

MARKETS RISE ABOVE THE NOISE



Markets Rise Above the Noise

- April proved once again that markets move ahead of headlines. Despite ongoing geopolitical conflicts in West Asia, elevated crude prices and persistent FPI outflows, global and Indian equities rallied sharply, fuelled by strong earnings resilience, abundant domestic liquidity and a powerful risk-on sentiment.
- Indian markets delivered an exceptional performance Nifty gained ~7%, Midcaps rose 12.5% and Smallcaps surged 17.5%, shrugging off concerns around war, inflation and currency pressures. Global markets scaled fresh highs, led by the AI-driven rally, with the US, Japan, South Korea and Taiwan outperforming.
- Key developments included Sun Pharma's landmark \$11.75 bn acquisition of Organon & Co., marking the largest overseas buy by an Indian pharma company, and continued strength in FY26 earnings particularly in mid and small caps. Domestic flows remained a strong counterbalance to Foreign Portfolio Investors (FPIs) selling, with record Systematic Investment Plans (SIP) inflows highlighting investor confidence.
- On the macro front, RBI held rates steady, inflation remained benign at ~3.4%, and GST collections closed FY26 on a robust note. Fixed income markets stayed largely stable despite higher crude, while the rupee absorbed external pressures without significant dislocation.
- The takeaway: April reinforced the short-term unpredictability of markets and the importance of disciplined asset allocation. While optimism has returned, elevated valuations and geopolitical risks warrant caution—making large caps and diversified strategies relatively better placed going forward.

Source: Internal Research

EQUITY MARKET OUTLOOK

MOMENT OF THE MONTH:

- **Sun Pharma acquires Organon & Co.**

Sun Pharma leading Indian pharmaceutical company signed a binding agreement to buy out Organon & Co., a listed US-based pharma company for an enterprise value of 11.75 bn US\$. This gives Sun Pharma entry into biosimilars, women's health as product and distribution access in multiple geographies. The acquisition is notable as it is largest commitment (in INR terms) by an Indian company in quest for global business expansion.

■ **Middle East Asia in middle of War and Peace**

April month saw pendulum swinging between hopes of peace and fears of further escalation amidst contradictory comments from both USA & Iran. On 7th April, Mr. Trump announced a 2-week ceasefire aimed at easing market stress and giving time to iron out terms of the peace deal with Iran. Oil prices corrected to below 100\$, leading a strong "risk on" rally globally. The conditions for ceasefire set by both nations however were on extremes and hence ceasefire couldn't be achieved but uneasy peace prevails as neither have resorted to attacks. As Iran continued to block/control Hormuz Strait, Mr Trump announced a naval blockade for ships leaving Iranian ports. Thus, Hormuz being practically shut for ships. We are 60 days into the war and supply of energy & energy derivatives is severely impacted causing fears of shortage amidst logistic challenges. The entire crude price curve for the year is higher by 20\$ which is leading to crude higher for longer theme.

■ **Global risk on leads to fresh highs:**

Many global markets, US, Japan, South Korea, Taiwan hit new highs even as Hormuz disrupted crude supplies. The AI theme continues to gain strength as quarterly results are strong and there was no slowdown in the AI thematic.

■ **FY26 ends with strong earnings beat this quarter**

Q4FY26 results so far, are in line with estimates. Nifty earnings growth is ~6.5% and for large caps it is 13.5%. Mid and small cap indices showing very strong growth of ~35% each. So far, majority of results have been declared for the services sectors, and they are not impacted much by the war. We need to monitor the results and commentary from manufacturing companies to assess the earnings growth going forward.

■ **State Elections**

India held one of its largest simultaneous state elections in April 2026, widely seen as a mid-term political temperature check after the 2024 General Elections. **Assam, West Bengal, Tamil Nadu, Kerala** and the **Union Territory of Puducherry** were the key states that went to elections in **April**.

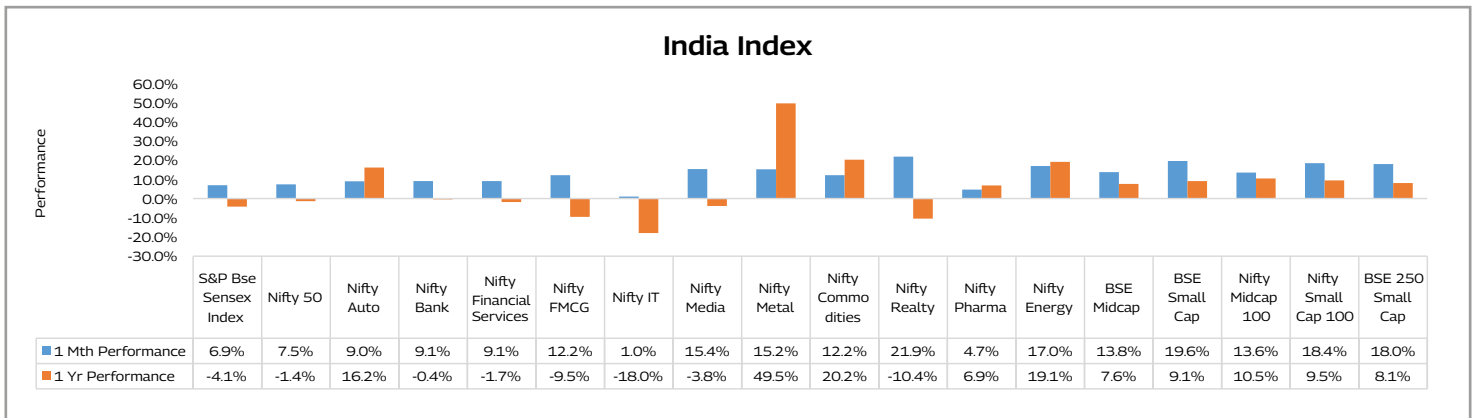
Source: Bloomberg

WHO MOVED MARKETS

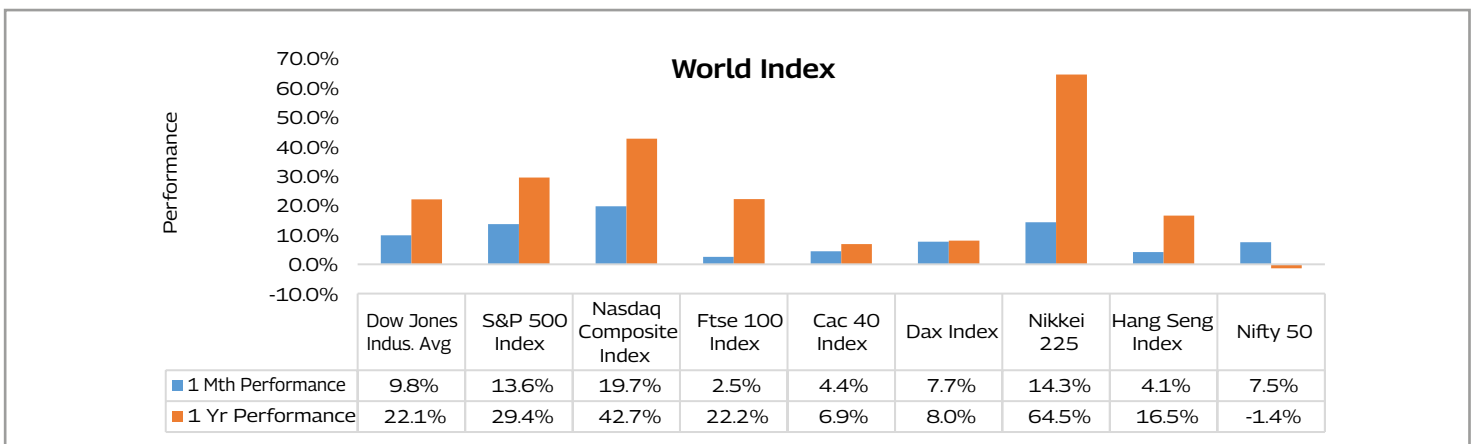
- Foreign Portfolio Investors (FPIs) sold approx. \$6bn in the month of April, continuing the big sell-off in March as USA-Iran war drags on and crude prices stay elevated.

Source: Bloomberg

MOVERS & SHAKERS



Source: Bloomberg; Data as of April 2026; Performance - Absolute returns. Past performance may or may not be sustained in future.



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PERFORMANCE SNAPSHOT OF SECTORAL INDICES - MONTH ON MONTH

Indices	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Nifty 50	3.5	1.7	3.1	-2.9	-1.4	0.8	4.5	1.9	-0.3	-3.1	-0.6	-11.3	7.5
Nifty Midcap 100	4.7	6.1	4.0	-3.9	-2.9	1.4	5.8	2.0	-0.9	-3.4	1.2	-10.9	13.6
Nifty Small Cap 100	2.2	8.7	6.7	-5.8	-4.1	1.9	4.7	-3.0	-0.6	-4.7	0.3	-10.2	18.4

Note - Green highlighted cells represent highest returns amongst the 3 indices provided above; Orange highlighted cells represent lowest returns amongst the 3 indices for the respective month end periods. Returns have been calculated on Absolute basis for respective month end periods beginning April 2025 until April 2026. The data provided above is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. Mahindra Manulife Investment Management Private Limited/ Mahindra Manulife Mutual Fund is not guaranteeing or forecasting any returns. **Past performance may or may not be sustained in future.**

Data during the period of April 2025 to April 2026.

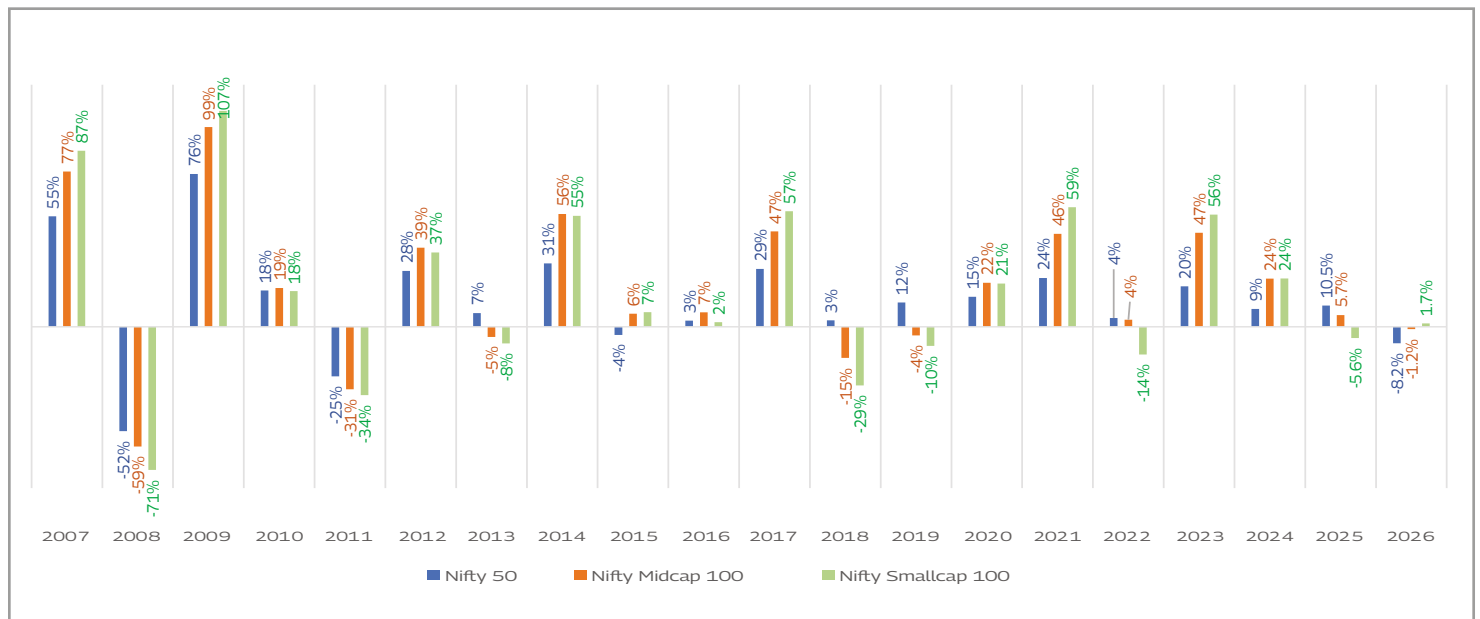
Source: Bloomberg Data as of April 2026

Indices	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26
Nifty Auto	4.8	4.6	2.3	-0.9	5.5	6.3	1.0	3.6	1.5	-5.1	5.3	-15.6	9.0
Nifty Bank	6.8	1.2	2.8	-2.4	-4.1	1.8	5.7	3.4	-0.3	0.0	1.5	-16.9	9.1
Nifty Financial Services	4.1	1.5	2.5	-1.9	-4.1	1.8	4.3	2.8	-1.0	-1.0	2.0	-15.6	9.1
Nifty FMCG	5.3	-2.1	-0.7	1.7	0.6	-2.5	2.7	-1.1	-0.2	-7.7	-0.1	-11.0	12.2
Nifty IT	-3.0	4.3	4.4	-9.4	-0.3	-4.3	6.1	4.7	1.3	0.4	-19.5	-5.0	1.0
Nifty Metal	-5.6	7.1	3.7	-2.6	-1.4	9.6	5.7	-3.0	8.5	5.9	3.5	-9.0	15.2
Nifty Realty	4.1	7.2	3.9	-7.5	-4.6	-0.4	9.2	-4.7	-2.8	-10.8	-0.3	-16.6	21.9
Nifty Pharma	3.0	-1.5	2.8	3.3	-4.2	-1.6	3.4	3.7	-1.2	-4.4	5.7	-3.1	4.7
Nifty Energy	2.0	4.8	1.9	-4.0	-4.2	4.0	3.6	-2.0	-0.6	-0.5	5.4	-5.9	17.0

Note - Cells highlighted in green colour represents top 2 performers and the orange highlighted cells represent bottom 2 performers amongst the indices covered above for the respective months. Returns have been calculated on Absolute basis for respective month end periods beginning April 2025 until April 2026. The data provided above is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. Mahindra Manulife Investment Management Private Limited/ Mahindra Manulife Mutual Fund is not guaranteeing or forecasting any returns. **Past performance may or may not be sustained in future.**

Data during the period of April 2025 to April 2026.

MARKET CAPITALIZATION - PERFORMANCE SNAPSHOT



Source :- MFI, 30th April 2026 YOY- Dec

Data period: January 1, 2007, till April 2026. Returns are absolute returns (1 year) calculated as of the last business day of every calendar year end. Past performance may or may not be sustained in future.

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BOND AND MONEY MARKET

Parameters	30-Apr-26	30-Mar-26	30-Apr-25
RBI Repo Rate %	5.25	5.25	6.00
5Y AAA PSU %	7.74	7.57	6.91
1 year CD %	7.27	7.19	6.79
10Y Gsec %	7.02	7.04	6.36
CPI (%)	3.40	3.21	3.34
IIP (YoY) %	4.10	5.10	2.60
US 10Y %	4.37	4.35	4.16
Dollar Rupee	94.92	94.83	84.50

Source: Bloomberg; Data as on April 30, 2026

THE FIXED INCOME GLANCE

- The Monetary Policy Committee of the RBI met in April amidst the ongoing West Asia crisis. It decided to keep all the benchmark rates unchanged and continued with its neutral monetary stance. It projected domestic real GDP growth at 6.9% for 2026-27, with CPI inflation expected to be 4.6%. It also warned against potential lowering of growth and an uptick in inflation should the crisis continue resulting in continued elevated energy costs.
- Despite firmer crude prices, India's fixed income market held itself steady. The benchmark 10-year government bond remained stable around 7.02%, with an uptick around 10-15 across the credit curve. Although domestic liquidity stayed plentiful, money-market rates rose by approximately 15-20 basis points across maturities up to one year.
- On the macro front, India's Consumer Price Index (CPI) inflation transitioned to the new 2024 base series. The March 2026 CPI printed at 3.40%, with food inflation at 3.71%.

Source: RBI

WHAT NEXT?



Economy Check

India Economy

- **GST collections for March boosted by imports,**

India's gross GST collections reached a record high of ₹2.4 lakh crore in April 2026, rising 8.7% YoY, marking one of the strongest month-end prints and a robust close to FY26. Growth was driven by a sharp **25% YoY surge in import-related GST**, while **domestic GST revenues grew a steady 4.3%**; post refunds of ₹31,793 crore, net GST collections stood at **~₹2.11 lakh crore, up 7.3% YoY**.

- Index of Industrial Production (IIP) grew by 4.1% yoy in March 2026 vs 2.8% (revised from 5.2%) in Feb 2026 marking a 5 month low. Mining grew 5% YoY, Manufacturing output rose 4% YoY, while electricity was 0.8% growth. Capital goods grew 14.6% Yoy, Infrastructure & construction goods grew 6.7% and consumer durables grew 5.3%.
- **CPI rose 3.4% YoY in March similar to Feb levels.** Food inflation increased to 3.87%, while housing inflation stayed at 2.1%. Inflation in gold, silver stayed elevated.

Source: Internal Research

Markets

- Post a volatile March, Indian markets had an unprecedented April. Markets shrugged off concerns around the West Asia war, policy signals from Mr. Trump, and high crude prices to emerge strong. Nifty was up ~7%, Midcap index was up 12.5% and Small cap index was up 17.5%.
- Global markets have been on a tear as well with the risk on rally leading to new highs across many markets. US indices up 10% - 15% while the European markets were up 2-7%. South Korea, Taiwan and Nikkei all made new highs as they were up by 30%, 22% and 16% respectively as global AI theme got even more legs. Hangseng is underperforming Asian markets and was up by only 3%.
- Among the sectoral indices in India, Power, Real Estate, Capgoods and Metals were the best performing while IT & Healthcare became the worst performing for the month.
- Domestic Flows: Active equity funds flows saw a rise up 56% MoM to ₹40500 Crore. Gross SIP flows hit a record in March 2026 at ₹32100 Crores. Mid & Small-Cap inflows was strong at ₹6300Cr and ₹6100Cr respectively.

Source: Bloomberg | Data as of April 2026

Outlook

- Geopolitical situation in West-Asia is similar to 30 days back but the risk sentiment for equity markets have turned. India followed global equity markets with a strong broad-based rally for the month, with the small and midcap indices seeing renewed strength. However, fundamental macros look the same in terms of higher energy prices (and fears of shortages), supply chains disruption and worries over inflation roaring its head if not curbed soon. The hope being the mid-term elections in USA could lead to a way out of this stalemate sooner than later. Perhaps, this is a key positive that markets are betting on and ignoring hence neither reacting to the high energy prices nor depreciating INR has surged past 95. We are cautiously optimistic right now as fundamentals do not add up with the current geopolitical situation.
- A review of the policy actions till now suggest that the financial implications of the war are currently borne by Government and not yet passed onto Corporates & Households. Despite a sharp increase in prices of energy, product prices for petrol, diesel, LPG, fertilisers etc are not yet revised. Aviation fuel too has seen a marginal increase for domestic flights. So, while corporates & households haven't been hurt, macro indicators like fiscal deficit & interest rates, current account deficit & Rupee have seen the impact. The implications on earnings will be felt when the product prices are raised.
- The sharp rally in month of April reiterates the unpredictability of equity markets in short term. We continue to maintain that asset allocation remains key for investors in their journey of wealth creation despite the uncertainties. And investors could manage such uncertainties only by focusing on asset allocation. The allocation is applicable to both equity as an asset class as well as choice of market capitalization within equities. From market cap perspective, we continue to believe as an aggregate large cap offers better value and margin of safety as compared to micro caps & small caps & mid-caps. The risks to large caps remains in further selling by FPI's as they primarily own large caps. Mid & small caps on the other hand are quite insulated from FPI selling and supported by domestic flows towards schemes with Mid & Small cap mandates. The basic structure of Indian markets have evolved with 100 Large cap stocks accounting for 60% of market cap, 150 mid cap stocks accounting for 20% of market cap and 750+ small cap stocks accounting for the rest 20% of market cap. The AUM base & investor flows towards mid cap & small caps are quite higher than the market caps, causing excess demand and valuations being premium or excessive (in some cases).
- Investors with near-term objectives or low risk appetite could opt to prefer Equity Hybrid Funds or multi-asset allocation funds. Investors with a longer-term horizon can continue to remain invested with fresh equity allocation towards large caps.

Source: Internal Research



- With the Union Budget projecting gross market borrowing of ₹17.20 lakh crore, RBI support via Open Market Operations (OMOs) may be important for smooth execution.
 - Assuming a normal year, the 10-year benchmark may drift marginally higher before offering an attractive entry point.
 - We expect spreads between State Development Loans (SDLs) and central government securities to compress, accompanied by gradual flattening between the 10-year and 30-year segments.
- After a challenging year, the rupee may begin to outperform most major currencies against the US dollar.

Source: Internal Research

From the CIO Desk...



Mr. Krishna Sanghavi
CIO - Equity



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CIO - Fixed Income

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