

**Domestic Equity Market Update**

- Indian equities ended the week on a negative note, with the large cap-oriented BSE Sensex ending lower by 2.70% & Nifty 50 ending lower by 2.20% WoW, respectively. The BSE Midcap index ended lower by 3.19% and the BSE Small cap index ended lower by 3.59%.
- On the BSE sectoral front, indices ended on a mixed note. Realty, IT, Auto and Capital Goods were the biggest underperformers.
- Domestic equity markets ended the week on a negative note as a lack of progress in U.S.–Iran peace talks pushed crude oil prices higher. The two countries failed to reach an agreement, keeping the Strait of Hormuz largely constrained and raising doubts about the durability of a fragile ceasefire, which led to increases in domestic petrol and diesel prices, thereby intensifying inflationary pressures.

Global Market Updates

- US equity markets ended the week on a negative note as weakness in technology-oriented stocks and higher oil prices weighed on sentiment. However, declines were limited by continued optimism around artificial intelligence themes and easing geopolitical concerns.
- European equity ended the week on a negative note as rising oil prices and renewed U.S.–Iran tensions weighed on investor sentiments.
- Brent oil futures rose from 100.06 USD/bbl to 109.26 USD/bbl after the U.S.– China summit ended without any announcement regarding China engaging with Iran to help end the Gulf war, leaving the Strait of Hormuz blockade likely to continue.

Macro Data & Domestic News Released During the Week

- Moody's Ratings downwardly revised India's GDP growth forecast for CY26 by 80 bps to 6% YoY on subdued private consumption, capital formation, and industrial activity amid higher energy costs.
- CRISIL downwardly revised India's real GDP growth projection to 6.6% YoY in FY27 from 7.6% YoY in FY26, on account of higher crude oil and other commodity prices, softer global growth, and forecasts of a below-normal monsoon. They have also revised the forecast for Brent crude oil prices to USD 90-95 per barrel from USD 82-87 previously, 32% higher compared to FY26, and projected the Current Account Deficit at 2.2% of GDP in FY27, up from 0.8% in FY26.
- According to BMI, a Fitch Group company, India's economic growth is likely to decelerate to 6.7% YoY in FY27, from 7.7% in FY26, due to waning momentum and oil price shock from Iran war.
- According to AMFI data, equity-oriented mutual fund schemes garnered a net inflow of Rs 384.40 bn in April 2026, declining 5% MoM. Monthly contributions through SIPs (Systematic Investment Plans) declined to Rs 311.15 bn in April 2026 from Rs 320.87 bn in March 2026.
- According to data released by the Goods and Services Tax Network (GSTN), e-way bill generation under the GST regime grew 12% YoY in April 2026 to 133.37 mn, indicating sustained momentum in goods movement and economic activity.
- From Nifty 200 universe, 147 companies have announced their Q4 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 11.83%, 12.95% and 39.4% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 14.95%, 11.93% and 59.83% YoY respectively. PAT growth seems to be on the higher side due to one off in the telecom sector.**
- From Nifty 500 universe, 344 companies have announced their Q4 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 11.61%, 14.34% and 37.03% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 13.97%, 13.80% and 53.50% YoY respectively.**

Outlook

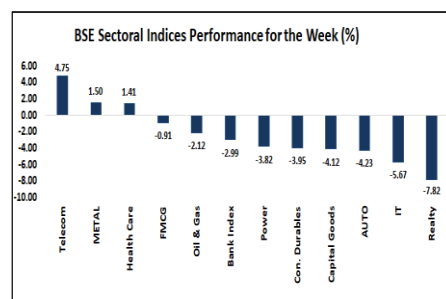
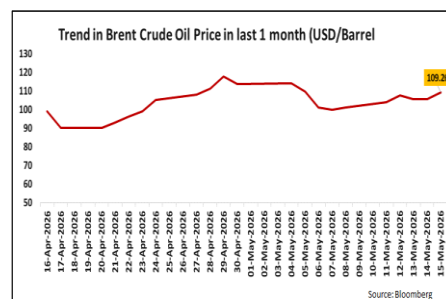
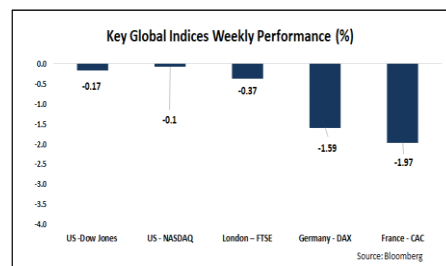
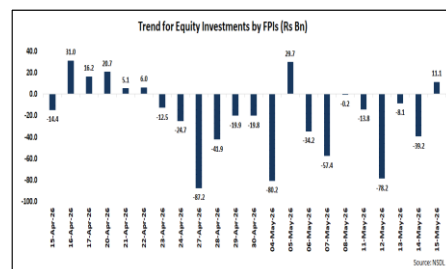
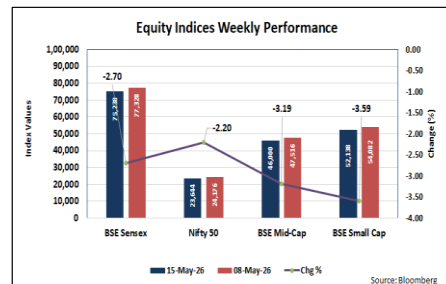
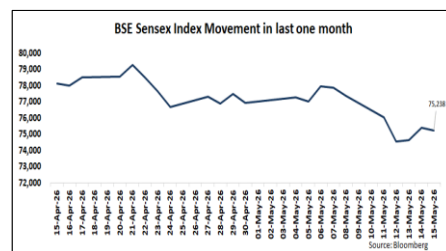
Going forward, the Indian equity market is likely to be driven by any moves around the final details pertaining to India-US trade deal, Q4 FY26 earnings season and guidance given by managements, crude price volatility, weak monsoons, rising concerns over AI-led disruptions, geopolitical tensions, movement 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 meaningfully 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.

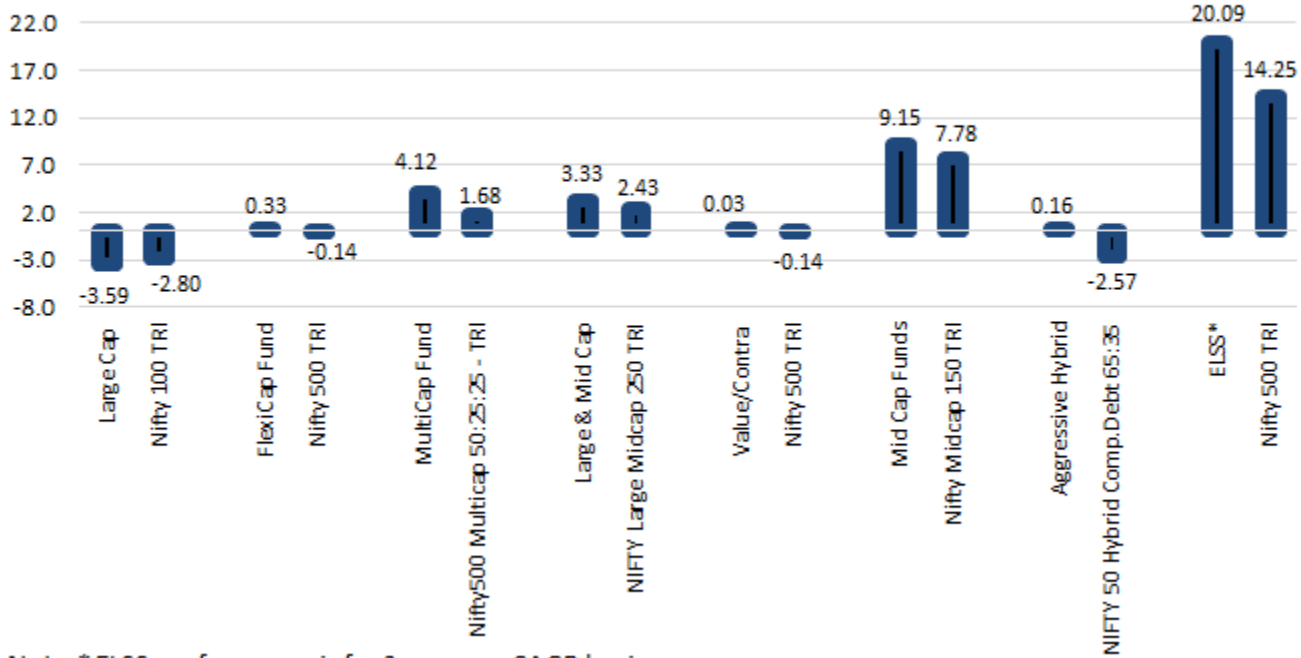
The US-Iran conflict has emerged as the near-term risk to markets which can drive oil prices higher and be a sentiment-negative event. As signs have emerged of containment of the conflict, energy prices are showing signs of cooling off. The OPEC too has announced production hikes, which could ease oil prices once the Hormuz traffic normalises. Thus, investors could use the market volatility due to this event as an investing opportunity.

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	-2.07	-7.41	-3.59	4.38	13.49	13.90
Flexi Cap Funds	-1.58	-5.83	0.33	6.95	16.06	15.77
Multi Cap Funds	-2.72	-2.74	4.12	7.33	20.34	20.84
Large & Mid Cap Funds	-0.01	-3.97	3.33	8.30	19.67	17.76
Mid Cap Funds	2.12	-1.82	9.15	12.98	24.34	21.27
Small Cap Funds	2.32	-2.08	6.58	8.73	21.30	19.91
Value/Contra Funds	-0.93	-5.43	0.03	5.65	17.95	18.11
Focused Funds	-0.69	-3.78	2.40	8.06	17.53	17.01
Aggressive Hybrid Funds	-0.97	-3.82	0.16	7.44	13.99	13.30
Dynamic Asset Allocation Funds	-1.29	-2.96	1.20	6.24	12.47	12.42
Equity Linked Saving Schemes	1.27	-2.11	3.12	8.86	20.09	17.25
Business Cycle Funds	0.52	-3.56	3.06	8.81	15.91	--
Nifty 50 TRI	-2.34	-8.56	-4.54	4.38	10.00	11.29
Nifty 500 TRI	-0.22	-5.26	-0.14	5.20	14.25	13.68
NIFTY Large Midcap 250 TRI	0.59	-3.64	2.43	6.79	17.19	16.02
Nifty Infrastructure TRI	1.10	-2.91	3.68	5.67	20.69	18.86

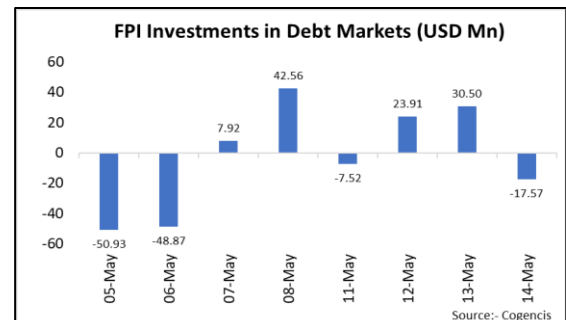
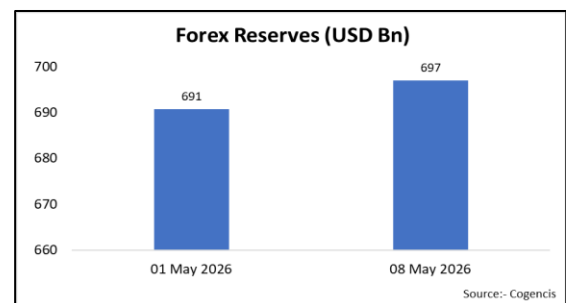
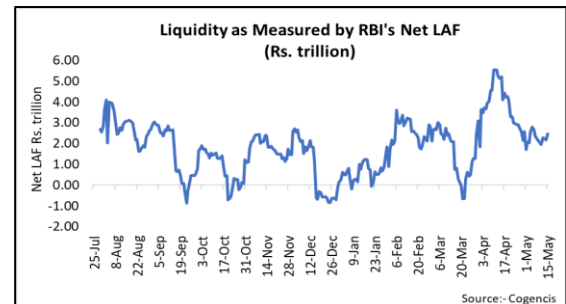
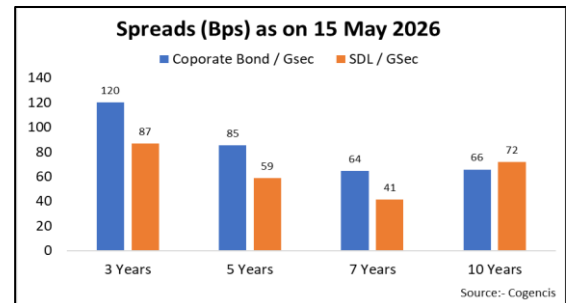
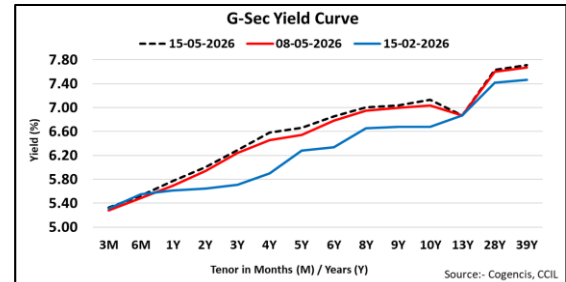
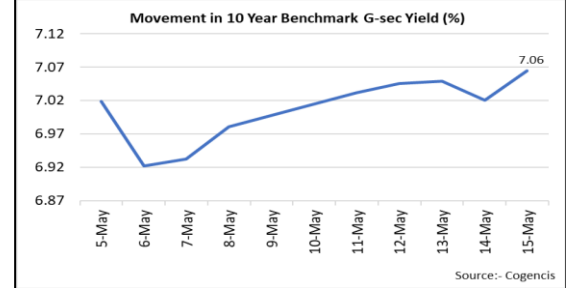
Note: Data as on May 15, 2026. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ACE MF.

Weekly Overview - Fixed Income Markets & Mutual Funds for week ended 15 May 2026

- Domestic G-Sec prices closed the week ended 15th May 2026 on a negative note wherein the yield on the 10-year benchmark, the 6.48% G-Sec 2035 bond, closed 8 bps higher at 7.06% as against its previous weekly close of 6.98% on 08th May 2026.
- In case of AAA rated corporate bonds, yields up to the one-year segment were mixed in the range of (-) 10 bps to 30 bps on a WoW basis. In case of the greater than one-year segment, yields were mixed in the range of (-) 6 bps to 9 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields rose as stalled US-Iran peace talks pushed crude oil prices higher, intensifying concerns over India's inflation and fiscal outlook. Yields rose further driven by an uptick in US Treasury yields, with losses exacerbated by continued weakness in the rupee, which plunged to record lows.
 - The total Government bond supply for the week stood at Rs 461.86 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 auction in this week's auction. The SDLs' auction was to the tune of Rs 141.86 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 at 7.77% compared to 7.73% in the previous week. The G-secs' auction was for the following: 6.36% GS 2031 & New GS 2066.
 - 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 2.22 trillion during the week as against a daily average surplus of ~Rs 2.52 trillion bn during the previous week.
- Macro Data released during the week :-**
 - According to MoSPI data, India's retail inflation rose marginally to 3.48% YoY in April 2026, up from 3.40% YoY in March 2026, driven mainly by higher food prices.
 - According to the Ministry of Commerce and Industry, India's Wholesale Price Index (WPI), more than doubled to a 42-month high of 8.3% YoY in April 2026 from 3.88% YoY in March 2026. Inflation in the fuel segment surged to 24.71% YoY, compared to 1.05% YoY in the previous month.
 - According to RBI data, India's foreign exchange reserves increased by USD 6.29 bn to USD 696.99 bn during the week ended May 08, 2026. Gold reserves increased by USD 5.64 bn, Foreign Currency Assets increased by USD 562 mn and Special Drawing Rights were up by USD 85 mn during the week.
- Other macro-economic news :-**
 - RBI Governor Sanjay Malhotra said that the central bank will consider incoming data for policy actions and will be ready to look through the spike in oil prices if they are transitory. However, he warned that policy action will be needed if the shock from the West Asia conflict becomes entrenched.
 - According to a government order, India has raised import tariffs on gold and silver to 15% from 6% earlier, as part of efforts to curb overseas purchases of the metals and ease pressure on the country's foreign exchange reserves.
 - According to the Periodic Labour Force Survey (PLFS) released by the NSO, unemployment rate in cities declined marginally to 6.6% in Q4 FY26 from 6.7% in Q3 FY26. While in rural areas, it edged up marginally to 4.3% in Q4 FY26 from 4.0% in Q3 FY26.
 - Moody's Ratings downwardly revised India's GDP growth forecast for CY26 by 80 bps to 6% YoY on subdued private consumption, capital formation, and industrial activity amid higher energy costs. They said that India is "particularly vulnerable" to high oil prices given its heavy reliance on imported crude and LNG.
- Global Updates :-**
 - According to the US Labor Department, US Consumer Price Index (CPI) rose 3.8% YoY, up from 3.3% YoY in March 2026. Several policymakers at the US Federal Reserve have indicated the possible need for interest rate hikes to address rising prices.
 - As per Eurostat data, the Euro area Gross Domestic Product (GDP) expanded by 0.8% YoY in Q1 CY26, down from the 1.3% YoY growth registered in Q4 CY25.
 - According to China's National Bureau of Statistics, China's Consumer Price Index (CPI) rose 1.2% YoY in April 2026, up from 1% YoY in the previous month.
- Outlook :-**

The liquidity condition, as measured by RBI's net LAF, deteriorated marginally, but remained in surplus during the week. 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. RBI also introduced a core inflation estimate of 4.4% YoY. Real GDP growth for 2026-27 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 increase in fuel prices is expected to have a direct and indirect adverse impact on inflation. The market is factoring in further rate hikes. Also, as the strait of Hormuz is yet to reopen, it is putting further upward pressure on crude prices, thereby affecting currency negatively and leading to imported inflation. On the other hand, as the monsoon season approaches, its timing, adequacy and spatial distribution will be keenly watched. While El-Niño can have an adverse impact on rainfall, the same may get partially offset by a positive Indian Ocean Dipole. Together, they may result in a near term spike in bond yields. The same can open up tactical opportunities as when the situation improves, it may lead to a rally in bond prices. 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%. In the near term, the duration and severity of geopolitical tensions in the ME will continue directing sentiments and capital flows, thus remaining a key monitorable.**

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 15 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	5.49	5.02	4.94	5.06	4.99	5.06	5.18	5.26	5.85	6.13
Liquid Funds	5.45	4.98	4.95	6.88	6.41	6.14	6.03	6.09	6.63	6.80
Floater Funds	-26.00	-7.15	1.18	3.01	3.84	4.29	4.97	5.11	7.19	7.27
Low Duration Funds	-14.21	-3.80	1.79	4.88	4.38	4.65	5.13	5.60	6.75	6.82
Money Market Funds	-2.65	-2.14	2.09	5.86	5.14	5.37	5.56	5.98	6.85	6.96
Ultra Short Duration Funds	-1.63	0.44	3.08	6.15	5.53	5.36	5.51	5.81	6.53	6.63
Banking And PSU Funds	-40.33	-12.82	-1.91	1.83	1.68	2.45	3.74	3.97	6.58	6.56
Corporate Bond Funds	-44.10	-13.77	-1.99	1.54	1.55	2.37	3.68	3.98	6.77	6.70
Medium Duration Funds	-46.79	-13.98	-2.38	1.16	1.55	3.06	4.23	4.38	7.13	6.84
Short Duration Funds	-36.81	-11.64	-1.19	1.93	1.91	2.73	3.86	4.24	6.69	6.59
Medium To Long Duration Funds	-52.87	-19.37	-3.92	-1.41	0.44	1.07	1.95	1.07	5.42	5.54
Long Duration Funds	-85.95	-39.60	-6.82	-4.68	-1.82	-0.58	-0.12	-2.68	4.07	4.88
Dynamic Bond Funds	-46.68	-17.40	-3.38	-0.63	0.85	1.52	2.25	1.02	5.61	5.88
Credit Risk Funds	-31.45	-9.06	10.04	8.97	7.33	7.33	7.42	7.23	9.23	8.65
Gilt Funds / Gilt Funds with 10 year constant duration	-67.25	-28.00	-6.07	-3.96	-0.91	0.29	0.73	-1.08	4.86	5.41
Conservative Hybrid Funds	-50.83	-40.41	-5.35	4.07	-3.19	-1.16	1.66	1.59	5.66	7.67
Index Funds	-19.52	-6.48	1.32	2.23	3.07	4.03	4.56	4.74	7.17	6.95
Arbitrage Funds	38.90	8.37	4.97	5.53	5.71	5.96	5.74	5.86	6.39	6.74

* 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	-4.98	-0.57	0.54	0.16	5.51	5.80
Dynamic Bond Fund	-3.18	2.50	2.98	2.27	6.35	6.40
Gilt Funds & Gilt Funds with 10 year constant duration	-4.51	1.04	1.82	0.77	5.81	6.16
Short Duration / Medium Duration	-1.09	2.11	2.99	4.68	7.00	6.97
Banking and PSU Funds	-1.25	2.25	3.07	4.59	6.85	6.81
Corporate Bond Funds	-2.08	1.84	2.81	4.36	7.08	7.05
Ultra Short Duration Funds /Low Duration / Floater Funds	2.76	5.20	5.32	6.10	7.03	7.14
Money Market Funds	2.08	5.16	5.51	6.13	7.08	7.22
Liquid Funds & Overnight Funds	4.98	6.56	6.28	6.19	6.73	6.89
Arbitrage Funds	5.09	5.91	6.18	6.12	6.65	7.01

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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