

**Domestic Equity Market Update**

- Indian equities ended the week on a mixed note, with the large cap-oriented BSE Sensex ending lower by 0.25% & Nifty 50 ending lower by 0.26% WoW respectively. The BSE Midcap index ended higher by 1.15% and the BSE Small cap index ended higher by 0.44%.
- On the BSE sectoral front, indices ended on a mixed note. Realty, Consumer Durables and IT were the biggest outperformers.
- Domestic equity markets ended the week on a mixed note following the US President's statement at the NATO summit that the Iran ceasefire was effectively over, following Iranian attacks on commercial vessels in the Strait of Hormuz that reignited geopolitical tensions. The escalation in US-Iran tensions raised concerns over global inflation with higher crude oil prices. However, losses were limited as sentiment improved in the latter part of the week, post a US official reaffirmed Washington's commitment to resolving the Iran conflict through continued technical discussions and with positive global cues.

Global Market Updates

- US equity markets ended on a mixed note during the week supported by a strong rebound in semiconductor stocks. However, the gains were limited fueled by volatility in brent crude prices and escalating geopolitical issues.
- European equity markets ended the week on a negative note amid concerns over elevated valuations in the AI and technology sectors. Investor sentiment remained cautious as higher energy costs threatened to sustain inflationary pressures, while uncertainty surrounding the US Fed's interest-rate path further limited risk appetite.
- Brent oil prices increased from 72.12 USD/bbl to 78.47 USD/bbl after the US President declared at the NATO summit that the Iran ceasefire was "over," heightening fears of renewed conflict and potential disruptions to shipping through the Strait of Hormuz.

Macro Data & Domestic News Released During the Week

- The International Monetary Fund (IMF) trimmed its global growth forecast for CY26 to 3% YoY from the 3.1% YoY it had projected in April 2026. It also forecast global growth of 3.4% YoY for CY27.
- The International Monetary Fund (IMF) pared its growth forecast for India by 10 bps to 6.4% YoY for FY27 from its April 2026 forecast, saying higher energy prices may offset the resilience in the country's economic activity. For FY28, the multilateral organisation upgraded its growth forecast by 20 bps to 6.7% YoY.
- According to ICRA, India's power transmission sector is likely to witness Rs 6 trillion in investment over the next six years through 2032 as the country gears up to integrate upcoming Renewable Energy (RE) capacity into the grid.
- According to data released by the GSTN, E-way bill generation under the Goods and Services Tax (GST) regime rose 14.5% YoY to a four-month high of 136.77 mn in June 2026 from 119.46 mn a year earlier. It's pointing to continued resilience in goods movement and steady tax compliance.
- According to Crisil Ratings, NBFCs drove India's securitisation market to its strongest-ever first-quarter performance in Q1 FY27, with issuances rising 22% YoY to around Rs 600 bn. More than 98% of the volume originated from NBFCs, unlike previous peak periods when bank-originated transactions had also contributed significantly.
- According to FADA, India's passenger vehicle sales stood at 4,10,853 units, recording a jump of 28.63% YoY in June 2026. It reported that the total automobile industry retailed 25,57,234 units with a 21.83% YoY growth in June 2026 with tractors recording 25.31% YoY growth, two-wheelers at 21.22% YoY, commercial vehicles at 16.88% YoY and three-wheelers at 16.21% YoY.
- Final data compiled by S&P Global showed that the seasonally adjusted HSBC India Services PMI dropped to 57.4 in June 2026 from 59.8 in May 2026. The flash score was 57.3. The softer increase in services output was due to the slowest growth in new orders in over two-and-a-half years.

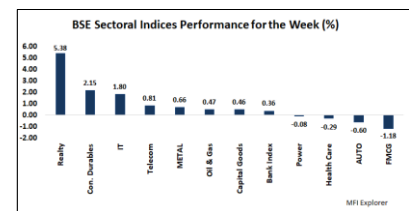
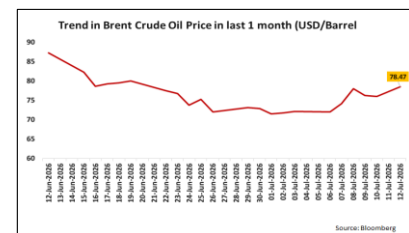
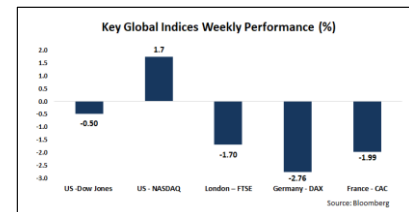
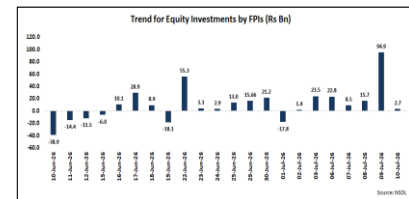
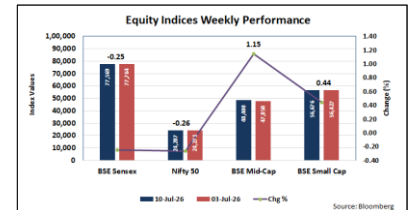
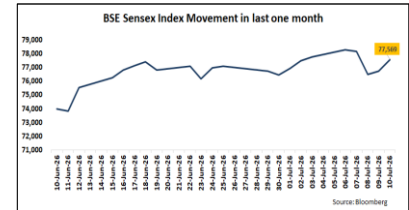
Outlook

Going forward, the Indian equity market is likely to be supported by any moves around the final details pertaining to India-US trade deal, Declining crude oil prices, Forex inflows led by FCNR-B and ECB concessions by the RBI. Though spatial distribution of monsoons, rising concerns over AI-led disruptions, movement in the US Dollar index and INR, remains a risk. The fund managers believe that the impact of raw material inflation on account of the supply side disruption could be felt in the coming quarters although markets could look through the earnings for Q1 FY27 as oil prices have come off substantially. India's growth momentum remained strong in FY26 reflecting the inherent strength of our economy, although RBI's projection of lower growth and higher inflation indicates fears of slowdown on back of West Asia war. The renewed hostilities in US and Iran has casted doubt on the future of an interim US-Iranian agreement last month that aimed to reopen the strait and end the war after 60 days of negotiations. Rising Energy prices and disruption in the flow of oil from Middle East, due to this event, could lead to further volatility in Indian equity markets.

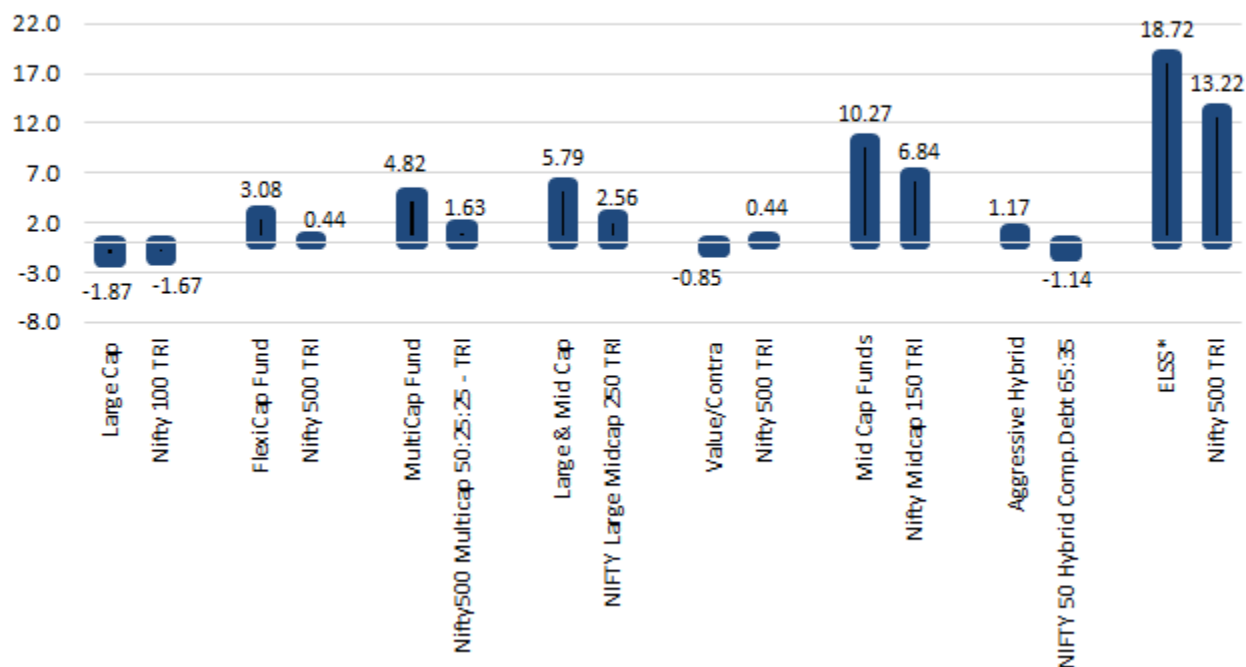
The Valuations of Indian equity markets remain fair, with the Largecap indices trading below long-term averages, and Smallcap indices' earnings growth potential supporting the premium multiples; while Midcap indices remain the expensive of the three. With expectations of improved liquidity conditions post the FCNR-B collections, there could be a case for further re-rating in companies that can show improved incremental growth potential.

Fund Managers who can be fairly nimble and identify growth ideas, could generate alpha vs their peers. 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 Largecap, Flexicap, Multicap, Large and Midcap 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	5.36	-3.32	-1.87	1.26	12.55	13.07
Flexi Cap Funds	6.06	0.47	3.08	4.31	15.71	15.07
Multi Cap Funds	5.96	4.84	4.82	3.78	19.01	19.08
Large & Mid Cap Funds	7.28	5.23	5.79	6.03	19.89	16.54
Mid Cap Funds	8.02	8.49	10.27	10.32	23.43	20.16
Small Cap Funds	7.01	9.65	4.90	6.06	19.99	17.92
Value/Contra Funds	4.24	-2.17	-0.85	1.54	16.11	16.46
Focused Funds	5.45	0.13	4.06	5.00	16.86	15.85
Aggressive Hybrid Funds	4.15	-0.05	1.17	4.56	13.29	12.50
Dynamic Asset Allocation Funds	3.68	0.13	2.67	4.59	12.11	12.07
Equity Linked Saving Schemes	4.39	4.89	1.82	4.22	18.72	15.43
Business Cycle Funds	7.02	5.96	5.92	6.67	16.14	—
Nifty 50 TRI	4.63	-5.10	-3.43	0.93	9.02	10.34
Nifty 500 TRI	5.25	0.02	0.44	1.77	13.22	12.64
NIFTY Large Midcap 250 TRI	5.21	1.23	2.56	2.95	15.69	14.65
Nifty Infrastructure TRI	4.11	1.74	1.64	1.68	18.43	17.85

Note: Data as on July 10, 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 and ICRA Analytics.

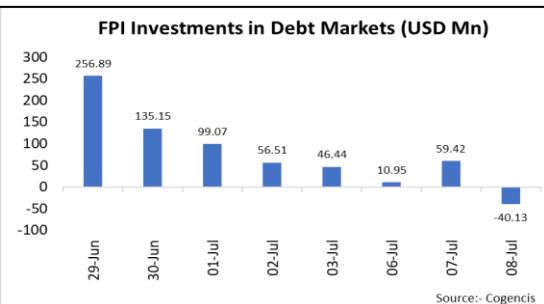
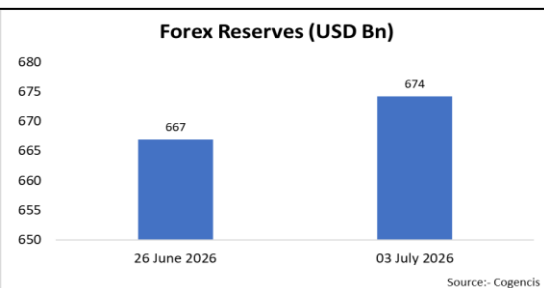
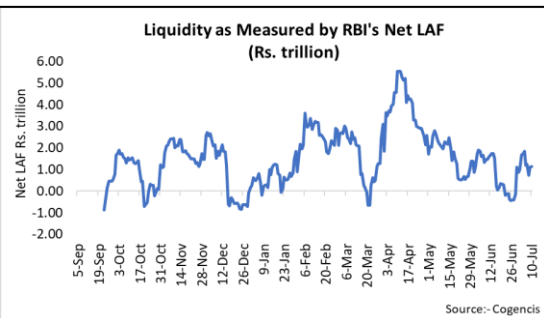
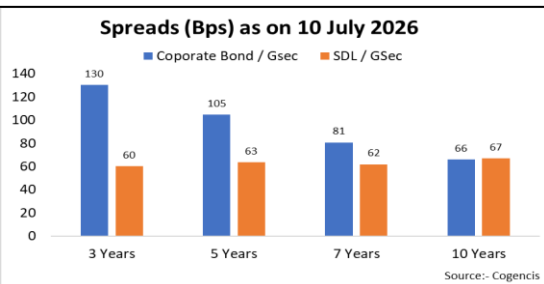
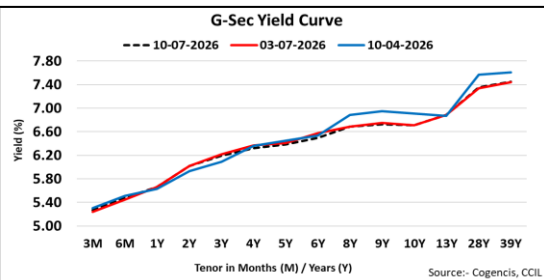
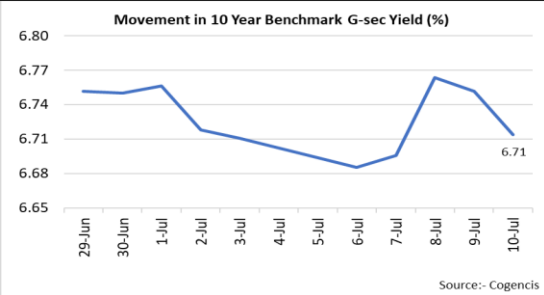
Weekly Overview - Fixed Income Markets & Mutual Funds for week ended July 10, 2026

- Domestic G-Sec prices closed the week ended 10th July 2026 on a neutral note wherein the yield on the 10-year benchmark, the 6.94% G-Sec 2036 bond, closed flat at 6.71% as against its previous weekly close of 6.71% on 3rd July 2026.
- In case of AAA rated corporate bonds, yields up to the one-year segment rose by up to 45 bps on a WoW basis. In case of the greater than one-year segment yields rose by up to 38 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields ended flat after a volatile week. Initially, yields rose amid renewed escalation in the US-Iran conflict, which drove crude oil prices higher, and due to a rise in US Treasury yields. However, improving monsoon conditions, sustained foreign investor buying in domestic bonds, and robust investor demand at the weekly government bond auction helped offset the upward pressure on yields.
 - The total Government bond supply for the week stood at Rs 533.50 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 320 bn. There was no 10-year G-sec in this week's auction. The SDLs' auction was to the tune of Rs 213.5 bn and the maturities were in the range of 5-30 years. There was no 10-year SDL in this week's auction. The G-secs' auction was for the following: 6.36% GS 2031 and 7.71% GS 2066.
 - Banking system liquidity improved, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average surplus of ~Rs 1.09 trillion during the week as against a daily average deficit of ~Rs 907 bn during the previous week.
- Macro Data released during the week :-**
 - As per data from the US Federal Reserve, India's holdings of US Treasuries fell to USD 181 bn in April 2026, the lowest level in nearly six years. The decline points to a shift in the RBI's strategy, with the central bank reducing its allocation to US Treasury securities, while investing heavily in gold.
 - According to the Finance Ministry's Department of Public Enterprises (DPE), CPSEs achieved 25% of their FY27 capex target in Q1 FY27, with spending rising 26% YoY to Rs 2.10 trillion, led by the Railway Board and NHA. In the corresponding quarter of FY26, CPSEs had achieved 22% of their full-year capex target.
 - According to data released by the Reserve Bank of India (RBI), India's foreign exchange reserves increased by USD 7.26 bn to USD 674.19 bn in the week ended July 3, 2026. In the previous reporting week, the forex kitty had dropped by USD 5.65 bn to USD 666.93 bn.
- Other macro-economic news :-**
 - Agriculture minister Shivraj Singh Chouhan said that improved rainfall in July 2026 has narrowed the country's rainfall deficit and raised hopes of faster kharif sowing. The overall rainfall deficit had narrowed to 24% in July 2026 compared with 38% rainfall deficiency in June 2026, as per IMD data.
 - As per Crisil Ratings, NBFCs drove India's securitisation market to its strongest-ever first-quarter performance in Q1 FY27, with issuances rising 22% YoY to ~Rs 600 bn. More than 98% of the volume originated from NBFCs, unlike previous peak periods when bank-originated transactions had contributed significantly.
 - Agriculture Commissioner P K Singh said that cotton sowing in India, which had lagged 23% YoY through the kharif season, has gained pace in July 2026 in key growing states such as Maharashtra. Cotton acreage stood at 63.18 lakh hectare as on July 5, 2026 against 82 lakh hectare planted at the same period last year.
- Global Updates :-**
 - The Federal Reserve released the minutes of its June 16-17, 2026 monetary policy meeting, which marked Kevin Warsh's first meeting as head of the central bank. The Fed said that most participants remarked on scenarios in which inflationary pressures would dissipate and inflation would soon begin to return to 2% YoY.
 - The Fed Chairman Kevin Warsh said that he would stick firmly to the US central bank's 2% YoY inflation target and "disappoint" anyone who expects loose monetary policy, despite President Donald Trump's call for interest rate cuts.
 - Eurostat reported that Eurozone producer prices rose at a slower pace of 0.2% MoM in May 2026 than the 0.7% MoM increase in April 2026, largely due to the decline in energy prices.

Outlook :-

The liquidity condition, as measured by RBI's net LAF, improved, and remained in surplus during the week. In its June 2026 MPC meeting, the RBI had kept the Repo Rate unchanged at 5.25% and continued with its neutral stance. They also had revised its CPI inflation estimate for FY27 upwards at 5.1% YoY from 4.6% YoY previously and the GDP growth estimate downwards to 6.6% YoY from their previous estimate of 6.9% YoY. India's retail inflation, measured by the CPI, accelerated to 3.93% YoY in May 2026, from 3.48% YoY in April 2026. **Despite improvement in the month of July, the monsoon season still remains in deficient mode and its spatial distribution remains a concern. The market has been factoring in the possibility of rate hikes going forward. However, the RBI may take further policy action only after seeing the second order effect of crude prices on inflation. The spate of measures announced by the RBI and subsequent FPI flows have been positive for debt market yields.** Market participants are now seeing higher probabilities of inclusion of Indian G-secs in Bloomberg's index which can aid in keeping liquidity comfortable and support bond prices going forward. In the US, as widely anticipated, in the first meeting under the new Fed Chair Kevin Warsh, the Federal Reserve kept rates unchanged in the June Policy meeting, keeping their target range at 3.50-3.75%. However, they saw 9 members predicting a rate hike and highlighted their strong and unanimous commitment towards bringing down inflation. **The recent exchange of attacks between US and Iran has raised doubts around the sustainability of the interim peace deal and the recent energy price correction, hence it remains a key monitorable.**

Thus, at this juncture, a case continues to exist for investment into Corporate Bonds that are at the 3-5-year segment of the curve, as despite narrowing of spreads yields are still lucrative. 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 10 July 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	5.06	5.02	5.08	5.10	5.05	5.04	5.15	5.23	5.74	6.06
Liquid Funds	10.78	4.58	6.98	6.65	6.25	6.53	6.29	6.17	6.62	6.81
Floater Funds	28.54	-0.80	11.31	9.50	8.13	6.77	6.08	5.93	7.45	7.54
Low Duration Funds	14.96	-1.64	7.98	7.09	6.34	5.96	5.66	5.72	6.86	6.92
Money Market Funds	6.29	-0.27	9.02	7.04	6.24	6.32	6.08	6.02	6.94	7.02
Ultra Short Duration Funds	9.53	0.40	8.00	6.79	6.19	6.25	5.91	5.86	6.58	6.67
Banking And PSU Funds	31.21	-4.78	10.95	9.65	7.84	5.69	5.02	5.01	6.96	6.99
Corporate Bond Funds	35.11	-3.79	11.44	9.98	8.09	5.78	5.03	5.06	7.17	7.14
Medium Duration Funds	44.68	-0.10	14.71	11.70	9.16	6.58	5.91	5.76	7.66	7.45
Short Duration Funds	31.38	-3.07	10.59	9.36	7.66	5.72	5.08	5.08	7.03	6.98
Medium To Long Duration Funds	56.32	0.34	20.27	13.80	10.64	6.51	4.56	4.01	6.10	6.44
Long Duration Funds	79.70	-0.50	34.60	17.95	14.48	6.75	3.18	3.10	5.03	6.54
Dynamic Bond Funds	57.12	-0.29	18.17	12.46	9.63	6.22	4.33	3.97	6.12	6.61
Credit Risk Funds	35.21	-0.67	12.78	10.38	12.05	9.55	8.48	8.07	9.62	9.04
Gilt Funds / Gilt Funds with 10 year constant duration	84.41	5.29	28.21	16.47	12.65	6.78	3.96	3.43	5.82	6.53
Conservative Hybrid Funds	110.42	1.85	22.03	8.69	8.86	3.57	3.08	3.00	5.04	7.84
Index Funds	21.80	5.42	10.71	8.49	7.48	5.98	5.60	5.39	7.27	7.36
Arbitrage Funds	6.86	4.44	6.04	5.92	5.58	5.80	6.04	5.76	6.23	6.67

* 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	26.25	12.83	6.91	3.93	6.50	6.95
Dynamic Bond Fund	19.53	10.19	7.38	5.12	6.93	7.19
Gilt Funds & Gilt Funds with 10 year constant duration	28.04	13.35	9.85	5.84	6.86	7.44
Short Duration / Medium Duration	12.06	8.42	6.58	5.73	7.48	7.44
Banking and PSU Funds	10.54	7.89	6.03	5.55	7.21	7.19
Corporate Bond Funds	11.50	8.19	6.43	5.60	7.55	7.43
Ultra Short Duration Funds /Low Duration / Floater Funds	8.32	6.56	6.46	6.16	7.12	7.21
Money Market Funds	9.16	6.38	6.46	6.17	7.15	7.27
Liquid Funds & Overnight Funds	7.23	6.41	6.71	6.30	6.72	6.91
Arbitrage Funds	6.81	5.96	6.11	6.07	6.47	6.97

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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