



Domestic Equity Market Update

- Indian equities ended the week on a mixed note, with the large cap-oriented BSE Sensex ending lower by 0.71% & Nifty 50 ending lower by 0.77% WoW, respectively. The BSE Midcap index ended lower by 1.14% and the BSE Small cap index ended higher by 0.68%.
- On the BSE sectoral front, indices ended on a mixed note. Power, Realty and FMCG, were the biggest underperformers.
- Domestic equity markets ended the week on a mixed note as caution around the RBI policy and its downward revision in growth forecast weighed on sentiment. Further losses were seen due to persistent foreign fund outflows, volatile oil prices and profit-booking. Small cap as space saw some buying on back of better earnings growth delivery.

Global Market Updates

- US equity markets ended the week on a negative note amid escalating tensions between the US and Iran. Sharp declines in a semiconductor-sector stock and a cybersecurity-sector stock, following weaker outlooks, further weighed on sentiment after a prolonged recent rally. Additionally, the market weakened due to a failure to raise its AI chip outlook.
- European equity mostly declined as investors assessed proposed US tariffs on multiple countries. The cautious mood was reinforced by escalating tensions in the Middle East.
- Brent oil futures rose from 92.05 USD/bbl to 95.46 USD/bbl rising geopolitical tensions and concerns over a potential blockade of the Strait of Hormuz.

Macro Data & Domestic News Released During the Week

- As per RBI data, bank credit growth remained resilient despite prevailing geopolitical uncertainties, with loans expanding faster than deposits. Bank credit rose 16.2% YoY to Rs 211.87 trillion and deposits grew 12.2% YoY to Rs 256.88 trillion in the fortnight ended May 15, 2026.
- According to Gartner Inc, end-user spending on public cloud services in India is forecast to grow 28.1% YoY to total USD 17.5 bn in 2026, up from USD 13.7 bn in 2025.
- The Organisation for Economic Co-operation and Development (OECD) raised its growth forecast for India by 20 bps to 6.3% YoY for FY27.
- As per data compiled by S&P Global, the HSBC India Services Purchasing Managers' Index (PMI) rose to 59.8 in May 2026, up from 58.8 in April 2026.
- The Union Cabinet approved a one-time Price Stabilisation Fund of up to Rs 100 bn to help shield scheduled Indian airlines from sharp fluctuations in Aviation Turbine Fuel (ATF) prices.
- According to Kpler Ltd, India's exports of refined petroleum products fell to about 930,000 barrels per day (bpd) in May 2026, their lowest level since October 2022, as refinery maintenance, changing production priorities and stronger domestic demand curtailed overseas shipments.
- According to the International Financial Services Centres Authority (IFSCA) bulletin, gross premiums underwritten by IFSC Insurance Offices (IIOs) operating in GIFT City quadrupled to USD 648.68 mn in FY26 from USD 162.10 mn in FY25.
- 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, 478 companies have announced their Q4 FY26 earnings thus far. At an aggregate level, Sales, EBITDA and PAT have grown by 11.10%, 10.25% and 31.96% YoY, respectively. Excluding Financials, Sales, EBITDA and PAT have grown by 12.54%, 14.39% and 45.82% YoY respectively.**

Outlook

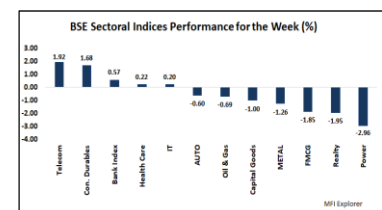
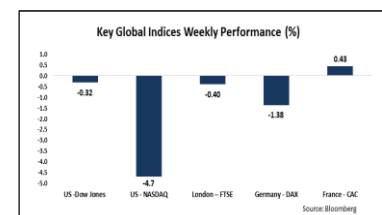
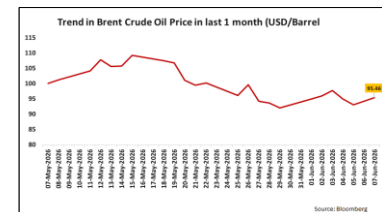
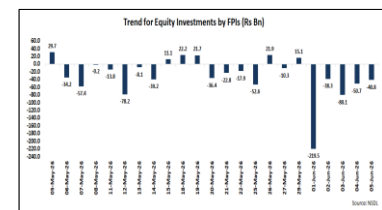
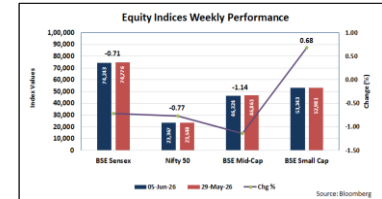
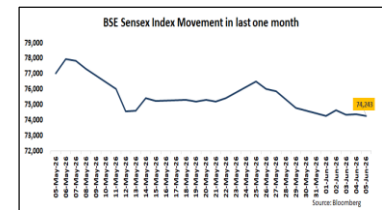
Going forward, the Indian equity market is likely to be driven by any moves around the final details pertaining to India-US trade deal, market reaction to Q4 FY26 earnings season, crude price volatility, weak monsoons, rising concerns over AI-led disruptions, geopolitical tensions, movement in the US 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. India's growth momentum remains strong with GDP growth rate of 7.7% YoY in FY26 and 7.8% YoY in Q4 of FY26 reflecting the inherent strength of our economy, although RBI projection of lower growth and higher inflation indicates fears of slowdown on back of West Asia war.

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 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.

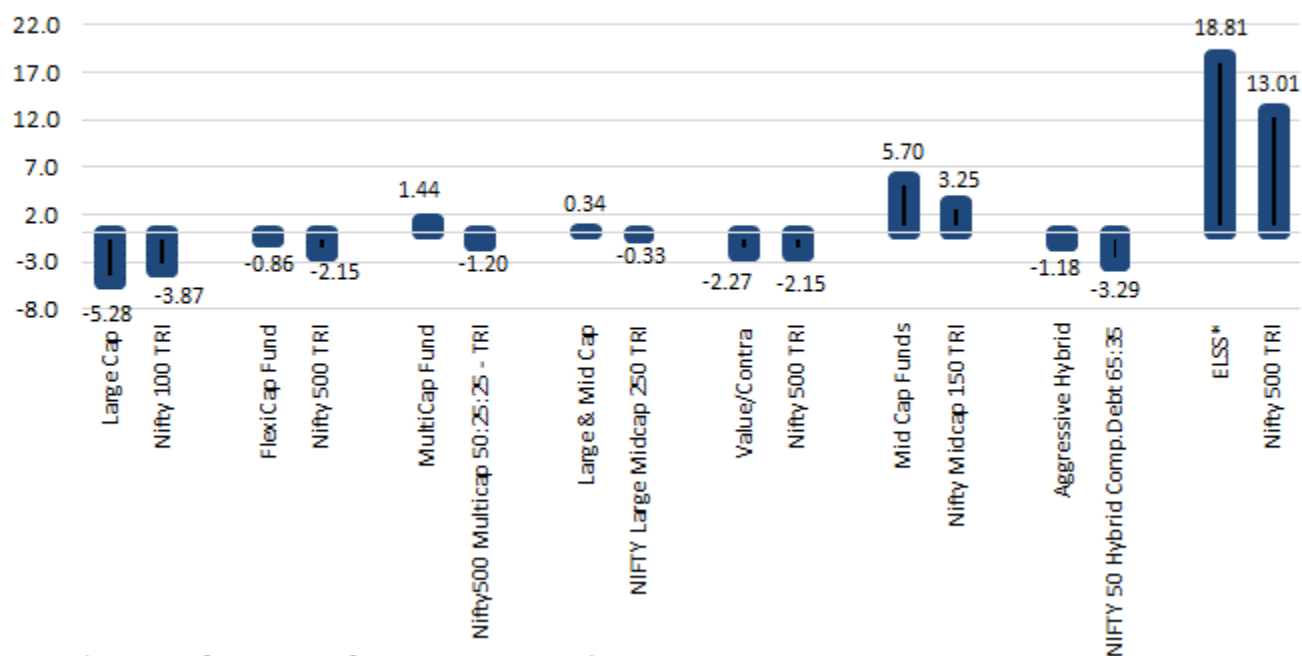
The US-Iran conflict has emerged as the near-term risk to markets which can drive oil prices higher and be a sentiment-negative event. As signs have emerged of containment of the conflict, energy prices are showing signs of cooling off. The OPEC too has announced production hikes, which could ease oil prices once the Hormuz traffic normalises. 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	-3.81	-9.27	-5.28	1.56	12.05	12.12
Flexi Cap Funds	-2.76	-5.98	-0.86	4.64	14.86	13.96
Multi Cap Funds	-2.64	-1.71	1.44	4.82	18.75	18.89
Large & Mid Cap Funds	-3.17	-3.63	0.34	5.85	18.37	16.05
Mid Cap Funds	-1.34	-0.32	5.70	10.88	22.53	19.48
Small Cap Funds	-1.68	2.00	1.85	7.79	19.70	17.93
Value/Contra Funds	-3.76	-6.28	-2.27	2.73	16.45	16.13
Focused Funds	-2.77	-5.15	0.95	5.51	16.32	15.24
Aggressive Hybrid Funds	-2.44	-4.75	-1.18	5.20	12.99	12.00
Dynamic Asset Allocation Funds	-2.23	-3.59	0.30	4.63	11.73	11.39
Equity Linked Saving Schemes	-2.37	0.00	-0.48	6.05	18.81	15.27
Business Cycle Funds	-0.03	-1.25	1.64	6.87	15.06	--
Nifty 50 TRI	-3.75	-10.46	-5.59	1.25	8.87	9.48
Nifty 500 TRI	-3.09	-5.46	-2.15	2.52	13.01	11.88
NIFTY Large Midcap 250 TRI	-2.90	-3.96	-0.33	3.95	15.64	14.03
Nifty Infrastructure TRI	-3.26	-3.43	2.02	3.37	19.12	16.50

Note: Data as on June 05, 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 05, 2026

- Domestic G-Sec prices closed the week ended 05th June 2026 on a positive note wherein the yield on the 10-year benchmark, the 6.48% G-Sec 2035 bond, closed 2 bps lower at 6.98% as against its previous weekly close of 7.00% on 29th May 2026.
- In case of AAA rated corporate bonds, yields up to the one-year segment were mixed in the range of (-) 30 bps to 05 bps on a WoW basis. In case of the greater than one-year segment yields fell by up to 18 bps on a WoW basis.

● Movement in G-sec yields :-

- Indian G-sec yields fell, as the RBI kept the policy repo rate unchanged at 5.25% in its June 2026 monetary policy meeting, while sentiment was further supported by measures such as cheaper currency swaps for public-sector companies raising overseas loans and support for banks to cover hedging costs on three- to five-year deposits from non-residents.
- The total Government bond supply for the week stood at Rs 581 bn (SDLs + G-secs). In this, the G-secs' auction was to the tune of Rs 340 bn. The average cut off yield for 10-year G-sec for the week came in at 6.97%. The SDLs' auction was to the tune of Rs 241 bn and the maturities were in the range of 4-31 years. The average cut off yield for 10-year SDLs for the week came in lower at 7.72% compared to 7.79% in the previous week. The G-secs' auction was for the following: 6.94% GS 2036.
- 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 1.49 trillion during the week as against a daily average surplus of ~Rs 719.93 bn during the previous week.

● Macro Data released during the week :-

- The RBI Monetary Policy Committee (MPC) decided to keep the repo rate unchanged at 5.25% and retain the stance at neutral. It raised the Consumer Price Index (CPI) inflation forecast for FY27 to 5.1% YoY from 4.6% YoY and reduced the Real GDP growth forecast to 6.6% YoY from the 6.9% YoY projected earlier.
- The RBI announced a series of measures, including expanding foreign investor access to government securities under the Fully Accessible Route (FAR), easing investment restrictions for Foreign Portfolio Investors (FPIs), enhancing investment limits for Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs), and providing temporary incentives for foreign currency fundraising.
- As per RBI data, India's forex reserves jumped by USD 938 mn to stand at a healthy USD 682.32 bn as of May 29, 2026, adequate to provide import cover for about 11 months. Forex reserves had dropped USD 7.51 bn to USD 681.38 bn during the week ended May 22, 2026.

● Other macro-economic news :-

- As per data from the Ministry of Statistics & Programme Implementation (MoSPI), India's GDP grew at 7.7% YoY during FY26 as compared to 7.1% YoY in FY25. In Q4 FY26, the GDP is estimated to have grown 7.8% YoY. Nominal GDP showed a growth rate of 8.9% YoY in FY26.
- As per RBI data, its outstanding net short Dollar position in the forward market decreased for the first time in six months to USD 95.30 bn at the end of April 2026 from USD 103.06 bn at the end of March 2026.
- According to the Commerce and Industry Ministry, the government will gradually phase out the Wholesale Price Index (WPI) and introduce a detailed Producer Price Index (PPI). The revised series of WPI with new base year 2022-23 will be released on June 15, 2026, replacing the existing series with base year 2011-12.

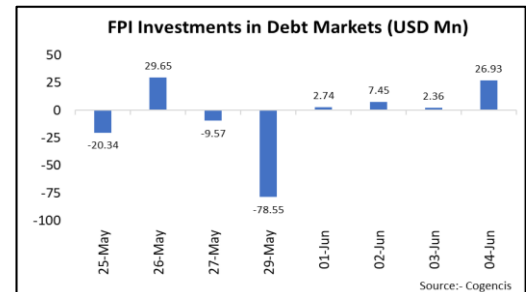
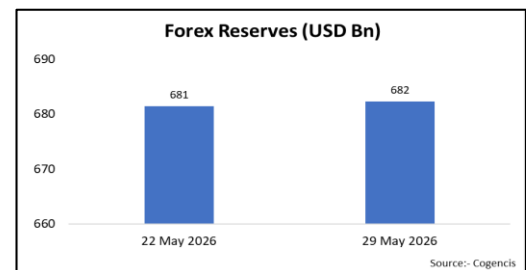
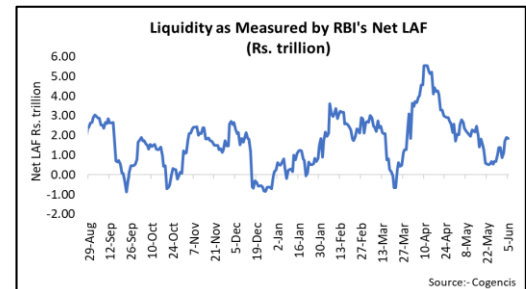
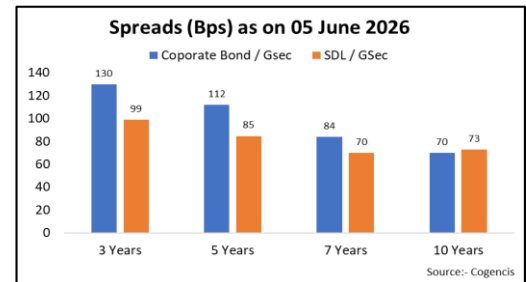
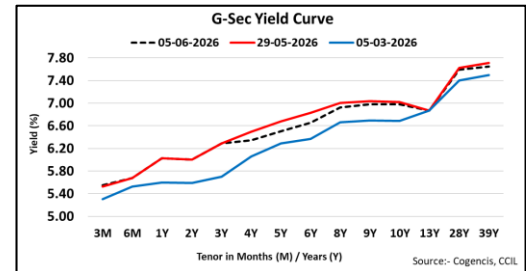
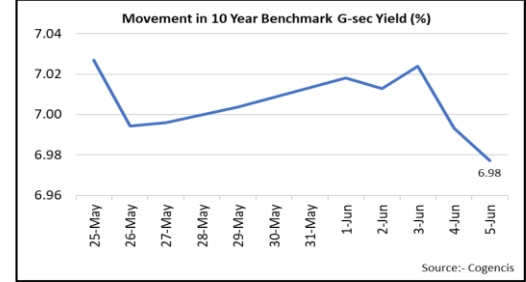
● Global Updates :-

- The US Trade Representative (USTR) has proposed an additional tariff of 12.5% on India and 53 other economies, including China, Vietnam, and the UK, after an investigation concluded that these countries failed to address the import of goods made with forced labour.
- As per data from the US Labor Department, non-farm payroll employment in the US shot up by 172,000 jobs in May 2026 after surging by an upwardly revised 179,000 jobs in April 2026.
- As per flash data from Eurostat, Euro area inflation rose to 3.2% YoY in May 2026 from 3.0% YoY in April 2026, the highest since 2023 as the Middle East conflict continue to push energy prices higher.

● 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 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 3.48% YoY in April 2026, from 3.40% YoY in March 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 same may get partially offset by a positive Indian Ocean Dipole. The market has been factoring in the possibility of rate hikes going forward. Together, this may result in a near term spike in bond yields, opening up tactical opportunities. Going forward, the spate of measures announced by the RBI may incentivise capital flows to India, which can arrest the INR's slide and lead to its orderly movement. This in turn will be positive for liquidity in the system.** 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. **In the near term, developments around the geopolitical conflict will continue to remain a key monitorable. If an interim deal fructifies and the Strait of Hormuz opens, it may result in 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 05 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	4.99	5.05	5.07	4.99	5.06	5.05	5.17	5.23	5.81	6.10
Liquid Funds	11.05	7.05	5.94	6.09	6.56	6.20	6.10	6.07	6.60	6.79
Floater Funds	86.59	19.63	4.90	6.58	4.01	4.38	5.33	5.03	7.21	7.28
Low Duration Funds	57.11	15.66	4.16	5.70	4.70	4.65	5.24	5.43	6.75	6.78
Money Market Funds	39.93	13.56	3.94	5.59	5.28	5.26	5.56	5.74	6.81	6.91
Ultra Short Duration Funds	32.23	11.88	4.30	5.59	5.68	5.34	5.54	5.67	6.50	6.59
Banking And PSU Funds	105.44	23.21	6.07	7.05	2.79	2.83	4.30	3.78	6.69	6.58
Corporate Bond Funds	114.16	23.85	6.13	7.42	2.73	2.79	4.28	3.85	6.89	6.73
Medium Duration Funds	102.08	22.06	6.77	8.19	2.84	3.42	4.85	4.37	7.26	6.90
Short Duration Funds	104.24	22.20	5.59	6.86	2.88	3.04	4.34	4.09	6.77	6.61
Medium To Long Duration Funds	114.14	20.22	6.02	10.14	1.02	1.68	2.81	1.27	5.51	5.61
Long Duration Funds	179.57	22.66	6.16	17.18	-1.47	0.29	1.00	-1.93	4.22	5.10
Dynamic Bond Funds	96.95	19.59	5.43	8.99	1.38	1.93	2.99	1.22	5.69	5.93
Credit Risk Funds	82.02	19.48	6.86	12.79	8.31	7.67	7.85	7.19	9.36	8.72
Gilt Funds / Gilt Funds with 10 year constant duration	117.69	19.45	6.47	13.60	-0.73	0.95	1.59	-0.55	5.00	5.52
Conservative Hybrid Funds	74.81	7.26	-0.64	12.15	-1.02	-1.18	1.77	1.38	5.47	7.47
Index Funds	57.81	13.30	5.03	7.18	3.03	4.03	5.02	4.41	7.14	6.90
Arbitrage Funds	21.32	18.33	3.97	4.14	4.70	5.47	5.54	5.60	6.10	6.65

* 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	7.80	-0.14	1.50	0.58	5.70	5.94
Dynamic Bond Fund	5.92	3.43	3.35	2.48	6.48	6.48
Gilt Funds & Gilt Funds with 10 year constant duration	5.85	0.95	2.44	1.13	5.93	6.24
Short Duration / Medium Duration	5.65	3.01	3.32	4.55	7.09	7.00
Banking and PSU Funds	5.91	3.25	3.44	4.45	6.96	6.84
Corporate Bond Funds	5.90	2.79	3.23	4.28	7.20	7.09
Ultra Short Duration Funds / Low Duration / Floater Funds	4.39	5.40	5.30	5.95	7.01	7.10
Money Market Funds	4.02	5.35	5.42	5.89	7.04	7.16
Liquid Funds & Overnight Funds	6.03	6.73	6.35	6.17	6.70	6.88
Arbitrage Funds	4.17	4.99	5.70	5.85	6.36	6.91

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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