

Executive Summary of the 87th Global Investment Advisory Committee (GIAC) Meeting

29th October 2025

Current stance

Portfolios have remained steady across profiles over the past quarter, with conservative portfolios continuing to outperform, followed by balanced portfolios, while growth portfolios have been largely flat relative to benchmarks. Performance was supported by prudent retail allocations and lower overall equity exposure, which helped offset the impact of mid and small cap underperformance within growth portfolios. Gold exposure has been trimmed modestly from 7-11% earlier to around 3-5%, locking in gains, while equity exposure stands at 28.75%, 56%, and 92% across conservative, balanced, and growth portfolios, respectively, keeping positioning marginally overweight. International equity exposure, earlier at zero, now includes emerging-market allocations even as fixed-income portfolios remain short-duration, with steady returns.

Key variables to monitor:

- Emerging market flows: Passive reallocations expected in late December–January could drive renewed inflows into Indian equities as fund managers rotate out of outperforming markets / segments like Japan, Korea and US Tech and move into emerging markets.
- Mid and small cap performance: Monitoring earnings recovery and breadth improvement in India's equity markets before increasing allocations.
- Precious metals cycle: Gold and silver expected to continue their upward trend for another year, supported by inflows and potential U.S. 401(k) rule changes allowing higher allocations of retirement funds to precious metals.
- Currency and inflation dynamics: Central bank debt monetisation globally is likely to keep hard assets (gold, silver, land) in favour.
- Sectoral leadership: Continued strength in financials and discretionary consumption, with Information Technology (IT) expected to recover by next year.

What's changed since our last meeting:

US

The U.S. Federal Reserve lowered interest rates by 25 basis points but signalled caution on further cuts this year amid internal divisions and limited access to government data caused by the shutdown. Chair Jerome Powell noted that while the job market faces headwinds, the absence of key economic reports could make additional policy action risky.

The committee also discussed the AI bubble that keeps getting bigger, as it happens with all bubbles until they burst. JPMorgan identified more than 40 AI related stocks that currently account for a record 47% of the S&P 500's market cap. Recently, investors have begun to question the circular reference nature of the AI deals being made over the past few weeks.

India

India's exports to the U.S. have fallen sharply, down 20% in September and nearly 40% over the past four months following the imposition of steep U.S. tariffs, including penalties linked to India's continued oil imports from Russia.

On the domestic front, India's Consumer Price Index (CPI) inflation eased to 1.54% in September, the lowest level in more than eight years, as declining food and fuel prices helped moderate overall inflationary pressures.

India equities have underperformed the MSCI EM index by 27% year-to-date (YTD), with the Indian Rupee (INR) depreciating 3.5% against the US Dollar (USD) and Indian Government Bond (IGB) yields rising by over 20 basis points since June. However, the outlook for FY26 appears more optimistic.

India's economy seems to be at a turning point with growth bottoming out and nominal growth expected to accelerate starting FY27. A trade deal could materialize if the US aligns its tariffs with ASEAN levels (15-20%). Oil imports from Russia have reportedly halved, which could align with US interests.

Earnings revisions remain stable, projecting 15% earnings growth for the next year. The Reserve Bank of India (RBI) continues to prioritize stability, and a tactical short USD/INR position appears attractive. Meanwhile, the outlook for IGBs is improving due to favourable conditions ahead.



Viewpoints

The committee noted that conservative portfolios have consistently outperformed, reflecting effective defensive positioning, prudent gold exposure, and successful rotation into silver earlier this year. Balanced portfolios continued to do well, while growth portfolios lagged due to mid and small cap underperformance. On equities, members maintained a constructively bullish stance on Indian markets over the next quarter, citing improved market breadth, robust financial sector trends, and potential EM fund inflows. Domestic positioning remains slightly overweight, with mid cap exposure held below neutral pending greater earnings clarity.

The committee discussed the U.S. market divergence, where indices continue to make new highs despite underlying weakness in market breadth and a likely credit stress. The consensus view is that a U.S. correction is likely at some point, which could shift global liquidity toward emerging markets, including India.

On commodities, the panel reaffirmed the strategic importance of both gold and silver. Silver’s outperformance has validated earlier positioning, while gold continues to offer long-term stability. The committee expects continued strength in precious metals as global currencies weaken, and inflationary pressures persist.

Fixed income remains positioned in short duration assets to avoid duration risk, with steady returns. The group also discussed the inclusion of structured hybrid strategies that blend arbitrage, derivatives, and special-situation opportunities.

Internationally, while allocations are currently neutral, early exposure to emerging markets including China has begun, with Argentina showing strong recent performance. The committee anticipates a gradual build-up of these positions as liquidity rotates from overbought regions.

Finally, the group maintained bullish calls on financials and discretionary consumption themes, citing structural demand, improving credit growth, and aspirational consumption trends in India. IT remains a “next-year story,” expected to recover as the global AI investment cycle matures.

Overall, the committee continues to balance tactical optimism with structural prudence. Portfolios remain moderately pro-risk, supported by commodity cushions and selective equity overweight. The strategy is to capture short term alpha through domestic equity momentum and hybrid diversification, while staying prepared for potential global volatility and liquidity shifts.

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