MONTHLY
NEWSLETTER

THE ILLUSION OF PERFECT INVESTING

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Market Data & Macros

MARKET SNAPSHOT

BSE Sensex: 78,034 (2.03% MoM) **Nifty 50:** 24,383 (2.17% MoM) **Nifty Bank:** 57,264 (-0.48% MoM) **Nifty Midcap:** 62,915 (1.58% MoM) **Nifty Small-Cap:** 19,339 (2.01% MoM) **Nifty PE Ratio:** 20.78 *"MoM" an abbreviation for "Month on Month Performance". Data as on 31st July, 2026.	**Brent Crude:** 82.23 **Gold (Rs/10 gms):** 1,42,288 **10-year G-sec yield:** 6.81% Data as on 31st July, 2026.

July 2026 saw investor sentiment strengthen despite continued geopolitical uncertainty. Indian equities outperformed several emerging markets, supported by resilient corporate earnings, renewed foreign portfolio inflows and strong technology sector performance. The NIFTY 50 gained 2.2% and the BSE Sensex advanced 2.1%, while the NIFTY IT Index surged 16.8%, its strongest monthly performance in six years. FPIs also turned net buyers, investing nearly ~₹42,000 crore during the month, the highest monthly inflow of 2026.

Globally, markets remained sensitive to developments in the Middle East, with Brent crude ending the month around ~21% higher than June's levels, keeping inflation expectations elevated. The Indian Rupee, after remaining under pressure for much of the month, recovered sharply towards the end of July, aided by RBI intervention and a softer U.S. dollar. India's foreign exchange reserves also strengthened to approximately US$676 billion (week ended 17 July), reinforcing the country's external resilience.

Commodity markets reflected the mixed macro environment. Gold remained supported by safe-haven demand amid geopolitical uncertainty and central bank buying, while silver remained resilient from expectations of stronger industrial demand linked to the global technology cycle.

July once again demonstrated that market leadership can shift quickly as macroeconomic conditions evolve. While geopolitical developments and energy prices continue to influence short-term sentiment, long-term investment outcomes remain driven by corporate earnings, innovation and economic resilience. Maintaining a diversified portfolio and periodically reviewing asset allocation continues to be one of the most effective ways to navigate changing market conditions while staying aligned with long-term financial goals.

In The News:

1. U.S. Federal Reserve **held rates at 3.50%–3.75%** for the fifth consecutive meeting.
2. U.S. strikes on Iran continued for over a week, with an **additional $67 billion in war funding** proposed.
3. DII ownership in Nifty 500 reached a record 21%, marking the **ninth consecutive quarterly increase**.
4. **Savings deposits fell** from 34.6% to 28.7%, while term deposits rose from 55.2% to 61.6%.
5. Government conducted a **₹20,000 crore buyback of government securities** through an RBI-managed auction.
6. S&P forecasts **India's GDP growth at 6.6% for FY27**, in line with the RBI's revised outlook.

From Director's Desk

The Illusion of the Perfect Portfolio

Every cricket fan knows exactly what the captain should have done, after the match is over. The bowling change came too late, the field could have been different, and the strategy appears obvious. What we often forget is that these decisions were made without the luxury of knowing the outcome.

Investing has a similar habit.
As one year gives way to the next, the "perfect portfolio" suddenly becomes obvious. We should have owned more technology, increased our allocation to gold, participated earlier in a particular theme, or reduced exposure before a correction. Looking back, every market cycle seems to present a portfolio that appears almost flawless.

I've come to realise that investors often measure their portfolios against an impossible benchmark; a portfolio built entirely with the benefit of hindsight. The challenge is that hindsight is a remarkable investment manager. It always owns yesterday's winners, never makes mistakes and somehow manages to avoid every correction. Real portfolios, of course, have no such luxury.

Today's markets illustrate this perfectly. Every week seems to produce a new narrative. Artificial intelligence promises to redefine industries. Geopolitical developments reshape investor sentiment overnight. Interest rate expectations evolve with every data release. One asset class outperforms while another quietly takes a back seat. In such an environment, it becomes surprisingly easy to believe that a successful portfolio should always own more of whatever has recently done well. Yet, that expectation overlooks the very purpose of portfolio construction.

A well-constructed portfolio is not designed to win every calendar year, every sector rotation or every market theme. It has a far more demanding responsibility. It must balance growth with resilience, maintain appropriate liquidity, manage risk across changing market conditions and remain aligned with long-term financial objectives. If a portfolio is designed only around today's strongest conviction, it may look exceptional, until the narrative changes. A diversified portfolio, on the other hand, rarely feels perfect at any point in time because by design, some parts will always appear to be underperforming. Ironically, that is often evidence that diversification is actually working. By design, diversification means that something in your portfolio will almost always appear disappointing.

This reminds me of another observation. Investors naturally celebrate the returns they can see.
What often goes unnoticed is the performance that never appears on a statement.
The crisis that a diversified portfolio helped soften.
The panic-selling that disciplined asset allocation prevented.
The unnecessary risk that was consciously avoided.
The liquidity that was available exactly when it was needed.

These outcomes rarely make headlines because they represent problems that never materialised. Yet, over a lifetime of investing, they may prove just as valuable as the returns themselves. Behavioural finance has long recognised that investors tend to judge decisions by outcomes rather than by the quality of the process behind them. But investing has a way of humbling that mindset. Markets do not reward perfect foresight–they reward robust preparation.

Perhaps that is why the most successful portfolios often appear surprisingly ordinary. They are not built to outperform every asset class every year. They are built to survive changing economic cycles, changing narratives and, perhaps most importantly, changing emotions. As advisors, our responsibility is not simply to identify opportunities. It is to help investors remain committed to a framework when recent performance tempts them to abandon it. After all, wealth creation is not just about capturing returns.
It is equally about avoiding mistakes that permanently impair them.

And that may be the most valuable performance of all, the performance you never see.