



MONTHLY DIGEST

June - 2026

SECURITY INVESTMENTS LIMITED



Diversification and globalization are the keys to the future.

- Fujio Mitarai

Global Markets

In the international markets, the US markets outperformed in May with the S&P 500 rising 5%. The gain in the S&P 500 has been propelled largely by the Big Tech stocks. NASDAQ continued to be strong outperformer, gaining 10%. Among other developed markets, Nikkei (Japan), DAX (Germany), CAC (France), and FTSE were in the green. Emerging markets continued to outperform developed markets with the MSCI EM Index gaining 9.5%, while the MSCI World Index (index of 23 developed markets) gained 4.3%. The Shanghai Composite (China) was down 1%. India underperformed within the emerging market pack.

Indian Equity Markets

The stock market was volatile in May due to lingering uncertainty about peace talks between the United States and Iran. Both sides have carried out strikes on each other's military bases while talks were going on. The Nifty and Sensex fell by 2 – 3% on a month-on-month basis in May. Nifty closed the month below the sentimentally important level of 24,000. The sentiment in the market has been risk off. FII flows have been negative for the 4 months in the first 5 months of calendar year 2026. The biggest FII selloff was seen in May, with FII net outflow of nearly Rs 2.2 lakh crores. The surge in outflows in May is attributed to MSCI index (which is tracked by many global ETFs) rebalancing. Lower weight given to India in MSCI's rebalancing triggered FII / FPI sell-off. Continued FPI outflows have widened the Balance of Payments deficit and resulted in INR depreciation. FII outflows have impacted large caps, especially Nifty stocks. The broader market outperformed the leading indices in May, with Nifty 500 (comprising large-cap, mid-cap, and small-cap stocks) ending the month flat. Midcaps and Small Caps outperformed large caps. Midcap gained 2.6% MOM, while small caps gained 1.6% in May. Most industry sectors were in the red in May. Telecom, healthcare, capital goods, metals, and automobiles outperformed the broad market index in May, while oil & gas, consumer durables, infrastructure, FMCG, and banks underperformed.

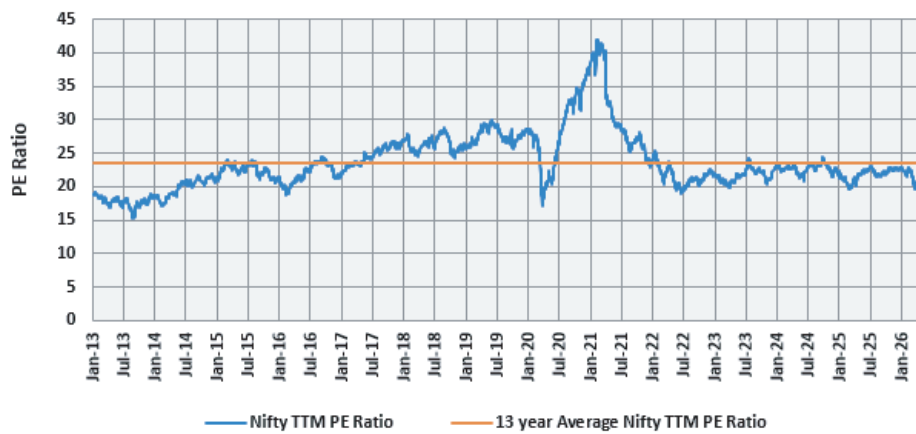
Debt, Forex and Commodity

The 10-year G-Sec remained flat at around 7%, but the 364 Day T-Bill yield spiked up nearly 50 bps. The 91-day T-Bill also spiked up by 30 bps. Gold prices continued to go up due to a weaker INR, rising 4% month on month in May. Silver was up nearly 10% in May

The US dollar has strengthened against the major currencies as the global economy faces increasing recession risks. The INR depreciated further, closing the month at INR 93.5 to a dollar. Strong dollar and rising US Treasury bond yields created headwinds for precious metal prices. Precious metals have an inverse relationship with the US dollar and US interest rates/bond yields. Progress in negotiations between the US and Iran has resulted in the Brent crude oil price falling below \$100 per barrel. The war has impacted fertilizer and petrochemical production. The Iran war has impacted prices of petroleum products like gasoline, diesel, Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and by-products e.g. petrochemicals, fertilizers etc. Fertilizer shortage may drive up global food prices.

Valuations

The market crash has brought down valuations, with both Nifty and Sensex trading at PE ratios below 20. While the valuations seem to be quite attractive for long-term investors, volatility may continue for an extended period.

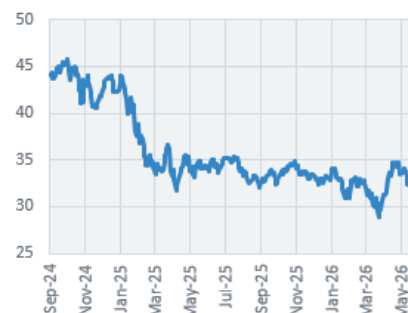


Valuations seem reasonable at the broad market level and across market cap segments. Long-term investors may find current valuations attractive.

PE Ratio – Large Cap (Nifty 100)



PE Ratio – Midcap (Nifty Midcap 150)



Conclusion

The market may continue to remain volatile or range-bound if the stalemate in the Persian Gulf continues and energy flows remain disrupted. In the long term, large, mid and small-cap Indian companies are likely to benefit from the structural reforms made by the Government. Investors should remain disciplined and continue to invest with long investment horizons. Long term investors can add equity to their asset allocation at these valuations. Investors should remain disciplined and continue to invest through SIP.

Bite Sized Trivia – Stages of retirement planning

Accumulation Age: 25 – 50 years

Set retirement goal. Invest systematically from your regular savings through. SIP top-up may be a good idea, to increase investments with income. Protect your family with life insurance

Asset Class: Equity

Preparation / Transition Age: 50 – 60 years

Aim to be debt free, focus on asset allocation and asset rebalancing. Get adequate health insurance cover. Factor in tax obligations

Asset Class: Equity, Fixed Income, Hybrid (equity, fixed income, commodities)

Distribution Age: 60 years and beyond

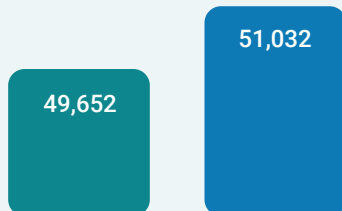
Reduce risks and also keep up with inflation. Regular cash-flows through SWP or dividends (based on your tax situation). Ensure adequate health insurance cover.

Asset Class: Higher allocation to hybrid or debt allocation and also allocation to equity

Market Roundup - Global Markets

Global markets were strong and posted gains on hope of a deal between the United States and Iran. Peace deal between US / Iran and reopening of the Strait of Hormuz may trigger a rally in Indian market which has been battered over the past few months.

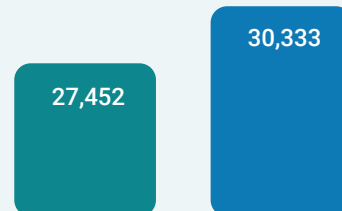
Dow Jones : **2.78% MOM** ↑



Apr 2026

May 2026

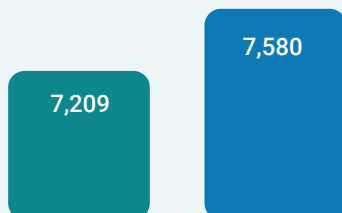
Nasdaq : **10.5% MOM** ↑



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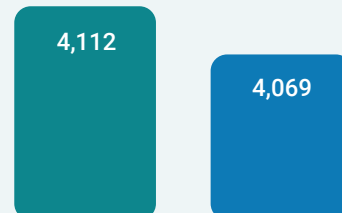
S&P 500 : **5.15% MOM** ↑



Apr 2026

May 2026

Shanghai Composite : **- 1.05% MOM** ↓



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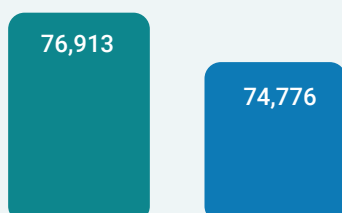
May 2026

*Index values are closing prices on the last trading sessions of the respective months

Market Roundup - Indian Equity Market

Indian equities continued to underperform versus international equities due to continuing FII sell-off and weakening INR. FII sell-off has affected Nifty stocks more than the broader market. Midcap and small cap stocks have outperformed Nifty and large cap stocks.

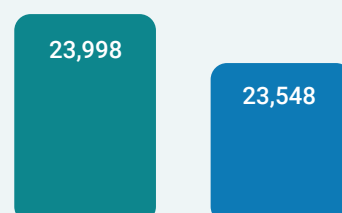
Sensex : **- 2.8% MOM** ↓



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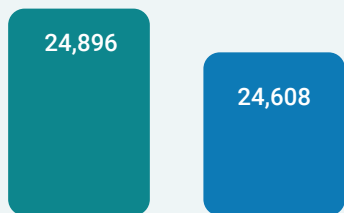
Nifty : **- 1.9% MOM** ↓



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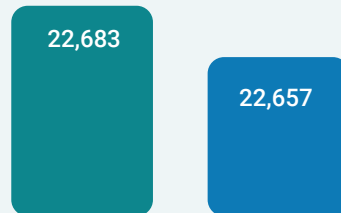
Nifty 100 (Large Cap) : - **1.16% MOM** ↓



Apr 2026

May 2026

Nifty 500 (Broad Market) : - **0.1% MOM** ↓



Apr 2026

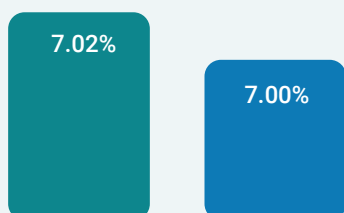
May 2026

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Market Roundup - Debt and Forex Market

As per RBI data, India's Balance of Payment deficit is \$30.8 Billion. The INR depreciated to nearly 95 to the USD. The RBI is trying to defend the INR. The 10 year G-Sec remained flat at around 7%, but the 364 Day T-Bill yield spiked up nearly 50 bps. The 91 day T-Bill also spiked up by 30 bps.

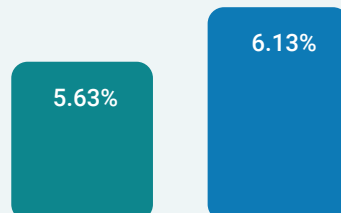
10 year G-Sec Yield* (%) : - **2 bps MOM** ↓



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May 2026

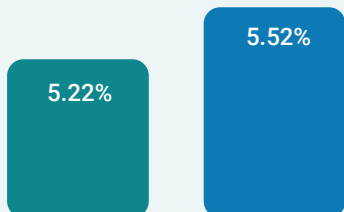
364 Day T-Bill Yield* (%) : **50 bps MOM** ↑



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May 2026

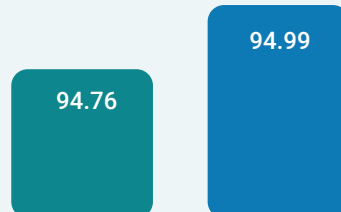
91 Day T-Bill Yield* (%) : **30 bps MOM** ↑



Apr 2026

May 2026

USD to INR : **2 bps MOM** ↑



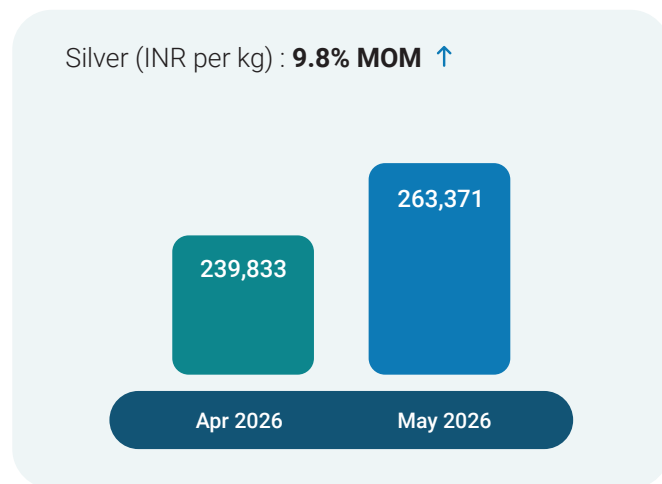
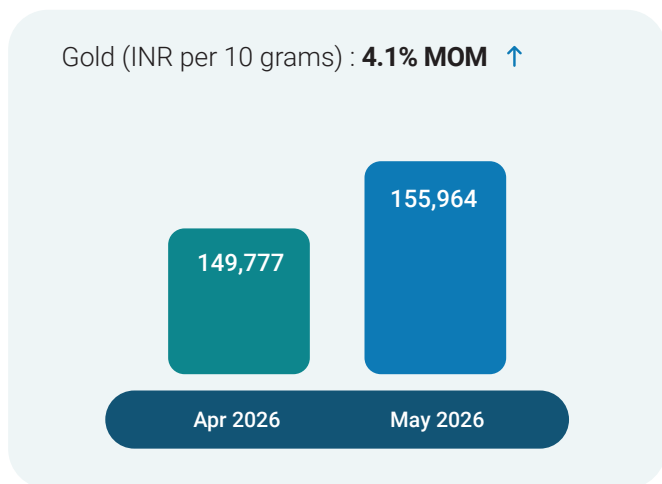
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*Yields as on the last auction days of the respective months. Source: RBI

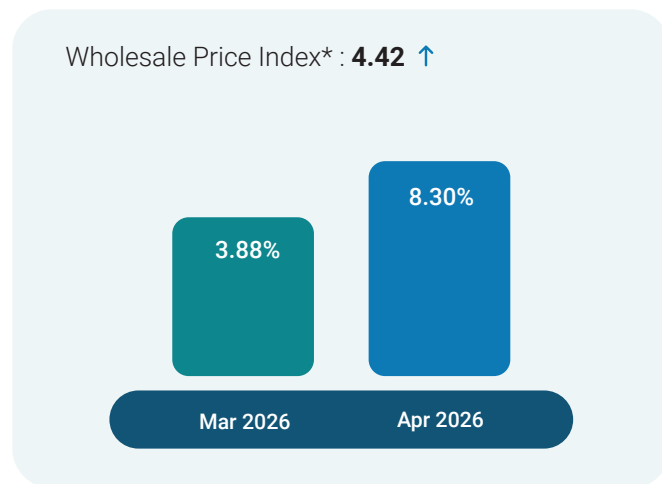
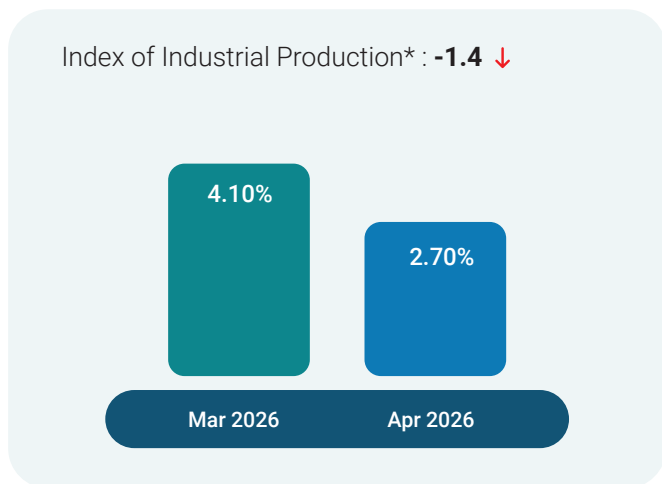
Market Roundup - Commodities Market

Gold prices continued to go up due to weaker INR, rising 4% month-on-month in May. Silver was up nearly 10% in May. However, investors should be careful as US Treasury Bond Yields are rising on stronger than expected jobs and inflationary expectations due to high crude prices. Gold prices have an inverse relationship with US Bond Yields. High Treasury Bond Yields make US Treasury Bonds more attractive than gold and silver.



*Commodity prices are based MCX closing spot prices on the last trading sessions

Economic Indicators



*Based on latest Government published data.

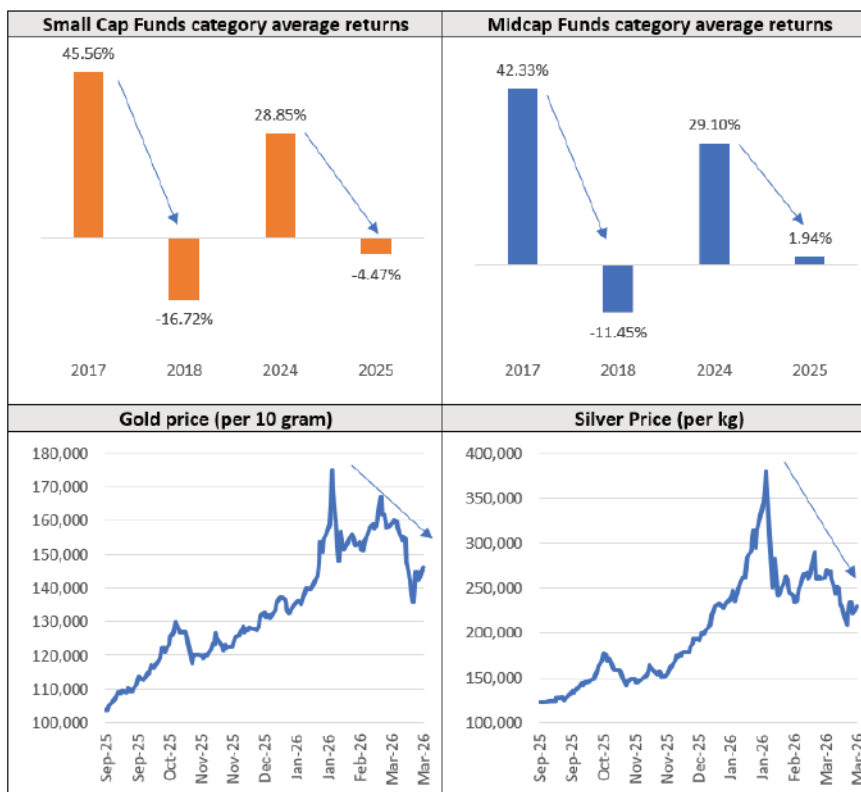
Knowledge Bite: International Funds – The Excitement Around It

There was a time when most retail investors in India invested only in domestic equity, hybrid, or debt funds. However, interest in international investments has been growing in the recent past. Between March 2025 and March 2026, AUM of Overseas FOF went up by 53% (source AMFI). The reason for this interest is the outperformance of international markets (see the chart below). In this article, we will discuss how to plan allocations for international funds in your portfolio.



The Euphoria Trap: Why Past Returns Don't Guarantee Future Results

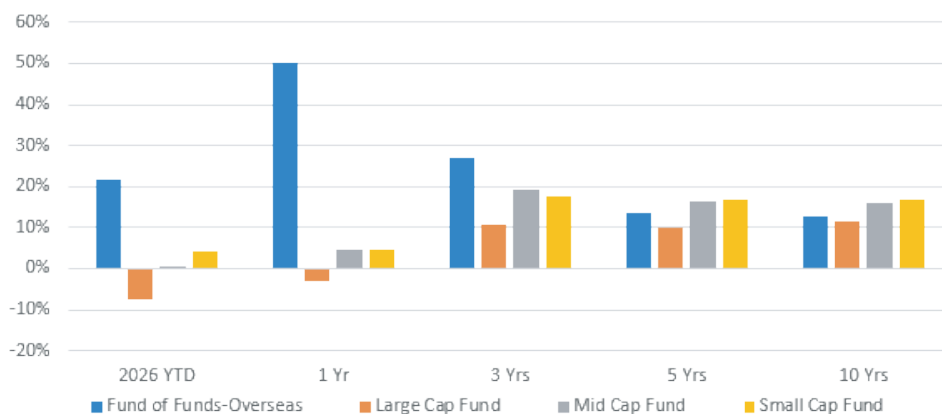
The euphoria around international funds mirrors what happened with gold and silver just a few months ago. However extraordinary returns do not last long and revert back to the long term average through correction in asset prices (mean reversion); we have seen this across different asset class or categories in the past (see the graphic below).



Investors should be cautious about chasing recent performances. Such one-sided moves can lead to exuberance and heightened volatility in your investment portfolio.

Indian equities have outperformed international equities in the long term

The chart below shows the average returns of different categories over different periods. You can see that, while international funds / FOF – Overseas outperformed in the last 1 to 3 years, in the long term e.g. 5 years, 10 years etc, domestic equity categories outperformed international funds.



Which international themes are outperforming currently?

Technology, especially Artificial Intelligence is outperforming. The Top 5 stocks in S&P 500, the leading index of US market are all Big Tech stocks (e.g. Google, Facebook, Apple, Amazon etc) with heavy investments in AI. Among other themes that are outperforming are, Emerging Markets, Clean Energy and Commodities (see the table below). However, investors should be cautious because themes which are currently outperforming may not sustain its performance with change in geo-political scenario.

Scheme Name	1 Year	3 Years	5 Years
Nippon India Taiwan Equity Fund	218%	64%	-
Mirae Asset Global Electric & Autonomous Vehicles Equity Passive FOF	103%	24%	-
DSP World Mining Overseas Equity Omni FoF	100%	30%	17%
Motilal Oswal Nasdaq 100 FOF	87%	42%	28%
DSP World Gold Mining Overseas Equity Omni FoF	83%	48%	23%
Mirae Asset Global X Artificial Intelligence & Technology ETF FOF	83%	43%	-
HSBC Global Emerging Mkts Fund	79%	30%	12%
Edelweiss Emerging Mkts Opp Equity Offshore Fund	76%	28%	10%
ICICI Pru Strategic Metal and Energy Equity FOF	72%	32%	-
Kotak Global Emerging Market Overseas Equity Omni FOF	71%	29%	12%

Portfolio Allocation: Goal-Based Approach Over Tactical Calls

The allocation to international funds should be driven by your long-term financial goals. For example, if your child needs to go abroad for studies, international funds become a strategic necessity rather than just diversification. Here, you may allocate 20% in international funds for the long-term goal of creating a corpus for children's education. For most investors without specific overseas expenditure goals, your allocation to international funds in the satellite holdings should not exceed 5-10% of your overall investment portfolio.

Conclusion: Stay Disciplined

You can invest in international funds or commodities for diversification and currency hedging, especially if you have forex expenditures in the future, but they work best as part of a **well-structured portfolio built on discipline, not chasing euphoria (see the charts above)**. The investors that benefit most are those who consider international funds or commodities as part of their long term financial goal planning rather than a tactical bet on recent performance.

Our References

FD Interest Rates

Company	Investment Period (Months)	Rate of Interest (%) (Per Annum)	Senior Citizen (%) (Per Annum)
Bajaj Finance Limited	12 to 60	7.40	7.75
ICICI Home Finance	12 to 60	7.00	7.35
LIC Housing Finance	12 to 60	6.90	7.15
Mahindra & Mahindra Financial Services Limited	12 to 60	7.45	7.80
PNB Housing Finance Limited	12 to 60	6.90	7.15
Shriram Finance Limited Unnati Deposits	12 to 60	7.25	7.80
Sundaram Home Finance Limited	12 to 60	7.15	7.50

DISCLAIMER: Interest Rates are subject to change without any prior intimation. Please confirm the rate of interest before investing.

NFO (New Fund Offer)

Scheme Name	Issue Opens On	Issue Closes On
Motilal Oswal BSE Clean Environment Index Fund	5th June 2026	19th June 2026



AMFI-Registered Mutual Fund Distributor (ARN-1435)
ARN Valid: 15-Feb-2025 to 15-Feb-2028

608-609, Skylark Building ,60, Nehru Place,
New Delhi – 110019



Services We Offer

Planning


- Goal Planning
- Insurance Planning
- Tax Planning


Financial Services

- Mutual Fund
- Fixed Deposit
- Life Insurance
- Health Insurance
- RBI Floating Rate Bonds
- Sovereign Gold Bonds
- Capital Gain Bonds
- NFO - Mutual Fund

Miscellaneous Services

- Real Estate
- Home Loan
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- Loan Syndication
- Succession Planning
- Share Demat Services
- Transmission of Financial Assets at Market Place

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