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SINCE : 1966

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

MONTHLY DIGEST

August - 2026

SECURITY INVESTMENTS LIMITED

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"The four most dangerous words in investing are,
it's different this time.

- Sir John Templeton

Global Markets

The global market sentiment was weak. US 10-year Treasury Bond yields surged as crude prices rose after the ceasefire between the US and Iran broke down. Attacks on tankers in the Strait of Hormuz have led to the virtual closure of one of the busiest shipping lanes for oil and gas supplies. US market was weak, with Dow Jones and S&P 500 remaining flat. Tech stocks crashed as chip stocks tumbled due to concerns about AI spending versus short-term revenues and intensifying competition from China. NASDAQ was down 7% in July. Among other developed markets, FTSE (UK), DAX (Germany) and CAC (France) rose in July, while Nikkei (Japan) ended in the red. Emerging markets underperformed versus developed markets. Shanghai Composite (China) was down 6.4%.

Indian Equity Markets

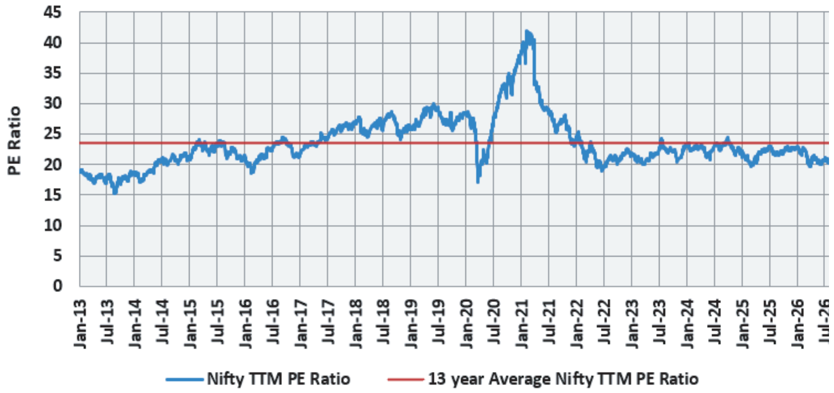
Benchmark indices (Sensex and Nifty) clocked gains for the second consecutive month in July. Both Sensex and Nifty closed above important sentimental levels of 85,000 and 24,000, respectively. Even though Sensex and Nifty gained 2%, there were spurts of volatility in the market as the ceasefire between US and Iran broke down. India outperformed in the emerging market basket. FIIs turned net buyers after 3 consecutive months of sell-off. FIIs made a net purchase of Rs 20,000 crores in July. Mutual funds continue to support Indian equities with net purchases of nearly Rs 18,500 crores. If India continues to outperform the emerging markets, we see higher FII flows in the future.

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 balancing growth and inflation. US 10-year Treasury Bond yields surged as crude prices rose after the ceasefire between US and Iran broke down. However, yields declined when US stopped strikes on Iran. The 10-year G-Sec firmed up by 8 bps and the 364 Day T-Bill yield firmed by 9 bps. Gold prices remained firm, with prices rising by 1% due to demand for safe-haven assets as geopolitical uncertainty persists. Silver prices declined by 3%.The INR weakened further against the US Dollar. Crude oil prices surged and then settled at around $85 a barrel, after US stopped strikes on Iran

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. Nifty 50 earnings growth seems to be catching up with valuations as Q1 earnings growth of Nifty 50 companies beat the Street estimates.



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.

PE Ratio - Broad Market (Nifty 500)

PE Ratio – Large Cap (Nifty 100)

PE Ratio – Midcap (Nifty Midcap 150)

PE Ratio - Small Cap (Nifty Small cap 250)

Source: NSE. Advisorkhoj Research. As on 31st July 2026. PE ratios are based Trailing Twelve Months (TTM) Earnings Per Share (EPS).

The long term India Growth story is intact despite short term underperformance. India's consumption oriented economic, rising per capita and favourable demographics make India's economic even in dynamic geo-political climate. In the long term Indian companies are likely to benefit from the structural reforms made by the Government e.g., Atmanirbhar Bharat, Make in India, Digital India, Atal Innovation Mission, Defence sector reforms, labour law reforms etc. Investors should continue to invest through SIP and have long investment horizon.

Bite Sized Trivia – Snapshots of the annual returns in the last 10 years

Highest 1-year return in the last 10 years

Multicap funds category: 42.67%

Large and Midcap funds category: 38.84%

Flexicap funds category: 36.22%

Lowest 1-year returns in the last 10 years

Multicap funds category: -6.61%

Large and midcap funds category: -7.76%

Flexicap funds category: -4.37%

10 year CAGR

Multicap funds category: 14.63%

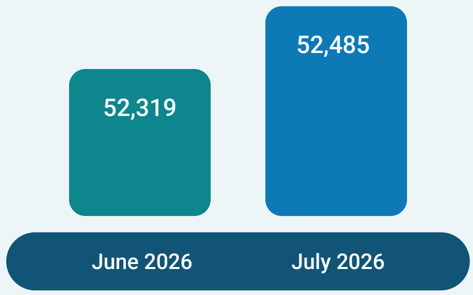
Large and midcap funds category: 13.89%

Flexicap funds category: 13.32%

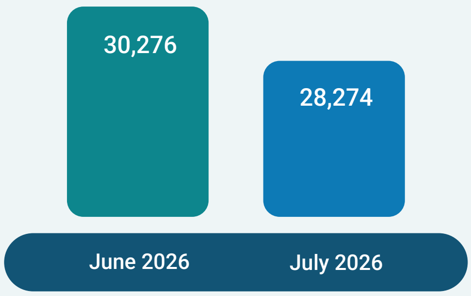
Market Roundup - *Global Markets*

Global market sentiments were weak due to uncertainty about the US Iran war. Tech stocks crashed due to concerns of AI bubble. However, signs of both US and Iran wanting to return to negotiating table, gradual reopening of Strait of Hormuz and resumption of global energy flows, will boost global risk sentiments. It will also be positive of Indian equities.

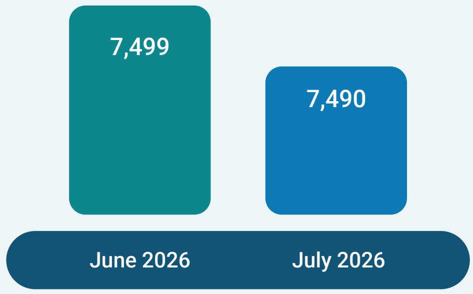
Dow Jones : **0.32% MOM ↑**



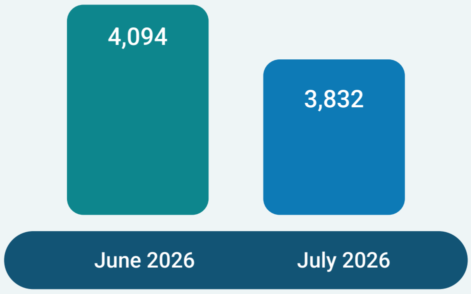
Nasdaq : **- 6.6% MOM ↓**



S&P 500 : **- 0.12% MOM ↓**



Shanghai Composite : **- 6.40% MOM ↓**

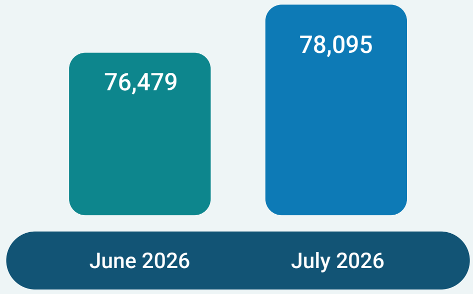


*Index values are closing prices on the last trading sessions of the respective months

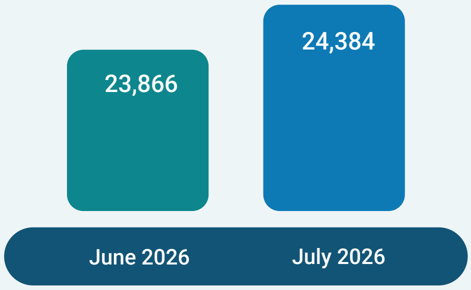
Market Roundup - *Indian Equity Market*

Indian equity markets continued its momentum from June and leading indices closed above important sentiment levels. India outperformed the emerging market basket. FII's turned net buyers after 3 months in July. Q1 earnings growth beat Street expectations and can provide a strong base for the markets to consolidate.

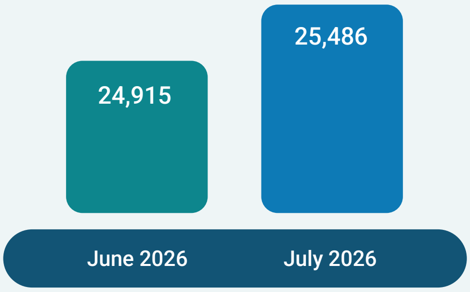
Sensex : **2.1% MOM ↑**



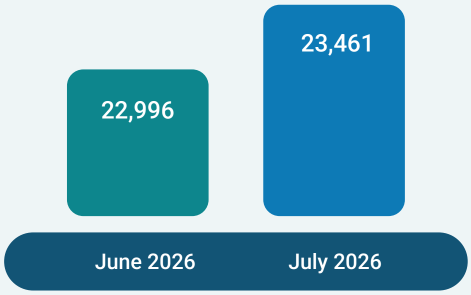
Nifty : **2.2% MOM ↑**



Nifty 100 (Large Cap) : **2.3% MOM** ↑



Nifty 500 (Broad Market) : **2.0% MOM** ↑

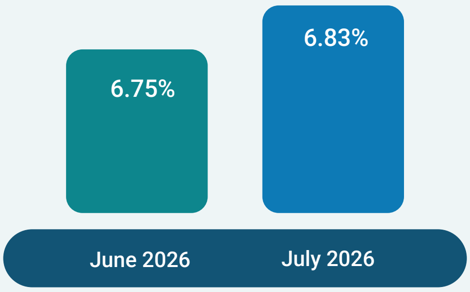


*Index values are closing prices on the last trading sessions of the respective months

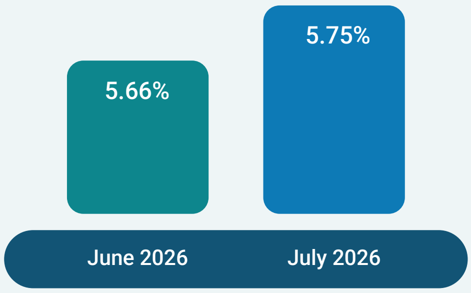
Market Roundup - *Debt and Forex Market*

Bond yields rose as crude oil surged after tanker movement again came to a virtual standstill due to the ongoing tensions between the US and Iran in the Middle East. The INR weakened against the dollar despite RBI's efforts. Brent crude oil prices have slid below $80 per barrel on hopes of a peaceful resolution of the situation in the Middle East and resumption of energy flows. Yields may soften and equity markets get a boost if inflation cools further.

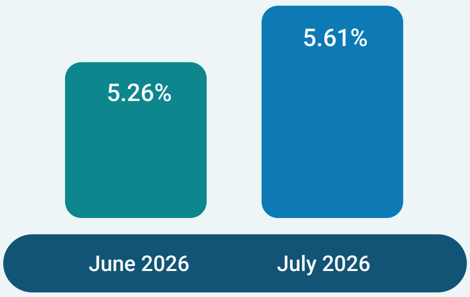
10 year G-Sec Yield* (%) : **8.0 bps MOM** ↑



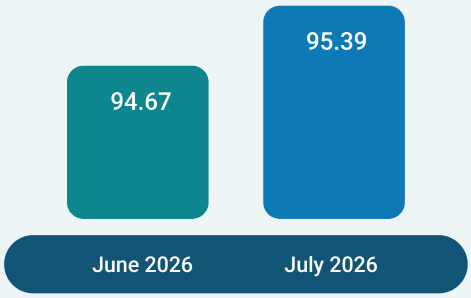
364 Day T-Bill Yield* (%) : **9.0 bps MOM** ↑



91 Day T-Bill Yield* (%) : **35.0 bps MOM** ↑



USD to INR : **0.8 bps MOM** ↑

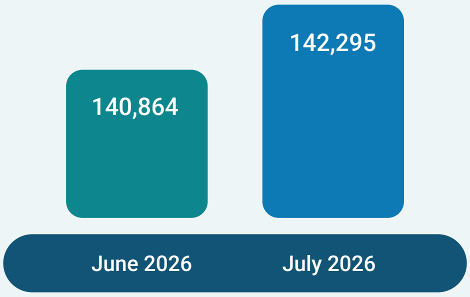


*Yields as on the last auction days of the respective months. Source: RBI

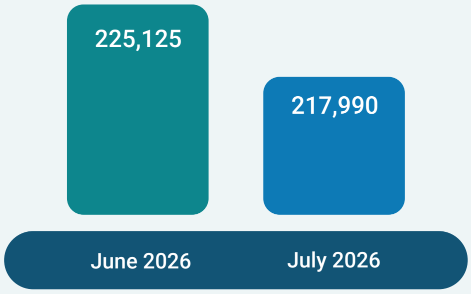
Market Roundup - *Commodities Market*

Gold prices firmed up by 1% in July but silver prices declined by 3%. Hawkish Fed stance may provide headwinds for gold and silver. In current economic environment, gold and silver are likely to remain rangebound.

Gold (INR per 10 grams) : **1.02% MOM** ↑



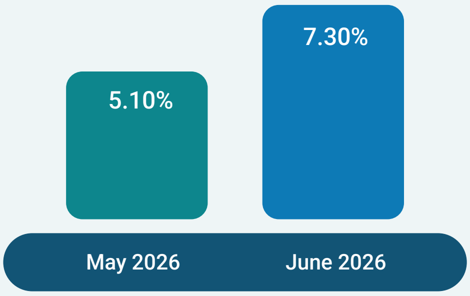
Silver (INR per kg) : **-3.2% MOM** ↓



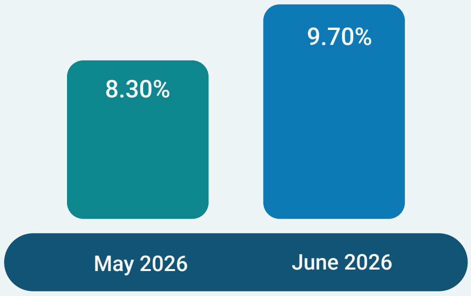
*Commodity prices are based MCX closing spot prices on the last trading sessions

Economic Indicators

Index of Industrial Production* : **2.2** ↑



Wholesale Price Index* : **1.4** ↑



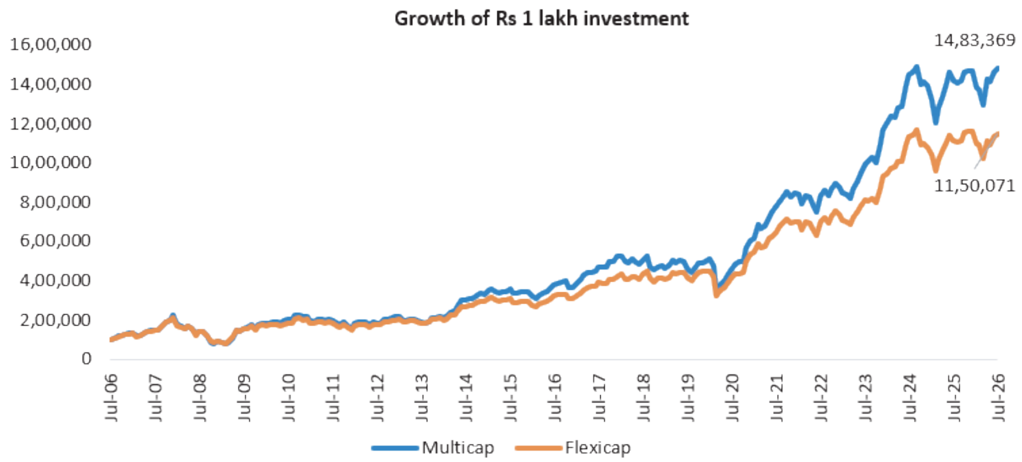
*Based on latest Government published data.

Knowledge Bite: Multi-Cap vs Flexi-Cap- Which Strategy Works Better Across Market Cycles?

Multi-cap and flexi-cap funds are both diversified equity categories, but their portfolio construction is fundamentally different. In this article, we will understand the difference between the two categories and determine which strategy might be better across markets.

Multicap has outperformed flexicap over long investment horizon

The chart below shows the growth of Rs 1 lakh investment in multicap and flexicap benchmark indices (as proxies for schemes from these two categories) over the last 20 years. We have used the benchmark indices, since the multicap as category was introduced in 2018 and many schemes do not have long performance track records.



Source: NSE. Multicap is represented by Nifty 500 Multicap 50:25:25 TRI. Flexicap is represented by Nifty 500 TRI

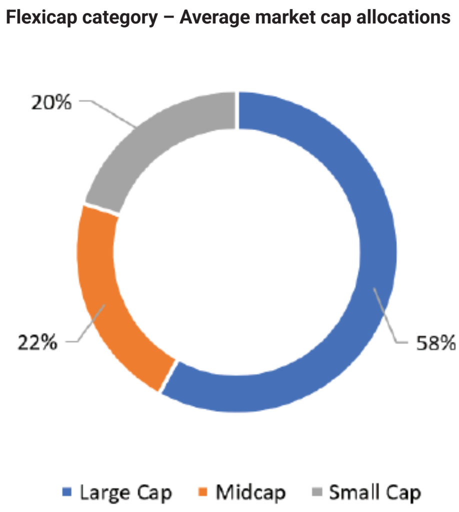
Flexicap are better positioned to reduce downside risks in market corrections

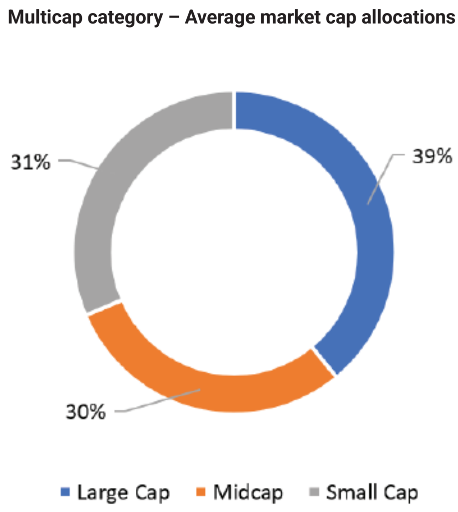
The table below shows the major market corrections in the last 2 years. You can see that multicap had bigger drawdowns compared to flexicap

Event	Start Date	End Date	Flexicap	Multicap
2008 Global Financial Crisis	08-01-2008	27-10-2008	-63%	-65%
US Debt Ceiling / Europe Debt Crisis	25-07-2011	20-12-2011	-22%	-25%
Fed Taper Tantrum	07-01-2013	03-09-2013	-16%	-21%
Eurozone Debt Crisis	13-04-2015	27-04-2015	-8%	-9%
China Slowdown	05-08-2015	26-02-2016	-19%	-19%
Demonetization	05-10-2016	26-12-2016	-11%	-12%
US China Trade War	30-08-2018	23-10-2018	-15%	-17%
COVID-19	20-02-2020	23-03-2020	-37%	-38%
Russia Ukraine War	18-01-2022	17-06-2022	-16%	-18%
FII Sell Off	26-09-2024	04-03-2025	-19%	-20%
US Iran War	02-01-2026	02-04-2026	-15%	-15%

The structural difference

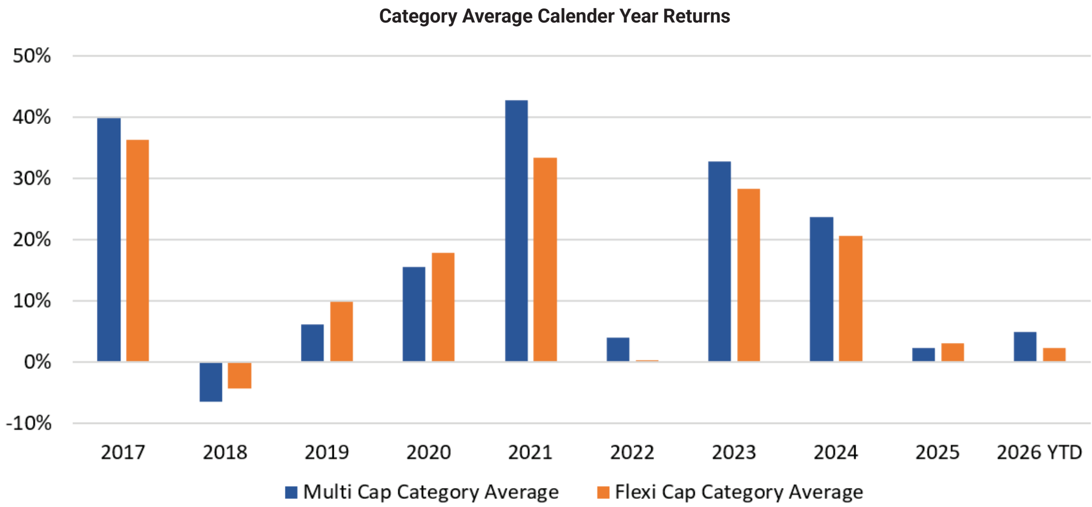
A multi-cap fund must maintain exposure to large-, mid- and small-cap stocks. A multi-cap fund is required to invest at least 25% each to large-cap, mid-cap and small-cap stocks. This creates a minimum 50% exposure to mid- and small-cap companies, regardless of the market environment. A flexicap fund has no prescribed minimum allocation for any particular market-cap segment. The fund manager may allocate more to large caps during a period of uncertainty and increase mid- or small-cap exposure when valuations and growth prospects appear attractive. The chart below shows the average market cap allocations of flexicap and multicap fund categories. You can see that flexicap funds have significantly higher allocations to large caps, while multicap funds have higher allocations to midcaps and small caps.





Flexicap and multicap funds outperform / underperform in different market phases

The chart below shows the calendar year category average returns of flexicap and multicap funds over the last 10 years. You can see that the multicap funds beat flexicap funds in 6 out 10 years. But flexicap funds outperformed in years when the market was volatile.



Multicap funds tend to outperform flexicap funds in years of economic and / or market recovery. In 2017 global markets were recovering from China slowdown. Indian economy was recovering from slowing credit growth, rising bank NPAs and cash shortage caused by demonetization. Similarly, in from 2021 to 2023, the economy and market was recovering from the COVID crisis. For the last two year, the market was volatile due to geo-political uncertainties, inflation and depressed consumer confidence. We are seeing signs of economic recovery especially in manufacturing output. In medium to long term, multicap funds may outperform flexicap.

Conclusion

You should not switch between flexicap and multicap funds based on market movements since both are meant for long investment horizon. However, for making fresh investments based on market outlook, you can select between multicap and flexicap funds depending on market phase. In volatile markets, flexicap will provide stability. In times of economic recovery or growth, multicap has the potential to outperform flexicap funds.

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

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
Kotak Nifty Bank Index Fund	3rd August 2026	17th August 2026
Axis Nifty Energy Index Fund	3rd August 2026	21st August 2026
Whiteoak Capital Dividend Yield Fund	10th August 2026	24th August 2026
Bandhan Contra Fund	10th August 2026	24th August 2026
SBI Balanced Hybrid Fund	10th August 2026	24th August 2026
UTI Nifty 500 Index Fund	10th August 2026	24th August 2026

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- National Pension Schemes
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- Loan Syndication
- Succession Planning
- Share Demat Services
- Transmission of Financial Assets at Market Place

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