

NEWSLETTER

— August 2025 —

True to our brand name, we are Team
“ALTPORT” that is:

- Process-driven investment approach
- Largest digital platform for AIF & PMS
- Dynamic team led by experienced leadership
- Trusted name with proven track record
- Commitment to eternal knowledge sharing
- Client-centric and customized wealth strategies
- Strategic partnerships based on thorough due diligence
- Technology-enhanced experience
- Robust compliance and governance

Our forte is AIFs, PMS and GIFT City
Investment options available in India.

August 2025

August Month Performance Analysis



Tariff Noise vs Economic Signal: Why India's Long-Term Story Holds

1-Month Returns (Major Indices & Sectoral Highlights)

Major Broad Market Indices

Index Name	1M Return (%)
Nifty 50	-2.77%
Nifty Midcap 150	-2.74%
Nifty Smallcap 100	-5.71%
Nifty 500	-2.83%

Top Sectoral Laggards

Sector	1M Return (%)
Nifty MidSmall IT & Telecom	-7.53%
Nifty Realty	-7.34%
Nifty IT	-7.25%
Nifty Media	-7.25%
Nifty PSU Bank	-4.87%

Top Sectoral Gainers

Sector	1M Return (%)
Nifty MidSmall Healthcare	4.27%
Nifty Pharma	3.63%
Nifty Healthcare Index	3.14%

- The Indian equity market saw a broad based correction over the past month, with all major indices closing in the red.
- Smallcaps underperformed sharply, with the Nifty Smallcap 100 falling by 5.71%, while large caps Nifty 50 falling -2.77% and midcaps (-2.74%) were relatively resilient.
- Sector wise, technology and rate sensitive segments like Realty, IT, and PSU Banks were the worst performers, dragged down by global slowdown concerns, weak earnings, and valuation pressures.
- In contrast, defensive sectors like Healthcare and Pharma saw healthy gains, benefiting from strong quarterly results, margin recovery, and investor rotation into less volatile segments amid uncertainty.

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The month of July kicked off with quarterly earnings season. While expectations were modest, several large cap names such as ICICI Bank, HDFC Bank, and L&T delivered better than anticipated results, offering initial support to market sentiment. However, the IT sector disappointed, in line with projections, leading to a sharp 9% decline in the Nifty IT index for the month.

Overall, the broader market remained largely steady through the first half, digesting earnings with a balanced tone. However, in the second half, sentiment turned sharply negative following former U.S. President Donald Trump's announcement of a 25% tariff on Indian goods. This triggered a wave of risk aversion, with Foreign Institutional Investors (FIIs) pulling out over Rs. 42,000 crore from Indian equities in July 2025, making it the third highest monthly outflow this year. This outflow surpasses the combined FII inflows of the previous four months, reflecting rising risk aversion amid trade tensions and market volatility.

While the market reaction has been intense, the actual economic impact on India is likely to be limited. India is primarily a consumption driven economy, with exports contributing around 21% to GDP. Within this, U.S. merchandise exports account for just about 2%, suggesting that the direct hit to GDP from tariffs may be modest. Moreover, India continues to diversify its trade partnerships, as evidenced by the recent trade agreement with the UK.

What Drives India's Economy (% of GDP)

Category	Component	2022–23	2023–24	2024–25
Consumption	People's Spending	58.1%	56.1%	56.5%
	Government Spending	9.6%	9.5%	9.1%
Investment	Investment in Buildings, Machines etc	33.6%	33.5%	33.7%
Trade	Exports	23.2%	21.7%	21.6%
	Imports	23.9%	24.9%	22.5%

- Most of India's economy runs on what people spend (PFCE) over 56%.
- Government spending is about 9%, mostly on services and salaries.
- Investment (GFCF) is growing steadily, helping build future capacity.
- Exports matter, but not dominant India is not export-led like China.

Consumption is expected to pick up going forward, driven by multiple tailwinds a good monsoon, which boosts rural income and demand, a likely reduction in interest rates, easing the cost of borrowing and the recent increase in tax free income limit up to Rs.12 lakh, leaving more disposable income in the hands of middle class earners. These factors are likely to revive consumption activity in both urban and rural segments, thereby supporting earnings growth and improving market sentiment in the near term.

US tariff impact on GDP

- The 2025 tariffs are expected to reduce U.S. economic growth by 0.5 percentage points in both 2025 and 2026. Over the long term, the U.S. economy will be about 0.4% smaller than it would have been without the tariffs
- The US 25% tariff is expected to impact India's GDP growth by 25 to 30 bps for FY26 (Short Run).

Indian Economy: Strong Growth with Stable Inflation

- India remains the fastest growing major economy, clocking a robust 6.5% GDP growth in 2024–25, driven by strong domestic demand, public and private investment, and macroeconomic stability. Growth is expected to continue at a similar pace in 2025–26, despite global uncertainties.
- Inflation has significantly eased, with CPI inflation falling to 2.82% in May 2025 its lowest since 2019 providing relief to households and boosting purchasing power. Food inflation has also cooled, aided by strong crop output.
- On the external front, exports hit a record USD 824.9 billion, and India's forex reserves and current account deficit remain healthy, reflecting global confidence. The country's nominal GDP has nearly tripled in a decade, showcasing long-term structural strength.

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India's economy is expanding steadily with low inflation, rising investment, and increasing global trust making it a standout performer in a fragile global environment. In summary, while markets may be reacting strongly to the tariff news, the structural fundamentals of the Indian economy remain intact. Any meaningful correction could offer long term investors a valuable opportunity.

Thanks & Regards
Vikas Agrawal
Founder & CEO
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