

# Asset and Wealth Management

## 2QFY26 Preview: Expect a decent operating performance

2QFY26 has been a weak quarter for equity markets with Nifty down 4% and mid and small cap indices underperforming the Nifty. While this results in weak other income for mutual funds, operating performance is expected to be strong as equity QAAUM growth looks 5%+ for the covered companies. We expect HDFCAMC to report 12% PAT growth YoY while NAM and UTI AMC report 3%/33% YoY decline in earnings. Within brokers/wealth managers, we expect 360 ONE WAM to outperform with 20% PAT growth YoY, while Nuvama reports 3% PAT growth and Angel One is expected to see a 42% decline in PAT (up 114% QoQ). We prefer 360 ONE WAM in the space, with its expansion into revenue streams of HNI segment and broking, followed by Nuvama and NAM.

- **Asset management companies:** Strong MTM in 1Q and enhanced inflows in 2Q imply 5% or higher equity AAUM (Average AUM) for mutual funds, translating into higher core revenue and earnings. For 2QFY26, we expect all three AMCs – HDFC AMC, NAM, and UTI – to report 4-6% QoQ growth in core revenue and 3-11% growth QoQ in core earnings, with UTI AMC > NAM > HDFC AMC. However, we expect weak other income, resulting in a QoQ PAT decline for all three. On a YoY basis, we expect PAT growth of 12%/-3%/-33% for HDFC AMC/NAM/UTI AMC.
- **Broking and wealth management companies:** All three of 360 ONE WAM, Nuvama WM and Angel One are entering adjacent segments – 360 ONE WAM to HNI and broking segments, Nuvama WM expanding in wealth and AMC from a capital markets heavy business and Angel One expanding into client funding and third party distribution. We believe 360 ONE WAM has taken the costs over FY25 and should see strong PAT growth hereon. We expect wealth management yields to be supported by its HNI foray while broking adds revenue and profits. In Nuvama, we see a play towards higher recurring revenue (and profitability) even as earnings growth looks weak on a strong base of 55% growth in FY25. Meanwhile, while Angel diversifies its revenue, the stock has corrected with declining market volume (and revenue), and offers a good entry point, subject to continuity in regulatory stance in the options expiry calendar.
- **Valuations and view – prefer wealth managers in the space:** We continue to prefer NAM in the AMC space, followed by HDFC AMC. Given the mutual funds' efforts to rationalise distributor commissions, we wait for company concalls to review yields. We do not materially change estimates, raise our target price for Nippon AMC to INR 975 (at 34x FY27e EPS of INR 29, up from INR 930 earlier) and cut TP to INR 1,444 for UTI AMC (at 19x FY27e EPS of INR 76, down from INR 1,500 earlier). We maintain our positive stance on the wealth management space, and prefer 360 ONE WAM, valuing it at 34x FY27e EPS of INR 39.

### Nifty Mid and Small cap underperform in overall NSE 500

Indices	MTM in 1Q26	MTM in 2Q26	NSE500 share %	Change QoQ
Nifty 50	8.5%	-3.3%	48.8%	0.2%
Nifty Next 50	9.4%	-1.7%	18.4%	0.3%
Nifty Midcap 150	15.0%	-4.4%	21.5%	-0.2%
Nifty Smallcap 250	17.8%	-6.4%	11.2%	-0.4%
<b>NSE 500</b>	<b>10.7%</b>	<b>-3.8%</b>	<b>100.0%</b>	

Source: Company, Bloomberg, JM Financial

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## Asset Management Companies

Strong MTM in 1Q and enhanced inflows in 2Q imply 5% or higher equity AAUM (Average AUM) for mutual funds, translating into higher core revenue and earnings. For 2QFY26, we expect all three AMC – HDFC AMC, NAM, and UTI – to report 4-6% QoQ growth in core revenue and 3-11% growth QoQ in core earnings, with UTI AMC > NAM > HDFC AMC. However, we expect weak other income, resulting in a QoQ PAT decline for all three. On a YoY basis, we expect PAT growth of 12%/-3%/-33% for HDFC AMC/NAM/UTI AMC. We continue to prefer NAM in the AMC space, followed by HDFC AMC.

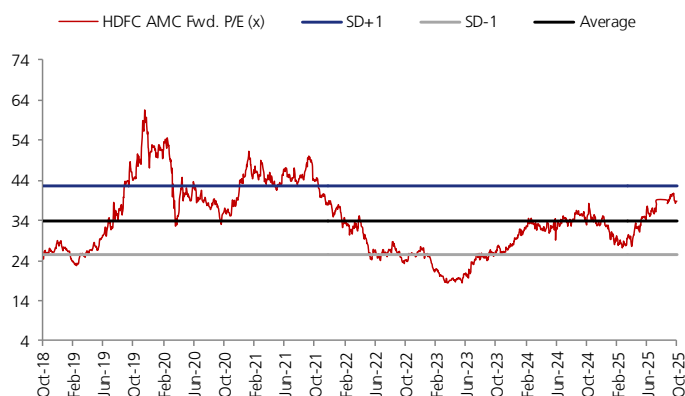
Given the mutual funds' efforts to rationalise distributor commissions, we wait for company concalls to review yields. We maintain our previous ratings on the stocks. We do not materially change estimates, raise target price for Nippon AMC to INR 975 (at 34x FY27e EPS of INR 29, up from INR 930 earlier) and cut TP to INR 1,444 for UTI AMC (at 19x FY27e EPS of INR 76, down from INR 1,500 earlier). We maintain our view and target price on HDFC AMC.

**Exhibit 1. Quarterly estimates for AMCs under coverage**

Company (INR mn)	HDFC AMC					Nippon Life AMC (consol)					UTI AMC (consol)				
	2Q25	1Q26	2Q26	QoQ %	YoY %	2Q25	1Q26	2Q26	QoQ %	YoY %	2Q25	1Q26	2Q26	QoQ %	YoY %
Revenue from operations	8,872	9,678	10,102	4.4%	13.9%	5,713	6,066	6,403	5.6%	12.1%	3,730	3,793	3,967	4.6%	6.4%
Other Income	1,706	2,327	830	-64.3%	-51.4%	1,208	1,460	500	-65.8%	-58.6%	1,671	1,693	510	-69.9%	-69.5%
Total expenses	1,991	2,144	2,312	7.8%	16.1%	2,060	2,287	2,344	2.5%	13.8%	2,044	2,226	2,226	0.0%	8.9%
PBT	8,587	9,861	8,620	-12.6%	0.4%	4,861	5,239	4,559	-13.0%	-6.2%	3,357	3,260	2,251	-30.9%	-32.9%
PAT	5,769	7,479	6,465	-13.6%	12.1%	3,600	3,957	3,488	-11.9%	-3.1%	2,631	2,539	1,754	-30.9%	-33.3%
Core PBT*	6,881	7,534	7,790	3.4%	13.2%	3,653	3,779	4,059	7.4%	11.1%	1,686	1,567	1,741	11.1%	3.3%
QAAUM (INR bn)	7,588	8,286	8,727	5.3%	15.0%	5,492	6,127	6,501	6.1%	18.4%	3,425	3,609	3,796	5.2%	10.8%

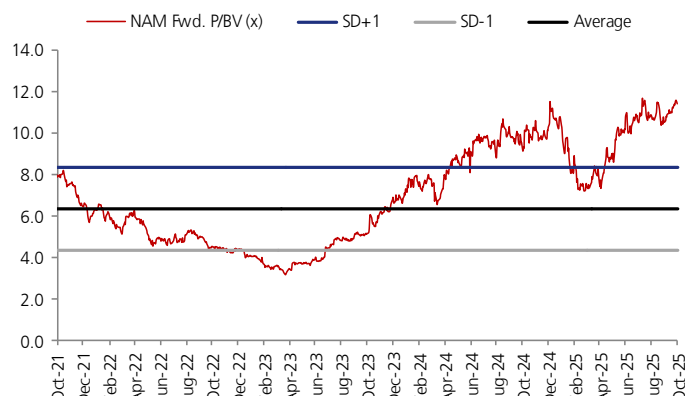
Source: Company, JM Financial, \*Core PBT is calculated by subtracting other income from PBT

**Exhibit 2. HDFC AMC – 1 year forward P/E chart**



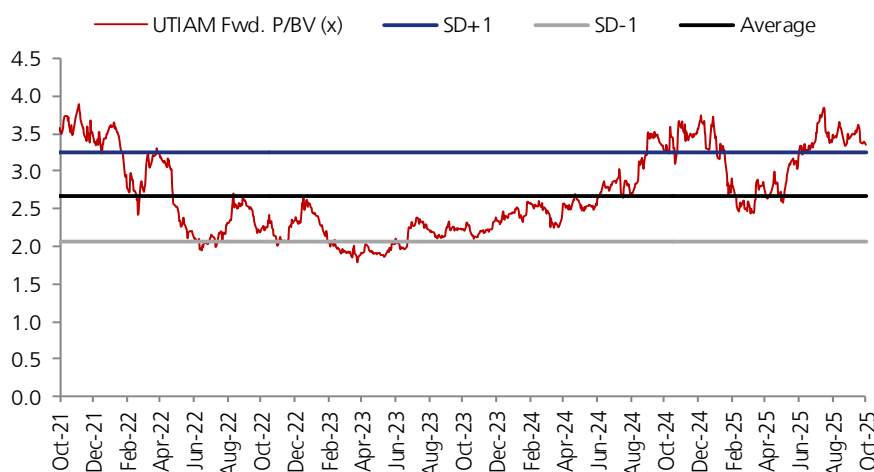
Source: Company, Bloomberg, JM Financial

**Exhibit 3. NAM – 1 year forward P/E chart**



Source: Company, Bloomberg, JM Financial

**Exhibit 4. UTI AMC – 1 year forward P/E chart**



Source: Company, Bloomberg, JM Financial

## Wealth Management Companies

All three of 360 ONE WAM, Nuvama WM and Angel One are entering adjacent segments – 360 ONE WAM to HNI and broking segments, Nuvama WM expanding in wealth and AMC from a capital markets heavy business, and Angel One expanding into client funding and third party distribution. We believe 360 ONE WAM has taken the costs over FY25 and should see strong PAT growth hereon. We expect wealth management yields to be supported by its HNI foray while broking adds revenue and profits. In Nuvama, we see a play towards higher recurring revenue (and profitability) even as earnings growth looks weak on a strong base of 55% growth in FY25. Meanwhile, even as Angel diversifies its revenue, the stock has corrected with declining market volumes (and revenue), and offers a good entry point, subject to continuity in regulatory stance in the options expiry calendar.

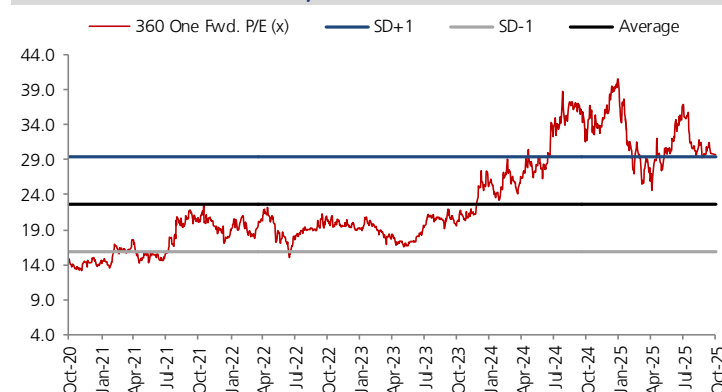
We wait for concalls to change our estimates, maintain our positive stance on the wealth management space, and prefer 360 ONE WAM, valuing it at 34x FY27e EPS of INR 39.

**Exhibit 5. Quarterly estimates for wealth managers under coverage**

Company	Nuvama WM					360 ONE WAM					Angel One				
INR mn	2Q25	1Q26	2Q26e	QoQ %	YoY %	2Q25	1Q26	2Q26e	QoQ %	YoY %	2Q25	1Q26	2Q26e	QoQ %	YoY %
Revenue from operations	6,409	6,777	7,111	4.9%	11.0%	5,880	6,630	7,462	12.5%	26.9%	11,914	8,825	9,543	8.1%	-19.9%
Other Income	989	923.5	800	-13.4%	-19.1%	300	630	350	-44.4%	16.7%	70	87	91	4.5%	31.2%
Total Revenue	7,397	7,701	7,911	2.7%	7.0%	6,180	7,260	7,812	7.6%	26.4%	11,984	8,913	9,635	8.1%	-19.6%
Total expenses	4,463	4,209	4,392	4.4%	-1.6%	2,990	3,510	3,910	11.4%	30.8%	6,263	7,269	6,407	-11.9%	2.3%
Operating PBT	2,934	3,492	3,519	0.8%	19.9%	3,190	3,750	3,902	4.0%	22.3%	5,721	1,644	3,228	96.3%	-43.6%
PAT	2,573	2,639	2,648	0.3%	2.9%	2,473	2,872	2,965	3.3%	19.9%	4,234	1,145	2,453	114.3%	-42.1%

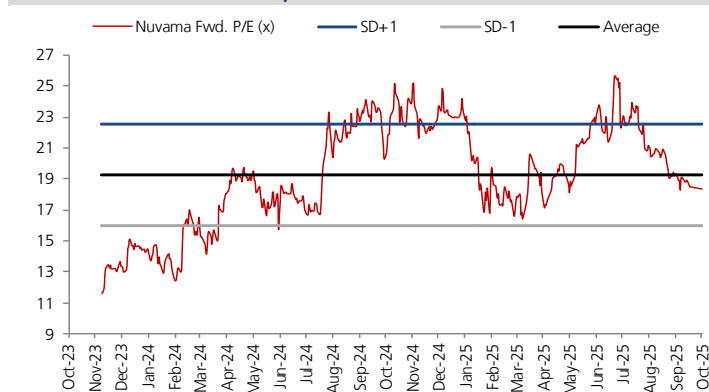
Source: Company, JM Financial; \*Operating numbers for Nuvama

**Exhibit 6. 360 ONE WAM – 1 year forward P/E chart**



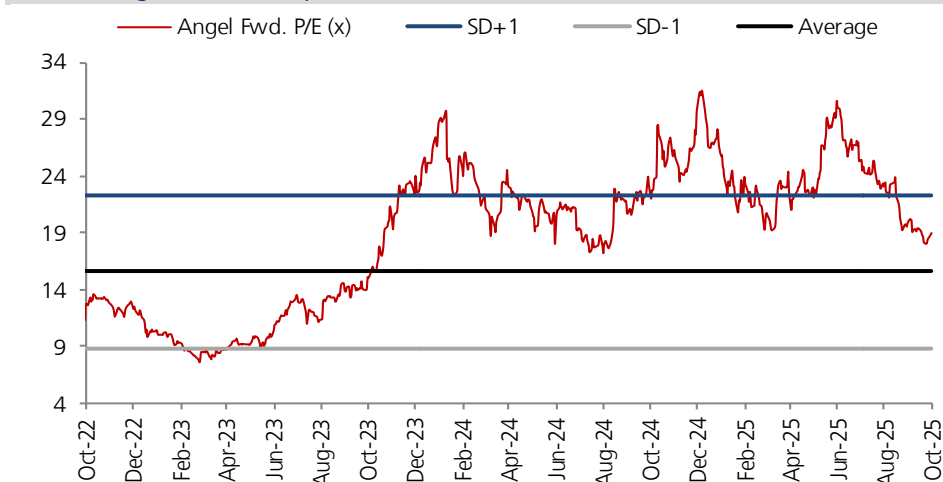
Source: Company, Bloomberg, JM Financial

**Exhibit 7. Nuvama WM – 1 year forward P/E chart**



Source: Company, Bloomberg, JM Financial

**Exhibit 8. Angel One WM – 1 year forward P/E chart**



Source: Company, Bloomberg, JM Financial

## Exhibit 9. Asset and Wealth Managers – JMFL valuation and estimates

Company	M. Cap USD bn	Reco	EPS			P/E			P/B			PAT/ Avg AUM			Price / AUM		
			FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E	FY25A	FY26E	FY27E
HDFC AMC	13.6	HOLD	115.1	135.2	153.6	49.2	41.9	36.9	14.9	13.4	12.1	0.33%	0.35%	0.33%	16.06%	13.16%	11.16%
NAM (c)	6.3	BUY	20.3	24.2	29.3	43.8	36.0	29.7	13.1	12.2	10.7	0.24%	0.25%	0.24%	10.01%	8.02%	6.57%
UTI AMC (c)	1.9	HOLD	63.9	68.8	76.1	20.6	19.1	17.3	3.7	3.5	3.3	0.24%	0.23%	0.22%	5.05%	4.22%	3.66%
360 ONE WAM	4.8	BUY	25.8	32.4	37.9	41.1	32.7	28.0	5.9	5.3	4.9	0.19%	0.20%	0.21%	7.39%	5.93%	4.97%
Nuvama WM	2.8	BUY	273.9	306.0	375.1	25.3	22.6	18.5	7.1	6.2	5.4	0.25%	0.23%	0.23%	5.80%	4.80%	3.97%
Angel One	2.3	BUY	129.8	103.5	140.6	17.5	21.9	16.1	3.6	3.2	2.9	NA	NA	NA	NA	NA	NA

Source: Company, JM Financial, (c) stands for consolidated numbers

## APPENDIX I

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return $\geq$ 15% over the next twelve months.
ADD	Expected return $\geq$ 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return $\geq$ -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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