



To start with, As highlighted in our December quarter - ending perspective (December 2024), that US Fed interest rate trajectory and Donald Trump's tariff policies will impact the market trends. We have witnessed a healthy correction across all market cap segments in India.



CURRENT MARKET SCENARIO



While the September-December quarter was already challenged by FII (Foreign Institutional Investors) outflows plus the situation got intensified with new tariff announcements from President Trump's administration.

With the current pause in reciprocal tariffs, the Donald Trump's administration strategy now appears focused on securing individual trade deals. Their need for tariff revenue to address US government finances means tariffs will persist in some form, even if scaled back.

The ultimate effect on India's trade:

- 1. Tariff to dent India's real GDP by 0.4 to 0.5%.
- 2. India already experienced \$18.9 Billion FPI outflows (Oct 2024-March 2025), This tariff plan could further trigger capital flight from emerging markets like India.

FORECASTING NUMBERS



SENSEX guesstimates based on valuation implied framework tell:

- 83,000 – 85,000 (Equity Reduction Zone)
- 72,000 -75,000 (Equity Accumulation Zone)

ACTION PLAN FOR INVESTORS



Our Internal Model asset allocation currently shows 85% towards Equity for Aggressive investors (Regular Rebalancing). Moderate allocation at this valuation should be 70% (Regular Rebalancing). Ideally, exposure to the Mid/Small Cap Fund should not be greater than 38%.

SUMMING IT UP



The major problem with Financial modelling is emotions can't be inserted and tested. Undoubtedly tough days are here for equity investors, but also such periods have been the best to build investment base for a good period ahead. At this juncture, steady additions to plain vanilla Multi-cap funds is the prudent choice.

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