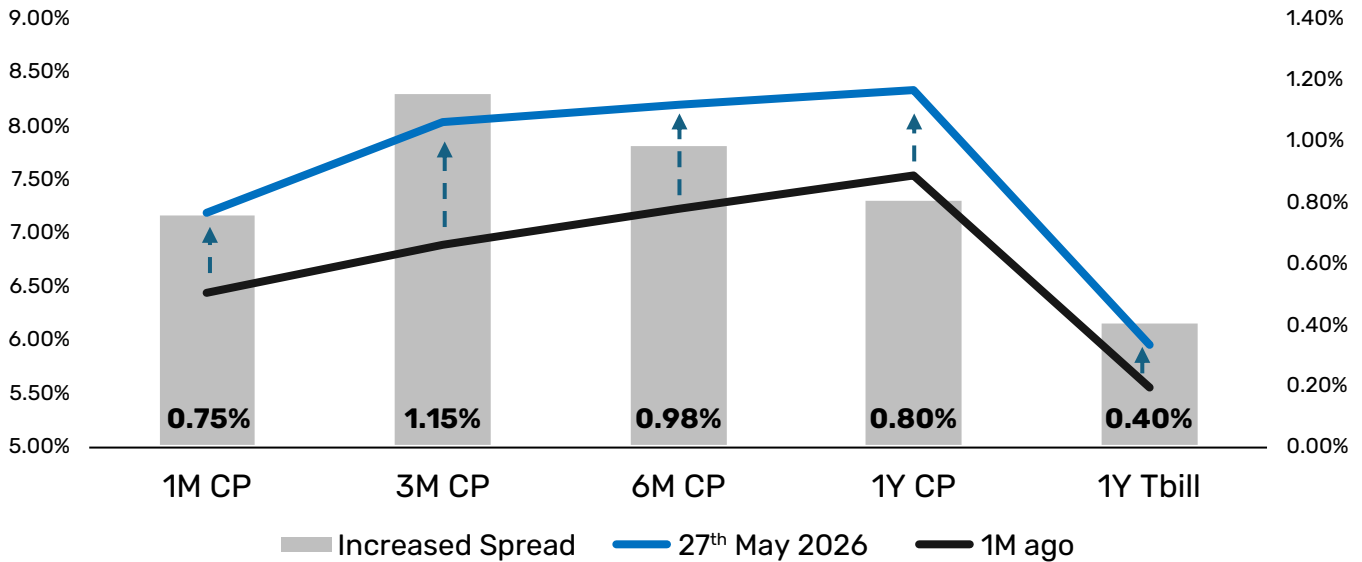




SHORT-TERM YIELDS ON THE RISE

28th May 2026

SHORT-TERM YIELDS



WHY HAVE YIELDS MOVED HIGHER?



Markets are increasingly pricing in the possibility of **further rate hikes**.



Heightened volatility surrounding the ongoing war has created **nervousness across fixed income markets**.



Potential crude oil supply shocks and El Nino could lead to more widespread inflationary pressures

THE INVESTMENT CASE



Valuations in the short-term fixed income space (liquid, money market and low duration) have turned favourable.



Bond yields are already factoring in potential rate hikes, thereby offering better carry opportunities.



Any meaningful resolution or easing of geopolitical tensions in the coming months could trigger a **relief rally**, resulting in **mark-to-market gains** for investors.

In the current market environment, gradually increasing allocations towards **parking funds** and **low duration strategies** may help investors navigate volatility while benefiting from **improved yield potential**.

Source: RBI, Crisil Fixed Income Database. Data as on 27th May 2026. | Past performance may or may not be sustained in future. CP is Commercial Paper and Tbill is Treasury bill.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.