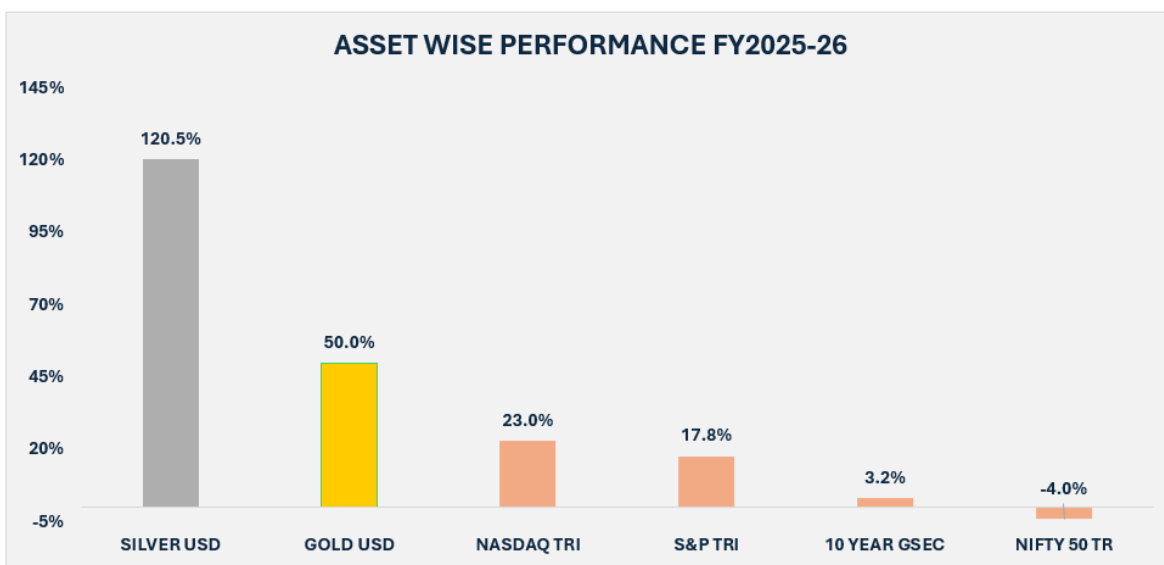


**3<sup>rd</sup> APRIL 2026**

The financial year was shaped by shifting policies, global uncertainty and strong structural trends. In India, a series of rate cuts and changes in base series for key indicators like inflation and GDP altered the macro narrative. At the same time, trade discussions with the United States and Europe, along with unpredictable global policy actions, led to phases of volatility. Globally, the United States remained central to market movements. Tariff actions under Donald Trump added uncertainty. However, rapid progress in artificial intelligence and continued investments supported strong earnings and market performance. Yet, despite eleven months of gradual positioning and trend building, it was the final month of the financial year that decisively altered the landscape. Indian equities, particularly the Nifty 50, saw a sharp reversal that erased a significant portion of accumulated gains, while US markets experienced one of their most volatile phases in recent periods. The Nifty 50 erased a large part of its gains. US markets also saw sharp volatility during this period. Amidst this, Gold and Silver stood out, delivering strong returns despite high volatility and outperformed equities for the FY2025-26.



Source: Niftyindices.com & Investing.com (Data as on 31st March 2026)

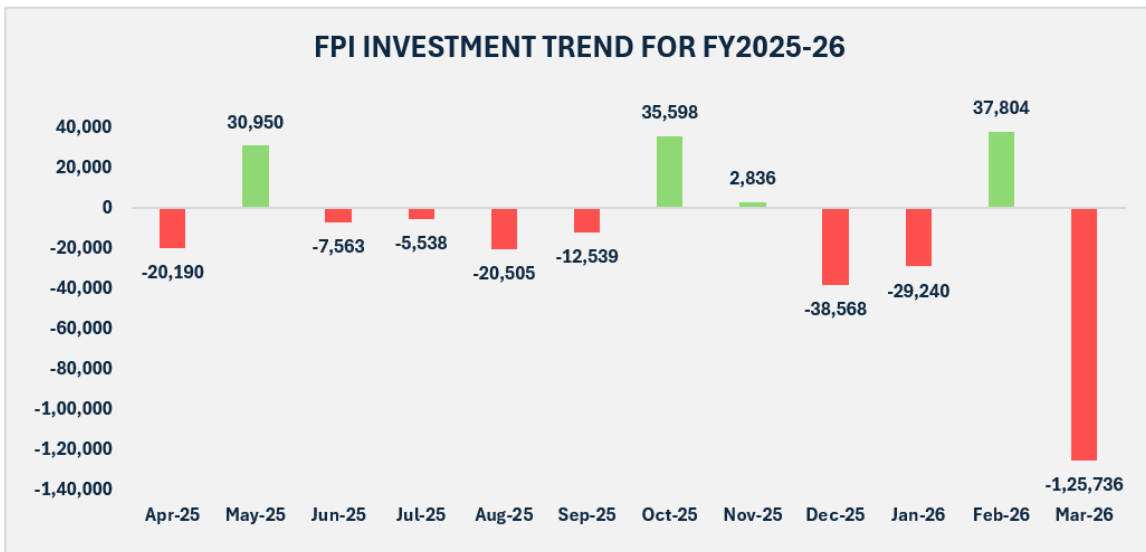
March 2026 marked one of the unpleasant months ever for capital markets. West Asia conflicts that erupted at the start of the month sent shockwaves through global markets, erasing gains earned throughout FY2025-26. Central banks in the US and India halted rate cuts pending clearer signals. The Fed held steady at 3.50-3.75%, while the RBI stayed at 5.25%. Equity markets faced massive selloffs as FPIs set another record outflow, with DIIs supporting the market. Yields surged as the conflict locked down one of the world's busiest shipping routes, the Strait of Hormuz. Oil prices jumped to levels delivering blows to heavily oil importing nations and other emerging markets. With uncertainty refusing to subside, USD/INR hit record highs. Gold and silver, after monstrous rallies, remained safe havens, but even commodities struggle to pack a punch amid outright conflict.

**EQUITIES:**

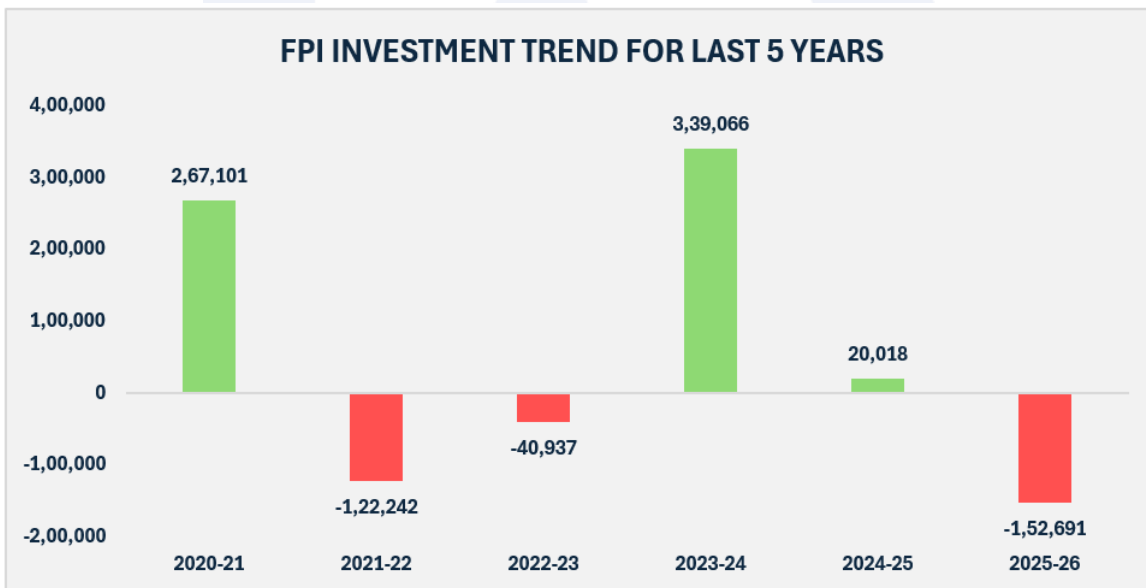
**INDIA:** Nifty 50 declined heavily in March 2026 by 11.3%; however, the month-end level of 22,331 brings its FY2025-26 return to -5.1%. March turned out to be a rough month for Indian equities. Losses were relatively contained in sectors like Nifty Healthcare (-4.5%), IT (-5.0%) and Energy (-5.9%). In contrast, Nifty Bank (-16.9%), Realty (-16.6%), Financial Services (-15.6%) and Auto (-15.6%) bore the brunt, posting steep double-digit declines during the month.

FY2025-26 was a highly divergent for Indian sectors. Nifty Metal (20.2%), Nifty Auto (8.3%) and Nifty Energy (2.6%) outperformed. Nifty Healthcare (1%), Oil & Gas (0.8%) and Nifty Infra (0.6%) stayed relatively flat. In contrast, Nifty Bank (-2.8%), Financial Services (-6.2%), Consumer Durables (-9.2%), Services (-9.4%), FMCG (-14.5%), Nifty IT (-21.9%) and Nifty Realty (-25.7%) underperformed during FY2025-26.

Midcap 150 TR and Smallcap 250 TR ended March 2026 mirroring Nifty 50 as they also fell prey to the selloff and declined by 11.4% and 10% respectively, while Midcap 150 TR rose by 2.3% in FY2025-26, Smallcap 250 TR fell by 4.9%. FPIs net outflows reached a record ₹1,25,736 Cr in March 2026 beating its previous record set in October 2024. Total FPI net outflow of ₹1,52,691 Cr was recorded in FY2025-26. However, DIIs continued to provide support with net inflows of ₹1,42,960 Cr in cash segment for the month for March 2026. Exiting FPIs have also further sped up depreciation of the rupee bringing the USD/INR rate to ₹93.5 by the end of the year leading to muted returns in dollar terms.



Source: NSDL



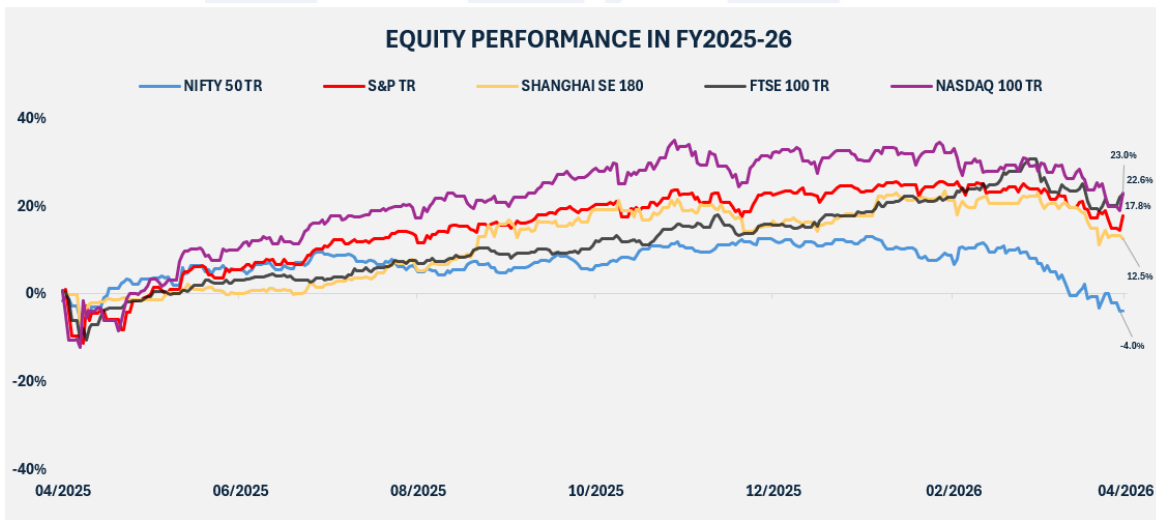
Source: NSDL

INDICES	CURRENT	10 YR MEDIAN	AVERAGE (SI)	COMMENT
NIFTY 50 (PE)	19.6	23.4	21.0	FAIRLY VALUED
NIFTY 50 (PB)	3.1	3.6	3.6	UNDERVALUED
NIFTY 50 (DIVIDEND YIELD)	1.4	1.3	1.4	OVERVALUED
NIFTY MIDCAP 150 (PE)	30.6	33.9	31.1	FAIRLY VALUED
MIDCAP 150 (PB)	4.2	3.4	3.0	OVERVALUED
MIDCAP 150 (DIVIDEND YIELD)	0.8	0.9	1.2	OVERVALUED
SMALLCAP 100 (PE)	25.9	32.6	43.6	UNDERVALUED
SMALLCAP 100 (PB)	3.0	3.4	3.0	UNDERVALUED
SMALLCAP 100 (DIVIDEND YIELD)	0.8	0.9	1.1	OVERVALUED
S&P 500 (PE)	26.6	20.0	20.3	OVERVALUED

Data as on 31<sup>st</sup> March 2026

As of 31<sup>st</sup> March 2026, Nifty 50 traded at a PE ratio of 19.6x, below its all-time average of 21x and below its 10-year median of 23.4x; Nifty Midcap 150 traded at a PE of 30.6x, below its all-time average of 31.1x and below its 10-year median of 33.9x. Nifty Smallcap 100 traded at 25.9, below its 10-year median average of 32.6x and well below its all-time average of 43.6x.

**U.S.:** US equity markets faced similar tune to its Indian counterpart for the month. Geopolitical tensions from the US-Iran conflict sent oil prices surging above \$100. This triggered sharp volatility and selling pressure across indices. Markets saw big swings with multiple days of heavy losses. However, some relief rallies occurred on hopes of de-escalation talks. The S&P 500 fell around 4.3%, Nasdaq fell 3.7% and Dow Jones declined about 5.4% for the month. US equity markets showed sturdy performance for FY2025-26 so far. Strong company profits and AI enthusiasm drove gains earlier in the year. Yet the later oil shock and uncertainty weighed on sentiment. Enthusiasm for massive AI spending continued to support select tech firms with spending commitments over \$1 Trillion. Most recent market gains have come from AI and its rapid advancements. This has disrupted global IT hubs and tech firms, raising fears that many could become redundant. However, concerns are growing over their huge daily cash burns and negligible revenue. As this category now drives a large part of the investments and market gains in US economy, it will heavily shape both the US and global economy in the coming years.



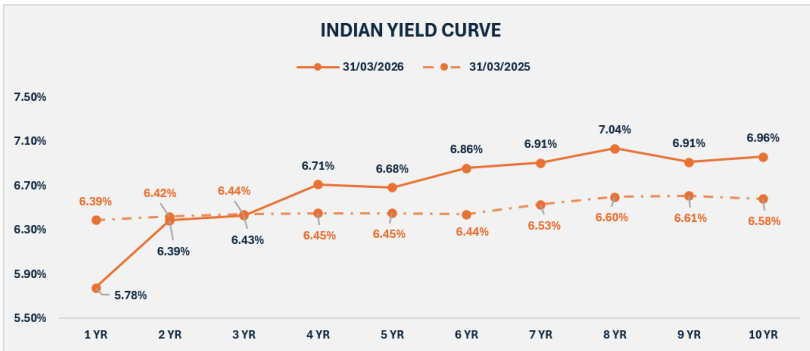
Source: Niftyindices.com & Investing.com (Data as on 31st March 2026)

## FIXED INCOME:

BOND YIELD	CURRENT	10 YR AVERAGE	AVERAGE (SI)	COMMENT
1 YEAR	5.78%	5.99%	6.60%	OVERVALUED
2 YEAR	6.39%	6.20%	6.80%	OVERVALUED
3 YEAR	6.43%	6.40%	7.00%	OVERVALUED
4 YEAR	6.71%	6.58%	7.10%	OVERVALUED
5 YEAR	6.68%	6.66%	7.20%	OVERVALUED
6 YEAR	6.86%	6.82%	7.30%	OVERVALUED
7 YEAR	6.91%	6.90%	7.40%	OVERVALUED
8 YEAR	7.04%	6.97%	7.50%	OVERVALUED
9 YEAR	6.91%	6.95%	7.50%	OVERVALUED
10 YEAR	6.96%	6.86%	7.40%	OVERVALUED

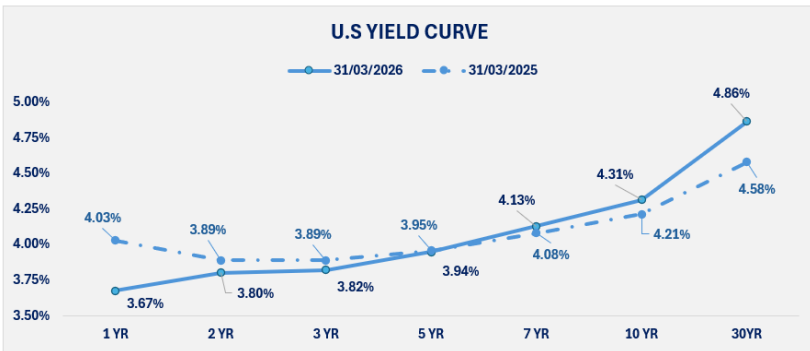
Data as on 31<sup>st</sup> March 2026

**INDIA:** India's yield curve moved modestly higher, with the 10-year yield rising from 6.66% to 6.96% in March 2026. This increase came despite the RBI's rate cuts and liquidity support, as markets turned cautious amid concerns over fiscal slippage, Middle East tensions, sustained selloffs, a weakening rupee and elevated state borrowings.



Source: Investing.com

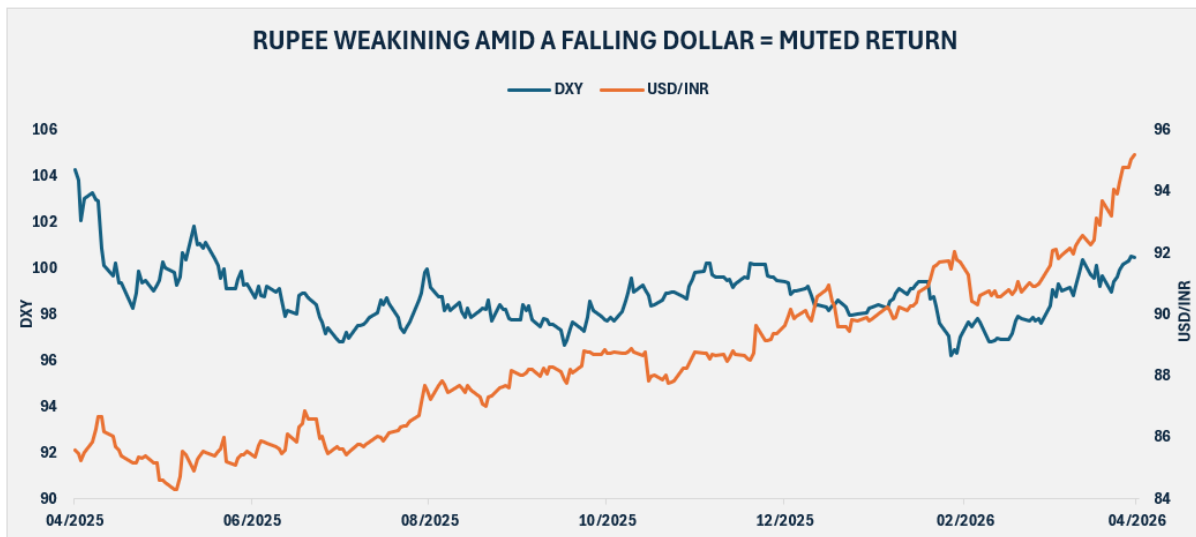
In FY2025-26, Indian bond market saw the yield curve shift from relatively flatter to a clearly steeper normal shape with the 10-year yield rising from 6.58% to 6.96% and 1-year yield falling from 6.39% to 5.78%. This was because of 4 rate-cuts by RBI in FY2025-26 totalling 125bps reduction in repo rate.



Source: Investing.com

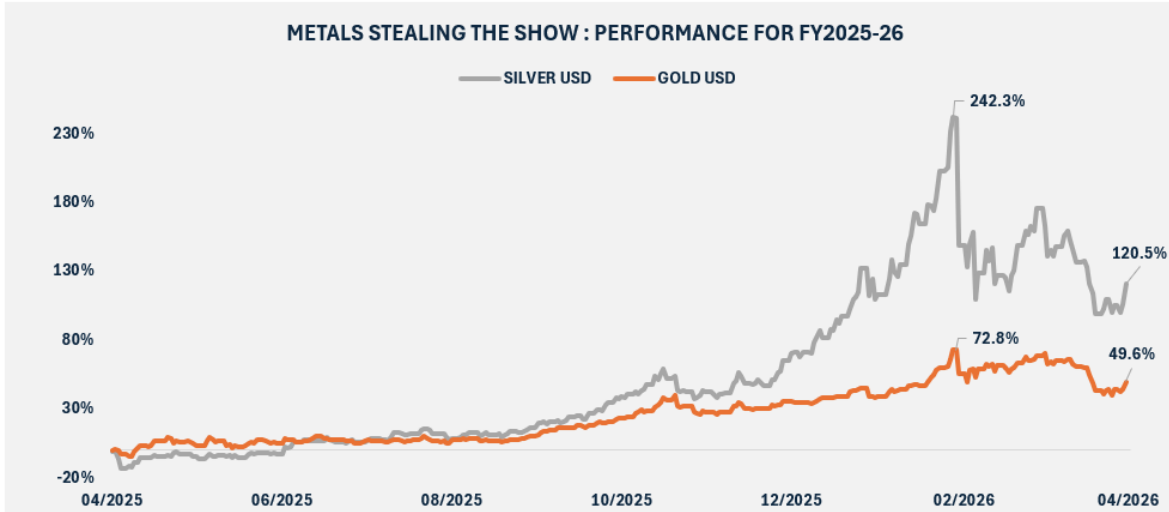
US 10-year yields edged down from 4.21% to 4.13% as stable inflation tempered rate-cut expectations amid geopolitical uncertainty. The curve steepened in FY2025-26, with short-end yields anchored after late-2025 Fed cuts, while long-end yields (30-year at 4.86%) rose slightly on inflation risks, higher debt and increased Treasury supply.

**COMMODITIES & CURRENCY:** WTI crude oil rose by 51.3% in March 2026 from \$67.02 to \$101.38 per barrel. It is the raw consequence of escalation in the middle east. Over the month, the escalation resulted in choking tanker traffic through the Strait of Hormuz, the narrow throat that carries roughly 1/5th of global oil every single day; crude oil prices have now risen by 46.1% in FY2025-26 from \$69.36 to \$101.38 per barrel with the majority of the price shock coming in only March. Indian Rupee weakened sharply in March 2026 mainly due to surging oil prices above \$100 from the conflict, massive record FII outflows and a stronger safe-haven US dollar pushing the USD/INR 2.6% from 91.08 to 93.46. After a year of interest rate cuts, fiscal worries and erratic U.S. trade policy, the Dollar Index ended March 2026 higher, rising 2.9% from 97.61 to 100.45. INR has depreciated 9.4% against USD in FY2025-26 due to FPI outflows; during that same period the Dollar Index declined by 3.6%.



Source: Investing.com (Data as on 31st March 2026)

Gold declined -11.4% in March 2026 from ₹16,871/10g to ₹ 14,951/10g, this brings the yellow metal’s FY2025-26 rise to a mammoth 62.7% in INR. Additionally, global gold prices rose 50% in FY2025-26 from \$3,115/oz to \$4,672/oz. Silver declined 15.3% this month from ₹2,95,000/kg to ₹2,50,000/kg in India. Due to strong demand in FY2025-26, silver rose 140.4% in INR from ₹1,04,000/kg to ₹2,50,000/kg; globally silver rose 120.5% from \$34.1/oz to \$75.1/oz.



Source: Investing.com (Data as on 31st March 2026)

**ECONOMIC INDICATORS:** India CPI inflation rose from 2.7% in January 2026 to 3.21% in February 2026. WPI for February 2026 rose to an 11-month high of 2.13%, up from 1.81% in January 2026. Net GST collection jumped 8.8% y-o-y to cross the Rs 2 lakh crore mark at a 10-month high of ₹2,00,064 crore. Net GST revenue for March 2026 stood at ₹1,77,990 Cr, marking an 8.2% y-o-y growth. India's Index of Industrial Production (IIP) growth accelerated to 5.2% y-o-y in February 2026, up from 5.1% in January, exceeding forecasts. manufacturing activity in March 2026 showed a soft landing, with the HSBC India Manufacturing PMI dipping to 53.8 from 56.9 in February, marking the slowest expansion since September 2021.

Core PCE (Personal Consumption Expenditure) inflation for January was reported at 3.1% y-o-y, staying closer to the Federal Reserve’s comfort range but still above target. The Core PCE inflation for February will be released on 9th April 2026. Upcoming macros indicators should be under watchful eyes as the numbers could see sharp spike especially for March. The unemployment rate edged up to 3.9 percent in February, suggesting a slight cooling in labour market tightness. The ISM (Institute for Supply Management) Manufacturing PMI stood at 52.4 in February 2026, down slightly by 0.2 points from 52.6 in January. It remained in expansion territory (above 50) for the second consecutive month after a long period of contraction. ISM Services PMI came stood at 53.9%, 0.3% lower than the 54.2% recorded in January, continuing to signal expansion albeit slower in the services sector which remains the key driver of the economy. Industrial production saw a modest increase of about 1.4% y-o-y, indicating subdued but positive manufacturing activity.

**OUTLOOK & STRATEGY:** Indian equities ended FY26 on a cautious note, with the Nifty 50 closing at 22,331 trading at a trailing PE of 19.6x on earnings of ₹1,138. Valuations have corrected meaningfully from their peaks and now sit below the index's long-term average PE of 21.03x, offering a more compelling entry point for investors. Near-term headwinds including global macro uncertainty, geopolitical conflicts, INR volatility and the risk of input cost pressures weighing on corporate margins could temper earnings sentiment. We believe these risks are already reflected in current multiples. Consensus earnings growth of 11-15% through FY27 translates to a Nifty target range of 24,850-25,750, assuming no re-rating implying an upside of 11-15% from current levels. Should global uncertainties ease and geopolitical tensions subside, a re-rating of the Nifty toward its long-term average multiple of 21.03x could unlock a far more meaningful upside from current levels. We recommend adding to India equities on further dips and continue with systematic investments through dollar cost averaging (SIP/STP) to take advantage of volatility and build positions at attractive levels over the course of FY27. Post RBI's 125bps rate-cuts in 2025, we are at a lower end of the interest rate cycle; investors should maintain allocation to shorter maturities (1-year to 2-year).

Post strong performance in FY2025-26, US technology equity valuations have risen amid investor enthusiasm for AI. The top 10 companies now represent ~40% of the S&P 500's market capitalization. While price appreciation has been backed by strong fundamentals and earnings growth so far, high concentration remains the primary risk. Consensus earnings growth for the tech sector is expected at 13-17% in FY2026-27. We recommend holding US equities with preference for Nasdaq via dollar-cost averaging and avoid heavy fresh exposure to cyclicals. US treasuries enter FY2026-27 with stable inflation and policy uncertainty. We recommend allocating to intermediate Treasuries and TIPS (Treasury Inflation Protected Securities) while steering clear of the long end would provide stability amid inflation risks while protecting against price swings due to interest rate risks.

Gold enters FY2026-27 from record highs of \$5,400 per ounce, having surged 62.7% in FY2025-26 driven by safe-haven demand, central bank purchases exceeding 1,000 tonnes annually and persistent geopolitical risks. Bullish momentum is expected to carry into FY2026-27, with INR weakness providing an additional tailwind for domestic investors. That said, with valuations no longer offering the same margin of safety as a year ago, we recommend maintaining core positions as a long-term hedge while prudently trimming exposure in over allocated portfolios. Disciplined profit booking at these levels is prudent risk management, not an exit from the asset class.

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