

State of the Market & Outlook

April 2026

The logo for Union Mutual Fund features the word "Union" in a large, bold, blue, italicized sans-serif font. A small orange arrow curves upwards and to the right, starting from the left side of the letter "U" and ending above the letter "n". Below "Union" is the phrase "Mutual Fund" in a smaller, bold, black, italicized sans-serif font.

Union
Mutual Fund

Backdrop

Global Equity Market Performance

Global Indices	1M Returns (%) - USD Terms	1M Returns (%) - Local Currency Terms	12M Returns (%) - USD Terms	12M Returns (%) - Local Currency Terms
MSCI World Index	-6.6	-6.6	17.4	17.4
MSCI Emerging Markets Index	-13.3	-13.3	26.9	26.9
MSCI EM Asia Index	-14.5	-14.5	26.4	26.4
MSCI EM BRIC USD	-9.3	-9.3	0.4	0.4
MSCI India Index	-14.5	-11.3	-12.6	-3.6
Dow Jones Industrial Average	-5.4	-5.4	10.3	10.3
NASDAQ Composite Index	-4.8	-4.8	24.8	24.8
Nikkei 225	-14.8	-13.2	35.2	43.4
CAC 40	-11.0	-8.9	7.1	0.3
FTSE 100 Index	-8.4	-6.7	21.4	18.6
Deutsche Boerse AG German Stock Index DAX	-12.4	-10.3	9.2	2.3
Ibovespa Brasil Sao Paulo Stock Exchange Index	-1.8	-0.7	58.5	43.9
Shanghai Shenzhen CSI 300 Index	-6.0	-5.5	20.5	14.5
Hang Seng Index	-7.1	-6.9	6.4	7.2
NSE Nifty 50 Index	-14.4	-11.3	-13.9	-5.1
NIFTY Midcap 100	-14.1	-10.9	-7.6	1.9
NIFTY Smallcap 100	-13.4	-10.2	-14.4	-5.5

Source: Bloomberg, Data as of 31 Mar 2026.

Past performance may or may not be sustained in future.
The Above-mentioned returns should not be construed as any indication of future returns.

Indian Equity Market Performance

Index	MoM (%)	YoY (%)
NSE Nifty 50	-11.3	-5.1
Auto	-15.5	10.3
Bankex	-17.0	-5.0
Capital Goods	-8.8	2.4
Consumer Durables	-11.1	-3.2
Financial Services	-15.6	-4.8
FMCG	-10.5	-13.7
Healthcare	-4.9	0.9
Industrials	-13.1	1.4
IT	-6.1	-22.7
Metal	-8.9	19.4
Oil & Gas	-13.6	1.7
Realty	-16.8	-23.6
Telecom	-9.0	2.5
Utilities	-3.4	-1.1

Source: Bloomberg. Note: BSE Sectoral Indices, Data as of 31 Mar 2026.

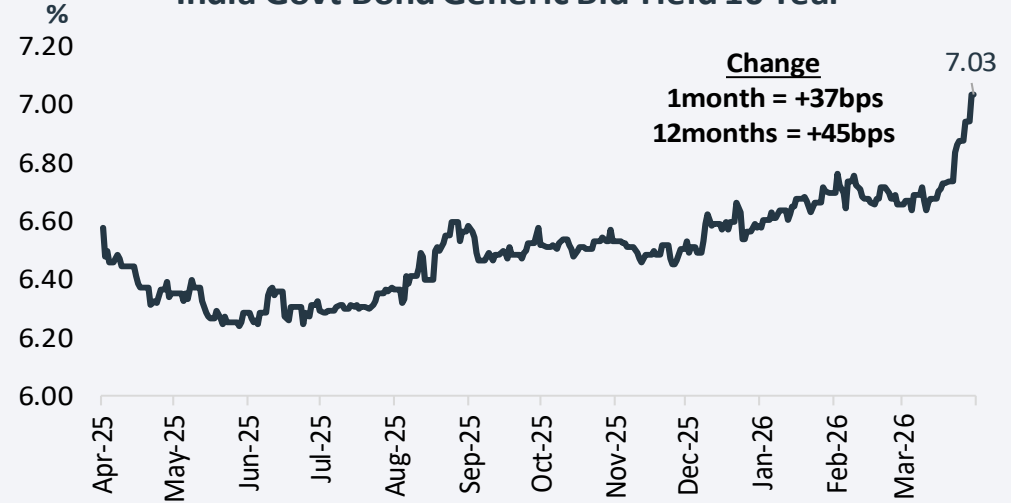
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Key Trends

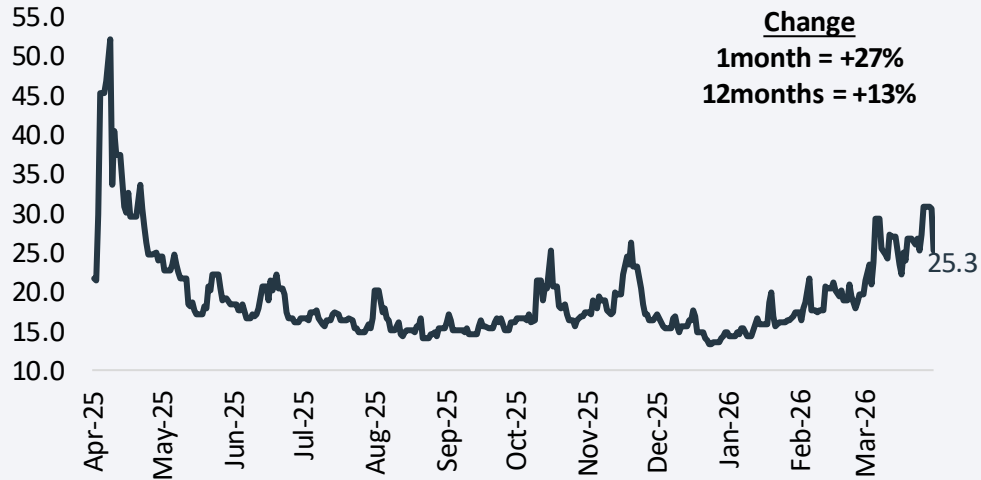
US Generic Govt 10 Yr



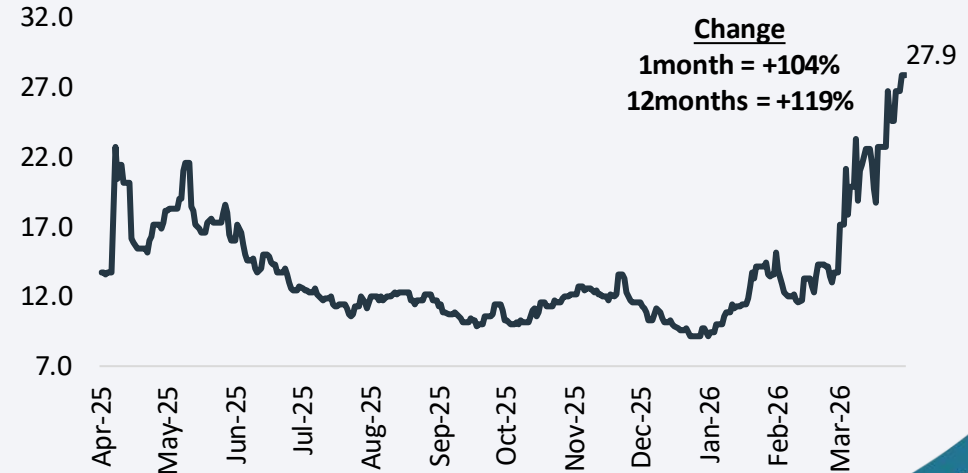
India Govt Bond Generic Bid Yield 10 Year



Chicago Board Options Exchange Volatility Index

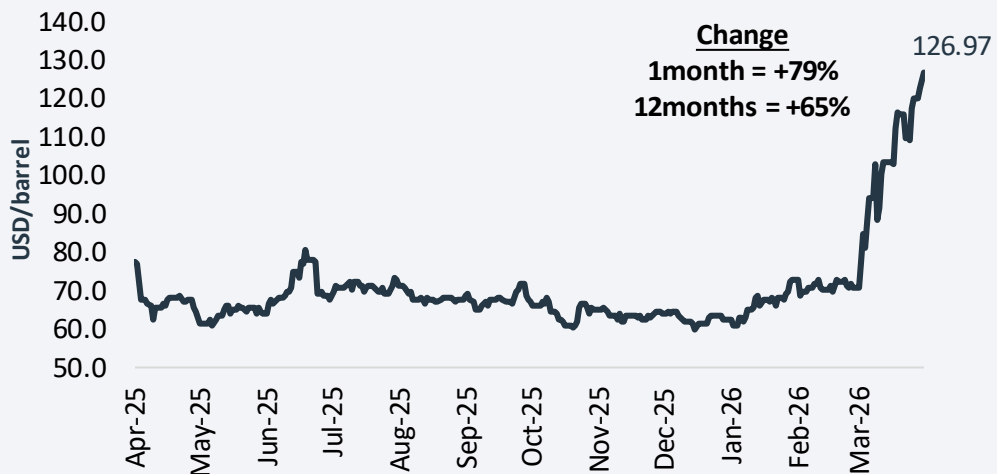


India NSE Volatility Index.

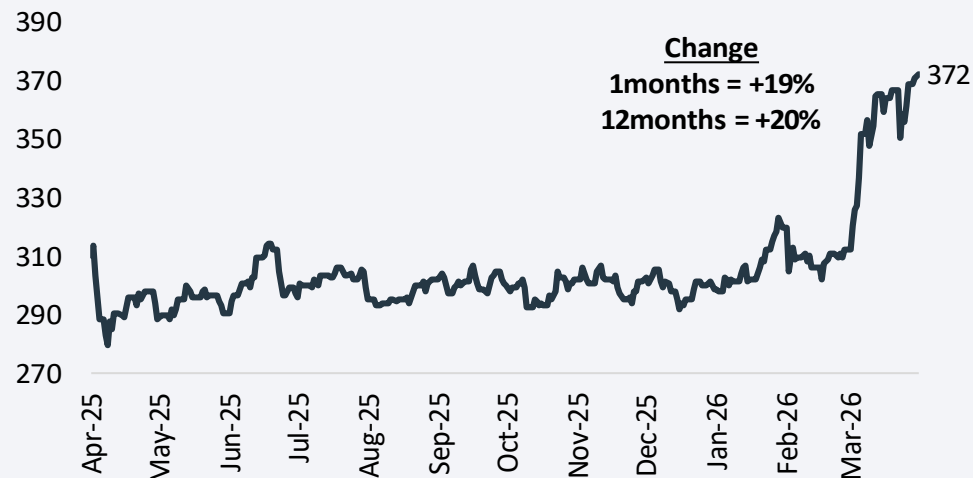


Key Trends

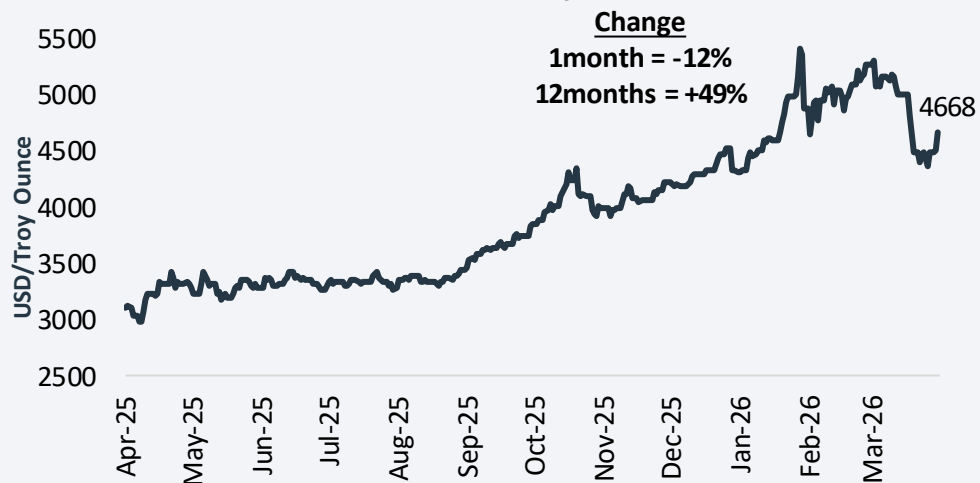
Crude Oil Dated Brent FOB NWE



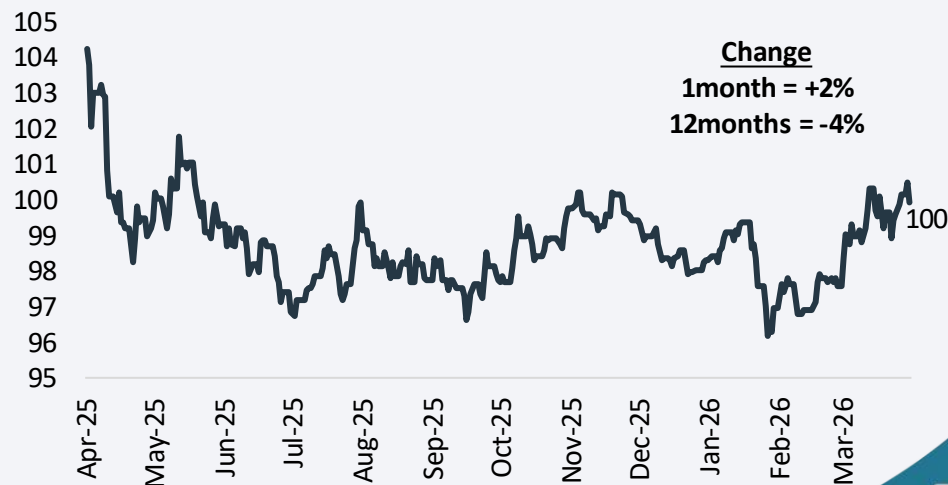
FTSE/CoreCommodity CRB Excess Return Index



GOLD SPOT \$/OZ

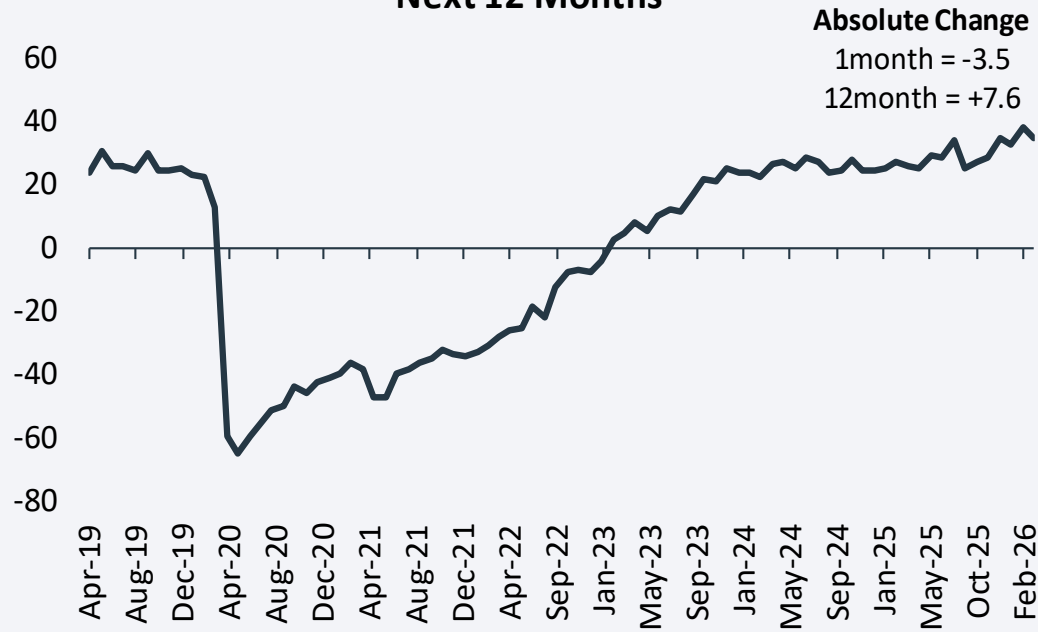


DOLLAR INDEX SPOT

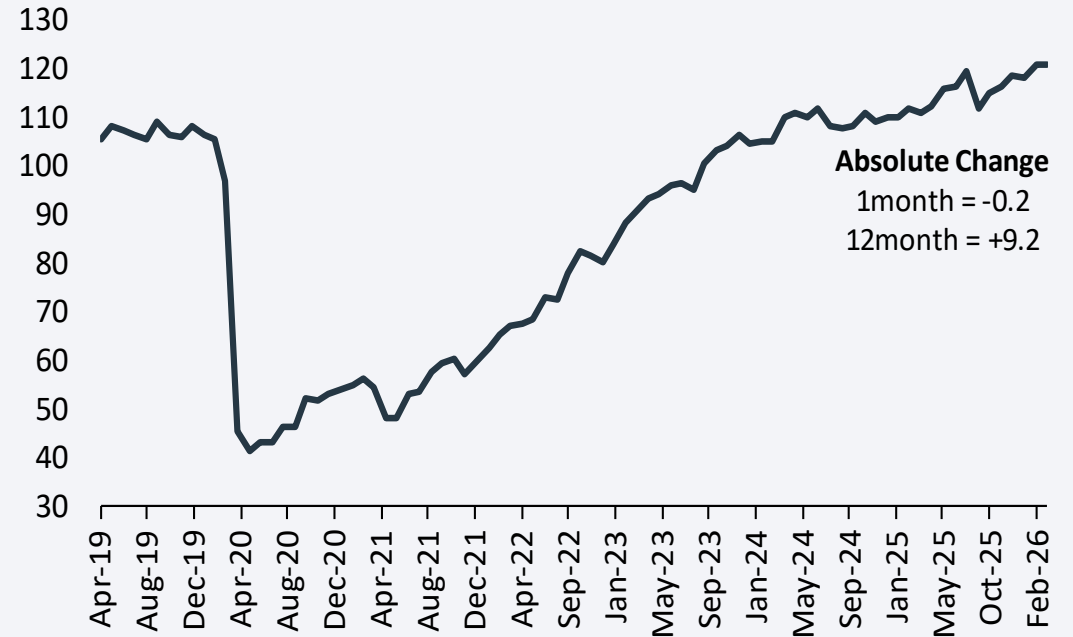


Indian Business Expectations & Consumer Sentiment

Financial And Business Conditions In Country In Next 12 Months



Index consumer sentiments



Business Conditions - 'Net response' is the difference between the percentage of respondents reporting optimism and those reporting pessimisms. It ranges between -100 and 100. Any value greater than zero indicates expansion/ optimism and values less than zero indicate contraction/ pessimism.

Consumer Sentiment Indices (Base Sep-Dec 2015 = 100)

Outlook

Key Positives & Risks

POSITIVES

- ✓ 2-week ceasefire recently announced between Iran & the US/Israel
- ✓ Various trade agreements negotiated by India will likely improve its competitiveness and boost trade
- ✓ Likely demand boost from last year's tax concessions, GST rate cuts and broadening welfare payments
- ✓ Robust balance sheets of corporates & banks
- ✓ Resilient domestic flows

RISKS

- x If the ceasefire does not hold and tensions escalate again, it can put further pressure on India's macro through high oil prices & supply disruptions
- x Geopolitics will likely stay volatile
- x Competitive welfarism, compulsion of coalition politics
- x Increased supply in response to upturn in equity market can potentially cap returns

Any conversion of current temporary ceasefire into a permanent truce in the Middle East will likely lift a major overhang clouding India's improving investment case. This will likely reassert positives such as accelerating EPS growth trajectory & enhanced trade competitiveness which may lead to a more favorable view by FPIs.

Key Sectoral Positioning

OVERWEIGHT

- ❑ **Financials:** Attractive risk reward for lending financials due to (i) reasonable valuations and (ii) positive view on underlying business growth as well as profitability ahead.
- ❑ **Capital Goods/Industrials:** Significant under-investing in the past in select sub-segment has exacerbated demand-supply imbalance. Pockets of Power Transmission & Distribution, Defense sector look attractive.
- ❑ **Consumer Discretionary:** GST rate cuts, and upcoming 8th pay commission should boost demand. Growth may lead to attractive risk-reward for the sector.

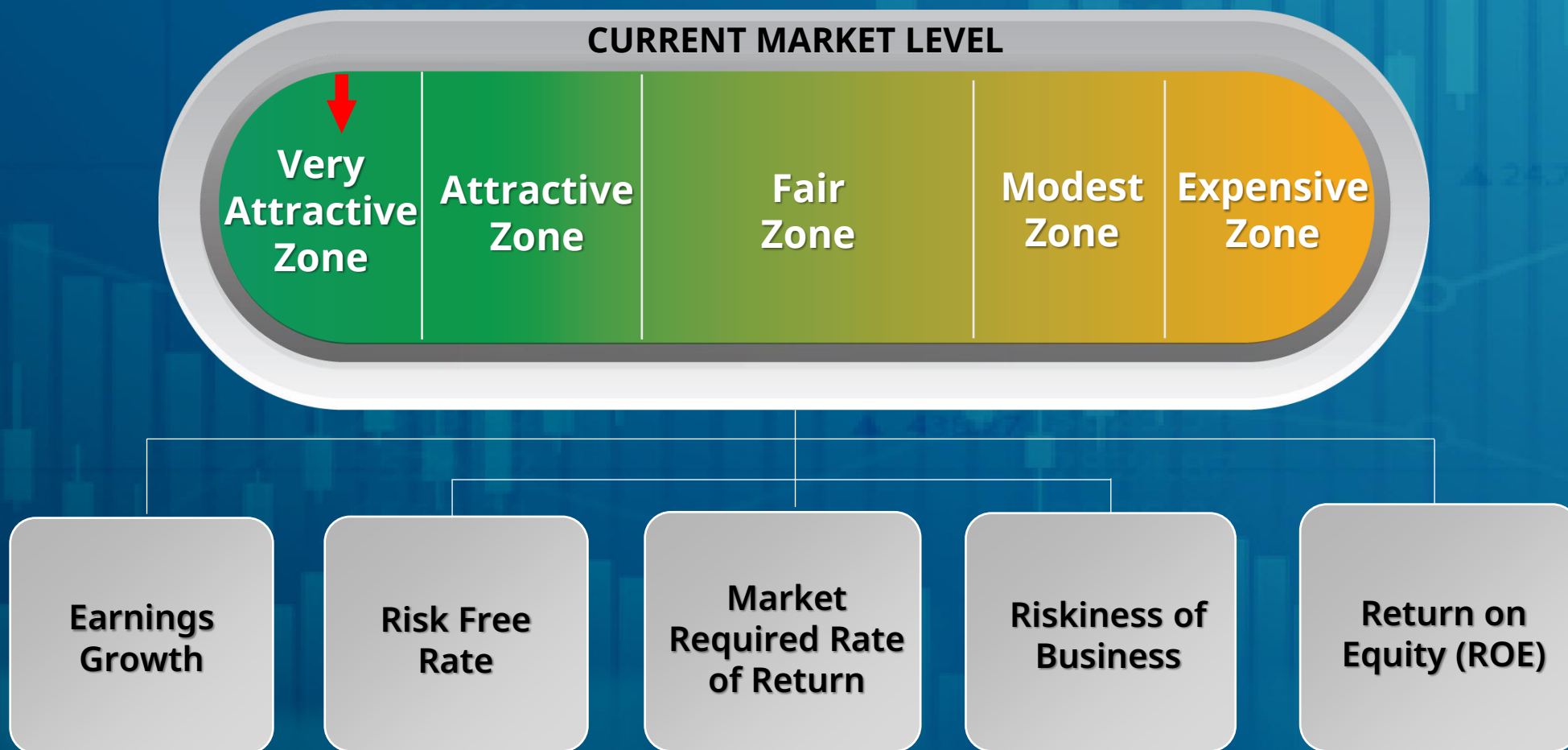
UNDERWEIGHT

- ❑ **FMCG:** Raw material inflation led margin compression along with limited valuation comfort
- ❑ **Energy:** Geopolitical uncertainties and limited availability of gas may lead to uncertain growth prospects
- ❑ **Utilities:** Geopolitical uncertainties and demand environment leading to uncertain risk rewards
- ❑ **Materials:** Tariffs and global trade related uncertainty leading to unattractive risk reward in certain pockets.

Data as on March 30, 2026

Disclaimer: The sectors mentioned herein do not constitute any recommendation and Union Mutual Fund may or may not have any future position in these sectors.

The Fair Value Spectrum- 5 years view



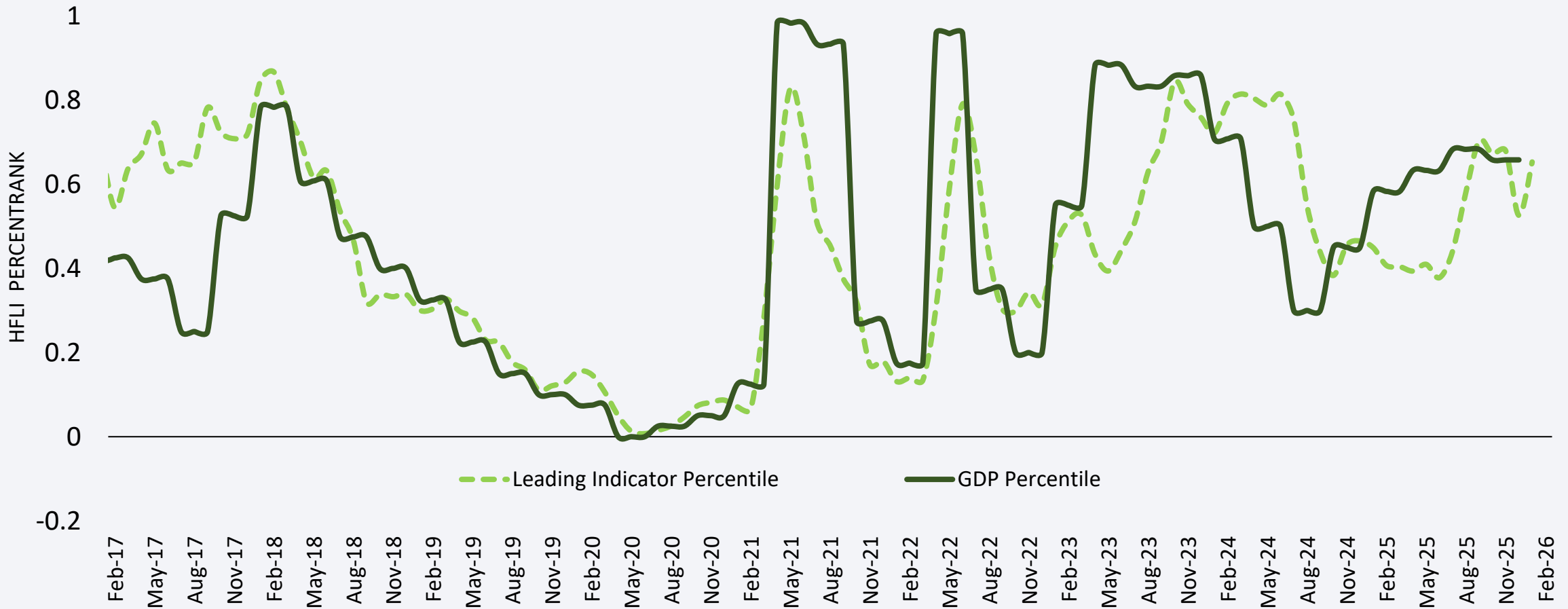
Source: Union AMC Internal Research, Bloomberg; Data as on March 30, 2026

Disclaimer: Past performance may or may not be sustained in future. The Fair Value Spectrum only depicts our Fund House view on the current equity market environment, and should not be construed as any indication of guaranteed returns or future returns. This information alone is not sufficient and should not be used for the development or implementation of an investment strategy. While utmost care has been exercised while preparing the data, the Sponsors/ Asset Management Company/ Trustee Company/ their associates/ any person connected with it, do not warrant the completeness or accuracy of the information and disclaim all liabilities, losses and damages arising out of the use of this information. The recipients of this material should rely on their investigations and take their own professional advice.

Fixed Income Outlook

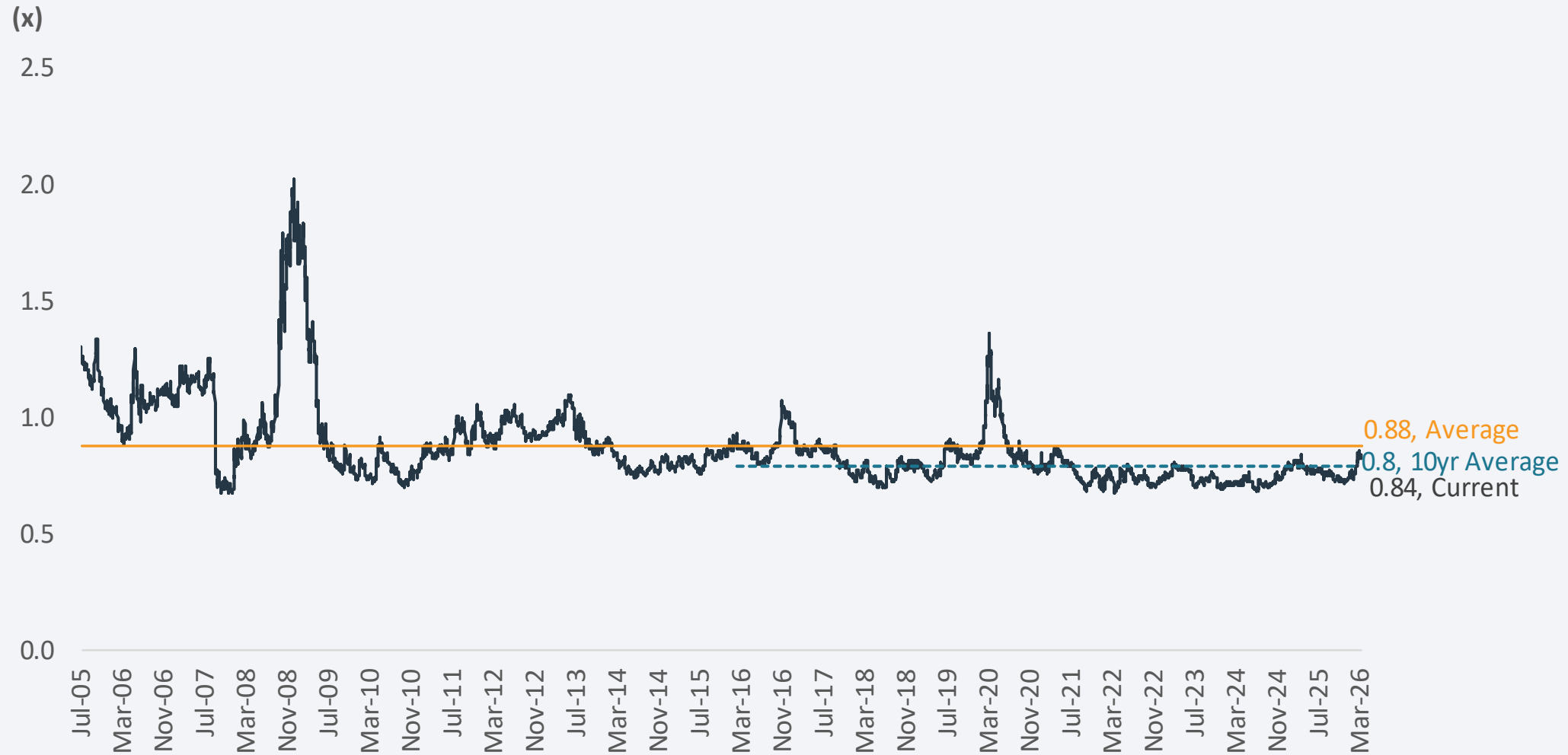
- ✓ The 8th April 2026 announcement of ceasefire between Iran and US, could reduce geopolitical risk premium that had spiked in last 5 weeks.
- ✓ The challenged outlook of the key fundamentals of growth, inflation and fiscal deficit is expected to revert back to base line stable and positive, as was prior to the war.
- ✓ The MPC maintained status quo on rates and stance.
- ✓ Fiscal Deficit: The impact on fiscal deficit may not be significant if the war in west asia gets resolved in coming weeks.
- ✓ The government has set a target to reduce the central government's debt-to-GDP ratio to 55.6% in 2026-27, down from 56.1% in the 2025-26 revised estimates.
- ✓ Glide path for Medium-Term Debt Goal: The government aims to reach a debt-to-GDP ratio of 50% ($\pm 1\%$) by FY30-31 which shall reduce fiscal deficit gradually.
- ✓ The trade related uncertainty has reduced in recent months .
- ✓ The volatility in the currency shall reduce with RBI measures to curb speculative activity.
- ✓ Stable currency with reduced geopolitical and other external risks (related to tariff) shall be key in reversing FII outflows.
- ✓ The Reserve Bank is expected remain proactive and preemptive in liquidity management and ensure sufficient liquidity in the banking system to meet the productive requirements of the economy and to facilitate monetary policy transmission.
- ✓ Geopolitical risks, uncertain global trade environment, volatility in international commodity prices, fiscal health of states remain key risks
- ✓ Absolute yield levels and spreads seem attractive from a medium to long-term investment horizon. MTM gains may accrue as rates soften and spreads compress from peak levels over a period of time.

Macro Economic State: In House High Frequency Leading Indicator



- **In House High Frequency Leading Indicator:** While the GDP numbers are released with a lag of 2 months, our inhouse model created based on leading economic indicators provides information on the state and trajectory of domestic economy with a lead time of about 1-2 months
- This tool acts a guiding tool for fixed income investments.

Earnings Yield of Nifty 50 vs 10 Year Gov Bond Yield

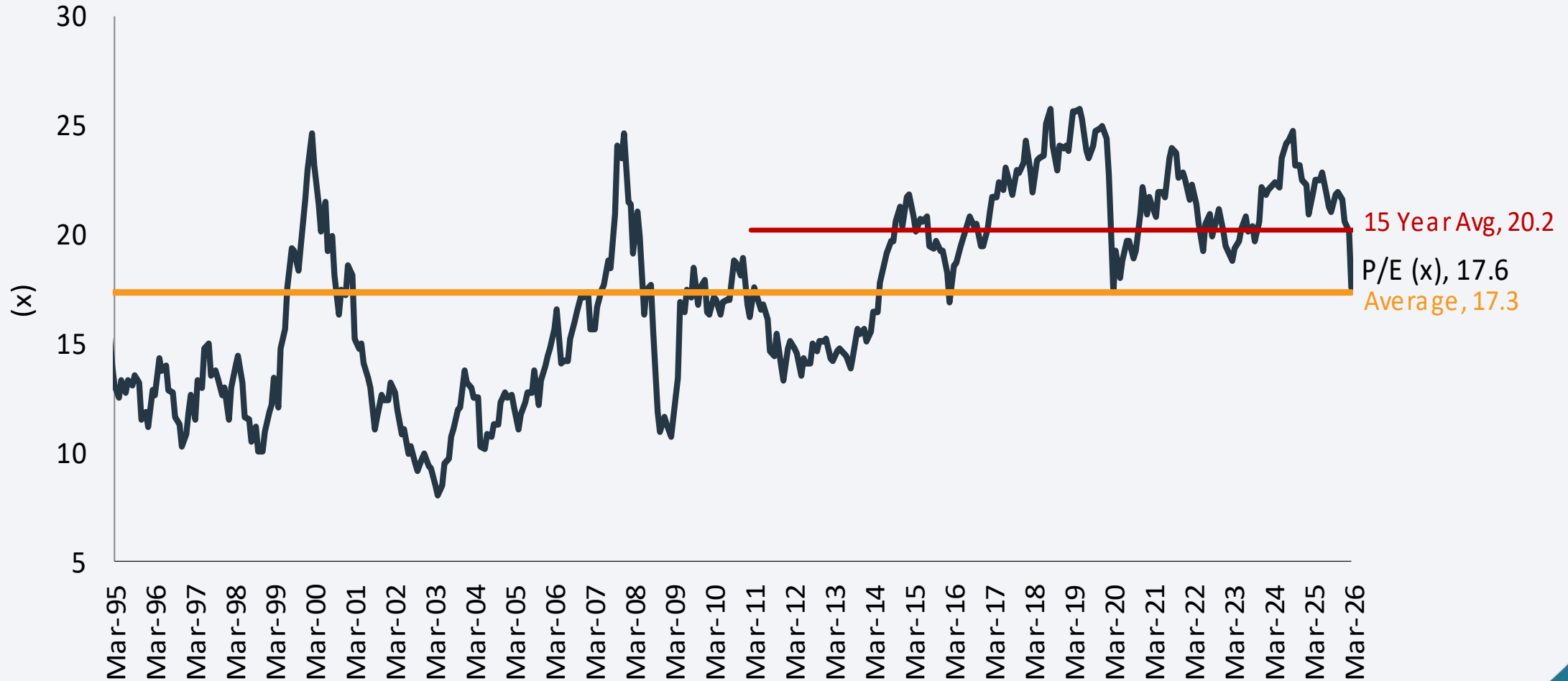


Source: Bloomberg; The chart represents the Earnings Yield of Nifty 50 divided by 10 Year Gov Bond Yield
Past performance may or may not be sustained in future.

Data as on March 30, 2026



SENSEX P/E - 1 Year Forward



(x) represents times.

Source: Motilal Oswal Financial Services Limited

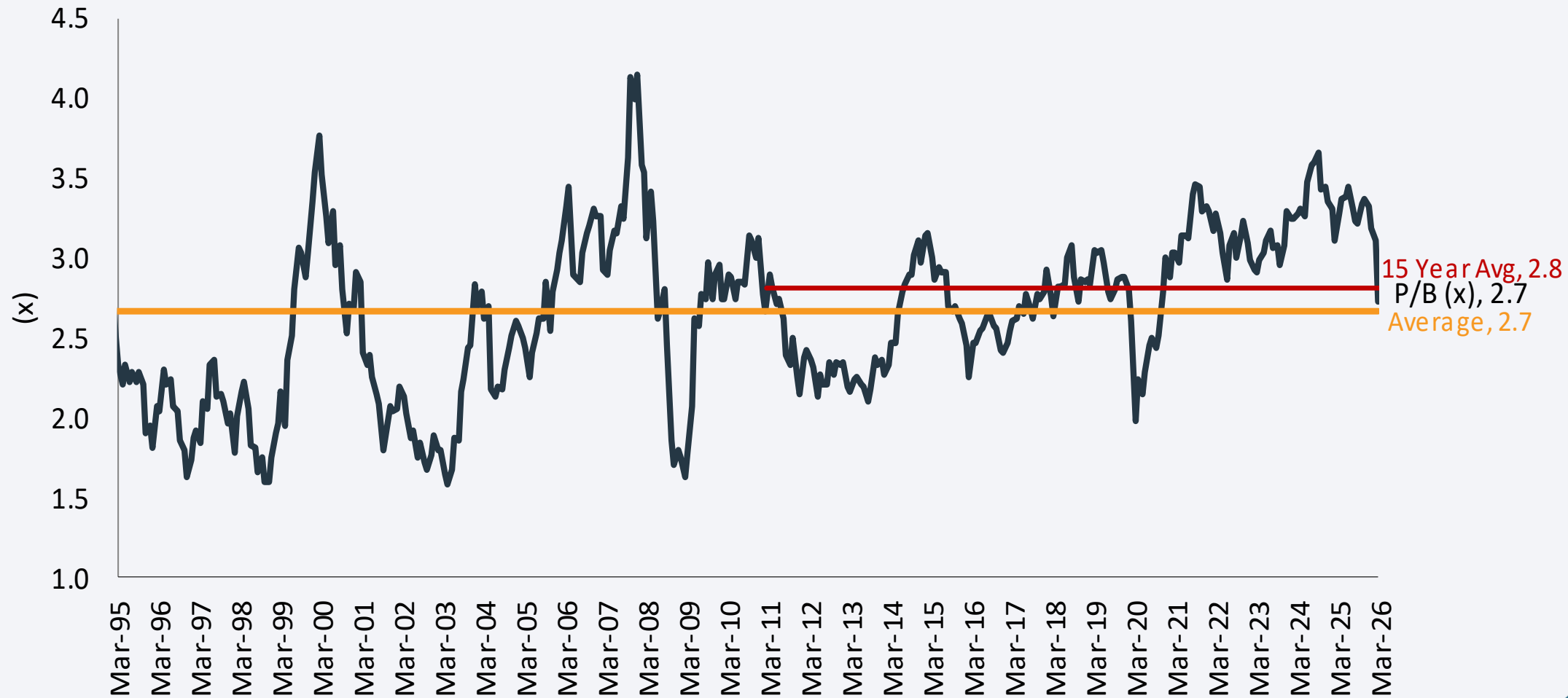
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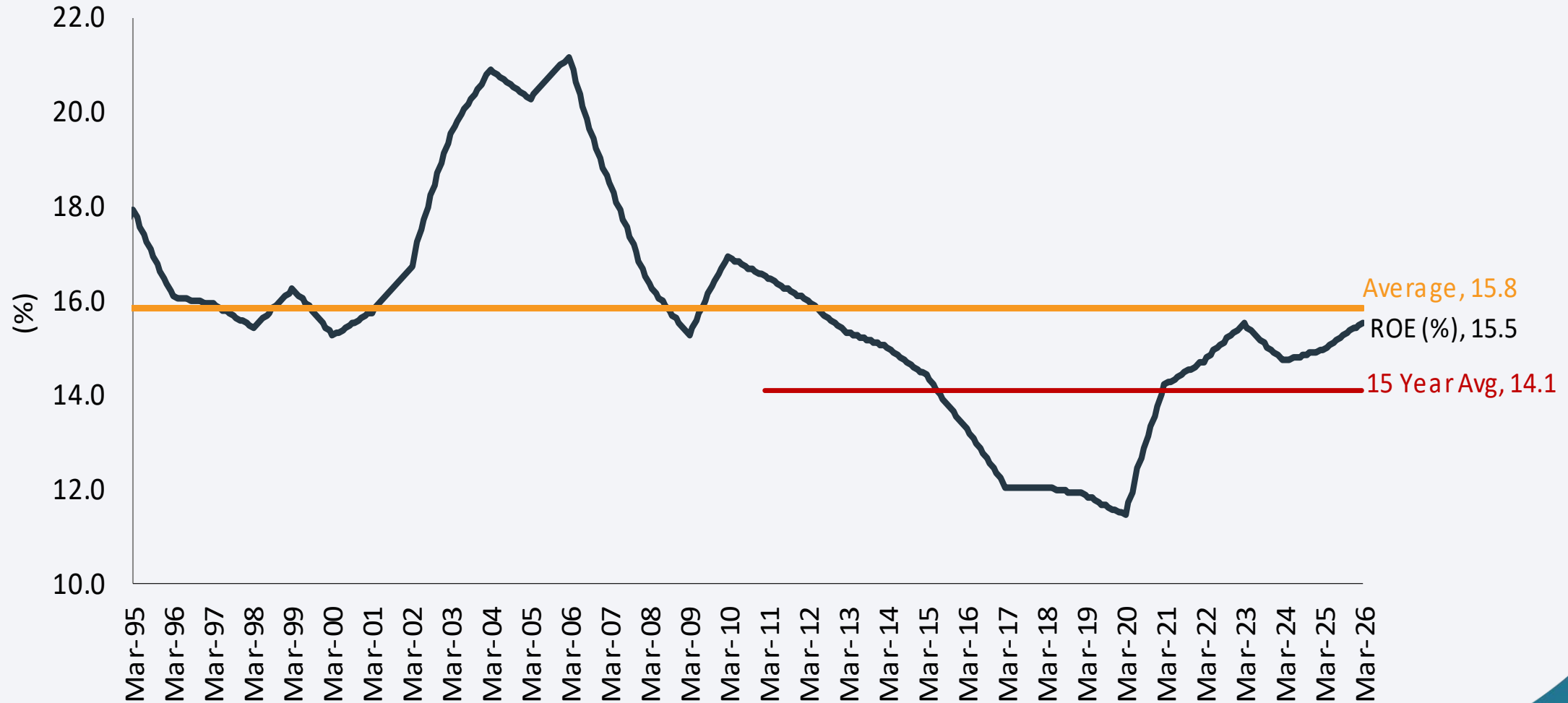
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Data as on March 30, 2026



SENSEX ROE (%) - 1 Year Forward



Source: Motilal Oswal Financial Services Limited

Past performance may or may not be sustained in future.

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Data as on March 30, 2026



Breakup of Returns – Nifty 50

	Nifty	% change	EPS 1yr Rolling Forward	% change	P/E 1yr Rolling Forward	% change
Now	22,331		1,316		17.0	
1m ago	25,179	-11%	1,309	1%	19.2	-12%
3m ago	26,130	-15%	1,252	5%	20.9	-19%
6m ago	24,611	-9%	1,235	7%	19.9	-15%
1yr ago	23,519	-5%	1,211	9%	19.4	-13%
3yr ago	17,360	29%	1,001	31%	17.3	-2%
5yr ago	14,691	52%	732	80%	20.1	-15%

The above table shows the breakup of Historical Nifty Returns in EPS change and Valuation change

Source: Bloomberg, Data as of March 31, 2026.

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Breakup of Returns - Nifty 50: Historical Perspective



Source: Bloomberg, Data as of March 31, 2026.

Past performance may or may not be sustained in future.

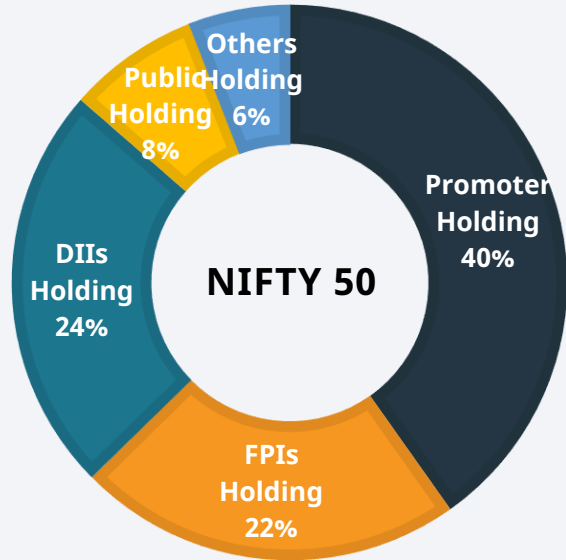
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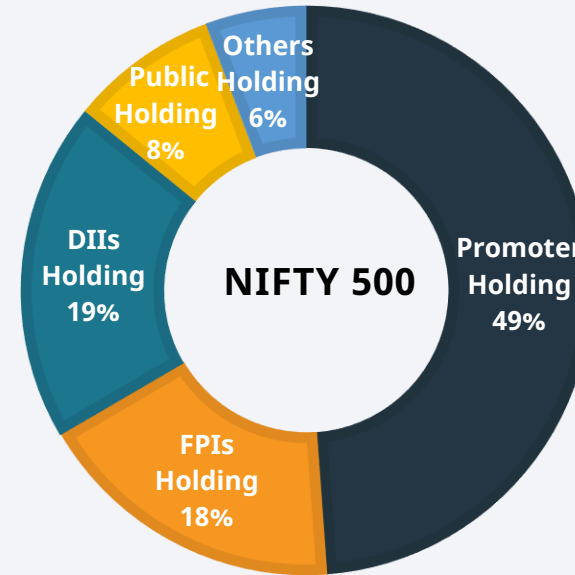
Demand & Supply of Equities

Who Owns Corporate India?

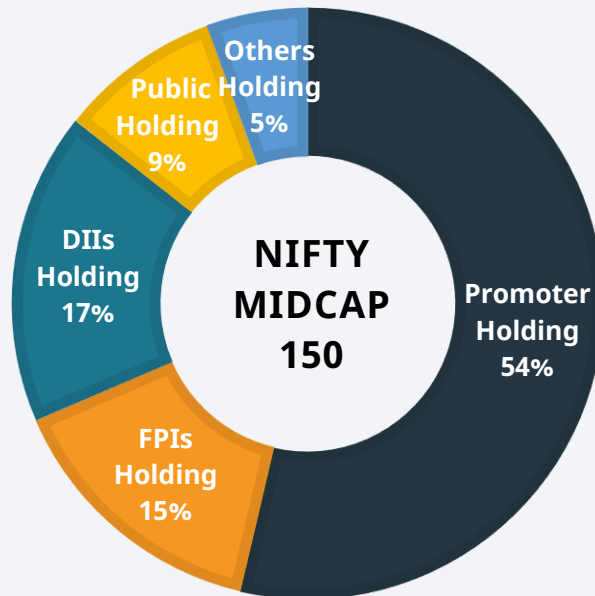
Market Capitalisation: USD 2.3 trillion



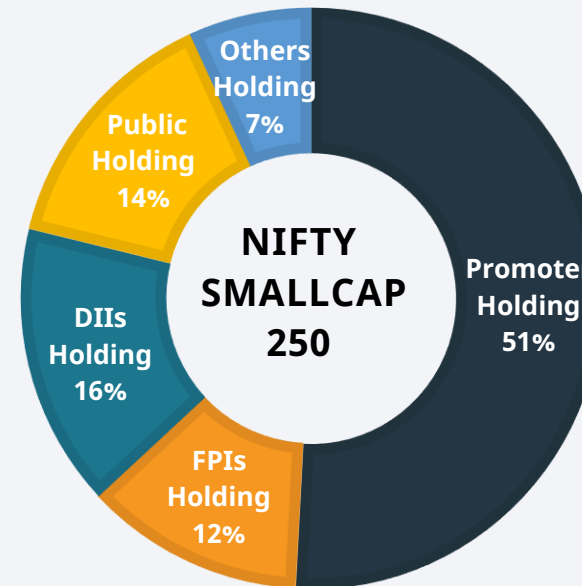
Market Capitalisation: USD 4.7 trillion



Market Capitalisation: USD 1.0 trillion

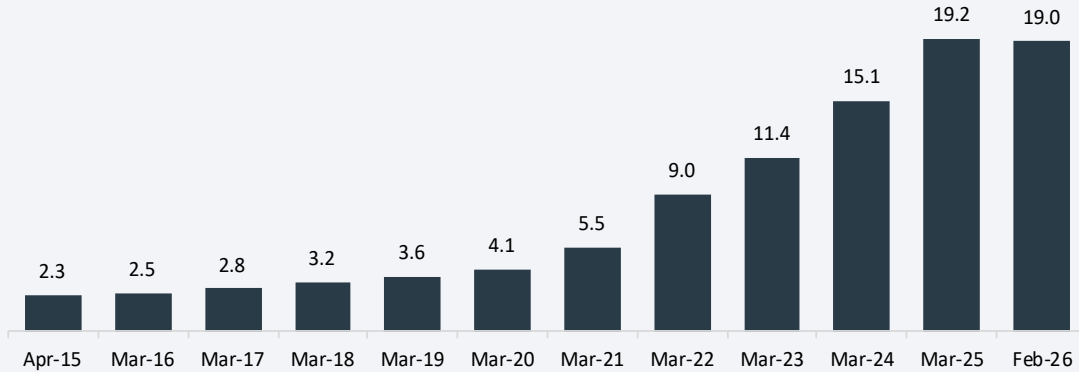


Market Capitalisation: USD 0.5 trillion

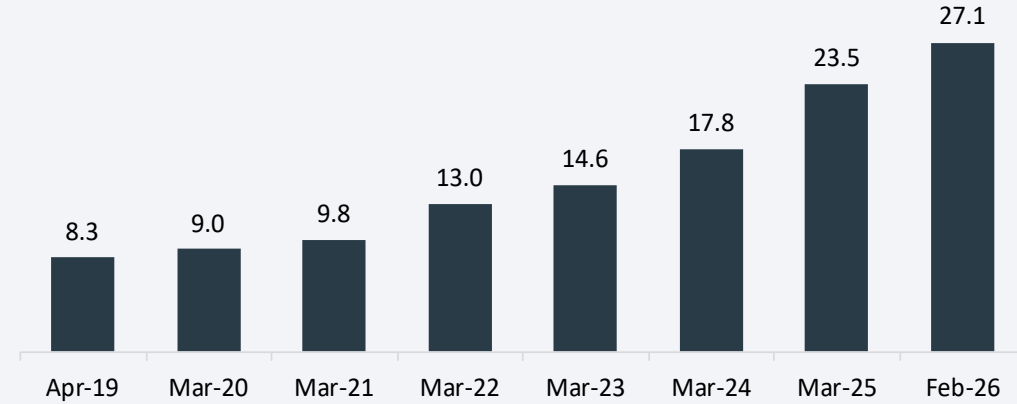


Growing Saliency of Domestic Investors

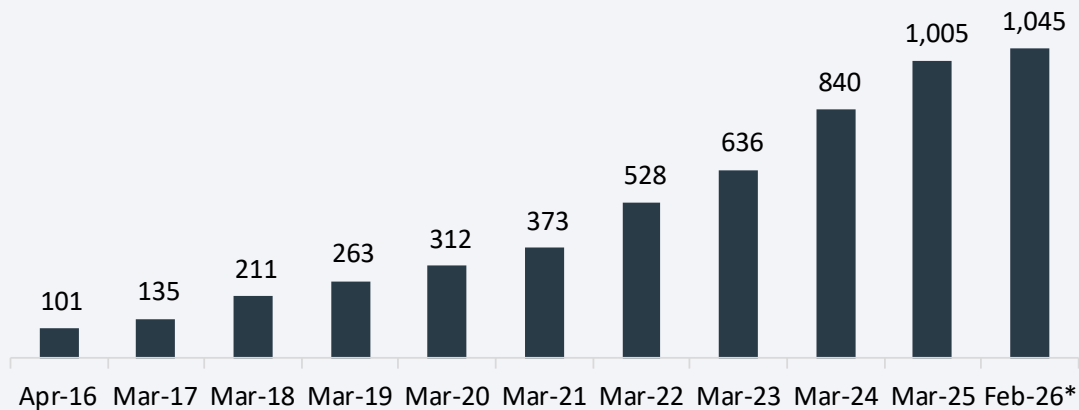
Number of Investors Accounts - Demat Accounts (in Crs)



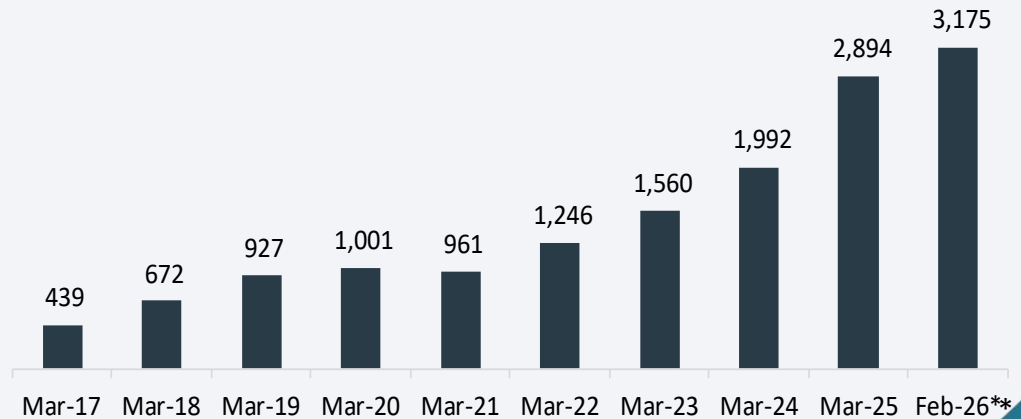
MF - No. of Folios (in Crs)



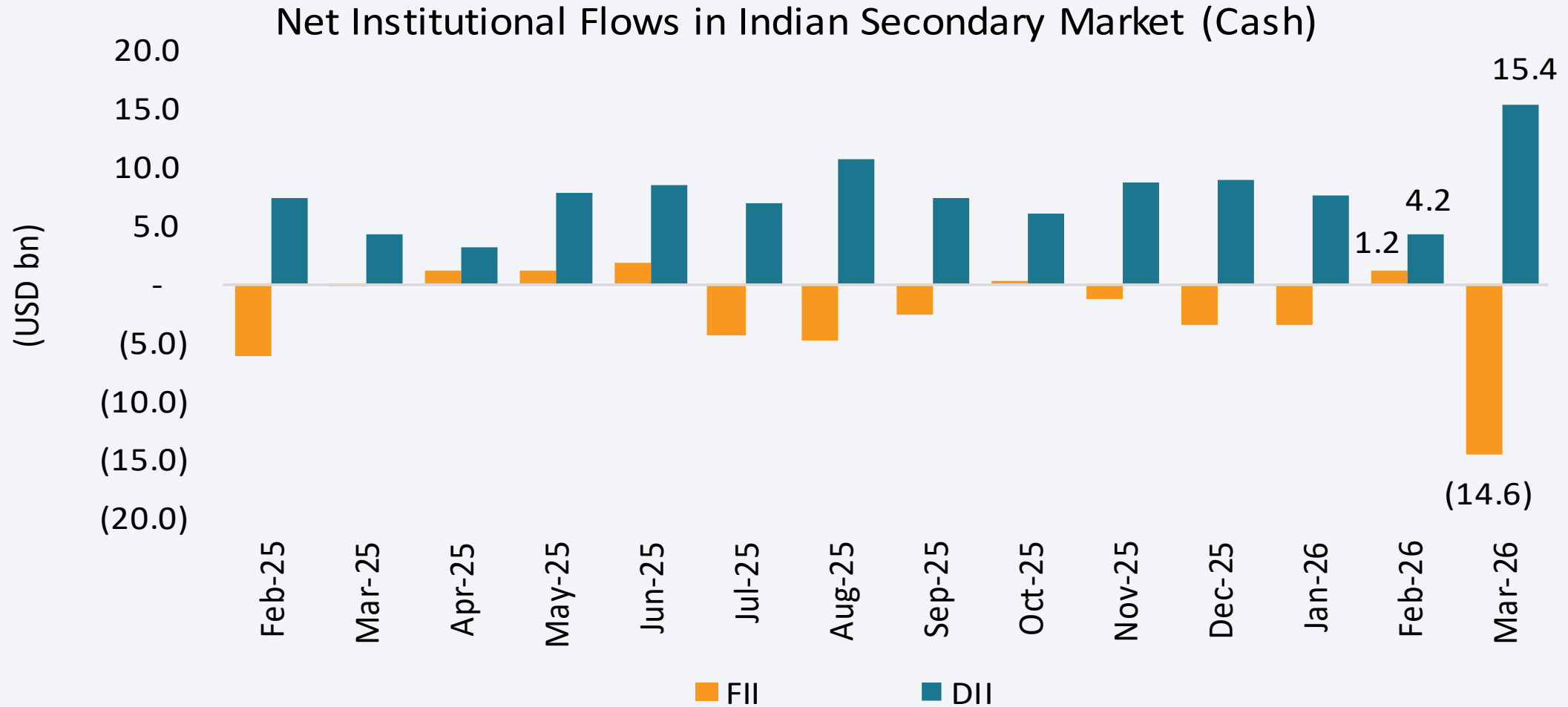
No. of SIP Accounts in Lakhs



Annual - SIP Contribution (Rs. bn)

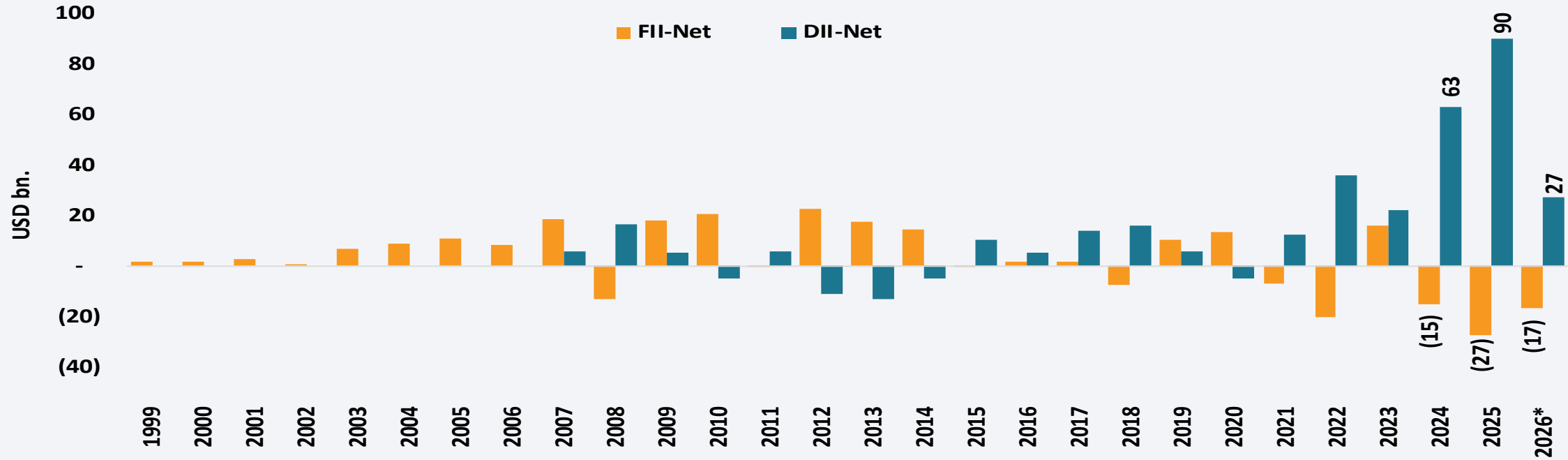


Demand: Monthly Institutional Flows Data



Demand: Annual Institutional Flows Data

Net Institutional Flows in Indian Secondary Market# (Cash)



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
FII % of Mkt cap**	NA	0.8%	2.1%	0.6%	4.2%	3.3%	2.7%	1.4%	1.8%	-1.2%
DII % of Mkt cap**	NA	NA	NA	NA	NA	NA	NA	NA	0.6%	1.6%
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FII % of Mkt cap**	2.0%	1.5%	0.0%	2.0%	1.6%	1.1%	0.0%	0.1%	0.1%	-0.3%
DII % of Mkt cap**	0.6%	-0.3%	0.4%	-0.9%	-1.2%	-0.4%	0.7%	0.4%	0.7%	0.7%
	2019	2020	2021	2022	2023	2024	2025	2026*		
FII % of Mkt cap**	0.5%	0.7%	-0.2%	-0.6%	0.5%	-0.3%	-0.5%	-1.4%		
DII % of Mkt cap**	0.3%	-0.2%	0.4%	1.1%	0.6%	1.2%	1.8%	2.2%		

** Calendar Year Average and annualised for 2026, # Secondary Market data from 2010 onwards

Source: NSDL, BSE, NSE, Bloomberg; *Data upto 30th March 2026.

New Supply

Year	IPOs (\$ bn)	FPO (\$ bn)	QIPs (\$ bn)	Right issue (\$ bn)	SME IPOs (\$ bn)	Growth Capital (\$ bn)	OFS (\$ bn)	India Promoter/VC/ PE Sell downs* (\$ bn)	Free Float Increase (\$ bn)	Total (\$ bn)
2012	1.3	0.0	0.9	1.4	0.0	4	4.6	0.0	5	8
2013	0.2	1.1	1.5	0.7	0.1	4	4.4	0.8	5	9
2014	0.2	0.1	5.2	0.7	0.0	6	0.8	2.8	4	10
2015	2.1	0.0	3.0	2.0	0.0	7	5.6	5.7	11	18
2016	4.0	0.0	0.7	0.3	0.1	5	1.9	2.6	5	10
2017	10.4	0.0	8.7	1.0	0.3	20	5.0	13.0	18	38
2018	4.7	0.0	2.5	2.9	0.3	10	5.3	5.5	11	21
2019	1.8	0.0	5.0	7.5	0.1	14	8.6	10.7	19	34
2020	3.6	2.0	10.9	8.6	0.0	25	2.8	15.9	19	44
2021	16.0	0.0	5.7	3.7	0.1	26	3.1	15.1	18	44
2022	7.6	0.0	1.5	0.5	0.2	10	1.4	9.9	11	21
2023	6.0	0.0	6.3	0.9	0.6	14	2.3	20.2	23	36
2024	19.0	2.2	16.2	2.6	1.0	41	3.6	32.5	36	77
2025	20.0	0.0	8.3	5.0	1.3	35	2.3	27.3	30	64

Source: Prime database, Kotak Institutional Equities, IIFL Alternative Research. *Data is an indicative but not exhaustive set. Calendar Year Data upto 31st December 2025.

Supply & Institutional Demand

Year	Institutional Demand-Secondary Market (FII & DII) (\$ bn)	New Supply (\$ bn)
2012	12	8
2013	5	9
2014	9	10
2015	10	18
2016	7	10
2017	16	38
2018	8	21
2019	16	34
2020	9	44
2021	6	44
2022	16	21
2023	38	36
2024	48	77
2025	63	64

Source: NSDL, Bloomberg, Prime database, Kotak Institutional Equities, IIFL Alternative Research.
Calendar Year Data upto 31st December 2025.



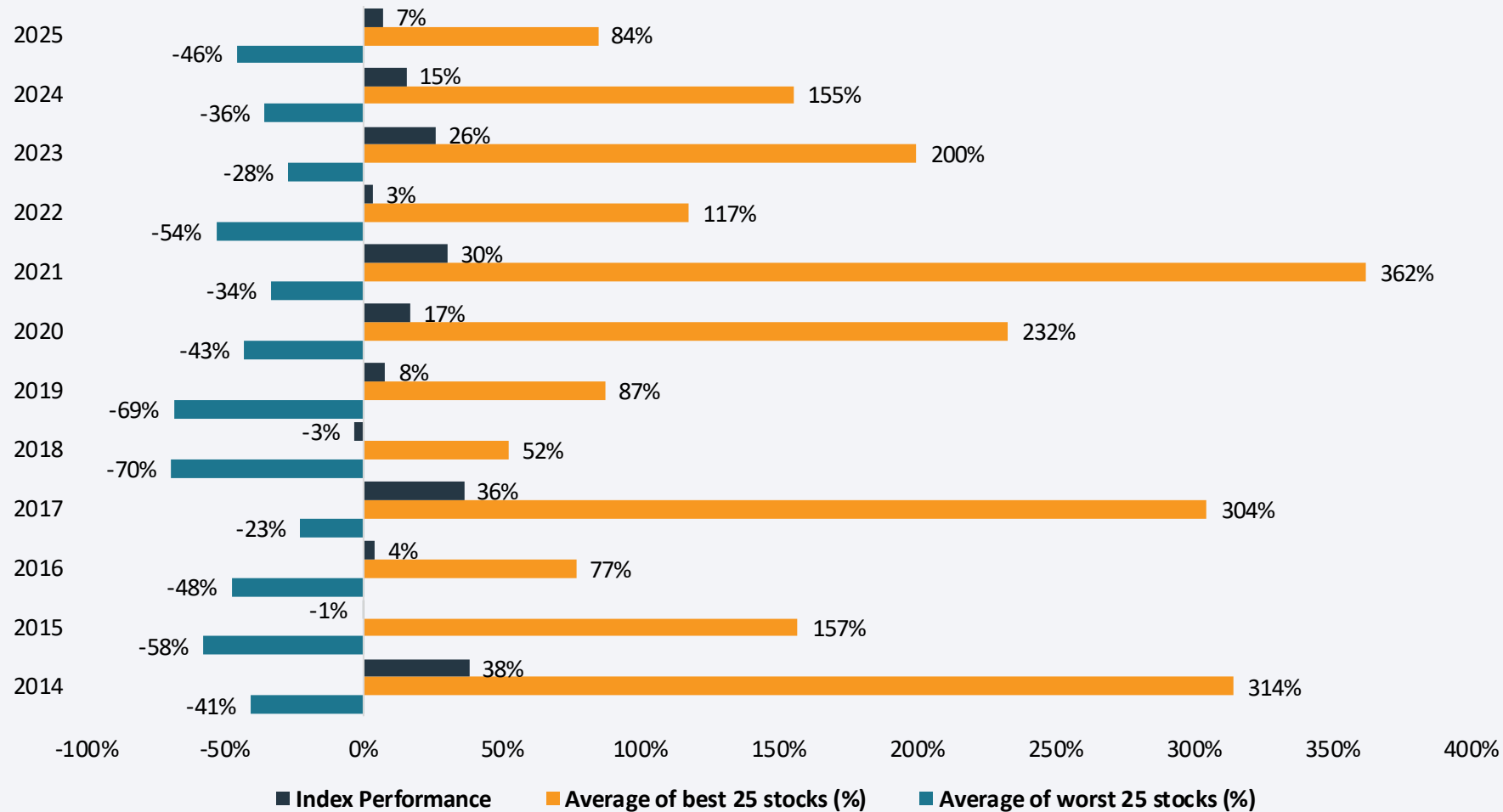
*Long Term Historical
Market Trends*

Evolution Of Sensex

1986 (January)	1996 (March)	2006 (March)	2016 (March)	2026 (March)
ACC	ACC	ACC	Adani Ports & Special Economic Zone	Adani Ports & Special Economic Zone
Ballarpur Industries	Aditya Birla Nuvo	Ambuja Cements	Asian Paints	Asian Paints
Bharat Forge	Ballarpur Industries	Bajaj Holdings & Investment (Bajaj Auto)	Axis Bank	Axis Bank
Bombay Dyeing	Bharat Forge	BHEL	Bajaj Auto	Bajaj Finance
Ceat	Bombay Dyeing	Bharti Airtel	Bharti Airtel	Bajaj Finserv
Century Textiles	Ceat	Cipla	BHEL	Bharat Electronics
Grasim Industries	Century Textiles	Dr Reddy's Laboratories	Cipla	Bharti Airtel
Great Eastern Shipping	Cummins India	Grasim Industries	Coal India	Eternal
GSK	Futura Polyesters	HDFC Bank	Dr Reddy's Laboratories	HCL Technologies
Guj. State Fertilizers	Glaxosmithkline	Hero MotoCorp	GAIL India	HDFC Bank
Hindustan Aluminium	Grasim Industries	Hindalco Industries	HDFC	Hindustan Unilever
Hindustan Lever	Great Eastern Shipping	Hindustan Unilever	HDFC Bank	ICICI Bank
Hindustan Motors	Gujarat State Fertilizers & Chem	HDFC	Hero MotoCorp	Infosys
Indian Hotels Co	Hindalco Industries	ICICI Bank	Hindustan Unilever	InterGlobe Aviation Limited
Indian Organics	Hindustan Motors	Infosys	ICICI Bank	ITC
Indian Rayon	Hindustan Unilever	ITC	Infosys	Kotak Mahindra Bank
ITC	Indian Hotels Co	Larsen & Toubro	ITC	Larsen & Toubro
Kirloskar Cummins	ITC	Maruti Suzuki India	Larsen & Toubro	Mahindra & Mahindra
Larsen & Toubro	Larsen & Toubro	NTPC	Lupin	Maruti Suzuki India
Mahindra & Mahindra	Mahindra & Mahindra	ONGC	Mahindra & Mahindra	NTPC
Mukand Iron	Mukand	Ranbaxy Laboratories	Maruti Suzuki India	Power Grid Corp of India
Nestle	Nestle India	Reliance Industries	NTPC	Reliance Industries
Peico Electronics	Philips Electroics India	Reliance Infrastructure	ONGC	State Bank of India
Premier Auto	Premier	Satyam Computer Services	Reliance Industries	Sun Pharmaceutical Industries
Reliance Industries	Reliance Industries	State Bank of India	State Bank of India	Tata Consultancy Services
Siemens	Siemens	Tata Consultancy Services	Sun Pharmaceutical Industries	Trent Ltd.
Tata Motors	Tata Motors	Tata Motors	Tata Motors	Tata Steel
Tata Power	Tata Power	Tata Power	Tata Steel	Tech Mahindra
Tata Steel	Tata Steel	Tata Steel	Tata Consultancy Services	Titan
Voltas	Voltas	Wipro	Wipro	UltraTech Cement

Source: Bloomberg, BSE, SEBI, MOSL, Business Insider. The above data represents constituents of the Sensex Index over a period of time. The above mentioned data is for information purpose only and should not be considered as recommendation to buy, sell or hold any securities mentioned above. Union Mutual Fund may or may not have any future position in the stocks and it does not classify as any recommendation.

Dispersion of Stocks Returns



Return Distribution - Sensex

Historically, Indian Equities (represented by Sensex) have delivered positive returns in 36/46 years.

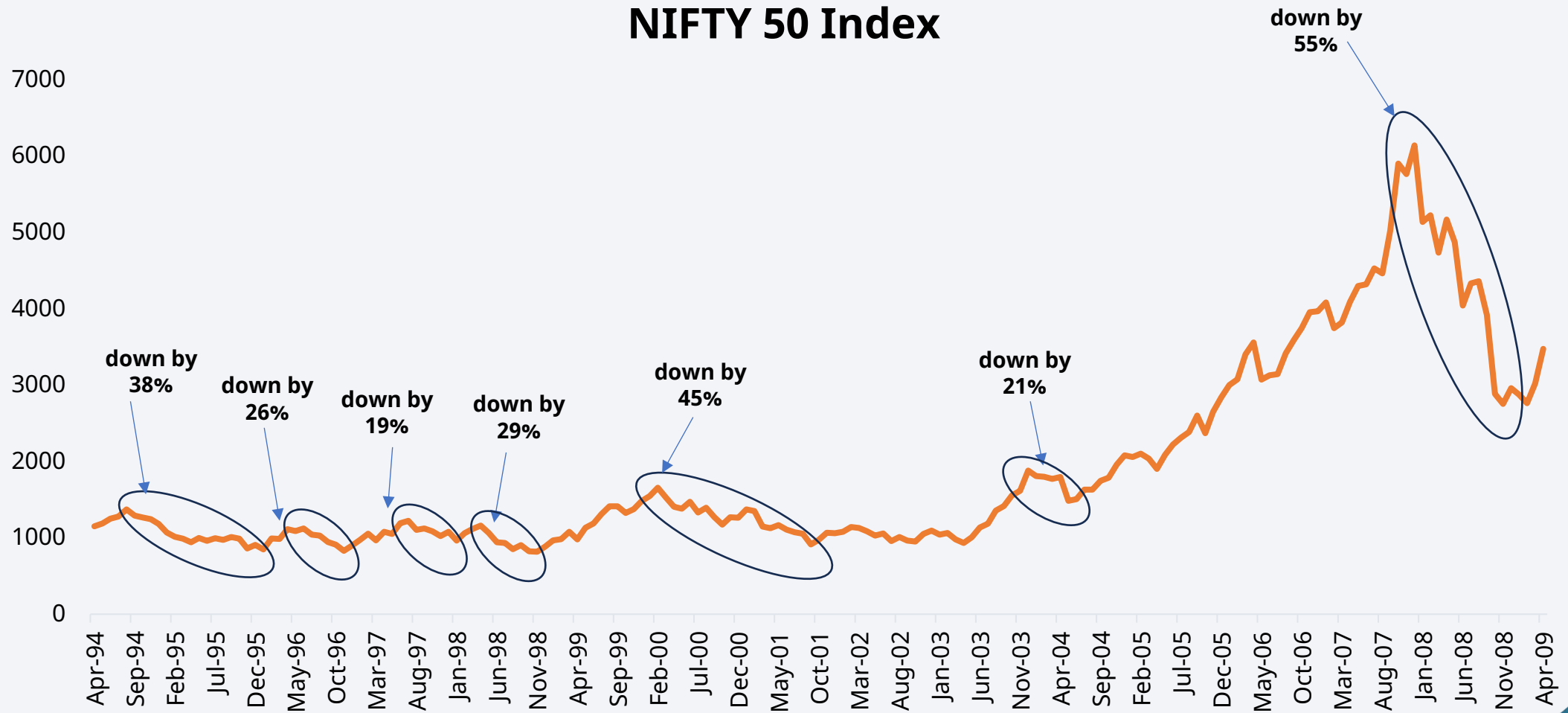


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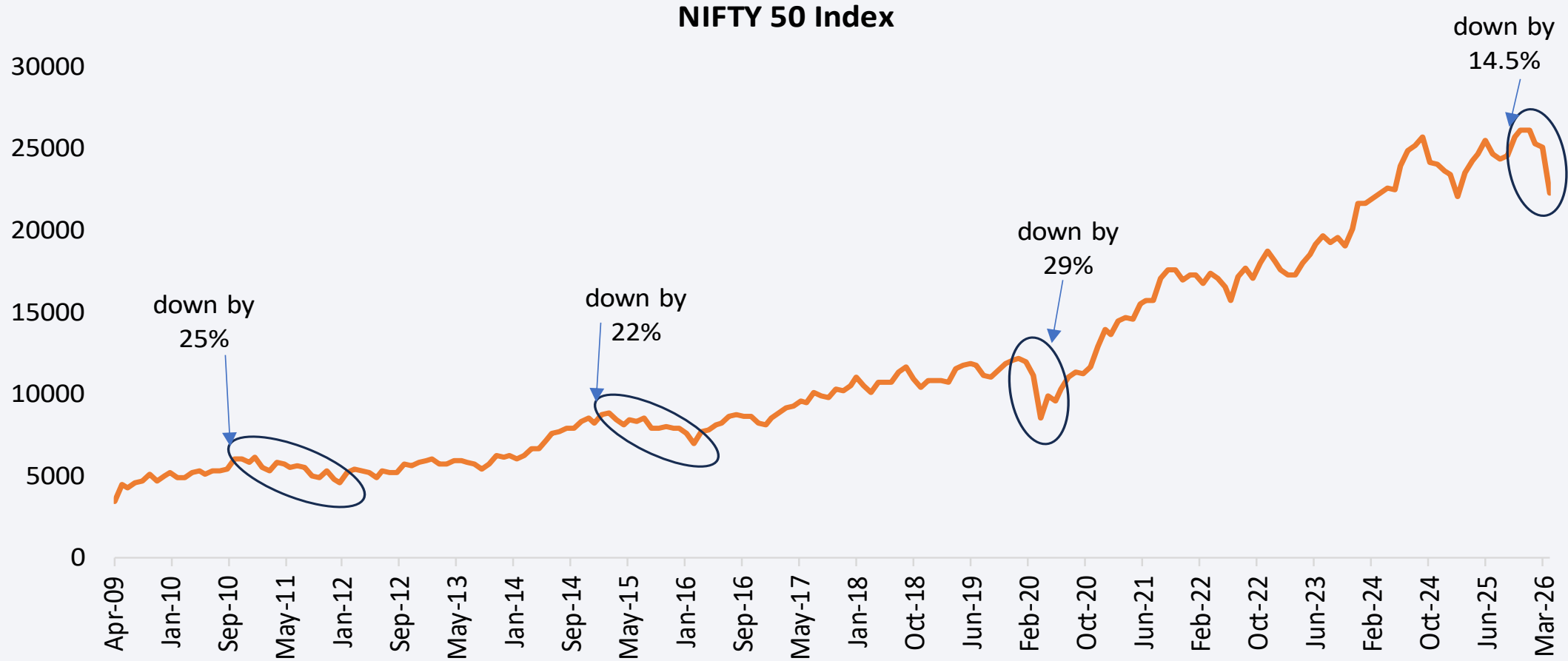
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Drawdown of NIFTY 50 Index (1994 - 2009)

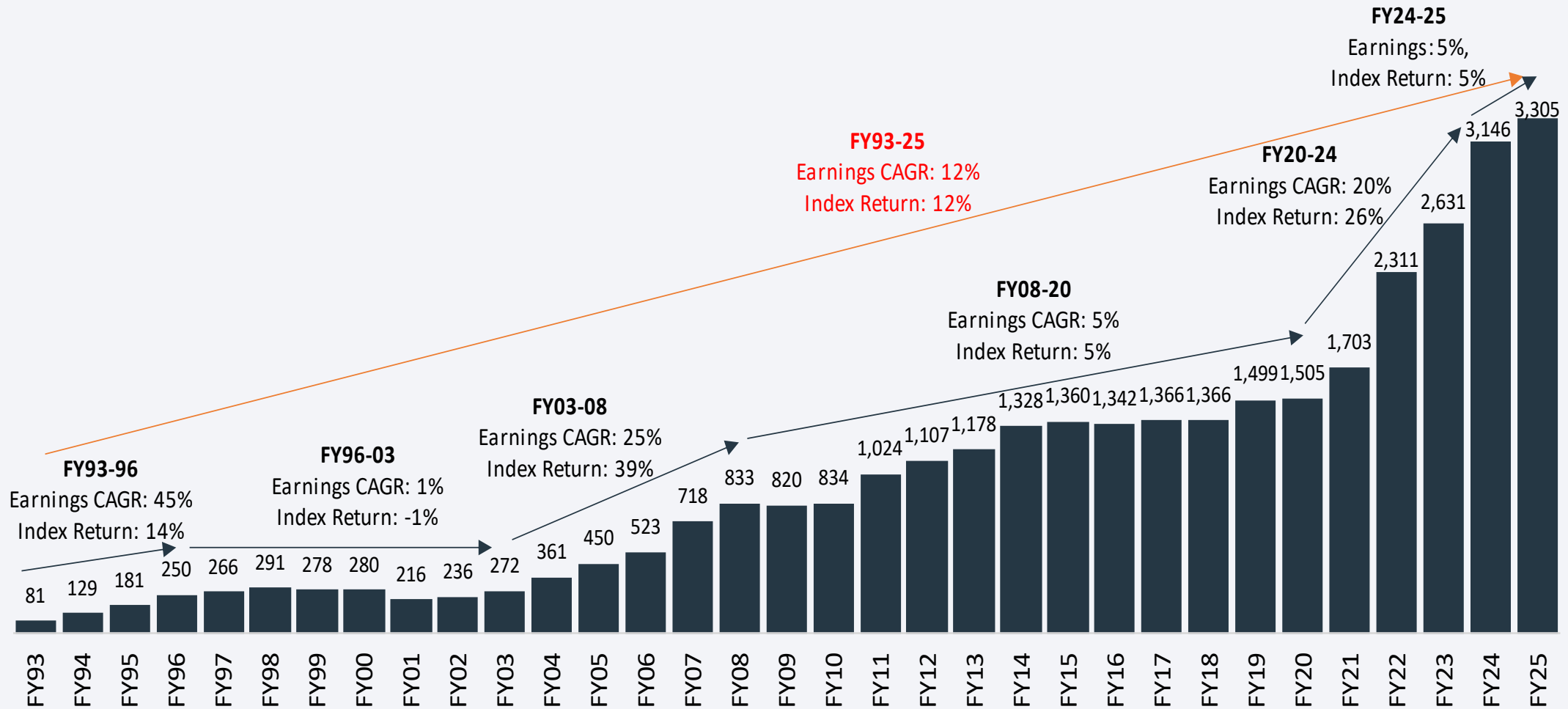


Drawdown of NIFTY 50 Index (2009 - 2026)



Source: NSE; Period 2009 to 2026 (upto 30th March 2026).

S&P BSE Sensex EPS Trend



Source: Motilal Oswal Financial Services Limited, Internal Research

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Indian Equity Market Performance- Rolling

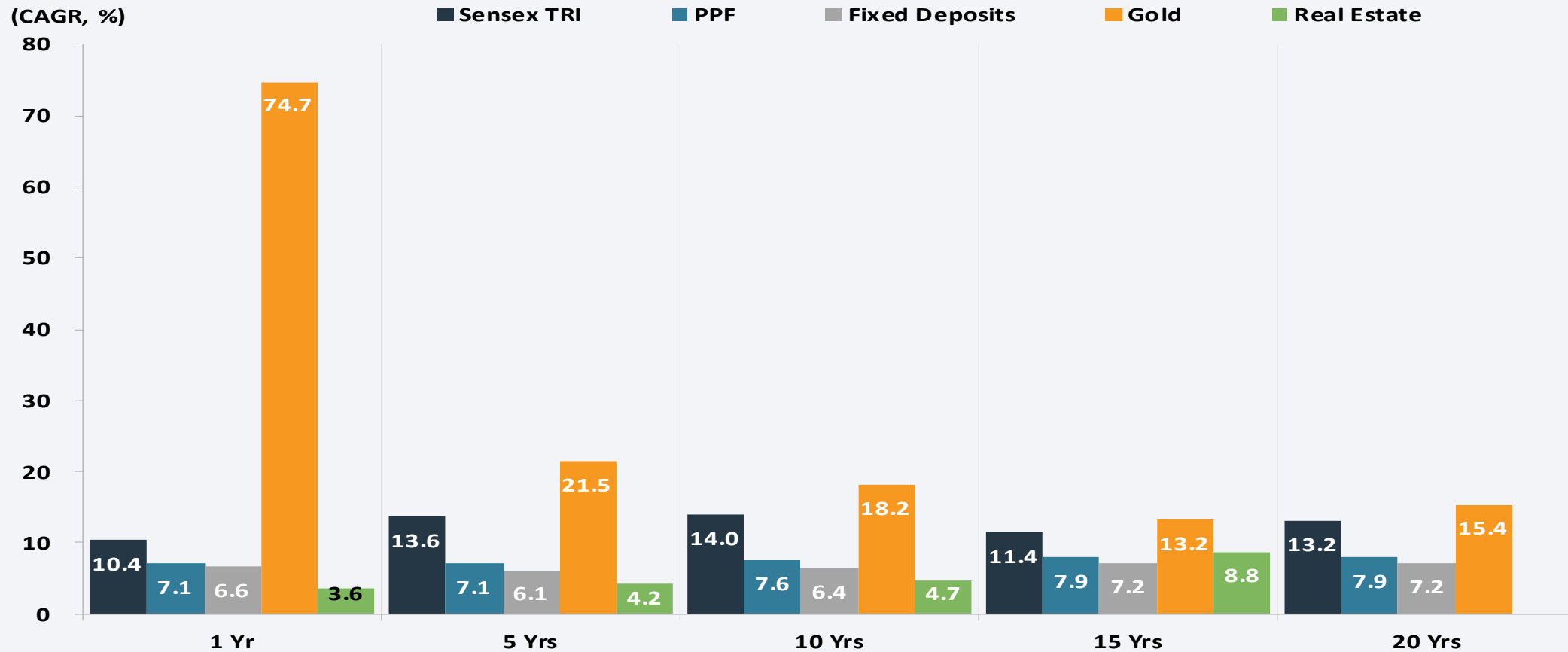
Sensex data since inception

Period	Minimum Returns	Average Returns	Standard Deviation	+ve Returns	-ve Returns	Return to Risk Ratio (Average Returns/Standard Deviation)
1 Year Rolling	-56.1%	18.2%	31.7%	73.9%	26.1%	0.57
3 Year Rolling	-18.5%	15.5%	15.3%	89.4%	10.6%	1.01
5 Year Rolling	-7.9%	15.2%	11.6%	93.0%	7.0%	1.31
7 Year Rolling	-7.6%	14.9%	9.0%	95.0%	5.0%	1.66
10 Year Rolling	-2.8%	14.8%	7.0%	99.2%	0.8%	2.09

Longer the investment is held, lesser the probability of negative returns.

Source: Union AMC Internal Research & Bloomberg; Daily rolling returns are calculated for the period 03-04-1979 to 30-03-2026 by the CAGR approach. Example: For 1 Year Return, the first data point will be CAGR between 01-04-1979 to 01-04-1980, similarly the next data point would be CAGR between 02-04-1979 to 02-04-1980. The last data point would be CAGR between 30-03-2025 to 30-03-2026. Returns are calculated in a similar manner for other time frames (3, 5, 7, and 10 Years). The Index used is BSE Sensex. **Past Performance may or may not be sustained in the future.** Index performance does not signify the performance of any schemes of Union Mutual Fund.

What Returns Did Different Asset Classes Give In The Last 20 Years?



Source: CEIC, Bloomberg, RBI, IIFL Research, Internal Research; Data as of December 31, 2025

Fixed Deposits = Source: RBI (top 5 major banks) and Maturity is 1year deposit.

*Note: The House Price Index as released by RBI on a quarterly basis is used for real estate prices. The data is available from 2010 onwards and the latest available data is for Dec 2025.

Note: Bank Fixed deposits upto Rs. 5 lakhs are being insured by Deposit Insurance and Credit Guarantee Corporation (DICGC).

Past performance may or may not be sustained in future.

The Above-mentioned returns should not be construed as any indication of future returns and it is only for illustration purpose, should not be compared with Union Mutual Funds Scheme performance.

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THANK YOU

