



Wealth India

# MONTHLY INVESTMENT PERSPECTIVES FEB-25

## GLOBAL MACRO: TRADE WAR AND RISING CORRELATIONS

President Trump has followed through on his promise to impose tariffs on Mexico, Canada, and China, citing “the extraordinary threat posed by illegal aliens and drugs” trafficked into the United States. By invoking IEEPA, the U.S. has implemented across-the-board tariffs of 25% on Mexico (now on pause) and Canada (with a 10% rate on oil and other energy products) and 10% on China. These new tariffs are incremental to existing measures, including the 7.5%–25% tariffs on most Chinese imports imposed during the 2018–19 trade war. The White House has framed these actions as “bold measures” to hold Mexico, Canada, and China accountable for their commitments to halt illegal immigration and prevent the entry of fentanyl and other drugs into the US. Specifically, US officials have criticized China for failing to stem the flow of precursor chemicals to criminal cartels and to address money laundering by transnational criminal organizations. On the other hand, DeepSeek has shaken the foundations of the tech world, though in the medium to longer run **Jevon’s paradox should play out** i.e. efficiency gains ultimately will lead to a net increase in demand. 2025 should be increasingly volatile due to rising correlations, policy uncertainty, and less predictable events, such as DeepSeek. Synchronized movements in equities and bonds underscore the challenge of achieving effective diversification. With interest rates still uncertain and equities more reactive to negative news, active management only enabling investors to adapt quickly to shifts across asset classes.

## GLOBAL EQUITIES: AI TAKES CENTERSTAGE AMIDST LLM WARS

U.S. equities have been consistently delivering high growth and exceptional profitability. Strong innovation may continue to sustain U.S. market outperformance in coming cycles. In the U.S. the financial information services should benefit from increasing financial activities, which positively impact the demand for financial services. Higher asset values and stronger pipelines at global investment banks exiting 2024 are expected to create a more favorable sales environment for information services firms focusing on data feeds and market intelligence. The financial information services sector benefits from powerful network effects and proprietary data assets, creating a formidable barrier to smaller players. The sector is also well-positioned to capitalize on structural tailwinds such as private market boom, digital finance, and AI. The integration of GenAI into financial information services could significantly impact product offerings and operational efficiencies. Companies with scale, credibility and brand recognition are well-positioned to capitalize the near-term improvement and long-term tailwind.

## GLOBAL FIXED INCOME: WILL TRADE WARS BOIL A SIZZLING U.S. ECONOMY?

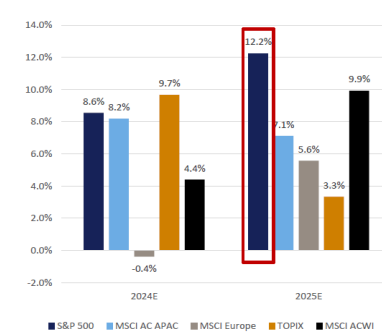
Asia credit delivered solid returns in CY24, with high yield outperforming investment grade significantly, with gains broad-based. Credit spreads are at multi-year highs and are more likely to widen than tighten. Total returns in 2025 will likely be mainly driven by carry, yet U.S. treasury yields remain a big variable for total returns. On a risk-adjusted basis, slightly prefer investment grade (IG) credit. Within the Asian AT1 space, Indian bank AT1s look relatively attractive. The latest Fed decision has been to keep rates unchanged, and Fed Chair Jerome Powell emphasized the need for a **pause in rate cuts**, citing the strong performance of the U.S. economy. As a result, Trump’s policies and U.S. economic resilience will sustain upward pressure on rates. High-frequency consumer data continues to show improvement in discretionary spending and a resurgence in luxury spending, illustrating a robust consumer unburdened by debt, supported by healthy balance sheets.

## GLOBAL COMMODITIES: BALANCING GEOPOLITICAL RISKS

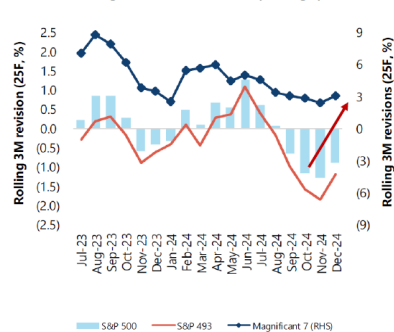
OPEC+ has reaffirmed its plan to gradually raise oil output from April while dropping the U.S. EIA as a source for monitoring production compliance. Meanwhile, new U.S. trade tariffs on imports from Canada, Mexico, and China are expected to have minimal near-term impact on global oil and gas prices. However, these tariffs are seen as inflationary, driving safe-haven demand for gold, traditionally a hedge against price pressures and geopolitical risks. The price gap between Comex futures and spot gold has created a rare arbitrage opportunity, prompting bullion banks to ship gold into the U.S. from Asian trading. While gold typically flows east to meet demand in China and India, concerns over U.S. tariffs have reversed this trend. Net-net, **we remain neutral on Gold**.

## 2025 EPS growth remains robust with inflections in the U.S. since Q4CY24

Global EPS growth 2024E and 2025E



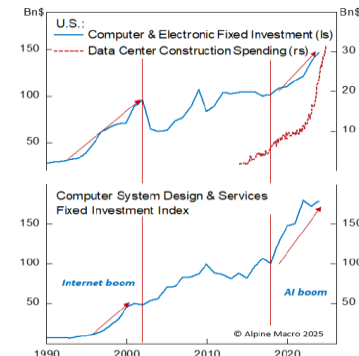
US equities earnings revisions S&P 500, Magnificent 7, and S&P 500 (ex-Mag 7)



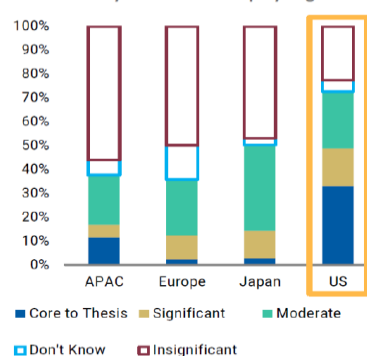
Source: Bloomberg, Jefferies, FactSet, LGT as of 8-Jan-25

## Tech and AI driving productivity gains in the United States

US Tech Fixed Investment



AI Materiality: % of Market Cap by Region



Source: Alpine Macro, Factset, Morgan Stanley, LGT as of 6 January 2025

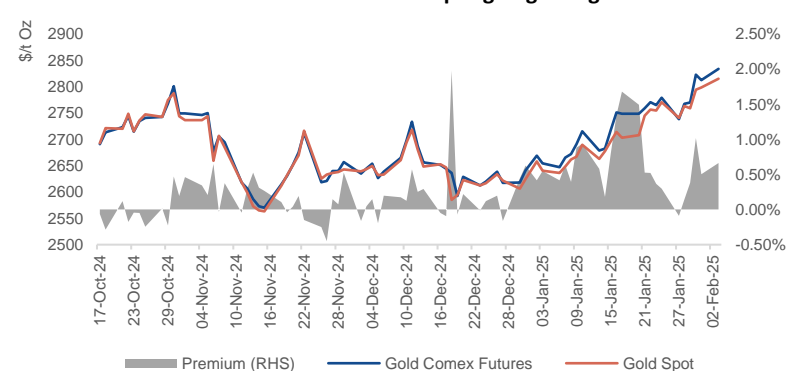
## Investors demand increasing premium to hold U.S. 10Y Ts

UST 10-2 term premium



Source: Bloomberg

## Premium between Gold Futures & Spot going as high as 1.5%



Source: Bloomberg

## INDIA MACRO: ASKING RATES AND CONSUMPTION VS REVEX VS CAPEX MULTIPLIERS

Against the global backdrop of Trump dishing out 20%+ tariffs (vs. earlier non-Trump regimes having 3-5% per World Bank), India quietly went about presenting her own fiscal finances. The Budget for FY26 has opted for a shot in the arm for Consumption via a tax multiplier. PFCE growth (4.8% CAGR FY19-25AE) has been lagging pre-COVID-19 trends (6.9% FY12-18) and the Rs. 1 Lakh Cr. income tax foregone by the Government via the relaxed rules in the New Regime should help boost the Middle Class' national income. This indirect consumption multiplier while arguably not as powerful as the longer lasting cumulative capex multiplier can provide some fillip to consumption. At a headline level, households have a savings rate of 30% (FY23, per RBI) and the multiplier theoretically (1/(1-MPC)) translates to 2x-5x (for a 20-50% savings rate) on the Rs. 1 Lakh Cr. PFCE typically accounts for ~70% of India's Rs. 3 Trn. GDP – hence, the Rs. 1 Lakh Cr. additional income could result in **1-2.5%pt additional growth to PFCE**. Over and above this, the incremental savings should hopefully also spur some private capex which is the ultimate need of the hour. PSE capex i.e. outside of the Center's Budget (i.e. in PSEs like NTPC, PowerGrid etc. focusing on 5-Year plans like the NEP spanning Power Generation, T&D etc.) remains robust as ever overshooting FY25 BE (Rs. 3.68 lakhs Cr.) with FY25 RE coming in at Rs. 3.82 lakhs Cr. For the Center's capex, while not exactly a guidance downgrade, majority of the line items have now been toned down for FY25 RE thus making it more "manageable" for the Center. However, the **longer-term capex in the form of PLIs remains very much intact** which should likely see more allocations in the coming Budgets. The NSSO as well believes that manufacturing should rebound strongly in H2FY25 which is also evident in decent Manufacturing PMIs (recovering strongly to 57.7 in Jan-25) and IIP high speed prints (5.2% in Nov-24 vs 3.7% in Oct-24). On the revenue front, the Corporate Tax collections so far have been languishing but as per the Economic Survey "India has been swimming in a sea of profits" with profitability outstripping wage growth. Accordingly, the asking rate for Mar-25 ending quarter looks very promising.

## INDIA EQUITIES: "C" APEX OR "C" ONSUMPTION

The Budget FY25-26 focused on boosting consumption by keeping the fiscal deficit in control. The disappointment to market came on the capex side as the Govt. didn't increase its allocation meaningfully for FY26. Meanwhile, with recent announced of 25% tariff hike on Canada and Mexico and a 10% tariff hike on China raise the concerns of escalating trade tensions across major economies. Meanwhile, India has avoided tariff for now, but President Trump has frequently labeled India as a tariff abuser, leaving it vulnerable to potential future tariffs. While the external environment remains challenging, India clearly continues to stand out through it must strong macro setup. We maintain our stance of one notch Overweight (OW) on Equities compared to Bonds. Within the equities market, Capex related sectors particularly on the **private side** (like semiconductors) could be a pocket to watch out for. Renewable energy plays (preferably indirect or second order) are also attractive especially in the Transmission & Distribution space that also **focus on PSE capex** (outside of the Center's capex). Certain pockets within Consumption (like Gold / Jewellery / Hotels) could also be in focus as **short to medium tax and consumption multipliers work their ways** post the FY26 Budget. Among Large and Mid-Caps, we are two notches Overweight on Large Caps compared to Mid-Caps, as valuations for Large Caps appear more attractive.

## INDIA FIXED INCOME: 2025 – A YEAR TO CAPITALISE

The budget was well-calibrated and has continued the path of fiscal consolidation. The Union Budget 2025-26 signals a shift in investment dynamics, with the government moderating its capex expansion while encouraging private sector-led capacity creation through PPP models. The capex target remains at ₹11 lakh crore (3.1% of GDP), underscoring a prudent fiscal approach aimed at consolidation.

The budget prioritizes growth alongside fiscal discipline, which should comfort the RBI and potentially pave the way for rate cuts in upcoming monetary policy meetings. In line with the global trend of monetary easing, we expect a rate cut cycle of 50-75 bps by the end of FY26. Considering the same and the current shift in monetary policy liquidity conditions, we believe there is a fair probability of a 25bps rate cut in the upcoming February 7 policy meeting. In the near term, with the fiscal deficit for FY25 lower than budgeted and expected to further reduce in FY26, we anticipate the 10-year yield to trend lower, reaching a range of 6.50-6.60% in Q1 FY26 and 6.25% by December 2025.

Our recommendation is to maintain an overweight position in the medium-to-long end of the yield curve. This is due to the attractive carry and the potential for duration play, as yields typically react early to shifts in the interest rate cycle. Specifically, from a risk-reward perspective, we find the 3-6-year range in the medium-duration segment appealing. Furthermore, from a duration standpoint, we continue to favor Government Securities (G-Secs) over Corporate Bonds.

## CURRENCY: RBI LIQUIDITY INJECTIONS GIVES IT BREATHING SPACE AGAINST THE USD

2024 was the year of the dollar, with DXY up 7.1% (up 8.2% since Sep-24), while EMFX struggled to perform. However, most EM Asian currencies were still able to outdo DM FX (ex USD). When the tide was smooth (largely 1HFY25), comfortable liquidity and consistent flows helped the RBI accumulate reserves and keep the INR stable. However, constant weakness in Asian FX and the INR since early-Q3FY25 due to broad dollar strength (U.S. exceptionalism, tariff threats, and falling EM rate differential with the U.S.) went against the RBI and **couldn't stop the INR from auto-adjusting (depreciating) to the broad EM FX weakness**. Now that the RBI has provided some liquidity via the G-Sec purchase (Rs. 60k Cr.), the VRR repo auction (Rs. 50k Cr.) and the \$5bn USD-INR swap, this should **provide some leeway for INR management going ahead** should the greenback strengthen even further. Given the various factors at play, **we are maintaining a neutral stance on the exchange rate between the U.S. dollar and the Indian rupee (USD vs INR)**.

## Asking Rates for H2FY25 GDP look Impressive

| YOY, (%)                      | FY24       | FY25AE     | H1FY24     | H2FY24     | H1FY25     | H2FY25 (Implied) |
|-------------------------------|------------|------------|------------|------------|------------|------------------|
| <b>Real GVA</b>               | <b>7.2</b> | <b>6.4</b> | <b>8.0</b> | <b>6.5</b> | <b>6.2</b> | <b>6.6</b>       |
| Agriculture and allied        | 1.4        | 3.8        | 2.8        | 0.5        | 2.7        | 4.5              |
| Industry                      | 9.5        | 6.2        | 9.7        | 9.4        | 6.0        | 6.5              |
| Mining                        | 7.1        | 2.9        | 8.8        | 5.7        | 3.9        | 2.0              |
| Manufacturing                 | 9.9        | 5.3        | 9.6        | 10.1       | 4.5        | 6.1              |
| Electricity                   | 7.5        | 6.8        | 6.8        | 8.3        | 6.8        | 6.9              |
| Construction                  | 9.9        | 8.6        | 11.0       | 9.1        | 9.1        | 8.1              |
| Services                      | 7.6        | 7.2        | 8.3        | 6.9        | 7.1        | 7.3              |
| <b>Real GDP</b>               | <b>8.2</b> | <b>6.4</b> | <b>8.2</b> | <b>8.1</b> | <b>6.0</b> | <b>6.7</b>       |
| Private consumption           | 4.0        | 7.3        | 4.0        | 4.0        | 6.7        | 7.8              |
| Government consumption        | 2.5        | 4.1        | 6.2        | (0.8)      | 2.0        | 6.1              |
| Gross fixed capital formation | 9.0        | 6.4        | 10.1       | 8.0        | 6.4        | 6.4              |
| Exports                       | 2.6        | 5.9        | (0.7)      | 5.9        | 5.6        | 6.2              |
| Imports                       | 10.9       | -1.3       | 13.3       | 8.5        | 0.7        | -3.5             |

Source: MOSPI

## Asking Rates for FY25 Budget Line Items

| Particulars (Rs. Bn)                  | Jan-Mar FY24  | Jan-Mar FY25  | Growth in 9M FY25 (%) | Required growth in 3M (%) |
|---------------------------------------|---------------|---------------|-----------------------|---------------------------|
| <b>Gross Tax Revenue</b>              | <b>9,830</b>  | <b>11,030</b> | <b>10.8%</b>          | <b>12.2%</b>              |
| <b>Direct taxes</b>                   | <b>5,485</b>  | <b>6,583</b>  | <b>12.2%</b>          | <b>20.0%</b>              |
| Corporation tax                       | 1,894         | 2,391         | 2.7%                  | 26.2%                     |
| Income tax                            | 3,591         | 4,192         | 22.2%                 | 16.7%                     |
| <b>Indirect taxes</b>                 | <b>4,345</b>  | <b>4,448</b>  | <b>9.0%</b>           | <b>2.4%</b>               |
| GST                                   | 2,705         | 3,060         | 10.1%                 | 13.1%                     |
| Custom duty                           | 749           | 648           | 7.6%                  | -13.5%                    |
| Excise duty                           | 1,029         | 1,054         | -1.4%                 | 2.4%                      |
| <b>Non-tax</b>                        | <b>894</b>    | <b>833</b>    | <b>43.3%</b>          | <b>-6.8%</b>              |
| <b>ReveX</b>                          | <b>11,134</b> | <b>11,513</b> | <b>7.0%</b>           | <b>3.4%</b>               |
| Major Subsidies                       | 1,355         | 764           | 10.9%                 | -43.6%                    |
| Others                                | 9,779         | 10,749        | 6.5%                  | 9.9%                      |
| <b>Headline Capex</b>                 | <b>2,756</b>  | <b>3,331</b>  | <b>1.7%</b>           | <b>20.9%</b>              |
| Ministry of Defense                   | 604           | 756           | -8.8%                 | 25.0%                     |
| Ministry of Railways                  | 571           | 605           | 3.3%                  | 5.9%                      |
| Ministry of Road Transport & Highways | 447           | 398           | 6.2%                  | -11.0%                    |
| State Capex Loans                     | 515           | 284           | 35.3%                 | -44.8%                    |
| Core Central Capex                    | 2,138         | 2,043         | 6.1%                  | -4.4%                     |
| Non-Core Capex                        | 618           | 1,288         | -25.5%                | 108.4%                    |
| <b>TOTAL EXPENDITURE</b>              | <b>13,890</b> | <b>14,844</b> | <b>5.8%</b>           | <b>6.9%</b>               |
| Fiscal deficit                        | 6,721         | 6,554         | -6.9%                 | -2.5%                     |

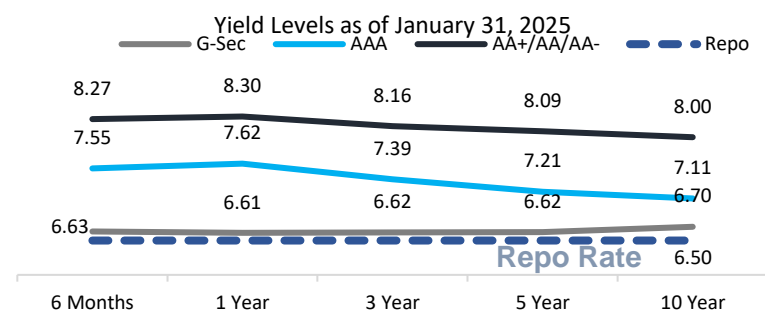
Source: CGA, Union Budget. Note: Fiscal Deficit cannot be derived from above since Devolvement to States (for net tax receipts), and non-debt capital receipts not shown (relatively minor amounts)

## PLIs – Intent and Execution Impressive

| Scheme   | Outlay Planned (Rs. Bn) | FY23         | FY24        | FY25RE       | FY26BE       | YoY (%)       |
|--|-------------------------|--------------|-------------|--------------|--------------|---------------|
| Pharma   | 150                     | 14.2         | 16.0        | 21.5         | 24.4         | 14.0%         |
| Drone and Drone Component                      | 1                       | 0.3          | 0.3         | 0.6          |              |               |
| White Goods (ACs & LED Lights)                 | 62                      | 0.0          | 0.7         | 2.1          | 4.4          | 108.0%        |
| Telecom  | 122                     | 392.0        |             |              |              |               |
| <b>Semiconductors</b>                          | <b>760</b>              | <b>0.1</b>   | <b>6.8</b>  | <b>38.2</b>  | <b>70.0</b>  | <b>83.0%</b>  |
| Capacity Building and Skill Development Scheme |                         |              | 4.3         | 5.4          | 5.8          | 7.0%          |
| <b>Large Scales electronics</b>                | <b>460</b>              |              | <b>42.8</b> | <b>57.8</b>  | <b>90.0</b>  | <b>56.0%</b>  |
| Food Processing Industry                       | 108                     | 4.9          | 5.9         | 7.0          | 12.0         | 71.0%         |
| <b>Autos and Auto Components</b>               | <b>259</b>              | <b>0.1</b>   | <b>0.0</b>  | <b>3.5</b>   | <b>28.2</b>  | <b>713.0%</b> |
| ACC Battery Storage                            | 181                     | 0.0          | 0.1         | 0.2          | 1.6          | 910.0%        |
| Steel in India                                 | 63                      | 0.0          | 0.0         | 0.6          | 3.1          | 455.0%        |
| Textiles                                       | 107                     | 0.1          | 0.0         | 0.5          | 11.5         | 2451%         |
| <b>Total</b>                                   | <b>2,615</b>            | <b>412.0</b> | <b>77.2</b> | <b>137.1</b> | <b>250.9</b> | <b>83.0%</b>  |

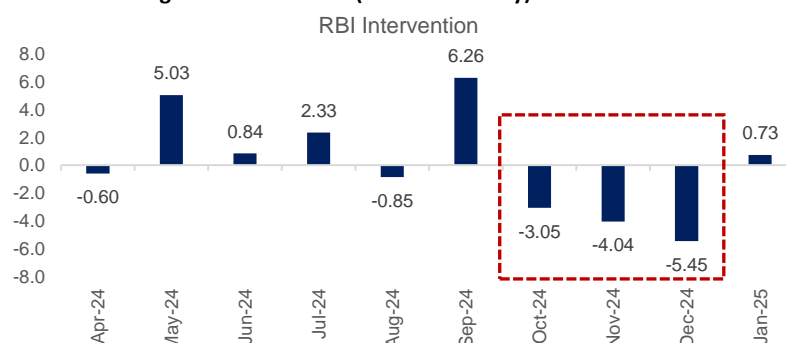
Source: Union Budget Documents

## Debt Market Snapshot



Source: Bloomberg

## RBI Running out of Fire Power (Reserves mainly) to Contain the INR



Source: Bloomberg

## TACTICAL ASSET ALLOCATION (TAA) VIEWS & PERFORMANCE

| Asset Class Pairs       | View     | Favouring  | Start Date | End Date / Open | Call Status | Alpha Return |
|-------------------------|----------|------------|------------|-----------------|-------------|--------------|
| Equities Vs Bonds       | Positive | Equities   | 31-Dec-18  | 30-Apr-19       | Close       | 5.90%        |
| Large Cap Vs Mid Cap    | Negative | Mid Cap    | 31-Dec-18  | 31-Jan-20       | Close       | -8.00%       |
| Short Term Vs Long Term | Positive | Short Term | 30-Nov-18  | 31-Dec-21       | Close       | -6.00%       |
| USD / INR               | Positive | USD        | 30-Nov-18  | 31-Jan-19       | Close       | 2.20%        |
| USD / INR               | Positive | USD        | 31-Mar-19  | 30-Apr-19       | Close       | 0.60%        |
| USD / INR               | Positive | USD        | 31-Jul-19  | 31-Dec-19       | Close       | 3.70%        |
| Gold Vs Cash            | Negative | Cash       | 30-Nov-18  | 28-Feb-19       | Close       | -7.60%       |
| Gold Vs Cash            | Positive | Gold       | 31-Mar-19  | 30-Jun-21       | Close       | 32.00%       |
| Equities Vs Bonds       | Positive | Equities   | 30-Nov-20  | 30-Apr-21       | Close       | 11.80%       |
| USD / INR               | Negative | INR        | 31-Dec-20  | 31-Jan-21       | Close       | 0.20%        |
| USD / INR               | Positive | USD        | 28-Feb-21  | 31-May-21       | Close       | -1.20%       |
| USD / INR               | Negative | INR        | 31-Aug-21  | 30-Sep-21       | Close       | -1.70%       |
| Large Cap Vs Mid Cap    | Negative | Mid Cap    | 31-Oct-20  | 30-Nov-21       | Close       | 26.70%       |
| Equities Vs Bonds       | Positive | Equities   | 31-May-21  | 30-Nov-21       | Close       | 8.90%        |
| Short Term Vs Long Term | Positive | Short Term | 30-Nov-18  | 31-Dec-21       | Close       | -5.90%       |
| USD / INR               | Positive | USD        | 31-Oct-21  | 31-Dec-21       | Close       | -0.70%       |
| Gold Vs Cash            | Positive | Gold       | 31-Jul-21  | 31-Jan-22       | Close       | -2.60%       |
| Large Cap Vs Mid Cap    | Positive | Large Cap  | 31-Dec-21  | 30-Apr-22       | Close       | 0.90%        |
| Gold Vs Cash            | Positive | Gold       | 28-Feb-22  | 31-May-22       | Close       | -1.80%       |
| Short Term Vs Long Term | Positive | Short Term | 28-Feb-22  | 30-Jun-22       | Close       | 2.20%        |
| USD / INR               | Positive | USD        | 31-Jan-22  | 31-Jul-22       | Close       | 6.20%        |
| Large Cap Vs Mid Cap    | Positive | Large Cap  | 30-Jun-22  | 31-Jul-22       | Close       | -2.80%       |
| Equities Vs Bonds       | Positive | Equities   | 31-Dec-21  | 30-Sep-22       | Close       | 0.80%        |
| USD / INR               | Negative | INR        | 31-Jul-22  | 30-Sep-22       | Close       | -2.60%       |
| Large Cap Vs Mid Cap    | Negative | Mid Cap    | 31-Jul-22  | 30-Nov-22       | Close       | -0.60%       |
| USD / INR               | Positive | USD        | 30-Sep-22  | 30-Nov-22       | Close       | 0.10%        |
| Gold Vs Cash            | Negative | Cash       | 30-Jun-22  | 30-Sep-22       | Close       | 6.50%        |
| Equities Vs Bonds       | Positive | Equities   | 31-Oct-22  | 31-Dec-22       | Close       | -2.00%       |
| Large Cap Vs Mid Cap    | Positive | Large Cap  | 30-Nov-22  | 31-Dec-22       | Close       | -1.80%       |
| USD / INR               | Negative | INR        | 31-Dec-22  | 31-Jan-23       | Close       | 1.00%        |
| Large Cap Vs Mid Cap    | Negative | Mid Cap    | 31-Dec-22  | 31-Jan-23       | Close       | 1.00%        |
| Large Cap Vs Mid Cap    | Positive | Large Cap  | 31-Jan-23  | 28-Feb-23       | Close       | -1.10%       |
| USD / INR               | Positive | USD        | 28-Feb-23  | 31-Mar-23       | Close       | -0.60%       |
| Large Cap Vs Mid Cap    | Positive | Large Cap  | 31-Mar-23  | 30-Apr-23       | Close       | 1.70%        |
| Corp Bonds Vs G-Secs    | Positive | Corp Bonds | 30-Nov-18  | 30-Jun-23       | Close       | 7.80%        |
| Short Term Vs Long Term | Positive | Short Term | 30-Nov-22  | 30-Jun-23       | Close       | -0.97%       |
| Equities Vs Bonds       | Positive | Equities   | 31-Mar-23  | 30-Jun-23       | Close       | 8.10%        |
| Gold Vs Cash            | Positive | Gold       | 30-Nov-22  | 31-Jul-23       | Close       | 8.80%        |
| USD / INR               | Negative | INR        | 30-Apr-23  | 31-Aug-23       | Close       | -1.20%       |
| Large Cap Vs Mid Cap    | Negative | Mid Cap    | 31-Jul-23  | 31-Jul-23       | Close       | 6.10%        |
| Gold Vs Cash            | Negative | Cash       | 30-Sep-23  | 31-Oct-23       | Close       | -6.32%       |
| USD / INR               | Positive | USD        | 30-Sep-23  | 31-Dec-23       | Close       | 0.20%        |
| Gold Vs Cash            | Positive | Gold       | 31-Dec-23  | 30-Jun-24       | Close       | 10.14%       |
| USD / INR               | Negative | INR        | 31-Dec-23  | 30-Sep-24       | Close       | -0.71%       |
| Gold Vs Cash            | Negative | Cash       | 30-Jun-24  | 30-Sep-24       | Close       | -12.32%      |
| Short Term Vs Long Term | Negative | Long Term  | 30-Jun-23  | 31-Jan-25       | Open        | -4.17%       |
| Corp Bonds Vs G-Secs    | Negative | G-Secs     | 31-Jul-23  | 31-Jan-25       | Open        | 1.98%        |
| Large Cap Vs Mid Cap    | Positive | Large Cap  | 30-Sep-23  | 31-Jan-25       | Open        | -9.64%       |
| Equities Vs Bonds       | Positive | Equities   | 30-Nov-24  | 31-Jan-25       | Open        | -2.74%       |

| M-o-m Summary            | Equity vs Bonds | Large vs Mid | Corp. Bond vs. G-Secs | ST vs LT | USD vs. INR | Gold vs Cash |
|--------------------------|-----------------|--------------|-----------------------|----------|-------------|--------------|
| % of Months calls issued | 48.0%           | 82.7%        | 98.7%                 | 90.7%    | 62.7%       | 80.0%        |
| Success Ratio (%)        | 60.0%           | 45.9%        | 57.5%                 | 50.7%    | 55.3%       | 56.7%        |
| Avg. positive alpha      | 4.3%            | 2.3%         | 0.5%                  | 0.6%     | 1.0%        | 3.8%         |
| Avg. negative alpha      | -2.5%           | -2.3%        | -0.6%                 | -0.8%    | -0.7%       | -3.3%        |
| Avg. alpha               | 1.6%            | -0.2%        | 0.1%                  | -0.1%    | 0.2%        | 0.7%         |

Source: Bloomberg. Assuming a 6% annualised yield for cash. Note: Returns as of 31<sup>st</sup> January 2025.

## GLOBAL ASSET PERFORMANCE SNAPSHOT

|           | Asset                   | Equities |       |       |        |            | Commodities             |         |       |       |       |        |
|-----------|-------------------------|----------|-------|-------|--------|------------|-------------------------|---------|-------|-------|-------|--------|
|           |                         | Current  | 1m    | 3m    | 6m     | 1y         | Current                 | 1m      | 3m    | 6m    | 1y    |        |
| Global    | S&P 500 INDEX           | 6,041    | 2.7%  | 5.9%  | 9.4%   | 24.7%      | TR Commodity CRB Index  | 305.0   | 2.8%  | 9.0%  | 9.6%  | 11.9%  |
|           | EURO STOXX 50 Price EUR | 5,287    | 8.0%  | 9.5%  | 8.5%   | 13.7%      | Indian Crude Oil Basket | 79.3    | 4.8%  | 9.7%  | -0.9% | -3.9%  |
|           | FTSE 100 Index          | 8,674    | 6.1%  | 7.0%  | 3.7%   | 13.7%      | Brent                   | 76.8    | 2.8%  | 4.9%  | -4.9% | -6.1%  |
|           | Nikkei 225              | 39,572   | -0.8% | 1.3%  | 1.2%   | 9.1%       | Gold                    | 2,798.4 | 6.6%  | 2.0%  | 14.3% | 37.2%  |
| India     | NSE Nifty 50 Index      | 23,508   | -0.6% | -2.9% | -5.8%  | 8.2%       | Aluminium               | 2,602.8 | 2.6%  | 0.1%  | 16.1% | 15.6%  |
|           | NIFTY Midcap 100        | 53,712   | -6.1% | -4.3% | -8.9%  | 10.6%      | Copper                  | 427.9   | 6.3%  | -1.4% | 2.5%  | 9.5%   |
|           | NIFTY Smallcap 100      | 16,911   | -9.9% | -9.1% | -11.6% | 5.5%       | Corn                    | 482.0   | 5.1%  | 17.3% | 25.9% | 7.5%   |
|           | NSE Nifty 500 Index     | 21,581   | -3.6% | -4.9% | -8.3%  | 9.0%       | Soyabean                | 1,042.0 | 3.1%  | 3.2%  | -1.2% | -13.7% |
| Global    | Fixed Income            |          |       |       |        | Currencies |                         |         |       |       |       |        |
|           | US Generic Govt 10 Yr   | 4.54%    | 4.57% | 4.28% | 4.03%  | 3.91%      | Dollar Index            | 108.37  | -0.1% | 4.2%  | 4.1%  | 4.9%   |
|           | German Bunds            | 2.46%    | 2.36% | 2.39% | 2.30%  | 2.17%      | EUR/USD                 | 1.04    | 0.1%  | -4.8% | -4.3% | -4.2%  |
|           | JGB 10Yr Comp Yield     | 1.25%    | 1.11% | 0.95% | 1.07%  | 0.74%      | USD/JPY                 | 155.19  | -1.3% | 2.1%  | 3.5%  | 5.6%   |
|           | UK Gilts 10 Yr          | 4.54%    | 4.57% | 4.45% | 3.97%  | 3.79%      | GBP/USD                 | 1.24    | -1.0% | -3.9% | -3.6% | -2.3%  |
| China 10Y | 1.63%                   | 1.68%    | 2.15% | 2.15% | 2.43%  | USD/CHF    | 0.91                    | 0.4%    | 5.4%  | 3.7%  | 5.7%  |        |
| India     | India 10Y               | 6.70%    | 6.76% | 6.85% | 6.93%  | 7.14%      | USD/CNY                 | 7.24    | -0.7% | 1.8%  | 0.2%  | 1.1%   |
|           | FBIL FBTB12M            | 6.57%    | 6.68% | 6.54% | 6.79%  | 7.15%      | USD/HKD                 | 7.79    | 0.3%  | 0.2%  | -0.3% | -0.3%  |
|           | India 10Y AAA           | 7.17%    | 7.24% | 7.34% | 7.48%  | 7.68%      | USD/INR                 | 86.62   | 1.2%  | 3.0%  | 3.5%  | 4.3%   |
|           | India 1Y AAA            | 7.71%    | 7.78% | 7.63% | 7.65%  | 7.89%      | USD/CAD                 | 1.45    | 1.1%  | 4.4%  | 5.3%  | 8.2%   |

Source: Bloomberg Equity/Fixed Income Returns/Yields in local currencies. Commodities in USD. Numbers for Fixed Income are Yields as of January 31, 2025.

### Glossary:

US: United States, IEEPA: International Emergency Economic Powers Act, AI: Artificial Intelligence, GenAI: Generative Artificial Intelligence, CY: Calendar Year, IG: Investment Grade, AT-1: Additional Tier 1 bonds, EIA: Energy Information Administration, PFCE: Private final consumption expenditure, MPC: Monetary Policy Committee, capex: Capital Expenditure, NSSO: National Sample Survey Office, BE: Budgetary Estimates, RE: Revised Estimates, AE: Advanced Estimates, PLI: Production Linked Incentive, PMI: Purchasing Managers' Index, IIP: Index of Industrial Production, PSE: Public Sector Enterprises, FY: Fiscal Year, OW: Overweight, GDP: Gross Domestic Product, BPS: Basis Points, EMFX: Emerging Markets Foreign Exchange, DM: Developed Markets, FX: Foreign Exchange, USD: United States Dollar, INR: Indian Rupee, PPP: Purchasing Power Parity

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