



# Alpha Strategist – Nov'25

## “Beyond Borders and Baseline”

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# Summary

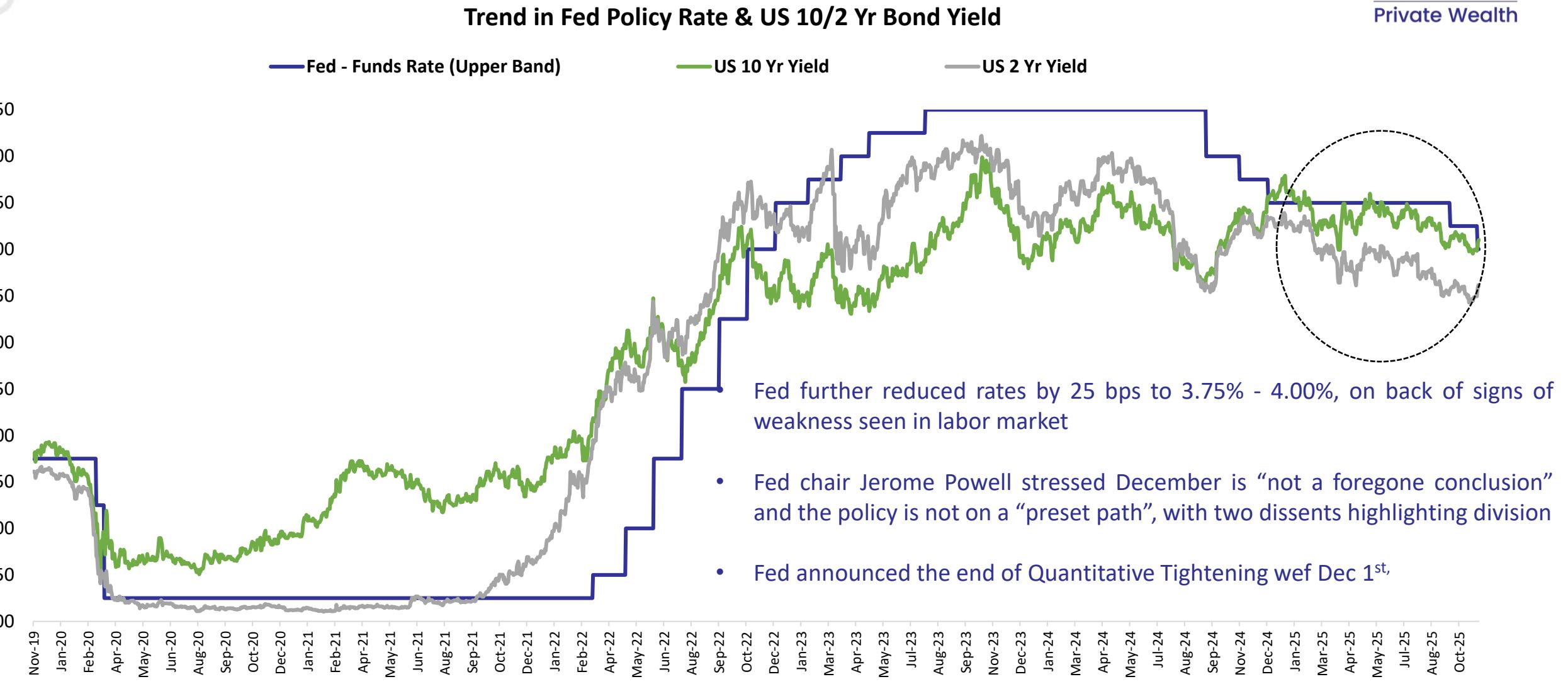
- US Fed reduced rates by 25 bps to 3.75% - 4.00%, on back of signs of weakness seen in labor market, further action to be data dependent. US Govt shutdown continued and now became the longest to last, impacting the important data releases.
- US-China trade relationship has shifted from confrontation to a managed framework truce, which has resulted into positive sentiments towards global growth and markets.
- Back home, high frequency indicators like auto sales, GST collection, UPI payment etc. released for Oct'25 are indicating towards good pick up in economic activities. Continuation of this momentum is the key factor to watch.
- Earnings released till end of Oct'25 has largely been inline with expectation, upgrade to downgrade has further improved to 0.7 from the lows of 0.3 in Q3FY25
- FII flows turned positive after 3 months. DIIs continued to pump in, but continuous supply through IPOs limited the upside in the market.
- India remains a long term structural growth story but there is need to add global exposure (**beyond borders**) because of a. size of the economies like US, China and their significance in the global growth, b. uniqueness of these economies e.g. Innovation leader, manufacturing prowess etc., c. relative valuation, d. increasing interest from institutions and e. diversification.
- In India, many emerging and high growth opportunities lies beyond Nifty 50 Index. Recent rally has also been concentrated - only 30% of BSE 500 stocks are positive on one year basis. Hence in such markets, to generate **beyond baseline** (alpha) returns, one should look for active management strategies.
- Equity view remains neutral, allocation - 50% large cap, 10% Global, 40% (continued overweight by 5%) mid and small cap. Deployment strategy - lumpsum in Hybrid and pure equity oriented strategies (including global) in staggered manner.
- For Fixed Income, we continue to suggest allocation to accrual strategies across the credit spectrum and to regular income-generating real assets.
- We maintain a neutral stance on gold from asset allocation perspective.



# Highlights



# FOMC Reduces Fed Rate, Future action data dependent



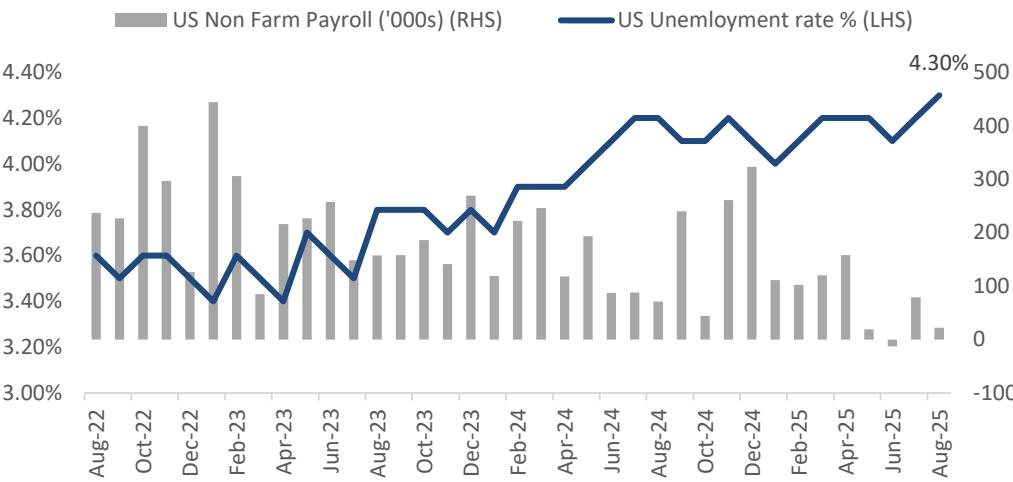
Source: investing.com, macrotrend, Internal Research

Infinite Possibilities. Enduring Relationships.

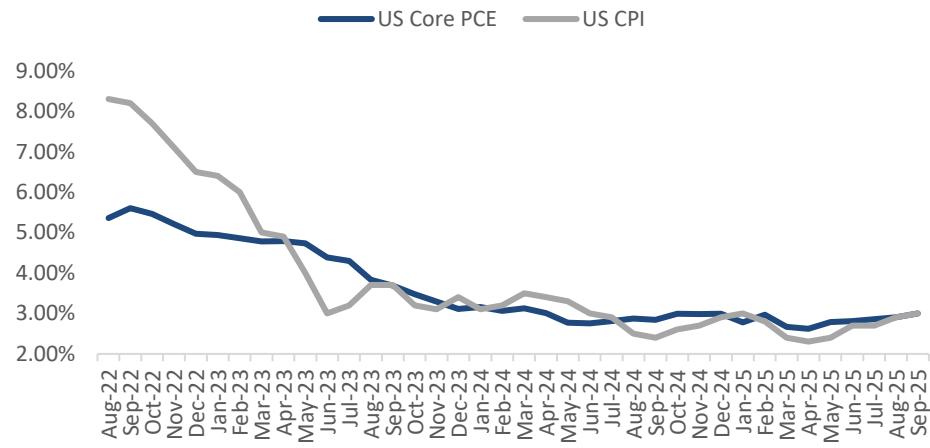
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# US Economic Indicators – Mix Picture

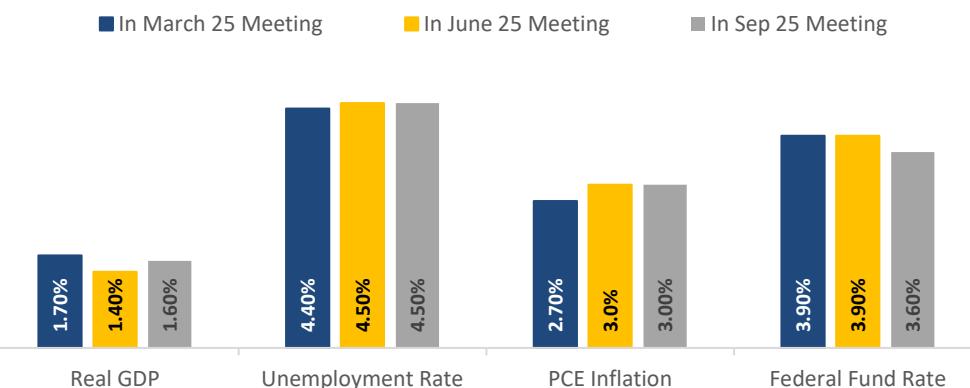
## US Unemployment Rate Inches Up, Fewer jobs added



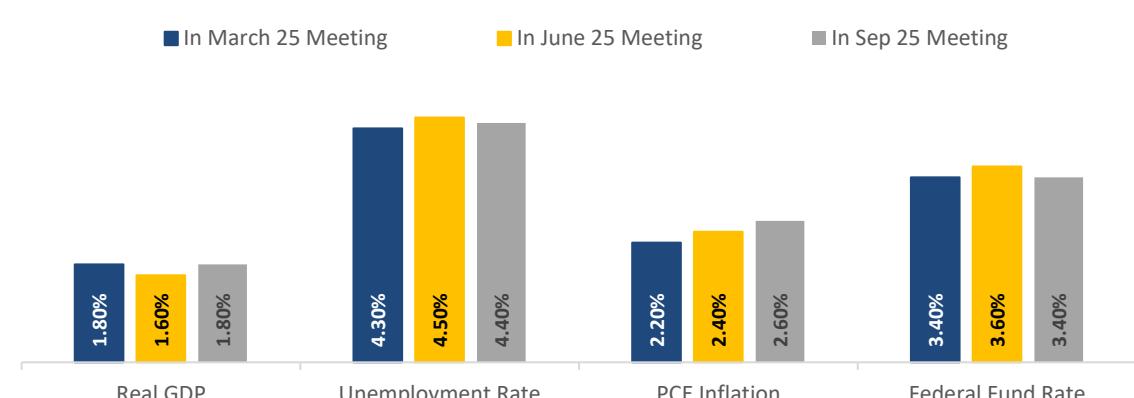
## Inflation remains contained & well above Fed's 2% target; upside risks remain in form of tariff effect



## FOMC Projections for CY2025



## FOMC Projections for CY2026



Source: FOMC, US Bureau of Labor Statistics, Tradingeconomics, Internal Research

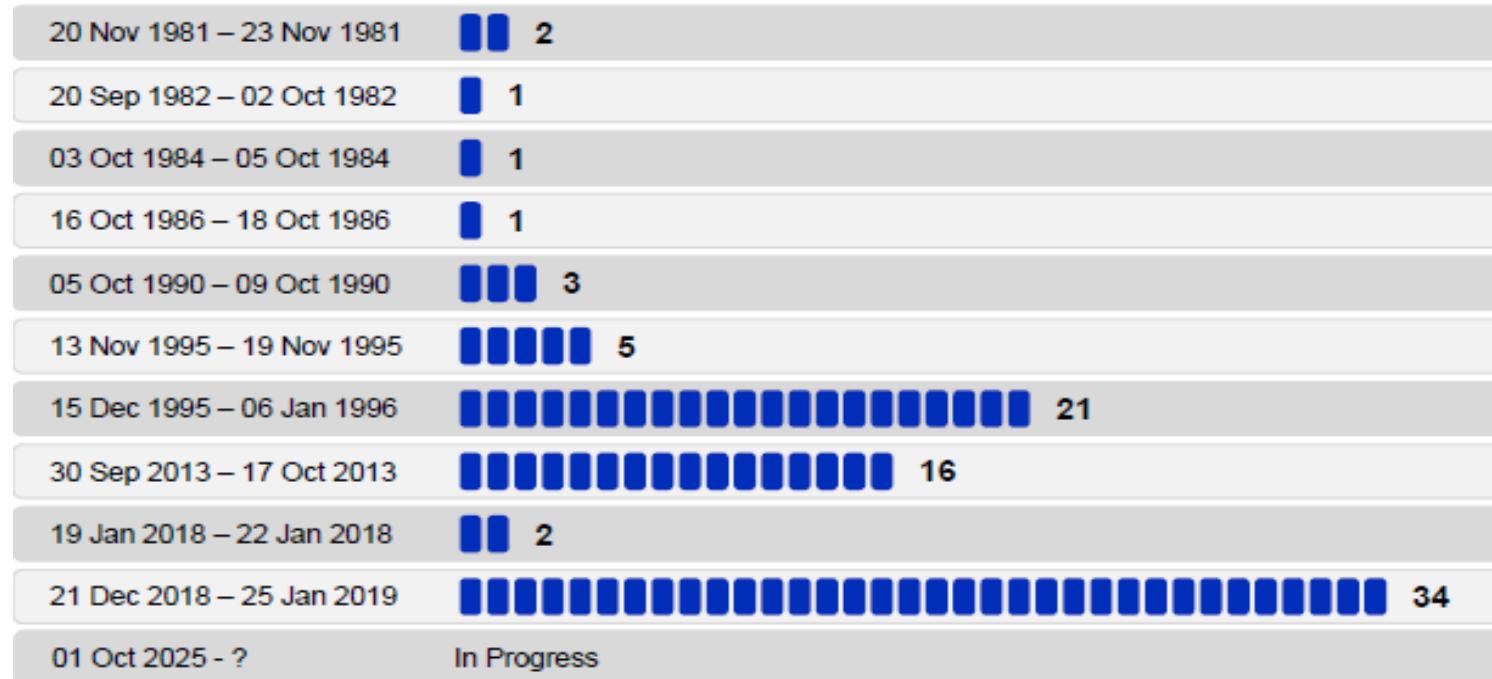
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# US Shutdown Update

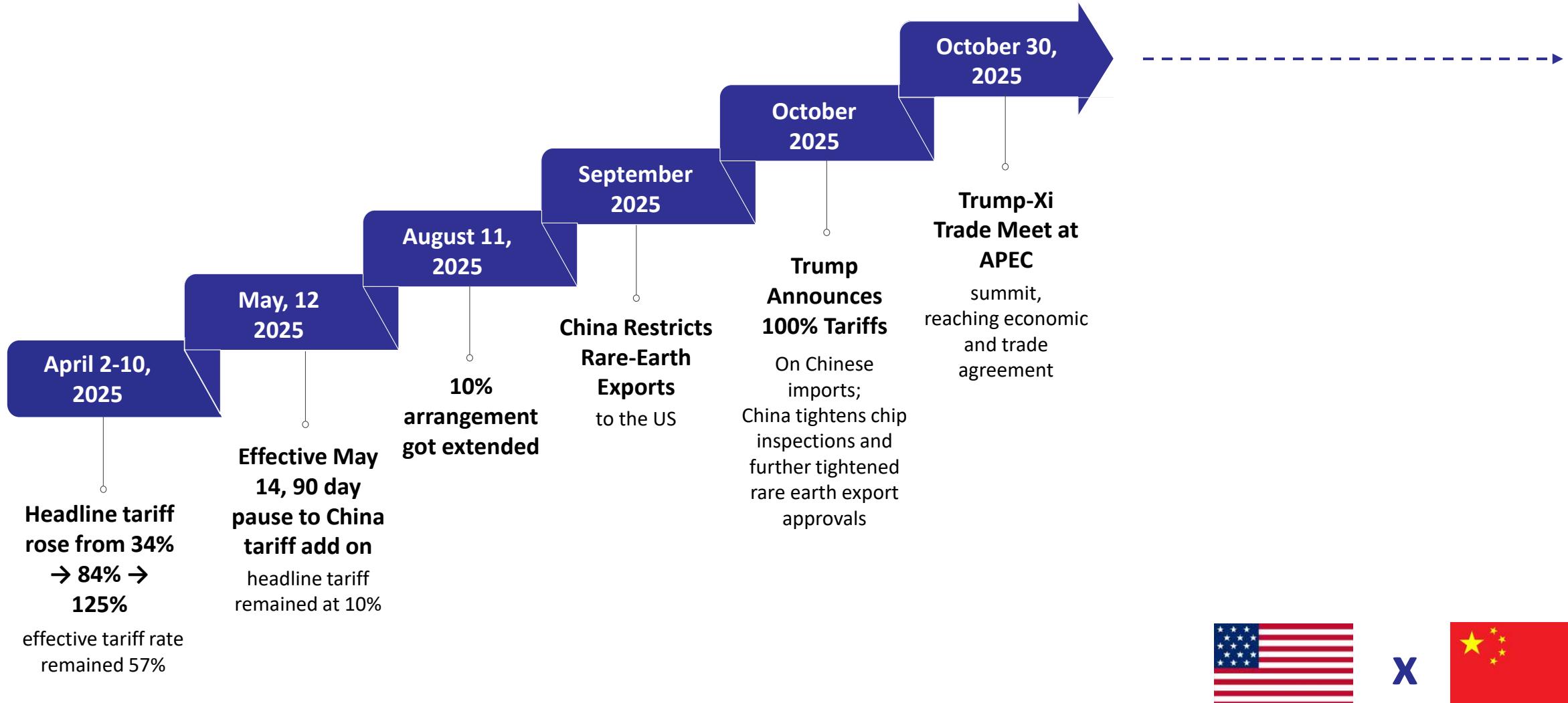
## Number of days of US shutdown since 1976



- The number of days has exceeded 34, making it the longest shutdown in US history.
- Economic impact is limited but important data has not been released because of this. Possible resolution is likely in few days.
- Estimates of the economic impact range from \$7 bn to \$16 bn per week, with a U.S. government agency, forecasting a weekly loss of \$15 bn.



# US–China moving towards Trade Deal after flip-flops





# US China Trade deal actions – US moved to diversify

## Trade Deal Actions

### China Actions

- **Halt the flow of precursors** used to make fentanyl into the US.
- **Eliminate export controls on rare earth elements** and other critical minerals.
- **End Chinese retaliation against U.S. semiconductor manufacturers**
- **Open China's market to U.S. agricultural exports** by suspending tariffs

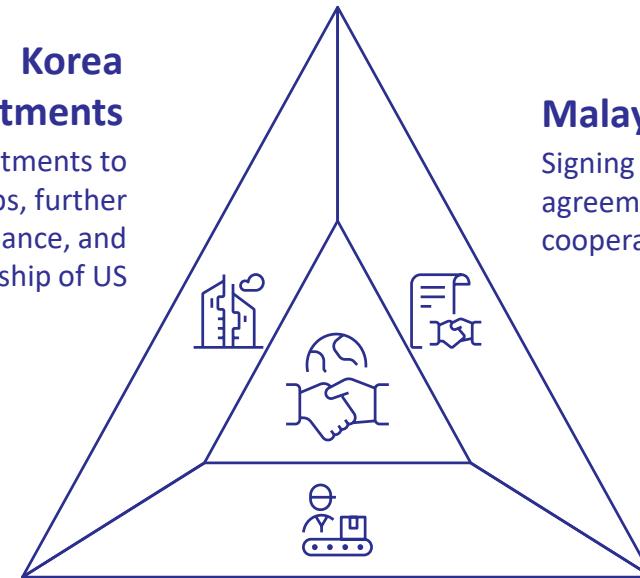
### USA Actions

- **Reduce overall effective tariff rate to 47% from 57% in April**
- Cut a tariff add-on by 10 ppts (20% → 10%) on the fentanyl-related **China line-list**, effective Nov 10, 2025
- Keep the “reciprocal” **China tariff** at 10% and suspend any increase for one year (to Nov 10, 2026).
- **BIS “Affiliates Rule” paused for 1 year** (from Nov 10, 2025).

## Diversification to Reduce Overdependency

### Korea Commitments

Secured investments to support US jobs, further energy dominance, and support tech leadership of US



### Malaysia, Thailand

Signing trade agreements and mineral cooperation frameworks

### Japan Projects

Advancing investments to revitalise US industrial base, critical mineral agreements, energy purchases

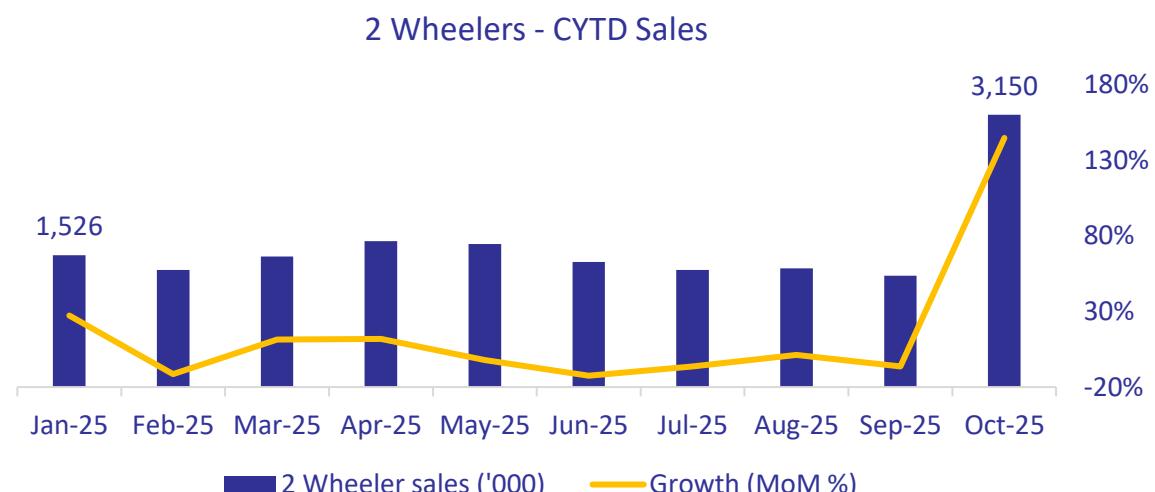
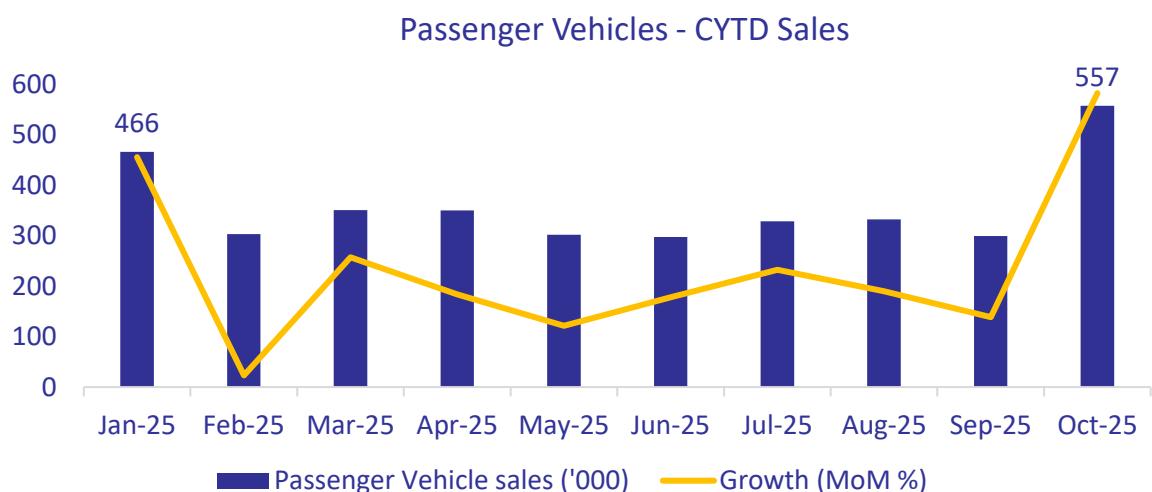
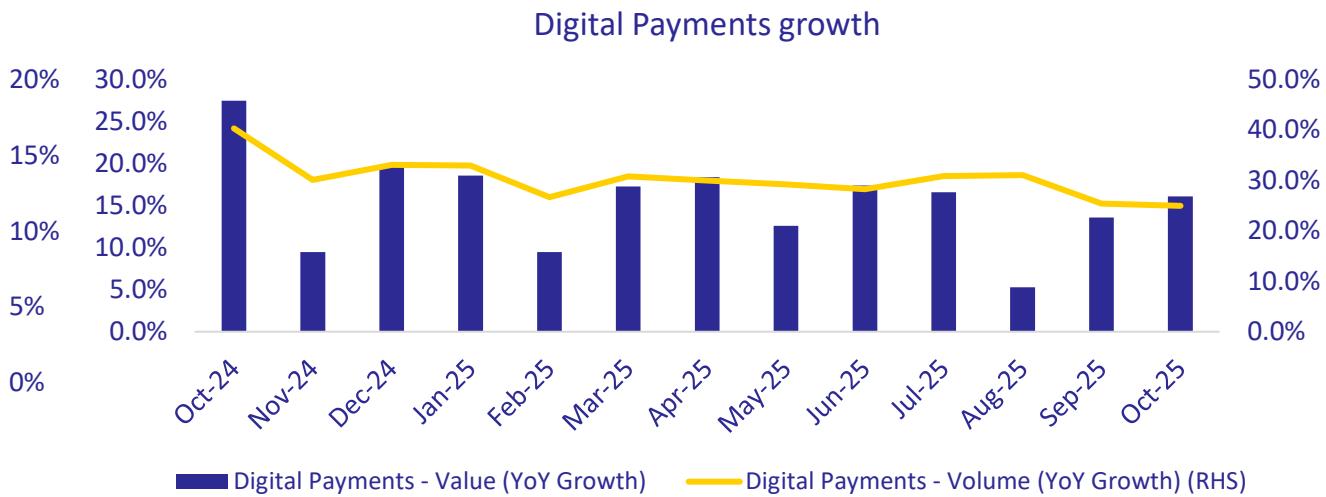
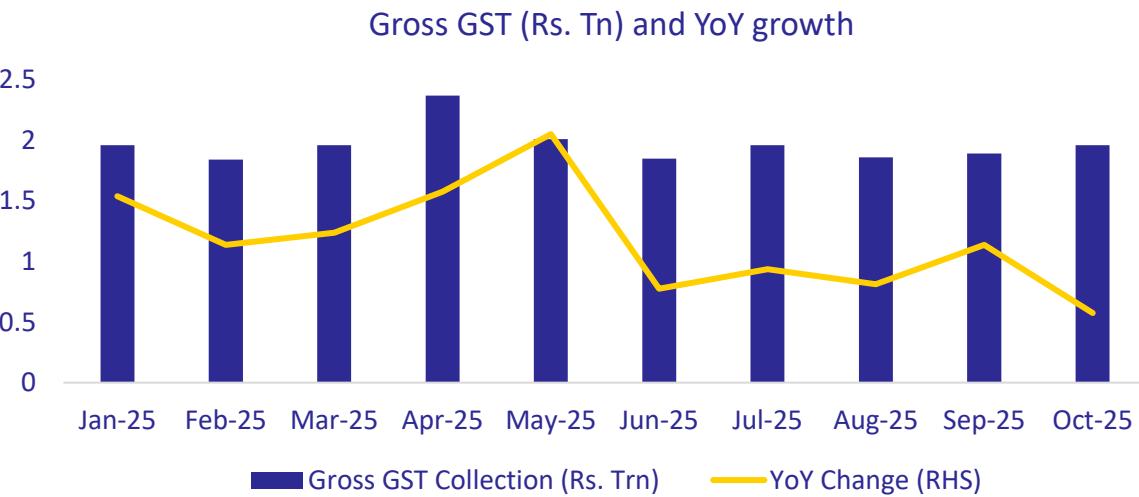


# Possible impact on India

Dimension	Likely Impact on India	Commentary
<b>Market Sentiment</b>	Positive initially	Global optimism could lift Nifty/Sensex in the short term.
<b>Foreign Flows (FII)</b>	Neutral to Slightly Negative	Some funds may rotate back to China after years of underweight exposure.
<b>Economic Growth</b>	Stable	India's domestic demand story continues, but external tailwinds may moderate.
<b>Inflation &amp; Commodities</b>	Slightly Inflationary	Higher global demand likely to push up oil and metal prices.
<b>Currency (INR)</b>	Mild pressure	Stronger dollar and firmer oil may keep INR slightly weaker.



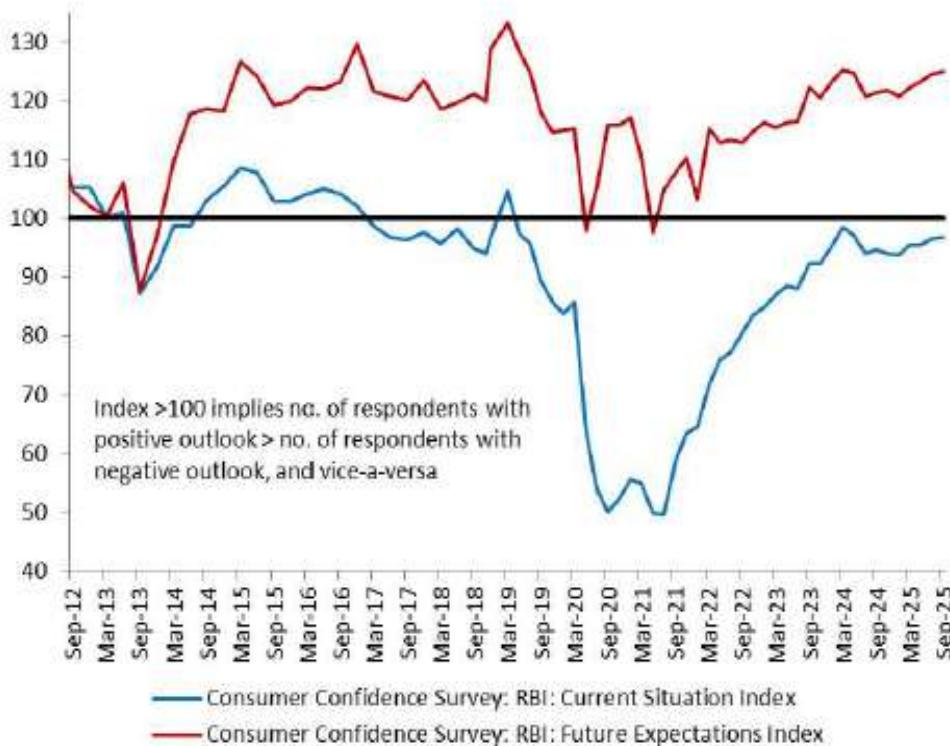
# India's Growth – HFI\* shows pick up in activities





# Consumer Sentiment is improving

## Consumer sentiments improve



## States' welfare measures

Personal Income Tax reduction

GST reduction

Monetary easing

Regulatory relaxation in retail lending

Healthy Agriculture prospects

Reduced inflationary pressures

8<sup>th</sup> Pay commission the next in line

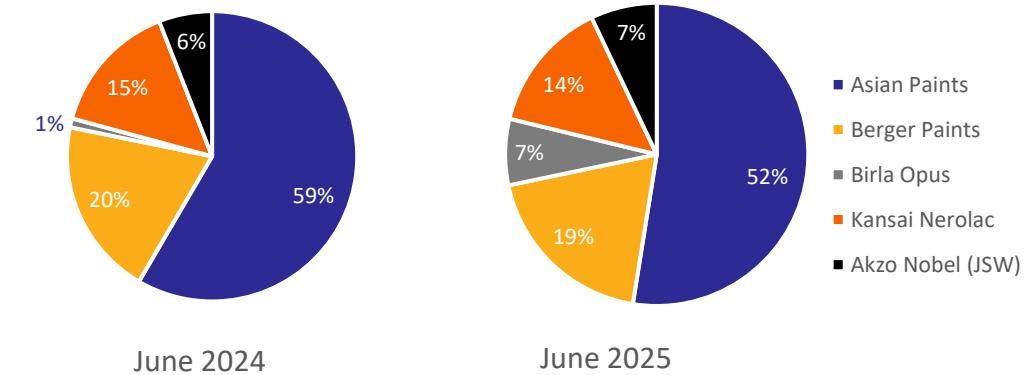


# Demand growth witnessed more in Newer Brands..

Overall Growth v/s Newer Brands' Growth - Comparison  
In multiples (x) last 5 years



Paints – Shift in Market Share



- The insurgent brands have continued to materially outpace incumbent listed players over the last 5 years
- Higher competitive intensity, better marketing and ease of distribution have made newer brands more accessible for consumers
- However, most of these new brands witness eventual periods of slow growth due to strategic pivots and / or market conditions;  
**thereby opening up avenues for incumbent larger players to consider acquisitions and consolidate their market positions**



# Q2FY26 - Earnings So Far (Nifty & MOFSL Universe)

- Overall earnings have grown as per estimates – however, oil & gas has been the outperformer, of which OMCs profit grew 9x YoY – owing to lower crude prices
- Large cap and midcap stocks have delivered better results than estimated, with midcaps delivering highest growth at 26% YOY
- Small caps continue to experience weakness across sectors – with elevated valuations, one may continue to see minimal growth with pockets of opportunity
- The performance so far showcases healthy growth which should accelerate further with favorable government measures, thereby supporting valuation expansion

Exhibit 10: Nifty sales up 9% YoY (vs. est. of +7% YoY)



Nifty 50

Exhibit 11: Nifty PAT up 5% YoY (vs. est. of +6% YoY)



MOFSL Universe

Exhibit 5: Sales grew in line at 8% YoY (vs. est. of +5% YoY)

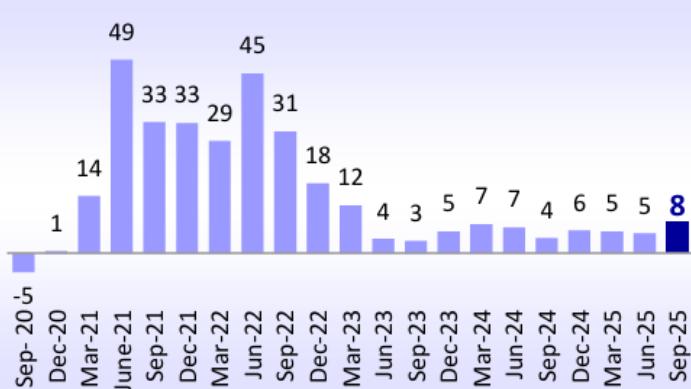
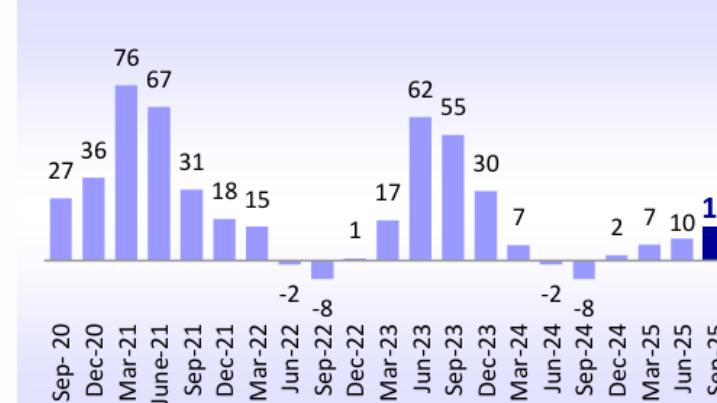


Exhibit 6: PAT rose 14% YoY (vs. est. of +9% YoY)



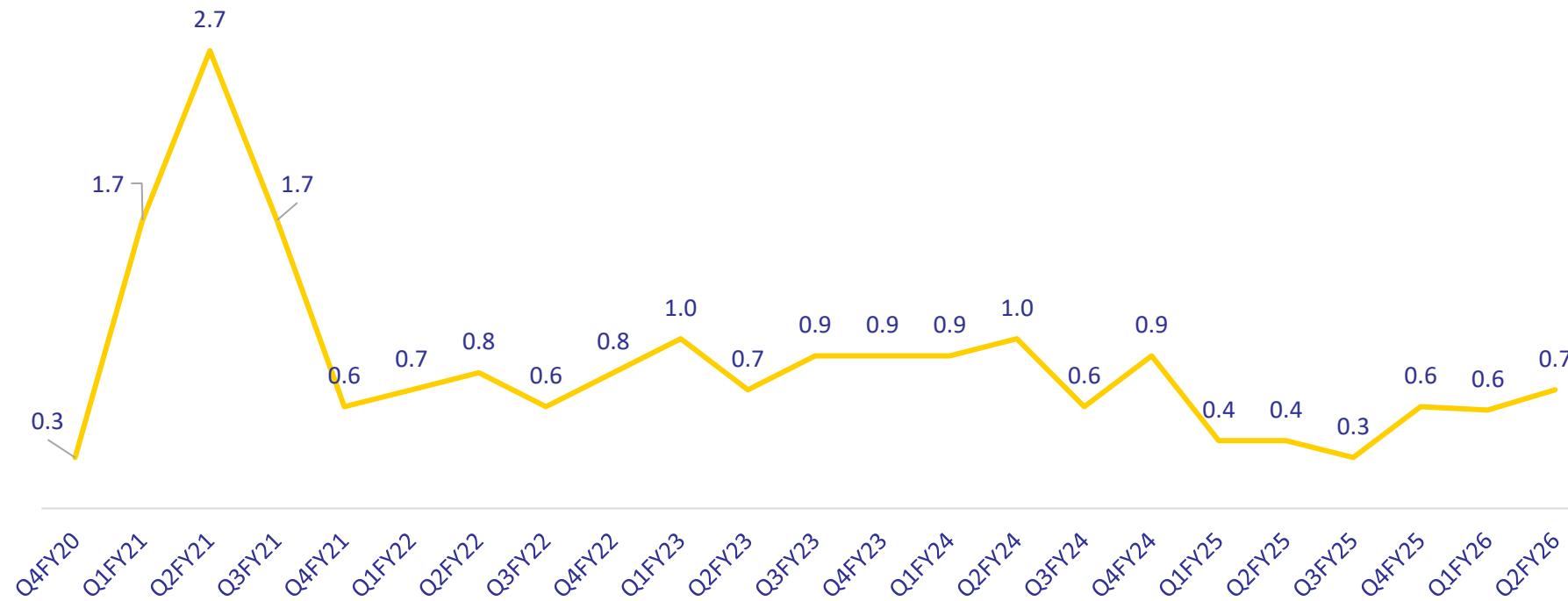
Source: MOFSL; Data as of 31<sup>st</sup> October 2025



# Q2FY26 Earnings review – FY26E Upgrade/Downgrade ratio



Earnings Upgrade / Downgrade Ratio



Based on the results declared by 151 companies, 29 companies saw upgrades in FY26 earnings while, 42 companies saw downgrades.

Upgrade is considered if the revision is  $\geq 3\%$

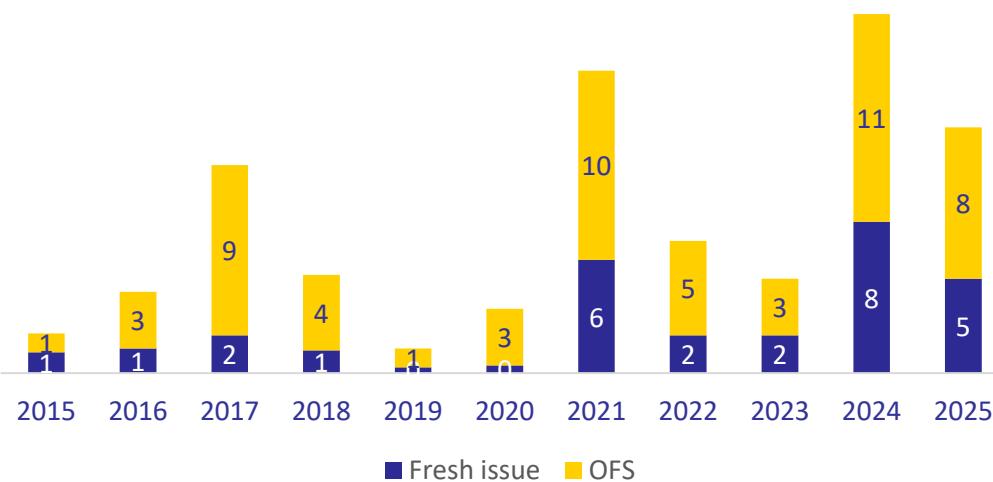
Downgrade is considered if the revision is  $\leq -3\%$

Source: MOFSL; Data as of 31<sup>st</sup> October 2025



# Heat in IPOs, Hints of Strain

CY-wise breakdown of IPOs (USD Bn)



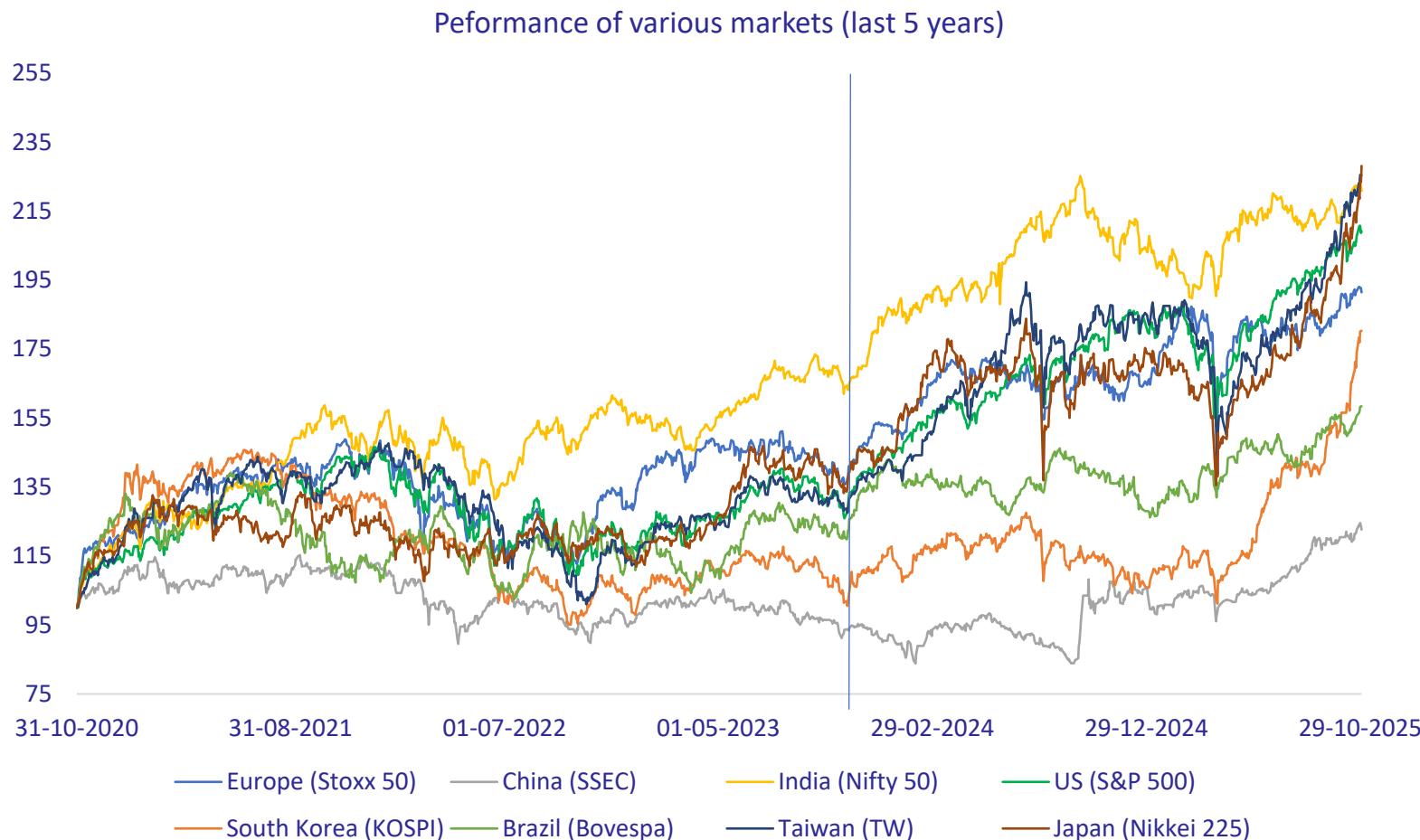
Key Objectives of Fund Raising

Fund requirements	2021	2022	2023	2024	2025
Retirement of debt	17	20	22	18	32
Capital enhancement/Working capital	17	14	34	15	19
Expansion/new project/plant & machinery	25	18	15	8	19
General corporate purpose	16	13	11	14	11
Issue expenses	5	9	9	6	9
Investment in subsidiary/joint venture/associate companies	2	4	6	27	5
R&D	-	2	-	3	2
Acquisition/strategic investment	12	22	2	5	1
Other	7	-	1	5	1

- Of the more than USD 60 bn raised in the past five years, nearly ~USD 40 bn has gone to promoters and private equity investors
- Of every INR100 raised, just about INR19 went to capacity expansion or spent on plant and machinery.
- While DII flows continue to remain strong, continuous flows of supply is keeping the market in a range.



# Performance of major Equity Indices



Market	First 3 years	Last 2 years	Total 5 Years
Europe (Stoxx 50)	11.1%	11.7%	13.9%
China (SSEC)	-2.2%	9.4%	4.2%
India (Nifty 50)	17.9%	10.5%	17.2%
US (S&P 500)	8.6%	17.7%	15.9%
South Korea (KOSPI)	0.2%	33.9%	12.5%
Brazil (Bovespa)	6.4%	14.7%	9.6%
Taiwan (TW)	8.4%	33.0%	17.7%
Japan (Nikkei 225)	10.3%	30.3%	17.9%

Above returns are CAGR  
 First 3 years – 31<sup>st</sup> Oct 2020 to 31<sup>st</sup> Oct 2023  
 Last 2 years – 31<sup>st</sup> Oct 2023 to 31<sup>st</sup> Oct 2025  
 Total 5 years – 31<sup>st</sup> Oct 2020 to 31<sup>st</sup> Oct 2025



# ...size of the economies and market Cap

Country	Market Cap (\$ Trn)	GDP (\$ Trn) (2024)	% of World GDP	Weights in MSCI ACWI
United States	68.7	29.2	26.2%	64.45%
China	11.0	18.7	16.8%	3.20%
Germany	2.9	4.7	4.2%	2.05%
India	4.6	3.9	3.5%	1.68%
Japan	6.2	4.0	3.6%	4.92%
United Kingdom	4.2	3.6	3.3%	3.22%
France	3.3	3.2	2.8%	2.32%
Italy	1.1	2.4	2.1%	NA
Canada	3.6	2.2	2.0%	2.87%
Brazil	0.9	2.2	2.0%	NA

iShares MSCI ACWI ETF is used as the proxy to arrive at the weights for various geographies. Weights are as on 7<sup>th</sup> Nov 2025. GDP data is as on 2024



# India trades at premium valuation

Country	P/E Ratio			Earnings Growth %		
	2024	2025 E	2026 E	2024	2025 E	2026 E
Japan	25.3	24.9	24.3	28	1.6	2.4
USA	31.6	27.8	24.1	6.6	13.6	15.5
India	23.4	22.9	20.6	18.2	2.2	11.1
Germany	19.2	18.8	15.8	-5.4	2	19
France	17.1	17.2	15.7	-12.6	-0.2	9.4
Malaysia	13.9	14.8	14	14.1	-6.1	5.9
UK	17	16.1	13.9	-21.1	6.1	15.8
China	15.2	14.7	13.7	-0.7	3.1	7.1
Singapore	14.4	14.2	13.6	-2.3	1.5	3.8
Thailand	11.5	11.4	13.4	-1.5	1.4	-15
Indonesia	14.5	15.2	12.7	-1.6	-4.6	19.6
Mexico	15.8	13.4	12.3	-6.9	18.6	8.8
Hong Kong	12.7	13	11.7	5.5	-2.5	11.7
Korea	17	14.3	11.2	7.4	18.6	28.2
Brazil	9.4	9.2	8.6	4.9	2.5	6.2
Philippines	8.6	9.1	8.3	9.4	-4.9	10.3

- Based on P/E ratio for 2026, India is amongst the expensive markets, just below Japan and USA
- Earnings for India are expected to recover in 2026 after a soft growth in 2025. However, this growth does not stand out compared to other markets
- The earnings growth for US is expected to be 15.5% for 2026 which could provide support to the valuation
- Even on market cap to GDP basis, many countries are lower than India – China 100%, Germany – 60%, S. Korea – 115%.



# Top Tech Companies – Earnings Growth and Valuations



Company Name	Market Cap 1 Year ago (Bn)	Current Market Cap (Bn)	Growth (%)	TTM PAT as on June'25 (Bn)	TTM Earnings Growth (%) as on June'25	TTM PE
Nvidia	3132.9	4496.5	43.5%	86.6	59.2%	53.6
Microsoft	3044.1	3894.8	27.9%	101.8	23.6%	38.5
Apple	3370.6	3806.3	12.9%	99.3	9.3%	39.0
Alphabet	2006.3	2972.2	48.1%	115.6	19.4%	26.3
Amazon	1897.6	2365.3	24.6%	70.6	34.7%	33.7
Meta Platforms	1479.4	1797.8	21.5%	71.5	36.2%	25.9
Broadcom	817.7	1584.3	93.7%	18.9	172.7%	85.8
Tesla	769.4	1396.9	81.6%	5.9	-16.3%	267.9
Taiwan Semiconductor	809.7	1218.6	50.5%	49.4	60.7%	31.5
Oracle	471.0	807.7	71.5%	12.4	-0.1%	67.0
Palantir	87.1	432.2	396.2%	0.8	143.6%	623.5
ASML	321.3	409.3	27.4%	11.0	45.1%	36.5
AMD	276.7	343.3	24.0%	2.8	229.1%	128.1
SAP SE	254.3	319.3	25.5%	7.7	91.1%	41.7
IBM	209.2	269.6	28.9%	5.8	19.6%	46.3



# FII Flows across key emerging Markets and Japan

FII net equity flows (USD Bn.)

Annual	India	Japan	China	Indonesia	Philippines	S.Korea	Taiwan	Thailand	Vietnam	Malaysia	Brazil	S.Africa
2011	-0.5	-0.3		3.0	1.3	-8.5	-9.4	-0.2	0.1	0.7	-0.5	-2.6
2012	24.5	27.7		1.7	2.6	15.1	4.9	2.5	0.2	4.4	1.2	-0.4
2013	19.8	154.5		-1.8	0.7	4.9	9.2	-6.2	0.3	1.1	5.5	0.1
2014	16.2	22.5	33.0	3.8	1.3	5.7	13.2	-1.1	0.1	-2.0	9.1	1.5
2015	3.3	3.5	3.1	-1.6	-1.2	-3.6	3.3	-4.4	0.1	-5.1	5.8	0.7
2016	2.9	-39.8	1.0	1.3	0.1	10.5	11.0	2.2	-0.4	-0.6	3.9	-8.6
2017	8.0	3.7	84.6	-3.0	1.1	8.3	6.7	-0.8	1.1	2.5	4.5	-2.6
2018	-4.6	-50.3	-11.2	-3.7	-1.1	-5.7	-12.2	-8.9	1.8	-2.9	-3.1	-4.0
2019	14.2	-0.0	132.5	3.5	-0.2	0.9	9.4	-1.5	0.2	-2.7	-11.0	-8.7
2020	23.4	-65.7	221.1	-3.2	-2.5	-20.1	-15.3	-8.3	-0.9	-5.8	-9.7	-7.4
2021	3.8	29.7	98.0	2.7	-0.0	-23.0	-15.3	-1.6	-2.7	-0.8	-1.2	-10.3
2022	-17.0	2.4	-160.7	4.3	-1.2	-9.7	-44.0	6.0	1.0	1.1	19.4	-5.3
2023	21.4	29.1	-67.5	-0.4	-0.9	10.7	6.9	-5.5	-0.8	-0.5	9.2	-8.3
2024	-0.8	1.6	9.6	1.2	-0.4	2.4	-18.2	-4.1	-3.2	-0.9	-6.6	-7.9
2025	-15.3	38.7	96.2	-2.5	-0.8	-3.1	4.6	-3.0	-4.6	-4.4	4.5	-11.3

Last 6M	India	Japan *	China #	Indonesia	Philippines	S.Korea	Taiwan	Thailand	Vietnam	Malaysia	Brazil	S.Africa
May	-3.0	9.9	-5.9	-0.9	-0.2	-0.7	2.7	-0.5	-0.6	0.3	-0.3	-1.8
Jun	3.1	-1.1	-26.0	-0.1	-0.1	3.8	1.8	-1.0	-0.6	-0.0	-0.8	-0.2
Jul	-2.9	16.1	-2.7	-0.5	-0.0	4.5	8.3	0.5	0.3	-0.2	-1.1	-0.1
Aug	-4.3	3.8	51.1	0.7	-0.1	-1.1	-2.2	-0.7	-1.5	-0.8	0.2	-1.6
Sep	-2.1	-31.3	20.4	-0.2	0.0	5.1	7.3	-0.4	-0.9	0.0	1.0	-2.6
Oct	2.1	43.1		0.8	-0.1	4.2	-2.6	-0.1	-0.8	-0.6	-0.3	0.1

^ 2025 CYTD

\* Japan data comes with a 1W lag

# China data last available till end-Sep'25



# Time To Look Beyond Borders for diversification

Economy	P/E (x)		Prem / Disc to India PE (%)		Real GDP Growth (Annual % Change)		Inflation Rate (Annual % change)	
	CY24 / FY25	CY25E / FY26E	CY24 / FY25	CY25E / FY26E	2026	2027	2026	2027
US	28.7	25.3	13.0	0.0	2.1	2.1	2.4	2.2
MSCI EM	17.6	15.8	-31.0	-32.0	4.0	4.2	4.7	4.2
China	18.8	15.5	-26.0	-34.0	4.2	4.2	0.7	1.4
Japan	26.6	25.6	5.0	10.0	0.6	0.6	2.1	2.0
India	25.4	23.4	NA	NA	6.2	6.4	4.0	4.0
UK	14.4	14.3	-43.0	-39.0	1.3	1.5	2.5	2.0
Taiwan	26.0	21.0	3.0	-10.0	2.1	2.5	1.6	1.5
Germany	18.0	17.5	-29.0	-25.0	0.9	1.5	1.8	2.0
Korea	19.7	14.6	-22.0	-38.0	1.8	2.2	1.8	2.0
Indonesia	19.0	14.9	-25.0	-36.0	4.9	5.0	2.9	2.5
Brazil	10.0	9.3	-60.0	-60.0	1.9	2.2	4.0	3.3

- The Indian Equities continue to trade at premium compared to other key markets
- However in terms of GDP growth, India continues to remain the fastest growing market in the world**



# Correlation between India Equities and other Markets



Correlation	US	China	Europe	MSCI EM
India	0.26	0.21	0.41	0.60

## Uncorrelated Returns (Part 1)

## Uncorrelated Returns (Part 2)

Sr. No.	Period	Nifty 500 Returns	MSCI World IMI* Returns	Outperformance of MSCI World IMI over Nifty 500
1	Nov 5, 2010 to Dec 20, 2011	-32%	14%	46%
2	Feb 22, 2000 to Sep 21, 2001	-67%	-30%	37%
3	Jan 07, 2008 to Mar 9, 2009	-64%	-39%	25%
4	Jan 9, 2004 to May 17, 2004	-29%	-5%	25%
5	May 11, 2006 to Jun 14, 2006	-32%	-8%	24%
6	Jun 3, 2019 to Sep 19, 2019	-12%	12%	23%
7	Sep 26, 2024 to Mar 4, 2025	-19%	4%	23%
8	Mar 3, 2015 to Feb 25, 2016	-21%	0%	21%

Index / Country	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
NSE 500 (India)	-12%	16%	31%	-7%	10%	15%	32%	0%	33%	9%
S&P 500 (US)	-3%	18%	24%	-4%	19%	15%	22%	-4%	16%	21%
DAX (Germany)	-8%	18%	14%	-15%	16%	3%	15%	-2%	12%	29%
FTSE 100 (UK)	-10%	17%	6%	-7%	5%	-12%	16%	4%	-2%	14%
Bovespa (Brazil)	-14%	60%	31%	15%	17%	1%	-3%	1%	13%	-1%
Hang Seng (HK)	-20%	19%	41%	-15%	-6%	8%	-16%	-8%	-29%	31%
Nikkei 225 (Japan)	-1%	9%	21%	-10%	12%	19%	-2%	1%	33%	9%
MSCI IMI	0%	9%	23%	-9%	28%	16%	22%	-18%	23%	18%
MSCI EM	-22%	22%	37%	-16%	-2%	27%	-8%	-15%	-7%	11%

\*The MSCI World IMI is a global stock market index from MSCI that tracks the performance of large, mid, and small-cap stocks across 23 developed countries.

Correlation Data is as on 31<sup>st</sup> October 2025. Correlation is based on daily returns over the last 15 years. The underlying for India is Nifty 50, US is S&P 500, Europe is Euro Stoxx 50, China is SSEC

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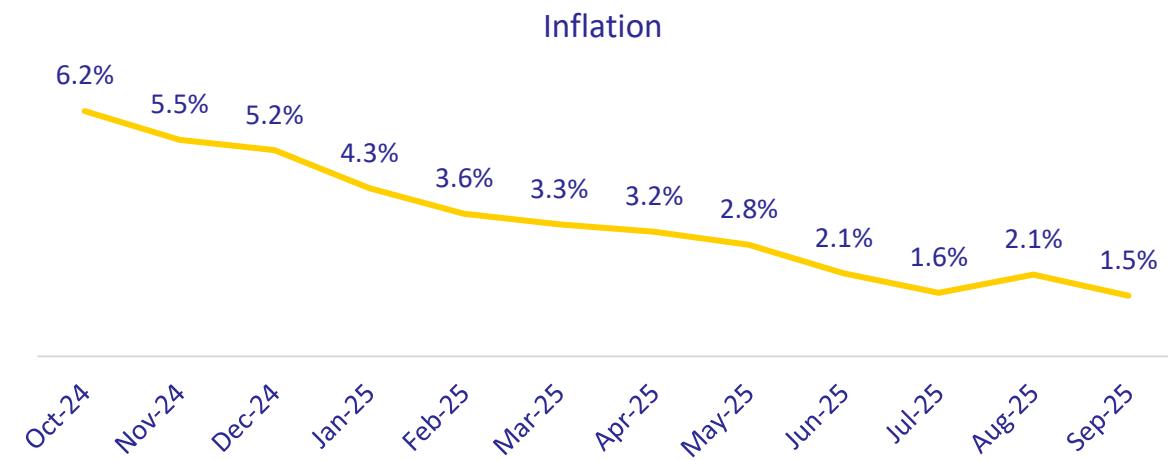
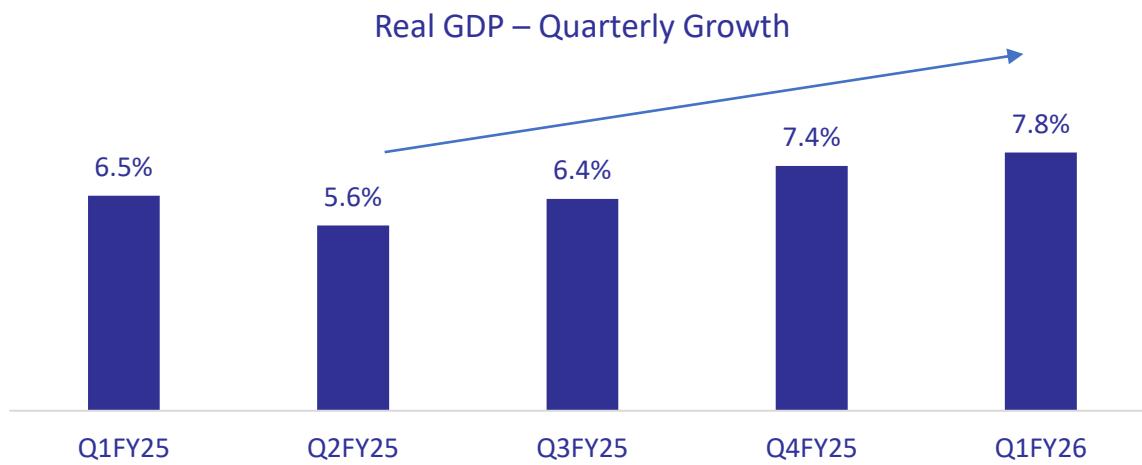
Source: Investing.com, PPFAS Research

Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future

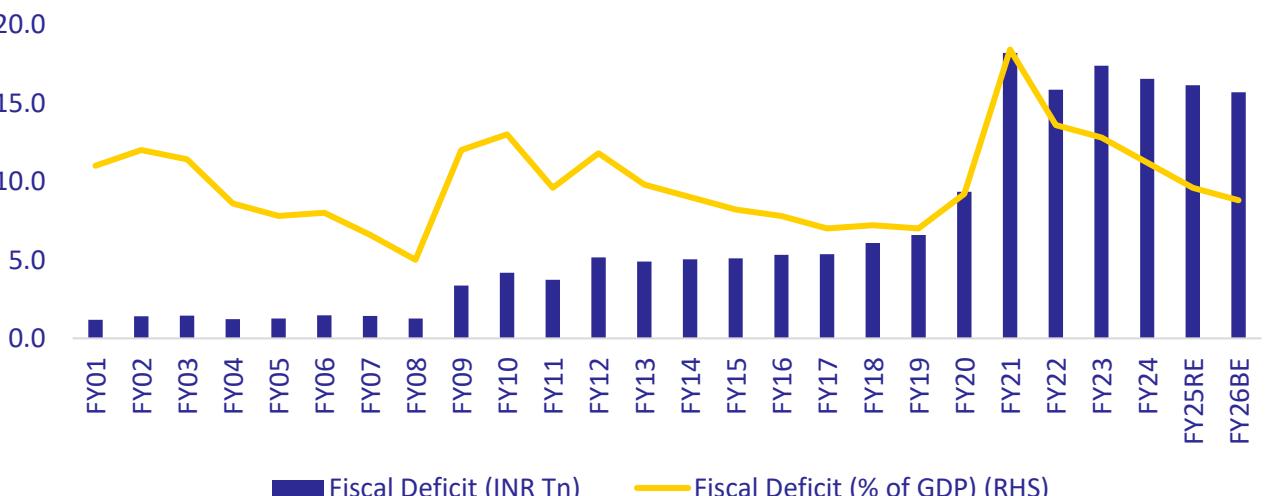
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# India's Growth – Long Term Story Remains Intact



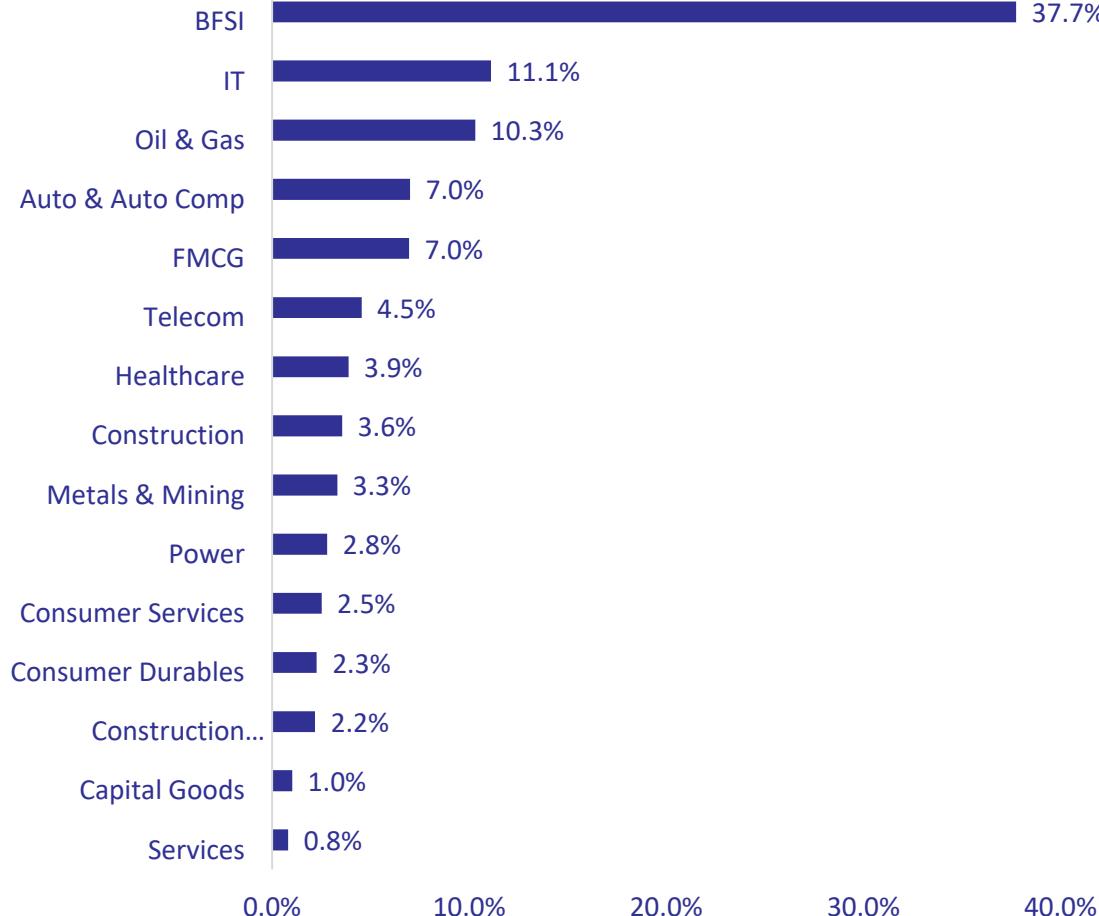
Fiscal deficit on declining trend



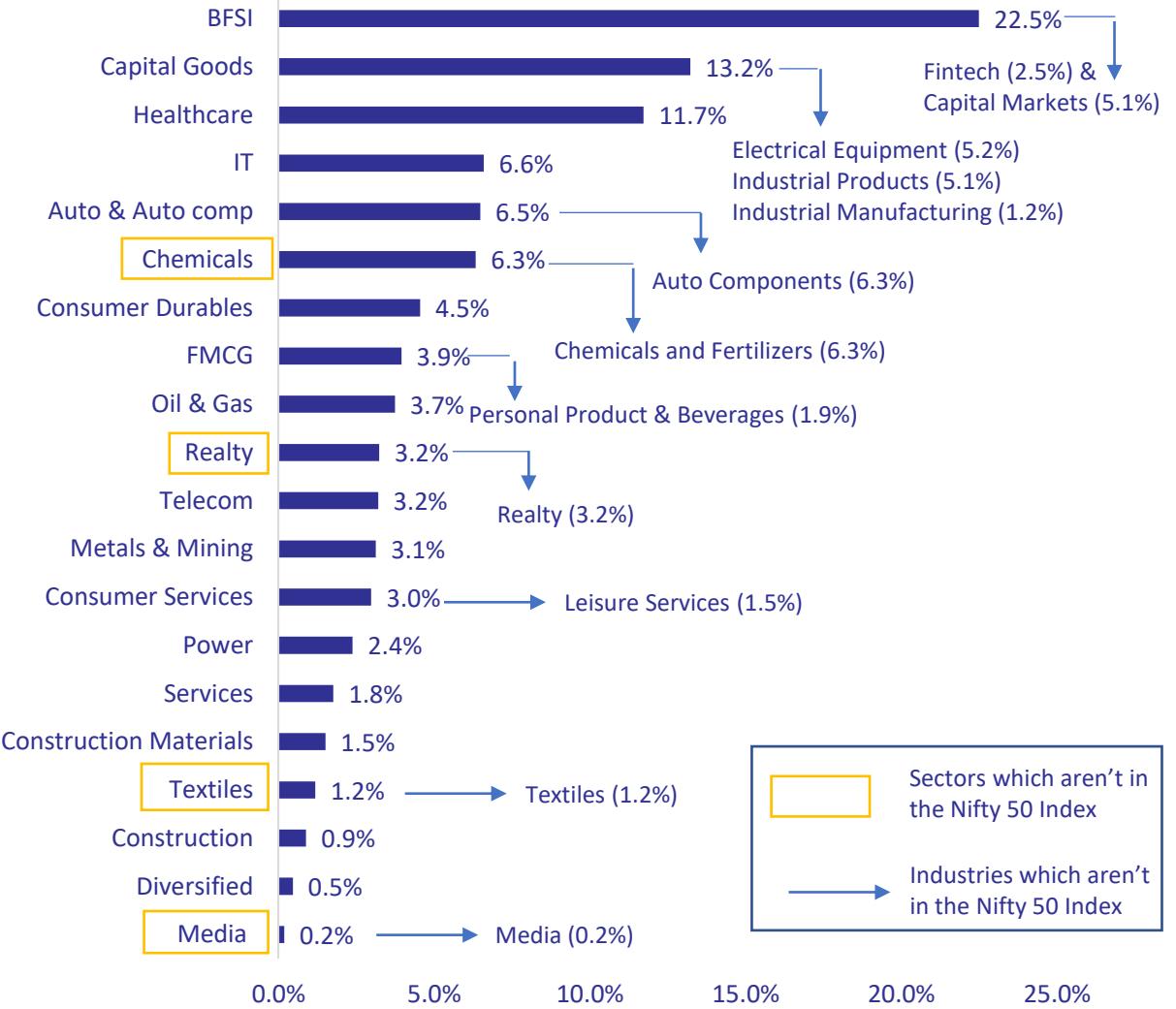


# Many Opportunities lie beyond the Nifty 50 Index

Nifty 50 industry breakup



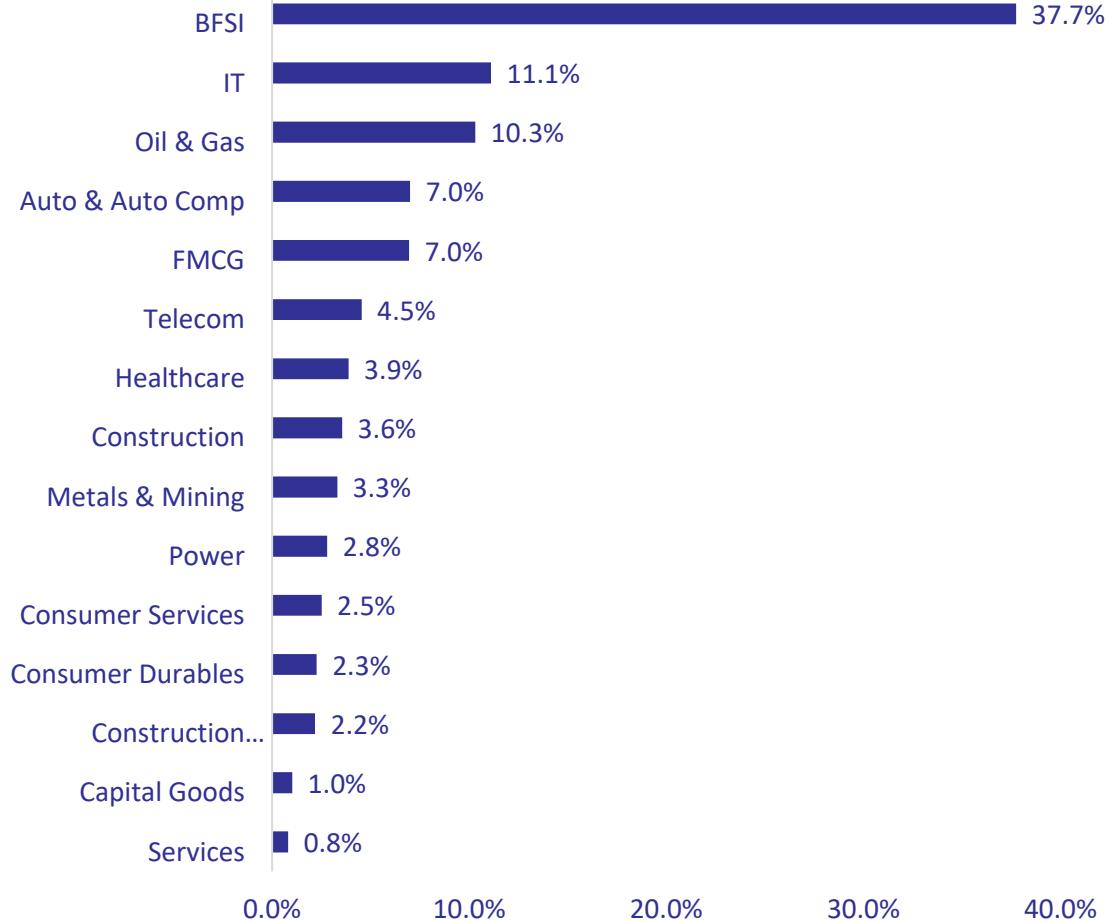
Nifty Midcap 150 Industry Breakup



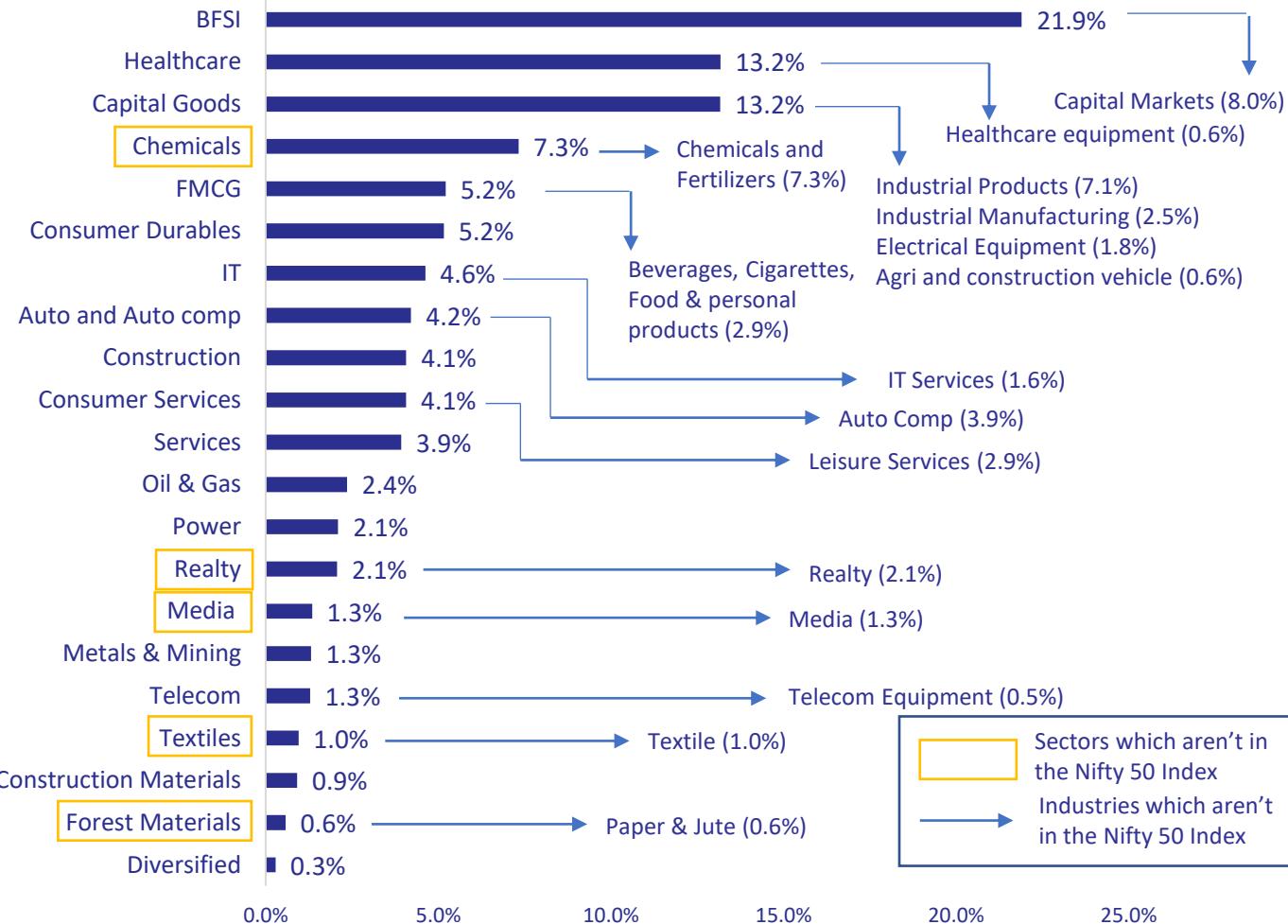


# Many Opportunities lie beyond the Nifty 50 Index

Nifty 50 industry breakup



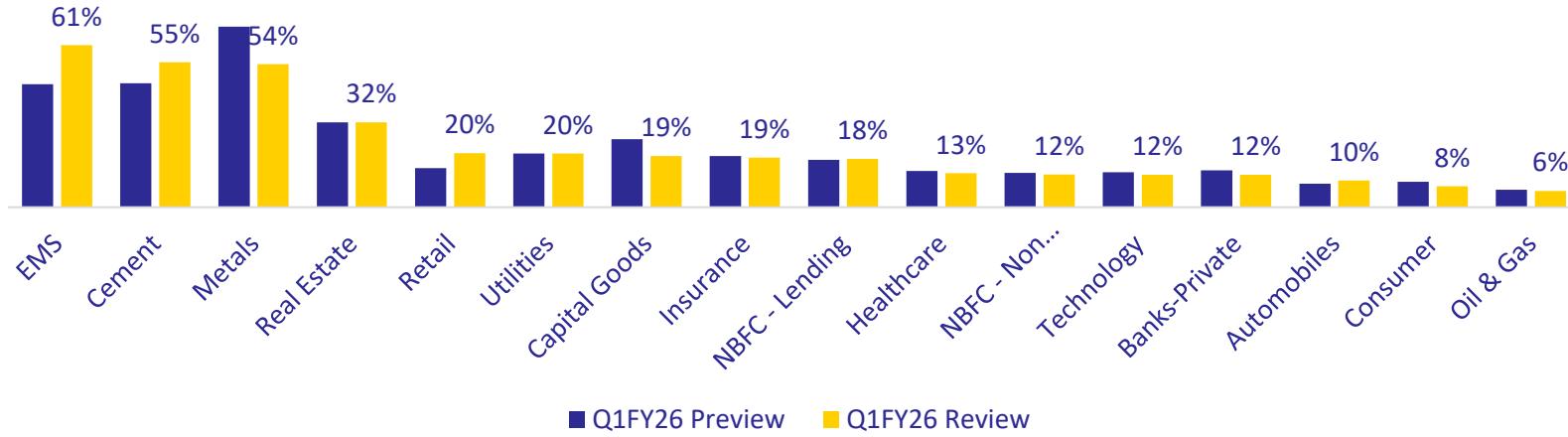
Nifty Smallcap 250 Industry Breakup



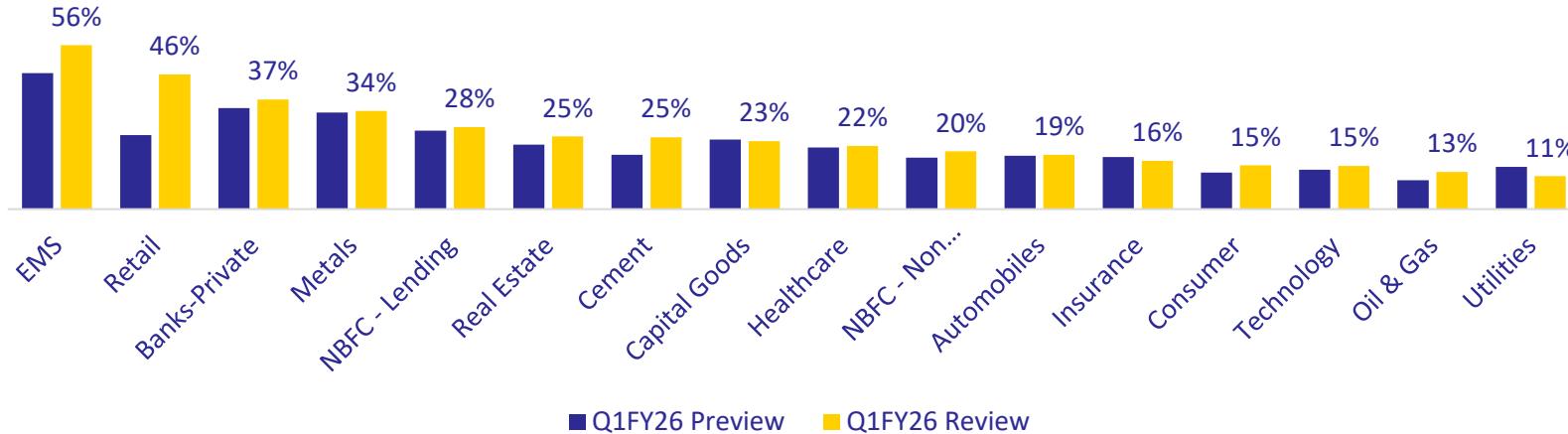


# Especially the expected High earning growth Sector

FY26E Median Earnings Growth



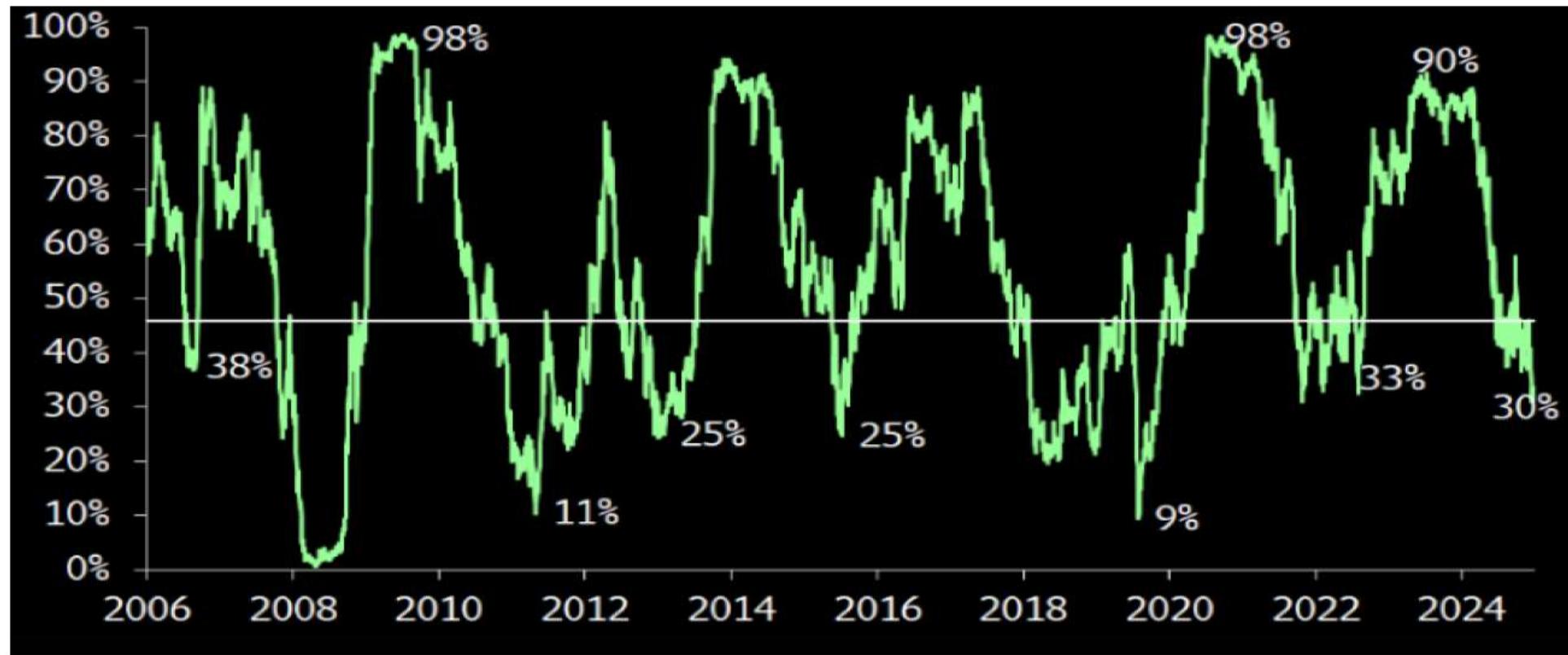
FY27E Median Earnings Growth





# Concentrated Rally favours bottom up stock selection

% of BSE 500 Index Members delivering > 0% Returns (Rolling 1-year basis)

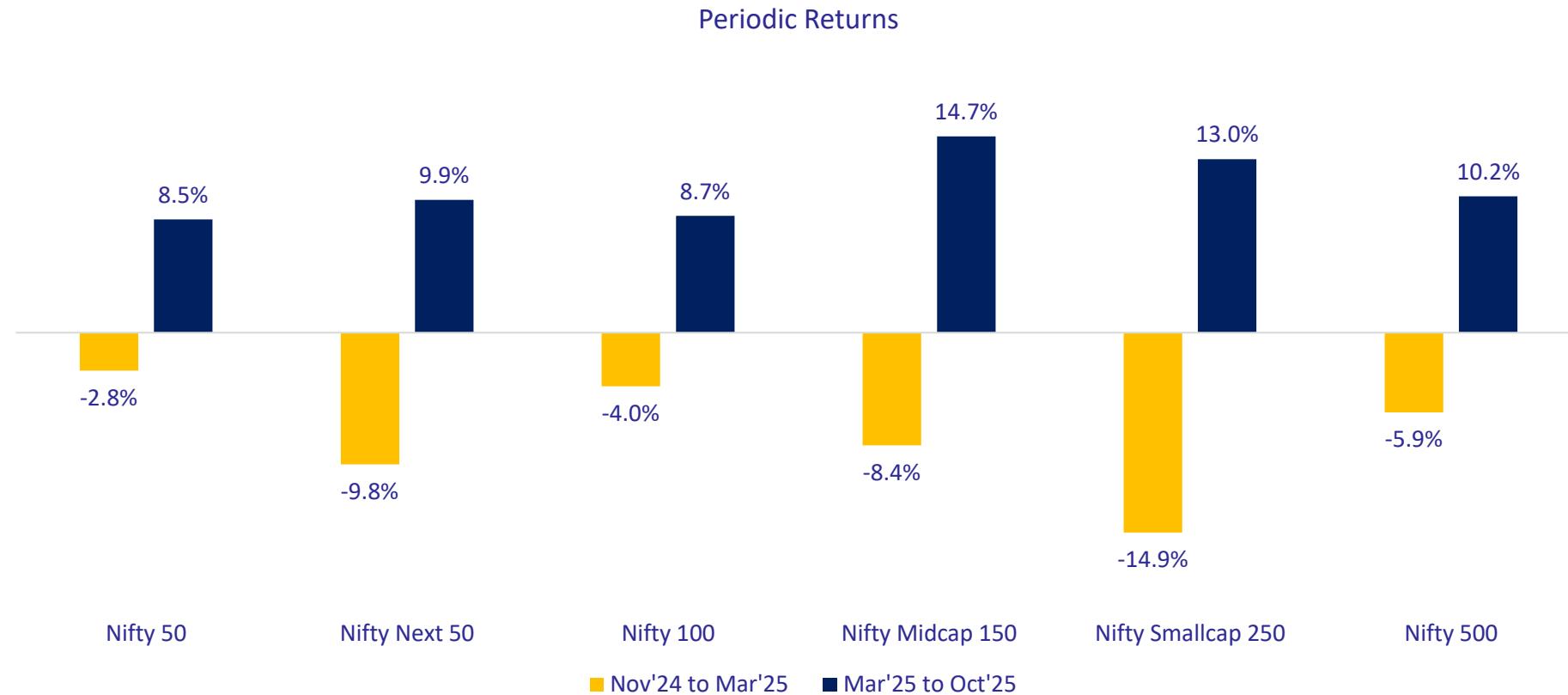




# Equity



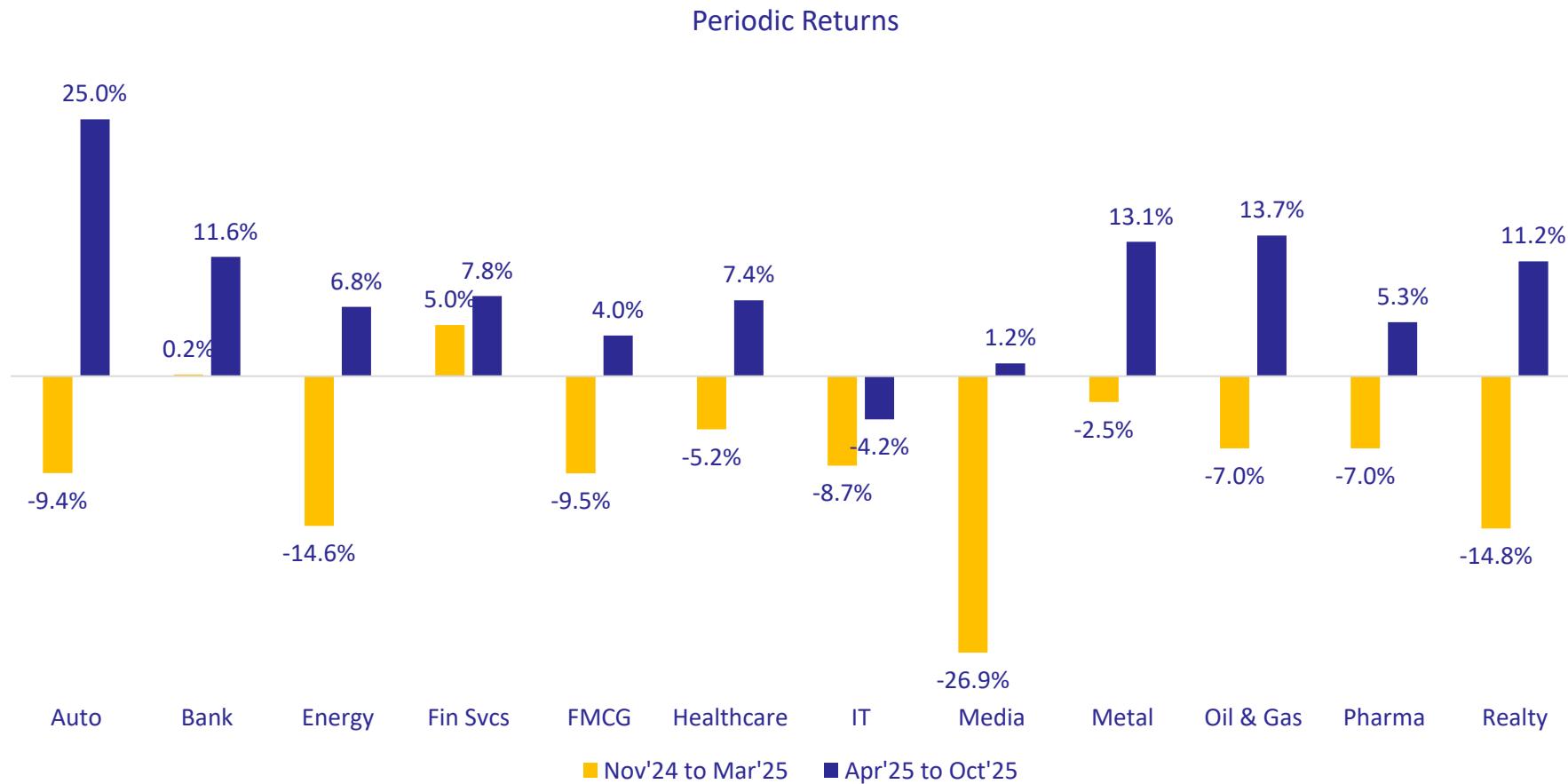
# Nifty Market Cap Returns



- Broad correction in Nov'24–Mar'25 across all caps, followed by a sharp rebound in Mar'25–Oct'25.
- Nifty 500 (+10.2%) outperformed Nifty 50, signaling a broad-based rally rather than narrow mega-cap strength.
- Smallcaps had the steepest fall (–14.9%) in the first phase, bounce was selective during recovery phase.



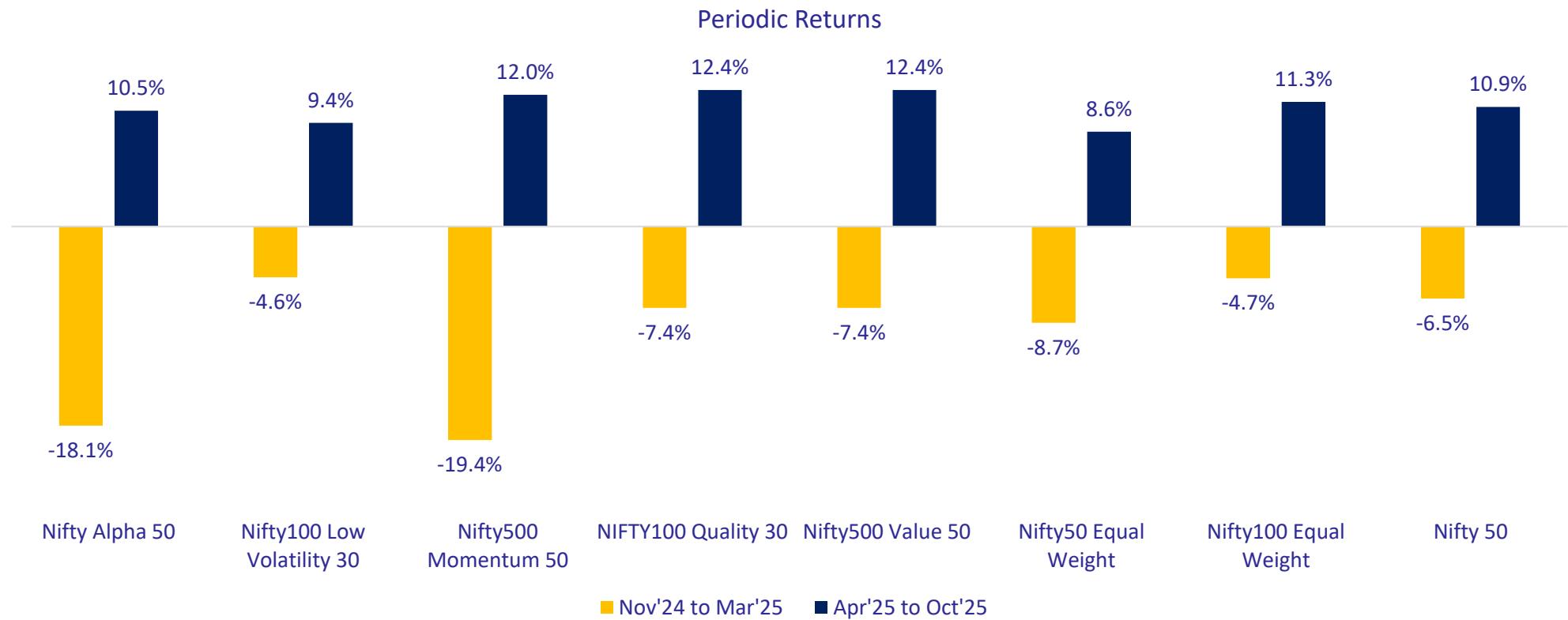
# Nifty Sectoral Returns



- The rebound (Apr–Oct '25) was led by Auto (~+25%), Metals (~+13%) and Oil & Gas (~+14%), signaling a shift toward beta/commodities as growth and liquidity improved.
- Banks (~+12%) and Financial Services rose but lagged the high-beta cohorts (Auto, Metals and Oil & Gas).

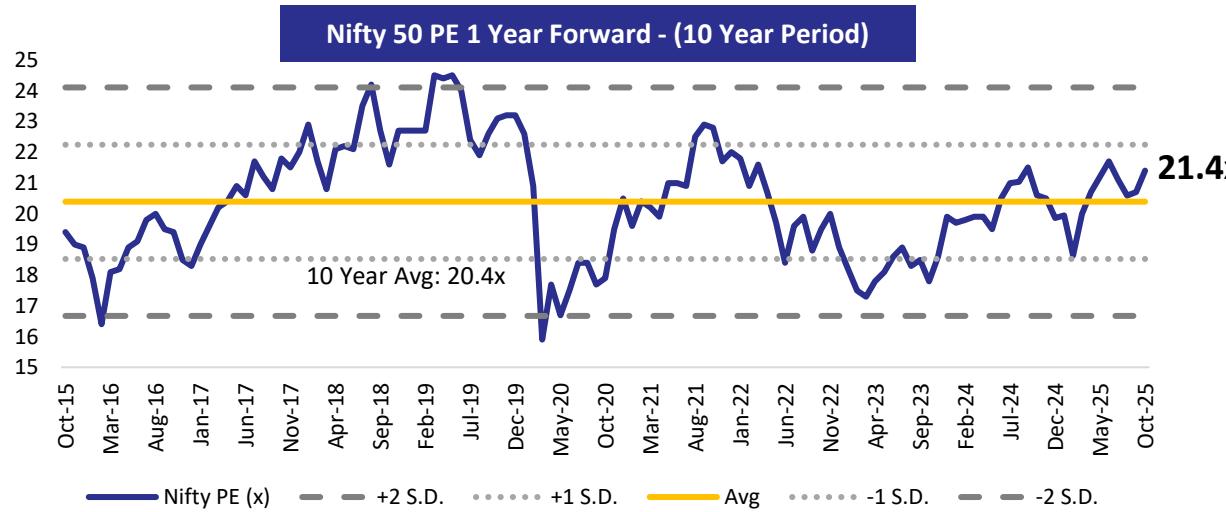


# Nifty Factor Returns



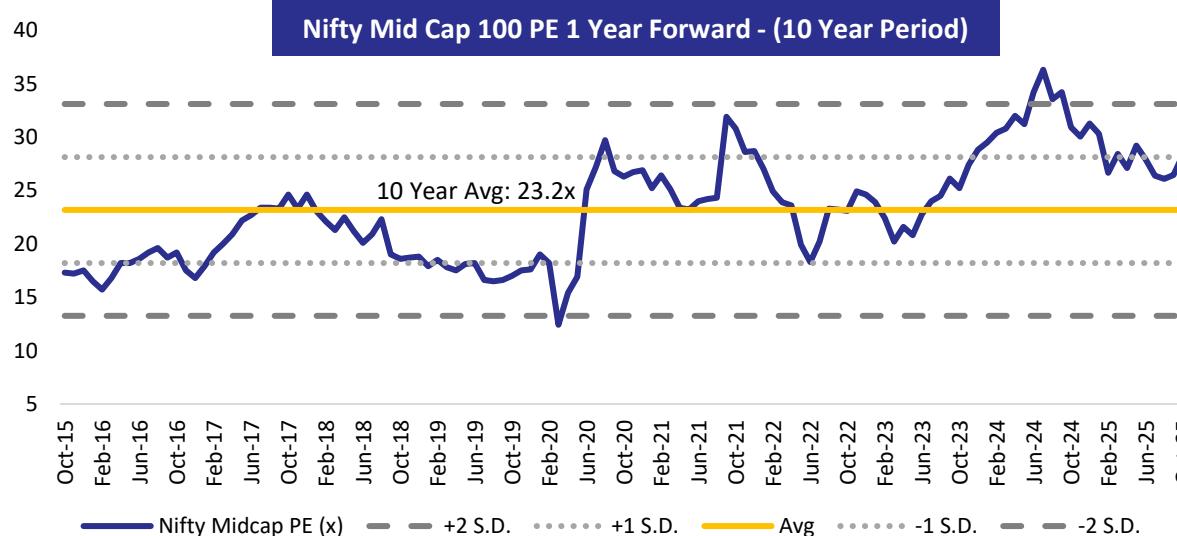
- Quality (+12.4%) and Value (+12.4%) topped the recovery; Momentum (+12.0%) participated but hasn't fully erased its earlier drawdown
- Low Volatility fell the least in phase-1 (-4.6%) and rose modestly later (+9.4%)—consistent with its downside-protection role.

# Market Indices Valuations – Based on Forward Earnings



Source: Internal Research, MOFSL

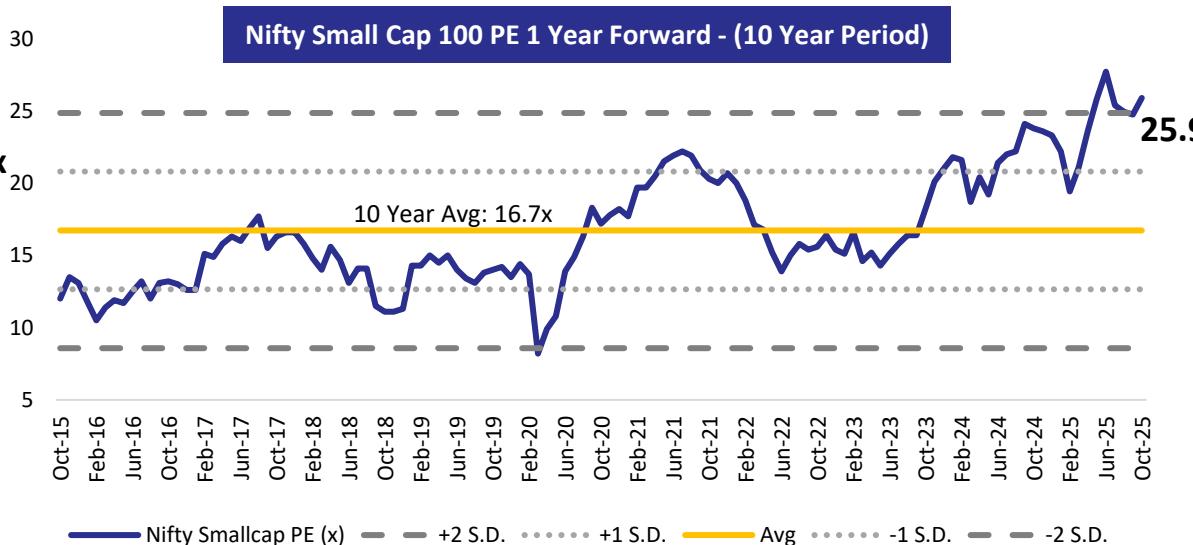
Nifty 50 Forward PE is almost at its long-term average while that of Mid Cap and Small Cap 100 continues to be above its long-term averages, indicating a continued sense of expensive valuations in the market.



Source: Internal Research, MOFSL, Bloomberg

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Source: Internal Research, MOFSL, Bloomberg

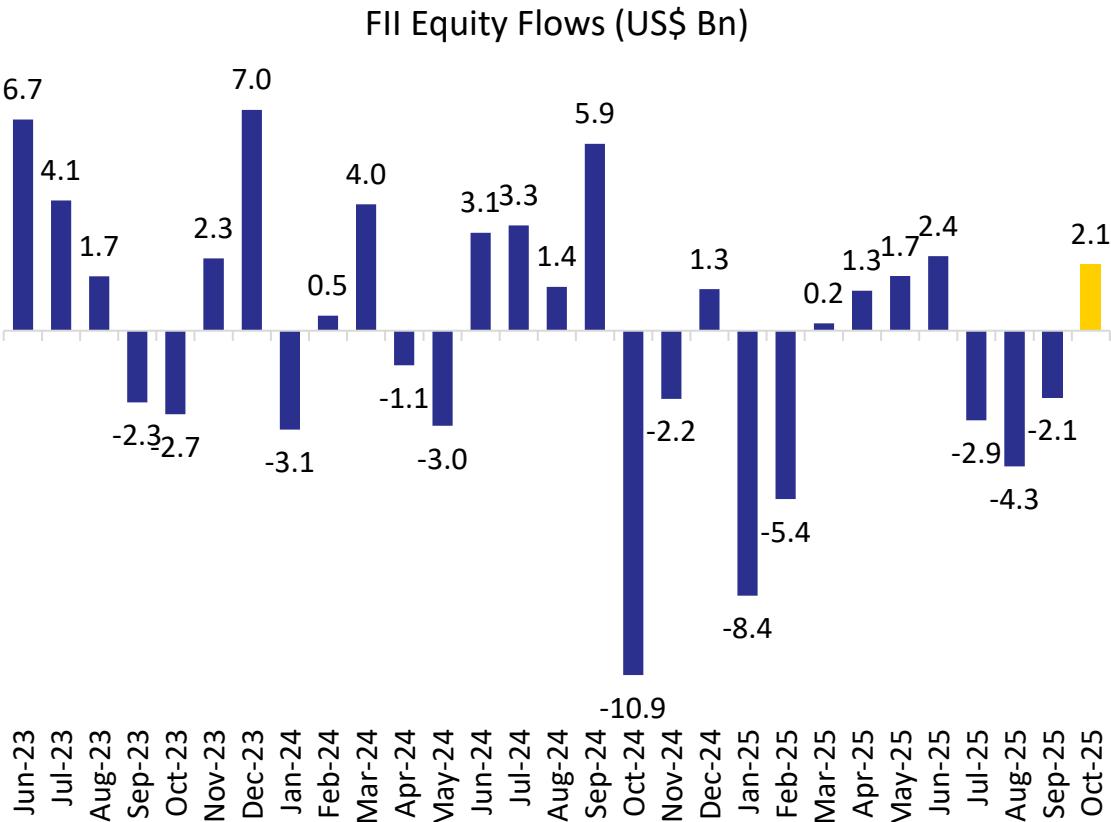
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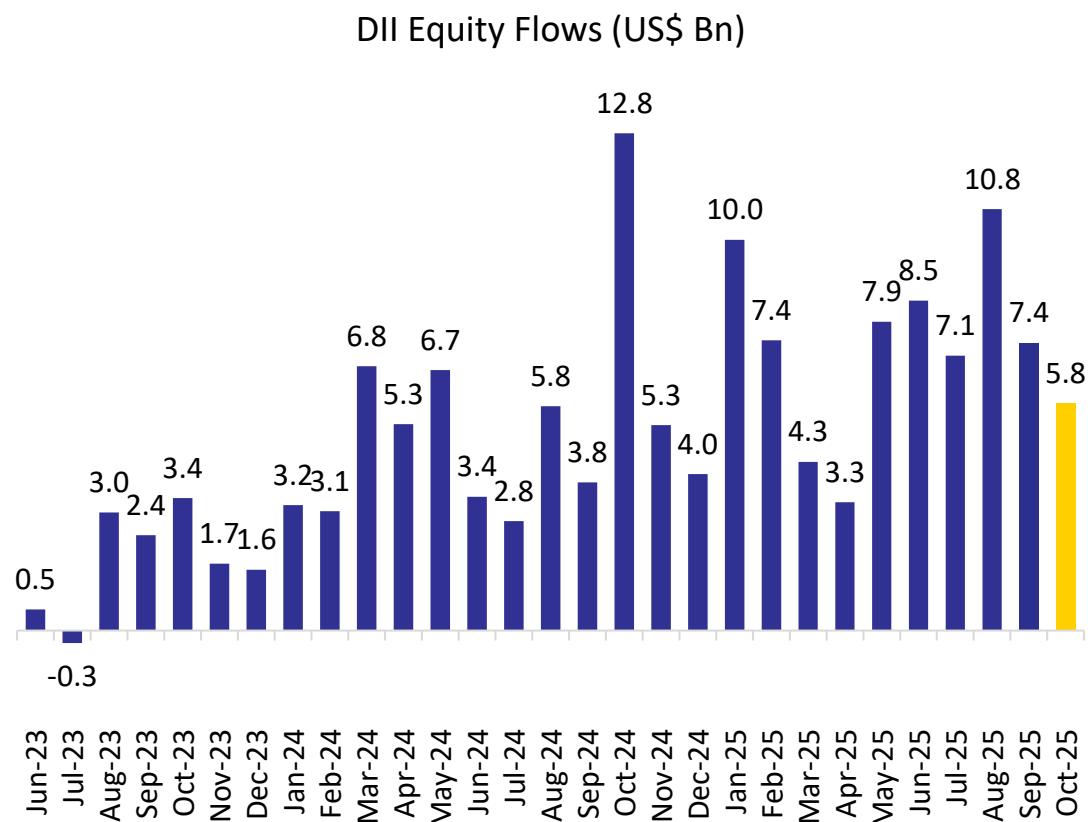
# FII vs DII Flows



FII's record equity inflows after three straight months of outflows in Oct'25

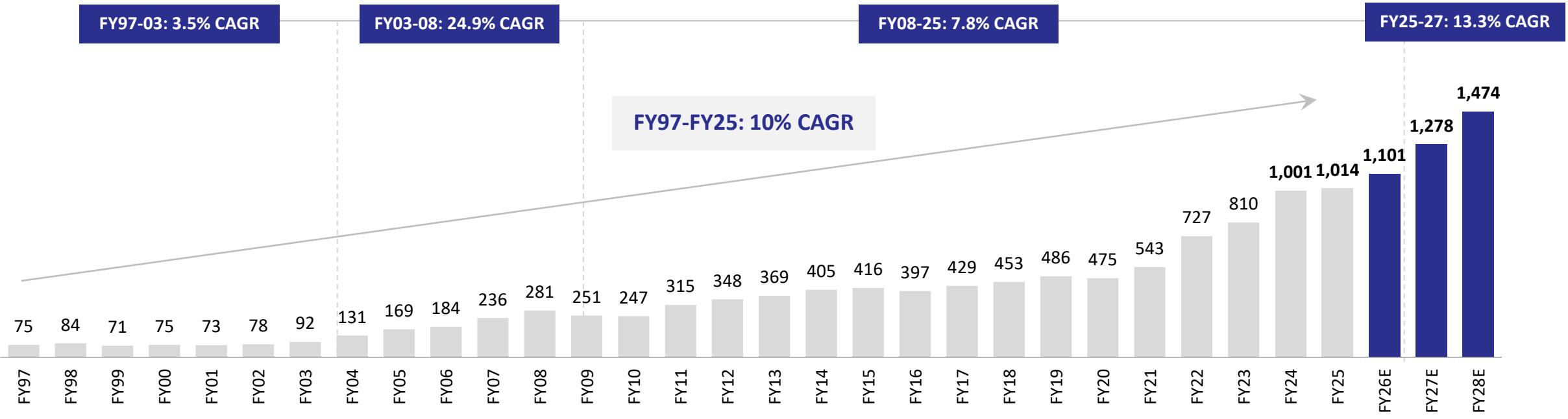


DII's monthly equity inflows moderate





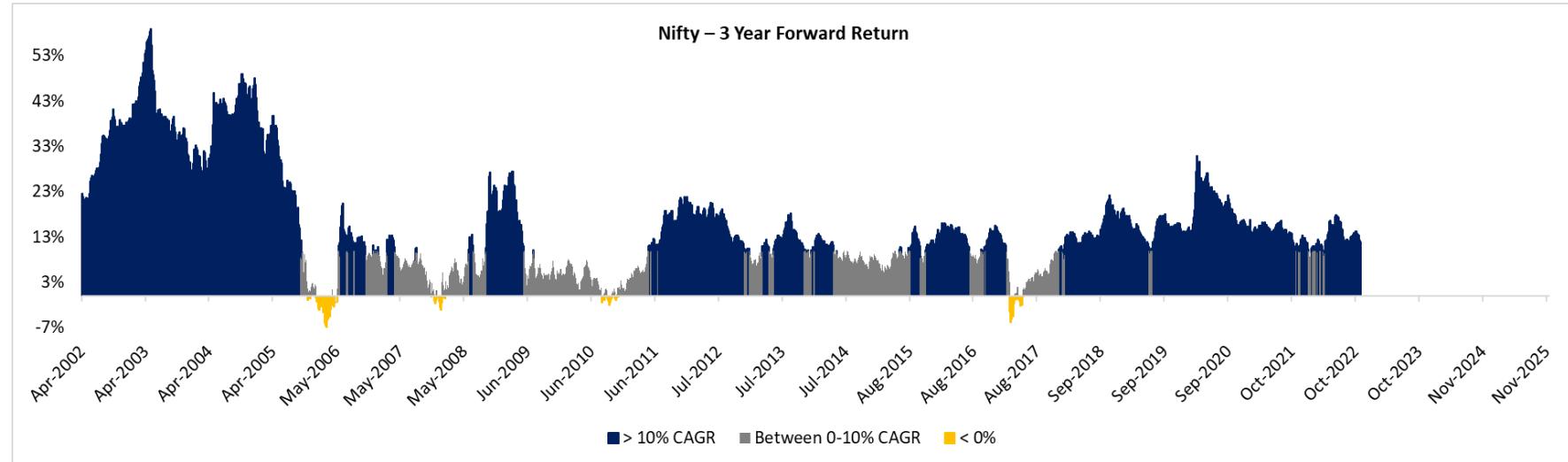
# Nifty 50 – Earnings Growth Outlook



Nifty EPS expectations: FY26 - to grow by 8.6% to 1101 and FY27 – to grow by 16.1% to 1278.



# Temperature Gauge Index



Data as on 9<sup>th</sup> November'25

Source: Capital Line, Bloomberg Internal Research

Disclaimer: The above graph is for informational purpose. Past performance is not an indication of future performance.

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Temperature Gauge Index is an equally weighted index of EY-BY and MOVI Index

It incorporates PE Ratio, PB Ratio, Div. Yield and G-sec Yield, and hence is a useful valuation metric.



# Temperature Gauge Index – Sensitivity Analysis



Temperature Gauge Index - Sensitivity Analysis					
Nifty50/10 Yr Gsec	6.12%	6.32%	6.52%	6.72%	6.92%
24250	106	107	108	109	110
24500	106	107	108	109	110
24750	107	108	109	110	111
25000	107	108	109	110	111
25250	107	108	109	110	111
25500	108	109	110	111	112
25750	108	109	110	111	112
26000	108	109	110	111	112
26250	109	110	111	112	113
26500	109	110	111	112	113
26750	109	110	111	112	113
27000	109	111	112	113	114
27250	110	111	112	113	114

Pink cell Indicates Current Level of Nifty 50 and 10 yr G-sec levels. Data as on 9<sup>th</sup> November'25

Source: Capital Line, Bloomberg Internal Research

Disclaimer: The above data is for informational purpose. The analysis may or may not be sustained in future.



# 3 Yr Forward Returns Of Nifty At Different Levels Of Temperature Gauge Index



Nifty 50				36M Return CAGR			Time Positive	% Times	
Index in Range		Count in Range	% of count	Min	Max	Average	% Times Positive	6% to 10%	>10%
65	70	60	1%	24%	57%	43%	100.0%	0%	100%
70	75	202	2%	15%	51%	32%	100.0%	0%	100%
75	80	285	3%	14%	45%	37%	100.0%	0%	100%
80	85	168	2%	15%	43%	34%	100.0%	0%	100%
85	90	207	2%	12%	49%	33%	100.0%	0%	100%
90	95	539	6%	2%	47%	27%	100.0%	2%	97%
95	100	832	10%	1%	44%	18%	100.0%	8%	91%
100	105	761	9%	-2%	30%	13%	92.6%	19%	66%
105	110	1020	12%	-4%	22%	10%	68.2%	12%	46%
110	115	1934	22%	-7%	22%	9%	68.4%	27%	29%
115	120	1617	19%	-4%	21%	9%	81.5%	23%	29%
120	125	804	9%	-2%	18%	10%	93.5%	10%	61%
125	130	135	2%	0%	16%	12%	99.3%	4%	80%
130	135	84	1%	-2%	15%	6%	91.7%	0%	36%
135	140	28	0%	-3%	0%	-1%	10.7%	0%	0%

Data as on 9<sup>th</sup> November'25

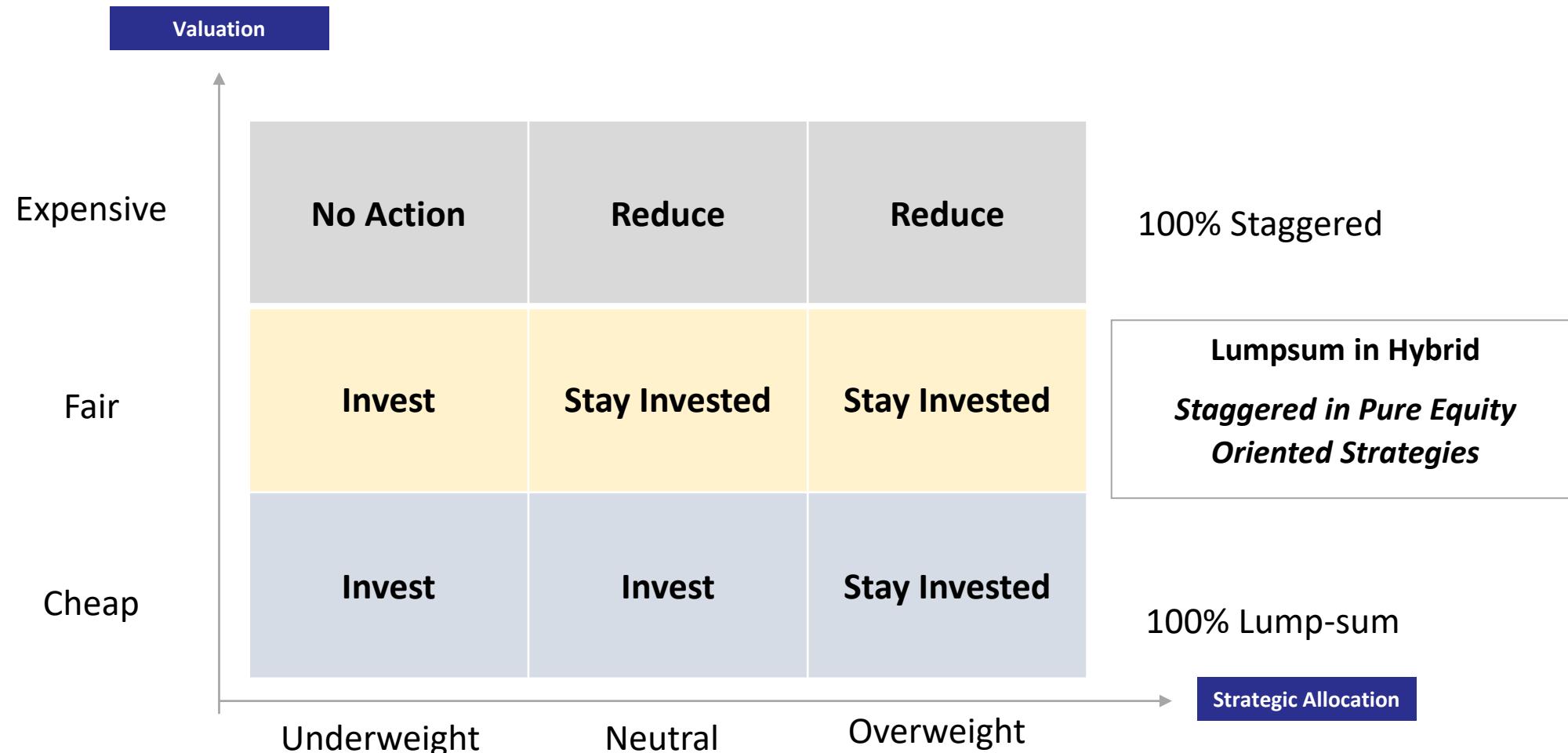
Source: Capital Line, Bloomberg Internal Research

Disclaimer: The above graph is for informational purpose. Past performance may or may not be sustained in future.



# Equity Allocation & Deployment Grid

Below grid is based on Temperature Gauge Index



Data as on 9<sup>th</sup> November'25

Source: Capital Line, Bloomberg Internal Research

Disclaimer: The above graph is for informational purpose. Past performance may or may not be sustained in future.



# Equity Portfolio Strategy



- Global: US market climbed, sixth straight monthly gain, on strong big-tech results and a second Fed rate cut with tough stance on path ahead. However, The 10-yr still around ~4.1%, still a headwind to flows to India.
- Last month Manufacturing momentum stayed strong, GST collections were healthy despite rate reduction indicating strong economic activity. It was risk on for India with Equities rallied approximately 4-5%, with FPIs becoming net buyers after 3 months.
- Domestic demand and capex looks on track for ~6.5% growth. As stated earlier consumption wave looks good in India due to GST reform, rate cut, above average rainfall, rate easing, income Tax rationalization, 8<sup>th</sup> pay commission.
- The first month of the quarterly result is inline with expectations so far, leading to improvement in upgrade to downgrade ratio.
- While long term structural growth story of India remains intact, one should add exposure to other major economies as well to participate in global growth led by emerging trends and to diversify.
- Index is expected to deliver in line with India's nominal GDP growth but faster compounding is sitting outside the benchmark selectively. Moreover, given the concentrated rally in the market, one should look for active managed bottom up strategies.
- **Equity view – Neutral**  
**Portfolio Allocation: 50% allocation to Large Caps, 10% to Global and 40% (5% overweight) allocation to Mid and Small Caps**
- Investment Strategy:
  - Lump-sum investments in Hybrid funds at current levels.
  - For Pure equity-oriented strategies, a staggered SIP/STP approach over the next 3 months is prudent given elevated valuations and higher volatility. Any sharp correction should be used for aggressive deployment.

Disclaimer: The Equity Portfolio Strategy is based on our views and the above information is for reference purposes only and should not be construed to be investment advice under SEBI (Investment Advisory) Regulations. This document is not a research report as per the SEBI (Research Analyst) Regulations, 2014..

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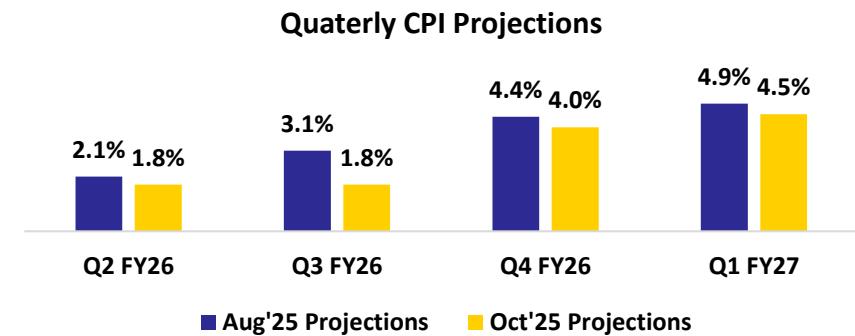
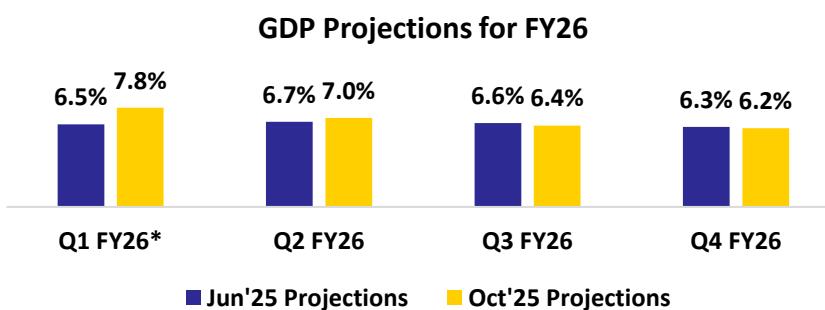
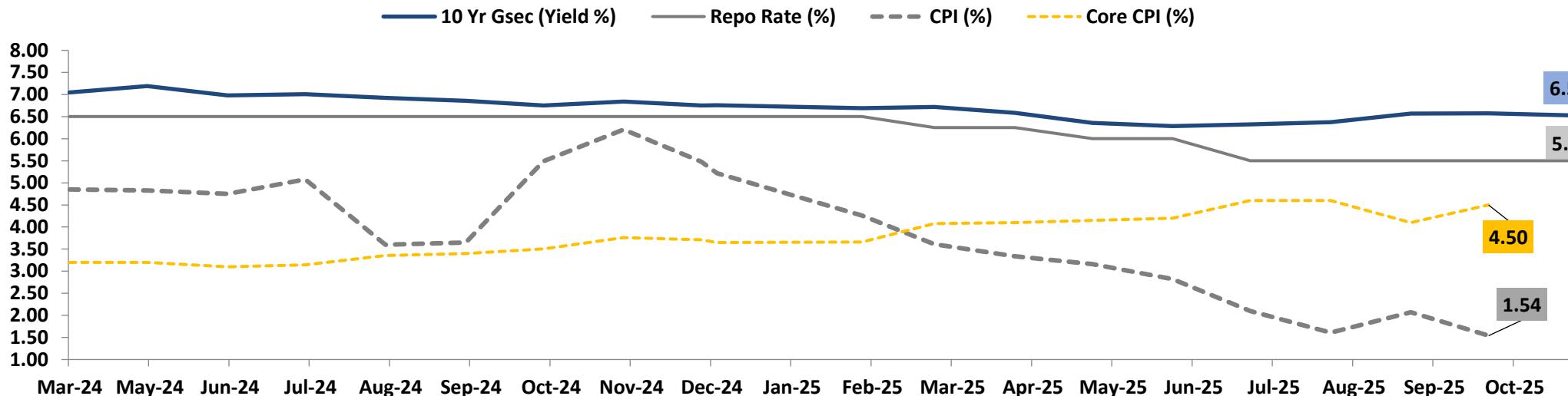


# Fixed Income



# A pause by RBI: Keeping doors open for policy space

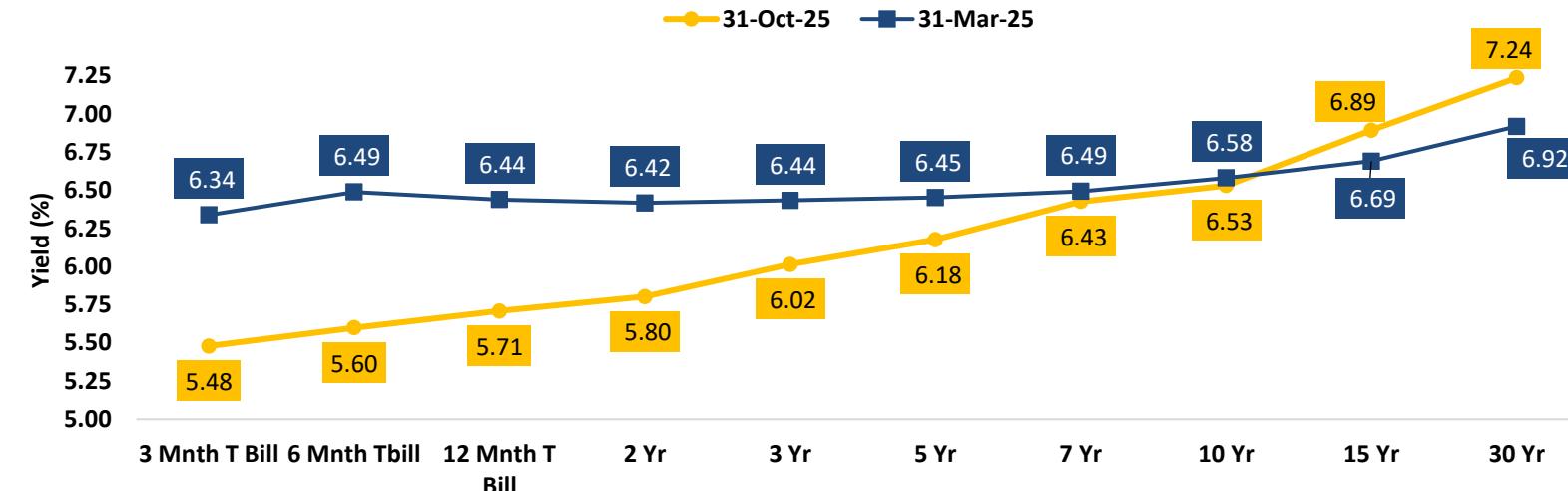
There remains a scope of policy being accommodative on back of lower inflation prints, mixed growth signals and FED cementing more policy easing





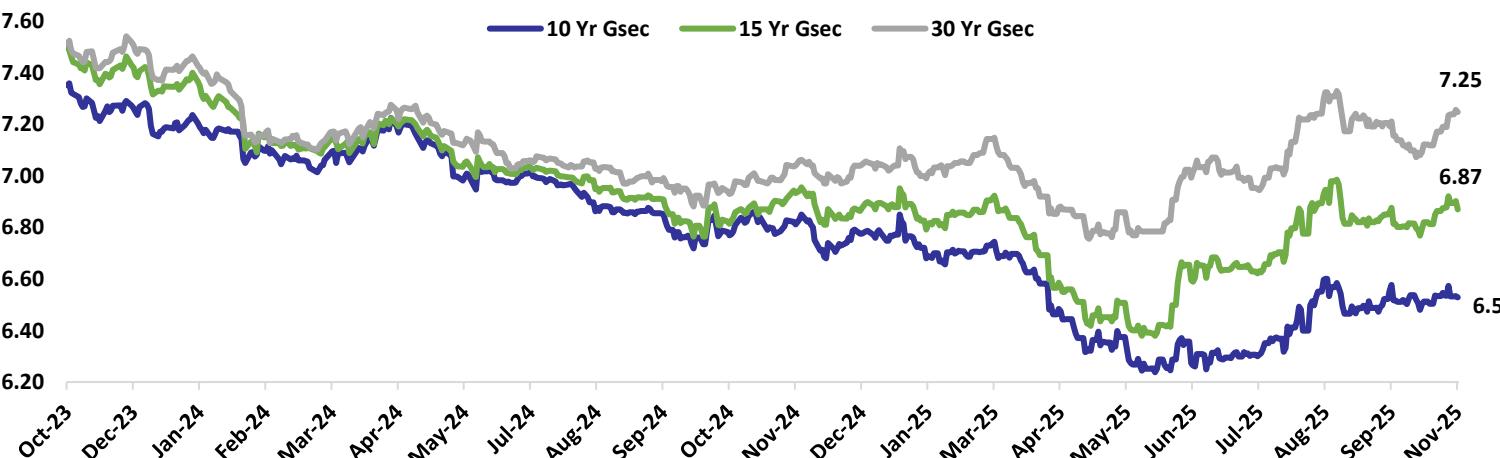
# Indian Yield Curve

## Movement in G - Sec Yields Across Maturities



- Yield curve has bear steepened in the current FY
  - RBI's liquidity actions has helped yields at shorter end of the curve to ease
- However due to demand supply mismatch, yields at longer end of the curve has increased
  - Retreat of institutional demand
  - Supply Concerns : elevated SDL Borrowing
  - Currency depreciation and global factors weighing on market sentiments

## Yield Movement (Annualized) in Long Maturity G Secs



Source: RBI, Internal Research

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# Current situation of factors impacting the Indian yield curve



Tenor	Factor	Latest developments	Likely Impact
Short-end	RBI repo rate	RBI kept the policy rate @ 5.50% and Neutral Stance unchanged on back of 'benign inflation with resilient growth'.	Neutral to Positive
	System liquidity	System liquidity remains comfortable—with an average surplus of ₹1–2 trillion per day—ensuring smooth transmission and keeping yields at shorter end of the curve stable	Neutral to Positive
Long-end	Growth outlook	RBI revised India's GDP growth forecast for FY 2025-26 upwards to 6.8% from earlier estimate of 6.5%. However the impact of tariffs, uptick in consumption and the production activity remains to be seen	Neutral
	Inflation (CPI)	Sep-25 headline CPI eased to 1.54% YoY. FY26 headline CPI projection revised downward to 2.6%, but core inflation remains persistent above 4%.	Neutral to Positive
	Fiscal deficit	FY25 deficit printed at 4.8% of GDP, in line with the revised estimate; the government reiterates a glide path toward 4.4% in FY26.	Neutral
	Demand- Supply Dynamics	The current demand supply mismatch on back of waning institutional demand and elevated SDL supply has kept the yields at longer end of curve elevated. OMO purchase may be announced.	Neutral



# Fixed Income View & Portfolio Strategy



- On the yields front, the curve has become more bear steepened wherein the yields at longer end of the curve (10 – 30 yr) has inched up on back demand supply mismatch currency weakening etc.
- Yields at the shorter end of the curve are relatively benign on back of active and comfortable liquidity management

**Hence current scenario supports the case for maintaining accrual calls across the credit spectrum as the core strategy.**

- **Accrual can be played across the credit spectrum by allocating 45% – 55% of the portfolio to Performing Credit & Private Credit Strategies, Select InvITs/REITs/NCDs for a period of minimum 3-5 years**
- **For less than 3 years holding period, one may allocate in relatively liquid fixed income alternative solutions like Arbitrage Funds (min 3 months holding period), Income Plus Arbitrage Fund of Funds (min 2 yr holding period), Hybrid SIF Funds (min 2 yr holding period), Conservative Equity Savings funds (min 3 years holding period)**

Source: RBI, Internal Research. Disclaimer: The Fixed Income View & Portfolio Strategy is based on our views and the above information is for reference purposes only and should not be construed to be investment advice under SEBI (Investment Advisory) Regulations. This document is not a research report as per the SEBI (Research Analyst) Regulations, 2014.



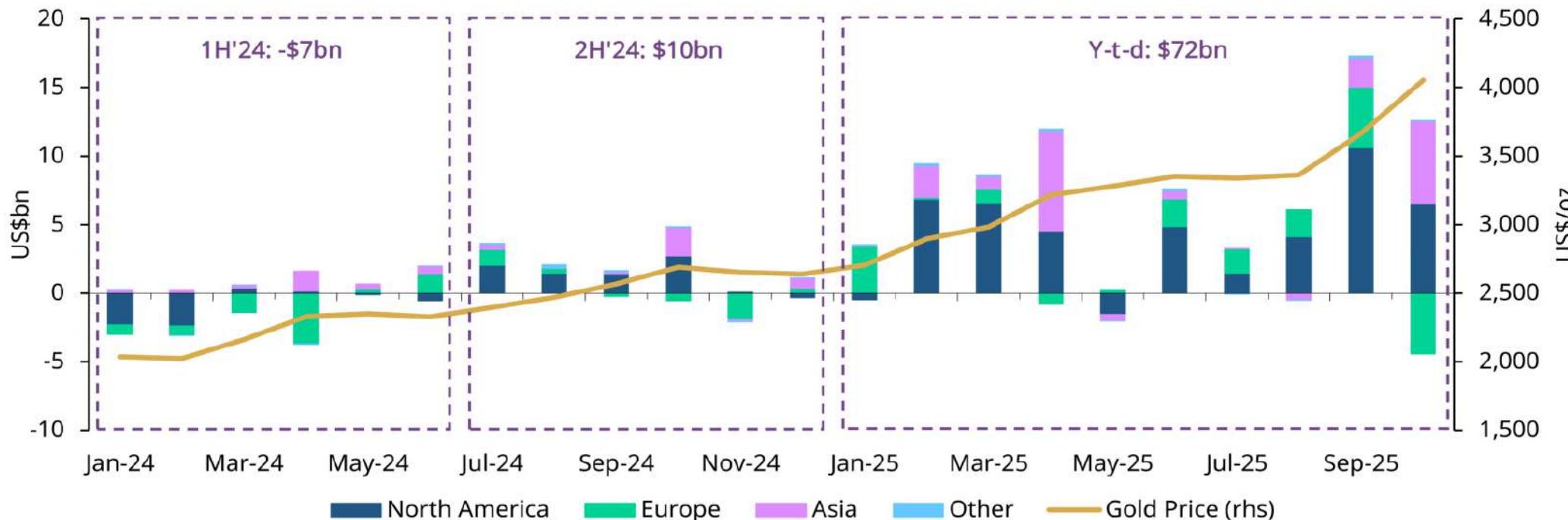
# Gold / Silver



# Gold ETF Flows

## North America and Asia offset European outflows

Regional gold ETF flows and the gold price\*



\*As of 31 October 2025. Gold price based on the monthly average LBMA gold price PM in USD.

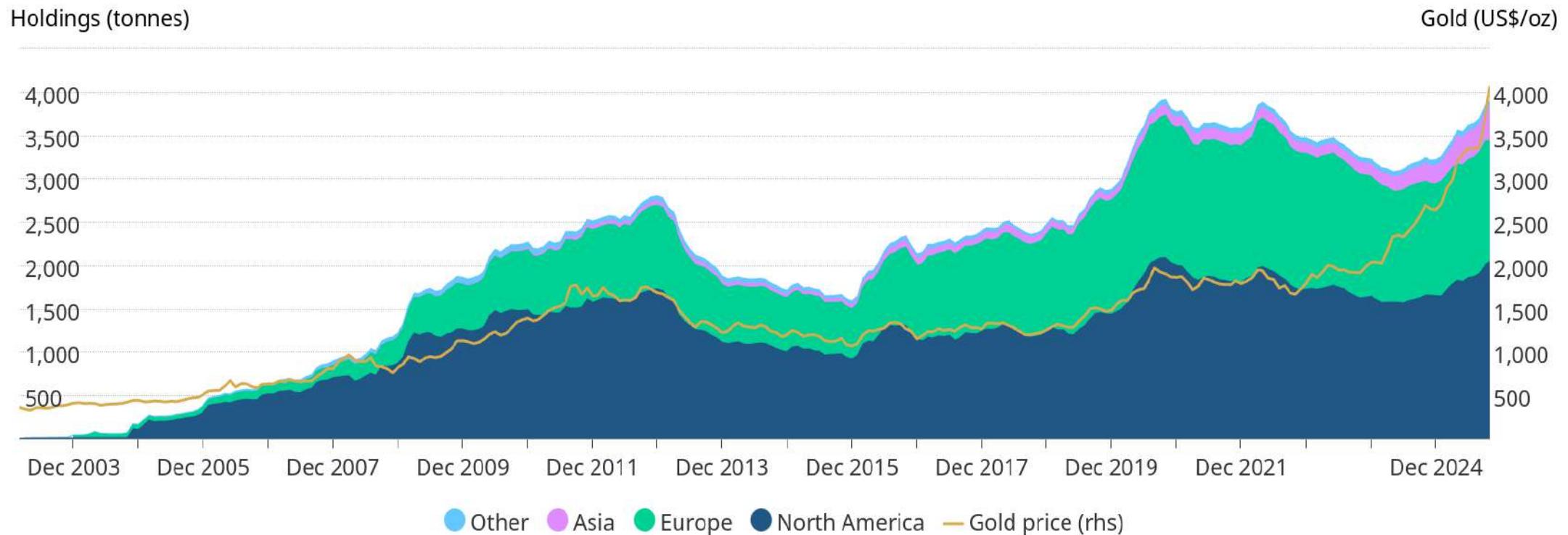
Source: Bloomberg, Company Filings, ICE Benchmark Administration, World Gold Council



# Gold ETFs Holding at an All Time High



## Monthly holdings in Tonnes

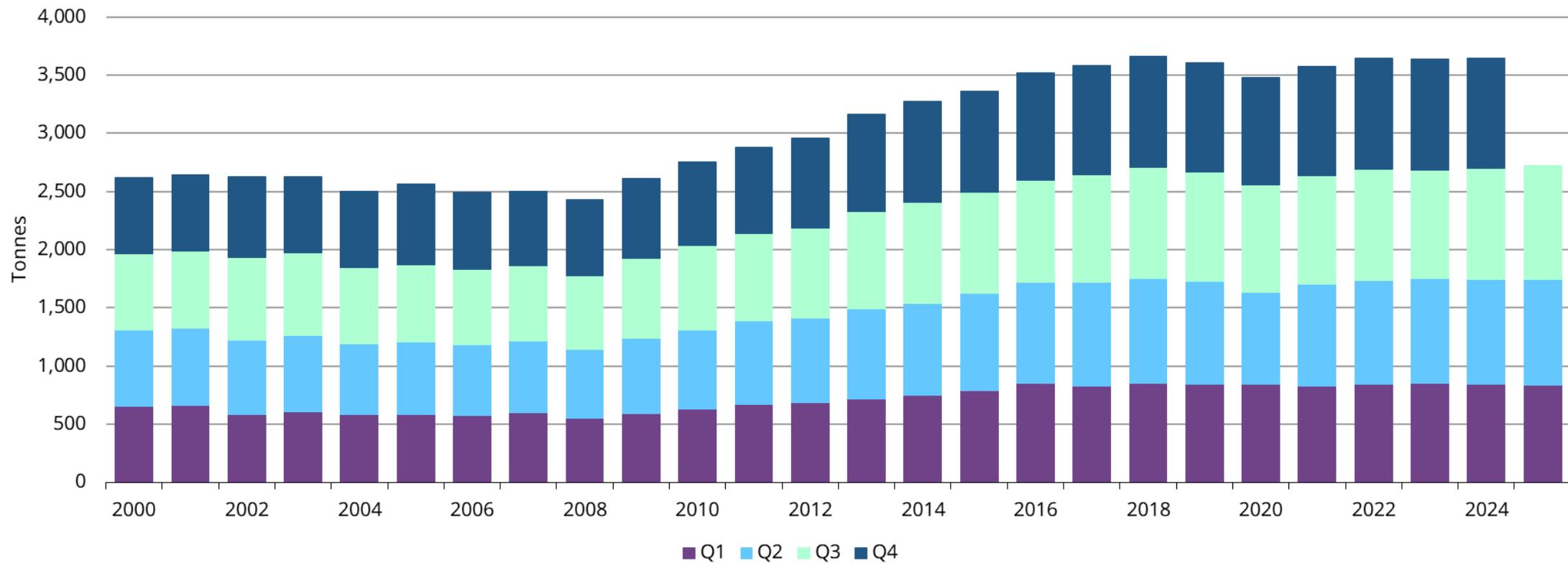


Data as of 31 October, 2025

As prices moves higher – New mines may become feasible



### Annual and YTD global mine production by quarter, tonnes



Note: Data as of 30 September 2025. For an explanation of mine production, please see the Notes and definitions  
download: <https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q3-2025/notes-and-definitions>

Source: Metals Focus, Refinitiv GFMS, World Gold Council

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Source: Internal Research, Investing.com, MO Institutional Research

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# Investment in Gold – long term play

Gold in Rupee terms; % times rolling returns have been : (for lumpsum investors, data from Dec'99)

% times	1Y	2Y	3Y	4Y	5Y	6Y	7Y	8Y	9Y	10Y	11Y	12Y	13Y	14Y	15Y
< 0%	18	12	8	8	7.1	5	1	0	0	0	0	0	0	0	0
> 7%	63	70	73	77	78	80	81	77	78	86	87	93	100	100	100
> 10%	55	60	62	69	66	65	59	60	57	57	61	64	67	78	94
> 12%	49	52	55	55	57	53	49	49	49	43	42	44	46	43	38
> 15%	42	42	41	33	38	38	38	34	35	31	25	17	10	0	0

Non-negative return probability 8 years+

% CAGR Returns

Maximum	76	38	37	34	28	29	26	23	22	21	20	19	17	15	15
Minimum	-21	-14	-10	-6	-3	-2	-1	2	3	3	4	5	7	8	8
Average	14	13	13	12	13	13	12	12	12	12	12	12	11	12	12

In INR terms, the probability of negative returns falls to 0% from the 8-year horizon onward. The minimum rolling CAGR turns positive from 8-yr (2%) and rises to 8% by 15-yr, showing strong downside protection over long horizons.

Source: Bloomberg, Sundaram Asset Management

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