



Letter from the CIO

Déjà vu: March was crude, September is yield!

September was another painful month: the Nifty fell 6.1% to 22,620, its second straight monthly decline and the second-steepest monthly fall since October 2024. The BSE 500 lost 5.6%.

Against this backdrop, FIBER declined 2.0% and FAIR 3.8%, providing meaningful downside protection.

The culprit this time was not India. It was the price of money and the price of oil, both set far away. US Treasury yields climbed, crude stayed above \$100, and foreign investors sold roughly \$4.1 billion of Indian equities in a single month.

If this feels familiar, it should. In March 2026 a crude shock knocked the Nifty down 11.3% in one month. In this letter we compare the two episodes, show how our portfolios handled both, and explain why we think periods like this tend to plant the seeds of the best returns, while being honest about what could still go wrong.

The transmission is simple. Higher US yields make the dollar stronger and pull money towards US bonds. Higher crude weakens the rupee and lifts Indian inflation. A weaker rupee reduces dollar returns for foreign investors, who then sell more. **Over the last few years, FII flows have tracked rupee movements more closely than GDP growth or interest-rate gaps.**

The script is the same; only the trigger has changed. In March, a crude spike sparked the panic. In September, it is the US 10-year yield. Both are external shocks that India does not control, and in both cases domestic investors stepped in as foreigners stepped out.

	March 2026	September 2026
Trigger	Crude oil spike	US yields and a Fed hike
Nifty, month	-11.3%	-6.1%
Nifty Smallcap 100, month	-10%	-3%
FII flows	-\$14.2 bn (record)	-\$4.1 bn
DII flows	+\$15.4 bn (record)	+\$8.0 bn
What came next	April: Nifty +7.5%, Midcap +14%, Smallcap +18%	Sept: NIFTY -6%, Midcap -8%, Smallcap -3%

Two lessons from March stand out. First, the recovery came fast and without warning: one month after the low, small caps were up 18%. **Investors who waited for the news to improve missed the bounce.** Second, the stocks that rebounded hardest were the quality small and mid caps that had been sold indiscriminately along with everything else.

We are not predicting the same V-shaped bounce this time; markets rarely repeat exactly. But the setup is comparable: forced selling by foreign funds, steady domestic buying, and valuations already below long-term averages.

Where valuations stand today

Indian large caps are now cheaper than their own history on almost every measure, while profitability is above average.

Measure	Today	10-year average	Gap
Nifty 12-month forward P/E	17.2x	20.9x	18% discount
MSCI India P/E premium to MSCI EM	35%	72%	Half the usual premium
India share of world market cap	3.0%	Peak 4.6% (Sep 2024)	Back near the long-run 2.8%

The valuation premium that kept foreign investors away has largely been corrected. Over the past 12 months, MSCI India fell 12% in dollars while MSCI EM rose 27%. **India's 10-year dollar return (6.2% CAGR) now trails EM (6.6%). The market has paid for its sins.**

The opportunity is uneven, so stock selection matters more than ever. That's crucial!

We are of view that FIIs will return to trade India rather than invest in it, until India builds more globally competitive companies. We agree that a structural FII return is not imminent. But cyclical flows can return quickly if crude eases or earnings upgrade, and our strategies do not depend on FII flows to compound.

How our portfolio FAIR and FIBER navigated the storm

Both strategies fell less than their benchmarks in September and are well ahead over every period we report. Performance as of 30 September 2026 as below

Period	FAIR	BSE 500	Fair Alpha	FIBER	BSE Small cap 250	FIBER Alpha
1 month	-4.1%	-5.6%	+1.5%	-2.2%	-3.1%	+0.9%
3 months	-0.8%	-3.6%	+2.8%	+8.7%	-0.2%	+8.9%
6 months	+15.6%	+8.1%	+7.5%	+56.4%	+24.4%	+32.0%
1 year	+11.2%	-2.3%	+13.5%	+21.2%	+5.2%	+16.0%
2 years	+2.5%	-3.9%	+6.4%	+6.5%	-2.6%	+9.1%
SI	+10.9%	+4.0%	+6.9%	+11%	+1.5%	+9.5%

Returns above 1 year are annualized

The 6-month column deserves a second look. It starts at the end of March 2026, right after the crude crash. FAIR returned 15.6% and FIBER 56.2% from that point. That is what staying invested, and adding to quality during panic, looked like in practice.

What pessimism has historically paid

In India, the best one-year returns have almost always started at moments of maximum fear. Every episode below came with a convincing reason to sell, and every one rewarded the investor who bought instead.

Crisis	Nifty near the low	Approx. low level	Approx. Nifty return 1 year later
Global Financial Crisis	March 2009	~2,570	~+95%
European debt crisis	December 2011	~4,550	~+30%
Taper tantrum (rupee at record low)	August 2013	~5,290	~+50%
China slowdown and oil collapse	February 2016	~6,990	~+27%
IL&FS credit scare	October 2018	~10,030	~+15%
Covid crash	March 2020	~7,610	~+95%
Russia-Ukraine, crude at \$120, Fed hikes	June 2022	~15,290	~+22%
Crude shock	March 2026	Nifty -11.3% in the month	+7.5% in April alone; FIBER +56% in 6 months

The pattern is consistent: the deeper the fear, the larger the payoff. The 2013 episode is the closest match to today. Then, as now, the trigger was US yields rising on Fed tightening, the rupee hit record lows and FIIs sold heavily. A year later, the Nifty was up about half.

Two further points support patience today. The Nifty's 12-month forward P/E of 17.2x is near the levels last seen in mid-2022 and close to the March 2020 trough on its 10-year chart. **And rate hikes need not end bull markets: India's 2004–08 rally ran through an RBI tightening cycle, because growth and earnings stayed strong.**

What is most comforting is that Indian corporates are entering a stronger earnings cycle, with next year's earnings growth estimated at 16–17%, while the market is trading at around 17.2x forward earnings. This puts the market close to 1x PEG, a level at which Indian equities have rarely traded historically.

What could still go wrong

Cheap markets can get cheaper, and the macro picture is likely to get harder before it gets easier. We see 3QFY27 (Oct–Dec 2026) as the most challenging quarter.

- **Inflation is broadening.** A weak, uneven monsoon and a likely very strong El Niño in Oct–Dec could lift food prices. WPI inflation is already near 10% and food inflation near 6%. A prolonged weather shock could push headline CPI above 6%, especially if rice prices stay high.
- **RBI Tightening:** While the fear of a prolonged tightening cycle remains, we believe the rate hike cycle will be short and shallow. Any global settlement leading to a moderation in crude prices could give the RBI room to pause further tightening. In our worst-case scenario, we see another 50 bps of hikes beyond the 25 bps delivered in early October.
- **Margins, not revenue, are the earnings risk.** Early 2QFY27 data shows healthy topline growth but evident margin pressure from high crude, coal and commodity costs.

How we are positioned, and a closing thought

We are using the weakness to upgrade quality, not to chase the cheapest stocks. Our filters for this phase:

- **Domestic earnings visibility:** businesses whose growth does not depend on global demand or low crude.
- **Pricing power:** companies able to pass on input-cost inflation, since margins are the near-term earnings risk.
- **Balance-sheet strength:** low leverage, so a 75–100 bp rate cycle does not threaten the business.
- **Valuation discipline:** adding where prices sit below long-term averages and earnings are intact; trimming where premiums run ahead of delivery.

Markets feel worst exactly when the future returns are being set up. In March, the crude shock looked like the end of the story; six months later it was the start of small cap best run. Today it is US yields.

The trigger changes. The emotion does not.

Periods like these rarely feel like opportunities when they arrive. But for long-term investors, this is precisely when we believe capital should be put to work.

We believe the current correction is an opportunity to add exposure to quality businesses at more attractive valuations — not a reason to wait for certainty.

The noise may persist. The opportunity may not.

Thanks & Regards,



Aishvarya Dadheech

Founder & CIO

Fident Asset Management



Fident India Builder Equity Portfolio (FIBER) PMS

Factsheet as on 30th Sept 2026

FUND MANAGER

Aishvarya Dadheech

DATE OF INCEPTION

28 June 2024

BENCHMARK

BSE 500 TRI

Investment Philosophy

Capital Efficiency

- Strong moat/competitive advantages
- Leading to higher ROCE/ROE

Management Competence

- Focus on integrity and capabilities
- Track record of minority shareholder treatment

Long Growth Runway

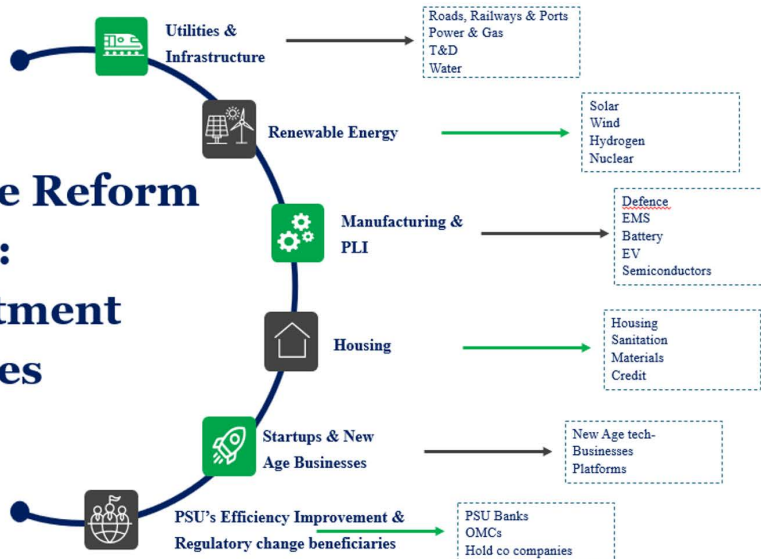
- Sectors with high growth potential
- Growth translating to earnings and cash flows

Valuation Comfort

- Favorable risk-reward
- Reasonable valuations based on long term averages & growth adjusted basis

Investment Strategy

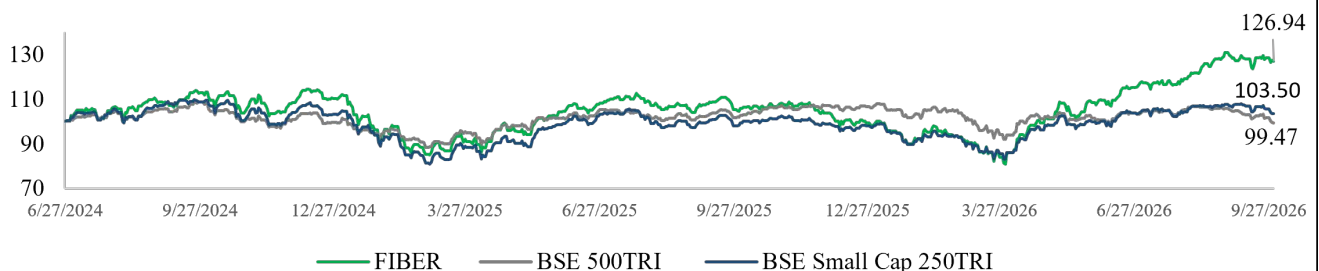
Future Reform Areas: Investment Themes



Fund Performance

Performance	1 M	3 M	6 M	1 Y	2 Y	SI
FIBER	-2.2	8.7	56.4	21.1	6.5	11.0
BSE 500	-5.6	-3.6	8.1	-2.3	-3.9	-0.2
BSE 250 SmallCap	-3.1	-0.2	24.4	5.2	-2.6	1.5

NAV History



FIBER Portfolio Quants



Portfolio Quants

Metrics	Portfolio	Benchmark
PAT Growth (FY23-26)	29.5%	11.6%
PE (FY28 E)*	22.7	18.5
EPS Growth (FY26-28 E)*	29.5%	13.4%
PEG (FY28 E)*	0.8	1.4
RoE (FY27 E)	17.5%	14.3%
Net Debt/Equity Ex-Financials	0.2	0.3

*Median value;

Weighted average PE is **24.8x** and weighted average EPS Growth (FY26-28 E) is **45.8%**, which are higher due to outliers.

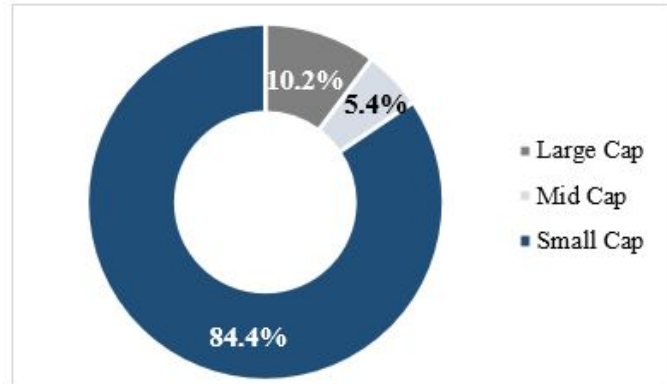
Top 10 Holdings

Company	Weight (%)
Venus Pipes & Tubes	5.9%
Marksans Pharma	5.7%
Eternal	5.6%
Sandhar Technologies	5.5%
Windlas Biotech	5.4%
CMR Green Technologies	5.3%
HFCL	5.3%
S.J.S. Enterprises	5.0%
MOLDTEK Pachaging	4.9%
ESAF Small Finance Bank	4.9%

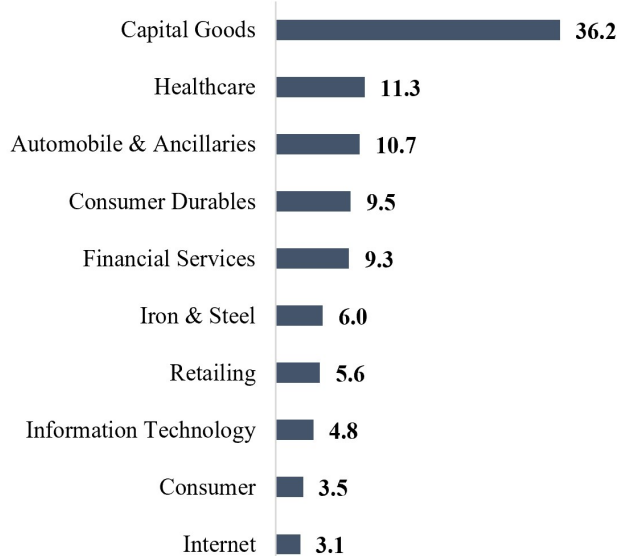
Style Weights

Style	Portfolio	Benchmark
Growth	79.9%	53.2%
Value	20.1%	46.8%

Market Cap Segmentation



Sector Allocation (%)



Portfolio Ratios

Ratio	FIBER	BSE 500 TRI	BSE Smallcap TRI
Std Dev	18.0%	11.5%	15.1%
Beta	-	1.3	1.1
Sharpe	0.2	-	-
Max drawdown	-29.2%	-18.7%	-26.2%
Upcapture	-	1.3%	1.1%
Downcapture	-	1.2%	1.0%

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Fident All-Season India Resilient (FAIR) PMS

Factsheet as on 30th Sept 2026



FUND MANAGER

Aishvarya Dadheech

DATE OF INCEPTION

18 April 2024

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BSE 500 TRI

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Investment Strategy

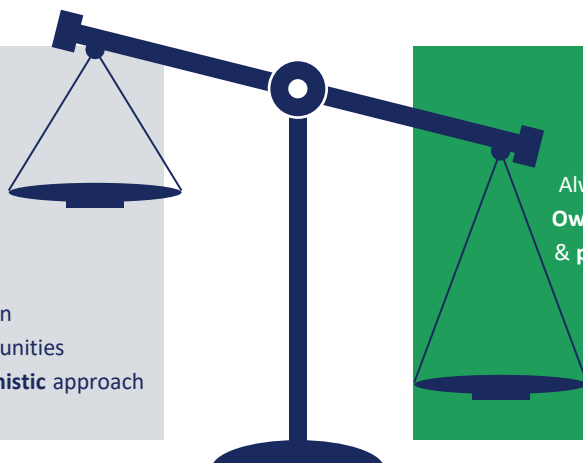
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Value

Tactical allocation
Re-rating opportunities
Agile & opportunistic approach



Growth

Core focus
Always overweight
Ownership mindset
& patient approach

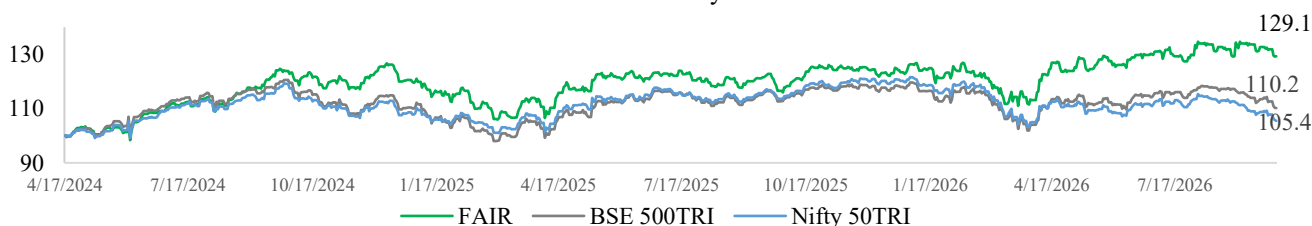
Adjusted Valuation

Valuations in line with benchmarks & broader markets

Fund Performance

Performance	1 M	3 M	6 M	1 Y	2 Y	SI
FAIR	-4.1	-0.8	15.6	11.2	2.5	10.9
BSE 500	-5.6	-3.6	8.1	-2.3	-3.9	4.0
Nifty 50	-6.0	-4.9	2.1	-7.1	-5.3	2.2

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FAIR Portfolio Quants



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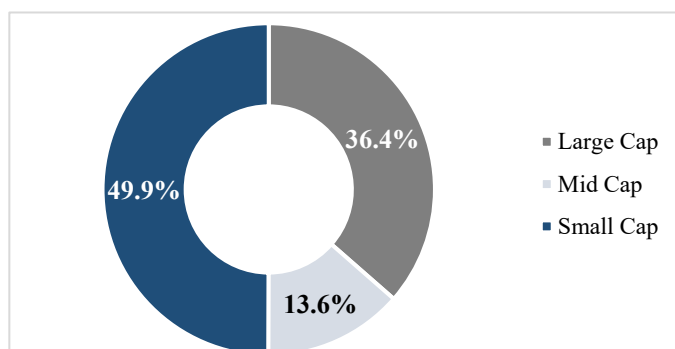
Top 10 Holdings

Company	Weight (%)
Entero Healthcare Solutions Ltd.	6.7%
Bajaj Consumer Care	6.4%
Finolex Cables	6.0%
HDFC Bank	5.7%
Shriram Finance Ltd.	5.5%
Bharti Airtel Ltd	5.1%
Axis Bank	5.1%
Jagsonpal Pharmaceuticals Ltd	5.1%
CCL Products Ltd	5.1%
Manorama Industries Ltd	5.1%

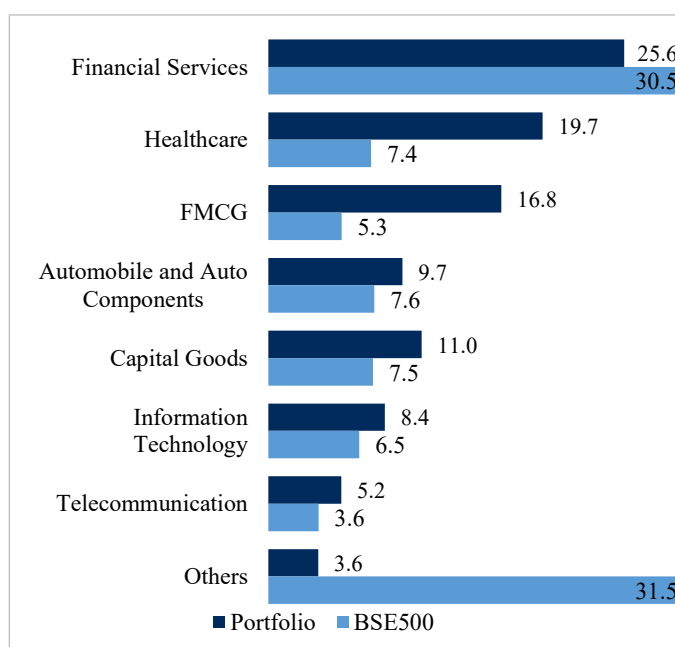
Style Weights

Style	Portfolio	Benchmark
Growth	64.6%	53.2%
Value	35.4%	46.8%

Market Cap Segmentation



Sector Allocation (%)



Portfolio Ratios

Ratio	FAIR	BSE 500 TRI
Std Dev	13.3%	12.1%
Beta	0.96	-
Sharpe	0.33	-
Max drawdown	-16.4%	-18.7%
Upcapture	101.1%	-
Downcapture	91.9%	-
Information Ratio	0.74	-

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