



# Monthly Newsletter



## Three Years of Valtrust Momentum and the Road Ahead

**Valtrust Momentum** completed **3 years of operations** this month. We are pleased to share that since inception, we have outperformed both the broad market indices against which we benchmark ourselves, as well as the Momentum indices.

While broader markets have delivered better returns over the last 12+ months, our focus remains on the long term — which we define as three years and beyond. Over such periods, we believe we have a high probability of delivering superior returns. The key, as always, is to remain invested and not get swayed by market gyrations.

The past year has been challenging for Valtrust Momentum. Sharp declines in the broader markets impacted portfolio returns. While headline indices appear resilient, a significant portion of our strategy's returns is generated from stocks outside the main indices — and these have faced pressure.

Indian markets have enjoyed a phenomenal rally post-COVID. Historically, when markets run ahead of fundamentals, price corrections tend to follow, restoring valuations to more sustainable levels. This time, however, we have witnessed more of a time correction rather than a sharp price correction.

Price corrections often induce panic but tend to be short-lived.

Even during the Global Financial Crisis of 2008, markets bottomed out within nine months of the peak. Time corrections, on the other hand, can stretch longer and test investor patience through prolonged underperformance.

While visible fear is not yet evident in equity markets, it has surfaced in asset allocation trends — particularly in the surge toward Gold and Silver. January 2026 was notable: Gold ETF inflows exceeded equity scheme inflows for the first time on record.

Physical demand for Gold and Silver is also booming, with India importing record quantities to meet demand. Much of this appears driven by recency bias — investors extrapolating recent price momentum into the future.

Amid the focus on precious metals and the subdued performance of equities, there are encouraging developments for India. In January, India signed a long-awaited Free Trade Agreement with Europe after nearly a decade of discussions.

This was followed by an interim trade understanding with the United States. The recent Budget, importantly, presented no negative surprises. Additionally, India has refrained from aggressive fiscal tightening, which should provide macroeconomic stability and a supportive backdrop going forward.