

Global Energy Shock Triggers Broad-Based De-Risking; Markets Transitions to Risk-Off Phase

March 2026 marked a decisive regime shift. Broad-based selling replaced sectoral rotation as an energy shock, Strait of Hormuz disruption, and global stagflation fears triggered synchronized drawdowns across equities, bonds, currencies and safe havens alike.

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METRIC GUIDE

CAGR: annualised compounded return (>1 year)

Absolute: point-to-point return (up to 1 year)

Volatility: annualised std. dev. of daily returns

01 · GLOBAL MARKETS

Markets in March 2026

A synchronized global selloff driven by the energy shock, stagflation fears, and liquidity stress pulled down every major equity market and even traditional safe havens

UNITED STATES

S&P 500 and Nasdaq fell as stagflation risks mounted

Energy shock and surging inflation expectations ruled out any rate cut. **S&P 500 -5.09%, Nasdaq 100 -4.89%** as the Fed held at 3.50-3.75% facing a difficult growth-inflation dilemma with oil surging sharply through the month.

ASIA-PACIFIC

Energy-sensitive markets led global losses

Energy-import dependent economies saw the steepest drawdowns. **KOSPI -19.08%, Nikkei -13.23%, Taiwan -10.42%** — markets that led in February gave back gains rapidly as oil crossed \$100/bbl and supply chain fears intensified.

EUROPE

Bond yields hit multi-decade highs; equities fell sharply

Euro zone CPI jumped to 2.5% with energy inflation at **4.9%** (vs -3.1% prior month). **DAX -10.30%, CAC 40 -8.90%, FTSE 100 -6.73%**. Rate cut expectations

COMMODITIES

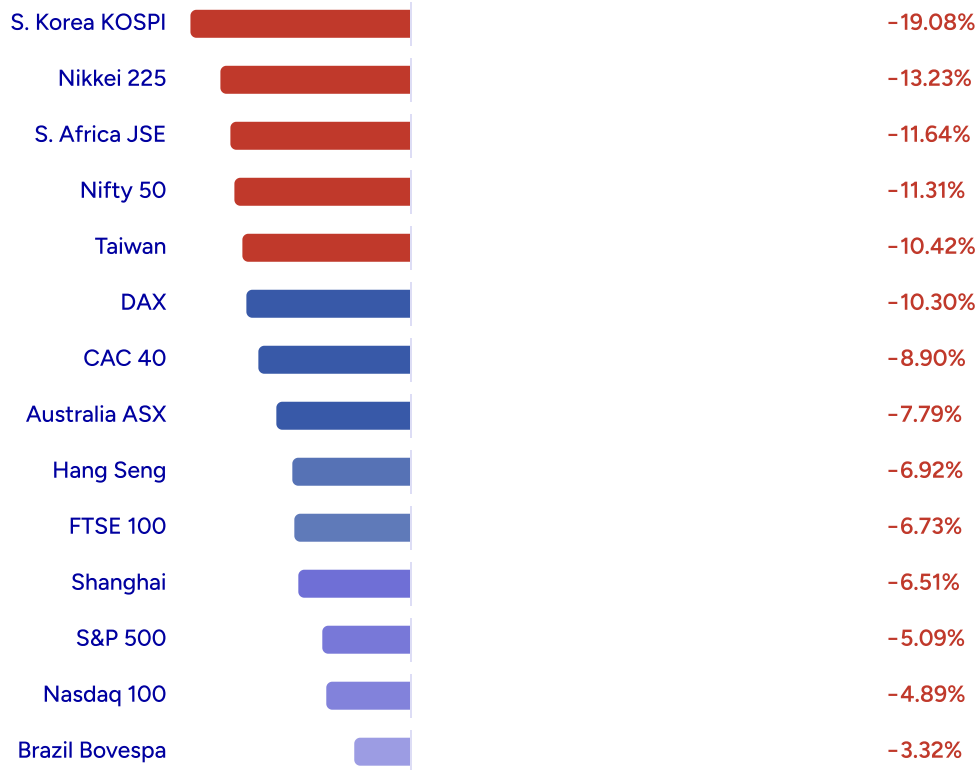
Crude surged 52%; gold and silver sold off sharply

Brent crude surged **+51.98%** on Strait of Hormuz disruption. Paradoxically, **gold -11.57%, silver -19.89%** — forced deleveraging and a stronger dollar

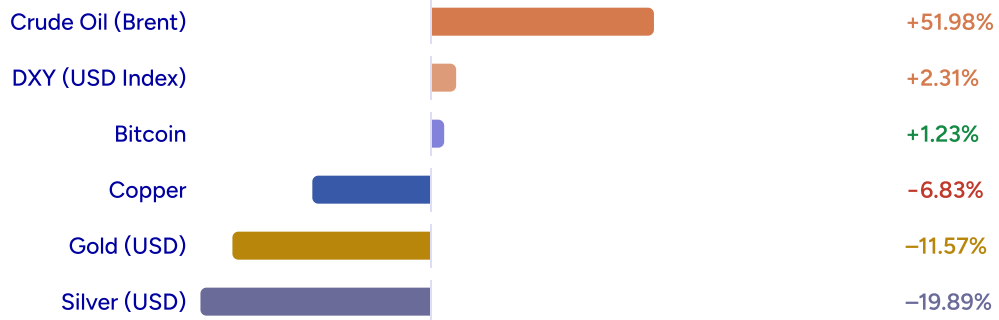
were replaced by hawkish repricing as European bond yields surged to multi-decade highs.

(DXY +2.31%) overwhelmed safe-haven demand, signalling liquidity stress across asset classes.

1-MONTH RETURNS: GLOBAL EQUITIES (%)



1-MONTH RETURNS: COMMODITIES AND CURRENCIES (%)



BOND YIELDS (%)

INDEX	MAR '25	FEB '26	MAR '26	CHANGE MOM
US 10Y	4.21%	3.96%	4.32%	+36 bps
US 2Y	3.89%	3.39%	3.79%	+40 bps
India 10Y	6.59%	6.69%	7.00%	+31 bps
India 2Y	6.42%	5.68%	6.43%	+75 bps

CURRENCIES AND DXY

INDEX	1M CHANGE	NOTE
USD / INR	+4.26%	INR weakened on crude pressure
DXY (USD Index)	+2.31%	Stagflation fears supporting dollar

Why did gold fall despite geopolitical turmoil? Gold dropped over 11% in March as rate cut expectations reduced sharply and the US dollar strengthened. Rising energy inflation made non-yielding assets less attractive as central banks signalled higher-for-longer rates. Forced deleveraging across equity markets drove margin-related gold liquidation, amplifying the decline well beyond what fundamentals alone would suggest.

Source: PL Capital | Data till 31 March 2026.

02 · DOMESTIC MARKETS

India Macro and Market Update: March 2026

A systemic correction gripped every sector; macro fundamentals remain structurally intact despite near-term headwinds from the energy shock and record FII outflows

-11.3%

Nifty 50 return
Nifty 500 -11.4%
Midcap -11.1%

5.2%

IIP growth
Structurally resilient
industrial output

3.21%

CPI inflation (Feb)
Est. ~3.4% in March
within RBI band

53.9

Manufacturing PMI
Eased from prior month
still above 50

Systemic correction, not sector rotation: Every major sector ended March in negative territory. PSU Banks fell 19.83%, Nifty Bank 16.94%, Private Banks 15.63%, Auto 15.59%, and Realty 16.58%. Even traditional defensives offered no shelter: FMCG down 10.96%, Pharma 3.14%, Healthcare 4.51%. This signals broad capital withdrawal rather than a rotation-led rebalancing. Markets shifted from being fundamentally anchored to headline-driven, reacting sharply to geopolitical developments, crude movements, and policy signals.

The macro transmission at work: Rising crude hit corporate margins via higher logistics and input costs. Inflationary pressures built up, pushing the RBI to stay hawkish and raising the cost of capital. Higher discount rates compressed equity valuations — and with earnings also at risk, markets face a double-edged pressure: both the "E" and the "PE" in equity pricing are under stress simultaneously.

FII outflows accelerated by a triple pressure cycle: FIIs sold Rs 1.22 lakh crore in March, one of the largest monthly outflows on record. The mechanism: crude surging widens the current account deficit, which pressures the INR, which amplifies currency depreciation risk for foreign investors, which further accelerates outflows. This self-reinforcing cycle was compounded by a structural shift in global capital toward AI and semiconductor themes where India lacks dominant listed exposure.

Macro fundamentals hold firm: IIP growth of 5.2%, fiscal deficit narrowing to 80.4% of the FY26 target supported by strong tax collections and sustained capex, and inflation remaining within the RBI's 2-4% tolerance band all reflect India's structural resilience. DII buying of Rs 1.43 lakh crore substantially offset foreign selling, anchoring the market against a sharper decline.

Valuation reset creates a medium-term opportunity: The correction has normalised valuations, particularly in large caps. However, investors must distinguish between optically cheap trailing multiples and truly attractive forward valuations. If earnings compress faster than prices fall, a "cheap PE" can become a value trap. The margin and demand outlook from Q4 FY26 earnings will be the critical test.

INDIAN INDEX RETURNS: MARCH 2026

INDEX	1M	3M	6M	9M	12M
Nifty 50	-11.31%	-14.54%	-9.26%	-12.48%	-5.05%
Nifty 100	-11.67%	-14.29%	-9.57%	-12.49%	-4.91%
Nifty 500	-11.39%	-14.01%	-9.70%	-13.08%	-3.80%
Nifty Mid Cap 150	-11.06%	-12.78%	-7.64%	-11.63%	+1.62%
Nifty Small Cap 250	-10.03%	-14.36%	-14.40%	-19.72%	-7.32%
Nifty 500 Equal Wt	-11.19%	-14.29%	-13.28%	-16.53%	-3.56%

Source: PL Capital | Data till 31 March 2026.

SECTOR HIGHLIGHTS

Sharpest falls: PSU Banks – 19.83% · Nifty Bank –16.94% · Realty –16.58% · Auto –15.59% · Private Banks –15.63%

Defensives offered no protection: FMCG –10.96% · Oil and Gas –12.04% · Consumer Durables –12.14% · Pharma – 3.14% · Healthcare –4.51%

03 · QUANT INSIGHTS

Macro Stress Dominated Factor Dynamics in March

All factors delivered negative returns; liquidity withdrawal and the macro shock overwhelmed factor-specific dynamics — a rare and significant signal

MARKET BREADTH SIGNALS

9.50%

Above 50-day EMA

14.35%

Above 200-day EMA

PROPRIETARY SIGNALS

Senti-Meter

Deep risk-off; macro shock dominating sentiment

Risk-Off

Only 1 in 10 stocks above short-term trend

Broad long-term trend breakdown

10.65%

Near 52-week highs
Extremely narrow upside participation

46.3%

Outperforming Nifty 500
12-month rolling basis

Value-Meter

Valuations in attractive zone; compelling on medium-term horizon

Attractive

Nifty 50 vs Gold / Silver

At multi-year support; historically a potential reversal zone for equities

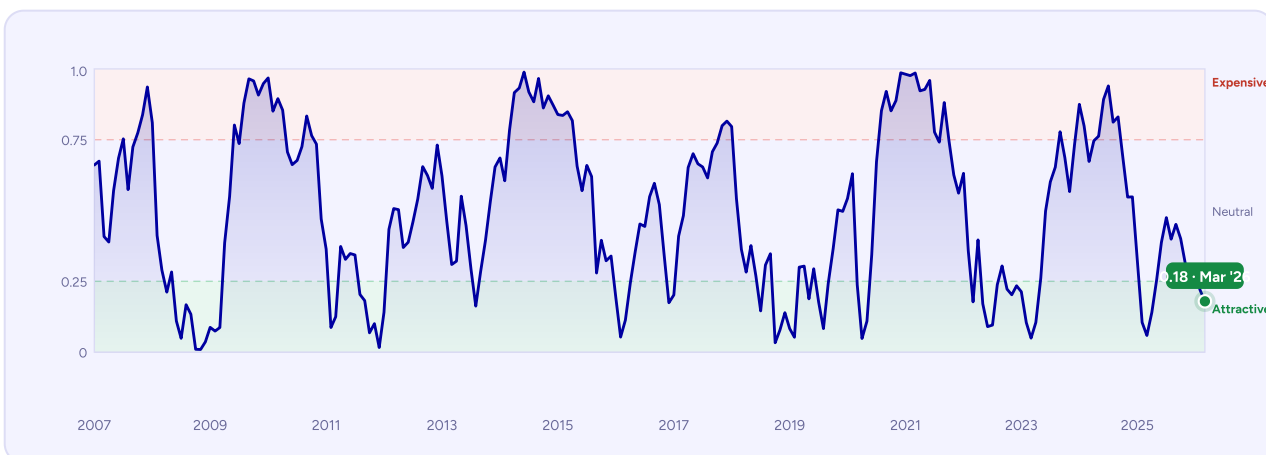
Potential Reversal

FACTOR PERFORMANCE: MARCH 2026

FACTOR	1M	3M	6M	9M	12M
Momentum	-12.17%	-12.75%	-9.07%	-16.89%	-3.64%
Value	-11.37%	-3.84%	+3.33%	+3.98%	+12.29%
Growth	-9.16%	-16.62%	-10.08%	-9.73%	-2.64%
Low Volatility	-9.98%	-10.75%	-6.46%	-6.26%	+4.96%
Quality	-8.38%	-11.39%	-10.64%	-17.04%	-4.13%

Key insight: All factors delivered negative 1-month returns in March, a rare outcome confirming that the correction was macro-driven rather than factor-specific. Momentum (-12.17%) saw the sharpest declines on crowded trade unwinding. Quality (-8.38%), Growth (-9.16%) and Low Volatility (-9.98%) offered relative resilience. Over a 12-month horizon, Value (+12.29%) and Low Volatility (+4.96%) remain constructive, affirming the medium-term alpha thesis.

VALUE-METER — HISTORICAL VALUATION INDEX



India is looking attractive. The Value-Meter has declined sharply from 0.55 in mid-2024 to **0.18** in March 2026 — its lowest reading since the COVID lows of 2020 and firmly in the **attractive zone** (below 0.25). Historically, readings at these levels have preceded strong medium-term market recoveries. While near-term macro headwinds persist, the valuation signal for patient, long-horizon investors has rarely been this compelling.

04 · OUTLOOK AND VIEWS

Market Outlook: Opportunities and Risks

Shifting focus from return maximisation to capital preservation while positioning for India's medium-term structural recovery

CONSTRUCTIVE VIEWS

STRUCTURAL GROWTH STORY

India's long-term fundamentals remain sound

Strong domestic demand, improving capex cycle, policy stability, and consistent DII liquidity continue to underpin India's structural growth story. This correction is a cyclical reset, not a reversal of the underlying trajectory.

VALUATION SIGNAL

Large-cap correction creates medium-term entry

The sharp correction has led to meaningful valuation normalisation, particularly in large caps. Medium-term risk-reward has improved materially for patient investors deploying through SIPs rather than aggressive lump sums.

DOMESTIC LIQUIDITY SUPPORT

DII buying of Rs 1.43 lakh crore absorbed FII selling

Consistent SIP flows, insurance, and pension allocations provide a durable demand floor for Indian equities. DII purchases of Rs 1.43 lakh crore in March largely offset record FII outflows of Rs 1.22 lakh crore.

FISCAL DISCIPLINE

Deficit narrows to 80.4% of FY26 target

Strong tax collections and sustained capital expenditure reflect underlying macro resilience. A positive signal for India's sovereign creditworthiness and medium-term growth trajectory in a turbulent global environment.

KEY RISKS TO WATCH

ENERGY SHOCK AND STAGFLATION

Crude at \$100+ keeps inflation and rates elevated

Sustained energy shock compresses margins, pressures the rupee, widens India's current account deficit, and delays any rate cut cycle. Every \$1 rise in crude adds approximately \$2 billion to India's annual import bill.

EARNINGS RISK

Forward PE could disappoint if margins compress

Q4 FY26 results and management commentary on margins will be the first real test of how Indian corporates are absorbing higher energy, logistics, and financing costs. Apparent valuation cheapness disappears quickly if earnings miss.

CURRENCY AND FINANCIAL CONDITIONS

INR weakened 4.26%; bond yields rising to ~6.9%

The 10-year G-Sec yield rose to approximately 6.9% as the rupee weakened 4.26% against the dollar. Tighter financial conditions create a headwind for rate-sensitive sectors and the broader borrowing cost environment.

FII STRUCTURAL REALLOCATION

Global capital shifting toward AI and semiconductors

FII outflows reflect both cyclical pressures and a structural shift toward AI, semiconductors, and deep tech. India's listed deep-tech opportunity set remains limited, creating a sustained headwind until the ecosystem matures meaningfully.

The macro stress transmission cycle: Crude rises → energy and logistics costs increase → corporate margins compress → earnings downgrades follow → forward valuations re-rate higher, making optically "cheap" markets expensive on true forward earnings → RBI stays hawkish as imported inflation builds → cost of capital rises, compressing PE multiples further → CAD widens, INR depreciates → FII outflows accelerate → market driven by headlines rather than fundamentals. Near-term earnings visibility remains low, and volatility will stay elevated until oil stabilises and geopolitical risk recedes.

HISTORICAL NIFTY 50 DRAWDOWN ANALYSIS — FORWARD RETURNS

At a current drawdown of ~15%, markets have entered a zone that has historically delivered strong forward returns despite near-term volatility. Past episodes show that corrections in the 10–20% range have led to meaningful recovery, with improving return potential over 3–12 months. While some downside risk may persist, the probability-adjusted outcomes become increasingly favourable at these levels.

BUCKET	COUNT	AVG DRAWDOWN %	AVG 1M RET	AVG 3M RET	AVG 1Y RET
10-15%	6	-12.22%	10.92%	19.15%	31.57%
15-20%	4	-15.88%	5.02%	15.51%	23.7%
20%+	5	-35.74%	14.37%	21.83%	60.58%

FUND MANAGER'S PERSPECTIVE: MR. SIDDHARTH VORA

March 2026 marked a liquidity-driven, macro-led correction, reflected in the simultaneous drawdown across equities, bonds, currencies, and even traditional safe havens. This was not a fundamental reset, but a phase of forced deleveraging where markets reacted sharply to crude, geopolitical developments, and tightening financial conditions, rather than underlying earnings. The energy shock remains the central transmission channel. Elevated crude levels have driven margin compression, inflation concerns, and a tighter policy stance, leading to higher discount rates and valuation compression. This has been accompanied by currency weakness and sustained FII outflows, reinforcing the pressure cycle. The key risk in such phases is the "cheap PE illusion," where apparent valuation comfort can reverse if earnings expectations weaken.

However, the current setup is increasingly showing signs of a late-stage correction rather than the beginning of a prolonged downturn. Multiple quantitative indicators — including breadth, sentiment, and positioning — are in extreme oversold territory, historically associated with market inflection points. Our analysis of past drawdowns indicates that corrections of similar magnitude have delivered strong forward returns with high win rates, reinforcing the improving risk-reward environment. At the same time, early signs of stabilisation are emerging across key macro variables. The momentum in crude appears to be moderating, while the US dollar and bond yields are showing signs of peaking — an important shift given their role in driving recent market stress. Market internals also indicate transition, with increasing dispersion across sectors and

early signs of factor rotation toward mean reversion, suggesting selective value buying is beginning to emerge.

While near-term volatility may persist, India's structural drivers — supported by domestic liquidity and consumption — remain intact. We are therefore evolving from a purely defensive stance toward a more selective and opportunity-driven approach, focusing on quality and segments where recent dislocations have created favourable medium-term entry points.

AQUA Strategy

ADAPTIVE · QUANTITATIVE · UNBIASED · ALPHA

-11.01%

March 2026 · vs -11.37% benchmark (BSE 500 TRI)

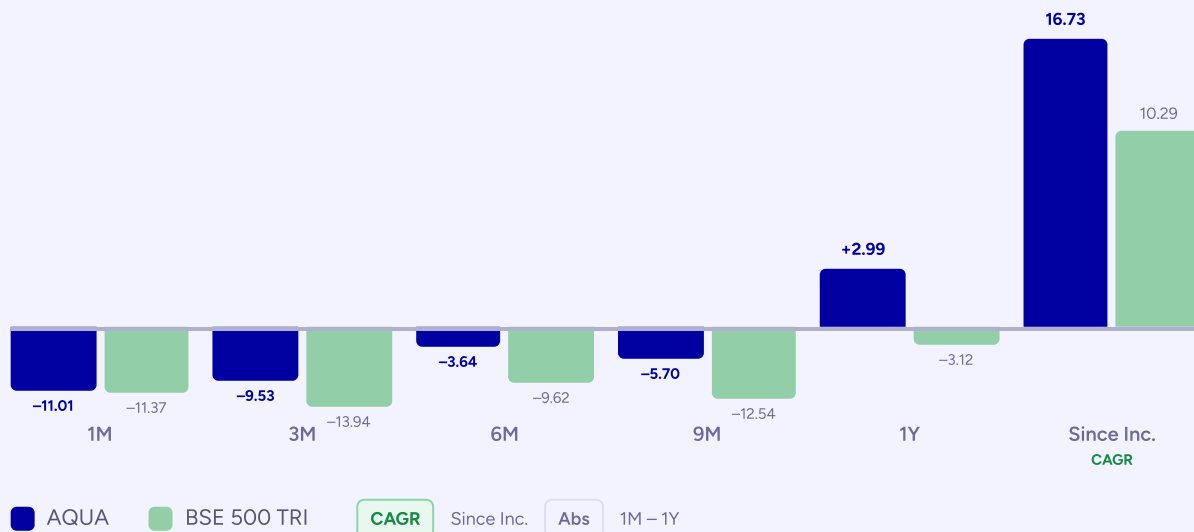
06 · AQUA STRATEGY

Performance & Portfolio — March 2026

Open-ended · Benchmark: BSE 500 TRI · Manager: Mr. Siddharth Vora · Inception: 12 June 2023 · Horizon: 5 Years+

SINCE INCEPTION RETURN (ANN.) 16.73% CAGR	BENCHMARK (SINCE INCEPTION) 10.29% CAGR	ALPHA SINCE INCEPTION (ANN.) +6.44%
MAX DRAWDOWN -26.04% PEAK-TO-TROUGH	SHARPE / SORTINO 0.52 / 0.58 RISK-ADJ.	STD DEV / BETA 18.51% / 1.17 VOLATILITY

Key Highlights: AQUA navigated the sharp March 2026 drawdown with relative resilience, supported by factor positioning and prudent cash allocation. The strategy delivered returns of -11.01%, outperforming the BSE 500 TRI (-11.37%) during a broad-based market selloff. The portfolio's 11.26% allocation to cash and liquid instruments played a key defensive role, cushioning downside risk amid heightened volatility. From a factor perspective, the portfolio maintained a meaningful overweight to Growth, which emerged as one of the more resilient factors during the month and played a key role in limiting downside. This was complemented by diversified exposure across Momentum, Value, and Quality, ensuring balance across factor regimes despite the challenging environment. On the sector front, exposure to Healthcare (8.67%) and Energy (7.77%) contributed positively, as both sectors outperformed in the weak market environment. At the stock level, key contributors included Aurobindo Pharma (+10.88%), National Aluminium (+10.09%), and Coal India (+5.43%), which delivered strong absolute returns despite broader market weakness. From a market-cap perspective, the portfolio maintained a relatively defensive stance with 54.93% in large caps, 27.20% in mid caps, and 6.61% in small caps, alongside cash holdings, aligning well with the risk-off environment. Since inception, AQUA has delivered annualized returns of 16.73%, continuing to outperform its benchmark return of 10.29%, reinforcing the strength of its disciplined, factor-driven investment framework across market cycles.



WHAT DROVE POSITIONING

① MARKET CAP

Large cap orientation provided relative resilience

Overweight to large caps limited exposure to the deeper drawdowns in midcap (-11.06%) and smallcap (-10.03%) despite the broad correction. Cash buffer further reduced downside participation in volatile patches.

② STYLE / FACTOR

Growth factor overweight as most resilient tilt

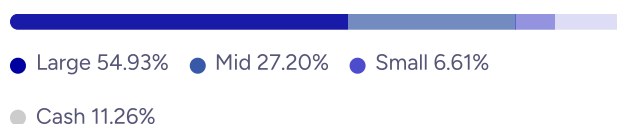
AQUA maintained a meaningful overweight to Growth, which emerged as one of the more resilient factors in March. Diversified exposure across Momentum, Value, and Quality ensured balance across factor regimes despite the challenging environment.

③ SECTOR POSITIONING

Healthcare and Energy outperformed in weak market

OW: Healthcare (8.67%) and Energy (7.77%) contributed positively as both sectors outperformed. Top contributors: Aurobindo Pharma (+10.88%), National Aluminium (+10.09%), Coal India (+5.43%). 11.26% cash buffer reduced downside participation.

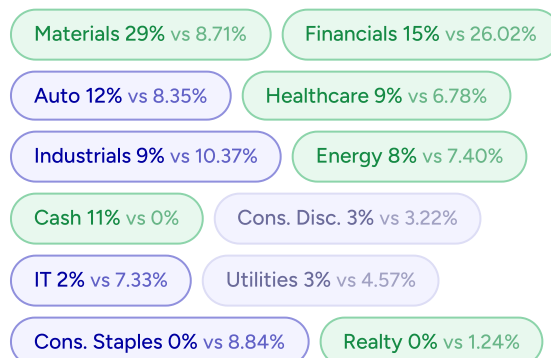
PORTFOLIO — MARCH 2026



TOP 5 HOLDINGS — LIVE AS OF MARCH 2026

NATIONALUM	+10.09%
AUROPHARMA	+10.88%
COALINDIA	+5.43%
ONGC	+1%
LUPIN	+1%

SECTOR ALLOCATION — MARCH 2026



BULL PHASE · TO JUN '24 +76% vs +38% benchmark	SIDWAYS · JUL-DEC '24 -2% vs -1% benchmark	BEAR · DEC '24-FEB '25 -19% vs -11% benchmark	RECOVERY · FEB '25-NOW +10% vs +4% benchmark
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CALENDAR YEAR PERFORMANCE

PERIOD	AQUA	BENCHMARK
CY 2023 †	45.22%	22.69%
CY 2024	18.74%	15.81%
CY 2025	-1.09%	4.04%
CY 2026 YTD	-9.53%	-13.94%

† AQUA inception: 12 June 2023. CY 2023 covers only Jun-Dec 2023, not the full calendar year.

† AQUA inception date is 12 June 2023. CY 2023 return covers only the period from inception (Jun-Dec 2023), not the full calendar year.

FINANCIAL YEAR PERFORMANCE

PERIOD	AQUA	BENCHMARK
FY 2023-24 †	53.26%	28.20%
FY 2024-25	-2.24%	5.96%
FY 2025-26 YTD	2.99%	-3.12%

† AQUA inception: 12 June 2023. FY 2023-24 covers only Jun 2023-Mar 2024 (partial year from inception).

† AQUA inception date is 12 June 2023. FY 2023-24 return covers only Jun 2023 - Mar 2024 (partial financial year from inception).

Returns net of expenses, fees and associated costs. Source: PL Capital | Data till 31 March 2026.

MADP Strategy

MULTI ASSET DYNAMIC PORTFOLIO · ALL-WEATHER

-10.16%

March 2026 · vs -5.90% benchmark (Nifty Multi Asset)

07 · MADP STRATEGY

Performance & Portfolio — March 2026

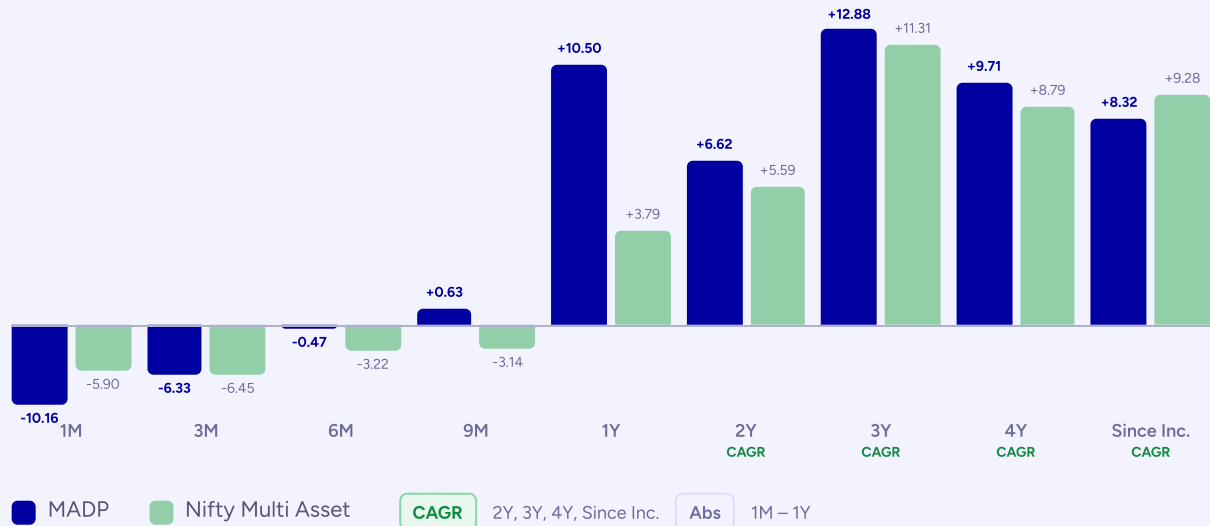
Open-ended · Benchmark: Nifty Multi Asset Index · Manager: Mr. Siddharth Vora · Inception: 7 June 2021 · Horizon: 5 Years+

3-YEAR ANNUALIZED RETURN 12.88% CAGR	BENCHMARK (3-YEAR) 11.31% CAGR	3-YEAR ALPHA (ANNUALISED) +1.58%
MAX DRAWDOWN -14.60% PEAK-TO-TROUGH	SHARPE / SORTINO (3-YEAR) 0.41 / 0.44 RISK-ADJ.	STD DEV / BETA 8.49% / 1.10 VOLATILITY

Key Highlights: MADP navigated a sharp risk-off environment in March 2026, marked by broad-based equity correction and elevated macro volatility driven by a surge in crude prices and rising yields. During the month, the strategy delivered a return of -10.16% versus -5.90% for its benchmark. Notably, even traditional diversifiers were volatile, with gold declining ~7% and witnessing ~25% intra-month volatility, limiting its ability to fully offset equity drawdowns. The portfolio remained aligned with its disciplined multi-asset framework, with allocation distributed across large caps (36.29%), mid caps

(14.67%), and small caps (19.32%), alongside ~29.72% in gold, ensuring diversification across assets and market segments. Over a longer horizon, MADP continues to demonstrate consistency, delivering a 3-year annualized return of 12.88%, outperforming the benchmark return of 11.31%, reinforcing the effectiveness of its dynamic allocation approach across market cycles.

RETURNS VS BENCHMARK (NIFTY MULTI ASSET INDEX)



8.49%

MADP portfolio volatility

24% lower than Nifty 50

Annualised std. dev. of daily returns — lower = smoother ride

11.24%

Nifty 50 volatility

Annualised std. dev. of daily returns — market reference

14.66%

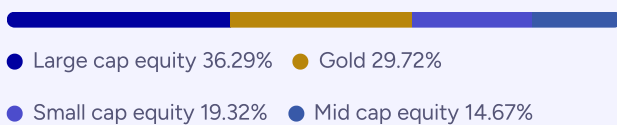
Gold standalone volatility

MADP is 42% lower

Annualised std. dev. of daily returns — gold is high-risk alone

MADP delivers competitive returns with significantly less volatility through disciplined cross-asset diversification across equities, gold and liquid instruments.

ASSET ALLOCATION — MARCH 2026



TOP HOLDINGS — MARCH 2026 RETURNS

JUNIORBEES	-13.14%
NIFTY MIDCAP 150	-11.35%
GOLDBEES	-7.91%
MIDSMALL 400 MOM QUAL 100	-8.70%

QUARTERLY PERFORMANCE — LAST 7 QUARTERS

QUARTER	MADP	BENCHMARK
FY24–25 Q2	5.17%	5.12%
FY24–25 Q3	-6.30%	-3.13%
FY24–25 Q4	-2.10%	-1.26%
FY25–26 Q1	9.81%	7.15%
FY25–26 Q2	1.10%	0.09%
FY25–26 Q3	6.26%	3.45%
FY25–26 Q4	-6.33%	-6.45%

NIFTYBEES

-11.16%

SMALL 250 MOM QUAL 100

-9.90%

Returns net of expenses, fees and associated costs. Source: PL Capital | Data till 31 March 2026. Performance figures to be updated.

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