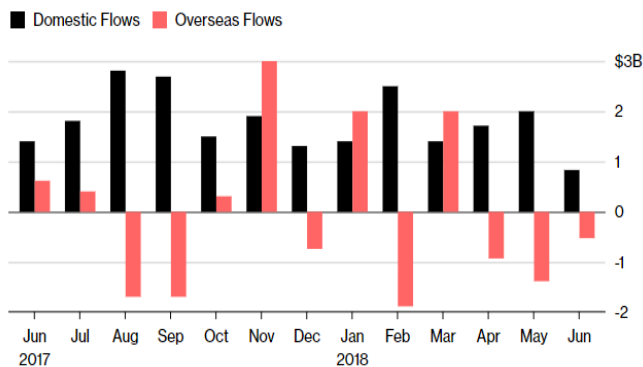


Highlights

Local Flavor

Domestic fund flows have cushioned India stocks from global shocks



Source: Bloomberg

India's S&P BSE Sensex registered the best performance among developing nations, rising 7.5% in the second quarter; while the MSCI Emerging Markets Index tumbled almost 9%. Domestic funds have bought a net USD 4.5 billion worth of Indian shares between April and June, compared with foreign outflows of USD 2.9 billion. The domestic demand for equity funds, which came amid poor returns from gold and real estate, has helped the Sensex shrug off headwinds such as rising oil prices and a weak rupee. Unlike markets like Indonesia and Thailand which have seen sizable outflows, India has only seen withdrawals from Indian stocks of less than USD 800 million year-to-date. (Source: Bloomberg)

India is likely to have raised USD 190 billion in revenue from GST collections for FY18 ended March, following a successful GST overhaul which came into effect 1 July last year. Interim Finance Minister, Piyush Goyal is expecting GST collections to pick up and for the average monthly collections during the fiscal year to be 1.1 trillion rupees (USD 16.04 billion) compared with the average of 898.9 billion rupees (USD 13.11 billion) in the prior year. The new goods and services tax subsumes various federal and state government taxes for most goods and services into a single, nationwide regime. (Source: Bloomberg, RBI Reference Rate as of 29th June 2018: USD 1 = INR 68.5753)

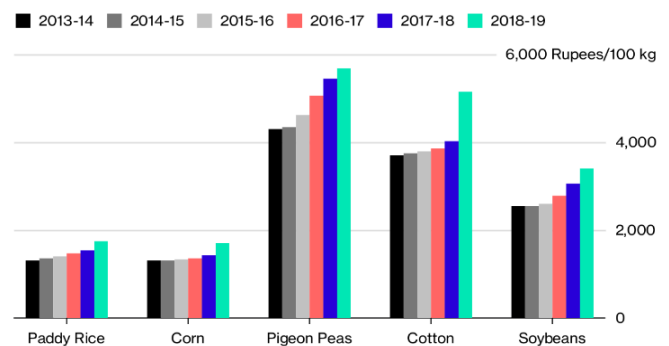
India's manufacturing and services sectors improved at the fastest pace in a year in June on the back of rising demand from the highest yearly growth in new businesses. The Nikkei India Services Business Activity Index rose to 52.6 in June from 49.6 in the previous month; while

the Nikkei India Composite PMI Output Index registered the strongest reading since October 2016, rising to 53.3 in June from 50.4 in the previous month. The services sector which contributes 60% to India's GDP helped to lift jobs growth from a five-month low in May as staffing levels rose at the fastest pace in a year. (Source: Bloomberg)

India maintained its position as top exporter of Information Technology Services for the second consecutive year and advanced 3 spots to rank at 57 in the Global Innovation Index rankings published by UN World Intellectual Property Organisation, INSEAD and Cornell University and GII Knowledge Partners. The report ranks 126 economies based on 80 indicators. India also ranked 3rd on domestic market scale measured in purchasing power parity, 4th in the growth rate of GDP in purchasing power parity dollars per worker and 6th in the number of its science and engineering graduates. (Source: BloombergQuint, World Intellectual Property Organization)

Rising Support

India sharply increases minimum support prices for crops



Prime Minister Narendra Modi has announced an increase in farm support prices in a move to fulfil his pledge to double farm incomes by 2022. The minimum support price (MSP) for crops such as common-grade paddy, cotton and soya beans were increased to ensure that farmers would get at least 50% more than their production costs. The MSP increase is one of the several programs announced recently to win the hearts of the farming community which represent about 62% of India's 1.3 billion population. Farmers form the key voter base for Modi who is facing general election in early 2019. (Source: Bloomberg)

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