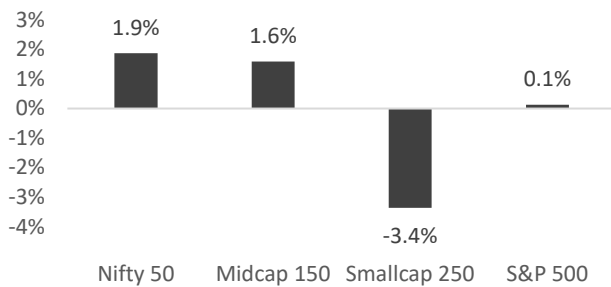


Sentiment improves but Breadth doesn't

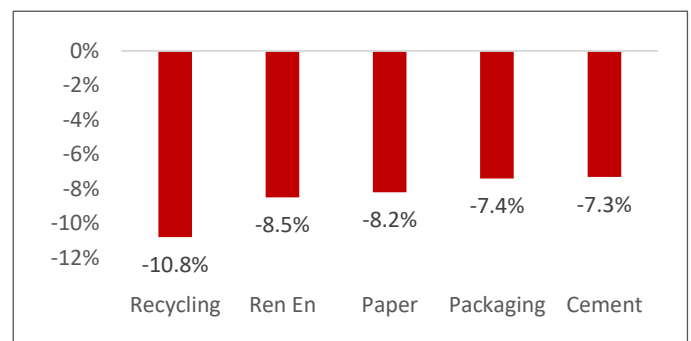
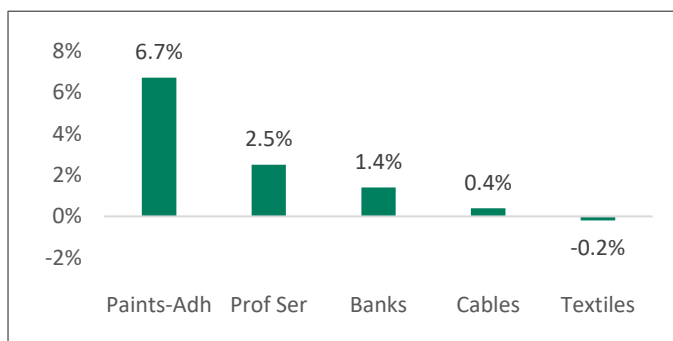
Nov'25

November was marked by a clear divergence between large caps and the broader market, with small and microcaps lagging meaningfully. As a result, market breadth remained weak and this weighed on most actively managed portfolios. IPO activity revived during the month, reflecting improving risk appetite, though it also created a drain on secondary market liquidity. After a brief pause in October, FIIs reverted to net selling, with outflows of ~INR 3,800 crore this month. Q2 earnings season wrapped up with a mixed performance overall, but management commentaries indicate optimism around a recovery in consumption.



- Nifty 50 inched up towards its all-time high levels; midcaps were in step
- Smallcap and microcap indices were in red this month and market breadth, resultantly, also dipped in November
- Smallcap 250 is still ~10% below its previous high in Sep'24 and has a negative return in the past 12 months
- INR hit a new all-time low vs USD

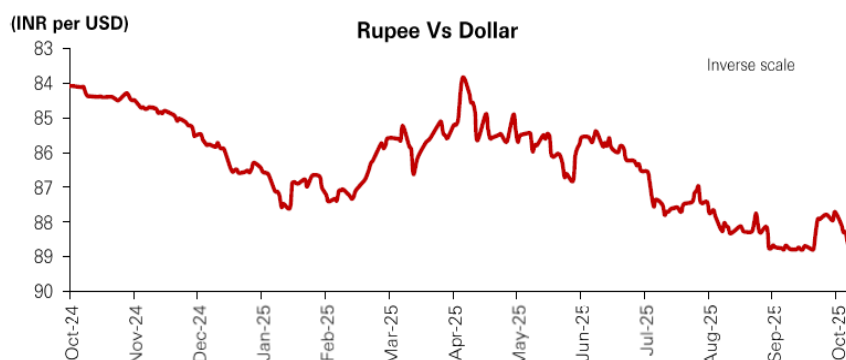
Sectoral trends this month: Leaders and Laggards



Charts depict the monthly average return for a stock in respective sectors

- There was a bounce back in paints and adhesives with expectation of weakening competitive intensity hereon, and raw material prices (crude oil) remaining soft
- The lending space continued to remain strong given good balance sheets, expectations of NIM improvement, and equity infusion by marquee investors in some banks/NBFCs
- Paper, packaging, cement, sugar were some of the sectors that showed weakness in a market that anyway displayed low breadth

Chart of the month



- INR is at close to its all-time low vs the US dollar
- Persistent foreign fund outflows and trade uncertainties have contributed to this
- Higher than expected interest rate in the US has added to the demand for USD
- This comes at a time when crude oil prices are at a low, which has softened the blow