TATA MUTUAL FUND

EQUITY OUTLOOK

December 2024

GLOBAL ECONOMY

TATA MUTUAL FUND

Inflation poses a common challenge to the Global Economy

Bringing inflation down without causing too much collateral damage to economy and labor markets.

Although inflation has moved down from its peak, its still way above the target

Monetary Policy to tackle inflation

The direction of monetary policy in advanced economies is increasingly unambiguous now:

- Bringing down inflation within target range
- Avoiding a wage-price spiral
- Bringing consistency in inflation expectations

SOURCE: JP Morgan, India Monthly Wrap

CORRELATION TO GLOBAL ECONOMY

	Slow Recovery in China	Sharp Recovery in China
Sharp Slowdown in US/UK/EU	**Earnings:** Impact likely, especially in sectors with global linkages offset slightly by lower input costs **Valuation**: Premium can sustain but risk-off will reduce absolute valuations	**Earnings:** Impact on global sectors, cushion in input prices **Valuation**: Premium can reduce meaningfully as flows to China increase
Gradual Slowdown in US/UK/EU	**Earnings:** Limited impact on India's GDP/Profit Growth **Valuation**: Growth Premium will sustain	**Earnings:** Limited impact, some impact on commodity prices **Valuation**: Premium will shrink although absolute valuations might sustain

Sweet Spot

Based on Internal Views and subject to change

PROFITABILITY TRENDS IMPROVED MARGINALLY

TATA MUTUAL FUND

Fundamentals	
Positive	Pharma/Healthcare, Banks
	Capital goods, Manufacturing
Neutral	IT, Rural Consumption
Negative	Urban consumption, Commodities

India's outperformance has reduced due to modest earning downgrades in FY25 and China stimulus. Corporate earnings downgrade risk has increased.

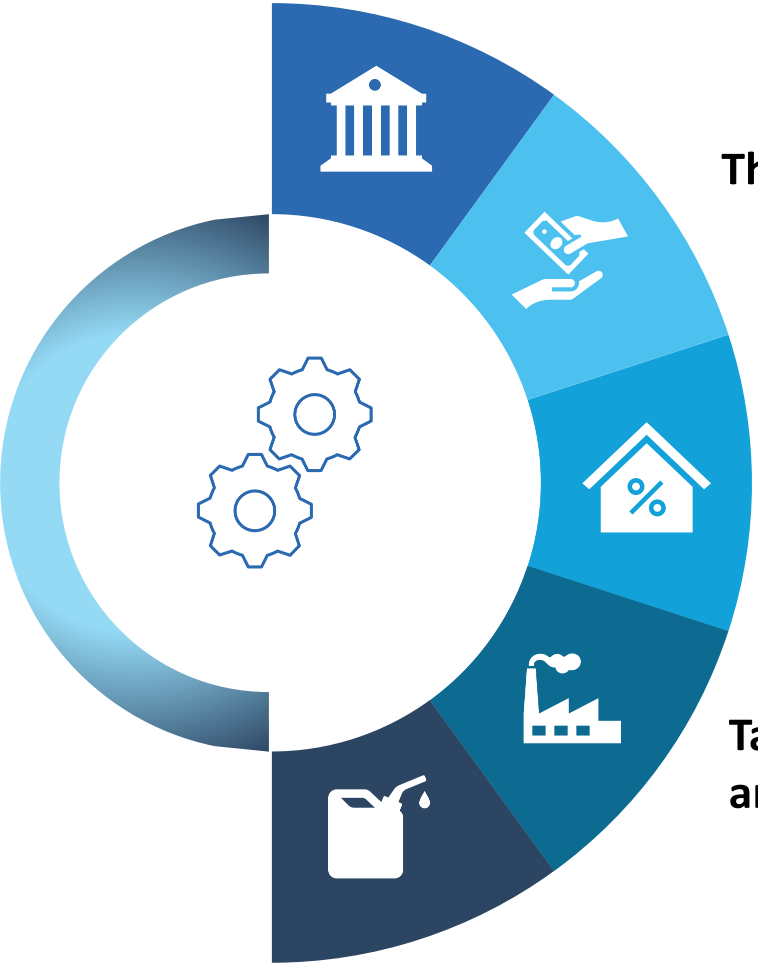
- Capital goods/Manufacturing led the positive earning upgrade cycle last 12 months.
- Pharma/Healthcare upgrade cycle still underway, Banks could be next
- Urban consumption after significant growth in 2022 has slowed due to impact of inflation and interest rates. In contrast, rural consumption is picking up from a low base, albeit gradually.
- Sectors with topline risk (e.g. IT, FMCG) have stabilized; margins to be supported by lower input costs or easing attrition & wage pressure.

The biggest risk to the market is commodity and crude prices. Shift in fiscal priorities is also a risk

Based on Internal Views and subject to change

DRIVERS FOR INDIA

The longer term drivers of earnings in India



The pickup in the investment cycle

The pickup in the credit cycle

The pickup in real estate

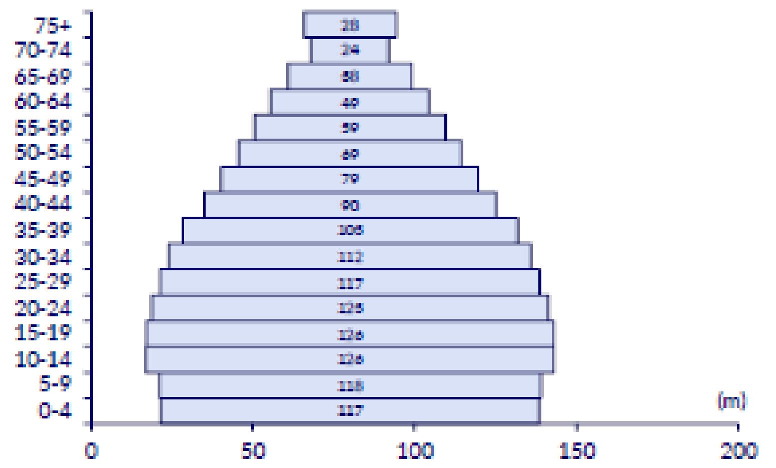
Tailwinds for Indian manufacturing sector and the industrial sector

Commodity prices coming down in case of global soft landing

INDIA'S DEMOGRAPHIC DIVIDEND

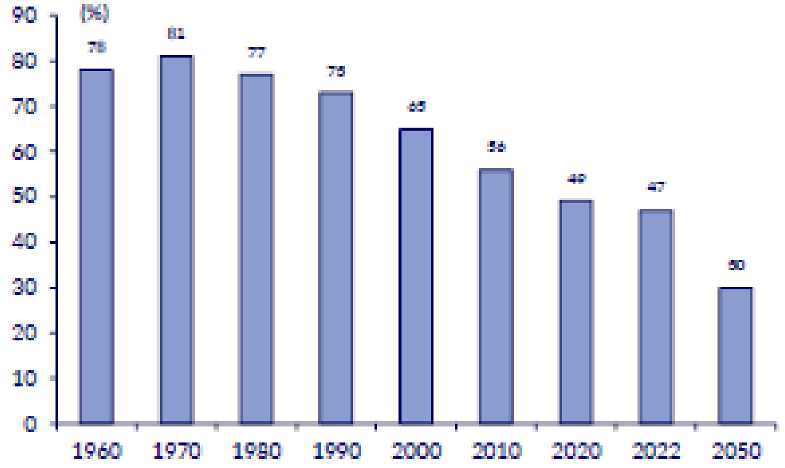
TATA MUTUAL FUND

India population pyramid - 2020



Source: UNDP, CLSA

India's dependency ratio

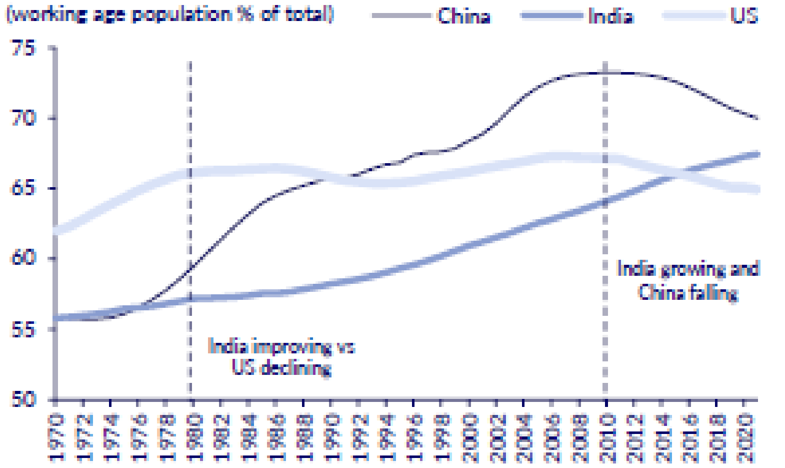


Source: World Bank, CLSA

Working age population projection for India

Source: UNDP, CLSA

India's working age population in comparison to China and the US



Source: UNDP, CLSA

- India's dependency ratio (children and elderly population / total population) has consistently fallen from 73% in 1990 to 47% in 2022. It is expected to further fall to 30% in 2050.
- India's working population has been on a steady increase while US and China are facing a decline.

Latest available data

PLI SCHEME TO DRIVE PVT. SECTOR CAPEX WITH TWIN GOALS OF MAKE IN INDIA/CREATE EXPORT CHAMPIONS

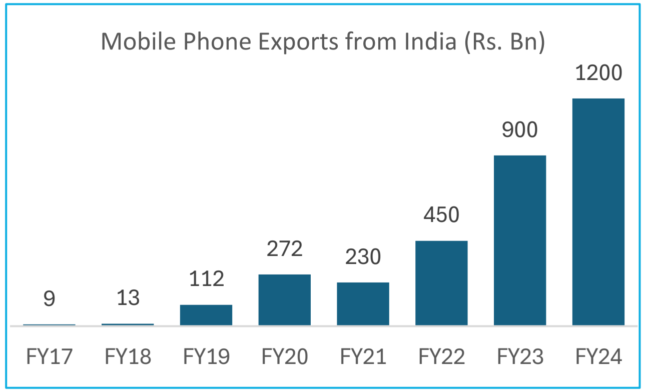
- **PLI should attract total capex of ~Rs.4.4tn over next 4-5 years and could fast-track the capex plans of private sector by at least two years**

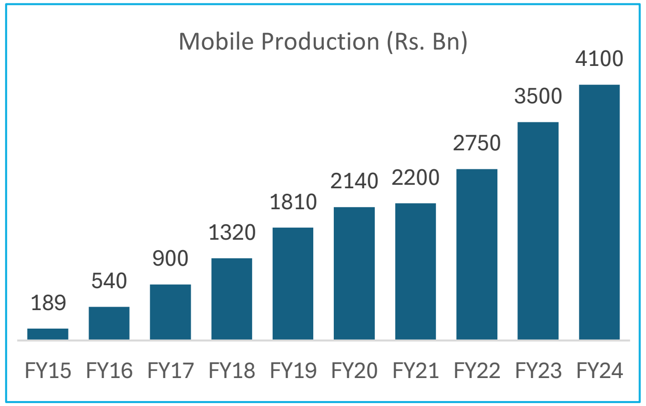
Category	Overall PLI Incentive committed (Rs. Bn)	Committed/ Likely Investment/ Capex (Rs. Bn)	Asset Turnover (x)	Incremental Revenue over 5-year period (Rs. tn)	Employment (Direct + Indirect)	Duration
Mobiles/Electronics	410	110	~25x	10.5	5,00,000	FY22-FY27
Pharma	150	100				
Pharma – API/KSM	69.4	54	~3x	2.9	1,00,000	FY21-FY29
Pharma - Medical Devices	34.2	9				
White Goods & LED	62	79	3-4x	1.7	4,00,000	FY22-FY27
Solar PV	45	175	~4x	3.5	1,50,000	5 years
Telecom	122	30	~20x	2.4	40,000	FY22-FY27
Food	109	61	~4-5x	1.2	2,47,730	FY22-FY27
Automobile & Auto Components and drone	261	425	~4-5x	2.3	7,50,000	FY23-FY28
IT Hardware 2.0	243	48	~20x	3.3	2,25,000	FY21-FY25
Speciality Steel	63	400	~1x	2.0	5,25,000	FY23-FY28
Textile	107	190	~3x	3.0	7,50,000 (2,40,134 Direct Employment)	FY23-FY28*
EV Battery	181	450	~1x	~2.2	-	FY23-FY28
Semiconductor	760	2300	~0.4x	~4.6	1,35,000	FY23-FY27
Specified Electronic Components (Round -2)	21	-	-	-	-	-
Total	**2,638**	**4,451**		**39.6**	**38,22,730**	

*Source: Sector PLI Gazette Notification, News Article, Avendus Spark Research, * current PIB notice has not mentioned the specific year, Dependency Ratio = Export/Imports*

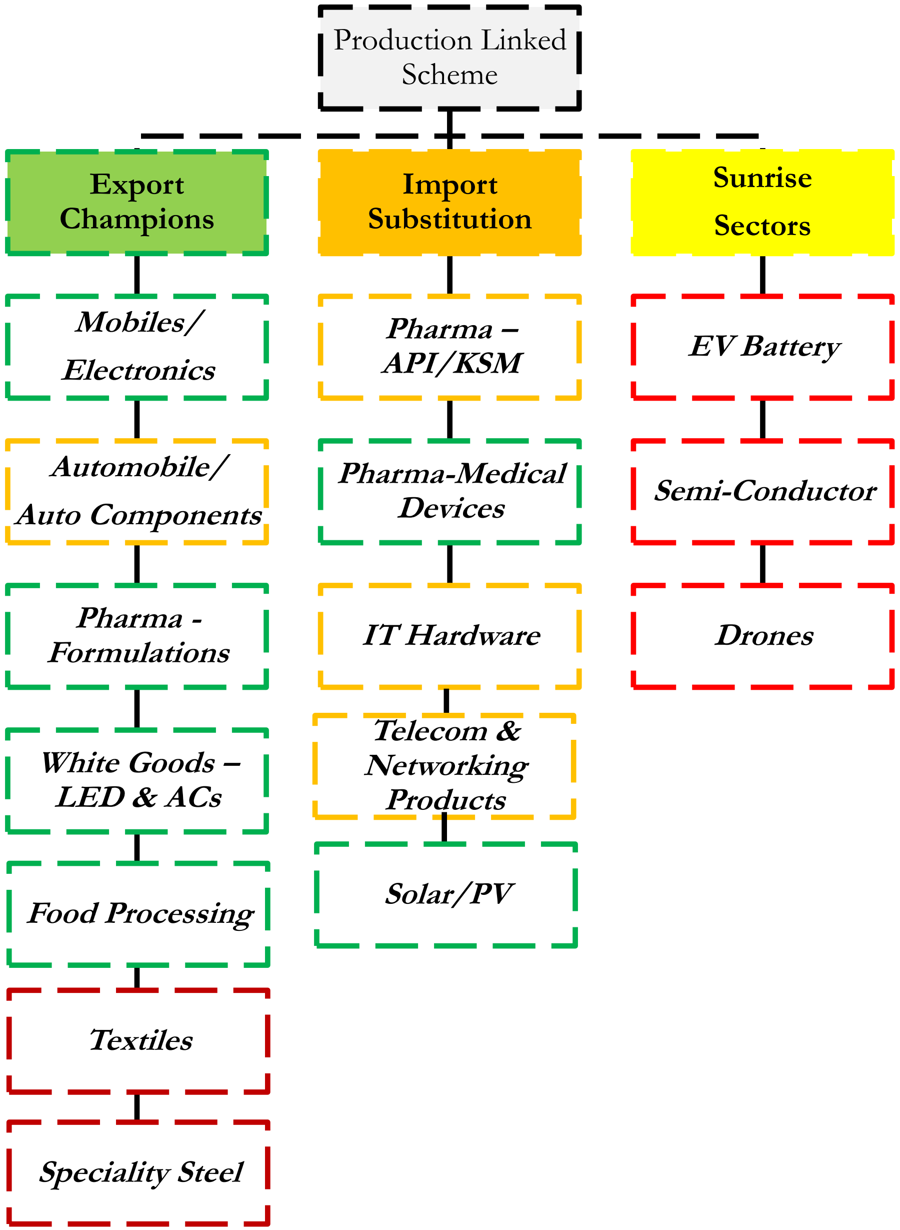
Foreign companies approved under PLI

- **Electronic and IT:** Wistron, Samsung, Foxconn Hon Hai, Dell, Pegatron, Rising Star
- **Pharma:** Mylan Laboratories Limited, Amneal Pharmaceuticals Private Limited
- **Textiles:** Autoliv and Kimberly Clark, Avgol, Evertop Textile & Apparel Complex, Rane TRW Steering Systems, Toray International.





UPDATES ON PRODUCTION-LINKED INCENTIVE SCHEME



FDI inflows related to PLI sectors

Sectors	FY23	FY24	6M FY24	6M FY25	FY24	6M FY25
Computer Software and Hardware	9.39	7.97	2.40	4.19	-15.1%	74.6%
Services Sector	8.71	6.64	3.85	5.69	-23.7%	47.7%
Construction Infrastructure Activities	1.70	4.23	2.40	1.32	148.5%	-44.9%
Trading	4.79	3.87	0.92	2.72	-19.4%	196.0%
Non-Conventional Energy	2.50	3.76	1.24	2.10	50.6%	69.1%
Power	0.70	1.70	0.42	1.27	143.8%	206.5%
Hospital and Diagnostic Centres	0.81	1.53	0.76	0.93	89.0%	23.4%
Automobile Industry	1.90	1.52	0.66	0.94	-19.9%	42.2%
Sea Transport	0.53	1.10	0.93	0.05	106.8%	-94.5%
Drugs and Pharmaceuticals	2.06	1.06	0.12	0.52	-48.3%	343.9%
Electrical Equipments	0.91	1.05	0.77	0.22	15.4%	-71.3%
Information and Broadcasting	0.47	0.85	0.74	0.42	83.2%	-42.8%
Chemicals, excl Fertilizers	1.85	0.84	0.41	0.73	-54.4%	76.8%
Consultancy Services	0.61	0.74	0.50	0.97	21.3%	93.5%
Electronics	0.54	0.70	0.29	0.84	28.8%	188.9%
Others	6.28	5.43	3.61	4.67	-	-
Total FDI in Equity	**43.74**	**43.00**	**20.01**	**27.59**	**-1.70%**	**37.86%**

Source: Avendus Spark Research | Latest available data | Amount in USD Bn.

OUTLOOK

MULTIPLE DRIVERS ARE IN PLACE FOR INVESTMENT CYCLE TO STRENGTHEN

TATA MUTUAL FUND

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7
	Downcycle	Cycle Bottom / Early Recovery	Midcycle	Late Cycle	Downcycle	Cycle Bottom / Early Recovery	Mid cycle / Late cycle
	1998-2002	**2003 – 2005**	**2006 – 2008**	**2009 – 2012**	**2013 – 2020**	**2021 – 2023**	**2024 – 2027**
	▪ Lower commodity prices ▪ NPA cycle was bottoming out; Banking system had excess liquidity ▪ Real Estate slowdown; Uncertain global market outlook	▪ Early signs of commodity price increase ▪ Electricity Act- Opening-up of power sector ▪ Higher Govt. Spend	▪ Strong private participation in power, steel and cement ▪ Commodity prices on strong up-move globally, triggering capex ▪ Pickup in residential real estate	▪ Excess capacity starts building up post '08-'09 crisis ▪ Leveraged private players especially in power and steel sector ▪ Demand drops due to global slowdown and domestic policy paralysis	▪ Lower commodity prices ▪ Adverse real estate cycle with massive excess inventories ▪ Excess supply across sectors ▪ Balance sheet repair with gradual consolidation in market share with a few players	▪ Balance sheet strengthens across large companies ▪ Large assets under NCLT resolved ▪ Falling corporate NPA cycle ▪ Residential Realty, Govt spend and favorable global demand ▪ PLI incentives system might pre-empt/fast track potential capacity addition	▪ Govt. Capex to flatten out while Pvt. Capex to take the baton ▪ PLI incentives to fast-track potential capacity addition ▪ Balance sheet to get leveraged across Pvt and Households
Govt Capex CAGR (%)	4%	23%	8%	11%	12%	31.8%	**The capex upcycle led by:** ▪ Demand-led Inflation should drive utilization and capex ▪ More brownfield capex to follow ▪ Import substitution ▪ Market share gain led Pvt. Capex ▪ Frenzy to add capacity
GFCF CAGR (%)	9.0%	12.5%	21.5%	14.4%	8.5%	24%	
Metal prices CAGR (%)	0%	24%	21%	5%	-4%		
WPI Inflation (%)	4.6%	5.5%	5.5%	8.1%	1.6%	7.9%	
Cost of Debt (%)	10.5%	6.7%	9.3%	9.2%	8.1%	7.3%	
Leverage (D/E)	Deleverage in 2002	Releveraging	Releveraging	Releveraging	Deleverage in 2021		
Slippages (%)	6.7%	3.6%	1.8%	2.2%	6.0%		
Corporate Credit growth (%)	12%	23%	24%	22%	3%	5.2%	
Liquidity/Excess SLR (%)	7.8%	16.3%	4.9%	4.7%	7.2%		
Capacity Utilization (%)	~80%	~85%	>90%	~75%	~70%	~72%	
Private sector in Public Infra	Low	Low	High	Very High	Low		
Residential Real Estate	Slowdown ⇩	Strong Growth ⇧	Moderate Growth ⇔	Strong Growth ⇧	Slowdown/Consolidation ⇩		
Global Outlook	Negative	Positive	Very Positive	Negative	Positive since Oct-20		

Note: *Government Capex is the Central & State Government spend CAGR during the specific periods, GFCF – Gross fixed capital formation; Metal price is USD price of Copper and Steel; WPI – Average inflation during that period; Cost of debt is 10 yr AAA corporate bond yield; Capacity Utilization is average utilization of steel, cement and aluminum capacity ; Source: RBI, Ministry of Commerce, Avendus Spark Research*

PORTFOLIO STRATEGY

Active exposure in Mid & Small Caps to capitalise on investment cycle led economic growth

Actively seeking GARP opportunities (Value with Triggers, Earning Upgrade Cycle) on bottom-up basis; valuation discipline key in high interest rate regime

Based on Internal Views and subject to change

PORTFOLIO STRATEGY

- Balanced portfolio strategy to capitalise on the various pockets of strong earnings recovery and outlook
- Drivers of growth cutting across Investment Cycle, Power, Capital goods and Real estate
  - Recovery in investment cycle led by healthy cash flows in the corporate sector and government's counter-cyclical fiscal policy has led to outperformance in industrial/capital goods sector. High valuations and rising execution risks however has led to reduce exposure and stock-specific approach in the last few months.
  - Recovery in power demand, capex in generation (renewable + thermal) and transmission implies positive for power sector. Incremental approach is bottom-up as optimistic assumptions have got progressively factored in the valuations.
  - In Financials, after a period of margin expansion and lowering credit costs, growth has normalised. Large private sector banks could lead the next re-rating as the deposit pressure abates, rate cut impact gets delayed and asset quality impact from unsecured loans/MFI is relatively low. Valuations are undemanding hence not pricing in much improvement in fundamentals which lends itself to positive earning surprises.
  - With an increasing number of companies seeking digital solutions, IT spends have gone up structurally. Prospects of tax cuts in US and higher IT spending leads us to reduce the sector underweight on IT in portfolios.

RESILIENT DOMESTIC MACROS

TATA MUTUAL FUND

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	Latest*
GDP Growth (%)	6.6	7.2	7.9	7.9	7.3	6.1	4.2	-7.4	4.5	7.2	8.2	6.6
CPI Inflation (%)	9.5	5.9	4.9	3.8	3.6	3.4	5.8	5.5	7	5.7	4.8	6.21
Current Account Deficit (% of GDP)	-1.7	-1.3	-1.1	-0.6	-1.8	-2.1	-0.9	0.9	-1.2	-2.7	-0.6	-1.1 E
Fiscal Deficit (% of GDP)	-4.5	-4.1	-3.9	-3.5	-3.5	-3.4	-4.6	-9.3	-6.7	-6.4	-5.6	-4.9 E
Crude Oil (USD/Barrel)	107	53	39	60	58	65	23	59	111	80	87	74
Currency (USD/INR)	60	63	66	65	65	70	75	73	76	82	83	85
Forex Reserves (USD bn)	304	342	356	370	424	413	490	579	606	579	646	658
GST collections (lakh Cr.)							10.2	11.4	14.8	18.1	20.2	14.3

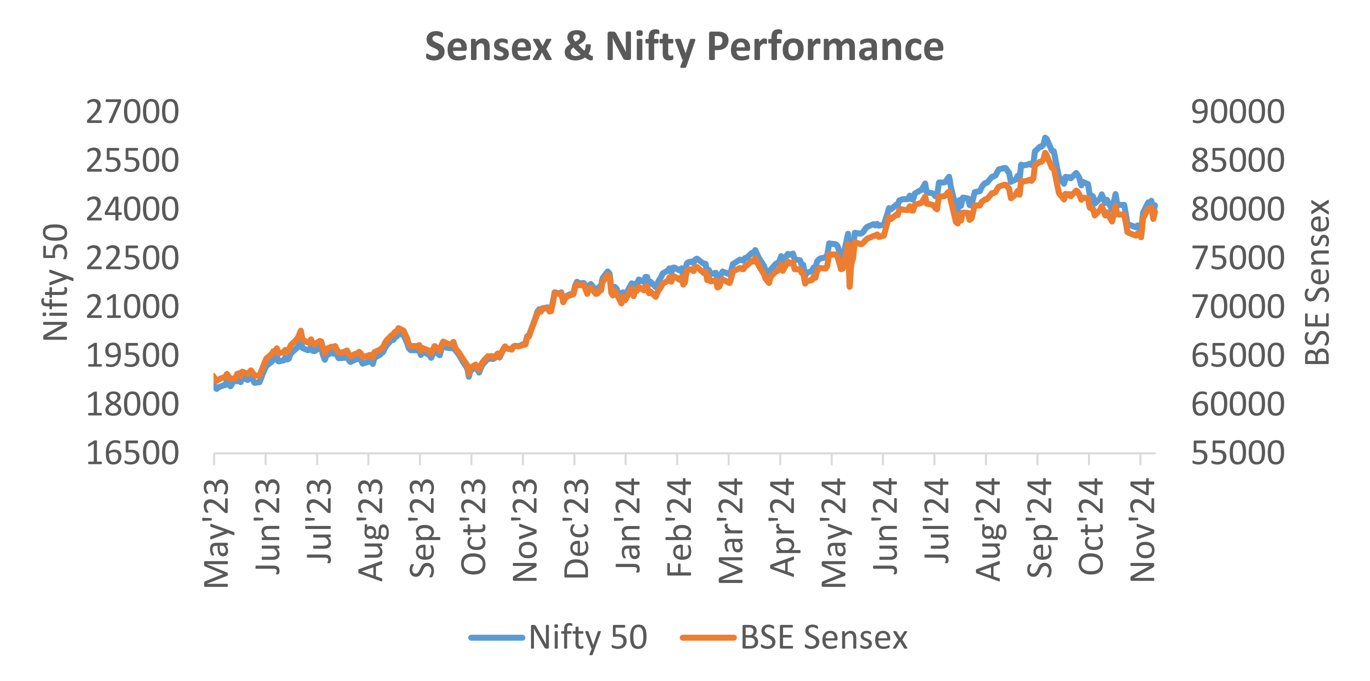
Source : Bloomberg

*Crude oil, Currency, Forex Reserves and GST collections as on 30th Nov 2024 | GDP growth, CPI Inflation, Current account deficit and fiscal deficit – Latest available.

MARKET PERFORMANCE

BROAD MARKET UPDATE

TATA MUTUAL FUND



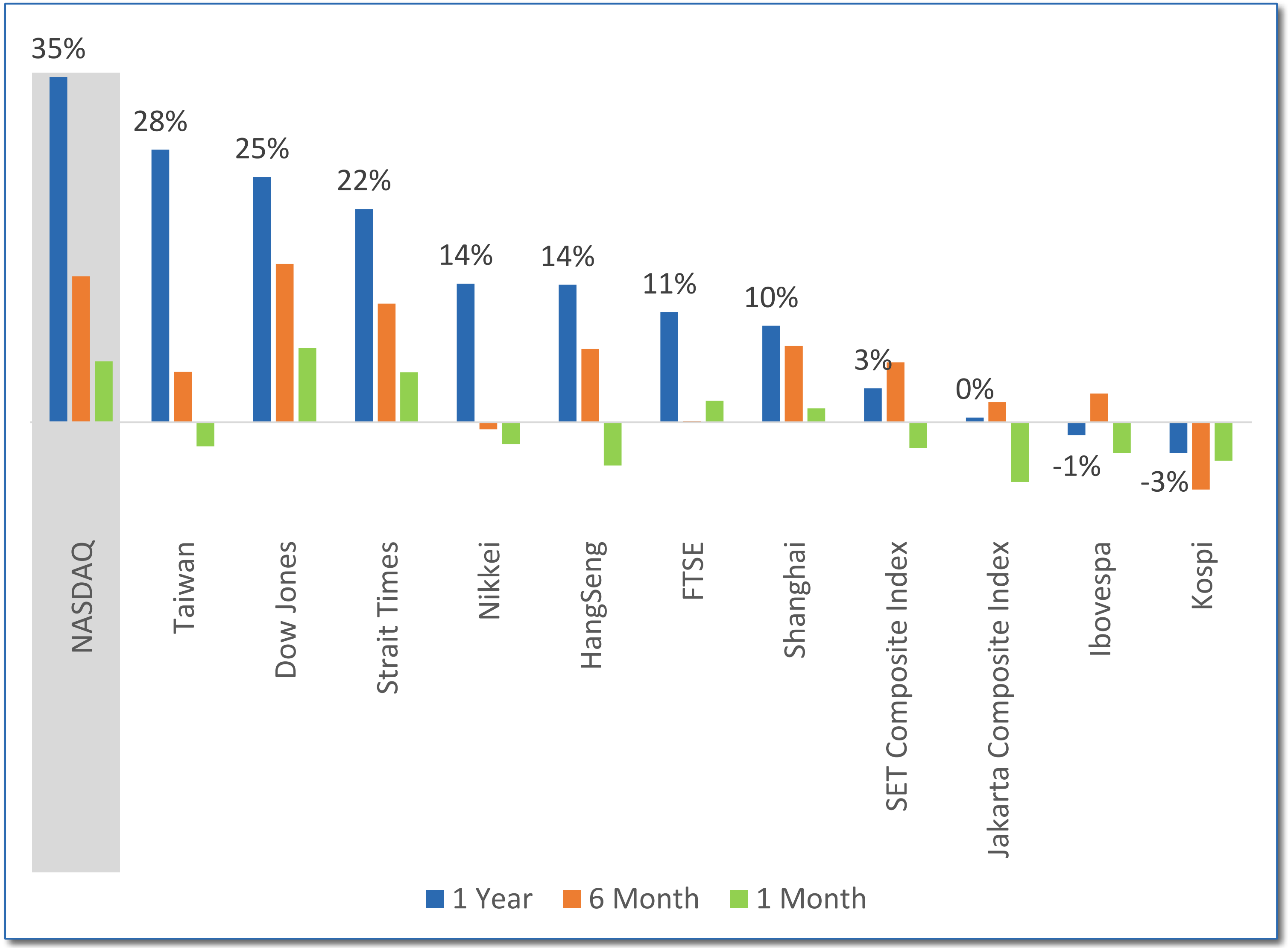
	Sensex	Nifty 50
FYTD	8.35%	8.08%
CYTD	10.47%	11.04%
1 Month	-0.17%	-0.86%

- NIFTY 50 ended the month at 24,131.1 (-0.86%).
- The index continue to fall amid high FII outflows starting from the fag end of Sep 2024.
- Only 39 out of 50 constituents closed higher MoM and 17 have outperformed the benchmark.
- FIIs have turned net sellers of shares worth INR 29,596 Cr. this fiscal year after historically high outflows last month.
- The market decline was attributed to subdued quarterly results and FII flows shifting towards China and pro US centric sentiment.

SOURCE: Bloomberg | Past performance may or may not be sustained in future

Data as on 30th Nov 2024

GLOBAL MARKETS PERFORMANCE

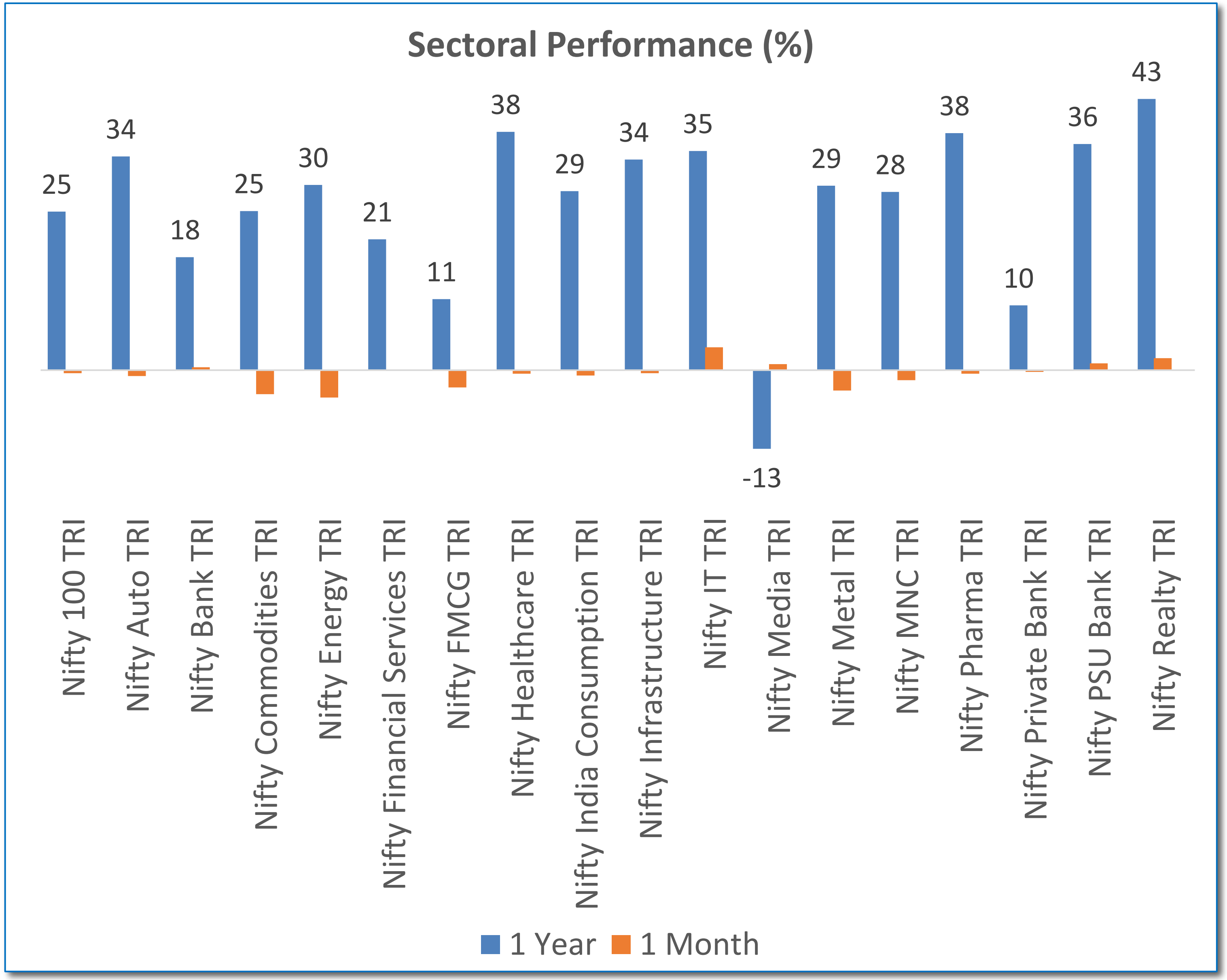


- The performance of global markets has been largely driven by the themes of Artificial Intelligence and central bank policy.
- U.S. equities staged a broad-based, post-election rally in Nov as all the major indices touched new highs. The President-elect Donald Trump's administration may quickly enact economic policy that his campaign ran on, including lower taxes, higher tariffs and government deregulation which investors hope will foster economic growth.
- Due to prevailing uncertainty around U.S. policies against China the Hang Seng index fell by 4.40% and Shanghai Composite index gained 1.4% in the month of Nov 2024.

SOURCE: Bloomberg | | Past performance may or may not be sustained in future

Data as on 30th Nov 2024

SECTORAL PERFORMANCE

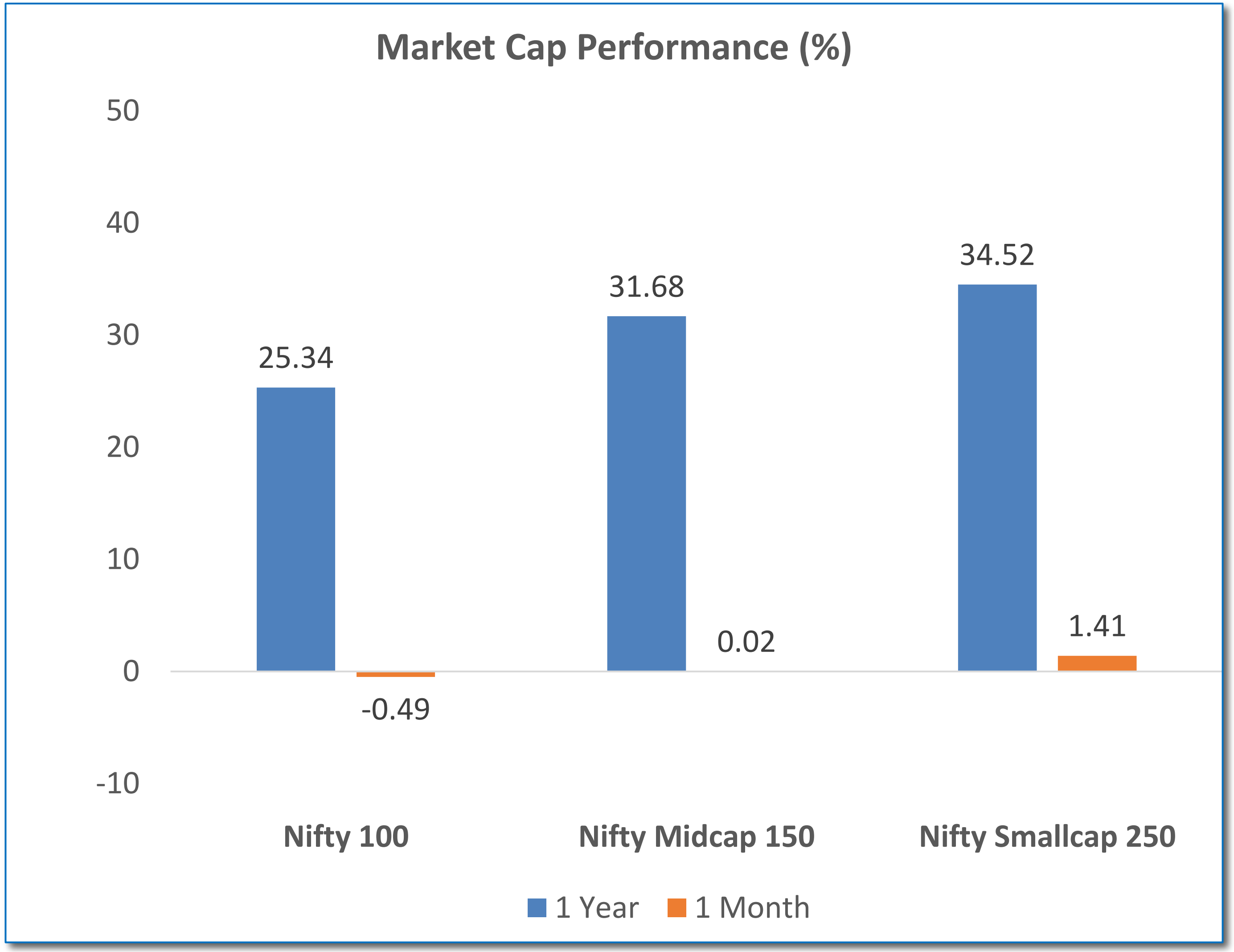


- On the sectoral front Media, Financial Services and FMCG have underperformed the Nifty 100 index in a 1-year period. Sectors that outperformed Nifty 100 includes Realty, Healthcare, Pharma, Auto, IT, etc. in 1-year returns
- For the year ending Nov 24, Realty (~43%) and Healthcare (~38%) made the highest gains while Media (~-13%) and FMCG (~11%) were the lowest performers.

SOURCE: Bloomberg | All indices are TR indices | | Past performance may or may not be sustained in future

Data as on 30th Nov 2024

MARKET CAP PERFORMANCE

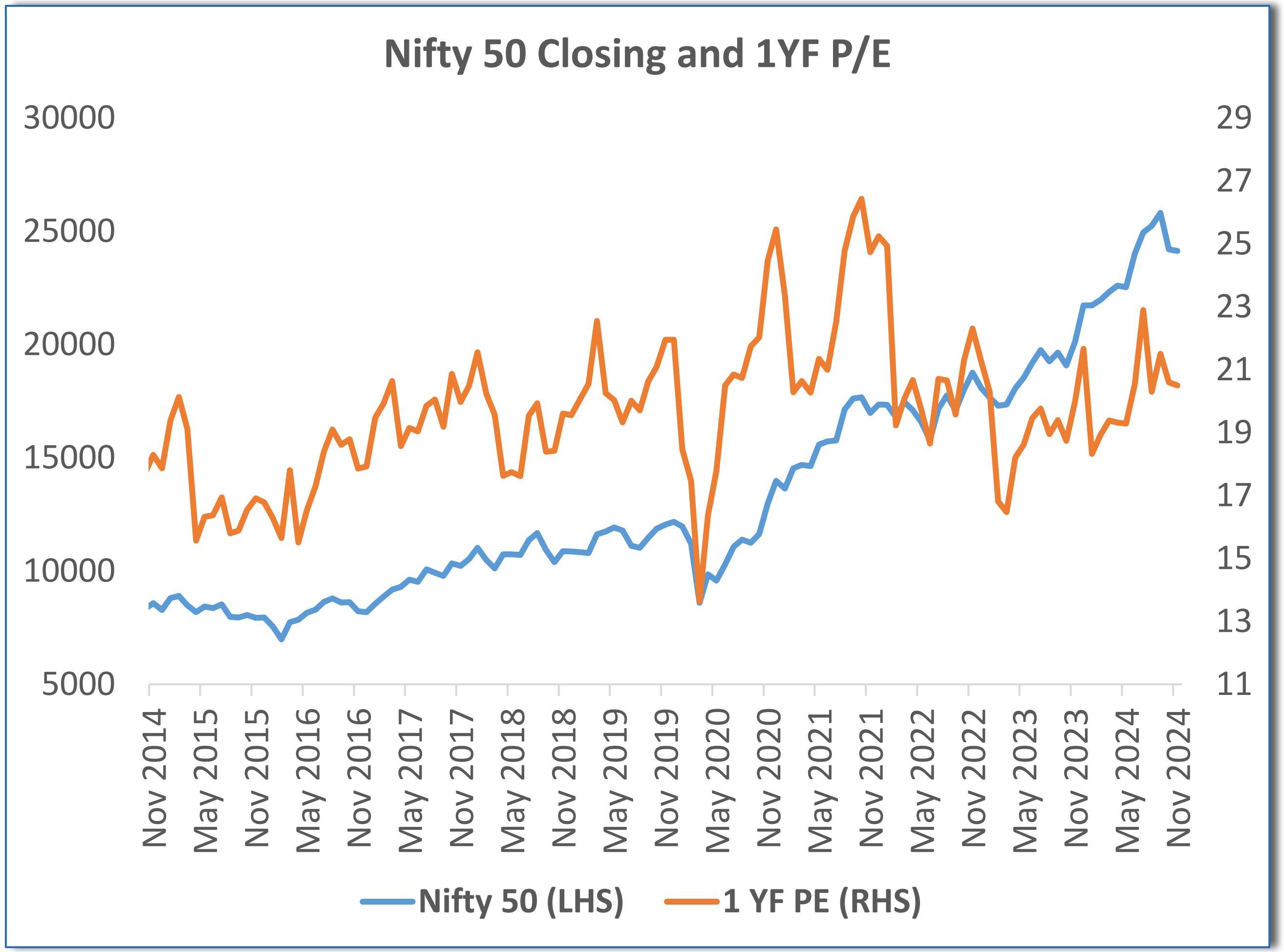


- Mid-cap and small cap index have outperformed the large cap index in 1 year period.
- Small-cap index continue to outperform large and midcap indices.
- Large caps have not performed better than mid and small caps in the past month.

Data as on 30th Nov 2024

SOURCE: Bloomberg | Indices are TR indices | Past performance may or may not be sustained in future

NIFTY INDEX PERFORMANCE AND VALUATION TRENDS



- In Nov 2024, markets fell marginally in Nov 24, on account of geopolitical tensions, weak quarterly performance, highest ever monthly selling by FII.
- Volatility reduced in the month of Nov due to easing geopolitical tensions in the middle east.
- Market sentiments dampened due to poor quarterly results amid high valuations.
- Nifty 50 ended the month the month of Nov 2024 at 24,131 after reaching a all time high of ~26,200 in the month of Sep 2024.

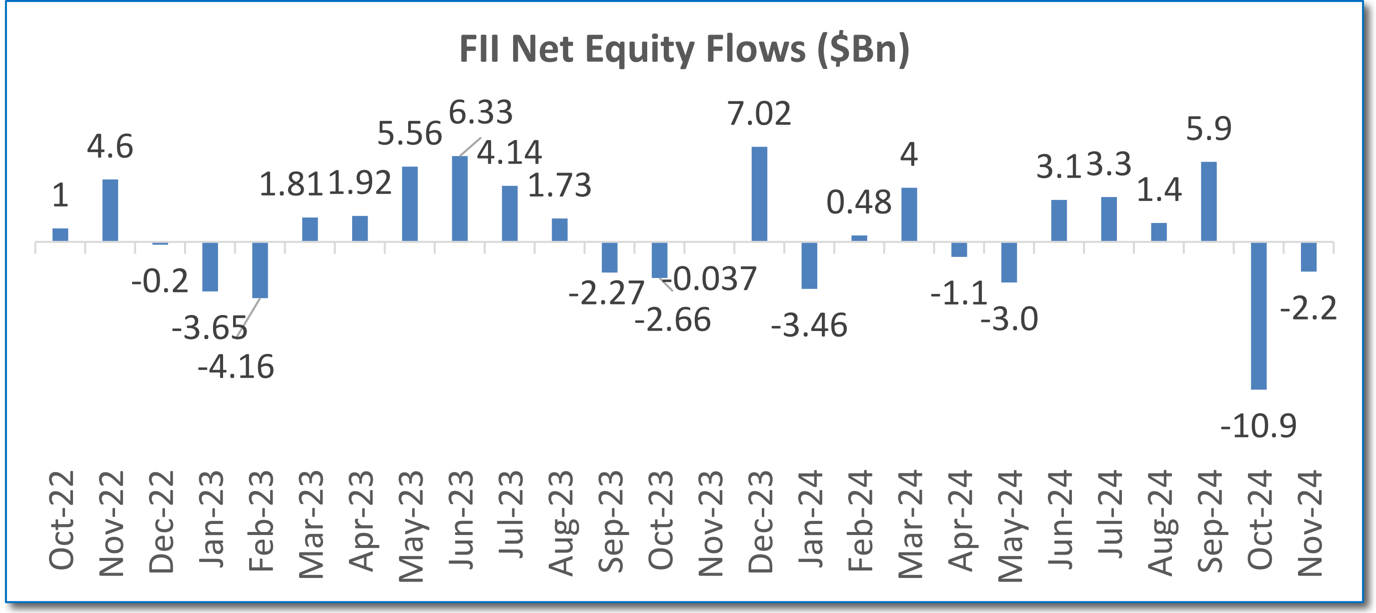
SOURCE: Bloomberg | * Volatility Index | Past performance may or may not be sustained in future

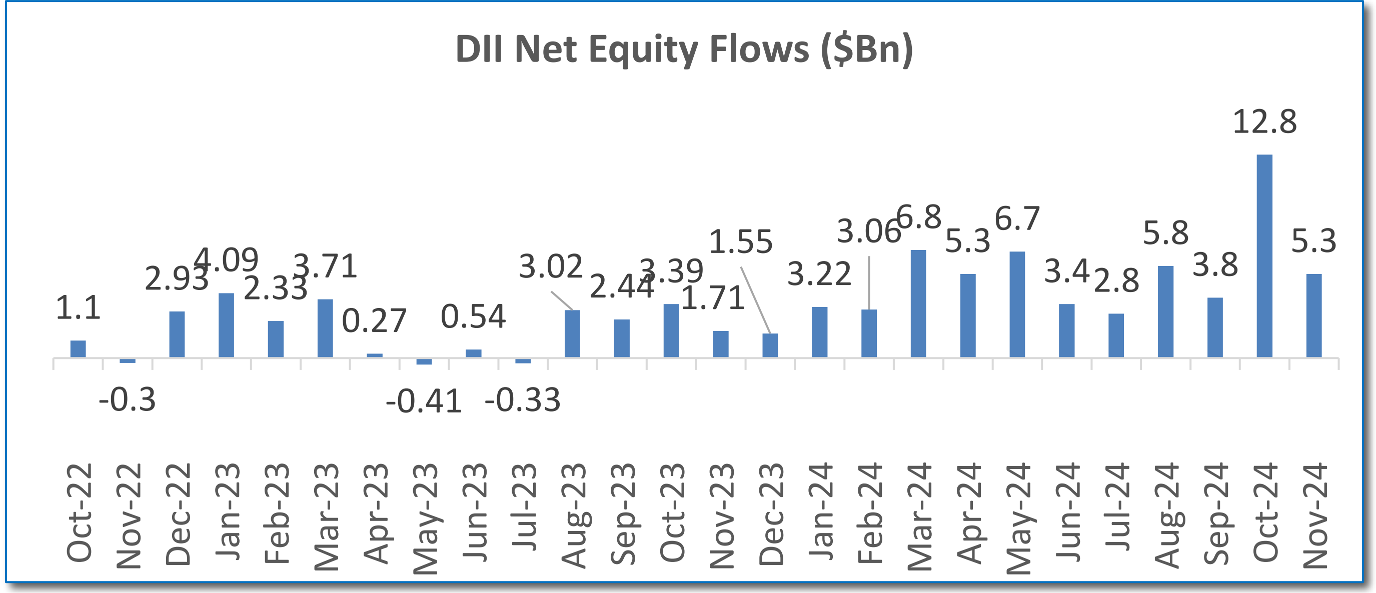
Data as on 30th Nov 2024

FLOWS

FLOWS

DII INFLOWS REMAIN STRONG; FII TURNS GREEN





SOURCE: Bloomberg, J.P. Morgan

- In Oct24, FIIs recorded largest ever monthly outflows of USD 10.9 bn. FIIs continues to remain net sellers in Nov-24. Total FII outflows in FY 25 amounts to USD 3.5 bn.

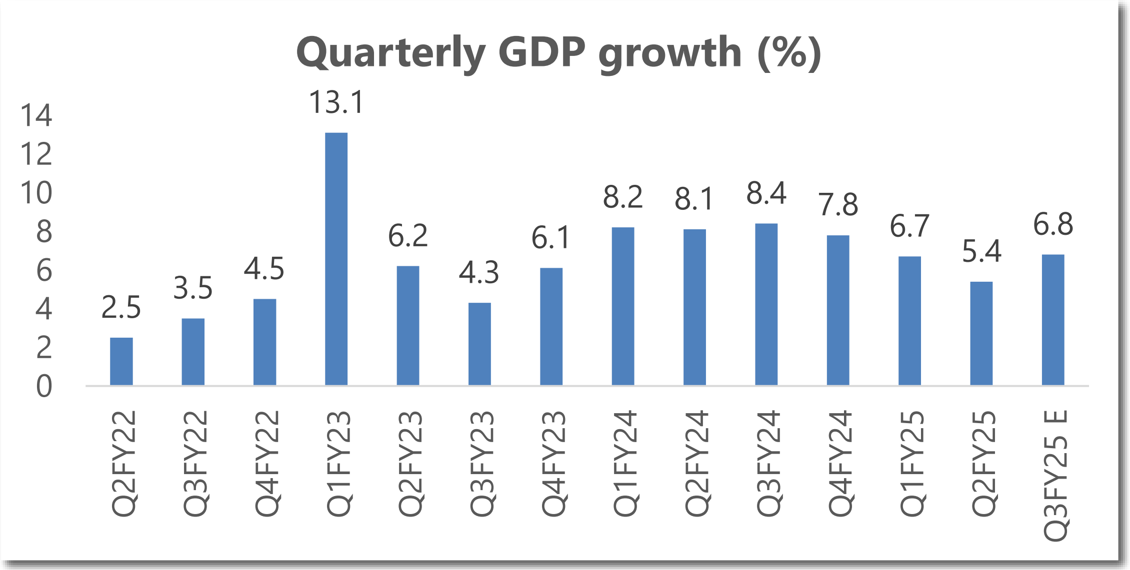
- FII rotation from India to China, as Indian markets were relatively more expensive. This shift may further impact flows into emerging markets like India. In Sep-2024, China saw FII inflows of USD 96 bn.

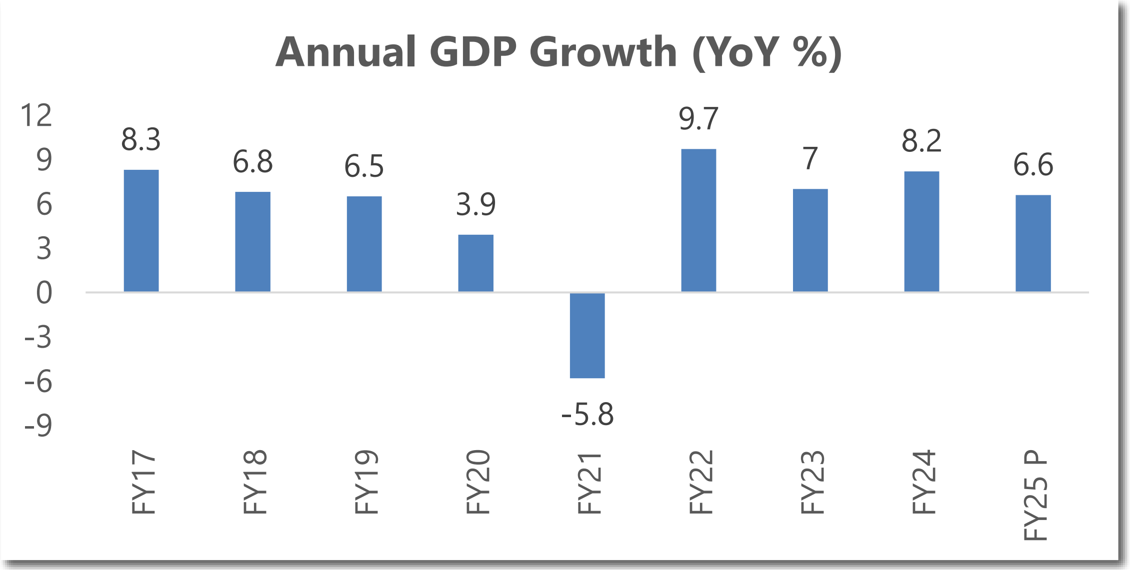
- FII flows are also moving towards the US as the US economy is expected to perform relatively better due to potential actions by the upcoming US administration.

- DIIs flows continuous to remain strong and even covering for the high FII outflows as they continues to be net buyers for the 16th consecutive month of inflows in Nov’24 at USD 5.3 bn. Total inflows from DIIs in FY 25 amounts to USD 45.9 bn.

Data as on 30th Nov 2024

MACROS





- Real GDP is expected to grow by 6.8% in 3QFY25 by RBI. Slowdown in domestic growth has bottomed out in Q2 FY25 as indicated by RBI's reading of high frequency indicators.

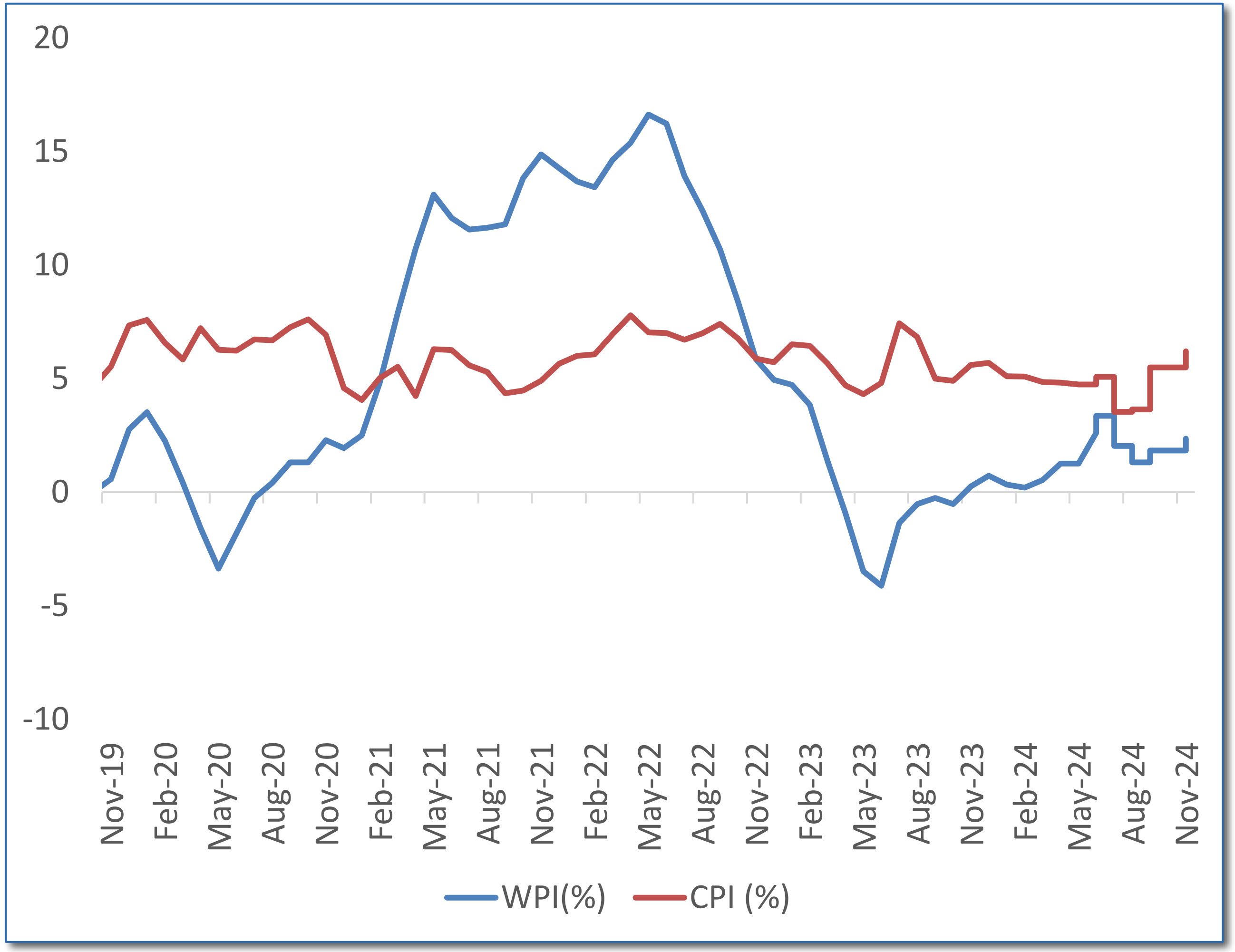
- Growth momentum is expected to improve in H2FY25, supported by rural demand and rise in government expenditure.

- As per RBI in its Dec MPC meeting the real GDP growth for FY 25 is projected at 6.6 % with robust & healthy expected growth across all quarters-
  - Q3FY25 at 6.8 %
  - Q4FY25 at 7.2 %
  - Q1FY26 at 6.9 %
  - Q2FY26 at 7.3%

Source: MOSPI, RBI, SBI | E – Estimate | P - Projected

*Latest available data

INFLATION

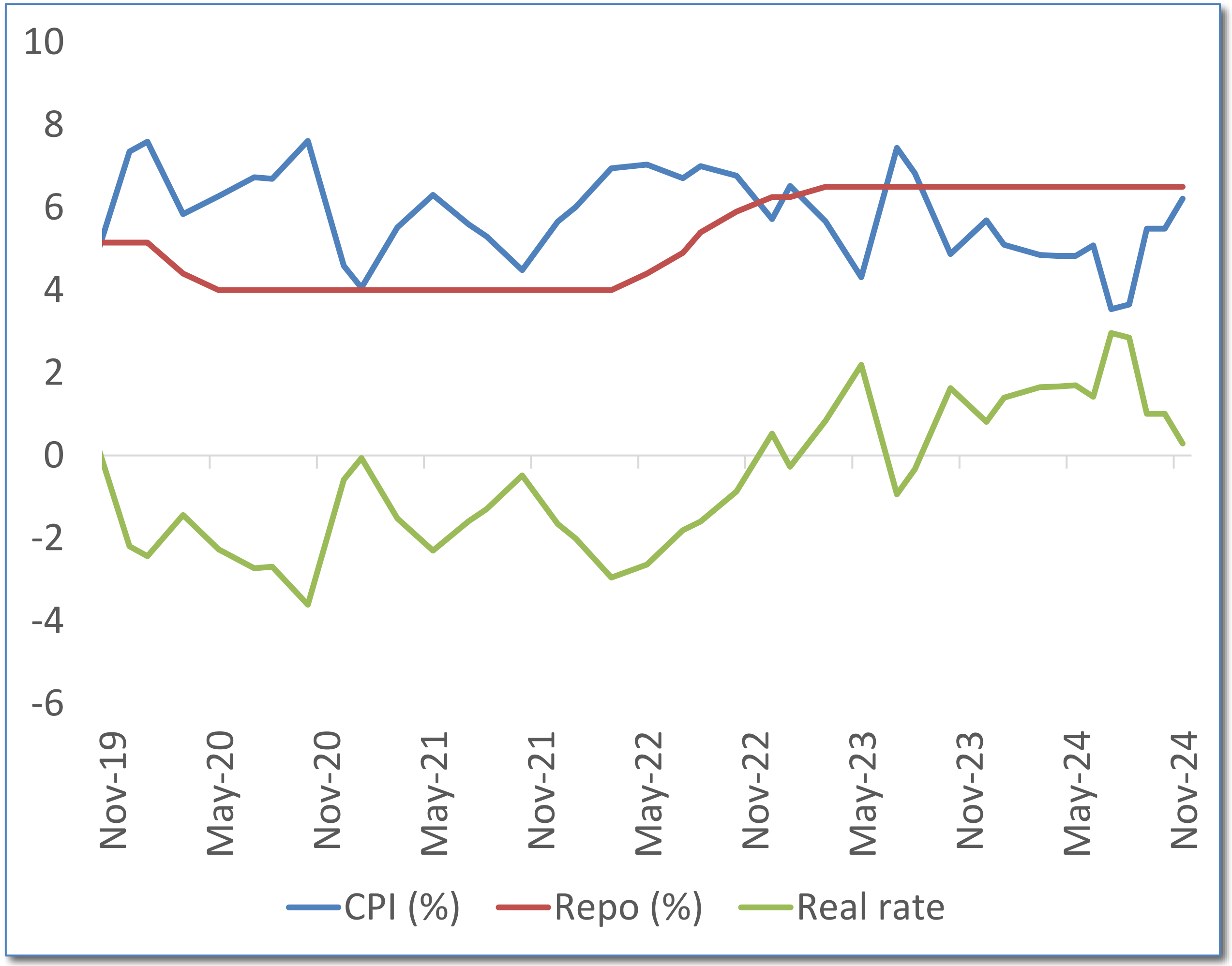


- The CPI-based inflation for the month of Oct spiked to the levels of 6.21%. Corresponding inflation rate for rural and urban is 6.68% and 5.62%, respectively.
- High food inflation in Oct was mainly due to increase in inflation of vegetables, fruits and oils & fats.
- The rate of inflation based on WPI Food Index increased from 9.47% in Sep to 11.59% in Oct 2024.
- WPI saw a rise in Oct 2024 reaching 2.36% from 1.84% levels in Sep 2024. The month over month change in WPI index for the month of Oct 2024 stood at 0.97 % as compared to Sep 2024.

SOURCE: Bloomberg | GOI

Latest available data

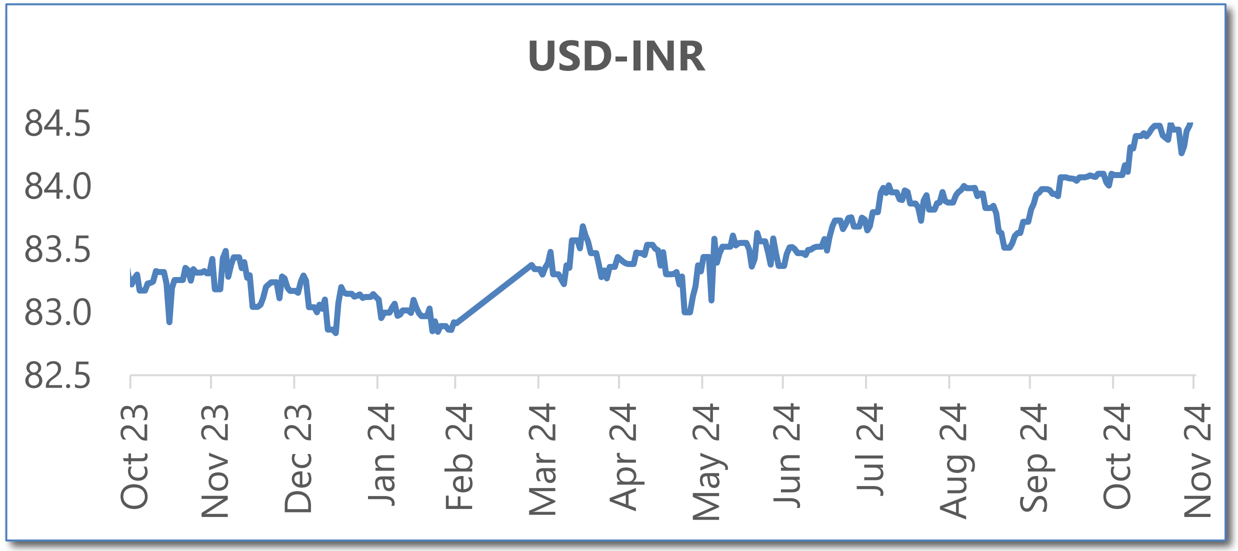
REAL RATES

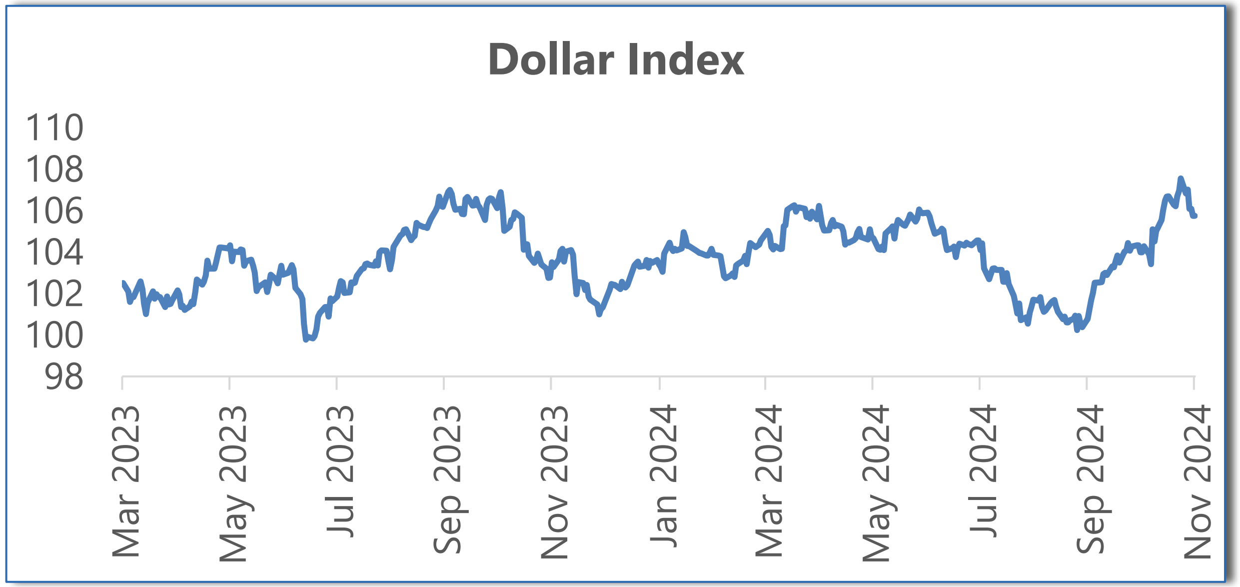


- In the Dec MPC meeting the RBI maintained a status quo on the repo rate keeping it unchanged at 6.5%.
- Although, the MPC decided to cut the CRR by 0.5%, focusing on infusing durable liquidity. Market participants are expecting a 25-bps rate cut in the Feb MPC.
- The RBI maintained the real GDP growth forecast for the current fiscal year at 6.6%
- The primary risks includes challenges from geopolitical tensions, volatility in international commodity prices, actions of central banks of developed economies and geoeconomic fragmentation.

SOURCE: Bloomberg

Latest available data



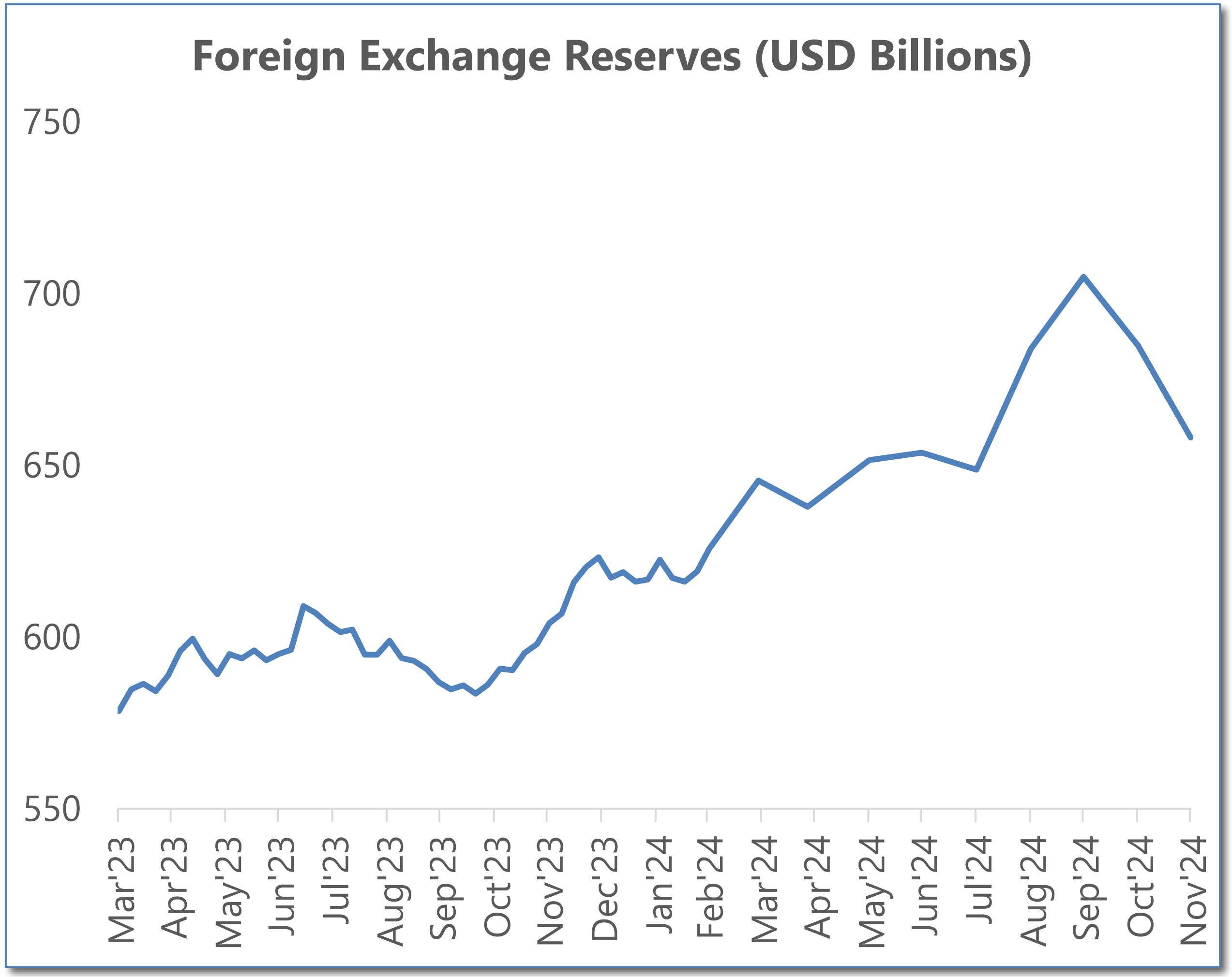


- The performance of INR is weighed down by the strong USD.
- The USD-INR exchange rate fluctuated between 84.09 and 84.56 with an average of 84.37 in Oct 2024.
- Indian currency is showing resilience due to strong macro economic indicators and proactive RBI interventions through forex reserves.

SOURCE: Bloomberg

Data as on 30th Nov 2024

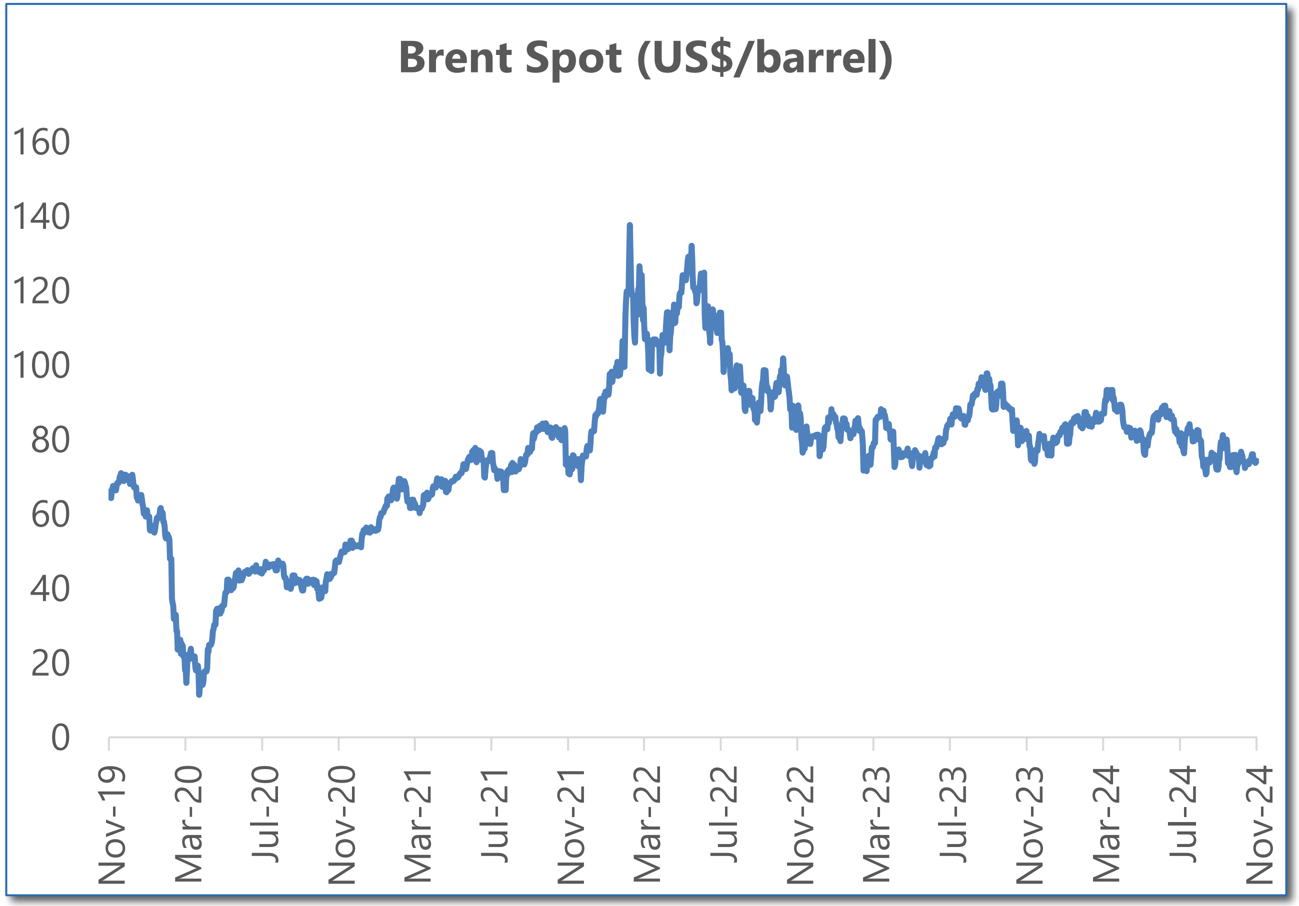
FOREX RESERVES



- India's Foreign exchange reserves dropped in Nov due to continuous pressure from strong USD. Standing at USD 658 bn in Nov 24 from USD 685 bn in Oct 24.
- In CY 2024, the rise in FX reserves amounts to ~ USD 35 Bn.
- India's forex reserves includes but not limited to foreign currency assets, Gold reserves, Special Drawing Rights (SDR) and Reserve positions in IMF.
- The central bank intervenes in the spot and forwards markets to prevent runaway moves in the rupee and acts as a rupee stabilizer.
- Apart from the central bank's intervention, changes in foreign currency assets, expressed in dollar terms, include the effects of appreciation or depreciation of other currencies held in the RBI's reserves.

SOURCE: Bloomberg | RBI

Data as of 30th Nov 2024



- Brent spot prices rose by ~1.34% in Nov 2024.
- Oil prices settle down after easing of middle east tensions.
- Declining oil demand from China, the world's largest crude oil importer, remains a drag on global oil consumption and prices. While crude oil prices may benefit from the fiscal stimulus announced by the Chinese government.
- World oil demand continues to decelerate in 2Q CY2024, the slowest quarterly increase since 4Q CY2022.

SOURCE: Bloomberg | BPD- Barrels per day

Data as on 30th Nov 2024

INTEREST RATES

Country	Rate	Central Bank Rate	CPI YoY	Real Rates
US	Fed funds	4.63%	2.6%	2.0%
UK	Bank Rate	4.75%	2.3%	2.5%
Canada	Overnight	3.75%	2.0%	1.8%
Switzerland	Target Rate	1.00%	0.7%	0.3%
Eurozone	Deposit rate	3.25%	2.3%	1.0%
Japan	Policy rate	0.25%	2.3%	-2.1%
Australia	Cash rate	4.35%	2.1%	2.3%
South Korea	Repo rate	3.00%	1.5%	1.5%
Taiwan	Discount rate	2.00%	2.1%	-0.1%
China	Loan Prime rate	3.10%	0.3%	2.8%
India	Repo rate	6.50%	6.2%	0.3%
Russia	Key Policy rate	21.00%	8.5%	12.5%

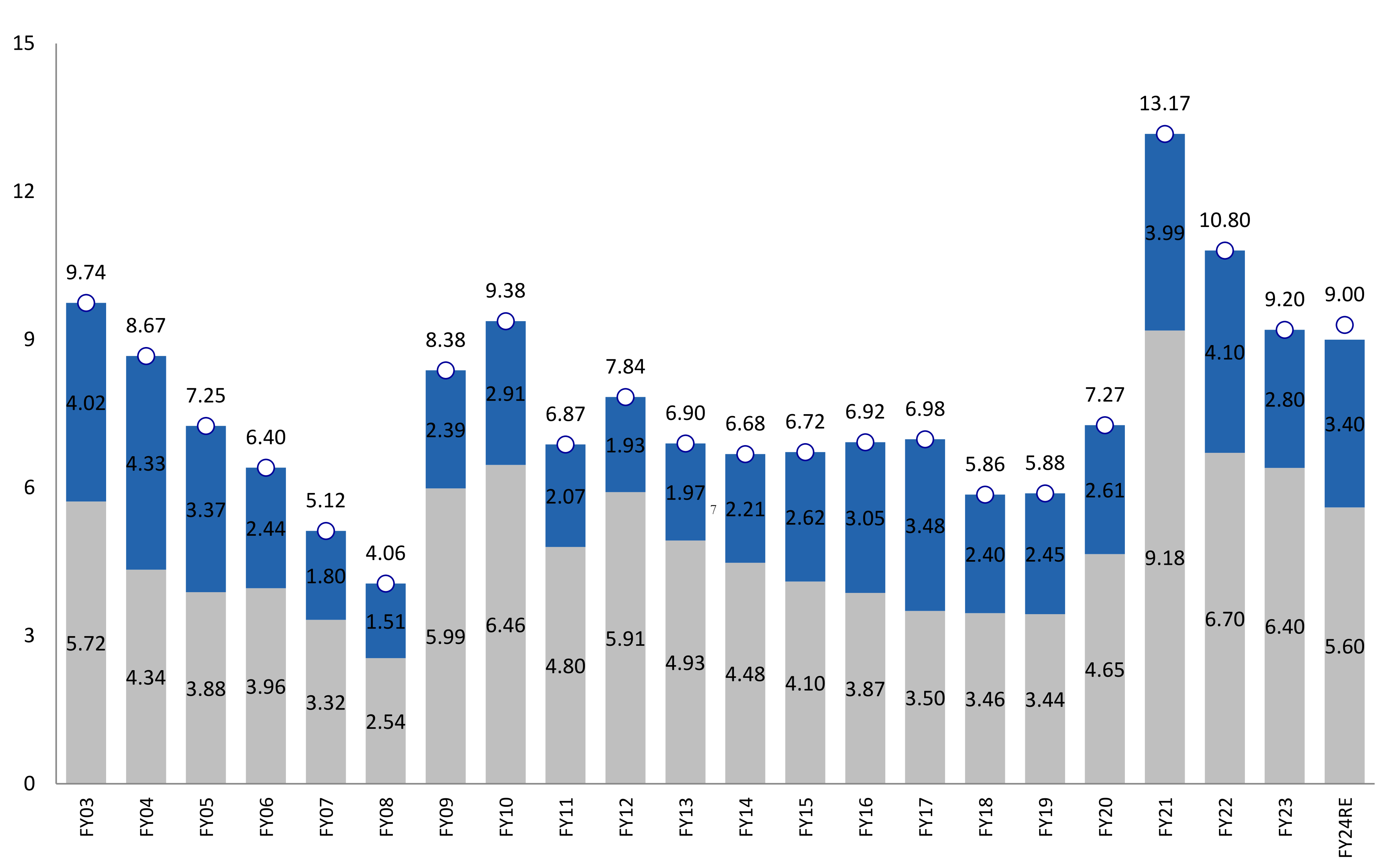
- Over the last 2 FOMC meetings, US Fed had conveyed that it is now getting attentive to both sides of the dual mandate - inflation and employment data, as compared to focusing only on the former.
- FOMC cut its policy rate in Nov 24 for the second time by 25 bps to 4.50% to 4.75%.

SOURCE: Bloomberg

Data as on 6th Dec 2024

MACRO

FISCAL DEFICIT



- The government contained the fiscal deficit at 5.6% of the GDP in FY 24, compared with the Revised Estimates of 5.8 per cent.
- Revenue expenditure has risen by Rs. 547bn vs. the interim budget Rs. 722bn. The surplus has been used to reduce the fiscal deficit from 5.1% of GDP to 4.9% in FY25 (by 0.2% of GDP).
- Fiscal consolidation has become the top priority of the Govt. as no meaningful extra allocation has been made for capex or rural / welfare schemes compared to the interim budget FY25.

SOURCE: Bloomberg ; BE- Budgeted Estimate, RE – Revised Estimate

Latest available data

MACRO

MONTHLY KEY MACRO INDICATORS

TATA MUTUAL FUND

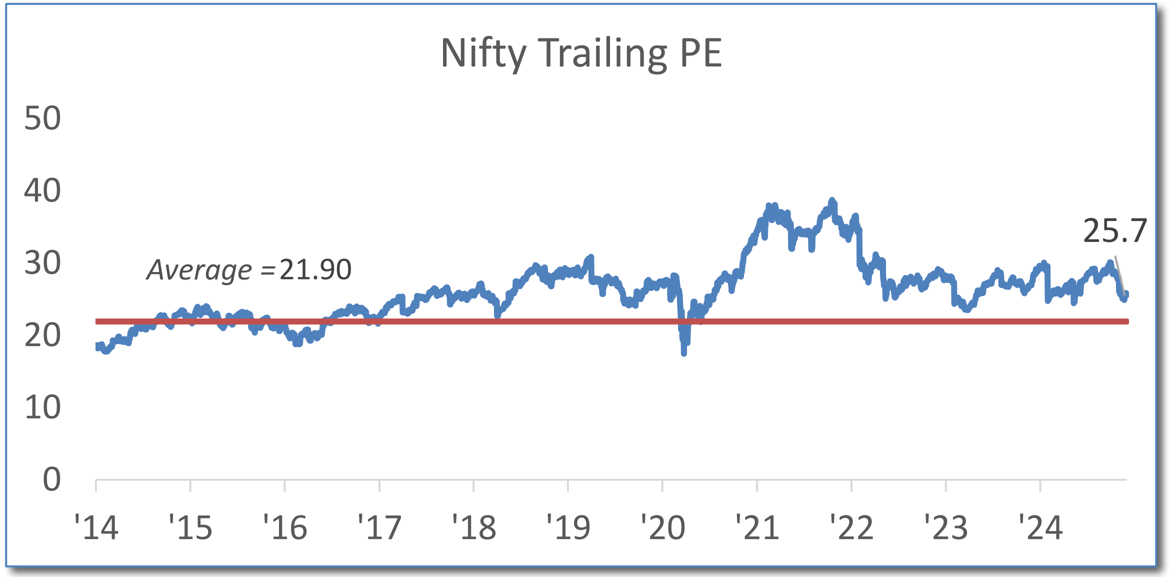
	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Trade Balance (USD Bn.)	-19.37	-31.4	-20.6	-19.8	-17.5	-18.7	-15.6	-19.1	-22.4	-21	-23.5	-29.7	-20.8	-27.1
Crude Indian Basket (USD)	93.5	90.1	83.5	77.4	79.2	81.6	84.5	89.5	83.6	82.55	84.15	78.27	73.69	75.12
Bank Credit (Industry %)	6.5	5.4	6.1	8.1	7.8	8.6	8.9	6.9	8.9	8.1	10.2	9.8	9.1	8
Bank Credit (Services %)	21.3	20.1	21.9	19.6	20.7	21.2	20.8	19.2	20.7	15.1	15.4	15.6	15.2	14.1
Bank Credit (Retail)	18.2	18	18.6	17.7	18.4	18.1	17.7	17.4	17.8	16.6	17.8	16.9	16.9	16.6
Manufacturing PMI	57.5	55.5	56	54.9	56.5	56.9	59.1	58.8	57.5	58.3	58.1	57.5	56.5	57.5
Services PMI	61	58.4	56.9	59	62	60.6	61.2	60.8	60.2	62.3	60.3	60.9	57.7	58.5

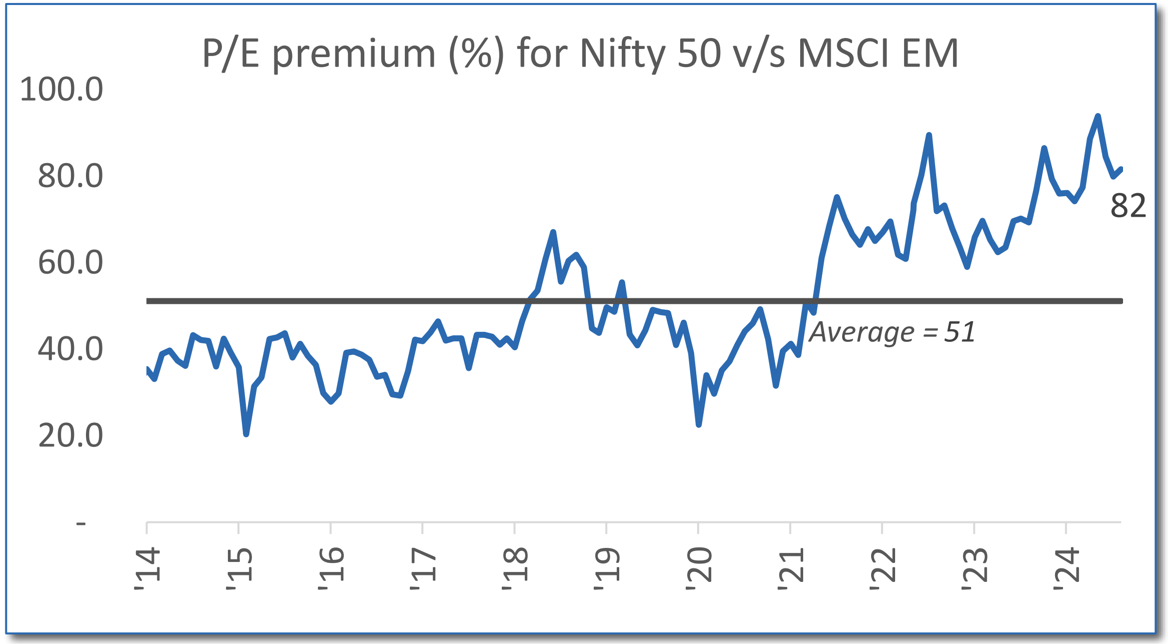
SOURCE: Bloomberg | Data – Latest available

Latest available data

VALUATION

INDIA VALUATION VS EMERGING MARKETS





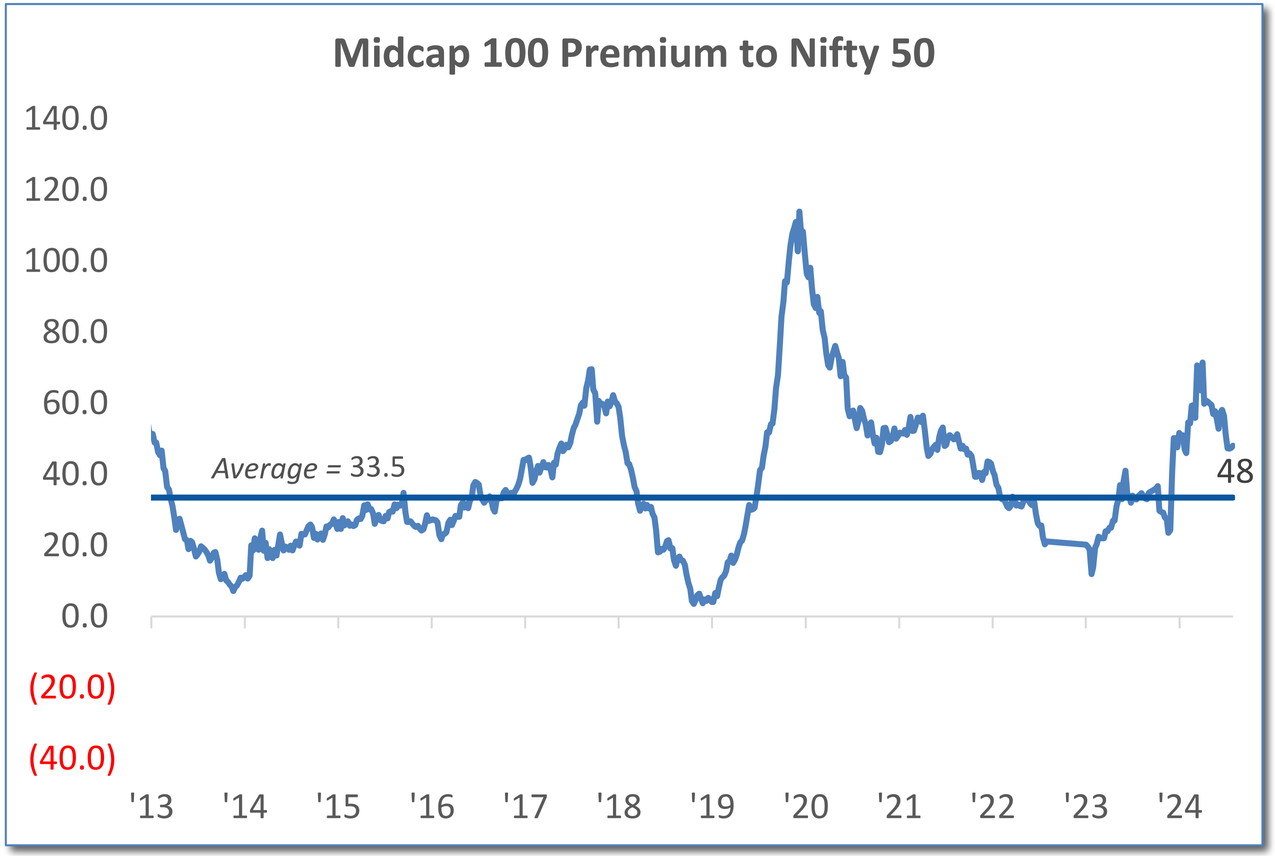
- 1-year forward PE for Nifty 50 stands at ~20.5x and is fairly valued with its 10-year forward multiple and it is ~ 16% below its peak multiple in FY 19 of ~24.5x.
- 1-year trailing PE for Nifty 50 stands at 25.7x, higher than its 10-year historical average.
- Earnings for FY26 remains key to sustain valuations; Strong USD could continue to impact EM follows.
- In P/E terms, the Nifty 50 is trading at ~82% premium to the MSCI EM index, above its historical average of ~51%.
- Geopolitical risk, and Crude price remains a key risks especially post the recent escalation in the Middle East conflict.
- The US presidential election results have increased volatility in capital markets as potential actions by the US administration seems inflationary. This may impact the flows moving towards emerging market economies.
- Any shift in Government's fiscal priorities away from capex needs to be monitored.

SOURCE: Bloomberg estimates

Data as on 30th Nov 2024

MID CAP VALUATION

TATA MUTUAL FUND



- The headline valuation premium for Nifty Midcap 100 vs Nifty 50 has come down to 48% by the end of Nov 2024 from the highs of ~71% in July 2024.
- Amid high valuations within the mid and small cap space, Large caps with better risk-reward in the short term.
- There will be more selective investment opportunities in mid and small caps in the near term.
- Broad-based economic & investment cycle recovery implies sustained opportunities in mid and small caps in the long term.

SOURCE: Axis Capital

Data as on 30th Nov 2024

THANK YOU

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully