INVASSET TIMES

Edition 29 - May 2026

The Domestic Shield: How India's DIIs Are Rewriting the Market Playbook

Contents

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Daily Voice: Risk-reward skewed towards further downside rather than a sustained market bounce, says Anirudh Garg of INVasset PMS

Oil prices surged through March while supply chains tightened, and much of that cost pressure could not be fully passed through. The June quarter is likely to carry forward those challenges, said Anirudh Garg of INVasset PMS.

SUNIL SHANKAR MATKAR | MAY 19, 2026 / 09:35 IST

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Anirudh Garg is the Partner and Fund Manager at INVasset PMS

"Gen Z's comfort with digital platforms has made them more open to crypto and digital assets than prior generations, but that openness should not be confused with informed risk-taking. The volatility in crypto markets over the past two years has been a sobering lesson: many who entered during the hype cycle learned the hard way that speculation without fundamentals is expensive education. From a portfolio construction standpoint, crypto remains a fringe allocation at best, lacking the earnings visibility, regulatory clarity, or valuation framework that disciplined equity investing demands. The enthusiasm is real, but the risk-reward for most retail participants remains unfavourable," stressed Anirudh Garg, Partner & Fund Manager, INVasset PMS.

Do you see the macroeconomic situation getting adversely affected if the oil supply disruption continues for the next couple of months?

The math is straightforward. India imports 88 percent of its crude oil and has already lost over 40 percent of flows since the Strait of Hormuz closed. If the disruption persists for another two months, GDP growth could slip below 6.5 percent for FY27, while inflation may remain above 5 percent.

The current account deficit would widen meaningfully, putting additional pressure on the rupee. The risk is not theoretical. Input costs are rising, margin compression is beginning to show, and the government's fiscal room to absorb this shock is limited. This environment warrants caution.

By CNBCTV18
May 12, 2026, 12:56:54 PM IST (Updated)

Invasset PMS' Anirudh Garg sees power stocks leading market recovery, avoids IT and lenders

Crude prices, rupee pressure and FII selling remain key concerns for equities, according to Invasset PMS' Anirudh Garg. He expects mid- and smallcap stocks to outperform but stays cautious on lending financials and urban consumption. Garg also flagged AI disruption risks for Indian IT, while highlighting rising power demand from data centres as a long-term opportunity. Disclaimer: The views and investment tips expressed by investment experts on CNBCTV18.com are their own and not that of the website or its management. CNBCTV18.com advises users to check with certified experts before taking any investment decisions.

Do India's valuations still look reasonable, even though valuations in some global markets appear relatively more attractive now?

At 20.6 times earnings, India is no longer expensive relative to history, but it is not particularly cheap either. Europe at 19 times and the UK at double-digit multiples may appear more attractive from a valuation standpoint, but the more important question is the earnings trajectory.

If crude prices normalise and FY27 earnings growth tracks closer to the mid-teens rather than single digits, India's premium valuation remains justified. The valuation debate often misses the larger point: capital flows toward markets where long-term compounding is visible, not necessarily where multiples appear optically comfortable today.

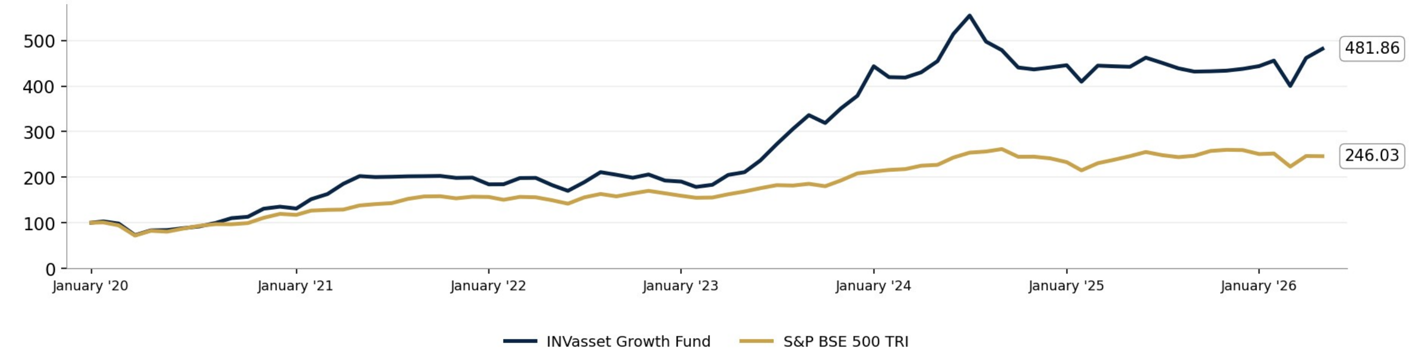
"The pressure is already visible in March quarter earnings. Revenue growth for Nifty companies remained relatively healthy at 10–13 percent, but earnings growth was restricted to 2–6 percent."

— Anirudh Garg, Partner & Fund Manager, INVasset PMS

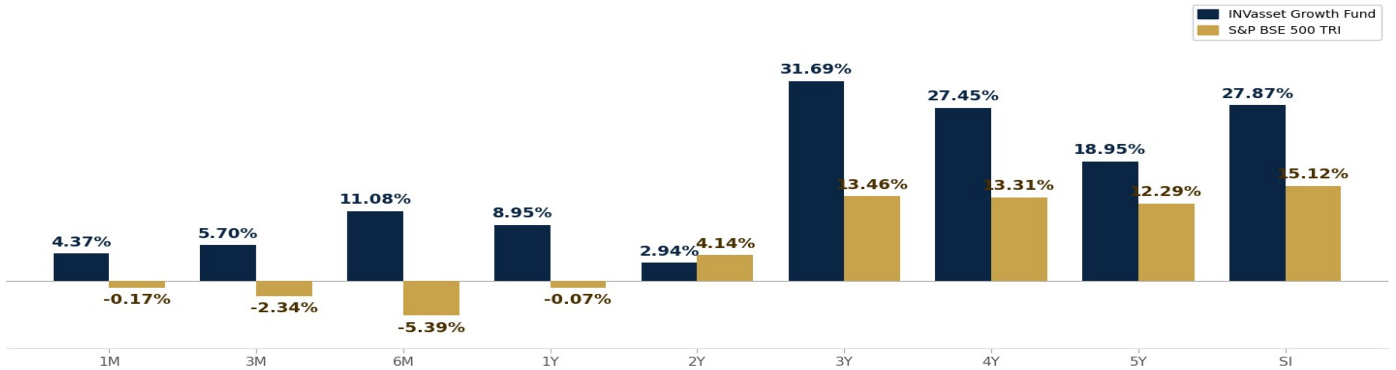
★ *As featured on Moneycontrol News*

Performance Matrix Growth Fund - May 2026

Growth Fund Performance – Absolute Basis



Growth Fund Performance - Period Wise



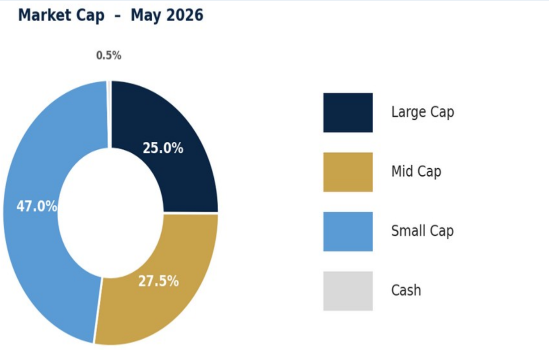
Top Holdings - May-26

Description	% Assets
BSE Ltd.	6.24%
Multi Commodity Exchange Of India Ltd.	6.08%
Vedanta Ltd.	5.74%
Hindustan Copper Ltd.	5.14%
Hitachi Energy India Ltd.	4.87%

Final NAV (31/05/2026)

Fund	Final NAV
INVasset Growth Fund	**481.86**
BSE 500 TRI	**246.03**

Market Cap - May-26



Performance Matrix Growth Fund - May 2026

Sector - May-26

Calendar Year Returns

Years	INVasset Growth Fund	S&P BSE 500 TRI
Jan-20 to Dec-20	35.24%	19.39%
Jan-21 to Dec-21	47.15%	31.63%
Jan-22 to Dec-22	-3.21%	4.77%
Jan-23 to Dec-23	96.57%	26.55%
Jan-24 to Dec-24	16.46%	15.81%
Jan-25 to Dec-25	-0.72%	7.63%
Jan-26 to May-26	10.06%	-5.17%

Financial Year Returns

Years	INVasset Growth Fund	S&P BSE 500 TRI
Jan-20 to Mar-20	-27.31%	-28.22%
Apr-20 to Mar-21	124.14%	78.63%
Apr-21 to Mar-22	21.59%	22.26%
Apr-22 to Mar-23	-7.48%	-0.91%
Apr-23 to Mar-24	128.47%	40.16%
Apr-24 to Mar-25	6.23%	5.96%
Apr-25 to Mar-26	-10.02%	-3.22%
Apr-26 to May-26	20.37%	10.20%

Ratios & Risk (as of May 2026)

Standard Deviation: **7.65%** Beta: **1.08** Sharpe Ratio: **2.73** Treynor Ratio: **0.19**

CAGR Since Inception

Performance Comparison (08/01/2020 to 31/05/2026)

	INVasset Growth Fund	S&P BSE 500 TRI
08/01/2020	100.00	100.00
31/05/2026	481.86	246.03
% Returns	**381.86%**	**146.03%**

Times Outperformance: 2.61

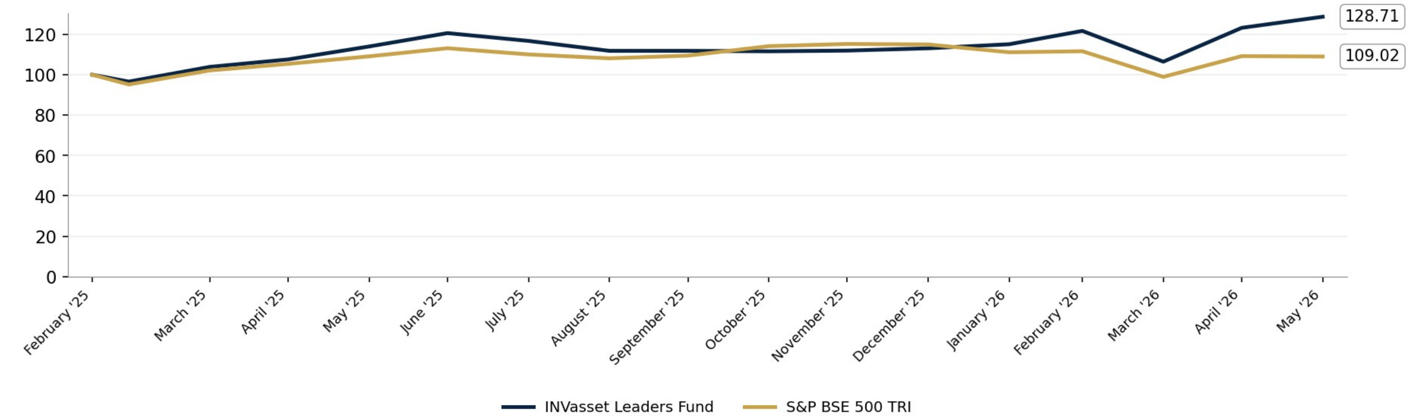
Absolute Returns Growth Fund vs S&P BSE 500 TRI

Month	INVasset Growth Fund		S&P BSE 500 TRI	
	Absolute Return	%	Absolute Return	%
January-20	100.00		100.00	
January-20	102.97	2.97%	100.72	0.72%
February-20	98.21	-4.63%	94.26	-6.42%
March-20	72.69	-25.98%	71.78	-23.85%
April-20	83.18	14.42%	82.28	14.63%
May-20	83.83	0.79%	80.37	-2.32%
June-20	87.92	4.88%	87.04	8.30%
July-20	91.89	4.51%	93.22	7.10%
August-20	99.56	8.34%	96.87	3.91%
September-20	110.06	10.55%	96.66	-0.22%
October-20	113.03	2.70%	99.17	2.60%
November-20	130.80	15.73%	110.85	11.78%
December-20	135.24	3.40%	119.39	7.70%
January-21	131.16	-3.02%	117.30	-1.75%
February-21	151.70	15.66%	126.61	7.93%
March-21	162.93	7.40%	128.21	1.27%
April-21	185.41	13.79%	128.82	0.47%
May-21	202.36	9.15%	137.93	7.07%
June-21	200.21	-1.06%	140.87	2.12%
July-21	200.89	0.34%	143.01	1.52%
August-21	201.91	0.51%	152.45	6.60%
September-21	202.20	0.14%	157.64	3.41%
October-21	202.71	0.25%	158.12	0.30%
November-21	198.42	-2.11%	153.53	-2.90%
December-21	199.01	0.30%	157.15	2.36%
January-22	184.27	-7.41%	156.56	-0.38%
February-22	184.45	0.09%	150.38	-3.94%
March-22	198.11	7.41%	156.75	4.24%
April-22	198.42	0.16%	155.86	-0.57%
May-22	182.62	-7.97%	149.38	-4.16%
June-22	170.03	-6.89%	141.80	-5.08%
July-22	189.00	11.16%	155.63	9.76%
August-22	211.01	11.65%	163.11	4.81%
September-22	205.30	-2.71%	157.86	-3.22%
October-22	198.73	-3.20%	164.31	4.09%
November-22	205.94	3.63%	170.00	3.46%
December-22	192.62	-6.47%	164.64	-3.15%
January-23	190.36	-1.17%	159.15	-3.34%
February-23	178.58	-6.19%	154.77	-2.75%

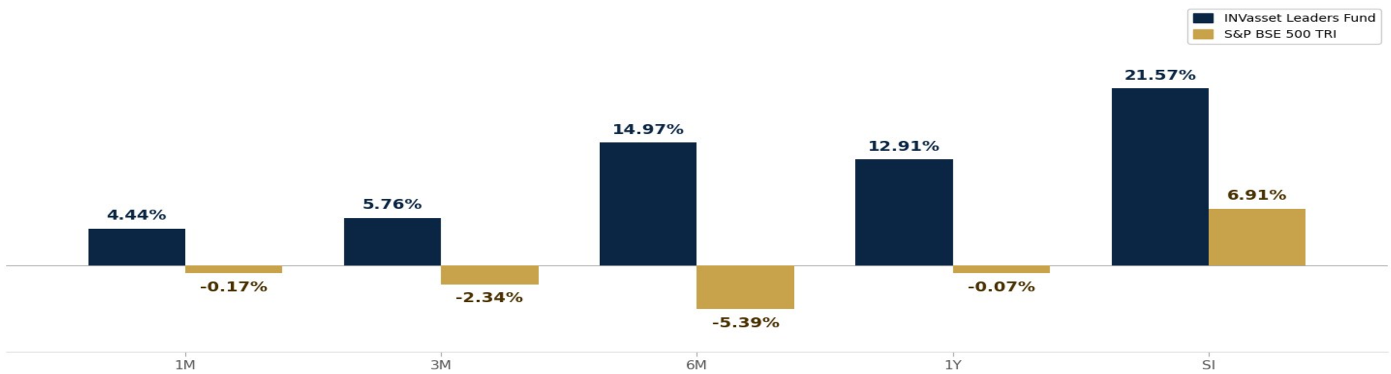
Month	INVasset Growth Fund		S&P BSE 500 TRI	
	Absolute Return	%	Absolute Return	%
March-23	183.30	2.64%	155.33	0.36%
April-23	204.97	11.82%	162.45	4.59%
May-23	210.97	2.93%	168.58	3.77%
June-23	236.72	12.21%	175.80	4.28%
July-23	272.44	15.09%	182.48	3.80%
August-23	306.12	12.36%	181.62	-0.47%
September-23	336.22	9.83%	185.44	2.10%
October-23	318.93	-5.14%	180.14	-2.86%
November-23	351.10	10.09%	192.85	7.06%
December-23	378.64	7.84%	208.35	8.04%
January-24	443.53	17.14%	212.34	1.92%
February-24	419.57	-5.40%	215.86	1.66%
March-24	418.78	-0.19%	217.71	0.86%
April-24	430.23	2.73%	225.19	3.44%
May-24	454.77	5.70%	227.07	0.83%
June-24	514.38	13.11%	243.09	7.05%
July-24	554.91	7.88%	253.89	4.44%
August-24	497.63	-10.32%	256.33	0.96%
September-24	478.87	-3.77%	261.68	2.09%
October-24	440.83	-7.94%	244.81	-6.45%
November-24	436.61	-0.96%	244.95	0.06%
December-24	440.96	1.00%	241.28	-1.50%
January-25	445.80	1.10%	233.00	-3.43%
February-25	409.62	-8.12%	214.97	-7.74%
March-25	444.88	8.60%	230.69	7.32%
April-25	443.49	-0.31%	238.02	3.18%
May-25	442.32	-0.26%	246.21	3.54%
June-25	462.42	4.55%	255.28	3.68%
July-25	450.94	-2.48%	248.35	-2.71%
August-25	438.89	-2.67%	244.01	-1.75%
September-25	431.81	-1.61%	247.03	1.24%
October-25	432.50	0.16%	257.59	4.27%
November-25	433.81	0.30%	260.05	0.96%
December-25	437.80	0.92%	259.44	-0.24%
January-26	443.82	1.38%	250.78	-3.34%
February-26	455.89	2.72%	251.91	0.45%
March-26	400.32	-12.19%	223.26	-11.37%
April-26	461.68	15.32%	246.45	10.38%
May-26	481.86	4.37%	246.03	-0.17%

Performance Matrix Leaders Fund - May 2026

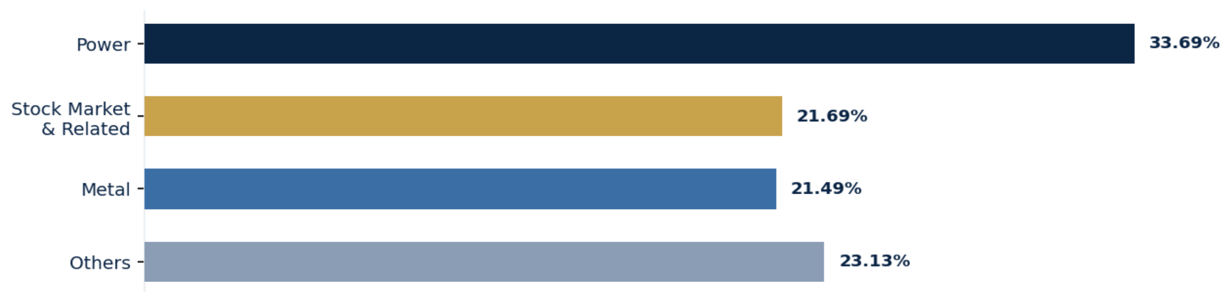
Leaders Fund Performance – Absolute Basis



Leaders Fund Performance - Period Wise



Sector - May-26



Performance Matrix Leaders Fund - May 2026

INVXSSET

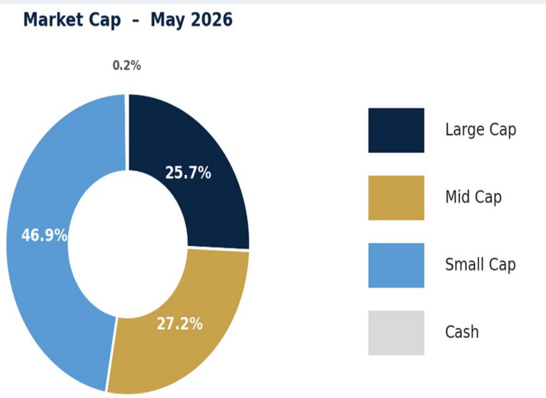
Top Holdings - May-26

Description	% Assets
BSE Ltd.	6.25%
Vedanta Ltd.	6.02%
Hitachi Energy India Ltd.	5.46%
Multi Commodity Exchange Of India Ltd.	5.36%
Hindustan Copper Ltd.	5.18%

Final NAV (31/05/2026)

Fund	Final NAV
INVasset Leaders Fund	**128.71**
BSE 500 TRI	**109.02**

Market Cap - May-26



Calendar Year Returns

Years	INVasset Leaders Fund	S&P BSE 500 TRI
Feb-25 to Dec-25	13.08%	14.97%
Jan-26 to May-26	13.82%	-5.18%

Financial Year Returns

Years	INVasset Leaders Fund	S&P BSE 500 TRI
Feb-25 to Mar-25	3.88%	2.13%
Apr-25 to Mar-26	2.48%	-3.12%
Apr-26 to May-26	20.90%	10.19%

Ratios & Risk (as of May 2026)

Standard Deviation: **6.07%** Beta: **1.10** Sharpe Ratio: **2.40** Treynor Ratio: **0.13**

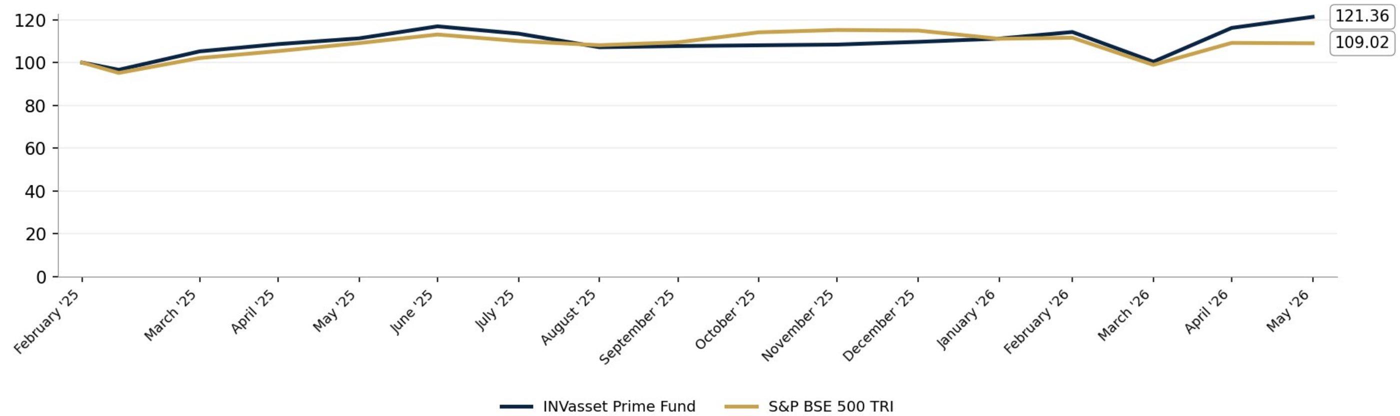
CAGR Since Inception

Performance Comparison (14/02/2025 to 31/05/2026)

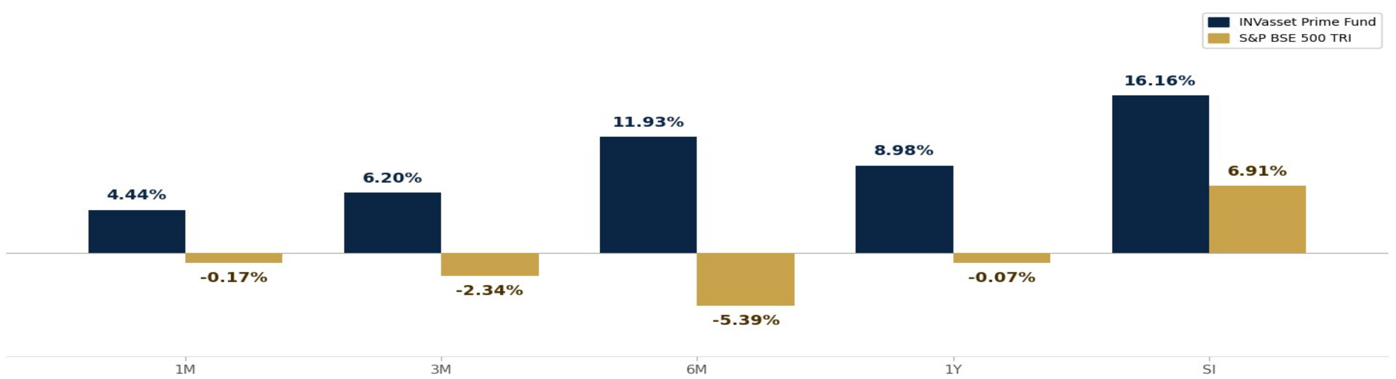
	INVasset Leaders Fund	S&P BSE 500 TRI
14/02/2025	100.00	100.00
31/05/2026	128.71	109.02
% Returns	**28.71%**	**9.02%**
Times Outperformance: 3.18		

Performance Matrix Prime Fund - May 2026

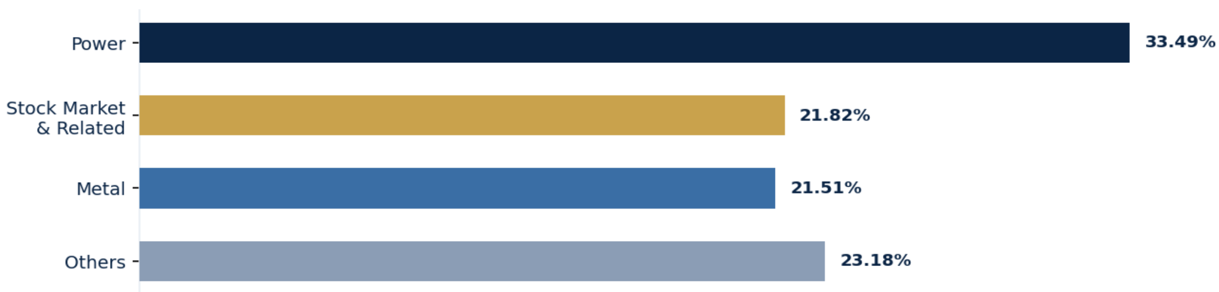
Prime Fund Performance – Absolute Basis



Prime Fund Performance - Period Wise



Sector - May-26



Performance Matrix Prime Fund - May 2026

INVASSET

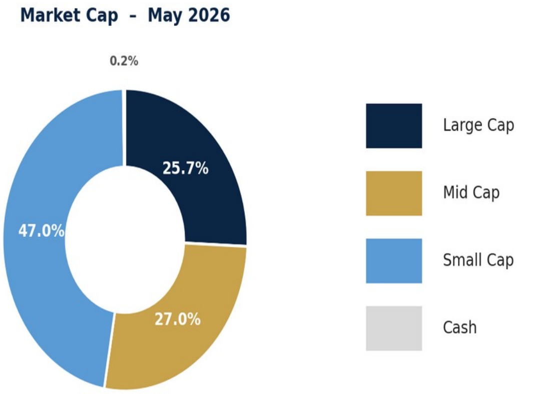
Top Holdings - May-26

Description	% Assets
BSE Ltd.	6.29%
Vedanta Ltd.	6.02%
Multi Commodity Exchange Of India Ltd.	5.39%
Hindustan Copper Ltd.	5.19%
Hitachi Energy India Ltd.	5.19%

Final NAV (31/05/2026)

Fund	Final NAV
INVasset Prime Fund	**121.36**
BSE 500 TRI	**109.02**

Market Cap - May-26



Calendar Year Returns

Years	INVasset Prime Fund	S&P BSE 500 TRI
Feb-25 to Dec-25	9.69%	14.97%
Jan-26 to May-26	10.64%	-5.18%

Financial Year Returns

Years	INVasset Prime Fund	S&P BSE 500 TRI
Feb-25 to Mar-25	5.25%	2.13%
Apr-25 to Mar-26	-4.61%	-3.12%
Apr-26 to May-26	20.88%	10.19%

Ratios & Risk (as of May 2026)

Standard Deviation: **5.95%** Beta: **1.09** Sharpe Ratio: **1.54** Treynor Ratio: **0.08**

CAGR Since Inception

Performance Comparison (14/02/2025 to 31/05/2026)

	INVasset Prime Fund	S&P BSE 500 TRI
14/02/2025	100.00	100.00
31/05/2026	121.36	109.02
% Returns	**21.36%**	**9.02%**
Times Outperformance: 2.37		

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The Domestic Shield:
How India's DIIs Are Rewriting the Market Playbook

For eleven consecutive months, foreign institutional investors have been selling Indian equities. In May 2026 alone, FIIs offloaded ₹55,963 crore — part of a global rotation driven by elevated US rates and geopolitical uncertainty in the Middle East. By the old playbook this should have triggered a sharp correction. It did not — and the reason is a structural shift that has fundamentally changed how Indian markets behave.

The counter-force is India's domestic institutional investor base, powered by over ₹26,000 crore in SIP inflows every month. In May 2026, DIIs purchased ₹82,668 crore — comfortably covering the entire FII outflow. Every market dip, rather than triggering retail panic, now attracts fresh inflows. This behavioural inversion has created a near-permanent demand buffer beneath Indian equities that did not exist in 2013 or 2018.

This time is structurally different. Foreign ownership of Indian equities has fallen to roughly 16% of market capitalisation, down from 22% five years ago. With a smaller FII float, the leverage foreign flows carry over market direction has materially declined. The BSE 500 TRI ended May essentially flat (-0.17%), despite FII selling that would once have caused a significant drawdown — a clear signal of how deep the domestic cushion has become.

DII buying has not been indiscriminate. Domestic fund managers have used FII-led corrections in large-caps to add quality at reasonable valuations, maintaining overweights in sectors with visible earnings visibility — power infrastructure, capital goods, and commodity plays. This positioning mirrors INVasset's own approach: high conviction on the domestic capex cycle and commodity upcycles that are largely insulated from global capital flows.

One factor constraining equity upside in May was monetary policy uncertainty. The RBI held rates at 5.25% at its June meeting, revising its FY27 inflation forecast higher to 5.1% and cutting its GDP growth projection to 6.6%. Governor Sanjay Malhotra stated that 'monetary policy has turned more cautious' amid the geopolitical impasse in the Middle East — pushing widely expected rate cuts further out and narrowing valuation headroom for rate-sensitive sectors.

The key takeaway is structural. Indian equity markets have developed a resilience to FII selling that simply did not exist a decade ago. This creates a different kind of volatility: sharper but shorter corrections, and a market that grinds higher through accumulation rather than sharp up-moves driven by foreign flows. The DII counterweight is not going away — if anything, it deepens as more retail households join the formal financial system via mutual funds and PMS.

For long-term PMS investors, this environment favours strategies that remain fully invested through volatility rather than trying to time FII-driven drawdowns. The power of compounding is best harvested when you stay in the market during the noise and let the underlying earnings growth of quality businesses do the work. INVasset's portfolios continue to be positioned for exactly this outcome — anchored in high-conviction businesses with structural earnings tailwinds, not dependent on foreign flows to deliver long-term wealth creation.

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