

**Domestic Equity Market Update**

- Indian equities ended the week on a mixed note, with the large cap-oriented BSE Sensex ending higher by 0.39% & Nifty 50 ending higher by 0.18% WoW, respectively. The BSE Midcap index ended lower by 0.70% and the BSE Small cap index ended lower by 0.24%.
- On the BSE sectoral front, indices ended on a mixed note. Auto, Healthcare and Bank Index, were the biggest outperformers.
- Domestic equity markets ended the week on a mixed note supported by easing geopolitical tensions and increasing optimism surrounding a potential US-India bilateral trade agreement. Markets were supported by a decline in global crude oil prices, as signs emerged that tankers stranded in the Gulf since the onset of the Iran conflict were beginning to transit through the Strait of Hormuz.

Global Market Updates

- US equity markets ended the week on a mixed note on back of concerns for the outlook of AI trade that led to initial weakness in tech stocks. Furthermore, markets declined as investors assessed emerging risks in artificial intelligence pricing dynamics and shifting industry strategies, while broader uncertainty kept risk appetite subdued.
- European equity ended the week on mixed note. Markets rose as improving sentiment around potential progress in US-Iran negotiations and softer oil prices helped ease inflation concerns. However, gains were limited as AI rally momentum waned amid challenging macroeconomic conditions.
- Brent oil futures fell from 81.00 USD/bbl to 72.99 USD/bbl as optimism grew over the resumption of oil flows from the Arab region. Prices also fell amid indications that more tankers stranded in the Gulf since the start of the Iran conflict were beginning to move through the Strait of Hormuz.

Macro Data & Domestic News Released During the Week

- According to S&P Global Ratings, energy stress, a sub-par monsoon, and slowing global growth will pull down India's GDP growth to 6.6% YoY in FY27. The Indian economy recorded 7.7% YoY in FY26 and 7.1% YoY in FY25. The growth projection is in line with the RBI's estimate.
- According to the Ministry of Statistics and Programme Implementation (MoSPI), the first-ever monthly Index of Services Production (ISP), measuring the output of India's services industry, will be released on July 14, 2026. It is conceived as the services-sector counterpart to the long-standing Index of Industrial Production (IIP).
- According to Crisil Ratings, domestic gold-loan lenders are well protected against a potential correction in gold prices despite the higher regulatory Loan-To-Value (LTV) limit of 85% for loans below Rs 5,00,000.
- According to S&P Global, the HSBC Flash India Composite Purchasing Managers' Index (PMI) Output Index fell to 57.4 in June 2026 from 59.3 in May 2026. Manufacturing PMI fell to 54.5 in June 2026 from 55 in May 2026, while the Services PMI declined to a 17-month low of 57.3 from 59.8 during this period.
- According to the Crisil report, the composition of bank deposits has undergone a shift from FY19 to FY26, with the share of the non-household segment, including financial corporations and non-financial corporations, rising to 26.3% in FY26 from 20.5% in FY19.
- As per data from the Ministry of Commerce and Industry, growth in India's Eight Core Sectors slowed to a seven-month low of 0.5% YoY in May 2026 from an upwardly revised 1.8% YoY in April 2026, weighed down by sharp contractions in coal and petroleum products.
- According to a report Mercom India Research, India added a record 2.7 GW of rooftop solar capacity in Q4, marking sector's strongest-ever quarterly performance as installations surged 125% YoY.
- As per data from the Petroleum Planning & Analysis Cell (PPAC), India's crude oil import bill rose 81.5% YoY in May 2026 to USD 18.7 bn as the West Asia crisis resulted in elevated energy prices.

Outlook

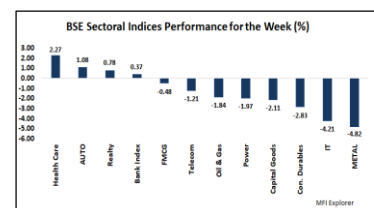
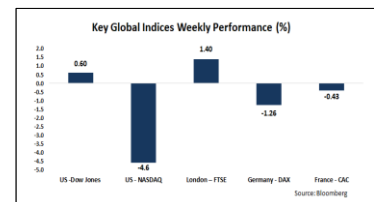
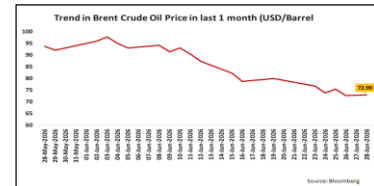
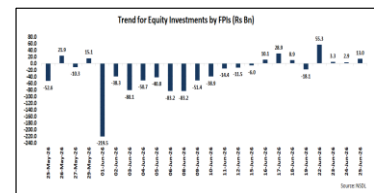
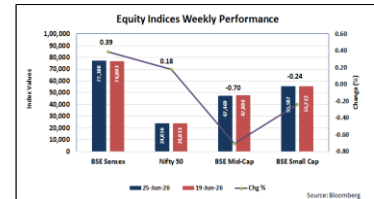
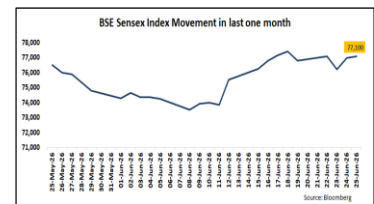
Going forward, the Indian equity market is likely to be supported by driven by any moves around the final details pertaining to India-US trade deal, Declining crude oil prices, Forex inflows led by FCNR-B and ECB concessions by the RBI. Though spatial distribution of monsoons, rising concerns over AI-led 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 Q1FY27 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 US and Iran have agreed to halt recent hostilities and the traffic through Strait Hormuz is increasing, but the situations remain volatile because both sides have continued to accuse each other of violating the peace agreement.

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.

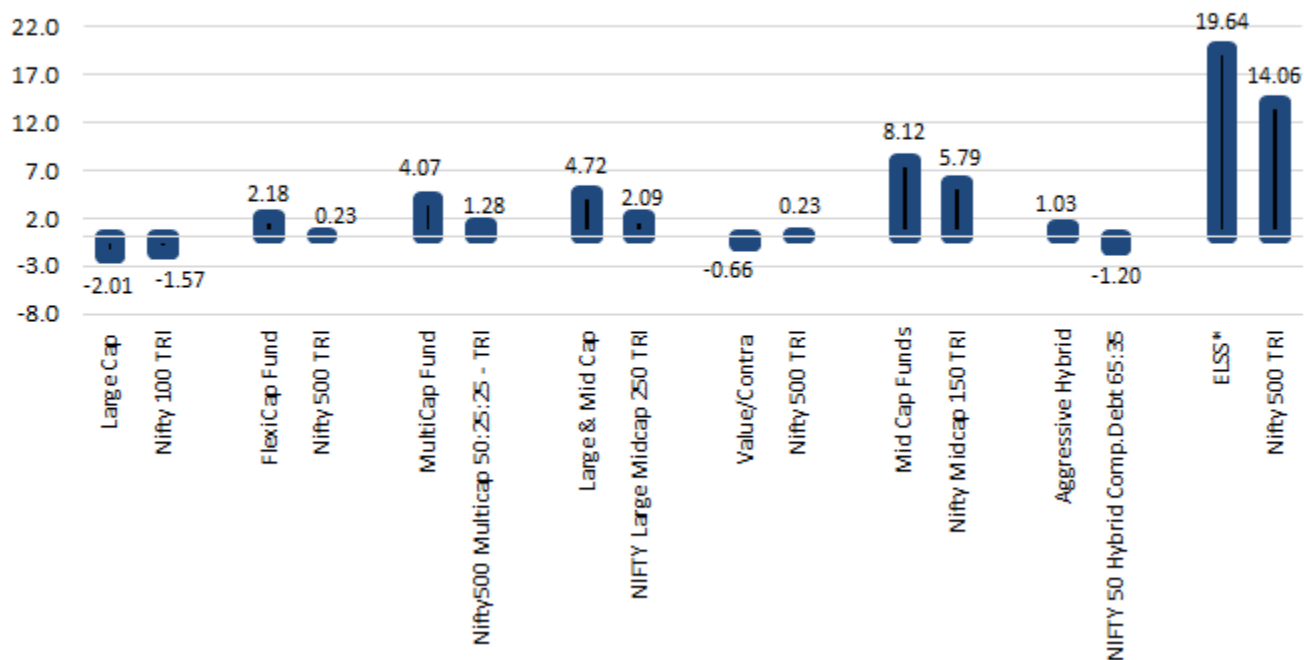
As signs of cessation of the West Asia war have emerged, energy prices seem to be cooling off sharply. The OPEC too has announced production hikes, which could ease oil prices once the Hormuz traffic normalises. Additionally, a better-than-expected US-India trade deal could also act as a tailwind. Thus, 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	1.15	-5.25	-2.01	2.44	13.57	12.80
Flexi Cap Funds	2.44	-1.84	2.18	4.87	16.22	14.72
Multi Cap Funds	2.10	1.34	4.07	4.34	19.67	19.26
Large & Mid Cap Funds	2.62	1.54	4.72	6.23	20.30	16.32
Mid Cap Funds	2.73	3.67	8.12	10.05	23.25	20.22
Small Cap Funds	3.43	5.12	4.67	6.77	20.49	18.34
Value/Contra Funds	0.16	-4.28	-0.66	2.38	17.24	16.58
Focused Funds	1.16	-2.18	3.16	5.69	17.46	15.67
Aggressive Hybrid Funds	1.23	-1.99	1.03	5.36	13.89	12.44
Dynamic Asset Allocation Funds	1.32	-1.35	2.39	5.13	12.58	11.92
Equity Linked Saving Schemes	2.46	2.11	2.63	5.12	19.64	15.54
Business Cycle Funds	3.69	1.32	4.06	6.19	16.15	--
Nifty 50 TRI	0.42	-7.43	-3.51	1.87	10.08	9.97
Nifty 500 TRI	1.01	-2.63	0.23	2.61	14.06	12.41
NIFTY Large Midcap 250 TRI	0.52	-1.40	2.09	3.65	16.38	14.51
Nifty Infrastructure TRI	0.14	-0.95	3.69	4.02	19.98	17.87

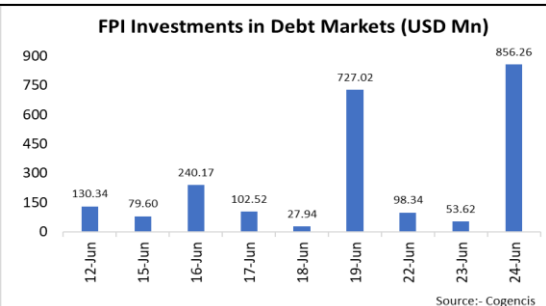
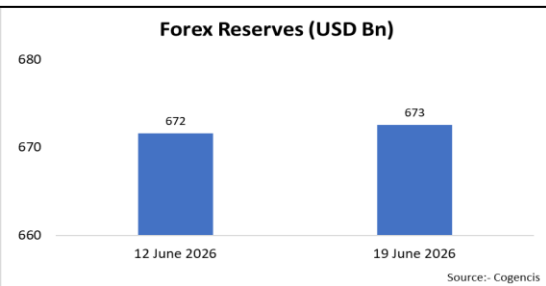
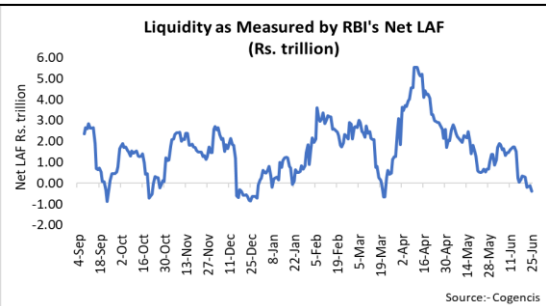
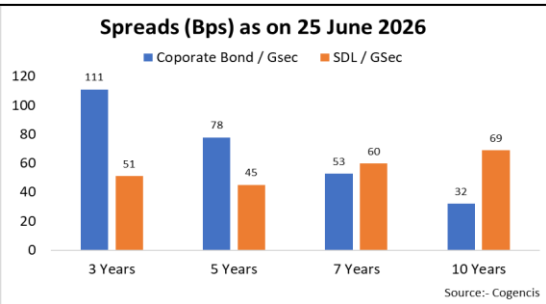
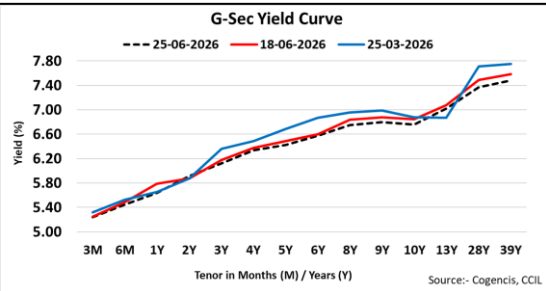
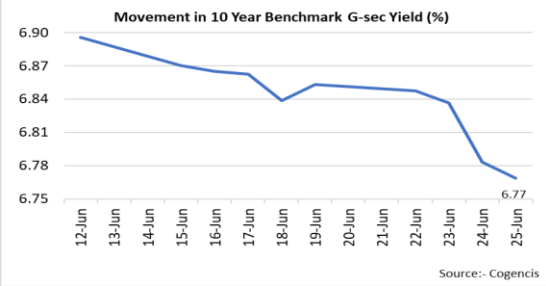
Note: Data as on June 25, 2026. Returns less than 1 year are in absolute % terms, whereas returns above 1 year are in CAGR terms.
Data has been sourced from ACE MF.

Weekly Overview - Fixed Income Markets & Mutual Funds for week ended June 25, 2026

- Domestic G-Sec prices closed the week ended 25th 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 6.77% as against its previous weekly close of 6.85% on 19th June 2026.
- In case of AAA rated corporate bonds, yields up to the one-year segment were mixed in the range of (-) 40 bps to 23 bps on a WoW basis. In case of the greater than one-year segment yields fell by up to 17 bps on a WoW basis.
- Movement in G-sec yields :-**
 - Indian G-sec yields declined as crude oil prices continued to ease, reflecting reduced market anxiety over the US–Iran conflict as peace talks progressed. Gains were further supported after the RBI Governor said it was “premature” to discuss rate hikes, noting that the central bank would first assess the second-round impact of rising crude oil prices on broader inflation before making any rate decisions.
 - The total Government bond supply for the week stood at Rs 459 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 in this week’s auction. The SDLs’ auction was to the tune of Rs 179 bn and the maturities were in the range of 9-23 years. The average cut off yield for 10-year SDLs for the week came in at 7.57% compared to 7.66% in the previous week. The G-secs’ auction was for the following: 6.68% GS 2040 & 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 deficit of ~Rs 211 billion during the week as against a daily average surplus of ~Rs 468 bn during the previous week.
- Macro Data released during the week :-**
 - As per the RBI Bulletin, the central bank net sold USD 8.94 bn in April 2026, against a net sale of USD 9.76 bn in March 2026, as the INR remained under pressure amid geopolitical tensions and foreign outflows. The RBI bought USD 16.23 bn and sold USD 25.17 bn during the month as the Rupee depreciated 0.11% MoM.
 - As per RBI, Net Foreign Direct Investment (FDI) into India jumped more than fourfold to USD 6.58 bn in April 2026, driven by a surge in equity inflows and lower repatriation by foreign investors. Gross FDI inflows grew 65% YoY to USD 15.29 bn in April 2026. Net FDI stood at USD 917 mn in March 2026.
 - As per RBI data, India’s forex reserves increased by USD 963 mn to USD 672.59 bn during the week ended June 19, 2026. Foreign Currency Assets decreased by USD 3.07 bn to USD 541.22 bn. However, the value of gold reserves increased by USD 4.11 bn to USD 107.93 bn during the week.
- Other macro-economic news :-**
 - According to S&P Global Ratings, energy stress, a sub-par monsoon, and slowing global growth will pull down India’s GDP growth to 6.6% YoY in FY27. The growth projection is in line with the RBI’s estimate.
 - As per minutes of the RBI’s Monetary Policy Committee (MPC) meeting, most members of the MPC flagged the need for close monitoring of inflation becoming generalised while highlighting uncertainty surrounding both inflation and growth prospects due to the West Asia conflict.
 - According to the RBI Governor, most measures required for India’s inclusion in global bond indices had already been completed, while some investor-friendly steps aimed at easing investments were either being implemented or would be rolled out in the coming weeks.
- Global Updates :-**
 - Forecasters expect the US Personal Consumption Expenditures Price Index to show acceleration on both a MoM and YoY basis in May 2026. The latest update to the US Fed’s favorite inflation gauge is unlikely to challenge a growing consensus at the US central bank around the need for interest-rate hikes this year.
 - According to the US Energy Information Administration, US Crude Oil Inventories decreased by more than 15 mn barrels during the week ending June 19, 2026, reaching 743.3 mn barrels.
 - China left benchmark lending rates unchanged for the 13th consecutive month in June 2026. The one-year Loan Prime Rate (LPR) was kept at 3.00%, while the five-year LPR was unchanged at 3.50%.
- Outlook :-**

The liquidity condition, as measured by RBI’s net LAF, deteriorated, and moved to deficit 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 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 continues to remain a point of 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 which has come off since interim peace deal between US and Iran took place. The spate of measures announced by the RBI in the latest monetary policy 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 progress around interim peace deal between US and Iran, and ease of traffic around the 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 25 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	5.04	5.08	5.06	5.06	5.08	5.05	5.16	5.23	5.77	6.08
Liquid Funds	8.17	6.12	7.24	6.19	7.06	6.42	6.24	6.14	6.62	6.80
Floater Funds	47.42	16.26	17.10	8.52	8.41	6.14	6.21	5.89	7.43	7.50
Low Duration Funds	33.18	11.31	12.65	6.44	7.23	5.67	5.72	5.78	6.88	6.91
Money Market Funds	27.45	11.64	11.87	6.20	7.42	6.04	6.05	6.06	6.95	7.02
Ultra Short Duration Funds	24.88	9.65	10.31	6.07	7.22	5.99	5.90	5.89	6.59	6.67
Banking And PSU Funds	57.86	18.17	19.56	8.99	8.65	5.14	5.29	5.03	6.97	6.92
Corporate Bond Funds	55.25	18.21	20.15	9.17	8.75	5.16	5.27	5.06	7.16	7.07
Medium Duration Funds	54.65	20.53	20.94	10.13	9.33	6.03	5.93	5.77	7.57	7.30
Short Duration Funds	48.92	15.99	18.66	8.57	8.20	5.18	5.23	5.11	7.03	6.91
Medium To Long Duration Funds	86.00	31.75	25.40	12.20	10.56	5.12	4.62	3.71	5.98	6.22
Long Duration Funds	139.45	57.90	34.15	16.17	14.53	4.43	3.79	2.54	4.71	6.15
Dynamic Bond Funds	74.17	28.48	23.10	11.07	9.80	5.00	4.60	3.75	6.00	6.44
Credit Risk Funds	45.32	18.81	17.75	11.10	12.52	9.50	8.54	8.02	9.55	8.96
Gilt Funds / Gilt Funds with 10 year constant duration	106.80	46.33	29.74	14.60	12.39	4.74	4.06	2.95	5.60	6.25
Conservative Hybrid Funds	35.61	14.52	17.20	9.23	11.22	1.95	3.26	2.93	5.22	7.92
Index Funds	21.08	11.43	14.65	7.81	7.34	5.55	5.67	5.34	7.29	7.23
Arbitrage Funds	27.41	10.96	7.83	5.77	5.56	5.88	6.06	5.84	6.24	6.66

* 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	29.63	12.46	4.91	3.43	6.30	6.66
Dynamic Bond Fund	22.51	10.97	6.20	4.83	6.76	6.99
Gilt Funds & Gilt Funds with 10 year constant duration	26.42	11.77	5.65	3.82	6.52	6.84
Short Duration / Medium Duration	19.90	8.66	5.53	5.60	7.38	7.31
Banking and PSU Funds	18.85	8.71	5.49	5.55	7.21	7.14
Corporate Bond Funds	19.68	8.88	5.43	5.42	7.48	7.39
Ultra Short Duration Funds /Low Duration / Floater Funds	11.97	7.48	6.16	6.21	7.13	7.20
Money Market Funds	12.21	7.57	6.20	6.21	7.17	7.27
Liquid Funds & Overnight Funds	7.56	7.31	6.60	6.27	6.73	6.90
Arbitrage Funds	8.12	5.87	6.09	6.08	6.49	6.92

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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