OMNIVISTA

OCTOBER – 2026

Why do nearly 9 out of 10 individual F&O traders lose money? Despite repeated warnings and studies by SEBI, Futures and Options (F&O) trading continues to attract retail participants hoping to multiply their money quickly. In this OmniScience Capital discussion, ***Ashwini Shami, President & Chief Portfolio Manager, speaks with Dr. Vikas Gupta, CEO & Chief Investment Strategist,*** about why F&O trading can be challenging for retail traders, how behavioural biases influence financial decisions, and why the possibility of quick profits can come with significant risks. Watch full episode **here..**

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The content herein is intended solely for educational and knowledge-building purposes, designed to provoke thought and share insights.

OCTOBER MONTH OVERVIEW

VALUATION COMPRESSION SETS UP RETURN POTENTIAL

NIFTY is nearing a P/B level that has historically marked market stress, and history suggests what followed was worth watching.

· Ten breaches of 2.8x P/B since 1999, and how returns played out after each

· Fundamentals and rerating potential that could shape the next 3–5 years

OMNIVIEW – OCT 2026

The Schizophrenic Mr. Market—Bullish On Mid-and-Smallcaps and Bearish on Largecaps

Dr. Vikas V. Gupta

Based on the September 2026 AMFI data, INR 7834 crores went into midcap mutual funds, and INR 9038 crores went into smallcap mutual funds. In stark contrast, the large cap mutual funds got only INR 859 crores. In the previous month's data, there was actually an ***outflow*** of INR 1147 crores from large cap funds! This triggered us to investigate scientifically whether mutual fund investors are misallocating their capital across the marketcap spectrum. And if they are, it is likely that the investors allocating directly into equities, via PMSes, via advised accounts or AIFs might also be misallocating.

For this we traced the evolution of the allocations across large, mid and smallcap funds, over last several years. We started from the AMFI report in Sept. 2019 (to avoid Covid year as the starting point) and traced every year's September AMFI report until the most recent in 2026.

The data is as follows:

Year	Folios		
	Large	Mid	Small
CAGR	9.1%	23.0%	29.1%

The large cap folios have growth at a much slower pace, while midcap and smallcap folios have grown at significantly higher growth rates.

Year	AUM		
	Large	Mid	Small
CAGR	16.3%	32.1%	39.8%

The largecap aum has also growth at a significantly slower pace compared to midcaps and smallcaps.

Approximately disaggregating the growth in AUM due to performance, the estimated inflows is as follows:

Year	New Flows		
	Large	Mid	Small
CAGR	4.4%	10.0%	16.5%

This shows that the estimated inflows into largecaps have grown at a very slow pace compared to mid and smallcaps.

The above inflows estimated growth rate is for the period from September 2019 to September 2026. If we look at the last 2 years from September 2024 to September 2026 when the markets have been nearly flat, the average annual growth rate in inflows for large caps have been around 10%, 17% for midcaps and 21% for smallcaps.

Clearly, large caps have not been the favorites of mutual fund investors.

Another aspect to look at is the typical allocation in the full markets between large, mid and smallcaps. The typical understanding is that large caps represent 65%-70% of the total market cap, midcaps 20%-25% and smallcaps 10%-15%.

Now let's look at how the total market cap looks like across large, mid and smallcaps.

Category	Total Market Cap	Share (%)
Large Cap	2,75,19,816.67	59.52%
Mid Cap	93,67,991.59	20.26%
Small Cap	93,48,380.76	20.22%
Total	**4,62,36,189.01**	**100.00%**

This shows a significantly skewed market. Largecaps which should be around 65%-70% are only 60% showing significant underallocation, while smallcaps look significantly overallocated.

We can also look at the historical evolution of AUM (in %share) across large, mid and smallcap mutual funds.

Year	Avg Net AUM		
	Large	Mid	Small
Sep-19	53.6%	29.2%	17.2%
Sep-20	50.7%	30.9%	18.4%
Sep-21	46.7%	32.5%	20.8%
Sep-22	44.0%	33.3%	22.7%
Sep-23	37.8%	34.4%	27.8%
Sep-24	34.2%	35.9%	29.9%
Sep-25	33.2%	36.6%	30.2%
Sep-26	28.7%	38.0%	33.3%

This shows that while mutual fund allocations in largecaps were lower than 65%-70% even in September 2019 (53.6%), the allocations have significantly shrunk by September 2026 to 28.7%. While the smallcaps have nearly doubled in terms of allocations from 17.2% to 33.3%!

This is clear evidence of a highly skewed asset allocation by investors in mutual funds. We do understand the relatively less allocation to largecap mutual funds since investors also get that allocation via flexicap, multicap and large-mid cap mutual funds. This explains the 53% allocation in 2019 in large caps vs. 65%-70% for the broader market. However, how does one explain the 28.7% allocation currently in large caps? A clear case of significant underallocation to large caps and extreme overallocation to smallcaps and overallocation to midcaps.

Now let's look at the valuation ratios of the market cap categories.

Year	PE			PB			Div Yield		
	Large	Mid	Small	Large	Mid	Small	Large	Mid	Small
Sep-26	19.36	27.96	33.01	2.85	4.21	3.42	1.19	0.60	0.56

Again, the ratios show that largcaps are significantly undervalued relative to mid and smallcaps. On a PE basis smallcaps look like the most overvalued while on a PB basis the midcaps look the most overvalued. Based on our growth-based PE model, even accounting for the higher growth rates of mid and smallcaps the overvaluation of smallcaps is estimated at around 27%, which means that the smallcap index has to drop nearly 21% to become fair value. Similarly, the midcaps have to drop by around 14%.

Now let us look at the latest data on the number of folios and the average net aum across the three categories.

Category	No. Of Folios	Avg Net AUM (In ₹ Crs)
Largecaps	1,69,60,523	4,02,388
Midcaps	2,67,68,077	5,32,197
Smallcaps	3,03,81,196	4,66,851

This shows that largecaps have significantly fewer folios and AUM as compared to mid and smallcaps. Also, the number of folios of smallcaps is even more than for midcaps.

The above data strongly indicates a highly skewed portfolio allocation. If it must be rationalized back to normal, then this would require significant redemptions from the mid and smallcaps and allocation to large caps. Further, nearly all the new inflows coming into these 3 categories put together must flow into the large caps. Now what will trigger this? It is difficult to predict that, but if there is slowdown or disappointment in the reported earnings of mid and smallcaps compared to the expectations, that could be one of the catalysts. Another could be an upward surprise in large cap earnings. Besides this, FPIs coming back with intensive buying could trigger an upward movement in the large caps and create this scenario.

However, the AUM required to be reduced from the mid and smallcaps into the large caps are approximately INR 250,000 crores each from small and midcaps and that capital to be moved to large caps, resulting in INR 500,000 crores increase in large cap AUM. Partially, this is likely to happen from a rationalization of the midcap and smallcap market caps towards fair value and partially through actual outflows or redemptions from them and inflows into large caps.

Of course, within each category there would be stocks which are overvalued which will see rationalization of valuations and stocks which are undervalued which will still appreciate even when the index is going in the opposite direction.

While it is difficult to estimate exactly when this would happen, given that 2 years of a sideways market has already passed by, there is high likelihood that the scenario would unfold over the next 1-2 years, based on the historical bull-bear market cycle behaviour.

Actionable from an investor perspective is to continue investing in companies with strong balance sheets, persistent competitive advantages, and large growth opportunities and which are available at a significant discount to their intrinsic values. In short, invest in a portfolio of companies which are consistent with our Scientific Investing Framework. And that is what we are focused on.

The New Gold Rush: Investors Abandoning Rational Asset Allocation to Chase Gold ETF Returns

Ashwini Kr. Shami

A strong rally in gold prices over the last few years has resulted in investors increasingly abandoning balanced asset allocation frameworks to chase soaring gold prices. Trend-chasing inflows into gold Exchange-Traded Funds (ETFs) have hit record highs. This shift along with a large allocation to physical gold and other allocations such as sovereign gold bonds has potentially resulted in a portfolio skew significantly towards the precious metal to which investors need to pay attention.

We analysed AMFI data on gold ETFs over the last few years, starting from 2019 to avoid the Covid period. The recent steep growth in assets for the gold ETFs compared to the equity AUM, even after adjusting for the underlying asset class return, indicates that investors taking exposure to gold ETFs are chasing the gold price rally. We believe this FOMO-behaviour would have been similar for any security whose price is rising. This aggressive migration signals a notable departure from structured asset allocation.

Year	Gold ETF AUM (In ₹ Crs)	YoY growth	All Equity AUM (In ₹ Crs)	YoY growth
Sep-19	5,667		7,01,880	
Sep-20	13,622	140.4%	7,67,954	9.4%
Sep-21	16,248	19.3%	12,65,779	64.8%
Sep-22	19,429	19.6%	14,86,235	17.4%
Sep-23	24,011	23.6%	19,08,362	28.4%
Sep-24	38,166	59.0%	30,65,897	60.7%
Sep-25	81,700	114.1%	34,08,340	11.2%
Sep-26	1,88,934	131.3%	38,50,661	13.0%

The table below demonstrates the growth of gold ETF folios vis-à-vis folio growth in large, mid and small cap equity funds. Gold ETFs over the last 3 years - since Sep 2023 have seen a sharp 2.6X jump, way higher than a 1.3X increase in the large cap fund folios.

Category	No. Of Folios	Avg Net AUM (In ₹ Crs)	3-yr Growth in #folios
Gold ETF	1,26,77,259	1,88,934	164%
Largecap Funds	1,69,60,523	4,02,388	30%
Midcap Funds	2,67,68,077	5,32,198	124%
Smallcap Funds	3,03,81,196	4,66,852	107%

The AUM comparison with large cap, Midcap and small cap funds also reveals a stark deviation from the broadly recommended asset allocation frameworks. Gold falls under the alternative asset class category where the typical recommended allocation for the overall alternatives is 10-20%, with gold accounting for 5-10%, essentially a hedge against inflation for the liquid portion of the portfolio. This alternative category also includes private equity, structured debt, SIFs, REITs and InvITs, among other alternative asset classes. The total gold ETF AUM of ₹1.9 lakh crore equals nearly half of the ₹4 lakh crore AUM in largecap funds. This gold allocation, which is 47% of the largecap funds, sounds overstretched.

At this point, we believe it is extremely important for investors to recalibrate their asset allocations and rationalise expectations going forward. While the broader outlook for gold prices remains positive, the

underlying assumption that all gold, inflation, and interest rates would rise together over the next few years does not quite add up. While central banks are expected to buy gold in large volumes, significant selling from other investors who may prefer higher yields from short-to-mid-duration fixed income securities, should keep prices balanced.

Gold also holds emotional appeal for Indian investors and hence, while fresh gold purchases are made for festive reasons, investors need to account for their gold ETFs as well as physical gold holdings for a rational asset allocation. For the Indian market, the upcoming wedding and festival seasons will likely spark a temporary bump in prices. But with the Fed poised to raise interest rates, global headwinds will likely hold gold in check, keeping Indian prices relatively flat once festival shopping winds down.

MACROECONOMIC INDICATORS

ECONOMIC ACTIVITY:

Macro Trends	Current	Previous	Latest Reported Date
S&P Global Manufacturing PMI	55.1	52.8	01-Oct-26
India Nikkei Services PMI	55.2	54.1	06-Oct-26
Bank loan growth (%)	18.1%	18.3%	25-Sep-26
Deposit growth (%)	17.3%	14.7%	25-Sep-26
India Industrial Production YoY	8.0%	6.7%	28-09-2026 (Aug)
Trade Balance (E-I) (Billion USD)	-26.86	-31.98	13-09-2026 (Aug)
Monetary:			
WPI (YoY)	9.92%	9.78%	14-09-2026 (Aug)
CPI (YoY)	4.82%	4.45%	14-09-2026 (Aug)
Repo Rate	5.50%	5.25%	07-Oct-26
Bank Rate	5.75%	5.50%	07-Oct-26

GDP:

Particulars	Q1FY27(E)	Q2FY27(E)	FY26 (PE)	FY27 (Proj.)
Real GDP growth (%)	7.8%	7.2%	7.7%	7.1%
Nominal GDP growth (%)	10.3%	11-12%	8.9%	10-11%

OTHER KEY INDICATORS:

Particulars	Sep 30, 2026	Aug 31, 2026	Change
India 10-yr Bond Yield	7.18%	6.94%	+ 24 bps
USD/INR	95.98	95.16	-0.86%
FX Reserves (Billion USD)	765.9	729.33	5.01%
FII Net Buy/-Sell (Rs Cr)	-44,102	-7,531	₹ - 3,35,117 (YTD)
DII Net Buy/-Sell (Rs Cr)	76,030	58,268	₹ 5,53,235 (YTD)
Commodities:			
10g Gold	1,52,000	1,59,610	-4.77%
1 Kg Silver	2,40,000	2,55,000	-5.88%
Crude Oil (USD/Bbl)	90.42	85.76	5.43%
Lithium (CNY/T)	1,22,800	1,58,500	-22.52%
Cobalt (USD/T)	56,290	56,290	0.00%

Particulars	Month	2026	2025	Δ y-o-y (%)
GST Collection (Rs Cr)	Sep	1,76,520	1,49,517	18.1%
UPI Transactions Value (Rs trillion)	Sep	29.37	24.89	18.0%
No of UPI Transactions (Volume in Cr)	Sep	2407	1963	22.6%
Power Generation (BUs)	Sep	143	129	10.9%

Source: OmniScience Insights Lab, https://in.investing.com/economic-calendar/, https://www.npci.org.in/what-we-do/upi/product-statistics, https://tradingeconomics.com

Equities Market: Performance as of 30th September2026

Total Returns (%)	1 Month	1 Yr	5 Yr
Nifty 50	-6.03%	-7.09%	6.38%
Nifty Midcap 150	-7.07%	4.57%	14.76%
Nifty Smallcap 250	-3.08%	7.23%	14.51%

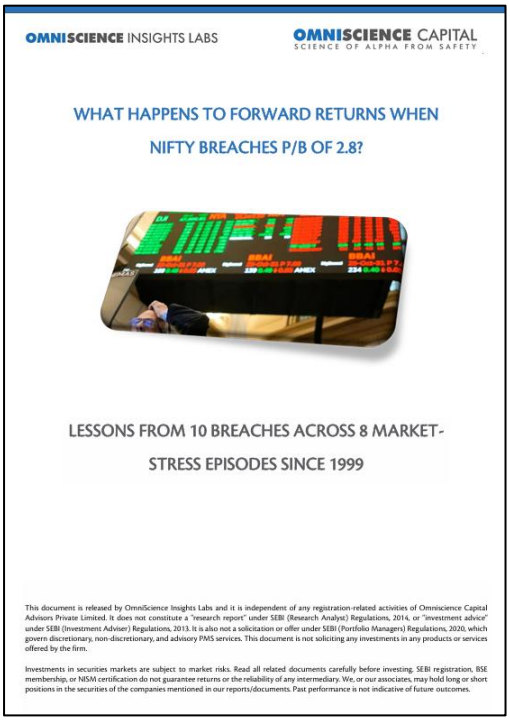
Equities Market: Valuation Metrics as of 30th September 2026

Sectoral Indices	P/E	P/B	Div. Yield
Nifty PSU Bank	7.22	1.11	0.8%
Nifty Oil & Gas	10.58	1.31	1.84%
Nifty Bank	12.95	1.65	0.72%
Nifty Metal	16.74	2.71	1.43%
Nifty Financial Services	15.11	2.28	1.01%
Nifty IT	17.43	4.85	2.89%
Nifty Private Bank	16.49	1.91	0.68%
Nifty 50	19.36	2.78	1.22%
Nifty 500	21.77	3.09	1.02%
Nifty Midcap 150	28.4	3.83	0.71%
Nifty Auto	30.56	4.11	1.11%
Nifty FMCG	30.87	7.39	1.06%
Nifty Smallcap 250	34.45	3.42	0.61%
Nifty Realty	35.88	3.7	0.49%
Nifty Pharma	40.9	4.98	0.54%
Nifty Healthcare Index	42.02	5.33	0.48%
Nifty Consumer Durables	58.85	9.44	0.41%

Source: OmniScience Insights Labs, https://www.niftyindices.com/reports/monthly-reports

What Happens To Forward Returns When Nifty Breaches P/E of 2.8?

The report examines how the NIFTY 50 has performed after its P/B multiple breached 2.8x, drawing on ten breach instances across eight market-stress episodes since 1999. With the index now trading at 2.78x P/B, close to this historically significant threshold, the findings offer a timely framework for understanding how valuation compression has translated into forward returns.



The analysis shows that periods of meaningful valuation compression have historically created attractive entry points, with positive 3-year and 5-year returns across all ten breaches.

What to Expect from the Report:

- **What happened in past episodes when NIFTY P/B breached 2.8x**
- **How 3- and 5-year returns have played out after each breach**
- **What rolling returns reveal about starting valuations**
- **The fundamentals supporting India's current outlook**
- **The return potential for NIFTY over the next 3–5 years**

Download Report...

SEBI F&O Report: Why 90% of Traders Lose Money

Why do nearly 9 out of 10 individual F&O traders lose money? Despite repeated warnings and studies by SEBI, Futures and Options (F&O) trading continues to attract retail participants hoping to multiply their money quickly.

In this OmniScience Capital discussion, Ashwini Shami, President & Chief Portfolio Manager, speaks with Dr. Vikas Gupta, CEO & Chief Investment Strategist, about why F&O trading can be challenging for retail traders, how behavioural biases influence financial decisions, and why the possibility of quick profits can come with significant risks.

In this video, we discuss:

- **Why F&O trading attracts beginners with limited capital**
- **The psychology of quick money and the fear of missing out**
- **Why retail traders face disadvantages against sophisticated algorithms and arbitrage strategies**
- **The risks of increasing exposure after short-term gains**
- **Why even sophisticated trading strategies can face adverse events**
- **The importance of protecting capital and understanding opportunity costs**
- **How to build wealth gradually through cash flows, capital accumulation and long-term investing**

Watch full Video here ...

OmniScience in the NEWS

1 FPIs turning positive on India; non-AI diversification could drive further inflows: OmniScience Capital

According to OmniScience Capital, the recent shift in foreign portfolio investor (FPI) flows towards Indian equities could mark the beginning of a broader sentiment turnaround. **Vikas Gupta, CEO and Chief Investment Strategist at OmniScience Capital**, believes the consistent inflows seen in July and August could represent an initial move by global investors to diversify into non-AI assets.

2 Large-cap funds see continued outflows; mid- and small-cap inflows rise: How returns compare over 1, 3, and 5 years

Vikas Gupta, CEO & Strategist at OmniScience Capital, said the continued outflows from large-cap funds are disappointing, particularly because he believes the segment is the most valued part of the market, with several undervalued securities, especially in the banking sector.
"Within large caps, what is probably not worth investing in is the oil & gas sector, given the long-term secular decline from EV adoption and the near-term increase in global crude oil prices," he mentioned.

3 [Prolonged low-intensity war likely after US elections? Investment Strategist bets on safe havens; shuns IT, pharma]

Vikas Gupta, CEO and Chief Investment Strategist at OmniScience Capital, said he would avoid technology stocks due to uncertain fundamental prospects amid the impact of AI. He also believes the sector is overvalued given the outlook. He remains cautious on pharma as well, citing overvaluation.

Daily Voice: Prolonged low-intensity war likely after US elections? Investment Strategist bets on safe havens; shuns IT, pharma

It is likely that the Iran war will be escalated significantly from the US side in October by "hitting hard" on Iranian nuclear assets, said Vikas Gupta of OmniScience Capital.

SUNIL SHANKAR MATKAR | SEPTEMBER 13, 2026 / 07:02 IST

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Vikas Gupta is the CEO and Chief Investment Strategist at OmniScience Capital

4 [Indian companies are expected to be re-rated in the second half due to rising earnings: Report]

According to the report by **Omniscience Capital**, the current consolidation phase in the market should be viewed as an opportunity to gradually increase investment in stocks, rather than as a reason to be concerned about recent performance. The firm noted that opportunities exist in businesses poised to benefit from structural capital expenditure, the energy transition, and infrastructure development. The report also cautioned that valuations in certain segments of the mid-cap and small-cap space remain quite expensive.

दूसरी छमाही में कमाई बढ़ने से भारतीय कंपनियों की री-रेटिंग होने का अनुमान : रिपोर्ट

नई दिल्ली। दूसरी छमाही में कंपनियों की कमाई में तेजी आने और घरेलू संस्थागत पूंजी की वापसी से भारतीय कंपनियों की री-रेटिंग हो सकती है। यह जानकारी एक रिपोर्ट में शुक्रवार को दी गई। ओमनीसाइंस कैपिटल की रिपोर्ट के अनुसार, बाजार के मौजूदा कंसोलिडेशन चरण को हाल के प्रदर्शन के पीछे भागने के बजाय शेयरों में धीरे-धीरे निवेश बढ़ाने के अवसर के रूप में देखा जाना चाहिए। फर्म ने कहा कि संरचनात्मक पूंजीगत व्यय, ऊर्जा बदलाव और बुनियादी ढांचे के विकास से लाभ उठाने वाले कारोबारों में अवसर मौजूद हैं। रिपोर्ट ने आगाह किया कि मिडकैप और स्मॉलकैप सेगमेंट के कुछ हिस्सों में वैल्यूएशन अभी भी काफी महंगे हैं।

5 Fed hike, high crude could push RBI towards tighter policy: Experts

Vikas Gupta, CEO & Strategist, Omniscience Capital, also pointed to persistent inflationary pressures in both economies and said another US rate hike was possible before the end of 2026."India's inflation has also been persistent and above 4% with likely upward pressure. The high oil prices and weak INR combined will likely make the RBI consider a rate hike in the next meeting," Gupta said.

ANI
Asian News International

Representative Image (Photo/Reuters)

Fed hike, high crude could push RBI towards tighter policy: Experts

6 Fed hike tests domestic muscle. Can markets hold the line?

Ashwini Shami, president and chief portfolio manager at OmniScience Capital, pointed to a similar mismatch. Mutual fund flows have favoured mid- and small-cap equities, adding that domestic funds had been net sellers of large-cap stocks over the past two months. That leaves some large companies exposed to selling from both investor groups, even while aggregate DII flows remain positive.

mint
Business & Market News

Fed hike tests domestic muscle. Can markets hold the line?

Mayur Bhalerao | 4 min read | 18 Sep 2026, 06:00 AM IST

Domestic institutions bought stocks worth ₹12,504 crore, exceeding foreign withdrawals of ₹10,825 crore, but Nifty fell 6.4%, its steepest decline among the hike-months studied. (Reuters)

7 [Wires & cables face a new challenge: How Ultravolt's big push could reshape India's cable market]

Ashwini Shami, President and Chief Portfolio Manager, OmniScience Capital, believes margin pressure arising from increased competition and input-cost volatility is a bigger risk than volume loss. UltraTech's extensive distribution network, along with higher dealer margins and aggressive marketing, could ramp up competitive pressures.

Wires & cables face a new challenge: How Ultravolt's big push could reshape India's cable market

dwaj, ET Bureau Last Updated: Sep 21, 2026, 11:38:00 AM IST

Synopsis
UltraTech Cement's breakthrough venture, Ultravolt, is set to disrupt India's wires and cables sector, heightening concerns for existing giants like Polycab India and KEI Industries, who are already seeing their stock values dip. With ambitions to secure a top-two market position within five years through bold tactics, Ultravolt's entry will primarily affect the residential market. Yet, the long-term outlook for the industry remains positive due to ongoing structural demand.

8 [Buying opportunities emerge in mispriced pockets of India's top 100 stocks.]

"Opportunities for long-term investing are emerging in mispriced pockets of the top 100 companies, which could potentially deliver better performance over the next three to five years," said **Ashwini Shami, President and Chief Portfolio Manager, Omniscience Capital.**

Buying opportunities emerge in mispriced pockets of India's top 100 stocks

9 [PRIM vs mutual funds vs PMS: Experts explain how they differ on portfolio structure, costs, taxation and suitability]

In both PRIM and conventional PMS, every time the manager sells an investment, it creates a short-term or long-term capital gains event, depending on the type of asset, **Vikas Gupta, CEO & Strategist at Omniscience Capital**, noted. In a mutual fund, redeeming units also creates a short-term or long-term capital gains event. The timing of the redemption is completely under the investor's control, he added.

10 [Sectoral mutual funds: Defence, metals gave double-digit returns in 2 years while tech, consumer in red — here's why]

Vikas Gupta, CEO & Strategist, Omniscience Capital, said, "This data clearly shows that despite the markets not doing well at headline levels, specific sectors can do well."
For investors in sectoral mutual funds, this highlights how sector-specific earnings growth and valuation changes can drive returns.

Sectoral mutual funds: Defence, metals gave double-digit returns in 2 years while tech, consumer in red – here's why

Sectoral mutual funds have seen a sharp divergence in returns over the past two years, with some sectors delivering strong gains while others slipped into the red. Here's what drove this divergence, and what should investors consider before making sectoral bets.

11 PMS gets passport to global markets. Can talent keep up?

Vikas Gupta, CEO and chief investment strategist at OmniScience Capital Advisors Pvt. Ltd, said there is already a sizable pool of professionals who could adapt to the requirements of overseas investing. global diversification investment products.

PMS gets passport to global markets. Can talent keep up?

Firms need experts who can navigate different markets, currencies and regulatory regimes

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MUMBAI

The Securities and Exchange Board of India's (Sebi's) decision to allow portfolio management services (PMS) companies to invest in foreign securities could unlock a new growth lever for the industry, provided they can find professionals with expertise in global asset portfolios.

Demand for diversification beyond Indian markets is rising, but building teams with the expertise to invest across geographies, currencies and regulatory regimes will take time, as few Indian funds currently invest overseas. "The talent exists, but experienced professionals who combine Indian PMS experience with the needs of Indian PMS clients are a relatively small pool," said Anshul Sharan, co-founder and chief executive at quantitative PMS firm Ametra Investment Managers Pvt. Ltd.

Sebi, at its 24 September meeting, approved a new regulatory framework for PMSs that, among other measures, allows portfolio managers of discretionary PMS firms to invest in foreign securities, such as listed equity and debt, overseas mutual funds, exchange-traded funds, index funds and so on.

Sharan said that to tap the opportunity, PMS firms would need people who can analyse companies in the US, Europe, navigate different accounting and legislatory frameworks, and manage currency and portfolio allocation risks.

That talent could come from across the financial services industry, including mutual fund teams with overseas mandates, global research teams at asset managers, international wealth management businesses, and professionals who worked with asset managers in Singapore, London, or the US.

"The ecosystem will need to evolve and grow. A lot of mutual fund managers handling overseas assets may decide to become PMS managers. PMS firms will also look for tie-ups or relationships with global firms that may also help with it," said Shobhit Mathur, co-founder at wealth-tech and portfolio management firm Ionic Wealth.

A similar talent challenge emerged with Sebi's newly launched specialized investment funds (SIFs), which make use of a long-short trading strategy, one that was not frequently utilized in the Indian markets, leading to a dearth of fund managers up for recruitment.

"The comparison with SIF on talent shortages is right. It may start with a smaller number of fund managers, which is likely to grow gradually. Those who have experience in GIFT CIty may be in a better position to deal with talent," said Mathur.

Although not all PMS managers agree that talent will be a major constraint. Vikas Gupta, CEO and chief investment strategist at OmniScience Capital Advisors Pvt. Ltd, said there is already a sizable pool of professionals who could adapt to the requirements of overseas investing.

"I think enough foreign-educated MBA talent is either available in India; MBAs can easily adapt to this, but need the mindset. Finally, the largest talent pool would be the GCCs (global capability centres) of the foreign banks in India," said Gupta.

The overseas investment provision is part of a wider overhaul of the PMS regulatory framework. The regulator has approved the Securities and Exchange Board of India (Portfolio Managers) Regulations, 2026, replacing the 2020 regulations, with the aim of developing the PMS industry, easing compliance, consolidating provisions and removing redundant requirements.

The board has allowed PMS managers to invest in initial public offerings (IPOs) and primary-market debt issues, and increased the borrowing cap to 10% of a client's assets under management in investment-grade, non-convertible unlisted debt securities. Investment flexibility in exchange-traded derivatives has been increased to up to 1.25 times a client's AUM.

The new framework introduces the Portfolio Managers Route for Investing in International Securities (PRINS), allowing portfolio managers to invest clients' funds in direct plans of mutual funds, including exchange-traded funds, index funds and SIFs.

The revamp is expected to accelerate growth in a segment that has come under pressure from newer investment products. After threatening the growth of PMS firms by emerging as a preferred investment option for high-net-worth individuals.

Assets under PMS have grown by 12.1% to ₹44.11 trillion as of July 2026, compared with June 2026. However, a majority of this AUM, worth ₹31.9 trillion, comes from Emphasise Provident Fund Organization (EPFO) mandates.

CROSS-BORDER PLAY

SEBI's new PMS rule allows discretionary & non-discretionary PMS firms to invest in global securities

NEW overseas investments include listed equities, debt, overseas MFs, ETFs and index funds

THE new framework allows PMS managers to invest in IPOS and primary-market debt issues

THE move may give PMS firms a new lever as demand for global diversification beyond India rises

PMS firms could tap talent from mutual funds with overseas mandates, global research teams, wealth managers and global financial-services firms. BLOOMBERG

12 Nifty 50 set to log worst September in 8 years as market sell-off deepens

Ashwini Shami, president, chief portfolio manager at OmniScience Capital noted that IT sector is currently facing fundamental challenges in revenue and earnings growth.

"IT is grappling with the AI-led transformation and the need to reinvent its growth business model. The corrections are a result of valuations that were steep relative to the growth the sector was delivering. The tipping point will come when valuations reach levels that are justified for single-digit growth rates," Shami added.

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"SIP is not magic," said **Vikas Gupta, chief executive officer and chief investment strategist at OmniScience Capital**. "SIP cannot generate returns when the underlying index itself has not generated returns."

Gupta said the current five-year period began after the post-Covid rally and ended during a phase of market weakness, making it an unfavourable window for measuring equity returns.

Nifty SIP return fails to beat even bank FD over 5 years: Is this the warning sign investors can't ignore?

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Synopsis

New insights reveal that systematic investment plans in the Nifty50 have consistently underperformed, presenting a five-year XIRR of merely 4.5%. This result places Nifty50 below the returns of traditional fixed deposits. In contrast, midcap and smallcap indices have shown impressive gains. Analysts recommend a strategy focusing on individual stock selection and earnings growth rather than relying solely on index performance, prompting a reassessment of index-based investment approaches.

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