Manek FINANCIAL®

EDITION
01

MONTHLY NEWSLETTER

Wealthy, Predictably

THIS MONTH · THE FOUNDER'S NOTE

When markets stand still, patience is tested

"When markets stand still, there is still valuable work to do: strengthen the plan, examine the risks and make each decision with purpose."



Sonesh Dedhia
Founder & CEO · page 02 →

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FROM THE FOUNDER'S DESK · SONESH DEDHIA

When Markets Stand Still, Patience Is Tested



Sonesh Dedhia
Founder & CEO, Manek Financial
Certified Financial Planner

Dear Readers,

Welcome to the first edition of the Manek Financial Newsletter.

For those meeting me through these pages, I am Sonesh Dedhia, Founder & CEO of Manek Financial and a Certified Financial Planner. My journey in financial services spans more than two and a half decades, beginning in investment distribution and evolving towards a deeper focus on personalised financial planning and investment advisory. Through that journey, one lesson has stayed with me: understanding the person behind the portfolio is as essential as understanding the investments within it.

At Manek Financial, we begin with your objectives, responsibilities, cash flows and capacity to take risk. These shape the strategy; investment products follow. Our vision is to help individuals and families build and preserve wealth with clarity and discipline. Our mission is to support that journey through research-led advice, thoughtful asset allocation and an ongoing relationship grounded in your interests. This newsletter is an extension of that commitment — a space to make financial decisions easier to understand and more purposeful.

For our opening edition, I want to address a situation that can quietly test even experienced investors: a market that appears to be going nowhere.

A sharp fall attracts attention. A strong rally brings excitement. A flat market brings a different challenge — months of waiting, interrupted by brief advances and declines, with little visible progress. Eventually, the question changes from "How are my investments doing?" to "Should I be doing something else?"

That restlessness is understandable. We associate effort with results, and waiting can feel unproductive. Yet an investment portfolio does not reward activity in the same way a business or career might.

Behavioural finance helps explain why this is difficult. Recent experience can dominate our expectations: after a strong rally, we begin to expect strong returns as normal; after a dull period, we struggle to imagine growth returning. Comparing ourselves with someone else's successful investment adds pressure. We may switch strategies, trade more frequently or hold a weak investment simply because we want to recover our purchase price. Research reviewed by the US Securities and Exchange Commission identifies frequent trading, performance chasing and the tendency to retain losers while selling winners as behaviours that can undermine investment outcomes.

A slow period is part of market history.

Consider 2015 and 2016. The Nifty 50 Total Return Index, which includes reinvested dividends, recorded a negative return in 2015 and a modest positive return in 2016, followed by a much stronger year in 2017. Similarly, the modest calendar-year return in 2022 was followed by a stronger 2023. These were different market environments, but both illustrate how subdued periods can precede renewed growth.

Looking back, that sequence appears straightforward. Living through it is harder because the recovery date is never known in advance.

BEEN HERE BEFORE · NIFTY 50 TRI, CALENDAR YEARS

2015 Negative → **2016** Modest → **2017** Much stronger | **2022** Modest → **2023** Stronger

History provides perspective, not a timetable.

History provides perspective, not a timetable. A broad market's recovery also does not mean every stock or fund will recover. Some businesses deteriorate permanently, and some investments cease to fit an investor's needs. Patience must therefore be supported by review and evidence.

WHAT CAN INVESTORS DO WHILE WAITING?

1. **Begin by revisiting the purpose of the money.** Funds needed for an approaching expense require a different approach from capital intended for a distant retirement. Maintaining appropriate liquidity reduces the pressure to sell long-term investments at an inconvenient time.
2. **Next, review the whole portfolio.** Examine diversification, concentration, costs and whether the allocation still matches your objectives and risk capacity. Rebalancing should follow that assessment rather than a desire to escape boredom.
3. **Regular investing also deserves a considered review.** Where income, time horizon and suitability remain intact, a slow market alone need not be a reason to interrupt a disciplined investment plan. Equally, continuing mechanically without reassessing changed circumstances is not discipline.
4. **Finally, give portfolio reviews a sensible rhythm.** Constantly checking prices can turn ordinary fluctuations into repeated moments of doubt. A useful conversation with your adviser is: "Has something changed in my life, my investments or my strategy that warrants action?"

This is where we see our role at Manek Financial: helping investors connect portfolio decisions with their lives, assess risks and maintain perspective when emotions make decisions harder.

Through this newsletter, we hope to bring you that same clarity on markets, financial planning and the choices that shape your financial future.

When markets stand still, there is still valuable work to do: strengthen the plan, examine the risks and make each decision with purpose.



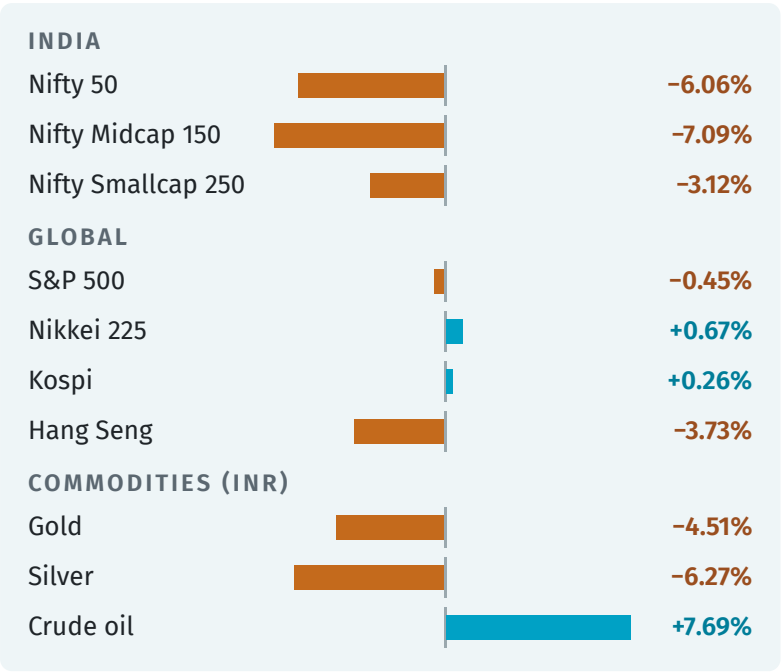
Regards,
Sonesh Dedhia
Founder & CEO

MARKETS & MACRO · INDIA & INTERNATIONAL · ROHIT

Equity & Macro Roundup

Indian & global equities, commodities: what moved

MONTHLY CHANGE



INDIA FLOWS

FII · net sellers

−₹44,012.82 cr

DII · absorbed the selling

+₹76,030.29 cr

NIFTY 50 VALUATION

<19x trailing

~17x forward earnings

INDIAN EQUITIES

The Nifty 50 fell 6.06% — its sharpest monthly decline since March '26 — hit by rising crude prices and an intensifying global AI-disruption narrative that drove outflows from incumbent Indian IT companies. Persistent FII selling and uncertainty around the Closing Auction Session (CAS) dragged the index lower; CAS also weighed on derivatives activity, with Nifty futures logging their second-lowest monthly volume in 17 years. Higher US bond yields were the other key driver of foreign outflows: as yields rise, the incentive to take equity risk falls, and a steadily depreciating rupee further erodes dollar returns. The Nifty Midcap 150 fell 7.09%, cooling off after five straight months of gains, while smallcaps were relatively resilient, down 3.12%.

THE ECONOMY AT A GLANCE

55.1	+14.7%	+18%	+11.3%	41.9%
Manufacturing PMI, a seven-month high	GST collections, YoY	UPI + IMPS payments, by value	Power demand, YoY	of full-year fiscal deficit target used

INDIAN EQUITIES · CONTINUED

High-frequency indicators suggest economic activity is holding up well. Manufacturing PMI jumped to 55.1 in September, a seven-month high, on stronger domestic and international demand, and Services PMI also picked up. GST collections rose 14.7% YoY, digital payments (UPI + IMPS) grew 18% in value terms and power demand rose 11.3% YoY. September auto sales are awaited, but August stayed robust, if slower than the preceding months: barring tractors (+0.9% YoY), every segment grew strongly — two-wheelers +19.6%, PVs +15.4%, CVs +14.5% and three-wheelers +8.6%. On the fiscal side, the April–August deficit stood at ₹7.1 trillion ($74.09 bn), or 41.9% of the full-year target, versus ₹6 trillion a year ago. Net tax receipts rose to ₹8.4 trillion (₹8.1 trillion a year earlier), while total expenditure climbed to ₹20.8 trillion (₹18.8 trillion). Government capex is tracking initial guidance and typically feeds into consumption and growth with a 12–18 month lag, and inflation from external headwinds has supported nominal GDP growth — yet markets appear to be pricing in uncertainty.

> “Valuation compression arriving just as the earnings-recovery cycle begins is a combination that has historically defined entry points.

In our view, the Nifty is close to forming a long-term bottom that it may not revisit ever again. The index trades at under 19x trailing and ~17x forward earnings, levels that have traditionally marked bottoms, even as large-cap profits grew 15.6% in Q1-FY27 (excluding OMCs). High-quality, high-ROE businesses — private banks, IT and consumer staples — now trade at the same multiples as cyclicals, something last seen in 2007, and several large caps are at valuations last seen at the COVID or 2008 GFC lows. Large caps’ 5-year rolling CAGR now sits at its 10th percentile; historically, such instances have been followed by above-base-rate returns of around 15% over the next five years. Valuation compression arriving just as the earnings-recovery cycle begins is a combination that has historically defined entry points. Investor behaviour, however, points the other way: over the last three months, about ₹400 crore was pulled from large-cap funds while more than ₹40,000 crore flowed into mid- and small-cap funds — perhaps the most interesting signal in the market right now. Markets now await the RBI’s upcoming policy meeting, where consensus expects a 25 bps rate hike.

On flows, FIIs were net sellers of ₹44,012.82 cr in September, a sharp step-up from August’s ₹7,531.84 cr, while DIIs absorbed the selling with net inflows of ₹76,030.29 cr.

WHERE FUND INVESTORS PUT MONEY · LAST THREE MONTHS



COMMODITIES

Gold fell 4.51% as rising bond yields and interest rates, which move inversely to gold, weighed on prices. Central bank demand remains robust, with purchases of more than 1,000 tonnes for three consecutive years; China has been the biggest buyer of physical gold, and its purchases so far this year already exceed all of last year. Despite a volatile year for precious metals, we remain strongly bullish, as the US appears to be leaning towards financial repression to work down its debt — a supportive backdrop for metals. Silver fell 6.27% as higher rates and hawkish Fed guidance clouded the near-term outlook, though the longer-term story remains intact. Crude oil rose 7.69% after the US–Iran ceasefire ended and the US rejected Iran's revised proposal. Supply fears intensified as Iran-aligned Houthi rebels launched a swift offensive to capture Yemen's coastline, severely disrupting oil flows through the Bab el-Mandeb Strait.

GLOBAL EQUITIES

Global markets were broadly weak: the S&P 500 slipped 0.45%, the Nikkei 225 rose 0.67%, the Kospi edged up 0.26% and the Hang Seng fell 3.73%. Rising global bond yields and the US–Iran war feeding into inflation prints pushed central banks worldwide to raise rates. Oil hovering above $100 remained a headwind, AI valuations stayed stretched, and heavy FPI selling across emerging markets added to concerns.

GLOBAL MACRO — RATES & YIELDS

Rising bond yields are the key macro concern, with yields across major economies at multi-decade highs: the US 10-year is at levels last seen in 2002, the UK 10-year gilt is near 1998 levels, the German 10-year Bund is at its highest since 2009 and Japan's 10-year yield is at its highest since 1996 — China is the lone exception. A global rate-hike cycle is under way as inflation persists: the Fed has hiked by 25 bps, with another hike likely before year-end, the Bank of Japan raised rates by 25 bps at its September meeting and the ECB also hiked by 25 bps. While the latest NFP report pointed to a softer jobs market, a further Fed hike remains likely, with inflation above target for more than 60 consecutive months. US debt remains a major worry, with Washington hinting at financial repression to manage it — the same playbook it used to pay down debt after World War II.

10-YEAR GOVERNMENT BOND YIELDS · MULTI-DECADE HIGHS

United States	United Kingdom	Germany	Japan	China
highest since	near levels of	highest since	highest since	the lone
2002	1998	2009	1996	exception

RATE MOVES Fed +25 bps · Bank of Japan +25 bps · ECB +25 bps

RBI: consensus expects +25 bps

Returns shown are monthly changes. Past performance is not indicative of future returns.

FROM THE FUND MANAGER'S DESK · HARMESH

Pockets that beat the benchmark

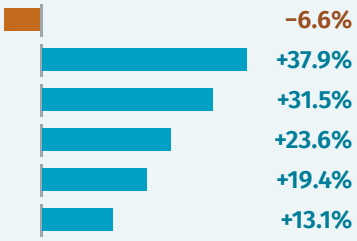
01 SEGMENTS THAT BOUNCED BACK

The last two years have not been a uniform market. The Nifty 500 is down 6.6% over two years, but several segments have delivered positive returns. Nifty India Defence gained 37.9%, Nifty MidSmall Financial Services 31.5%, Nifty Metal 23.6%, Nifty PSU Bank 19.4% and Nifty Pharma 13.1%.

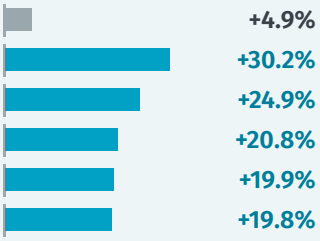
The recent six-month recovery has been even broader in the mid- and smaller-cap space: Nifty Microcap 250 gained 30.2%, Smallcap 250 19.9%, Realty 24.9%, Pharma 19.8% and Defence 20.8%.

Individual businesses have done much better. MTAR Technologies gained 350% over two years, Laurus Labs 343%, Welspun Corp 247% and CarTrade Tech 223%. The message is clear: the market may look weak at the index level, while individual segments and businesses can be in very different phases.

TWO-YEAR RETURNS



SIX-MONTH RETURNS



Nifty indices. Past performance is not indicative of future returns.

02 DIFFERENT MARKET PHASES REQUIRE DIFFERENT APPROACHES

Markets do not behave the same way throughout a cycle. The period from mid-2020 to mid-2024 gives a good example of a broad bull market, followed by a very different phase from late 2024 onwards.

Bull market — Participate

Mid-2020 to mid-2024 was broadly a bull market, although leadership changed within the period. After the COVID correction, the recovery initially favoured IT and Healthcare, followed by Metals, Realty and other cyclicals. By 2022–24, leadership broadened further, with Realty, Auto, Infrastructure, Energy, Metals and Pharma among the stronger areas.

Approach: Participate in the broader trend. When participation is wide and multiple sectors are making new highs, staying invested and following relative strength can be more effective than trying to predict every correction.

Bear / weak & selective — Protect & follow strength

From September 2024 onwards, the environment changed. The broader market entered a correction and subsequently became more selective. But even during the weakness, sectors behaved very differently. In October 2024, PSU Banks fell only 0.5%, Pharma 2.3% and Financials 2.4%, while auto fell 13.0%, Oil & Gas 13.0% and Consumer Durables 10.2%.

Approach: Protect capital first, avoid assuming every fall is an opportunity, and focus on relative strength — sectors and businesses that are holding up better or beginning to recover while the broader market remains under pressure.

03 INDEX WEAKNESS IS NOT BROADER MARKET WEAKNESS

As of 5 October 2026, the Nifty 50 is down 9.8% and the Nifty 500 is down 6.6% over two years. Yet Nifty Midcap Select is up 6.5%, Nifty Bank 6.3%, Nifty Pharma 13.1%, Nifty PSU Bank 19.4%, Nifty Metal 23.6% and Nifty India Defence 37.9%.

The recent six-month picture is even more striking: Nifty 500 is up 4.9%, while Midcap 150 is up 9.8%, Smallcap 250 19.9% and Microcap 250 30.2%.

Even within a weak sector, individual businesses can behave very differently. Nifty Auto was down 2.0% over two years, yet auto-ancillary companies such as Gabriel India gained 168% and Sansera Engineering gained 165%. This is why index-level performance can hide significant stock-level opportunities.

04 INERTIA — ADAPTING AS LEADERSHIP CHANGES

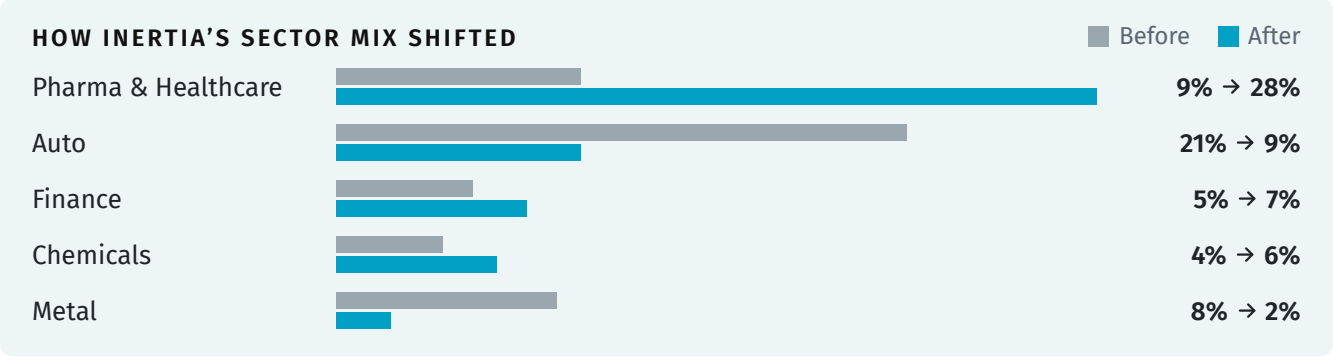
Inertia, net	Nifty 500	Outperformance	Two-year CAGR
+36.0%	−9.0%	45 pp	16.6%

From 30 September 2024 to 30 September 2026, Inertia delivered +36.0% net, compared with −9.0% for the Nifty 500 — an outperformance of 45 percentage points. Inertia's two-year CAGR was 16.6%.

The journey was not straight. Inertia experienced difficult periods around March 2025 and March 2026, when market leadership was unstable and momentum was repeatedly interrupted.

The last six months were different. As leadership became clearer and relative strength returned to selected sectors and businesses, Inertia recovered sharply — from approximately 78 in March 2026 to 136 by September 2026.

Its sector mix also changed materially: Pharma & Healthcare rose from 9% to 28%, Auto declined from 21% to 9%, Finance moved from 5% to 7%, Chemicals from 4% to 6%, and Metal from 8% to 2%.



Takeaway: The index tells us what happened to the market. Sector and stock leadership tell us where the opportunity was. The last two years demonstrate why investors need to look beyond the headline benchmark and adapt as leadership changes.

Inertia figures are net returns. Past performance is not indicative of future returns. Companies named are for illustration only and are not recommendations.

FROM THE WEALTH MANAGEMENT DESK · MANDIRA

Composure as Strategy: The Art of Asset Allocation in Uncertain Markets

> *Volatility can turn patience into a portfolio's rarest asset.*

When prices move sharply, the impulse to act can feel like prudence. Exit what is falling. Pursue what is rising. Wait in cash for clarity. Yet market clarity usually arrives only in hindsight, and people often make the most consequential decisions in haste.

Asset allocation exists precisely for these moments.

A thoughtfully constructed portfolio does not assume every asset will prosper together. It is a deliberate arrangement of roles.

Equity compounds wealth across decades.

Fixed income anchors the portfolio and steadies cash flows.

Gold offers a counterweight when risk assets falter.

Liquidity preserves choice, whether to meet obligations or to seize opportunity.

Calibrated to your goals and temperament, this structure ensures that a single season of turbulence cannot rewrite a lifetime plan.

Periods like this also reveal what calm markets conceal: drifted allocations, positions that have grown beyond their intended weight, and goals that have quietly evolved.

OUR APPROACH AT MANEK

In this environment, we choose discipline over drama.

We review each client portfolio against its strategic allocation and rebalance with intent when it drifts. We ensure that near-term commitments rest on stable assets, insulated from equity swings. Where corrections create value, we deploy fresh capital in measured stages, within each plan's boundaries. We remain in close dialogue with every client, so conviction, not commentary, guides each decision.

We do not claim to foresee every turn of the market. We offer something more enduring: a clear strategy, a rigorous process, and the steadiness to stay the course.

Strategy First. | Product Second.

WEALTH MANAGEMENT & MARKETS · PIYUSH, MANDIRA & ROHIT

The Express Ticket: Why Clients Are Choosing Insurance Buyouts

OUR MOST INQUIRED-ABOUT ALLOCATION

Imagine holding a confirmed luxury train ticket, but having to cancel last minute. The counter offers a refund, but slashes 40% in penalties. Instead of taking the loss, you transfer your confirmed seat to another traveler at a modest discount.

They get a guaranteed journey at an attractive price; you get immediate liquidity.

That simple mechanism explains why Insurance Buyouts became our most inquired-about allocation this past quarter.

THE FIXED-INCOME GAP

With bank FDs yielding ~6.5%–7.2% and equity markets presenting choppy swings, clients parking surplus liquidity for 15 to 30 months faced an awkward compromise: sub-par post-tax real yields or unwanted volatility. An Insurance Buyout bridges this gap:

The Seller
An existing policyholder exits early via a formal assignment, avoiding steep insurer surrender penalties.

The Investor
You acquire the seasoned, traditional endowment policy at a discount, fund any residual dues, and collect the full, contracted maturity payout.

THE TAKEAWAY

You aren't buying life cover. You are securing a contracted cash-flow stream backed by the statutory solvency reserves of regulated life insurers — yielding an indicative 9.0% to 11.0% XIRR with zero equity market risk.

AT A GLANCE

Indicative yield	**9.0% – 11.0% XIRR** (contracted cash flows, net of residual dues)
Investment horizon	**15 to 30 months** (curated near-maturity stage)
Underlying counterparty	Statutory reserves of regulated life insurers (at least 150% solvency mandate)
Market correlation	**Zero** (no equity or bond market price discovery)
Legal structure	Absolute assignment recorded in the insurer's master register (Sec 38)
Recommended sizing	**3% – 5%** satellite allocation within debt / surplus cash sleeves

WHY ALLOCATORS LIKE IT

Institutional solvency
Risk rests with regulated life insurers, avoiding corporate credit default exposure.

Contracted economics
Backed by guaranteed sums assured and declared bonuses, not market speculation.

Defined visibility
Sourced in their final stretch, giving clear cash-flow certainty.

Yields are indicative and not guaranteed. For information and education only; not a recommendation. Suitability depends on your risk profile. Read all offer documents carefully before investing.

EDITORIAL

Same Market, Better Odds

NIFTY 50 · TWO YEARS ON

Index	Earnings of its companies	Trailing P/E
−13.9%	~+17%	24x → 19x
from the record high	in absolute numbers	10-year average: 23x

Two years ago, in September 2024, the Nifty 50 was at a record high and optimism was everywhere. Two years later, the index is down 13.9%. That fall has been painful to sit through, but a great deal has changed underneath it, and most of that change now works in the investor's favour.

The biggest change is in valuations. The Nifty 50 has gone from about 24x trailing earnings to 19x, well below its 10-year average of 23x. Those two numbers together tell an important story. Even as the index fell 13.9%, the earnings of its companies grew by roughly 17% in absolute numbers. Businesses kept doing their job, and only the price investors were willing to pay for them went down. Your entry valuation tells you little about the next few months, but over 3–5 years it has been one of the most reliable guides to returns. On that measure, today's starting point is much better than it was two years ago.

We have been here before. From late 2010 to 2013, the Nifty went broadly sideways for almost three years while earnings kept growing in the background. Patience felt costly then too, but that phase set up the strong rally of 2014. Long periods of flat or negative returns are uncomfortable, but they are a normal part of how equity markets reset after a period of excess.

October brings several important signals. The most important is the Q2 FY27 earnings season, and early estimates are encouraging. According to Kotak Securities, Nifty companies are expected to report revenue growth of over 20% for the September quarter, the strongest since the December 2021 quarter. Profit growth is also expected to exceed 20%, the best since Q2 FY24. If the actual results match these estimates, it would confirm that earnings growth is speeding up again. That matters more for the next leg of the market than where prices have been. Navratri and Dussehra will give an early read on consumer demand. The US Fed's meeting on 27–28 October will shape interest rates, the rupee and global risk appetite. FII flows will also be worth watching, because any slowdown in their selling would be an early sign that sentiment is turning.

We are not calling a bottom, and nobody can predict exactly when the market will turn. What we can say is that the odds today are better than they were two years ago. Investors who keep their SIPs going, rebalance to their target allocation and stay with their plan have usually been rewarded for their patience.

Earnings estimates as cited from Kotak Securities. Past performance is not indicative of future returns.

Wealthy, Predictably.

Manek Financial Advisors is a SEBI Registered Investment Adviser serving HNI and family office clients across mutual funds, direct equity, fixed income, PMS and AIF, structured products and insurance-linked investments.

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connect@manekfinancial.com | www.manekfinancial.com | +91 90049 36663 +91 99678 36663

REGISTERED OFFICE

Manek Financial Advisors Pvt. Ltd.

C/517, Avior Corporate Park, L. B. S. Road, Mulund West, Mumbai – 400 080

SEBI Registered Investment Adviser · Reg. No. INA000004401 · BASL Member ID 1404

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