TATA mutual fund

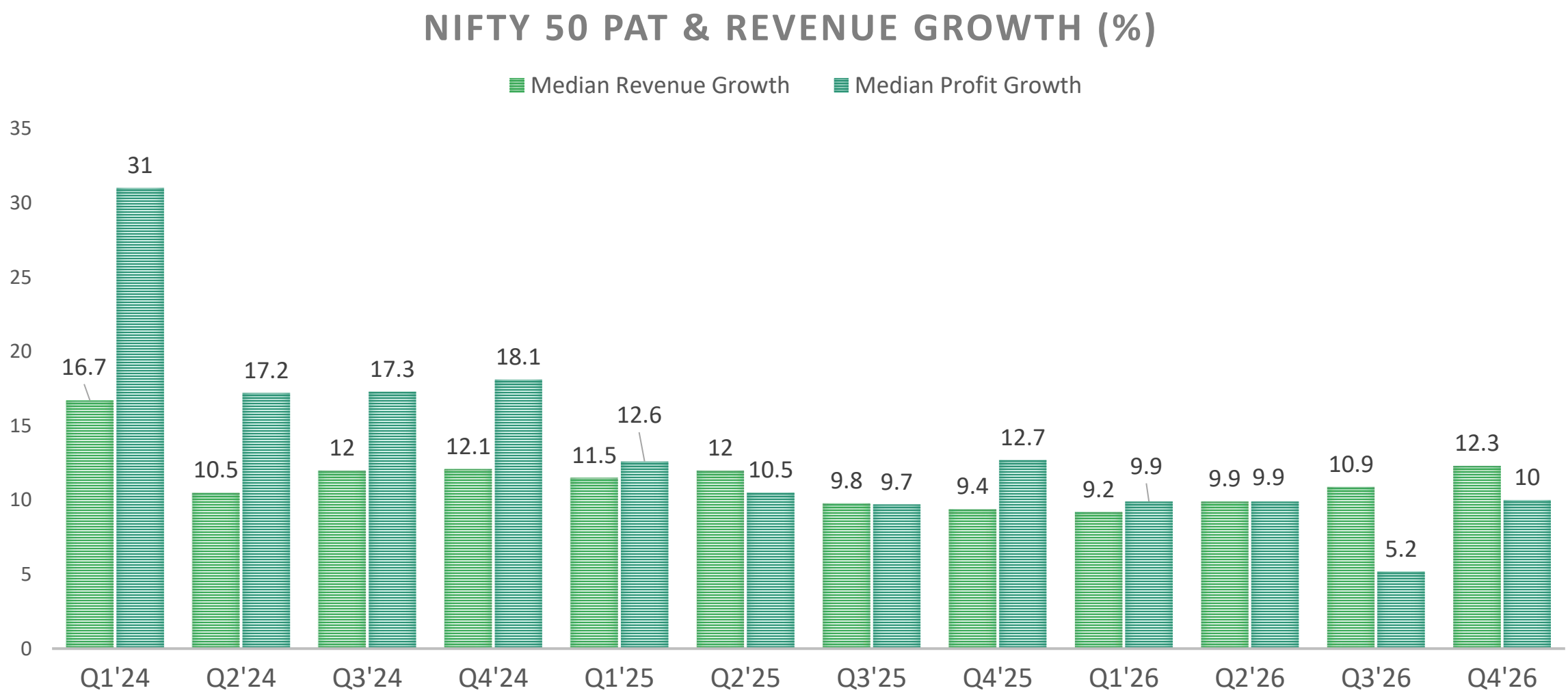
EQUITY VIEW

Valuations | Insights | Expectations | Watchlist

July 2026



Earnings picking up pace

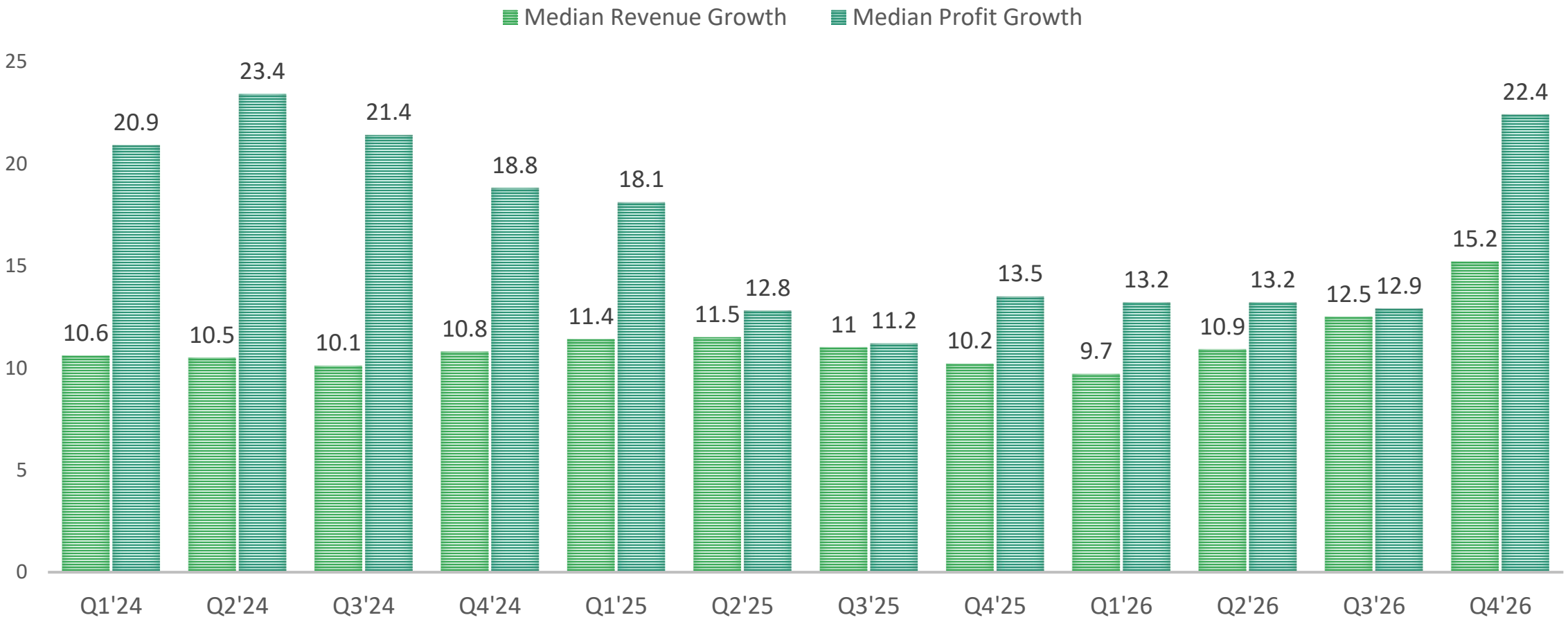


Source: Stock Scans

Earnings picking up pace

TATA mutual fund

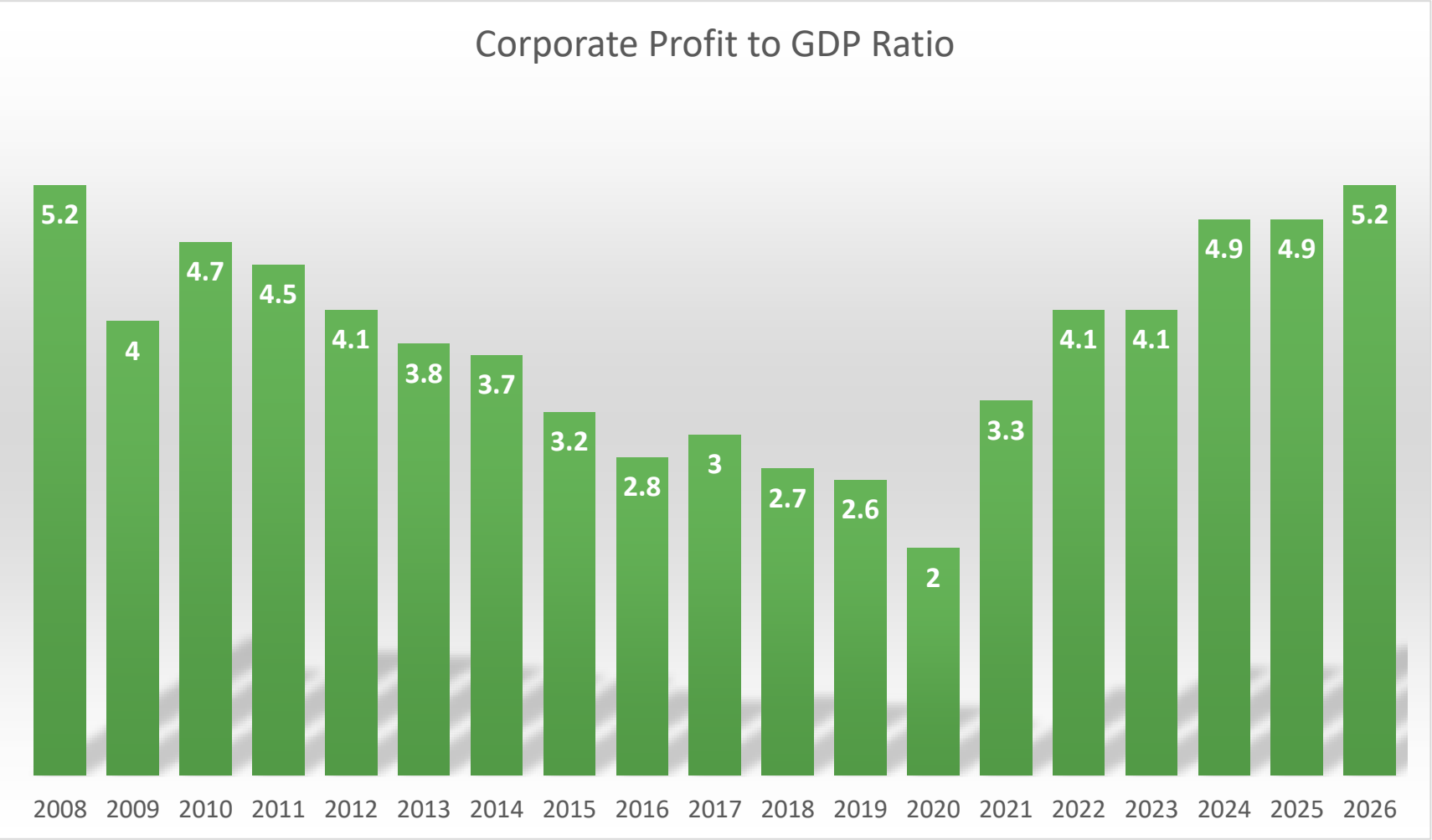
BROADER MARKET* REVENUE AND PROFIT GROWTH (%)



Source: StocksScans | Broader Market* - All companies above INR 1000 Crores Market Capitalization

Topline growth on a 3 year high

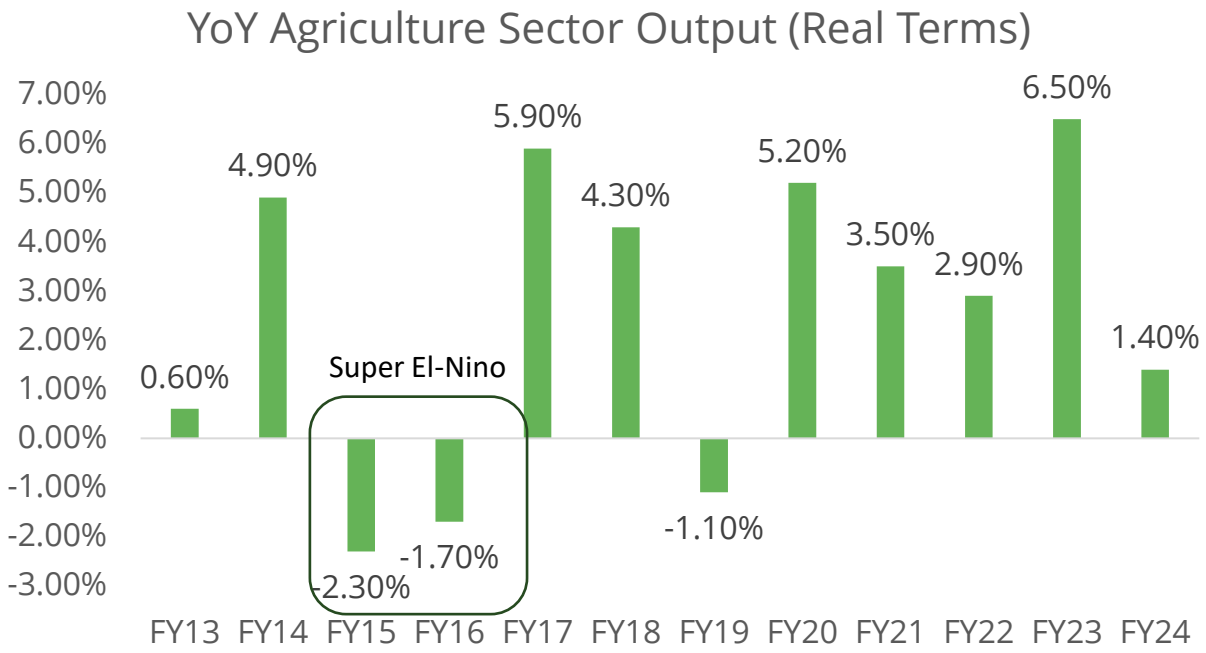
Profits of Nifty 500 companies against GDP of India.

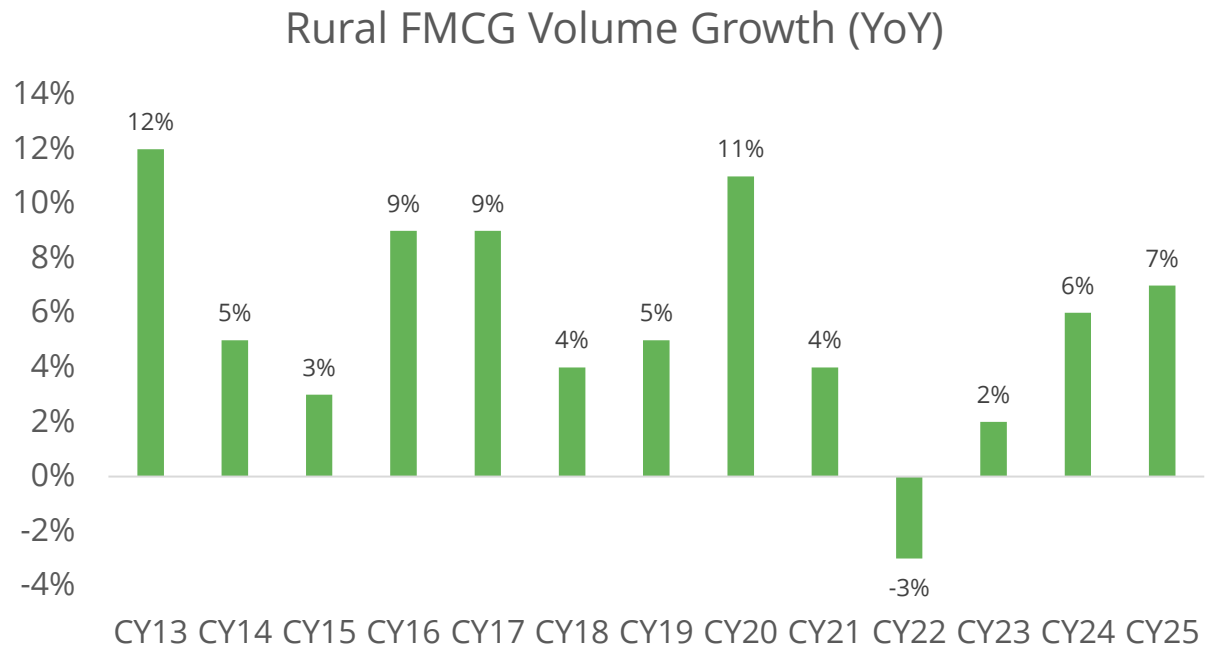


- The ratio of profits of India's top 500 companies to GDP of India reached a two decade high of 5.2x.
- The same levels were seen in 2008 post which the ratio was on a falling streak till 2020.
- In 2020, the ratio reached a long time low of 2x post which it has been on a gaining streak.

Source: Motilal Oswal Report: Eagle Eye – July Edition

Growth catch up in H2FY26



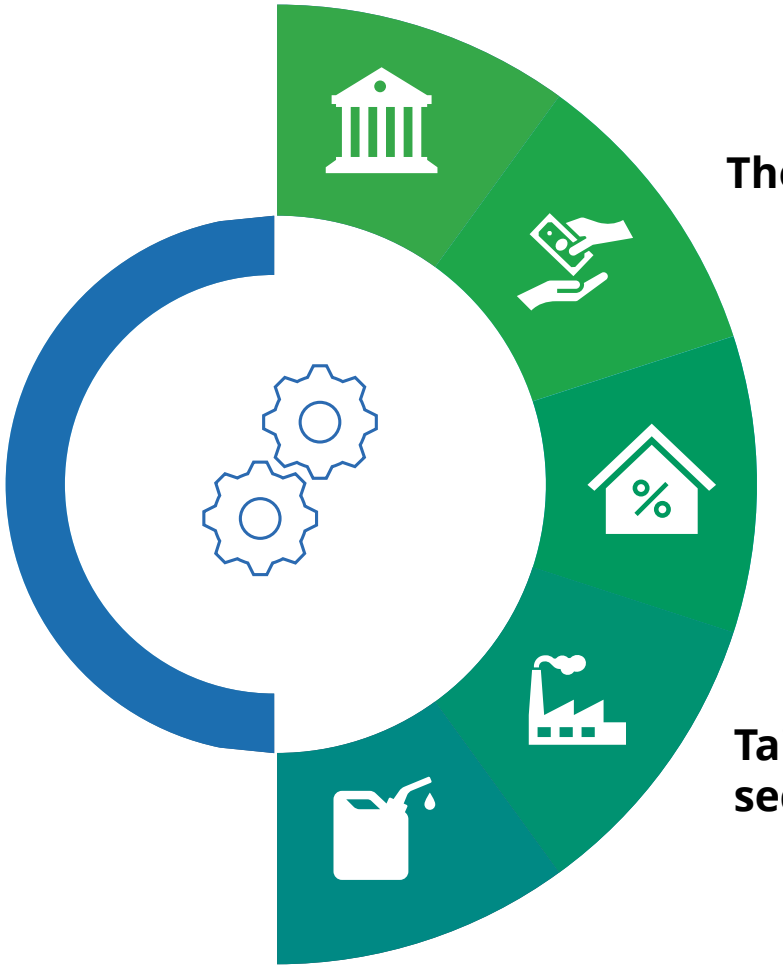


- Indian agriculture is resilient to normal rainfall deficits, but El-Nino poses a significant risk due to uneven rainfall and higher temperatures.
- In relation to it, as 58% of the rural workforce depend on agriculture, during El-Nino, FMCG volume growth typically shows a slowdown.

Source: Ambit Report: El Nino: Stress Test for Rural Demand | Data as latest available

Drivers for India

The longer-term drivers of earnings in India



The pickup in the investment cycle

The pickup in the credit cycle

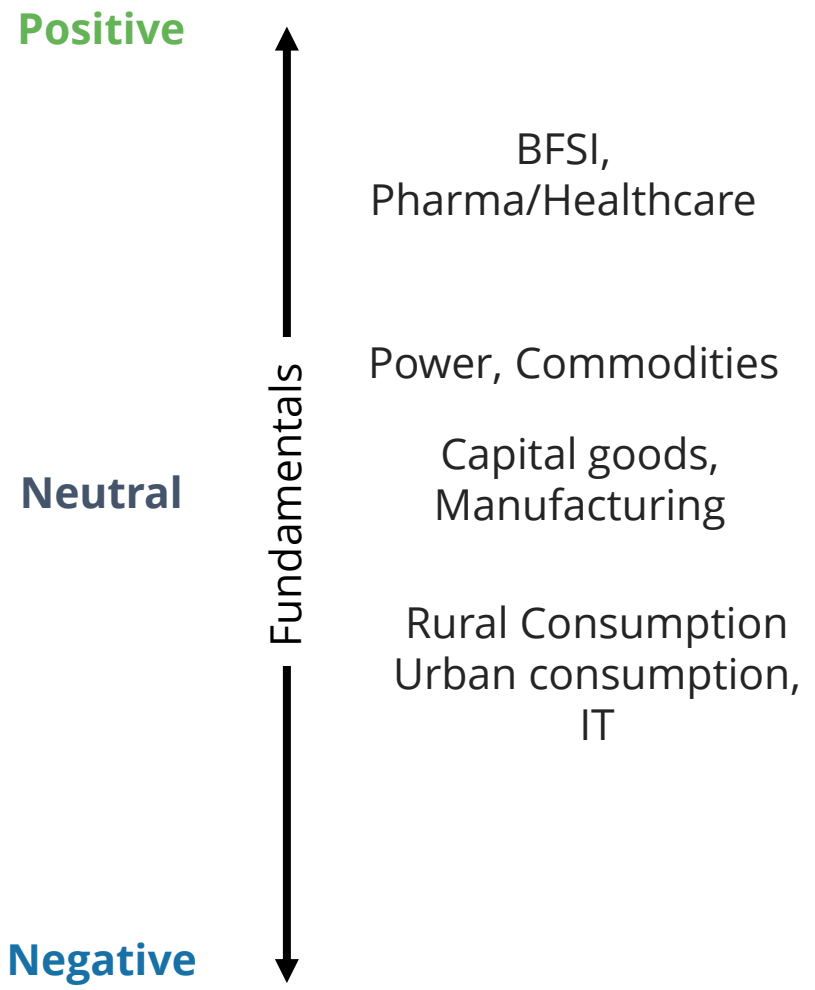
The pickup in real estate

Tailwinds for Indian manufacturing sector and the industrial sector

Improving asset quality and attractive growth outlook

Based on Internal Views and subject to change

Profitability trends improving marginally



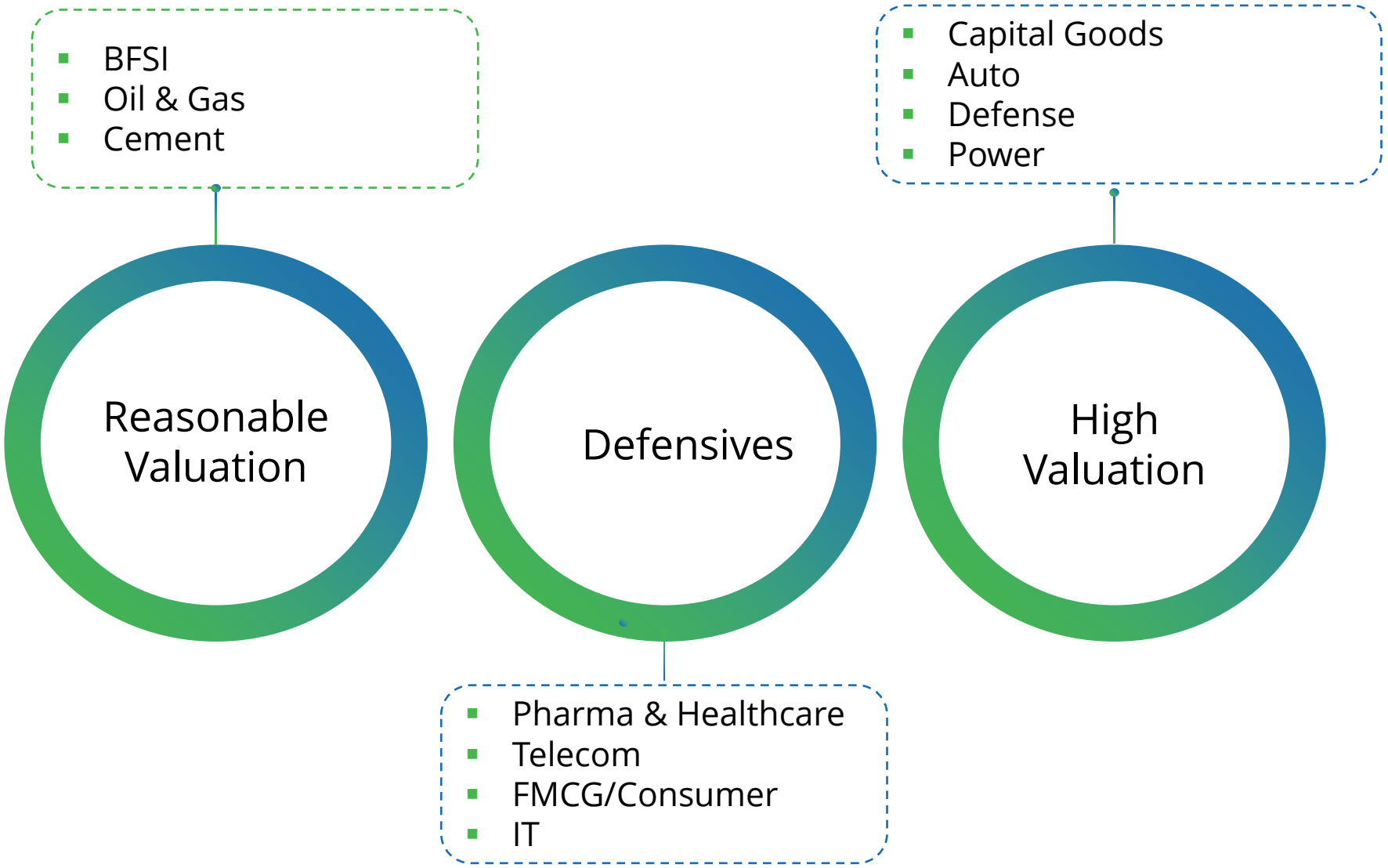
India's outperformance vs its EM peers has reduced due to earning downgrades in FY25-26 and China stimulus. Corporate earnings are expected to recover in FY27.

1. Banks upgrade cycle likely in FY27, one cycle of re-rating has come into effect now and currently the sector is going through a consolidation phase. The expected FY27 growth of 15-20%, aided by credit growth recovery, benign asset quality and recovery in NIMs after the bottom in FY26.
2. Pharma valuations are now reasonable and defensive sector in the current geopolitical context. Diagnostics & Hospitals benefit from GST 2.0
3. Recovery in power demand, capex in generation (renewable + thermal) and transmission and hot summer implies positive for power sector. Incremental approach is bottom-up but valuation normalization over last 18 months makes the sector a good prospect.
4. Commodities: Resource crunch and supply disruption likely to lead to earlier than expected recovery in commodity cycle across metals and chemicals
5. Consumption recovery visible in FMCG in Q4FY26 results; high valuations and El Nino are constraints for significant upside even though they remain defensives.
6. 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. While valuation re-rating is difficult, the sector offers stock-specific opportunities at current valuation and the evolving power sector scenario.

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

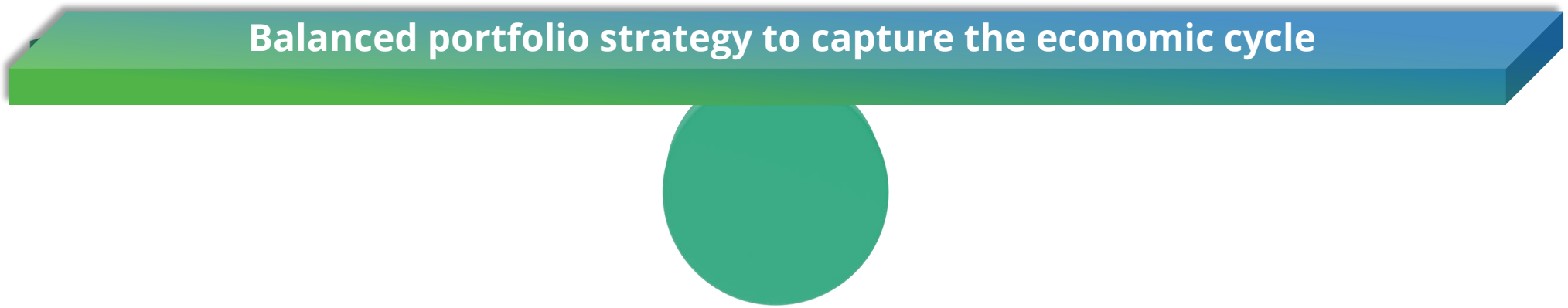


Based on Internal Views and subject to change

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



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 appear set for recovery in FY27 and could benefit from GST despite cuts from IT sector.
  - Geopolitical risks have led to higher bond yields and weak INR. We expect large caps to outperform given cheaper valuation + earnings stability although the valuation premium of mid and small caps has also come down post recent correction.
  - 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 FY27.

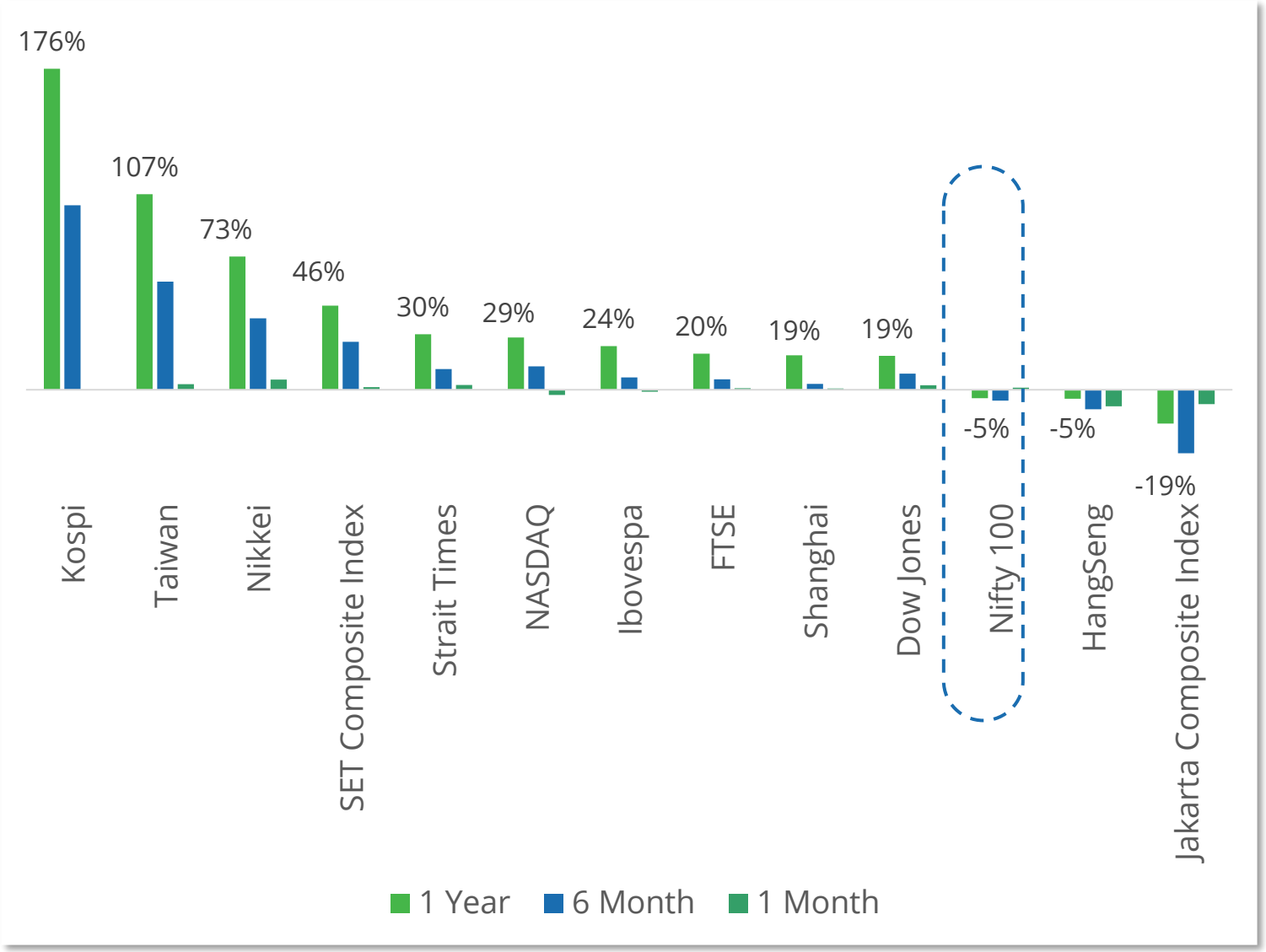
Based on Internal Views and subject to change



TATA mutual fund

Market performance

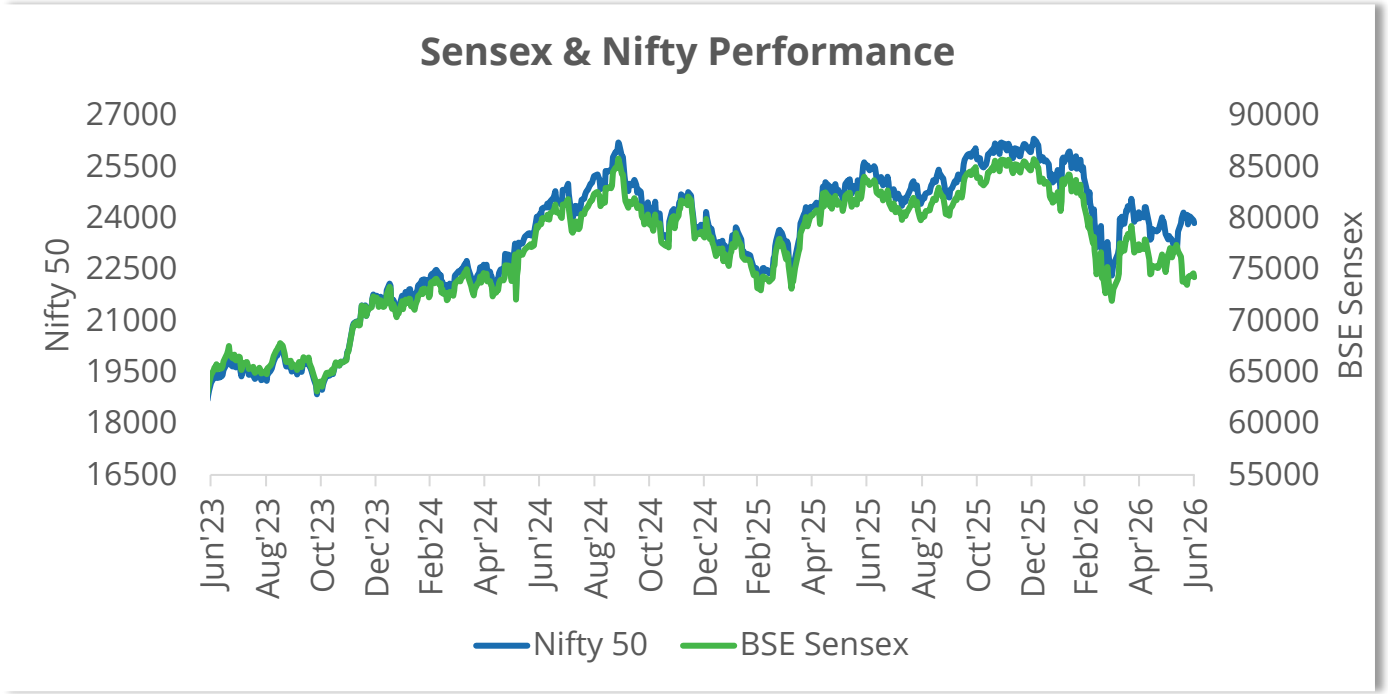
Global market performance – Kospi leads



- Global markets remained range bound signaling geopolitical uncertainties already priced in.
- The US index, Dow Jones gained at 2.52% whereas Nasdaq closed -2.81%, as sell off in chip stocks intensifies.
- India's Nifty 100 saw rebound too, closing April with 7.46% gains outperforming majority of emerging markets.
- China's Shanghai index closed with 5.66% gains underperforming Indian market during April.

SOURCE: Bloomberg | Past performance may or may not be sustained in future | Data as on 31st June 2026 | Indices are PR | Returns in local currency terms

India - Broader market update

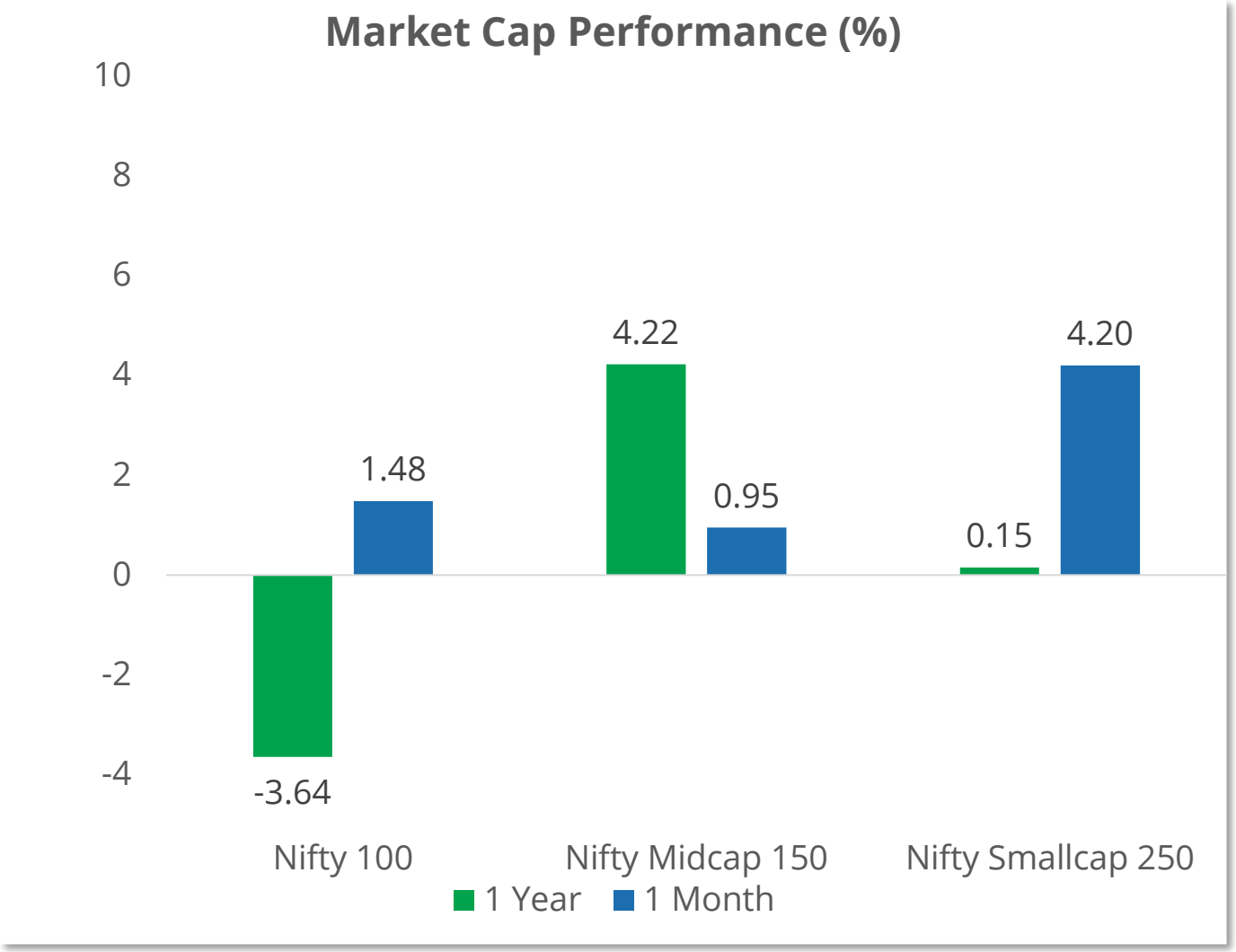


- Nifty 50 ended the month at 23,866 (1.31%). The April month was defined by bullish price action.
- The FYTD returns for Nifty 50 stood at 6.80% and CYTD returns at -8.66%.

	BSE Sensex	Nifty 50
FYTD	6.23%	6.80%
CYTD	-10.26%	-8.66%
1 Month	2.21%	1.31%

SOURCE: Bloomberg | Past performance may or may not be sustained in future | Data as on 30th June 2026

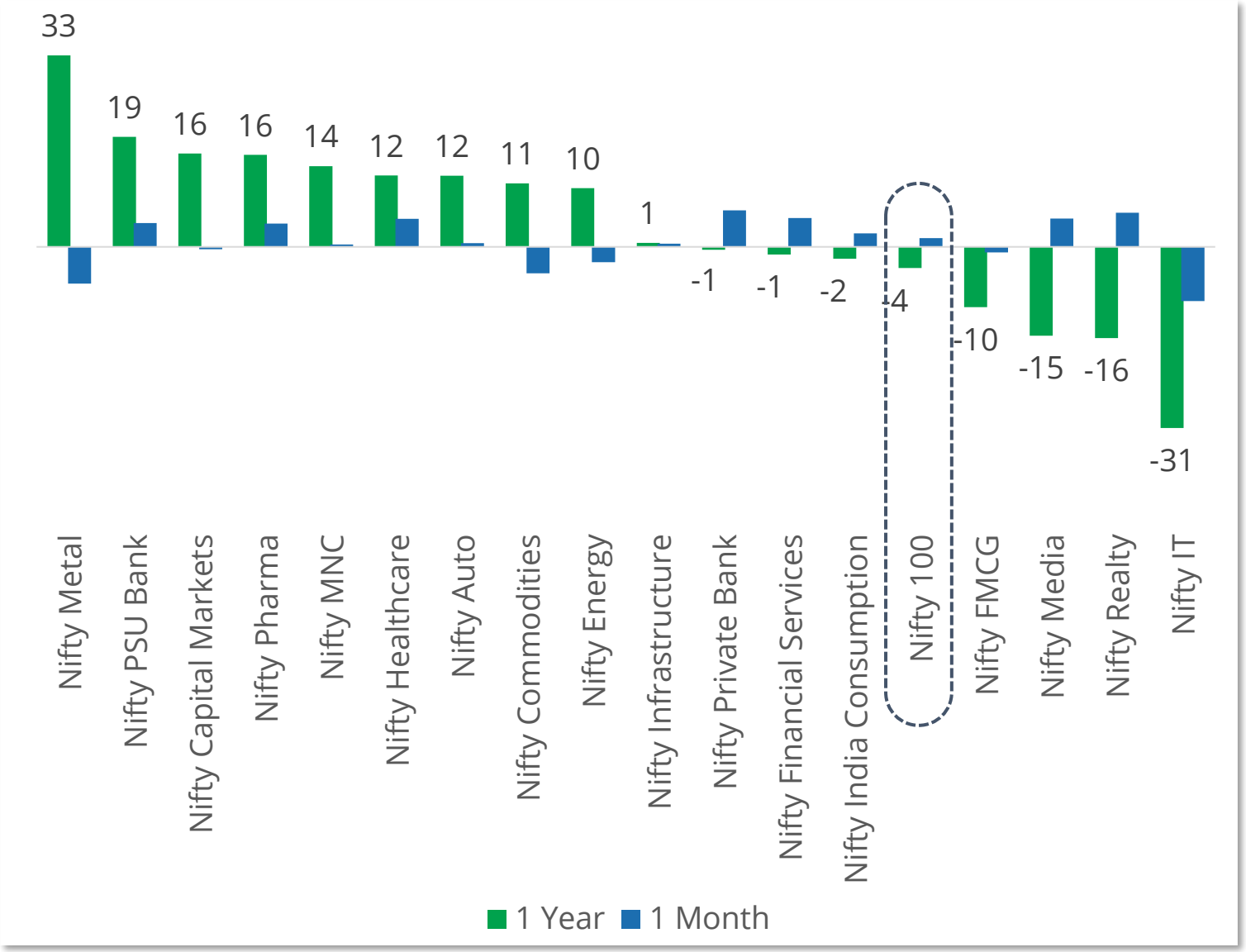
Indian Market cap performance



- The mid cap index has relatively outperformed small cap and large cap indices in the last 1 year. Mid cap index gained 4.2% while Nifty 100 is underperforming with -3.64% and Nifty Smallcap 250 has gained 0.15%.
- Nifty 100 surged by 1.48% in June 2026, while mid and small cap indices surged by 0.95% and 4.20% respectively.
- EPS growth for Nifty 50 is expected to rise to ~9.8% YoY in 3QFY26 and by 15-17% in FY 27 aided by a likely improvement in the macro environment owing to stimulative fiscal and monetary measures.

SOURCE: Bloomberg | Indices are TR indices | Past performance may or may not be sustained in future | Data as on 30th June 2026

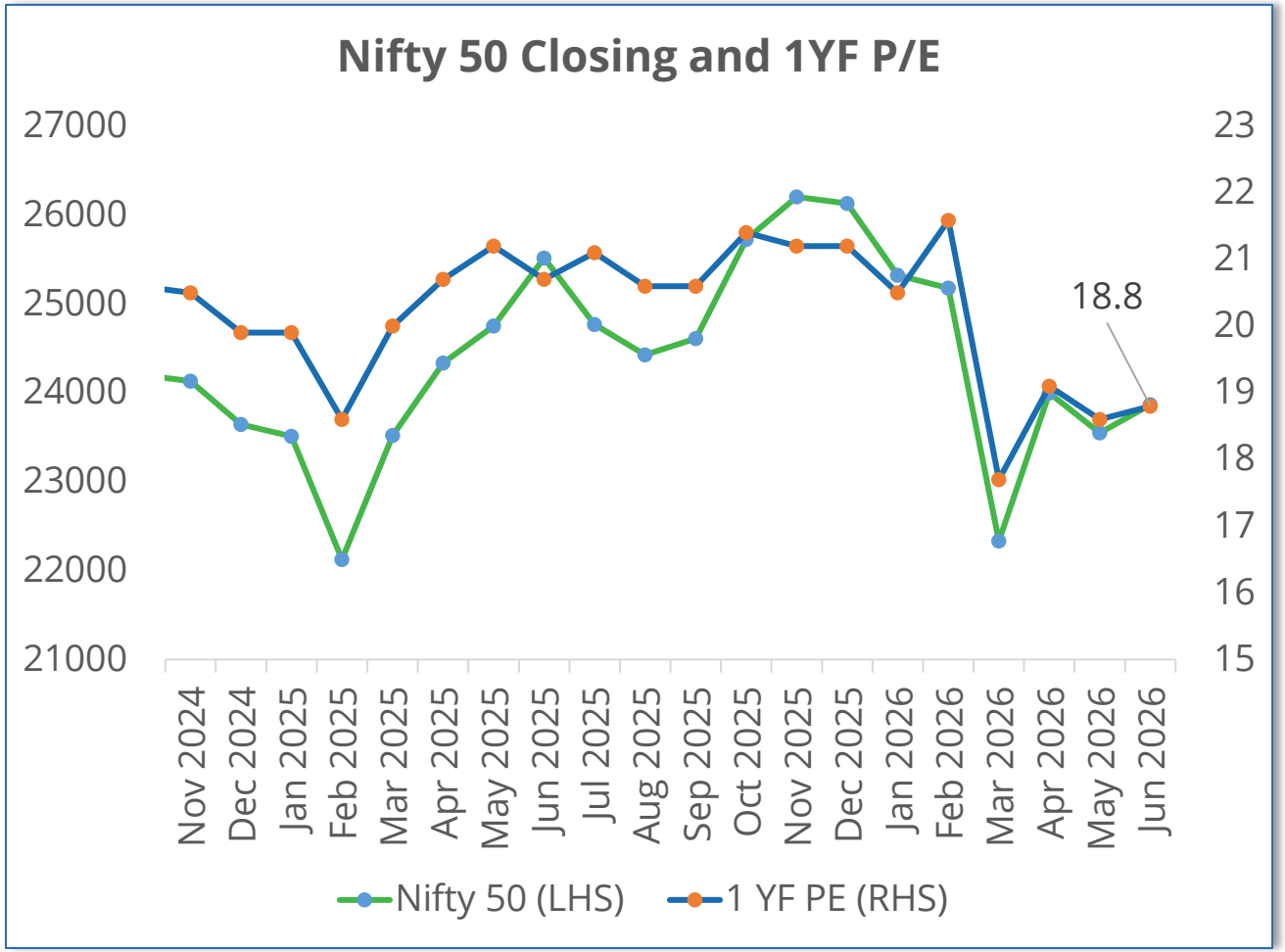
Sectoral Performance



- Sectors that have largely outperformed Nifty 100 includes Metals, PSU Banks, Capital Markets and Pharma in the past 1-year returns
- Media, Realty, IT, and FMCG have underperformed the Nifty 100 index in the past 1-year period.
- In the past month, sectors like IT, FMCG, Energy have underperformed Nifty 100 with correction across market categories.
- Banks carry a relatively lower risk of a negative earning surprise. Chemicals, 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 30th June 2026

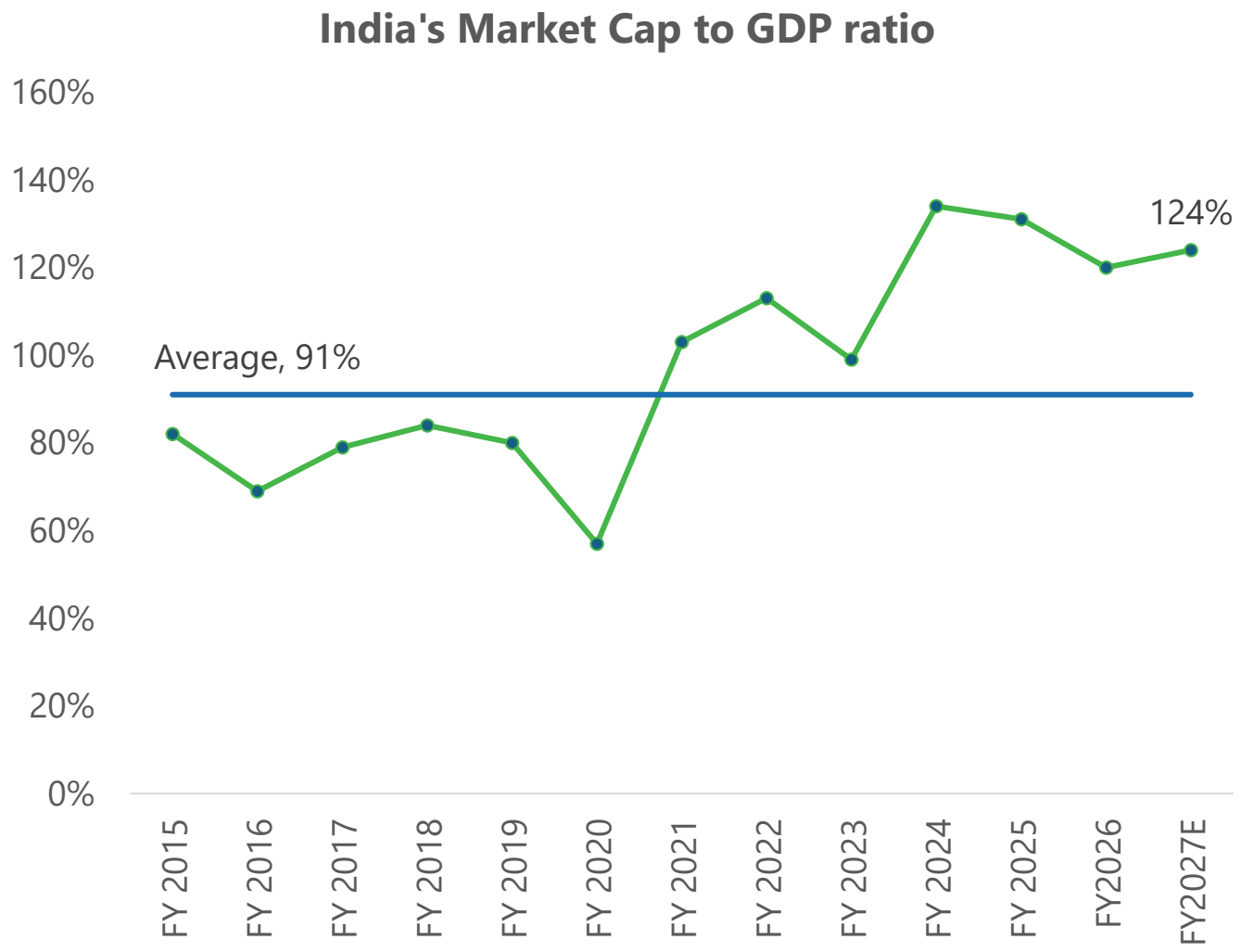
Nifty Performance & Valuation Trends



- Markets traded in range during June 2026.
- India VIX corrected to levels of 12-14, showing rising confidence in the market.
- Nifty 50 ended the month the month of Mar 2026 at 23866(1.3%), showing a strong rebound in the index.

SOURCE: Bloomberg | * Volatility Index | Past performance may or may not be sustained in future | Data as on 30th June 2026

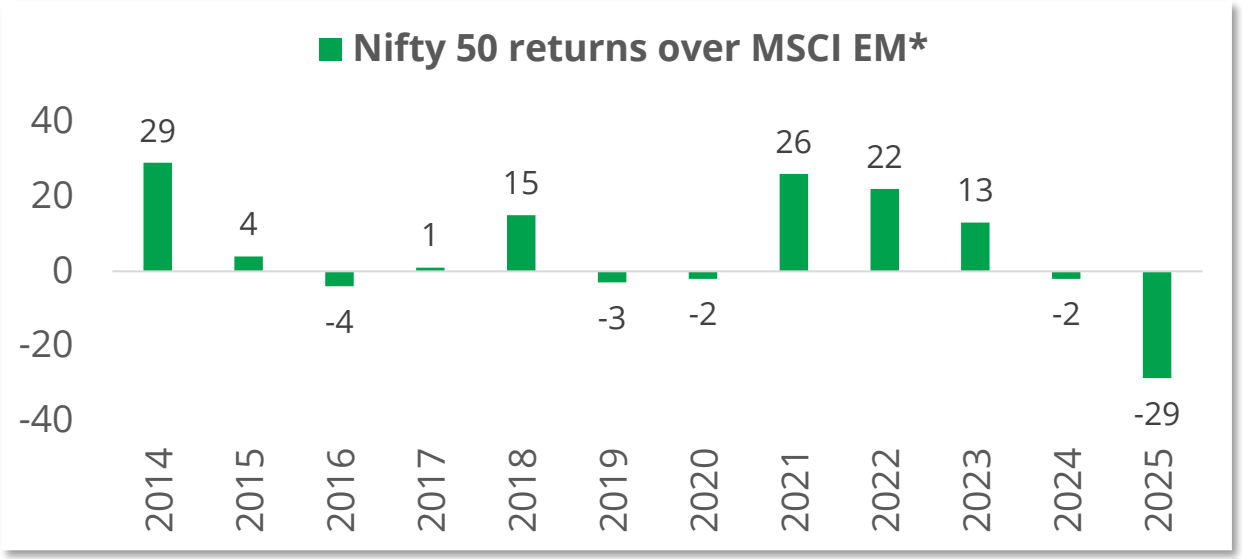
Market cap to GDP

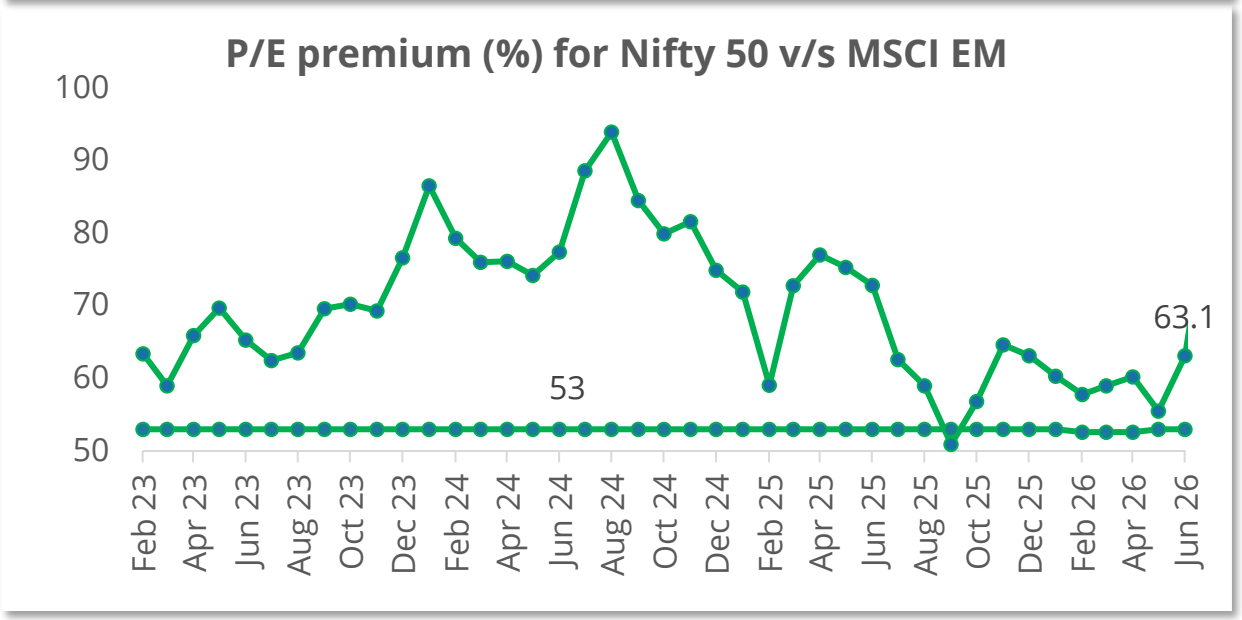


- India's Market Cap to GDP ratio in FY27 is expected to be 124% of GDP.
- India's FY26 Market Cap to GDP ratio plunged to 120% below the levels of FY 2024 i.e., 134%.

SOURCE: Bloomberg, RBI | | Past trends are not indicative of future performance| Data 30th June 2026

India vs MSCI EM





- In CY 26, Indian markets are showing reasonable valuations is well positioned to attract emerging market flows.
- India's earnings differential with EMs is now narrowing. India continues to trade at ~10% premium vs its peer Asian economies.
- P/E premium of Nifty 50 vs MSCI EM has reduced from 77% in Mar 2025 to 63.1% by the end of June 2026.

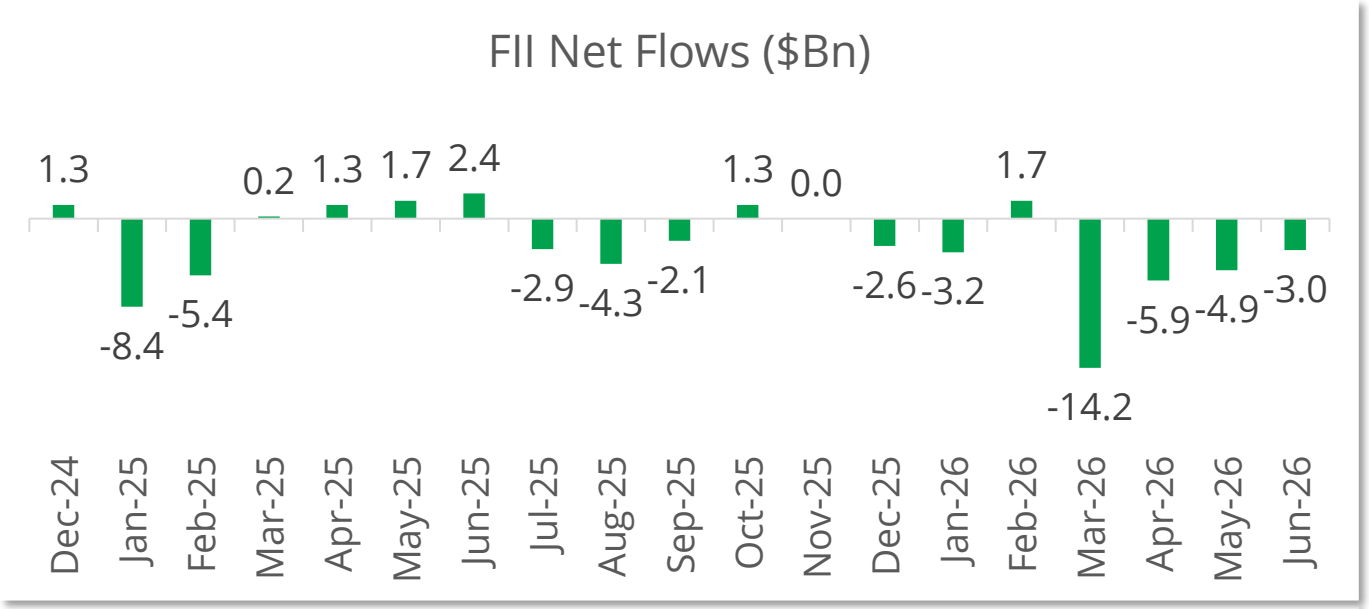
SOURCE: Bloomberg | Past performance may or may not be sustained in future | * In local currency (USD) | Data as on 30th June 2026

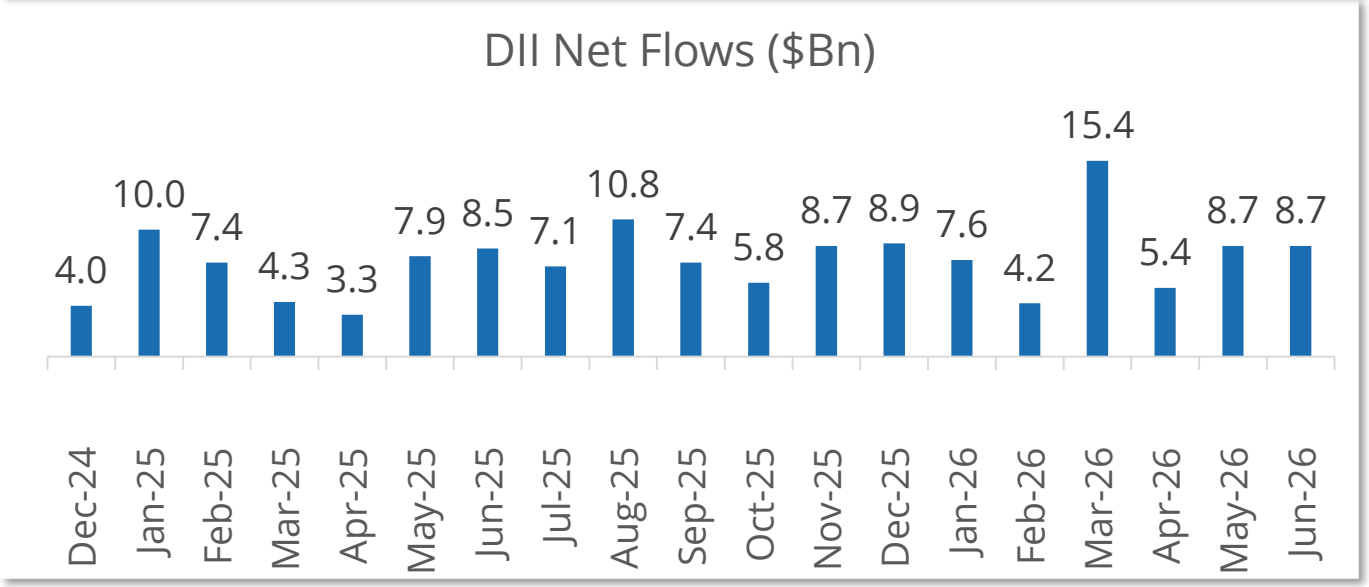


TATA mutual fund

Flows

DII inflows remain strong; FII turns red





- FIIs continued to be net sellers in June 26. FII outflows in June 26 amounts to USD 3.0bn.
- DIIs flows continuous to remain positive in June. Inflows in June 26 amounts to USD 8.7B. Total inflows from DIIs in CY 26 amounts to USD 50bn.
- Easing of geopolitical tensions and correction in crude prices, considering India's sensitive position related to crude prices has resulted in improvement in FII flows and consistency in DII flows in June.

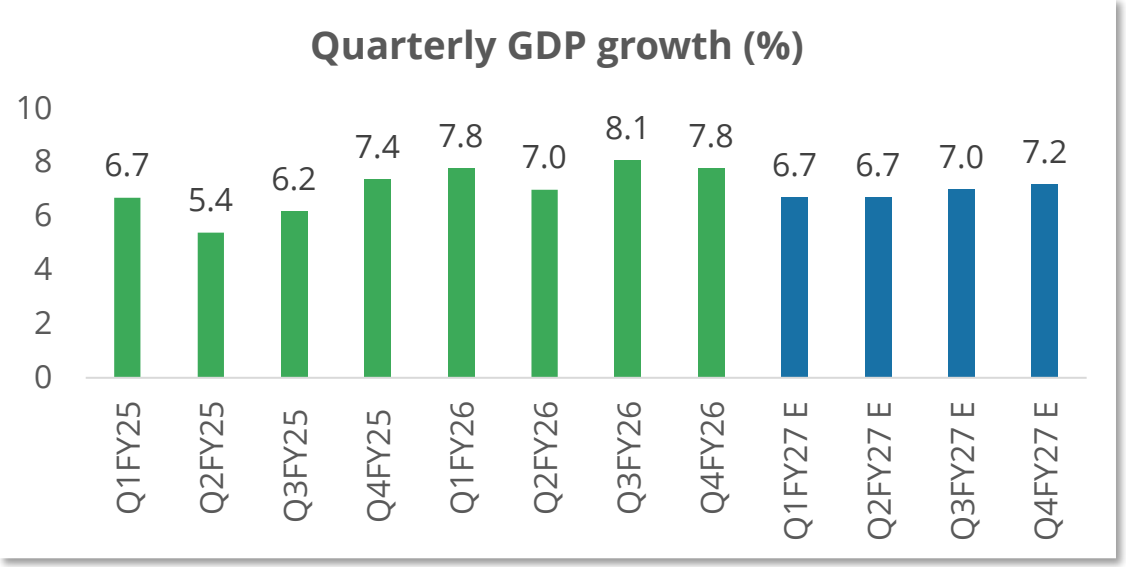
SOURCE: Bloomberg| Data as on 30th June 2026

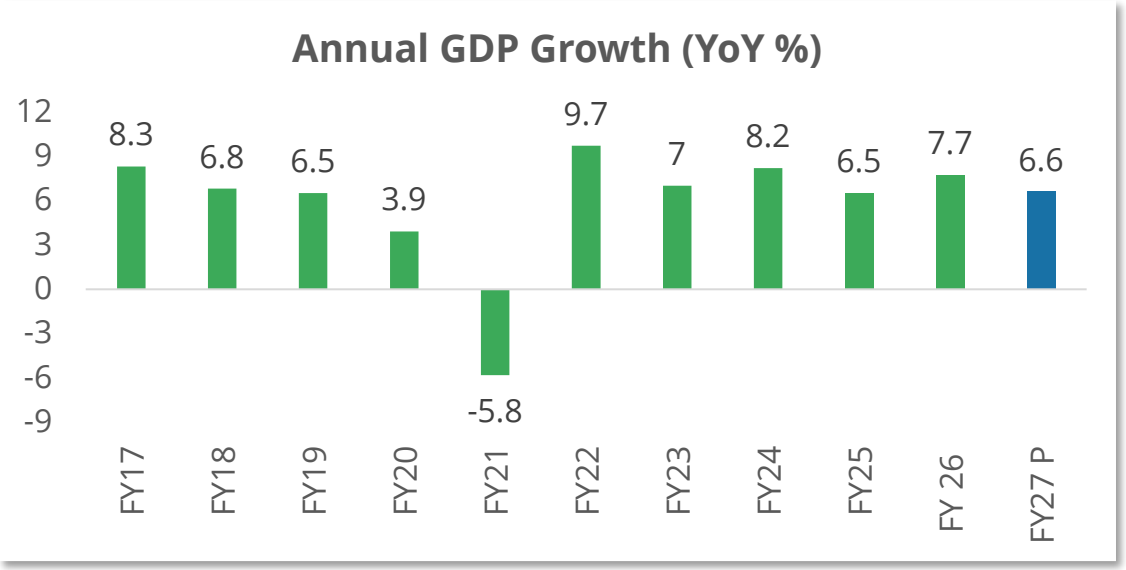


TATA mutual fund

Macros

GDP

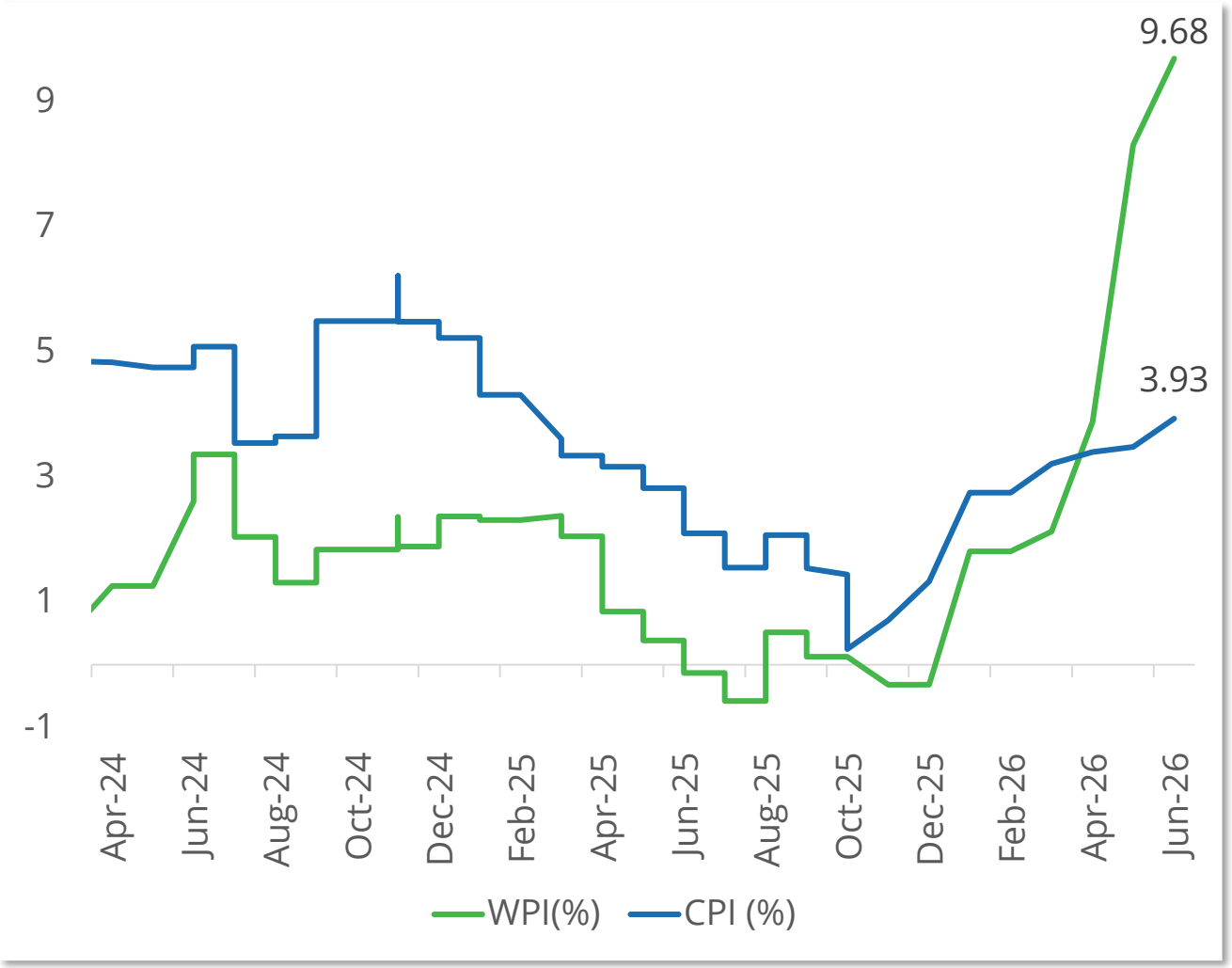




- Real GDP growth grew 7.7% in FY26 supported by indicating sustained domestic demand-driven momentum amid a challenging global environment.
- Looking ahead to FY27, growth is expected to remain supported by agricultural recovery, improving corporate sector performance, firm construction activity, and resilient services, alongside strengthening domestic demand.
- RBI in its April MPC meeting stated the GDP growth for FY 27 is projected at 6.9% with robust & healthy expected growth across the next financial year.

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

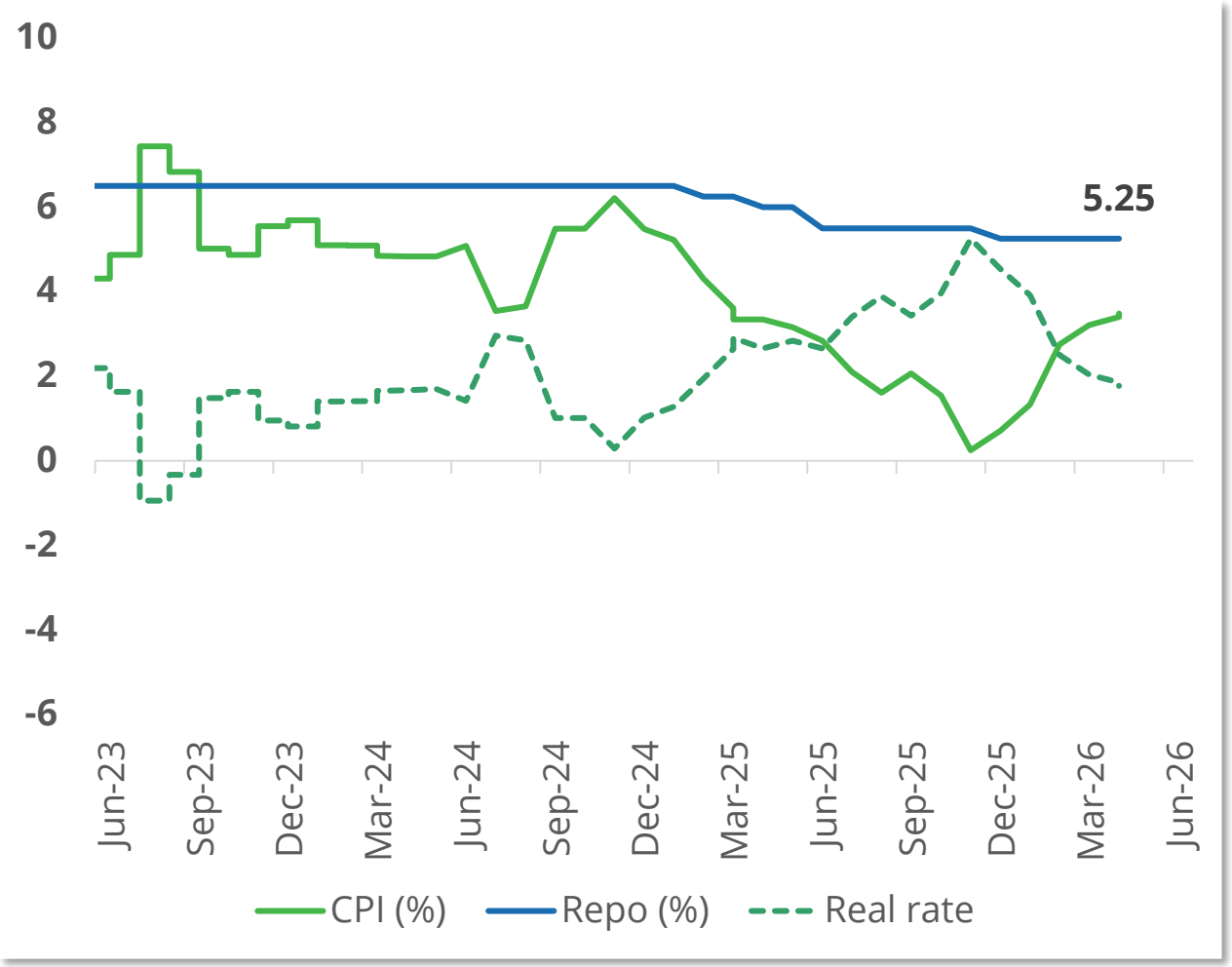
Domestic Inflation



- YoY CPI-based inflation for the month of June remained to the levels of 3.93%.
- The YoY WPI levels stood at in 9.68% in June 2026 compared to 8.3% in May 2026.

SOURCE: Bloomberg, Trade Economics | GOI | Latest Data as on 30th June 2026

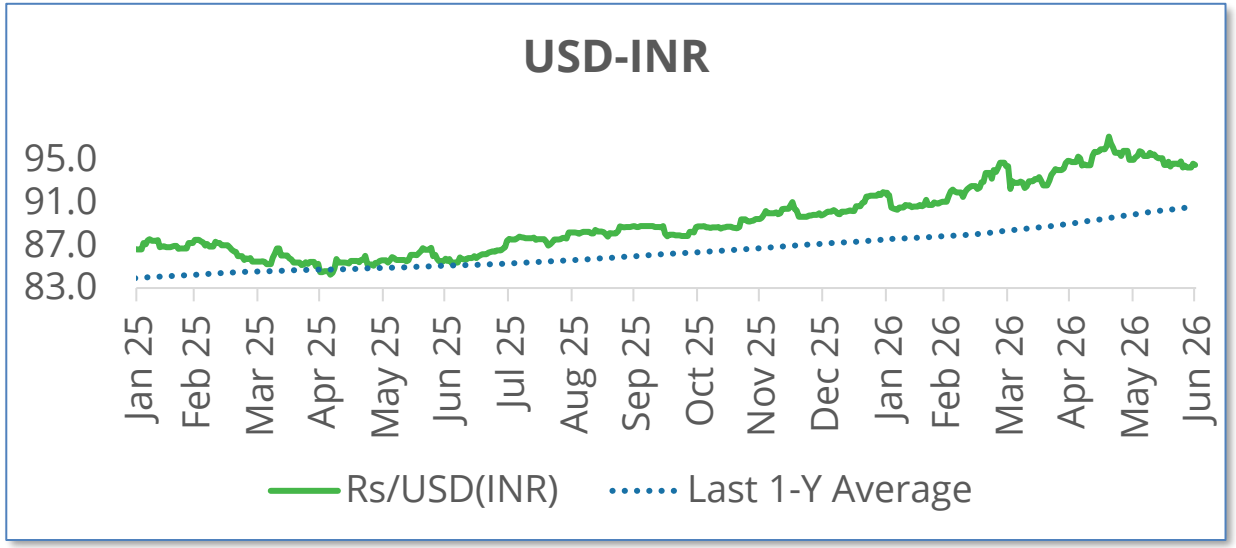
Real rates

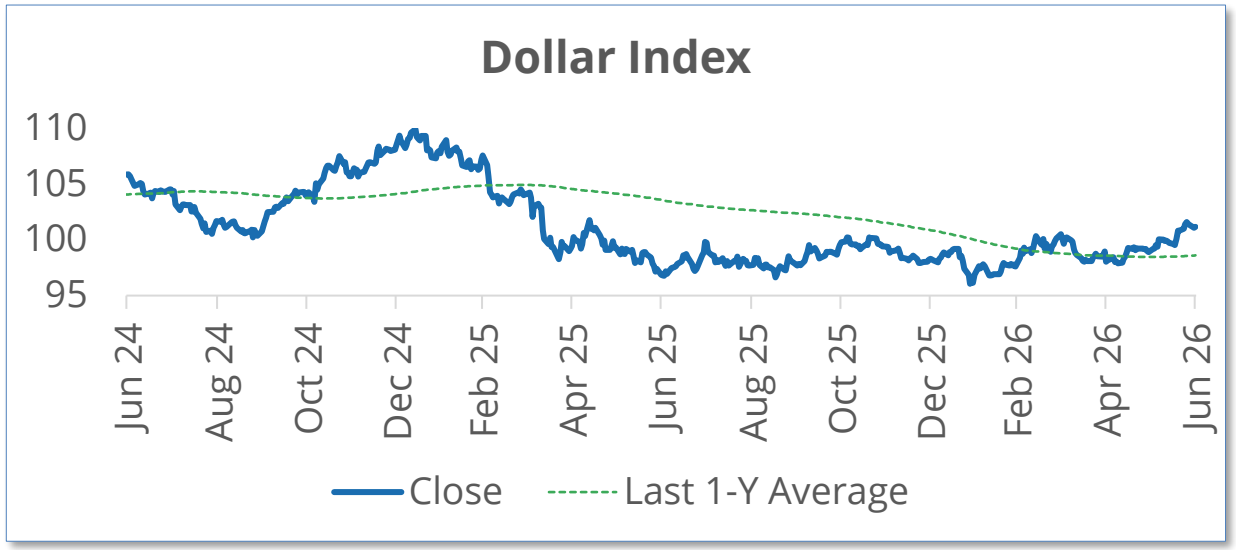


- In April MPC meeting the RBI voted unanimously to keep the rates unchanged. Current policy rate stands at 5.25%.
- MPC decided to maintain its stance to neutral with a continued focus on growth-inflation dynamics.
- RBI provided the GDP growth forecast for the FY 27 at 6.90%. India is expected to grow twice as fast as the global GDP growth (3.0%)
- 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 30th June 2026

Currency

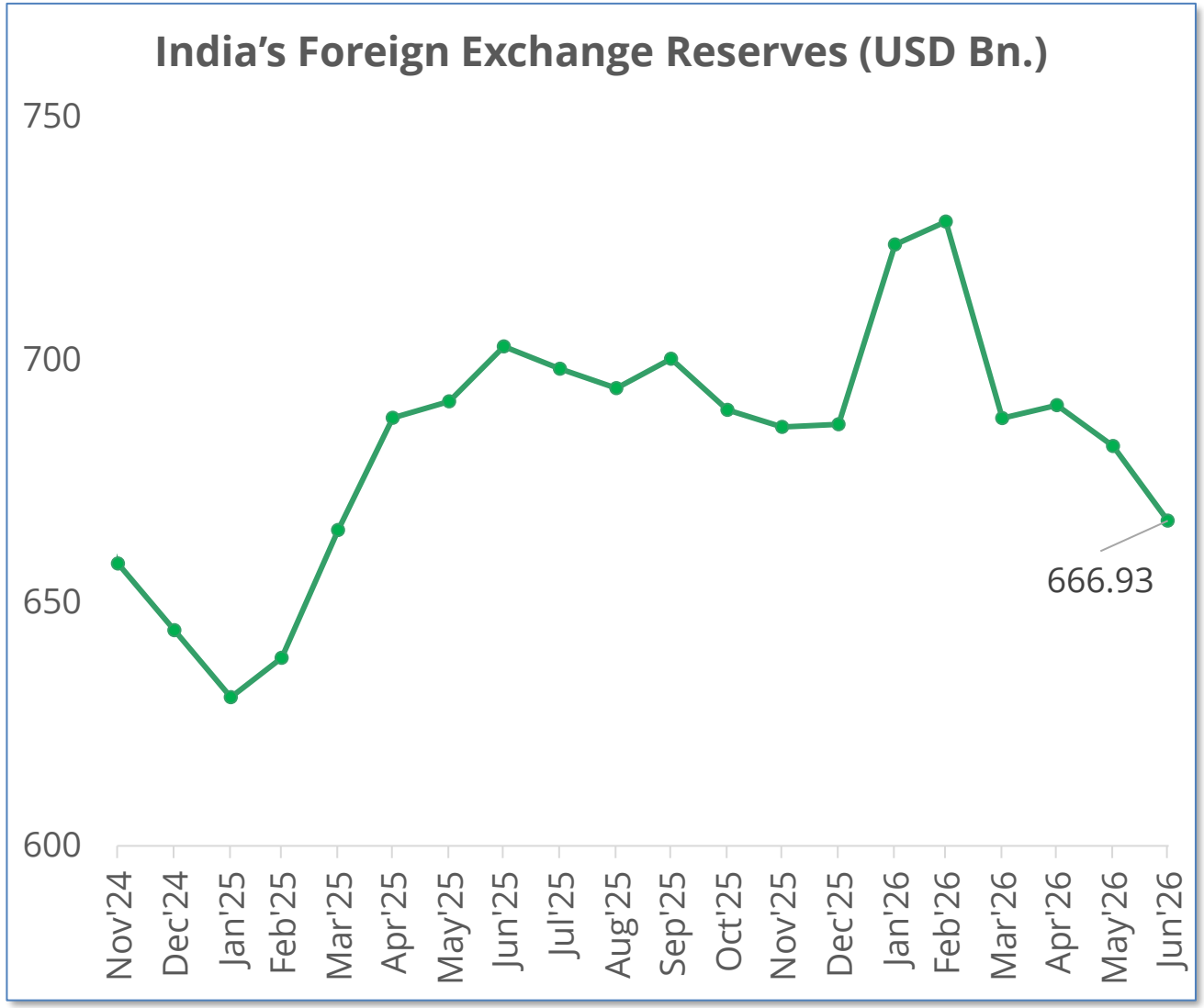




- INR underperformed relative to its peer Asian currencies and the USD. The last 1-year average INR stood at 90.62 per USD.
- USD-INR exchange rate fluctuated between 94.25 and 95.80 in June 2026.
- INR has been one of the weakest performer among Asian currencies, while some regional peers have delivered strong performance against USD
- 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 30th June 2026

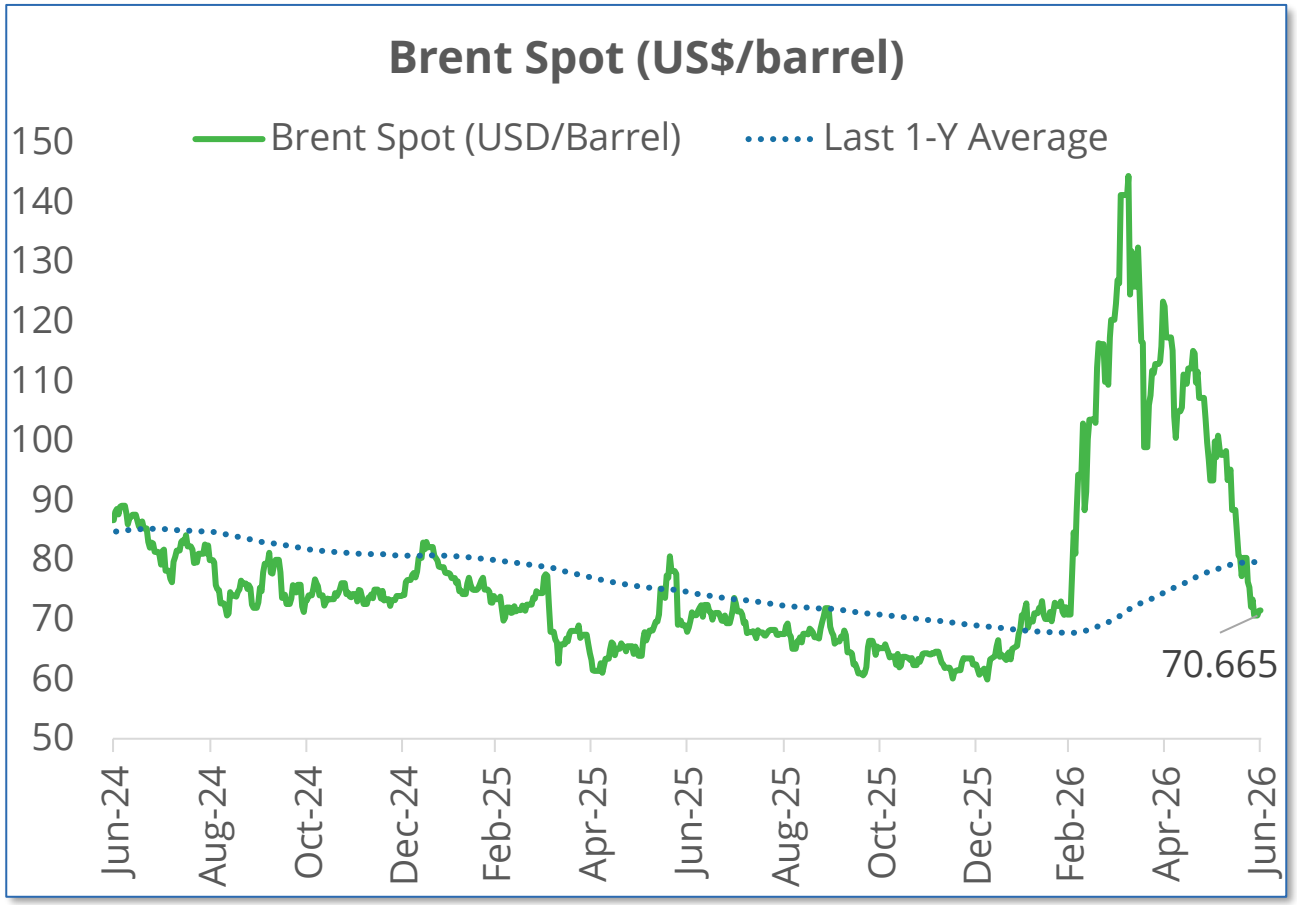
Forex reserves



- India's Foreign exchange reserves in June 2026 saw a decline yet again to USD 666.93B compared to USD 682.32B in May.
- India's foreign exchange reserves remain adequate, providing cover for goods imports, external debt outstanding as of June 2026.
- 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 30th June 2026

Crude oil



- Brent $ spot prices cooled off significantly posing to deescalation in Middle East. The average brent crude prices over the month of June 2026 stands at $79.65.
- Brent crude prices corrected significantly during the June with easing tensions over Middle East.
- 2026 demand is expected to rise by driven by non-OECD countries, global supply is simultaneously growing, creating a significant surplus.

SOURCE: Bloomberg | BPD- Barrels per day | Petroleum Planning & Analysis Cell | EIA | Data as on 30th June 2026

Resilient domestic macros

*	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	Latest*
GDP Growth (%)	7.9	7.9	7.3	6.1	4.2	-7.4	4.5	7.2	8.2	6.5	7.7	6.6
CPI Inflation (%)	4.9	3.8	3.6	3.4	5.8	5.5	7	5.7	4.8	3.6	3.4	4.4
Current Account Deficit (% of GDP)	-1.1	-0.6	-1.8	-2.1	-0.9	0.9	-1.2	-2.7	-0.6	-1.3	-0.6	-1.8E
Projected Fiscal Deficit (% of GDP)	-3.9	-3.5	-3.5	-3.4	-4.6	-9.3	-6.7	-6.4	-5.6	-4.7	-4.4	-4.3
Crude Oil (USD/Barrel)	39	60	58	65	23	59	111	80	87	79	104	71
Currency (USD/INR)	66	65	65	70	75	73	76	82	83	87	94	94.5
Forex Reserves (USD bn)	356	370	424	413	490	579	606	579	646	665	688	667
GST collections (lakh Cr.)					10.2	11.4	14.8	18.1	20.2	20.6	22.2	6.3*

SOURCE : Bloomberg

*Crude oil, Currency, Forex Reserves and GST collections as on 30th June 2026 | GDP growth, CPI Inflation, Current account deficit and fiscal deficit – Latest available.

Monthly key macro indicators

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	June-26
Trade Balance (USD Bn.)	-27.4	-26.5	-32.15	-41.68	-24.53	-25.04	-34.7	-27.1	-20.67	-27	-28	-30.4
Crude Indian Basket (USD)	71	69	70	65.08	64.31	62.2	63.08	69	123	118.7	106	86
Bank Credit (%)	10	10	10.4	11.3	11.5	14.5	14.6	14.5	16.1	16	16.2	18.6%
Bank Deposit (%)	10.2	10.2	9.5	9.7	10.2	12.7	12.5	13	13.4	12.3	12.2	13.3
Manufacturing PMI	59.1	59.3	57.7	59.2	56.6	55	55.4	56.9	53.9	54.7	55.0	54.2
Services PMI	60.5	62.9	60.9	58.9	59.8	58	58.5	58.1	57.5	58.8	59.8	57.4

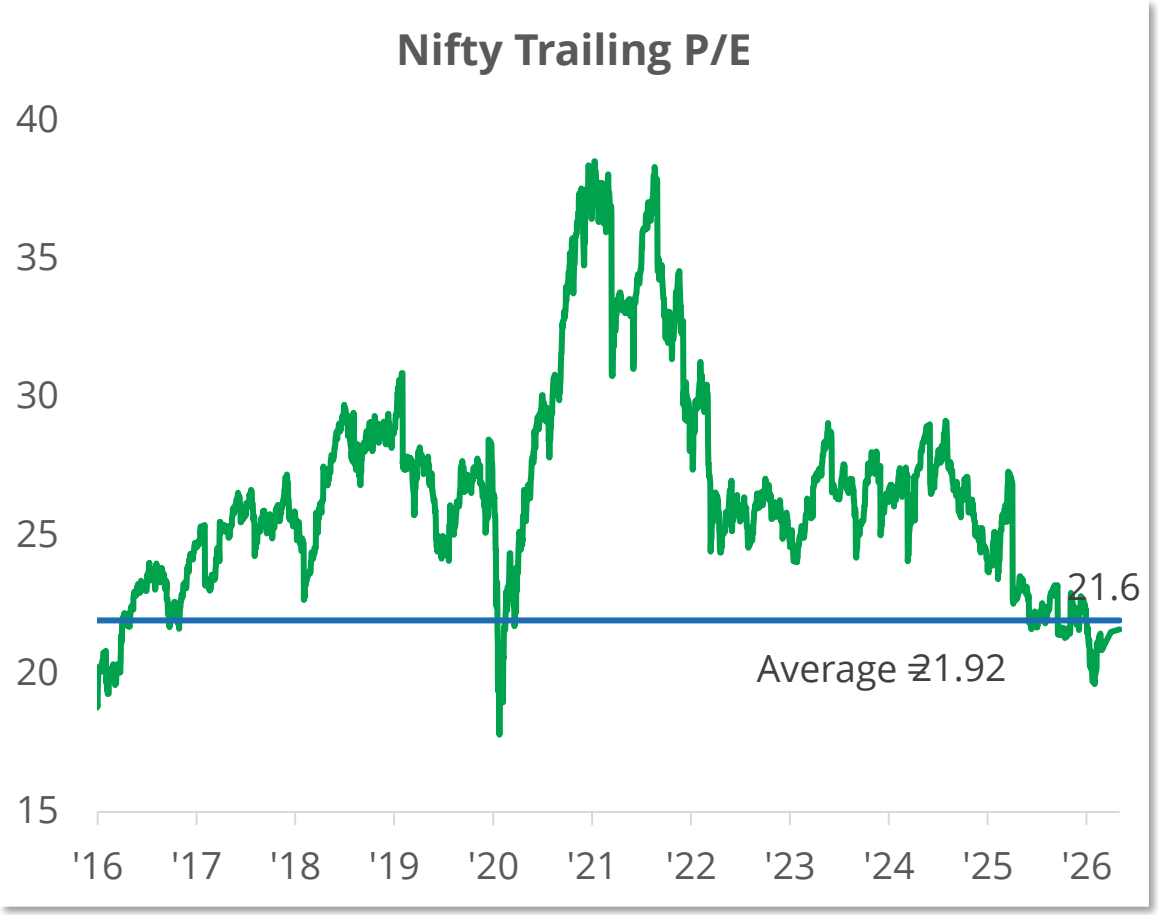
SOURCE: Bloomberg, Economic Times, HSBC India Manufacturing PMI |Trading Economics | Data – Latest available | *Consensus Data



TATA mutual fund

Valuations

Valuations: India

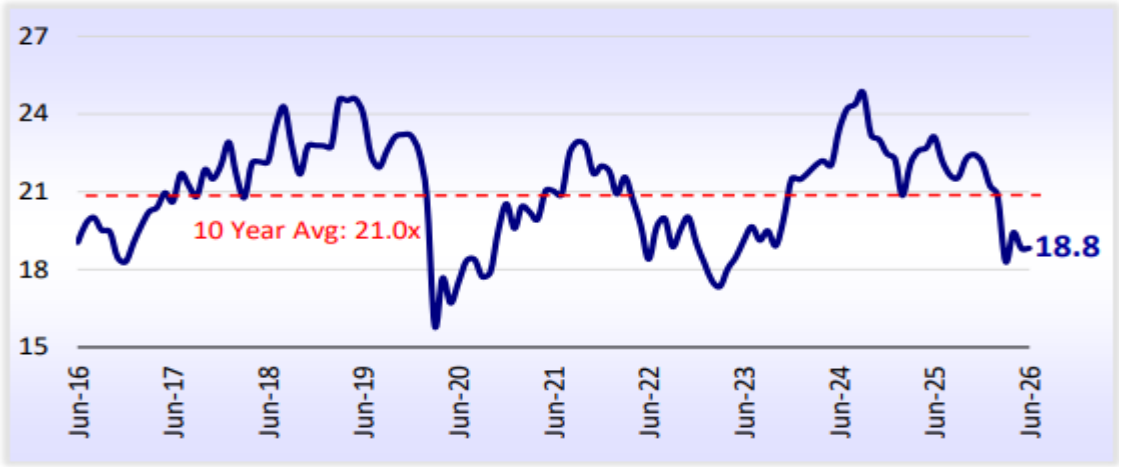


- 1-year forward PE for Nifty 50 stands at ~18.8x is below its 10-year average of ~21.6x.
- 1-year trailing PE for Nifty 50 stands at 21.6x, below its 10-year average at 21.92x.
- Nifty is now trading at reasonable PE of 21x and with earnings growth of 15-17% visible next financial year. This sets the tone for better equity returns in next 12-18 months. Midcap and small cap premium has come down but risk reward and flows will still favor large caps more.

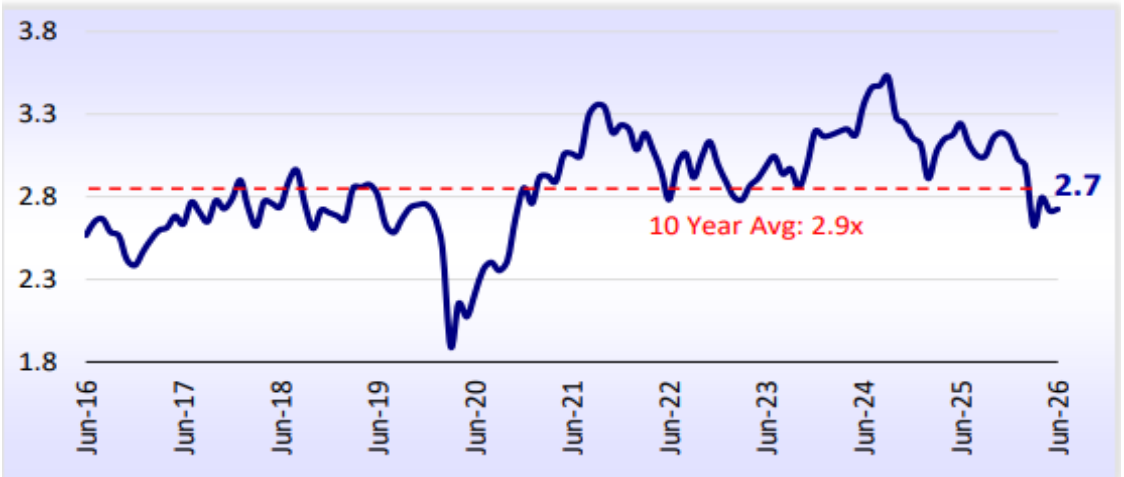
SOURCE: Bloomberg | Past performance may or may not be sustained in future | Data as on 30th June 2026

Forward valuations

1 year forward Nifty P/E

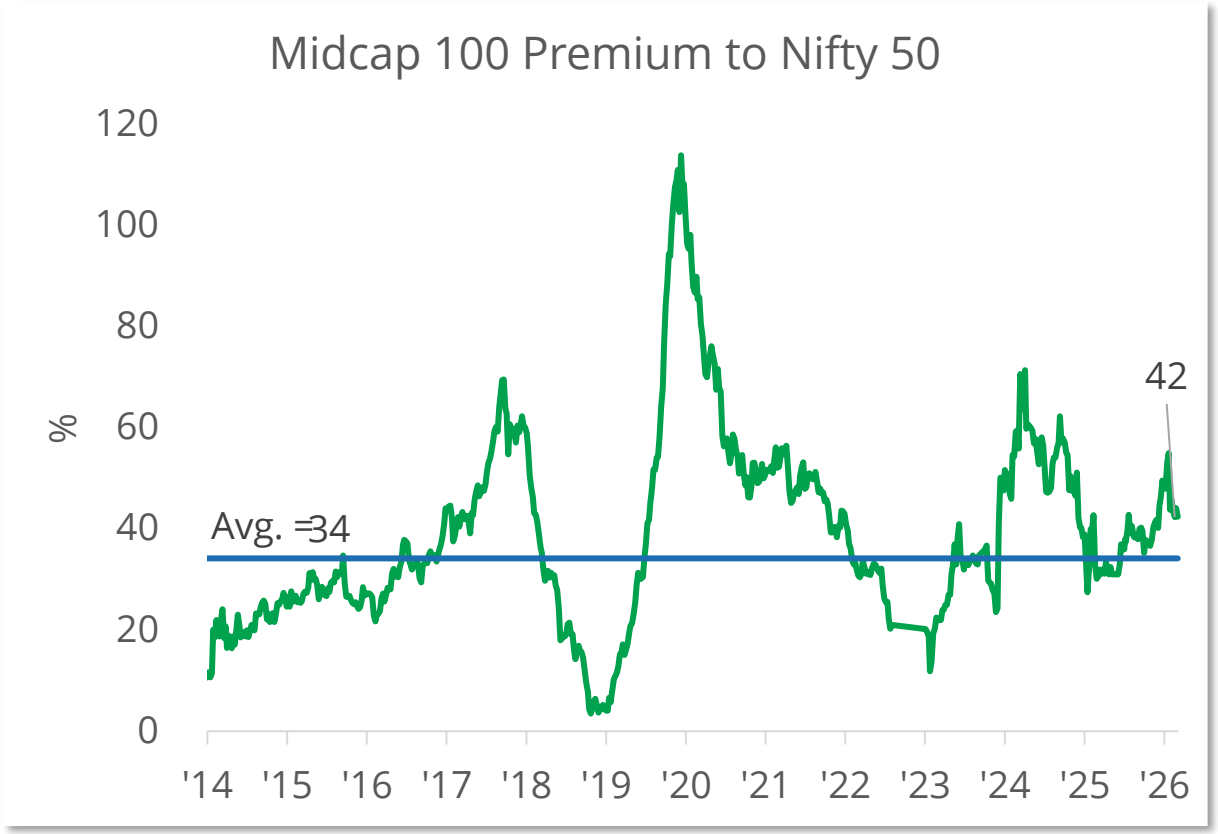


1 year forward Nifty P/B



SOURCE: Bloomberg, Motilal Oswal | Past performance may or may not be sustained in future | Data as on 30th June 2026

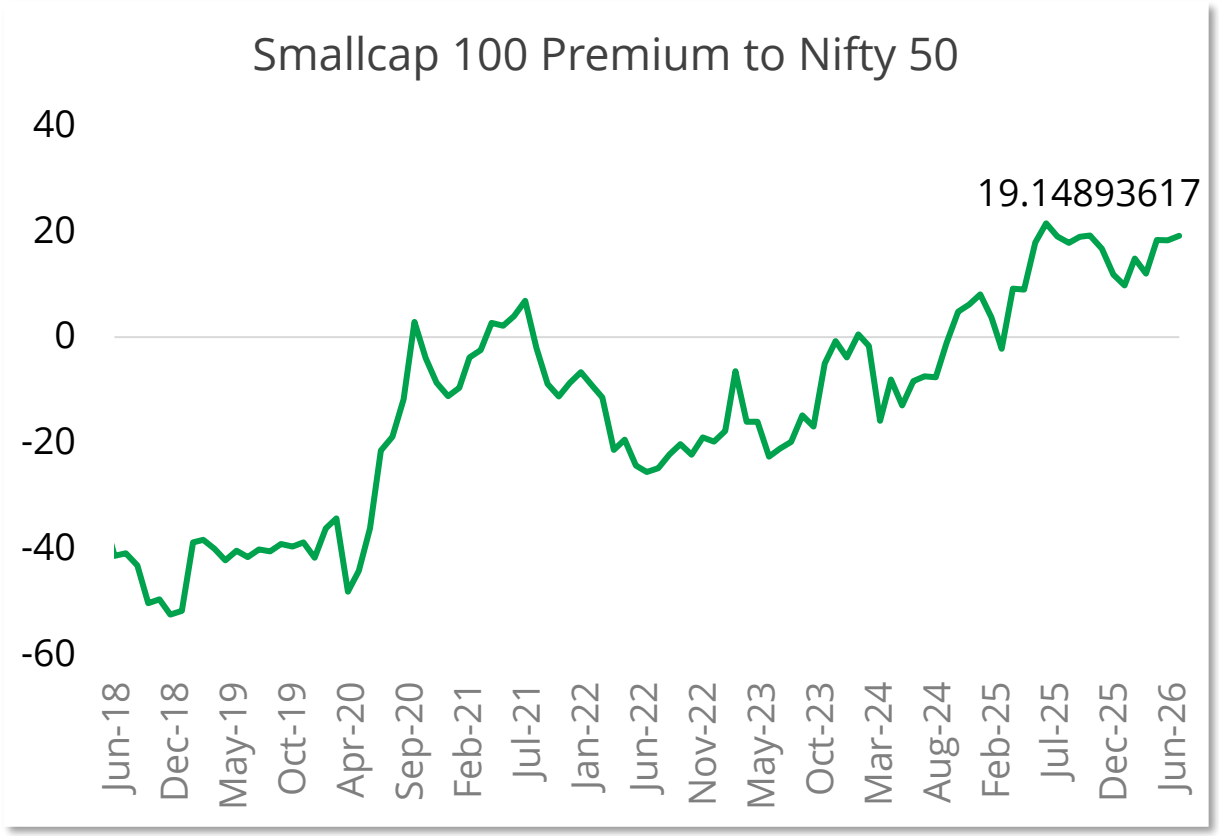
Valuations – Midcap vs Nifty 50



- Headline valuation premium for Nifty Midcap 100 vs Nifty 50 has climbed to 42% by the end of June 2026.
- Valuations presently are marginally expensive to their long-term average. The index valuations have corrected from the peak of mid 2024.
- 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 30th June 2026

Valuations – Smallcap vs Nifty 50



- Headline valuation premium for Nifty Smallcap 100 vs Nifty 50 has surged to ~19% by the end of June 2026 from 18% by end of previous month.
- Nifty Smallcap 100 1-year forward P/E remained at 22.4, higher than the long-term average of 17.4x
- Amid high valuations within the 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.
- 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 30th June 2026

Sector valuations

TATA mutual fund

Out of the 17 sectors included in the below data, 11 sectors trade below 10-year average, with the latest one being Private Banks after a steep correction in the sector during March 2026.

Sector	June-26		May-26	
	P/E	10 year Average	P/E	10 year Average
Auto	25.7	23.7	25.8	23.6
Private Banks	15.1	20.9	13.6	20.9
PSU Banks	8.4	11.2	8.4	9.2
NBFC	15.3	13.2	14.5	13.2
Capital Goods	41.4	27.7	42.3	27.5
Cement	32.4	30.2	33.5	30.2
Consumer	38.3	42.7	38.5	42.6
Healthcare	35.5	27.9	34.1	27.9
Infrastructure	15.2	14.3	15.3	14.3
Logistics	27.1	23.4	26.4	23.3
Media	15.2	24.7	14.8	24.7
Metals	12.0	10.5	13.3	10.5
Oil & Gas	15.0	13.3	16.4	13.3
Real Estate	26.9	33.7	26.1	33.7
Retail	62.5	89.1	60.0	88.9
Technology	14.3	21.5	16.0	21.5
Telecom	Loss	50.4	Loss	56.7

P/E < 10-year average

SOURCE: Bloomberg | Past performance may or may not be sustained in future | Data as on 30th June 2026

Portfolio positioning – Active Funds

TATA mutual fund

Steady State Category

- Large Cap Funds
- Flexi Cap Funds
- Multi Cap Funds
- Value Funds
- Multi Asset Allocation Funds

Thematic/Sectoral Funds Category

- Financial Services Sector Funds
- Resources & Energy based Funds
- Consumer based Funds

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

EVENT MOSAIC

July 2026

TATA mutual fund

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
29	30	01 HOLIDAY – Canada Day Manufacturing PMI (Jun) Core CPI (YoY) (Jun)	02 Manufacturing PMI (Jun)	03 HOLIDAY – Independence Day Services PMI (Jun) FX Reserves, USD	04	05
06 PPI (YoY) (May)	07	08 PPI & CPI (YoY) (Jun)	09	10 PPI (YoY) (Jun) Bank Loan Growth, Deposit Growth	11	12
13	14 WPI – Food, Inflation, Fuel, Manufacturing Inflation (YoY) (Jun) Core CPI & CPI (YoY) (Jun)	15 PPI (YoY) (Jun) GDP (YoY) (Q2) Interest Rate Decision	16 GDP (YoY) (May)	17 PPI (YoY) (Jun)	18	19
20 HOLIDAY – Marine Day	21	22	23	24 Interest Rate Decision (Jul)	25	26
27	28	29 FED - Interest Rate Decision	30	31	01	02

Thank You

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