDIA LTD	2.69	CHALET HOTELS LTD	1.35
DIVI'S LABORATORIES LTD	1.11	BHARTI AIRTEL LTD	1.14	CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LTD	2.65	COFORGE LIMITED	1.26

# Why We Own What We Own

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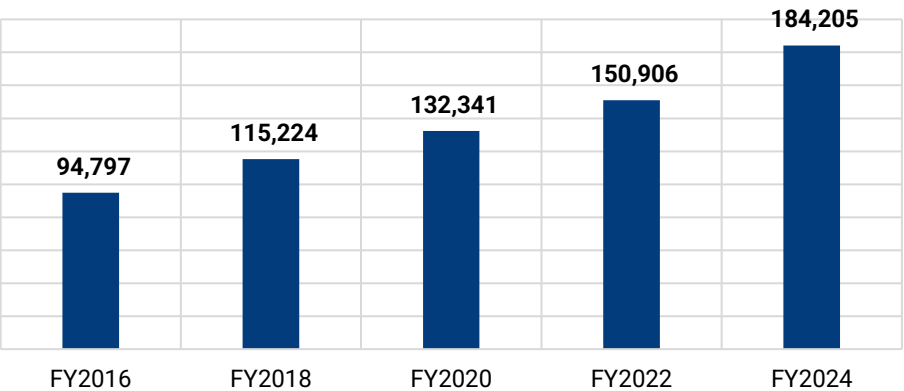


# India's Consumption Sector

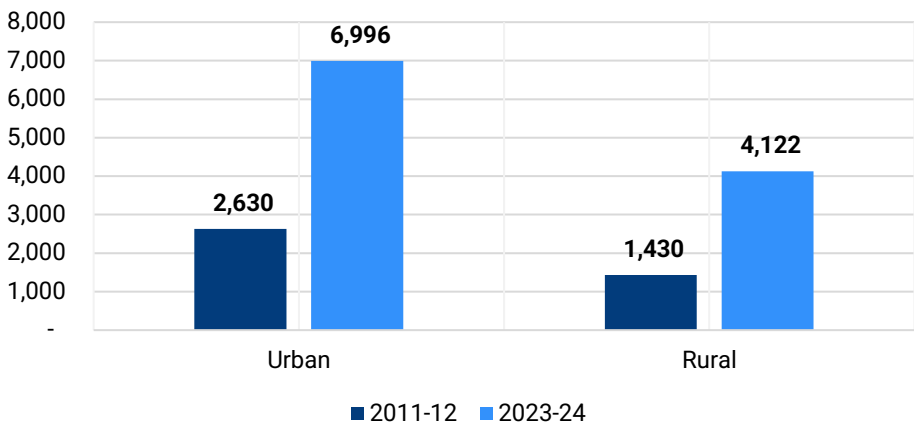


# Supporting India's Consumption Sector

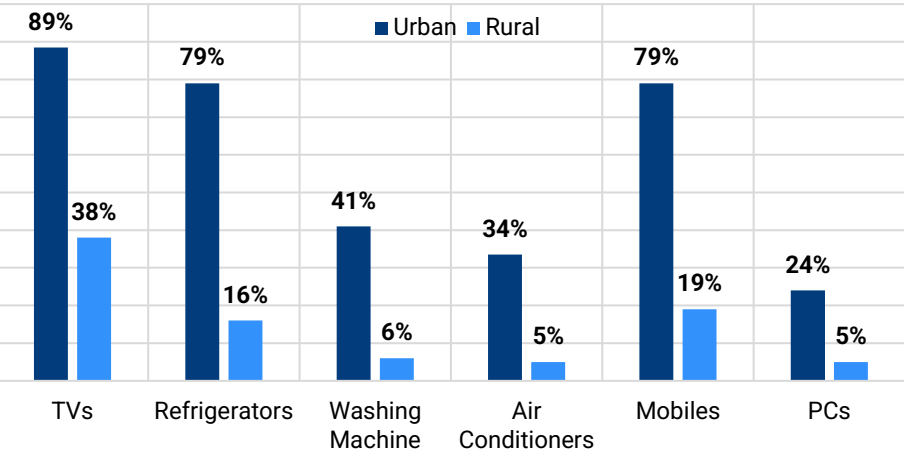
Per Capita Net National Income (INR)\* growing at a CAGR of 8.7%



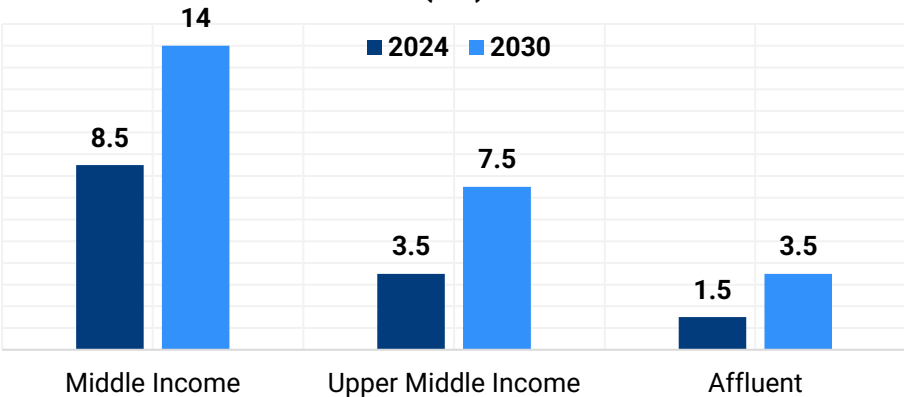
Monthly per capita consumption expenditure in Rs.



Consumer Durables Penetration



Rising middle and upper middle-income groups (Cr.)



Source: Crisil Research, Centrum Broking, Statista, DAM Capital Research, MoSPI. Middle Income- INR 7.5L- 15L, Upper Middle Income- INR 15L-30L, Affluent- >INR 30L.  
\*Per capita Net National Income at current price considered.

# India's IT Sector

## Key Drivers and Trends

India's IT industry is set to grow from US\$ 254 bn to US\$ 350 bn by 2026, contributing 10% to the nation's GDP

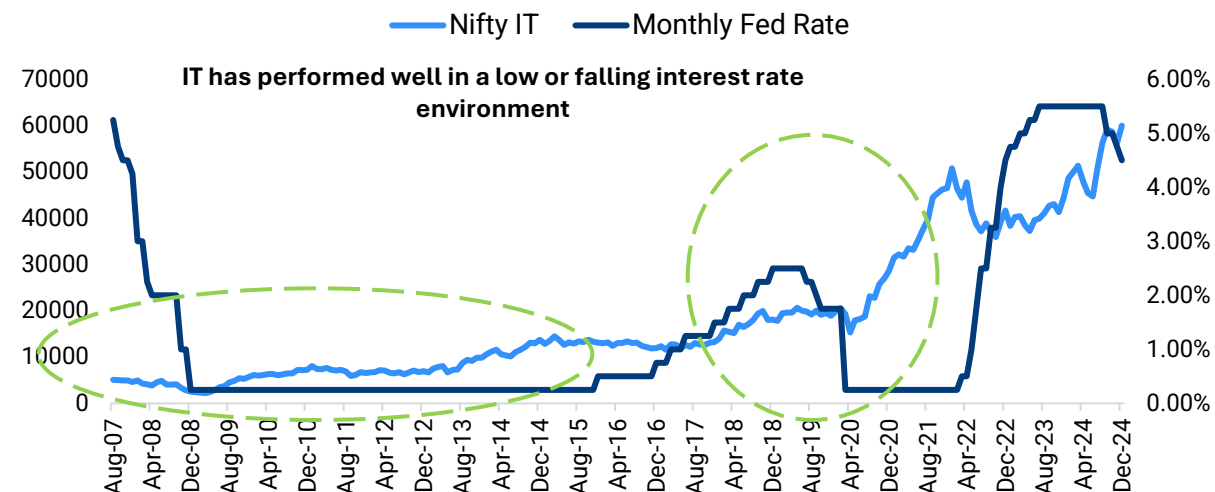
Global spending surpassing US\$ 200bn by 2025 and India's share hitting US\$ 5bn in Cloud services

Rise in India's Global Capability Centers (GCC) market is set to surpass \$100 bn. by 2030, with 2,500 centers and 4.5 mn. professionals

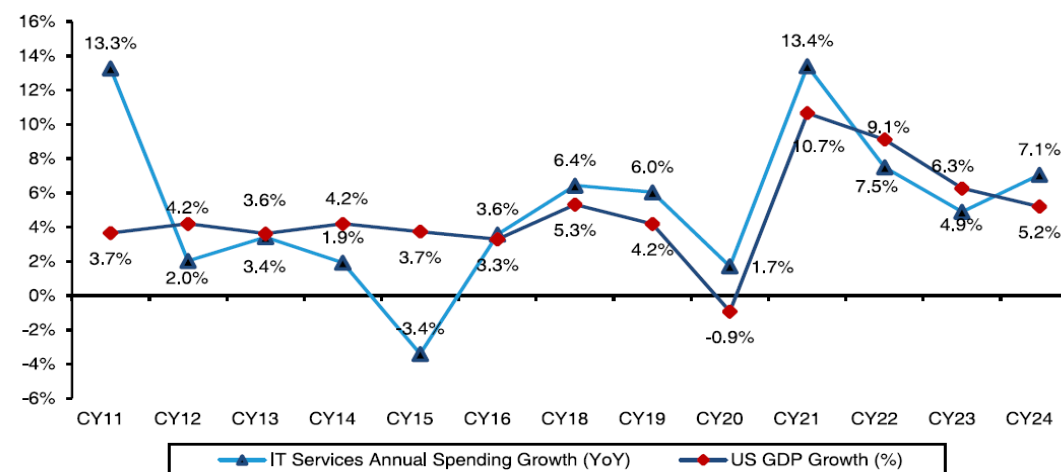
Reduced dependency on H1B Visas from 11% in FY15 to 3% in FY23

IT export revenue grew from \$59 bn in 2010 to \$199 bn in 2024, with an estimated 20% CAGR to reach \$600 bn by 2030

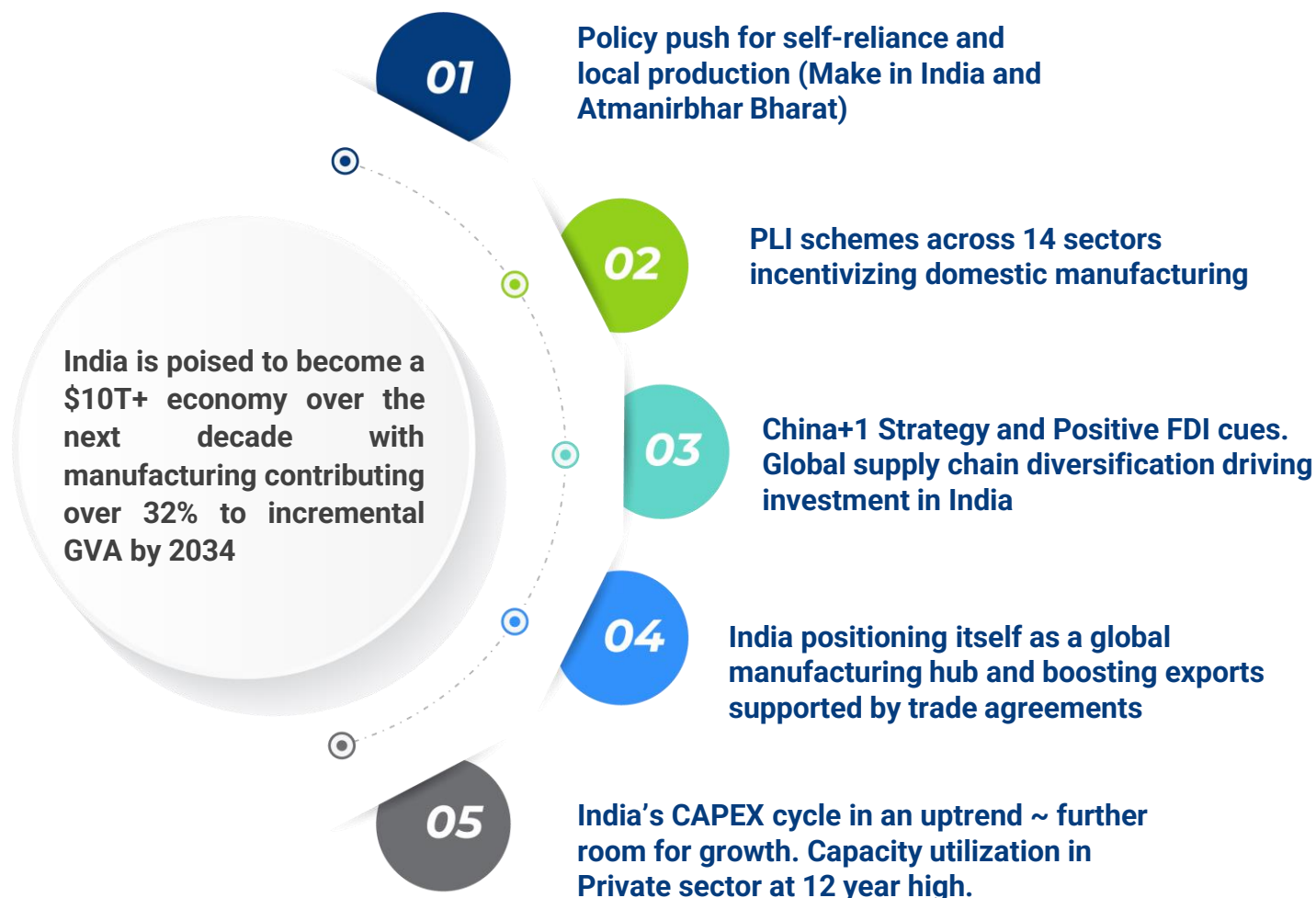
## FED Rate Cuts and Nifty IT



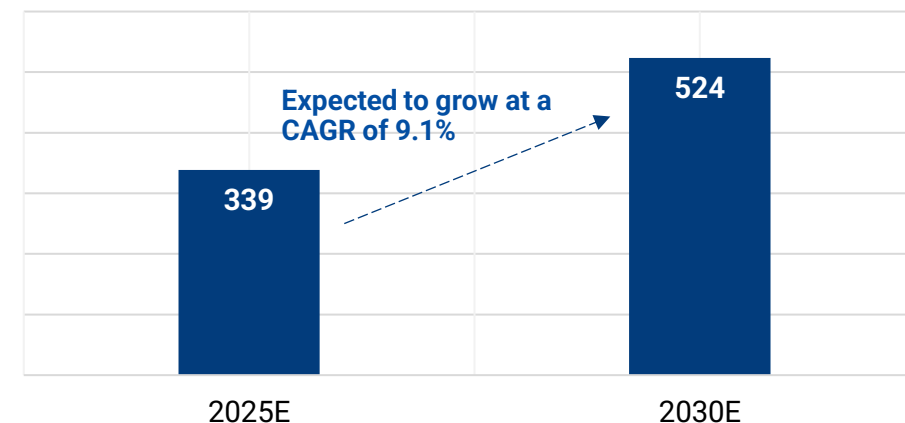
## IT Services spending growth vs US GDP Growth (%)



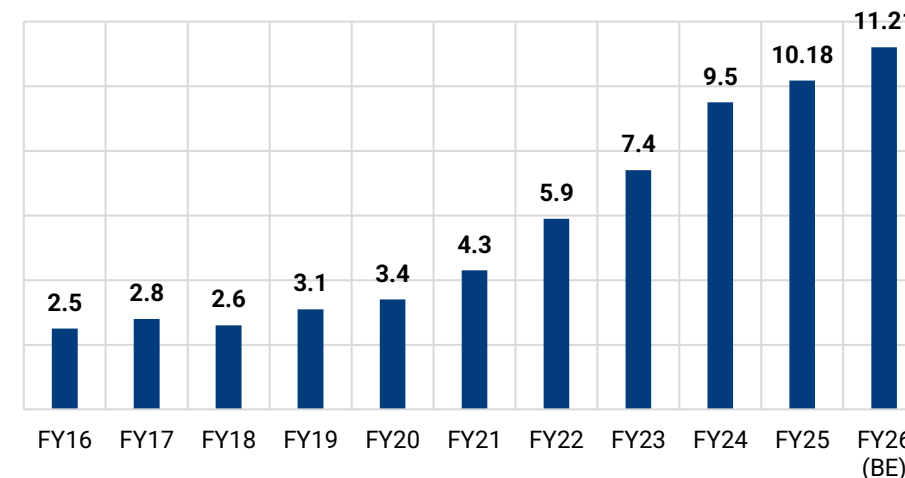
# India's Manufacturing Sector



India's Manufacturing Market Size (USD Bn)



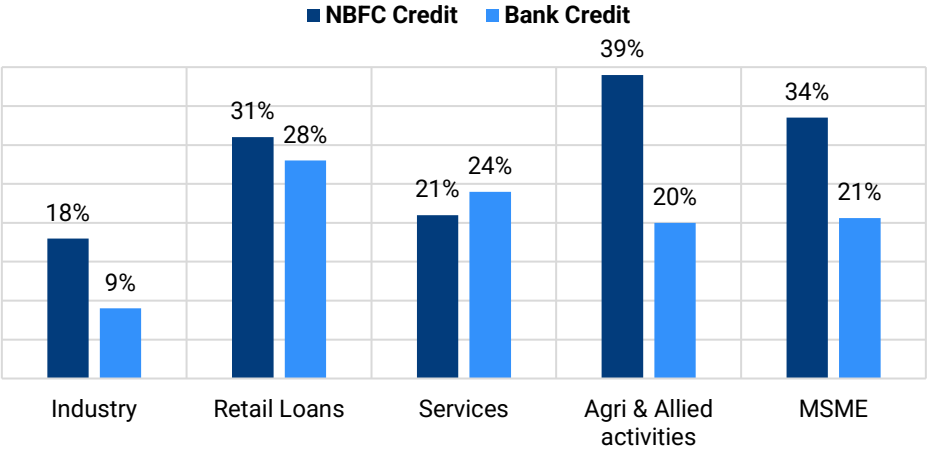
Overall infra spends (Rs. Lakh Cr.)





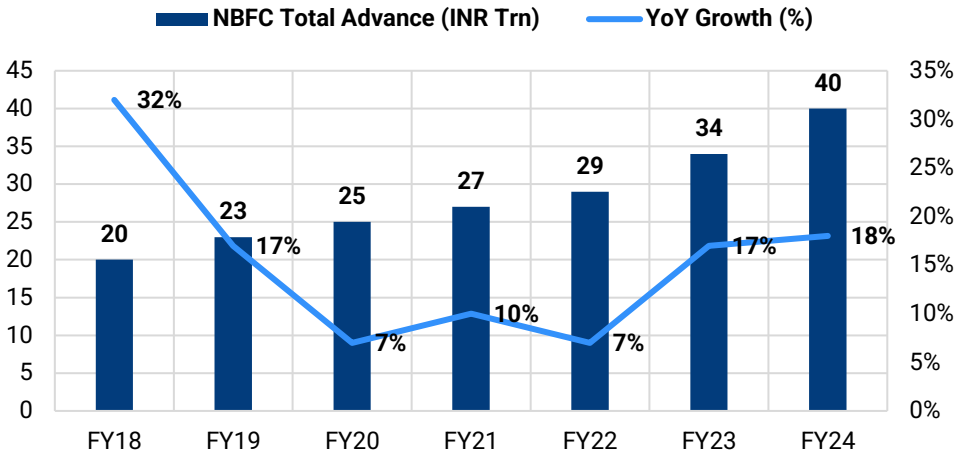
# India's NBFC Sector

## Key Drivers

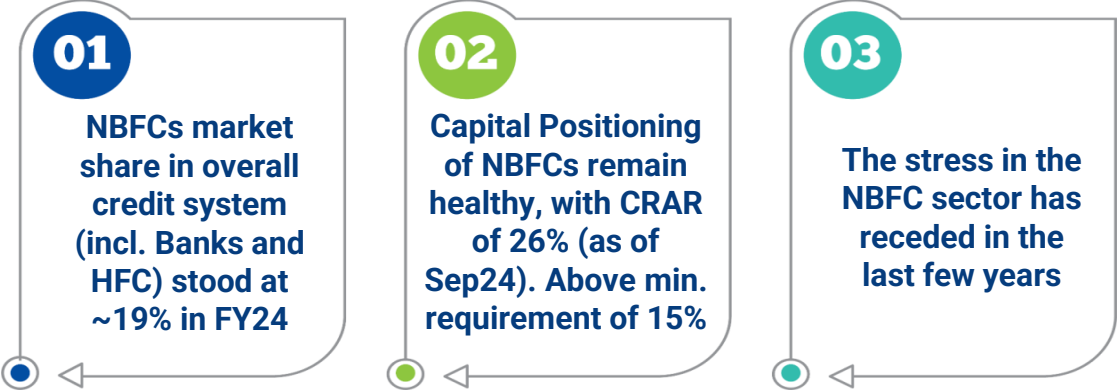


NBFCs grew faster than Banks in almost all segments

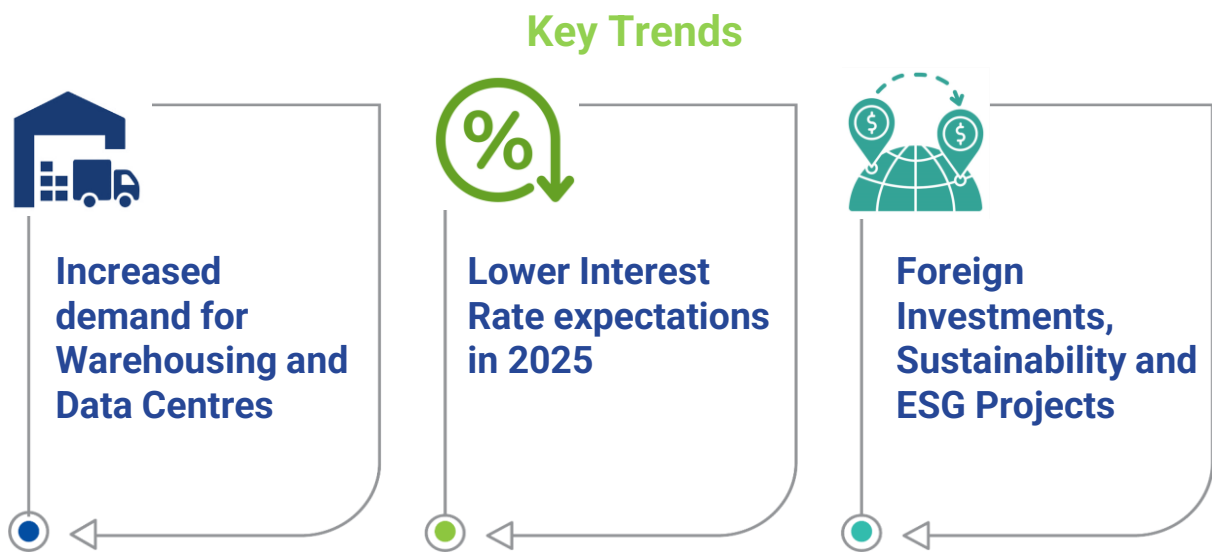
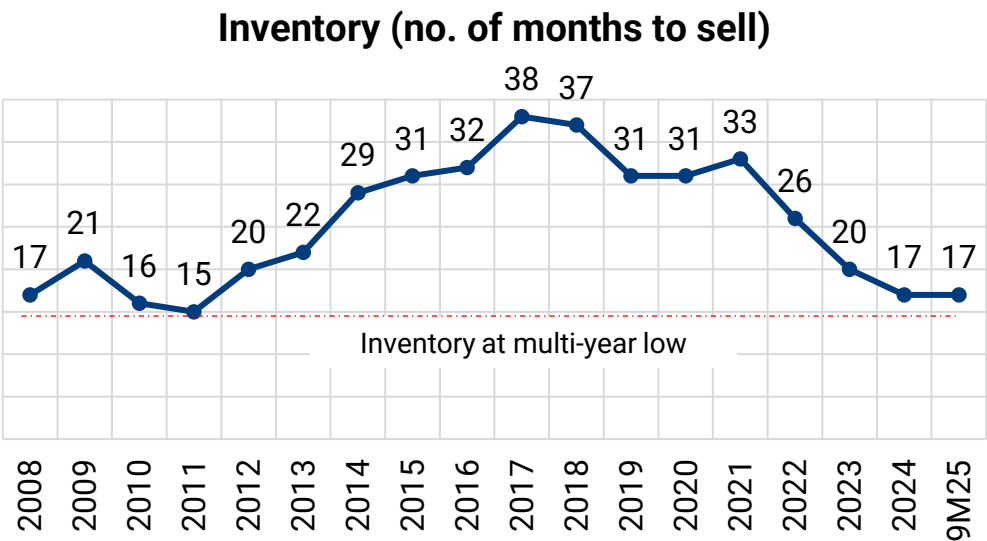
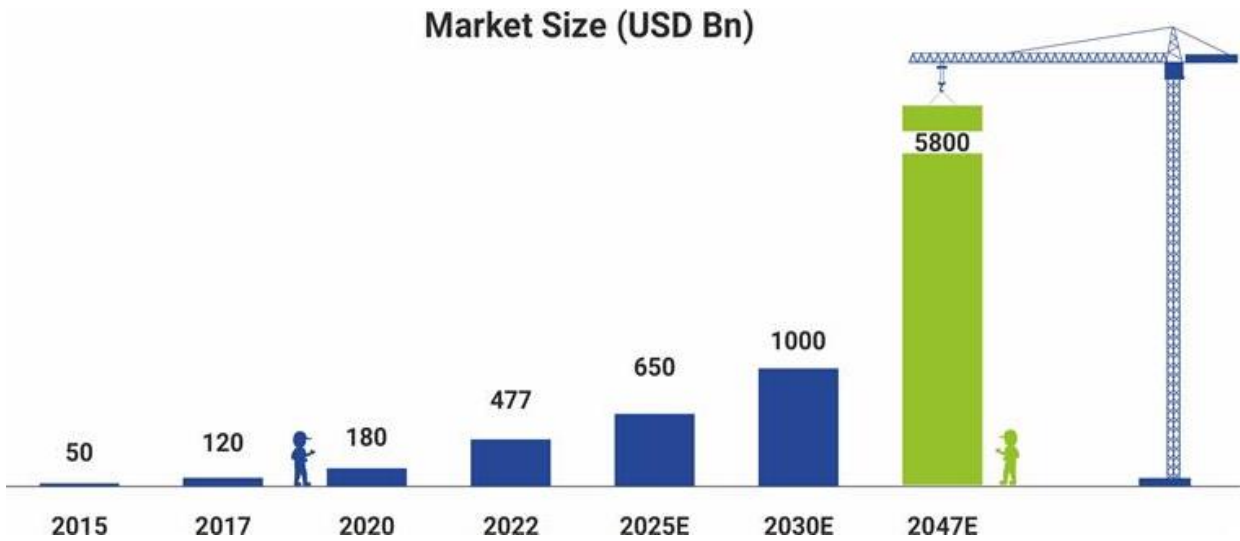
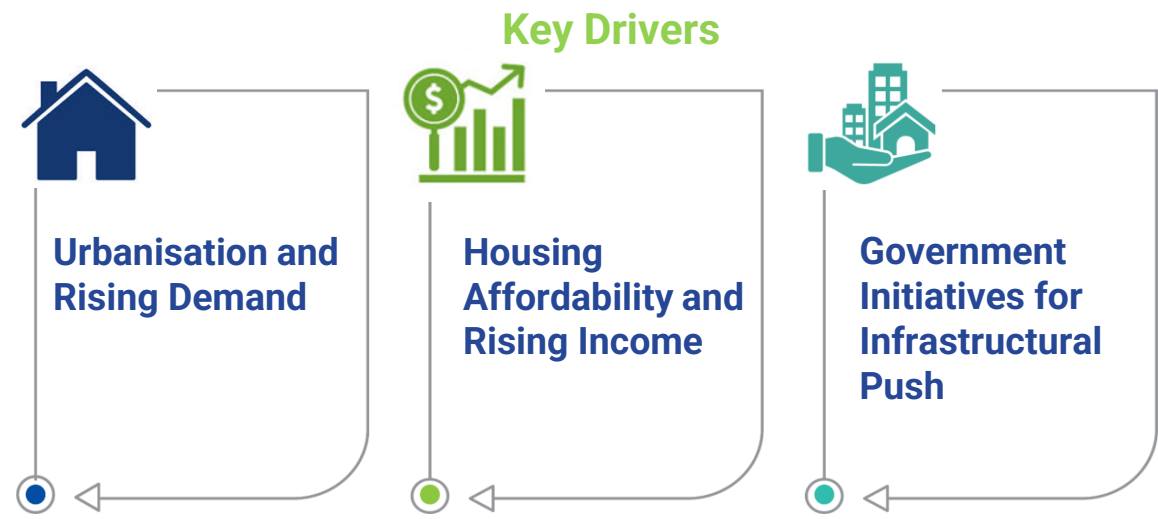
## Moderate but Healthy Credit growth in NBFCs



## Other Factors to Watch Out



# India's Real Estate Sector



Source: Jefferies, Propequity

# Investment Process



# Our philosophy while managing your money

Our **FAIR** investment framework helps in identifying robust and clean businesses available at acceptable prices without being biased toward either value or growth investing styles.



## Forensics

Use forensic framework to check accounting quality, board governance standards and ownership background



## Acceptable Price

Emphasize reasonably priced businesses with earnings power over the medium term, rather than focusing on the short term



## Investment Style Agnostic

Emphasize investing in strong businesses capable of delivering long-term returns, while remaining agnostic to value or growth investing styles.



## Robustness

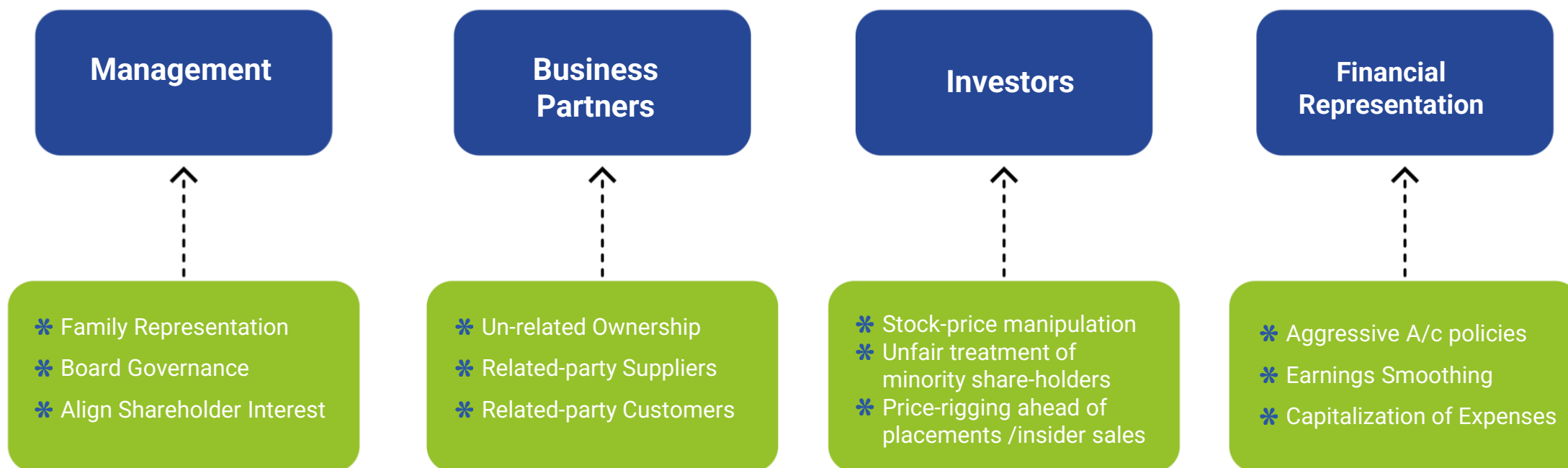
Pick well managed businesses having scalable opportunities and superior return on capital employed

We use a forensic analysis to pick only clean and quality businesses from the available universe

We do forensic analysis in 4 key areas before we like any business

Accounting quality | Board governance | Ownership checks | Management integrity

## Forensic Analysis Framework



# Acceptable price

Focus on reasonably priced businesses with medium term earnings power

## Investment value analysis Framework

\* We analyse stocks and categorise them under 3 buckets

- i. Discounted Value stocks
- ii. Compounding Value stocks
- iii. Risk-management stocks – Stocks we own due to their presence in benchmark

\* A combination of Discounted and compounding value makes us Value/Growth style agnostic

### Discounted Investment Value

- \* We derive discounted value based on % discount compared to intrinsic value of the stock
- \* This bucket includes event driven, deep Value and turn-around businesses
- \* Current Examples of businesses with static value – SBI and Indian Bank

### Compounding Investment Value

- \* We derive compounded value based on estimated growth in intrinsic value over next 2 years.
- \* This bucket includes consistent compounders that are sector leaders and market share gainers
- \* Current Examples of businesses with dynamic value – Titan Company Ltd. and Trent Ltd.

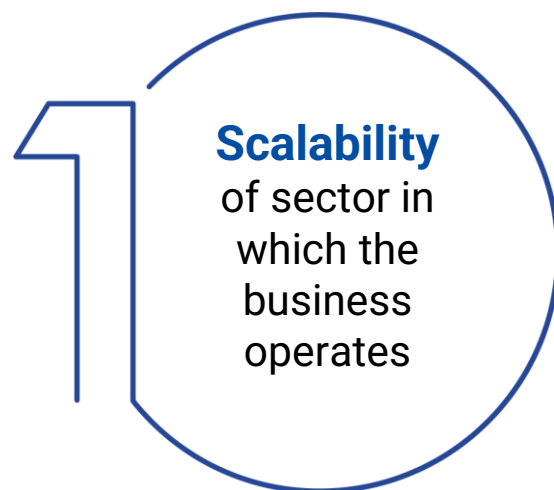
# Investment Style Agnostic

Style agnostic approach is an evergreen way of wealth creation



Pick well managed businesses having scalable opportunities and superior return on capital employed

## Qualitative factors:



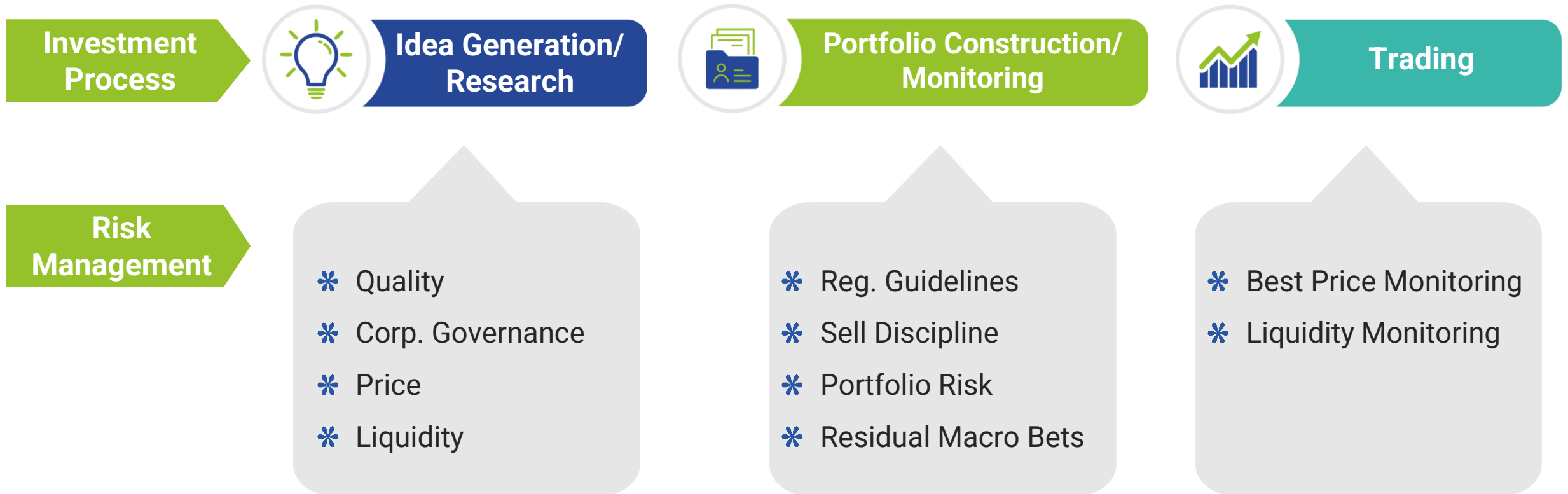
## Quantitative factors:

1. 5-year average core business returns more than 10% to ensure company is earning higher than its cost of capital
2. Current year Sales, EBITDA, PAT should be more than 5-year average Sales, EBITDA, PAT to ensure we leave out de-growing companies
3. Higher cash-flow conversion compared to sector peers over last business cycle

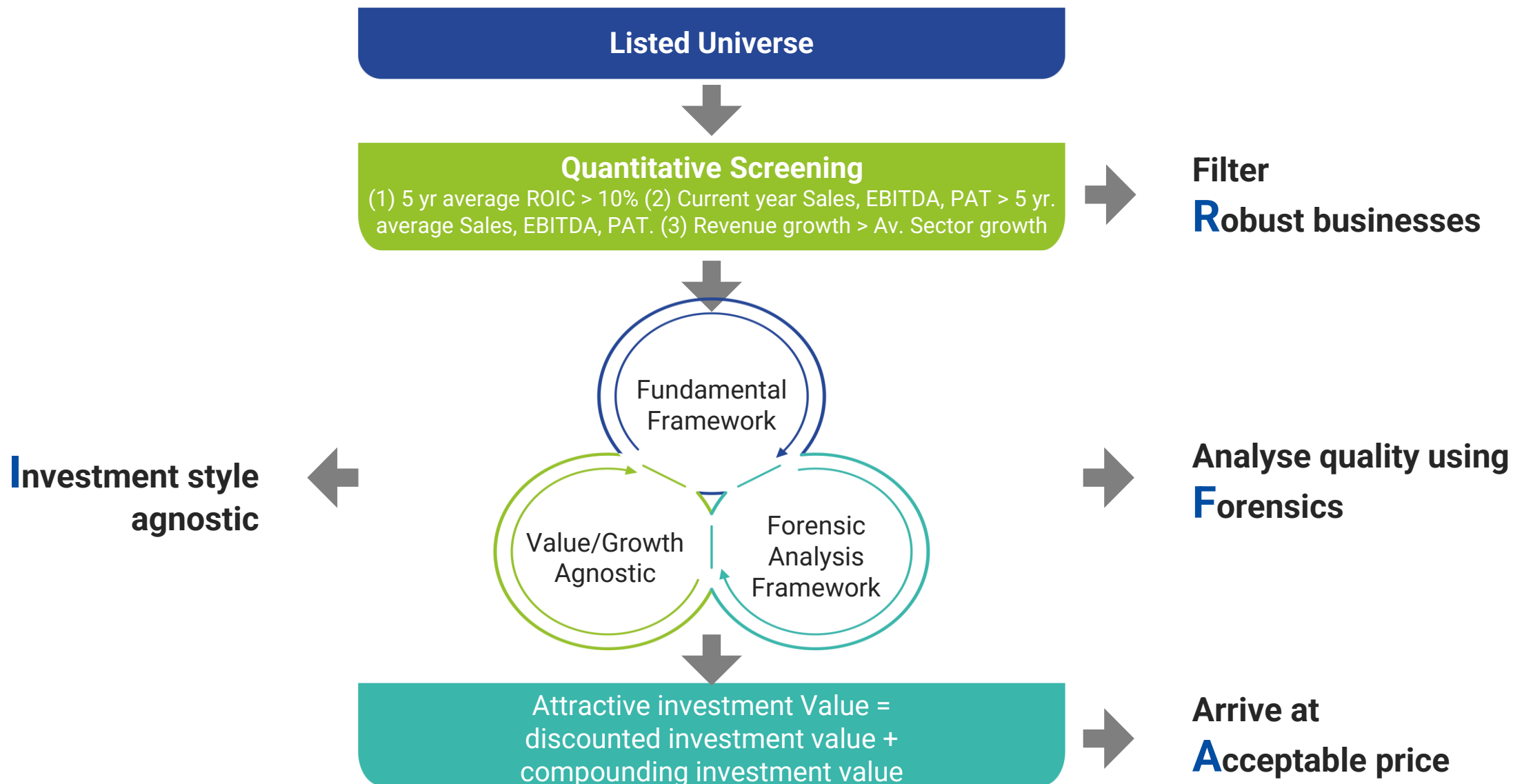


# Risk management at each level of investment process

Risk management is core to our strategy at each level of investment process



# Our investment process



# What we don't do

Not doing something is an active call and very important factor in investing

**01**

## Take out-sized sector bets

Earnings of every sector goes through cycles and over longer period it is in-line with broader market earnings. Hence, we avoid out-sized sector bets unless it is mandate of the fund

**02**

## Macro calls

Macro calls may not work all the time given dynamic nature of our markets today compared to what they were in the past

**03**

## Cash-calls

Timing the market is difficult and hence, we keep our portfolios fully invested

## Buy/sell discipline



### BUY

- \* At FAIR estimate of intrinsic value
- \* Seeing catalyst/s for a high double-digit upside to the stock price.

### SELL

- \* At narrowing of discount to full value  
(Either due to deterioration of fundamentals or rising valuations)
- \* Seeing extremely buoyant investor sentiment overriding fundamentals.
- \* When Corporate/Management actions violate the stock thesis.

## Stock weight/sizing



- \* Guided by allocation of risk rather than allocation of money.
- \* Based on size of the portfolio and the liquidity of the universe.
- \* To achieve balance between return participation and risk control.
- \* To space out portfolio to accommodate emerging opportunities.

# Fundamental Equity Team



**Mr. Trideep Bhattacharya, Chief Investment Officer (CIO) – Fundamental Equities**

- \* Two decades of experience in equity investing across Indian and Global markets.
- \* PGDBM in Finance from SP Jain Institute of Management & Research, Mumbai and B.Tech in Electrical Engineering from IIT, Kharagpur.

## Fund Management Team



**Mr. Ashwani Kumar Agarwalla**  
Fund Manager



**Mr. Sumanta Khan**  
Fund Manager



**Mr. Dhruv Bhatia**  
Fund Manager



**Mr. Raj Koradia**  
Asst. Fund Manager

## Centralized Research Team



**Mr. Aniruddha Kekatpure**  
Head - Research



**Mr. Mehul Dalmia**  
Research Analyst



**Mr. Ashish Sood**  
Research Analyst



**Ms. Tejal Nagmoti**  
Research Analyst



**Mr. Gnyan Thaker**  
Research Analyst

# Fixed Income Investment Team



**Mr. Dhawal Dalal** Chief Investment Officer (CIO), Fixed Income

- \* Experience of 28 years and is responsible for the overall growth of fixed income assets through a healthy mix of retail and institutional clients.
- \* MBA from University of Dallas (USA)

## Fund Management Team



**Pranavi Kulkarni**  
Fund Manager & Credit Analyst



**Rahul Dedhia**  
Fund Manager



**Hetul Raval**  
Dealer & Fund Manager



**Riya Shah**  
Assistant Manager

# Factor Investing Team



**Mr. Bhavesh Jain-**  
Co-Head- Factor investing

Over 16 years of rich experience in the financial markets. He joined in the Low Risk Trading team and today, he's the Fund Manager with us managing several funds which are part of Risk Adjusted Returns Strategies in addition to ETFs.



**Mr. Bharat Lahoti-**  
Co-Head- Factor investing

Bharat has 18 years of experience in areas of portfolio management, macro and sector research. He has earlier worked with marquee investment banks and asset management companies. In his last assignment, he was with a global hedge fund, as a senior manager working on fundamental and quantitative research ideas.

## Fund Management Team



**Mr. Dishant Garg**  
(Quant Analyst)



**Ms. Manasi Jalgaonkar**  
(Research Analyst)



**Mr. Mayan Pahwa**  
(Research Analyst)

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**For risk-o-meters** [click here](#) \*

**Mutual fund investments are subject to markets risks, read all scheme related documents carefully.**



**Thank You**



Know more, [www.edelweissmf.com](http://www.edelweissmf.com)

