

Executive Summary of the 97th Global Investment Advisory Committee (GIAC) Meeting

21st September 2026

Current stance

The committee maintained its existing allocation, with equity exposure at 27.5% in conservative portfolios, 55% in balanced portfolios, and 90% in growth portfolios. The earlier decision to shift a part of large cap equity exposure into gold remains in place, with gold continuing to be viewed constructively over the next six months. The committee believes the path for gold remains positive despite near term volatility. Allocation to equities remains overweight with mid cap exposure at neutral and no immediate change to overall equity allocation.

The committee sees greater uncertainty from oil, geopolitics and the US rate path. Oil could spike further if disruptions persist, creating margin pressure for Indian companies, although the view is that current elevated prices may not be sustainable. The committee expects clarity around the US-Iran situation to be important for the next allocation decision and may increase large cap Indian equity exposure towards the latter half of the year if conditions improve. Fixed income exposure to REITs, InvITs and SIFs are being continuously monitored.

Key variables to monitor

- **Gold:** The committee remains constructive on the commodity and would continue to monitor allocation over the next six months.
- **Oil prices:** Near term spikes remain a risk, with USD 110–120 discussed as a possible stress level.
- **Indian corporate margins:** Inventory gains have supported recent earnings, but higher input and energy costs could create margin pressure in subsequent quarters.
- **US-Iran conflict:** Resolution or escalation remains the key near term variable for oil, inflation and risk assets.
- **Indian equities:** No immediate allocation change, potential increase later in the year if geopolitical risks ease.
- **Mid cap exposure:** Maintained at neutral following the reduction in overall large cap equity exposure in the previous meeting. GIAC is not looking to increase allocation to midcaps as it could get impacted in the event of market drawdowns.
- **Foreign flows:** A return of foreign investors could support Indian large caps, particularly after the recent large ticket initial public offerings.
- **US monetary policy:** The rate path remains uncertain, with markets considering the possibility of another hike.
- **Global capital flows:** The committee is also keenly watching the shift of global surplus capital towards US equities, especially into Nasdaq and view it as a risk.
- **AI concentration:** Global growth and capital expenditure remain heavily concentrated around AI and related infrastructure.
- **Fixed income:** Preference remains for shorter duration exposure while the rate path remains unclear.
- **REITs/InvITs:** NAVs likely to see some MAT related accounting adjustment.
- **Seasonality:** Looking ahead, the committee believes seasonal factors are likely to become increasingly supportive for both alternative assets and equities as India enters the festive period, historically providing a favourable backdrop for positive investor sentiment.

What's changed since our last meeting

US

The US economy grew at a 1.5% annualised rate in Q2 2026, slowing from 2.1% in Q1. The second estimate also showed the PCE price index rising at a 5.3% annualised rate, with core PCE at 3.6%, indicating that inflation remains a constraint on monetary policy. The Federal Reserve subsequently raised the federal funds target range by 25 basis points to 3.75%–4.00% on September 16, with the FOMC stating that inflation remains elevated. Its September projections put median 2026 PCE inflation at 3.7% and the median year end federal funds rate at 4.1%, implying that the rate path remains considerably tighter than markets had expected earlier in the year.

The latest labour market data provide a mixed picture. Non-farm payrolls increased by 162,000 in August, while the unemployment rate remained at 4.1%. This leaves the Fed balancing relatively resilient employment against elevated inflation and higher energy costs. August CPI rose 0.4% month-on-month (mom) and 3.4% year-on-year (yoy), while core CPI increased 0.3% mom and 2.4% yoy. Gasoline accounted for more than one-third of the monthly headline increase, reinforcing the importance of energy prices to the inflation outlook.

India

India's latest inflation data show a renewed pickup in price pressures. CPI inflation rose to 4.82% in August 2026, from 4.45% in July, while core inflation increased to approximately 4.2% from 3.86%. The increase was broader than food and fuel, with higher prices across categories such as clothing, household goods and education. This has increased market expectations of a possible RBI rate hike. Growth, however, remains resilient. India's real GDP expanded 7.8% yoy in Q1 FY27, ahead of the RBI's 7% projection.

The external environment remains the key risk. India's crude imports fell more than 11% mom in August to 19.01 million tons, while Russian crude imports declined 16.5% to around 2.1 million barrels per day. The latest infrastructure data also show continued underlying activity. India's core infrastructure output grew 4.8% yoy in August, led by cement, electricity and steel, although crude oil and natural gas output declined. Cumulative core sector growth for April–August was 4.3%, compared with 2.4% in the corresponding period a year earlier

Foreign flows have also improved recently. Foreign Portfolio Investors (FPIs) invested approximately USD 3.1 billion in Indian equities in August (primary & secondary), the strongest monthly inflow in nearly two years, although cumulative FPI withdrawals for 2026 remained around USD 24.6 billion.

Viewpoints

The committee’s previous decision to reduce equity exposure and move part of the allocation into gold remains in place. Consequently, mid cap exposure has been maintained at neutral within the overall equity allocation. The committee continues to stay positive on Gold. The view is that gold should continue to perform well over the next six months, although the committee acknowledged that volatility in the immediate short term could not be ruled out. Members opined that the Federal Reserve would have limited room to raise rates aggressively given the scale of US interest obligations. Hence, even if gold sees a near term correction, the committee believes there would be sufficient demand to support the price.



On Indian equities, the committee's view is that large caps have so far been subdued, while select mid cap and smaller companies continue to perform better. The market has navigated a period marked by geopolitical and macroeconomic uncertainties with some resilience, resulting in a consolidation phase with a flat to downward trending direction. However, this move has helped absorb potential risks and created a more balanced view for future opportunities though some drawdowns from here cannot be ruled out. Given such a backdrop the committee would look to build a more constructive view toward equities at current levels.

The committee is concerned that oil prices could spike towards USD 110–120 in the short term if geopolitical disruptions intensify but hopes that such levels do not sustain. Higher oil prices could create a lagged impact on Indian corporate margins. The committee noted that the most recent earnings were supported by significant inventory gains, meaning the impact of higher input costs has not yet fully appeared in reported numbers. Members expect margin pressure to become more visible over the next one or two quarters if elevated oil prices persist. The committee also discussed the possibility of foreign flows returning to India. Members believe that if foreign investors begin increasing exposure again, large cap stocks could benefit first. The NSE and Jio IPOs were identified as potential events that could absorb liquidity in the near term but also potentially help clear some of the existing uncertainty once completed.

The committee further noted that global growth has become highly concentrated around AI, semiconductors and related capital expenditure. Accordingly, it remains constructive on copper, uranium and other commodities linked to the AI infrastructure build out. The view is that these themes may remain volatile, but the longer term demand trajectory remains supportive.

On fixed income, the committee continues to remain cautious on duration. There is no immediate intention to move aggressively into longer duration bonds while the US and global rate outlook remain uncertain. Shorter duration strategies continue to be preferred and other hybrid options under SIFs are under consideration. The committee also reviewed the REIT and InvIT exposure. Members noted that some InvIT NAVs could see a temporary accounting related adjustment because of the MAT issue and the tax treatment of dividend upstreaming at the SPV level.

Overall, the committee will reassess Indian equities towards the latter half of the year, particularly if the US–Iran situation begins to settle and oil prices normalise. Fixed income stays conservatively positioned with limited duration. The broader portfolio approach remains centred on staying invested through volatility rather than attempting to time every short term move. The committee will continue to monitor oil, inflation, the US rate path, foreign flows and the possibility of a rotation back into Indian equities.

Committee reviewed the changes made in the global Infinity portfolio which faced volatility due to Middle East tensions, elevated oil prices and uncertainty over further US Federal Reserve rate increases. Market weakness was used to deploy available cash into existing holdings and raise the gold allocation from approximately 2.5% to 3.7%. The portfolio will retain its long term exposure to automation, robotics and European aerospace and defence, while remaining underweight North American equities. Fixed income exposure will remain focused on the shorter end of the yield curve, with no major change proposed to the overall asset allocation. The strategy remains diversified across global equities, gold, commodities and shorter duration fixed income, with existing structural themes retained.

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