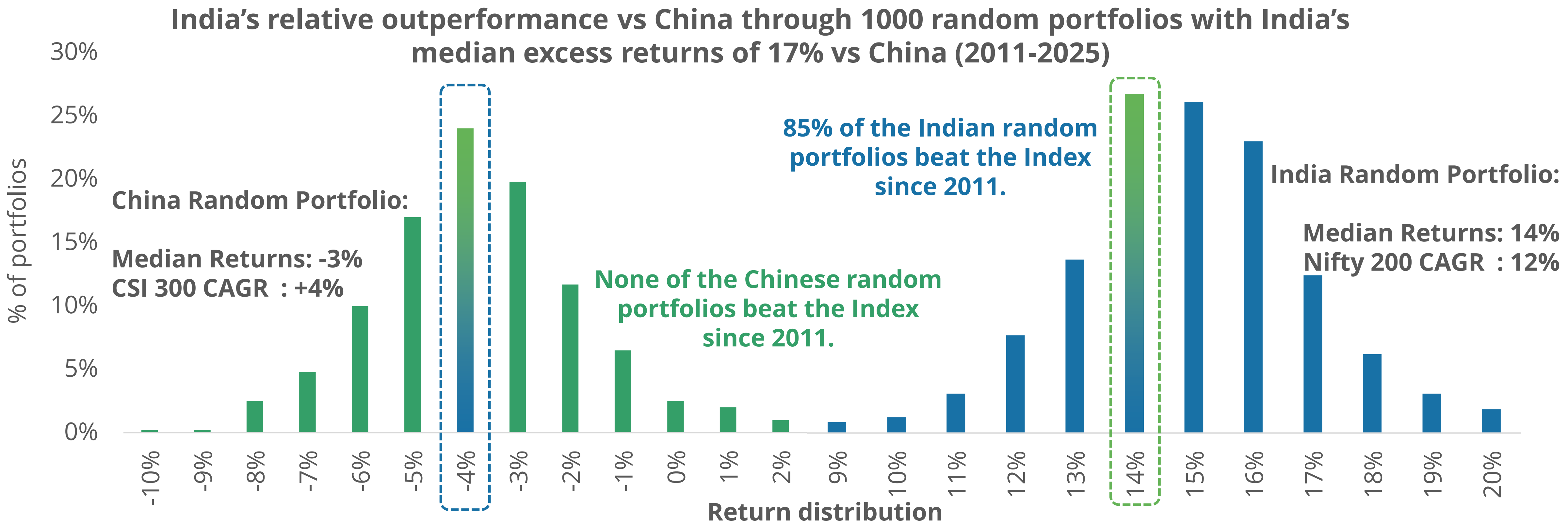
TATA mutual fund

EQUITY VIEW

Valuations | Insights | Expectations | Watchlist

November 2025

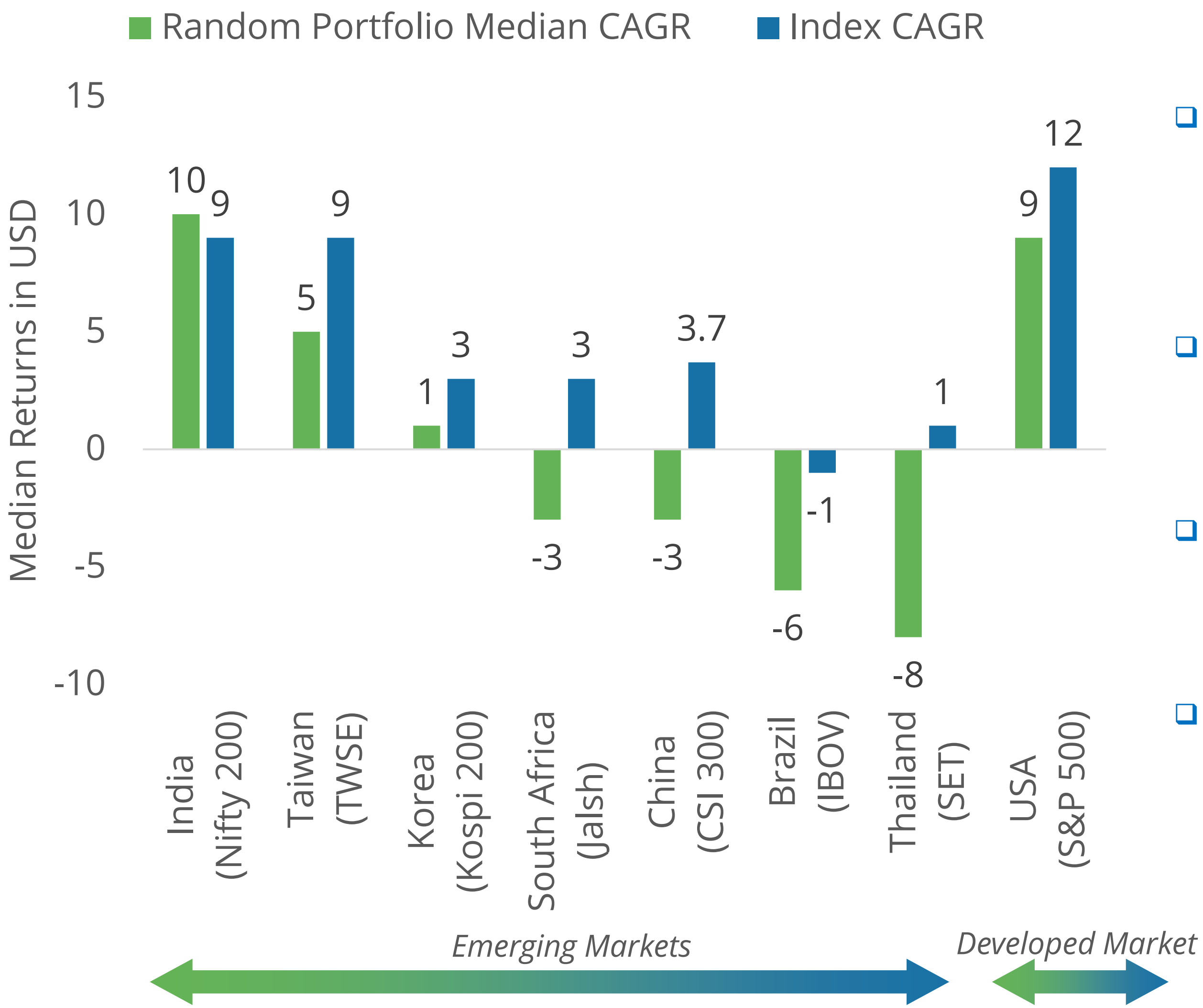
Outperforming 850 of the 1,000 portfolios



- Simulating 1,000 equal-weight, 30-stock portfolios with random shares from India's NSE 200 index shows a 14% median annualized returns and 10% in USD terms.
- 85% of the portfolios beating the index's 12% gain during the same period shows relative strength on Indian markets over China.
- Indian markets have been supported by broad rally, China's return distributions showed narrower breadth and heavier reliance on a handful of large-cap winners.

SOURCE: Bloomberg Intelligence | Data as on 11th Nov 2025 | Portfolios were rebalanced quarterly. | Past performance may or may not be sustained in the future.

India outperforms range of markets

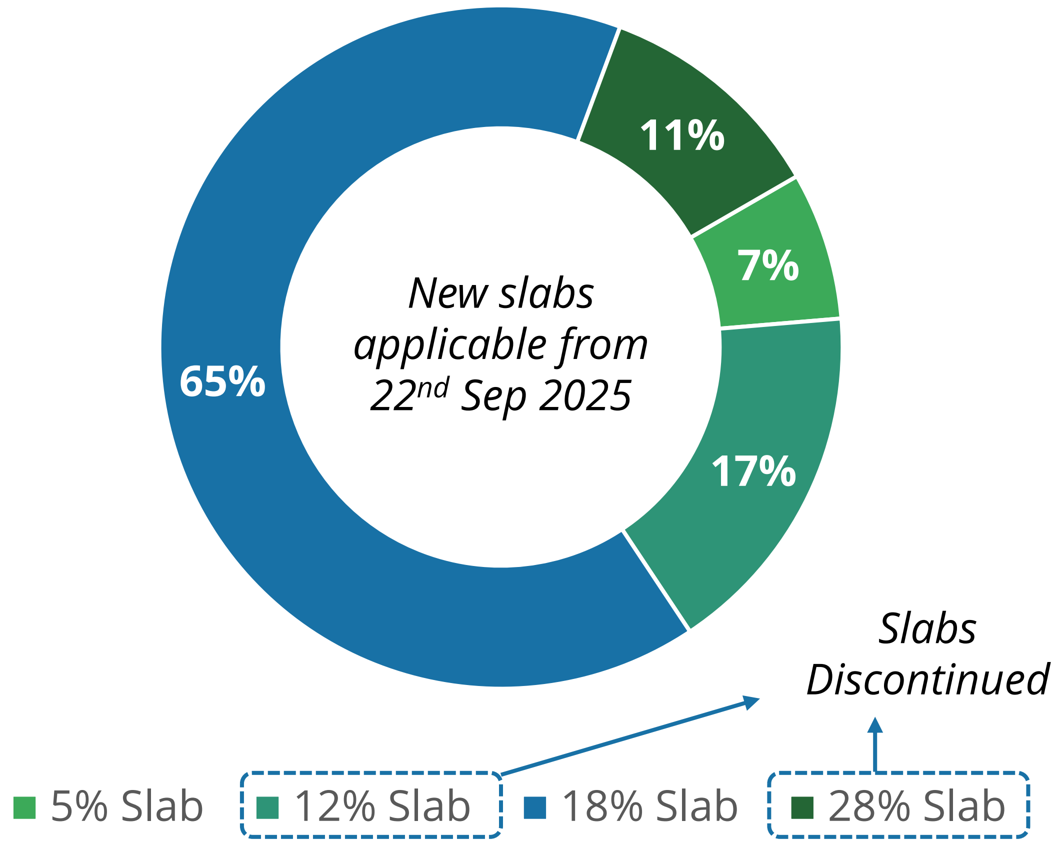


- Over the past 15 years the median annualized return in US dollar terms across 1,000 simulated portfolios exceeded 9% only in India and the US, well above most peers.
- India is the only market in our selection of emerging markets where the random portfolios' median gain beat the cap-weighted benchmark.
- In other markets, the benchmark outperformed the median performance of the random basket, beating the benchmark more often requires stock selection skills.
- Increased concentration leads to outsized gains and losses, thereby increasing the share of returns driven by idiosyncrasy or luck.

SOURCE: Bloomberg Intelligence | Data as on 11th Nov 2025 | Portfolios were rebalanced quarterly. Past performance may or may not be sustained in the future.

GST 2.0: Mitigating global headwinds

Existing Slab Share in GST revenues



- Government reducing GST rates is a clear signal that it is betting on domestic consumption to mitigate global headwinds.
- Government estimates a net revenue shortfall of Rs 480 bn from the GST rate reduction based on FY24 consumption base.
- Government is betting on a "J-curve effect" where the short-term revenue loss is offset by gains from a wider tax base and increased economic activity.
- Government fiscal targets remain safe.
- Buffers exist through higher RBI dividends, short term borrowing, disinvestment proceeds and under utilised capex allocations in recent years.

SOURCE: GST Council, Bloomberg | Avendus Spark Research

Pumping consumption with fiscal checks

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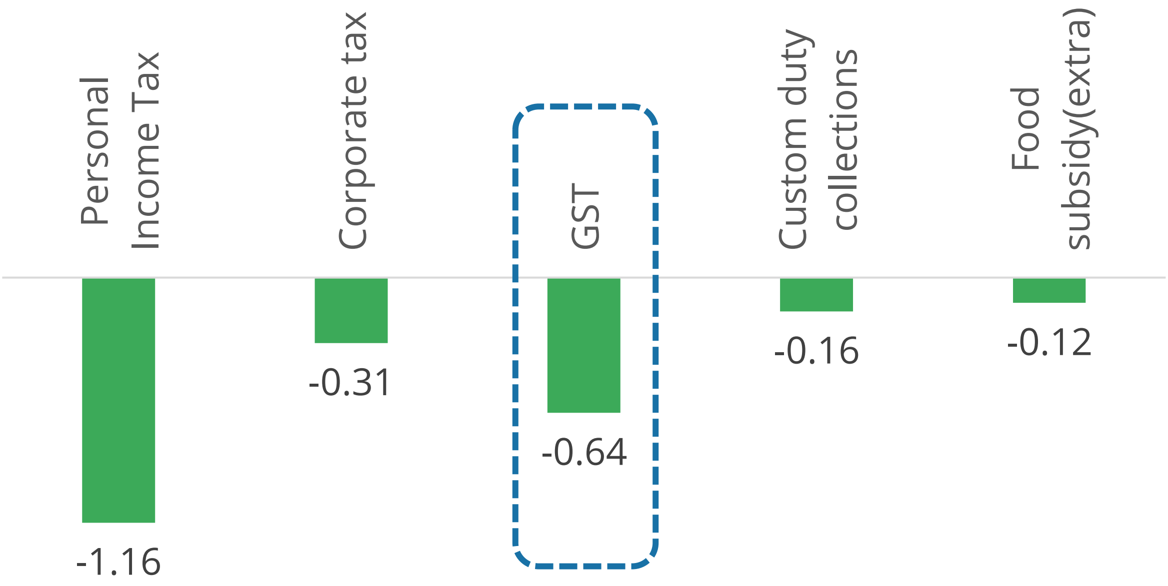
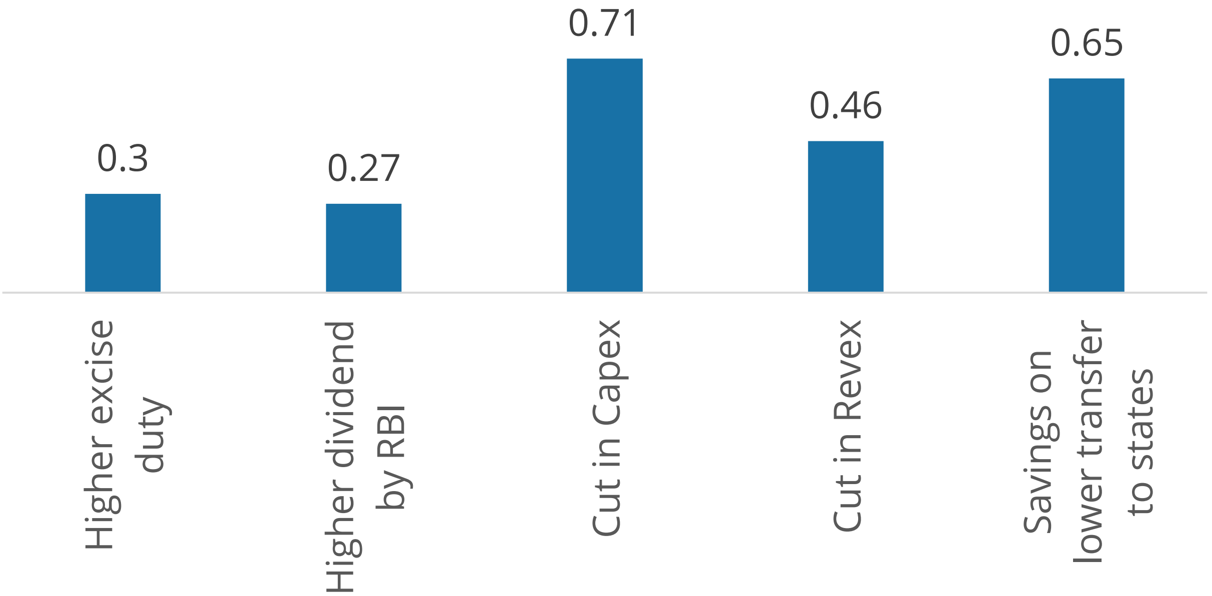
Revenue shortfall + cost overrun in FY26E (Rs. Tn.)



Estimated change in govt spending in FY 26E (Rs. Tn.)



- GST changes imply a potential revenue loss of about Rs. 640bn (0.18% of GDP) in FY26E.
- Overall revenue shortfall and cost overrun in FY26 is expected to be approx. Rs. 2.4tn in FY26E, which is expected to be offset by additional revenues from excise collections, higher dividend by the RBI, lower Capex and lower Revex.
- ~ 60% of the CPI basket is likely to be impacted by GST rate cuts on immediate basis. Immediate effect will be disinflationary by 30-50 bps on an annual basis.
- Reforms are a direct stimulus for consumption-led growth ahead of the festive season, and amid the US trade tariff skirmish. This may provide a growth impulse of ~0.2%

SOURCE: GST Council, Bloomberg | Avendus Spark Research

GST 2.0: Likely to benefit

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01 Bank Credit & Insurance Tailwinds

GST rate cuts revive staples, FMCG, small autos, and durables. Rising consumption is a direct credit growth driver for banks, with NPAs at healthy levels. Stronger retail demand → higher loan uptake in consumer, SME, and housing segments, reinforcing Financials' leadership in portfolios. Insurance at nil GST boosts policy penetration, creating a multi-year adoption driver.

02 Consumers Win, Staples Lead

FMCG & staples see direct price cuts, boosting household savings. For companies, if cost savings are absorbed, margins expand; if passed through, volumes rise. Either way, GST 2.0 supports demand resilience and margin stability.

03 Tailwinds

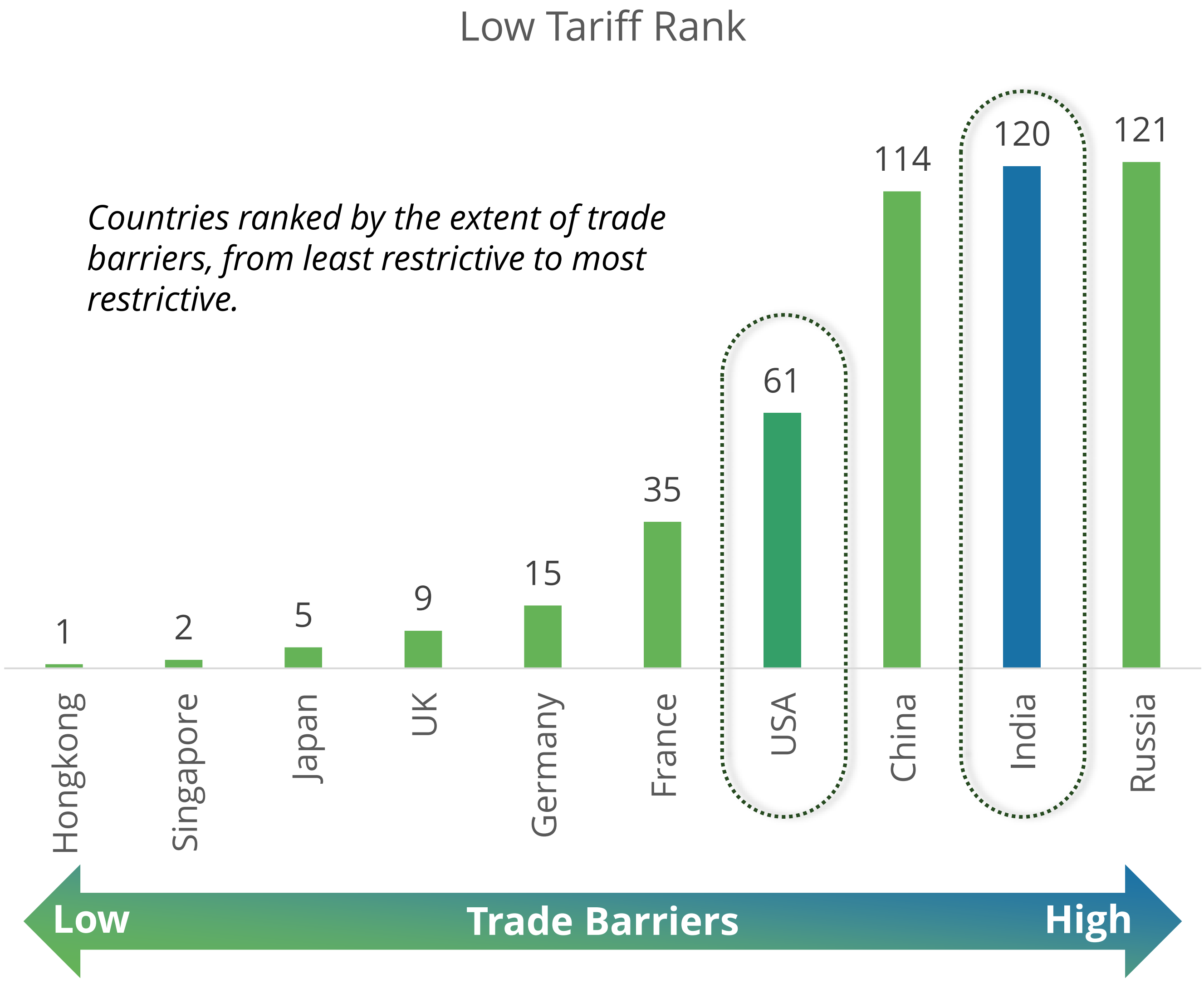
Cement: Input tax on coal reduced, lowering costs. Being a cartelized industry, GST cuts provide pricing flexibility, firms can pass on cuts to spur demand or preserve margins.
Metals: Benefit from lower input costs.
Diagnostics & Hospitals: Positive bias lower tax on health-related spends and broader healthcare consumption uplift.

04 Fiscal deficit under control

FMCG & staples see direct price cuts, boosting household savings. For companies, if cost savings are absorbed, margins expand; if passed through, volumes rise. Either way, GST 2.0 supports demand resilience and margin stability.

SOURCE: Bloomberg | Internal

Changing global trade dynamics



SOURCE: Bloomberg, International Trade Barrier Index 2025

- USA has recently imposed tariffs ranging from 10% to 50% on goods from over 90 countries including key trading partners to reduce the trade deficit as the annual tariffs are expected to surpass USD 300 Bn annually.
- USA have managed to swing trade deals in its favor by negotiating with each country individually.
- Even the 27 collective countries of the European Union-despite having a much larger market and lower trade barriers than the United States have caved in to this pressure.
- USA is the largest trade exporter for India; heightened tariffs will put Mission 500 (aiming to more than double the total bilateral trade from 200 bn to 500 bn by 2030) in jeopardy.
- Analyst warn of potential supply chain disruptions, higher inflations, increased prices for US consumers and dampening of global GDP growth.

Impact of tariffs on Indian economy

Sector	US Exports (USD Bn.)	India's Share of export	Tarriff Impact on India
Electronics	11.1	14%	Moderate
Gems & jewelry	9.9	13%	Moderate
Textiles	10.0	13%	Moderate
Pharma	8.7	10%	None
Auto & Auto Components	6.8	8%	High
Engineering goods & Mach	6.2	8%	Moderate
IT Services	110.8	NA	None

- USA has imposed a reciprocal tariffs of 25% on India in late July to be applicable from Aug 7 and secondary tariffs of 25% to be applicable from late Aug, taking the tariffs to a total of 50%.
- US constitutes ~ 18% of India's exports, these tariffs are expected to affect 67% of Indian exports to the US which is worth ~1.5% of the India's GDP. India's GDP growth may face a downside of 60 to 80 bps if the tariffs are applied uniformly.
- Currently exemptions on pharmaceuticals and electronics will shield about ¼ of India's exports to the US which will in turn lower the effective tax rate impact.
- INR has depreciated sharply since the tariff announcements were made, which partially cushions the loss in relative competitiveness.
- Auto ancillaries, Engineering, and Textiles are segments within the listed space which remain exposed towards heightened tariffs.

SOURCE: Commerce Ministry, Emkay Research, White House Factsheet, press, DBS | PHDCCI | Morgan Stanley

Correlation of India with the global economy

	Slow Recovery in China	Sharp Recovery in China
Sharp Slowdown in US/UK/EU	**Earnings:** Impact likely, especially in sectors with global linkages offset slightly by lower input costs **Valuation**: Premium can sustain but risk-off will reduce absolute valuations	**Earnings:** Impact on global sectors, cushion in input prices **Valuation**: Premium can reduce meaningfully as flows to China increase
Gradual Slowdown in US/UK/EU	**Earnings:** Limited impact on India's GDP/Profit Growth **Valuation**: Growth Premium will sustain	**Earnings:** Limited impact, some impact on commodity prices **Valuation**: Premium will shrink although absolute valuations might sustain

Sweet Spot*

Based on Internal Views and subject to change without notice | *Indicative framework based on current market conditions

Drivers for India

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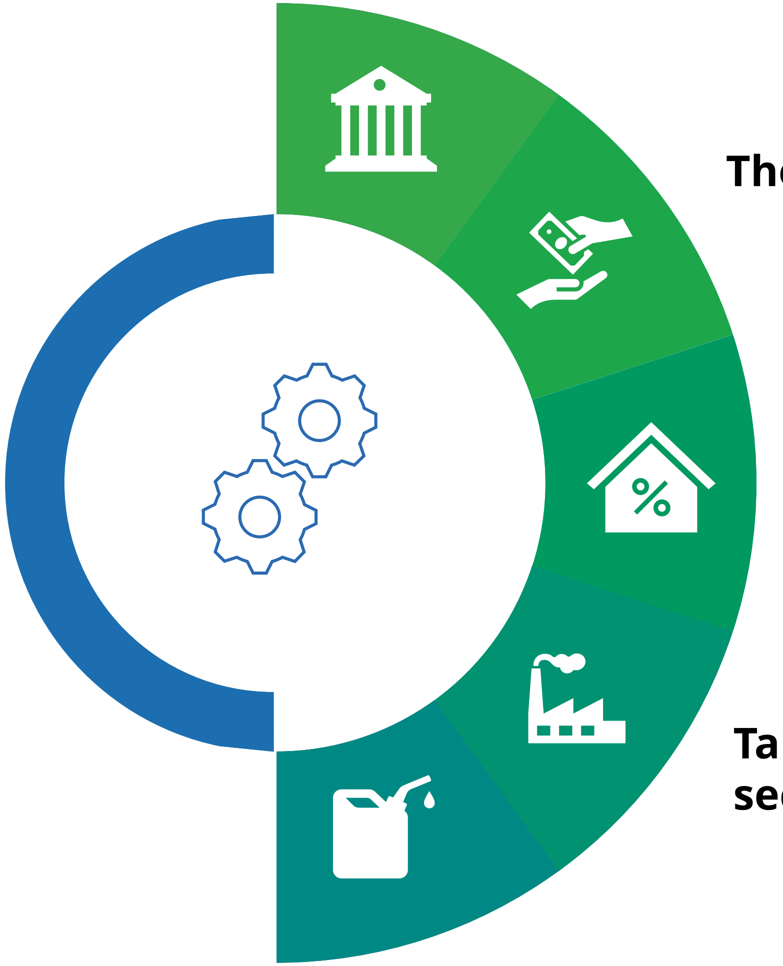
The longer-term drivers of earnings in India



The pickup in the investment cycle

The pickup in the credit cycle

The pickup in real estate

Tailwinds for Indian manufacturing sector and the industrial sector

Commodity prices coming down in case of global soft landing

Based on Internal Views and subject to change

Profitability trends improving marginally

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Positive

BFSI,
Pharma/Healthcare

Neutral

Fundamentals

Power, Capital goods,
Manufacturing

Rural Consumption
IT
Urban consumption,

Commodities

Negative

India's outperformance vs its EM peers has reduced due to earning downgrades in FY25 and China stimulus. Corporate earnings is expected to remain stable for FY26.

1. Banks upgrade cycle likely in FY26, one cycle of re rating has come into effect now and currently the sector is going through a consolidation phase. The expected FY 26 growth of 12-13%, aided by easing liquidity and bottoming-out growth in NBFCs / unsecured retail.
2. Pharma valuations are now reasonable, but the growth outlook has now impacted. Diagnostics & Hospitals may benefit because of GST 2.0
3. Capital goods - Domestic order inflows are being driven by gov-led infra and energy projects, with selective private sector activity in defense, data centers, renewables, and metals. We believe that valuation re-rating for the sector is still some time away and will be driven only after a meaningful outperformance of capex, order inflows, and margins.
4. Recovery in power demand, capex in generation (renewable + thermal) and transmission implies positive for power sector. Incremental approach is bottom-up as optimistic assumptions have got progressively factored in the valuations. The valuations continue to remains stretched.
5. Slowing urban consumption could get lifted post tax cuts in the Budget and GST 2.0. In contrast, rural consumption is picking up from a low base gradually.

The biggest risk to the market is global trade policies and commodity prices incl. crude.

Based on Internal Views and subject to change

Current valuations view

Reasonable Valuation

- Private Banks
- Insurance
- Oil & Gas
- Cement

Defensives

- Pharma & Healthcare
- Telecom
- FMCG/Consumer

High Valuation

- IT
- Auto
- Power
- Defense

Valuations high relative to fundamentals

Unreasonable Valuation

- Industrials
- Capital Goods
- Manufacturing

Based on Internal Views and subject to change

Portfolio strategy

Risk-reward more in favour of large caps. Selective exposure to Mid & Small Caps in favoured sectors.

Actively seeking GARP opportunities (Value with Triggers, Earning Upgrade Cycle) on bottom-up basis; valuation discipline key in a range bound market

Balanced portfolio strategy to capture the economic cycle

Based on Internal Views and subject to change

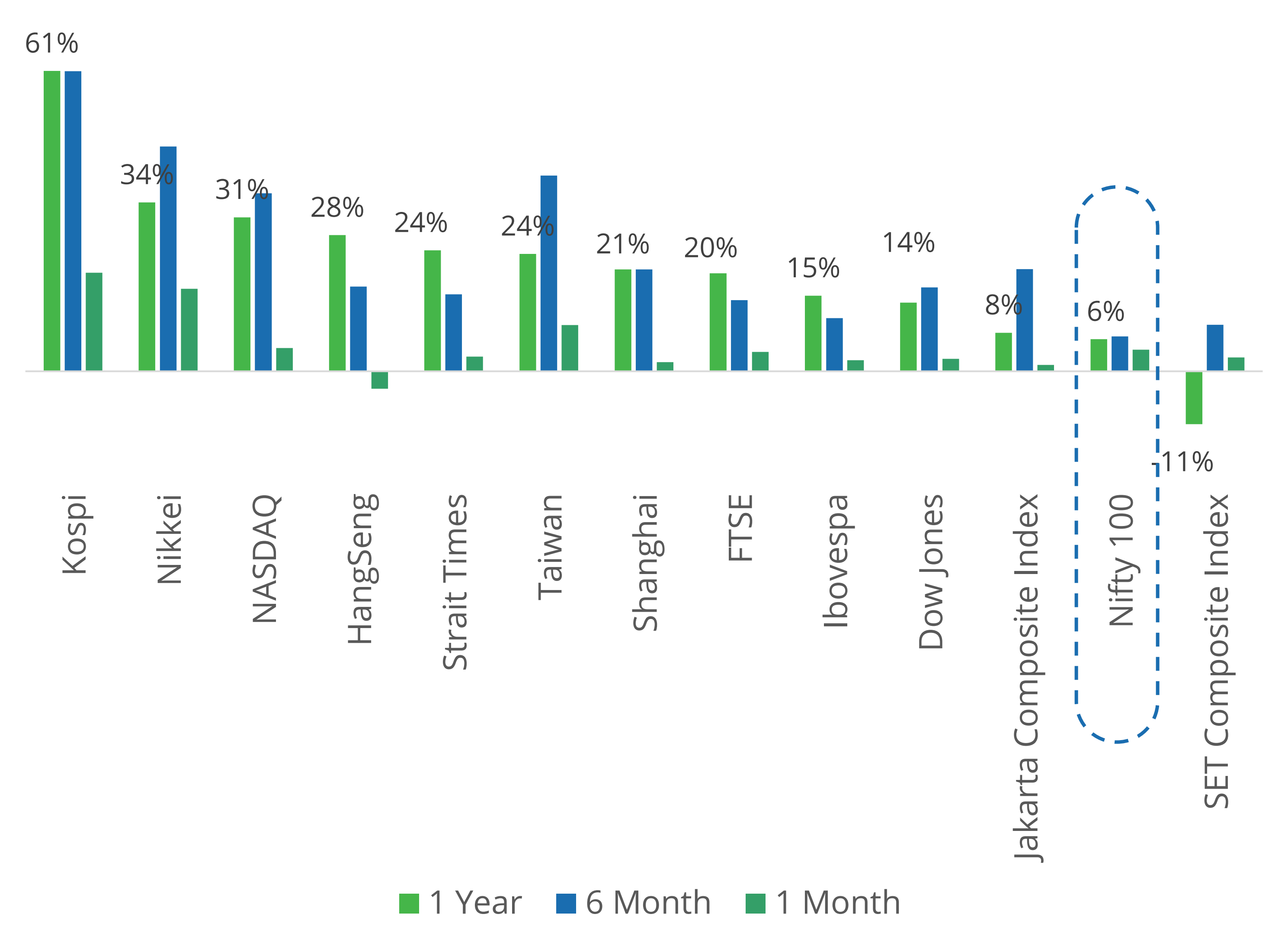
Portfolio strategy

- Balanced portfolio strategy to capitalise on the various pockets of strong earnings recovery and outlook
- An increased focus towards large caps
  - A likely slowdown in US and reduced “trust” in dollar is positive for emerging market flows which can reverse the trend over last many years. China may benefit the most but Indian corporate earnings also appearing stable for FY26 and could even benefit from lower input/commodity prices and reduced GST despite cuts from IT sector.
  - Growth push, both fiscal and monetary, and 10-year bond yields < 6.5% may support valuations at current levels. We expect large caps to outperform given cheaper valuation + earnings stability.
  - Large private sector banks have undergone one leg of re-rating. Faster rate transmission on liabilities and easy liquidity conditions will create transient decline in NIMs. Asset quality impact from unsecured loans/MFI is concerning but relatively low. Valuations are at fair levels especially given that there is room for positive earning surprises in 2HFY26.

Based on Internal Views and subject to change

Market performance

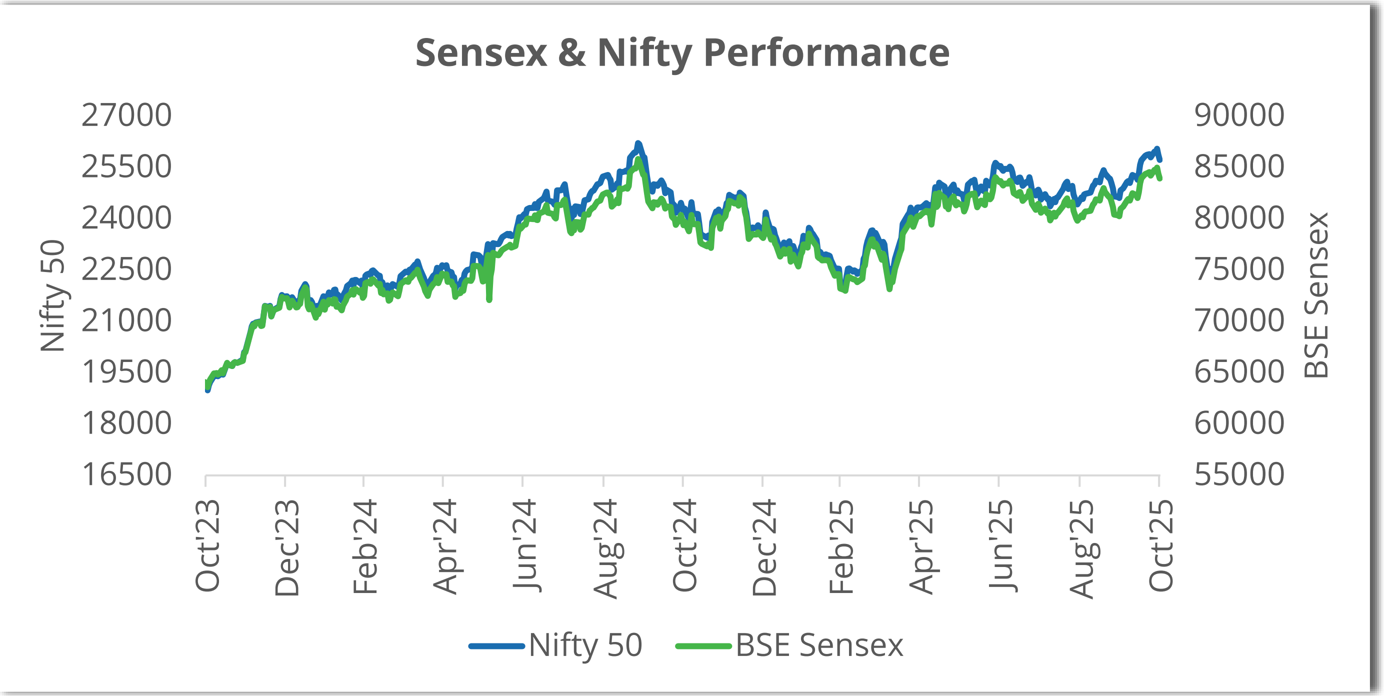
Global market performance



- The global GDP growth is projected to grow by 3.1% in CY26 v/s 3.2% in CY25 and the global headline inflation is expected to fall to 4.2% in CY25 and 3.6% in CY26.
- As per IMF, the global economic resilience is fading, and growth is slowing down.
- The revised US tariff rates, effective 10 Nov, are likely to further weaken import demand and private consumption spending in the US, which in turn will weigh on Asia's growth outlook for the remainder of the year.
- China's A-share market has surpassed 100 trillion RMB in total capitalization, driven by strong State-Owned Enterprises (SOE) performance, policy shifts, and attractive valuations. Most of the gains are attributed towards SOE cluster and high-tech companies.
- Recent market gains reflect optimism surrounding the prospects of a potential trade deal of US with India and China.

SOURCE: Bloomberg, IMF-Oct 25 Outlook | Past performance may or may not be sustained in future | Data as on 31st Oct 2025 | Indices are PR | Returns in local currency terms

India - Broader market update

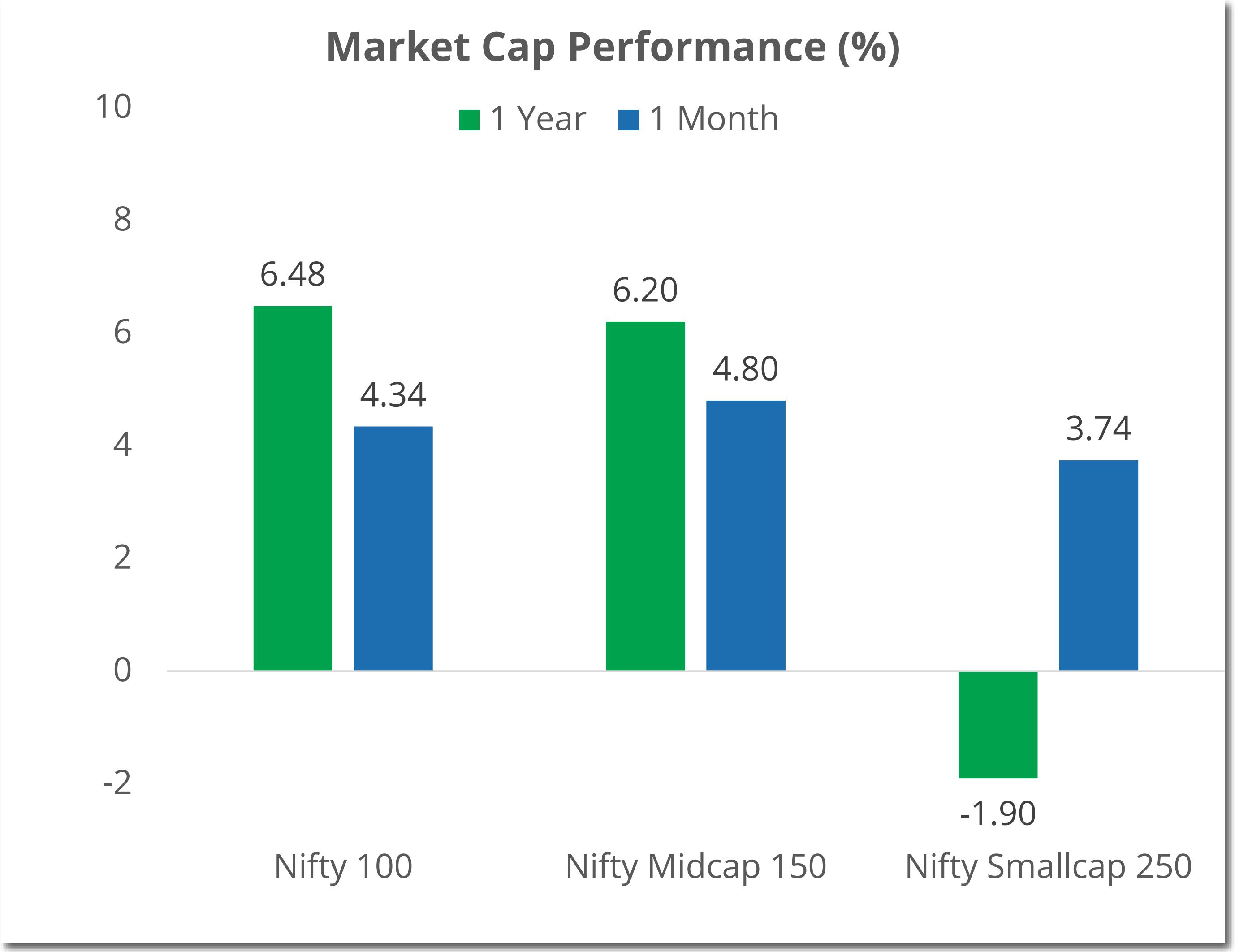


	BSE Sensex	Nifty 50
FYTD	8.31%	9.24%
CYTD	7.42%	8.79%
1 Month	4.57%	4.51%

- NIFTY 50 ended the month at 25,722 (4.51%) driven by aggressive short covering from FIIs, largely in index futures.
- October 2025 saw Indian equities stage a strong rally, with the Nifty 50 climbing steadily to trade closer to its all-time high levels.
- Only 32 out of 50 constituents closed higher MoM and 23 have outperformed the benchmark in the month of Oct 2025.
- FIIs turned net buyers after an extended selling streak, joining DIIs in supporting the rally. FII inflows in Oct 2025 amounts to USD 1.3 bn. Total FII outflows in CYTD 25 amounts to USD 15.2 bn.

SOURCE: Bloomberg | Past performance may or may not be sustained in future | Data as on 31st Oct 2025

Indian Market cap performance



- Large cap index have relatively outperformed the mid cap and small cap index in the last 1 year. Amid valuation concerns, the risk-reward continuous to remain skewed more towards large caps.
- Indian markets sharply rise in the month of Oct 2025, mid index delivered returns in line with the large cap index, while small cap index also delivered robust returns. Nifty Small cap 250 index continue to remain negative in CYTD 25.
- EPS growth for Nifty 50 is expected to rise to 7-8% in FY26 and by 12-15% in FY 27 aided by a likely improvement in the macro environment owing to stimulative fiscal and monetary measures.
- In Oct 2025, 16 Nifty 50 companies saw an earnings upgrade while 26 Nifty 50 companies saw a downgrade.

SOURCE: Bloomberg | Indices are TR indices | Past performance may or may not be sustained in future | Data as on 31st Oct 2025

Sectoral performance

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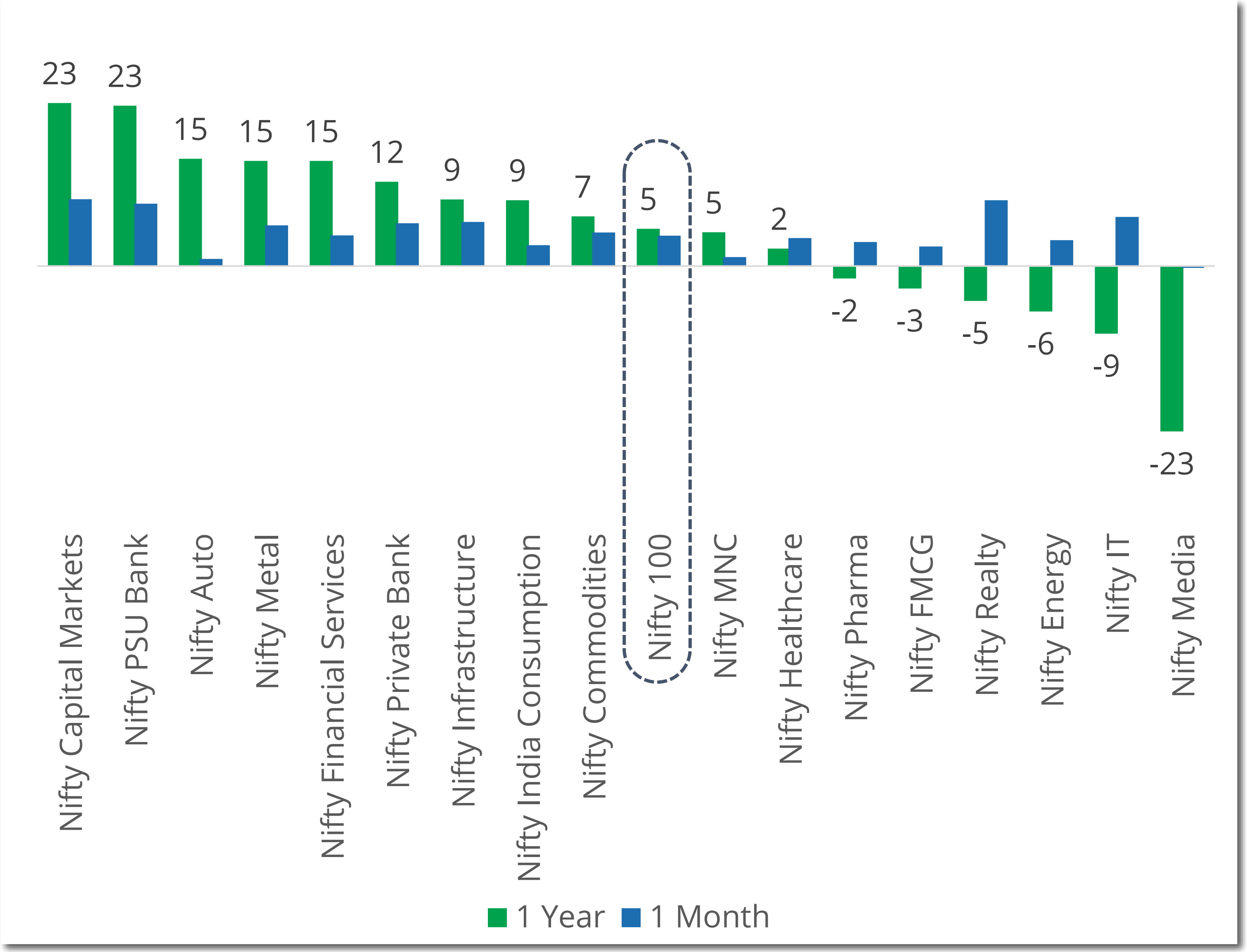
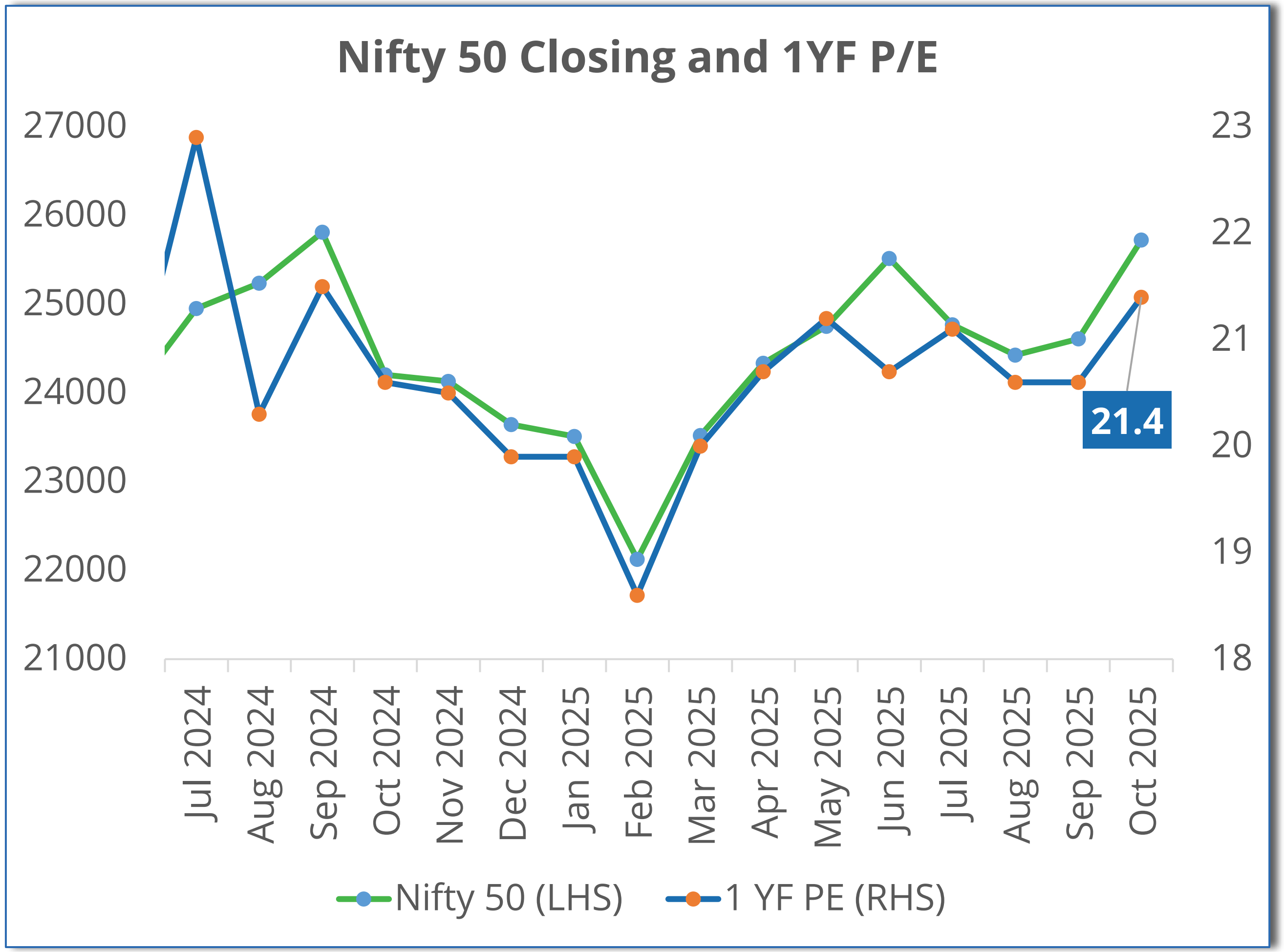


- Media, Energy, Realty, IT, Pharma-Healthcare and FMCG have underperformed the Nifty 100 index in a 1-year period.
- Sectors that have largely outperformed Nifty 100 includes Capital Markets, Banks, Healthcare, Metals and Auto etc. in 1-year returns
- In the past month, sectors like IT, Realty, PSU Banks and Commodities have outperformed Nifty 100 with majority of returns driven by top 50 companies' vs bottom the 50 companies.
- Overall earnings growth in Q2 FY26 was driven by Cement, Oil & Gas, Capital Goods, and Power.
- Banks carry a relatively lower risk of a negative earning surprise. Auto, Cement & power valuations are reasonable but facing margin pressure.
- Capital goods/Industrials affected by weaker execution and/or margin pressure although supported by strong order book. Growth available in few pockets.

SOURCE: Bloomberg | All indices are TR indices | | Past performance may or may not be sustained in future | Data as on 31st Oct 2025

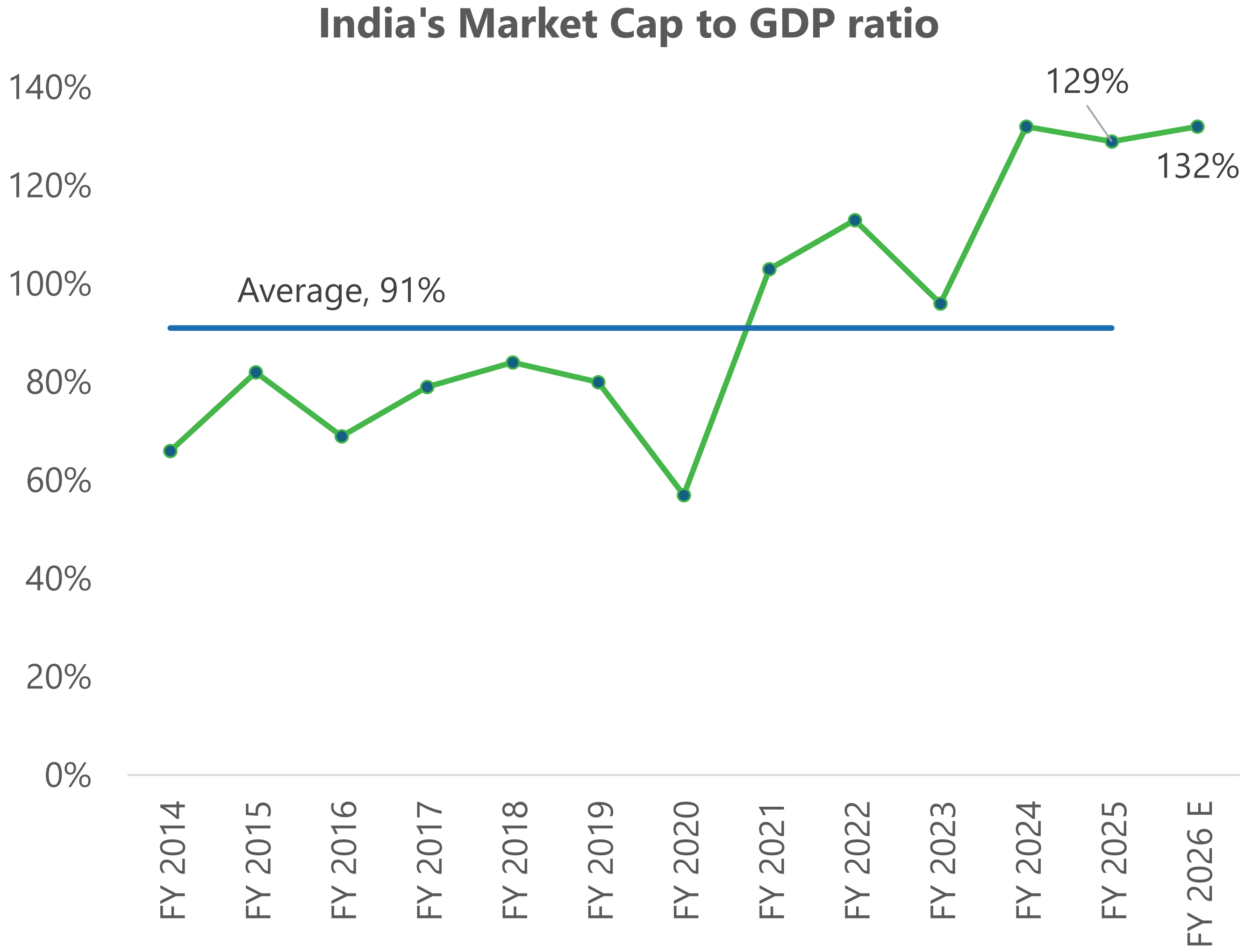
Nifty performance & valuation trends



- Markets rose for the 2nd consecutive in oct 2025. Market sentiments may be influenced by a combination of global and domestic factors like
  - Evolving global scenarios centered around US tariffs and geopolitical tensions.
  - Domestic growth losing momentum.
  - Lackluster earnings with lesser probability of near-term recovery.
  - FII outflows
  - Rupee depreciation
  - Govt. capex
- Nifty 50 was very volatile the index hovered around 1,498 points before closing 1,111 points higher. The India VIX* stands at 12.15 in Oct 2025 and 11.07 in Sep 2025.
- Nifty 50 ended the month the month of Oct 2025 at 25,722 (4.51%) after reaching a all time high of ~26,200 a year ago in Sep 2024. The index is trading at ~2% below its all time high.

SOURCE: Bloomberg | * Volatility Index | Past performance may or may not be sustained in future | Data as on 31st Oct 2025

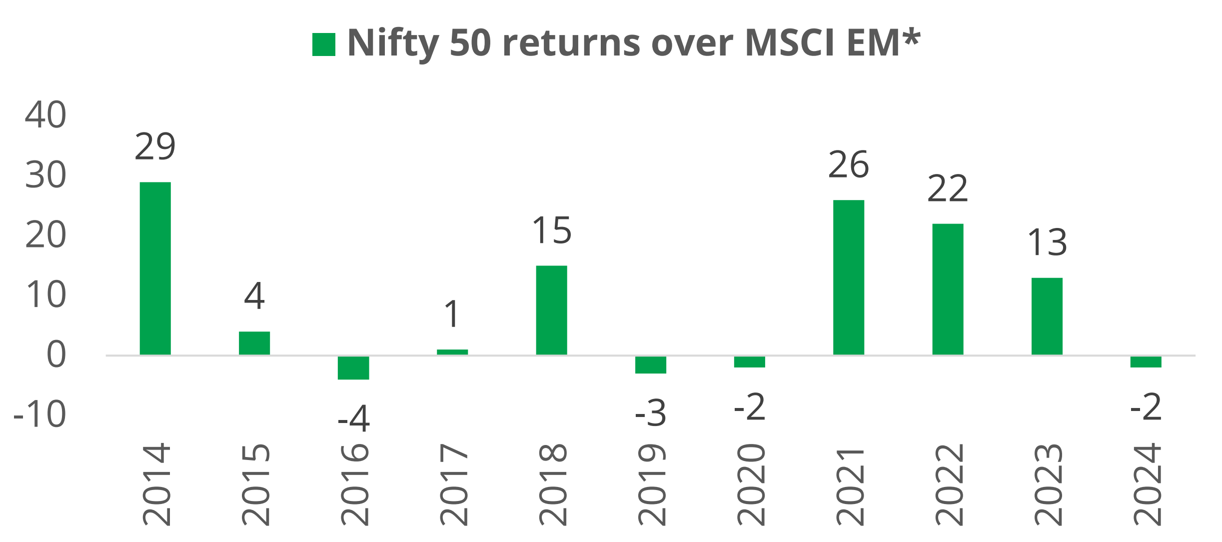
Market cap to GDP

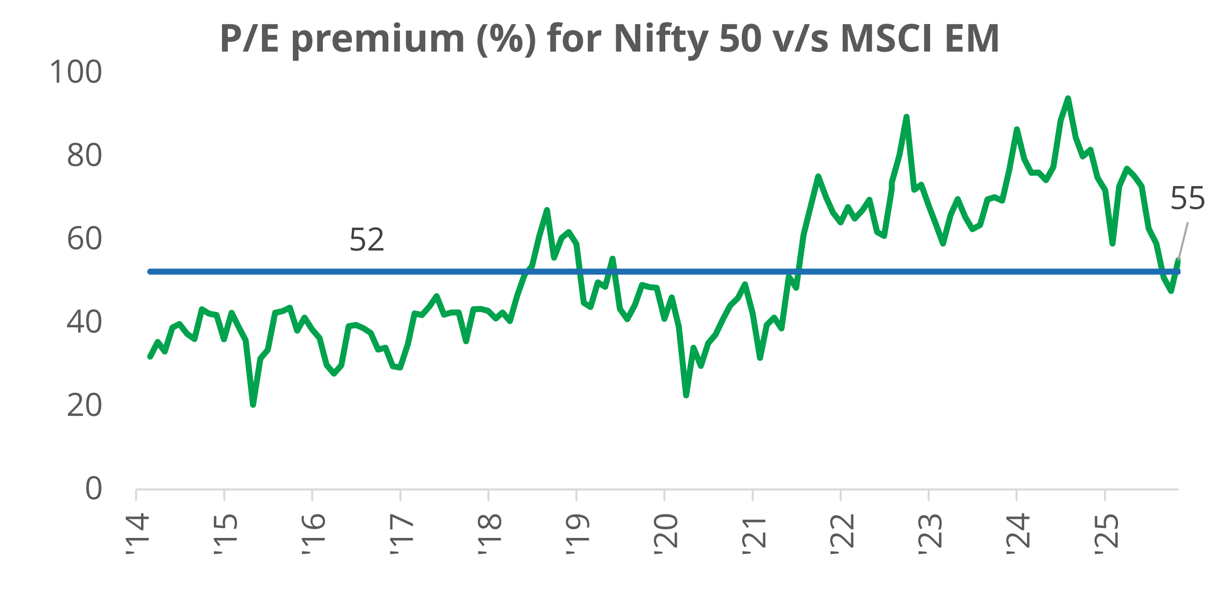


- India's market cap to GDP ratio in FY 26 rose to the levels of FY 24 and is expected to remain at 132%.
- India's FY 2025 market cap to GDP ratio plumed below the levels of FY 2024 i.e., 132%
- RBI estimates India's GDP to expand by 6.80% in the FY 26 which is 30 bps more than the previous RBI estimate.

SOURCE: Bloomberg, RBI | | Past trends are not indicative of future performance| Data 31st Oct 2025

India vs MSCI EM



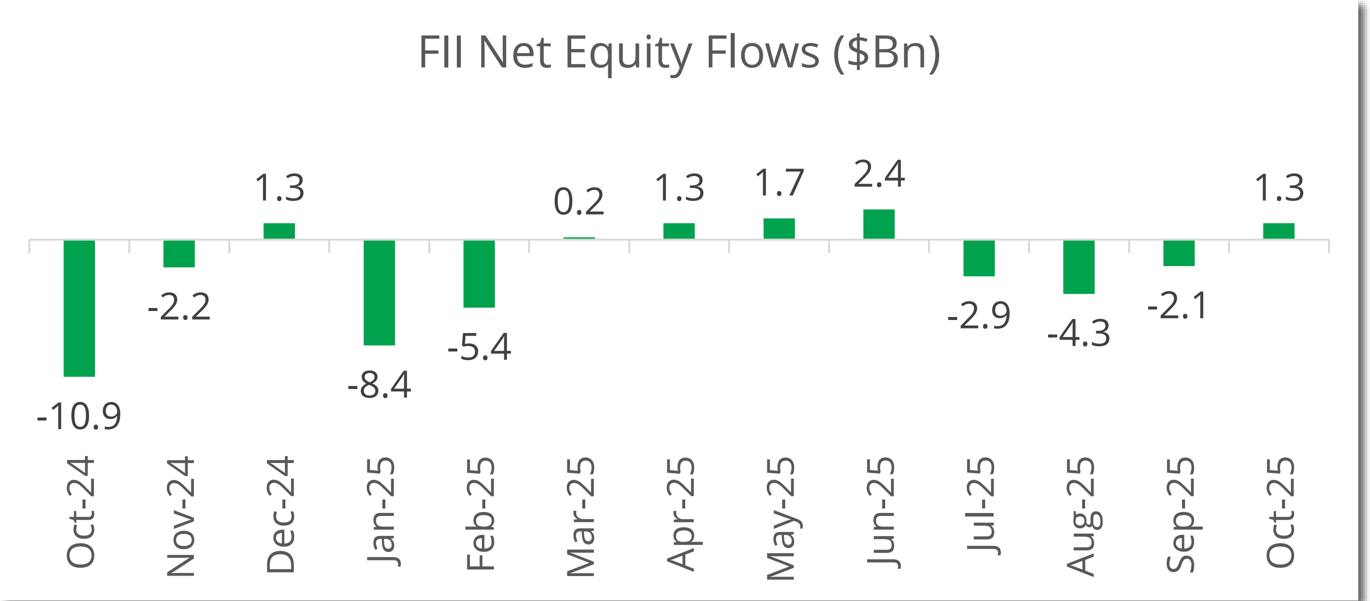


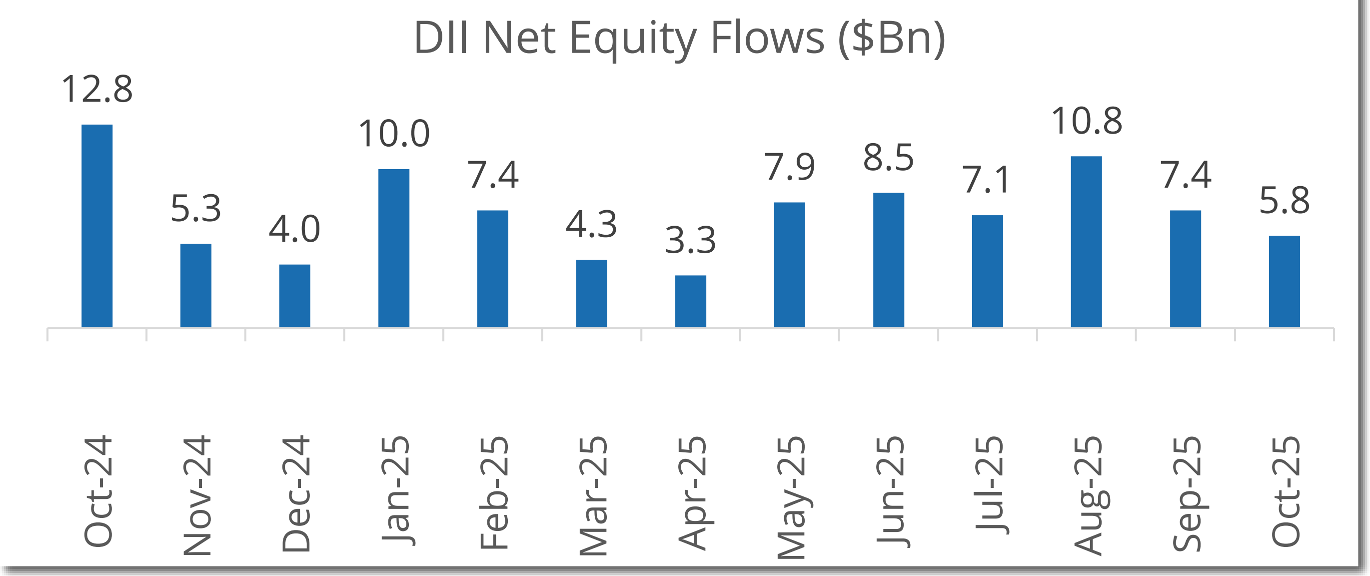
- In CY 25, there is a risk of India losing share on FII flows to EMs. FIIs preference remains in the order of US, China, Europe then India.
- India's earnings differential with EMs is now narrowing. India continues to trade at a premium vs its peer Asian economies.
- P/E premium of Nifty 50 vs MSCI EM has reduced from 77% in Mar 2025 to 55% by the end of Oct 2025.
- In 2020-24, India's market multiple expanded from ~15x 2Y forward PE to over 20x (like US), while EM ex-China had derated.
- In 2025, multiples for India have moderated, while other EMs have seen a catch-up. Still, on optimistic consensus earnings, 2Y forward PE for India remains elevated relative to EM, APAC, China, and Europe.

SOURCE: Bloomberg | Past performance may or may not be sustained in future | * In local currency | Data as on 31st Oct 2025

Flows

DII inflows remain strong; FII turns red



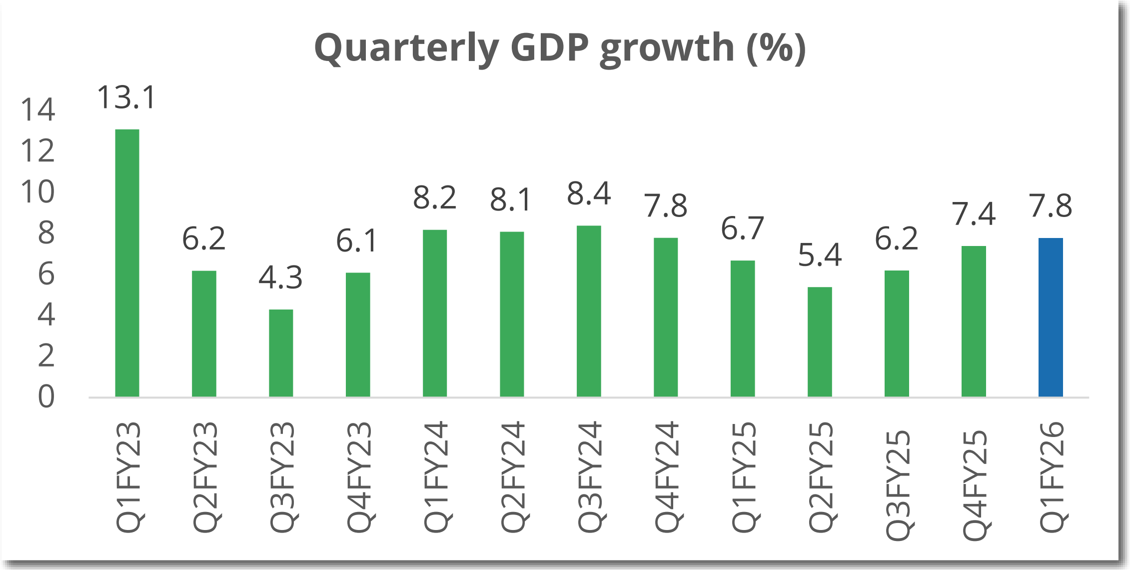


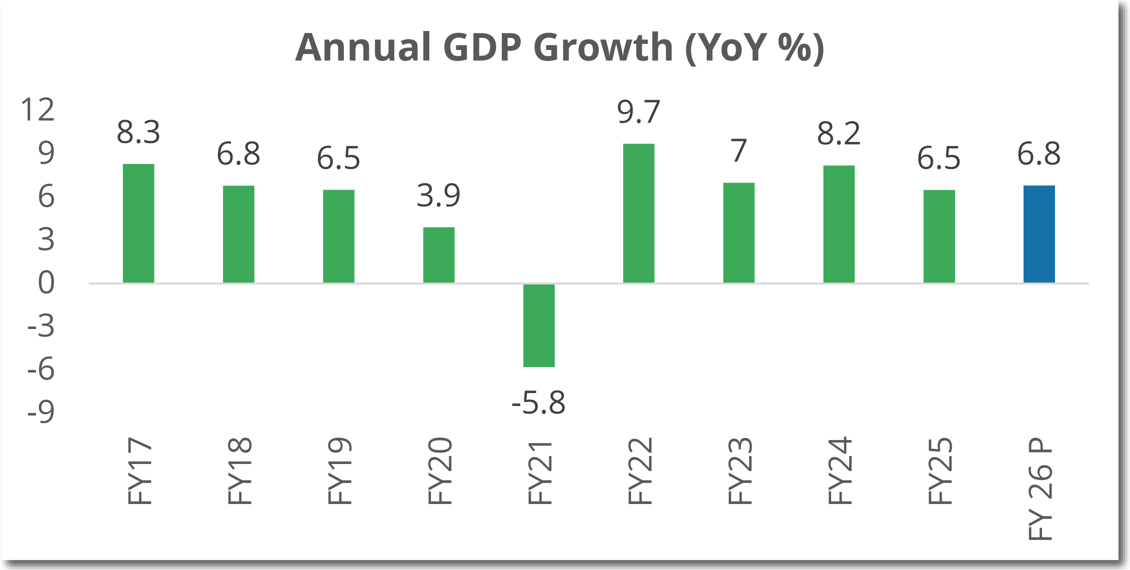
- FIIs turned net buyers after an extended selling streak, joining DIIs in supporting the rally. FII inflows in Oct 2025 amounts to USD 1.3 bn. Total FII outflows in CYTD 25 amounts to USD 15.2 bn.
- 2QFY26 mid season earnings shows green shoots of recovery with the current earnings season relatively better vs the past trends.
- DIIs flows continuous to remain strong and even covering for the high FII outflows as they continues to be net buyers for more than 2 years. Inflows in Oct 25 amounts to USD 5.8 bn. Total inflows from DIIs in CYTD 25 amounts to USD 72.5 bn.
- In case of Nifty 500 FIIs continue to prefer Large caps over SMID, holding the highest stake in Large caps followed by Mid and then small caps.

SOURCE: Bloomberg| Data as on 31st Oct 2025

Macros

GDP





- RBI estimates real GDP is to grow at 6.80% in FY26 supported by recovery in private consumption, service sector, recovery in agricultural sector while industrial growth remains a drag.
- Domestic growth is holding up and is broadly evolving along RBI's expected lines; rural consumption is faring better than urban discretionary consumption and government capex continues to support economic activity.
- RBI in its Oct MPC meeting the real GDP growth for FY 26 is projected at 6.80 with robust & healthy expected growth across all quarters-
  - Q2FY26 at 7.0 %
  - Q3FY26 at 6.4 %
  - Q4FY26 at 6.2%
  - Q1FY27 at 6.4%

Source: MOSPI, RBI, SBI | E – Estimate | P - Projected

Global Interest Rates

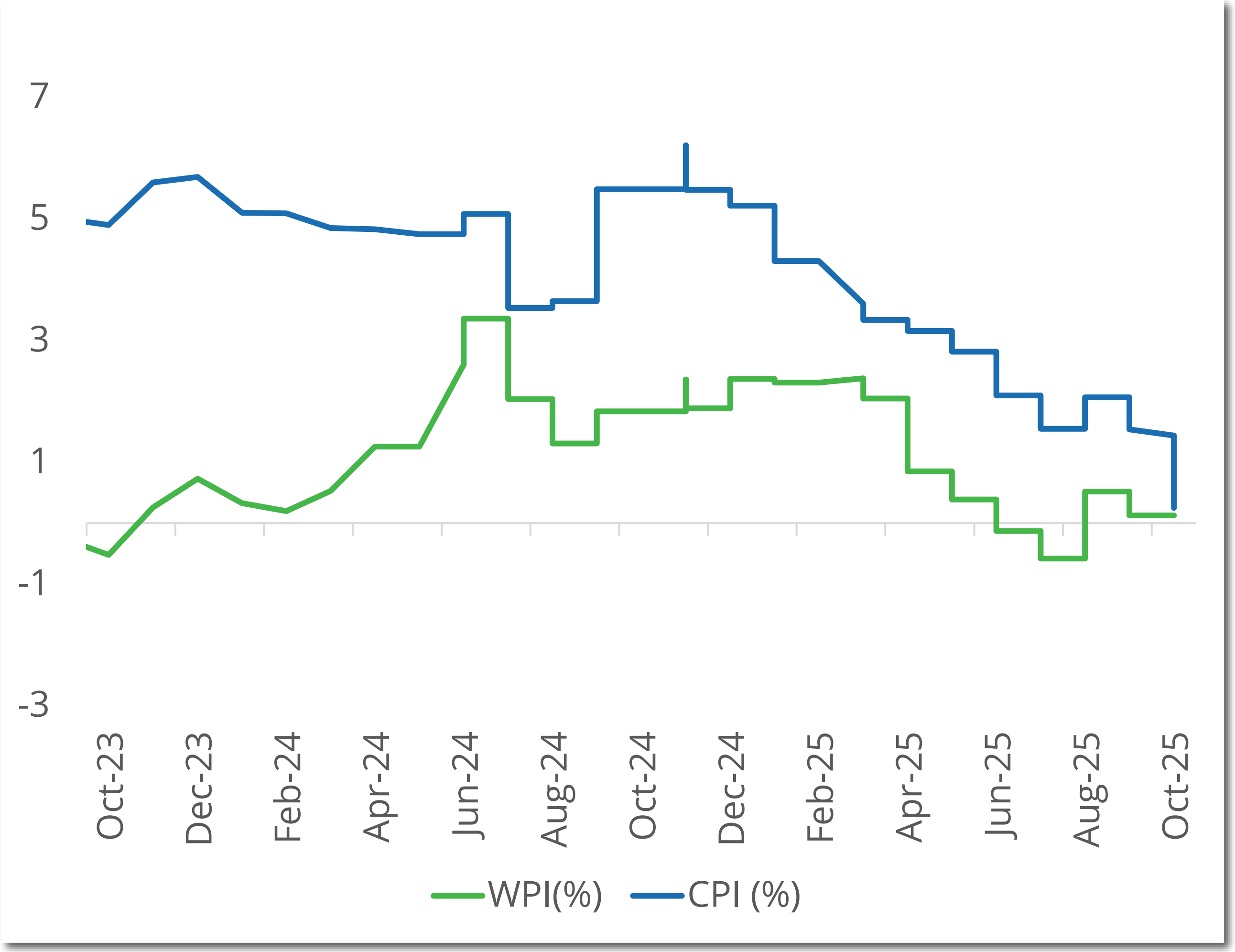
Country	Rate	Last Move by the central bank	Central Bank Rate	CPI YoY	Real Rates
US	Fed funds	Cut	3.88%	3.0%	1.57%
UK	Bank Rate	Cut	4.00%	3.8%	3.60%
Canada	Overnight	Cut	2.25%	2.4%	0.95%
Switzerland	Target Rate	Cut	0.00%	0.1%	0.30%
Eurozone	Deposit rate	Cut	2.00%	2.1%	2.30%
Japan	Policy rate	Hike	0.50%	2.9%	5.10%
Australia	Cash rate	Cut	3.60%	3.5%	2.90%
South Korea	Repo rate	Cut	2.50%	2.4%	2.00%
Taiwan	Discount rate	Hike	2.00%	1.30%	0.60%
China	Loan Prime rate	Cut	3.00%	-0.3%	-3.70%
India	Repo rate	Cut	5.50%	1.5%	-1.90%
Russia	Key Policy rate	Cut	16.50%	8.0%	-0.90%

Latest Move

- US Fed had conveyed that it is now getting attentive to both sides of the dual mandate - inflation and employment data, as compared to focusing only on the former.
- FOMC cut its policy rate for the second time this year by 25 bps to 3.75% to 4.00%.
- Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective from the current level of 3 percent in Aug 2025.
- There is another 50 bps of rate cut projected by the RBI by FT 26. This should take the terminal repo rate to 5.00 percent by the end of the financial year.

SOURCE: Bloomberg | Latest data as on 6th Nov 2025

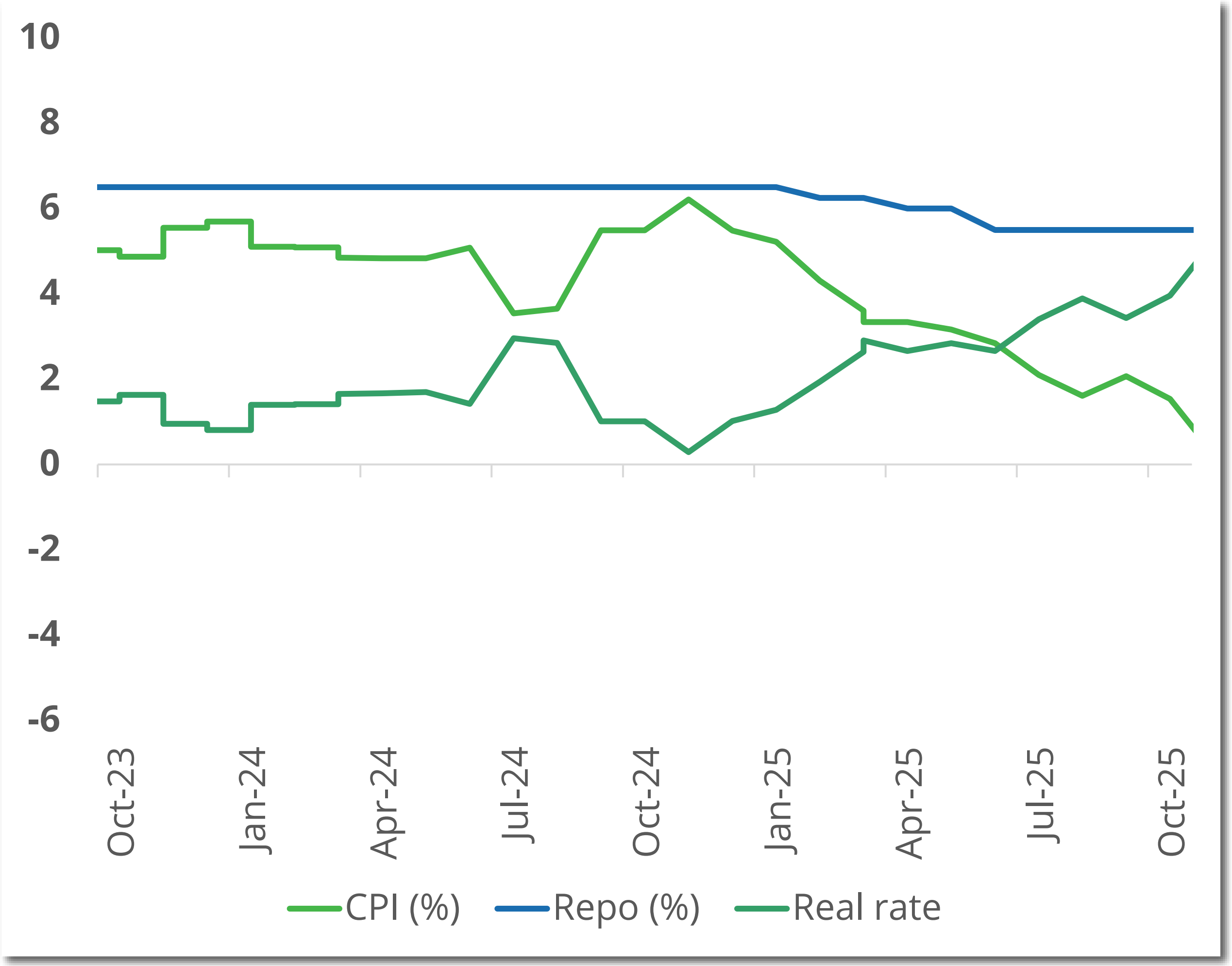
Domestic Inflation



- YoY CPI-based inflation for the month of Oct remained at the levels of 0.25%. Corresponding inflation rate for rural and urban is -0.25% and 0.88%, respectively.
- YoY Food inflation in Oct 25 stood at -5.02% . Corresponding inflation rate for rural and urban are -4.85% and -5.18%, respectively.
- The YoY WPI levels stood at in 0.13% in Sep 2025.

SOURCE: Bloomberg | GOI | Latest Data as on 13th Nov 2025

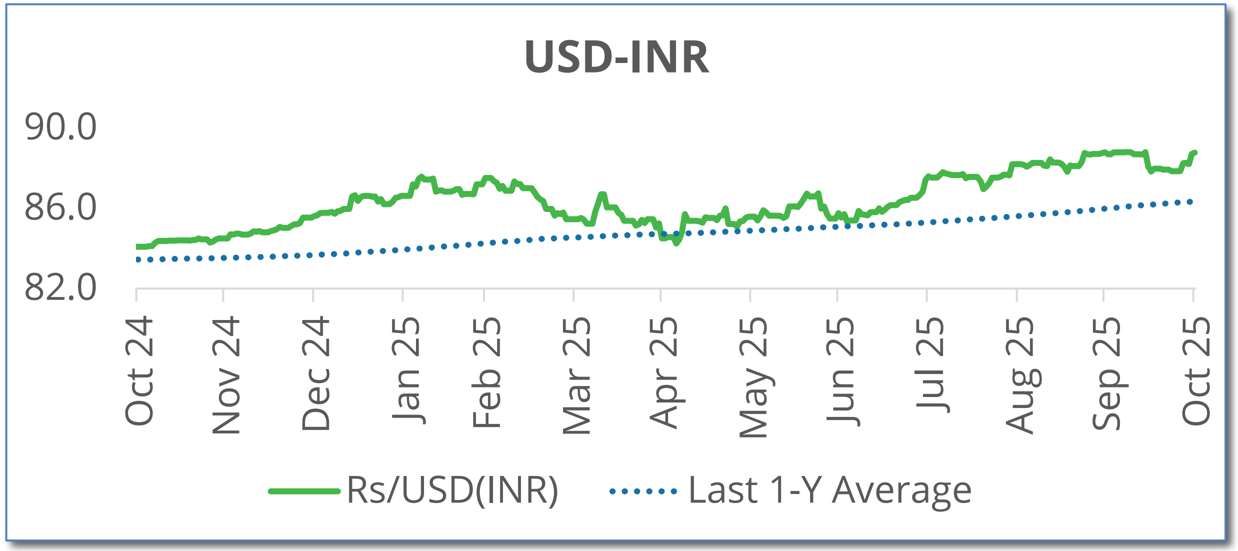
Real rates

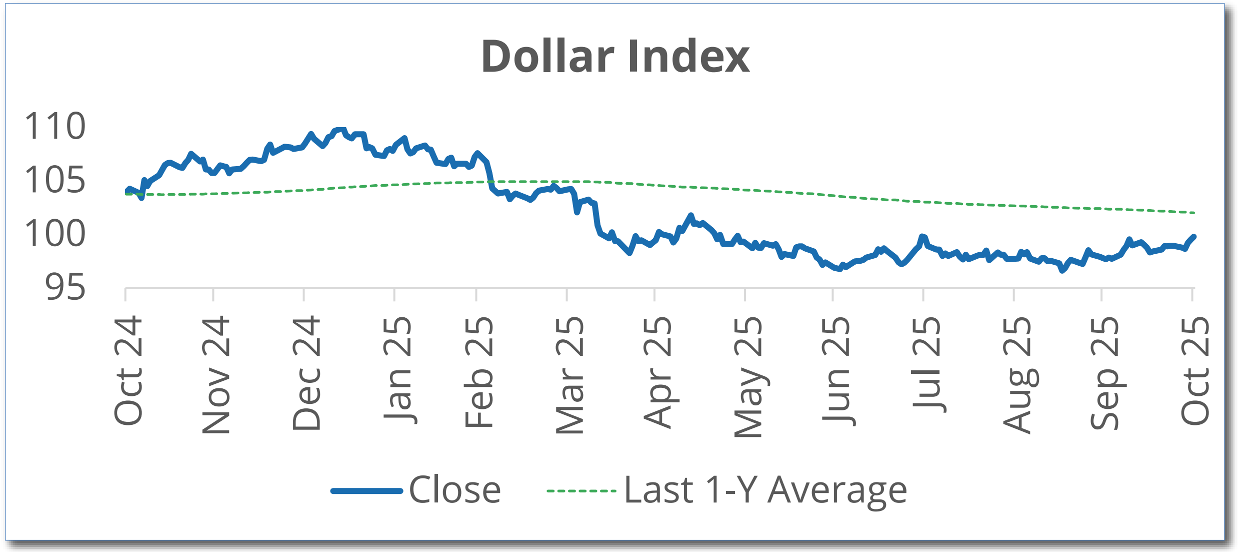


- In Aug MPC meeting the RBI voted unanimously to pause the rate cuts. Current policy rate stands at 5.5%. No rate changes were announced in the Oct MPC.
- MPC decided to change its stance from accommodative to neutral with a continued focus on growth-inflation dynamics.
- RBI maintained the real GDP growth forecast for the fiscal year 2025-26 at 6.80%. India is expected to grow twice as fast as the global GDP growth (3%)
- Primary risks includes challenges from geopolitical tensions, volatility in international commodity prices, actions of central banks of developed economies and geoeconomic fragmentation.

SOURCE: Bloomberg | RBI | Latest data as on 13th Nov 2025

Currency

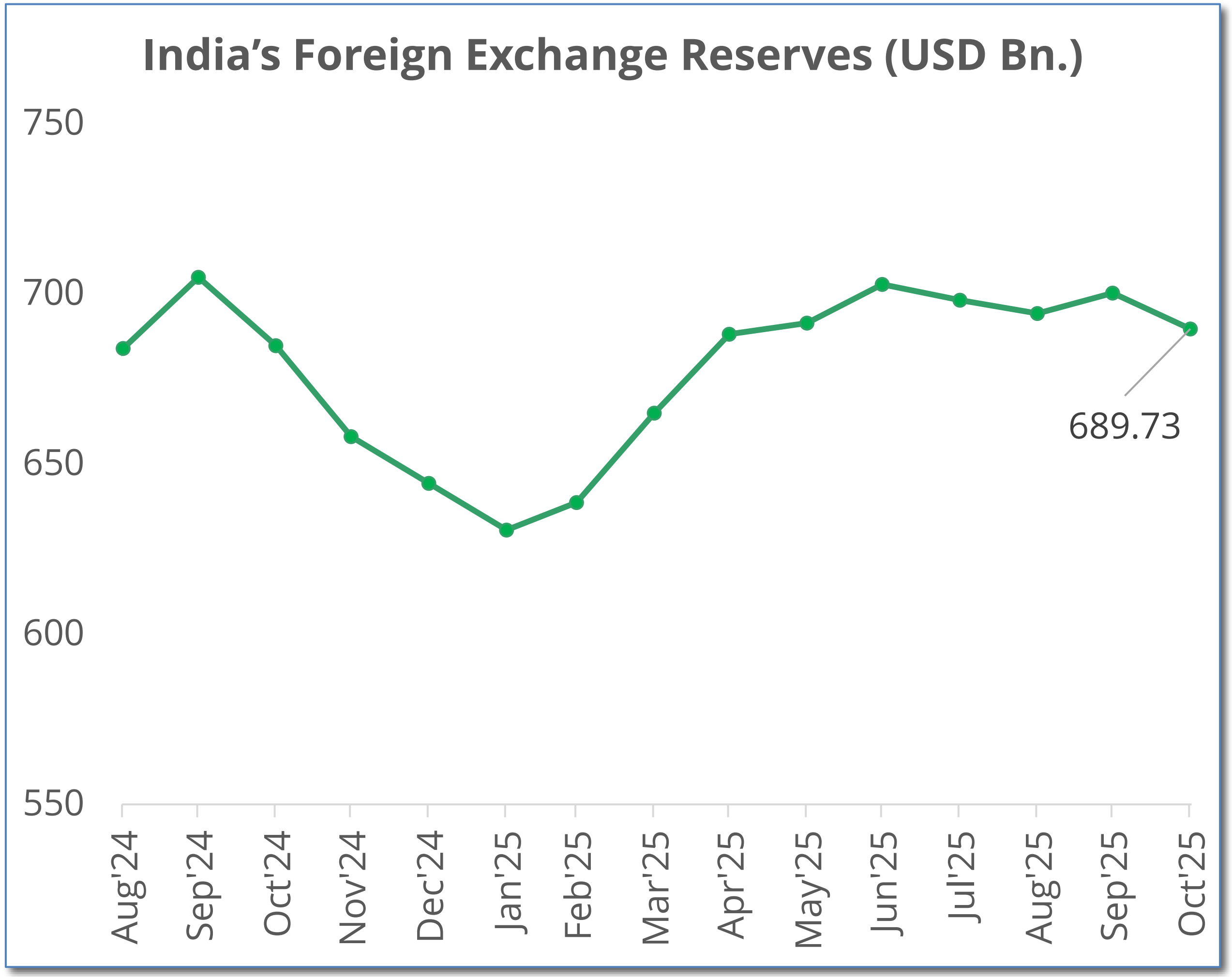




- INR underperformed relative to its peer Asian currencies and the USD. The last 1-year average INR stood at 86 per USD.
- USD-INR exchange rate fluctuated between 87.83 and 88.79 with an average of 88.38 in Sep 2025.
- INR appreciated by 0.02% against USD in the month of Oct 2025. In the past 1 year, INR depreciated by 5.6% against USD. INR has been one of the weakest performer among Asian currencies, while some regional peers have delivered strong performance against USD
- With the expectation of a potential trade agreement to ease the punitive tariff burden between USA and India, INR remained stable in the month of Oct 2025.
- RBI continuous to maintain its stance on currency intervention that it wants to smoothen excessive volatility rather than targeting any specific exchange rate or band.

SOURCE: Bloomberg | Data as on 31st Oct 2025

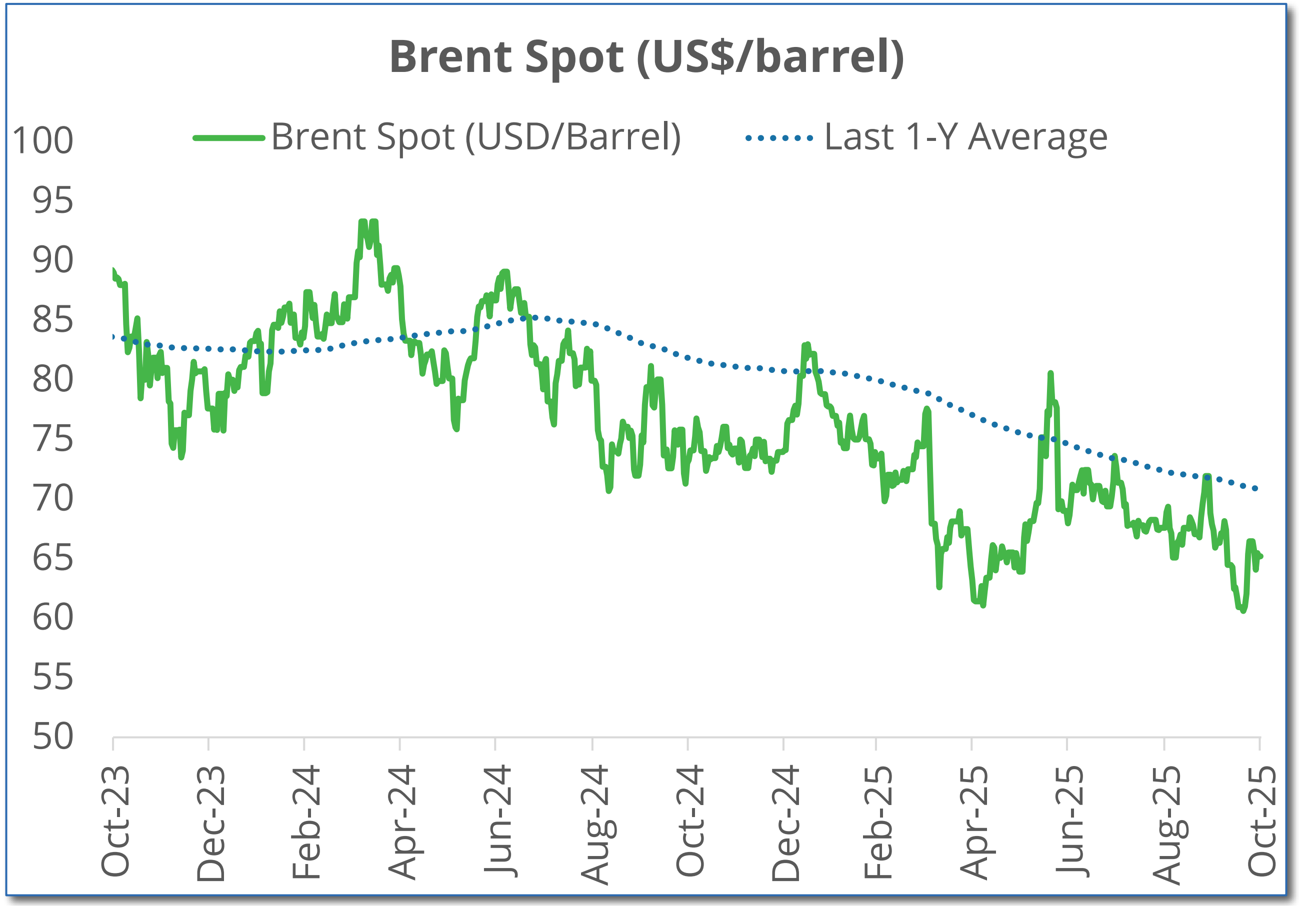
Forex reserves



- India's Foreign exchange reserves in Oct 25 saw an decrease of ~ USD 11 bn from the previous month. Standing at ~USD 690 bn in Oct 25 from ~USD 700 bn in Sep 25.
- RBI Governor Sanjay Malhotra said the reserves can cover over 11 months of merchandise.
- India's forex reserves includes but not limited to foreign currency assets, Gold reserves, Special Drawing Rights (SDR) and Reserve positions in IMF.
- RBI intervenes in the spot and forwards markets to prevent runaway moves in the rupee and acts as a rupee stabilizer.
- Changes in foreign currency assets, expressed in dollar terms, include the effects of appreciation or depreciation of other currencies held in the RBI's reserves.

SOURCE: Bloomberg | RBI | Latest data as on 31st Oct 2025

Crude oil



- Brent $ spot prices fell by ~11% in the last 1 year. The average brent crude prices over the month of Oct 2025 stands at $64.63.
- Brent crude prices appreciated by ~0.5% in Sep 2025 to ~$68 per barrel, Oil prices fell due to weaker demand in the U.S., the world's largest oil market, and a boost in supply this from OPEC and its allies.
- The discount of Russia's flagship crude Urals to Brent has widened to the highest this year at USD 20 per barrel (as on 11 Nov 2025), Before the U.S. sanctions from October 22, the discount was about USD 11-12 per barrel.
- The consumption in China is expected to grow more slowly in CY25 and CY26 than in previous years as China's consumption will outpace China's domestic production of crude oil and other liquids, resulting in increase of net imports.

SOURCE: Bloomberg | BPD- Barrels per day | Petroleum Planning & Analysis Cell | EIA | Data as on 31st Oct 2025

Resilient domestic macros

TATA mutual fund

	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	Latest*
GDP Growth (%)	7.2	7.9	7.9	7.3	6.1	4.2	-7.4	4.5	7.2	8.2	6.5	6.8 E
CPI Inflation (%)	5.9	4.9	3.8	3.6	3.4	5.8	5.5	7	5.7	4.8	3.6	0.3
Current Account Deficit (% of GDP)	-1.3	-1.1	-0.6	-1.8	-2.1	-0.9	0.9	-1.2	-2.7	-0.6	1.3	-0.5 E
Projected Fiscal Deficit (% of GDP)	-4.1	-3.9	-3.5	-3.5	-3.4	-4.6	-9.3	-6.7	-6.4	-5.6	4.7	4.4 E
Crude Oil (USD/Barrel)	53	39	60	58	65	23	59	111	80	87	79	68
Currency (USD/INR)	63	66	65	65	70	75	73	76	82	83	87	89
Forex Reserves (USD bn)	342	356	370	424	413	490	579	606	579	646	665	690
GST collections (lakh Cr.)						10.2	11.4	14.8	18.1	20.2	22.2	14.03

SOURCE : Bloomberg

*Crude oil, Currency, Forex Reserves and GST collections as on 31st Oct 2025 | GDP growth, CPI Inflation, Current account deficit and fiscal deficit – Latest available.

Monthly key macro indicators

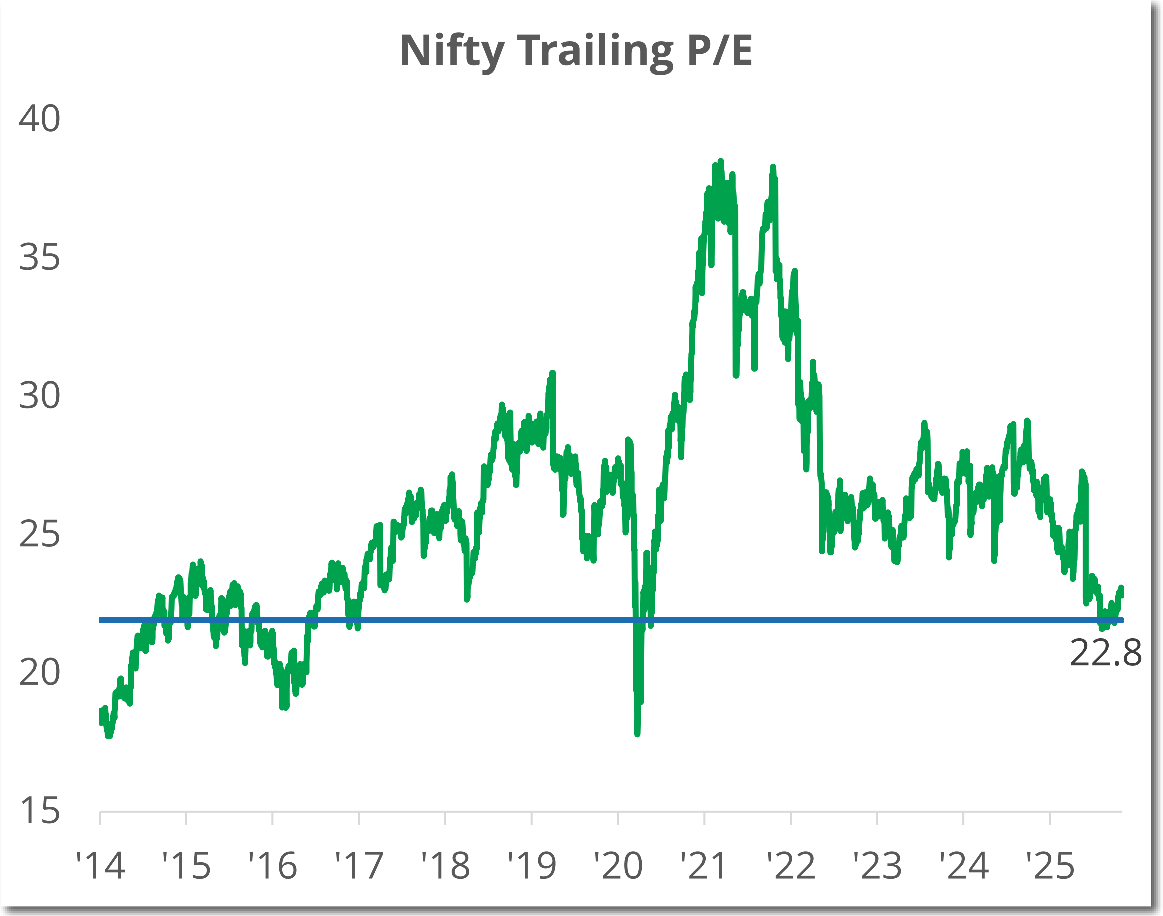
TATA mutual fund

	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Trade Balance (USD Bn.)	-20.8	-27.1	-37.9	-22	-23.1	-21.5	-21.54	-26.42	-21.9	18.8	-27.4	-26.5	-32.15
Crude Indian Basket (USD)	74	75	73	73	80	77	68	64	70	71	71	69	70
Bank Credit (Industry %)	8.9	7.9	8	7.2	8	7.1	7.8	6.6	4.8	5.5	6	6.5	7.3
Bank Credit (Services %)	13.7	12.7	13	11.7	12.5	12	12.4	10.5	8.7	9	10.6	10.6	10.2
Bank Credit (Retail)	13.4	12.9	13.3	12	11.8	11.7	11.6	11.9	11.1	12.1	11.9	11.8	11.7
Manufacturing PMI	56.5	57.5	56.5	56.4	57.7	56.3	58.1	58.2	57.6	58.4	59.1	59.3	57.7
Services PMI	57.7	58.5	58.4	59.3	56.5	59	58.5	58.7	58.8	60.4	60.5	62.9	60.9

SOURCE: Bloomberg | Data – Latest available

Valuations

Valuations: India vs Emerging markets

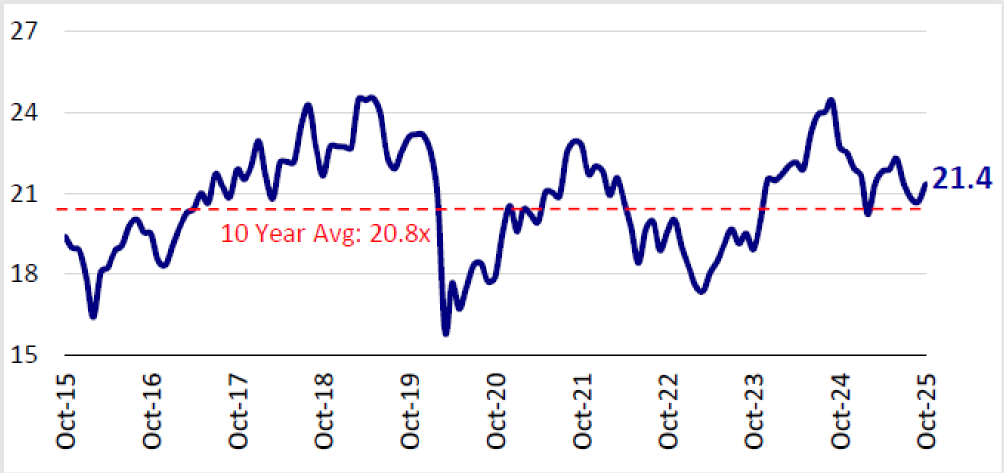


- 1-year forward PE for Nifty 50 stands at ~21.4x is now ~13% below its peak multiple in FY 19 of ~24.5x.
- 1-year trailing PE for Nifty 50 stands at 22.8x, lower than its 10-year historical average.
- Earnings for FY26 remains key to sustain valuations; Strong USD could continue to impact EM flows. Corporate earnings is expected to remain stable in FY 26.
- In P/E terms, the Nifty 50 is trading at ~55% premium to the MSCI EM index, lower its historical average of ~52% at the end of Oct 2025.
- Introduction of US President Trump's tariffs has led to significant volatility across the global markets and disrupting existing expectations about the global economy.
- Main impact of trade tensions on global markets is through uncertainty. When major economies engage in a tariff war, **investors fear slower global trade, disrupted supply chains, weakened corporate profits, and world moving towards recession**. This anxiety translates into market volatility. Companies may delay investment decisions; consumers may lose confidence and currencies fluctuates.

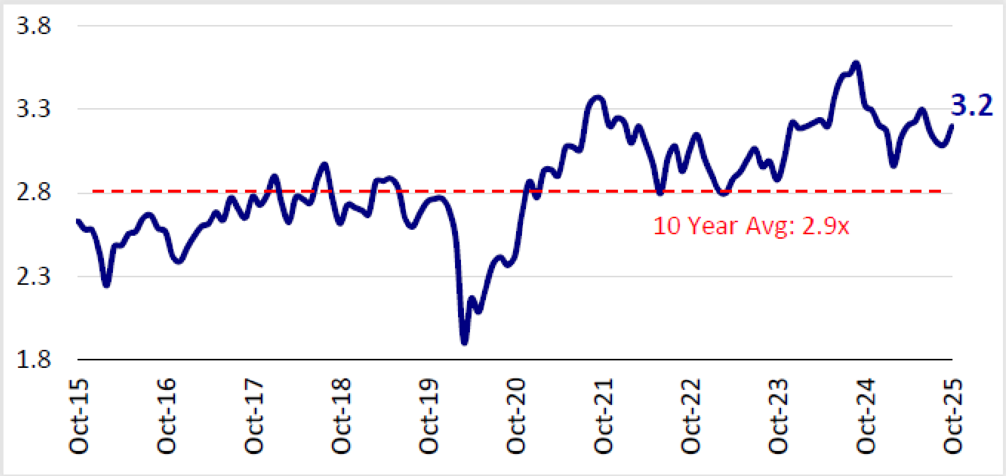
SOURCE: Bloomberg | Past performance may or may not be sustained in future | Data as on 31st Oct 2025

Forward valuations

1 year forward Nifty P/E



1 year forward Nifty P/B

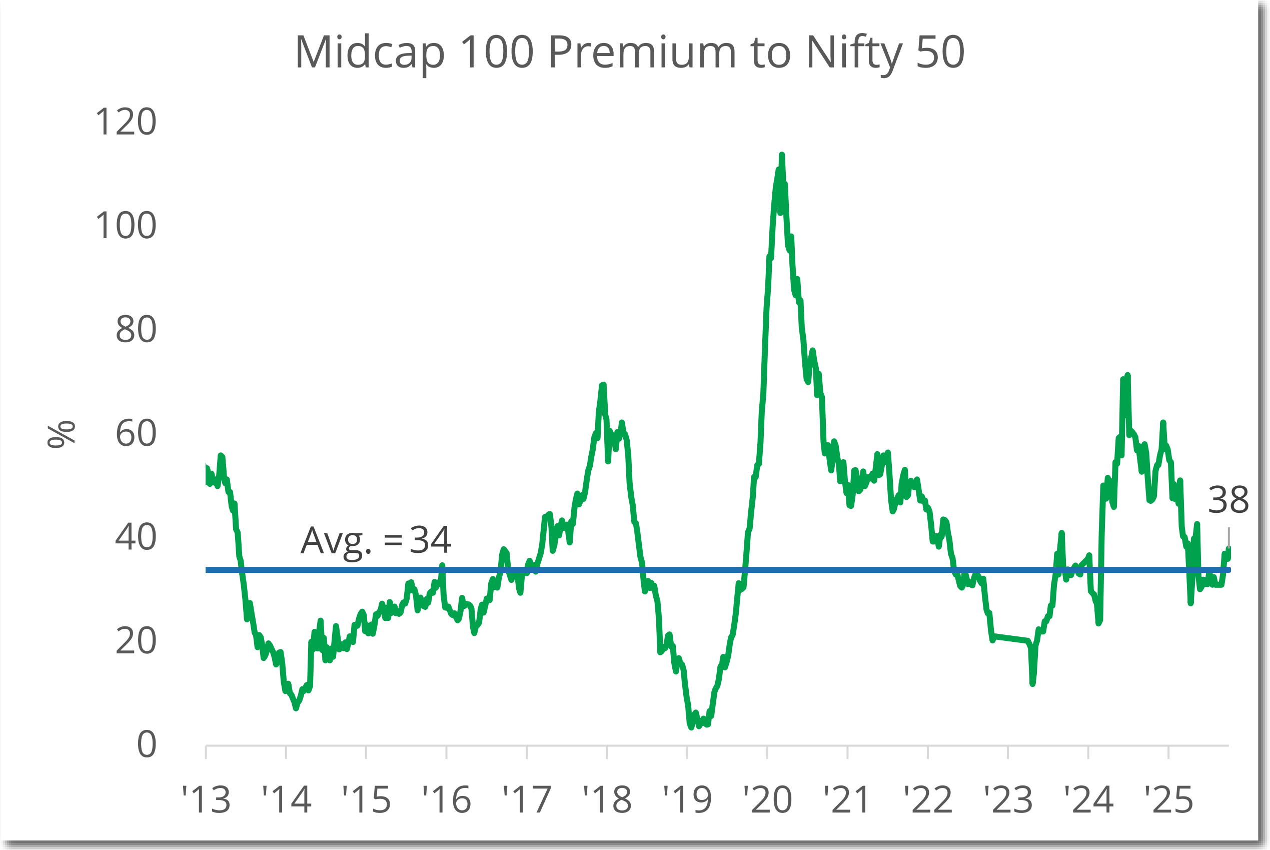


- Nifty is trading at a 1 year forward P/E ratio of 21.4x lower than its 10-year long term average of 20.8x

- P/B of 3.2x represents an 10% premium to its historical 10-year average of 2.9x.

SOURCE: Bloomberg, Motilal Oswal | Past performance may or may not be sustained in future | Data as on 31st Oct 2025

Valuations – Midcap vs Nifty 50



- Headline valuation premium for Nifty Midcap 100 vs Nifty 50 has come further down to 38% by the end of Oct 2025 from the highs of ~71% in July 2024.
- Valuations continue to remain expensive. Hence, while the index has corrected valuations continue to remain expensive.
- Amid high valuations within the mid and small cap space vs large caps and global peers. Current valuation metrics suggests relatively attractiveness of large caps over mid and small caps as they offer better risk-reward.
- Broad-based economic & investment cycle recovery implies sustained opportunities in mid and small caps in the long term.
- Stock selection based on execution and margin trends will become more critical in the medium term.

SOURCE: Bloomberg | Past performance may or may not be sustained in future| Data as on 31st Oct 2025

Sector valuations

Over the past 6 months, most of the sectors have seen a decline in P/E levels, driven by subdued earnings and valuation concerns amid ongoing geopolitical tensions and valuations relative to other EM peers.

Sector	Oct-25		Sep-25	
	P/E	10 year Average	P/E	10 year Average
Auto	26.3	26.4	26.5	26.3
Private Banks	17.3	21.0	16.6	21.0
PSU Banks	8.4	10.6	07.9	10.6
NBFC	15.2	12.5	14.6	12.4
Capital Goods	36.7	25.5	35.9	25.4
Cement	35.7	29.2	35.1	28.9
Consumer	41.9	42.4	40.7	42.2
Healthcare	31.9	27.1	30.9	27.0
Infrastructure	15.8	13.0	15.6	12.9
Logistics	24.3	23.0	24.0	23.0
Media	16.3	24.7	15.0	24.7
Metals	12.3	10.5	11.9	10.5
Oil & Gas	16.2	12.9	16.1	13.1
Real Estate	31.9	29.7	29.9	29.8
Retail	70.7	81.5	69.8	81.0
Technology	22.2	21.5	20.9	21.4
Telecom	Loss	51.8	Loss	55.2

P/E < 10-year average

SOURCE: Bloomberg | Past performance may or may not be sustained in future | Data as on 31st Oct 2025

Portfolio positioning – Active Funds

Steady State Category

Flexi Cap Funds

Large Cap Funds

Large & Mid Cap Funds

Business Cycle Funds

Value Funds

Multi Asset Allocation Funds

Thematic/Sectoral Funds Category

Financial Services Sector Funds

Consumption based Sector Funds

SOURCE: Based on Internal views and subject to change without notice. Please refer to the SID before investing.

EVENT MOSAIC

November 2025

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
27	28	29	30	31	01	02
03 HOLIDAY – Culture Day HOLIDAY Global Manufacturing PMI	04 HOLIDAY – Unity Day Global Manufacturing PMI FedGDP Now (Q4)	05 HOLIDAY – Guru Nanak Jayanti Global Services PMI PPI (YoY)	06 Global Services PMI BOE Interest Rate Decision	07 Unemployment Rate (Oct) Export & Import (Oct)	08	09
10	11 HOLIDAY – Remembrance Day Unemployment Rate (Sep)	12 CPI (YoY) (Oct)	13 PPI (YoY) (Oct) GDP (YoY) (Q3)	14 WPI (Food, Fuel, Inflation) (YoY) (Oct) GDP (YoY) (Q3)	15	16
17 GDP (YoY) (Q3) Core CPI (MoM) (YoY) (Oct)	18	19	20	21	22	23
24 HOLIDAY – Labour Day	25	26 FedGDP Now (Q4)	27 HOLIDAY - Thanksgiving Day	28 HOLIDAY – Thanksgiving Day	29	30

Thank You

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