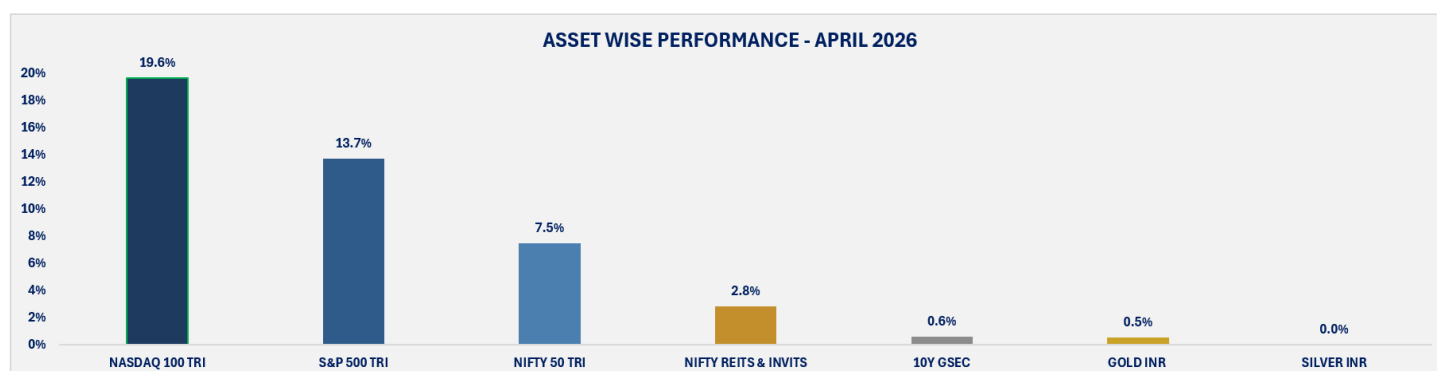


2nd MAY 2026

The month of April 2026 has been marked by renewed volatility in global financial markets, driven by geopolitical tensions, shifting energy prices, and evolving central bank policies. Indian and U.S. equity markets have seen contrasting trends, with Indian indices staging a partial recovery after a sharp March correction, while U.S. benchmarks continued their tech-led rally. Fixed income markets have been influenced by stabilizing, but still elevated, inflation and a cautious Federal Reserve and RBI stance. Commodities and currencies have remained sensitive to global cues, with oil prices swinging on Middle East risks, while gold and silver have largely remained range-bound after recent strength. Geopolitical events, central bank decisions and macroeconomic data releases will continue to shape investor sentiment into the coming months.



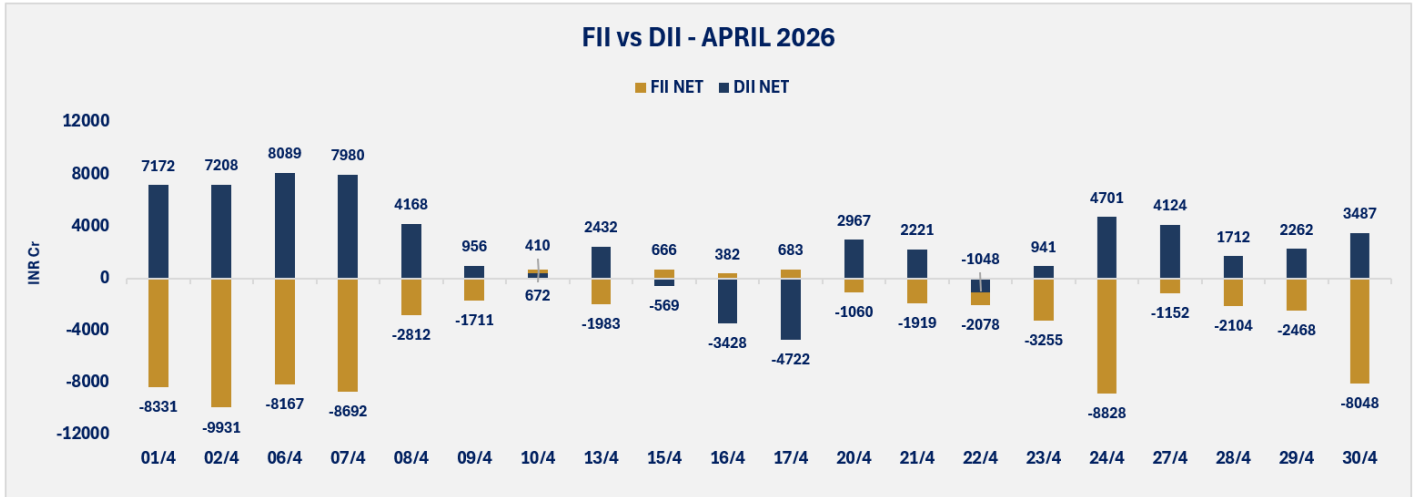
Source: Niftyindices.com & Investing.com (Data as on 30th April 2026)

EQUITIES:

INDIA: Nifty 50 gained 7.5% in April 2026 supported by strong domestic buying and sector rotation. After a ruthless month, all sectors ended the month in positive. The top performing sectors were Realty (21.9%), Energy (17.0%), Media (15.4%), Metal (15.3%), Consumer Durables (12.9%), FMCG (12.2%), and Infrastructure (10.0%). Nifty Bank and Financial Services (9.1%), followed by Auto (9.0%), Oil & Gas (8.4%), and Services Sector (6.7%). Among the defensive sectors, Healthcare (5.1%) and Pharma (4.7%) were the laggards alongside Nifty IT (1.2%).

As we enter the Q4 earnings season, 24 companies from the Nifty 50 have reported their results so far; 15 have shown positive year-on-year growth, 6 have reported negative growth and 3 have posted neutral or flat growth. On an aggregate, quarter-on-quarter basis, these companies delivered revenue growth of 9.4%, EBITDA growth of 3.5%, and operating profit growth of 8.5

Midcap 150 and Smallcap 250 rebounded strongly in April 2026 locking sturdy gains of 13.2% and 17.1% respectively. FII outflows continued as April 2026 record a net outflow of ₹70,136Cr. DIIs continued to extend their support with domestic inflows of ₹51,064Cr. Despite the RBI's efforts to curb rupee depreciation, the USD/INR pair rose 1.5% in April, closing the month at 94.91 amid persistent global uncertainties.



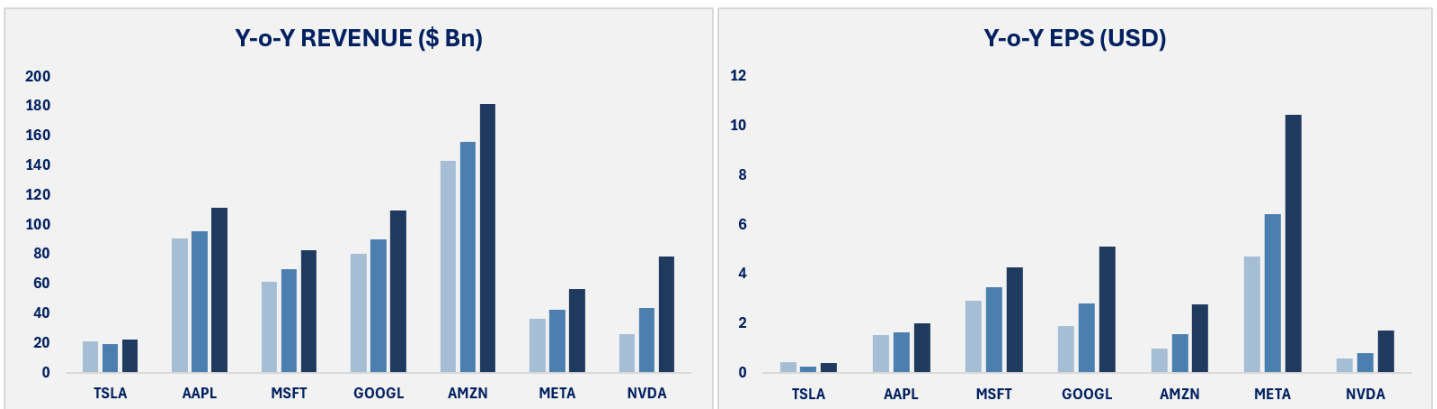
Source: Money control

INDICES	CURRENT	10 YR MEDIAN	AVERAGE (SI)	COMMENT
NIFTY 50 (PE)	20.9	23.4	21.0	FAIRLY VALUED
NIFTY 50 (PB)	3.3	3.6	3.6	UNDERVALUED
NIFTY 50 (DIVIDEND YIELD)	1.3	1.3	1.4	OVERVALUED
NIFTY MIDCAP 150 (PE)	33.5	34.0	31.1	FAIRLY VALUED
MIDCAP 150 (PB)	4.7	3.4	3.0	OVERVALUED
MIDCAP 150 (DIVIDEND YIELD)	0.7	0.9	1.2	OVERVALUED
SMALLCAP 100 (PE)	30.4	32.3	43.6	UNDERVALUED
SMALLCAP 100 (PB)	3.5	3.4	3.0	OVERVALUED
SMALLCAP 100 (DIVIDEND YIELD)	0.7	0.8	1.1	OVERVALUED
S&P 500 (PE)	31.0	18.0	20.3	OVERVALUED

Data as on 30th April 2026

As of 30th April 2026, Nifty 50 traded at a PE ratio of 20.9x, almost at its all-time average of 21x and below its 10-year median of 23.4x; Nifty Midcap 150 traded at a PE of 33.5x, above its all-time average of 31.1x and just below its 10-year median of 33.9x. Nifty Smallcap 100 traded at 30.4, below its 10-year median average of 32.3x and well below its all-time average of 43.6x.

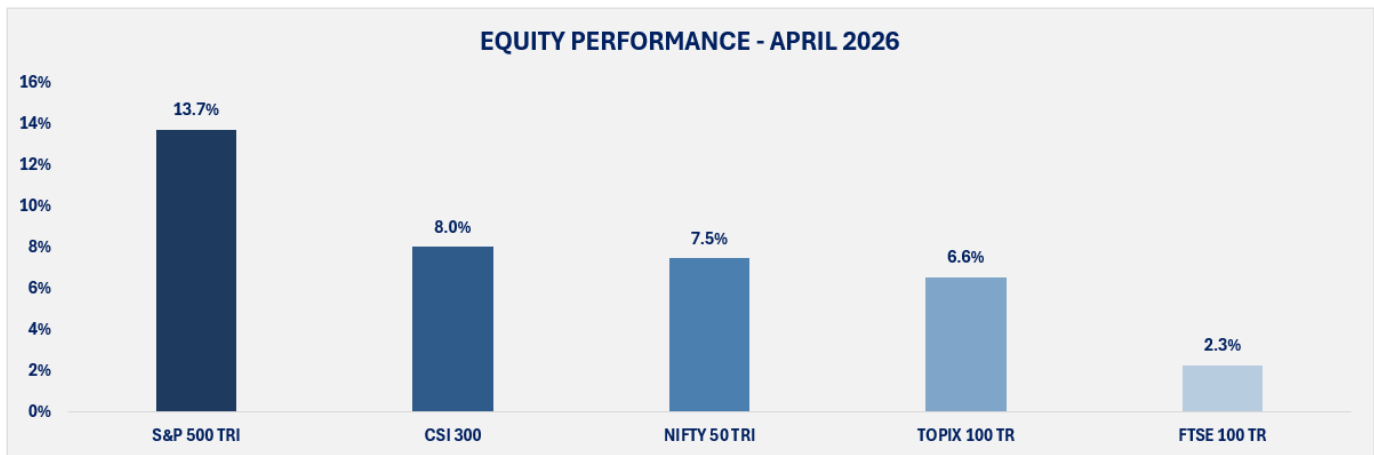
U.S.: US equity markets delivered one of their strongest performances in April 2026. Nasdaq 100 and S&P500 gained 19.6% and 13.7% respectively. The sharp V-shaped recovery was driven by easing geopolitical tensions, expectations of a diplomatic resolution to the Iran conflict and robust Q1 2026 corporate earnings. The Magnificent 7 delivered broadly strong earnings with Alphabet surging ~10% beating revenue estimates and raising AI infrastructure guidance, Amazon reported AWS growth of 28% y-o-y (it's fastest in 3 years) and Microsoft beat on EPS. Meta and Tesla both beat estimates but sold off on sharply owing to higher capex guidance, as the four hyper scalers collectively raised their 2026 AI capital expenditure outlook to ~\$725 billion. The S&P 500 is on track for its 6th consecutive quarter of double-digit earnings growth.



Source: Investing.com

Nvidia's latest quarterly earnings and EPS are forecasted (consensus estimates), as the company has not yet reported its most recent results.

GLOBAL: Markets posted strong gains in April 2026, buoyed by resilient economic data and easing trade tensions. The S&P 500 TRI led the pack with a 13.7% return, reflecting continued confidence in the US economy amid a robust labour market and cooling inflation. Nifty 50 TRI followed with 7.5%, supported by India's strong GDP growth trajectory and sustained domestic consumption. The CSI 300, representing China's large-cap A-share market, gained 8% as Beijing's stimulus measures continued to filter through the economy. TOPIX 100 TR also returned 6.6%, underpinned by the Bank of Japan's gradual policy normalisation and a weaker yen boosting export earnings. FTSE 100 TR lagged with just 2.3%, weighed down by the UK's sluggish growth outlook and a more cautious Bank of England stance on rate cuts.



Source: Niftyindices.com & Investing.com (Data as on 30th April 2026)

FIXED INCOME:

BOND YIELD	CURRENT	10 YR AVERAGE	AVERAGE (SI)	COMMENT
1 YEAR	5.63%	5.98%	6.60%	OVERVALUED
2 YEAR	6.27%	6.20%	6.80%	OVERVALUED
3 YEAR	6.33%	6.40%	7.00%	OVERVALUED
4 YEAR	6.63%	6.57%	7.10%	OVERVALUED
5 YEAR	6.78%	6.66%	7.20%	OVERVALUED
6 YEAR	7.00%	6.82%	7.30%	OVERVALUED
7 YEAR	7.05%	6.90%	7.40%	OVERVALUED
8 YEAR	7.10%	6.97%	7.50%	OVERVALUED
9 YEAR	6.91%	6.95%	7.50%	OVERVALUED
10 YEAR	7.02%	6.86%	7.30%	OVERVALUED

Data as on 30th April 2026

INDIA: India's yield curve moved modestly higher, with the 10-year yield rising from 6.96% to 7.02% in April 2026 driven by elevated crude oil prices near \$105-110 per barrel and renewed inflation concerns. Yields briefly eased after the early April ceasefire announcement but resumed their upward move as peace talks stalled.

COMMODITIES: As the IEA described the war as causing the largest oil supply shock on record, Brent crude prices cooled by about 6.7% in April 2026, falling from \$118.4 per barrel to around \$110.4 per barrel after several volatile weeks but remain highly elevated. The UAE's surprise announcement of its exit from OPEC has done little to alleviate supply concerns, as any incremental output still faces the logistical constraint of the Strait of Hormuz being closed.

Precious metals lost some shine in April 2026 amid declining inflows. Gold prices in India rose 2.2% from ₹14,951/10g to ₹15,273/10g, while global gold prices declined 1% from \$4,672/oz to \$4,627/oz. Silver remained largely flat in India at ₹2,50,000/kg, even as global silver prices fell 1% from \$74.9/oz to \$74.3/oz. Despite softening prices, both metals continued to act as a flight to safety amid geopolitical uncertainty.

ECONOMIC INDICATORS: RBI's Monetary Policy Committee concluded its April 6-8 meeting by unanimously holding the repo rate at 5.25% for the third consecutive meeting, maintaining its neutral policy stance. Governor Sanjay Malhotra cited the West Asia conflict as an "unprecedented challenge" to the global economy, flagging upside risks to inflation from elevated crude prices and a weaker rupee, while simultaneously acknowledging India's resilient domestic fundamentals. RBI revised its FY27 GDP growth forecast down to 6.9% (from 7.4%) and sharply raised its FY27 CPI inflation projection to 4.6% nearly double FY26's benign 2.1%. The message from the MPC was unambiguous: with 125 bps of cumulative cuts already delivered through 2025, RBI is now firmly in wait and watch mode. The next MPC meeting is scheduled for June 3-5, 2026, where incoming CPI prints and crude oil trajectory will be the key determinants of any policy shift.

India's CPI inflation rose from 3.21% in February 2026 to 3.40% in March 2026, marking the highest reading in over a year, driven primarily by food prices (CFPI at 3.87%) and a sharp jump in fuel and light inflation to 1.22% reflecting the early pass through of the West Asia conflict into LPG and alternate fuel costs. ICRA expects April 2026 CPI to cross the 4% mark for the first time in the current cycle. WPI inflation jumped sharply to 3.88% in March 2026 (from 2.13% in February), its highest in 11 months, driven by a 36.16% surge in crude petroleum and natural gas prices along with higher non-food articles and manufactured products. On the fiscal side, Gross GST collections for April 2026 surged 8.7% year-on-year to a robust Rs 2,42,702 crore, while net GST revenue for the month stood at Rs 2,10,909 crore, marking a 7.3% annual growth after accounting for refunds. India's IIP growth is estimated to have moderated sharply to approximately 2% in March from 5.2% in February, as broad-based weakness in manufacturing and the energy sector weighed on output amid rising input costs and supply disruptions, with the core sector contracting 0.4% in March, its lowest in 19 months. India's Manufacturing PMI dipped to 53.8 in March from 56.9 in February, its slowest expansion since September 2021, signalling a soft landing in factory activity as the West Asia conflict began feeding into input costs and business confidence.

The April 28-29 FOMC meeting was arguably the most dramatic in years and not just because of the rate decision. The Committee held the federal funds rate steady at 3.50-3.75%, as universally expected, marking the third consecutive pause following three 25 bps cuts in late 2025. However, the vote split was a significant surprise: an 8-4 decision, the most dissents since October 1992. One dissenter, Governor Stephen Miran voted to cut rates, while three others (Hammack, Kashkari and Logan) opposed the statement's retention of an "easing bias," signalling they believe the next move could be a hike rather than a cut. The FOMC statement notably upgraded its inflation language from "remains somewhat elevated" to simply "elevated" and explicitly acknowledged that "developments in the Middle East are contributing to a high level of uncertainty." Markets are now pricing in zero rate changes for the remainder of 2026 and only one 25 bps cut as far out as December 2027.

Adding to the drama, this was Jerome Powell's final press conference as Fed Chair. In a pointed statement, Powell announced he would remain on the Board of Governors after Kevin Warsh takes over as Chair in May, citing the Trump administration's "unprecedented" legal attacks on the Fed's independence as leaving him "no choice." The Senate Banking Committee approved Warsh's nomination the same day, with a full Senate vote expected around May 11. Warsh's first meeting as Chair will be June 16-17 when fresh economic projections and a dot plot will be released making it the most closely watched FOMC meeting in years.

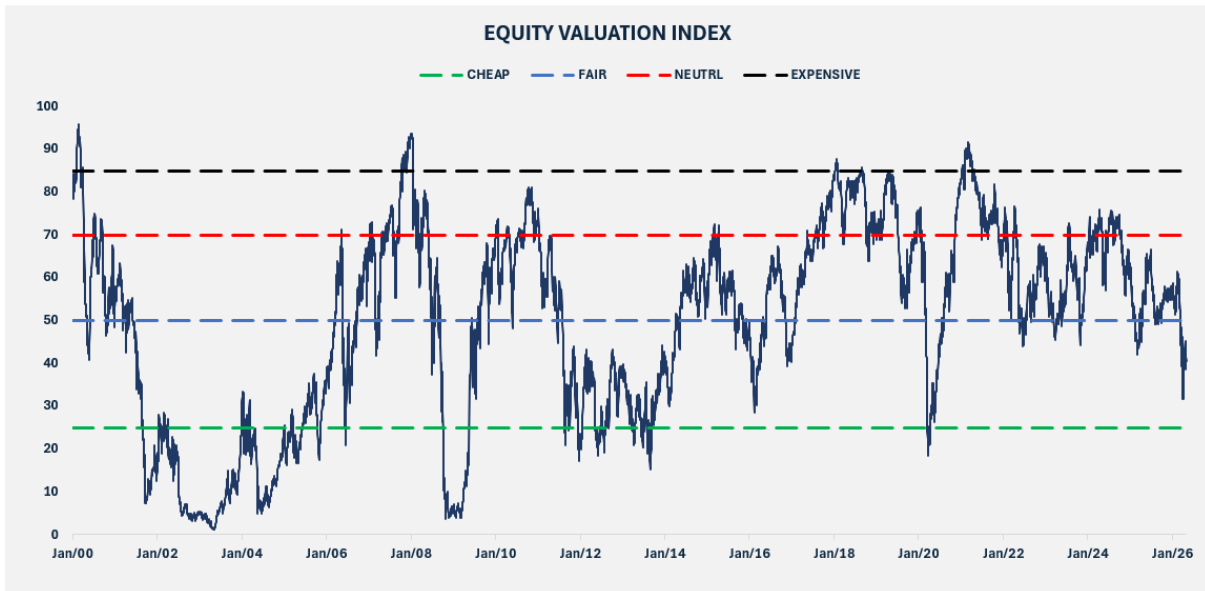
Headline PCE (Personal Consumption Expenditure) inflation for March 2026 came in at 3.5% y-o-y with core PCE at 3.2%, the highest readings in over two years, with the monthly headline gain of 0.7% directly reflecting the energy surge from the Iran conflict. Core CPI for March stood at 2.6% y-o-y, with services inflation sticky at 3% and transportation services elevated at 4.1%. The unemployment rate edged up to 4.3% in March with 7.2 million unemployed, though nonfarm payrolls surged to +178,000, three times consensus, suggesting the labour market remains resilient despite war-related uncertainty. The ISM Manufacturing PMI improved to 52.7 in March, marking the third consecutive month of expansion and the strongest factory reading since August 2022, though the prices-paid sub-index spiked to 78.3, its highest since June 2022, as supply-side stress from the Middle East conflict intensified. Notably, 64% of manufacturer comments in March were negative with approximately 40% citing the Iran war as a direct business impact.

The US economy grew at an annualized rate of 2.0% in Q1 2026, rebounding from a sluggish Q4 2025 (0.5%) and recovering from the brief contraction of 0.3% seen in Q1 2025. The trajectory through 2025 was notably uneven as a sharp acceleration to 4.3% in Q3 was followed by a steep pullback reflecting an economy buffeted by tariff uncertainty, elevated inflation and shifting consumer spending patterns. The Q1 2026 figure, while positive, came in below analyst expectations of 2.3%, and carries an asterisk: much of the growth was front-loaded by businesses rushing to import goods ahead of tariff deadlines, while the Fed's preferred inflation gauge surged to 4.5% in the same period. The underlying picture is of an economy still growing but doing so unevenly and under pressure.



Source: BEA (Bureau of Economic Analysis)

OUTLOOK & STRATEGY:



Data as on 30th April 2026

The EVI is a proprietary composite index built on Nifty 50 and 4 valuation parameters. Price-to-Earnings, Price-to-Book, Dividend Yield and Earnings Yield Spread. Each parameter is percentile-ranked over its full historical dataset dating back to 2000, and the composite score is mapped to 4 valuation zones ranging from Cheap to Extreme

The Equity Valuation Index (EVI) currently stands at 40.6, placing the market in the Fair zone. The Nifty 50's trailing P/E of 20.94x is marginally below its 25-year average of 21.0x. With consensus earnings growth of 11-15%, we estimate 12-16% annualized total returns over the next 1-3 years. Historically, at similar EVI levels, Nifty has delivered median 1-year returns of 15.3%, with modest drawdowns. We recommend adding to equities, with a slight overweight towards large cap and large and midcap segments, supported by fair valuations and steady earnings growth. Post RBI's 125 bps rate cuts in 2025, we remain at the lower end of the interest rate cycle. Prefer shorter-duration fixed income (1-2 years).

S&P 500 is at record highs with strong earnings momentum and healthy sector rotation. However, the four hyper scalers have guided \$725 billion in AI Capex for 2026 which is roughly double 2025 levels. While earnings have justified the spend so far, the widening gap between investment and monetization needs monitoring. Maintain existing US exposure but favour broad based indices over concentrated tech bets. Continue dollar cost averaging rather than fresh lump-sum investments. With headline PCE at 3.5% and the Fed on hold, the long end of the curve offers poor risk-reward. Prefer intermediate Treasuries and TIPS for inflation protection while avoiding long duration.

Structural drivers remain strong, with record central bank buying and robust demand. However, gold is trading in the 95th percentile of its historical range. We recommend holding existing positions as a portfolio hedge and wait for a better entry point before adding fresh exposure.

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