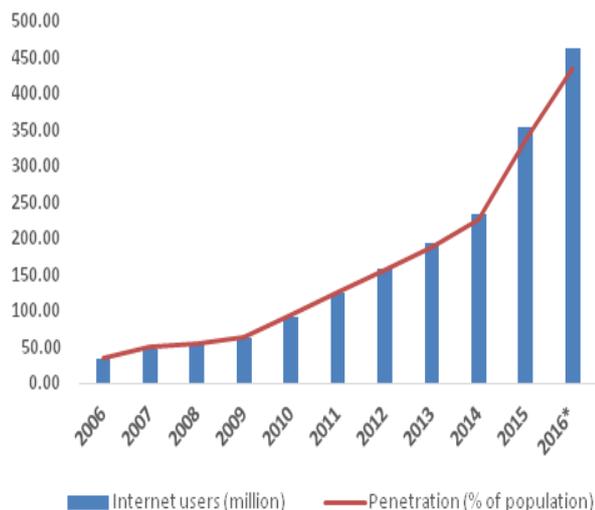


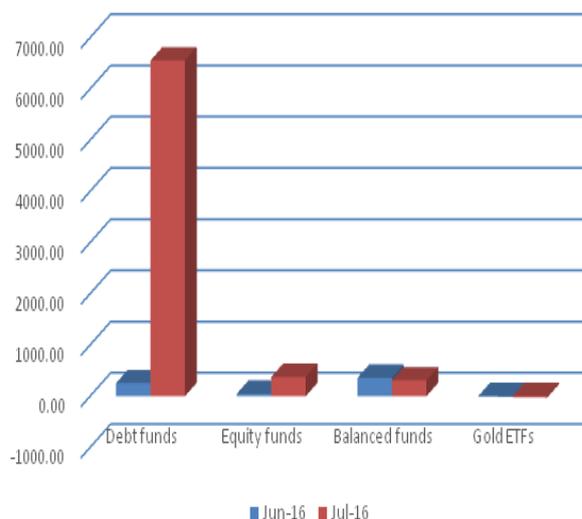
Number of internet users in India vs population penetration



Source: Internet Live Stats, UTI International

*estimate for 1 July 2016

Net flows of Indian mutual funds – June vs July 2016 (in USD million)



Source: AMFI, UTI International

1. Net inflows into debt funds hit a 6-year high in the month of July

Both Indian debt and equity mutual funds gained traction in the month of July but inflows into debt funds particularly spiked to \$6554mn from \$253mn in June. This brings the total AUM under debt funds' to \$100bn, an 8.5% increase month-on-month.

2. RBI announced measures to boost debt market liquidity and increase investor participation into debt

On 25 August, the RBI announced it would allow banks to offer credit enhancements of up to 50% of an issue from 20% previously, allowed banks to sell these INR bonds offshore, and allowed both resident and non-resident entities to undertake hedging transactions up to a limit of \$30mn at any given time. These measures will increase access to the debt market by major institutional investors.

3. India internet users expected to hit 730 million by 2020, 75% of new user growth to come from rural areas

According to a report from Nasscom and Akamai Technologies, by 2020 India is expected to have an estimated 702 million smartphones – accounting for 70% of total online shopping. The country's financial technology market is expected to grow 1.7 times between 2015 and 2020 with large contribution from mobile banking and e-wallets

4. India's economy grew at the slowest pace in five years but still above other EMs, GVA picks up

GDP growth for the first fiscal quarter (April-June) came in at 7.1% due to subdued investment and agricultural output. Support came from consumption and government spending. A pick up in rural demand after a good monsoon this summer and wage hikes from the 7th Pay Commission are expected to boost growth. On the other hand India's GVA (Gross Value Add, calculated before indirect taxes and subsidies) rose by 7.3% vs 7.2% a year ago.

5. Reserve Bank of India appointed new governor Dr. Urjit Patel to succeed Raghuram Rajan

Patel assumes office on 4th September, for a three-year term. He was previously at the IMF in the 1990s and also the deputy governor for the RBI, heading up the committee that arrived at the inflation targeting framework currently followed by the RBI. Patel will be pursuing the 4% (plus or minus 2 percent) inflation target for March 2018 whilst also remaining accommodative to support growth.

6. Aviation ministry plans to obtain 50 new airports in a bid to boost regional connectivity

India plans to get 50 airports in the next 3 years in what is touted as the world's fastest growing aviation industry. Under the regional connectivity plan, some existing non-operational airports and airstrips will be converted into no-frills airports. The state government will undertake 80% of the cost of funding of these so called "ghost" airports

7. Singtel to acquire a further 7.39% stake in Bharti Telecom for \$659 million

Singapore Telecommunications signed an agreement with its majority owner Temasek Holdings (Pte) to purchase a further 7.39% stake in Bharti Telecom, in addition to the existing 39.78% stake. Bharti Telecom is the holding company of Bharti Airtel – India's largest telco operator. The deal will take Singtel's total effective majority stake in Airtel up to 36.27% from 32.94%. The deal highlights India's attractiveness to foreign firms as the world's second largest mobile phone market

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