

Dear Investors,

04 March, 2026

Over the past few weeks, the markets have witnessed a meaningful correction. The Nifty has declined from around 26,300 to nearly 24,300, a fall of approximately 2,000 points or about 8%.

Despite this correction, your portfolio continues to remain in positive territory, which once again validates that the selection of companies and sectors remains fundamentally sound even in a challenging market environment.

The market has now taken out the previous low of 24,340, which technically indicates that India is not currently the strongest market globally. However, historically, such phases often represent capitulation zones – periods from where the next few months have often been associated with improved market conditions as pessimism peaks and weak hands exit the market.

### Importance of Active Portfolio Management

This phase also highlights the importance of the cash calls we take from time to time. Active portfolio management is not just about selecting the right companies; it is equally about knowing when to protect capital and when to deploy it.

Cash calls are an integral part of active portfolio management, intended to manage risk and position the portfolio appropriately across market cycles.

### Sectoral Positioning

From a sectoral perspective, the portfolio currently maintains exposure to areas where relative strength and structural growth visibility remain intact. *Key sectors currently represented in the portfolio include:*

- Public Sector Banks

Public Sector Banks continue to remain among the relatively stronger sectors in the current market environment, supported by improving balance sheets, credit growth momentum, and favorable sectoral dynamics.

- Metals

Our exposure to metals is managed through a disciplined technical framework. The sector has not yet entered a technical danger zone, and we continue to monitor developments closely while maintaining our exposure.

- Asset Management Companies

Asset management businesses benefit from the structural shift of household savings from physical assets toward financial assets, a long-term transformation that continues to gather momentum in India.

- Stock Market Intermediaries

Market infrastructure and intermediaries stand to benefit from the deepening of India's capital markets, increased investor participation, and the growing formalization of financial savings.

Approximately 60% of the portfolio is positioned in sectors benefiting from positive relative change, while the remaining 40% is invested in high-quality businesses with durable business models and long-term value creation potential.

### Market Behavior and Investor Psychology

It is also important to recognize an inherent behavioral pattern of markets.

During good times, investors often over-extrapolate the upside, while during difficult phases the downside tends to be exaggerated. Markets have historically moved through cycles of optimism and pessimism.

### Avoid Over-Interpreting Every Headline

At times like these, it is also advisable not to interpret every geopolitical development or macro headline in isolation. Financial markets are influenced by numerous interconnected variables.

At INVasset, we rely on structured systems and disciplined frameworks designed to process multiple factors together and convert them into investment decisions within a defined risk management framework.

### A Note to Investors

Our sincere request to investors is simple:

Trust the process and the investment framework in place.

Reacting to every short-term development or headline often leads to decisions that may not align with long-term investment objectives. Historically, periods of pessimism have sometimes coincided with attractive long-term investment opportunities. However, market outcomes remain uncertain and investors should always evaluate their investments with a long-term perspective consistent with their risk tolerance and financial goals.

We remain committed to managing the portfolio with discipline, prudence, and a structured investment framework, while navigating the market environment as it evolves.

### Warm Regards

**Anirudh Garg**

**Fund Manager, INVasset PMS**

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