SAMVAAD
Monthly Newsletter
November 2026

mahindra Manulife MUTUAL FUND

MARKETS IN MOTION, FUNDAMENTALS IN FOCUS



October was a reminder that markets rarely move in straight lines. From geopolitics and crude oil to interest rates and the evolving AI narrative, there was no shortage of noise. Yet beneath these shifting headlines, India's story remained relatively steady, supported by resilient earnings, economic momentum and strong domestic flows.

As markets recalibrate and valuations turn more reasonable in pockets, the opportunity may lie not in predicting the next headline, but in staying anchored to fundamentals. In our view, this may be an opportune time for investors to diversify thoughtfully, remain selective, and allow their asset allocation strategy to guide investment decisions.

Source: Internal Research

EQUITY MARKET OUTLOOK

Moment of the Month:

- **Anthropic IPO Filing**

  Anthropic filed IPO documents, targeting November 2026 for IPO & listing. Alongside the usual details on business, financials & business risks, filing includes risks relating to its own technology in the filing. It says concerns have been raised, including within the company, that advanced AI systems could pose "catastrophic or existential risks to humanity" if they are not developed and operated with appropriate safeguards. It also mentioned models may behave in unintended or harmful ways and even a single instance of such behaviour, whether during testing or in real-world use, could trigger public concern, regulatory action and lawsuits, even if no actual harm occurs. These filings are interesting as this can open up debates on ESG angle to AI or curbing/controlling access to funds for future capex.

- **Global AI trade sees sharp volatility as investors question returns on massive capex**

  Globally, AI trade reversal was seen very similar to month of July. Indian IT companies did very well, being perceived as an "anti AI" investment play. The pattern of July & October clearly highlight the leveraged and high frequency traders positioning on likely winners & victims of AI rollout. As known the rollouts are over 2-3 years and hence market positioning is more about "expectations of 2-3 years and reversal of those expectations". The central issue hurting AI is viability of AI (debate over Chinese open source and low cost models vs the high cost American models) and implications of AI especially in light of Anthropic's IPO filing containing the warning that AI may be an existential threat to humanity.

- **US waives proposed tariffs on major buyers of Russian oil**

  In an important positive development for India, President Donald Trump issued an executive order waiving specified tariffs and sanctions under the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026, ahead of provisions that could have imposed 100% tariffs on goods from qualifying major importers continuing to make new purchases of Russian oil and gas. The move provides India with near-term relief on both fronts, flexibility of sourcing Russian oil as well as no punitive tariffs on exports to the US.

- **US-Iran tensions intensify; crude remains the key global macro overhang**

  The US-Iran conflict continued to dominate the global macro backdrop through October, with renewed security incidents around the Strait of Hormuz and attacks on Saudi energy infrastructure raising concerns around Middle East oil supplies. Brent crude gained 13.6% during October, with the December contract settling at US$117.64/bbl on October 30, a six-month high.

- **Global bond yields ease from recent highs as Fed pauses**

  Global bond markets remained volatile during October, although US Treasury yields moderated substantially towards month-end following the sharp rise in September. The US 10-year Treasury yield touched **5.31% on October 5**, before declining to around **4.93% by October 30**, compared with 5.29% at September-end. The US Federal Reserve kept the Fed funds target range unchanged at **3.75-4.00%** at its October meeting following the 25-bps hike in September. However, inflation remained elevated and two FOMC members favoured another 25-bps increase, suggesting that the path for monetary policy remains dependent on inflation and economic data.

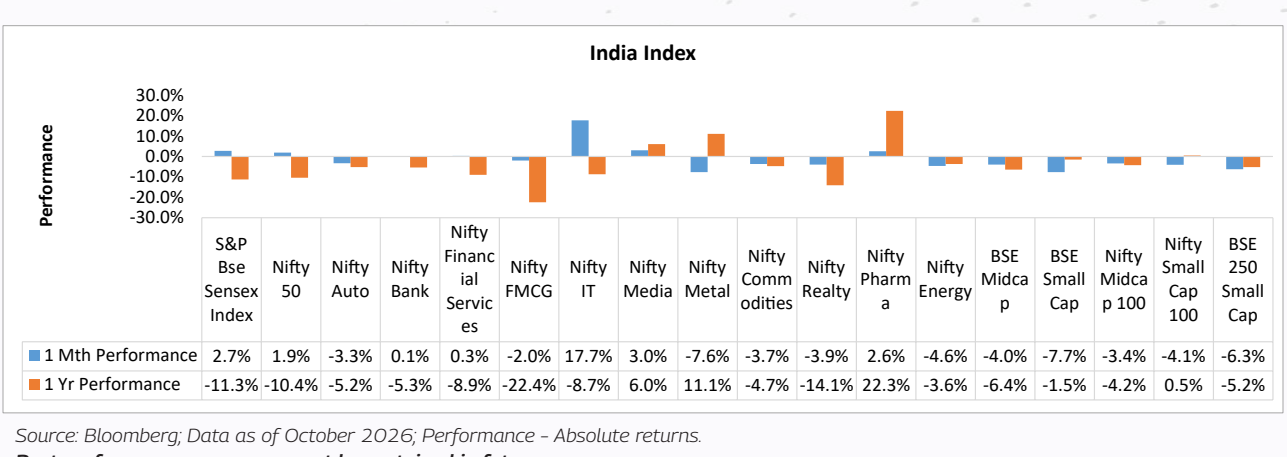
Source: Bloomberg

WHO MOVED MARKETS

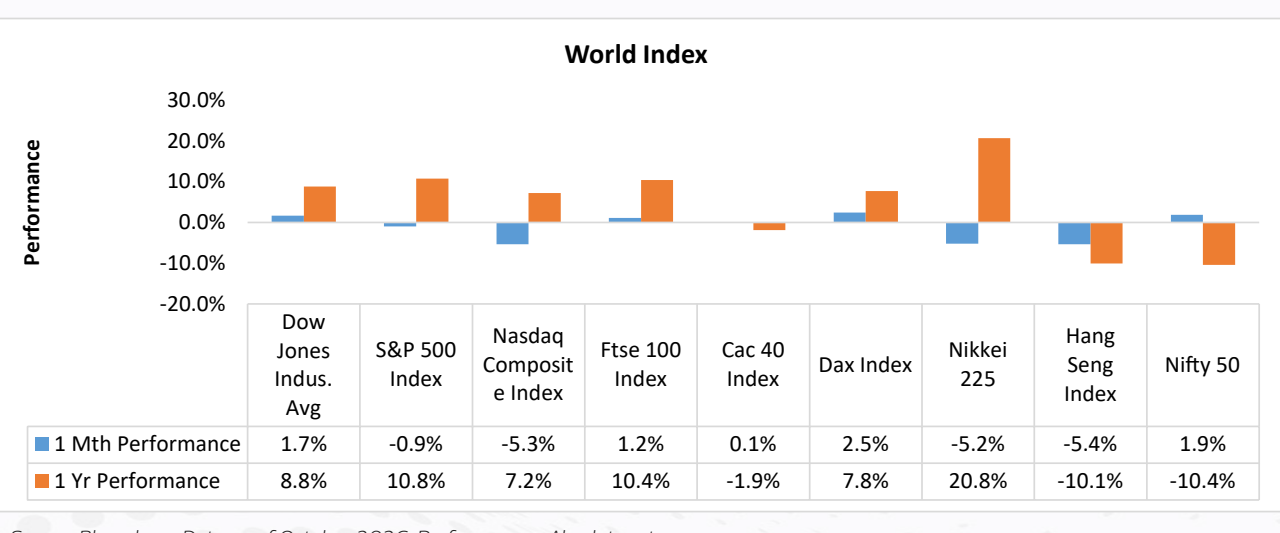
Foreign investors remained sellers of Indian equities during October, extending the risk-off trend seen in September. FPIs sold around USD 3.6 bn during the month, while DIIs bought around USD 6.5 bn, providing an important counterbalance to foreign selling. FPI selling was particularly intense during the first half of the month, driven by elevated crude oil prices, escalating US-Iran tensions, inflation concerns, relatively high US interest rates and concerns around corporate earnings. Encouragingly, foreign flows improved towards month-end as US bond yields eased, the rupee stabilised and large-cap valuations became more attractive, with FPIs turning net buyers on several sessions late in October.

Source: Bloomberg

MOVERS AND SHAKERS



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



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

PERFORMANCE SNAPSHOT OF SECTORAL INDICES - MoM

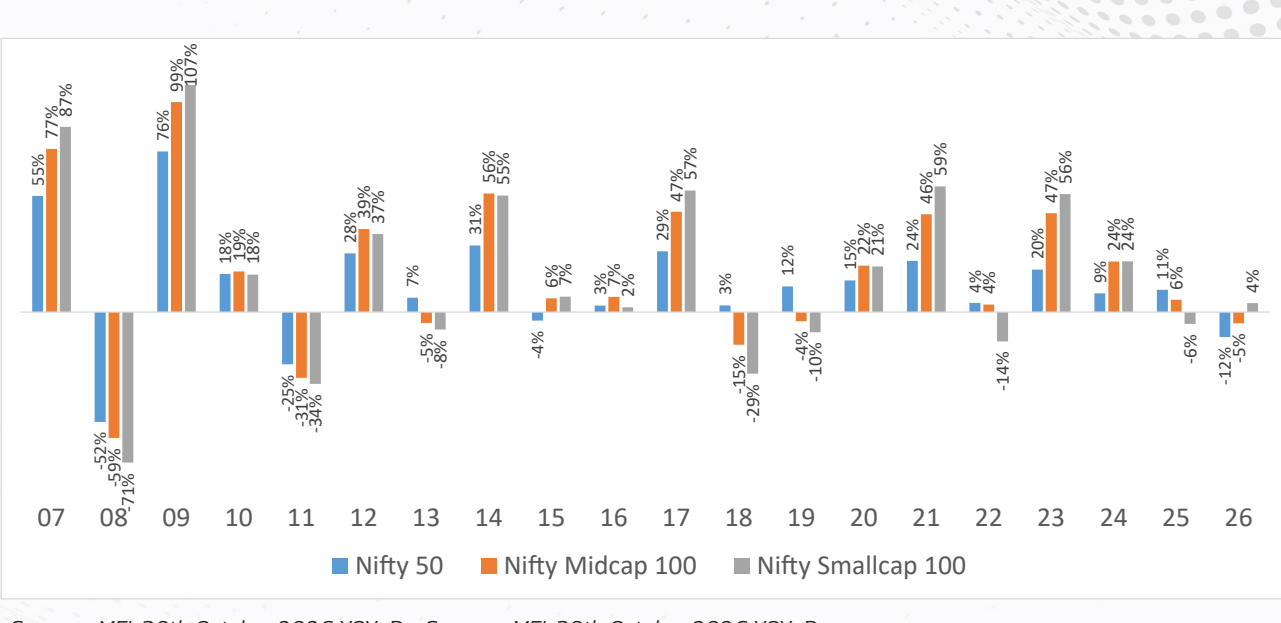
Indices	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26
Nifty 50	4.5	1.9	-0.3	-3.1	-0.6	-11.3	7.5	-1.9	1.4	2.2	-1.2	-6.1	1.9
Nifty Midcap 100	5.8	2.0	-0.9	-3.4	1.2	-10.9	13.6	3.2	0.1	1.8	2.1	-7.6	-3.4
Nifty Small Cap 100	4.7	-3.0	-0.6	-4.7	0.3	-10.2	18.4	0.7	4.0	2.5	3.1	-3.4	-4.1

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 October 2025 until October 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.***
Source: Bloomberg Data as of October 2026
Data during the period of October 2025 to October 2026.

Indices	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26
Nifty Auto	1.0	3.6	1.5	-5.1	5.3	-15.6	9.0	1.6	0.5	8.6	0.3	-8.8	-3.3
Nifty Bank	5.7	3.4	-0.3	0.0	1.5	-16.9	9.1	-1.1	6.1	-0.5	1.3	-5.8	0.1
Nifty Financial Services	4.3	2.8	-1.0	-1.0	2.0	-15.6	9.1	-1.2	4.7	0.1	-1.1	-6.3	0.3
Nifty FMCG	2.7	-1.1	-0.2	-7.7	-0.1	-11.0	12.2	-3.3	-1.2	0.7	-6.3	-3.3	-2.0
Nifty IT	6.1	4.7	1.3	0.4	-19.5	-5.0	1.0	-0.9	-9.6	16.8	1.6	-11.2	17.7
Nifty Metal	5.7	-3.0	8.5	5.9	3.5	-9.0	15.2	4.7	-6.9	1.6	3.7	-3.3	-7.6
Nifty Realty	9.2	-4.7	-2.8	-10.8	-0.3	-16.6	21.9	-1.4	6.0	8.7	0.3	-6.3	-3.9
Nifty Pharma	3.4	3.7	-1.2	-4.4	5.7	-3.1	4.7	4.6	4.0	4.8	2.5	-2.8	2.6
Nifty Energy	3.6	-2.0	-0.6	-0.5	5.4	-5.9	17.0	0.3	-2.8	-2.5	-2.0	-3.5	-4.6

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 October 2025 until October 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 October 2025 to October 2026.

MARKET CAPITALIZATION- PERFORMANCE SNAPSHOT



Source: - MFI, 30th October 2026 YOY- DecSource: - MFI, 30th October 2026 YOY- Dec
Data period: January 1, 2007, till October 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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FIXED INCOME OUTLOOK

BOND AND MONEY MARKET

Parameters	30-Oct-26	30-Sep-26	30-Oct-25
RBI Repo Rate %	5.50	5.25	5.50
5Y AAA PSU %	8.30	7.93	7.02
1 year CD %	8.30	7.59	6.56
10Y Gsec %	7.41	7.19	6.57
CPI (%)	5.54	4.82	1.41
IIP (Year-on-year) %	6.70	8.00	6.10
US 10Y %	4.93	5.28	4.10
Dollar Rupee	94.96	95.83	88.70

Source: Bloomberg; Data as on October 30, 2026

THE FIXED INCOME GLANCE

- In our view, it was a forgettable month for global fixed income markets. The benchmark US 10 year treasury yields moved up by around 53 basis points (bps) through the month to close at 5.28 % . The 53-bps rise is US treasury yields is the one of the highest single month rate rise since the last two and half decades. The US Fed reserve hiked rates by 25 bps in the month to 4% and looked like it is set up to rise by couple of more times through the next year. A combination of geopolitical conflict, rising AI capex spending and a large fiscal deficit could continue to exercise pressure on US rates.
- Globally Central bankers continued to raise rates with Japan, Australia and the European central bankers raising rates by 25 bps...
- Domestically, the benchmark 10-year gilt remained under pressure, due to the elevated crude prices, rising global rates. The benchmark 10-year gilt moved up by around 25 bps to close at 7.19%. The 5-year AAA credits also moved up by 25 bps. While overnight liquidity remains comfortable despite RBI liquidity sucking measures, the month end rates in the short end also moved up due the quarter crossing phenomenon which is expected to reverse next month, in our opinion.
- The INR weakened again last month by around 0.70% to close around 95.83.
- Domestic inflation inched up to 4.82 % with food inflation printing at 5.95 %. While the monsoons have shown a deficiency of around 12%, the sowing area of the kharif crops have dropped marginally. With globally food inflation also rising, it would weigh on policy decision through the year.

WHAT NEXT?

ECONOMY CHECK

INDIA ECONOMY

- **RBI shifts from supporting growth to containing inflation risks**

  The RBI Monetary Policy Committee (MPC) unanimously hiked the policy repo rate by 25 bps to 5.5% and changed its stance to calibrated tightening. Moreover, the RBI announced several measures to contain FX risks and manage liquidity.

- **GST collections strong - 'Fastest growth in FYtd27'**

  GST collections (ex-cess, reflecting Sept activity) stood at INR2.3tn in Oct, with growth accelerating to 22.9% YoY from 14.7% last month. The uptick was led predominantly by import-related revenues, which grew 42.2%, while domestic collections rose 15.8%.

- **High-frequency data remained resilient in October,** notwithstanding some normalisation on a high base. Vehicle registrations (a proxy for retail sales) declined in Oct, as they are affected by a base effect following the GST rate rationalisation, which took effect last October. However, festive-period demand suggests estimated growth of ~6%, across both passenger vehicles and two-wheelers, while commercial vehicles grew by 21%. Services PMI edged up to a 4-month high of 55.8 in Oct from 55.2 in Sept, aided by improving business conditions, and a softer uptick in input prices at the margin. The Naukri job index grew 14.4% YoY in Oct (3mma: 9.9%), vs 1.7% in the previous month, which was held back by an adverse base, with broad-based growth across all sectors. Manufacturing PMI moderated to 54.7 in Oct from 55.1 in Sept, as output and new orders rose at a slower pace, even as export orders touched a 6-month high. Credit growth remained healthy at 18.2% YoY in Oct, driven by strength across industry credit and retail loans. Power demand rose 21% YoY in Oct, a 52-month high, vs 11.2% in the previous month, partly due to a base effect and driven by warmer weather and below-normal monsoon rainfall in the first half of the month.

- **Q2FY27 Earnings season reflects continuation of positive earnings momentum**

  Based on data from 2/3rd of the companies which have reported Q2FY27 results so far, the PAT growth has been 16% yoy. Non financials Profit After Tax PAT growth has been 20% yoy and Non Financials (excluding Oil Marketing Companies [OMCs]) growth has been 21% yoy.

Source: Internal Research

MARKETS

- A month can be a long period in politics & in economy/markets. The newsflow and narratives in geopolitics and economy/markets seem to be at the highest level. Getting tougher to decipher the proverbial chicken n egg between geopolitics & economy/markets. A tough month across risk asset class (Equities, Gold, Silver etc) and good one for US $ & Bonds. In Indian equities too had a tough month for risk asset (Mid & Small & Micro caps) while good for Nifty.
- Global markets turned risk-off late in the month as concerns about AI capex and expectations of a Fed rate hike weighed on investor sentiment. SPX 500 was down 0.9%. Meanwhile, JCI (Indonesia) Index plunged 17% after MSCI proposed downgrading Indonesia from emerging market to standalone status. KOSPI Index declined 16% on concerns over the sustainability of AI investments. IBOV (Brazil) Index was down 10% on unexpected election outcome
- Indian headline indices ended higher in October. The Nifty rose 1.9% led by IT services companies (decent results and global AI trade reversal) outweighed concerns regarding higher brent crude prices caused by the West Asia conflict. The broader market underperformed. The Nifty Midcap 100 Index and Nifty Smallcap 100 Index declined 3.4% and 4.1%. Most sectoral indices ended lower except IT and pharma. IT Index (+18%) led the gains. Capital goods, metals and consumer durables indices declined the most—7%, 7% and 5%.
- Domestic Flows: Domestic mutual-fund flows remained a strong structural support for Indian equities. Equity-oriented schemes recorded net inflows of ₹38,307 crore in September, up 31% from ₹29,329 crore in August, despite the correction in equity markets. Small-cap and mid-cap funds continued to attract strong investor interest, with inflows of ₹9,039 crore and ₹7,835 crore, respectively. SIP contributions remained particularly resilient, reaching a fresh record of ₹32,490 crore, compared with ₹32,297 crore in August, while active SIP accounts increased to around 10.89 crore. Overall, sustained SIP and equity mutual-fund flows continue to provide an important liquidity cushion for Indian equities amid persistent FPI selling, promoter stake sales and elevated primary-market issuances.

Source: Bloomberg Data as of October 2026

OUTLOOK

- The combination of high oil prices and rising long bond yields in key developed-market has tightened global financial conditions and reduced the relative attractiveness of emerging-market assets. FPIs remain a net seller in almost all emerging markets in 10 months of this CY2026. Rising global bond yields are putting pressure on domestic bond yields and RBI's policy response will be interesting to watch as it comes amidst rising liquidity post Foreign Currency Non-Resident (Bank) [FCNR(B)] issuance.
- Indian markets continue to face a series of largely "imported problems" over the past 18-24 months, including Trump tariffs, AI-led global disruption, rising energy prices as an outcome of the US-Iran war. While these developments have created significant volatility and valuation compression, the impact on India's underlying growth and corporate earnings has been relatively contained when seen from the perspective of Indian investors. The picture however differs when seen from FPI eyes as India's energy import dependency and depreciating currency emerges as a material risk vis a vis amongst other emerging markets.
- Indian equities had delivered exceptional returns since the pandemic till Dec 2024, significantly outperforming most global markets. A meaningful contributor to this performance was valuation re-rating accompanying the healthy earnings growth. The recent correction led mainly by "imported factors", is more of a cyclical adjustment rather than the start of a broad-based earnings reset. While valuations have moderated from elevated levels, corporate earnings remain resilient and may continue to grow at a healthy pace. Markets are also digesting a range of near-term uncertainties, including energy price volatility, geopolitical tensions and the potential impact of AI-led disruption on future employment patterns.
- Additionally, robust primary market has temporarily diverted capital away from secondary market, as investors rebalance portfolios to participate in new listings. Overall, while periods of volatility may persist in near term, the underlying earnings and economic fundamentals could remain supportive over the medium term.
- Recent developments, w.r.t to US mid-term elections (Republicans losing in both the chambers) - may be good from west-asia conflict de-escalation and policy stability perspective and may alleviate pressure on bond yields which can benefit EM's including India. Moreover, if the global AI trade reversal were to continue (some signs visible), then Indian equities may benefit as a relatively safe haven market with a stable state and diversified earnings growth profile.
- In our view, the risk-reward equation today is influenced by a combination of economic growth, earnings prospects, valuations and capital flows.
- Large-cap companies currently offer relatively better valuation comfort compared with parts of the broader market. However, domestic investor flows could continue to favour mid- and small-cap segments, while foreign investors have remained quite selective in large caps.
- Mid-caps continue to benefit from strong earnings growth and a relatively constrained investible universe, which supports valuations. Small-cap opportunities exist, but selectivity is critical. In our opinion, the segment offers both high-growth businesses and elevated drawdown risk, making rigorous company-specific research particularly important.
- From a portfolio construction standpoint, we believe opportunities exist across market capitalisations, with allocation determined by the balance between fundamentals, valuations and risk-adjusted return potential.
- In our view, from an investor's perspective, large-cap stocks currently appear to offer relatively better value and a greater margin of safety. However, a key catalyst for further upside in the segment could be a sustained revival in FPI inflows. While the valuations at an aggregate level, could remain higher for mid and small cap, they are also supported by strong earnings delivery and better EPS growth momentum.
- We believe asset allocation remains key for investors in their journey of wealth creation despite the uncertainties around. Indian markets have turned attractive post the time, price & currency corrections for FPIs. Yes, we do need some external event that could act as a turning point for the FPI flows.
- In our view, investors with near-term objectives or low risk appetite can opt to prefer Equity Hybrid Funds or multi asset allocation funds. Investors with a longer-term horizon may continue to remain invested.

Source: Internal Research



SUMMARIZING OUR THOUGHTS

- The MPC meets at the beginning of October, the MPC minutes raise the possibility of a rate hike. The street estimates a possible hike of 50-75 bps through the year
- With the benchmark 10-year rates at close to 7.25% and the high corporate bonds rates, we believe it's time to gradually add duration to the investor's portfolio and move up the duration bucket. In our dynamic/short term fund we have a higher duration
- The Credit spreads still look attractive at these levels, and our portfolios have a bias towards quality credits
- Our bias towards long end papers (30 years) in Dynamic bond fund
- The twin factors we continue watching carefully that could change our view on the direction of rates
  - The US rate trajectory (potential of it to go up remains a high probability event)
  - The Dollar Index and Commodity linkage



This product is suitable for investors who are seeking*
- Long term capital appreciation and generation of income.
- Investments predominantly in equity and debt securities including limited short exposure in equity and debt through derivatives.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

RISK BAND# — RISK BAND LEVEL 2 — LOWER RISK / HIGHER RISK — RISK LEVEL 2

Benchmark Risk band — CRISIL Hybrid 50+50 - Moderate Index — RISK BAND LEVEL 2 — LOWER RISK / HIGHER RISK — RISK LEVEL 2

#The Risk Band as specified by AMFI.
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Registered name: Mahindra Manulife Mutual Fund I Registration number: MF/069/16/01

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