

ICICI Securities Sterling

DPMS

FACTSHEET: SEP 2025



Welcome to the latest edition of Sterling Newsletter.

Can India trump US tariff?

US President Donald Trump's 50% tariffs on India came into effect on 27 August. This tariff was part of a US's broader strategy to address perceived unfair trade practices and was seen as a significant escalation in U.S.-India trade tensions. The Indian government has labelled the tariffs as "unfair" and "unjustified," warning that they could lead to **a 0.2-0.4% reduction in GDP growth**.

To counter the impact, India will launch outreach initiatives in 40 countries, with priority markets in Europe such as the UK, Spain, France, Germany and Italy. These efforts will include trade fair, buyer-seller meets, and sector specific promotional campaigns, as per the market sources.

Moreover, to boost domestic consumption and simplify India's indirect tax system, GST council has implemented a major GST rate cut, reducing slabs and taxes on over 90% of items. GST now has two-slab structure of 5% and 18% instead of four-slab. An additional 40% tax on "Super luxury" and "Sin" goods was also introduced. This can create strong domestic demand which can cushion the impact from tariffs imposed by US.

The trifecta of income-tax cuts earlier in the year, rate-cuts by the RBI and now the GST-cut should propel consumption meaningfully in the coming months and years.

Countries and Territories	Tariff
Brazil	50%
India	50%
Syria	41%
Laos	40%
Myanmar (Burma)	40%
Switzerland	39%
Canada	35%
Iraq	35%
Serbia	35%
Algeria	30%

Source: CNBC

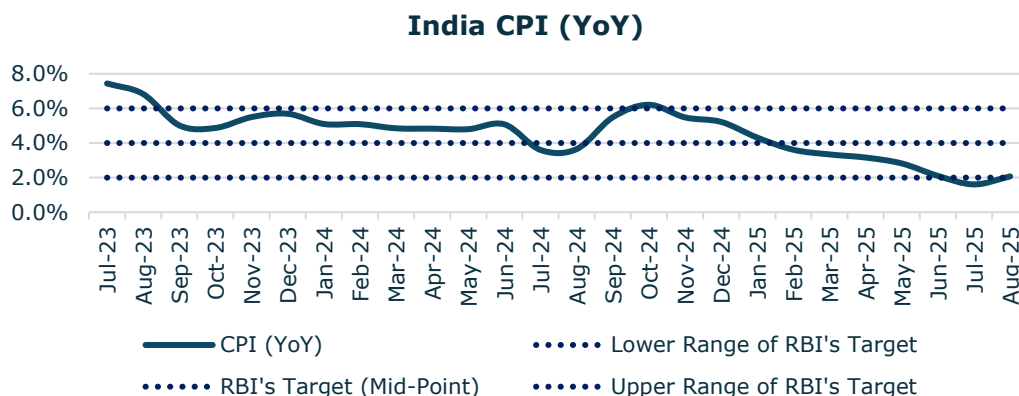
RBI MPC; Maintaining a steady ship

In the August meeting of the RBI's Monetary Policy Committee, RBI decided to maintain the repo rate at 5.5% continuing their neutral stance as stated in the June meeting. RBI's monetary policy comes at a time when US President Donald Trump has imposed a 50% tariff rate on India's exports to America. RBI Governor Sanjay Malhotra noted that the ongoing geopolitical tensions, particularly regarding US tariffs, are not expected to significantly impact India's economy. The MPC also revised its inflation forecast for the year down from earlier **3.7% to 3.1%**, reflecting easing pressures from food and fuel prices.

Inflation rises to 2.1% in Aug; Snaps 9-month falling streak

Annual retail inflation broke a nine-month declining streak in Aug'25, rising to 2.1% from 1.6% in Jul'25. The food inflation for Aug stood at -0.69%, rising 107 bps compared to last month. This can be attributed to rising prices of vegetables, meat and fish, oil and fats, and eggs, on a month-on-month basis.

Among other sectors, health inflation was the highest at 4.4%, easing from 4.57% in July. Among states, Kerala recorded the highest combined inflation in Aug'25 at 9.04%, followed by Karnataka at 3.81%. The broader gauge of CPI continues to linger around the lower bound of the RBI's target range.

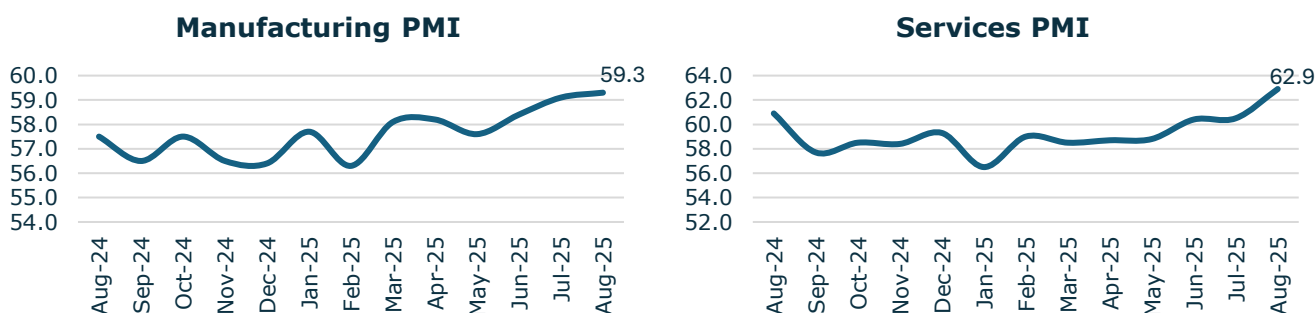


Source: Ministry of Statistics and Programme Implementation (MOSPI)

High-Frequency Data Indicators trending Positive Signals

PMI Manufacturing & Services: The HSBC India Manufacturing PMI for Aug'25 reached 59.3, marking the fastest expansion in the sector over 17 years, primarily driven by strong domestic demand and rising factory orders and production. This significant jump from 59.1 in Jul'25 indicates robust economic growth, with a PMI figure above 50 signifying an expansion in manufacturing activity.

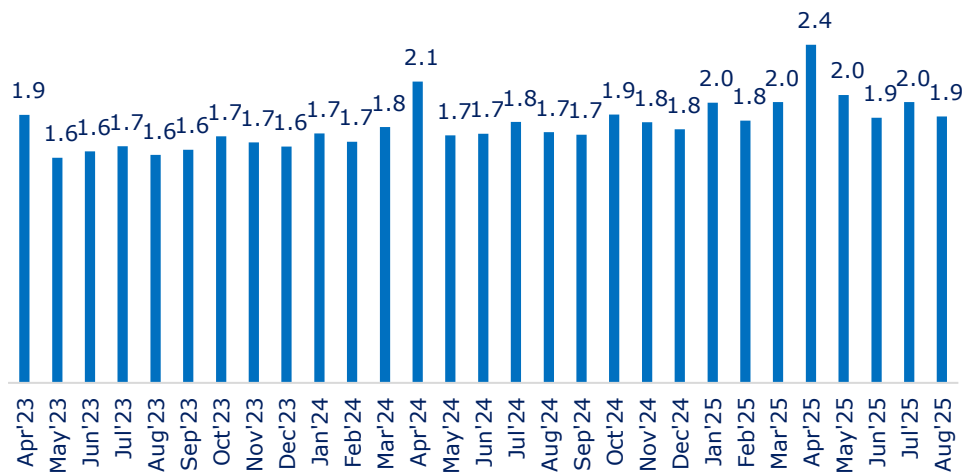
The HSBC India Services PMI for Aug'25 rose to 62.9 from 60.5 in July, signifying the fastest pace of services sector growth in India in 15 years. This strong reading indicates significant economic expansion, driven by robust domestic and international demand. A PMI reading above 50 suggests expansion, while below 50 indicates contraction.



Source: Bloomberg

GST Collections: The gross GST collection grew to 1.86 lakh crores in Aug 2025, up 6.5% YoY from Aug'24. Recently, GST Council has announced a simplified two-slab structure of 5% and 18%, with a 40% rate for luxury and sin goods effective from Sep 22, 2025.

Month-on-month GST Collections (in lakh Crs.)



Source: Bloomberg

Credit Growth: The bank credit growth to Industry slowed to 10% in the fortnight ended Jul 25, 2025 compared to 13.6% last year. On YoY basis, non-food bank credit grew by 9.9% against 13.6% last year. Credit to agriculture and allied activities registered a growth of 7.3% YoY compared to 18.1% in the corresponding fortnight of the previous year. Credit to industry recorded a moderated YoY growth of 6%, compared with 10.2% in the corresponding fortnight of last year. Credit to services sector recorded a growth of 10.6% YoY compared to 14.5% in the corresponding fortnight of the previous year. Credit to personal loans segment registered a decelerated YoY growth of 11.9%, as compared with 14.0% a year ago, largely due to moderation in growth of 'other personal loans', 'vehicle loans' and 'credit card outstanding'.

Capital market Update:

Nifty50 valuations: The Nifty corrected by ~ 1.4% in the last month, and consequently is now trading at a slightly lower valuations compared to its long-term average (LTA) with 12-month trailing P/E ratio at 22.4x (4% discount to LTM). The 12 Month Forward P/E is trading at 22.1x (7% premium to LTM). The 12-month trailing P/B for the Nifty is at 3.3x (at 5% premium) and forward P/B is at 3.1x (7% premium to LTM).

Trailing Nifty P/E ratio (x)



Trailing Nifty P/B ratio (x)



Source: Bloomberg

12 Month Forward Nifty P/E ratio(x)



12 Month Forward Nifty P/B ratio (x)



Source: Bloomberg

Global Stock Market Performance: Aug 2025 witnessed mixed performance across developed and developing markets. South Korea (-1.8%) had the worst performance followed by Philippines (-1.6%), while China (8.0%) had the best performance, followed by Brazil (6.3%). India too ended the month in the red.

The tariff overhang, along with the earnings slowdown in the Indian economy has led to India being among the worst performers compared to the global peers over the last 1 year.

Performance of global indices and other benchmarks (%) - 1 month



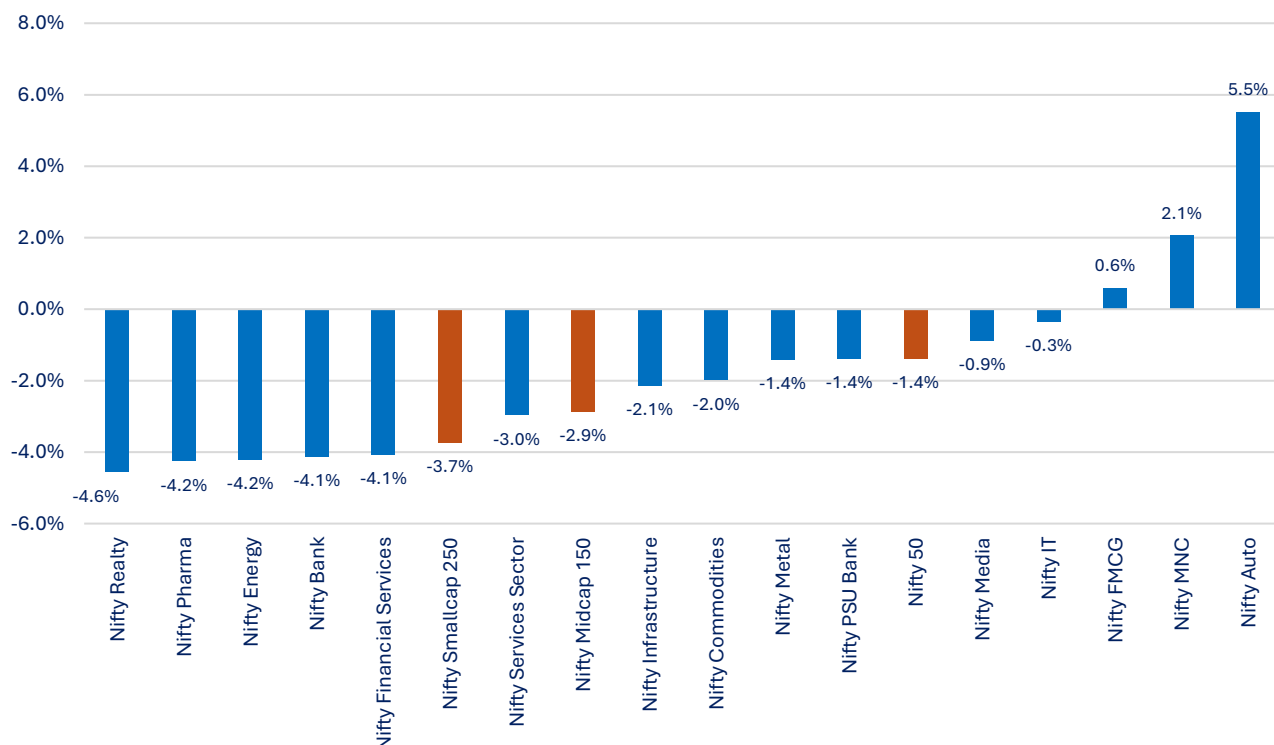
Performance of global indices and other benchmarks (%) - 12 months



Source: Bloomberg | Details as on Aug'25 end

Sectoral Performance: All the sectoral indices barring FMCG, MNC and Auto gave negative returns in Aug'25. Auto and FMCG witnessed growth of 5.5% and 0.6% respectively, whereas Realty (-4.6%) saw the highest selling. Coming to Mcap indices – all the 3 indices – Nifty 50, Midcap 150 and Smallcap 250 witnessed significant selling and got corrected by 1.4%, 2.9% and 3.7% respectively.

Sector and benchmark performance for Aug 2025



Source: Bloomberg | Details as on Aug'25 end

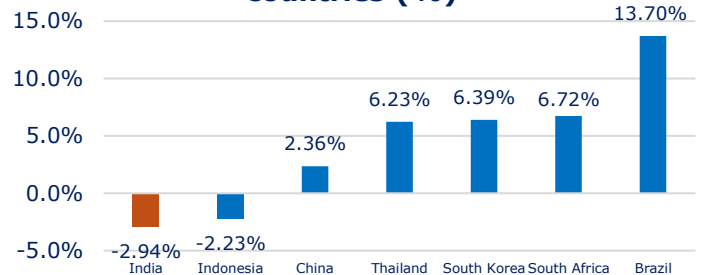
Bond Market and INR performance: India's 10-year Gsec remained in the close range of 6.32-6.60 in the month of Aug'25 and on a 1-Y period bond yield has fallen by ~30 bps on account of interest rate cuts throughout the year.

On the currency front, the Indian Rupee depreciated by 2.9% on CYTD basis (as on Aug'25 end) against the US Dollar, making it one of Asia's worst-performing currencies. The recent decline (Depreciation of 0.7% in Aug'25) was driven by US's new round of tariffs which became effective from Aug 27, 2025. Over the last 8-odd months, while the rupee has held ground against the dollar ~ 88.0 levels, it has materially depreciated against other major currencies. Against the GBP, the INR has depreciated from 105-levels in January to 117-119 levels currently (~ 12-13%). Against, the Euro, the INR has depreciated by ~ 13% over the same time period.

10Y G-Sec bond Yield



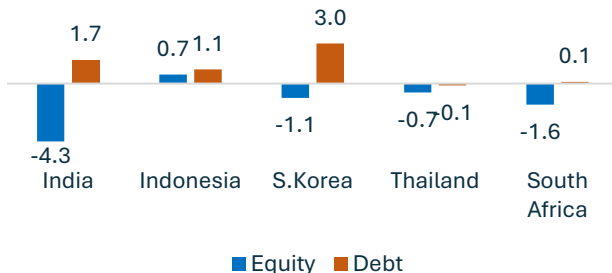
CYTD Currency Performance of EM countries (%)



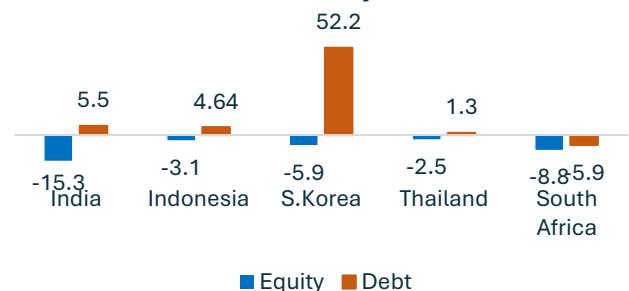
Source: Bloomberg | Details as on Aug'25 end

Fund Flows: Foreign Institutional investors (FIIs) continued its selling spree and sold USD 4.3 bn in equity during the month of Aug'25 after selling USD 2.9 bn in Jul'25. On CYTD basis, FIIs have sold USD 15.3 bn in Equity. On the debt front, FIIs have turned net buyer for the fourth consecutive month in Aug'25 (USD 1.7 bn). However, due to the sharp sell in the month of Apr'25, FIIs continue to remain net sellers in debt on a FYTD basis (USD 0.9 bn).

FIIs net flows in MTD (USD Billion)



FIIs net flows in CYTD (USD Billion)



Source: Bloomberg | Details as on Aug'25 end

Portfolio Investment Strategy:

- **Equity:** From a valuation standpoint, large caps remain reasonably valued, while other segments especially small-caps still look expensive, despite the large drawdowns witnessed in start of this CY. In the current macroeconomic environment, we recommend a low-risk approach, with a nimble allocation strategy that emphasizes size-based exposure. For new clients, we maintain a <20% allocation to mid-and small-caps in our aggressive strategy. We have also trimmed down exposure from existing portfolios to around 20% or below. Within Large cap, due to significant correction witnessed over the last 1 year, Next 50 is currently trading at significant discount to its last 10-year average valuations level. We may some exposure there over the next few months.

Portfolio Investment Strategy:

- **Fixed income:** As the G-Sec yield has fallen significantly in the last one year, our team has harnessed an opportunity by adjusting duration within the strategies. From risk reward perspective, a Duration based strategy doesn't look lucrative anymore. We will be shifting from Duration based debt funds to tax-efficient debt categories viz Income plus Arbitrage fund over the next few months.
- **Commodities:** We continue to maintain exposure to precious metals, believing in the long-term structural rally and the diversification benefits.
- **Global:** Global growth scenario has become very uncertain due to tariff implemented by US President. This will have significant impact on Global earnings, particularly the US. Hence, we are taking a cautious stance and have exited from almost all the exposure to global funds in the portfolio. We will re-evaluate our stance once we get more clarity on the same.

Sterling Performance Update:

Our Sterling PMS showcasing an impressive post fee ~19.2% returns for our aggressive investors as on end Aug-25 on a 2-Y basis and surpassing the benchmark by ~5.2%. Our balance risk profile strategy with ~50% equity allocation, has yielded approximately ~14.4% (post-fee) and outperformed the benchmark by almost ~2.4% on a 2-Y basis.

Period	1 Month	3 Months	6 Months	1 Year	2 Years
Aggressive	-1.1%	0.0%	13.1%	-0.2%	19.2%
Nifty 50	-1.2%	-0.7%	11.3%	-2.0%	14.0%
Excess Returns	0.1%	0.8%	1.8%	1.8%	5.2%
Balanced	-0.8%	-0.3%	8.7%	2.8%	14.4%
Crisil Hybrid 50:50	-1.2%	-0.8%	8.0%	1.5%	12.0%
Excess Returns	0.4%	0.6%	0.6%	1.3%	2.4%

(Post expenses; as on Aug 31, 2025)

As we celebrate this milestone, we remain committed to delivering consistent, strong performance and are excited to continue this journey with our clients.

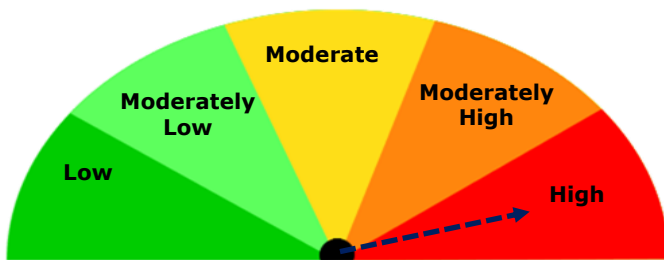
Closing Thoughts:

In these times of economic transitions, as we navigate the uncertainties of the financial landscape, it is crucial to remember that time and consistency are your greatest allies. While short-term fluctuations can be unsettling, long-term strategies grounded in patience and informed decision making often yield the best results. We look forward to keeping you informed and engaged in the months ahead.

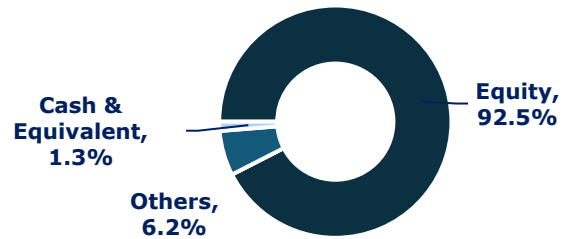
Sterling Aggressive Portfolio

The investment objective of the scheme is to generate long term capital appreciation from a portfolio of different asset classes.

Riskometer

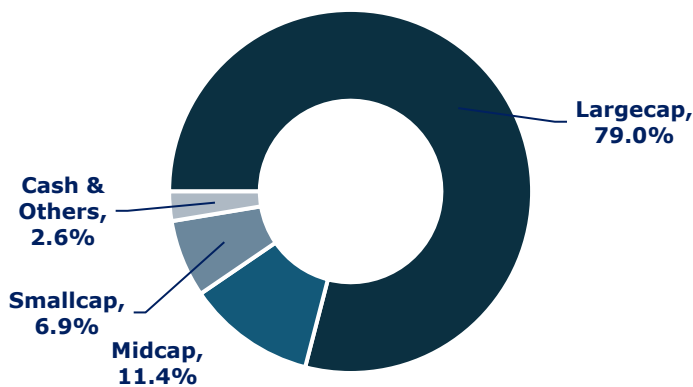


Asset Allocation

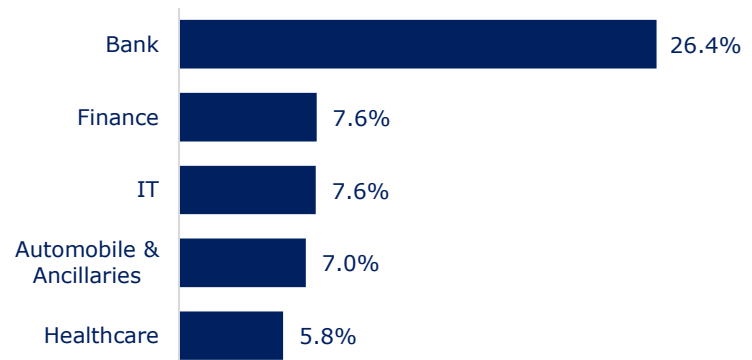


"Others" include exposure to Gold/Silver | "Cash & cash eq includes Overnight/Liquid MF & Cash

Market cap wise exposure (%)



Top 5 Sectors (% Equity Portion)



Performance (%)

Period	Fund	Benchmark
1 Month	-1.1%	-1.2%
3 Months	0.0%	-0.7%
6 Months	13.1%	11.3%
1 Year	-0.2%	-2.0%
2 Year	19.2%	14.0%
Since Inception (11-Nov-22)	18.8%	12.8%

Risk Adjusted Performance

Parameters	Fund	Benchmark
Sharpe Ratio (X)	1.6	1.1
Beta	0.9	1.0
Ann. Std. Deviation (%)	11.1	11.7

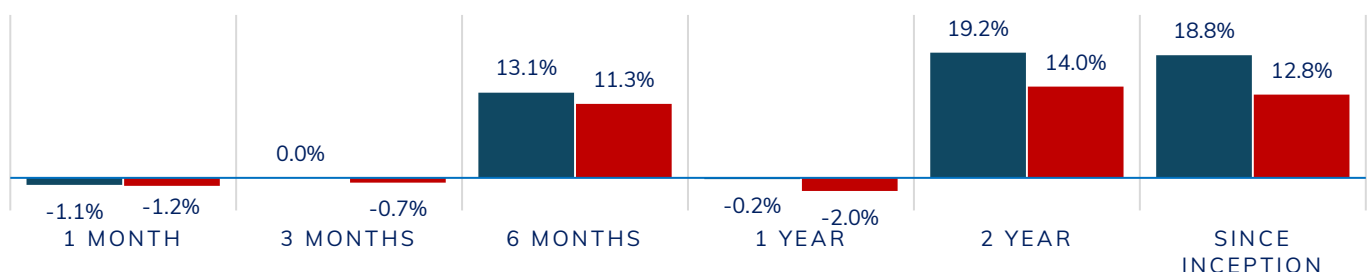
Benchmark: Nifty 50-TRI

Period: Since Inception (11-Nov-22) till 31-08-2025

Note: Weighted Average expense ratio of underlying portfolio is 0.48

Performance (%)

■ Fund ■ Benchmark



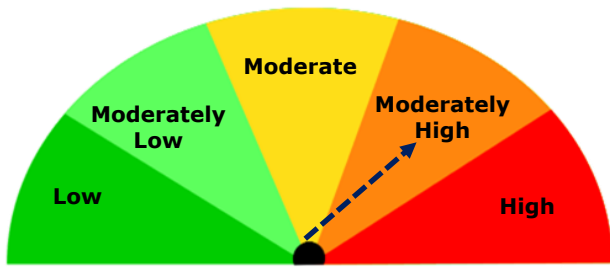
Performance as on 31-08-2025

Note: Returns are TWRR net of all fees and expenses, all cash holdings and investments in liquid funds. The performance related information provided herein is not verified by SEBI

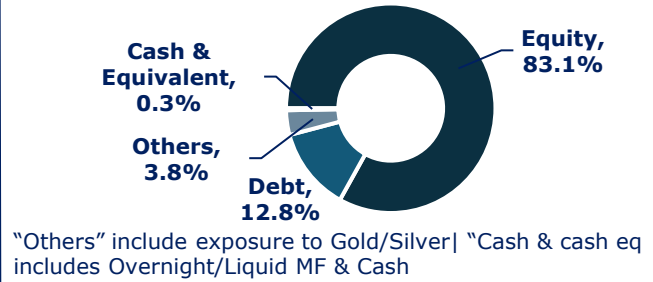
Sterling Growth Portfolio

The investment objective of the scheme is to generate long term capital appreciation from a portfolio of different asset classes.

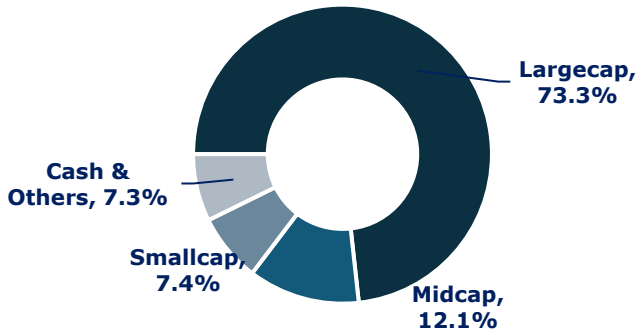
Riskometer



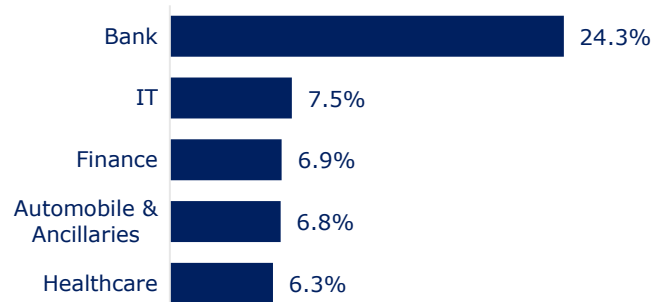
Asset Allocation(%)



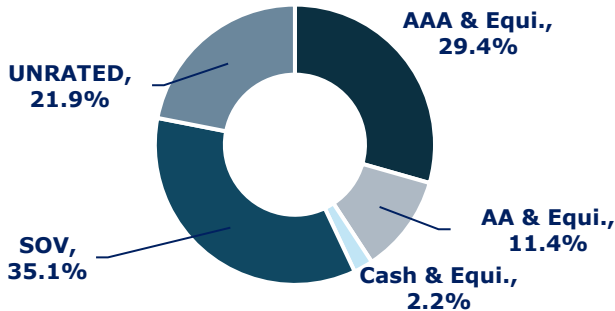
Market cap wise exposure (%)



Top 5 Sectors (% Equity Portion)



Credit Quality (%)



Debt Portfolio Specifications

YTM (%)	7.2
Net YTM (%)	6.9
Average Maturity (Yrs.)	15.2
Modified Duration (Yrs.)	6.9
Expense ratio - Direct (%)	0.3

Performance (%)

Period	Fund	Benchmark
1 Month	-1.2%	-1.2%
3 Months	-0.4%	-0.7%
6 Months	10.8%	11.3%
1 Year	0.0%	-2.0%
2 Year	16.6%	14.0%
Since Inception (18-Nov-22)	15.9%	12.1%

Risk Adjusted Performance

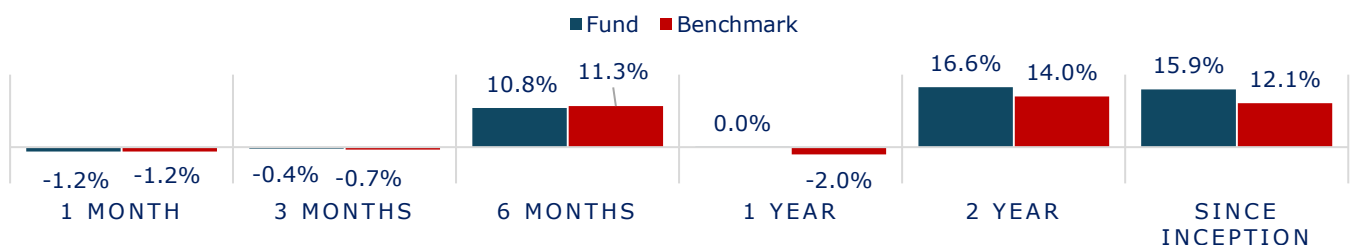
Parameters	Fund	Benchmark
Sharpe Ratio (X)	1.6	1.0
Beta	0.8	1.0
Ann. Std. Deviation (%)	9.4	11.6

Benchmark: Nifty 50-TRI

Period: Since Inception (18-Nov-22) till 31-08-2025

Note: Weighted Average expense ratio of underlying portfolio is 0.51

Performance (%)



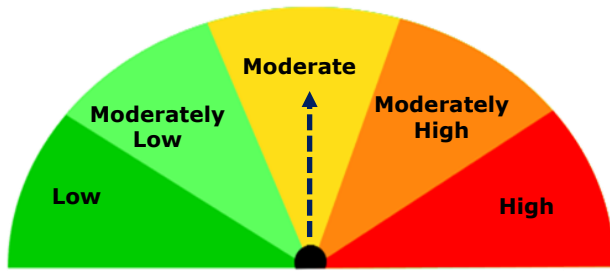
Performance as on 31-08-2025

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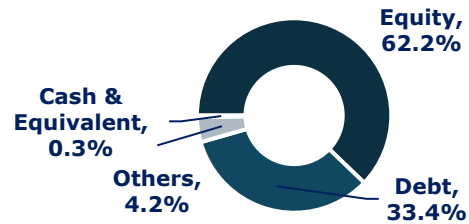
Sterling Balanced Portfolio

The Investment objective of the scheme is to generate **Growth and Income** from a portfolio of different asset classes.

Riskometer

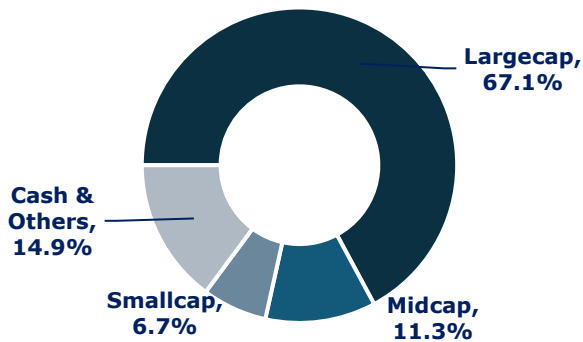


Asset Allocation

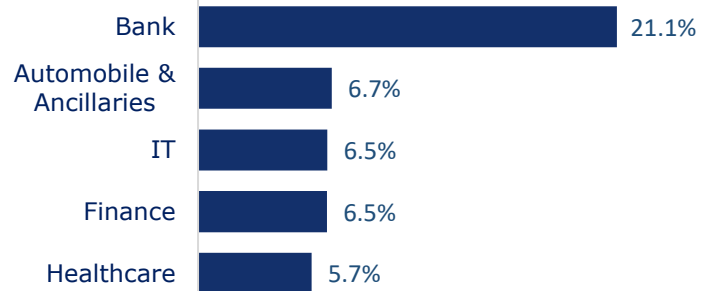


"Others" include exposure to Gold/Silver | "Cash & cash eq includes Overnight/Liquid MF & Cash

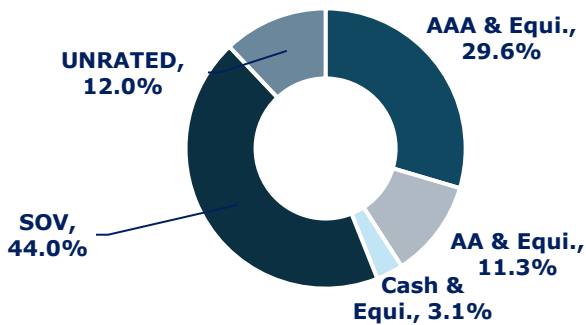
Market cap wise exposure (%)



Top 5 Sectors (% Equity Portion)



Credit Quality (%)



Debt Portfolio Specifications

YTM (%)	7.3
Net YTM (%)	6.9
Avg Mat (Yrs.)	12.8
Mod Dur (Yrs.)	6.0
Expense ratio - Direct (%)	0.4

Performance (%)

Period	Fund	Benchmark
1 Month	-0.8%	-1.2%
3 Months	-0.3%	-0.8%
6 Months	8.7%	8.0%
1 Year	2.8%	1.5%
2 Year	14.4%	12.0%
Since Inception (28-Nov-22)	13.8%	11.0%

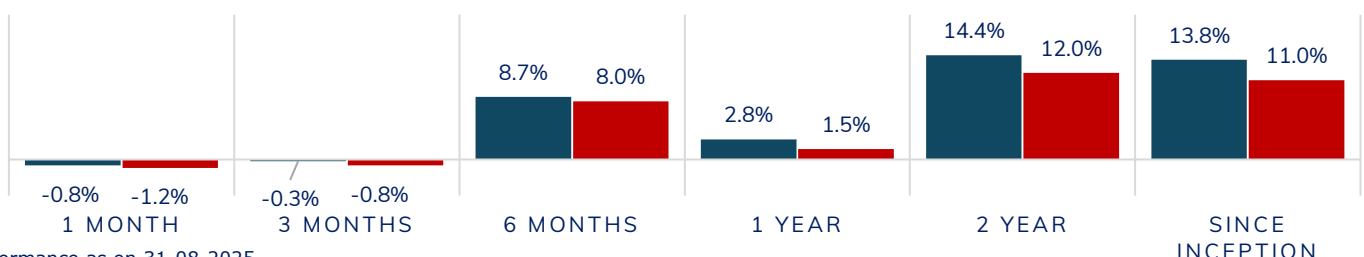
Risk Adjusted Performance

Parameters	Fund	Benchmark
Sharpe Ratio (X)	2.0	1.5
Beta	0.9	1.0
Ann. Std. Deviation (%)	6.5	6.8

Benchmark: Crisil Hybrid 50:50 Moderate Index
Period: Since Inception (28-Nov-22) till 31-08-2025
Note: Weighted Average expense ratio of underlying portfolio is 0.52

Performance (%)

■ Fund ■ Benchmark



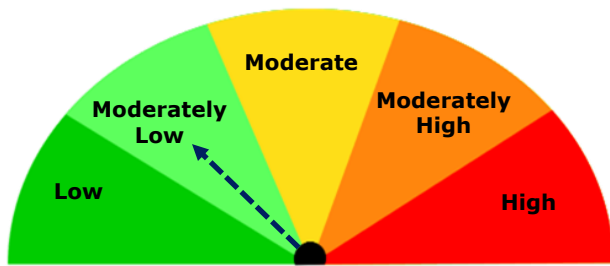
Performance as on 31-08-2025

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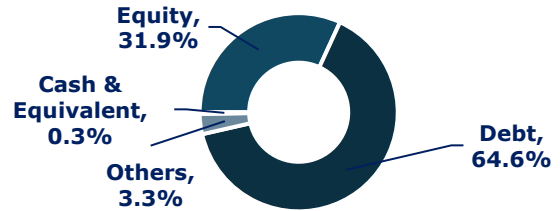
Sterling Conservative Portfolio

The Investment objective of the scheme is to generate long term capital preservation from a portfolio of different asset classes.

Riskometer

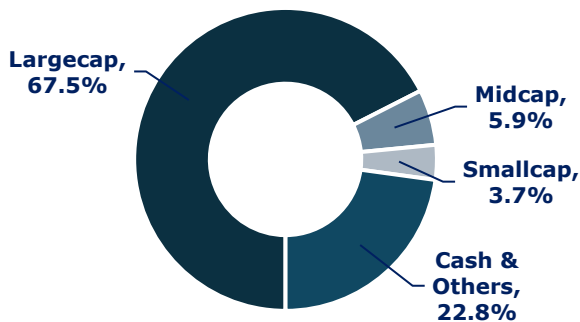


Asset Allocation

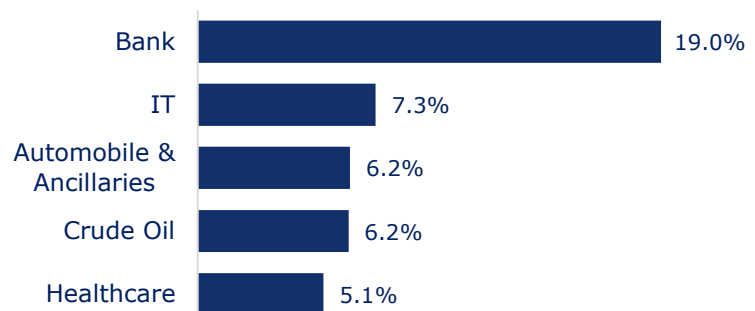


"Others" include exposure to Gold/Silver | "Cash & cash eq includes Overnight/Liquid MF & Cash

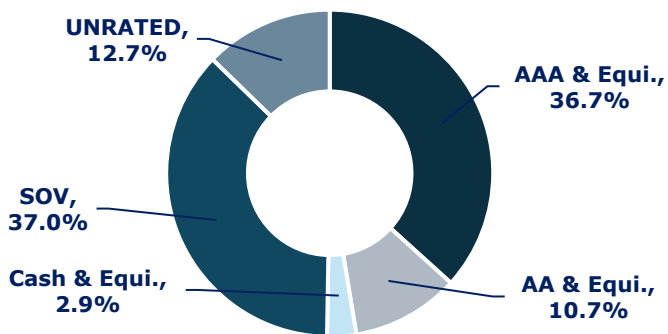
Market cap wise exposure (%)



Top 5 Sectors (% Equity Portion)



Credit Quality (%)



Debt Portfolio Specifications

YTM (%)	7.2
Net YTM (%)	6.8
Average Maturity (Yrs.)	11.6
Modified Duration (Yrs.)	5.6
Expense ratio - Direct (%)	0.4

Performance (%)

Period	Fund	Benchmark
1 Month	-0.5%	-0.7%
3 Months	-0.1%	-0.7%
6 Months	5.6%	3.6%
1 Year	5.3%	7.0%
2 Year	10.6%	7.8%
Since Inception (01-Feb-23)	10.8%	7.9%

Benchmark: Crisil Composite Bond Fund Index

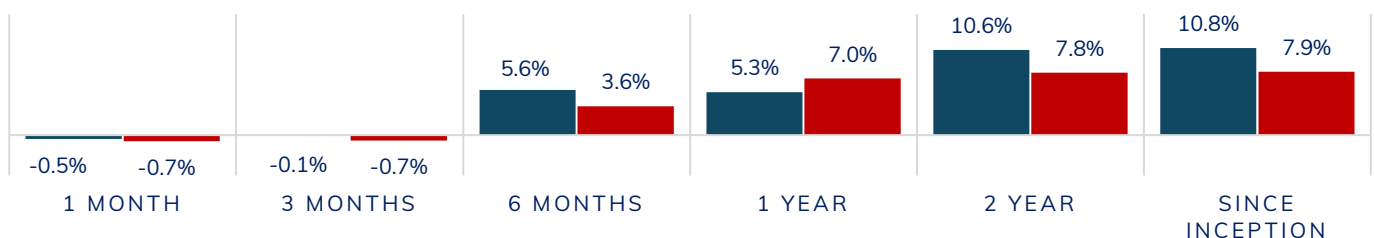
Performance as on 31-08-2025

Note: Returns are TWRR net of all fees and expenses, all cash holdings and investments in liquid funds. The performance related information provided herein is not verified by SEBI

Note: Weighted Average expense ratio of underlying portfolio is 0.44

Performance (%)

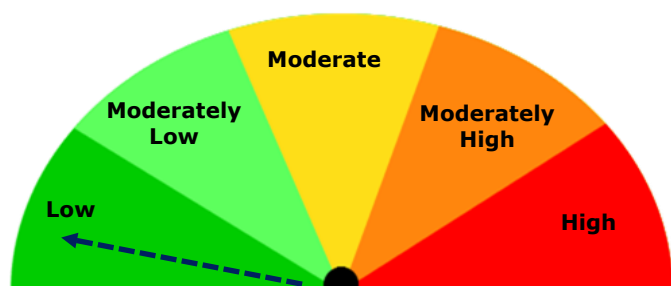
■ Fund ■ Benchmark



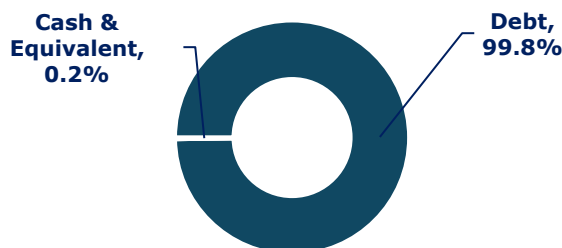
Sterling Risk Averse Portfolio

The Investment objective of the scheme is to generate long term capital preservation from a portfolio of different asset classes.

Riskometer

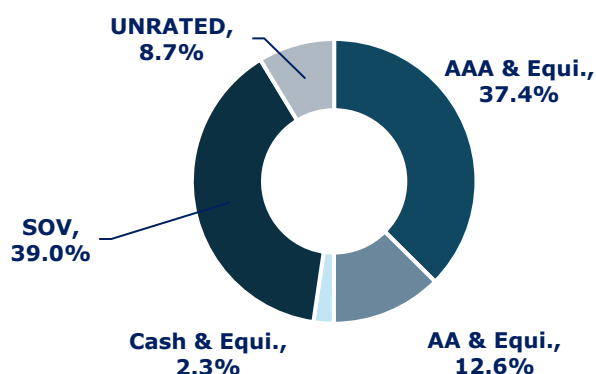


Asset Allocation



"Others" include exposure to Gold/Silver | "Cash & cash eq includes Overnight/Liquid MF & Cash

Credit Quality (%)



Debt Portfolio Specifications

YTM (%)	7.2
Net YTM (%)	6.8
Average Maturity (Yrs.)	9.4
Modified Duration (Yrs.)	5.0
Expense ratio - Direct (%)	0.4

Performance (%)

Period	Fund	Benchmark
1 Month	-0.5%	-0.7%
3 Months	-0.3%	-0.7%
6 Months	3.6%	3.6%
1 Year	7.1%	7.0%
2 Year	7.6%	7.8%
Since Inception (28-Nov-22)	7.5%	7.7%

Benchmark: Crisil Composite Bond Fund Index

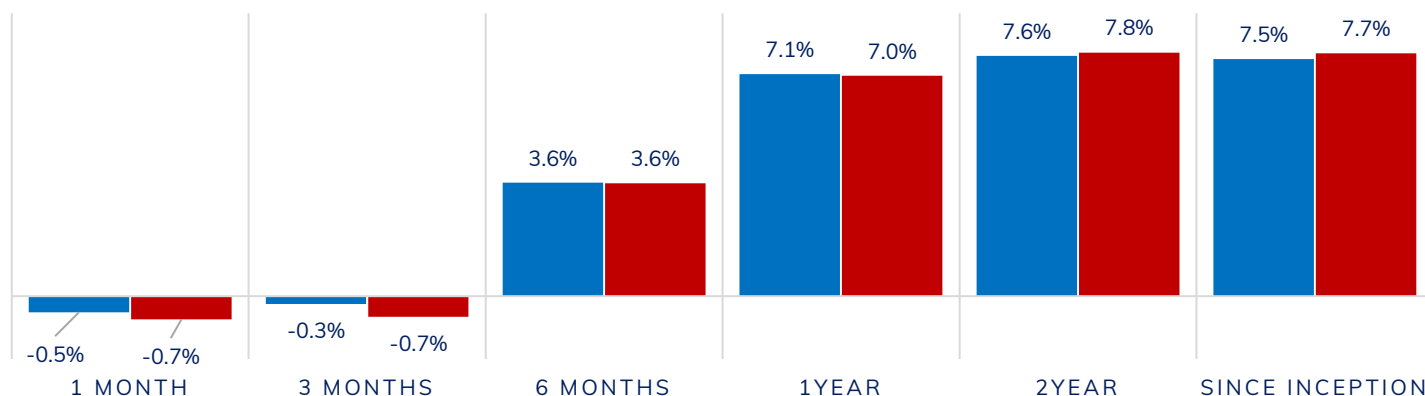
Performance as on 31-08-2025

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Note: Weighted Average expense ratio of underlying portfolio is 0.41

Performance (%)

■ Fund ■ Benchmark



Fund Management Team



Piyush Garg, CIO

- Over 25 years of experience in Indian financial markets – fixed income, equities, and currencies
- Have been successfully managing funds in various asset classes for the last two decades.
- MBA from IIM Kolkata



Tejas Ajit Kadam, Sr. Fund Manager

- Over 12 years of experience in Quantitative, Smart Beta (Factor), Passive and ESG strategies
- Previously worked with Goldman Sachs Asset Management and MSCI (a leading index provider)
- An Electronics and Telecommunications Engineer with an MBA (Finance)
- Holds the CFA (US) charter since 2015



Mayur Agarwal, Fund Manager

- Over 13 years experience with 11+ years in Private Wealth Management
- BCA from BIT Mesra and MBA (Finance) from IBS Hyderabad
- Holds FRM Charter (GARP)
- CFA (US) level 3 candidate

Risk Factors & Disclaimers

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