

**Domestic Equity Market Update**

- Indian equities ended the week on a mixed note, with the large cap-oriented BSE Sensex ending higher by 1.73% & Nifty 50 ending higher by 1.10% WoW, respectively. The BSE Midcap index ended lower by 0.41% and the BSE Small cap index ended higher by 0.40%.
- On the BSE sectoral front, indices ended on a mixed note. Bank Index, FMCG and Healthcare, were the biggest outperformers.
- Domestic equity markets ended the week on a mixed note after the US President signalled a diplomatic breakthrough in talks to resolve the Iran conflict, prompting investors to unwind geopolitical risk premiums. The upside was further supported by a decline in crude oil prices, amid growing expectations that potential disruptions to energy supplies through the Strait of Hormuz could ease. However, gains were capped due to persistent foreign fund outflows and profit booking in information technology (IT) stocks.

Global Market Updates

- US equity markets ended the week on a positive note supported by gains in technology stocks and improved geopolitical sentiment after the US President signalled progress toward a potential agreement with Iran. The market was further lifted by investor optimism surrounding the possibility of a peace deal between the US and Iran.
- European equity ended the week on mixed note as easing geopolitical tensions, following signals of a potential US-Iran agreement, boosted sentiment. Gains were capped due to profit booking in technology stocks.
- Brent oil futures fell from 95.46 USD/bbl to 83.81 USD/bbl after US President claimed that a US-Iran interim peace agreement would be signed over the weekend and later affirmed that the Strait of Hormuz would reopen.

Macro Data & Domestic News Released During the Week

- The World Bank has raised its Gross Domestic Product (GDP) growth projection for India by 10 bps to 6.6% YoY for FY27, citing resilient domestic demand.
- As per RBI data, bank credit grew at its fastest pace in nearly two years in the fortnight ended May 31, 2026, rising 17.65% YoY, showing sustained momentum in lending activity across the banking system. Deposit growth, however, lagged at 12.21% YoY.
- As per AMFI data, net Mutual Fund (MF) inflows into active equity schemes plunged 40% MoM in May 2026, as weaker lump-sum investments and higher redemptions weighed on flows. Gross inflows into equity schemes fell 18% MoM to Rs 576.04 bn, while redemptions rose 9% MoM to Rs 346.96 bn, dragging net inflows down to a one-year low of Rs 229.08 bn.
- As per data from the GSTN, E-way bill generation under the Goods and Services Tax (GST) regime rose to 136.08 mn in May 2026, a near 11% YoY increase from 122.65 mn in May 2025.
- As per data from the Oil Ministry, India's fuel consumption rose to 19.93 mn tonnes (mt) in May 2026, while liquefied petroleum gas consumption continued to dip.
- As per data from FADA, India's automobile retail sales grew 9.55% YoY to a record 25,31,067 units in May 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, 497 companies have announced their Q4 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 11.30%, 10.61% and 32.67% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 12.69%, 14.54% and 46.24% YoY respectively.**

Outlook

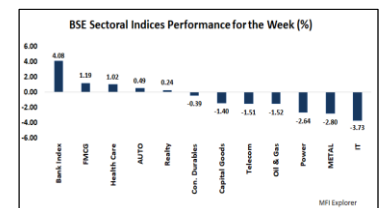
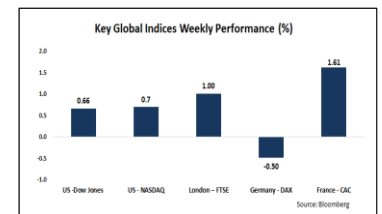
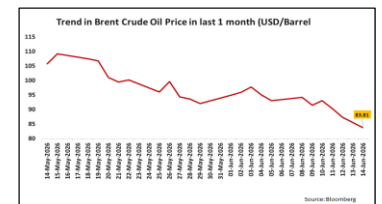
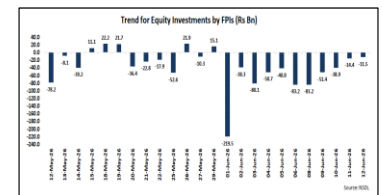
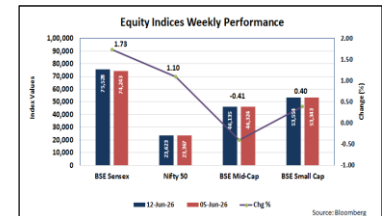
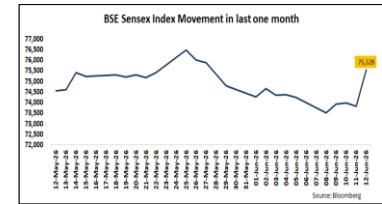
Going forward, the Indian equity market is likely to be driven by any moves around the final details pertaining to India-US trade deal, crude price volatility, weak monsoons, rising concerns over AI-led disruptions, geopolitical tensions, movement in the US Dollar index and INR, improvement in consumption 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. 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. However, the US and Iran's interim peace agreement is set to be signed which also includes opening of the Strait of Hormuz is a market positive.

The market valuations have come off for large caps on back of FPI selling while there are also select 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.

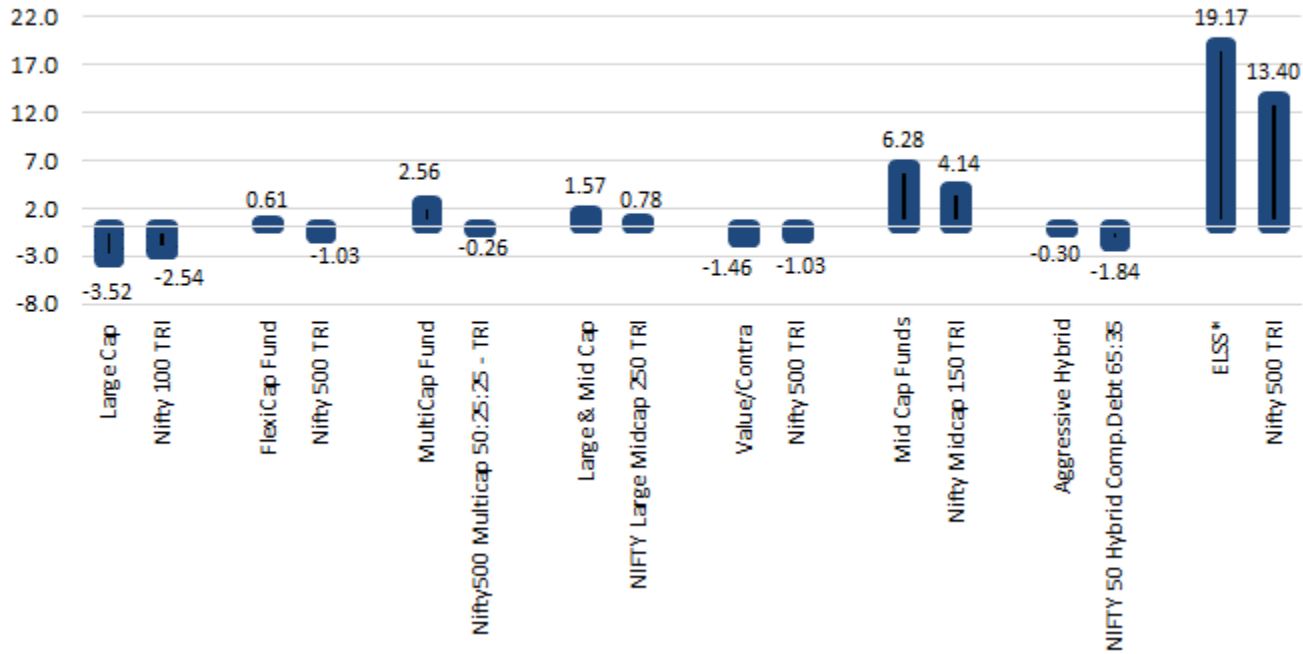
As signs of cessation of the West Asia war have emerged, energy prices seem to be cooling off sharply. The OPEC too has announced production hikes, which could ease oil prices once the Hormuz traffic normalises. Additionally, a better-than-expected US-India trade deal could also act as a tailwind. Thus, investors could use the market volatility due to this event as an investing opportunity.

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 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	1.23	-7.72	-3.52	1.96	12.71	12.29
Flexi Cap Funds	1.94	-4.62	0.61	4.59	15.32	14.16
Multi Cap Funds	1.94	-0.98	2.56	4.04	18.98	18.72
Large & Mid Cap Funds	1.41	-2.65	1.57	5.38	18.69	15.97
Mid Cap Funds	2.07	0.01	6.28	9.74	22.41	19.29
Small Cap Funds	1.94	2.77	1.96	6.63	19.66	17.60
Value/Contra Funds	0.67	-5.38	-1.46	2.44	16.77	16.17
Focused Funds	1.80	-4.11	1.95	5.45	16.70	15.20
Aggressive Hybrid Funds	1.03	-3.85	-0.30	5.15	13.19	12.00
Dynamic Asset Allocation Funds	0.88	-2.78	1.29	4.67	11.97	11.45
Equity Linked Saving Schemes	1.44	1.02	1.31	5.64	19.17	15.29
Business Cycle Funds	2.50	-1.06	2.98	5.96	15.19	--
Nifty 50 TRI	1.28	-8.96	-4.07	1.74	9.50	9.62
Nifty 500 TRI	1.51	-4.42	-1.03	2.37	13.40	11.84
NIFTY Large Midcap 250 TRI	1.44	-3.17	0.78	3.49	15.91	13.87
Nifty Infrastructure TRI	1.15	-2.95	3.15	2.61	19.29	16.77

Note: Data as on June 12, 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.

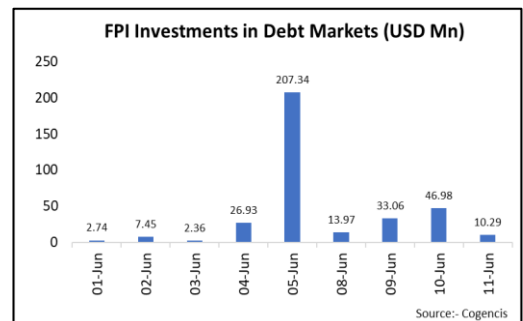
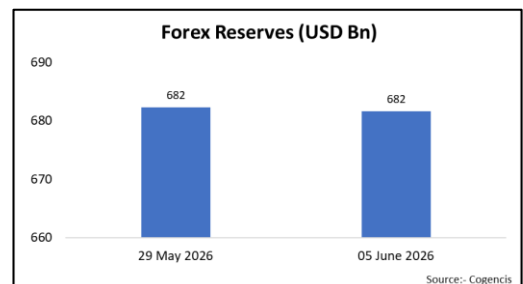
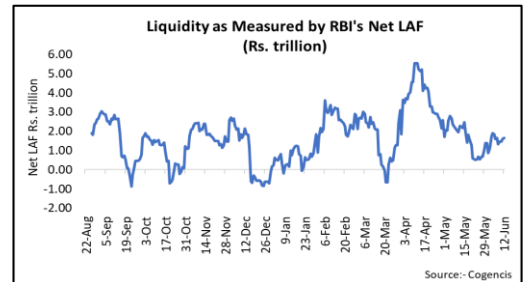
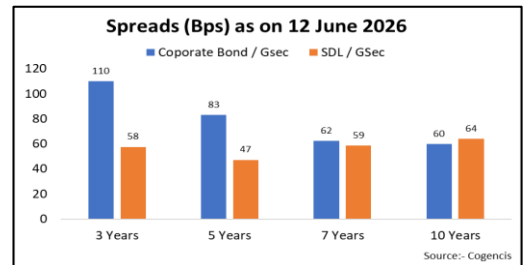
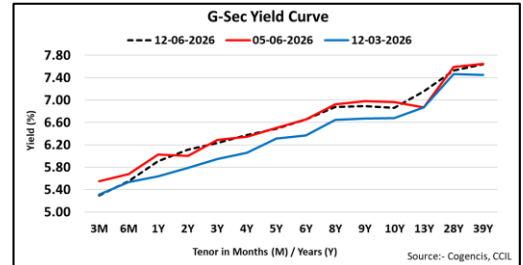
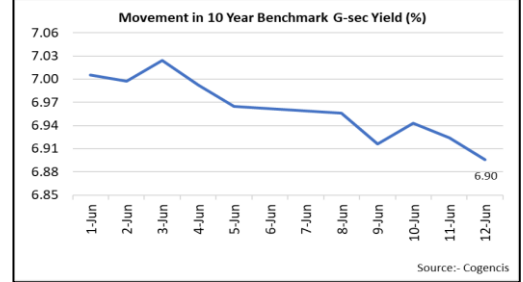
Weekly Overview - Fixed Income Markets & Mutual Funds for week ended June 12, 2026

- Domestic G-Sec prices closed the week ended 12th June 2026 on a positive note wherein the yield on the 10-year benchmark, the 6.94% G-Sec 2036 bond, closed 8 bps lower at 6.90% as against its previous weekly close of 6.98% on 05th June 2026.
- In case of AAA rated corporate bonds, yields up to the one-year segment fell by up to 50 bps on a WoW basis. In case of the greater than one-year segment yields fell by up to 31 bps on a WoW basis.
- Movement in G-sec yields :-**
 - The total Government bond supply for the week stood at Rs 468 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 148 bn and the maturities were in the range of 5-30 years. The average cut off yield for 10-year SDLs for the week came in lower at 7.63% compared to 7.72% in the previous week. The G-secs' auction was for the following: 6.36% GS 2031 and 7.71% GS 2066.
 - Indian G-sec yields declined sharply earlier in the week as the RBI unveiled a series of measures to attract foreign investment. Later in the week, the yields declined further following a drop in global crude oil prices on revived hopes of de-escalation in the West Asia conflict.
 - Banking system liquidity improved marginally, wherein liquidity, as measured by the RBI's net Liquidity Adjustment Facility (LAF), stood at a daily average surplus of ~Rs 1.50 trillion during the week as against a daily average surplus of ~Rs 1.49 bn during the previous week.
- Macro Data released during the week :-**
 - As per RBI data, India reported a Current Account Surplus of USD 7.1 bn, or 0.7% of GDP, Q4 FY26. The surplus stood at USD 13.7 bn, or 1.4% of GDP, in Q4 FY25. For the entire FY26, the Current Account Deficit stood at USD 25.2 bn, or 0.6% of GDP, compared to USD 22.9 bn, or 0.6% of GDP, during FY25.
 - As per the National Statistics Office (NSO), India's Consumer Price Index (CPI) based retail inflation accelerated to 3.93% YoY in May 2026 from 3.48% YoY in April 2026, nearing RBI's 4% YoY target, as food and transport costs edged higher.
 - As per RBI data, India's foreign exchange reserves fell by USD 711 mn to USD 681.61 bn during the week ended June 5, 2026. Foreign currency assets fell by USD 2.7 bn, while gold reserves rose by USD 1.9 bn.
- Other macro-economic news :-**
 - As per RBI data, bank credit grew at its fastest pace in nearly two years in the fortnight ended May 31, 2026, rising 17.65% YoY, showing sustained momentum in lending activity across the banking system. Deposit growth, however, lagged at 12.21% YoY, widening the gap between credit and deposit growth to 544 bps.
 - As per India Ratings and Research (Ind-Ra), RBI's forex swap measures on FCNR (B) deposits and ECBs by state-owned companies could attract USD 60-70 bn in foreign capital. Against this backdrop, the currency is expected to recover to the sub Rs 95/USD level and eventually average around Rs 93.10 in FY27.
 - As per provisional estimates from MoSPI, the central government's FY26 Debt-to-GDP ratio may have slipped to 57.85%, far higher than the 56.1% estimated in the Budget, due to a lower-than-anticipated nominal GDP.
- Global Updates :-**
 - According to the US Labor Department, the US Consumer Price Index accelerated to 4.2% YoY in May 2026 from 3.8% YoY in April 2026, in line with estimates. Sequentially, prices rose 0.5% MoM in May 2026 after rising 0.6% MoM in April 2026.
 - According to latest data from Eurostat, the Euro Area Gross Domestic Product (GDP) shrank 0.2% QoQ in Q1 CY26, offsetting the 0.2% QoQ growth seen in Q4 CY25. The economy was dragged down by the massive growth slump in Ireland.
 - As per data from Japan's Cabinet Office, Japan's Gross Domestic Product (GDP) was up 1.8% YoY in Q1 CY26, missing forecasts for 2.1% YoY, which would have been unchanged. Sequentially, GDP expanded a seasonally adjusted 0.5% QoQ, in line with expectations and steady from the previous three months.

Outlook :-

The liquidity condition, as measured by RBI's net LAF, improved marginally and remained in surplus during the week. In its June 2026 MPC meeting, the RBI kept the Repo Rate unchanged at 5.25% and continued with its neutral stance. RBI revised its CPI inflation estimate for FY27 upwards at 5.1% YoY from 4.6% YoY previously. They also revised 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. **The recent staggered increase in fuel prices is expected to exert both direct and indirect upward pressure on inflation. As the monsoon season approaches, its timing, adequacy and spatial distribution will also be keenly watched.** Further, El-Niño conditions can have an adverse impact on rainfall and inflation and thus remains a point of concern. The market has been factoring in the possibility of rate hikes going forward. Together, this had resulted in a near term spike in bond yields, opening up tactical opportunities. The spate of measures announced by the RBI in the latest monetary policy announcement is expected to incentivize capital flows to India, which can arrest the INR's slide and lead to its orderly movement. This, along with the probable inclusion of Indian G-secs in Bloomberg's index may aid in keeping liquidity comfortable and support bond prices going forward. 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%. With better-than-expected job data, market participants are now expecting a rate hike to come in earlier than expected previously. **The announcement of an interim peace deal between US and Iran which includes opening of Strait of Hormuz is positive from a market sentiment point of view. The same can lead to a fall in crude prices, negating the inflation concerns and probably leading to a 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 12 June 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	5.09	5.01	5.08	5.05	5.17	5.23	5.79	6.10
Liquid Funds	8.12	7.83	6.46	5.91	6.78	6.32	6.17	6.08	6.61	6.80
Floater Funds	19.53	22.00	9.26	6.38	5.36	5.46	5.82	5.52	7.33	7.39
Low Duration Funds	18.78	15.61	6.87	5.35	5.77	5.29	5.53	5.60	6.82	6.86
Money Market Funds	14.17	11.23	5.70	4.71	5.86	5.57	5.75	5.80	6.85	6.95
Ultra Short Duration Funds	11.38	10.51	5.93	5.17	6.17	5.66	5.70	5.72	6.53	6.62
Banking And PSU Funds	36.79	26.68	10.52	6.22	5.21	4.33	4.84	4.51	6.84	6.75
Corporate Bond Funds	39.48	27.19	11.03	6.42	5.21	4.36	4.84	4.60	7.04	6.91
Medium Duration Funds	42.22	28.31	12.13	6.63	5.20	5.03	5.46	5.22	7.42	7.09
Short Duration Funds	36.77	25.90	10.37	6.22	5.19	4.47	4.89	4.71	6.92	6.77
Medium To Long Duration Funds	46.85	31.28	13.44	6.31	3.55	3.64	3.62	2.66	5.68	5.83
Long Duration Funds	70.21	25.08	14.43	5.55	1.09	2.23	1.83	0.30	4.19	5.31
Dynamic Bond Funds	43.97	27.91	11.90	5.77	3.63	3.75	3.74	2.74	5.80	6.11
Credit Risk Funds	34.01	18.91	10.29	11.55	9.85	8.66	8.18	7.62	9.42	8.82
Gilt Funds / Gilt Funds with 10 year constant duration	59.23	28.66	14.77	5.77	1.75	3.03	2.49	1.36	5.12	5.72
Conservative Hybrid Funds	164.14	28.34	10.73	4.29	4.18	0.24	2.08	2.22	5.10	7.62
Index Funds	15.50	19.81	8.66	6.02	4.57	4.97	5.43	4.95	7.22	7.05
Arbitrage Funds	-19.91	10.17	4.89	4.71	5.20	5.72	5.72	5.63	6.19	6.68

* 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	14.58	2.19	3.17	2.04	5.80	6.13
Dynamic Bond Fund	12.17	5.16	4.91	3.82	6.57	6.64
Gilt Funds & Gilt Funds with 10 year constant duration	13.91	3.24	4.08	2.50	6.09	6.43
Short Duration / Medium Duration	10.93	5.35	4.74	5.18	7.26	7.17
Banking and PSU Funds	10.28	5.27	4.72	5.05	7.09	6.99
Corporate Bond Funds	10.58	4.79	4.59	4.95	7.32	7.23
Ultra Short Duration Funds /Low Duration / Floater Funds	6.63	6.09	5.76	6.04	7.05	7.15
Money Market Funds	5.81	5.98	5.73	5.96	7.07	7.20
Liquid Funds & Overnight Funds	6.67	6.99	6.49	6.20	6.72	6.90
Arbitrage Funds	5.13	5.48	5.93	5.86	6.45	6.94

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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