Avdesh Mishra CAPITALS

NEWSLETTER

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Avdesh Mishra Capitals Pvt Ltd

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Dear Valued Clients,

Welcome to the October edition of our monthly newsletter, where we review the month gone by. September 2026 was the most testing month for Indian equities since March. The Nifty 50 fell 6.06% to close at 22,622, a second straight monthly decline, leaving the Nifty around 13% lower for 2026 so far.

The trigger was a stack of global pressures. The US Federal Reserve raised interest rates by 0.25% on 16 September, its first hike since 2023, lifting US bond yields and the dollar. With crude oil near $108 a barrel, the rupee trading around 95.5 per dollar and foreign investors selling roughly ₹36,000 crore of Indian equities, large caps took the brunt. Every major sector ended lower, with IT (−11.18%) the worst hit.

The market seems to be ignoring strong economic data since India's Q1 FY 2026-27 GDP rose 7.8% on YOY basis and Index Industrial Production rose by 8% in August 2026 showing robust economic growth and manufacturing activity despite challenging global environment. Corporate earnings growth in Q1 was also strong beating Street expectations, GST collections rose 14.7% year-on-year to ₹2.04 lakh crore but global factors are weighing down on the market at the present time. In the near term, geo-political uncertainties, global yield levels weakening INR and negative risk sentiments are major risk factors for equity market in the near term.

Market Pulse:

The pain was concentrated in sectors tied to global flows and consumer demand. IT fell 11.18% (TCS −14.5%, Infosys −12.3%), Consumer Durables −9.41%, Auto −8.83% and Capital Markets −7.21%. Pharma (−2.75%) and Metal (−3.28%) fell the least, and both are still up more than 23% over one year. The only gainer was the Nifty IPO index (+1.08%).

Nifty 50 (Sep)	Nifty Midcap 100	Nifty Smallcap 100
-6.06%	-7.59%	-3.41%
Worst Month Since March	*Fell More Than The Nifty*	*Held Up Better*

Foreign portfolio investors sold roughly ₹36,000 crore of Indian equities in September, with 14 sectors seeing net outflows, while the rupee hovered around 95 per dollar. Domestic fundamentals stayed supportive: GST collections of ₹2.04 lakh crore and an active primary market, including the NSE's own much-awaited listing on 24 September, which drew over $10 billion in bids.



Key Macro Indicators – September 2026

Indicator	Latest	Comment
RBI Repo Rate	5.50%	Raised by 0.25% in 7 Oct meeting
CPI Inflation (Aug print)	4.02%	Up from 3.48%, lead 5.08%, core 4.2%
Brent Crude	~$108 / bbl	Mid-Sep level; West Asia supply risk
INR / USD	~95.5–95.8	Weak on strong dollar after Fed hike
GDP Forecast (FY27)	6.7%	RBI, August policy raised
Inflation Forecast (FY27)	5.0%	Peak expected in Oct-Dec quarter



AMC View On Market :

September's fall was driven by global factors, a US rate hike, elevated crude and a weak rupee and magnified by foreign selling. Domestic data (GST, IPOs, earnings growth) remains healthy, but inflation is building: CPI is 4.82%, core is above 4%, wholesale inflation is near 10%, and monsoon rainfall was about 15% below normal September; adding food-price risk. We expect volatility to continue into the Q2 results season.

Our view is that Worst is behind us and price wise correction is mostly done.

Our recommendation: Continue your SIPs without interruption as falling markets are when SIPs buy more units. For fresh lump sums large-cap and flexi-cap funds where valuations have turned more reasonable after this fall. Avoid smallcaps. For satellite allocation, manufacturing sector remain our preferred long-term theme. Also, adding gold at current price to around 10% of the portfolio as a hedge against inflation and rupee weakness.

AMC Ki Paathshala:

A note on SIFs

SIFs are a new type of investment products for HNI investors which combine characteristics of traditional mutual fund and alternative investments like PMS or AIFs. The minimum investment amount in SIF is Rs 10 lakhs.

Difference between mutual funds, SIFs and PMS/AIFs

Mutual Funds	SIF	PMS/AIF
• **Minimum investment: ₹ 100**	• **Minimum investment: ₹ 10 lakhs**	• **Minimum investment ₹ 50 lakhs (PMS) / ₹ 1 crore (AIF)**
• Operational ease	• Operational ease	• Investment flexibility
• Access and transparency	• Access and transparency	• Long-short alpha (for AIFs)
• Tax efficiency	• Investment flexibility	• Strategy innovation
	• Long-short alpha	• PMS capital gains are taxed in hands of investors, AIF gains are taxed at fund level as business income, capital gains or dividends
	• Strategy innovation	
	• Tax efficiency	

Different types of SIFs

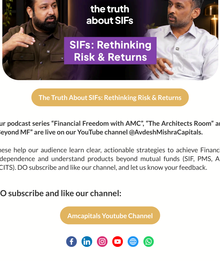
Equity	Hybrid	Debt
• **Equity Long-Short Fund.** Allowed to take short positions within specified limit (25%).	• **Hybrid Long-Short Fund.** Minimum 25% equity, minimum 25% debt. Allowed to take short positions within specified limit (25%).	• **Debt Long-Short Fund.** Allowed to use short positions within specified limit (25%).
• **Equity Ex - 100 Long-Short Fund.** Permitted to invest outside top 100 stocks. Short positions allowed within 25% limit.	• **Active Asset Allocator Fund.** Allowed to invest in equity, debt, REITs / InvITs, and derivatives. Allowed to take short positions within specified limit (25%).	• **Sectoral debt Long-Short Fund.** Minimum 2 sectors. Allowed to take short positions within 25% limit.
• **Equity Sector Rotation Long-Short Fund.** Maximum 4 sectors. Minimum 65% in certain sector within 25% limit.		

Why invest in Long Short SIFs?

- Potential to participate in All Markets.
- **Aim for Reduced Beta and volatility:** Combining long and short positions may balance risks and returns, reducing portfolio volatility.
- **Flexibility and Tactical Allocation:** Fund managers may have the flexibility to adjust exposures to long-short positions, sectors, and valuations to respond to changing market conditions.
- **Diversification Benefits:** Short positions in SIF portfolios may provide additional diversification to the portfolio.

What's Happening At AMC :

New content in September 2026:



Mutual Funds, PMS, or AIF?



Why Your Financial Plan is Completely Wrong (And How to Fix It).

The Truth About SIFs: Rethinking Risk & Returns

Our podcast series "Financial Freedom with AMC", "The Architects Room" and "Beyond MF" are live on our YouTube channel @AvdeshMishraCapitals.

These help our audience learn clear, actionable strategies to achieve Financial Independence and understand products beyond mutual funds (SIF, PMS, AIF, UCITS). DO subscribe and like our channel, and let us know your feedback.

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