



PL Capital
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ASSET
MANAGEMENT

PMS Strategy

Updates and Insights

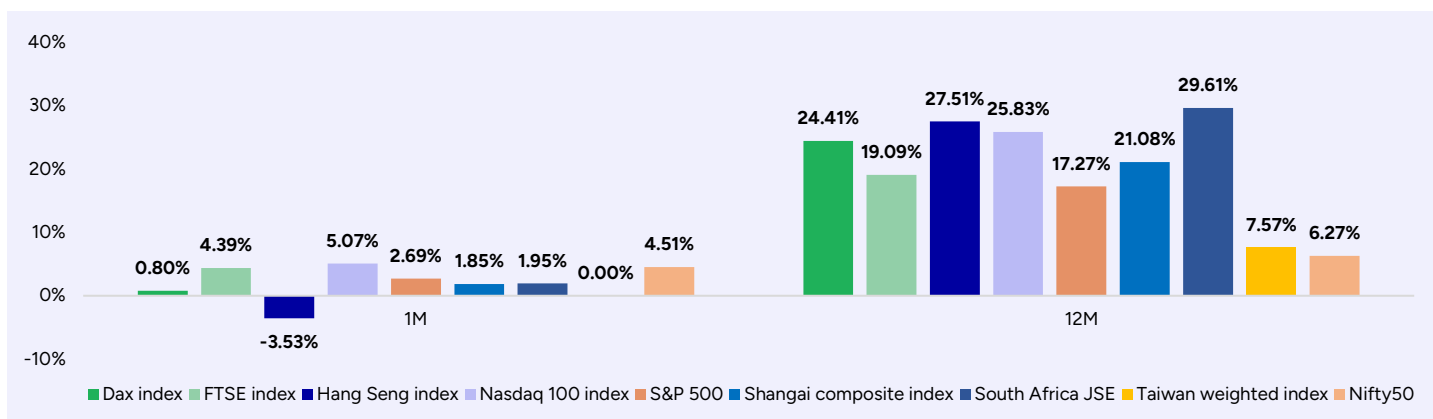
**India's Market Resilience Deepens as
Risk Appetite Rebounds and Earnings
Cycle Stabilizes**

Indian Equities Stage Strong Comeback Amid Festive Demand and Global Optimism

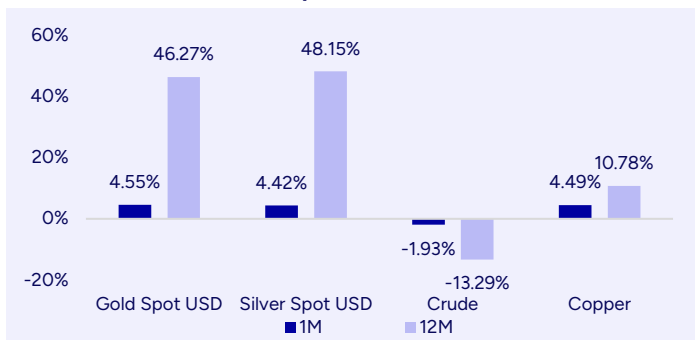
Equities Rally as Festive Demand, Earnings Momentum, and Fed Easing Hopes Drive Global Optimism; India Leads with Record Retail Inflows, Stable Macros, and Rebound in FII Flows

- Global equities extended gains in October, supported by progress in U.S.–China trade talks and expectations of a Fed rate cut.
- India outperformed global peers, driven by robust Q2FY26 earnings, strong festive consumption, and improving foreign flows, with PSU Banks, Capital Markets, Metals, Defense and Realty leading the rally while IT and Media remained subdued.

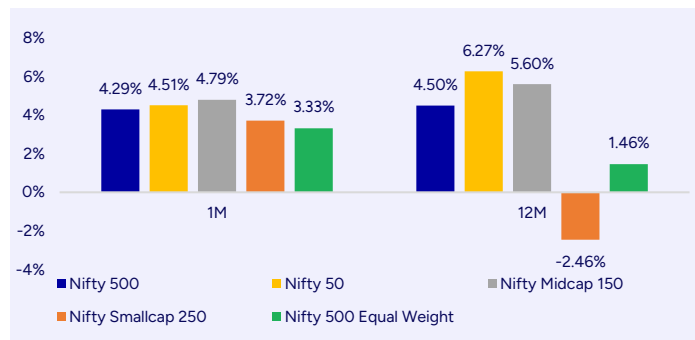
India Outshines Global Peers on Strong Festive Consumption, Earnings Momentum, and Revival in FII Flows



Gold Rally Pauses After Sharp Correction; Precious Metals Turn Range-Bound Amid Fed Cues, Stable Dollar, and Softer Geopolitical Risks



Equities Advance Across Segments in October; Large Caps Lead While Broader Indices Maintain Uptrend



Indian Macro Trends Remain Supportive but External Headwinds Dominate

- Inflation & Policy:** CPI eased to 1.54%, the lowest since 2017. The RBI held the repo rate at 5.5% and raised the FY26 GDP forecast to 6.8%, with the rupee stable at 88.76/USD despite a firmer dollar index at 99.56 (+2.13%).
- Activity Indicators:** Manufacturing PMI rose sharply to 59.2 from 57.7 in September, signaling robust industrial expansion. SIP inflows hit a record ₹29,361 crore, underscoring strong retail participation and domestic liquidity.
- Macro Drivers:** Festive demand, GST cuts, and adequate banking system liquidity continue to anchor growth momentum. Earnings downgrades have largely bottomed out, aided by record festive sales of over \$67 billion across autos, electronics, and consumer durables.
- Notable Positives:** Revival in FII flows and steady domestic inflows support a constructive setup. Neutral valuations, moderating trade tensions, and firm macro indicators reinforce confidence in India's ongoing growth upcycle.

Earnings Cycle Stabilization and Liquidity Support Reinforce Constructive Market Setup

- Short-term:** Markets are likely to remain resilient yet range-bound as investors evaluate the Q2FY26 earnings trajectory, evolving sector rotation patterns, and the implications of global rate expectations. Notably, trends in gross fixed asset (GFA) formation point to visible capex traction in select sectors, particularly construction materials, electricity generation, and consumer goods, signaling near-term industrial activity resilience despite a mixed global backdrop.
- Medium-term:** A bottoming earnings downgrade cycle, improving liquidity conditions, and neutral valuations create room for a cyclical upturn in equities. Structural evidence from long-term GFA analysis reinforces this view: gross fixed asset additions during FY20–25 have been the strongest since FY10, highlighting a tangible capex revival. With chemicals continuing to expand capacity and metals stabilizing after two weak investment cycles, the setup favors a sustained recovery once demand normalizes. Combined with stable macro fundamentals, steady FII inflows, and an easing global policy bias, the risk–reward for Indian equities remains favorable into FY26.

Quantitative Indicators Signal Broader Market Participation and Renewed Risk Appetite

Broad-Based Recovery in Market Risk Appetite Evident Across Breadth, Beta, and Sentiment Indicators

- **Market Breadth Strengthens, Signaling Early Recovery Momentum:** 34.2% of stocks are near 52-week highs versus 16.0% near 52-week lows, while 43.4% of Nifty 500 stocks are outperforming the index on a 12-month rolling basis. The average distance from 52-week highs has narrowed to -16.3%, indicating improving participation breadth.
- **Foreign positioning and earnings cycle turning supportive:** After \$30 billion of FII outflows that pushed foreign ownership to two-decade lows, valuations have normalized and the earnings downgrade cycle has stabilized. With MSCI India EPS growth expected to accelerate from 10% to 14% YoY and India's premium to Asia easing to 45% (from 90%), conditions are set for renewed foreign inflows and a potential catch-up performance in FY26.
- **India, long seen as an 'anti-AI' market, may be nearing a turning point:** As the Bloomberg AI Index and Nvidia-led rally show signs of cooling, FIIs could begin rotating from overheated AI trades toward broader, non-AI markets like India, where earnings momentum into FY27 offers a favorable re-entry setup.

The Nifty/Gold 1-year return spread is at extreme negative levels, signaling a turn in favor of equities as investors shift from safe-haven assets to growth exposure.



Value is leading with Momentum catching up, signaling a clear risk-on rotation in market positioning.



Sentiment indicators have turned positive, with composite sentiment scores rising above their 3-month average and momentum suggesting further improvement in the near term.



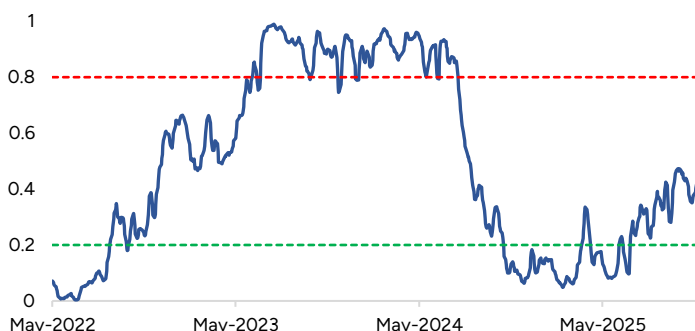
Value-Meter places market in the attractive zone, indicating scope for re-rating as growth and foreign participation strengthen.



Sector High-Low Beta spread has turned positive, indicating a shift toward a high-beta, risk-on environment



Risk-o-Meter indicates that markets may have passed peak pessimism



AQUA

Adaptive. Quantitative. Unbiased. Alpha.

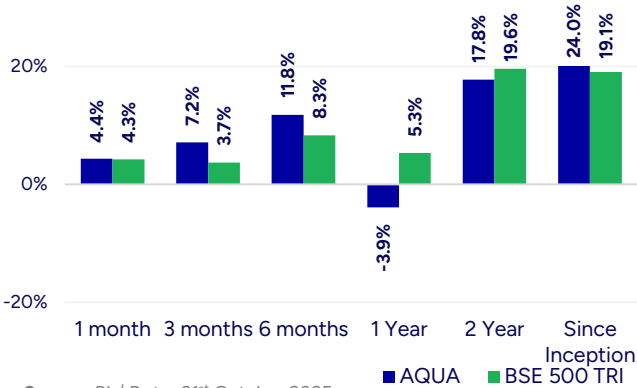
Investment Objective

To generate alpha across market cycles by investing in equity or equity-linked instruments based on proprietary fundamental quantitative frameworks and models.

Key Information

Strategy Inception date:	June 12, 2023
Strategy Type:	Open-ended
Benchmark:	BSE 500 TRI
Investment Horizon:	5 Years+
Portfolio Manager:	Mr. Siddharth Vora

Performance Summary



Source: PL | Data 31st October 2025
Inception Date: 12th June 2023
Note: Actual returns net of expenses, fees, and associated costs.

Key Highlights

AQUA gained 4.38% in October, marginally outperforming the BSE 500 TRI, which rose 4.27%. Outperformance was driven by tactical sector positioning and continued alpha from stock selection within midcaps. Allocations were led by Financials (37.0%), Materials (21.6%), and Industrials (10.4%), with Automobiles & Ancillaries at 8.7% and cash at 5.5%. The portfolio maintained a mid-cap tilt (43.0%), alongside large caps (37.5%) and small caps (14.1%). Since inception, AQUA has delivered 23.98%, outperforming its benchmark return of 19.09%.

Quarterly Returns

Quarter	Strategy	Benchmark
2023-24 Q2	21.51%	5.49%
2023-24 Q3	20.03%	12.35%
2023-24 Q4	5.54%	4.49%
2024-25 Q1	14.50%	11.66%
2024-25 Q2	6.53%	7.65%
2024-25 Q3	-7.75%	-7.79%
2024-25 Q4	-13.11%	-4.39%
2025-26 Q1	9.22%	10.77%
2025-26 Q2	-2.14%	-3.23%
2025-26 Q3 (QTD)	4.38%	4.27%

Risk Profile

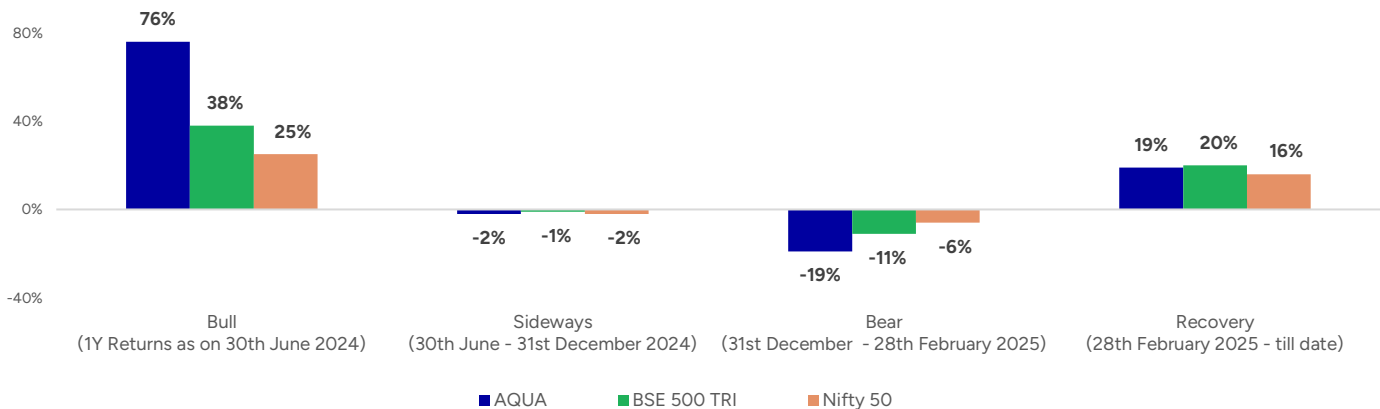
Standard Deviation	18.39%
Sharpe	0.84
Sortino	0.91
Beta	1.18
Max Drawdown	-26.04%

Portfolio (Top 5 Performers)

Holdings	1M Returns
BSE	18 %
BANKINDIA	18 %
NATIONALUM	15 %
PRESTIGE	15 %
CANBK	14 %

Source: PL | Data till 31st October 2025

Bull vs Sideways vs Bear vs Recovery Phase

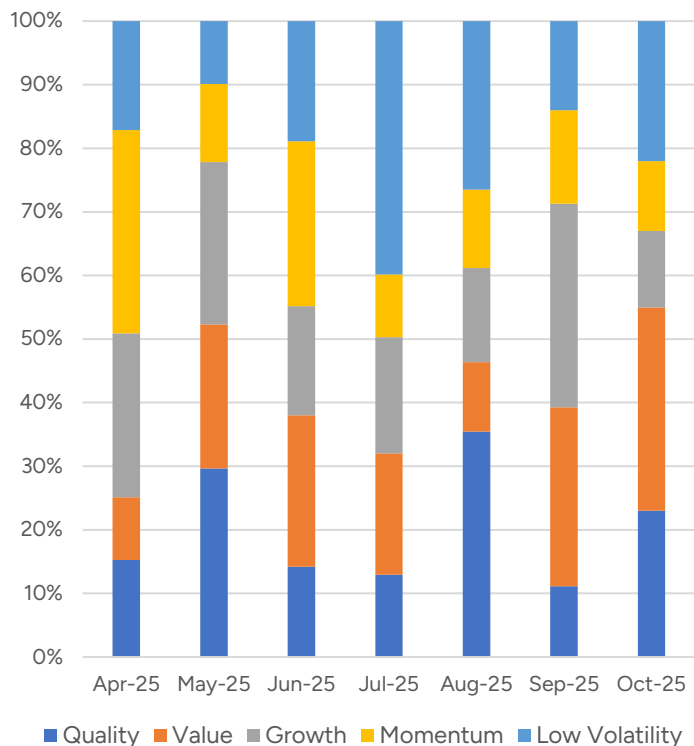


Source: PL | Data till 31st October 2025

AQUA

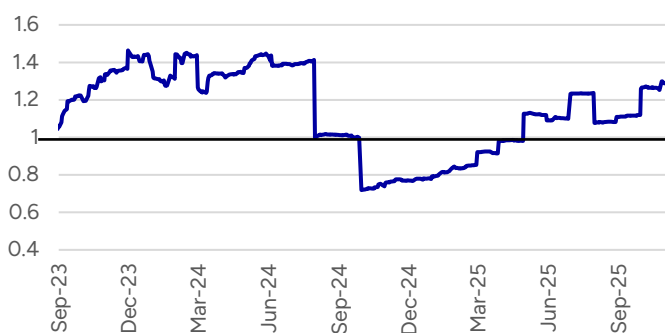
Adaptive. Quantitative. Unbiased. Alpha.

Materials stayed steady, Financials saw a notable increase, Healthcare was trimmed, IT remained at 0, and Cash reduced to 5% as cyclicals continued to lead.



Sector	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Industrials	8%	9%	10%	8%	8%	11%	10%
Financials	38%	38%	41%	29%	28%	31%	37%
Auto	2%	2%	3%	5%	6%	9%	9%
Healthcare	0%	0%	0%	5%	9%	3%	1%
Materials	11%	14%	16%	18%	18%	24%	22%
Cons. Discretionary	4%	8%	5%	5%	5%	2%	2%
IT	13%	13%	12%	1%	3%	0%	0%
Utilities	3%	0%	0%	0%	0%	0%	3%
Cons. Staples	5%	3%	3%	3%	3%	3%	3%
Realty	3%	2%	2%	2%	2%	2%	2%
Cash	5%	8%	4%	14%	10%	10%	5%
Energy	0%	0%	0%	0%	0%	0%	2%
Chemicals	5%	0%	0%	3%	3%	3%	2%
Comm. Services	2%	3%	3%	5%	5%	2%	2%

Beta vs Benchmark



3m Rolling Alpha vs Benchmark

Clear & sustained alpha recovery visible on a rolling 3-month basis

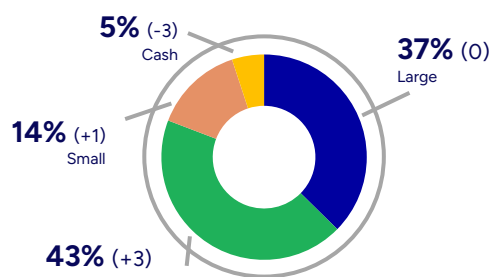


Average Portfolio Market cap (in '000 crores)

Reduced average portfolio market-cap reflects more constructive positioning to play risk recovery



Portfolio Market Cap Allocation Mix



Multi Asset Dynamic Portfolio

A low-risk, all-weather strategy to wealth creation

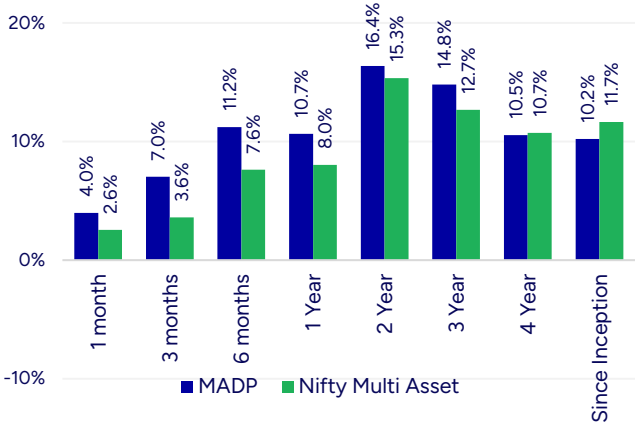
Investment Objective

The investment objective is to generate consistent long-term capital appreciation and manage associated risks by investing in a diversified multi-asset portfolio comprising various financial instruments across different asset classes.

Key Information

Strategy Inception date:	June 7, 2021
Strategy Type:	Open-ended
Benchmark:	BSE 500 TRI
Investment Horizon:	5 Years+
Portfolio Manager:	Mr. Siddharth Vora

Performance Summary



Source: PL | Data till 31st October 2025
Inception Date: 7th June 2021
Note: Actual returns net of expenses, fees, and associated costs.

Key Highlights

In October, MADP gained 4%, significantly outperforming its benchmark Nifty Multi Asset Index, which rose 2.6%. The portfolio maintained a balanced allocation framework with 28.3% in gold, while equities were diversified across large caps (36%), midcaps (15%), and small caps (21%). The strategy continued to benefit from disciplined rebalancing and cross-asset diversification. Over the last three years, MADP has delivered 14.80% annualized returns, ahead of the benchmark's 12.70%.

Last 6 Quarters

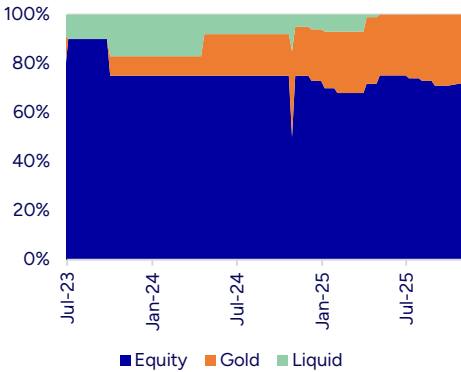
Quarter	Strategy	Benchmark
FY24-25 Q2	5.17%	5.12%
FY24-25 Q3	-6.30%	-3.13%
FY24-25 Q4	-2.10%	-1.26%
FY25-26 Q1	9.81%	7.15%
FY25-26 Q2	1.10%	0.09%
FY25-26 Q3 QTD	3.99%	2.55%

Source: PL | Data till 31st October 2025;
Inception Date: 7th June 2021

Risk Profile

Standard Deviation	8.64%
Sharpe	0.32
Sortino	0.30
Beta	1.03
Max Drawdown	-13.79%

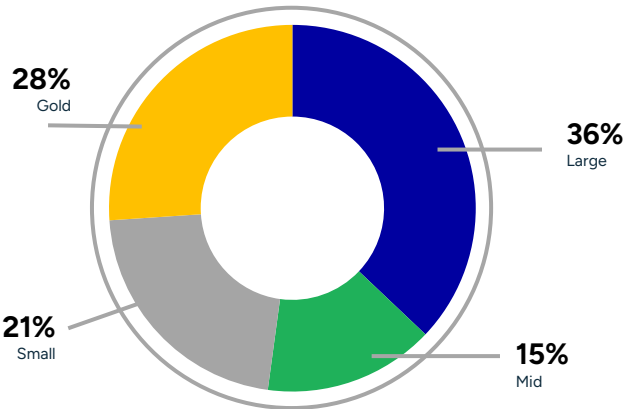
Historical Allocation



Portfolio (Top 5 Performers)

Holdings	1 M Returns
NIFTYBEES	4.89%
NIFTY MIDCAP 150	4.42%
GOLDBEES	4.35%
SMALL 250 MOM QUAL 100	3.01%
JUNIORBEES	2.89%

Asset Allocation



Source: PL | Data till 31st October 2025
Note: Number in brackets indicate change in allocation from previous month

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