PERSPECTIVE

January 06th, 2026

To start with, we do not believe in yearly market predictions or "this time it's different" narratives. Our focus remains on <u>asset-allocation frameworks and time-tested investment principles.</u> In markets, <u>TIP is the biggest wealth destructor and DIP is the biggest wealth creator.</u> Hence, our approach is <u>to enjoy the DIP and avoid chasing the TIP.</u> This discipline has worked in our favor during Feb-end, April-start and August-end accumulation phases for 2025. We continue to manage your money responsibly, driven by process — not prediction.

CURRENT MARKET SCENARIO: Key Drivers & Risks

- The *RBI has accommodative stance in 2025 coupled with GST rationalization, tax cuts, MSME support, and regulatory reforms by RBI and SEBI*
- *Domestic consumption demand*
- *The resolution of tariff issues between the US*
- *Capital expenditure by the government*

<u>Key monitorable risk include geopolitical developments, currency volatility, crude oil movements, earnings disappointments and any delay in resolution of trade-related issues.</u>

FORECASTING NUMBERS

SENSEX guesstimates based on valuation implied

Framework tells:

- <u>88,000 – 90,000 (Equity Reduction Zone)</u>
- <u>80,000 -82,000 (Equity Accumulation Zone)</u>

ACTION PLAN FOR INVESTORS

Our Internal Model asset allocation ***<u>currently shows 80% towards Equity for Aggressive investors (Regular Rebalancing)</u>. <u>Moderate allocation at this valuation should be 60% now from 66% earlier (Regular Rebalancing). Ideally, exposure to the Mid/Small Cap Fund should not be greater than 36%.</u>***

SUMMING IT UP

Last year, when markets were rising, the narrative was that we don't need FIIs because retail flows are enough. Today, after almost a year of zero returns, the same question is being asked — when will FIIs come back? <u>As investors, we should not invest based on what Indian or global investors are doing. Investing is actually simple: we invest because we have money, and we allocate it where it makes sense based on our time horizon, market risk setup, and our own risk appetite. Our objective is not to make the highest money in the shortest time, but to make justified money over the longest period of time</u> and allow compounding to work in our favor.