
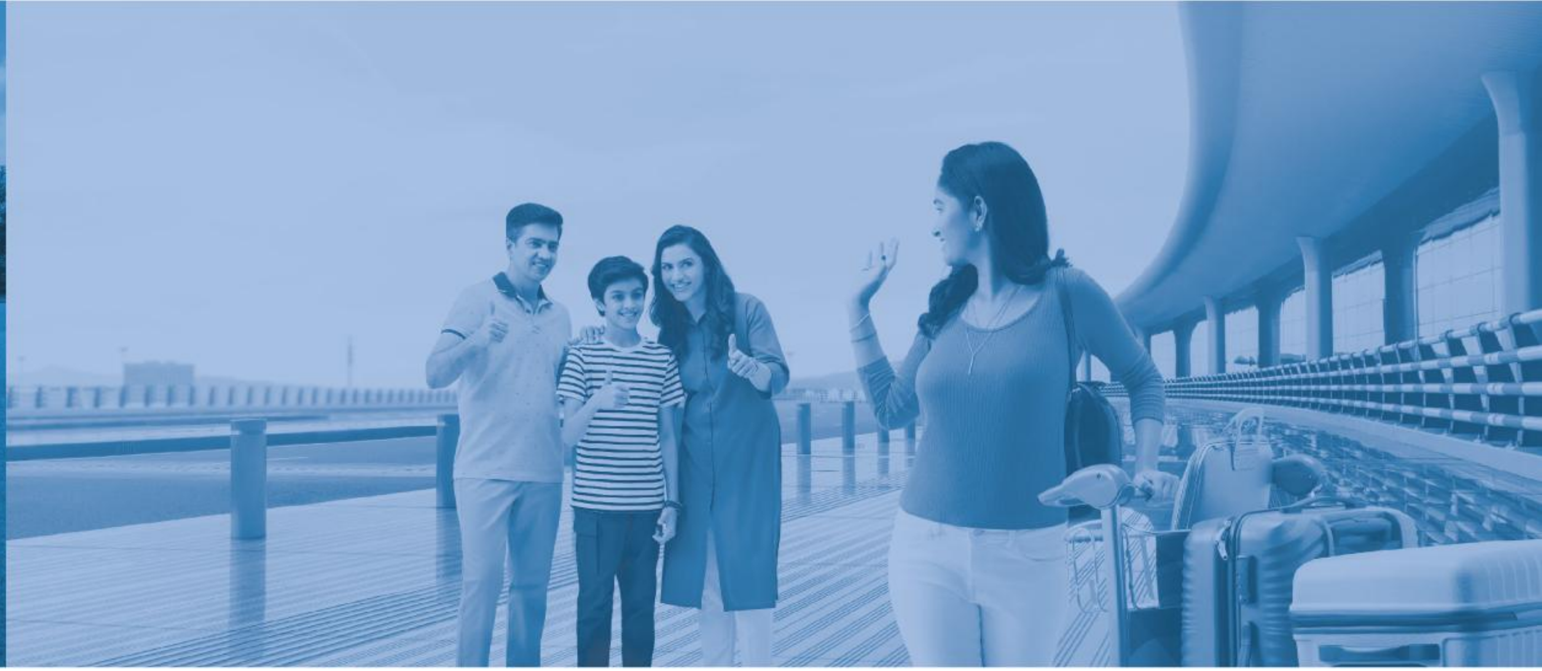

Investment : Market Insights

July 2026

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Key Themes Covered

Middle East Conflict Remerges

Global Macro Update

Domestic Macro Update

Healthy Domestic Flows

Earnings & Valuations

Positive Equity Outlook

Proven Track Record; ULIPs in Focus

Impact of Middle East Conflict Continues

Renewed West Asia Tensions impacts Strait of Hormuz Traffic Again

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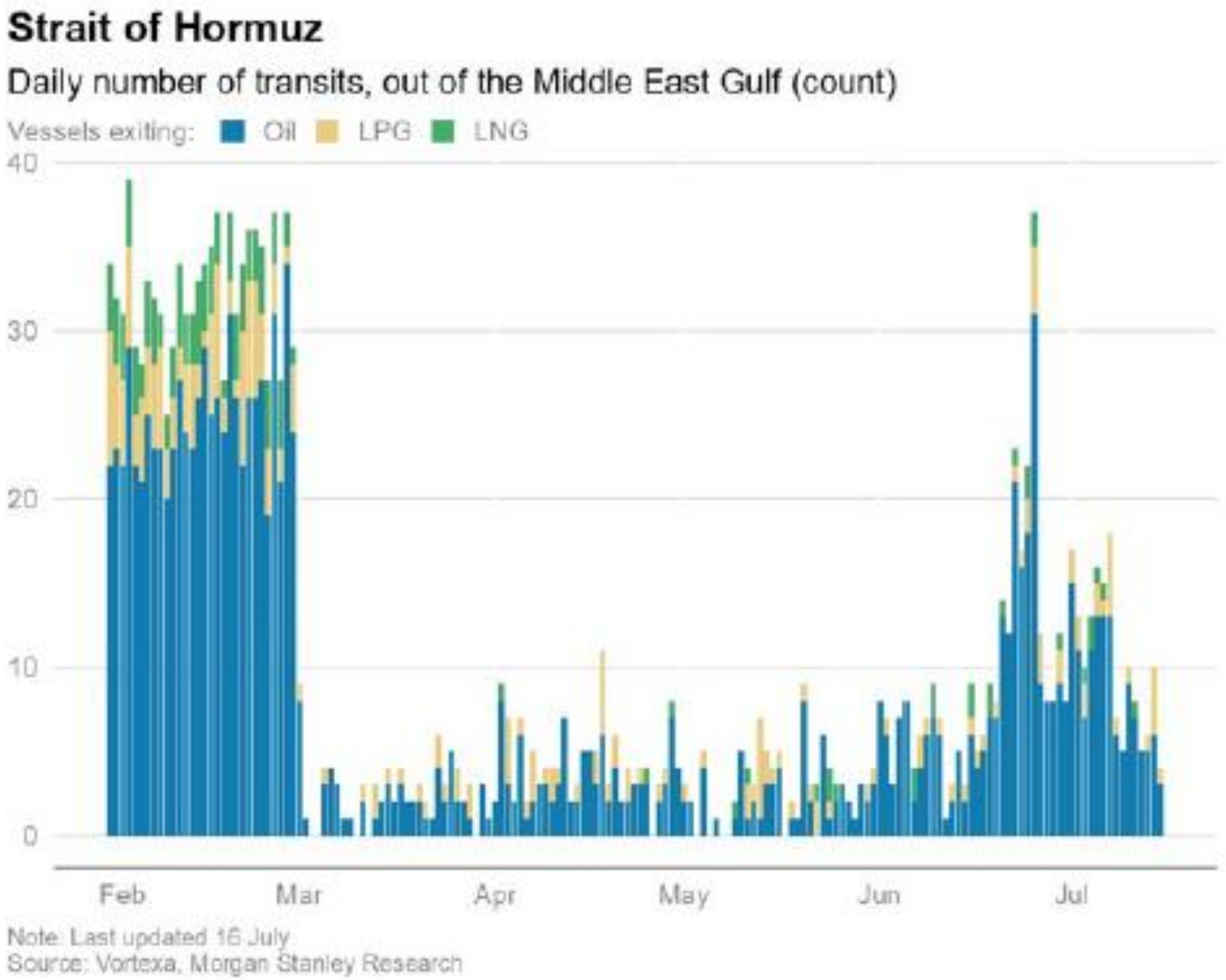


Number of vessels leaving MEG via the Strait of Hormuz

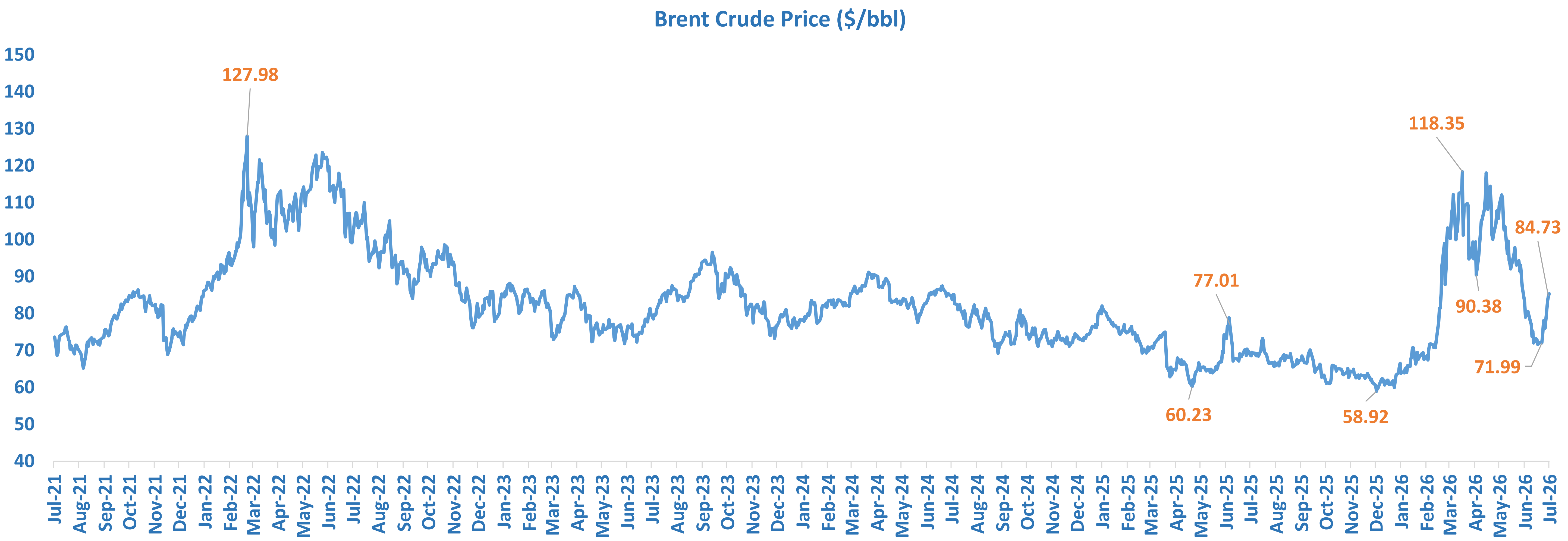
By vessel type; latest value as per 16 Jul 2026

Date	Oil	LPG	LNG	Total
15 Jul	3	1	0	**4**
14 Jul	6	4	0	**10**
13 Jul	5	1	0	**6**
12 Jul	5	0	0	**5**
11 Jul	7	0	1	**8**
10 Jul	9	1	0	**10**
09 Jul	5	0	0	**5**
08 Jul	6	1	0	**7**
07 Jul	13	5	0	**18**
06 Jul	13	1	1	**15**

Source: Vortexa, Morgan Stanley Research

- Renewed geopolitical tensions led to a moderation in vessel traffic through the Strait of Hormuz, highlighting potential risks to global oil and gas supply chains.

Crude Oil prices stay elevated due to supply disruptions



Source: Bloomberg I As on 15th July 2026

- Crude has been highly volatile and remained high, driven by West Asia conflict which triggered supply disruption.

War scenarios

Scenario analysis for FY2027 depending on the extent of the West Asia crisis

	Pre-war scenario	Base scenario	Adverse scenario
Average crude oil price (US$/bbl)	**65**	**85**	**105**
CAD/GDP (%)	**1.0**	**1.5**	**2.4**
		Assuming weak exports growth and steady non-oil imports	Assuming weak exports growth and steady non-oil imports
BOP (US$ bn)	**7**	**38**	**2**
		Assuming capital inflows through ECB flows, FCNR(B) deposits, partial impact of inclusion of Indian GSecs in Bloomberg Global Aggregate Index	Assuming capital inflows through ECB flows, FCNR(B) deposits, partial impact of inclusion of Indian GSecs in Bloomberg Global Aggregate Index
USD-INR (Range, #)	**89-92 (average 91)**	**92.5-97 (average 95.1)**	**92.5-98 (average 96.8)**
		Managing goods trade deficit with invisibles; benefits from FX measures	Widening goods trade deficit; FPI outflows ; benefits from FX measures
Center's GFD/GDP (%)	**4.3**	**4.3**	**4.6**
		Marginally higher subsidies/some rollback of excise duty hikes	Higher subsidies/lower excise duties/lower tax collections
CPI inflation (average, %)	**4.1**	**4.8-5.2**	**5.5-6**
	Minimal change in retail fuel prices	Retail fuel price hike and subsequent reduction; imported inflation; input price pass-through	Retail fuel price hike; imported inflation; input price pass-through; food price spikes
Real GDP growth (%)	**7.0**	**6.5**	**5.5-5.8**
	Minimal impact on growth	Input price pressures, investment uncertainty	Global growth slowdown, input price pressures, investment uncertainty
Liquidity	**Comfortably in surplus**	**Withdrawing surplus in 2HFY27**	**Tightening from 2QFY27**
Repo rate	**Status quo**	**50 bps of rate hikes from December**	**50-100 bps of rate hikes from October**

Source: Bajaj Life Research I KIE

- India's dependency on Middle east likely to create headwinds in case of prolonged disruption to war-impacted trade routes.

Global Macro Update

Growth outlook steady for now, but new concerns emerging (AI, Job less growth…)

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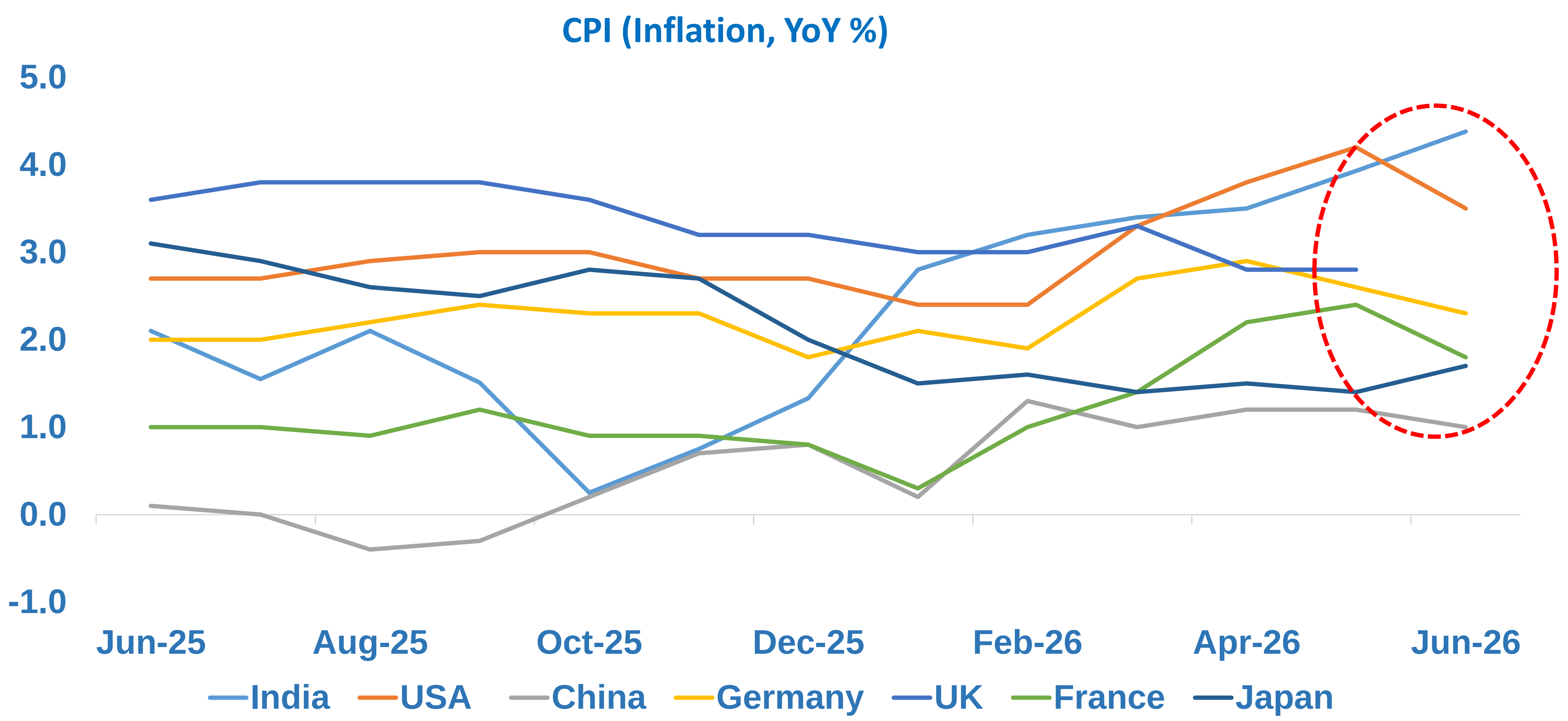
Real GDP growth projections for 2026 and 2027 (YoY%)

			Projections	
	2024	2025	2026	2027
World Output	**3.5**	**3.5**	**3.0**	**3.4**
Advanced Economies	**1.9**	**1.9**	**1.7**	**1.8**
United States	2.8	2.1	2.3	2.2
Euro Area 3/	1.0	1.4	0.9	1.2
Germany	–0.5	0.2	0.7	1.0
France	1.4	0.9	0.6	0.9
Italy	0.8	0.5	0.5	0.5
Spain	3.5	2.8	2.1	1.8
Japan	–0.2	1.1	0.6	0.7
United Kingdom	1.0	1.4	1.0	1.3
Canada	2.0	1.9	1.1	1.7
Other Advanced Economies 4/	2.5	3.0	2.8	2.3
Emerging Market and Developing Economies	**4.5**	**4.5**	**3.8**	**4.5**
Emerging and Developing Asia	5.5	5.6	5.0	4.8
China	5.0	5.0	4.6	4.1
India 5/	7.1	7.7	6.4	6.7
Emerging and Developing Europe	3.8	2.0	1.9	2.1
Russia	4.9	1.0	1.1	1.1
Latin America and the Caribbean	2.4	2.4	2.4	2.7
Brazil	3.4	2.3	2.4	2.2
Mexico	1.5	0.5	1.2	1.9
Middle East and Central Asia	3.1	3.7	0.7	6.5
Saudi Arabia	2.6	4.6	1.7	5.5
Sub-Saharan Africa	4.2	4.5	4.3	4.5
Nigeria	4.1	4.0	4.1	4.3
South Africa	0.5	1.1	1.1	1.3

- The global growth is expected at 3% & 3.4% in 2026 & 2027, respectively.
- Growth in advanced economies is projected to be **1.7% in 2026 and 1.8% in 2027.** In the United States, the economy is projected at 2.3% & 2.2% in CY26 & CY27, respectively.
- China's is expected to register 4.6% & 4% in CY26 & CY27, respectively.
- **Despite uncertain economic environment, India is projected to remain the fastest growing economy among peers, 6.4%% & 6.7% real GDP growth is anticipated for FY26 & FY27, respectively.**

Source: IMF, World Economic Outlook Projections, July 2026 I For India fiscal years are considered.

Globally Inflation Shows Signs of Moderation Amid Diverging Trends



Source: Bloomberg

- Globally inflation trends have become increasingly divergent, with price pressures moderating across most major economies while remaining elevated in select markets, reflecting differing domestic demand conditions and policy dynamics.

Global Monetary Policy Becomes Increasingly Divergent

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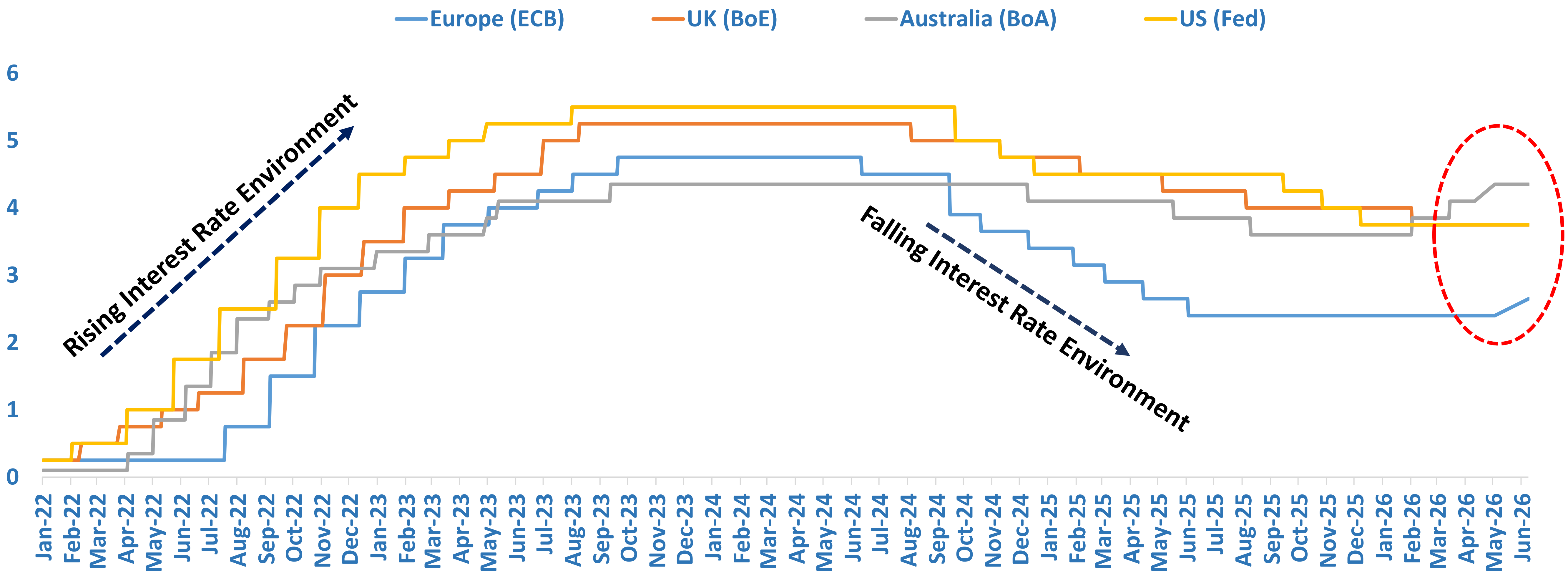
Major Central Banks Intrest Rates Trend



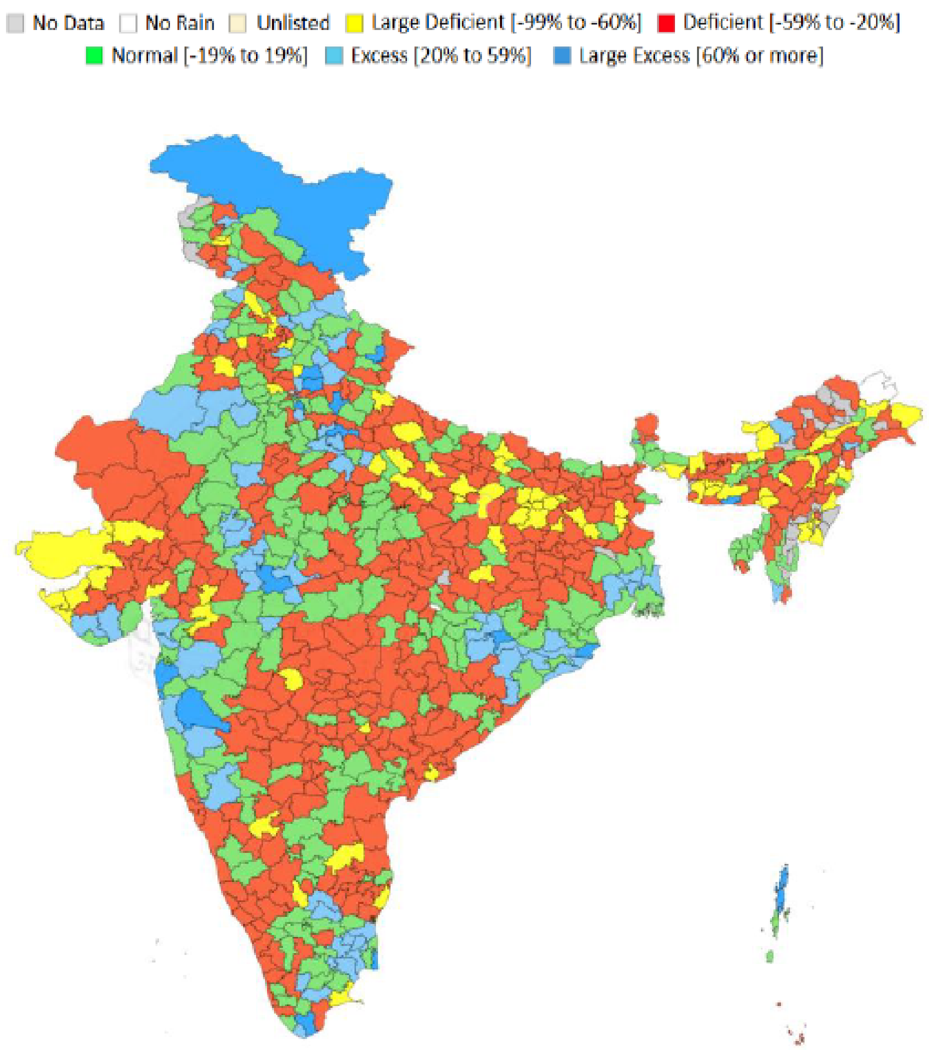
Source: Bloomberg

- While several major central banks have eased policy over the past year, recent rate hikes by the ECB and BOA highlight that monetary policy is becoming increasingly divergent as inflation and growth dynamics evolve differently across economies.

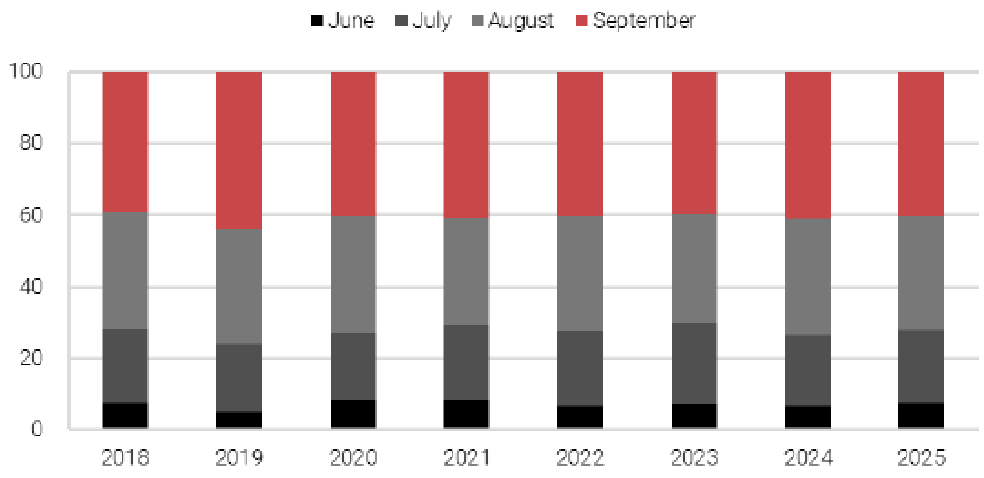
Domestic Macro Update

Monsoon remains deficient, July-August key for sowing, Kharif sowing impacted

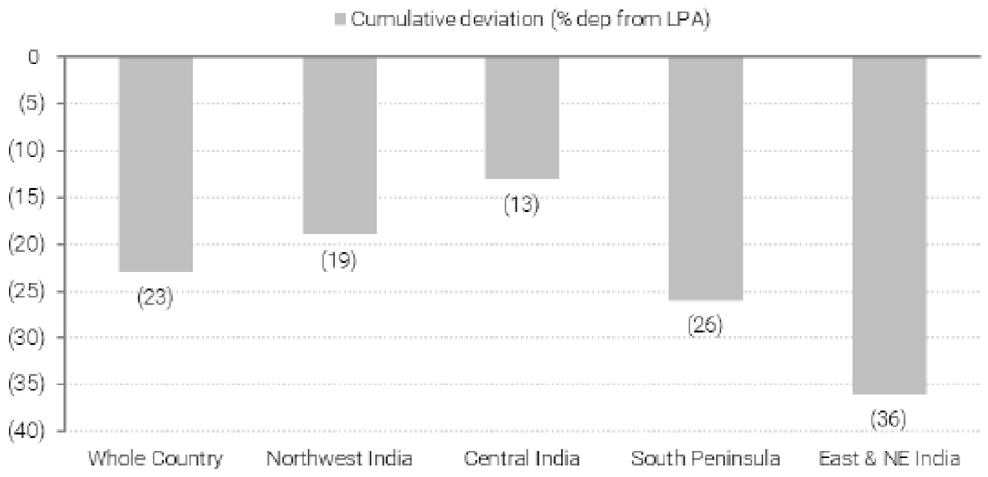
District-wise cumulative rainfall deviation (%)



Month wise distribution of monsoon in India (%)



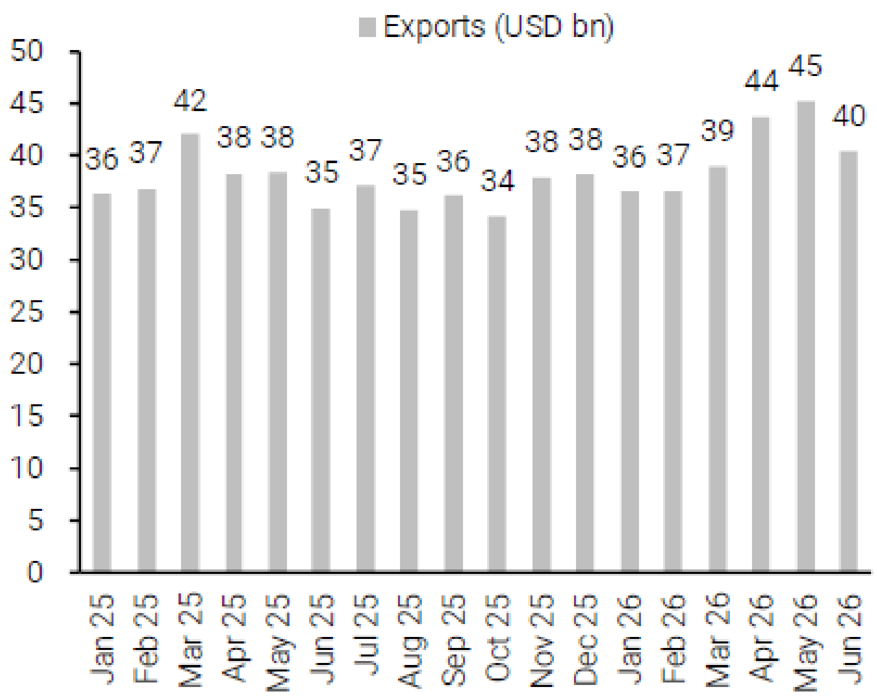
Zonal cumulative rainfall deviation in June (%)

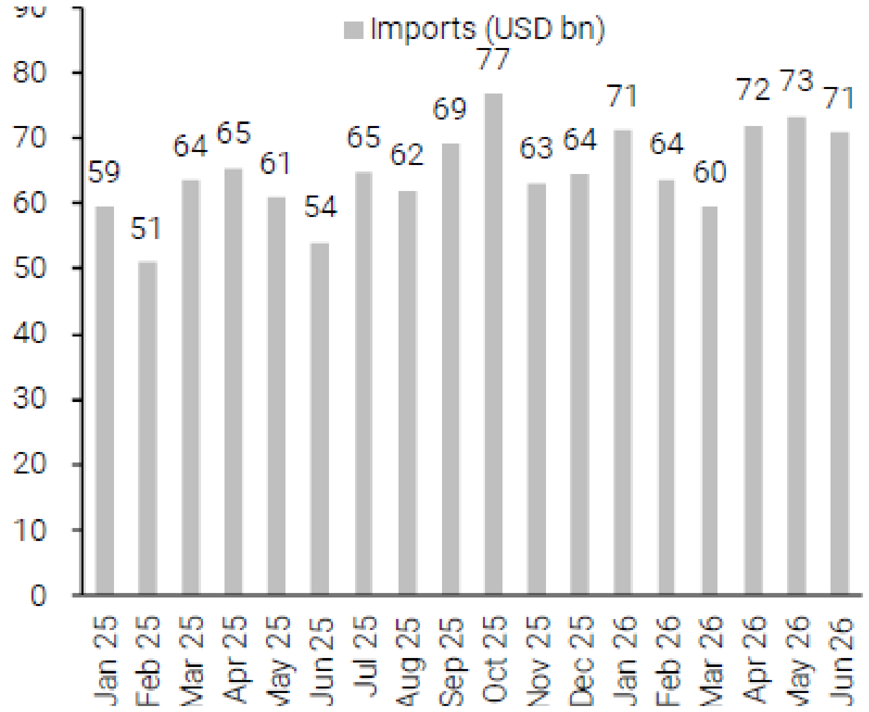


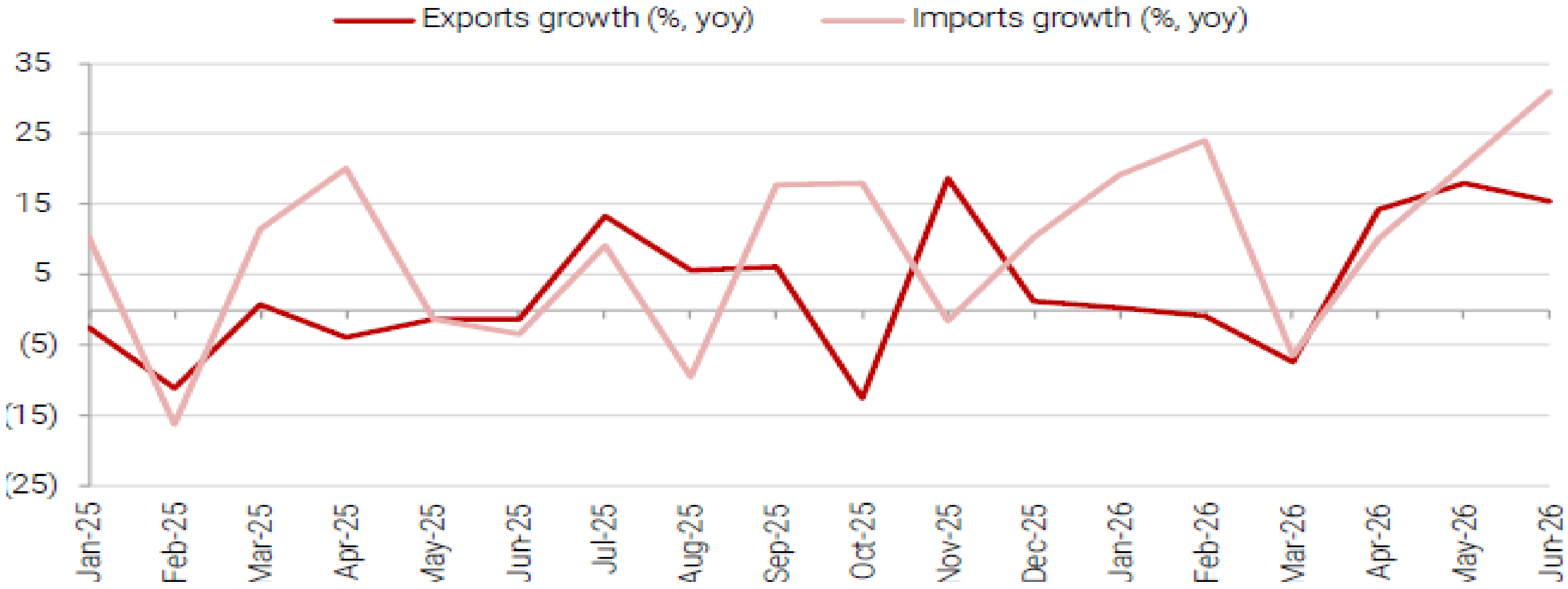
Source :- IMD I **Kotak Institutional Equities**

- Till July 10, cumulative rainfall was 15% below long-term average while weekly rainfall was 33% above long-term average. On a cumulative basis, rainfall was deficient in north east, south and west India while it was normal in central India.

Current Account Deficit (CAD) Trade Deficit Widens







Source: RBI, Kotak Institutional Equities

- The June trade deficit widened to US$30.4 bn, driven by higher non-oil, non-gold imports. Sequentially, while oil exports dragged overall exports, imports were lower primarily because of subdued gold and oil imports. However, growth from June last year was overall robust.
- 1QFY27 imports from Russia, China, the US, Saudi Arabia and Oman remained firm compared to 1QFY26.
- While imports from the UAE contracted as disruptions from West Asia continue .
- Meanwhile, as exports to the US remain steady, imports have been on a rise, narrowing the 1QFY27 trade surplus with the US to US$8.8 bn (1QFY26: US$12 bn).

India's Balance of Payments

	2019	2020	2021	2022	2023	2024	2025	2026	2027E		
									Oil@75	Oil@85	Oil@95
Current account balance	**(57.3)**	**(24.7)**	**23.9**	**(38.8)**	**(67.1)**	**(26.1)**	**(23.1)**	**(25.4)**	**(43.1)**	**(61.4)**	**(79.7)**
GDP	2,705	2,835	2,674	3,167	3,248	3,501	3,762	3,922	4,138	4,111	4,052
CAB/GDP (%)	**(2.1)**	**(0.9)**	**0.9**	**(1.2)**	**(2.1)**	**(0.7)**	**(0.6)**	**(0.6)**	**(1.0)**	**(1.5)**	**(2.0)**
Trade balance	(180)	(158)	(102)	(189)	(265)	(245)	(287)	(337)	(370)	(389)	(407)
Trade balance/GDP (%)	**(6.7)**	**(5.6)**	**(3.8)**	**(6.0)**	**(8.2)**	**(7.0)**	**(7.6)**	**(8.6)**	**(9.0)**	**(9.5)**	**(10.0)**
- Exports	**337**	**320**	**296**	**429**	**456**	**441**	**442**	**446**	**444**	**450**	**456**
- oil exports	47	41	26	67	97	84	63	54	44	50	56
- non-oil exports	291	279	270	362	359	357	379	392	400	400	400
- Imports	**518**	**478**	**398**	**619**	**721**	**686**	**729**	**783**	**814**	**839**	**863**
- oil imports	141	131	83	162	209	179	186	174	181	205	229
- non-oil imports	377	347	316	457	512	508	543	609	633	633	633
- gold imports	33	28	35	46	35	46	58	70	88	88	88
Invisibles (net)	**123**	**133**	**126**	**151**	**198**	**219**	**264**	**312**	**327**	**327**	**327**
- Services	82	85	89	108	143	163	189	217	238	238	238
- software	78	85	90	110	131	142	160	180	197	197	197
- non-software	4	0.3	(1)	(2)	12	21	29	37	41	41	41
- Transfers	70	75	73	80	101	106	123	144	140	140	140
- Income (net)	(29)	(27)	(36)	(37)	(46)	(50)	(48)	(48)	(51)	(51)	(51)
Capital account	**54**	**83**	**64**	**86**	**59**	**90**	**17**	**2**	**100**	**100**	**100**
Capital account/GDP (%)	2.0	2.9	2.4	2.7	1.8	2.4	0.4	0.0	2.4	2.4	2.5
Foreign investment	30	44	80	22	23	54	5	(9)	—	—	—
- FDI	**31**	**43**	**44**	**39**	**28**	**10**	**1**	**7**	**10**	**10**	**10**
- FPI	**(1)**	**1**	**36**	**(17)**	**(5)**	**44**	**4**	**(16)**	**(10)**	**(10)**	**(10)**
- Equities	**3**	**(0)**	**39**	**(16)**	**(6)**	**25**	**(16)**	**(19)**	**(15)**	**(15)**	**(15)**
- Debt	**(4)**	**1**	**(0)**	**2**	**1**	**19**	**19**	**3**	**5**	**5**	**5**
Banking capital	7	(5)	(21)	7	21	41	(10)	6	60	60	60
- NRI deposits	10	9	7	3	9	15	16	14	50	50	50
Short-term credit	2	(1)	(4)	20	7	(1)	7	14	10	10	10
ECBs	10	23	(0)	8	(4)	(0)	16	11	25	25	25
External assistance	3	4	11	5	6	7	6	3	5	5	5
Other capital account items	1	18	(2)	24	7	(12)	(7)	(22)	—	—	—
E&O	(0)	1	(0)	—	(1)	0	1	(0)	—	—	—
Overall balance	**(3.3)**	**59.5**	**87.3**	**47.5**	**(9.1)**	**63.7**	**(5.0)**	**(23.6)**	**56.9**	**38.6**	**20.3**
Memo items											
Average USD/INR	69.9	70.9	74.2	74.5	80.3	82.8	84.6	88.3	94.5	95.1	96.5
Average Brent (US$/bbl)	70.0	60.9	44.8	80.0	95.4	82.9	78.2	69.0	75.0	85.0	95.0

India's recent macro concerns spanning a widening BOP deficit, persistent INR depreciation bias and rising fiscal pressures are beginning to recede, aided by easing West Asia tensions and targeted FX measures. External headwinds are giving way to domestic challenges of inflation risks that had remained subdued pre-crisis.

Source :- **Kotak Institutional Equities**

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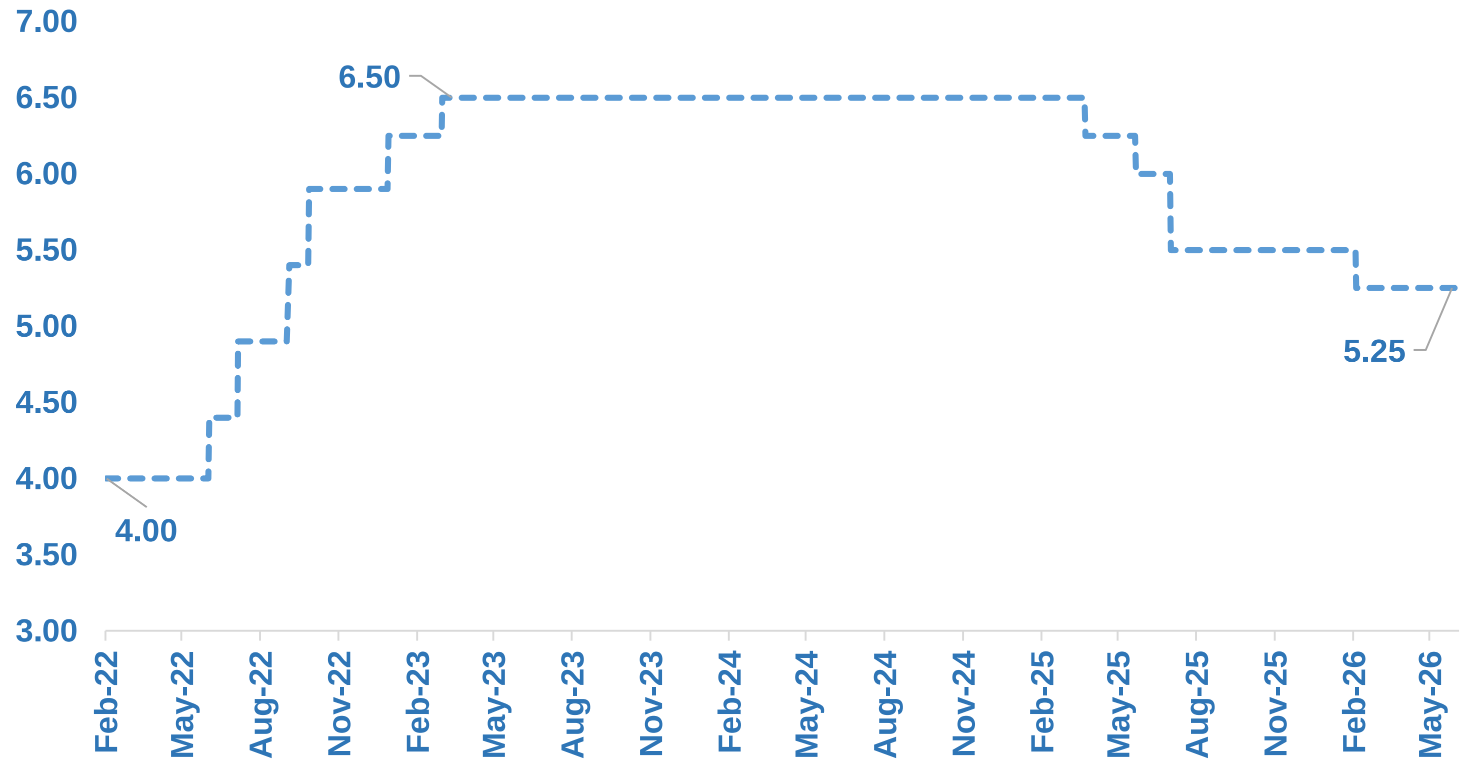
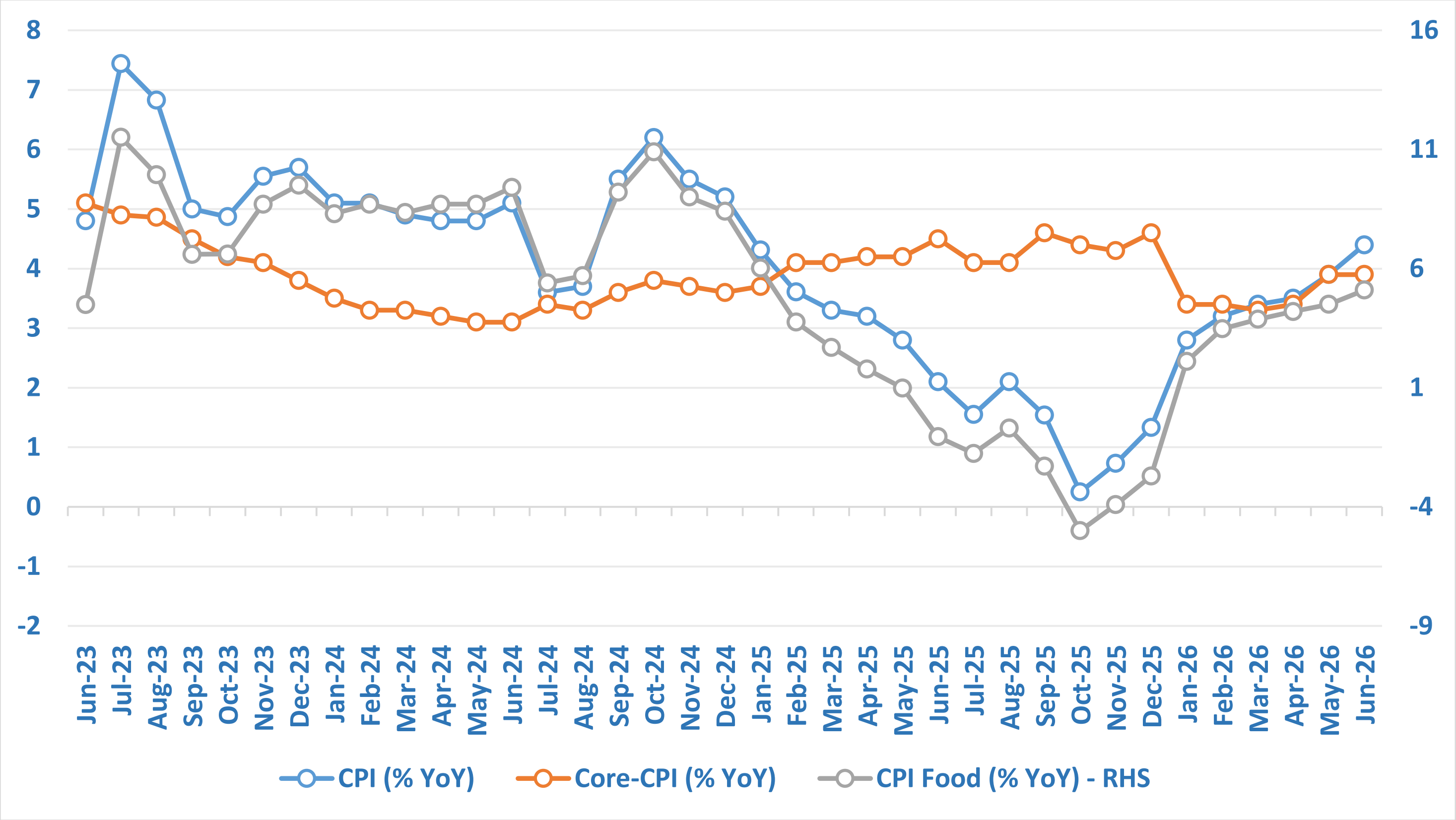
CPI inching up but still within RBI's band

Repo Rate Trend (in %)



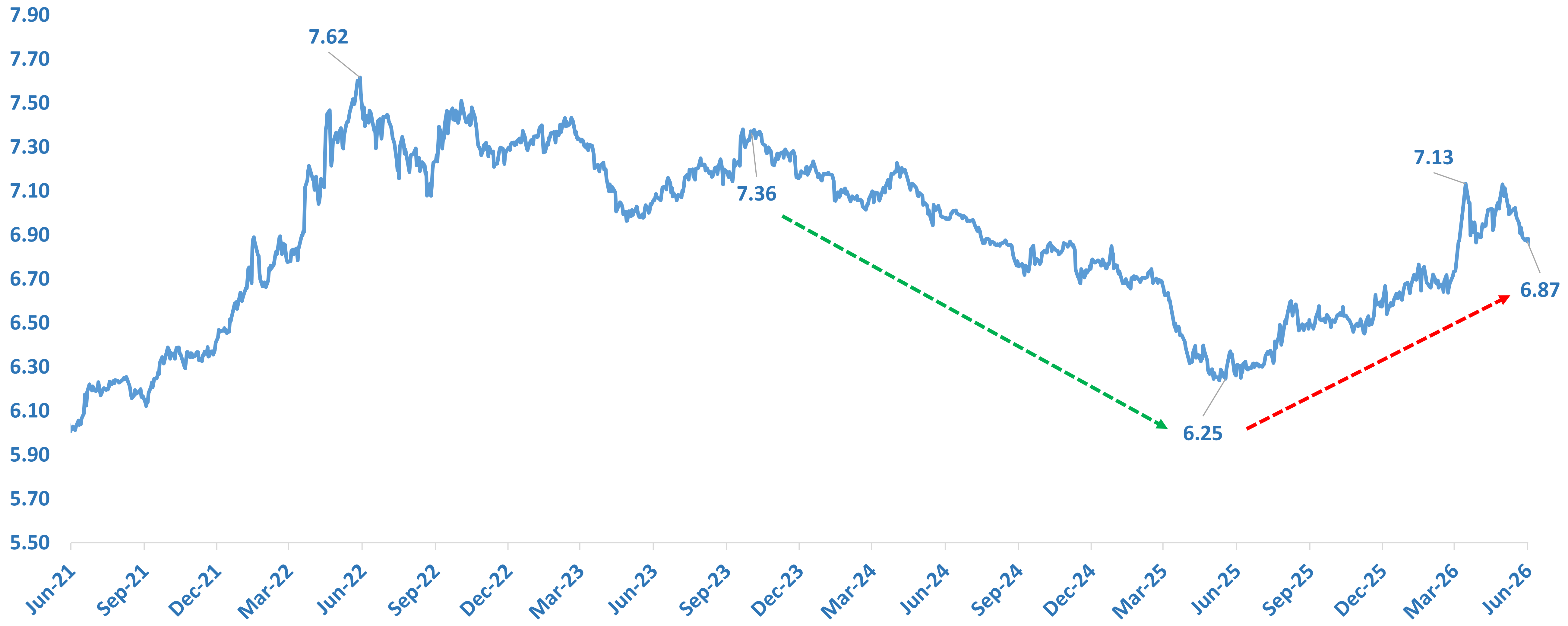
Inflation Trend YoY (in %)



Source: Bloomberg, MOSPI, RBI

- CPI inflation rose to an 18-month high of 4.4% y-o-y in June from 3.9% in May, driven by a hike in retail petrol/diesel prices, higher food inflation and a slow, selective pass-through of higher input costs to some core sub-categories. Core inflation remained flat at 3.9% YoY in June.
- Food Inflation has also inched to 5.1% YoY in June'26 vs -2.7% disinflation noticed in Dec'25.

10 Year G-Sec has cooled off from recent highs



Source: Bloomberg I As on 15th July 2026

- After touching a multi-year low of ~6.25% in mid-2025, the 10-year G-Sec yield has rebounded sharply as markets reassess inflation and interest-rate expectations amid higher crude oil prices and rising geopolitical uncertainty, however, it soften to 6.87% as on 15 July 2026.

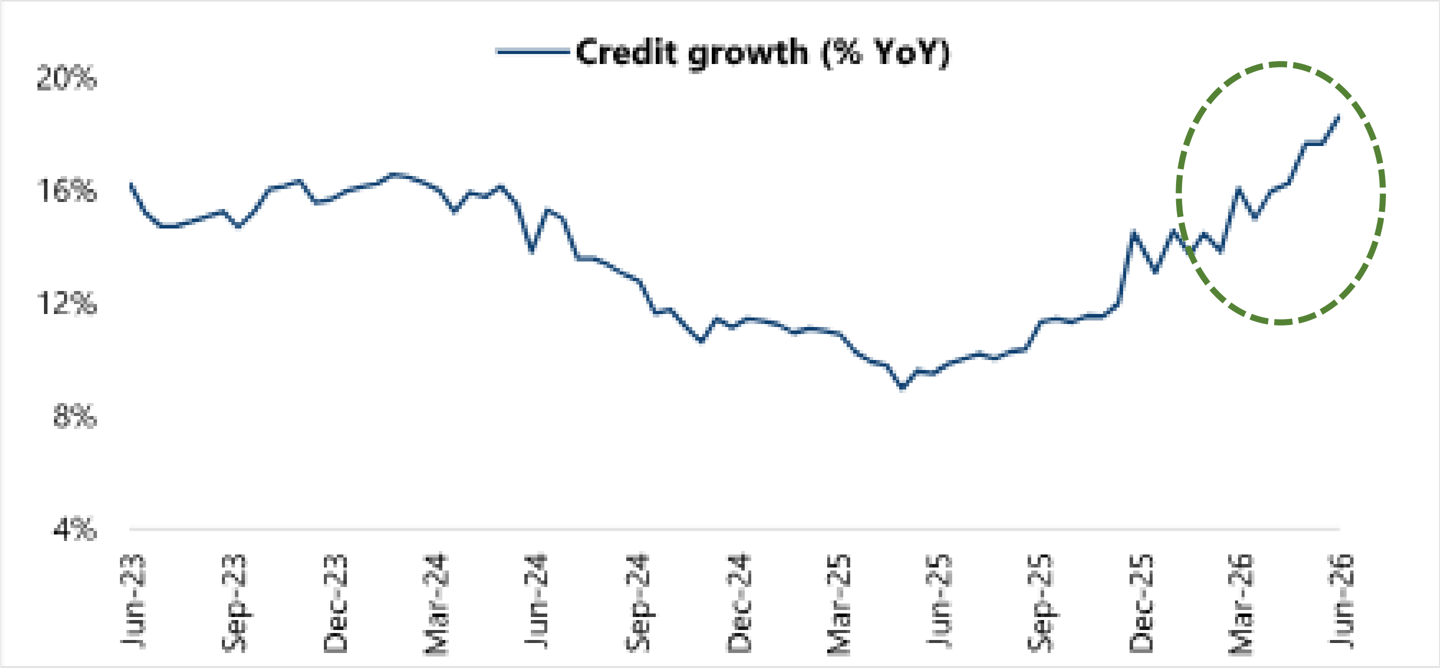
Performance of INR versus other major currencies (%)

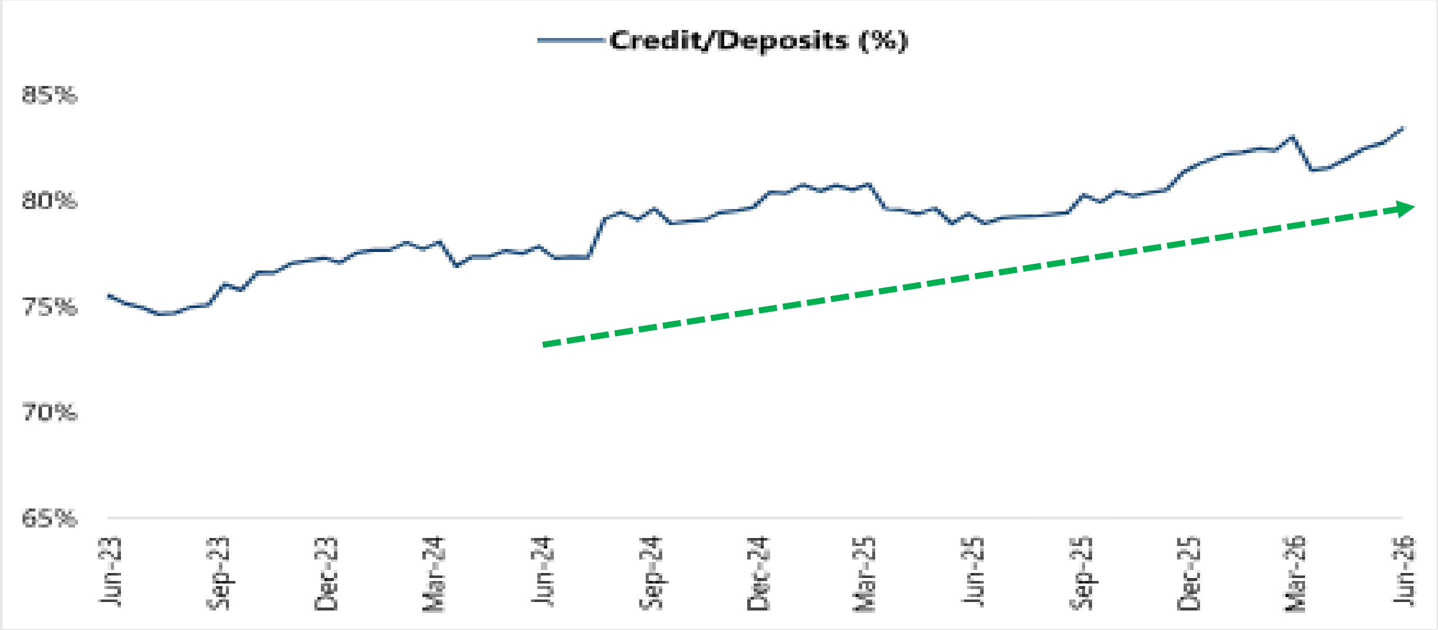
	Current Price	Change (%) 1-mo	3-mo	6-mo	YTD	1-y	3-y
Performance of different currencies versus INR							
INR/BRL	18.3	4.8	(3.8)	(11.3)	(10.3)	(13.5)	(6.2)
INR/CNY	13.9	1.6	(3.4)	(9.0)	(7.6)	(13.4)	(17.9)
INR/EUR	108.1	3.8	(1.1)	(3.3)	(2.4)	(7.9)	(17.3)
INR/GBP	124.9	3.7	(1.4)	(4.3)	(3.3)	(6.8)	(16.0)
INR/JPY	0.6	3.9	(0.8)	(2.9)	(1.8)	1.9	(1.1)
INR/MYR	22.8	6.5	3.7	(3.9)	(2.9)	(10.7)	(22.4)
INR/RUB	1.3	5.8	(13.5)	(13.3)	(13.8)	(13.6)	(24.1)
INR/USD	94.3	2.3	(1.8)	(5.3)	(4.7)	(8.1)	(13.1)
INR/ZAR	5.7	1.1	(3.8)	(7.0)	(5.1)	(16.4)	(21.2)
Performance of different currencies versus USD							
ARS/USD	1,451	(3.8)	(3.8)	0.0	0.1	(21.3)	(82.8)
BRL/USD	5.2	(3.4)	2.0	6.9	6.4	6.3	(6.6)
CNY/USD	6.8	0.5	1.8	4.0	3.3	6.2	5.3
EUR/USD	0.9	(1.3)	(0.9)	(2.2)	(2.4)	-	4.7
GBP/USD	0.8	(1.3)	(1.3)	(1.2)	(1.7)	(1.5)	3.4
IDR/USD	17,804	(0.6)	(4.6)	(5.9)	(6.3)	(7.9)	(15.8)
JPY/USD	161.3	(1.5)	(2.2)	(2.2)	(2.8)	(9.7)	(12.0)
KRW/USD	1,530	(1.5)	(2.4)	(3.5)	(5.6)	(9.8)	(16.2)
MYR/USD	4.1	(3.9)	(4.8)	(1.5)	(1.9)	3.0	11.9
THB/USD	32.9	(0.7)	(0.7)	(4.4)	(4.1)	(0.2)	5.8
TRY/USD	46.4	(1.9)	(4.6)	(7.9)	(7.5)	(14.8)	(49.1)
ZAR/USD	16.5	1.2	2.0	1.7	0.4	9.9	10.3

Source: Kotak Institutional Equities

- After a prolonged weakness against the USD, INR has outperformed its peers in June

Improvement in Credit growth continues, deposit growth still trailing

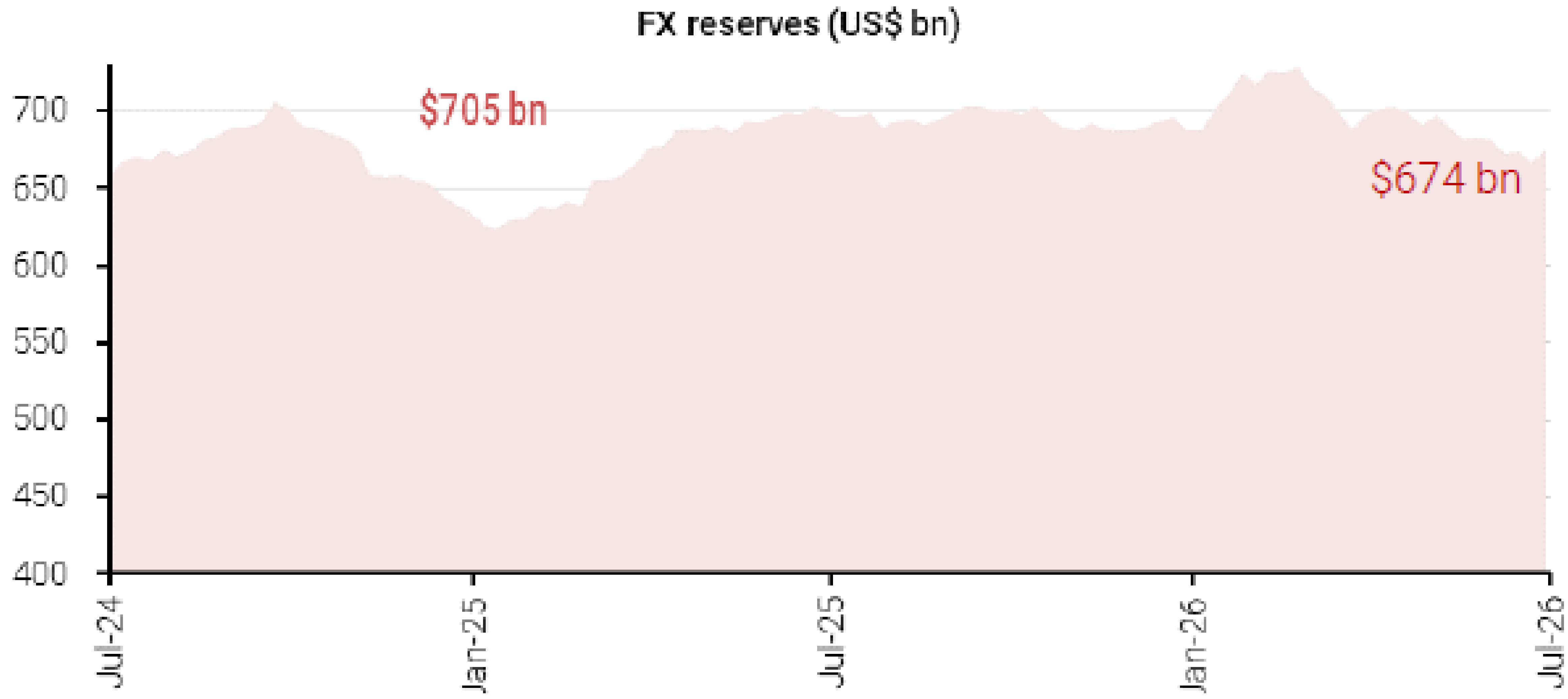




- **Credit growth remained robust at 19%, while deposit growth moderated to 13% YoY in April 2026.**
- **The gap between credit and deposit growth pushed the C/D ratio up to 83%.**
- Strong credit demand and a shift in household savings towards capital markets have caused deposit growth to lag loan growth, pushing the C/D ratio higher.
- Banks continued to supplement funding through short-term Certificate of Deposit (CD) issuances.

Source :- **Jefferies**

Forex Reserves – Depleting at the margin

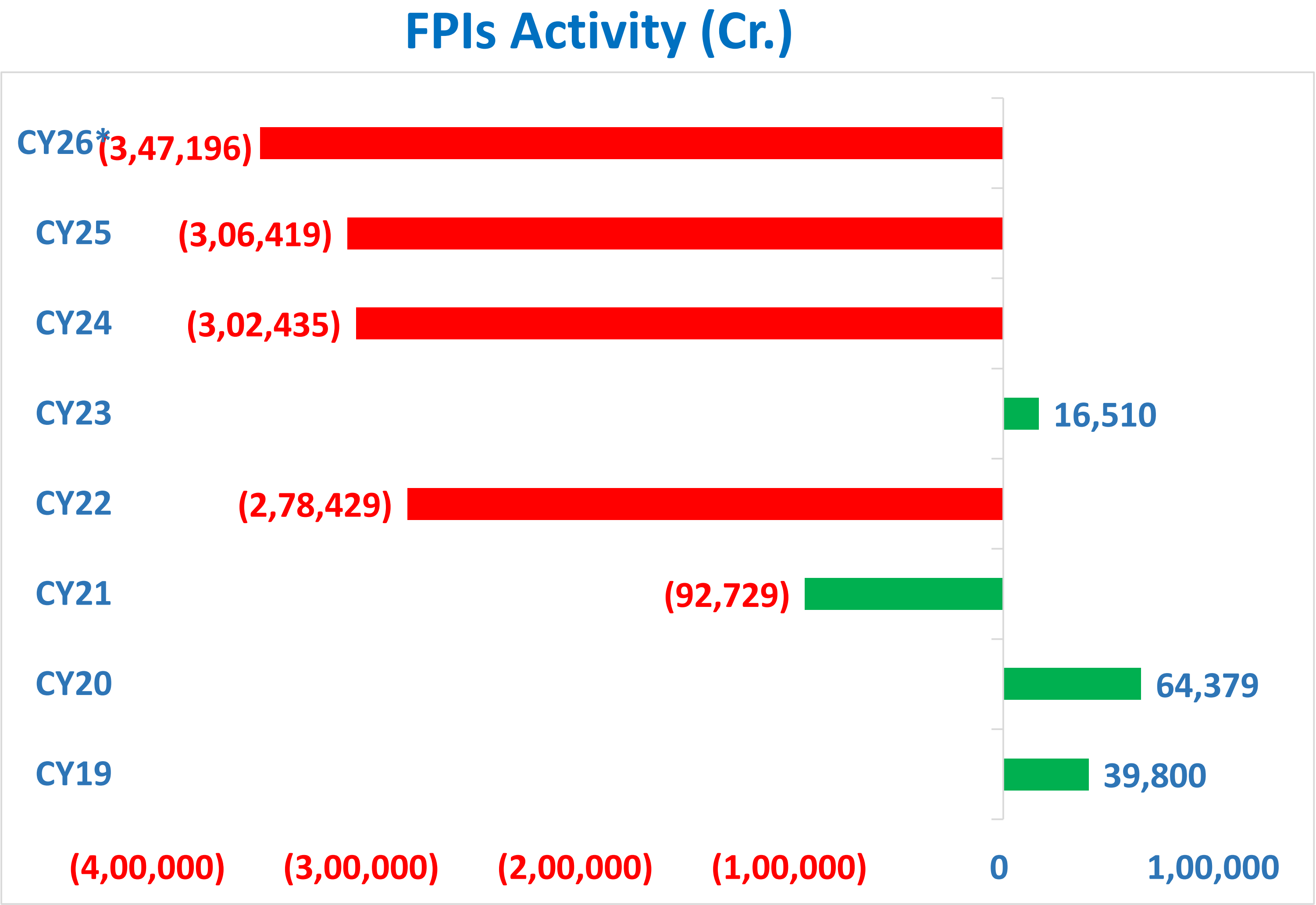


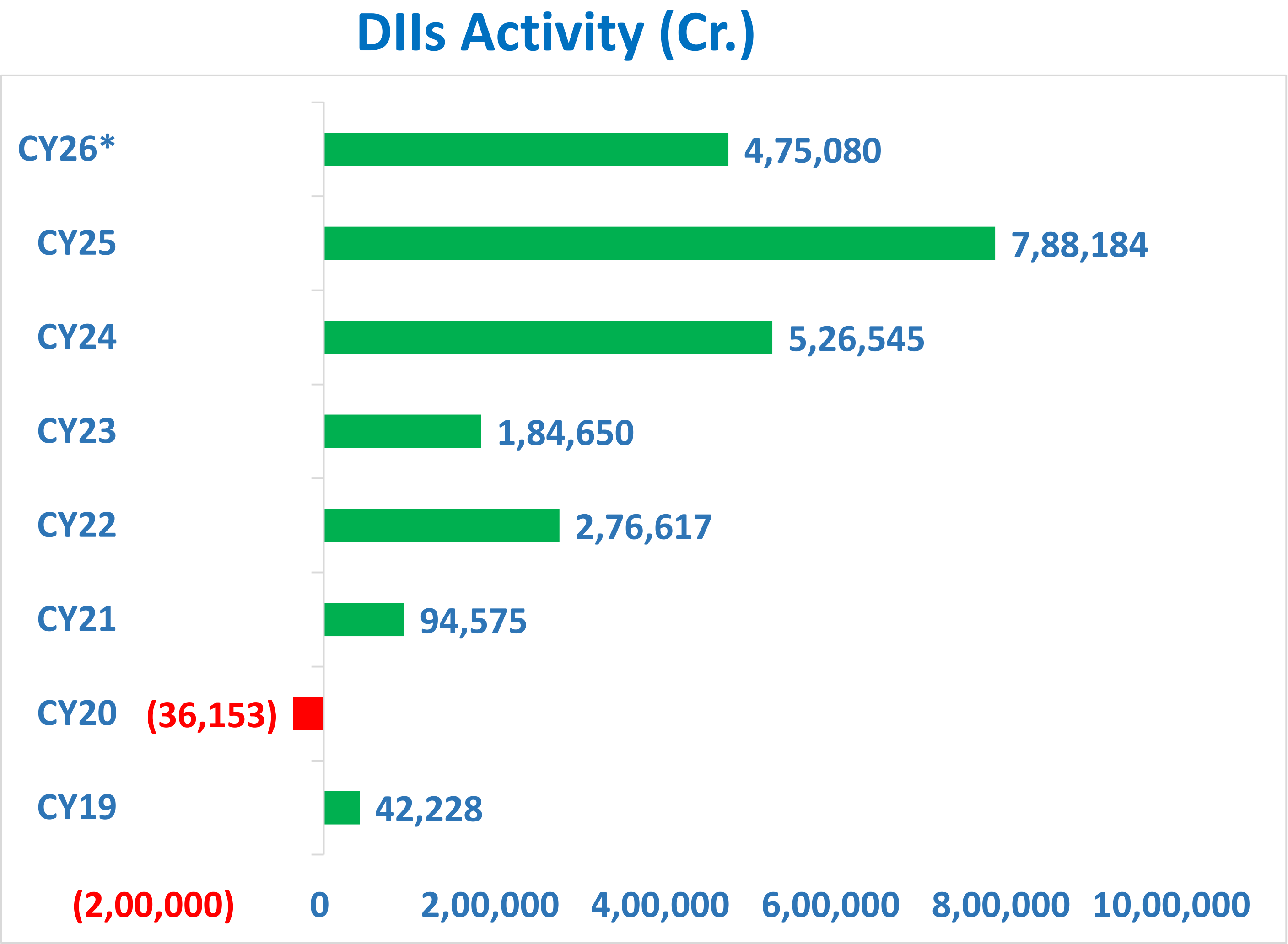
Source RBI, CEIC, Kotak Economics Research

- Foreign exchange reserves remain healthy at US$674 billion, providing nearly 11 months of import cover however they are down from the peak of $728 in Feb 2026.

Flows

Flows – FPI selling continues





Source: NSDL, * Till 30 June 2026

- FPIs have sold ~₹ 1.75 lakh crores of Indian equities in just 3 months of the current financial year (FY27) & ~₹3.5 lakh crores in CY26.
- Strong domestic participation continues to provide support, with DIIs recording net inflows of over ₹2.2 Lakh crores so far in FY27 & ~₹4.8 Lakh crores in CY26, largely offsetting FPI selling pressure.

MF April - SIPs Steady; Lump-Sum Flows Elevated

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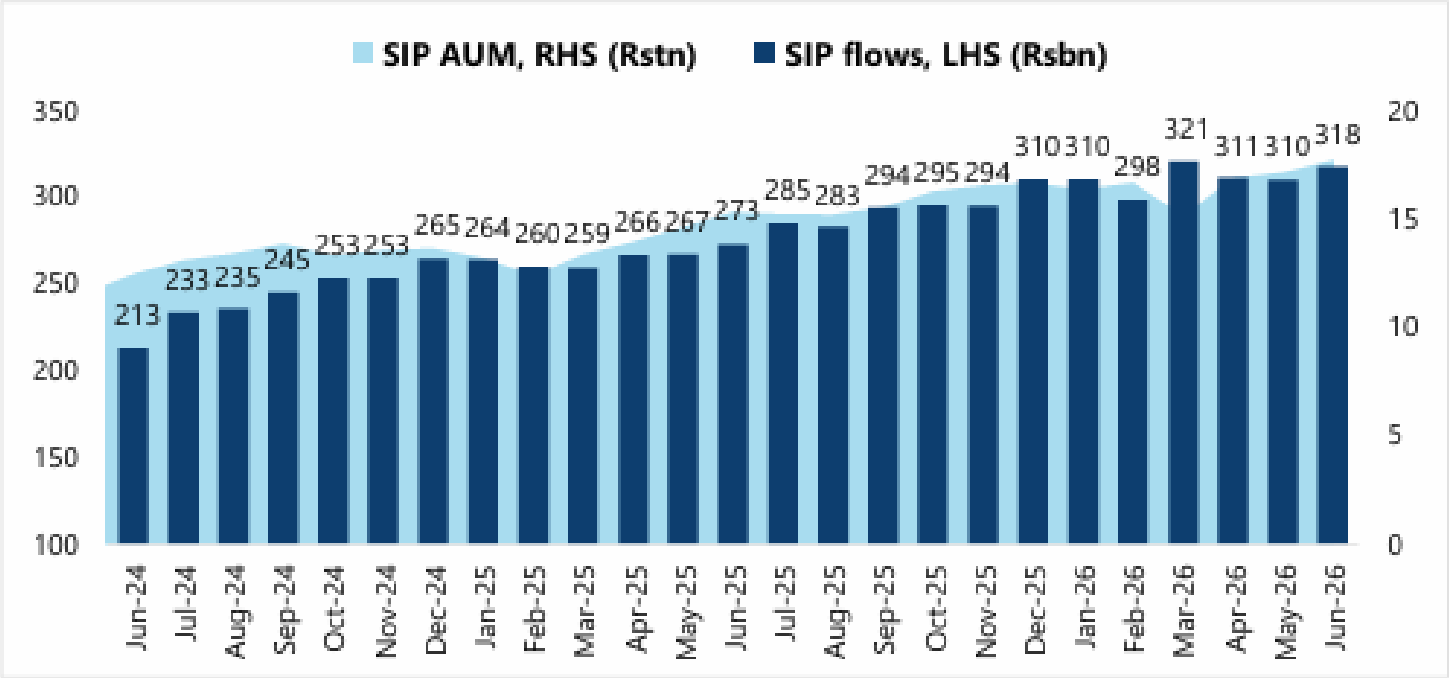
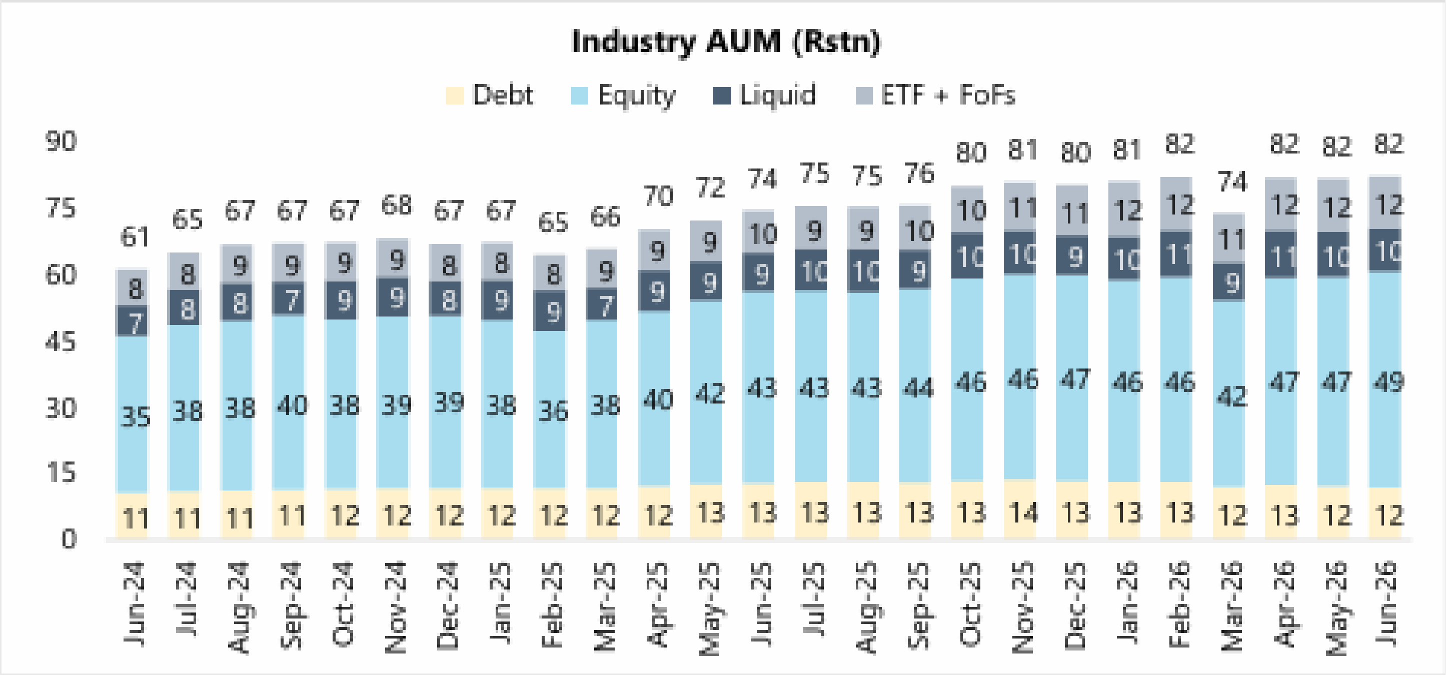
Equity MFs net inflows (ex-arbitrage) (INR bn)



Overall Mutual Fund Aum (INR trn)



Source: Source: AMFI, Jefferies; Note: Equity includes arbitrage

- In Jun'26, net equity flows (ex. arb & NFOs) improved to Rs367bn (0.8% of op. AUM), similar to pre-ME conflict levels. SIP flows rose 3% m-m (17% YoY) to Rs318bn, while lump-sum flows turned positive.
- The overall Mutual Fund AUM was up 11% YoY to Rs82tn, with equity AUM up 13%.

Earnings & Valuations

Markets follows earnings in the long run

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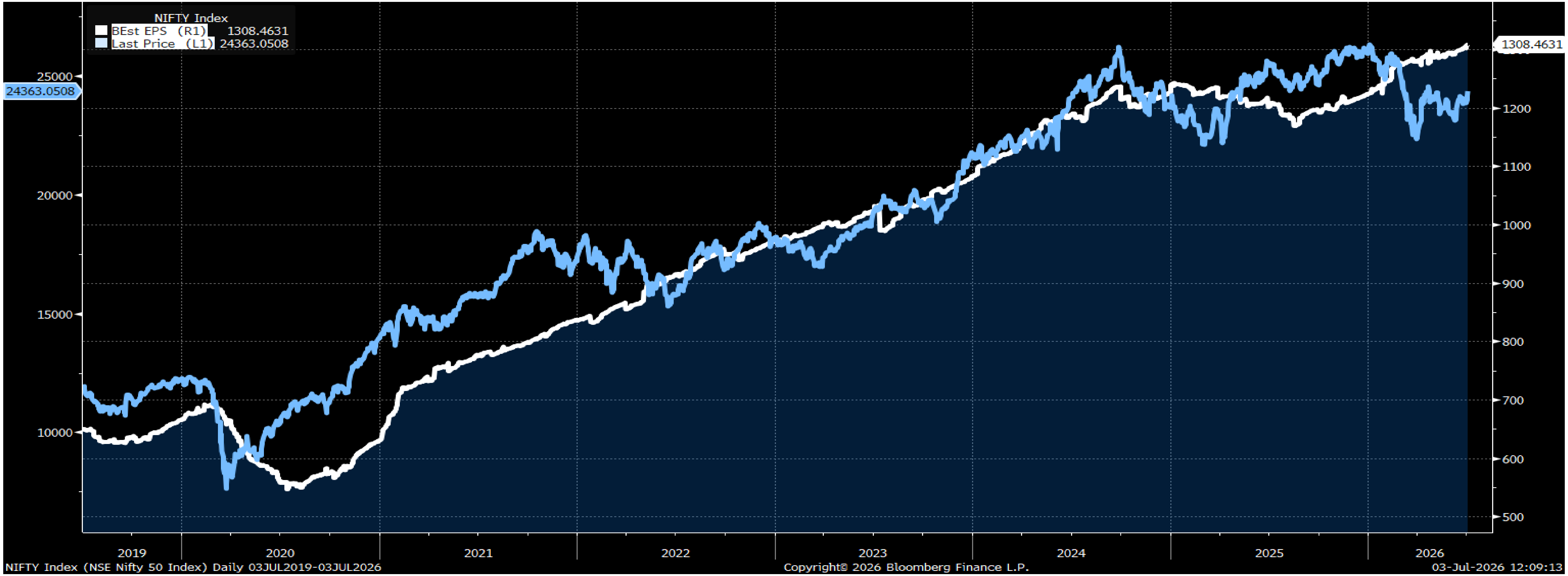
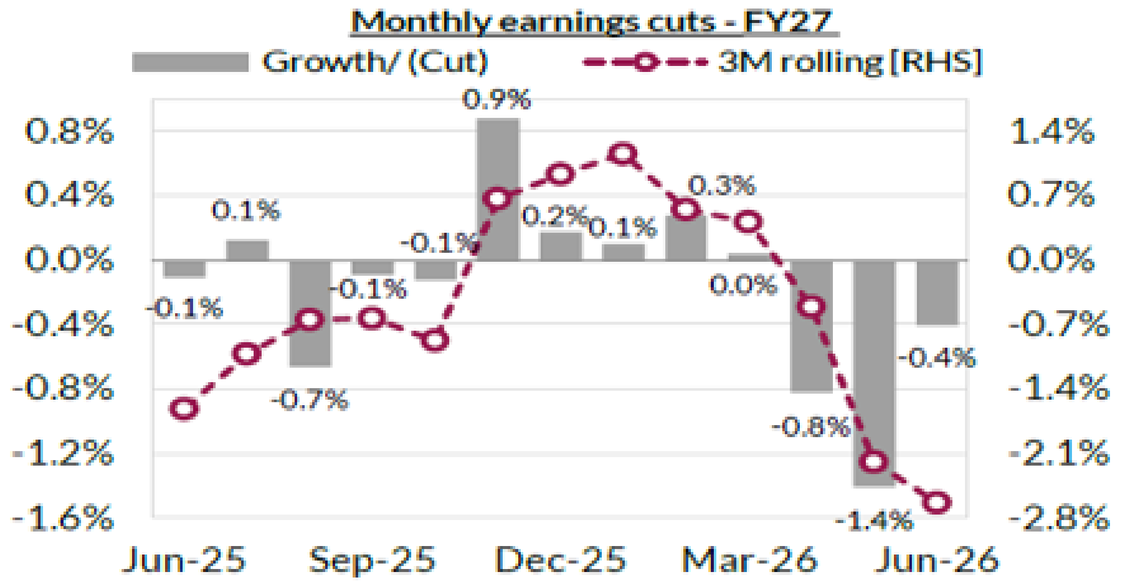


- Earnings growth has been the key driver for Equity returns in the long run.
- Nifty50 has been flat for almost two years even as earnings have kept inching higher.

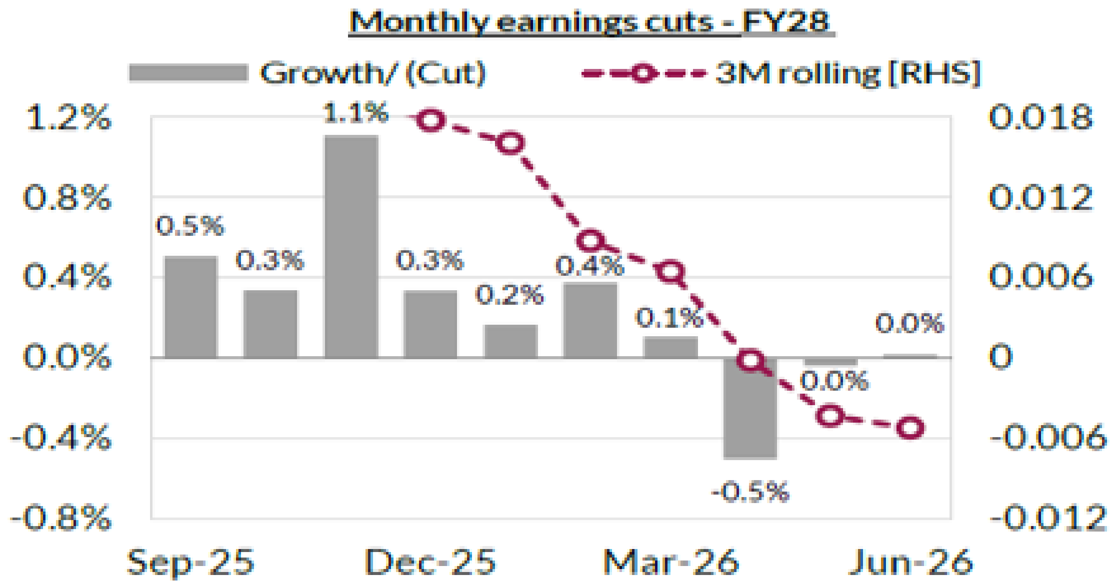
Strong earnings growth expected in FY27/28

- Nifty50 has delivered mid single digit earnings growth for two consecutive years (FY26 & FY26)
- Consensus is expecting a sharp recovery in FY27 & FY28.

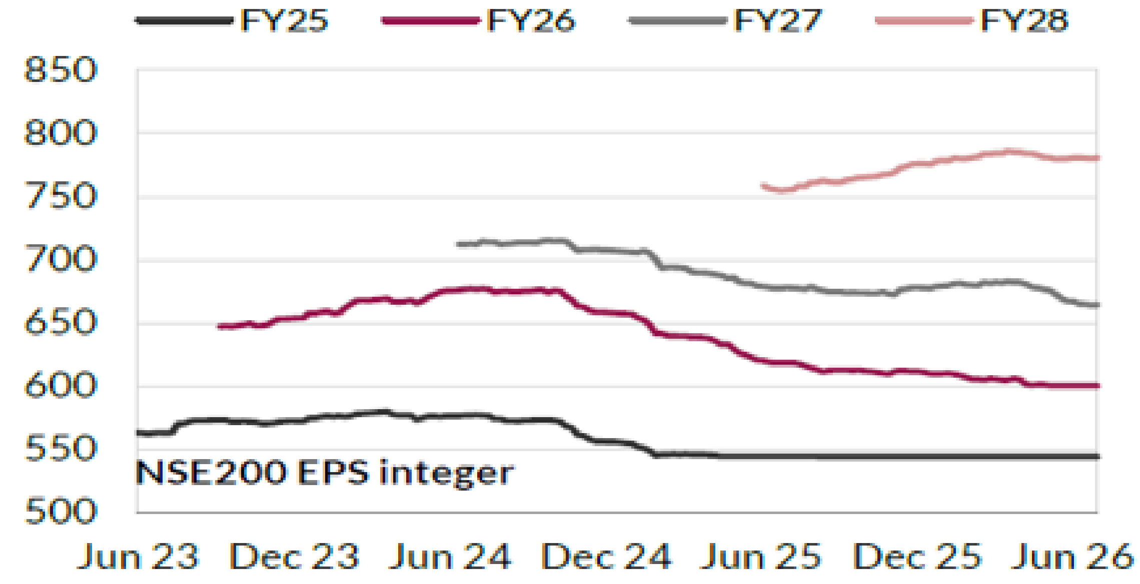
Earnings Cuts Slowed Down in June, War Impact Lower Than Feared



Source: Refinitiv, Axis Capital; 196 companies from NSE200



Source: Refinitiv, Axis Capital; 196 companies from NSE200



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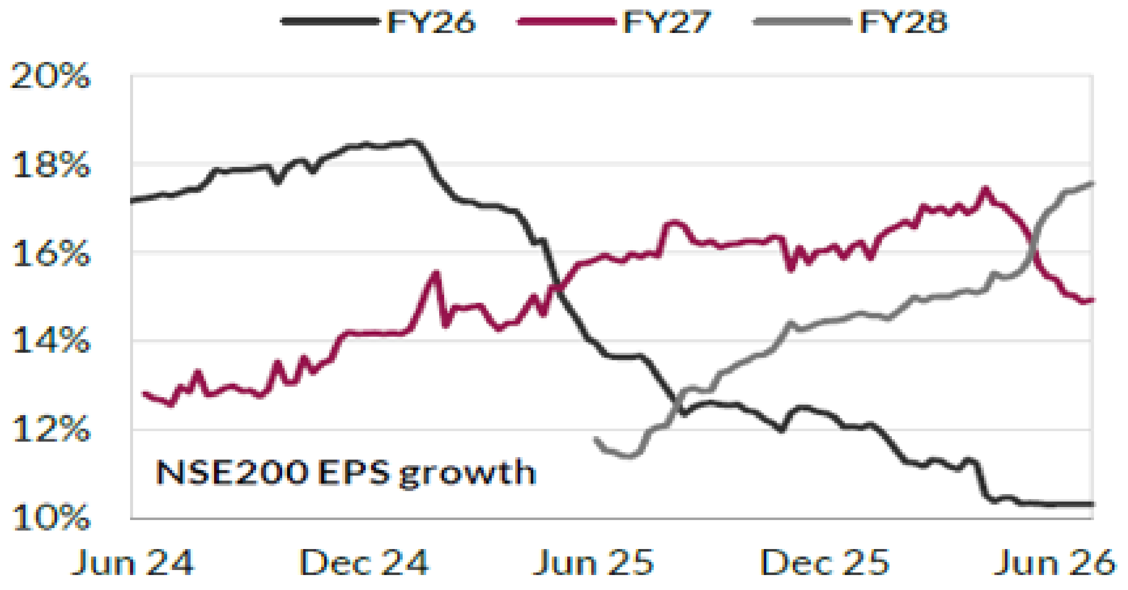

Source: Refinitiv, Axis Capital; 196 companies from NSE200

Sector-wise sales, EBITDA and PAT growth of the Nifty-50 Index

	Sales growth (%)		EBITDA growth (%)		EBITDA margin (%)			PAT growth (%)	
	yoy	qoq	yoy	qoq	Jun-25	Mar-26	Jun-26E	yoy	qoq
Automobiles & Components	18	(4)	3	(25)	11.8	13.2	10.3	(1)	(31)
Banks	(2)	1	—	—	—	—	—	1	(5)
Capital Goods	10	(20)	8	(29)	11.1	12.5	11.0	13	(31)
Commodity Chemicals	14	10	17	6	18.2	19.3	18.6	19	12
Construction Materials	22	(1)	20	(6)	15.7	16.3	15.5	20	(12)
Consumer Staples	(3)	1	(9)	(17)	25.3	28.9	23.7	(8)	(17)
Diversified Financials	25	8	—	—	—	—	—	33	7
Electric Utilities	3	9	8	19	36.4	34.9	38.0	9	(30)
Health Care Services	16	6	21	3	17.3	18.5	18.0	33	13
Insurance	13	(26)	—	—	—	—	—	9	(29)
Internet Software & Services	190	20	463	33	1.6	2.8	3.1	NM	62
IT Services	14	3	14	0	22.9	23.4	22.8	9	(1)
Metals & Mining	35	12	22	(5)	14.5	15.4	13.1	31	18
Oil, Gas & Consumable Fuels	31	7	20	12	22.8	19.8	20.8	23	24
Pharmaceuticals	4	6	(15)	32	27.3	18.0	22.3	(28)	11
Retailing	22	(18)	19	12	12.8	9.1	12.5	17	11
Telecommunication Services	15	3	16	3	56.3	56.9	56.6	48	(16)
Transportation	18	6	1	58	36.2	20.6	30.9	(18)	302
Nifty-50 Index	**19.0**	**2.3**	**12.7**	**1.8**	**21.4**	**19.9**	**19.8**	**9.8**	**(2.0)**

Source : Kotak Economics Research

- Market is expecting, 1QFY27 net income of the Nifty-50 Index to increase 9.8% YoY and decline 2% QoQ.

Large cap (Nifty50) Valuations Are Reasonable

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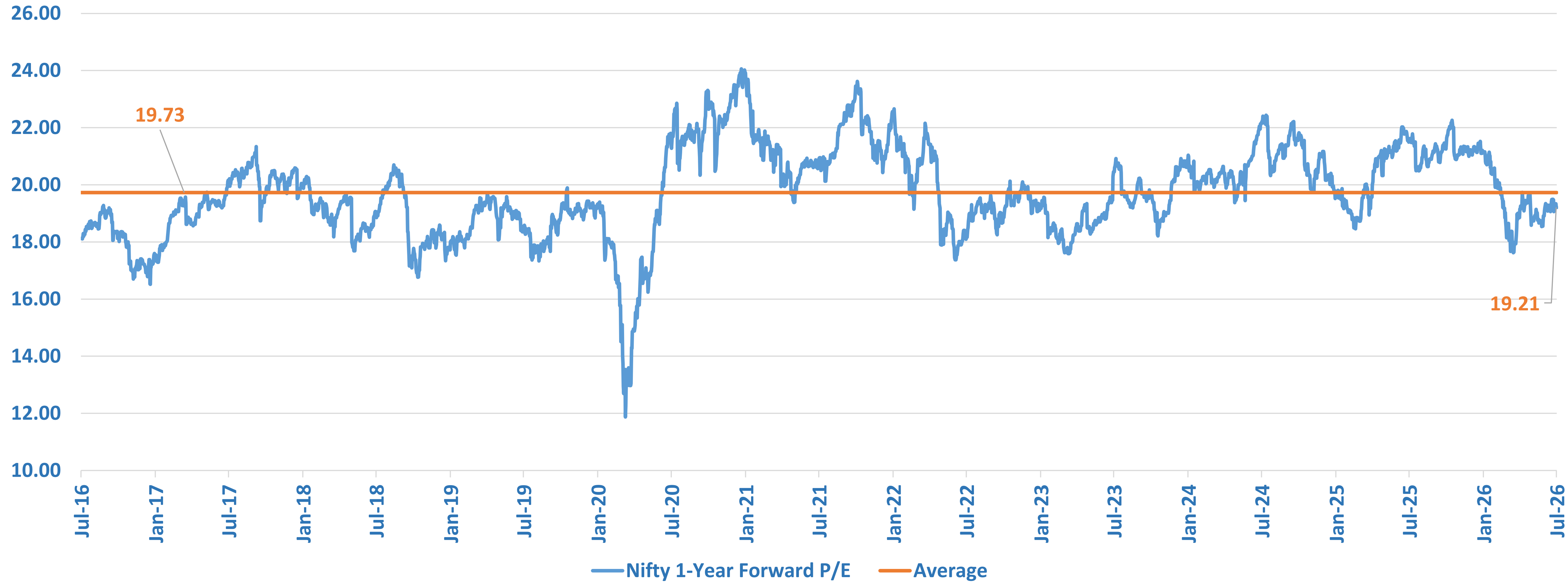
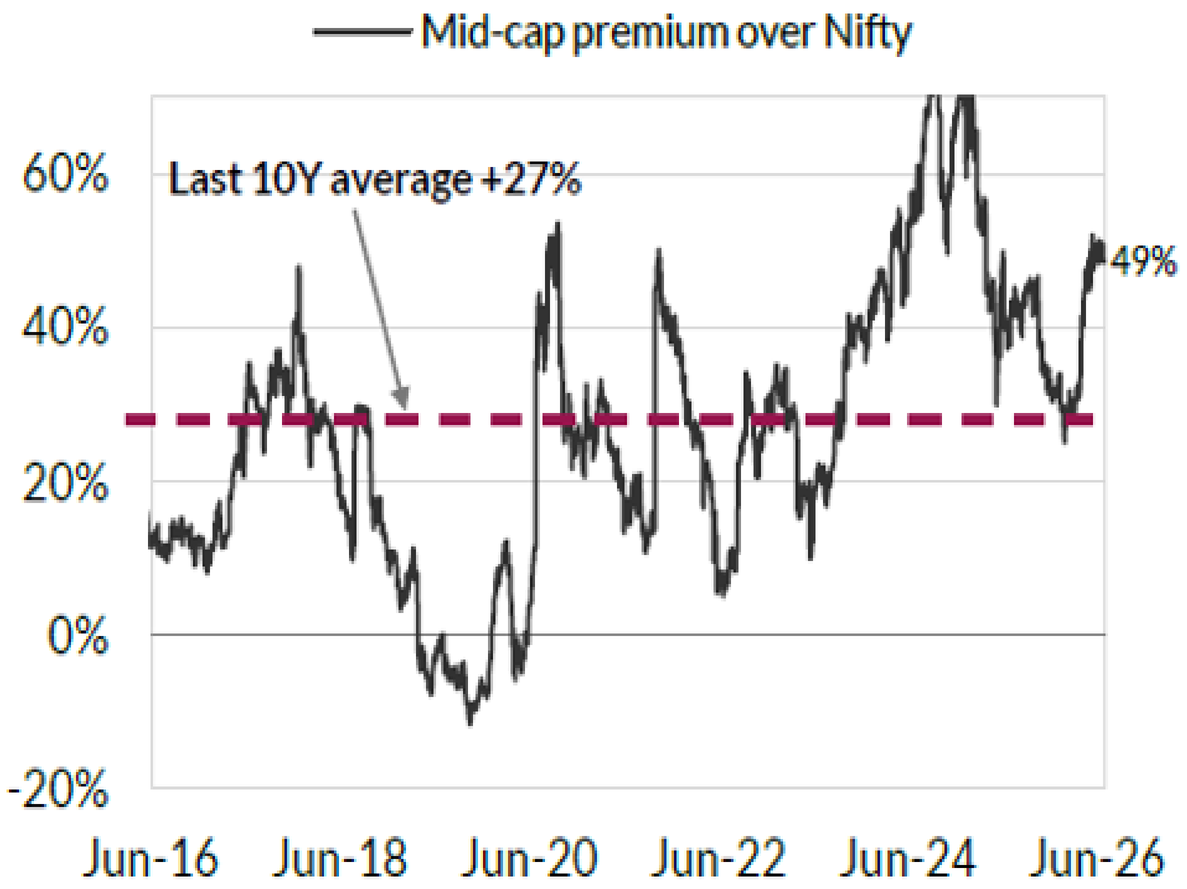


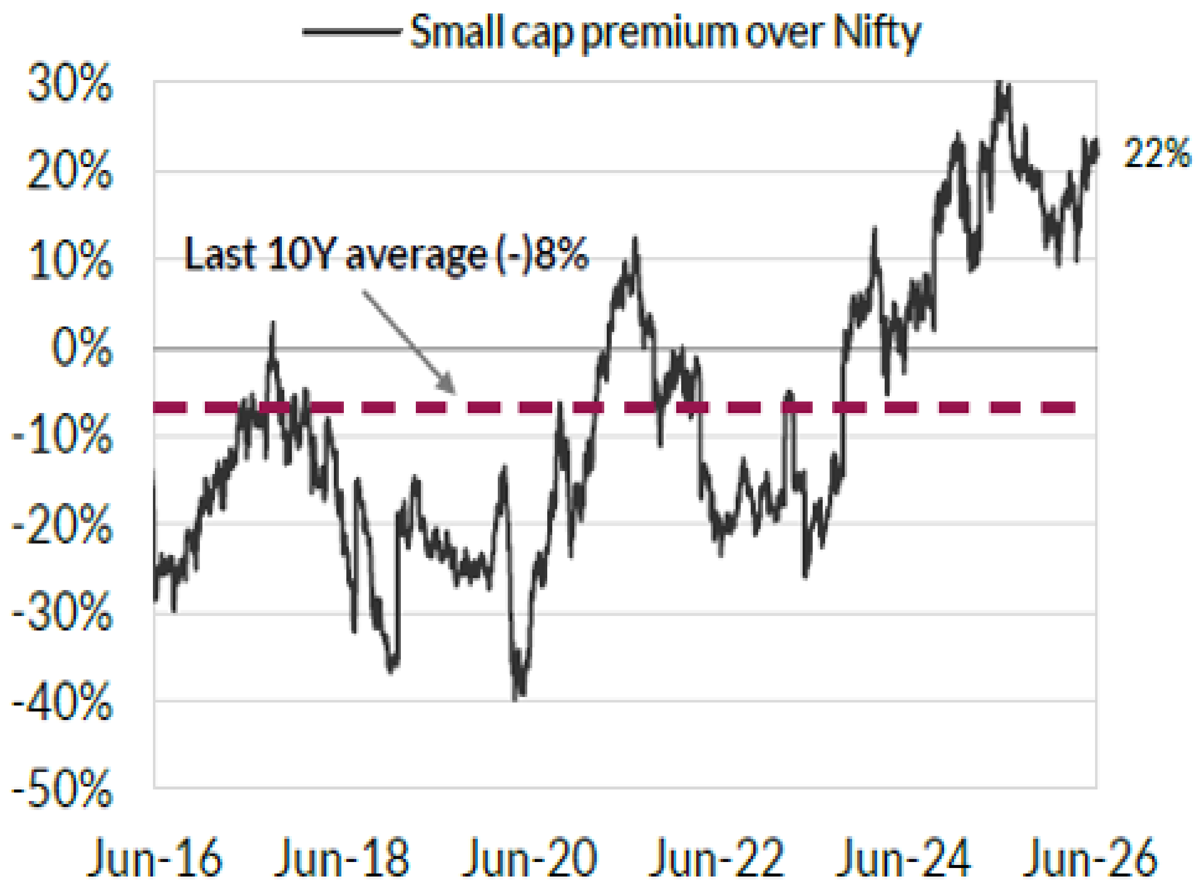
Source: Bloomberg I Bajaj Life Research I As on 15 July 2026

- The Nifty is trading at a 12-month forward P/E ratio of 19.21x, the valuations are reasonable, slightly lower than its long term average of 19.73 x.

Mid & Small Cap Premium Rose



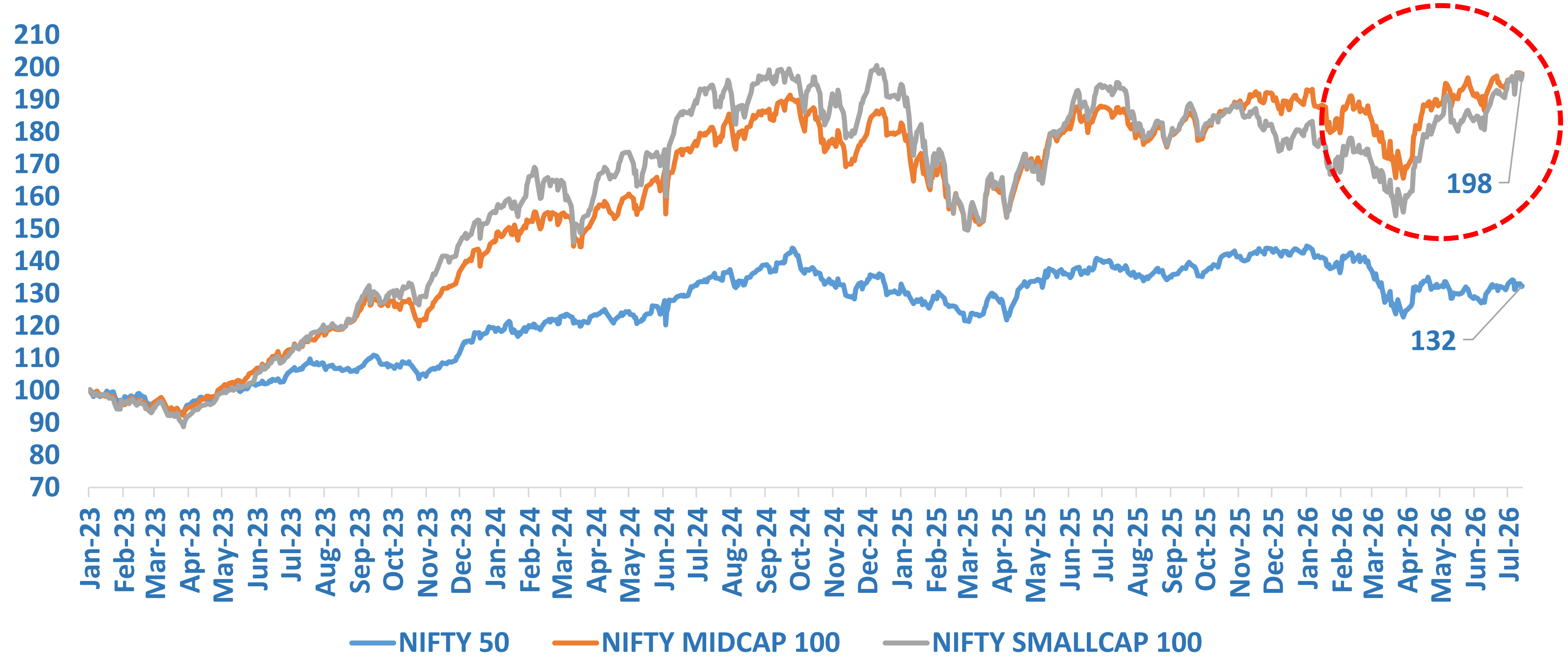
Source: Bloomberg, Axis Capital



Source: Bloomberg, Axis Capital

- Recent outperformance in Mid & Small caps, valuations of Mid & Small caps have again risen well beyond their historical averages.

Mid & Small Caps Continue to Outperform Large Cap



Index	P/E (Price/Earnings Per Share)
Nifty 50	20.58
Nifty Mid Cap 100	29.78
Nifty Small Cap 100	32.52

Source: Bloomberg, NSE, Bajaj Life Research, As on 15th July 2026

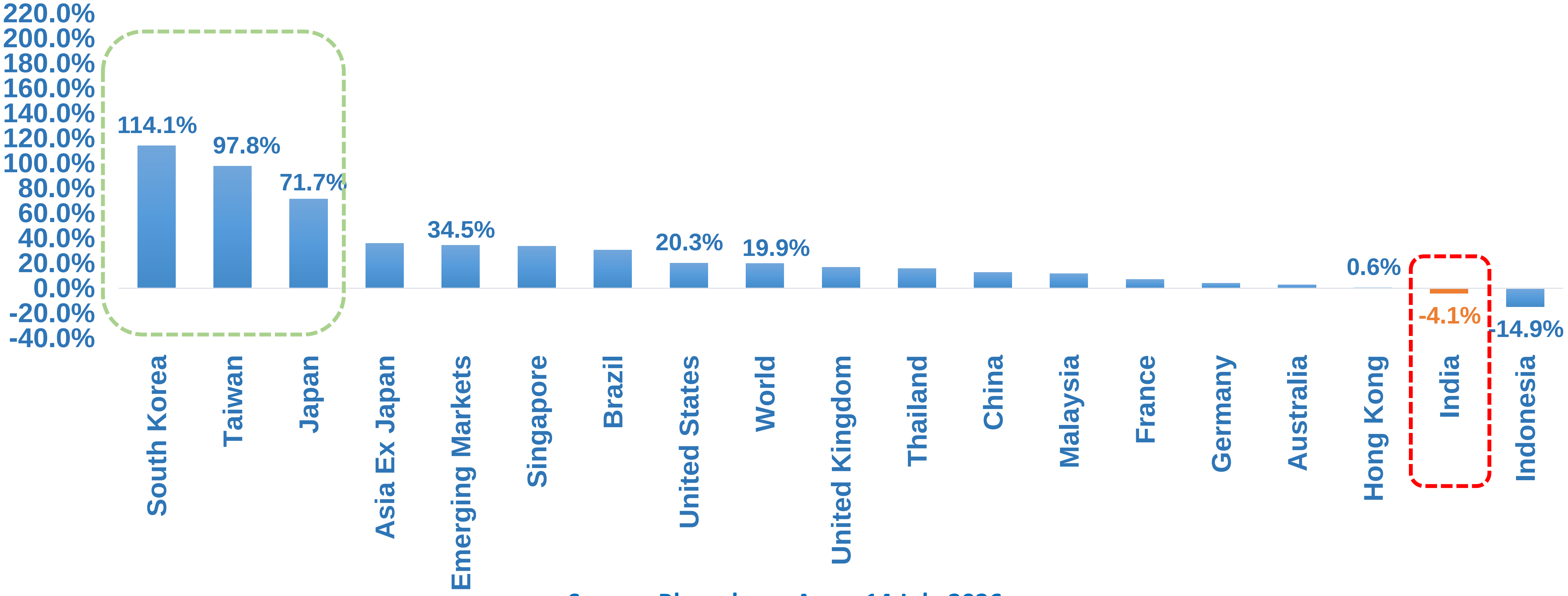
Source: NSE Factsheet as on 30-June-2026

- **Mid- and Small-caps have rebounded strongly in the past two months after a steep correction in Mar'26.**
- **Sustained Mid & Small Cap Outperformance:** Since January 2023 (3 years plus), Mid and Small Cap indices have significantly outperformed the Nifty 50. Both Mid Caps and Small Caps are up 98%, compared to a 32% return for the Nifty 50.
- Mid and Small Cap indices continue to trade at historically high Price-to-Earnings (P/E) ratios, suggesting further room for correction.

Market Outlook & View

Equities Have Done Well Globally in Last 12 Months, India Underperformed

1 Year Performance (Local Currency) of Major Global Equity Markets



Source: Bloomberg, As on 14 July 2026

- **Global Equity Outperformance:** Major global equity markets have delivered robust returns over the last 12 months.
- Significant diversion in returns as South Korea delivered over 114% (however moderated from the peak) where as India delivered -4.1%.
- In contrast to the global trend, Indian equity markets have significantly underperformed during this same period.

The Recent Market Correction Led Indian Equity Returns to Moderate

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Performance as on 14th July 2026								
Index Name	**Country / Region**	**1 Yr**	**2 Yrs**	**3 Yrs**	**5 Yrs**	**7 Yrs**	**10 Yrs**	**15 Yrs.**
TSEC TAIEX	Taiwan	97.8%	36.7%	37.3%	20.2%	22.4%	17.6%	11.7%
Nikkei 225 Average	Japan	71.7%	28.2%	27.9%	18.8%	17.6%	15.2%	13.6%
KOSPI	South Korea	114.1%	54.7%	37.6%	16.0%	18.5%	13.1%	8.1%
FTSE/SGX STI	Singapore	33.7%	25.3%	19.1%	11.7%	7.3%	6.6%	3.9%
S&P 500	United States	20.3%	15.9%	18.7%	11.5%	14.0%	13.3%	12.4%
FSE DAX TR	Germany	4.1%	15.8%	16.0%	9.7%	10.7%	9.6%	8.7%
MSCI World	World	19.9%	15.7%	17.2%	9.7%	11.9%	11.0%	9.1%
Nifty 50	**India**	**-4.1%**	**-0.9%**	**7.1%**	**8.7%**	**11.0%**	**10.9%**	**10.2%**
FTSE 100	United Kingdom	17.0%	12.9%	12.3%	8.2%	4.9%	4.7%	4.0%
FTSE SET All Share	Thailand	15.8%	11.8%	11.7%	6.9%	4.7%	4.6%	4.2%
BOVESPA TR	Brazil	30.6%	17.0%	14.5%	6.6%	7.9%	12.3%	7.5%
CAC 40	France	7.2%	4.1%	4.3%	5.0%	6.0%	6.7%	5.5%
MSCI AC Asia Ex Japan	Asia Ex Japan	36.1%	23.0%	18.5%	4.8%	7.7%	7.7%	4.5%
MSCI EM	Emerging Markets	34.5%	21.2%	17.1%	4.3%	6.7%	6.7%	2.5%
S&P/ASX 200	Australia	2.8%	5.2%	6.4%	3.7%	4.0%	5.0%	4.6%
FTSE Bursa Malaysia KLCI	Malaysia	11.9%	3.1%	6.8%	2.6%	0.4%	0.4%	0.6%
Shanghai Composite	China	12.7%	15.5%	7.0%	2.4%	4.4%	2.6%	2.3%
JSX Composite	Indonesia	-14.9%	-9.2%	-4.2%	0.2%	-0.8%	1.7%	2.8%
Hang Seng	Hong Kong	0.6%	15.3%	7.8%	-2.6%	-2.2%	1.2%	0.7%
Source : Bloomberg. Returns are in local currency of index, and returns greater than 1 year are CAGR Date Sorted on the basis of 5 Yrs. return in descending order								

- On a 5 Year basis, the continued correction in since Mar’26 led Indian equity markets to close with high single-digit returns, versus moderate double-digit returns prior to the decline.
- **Due to this correction, over the 7-, 10-, and 15-year returns have also moderated compared with global peers.**

Performance of Major Indian Indices

	May-26	Jun-26	Performance (%) 1m	3m	6m	YTD	1Y
Major Indian indices							
Sensex	74,776	76,479	2.3	6.3	(10.3)	(10.3)	(8.5)
Nifty	23,548	23,866	1.4	6.9	(8.7)	(8.7)	(6.5)
BSE-100	25,059	25,419	1.4	8.6	(7.0)	(7.0)	(5.0)
CNX-100	24,608	24,916	1.2	8.9	(6.6)	(6.6)	(4.7)
BSE-500	35,418	35,959	1.5	11.7	(4.0)	(4.0)	(2.9)
CNX-500	22,657	22,996	1.5	12.0	(3.7)	(3.7)	(2.6)
Mid-cap. and small-cap. indices							
BSE Mid-cap	46,861	47,510	1.4	17.2	1.2	1.2	1.4
BSE Small-cap	52,981	55,794	5.3	29.1	8.3	8.3	2.0
NSE Mid-cap 100	61,724	61,798	0.1	17.4	2.2	2.2	3.4
NSE Small-cap 100	18,139	18,863	4.0	24.1	6.5	6.5	(1.1)

Source: Bloomberg I Kotak Institutional Equities I As on 30 June 2026

- Nifty ended June on a softer note, gaining 1.4% amid easing geopolitical tensions, resulting in dated Brent prices declining to US$71.5/bbl from US$93.4/bbl a month ago.
- The Mid-cap Index ended largely flat, whereas the small-cap index gained 4%. Among sectoral indices, IT index dragged the most, followed by Metals and Power indices, which declined 8% and 3%. Banks (+6%), realty (+6%) and healthcare (+5%) emerged as top gainers.

TAA Framework

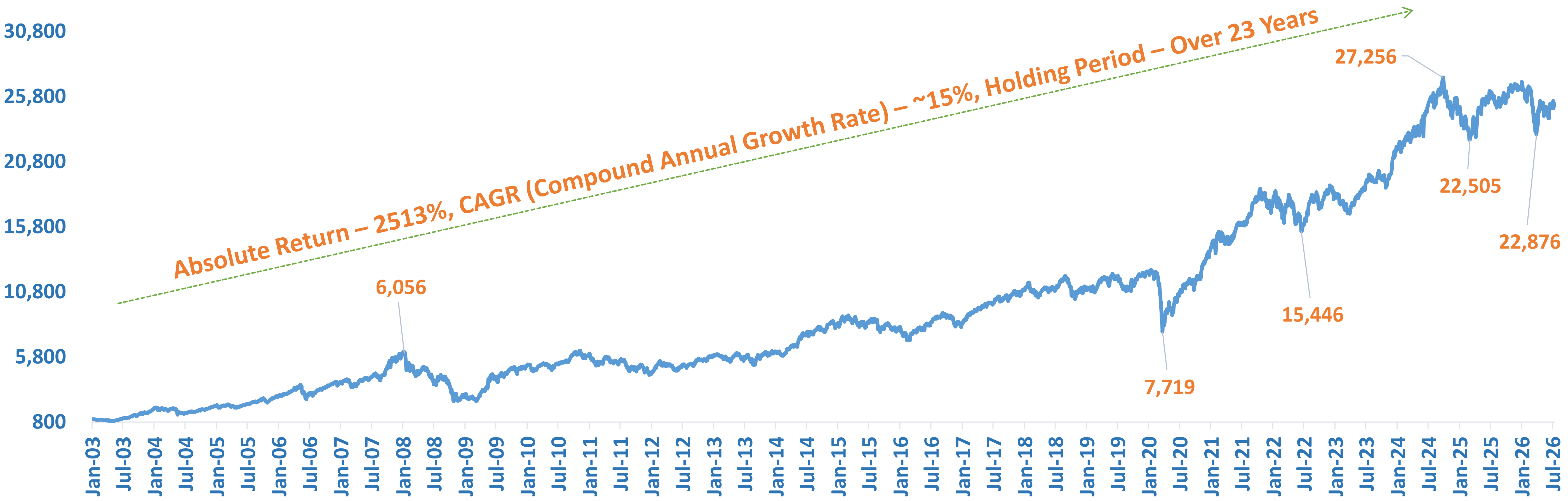
		<3% below Fixed Income	+/-3% versus Fixed Income	>3% above Fixed Income
Fixed Income Outlook	Rising Yields	1	2	3
	Flat Yields	4	5	6
	Falling Yields	7	8	9

Scenarios	Equity Allocation	Debt Allocation	Equity Positioning	Debt positioning
1	Lowest	Highest	Low active share	Low duration
2	Above benchmark	Below benchmark	Average active share	Low duration
3	Above benchmark	Below benchmark	High active share	Low duration
4	Below benchmark	Above benchmark	Low active share	Average duration
5	Benchmark	Benchmark	Average active share	Average duration
6	Above benchmark	Below benchmark	High active share	Average duration
7	Below benchmark	Above benchmark	Low active share	High duration
8	Below benchmark	Above benchmark	Average active share	High duration
9	Highest	Lowest	High active share	High duration

Previous View	Scenario 3	Jun'26
Revised View	Scenario 3	Jul'26

- Our TAA framework is currently in Scenario 3 which implies an Overweight in Equities versus Fixed Income in a hybrid portfolio.
- **This view is driven by out expectation of ‘Rising yields’ in Fixed Income and double-digit returns in Equity over the next 12-months.**

Equity remains best asset class from a risk, return, liquidity construct



Source: NSE I Bajaj Life Research, As on 15 July 2026

- Equities (Nifty 100 Index) continue to outperform other asset classes (Debt, Hybrid, Real Estate) over the long term.
- Despite short-term volatility, the Nifty 100 Index has consistently recovered from major downturns, highlighting the potential of long-term investing.

Equity Market Outlook (1/2)

- The quarter marked a sharp outperformance of Mid- and Small- cap stocks with the Midcap and Smallcap indices up 17% & 24% vs a 7% gain in Nifty50.
- IT (-10%) was the only prominent sector to be down during the quarter while Real Estate (+27%), Banks (+14%) and Pharma (+14%) were the key outperformers.
- Indian market's underperformance versus its global peers continued during the quarter.

Global macro

- Geopolitical uncertainty receded during the quarter with US & Iran agreeing to a cease fire in early April followed by a MoU in June.
- Global equities rallied but the gains were concentrated in markets that are perceived to be gainers from the AI transition.
- However, in recent weeks concerns pertaining to monetization of the AI spends have emerged leading to some loss of momentum.
- Crude oil prices cooled off and were largely back to pre-war levels as the traffic across the 'Strait of Hormuz' gradually normalizes.
- Some of the central banks (most prominently ECB) reacted to the crude driven inflation spike and hiked policy rates in response. The US Fed under a new leadership kept policy rates on hold in its June meeting.

Domestic macro

- With the oil prices largely rolling back to pre-war levels, concerns around domestic macros have receded to some extent.
- Recent macro readings have shown some impact of elevated energy prices, with CPI inflation inching up to 3.93% in May compared to 3.21% in Feb.
- GDP growth in Q4 stood at 7.7% and we ended FY26 with a growth of 7.8%.

Equity Market Outlook (2/2)

- The current account was surprisingly positive in Q4FY26 and for the full year the deficit was at a modest 0.6% of GDP
- FX reserves have also held up well at USD 667bn at the end of June vs USD 688bn at Mar end.
- Overall, the domestic macroeconomic environment has improved in recent months, reducing the likelihood of higher fiscal deficits and an RBI rate hike.

Valuations & View

- With war-related uncertainty receding, the outlook for equities has improved. We expect equities to deliver double-digit returns over the next 12 months from current levels.
- However, this is contingent on a recovery in earnings growth, which should be closely monitored, particularly if the monsoon remains weak.
- After reporting single digit earnings growth for two consecutive years (FY25 & FY26) we expect Nifty50 earnings growth to recover to 12% CAGR during the FY26-28 period.
- Flows – FPI selling continued during the quarter but has shown some signs of easing in recent weeks. DII buying continues unabated despite some slowdown in MF inflows.
- Nifty50 is currently trading at ~18.5x one-year forward earnings which is slightly lower than the historical average.
- We maintain our positive outlook for equities and expect returns to be broadly similar across large-, mid-, and small-cap stocks.
- While large caps offer more attractive valuations, stronger earnings momentum in select mid- and small-cap sectors should balance this out.
- A resurgence in geopolitical uncertainty and continued slowdown in retail flows are the key risks to our positive view on equities.

Portfolio preferences

- After more than two years of time correction, we expect equities to deliver double-digit returns over the next 12-months.
- We expect returns to be broadly similar across large-, mid-, and small-cap stocks.

Sector preferences

- **Banks**: Credit growth is improving, while asset quality remains benign. Strong capitalization and attractive valuations support the sector's outlook.
- **Pharma:** The sector continues to benefit from its strong global competitive advantage. Valuations have turned attractive following the recent time-led correction.
- **Telecom:** A favourable industry structure continues to support pricing power for incumbents, driving higher tariffs and ARPUs.
- **Autos:** A key beneficiary of the GST rate cut, with robust earnings visibility over the next 6-12 months.
- **Consumer Discretionary:** A stronger summer season is expected to support demand after last year's weak season, providing a potential catalyst for stocks that have corrected sharply. Valuations are now reasonably attractive.

Risks & Concerns

- We currently have a positive outlook on equities.
- In the long run, equities have delivered superior returns compared to other asset classes thereby resulting in substantial wealth creation.
- We expect this trend to persist even going ahead. However, we also acknowledge that ‘equities’ are an asset class with reasonably high risks which can result in intermittent periods of subpar returns.
- The Nifty 50 has delivered positive returns for 10 consecutive years through 2025—an outcome that is atypical for inherently volatile equity markets.
- While our current equity outlook remains moderately positive, such an extended period of uninterrupted gains increases the likelihood of a drawdown in the near term.

Some of the key risks to our current equity outlook

- **Geopolitical conditions –** A meaningful reduction in geopolitical uncertainty was the key catalyst behind the equity market recovery in the last quarter. The resulting decline in crude oil prices and easing concerns around inflation and policy tightening contributed to an improvement in the macroeconomic outlook and investor sentiment. A renewed escalation in geopolitical tensions could reverse these trends and remains one of the key near-term risks to our view.
- **Global correction –** Though Indian markets did not participate meaningfully in the recent AI-driven global rally, a deeper global correction triggered by the unwinding of the AI-trade might negatively impact Indian markets as well.
- **Slowdown in retail flows –** Domestic flows into equity markets have been robust in the last 2-3 years however, with the market being flat for ~2years now, patience of retail investors is getting tested. In the backdrop of continued foreign selling, any slowdown in retail flows would create demand-supply imbalance and can adversely impact equity performance.

Fixed Income Market Outlook (1/2)

Parameter	Comments/ Rationale

Monetary Policy Key Highlights	• On Jun 5, 2026, RBI MPC held the repo rate at 5.25% and continued with a neutral stance
	• For FY27, GDP **growth projection was revised downward to 6.6% from 6.9% (further downside risks)**
	• For FY27, **Inflation projection was revised upward to 5.1% from 4.6% (further upside risks).** Inflation in H2 FY27 will be closer to upper end of MPC's tolerance band.
	• RBI announced **measures to attract foreign capital** and strengthen balance of payments such as:
	    • Full hedging-cost support for banks raising fresh FCNR(B) deposits
	    • Concessional forex swap facility for ECB borrowings by PSUs until September 2026
	    • Expansion of the Fully Accessible Route by including all new issuances of 15-year, 30-year and 40-year Gsec

Our views	**Comments/ Rationale**
Growth Outlook	• Amidst the ongoing geopolitical tensions, India's **domestic fundamentals remain resilient**. • Nevertheless, **growth is expected to moderate from 7.7% in FY26 to 6.2-6.6% in FY27** as rise in energy and other inputs, coupled with supply disruptions, is likely to weigh on economic activity
Inflation Outlook	• With possibility of **below-average monsoon** (El Nino threat) and **crude at elevated levels** (war impact) till first half of June, Inflation will firm up in FY27. **Sustainability of cool off in crude prices remains a key monitorable.** • As the base effects dissipate, **Inflation expected to rise from 2.1% in FY26 to 4.75-5.00% in FY27**
Banking System Liquidity Outlook	• **Systemic liquidity in surplus for the most part of FY27;** estimated at ~ Rs 1.12 Trn (as on Jul 1, 2026) • RBI announced **several measures to attract foreign capital** which will support domestic liquidity in FY27

Fixed Income Market Outlook (2/2)

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Our Views	Comments/ Rationale

Demand Supply Outlook	• Based on our analysis, total Gsec+ SDL supply is expected to be high at over Rs. 30 Trillion for FY27. West Asia crisis may result in further fiscal slippages for both center and states.
	• **However, RBI and Government measures to attract foreign capital should result in better demand-supply dynamics**
	    • Likely foreign investor inflows of 50-75 Billion USD and revival of demand from banks/ pensions and insurance
	    • PSU bond supply to come down due to a shift from onshore to offshore issuances

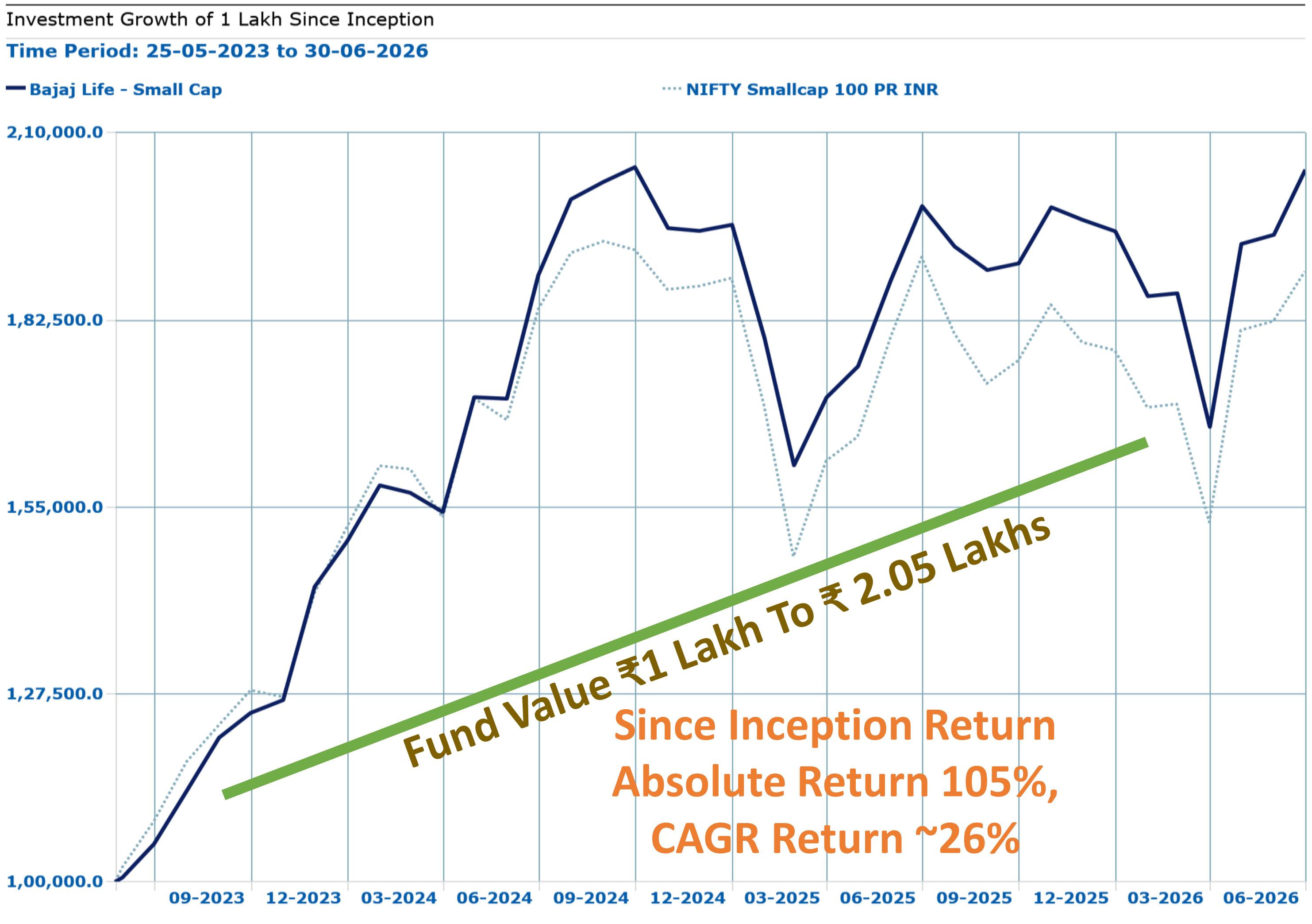
Rates/ Spreads Outlook and Our Positioning	• **RBI may be pressured to hike rates if inflation becomes broad based+ crude prices rise again (given the fragile ceasefire between US and Iran) in FY27. Nevertheless, the pressure to hike rates has come down m-o-m.** • Fixed income markets priced in the possibility of large rate hikes in FY27 pre-Jun 26, and hence, rallied significantly in Jun 26 post the US-Iran deal announcement. We believe that the **major rally is over and now expect 10-year G-Sec to be rangebound (6.7%-7.0% range).** • Gsec, PSU and corporate yields have all cooled off significantly in Jun 26 on the back of US-Iran truce and RBI FX measures. **(3-5) year Gsec/ SDL/ PSU bonds rallied the most in anticipation of large inflows in this segment resulting in widening of spreads for non-PSU corporates.** • FCNR (B) deposits and ECB borrowings for PSUs till Sep 2026 to reduce domestic CD/ bond supply; compression in short corporate bond spreads reflective of this. **We believe that the non-PSU spreads can come down a little more.** • **RBI's inclusion of 15-, 30-and 40-year Gsecs in FAR route should aid spread compression on long G-Sec bonds** • Based on the above outlook, we continue to run a barbell strategy with a preference for **short non-PSU corporates & long G-Sec bonds.**
Key Risks	• El Nino impact on quantum and distribution of rainfall, tightening of global financial conditions, violations of the fragile ceasefire between US-Iran, second round impact on inflation, and fiscal slippage of central and state governments

Active ULIP Funds – Proven Track Record

Performance of recently launched active ULIP funds

Bajaj Life - Small Cap Fund Performance

Fund Name	Inception Date	No. of Months Since Launched	AUM (Cr.)	Since Inception
Small Cap Fund	23-May-23	38	4,765	25.89%
Nifty Small Cap 100 Index				22.87%
Alpha				3.03%
Focused 25 Fund	20-Mar-25	16	346	6.20%
Nifty 100 Index				3.88%
Alpha				2.31%
Flexi Cap Fund	20-May-22	50	3,643	13.15%
Nifty 200 Index				12.19%
Alpha				0.96%
Sustainable Equity Fund	16-Feb-23	41	347	11.83%
Nifty 100 ESG Index				11.59%
Alpha				0.23%



Source: Morningstar Direct

Source: Bloomberg I Morningstar Direct I Bajaj Life Research I Performance Data as on 30th June 2026 I * Absolute Return

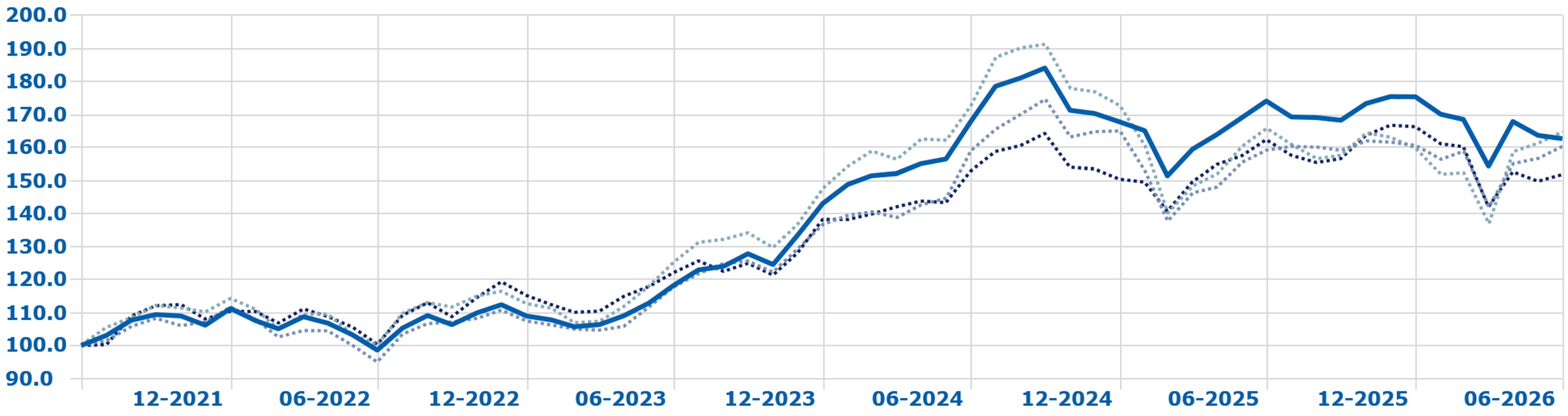
- In last four years, our newly launched actively managed funds have outperformed their benchmarks by a considerable margin.
- Our Small Cap Fund — the first of its kind in the insurance industry — has delivered significant returns in just 38 months since launch.
  - It has doubled the wealth since inception (3 Years) vs benchmark

Why Bajaj Life Pure Stock Wins !!

LIFE GOALS. DONE.

Steady Long-Term Wealth Creation Across Market Cycles

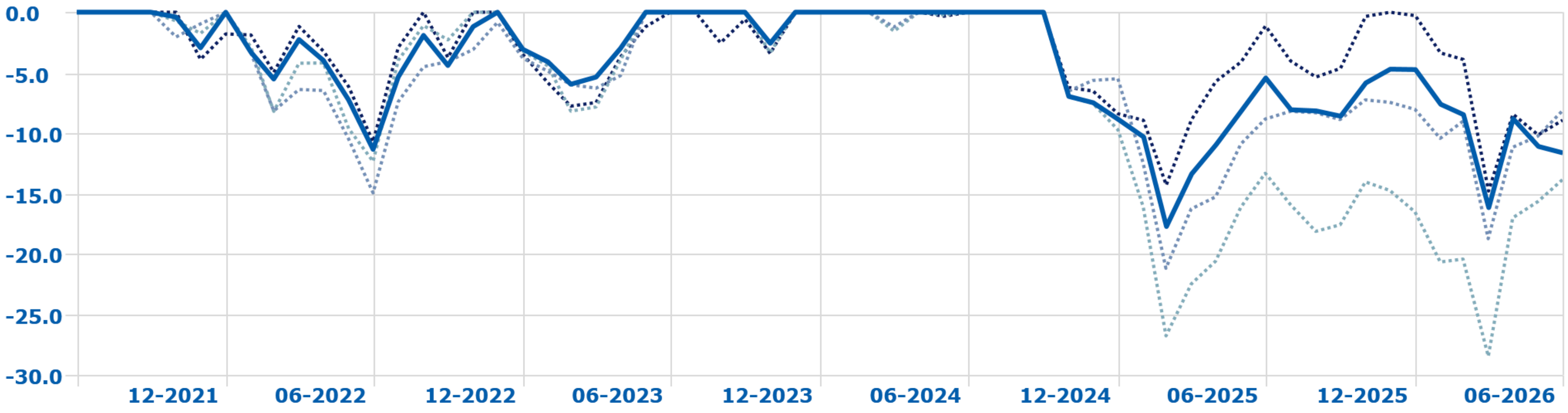
Time Period: 01-07-2021 to 30-06-2026



Bajaj Life - Pure Stock 162.6 | Tata AIA Life-Super Select Equity 160.3 | Aditya BSL-Indiv Pure Equity 164.7
Nifty 50 PR INR 151.8

Better Downside Management During Market Corrections

Time Period: 01-07-2021 to 30-06-2026



Bajaj Life - Pure Stock | Tata AIA Life-Super Select Equity | Aditya BSL-Indiv Pure Equity
Nifty 50 PR INR

Source: Morningstar Direct

Consistent Performance Across Cycles

- Bajaj Life Pure Stock Fund consistently matches or outperforms peers across market phases, capturing upside effectively.
- Shallower dips and smoother return trends highlight stronger resilience and stable alpha generation.

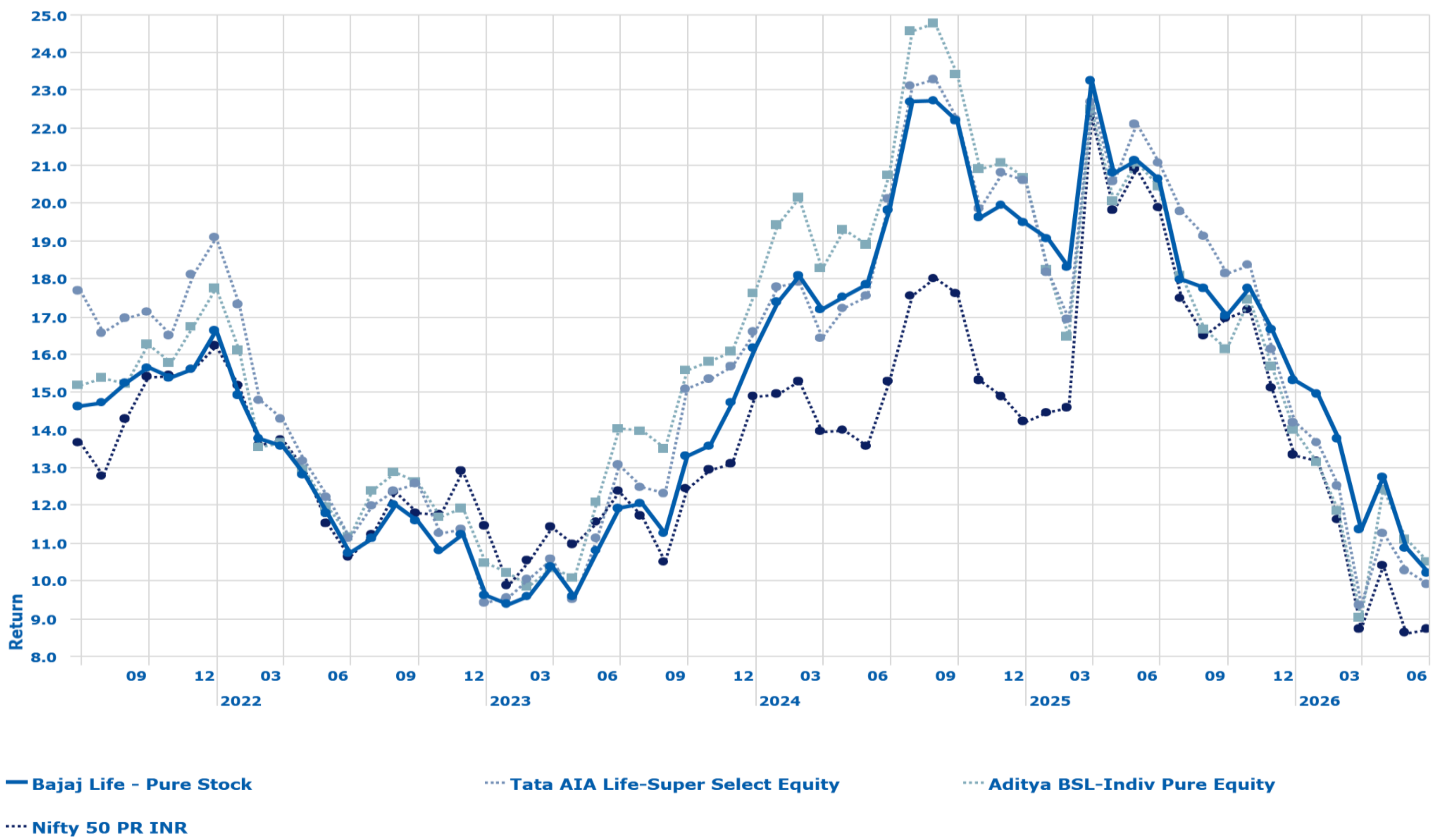
Better Downside Management

- Smaller drawdowns versus aggressive peers indicate superior downside protection.
- Quicker rebounds and lower risk reinforce better capital preservation.

Why Bajaj Life Pure Stock Wins !!

Consistent Performance Across Different Market Periods

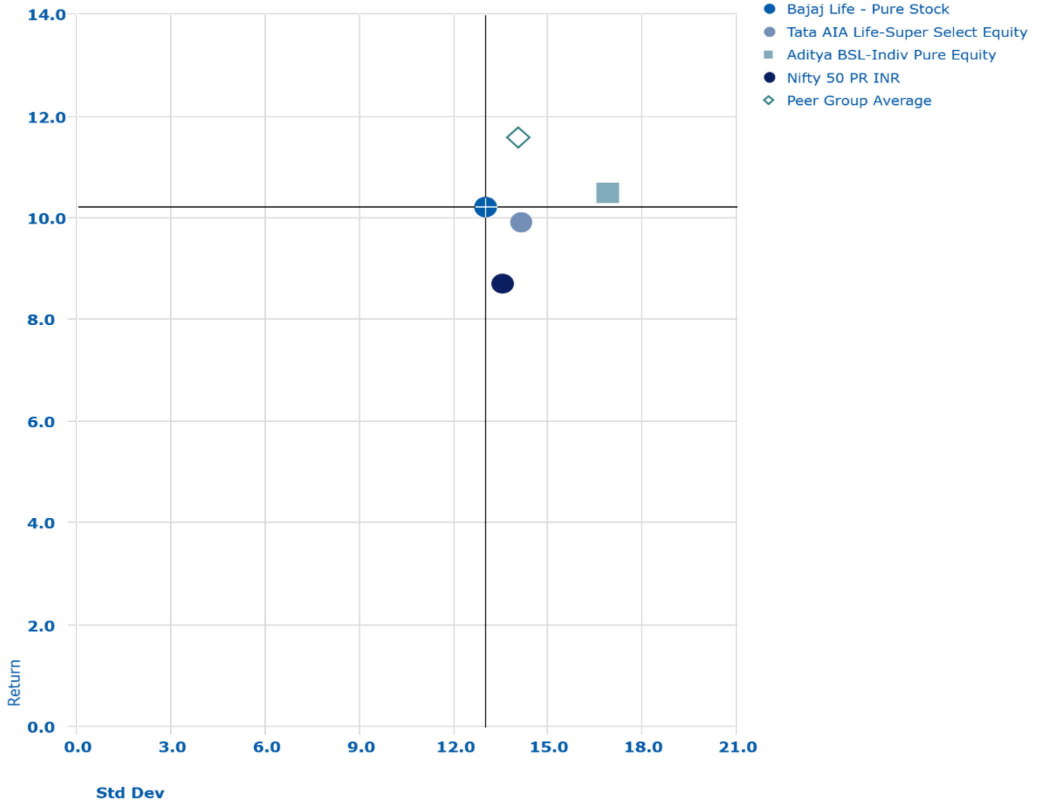
Rolling Window: 5 Years 1 Month shift



Source: Morningstar Direct

Balanced risk-reward positioning compared to aggressive peers

Time Period: 01-07-2021 to 30-06-2026



Source: Morningstar Direct

Steady Long-Term Wealth Creation

- Bajaj Life Pure Stock Fund delivers comparable or superior long-term wealth creation versus peers over the 5-year period. Faster recovery after drawdowns supports stronger compounding through cycles.

Balanced Risk–Reward Profile

- Bajaj Life delivers competitive returns with lower volatility than key peers. Stronger risk-adjusted positioning supports market-level upside with controlled risk.

Key Active Funds for Consideration

Top Performing, Most Popular & Most Preferred Funds

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Top Performing	Most Popular	Most Preferred
Small Cap Fund **AUM : ₹4,765 Cr.**	**Pure Stock Fund** **AUM : ₹7,189 Cr.**	**Flexi Cap Fund** **AUM : ₹3,643 Cr.**
✓ High-growth small-cap exposure ✓ Suitable for investors with a high risk appetite	✓ Flagship fund with proven track record ✓ Flexible stock selection	✓ Dynamic & diversified multi-cap allocation ✓ Suitable for investor seeking long-term steady growth

Top 3 Funds – Risk & Reward

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Risk Profiles

Medium

High

Very High

Medium to High Risk

Blue Chip Equity
AUM : ₹906 Cr.

Time Period	CAGR Return		
	Fund	Benchmark	Alpha
5 Yr.	9.39%	8.70%	0.69%
Since Inception	9.80%	9.07%	0.73%

High to Very High Risk

Flexi Cap Fund
AUM : ₹3,643 Cr.

Time Period	CAGR Return		
	Fund	Benchmark	Alpha
4 Yr.	13.94%	13.65%	0.29%
Since Inception	13.15%	12.19%	0.96%

Very High Risk

Focused 25
AUM : ₹346 Cr.

Time Period	CAGR Return		
	Fund	Benchmark	Alpha
1 Yr.	-2.93%	-4.68%	1.75%
Since Inception	6.20%	3.88%	2.32%

As on 30 June 2026

Bajaj Life – Blue Chip Equity Fund (Large Cap Index Fund)

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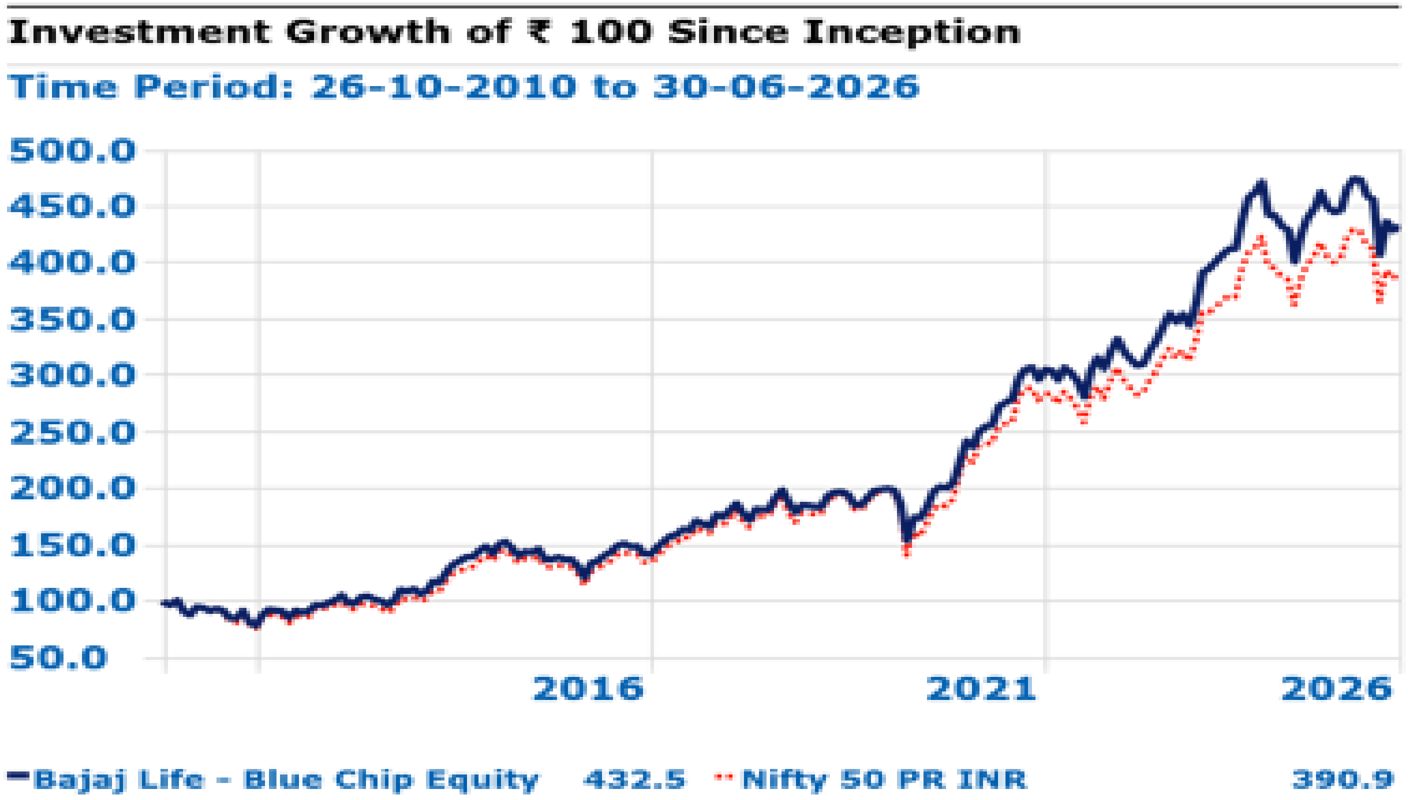


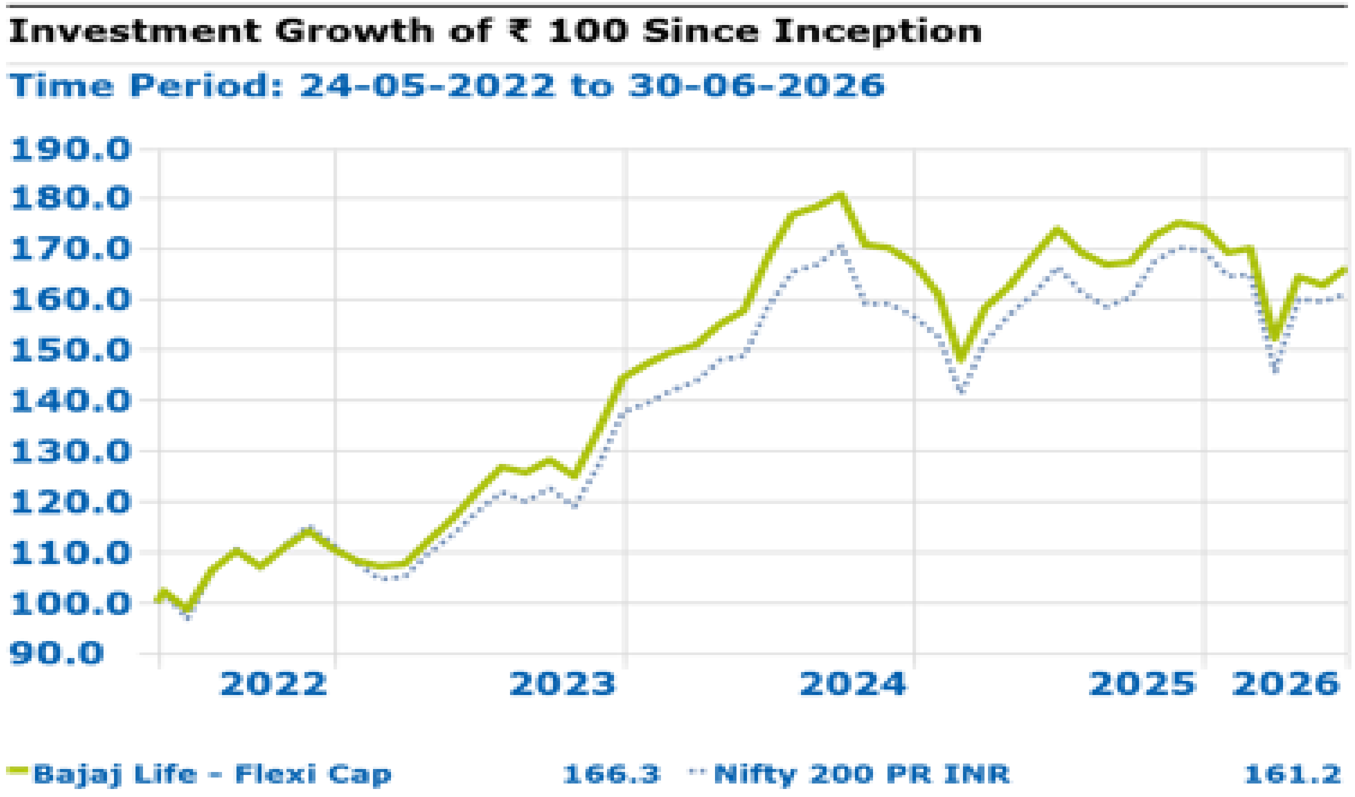
Time Period	Blue-Chip Equity Fund	Nifty 50 Index	Alpha
1M	0.96%	1.35%	-0.39%
3M	6.24%	6.87%	-0.63%
6M	-8.58%	-8.66%	0.09%
1Y	-6.44%	-6.47%	0.03%
2Y	-0.60%	-0.30%	-0.30%
3Y	8.04%	7.53%	0.51%
4Y	11.36%	10.89%	0.47%
5Y	9.39%	8.70%	0.69%
7Y	12.09%	10.59%	1.49%
10Y	11.68%	11.15%	0.53%
Since Inception	9.80%	9.07%	0.72%

Data as on 30 June 2026. Past performance is not indicative of future performance.

Blue-Chip Equity Fund – Stable Large Cap Participation with Consistent Long-Term Wealth Creation

- **In a volatile market environment, the fund offers disciplined large-cap exposure with efficient benchmark participation and relatively better stability versus broader markets.**
- With valuation comfort in large caps compared to mid/small caps and continued support from domestic flows, the fund remains well positioned for long-term investors.
- **The fund has delivered consistent long-term outperformance, generating positive alpha across most medium- to long-term periods.₹100 invested since inception would have grown to ₹432 vs ₹390 in the benchmark, delivering over 4x wealth creation over the long term.**
- Suitable for first-time equity investors and relatively lower risk appetite investors seeking long-term equity participation with comparatively lower volatility.

Bajaj Life – Flexi Cap Fund (A Multi Cap Approach)



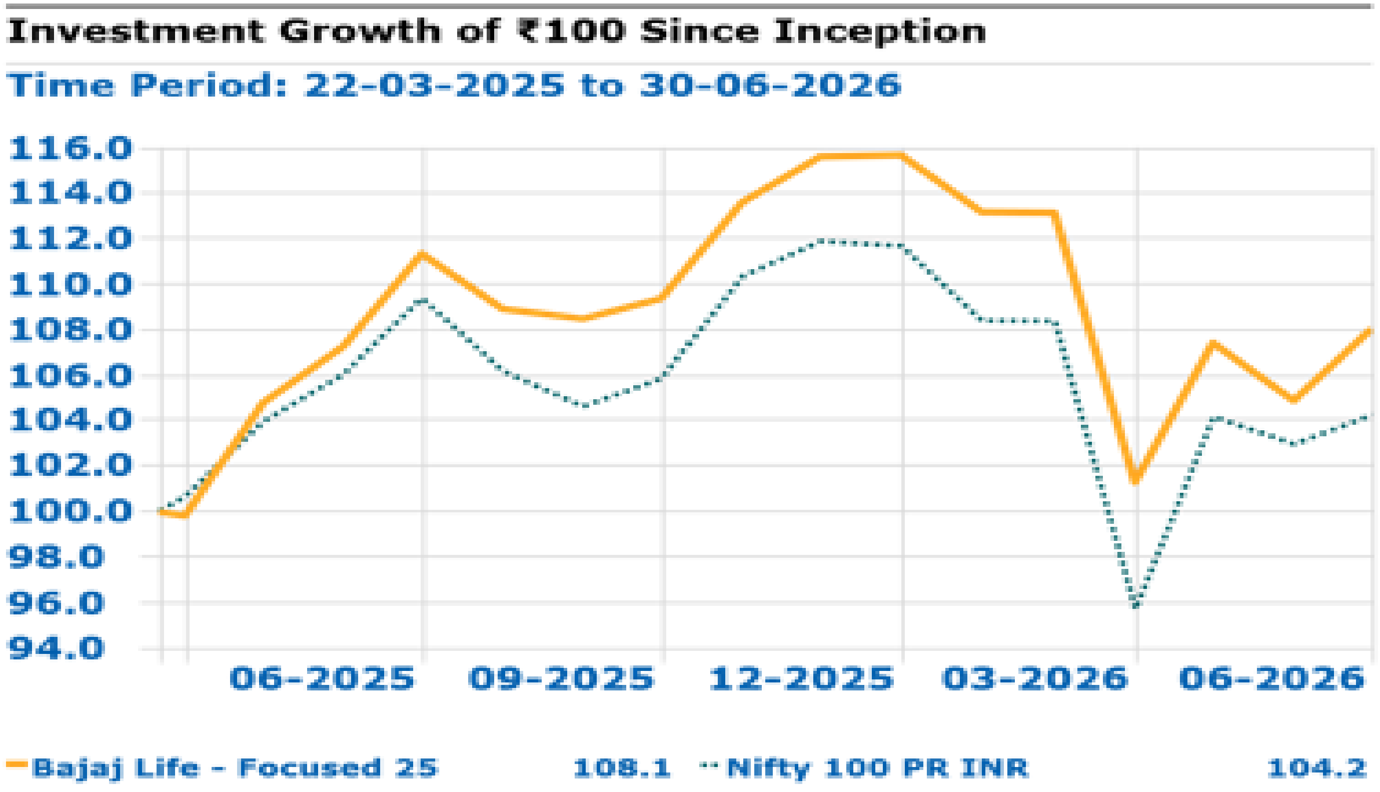
Fund Name	Since Inception (20-May-2022)		
	Return	Sharpe Ratio	Std Dev (Risk)
Flexi Cap Fund	13.15	0.68	15.22
Nifty 200 Index	12.19	0.50	19.53
Alpha	**0.96**	**0.18**	**-4.31**

Source: Morningstar Direct, Bajaj Life in house research, data as on 30 June 2026

Key Advantages:

- **Proven Performance:** A ₹1 lakh investment in the Bajaj Life Flexi Cap Fund in May 2022 has delivered steady growth (Fund Value became ₹1.66 Lakhs) , outperforming its benchmark.
- **Superior Risk Adjusted Return:** The fund maintains a high Sharpe ratio, indicating better returns for the level of risk taken.
- **Dynamic Allocation Strategy:** High valuation dispersion across market caps creates opportunity. Our flexi-cap structure allows managers to dynamically shift capital between large, mid, and small caps to capture the best relative value without constraints.

Bajaj Life – Focused 25 (High Conviction Fund)



Month	Cumulative Return Since Inception		
	Focused 25 Fund	Nifty 100 Index	Alpha
June'25	11.30%	10.20%	**1.10%**
July'25	8.80%	7.00%	**1.90%**
Aug'25	8.40%	5.40%	**3.10%**
Sep'25	9.30%	6.60%	**2.70%**
Oct'25	13.50%	11.10%	**2.40%**
Nov'25	15.50%	12.70%	**2.90%**
Dec'25	15.60%	12.50%	**3.10%**
Jan'26	6.60%	4.40%	**2.20%**
Feb'26	13.10%	9.10%	**3.90%**
Mar'26	1.20%	-3.50%	**4.70%**
Apr'26	6.60%	4.40%	**2.20%**
May'26	4.04%	3.09%	**0.94%**
June'26	6.20%	3.88%	**2.31%**

Focused on High-Conviction Strategy, Delivering Consistent Alpha Since Launch

- Invest in a high-conviction portfolio designed for targeted wealth creation through a concentrated approach.
- **Consistently outperformed the Nifty 100 Index on a MoM Since Inception basis despite volatile market conditions since launch.**
- Focused on high-quality large caps with better valuation comfort versus mid/small caps, balancing growth opportunities with risk management.
- High-conviction exposure to long-term growth themes such as Consumption, EV, Power, Hospitals, CDMO and Defence through selective sector leaders.
- **Suitable for investors seeking focused long-term wealth creation through a concentrated yet relatively stable large-cap oriented equity strategy.**

CIO View

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Backdrop / Setup

- Domestic macro situation has improved with the sharp correction in crude oil prices post the peace deal between US & Iran
- As a result, Equity markets have moved up and bond yields have cooled off in the last few weeks.
- With crude prices cooling off sharply, risk to corporate earnings has receded substantially.
- With the AI rally showing some signs of weakness, India's underperformance versus global peers may reverse.
- FPI selling has abated in recent weeks, DII buying continues to be strong.
- Market valuations have corrected from highs and are now closer to historical average, especially for large caps.

CIO View

With war-related uncertainty largely behind us, the outlook for equities has improved. We expect equities to deliver double-digit returns over the next 12 months, even from current levels.

However, this is contingent on a recovery in earnings growth, which should be closely monitored, particularly if the monsoon remains weak.

While we continue to advocate a balanced asset allocation, the improved risk-reward supports a higher allocation to equities, especially given our expectation of an increase in bond yields from their current levels.

Within equities, we expect returns to be broadly similar across large-, mid-, and small-cap stocks. While large caps offer more attractive valuations, stronger earnings momentum in select mid- and small-cap sectors should balance this out.

Thank you