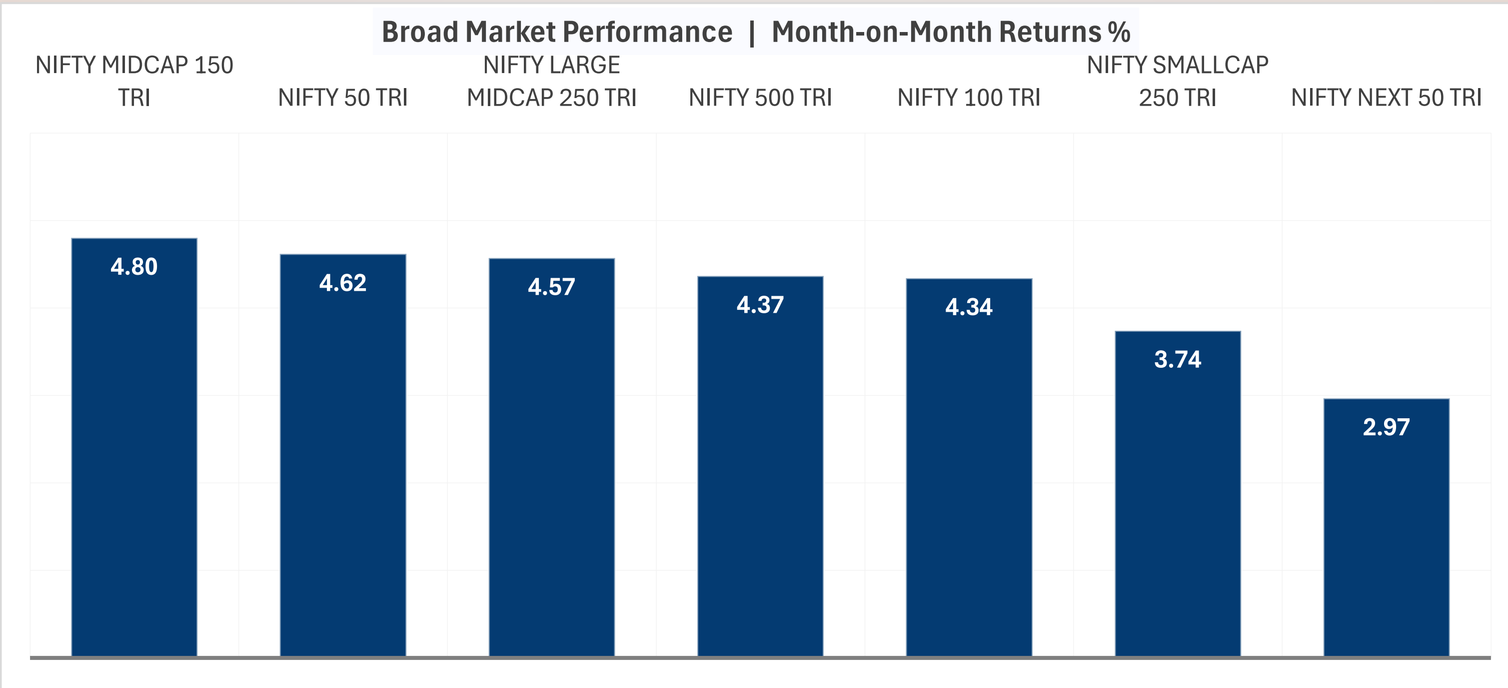
Investment Strategy

November 2025

Detailed Report

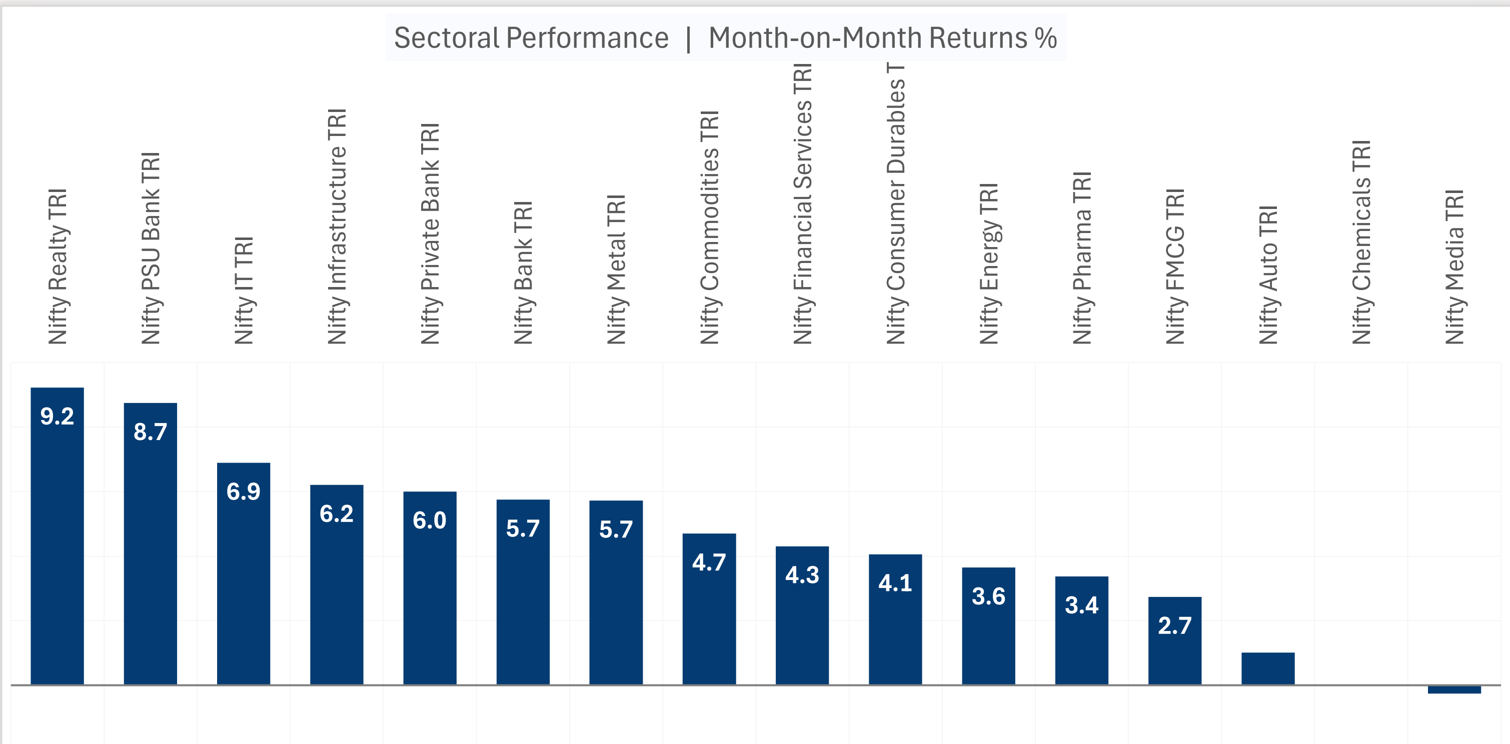
Equity Market Wrap

Equity Market Performance



Source: Morningstar Direct; Data as on 31st Oct 2025

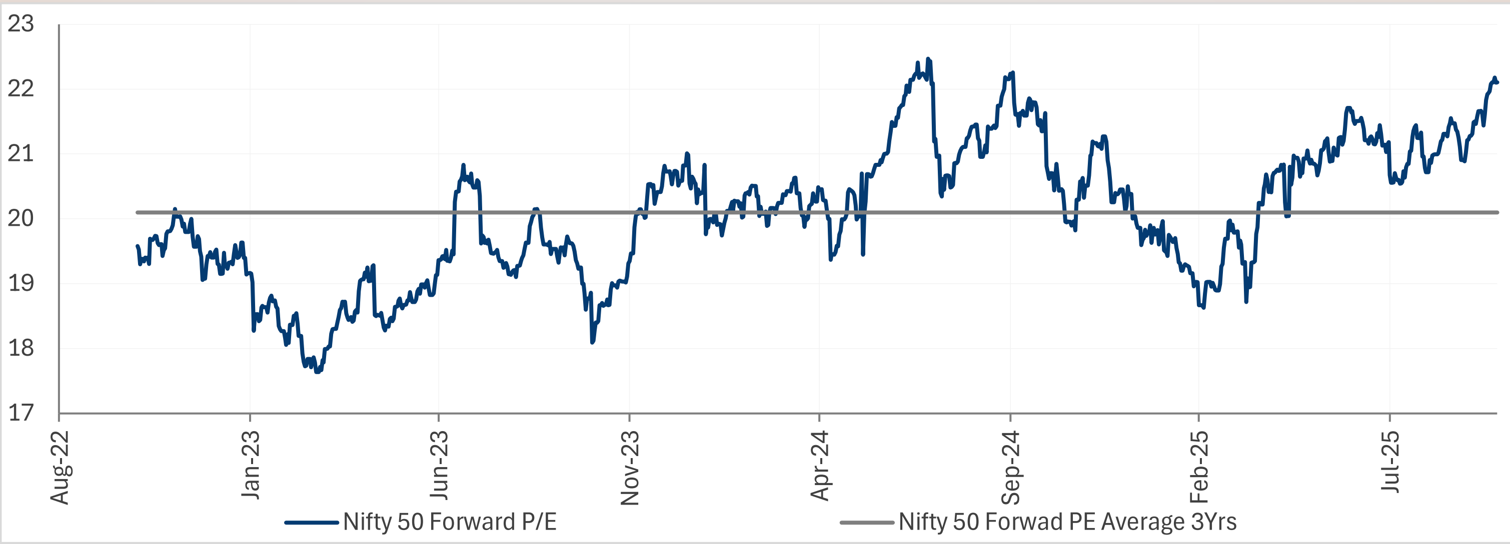
In October 2025, Indian equities surged on GST 2.0 and hopes of a US-India trade deal. The Nifty Midcap 150 TRI led with a 4.8% gain, followed by the Nifty 50 TRI at 4.62%



Source: Morningstar Direct; Data as on 31st Oct 2025

Sectoral indices mirrored the market's bullish trend, except the Nifty Metal TRI, which dipped 0.3%. The Nifty Realty TRI was the top gainer, with the Nifty PSU Bank TRI close behind.

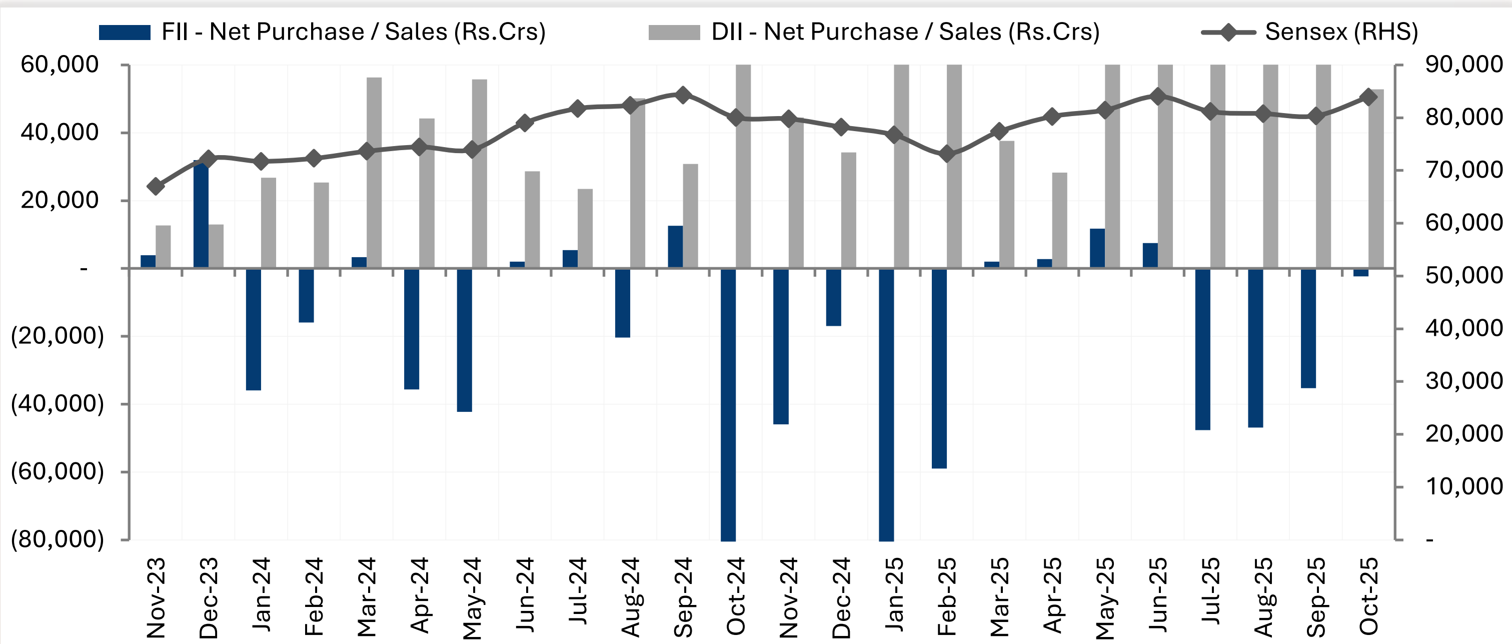
Valuation Perspective



Source: Bloomberg

The Nifty 50's forward P/E climbed to 22.09 by October-end 2025, up from 21.02 in September, reflecting bullish sentiment. This uptick was fueled by GST reform optimism and hopes of a US-India trade deal.

FII outflow slow down; DIIs support



Source: Internal Mirae Asset Sharekhan Research Desk

The US Fed's 25 bps rate cut in October 2025, driven by employment concerns, spurred brief FII inflows. Steady DII investments and trade deal optimism further fuelled market momentum.

Market Movers & Shakers

Global Developments

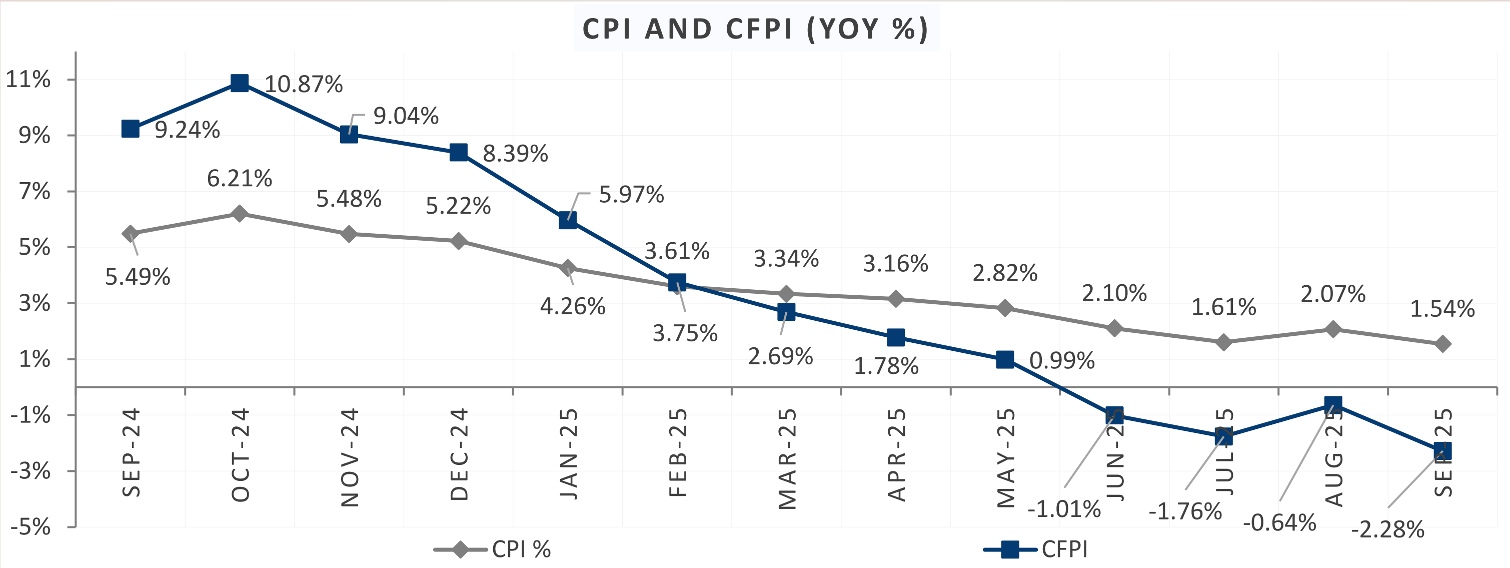
- September US CPI print was cooler than expected, leading traders to price in a December rate cut. The release was key, coming amid the ongoing US government's partial shutdown.
- The US Fed cut rates by 25 bps to 3.75-4% also ending its quantitative tightening, as widely anticipated, though the rate cut decision was not unanimous. Further cuts will be data-dependent, especially amid the government shutdown.
- The IMF projects global growth to ease to 3.2% in 2025 and 3.1% in 2026, slightly stronger than its April amid reduced tariff escalations. Inflation is likely to continue easing worldwide, though it remains above the Fed's target, highlighting uneven global recovery dynamics.

India Story

- Automobile sales clocked a record high on Dhanteras; with an offtake of over 100,000 units within 24 hours. The surge was fuelled by festive demand and the 'GST 2.0' reform that boosted consumer sentiment.
- The US now appears ready for a deal with India, especially driven by China's tighter control over rare-earth exports and a deepening US–China trade war.
- Tariffs could fall from 50% to ~15%. India may reduce Russian oil imports to make way for US imports. Strategic realignment and tariff relief could boost exports and attract foreign investments.
- The IMF sees India growing 6.6% in FY26, staying one of the fastest-growing major emerging market economies, led by strong Q1FY26 numbers, resilient private-sector activity, and infrastructure investments. Growth is forecast to moderate slightly to 6.2% in FY27 due to global trade pressures, with inflation projected to ease to 2–2.8% before aligning with the RBI's 4% target.
- The RBI retained its growth focus, keeping the repo rate unchanged to allow policy transmission. The CRR cuts would help the RBI manage liquidity, while inflation forecast have been lowered.

Debt Market Wrap

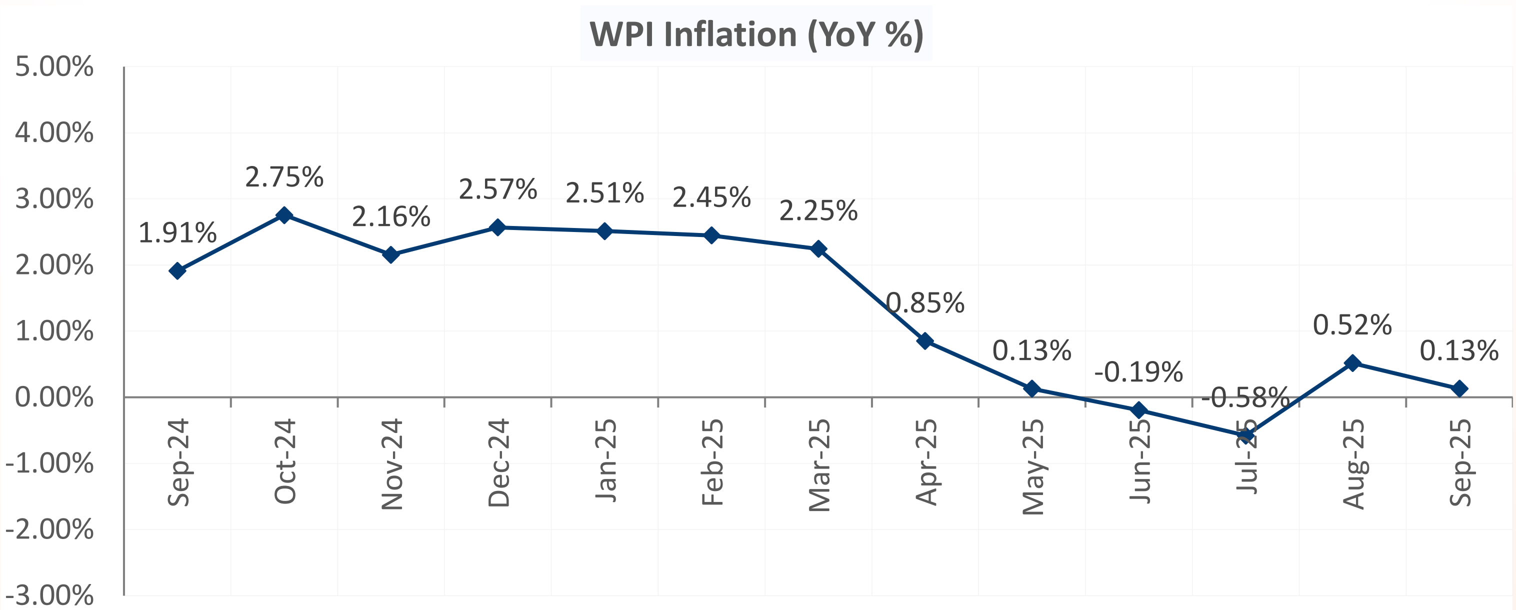
Consumer Price Index (CPI) Inflation



CPI inflation dropped to 1.54% in September, staying below the RBI's 4% target. Food & beverages, with a 54.2% CPI weight, slipped into deflation, led by vegetables and pulses. Vegetable inflation plunged -21.38%, pulses -15.32%, while oil & fats eased to 18.34%. Fruit inflation rose 9.93%, but overall food prices helped cool headline inflation.

Source:- MOSPI

Wholesale Price Index (WPI) Inflation



Wholesale inflation rose 0.13% in September 2025, sustaining its two-month positive trend. Manufacturing inflation climbed 2.33%, while food inflation shrunk again to -1.99%. Primary articles and fuel & power continued falling, though the former's fall was slower than primary articles.

Source:- Office of the Economic Adviser

Index of Industrial Production (IIP)

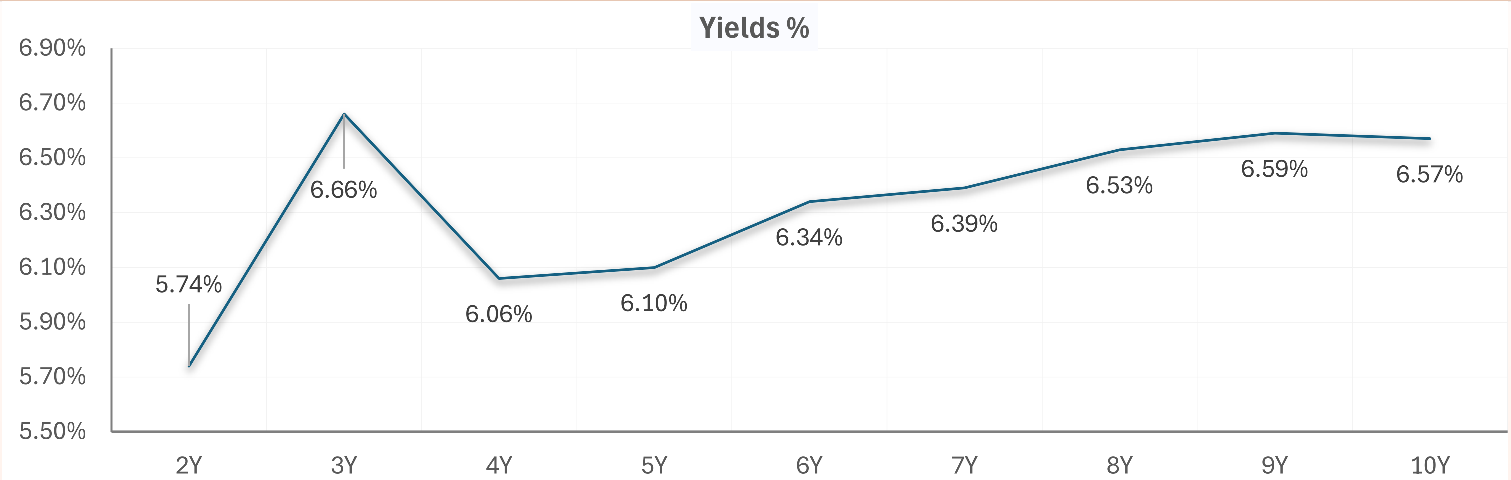
IIP growth eased to 4% for September versus 4.1% in August, on slowing mining and electricity activity. Recent GST reforms are expected to help maintain the IIP growth momentum.

- Mining activity reversed course in Sept 2025 (*see table*), sharply easing versus August.
- Manufacturing activity grew at a faster clip in September versus August. M-o-M, it grew by 1.8% versus a -3.9% contraction in the previous month. Among categories, “basic metals” and “electrical equipment” mainly aided overall IIP growth. Of the 23 industries, 10 shrunk while the rest grew.
- Electricity output continued to grow, rising 3.1% in September versus 4.1% in the previous month.

SECTORAL GROWTH TRENDS	Jul-25	Aug-25	Sep-25
MINING	-7.2%	6.6%	-0.4%
MANUFACTURING	6.0%	3.8%	4.8%
ELECTRICITY	3.7%	4.1%	3.1%
GENERAL	4.3%	4.1%	4.0%
GROWTH IN USE-BASED CLASSIFICATION			
PRIMARY GOODS	-0.7%	5.4%	1.4%
CAPITAL GOODS	6.8%	4.5%	4.7%
INTERMEDIATE GOODS	6.1%	5.2%	5.3%
INFRASTRUCTURE/ CONSTRUCTION GOODS	13.7%	10.4%	10.5%
CONSUMER DURABLES	7.3%	3.5%	10.2%
CONSUMER NON-DURABLES	0.5%	-6.4%	-2.9%

Source:- Mospi

Government Bond Yields



Government bond yields have remained elevated despite easing inflation, primarily due to global trends and a systemic liquidity deficit. Yields at the short end of the curve have been more responsive to recent developments and offer attractive investment opportunities.

Source:- Bloomberg

Debt Market Wrap

System liquidity continues to gush

Weighted average call rate rose to 5.57% on October 30, 2025, above the repo rate of 5.5%, on a system liquidity deficit.

Banking system liquidity turned negative in October, led by the RBI's currency market intervention and festive-season currency leakage. GST outflows further strained liquidity despite CRR cuts supplying 0.5%.

Bond prices & other updates

Tighter liquidity drove yields upward. 10-year benchmark yield (6.33% GS 2035) rose 4 bps to 6.57% versus 6.53%.

As of October 24, 2025, the Reserve Bank of India (RBI) held USD 105.54 billion worth of gold, accounting for 15% of its total foreign exchange reserves up from 10% on November 8, 2024.

This significant increase reflects a broader global trend, as central banks worldwide have been reallocating reserves toward gold amid rising geopolitical and economic uncertainties.

The US FOMC cut interest rates by 25 bps to 3.75-4%, driving up Treasury yields. Lack of economic data amid the ongoing government shutdown may cause policymakers to proceed cautiously.

Outlook & Investment Strategy

Equity Market Outlook & Strategy

The US is moving closer to a trade deal with India **that could slash tariffs from 50% to 15%,** with India potentially curbing Russian oil imports in favor of US goods. This shift is expected to **boost exports, attract foreign investment and strengthen supply chain resilience**.

IMF projects India to **grow at 6.6% in FY26,** supported by strong domestic activity with growth moderating to 6.2% in FY27.

Passenger vehicle sales hit a record high on *Dhanteras* 2025., driven by festive demand and GST 2.0 reform, which lowered tax rates on small cars.

FII flows turned mildly positive in the past few sessions, with net inflows aiding a partial recovery; **DIIs are cautious but supportive.**

System liquidity turned negative in October despite CRR cuts supplying 0.5%. It is expected to rebound through CRR cuts and government spending.

Challenges - Global slowdown amid tariff wars could affect domestic economy. Any delays in domestic activity pick-up may impact corporate earnings and dampen overall market performance.

Strategy – Possible trade deal with US would boost market momentum. Domestically, easing inflation, RBI's pro-growth stance, GST reforms and expected improvement in liquidity would aid market activity. Large-cap equities and select mid and small cap ideas remain preferred choices for long-term investment.

Debt Market Outlook & Strategy

The US Fed cut policy rates by 25 bps at its October meet due to labor market concerns **while the policy tone was hawkish**.

Tight liquidity and a hawkish US Fed **kept bond yields high across the curve** and steady pressure on short-term rates. Liquidity turned deficit in October, on RBI's currency interventions, festive-season currency leakage & GST outflows, despite a 0.5% CRR cuts.

CPI inflation eased to 1.5% in September 2025 and recent GST reforms are expected to cool the number further. This would offer the RBI greater room for supporting economic growth, amid rising external headwinds. If growth indicators weaken, **low inflation would open doors for a potential 25 bps rate cut in December.**

Strategy - Allocation to short end of yield curve and dynamic bonds is preferred as yields are attractive. We also see prudence in having some allocation to Gold & Silver as a hedge against global uncertainties as central bank diversification, industrial demand and geopolitical uncertainties would maintain momentum.

Picks & Portfolios

Fundamental Stock Pics

COMPANY	RATING	CMP	PT	52 WEEK		ABSOLUTE PERFORMANCE				RELATIVE TO SENSEX			
				HIGH	LOW	1M	3M	6M	12M	1M	3M	6M	12M
Large Cap Stocks													
Reliance Industries Ltd	BUY	1485	1,660	1551	1115	9.4	5.6	4.8	14.5	5.9	2.0	0.6	7.6
HDFC Bank Ltd	BUY	993	1,150	1020.5	810.11	3.2	0.0	3.7	16.5	-0.1	-3.4	-0.4	9.4
Bharti Airtel Ltd	BUY	2074	2,200	2136	1510.8	11.7	10.7	14.4	33.2	8.2	6.9	9.8	25.1
Hindustan Unilever Ltd	BUY	2460	2,997	2780	2136	-3.8	-3.7	5.4	-2.6	-6.8	-7.0	1.1	-8.5
Bajaj Finance Ltd	BUY	1043	1,150	1102.5	644.22	5.0	17.3	17.4	52.0	1.6	13.3	12.6	42.8
Mid Cap Stocks													
ICICI Lombard General Insurance	BUY	2008	2,300	2075	1613	6.9	7.8	9.4	9.3	3.0	3.5	-2.8	2.1
The Indian Hotels Co Ltd	BUY	747	891	895	650.9	2.8	-0.6	-7.0	11.7	-1.0	-4.5	-17.4	4.4
Cummins India Ltd	BUY	4,380	4,500	4403	2580	9.6	20.9	49.2	24.0	5.6	16.0	32.6	15.9
SRF Ltd	BUY	2,968	3,540	3325	2127	1.1	-3.2	-0.6	31.4	-2.6	-7.1	-11.7	22.9
Torrent Pharmaceuticals Ltd	BUY	3,628	4,024	3790	2886	2.9	0.1	11.2	13.0	-0.8	-3.8	-1.2	5.7
Small Cap Stocks													
Radico Khaitan Ltd	BUY	3194	3,428	3423	1845.5	8.3	14.5	31.0	33.5	5.9	12.0	15.6	35.1
Triveni Turbine Ltd	BUY	540	700	885	455.15	3.7	-8.4	6.5	-20.6	1.4	-10.4	-6.0	-19.6
KEC International Ltd	BUY	811	1,000	1313	605.05	-5.1	-2.7	15.3	-16.3	-7.2	-4.8	1.8	-15.3
KEI Industries Ltd	BUY	3984	4,800	4706	2424	-0.3	3.7	33.1	-0.7	-2.5	1.5	17.4	0.4
Chalet Hotels Ltd	BUY	958	1,172	1082	634.05	-1.2	6.9	19.9	10.7	-3.4	4.6	5.8	12.0

(Source: Bloomberg data; As on November 03, 2025)

Mutual Fund Model Portfolios

Aggressive Portfolio

Click to Invest

Large Cap	40%	- Nippon India Large Cap Fund - ICICI Prudential Large Cap Fund
Mid Cap	15%	- Motilal Oswal Midcap Fund - Edelweiss Mid Cap Fund
Small Cap	10%	- Bandhan Small Cap Fund - Nippon India Small Cap Fund
Flexi Cap	25%	- HDFC Flexi Cap Fund - Parag Parikh Flexi Cap Fund
Thematic	10%	- ICICI Prudential Manufacturing Fund - Mirae Asset Great Consumer Fund

Aggressive Investor : *You are ready to take high risks, and very easily adapt when things don't go as you had planned, financially. Your objective is to get the highest return possible in the long term, and you accept the ups and downs along the way.*

Moderate Portfolio

Click to Invest

Large Cap	40%	- Nippon India Large Cap Fund - ICICI Prudential Large Cap Fund
Large & Mid Cap	10%	- HDFC Large & Mid Cap Fund - Bandhan Large & Mid Cap Fund
Balanced Advantage	10%	- HDFC Balanced Advantage Fund - ICICI Prudential Balanced Advantage Fund
Corporate Bond & Short Duration	30%	- Kotak Corporate Bond Fund - Mirae Asset Short Duration Fund
Gold & Silver	10%	- Mirae Asset Gold ETF / Fund of Fund - ICICI Prudential Silver ETF / Fund of Fund

Moderate Investor: *You are an average risk taker and try to adapt when things don't go as you had planned, financially. Your long-term objective is to get a better return than a Fixed Deposit, net of tax, even if the short-term performance could sometime be below expectations.*

Mutual Fund Model Portfolios

Conservative Portfolio

Click to Invest

Corporate Bond & Short Duration	70%	- Aditya Birla Sun Life Corporate Bond Fund - ICICI Prudential Corporate Bond Fund - Mirae Asset Short Duration Fund - HDFC Short Term Fund
Balanced Advantage	20%	- ICICI Prudential Balanced Advantage Fund - HDFC Balanced Advantage Fund
Gold & Silver	10%	- Mirae Asset Gold ETF / Fund of Fund - ICICI Prudential Silver ETF / Fund of Fund

Conservative Investor: *You are unwilling to take risks, and get very uneasy when things don't go as you had planned, financially. Your long term objective is to try to get a slightly better return than a fixed deposit, net of tax.*

Regular Income Basket

Click to Invest

Balanced Advantage	70%	- ICICI Prudential Balanced Advantage Fund - HDFC Balanced Advantage Fund
Multi Asset	30%	- WhiteOak Capital Multi Asset Allocation Fund - SBI Multi Asset Allocation Fund

Investor: *You are investing lumpsum amount and want regular income from investment. You are ready to take moderate risk.*
Note: Investors should consider using a SWP of around 6–7% per annum, or opt for the dividend option to receive regular income."

Build India Basket

Click to Invest

Thematic/ Sectoral	80%	- Tata India Consumer Fund - Mirae Asset Great Consumer Fund - ICICI Prudential Manufacturing Fund
Flexi Cap/ Multi Cap	20%	- ICICI Prudential Multicap Fund - Parag Parikh Flexi Cap Fund

Investor: *You are ready to take high risk and want to participate in growth story through thematic and sectoral schemes.*
Note: *Kindly refer scheme information document (SID) for scheme level riskometer details.*

for detailed report.

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