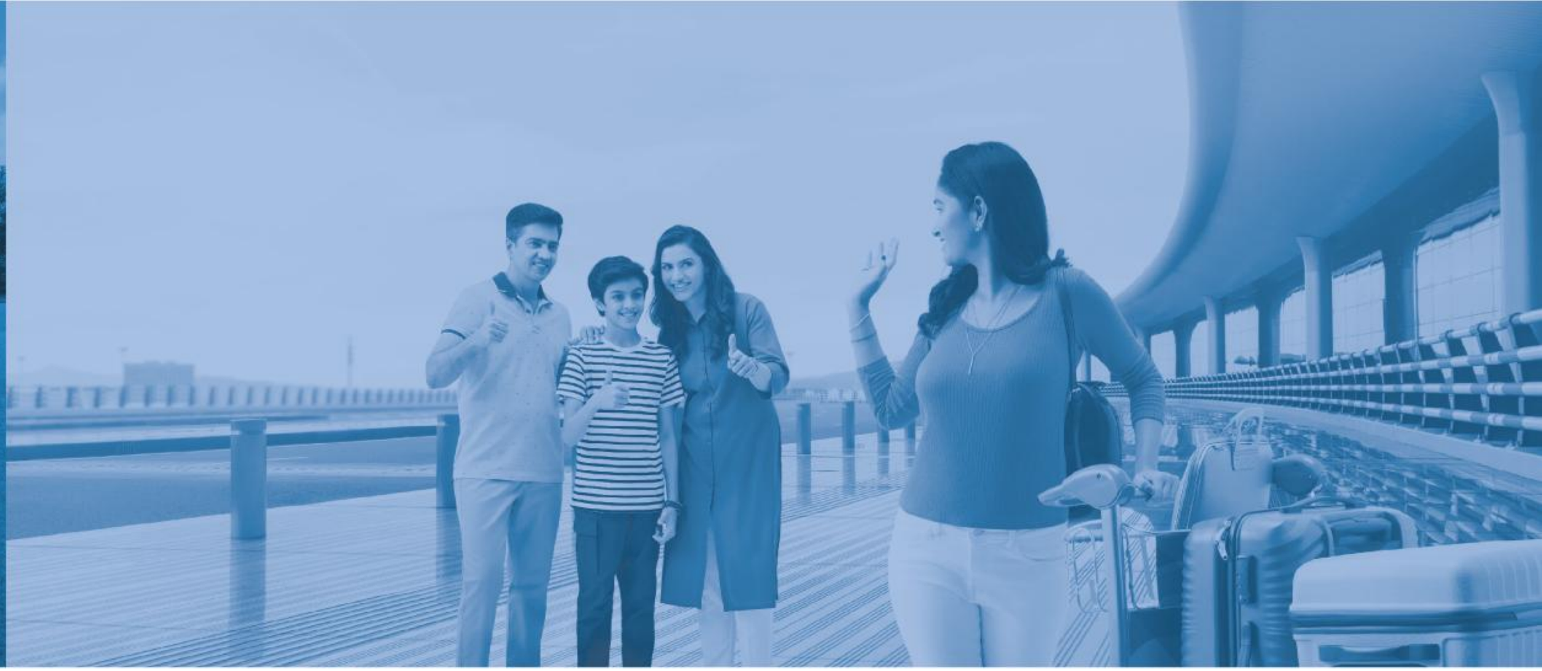


CIO Connect : Investment Insights & Market Outlook

Aug 2026

LIFE GOALS. DONE.

Key Themes Covered

Global Macro Update

Domestic Macro Update

Healthy Domestic Flows

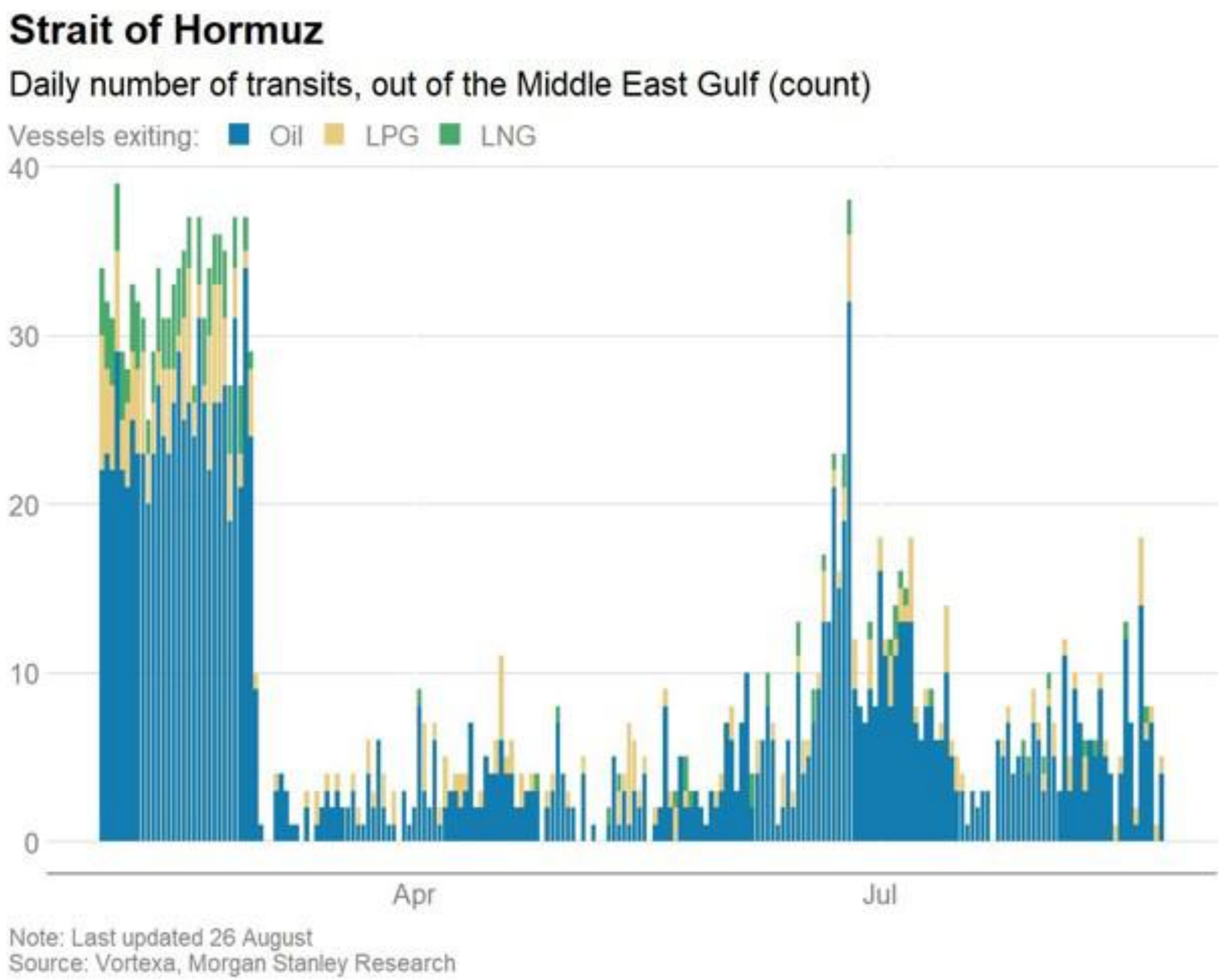
Earnings & Valuations

Positive Equity Outlook

Proven Track Record; ULIPs in Focus

Global Macro Update

Strait of Hormuz – Activity levels remain low



Number of vessels leaving MEG via the Strait of Hormuz

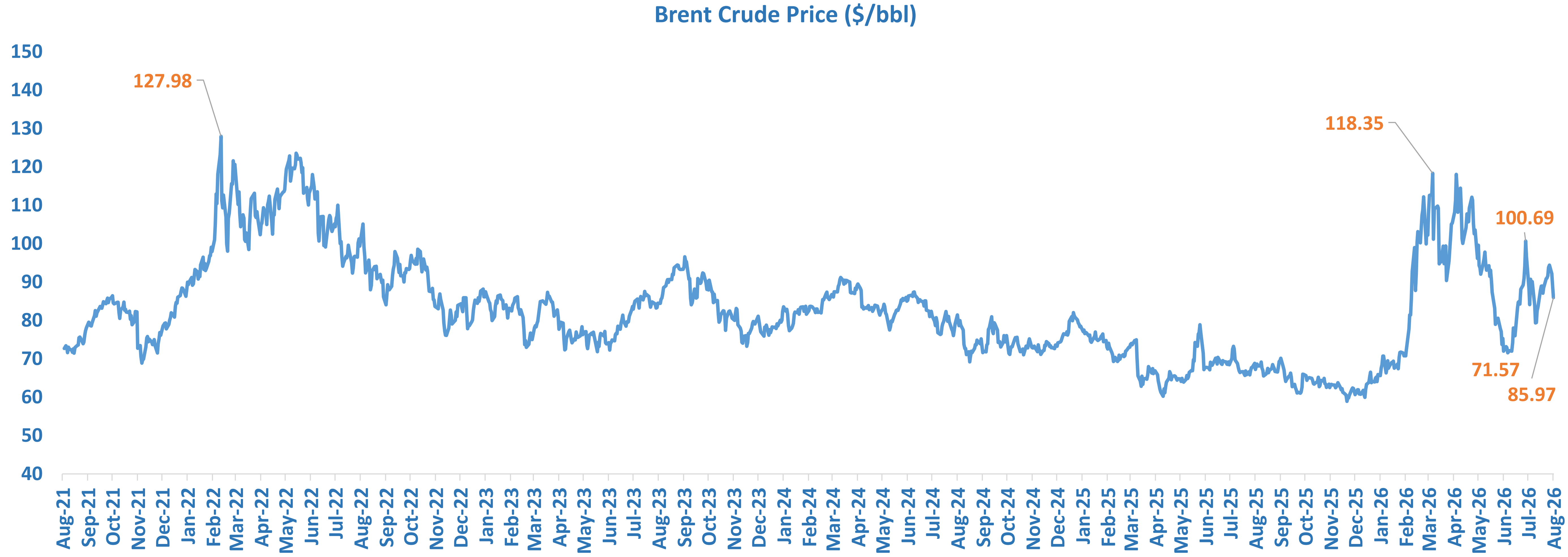
By vessel type; latest value as per 26 Aug 2026

Date	Oil	LPG	LNG	Total
25 Aug	4	1	0	**5**
24 Aug	0	1	0	**1**
23 Aug	7	1	0	**8**
22 Aug	6	1	1	**8**
21 Aug	14	4	0	**18**
20 Aug	1	1	0	**2**
19 Aug	7	0	0	**7**
18 Aug	12	0	1	**13**
17 Aug	4	1	0	**5**
16 Aug	0	1	0	**1**

Source: Vortexa, Morgan Stanley Research

- Renewed tensions between US and Iran has resulted in lower transits across the Strait of Hormuz.
- Daily outbound vessel traffic through the Strait has fallen sharply, from ~30 pre-conflict to ~10 over the past couple of months.

Crude Oil prices stay elevated due to supply disruptions



Source: Bloomberg I As on 26th Aug 2026

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

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

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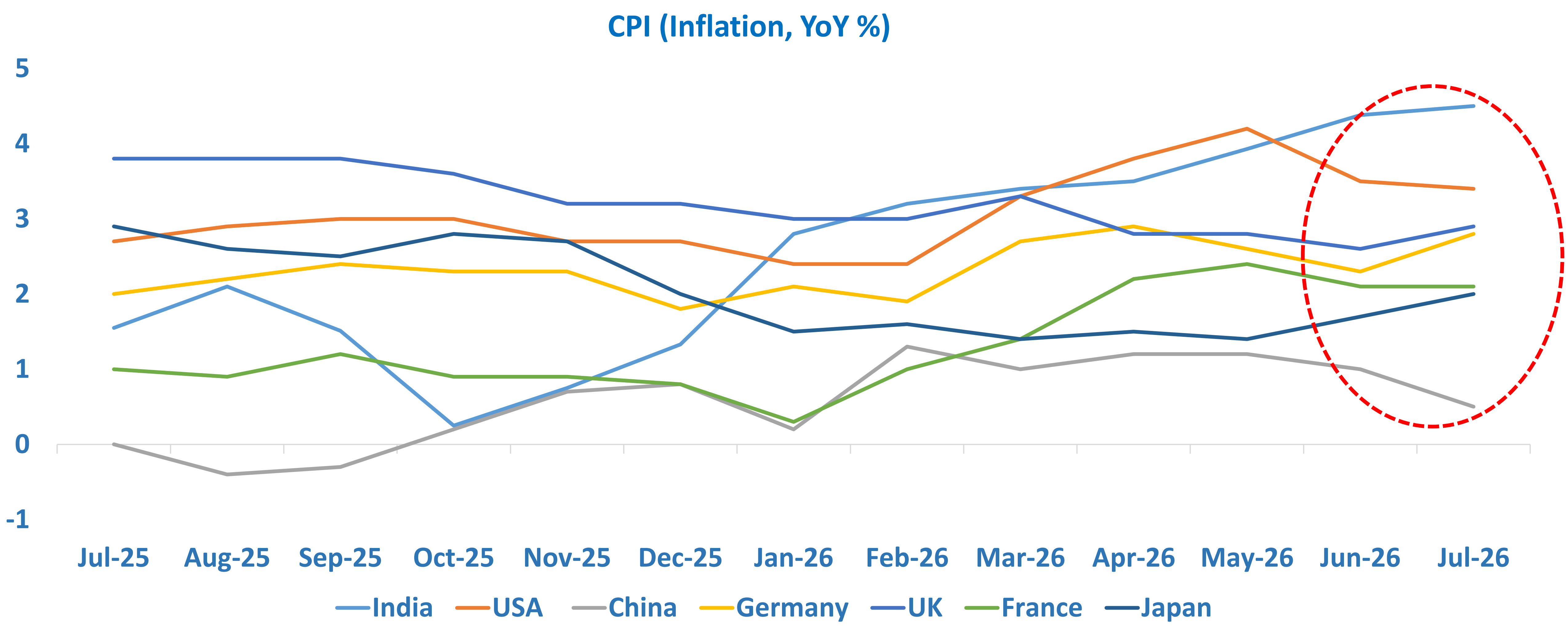
Real GDP growth projections for 2026 and 2027 (YoY%)

			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.

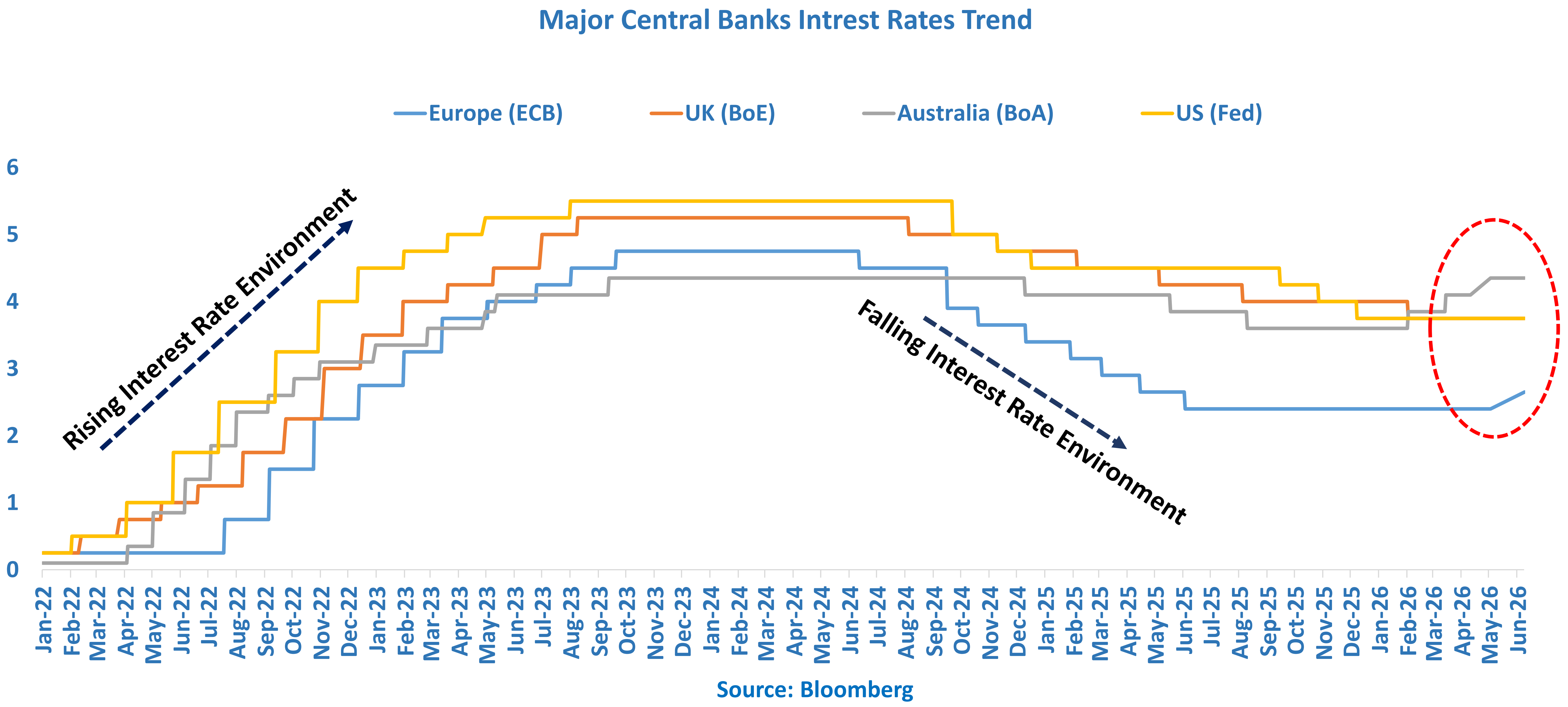
Globally Inflation Shows Signs of Moderation Amid Diverging Trends



Source: Bloomberg

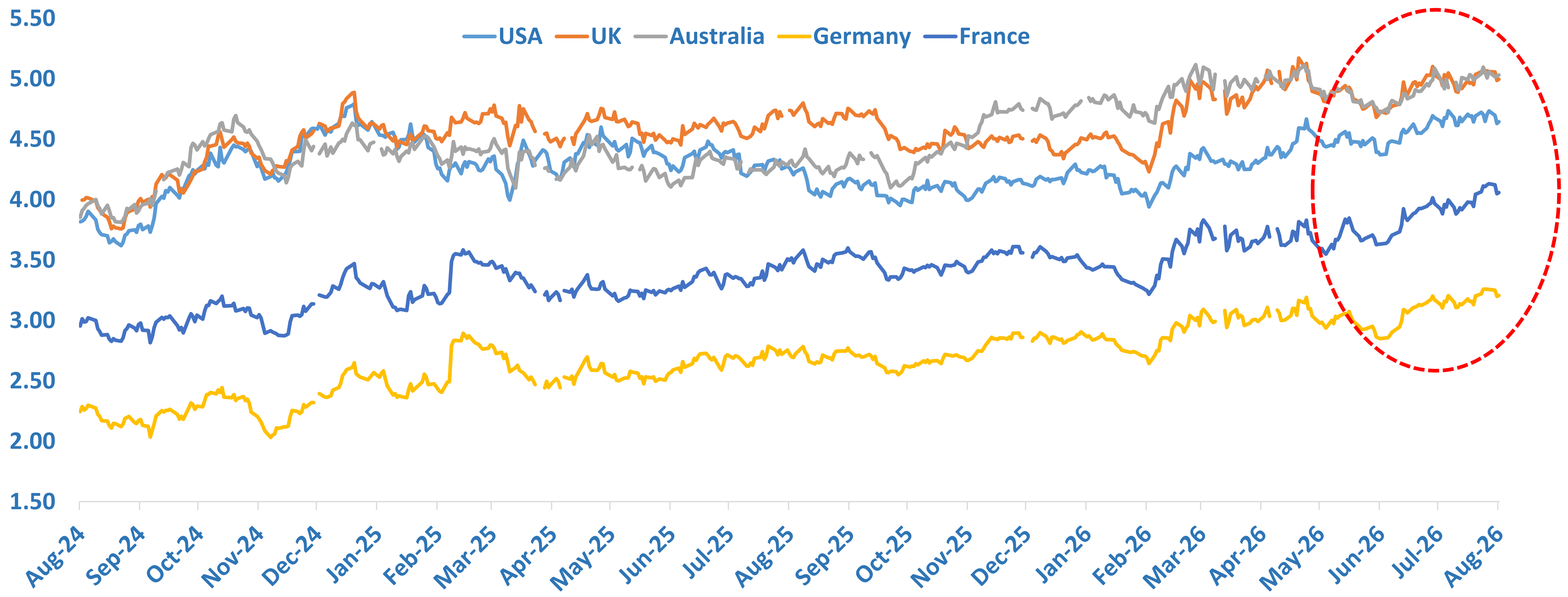
- Globally inflation trends have become increasingly divergent, with price pressures moderating across most major economies while remaining elevated in select markets, reflecting differing domestic demand conditions and policy dynamics.

Global Monetary Policy Becomes Increasingly Divergent



- 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.

Global 10Y Bond Yields Remain Elevated Amid Persistent Fiscal & Inflation Concerns

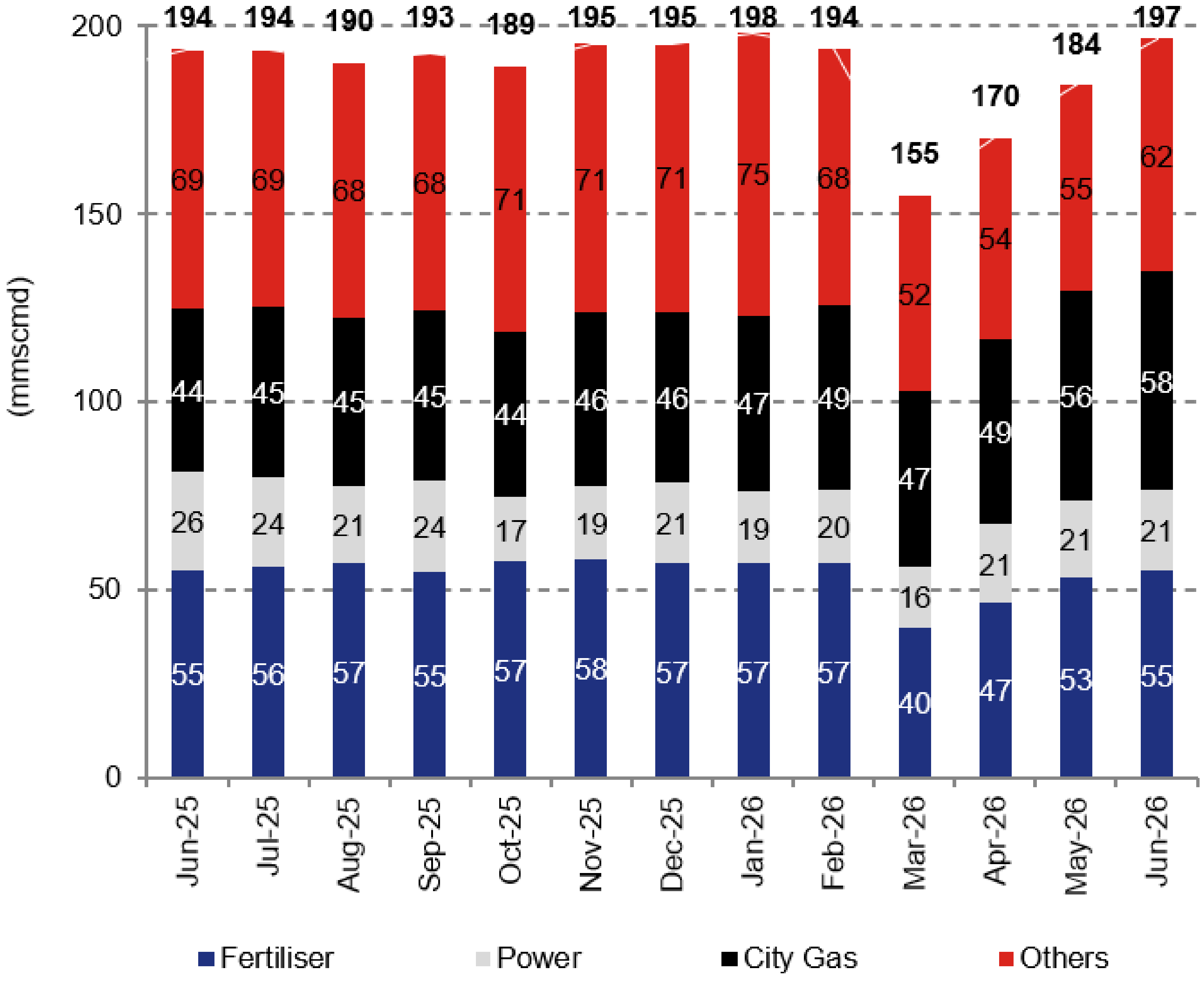


Source: Bloomberg

- 10Y yields have risen materially across key markets over the past two years, with USA, UK and Australia near to 5% or at 5%, while Germany and France have also seen a significant upward shift.

Domestic Macro Update

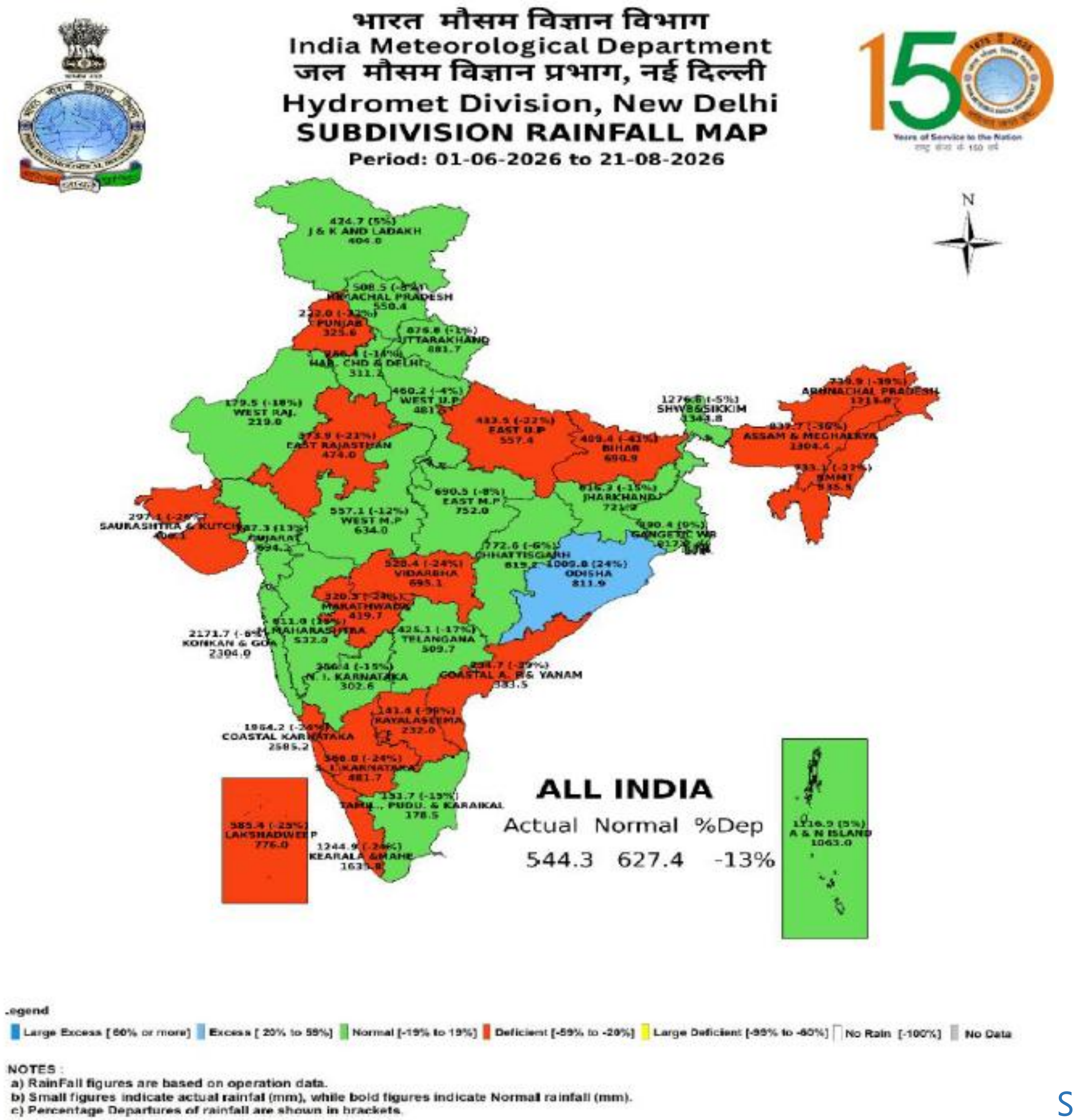
Gas demand rebounds versus Feb’26 led by LNG demand



Source: PPAC, JM Financial

- The sharp 12.6 mmscmd increase MoM in Jun'26 gas demand was led by Refineries (up 2.6mmscmd), CGDs (up 2.3mmscmd), Fertilisers (up 2mmscmd), Petchem (up 1mmscmd), Power (up 0.7mmscmd) and internal pipeline consumption (up 3.6mmscmd), partially offset by lower gas demand from Industrial and Manufacturing segments (down 0.5mmscmd each).
- Thus, w.e.f. 4th Jul’26, the GoI withdrew its Mar’26 order to ensure equitable distribution and availability of gas for priority sectors (100% supply for CNG and domestic PNG and LPG production; 65–80% supplies for other sectors).

Monsoon - Remains deficient, though quantum has reduced



- Till August 21 , cumulative rainfall was 13% below long term average while weekly rainfall was 20% below long term average.
- On a cumulative basis, rainfall was deficient in south, east and north east while rainfall was normal in central and north west India.
- Overall rainfall in June was 40% below LPA, July was 3.5% above LPA, while August till date is 14.9% below LPA. El Nino conditions have strengthened while IOD has turned positive.

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

CPI inching up but still within RBI's band

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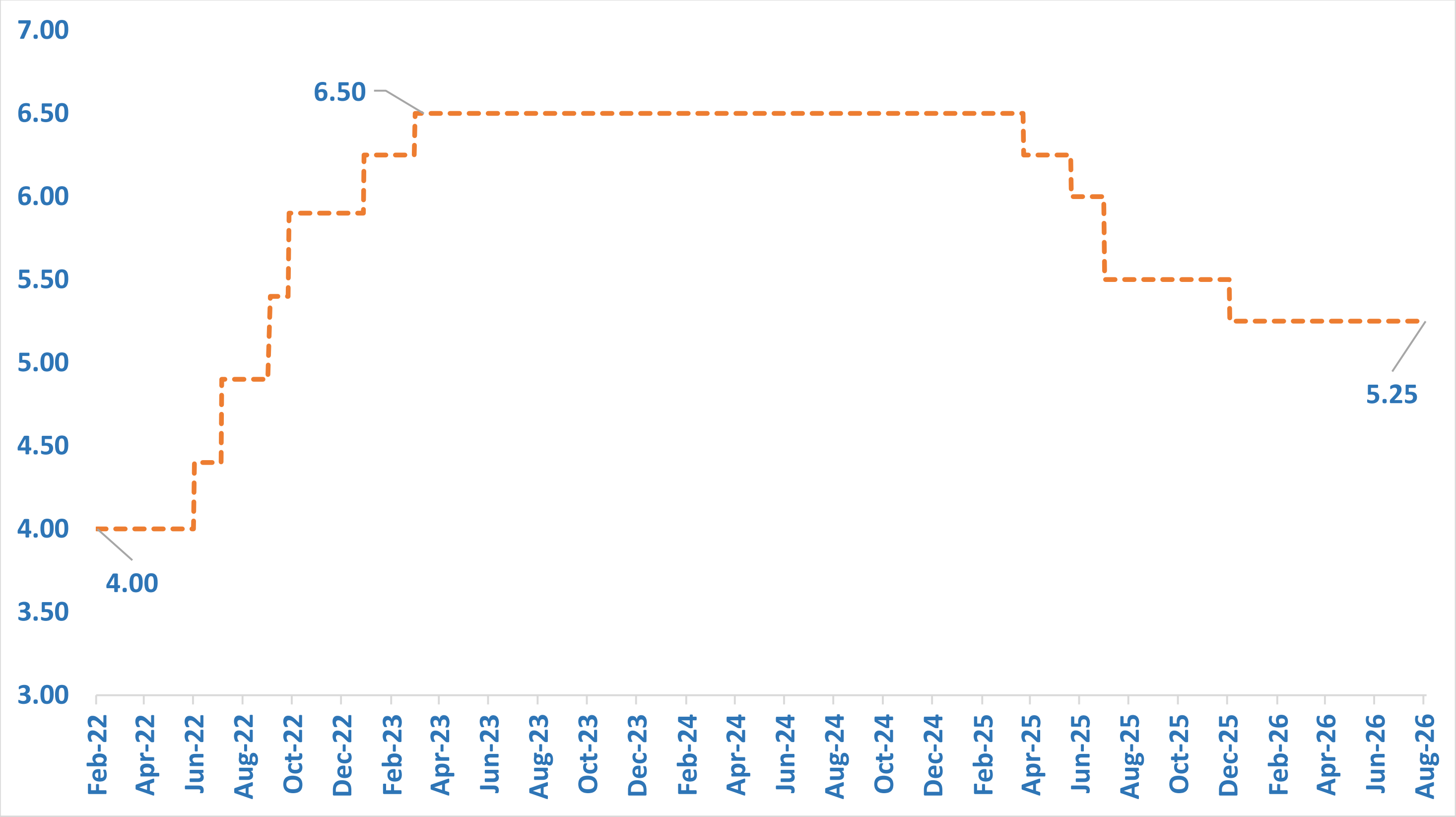
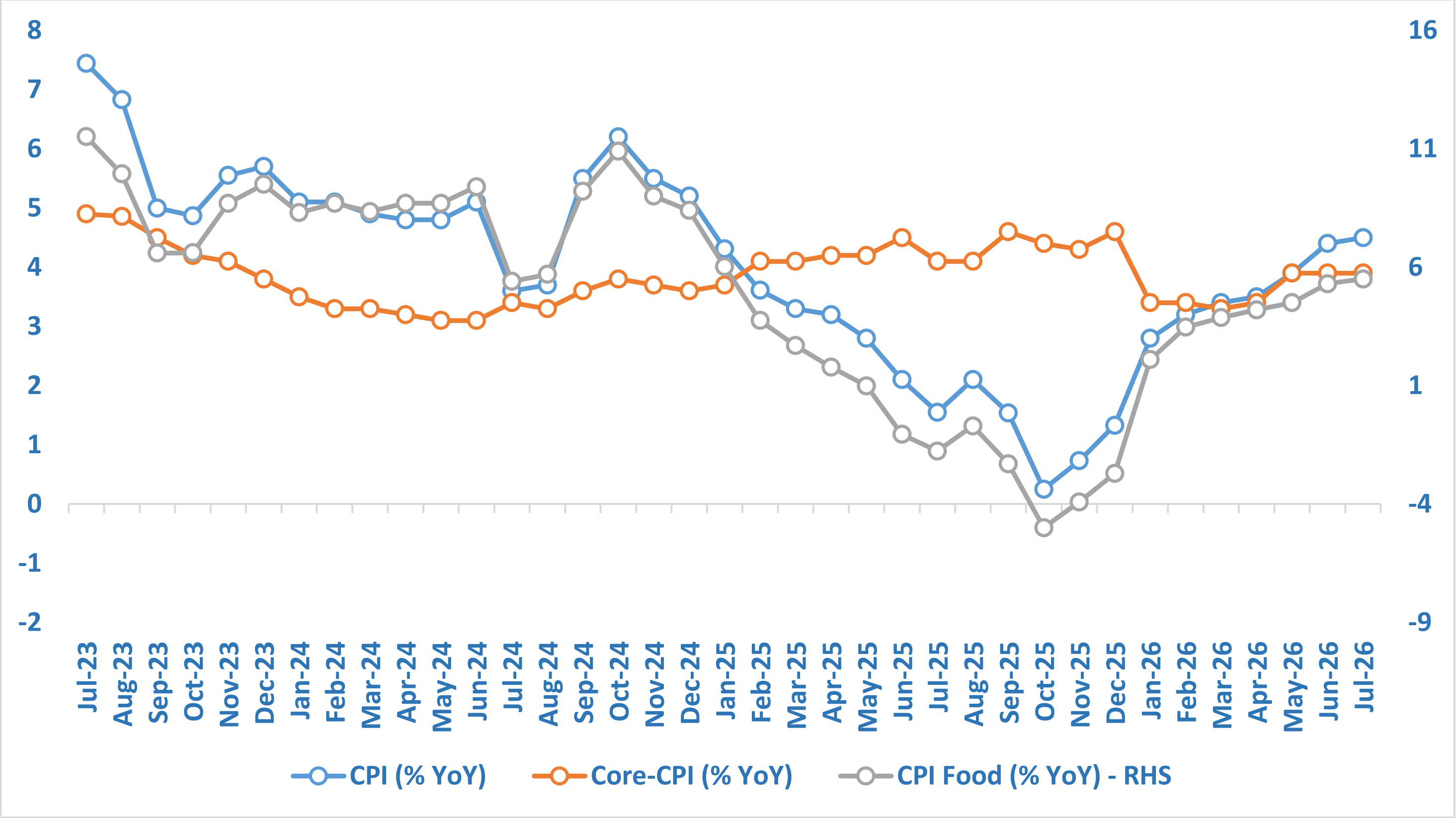
Repo Rate Trend (in %)



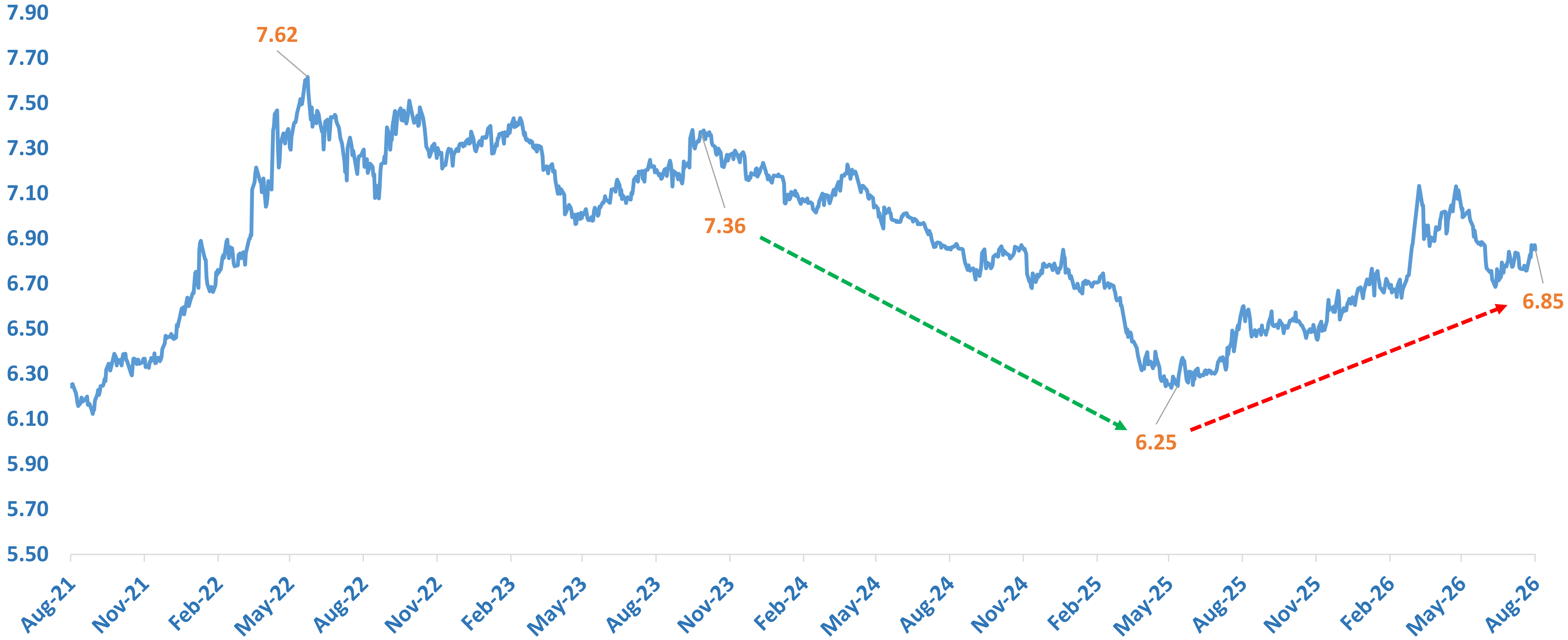
Inflation Trend YoY (in %)



Source: Bloomberg, MOSPI, RBI

- **CPI rises to a 20-month high:** India's headline retail inflation inched up to 4.5% in Jul'26, up from 4.4% in Jun'26. Incidentally, CPI inflation has been trending upwards for the last 7 months and is now at a 20-month high.
- Food Inflation remained elevated to 5.5% YoY in June'26 vs 5.3% in June'26.

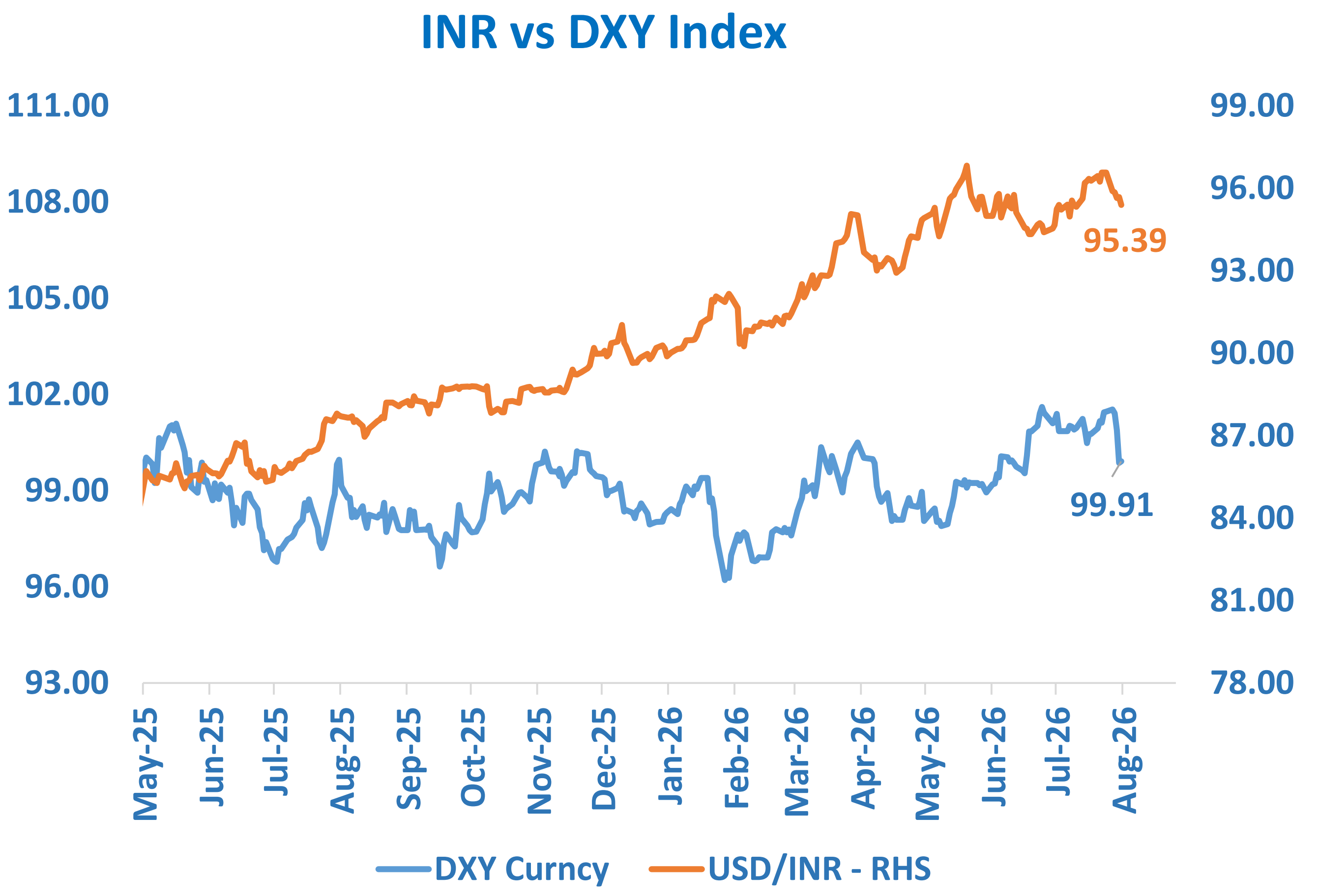
10 Year G-Sec has cooled off from recent highs

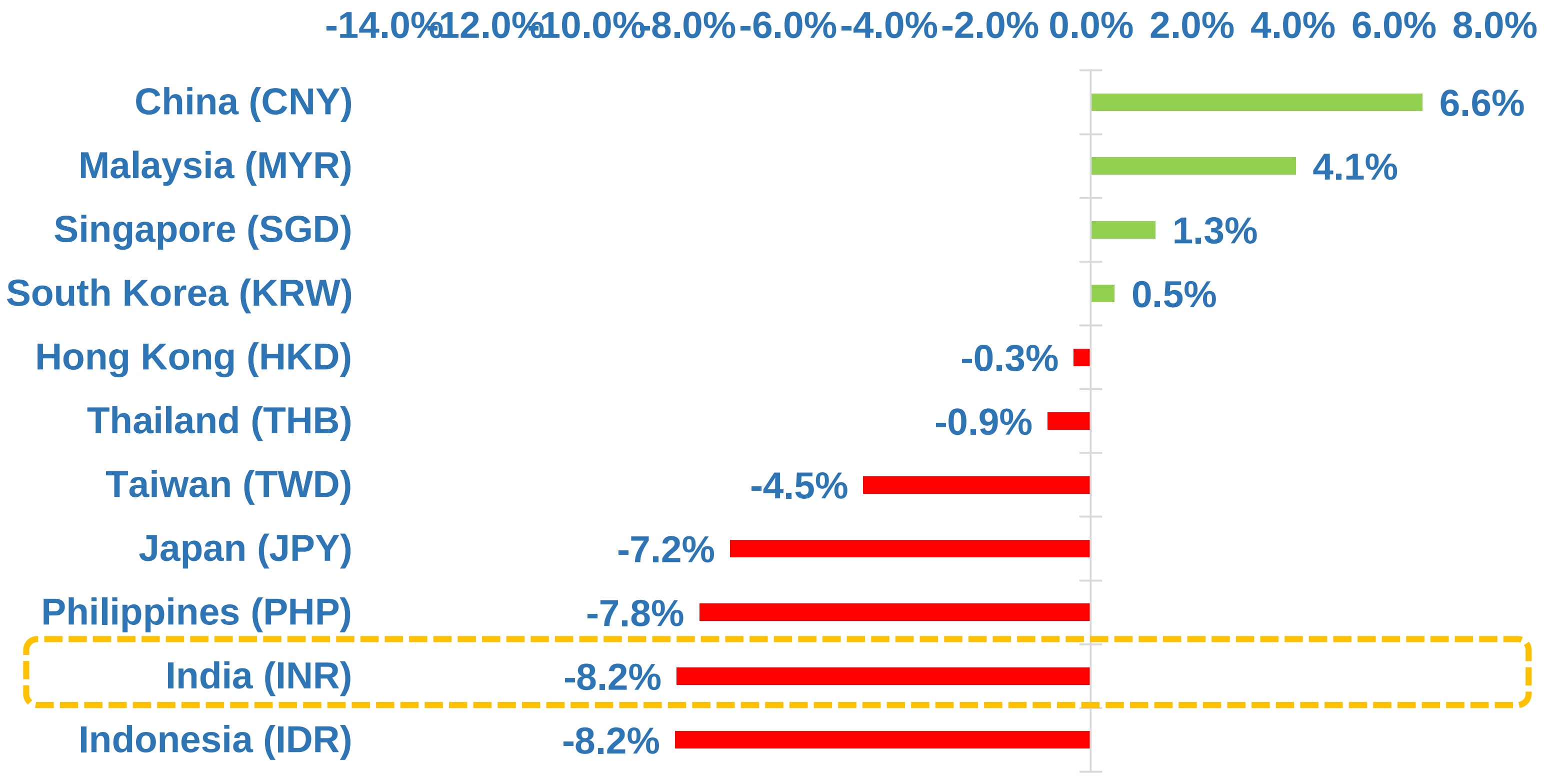


Source: Bloomberg I As on 25th Aug 2026

- 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 6.85% as on 25 Aug 2026.

INR Significantly depreciated against the weak US dollar



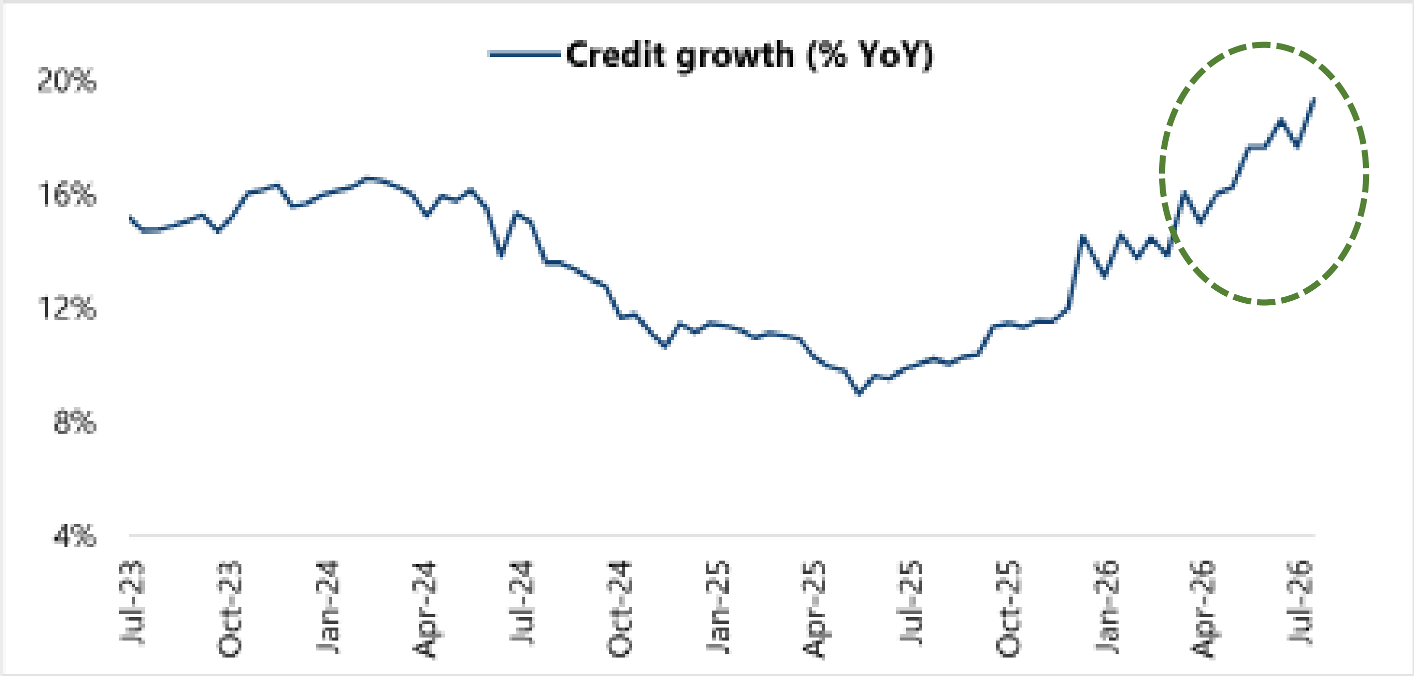


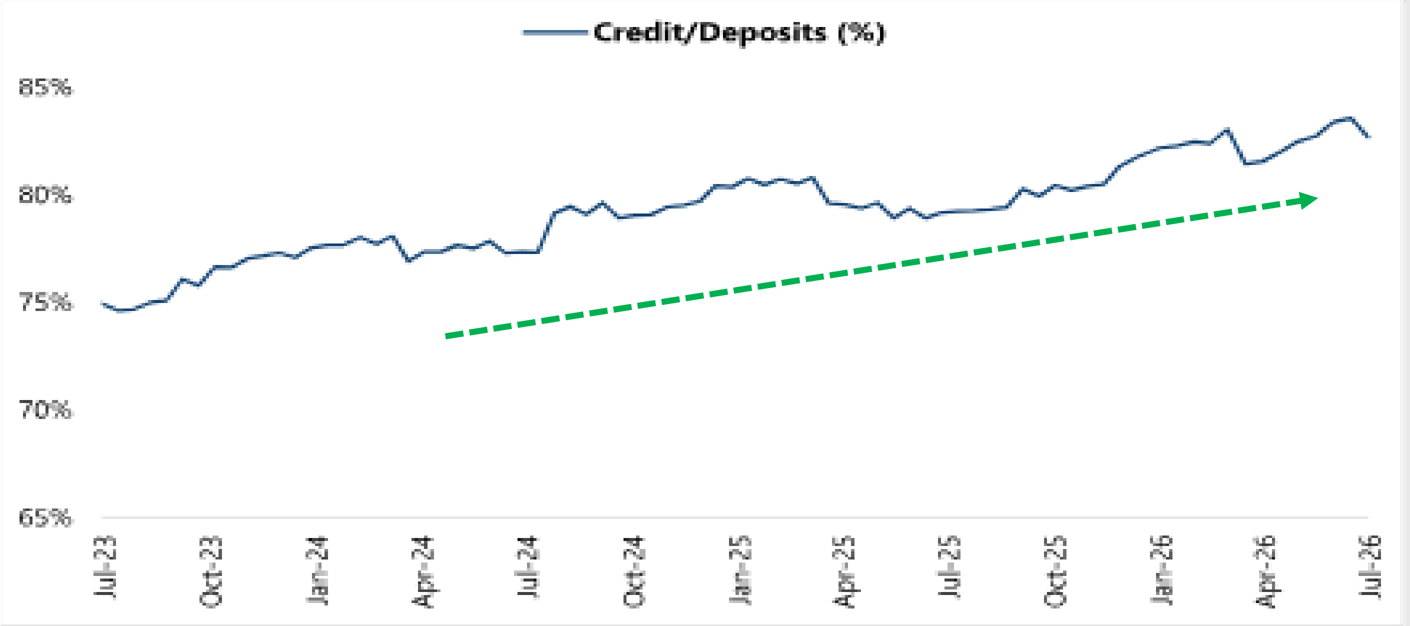
Source: Bloomberg I As on 25th Aug 2026

- The INR has depreciated by 8.21% against the USD over the past 12 months, despite a relatively weak US Dollar environment (DXY below 100).
- Among major emerging-market currencies, the INR has been one of the weakest performers against the USD over the past 12 months.

Dollar Index (DXY) is a weighted measure of the U.S. dollar's value relative to a basket of major foreign currencies, reflecting its overall strength or weakness.

Improvement in Credit growth continues, deposit growth still trailing



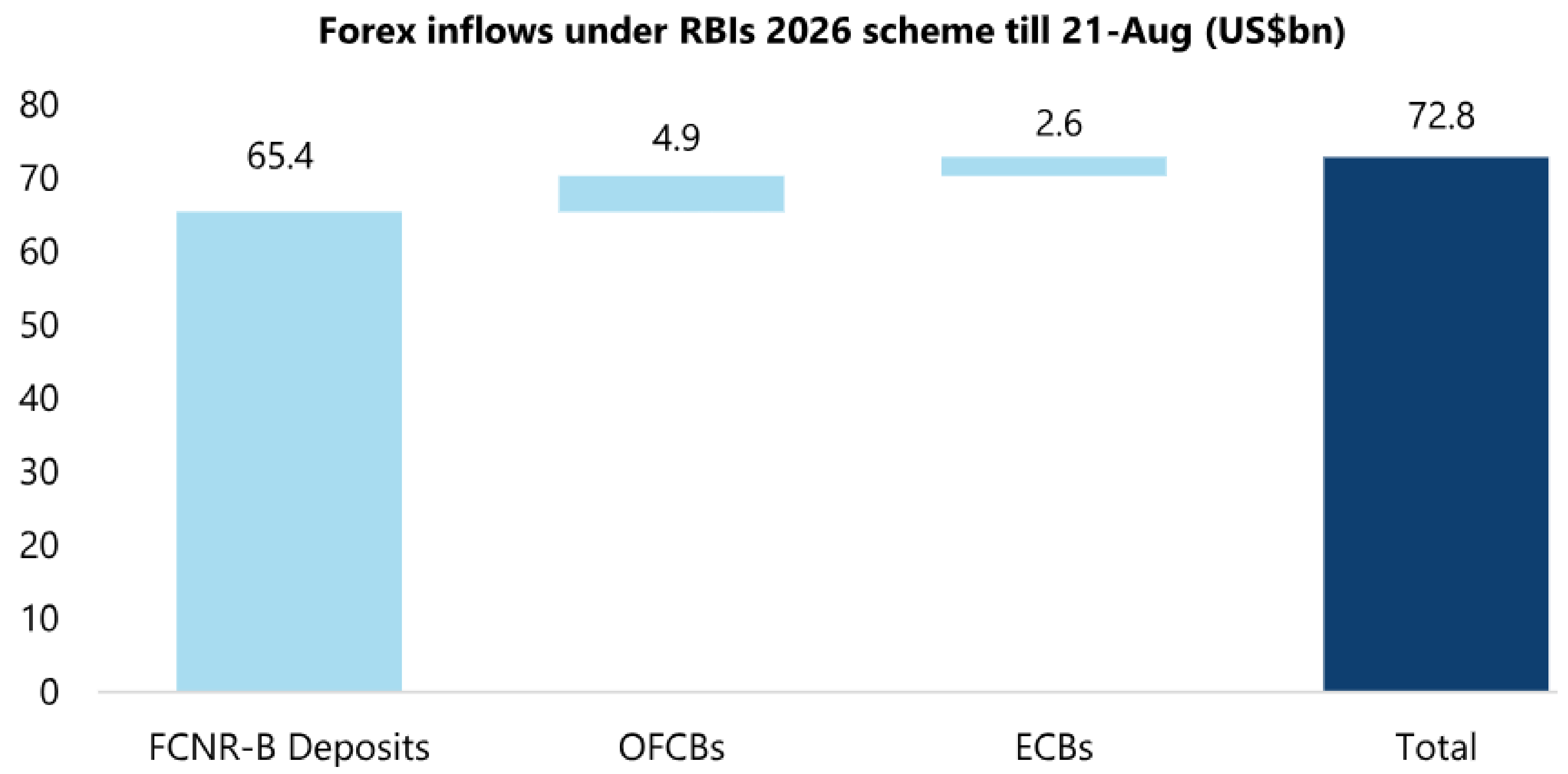


- Credit growth remained robust at 19%, while deposit growth accelerated to 15% YoY in July 2026.

- With the gap between credit and deposit growth narrowing, the C/D ratio moderated marginally to 82%.

Source :- **Jefferies**

FCNR-B Deposits Drive Strong Foreign Currency Mobilisation

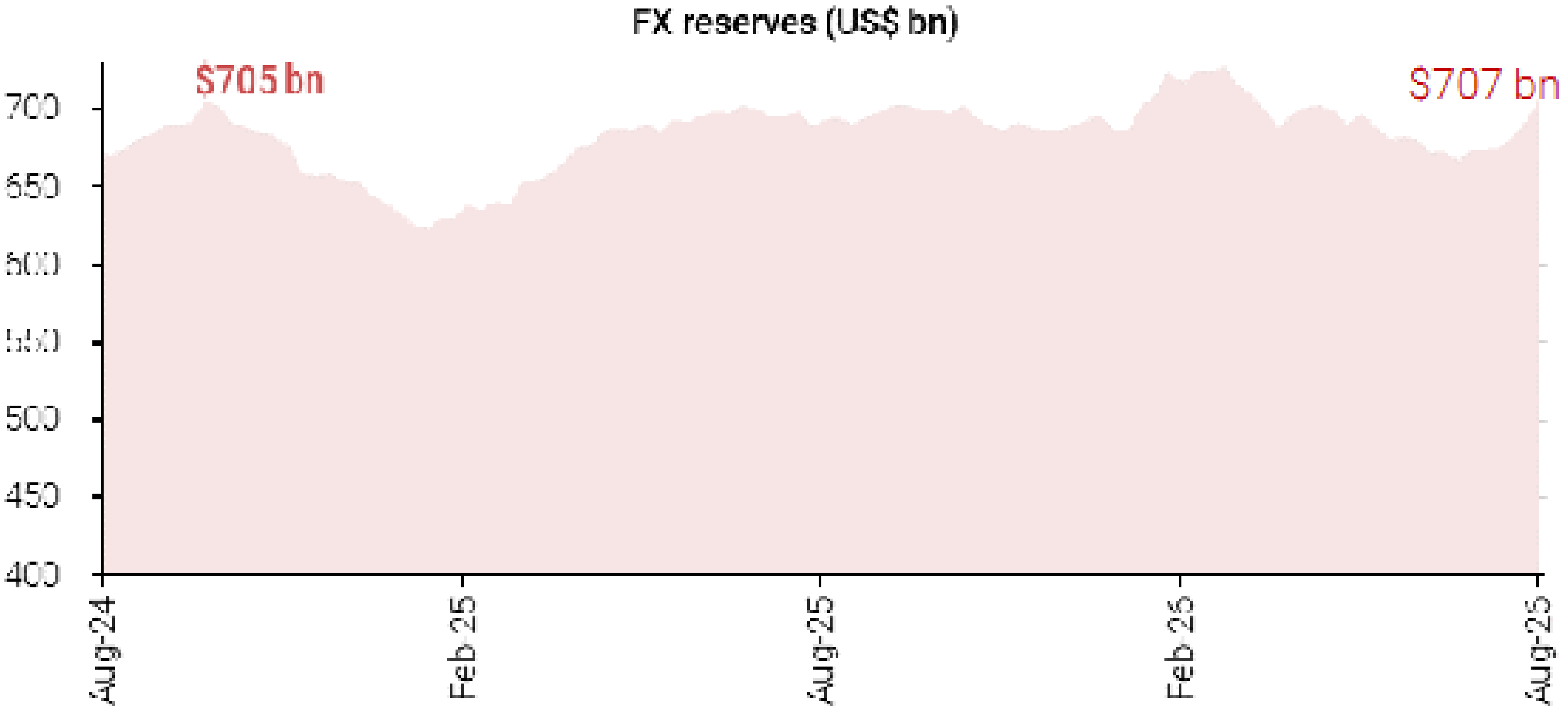


Source RBI, Jefferies

- Indian banks have mobilised ~US$73bn under the RBI's 2026 scheme, with FCNR-B deposits accounting for US$65.4bn (~90% of total inflows).
- Liquidity conditions have improved as banks raise foreign currency funds, even as the RBI continues to absorb part of the system liquidity.
- With strong response to the FCNRB scheme, RBI chose to close it by 31-Aug (1mth sooner).

FCNR-B (Foreign Currency Non-Resident Bank Deposits): Fixed-term deposits held by NRIs in permitted foreign currencies, with both principal and interest protected from exchange-rate fluctuations.

Forex Reserves – Depleting at the margin



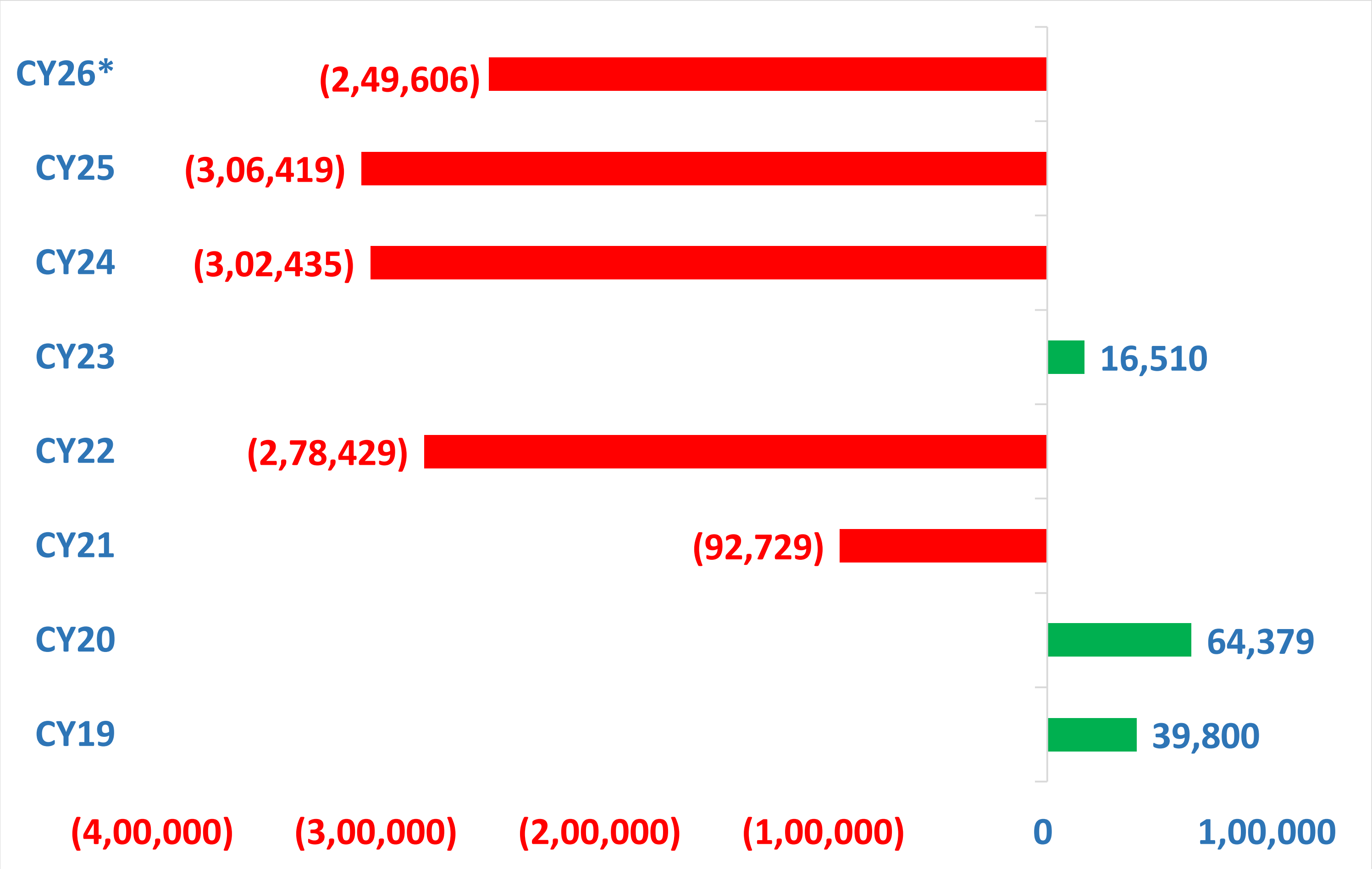
Source RBI, CEIC, Kotak Economics Research

- Foreign exchange reserves remain healthy at US$707 billion, providing nearly 11 months of import cover however they are down from the peak of $728 in Feb 2026.

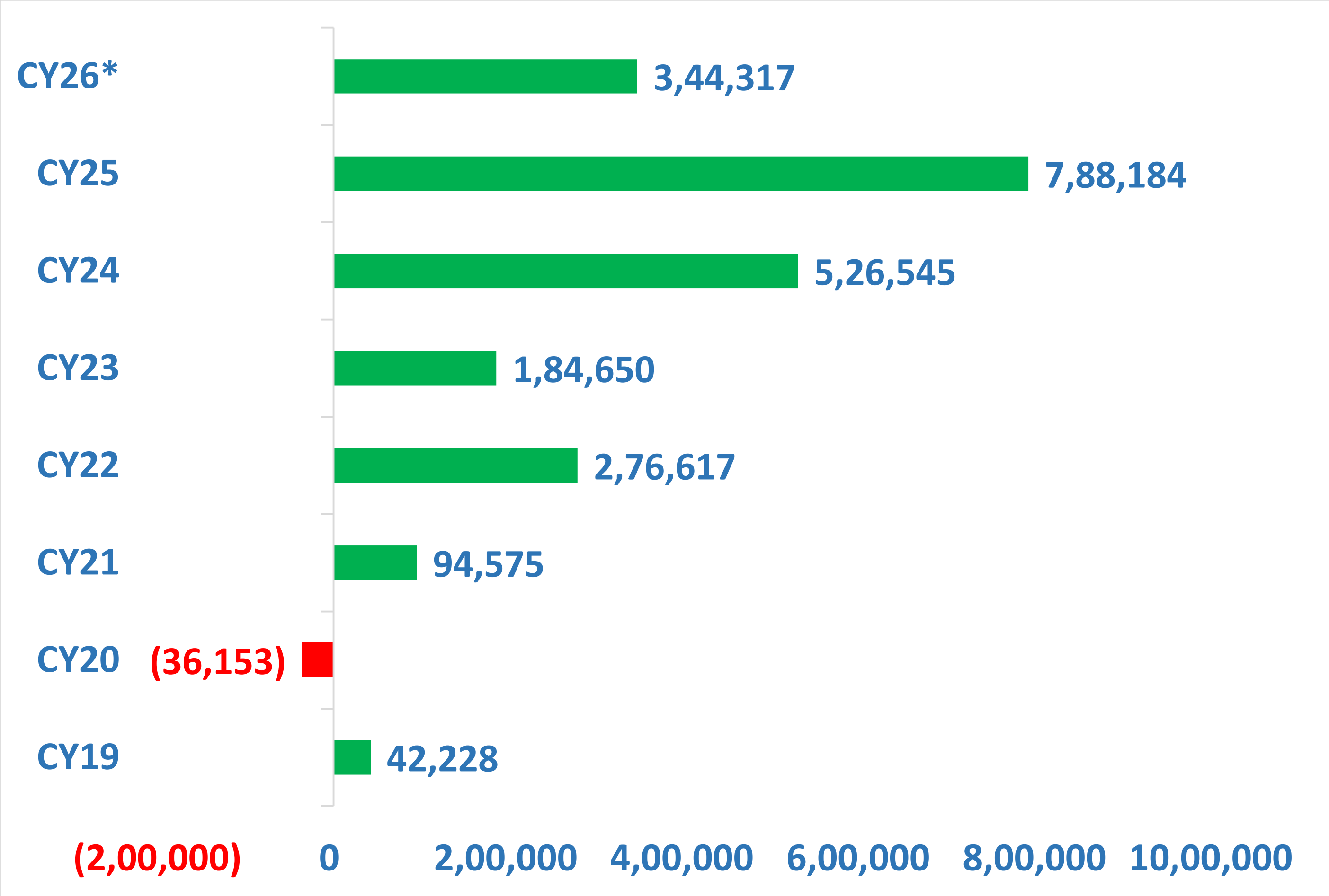
Flows

Flows – FPI selling moderated

FPIs Activity (Cr.)



DIIs Activity (Cr.)

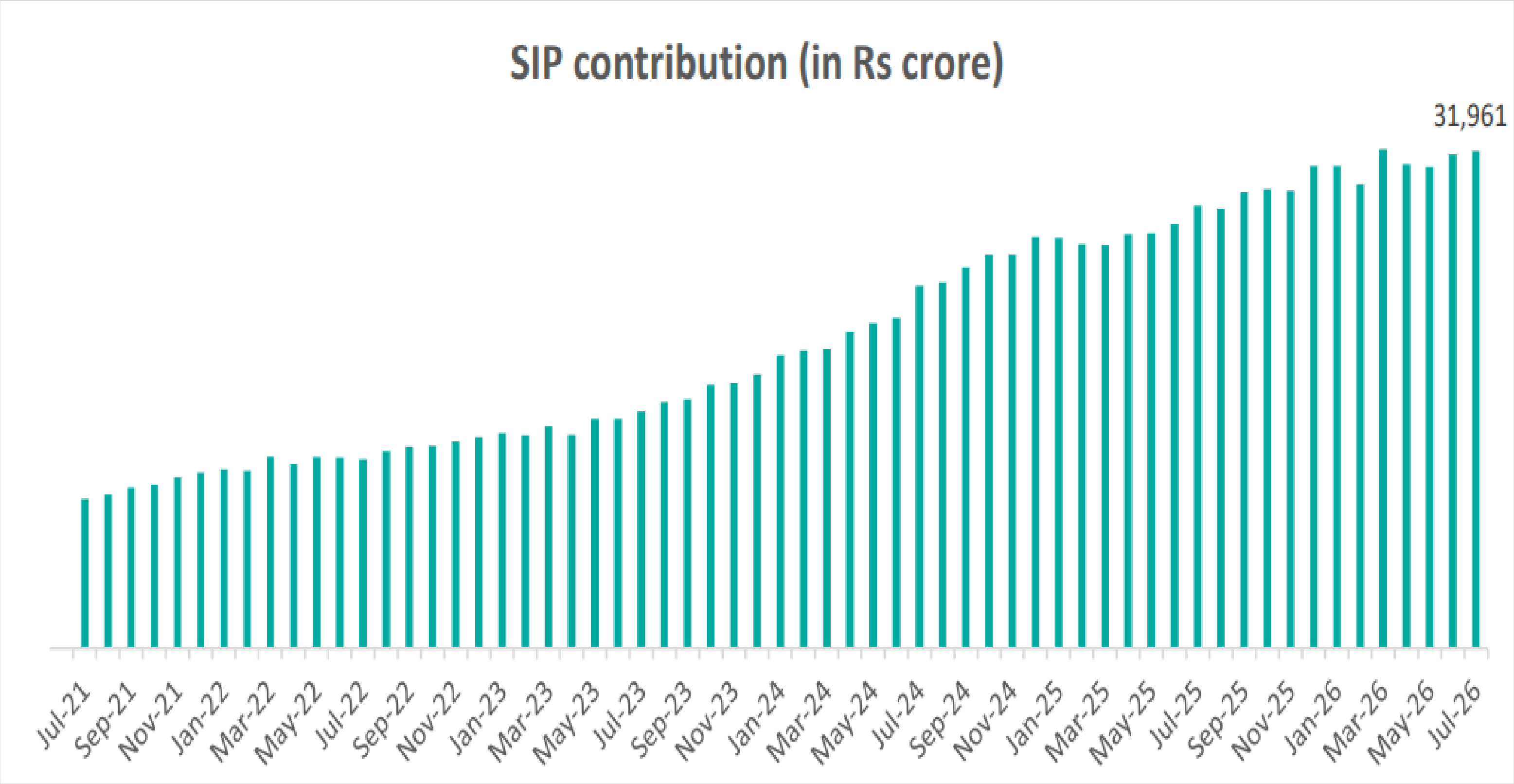


Source: NSDL, * Till 13 Aug 2026

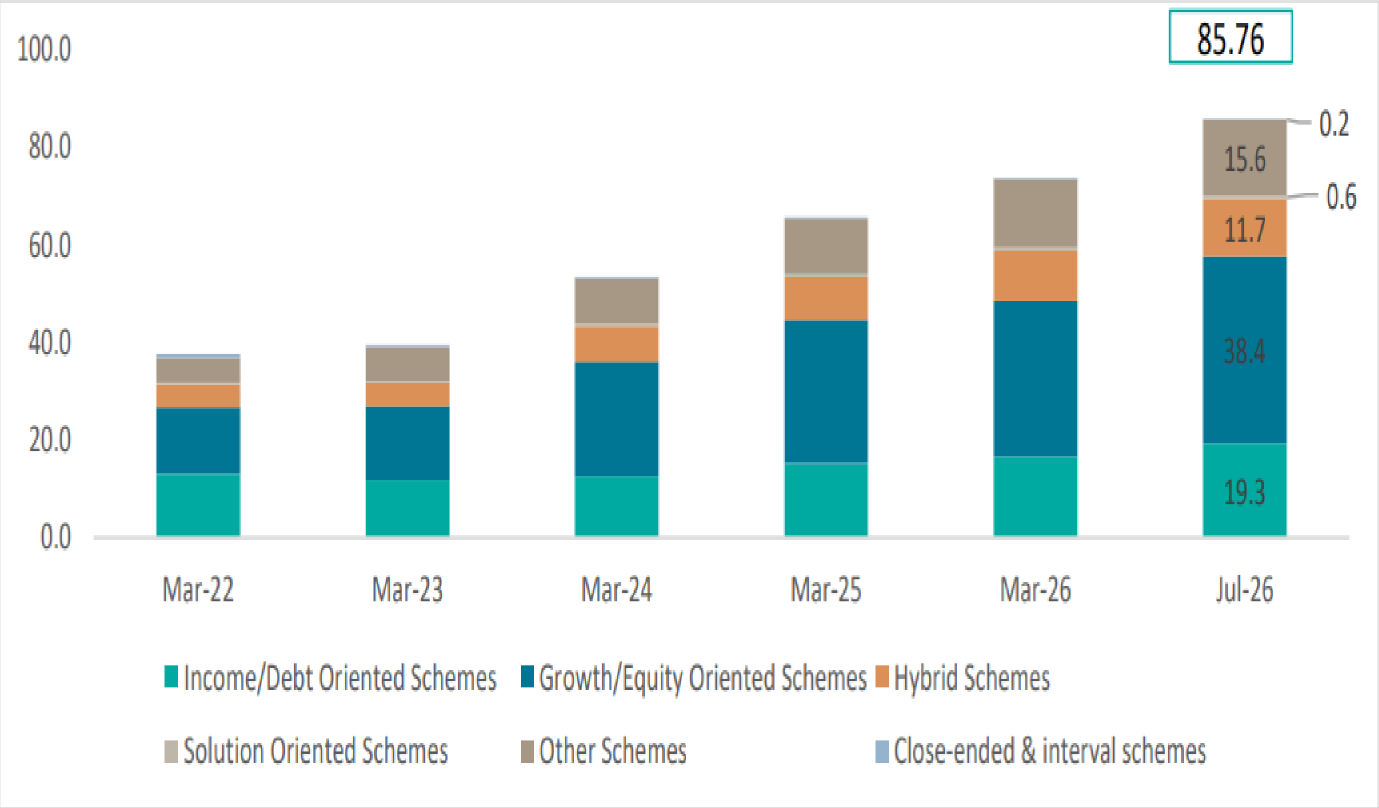
- FPIs selling moderated in July & Aug* have sold ₹1.07 lakh crores of Indian equities in almost 5 months of the current financial year (FY27) & ~2.5₹ lakh crores in CY26*.
- Strong domestic participation continues to provide support, with DIIs recording net inflows of over ₹1.92 Lakh crores so far in FY27 & ~₹3.4 Lakh crores in CY26*.

MF AUM increases 4.3% in July

SIP monthly contributions remain robust



MF assets expanded in July (Rs lakh crore)



Source: Source: AMFI

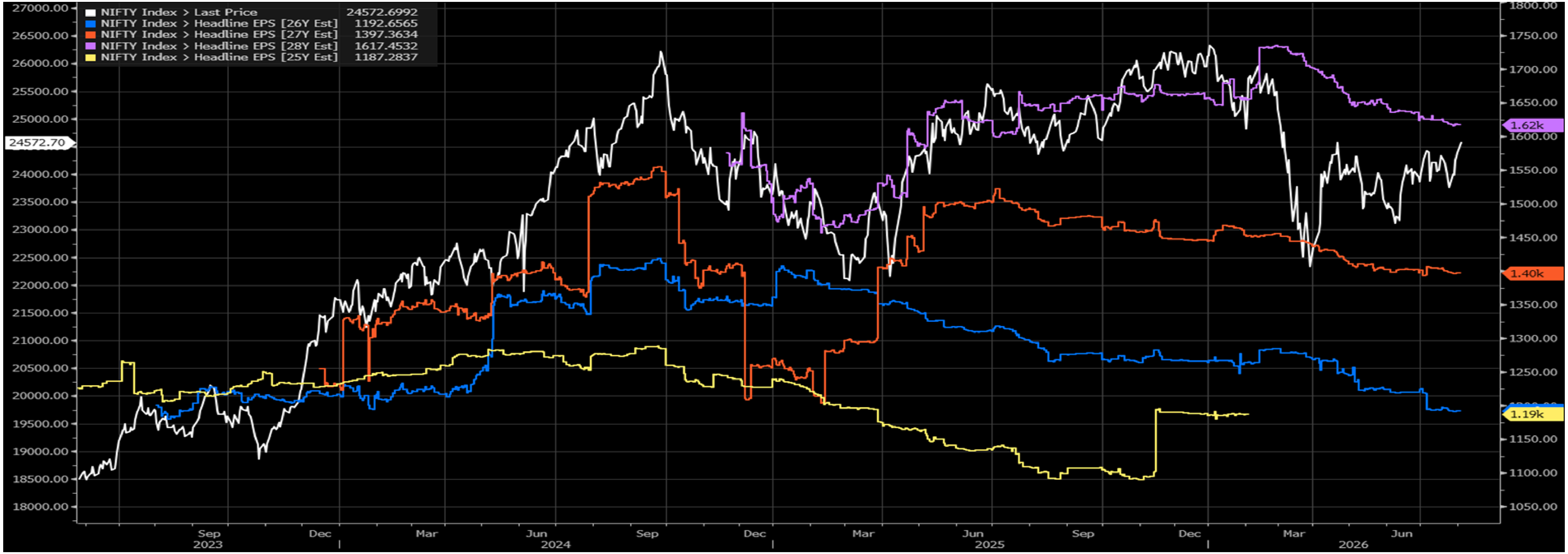
- In July, the MF industry's AUM increased 4.3% on-month to Rs 85.76 lakh crore, driven by an uptick in the markets and positive net flows.
- SIP monthly contributions stood at Rs 31,961 crore in July, marking an increase from the previous month. On an on year basis, SIP contributions grew12.3%, underscoring sustained investor interest in this investment avenue.
- SIP assets increased 2.8% on-month to Rs 18.20 lakh crore, constituting ~21.2% of the industry's AUM. The SIP segment continued to exhibit robust growth, with the number of active SIP accounts reaching 9.90 crore in July.

Earnings & Valuations

Markets follows earnings in the long run

- 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.

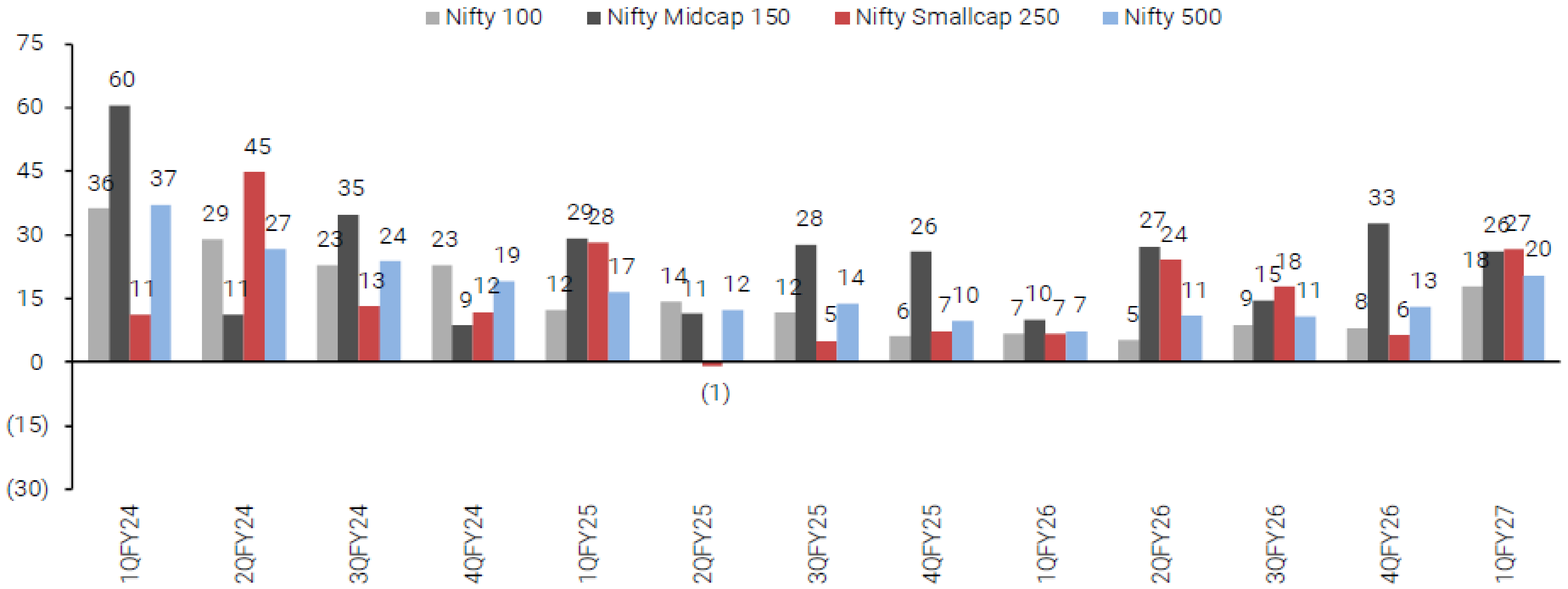
Strong earnings growth expected in FY27/28



- Nifty50 has delivered mid single digit earnings growth for two consecutive years (FY25 & FY26)
- Consensus is expecting a sharp recovery in FY27 & FY28.

Q1FY27 Earnings – Double digit growth (ex-OMCs)

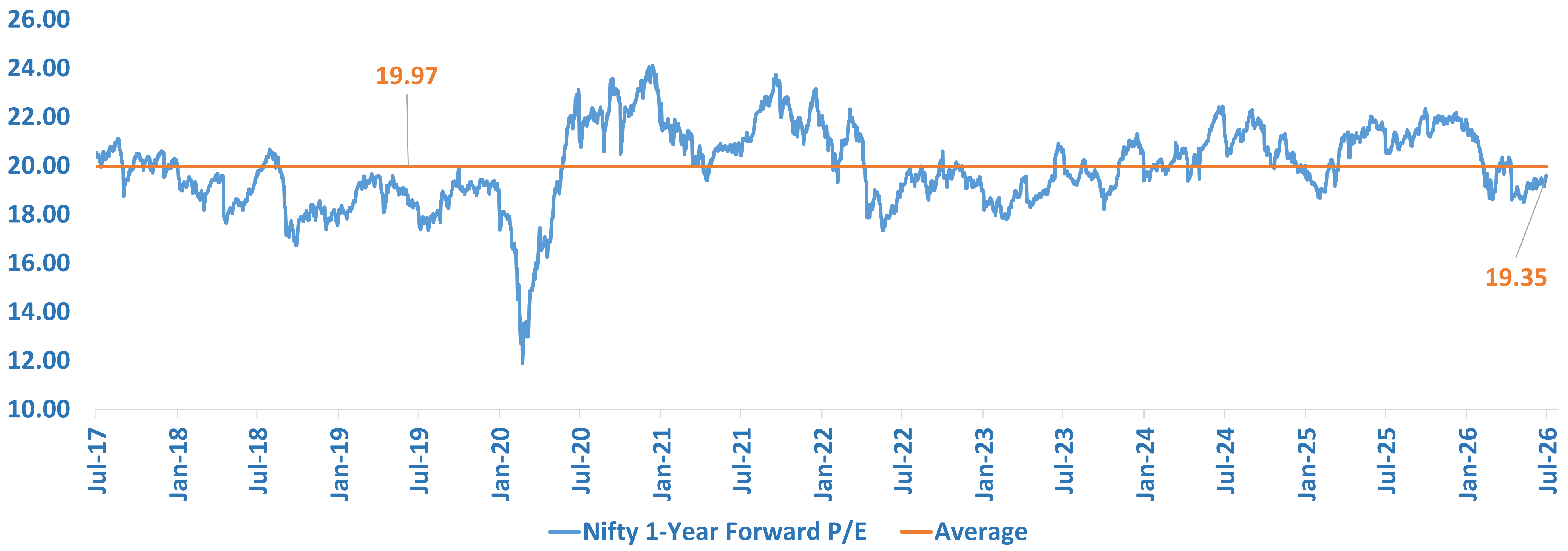
Earnings growth ex-oil, gas & consumable fuels



Source : Kotak Economics Research

- Adjusted for the losses reported by the Oil Marketing companies, Q1FY27 saw a broad based double digit earnings growth.
- Nifty500 earnings grew 20% yoy with Large/Mid/Small cap cos. reporting 18% /26% /27% yoy PAT growth respectively.

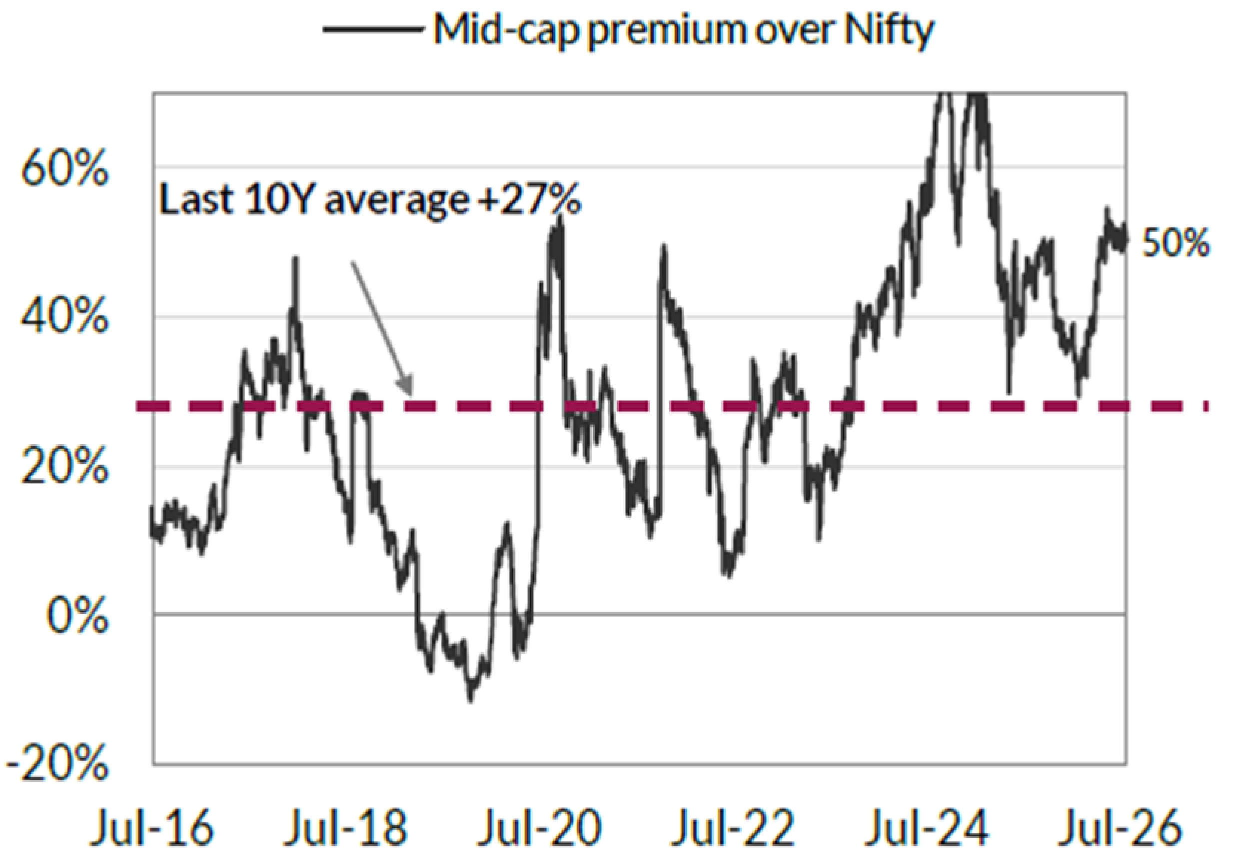
Large cap (Nifty50) Valuations Are Reasonable



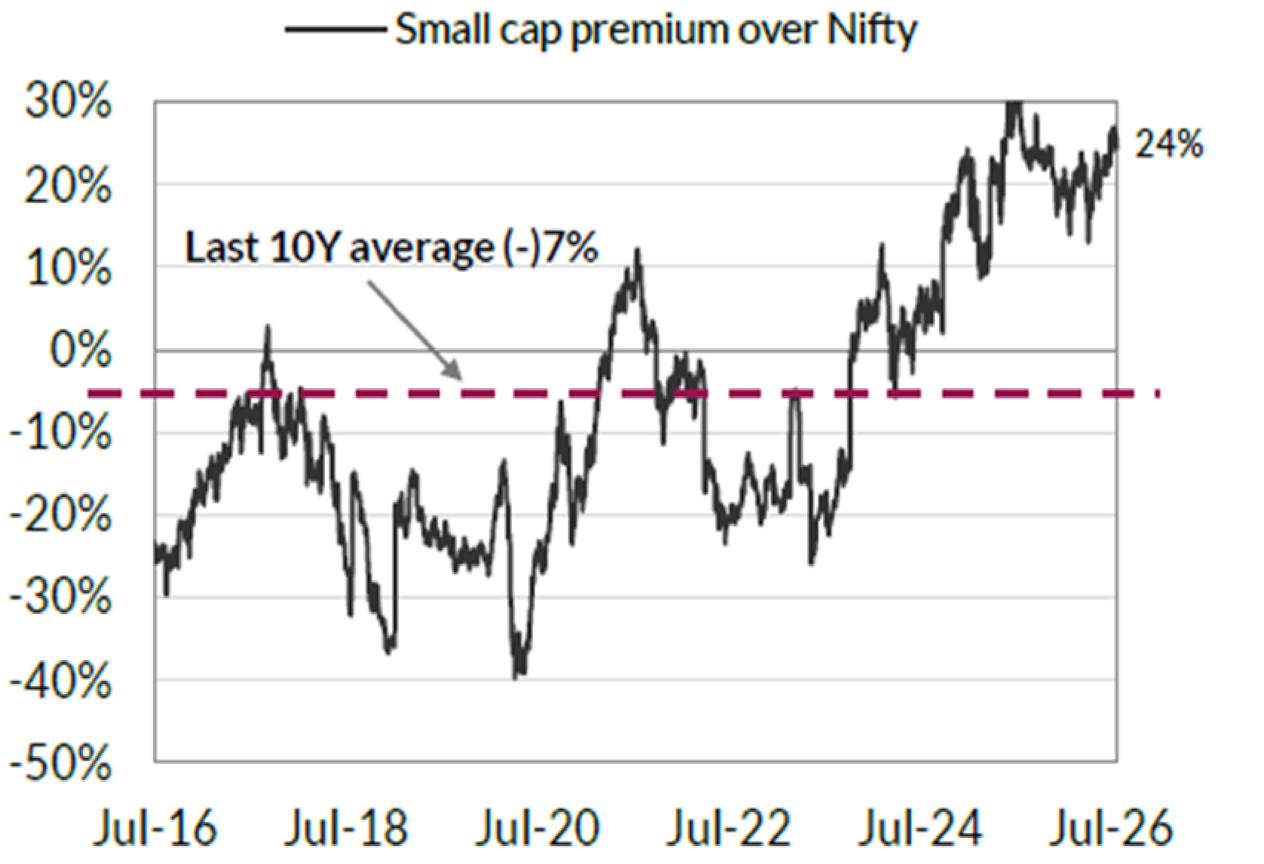
Source: Bloomberg I Bajaj Life Research I As on 26 Aug 2026

- The Nifty is trading at a 12-month forward P/E ratio of 19.35x, the valuations are reasonable, marginally lower than its long term average of 19.97 x.

Mid & Small Cap Premium Rose



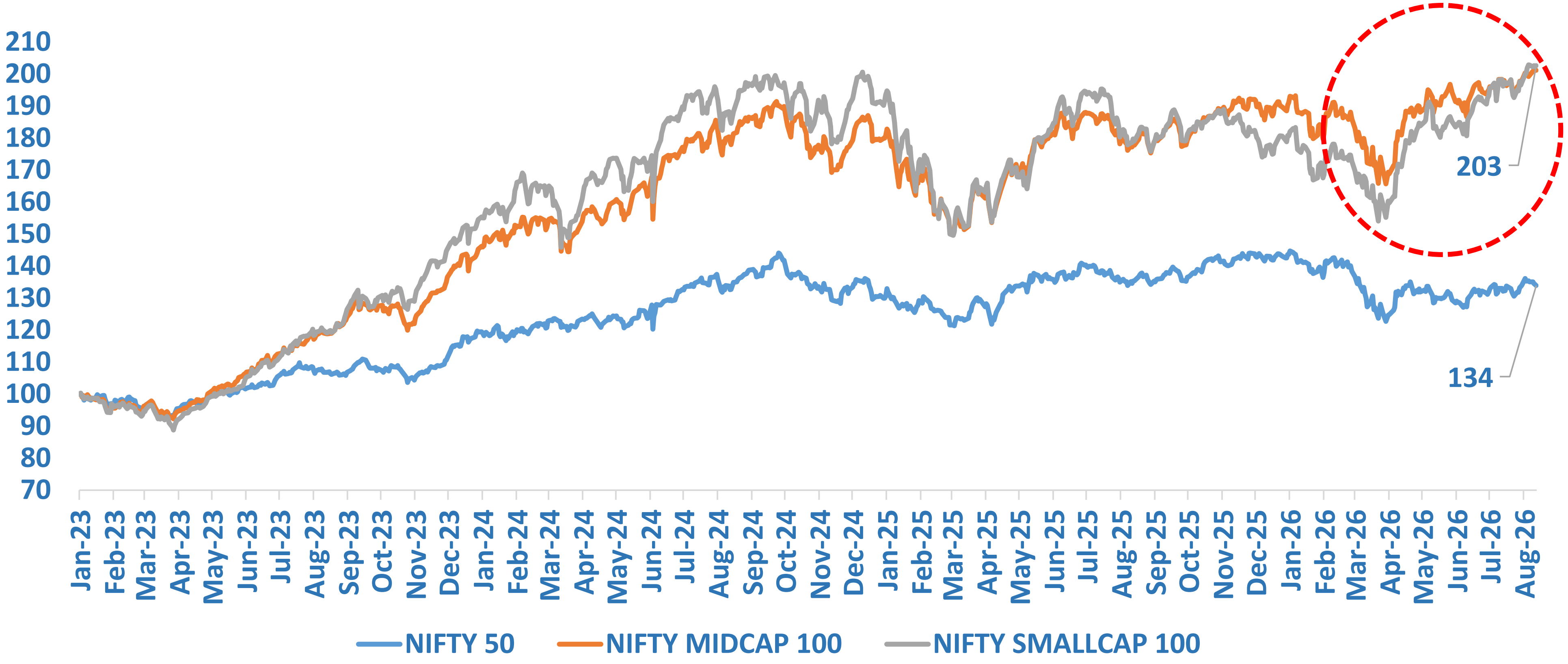
Source: Bloomberg, Axis Capital



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



Source: Bloomberg, NSE, Bajaj Life Research, As on 13 Aug 2026

Index	P/E (Price/Earnings Per Share)
Nifty 50	20.78
Nifty Mid Cap 100	31.35
Nifty Small Cap 100	32.19

Source: NSE Factsheet as on 31 July 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 100%, compared to a 34% 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

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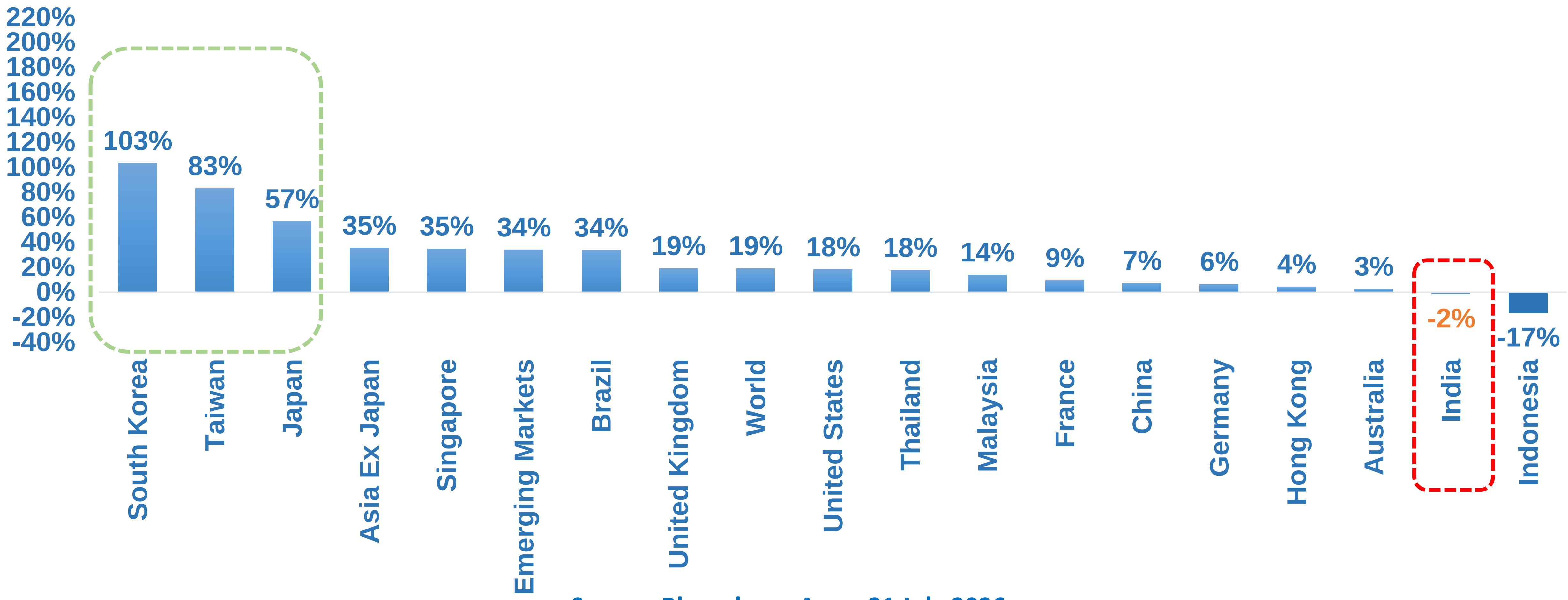
1 Year Performance (Local Currency) of Major Global Equity Markets



Source: Bloomberg, As on 31 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 103% (however moderated from the peak) where as India delivered -2%.
- In contrast to the global trend, Indian equity markets have significantly underperformed during this same period.

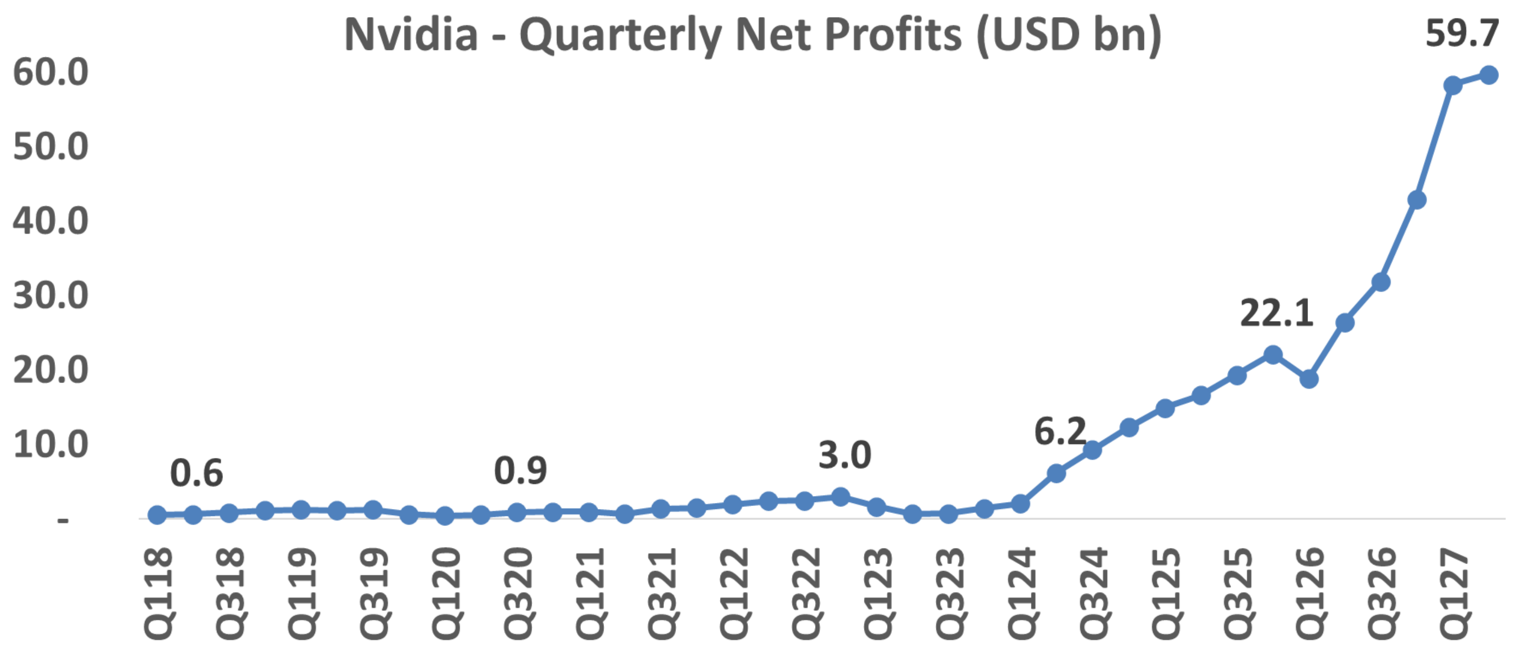
Nvidia earnings > Nifty 500 earnings … Outlook robust

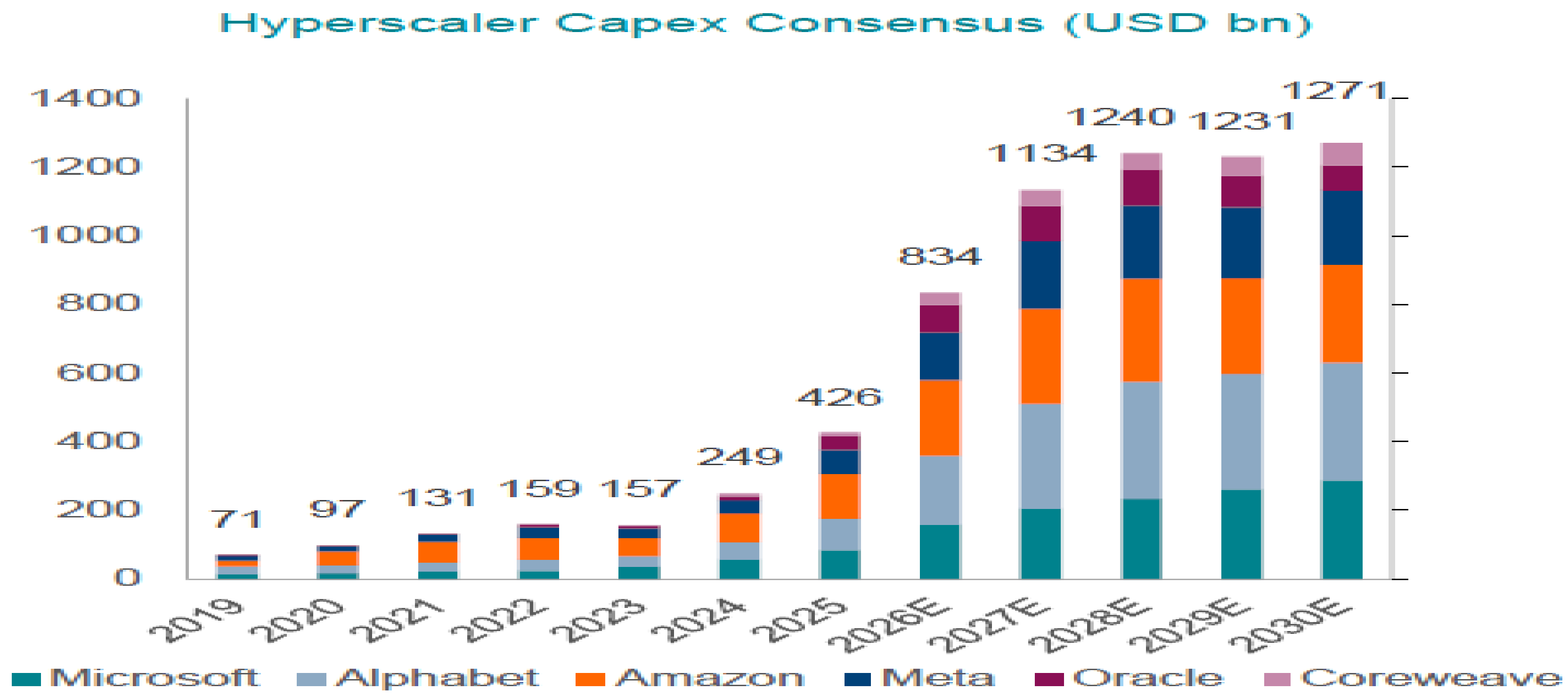
	Latest quarterly numbers				Growth rates (YoY)		
(bn)	Sales	EBITDA	PAT		Sales	EBITDA	PAT
Nifty500 (INR)	39,190	7,817	4,372		21%	9%	13%
Nifty50 (INR)	16,707	4,290	2,338		19%	11%	18%
Nvidia (USD)	96	64	60		106%	124%	126%
Nifty500 (USD)	411	82	46				
Nifty50 (USD)	175	45	25				
1 USD = 95.41 INR							

Source: Bloomberg I Kotak Institutional Equities | MOSL

- Nvidia reported USD 60bn in profits in latest quarterly earnings, up 126% yoy.
- The cumulative profit of Nifty 500 companies in the most recent quarter was ~USD 46bn
- Further, Nvidia has guided for a 70% earnings growth in its fiscal year 2028 (Mar’27 – Feb’28)
- Nifty50 / Nifty500 earnings are expected to grow by ~13-15% during the above period.

Capex by Hyper-scalers key driving force

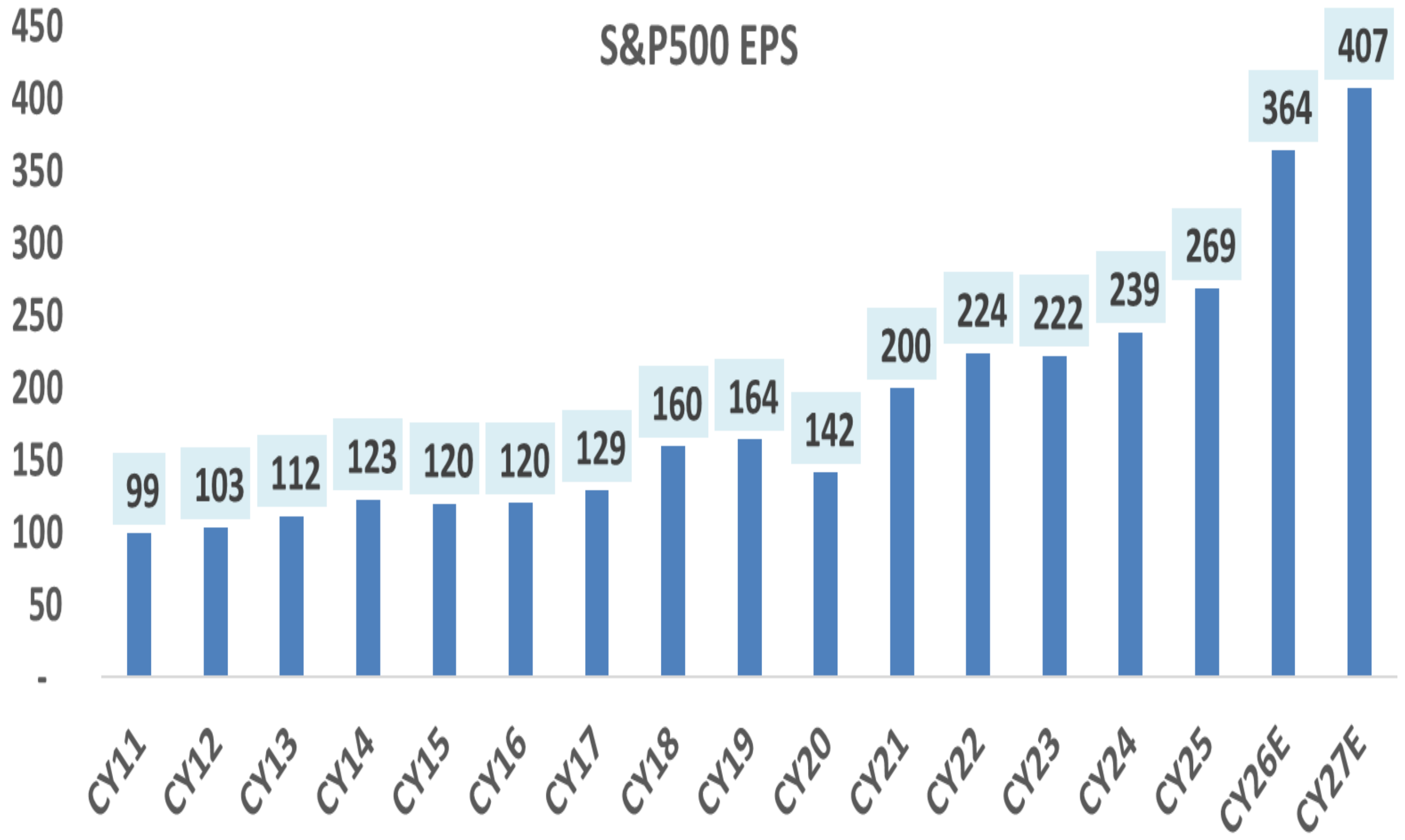


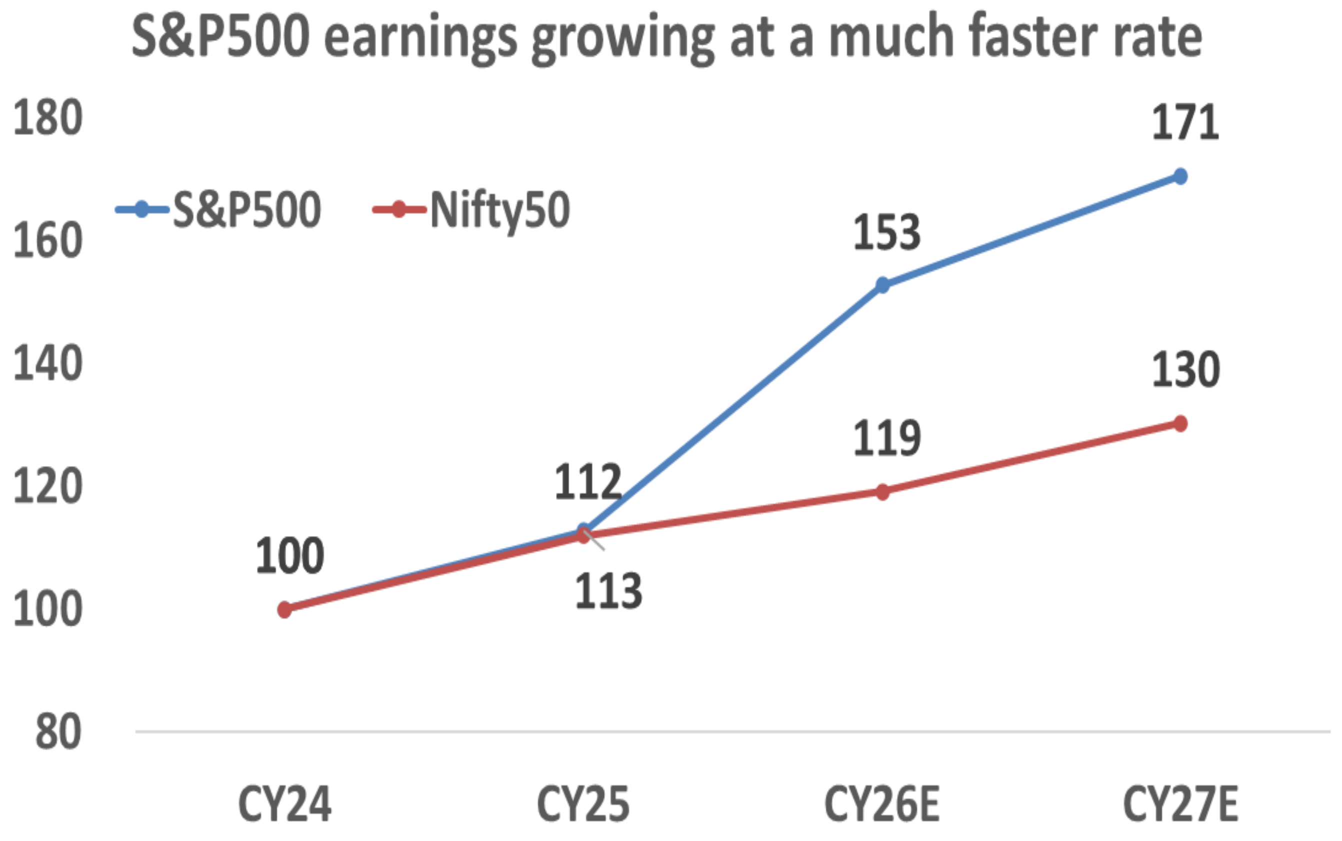


- Nvidia earnings have grown rapidly in the last few years.
- From less than ~USD 1bn run-rate in 2020-21, the company is now reporting quarterly PAT of ~USD 60bn.
- The key driver for this enormous growth in Nvida earnings is the substantial ramp up in data center capex by companies like Microsoft, Alphabet, Amazon and the likes
- Cumulative capex by top hyperscalers is up >3x from ~USD 250bn in 2024 to ~USD 834bn in 2026.
- This number is expected to grow by another ~36% in 2027 to ~USD 1.1tn before the growth rate stabilizes from 2028 onwards.

Source: Bloomberg I BNP Paribas

AI capex driving a broader earnings revival in the US

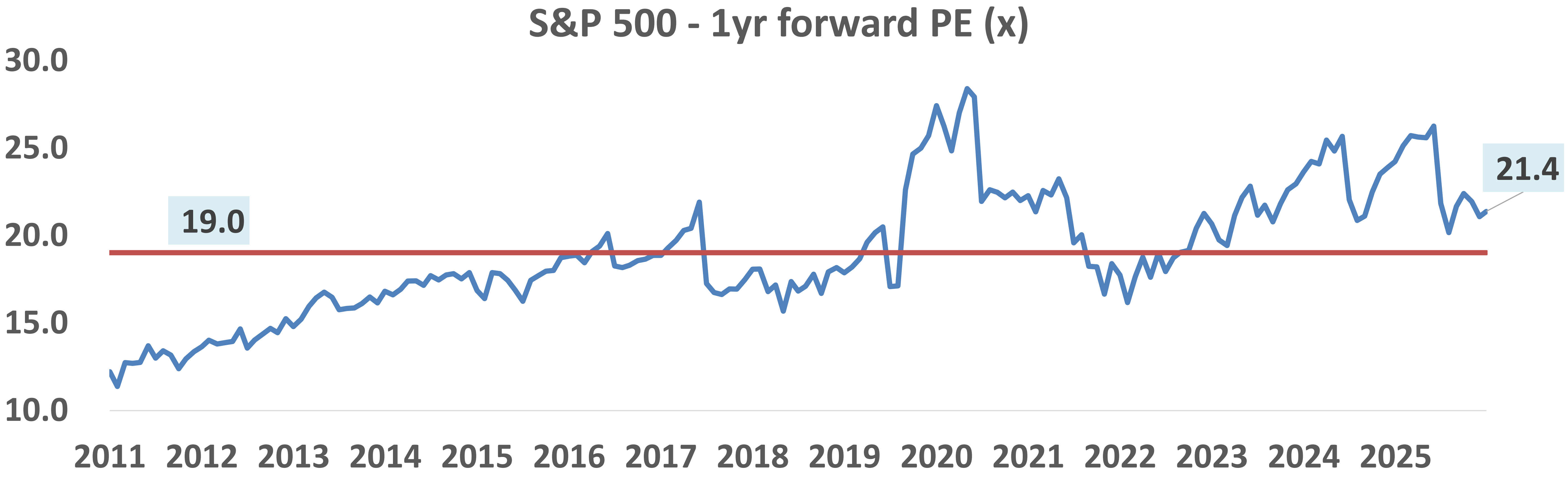




Source: Bloomberg

- Beyond Nvidia, the AI capex boom is driving a broader earnings revival in the US with most companies involved in the value chain experiencing robust demand and earnings growth. (example – memory stocks, power equipment manufacturers etc.)
- As a result, earnings for the S&P 500 is expected to grow at ~20% CAGR during 2024-2027.
- This is much better than the ~9% growth expected for Nifty50 companies during this period.

Despite the rally, US valuations not very expensive



Source: Bloomberg

- S&P500 is currently trading at 21.4x one-year forward earnings, despite nearly doubling since the start of 2023.
- This is a ~13% premium to the average P/E multiple seen in the last 15-years.
- Markets are ascribing this premium as the earnings growth trajectory at 23% CAGR during the 2025-27 period is much higher than the typical growth seen in these markets.

The Recent Market Correction Led Indian Equity Returns to Moderate

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Performance as on 31 July 2026								
Index Name	**Country / Region**	**1 Yr**	**2 Yrs**	**3 Yrs**	**5 Yrs**	**7 Yrs**	**10 Yrs**	**15 Yrs.**
TWSE Index	Taiwan	83.2%	39.4%	36.0%	20.1%	21.8%	17.0%	11.3%
NKY Index	Japan	56.7%	28.3%	24.7%	18.7%	16.9%	14.5%	13.3%
KOSPI Index	South Korea	103.2%	54.3%	35.8%	15.5%	18.4%	12.6%	7.8%
STI Index	Singapore	34.9%	27.6%	18.6%	12.2%	7.9%	7.0%	3.9%
SPX Index	United States	18.1%	16.5%	17.7%	11.2%	14.1%	13.2%	12.4%
DAX Index	Germany	6.5%	17.7%	15.9%	10.5%	11.2%	9.5%	8.9%
MXWO Index	World	18.9%	16.5%	16.5%	9.6%	12.0%	10.9%	9.1%
NIFTY Index	**India**	**-1.6%**	**-1.1%**	**7.3%**	**9.1%**	**11.9%**	**10.9%**	**10.4%**
UKX Index	United Kingdom	19.0%	14.0%	12.2%	9.1%	5.3%	4.9%	4.3%
IBOV Index	Brazil	33.8%	18.1%	13.4%	7.9%	8.3%	12.0%	7.7%
ASX Index	Thailand	17.7%	12.8%	11.6%	7.7%	5.0%	4.8%	4.5%
MXASJ Index	Asia Ex Japan	35.5%	26.2%	18.3%	6.1%	8.1%	7.7%	4.5%
MXEF Index	Emerging Markets	34.0%	23.9%	16.7%	5.4%	7.0%	6.7%	2.6%
CAC Index	France	9.5%	6.3%	4.3%	5.2%	6.4%	6.7%	5.8%
AS51 Index	Australia	2.7%	5.3%	6.6%	4.0%	4.0%	4.9%	4.8%
FBMKLCI Index	Malaysia	14.0%	3.0%	5.7%	2.9%	0.8%	0.4%	0.7%
SHCOMP Index	China	7.2%	14.2%	5.2%	2.4%	3.9%	2.5%	2.4%
JCI Index	Indonesia	-16.7%	-7.3%	-3.5%	0.5%	-0.3%	1.8%	2.8%
HSI Index	Hong Kong	4.5%	22.2%	8.8%	-0.1%	-1.0%	1.7%	1.0%
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

	Jun-26	Jul-26	Performance (%)				
			1m	3m	6m	YTD	1Y
Major Indian indices							
Sensex	76,479	78,095	2.1	1.5	(5.1)	(8.4)	(3.8)
Nifty	23,866	24,384	2.2	1.6	(3.7)	(6.7)	(1.6)
BSE-100	25,419	26,045	2.5	2.6	(1.9)	(4.8)	0.3
CNX-100	24,916	25,486	2.3	2.4	(1.6)	(4.5)	0.4
BSE-500	35,959	36,685	2.0	3.3	1.4	(2.0)	2.0
CNX-500	22,996	23,461	2.0	3.4	1.7	(1.7)	2.4
Mid-cap. and small-cap. indices							
BSE Mid-cap	47,510	48,508	2.1	5.1	7.4	3.3	6.0
BSE Small-cap	55,794	56,090	0.5	8.5	16.2	8.9	5.0
NSE Mid-cap 100	61,798	62,915	1.8	5.2	7.7	4.0	9.6
NSE Small-cap 100	18,863	19,340	2.5	7.4	14.6	9.2	7.6

Source: Bloomberg I Kotak Institutional Equities I As on 31st July 2026

- Indian equities ended July 2026 with modest gains of 2% after a volatile month marked by sharpswings in crude oil prices, US-Iran geopolitical tensions and 1QFY27 results.
- The Mid-cap Index gained 1.8%, while the Small-cap Index gained 2.5%. Among sectoral indices, the Nifty IT Index gained 17%, led by better-than-expected 1QFY27 results andimproving deal momentum, followed by the real estate and auto sectors, which gained 8.7% and 8.6%.

Asset Allocation and outlook

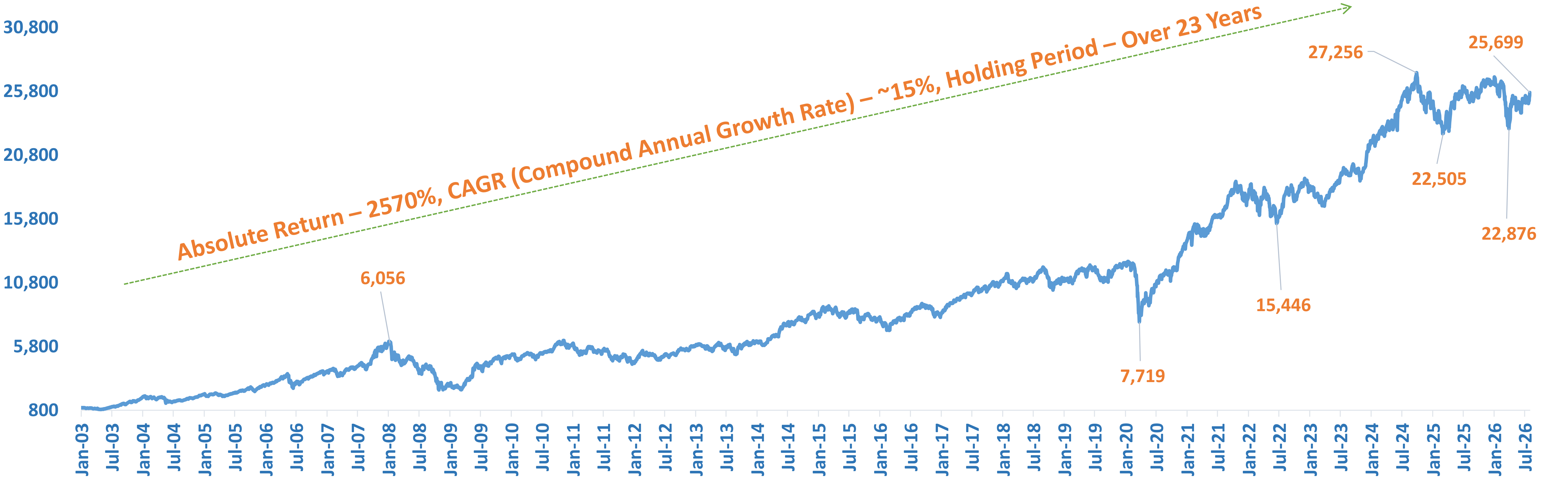
		Equity Returns		
		<3% below Fixed Income	+/-3% versus Fixed Income	>3% above Fixed Income
Fixed Income Outlook	Rising Yields	1	2	3
	Flat Yields	4	5	6
	Falling Yields	7	8	9

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	Jul'26
Revised View	Scenario 3	Aug'26

- We expect yields to rise from current levels while equity to deliver low double digit returns.
- In this backdrop, the **TAA Scenario remained unchanged at Scenario 3 in our Aug 2026 review meeting.**
- **Portfolio implications –** Maintain higher than benchmark Equity allocation with **'High Active share'** positioning. Maintain lower than benchmark Fixed Income allocation with **'Low Duration'** positioning.

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



Source: NSE I Bajaj Life Research, As on 3rd Aug 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)

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- 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)

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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)

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

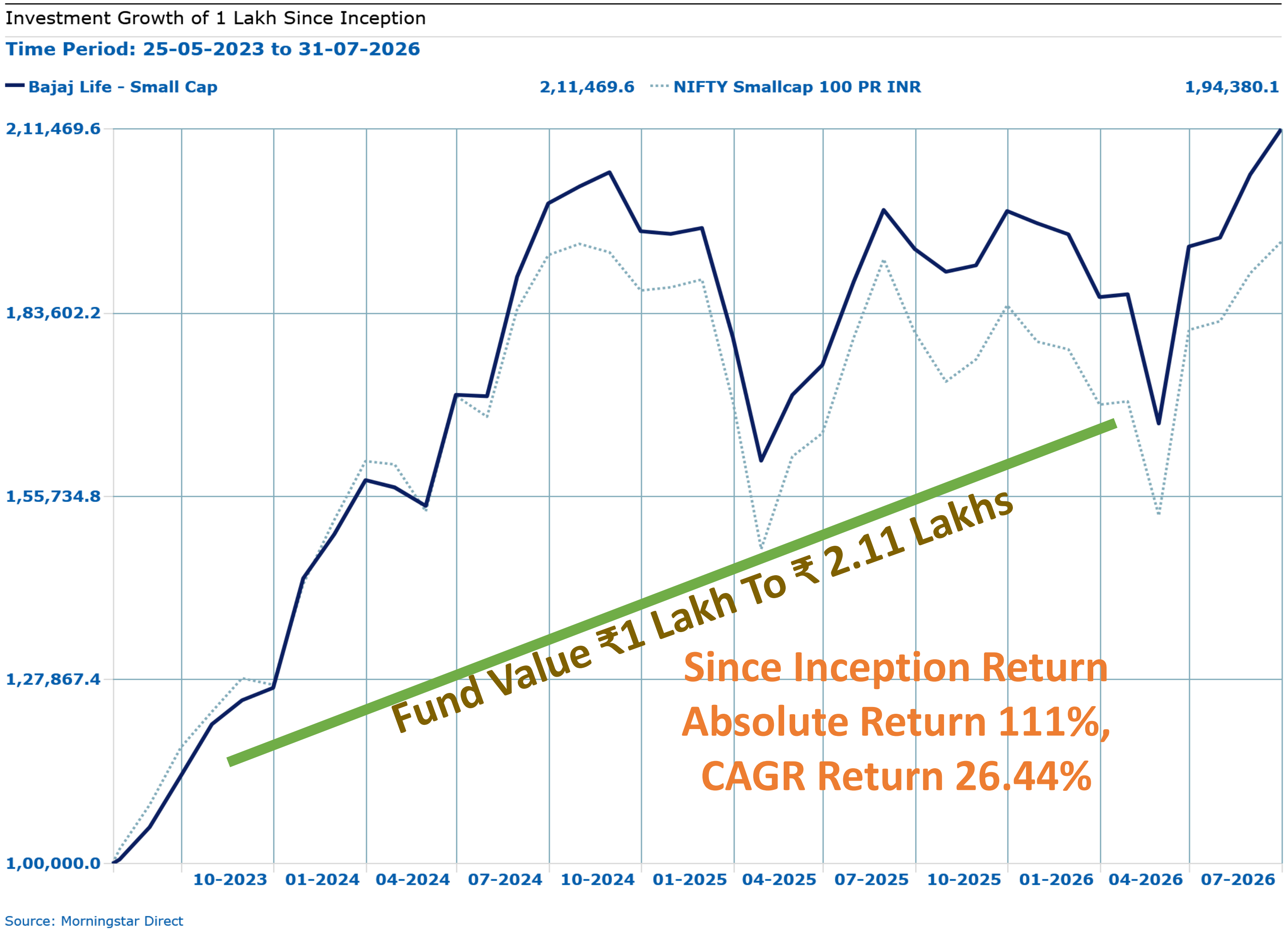
Rates/ Spreads Outlook and Our Positioning	• **RBI may be pressured to hike rates if inflation becomes broad based+ crude prices rise again (given the fragile ceasefire between US and Iran) in FY27. Nevertheless, the pressure to hike rates has come down m-o-m.** • Fixed income markets priced in the possibility 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

Fund Name	Inception Date	No. of Years Since Launched	AUM (Cr.)	Since Inception
Small Cap Fund	23-May-23	3.2	5,064	26.44%
Nifty Small Cap 100 Index				23.15%
Alpha				3.29%
Focused 25 Fund	20-Mar-25	1.4	370	7.72%
Nifty 100 Index				5.37%
Alpha				2.35%
Flexi Cap Fund	20-May-22	4.2	3,800	13.50%
Nifty 200 Index				12.51%
Alpha				0.99%
Sustainable Equity Fund	16-Feb-23	3.5	347	12.92%
Nifty 100 ESG Index				12.90%
Alpha				0.02%

Bajaj Life - Small Cap Fund Performance



Source: Bloomberg I Morningstar Direct I Bajaj Life Research I Performance Data as on 31 July 2026

- 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 3.2 years since launch.
  - It has doubled the wealth since inception (just over 3 Years) vs benchmark

PURE STOCK FUND HELPS TO GROW YOUR WEALTH

BENCHMARK: NIFTY 50 INDEX | RISK PROFILE: VERY HIGH

UFIN: ULIF02721/07/06PURESTKFUN116

AVAILABLE WITH LIFE COVER UNDER BAJAJ LIFE ULIPS

14.5%*

Pure Stock Fund Returns as on 31 July 2026

11.1%

Benchmark: Nifty 50 Index

CAGR returns as on 31 July 2026 since inception

Returns Consistently Outperforming Benchmark

	5 Year	7 Year	10 Year	Since inception
BAJAJ-PURE STOCK FUND	10.1%	14.6%	12.4%	14.5%
Nifty 50 – Benchmark	9.1%	11.9%	10.9%	11.1%

As on July 31, 2026

PURE STOCK FUND PERFORMANCE (CAGR)

Returns	5 Year	7 Year	10 Year
Nifty 50 - Benchmark	9.1%	11.9%	10.9%
BAJAJ–PURE STOCK FUND	10.1%	14.6%	12.4%
AGEAS FED ULIP-EQ GROWTH FD	8.5%	10.8%	10.3%
AVIVA ULIP ENHANCER II	9.0%	11.9%	10.9%
BIRLA S/L ULIP INDVD MAXIMIS	9.9%	12.9%	11.7%
CANARA HSBC ULIP EQUITY II	9.0%	10.9%	9.6%
EDLWIS LIF INS ULI EQU LC FN	8.7%	11.5%	9.7%
HDFC BLUECHIP WEALTH BUILDER	9.3%	12.4%	11.3%
ICICI PRUD ULIP BLUE CHIP FD	9.5%	12.3%	10.5%
INDIAFIRST LIFE-EQUITY1 FUND	11.3%	13.9%	12.0%
MAX LIFE ULIP GROWTH SUPER	9.7%	12.8%	12.0%
PNB METLIFE ULIP-MULTIPLIER2	10.4%	13.1%	11.2%
RELI NIP LIFE EQUITY FUND 3	8.8%	11.7%	10.1%
SBI LIFE INSURANCE EQUITY FD	9.2%	12.1%	10.8%
TATA AIA LARGE CAP EQTY-LIFE	12.2%	17.0%	14.6%

Source: Internal | As on latest available data.

CHOOSE A FUND THAT'S AHEAD.
CHOOSE BAJAJ LIFE PURE STOCK FUND.

Growth today.
Better tomorrow.

Returns are as on 31 July 2026. Returns less than or equal to 1 year are absolute.
Returns greater than 1 year are compounded annualized growth rate (CAGR).
Past performance is not indicative of future performance. Source: Internal | As on latest available data.

Strictly for internal circulation

IN THIS POLICY, THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICY HOLDER

100 Years of Bajaj

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SMALL CAP FUND OFFERS A PATH TO LONG-TERM WEALTH CREATION

BENCHMARK: NIFTY SMALL CAP 100 INDEX | SFIN: ULIF08717/01/23SMALLCAPFU116 | RISK PROFILE-VERY HIGH

AVAILABLE WITH LIFE COVER UNDER BAJAJ LIFE ULIPs

26.4%
Small Cap Fund Returns
as on 31 July 2026

23.2%
Benchmark: Nifty Small Cap 100 Index

(CAGR returns as on 31 July 2026 since inception**)

FUND PERFORMANCE VS BENCHMARK: NIFTY SMALL CAP 100 INDEX

Returns	1 year	3 year	Since inception
BAJAJ Small Cap Fund	9.4%	23.1%	26.4%
Nifty Smallcap 100 - Benchmark	7.6%	18.2%	23.2%

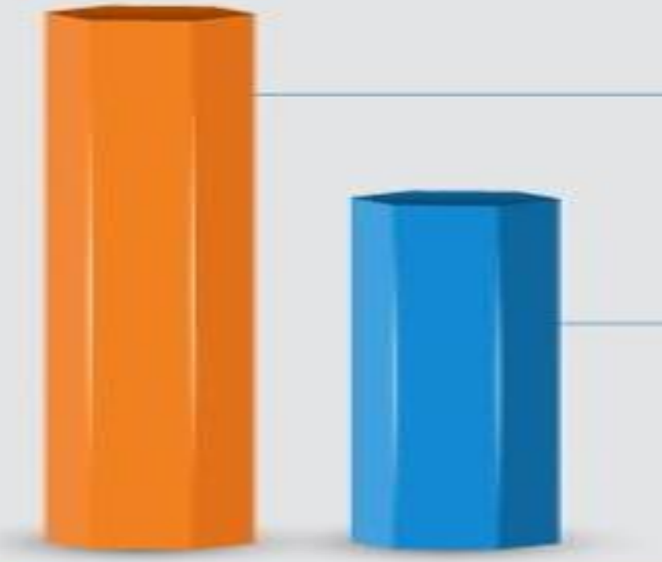
As on July 31, 2026

Returns are as on 31 July 2026. Returns less than or equal to 1 year are absolute. Returns greater than 1 year are compounded annualized growth rate (CAGR). Past performance is not indicative of future performance.

FLEXI CAP FUND HELPS TO GROW YOUR WEALTH

BENCHMARK: NIFTY 200 INDEX | SFIN: ULIF07917/11/21FLXCAPFUND116 | RISK PROFILE-VERY HIGH

AVAILABLE WITH LIFE COVER UNDER BAJAJ LIFE ULIPs



13.50%**

Flexi Cap Fund Returns as on 31 July 2026

12.51%

Benchmark: Nifty 200 Index

(CAGR returns as on 31 July 2026 since inception**)

Fund Performance Vs Benchmark: NIFTY 200 INDEX

Period	1 Month	6 Months	1 Year	3 Years	4 Years	Inception
Fund	2.37%	0.52%	0.59%	10.30%	12.44%	13.50%
Benchmark	2.19%	0.09%	2.12%	10.52%	11.59%	12.51%

Returns are as on 31 July 2026. Returns less than or equal to 1 year are absolute. Returns greater than 1 year are compounded annualized growth rate (CAGR). Past performance is not indicative of future performance. Inception returns are absolute.

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EQUITY GROWTH FUND II HELPS TO
BUILD YOUR WEALTH

BENCHMARK: NIFTY 50 INDEX | SFIN: ULIF05106/01/10EQTYGROW02116 | RISK PROFILE-VERY HIGH

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12.56%**

Equity Growth Fund II
Returns as on
31 July 2026

9.67%

Benchmark:
NIFTY 50 INDEX

(CAGR returns as on 31 July 2026 since inception**)

Fund Performance Vs Benchmark: Nifty 50 Index

Period	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
Fund	-1.40%	6.93%	8.86%	12.14%	11.25%	12.56%
Benchmark	-1.55%	7.26%	9.11%	11.86%	10.92%	9.67%

Returns are as on 31 July 2026. Returns less than or equal to 1 year are absolute. Returns greater than 1 year are compounded annualized growth rate (CAGR). Past performance is not indicative of future performance.

100 Years of Bajaj

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ACCELERATOR MID CAP FUND II HELPS TO SECURE FINANCIAL GROWTH

BENCHMARK: NIFTY MIDCAP 50 INDEX | SFIN: ULIF05206/01/10ACCMIDCA02116 | RISK PROFILE-VERY HIGH

AVAILABLE WITH LIFE COVER UNDER BAJAJ LIFE ULIPs

13.84%**

Accelerator Mid-Cap Fund II Returns as on 31 July 2026

12.02%

Benchmark: NIFTY Midcap 50 Index

(CAGR returns as on 31 July 2026 since inception**)

Fund Performance Vs Benchmark: NIFTY Midcap 50 Index

Period	1 Year	3 Years	5 Years	7 Years	10 Years	Inception
Fund	4.92%	13.77%	12.55%	16.33%	13.69%	13.84%
Benchmark	11.68%	18.69%	18.76%	22.56%	17.24%	12.02%

Returns are as on 31 July 2026. Returns less than or equal to 1 year are absolute. Returns greater than 1 year are compounded annualized growth rate (CAGR). Past performance is not indicative of future performance.

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 : ₹5,064 Cr.**	**Pure Stock Fund** **AUM : ₹7,411 Cr.**	**Flexi Cap Fund** **AUM : ₹3,800 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

AUM as on 31 July 2026

Top 3 Funds – Risk & Reward

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Risk Profiles

Medium

High

Very High

Medium to High Risk

Blue Chip Equity
AUM : ₹910 Cr.

Time Period	CAGR Return		
	Fund	Benchmark	Alpha
5 Yr.	9.64%	9.11%	0.53%
Since Inception	9.89%	9.00%	0.90%

High to Very High Risk

Flexi Cap Fund
AUM : ₹3,800 Cr.

Time Period	CAGR Return		
	Fund	Benchmark	Alpha
4 Yr.	12.44%	11.59%	0.84%
Since Inception	13.50%	12.51%	0.99%

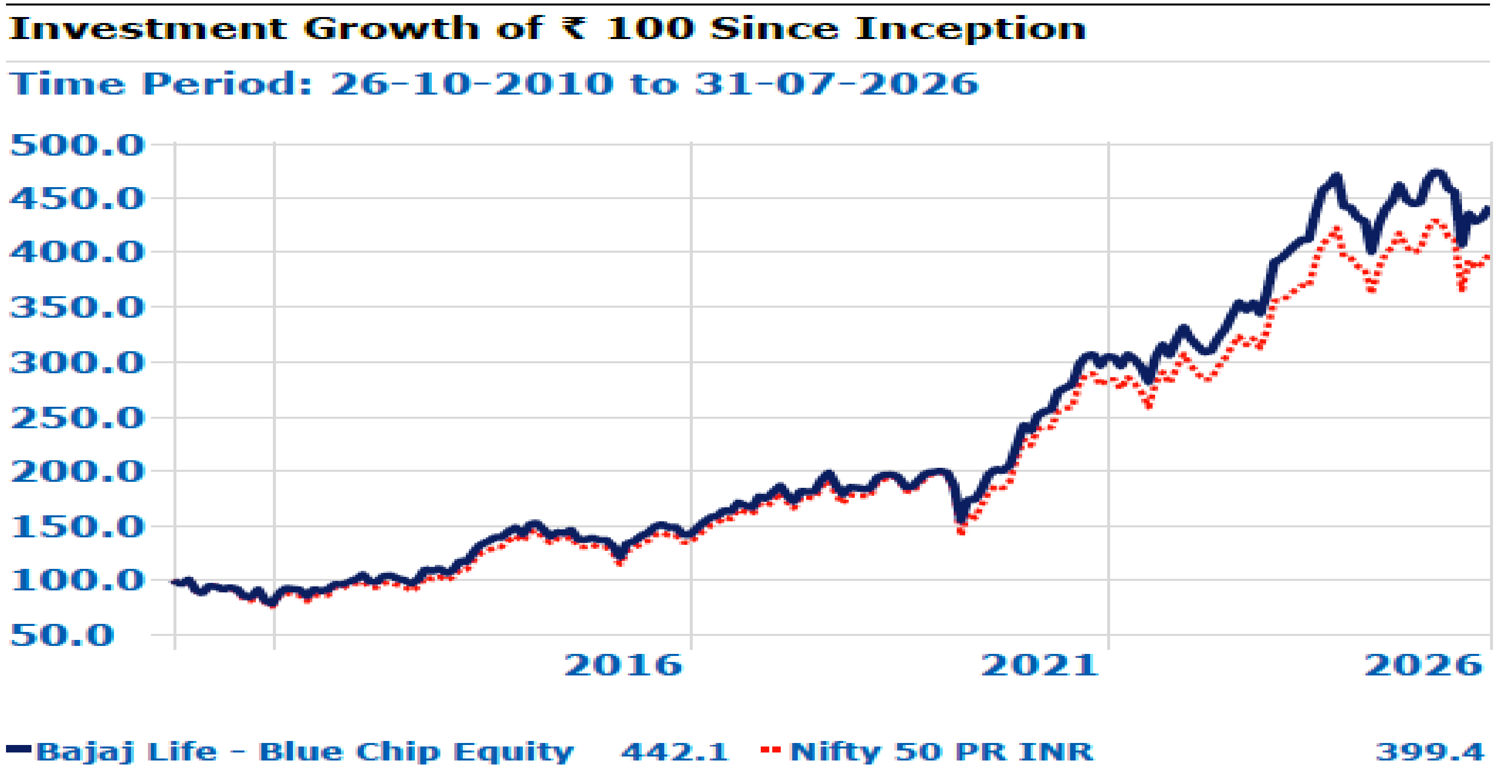
Very High Risk

Focused 25
AUM : ₹370 Cr.

Time Period	CAGR Return		
	Fund	Benchmark	Alpha
1 Yr.	1.70%	0.42%	1.29%
Since Inception	7.72%	5.37%	2.35%

As on 31 July 2026

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



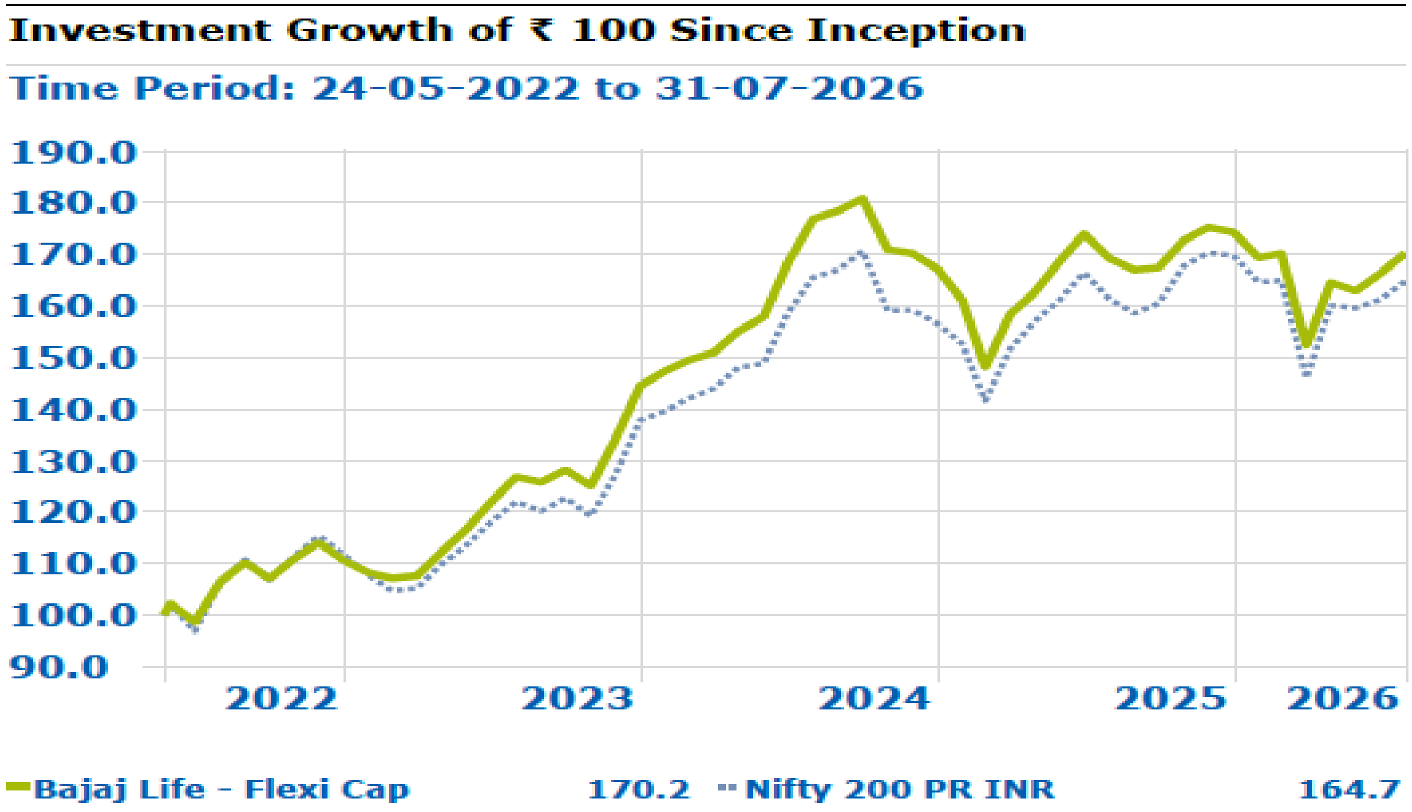
Time Period	Blue-Chip Equity Fund	Nifty 50 Index	Alpha
1M	2.22%	2.17%	0.05%
3M	1.39%	1.61%	-0.22%
6M	-3.68%	-3.70%	0.02%
1Y	-1.54%	-1.55%	0.01%
2Y	-1.70%	-1.14%	-0.56%
3Y	7.64%	7.26%	0.37%
4Y	9.75%	9.16%	0.58%
5Y	9.64%	9.11%	0.53%
7Y	13.20%	11.86%	1.34%
10Y	11.48%	10.92%	0.56%
Since Inception	9.89%	9.00%	0.90%

Data as on 31 July 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 ₹442 vs ₹399 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	13.50%	0.90	15.97
Nifty 200 Index	12.51%	0.60	16.33
Alpha	**0.99%**	**0.30**	**-0.36**

Source: Morningstar Direct, Bajaj Life in house research, data as on 31 July 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 ₹1.70 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)

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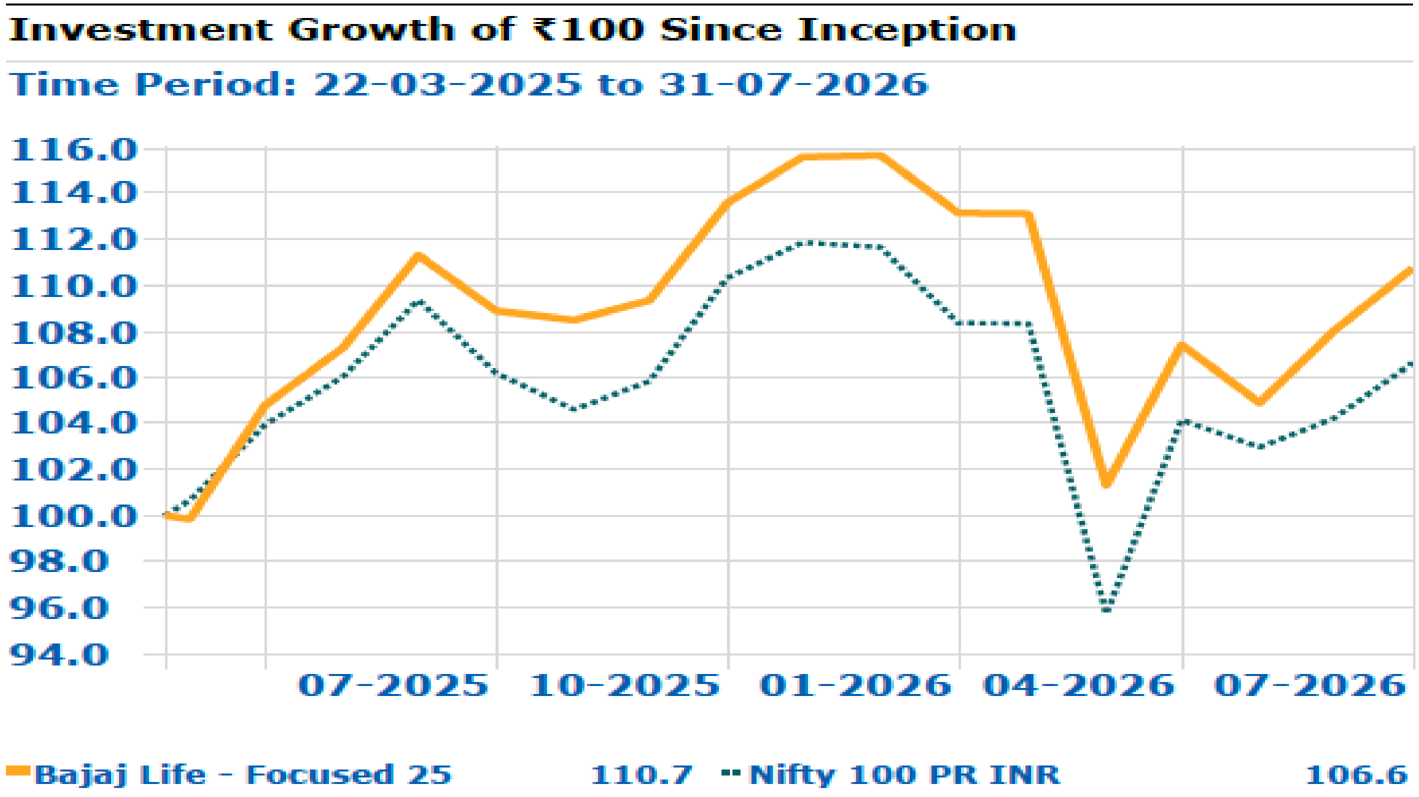
LIFE GOALS. DONE.



Month	Cumulative Return Since Inception		
	Focused 25 Fund	Nifty 100 Index	Alpha
July'25	8.80%	7.00%	1.80%
Aug'25	8.40%	5.40%	3.00%
Sep'25	9.30%	6.60%	2.70%
Oct'25	13.50%	11.10%	2.40%
Nov'25	15.50%	12.70%	2.80%
Dec'25	15.60%	12.50%	3.10%
Jan'26	6.60%	4.40%	2.20%
Feb'26	13.10%	9.10%	4.00%
Mar'26	1.20%	-3.50%	4.70%
Apr'26	6.60%	4.40%	2.20%
May'26	4.04%	3.09%	0.95%
June'26	6.20%	3.88%	2.32%
July'26	7.72%	5.37%	2.35%

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.**

Thank you