

PROFES CAPITAL INSIGHTS

JULY 2026

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EDITORIAL NOTE

Dear Reader

As we close the first half of 2026, the investment landscape continues to present a compelling blend of opportunity and caution. June reaffirmed the resilience of the Indian economy and financial markets, even as global uncertainties, from geopolitical tensions and fluctuating commodity prices to evolving monetary policies, continued to influence investor sentiment. Amid these crosscurrents, India's strong macroeconomic fundamentals, stable inflation, healthy domestic demand, and sustained institutional participation have reinforced confidence in the country's long-term growth story.

This edition of our newsletter provides a comprehensive perspective on the factors shaping today's investment environment. We begin with an analysis of prevailing market trends, highlighting the resilience demonstrated by domestic equities and the sectoral shifts that continue to create investment opportunities. Our Economic Outlook examines the broader macroeconomic landscape, where supportive policy measures, robust consumption, and ongoing infrastructure development continue to underpin growth despite external headwinds.

We also explore the evolving regulatory environment, where initiatives aimed at enhancing transparency, governance, and investor protection are strengthening the foundations of India's capital markets. As regulatory expectations continue to evolve, maintaining robust compliance frameworks and disciplined investment processes remains essential for both institutions and investors.

Finally, our Market Analysis combines technical market observations with an assessment of underlying corporate fundamentals. While periodic volatility is an inherent feature of financial markets, the convergence of constructive technical indicators and improving earnings quality continues to support a favourable long-term investment outlook. In an environment where quality and resilience increasingly differentiate investment outcomes, disciplined portfolio construction and a focus on fundamentally strong businesses remain paramount.

At our firm, we believe that successful investing extends beyond responding to short-term market movements. It requires a steadfast commitment to research, prudent risk management, diversification, and a long-term perspective. As the second half of the year unfolds, we remain focused on identifying sustainable opportunities while helping our investors navigate an ever-changing global and domestic landscape with confidence and clarity.

We hope this edition provides meaningful insights to support informed investment decisions and reinforces the value of staying committed to long-term financial goals, irrespective of short-term market fluctuations.

Regards
Editorial Team

MARKET TRENDS

Market Trends: June 2026

June 2026 witnessed a resilient yet volatile phase for financial markets. While global geopolitical uncertainties and fluctuating crude oil prices kept investors cautious, the Indian equity market continued to demonstrate remarkable strength, supported by robust domestic institutional investments, stable macroeconomic indicators, and optimistic corporate earnings expectations.

Indian benchmark indices traded within a broad range throughout the month before ending June near record territory. The Nifty 50 closed around 23,946, while the Sensex ended near 76,728, reflecting investors' confidence despite intermittent foreign institutional selling. Domestic Institutional Investors (DIIs) continued to absorb selling pressure from Foreign Institutional Investors (FIIs), providing stability to the markets.

Indian Equity Market Performance

The broad-based rally was largely driven by:



However, Information Technology and Oil & Gas stocks witnessed intermittent profit booking due to concerns over global demand and currency fluctuations.

Sector Performance (End of June 2026)

Healthcare remained one of the strongest performing sectors, supported by consistent earnings visibility and defensive investor positioning. Auto stocks underperformed amid concerns regarding input costs and demand moderation, while IT stocks remained sensitive to global economic expectations.

Institutional Investment Trends

Institutional participation continued to define market direction during June.

Foreign Institutional Investors remained cautious due to elevated global uncertainty, while Domestic Institutional Investors continued to provide a strong cushion through sustained buying.

Key observations included:

- FIIs remained net sellers during several trading sessions.
- DIIs consistently accumulated quality Indian equities.
- Domestic SIP inflows and retirement funds continued supporting market liquidity.
- Retail participation remained healthy despite market volatility.

This divergence between foreign and domestic flows reinforced India's structural investment story and highlighted growing domestic financial participation.

Global Economic Developments

Global markets remained influenced by several macroeconomic factors:

- Persistent geopolitical tensions in the Middle East
- Volatility in crude oil prices
- Expectations regarding interest rate policies
- Moderating global inflation
- Mixed economic data from developed economies

The International Monetary Fund maintained cautious optimism regarding global growth while warning that geopolitical risks could continue to create inflationary pressures through higher commodity prices.

Interest Rates, Inflation & Bond Markets

India's macroeconomic environment remained relatively stable.

Major indicators included:

- RBI Repo Rate: 5.25%
- India's FY2026-27 GDP Growth Projection: 6.6%
- 10-Year Government Bond Yield: approximately 6.9%
- CPI Inflation (May): 3.93%, remaining below the RBI's medium-term target ahead of June data.

Stable inflation expectations supported investor confidence while allowing the Reserve Bank of India to maintain a balanced monetary policy stance

Market Drivers During June

Several major themes shaped market sentiment throughout the month:

Positive Drivers	Key Risks
 Strong domestic consumption	 Rising crude oil prices
 Robust banking balance sheets	 Global geopolitical tensions
 Healthy corporate profitability	 FII selling pressure
 Continued SIP inflows	 Currency volatility
 Stable GDP growth outlook	 Uncertainty around global interest rates
 Government infrastructure spending	

These opposing forces created periodic market corrections but failed to alter the broader positive investment outlook.

Key Market Indicators — June 2026

Investment & Public Assets Dept

Nifty 50	Sensex	Repo Rate	10-Year G-Sec Yield	GDP Growth Projection	CPI Inflation (May)
~23,946	~76,728	5.25%	~6.9%	6.6%	3.93%

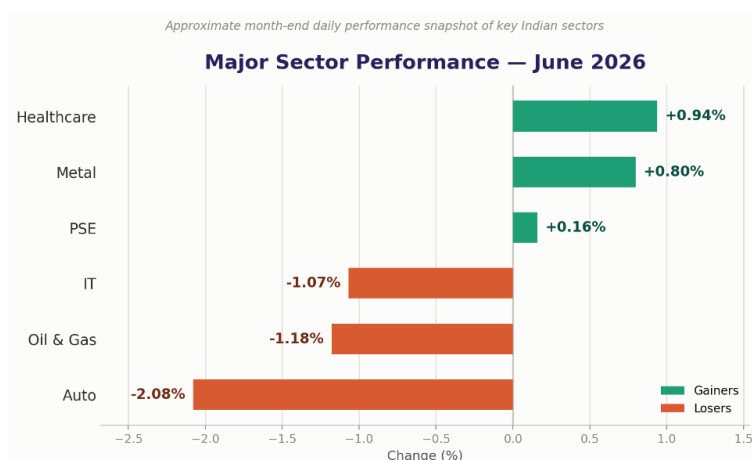
Investment Outlook

Despite elevated global uncertainty, India's investment landscape remained fundamentally strong throughout June 2026. Structural domestic growth drivers, including rising household financial savings, increasing mutual fund participation, strong government capital expenditure, and resilient corporate earnings, continued to support long-term equity valuations.

Investors maintained a preference for fundamentally strong companies with healthy cash flows, particularly in banking, healthcare, infrastructure, and select manufacturing segments. Meanwhile, sectors more exposed to global demand experienced relatively higher volatility.

Major Sector Performance - June 2026

Approximate month-end daily performance snapshot of key Indian sectors.



ECONOMIC OUTLOOK

Insights into the Current Economic Landscape and Its Implications for Investors: June 2026

June 2026 presented a balanced economic landscape marked by resilient domestic growth despite ongoing global uncertainties. While geopolitical tensions, elevated crude oil prices, and cautious monetary policies across advanced economies influenced investor sentiment, India continued to outperform most major economies on the back of strong domestic consumption, controlled inflation, healthy credit growth, and sustained government capital expenditure.

The Reserve Bank of India (RBI) maintained an accommodative yet cautious stance following its earlier policy adjustments, supporting liquidity while ensuring inflation remained within its target range. Strong tax collections, improving manufacturing output, and rising private investments further strengthened confidence in India's medium-term growth trajectory.

For investors, June reaffirmed that India's structural growth story remains intact despite short-term global volatility.

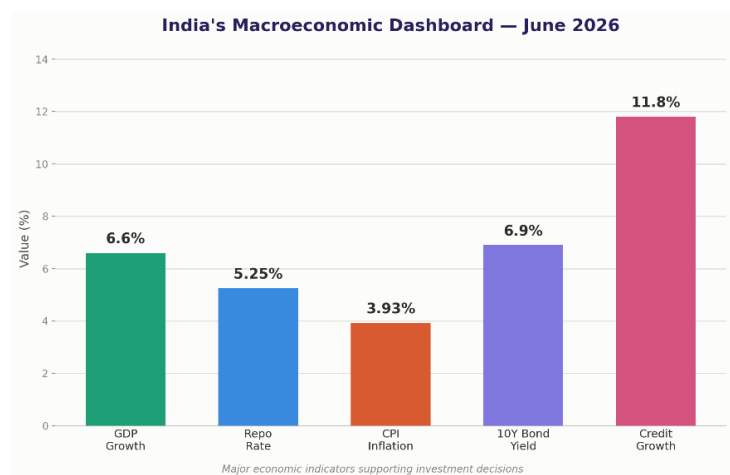
India's Macroeconomic Dashboard

India's key macroeconomic indicators remained supportive of long-term investment growth.

Key Economic Indicators

Key Highlights

	GDP Growth Forecast (FY2026-27)	6.6%
	CPI Inflation	3.93%
	RBI Repo Rate	5.25%
	Bank Credit Growth	11.8%
	10-Year Government Bond Yield	6.9%

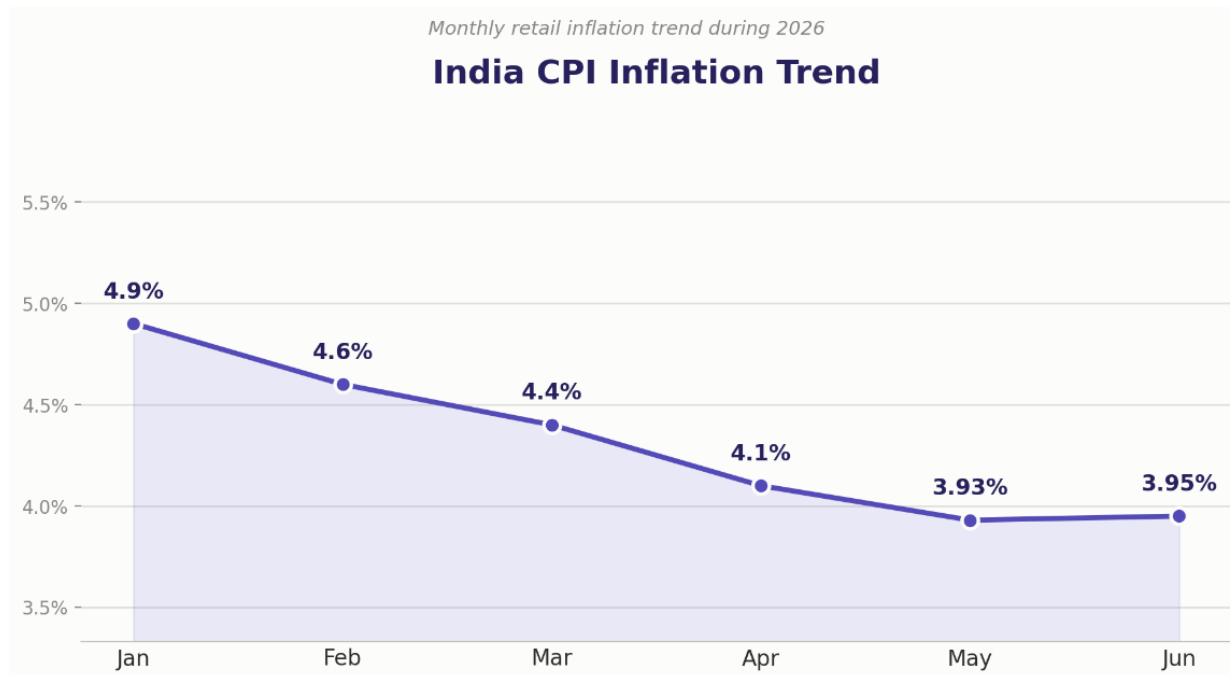


These indicators suggest that India's economy remains in an expansionary phase while maintaining macroeconomic stability.

Inflation Trend Remains Comfortable

Inflation moderated further during June owing to easing food prices, improved supply chains, and stable domestic demand.

Although global energy prices remained elevated, India's inflation stayed comfortably below the RBI's upper tolerance level.



Monetary Policy and Interest Rate Outlook

The RBI continued to prioritise financial stability while supporting economic growth.

With inflation under control and GDP growth remaining healthy, the central bank maintained the Repo Rate at 5.25%, balancing liquidity with price stability.

Stable borrowing costs encouraged:



Higher corporate investments



Increased housing demand



Better consumer financing



Improved banking profitability

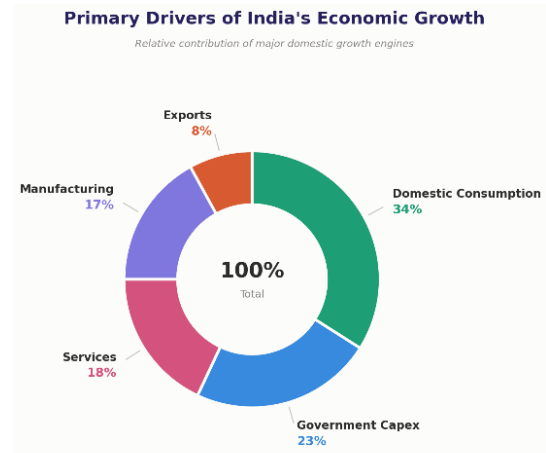
Interest-sensitive sectors such as Banking, Real Estate, Infrastructure and Automobiles continued to benefit from the prevailing policy environment.

Growth Drivers of the Indian Economy

India's growth during June was supported by multiple domestic engines rather than a single sector.

Major Growth Contributors

Domestic consumption continued to remain the largest contributor to economic expansion, supported by rising employment, improving rural demand and increasing household incomes



Manufacturing and Industrial Momentum

India's manufacturing sector maintained healthy momentum throughout June.

Government incentives under the Production Linked Incentive (PLI) scheme, increased infrastructure spending and expanding private investments supported industrial activity.

Key observations included:

	Manufacturing PMI remained above 58 .
	Capacity utilisation continued to improve .
	Capital expenditure announcements remained strong .
	Engineering and capital goods companies reported healthy order books .

This improving industrial ecosystem supports long-term earnings growth across manufacturing and infrastructure-related sectors.

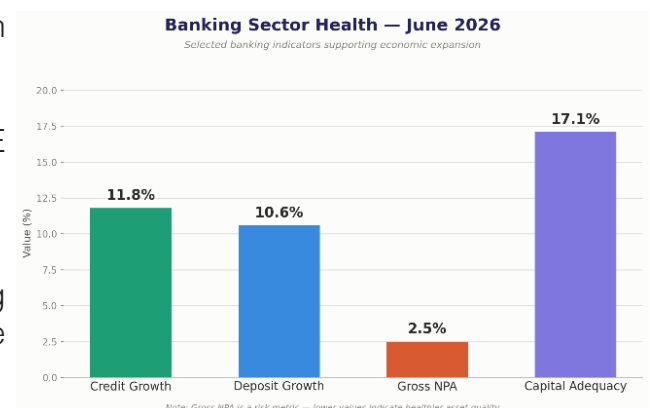
Banking and Credit Expansion

The banking sector continued to play a pivotal role in supporting economic growth.

Credit demand remained healthy across retail, MSME and corporate segments.

Banking Sector Indicators

Lower non-performing assets (NPAs) and improving capital adequacy ratios continued to strengthen the banking system, enabling sustained credit expansion.



Global Economic Landscape

Global markets remained cautious during June due to:

	▶	Persistent geopolitical conflicts
	▶	Elevated crude oil prices
	▶	Slowing growth in Europe
	▶	Mixed economic data from the United States
	▶	Continued uncertainty around future interest rate cuts

Despite these challenges, India remained comparatively well-positioned owing to its large domestic market and limited dependence on exports relative to many emerging economies.

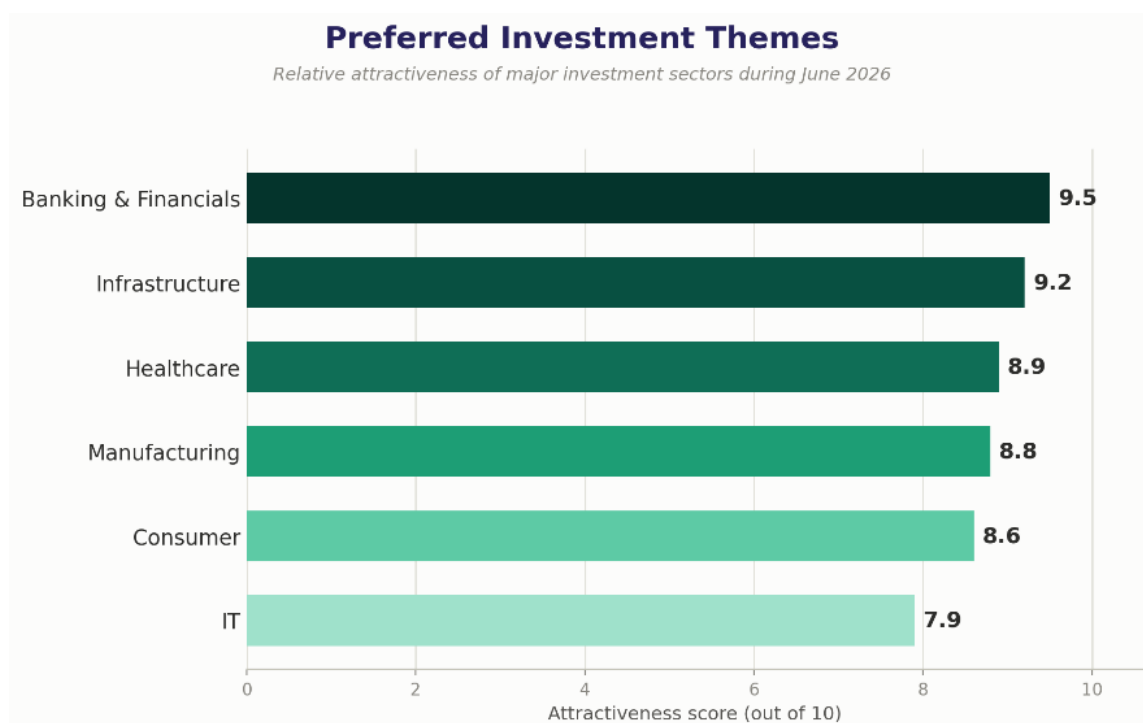
Investment Environment

The overall investment climate remained constructive.

Institutional investors continued to favour sectors linked to India's structural growth story.

Preferred Investment Themes

Banking, infrastructure, healthcare and manufacturing continued to attract strong investor interest owing to their favourable earnings outlook and long-term growth potential.

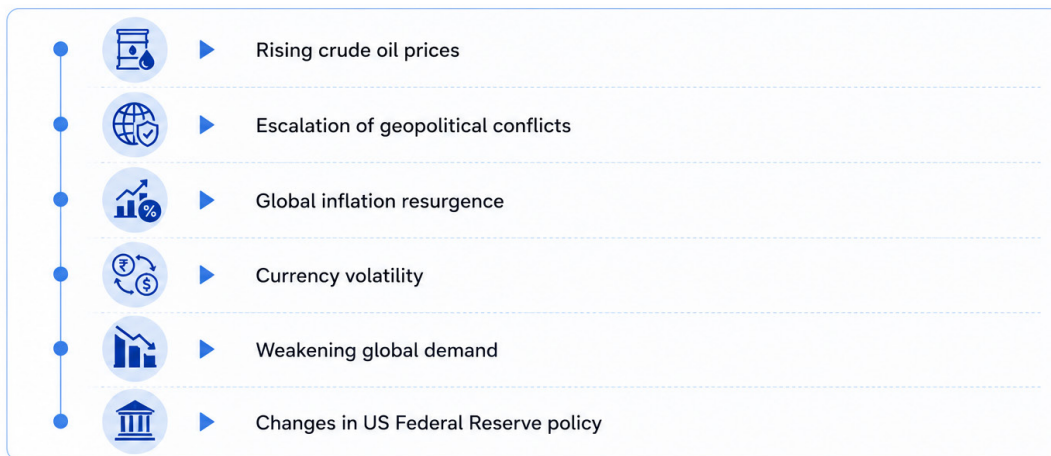


Inflation Trend

Lower inflation improves consumers' purchasing power while allowing businesses to maintain healthy profit margins. Stable inflation also provides greater flexibility for monetary policy, creating a favourable environment for long-term investors.

Risks to Monitor

Despite the favourable domestic outlook, investors should continue monitoring several external risks:



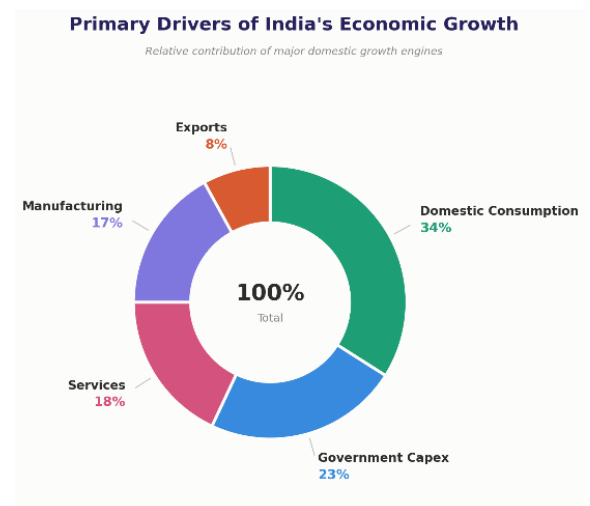
These factors could create short-term market volatility, although India's strong domestic fundamentals are expected to provide resilience.

Economic Outlook for Investors

India enters the second half of 2026 with one of the strongest macroeconomic profiles among major emerging economies. Stable inflation, supportive monetary policy, healthy banking fundamentals, sustained government capital expenditure, and resilient domestic consumption continue to underpin economic growth.

The country's diversified growth drivers reduce dependence on external demand, making it comparatively better positioned to navigate global uncertainties. Investors are likely to continue favouring sectors aligned with India's structural transformation, including banking, infrastructure, manufacturing, healthcare, capital goods, and consumer-focused businesses.

While short-term volatility arising from geopolitical developments or global monetary policy cannot be ruled out, the broader economic outlook remains positive. Maintaining a diversified portfolio, focusing on fundamentally strong businesses, and staying invested through market cycles continue to be the most effective strategies for long-term wealth creation.



REGULATORY UPDATES

Regulatory Updates: June 2026 Regulatory Review

Regulatory Landscape: A Month of Policy Stability with Strategic Reforms

June 2026 witnessed several important regulatory developments aimed at strengthening India's financial markets, improving investor protection, enhancing corporate governance, and promoting greater transparency across the investment ecosystem. Regulators continued to focus on balancing market efficiency with robust risk management amid a dynamic global economic environment.

The Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), and the Ministry of Finance introduced or advanced initiatives designed to deepen capital markets, simplify compliance processes, improve disclosure standards, and encourage responsible investing. For investors and fund managers, these developments reinforce the importance of maintaining disciplined investment processes while staying aligned with evolving regulatory expectations.

SEBI Strengthens Market Governance

SEBI continued its efforts to enhance market integrity through improved disclosure requirements, tighter surveillance mechanisms, and enhanced governance standards for listed companies and regulated intermediaries.

Key developments included:



Continued strengthening of disclosure norms for listed entities.



Enhanced monitoring of insider trading and market manipulation.



Greater emphasis on **timely corporate disclosures**.



Ongoing improvements in **mutual fund and portfolio** management regulations.



Strengthening cybersecurity and operational resilience for market intermediaries.

These initiatives are expected to improve investor confidence while reducing information asymmetry across capital markets.

For institutional investors, stronger governance standards improve the overall quality of investment opportunities by encouraging better corporate accountability and transparency.

Key Regulatory Focus Areas

During June 2026, regulators concentrated their efforts on several strategic priorities.

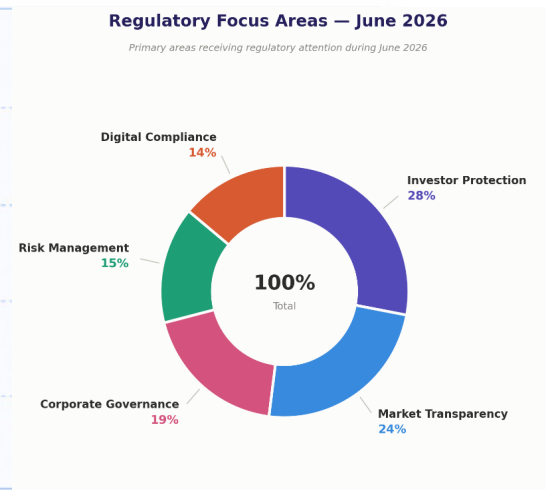
Regulatory Priorities

The increasing emphasis on transparency and governance reflects India's long-term objective of creating a globally competitive, resilient financial market.

RBI's Regulatory Approach

The Reserve Bank of India maintained a balanced regulatory approach during June by focusing on financial stability, liquidity management, and banking sector resilience.

Major policy objectives included:



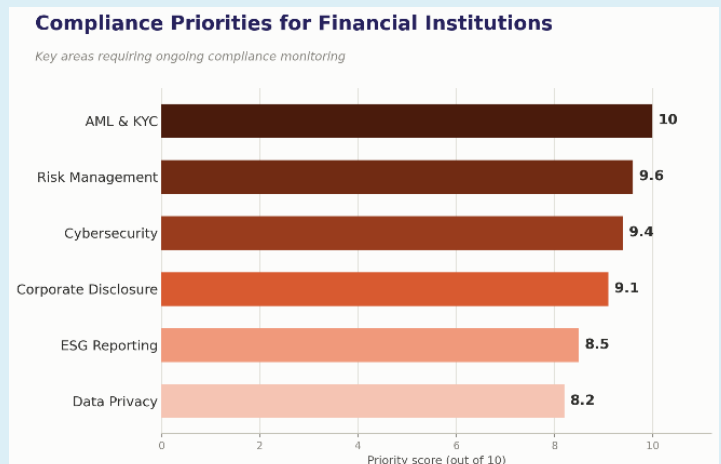
The banking sector continued to demonstrate strong capital adequacy, improving asset quality, and healthy credit expansion, providing a stable foundation for broader economic growth.

Compliance Priorities Across Financial Institutions

Compliance requirements continue to evolve alongside technological advancements and increasing regulatory expectations.

Major Compliance Areas

Financial institutions are increasingly investing in technology-driven compliance frameworks to reduce operational risks while improving regulatory reporting accuracy.



Corporate Governance Continues to Improve

Corporate governance remained one of the central themes of regulatory oversight during June.

Regulators continued encouraging companies to strengthen:



Board independence



Audit committee effectiveness



Related-party transaction disclosures



Executive accountability



Shareholder communication



Sustainability reporting

Improved governance standards reduce operational and reputational risks while enhancing long-term shareholder value.

For investors, companies demonstrating high governance standards generally exhibit stronger risk management practices and more sustainable earnings growth.

Digital Compliance and Technology Adoption

Technology continues to transform regulatory compliance across the financial sector.

Financial institutions are increasingly adopting:



Artificial Intelligence for fraud detection



Automated compliance monitoring



Real-time transaction surveillance



Digital onboarding through e-KYC



Cloud-based regulatory reporting



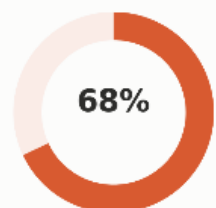
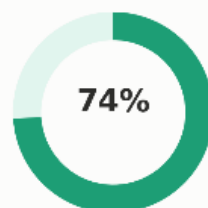
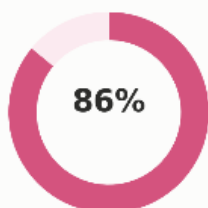
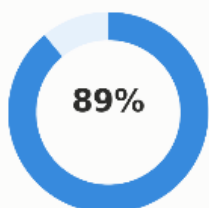
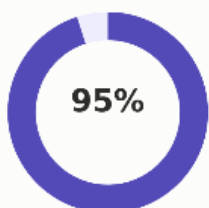
Advanced cybersecurity frameworks

Adoption of Compliance Technologies

Digital compliance not only improves regulatory adherence but also enhances operational efficiency and reduces manual processing errors.

Digital Compliance Adoption

Growing use of technology in financial compliance



ESG and Responsible Investing Gain Momentum

Environmental, Social, and Governance (ESG) considerations continued gaining prominence during June 2026.

Regulators increasingly encouraged:

Enhanced sustainability disclosures

Climate-related risk reporting

Transparent governance practices

Responsible investment frameworks

Institutional investors are placing greater emphasis on ESG metrics while evaluating long-term investment opportunities.

Companies with stronger ESG practices often demonstrate better governance structures, improved stakeholder relationships, and greater resilience during periods of economic uncertainty.

Investor Protection Measures

Protecting retail and institutional investors remained a major regulatory priority.

Important initiatives focused on:



Improving transparency in investment products.



Strengthening grievance redressal mechanisms.



Enhancing disclosure quality.



Monitoring fraudulent investment schemes.



Increasing investor awareness through financial education initiatives.

These measures contribute to higher market confidence and encourage greater participation in formal financial markets.

Regulatory Impact on Investment Strategy

Recent regulatory developments are expected to influence investment decision-making in several ways:



Higher transparency may reduce governance-related investment risks.



Improved disclosure standards support better fundamental analysis.



Stronger compliance requirements enhance institutional credibility.



Digital regulatory infrastructure improves operational efficiency.



ESG integration is likely to influence long-term capital allocation.

While regulatory changes may increase short-term compliance costs, they ultimately contribute to a stronger and more resilient financial ecosystem that benefits both investors and market participants.

Best Practices for Investors and Fund Managers

The evolving regulatory environment highlights the importance of maintaining disciplined compliance practices.

Recommended Compliance Framework

Fund managers should continue reviewing internal policies, ensuring timely regulatory reporting, maintaining comprehensive documentation, and strengthening governance frameworks to remain compliant with evolving regulatory standards.



Outlook

June 2026 reinforced the continued evolution of India's regulatory framework towards greater transparency, accountability, and investor protection. Regulatory authorities maintained a proactive approach to strengthening market integrity while encouraging innovation and digital transformation across the financial sector.

For investors and fund managers, the evolving landscape underscores the importance of integrating compliance into investment processes rather than viewing it solely as a regulatory obligation. Strong governance practices, disciplined risk management, robust documentation, and continuous monitoring of regulatory developments will remain essential for navigating increasingly sophisticated financial markets.

As India's capital markets continue to mature, organisations that embrace regulatory best practices and invest in effective compliance frameworks are likely to be better positioned to manage risks, build investor confidence, and achieve sustainable long-term growth.

PORTFOLIO PERSPECTIVES

1) VOLATILITY

Understanding Volatility: The Pulse of Market Movement

Volatility is a key concept in investing that refers to the degree of variation in the price of an asset over time. It essentially measures how much and how quickly an asset's price moves, whether up or down. High volatility means that an asset's price swings significantly in a short period, while low volatility indicates steadier, more predictable price movements.

Understanding volatility is crucial for investors, as it directly relates to risk, returns, and investment strategy. While some view volatility as a threat, seasoned investors know how to manage, and in some cases, even benefit from it.

What is Market Volatility?

Market volatility represents the rate at which the price of securities fluctuates. It is often driven by a mix of economic indicators, company performance, political developments, investor sentiment, global events, and unexpected news.

Volatility is not inherently bad, it is a natural part of market cycles. However, the way investors respond to it can significantly impact their portfolio's performance.

Types of Volatility

Historical Volatility

Measures past fluctuations in asset prices over a specific time period. Often calculated using standard deviation.

Implied Volatility

A forward-looking measure, derived from the prices of options. Reflects how much the market expects a stock to move in the future.

Market-Wide Volatility

Occurs during economic uncertainty, crashes, or major events. Impacts entire sectors or markets, not just individual stocks.

Volatility Index (VIX)

Often referred to as the “Fear Gauge”, the VIX (Volatility Index) is a real-time market index that represents the market’s expectations for volatility over the coming 30 days.

A high VIX indicates increased fear and potential turbulence.
A low VIX signals stability and investor confidence.

Causes of Volatility



Economic Events
Inflation data, interest rate changes, GDP reports



Company News
Earnings results, mergers, leadership changes



Geopolitical Tensions
Wars, elections, policy changes



Natural Disasters
Pandemics, earthquakes, climate-related disruptions



Market Sentiment
Fear, greed, and herd behavior can magnify market reactions

Volatility and Investment Risk

Volatility is not the same as risk, but they are related.

- *Risk is the potential for permanent loss of capital.*
- *Volatility is the temporary fluctuation in value.*

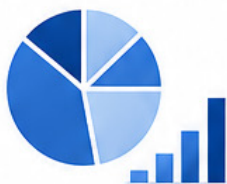
However, highly volatile assets are generally considered riskier because their prices are less predictable. That said, volatility also presents opportunities for returns if managed wisely.

How to Manage Volatility

1

Diversification

Spreading investments across asset classes reduces exposure to a single volatile asset.



2

Asset Allocation

Balancing high-risk and low-risk assets cushions the impact of price swings.



3

Dollar-Cost Averaging

Investing a fixed amount regularly can help average out prices during volatile periods.



4

Long-Term Focus

Over longer time horizons, market volatility tends to smooth out.



5

Rebalancing

Periodically adjusting your portfolio keeps your risk in check as asset values shift.



Who is Affected by Volatility?

1 Short-Term Traders

Most affected, as small price movements impact their trades significantly.



2 Long-Term Investors

Less affected if they stay disciplined and avoid emotional reactions.



3 Retirees or Conservative Investors

May need to reduce exposure to volatile assets.



4 Aggressive Investors

Might see volatility as an opportunity to buy low and sell high.



Volatility-Based Strategies

1 Low Volatility Investing

Focuses on stable stocks with consistent returns.



2 High Beta Investing

Targets stocks with higher volatility than the market for potentially greater returns.



3 Options Trading

Uses implied volatility for profit opportunities in options markets.



Statistics



60%+

During high-volatility periods, investor panic increases by over 60% ([Morningstar](#)).



12-24 MONTHS

Historically, markets recover from sharp corrections within 12-24 months ([Vanguard](#)).



Volatile markets often generate the best long-term entry points for disciplined investors ([BlackRock](#)).

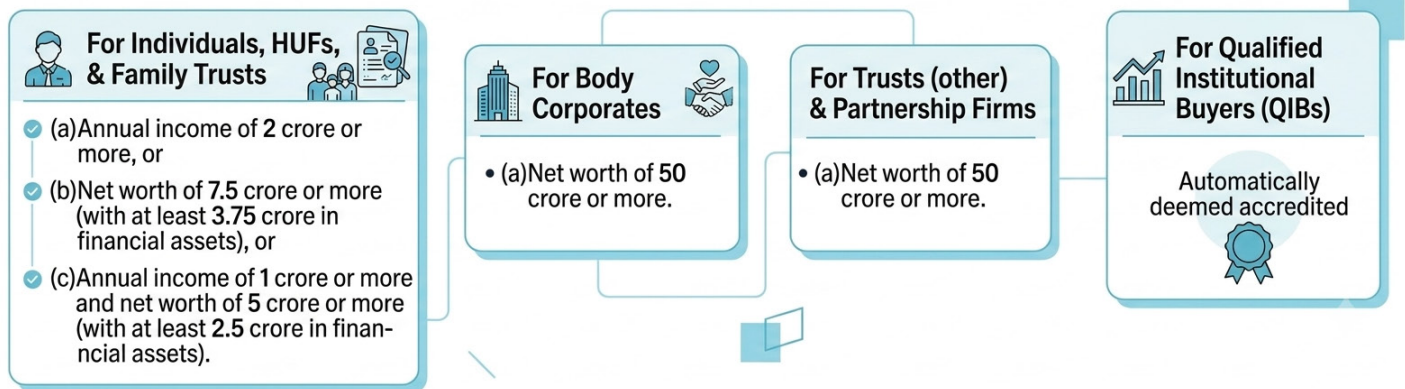
Volatility is not something to fear, it's something to understand and manage. It reflects uncertainty but also potential. By learning to work with volatility rather than against it, investors can make smarter, more informed decisions that align with their risk tolerance, goals, and time horizon. In the world of investing, volatility is not the enemy, it's simply the heartbeat of the market.

2) ACCREDITED INVESTOR

An Accredited Investor is an individual or entity recognized by financial regulators as having the requisite financial capacity, experience, and risk tolerance to participate in complex, high-risk investment opportunities not generally available to retail investors. In India, the concept of Accredited Investors has been formally introduced by SEBI (Securities and Exchange Board of India) through a framework issued in 2021, aligning domestic markets with global practices.

Accredited Investors are critical to the Alternative Investment Fund (AIF) ecosystem, as their recognition enables greater flexibility in fund structuring, product innovation, and regulatory exemptions.

Eligibility Criteria (as per SEBI framework)



Key Features of Accredited Investors in AIFs

1. Regulatory Flexibility: AIFs and Portfolio Management Services (PMS) can offer customized investment products to accredited investors, with exemptions from certain regulatory requirements (such as minimum corpus or diversification norms), provided disclosure and consent requirements are fulfilled.

2. High Entry Thresholds: Accredited investors demonstrate significant financial strength and sophistication, ensuring they can withstand potential losses from illiquid and high-risk assets such as venture capital, private equity, hedge funds, and real estate AIFs.

3. Certification and Validation: Accreditation is validated by recognized entities such as depositories, stock exchanges, or SEBI-registered intermediaries. Validity can range from 1 year to 3 years, depending on the type of certification.

4. Risk-Tailored Investments: Accredited investors gain access to differentiated products and bespoke investment strategies not available to general investors, allowing fund managers to structure innovative and concentrated portfolios.

INVESTING 101

Investing 101: The Silent Wealth Killer

Imagine placing \$10,000 into a secure vault, leaving it untouched for twenty years, and opening it to find that the money can only buy what \$5,500 buys today.

No market crash occurred, and no fees were deducted. The principal balance remained exactly the same, yet nearly half of the purchasing power vanished.

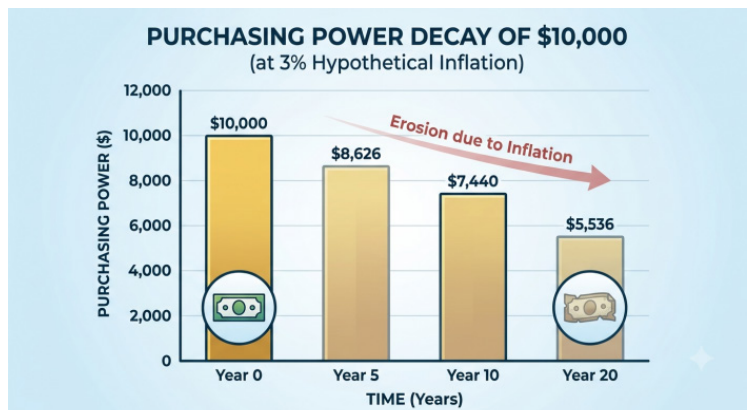


This is the mechanism of inflation, the gradual increase in prices over time that reduces the value of money. While market volatility often captures headlines because the fluctuations are sudden and visible, long-term cash hoarding presents a different kind of risk: a guaranteed, slow-motion loss of wealth.

The Illusion of Safety

When evaluating financial risk, it is common to focus entirely on price volatility, the sharp ups and downs of the stock or bond markets. To avoid this anxiety, many individuals opt to keep the majority of their capital in traditional bank savings accounts, viewing cash as the ultimate safe haven.

However, true financial security is not determined by the nominal number of dollars in an account, but by what those dollars can actually purchase in the real world.



When inflation averages approximately 3% per year, the compound effect severely erodes the purchasing power of uninvested capital over time:

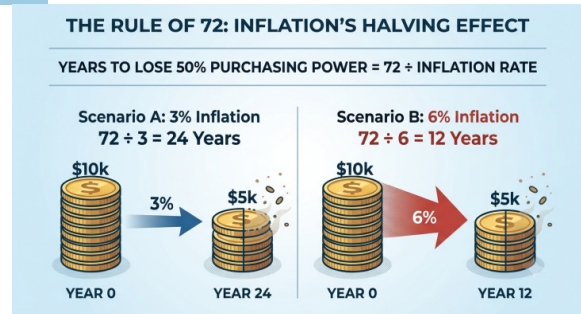
If capital sits in an account earning negligible interest while the cost of goods and services rises by 3% annually, that capital is effectively losing ground every year.

The Rule of 72 (Inflation Edition)

The Rule of 72 is a quick mental math shortcut typically used to estimate how long it takes an investment to double. However, it works perfectly in reverse to calculate how quickly inflation will cut the purchasing power of money in half.

Simply divide 72 by the current inflation rate:

- At 3% inflation, money loses half its value in 24 years ().
- At 6% inflation, money loses half its value in just 12 years ().



Outpacing the Leak

To preserve and grow wealth over decades, capital must achieve a rate of return that outpaces inflation. This reality transforms investing from an optional wealth-building strategy into a structural necessity for long-term financial survival.

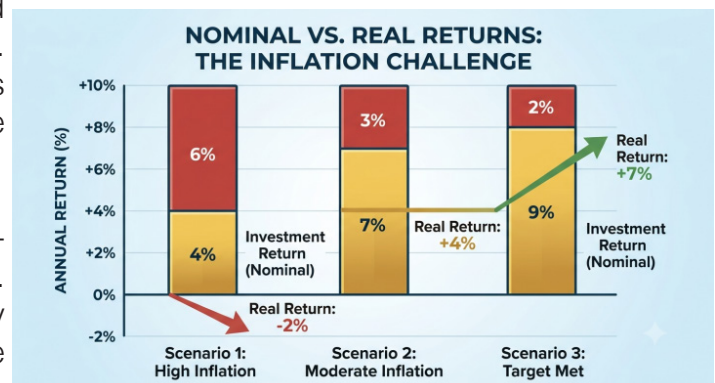
Historically, certain asset classes have served as effective hedges against rising consumer prices:

- **Equities (Stocks):** Over long horizons, the stock market has historically delivered average annual returns that outpace inflation, as corporations can adjust their prices and earnings to reflect higher costs.
- **Real Estate:** Property values and rental income naturally tend to rise alongside general inflation.
- **Fixed Income Adjustments:** Instruments like Treasury Inflation-Protected Securities (TIPS) are explicitly structured to adjust their principal value based on inflation metrics.

The Real Return Metric

When analyzing performance, investments should never be evaluated by their nominal returns alone. The critical metric is the real rate of return, which is calculated by subtracting the inflation rate from the total investment return.

An investment yielding 4% in a 5% inflation environment actually results in a negative real return. Conversely, accepting short-term market volatility is often the necessary trade-off required to secure positive real returns over the long term. True financial management requires balancing the visible risk of market fluctuations against the invisible risk of cash erosion.



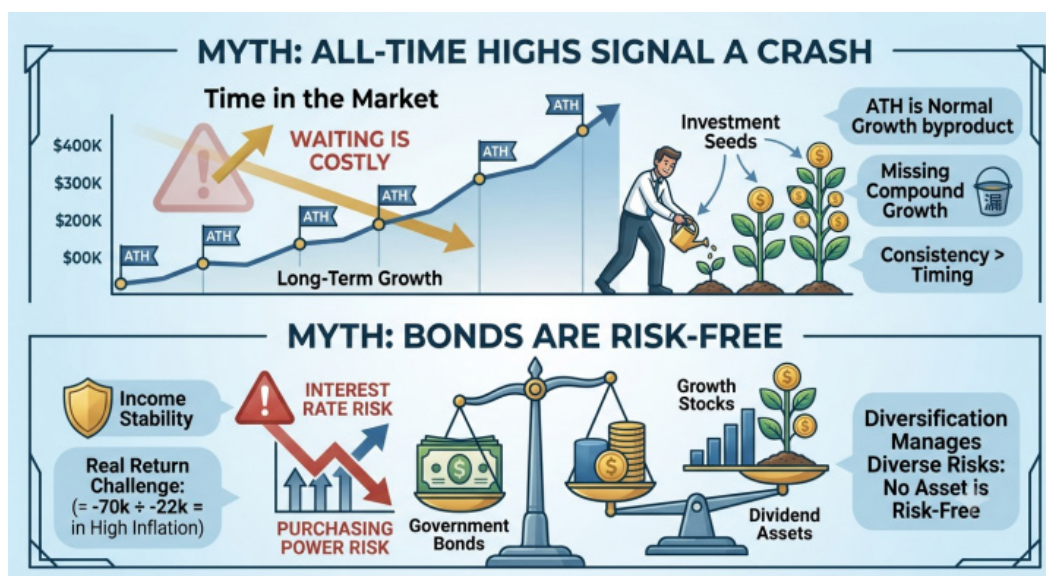
MARKET MYTH BUSTING

Myth 1: “All-Time Highs= imminent market crash”

- **The Myth:** “The stock market is at an all-time high right now, which means a market crash is imminent. It is safer to wait for a market pullback before investing.”
- **The Reality:** In a growing economy, the stock market spends a significant amount of time at or near all-time highs. Historically, all-time highs are not a warning sign of an immediate crash; they are a natural byproduct of long-term economic growth. Statistically, investing at an all-time high yields nearly identical average returns over a 1-, 3-, and 5-year horizon compared to investing on any random day.
- **The Takeaway:** Waiting for a market drop (market timing) often results in missing out on continued gains. Instead of trying to time the absolute perfect entry point, consistency and time in the market matter far more than timing the market.

Myth 2: “Bonds are Entirely Risk-Free”

- **The Myth:** “Bonds and fixed-income assets are completely safe and cannot lose money.”
- **The Reality:** While bonds are generally less volatile than stocks and provide a predictable income stream, they are not entirely risk-free. Bonds are highly sensitive to interest rate risk; when interest rates rise, the market value of existing bonds falls. Furthermore, as established in the inflation topic, long-term bonds face significant purchasing power risk if their fixed yields fail to keep pace with rising consumer prices.
- **The Takeaway:** No asset class is devoid of risk; they simply carry different types of risk. True portfolio security does not come from avoiding equities entirely in favor of bonds, but from balancing the two to protect against both market volatility and inflation.



FINANCIAL PLANNING

Financial Planning: Wealth Creation vs. Wealth Preservation

- A common misconception in personal finance is that financial planning follows a single, unchanging playbook: work hard, save money, and maximize investment returns. In reality, a successful financial lifetime is divided into two distinct, contrasting phases: Wealth Creation and Wealth Preservation.
- Understanding which phase a person is currently in, and how to transition between them, is one of the most critical aspects of long-term financial planning. Pursuing the wrong strategy at the wrong stage of life can result in either missed opportunities or catastrophic losses.

The Two Phases Side-by-Side

To understand how financial planning priorities shift over time, it helps to look at how these two mind-sets differ across key financial pillars:

 FINANCIAL PILLAR	 PHASE 1 WEALTH CREATION	 PHASE 2 WEALTH PRESERVATION
 PRIMARY GOAL	 Asset Accumulation & Growth	 Capital Protection & Income Generation
 TIME HORIZON	 Long-term (10 to 40+ years)	 Short-to-medium term
 RISK TOLERANCE	 High (Emphasizes market fluctuations for upside)	 Low-to-moderate (Emphasizes stability)
 CORE STRATEGY	 Aggressive compounding (Equities, growth assets)	 Hedging and fixed income (Bonds, cash, dividend stocks)
 FOCUS OF CONCERN	 Opportunity cost (The risk of not growing enough)	 Absolute loss (The risk of running out of money)

Phase 1: Wealth Creation (The Offense)

The Wealth Creation phase spans most of an individual's working career. During this period, a person's greatest financial asset is often not their bank balance, but their time horizon. Because retirement is decades away, the primary objective is to play offense.

The Strategy: The focus is on maximizing the power of compounding. This means tilting portfolios heavily toward growth assets like equities, real estate, or business ventures.

The Mindset: In this stage, short-term market downturns are not losses; they are opportunities to buy assets at lower prices. The biggest risk during the creation phase is being too safe, holding excessive cash and allowing inflation to erode future purchasing power.

Phase 2: Wealth Preservation (The Defense)

The Wealth Creation phase spans most of an individual's working career. During this period, a person's greatest financial asset is often not their bank balance, but their time horizon. Because retirement is decades away, the primary objective is to play offense.

The Strategy: The focus is on maximizing the power of compounding. This means tilting portfolios heavily toward growth assets like equities, real estate, or business ventures.

The Mindset: In this stage, short-term market downturns are not losses; they are opportunities to buy assets at lower prices. The biggest risk during the creation phase is being too safe, holding excessive cash and allowing inflation to erode future purchasing power.

The Tricky Transition: The "Red Zone"

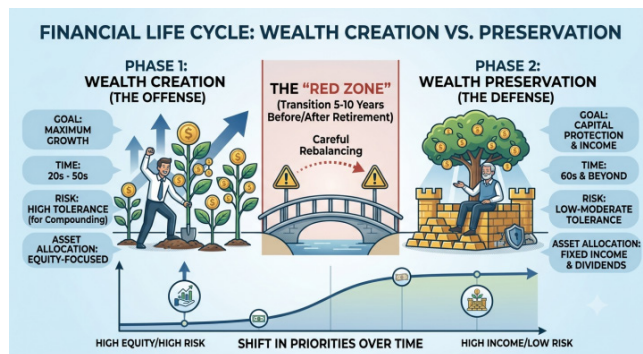
The most dangerous period in financial planning is the five to ten years immediately preceding and following retirement, often called the financial "Red Zone."

During this window, an individual experiences the highest vulnerability. The portfolio is usually at its peak absolute value, meaning a percentage drop hurts the most in raw dollar terms. Yet, the individual is also about to stop earning a salary and start withdrawing from those very assets.

The Behavioral Challenge: Transitioning from creation to preservation requires a psychological shift. It can be incredibly difficult for an investor who has spent 30 years conditioned to chase growth to suddenly accept lower, safer returns for the sake of stability.

The Bottom Line

A complete financial plan is neither purely aggressive nor entirely defensive. It recognizes that wealth creation builds the foundation, while wealth preservation ensures the structure stands for the rest of a person's life. Knowing where one stands on this continuum dictates every single decision, from asset allocation to tax planning and insurance coverage.



Marker Analysis

By CA Paras Sachdeva

Market Analysis: Evaluating Technical Signals and Fundamental Strengths in June 2026

Market in Perspective

June 2026 marked another constructive month for Indian equities, characterised by resilience amid elevated global uncertainty. Markets navigated geopolitical tensions in the Middle East, volatile crude oil prices, and mixed global economic indicators while continuing to find support from robust domestic liquidity, healthy corporate earnings expectations, and improving macroeconomic stability.

Although benchmark indices experienced intermittent corrections during the month, these declines were largely viewed as healthy consolidations rather than signs of structural weakness. The broader market continued to exhibit strength, particularly in sectors benefiting from domestic demand, government capital expenditure, and financial sector stability.

From both a technical and fundamental perspective, the Indian market continues to exhibit characteristics of a mature bull market, supported not merely by liquidity but increasingly by improving corporate profitability, strong balance sheets, and sustained economic expansion.

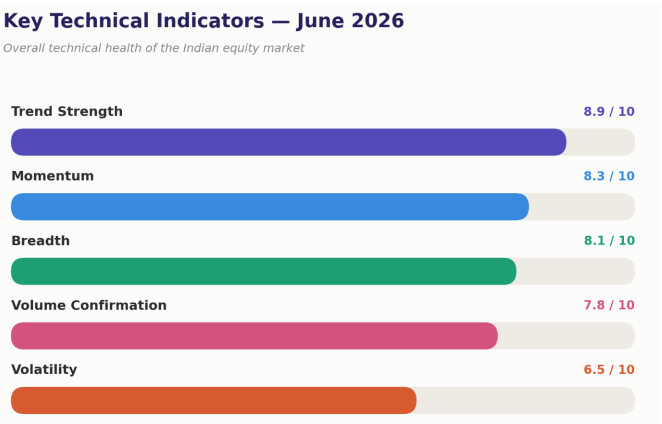
Technical Structure Remains Constructive

One of the defining features of June 2026 was the market's ability to absorb global shocks without significant deterioration in its long-term trend.

Benchmark indices remained comfortably above their medium and long-term moving averages, suggesting that the broader upward trend remains intact.

Technical Market Indicators

Market breadth remained healthy, with participation extending beyond large-cap stocks into select mid-cap and small-cap segments. Importantly, trading volumes during upward moves remained stronger than during corrective phases, indicating continued institutional accumulation rather than widespread distribution.



Sector Leadership Score

This sectoral rotation suggests that institutional investors continue reallocating capital toward businesses benefiting from domestic economic expansion rather than exiting equities altogether.



Earnings Continue to Support Market Valuations

Unlike liquidity-driven rallies observed during previous market cycles, the current market environment is increasingly underpinned by improving corporate fundamentals.

Quarterly earnings expectations remain favourable across financial services, healthcare, industrial manufacturing, infrastructure, and consumer-oriented businesses.

Several supporting factors include:



Stable net interest margins within the banking sector.



Healthy order books for infrastructure and capital goods companies.



Continued domestic consumption.



Improving operating margins due to moderating input costs.



Strong cash generation across large-cap corporates.

These developments justify premium valuations for fundamentally strong businesses while reinforcing confidence in long-term earnings growth.

Institutional Participation Remains the Primary Market Driver

Institutional capital continued to dominate market behaviour during June.

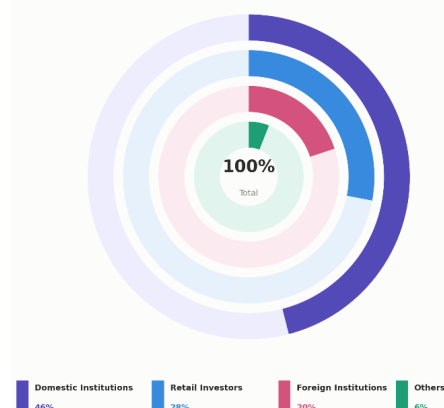
Domestic Institutional Investors (DIIs) remained consistent buyers, offsetting intermittent selling by Foreign Institutional Investors (FIIs). The continued growth of SIP inflows, pension assets, and insurance investments has fundamentally altered the structure of Indian capital markets.

Institutional Flow Dynamics

This structural shift has reduced market dependence on foreign portfolio flows, contributing to greater resilience during periods of global uncertainty.

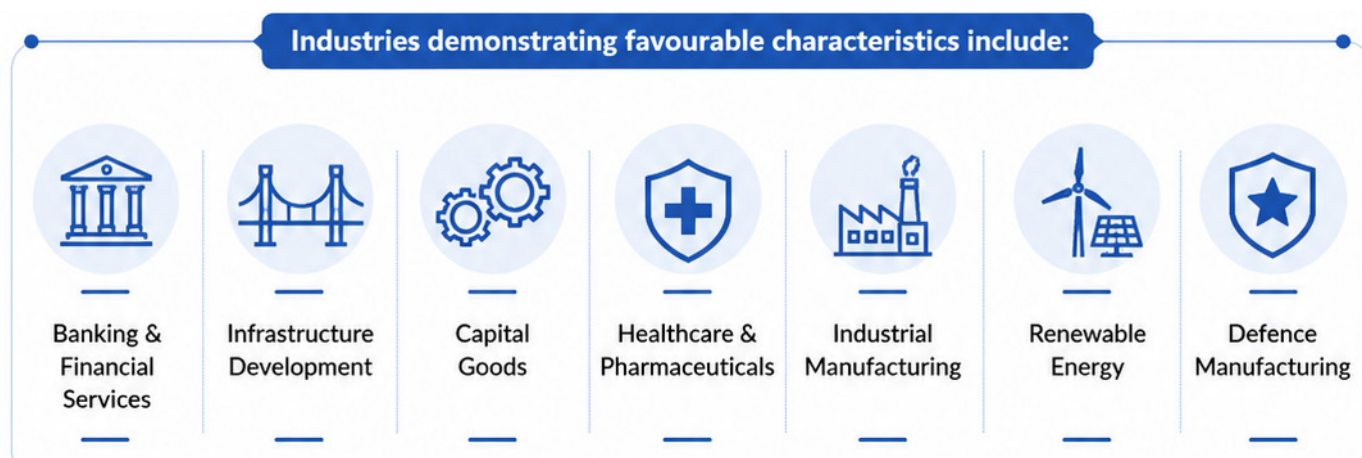
Primary Sources of Market Liquidity

Estimated contribution to equity market liquidity during June 2026



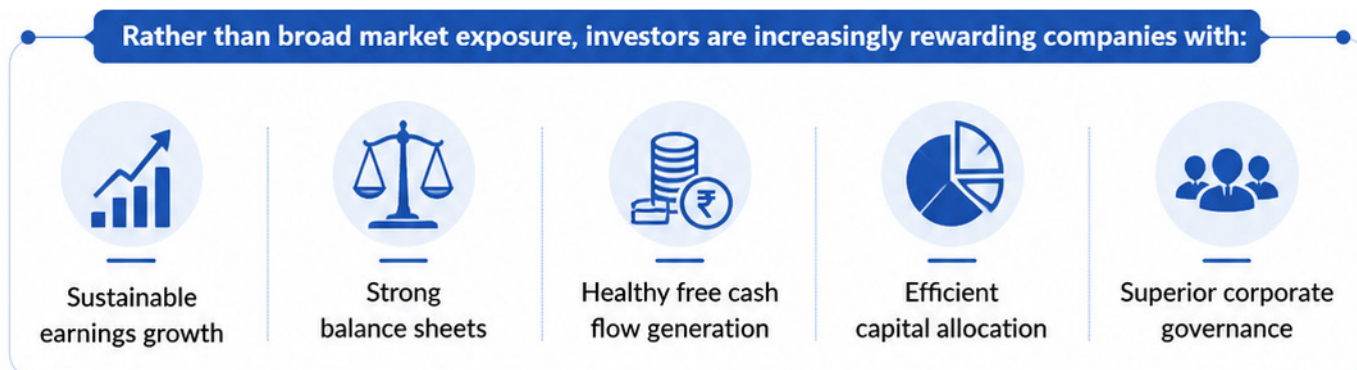
Industry-Level Opportunities

June also highlighted several industries where long-term structural themes continue to strengthen investment prospects.



Conversely, sectors heavily dependent on external demand continued to face near-term challenges arising from slower global economic growth.

Rather than broad market exposure, investors are increasingly rewarding companies with:



This reflects a market increasingly driven by quality rather than speculation.

Valuation Landscape

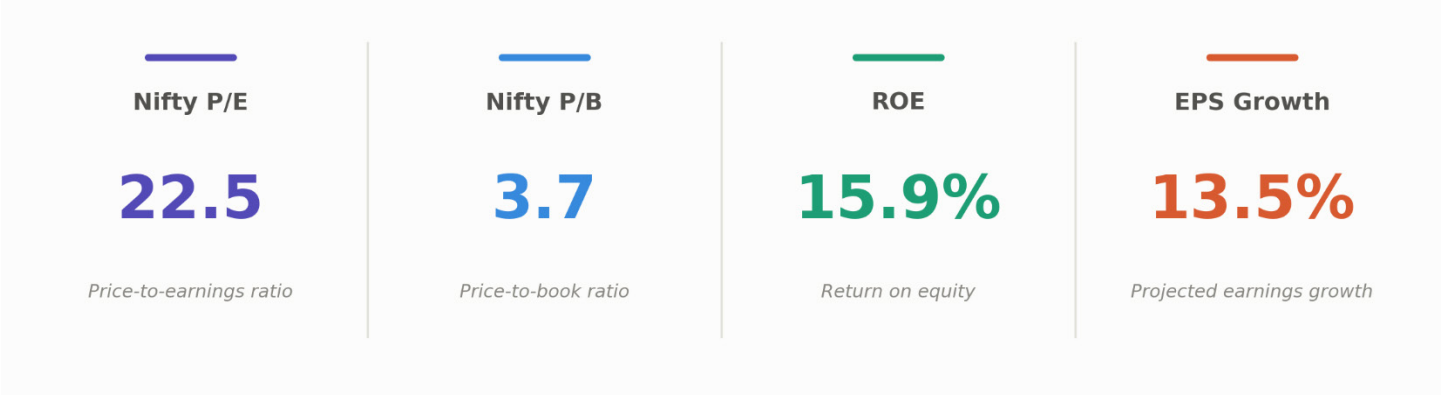
Although market valuations remain above long-term historical averages, they continue to appear reasonable when viewed against India’s superior earnings growth and macroeconomic outlook.

Market Valuation Snapshot

Premium valuations are increasingly supported by higher profitability, stronger return ratios, improving corporate governance, and favourable economic fundamentals rather than speculative market excesses.

Valuation Metrics — June 2026

Selected valuation indicators across the Indian equity market



Risk Indicators Remain Manageable

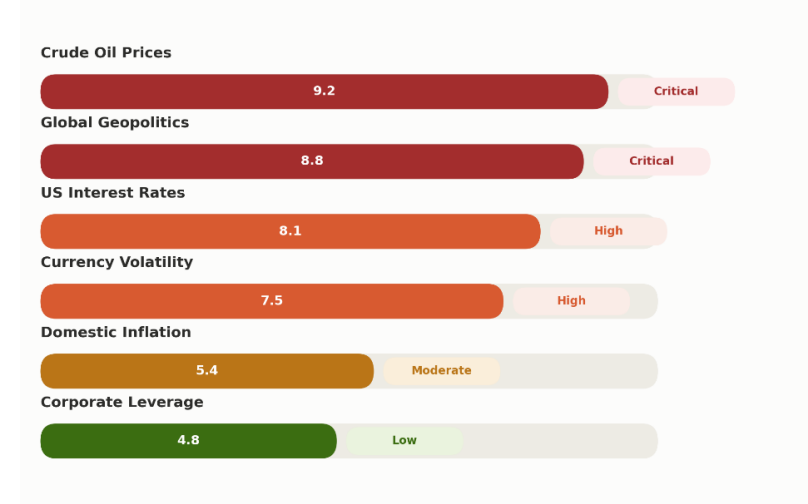
Although the market remains fundamentally healthy, investors should continue monitoring emerging risks.

Key Risk Assessment

While external risks remain elevated, domestic macroeconomic conditions continue to provide meaningful support for corporate earnings and investor confidence.

Major Market Risks — June 2026

Relative significance of current investment risks



Sector Rotation Signals a Healthy Bull Market

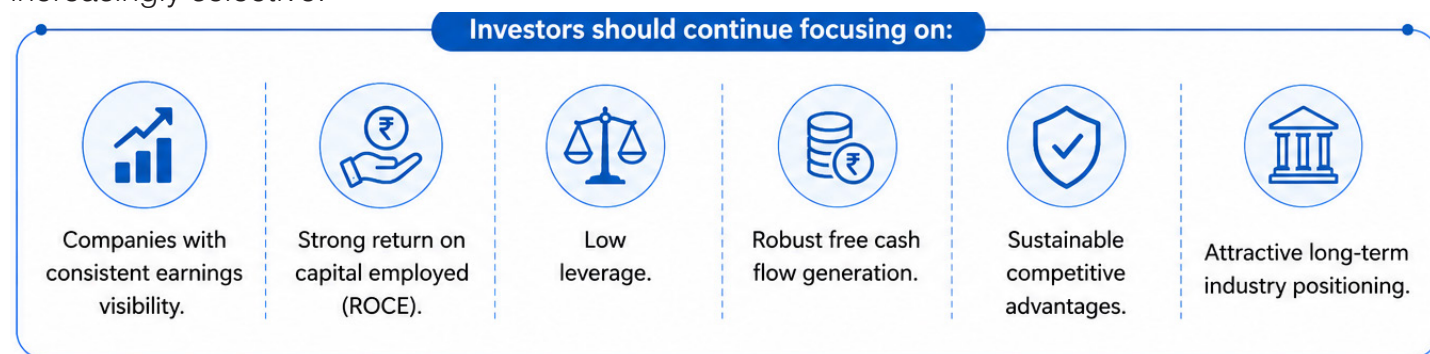
Rather than witnessing indiscriminate buying, June demonstrated a clear rotation of leadership across sectors, a hallmark of sustainable market advances.

Leadership gradually shifted among banking, healthcare, capital goods, manufacturing, and infrastructure stocks, while export-oriented sectors such as Information Technology experienced relatively weaker momentum due to concerns regarding global demand.

Market Positioning Going Forward

Current market conditions favour disciplined investment rather than aggressive tactical trading.

The combination of constructive technical trends and improving corporate fundamentals suggests that quality businesses are likely to continue outperforming weaker companies as markets become increasingly selective.



Rather than attempting to time short-term market movements, maintaining exposure to fundamentally strong businesses across diversified sectors remains the preferred investment approach.

Professional Outlook

June 2026 reinforced an important transition in the Indian equity market, from a liquidity-driven rally to one increasingly supported by earnings quality and economic fundamentals. Technical indicators continue to reflect a healthy long-term trend, characterised by constructive sector rotation, broad market participation, and sustained institutional accumulation. At the same time, improving corporate profitability, stable macroeconomic conditions, and disciplined capital allocation by businesses provide a solid fundamental foundation for future growth.

Although periodic volatility driven by geopolitical events, commodity price fluctuations, or global monetary policy remains likely, these factors are unlikely to derail India's broader structural growth trajectory. For long-term investors, the current environment favours maintaining exposure to high-quality businesses with durable competitive advantages rather than reacting to short-term market fluctuations.

As the market advances into the second half of 2026, disciplined portfolio construction, selective sector allocation, and a continued focus on companies with strong balance sheets, consistent earnings growth, and sound governance practices are expected to remain the key drivers of sustainable investment performance.

WEALTH QUEST

V	X	M	U	T	U	A	L	F	U	N	D	V	I	S	M
U	L	D	V	P	R	O	F	I	T	B	R	O	K	E	R
H	F	U	T	U	R	E	S	A	V	I	N	G	S	P	A
T	M	L	R	I	N	T	E	R	E	S	T	K	T	H	U
C	U	A	I	O	W	I	J	E	Q	U	I	T	Y	U	R
N	D	E	R	Q	B	B	N	J	P	D	N	D	H	R	E
E	S	M	O	X	U	L	V	F	X	W	V	R	N	A	V
P	S	T	X	X	E	I	E	N	L	U	E	D	P	S	E
O	D	T	O	N	B	T	D	I	B	A	S	W	L	S	N
R	G	I	O	C	E	O	C	I	O	H	T	L	D	E	U
T	V	L	V	G	K	R	N	A	T	I	O	I	L	T	E
F	B	M	D	I	I	S	G	D	T	I	R	D	D	S	O
O	C	U	V	G	D	U	U	T	S	I	A	B	Z	N	K
L	B	H	E	Z	S	E	G	C	Y	R	T	G	S	G	H
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O	R	I	Z	F	D	V	A	D	E	A	L	Z	L	Z	H



Words to Find



- | | | | |
|-------------|--------------|-------------|-------------|
| • ASSETS | • BONDS | • BROKER | • BUDGET |
| • CAPITAL | • DIVIDEND | • EQUITY | • FUTURES |
| • INFLATION | • INTEREST | • INVESTOR | • LIQUIDITY |
| • MARKET | • MUTUALFUND | • PORTFOLIO | • PROFIT |
| • REVENUE | • SAVINGS | • STOCKS | • TAXES |

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