

May 2025

FUND MANAGERS COMMUNICATION



Global Market:

During the month of April 2025: US S&P 500 was down by -0.7%, MSCI Europe ex-UK -0.4%, Japan Topix was up 0.3%, Nifty 50 was up by 3.47%. The yield on 10-year US Treasuries reached a peak of 4.6% on 11 April, before settling at 4.2% by the end of the month. Gold was the big beneficiary of April's uncertainty, marking a new all-time high at \$3,500 on 22 April. Oil prices fell below \$65-70 amid rising recession fears and a decision from OPEC members to boost supply.

Markets were volatile in April, as the implications of US trade policy impacted stocks, bonds, and currencies. Stocks recovered much of their losses after President Trump softened the approach, announcing a 90-day pause in the implementation of reciprocal tariffs for countries that had not yet adopted retaliatory measures. US / China trade tensions also eased in month end. The uncertainty of US trade policy remains high and is likely to continue to feed market volatility ahead.

US headline and core inflation rates for March declined printing below expectations at 2.4% and 2.8% year over year respectively. Markets are expecting inflation may come back in US, with tariffs.

IMF World Economic outlook – The International Monetary Fund has given GDP prediction for 2025 - world GDP growth at 2.8%, with US at 1.8%, China at 4% and India at 6.2%. The outlook for India is relatively stable supported by private consumption.



Domestic Market:

GST Collection: GST receipts in April month hit Rs. 2.37 lakh crore, marking a 12.6% growth, all-time high collection ever.

Auto numbers: In Apr'25, tractor volumes broadly came in line with our estimate and grew in high-single digits y/y, supported by agricultural activities. Ahead, positive rural markets, festival/wedding season, rabi output cashflows,

better interest rates and higher disposable income, thanks to tax cuts, would keep the momentum healthy.

PMI: India's Manufacturing Purchasing Managers' Index (PMI) rose to 58.2 in April 2025, up from 58.1 in March, according to data released by HSBC and compiled by S&P Global. (Manufacturing PMI data is an economic indicator that measures the activity level in the manufacturing sector. It is based on a survey of purchasing managers across manufacturing industries and provides insights into business conditions, including production, new orders, employment, supplier delivery times, and inventory levels).

IIP: India's Index of Industrial Production (IIP) growth accelerated to 3% in Mar'25, up from the revised 2.7% figure in Feb, led by electricity (6.3%) and manufacturing (3%). While we expect industrial activity to be supported by increased government capex, tax cuts, strong rabi sowing and better employment trends, developments on the tariff front, its fallout on global growth and the bilateral trade agreement between India and the US will be key to shape the growth of industrial production.

Fund Flow: FII flows were positive in the month of April 2025 at Rs.6363 crores, DII flows remained healthy with positive inflows of Rs.17087 crores during the month. FIIs which were aggressive sellers in the last few months, have become incrementally positive.

Fund Flow: Dollar to Rupee which has made high of closer to 87.8 in Feb 2025, has seen recovery with gains in the last two months and touched below 84/dollar. Strong Foreign inflows, lower crude prices and stronger Asian currency in hope of trade deal with US, has been key factors for stronger rupee.

USD: Dollar to Rupee which has made high of closer to 87.8 in Feb 2025, has seen recovery with gains in the last two months and touched below 84/dollar. Strong Foreign inflows, lower crude prices and stronger Asian currency in hope of trade deal with US, has been key factors for stronger rupee.

Equity Market Outlook:

Uncertainty related to tariff war persist, however the 90 days pause and negotiations and discussion going on between US and other countries, is likely to conclude on positive note compared to earlier tariff imposed. On the other hand, India and the UK have finally signed their Free Trade Agreement after 13 rounds of negotiations. Indian gems, textiles, and pharma get duty-free access to the UK.

The geopolitical situation between India & Pakistan might keep markets sentiment low in near term, however based on past escalation between India & Pakistan, we believe the impact to Indian economy to be very limited in medium to long term.

Earnings season for Q4FY25 is mid-way, till date results are mixed but broadly in line with expectations. IT, FMCG continues with low single digit growth. Over all macro set up in India is quite comfortable with Brent Crude oil is now trading closer to \$60-65/bbl, healthy GDP growth, lower inflation, lower interest rate in coming quarters, liquidity easing by RBI, revival of government capex, improved consumer discretionary demand led by tax deduction benefits and expected improvement in rural demand would be positive factors. Recovery in profitability of corporate India is expected from Q1FY26 and pick up in coming quarters. We remain constructive on India economy and Indian equities for long term.



Regards,

Mayur Shah

(Fund Manager-Anand Rath Advisors Ltd.)

Disclaimer: Anand Rath Advisors Ltd. (ARAL) ("Portfolio Manager") SEBI Reg No. INP000000282 which is regulated under SEBI. This report has been issued by ARAL. Investments in securities are subject to market and other risks and there is no assurance or guarantee that the investment objectives of any of the investment approaches or portfolios offered by the Portfolio Manager (each, a "Portfolio") will be achieved. Portfolio performance may be affected by a wide variety of factors, including, without limitation, security-specific price shifts, changes in general market conditions and/or other micro and macro factors. A Portfolio performance results at any particular time will also be impacted by its investment objectives and the investment strategy it uses to achieve those objectives, including without limitation, its then-current asset allocation position. As the price/value of the underlying assets of a Portfolio fluctuates, the value of investors investments in that Portfolio and any income derived from it may go up or down. Individual returns of an investor for a particular Portfolio may also vary because of factors such as timings of entry and exit timings of additional flows and redemptions, individual investor mandate, specific Portfolio construction characteristics and/or structural parameters. Please refer to the Disclosure Document and Portfolio Management Services Agreement for Portfolio-specific, risk factors. Note that the composition of a Portfolio and the index(es) used to benchmark its performance are subject to change from time to time, as may be more fully described in the Disclosure Document. Note also that the composite benchmarks used for the Portfolios may be proprietary to the Portfolio Manager.

ARAL and its affiliates may trade for their own accounts as market maker / jobber and/or arbitrageur in any securities of this issuer(s) or in related investments, and may be on the opposite side of public orders. ARAL, its affiliates, directors, officers, and employees may have a long or short position in any securities of this issuer(s) or in related investments. ARAL or its affiliates may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. This is prepared for only private circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report.

Past performance of a Portfolio does not indicate its future performance. The Portfolio Manager does not guarantee that any Portfolio will generate positive returns or that it will meet the needs/investment objectives of any particular person. The names of the Portfolios do not in any manner indicate their prospects or likelihood of returns. Before making an investment decision, please (1) carefully review the Disclosure Document, Portfolio Management Services Agreement, and other related documents, including issue documents pertaining to the underlying investments of the relevant Portfolio(s), and (2) consult your legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing in any of the Portfolios.

Investors are also advised to refer to the risk factors associated with Portfolio Management Services and read the Disclosure Document carefully and consult their Financial Advisor before taking decisions of investment.

For detailed risk factor, please refer to Disclosure Document before investing.