

The weakness became the shelter

Last month we wrote that the September sell-off was not about India. It was about the price of money and the price of oil, both set far away. We also said something that, at the time, few wanted to hear: that foreign flows can return quickly if crude eases or earnings upgrade, and that the correction was a time to put capital to work, not to wait for certainty.
https://bit.ly/SeptemberFactsheet

It took less than five days!

In the first week of November, the Nifty TRI rose ~8% – its biggest weekly gain in more than five years – while almost every other major market in the world fell. Foreign investors turned decisive buyers, crude oil had its sharpest fall in months, and the rupee touched its strongest level since April. The same feature that made India one of Asia's worst performers this year – its low exposure to the AI trade – turned into its biggest advantage almost overnight.

In this letter we look at what changed, **why we think it is more than a one-week bounce, and why we believe the next leg belongs to the broader market.**

How October played out

October was a month of two markets. The Nifty TRI rose ~2%, ending a two-month losing streak, led almost entirely by IT, which rose ~18%, its best month in over six years. Underneath, breadth was poor: the Nifty Midcap 100 fell ~3.5% and the Nifty Smallcap 100 ~4.2%, as foreign selling, a renewed spike in crude and the start of an RBI rate-hike cycle (repo now at 5.50%) weighed on the broader market.

What changed in November: geopolitics, crude and the AI unwind

The trigger was the US mid-term elections. A decisive Democratic win did two things at once. First, it changed the geopolitical calculus. Markets read the result as political pressure on Washington to seek an early end to the conflict in West Asia. Brent crude, which was near $119 at the end of October, fell to around $94–97 by mid-week – a fall of roughly 18–21% from peak, and its steepest three-day drop in years.

For India, few variables matter more. We import the bulk of our crude, and lower oil eases the current account, the rupee, inflation, oil-marketing-company losses and, ultimately, the RBI's hand. Last month we described the chain that drives foreign flows: crude and US yields move the rupee, and the rupee moves FII flows. This week that chain ran in reverse.

Second, it triggered a global unwind of the AI trade. Fears of tighter regulation of AI and data-centre spending hit technology stocks hard. The Nasdaq is now nearly 12% below its October high, in correction territory. Asia's chip-heavy markets have fared far worse. Over the past month, Korea's Kospi and Taiwan's Taiex have each fallen more than 20%, and Japan's Nikkei has slipped into bear-market territory, more than 20% below its peak.

India went the other way!

The 'anti-AI' trade and why it matters for flows

For most of 2026, global money chased a narrow set of AI winners – US mega-caps, and the chip supply chains of Korea, Taiwan and Japan. India had little to offer that trade, so it was used as a source of funds. That is a large part of why foreign outflows hit a record this year and why India underperformed emerging markets by such a wide margin.

When a crowded trade unwinds, the money has to go somewhere. Global investors seeking to reduce or diversify their AI exposure are increasingly treating India as a hedge: a large, liquid, domestically driven market with low correlation to the AI capex cycle. The early numbers are striking. Foreign investors bought roughly $5 billion worth of Indian equities in the first week of November. They also cut their net short positions in index futures by more than 100,000 contracts during the week.

We want to be careful here. Some global houses argue India is not a true 'anti-AI' trade and that it remains expensive relative to other emerging markets. We agree that India is not simply the inverse of AI. But that is precisely the point: India's case does not need AI to fail. It rests on domestic demand, earnings and valuations – and all three are now moving in the right direction.

Earnings: the best season in a long while

The most important development this quarter is not flows; it is earnings. With roughly 63% of listed companies having reported (1,995 of 3,172), the 2QFY27 numbers are the strongest we have seen in some time:

Metrics (YoY, 2QFY27)	Growth
Revenue growth (median)	+20.9%
Profit growth (all results combined)	+29.8%

Among large caps, profit growth at the BSE 100 companies that have reported is the fastest in at least five quarters and has beaten estimates. Importantly, the broader market is growing faster still: small-cap profits are up about 39% and large-cap profits about 31%, with slower growth at mid-caps and smaller companies bringing the overall figure to 29.8%.

Last month we flagged margins, not revenue, as the key earnings risk, with crude, coal and commodity costs squeezing companies. Falling crude now directly eases that pressure going into the second half.

Valuations: still comfortable

Even after the rally, valuations have not run ahead of fundamentals. At the end of September, the Nifty traded at 17.2x 12-month forward earnings against a 10-year average of 20.9x. After this month's rise, we estimate the forward multiple at around 18.5–19x, still meaningfully below its long-term average – and that is before the upgrades that a strong results season and lower crude should bring.

With next year's earnings growth estimated at 16–17%, the market remains close to 1x PEG. Rarely have Indian equities offered earnings growth of this quality at valuations this reasonable. And the premium to emerging markets that kept foreign investors away has largely been corrected; this week was the first sign of them noticing.

First the large caps, then the rest

There is a familiar sequence to how foreign money returns to India, and it is playing out again.

The first wave goes into the most liquid large caps – banks, IT, telecom – because that is where large global funds can deploy quickly. This week private banks led the rally. On Friday, 6th Nov the Nifty TRI rose ~2% while the Midcap 100 fell ~0.9% and the Smallcap 100 ~1.5%.

That gap does not worry us. It is how every recovery begins. Give it three to four weeks. As large-cap valuations catch up and domestic investors regain confidence, the money percolates to the broader market – where earnings are growing considerably faster. We saw exactly this after the March crude shock: in April the Nifty rose 7.5%, but Midcaps rose 14% and Smallcaps 18%. The broader market lagged the turn, then led the recovery.

That is also where the gap between price and earnings is widest today: Small and Midcaps fell sharply in October even as their results improved. That combination is what we look for.

What could still go wrong

The risks have not disappeared. West Asia is unresolved, the global tech correction could keep volatility high, food inflation may keep the RBI cautious, and Indian equities are still down for the year. But none of this is new. Markets have lived with these risks for most of 2026, and we believe much of it is already reflected in prices. What is not yet priced in, in our view, is the earnings recovery.

How we are positioned, and a closing thought

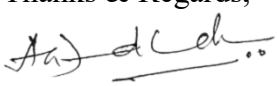
Our positioning has not changed with the headlines. We continue to focus on businesses with domestic earnings visibility, pricing power and strong balance sheets, bought at sensible valuations.

In September, the crowd's reason to avoid India was that it had no AI story. In November, that became the reason to own it. The facts did not change much in five weeks; the narrative did. That is why we try to invest on fundamentals – earnings, valuations and balance sheets – rather than on the story of the moment.

We were clear about why India is the place to be. The flows are now catching up with that view. The large caps have moved first. The broader market, where growth is fastest, is next.

The turn has begun. We would rather be invested before it broadens than after.

Thanks & Regards,



Aishvarya Dadheech
Founder & CIO
Fident Asset Management

FIDENT ASSET MANAGEMENT

Fident All-Season India Resilient (FAIR) PMS

Factsheet as on 31st Oct 2026

FUND MANAGER	DATE OF INCEPTION	BENCHMARK
Aishvarya Dadheech	**18 April 2024**	**BSE 500 TRI**

Investment Philosophy

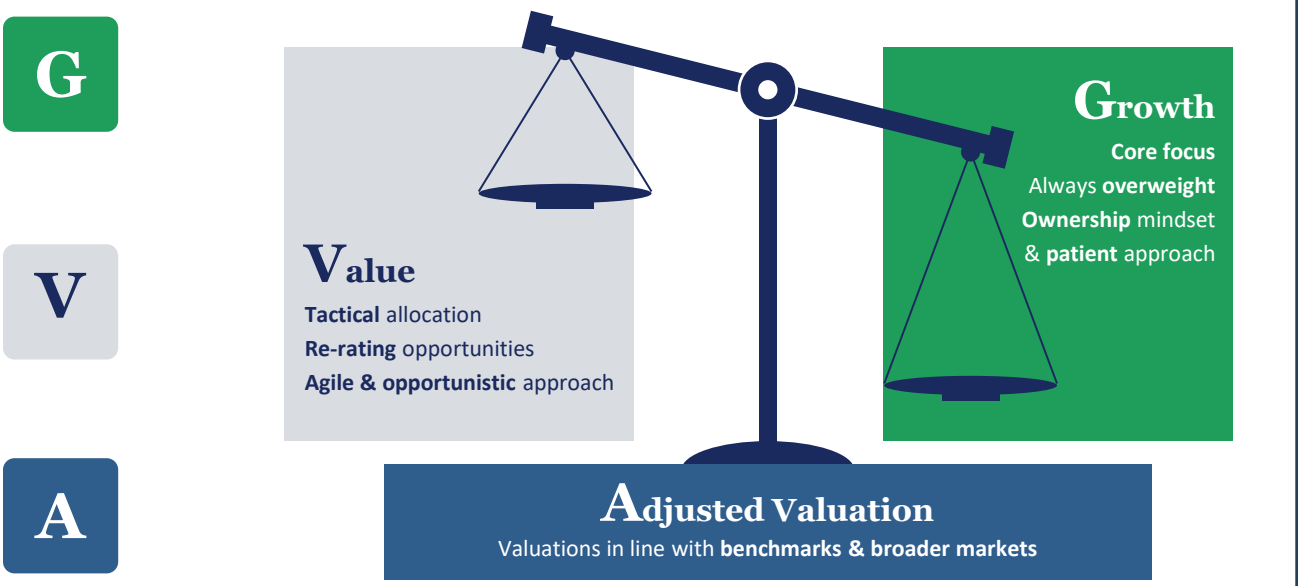
Capital Efficiency
- Strong moat/ competitive advantages
- Leading to higher ROCE/ROE

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

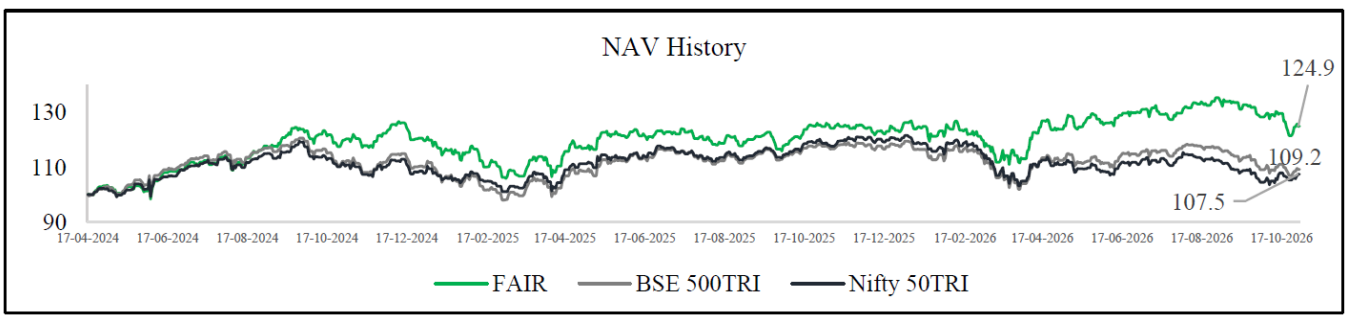
Valuation Comfort
- Favorable risk-reward
- Reasonable valuations based on long term averages & growth adjusted basis

Investment Strategy



Fund Performance

Performance	1 M	3 M	6 M	FYTD	1 Y	2 Y	SI
FAIR	-3.1	-3.7	0.8	12.0	0.1	2.0	9.1
BSE 500	-0.9	-6.5	3.0	7.1	-7.2	-1.1	3.5
Nifty 50	2.0	-5.3	-3.1	4.1	-9.4	-1.3	2.9



All indices are Net Total Return in INR. Returns above 1 year are annualized. Performance related information provided herein is not verified by SEBI. See the disclaimer at the end of this Factsheet for more details.

FAIR Portfolio Quants

Portfolio Quants

Metrics	Portfolio	Benchmark
PAT Growth (FY23-26)	37.0%	11.6%
PE (FY28 E)*	18.8	18.0
EPS Growth (FY26-28 E)*	25.0%	14.2%
PEG (FY28 E)*	0.8	1.3
RoE (FY27 E)	20.2%	14.0%
Net Debt/Equity Ex-Financials	0.2	0.3

***Median value**;
Weighted average PE is **21.8x** and weighted average EPS Growth (FY26-28 E) is **38.3%,** which are higher due to outliers.

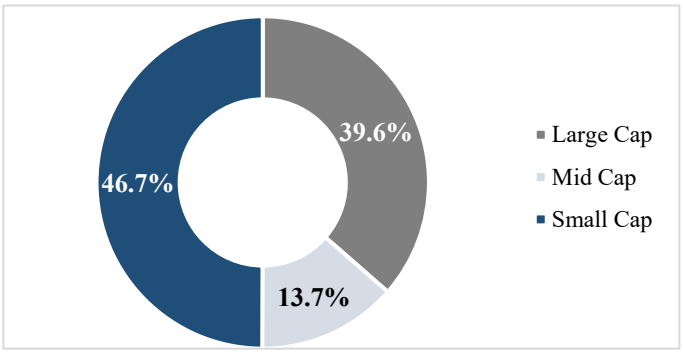
Top 10 Holdings

Company	Weight (%)
Bharti Airtel Ltd	7.1%
Entero Healthcare Ltd.	6.3%
Acutaas Chemical Ltd.	6.2%
HDFC Bank Ltd.	5.8%
ICICI Bank Ltd.	5.6%
TVS Motor Company Ltd	5.3%
Axis Bank Ltd	5.3%
Tech Mahindra Ltd	5.1%
Manorama Industries	5.0%
Bajaj Consumer Ltd	4.9%

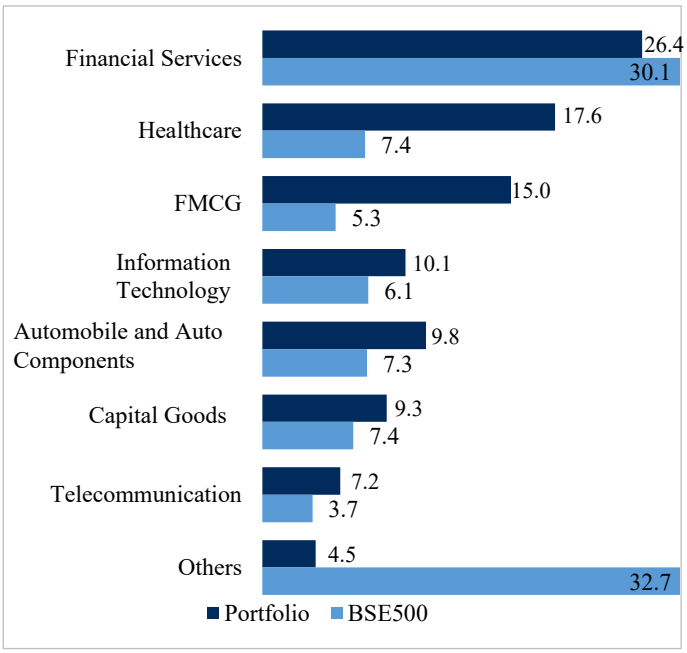
Style Weights

Style	Portfolio	Benchmark
Growth	65.0%	53.2%
Value	35.0%	46.8%

Market Cap Segmentation



Sector Allocation (%)



Portfolio Ratios

Ratio	FAIR	BSE 500 TRI
Std Dev	13.0%	12.1%
Beta	1.0	-
Information Ratio	0.7	-
Max drawdown	-16.4%	-18.7%
Upcapture	102.2%	-
Downcapture	91.9%	-

DISCLAIMER This material is for informational purposes only and is intended to provide transparency on the investment strategy/theme. It does not constitute investment advice, a research report, recommendation, offer or solicitation to buy/sell any security or financial product. Investors should consult their financial, tax and legal advisors before making investment decisions. Any decision based on this material is at the recipient's sole risk. Information herein is based on publicly available data and/or in-house analysis believed to be reliable, but Fident Asset Management does not guarantee its accuracy, completeness or timeliness. Information and views are subject to change without notice. Securities/stocks mentioned may or may not remain in the portfolio. Investment decisions depend on prevailing market conditions and may not result in profitable outcomes. Forward-looking statements are subject to risks and uncertainties, and actual outcomes may differ. Neither Fident Asset Management, its associates, directors nor representatives shall be liable for any loss or damage arising from use of this material. **Securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Strategy will be achieved.** Portfolio values may rise or fall with market conditions. Past performance is not indicative of future results. Since-inception performance is from **18 April 2024**, when client monies were first managed. Performance is net of all fees and expenses and calculated using **TWRR as prescribed by SEBI**. Performance information has not been verified by SEBI. Individual portfolio performance may differ due to timing of inflows/outflows, portfolio restrictions and other constraints.. Performance relative to other Portfolio Managers within the selected Strategy: Click Here

Fident India Builder Equity Portfolio (FIBER) PMS

Factsheet as on 31st Oct 2026

FUND MANAGER	DATE OF INCEPTION	BENCHMARK
Aishvarya Dadheech	**28 June 2024**	**BSE 500 TRI**

Investment Philosophy

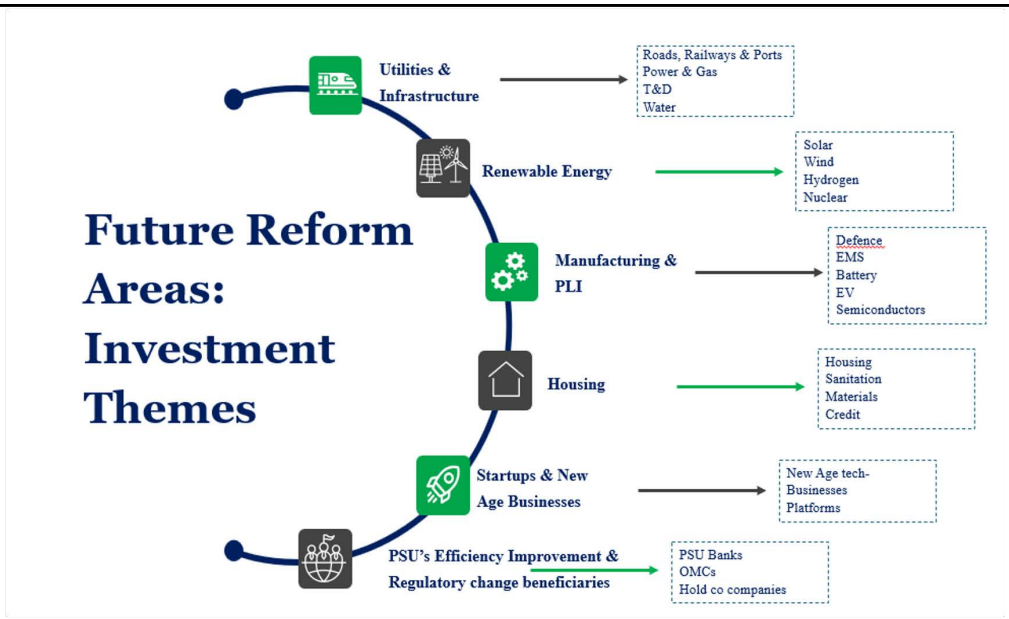
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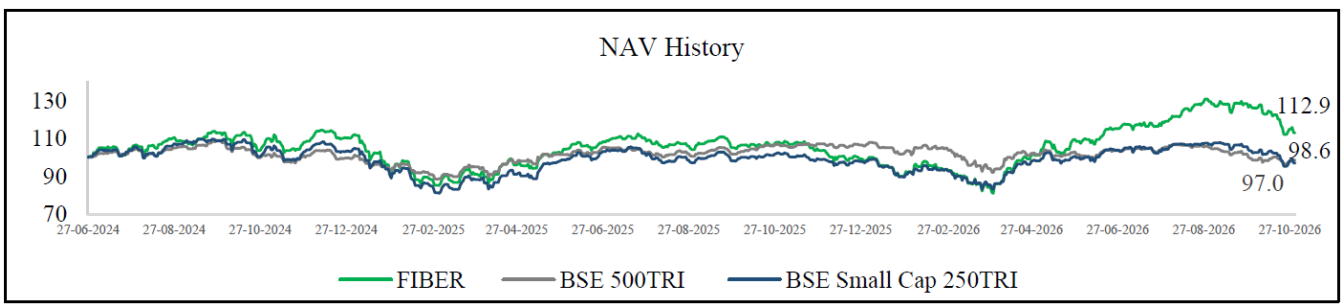
Valuation Comfort
- Favorable risk-reward
- Reasonable valuations based on long term averages & growth adjusted basis

Investment Strategy



Fund Performance

Performance	1 M	3 M	6 M	FYTD	1 Y	2 Y	SI
FIBER	-10.8	-5.2	11.6	39.4	5.2	1.9	5.3
BSE 500	-0.9	-6.5	-3.0	7.1	-7.2	-1.1	-0.6
BSE 250 SmallCap	-6.2	-6.9	-1.2	16.6	-4.6	-3.6	-1.3



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FIBER Portfolio Quants

Portfolio Quants

Metrics	Portfolio	Benchmark
PAT Growth (FY23-26)	29.6%	11.6%
PE (FY28 E)*	19.7	18.0
EPS Growth (FY26-28 E)*	28.3%	14.2%
PEG (FY28 E)*	0.7	1.3
RoE (FY27 E)	18.0%	14.0%
Net Debt/Equity Ex-Financials	0.2	0.3

***Median value**;
Weighted average PE is **22.6x** and weighted average EPS Growth (FY26-28 E) is **52.1%,** which are higher due to outliers.

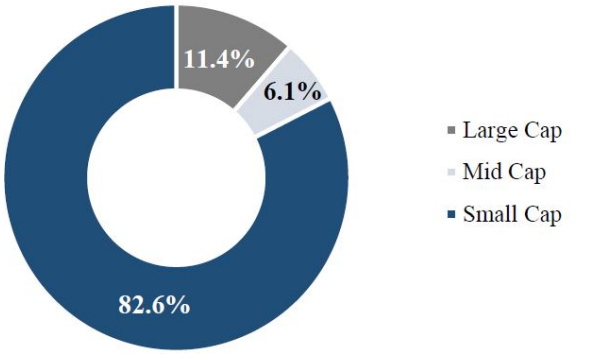
Top 10 Holdings

Company	Weight (%)
Eternal	6.7%
HFCL	5.9%
Marksans Pharma	5.5%
Venus Pipes & Tubes	5.5%
ESAF Small Finance Bank	5.3%
CMR Green Technologies	5.2%
S.J.S. Enterprises	5.2%
Windlas Biotech	4.9%
Sandhar Technologies	4.9%
Kaynes Technology India	4.6%

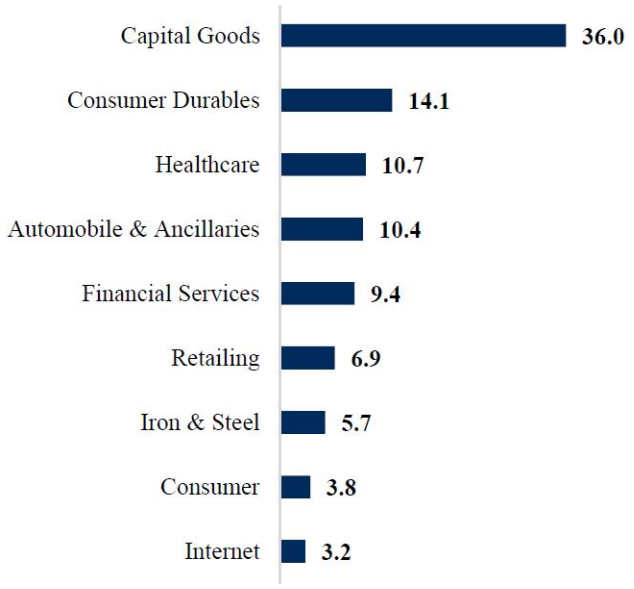
Style Weights

Style	Portfolio	Benchmark
Growth	80.2%	53.2%
Value	19.8%	46.8%

Market Cap Segmentation



Sector Allocation (%)



Portfolio Ratios

Ratio	FIBER	BSE 500 TRI	BSE Smallcap TRI
Std Dev	18.0%	11.5%	15.2%
Beta	-	1.3	1.1
Information Ratio	-	0.5	0.7
Max drawdown	-29.2%	-18.7%	-26.2%
Upcapture	-	128.3%	109.9%
Downcapture	-	119.0%	102.8%

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