ASSETPLUS
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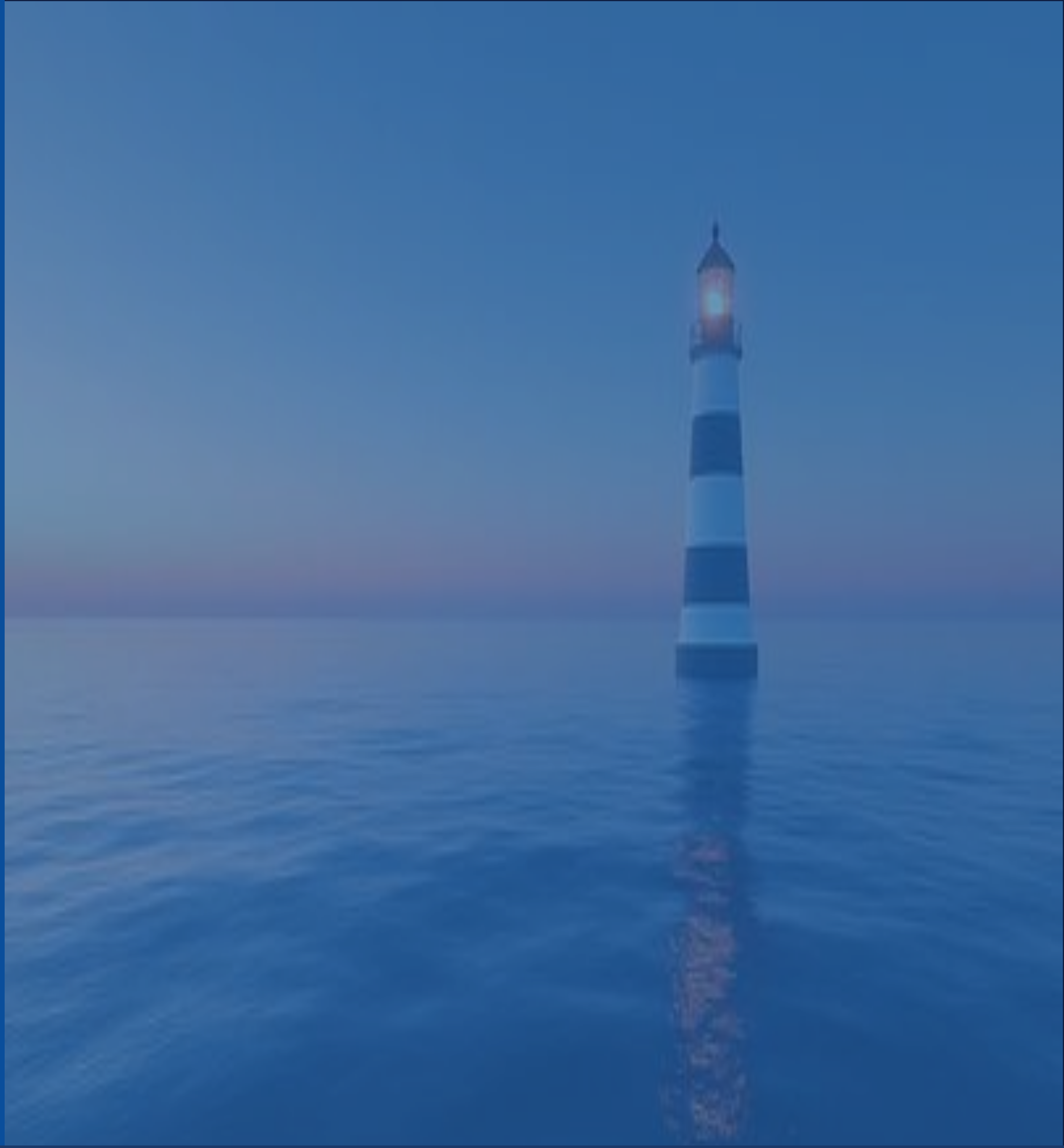
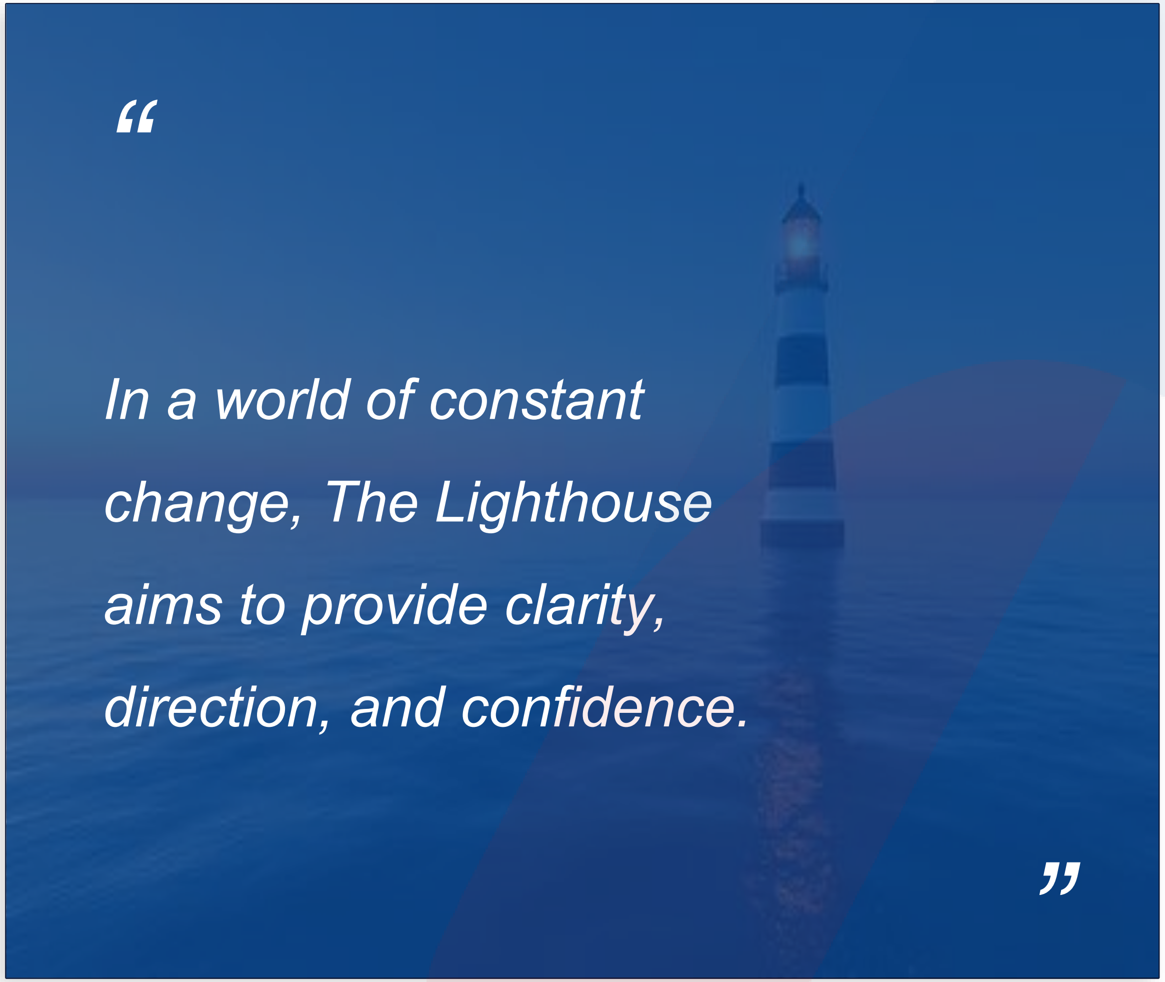
Lighthouse

Monthly Guide to Markets & Portfolio Strategy

JULY 2026 EDITION



Introducing 'The Lighthouse'



House View

Equities, Fixed Income, and Gold View with rigorous research backing.

Actionable Insights

Cut through the noise - translate complex market data into clear portfolio actions.

Risk & Opportunity

Highlight risks and opportunities with balanced, objective analysis.

Portfolio Guidance

Specific allocation recommendations tailored to different risk profiles.

July 2026 Edition

CONTENTS

Asset Class Playbook - 3 to 5 Year Views

Asset Class	3-5Y Outlook	View & Rationale	Deployment Strategy
Indian Equity	POSITIVE	**Positive** on Equities with a **3-5 year horizon**. We are in the **mid-phase** of a **multi-year bull cycle**. **Why:** Attractive Valuations, Reasonable Earnings Growth Expectation, Neutral to Fearful Sentiments, Strong Domestic Flows, FIIs yet to participate and no Major Triggers.	**60% Immediately** **40%** via **3-month STP**
Debt	POSITIVE	Prefer tax-efficient debt alternatives. **For 3+ year horizon**, consider **Equity savings or Hybrid SIF strategies.**	**100% Immediately**
Gold	NEGATIVE	✓ Central bank buying (Moderated in 2025 but strong Q1 2026 demand) ✗ Sharp reduction in Jewellery Demand compensated by sharp increase in Investment Demand - However, this remains a vulnerable demand given the recent decline in gold prices ✗ High US real yields & Elevated Gold Price vs 1) Inflation 2) Mining costs 3) Money supply 4) Equities.	**Stagger via 6-month STP**

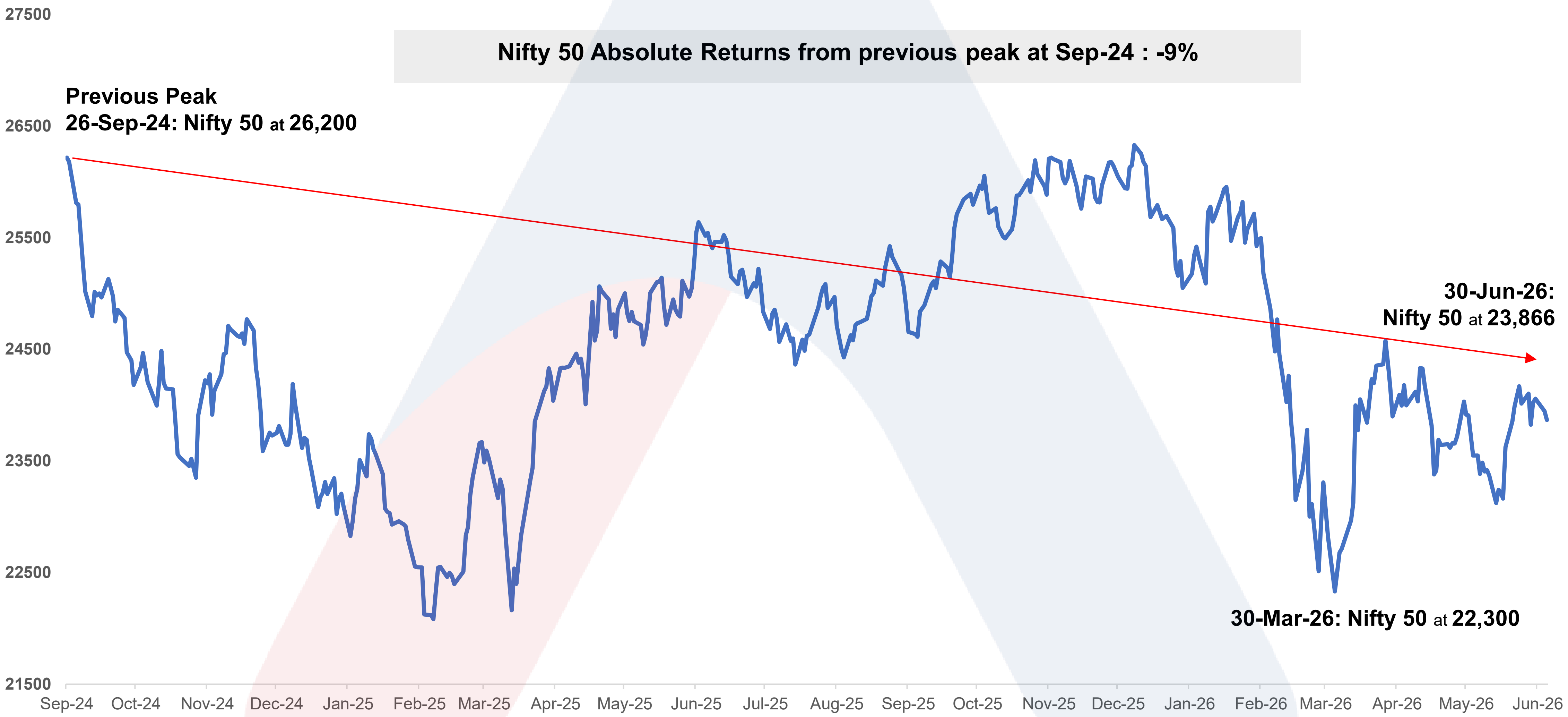
Source: AssetPlus Research

SECTION 02

Equity View - India

5 Blind Men Framework via · Valuations · Earnings · Flows · Sentiment · Triggers

Two frustrating years. Should I continue to stay invested?



Source: AssetPlus Research Ace MF.

What led to the recent volatility?

01
US-Iran Conflict

Escalating US-Iran tensions following military strikes and retaliation triggered oil supply disruptions and broad market volatility across global and Indian markets.

Trigger

Geopolitical

02
Oil Supply Disruption

Brent Crude Oil prices surged from USD ~70/barrel to ~USD 120/barrel in Apr-26 - moderated to ~USD 90/barrel in May-26 and now back to ~73/ barrel.

$70 ->	$120 ->	$90 ->	$73
Feb-26	Apr-26	May-26	Jun-26

Brent Crude Oil Price

03
Massive FII Selling

Foreign Institutional Investors have pulled out ₹2.6 lakh crore from Indian equities since early March 2026, creating significant selling pressure in the market. FII ownership in Indian Equities is at 18-year lows.

₹2.6L Cr

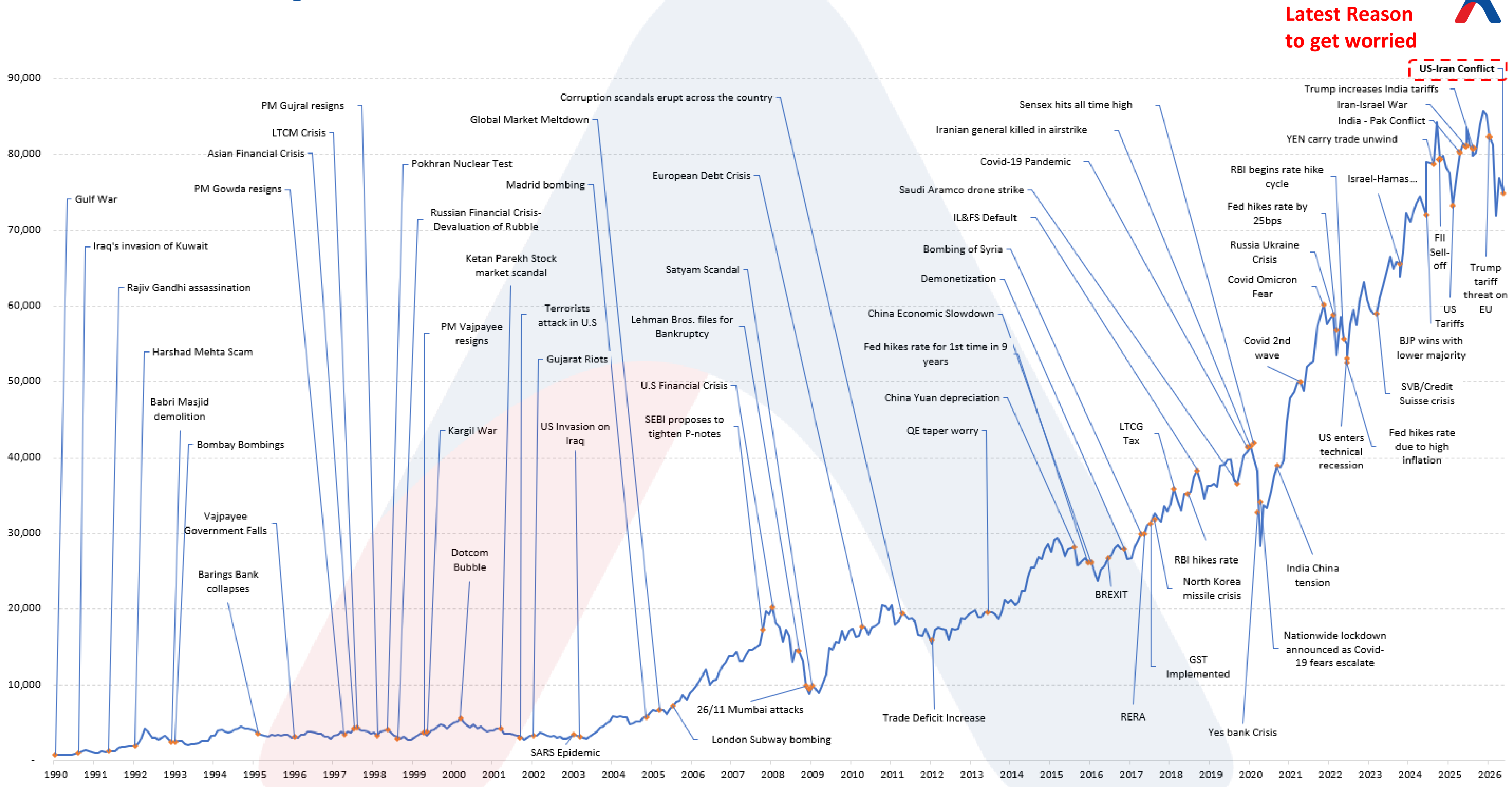
FII Outflows

Early Signs of Resolutions

Oil prices have normalized as supply concerns eased

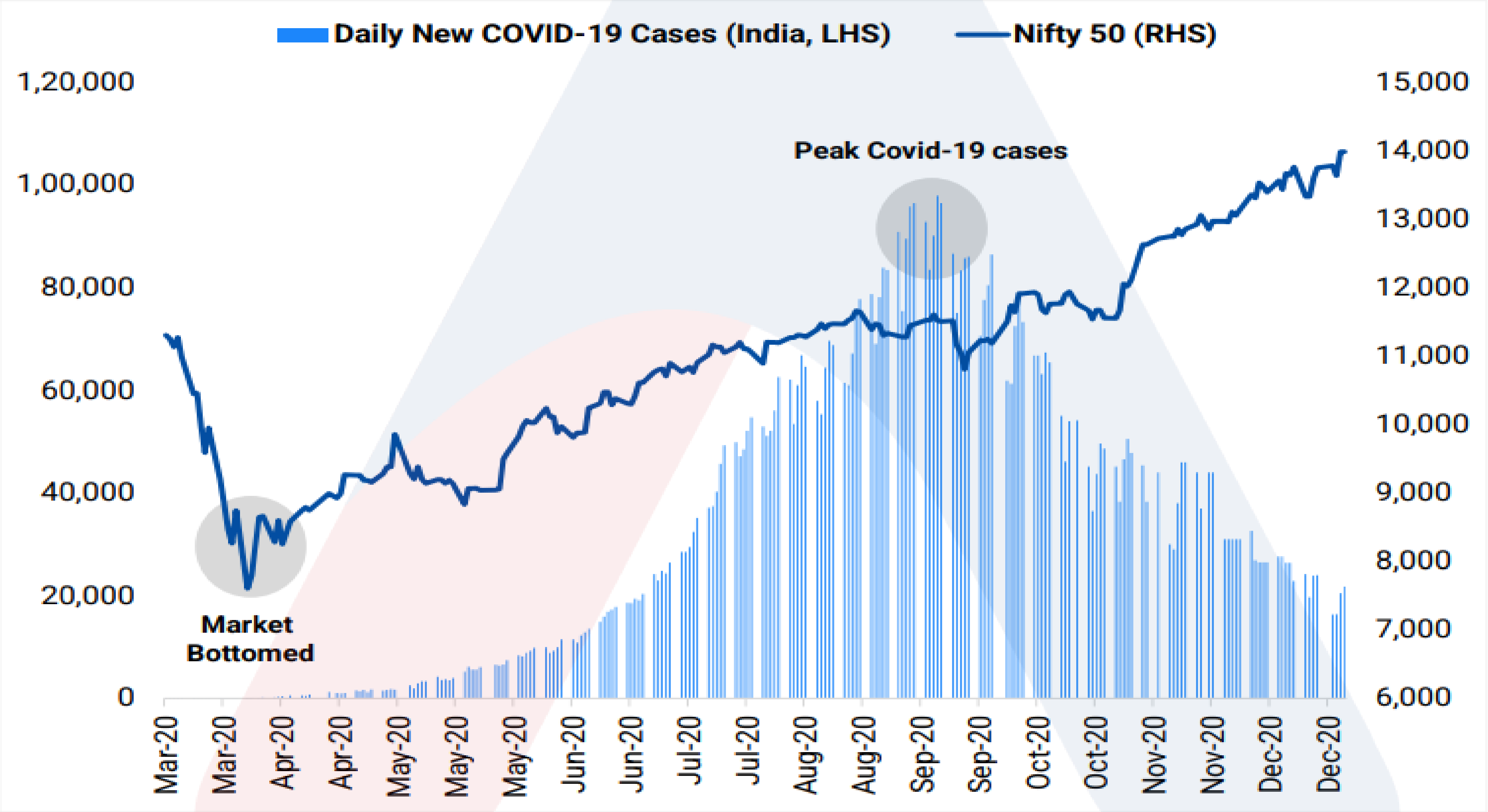
FII flows continue to remain Negative

There is always some bad news!



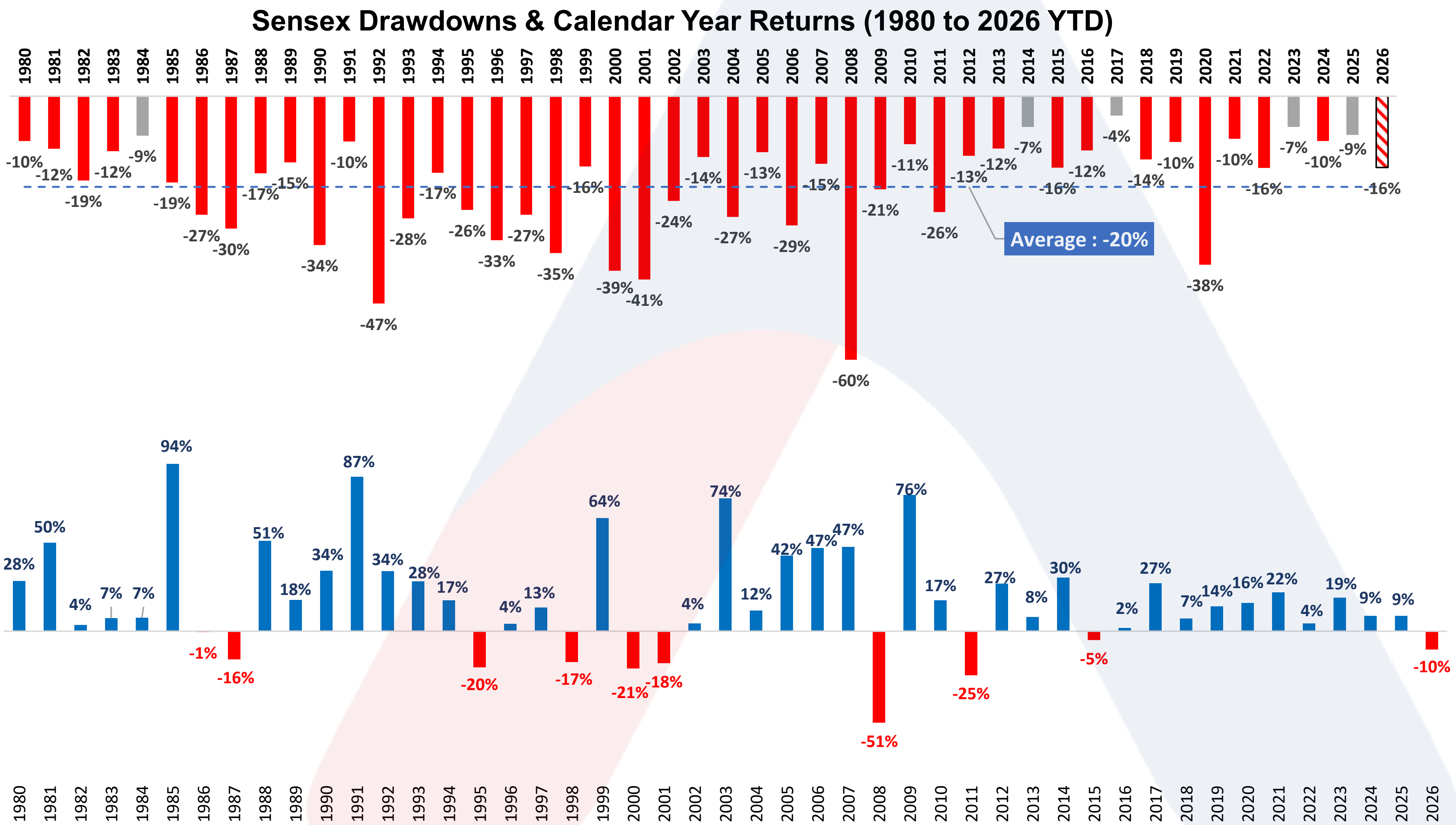
Source: AssetPlus Research, Ace MF.

The Challenge - Historically, markets usually bottom and recover before peak bad news



Source: Edelweiss MF, AssetPlus Research, Ace MF.

10-20% market corrections happen almost every year and typically recover within the same year..

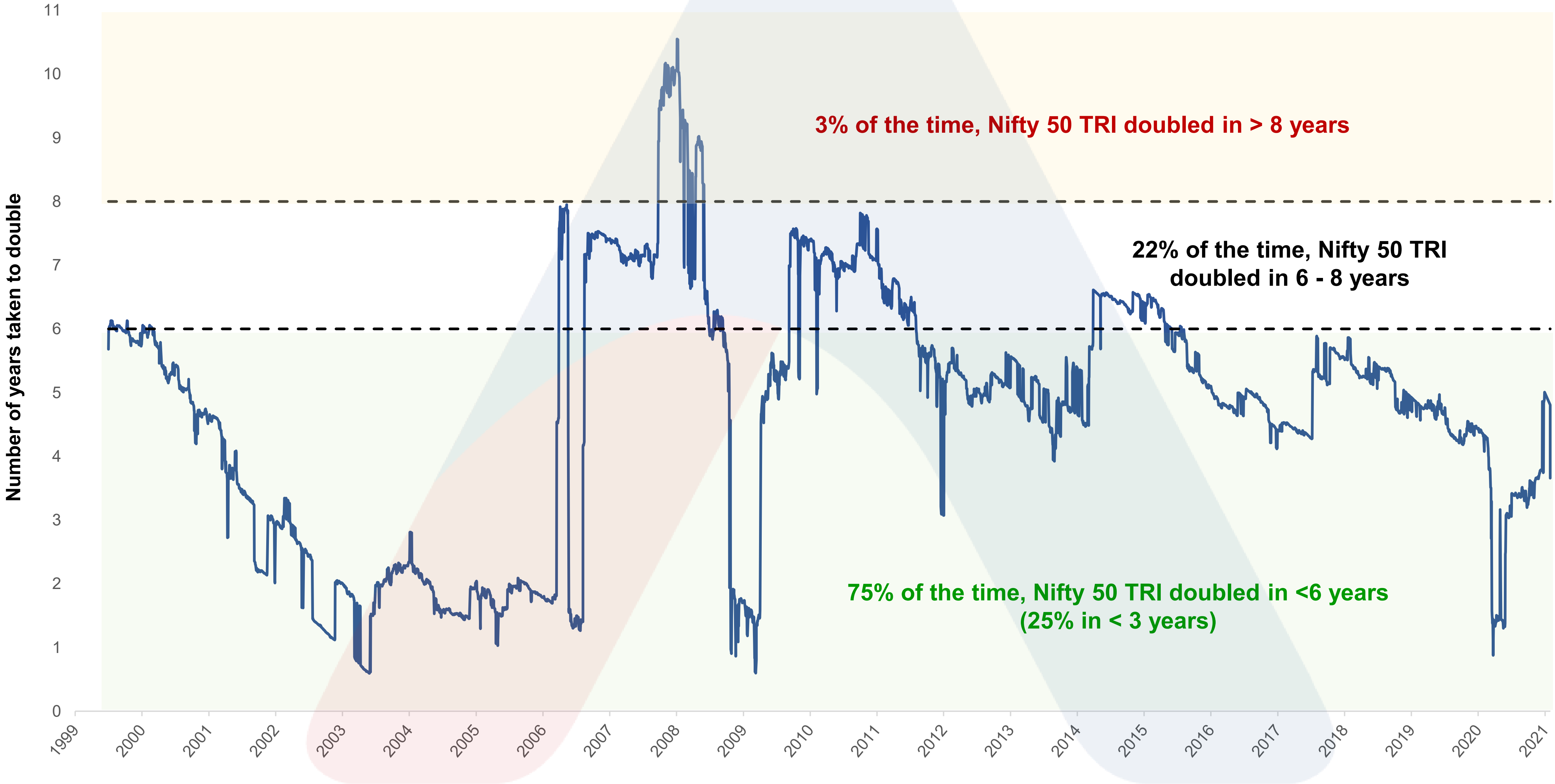


Historically, Equities had ~10-20% temporary declines almost every year (except for 5 years out of 45 years where the decline was less than 10%)

Despite this, Equities ended with positive returns in 4 out of 5 years…

Source: AssetPlus Research, Ace MF. Data till 30-Jun-2026.

Historically, 75% of the time Indian Equities have doubled in less than 6 years!



Source: Ace MF, AssetPlus Research. As of 30-Jun-2026.

But once every 7-10 years, Indian equities have also seen larger declines of 30-60%..

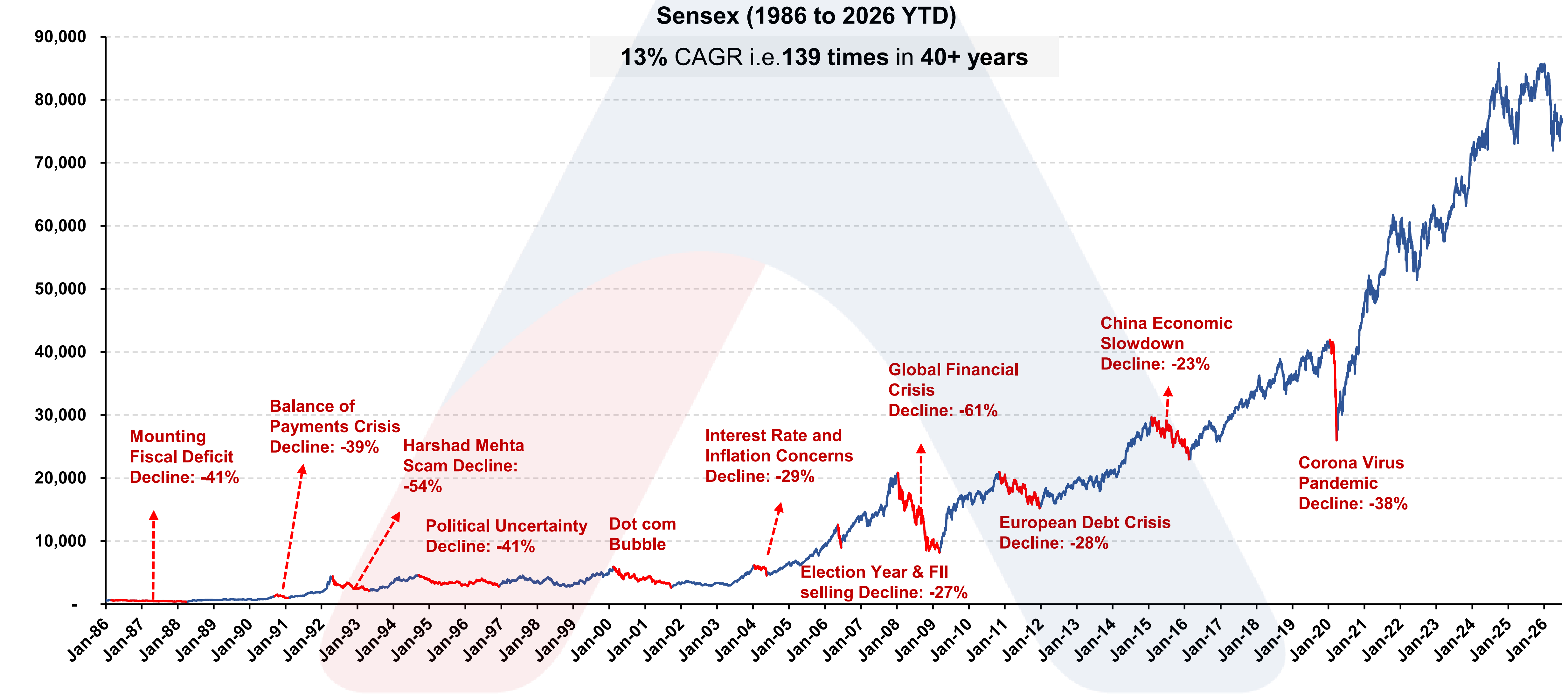
Historically, large market falls (of more than 30%) and subsequent recoveries have taken around 1-3 years										
S. No.	**Peak Date**	**Peak Value**	**Trough Date**	**Trough Value**	**Fall from Peak**	**Recovery Date**	**Sensex Value**	**Time Taken for Fall (in yrs)**	**Time Taken to Recover (in yrs)**	**Fall & Recovery (in yrs)**
1	**04-Jun-86**	659	**28-Mar-88**	390	**-41%**	**30-Sep-88**	663	1Y 10M	6M	2Y 4M
2	**09-Oct-90**	1,559	**25-Jan-91**	956	**-39%**	**26-Jul-91**	1,600	4M	6M	10M
3	**22-Apr-92**	4,467	**26-Apr-93**	2,037	**-54%**	**12-Aug-94**	4,508	12M	1Y 4M	2Y 4M
4	**12-Sep-94**	4,631	**04-Dec-96**	2,745	**-41%**	**14-Jul-99**	4,710	2Y 3M	2Y 7M	4Y 10M
5	**21-Apr-98**	4,281	**20-Oct-98**	2,764	**-35%**	**05-Jul-99**	4,306	6M	8M	1Y 2M
6	**11-Feb-00**	5,934	**21-Sep-01**	2,600	**-56%**	**02-Jan-04**	6,027	1Y 7M	2Y 3M	3Y 10M
7	**08-Jan-08**	20,873	**09-Mar-09**	8,160	**-61%**	**04-Nov-10**	20,894	1Y 2M	1Y 8M	2Y 10M
8	**14-Jan-20**	41,952	**23-Mar-20**	25,981	**-38%**	**09-Nov-20**	42,597	2M	8M	10M

	Time Taken for Fall (in yrs)	Time Taken to Recover (in yrs)	Fall & Recovery (in yrs)
Average	**1Y 1M**	**1Y 3M**	**2Y 4M**
Max	2Y 3M	2Y 7M	4Y 10M
Min	2M	6M	8M

Once every 7-10 years, these 10-20% corrections can deepen into 30-60% market falls. While markets do recover over time, these large drawdowns are what you need to watch for, as the recovery can be slow, painful and testing in the short run.

Source: AssetPlus Research, Ace MF.

Despite regular bad news, 10-20% corrections and occasional 30-60% drawdowns, Indian equities have delivered strong long-term returns, mirroring underlying earnings growth



Source: Ace MF, AssetPlus Research. Index: BSE Sensex (As of 30-Jun-2026).

How do we stay optimistic most of the time...

…while recognising the rare times when we should act?

The Equity Market Cycle - 3 Phases

1 2 3

Bull Phase

LOW RISK

The odds of a large market fall are very low. 10-20% temporary declines are common but normal.

→ Stick to your Original Asset Allocation

→ Stay Invested

Bubble Phase

HIGH RISK

The odds of a large market fall (30-60%) are very high.

→ This is the worry point - de-risk and become defensive.

→ De-Risk Portfolio

Bear Phase

LOW RISK

Markets have already declined sharply.

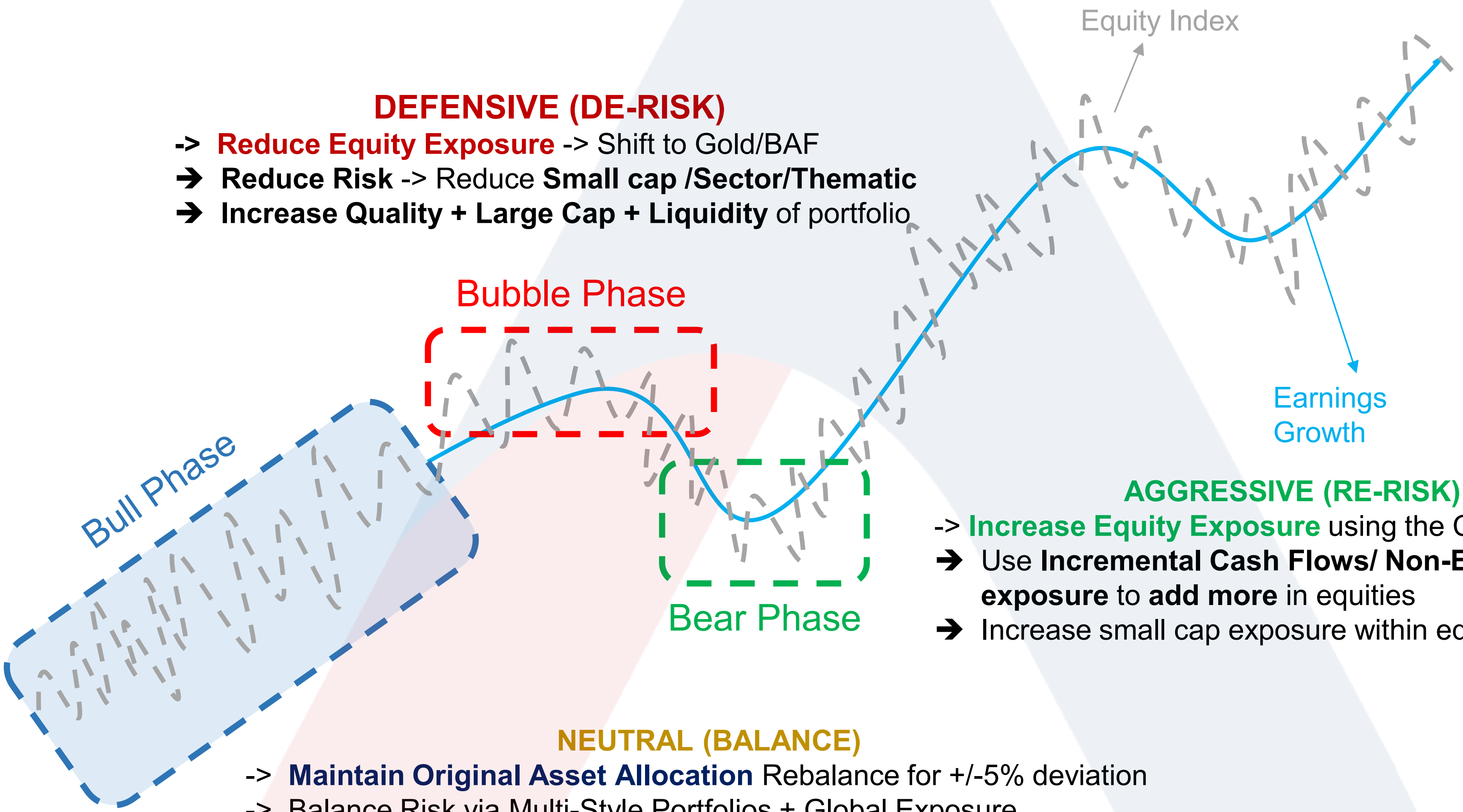
→ Begin accumulating for recovery.

→ Accumulate

How to adapt portfolio across cycles?

DEFENSIVE (DE-RISK)

-> **Reduce Equity Exposure** -> Shift to Gold/BAF
➔ **Reduce Risk** -> Reduce **Small cap /Sector/Thematic**
➔ **Increase Quality + Large Cap + Liquidity** of portfolio



AGGRESSIVE (RE-RISK)

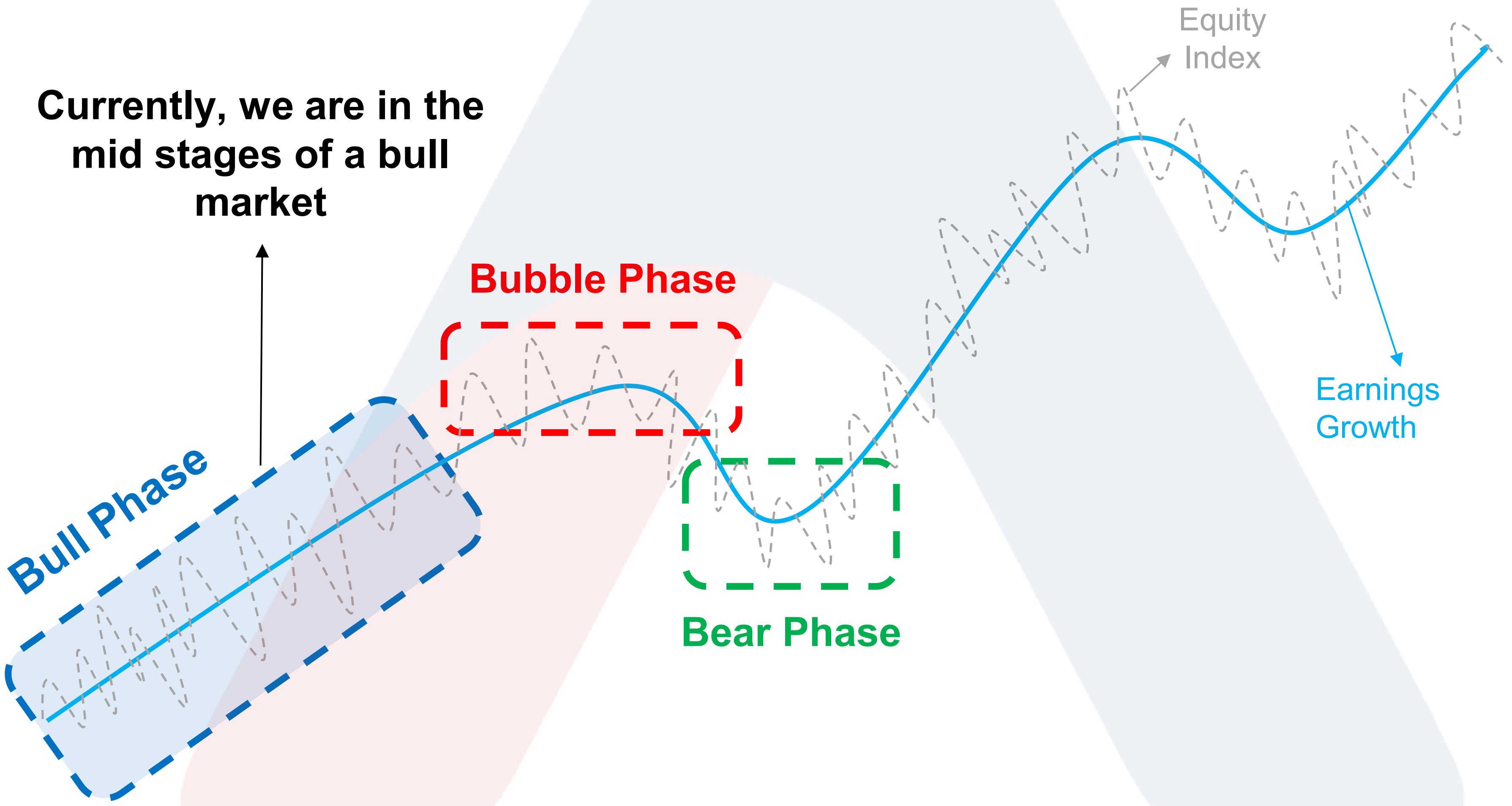
-> **Increase Equity Exposure** using the CRISIS PLAN
➔ Use **Incremental Cash Flows/ Non-Equity exposure** to **add more** in equities
➔ Increase small cap exposure within equity portfolio

NEUTRAL (BALANCE)

-> **Maintain Original Asset Allocation** Rebalance for +/-5% deviation
-> Balance Risk via Multi-Style Portfolios + Global Exposure
-> Tactical Bets

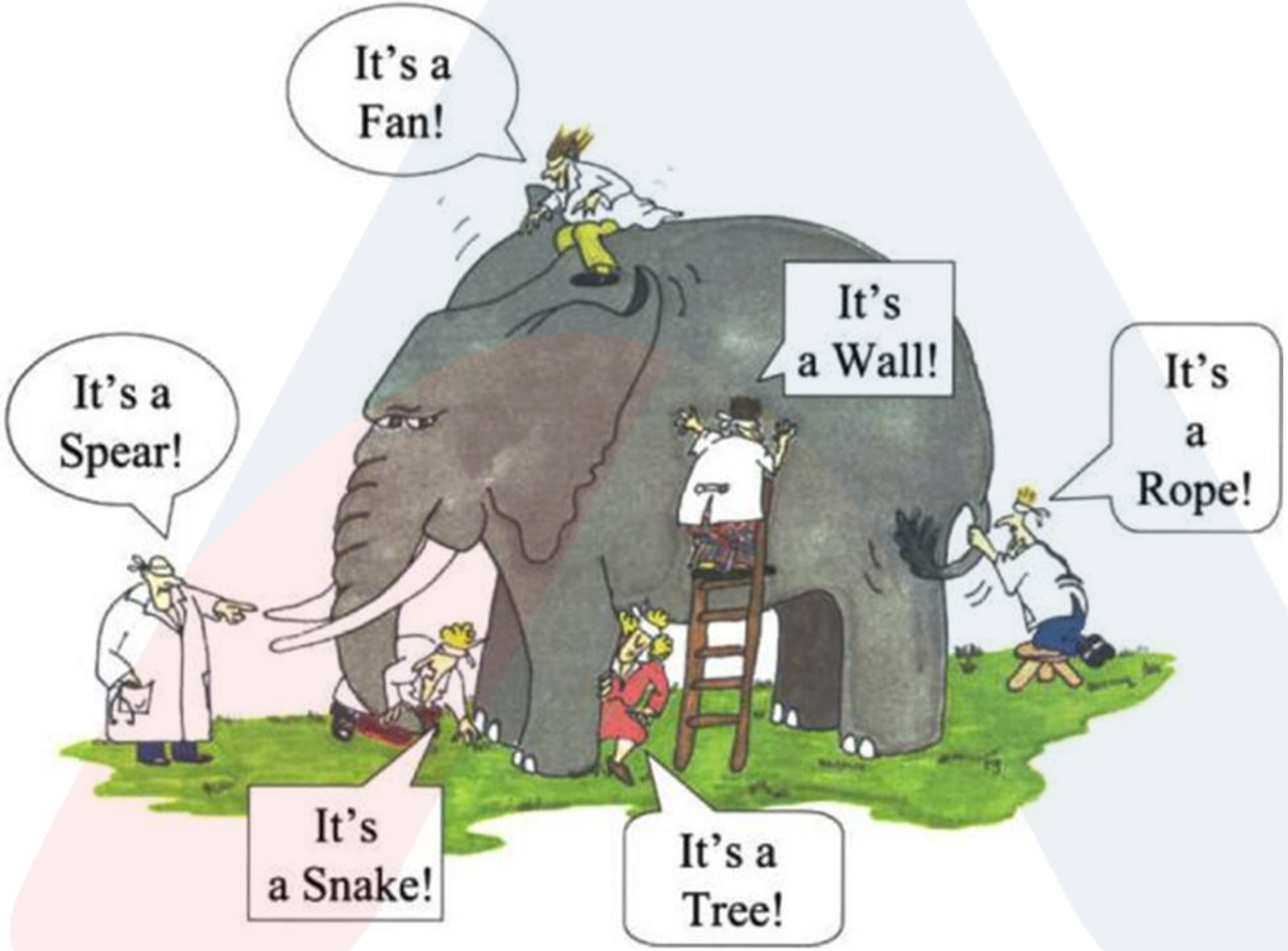
Where are we currently in the Equity Market Cycle?

Currently, we are in the *Mid Stages of a Bull Market*
i.e the odds of the current fall converting into a large market crash are very low



How do we identify where we are in the Equity Market Cycle?

We use the 5 Blind Men Framework to evaluate where we are in the Equity Market Cycle…



The Five Blind Men of the Market

Each has a different lens. Together, they reveal the truth.

Blind Man 1: Where are we in the valuation cycle?

Very Attractive, Attractive, Neutral, Expensive, Very Expensive

Blind Man 2: Where are we in the profit cycle?

Early, Mid, Late

Blind Man 3: What does demand and supply show?

Supply (Promoters/IPO/PE) vs Demand - Flows (FII,DII)

Blind Man 4: What do sentiments indicate?

Extreme Fear, Fear, Balanced, Greed, Extreme Greed

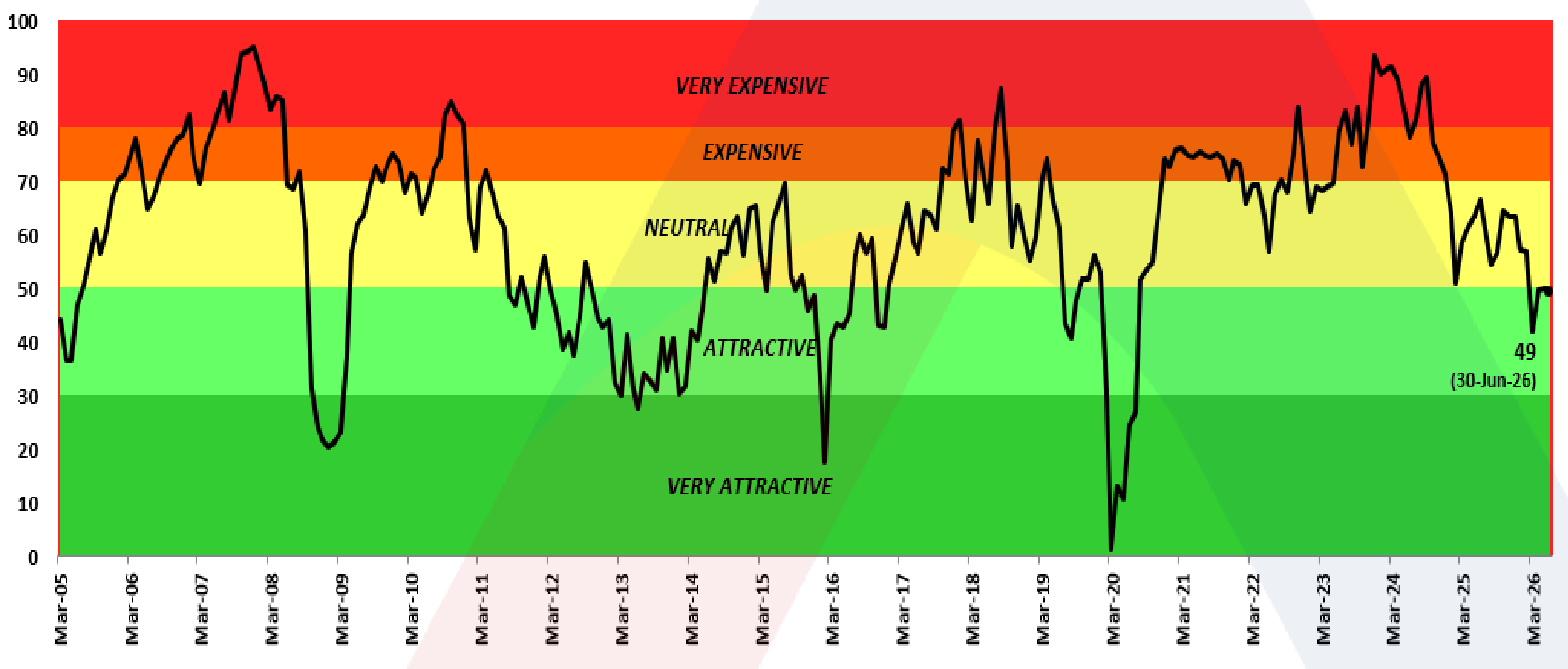
Blind Man 5: Triggers

- **Political Uncertainty**
- **Leverage**
  (Banks, Corporate, Govt, Households)
- **Unpredictable Crisis**
  (Wars, Pandemic etc.)
- **Weak Macro**
  (Inflation, CAD, FD, Growth, Currency etc.)

Source: AssetPlus Research.

Valuations of Indian equities are in ATTRACTIVE zone

ASSET PLUS EQUITY VALUATION SIGNAL (EVS)



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✓ ATTRACTIVE VALUATIONS

as of 30 Jun 2026

EVS = Equal-weighted composite of: Market Cap to GDP · Price-to-Earnings (PE) · Price-to-Book (PB) · Bond Yield to Earnings Yield.

Source: AssetPlus Research, BSE, Ace MF, investing.com, MoSPI. EVS is based on BSE100 Index.
Data since 31-Mar-05 to 30-Jun-26.

Historically, at these valuation levels, 90% of the time - 5Y annual returns were >12%

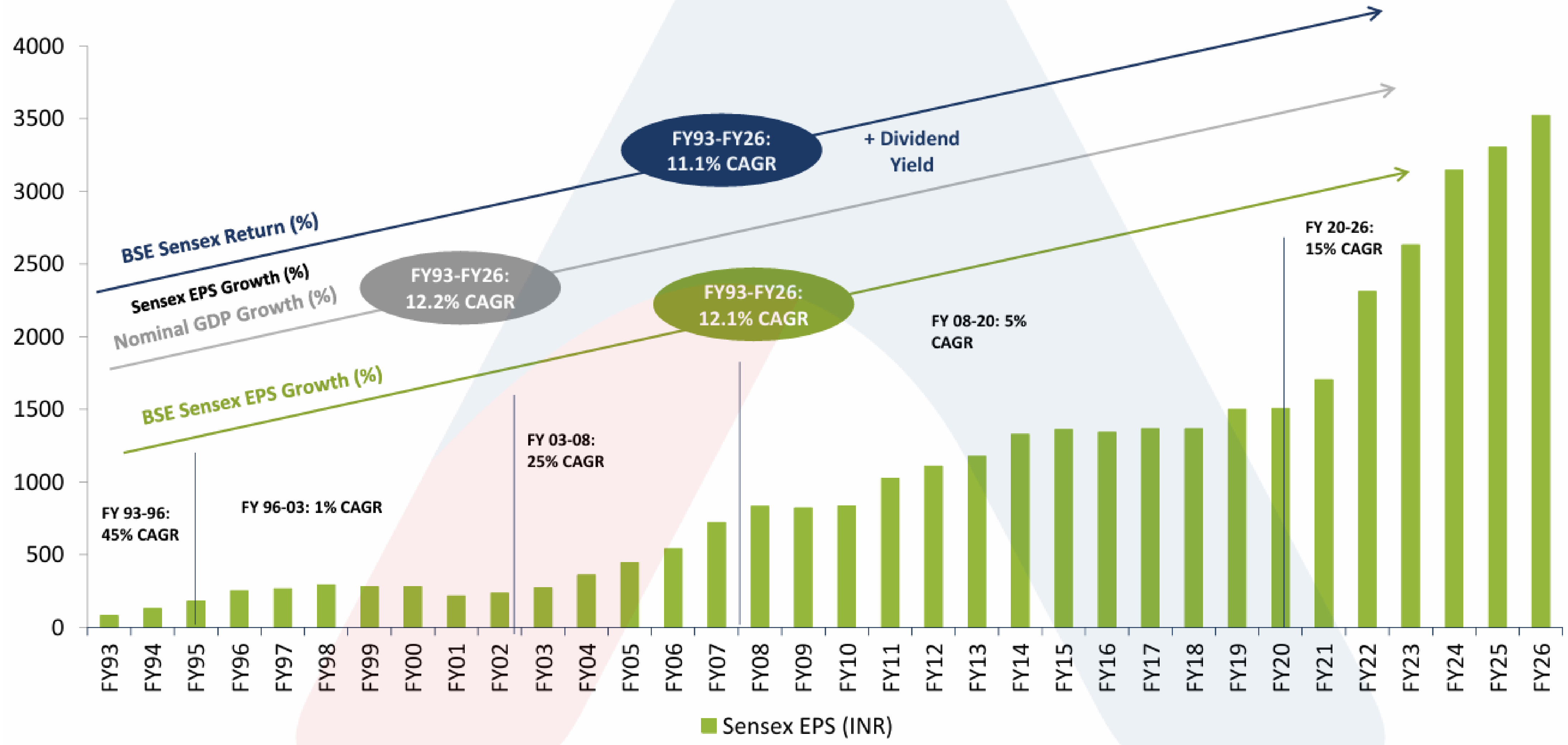
5Y Forward Equity Returns (Nifty 50 TRI) Across 'Equity Valuation Signal' Zones (2005 - 2026 YTD)

Market Temperature zone	View	% occurrence	Avg returns	Negative Returns	FD Returns	Probability of Returns		
				Returns <0%	Returns <7%	Returns >10%	Returns >12%	Returns >15%
0-30	Very Attractive	6%	19%	0%	0%	100%	100%	92%
30-50	Attractive	26%	15%	0%	2%	96%	90%	40%
50-70	Neutral	38%	13%	0%	5%	69%	58%	32%
70-80	Expensive	20%	11%	0%	12%	68%	46%	5%
80-100	Very Expensive	10%	5%	0%	79%	11%	0%	0%

We are here

Source: AssetPlus Research, BSE, Ace MF, investing.com, MoSPI. EVS is based on BSE100 Index. 2026 YTD till 30-Jun-26.

Over long periods, Equity returns mirror Earnings Growth and Nominal GDP Growth



Source: Whiteoak MF, AssetPlus Research.

Last 5Y Sensex Growth has lagged Earnings Growth → Indicates Potential for Returns to catch up with Earnings

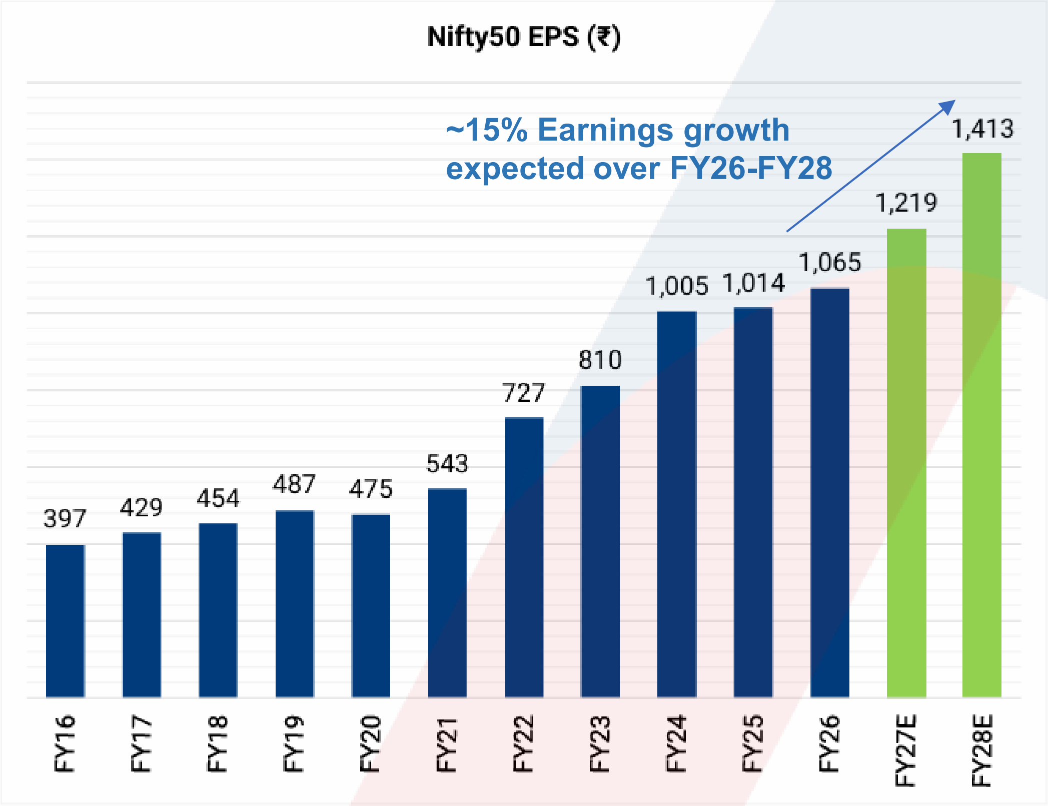
Historically, 5 year Equity Returns have closely tracked Earnings Growth.
Past 5Y returns lower at ~9% vs ~14% earnings growth - indicating potential for upside.

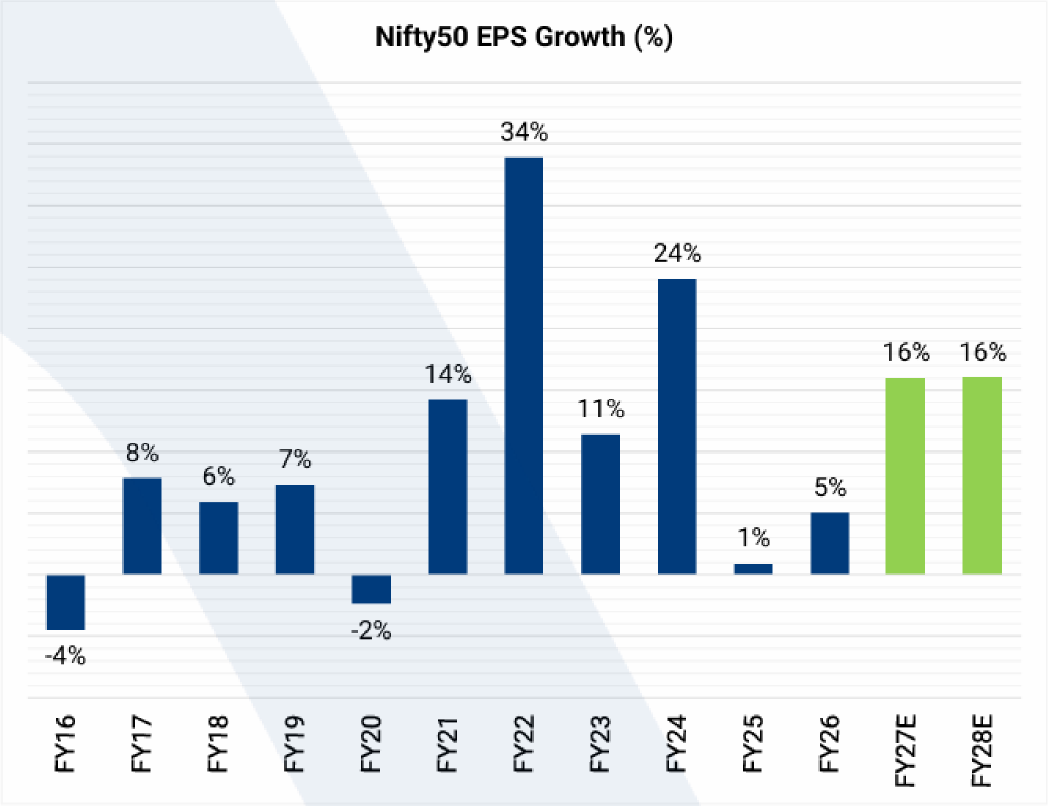
	BSE Sensex Earnings Growth	BSE Sensex TRI Returns
Last 5 Years	**13.9% CAGR**	**9.1% CAGR**
	92% absolute growth	55% absolute growth

Source: BSE, Ace MF, Whiteoak MF, AssetPlus Research. As on 30-Jun-26.

Earnings growth expected to recover

~15% Earnings Growth expected over FY26-28

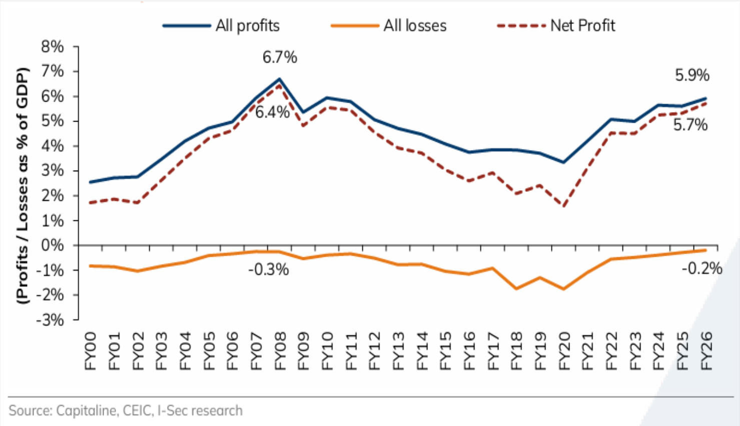




Source: Edelweiss TEMPO, Bloomberg estimates, MOFSL. Data as on 30th June 2026

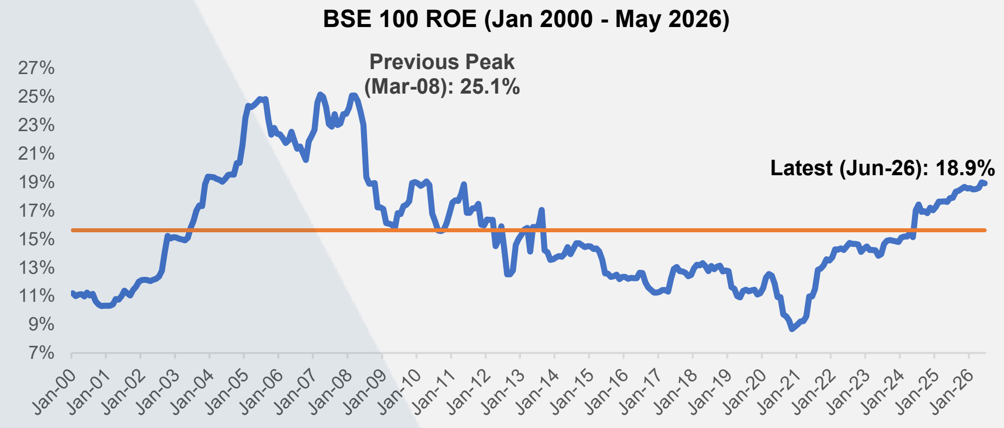
We are in the Mid Phases of Earnings Cycle…

PAT to GDP at 5.7% (previous peak at 6.4%)

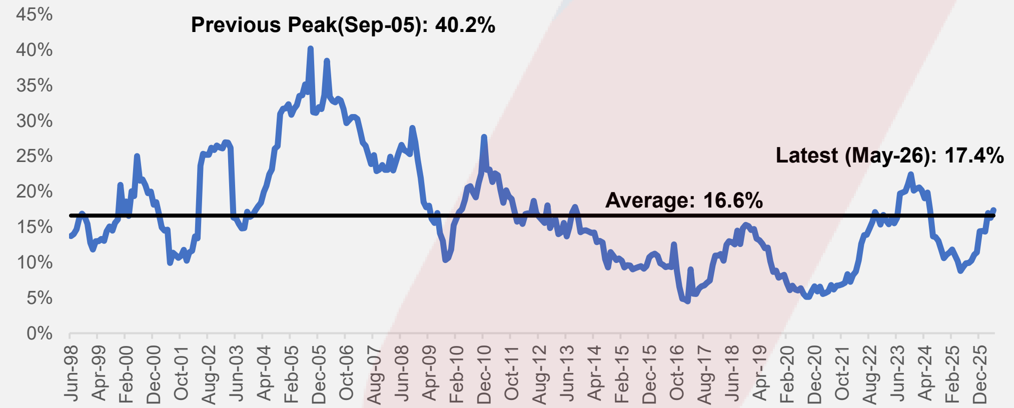


Expected Equity Returns			
PAT to GDP currently at 5.7% and in the next 5 years grows to	Expected Nominal GDP growth at		
	10%	11%	12%
6%	11%	12%	13%
7%	12%	14%	15%

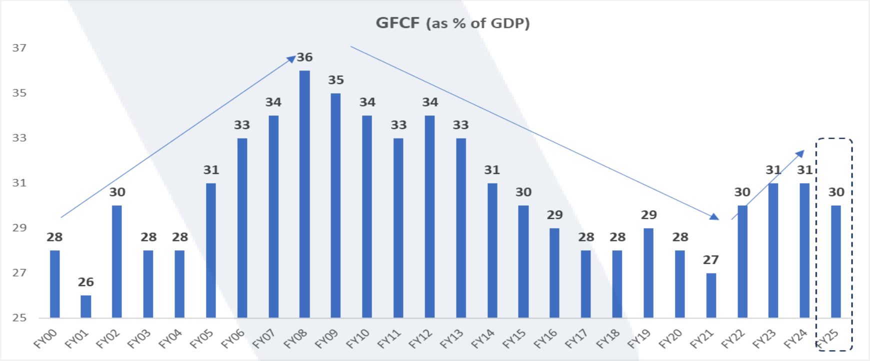
ROE at 19% (previous peak at 25.1%)



Bank Loan growth has started to pickup at 17.4% Year on Year



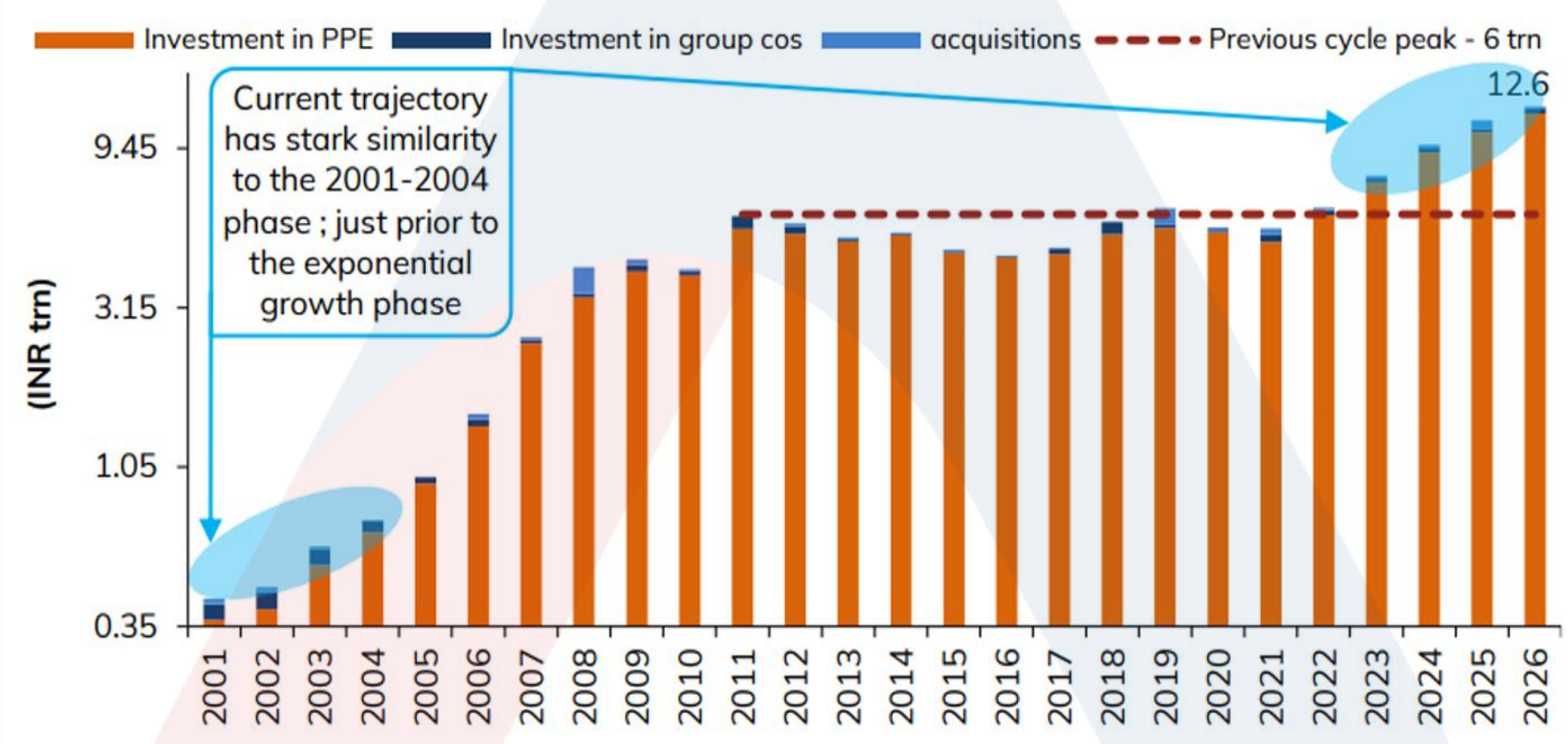
Gross Fixed Capital Formation at 30% (previous peak at 36%)



GFCF represents capital investment by businesses and the government to expand productive capacity. Sustained growth in GFCF is a key driver of future GDP growth.
Source: ICICI Securities, RBI, BSE, AssetPlus Research.

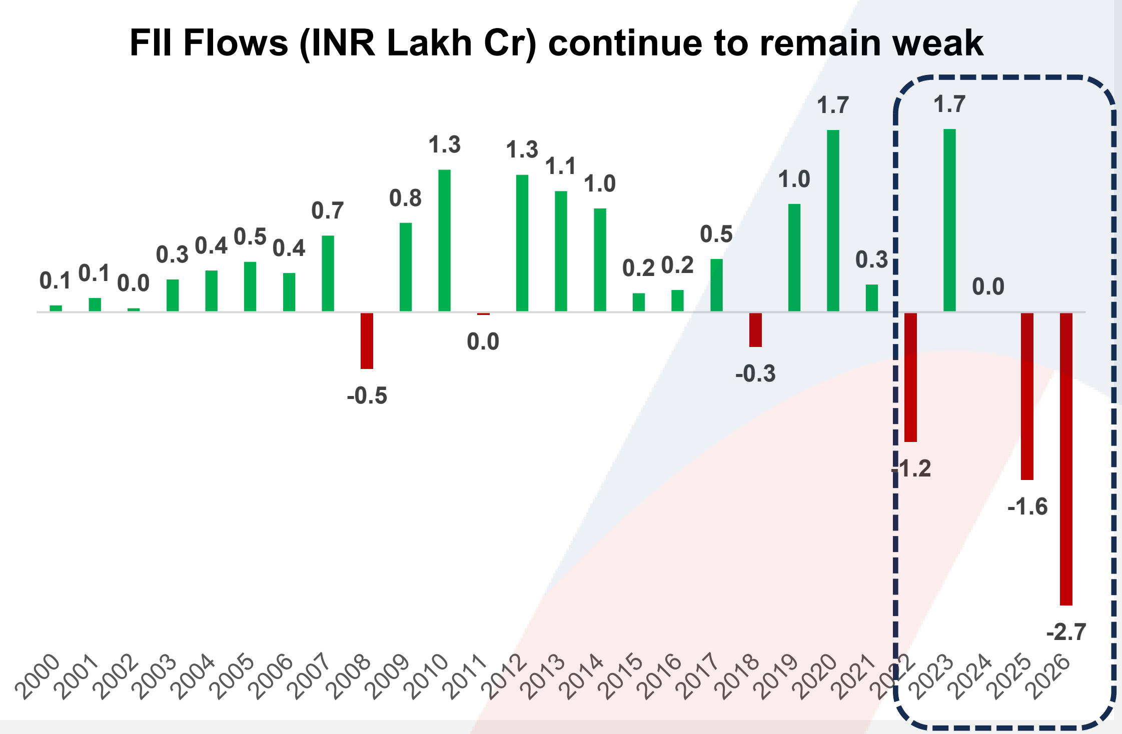
Capex growth has picked up

Capex growth has picked up after 12 years of stagnation

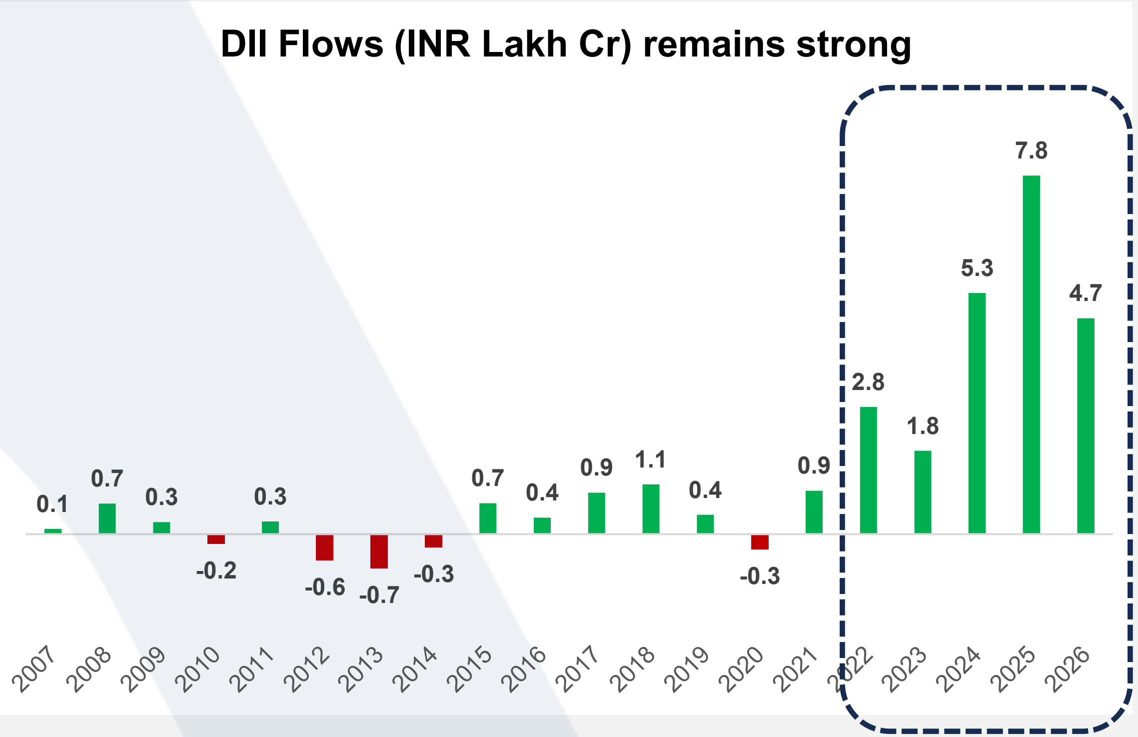


Source- Capitaline, I-Sec research, 24 June 2026

Weak FII Flows counterbalanced by Strong DII Flows..



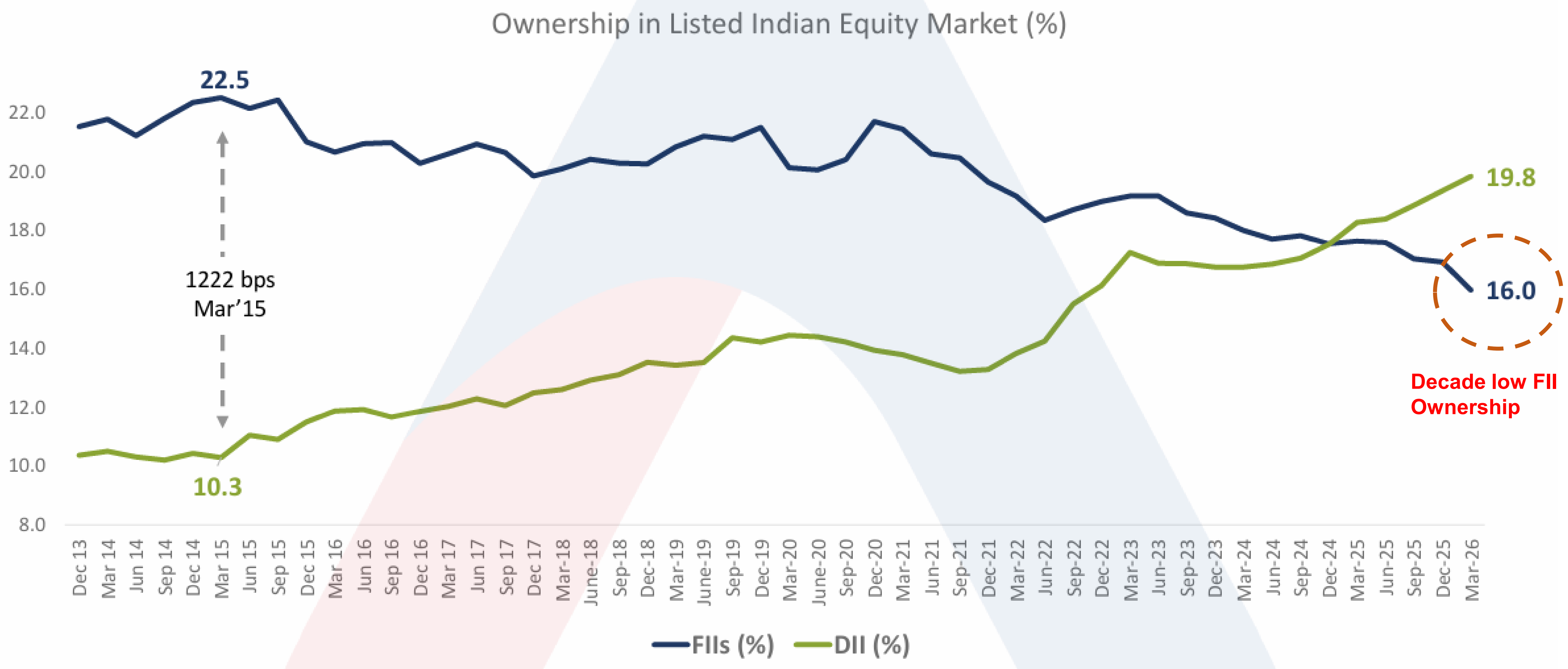
Over the **last 4+ years** (from Jan 2022), **FII flows** have been **negative** and are currently **negative ~ Rs. 3.6 lakh cr.**



Over the **last 4+ years** (from Jan 2022), **DII flows** have been **very strong** and are currently **positive ~Rs. 22.3 lakh cr .**

Source: AssetPlus Research, Ace MF. Flows for the Calendar year 2026 have been updated till 30-Jun-2026.

FIIs Ownership in Indian Equities is at Decadal Lows



Source: MOSL, Internal research of WhiteOak Capital. Data as on quarter ending 31st March 2026.

Sharp FII outflows in the past were followed by strong equity returns…

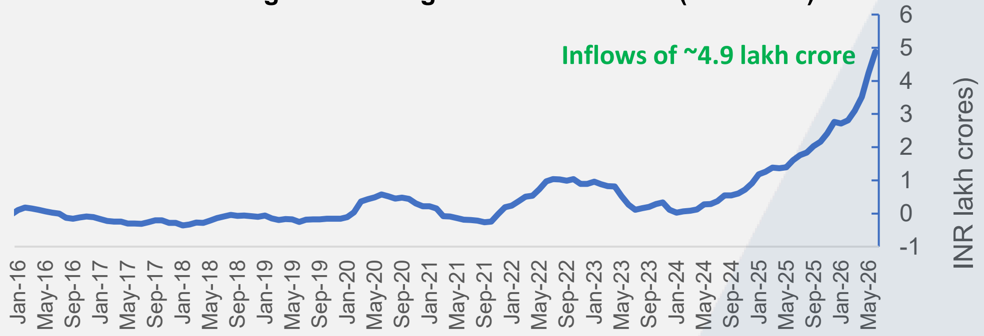
1Y Forward returns post FII outflows were stronger as FIIs eventually came back

Start Date	End Date	Event	FII Outflows (in $ Bn)	Market Cap (in $ Bn)	Outflow as % of Avg Market Cap	FII ownership of BSE 500		BSE 500 Index (Peak to Trough)	BSE 500 Index (12 Months from Trough)
						From	To		
Jan-08	Mar-09	Global Financial Crisis	-15.4	~1,000	-1.5%	16.0%	13.2%	-66.0%	127.6%
Jul-11	Oct-11	US Credit Rating Downgrade	-2.7	~1,315	-0.2%	15.3%	15.5%	-13.1%	18.6%
Jun-13	Sep-13	Taper-Tantrum	-3.7	~1,033	-0.4%	19.5%	19.4%	-10.1%	59.7%
Apr-15	Feb-16	Yuan Devaluation	-7.8	~1,500	-0.5%	20.7%	21.4%	-16.4%	32.5%
Oct-16	Jan-17	Fed Hikes / Demonetisation	-5.3	~1,604	-0.3%	21.6%	21.3%	-10.8%	43.0%
Apr-18	Nov-18	NBFC Crisis	-7.9	~2,139	-0.4%	20.6%	20.3%	-7.8%	15.1%
Jun-19	Sep-19	Slowdown	-5.0	~2,007	-0.2%	21.1%	20.8%	-10.0%	10.0%
Feb-20	Apr-20	Onset of Covid-19	-10.6	~1,669	-0.6%	21.2%	19.8%	-37.3%	98.8%
Nov-21	Jul-22	Geo-political worries	-34.9	~3,315	-1.1%	20.5%	18.1%	-16.7%	24.7%
Sep-24	Mar-25	Trump Tariff War	-25.3	~5,000	-0.5%	18.5%	18.1%	-18.7%	-3.1%

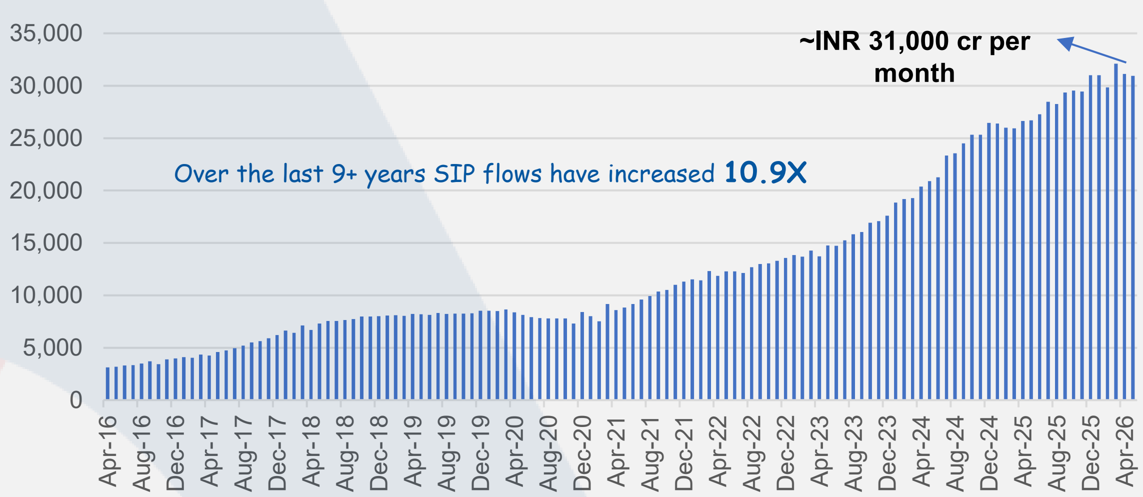
Source: Factset and internal research of WhiteOak Capital, Yes Securities. For information purpose only. Returns upto 1 year are absolute and more than 1 year are CAGR. Past performance may or may not be sustained in future and is not a guarantee of any future returns.

Strong Structural DII flows supported by SIP and EPFO flows…

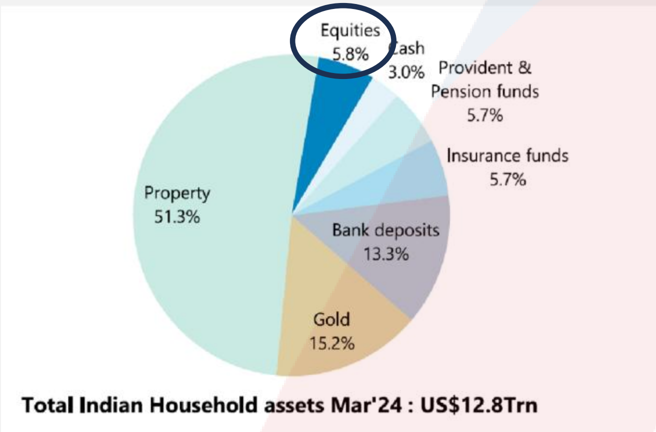
DII Flows continue to be strong



SIP Flows at All-Time Highs



Share of Equity in Indian Household Wealth is still <6% (indicates long way to go)



Strong Structural DII Flows -> Low Equity Share in Indian Household Wealth + SIP Culture

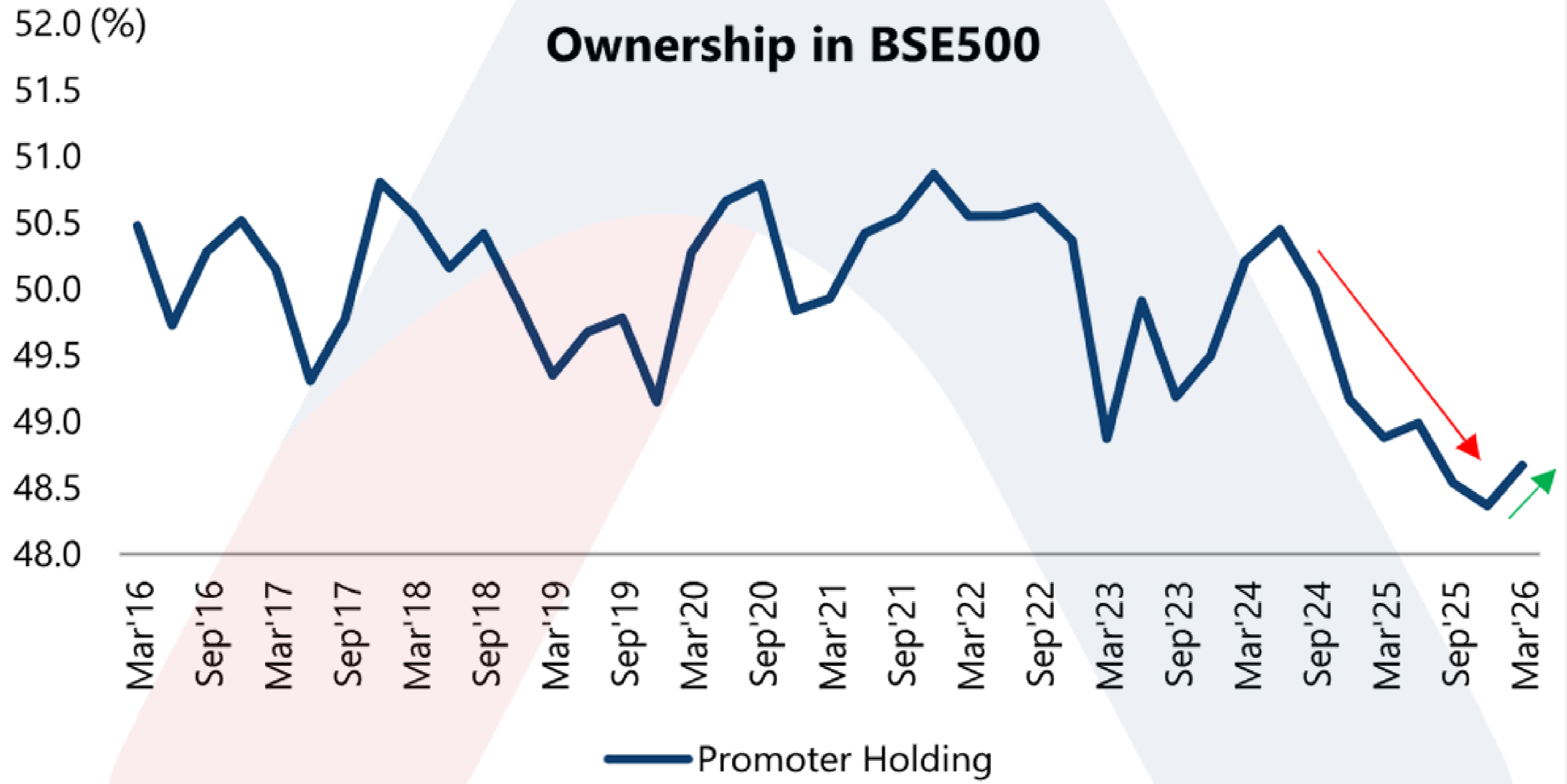
In US during **1980-2000, retail MF penetration surged from 6% of households to 46%** (S&P 500 returns during this period were ~13% per annum).

Currently in **India, equities** are **<6% of Indian Household Wealth** (we might be in the early stages of a similar path)

Source: IKIGAI PMS, RBI, AMFI, NSE, AssetPlus Research, Ace MF.

Promoter buying has increased over the last few months driven by the recent correction

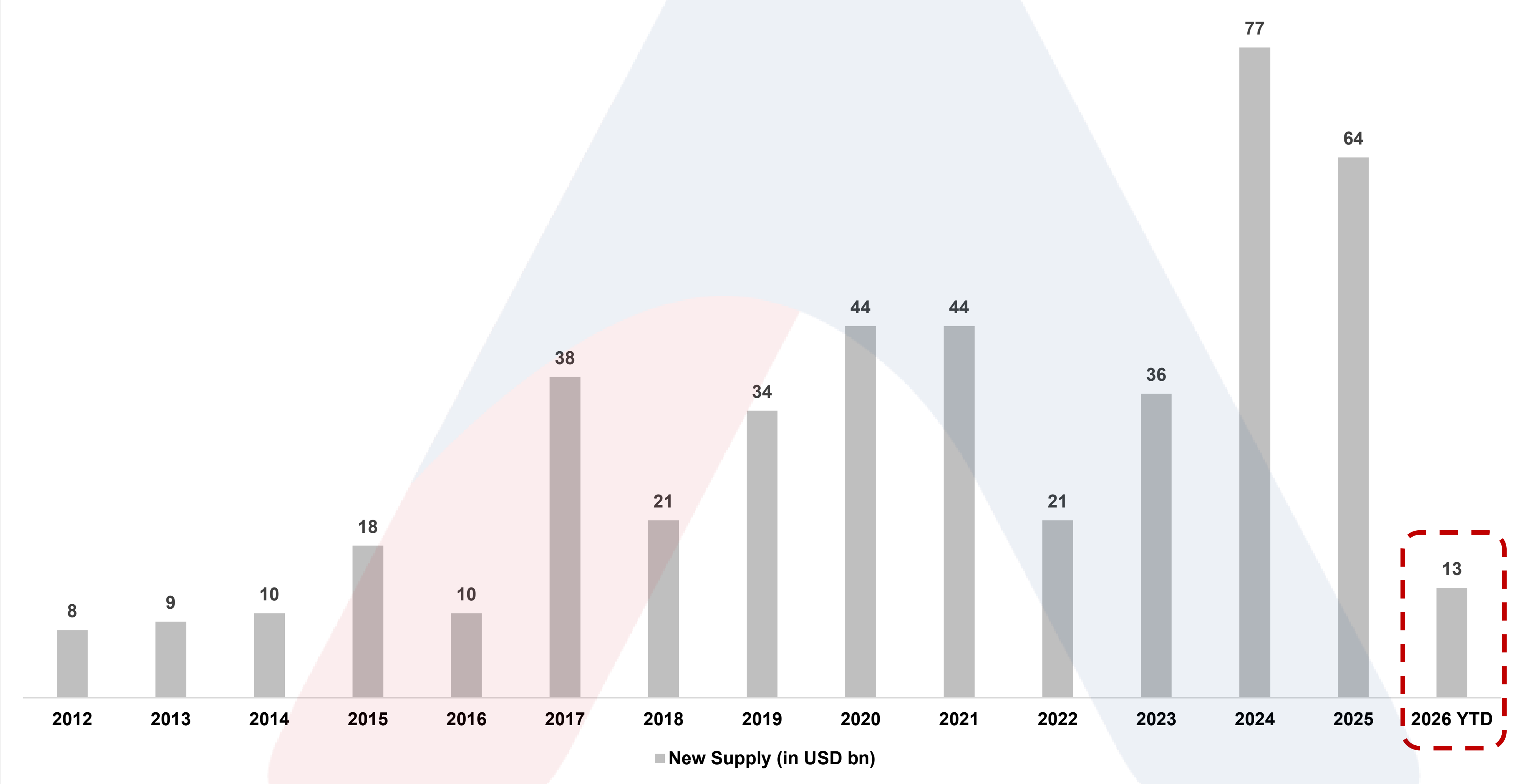
Promoter Holding Trend In BSE500 Index Companies



Source: Ace Equity, Jefferies report dated March 2026 | The Index names mentioned do not constitute any kind of recommendation and are for information purpose only.

Source: Kotak Monthly Market Outlook,.

New Supply is moderating from recent highs

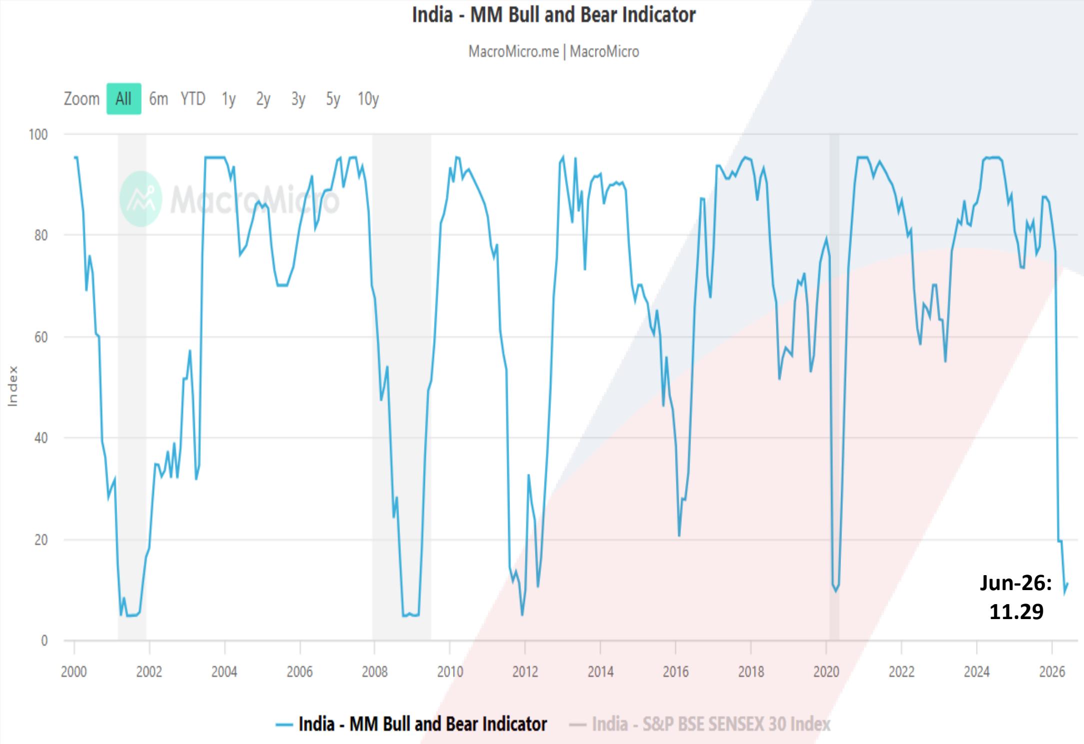


Source: Union MF, AssetPlus Research. ** 2026 YTD till May 2026

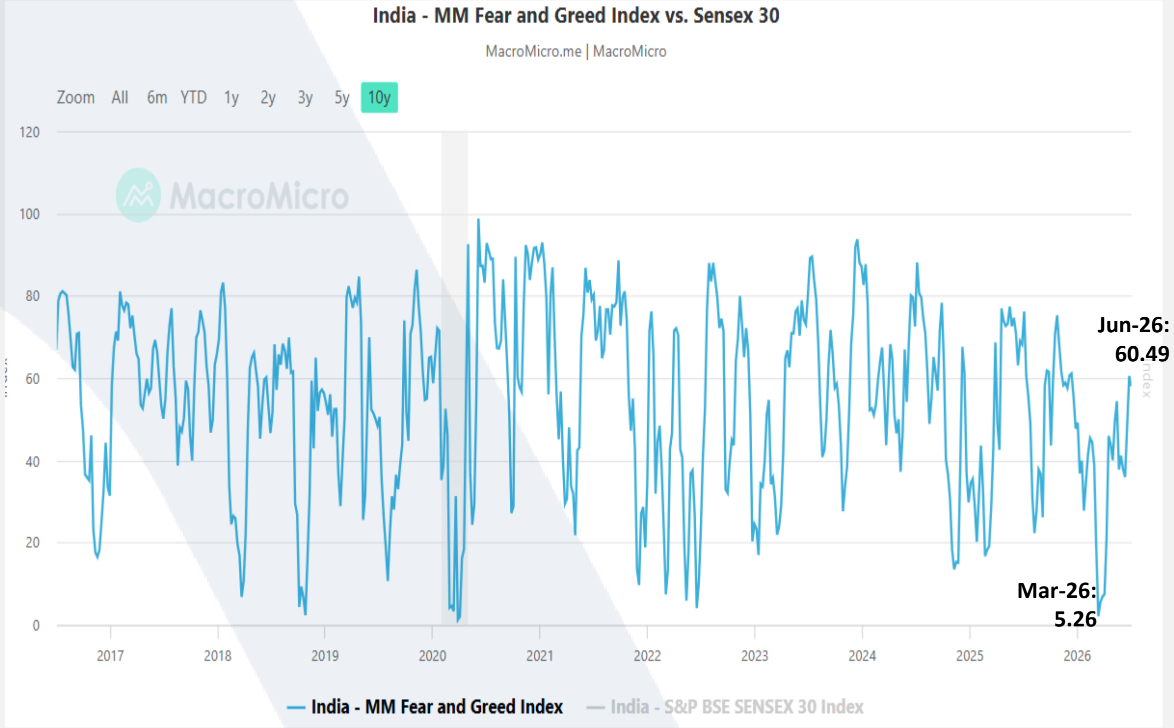
Sentiments are slightly pessimistic - positive for equities

Bull & Bear Indicator signals Markets are "Bearish" + Fear & Greed Indicator shows recovery from Fear Zone

Bull & Bear Indicator indicates that sentiments are Bearish



Fear & Greed Indicator shows that sentiments hit the Fear Zone in March and recovered now



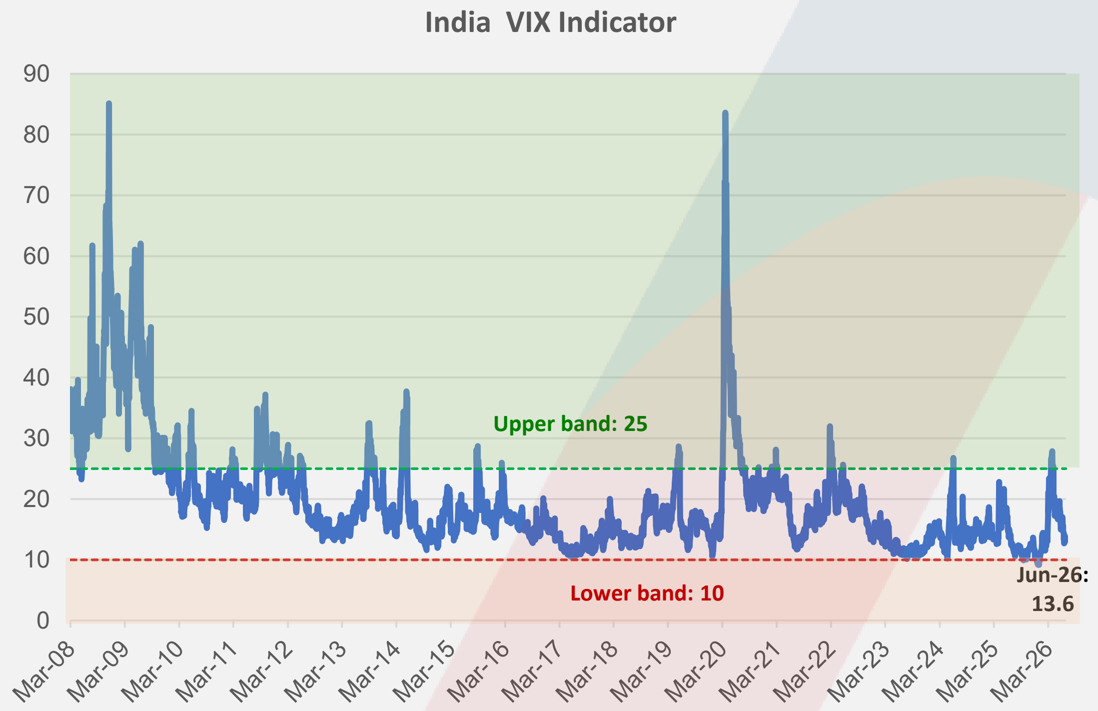
Source: Macromicro

The MM Bull and Bear Indicator, developed by MacroMicro, is a quantitative system that applies big-data analytics to global financial datasets. After more than 100 million computations, the model identifies variables with predictive power for equity-market reversals and aggregates them into a composite measure of bull- and bear-market conditions. The indicator ranges from 0 to 100. Higher readings signal a bull-market environment, with values near 100 followed by a decline typically indicating a late-cycle bull phase; conversely, lower readings signal a bear-market environment, with values near 0 typically indicating a late-cycle bear phase.

The MM India Fear & Greed Index is compiled by MacroMicro based on stock price performance, declines, volatility, and breadth indicators. The index ranges from 0 to 100, with higher values indicating market optimism (greed) and lower values indicating pessimism (fear).

Current VIX Indicator indicates NEUTRAL sentiments

VIX is a contra indicator that measures investor fear. Current VIX level is at ~14.
VIX was >25 in Mar-26. Historically, VIX >25 was followed by Avg 1 year returns of ~19% with 2/3rd odds of getting >15% returns



1 Year Forward Equity Returns % across various VIX zones

VIX Range			% of Occurrences	Average Returns	Probability of returns >15%	>12%	>0%
0	To	15	30%	11%	29%	40%	84%
15	To	20	36%	10%	34%	45%	76%
20	To	25	16%	13%	39%	42%	76%
25	to	30	8%	19%	65%	71%	88%
30	to	100	10%	43%	85%	85%	100%

Source: Edelweiss MF, Bloomberg, Ace MF, Investing.com, DSP MF, AssetPlus Research. Volatility factors have been considered since Mar 2008 (first available data) and have been ranked on percentile rolling basis over 5 years. Trading Volumes data has been considered since Jan 2019 (first available data for Nifty Mid Small 400 and Nifty 100 trading volumes). Latest data has been updated till 31-May-2026.

Historically, four key triggers have led to major market corrections. Currently, none of them are signalling 'bubble' triggers.

Triggers	Current State	Commentary
Macro Economic Challenges (Eg Asian Currency Crisis 1995-96, Taper Tantrum in 2013)	**We entered the correction with strong macros**	If the war persists, it could weaken macro conditions by increasing inflation. If it ends in the near term, the impact is likely to be limited.
Leverage Issues (US Mortgage Crisis of 2007-08, Euro Crisis of 2010-11)	**Low Leverage across Banks, Corporates and Households**	-
Political or Social Instability	**Stable Government with Policy continuity**	-
Natural or Manmade Disasters (Eg Pandemic (Covid 19), War etc)	**Cannot be Predicted**	-

Source: AssetPlus Research.

India - Most Macro Indicators continue to remain positive

Indicator	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27F
Economic Activity												
Real GDP (YoY%)	8.0	8.3	6.8	6.5	3.9	-5.8	9.7	7.6	7.2	7.1	**7.5**	**6.4**
Gross Fixed Investment (YoY%)	6.5	8.5	7.8	11.2	1.1	-7.1	17.5	8.4	7.3	6.4	**7.1**	**6.5**
Industrial Production (YoY%)	3.3	4.6	4.4	3.8	-0.8	-8.4	11.4	5.2	5.9	4.1	**4.1**	**4.6**
Price Indices												
CPI (YoY%)	4.9	4.5	3.6	3.4	4.8	6.2	5.5	6.7	5.4	4.6	**2.1**	**4.9**
WPI (YoY%)	-3.7	1.7	2.9	4.3	1.7	1.3	13.0	9.4	-0.7	2.3	**0.6**	**6.9**
External Balance												
Current Account (% of GDP)	-1.1	-0.7	-1.8	-2.1	-0.9	0.9	-1.2	-2.0	-0.7	-0.6	**-1.0***	**-2.0**
Fiscal Balance												
Fiscal Deficit (% of GDP)	-3.9	-3.5	-3.5	-3.4	-4.6	-9.2	-6.7	-6.4	-5.5	-4.8	**-4.4***	**-4.7**
Interest Rates												
Central Bank Rate (%)	6.8	6.3	6.0	6.3	4.4	4.0	4.0	6.5	6.5	6.3	**5.3**	**5.6**
10-Year Note (%)	7.5	6.7	7.4	7.4	6.1	6.2	6.8	7.3	7.1	6.6	**7.0**	**6.5**
Exchange Rates												
USDINR	66.2	64.9	65.2	69.1	75.5	73.1	75.8	82.2	83.4	85.5	**94.8**	**93.1**

Source: UTI MF

Equity markets have been flat over the last 2 years.

What does history tell us?

Historically, when markets were flat over 2 years, Nifty 50 TRI delivered strong returns over the next 3-5 years

Nifty 50 TRI forward returns after being flat for 2 years

Start Date	End Date	Window Return	Next 1Y	Next 3Y	Next 5Y	3Y CAGR	5Y CAGR
30-Jun-07	30-Jun-09	**1%**	25.3%	27.5%	88.2%	8.4%	13.5%
30-Sep-09	30-Sep-11	**-1%**	16.9%	67.2%	85.1%	18.7%	13.1%
30-Nov-09	30-Nov-11	**-2%**	23.3%	84.4%	81.0%	22.6%	12.6%
30-Apr-10	30-Apr-12	**2%**	14.5%	61.9%	88.7%	17.4%	13.5%
31-May-10	31-May-12	**-1%**	23.2%	77.5%	107.5%	21.1%	15.7%
30-Jun-10	30-Jun-12	**2%**	12.0%	64.2%	91.5%	18.0%	13.9%
31-Jul-10	31-Jul-12	**0%**	11.2%	69.1%	104.8%	19.1%	15.4%
31-Aug-10	31-Aug-12	**0%**	5.3%	56.9%	100.4%	16.2%	14.9%
31-Dec-10	31-Dec-12	**-1%**	8.1%	39.3%	89.4%	11.7%	13.6%
31-Mar-11	31-Mar-13	**0%**	19.5%	41.1%	89.5%	12.2%	13.6%
30-Nov-14	30-Nov-16	**-2%**	25.9%	52.5%	119.7%	15.1%	17.0%
31-Dec-14	31-Dec-16	**1%**	30.3%	54.7%	125.6%	15.6%	17.7%
31-Jan-15	31-Jan-17	**0%**	30.5%	45.4%	115.6%	13.3%	16.6%
30-Jun-18	30-Jun-20	**-2%**	54.6%	93.2%	163.1%	24.5%	21.3%
31-Jul-18	31-Jul-20	**0%**	44.2%	84.8%	137.5%	22.7%	18.9%
31-Aug-18	31-Aug-20	**0%**	52.2%	75.3%	127.9%	20.6%	17.9%
30-Jun-24	30-Jun-26	**0%**	?	?	?	?	?
Average			**24.8%**	**62.2%**	**107.2%**	**17.3%**	**15.6%**

Avg 3Y & 5Y returns were ~16-17% CAGR
Avg 1Y return was ~25%

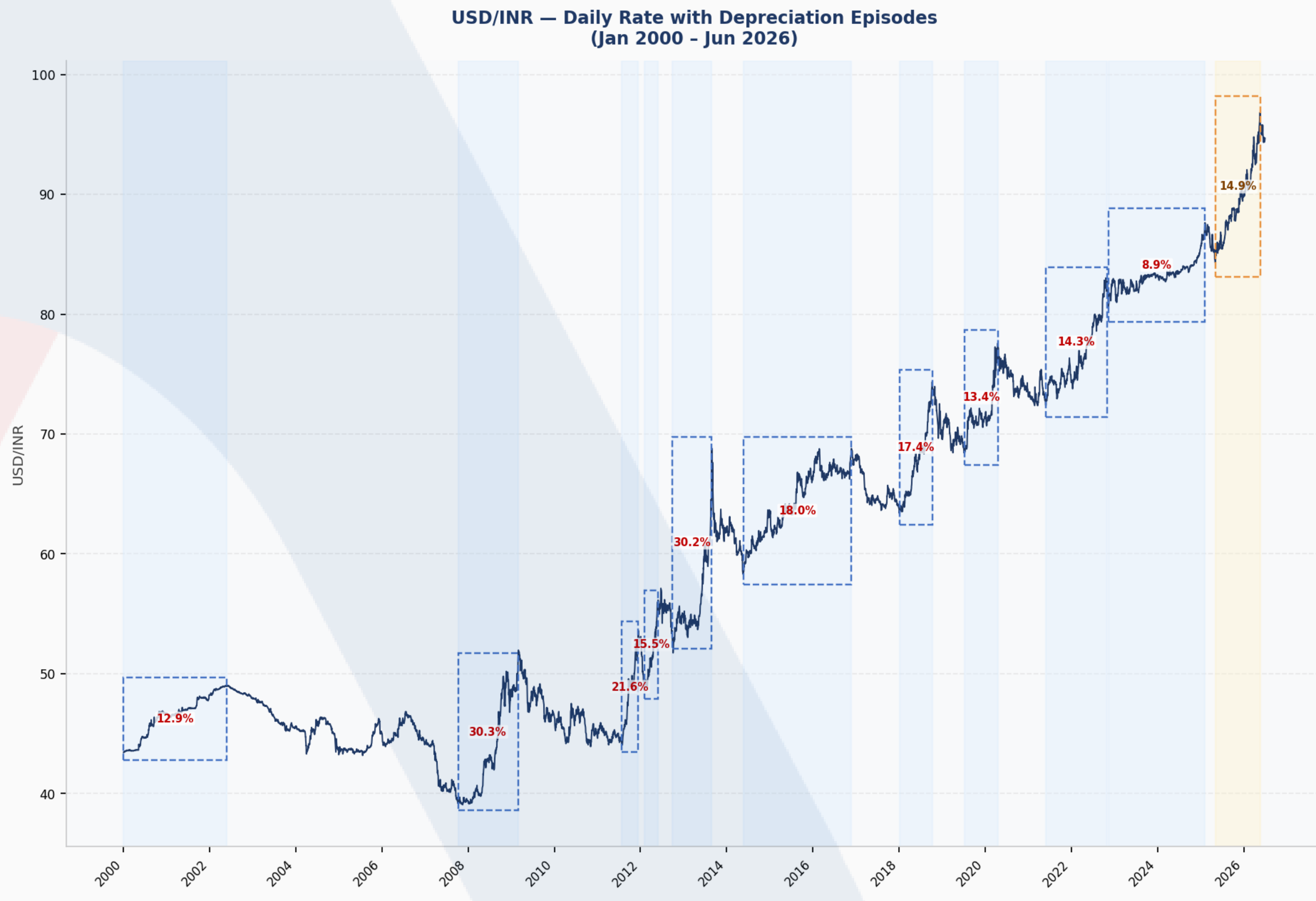
Source: Ace MF, AssetPlus Research

How were Equity returns post periods of sharp INR depreciation?

Historically, Nifty 500 TRI delivered strong returns in the next 3 years post periods of sharp rupee depreciation

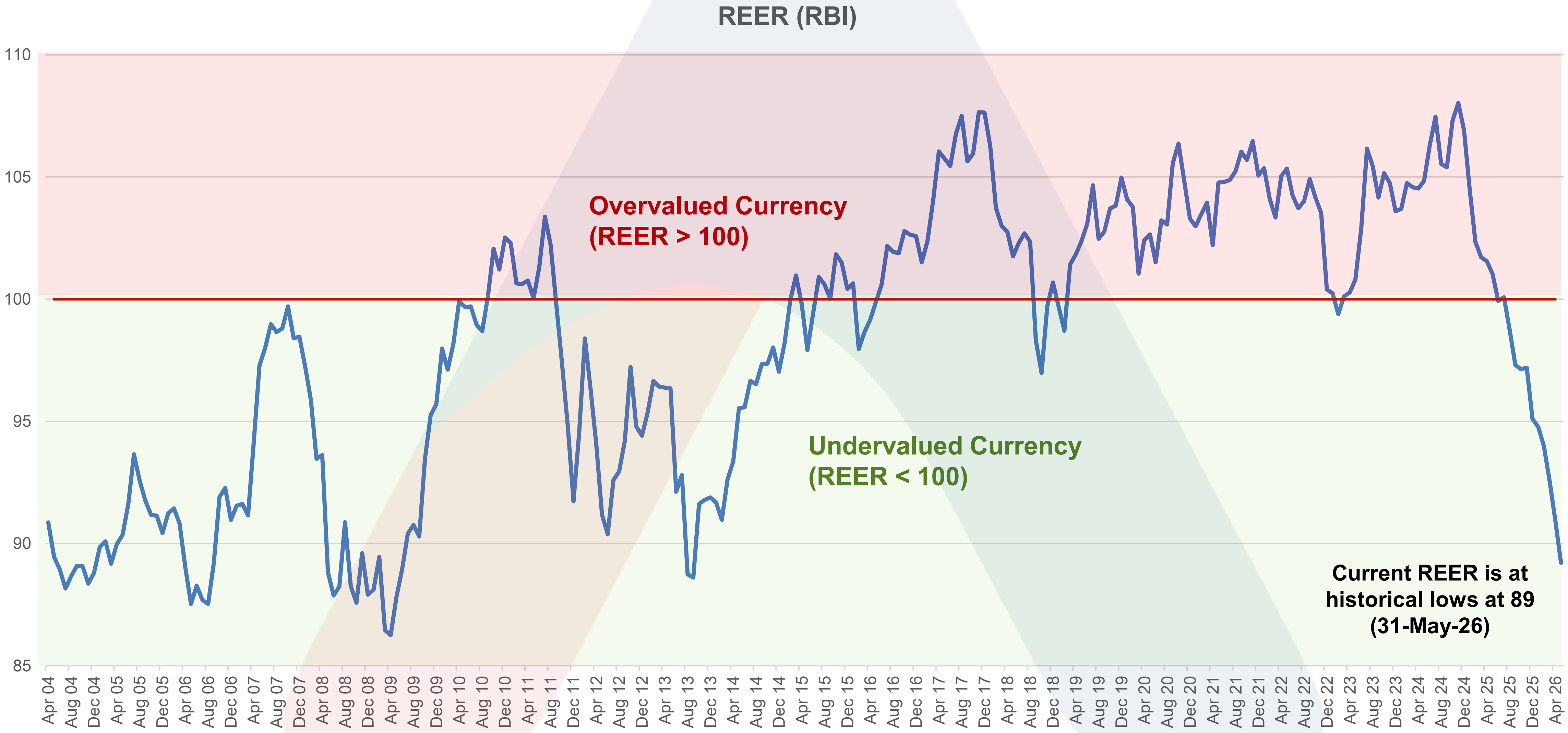
Nifty 500 TRI average absolute returns ~80% over next 3 years..

Depreciation Period		Rupee Depreciation (%)	Subsequent Nifty 500 TRI Absolute Return (%)	
Start Date	End Date	Depr. (%)	Absolute Returns %	Annualised Returns %
			3Y	3Y
03-Jan-2000	23-May-2002	12.9%	109.7%	28.0%
10-Oct-2007	27-Feb-2009	30.3%	97.0%	25.4%
28-Jul-2011	14-Dec-2011	21.6%	79.2%	21.5%
03-Feb-2012	30-May-2012	15.5%	76.8%	20.9%
28-Sep-2012	28-Aug-2013	30.2%	68.1%	18.9%
22-May-2014	23-Nov-2016	18.0%	54.3%	15.6%
05-Jan-2018	09-Oct-2018	17.4%	79.9%	21.6%
10-Jul-2019	17-Apr-2020	13.4%	97.5%	25.5%
28-May-2021	31-Oct-2022	14.3%	48.7%	14.1%
05-May-2025	20-May-2026	14.9%	-	-
Average			79.0%	21.3%



Source: Investing.com, AssetPlus Research, Ace MF.

Real exchange effective rate is at historical lows indicating Undervalued INR…



Source: RBI, AssetPlus Research, Ace MF. The above chart represents REER (with 40-currency bilateral weights)

Evaluation of the Cycle: We are in the middle of a Multi-Year Bull Market. No signs of a Bubble.

Blind Man 1: Where are we in the valuations cycle?
Very Attractive/**Attractive**/Neutral/Expensive/ Very Expensive

Blind Man 2: Where are we in the profit cycle?
Early / **Mid Stage** /Late

Blind Man 3: What does demand and supply show?
Strong DII Flows, Weak FII Flows, Early Signs of Promoter Buying

Blind Man 4: What do sentiments indicate?
Extreme Fear/**Fear/Balanced**/Greed/Extreme Greed

Blind Man 5: No Macro Triggers

- **Low Leverage** across Banks, Corporates, Govt and Households
- **Strong Macro**
- **Stable Political/Policy Environment**

What should you do?

View: Positive on Equities with Overweight Allocation

- We are in the **middle** of a **multi-year bull upcycle - no signs of a bubble - the odds of the current correction becoming a large fall (30-60%) are very low**

- **5 Near Term Upside Triggers:**
  - Government & Private Capex Pickup
  - RBI announces measures to address Rupee weakness - expected flows of USD 40-50 Bn - 1) Exemption of tax on Capital Gains & Interest income on Government Bonds for Foreign Investors 2) RBI to bear hedging costs on FCNR(B) deposits till Sept 2026, aiming to boost NRI inflows
  - Feb 2025 Budget Income Tax Cuts (estimated impact 0.3% of GDP)
  - GST 2.0 rate rationalization (estimated impact 0.5% of GDP)
  - 8th Pay Commission likely to inject ₹3.7 lakh crs (0.8% of GDP)

- **Overweight in Equities ->** The **CRISIS PLAN Trigger was activated** when **Markets corrected** by **~15% on 30-Mar-26** and **recovered partially,**
  - **Move 20%** of your **pre-decided crisis allocation** into **Equities.** *Eg- For a portfolio with 70% equity & 30% debt, where the entire debt is reserved for crisis plan, shift 6% (i.e., 20% of the debt portion) into equities, raising the equity allocation to ~76%.*

- **How to invest new money in equities today?**
  - **Equity -> 60% via Lumpsum + 40% via 3-month weekly STP**

- **Tactical Opportunity : Banking & Financials Theme**

CRISIS Plan

Demarcate a portion of the non-equity portfolio (Y) to be invested in equities during market falls.

Market Fall	Triggered when	Action
15-20%	73,000 - 69,000	Move 20% of the earmarked amount (Y) to Equities
25-30%	68,000 - 60,000	Move 30% of the earmarked amount (Y) to Equities
35-40%	59,000 - 52,000	Move 40% of the earmarked amount (Y) to Equities
45-50%	51,000 - 43,000	Move remaining 10% of the earmarked amount (Y) to Equities

Crisis Plan Tranche 1 Triggered on 30-Mar-26 (Sensex at 71,948)

Source: AssetPlus Research.

How to invest new money in Equities today?

Invest **60% Immediately** and **Stagger remaining 40%** via **3-month Weekly STP**

What is AssetPlus Equity Valuation Signal (EVS) indicating?

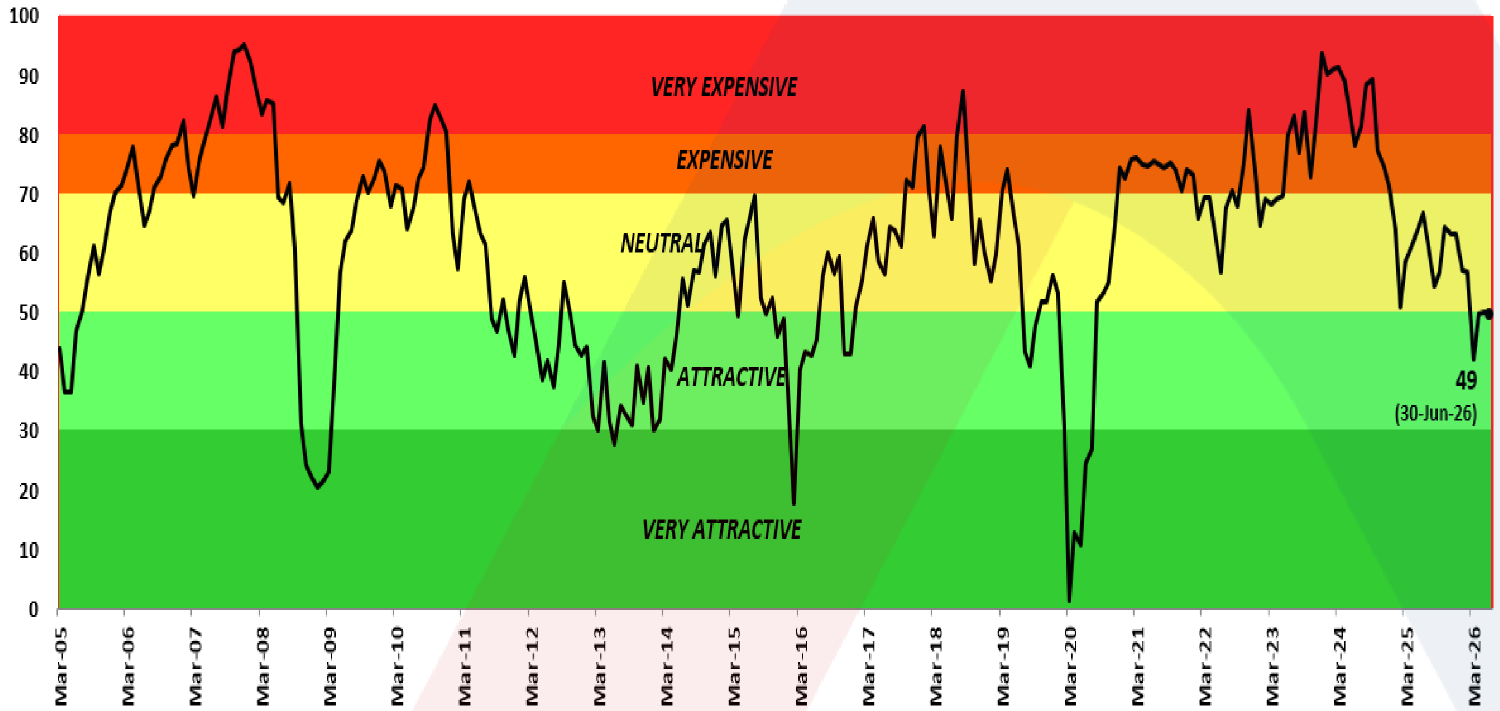


Illustration:

Investing ₹1 crore of new money with a 70:30 Asset Allocation (Equity : Debt)

>> Equity (70%) ₹70 lakhs

- Deploy 60% of the amount immediately → ₹42 lakhs
- Deploy remaining 40% gradually → ₹28 lakhs via 3 months weekly STP

>> Debt (30%) ₹30 lakhs

- Deploy entire amount immediately → ₹30 lakhs

Source: AssetPlus Research, BSE, Ace MF, investing.com, MoSPI. EVS is based on BSE100 Index. Data from 31-Mar-05 to 30-Jun-26

Category Views - Large Caps are attractive

Category	View	Commentary
Large Cap		**Large caps are attractive - reasonable valuations led by FII selling**
Mid Cap		**The mid cap segment usually does well in an economic recovery phase. But valuations are on the higher side as mid caps haven't corrected much. Suitable only for aggressive investors who can withstand higher degree of volatility with a 7+ year timeframe**
Small Cap		Many Small Cap stocks have seen a significant fall (index hides the real pain). But **Valuations** are still **above historical averages. Continue SIPs**. **Lumpsum Investments** can be **staggered.**

Underweight   Marginal Underweight   Neutral   Marginal Overweight   Overweight

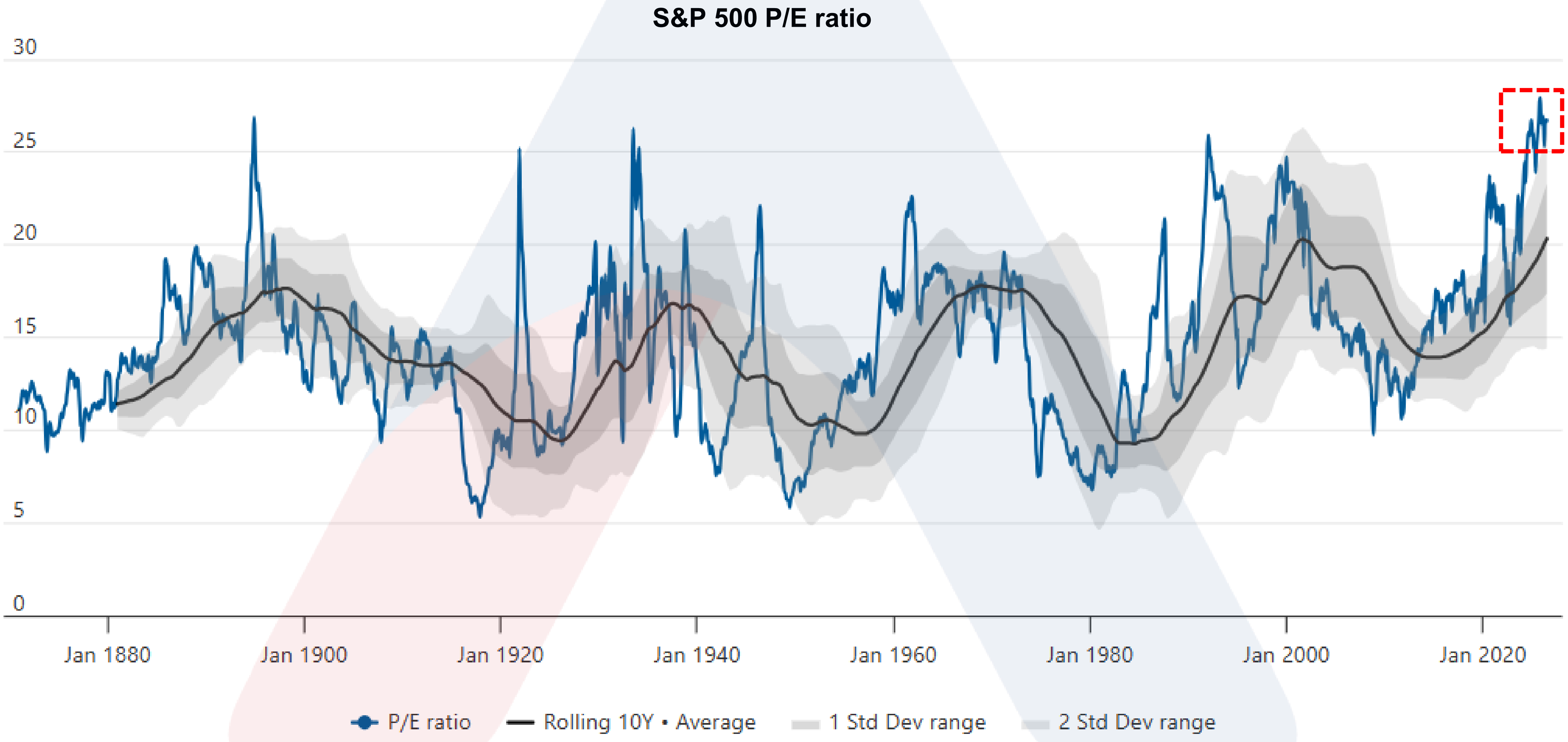
Source: AssetPlus Research.

SECTION 02

Equity View - US

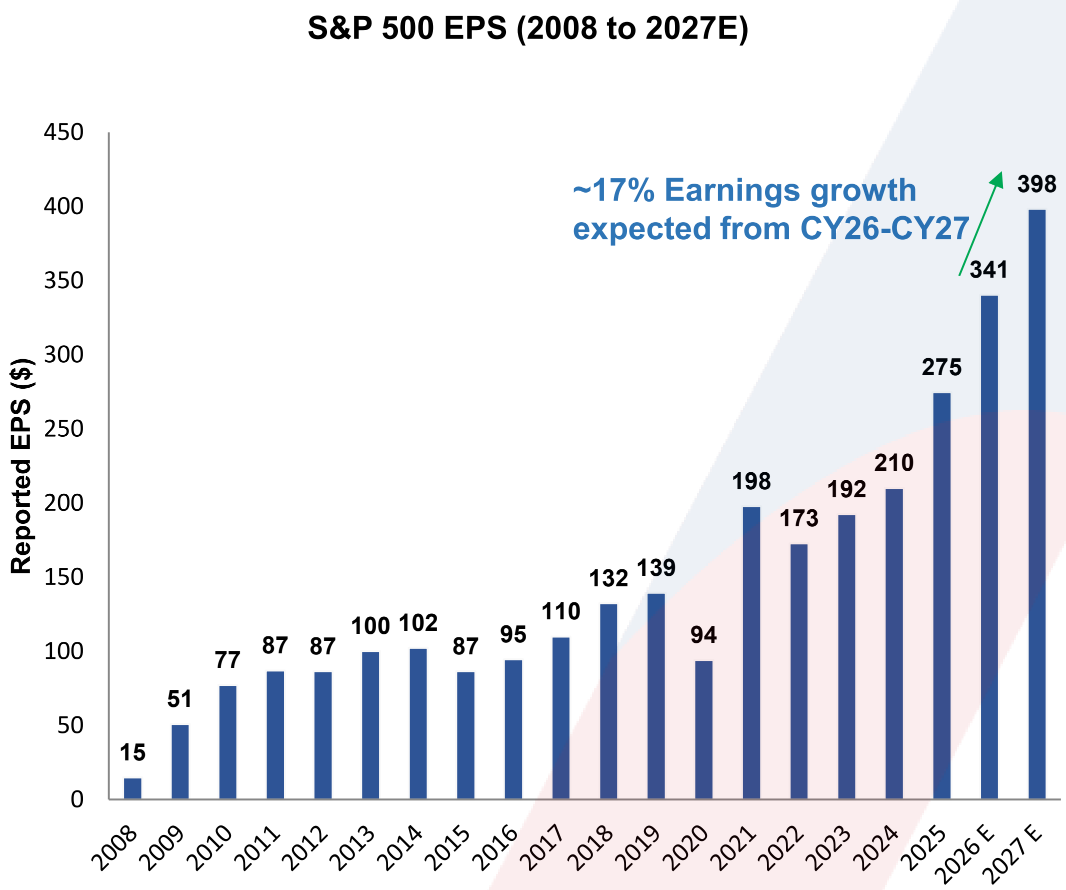
US S&P 500 - Valuations are elevated…

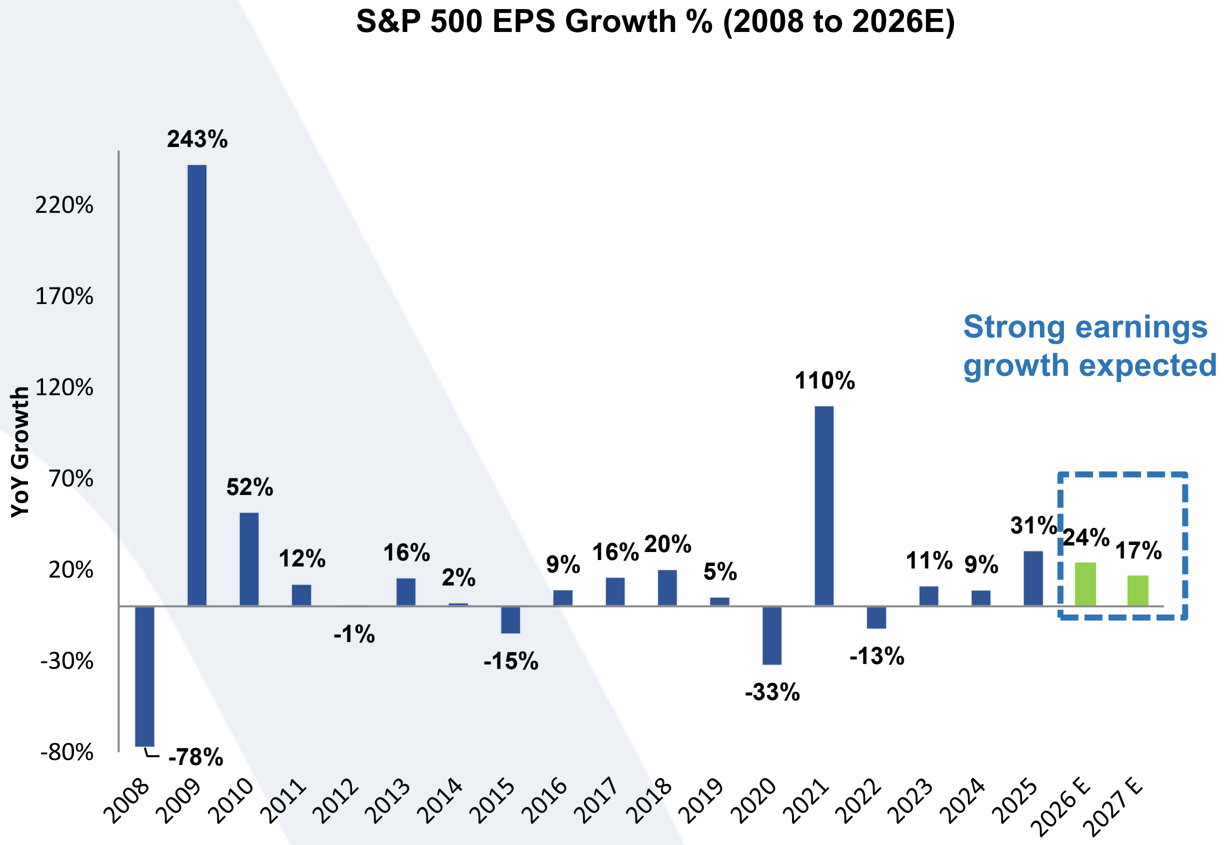
06 July 2026 · P/E Ratio: **26.74** · 10Y Average: **20.34** · 1 Std Dev range: **[17.38 , 23.31]** · 2 Std Dev range: **[14.41 , 26.27]**



Source: Worldperatio.com, AssetPlus Research.

But earnings growth continues to be robust



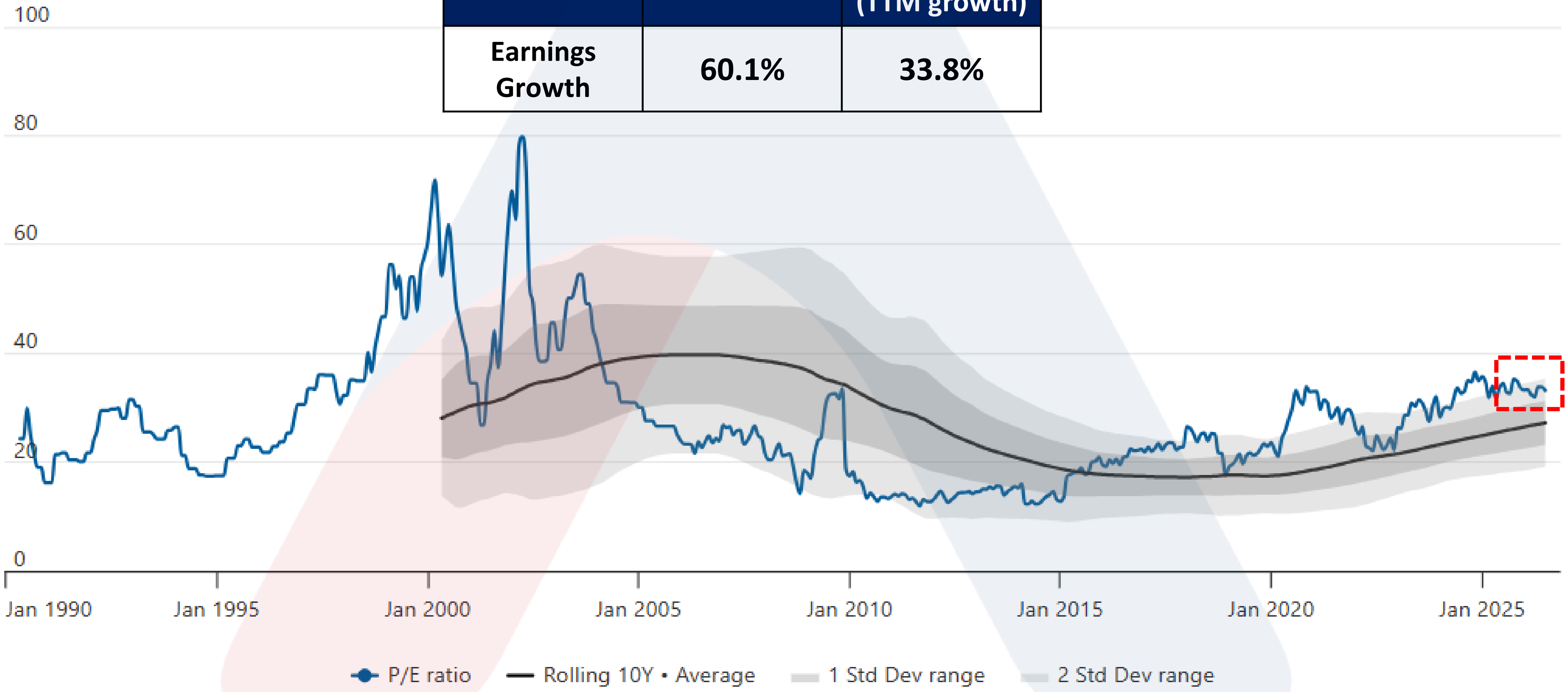


Source: S&P, FactSet.

US Nasdaq - Strong Earnings Growth but Valuations remain elevated

06 July 2026 · P/E Ratio: **33.21** · 10Y Average: **27.21** · 1 Std Dev range: **[23.14 , 31.27]** · 2 Std Dev range: **[19.08 , 35.33]**

Nasdaq 100	CY 2025	Mar-2026 (TTM growth)
Earnings Growth	60.1%	33.8%



Source: Worldperatio.com, Macro Trends.

SECTION 03

Fixed Income View

The 1-2-3-4 Framework

1 year +

Arbitrage Funds

Low risk

2 years +

Income plus Arbitrage FoF

Low-moderate risk

3 years +

1. **Equity Savings Funds**
2. **Hybrid Long Short SIF**

Medium risk

4 years +

1. **Balanced Advantage Funds**
2. **Multi-Asset Funds**

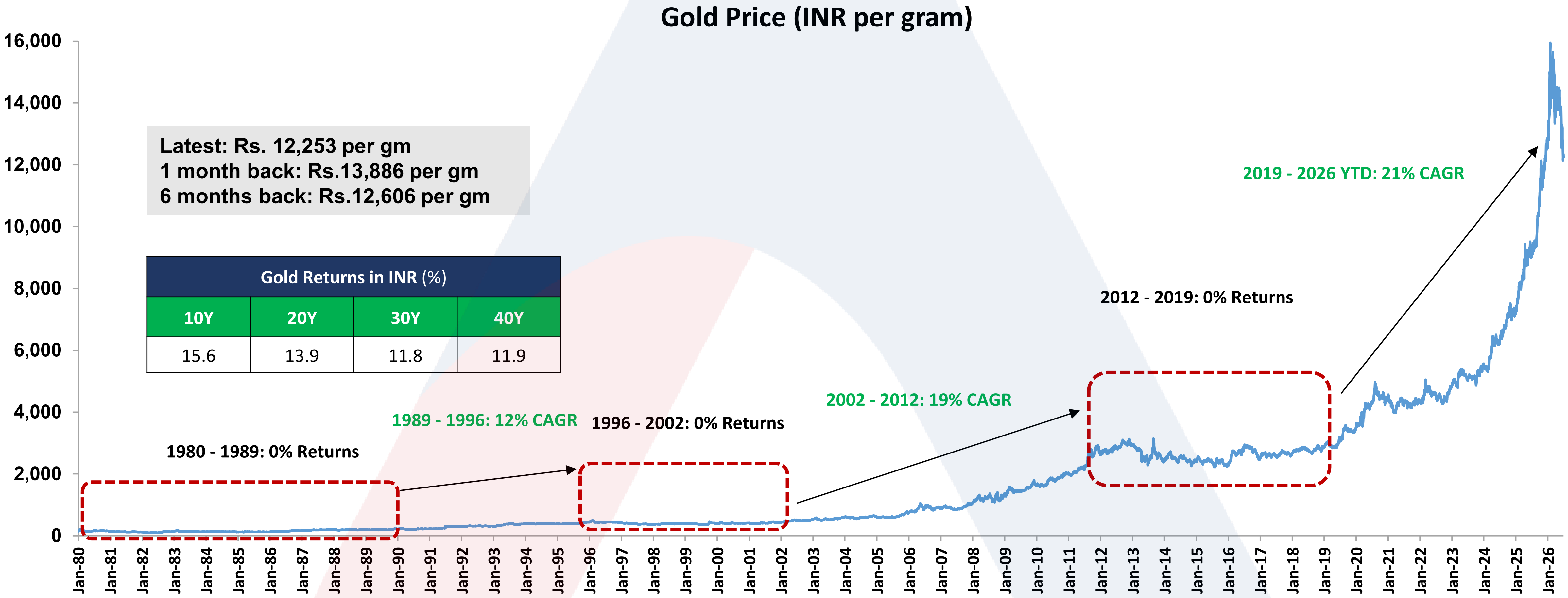
Higher risk • Higher returns

← lower risk / shorter horizon **higher risk / longer horizon →**

SECTION 04

Gold View

Gold Returns have beaten inflation in the long term but go through cycles of 7-10 years with good and bad phases…



Gold Returns in INR (%)			
10Y	20Y	30Y	40Y
15.6	13.9	11.8	11.9

Source: lbma.org, Investing.com, Gold USD prices converted using the USD/INR exchange rate(gold prices exclude taxes and levies), AssetPlus Research. As on 30-Jun-2026.

“NEGATIVE” outlook on Gold

1. Reduction in Jewellery Demand

(sharp decrease in 2025 - offset by sharp increase in investment demand)

2. High Gold Price to Inflation

3. High Real Yields

4. High Gold price to Cost of Mining

5. High Gold Price to US M2 Money Supply

6. High Gold Price to Equity

6. Central Bank Buying

(Strong recent demand - Q1 2026)

7. Investment Demand

(massive increase in 2025 - indicates a vulnerable demand given the recent gold price fall of 26% in Jun-26)

Key risks to monitor

- **Reduction in**

  1) Central Banks Demand

  2) Investment Demand - is vulnerable to reduction in gold prices

- **Increase in US Real Yields**

What should you do?

Existing Gold Allocation 1

- Reduce to 75% of original allocation
- Continue SIP (if time frame is >7 years)

Lumpsum 2

Stagger Lumpsums to ‘Gold’ over 6 months

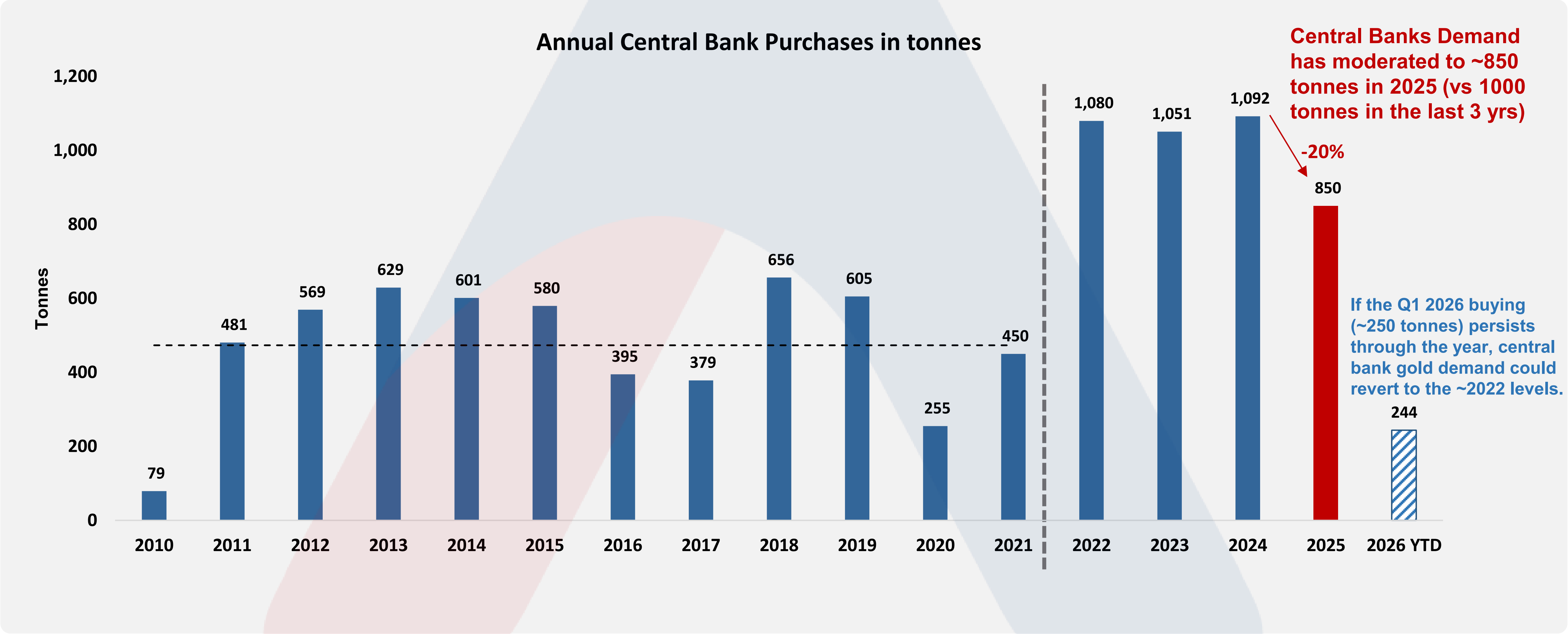
The Golden C-I-R-C-L-E Framework

Six factors we assess to form our view on gold

- **C** — Central Bank, Jewellery & Investment Demand
- **I** — Inflation (US CPI)
- **R** — Real Yields (US)
- **C** — Cost of Mining
- **L** — Liquidity (US M2 Money Supply)
- **E** — Equity Comparison

After moderating in 2025, Central Banks Demand has picked up in Q1 2026

After a ~20% decline in 2025 from 1000 tonnes to 850 tonnes, central bank gold buying rebounded to 250 tonnes in Q1 2026. If sustained, annual demand could return to the ~1,000 tonnes/year trend since 2022

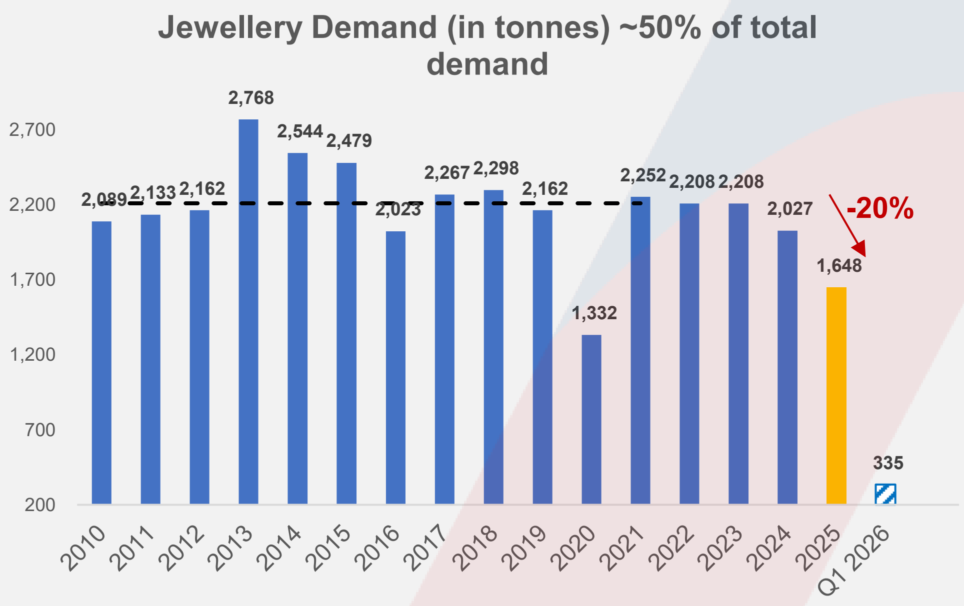


Source: Metal Focus, World Gold Council, AssetPlus Research. CY- Calendar year.2026 YTD till 31-Mar-26.

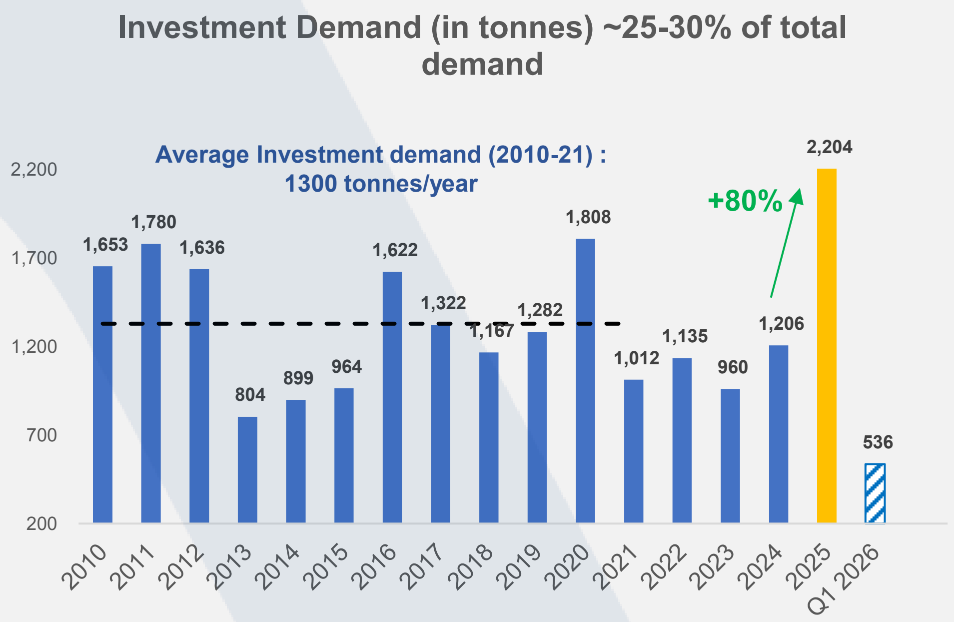
Jewellery demand fell sharply by ~600 tonnes in 2025, while investment demand increased massively by 1000 tonnes

The sharp decrease in Jewellery Demand is being compensated by the sharp increase in Investment Demand in 2025. However, Investment demand is sentiment driven and is vulnerable to reduction in gold prices.

Jewellery Demand fell by 600 tonnes to ~1600 tn in 2025 vs avg demand of 2209 tn



Investment Demand has increased significantly in 2025 to ~2204 tn vs 1300 tn avg. Investment Demand is still strong in Q1 2026



Source: World Gold Council. 2026 YTD till 31-Mar-26. Technology Demand has been stable at around 7-8% of total demand at an average of ~360 tonnes

Gold Demand trends since 2010

Jewellery demand & Central Banks Demand has reduced in 2025 which was absorbed by the sharp increase in Investment demand

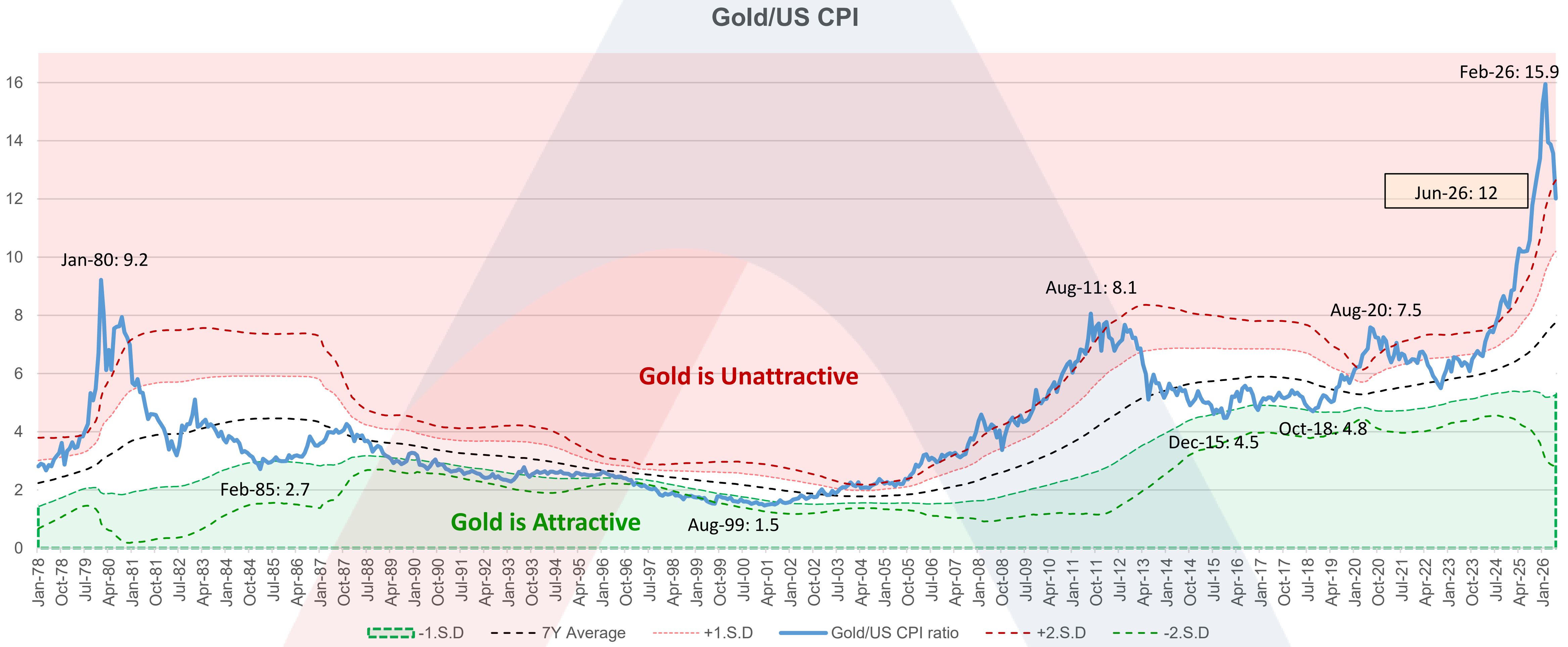
Gold Demand trends (in tonnes)																	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Q1 2026
Jewellery	2,089	2,133	2,162	2,768	2,544	2,479	2,023	2,267	2,298	2,162	1,332	2,252	2,208	2,208	2,027	**1,648**	335
Investment	1,653	1,780	1,636	804	899	964	1,622	1,322	1,167	1,282	1,808	1,012	1,135	960	1,206	**2,204**	536
Central banks & other inst	79	481	569	629	601	580	395	379	656	605	255	450	1,080	1,051	1,092	**850**	244
Technology	467	438	390	363	355	338	329	339	342	333	309	337	315	305	326	323	82
Gold Demand	**4,288**	**4,832**	**4,758**	**4,564**	**4,399**	**4,360**	**4,370**	**4,307**	**4,463**	**4,382**	**3,703**	**4,051**	**4,738**	**4,525**	**4,651**	**5,025**	**1,196**
OTC & other (Surplus/Deficit)	*29*	*(306)*	*(209)*	*-233*	*107*	*79*	*459*	*426*	*376*	*558*	*1,049*	*694*	*94*	*489*	*403*	*119*	*35*
Total Demand	**4,317**	**4,526**	**4,549**	**4,332**	**4,506**	**4,439**	**4,828**	**4,733**	**4,839**	**4,940**	**4,752**	**4,746**	**4,832**	**5,013**	**5,054**	**5,144**	**1,231**

Gold Supply (in tonnes)																	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Q1 2026
Total Mine Supply	2,646	2,899	2,912	3,136	3,376	3,372	3,596	3,621	3,707	3,664	3,459	3,610	3,696	3,780	3,689	3,740	865
Recycled Gold	1,671	1,626	1,637	1,195	1,130	1,067	1,232	1,112	1,132	1,276	1,293	1,136	1,136	1,234	1,365	1,403	366
Total Supply	**4,317**	**4,526**	**4,549**	**4,332**	**4,506**	**4,439**	**4,828**	**4,733**	**4,839**	**4,940**	**4,752**	**4,746**	**4,832**	**5,013**	**5,054**	**5,144**	**1,231**

Source: World Gold Council

Gold to US CPI ratio is close to All Time Highs

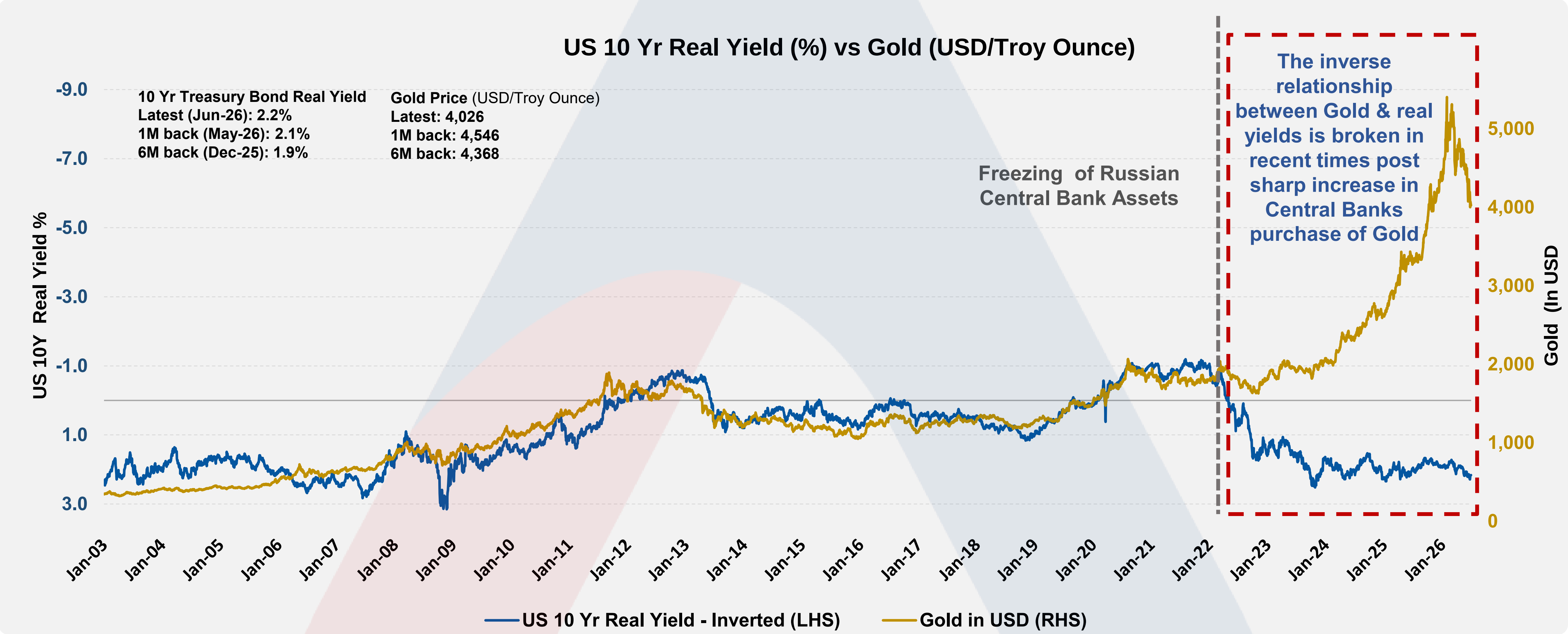
Historically, Gold peaked when the Gold/US CPI ratio was at ~8-9x. Today it is at ~12x!



Source: US Bureau of Labor Statistics, lbma.org, AssetPlus Research. Gold is measured in Troy Ounce. 1 Troy Ounce = 31.1 grams. Gold data from 01-Jan-1971 to 30-Jun-2026. US CPI Urban Inflation is updated till 31-May-2026. 7 Year Rolling Average & standard deviation is used.

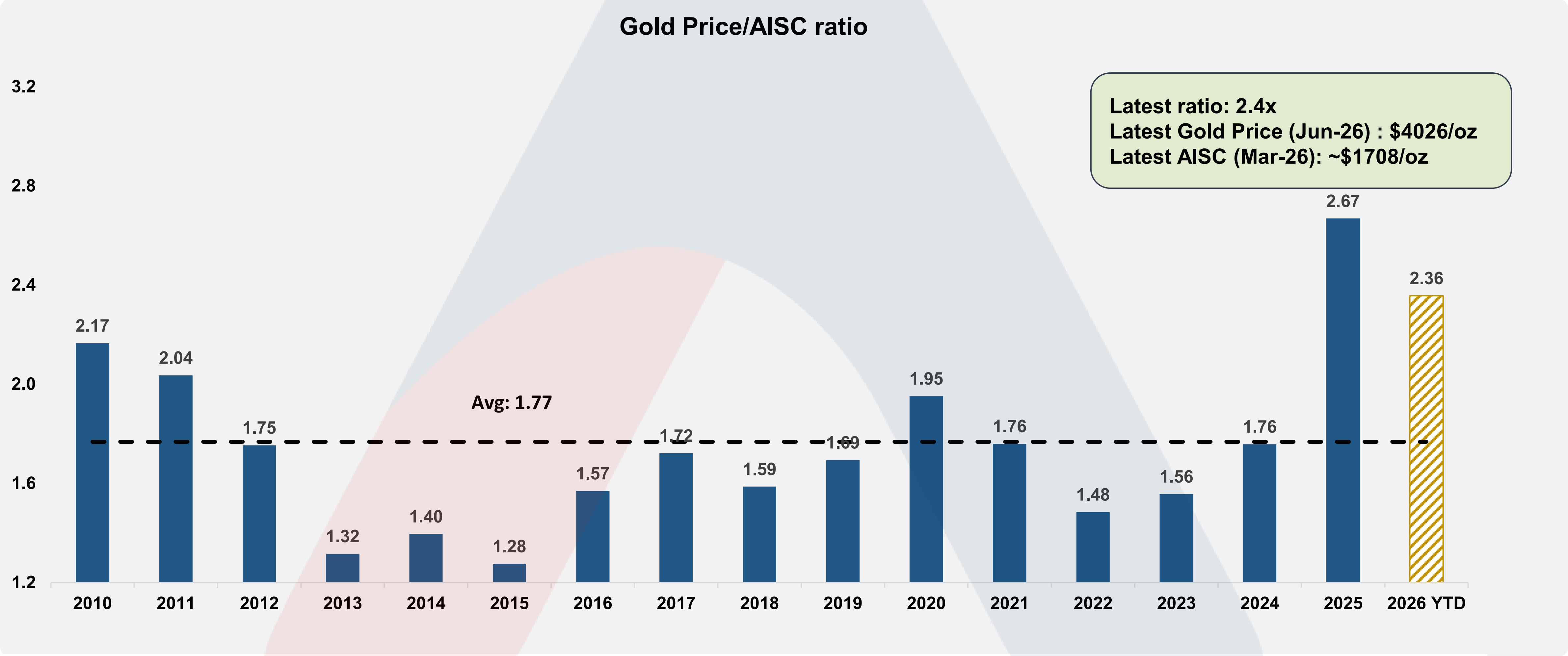
High 10Y US real yield at 2.2%

Indicates Gold is relatively less attractive vs US Treasury Bonds



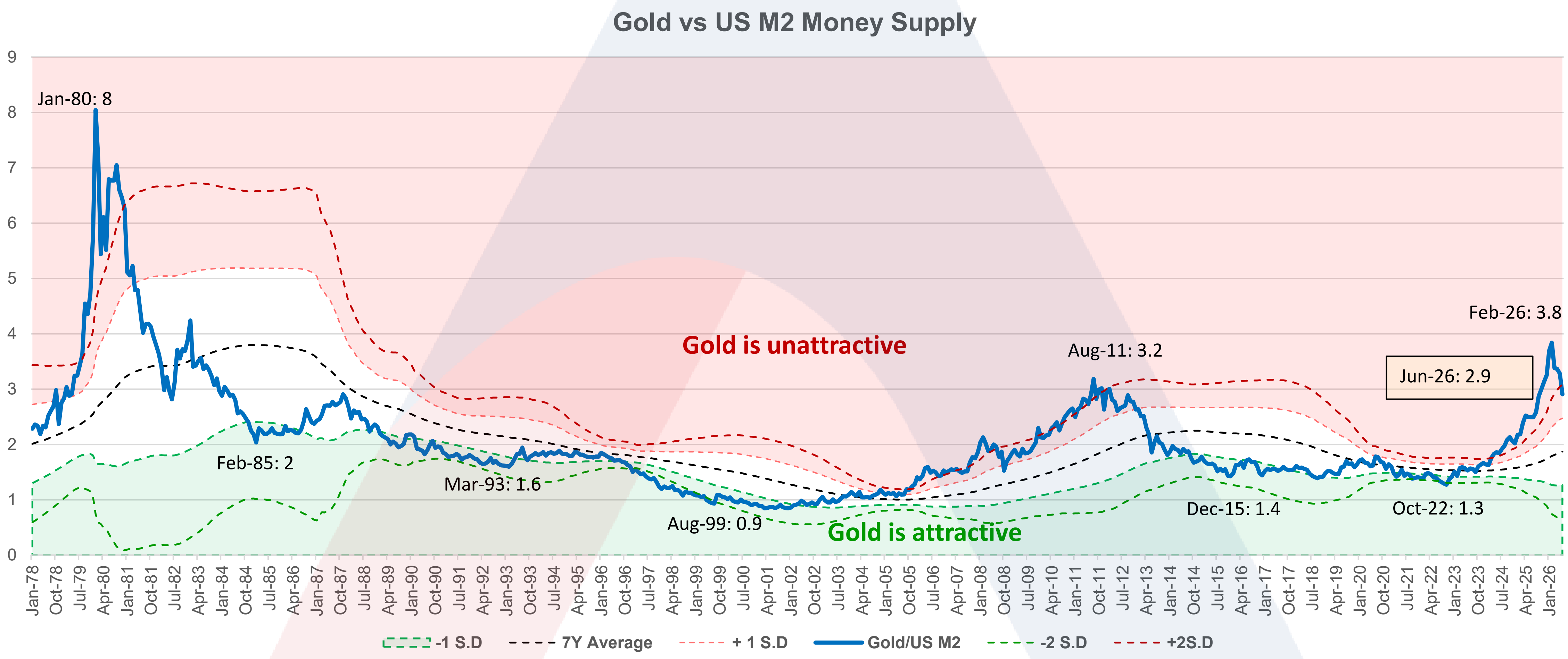
Gold usually moves opposite to US real yields. Higher real yields make safe US bonds more attractive reducing demand for non-yielding gold while lower real yields support gold prices.
Note:US 10 Yr Real Yield is calculated based on yields of treasury inflation protected securities (TIPS). Treasury Inflation-Protected Securities (TIPS) are government bonds whose principal and interest payments adjust with inflation, helping investors preserve their purchasing power. Source: fred.stlouisfed.org, lbma.org, AssetPlus Research. As on 30-Jun-2026. 1 Troy Ounce = 31.1 grams.

Historically when Gold peaked, Gold Price to Mining cost ratio was close to ~2x. Today we are at ~2.4x -> Negative for Gold



Source: Barricks Annual reports & Quarterly Presentations, lbma.org, Investing.com, AssetPlus Research. AISC value as on Mar-2026 is from Barricks Quarterly Operating results. AISC is the all-in sustaining cost metric used by gold mining companies to calculate the cost of their mining operations. It comprises total cash costs plus corporate general & administrative costs, reclamation costs, exploration and study costs, sustaining capital exploration/development and sustaining capital expenditure.

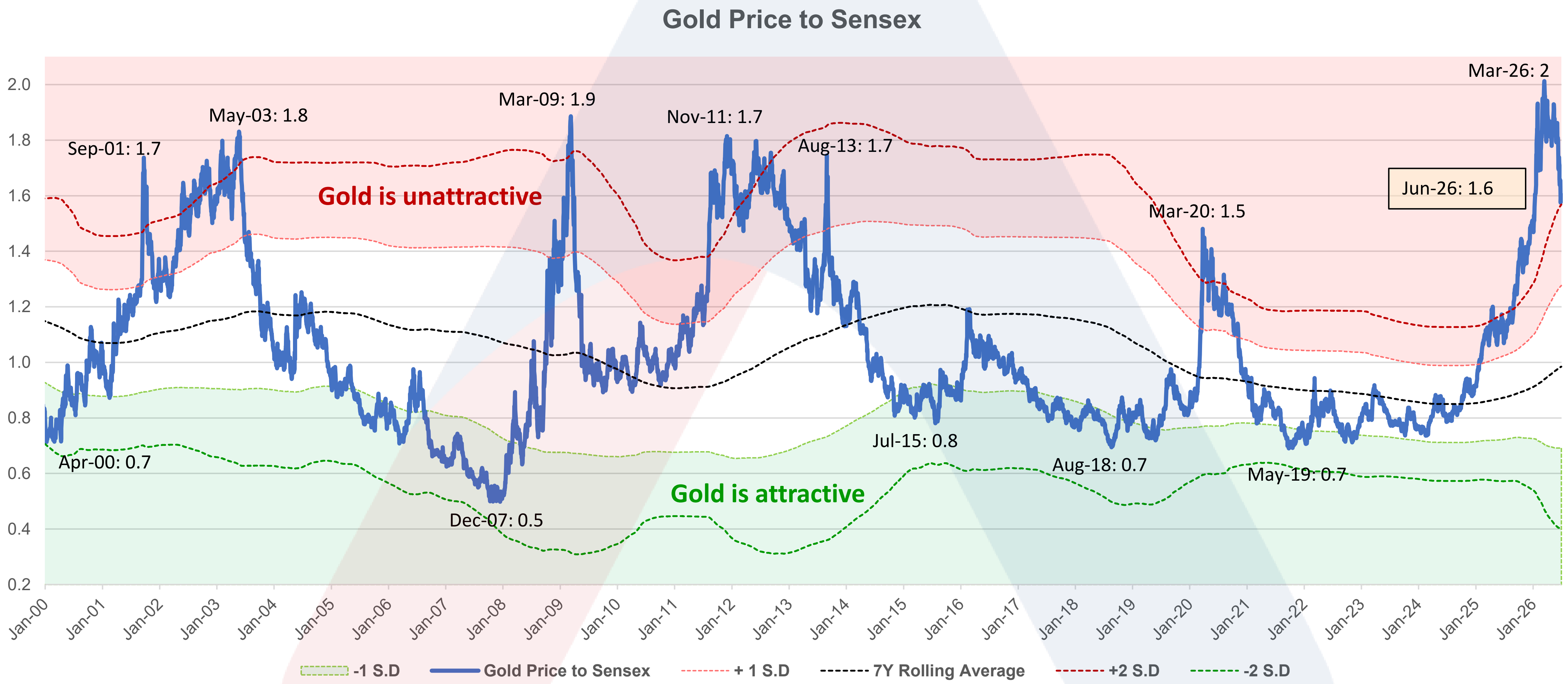
In the last cycle (2002-12), Gold to Money Supply ratio peaked to 3.2x Today we are at 2.9x -> Negative for Gold



Source: fred.stlouisfed.org, lbma.org, AssetPlus Research. US M2 Money Supply latest data as on May-2026. Latest data for Gold as on Jun-26. 1 Troy Ounce = 31.1 grams. Rebased to 100 from 01-Jan-71. M2 Money supply is a broad measure of the money supply, including currency and various sorts of bank and money market mutual fund deposits that are relatively liquid. 7 Year Rolling Average & standard deviation is used.

Gold-Equity ratio is at Expensive Levels at 1.6x

-> Indicates Gold is expensive at current levels



Source: Ace MF, Ibma.org, Investing.com, AssetPlus Research. Gold USD prices converted using the USD/INR exchange rate (gold prices exclude taxes and levies). Gold Price in INR per 10 grams is considered. Data from 01-Jan-2000 to 30-Jun-2026.

SECTION 05

Investment Ideas

Sector/Thematic - Banking & Financial Services Sector

TIME to ENTER - Banking and Financial Services

In the EARLY stages of the next credit cycle…

- **Loan growth** expected to **pickup -** to be driven by **recovery** in **Real Estate & Corporate Capex**
- **High Bad Loans phase is behind us -** Asset Quality for Banks has significantly improved
- **Bank balance sheets** are **strong** to **support upcoming loan growth cycle -** Capital Adequacy Ratio at historical highs of 17% (well in excess of regulatory requirement at 12%)

Supported by LONG TERM growth drivers…

- **Long runway for Credit Growth** led by **under penetration of financial services** + **technology democratizing credit** + **rural penetration**
- **Structural shift** from PSUs to Private Banks
- **Shift of Savings** from **Physical to Financial assets**

Leading to Improved Fundamentals + Available at REASONABLE Valuations

- **Significant improvement in Fundamentals** - Higher ROA/ROE + Lower NPA + Strong Profit Growth
- **Past Cycles - Significant outperformance** during **credit upcycles**
- **Available at Reasonable Valuations**

Part of Opportunities Bucket (high risk high return potential) → Suitable for **aggressive investors** with **3-5 year time frame**

Banking and Financial Services Fund | **Invest up to 10%** of your **equity portfolio**

Source: AssetPlus Research.

SECTION 06

Portfolio Construction

What does our model equity portfolio look like?

If you are

Risk Appetite/Type of Investor	Equity Allocation (%)
Aggressive	70%
Balanced	50%
Conservative	30%

Then should you consider having this much % of equity in your portfolio

Source: AssetPlus Research.

Client Model Portfolio - Aggressive

Asset Class	Long Term Asset Allocation %	View	Current Asset Allocation %	Strategy	Strategy Allocation %	Style/Sub-Asset	Style/Sub-Asset Allocation %
Equity	70%	Overweight	75%	Equity Core - Domestic	60%	*Quality*	*9%*
						Value	*9%*
						Growth	*9%*
						Mid Cap	*9%*
						Momentum	*9%*
				Equity Core - Global	15%	*US Nasdaq/Global Equity*	*15%*
				Enhancer (High Risk)	15%	*Banking & Financial Services*	*7.5%*
						Small Cap	*7.5%*
Debt	15%	Neutral	15%	Debt - Core	11%	*Income Plus Arbitrage FOF*	*11%*
				Debt - Plus	4%	*Equity Savings or Hybrid Long Short SIFs*	*4%*
Gold	15%	Underweight	10%	Gold - Core	10%	*Gold Index Fund*	*10%*
Total	**100%**		**100%**		**100%**		***100%***

Source: AssetPlus Research

Client Model Portfolio - Balanced

Asset Class	Long Term Asset Allocation %	View	Current Asset Allocation %	Strategy	Strategy Allocation %	Style/Sub-Asset	Style/Sub-Asset Allocation %
Equity	50%	Overweight	55%	Equity Core - Domestic	35%	*Quality*	*7%*
						Value	*7%*
						Growth	*7%*
						Mid Cap	*7%*
						Momentum	*7%*
				Equity Core - Global	10%	*US Nasdaq/Global Equity*	*10%*
				Enhancer (High Risk)	10%	*Banking & Financial Services*	*5%*
						Small Cap	*5%*
Debt	30%	Neutral	30%	Debt - Core	24%	*Income Plus Arbitrage FOF*	*24%*
				Debt - Plus	6%	*Equity Savings or Hybrid Long Short SIFs*	*6%*
Gold	20%	Underweight	15%	Gold - Core	15%	*Gold Index Fund*	*15%*
Total	100%		100%		100%		*100%*

Source: AssetPlus Research.

Client Model Portfolio - Conservative

Asset Class	Long Term Asset Allocation %	View	Current Asset Allocation %	Strategy	Strategy Allocation %	Style/Sub-Asset	Style/Sub-Asset Allocation %
Equity	**30%**	**Overweight**	**35%**	Equity Core - Domestic	30%	*Quality*	*6%*
						Value	*6%*
						Growth	*6%*
						Mid Cap	*6%*
						Momentum	*6%*
				Equity Core - Global	5%	*US Nasdaq/Global Equity*	*5%*
				Enhancer (High Risk)	0%	*Banking & Financial Services*	-
						Small Cap	-
Debt	**50%**	**Neutral**	**50%**	Debt - Core	40%	*Income Plus Arbitrage FOF*	*40%*
				Debt - Plus	10%	*Equity Savings or Hybrid Long Short SIFs*	*10%*
Gold	**20%**	**Underweight**	**15%**	Gold - Core	15%	*Gold Index Fund*	*15%*
Total	**100%**		**100%**		**100%**		***100%***

Source: AssetPlus Research.

Thank you