



# MONTHLY NEWSLETTER

June- 2025



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# Monthly Commentary

The market showed remarkable resilience in May 2025 despite volatility triggered off by Operation Sindoor and global headwinds due to trade related uncertainties. The Sensex closed May above the psychologically important 80,000 level, while the Nifty closed around 24,700. Midcaps and small caps outperformed large caps in May. FII flows continued to be robust with nearly Rs 20,000 crores of net purchase in May. DIIs continued to repose confidence in Indian equities with nearly Rs 49,000 crores of net purchases. Among industry sectors, defence, realty, metals, telecom, infrastructure, automobiles, capital goods, commodities and consumer discretionary outperformed in the month of May. FMCG, banks and oil & gas underperformed.

US markets rallied after the US Supreme Court blocked Trump Administration's sweeping tariffs. The S&P 500 rose by 6.2%, while NASDAQ rallied nearly 10%. Hang Seng also rallied after there was some progress in US China trade talks. Though the US Supreme Court blocked the tariffs, it has granted a stay on the tariffs after the US Government appealed against the Court's ruling. Trade policies of the Trump Administration continue to be the biggest risk factor for global risk sentiments e.g. stalling of US China trade talks and escalating tensions over US EU trade disputes. Widening fiscal deficit in the US, Moody's US sovereign rating downgrade and rising US Treasury bond yields are also factors that are affecting global risk sentiments.

Though US 10-year Treasury Bond Yield rose by 15 bps last month both short term and long-term bond Government bond yields in India declined. The 1-year G-Sec yield fell by 46 bps, while the 10-year G-Sec yield declined by 25 bps. Short term yields falling faster than long term yields causes the yield curve to steepen, which indicates that investors are expecting rate cuts. This scenario, also known as bull steepening, is favourable for shorter duration debt funds. The current bull steepening scenario is also favorable for longer duration funds because yields are attractive. Investors with sufficiently long investment tenures can benefit from attractive yields and price appreciation due to declining yields.

Gold prices continued to be firm, rising to Rs 95,000 (per 10 gram) level. Silver also shined brightly rising 3.5% in May to Rs 97,000 levels. Rising precious metal prices indicate nervous risk sentiments.

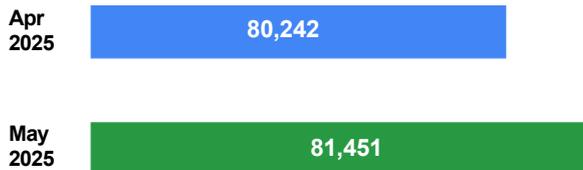
Despite the short-term headwinds India will continue to be the fastest growing economy in FY 2026 with projected GDP growth rate of 6.5%. India is largely a domestic consumption driven economy. The impact of trade wars on Indian economic growth will be relatively less compared to export-oriented economy like China. This may put India in a favourable position in the EM basket for FIIs, especially in context of the current trade situation between United States and China. Valuations have come down significantly off their peaks across all market cap segments. There are attractive investment opportunities at current levels. Investors can use volatility to tactically add equity to their asset allocation at attractive valuations by buying on dips. However, in times of economic uncertainties, you should focus on quality and asset allocation.

# Market Round-Up

**Domestic Equity Market:** Range bound market with Bullish bias

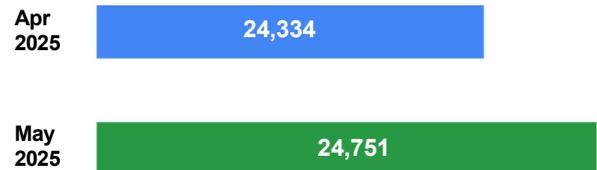
## Sensex

▲ 1.5% MOM



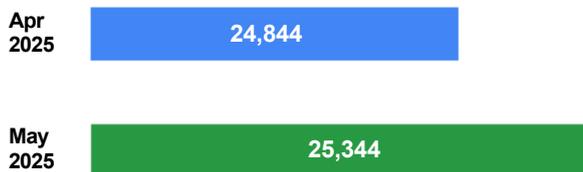
## Nifty

▲ 1.7% MOM



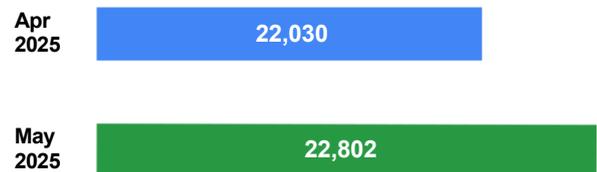
## Nifty 100 (Large Cap)

▲ 2.0% MOM



## Nifty 500 (Broad Market)

▲ 3.5% MOM

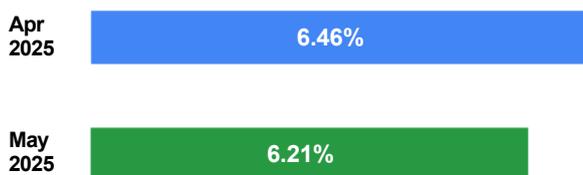


\*Index values are closing prices on the last trading sessions of the respective months

**Domestic Debt Market:** Yields fall

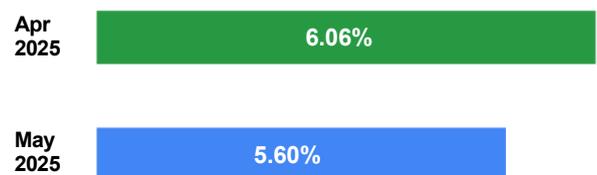
## 10 year G-Sec Yield\* (%)

▼ 25 bps MOM



## 364 Day T-Bill Yield\* (%)

▼ 46 bps MOM

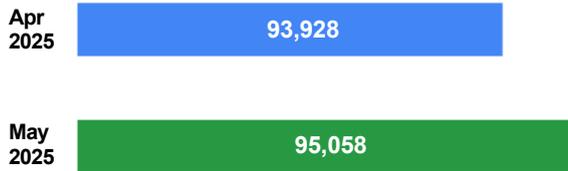


\*Yields as on the last auction days of the respective months. Source: RBI

## Commodities Market: Precious metals firm

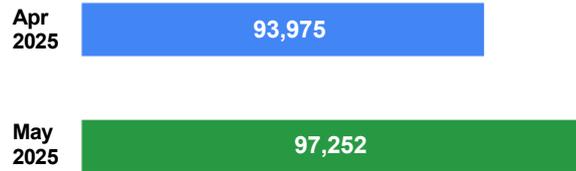
### Gold (INR per 10 grams)

▲ 1.2% MOM



### Silver (INR per kg)

▲ 3.5% MOM

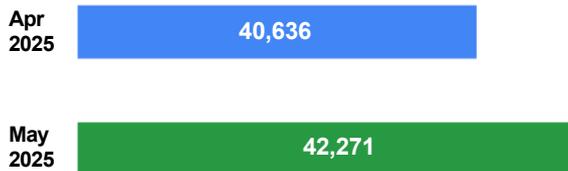


\*Commodity prices are based MCX commodity closing spot prices on the last trading sessions

## Global Markets: US market rallies

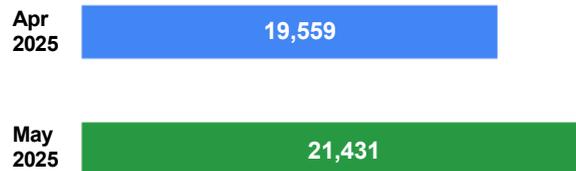
### Dow Jones

▲ 4.0% MOM



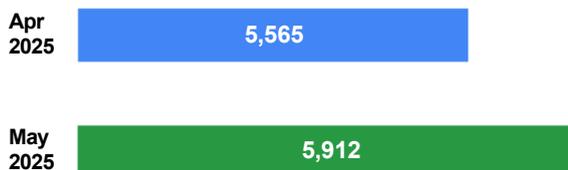
### Nasdaq 100

▲ 9.6% MOM



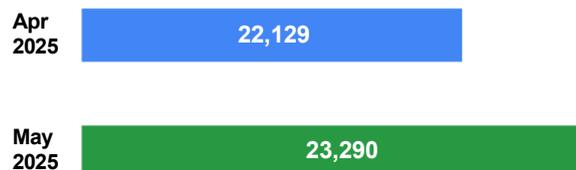
### S&P 500

▲ 6.2% MOM



### Hang Seng

▲ 5.3% MOM



\*Index values are closing prices on the last trading sessions of the respective months

# A note on Children's Funds



## Why you need to plan for your children's future?

- We are in an age of specialization. In this age, higher education in areas of engineering and medical sciences, post graduate education, professional qualifications (CA, LLB etc) are becoming increasingly important, if you want your children to achieve success in their careers.
- Competition is intensifying with every passing year. Since seats in Government institutions are limited, many students have to pursue their education in private institutions where costs are several times higher.
- Cost of higher education in India has sky-rocketed over the years. Education costs have been inflating at around 10% every year on average, over the past 10 years or so.
- Aspirations of young people are also changing. They may want to pursue different interests along with their regular education e.g. skills in latest technology, design, music, acting etc.
- Along with children's education and financial security, their marriage is another important milestone for parents.
- With rising prosperity and inflation, the spending on marriage has also increased dramatically over the years. The big fat Indian wedding has grown bigger and fatter.
- The pre and post wedding ceremonies, spending on venues, catering, gifts for the newly wed couple and relatives, travel expenses etc can impose a significant financial burden on parents.
- Parents may also have to bear expenses related to children's relocation and supporting them till the children are financially independent and are able to maintain the lifestyle they desire

## How to plan for your children's future

- You need to translate the aspiration for your child into a quantitative financial goal. You must always factor inflation in your long term financial goals. For example, if the current cost of the higher education, you aspire for your child is Rs 20 lakhs, in 10 years the cost will be more than Rs 50 lakhs (assuming 10% inflation).
- You need to start early, if you want to accumulate sufficient corpus to meet your child's higher education, marriage and other financial goals. The earlier you start more wealth you can create through the power of compounding.
- Mutual fund SIPs are ideal for your children's education and marriage planning. Through mutual fund SIP, you can start investing for your children's goals from an early age.
- Have a separate fund or funds allocated for your children's financial goals. Having a separate fund for your children's education and other financial goals will keep you focused and committed towards the children's goals.

## Children's funds

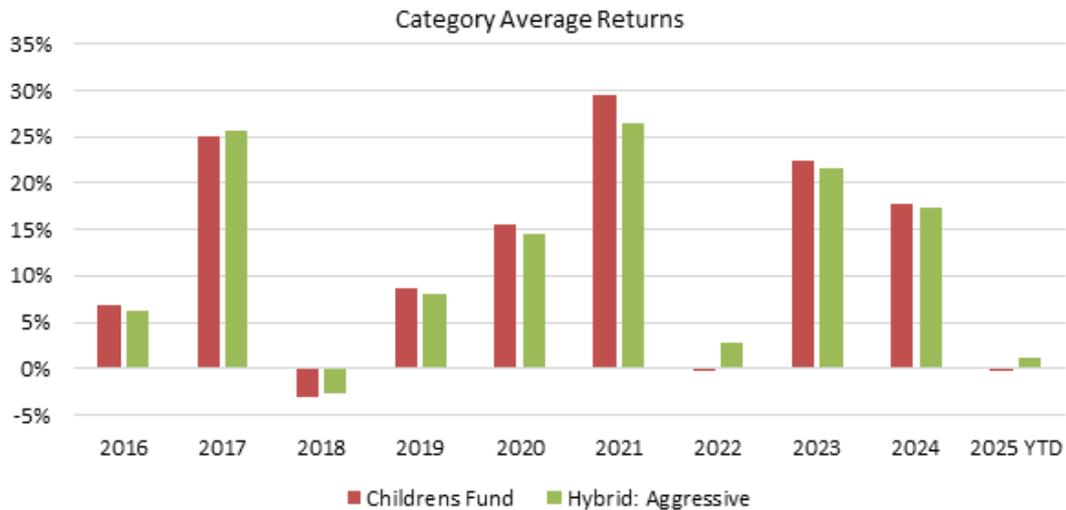
Children's funds are solutions oriented mutual fund schemes which are meant for the financial goals of your children. The investment is made in the child's name and necessary documentation e.g. proof of child's age, proof of guardian's relationship with the child etc. These funds usually have a lock-in period e.g. 5 years or when the child turns 18 whichever is earlier.

## Benefits of children's funds

- Having a separate fund for your child, instead of saving of a general purpose fund where you are investing for your other financial goals as well, will keep you focused on your child's financial goals.
- Since the investment is in the name of the child, the parents have an emotional connect with the investment, which makes more committed or disciplined. You will redeem the investment to meet other financial needs.
- The lock-in period prevents early redemption and enable the fund managers to stick to their conviction. The lock-in period also keeps you disciplined.

## Children's funds or hybrid funds

Most children's funds are essentially hybrid funds. The asset allocation of children's funds are usually quite similar to aggressive hybrid funds. Instead of investment in children's fund you can invest in an aggressive fund specifically for the purpose of children's financial goals. We compared the category average annual returns of children's funds and aggressive hybrid funds over the last 10 years. Children's funds outperformed aggressive hybrid funds in 6 out of 10 years, while aggressive hybrid funds outperformed in 4 out of 10 years. However, there is not a great difference in returns (see the chart below). You can get more choices in aggressive hybrid funds (around 30 schemes in the category) versus children's funds (around 12 schemes).



Consult with your mutual fund advisor about the financial goals of your children and make informed investment decisions based on your risk appetite and goal horizon.

# Mutual Fund Category Returns Monitor - Equity Trailing Returns

Category Name	Returns as on - 30-05-2025 in %									
	1 Week	1 Mon	3 Mon	6 Mon	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Launch
Equity: Sectoral-Pharma and Healthcare	0.21	0.5	10.4	-3.82	-6.19	19.85	22.98	21.85	12.16	16.9
Equity: Sectoral-Banking and Financial Services	0.56	2.17	16.23	6.77	8.51	17.17	19.86	24.95	12.5	15.9
Equity: Sectoral-Technology	0.35	7.18	8.2	-7.12	-8.47	15.73	15.14	27.88	16.76	10.4
Equity: Thematic-International	1.3	6.53	1.37	3.1	4.21	13.51	10.35	10.26	8.21	9.95
Equity: Thematic-ESG	0.33	3.2	12.92	-0.82	0.91	10.0	16.39	20.1	12.17	15.07
Equity: Large and Mid Cap	0.54	4.11	15.33	-0.81	-0.58	9.98	20.68	26.16	14.15	14.73
Equity: Mid Cap	0.91	5.69	17.1	-1.81	-2.76	9.9	23.73	30.22	15.68	18.66
Equity: Small Cap	1.49	6.85	18.33	-5.36	-5.34	9.78	23.42	35.42	16.99	17.98
Equity: Focused	0.29	3.38	13.4	-0.81	0.33	9.73	17.88	22.91	13.1	15.48
Equity: Multi Cap	0.73	4.55	15.37	-1.7	-1.56	9.36	21.77	27.62	14.65	15.56
Equity: Contra	0.15	2.83	12.94	-1.56	-0.36	9.0	22.92	29.5	15.48	15.54
Equity: Thematic-Consumption	-0.45	1.4	11.62	-3.72	-2.94	8.8	18.57	22.96	14.21	11.59
Equity: Large Cap	-0.16	1.98	12.54	0.46	1.96	8.76	16.54	21.44	11.87	13.7
Equity: ELSS	0.4	3.51	14.28	-1.14	-0.42	8.74	18.84	24.28	13.42	14.95
Equity: Flexi Cap	0.35	3.39	13.76	-1.71	-1.26	8.46	18.17	23.46	13.39	15.99

Category Name	Returns as on - 30-05-2025 in %									
	1 Week	1 Mon	3 Mon	6 Mon	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Launch
Equity: Thematic-Others	0.63	5.34	17.33	-0.34	-0.1	8.41	19.94	27.18	13.39	12.28
Equity: Value	0.31	3.51	13.49	-1.84	-0.46	7.47	21.82	27.54	14.54	15.58
Equity: Dividend Yield	-0.03	2.67	12.37	-1.91	0.07	6.67	21.11	27.05	13.94	14.62
Equity: Thematic-Quantitative	0.02	2.36	13.03	-2.22	-1.3	4.69	19.9	21.26	13.15	9.6
Equity: Sectoral-FMCG	-0.96	0.17	9.01	-2.45	0.08	3.41	11.73	15.98	11.6	15.9
Equity: Thematic-Manufacturing	1.24	6.68	19.3	-1.83	-1.12	3.31	23.71	28.78	14.12	10.01
Equity: Thematic-Transportation	-0.09	6.52	14.42	-1.34	0.85	2.2	22.97	29.05	11.23	14.46
Equity: Thematic-MNC	0.73	5.5	12.27	-3.98	-2.89	2.05	13.72	17.86	9.61	12.4
Equity: Sectoral-Infrastructure	1.0	6.33	20.4	-2.89	-1.3	1.4	28.29	34.07	15.13	12.33
Equity: Thematic-Energy	-0.19	3.1	17.25	0.9	3.81	0.28	18.32	27.56	16.84	8.06
Equity: Thematic-Multi-Sector	-0.09	-1.74	4.47	0.0	-22.33	0.0	0.0	0.0	0.0	-21.81
Equity: Thematic-PSU	0.58	3.29	21.26	-0.98	4.3	-2.84	34.31	32.64	14.71	15.76

## Returns Range:

Returns < 100 to >= -5	Returns < -5 to >= -8	Returns < -8 to >= -10	Returns < -10 to >= -15	Returns < -15 to >= -20	Returns < -20
Returns > 0 to <= 5	Returns > 5 to <= 8	Returns > 8 to <= 10	Returns > 10 to <= 15	Returns > 15 to <= 20	Returns > 20

## Mutual Fund Category Returns Monitor - Hybrid Trailing Returns

Category Name	Returns as on - 30-05-2025 in %									
	1 Week	1 Mon	3 Mon	6 Mon	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Launch
Hybrid: Balanced	0.26	2.24	8.07	1.86	2.02	10.21	0.0	0.0	0.0	15.34
Hybrid: Aggressive	0.28	2.65	11.57	0.99	1.47	9.84	16.14	20.39	11.47	13.16
Hybrid: Multi Asset Allocation	0.17	2.14	9.44	3.09	4.29	9.52	15.76	20.68	12.26	12.61
Hybrid: Conservative	0.07	1.4	5.72	3.79	3.74	9.38	9.82	10.6	7.77	8.8
Hybrid: Equity Savings	0.13	1.34	5.68	2.72	2.46	8.56	10.32	11.81	8.0	8.12
Hybrid: Dynamic Asset Allocation	0.12	1.9	8.66	1.36	1.69	7.8	12.88	14.48	9.54	10.45
Hybrid: Arbitrage	0.1	0.47	1.65	3.35	2.74	6.87	6.54	5.15	5.72	5.51

### Returns Range:

Returns < 100 to >= -5	Returns < -5 to >= -8	Returns < -8 to >= -10	Returns < -10 to >= -15	Returns < -15 to >= -20	Returns < -20
Returns > 0 to <= 5	Returns > 5 to <= 8	Returns > 8 to <= 10	Returns > 10 to <= 15	Returns > 15 to <= 20	Returns > 20

## Mutual Fund Category Returns Monitor - Fund-of-Funds Trailing Returns

Category Name	Returns as on - 30-05-2025 in %									
	1 Week	1 Mon	3 Mon	6 Mon	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Launch
Fund of Funds-Domestic-Gold	-0.2	0.45	11.68	23.34	23.91	29.96	21.48	13.61	11.85	14.39
Fund of Funds-Domestic-Gold and Silver	0.52	0.85	8.48	17.27	19.41	18.7	0.0	0.0	0.0	24.02
Fund of Funds-Overseas	0.48	6.97	1.78	4.88	5.17	12.96	12.9	11.53	7.19	9.08
Fund of Funds-Domestic-Hybrid	0.2	2.24	9.42	4.11	4.44	12.01	15.69	17.49	11.22	12.29
Fund of Funds-Domestic-Equity	0.11	3.67	10.97	-0.28	0.39	11.64	18.11	22.91	14.38	9.91
Fund of Funds-Domestic-Debt	0.16	1.46	5.35	4.82	4.99	9.64	11.73	16.35	7.8	7.92
Fund of Funds-Income Plus Arbitrage	0.09	0.88	3.16	3.44	3.26	9.2	9.48	9.54	7.84	6.52
Fund of Funds-Domestic-Silver	0.4	1.18	4.05	8.21	12.37	3.45	14.49	0.0	0.0	11.63

### Returns Range:

Returns < 100 to >= -5	Returns < -5 to >= -8	Returns < -8 to >= -10	Returns < -10 to >= -15	Returns < -15 to >= -20	Returns < -20
Returns > 0 to <= 5	Returns > 5 to <= 8	Returns > 8 to <= 10	Returns > 10 to <= 15	Returns > 15 to <= 20	Returns > 20

**Disclaimer :** We have gathered all the data, information, statistics from the sources believed to be highly reliable and true. All necessary precautions have been taken to avoid any error, lapse or insufficiency; however, no representations or warranties are made (express or implied) as to the reliability, accuracy or completeness of such information. We cannot be held liable for any loss arising directly or indirectly from the use of, or any action taken in on, any information appearing herein. The user is advised to verify the contents of the report independently. It is not an investment recommendation or personal financial, investment or professional advice and should not be treated as such. The Risk Level of any of the schemes must always be commensurate with the risk profile, investment objective or financial goals of the investor concerned. Therefore, the Investors should assess their risk profile before making any investment decision and consider the asset allocation accordingly. Returns less than 1 year are in absolute (%) and greater than 1 year are compounded annualised (CAGR %). SIP returns are shown in XIRR (%). Mutual Fund investments are subject to market risks, read all scheme related documents carefully. Past performance may or may not be sustained in the future. Investors should consult with their Mutual Fund Distributor or Financial Advisor before investing.