

**Domestic Equity Market Update**

- Indian equities ended the week on a positive note, with the large cap-oriented BSE Sensex ending higher by 1.69% & Nifty 50 ending higher by 1.65% WoW, respectively. The BSE Midcap index ended higher by 3.62% and the BSE Small cap index ended higher by 4.05%.
- On the BSE sectoral front, indices ended mostly on a positive note. Capital Goods, Realty and Telecom, were the biggest outperformers.
- Domestic equity markets ended the week on a positive note after crude oil prices declined following the US President's announcement of a tentative peace deal with Iran, easing investor concerns over inflation and boosting sentiment.

Global Market Updates

- US equity markets ended the week on a positive note as a technology-led rebound lifted sentiment, supported by gains in AI sector stocks and resilient economic data, even as hawkish signals from the US Federal Reserve and expectations of potential interest rate increases kept investors cautious about the policy outlook.
- European equity ended the week on mixed note. Britain's FTSE 100 declined over the week, weighed down by losses in mining and technology stocks, alongside cautious investor positioning ahead of domestic inflation data and the Bank of England's decision to hold rates steady. Other European equities ended higher during this week on optimism surrounding the West Asia peace agreement and easing energy prices.
- Brent oil futures fell from 83.81 USD/bbl to 81.00 USD/bbl after the U.S. President and his Iranian counterpart remotely signed a preliminary agreement to end the 110-day conflict.

Macro Data & Domestic News Released During the Week

- As per data from the Income Tax Department, India's Net Direct Tax collections rose 14.64% YoY to Rs 5.21 trillion from April 1 to June 17 of FY27, as compared with Rs 4.5 trillion collected during the same period of FY26. Gross Direct Tax collections increased 12.46% YoY to Rs 6.1 trillion from Rs 5.4 trillion over the period.
- According to rating agency ICRA, geopolitical tensions in West Asia are likely to act as a key overhang, impacting earnings of India Inc with a 100-150 bps contraction in operating profit margin. Besides, development of El Nino conditions could potentially disrupt rural demand, impacting revenues of a large section of the corporate sector, which had posted a healthy revenue growth in Q4 FY26.
- As per RBI data, sales growth of listed private non-financial companies rose to 13.9% YoY in Q4 FY26 from 10.1% YoY in Q3 FY26, driven by the manufacturing and services sectors. Sales of 1,817 listed manufacturing companies grew 14.5% YoY in Q4 FY26, compared with 11.4% YoY growth in the previous quarter.
- According the Periodic Labour Force Survey (PLFS), India's Unemployment Rate climbed to an 11-month high of 5.5% in May 2026 from 5.2% in April 2026. Notably, the Labour-Force Participation Rate (LFPR) hit an 11-month low of 54.4% in May 2026, down from 55% recorded in April 2026.
- The RBI has permitted Authorised Dealer (AD) banks to open repatriable Rupee accounts for overseas individuals investing in listed Indian companies effective immediately, operationalising the move to broaden participation in domestic equity markets beyond Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs).
- According to a report from the World Bank, global energy prices are expected to remain elevated in CY26 with a 36% YoY increase in the Brent crude oil prices due to the persisting conflict in the Middle East and the closure of the Strait of Hormuz. Commodity prices are anticipated to rise by 22% YoY in CY26, in contrast to the 7% YoY decline expected in January 2026.
- As per data from AMFI, passive equity fund flows moderated sharply, as net inflows into Index Funds fell 73% MoM in May 2026 to Rs 27.82 bn from Rs 102.18 bn in April 2026, while Exchange-Traded Funds (ETFs) attracted Rs 66.92 bn, down 31% MoM from Rs 96.68 bn.

Outlook

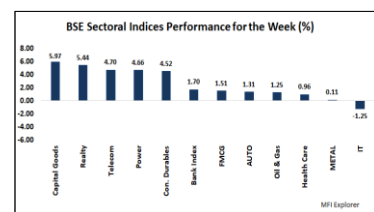
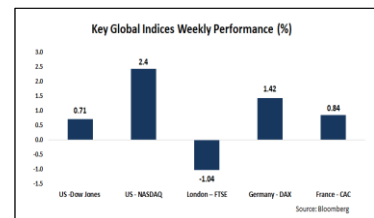
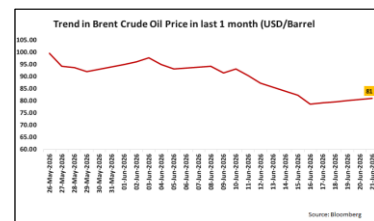
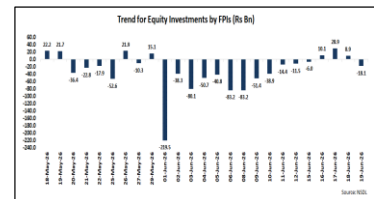
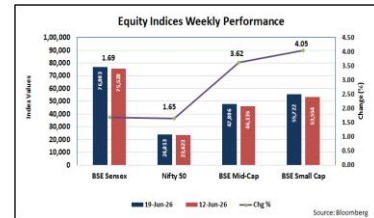
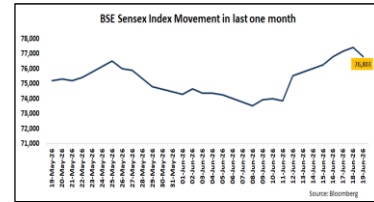
Going forward, the Indian equity market is likely to be driven by any moves around the final details pertaining to India-US trade deal, crude price volatility, weak monsoons, rising concerns over AI-led disruptions, geopolitical tensions, movement in the US Dollar index and INR, improvement in consumption 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.

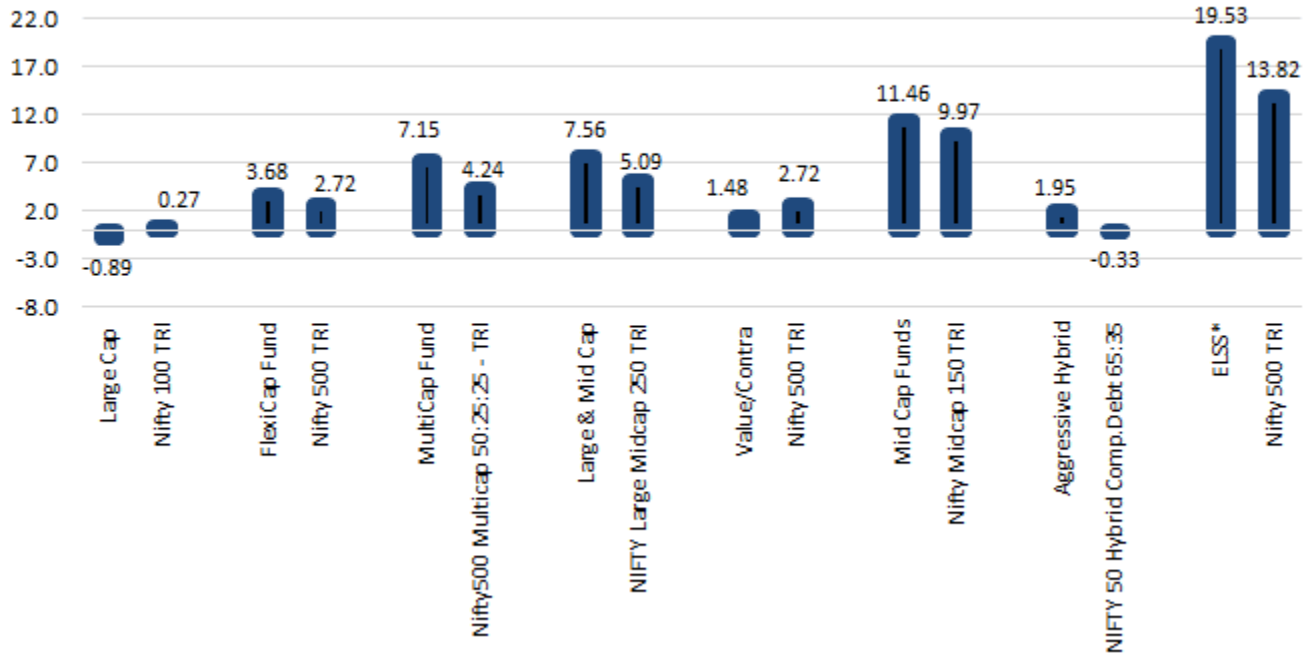
As signs of cessation of the West Asia war have emerged, energy prices seem to be cooling off sharply. The OPEC too has announced production hikes, which could ease oil prices once the Hormuz traffic normalises. Additionally, a better-than-expected US-India trade deal could also act as a tailwind. Thus, 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	2.42	-5.26	-0.89	2.56	13.21	13.01
Flexi Cap Funds	3.96	-1.86	3.68	5.10	15.72	14.99
Multi Cap Funds	4.00	2.42	7.15	4.75	19.54	19.99
Large & Mid Cap Funds	4.28	1.87	7.56	6.61	20.03	16.74
Mid Cap Funds	4.45	3.77	11.46	10.60	22.83	20.59
Small Cap Funds	5.11	5.66	7.17	7.26	19.99	18.54
Value/Contra Funds	1.79	-3.56	1.48	2.83	17.00	16.96
Focused Funds	2.56	-2.10	4.75	6.11	17.18	15.97
Aggressive Hybrid Funds	1.86	-2.10	1.95	5.55	13.53	12.57
Dynamic Asset Allocation Funds	2.13	-1.38	3.27	5.13	12.31	12.03
Equity Linked Saving Schemes	4.48	3.62	5.63	5.83	19.53	16.06
Business Cycle Funds	5.46	2.28	6.55	6.56	15.70	--
Nifty 50 TRI	2.04	-7.00	-1.93	2.23	9.84	10.17
Nifty 500 TRI	3.01	-1.81	2.72	3.02	13.82	12.68
NIFTY Large Midcap 250 TRI	2.68	-0.40	5.09	4.24	16.27	14.87
Nifty Infrastructure TRI	2.78	-0.12	6.92	4.36	19.94	17.96

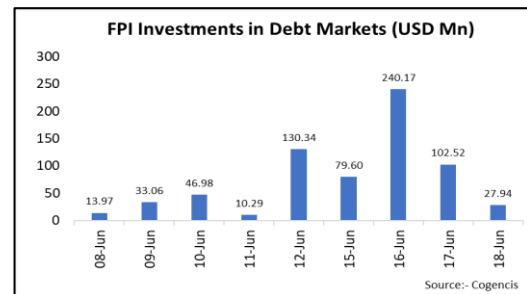
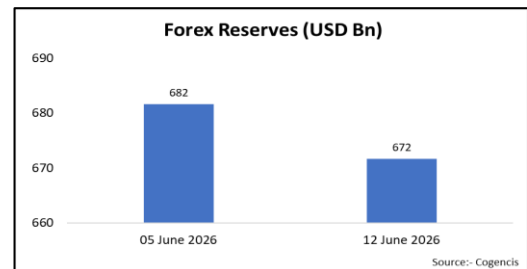
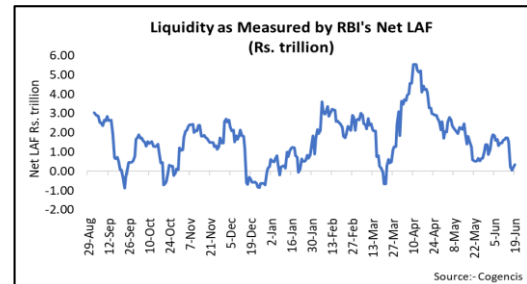
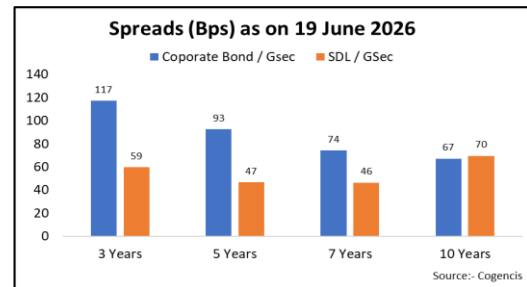
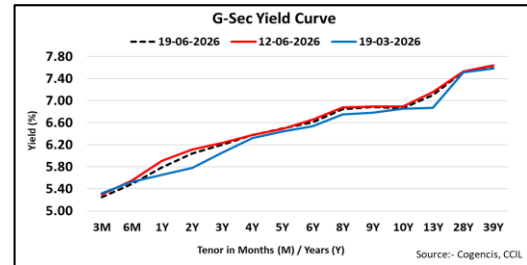
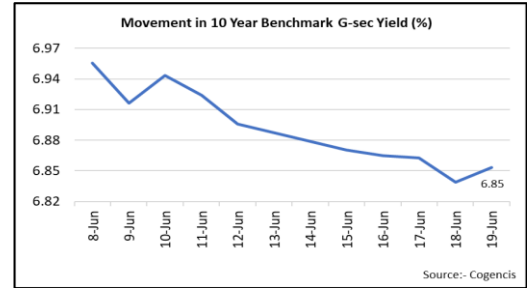
Note: Data as on June 19, 2026. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms. Data has been sourced from ACE MF.

Weekly Overview - Fixed Income Markets & Mutual Funds for week ended June 19, 2026

- Domestic G-Sec prices closed the week ended 19th June 2026 on a positive note wherein the yield on the 10-year benchmark, the 6.94% G-Sec 2036 bond, closed 5 bps lower at 6.85% as against its previous weekly close of 6.90% on 12th June 2026.
- In case of AAA rated corporate bonds, yields up to the one-year segment were mixed in the range of (-) 30 bps to 20 bps on a WoW basis. In case of the greater than one-year segment yields rose by up to 11 bps on a WoW basis.
- Movement in G-sec yields :-**
 - The total Government bond supply for the week stood at Rs 524.61 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 204.61 bn and the maturities were in the range of 6-30 years. The average cut off yield for 10-year SDLs for the week came in at 7.66% compared to 7.63% in the previous week. The G-secs' auction was for the following: 6.03% GS 2029, 6.68% GS 2033, 7.24% GS 2055 & 7.50% GOI SGRB 2056.
 - Indian G-sec yields declined due to easing oil prices, which eased inflationary pressure. However, later in the week, the yield gained as a halt in the West Asia peace talks triggered short covering at lower levels.
 - 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 468 billion during the week as against a daily average surplus of ~Rs 1.50 bn during the previous week.
- Macro Data released during the week :-**
 - As per the Income Tax Department, India's Net Direct Tax collections rose 14.64% YoY to Rs 5.21 trillion from April 1 to June 17 of FY27, as compared with Rs 4.5 trillion collected during the same period of FY26. Gross Direct Tax collections increased 12.46% YoY to Rs 6.1 trillion from Rs 5.4 trillion over the period.
 - According to the Comptroller and Auditor General (CAG), 18 of India's 28 states overshot the fiscal deficit ceiling of 3% of Gross State Domestic Product (GSDP) in FY25. Additionally, the number of states with a revenue surplus declined to 13 in FY25 from 16 in FY24.
 - According to RBI data, India's foreign exchange reserves fell by USD 9.99 bn to USD 671.63 bn in the week ended June 12, 2026. Foreign Currency Assets rose by USD 846 mn to USD 544.29 bn, Gold reserves fell by USD 10.75 bn to USD 103.82 bn and Special Drawing Rights declined by USD 66 mn to USD 18.70 bn.
- Other macro-economic news :-**
 - As per the Ministry of Commerce and Industry, India's factory-gate inflation, measured by the Wholesale Price Index (WPI), rose to 9.68% YoY in May 2026 from 8.3% YoY in April 2026. Higher prices of fuel, food articles and some manufactured goods drove the rise in wholesale inflation.
 - As per Commerce Ministry, India's Merchandise Trade Deficit eased to USD 28.21 bn in May 2026 as compared to USD 28.38 bn in April 2026. Merchandise exports rose 18% YoY to USD 45.2 bn, while imports grew 20.62% YoY to USD 73.41 bn in May 2026.
 - According to the Periodic Labour Force Survey (PLFS), India's Unemployment Rate climbed to an 11-month high of 5.5% in May 2026 from 5.2% in April 2026. Notably, the Labour-Force Participation Rate (LFPR) hit an 11-month low of 54.4% in May 2026, down from 55% recorded in April 2026.
- Global Updates :-**
 - Following Kevin Warsh's first monetary policy meeting as chairman, the US Federal Reserve announced its widely expected decision to leave the target range for the Federal Funds Rate unchanged at 3.50-3.75%, citing its dual goals of maximum employment and inflation at the rate of 2% YoY over the longer run.
 - The Bank of England (BoE) left its key interest rate unchanged, as widely expected. The Monetary Policy Committee, governed by Andrew Bailey, voted 7-2 to hold the Bank Rate at 3.75%. The rate remains the lowest since June 2023.
 - The Bank of Japan (BoJ) decided to raise its benchmark interest rate by 25 bps to its highest level in 31 years, and to halt government bond purchase reductions next year. The BoJ Policy Board voted 7-1 to raise the interest rate to 1.00% from 0.75%, as widely expected.
- Outlook :-**

The liquidity condition, as measured by RBI's net LAF, deteriorated but 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. **They deficient start to the monsoon season and its further progress will be keenly watched as the adverse impact of El-Niño conditions on rainfall and inflation remains a point of concern. The market has been factoring in the possibility of rate hikes going forward. The spate of measures announced by the RBI in the latest monetary policy announcement is expected to incentivize capital flows to India and is positive for market sentiments and capital flows. 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. **Further development around interim peace deal between US and Iran, which includes opening of Strait of Hormuz, will remain 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 19 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	5.03	5.04	5.06	5.04	5.09	5.05	5.16	5.23	5.78	6.09
Liquid Funds	6.05	7.80	7.06	6.04	6.94	6.41	6.21	6.13	6.63	6.81
Floater Funds	7.48	13.03	13.99	6.67	6.36	5.82	5.98	5.68	7.34	7.43
Low Duration Funds	5.34	8.43	9.77	5.25	6.08	5.46	5.58	5.66	6.83	6.87
Money Market Funds	4.98	11.58	8.48	5.12	6.28	5.84	5.87	5.92	6.90	6.98
Ultra Short Duration Funds	4.72	9.48	7.91	5.26	6.47	5.86	5.78	5.80	6.55	6.64
Banking And PSU Funds	1.92	11.00	16.54	6.25	5.90	4.73	5.02	4.70	6.84	6.80
Corporate Bond Funds	2.50	11.05	17.32	6.41	6.03	4.77	4.99	4.77	7.05	6.96
Medium Duration Funds	-4.94	12.68	18.17	6.95	6.37	5.51	5.56	5.44	7.42	7.16
Short Duration Funds	0.75	10.27	15.73	6.21	5.91	4.82	4.98	4.84	6.93	6.81
Medium To Long Duration Funds	-6.56	20.64	21.23	7.25	5.59	4.13	3.90	3.17	5.69	5.99
Long Duration Funds	-13.23	36.76	28.16	7.60	4.92	2.53	2.22	1.59	4.19	5.65
Dynamic Bond Funds	-8.64	18.33	18.81	6.67	5.45	4.12	3.95	3.27	5.76	6.23
Credit Risk Funds	0.82	10.76	14.89	8.69	10.49	8.99	8.20	7.76	9.41	8.86
Gilt Funds / Gilt Funds with 10 year constant duration	-22.93	27.30	24.05	7.26	4.85	3.37	2.81	2.16	5.15	5.91
Conservative Hybrid Funds	-16.35	33.59	18.74	4.85	6.97	1.84	2.43	3.10	5.18	7.76
Index Funds	-6.32	12.93	12.75	6.39	5.59	5.32	5.49	5.14	7.24	7.13
Arbitrage Funds	21.98	9.36	5.23	5.02	5.34	5.83	5.93	5.71	6.22	6.71

* 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	25.23	5.64	3.56	2.72	5.92	6.36
Dynamic Bond Fund	18.59	6.78	5.33	4.31	6.51	6.79
Gilt Funds & Gilt Funds with 10 year constant duration	22.10	5.82	4.47	3.19	6.16	6.58
Short Duration / Medium Duration	17.01	6.21	5.11	5.33	7.27	7.21
Banking and PSU Funds	15.92	6.03	5.09	5.27	7.11	7.04
Corporate Bond Funds	17.08	5.86	4.98	5.16	7.34	7.28
Ultra Short Duration Funds /Low Duration / Floater Funds	9.15	6.46	5.94	6.11	7.08	7.17
Money Market Funds	8.67	6.37	6.00	6.07	7.12	7.23
Liquid Funds & Overnight Funds	7.36	7.17	6.59	6.25	6.73	6.91
Arbitrage Funds	5.62	5.62	6.10	5.95	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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