

2026 – The Year of Revival

Annual Market Update



**FIDENT ASSET
MANAGEMENT**

January 2026





Agenda

- 1** 2025 Year in Review
- 2** 2026 Outlook
- 3** Fident Unlisted and Listed Large Value PMS (FULL)
- 4** Portfolio Performance and Review



2025 Year in Review





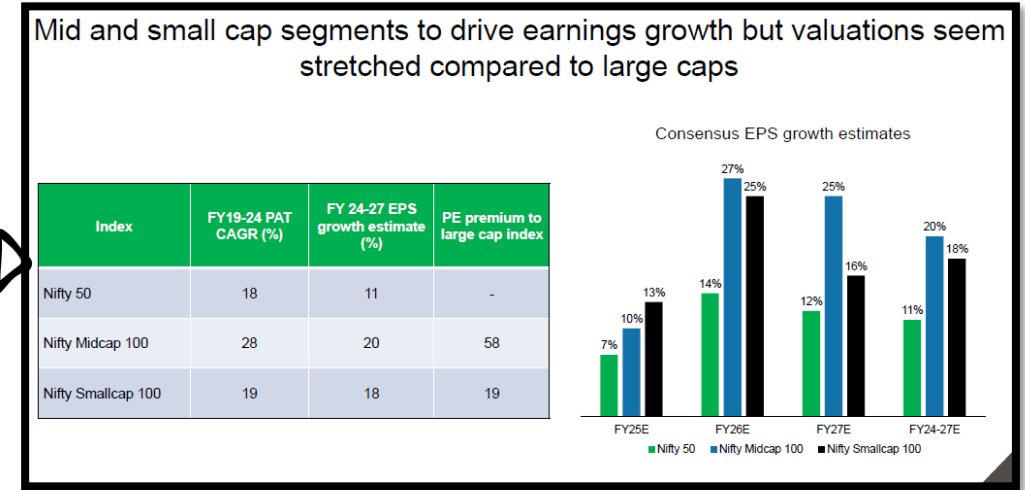
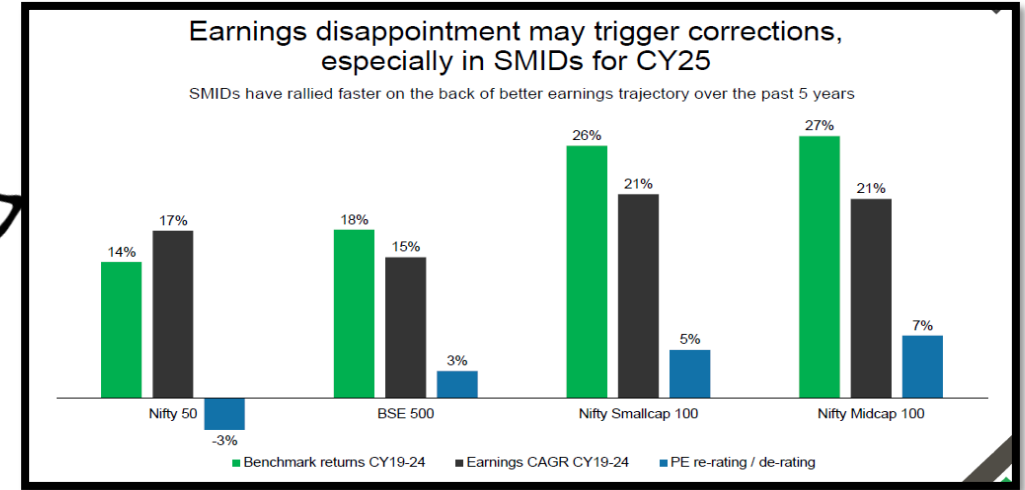
Previous year outlook

2025 – The Year of Selection

Annual Market Update
January 2025



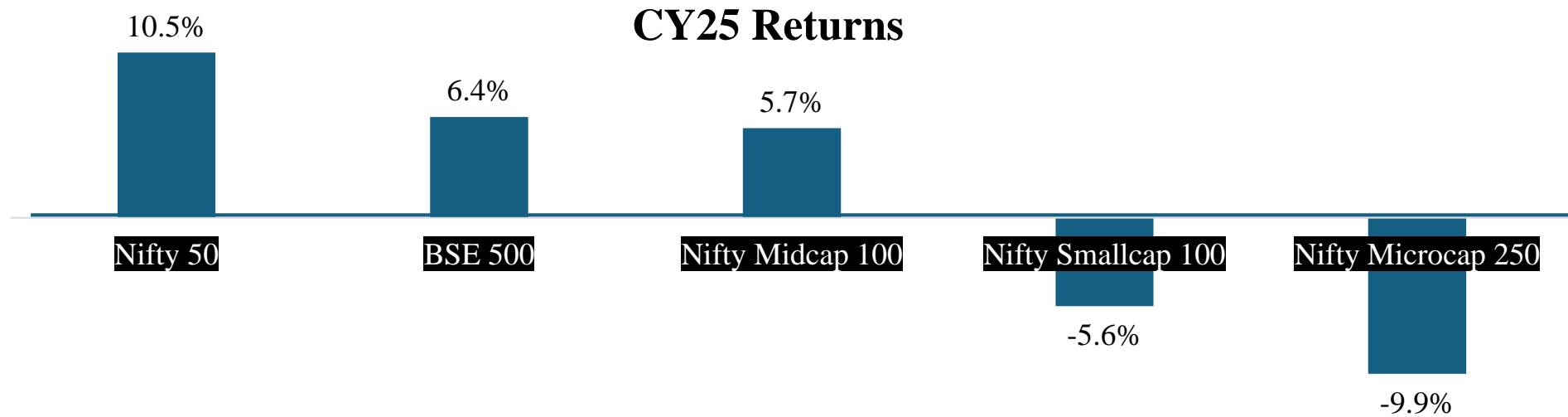
FIDENT ASSET MANAGEMENT





2025 – The year of selection

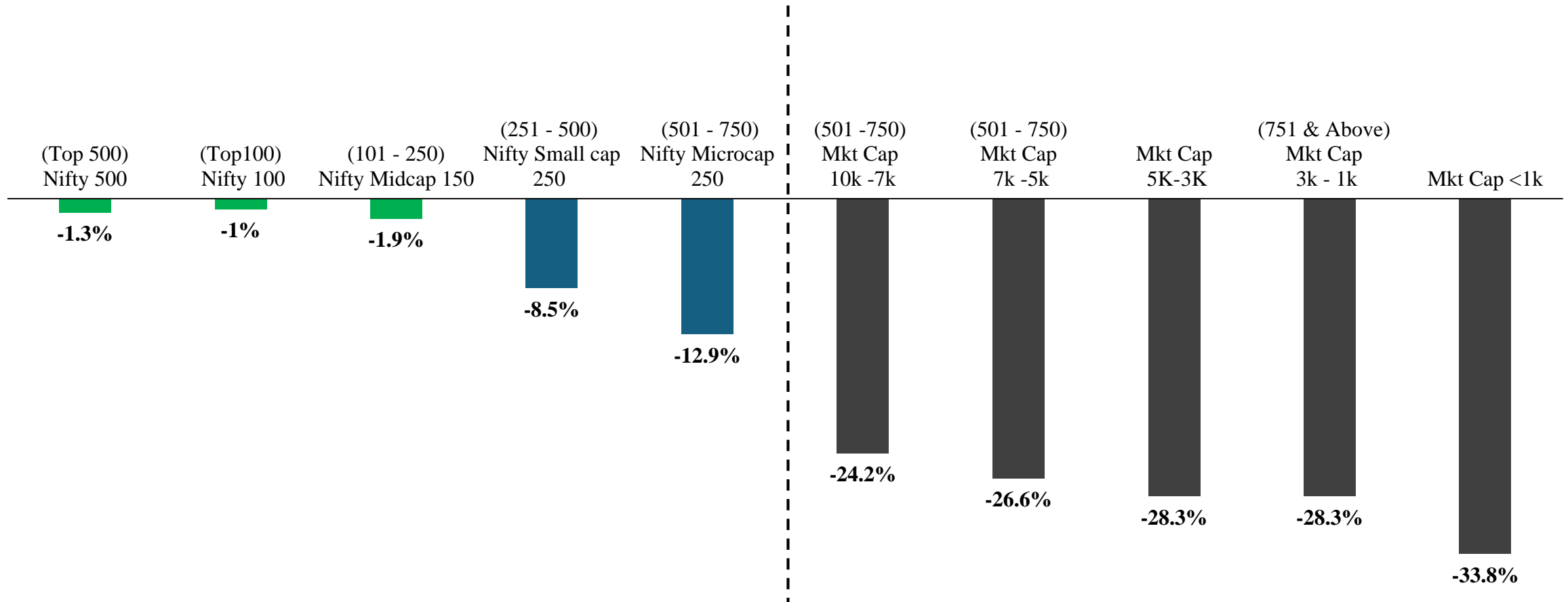
Our "Year of Selection" theme for 2025 correctly anticipated a fading earnings trajectory and the end of the easy, broad-based rally. This set the stage for the pronounced performance gap between large and small caps we witnessed in CY25





Weak breadth, large caps carry the market

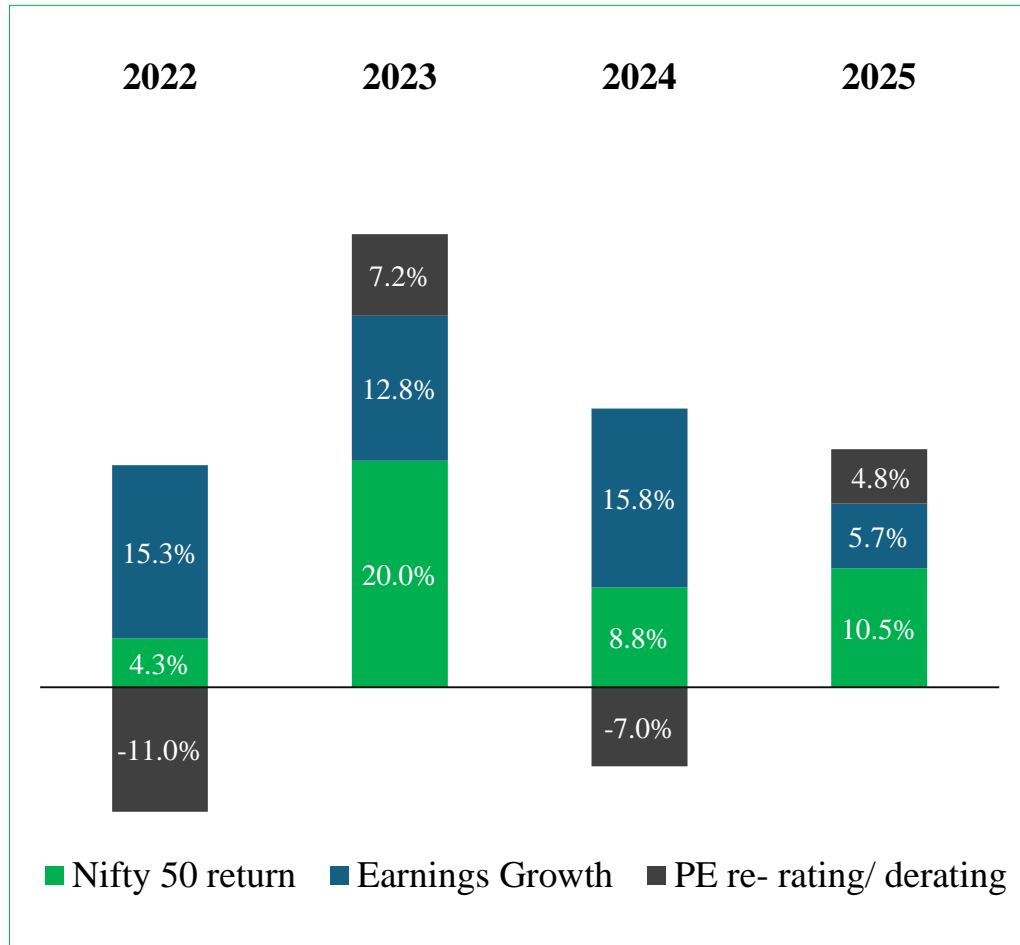
How Far is the 52 week high?



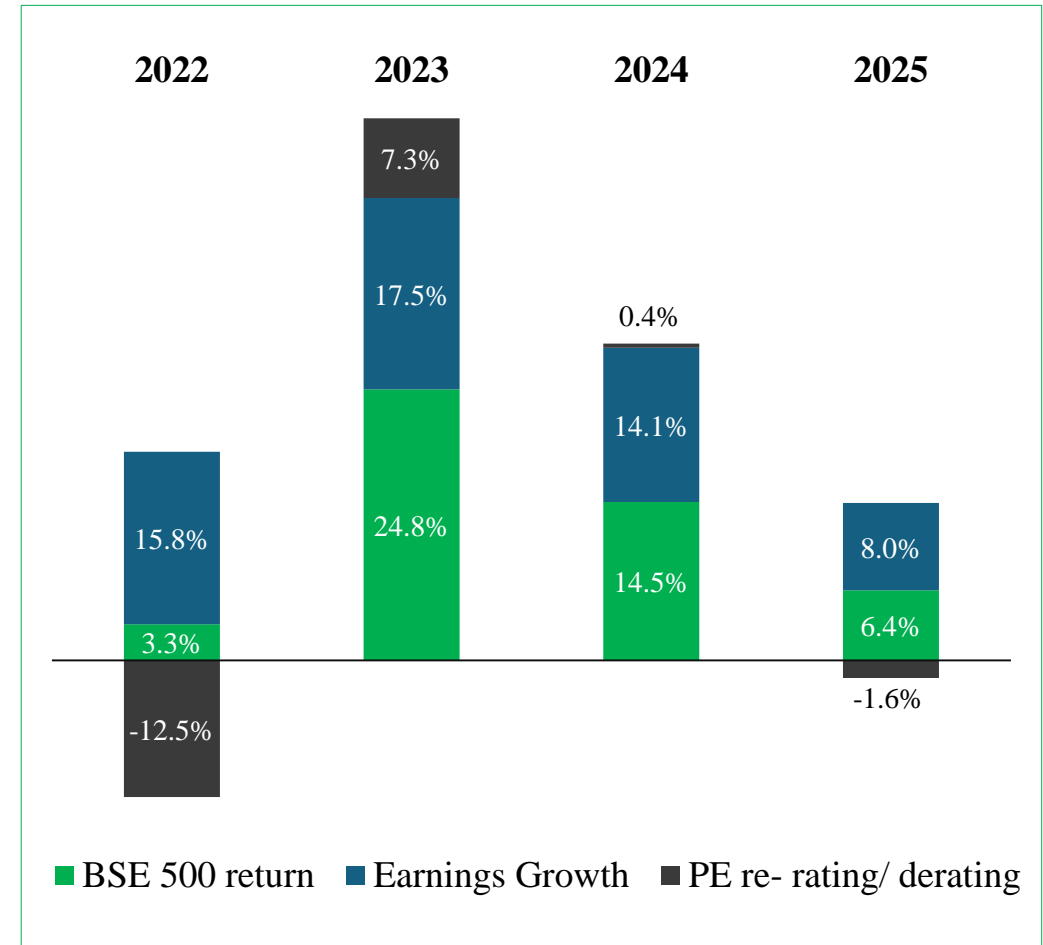


Valuations: PE de-rating in the last 4 years, led by mid/small caps

Nifty 50



BSE 500



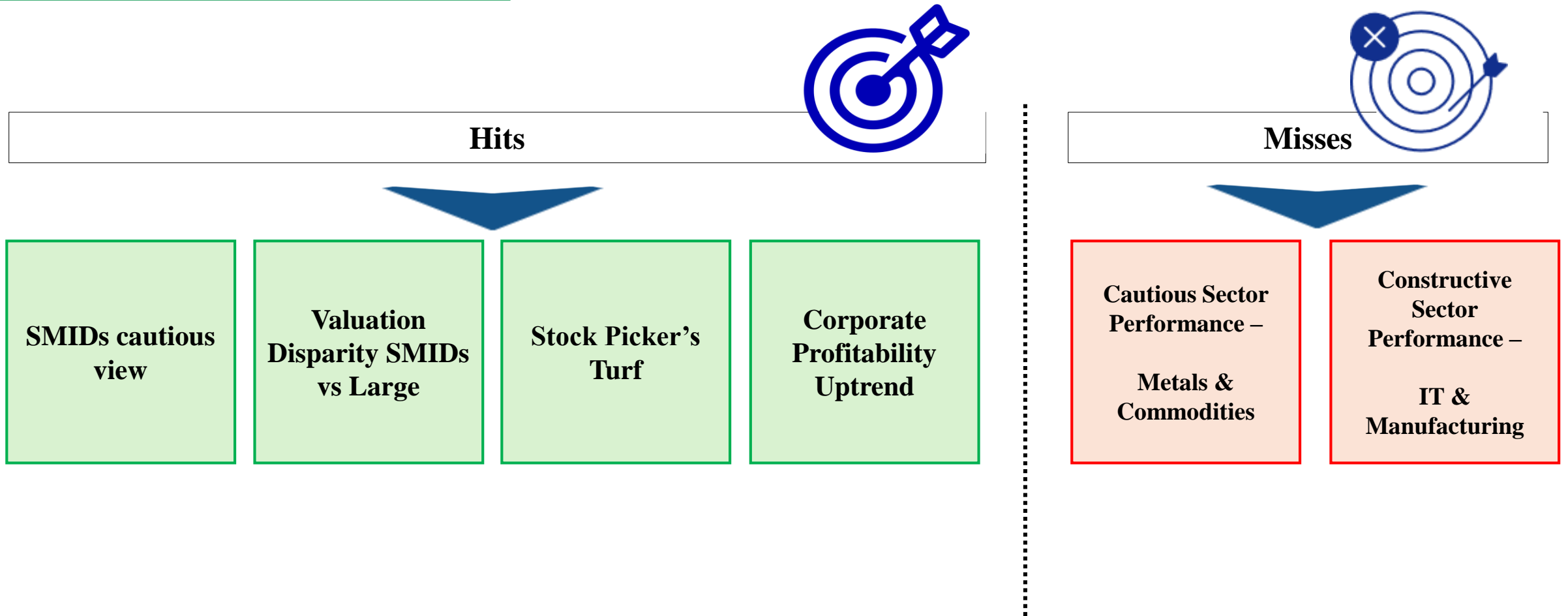


Aggregate sectoral performance

Primary Sector	# of Firms	CY 2025	
		change in ₹ bn	change in %
Energy	26	7,056	26%
Communication Services	54	3,642	23%
Financials	202	14,617	15%
Materials	342	4,690	10%
Consumer Discretionary	314	206	0%
Consumer Staples	116	-91	0%
Industrials	415	-1,298	-2%
Health Care	142	-1,079	-4%
Utilities	36	-905	-4%
Information Technology	135	-8,034	-17%
Real Estate	63	-1,705	-18%
Total	1,845	17,098	4%



Fident 2025 outlook – Hits and Misses



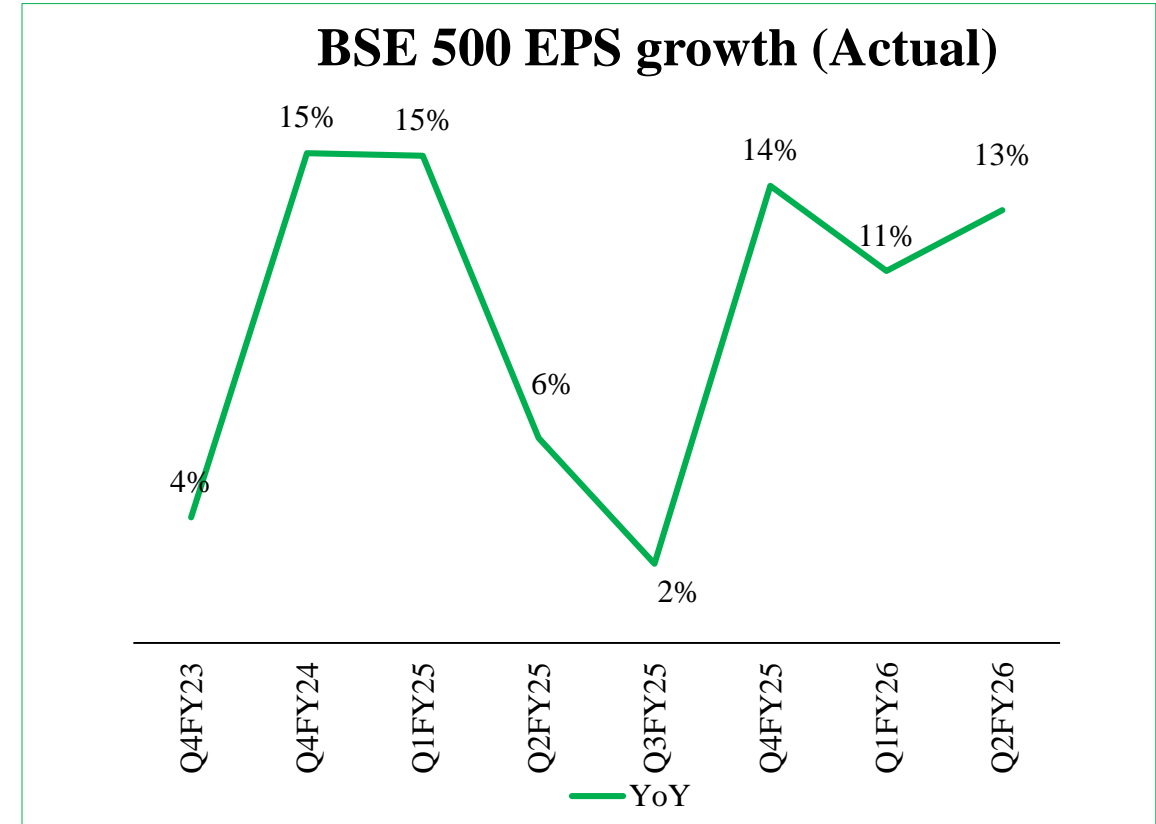
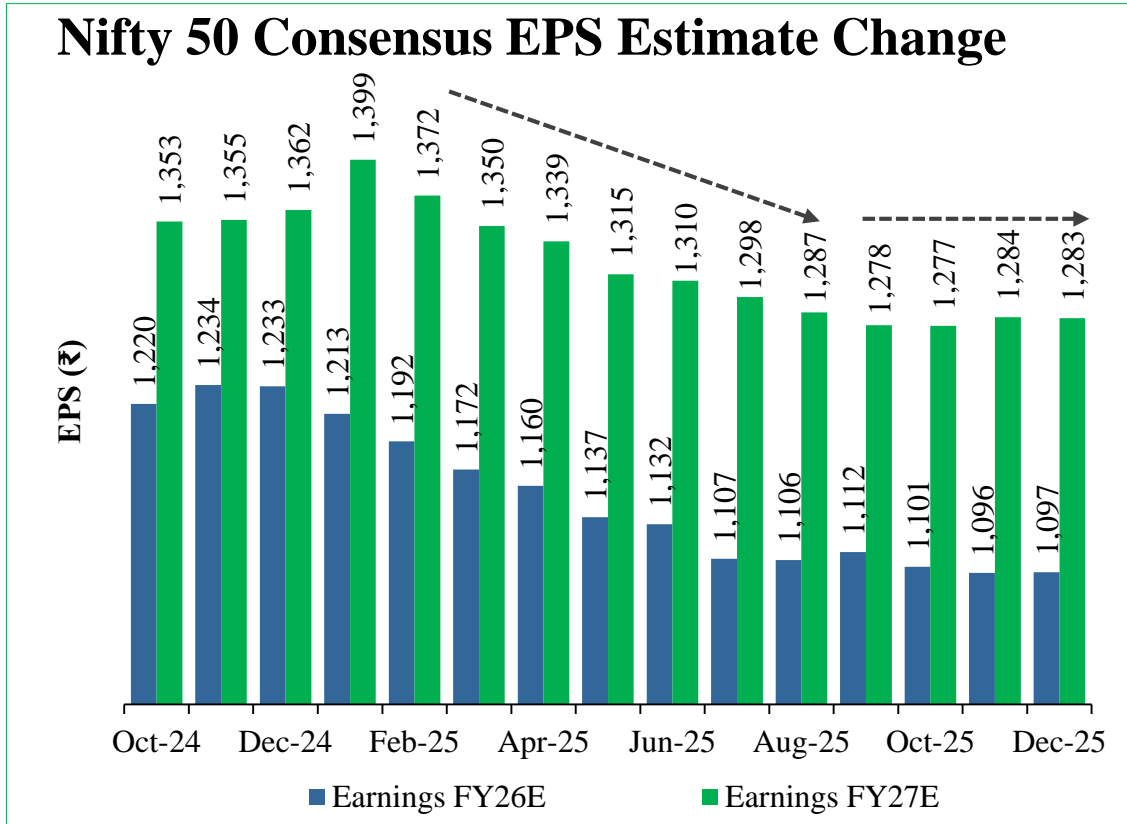


2026 Outlook





1. Earnings growth- expectations bottoming out?



Consensus earnings estimates have stabilized after a period of significant downgrades, indicating the worst of the cuts may be over. Given that actual EPS growth has also bottomed, this provides a foundation for a more positive, glass-half-full perspective on future earnings.



2. Macro outlook- Triple Engine of Growth: Policy, Capital, and Profits (1/2)

Government

- **GST Rationalisation**
(est. net benefit: ₹850 Bn)
- **Income tax cut**
(est. benefit: ₹1,000 Bn)
- **Government Capex**
(₹11.2Tn in FY26E (~3.1% of GDP))

RBI

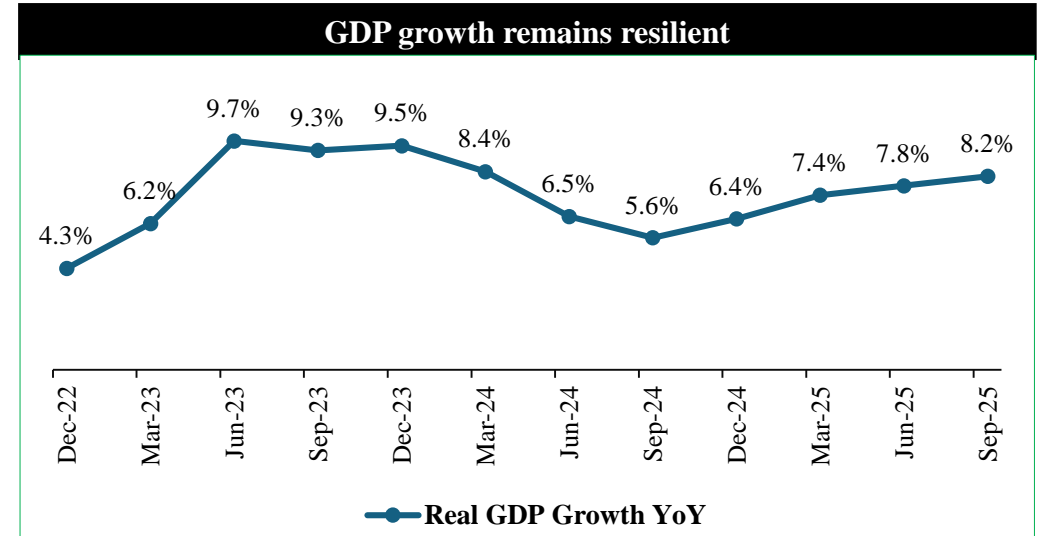
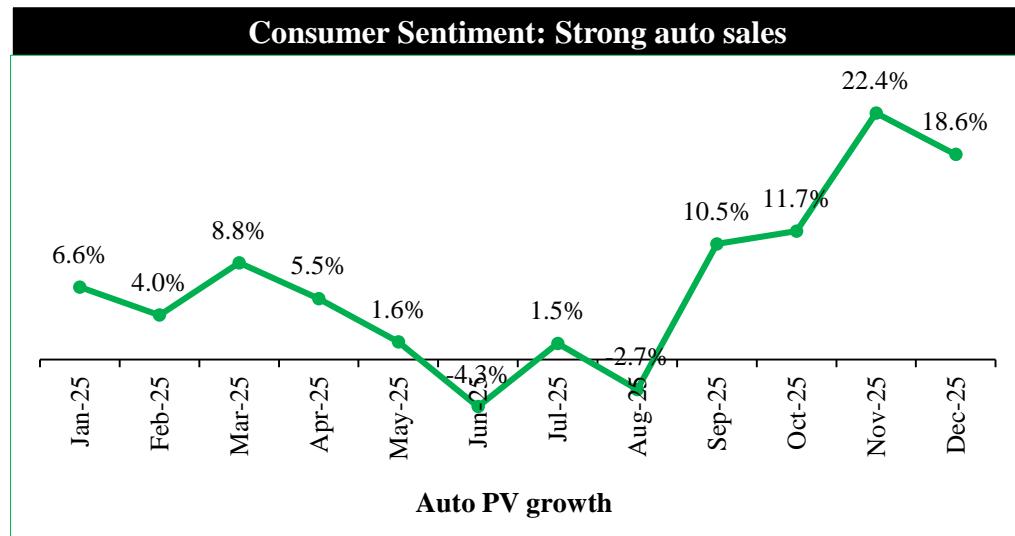
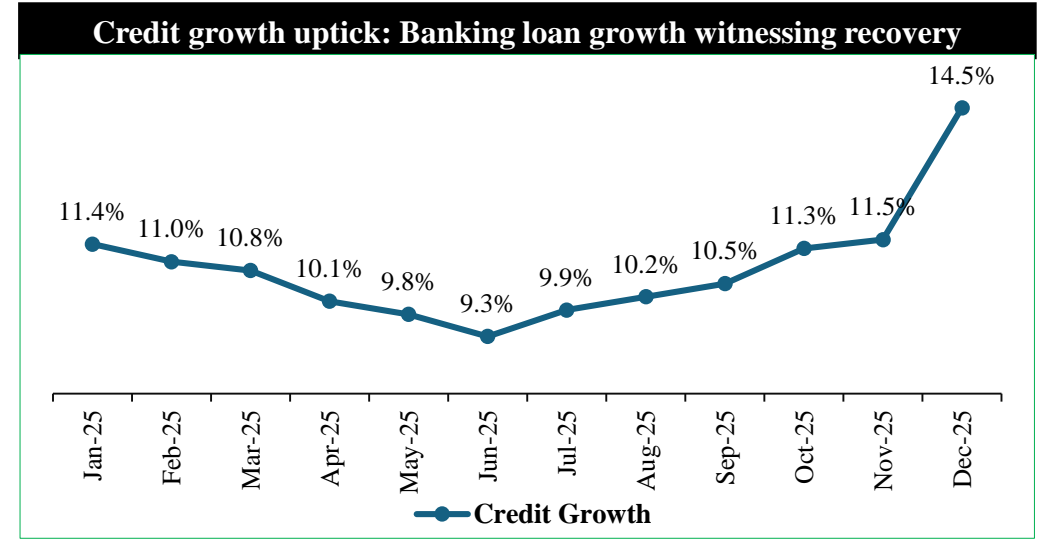
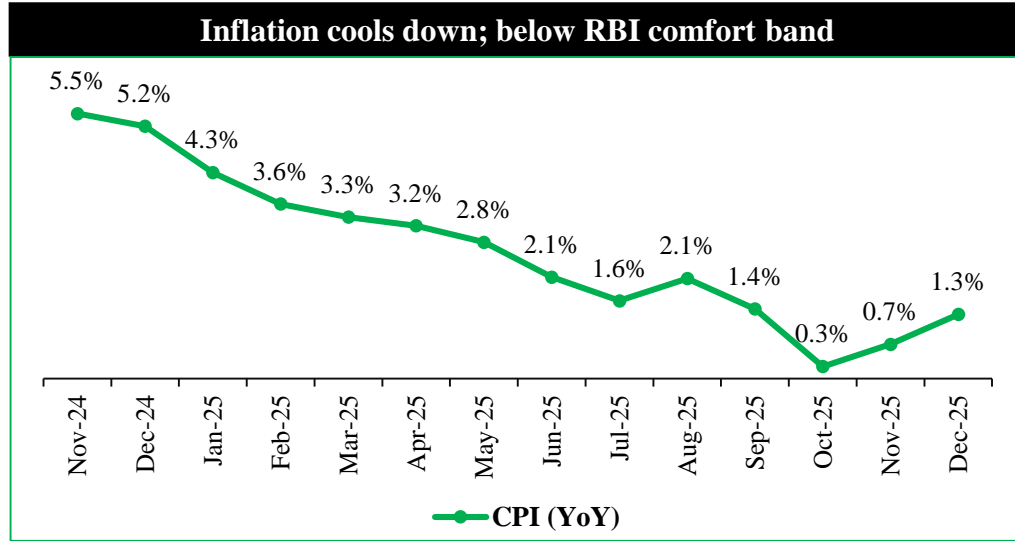
- **Repo rate cut**
(6.5% -> 5.25% in CY25)
- **CRR cut**
(4% -> 3% in CY25)
- **Liquidity infusion**
(₹2,500 Bn through CRR)

Corporate

- **Profitability remains high**
(5.2% of GDP in FY25 vs 4.0% of GDP in FY23 vs 2.8% of GDP in FY15)
- **Strong Balance sheet**
(Net D/E ~0.5x, lowest in past decade)
- **Earning revival & Capex Recovery**
(>150 cos. in BSE 500 talking about capex vs <60 in CY15)



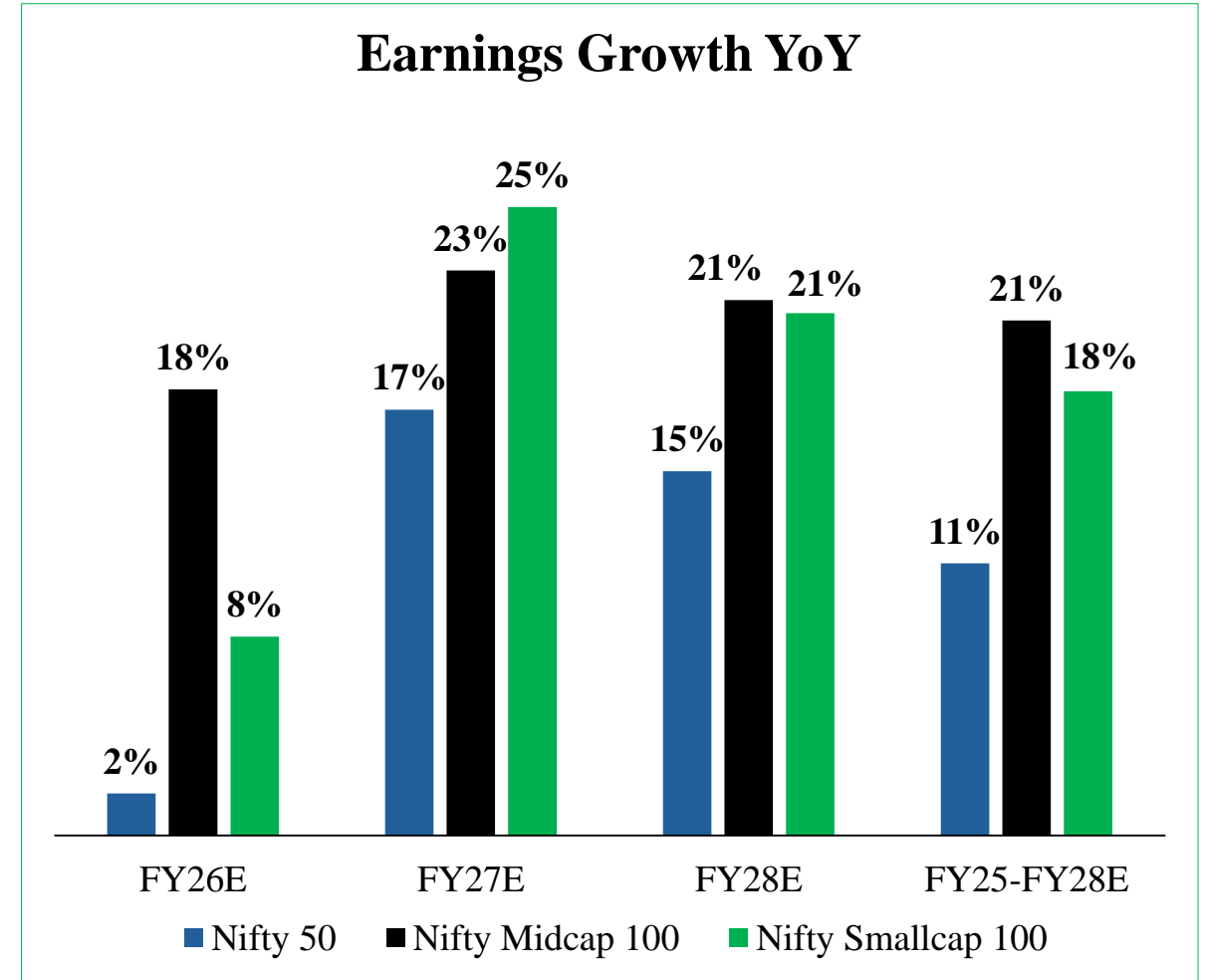
2. Macro outlook – Most favourable macro environment post covid (2/2)





3. Valuations - SMIDs now look attractive (1/2)

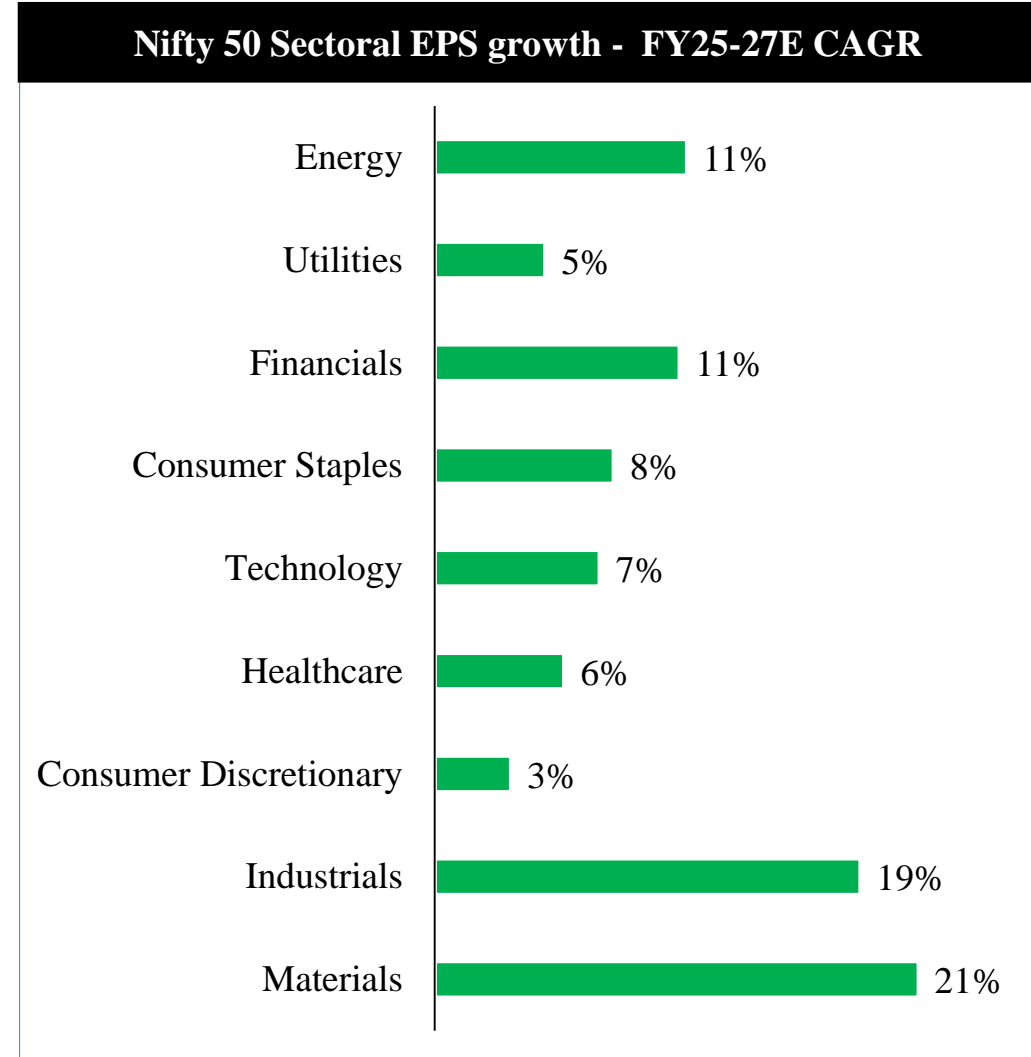
Index	PE			TTM PE 5 Yr Avg	PEG
	Dec-24	Dec-25	FY27E		
Nifty 50	22.0x	22.8x	20.4x	22.3x	1.9
Nifty Midcap 100	43.3x	34.0x	28.2x	30.1x	1.4
Nifty Smallcap 100	43.0x	32.2x	24.3x	29.2x	1.4
Midcap Premium	97%	49%	38%	35%	
Smallcap Premium	95%	41%	19%	31%	





3. Valuation - Sectors trends remain mixed (2/2)

Nifty 50	12-month Fwd PE (x)		
India Sectors	Current	Dec-24	15Yr Avg
Materials	18.5x	20.4x	14.3x
Industrials	31.1x	37.3x	22.7x
Consumer Discretionary	33.2x	32.1x	18.1x
Healthcare	31.8x	32.0x	23.0x
IT	20.7x	30.3x	19.8x
Consumer Staples	37.3x	44.6x	35.5x
Financials	18.3x	16.3x	16.1x
Utilities	13.9x	18.4x	12.5x
Energy	18.0x	14.0x	12.9x
Aggregate Nifty 50	21.5x	23.0x	21.0x





To summarize...

Earnings expectation have bottomed out

Favourable macro environment

SMIDs available near historical averages



A. Sectors we are confident on (CY26) (1/2)

High Conviction Sectors

SMALL BANKS

Strong growth (1.3-5x industry) and comfortable valuations as compared to large banks. Structural improvement in asset quality should lift ROEs to > 15% for the pack

AUTO

GST rate cut has fuelled industry growth across 2W / PV / CV / Tractors. Most segments are likely to demonstrate all time high growth for FY26 & FY27. 2W / PV / CV / Tractors have grown at 11% / 7% / 13% / 21% v/s flattish to negative volume growth from FY19-25

IT

GenAI serves as catalyst for legacy modernization & digital transformation deals. Reasonable valuations (trading at long term PE) along with structural tailwinds augur well for the sector; likely to witness positive earnings surprise in medium term

PHARMACEUTICALS

While some pockets in US generics continue to be under earning pressure due to Revlimid wane-off, other Sub-segments of Pharma have very strong visibility in the near to medium term i.e. CDMO / CMO/ Hospitals and Diagnostics



A. Sectors we are confident on (CY26) (2/2)

Safety Bets

PRIVATE BANKS

Credit growth outlook improving. Valuation for large banks still at reasonable levels. NIMS to bottom out by Q4FY26 with rebound from FY27 onwards

TELECOM

Medium term duopoly with low ARPUs making strong case for annual price hikes. Strong FCF generation over the medium term with limited incremental 5G capex

FMCG

Strong GST (₹850 Bn) & income tax (₹1Tn) stimulus to lift consumer sentiment and demand for low to medium end segment. Prefer rural focussed themes



B. Themes which Fident is confident of (CY26) (1/2)

Pre-Engineered Buildings

- Expect industry growth of > 20% CAGR over FY26-28 due to strong OB visibility
- Capacity expansions remain on track for top 3 listed players
- Entry into heavier structures should improve TAM, with ROCEs expected to improve due to favourable WC requirements

Cables & Wires

- Industry growth should continue to be 1.5x of GDP growth, supported by strong domestic demand. As project capex entails 5-15% of cost in cabling activities, we believe certain sunrise sectors will aid growth. With rising SKUs, China+1 shift and global certifications in place, exports remain a key monitorable
- As new entrants get attracted to strong industry growth, expect cable heavy players to outperform wires

Defence

- Recent scale & breadth of approvals by DAC (3.3trn. YTD FY26) reiterates our structurally positive outlook of the industry. Conversion from AONs to firm orders remains key monitorable
- With defence capital outlay in budget expected to rise, share of procurement for domestic players should increase as well as positive for PSUs as well as private players



B. Themes which Fident is confident of (CY26) (2/2)

Flex Leasing

- Strong industry growth > 20% CAGR over 26-28
- Negative working capital cycle, capital light expansion resulting in healthy cashflow generation despite strong growth
- Industry valuations reasonable compared to other commercial real estate plays

Electronic Manufacturing Services

- Industry aggressively shifting from low-margin mobile assembly (3–4% margins) to high margin components and ODM
- Continued government stimulus through PLIs, interest subvention, long term land leases should lead to long term value creation

Auto ancillaries

- Auto ancillaries basket have a disproportionate risk reward ratio due to strong volume growth, premiumization and reasonable valuations
- Auto ancillaries where the exposure to fast growing OEM's and segments will aid operating efficiencies resulting in rapid earnings growth of 20%+



C. Themes where we see limited upside (CY26)

Real Estate and Building Materials

- Post 3-4 years of strong growth, real estate absorption is showing signs of slowdown with 14% declining in absorption rates for Q4CY25
- Average residential prices in metro cities have surged by as much as 75% since the early pandemic years

Renewables

- 165/40 GW of Module/Cell capacity creation vs expected deployment of 50-55 GW for CY26 leading to massive correction in pricing
- Delayed PPAs(45 GW) creates a massive execution overhang for CY26, as grid connectivity and T&D infrastructure cannot keep pace with the aggressive bidding of 2024-25

Select Consumer Discretionary

- Apparel – Unit economics still lack lustre for big box retailers and brands. Ex of value retail, industry SSG growth looks weak
- QSR – Abundance of options, low store level profitability and shift towards healthy lifestyle should structurally lower growth for this sector



Fident Unlisted and Listed Large Value PMS (FULL)





FULL – Our Journey so far

Platform

- Launched in Feb 2025 – established and operational
- Investments in both listed and unlisted equity
- End to end assistance in issuance of Accreditation Certificate and onboarding

Investor Reach

- 7 live clients under FULL strategy
- Total AUM > INR 100+Cr



Team and Capability

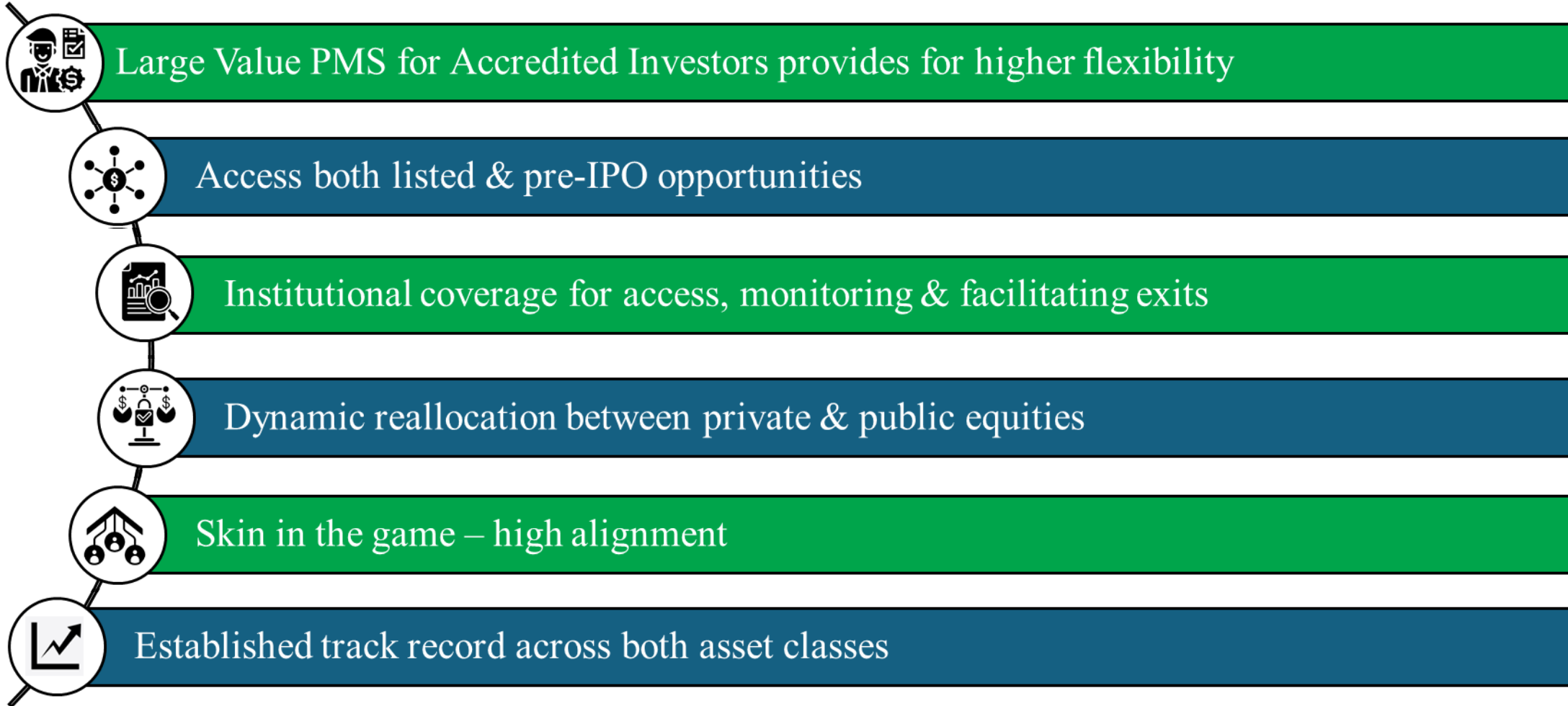
- Dedicated analyst driving research and evaluation across both listed and unlisted investment opportunities

Unlisted Deals

- 9 live investments in unlisted equity
- Healthy pipeline under evaluation
- Investments – both primary and secondary rounds



Why invest in **FULL**?





FULL Proposition

Listed Equity

Two distinct strategies designed to meet diverse investment goals

- **FAIR:** Fident All Cap Resurgent Portfolio
- **FIBER:** Fident India Builder Equity Portfolio



Private Equity

- Growth Equity
- Pre-IPO Opportunities
- Key sectors:
 - Financials
 - Consumer
 - Technology
 - Manufacturing

Allocation guiding principle:

Minimum allocation: 25%
Maximum allocation: 75%

Suggestive Current Allocation:

Listed Equity: 50%
Private Equity: 50%



Analyst Team - Dedicated Sector Coverage

Consumer



Mihir Damania

CA



Financials



Raj Shah

CA , CFA



Technology



Varun Gandhi

MSc (Bayes Business School),
CFA



Manufacturing



Nikhil Purohit

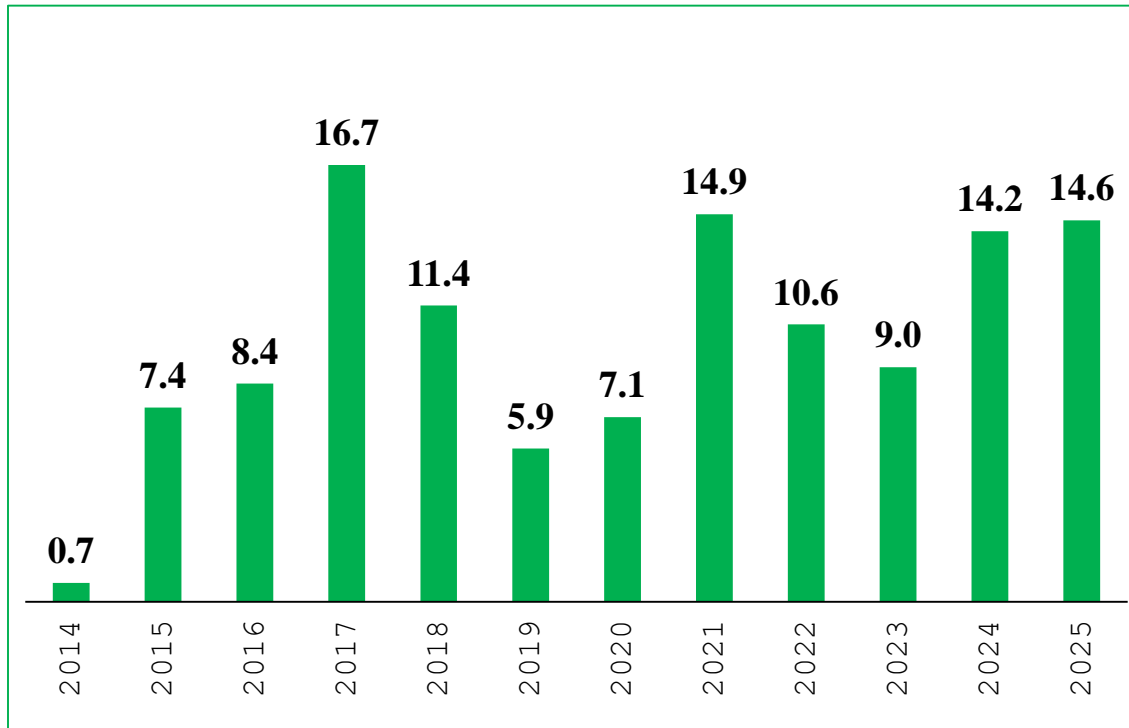
BBA (NMIMS),
CFA





Why Pre-IPO?

Current market cap of companies listed in each of the years in INR lakh crores



IPOs from 2021-25 contribute 13.4% of current m-cap

IPO Performance: Listing Day Gains

Average Return	2021	2022	2023	2024	2025	Overall
Q1	99.9%	41.0%	74.2%	83.9%	35.5%	66.9%
Q2	27.6%	14.0%	28.7%	31.7%	9.5%	22.3%
Q3	5.4%	-0.1%	10.1%	11.3%	0.6%	5.5%
Q4	-9.0%	-10.9%	-3.4%	-6.2%	-11.0%	-8.1%
Number of IPOs	66	39	60	93	90	348

IPO/Pre-IPO Investing – Selection is key



Executed Transactions – A snapshot

Case Study 1 – Leader in GIS engineering services (Pre-IPO)

- **About:** Geo is a leader in geospatial, engineering, and digital solutions, specializing in mapping, AI/ML data annotation, telecom planning, and sustainable infrastructure.
- **Core service offerings:** Mapping, AI/ML Geospatial Annotation, Telecom Network Design, Urban & Climate Resilience
- **Notable partnership:** Primary outsourced vendor for developing the flagship Maps platform of a top global tech leader (top client).
- **Global footprint:** It serves 100+ clients across 25 countries (>70% offshore revenues)
- **Financial Snapshot FY25:**
 - Revenue: USD 73 Mn | Operating Profit: USD 14 Mn (20%)
 - Net Profit: USD 10 Mn | ROE: 30%
- **Valuation:**
 - Attractive entry multiple, 12x FY26E P/E

Case Study 2 – Bootstrapped EdTech Company (Early Stage)

- **About:** Bootstrapped, profitable 8 year old edtech startup focused on personalized digital learning (K-12). Present in **25,000+ classrooms** across 18 states
- Pioneered the development of digital learning solutions across vernacular languages (Hindi, Marathi and others: **1st Edtech company** to setup android powered digital classrooms
- Built proprietary learning management system (**LMS**), works **offline/online across all devices** (IFPs/TVs, Laptops, Desktops and Mobiles), integrating classroom teaching with **personalized learning**
- Recognized by **Google India** (2017) and National Council of Educational Research and Training (**NCERT**)
- **Financial Snapshot FY25:**
 - Revenue: INR 12.3 Crs | EBIDTA: INR 1.2 Cr
- **Valuation:**
 - 3x FY26E Revenue, 10x FY26E P/E
 - **Board Seat:** Active role in growth and strategy



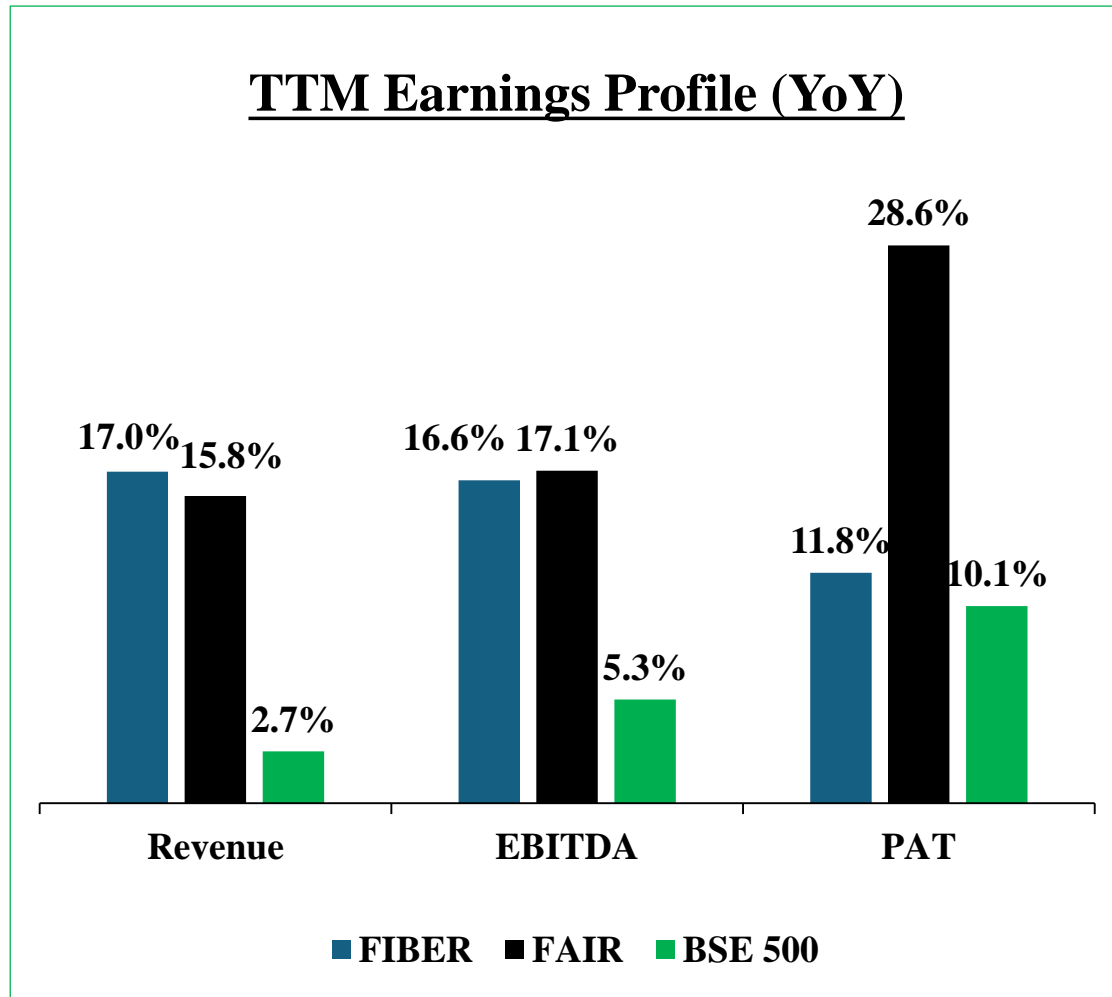
Portfolio Performance and Review



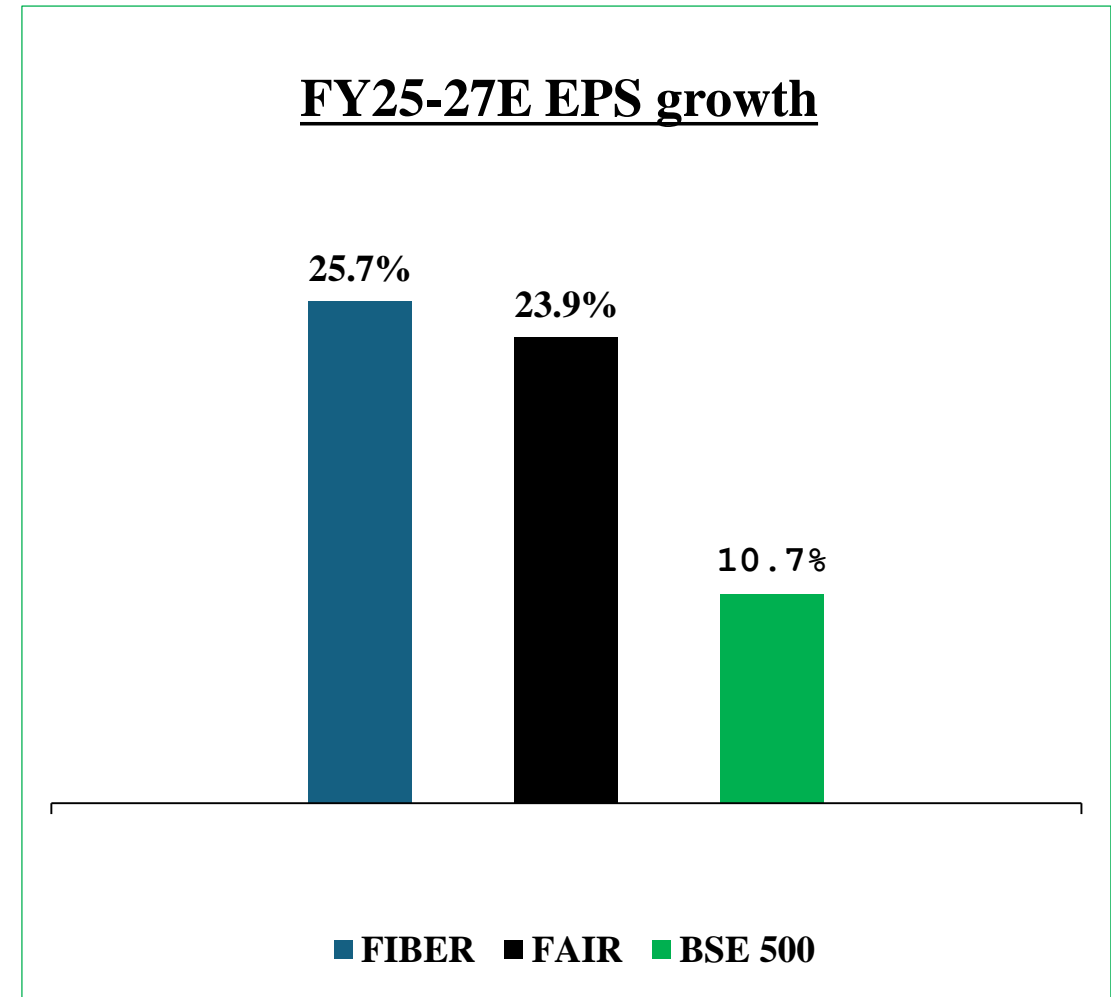


Earnings growth – always the focal point!

TTM Earnings Profile (YoY)



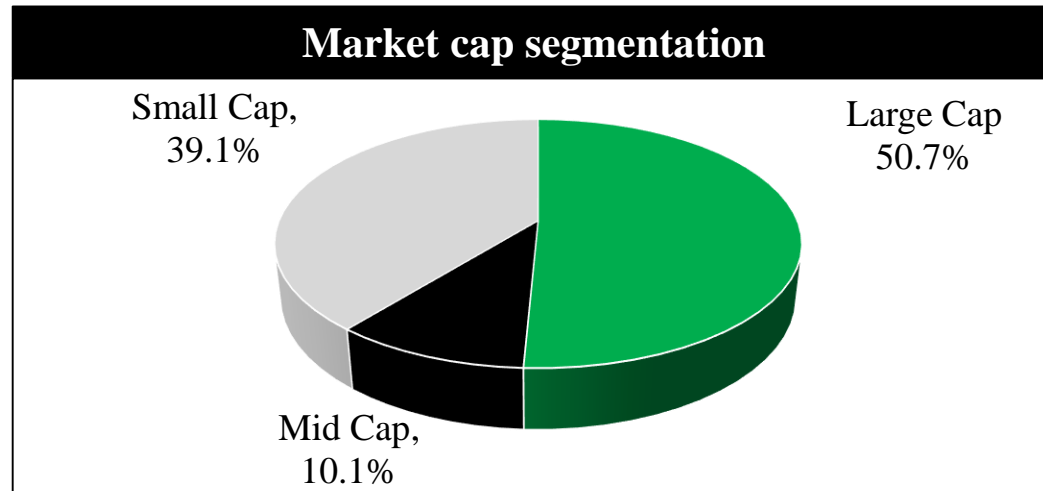
FY25-27E EPS growth





FAIR - performance & positioning

Performance	1Y	Since Inception (18 Apr 2024)
FAIR	3.9%	13.5%
BSE 500 TRI	7.6%	10.4%
Nifty 50 TRI	11.9%	11.6%
Outperformance wrt BSE 500	-3.7%	3.1%



Style weights

Style	Portfolio	Benchmark
Growth	70.7%	53.2%
Value	29.3%	46.8%

Portfolio Quants

Metrics	Portfolio	Benchmark
PAT Growth (FY22-25)	32.1%	14.8%
PE (FY27 E)*	21.4	21.6
EPS Growth (FY25-27 E)*	23.9%	10.7%
PEG (FY27 E)*	1.1	2.0
RoE (FY26 E)	18.9%	14.4%
Net Debt/Equity Ex-Financials	0.2	0.3

***Median value**; Weighted average PE is **25.3x** & EPS Growth (FY25-27E) is **25.4%**.

Performance as on December 31, 2025 (net of fees). Portfolio Metrics & Benchmark Metrics as of Dec 31, 2025

Performance is net of all fees and expenses. Returns have been calculated using Time Weighted Rate of Return (TWRR) method as prescribed by SEBI. Returns over 1 year are annualized. Performance related information provided herein is not verified by SEBI. Past performance is not a reliable indicator of future results. Please note that performance of your portfolio may vary from that of other investors and that generated by the Investment Approach across all investors because of 1) the timing of inflows and outflows of funds; and 2) differences in the portfolio composition because of restrictions and other constraints. Performance relative to other Portfolio Managers within the selected Strategy: [Click Here](#)




FAIR Portfolio - Attribution

Top Performers	Sector	Market Cap	Average Weight	Price Return*	Return Contribution
Shriram Finance Ltd	Financial Services	Large Cap	4.7%	72%	3.2%
Acutaas Chemicals Ltd	Healthcare	Small Cap	5.1%	59%	2.8%
BSE Ltd	Financial Services	Large Cap	4.1%	27%	1.9%
TVS Motor Company Ltd	Auto & Ancillaries	Large Cap	3.7%	57%	1.7%
Maharashtra Scooters Ltd	Financial Services	Small Cap	3.0%	67%	1.7%

Top Laggards	Sector	Market Cap	Average Weight	Price Return*	Return Contribution
Mrs Bectors Food Specialities Ltd	FMCG	Small Cap	4.1%	-30%	-1.3%
AWFIS Space Solutions Ltd	Real Estate	Small Cap	5.5%	-23%	-1.2%
Entero Healthcare Solutions Ltd	Healthcare	Small Cap	4.6%	-22%	-1.1%
Rossari Biotech Ltd	Chemicals	Small Cap	3.4%	-25%	-1.1%
Tata Consultancy Services Ltd	IT	Large Cap	4.1%	-22%	-0.9%

*Price Return is stock price performance in CY25, after inclusion in the portfolio

 = exited stocks



Portfolio Review

What worked for FAIR?



- **Large cap stock selection** (HDFC Bank, ICICI Bank, Bharti Airtel) – **Value/Contra approach**
- **Being overweight on sectors** like Financials (incl. Banks, NBFC and Capital Market), Auto and Telecom
- **Right stock picks in themes out of favour** (Acutaas – CDMO, BSE – Capital Markets)
- **Tactical calls** like Maharashtra Scooters and BSE worked very well.

What didn't work for FAIR?

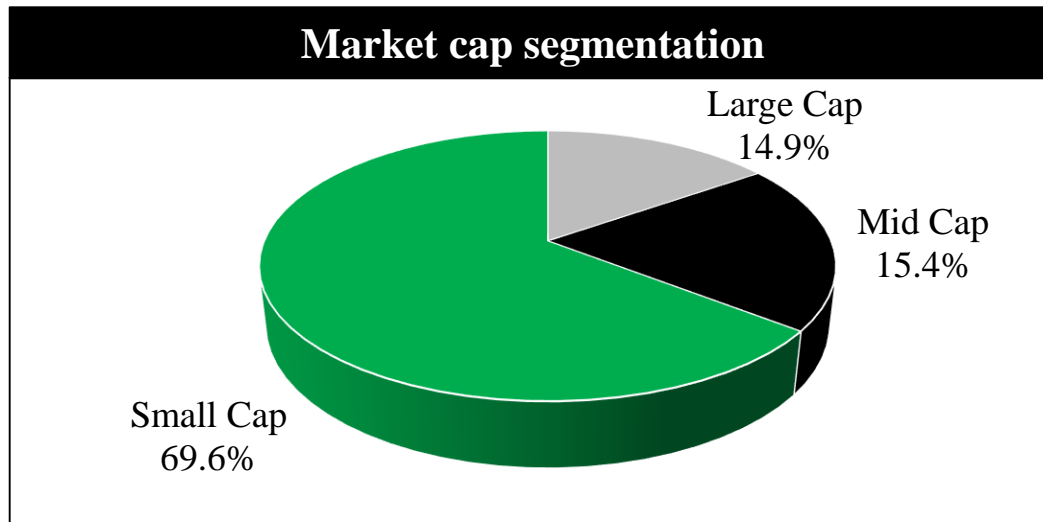


- **No exposure to Metals and Energy**
- **Overweight on IT** didn't work well in CY25; We expect this to play out in CY26
- **Increased exposure to small caps** in H2CY25 worked adversely (FAIR was outperforming benchmark by 4.7% until Aug 2025 over 1 year period)



FIBER - performance & positioning

Performance	1Y	Since Inception (28 Jun 2024)
FIBER	-11.1%	-1.0%
BSE 500 TRI	7.6%	4.5%
BSE 250 Smallcap TRI	-5.2%	-1.2%
Outperformance wrt BSE 250 Smallcap TRI	-5.9%	0.2%



Style weights

Style	Portfolio	Benchmark
Growth	67.8%	53.2%
Value	29.1%	46.8%

Portfolio Quants

Metrics	Portfolio	Benchmark
PAT Growth (FY22-25)	40.1%	14.8%
PE (FY27 E)*	23.8	21.6
EPS Growth (FY25-27 E)*	25.7%	10.7%
PEG (FY27 E)*	1.0	2.0
RoE (FY26 E)	18.1%	14.4%
Net Debt/Equity Ex-Financials	0.1	0.3

***Median value**; Weighted average PE is **35.2x** & EPS Growth (FY25-27E) is **44.3%**.

Performance as on December 31, 2025 (net of fees). Portfolio Metrics & Benchmark Metrics as of Dec 31, 2025

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FIBER Portfolio - Attribution

Top Performers	Sector	Market Cap Classification	Average Weight	Price Return*	Return Contribution
Laurus Labs Ltd	Pharmaceuticals	Mid Cap	5.7%	90%	4.1%
S J S Enterprises Ltd	Auto & Ancillaries	Small Cap	4.1%	72%	2.9%
Interarch Building Solutions Ltd	Infrastructure	Large Cap	5.5%	31%	1.9%
Bharat Electronics Ltd	Capital Goods	Large Cap	4.7%	37%	1.7%
Home First Finance Company India Ltd	Financial Services	Small Cap	5.8%	4%	0.8%

Top Laggards	Sector	Market Cap Classification	Average Weight	Price Return*	Return Contribution
Neogen Chemicals Ltd	Chemicals	Small Cap	3.9%	-45%	-2.4%
Kaynes Technology India Ltd	Consumer Durables	Small Cap	4.4%	-46%	-1.8%
Pitti Engineering Ltd	Capital Goods	Small Cap	4.1%	-29%	-1.8%
Dixon Technologies (India) Ltd	Consumer Durables	Mid Cap	4.2%	-33%	-1.4%
KFin Technologies Ltd	Financial Services	Small Cap	3.6%	-34%	-1.4%

*Price Return is stock price performance in CY25, after inclusion in the portfolio

 = exited stocks



Portfolio Review

What worked for FIBER?



- **Exposure to select stocks** (Laurus Labs, SJS, Interarch)
- **Allocation to Defence** (BEL)
- **Avoided allocation** in themes like Renewables, Railways

What didn't work for FIBER?



- **Exposure to EMS** (Dixon, Kaynes) and **Capital Goods/Manufacturing** (Pitti, Venus Pipes)
- **Adverse developments** (fire incident) in Neogen Chemicals
- **Higher exposure to small/micro caps** (median market cap of ₹9000 cr), led to higher drawdown



Q&A





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Portfolio Management Services (PMS) are offered by Fident Asset Management Private Limited, a SEBI-registered portfolio manager - SEBI Registration Number for P.M.S. INP000008482, in accordance with the SEBI (Portfolio Managers) Regulations, 2020.



Thank You



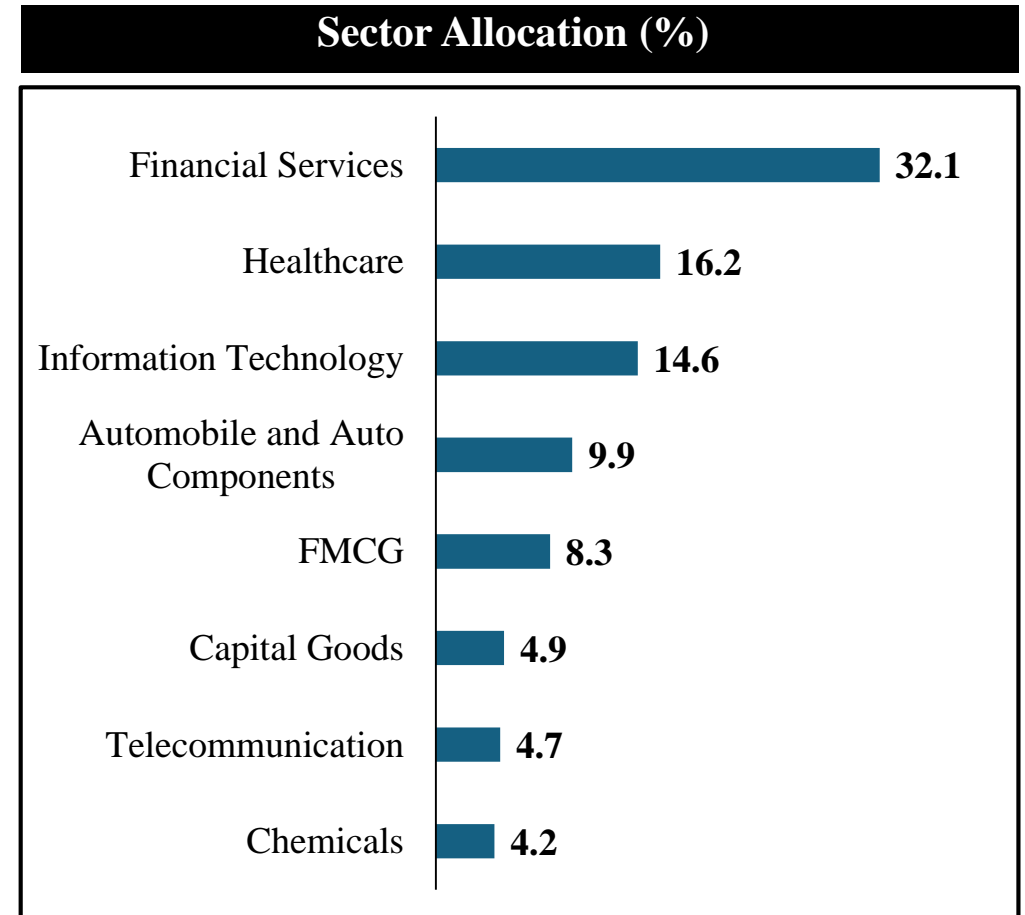
Annexure





FAIR Portfolio

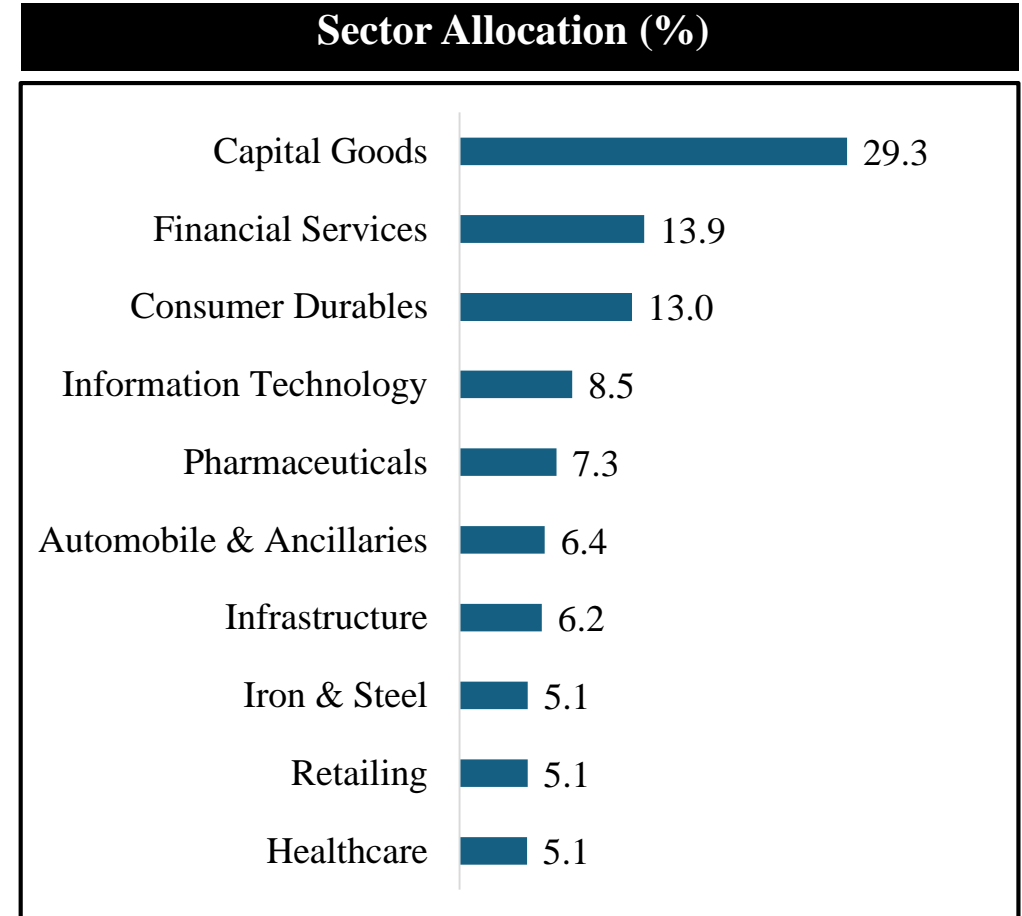
Top 10 Holdings	
Company	Weight (%)
Shriram Finance Ltd.	6.7%
Acutaas Chemicals Ltd	5.8%
HDFC Bank Ltd.	5.7%
Entero Healthcare Solutions Ltd.	5.4%
SBFC Finance Ltd.	5.2%
Persistent Systems Ltd.	5.1%
AWFIS Space Solutions Ltd	5.0%
Tata Motors PV Ltd.	5.0%
Axis Bank Ltd	5.0%
Tech Mahindra Ltd.	5.0%





FIBER Portfolio

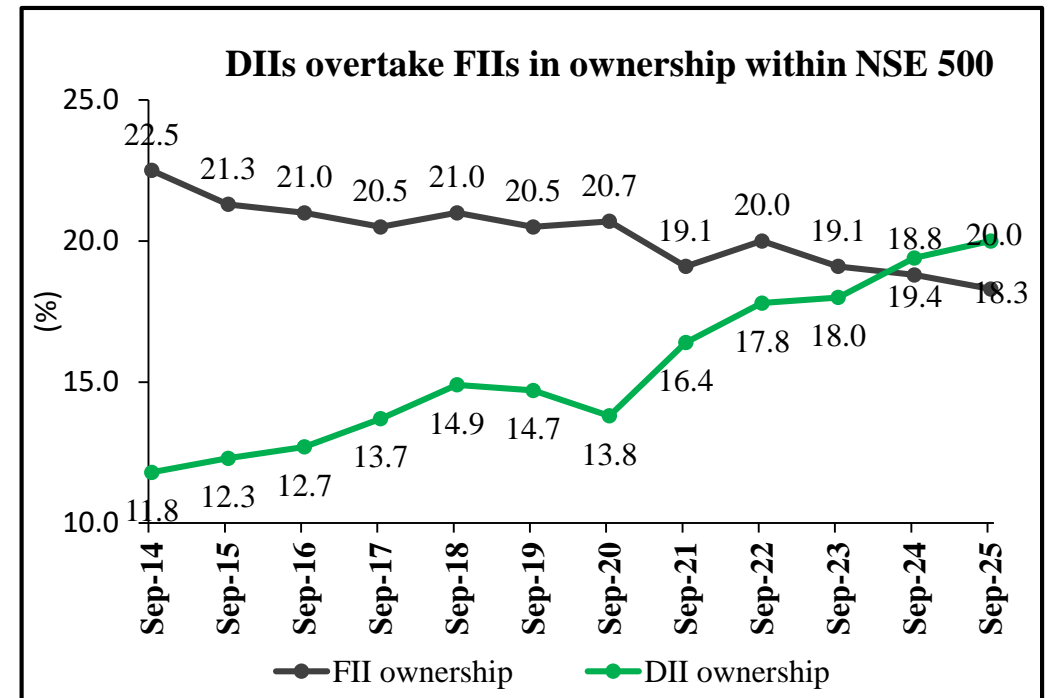
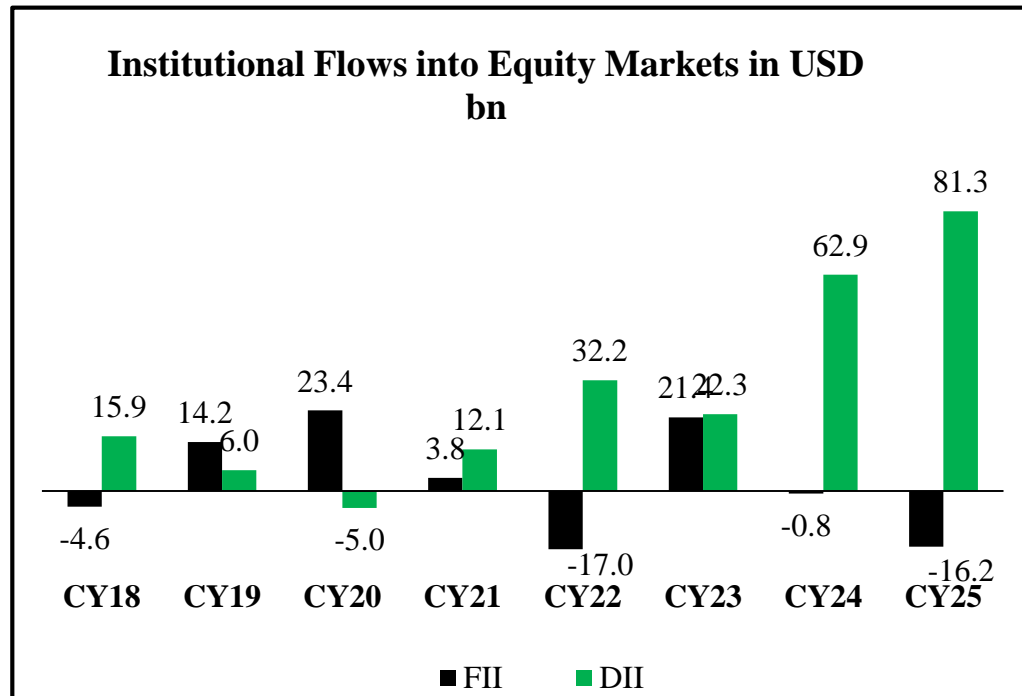
Top 10 Holdings	
Company	Weight (%)
Laurus Labs Ltd	7.2 %
SJS Enterprises Ltd	6.3 %
Interarch Building Solutions Ltd	6.1 %
RR Kabel Ltd	5.7 %
Home First Finance Company India	5.2 %
Mold-Tek Packaging Ltd	5.2 %
Venus Pipes and Tubes Ltd	5.1 %
Eternal Ltd	5.1 %
Bharat Electronics Ltd	5.0 %
Marksans Pharma Ltd	5.0 %





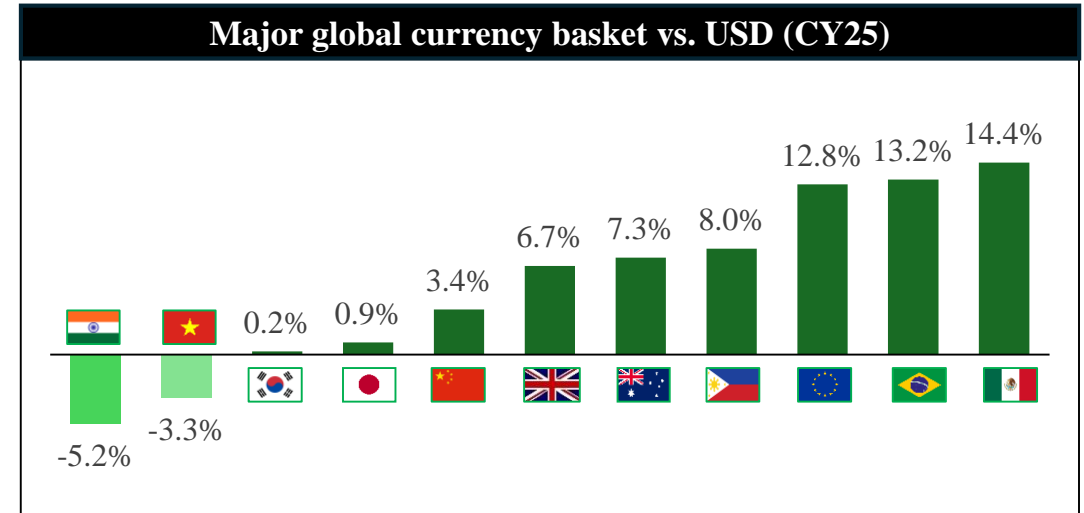
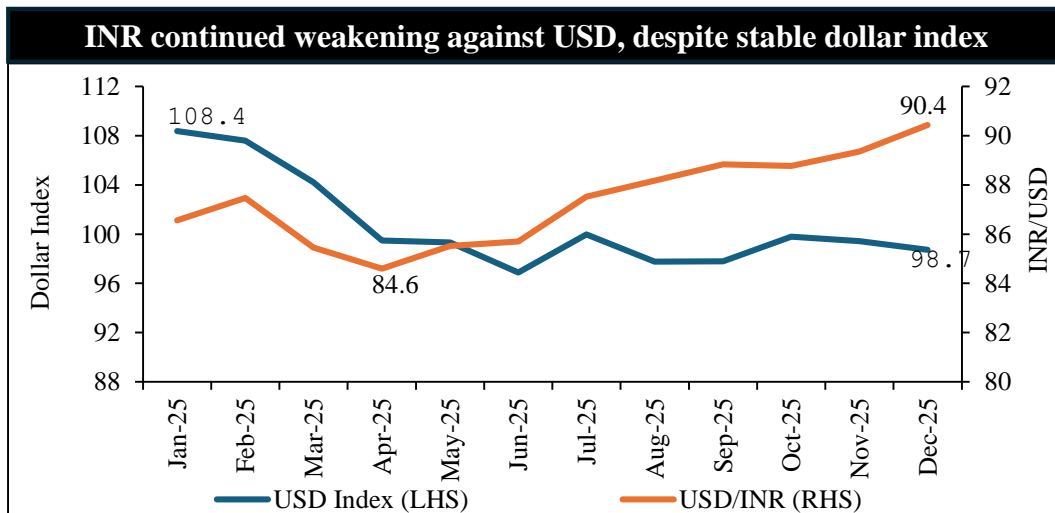
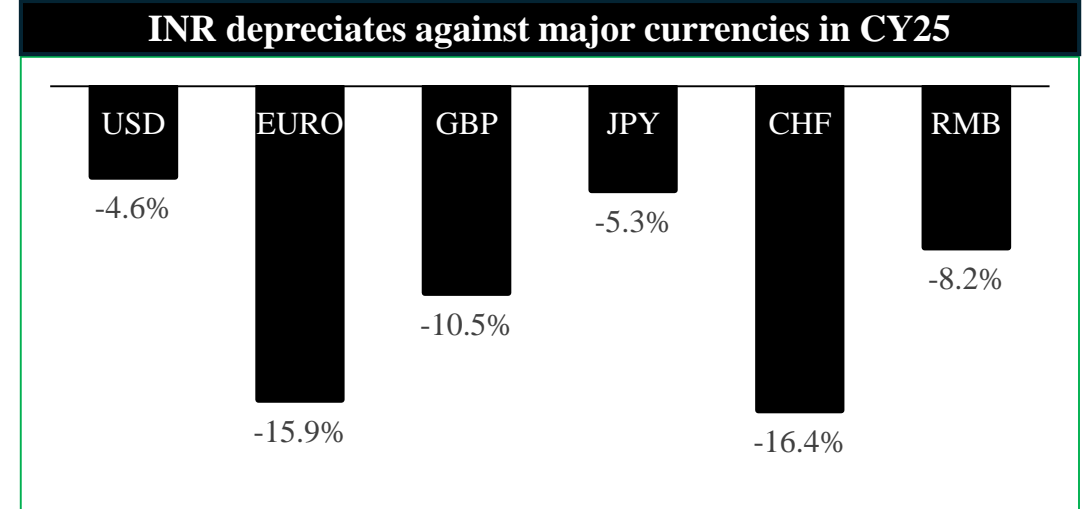
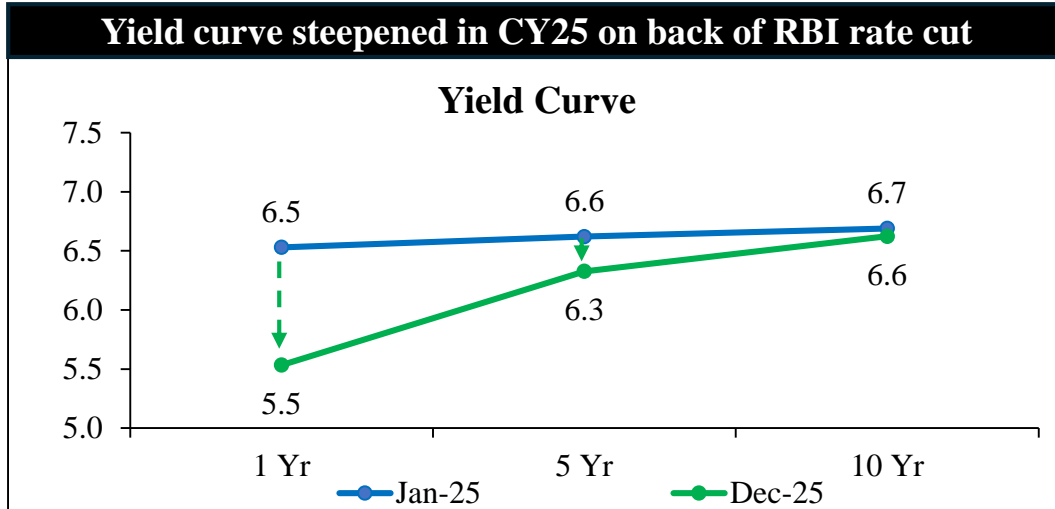
FII no more the dominant player...

- In CY25YTD, DIIs have invested \$81.3b, already surpassing their entire CY24 inflows, whereas FIIs have sold \$16.2b of Indian equities. Over CY21-CY25YTD, DII inflows touched a record USD210.8b, while net FII outflows stood at USD8.7b. Despite negative FII outflow, NSE500 is up 19% CAGR.
- Strong domestic inflows and buoyant capital markets drove a historic shift in ownership, with DII holdings surpassing FII holdings in Nifty 500 companies for the first time in Mar'25 and rising further in Sep'25. Both promoter and FII holdings declined to all time lows of 49.3% and 18.3%, respectively, in Sep'25.
- FIIs coming back? Non-AI trade, Earnings growth trajectory, lower cost of debt



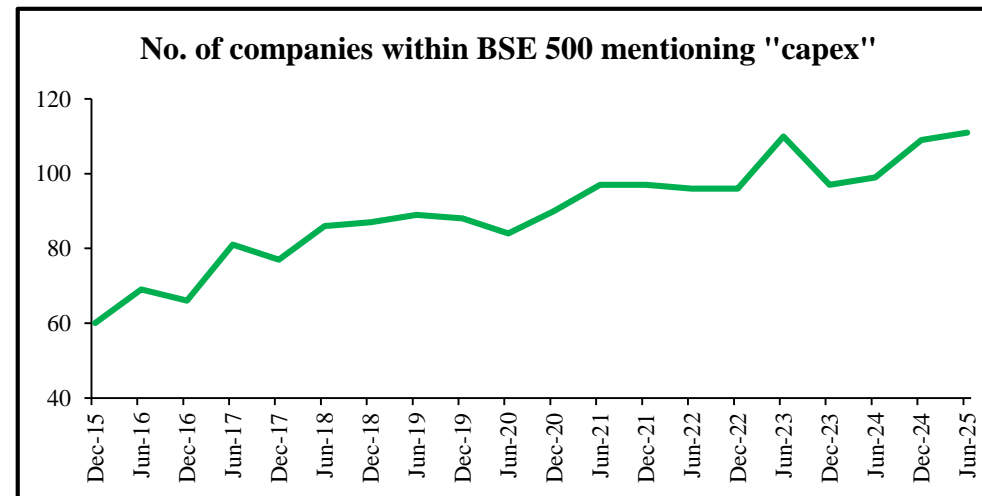
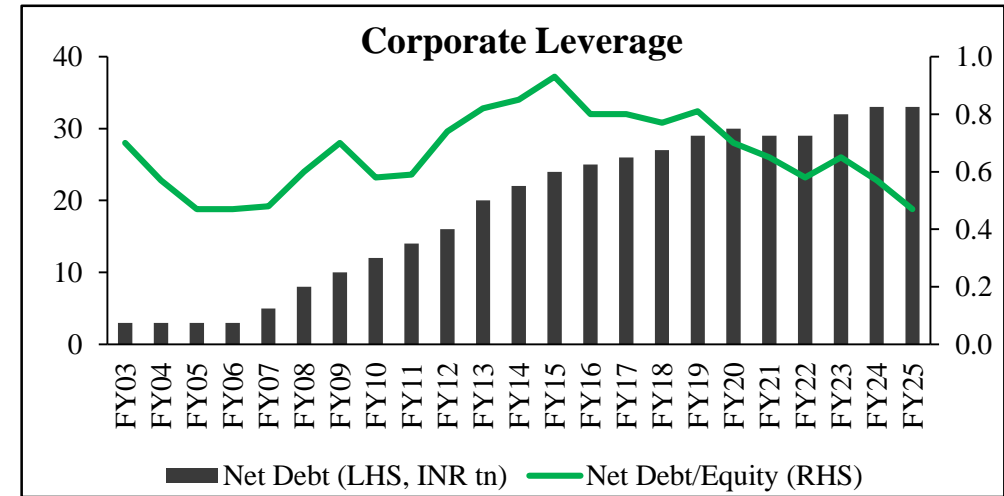
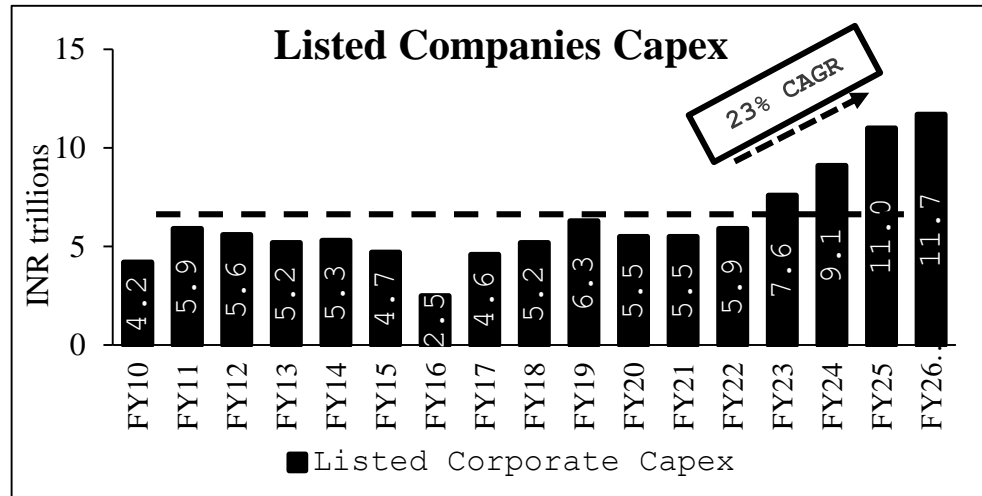


Currency faced pressure



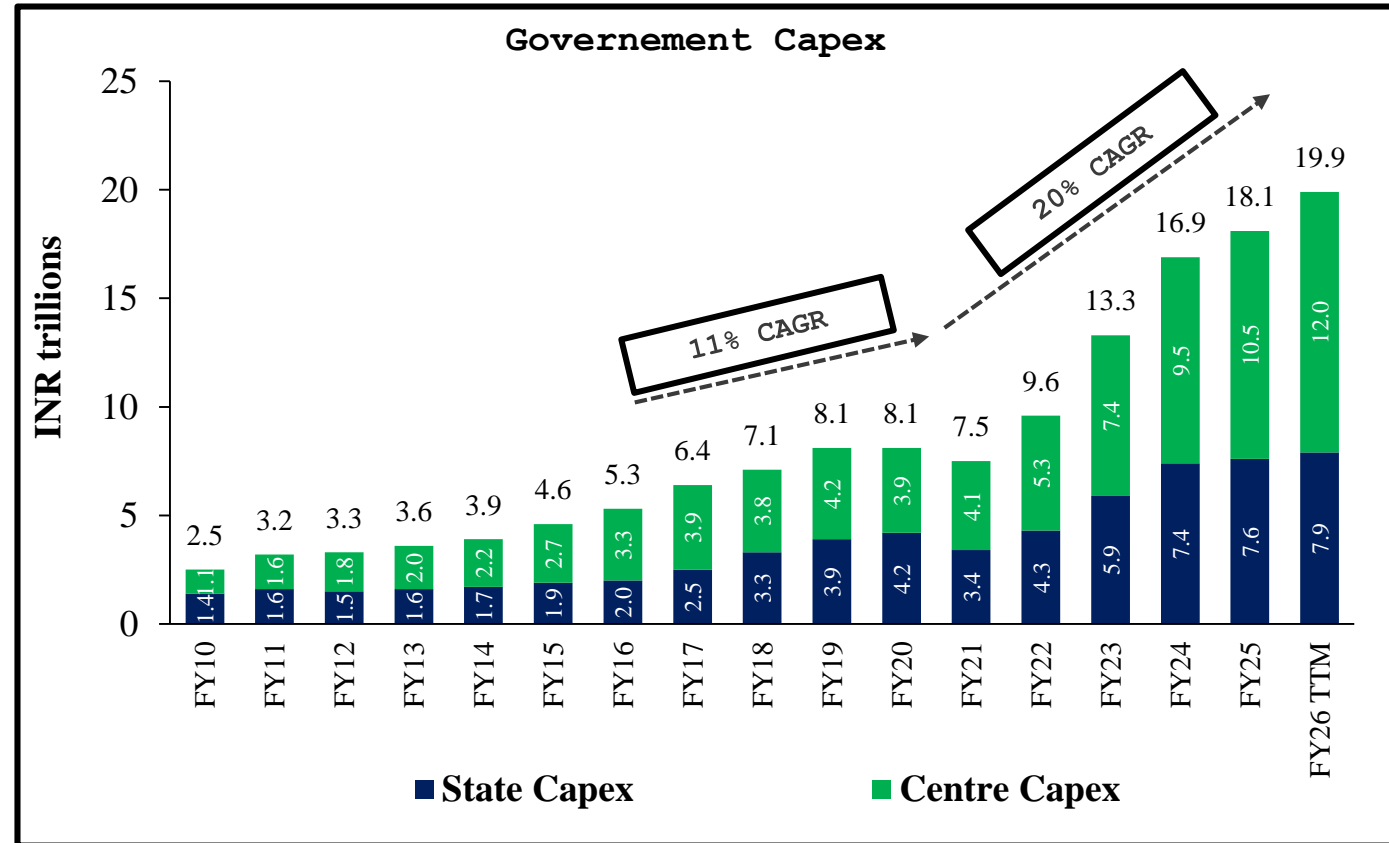


Private capex, the next trigger for earnings revival?





Government Capex upcycle





A Fertile Ground for Active Selection

Small cap Effect

		Deciles	# of firms	CY 2025	
		Deciles	#	₹ bn	%
<i>Smallest in 2024</i>	D1	185	-143	-13%	
	D2	185	-211	-14%	
	D3	185	-275	-13%	
	D4	185	-335	-10%	
	D5	185	-514	-11%	
	D6	185	-744	-10%	
<i>Largest in 2024</i>	D7	185	-1,053	-8%	
	D8	185	-1,380	-6%	
	D9	185	-780	-1%	
	D10	180	22,535	7%	
Bottom Half		925	-1,479	-12%	
Top Half		920	18,577	4%	

undergoing a broad-based correction—one where the magnitude of decline often correlated with market cap size.

Momentum Effect

		Deciles	# of firms	CY 2025	
		Deciles	#	₹ bn	%
<i>Losers in 2024</i>	D1	170	887	7%	
	D2	170	8,963	18%	
	D3	170	6,540	14%	
	D4	170	1,447	2%	
	D5	170	1,961	3%	
	D6	170	-922	-2%	
<i>Winners in 2024</i>	D7	170	3,188	6%	
	D8	170	279	1%	
	D9	170	-2,043	-9%	
	D10	171	-1,894	-17%	
Bottom Half		850	19,799	8%	
Top Half		851	-1,392	-1%	

year's leaders largely became this year's laggards, and vice versa, highlighting a significant market rotation.

- This repricing has created a compelling opportunity. Fident believes the significant correction in small caps has laid the groundwork for selective, high-conviction investments.
- While we do not foresee a broad-based small-cap rally, we view this space as an active stock-picker's market—a fertile ground for uncovering potential alpha opportunities in the year ahead.