

TEMPO

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October 2026

Is there a bubble in AI?



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Global equity markets at a glance

	Countries	Exchange Name	Index Level	Valuation (12-month forward)					Absolute Performance (%)			
				P/E (x)	P/E (x) 10yr Avg	P/B (x)	P/B (x) 10yr Avg	ROE (%)	1 Month	3 Months	6 Months	1 Year
Developed Market	USA	S&P500	7,652	18.9	19.2	4.6	3.7	23.0	-0.8%	2.0%	20.6%	14.4%
	USA	Nasdaq	26,861	23.6	25.7	5.1	4.9	20.4	1.7%	2.5%	29.2%	18.5%
	Europe	STOXX 600	635	14.2	14.5	2.2	1.8	14.7	-3.1%	-1.1%	9.3%	13.7%
	UK	FTSE 100	10,606	12.3	12.6	2.1	1.8	16.0	-2.0%	1.0%	4.7%	13.4%
	Germany	DAX	25,199	14.7	13.4	1.8	1.6	12.0	-5.2%	0.8%	11.7%	5.5%
	France	CAC 40	7,965	13.3	14.1	1.8	1.6	12.9	-5.2%	-5.2%	2.5%	0.9%
	Japan	Topix	4,109	16.1	14.8	1.7	1.3	10.2	-0.9%	2.9%	16.0%	30.9%
	Australia	ASX 200	8,789	17.2	16.5	2.0	2.0	11.7	-3.3%	0.1%	3.9%	-0.7%
	Singapore	STI Index	5,676	16.1	12.8	1.8	1.2	11.0	-0.4%	9.8%	15.9%	32.0%
	Hong Kong	Hang Seng	24,613	10.3	10.4	1.1	1.1	11.0	-3.8%	7.6%	-0.6%	-8.3%
Emerging Market	India	Sensex	72,480	16.9	19.4	2.5	2.9	14.3	-6.2%	-5.2%	0.7%	-9.7%
	China	Shanghai Composite	3,842	12.6	11.7	1.3	1.3	10.3	-2.8%	-6.2%	-2.1%	-1.0%
	Brazil	Bovespa	1,86,340	8.7	10.0	1.5	1.6	14.1	6.1%	8.3%	2.1%	27.4%
	Korea	KOSPI	6,838	5.4	10.0	1.4	1.0	26.4	0.7%	-19.3%	29.6%	99.7%
	Mexico	IPC	64,214	11.8	13.6	2.1	2.0	18.0	-1.9%	-4.1%	-4.3%	2.1%
	Philippines	PCOMP	5,679	8.4	13.9	1.0	1.6	12.2	-4.6%	-5.9%	-3.2%	-4.6%
	Turkey	XU100	11,947	4.0	5.3	0.1	0.9	3.0	-18.4%	-15.4%	-5.4%	8.5%
	Thailand	SET	1,559	13.3	15.0	1.5	1.4	10.8	-1.8%	-2.0%	7.5%	22.4%
	Vietnam	VN30	1,907	9.4	10.8	1.6	1.9	17.5	-3.8%	-4.5%	5.2%	2.3%
	Indonesia	JCI	6,071	9.2	14.5	1.3	1.9	14.0	-6.9%	7.6%	-14.4%	-24.7%

Global equity markets at a glance

	Countries	Exchange Name	CAGR Performance (% in USD)											
			3Y	Rank	5Y	Rank	7Y	Rank	10Y	Rank	15Y	Rank	20Y	Rank
Developed Market	USA	S&P500	21.3%	4	12.2%	4	14.4%	3	13.4%	2	13.6%	2	9.1%	2
	USA	Nasdaq	26.7%	2	13.2%	3	18.9%	1	17.6%	1	17.4%	1	13.2%	1
	Europe	STOXX 600	14.8%	10	6.5%	11	7.7%	8	6.5%	9	5.9%	7	2.6%	14
	UK	FTSE 100	14.8%	9	8.1%	8	6.4%	10	4.6%	12	3.8%	11	1.2%	18
	Germany	DAX	20.6%	5	10.1%	6	11.2%	4	9.2%	5	9.4%	3	6.8%	3
	France	CAC 40	6.2%	15	3.7%	12	5.5%	11	6.1%	10	5.6%	8	1.5%	17
	Japan	Topix	18.9%	6	7.5%	9	8.6%	7	7.2%	7	6.7%	6	3.3%	11
	Australia	ASX 200	10.4%	12	2.9%	13	4.4%	15	3.9%	13	3.0%	13	2.3%	15
	Singapore	STI Index	23.6%	3	14.4%	1	10.2%	5	7.8%	6	5.3%	10	5.3%	5
	Hong Kong	Hang Seng	11.3%	11	-0.1%	16	-0.8%	17	0.4%	17	2.2%	16	1.7%	16
Emerging Market	India	Sensex	-1.6%	17	-1.1%	18	4.7%	14	6.1%	11	5.5%	9	5.3%	6
	China	Shanghai Composite	10.4%	13	0.7%	15	5.0%	13	2.4%	15	3.0%	14	4.9%	7
	Brazil	Bovespa	15.6%	7	12.1%	5	5.2%	12	7.2%	8	1.6%	17	3.9%	9
	Korea	KOSPI	40.6%	1	14.3%	2	16.6%	2	10.5%	3	8.4%	4	6.4%	4
	Mexico	IPC	6.7%	14	7.3%	10	7.2%	9	3.8%	14	2.6%	15	2.9%	12
	Philippines	PCOMP	-6.8%	18	-7.8%	20	-7.0%	20	-5.4%	20	-0.1%	18	2.9%	13
	Turkey	XU100	-7.1%	19	9.0%	7	4.0%	16	-0.4%	18	-1.8%	20	0.0%	19
	Thailand	SET	4.9%	16	-0.5%	17	-2.0%	18	0.8%	16	3.1%	12	4.8%	8
	Vietnam	VN30	15.3%	8	2.8%	14	9.2%	6	9.4%	4	8.4%	5	-	-
	Indonesia	JCI	-8.9%	20	-5.0%	19	-3.5%	19	-1.9%	19	-1.1%	19	3.6%	10

Indian equity markets at a glance

Market cap and Sector performance – Trailing period

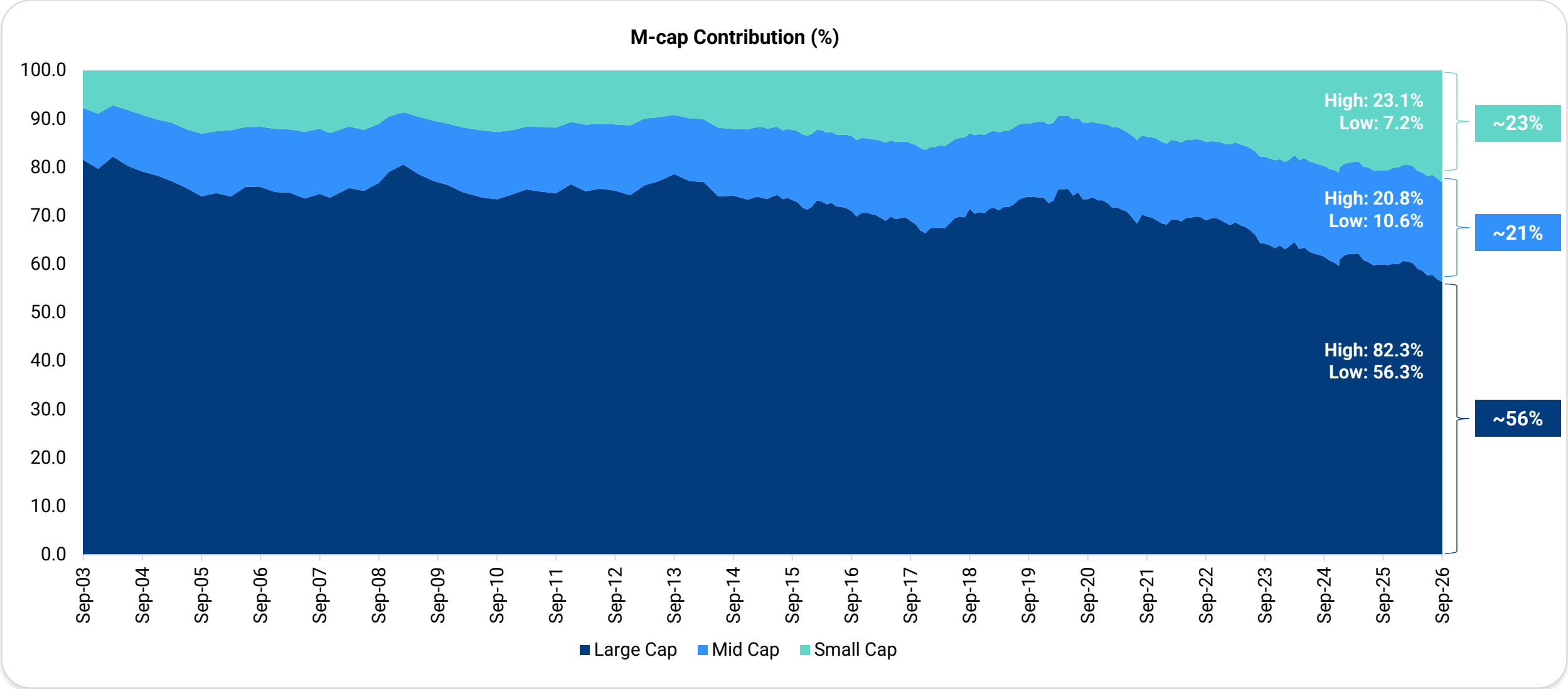
	Segment	Absolute Performance (%)				CAGR (%)		
		1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Market-cap	Large-cap (NIFTY 50)	-6.0%	-4.9%	2.1%	-7.1%	6.1%	6.4%	11.5%
	Large-cap (NIFTY Next 50)	-5.4%	-2.3%	16.1%	3.7%	16.7%	11.4%	12.9%
	Large-cap (NIFTY 100)	-5.9%	-4.4%	4.6%	-5.2%	7.8%	7.1%	11.7%
	Midcap (NIFTY Midcap 150)	-7.1%	-3.8%	12.9%	4.6%	13.7%	14.8%	16.6%
	Large & Midcap (NIFTY Large Midcap 250)	-6.5%	-4.1%	8.7%	-0.4%	10.8%	11.0%	14.2%
	Small-cap (NIFTY Smallcap 250)	-3.1%	0.7%	25.1%	7.2%	14.0%	14.5%	14.6%
	Multicap (NIFTY 500)	-5.9%	-3.7%	8.2%	-2.0%	9.5%	9.0%	12.8%
	Micro-cap (NIFTY Microcap250)	-1.0%	4.7%	39.4%	15.3%	18.0%	21.7%	19.8%
Themes/Sector	Auto (NIFTY AUTO)	-8.8%	-0.1%	11.6%	0.1%	18.6%	21.0%	11.3%
	Banks (NIFTY Bank)	-5.9%	-4.9%	9.4%	0.7%	7.8%	8.7%	11.6%
	Commodities (NIFTY Commodities)	-3.8%	-4.6%	2.6%	4.7%	13.9%	11.6%	13.8%
	Consumption (NIFTY India Consumption)	-6.2%	-3.4%	7.8%	-7.5%	10.4%	10.1%	12.3%
	Energy (NIFTY Energy)	-3.2%	-7.4%	5.8%	5.9%	11.8%	11.6%	16.4%
	Healthcare (NIFTY Healthcare)	-4.7%	0.2%	14.0%	14.7%	19.1%	13.2%	10.6%
	Infrastructure (NIFTY Infrastructure)	-4.8%	-6.7%	2.6%	-2.2%	12.8%	12.8%	13.6%
	Information Technology (NIFTY IT)	-11.2%	5.7%	-3.8%	-15.9%	-2.4%	-2.6%	12.7%
	Manufacturing (NIFTY India Manufacturing)	-6.8%	-2.3%	10.8%	5.5%	17.2%	15.4%	13.6%
	Oil & Gas (NIFTY Oil & Gas)	-4.3%	-3.6%	-1.2%	-5.2%	11.3%	7.7%	13.7%
	Pharma (NIFTY Pharma)	-2.8%	4.7%	19.3%	24.0%	20.5%	13.6%	9.5%
	Realty (NIFTY Realty)	-6.3%	2.6%	30.7%	-1.9%	14.2%	10.9%	15.8%
	Transportation (NIFTY Transportation & Logistics)	-6.6%	0.8%	15.2%	-2.2%	17.8%	19.6%	13.2%

Indian equity markets at a glance

Factor performance – Trailing period

	Segment	Absolute Performance (%)				CAGR (%)		
		1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Single Factor	Value (NIFTY 50 Value 20 Index)	-5.8%	-5.7%	-3.1%	-9.5%	4.2%	6.2%	13.9%
	Quality (NIFTY 100 Quality 30 Index)	-6.9%	-0.8%	6.6%	-3.2%	7.8%	7.3%	10.9%
	Low Vol (NIFTY 100 Low Vol 30 Index)	-7.1%	-4.2%	3.4%	-4.7%	9.0%	8.1%	12.4%
	Alpha (NIFTY 100 Alpha 30)	-5.6%	-4.2%	9.2%	-4.4%	12.0%	7.9%	14.5%
	Alpha (NIFTY 200 Alpha30)	-6.5%	-3.1%	15.6%	6.0%	13.9%	13.6%	18.4%
	Momentum (NIFTY 200 Momentum30)	-5.8%	-4.2%	9.6%	-0.5%	9.2%	9.3%	16.0%
	Quality (NIFTY 200 Quality30)	-7.9%	-2.8%	5.0%	-5.4%	6.6%	6.4%	11.7%
	Value (NIFTY 200 Value30)	-4.6%	-6.1%	1.3%	7.9%	21.2%	22.9%	16.4%
	Momentum (NIFTY Midcap150 Momentum50)	-6.9%	-3.7%	12.0%	4.1%	13.5%	15.1%	19.7%
	Quality (NIFTY Midcap150 Quality50)	-7.7%	-4.4%	10.4%	-2.6%	7.4%	6.3%	12.7%
	Quality (NIFTY Smallcap250 Quality50)	-3.7%	-0.6%	13.7%	-4.1%	8.9%	11.7%	15.3%
	Momentum (NIFTY500 Momentum 50)	-5.5%	-1.7%	15.4%	5.1%	11.4%	12.4%	18.2%
	Value (NIFTY500 Value 50)	-4.7%	-5.0%	2.8%	6.9%	20.1%	22.3%	16.1%
Multi- Factor	Alpha Low Vol (NIFTY Alpha Low Vol 30)	-7.2%	-3.6%	6.0%	-1.9%	9.3%	8.6%	12.8%
	Quality Low Vol (NIFTY Quality Low Vol 30)	-6.3%	-2.5%	4.8%	-6.4%	5.4%	5.8%	10.3%
	Momentum Quality (NIFTY500 Multicap Momentum Quality 50)	-5.6%	-3.3%	10.3%	-0.4%	10.3%	9.8%	16.5%
	Momentum Quality (NIFTY MidSmallcap 400 Momentum Quality 100)	-5.6%	-1.8%	16.5%	6.9%	12.3%	12.9%	17.2%
	Momentum Quality (NIFTY Smallcap 250 Momentum Quality 100)	-2.1%	3.5%	27.8%	8.4%	10.5%	11.9%	16.9%

Trends in % share to total M-cap

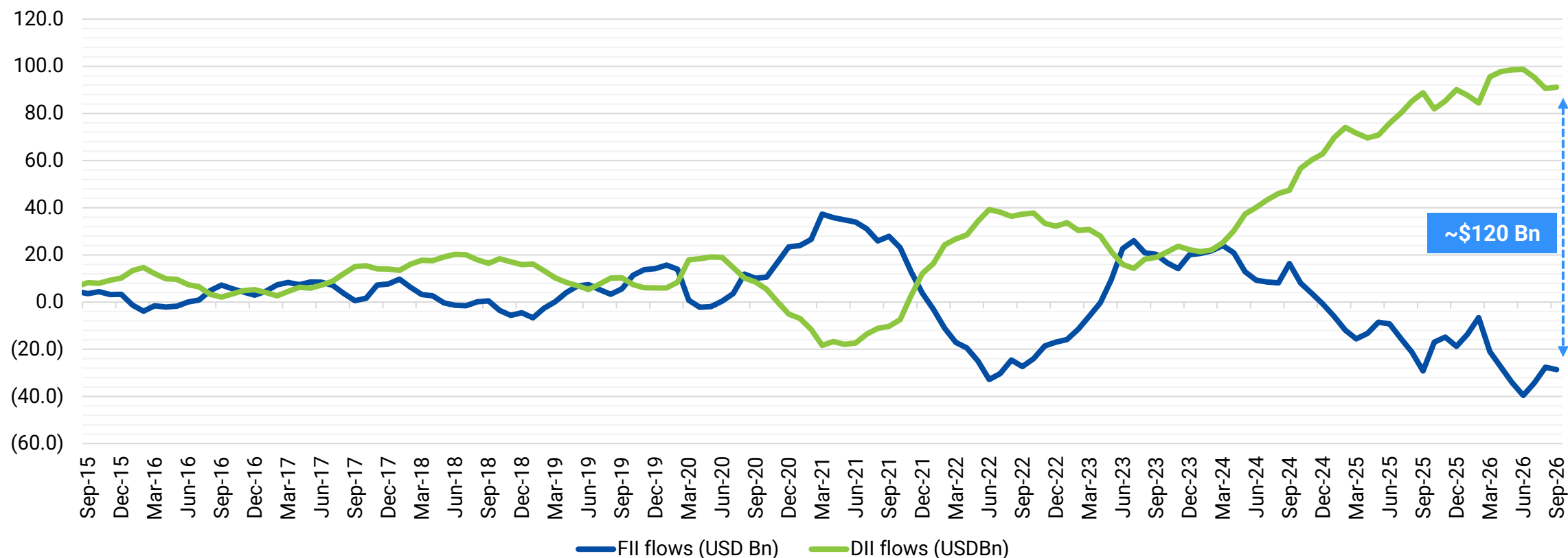


Source: Bloomberg | Data as on 30th Sep 2026.

Trends in FII & DII flows

Tug of war between FIIs & DIIs has been the story of Indian markets

Trailing 12m cumulative flows



Do FPIs control the Indian market?

		FPI Outflow			
	CY	FPI Equity Flow (In Cr)	Nifty 100 TRI	Nifty Midcap 150 TRI	Nifty 500 TRI
FPI driven market When FPI sold market delivered negative returns	2008	-52,987	-53.07%	-64.94%	-56.54%
	2009	83,431	84.88%	113.87%	90.96%
	2010	1,33,260	19.28%	20.07%	15.27%
	2011	-2,714	-24.93%	-31.01%	-26.40%
	2012	1,28,361	32.51%	46.69%	33.48%
	2013	1,13,134	7.89%	-1.28%	4.82%
	2014	97,059	34.88%	62.67%	39.30%
	2015	17,801	-1.26%	9.70%	0.22%
	2016	20,563	5.01%	6.53%	5.12%
	2017	51,252	32.88%	55.73%	37.65%
	2018	-33,014	2.57%	-12.62%	-2.14%
	2019	1,01,122	11.83%	0.62%	8.97%
	2020	1,70,262	16.08%	25.56%	17.89%
	2021	25,752	26.45%	48.16%	31.60%
Market is changing Outflows remain but return turn positive	2022	-1,21,439	4.94%	3.91%	4.25%
	2023	1,71,107	21.24%	44.61%	26.91%
	2024	-191	12.95%	24.46%	16.24%
	2025	-1,64,041	10.24%	5.98%	7.76%
	2026*	-2,59,177	-10.26%	-1.33%	7.19%

Do FPIs control the Indian market?

CY	FPI Equity Flow (In Cr)	% of Market Cap bought/sold by FPIs
2008	-52,987	1.70%
2009	83,431	1.37%
2010	1,33,260	1.83%
2011	-2,714	0.05%
2012	1,28,361	1.86%
2013	1,13,134	1.61%
2014	97,059	0.99%
2015	17,801	0.18%
2016	20,563	0.19%
2017	51,252	0.34%
2018	-33,014	0.23%
2019	1,01,122	0.65%
2020	1,70,262	0.90%
2021	25,752	0.10%
2022	-1,21,439	0.43%
2023	1,71,107	0.47%
2024	-191	0.00%
2025	-1,64,041	0.34%
2026*	-2,59,177	0.55%

FPI driven market

FPIs had a larger influence on Indian equities during earlier market cycles with flows forming a larger share of m-cap

Market is changing

Despite large FPI flows, their relative impact on market cap has declined

FPI Flows (USD Mn)

Months	India - DIIs	India - FPIs	Brazil	Indonesia	Malaysia	Philippines	S.Korea	Taiwan	Thailand	Vietnam
CY26TD*	66,230	(28,261)	4,957	(4,666)	(1,998)	(534)	(1,26,676)	(36,923)	814	(3,662)
Jan'26	7,617	(3,260)	4,962	(589)	259	226	449	1,809	141	(239)
Feb'26	4,230	1,688	2,965	21	43	144	(13,690)	7,999	1,743	(304)
Mar'26	15,412	(14,218)	2,235	(1,380)	(11)	(231)	(23,767)	(28,720)	(1,243)	(593)
Apr'26	5,453	(5,221)	592	(990)	76	(211)	593	8,423	(80)	(544)
May'26	8,672	(4,909)	(2,990)	(217)	(945)	(150)	(27,904)	8,385	110	(721)
Jun'26	9,021	(3,045)	(1,514)	(1,094)	(592)	(22)	(30,492)	(18,256)	211	(566)
Jul'26	3,659	2,453	499	89	74	67	(6,243)	(23,288)	1,459	(444)
Aug'26	6,104	2,394	(3,511)	68	(486)	(223)	(8,638)	9,058	(746)	(67)
Sep'26	6,062	(4,143)	1,719	(574)	(416)	(134)	(16,984)	(2,333)	(781)	(184)

- * **DIIs continues the buying streak:** Domestic institutions continued to invest in equities, providing steady support despite foreign selling.
- * **Foreign investors turned sellers in India:** After buying in July and August, foreign investors pulled money out in September and remained net sellers for the year so far.
- * **Most overseas markets also saw money leave:** Foreign selling continued across most markets shown, especially South Korea. Brazil attracted money in September, while Brazil and Thailand remained positive for the year so far.

Trends in the Commodity market

	Current Rate	1M	3M	6M	1Y	CYTD*
Gold (USD/oz)	4,157	-6.3%	3.7%	-10.9%	7.7%	-3.7%
Silver (USD/oz)	60	-9.2%	3.1%	-19.6%	29.5%	-15.7%
Brent Crude (USD/bbl)	104	14.4%	42.0%	-12.5%	54.5%	70.1%
Aluminium (USD/ton)	3,159	-2.3%	2.9%	-10.3%	17.9%	6.4%
Copper (USD/ton)	14,453	0.1%	8.3%	17.9%	41.3%	16.1%
Lead (USD/ton)	1,837	-1.9%	0.0%	-1.9%	-5.6%	-6.6%
Zinc (USD/ton)	3,915	-4.1%	9.6%	21.6%	29.8%	27.0%

Key Highlights

- * **Gold faced pressure:** Higher interest rates made investments that pay interest more attractive, reducing gold's appeal.
- * **Oil prices stayed firm:** Concerns about supply shortages supported prices, even as demand weakened.
- * **Copper held up better:** Uncertainty over trade rules affected the availability of copper across markets, helping support prices.

Trends in the Forex market

Performance of currencies against the USD

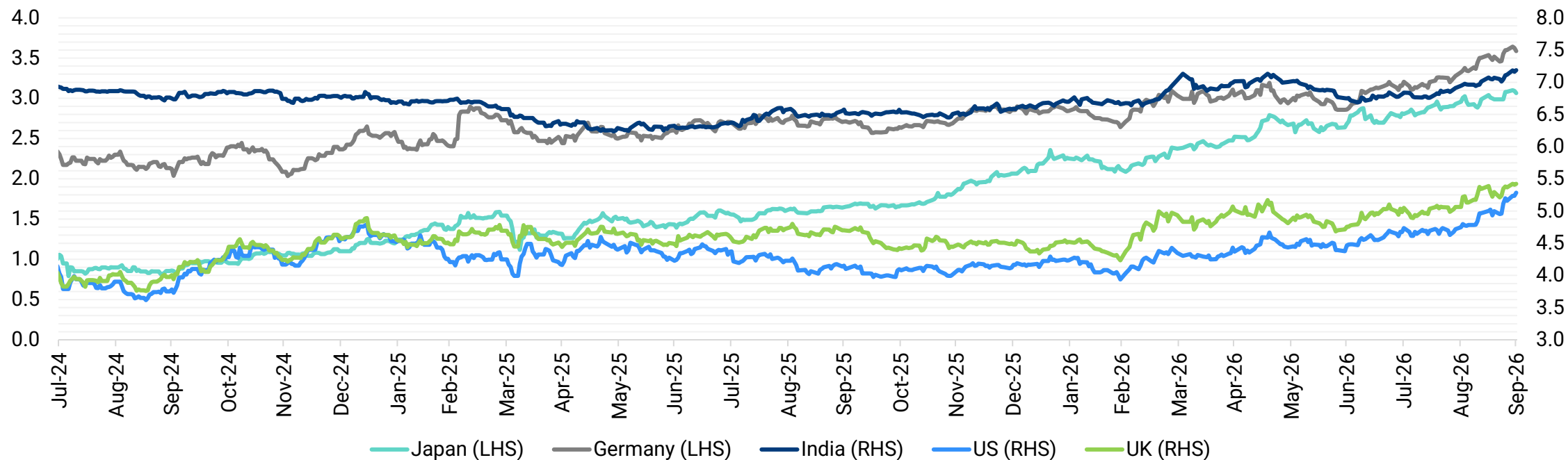
	Currency Rate	1M	3M	6M	1Y	CYTD*
INR	95.98	-0.84%	-1.37%	-1.22%	-7.49%	-6.69%
Euro	0.88	-2.50%	-0.82%	-1.19%	-3.46%	-3.56%
GBP	0.75	-2.10%	0.02%	0.60%	-1.35%	0.39%
JPY	157.39	1.49%	3.28%	1.47%	-6.03%	-1.23%
CNY	6.70	0.22%	1.23%	3.10%	6.23%	4.24%
DXY	101.48	2.06%	0.29%	0.96%	3.79%	2.08%
CAD	1.42	-2.67%	-0.27%	-2.19%	-2.21%	-1.67%
AUD	1.44	-3.13%	0.35%	1.31%	4.99%	6.10%
CHF	0.84	-3.32%	-3.31%	-4.40%	-4.75%	-3.77%

Key Highlights

- * **Yuan and Australian dollar stood out:** The yuan gained across all periods. The Australian dollar remained stronger over the year despite a recent dip.
- * **Rupee and several peers stayed weak:** The rupee, euro, Swiss franc and Canadian dollar declined across all periods shown.
- * **US dollar strength remained broad:** The Dollar Index rose across all periods. The yen recovered recently but stayed weaker over the year, while the pound showed mixed trends.

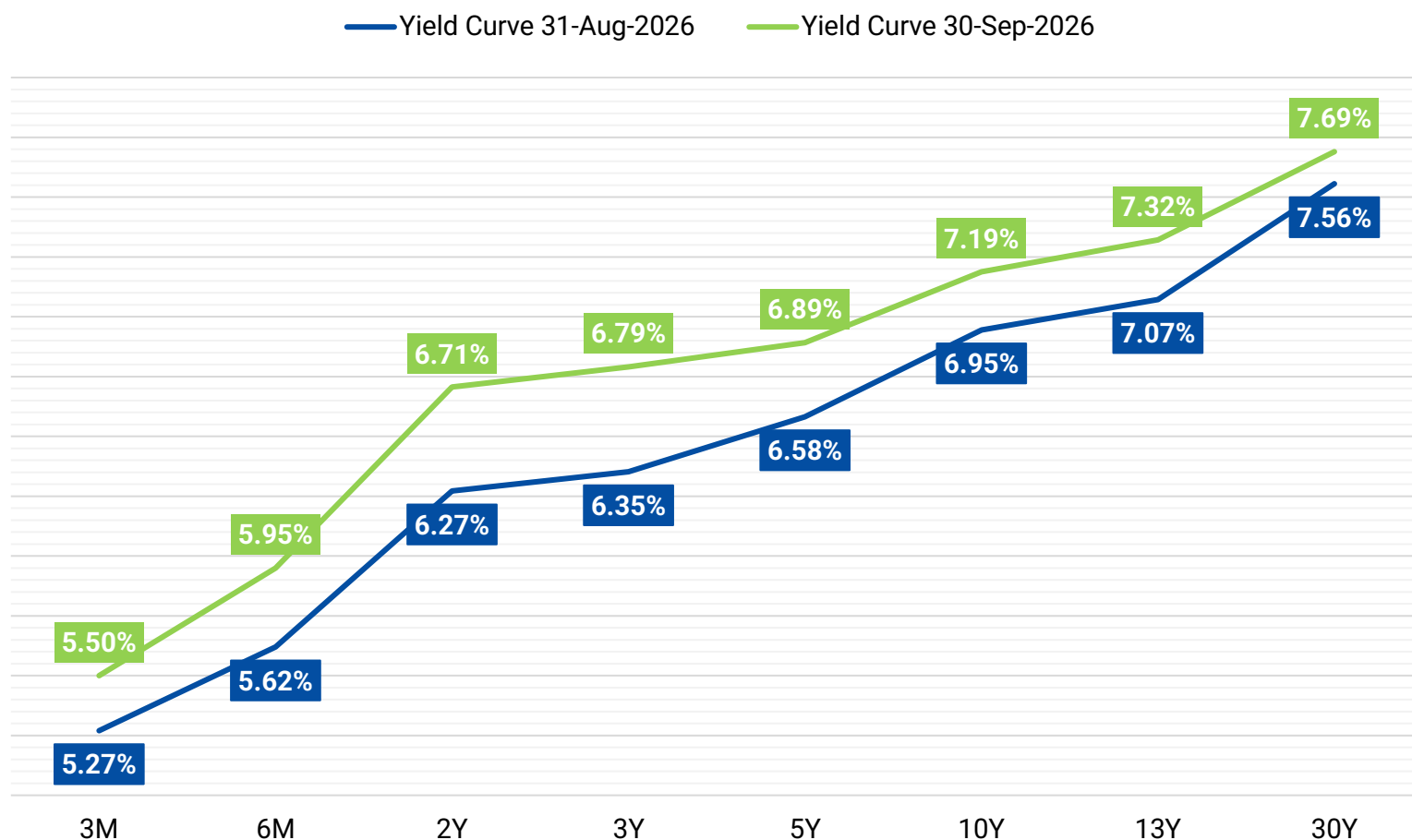
Tracking the 10-year G-sec yields across major economies

Movement in 10-year G-Sec yields %



	India	US	Japan	UK	Germany
Current YTM	7.19%	5.28%	3.07%	5.42%	3.59%
M-o-M (bps)	24.30	53.49	10.80	36.10	26.20
Q-o-Q (bps)	43.80	81.97	38.20	66.70	72.60
Y-o-Y (bps)	61.10	113.46	141.70	72.50	87.50

Tracking India's yield curve



Key Highlights

- * Bond yields firmed up by 13–44 bps across the curve in September 2026
- * Yields tracked higher U.S. Treasury yields, while elevated crude oil prices added to inflationary pressures and reinforced expectations of an RBI rate hike at the October 2026 monetary policy meeting
- * We expect the yield curve to flatten, with short-term yields gradually rising as the higher policy rate feeds through.
- * Longer-term yields are likely to be driven by domestic demand-supply dynamics and US Treasury yields

Asset class returns

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*	Asset class
8.66%	19.57%	41.29%	7.91%	31.49%	44.40%	31.60%	13.90%	26.91%	25.02%	167.27%	12.75%	US Equity
8.63%	14.97%	37.65%	6.65%	23.79%	27.97%	28.71%	9.74%	26.29%	22.93%	74.73%	11.56%	Gold (Domestic Price)
7.39%	12.94%	21.83%	6.03%	21.75%	18.40%	4.38%	4.25%	15.37%	20.61%	32.51%	3.57%	ST Bonds
1.38%	11.96%	6.05%	5.91%	13.04%	17.89%	3.44%	3.59%	7.82%	17.57%	17.88%	2.47%	Corporate Bond
0.22%	11.35%	5.11%	-0.21%	10.72%	12.29%	1.35%	2.51%	7.73%	16.24%	7.76%	0.67%	G-Sec
-3.92%	9.85%	4.71%	-2.14%	10.46%	10.42%	-4.21%	0.46%	7.29%	9.57%	7.76%	-1.38%	China Equity
-6.65%	5.12%	-0.05%	-4.38%	9.53%	9.26%	-8.20%	-12.55%	7.26%	8.95%	6.82%	-3.25%	Silver (Domestic Price)
-9.68%	4.30%	-2.76%	-10.54%	8.97%	-0.29%	-11.83%	-18.11%	-10.46%	7.96%	6.37%	-6.81%	Indian Equity

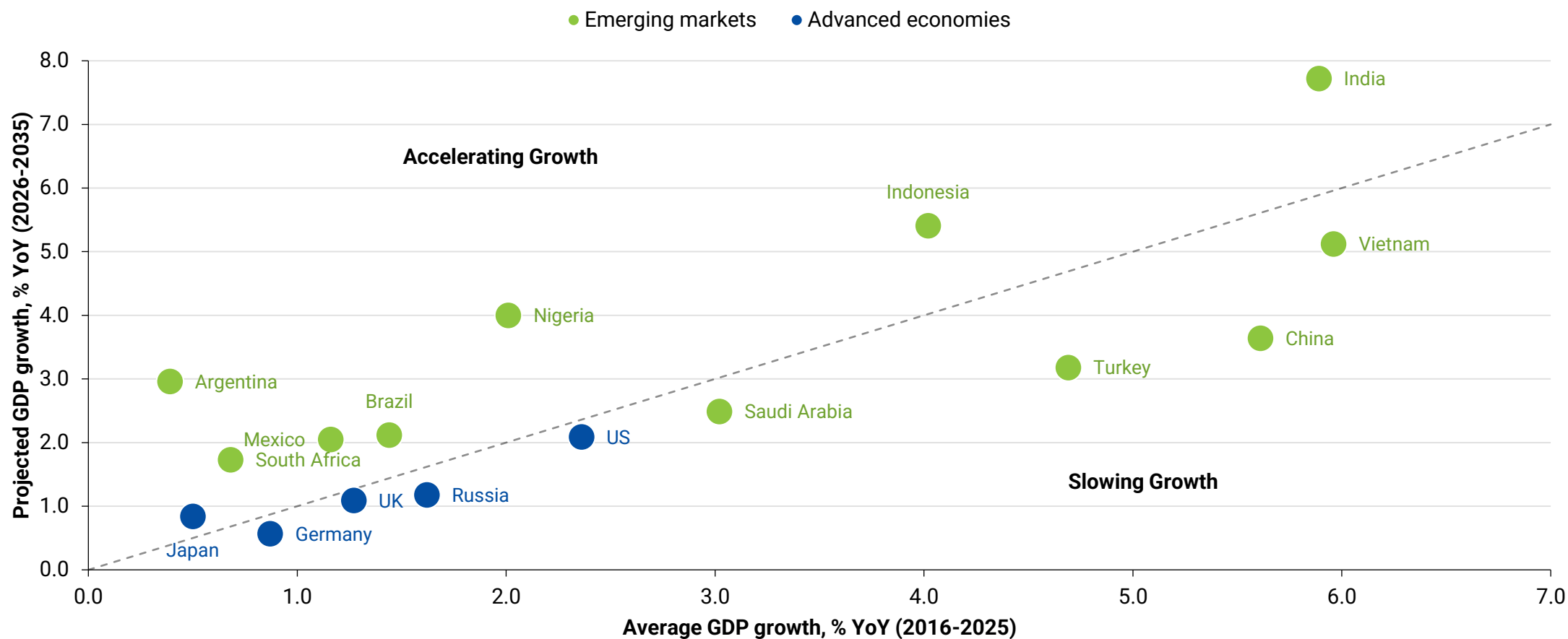
Source: Bloomberg. *Data as on 30th Sep 2026. | Note: ST Bonds: CRISIL Short Term Bond Index, G-Sec: CRISIL 10 Year Gilt Index, Corporate Bond: CRISIL Composite Bond Index, India Equity: NSE 500 TRI, China Equity: Hang Seng TRI, US Equity: S&P 500 TRI, Gold: Domestic Gold Prices, Silver: Domestic Silver Prices

Trends | **Economy** | Markets | Performance | Outlook



India leads major economies on projected GDP growth

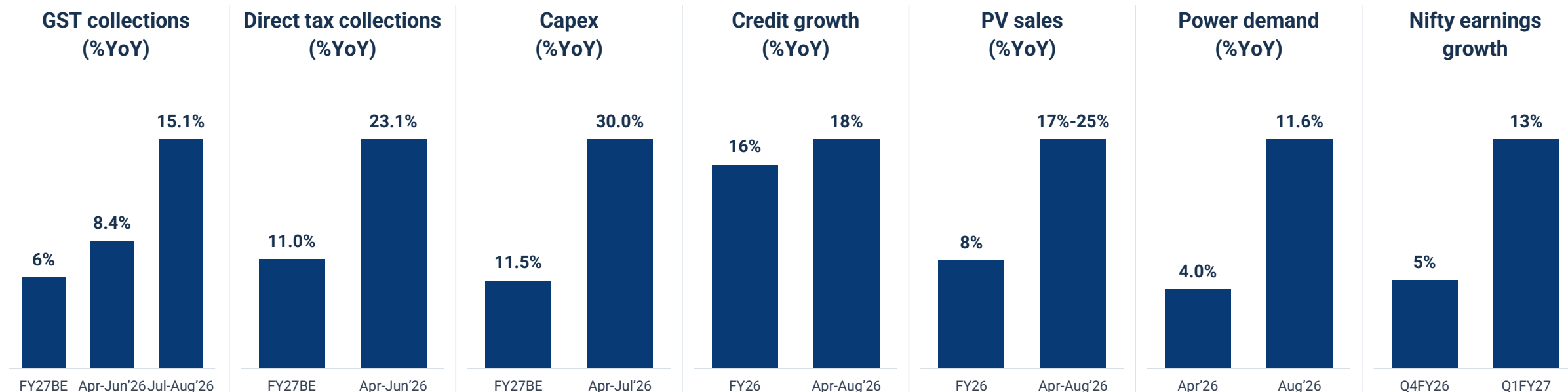
India stands out for faster growth, while emerging markets generally outpace advanced economies. Growth prospects vary widely across countries, with several large economies expected to slow.



Macro dashboard: Growth, External and Price indicators

Indicator	Latest	Context
GDP growth	7.8% in Q1FY27	GDP growth forecast raised to 7.1% for FY27 ¹ ; Global rating agencies are revising India GDP forecasts upwards
FCNR (B) Deposit Program	USD 133 bn	Collections under the RBI's special FCNR(B) deposit programme reached nearly USD 133 billion
Brent crude (\$/bbl) (30 th Sep)	~103	+49% YoY; peak ~\$126 in late April 2026
USD/INR (30 th Sep)	~95.98	-8.1% YoY; all-time low 99.82 in March 2026
FII equity flows, CY26TD	-₹3.68 lakh crore	Cash market; DII buying of +₹6.08 lakh crore more than absorbed it
Monsoon rainfall vs LPA	~15%	Weakest season since 2009 if sustained; El Niño
CPI inflation (Aug)	4.82%	Highest since Dec'24; Inflation forecast for FY27 raised to 5.2% ¹
RBI repo rate	5.50%	MPC raised the repo rate by 25 bps to 5.50% in Oct'26; Shifted its stance to "Calibrated Tightening," signalling further rate increases ahead ¹
US Fed funds rate	3.75-4.00%	First hike since 2023 on 16 Sep 2026; Fed dot plot projects a 4.1% funds rate by year-end 2026
US 10-year yield (30 th Sep)	5.29%	Highest since July 2007; up 133 bps since Feb 27, 2026
India 10-year yield (30 th Sep)	~7.18%	10-year yield has hardened amid hardening in 10Y UST yield

Growth indicators show resilience



TAX AND CAPEX LEAD

Capex: 30.0% versus 11.5% FY27BE.
GST: 15.1% versus 6.0% FY27BE.
Direct tax: 23.1% versus 11.0% FY27BE.

DEMAND INDICATORS FIRM

PV sales: 17%–25%, versus 8% in FY26.
Power demand: 11.6%, versus 4.0% in April.
Credit growth: 18%, versus 16% in FY26.

EARNINGS STEP UP

Nifty earnings growth: 13% in Q1FY27, versus 5% in Q4FY26.
Based on 20 reporting companies.

Tracking the key macro indicators

Indicator	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26
CPI Inflation (YoY %)	1.5	0.3	0.7	1.3	2.7	3.2	3.4	3.5	3.9	4.4	4.5	4.8
Crude Indian Basket (\$)	69.6	65.1	64.3	62.2	63.1	69.0	113.5	114.5	106.2	83.2	82.0	90.2
GST Collection (lakh Crs.)	1.9	2.0	1.7	1.7	1.9	1.8	2.0	2.4	1.9	2.0	2.1	2.0
FX Reserve (\$ bn)	700	690	686	697	724	728	688	698	682	667	693	741
Trade Balance (\$Bn)	-32.1	-41.7	-24.6	-25.1	-34.6	-27.1	-20.7	-28.3	-28.2	-30.4	-32.0	-26.9
Bank Credit %	10.4	11.3	11.5	14.5	14.6	15.4	16.1	16.0	17.7	18.6	19.3	19.1
Bank Deposit %	9.5	9.7	10.2	12.7	12.5	13.0	13.5	12.3	12.2	13.3	15.4	17.8
CD Ratio %	80%	80%	81%	82%	82%	82%	83%	83%	83%	83%	82%	82%
Manufacturing PMI	57.7	59.2	56.6	55.0	55.4	56.9	53.9	54.7	55.0	54.2	53.5	52.8
Services PMI	60.9	58.9	59.8	58.0	58.5	58.1	57.5	58.8	59.8	57.4	53.3	54.1

Indian debt market indicators

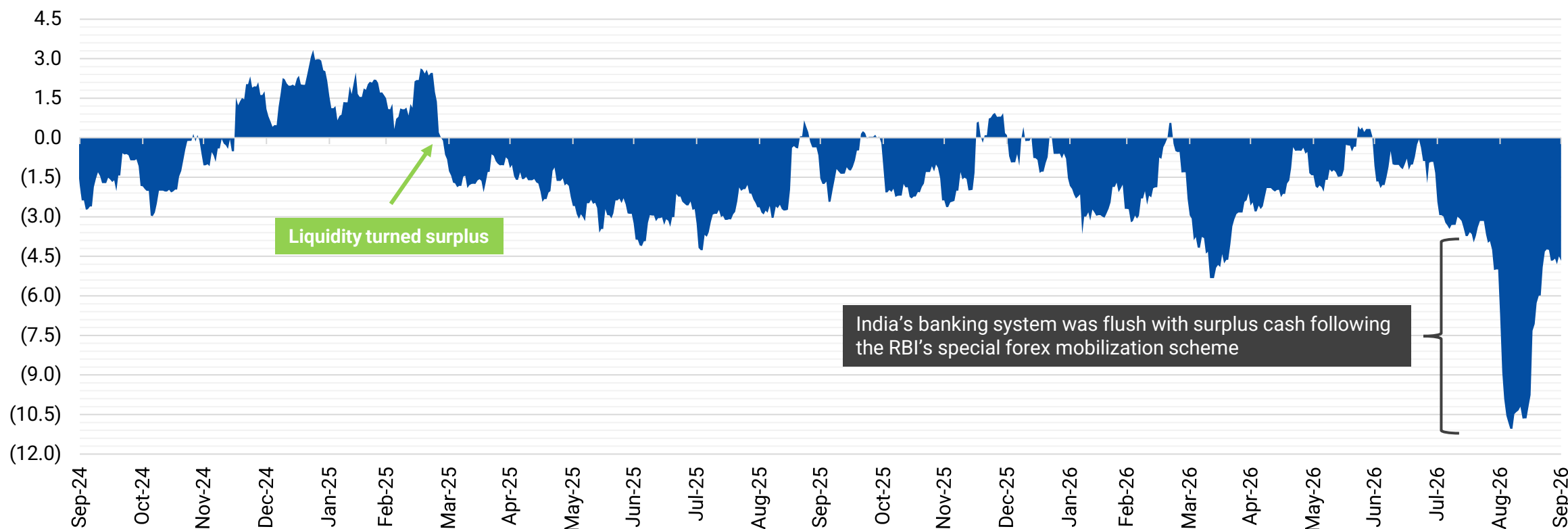
**Bond yields rose with U.S. Treasury yields.
High crude prices fuelled inflation, reinforcing expectations of an RBI rate hike in upcoming MPC.**

Broad Indices	01-Oct-2026	Week Ago	Month Ago	6 Months Ago	Year Ago
1 Year AAA Corporate Bond	8.11%	7.99%	7.69%	7.57%	6.93%
3 Year AAA Corporate Bond	7.82%	7.65%	7.47%	7.71%	6.71%
5 Year AAA Corporate Bond	7.82%	7.68%	7.47%	7.72%	6.92%
10 Year AAA Corporate Bond	8.11%	7.97%	7.88%	7.81%	7.08%
1 Year G-Sec	6.48%	6.18%	5.80%	5.95%	5.64%
3 Year G-Sec	6.91%	6.62%	6.39%	6.66%	5.87%
5 Year G-Sec	6.91%	6.82%	6.57%	6.88%	6.12%
10 Year G-Sec	7.21%	7.12%	6.98%	7.13%	6.52%

System liquidity falls sharply but remains in surplus

RBI drained out excess liquidity from the banking system through Open Market Operations (OMO), Variable Rate Reverse Repo (VRRR) operations and foreign exchange operations.

India Banking System Liquidity Index



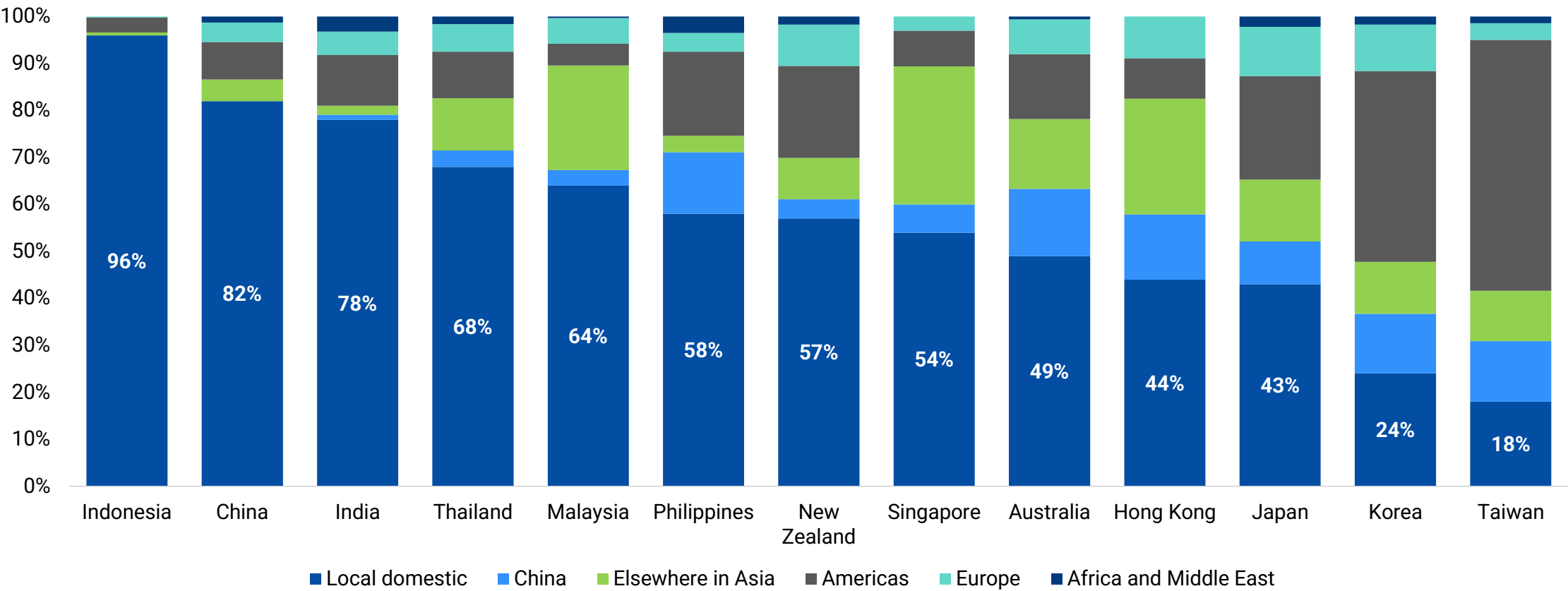
Trends | Economy | **Markets** | Performance | Outlook



Geographic revenue exposure of MSCI indices

Domestic demand drives India's revenue

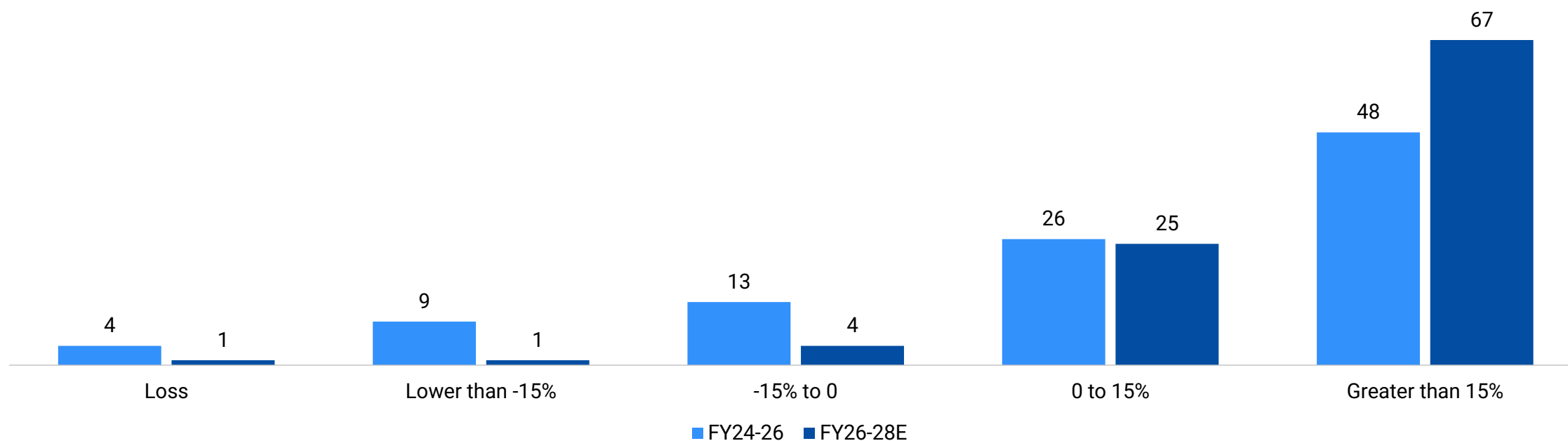
Revenue by geography (%)



A stronger earnings outlook for Nifty-500 stocks

Earnings CAGR distribution

% of Nifty-500 constituents, FY24–26 vs FY26–28E



The >15% growth bucket rises from ~48% to ~67%, while loss and negative-growth buckets fall from ~26% to ~6%.
The forecast points to a stronger earnings mix, with the 0–15% bucket broadly unchanged.

Emerging markets lead the global IPO landscape

851 IPOs

Developed markets · 33% of global activity

1,640 IPOs

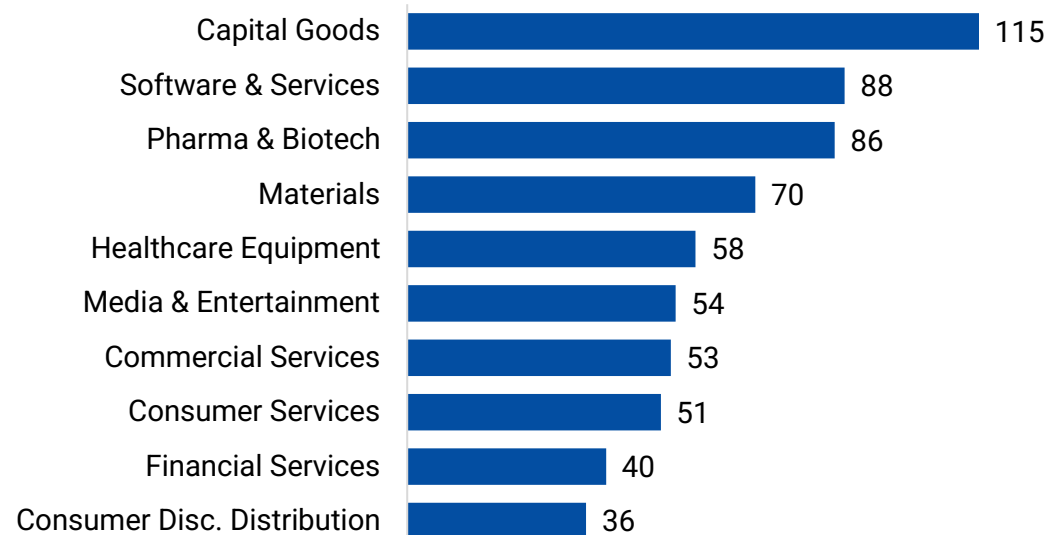
Emerging markets · 63% of global activity

95 IPOs

Other markets · 4% of global activity

Developed markets — sector mix

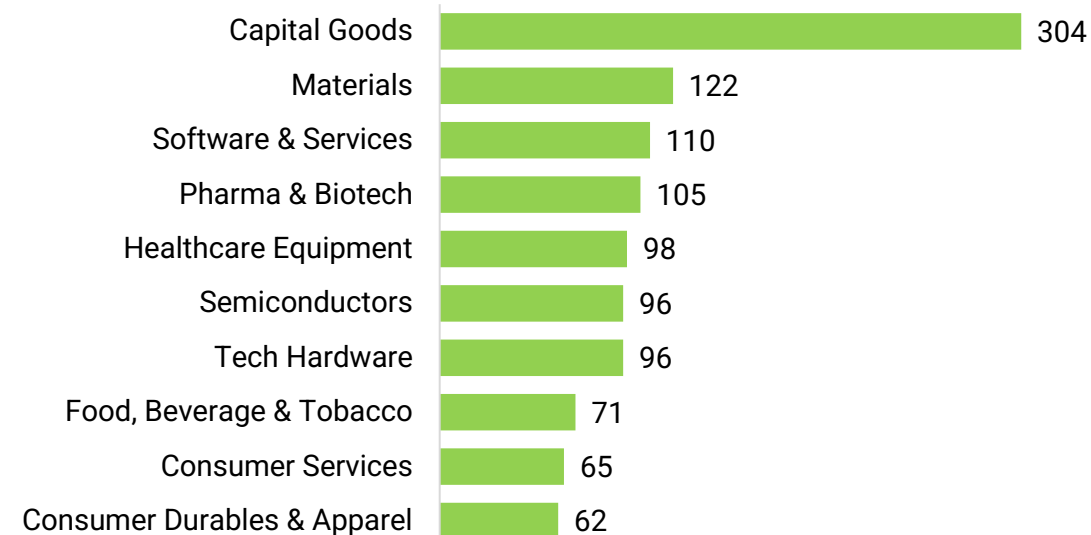
No. of IPOs, top 10 of 25 sectors



Capital Goods leads with 115 IPOs; top 10 sectors ~77% of DM listings

Emerging markets — sector mix

No. of IPOs, top 10 of 26 sectors



Capital Goods leads with 304 IPOs — 2.6x the DM count; top 10 ~69%

India ranks among the world's leading IPO markets

55.3% of DM IPOs

US and Japan combined; top 5 markets ~ 79.2%

46.5% of EM IPOs

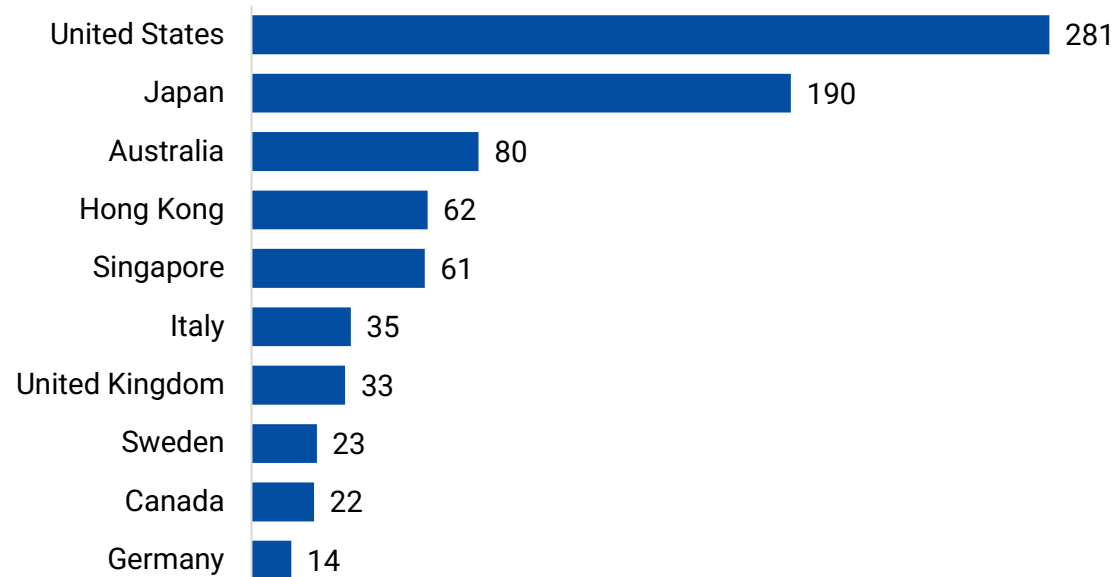
China and India combined; top five markets = 78.1%

21:19 country breadth

Far higher IPO count per emerging market vs DM

Developed markets (DM)

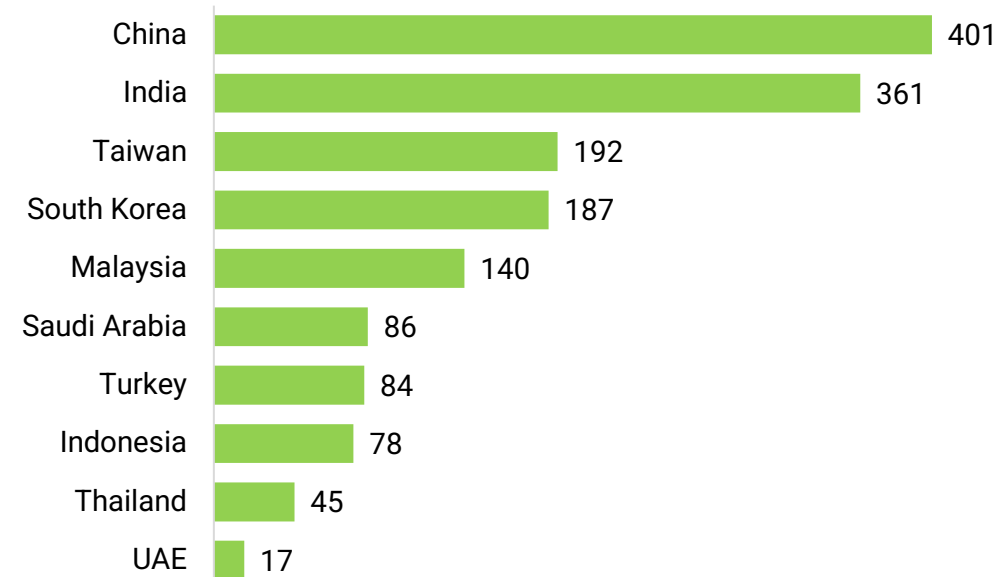
Top 10 markets by IPO count



US and Japan alone account for 471 out of 851 IPOs in the developed-market

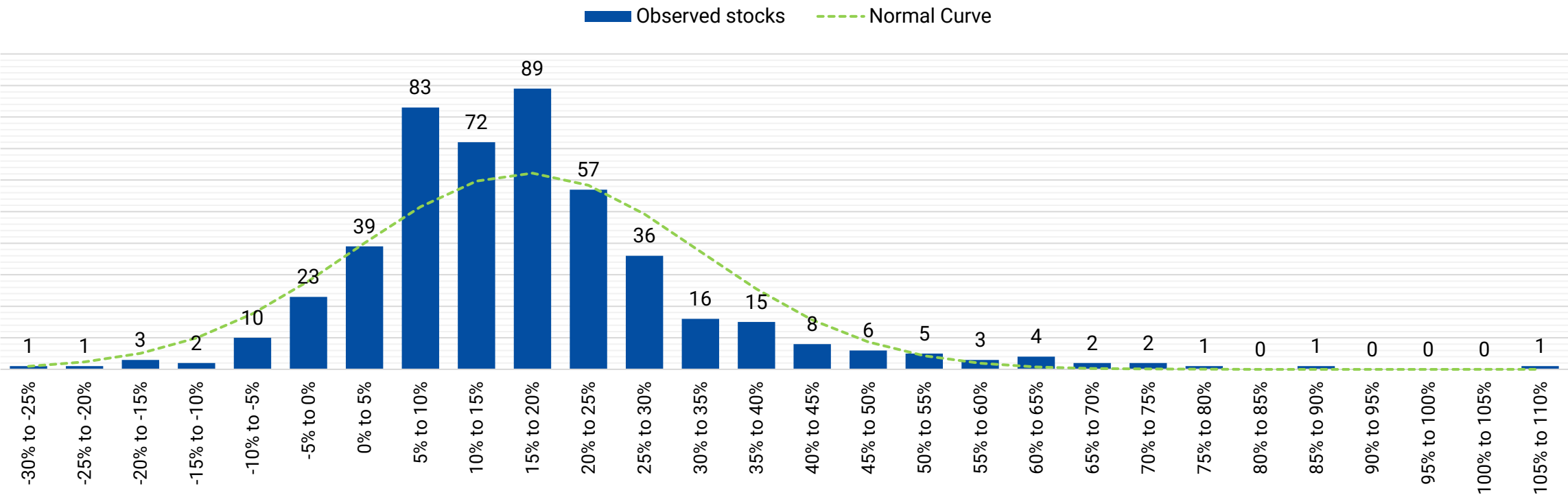
Emerging markets (EM)

Top 10 markets by IPO count



China and India alone account for 762 out of 1640 IPOs in the emerging-market

Most stocks gained, with a few big winners



CENTRE OF THE DISTRIBUTION

Median CAGR of 15.2% against a mean of 17.0%; the gap between the two reflects the right tail.

BREADTH OF POSITIVE RETURNS

91.7% of stocks have a positive CAGR, and 51.3% compounded at 15% or better.

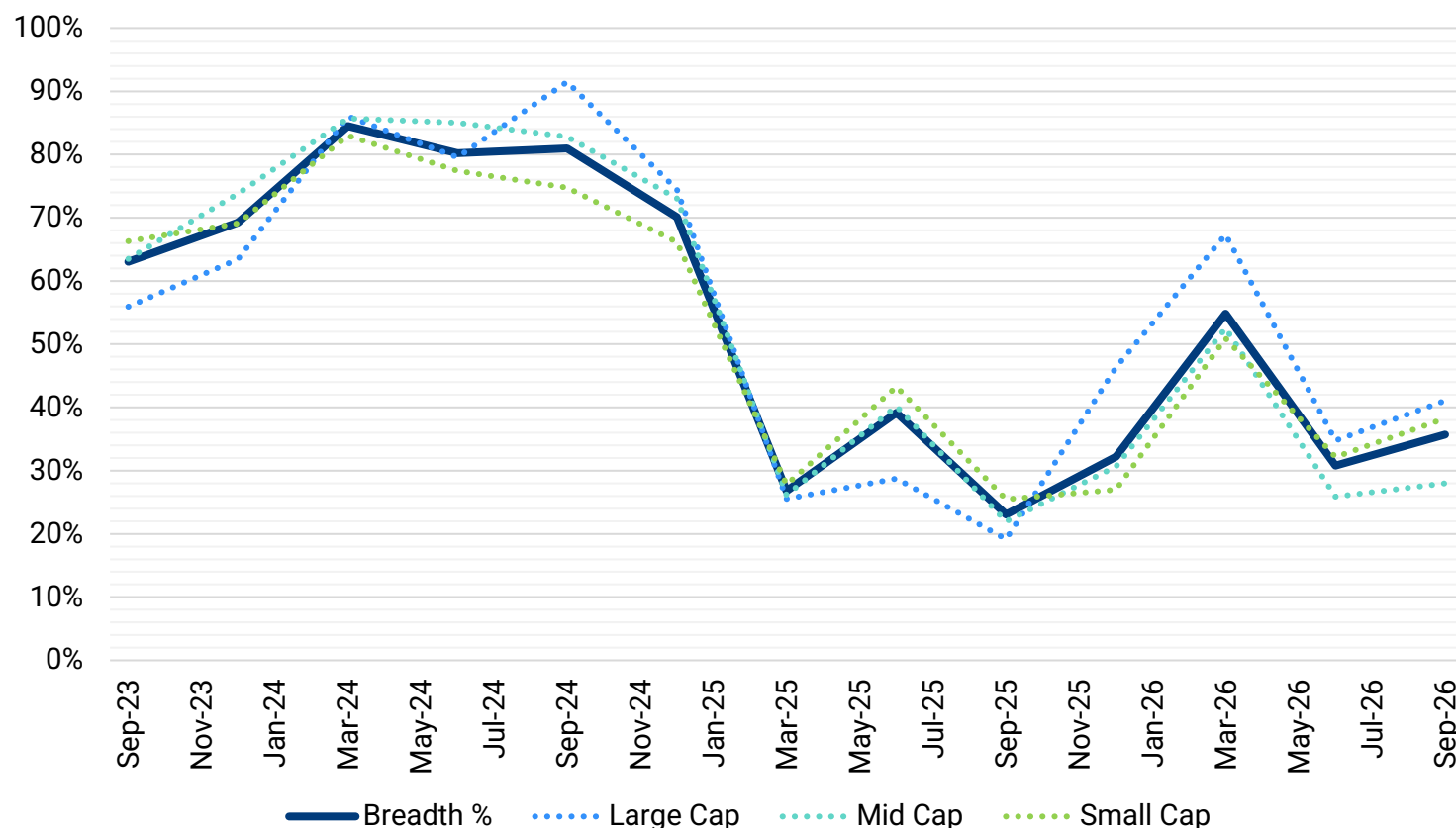
THE TWO TAILS

19 stocks, or 4.0%, delivered at least 50% CAGR; 40 stocks lost value annually, the lowest at -25.6%.

Market breadth: Participation trend and positioning

Participation trend

Share of stocks with >15% returns in the trailing 12 months, at each quarter end



What it means

Observations from the quarterly series

35.7% breadth, Sep-26

167 of 468 stocks cleared the hurdle, against 84.5% at the Mar-24 peak.

-43.3 pp Mar-25 regime break

Breadth fell from 70.1% in Dec-24 to 26.8% in Mar-25, in a single quarter.

23–55% range since Mar-25

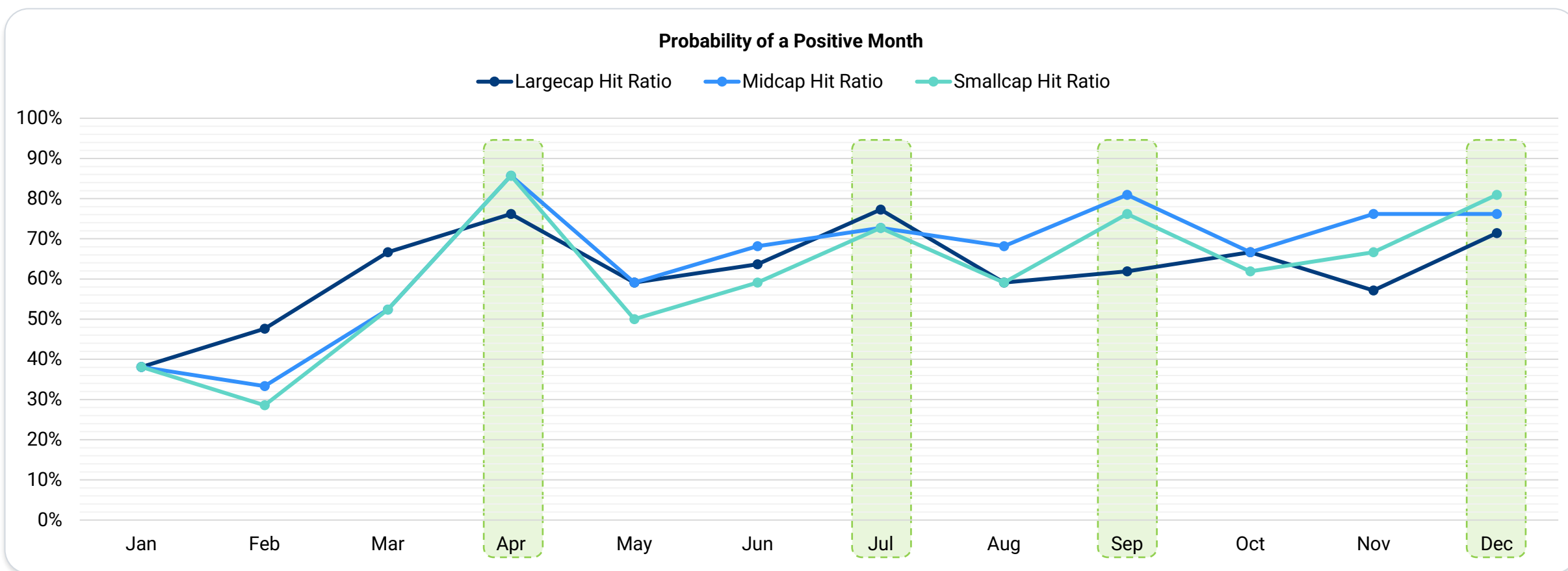
Breadth has ranged between 23% and 55%; the Mar-26 rebound to 54.8% reversed over the next two quarters.

Implication

With breadth this narrow, returns are driven by stock selection rather than market direction.

Does seasonality offer an edge in equities?

Positive-return probabilities strengthen across market-cap segments in the later half of the year, with midcaps and small caps generally exhibiting stronger seasonal outcomes



Source: Bloomberg, Internal Analysis | Period considered: 1st April 2005 to 31st Aug 2026 | Note: Hit Ratio refers to the percentage of instances where the signal correctly identifies the market direction | Past performance may or may not be sustained in the future.

6+ week continuous selloffs look concerning, but...

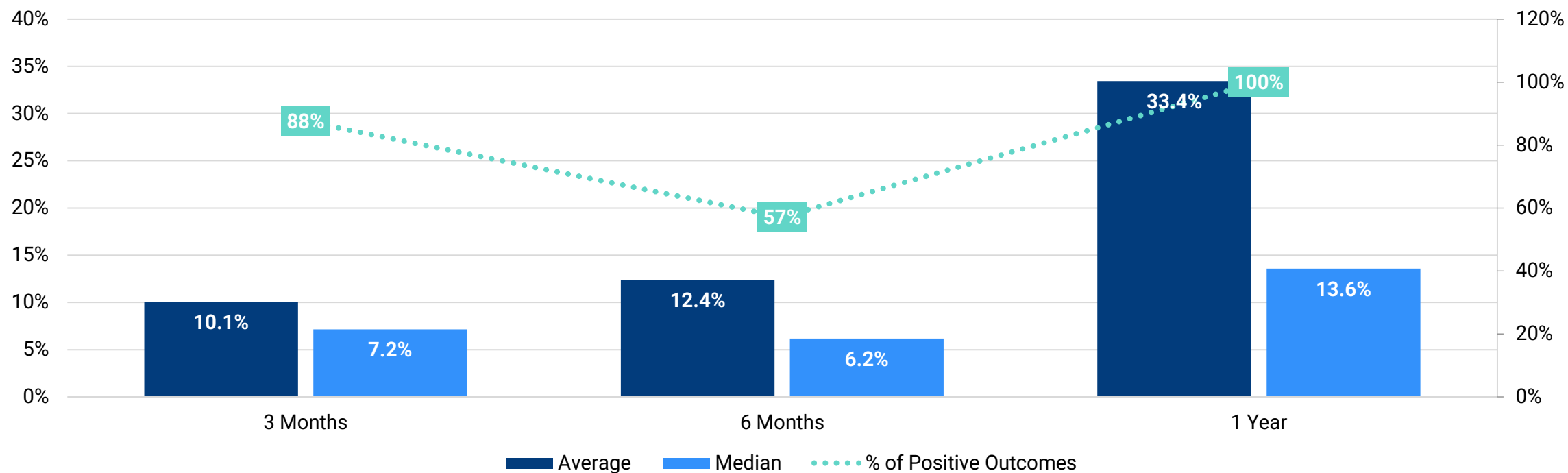
Nine 6+ week Nifty selloffs since 1992 and the returns that followed

Starting Week	Ending Week	Key Events / Trigger	No. of Weeks Down	Down Streak Return	3M Return	6M Return	1Y Return	Positive Horizons
01-Oct-92	20-Nov-92	Harshad Mehta Scam aftermath	7	-25%	11.1%	-2.4%	31.6%	2 / 3
12-Feb-93	23-Apr-93	Regulatory and Liquidity Stress	10	-23%	6.2%	35.3%	91.4%	3 / 3
09-Feb-01	12-Apr-01	Ketan Parekh Scam and Dot Com Bubble Burst	9	-27%	7.9%	-6.3%	11.9%	2 / 3
03-Aug-01	21-Sep-01	Global Risk Sell-off	7	-21%	23.0%	33.9%	13.6%	3 / 3
16-May-08	04-Jul-08	Global Financial Crisis (GFC)	7	-22%	-10.3%	-22.3%	3.7%	1 / 3
14-Feb-20	03-Apr-20	Covid-19 Pandemic Shock	7	-33%	31.2%	42.3%	81.1%	3 / 3
27-Jun-25	08-Aug-25	US tariff escalation, weak earnings	6	-5%	5.0%	6.2%	0.9%	3 / 3
20-Feb-26	02-Apr-26	West Asia tensions, crude-oil spike, FPI selling	6	-11%	6.4%	-	-	1 / 1
07-Aug-26	25-Sep-26	Oil pressure, higher global bond yields	7	-6%	-	-	-	-

...outcome has been positive over the next 1 year!

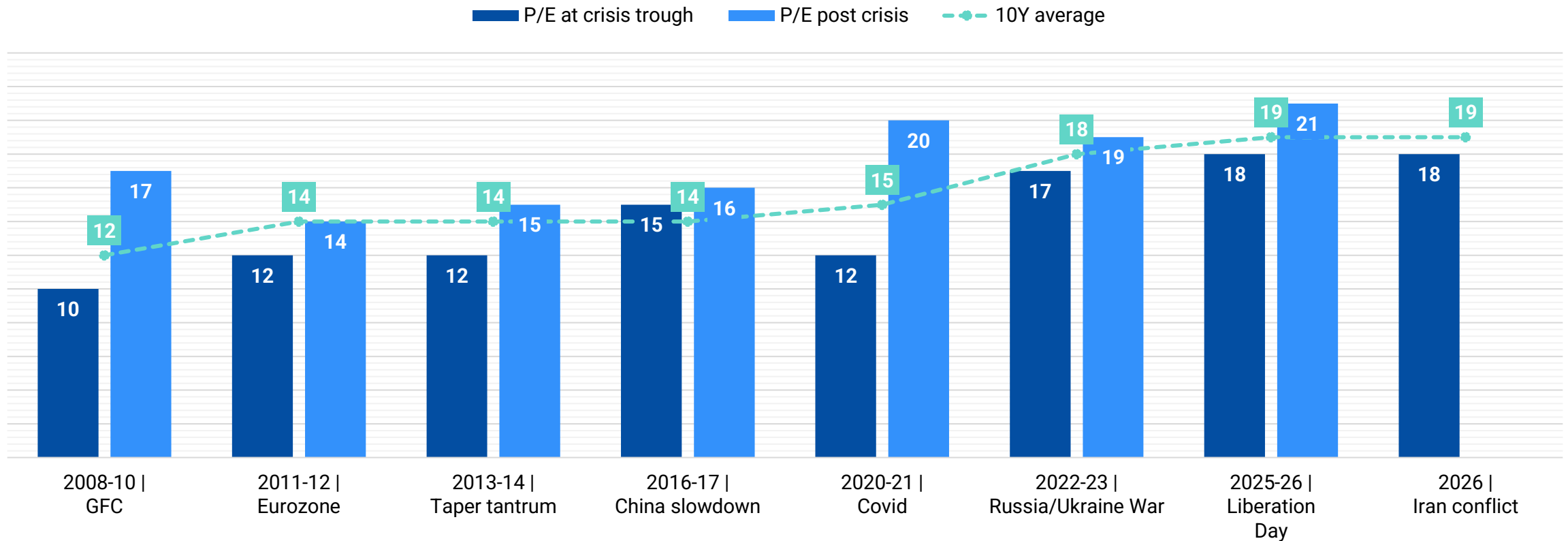
Average and median returns

Positive outcomes (right axis)



Short-term setbacks did not rule out stronger returns over a full year in the period considered.
Typical gains were more modest than the average suggests, as a few strong recoveries lifted the overall result.

Valuations have re-rated above the trough after each crisis



Every completed crisis shown saw valuations recover from their lows to at least the long-term average.

What happens after a large-cap correction of $\geq 15\%$?

Last 21 years data suggests, broad sell-offs have historically favoured an initial mid/small-cap tilt, with midcaps the more persistent 1–3 year allocation

Absolute Returns >>			6-month From Bottom			1-year From Bottom			3-year From Bottom		
Peak Date	Bottom Date	Peak-to-Bottom Fall	Large cap	Midcap	Smallcap	Large cap	Midcap	Smallcap	Large cap	Midcap	Smallcap
10-May-06	14-Jun-06	-30.8%	54.7%	57.3%	58.4%	70.7%	76.4%	84.5%	71.3%	55.4%	52.5%
07-Feb-07	05-Mar-07	-15.3%	45.1%	46.3%	48.1%	32.9%	26.7%	35.4%	55.6%	53.7%	47.4%
07-Jan-08	27-Oct-08	-61.1%	45.1%	30.6%	18.9%	89.8%	110.0%	88.9%	125.6%	144.2%	122.4%
05-Nov-10	20-Dec-11	-28.9%	18.2%	23.9%	22.5%	34.6%	48.1%	41.5%	95.8%	137.9%	127.2%
03-Mar-15	25-Feb-16	-20.6%	28.8%	35.4%	37.0%	31.8%	45.0%	48.5%	61.9%	63.3%	40.0%
17-Jan-20	23-Mar-20	-37.9%	48.3%	56.3%	67.6%	93.7%	117.5%	133.7%	130.0%	179.5%	200.9%
18-Oct-21	17-Jun-22	-16.8%	19.3%	23.1%	21.7%	25.0%	38.2%	34.6%	74.8%	129.4%	130.1%
26-Sep-24	28-Feb-25	-17.2%	13.1%	19.4%	21.3%	14.9%	21.8%	13.2%	-	-	-
Average Return			34%	37%	37%	49%	60%	60%	88%	109%	103%
% of instances SMIDs beat Large cap			-	7 / 8	7 / 8		7 / 8	6 / 8		5 / 7	3 / 7



Most recent instance:

Since the February 2025 low, **large caps have gained ~15%**, while **mid- and small caps have more than doubled the recovery, rising ~32%**.

Will India Tech bounce back again?

6 of 6 instances recovered

Nifty IT regained its prior all-time high after every completed decline of more than 20%.

44.1% median 1Y return from bottom

All six completed instances delivered a positive return in the year after the trough.

-42.0% current drawdown, ongoing

The 2024-ongoing instance troughed in Jul-2026 and has not reclaimed the prior peak yet

Event name (led to fall >20% in Nifty IT)	Year	Max Drawdown	Days to bottom	Days to recovery	Days to new all-time high	Status	Next 1Y return from bottom
May 2006 liquidity-led market sell-off	2006	-29.2%	41	71	112	Recovered	66.2%
Global financial crisis	2007–09	-65.2%	504	198	702	Recovered	196.1%
Eurozone debt crisis & US growth uncertainty	2011–13	-32.0%	156	386	542	Recovered	22.0%
China sell-off, Brexit & weak IT spending	2015–18	-24.0%	418	294	712	Recovered	21.6%
COVID-19 market panic	2020	-33.1%	21	77	98	Recovered	137.3%
Rate hikes & post-Covid valuation reset	2022–24	-32.0%	132	386	518	Recovered	19.5%
Slower tech spending & AI disruption concerns	2024–ongoing	-42.0%	381	Pending	Pending	Ongoing	-

Small caps offer greater exposure to overall FTA-linked sectors

Sector	Nifty Small Cap 250	Nifty 50	Export Exposure
A. With less to no Impact of FTA	%	%	
Financial Services	24	34	—
Healthcare (incl. Pharma)	13	8	~40–60%
Automobile	0	8	~5–15%
IT	5	11	~80–90%
Services	4	—	~5–15%
Construction	4	—	~5–15%
FMCG	3	—	~19%
Consumer Durables	3	10	~15–30%
Oil, Gas & Fuels	2	9	~15%
Sub Total (A)	58	80	
B. Likely to benefit from FTA	%	%	
Capital Goods	12	8	~20–35%
Auto Components	9	—	~30–45%
Chemicals	6	4	~35–50%
Textiles	1	—	~50%
Power	2	—	~10%
Metals & Mining (select metals)	2	4	~30–50%
Others	10	4	~5–15%
Sub Total (B)	42	20	
Total (A+B)	100	100	

Why could small caps benefit?

42%

Small Cap 250 weight in FTA beneficiary sectors

20%

Nifty 50 weight in the same sectors

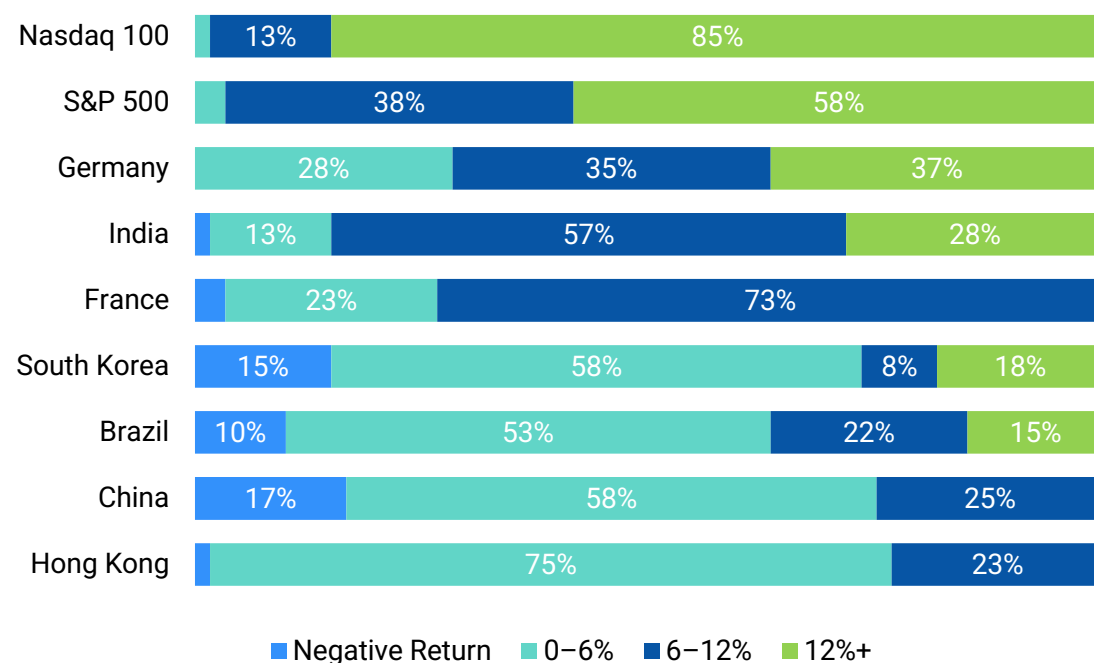
- * Small caps carry meaningful exposure to export-oriented industries and global supply chains, making them primary beneficiaries of India's widening trade agreements.
- * Textiles, chemicals, auto components and capital goods – the highest export-intensity sectors – are far better represented in the Small Cap 250 than in the Nifty 50.

Over 2x the FTA-linked exposure of the Nifty 50 – a wider opportunity set for export-driven growth for Small caps!

Where did a 5-year SIP work best?

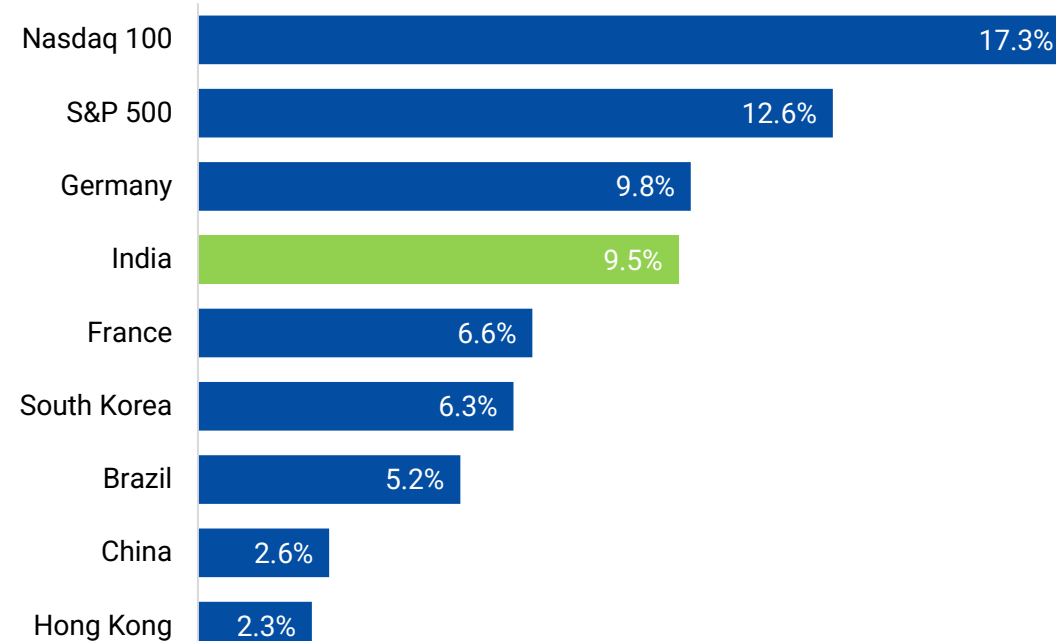
Rolling 5-year SIP outcomes

Frequency by annualized return band



Average rolling 5-year SIP return

Annualized return in US\$



US markets led both return and reliability

Nasdaq-100 and S&P 500 dominated. India delivered mostly 6%–12% outcomes; other markets were far less consistent.

Return snapshot: average, best and worst outcomes

Rolling 5-year monthly SIP returns

Annualized XIRR in US\$ | October 2016–September 2026

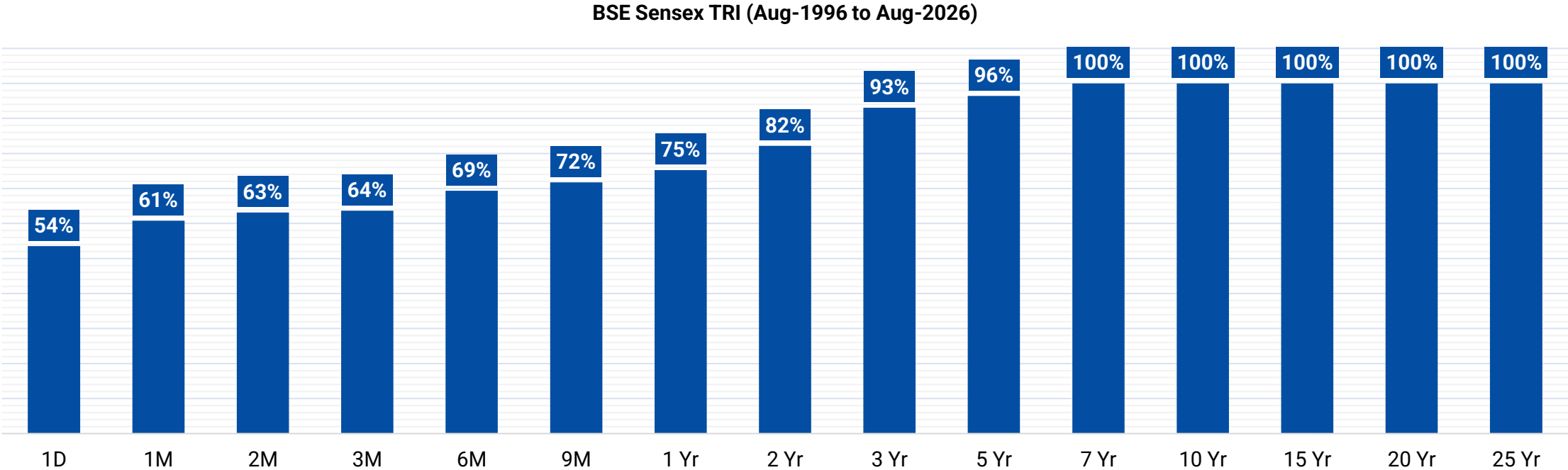
Market	Average	Minimum	Maximum
Nasdaq 100	17.3%	5.6%	29.4%
S&P 500	12.6%	4.0%	18.9%
Germany	9.8%	0.0%	19.7%
India	9.5%	(1.3%)	16.9%
France	6.6%	(1.2%)	11.0%
South Korea	6.3%	(1.2%)	40.6%
Brazil	5.2%	(1.1%)	19.5%
China	2.6%	(1.2%)	9.7%
Hong Kong	2.3%	(0.5%)	10.5%

Nasdaq-100 and S&P 500 led on average returns, with positive minimum outcomes.

India nearly matched Germany's average at 9.6%. Korea had the widest range at 41.8 pp.

Short-term returns are a coin toss; long-term returns have never disappointed

Share of rolling periods with a positive return — odds rise from 54% at 1 day to 100% at 7 years



Under 1 year, outcomes are noise: 54% odds at 1 day and only 75% at 1 year — sentiment, not fundamentals, sets the price



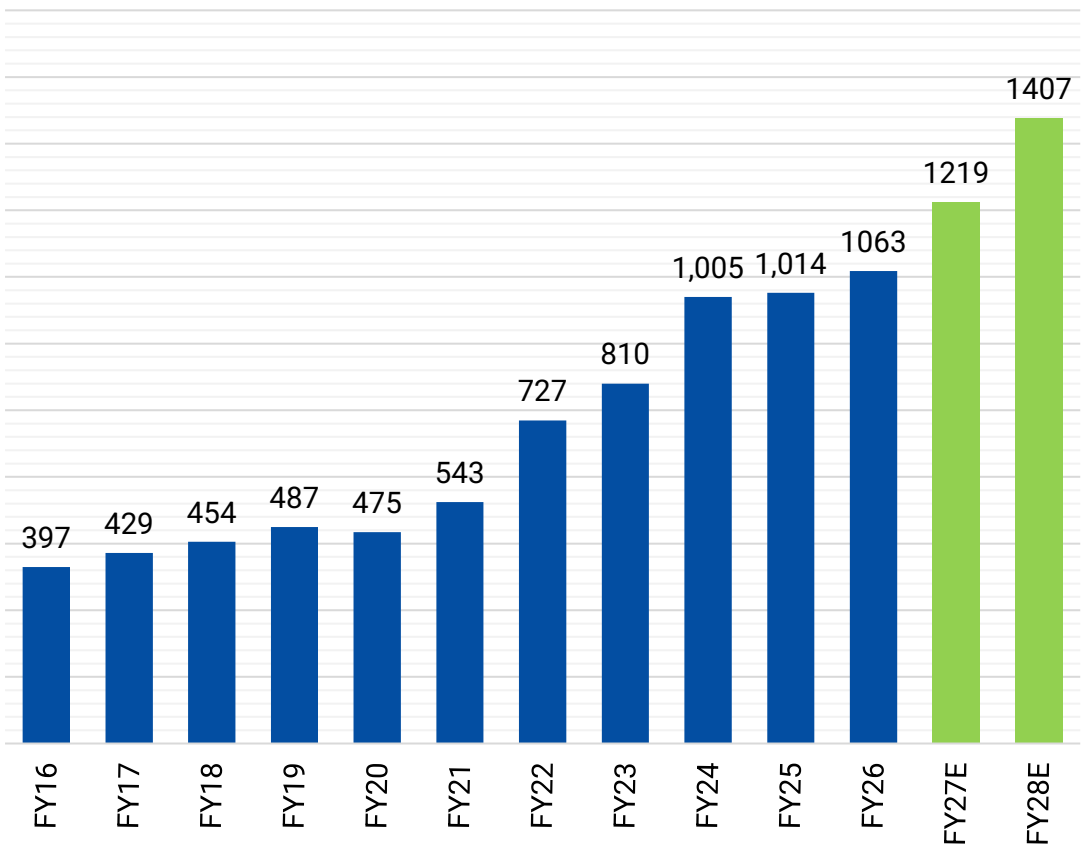
Odds compound with time: 82% at 2 years, 93% at 3 and 96% at 5 — earnings growth steadily overwhelms valuation swings



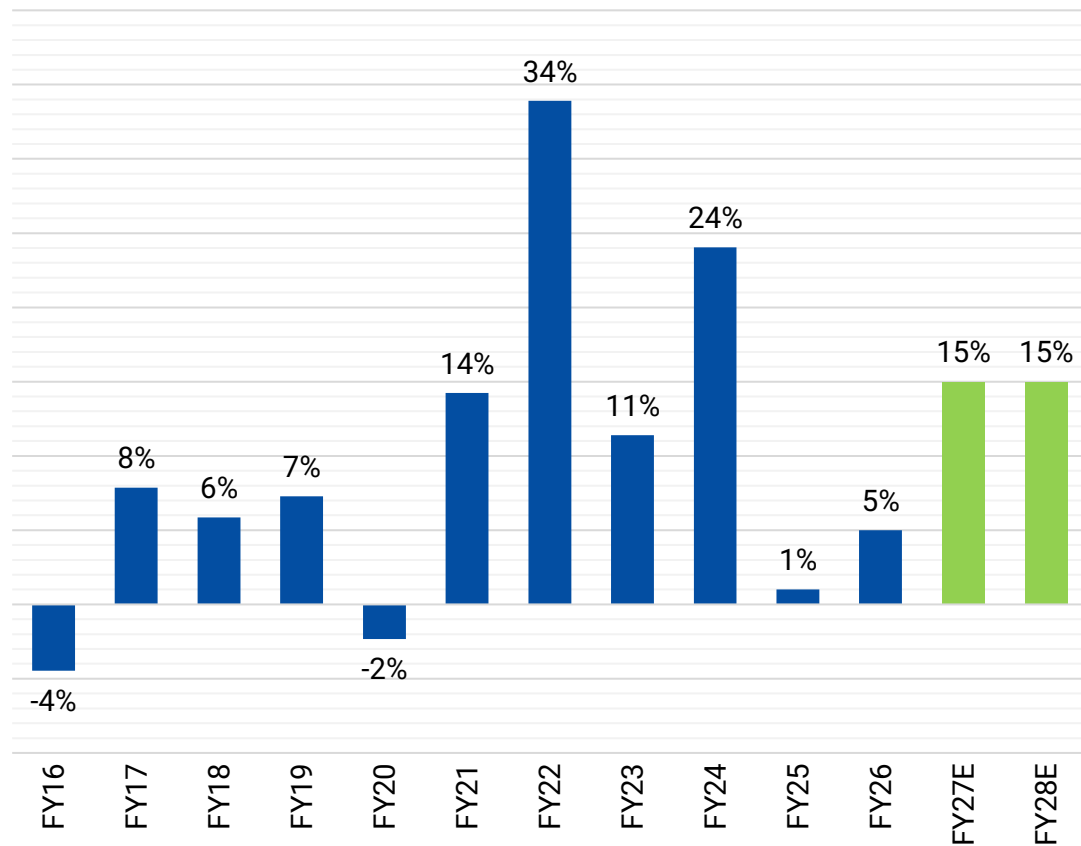
At 7 years and beyond, no rolling period has lost money — time in the market, not timing it, converts volatility into returns

Earnings growth

Nifty 50 EPS (₹)



Nifty 50 EPS Growth (%)

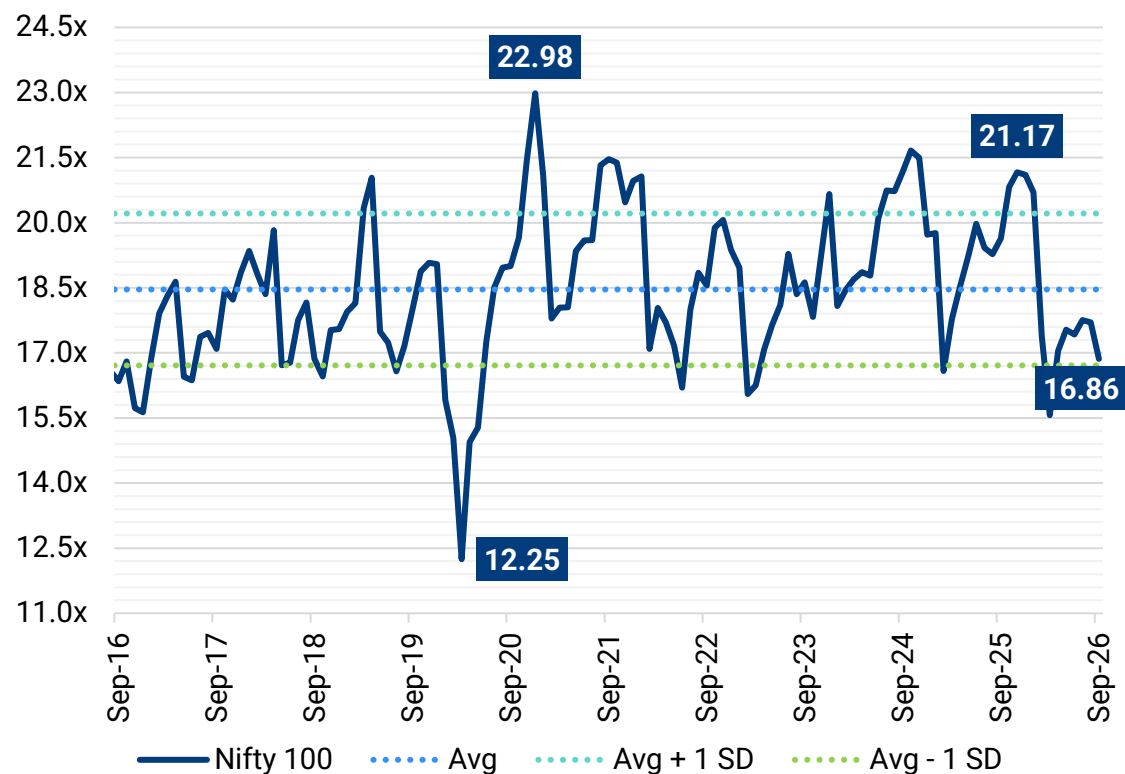


Source: Bloomberg estimates, MOFSL | Data as on 30th Sep 2026.

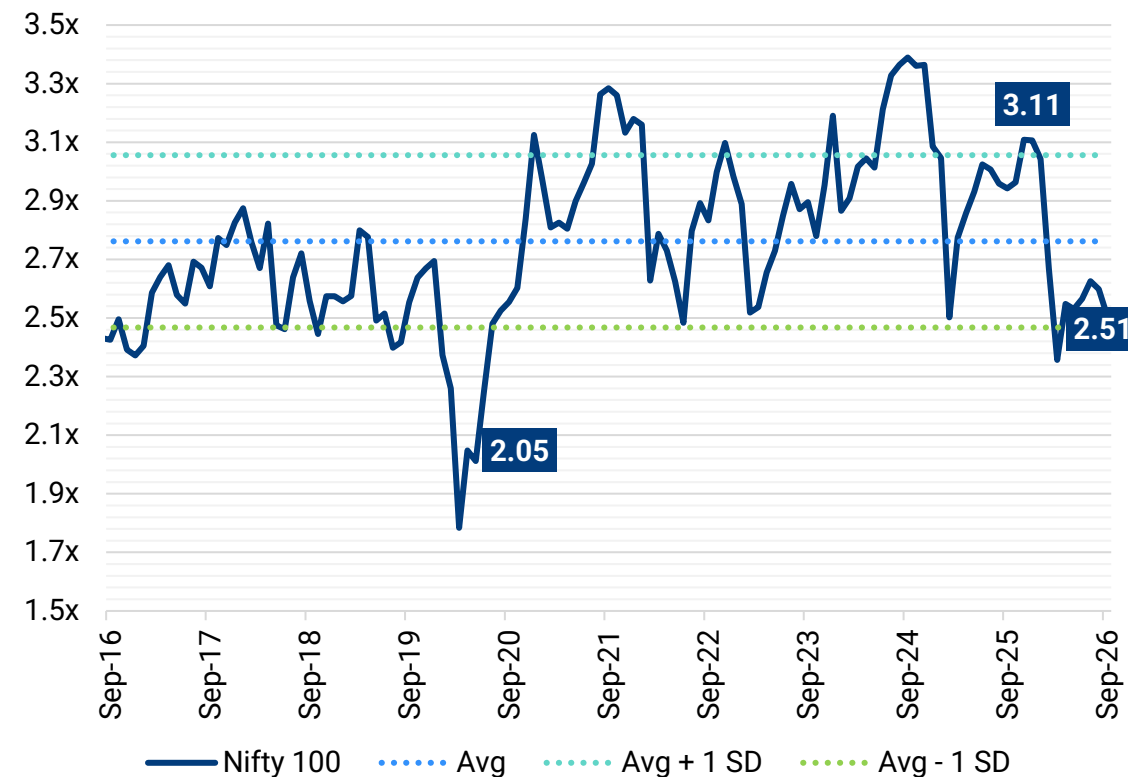
Valuations – Large Cap

Large-cap valuations have corrected from its peak and currently stand below its 10-year average

1Y Forward Price-to-Earnings (x)



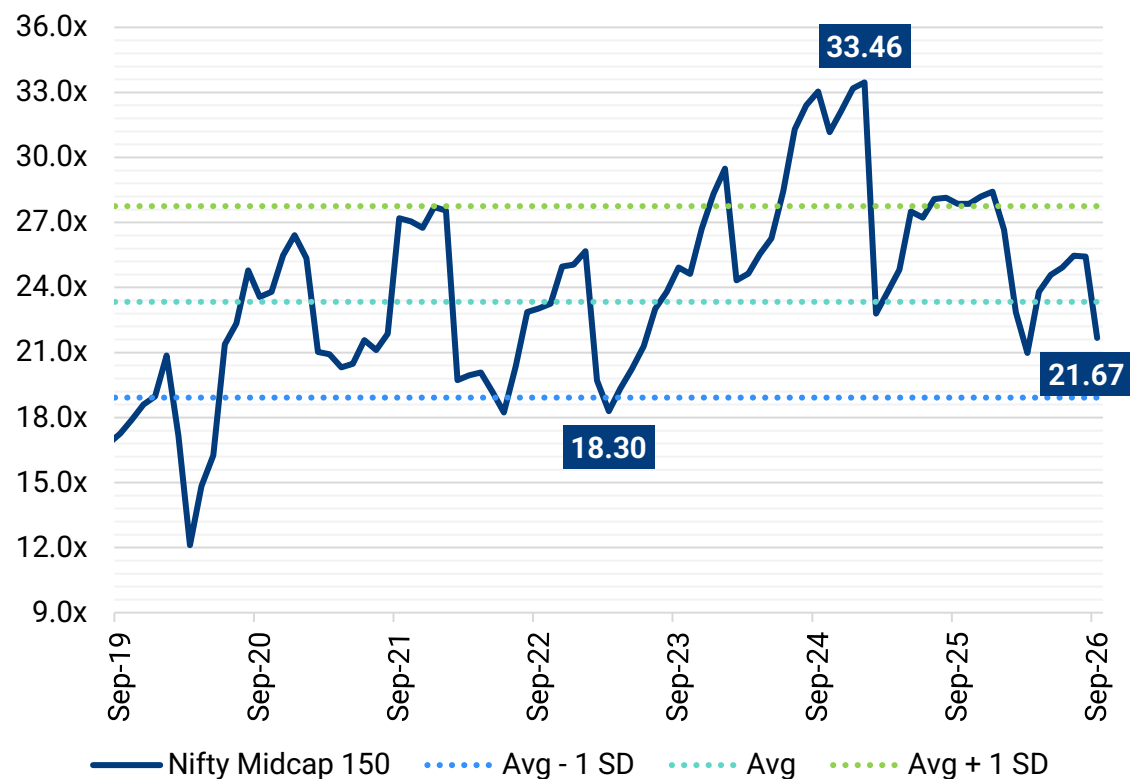
1Y Forward Price-to-Book (x)



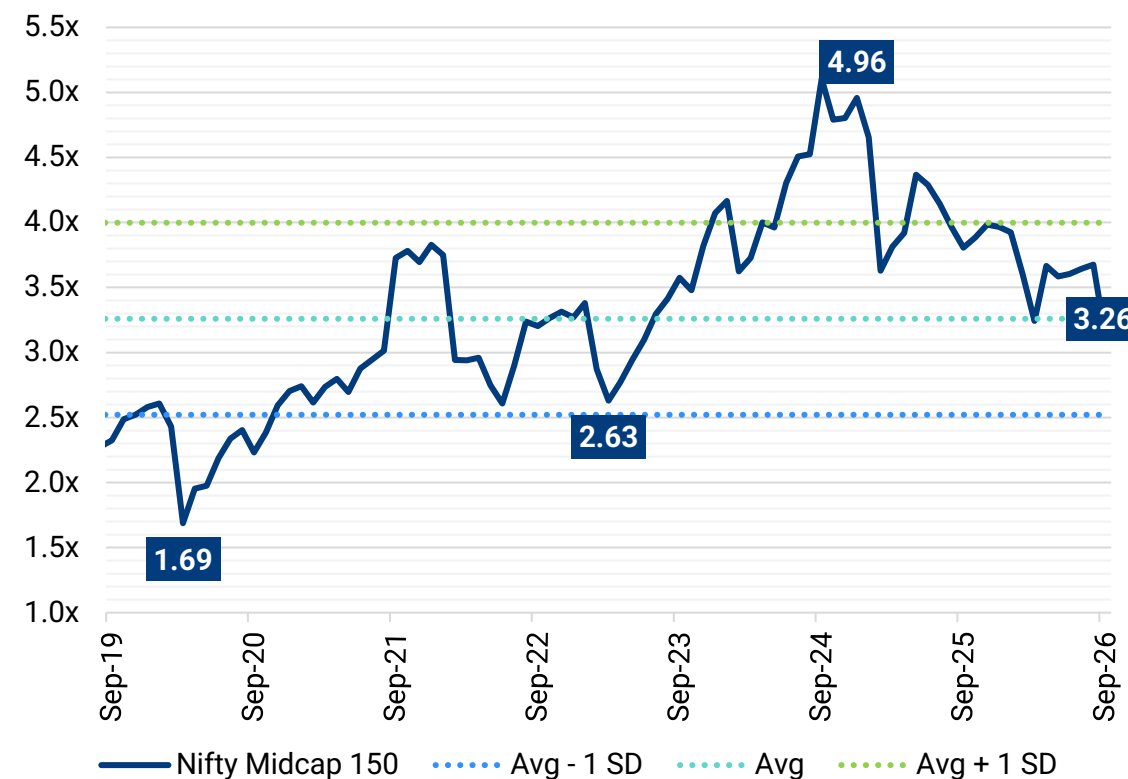
Valuations – Mid Cap

Mid-cap valuations have moderated and are now trading near long-term averages

1Y Forward Price-to-Earnings (x)



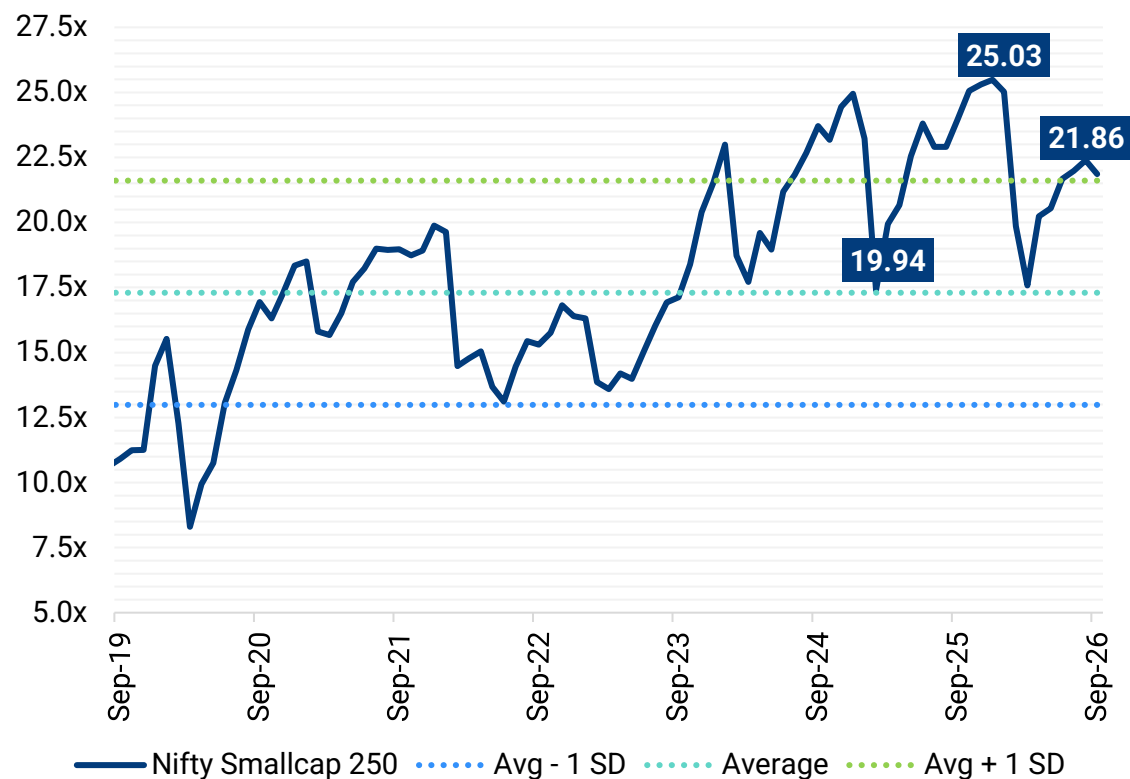
1Y Forward Price-to-Book (x)



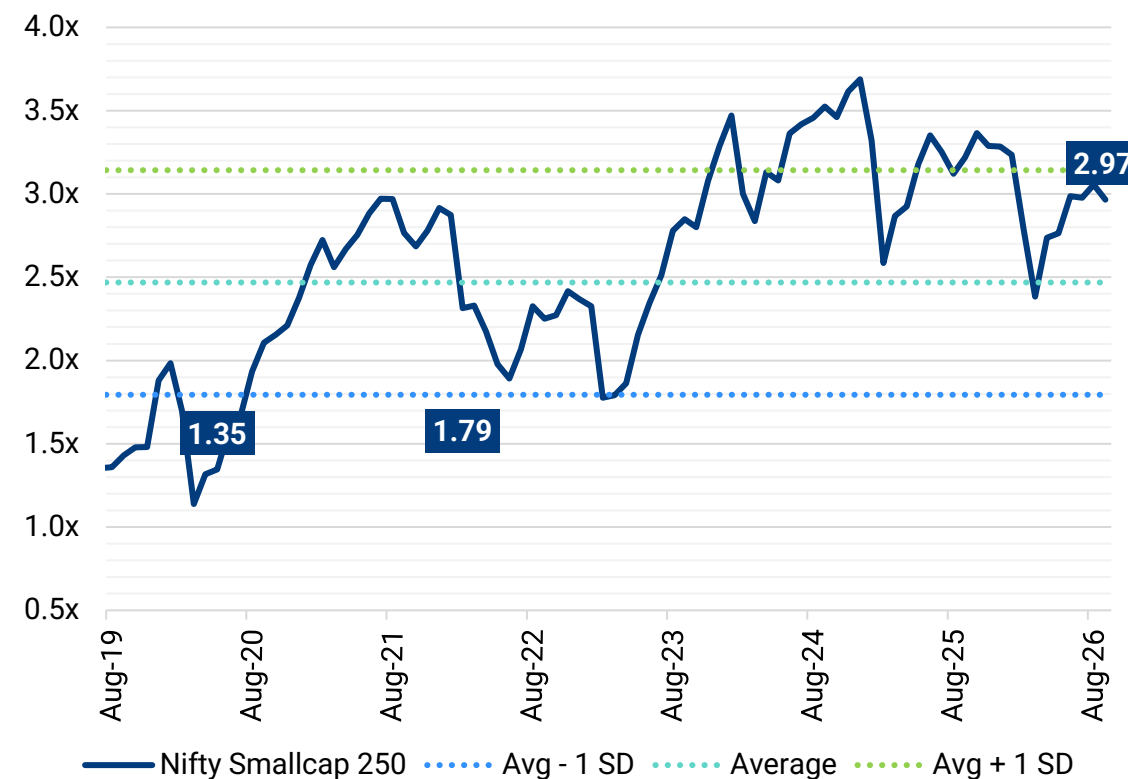
Valuations – Small Cap

Small cap valuations moderated from its peak, but is currently trading above its long-term average

1Y Forward Price-to-Earnings (x)

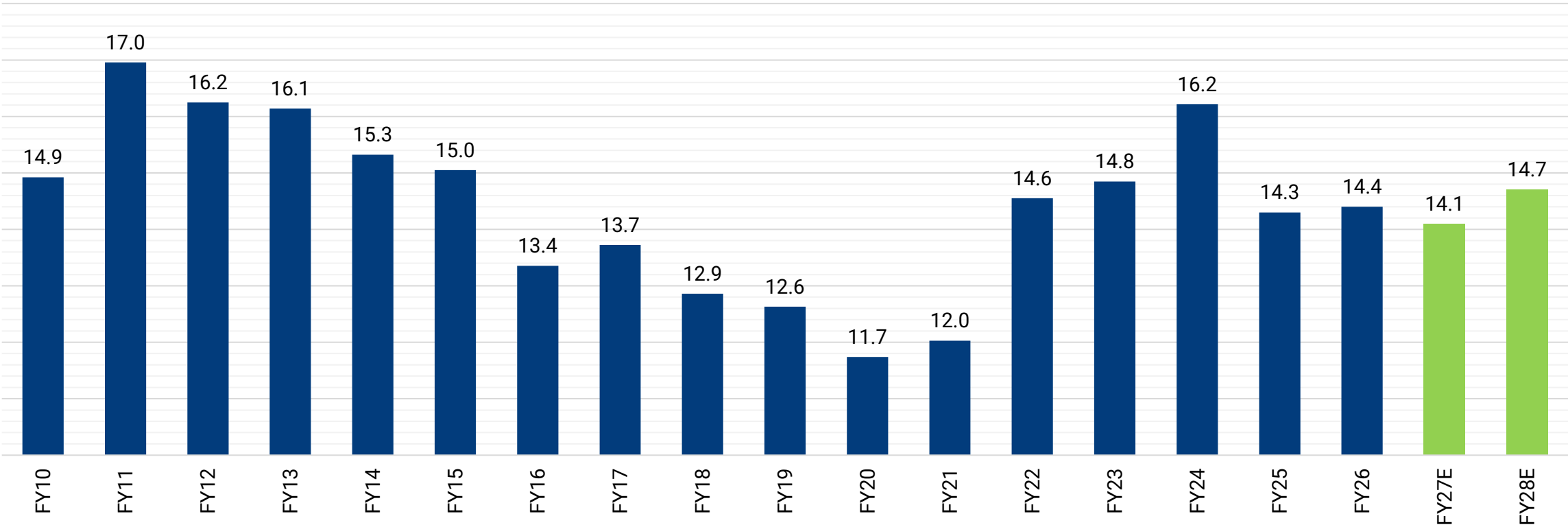


1Y Forward Price-to-Book (x)



Nifty50 ROE continues to register strong double-digit growth

Nifty 50 ROE (%)



Source: Bloomberg | TTM ROE considered. Data as on 30th Sep 2026.

Sectoral valuation

8 of 12 sectors trade below 10-year average P/E, led by Banks and Technology, while Real Estate and Consumers trade at ~27% and ~21% discounts, with Oil & Gas ~7% below average.

Sector	Current P/E	10-year Average	Current P/B	10-year Average
Auto	23.6	23.8	4.0	3.6
Banks – Private	13.6	20.7	1.9	2.5
Banks – Public	7.5	11.4	1.1	0.9
Capital Goods	37.7	32.7	6.8	4.6
Consumers	33.5	42.6	7.9	10.0
Healthcare	35.1	27.9	4.6	3.7
Infrastructure	42.7	40.2	3.0	2.7
Metals	10.5	9.8	2.1	1.6
NBFCs	14.1	14.4	1.8	1.8
Oil & Gas	12.4	13.3	1.3	1.5
Real Estate	24.8	33.8	3.2	2.5
Technology	14.5	21.5	4.4	5.9

Analysis of sector-wise FPI holdings

Sectors	Portfolio Share		Change
	Sep-26	Sep-25	
Financials	30.2%	31.2%	-0.9%
Auto & Ancillary	7.5%	8.0%	-0.5%
Healthcare	8.0%	6.7%	1.3%
Industrials	7.7%	5.8%	1.9%
Service	7.3%	7.0%	0.3%
Oil & gas	6.5%	7.0%	-0.5%
IT	5.4%	6.9%	-1.5%
Telecom & Media	5.2%	5.1%	0.1%
Metals & Mining	4.3%	3.1%	1.2%
FMCG	4.1%	5.4%	-1.3%
Utilities	3.7%	3.4%	0.3%
Construction Material	3.3%	3.5%	-0.3%
Durables	2.8%	2.5%	0.2%
Agriculture & Chemicals	1.8%	1.9%	-0.1%
Realty	1.7%	1.8%	-0.1%
Others	0.5%	0.7%	-0.2%

Key Highlights

- * During Sep'26, **FPIs turned net sellers after two consecutive months of inflows**, recording net outflows of ~\$3.7bn.
- * **FII flows saw a sharp rotation out of Financials**, which witnessed outflows of ~\$1.4bn after attracting ~\$1.1bn in Aug'26. Selling also extended to Oil & Gas, Auto & Ancillary, Telecom & Media, Metals & Mining and FMCG.
- * **Services remained the key beneficiary**, attracting ~\$0.5bn of inflows, while Healthcare also recorded positive flows of ~\$0.2bn.
- * **FPI assets under custody (AUC) declined to the lowest level since Apr'26**, while DII buying remained strong at ~\$7.9bn during the month.

Trends | Economy | Markets | **Performance** | Outlook



How do different asset class respond to each other?

Correlation between asset class over 10Y period

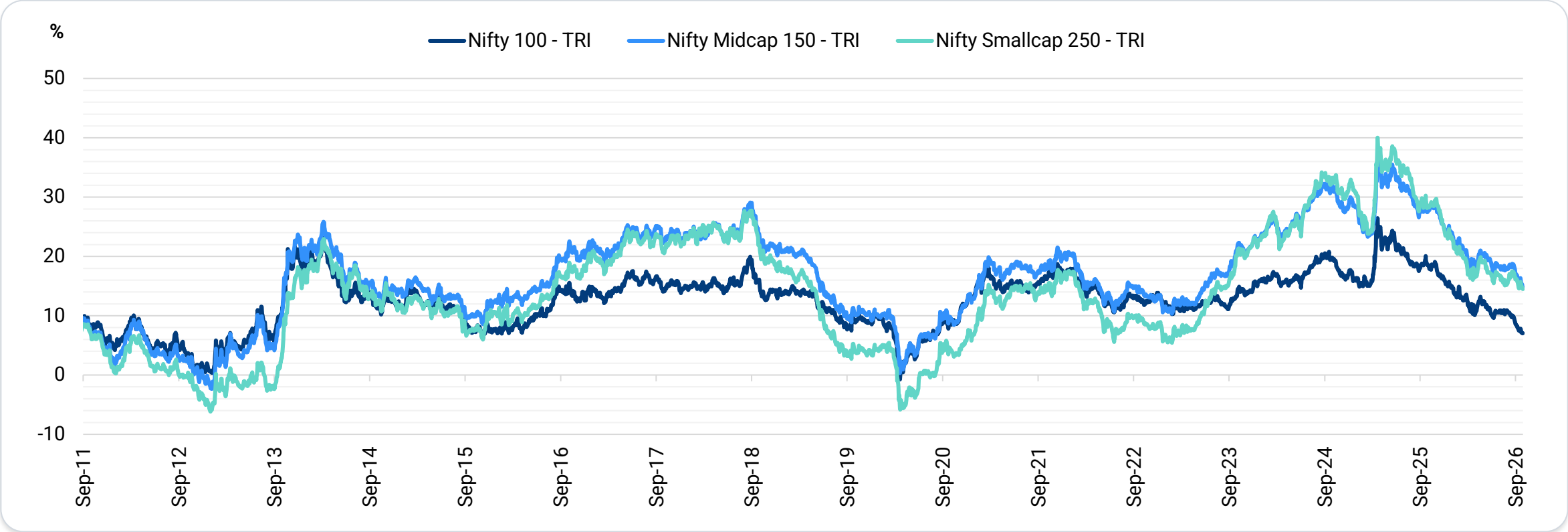
	Nifty 50 TRI	Gold	Silver	Gold + Silver	USD/INR	Nifty 10Y G-Sec	S&P 500 TRI	Hang Seng TRI	Crude Oil	10-Yr SD
Nifty 50 TRI	1.00	0.01	0.12	0.08	(0.37)	0.08	0.29	0.38	0.05	16.09%
Gold	-	1.00	0.81	0.92	0.08	0.06	0.02	0.07	0.04	14.71%
Silver	-	-	1.00	0.98	(0.03)	0.04	0.08	0.17	0.06	29.27%
Gold + Silver	-	-	-	1.00	0.01	0.05	0.06	0.14	0.05	20.87%
USD/INR	-	-	-	-	1.00	(0.16)	(0.11)	(0.25)	0.02	4.80%
Nifty 10Y G-sec	-	-	-	-	-	1.00	(0.02)	(0.00)	(0.15)	4.23%
S&P 500 TRI	-	-	-	-	-	-	1.00	0.19	0.16	17.89%
Hang Seng TRI	-	-	-	-	-	-	-	1.00	0.11	21.74%
Crude Oil	-	-	-	-	-	-	-	-	1.00	41.35%

Large, mid and small cap performance

In 9 of the past 15 CY, mid and small caps have outperformed large caps

Period	Large Cap	Mid Cap	Small Cap
CY 2011	-24.93%	-31.01%	-35.07%
CY 2012	32.51%	46.69%	40.39%
CY 2013	7.89%	-1.28%	-6.44%
CY 2014	34.88%	62.67%	71.66%
CY 2015	-1.26%	9.70%	11.27%
CY 2016	5.01%	6.53%	1.39%
CY 2017	32.88%	55.73%	58.47%
CY 2018	2.57%	-12.62%	-26.15%
CY 2019	11.83%	0.62%	-7.26%
CY 2020	16.08%	25.56%	26.46%
CY 2021	26.45%	48.16%	63.34%
CY 2022	4.94%	3.91%	-2.64%
CY 2023	21.24%	44.61%	49.09%
CY 2024	12.95%	24.46%	27.21%
CY 2025	10.24%	5.98%	-5.48%
CY 2026 TD*	-10.26%	-1.33%	7.19%

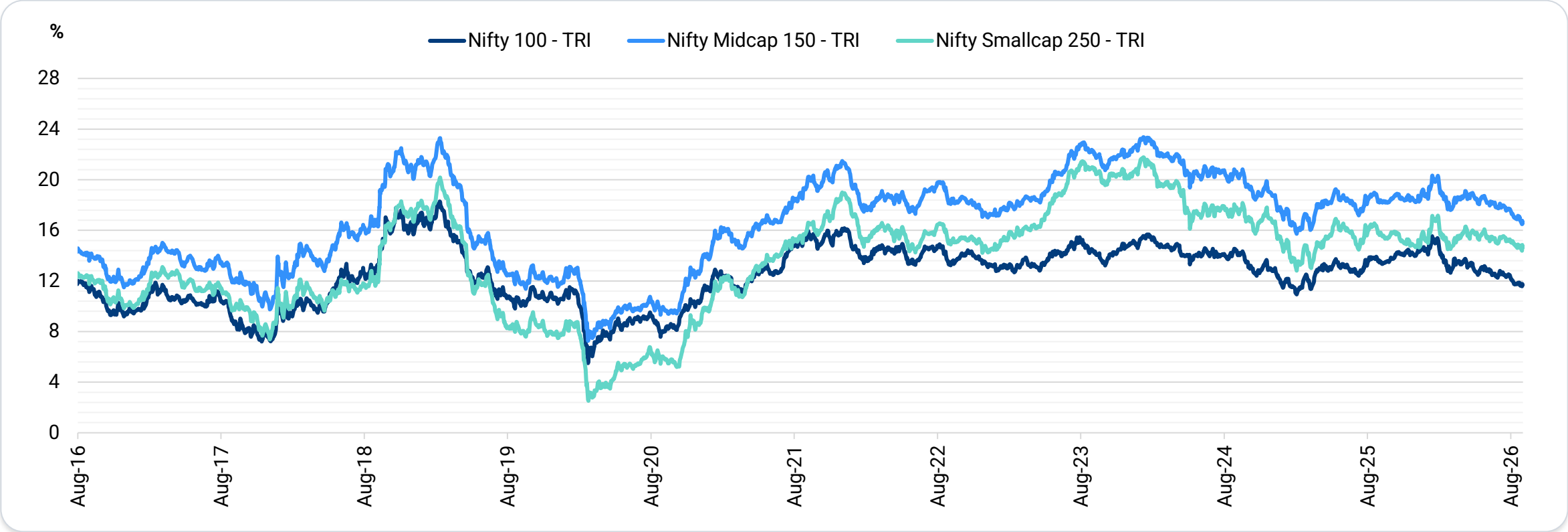
5 year rolling returns



Return Range	NIFTY 100 – TRI	Nifty Midcap 150 – TRI	Nifty Smallcap 250 – TRI
Min (%)	-0.75%	-2.34%	-6.16%
Max (%)	26.45%	36.76%	40.03%
Average (%)	12.92%	16.49%	14.16%

Source: Bloomberg. Data as on 30th Sep 2026 | Daily rolling considered from 1st April 2005 to 30th Sep 2026. Past performance may or may not be sustained in the future.

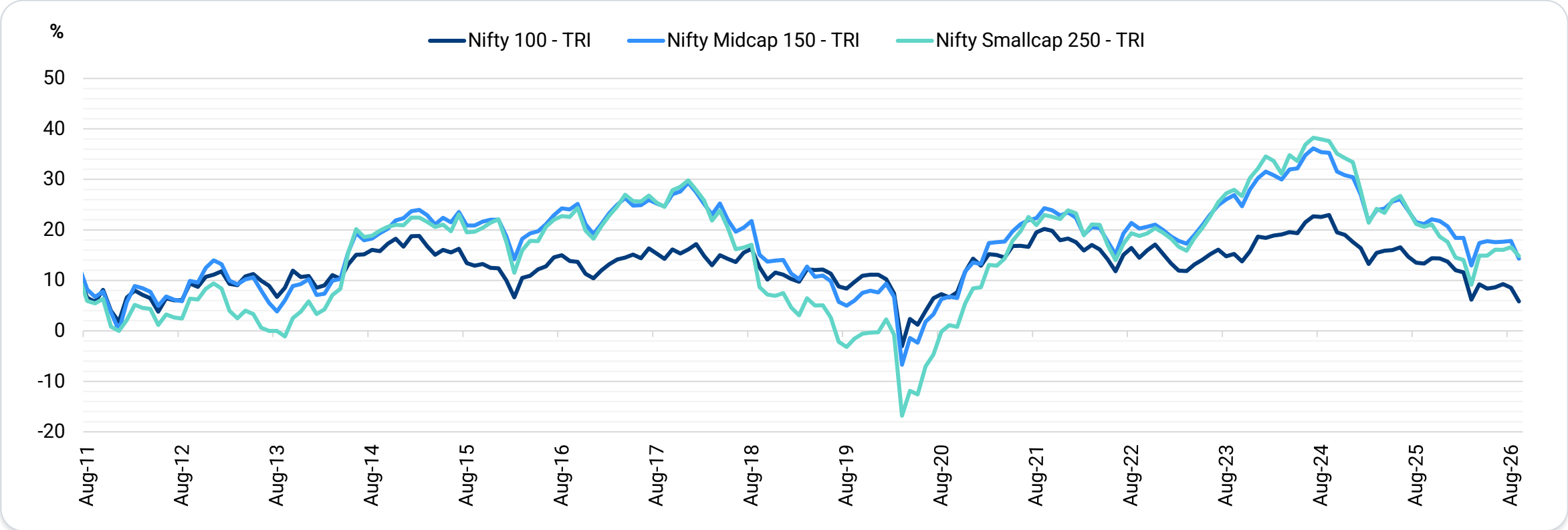
10 year rolling returns



Return Range	NIFTY 100 – TRI	Nifty Midcap 150 – TRI	Nifty Smallcap 250 – TRI
Min (%)	5.50%	7.27%	2.53%
Max (%)	18.29%	23.37%	21.77%
Average (%)	12.63%	16.36%	13.66%

Source: Bloomberg. Data as on 30th Sep 2026 | Daily rolling considered from 1st April 2005 to 30th Sep 2026. Past performance may or may not be sustained in the future.

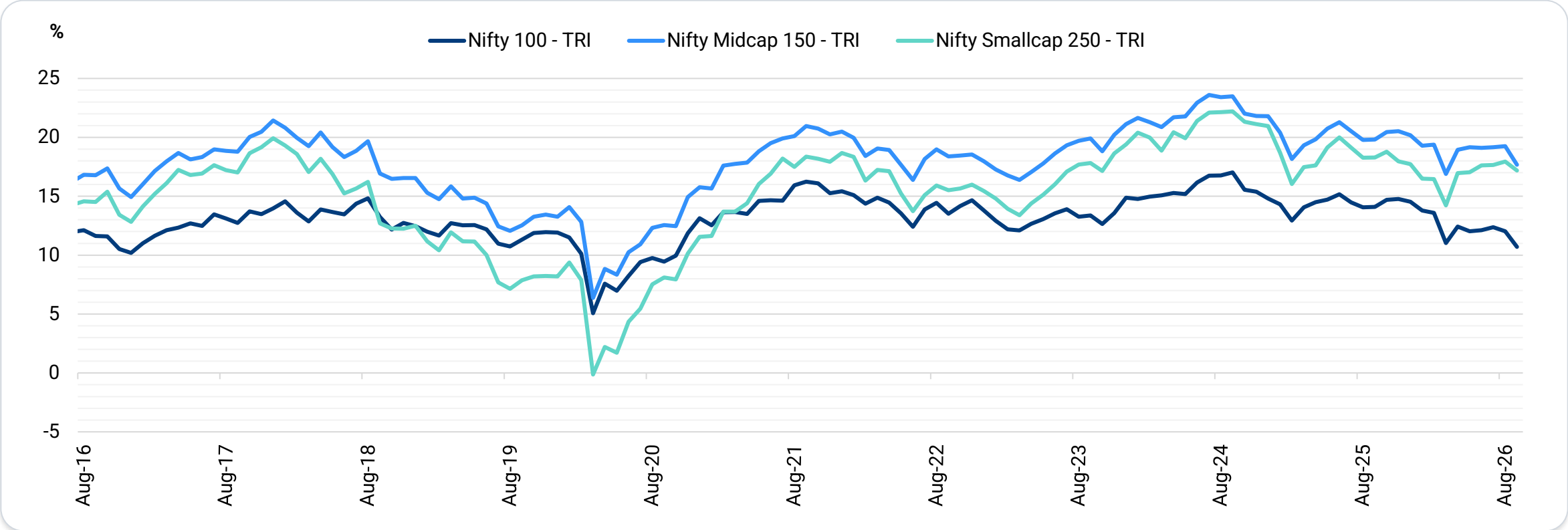
5 year SIP rolling returns



Return Range	NIFTY 100 – TRI	Nifty Midcap 150 – TRI	Nifty Smallcap 250 – TRI
Min (%)	-3.03%	-6.71%	-16.81%
Max (%)	22.95%	36.14%	38.26%
Average (%)	13.01%	17.64%	15.48%

Source: Bloomberg. Data as on 30th Sep 2026 | SIP taken is at the end of the month. Monthly rolling return considered. Past performance may or may not be sustained in the future.

10 year SIP rolling returns



Return Range	NIFTY 100 – TRI	Nifty Midcap 150 – TRI	Nifty Smallcap 250 – TRI
Min (%)	5.07%	6.37%	-0.13%
Max (%)	17.02%	23.60%	22.20%
Average (%)	12.95%	17.61%	15.01%

Source: Bloomberg. Data as on 30th Sep 2026 | SIP taken is at the end of the month. Monthly rolling return considered. Past performance may or may not be sustained in the future.

Small Caps tend to see sharper drawdowns

Period	Large Cap (%)	Mid Cap (%)	Small Cap (%)
CY 2011	-26.35%	-32.29%	-36.26%
CY 2012	-13.69%	-12.21%	-13.89%
CY 2013	-14.69%	-24.05%	-31.48%
CY 2014	-6.44%	-7.82%	-8.59%
CY 2015	-13.68%	-11.92%	-14.81%
CY 2016	-12.96%	-16.96%	-22.49%
CY 2017	-4.42%	-6.79%	-8.03%
CY 2018	-14.85%	-23.50%	-35.69%
CY 2019	-10.49%	-14.28%	-21.42%
CY 2020	-37.92%	-38.45%	-43.48%
CY 2021	-9.86%	-10.30%	-9.19%
CY 2022	-16.10%	-20.30%	-26.61%
CY 2023	-8.51%	-7.72%	-10.92%
CY 2024	-11.33%	-11.00%	-12.39%
CY 2025	-9.99%	-17.25%	-23.54%
CY 2026 TD*	-14.91%	-13.91%	-15.42%

Trends | Economy | Markets | Performance | Outlook



Market backdrop



India's earnings and demand cycle remains resilient. Q2 performance and festive-season demand are expected to remain healthy, providing a supportive domestic backdrop despite a more challenging global macro environment.

Markets are entering a macro-driven phase. Oil prices, interest rates, global bond yields and liquidity are becoming more influential, with crude touching US\$100 per barrel representing the key risk to sentiment, margins, and future demand.

Near-term market returns may remain range bound. Strong bottom-up earnings are being tested by macro uncertainty, while primary market activities could temporarily absorb liquidity and limit broad-based upside.

Portfolio positioning



Stock selection remains preferable to aggressive market timing. Investors may benefit from staying invested in structural growth themes and deploying capital gradually until there is greater clarity on oil, rates and global liquidity.

Large caps offer relative resilience, while midcaps present the most attractive risk-reward. Large-cap valuations better reflect macro risks, whereas midcaps continue to benefit from healthy demand, earnings visibility and the presence of several market-share gainers.

Small caps remain a selective opportunity. The structural growth outlook is intact, but strong investor enthusiasm and elevated valuations warrant greater discipline, with a focus on quality rather than momentum-driven themes.

Sector preferences



On sectors, we prefer private banks and select domestic growth businesses. Private sector banks, mid-cap financials, auto ancillaries, capital-market businesses, and new-age consumption remain positive; IT services and OEM auto manufacturers are neutral, while PSU banks, defence after its strong run-up, lower-quality small caps and expensive valuation segments warrant caution.

Policy & inflation



Monetary policy: RBI has hiked by 25 bp on 7th October 2026. More hikes expected. Stance changed to calibrated tightening.

Inflation: on uptrend amid food, fuel, fertilizer shocks as well as base effect. Likely to peak at 5.7-5.9% in Q3FY27.

Liquidity & bond markets



Liquidity: Ample after FCNR-B collection. Likely to decline amid RBI's active sterilization and festive season demand.

Sovereign bond yields: Yields have hardened and IGB yield curve has twisted flatter amid pressure on DM yields

Credit spreads: AAA spreads have widened by 10-20 bp in 2- to 5-year segments amid lower investor demand and higher supply.

Investor positioning



Prefer accrual strategy over active duration management. Focus on 2-3 year part of the curve for at least 6M investment horizon

Market context



Q2 FY27 marked a consolidation after the sharp Q1 rebound—not a return to broad risk-on conditions. Nifty LargeMidcap 250 Index fell 4.4%, while earnings visibility and stock selection became the key performance differentiators.

Leadership was narrow and sector-specific. IT, Pharma, Media and Metals advanced, while Construction, Power, FMCG and Financial Services weakened—arguing for selective participation rather than a broad cyclical allocation.

Factor performance



Growth was the only positive factor in Q2 FY27 at +1.3%. Momentum (-1.1%), Quality (-2.9%) and Value (-3.8%) also protected capital better than the Nifty LargeMidcap 250 Index (-4.4%).

The medium-term hierarchy remains intact: over six months Growth returned 18.0%, Momentum 16.2% and Quality 12.9%, comfortably ahead of the benchmark's 8.1%. Momentum leads over twelve months at 10.0%, followed by Growth at 7.9%.

Strategy & allocation



Maintain a tactical overweight in Growth and a measured overweight in Momentum. Both offer superior earnings momentum and medium-term returns, but high valuations and 40% portfolio overlap call for adding on pullbacks rather than chasing performance.

Favor Healthcare and Pharma, Technology, Metals and selective Financials. Be more discriminating in Capital Goods, Energy and infrastructure-linked exposures until earnings delivery and market breadth strengthen.

Investment process, team, and our offerings



First asset manager to have all 5 investment platforms

Active Strategies 27	Passive Strategies 43	International FoFs 6	GIFT City Feeder 4	SIF 3
Fundamental Equity 10	Equity Index Funds / ETFs 21	Emerging Markets 1	GIFT Inbound 2	Hybrid Long-Short 1
Factor Equity 3	Debt Index Funds / ETFs / FoF 16	Greater China 1	GIFT Outbound 2	Equity Ex-Top 100 Long-Short 1
Fixed Income 7	Commodity ETFs / FoFs 5	USA 2		Equity Long-Short 1
Hybrid and Multi Asset 7	Hybrid Passive 1	Europe 1		
		ASEAN 1		

Our philosophy while managing your money

Our **FAIR** investment framework helps in identifying robust and clean businesses available at acceptable prices without being biased toward either value or growth investing styles



Forensics

Use forensic framework to check accounting quality, board governance standards and ownership background



Acceptable Price

Emphasize reasonably priced businesses with earnings power over the medium term, rather than focusing on the short term



Investment Style Agnostic

Emphasize investing in strong businesses capable of delivering long-term returns, while remaining agnostic to value or growth investing styles



Robustness

Pick well managed businesses having scalable opportunities and superior return on capital employed

Equity Investment Team

Fund Management Team



Trideep Bhattacharya
Chief
Investment Officer,
Equities
Exp: 4/27



Sumanta Khan
Fund Manager
Exp: 2/18
Capital goods, IT,
Utilities, Telecom



Ashwani Agarwalla
Fund Manager
Exp: 4/18
BFSI



Dhruv Bhatia
Fund Manager
Exp: 2/14
Real Estate, Hotels,
Cement, Textiles



Nikhil Gada
Fund Manager
Exp: 1*/14



Ashish Sood[^]
Assistant Fund Manager
Exp: 5/10
Capital Markets and
Auto



Mehul Dalmia[^]
Assistant Fund Manager
Exp: 4/9
Pharma and IT Services



Raj Koradia
Assistant Fund Manager
Exp: 2/7
Chemicals, Metals,
Oil & Gas,
Industrial consumables

Equity Research Team



Aniruddha Kekatpure
Head, Research
Exp: 2/21
Consumer Staples,
Consumer Discretionary



Suraj Soukar
Research Analyst
Exp: 1/10



Aksh Vashishth
Research Analyst
Exp: 1/10



Gnyan Thaker
Research Analyst
Exp: 1/3



Tejal Nagmoti
Research Analyst
Exp: 1/2

Fundamental equity product offerings

Scheme Names	Description	Inception Date	AUM (INR Cr.)
Edelweiss Mid Cap Fund	101 st – 250 th stocks by market cap	Dec 26, 2007	19,250
Edelweiss Small Cap Fund	251 st stock and beyond by market cap	Feb 07, 2019	6,928
Edelweiss Large & Mid Cap Fund	Top 250 stocks by market cap	Jun 14, 2007	4,541
Edelweiss Flexi Cap Fund	Across market caps	Feb 03, 2013	3,489
Edelweiss Multi Cap Fund	At least 25% allocated to each market cap	Oct 25, 2023	3,348
Edelweiss Focused Fund	Maximum of 30 stocks across market cap	Aug 01, 2022	959
Edelweiss Technology Fund	Technology and technology related companies	Mar 05, 2024	770
Edelweiss Consumption Fund	Consumption and Consumption related companies	Feb 20, 2025	458
Edelweiss ELSS Tax Saver Fund	Across market cap with a 3-year lock-in	Dec 30, 2008	428
Edelweiss Financial Services Fund	Financial Services Companies and Banks	Feb 16, 2026	277

Our philosophy while managing your money

We manage
your money
with a **CLEAR**
process and
philosophy



Manage
Credit risk



Ensure
Liquidity



Ensure synergy with
Edelweiss principles



Actively manage funds
with care and in line with the investment mandate



Maintain the perfect balance between
Risk and Rewards

Fixed Income Investment Team



Mr. Dhawal Dalal

Chief Investment Officer (CIO), Fixed Income

Experience of 28 years and is responsible for the overall growth of fixed income assets through a healthy mix of retail and institutional clients. MBA from University of Dallas (USA).

Fund Management Team



Mr. Kedar Karnik
(Senior Fund Manager)



Mr. Rahul Dedhia
(Fund Manager)



Mr. Hetul Raval
(Dealer and Fund Manager)



Ms. Riya Shah
(Analyst and Junior Dealer)

Active debt product offerings

Scheme Names	Description	Inception Date	AUM (INR Cr.)
Edelweiss Liquid Fund	Money market and debt securities (maturity of up to 91 days).	Sep 21, 2007	11,091
Edelweiss Banking and PSU Debt Fund	Debt securities of banks, public sector undertakings, public financial institutions and municipal bonds.	Sep 13, 2013	3,136
Edelweiss Money Market Fund	Money market securities (maturity of up to 1 year).	Jun 27, 2008	2,057
Edelweiss Ultra Short to Short Term Fund	Debt and money market instruments duration up to 6 -12 months	Mar 19, 2025	435
Edelweiss Overnight Fund	Overnight Securities (maturity of up to one day).	Jul 24, 2019	117
Edelweiss Gilt Fund	Government securities across maturity.	Feb 13, 2014	119

Our philosophy while managing your money

Our Factor investment strategy focuses on generating **ALPHA** by prioritizing **Active** risk management, maintaining a **Long-term** orientation when selecting factors, **Prudently** blending factors, maintaining a bias towards **High-quality** and growth opportunities, while being **Agile** and keep evolving the factor sets.



Active Risk Management

Rigorous risk and governance factor filters to arrive at quality investible universe



Long-term Factor Orientation

Select core and behavioural factors that have sound academic and economic rationale and have demonstrated relative alpha generation over the long term



Prudent Blend of Factors

Rigorous back testing of various combination of factors to identify the most effective blend of factors for consistent outperformance across market cycles



High-Quality & Growth Bias

Bias towards Growth, Quality and GARP (Growth At a Reasonable Price) factors while constructing portfolios



Agile

Focus on creating and maintaining an agile and robust model by continuously assessing and evolving the factor set itself

Factor Investing team



Mr. Bhavesh Jain

Co-Head (Factor Investing)

Over 18 years of rich experience in the financial markets. He joined in the Low-Risk Trading team and today, he's the Fund Manager with us managing several funds which are part of Risk Adjusted Returns Strategies in addition to ETFs.



Mr. Bharat Lahoti

Co-Head (Factor Investing)

Bharat has over 19 years of experience in areas of portfolio management, macro and sector research. He has earlier worked with marquee investment banks and asset management companies. In his last assignment, he was with a global hedge fund, as a senior manager working on fundamental and quantitative research ideas.

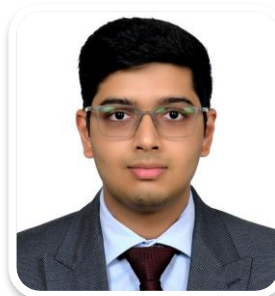
Fund Management / Research Team



Ms. Manasi Jalgaonkar
(Assistant Fund Manager)



Mr. Dishant Garg
(Quant Analyst)



Mr. Mayan Pahwa
(Research Analyst)



Mr. Ankit Jindal
(Research Analyst)

Factor investing product offerings

Scheme Names	Description	Inception Date	AUM (INR Cr.)
Edelweiss Balanced Advantage Fund	Dynamic asset allocation, 30-80% net equity.	Aug 20, 2009	12,880
Edelweiss Arbitrage Fund	Arbitrage opportunities. Fully hedged.	Jun 27, 2014	12,407
Edelweiss Aggressive Hybrid Fund	Predominantly in equity and balance in debt. ~75% net equity.	Aug 12, 2009	3,411
Edelweiss Multi Asset Allocation Fund	Equity, debt and commodities. Equity portion fully hedged.	Jun 23, 2023	2,930
Edelweiss Equity Savings Fund	Equity, arbitrage and debt. ~25% net equity.	Oct 13, 2014	1,490
Edelweiss Business Cycle Fund	Dynamic allocation between sectors and stocks basis the business cycle.	Jul 29, 2024	1,344
Edelweiss Large Cap Fund	Top 100 stocks by market cap.	May 20, 2009	1,366
Edelweiss Recently Listed IPO Fund	Thematic fund investing recently listed IPO companies.	Feb 22, 2018	1,278

Specialized investment funds (SIF) product offerings

Scheme Names	Description	Inception Date	AUM (INR Cr.)
Altiva Hybrid Long-Short Fund	An income oriented strategy with arbitrage and fixed income as core strategies, enhanced by selective opportunities in special situations and derivatives.	Oct 20, 2025	11,297
Altiva Equity Ex-Top 100 Long-Short Fund	A differentiated SMID strategy positioned between mutual funds and PMS, with a focused high-conviction portfolio.	Jun 08, 2026	1,548
Altiva Equity Long-Short Fund	A large-cap oriented portfolio that generates market-linked returns (beta). With overlay of income-oriented derivatives that aims to generate incremental returns (alpha).	Sep 30, 2026	377

INSIGHTS THAT **INSPIRE ACTION**

TEMPO CURVE

Trends | Economy | Markets |
Performance | Outlook

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