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Knowledge Partner: N. Tatia & Associates

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FROM THE AUTHOR

FY-End 2026: Resetting Portfolios for the Next Wealth Cycle

March is the most consequential month in an investor's calendar. It marks not just the closure of a financial year, but the re-anchoring of portfolios for the next compounding cycle.

The first quarter of 2026 has reinforced a structural shift already underway markets are transitioning from liquidity-driven expansion to earnings-led sustainability. This shift typically compresses short-term returns but significantly improves long-term wealth quality.

India continues to display relative macro resilience. Inflation has moderated into a controllable band, fiscal spending remains growth-supportive, and domestic financialization continues to deepen. More importantly, India's equity ownership structure has fundamentally evolved - domestic flows now provide structural stability even during global risk-off phases.

For investors, this environment demands maturity. The coming cycle will reward allocation discipline, valuation sensitivity, and earnings visibility far more than momentum participation.

At Optymoney, our focus remains unchanged:
Build portfolios that compound across cycles, not just rally phases.

MARKET & MACRO UPDATE

Stability Improving, Volatility Normalising

Global markets entered 2026 navigating multiple cross-currents — moderating inflation, policy recalibration, and geopolitical overhangs. Within this backdrop, India continues to demonstrate macro stability relative to most emerging markets.

Key macro trends shaping markets

- Inflation trajectory has softened meaningfully from 2023 peaks
- Real rates remain positive, supporting currency stability
- Fiscal spending remains capex-oriented
- Credit growth remains in the low-to-mid teens

Domestic equities have entered a time correction after the strong FY24–FY25 rally. Importantly, this consolidation has been valuation-led rather than earnings-driven — a healthy sign for medium-term investors.

The most constructive trend remains the resilience of domestic capital. SIP flows, retirement assets, and HNI allocations continue to d eepen India's structural bid for equities.

MARKET & MACRO UPDATE

From Beta Markets to Alpha Markets

The next phase of markets is likely to be defined by dispersion rather than broad-based rallies.

During liquidity phases, beta dominates. In earnings phases, alpha matters.

Sectors with Strong Medium-Term Visibility:

- Capital goods & defence (multi-year order visibility)
- Private financials (clean balance sheets, credit expansion)
- Healthcare delivery platforms
- Manufacturing beneficiaries of China + 1

Segments Likely to Underperform:

- Balance sheet-light small caps
- Pure narrative-led themes
- Deep cyclicals without pricing power

We expect markets to remain range-bound in the near term but constructively biased over a 2–3 year horizon, supported by earnings compounding and domestic flows.
Investor positioning should gradually shift from thematic aggression to quality accumulation.

ASSET ALLOCATION VIEW – MARCH 2026

Equities: Moderately constructive
Continue SIP-led allocation. Use corrections for staggered deployment.

Fixed Income: Increasingly attractive
Yields remain elevated relative to forward inflation. Lock-in strategies make sense.

Gold: Strategic hedge intact
Maintain structural allocation amid global uncertainty.

Cash: Tactical optionality
Useful for staggered deployment into volatility.

The coming year is likely to reward balanced portfolios rather than concentrated bets.

GOLD – STRUCTURAL HEDGE IN A MULTIPOLAR WORLD

Gold's long-term thesis continues to strengthen as global reserve diversification accelerates. Central bank accumulation remains structurally above pre-2020 averages, reflecting a shift toward multipolar reserve management.

With real rates expected to gradually soften over the next 12–24 months, gold's risk-reward remains favourable as a portfolio stabiliser.

We continue to recommend a 10–15% strategic allocation across:

- Sovereign Gold Bonds
- Gold ETFs
- Phased accumulation strategies

Gold should be owned for resilience, not momentum.

FIXED INCOME – POSITIONING AHEAD OF THE RATE CYCLE

Fixed income is transitioning from a defensive allocation to a strategic opportunity.

With inflation moderating and monetary policy approaching a neutral phase, forward yields remain attractive on a real basis. Duration positioning over the next 6–12 months could materially influence portfolio outcomes.

Preferred Segments:

- Target maturity funds (5–10 year horizon)
- Banking & PSU debt
- High-grade corporate bonds

For conservative investors, this may represent one of the most compelling entry windows in recent years.

UPCOMING NFOs and IPOs

Upcoming NFOs

NFO Name	Scheme type	Category	Start date	Close date	Min. investment (₹.)
LIC MF Technology Fund (G)	Open Ended	Equity	20 Feb 2026	06 Mar 2026	1000
LIC MF Technology Fund (I)	Open Ended	Equity	20 Feb 2026	06 Mar 2026	1000
LIC MF Technology Fund (I)	Open Ended	Equity	20 Feb 2026	06 Mar 2026	1000
Motilal Oswal Multi Factor Passive Fund of Funds (G)	Open Ended	Others	20 Feb 2026	06 Mar 2026	500
Capitalmind Arbitrage Fund (G)	Open Ended	Hybrid	23 Feb 2026	09 Mar 2026	5000
Capitalmind Arbitrage Fund (I)	Open Ended	Hybrid	23 Feb 2026	09 Mar 2026	5000
Capitalmind Arbitrage Fund (I)	Open Ended	Hybrid	23 Feb 2026	09 Mar 2026	5000
Capitalmind Multi Asset Allocation Fund (G)	Open Ended	Hybrid	23 Feb 2026	09 Mar 2026	5000

Capitalmind Multi Asset Allocation Fund (I)	Open Ended	Hybrid	23 Feb 2026	09 Mar 2026	5000
Capitalmind Multi Asset Allocation Fund (I)	Open Ended	Hybrid	23 Feb 2026	09 Mar 2026	5000
Canara Robeco Banking And Financial Services Fund (G)	Open Ended	Equity	27 Feb 2026	13 Mar 2026	5000
Canara Robeco Banking And Financial Services Fund (I)	Open Ended	Equity	27 Feb 2026	13 Mar 2026	5000
Canara Robeco Banking And Financial Services Fund (I)	Open Ended	Equity	27 Feb 2026	13 Mar 2026	5000
DSP BSE Top 10 Banks ETF (G)	Open Ended	Others	27 Feb 2026	04 Mar 2026	5000
HDFC Income Plus Arbitrage Omni FOF (G)	Open Ended	Others	27 Feb 2026	11 Mar 2026	100
HDFC Income Plus Arbitrage Omni FOF (I)	Open Ended	Others	27 Feb 2026	11 Mar 2026	100
HDFC Income Plus Arbitrage Omni FOF (I)	Open Ended	Others	27 Feb 2026	11 Mar 2026	100
HDFC Income Plus Arbitrage Omni FOF (I)	Open Ended	Others	27 Feb 2026	11 Mar 2026	100
Kotak Multi Factor Passive FOF (G)	Open Ended	Others	27 Feb 2026	13 Mar 2026	100
TRUSTMF Mid Cap Fund (G)	Open Ended	Equity	27 Feb 2026	13 Mar 2026	1000

Upcoming NFOs

Company Name	Segment	IPO Dates	Issue Size	Price Band	Listing Platform
Sedemac Mechatronics	Mainboard	4 – 6 Mar 2026	~₹1,087 Cr	₹1,287–₹1,352	NSE/BSE
XED Executive Development	IFSC IPO	Early Mar 2026 (expected)	~$12 Mn	Not disclosed	NSE IFSC
Acetech E-Commerce	SME	27 Feb – 4 Mar 2026	~₹45 Cr	₹106–₹112	NSE SME
Striders Impex	SME	26 Feb – 2 Mar 2026	~₹30 Cr	Not disclosed	SME

FY-END PORTFOLIO ACTION FRAMEWORK

March should be approached as a structured financial reset rather than a compliance deadline.

1. Tax Alpha Creation
Strategic gain harvesting and loss offsetting can materially enhance post-tax IRRs without altering core allocations.

2. Allocation Realignment
Post multi-year equity outperformance, many portfolios have drifted into hidden concentration risk. Rebalancing back to strategic allocation bands is critical.

3. Deduction Optimisation
Equity-linked tax instruments like ELSS continue to offer superior post-tax compounding versus traditional saving avenues.

4. Portfolio Hygiene
Nomination alignment, insurance sufficiency, and estate documentation remain underprioritized but essential pillars of wealth continuity.

True wealth management lies in optimisation, not accumulation.

READER'S DIGEST

Markets are transitioning into a new phase.
The liquidity-driven rally of the past few years is gradually evolving into an earnings-led cycle. This shift may reduce short-term excitement but strengthens long-term wealth creation.

India's macro remains resilient.
Moderating inflation, stable growth, and strong domestic flows continue to differentiate India from most global peers.

Equity markets are consolidating, not reversing.
Time corrections across mid and small caps are healthy after multi-year outperformance and are resetting valuations for the next leg.

Fixed income is becoming attractive again.
With rate cuts likely over the medium term, current yields offer a meaningful opportunity for strategic allocation.

Gold retains its role as a portfolio stabiliser.
Global uncertainty and reserve diversification trends continue to support a structural allocation to precious metals.

FY-end planning is critical.
March remains the most important month for tax optimisation, portfolio rebalancing, and allocation reset.

NFOs are evolving, but selectivity matters.
New launches are increasingly passive and multi-asset oriented, but investors should prioritise suitability over novelty.

Primary markets may revive selectively.
The upcoming IPO cycle is expected to be more quality-driven, rewarding disciplined participation over broad enthusiasm.

INVESTOR POSITIONING – KEY QUESTIONS

Should investors wait for deeper corrections?
Market timing remains a low-probability strategy. Allocation discipline and staggered deployment continue to dominate long-term outcomes.

Is it time to increase debt exposure?
Yes, selectively. Forward yield compression could enhance mark-to-market gains over the next cycle.

Old vs new tax regime?
For high-deduction profiles, the old regime often continues to deliver superior outcomes despite simplification benefits of the new regime.

Personalisation remains critical in tax strategy.

MYTH BUSTER

Myth : Sideways markets signal the end of wealth cycles.
Reality : Every major bull market historically includes extended consolidation phases. These periods compress valuations, rotate leadership, and set the stage for durable next legs.

Consolidation is not a pause in wealth creation — it is its preparation phase.

OUTLOOK – FY27 AND BEYOND

India enters the next financial year with favourable structural positioning:

- Deepening domestic financialization
- Multi-year capex visibility
- Formalisation tailwinds
- Strong demographic consumption base

While global macro cycles will continue to introduce volatility, India's medium-term earnings trajectory remains constructive.

Investors anchored to disciplined asset allocation frameworks are likely to benefit disproportionately from the next compounding phase.