Shah Capital Services

AUGUST 2026

Monthly Newsletter

The Smart Money Mindset

Building Wealth One Decision at a Time.

Content Table

Shah Capital Services | ARN - 261365

AMFI Registered Mutual Fund Distributor

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July 2026 Monthly Market Snapshot

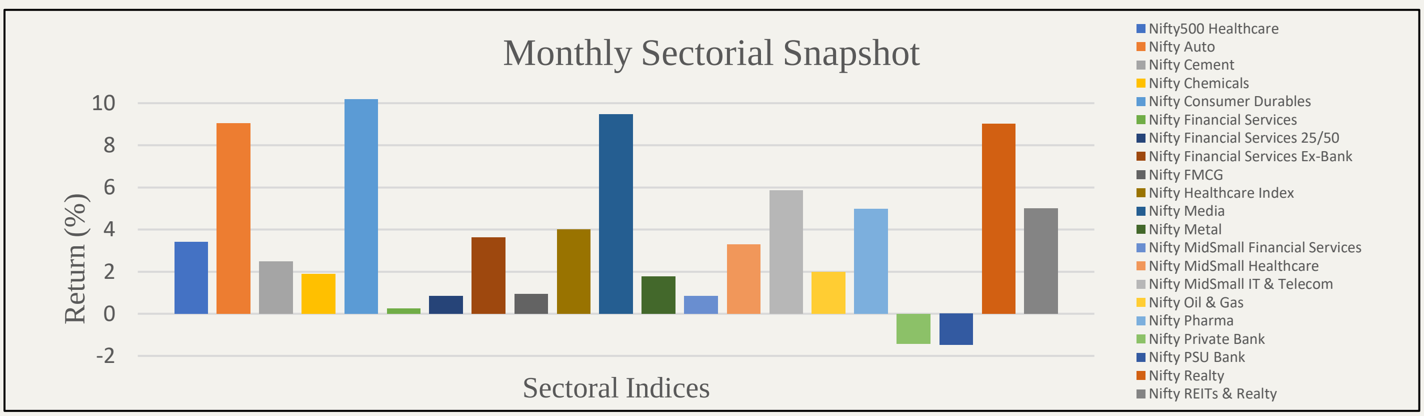
Monthly Domestic Market (India) Snapshot

Index	Open	High	Low	Close	Change %
Sensex	76,545.21	78,664.92	75,474.43	78,094.64	2.02%
Nifty 50	23,897.65	24,530.90	23,606.30	24,383.60	2.03%
Nifty Bank	57,573.35	58,596.85	56,023.60	57,225.90	-0.60%
Nifty IT	26,381.00	31,846.40	25,699.10	30,708.90	16.41%
Nifty Midcap	17,643.55	18,142.35	17,478.30	18,105.85	2.62%
Nifty Smallcap	9,346.60	9,677.80	9,246.65	9,644.45	3.19%

Monthly International Market Snapshot

Index	Open	High	Low	Close	Change %
Dow Jones (US)	52,231.18	53,289.30	51,542.06	52,485.03	0.49%
S&P 500 (US)	7,478.84	7,581.50	7,581.50	7,489.72	0.15%
Nasdaq (US)	26,039.51	26,316.81	24,425.34	25,373.85	-2.56%
FTSE 100 (UK)	10,497.60	10,989.45	10,397.48	10,868.05	3.53%
Nikkei 225 (Japan)	70,774.28	71,962.34	60,448.90	64,362.02	-9.06%
Hang Seng (HK)	23,071.43	25,971.63	22,953.70	25,884.43	12.19%

Sectoral Insights of the Month



Market Snapshot – Commodities & Debt Market

Commodities	Price
Gold (per 10 gm)	₹ 1,44,650 (24K)
	₹ 1,32,600 (22k)
Silver (per kg)	₹ 2,35,000
Crude Oil (WTI/Brent)	$ 83.80/87.93

Debt Market and Securities	Rate
10-Year Indian Govt Bond Yield	6.83%
US Treasury Yield (10Y)	4.75%
RBI Repo Rate	5.25%

*All Data as on: 31st July, 2026

Mutual fund investments are subject to market risks, read all scheme related documents carefully.

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Mutual Fund Category Performance Snapshot

Equity Mutual Fund Snapshot					
Category name	Return (%)				
	1 Month	6 Months	1 Year	3 Years	5 Year
Equity - Contra Fund	1.92%	0.03%	0.76%	14.16%	14.63%
Equity - Dividend Yield Fund	1.89%	0.64%	3.47%	13.51%	13.71%
Equity - ELSS	1.93%	2.58%	1.55%	11.79%	11.78%
Equity - Flexi cap Fund	2.11%	4.35%	3.66%	12.53%	11.83%
Equity - Focused Fund	2.28%	4.34%	4.25%	12.47%	11.83%
Equity - Large & Mid Cap Fund	1.75%	5.06%	4.58%	14.41%	13.43%
Equity - Large Cap Fund	2.52%	0.09%	1.19%	10.36%	10.42%
Equity - Mid Cap Fund	1.61%	9.62%	8.18%	17.62%	15.64%
Equity - Multi Cap Fund	1.72%	7.53%	5.79%	14.81%	13.70%
Equity - Small Cap Fund	1.12%	15.97%	8.52%	15.96%	15.44%
Equity - Thematic Fund - Global	-25.36%	31.78%	39.85%	21.71%	10.10%
Equity - Thematic Fund - MNC	2.41%	8.45%	8.07%	8.81%	9.09%
Equity - Thematic Fund - Other	2.45%	6.76%	6.88%	14.88%	13.45%
Equity - Value Fund	1.35%	2.50%	3.98%	13.44%	13.41%
ETFs - Index	2.54%	1.75%	4.47%	11.87%	11.80%
Index Fund - Nifty	2.30%	-3.28%	-1.04%	7.93%	9.71%
Index Fund - Nifty Next 50	2.95%	8.71%	9.84%	17.45%	13.34%

Debt Mutual Fund Snapshot					
Category name	Return (%)				
	1 Month	6 Months	1 Year	3 Years	5 Year
Debt - Banking & PSU	2.84%	6.09%	4.92%	6.90%	5.98%
Debt - Corporate Bond	2.99%	6.21%	4.96%	7.07%	6.00%
Debt - Credit Risk	5.02%	9.10%	7.99%	8.96%	9.15%
Debt - Dynamic Bond	-0.61%	5.44%	3.48%	6.37%	5.69%
Debt - Floater Fund	4.67%	6.96%	5.87%	7.45%	6.44%
Debt - Glit Fund	-5.11%	5.07%	2.43%	5.98%	5.32%
Debt - 10yr Const Dur Glit	0.86%	5.81%	3.87%	7.19%	5.81%
Debt - Index Fund	5.25%	6.07%	5.32%	7.32%	5.99%
Debt - Liquid Fund	4.76%	5.32%	4.96%	5.64%	5.20%
Debt - Long Duration Fund	-8.50%	4.47%	1.88%	6.09%	5.72%
Debt - Low Duration Fund	4.85%	6.24%	5.67%	6.85%	6.08%
Debt - Medium Duration Fund	3.20%	6.65%	5.59%	7.36%	6.48%
Debt - Medium to Long Duration Fund	-0.16%	5.88%	3.63%	6.26%	5.53%
Debt - Money Market Fund	5.52%	6.51%	6.02%	6.95%	6.19%
Debt - Overnight Fund	3.77%	3.77%	4.04%	4.48%	5.56%
Debt - Short Duration Fund	3.18%	6.04%	4.99%	6.93%	6.12%
Debt - Ultra Short Duration Fund	5.32%	6.50%	5.89%	6.66%	5.95%

* Data as on 31 July 2026. Returns are category-level averages and are shown on a point-to-point basis. Returns for periods exceeding one year are expressed as CAGR. Past performance may or may not be sustained in the future and should not be used as the sole basis for investment decisions.

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Assets vs Liabilities: Understanding Personal Wealth

Many people associate wealth with a high income, expensive possessions, or a comfortable lifestyle. However, personal wealth is influenced not only by what an individual earns, but also by what they own and what they owe. Understanding the difference between assets and liabilities is one of the fundamental principles of long-term financial well-being.

While both assets and liabilities form part of an individual's financial position, they have different implications for overall financial health. Developing awareness of this distinction can help individuals evaluate their finances more objectively and make more informed financial decisions over time.

Assets: Assets are resources that have financial value and form part of an individual's overall financial position. They may include financial investments, savings, real estate, business interests, or other resources that contribute to long-term financial strength.

Liabilities: Liabilities represent financial obligations or amounts owed to another party. They generally arise from borrowing or contractual commitments and require repayment over an agreed period, often with applicable interest or other charges.

Understanding Personal Financial Position

Particulars	Amount (₹)
Bank Savings	₹5,00,000
Mutual Fund Investments	₹8,00,000
Residential Property	₹45,00,000
Total Assets	**₹58,00,000**
Home Loan Outstanding	₹18,00,000
Vehicle Loan	₹4,00,000
Total Liabilities	**₹22,00,000**
Net Worth (Assets – Liabilities)	**₹36,00,000**

Looking Beyond Individual Numbers

Evaluating assets and liabilities together provides a broader view of an individual's financial position than considering income or expenses in isolation.

Over time, financial circumstances may change due to career growth, new financial commitments, repayment of loans, or accumulation of assets. Periodic review of both assets and liabilities may help individuals understand how their financial position is evolving and whether it remains aligned with their long-term financial objectives.

Core Insight: Income reflects an individual's earning capacity, while assets and liabilities together provide a broader perspective on overall financial position. Understanding the relationship between the two may help individuals assess their finances more objectively and support informed financial decision-making aligned with their long-term financial objectives.

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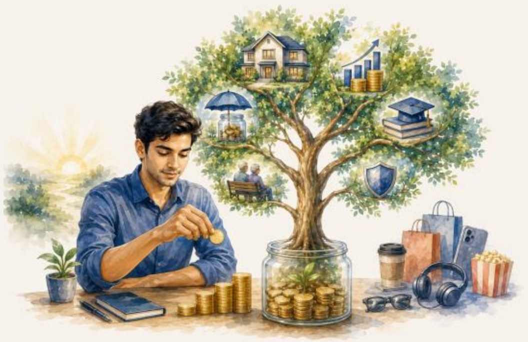
Pay Yourself First: Building Financial Discipline

Managing personal finances involves balancing present-day expenses with future financial needs. While many individuals save or invest from the amount left after meeting monthly expenses, this approach may make long-term **wealth creation** dependent on spending patterns rather than deliberate financial discipline.

The concept of **"Pay Yourself First"** encourages individuals to prioritise saving or investing before allocating money towards discretionary expenses. Rather than focusing on how much remains at the end of the month, this approach emphasises setting aside a planned amount at the beginning. Over time, this habit may support greater consistency in managing personal finances.



What Is the "Pay Yourself First" Principle?

The "Pay Yourself First" principle refers to allocating a predetermined portion of income towards savings or investments immediately after receiving income, before spending on non-essential expenses.

This approach shifts the focus from saving what is left over to planning savings as an important financial commitment. The amount allocated may vary depending on individual circumstances, financial goals, and cash flow requirements.

Why Does This Habit Matter?

Monthly income is often distributed across essential expenses, discretionary spending, and future financial needs. Without a structured approach, discretionary expenses may gradually increase, leaving limited resources for long-term financial objectives.

Prioritising planned savings before discretionary spending may encourage greater financial discipline and help individuals remain aligned with their long-term financial priorities. The effectiveness of this approach depends on personal circumstances, financial commitments, and regular review.

Particulars	Approach A	Approach B
Monthly Income	₹80,000	₹80,000
Savings Planned First	₹16,000	—
Monthly Expenses	₹64,000	₹72,000
Amount Saved at Month End	—	₹8,000

The above illustration shows two different approaches to managing the same monthly income. In the first approach, savings are planned before discretionary spending, while in the second approach, savings depend on the amount remaining after expenses. The example is intended only to demonstrate different budgeting approaches and does not suggest that one method is suitable for every individual.

Closing Perspective

Financial habits may evolve with changing income, responsibilities, and life stages. Periodically reviewing how income is allocated between present-day expenses and future financial needs may support greater financial discipline and alignment with long-term financial objectives.

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Opportunity Cost: Every Decision Has a Trade Off

Financial resources are limited, while personal goals and aspirations often continue to grow over time. Individuals regularly make decisions about how to use their income—whether to spend, save, repay debt, or set aside money for future needs. Although these decisions may appear independent, choosing one option often means postponing or giving up another.

This relationship between different financial choices is known as Opportunity Cost. Understanding this concept may help individuals evaluate financial decisions more comprehensively by considering not only the immediate benefit but also the alternatives that are not selected.

Understanding Opportunity Cost

Opportunity cost represents the value of the next best alternative that is not chosen when making a financial decision. Since financial resources are generally limited, allocating money towards one objective may reduce the resources available for another.

Rather than indicating that one decision is right or wrong, the concept encourages individuals to recognise the trade-offs associated with different financial choices and how these may influence future financial flexibility.

How Financial Choices Involve Trade-Offs

Personal financial decisions often compete for the same pool of resources. Depending on individual priorities, one decision may require postponing or reducing another.

Financial Decision	Alternative Consideration
Purchasing a luxury item	Building long-term savings
Repaying a loan early	Retaining additional liquidity
Spending a bonus immediately	Setting aside funds for future goals
Upgrading lifestyle	Strengthening financial reserves

It’s demonstrated that every financial decision involves considering available alternatives. The most appropriate choice may differ based on individual circumstances, financial responsibilities, and long-term objectives.

Looking at the Bigger Picture

Financial priorities often evolve with changes in income, family responsibilities, and different stages of life. Decisions that are appropriate today may differ from those made in the future as personal circumstances change.

Considering the alternatives before making significant financial decisions may help individuals allocate resources more thoughtfully while maintaining a balance between present-day needs and long-term financial objectives.

Closing Perspective: Every financial decision involves a trade-off. Considering available alternatives may help individuals make more informed choices aligned with their long-term financial objectives.

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Case Study: Balancing Today's with Tomorrow's Goals

Managing personal finances often involves making decisions between immediate needs and future aspirations. As income grows, individuals may have more financial choices, but they may also face increasing responsibilities and competing priorities.

The following hypothetical case study illustrates how financial decisions made today may influence future financial flexibility.

The Scenario

A working couple with one school-going child has a combined monthly income of ₹1,20,000. Over the past few years, their income has increased steadily, allowing them to improve their lifestyle. They are now considering several financial priorities:

- Purchasing a new car
- Renovating their home
- Building long-term savings
- Planning for their child's higher education
- Preparing for retirement

While all these objectives are important, their monthly surplus is limited and cannot fully support every priority at the same time.

Comparing Two Approaches

Financial Decision	Approach A	Approach B
Lifestyle Spending	Higher	Moderate
Planned Savings	Irregular	Regular
Major Purchases	Immediate	Phased
Long-Term Goals	Delayed	Planned Alongside Current Needs

Understanding the Challenge

Initially, the couple focused on fulfilling immediate lifestyle aspirations whenever their income increased. Over time, they realised that several long-term goals were being postponed because a larger share of their income was being directed towards current spending.

After reviewing their financial priorities, they began evaluating each major financial decision by considering its impact on both present needs and future objectives. This helped them organise their resources more effectively without eliminating their lifestyle aspirations.

Key Learning

Financial decisions often involve trade-offs. Evaluating available alternatives may help individuals balance present needs with long-term financial objectives.

Putting Priorities into Perspective

Financial priorities may change over time. Periodically reviewing important financial decisions may help individuals remain aligned with their evolving needs and long-term objectives.

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Mental Accounting: Why We Value Money Differently

A ₹20,000 monthly salary, a ₹20,000 annual bonus, a ₹20,000 tax refund, and a ₹20,000 cash gift all have the same monetary value. Yet, many individuals may think differently about how each amount should be used.

One amount may be carefully budgeted for household expenses, another may be spent on leisure, while a third may be set aside for future needs. Although the value of the money remains unchanged, the decisions surrounding it may differ significantly.

This raises an interesting question: Does the source of money influence our financial decisions more than the amount itself? Behavioural finance suggests that, in many situations, it does. This tendency is commonly known as Mental Accounting.

Understanding Mental Accounting

Mental accounting refers to the tendency to mentally separate money into different categories based on where it comes from or how it is intended to be used. Instead of viewing all financial resources as part of one overall financial picture, individuals may create separate mental accounts for salary, bonuses, gifts, tax refunds, or other sources of income.

As a result, similar amounts of money may be treated differently even though their financial value remains exactly the same.

How It Shapes Financial Decisions

Mental accounting is often reflected in everyday financial decisions, even when individuals are unaware of it. The same amount of money may be treated differently depending on how it is perceived rather than its actual value.

For example, an individual may carefully budget their monthly salary while feeling more comfortable spending an annual bonus or a cash gift on discretionary purchases. Similarly, a tax refund or an unexpected financial gain may be viewed as "extra money," even though it forms part of the individual's overall financial resources.

These decisions are not necessarily inappropriate. However, recognising this behavioural tendency may encourage individuals to evaluate financial choices within the context of their overall financial priorities rather than the source of the money alone.

Same Value, Different Decisions

Source of Money	Common Financial Behaviour
Monthly Salary	Planned expenses and savings
Annual Bonus	Higher discretionary spending
Tax Refund	Unplanned purchases
Cash Gift	Leisure or discretionary spending

Looking Beyond Individual Sources

Every source of income contributes to an individual's overall financial position. Viewing financial resources as a whole, rather than through separate mental categories, may support greater consistency in financial decision-making and better alignment with long-term financial objectives.

Financial Independence: A Journey, not a Destination

Financial independence is often viewed as a distant milestone associated with retirement or substantial wealth. In reality, it can also be understood as a gradual process of strengthening financial stability, improving flexibility, and preparing for future responsibilities over time.

Rather than being defined by a specific amount of wealth or age, financial independence may reflect the ability to make financial decisions with greater confidence while remaining aligned with personal priorities and long-term objectives.

Financial independence does not necessarily mean the absence of financial commitments or employment. Instead, it represents a stage where individuals progressively strengthen their financial position through disciplined habits, thoughtful planning, and responsible financial decisions.

The journey towards financial independence may differ for every individual depending on income, family responsibilities, financial goals, and life circumstances. There is no single path or fixed timeline applicable to everyone.

What Contributes to Financial Independence?

Financial independence is often supported by several interconnected elements that develop gradually over time.

- Developing disciplined saving and spending habits.
- Building assets that support long-term financial objectives.
- Reviewing financial priorities as circumstances evolve.
- Making financial decisions with a long-term perspective.

An Evolving Journey

Financial priorities rarely remain unchanged throughout life. Career growth, family responsibilities, lifestyle changes, and personal aspirations may all influence financial decisions at different stages.

As circumstances evolve, the focus may gradually shift from building financial stability to preserving financial resources and maintaining flexibility. Periodic review may help ensure that financial decisions continue to reflect changing needs and long-term priorities.

Looking Beyond Wealth

Financial independence is not measured solely by the value of assets accumulated. It may also be reflected in an individual's ability to manage financial responsibilities with confidence, adapt to changing circumstances, and remain prepared for future opportunities and uncertainties.

Progress is therefore influenced not only by financial resources but also by consistency, discipline, and thoughtful decision-making over time.

Closing Perspective: Financial independence is a continuous journey rather than a single milestone. Consistent financial habits, regular review, and informed decisions may help individuals strengthen their financial position while remaining aligned with their evolving long-term objectives.

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Key Takeaways

The journey towards financial independence involves more than simply increasing income or accumulating wealth. It is shaped by disciplined financial habits, thoughtful decision-making, and the ability to balance present-day priorities with long-term objectives.

The following insights summarise the key themes explored in this edition:

- Financial well-being is influenced by both what individuals own and how they manage their financial obligations.
- Consistently prioritising savings before discretionary spending may help build stronger financial discipline over time.
- Every financial decision involves trade-offs that may influence future opportunities and long-term financial flexibility.
- Behavioural tendencies, such as mental accounting, may shape financial decisions without individuals always recognising their influence.

Quote of the Month

> Financial freedom is available to those who learn about it and work for it.
>
> **- Robert Kiyosaki**

Closing Thoughts

Financial independence is not defined by a single milestone or destination. It is built through the small, consistent decisions made every day. While circumstances and priorities may change over time, thoughtful planning, disciplined financial habits, and regular review may help individuals remain aligned with their long-term financial objectives.

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Sources

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