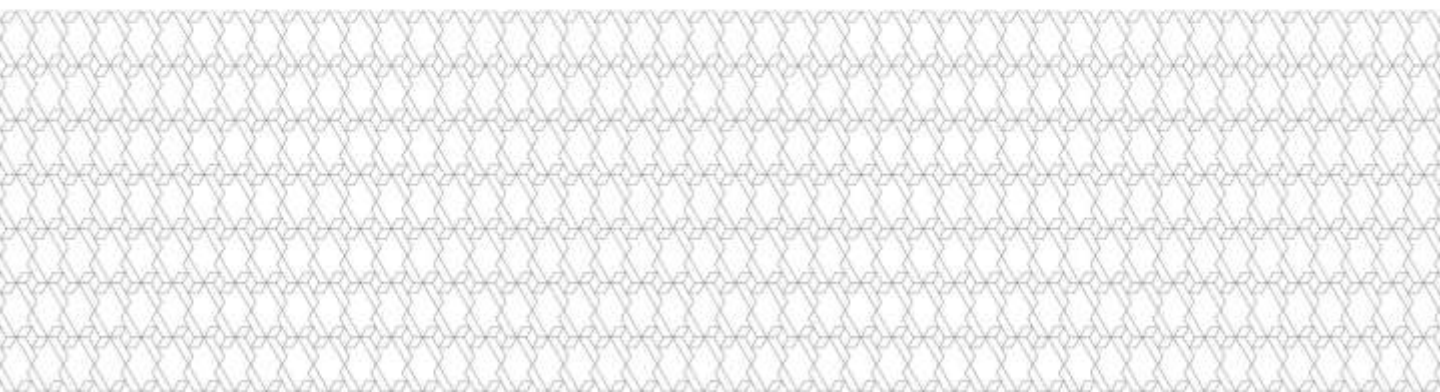


Burgundy

Wealth Management | Axis Bank

INVESTMENT PERSPECTIVES

October – December 2026



MARKET OVERVIEW



MARKET OVERVIEW



- Indian equities weakened during the quarter, with the Nifty 50 down 5.2%, Nifty Midcap 150 down 4.0%, and Nifty Smallcap 250 up 0.4%. September was particularly weak, with the Nifty declining 6.1%.
- Rising crude oil prices above USD 100/bbl, higher global bond yields following the US Fed rate hike, FPI outflows, rupee weakness, and escalating geopolitical tensions in West Asia drove risk aversion and market volatility.
- Q2FY27 earnings will be the key catalyst, with emphasis on margin resilience, earnings quality, and management guidance amid higher input and energy costs.
- Crude oil prices, geopolitical developments, inflation trajectory, RBI policy actions, global bond yields, FPI flows, festive demand trends, and management commentary on H2FY27 earnings outlook will be critical for market direction.
- While near-term volatility may persist, the medium-to-long-term outlook remains constructive, supported by resilient domestic fundamentals, sustained capex momentum, structural reforms, healthy corporate balance sheets, and supportive domestic liquidity, making markets increasingly earnings-driven.



We maintain a positive bias towards the Indian equity markets. Investors can consider investing in equities with a 3-to-5-year investment perspective.



- Indian bond markets turned cautious, with the 10-year G-Sec yield rising ~20 bps to 7.15% during September amid expectations of further RBI rate hikes, elevated US Treasury yields, higher crude oil prices, FPI outflows, and rupee weakness.
- Higher oil prices, West Asia tensions, a hawkish Fed, and a stronger US dollar continued to pressure global and emerging market debt.
- The RBI began its tightening cycle with a 25 bps repo rate hike to 5.50% and a shift to Calibrated Tightening. Markets are pricing in a further 25 bps hike in December 2026, while the extent of the overall tightening cycle remains data-dependent.
- Inflation trajectory, crude oil prices, currency movements, global financial conditions, RBI liquidity operations, and policy guidance will determine the path of yields going forward.
- Despite near-term volatility, strong domestic institutional demand and fiscal discipline remain supportive for bond markets. We expect yields to remain broadly range-bound with a modest upward bias, with the 10-year G-Sec likely to trade in the 7.20%-7.50% range. In this environment, carry remains attractive, and we continue to favour high-quality papers in the 1-3 year segment, balancing accrual income with capital preservation.



We remain constructive on the shorter end of the yield curve. Short Duration funds, Banking & PSU Debt funds, Corporate Bond funds, Money Market funds, Low Duration funds and Ultra Short Duration funds can be considered by investors with an investment horizon commensurate with the maturity profile of the schemes. Investors can consider tactical allocation in Medium to Long Duration yield curve, as per their risk appetite with an investment horizon of at least 2-3 years to avoid any intermittent volatility.

MARKET OVERVIEW

EQUITY MARKET UPDATE



EQUITY MARKET RECAP



Indian equity markets ended the quarter of September 2026 on a negative note. Nifty 50 was down by 5.2% during the quarter while Nifty Mid Cap 150 index was down by 4.0% and Nifty Small Cap 250 index was up by 0.4%.

For H1FY27, Nifty 50 was up by 1.3%, whereas Nifty Mid Cap 150 index was up by 12.5% and Nifty Small Cap 250 index was up by 24.6%.



On the sectoral front, the top performing sectors for the quarter ended September 2026 were Nifty Media (+7.2%), Nifty IT (+5.7%) and Nifty Pharma (+4.6%), while Nifty FMCG (-8.5%), Nifty Energy (-7.3%) and Nifty Financial Services (-6.9%), were the laggards.

For H1FY27, the top performing sectors were Nifty Realty (+30.7%), Nifty India Defense (+28.8%) and Nifty Media (+25.6%), while Nifty IT (-3.8%), Nifty FMCG (-1.7%), and Nifty Oil & Gas (-1.2%) were the laggards.



In the Nifty 50 index, the top performing stocks for the quarter ended September 2026 were Eternal (+20.9%), HCL Technologies (+14.8%) and Bajaj Auto (+11.9%), while Trent (-20.1%), BSE (-20.0%) and Tata Motors (-19.5%) were the laggards.

For H1FY27, Adani Enterprise (+65.1%), Eternal (+39.8%) and Adani Ports (+37.0%) were the top performers, while ONGC (-20.7%), Infosys (-20.5%) and TCS (-13.1%) were the laggards.



During the quarter ended September 2026, FIIs were net sellers of equity to the tune of ₹22,653 Cr while DIIs were net buyers to the tune of ₹2,55,198 Cr; domestic MFs bought ₹1,73,107 Cr worth of equity.

For H1FY27, FIIs were net sellers of equity to the tune of ₹2,50,721 Cr while DIIs were net buyers to the tune of ₹5,31,891 Cr; domestic MFs bought ₹3,63,131 Cr worth of equity.

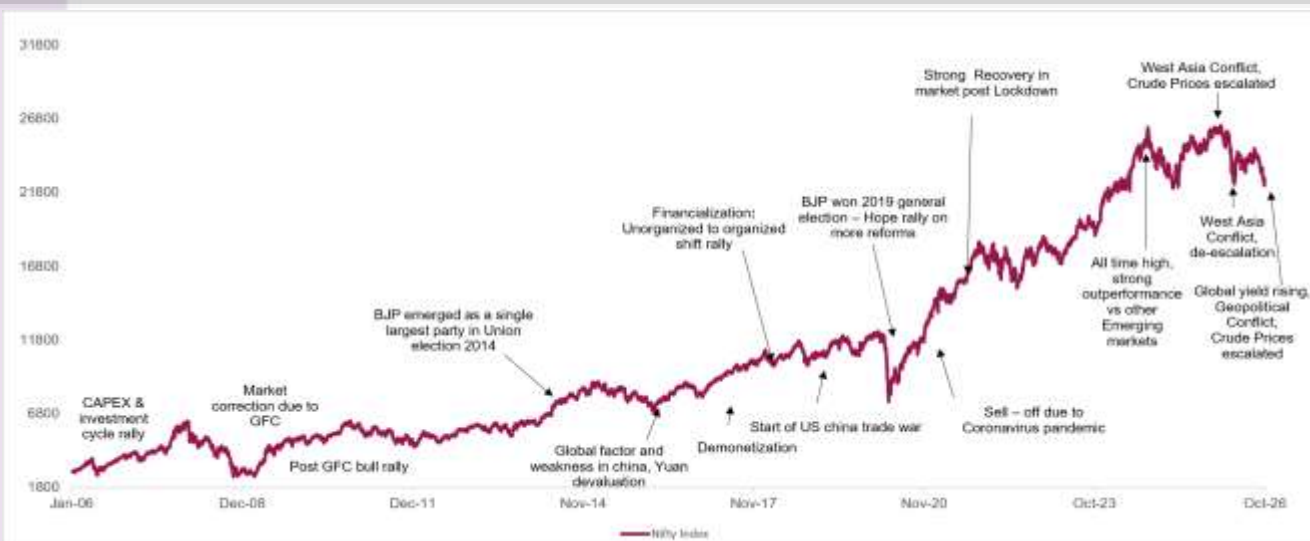


EQUITY INVESTMENT STRATEGY

Wealth Management | Axis Bank

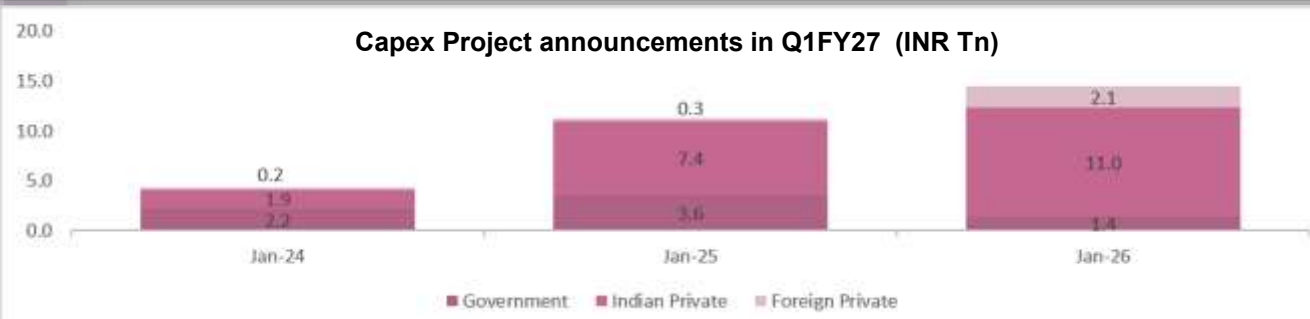
H1FY2027: Beyond the Correction: Focus Shifts to Earnings:

- Market Performance: Indian equities weakened during H1FY27, with the Nifty 50 declining 5.2%, Nifty Midcap 150 falling 4.0%, and Nifty Smallcap 250 gaining 0.4%, while September alone saw a sharp 6.1% correction in the Nifty.
- Global Headwinds Drove the Sell-off: Rising crude oil prices above USD 100/bbl, escalating West Asia tensions, higher US bond yields following Fed tightening, and renewed risk aversion weighed heavily on market sentiment.
- Flows & Macro Pressures: FPIs turned net sellers, the Indian rupee weakened to record lows, and persistent inflation concerns increased expectations of an RBI rate hike cycle.
- Domestic Fundamentals Remain Resilient: Strong Q1FY27 GDP growth of 7.8%, August IIP growth of 8.0%, and healthy bank credit growth continued to support the broader economic outlook.
- Focus Shifts to Earnings: As markets balance strong domestic growth against a challenging global backdrop, Q2FY27 earnings, management commentary, and margin resilience are expected to be the key drivers of market direction going forward.



Government & Private Capex Momentum:

- India remains one of the fastest-growing major economies, with Q1FY27 GDP growth of 7.8%, supported by strong consumption and investment activity.
- Government capex remains robust, with Centre capex up 17.8% YoY and State capex up 6.6% YoY in Q1FY27. Private capex is accelerating, with project announcements rising 29% YoY to INR 14.6 trillion, supported by increased private and foreign investment.
- Portfolio Positioning: Positive on beneficiaries of the capex cycle, favouring businesses with strong cash flows, healthy balance sheets, and earnings visibility.



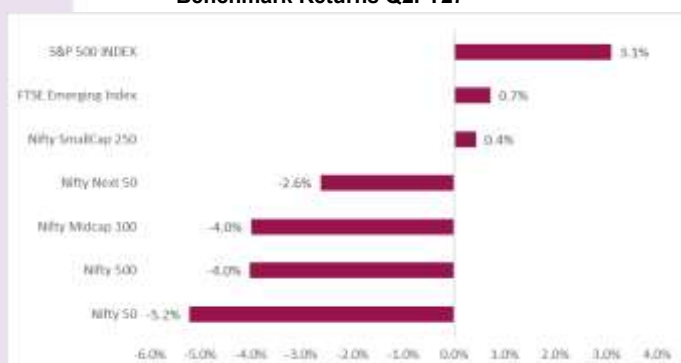
Source: Axis Securities, Axis Bank Research; Kotak India Strategy Sept 2026, Morgan Stanley - QE June GDP Growth Beats Expectations; Lift F27 Growth Estimate, Nirmal Bang – India Morning Roundup Sep 2026, Anand Rathi – GDP -Jun'26, NSE 500 Companies data, Motilal Oswal Research

EQUITY INVESTMENT STRATEGY

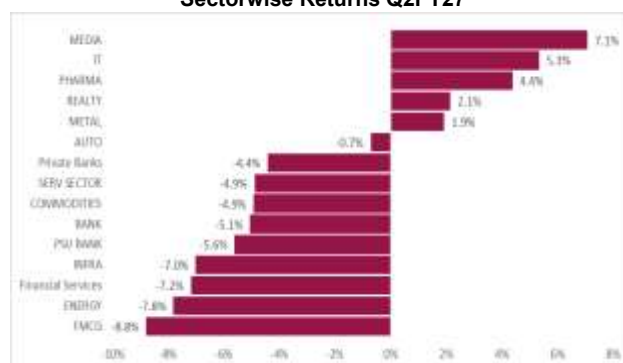
Sector Leadership Shifts Amid Broad-Based Market Weakness:

- Nifty touched a record high of 26,329 in January 2026 before correcting nearly 15% to 22,331 in March 2026 amid Middle East tensions and has remained under pressure with another sharp correction in the last month.
- Global equities delivered negative returns during the month, with Nifty Midcap emerging as the worst-performing segment, while Nifty Small Cap, Nifty Next 50, and Nifty 500 also declined.
- Market breadth remained weak, with Pharma and Healthcare outperforming, while IT and Auto were the key laggards.
- YTD leadership has come from Healthcare, Pharma, Industrials, and Agrochemicals, while Autos, Banks, and IT have continued to underperform, reflecting a shift towards defensive sectors.
- While the correction has improved valuations, earnings delivery, macro trends, and geopolitical developments are likely to remain the key drivers of market performance going forward.

Benchmark Returns Q2FY27



Sectorwise Returns Q2FY27



Top 500 stocks: 52 Week analysis:

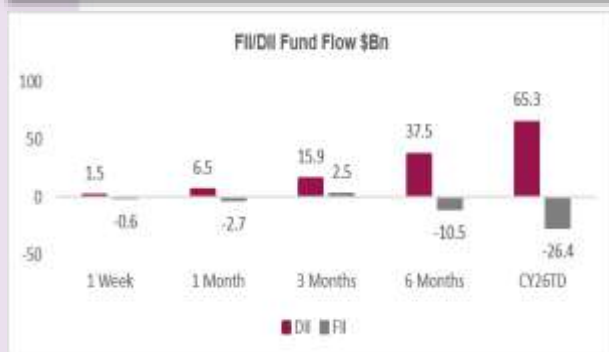
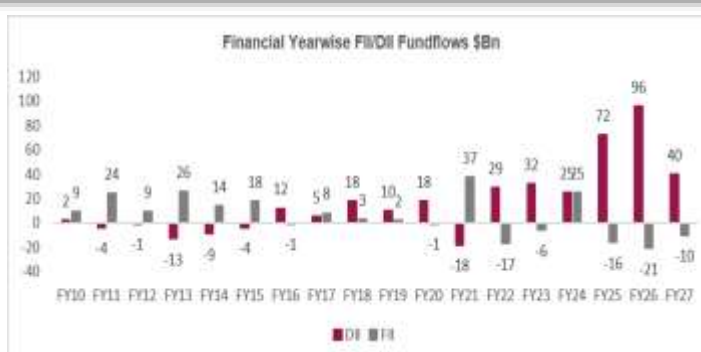
- Market breadth deteriorated sharply, with only 22 stocks trading near 52-week highs versus 77 stocks in August 2026, indicating a significant narrowing of market leadership.
- Correction became increasingly broad-based, with 197 stocks (39%) trading 20-30% below their 52-week highs, up from 123 stocks (25%) in August 2026.
- Deeper drawdowns increased meaningfully, with 144 stocks (29%) correcting by more than 30% from their 52-week highs, reflecting heightened volatility and risk aversion.
- Strength was scarce across segments, with only 1 large-cap stock and 1 out of 55 PSU stocks trading near 52-week highs, highlighting the widespread nature of the sell-off and reinforcing the need for selective, earnings-driven stock picking.

Sector	No of Stocks	Current level of number of stocks as compared to 52W high			
		Near to 52W high	5%-20% below 52W high	20%-30% below 52W high	Below 30%
Agri & Chem	33	0	15	12	6
Auto & Anc	44	2	19	15	8
Banks	28	0	17	7	4
Build Mate	39	1	12	13	13
Discretionary	32	2	9	9	12
Healthcare	54	8	33	5	8
Industrials	49	5	19	13	11
IT	40	0	9	8	23
Metals & min	25	2	11	8	4
NBFC	58	0	20	22	16
Oil & gas	19	0	6	7	6
Others	9	1	4	1	3
Staples	30	1	7	12	10
Tele & Media	14	0	6	4	4
Transport	8	0	5	2	1
Utilities	18	0	5	6	7
Total	500	22	197	144	136
Large cap	100	1	49	28	17
Mid cap	150	6	57	46	32
Small cap	250	15	91	70	87
PSUs	55	1	17	17	18

EQUITY INVESTMENT STRATEGY

Domestic Flows Continue to Offset FPI Selling Pressure:

- FPI sentiment turned cautious, with foreign investors withdrawing approximately USD 4.1 billion from secondary markets in September, reversing the inflows seen in July and August.
- Domestic investors remained supportive, with DIIs investing around USD 8 billion, helping offset foreign selling and providing a strong liquidity cushion.
- Despite nearly USD 10 billion of FPI outflows in FY27 YTD, robust mutual fund inflows and SIP contributions have continued to support market stability.
- Primary market activity remained resilient, with 32 IPOs raising approximately USD 4.1 billion during September, reflecting continued confidence in India's long-term growth story despite secondary market volatility.



Quality and Growth Continue to Lead Market Leadership:

- Quality and Momentum have been the strongest-performing factors, with Momentum leading returns over the last 1 year and 6 months, followed by Quality.
- We continue to favour high-quality and structural growth businesses with strong balance sheets, sustainable earnings visibility, and market leadership positions, which we believe can outperform despite near-term volatility.
- Our investment approach remains GARP-focused, emphasizing quality franchises, domestically oriented businesses, and select export opportunities with strong earnings visibility.
- Sector Preferences: Overweight on Banking, Telecom, Capital Goods, Healthcare, Pharma, and Automobiles, with a positive view on select discretionary consumption and retail plays.
- Portfolio Positioning: Prefer select capex-linked cyclicals offering attractive valuations and growth visibility, while remaining selective in IT with a preference for mid-cap companies.

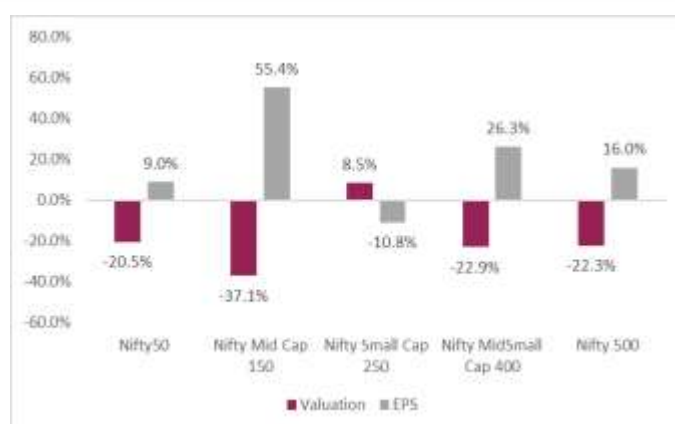
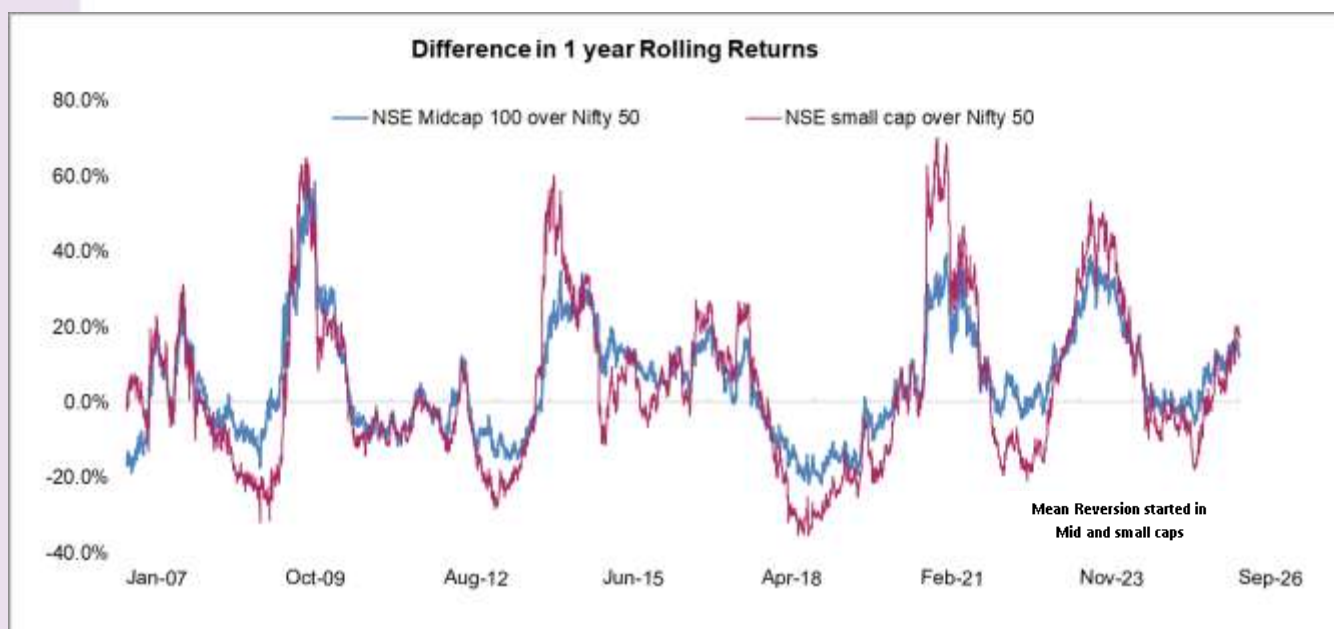


Perf	Performance (%)			
	Value	Growth	Quality	Momentum
2022	-0.9%	12.4%	-0.9%	7.1%
2023	27.8%	24.8%	32.0%	39.0%
2024	15.6%	9.8%	11.3%	30.0%
2025	-1.2%	5.4%	7.3%	-0.7%
1 Mth	-6.0%	-9.4%	-7.0%	-6.0%
3 Mths	-6.0%	-0.2%	-0.8%	-0.4%
6 Mths	-3.8%	1.3%	6.6%	10.8%
1 Year	-10.6%	-8.9%	-3.2%	-3.1%
2 Years	-22.8%	-17.8%	-12.7%	-13.4%

EQUITY INVESTMENT STRATEGY

Q2FY27 Earnings & Market Positioning:

- Q2FY27 earnings will be the key domestic catalyst, with investor focus shifting towards earnings quality, margin resilience, and management guidance rather than headline revenue growth.
- Revenue growth is expected at 13-15% YoY, while commentary on pricing power, input costs, festive demand, order books, capex, exports, and H2FY27 outlook will be closely tracked.
- Mid and small caps have remained relatively resilient, supported by domestic liquidity and earnings momentum, though elevated valuations warrant a selective stock-picking approach.
- Since the September 2024 peak, the Nifty 50 has corrected ~14%, while SMIDs have outperformed due to sector rotation towards emerging and new-economy businesses.
- Valuations have moderated meaningfully, with large-cap and mid-cap valuations down ~21% and ~37% from their peaks, reinforcing our preference for a GARP-led approach focused on quality businesses, market leaders, strong balance sheets, and reasonable valuations.



Source: Axis Securities, Axis Bank Research; Kotak India Strategy Sept 2026, Morgan Stanley - QE June GDP Growth Beats Expectations; Lift F27 Growth Estimate, Nirmal Bang – India Morning Roundup Sep 2026, Anand Rathi – GDP -Jun'26, NSE 500 Companies data, Motilal Oswal Research

EQUITY INVESTMENT STRATEGY

Performance of Asset Classes: Focus on Asset Allocation

- Gold was the best-performing asset class in 2025; however, in CY26 YTD, the S&P 500 has emerged as the top-performing asset class, overtaking Gold, while Small Caps have also delivered strong returns.
- The broader market was the best-performing domestic asset class during 2023 and 2024; however, the sharp correction since October 2024 has moderated returns despite a strong recovery in 2026.
- While markets remained volatile during Jan-Sep'26, Mid-cap and Small-cap segments have significantly outperformed the Nifty 50 on a YTD basis.
- Nifty 50 has remained under pressure due to sustained FII selling and geopolitical uncertainty arising from the West Asia crisis, resulting in continued underperformance versus broader markets.
- In CY26 YTD, both Emerging Markets and Developed Markets have outperformed Indian large-cap equities, highlighting relatively stronger global market performance.

Yearly performance of Asset Classes (%)

Rank	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 (YTD)
1	MCX Gold: 32%	Mid Cap: 39%	S&P 500: 30%	Mid Cap: 56%	Crisil Comp Bond: 9%	Crisil comp Bond: 13%	SmallCap: 57%	MCX Gold: 8%	S&P 500: 29%	MCX Gold: 28%	SmallCap: 59%	MCX Gold: 14.3%	SmallCap: 55.6%	SmallCap: 23.9%	MCX Gold: 61.5%	S&P 500: 12.1%
2	Crisil comp Bond: 7%	SmallCap: 37%	Nifty 50: 7%	SmallCap: 55%	SmallCap: 7%	EM Index: 10%	Mid Cap: 47%	Crisil comp Bond: 6%	MCX Gold: 25%	Mid Cap: 22%	Mid Cap: 46%	Nifty 50: 4.3%	Midcap: 46.6%	Midcap: 23.8%	EM Index: 18.7%	MCX Gold: 10.8%
3	S&P 500: 0%	Nifty 50: 28%	Crisil comp Bond: 4%	Nifty 50: 31%	Mid Cap: 6%	MCX Gold: 10%	EM Index: 29%	Nifty 50: 3%	EM Index: 17%	SmallCap: 21%	S&P 500: 27%	Mid Cap: 3.5%	S&P 500: 24.6%	S&P 500: 23.8%	S&P 500: 11.2%	SmallCap 100: 8.6%
4	EM Index: -21%	EM Index: 14%	Mid Cap: -5%	Crisil comp Bond: 14%	S&P 500: -1%	S&P 500: 10%	Nifty 50: 29%	S&P 500: -6%	Nifty 50: 12%	S&P 500: 16%	Nifty 50: 24%	BSE Bond index: 2.9%	Nifty 50: 20%	MCX Gold: 20.9%	Nifty 50: 10.25%	EM Index: 8.5%
5	Nifty 50: -25%	S&P 500: 13%	EM Index: -6%	S&P 500: 11%	Nifty 50: -4%	Mid Cap: 7%	S&P 500: 19%	Mid Cap: -15%	Crisil comp Bond: 11%	Nifty 50: 15%	Crisil comp Bond: 2%	SmallCap: -13.8%	MCX Gold: 14.9%	NSE G Sec composite: 9.9%	NSE G Sec composite: 6.2%	NSE G Sec composite: 1.7%
6	Mid Cap: -31%	MCX Gold: 12%	MCX Gold: -8%	EM Index: -1%	MCX Gold: -7%	Nifty 50: 3%	MCX Gold: 6%	EM Index: -16%	Mid Cap: -4%	EM Index: 13%	EM Index: -2%	S&P 500: -19.2%	BSE Bond index: 7.9%	EM Index: 9.5%	Midcap: 5.4%	Midcap 100: -1.9%
7	SmallCap: -34%	Crisil comp Bond: 9%	SmallCap: -8%	MCX Gold: -6%	EM Index: -18%	SmallCap: 2%	Crisil comp Bond: 5%	SmallCap: -29%	SmallCap: -10%	Crisil comp Bond: 12%	MCX Gold: -4%	EM Index: -19.6%	EM Index: 5.7%	Nifty 50: 8.8%	SmallCap: -4.9%	Nifty 50: -13.4%

Growth Remains Resilient, But Risks Require Monitoring**Domestic Growth Drivers:**

- Domestic demand remains resilient, supported by healthy trends across banking, automobiles, and real estate, although a below-normal and uneven monsoon poses risks to rural incomes and consumption.
- Credit growth remains robust across retail, SME, and corporate segments, reflecting improving economic activity and investment momentum.
- Banking system liquidity has improved following FCNR(B) inflows, though deployment of these funds could temporarily weigh on reported banking margins.
- Insurance stocks corrected sharply following proposed changes to commissions and expense regulations; however, long-term industry growth drivers remain intact.
- Higher crude oil and commodity prices are increasing input cost pressures, particularly for autos, cement, chemicals, consumer durables, and capital goods.
- Margin protection and pricing power will be key, with the pace of cost pass-through expected to determine earnings resilience over the coming quarters.

Factors We Are Closely Monitoring:

- Crude Oil & West Asia: The trajectory of crude oil prices and geopolitical developments in West Asia remain the most important macro variables for India's inflation, growth, fiscal position, and corporate profitability outlook.
- Q2FY27 Earnings: Margin resilience, pricing power, volume growth, and management commentary will be key in assessing the impact of higher input, energy, and freight costs on corporate earnings.
- Monsoon & Rural Demand: The impact of below-normal rainfall on kharif output, rural incomes, food inflation, and consumption demand will be closely monitored.
- FII Flows & Currency: The direction of foreign flows will be influenced by India's earnings trajectory, relative valuations, currency stability, and global risk appetite.
- Global Rates & Liquidity: Elevated US bond yields and tighter global monetary conditions could keep liquidity constrained and pressure emerging market valuations.
- Valuations: While the recent correction has improved valuations, select mid- and small-cap segments continue to trade at premiums, making earnings delivery critical for sustaining valuations.

Key Risks to Our Outlook:

- Further escalation in West Asia tensions and sustained high crude oil prices.
- Continued rupee depreciation, elevated US Treasury yields, and persistent FPI outflows.
- Weaker-than-expected Q2FY27 earnings and slower private consumption growth.
- Elevated valuations in select mid- and small-cap stocks, increasing the risk of stock-specific corrections.
- Ongoing macro uncertainty could keep market volatility elevated in the near term.

EQUITY MARKET OUTLOOK

 India's economy remains resilient, with Q1FY27 GDP growth of 7.8%, supported by strong consumption, healthy manufacturing activity, and sustained public and private capex. Key indicators remain supportive, with GST collections crossing INR 2 trillion and PMI at 55.1, reflecting steady economic momentum. While the upcoming festive season could provide a boost to demand and earnings, risks from elevated crude prices, currency volatility, geopolitical tensions, a weak monsoon, and sticky inflation remain key monitorables. In this environment, we continue to favour businesses with strong cash flows, healthy balance sheets, and earnings visibility.

 Geopolitical developments remain a key external risk for global financial markets, with escalating tensions in West Asia raising concerns over potential disruptions to global energy supplies, shipping routes, and trade flows. The trajectory of crude oil prices will be particularly important for India, as a sustained decline below USD 85 per barrel could ease inflationary pressures, support corporate margins, improve the current account balance, and strengthen the rupee. Conversely, a prolonged period of crude prices above USD 100-110 per barrel could put pressure on corporate profitability, particularly for energy-intensive sectors, while also weighing on consumer spending and broader economic growth.

 The market's focus is expected to gradually shift from macro-driven de-rating toward the quality of Q2FY27 earnings, management commentary, and the sustainability of the expected H2FY27 earnings recovery. The key factor for investors will be assessing whether companies can protect margins and maintain growth expectations amid higher energy, freight, and financing costs. As a result, management guidance on cost pressures, pricing power, and future earnings visibility is likely to play a critical role in determining market direction and stock performance over the coming quarters.

Overweight: BFSI, Telecom, Capital goods, Healthcare, Power & Energy

- Overweight: Banking, Telecom, Capital Goods, Healthcare, Pharma, and Automobiles
- Positive on: Select discretionary consumption and retail plays
- Prefer: Select capex-linked cyclical stocks offering attractive valuations and reasonable growth visibility
- Selective in IT: Preference for mid-cap companies

 While domestic fundamentals remain resilient, near-term market performance is likely to be influenced by external factors such as crude oil prices, global bond yields, FPI flows, geopolitical developments in West Asia, and RBI policy actions. The sharp September correction highlighted these risks, and their trajectory, along with inflation trends, will remain key drivers of market volatility going forward.

Despite near-term headwinds, we remain constructive on Indian equities, supported by strong economic growth, sustained government and private capex, structural reforms, and an improving earnings cycle. India's medium-term growth outlook remains intact, underpinned by resilient domestic fundamentals, a healthy investment cycle, and strong corporate balance sheets.

As markets enter the earnings season, focus is expected to shift from macro volatility to earnings delivery, margin resilience, and management commentary. October will be a key earnings-validation month, with performance increasingly driven by companies that can sustain growth and protect margins despite higher costs. We continue to favour businesses with strong earnings visibility, pricing power, healthy balance sheets, and disciplined capital allocation.

While near-term volatility may persist amid uncertainty around crude oil prices, geopolitics, global bond yields, and monetary policy, resilient economic activity and strong domestic liquidity should keep markets increasingly earnings-driven. We remain positive on Indian equities from a medium-to long-term perspective and expect earnings growth to continue supporting healthy market returns.

 **Investors can look at accumulating equities with a 3-to-5-year investment perspective**

EQUITY ORIENTED SCHEMES



EQUITY FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Large Cap Funds			
Aditya Birla Sun Life Large Cap Fund	-5.09	-4.79	7.74
Axis Large Cap Fund	-4.61	-4.75	7.03
Canara Robeco Large Cap Fund	-6.05	-4.63	7.86
DSP Large Cap Fund	-7.46	-5.09	8.61
ICICI Prudential Large Cap Fund	-6.66	-4.47	8.91
Kotak Large Cap Fund	-5.44	-4.61	7.91
Mahindra Manulife Large Cap Fund	-7.37	-6.50	5.62
Mirae Asset Large Cap Fund	-4.95	-4.16	6.47
Motilal Oswal Large Cap Fund	-4.16	-0.59	--
Nippon India Large Cap Fund	-6.35	-3.72	8.84
SBI Large Cap Fund	-2.28	-3.02	7.54
Category Average	-4.27	-4.57	7.66
Nifty 50 TRI	-7.09	-5.29	6.05
Flexi Cap Funds			
360 ONE Flexicap Fund	8.47	0.14	14.86
Abakus Flexi Cap Fund	--	--	--
Aditya Birla Sun Life Flexi Cap Fund	6.19	1.15	13.01
Axis Flexi Cap Fund	3.41	-0.26	12.05
Edelweiss Flexi Cap Fund	-1.51	-4.05	11.54
Franklin India Flexi Cap Fund	-5.33	-5.34	8.83
HDFC Flexi Cap Fund	-1.71	0.47	13.79
ICICI Prudential Flexi Cap Fund	3.12	0.46	14.09
Invesco India Flexi cap Fund	-0.90	-1.13	14.81
Mirae Asset Flexi Cap Fund	0.77	-0.59	9.90
Nippon India Flexi cap Fund	-2.82	-4.86	7.82
Parag Parikh Flexi Cap Fund	-4.14	-0.52	11.46
WhiteOak Capital Flexi Cap Fund	1.53	-0.19	12.14
Category Average	0.15	-2.11	10.76
Nifty 500 TRI	-2.03	-3.67	9.50
Multi Cap Funds			
Axis Multicap Fund	8.43	1.82	17.39
Bajaj Finserv Multi Cap Fund	9.19	--	--
Canara Robeco Multi Cap Fund	-0.28	-2.04	11.56
DSP Multi Cap Fund	-1.60	-4.00	--
Edelweiss Multi Cap Fund	3.52	-2.27	--
Franklin India Multi Cap Fund	5.84	1.31	--
HDFC Multi Cap Fund	-3.81	-5.21	9.43
Kotak Multi Cap Fund	2.55	-0.79	14.49
LIC MF Multi Cap Fund	6.67	0.79	15.33
Mahindra Manulife Multi Cap Fund	10.82	1.70	14.66
Mirae Asset Multicap Fund	0.26	-0.77	11.05
Nippon India Multi Cap Fund	-2.73	-2.93	11.13
UTI Multi Cap Fund	1.55	--	--
Category Average	3.73	-0.81	12.31
Nifty 500 TRI	-2.03	-3.67	9.50

EQUITY FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Large & Mid Cap Funds			
Axis Large & Mid Cap Fund	3.96	0.06	13.04
Bajaj Finserv Large & Mid Cap Fund	-0.24	-3.22	--
Bandhan Large & Mid Cap Fund	2.05	-1.00	15.28
HDFC Large & Mid Cap Fund	-1.55	-3.20	10.66
HSBC Large & Mid Cap Fund	7.68	1.52	15.19
ICICI Prudential Large & Mid Cap Fund.	-1.36	-1.47	12.97
Kotak Large & Mid Cap Fund	-1.22	-2.59	10.82
Mirae Asset Large & Midcap Fund	-0.05	-2.24	9.61
Motilal Oswal Large and Midcap Fund (MOFLM)	6.47	3.15	19.50
UTI Large & Mid Cap Fund	0.63	-2.69	12.65
Category Average	1.37	-1.75	12.06
NIFTY Large Midcap 250 TRI	-0.37	-2.65	10.79
Focused Funds			
360 ONE Focused Fund	2.24	-2.82	9.35
Aditya Birla Sun Life Focused Fund	1.18	-2.23	10.60
Axis Focused Fund	-1.98	-3.72	7.99
Canara Robeco Focused Fund	-5.58	-3.41	9.94
Edelweiss Focused Fund	-2.71	-4.63	9.65
Franklin India Focused Equity Fund	-11.82	-8.68	5.49
HDFC Focused Fund	-3.42	-0.41	13.20
ICICI Prudential Focused Fund	-1.59	-0.89	14.44
Kotak Focused Fund	2.39	0.02	12.12
Mahindra Manulife Focused Fund	-3.71	-5.55	9.86
SBI Focused Fund	9.51	6.04	13.80
Sundaram Focused Fund	1.71	-2.88	8.63
Tata Focused Fund	-6.94	-7.45	6.61
Category Average	0.89	-2.45	10.30
Nifty 50 TRI	-7.09	-5.29	6.05
Contra / Value Funds			
Invesco India Contra Fund	-2.81	-4.46	11.83
SBI Contra Fund	-3.88	-5.42	8.84
Axis Value Fund	5.55	0.57	15.34
HDFC Value Fund	4.68	0.03	14.04
ICICI Prudential Contra Fund	--	--	--
ICICI Prudential Value Fund	-6.68	-4.10	9.83
Nippon India Value Fund	-5.16	-5.34	11.55
Category Average	0.65	-3.28	11.19
Nifty 500 TRI	-2.03	-3.67	9.50

EQUITY ORIENTED SCHEMES

EQUITY FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
ELSS (Tax Savings)			
Axis ELSS - Tax Saver Fund	-2.35	-3.77	8.74
Bandhan ELSS - Tax saver Fund	-1.07	-3.86	7.43
Baroda BNP Paribas ELSS Tax Saver Fund	1.56	-1.61	12.65
Canara Robeco ELSS - Tax Saver Fund	-2.10	-3.67	9.19
DSP ELSS Tax Saver Fund	-4.46	-4.78	10.63
HDFC ELSS - Tax Saver Fund	-7.57	-3.90	10.93
Kotak ELSS Tax Saver Fund	-0.47	-3.86	9.02
Mirae Asset ELSS Tax Saver Fund	-1.61	-2.11	9.90
Parag Parikh ELSS Tax Saver Fund	-10.49	-5.58	6.77
SBI ELSS Tax Saver Fund	-4.76	-5.36	11.41
Union ELSS Tax Saver Fund	-1.52	-2.85	8.60
WhiteOak Capital ELSS Tax Saver Fund	1.34	0.05	13.34
Category Average	-1.98	-3.50	9.58
Nifty 500 TRI	-2.03	-3.67	9.50
Mid Cap Funds			
Axis Midcap Fund	4.92	0.13	14.16
Bandhan Mid Cap Fund	8.09	0.83	15.32
Edelweiss Mid Cap Fund	5.02	1.01	17.77
HDFC Mid Cap Fund	3.54	1.10	14.60
HSBC Midcap Fund	16.64	5.74	20.85
Invesco India Mid Cap Fund	7.15	4.93	20.72
Kotak Mid Cap Fund	1.52	0.30	14.47
Mahindra Manulife Mid Cap Fund	5.63	-1.65	14.12
Mirae Asset Midcap Fund	5.72	0.92	13.00
Motilal Oswal Midcap Fund	0.16	-4.10	16.44
WhiteOak Capital Mid Cap Fund	10.88	5.36	18.57
Category Average	5.41	-0.06	14.60
Nifty Midcap 150 TRI	4.57	-0.42	13.67

EQUITY FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Small Cap Funds			
Abakkus Small Cap Fund	--	--	--
Axis Small Cap Fund	9.86	2.16	13.92
Bandhan Small Cap Fund	11.29	2.75	21.99
HDFC Small Cap Fund	-2.57	-2.07	9.03
Invesco India Small Cap Fund	14.42	4.91	20.27
Mahindra Manulife Small Cap Fund	16.52	1.55	18.02
Nippon India Small Cap Fund	9.17	-0.32	13.82
Union Small Cap Fund	22.49	7.24	15.65
UTI Small Cap Fund	5.59	-0.42	11.82
Category Average	11.35	1.14	13.91
Nifty Small cap 250 TRI	7.23	-1.12	13.96

CAGR	1 Year	2 Years	3 Years
Index Funds			
Axis BSE India Sector Leaders Index Fund	--	--	--
Axis BSE Sensex Index Fund	-9.25	-6.82	--
Axis Nifty India Defence Index Fund	--	--	--
Axis Nifty50 Equal Weight Index Fund	--	--	--
Axis Nifty 100 Index Fund	-6.08	-5.87	6.79
Axis Nifty 50 Index Fund	-7.50	-5.69	5.55
Axis Nifty 500 Index Fund	-3.23	-4.70	--
Axis Nifty500 Momentum 50 Index Fund	3.61	--	--
Axis Nifty500 Quality 50 Index Fund	-2.31	--	--
Axis Nifty500 Value 50 Index Fund	5.61	--	--
DSP Nifty Midcap 150 Quality 50 Index Fund	-3.46	-6.23	6.46
HDFC BSE Sensex Index Fund	-9.13	-6.61	4.03
HDFC Nifty 50 Index Fund	-7.48	-5.67	5.60
ICICI Prudential Nifty Next 50 Index Fund	2.84	-4.90	15.63
Motilal Oswal Nifty 500 Index Fund	-2.86	-4.46	8.45
Motilal Oswal Nifty Midcap 150 Index Fund	3.59	-1.35	12.63
Motilal Oswal S&P 500 Index Fund(MOFSP500)	23.12	22.85	26.77
Nippon India Nifty Alpha Low Volatility 30 Index Fund	-3.00	-10.15	8.00
Nippon India Nifty Smallcap 250 Index Fund	6.06	-2.46	12.38
SBI Nifty Index Fund	-7.52	-5.74	5.51
UTI Nifty 50 Index Fund	-7.36	-5.56	5.69
UTI Nifty Next 50 Index Fund	2.98	-4.68	15.75
UTI Nifty500 Shariah Index Fund	--	--	--
Nifty 50 TRI	-7.09	-5.29	6.05
Nifty 500 TRI	-2.03	-3.67	9.50

EQUITY FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

Thematic Funds			
Tata Ethical Fund	-8.78	-11.18	2.52
Nifty 500 Shariah TRI	-3.87	-9.37	5.98
Aditya Birla Sun Life Business Cycle Fund	6.05	-0.92	10.84
Aditya Birla Sun Life ESG Integration Strategy Fund	-1.38	-4.28	8.84
Axis Business Cycles Fund	2.40	-1.38	11.23
Axis Consumption Fund	-8.97	-7.53	--
Axis ESG Integration Strategy Fund	-5.05	-6.79	7.01
Axis India Manufacturing Fund	13.47	3.21	--
Axis Innovation Fund	14.32	5.32	17.09
Axis Momentum Fund	-3.28	--	--
Axis Quant Fund	-1.69	-7.51	6.30
Axis Services Opportunities Fund	-6.03	--	--
Canara Robeco Manufacturing Fund	10.00	1.91	--
Edelweiss Business Cycle fund	1.56	-7.46	--
HDFC Manufacturing Fund	6.36	0.89	--
HSBC India Export Opportunities Fund	20.16	7.26	--
ICICI Prudential Business Cycle Fund	-4.88	-1.38	12.72
ICICI Prudential ESG Exclusionary Strategy Fund	-7.67	-6.09	9.49
ICICI Prudential India Opportunities Fund	-2.51	-1.97	11.45
ICICI Prudential Innovation Fund	1.74	-0.08	16.41
ICICI Prudential Quality Fund	2.29	--	--
ICICI Prudential Rural Opportunities Fund	-9.25	--	--
Invesco India Consumption Fund	--	--	--
Invesco India ESG Integration Strategy Fund	-4.06	-6.51	6.76
Kotak Business Cycle Fund	4.28	1.30	13.76
Kotak ESG Exclusionary Strategy Fund	-6.52	-6.04	6.20
Kotak Manufacture in India Fund	15.88	5.64	18.36
Kotak MNC Fund	18.28	--	--
Kotak Rural Opportunities Fund	--	--	--
Kotak Services Fund	--	--	--
Kotak Special Opportunities Fund	17.90	3.35	--
LIC MF Consumption Fund	--	--	--
Motilal Oswal Consumption Fund	--	--	--
SBI Quality Fund	--	--	--
Sundaram Business Cycle Fund	0.71	0.14	--
Tata Business Cycle Fund	-1.71	-6.13	8.55
Tata India Innovation Fund	0.99	--	--
UTI Quant Fund	-3.88	--	--



EQUITY ORIENTED SCHEMES

HYBRID FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Aggressive Hybrid Funds			
Axis Aggressive Hybrid Fund	-0.64	-1.86	7.63
Canara Robeco Aggressive Hybrid Fund	-1.08	-1.25	8.78
Edelweiss Aggressive Hybrid Fund	-0.13	-0.69	10.47
HDFC Aggressive Hybrid Fund	-6.28	-3.28	4.95
ICICI Prudential Aggressive Hybrid Fund	-1.03	0.48	11.60
Kotak Aggressive Hybrid Fund	0.41	-0.16	10.44
Mahindra Manulife Aggressive Hybrid Fund	-4.44	-2.80	9.13
Mirae Asset Aggressive Hybrid Fund	1.24	-0.01	9.04
SBI Aggressive Hybrid Fund	2.14	2.96	10.70
Category Average	-0.82	-1.14	8.95
NIFTY 50 Hybrid Composite Debt 65:35 Index	-3.96	-1.98	6.09
Dynamic Asset Allocation / Balanced Advantage Funds			
Aditya Birla Sun Life Balanced Advantage Fund	4.55	2.94	9.91
Axis Balanced Advantage Fund	0.29	0.02	9.62
Bandhan Balanced Advantage Fund	2.94	1.78	8.01
Baroda BNP Paribas Balanced Advantage Fund	3.53	1.95	9.78
Canara Robeco Balanced Advantage fund	-2.94	-2.52	--
Edelweiss Balanced Advantage Fund	2.23	0.09	8.74
HDFC Balanced Advantage Fund	-1.99	-0.92	9.55
ICICI Prudential Balanced Advantage Fund	2.10	3.35	9.72
Kotak Balanced Advantage Fund	0.49	0.45	7.75
Mirae Asset Balanced Advantage Fund	2.35	2.09	8.31
Nippon India Balanced Advantage Fund	0.65	0.84	8.57
SBI Balanced advantage fund	0.57	1.26	8.21
Tata Balanced Advantage Fund	-0.75	-1.12	6.10
UTI Balanced Advantage Fund	-3.60	-1.08	6.15
Category Average	0.04	-0.15	7.73
NIFTY 50 Hybrid Composite Debt 65:35 Index	-3.96	-1.98	6.09
Equity Savings			
Axis Equity Savings Fund	3.12	2.15	7.66
DSP Equity Savings Fund	1.05	2.06	7.19
Edelweiss Equity Savings Fund	6.99	6.45	10.03
HDFC Equity Savings Fund	0.88	1.63	6.86
HSBC Equity Savings Fund	6.55	5.10	11.39
ICICI Prudential Equity Savings Fund	2.11	3.78	6.15
Kotak Equity Savings Fund	2.61	3.17	8.57
UTI Equity Savings Fund	1.72	2.24	6.82
Category Average	2.69	2.87	7.21
1/3rd%age each of CRISIL Short Term Bond Fund Index + Nifty 50 TRI + Nifty 50 Arbitrage Index	1.79	2.95	6.82

HYBRID FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Multi Asset Allocations Funds			
Aditya Birla Sun Life Multi Asset Allocation Fund	8.49	7.00	13.89
Axis Multi Asset Allocation Fund	5.91	5.05	12.05
Bajaj Finserv Multi Asset Allocation Fund	5.88	3.81	--
Bandhan Multi Asset Allocation Fund	9.39	7.74	--
Canara Robeco Multi Asset Allocation Fund	5.93	--	--
DSP Multi Asset Allocation Fund	8.71	9.76	16.11
Edelweiss Multi Asset Allocation Fund	6.33	6.88	7.14
ICICI Prudential Multi Asset Allocation Fund	1.11	3.85	12.56
Kotak Multi Asset Allocation Fund	11.01	8.36	--
Mirae Asset Multi Asset Allocation Fund	7.15	7.23	--
Nippon India Multi Asset Allocation Fund	7.97	8.42	16.91
Tata Multi Asset Allocation Fund	2.29	3.16	10.59
Category Average	6.48	6.19	13.33
NIFTY 50 Hybrid Composite Debt 65:35 Index	-3.96	-1.98	6.09

Arbitrage Funds			
Aditya Birla Sun Life Arbitrage Fund	6.06	6.34	6.66
Axis Arbitrage Fund	5.99	6.25	6.63
Edelweiss Arbitrage Fund	6.00	6.30	6.66
HDFC Arbitrage Fund	6.08	6.32	6.71
ICICI Prudential Arbitrage Fund	6.14	6.40	6.71
Invesco India Arbitrage Fund	6.14	6.36	6.72
Kotak Arbitrage Fund	6.13	6.41	6.81
Nippon India Arbitrage Fund	6.04	6.20	6.56
SBI Arbitrage Fund	6.05	6.39	6.70
UTI Arbitrage Fund	6.07	6.40	6.76
Category Average	6.04	6.19	6.52
Nifty 50 Arbitrage Index	7.33	7.60	7.42



EQUITY ORIENTED SCHEMES

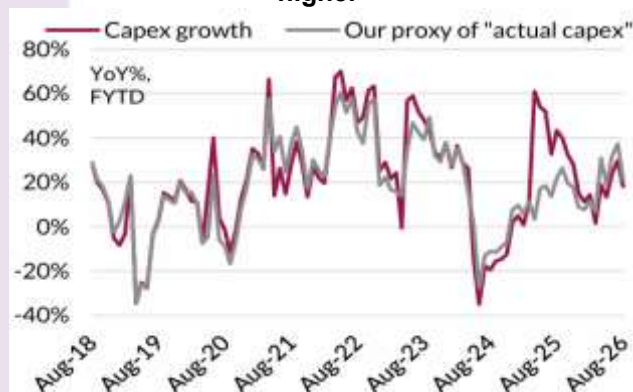
DEBT AND **MACRO ECONOMIC UPDATE**



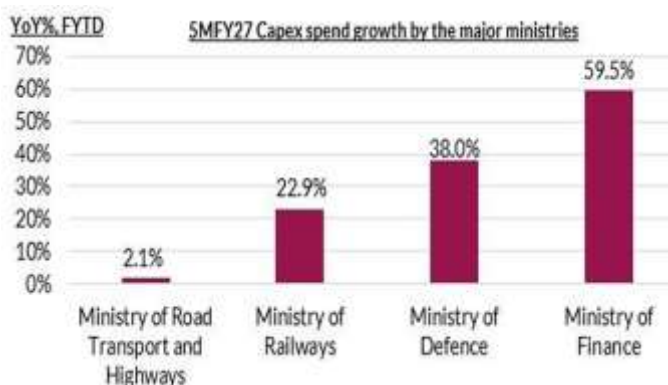
INDIA'S FISCAL RISKS, MANAGEABLE DESPITE SPENDING PRESSURES

- FY27 fiscal risks have eased materially, with direct tax collections up 14.6% YoY FYTD, driven by strong growth in both corporate taxes (+15.4%) and personal income taxes (+14.2%), reducing concerns around revenue shortfalls.
- GST collections remain resilient despite prior tax cuts, while central net revenue receipts grew 6.6% YoY FYTD, indicating healthy underlying economic activity.
- Government spending remains growth supportive, with total expenditure up 10.5% YoY and capex rising 18% YoY, led by Railways (+23%) and Defence (+38%).
- The fiscal deficit reached 42% of the FY27 Budget Estimate in Apr-Aug FY27, largely reflecting front-loaded expenditure rather than a deterioration in fiscal fundamentals.
- Subsidy spending increased 24% YoY, primarily on food and fertilisers, but the pressure is expected to ease as fertiliser prices have normalised to pre-war levels.
- Fiscal buffers remain strong, supported by existing reserves, improved tax collections, higher gold import-duty revenues, and potential asset monetisation opportunities.
- The government's borrowing programme remains manageable, with the H2 borrowing calendar indicating limited risk of fiscal slippage despite concerns around expenditure growth.

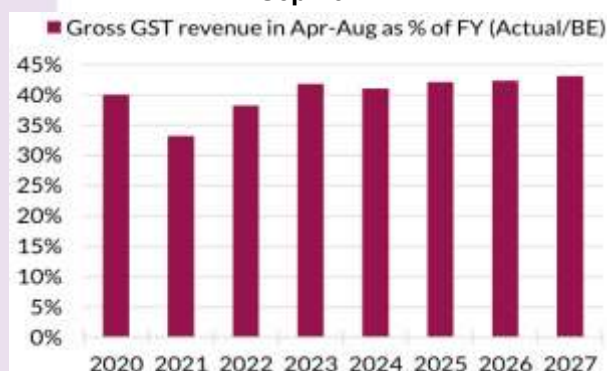
Headline capex spending growth (+18% YoY FYTD) as interest free loans to states are 27% higher



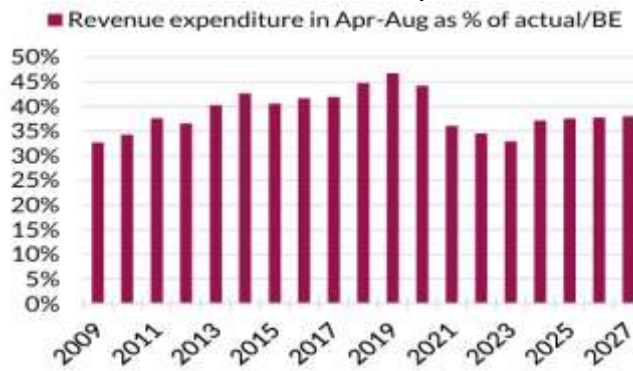
Capex rose 18% YoY, strong momentum in railways and defence



GST collections strong – declined only 3.4% YoY FYTD despite the GST cuts delivered in Sep-25



Revenue expenditure +8.2% YoY FYTD led by higher subsidies (24% YoY: Food: 30%, Fertilizers: 21%)

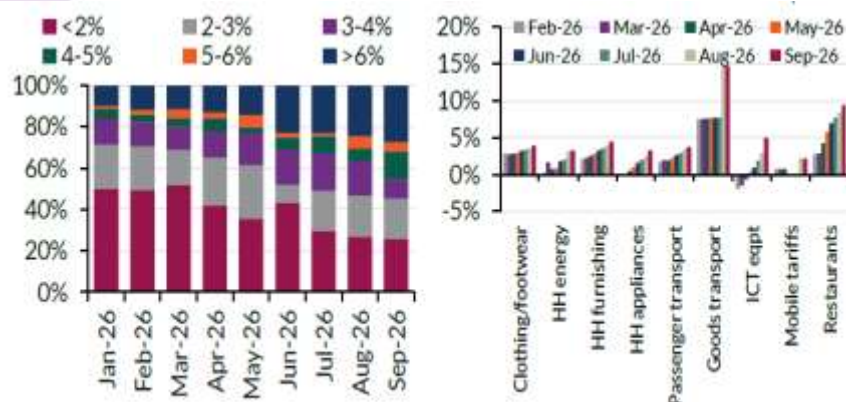


DEBT AND MACRO ECONOMIC UPDATE

INFLATION CONTINUES ITS UPWARD MARCH, TO GET WORSE IN Q3

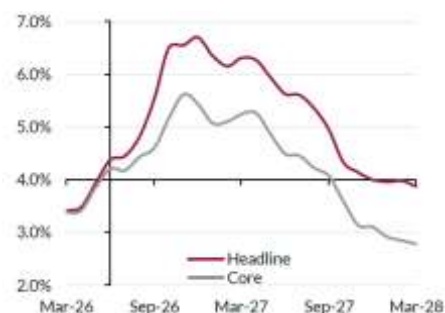
- September CPI inflation rose to 5.5% YoY, a 23-month high and the strongest reading since October 2024, driven primarily by food inflation, particularly vegetables, while core inflation also continued to edge higher.
- Underlying inflation pressures are broadening, with demand-sensitive inflation measures rising to around 3.7%-4.0% and nearly 45% of CPI components now recording inflation above 4%, indicating wider price pressures across the economy.
- Food inflation risks remain elevated, driven by El Niño-related weather disruptions, weaker agricultural supply conditions, geopolitical pressures on grain exports, and favorable base effects that could amplify price increases.
- Higher global energy prices are increasingly feeding into domestic inflation, impacting transportation, hospitality, clothing, footwear, and technology-related categories.
- Inflation expectations remain sticky, supported by resilient consumption, public sector spending, and credit growth, raising the risk of second-round inflation effects.
- The RBI's inflation outlook has become more challenging, with inflation expected to average around 5.8% over the next three quarters, while a return to sub-5% inflation in FY28 may prove difficult if core inflation remains elevated.
- Market consensus and our expectation remain aligned for another 25 bps RBI rate hike in December 2026, which would take the repo rate closer to 6.0%.
- Upside risks to rates persist, with the possibility of policy tightening extending beyond the currently perceived neutral rate if inflation remains broad-based and crude oil prices stay elevated.
- The inflation trajectory has become less benign, with risks skewed to the upside from food, energy, and core inflation. Consequently, bond yields are likely to remain under upward pressure, reinforcing a preference for lower-duration fixed-income strategies.

Inflation broadening (L) and showing transmission of shocks (R)



Source: MOSPI, Axis Bank Research

CPI inflation forecasts – reaching 4.9% in FY28 might require demand destruction in core



USD TO STRENGTHEN NEAR-TERM; WEAKER INR TREND PERSISTS

- Near-term USD strength is expected to persist, supported by a hawkish Fed, higher US yields, resilient US economic data, and political uncertainties in Europe.
- INR depreciation pressures remain intact, with estimates suggesting the currency is still around 5% stronger than its fair value, implying gradual depreciation ahead.
- RBI intervention has so far cushioned INR weakness, but sustained intervention may become increasingly challenging amid declining reserve adequacy and persistent external pressures.
- INR is expected to weaken towards 97/USD by Dec'26 and 100/USD by Jun'27, reflecting delayed adjustment to deteriorating terms of trade and weaker capital flow dynamics.
- Structural risks remain elevated, with tighter global savings, moderating FDI trends, a stronger USD, and potential productivity challenges limiting support for the rupee over the medium term.
- While the long-term outlook for the USD remains constrained by fiscal dynamics, near-term momentum favors a stronger USD and a weaker INR, with currency pressures likely to remain a key macro monitorable for Indian markets.

USD rises strongly in September



INR capped by intervention



RBI's Playbook During Periods of INR Stress

Key Episodes, Policy Actions and Measures

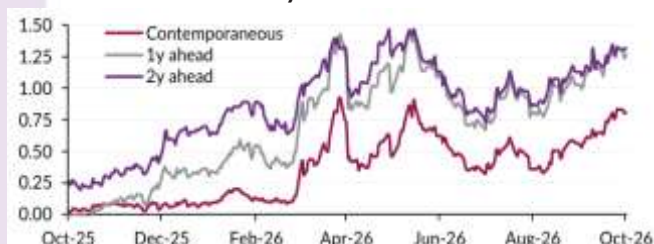
A history of proactive and multi-pronged measures to manage external shocks and maintain stability in the INR



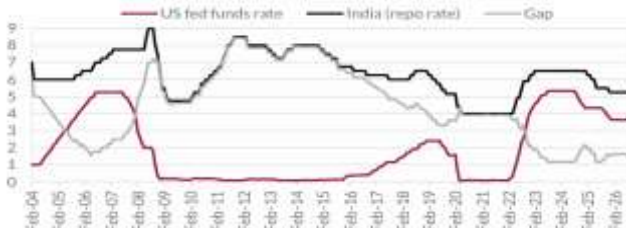
RBI POLICY: TIGHTENING BEGINS, FURTHER HIKES LIKELY

- The RBI raised the repo rate by 25 bps to 5.50% and shifted its stance from Neutral to Calibrated Tightening through a 4-2 vote.
- FY27 growth was upgraded to 7.1% (from 6.7%), while the inflation forecast was raised to 5.2% (from 5.0%).
- The MPC highlighted broadening inflation pressures, driven by strong money supply growth, robust credit growth, fading supply-side disinflation, and the risk of second-round effects.
- Global monetary tightening remains a key consideration, as higher global interest rates and a narrower India-US rate differential limit the RBI's room for policy divergence.
- The RBI indicated that the duration and extent of the tightening cycle will depend on inflation dynamics, including broadening price pressures, demand conditions, and inflation persistence.
- Liquidity conditions are expected to tighten due to ongoing FX operations and higher demand for currency, with OMOs not currently required.
- The RBI is expected to continue smoothing INR depreciation through intervention, while allowing for a gradual adjustment in the currency.
- Axis Bank Economists a cumulative tightening cycle of around 75 -100 bps, including a further 25 bps rate hike in December 2026, with the timing of any additional hike dependent on inflation and external-sector developments.
- Given that, it is expected that 10-year G-Sec yields to trend higher, reflecting the transmission of elevated global bond yields into domestic markets.

Average rate hike from 5.25% implied by OIS over a year



Policy rate movements in India and the US over the last 20 years



USD 95/barrel for oil is currently below pricing for FY28



10y G-sec yields might have room to rise further, with USTs stabilizing well above 5.0%

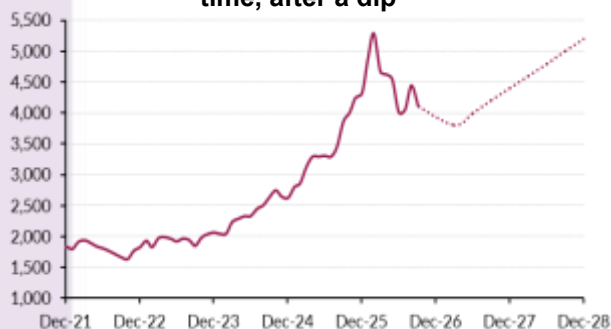


Source: RBI, Bloomberg, Axis Bank Research

NEAR-TERM VOLATILITY, BUT LONGER-TERM UPSIDE

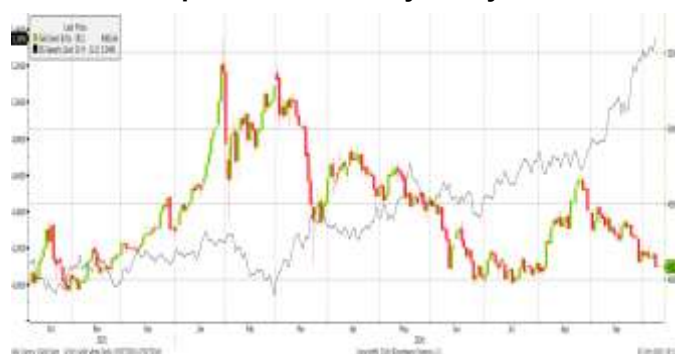
- Gold prices declined in September, pressured by escalating West Asia tensions, higher crude oil prices, a stronger US dollar, and a sharp rise in global bond yields following strong US economic data.
- The rise in US 10-year Treasury yields above 5% and expectations of further Fed tightening were key factors weighing on gold prices.
- ETF and central bank purchases remained positive, suggesting the correction was driven more by positioning unwinds and speculative selling rather than a deterioration in structural demand.
- Indian demand showed signs of moderation, amid domestic price discounts, strong growth in gold loans, and pressure on household savings, although domestic ETF demand remained healthy.
- Global gold ETFs attracted US\$10bn in September, lifting Q3 inflows to a record US\$31bn, led by European- and North American-listed funds.
- Near-term headwinds remain elevated, including strong USD momentum, higher global interest rates, shifting rate-hike expectations towards the Fed, and political uncertainty in Europe, all of which have contributed to higher real yields and increased pressure on gold prices.
- We expect gold to remain under pressure in the near term, with a potential decline towards USD 3,300/oz, before resuming its longer-term upward trend supported by fiscal and macroeconomic factors. While short-term volatility may persist due to higher yields and a stronger USD, any meaningful correction could present opportunities for long-term investors seeking portfolio diversification and protection against macroeconomic uncertainties.

Steady grind higher in gold prices seen over time, after a dip

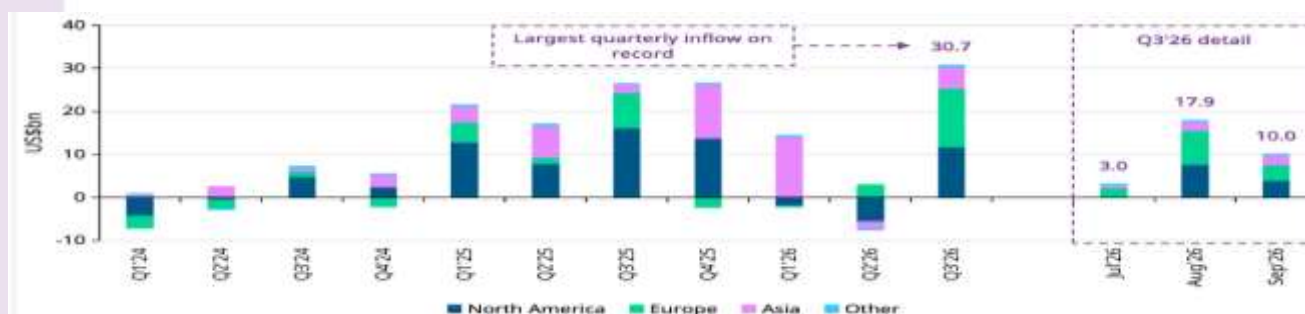


Source: Bloomberg, Axis Bank Research

Gold drop with break in 10y UST yields



Western buying drives record quarterly gold ETF inflows



Source: World Gold Council, Axis Bank Research

DEBT AND MACRO ECONOMIC OUTLOOK



- October began on a cautious note, with expectations of further RBI rate hikes, US Treasury yields above 5%, elevated crude oil prices, FPI outflows, rupee weakness, and rising inflation pushing the 10-year G-Sec yield higher by ~20 bps to 7.15% during September.
- Global factors remained the key driver of sentiment, as elevated crude oil prices, geopolitical tensions involving the US and Iran, tighter monetary policy across major central banks, and rising global bond supply kept global yields elevated.
- Currency markets remained volatile, with the US dollar strengthening on stronger US data, firmer inflation, higher oil prices, and a hawkish Fed, while the INR continued to remain supported through RBI intervention despite underlying depreciation pressures.
- Brent crude remained above USD 100/bbl, supported by supply disruptions and inventory drawdowns, while geopolitical developments in West Asia continue to be closely monitored for their impact on inflation and global markets.
- Geopolitical developments remain a key monitorable, with markets closely tracking Israeli elections, US midterm elections, and increased activity around suspected nuclear facilities, all of which have contributed to elevated uncertainty.
- Domestic inflation trajectory has become less benign, although uneven monsoon distribution has increased focus on rabi sowing, food inflation, and the risk of inflation remaining persistent rather than rising sharply.
- Fiscal conditions remain supportive, with direct tax collections growing 14.6% YoY FYTD, resilient GST collections, and government capex rising 18% YoY, while the H2 borrowing calendar points to limited risk of fiscal slippage.
- Bond market demand remains healthy, supported by a lower-than-budgeted government borrowing programme and steady participation from banks, insurance companies, provident funds, retirement savings, and mutual funds.
- Expectations of further RBI tightening have strengthened, with FY27 inflation projected at 5.2% and another 25 bps rate hike in December potentially taking rates closer to the 5.75%-6.00% neutral range. The key market focus remains whether the RBI limits the cycle to one more hike or extends tightening further, depending on inflation, crude oil prices, global financial conditions, and currency pressures. Despite policy normalization, strong demand from insurance companies, provident funds, retirement savings, and mutual funds, along with fiscal discipline and a manageable borrowing programme, should continue to support bond markets. While yields may retain a modest upward bias, a sharp rise is not the base case as much of the tightening cycle is priced in. Carry remains attractive with capital preservation, and we continue to favour high-quality papers in the 1-3 year segment, with the 10-year G-Sec expected to trade in the 7.20%-7.50% range in the near term.

We remain constructive on the shorter end of the yield curve. Short Duration funds, Banking & PSU Debt funds, Corporate Bond funds, Money Market funds, Low Duration funds and Ultra Short Duration funds can be considered by investors with an investment horizon commensurate with the maturity profile of the schemes. Investors can consider tactical allocation in **Medium to Long Duration yield curve**, as per their risk appetite with an investment horizon of at least 2-3 years to avoid any intermittent volatility.

FIXED INCOME ORIENTED SCHEMES



DEBT FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Gilt Funds			
Axis Gilt Fund	3.66	4.31	6.66
Bandhan Gilt Fund	7.20	4.80	7.38
Baroda BNP Paribas Gilt Fund	2.74	4.29	6.12
ICICI Prudential Gilt Fund	3.27	5.14	6.22
Kotak Gilt Fund	1.62	1.88	4.57
SBI Gilt Fund	3.45	3.91	6.07
UTI Gilt Fund	4.52	4.47	6.20
Category Average	2.73	3.33	5.55
CRISIL 10 Year Gilt Index	1.33	4.15	6.17

Long Duration Funds			
ICICI Prudential Long Term Fund	1.45	3.56	5.85
Nippon India Nivesh Lakshya Long Term Fund	1.05	2.44	5.64
Category Average	1.70	2.30	5.50
CRISIL 10 Year Gilt Index	1.33	4.15	6.17

Dynamic Bond Funds			
360 ONE Dynamic Term Fund	4.87	6.49	7.68
Aditya Birla Sun Life Dynamic Term Fund	4.86	5.71	7.01
Axis Dynamic Term Fund	5.88	6.03	7.05
Bandhan Dynamic Term Fund	6.39	4.21	6.78
ICICI Prudential Dynamic Term Fund	4.39	5.93	6.78
Kotak Dynamic Term Fund	5.00	5.03	6.98
Nippon India Dynamic Term Fund	4.28	5.74	6.77
SBI Dynamic Term Fund	4.71	4.94	6.55
Category Average	3.50	4.42	6.11
CRISIL Composite Bond Index	3.81	5.33	6.62

Medium to Long Duration Funds			
ICICI Prudential Medium to Long Term Fund	3.84	5.32	6.59
Kotak Medium to Long Term Fund	3.46	4.27	5.94
SBI Medium to Long Term Fund	3.71	4.73	6.04
Category Average	3.51	4.46	5.89
CRISIL Composite Bond Index	3.81	5.33	6.62

Medium Duration Funds			
Aditya Birla Sun Life Medium Term Fund	7.88	10.13	9.72
Axis Medium Term Fund	5.82	7.03	7.62
ICICI Prudential Medium Term Fund	6.28	7.50	7.70
Category Average	5.14	6.55	7.12
CRISIL Composite Bond Index	3.81	5.33	6.62

DEBT FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Corporate Bond Funds			
Aditya Birla Sun Life Corporate Bond Fund	4.30	5.87	6.77
Axis Corporate Bond Fund	4.73	6.41	6.96
Bandhan Corporate Bond Fund	5.31	6.47	6.87
HDFC Corporate Bond Fund	3.98	5.75	6.63
ICICI Prudential Corporate Bond Fund	5.30	6.69	7.07
Kotak Corporate Bond Fund	4.58	6.24	6.95
Nippon India Corporate Bond Fund	4.69	6.34	7.05
UTI Corporate Bond Fund	4.72	6.33	6.88
Category Average	4.67	6.24	6.84
CRISIL Short Term Bond Index	5.11	6.52	6.99

Short Duration Funds			
Axis Short Term Fund	5.15	6.73	7.14
Bandhan Short Term Fund	5.67	6.65	7.19
HDFC Short Term Fund	5.02	6.49	7.09
ICICI Prudential Short Term Fund	5.35	6.68	7.07
Kotak Short Term Fund	4.51	5.97	6.57
Nippon India Short Term Fund	4.87	6.49	7.01
SBI Short Term Fund	4.56	6.27	6.74
UTI Short Term Fund	4.68	6.13	6.62
Category Average	4.70	6.19	6.73
CRISIL Short Term Bond Index	5.11	6.52	6.99

Banking & PSU Debt Funds			
Aditya Birla Sun Life Banking and PSU Debt Fund	4.31	5.90	6.59
Axis Banking and PSU Debt Fund	4.62	6.17	6.61
Bandhan Banking and PSU Debt Fund	5.41	6.39	6.79
HDFC Banking and PSU Debt Fund	4.38	5.95	6.58
ICICI Prudential Banking and PSU Debt Fund	5.03	6.43	6.80
UTI Banking & PSU Debt Fund	5.80	6.87	7.17
Category Average	4.67	6.08	6.69
CRISIL Short Term Bond Index	5.11	6.52	6.99

EQUITY ORIENTED SCHEMES

DEBT FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Index Funds			
Aditya Birla Sun Life Nifty SDL Plus PSU Bond Sep 2026 60:40 Index Fund	5.73	6.68	7.05
Axis CRISIL IBX 50:50 Gilt Plus SDL June 2028 Index Fund	5.18	6.52	7.23
Axis CRISIL IBX SDL May 2027 Index Fund	5.95	6.86	7.41
Axis CRISIL-IBX AAA Bond NBFC - Jun 2027 Index Fund	6.04	7.30	--
Axis Nifty SDL September 2026 Debt Index Fund	5.64	6.61	7.12
Bandhan CRISIL IBX Gilt April 2028 Index Fund	5.11	6.46	7.13
Bandhan CRISIL IBX Gilt June 2027 Index Fund	5.12	6.42	7.03
HDFC Nifty G-sec Dec 2026 Index Fund	5.40	6.41	7.01
Kotak Nifty SDL Plus AAA PSU Bond Jul 2028 60:40 Index Fund	5.25	6.61	7.22
Mirae Asset Nifty SDL Jun 2027 Index Fund	5.87	6.81	7.37
Nippon India Nifty AAA CPSE Bond Plus SDL - Apr 2027 Maturity 60:40 Index Fund	6.08	6.96	7.26
Nippon India Nifty AAA PSU Bond Plus SDL - Sep 2026 Maturity 50:50 Index Fund	--	--	--
SBI CRISIL IBX Gilt Index June 2036 Fund	3.42	4.96	6.95
SBI CRISIL IBX Gilt Index April 2029 Fund	4.26	6.26	7.23
CRISIL Short Term Bond Index	5.11	6.52	6.99
CRISIL Composite Bond Index	4.95	7.03	7.22
Floater Funds			
Aditya Birla Sun Life Floating Interest Rates Fund	5.89	6.93	7.16
Axis Floating Interest Rates Fund	6.67	6.67	7.92
HDFC Floating Interest Rates Fund	5.59	6.86	7.22
ICICI Prudential Floating Interest Rates Fund	5.93	6.80	7.05
Kotak Floating Interest Rates Fund	5.33	6.89	7.22
Category Average	5.74	6.73	7.18
CRISIL Short Term Bond Index	5.11	6.52	6.99

HYBRID FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Conservative Hybrid Funds			
Axis Conservative Hybrid Fund	0.27	1.48	5.04
ICICI Prudential Conservative Hybrid Fund	2.17	4.02	7.76
Kotak Conservative Hybrid Fund	1.03	1.39	6.92
Parag Parikh Conservative Hybrid Fund	3.75	4.98	8.79
SBI Conservative Hybrid Fund	4.06	4.12	7.58
Category Average	1.98	2.91	6.81
NIFTY 50 Hybrid Composite Debt 15:85 Index	0.29	2.59	5.80

EQUITY ORIENTED SCHEMES

FUND OF FUNDS

PAST PERFORMANCE (CAGR % RETURNS AS ON 30th SEPTEMBER, 2026)

CAGR	1 Year	2 Years	3 Years
Equity Fund of Funds			
Axis Multi Factor Passive FoF	-1.80	-6.75	6.99
ICICI Prudential Passive Multi-Asset Fund of Funds	4.96	7.60	12.39
Mirae Asset Diversified Equity Allocator Passive FOF	-3.27	-4.35	8.59
Mirae Asset Nifty MidSmallcap400 Momentum Quality 100 ETF Fund of Fund	5.59	-5.08	--
Mirae Asset Nifty Smallcap 250 Momentum Quality 100 ETF Fund of Fund	6.66	-5.82	--
Mirae Asset Nifty200 Alpha 30 ETF Fund of Fund	3.83	-7.37	--
Hybrid Fund of Funds			
Axis Multi-Asset Omni FoF	--	--	--
DSP Multi Asset Omni Fund of Funds	--	--	--
HDFC Multi-Asset Active FOF	2.47	4.62	11.33
ICICI Prudential Multi-Asset Active FOF	--	--	--
Nippon India Multi - Asset Omni FoF	6.01	6.51	14.45
Debt Fund of Funds			
Axis Income Plus Arbitrage Omni FOF	5.41	6.15	7.46
Bandhan Income Plus Arbitrage Active FOF	5.69	6.45	6.99
Bharat Bond ETF FOF - April 2033	3.26	5.54	6.94
BHARAT Bond FOF - April 2030	4.39	6.36	7.14
BHARAT Bond FOF - April 2031	3.74	5.89	7.02
Kotak Income Plus Arbitrage Omni FOF	5.40	5.96	7.31
CRISIL Short Term Bond Index	5.11	6.52	6.99
CRISIL Composite Bond Index	3.81	5.33	6.62
Equity International Fund of Funds			
Axis Global Equity Alpha Fund of Fund	19.06	22.35	23.82
Axis Global Innovation Fund of Fund	25.08	23.41	26.63
Axis Greater China Equity Fund of Fund	18.77	23.74	21.89
Axis NASDAQ 100 US Specific Equity Passive FOF	33.66	31.34	32.62
Bandhan US specific Equity Active FOF	11.26	19.28	25.71
DSP Global Innovation Overseas Equity Omni FoF	23.43	24.76	28.76
Edelweiss Greater China Equity Offshore Fund	20.27	26.08	23.71
Edelweiss US Technology Equity Fund of Fund	22.10	30.14	31.35
Franklin U.S. Opportunities Equity Active Fund of Funds	15.20	15.84	23.71
Motilal Oswal Nasdaq 100 Fund of Fund	43.60	39.08	37.47
Nifty 500 TRI	-2.03	-3.67	9.50
Debt International Fund of Funds			
Aditya Birla Sun Life US Treasury 1-3 Year Bonds ETFs Passive FOF	9.57	9.71	--
Aditya Birla Sun Life US Treasury 3-10 Year Bonds ETFs Passive FOF	5.61	7.39	--
Axis US Specific Treasury Dynamic Debt Passive FOF	3.90	6.07	--
Bandhan US Treasury Bond 0-1 year specific Debt Passive FOF	11.79	11.03	9.39

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