



Market Update

The US–Israel strike on Iran has significantly unsettled global energy, commodity, and financial markets. Contrary to most expectations, Iran has managed to disrupt oil and gas flows from the Gulf to the rest of the world, pushing oil and gas prices to levels not seen for many years. The initial success in decapitating the top echelons of the Iranian leadership dissipated quickly, and concerns around energy supply have now taken centre stage globally. At present, no oil tanker is able to pass through the Strait of Hormuz. As I write this, Trump has moderated his stance in light of the evolving ground realities, and markets have witnessed some retracement from the sharp lows seen earlier in the week.

Following our note in January, the reported Q3 numbers came in below expectations, largely due to the impact of labour code provisions. These provisions are one-time in nature and are unlikely to recur in the coming quarters. Despite this temporary headwind, several sectors delivered strong operating performance. Automobiles, NBFCs, PSU banks, auto ancillaries, defence companies, and power transmission and distribution companies reported robust numbers.

As always, our investment approach has been to focus on sectors benefiting from favourable structural trends and to identify companies that possess the competitive strength to consolidate and extend their leadership within those sectors. However, markets have largely overlooked these positives and have instead focused disproportionately on near-term uncertainties.

To understand how markets behave from here, it is useful to look at historical precedents. Markets rarely do anything new; they repeat patterns observed in the past. After all, markets are ultimately a reflection of human psychology, and the marketplace mirrors the apprehensions and fears that arise during periods of uncertainty.

When Nifty stagnated for ~18 months, how did the next 3 and 5 years play out

Start Date	End Date	18M return	Next 12M Return	Next 36M Return
31-Jul-01	31-Dec-02	1.92%	72%	159%
31-Aug-01	31-Jan-03	-1.13%	74%	188%
31-Oct-01	31-Mar-03	0.65%	81%	248%
31-Jan-07	30-Jun-08	-1.03%	6%	40%
31-Mar-08	31-Aug-09	-1.53%	16%	13%
30-Apr-08	30-Sep-09	-1.59%	19%	12%
28-Feb-11	31-Jul-12	-1.95%	10%	63%
30-Apr-11	30-Sep-12	-0.80%	1%	39%
31-May-11	31-Oct-12	1.07%	12%	44%
31-Dec-14	31-May-16	-1.48%	18%	46%
30-Jun-15	30-Nov-16	-1.72%	24%	47%
30-Sep-21	28-Feb-23	-1.78%	27%	48%
31-Oct-21	31-Mar-23	-1.76%	29%	47%
31-Aug-24	31-Jan-26	0.34%	?	?

Predicting short-term market movements is inherently difficult, whereas the long-term trajectory is easier to discern. As investors, our conviction remains unchanged: staying invested in fundamentally strong companies and allowing time for sentiment to normalise is the most reliable path to wealth creation.



Jose C Abraham
Founder & CIO
10 March 2026