



**ASSET  
MANAGEMENT**

**BUILT ON RULES**

# Equity Market Update

March 2026



## TOPIC

**Global vs. Domestic Market Performance Snapshot**

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**Factor Strategy Analysis**

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**Valuation Analysis: P/E and P/B Ratios**

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**Institutional Flows: FII & DII Net Investments**

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**Key Insights and Strategic Takeaways**



## Market Expansion

Doubled over five years



## Factor Defense

Buffered against deep declines



## Discounted Valuations

Trading below historical medians



## Institutional Wall

DII's neutralize FPI outflows



## Retail Boom

Unprecedented Demat  
account growth



## Capital Mobilization

High corporate fundraising  
activity

## Annual Performance Heatmap: Shifting Market Leadership (2016-2026)

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
NIFTY 50 TRI	20.2%	11.8%	16.4%	-25.0%	72.5%	20.3%	0.6%	30.1%	6.7%	-4.0%
NIFTY NEXT 50 TRI	36.2%	15.3%	0.2%	-24.4%	62.9%	21.6%	-7.3%	61.4%	4.8%	-3.3%
NIFTY MIDCAP 150 TRI	37.2%	16.7%	-0.6%	-30.1%	101.6%	25.0%	2.8%	57.5%	8.2%	2.3%
NIFTY SMALLCAP 250 TRI	40.6%	12.9%	-12.4%	-40.2%	118.7%	37.0%	-6.0%	64.1%	6.0%	-4.9%

Note: Market leadership continuously rotates across market caps, underscoring the cyclical nature of returns and the inherent volatility gap between large, mid, and small-cap segments.

## Average 10-Year Annualized Returns: A Risk-Reward Snapshot



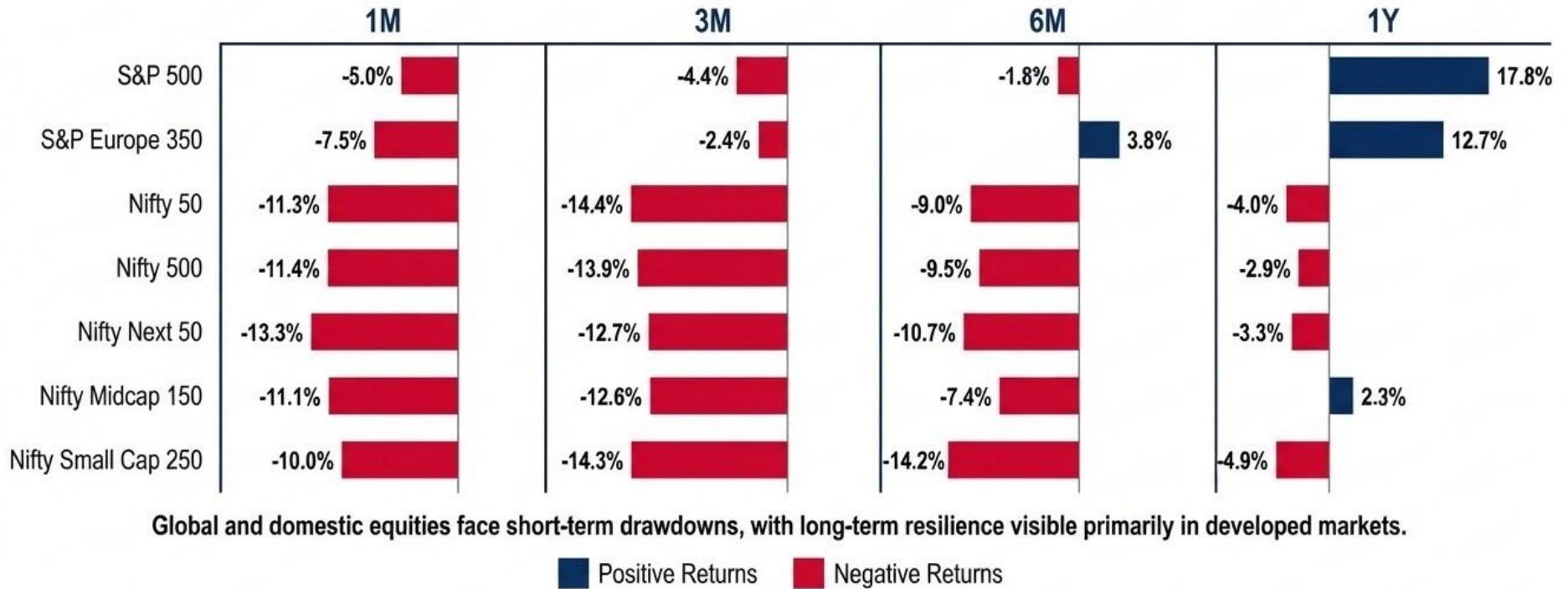
### Key Highlights

- **Midcap Dominance:** Over a 10-year annualized horizon, the Midcap 150 generated the highest return profile at ↑ 17.4%, outperforming broad large-caps.
- **Volatility Trade-off:** The Smallcap 250 exhibited massive cyclical swings (e.g., ↑ 118.7% in 2020-21 vs. ↓ 40.2% in 2019-20), ultimately netting a 10-year CAGR of ↑ 14.5%.
- **Leadership Rotation:** The heatmap clearly validates that no single market cap segment consistently dominates year-over-year, necessitating diversified exposure

Source: NSE, CMIE | 31st March 2016 - 31st March 2026

**Note:** Past performance is not indicative of future results and is presented solely for illustrative purposes.

# Global vs. Domestic Indices Performance

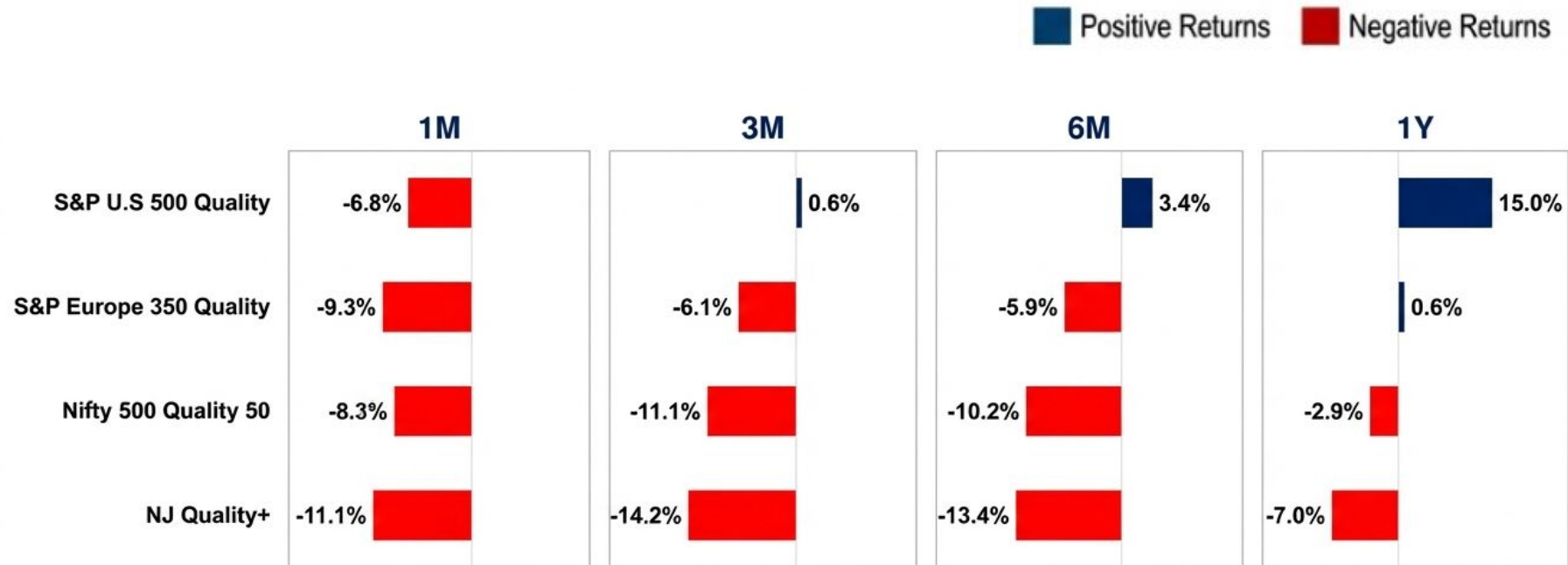


## Key Highlights

- **Universal Near-Term Correction:** All major indices experienced significant drawdowns over the 1M and 3M periods, highlighted by Nifty 50's ↓ -14.4% drop over 3 months.
- **Global Outperformance:** Despite short-term pain, the US S&P 500 maintains strong long-term momentum with ↑ 17.8% growth over the 1Y horizon.
- **Domestic Midcap Resilience:** Among Indian equities, only Nifty Midcap 150 managed to stay positive over a 1-year period (↑ 2.3%), outperforming larger and smaller peers.

Source: Bloomberg | As on 31st March 2026

**Note:** Past performance is not indicative of future results and is presented solely for illustrative purposes.



## Key Highlights

- The NJ Quality+ Model faced severe recent headwinds, declining -11.1% (↓) in 1M and -14.2% (↓) in 3M.
- S&P U.S 500 Quality demonstrated long-term resilience, achieving 15.0% (↑) growth over the 1Y period.
- Quality as a factor in India (Nifty 500 Quality 50) currently lags US counterparts over the 6M and 1Y horizons.

Source: Bloomberg, NSE, Smart Beta | As on 31st March 2026

NJ Quality+ Model is a proprietary methodology developed by NJ Asset Management Private Limited. The methodology will keep evolving with new insight based on the ongoing research and will be updated accordingly from time to time.

**Note:** Past performance is not indicative of future results and is presented solely for illustrative purposes.



Momentum factors yield massive long-term upside in global markets but face aggressive mean-reversion during domestic market contractions.

■ Positive Returns ■ Negative Returns

### Key Highlights

- **Global Momentum Surges:** Over 1 year, S&P 500 Momentum captured an impressive  $\uparrow$  22.5% growth, the highest absolute return across observed global factors.
- **NJ Momentum+ Model Optimization:** The NJ Momentum+ Model' slightly outpaced the standard Nifty 500 Momentum 50 index over the 1-year period ( $\downarrow$  -2.9% vs  $\downarrow$  -3.3%).
- **High Beta Impact:** Due to the nature of the strategy, momentum models endure harsher short-term hits during aggressive market selloffs (1M declines).

Source: Bloomberg, NSE, Smart Beta | As on 31st March 2026

NJ Momentum+ Model is a proprietary methodology developed by NJ Asset Management Private Limited. The methodology will keep evolving with new insight based on the ongoing research and will be updated accordingly from time to time.

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Value investing has seen a massive resurgence globally, strongly outperforming other styles over the past 6 to 12 months.

■ Positive Returns ■ Negative Returns

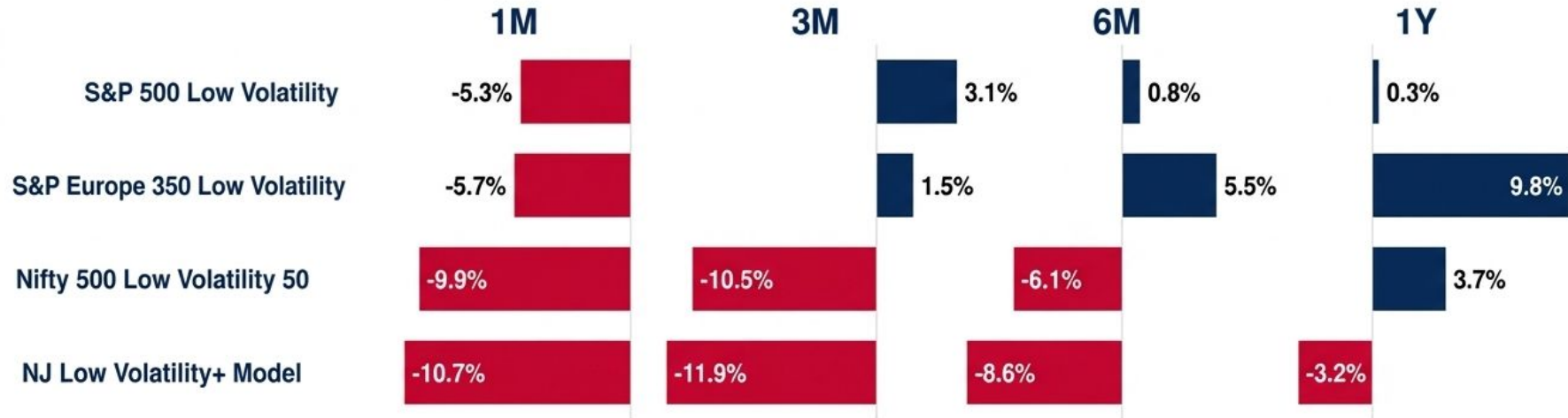
## Key Highlights

- **European Value Boom:** S&P Europe 350 Enhanced Value recorded a remarkable  $\uparrow$  33.3% growth over 1 year, dominating global equity returns.
- **Domestic Value Outperformance:** Unlike Quality and Momentum, domestic Value (Nifty 500 Value 50) posted strong positive returns at  $\uparrow$  13.9% for the 1Y period.
- **NJ Traditional Value Factor Model:** The NJ Traditional Value Model successfully held onto positive territory over the 1-year horizon ( $\uparrow$  0.8%) despite severe 1M and 3M headwinds.

Source: Bloomberg, NSE, Smart Beta | As on 31st March 2026

NJ Traditional Value Model is a proprietary methodology developed by NJ Asset Management Private Limited. The methodology will keep evolving with new insight based on the ongoing research and will be updated accordingly from time to time.

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Low Volatility strategies muted downside shocks globally but traded away explosive upside growth in the 1-year cycle.

■ Positive Returns ■ Negative Returns

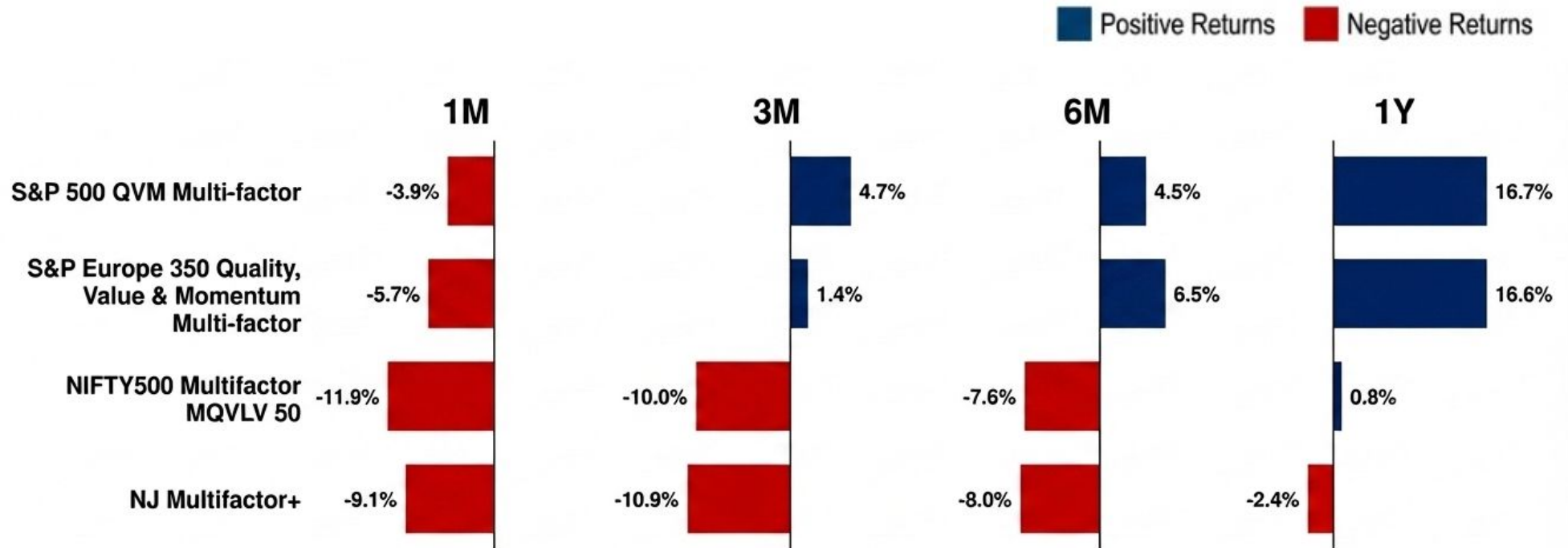
### Key Highlights

- **Cushioning the Drop:** Global Low Volatility indices mitigated recent 1M declines (holding at ↓ -5.3% to -5.7%) compared to standard index drawdowns.
- **Trading Upside for Safety:** The S&P 500 Low Volatility index remained nearly flat at ↑ 0.3% for the year, missing the 17.8% broad market rally.
- **NJ Low Volatility+ Factor Model:** The domestic NJ Low Volatility+ Model faced sustained pressure over the year (↓ -3.2%), though it tracked closely behind broader domestic low-vol benchmarks.

Source: Bloomberg, NSE, Smart Beta | As on 31st March 2026

NJ Low Volatility+ Model is proprietary methodology developed by NJ Asset Management Private Limited. The methodology will keep evolving with new insight based on the ongoing research and will be updated accordingly from time to time.

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## Key Highlights

- **Diverging Markets:** Global multifactor indices (S&P 500 & Europe 350) demonstrate strong positive 1-Year growth (↑ 16.6% - 16.7%), whereas domestic equivalents faced recent short-term headwinds.
- **Model Positioning:** The NJ Multifactor+ Model effectively limited 1-Month downside to ↓ -9.1% compared to the NIFTY500 MQVLV 50's sharper decline of ↓ -11.9%.

Source: Bloomberg, NSE, Smart Beta | As on 31st March 2026

NJ Multifactor+ is proprietary methodology developed by NJ Asset Management Private Limited. The methodology will keep evolving with new insight based on the ongoing research and will be updated accordingly from time to time.

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■ Positive Returns ■ Negative Returns

	1M	3M	6M	1Y
Nifty 50	-11.3% ▼	-14.4% ▼	-9.0% ▼	-4.0% ▼
Nifty 500	-11.4% ▼	-13.9% ▼	-9.5% ▼	-2.9% ▼
NIFTY Auto	-15.6% ▼	-19.5% ▼	-15.5% ▼	12.9% ▲
NIFTY Bank	-16.9% ▼	-19.6% ▼	-13.4% ▼	-1.7% ▼
NIFTY Financial Services	-15.5% ▼	-18.7% ▼	-14.7% ▼	-4.6% ▼
NIFTY FMCG	-11.0% ▼	-21.7% ▼	-21.4% ▼	-13.8% ▼
NIFTY IT	-5.0% ▼	-26.5% ▼	-17.7% ▼	-19.3% ▼
NIFTY Media	-10.9% ▼	-16.6% ▼	-22.7% ▼	-13.9% ▼
NIFTY Metal	-8.8% ▼	-4.6% ▼	4.9% ▲	24.8% ▲
NIFTY Pharma	-3.1% ▼	-6.6% ▼	-2.2% ▼	5.9% ▲
NIFTY Realty	-16.6% ▼	-29.3% ▼	-29.3% ▼	-23.3% ▼
NIFTY Healthcare Index	-4.5% ▼	-7.4% ▼	-5.3% ▼	4.4% ▲

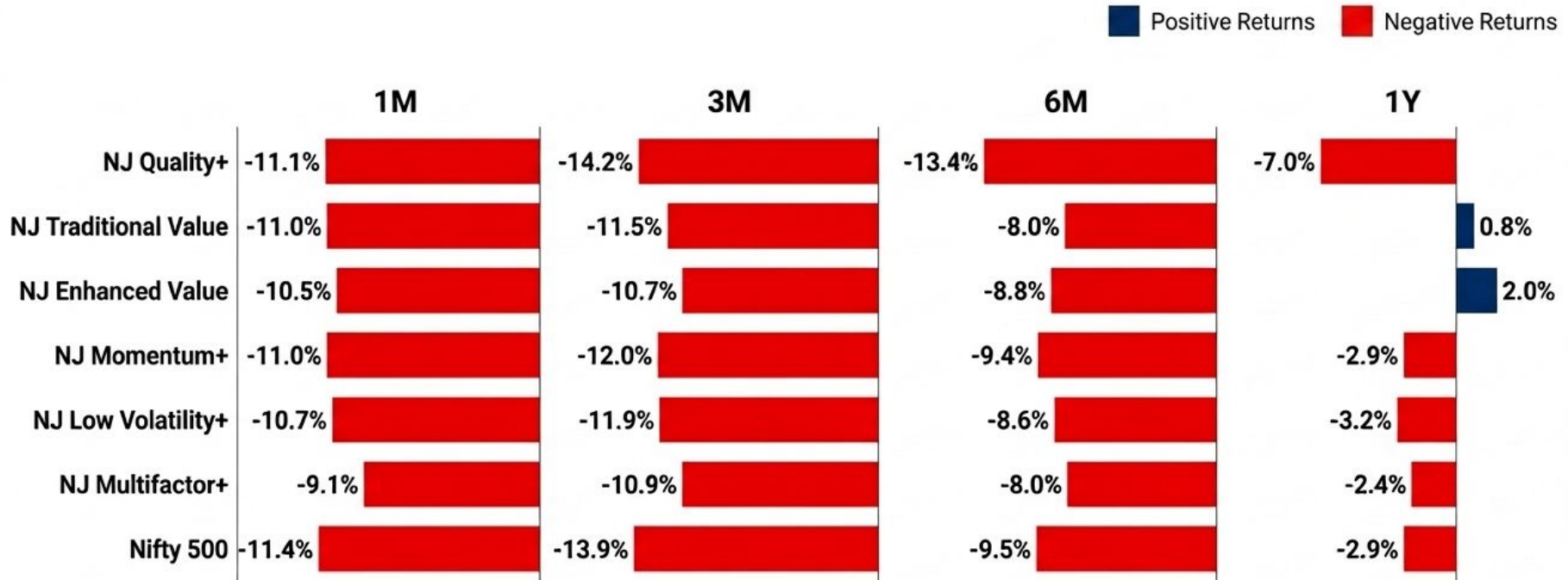
### Key Highlights

- Severe short-term drawdowns are evident, particularly in NIFTY Realty (-29.3% in 3M) and NIFTY IT (-26.5% in 3M).
- Despite broad market declines, NIFTY Metal (↑ 24.8%) and NIFTY Auto (↑ 12.9%) stand out as highly resilient long-term outliers over the 1-year horizon.

Source: Bloomberg | As on 31st March 2026

**Note:** Past performance is not indicative of future results and is presented solely for illustrative purposes.

# Factor Performance Review: NJ Factor Models



## Key Highlights

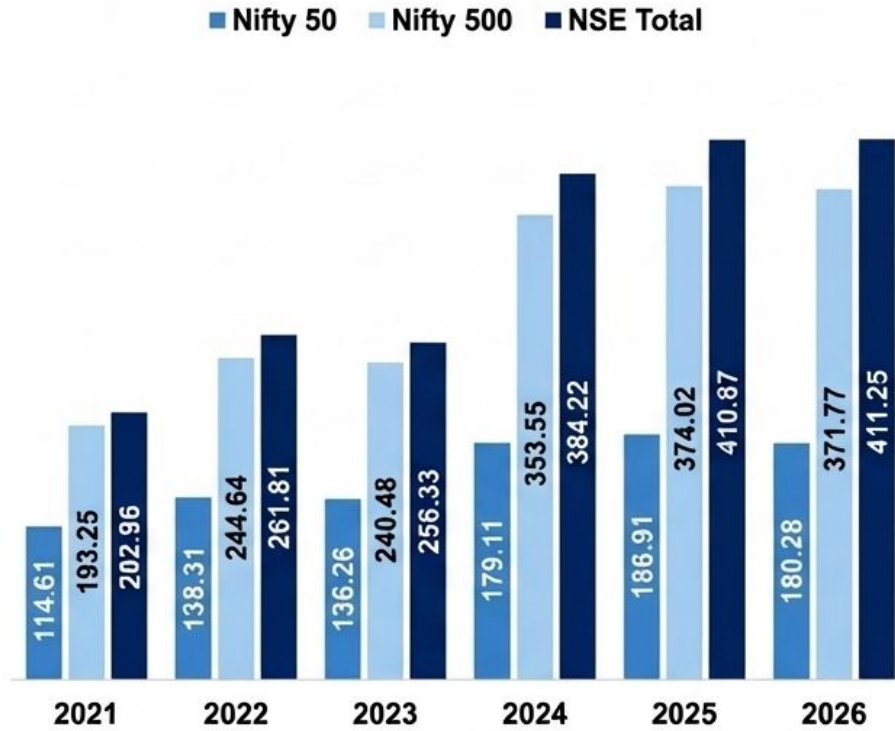
- **Value Factor Resilience:** The NJ Enhanced Value and NJ Traditional Value factor models delivered the only positive 1-Year returns (↑ 2.0% and ↑ 0.8% respectively), outperforming the broad Nifty 500 (↓ -2.9%).
- **Short-Term Buffers:** Across the 1-Month horizon, models like the NJ Multifactor+ (↓ -9.1%) and NJ Enhanced Value (↓ -10.5%) demonstrated stronger downside protection against the Nifty 500 benchmark (↓ -11.4%).

Source: SmartBeta, CMIE, Bloomberg | As on 31st March 2026

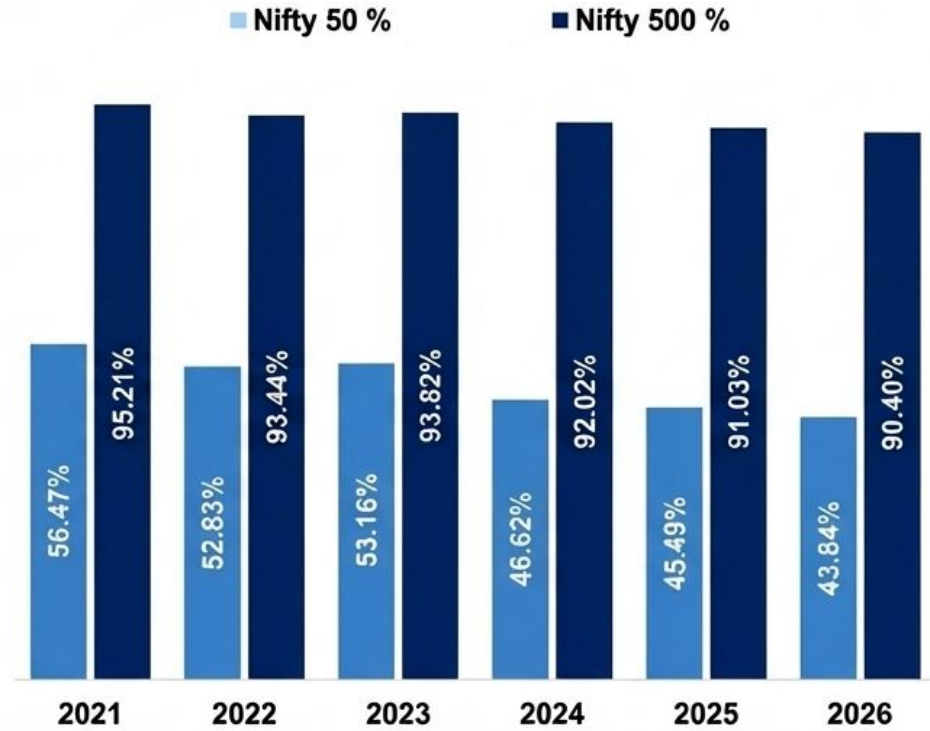
NJ Traditional Value Model, NJ Enhanced Value Model, NJ Quality+ Model, NJ Momentum+ Model, NJ Low Volatility Model and NJ Multi-Factor Model are proprietary methodologies developed by NJ Asset Management Private Limited. The methodologies will keep evolving with new insight based on the ongoing research and will be updated accordingly from time to time.

**Note:** Past performance is not indicative of future results and is presented solely for illustrative purposes.

### Absolute Market Cap Growth (Lakh Cr.)



### Nifty 50 & 500 as % of Total Market Cap



#### Key Highlights

- **Unprecedented structural expansion:** The total NSE Market Cap effectively doubled over five years, surging from 202.96 Lakh Cr. (2021) to 411.25 Lakh Cr. (2026).
- As the broader market expanded, the relative dominance of the Nifty 50 steadily diluted, dropping from 56.47% to 43.84% of total market capitalization.

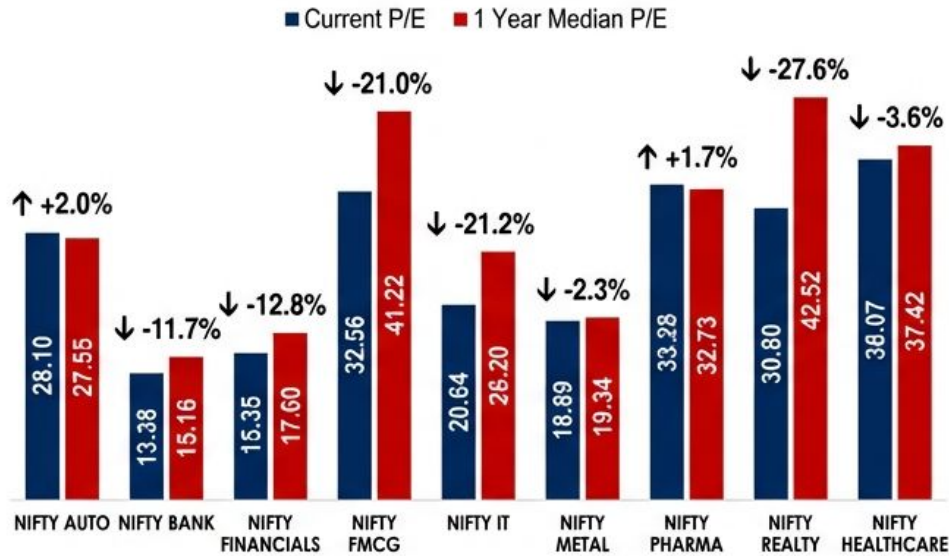
Source: Bloomberg. Between 31 Mar 2020 - 31 Mar 2025

Source: NSE. Between 31 Mar 2020 - 31 Mar 2025

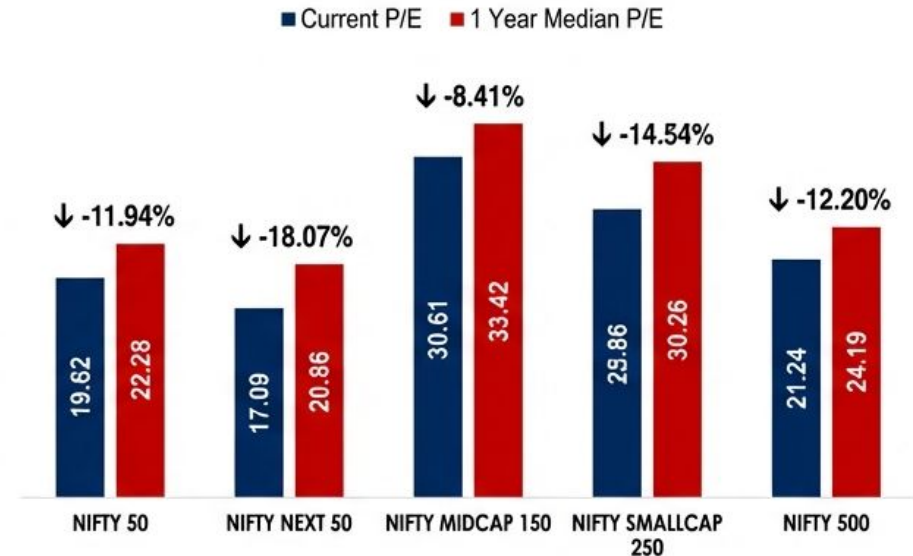
Source: Bloomberg, NSE. The percentage share for Nifty 50 and Nifty 500 is calculated by dividing respective index market capitalisation by NSE market capitalisation. Between 31 Mar 2020 - 31 Mar 2025

## Current P/E Ratio vs 1-Year Median P/E As of: March 2026

### Current P/E Ratio vs 1-Year Median P/E (Sector-wise)



### Current P/E Ratio vs 1-Year Median P/E (Index-wise)



### Key Highlights

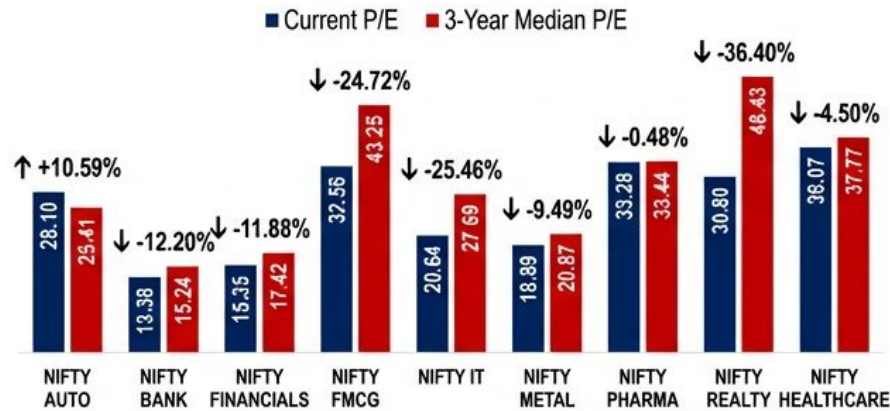
- **Broad Market Discount:** All major indices are currently trading at a discount compared to their 1-Year Median P/E, with the NIFTY NEXT 50 (↓ 18.07%) showing the steepest relative undervaluation.
- **Sectoral Contraction:** The most significant valuation cool-offs are visible in NIFTY Realty (↓ 27.6%) and NIFTY IT (↓ 21.2%), indicating a sharp reset in expectations over the past year.
- **Isolated Pockets of Premium:** Against the broader trend, NIFTY Auto (↑ 2.0%) and NIFTY Pharma (↑ 1.7%) are trading at a slight premium to their 1-Year historical medians.

Source: NSE. Current P/E is as of March 2026. 1 Year Median PE is calculated by taking the Median of P/E data for 1 year period of respective indices.

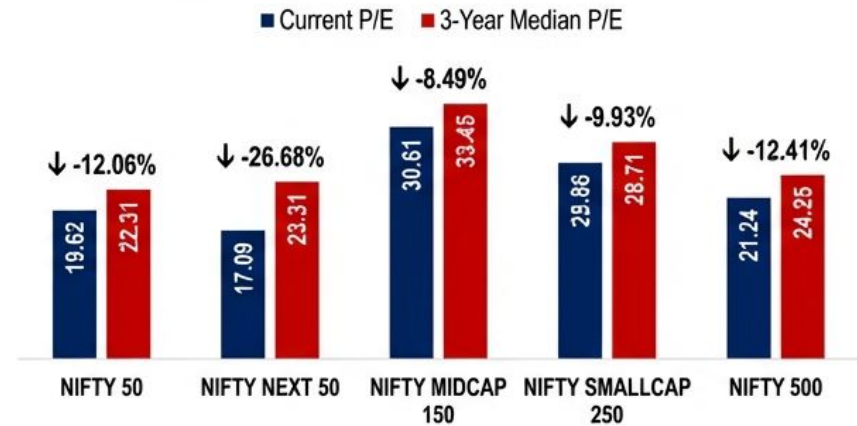
Note: The values shown on the bars are rounded to the nearest whole number, while the percentage change is calculated using actual values. As a result, minor differences may occur compared with calculations based on rounded figures.

## Current P/E Ratio vs 3-Year Median P/E As of: March 2026

Current P/E Ratio vs 3-Year Median P/E (Sector-wise)



Current P/E Ratio vs 3-Year Median P/E (Index-wise)



### Key Highlights

- **Consistent Long-Term Undervaluation:** When stretched over a 3-year horizon, the broader market remains undervalued, led by NIFTY NEXT 50 (↓ 26.68%) and the broader NIFTY 500 (↓ 12.41%) benchmark.
- **Massive Sector Corrections:** Looking over a 3-year period reveals dramatic valuation resets in highly cyclical sectors, with NIFTY Realty (↓36.40%), NIFTY IT (↓ 25.46%), and NIFTY FMCG (↓ 24.72%) trading at deep discounts to their historical norms.
- **Auto Remains the Outlier:** NIFTY Auto (↑ 10.59%) is the only sector displaying a double-digit premium over its 3-year median, confirming sustained structural momentum and valuation expansion in the space.

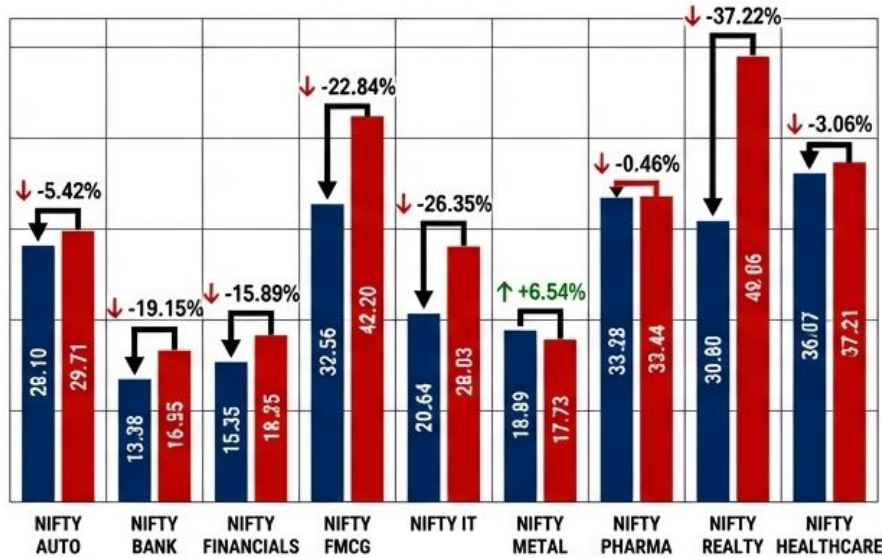
Source: NSE. Current P/E is as of March 2026. 3 Year Median PE is calculated by taking the Median of P/E data for 3 year period of respective indices.

Note: The values shown on the bars are rounded to the nearest whole number, while the percentage change is calculated using actual values. As a result, minor differences may occur compared with calculations based on rounded figures.

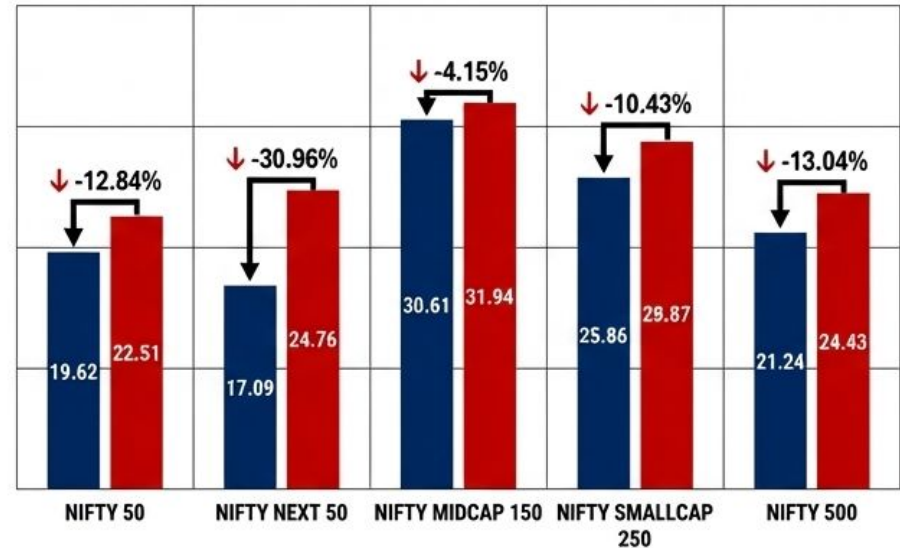
# Market Valuations: Current P/E Ratios vs. 5-Year Historical Median

■ Current P/E ■ 5-Year Median P/E

**Current P/E Ratio vs 5-Year Median P/E (Sector-wise)**  
As of: March 2026



**Current P/E Ratio vs 5-Year Median P/E (Index-wise)**  
As of: March 2026



## Key Highlights

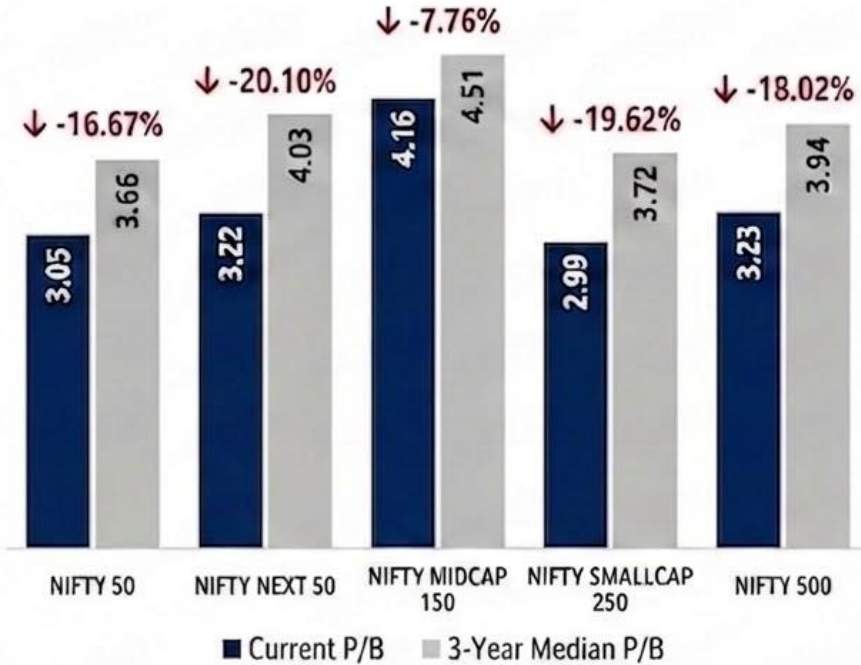
- Contrary to market peak fears, broad indices offer **significant relative value**, with the **NIFTY NEXT 50** trading at a deep ↓ 30.96% discount to its 5-year median.
- Sectorally, **NIFTY REALTY** (↓ -37.22%) and **NIFTY IT** (↓ -26.35%) show the steepest multiple compression, while **NIFTY METAL** is the lone sector trading at a premium (↑ +6.54%).

Source: NSE. Current P/E is as of March 2026. 5 Year Median PE is calculated by taking the Median of P/E data for 5 year period of respective indices.

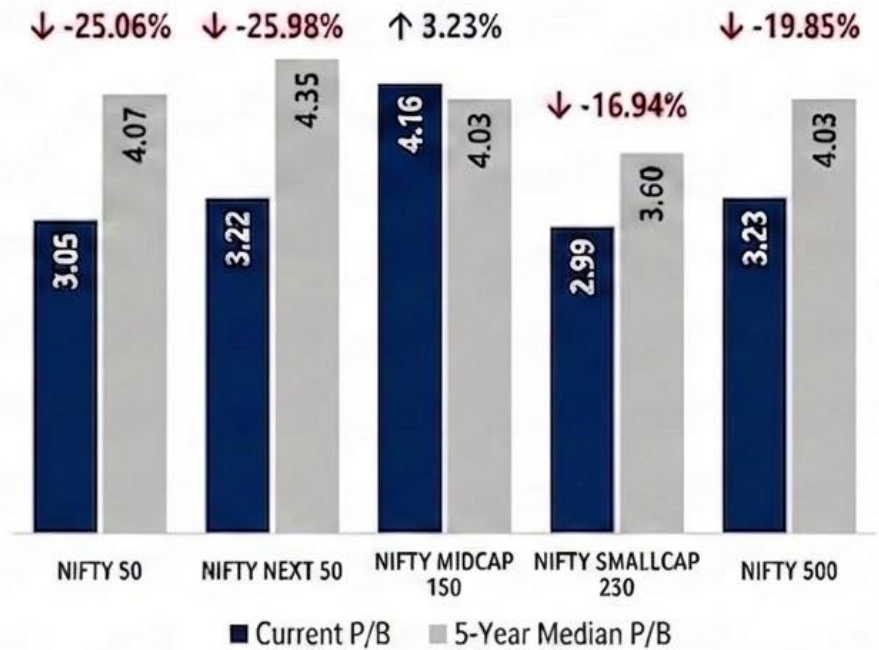
Note: The values shown on the bars are rounded to the nearest whole number, while the percentage change is calculated using actual values. As a result, minor differences may occur compared with calculations based on rounded figures.

# Market Valuations: Price-to-Book (P/B) Ratio Analysis

**Current P/B vs 3-Year Median P/B**  
As of: March 2026



**Current P/B vs 5-Year Median P/B**  
As of: March 2026



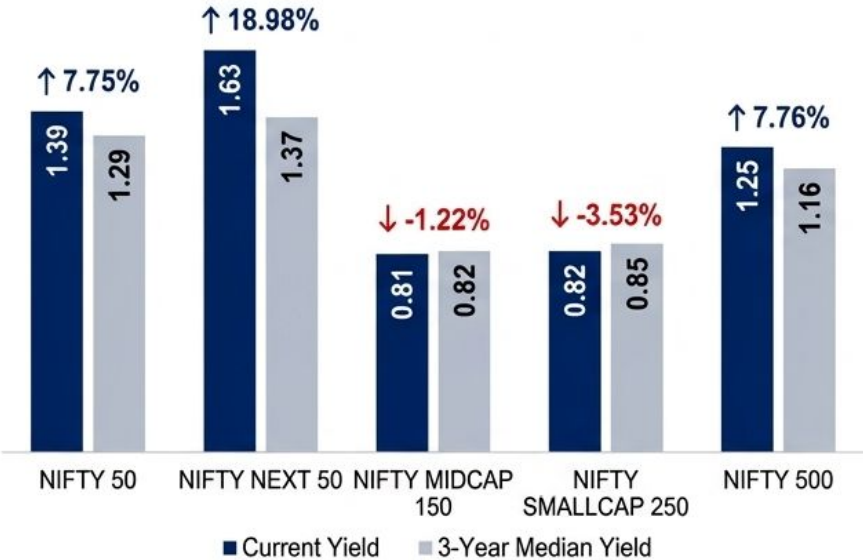
## Key Highlights

- Current P/B ratios indicate broad index discounts across both 3-year and 5-year timeframes.
- NIFTY 50 showcases a steeper discount over a 5-year horizon (-25.06%) compared to its 3-year median (-16.67%).

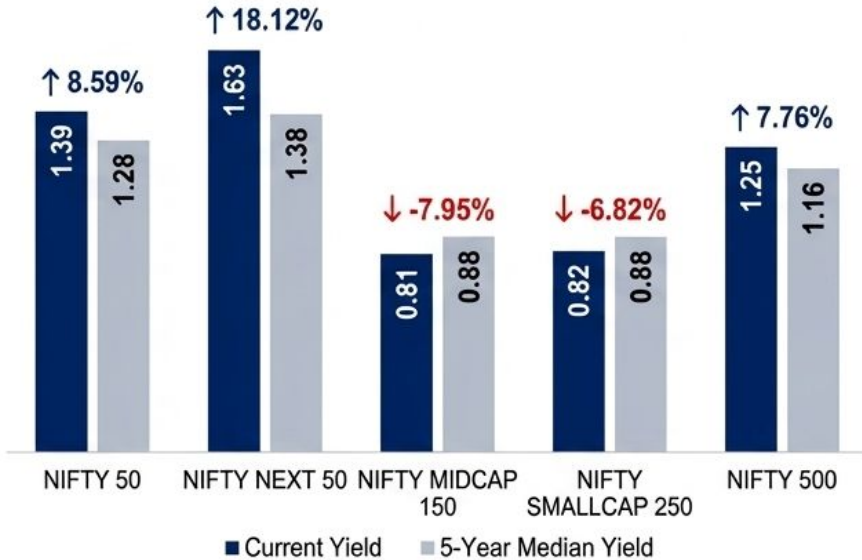
Source: NSE. Current P/B is as of March 2026. 3 Year Median P/B is calculated by taking the Median of P/B data for 3 year period of respective indices.

Source: NSE. Current P/B is as of March 2026. 5 Year Median PB is calculated by taking the Median of P/B data for 5 year period of respective indices.

**Current Dividend Yield vs 3-Year Median Dividend Yield**  
As of: March 2026



**Current Dividend Yield vs 5-Year Median Dividend Yield**  
As of: March 2026

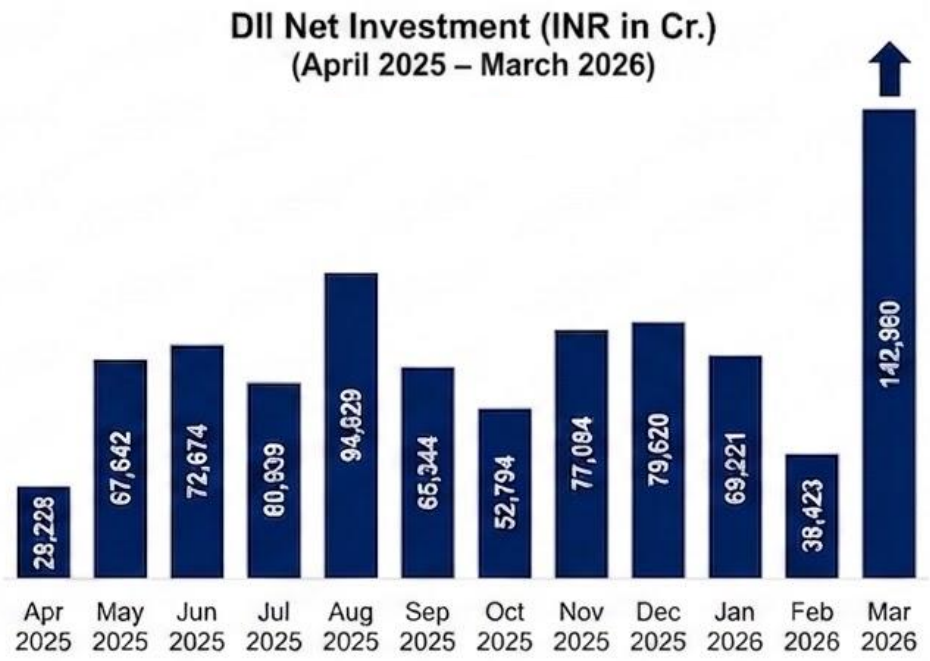
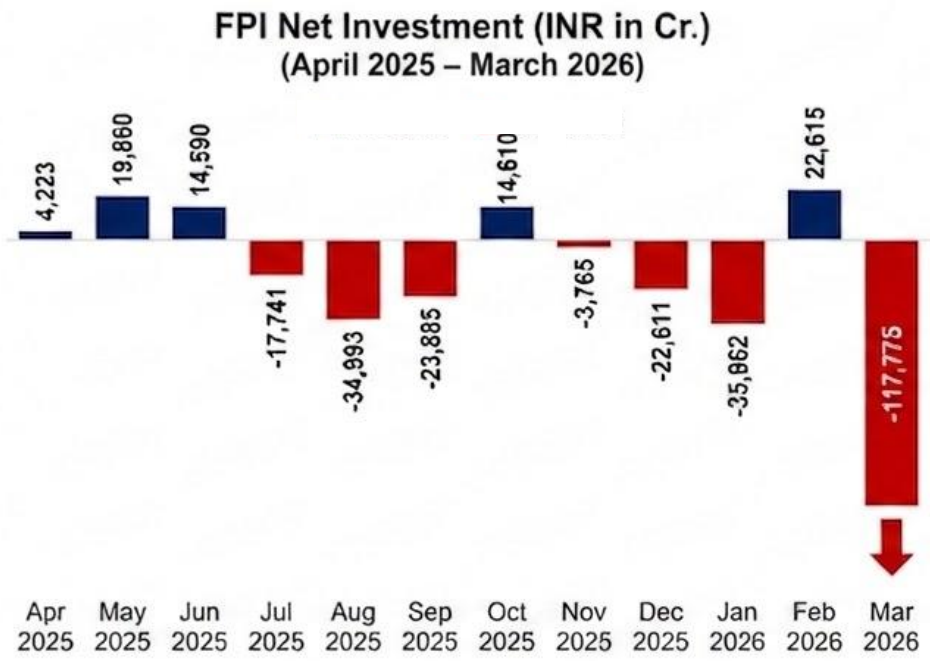


**Key Highlights**

- Large-cap indices (NIFTY 50, NIFTY NEXT 50) showcase robust dividend yield expansion relative to historical medians.
- Mid and Small cap yields remain slightly compressed (-7.95% and -6.82% against 5-year medians), reflecting differing capital allocation strategies.

Source: NSE. Current Dividend Yield is as of March 2026. 3 Year Median Dividend Yield is calculated by taking the Median of Dividend Yield data for 3 year period of respective indices.

Source: NSE. Current Dividend Yield is as of March 2026. 5 Year Median Dividend Yield is calculated by taking the Median of Dividend Yield data for 5 year period of respective indices.



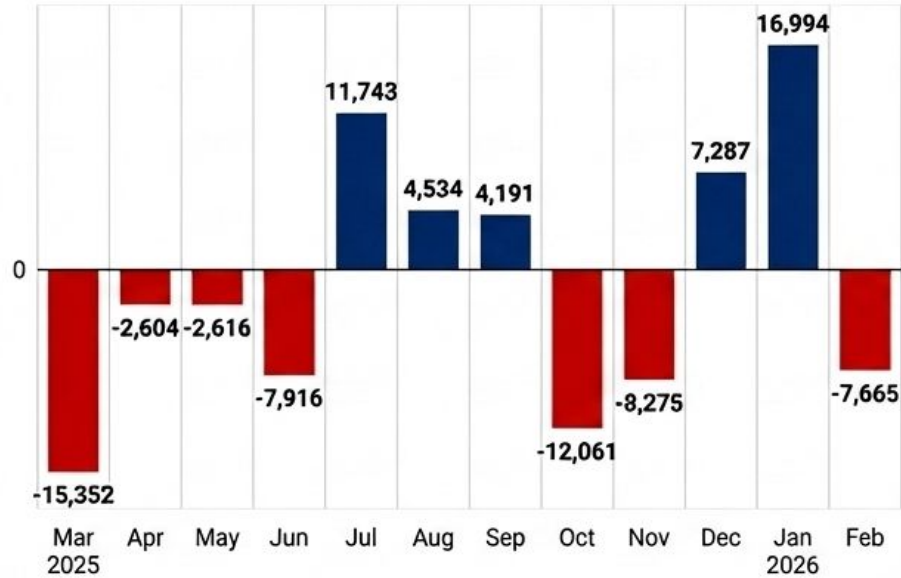
**Key Highlights**

- DIIs act as a perfect structural counterweight to FPI volatility, providing an unbroken wall of liquidity to absorb massive sell-offs.
- Noticeably in March 2026, a severe FPI outflow of -117,775 Cr was entirely neutralized by a record-breaking DII inflow of +142,960 Cr.
- While FPI sentiment frequently oscillates into negative territory, DIIs demonstrate unwavering institutional confidence.

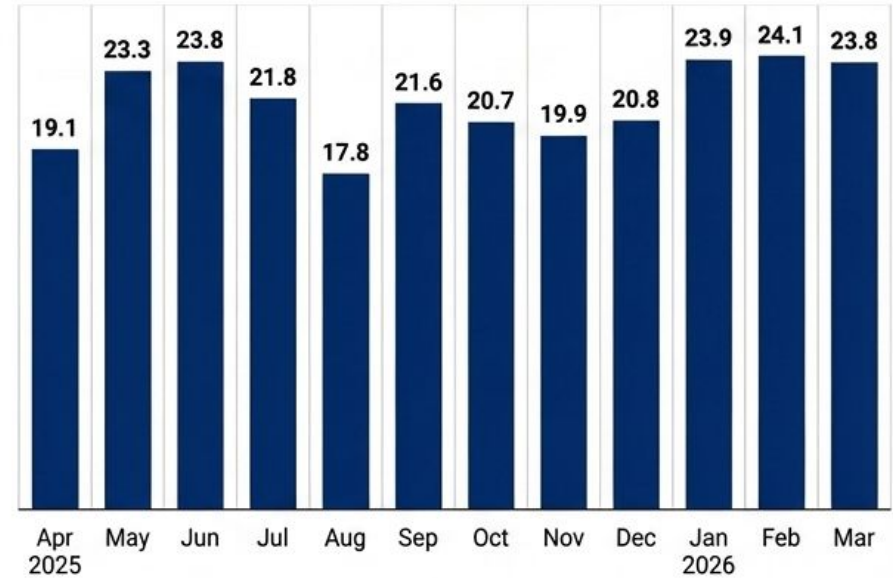
Source: NSDL India | April 2025 - March 2026

Source: Bloomberg | April 2025 - March 2026

**Individual Investors Net Inflows in NSE CM Segment (INR in Cr.)**  
(March 2025 – February 2026)



**NSE Cash Market Segment Turnover (INR Lac Crores)**  
(April 2025 – March 2026)



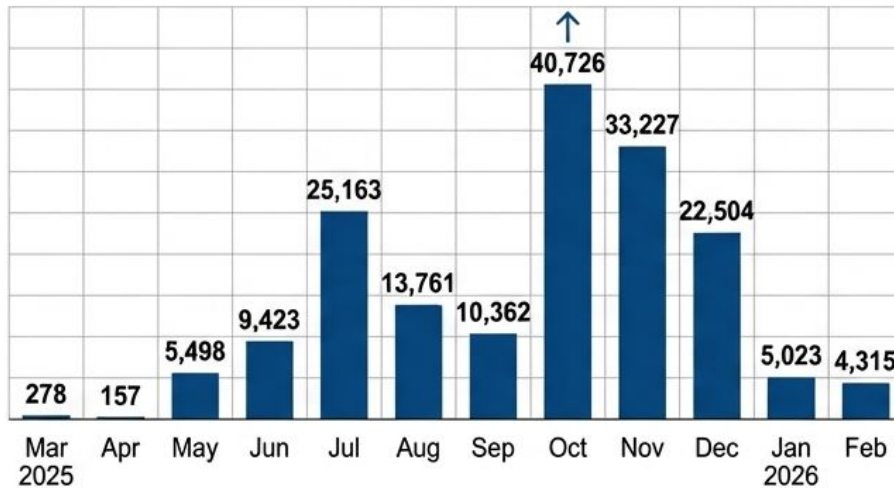
**Key Highlights**

- Individual investor net inflows exhibit high cyclical volatility, heavily influenced by short-term market sentiment, peaking in January 2026 (↑ ₹16,994 Cr).
- Despite net inflow volatility, aggregate Cash Market Turnover remains structurally elevated, consistently hovering between ₹20 - ₹24 Lac Crores, indicating deep, persistent market liquidity.

Source: NSE Market Pulse | March 2025 - February 2026

Source: NSE | April 2025 - March 2026

### Monthly IPO Collection (INR Crores)



### Fund Mobilisation through Equity (INR Crores)



#### Key Highlights

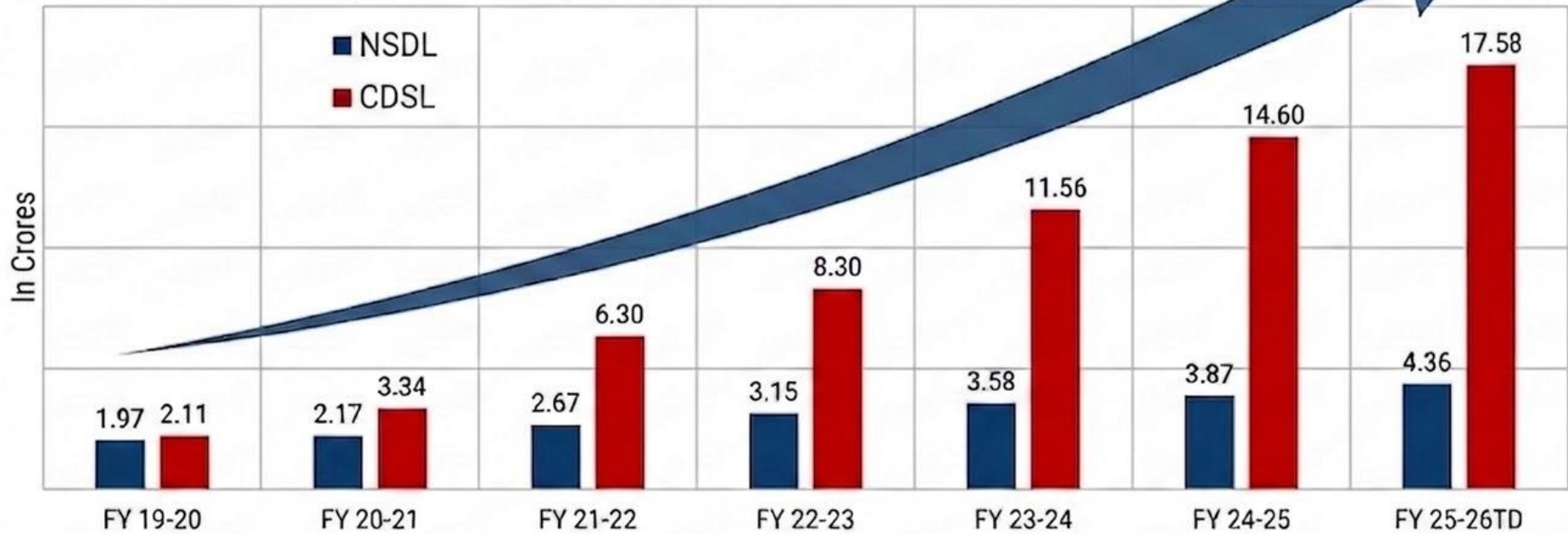
- Primary market activity saw an explosive concentration in Q3 of the fiscal year, with IPO collections peaking at a staggering **↑ ₹40,726 Cr in October 2025 alone**.
- Beyond IPOs, corporate India utilized a diverse toolkit for structural fundraising, pulling in ₹1.25 Lac Cr via Preferential Allotments and ₹67,727 Cr via QIPs, signaling high institutional appetite.

Source: NSE Market Pulse | March 2025 - February 2026

Source: NSE Market Pulse Report | Data is for FY 2025-26TD as of February 2026. Only open-ended schemes are considered.

## No. of Active Demat Accounts

Investor Base Shows Unprecedented Expansion



### Key Highlights

- The total active retail investor base has fundamentally transformed, with combined Demat accounts surging to nearly 22 Crore in FY 25-26TD.
- CDSL accounts specifically have seen exponential multi-year growth (↑ 17.58 Cr), underscoring the deep penetration of equity culture into Tier-2 and Tier-3 demographics.

Source: Annual reports of NSDL and CDSL respectively | FY 2019-20 - FY 2025-26TD. FY 2025-26TD data is as of January 2026



## Constant Rotation

Diversify across market caps



## Value Resurgence

Value strongly outperforms peers



## Relative Value

Broad markets remain undervalued



## Yield Expansion

Robust dividend yield growth



## Structural Support

Domestic liquidity remains unbroken



## Strategic Horizon

Stay invested for long-term



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**\*NJ Traditional Value Model, NJ Enhanced Value Model, NJ Quality+ Model, NJ Momentum+ Model, NJ Low Volatility Model and NJ Multi-Factor Model are proprietary methodologies developed by NJ Asset Management Private Limited. The methodologies will keep evolving with new insight based on the ongoing research and will be updated accordingly from time to time.**