

FOREWORD

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Dear Associate,

The start of a new financial year is a pivotal moment for economies, businesses, and individuals. It is a chance to evaluate the successes and challenges of the past year, recalibrate strategies, and set bold, focused goals to drive growth and success in the year ahead.

The global macroeconomic outlook for the financial year ending March 2026 suggests a continuation of moderate but uneven growth, with projections generally around 3.3%. Inflation is expected to moderate further, with global headline inflation potentially falling to 4.2%. Key risks persist, including geopolitical tensions, the potential for increased trade restrictions, and macroeconomic volatility stemming from unexpected economic shifts or policy changes. Central banks are expected to remain vigilant, calibrating monetary policy cautiously, while fiscal policy will need to focus on long-term sustainability and growth-enhancing measures. Regional growth trajectories are expected to continue to diverge, with varying performances across major economies like the United States, the Euro Area, and China, as well as differing prospects for developing regions.

India's macroeconomic outlook points towards continued solid growth, with various forecasts pegging the GDP expansion at around 6.5%. This growth is expected to be supported by sustained domestic demand, increased government capital expenditure, and a gradual easing of inflation. While global headwinds, including potential impacts from US trade policies, pose some risks to exports, India's relatively low reliance on external demand offers a degree of insulation. Inflation is projected to average around 4.1% for the fiscal year, allowing the RBI room for potential policy rate cuts. The fiscal deficit is targeted to reduce to 4.4% of GDP, as the Government remains committed to its fiscal consolidation path. Overall, the Indian economy is anticipated to maintain its robust growth trajectory, although vigilance regarding global economic developments and the need for sustained private investment remain crucial.

The recent positive turnaround in Indian stock markets, with indices like the Nifty 50 and Sensex rebounding in March 2025, faces significant headwinds due to the potential impact of newly implemented Trump tariffs. While domestic optimism and returning foreign investments, driven by reasonable valuations and signs of economic recovery, initially spurred growth, the imposition of these tariffs has introduced substantial uncertainty. Projections for the fiscal year ending March 2026, are now tampered by concerns of reduced corporate earnings, particularly in export-oriented sectors like metals, technology, and textiles. The threat of a US recession, compounded by the trade tensions, could severely dampen global demand, impacting Indian companies with significant US exposure. Although sectors like banking, infrastructure, and tourism may retain some resilience, the overall market outlook has become increasingly volatile, with the Nifty 50's potential to reach ~26,000 by March 2026 now contingent on navigating these complex global trade dynamics. The Indian market is now seeing increased volatility, and large amounts of capital are being moved to safer assets like gold, and bonds.

Mutual Funds have redefined how Indians engage with the financial markets by offering unparalleled accessibility. The core attributes of Mutual Funds – access, usage and quality – establish a foundation or bridging the gap between financial inclusion and financial empowerment. These attributes also position mutual funds as a transformative instrument for reshaping the wealth-building opportunities for a broad and diverse investor base. The multi-channel approach also ensures that mutual funds are not merely a tool for the affluent, but that they also hold the promise of reaching the farthest corners of India's socioeconomic spectrum.

At a time where the Indian markets are experiencing volatility, hybrid mutual fund categories like Balanced Advantage and Multi Asset Allocation offer a strategic advantage for investors to diversify their investments across different asset classes. Additionally, one cannot emphasize enough about the utility of SIPs in embarking on the path of wealth creation, no matter what the market noise is.

In line with this we have recently launched the 'Sabse Important Plan' campaign, focused on creating awareness on the importance and benefits of SIPs as a tool which harnesses the power of compounding and leverages rupee cost averaging, leading to significant wealth creation in the long run. So, while we make various plans in our lives, it is essential we also focus on this Sabse Important Plan that can help build a financial foundation to fulfil aspirations.

Sources: IMF January 2025 World Economic Outlook, Emkay

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

