

FinSight

NEWSLETTER

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Kaima Asset

Responsible Wealth Management

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Editor's Note



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A very Happy New Year to all Readers, and thanks for your support in 2025.

*With this new year, we bring you the **Fifth Edition** of the FinSight Newsletter – your curated window into the evolving world of finance, investment insights, and economic trends that are shaping tomorrow.*

As the financial landscape evolves at an unprecedented pace, staying informed and adaptable has become essential. With FinSight, our mission is to simplify complex financial trends and translate them into clear, actionable perspectives. We are committed to providing insights that not only inform but also engage and empower our audience.

In this edition, we explore a broad spectrum of developments—from Market Outlook and Sectoral Trends, particularly the latest surge in precious metals, gold and silver, to other global economies, currency volatility, and more. With heightened currency volatility and global capital shifting toward safe havens, silver has become the new gold as a favoured asset class. We also examine the implications of the robust IPO activity, FPI outflows and equity consolidation in the last quarter.

We extend our sincere gratitude to our readers, contributors, and partners for your continued trust and encouragement. Your support motivates us to keep elevating the quality and impact of each issue. On behalf of the entire editorial team at Kaima Asset Private Limited, we hope you find this edition insightful and valuable.

Warm regards.

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Macro + Markets: A Power Brief

Market Outlook

1. In Q2 FY 2025–26, GDP accelerated further to 8.2% year-on-year, taking first-half FY 2025–26 real GDP growth to about 8.0%, compared with 6.1% in the first half of FY 2024–25. This step-up from 5.6% in Q2 FY 2024–25 has prompted the RBI to revise its full-year FY 2025–26 growth forecast up from 6.5% to 6.8%, and it further consolidates India’s position as the world’s fastest-growing major economy.

2. The sharp pick-up in GDP growth in Q2 FY 2025-26 has been catalysed by the manufacturing and services sector growth. Manufacturing GVA grew about 9.1% year-on-year, the fastest in several quarters, backed by higher factory output, better capacity use, and healthier corporate earnings. The services sector grew roughly 9.2%, with financial, real estate and professional services near 10.2%, providing the biggest push to overall GDP.

3. India’s Forex reserves stood at USD 693.3 billion for the week ending 19th Dec 2025. Gold reserves crossed USD 100 billion for the first time in 2025, reaching about USD 101.7 billion in October 2025. Gold now makes up roughly 12% of forex reserves.

4. India’s retail inflation slowed to 0.71% year-on-year as of Nov 2025, little above 0.25% in Oct 2025 but still well within the RBI’s tolerance band of 2% to 6%.

5. Domestic gold and silver prices hit all-time highs with gold closing near ₹1,34,730 and silver near ₹2,04,000 per kg as on December 15th, 2025—driven largely by devaluation of the rupee, softened global rates, rising demand during the wedding season, and buying by central banks.

Gold is expected to remain range-bound, while silver has been classified as a volatile asset, but can continue with the upward momentum, on strong demand and lack of supply.

EconEye: India’s Macro Pulse

INDICATOR	VALUE/STATUS
Real GDP Growth	8.2% (Q2 FY 25-26) (Source NSO data)
CPI Inflation (Nov, FY 25-26)	0.71%
Repo Rate	5.25% (Rate cut by RBI on 5 th December 2025)
Monetary Policy Stance	Neutral (lower for longer but no rate cut committed further)
Capital Expenditure (Q3, FY 25-26 Projected)	₹2.5 lakh crore to ₹3.1 lakh crore

GROWTH FORECAST FOR 2025-26

7.3% RBI

6.6% IMF

6.5% WORLD BANK

6.5% MOODY’S

6.5% FITCH

6.2% OECD

India's GDP growth projected at 6.8% for FY26, highlighting strong fiscal policy and continuous effort of the central bank to manoeuvre the country's journey toward Viksit Bharat

Top Financial Headlines

- In November 2025, Foreign Portfolio Investors (FPIs) pulled a net outflow of about ₹3765 crore, significantly less than the October outflow of (~₹14,610 crore) from Indian equity markets, marking the continuous sell-off. The major drivers were the weakening of the Indian Rupee, high domestic equity valuations, and muted corporate earnings for Q2 FY25-26. Total FPI equity outflows in 2025 have crossed ₹1.6 lakh crore, marking the highest ever outflow in history.
- External balances improved as November exports jumped about 19% year-on-year while the trade deficit narrowed, even as FPI flows were mildly negative for the month and market breadth turned choppy in the second half.
- Notably, IIP growth: 0.4% year-on-year (14-month low), down from 4.0% in September 2025. However, it recovered sharply to 6.7% year-on-year in the month of November, the highest in about two years and a sharp recovery from October.
- Market commentary through December pointed to India's outperformance versus EM peers despite record-scale annual FPI equity outflows (about ₹1.6 lakh crore), thanks to domestic flows, GST rationalisation and front-loaded public capex.
- Gross GST collection for the month of October 2025 stood at ₹1,95,936 crore (≈ ₹1.96 lakh crore), y-o-y growth of 4.6% vs October 2024 (₹1,87,346 crore). Key drivers were strong festive-season consumption, higher IGST from imports, and improved compliance. However, gross GST collection for the month of November 2025 stayed well above ₹1.7 lakh crore despite expected post-festive cooling and the first full-month impact of GST rate rationalisation; import-linked IGST grew in double digits, signalling healthy demand for capital goods and electronics.
- In its December meeting, the RBI cut the repo rate by 25 bps to 5.25%, the fourth cut of 2025 (125 bps total), and maintained a neutral stance, highlighting Q2 FY26 real GDP at 8.2% and benign inflation. The RBI also announced additional liquidity support (OMOs and FX swaps), while government communications branded 2025 as a “defining year for India's growth,” stressing strong GDP, fiscal discipline and comfortable external buffers.
- IMF and Government of India data indicate India's GDP is around USD 4.18–4.19 trillion, marginally above Japan's roughly USD 4.18 trillion. This places India 4th globally, behind only the United States, China, and Germany; the UK now ranks below both India and Japan.

Tracking the Trend: Indices, Factors & Sectors

Benchmark, Factor Indices & Sectoral Performance (in %)

Index Name	1M	3M	1Yr	3Yr	5Yr
Nifty 50	-0.28	6.33	11.88	14.32	14.68
Nifty Next 50	0.33	2.33	2.9	18.89	17.3
Nifty 500	-0.26	5.13	7.76	16.71	16.88
Nifty Midcap 150	-0.53	5.99	5.98	24.02	24.04
Nifty smallcap 250	-0.28	0.04	-5.48	21.48	23.31
NIFTY MICROCAP250	-2.46	-1.43	-9.55	26.82	31.82
Nifty Auto	1.49	6.23	24.59	31.81	26.3
Nifty Bank	-0.29	9.05	18.08	12.43	14.61
Nifty FMCG	-0.22	1.62	-0.43	9.76	12.28
Nifty IT	1.28	13.43	-10.44	12.06	11.53
Nifty Pharma	-1.19	5.94	-2.25	22.64	12.8
NIFTY100 LOW VOLATILITY 30	0.4	6.2	11.45	18.21	15.92
NIFTY200 QUALITY 30	0.37	5.55	4.68	16.4	13.73

Data as on 31st December 2025, Source:, NSE

- For the quarter ending Dec 2025, Nifty IT is the top-performing index with 1.28% return in the last 1 month and 13.43% in the last 3 months as investor sentiment turned bullish.
- The Nifty Smallcap 250 had delivered a 0.04% return over the last 3 months, and a 12-month return of -5.48% shows continuous selling; however, the SIP book supported numbers.
- The Nifty Midcap 150 turned positive with a 5.99% 3-month return and a 5.98 % over 12 months, showing improvement in sentiments.
- Nifty 50 also ended in the positive with 3-month returns at 6.33% and 12-month returns in double digits at 11.88%.
- Nifty IT has come up the curve with a whopping 13.43% in the last 3 months; however, still trailing -10.44% for the last year.

- The Nifty Bank posted a positive return of 18.08% over the last 12 months, making it one of the best-performing sectoral indices.
- The Nifty Pharma has recovered a little but is still trailing with a negative of -2.25% in the last 12 months, facing a mixed response.

- For the quarter ending Dec 2025, Small Cap Funds delivered a muted 0.27% return for the last 3 months. Despite a strong 19.72% gain in the last 3 years, the negative 5.53% return over 12 months highlights a sharp loss of momentum that dragged down annual performance.
- Funds in the IT category have become the queen of investors with a 3-month return of 10.37% however, they still carry a negative 7.39% for 1 year.
- Despite all the buzz, Consumption funds have failed to deliver with a muted 3-month return at 0.72% and a marginal return of 2.27% in 1 year.
- The multi-asset category has become the favourite of Investors seeking moderate return with downside protection. This return can be attributed to a sharp run-up in metals, especially gold and silver.

Equity Mutual Fund Category wise Performance (in %)

Class	Category	1 Month	3 Months	1 Year	3 Years
Equity	Large Cap Fund	-0.13	5.19	8.69	15.48
Equity	Mid Cap Fund	-1.15	4.44	2.35	21.7
Equity	Small Cap Fund	-1.18	0.27	-5.53	19.72
Equity	Large & MidCap Fund	-0.97	4.3	1.99	17.78
Equity	Multi Cap Fund	-1.03	3.07	1.77	18.76
Equity	Flexi Cap Fund	-0.98	3.78	3.57	16.45
Equity Value	Value-Oriented Fund	0.99	6.09	6.53	19.55
Equity ELSS	Tax Saver Fund	-0.77	3.55	3.44	16.67
Hybrid	Multi-Asset Allocation Fund	1.66	6.42	16.14	17.59
Hybrid	Balanced Hybrid Fund	-0.39	2.22	5.11	10.69
Hybrid	Aggressive Hybrid Fund	-0.48	3.23	5.4	14.7
Thematic	Infrastructure Fund	-0.95	1.53	0.83	22.69
Thematic	Dividend Yield Fund	0.34	4.82	4.93	19.65
Thematic	Consumption Fund	-1.29	0.72	2.27	16.92
Sectoral	Technology Fund	0.61	10.37	-7.39	14.97
Sectoral	Pharma Fund	-2.25	2.13	-2.94	22.18
Sectoral	Banking Fund	-0.27	8.82	18.92	14.91

(Data as on 31st Dec 2025, Source: Value Research)

Sector in Focus: Navigating the Next Quarter

1. Healthcare Industry:

- India's healthcare sector entered 2026 with strong momentum, supported by policy push, private capital, and rapid digitisation, and is poised for high-teens growth through 2030 and is projected to reach ~ US\$320 billion by 2028 — driven by pharmaceuticals, biotech and medical services.
- Private equity and venture capital deals in healthcare have surged, supporting the expansion of private hospitals, healthtech platforms and diagnostics.
- Major national missions like Ayushman Bharat Digital Mission and the Pradhan Mantri-Ayushman Bharat Health Infrastructure Mission are improving foundational coverage and data integration.
- Hospital services, telemedicine and digital health are among rapidly expanding sub-segments, with telemedicine alone projected to grow strongly.
- Altogether, these forces are shaping one of the most investable healthcare markets in the world.

2. BFSI Sector:

- The Indian BFSI (Banking, Financial Services, and Insurance) sector has a strong near-term outlook, with the overall financial sector profit pool projected to grow at around 13% annually between FY25 and FY30, nearly doubling by the end of the decade. Recent studies indicate that BFSI already commands a market capitalisation of about ₹91 lakh crore (around US\$1 trillion) in 2025 and contributes nearly 27% of India's GDP, with banks still dominant but NBFCs, insurers, asset managers and fintechs capturing a rising share of growth and profitability.
- System-wide loan growth for Q3 FY26 is expected to stay above 11%, with previews flagging a stronger operational quarter after a weaker first half.
- Deposits and funding: High credit-deposit ratios mean competition for deposits will remain intense; deposit rates may prove sticky even as lending yields soften, pressuring NIMs for weaker franchises.
- Unsecured/SME stress: Early delinquencies in unsecured retail, credit cards and MSME loans are a key monitorable in 2026; regulators and banks are cautious, which may cap growth in riskier buckets.

Sector in Focus: Navigating the Next Quarter

3. FMCG Sector:

- CRISIL and industry commentary point to 6–8% revenue growth in FY26 (vs 5–6% in FY25), with 2026 expected to see high single-digit volume growth as inflation normalises and urban demand inches up.
- Ultra-low headline inflation (sub-2% recently), monetary easing, and prospective tax tweaks leave more disposable income and should aid both staples and discretionary over the next 12–18 months.
- Urban consumption, especially in metros and tier-1, is showing a gradual improvement in discretionary spending. Autos, QSR, travel, hospitality and premium personal care are seeing healthier growth, while mid-ticket durables and fashion remain more sensitive to income and job confidence.
- Recent data show rural FMCG volumes still slightly ahead of urban but slowing; rural volume growth has moderated from ~8%+ to low single digits, as terms of trade and monsoon uncertainties cap the earlier out-performance.

4. Automobile Sector:

- SIAM data show record November wholesale volumes – passenger vehicles (PVs) at 4,12,405 units (+18.7% YoY), two-wheelers at 19,44,475 units (+21.2% YoY), and three-wheelers at 71,999 units (+21.3% YoY), driven by festive demand and GST 2.0 benefits.
- SUVs continue to dominate incremental demand; November PV wholesales grew 18–19% YoY.
- 2W wholesales up 21.2% YoY in November, with scooters +29.4% and motorcycles +17.5%, indicating cyclical recovery in entry/mass segments as rural incomes, GST cuts and rate reductions improve affordability.

Risks and watch-points

- Compliance and cost: New emission and safety norms will add to vehicle costs and cap margin expansion, even as OEMs enjoy operating leverage from higher volumes.
- Affordability at the bottom: While GST cuts and rate reductions help, any shock to fuel prices, income growth, or employment can quickly hit entry-level PV/2W and rural demand, making this the key cyclical sensitivity.

Economic Watch: What's Moving Your Money

Global Equities :

- Global equities are generally expected to deliver positive but more moderate returns from here, with mid-single to low-double-digit annual gains driven mainly by earnings growth rather than further re-rating, and with higher dispersion across regions and styles.
- United States: Morgan Stanley's projection of 14% upside in S&P 500 from late-2025 levels is heavily dependent on continued strength in AI-linked earnings and large caps.
- Europe & Japan: We expect single-digit returns in Europe vs. somewhat better prospects in Japan, helped by reforms, improving governance and domestic flows into equities
- Emerging markets: Large fund houses expect improving relative performance as a weaker dollar, better inflation dynamics, and cheaper starting valuations support emerging markets.

Domestic Equities :

- Domestic equities enter 2026 with a constructive but moderate return outlook: consensus expects high-single to low-double-digit annual gains.
- Nifty EPS growth of roughly 8–10% in FY26 and mid-teens (14–18%) in FY27 is expected, led by BFSI, autos, industrials/capex and selected consumption.
- Strong domestic SIP and pension flows continue to offset FPI volatility, giving a liquidity floor and making sharp, prolonged drawdowns less likely.
- Positively positioned over the next 1–2 years: Financials/BFSI, autos & auto ancillaries, industrials/capex & capital goods, plus healthcare/pharma and IT, driven by credit revival, volume/margin tailwinds and policy-led capex.
- A selective approach in FMCG and discretionary is required, focusing on leaders where margins and volumes can grow despite already full valuations. Defence and PSUs on caution.

IPO Radar: Big Debuts of Aug 2025

LG Electronics India Limited

LG Electronics India Limited launched its IPO in October 2025 at a price band of ₹1,080–1,140, with a total issue size of ₹11,607 crore (100% OFS). The issue saw exceptional demand, with overall subscription of ~54×, led by QIBs at ~166×, while retail was subscribed ~3.5×. LG Electronics India listed on 14 October 2025 at around ₹1,710, delivering a strong ~50% listing gain over the issue price. Post-listing performance reflected high investor confidence in India's premium consumer-durables theme. Over the next 1–2 years, returns will depend on urban consumption growth, premiumisation, margins, and market share gains in appliances and electronics.

Meesho Limited.

Meesho Limited launched its IPO in December 2025 at a price band of ₹105–111, with a total issue size of ~₹5,420 crore. The IPO witnessed exceptionally strong demand, with overall subscription of ~79×, driven by heavy participation from QIBs, NIIs, and retail investors. Meesho listed at around ₹162.5, delivering a robust ~46% listing gain over the issue price. Post-listing, the stock remained strong, supported by optimism around its asset-light, value e-commerce model. Over the next 1–2 years, performance will depend on GMV growth, monetisation, and progress toward profitability, making it a high-growth but execution-sensitive investment.

ICICI Prudential Asset Management Co Ltd.

ICICI Prudential Asset Management Company launched its IPO in December 2025 at a price band of ₹2,061–2,165, with a total issue size of ₹10,603 crore (100% OFS). The issue witnessed strong investor interest, with overall subscription of ~39×, led primarily by institutional investors. Shares listed on 19 December 2025 at around ₹2,600, delivering a ~20% listing gain over the issue price. The IPO did not raise fresh capital, with proceeds going to the selling shareholder. Over the next 1–2 years, performance will depend on AUM growth, rising mutual fund penetration, and market-linked inflows, positioning it as a steady play on India's financialisation theme.

Fixed Income Forecast

- **CPI Inflation:** CPI inflation progressively softened to **0.71% in November 2025** from **4.26% in January 2025**. RBI has also lowered its CPI inflation forecast for FY 2025–26 to 2.0%, down from 2.6%, **comfortably within the RBI's target range of 2–6%**. For **FY27**, it is projected at 3.9% in Q1 and 4.0% in Q2.
- **RBI Policy:** RBI Monetary Policy December 2025 **reduces repo rate to 5.25%** to boost credit flow, investment and economic growth while maintaining a neutral stance and ensuring inflation control.
- **GDP Growth:** India's **real GDP grew 8.2% in Q2 FY 2025-26**, up from 7.8% in Q1 and 7.4% in Q4 of FY 2024-25. The RBI revised India's GDP growth forecast for FY 2025-26 **upwards to 7.3%** from the earlier estimate of 6.8%.
- **Forex and Gold Reserves:** India's **forex reserves jumped to \$696.61 billion** and value of the **gold reserves jumped to \$113.32 billion** during the week ending December 26, 2025 driven by strengthening foreign currency assets and an increase in gold value.
- **Bond Market:** As of **January 5, 2026**, the benchmark **10-year Government Bond Yield** in India is approximately **6.63%**. The RBI has already cut rates significantly in 2025 (totaling 125 bps), and while one last 25 bps cut is possible in early 2026. Outlook is Range bound with downward bias.
- **Investment Strategy:** **In 2026**, the outlook for fixed income in India is shifting from a year of "aggressive gains" (seen in 2025 during the rate-cut cycle) to a year of "**yield consolidation and accrual.**" Look at **short duration and money market funds** for stability with small exposure to **Gilt funds** for tactical gains.

Commodity Price Outlook

- **Crude Oil (Brent):** As of **January 5, 2026**, crude oil prices are starting the year with slight volatility but are generally trending lower, **~ \$ 61 per barrel**. Due to a projected global supply surplus and modest demand growth, resulting in inventory buildups. OPEC+ production discipline is limited, and non-OPEC supply (U.S., Brazil, etc.) remains strong.
- **Gold:** As of **January 5, 2026**, gold prices **~ Rs 1,40,000 per 10g** have started the year with significant momentum, building on the historic rally of 2025. In the Indian market, gold has breached psychological levels that were unimaginable just a year ago. While the outlook remains bullish but price corrections may occur due to profit booking.
- **Silver:** As of **January 5, 2026**, silver **~Rs 2,40,000 per kg** has started the year with a massive surge, outperforming almost all other major asset classes. Driven by a mix of geopolitical shockwaves and a severe industrial supply deficit, prices have hit new record levels.
- **Copper & Aluminium:** Both Industrial metals are currently "outshining" precious metals like gold and silver due to severe supply constraints and a surge in demand.

Global Market Snapshot

The IMF's World Economic Outlook (October 2025) was slightly more upbeat, projecting global growth at about 3.2% in 2025 and 3.1% in 2026, but still describing the medium-term outlook as “subdued”.

- United States: Q3-2025 outlooks called for growth slowing toward ~1% by late-2025, with recession risk around one-third as high rates and tariff uncertainty weighed on investment, even as labour markets stayed relatively resilient. Marginal improvement to about 1.6% in 2026 is expected.
- China: China's economy appears to have ended the year on a moderately resilient note. According to major forecasters, China's GDP growth is expected to moderate in 2026, around ~4.4 – 4.5%
- Euro Area: The Euro area is poised for steady but subdued growth. The euro-area economy remains resilient: full-year 2025 growth is expected to be around ~1.3%. Growth is expected to remain modest but positive: forecasts suggest ~1.2% GDP growth in 2026.

Developed Market Performance				
Index (proxy used)	1M %	3M %	6M %	12M %
MSCI World	0.30%	5.70%	11.50%	17.50%
MSCI DM	0.30%	5.70%	11.50%	17.50%
US (S&P 500)	1.50%	7%	13%	24%
Nasdaq	1.80%	8.50%	17%	30%
Japan (TOPIX)	0.20%	3.50%	10%	20%
France (CAC 40)	1%	4%	8.50%	14%
Germany (DAX)	0.50%	3%	7.50%	16%
UK (FTSE 100)	-0.50%	1%	3.50%	7%
South Korea (KOSPI)	2%	6.50%	11%	18%

Emerging Market Performance				
Index (proxy used)	1M	3M	6M	12M
MSCI EM	2%	6.90%	10.60%	17.30%
Brazil (Bovespa)	1.50%	4%	6%	12%
MSCI Golden Dragon (China, HK, Taiwan)	1%	5%	12%	21%
India (Nifty 50)	2.50%	6%	11%	18%
China (CSI 300)	0%	-2%	-6%	-10%
Indonesia (Jakarta Comp.)	-1%	-1.50%	2%	4%
Mexico (IPC)	1%	3%	9%	20%
South Africa (JSE All Share)	1.20%	4.50%	6.50%	9%

(Data as on 31st Dec 2025, Source: Bloomberg)

Challenges: The global economy is likely to face multiple headwinds in the Jan–Mar 2026 quarter, impacting both developed and emerging markets. Tight financial conditions and the lagged impact of past interest-rate hikes may continue to suppress consumption, housing, and private investment. Geopolitical tensions and trade frictions could disrupt supply chains and keep energy and commodity prices volatile. Developed markets may grapple with subdued growth and limited fiscal space, constraining policy support. Emerging economies could face capital flow volatility, currency pressure, and higher debt-servicing costs. A potential slowdown in global trade and manufacturing, especially if China's recovery remains uneven, poses downside risks. Overall, global growth is expected to stay fragile and uneven, requiring cautious policy actions and selective investment strategies.

Beyond US, the Neighbours

South Asia: Tensions, Realignment, and Fragility

1. India–Pakistan

The volatile India–Pakistan relationship continues to be a core security challenge:

- A **major crisis in 2025** triggered by a terror attack in Kashmir resulted in cross-border military engagements, missile strikes, and suspended treaties (Indus Waters Treaty, Shimla Agreement) before a ceasefire was agreed.
- Pakistan remains a pivot in China’s regional strategy with the **China-Pakistan “ironclad” partnership** reaffirmed, deepening economic and defence cooperation even as Islamabad also engages more with the U.S. on counter-terrorism.

Implication: India faces persistent security threats from terrorism and unresolved territorial disputes, while Pakistan’s shifting diplomatic ties add a layer of unpredictability.

2. India–Bangladesh: Strained Yet Strategic

- Bangladesh has taken a **strong stance against playing T20 World Cup matches in India**, citing **security concerns and rising bilateral tensions** tied to political friction and recent internal incidents.
- Domestic political changes in Dhaka—especially the ouster of a long-time pro-Indian leader—have fuelled **anti-India sentiment and political realignment**, potentially reshaping bilateral trust.

Implication: A formerly friendly relationship is under stress, affecting not only diplomacy but also business, cultural and sporting ties.

3. India–Nepal: Political Volatility

- Nepal’s upcoming elections and surging Gen-Z political movements are testing India’s **Neighbourhood First policy**, with rising debates about sovereignty and external influence.
- The border has also seen **heightened security alerts** over infiltration and smuggling concerns.

Implication: New political dynamics challenge India’s diplomatic approach and the delicate balancing of influence without being perceived as interference.

4. China’s Growing Footprint: Across South Asia and beyond:

- China remains active through **economic initiatives (e.g., BRI and CPEC)** and diplomatic outreach, often deepening influence in Pakistan, Nepal, and Bangladesh.
- Reports suggest concerns over China’s military movements and broader presence in Pakistan’s Balochistan region.

Implication: India’s strategic environment is increasingly shaped by **power competition with Beijing**, not just bilateral tensions but structural influence

The Fancy World of Factor Investing

What is Factor Investing?

Factor investing is an investment approach that focuses on specific, proven drivers of returns—called factors—rather than picking individual stocks purely on fundamentals or market timing.

In simple terms, **it means investing in characteristics that historically explain why some assets outperform others over time.**

Common Equity Factors

- Value – stocks that are cheap relative to fundamentals (low P/E, P/B).
- Quality – companies with strong balance sheets, stable earnings, and high return on equity.
- Momentum – stocks that have performed well recently tend to continue performing in the near term.
- Size – smaller companies have historically delivered higher long-term returns (with higher risk).
- Low Volatility – stocks with lower price fluctuations often deliver better risk-adjusted returns.

Why Investors Use Factor Investing

- It provides a systematic and rules-based way to invest.
- Helps diversify sources of return beyond market beta.
- Can improve risk-adjusted returns across market cycles.
- Easily implemented through ETFs, index funds, or quantitative portfolios.

While factor investing has strong academic backing, it also comes with important limitations and risks.

1. Cyclical underperformance – Factors go through long periods of underperformance.
2. Timing risk – Entering a factor at the wrong part of the cycle can lead to negative returns for years.
3. Crowding risk – Popular factors can become overcrowded, reducing future returns.
4. Model risk – Factor definitions and models rely on historical data, which may not hold in future.
5. Higher turnover & costs – This involves frequent rebalancing, raising transaction costs and taxes.

Bottom line: Factor investing works best with a long-term horizon, diversification across factors, and strong discipline, rather than tactical or short-term use. In hindsight everything looks good.

Family Office- A New Age of Investing, Shaping India

A family office is a private, bespoke set-up for wealthy families — typically ultra-high-net-worth (UHNW) — that centralises and professionalises the management of family wealth, investments, estate planning, tax planning, succession, and related services. Unlike regular wealth managers, a family office can be a fully dedicated entity, i.e. single-family office (SFO), or a multi-family office (MFO) serving several families — depending on scale, objectives and cost-effectiveness.

Family offices are often called “new-age investing” because they represent a shift away from traditional, product-driven wealth management toward long-term, flexible, and purpose-led capital allocation. Key reasons include:

1. **From products to ownership mindset-** Unlike mutual funds or PMS products, family offices invest with an owner’s perspective, taking long-term, concentrated bets in businesses, private equity, startups, real assets, and special situations.
2. **Access to private & alternative markets-** Family offices are major participants in private equity, venture capital, private credit, real estate, and structured deals—areas largely inaccessible or unsuitable for traditional retail investing.
3. **Flexible capital with no forced exits-** With no redemption pressure, family offices can deploy patient capital, ride market cycles, and invest through volatility—an advantage over institutional funds with fixed timelines.
4. **Customisation over standardisation-** Investments are tailored to family goals (growth, income, legacy, philanthropy, impact), rather than fitting into standardised benchmarks or products.
5. **Integrated wealth + legacy approach-** New-age investing blends investments, succession planning, tax efficiency, governance, and philanthropy into one strategy—beyond just maximising returns.
6. **Data-driven and institutional in approach-** Modern family offices use professional teams, risk frameworks, technology, and global diversification, similar to institutional investors but with greater agility.
7. **Focus on long-term themes-** Family offices increasingly invest in structural trends such as technology, sustainability, healthcare, and consumer transformation—rather than short-term market trades.

In essence, family offices are called new-age investing because they combine institutional discipline with entrepreneurial flexibility, prioritising long-term value creation, control, and legacy over short-term performance.

Family Office- A New Age of Investing, Shaping India

The Road Ahead — Prospects & What to Watch

- Family offices in India are likely to grow further in number and scale, as wealth accumulation accelerates, and more HNIs prefer institutionalised wealth management over ad-hoc personal handling.
- Their role as significant domestic capital providers — particularly in private equity, real estate, startups, and alternatives — is likely to deepen. This could also help reduce India's reliance on foreign capital flows for funding growth-stage enterprises.
- Family offices may increasingly adopt global asset allocation, investing in international markets, hedge funds, and real assets abroad — combining diversification, risk-management and access to global opportunities.
- As the second or third generation takes over, we may see greater emphasis on governance, sustainability, impact investing, philanthropy, and legacy building — shifting strategies beyond pure financial returns.
- Finally, as competition increases (from both domestic and global wealth-management players), family offices that combine professional management, governance, diversification, and low-cost structures will stand out.

Conclusion

For wealthy Indian families — especially those with substantial assets, intergenerational ambitions, and complex wealth — setting up a family office today can provide a powerful, structured, and bespoke mechanism for managing wealth, investments, estate, and legacy. Given the rapidly increasing number of family offices, growing wealth base, expanding capital market and startup ecosystem, and evolving regulatory and financial infrastructure, the prospects for family offices in India look robust.

That said, success depends heavily on careful structuring, governance, professionalisation, and a long-term mindset. For many families, the value of a family office lies not just in returns, but in continuity, control, privacy and legacy.

“Small Businesses, Big Credit: The MSME Loan Boom Reshaping India”

2025 has emerged as a transformative year for micro, small, and medium enterprises (MSMEs) in India, especially in terms of access to formal loans and credit:

- Credit exposure surged to ₹46 lakh crore, reflecting strong demand and deeper outreach of formal lending to MSMEs across the country. Total loan accounts grew nearly 12 % year-on-year, highlighting increased penetration of financial services into smaller towns and underserved segments.
- According to RBI-linked data, MSME credit grew over 23 % as of October 31, 2025, with micro and small enterprises growing nearly 26 %. This robust expansion underscores the priority given to MSME lending in the Indian credit landscape.

This momentum shows that MSMEs are moving beyond traditional barriers to credit, aided by both policy support and financial sector innovation.

Government Initiatives Supporting MSME Loans

Beyond banking reforms, the Ministry of MSME has played a major role in 2025 by:

- Enhancing credit guarantee support: The Credit Guarantee Scheme for Micro and Small Enterprises (CGSMSE) celebrated 25 years, with the guarantee cover ceiling increased to ₹10 crore — making it easier for MSMEs to borrow without heavy collateral.
- Supporting artisans and traditional sectors: Programs like PM Vishwakarma have provided training and access to collateral-free loans, helping craft and informal units enter formal credit markets.

Challenges Remain: Sectoral Stress and External Shocks

Despite growth, there are headwinds:

- MSMEs facing global tariff pressures (notably from U.S. tariffs) have appealed for loan moratoriums and faster buyer payments from large firms to ease cashflow challenges. (
- Some lenders, like Bajaj Finance, have cut growth forecasts for MSME portfolios due to stress in unsecured business loans — a reminder that risk management remains crucial.

“Small Businesses, Big Credit: The MSME Loan Boom Reshaping India”

What This Means for MSMEs & the Economy

The combined impact of policy reforms, digital lending, and credit growth indicates a structural shift:

- ✓ Greater financial inclusion: More first-time MSME borrowers are entering formal credit ecosystems.
- ✓ Faster and fairer loan access: Digital credit models reduce friction and accelerate sanction processes.
- ✓ Supportive policy environment: Government and RBI initiatives are focused on lowering borrowing costs and risk for lenders.

However, external shocks, interest rate volatility, and credit stress in certain segments highlight the need for ongoing vigilance and adaptive lending practices.

Conclusion

2025 has been a milestone year for MSME loans in India, marked by growth in credit exposure, greater policy support, digital transformation in lending, and strategic government schemes. While challenges persist, the outlook for MSME access to finance — a backbone of India’s economy — remains broadly positive as we move into 2026.



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