SECURITY INVESTMENTS
Investment decisions... now easy!
SINCE : 1966

AMFI-Registered Mutual Fund Distributor (ARN-1435)
ARN Valid: 15-Feb-2025 to 15-Feb-2028

MONTHLY DIGEST

July - 2026

SECURITY INVESTMENTS LIMITED

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"

Given a ten percent chance of
a 100 times payoff,
you should take that bet every time.

- **Jeff Bezos**

Global Markets

Global markets rallied after the US and Iran signed a preliminary peace deal. The Sensex gained nearly 1,700 points (month-on-month) to close near 76,500. The Nifty gained 1.4% in June to close near 23,900. The Dow Jones gained 2.5%. Other leading markets, Nikkei (Japan), DAX (Germany), CAC (France) and FTSE (UK) were all in the green. However, tech stocks came under pressure towards the end of the month. Emerging markets underperformed versus developed markets in June, except for China. The Shanghai Composite gained 0.6% in June.

Indian Equity Markets

Market recovery was broad-based, with midcaps gaining 1%. The small-cap segment was standout performer, gaining nearly 4%. Most industry sectors were in the green in May. Realty, financial services, healthcare, consumer durables, and automobiles outperformed the broad market index in June, while IT underperformed amidst global tech sell-off. FII sell-off in continued in June with Rs 49,300 crores of net sales of Indian equities. This is the 4th consecutive month when FII have been net sellers. In the first 6 months of CY 2026, FII have been net sellers for 5 months. Mutual funds continued to support the market with net inflows of Rs 53,000 crores.

Debt, Forex and Commodity

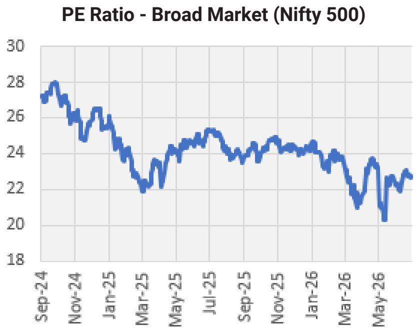
Reserve Bank of India (RBI) kept the repo rate unchanged at 5.25% in the June MPC meeting. The Marginal Standing Facility Rate (i.e., the rate at which commercial banks can borrow emergency funds from the RBI overnight) also remains unchanged at 5.5%. RBI's monetary policy stance in neutral, which means that the central bank is carefully balance growth and inflation. The 10-year G-Sec softened by 25 bps to around 6.75%. The yield curve steepened with the 364 Day T-Bill yield falling by 47 bps to 5.66%. The 91 day T-Bill yield also softened by 26 bps. The INR ended almost flat against the US dollar in June. Hawkish US Federal Reserve monetary policy stances led to a decline in precious metal prices versus the USD. Gold prices fell by nearly 10% in June, while silver prices fell nearly 15%. WPI Inflation spiked up and factory output (IIP) jumped in May.

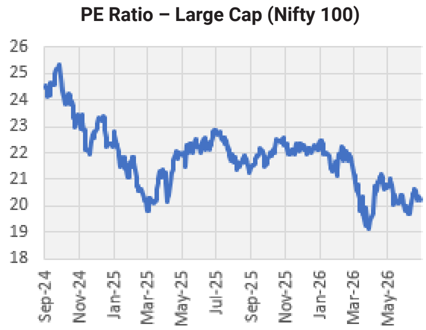
On 17th June, the US Administration announced that it has reached a preliminary peace agreement with Iran. Brent crude oil prices dropped by nearly $12 a barrel. Global markets rallied on falling crude prices and hopes of the resumption of energy flows through the Strait of Hormuz. US dollar has been strengthening against major currencies. Hawkish US Federal Reserve monetary policy stances led to decline in precious metal prices versus the USD. Gold prices fell by nearly 10% in June, while silver prices fell nearly 15%. Precious metal prices have an inverse relationship with US interest rates. Higher US interest rates / Treasury Bond yields make US Treasury Bonds more attractive investment options, as safe haven investments compared to precious metals.

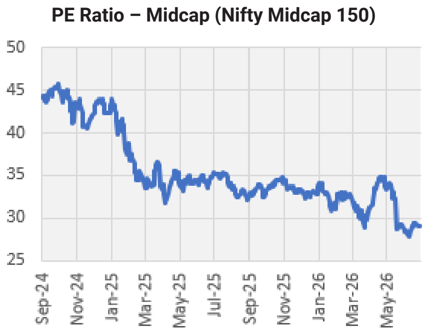
Valuations

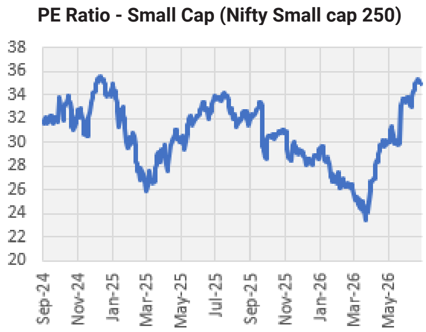
Valuations seem reasonable at the broad market level. Nifty PE ratio is below the long-term historical (13 year) average valuation spanning multiple investment cycles.

Valuations have also come down across broader market cap segments, especially in large and midcap segments. Investors should continue SIPs in mid and small caps, with a long investment horizon. The overall economic and market environment is uncertain. However, current valuations provide attractive entry points for long term investors.









Source: NSE. Advisorkhoj Research. As on 30th June 2026. PE ratios are based Trailing Twelve Months (TTM) Earnings Per Share (EPS).

Market sentiment seems to be bullish, even though we may see a bout of profit taking from time to time. In the past, the market has seen V shaped recovery from a deep correction (e.g. post 2008, post COVID recoveries). The market is waiting for global and domestic cues to provide tailwinds for a sustained rally. While the Nifty has given negative returns this year, small caps have been outperforming, giving 6.4% returns in the first six months of the year in difficult market conditions. Since the market are still below the all-time highs and valuations are reasonable, investments made at these levels may give higher returns in the long term. Investors should remain disciplined and continue to invest through SIP.

Bite Sized Trivia – Half Year Round Up

Top performing categories

FOF – Overseas
Pharma and healthcare thematic funds
Small cap funds
Manufacturing thematic funds

Under performing categories

Technology thematic funds
FMCG sector funds
Contra funds
Large cap funds
Dividend yield funds

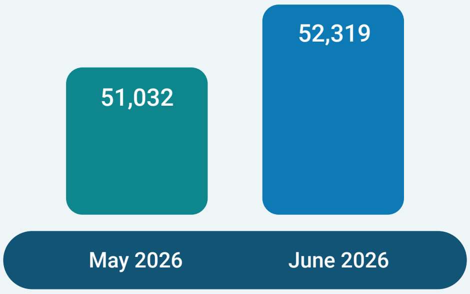
Asset class returns

Equity large cap -6.2%
Equity midcap 2.5%
Equity small cap 6.4%
Debt (10-year G-Sec) 2.2%
Gold 6.1%
S&P 500 (US market) 15.9%

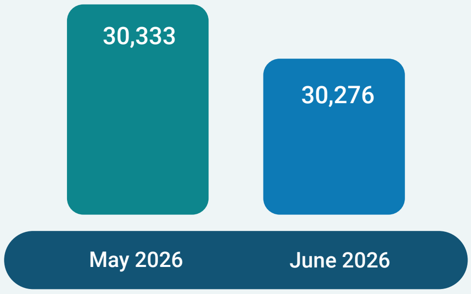
Market Roundup - *Global Markets*

Global markets have rallied after the preliminary peace agreement between the US and Iran. Overall global risk sentiments are improving, which is positive for Indian equity markets

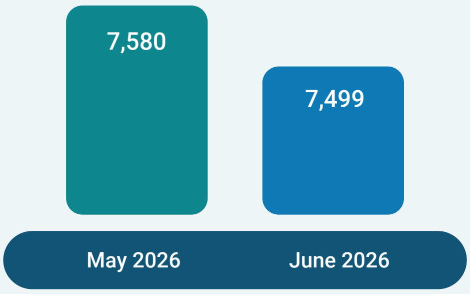
Dow Jones : **2.52% MOM ↑**



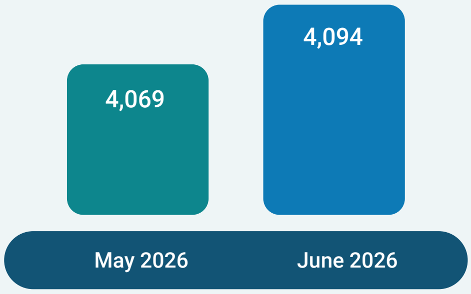
Nasdaq : **- 0.2% MOM ↓**



S&P 500 : **- 1.07% MOM ↓**



Shanghai Composite : **0.61% MOM ↑**

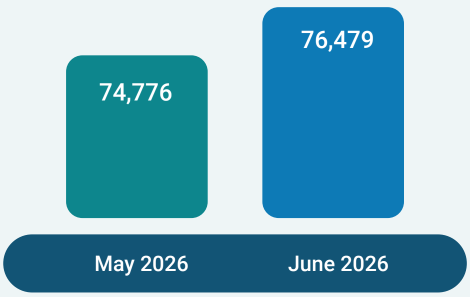


*Index values are closing prices on the last trading sessions of the respective months

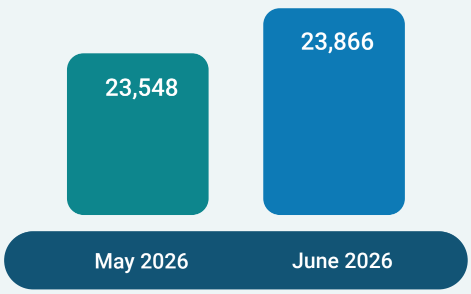
Market Roundup - *Indian Equity Market*

Market has bounced back and sentiment is positive. Strong flow from DIIs will provide support to the market, even though we may see profit booking at higher levels. The market may consolidate for some time in a range and then break out for a new bull market.

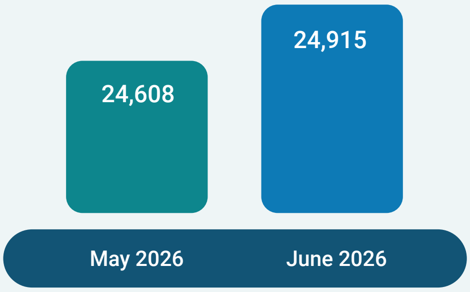
Sensex : **2.3% MOM ↑**



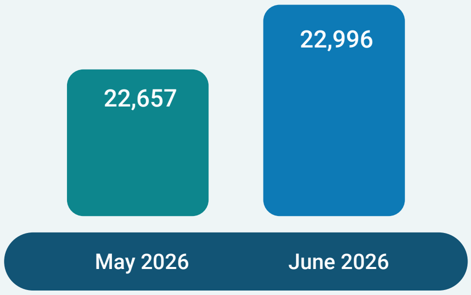
Nifty : **1.4% MOM ↑**



Nifty 100 (Large Cap) : **1.25% MOM** ↑



Nifty 500 (Broad Market) : **1.5% MOM** ↑

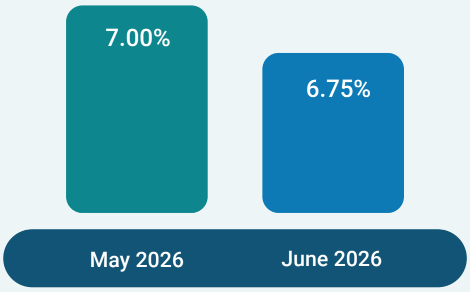


*Index values are closing prices on the last trading sessions of the respective months

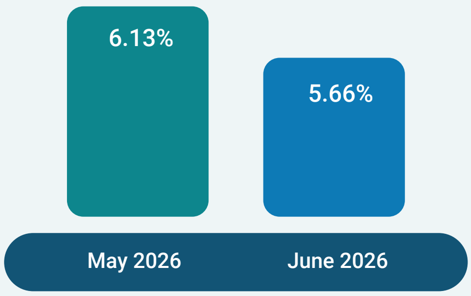
Market Roundup - *Debt and Forex Market*

Reserve Bank of India (RBI) kept the repo rate unchanged at 5.25% in the June MPC meeting. RBI's monetary policy stance in neutral, which means that the central bank is carefully balance growth and inflation. Yields have come down across different maturities in the yield. Overall sentiment is positive. The INR was flat against USD in June, but strengthening dollar and firm US Treasury Bond yields may keep pressure on the INR

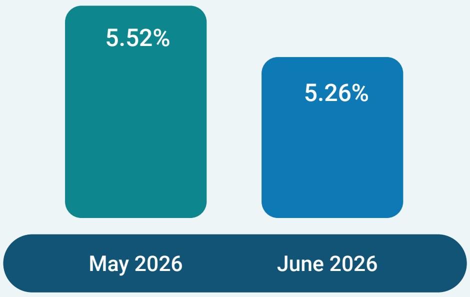
10 year G-Sec Yield* (%) : **- 25 bps MOM** ↓



364 Day T-Bill Yield* (%) : **- 47 bps MOM** ↓



91 Day T-Bill Yield* (%) : **-26 bps MOM** ↓



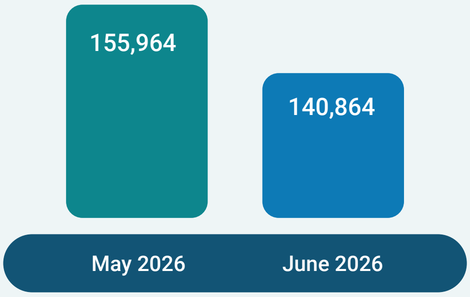
USD to INR : **-32 bps MOM** ↓

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

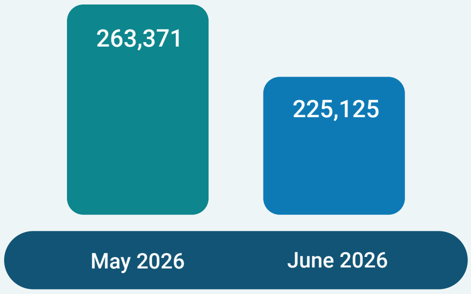
Market Roundup - *Commodities Market*

Hawkish US Federal Reserve monetary policy stances led to decline in precious metal prices versus the USD. Gold prices fell by nearly 10% in June, while silver prices fell nearly 15%.

Gold (INR per 10 grams) : **-9.7% MOM ↓**



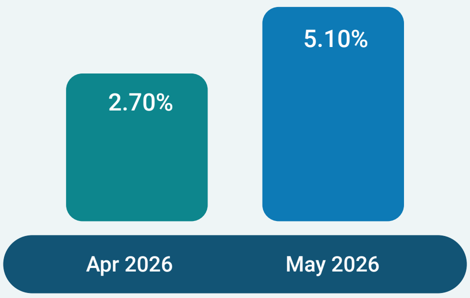
Silver (INR per kg) : **-14.5% MOM ↓**



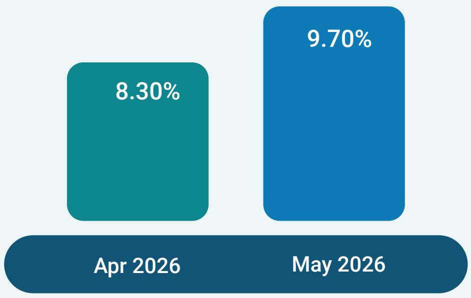
*Commodity prices are based MCX closing spot prices on the last trading sessions

Economic Indicators

Index of Industrial Production* : **2.4 ↑**



Wholesale Price Index* : **1.4 ↑**



*Based on latest Government published data.

Knowledge Bite: Why STP Tenure Matters

STP is a defence against volatility because it allows you to average the acquisition cost of your target fund, e.g., equity fund units, during volatile market conditions. Through the tenure of your STP, you also get returns from your target fund e.g., liquid fund (on a diminishing balance basis), which can be reinvested in the target fund equity fund. Different STP tenures will give different results depending on market conditions.

The role of tenure

STP tenure is not just a mechanical setting in a mutual fund platform. It is the pacing device that decides how quickly capital moves from a low-risk parking option into a growth-oriented scheme, and that pacing can reduce the risk of entering at the wrong time. A short tenure concentrates the transfer into a tighter window, which can be useful if you want faster deployment but also means you are closer to the market level at that moment. A longer tenure stretches the transfer over more market cycles, giving the process more chances to benefit from rupee cost averaging and from dips that appear between transfers.

Dilemma of STP tenures

Investors usually initiate STPs when they want to invest during corrections and are not sure how long the correction will last. The table below shows the biggest market drawdowns in the last 25 years. You can see that the length of correction was between 30 and 300 days, and the length of recovery was 250–1,000 days. To be on the safe side, you may want to have long STP tenures.

Drawdown	Start Date	Length of correction (days)	NIFTY 50 TRI Drawdown (%)	Length of recovery (days)
NDA defeat in Lok Sabha election	14-01-2004	124	-29.75	321
Global Financial Crisis	08-01-2008	293	-59.5	997
US Debt Ceiling Crisis	25-07-2011	148	-19.78	420
China slowdown	05-08-2015	205	-18.59	341
COVID-19	20-02-2020	32	-36.85	259
FII sell-off	26-09-2024	159	-15.43	392
US Iran War	02-01-2026	90	-15.08	Not yet recovered

However, if there is a hockey stick-shaped recovery; then you will be purchasing units of equity funds at higher and higher prices with every STP instalment. The table below shows monthly STP from HDFC Liquid Fund to HDFC Flexicap Fund for different STP tenures during the COVID drawdown.

Monthly STP: Source Scheme - HDFC Liquid Fund || Target Scheme - HDFC Flexicap Fund

STP Tenure	STP Period	Monthly STP Amount (Rs.)	No of Instalments	Total Amount transferred	Total No. Units Accumulated
3 months	01-04-2020 to 01-07-2020	10,00,000	3	30,00,000	5,833.06
6 months	01-04-2020 to 01-10-2020	5,00,000	6	30,00,000	5,543.15
12 months	01-04-2020 to 01-04-2021	2,50,000	12	30,00,000	4,872.46

You can see that for very long STP tenures e.g., 12 months, you were able to acquire a lesser number of units of the target scheme, because you were acquiring units at a higher cost (NAV) as the market was recovering.

Does STP frequency matter?

The table below shows fortnightly STP from HDFC Liquid Fund to HDFC Flexicap Fund for different STP tenures during the COVID drawdown. You can see that you were able to accumulate more units with fortnightly STP compared to monthly STP, especially for longer STP tenures, e.g. 6 months, 12 months, etc.

STP Tenure	STP Period	Fortnightly STP Amount (Rs.)	No of Instalments	Total Amount transferred	Total No. Units Accumulated
3 months	01-04-2020 to 01-07-2020	5,00,000	6	30,00,000	6,001.40
6 months	01-04-2020 to 01-10-2020	2,50,000	12	30,00,000	5,644.39
12 months	01-04-2020 to 01-04-2021	1,25,000	24	30,00,000	4,945.76

Now let us see how many units you could have acquired over the same periods using weekly STP (see the table below). You can see that you were able to accumulate a slightly higher number of units using weekly STP.

STP Tenure	STP Period	Weekly STP Amount (Rs.)	No of Instalments	Total Amount transferred	Total No. Units Accumulated
3 months	01-04-2020 to 01-07-2020	2,50,000	12	30,00,000	6,017.71
6 months	01-04-2020 to 01-10-2020	1,25,000	24	30,00,000	5,639.08
12 months	01-04-2020 to 01-04-2021	62,500	48	30,00,000	5,038.86

What STP tenure/frequency to choose?

STP Tenure	Monthly	Fortnightly	Weekly
3 months	5,833.06	6,001.40	6,017.71
6 months	5,543.15	5,644.39	5,639.08
12 months	4,872.46	4,945.76	5,038.86

The above analysis shows that a 3–6–month STP works better than a long-term STP because market recoveries are usually faster than most investors anticipate. India is largely a momentum driven market. Government and central banks also step in to provide liquidity in financial markets to aid recovery. Market recoveries are likely to pick up momentum and quickly make new highs, as we saw during COVID and previous corrections. With regards to frequency, this analysis shows that with fortnightly or weekly STP, you can accumulate more units at lower prices compared to monthly STP. This can work both with V shaped or U shaped recoveries.

Flexibility of STP

You can begin your STP if you think prices (NAVs) have corrected. You can select a 3–6–month STP tenure and a suitable frequency. STP turns the investor into a participant, not a spectator. Instead of moving all at once, you preserve the ability to adapt as conditions change. If you think prices (NAVs) are rising faster than anticipated, then you always have the option of stopping your STP by writing to the AMC and switching the balance units in the source scheme e.g., liquid fund, to the target fund. You should always consult with your financial advisor to decide which STP tenure and frequency you should select, depending on where we are in the current market cycle.

Our References

FD Interest Rates

Company	Investment Period (Months)	Rate of Interest (%) (Per Annum)	Senior Citizen (%) (Per Annum)
Bajaj Finance Limited	12 to 60	7.40	7.75
ICICI Home Finance	12 to 60	7.20	7.55
LIC Housing Finance	12 to 60	6.90	7.15
Mahindra & Mahindra Financial Services Limited	12 to 60	7.45	7.80
PNB Housing Finance Limited	12 to 60	7.25	7.50
Shriram Finance Limited Unnati Deposits	12 to 60	7.50	8.05
Sundaram Home Finance Limited	12 to 60	7.15	7.50

DISCLAIMER: Interest Rates are subject to change without any prior intimation. Please confirm the rate of interest before investing.

NFO (New Fund Offer)

Scheme Name	Issue Opens On	Issue Closes On
ICICI Prudential Balanced Hybrid Fund	30th June 2026	14th July 2026
ICICI Prudential Multi-Asset Active FOF	30th June 2026	14th July 2026
Trust MF Large & Mid Cap Fund	3rd July 2026	17th July 2026
Axis Nifty50 Equal Weight Index Fund	3rd July 2026	17th July 2026
Motilal Oswal Bse Midcap 150 Momentum 30 Index Fund	3rd July 2026	17th July 2026
Mirae Asset BSE Midcap 150 Momentum 30 ETF Fof	6th July 2026	20th July 2026

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New Delhi – 110019

Services We Offer

Planning

- Goal Planning
- Insurance Planning
- Tax Planning

Financial Services

- Mutual Fund
- Fixed Deposit
- Life Insurance
- Health Insurance
- RBI Floating Rate Bonds
- Sovereign Gold Bonds
- Capital Gain Bonds
- NFO - Mutual Fund

Miscellaneous Services

- Real Estate
- Home Loan
- National Pension Schemes
- NRI Desk
- Loan Syndication
- Succession Planning
- Share Demat Services
- Transmission of Financial Assets at Market Place

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