State of the Market & Outlook

September 2025

Union Mutual Fund

Backdrop

Global Equity Market Performance

Global Indices	1M Returns (%) - USD Terms	1M Returns (%) - Local Currency Terms	12M Returns (%) - USD Terms	12M Returns (%) - Local Currency Terms
MSCI World Index	2.5	2.5	14.1	14.1
MSCI Emerging Markets Index	1.2	1.2	14.4	14.4
MSCI EM Asia Index	0.8	0.8	15.3	15.3
MSCI EM BRIC USD	2.8	2.8	16.7	16.7
MSCI India Index	**-2.4**	**-1.7**	**-10.7**	**-6.2**
Dow Jones Industrial Average	3.2	3.2	9.6	9.6
NASDAQ Composite Index	1.6	1.6	21.1	21.1
Nikkei 225	6.7	4.0	10.0	10.5
CAC 40	1.5	-0.9	6.9	1.0
FTSE 100 Index	2.8	0.6	12.9	9.7
Deutsche Boerse AG German Stock Index DAX	1.7	-0.7	33.9	26.4
Ibovespa Brasil Sao Paulo Stock Exchange Index	9.4	6.3	8.3	4.0
Shanghai Shenzhen CSI 300 Index	11.4	10.3	34.7	35.4
Hang Seng Index	2.0	1.2	39.5	39.4
NSE Nifty 50 Index	**-2.1**	**-1.4**	**-7.9**	**-3.2**
NIFTY Midcap 100	**-3.6**	**-2.9**	**-10.6**	**-6.0**
NIFTY Smallcap 100	**-4.8**	**-4.1**	**-15.1**	**-10.8**

Source: Bloomberg, Data as of 31 Aug 2025.

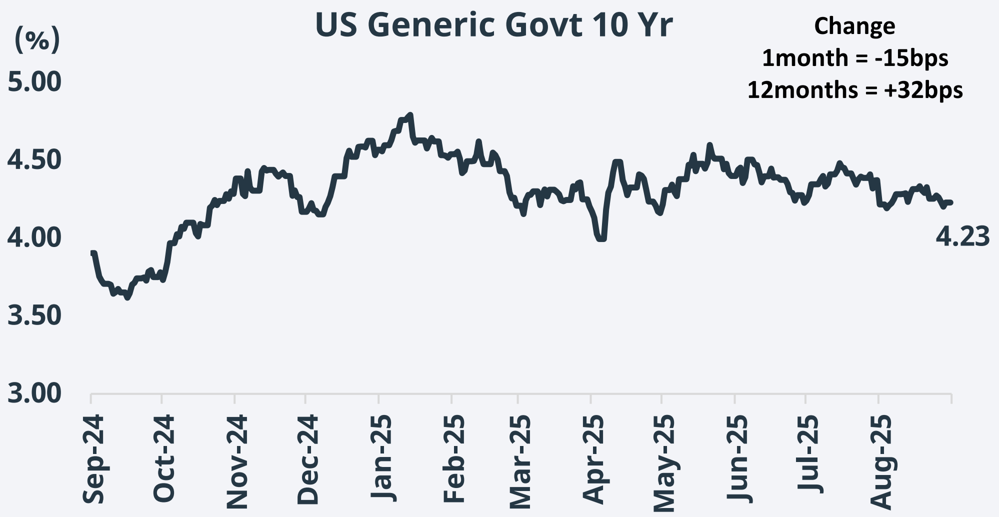
Union Mutual Fund

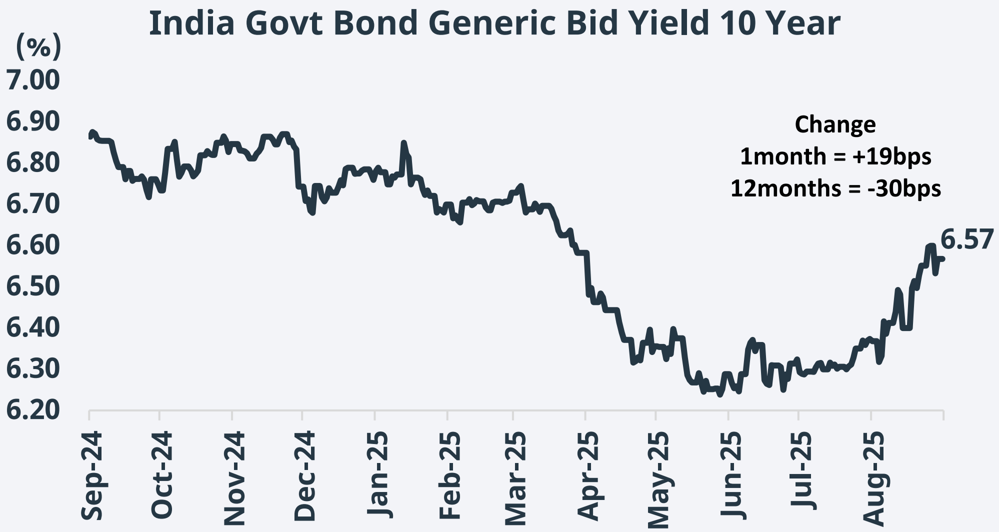
Indian Equity Market Performance

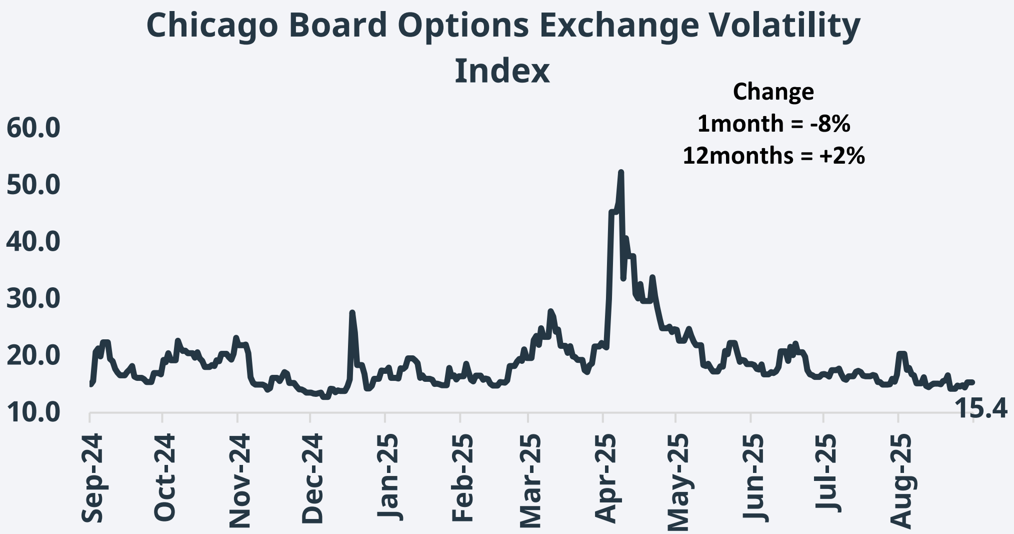
Index	MoM (%)	YoY (%)
NSE Nifty 50	**-1.4**	**-3.2**
Auto	5.8	-5.2
Bankex	-3.3	2.9
Capital Goods	-4.1	-10.6
Consumer Durables	2.0	-4.6
Financial Services	-3.8	4.6
FMCG	0.2	-10.5
Healthcare	-3.9	1.0
Industrials	-3.0	-10.8
IT	-1.1	-20.8
Metal	-1.6	-6.4
Oil & Gas	-4.7	-22.6
Realty	-4.5	-17.8
Telecom	-4.5	-16.3
Utilities	-4.5	-21.0

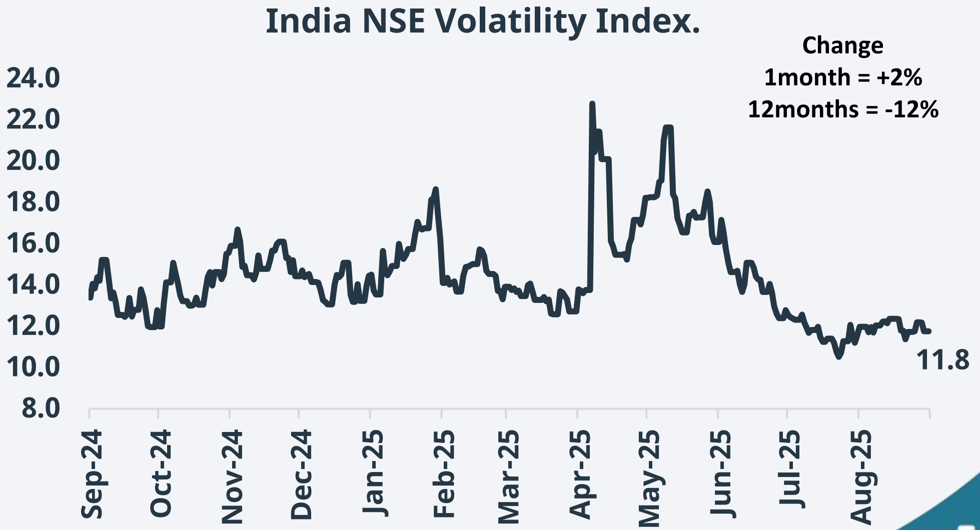
Note: BSE Sectoral Indices, Data as of August 31, 2025.

Key Trends







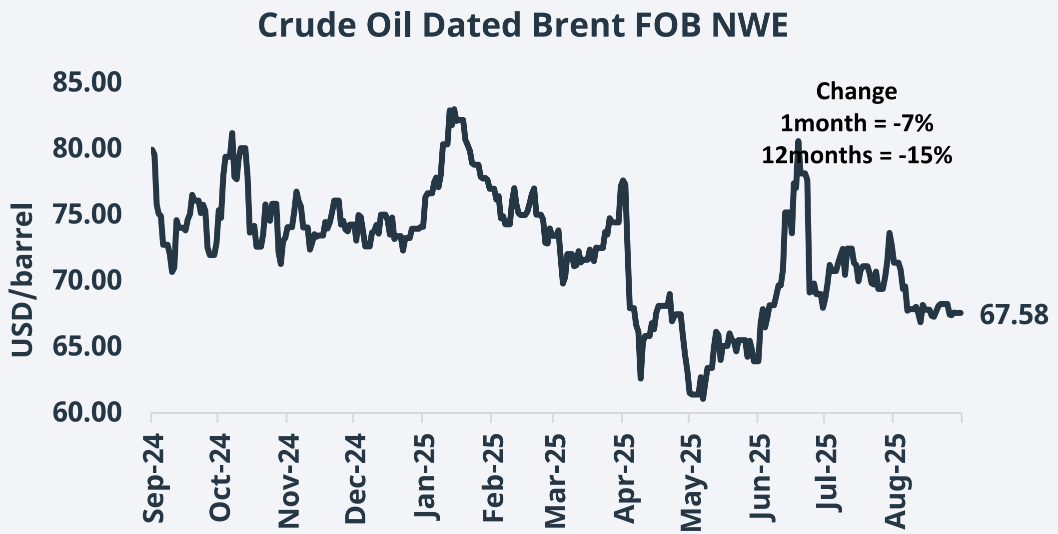


Source: Bloomberg; **Past performance may or may not be sustained in future.**

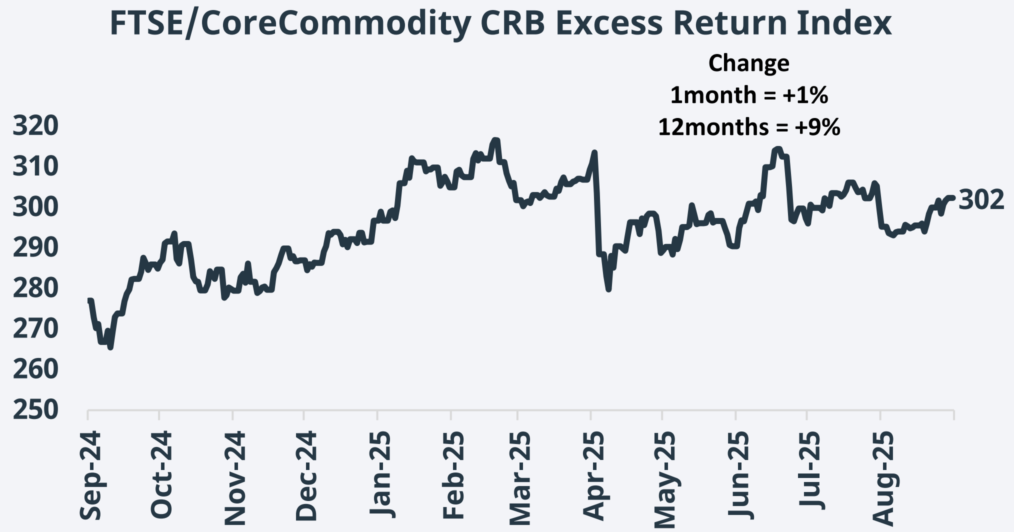
Data as on August 31, 2025

Union Mutual Fund

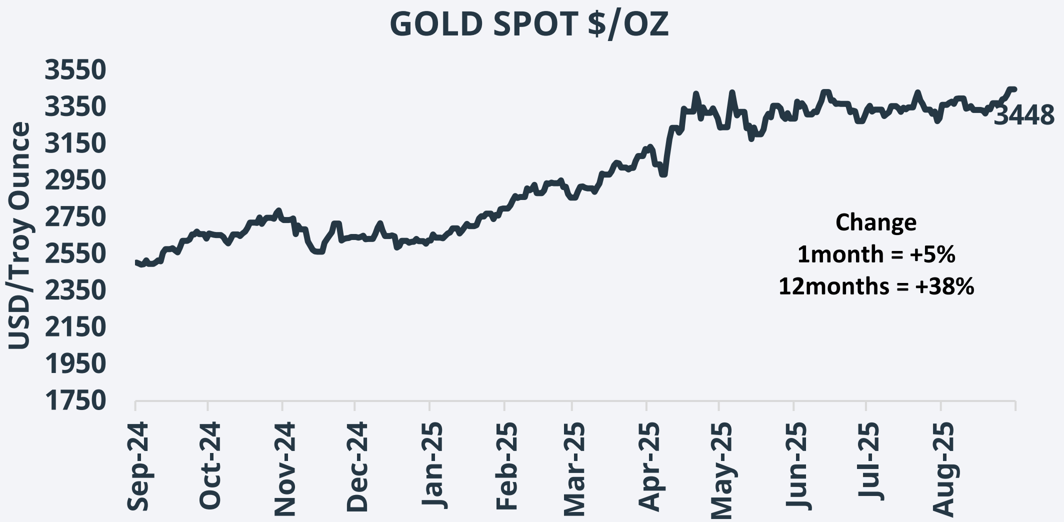
Key Trends



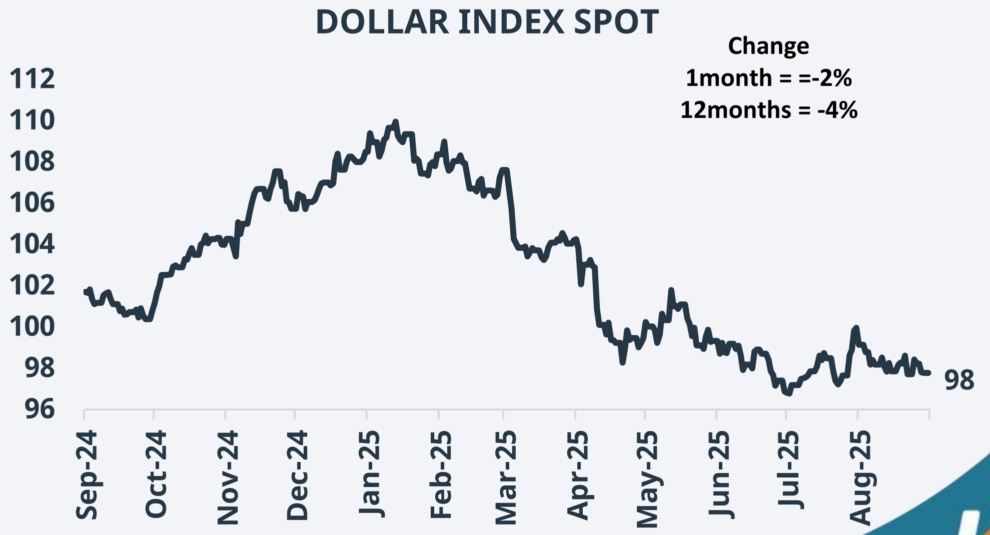
Crude Oil Dated Brent FOB NWE
Change
1month = -7%
12months = -15%
USD/barrel
85.00
80.00
75.00
70.00
65.00
60.00
67.58
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25



FTSE/CoreCommodity CRB Excess Return Index
Change
1month = +1%
12months = +9%
320
310
300
290
280
270
260
250
302
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25

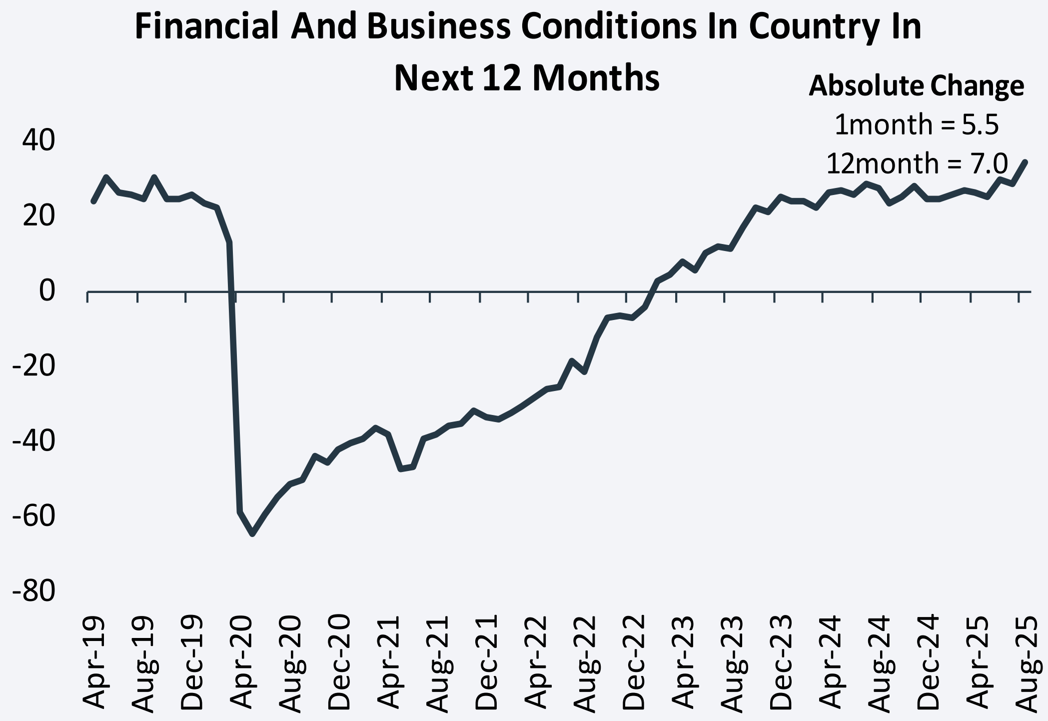


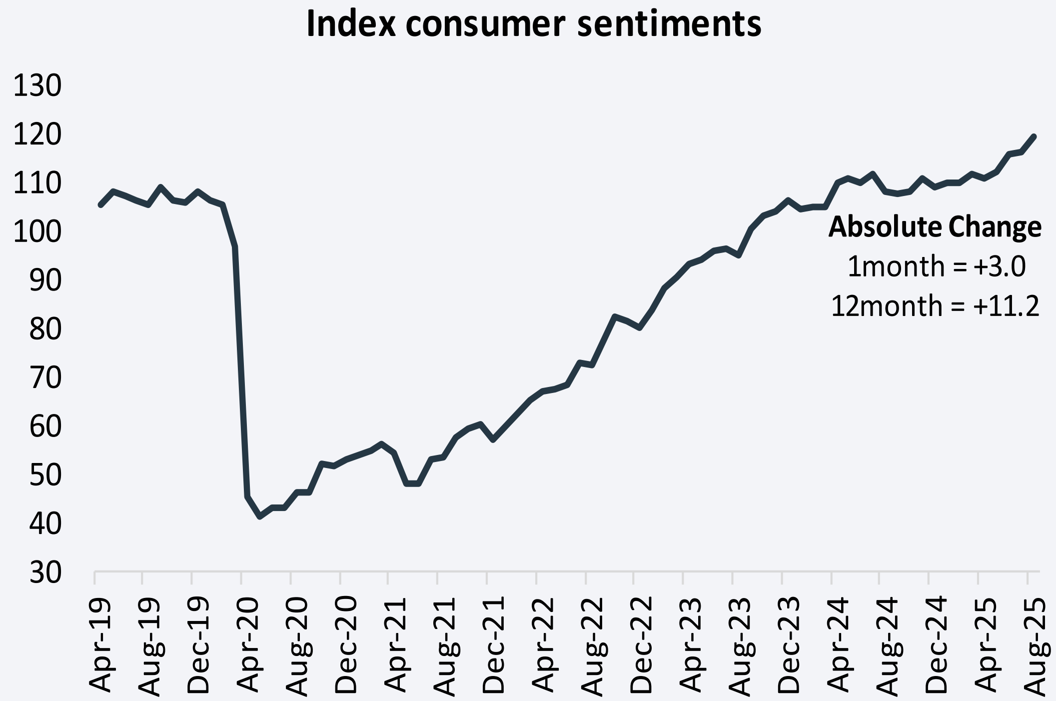
GOLD SPOT $/OZ
USD/Troy Ounce
3550
3350
3150
2950
2750
2550
2350
2150
1950
1750
3448
Change
1month = +5%
12months = +38%
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25



DOLLAR INDEX SPOT
Change
1month = =-2%
12months = -4%
112
110
108
106
104
102
100
98
96
98
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25
Mar-25
Apr-25
May-25
Jun-25
Jul-25
Aug-25

Indian Business Expectations & Consumer Sentiment





Business Conditions - 'Net response' is the difference between the percentage of respondents reporting optimism and those reporting pessimisms. It ranges between -100 and 100. Any value greater than zero indicates expansion/ optimism and values less than zero indicate contraction/ pessimism.

Consumer Sentiment Indices (Base Sep-Dec 2015 = 100)

Source: CMIE (Centre for Monitoring Indian Economy)

Data as on August 31, 2025

Outlook

Key Positives & Risks

POSITIVES

- ✓ India's solid relative macro-economic fundamentals
- ✓ High sustainable potential growth rate
- ✓ Robust balance sheets of corporates & banks
- ✓ Likely demand boost from tax concessions, broadening welfare payments and GST rate cuts
- ✓ Government and RBI focused on inducing growth
- ✓ Resilient domestic flows

RISKS

- x High tariffs imposed by the US impacts India's competitive position in a few labour-intensive sectors
- x Increased supply in response to upturn in equity market can potentially cap returns
- x Volatile geopolitics
- x Competitive welfarism, compulsion of coalition politics

We are likely past the worst in this cycle; but tepid growth and escalated trade tensions may act as key near term hurdles

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Key Sectoral Positioning

OVERWEIGHT

- **Consumer Discretionary:** Budget incentives through tax-cuts, GST rate cuts and improving demand may provide attractive risk-reward for the sector
- **Capital Goods/Industrials:** Significant under-investing in the past in select sub-segment has exacerbated demand-supply imbalance. Pockets of Power Transmission & Distribution, Defense sector look attractive.
- **Telecom:** Expected Average Revenue Per User increases may lead to higher accruals in profitability and cashflows

UNDERWEIGHT

- **Energy & Utilities:** Weak demand environment leading to uncertainty in profitability
- **Information Technology**: Uncertainty in macro environment and currency levels are key risks though valuations have seen moderate correction.

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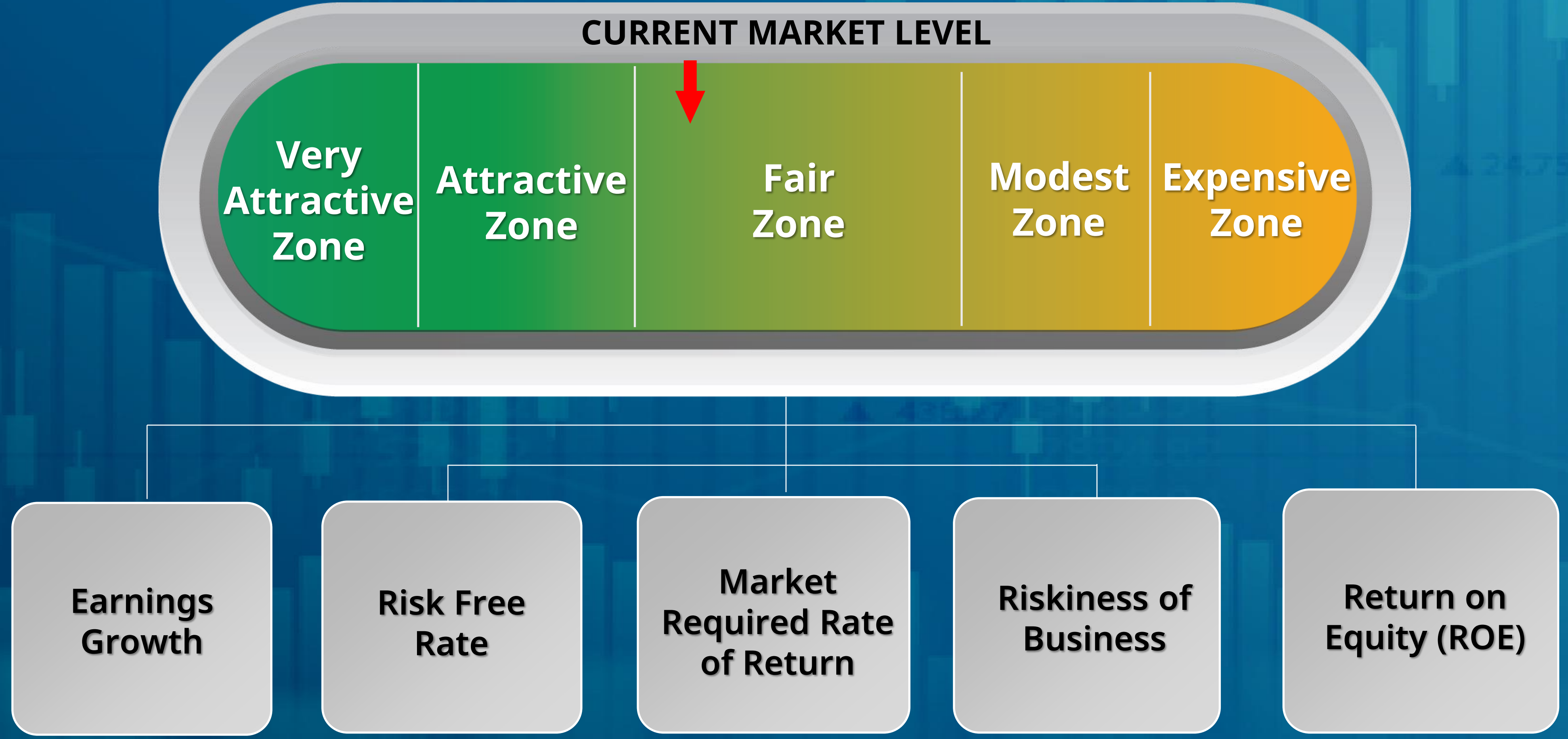
The Fair Value Spectrum- 5 years view



Source: Union AMC Internal Research, Bloomberg; Data as on August 31, 2025

Fixed Income Outlook

- ✓ Growth inflation dynamics have turned favorable with lower inflation expectations. The recent series of repo rate cut shall aid in holding up growth.
- ✓ Recent GST Measures: In case there is full pass through of the tax cuts, headline CPI inflation could be lower. RBI had already revised down fiscal 2026 inflation to 3.1% from 3.7% in last MPC. Impact on fiscal deficit is expected to be lower and contained.
- ✓ Real policy rate is expected to remain positive (Repo Rate@5.5%, Projected inflation at 3.1% for FY26)
- ✓ Fiscal deficit to reduce from 4.8% of GDP last fiscal year to 4.4% this fiscal year (Source: Budget documents); latent demand from Banks, growing demand from insurance and pension funds, higher FII inflows from global bond indices inclusion will further support bond prices
- ✓ The Reserve Bank shall continue liquidity management operations in alignment with the monetary policy stance, ensuring that system liquidity remains sufficient to meet the demands of the productive sectors of the economy.
- ✓ The announcement of various liquidity management measures by RBI gives assurance that the liquidity needs of the system shall be addressed adequately.
- ✓ The CRR cut by 100 bps to 3.0%, in four tranches of 25bps each between September and November 2025 will infuse liquidity, aid in rate transmission and support bond markets.
- ✓ Globally other major central bank have already started cutting rates
- ✓ Geopolitical risks, uncertainty from new US administration, global inflation trajectory, extreme weather conditions, fiscal health of states, sustained elevated food prices remain key risks
- ✓ Actual transmission of rates yet to happen. There is scope for further spread compression.
- ✓ Absolute yield levels and spreads seem attractive from a medium to long-term investment horizon. Term spreads have turned attractive. MTM gains to accrue as rates continue to soften and spreads compress over a period of time.

Source: *Union MF internal , RBI Monetary Policy dated 6th August 2025.*

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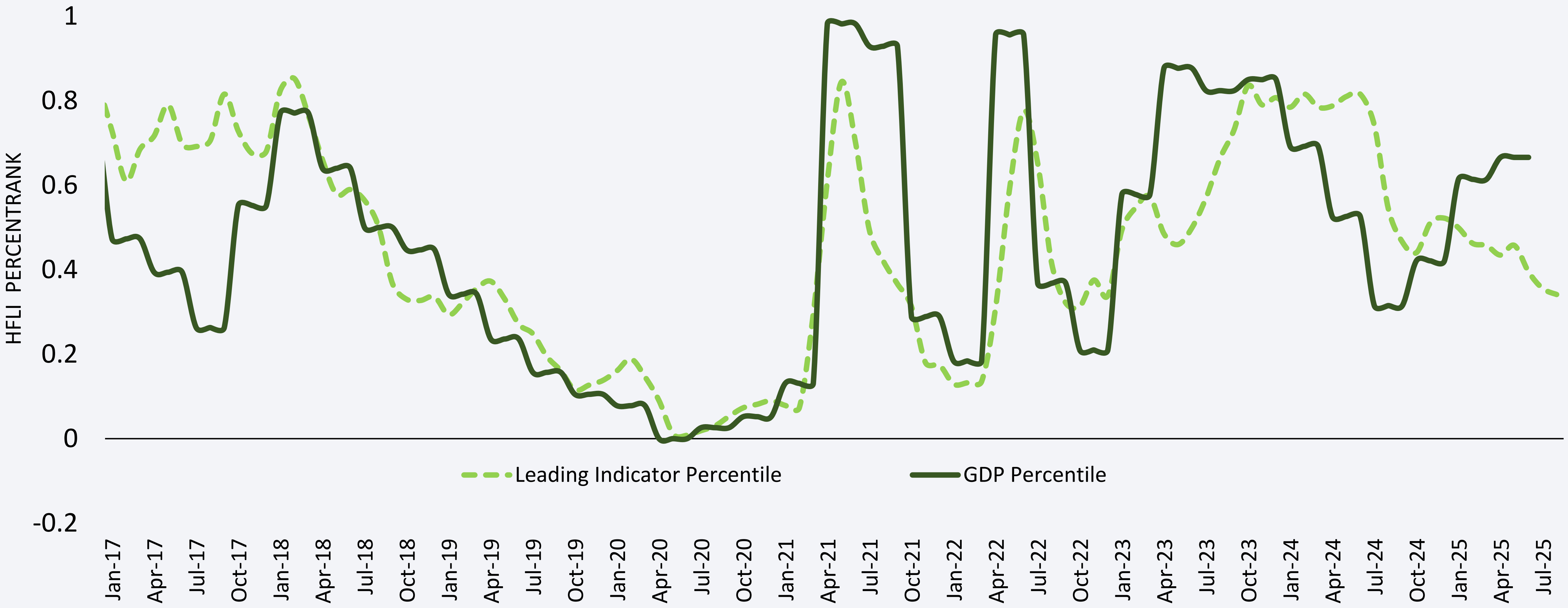
Macro Economic State: In House High Frequency Leading Indicator



- **In House High Frequency Leading Indicator**: While the GDP numbers are released with a lag of 2 months, our inhouse model created based on leading economic indicators provides information on the state and trajectory of domestic economy with a lead time of about 1-2 months
- This tool acts a guiding tool for fixed income investments.

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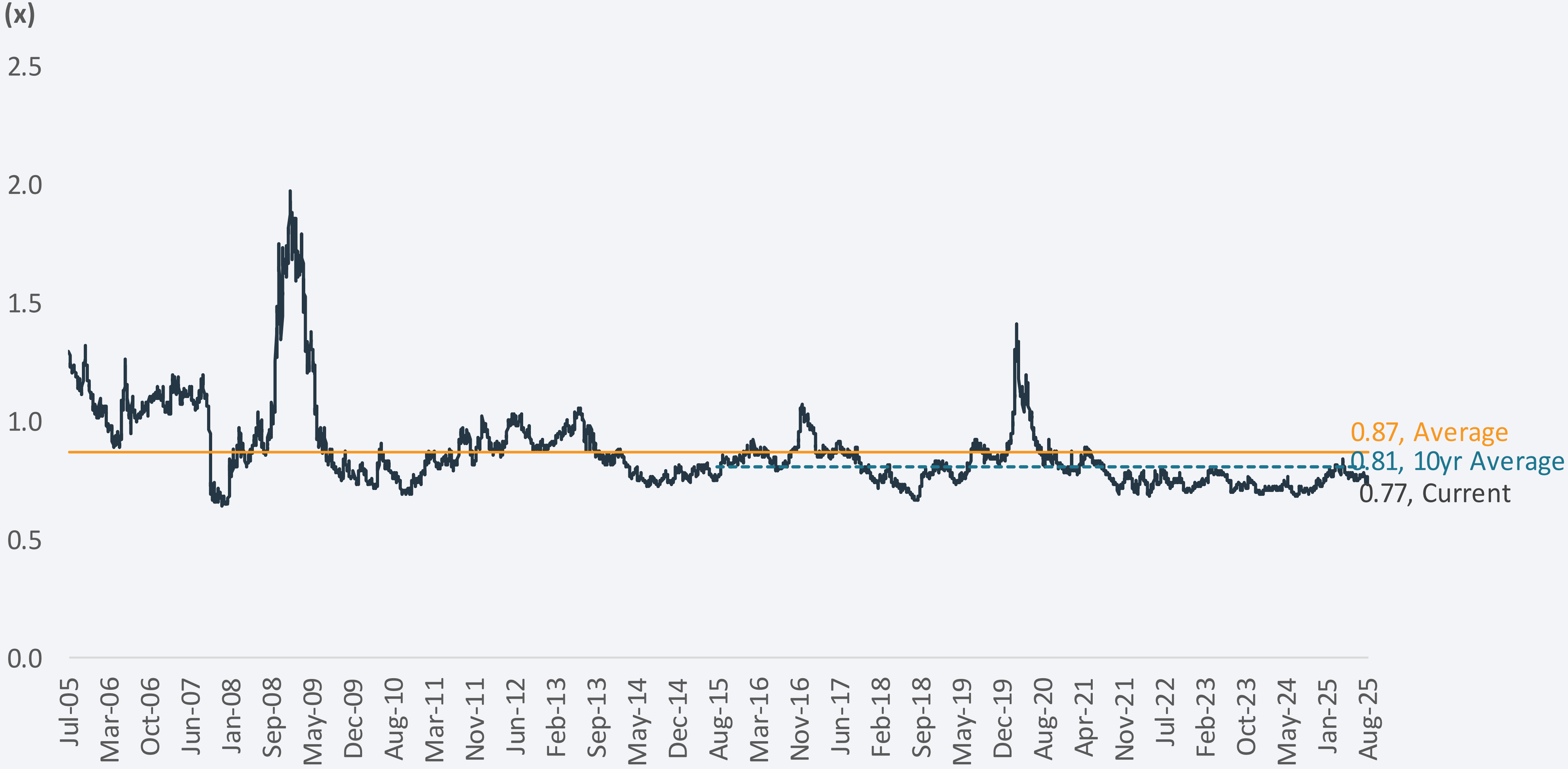
Source: Union MF internal model

Earnings Yield of Nifty 50 vs 10 Year Gov Bond Yield

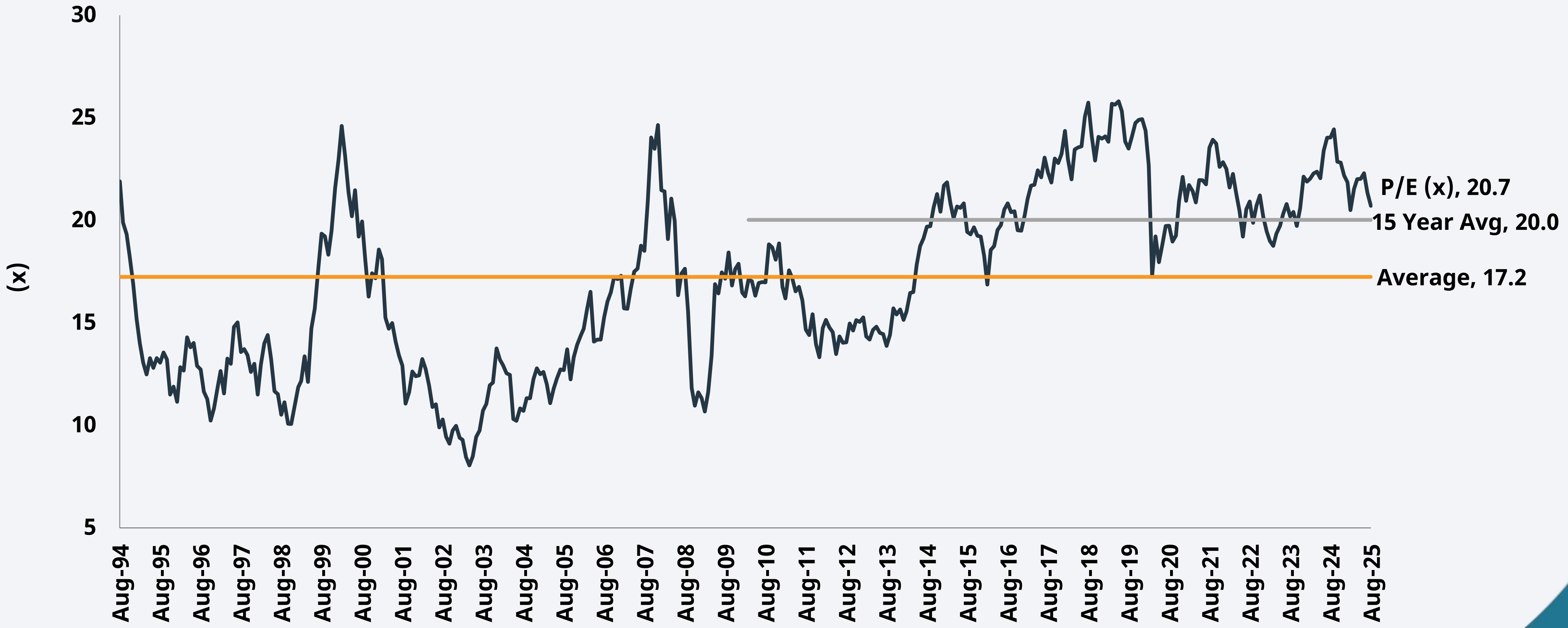


Source: Bloomberg; The chart represents the Earnings Yield of Nifty 50 divided by 10 Year Gov Bond Yield
Past performance may or may not be sustained in future.

Data as on August 31, 2025

Union Mutual Fund

SENSEX P/E – 1 Year Forward

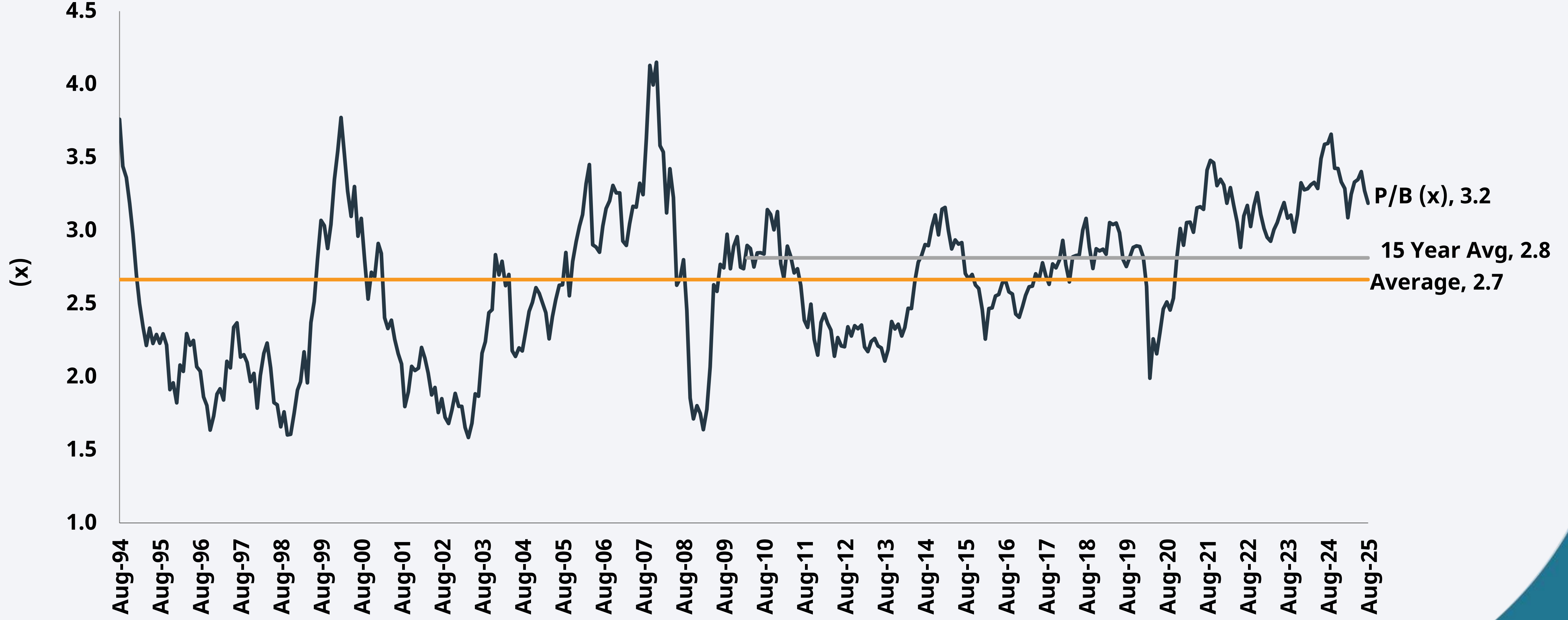


(x) represents times.

Source: Motilal Oswal Financial Services Limited

Data as on August 31, 2025

SENSEX P/B – 1 Year Forward

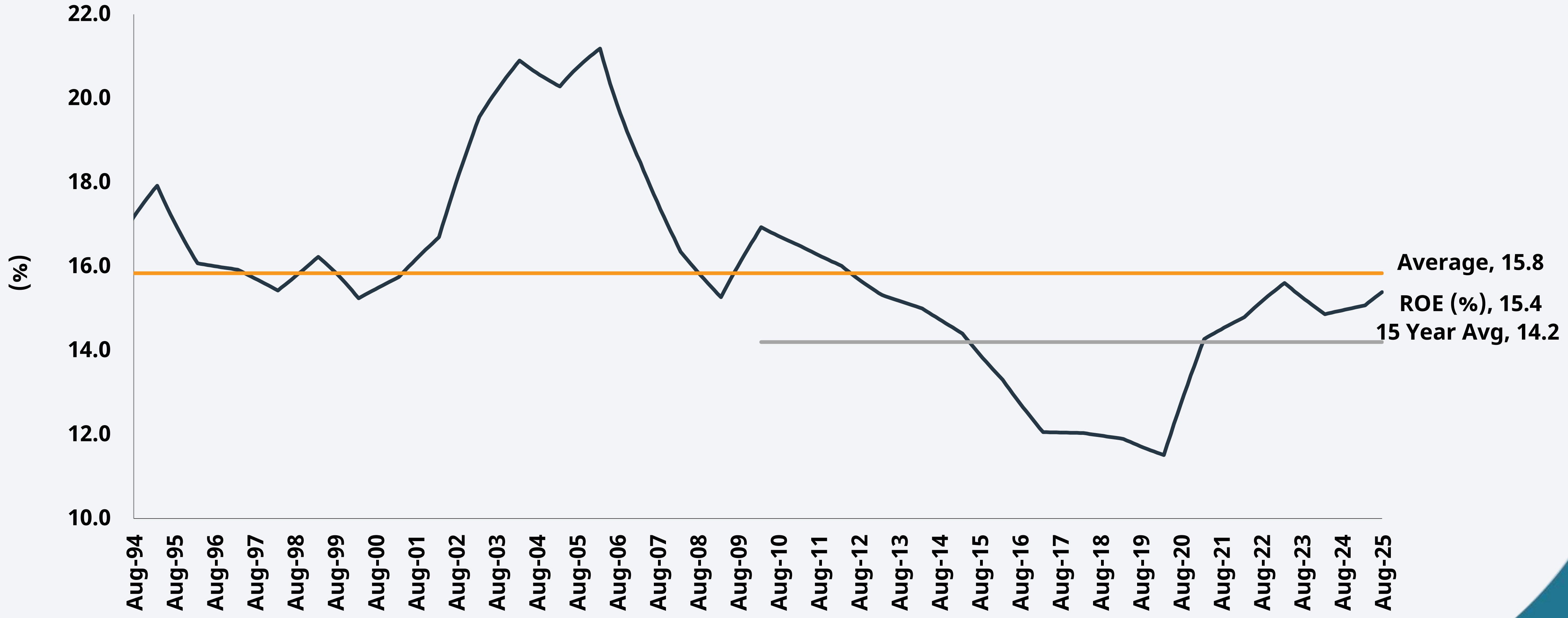


(x) represents times.

Source: Motilal Oswal Financial Services Limited

Data as on August 31, 2025

SENSEX ROE (%) – 1 Year Forward



Source: Motilal Oswal Financial Services Limited

Past performance may or may not be sustained in future.
The Above-mentioned returns should not be construed as any indication of future returns.

Data as on August 31, 2025

Union Mutual Fund

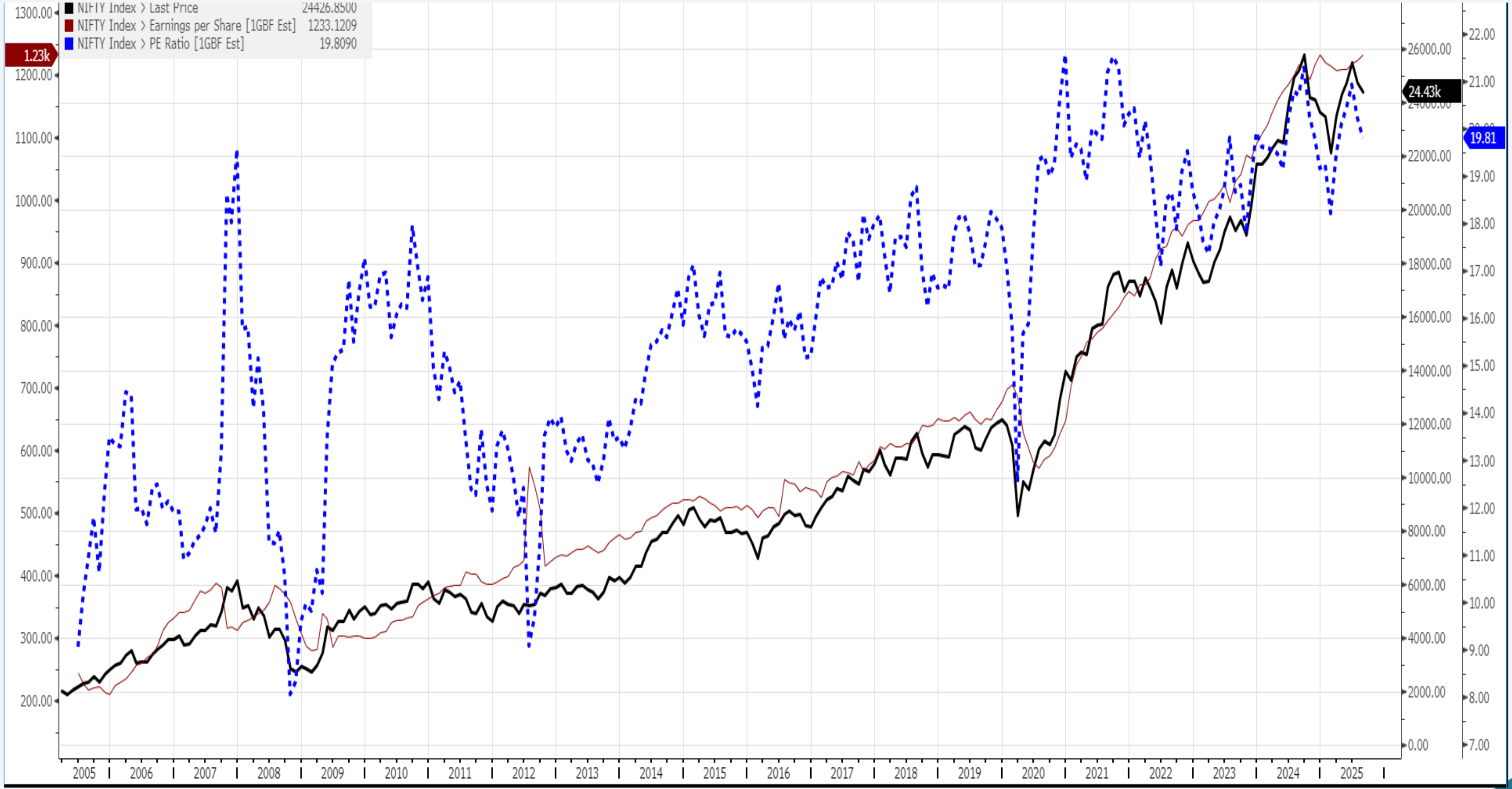
Breakup of Returns – Nifty 50

	Nifty	% change	EPS 1yr Rolling Forward	% change	P/E 1yr Rolling Forward	% change
Now	24,427		1,230		19.9	
1m ago	24,768	-1%	1,220	1%	20.3	-2%
3m ago	24,751	-1%	1,204	2%	20.6	-3%
6m ago	22,125	10%	1,214	1%	18.2	9%
1yr ago	25,236	-3%	1,219	1%	20.7	-4%
3yr ago	17,759	38%	953	29%	18.6	7%
5yr ago	11,388	115%	584	111%	19.5	2%

The above table shows the breakup of Historical Nifty Returns in EPS change and Valuation change

Source: Bloomberg, Data as of August 31, 2025.

Breakup of Returns - Nifty 50: Historical Perspective



Source: Bloomberg, Data as of August 31, 2025.

Past performance may or may not be sustained in future.

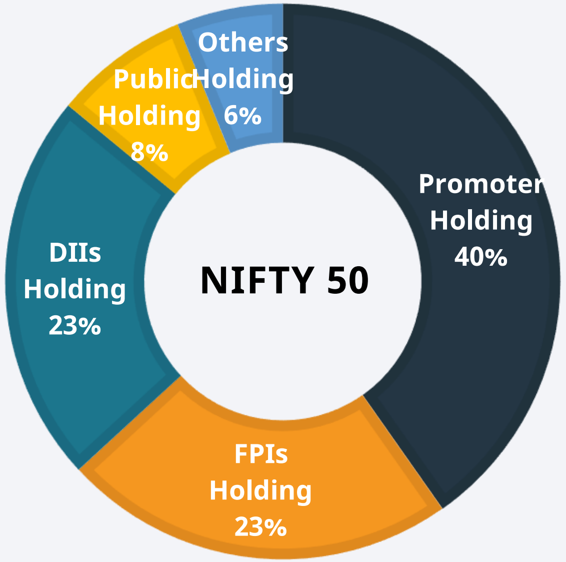
The Above-mentioned returns should not be construed as any indication of future returns.

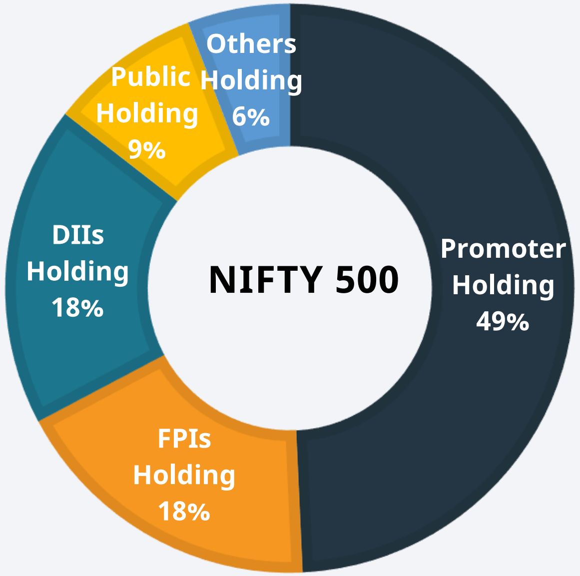
Demand & Supply of Equities

Union Mutual Fund

Who Owns Corporate India?

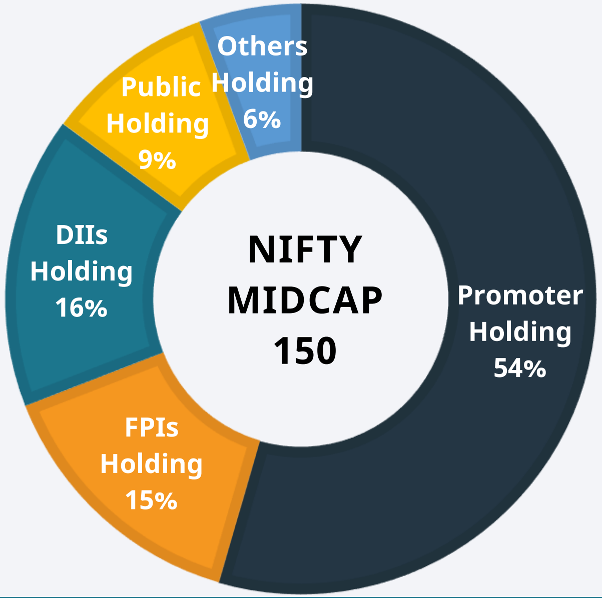
Market Capitalisation: USD 2.4 trillion

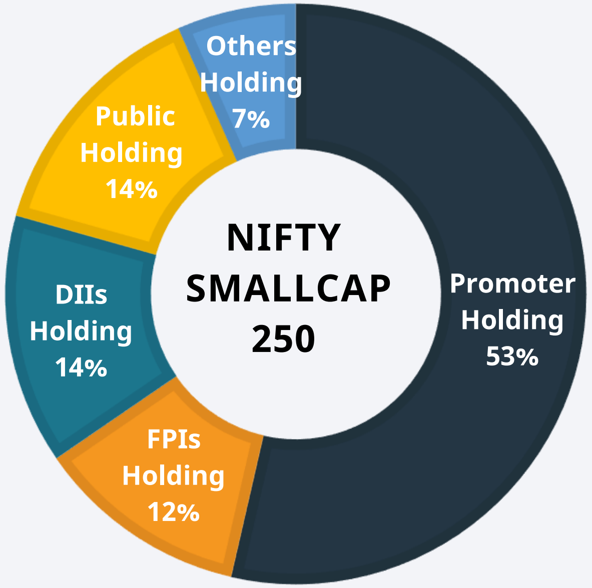




Market Capitalisation: USD 4.8 trillion

Market Capitalisation: USD 1.0 trillion





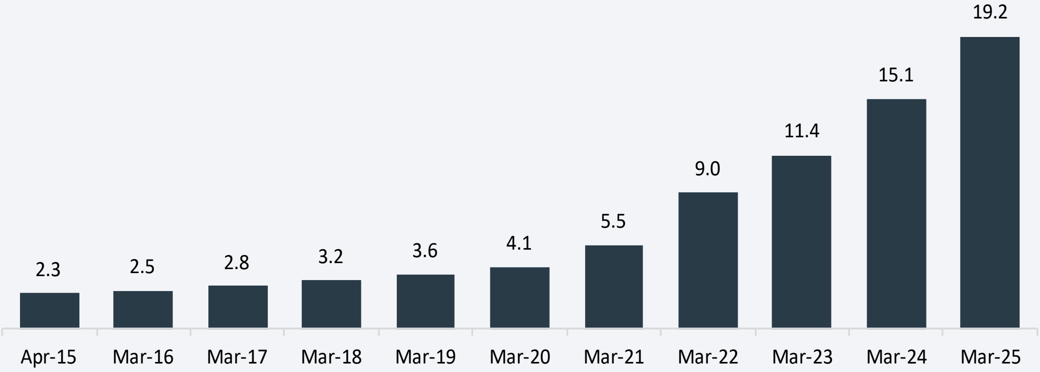
Market Capitalisation: USD 0.6 trillion

Union Mutual Fund

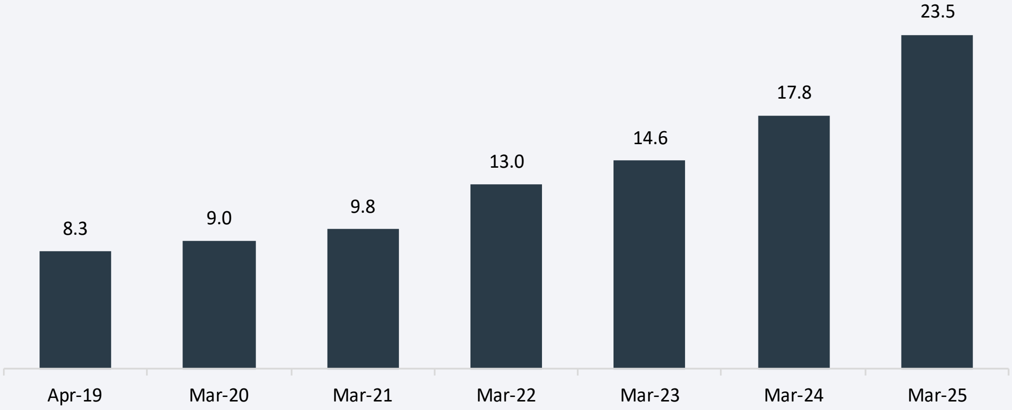
Source: YES Securities (India) Limited; The pie chart represents the Ownership Pattern in %; Data as of 30th June 2025.

Growing Salience of Domestic Investors

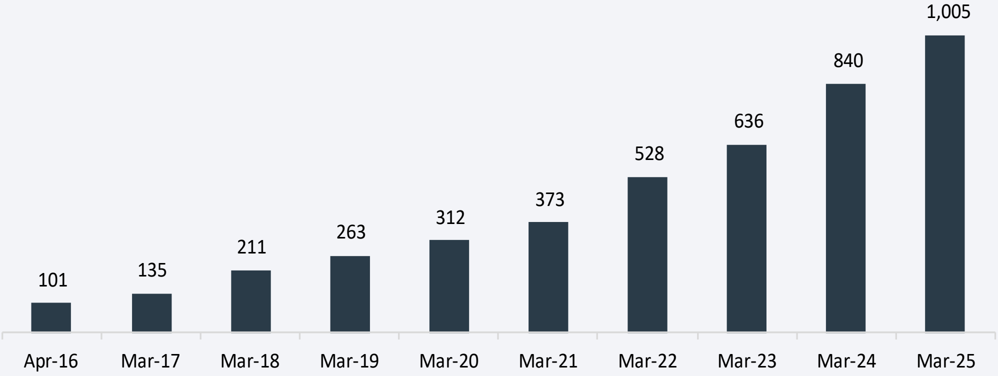
Number of Investors Accounts - Demat Accounts (in Crs)



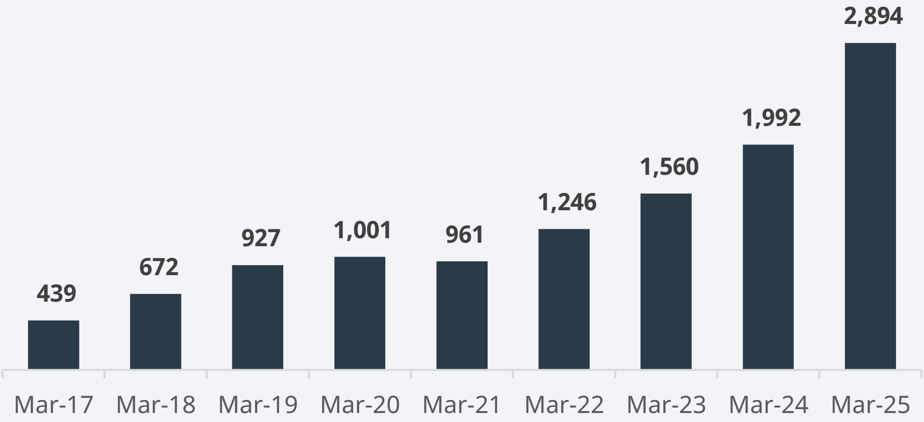
MF - No. of Folios (in Crs)



No. of SIP Accounts in Lakhs



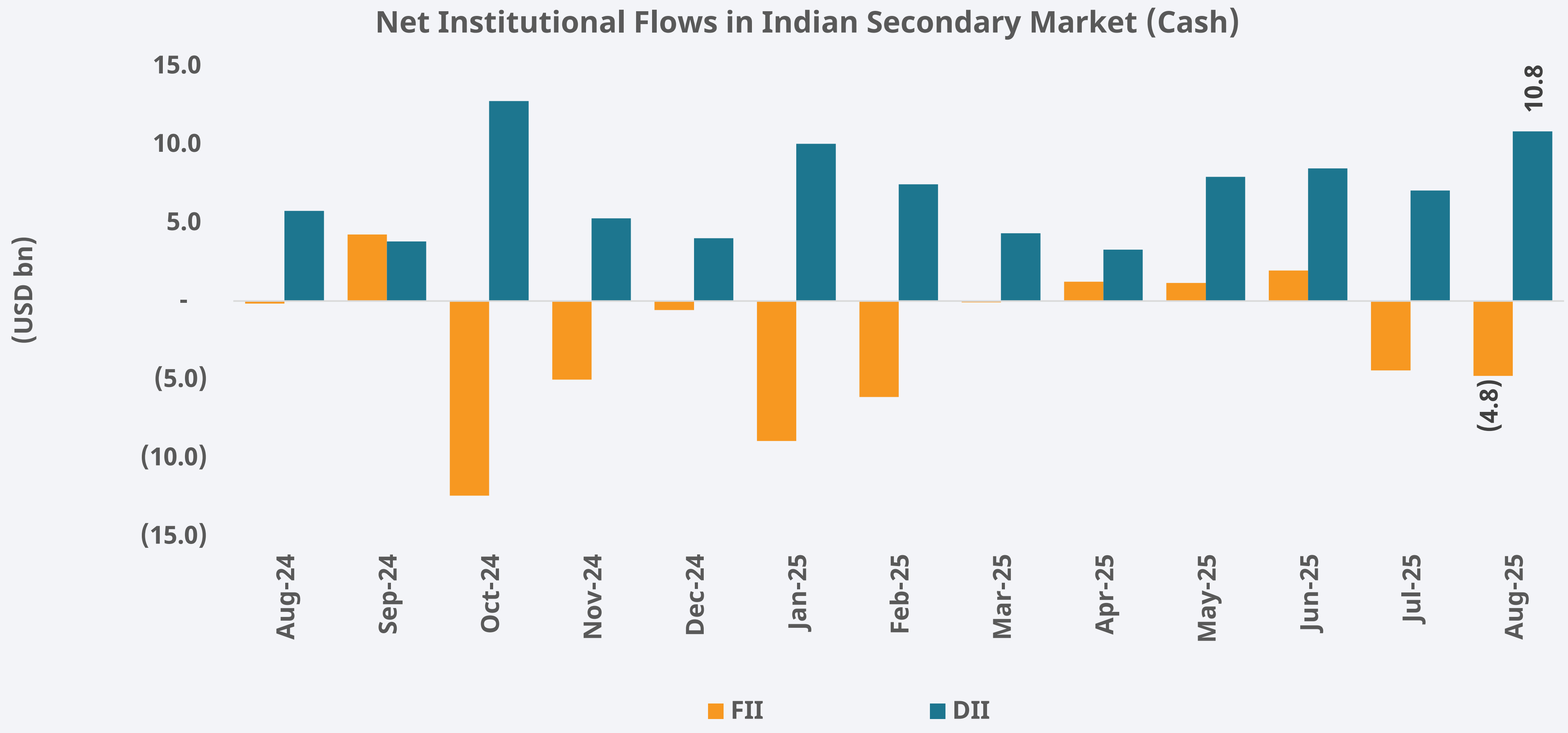
Annual - SIP Contribution (Rs. bn)



Source: NSDL, CDSL & AMFI.
Annual Numbers

Union Mutual Fund

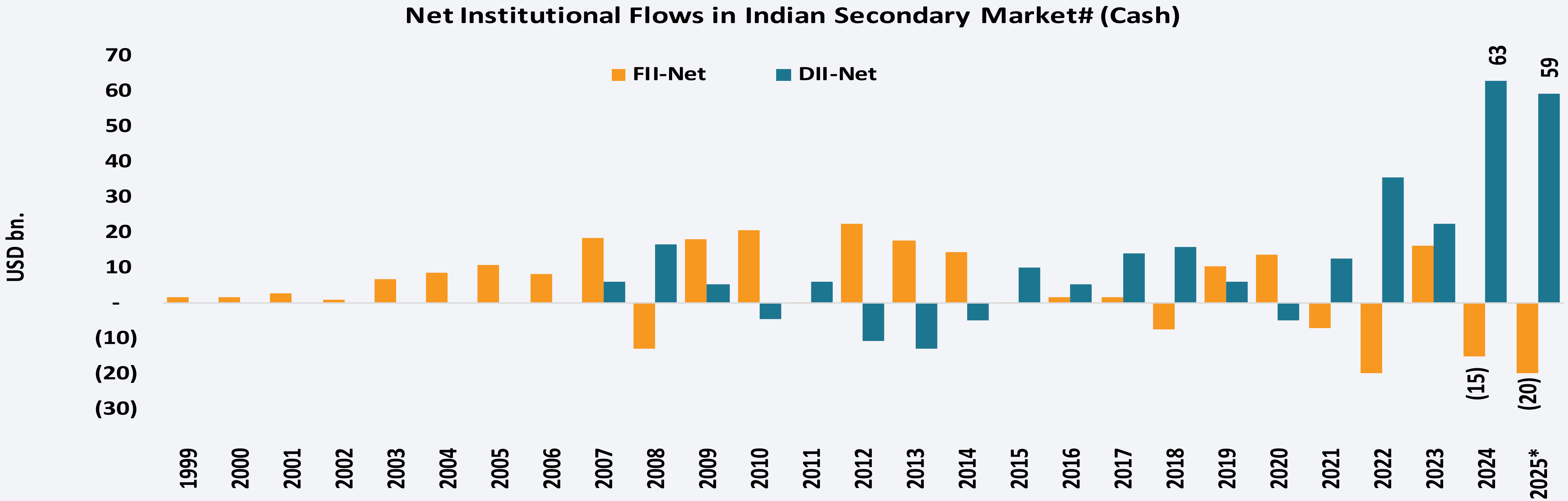
Demand: Monthly Institutional Flows Data



Source: NSDL, BSE, NSE, Bloomberg.

Data as on August 29, 2025

Demand: Annual Institutional Flows Data



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
FII % of Mkt cap**	NA	0.8%	2.1%	0.6%	4.2%	3.3%	2.7%	1.4%	1.8%	-1.2%
DII % of Mkt cap**	NA	NA	NA	NA	NA	NA	NA	NA	0.6%	1.6%

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FII % of Mkt cap**	2.0%	1.5%	0.0%	2.0%	1.6%	1.1%	0.0%	0.1%	0.1%	-0.3%
DII % of Mkt cap**	0.6%	-0.3%	0.4%	-0.9%	-1.2%	-0.4%	0.7%	0.4%	0.7%	0.7%

	2019	2020	2021	2022	2023	2024	2025*
FII % of Mkt cap**	0.5%	0.7%	-0.2%	-0.6%	0.5%	-0.3%	-0.6%
DII % of Mkt cap**	0.3%	-0.2%	0.4%	1.1%	0.6%	1.2%	1.8%

** Calendar Year Average and annualised for 2025, # Secondary Market data from 2010 onwards
Source: NSDL, BSE, NSE, Bloomberg; * upto 29-August-2025.

New Supply

Year	IPOs ($ bn)	FPO ($ bn)	QIPs ($ bn)	Right issue ($ bn)	SME IPOs ($ bn)	Growth Capital ($ bn)	OFS ($ bn)	India Promoter/VC/ PE Sell downs* ($ bn)	Free Float Increase ($ bn)	Total ($ bn)
2012	1.3	0.0	0.9	1.4	0.0	**4**	4.6	0.0	**5**	**8**
2013	0.2	1.1	1.5	0.7	0.1	**4**	4.4	0.8	**5**	**9**
2014	0.2	0.1	5.2	0.7	0.0	**6**	0.8	2.8	**4**	**10**
2015	2.1	0.0	3.0	2.0	0.0	**7**	5.6	5.7	**11**	**18**
2016	4.0	0.0	0.7	0.3	0.1	**5**	1.9	2.6	**5**	**10**
2017	10.4	0.0	8.7	1.0	0.3	**20**	5.0	13.0	**18**	**38**
2018	4.7	0.0	2.5	2.9	0.3	**10**	5.3	5.5	**11**	**21**
2019	1.8	0.0	5.0	7.5	0.1	**14**	8.6	10.7	**19**	**34**
2020	3.6	2.0	10.9	8.6	0.0	**25**	2.8	15.9	**19**	**44**
2021	16.0	0.0	5.7	3.7	0.1	**26**	3.1	15.1	**18**	**44**
2022	7.6	0.0	1.5	0.5	0.2	**10**	1.4	9.9	**11**	**21**
2023	6.0	0.0	6.3	0.9	0.6	**14**	2.3	20.2	**23**	**36**
2024	19.0	2.2	16.2	2.6	1.0	**41**	3.6	32.5	**36**	**77**
2025**	8.3	0.0	6.7	1.7	0.8	**17**	1.6	19.0	**21**	**38**

Source: Prime database, Kotak Institutional Equities, IIFL Alternative Research. *Data is an indicative but not exhaustive set.
**Data upto 31st August 2025.

Supply & Institutional Demand

Year	Institutional Demand-Secondary Market (FII & DII) ($ bn)	New Supply ($ bn)
2012	12	8
2013	5	9
2014	9	10
2015	10	18
2016	7	10
2017	16	38
2018	8	21
2019	16	34
2020	9	44
2021	6	44
2022	16	21
2023	38	36
2024	48	77
2025 (upto Aug 2025)	39	38

Source: NSDL, Bloomberg, Prime database, Kotak Institutional Equities, IIFL Alternative Research.
Data upto 31st August 2025.

Union Mutual Fund

Long Term Historical Market Trends

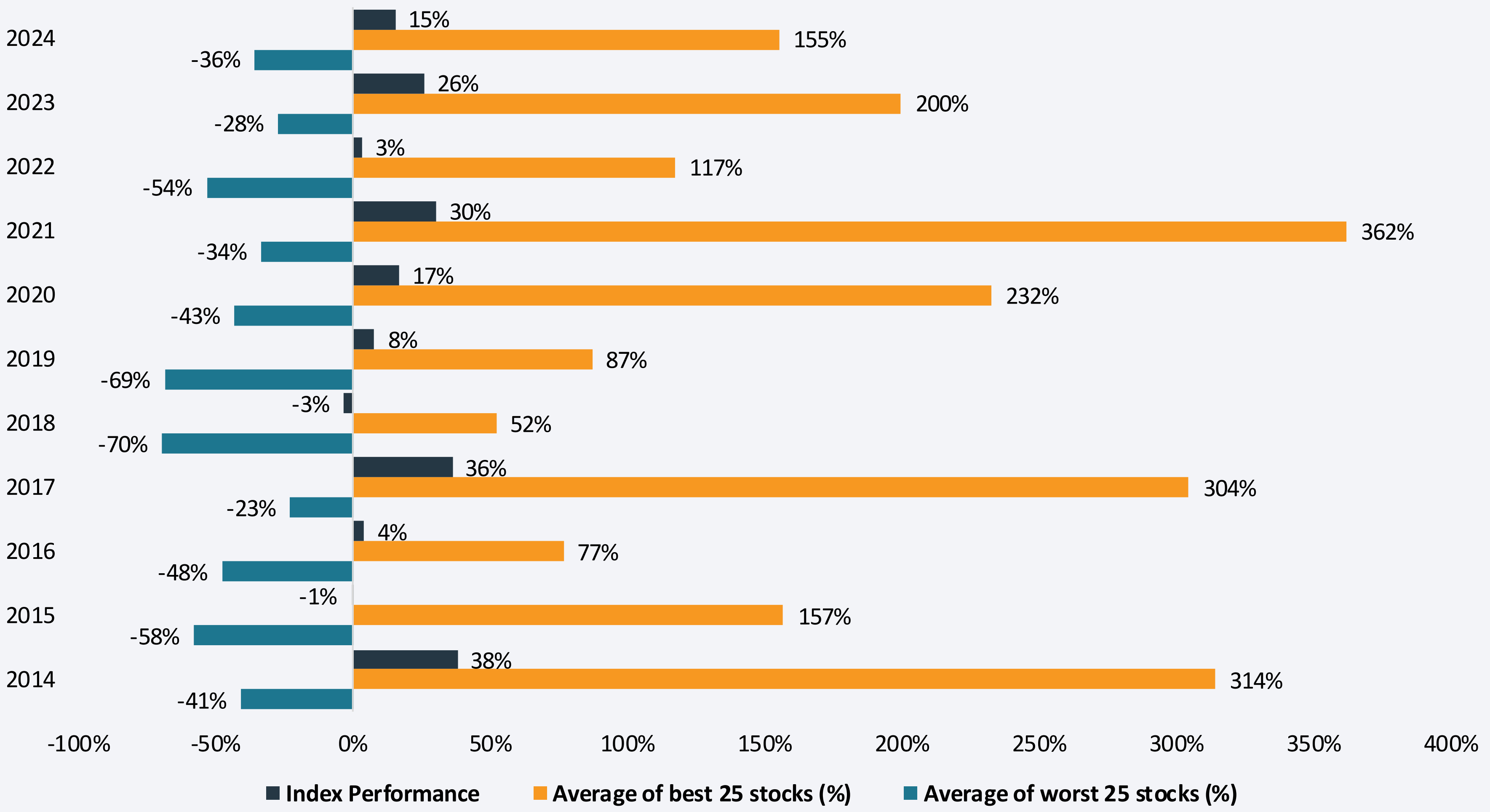
Union
Mutual Fund

Evolution Of Sensex

1986 (January)	1996 (March)	2006 (March)	2016 (March)	2025 (March)
ACC	ACC	ACC	Adani Ports & Special Economic Zone	Adani Ports & Special Economic Zone
Ballarpur Industries	Aditya Birla Nuvo	Ambuja Cements	Asian Paints	Asian Paints
Bharat Forge	Ballarpur Industries	Bajaj Holdings & Investment (Bajaj Auto)	Axis Bank	Axis Bank
Bombay Dyeing	Bharat Forge	BHEL	Bajaj Auto	Bajaj Finance
Ceat	Bombay Dyeing	Bharti Airtel	Bharti Airtel	Bajaj Finserv
Century Textiles	Ceat	Cipla	BHEL	Bharti Airtel
Grasim Industries	Century Textiles	Dr Reddy's Laboratories	Cipla	Eternal
Great Eastern Shipping	Cummins India	Grasim Industries	Coal India	HCL Technologies
GSK	Futura Polyesters	HDFC Bank	Dr Reddy's Laboratories	HDFC Bank
Guj. State Fertilizers	Glaxosmithkline	Hero MotoCorp	GAIL India	Hindustan Unilever
Hindustan Aluminium	Grasim Industries	Hindalco Industries	HDFC	ICICI Bank
Hindustan Lever	Great Eastern Shipping	Hindustan Unilever	HDFC Bank	IndusInd Bank
Hindustan Motors	Gujarat State Fertilizers & Chem	HDFC	Hero MotoCorp	Infosys
Indian Hotels Co	Hindalco Industries	ICICI Bank	Hindustan Unilever	ITC
Indian Organics	Hindustan Motors	Infosys	ICICI Bank	Kotak Mahindra Bank
Indian Rayon	Hindustan Unilever	ITC	Infosys	Larsen & Toubro
ITC	Indian Hotels Co	Larsen & Toubro	ITC	Mahindra & Mahindra
Kirloskar Cummins	ITC	Maruti Suzuki India	Larsen & Toubro	Maruti Suzuki India
Larsen & Toubro	Larsen & Toubro	NTPC	Lupin	Nestle India
Mahindra & Mahindra	Mahindra & Mahindra	ONGC	Mahindra & Mahindra	NTPC
Mukand Iron	Mukand	Ranbaxy Laboratories	Maruti Suzuki India	Power Grid Corp of India
Nestle	Nestle India	Reliance Industries	NTPC	Reliance Industries
Peico Electronics	Philips Electroics India	Reliance Infrastructure	ONGC	State Bank of India
Premier Auto	Premier	Satyam Computer Services	Reliance Industries	Sun Pharmaceutical Industries
Reliance Industries	Reliance Industries	State Bank of India	State Bank of India	Tata Consultancy Services
Siemens	Siemens	Tata Consultancy Services	Sun Pharmaceutical Industries	Tata Motors
Tata Motors	Tata Motors	Tata Motors	Tata Motors	Tata Steel
Tata Power	Tata Power	Tata Power	Tata Steel	Tech Mahindra
Tata Steel	Tata Steel	Tata Steel	Tata Consultancy Services	Titan
Voltas	Voltas	Wipro	Wipro	UltraTech Cement

Source: Bloomberg, BSE, SEBI, MOSL, Business Insider. The above data represents constituents of the Sensex Index over a period of time. The above mentioned data is for information purpose only and should not be considered as recommendation to buy, sell or hold any securities mentioned above. Union Mutual Fund may or may not have any future position in the stocks and it does not classify as any recommendation.

Dispersion of Stocks Returns



Source: Bloomberg; Respective calendar year-end constituents of NSE500 considered

Data till December 2024.

Union Mutual Fund

Return Distribution - Sensex

Historically, Indian Equities (represented by Sensex) have delivered positive returns in 35/45 years.

-30 to -60

# -ve	**1**
2008	-52
Year	**%**

-30 to 0

Average	**-14**
Median	**-16**
# -ve	**9**
2015	-5
2011	-25
2001	-18
2000	-21
1998	-16
1996	-1
1995	-21
1987	-16
1986	-1
Year	**%**

0 to 30

Average	**14**
Median	**15**
# +ve	**24**
2025*	2
2024	8
2023	19
2022	4
2021	22
2020	16
2019	14
2018	6
2017	28
2016	2
2014	30
2013	9
2012	26
2010	17
2004	13
2002	4
1997	19
1994	17
1993	28
1989	17
1984	7
1983	7
1982	4
1980	25
Year	**%**

30 to 60

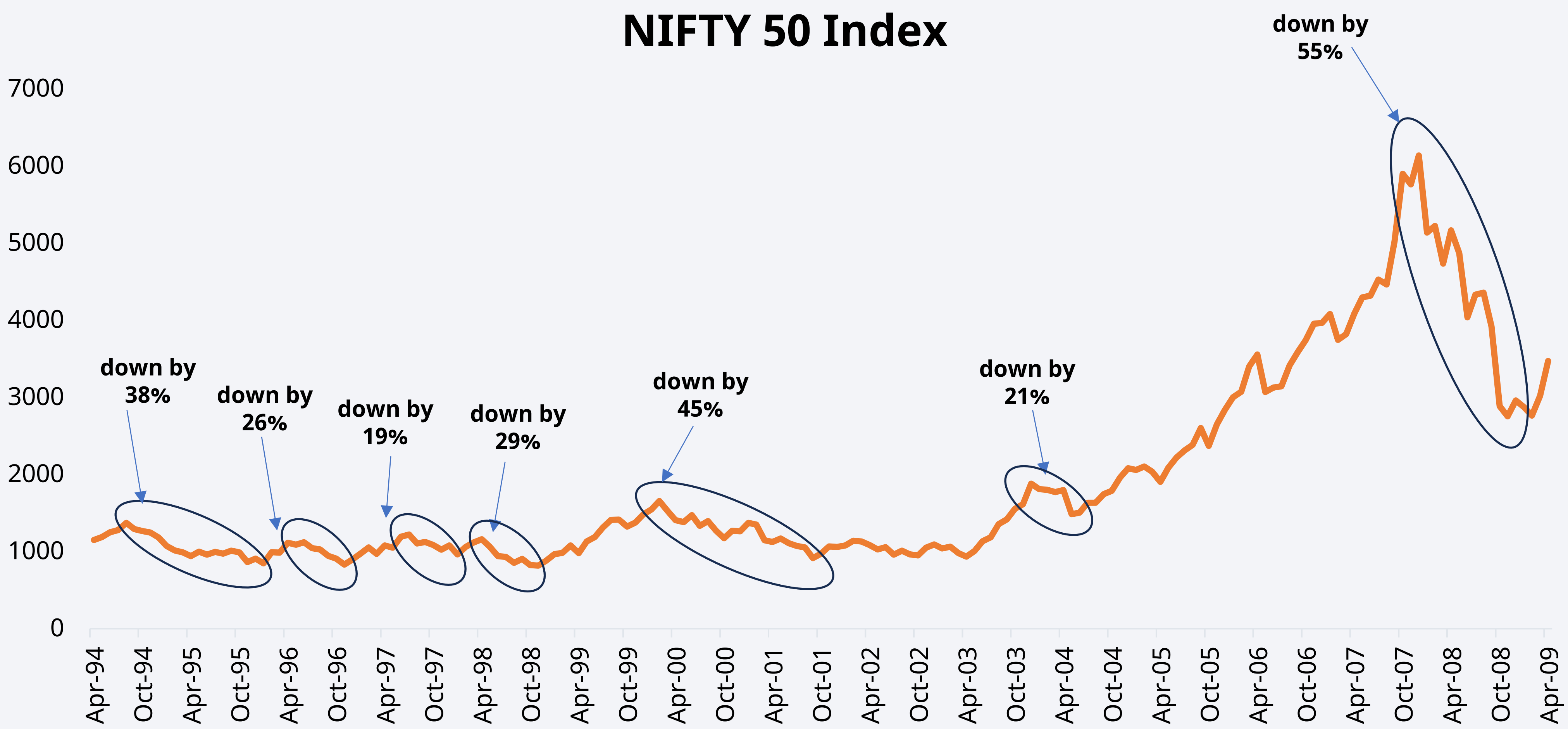
Average	**45**
Median	**47**
# +ve	**7**
2007	47
2006	47
2005	42
1992	37
1990	35
1988	51
1981	54
Year	**%**

> 60

Average	**79**
Median	**81**
# +ve	**5**
2009	81
2003	73
1999	64
1991	82
1985	94
Year	**%**

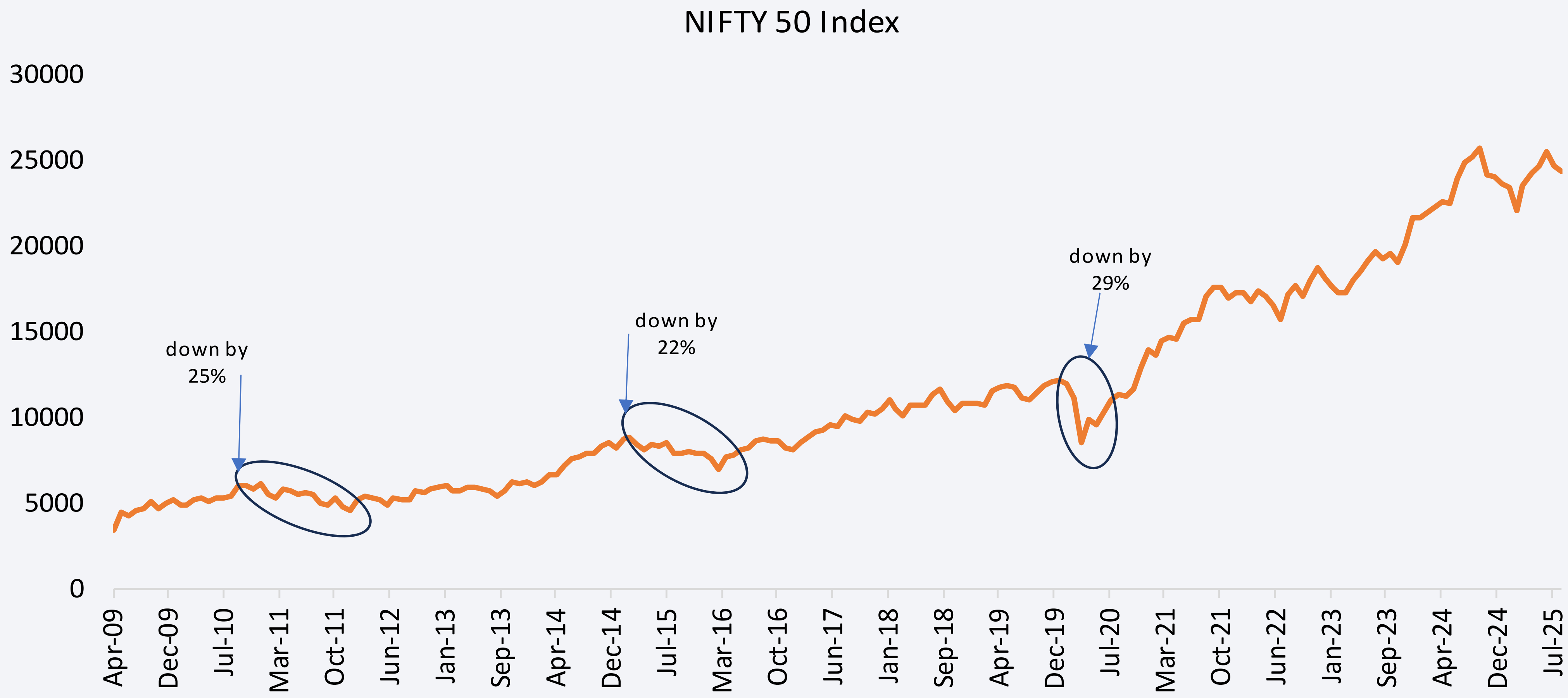
*Source: Bloomberg, Internal Research; *Data till August 31, 2025.*

Drawdown of NIFTY 50 Index (1994 - 2009)



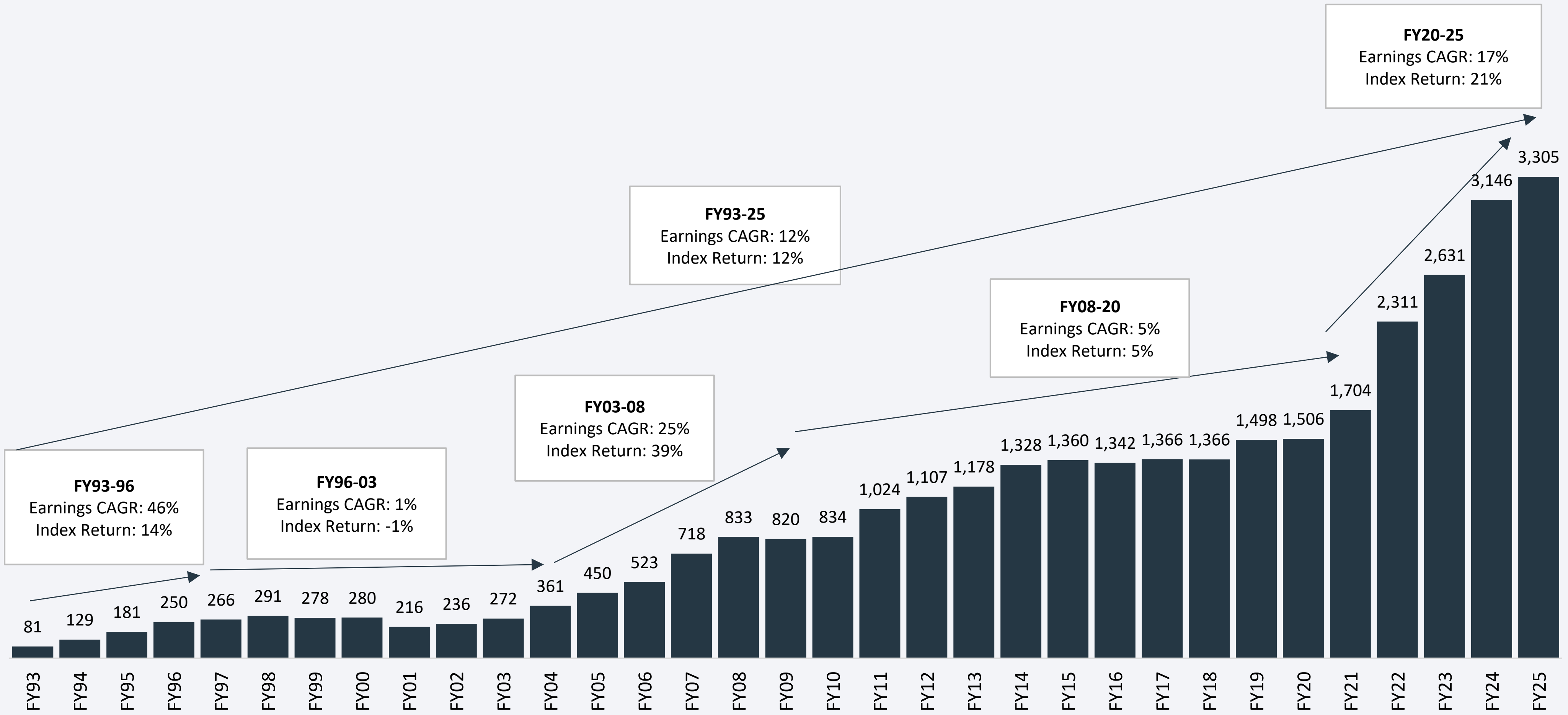
Source: NSE; Period 1994 to 2009

Drawdown of NIFTY 50 Index (2009 – 2025)



Source: NSE; Period 2009 to 2025 (upto 29 August 2025).

S&P BSE Sensex EPS Trend



Source: Motilal Oswal Financial Services Limited, Internal Research

Past performance may or may not be sustained in future.
The Above-mentioned returns should not be construed as any indication of future returns.

Indian Equity Market Performance- Rolling

Sensex data since inception

Period	Minimum Returns	Average Returns	Standard Deviation	+ve Returns	-ve Returns	Return to Risk Ratio (Average Returns/Standard Deviation)
1 Year Rolling	-56.1%	18.4%	31.9%	73.8%	26.2%	0.58
3 Year Rolling	-18.5%	15.6%	15.4%	89.3%	10.7%	1.01
5 Year Rolling	-7.9%	15.3%	11.7%	92.9%	7.1%	1.31
7 Year Rolling	-7.6%	14.9%	9.0%	94.9%	5.1%	1.66
10 Year Rolling	-2.8%	14.8%	7.1%	99.2%	0.8%	2.08

Longer the investment is held, lesser the probability of negative returns.

Source: Union AMC Internal Research & Bloomberg; Daily rolling returns are calculated for the period 03-04-1979 to 29-08-2025 by the CAGR approach. Example: For 1 Year Return, the first data point will be CAGR between 01-04-1979 to 01-04-1980, similarly the next data point would be CAGR between 02-04-1979 to 02-04-1980.The last data point would be CAGR between 29-08-2024 to 29-08-2025. Returns are calculated in a similar manner for other time frames (3, 5, 7, and 10 Years). The Index used is BSE Sensex. **Past Performance may or may not be sustained in the future.** Index performance does not signify the performance of any schemes of Union Mutual Fund.

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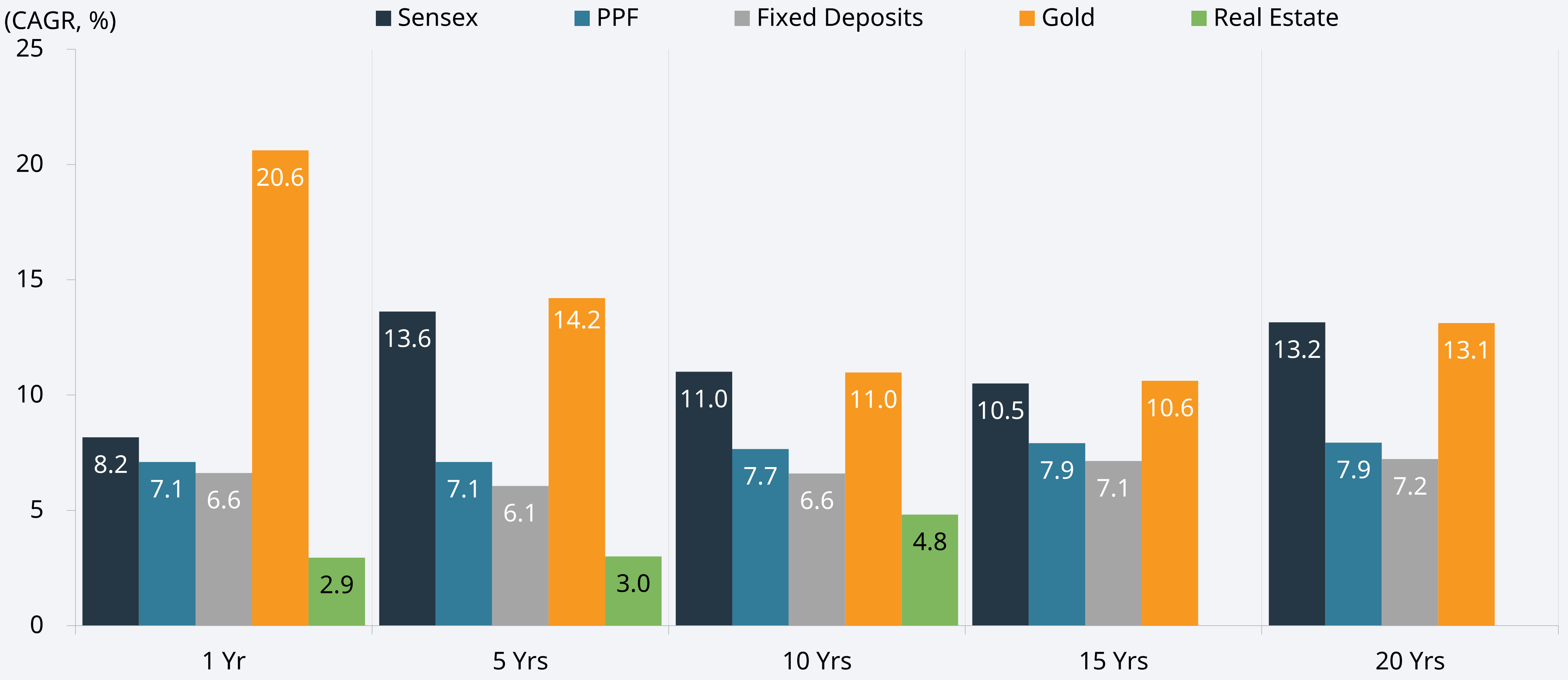
What Returns Did Different Asset Classes Give In The Last 20 Years?



Source: CEIC, Bloomberg, IIFL Research; Data as of December 31, 2024

Fixed Deposits = Source: RBI *(top 5 major banks)* and Maturity is 1year deposit.

*Note: The House Price Index as released by RBI on a quarterly basis is used for real estate prices. The data is available from 2010 onwards and the latest available data is for Dec 2024.

Note: Bank Fixed deposits upto Rs. 5 lakhs are being insured by Deposit Insurance and Credit Guarantee Corporation (DICGC).

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Disclaimers & Statutory Details

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THANK YOU

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