

**Domestic Equity Market Update**

- Indian equities ended the week on a mixed note, with the large cap-oriented BSE Sensex ending lower by 0.85% & Nifty 50 ending lower by 0.72% WoW, respectively. The BSE Midcap index ended higher by 0.54% and the BSE Small cap index ended higher by 1.11%.
- On the BSE sectoral front, indices ended on a mixed note. Telecom, Power and Capital Goods, were the biggest outperformers.
- Domestic equity markets ended the week on a mixed note amid ongoing uncertainty over a potential US–Iran peace deal and its timeline. Sentiment weakened after the US forces struck missile launch sites in Iran and targeted boats attempting to deploy mines, diminishing expectations of an imminent resolution.

Global Market Updates

- US equity markets ended the week on a positive note driven by gains in technology and AI infrastructure stocks. Optimism around a potential extension of the U.S.–Iran ceasefire and continued earnings momentum supported sentiment, outweighing renewed geopolitical concerns later in the session.
- European equity ended the week on a mixed note as optimism over potential US–Iran progress supported sentiment and helped lower energy prices.
- Brent oil futures fell from 100.21 USD/bbl to 92.05 USD/bbl as expectations of the US and Iran signing a Memorandum of Understanding ran high and news of more ships moving through Strait of Hormuz came.

Macro Data & Domestic News Released During the Week

- As per data from the Ministry of Ports, Shipping and Waterways, Indian ports reported a near 2% YoY drop in international maritime cargo during April 2026.
- As per NSE Market Pulse data, the share of proprietary trading in equity futures (notional turnover) fell to 28.3% in April 2026 from 32.7% in March 2026. Meanwhile, the share in the index options segment (premium turnover) declined from 49.3% to 46.4% during the same period.
- According to CRISIL Ratings, a prolonged conflict in West Asia could shave nearly 200 bps off India Inc's operating profitability in FY27, even as overall corporate credit quality remains resilient.
- As per RBI data, credit card spends rose 7.06% YoY to Rs 1.97 trillion in April 2026. Point-of-Sale transactions grew 8.76% YoY to Rs 738.48 bn, while e-commerce transactions rose 6.05% YoY.
- As per MoSPI data, the revised cost of 1,981 infrastructure projects, worth above Rs 1.50 bn each, registered a cumulative cost overrun of Rs 5.65 trillion. The revised estimated cost stood at Rs 42.78 trillion compared to their original estimate of Rs 37.13 trillion.
- According to a report by KPMG, India's total data centre sector revenue is projected to reach approximately USD 45.69 bn by CY33, driven by rising AI workloads, cloud adoption.
- As per data from Indian REITs Association, India's five listed Real Estate Investment Trusts (REITs) distributed over Rs 25.66 bn to more than 4.25 lakh unitholders in Q4 FY26.
- According to CRISIL Ratings, vacancy levels in India's Grade A commercial office market are expected to decline by around 50 bps to 15.5-16% by the end of FY27.
- According to a TRAI report, the total telecom subscriber base grew by 6.95 mn to an all-time high of 1.34 bn in April 2026.
- From Nifty 200 universe, 194 companies have announced their Q4 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 10.97%, 13.90% and 37.67% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 12.70%, 13.26% and 51.22% YoY respectively. PAT growth seems to be on the higher side due to one off in the telecom sector.**
- From Nifty 500 universe, 495 companies have announced their Q4 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 5.68%, 10.46% and 32.37% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 5.22%, 14.28% and 45.70% YoY respectively.**

Outlook

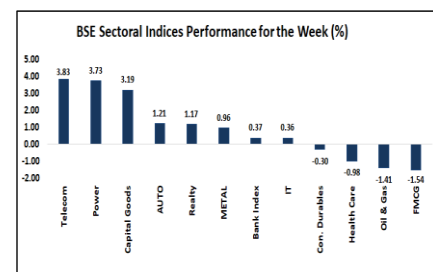
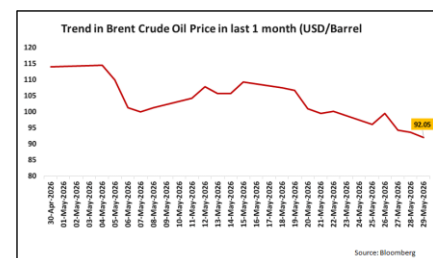
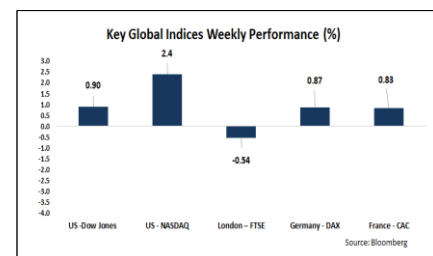
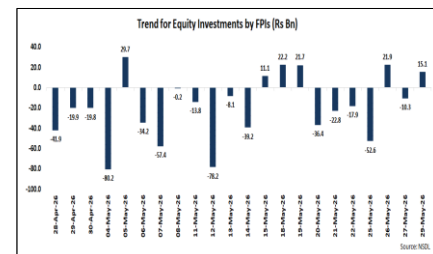
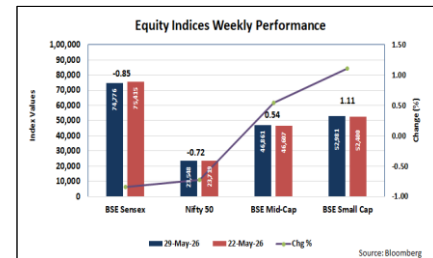
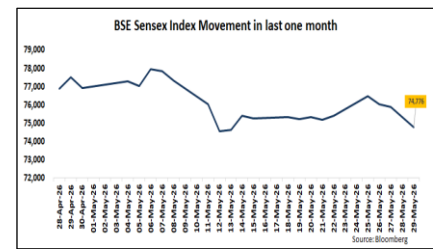
Going forward, the Indian equity market is likely to be driven by any moves around the final details pertaining to India-US trade deal, market reaction to Q4 FY26 earnings season, crude price volatility, weak monsoons, rising concerns over AI-led disruptions, geopolitical tensions, movement in the US Dollar index and INR, improvement in consumption demand, FPI/DII flows and moves by the RBI to support liquidity. Trends from Q4 FY26 earnings season seem to indicate positive momentum across sectors. However, fund managers believe that the impact of raw material inflation on account of the supply side disruption could be felt in the coming quarters. Recent call for restraint in using crude and its derivatives from Prime Minister may be suggestive of rising supply chain issues which may impact the overall economic growth.

With the recent correction, driven by the ongoing war in the middle east and the blockade of Strait of Hormuz by Iran, the market valuations have come off for large caps on back of FPI selling while there are also opportunities to be taken in Mid and Small cap space in names which can incrementally deliver higher earnings growth going ahead. Interestingly, Mutual Funds' cash, as a percentage of their total AUM, has dipped to recent lows, suggesting that Indian Mutual Funds feel that valuations are right to deploy higher cash.

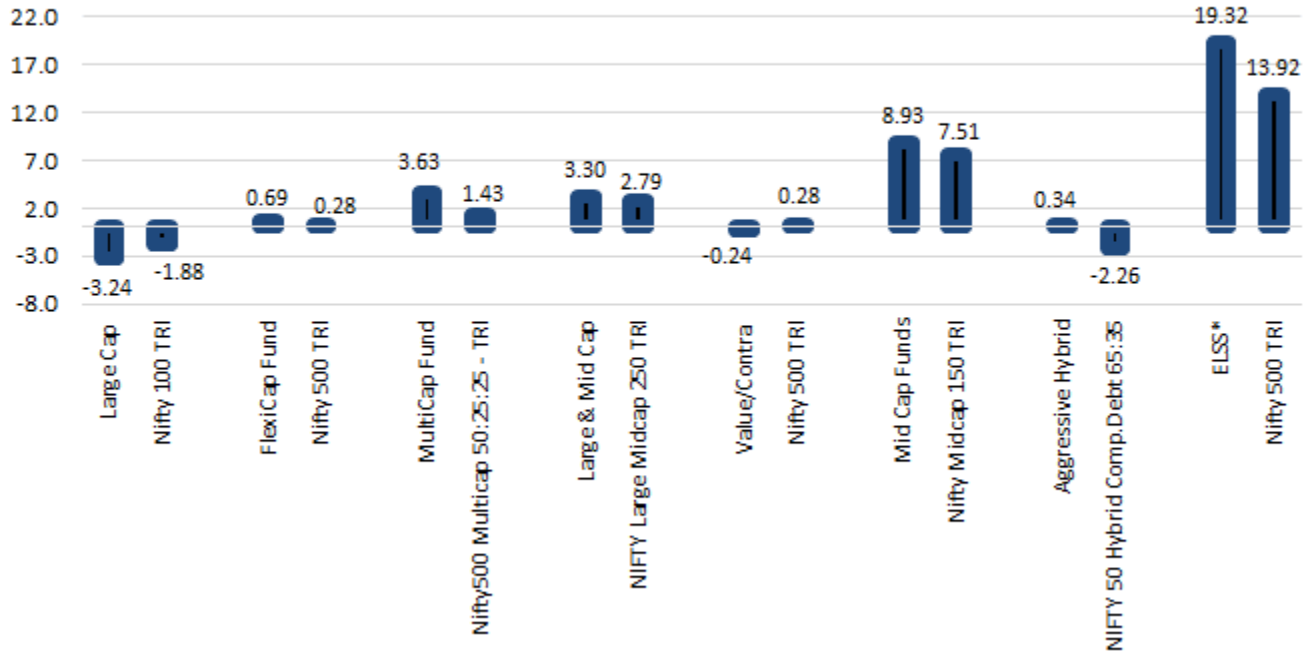
The US-Iran conflict has emerged as the near-term risk to markets. As signs have emerged of containment of the conflict, energy prices are showing signs of cooling off. The OPEC too has announced production hikes, which could ease oil prices once the Hormuz traffic normalises. Thus, investors could use the market volatility due to this event as an investing opportunity. Nevertheless, this external issue has led to negative impact on the Indian macro conditions and a quick resolution is of utmost importance.

While FPIs have been big sellers in the Indian markets, India's relative underperformance vs its peers in the recent months and depreciated Rupee are likely to gradually make the Indian markets attractive for them. The FPIs' holdings in Indian markets have also fallen to recent lows which implies that they may not be willing sellers for long.

Investment deployment strategy could remain 60% lumpsum and rest 40% to be staggered over the next 3-4 months. Mutual Fund investors can look to focus on categories like Flexicap, Multicap, Large and Midcap, Value and Hybrid funds while using STPs as an instrument to invest in Midcap and Smallcap funds. Aggressive investors may also look at Business Cycle Funds for allocation. All allocations should be done in line with the risk profile and product suitability of the investor



Avg. Returns of Recommended Funds vs Benchmark in last one year (Absolute %)



Note: * ELSS performance is for 3 years on CAGR basis

Returns Absolute %			Returns Compounded Annualised %			
Category Average of Recommended Funds	1 Month	6 Months	1 Year	2 Years	3 Years	5 Years
Large Cap Funds	-1.06	-8.36	-3.24	3.57	13.08	12.65
Flexi Cap Funds	-0.07	-6.02	0.69	6.34	15.68	14.56
Multi Cap Funds	0.52	-1.98	3.63	6.74	19.83	19.69
Large & Mid Cap Funds	0.20	-3.87	3.30	7.72	19.31	16.62
Mid Cap Funds	2.56	-1.27	8.93	13.07	23.50	20.07
Small Cap Funds	1.24	0.16	3.34	9.35	20.73	18.79
Value/Contra Funds	-1.10	-5.96	-0.24	4.60	17.54	16.78
Focused Funds	-0.40	-4.43	2.98	7.41	17.23	15.79
Aggressive Hybrid Funds	-0.55	-4.27	0.34	6.78	13.62	12.42
Dynamic Asset Allocation Funds	-0.77	-3.41	1.23	5.49	12.15	11.70
Equity Linked Saving Schemes	-0.47	-1.80	0.33	7.32	19.32	15.74
Business Cycle Funds	1.48	-2.99	2.18	8.14	15.30	--
Nifty 50 TRI	-1.72	-9.87	-3.85	3.36	9.54	9.88
Nifty 500 TRI	-0.01	-5.07	0.28	4.57	13.92	12.49
NIFTY Large Midcap 250 TRI	0.84	-3.36	2.79	6.15	16.75	14.89
Nifty Infrastructure TRI	-0.58	-2.89	5.22	4.79	20.72	17.85

Note: Data as on May 29, 2026. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ACE MF.

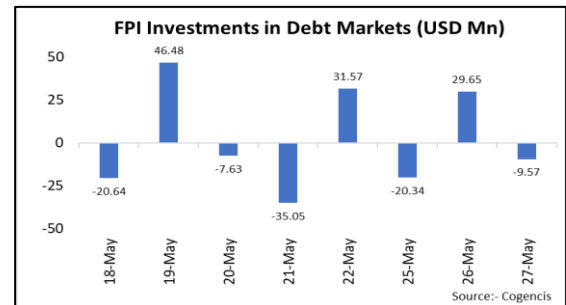
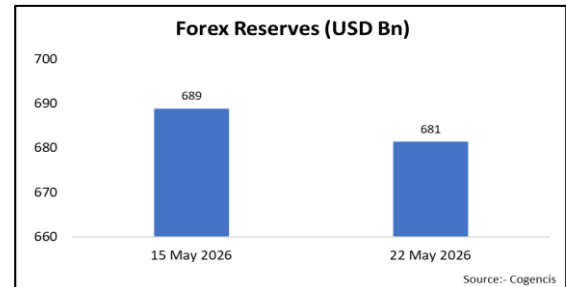
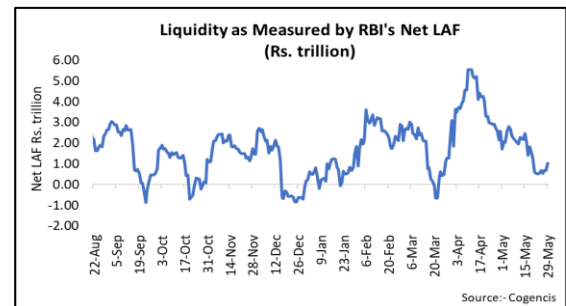
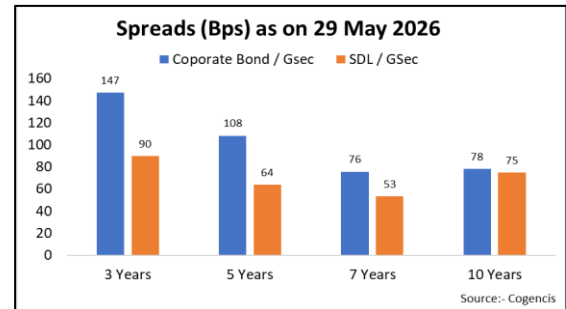
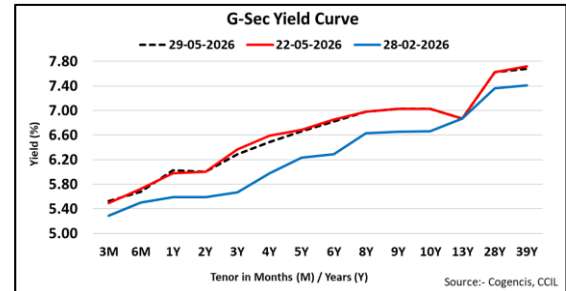
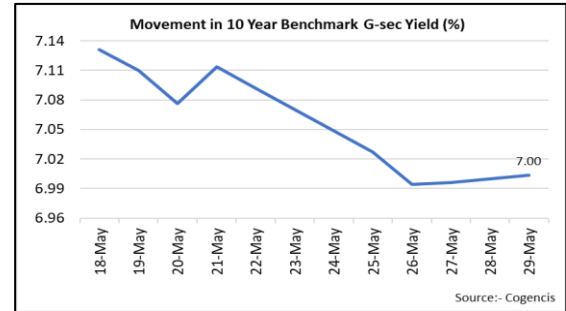
Weekly Overview - Fixed Income Markets & Mutual Funds for week ended May 29, 2026

- Domestic G-Sec prices closed the week ended 29th May 2026 on a positive note wherein the yield on the 10-year benchmark, the 6.48% G-Sec 2035 bond, closed 9 bps lower at 7.00% as against its previous weekly close of 7.09% on 22nd May 2026.
- In case of AAA rated corporate bonds, yields up to the one-year segment were mixed in the range of (-) 16 bps to 15 bps on a WoW basis. In case of the greater than one-year segment, were mixed in the range of (-) 08 bps to 16 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields fell, as the RBI declared a record surplus transfer of Rs 2.87 trillion to the Government, partially offsetting fears of fiscal slippage. Prices got further support as the government scaled down its weekly auction size and Brent crude prices saw a sharp pull back on hopes of an interim US-Iran deal.
 - The total Government bond supply for the week stood at Rs 396.25 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 280 bn. There was no 10-year G-sec auction in this week's auction. The SDLs' auction was to the tune of Rs 116.25 bn and the maturities were in the range of 8-23 years. The average cut off yield for 10-year SDLs for the week came in higher at 7.79% compared to 7.82% in the previous week. The G-secs' auction was for the following: 6.68% GS 2040 and 7.43% GS 2076.
 - Banking system liquidity deteriorated, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average surplus of ~Rs 719.93 bn during the week as against a daily average surplus of ~Rs 1.15 trillion during the previous week.
- Macro Data released during the week :-**
 - The Reserve Bank of India declared a record surplus transfer of Rs 2.87 trillion to the government for FY26, which is notably lower than Budget Estimates for dividend receipts for FY26. RBI's balance sheet expanded by 20.61% YoY to Rs 91.97 trillion at the end of March 31, 2026.
 - According to RBI, the Reserve Bank of India sold a net USD 53.13 bn in the spot foreign exchange market in FY26. During FY25, the central bank had sold a net USD 34.51 bn. RBI sold USD 9.76 bn (net) in March 2026, the third highest net monthly Dollar sale in FY26, against a net buy of USD 7.41 bn in February 2026.
 - According to RBI data, India's forex reserves dropped by USD 7.51 bn to USD 681.38 bn during the week ended May 22, 2026. Foreign Currency Assets, a major component of the reserves, decreased by USD 2.87 bn to USD 543.03 bn. Gold reserves also declined by USD 4.53 bn to USD 114.79 bn.
- Other macro-economic news :-**
 - According to RBI Governor, Sanjay Malhotra, India's central bank will do "whatever is required" to ensure orderly movements in the foreign exchange market. He further said the rupee currently appears undervalued following a sharp depreciation of around 6% since the West Asia war erupted on February 28, 2026.
 - According to SEBI chairman, Tuhin Kanta Pandey, India's debt market is emerging as a major source of capital raising and has seen fundraising of nearly Rs 9 trillion in FY26.
 - According to the former RBI Governor, Duvvuri Subbarao, the central bank must allow some more depreciation in the rupee to help absorb external pressures, and choose liquidity measures, rather than going for rate hikes, if inflation risks intensify.
- Global Updates :-**
 - According to the US Commerce Department, US's Real Gross Domestic Product (GDP) grew by an annualized 1.6% QoQ in Q1 CY26, up from 0.5% annualized QoQ in Q4 CY25.
 - According to the US Commerce Department, the US Personal Consumption Expenditures (PCE) price index rose by 0.4% MoM in April 2026 after rising by 0.7% MoM in March 2026.
 - As per ECB policymaker and Bank of France Governor, Villeroy de Galhau, the European Central Bank "will do what is necessary" to bring inflation back to the 2% YoY target.

Outlook :-

The liquidity condition, as measured by RBI's net LAF, deteriorated, but remained in surplus during the week. RBI conducted a USD 5 bn USD/INR Buy/Sell Swap auction to inject liquidity in the system. In its April 2026 MPC meeting, the RBI had kept the Repo Rate unchanged at 5.25% and continued with its neutral stance. RBI estimated Consumer Price Index (CPI) inflation for FY27 at 4.6% YoY. They also introduced a core inflation estimate of 4.4% YoY. Real GDP growth for FY27 is projected at 6.9% YoY. India's retail inflation, measured by the Consumer Price Index (CPI), accelerated to 3.48% YoY in April 2026, from 3.40% YoY in March 2026. **The recent staggered increase in fuel prices is expected to have a direct and indirect adverse impact on inflation. The record RBI dividend transfer which was lower than market expectation was still higher than the budget estimate and may provide some marginal cushion to fiscal maths. However, the market has been factoring in the possibility of rate hikes going forward. Recent developments around a probable interim deal between US and Iran has weighed down on crude prices, thereby supporting currency. On the other hand, as the monsoon season approaches, its timing, adequacy and spatial distribution will be keenly watched. El-Niño can have an adverse impact on rainfall and inflation and thus remains a point of concern. The same may get partially offset by a positive Indian Ocean Dipole. Together, they may result in a near term spike in bond yields, opening up tactical opportunities.** In the US, as widely anticipated, the Federal Reserve kept rates unchanged in the April Policy meeting, keeping their target range at 3.50-3.75%. But minutes of the meeting released later showed Fed officials warning about the possibility of rate hikes. **In the near term, the development of geopolitical conflict remains a key monitorable, as if the interim deal fructifies resulting in opening of Strait of Hormuz, it may lead to a fall in crude prices, negating the inflation concern and probable rally in bond prices.**

Thus, at this juncture, with lucrative yields, a case continues to exist for investment into Corporate Bonds that are at the 3-5-year segment of the curve. Hence, investors can look at Corporate Bond Funds and Short Duration Debt Funds for a horizon of 15 months and above. For a horizon of 24 months and above, investors may consider Income Plus Arbitrage FoFs or consider Dynamic Bond Funds for tactical opportunity. As yields in the less than 1-year segment remain high for corporates, for a horizon of 3 months and above, investors can consider Arbitrage Funds and Low Duration Funds. Whereas for a horizon of up to 3 months, investors can consider Overnight Funds and Liquid Funds. Investors should invest in line with their risk profile and product suitability.



Category Average Returns as on 29 May 2026

Annualised Returns *	1 Day	1 Week	1 Month	2 Month	3 Months	6 Months	9 Months	1 Year	2 Year	3 Year
Overnight Funds	5.19	5.11	5.07	5.06	5.04	5.06	5.18	5.24	5.82	6.11
Liquid Funds	10.67	6.50	5.53	6.91	6.43	6.16	6.05	6.05	6.60	6.79
Floater Funds	15.69	10.76	1.40	4.54	2.79	3.91	5.11	4.70	7.05	7.19
Low Duration Funds	14.44	9.06	1.54	4.71	3.75	4.25	4.96	5.27	6.63	6.73
Money Market Funds	13.11	6.92	1.74	5.11	4.44	4.94	5.32	5.65	6.73	6.87
Ultra Short Duration Funds	12.94	6.72	2.62	5.57	5.07	5.08	5.35	5.59	6.43	6.56
Banking And PSU Funds	12.46	15.47	0.52	4.19	1.12	2.10	3.96	3.38	6.45	6.48
Corporate Bond Funds	16.03	17.77	0.80	4.31	0.96	2.06	3.97	3.45	6.64	6.63
Medium Duration Funds	10.16	17.50	2.17	4.86	1.15	2.94	4.75	4.01	7.05	6.81
Short Duration Funds	15.57	15.68	0.94	4.05	1.33	2.40	4.03	3.76	6.56	6.51
Medium To Long Duration Funds	15.25	19.80	1.75	5.42	-0.75	1.17	3.20	0.81	5.31	5.55
Long Duration Funds	19.90	28.60	1.09	8.65	-4.61	-0.29	2.27	-2.55	3.93	4.97
Dynamic Bond Funds	10.34	17.24	1.45	4.98	-0.30	1.52	3.47	0.78	5.48	5.86
Credit Risk Funds	19.38	17.42	7.59	10.93	7.11	7.23	7.64	6.99	9.18	8.63
Gilt Funds / Gilt Funds with 10 year constant duration	10.17	24.47	2.56	6.70	-2.78	0.66	2.79	-1.04	4.80	5.47
Conservative Hybrid Funds	-39.05	9.94	-3.10	9.78	-3.29	-1.43	2.43	1.28	5.30	7.54
Index Funds	13.86	13.66	2.68	4.62	2.20	3.76	5.01	4.24	7.02	6.87
Arbitrage Funds	-31.82	-8.08	-0.29	2.61	3.72	5.00	5.19	5.41	6.17	6.55

* Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year

Recommended Funds' Average Returns (% Annualised Returns)	1 Months	3 Months	6 Months	1 Year	2 Year	3 Year
Medium to Long Duration Funds & Long Duration Funds	3.26	-2.28	0.91	0.13	5.48	5.89
Dynamic Bond Fund	1.49	1.34	2.91	2.04	6.24	6.39
Gilt Funds & Gilt Funds with 10 year constant duration	2.28	-1.01	2.07	0.72	5.75	6.19
Short Duration / Medium Duration	0.43	1.37	2.60	4.18	6.87	6.89
Banking and PSU Funds	0.49	1.60	2.68	4.02	6.73	6.73
Corporate Bond Funds	0.75	1.19	2.57	3.90	6.98	6.99
Ultra Short Duration Funds /Low Duration / Floater Funds	2.20	4.59	4.96	5.80	6.92	7.06
Money Market Funds	1.70	4.45	5.09	5.80	6.96	7.12
Liquid Funds & Overnight Funds	5.59	6.59	6.30	6.16	6.70	6.88
Arbitrage Funds	0.00	4.00	5.24	5.65	6.42	6.81

Please Note that all the Dividend options factor in the taxation applicable for corporates

Return figures for all schemes are Annualised for < 1 year and Compounded Annualised for >= 1 year

Returns shown in the chart above are for growth options.

Source for entire data stated above is Accord Fintech Pvt Ltd.

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