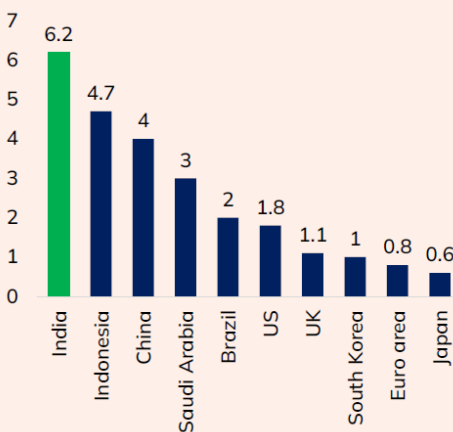


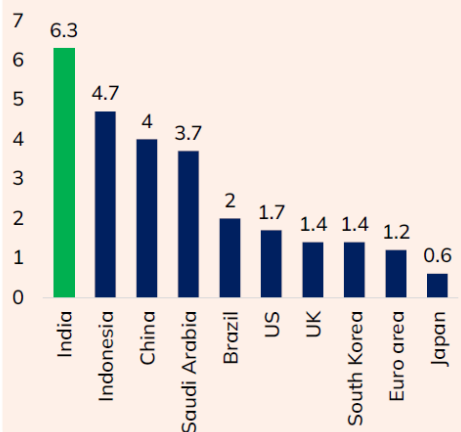
Indian Economy

- India's GDP showed strong resilience in Q1 FY26 with 7.8% growth, prompting an upward revision of the full-year forecast to 6.8%. Despite external pressures like US tariffs, GST 2.0 reforms are expected to cushion the impact by boosting domestic demand going forward.

Real GDP Growth (%) - CY 25



Real GDP Growth (%) - CY 26

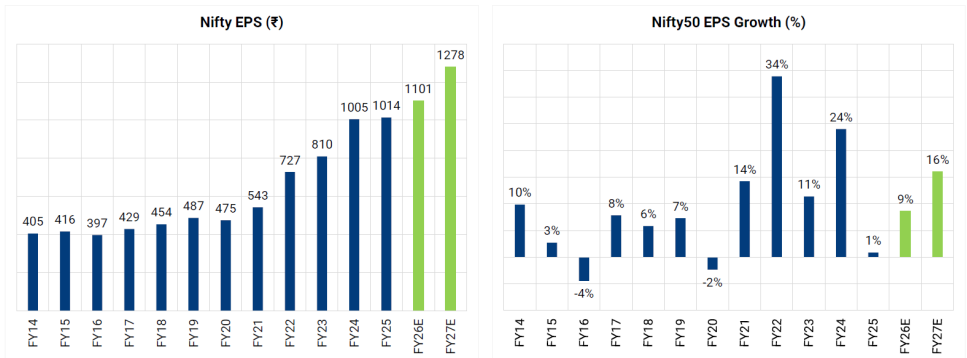


Source: IMF and BoFA Research.

- Manufacturing PMI jumps to 59.2 in Oct '25 amid GST boost, soft input costs, but services PMI eases to 58.9 in Oct'25.
- GST collections rose 9.1% Y-o-Y to INR 1.89 Lac Crs in Sep '25.
- Goldman Sachs has upgraded India to 'Overweight'.
- India's festive trade in Oct '25 hit a record INR 6.05 Lac Crs, marking a 25% YoY growth driven by multiple favourable factors – GST reforms, tax cuts announced earlier, benign inflation, decline in borrowing costs, and revival of rural economy improving the overall affordability and disposable incomes.
- Automobile sales registered a 17% increase over 2024 for the festive period. E-commerce order volumes rose 24% YoY, and Quick Commerce apps saw a 120% jump.
- Nearly 50 lac temporary jobs were created across logistics, packaging, hospitality, and delivery services, leading to a virtuous cycle of growth in the economy.
- After two years of muted lending, India's credit growth is showing early signs of recovery, with YoY growth of over 10% since July'25. Festive demand, government measures, improved liquidity, and stable asset quality have led to improved credit demand.
- The Monetary Policy Committee kept the Repo unchanged at 5.50% in Oct '25, maintaining its neutral stance. It has cautioned against further rate cuts, as the effects of previous monetary easing and fiscal measures are still unfolding.
- CPI inflation is likely to remain soft in the coming months due to a favourable outlook on food inflation and a favourable base effect.
- Indian Equity markets grew by 4.5% in Oct '25 compared to Sep'25 as FIIs turned net buyers in Oct '25 after remaining net

sellers for the previous three months, and robust DII inflows continued.

- Corporate Earnings have recovered from the lows of FY17-FY20 and are projected to grow ~9% in FY26.



Source: Bloomberg estimates, MOFSL | Data as on 31st October, 2025.

- As per RBI, house prices across India rose by 3.6% YoY in the first quarter of FY26, down from 7.6% a year earlier. Nagpur, Chandigarh, Chennai, and Kochi recorded the highest quarter-on-quarter increases.

Global Economy

- Oil prices settled lower around USD 65 per barrel in Oct '25 as geo-political tensions eased in the Middle east and OPEC+ agreed on a modest output hike.
- The U.S. Fed announced a reduction in interest rates by a quarter percentage point in Oct '25. It reduced the target range for the federal funds rate by 25 basis points to 3.75%–4.00%,

aiming to support its dual mandate of maximum employment and inflation under 2% rate over the longer term.

- Central Banks continue to acquire gold, and China has emerged as a leading buyer of gold. Gold now constitutes one fifth of World reserves.

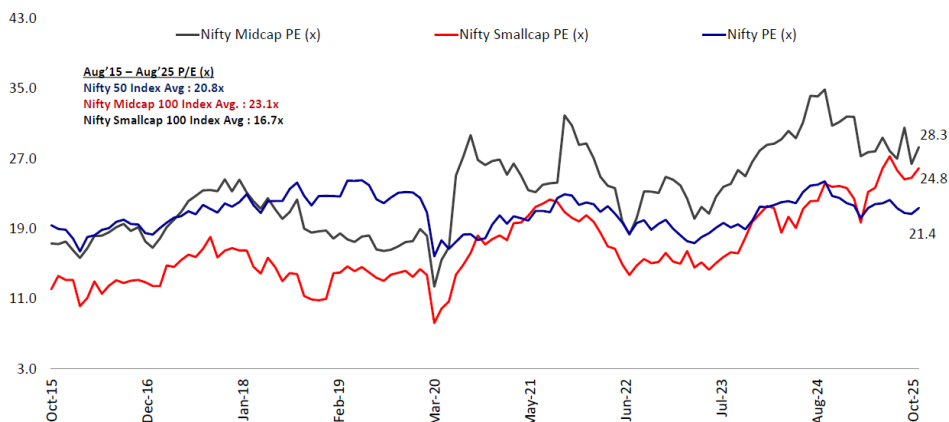
Outlook

- Global macros are currently challenging, impacting global growth. Contrary to this, India's fundamental attributes are robust and sustainable—Clean balance sheets, a structural increase in consumption, and fiscal prudence. Hence, the long-term structural story remains intact.
- Recent RBI actions like liquidity injection - key policy rate cuts, large dividend to the Govt. are positive for India's business cycle and in turn may result in India's growth and corporate earnings to pick up.
- Corporate earnings have displayed resilience & growth in the second quarter, with aggregate net profit growth touching double digits. Over the last two years, corporate earnings growth had tapered, but the latest results show an uptick, with earnings growth at a six-quarter high.

Aggregate 2 Quarter Results (~3500 Companies)

Metric	Growth
Revenue	8.20%
EBITDA	14.10%

- There is a broad-based recovery, but certain sectors have shown relatively strong performance. – Automobiles, Cement, Capital Goods, and Oil & Gas. The upcoming quarter is likely to be influenced by wedding season spending and festival demand.
- The robust growth in both profits and revenues suggests a positive outlook for the Indian stock market.
- The Nifty 50 index is trading close to its long-term average, but small-cap valuations are at a premium to long-term averages. Portfolios can be positioned to be overweight large caps, marginal underweight midcaps, and underweight small caps.



Source: MOFSL; Data as on October, 2025

- The Indian market's PE is at a low valuation premium to EM (Emerging Market) and India's weightage in EM funds is at multi-year lows. At this level the valuation looks attractive with respect to the EM index.
- Going forward, the risk-reward is positive due to favourable government policy on aggregate demand despite high impact

geopolitical events, global growth slowdown, and higher commodity prices.

- Gold has rallied and appreciated by nearly 50% since the beginning of 2025. Gold is technically in a bull phase. Within this phase, there can be a pause or a pullback over an extended period. A pullback offers a chance to add gradually. Gold and Silver together can be 5% of the portfolio.

