

THE COVER STORY · AUGUST 2026

Small caps did the work.

THE READ

The Nifty 50 fell 1.24% in August. The Smallcap 100 rose 3.06%. Across calendar 2026 that gap has widened past twenty percentage points — the widest of the year, and the whole question of this issue.

WHAT'S INSIDE

Fund Feature. Valentis Rising Stars Opportunity Fund — small-cap, since 2016.
The Long Read. Six pages on whether the small-cap earnings revival is real.
Macro. What moved the market — August in numbers.
Performance. Top-10 PMS strategies across 1M, 1Y, 3Y, 5Y & SI.

“Under-owned, Under-performing, Undervalued — stocks with a large risk-reward discrepancy, whose earnings are at an inflection point.”

VALENTIS ADVISORS · THE THREE-U APPROACH

FEATURED PMS · SINCE INCEPTION, ANNUALISED +17.93% (Past performance may not continue.)	Valentis Rising Stars has compounded 4.3 points ahead of the BSE 500 TRI. Fund figures as of 31 August 2026.	BENCHMARK · BSE 500 TRI +13.59%
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PUBLISHED September 2026	CADENCE Monthly	PERFORMANCE DATA AMC Data	REPORTING PERIOD As of 31 August 2026
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ALSO INSIDE

01 MARKET What moved the market — August in numbers	02 FUND FEATURE Valentis — Rising Stars Opportunity Fund
03 THE LONG READ The small-cap question, in six pages	04 PERFORMANCE Top PMS funds — five horizons

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TURN THE PAGE From the Desk of the CEO — Narender Agarwal, p. 02 →

A leaderboard tells you what happened. It does not tell you what to pay.

The Gap, and the Question.



Narender Agarwal
Chief Executive Officer,
Wealth1

Large caps fell, small caps rose, and the gap for the year passed twenty points. The harder question is what that gap now costs to own.

August produced the widest split of the year between the index and the market beneath it. The Nifty 50 fell 1.24%. The Smallcap 100 rose 3.06%. Take the calendar year so far and the distance is starker still: the Nifty is down 7.84%, the Smallcap 100 up 12.52% — a gap of more than twenty percentage points.

The flows explain much of it. Domestic institutions bought ₹58,500 crore of equities in August, and small-cap funds took a record ₹7,973 crore while large-cap funds saw money leave for a second straight month. Foreign investors bought ₹29,631 crore on the NSDL series — their second positive month — yet remain net sellers of roughly ₹2.27 lakh crore for the calendar year. Two good months have not reversed the year.

Earnings did improve. Nifty 50 profits grew 18% year-on-year in the June quarter on Motilal Oswal's aggregate, a ten-quarter high, and small caps grew faster still. But the same report notes that stripping financials out drops small-cap growth to 12%, and that five companies produced 60% of the increase in Nifty earnings. Meanwhile the Smallcap 100 trades at 31.6 times earnings against the Nifty's 20.4.

Wealth1 is a distributor. It is not our place to tell you small caps are cheap or dear. It is very much our place to make sure you know which of the two you are buying. That is why this issue gives six pages to the question, and prints the case against as carefully as the case for.

“It is not our place to tell you small caps are cheap or dear. It is very much our place to make sure you know which of the two you are buying.”

Warm regards,

Narender Agarwal
Chief Executive Officer, Wealth1

THE SPLIT

01 Nifty 50
–1.24% in
August; Smallcap
100 +3.06%. For
2026: –7.84%
against +12.52%.

THE FLOWS

02 DIIs +
₹58,500 Cr; a
record ₹7,973 Cr
into small-cap
funds as large-cap
funds saw
outflows.

THE CAVEAT

03 Strip
financials and
small-cap earnings
growth falls from
about 31% to
12%.

THE READ

Two good months of foreign buying have not reversed a year in which FPIs are still net sellers of ₹2.27 lakh crore.

BY THE
NUMBERS
CY2026

–7.84%
NIFTY 50, YTD

+12.52%
SMALLCAP 100,
YTD

20.4_{pp}
THE GAP

20.36_x
NIFTY 50 P/E

31.57_x
SMALLCAP 100
P/E

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Business Head note · p. 03

THE LONG READ
The small-cap question · pp. 09–14

One Question, Six Pages.

We have given a single question more room than we normally give anything — and printed both sides of it at equal length.



Charmi Shah
Business Head, Wealth1

This issue is built around one question, and we have given it more room than we normally give anything: six pages on whether the small-cap earnings revival is real, and what it now costs to participate in. It runs from page 09.

We have tried to write it the way we would want it written for us. Every figure carries the broker or index behind it, because the same quarter produces very different headlines depending on whose universe you use — Motilal Oswal's aggregate shows Nifty profits up 18%, Kotak's Nifty 500 aggregate shows 10%, and JP Morgan has the Smallcap 100 up 39%. The bull case and the bear case each get a full page, with

named sources on both sides. We have not tidied the disagreement away.

The fund feature follows from the same theme. Valentis Advisors' Rising Stars Opportunity Fund is a small- and mid-cap strategy running since August 2016, and August was a good month for it: up 6.75% against a benchmark that fell. We checked every published return against the APMI record before printing it.

Then the usual monthly evidence: what moved the market in August, the At-a-Glance prints, and five performance tables as of 31 August. As always, read the columns alongside each other rather than one at a time.

DATA Five performance tables refreshed to 31 August 2026 — 1M, 1Y, 3Y, 5Y & SI, on AMC Data.	PERSPECTIVE Six pages on the small-cap question — the bull case and the bear case, each with named sources.	PROCESS Valentis Rising Stars — bottom-up small- and mid-cap investing since August 2016.
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Warm regards,

Charmi Shah

Charmi Shah
Business Head, Wealth1

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THIS ISSUE AT A GLANCE

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THE WEALTH1 WAY

Clarity over speculation. Every edition. Every month. Every page is built to be read carefully, not skimmed.

BY THE NUMBERS AUGUST 2026	-1.24% NIFTY 50	+3.06% SMALLCAP 100	₹58,500 Cr DII NET BUY	₹32,297 Cr SIP INFLOW, RECORD	+7.8% Q1 FY27 GDP
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What Moved the Market.

August split the market in two. The index fell, the market beneath it rose, and the loudest move of the month was in the metals almost nobody was positioned for.

The divergence was a large-cap problem, not a market problem. Nifty FMCG fell 6.30%, with Hindustan Unilever, ITC, Dabur, Emami and Godrej Consumer all touching 52-week lows on the last day of the month as palm oil and crude-derivative input costs bit. Defence (+4.15%), Metal (+3.73%) and PSU Bank (+2.90%) led the other way. Two one-off events added to the drag: HDFC Bank's chief executive told the board on 29 August he would not seek reappointment, and the MSCI rebalance landed on 31 August, only weeks after SEBI's Closing Auction Session went live from 3 August. Reported closing-auction turnover around the rebalance was closer to \$4.1 billion.

Crude did not cooperate. WTI rose about 2% over the month to settle near \$86, and Brent moved back above \$90, because the Strait of Hormuz remains effectively shut — Al Jazeera counted roughly five transits a day in late August against more than a hundred normally, a 95% collapse. India is paying for it directly: the crude import bill rose 57% year-on-year to \$63.4 billion over April to July, on broadly unchanged volumes.

The metals move deserves care, because the obvious explanation is the wrong one. Silver rose 15.49% and gold 10.06% in a month when the Federal Reserve turned *hawkish*, not *dovish*: Chair Kevin Warsh used his first Jackson Hole address to call 3.7% PCE inflation “concerning”, and market-implied odds of a September rate *rise* moved from 36% to 67%. What drove the metals was flows and fiscal credibility — US\$18 billion into gold ETFs, the second-largest month on record; the People's Bank of China adding 20.2 tonnes, its biggest purchase since 2023; a dollar index down 0.5%; and US federal debt crossing \$40 trillion on 19 August.

“It was not a Fed-easing rally. Markets spent August pricing a rate rise, not a cut.”

Domestic flows continued to carry the market. Domestic institutions bought ₹58,500 crore of equities, against ₹35,099 crore in July. SIP contributions set a record at ₹32,297 crore and the number of SIP accounts passed ten crore for the first time. Foreign investors bought ₹29,631 crore on the NSDL series, a second consecutive positive month — though they remain net sellers of about ₹2.27 lakh crore for the calendar year, so the direction has changed and the position has not.

The macro was better than the index suggested. Q1 FY27 GDP grew 7.8% year-on-year, comfortably above the Reserve Bank's 7% projection, with manufacturing up 9.2% and fixed investment up 11.9%. The MPC held the repo rate at 5.25% for a fourth straight meeting, raised its FY27 growth forecast to 6.7% and cut its inflation forecast to 5.0%, while describing itself as neither dovish nor hawkish. July CPI came in at 4.45%, a nineteen-month high, and the ten-year government bond yield rose over the month to end near 6.95%.

THE SPLIT

01 FMCG –6.30% dragged the index; Defence, Metal and PSU Bank led the other way.

THE FLOWS

02 DIIs +₹58,500 Cr and a record ₹32,297 Cr of SIPs; FPIs +₹29,631 Cr but still selling for the year.

THE WATCH

03 Hormuz at roughly five transits a day. Crude is still the tax on everything else.

THE DRIVERS

A large-cap earnings problem, an oil bill that will not go away, and a metals rally driven by flows and fiscal credibility rather than by the Fed.

AUGUST PRINTS	–1.24% NIFTY 50	–6.30% NIFTY FMCG	+15.49% SILVER	67% ODDS OF A SEPT FED HIKE	6.95% 10Y G-SEC
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At a Glance.

Large caps down, the broader market up, and precious metals doing something that had very little to do with interest rates.

INDIAN EQUITIES		GLOBAL EQUITIES	
Nifty 50	-1.24%	S&P 500	+2.62%
Sensex	-1.46%	Dow Jones	+1.34%
Bank Nifty	+1.33%	Nasdaq 100	+4.20%
Nifty MidCap 100	+2.08%	Nikkei 225	+3.03%
Nifty SmallCap 100	+3.06%		
BOND MARKET		COMMODITIES	
10Y G-Sec (yield chg)	+19 bps	Gold (USD/oz)	+10.06%
10Y G-Sec (level, 31 Aug)	6.95%	Silver (USD/oz)	+15.49%
		Crude Oil WTI	+2.01%

Index moves are for the month of August 2026, on month-end closing levels. 10Y G-Sec change in basis points. Gold and Silver in USD/oz; Crude Oil is WTI.

What is signalled by the print.

THE DIVERGENCE IS THE PRINT. A 4.3-point spread between the Nifty 50 and the Smallcap 100 in a single month is not noise. It is the same thing the whole calendar year has been saying: the index and the market have stopped describing each other.

CRUDE IS STILL THE TAX. WTI up 2.01% looks mild until you note where it is rising from. Brent above \$90 with Hormuz shut costs India directly — a 57% higher crude import bill over April to July — and shows up in the rupee, the bond yield and the inflation print.

METALS WITHOUT A RATE CUT. Silver +15.49% and gold +10.06% arrived while markets moved to price a Fed hike. Read it as a flows-and-credibility trade — record ETF buying, central banks, a softer dollar — not as a bet on cheaper money.

WHAT TO WATCH

A The 15–16 September FOMC. A hike would test every long-duration trade at once.

WHAT TO WATCH

B Whether foreign buying holds for a third month, or proves a two-month tourist.

THE READ

The index fell and the market rose. Neither number describes the other, and only one of them is in most portfolios.

KEY PRINTS AUGUST 2026	-1.24% NIFTY 50	+3.06% SMALLCAP 100	+15.49% SILVER	+2.01% CRUDE WTI	6.95% 10Y G-SEC
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Valentis Advisors.

Rising Stars Opportunity Fund



A bottom-up small- and mid-cap PMS running since August 2016, built on a screen the firm calls the **three U's** — Under-owned, Under-performing, Undervalued. Since inception it has compounded at **+17.93% annualised** against **+13.59% for the BSE 500 TRI**, and August was its month: **+6.75%** against a benchmark that fell. AUM: **₹1,237 Cr**. All figures as of **31 August 2026**.

STRATEGY	INCEPTION	AUM	MIN. INVESTMENT
Small & Mid Cap	05 Aug 2016	₹1,237 Cr	₹50 Lakhs

THE INVESTMENT PROCESS

Research is the cornerstone of every decision, and its first job is to eliminate market noise. Ideas are screened and then modelled in detail to arrive at a fair valuation. The proprietary filter is the three-U approach — *Under-owned or Undiscovered, Under-performing, Undervalued* — which is designed to surface stocks carrying a large discrepancy between risk and reward, and whose earnings are at an inflection point.

Above the stock work sits a macro-to-micro discipline: read the macro parameters first, then drill down to the micro themes that are actually actionable. The house preference is growth at a reasonable price over quality at any price — GARP rather than QAAP — which is what keeps a small-cap book from becoming a momentum book.

The holding approach is deliberately quasi-private-equity: heavy due diligence, long holding periods, and what the firm describes as a passion for being dispassionate in its own analysis. Conviction is built through 360-degree channel checks — management, industry competitors, dealers, distributors and unlisted competitors — and the central distinction being tested is always the same one: is this company in *temporary* pain, or structural pain?

STRATEGY AT A GLANCE

THE SCREEN	Three U's — Under-owned or Undiscovered, Under-performing, Undervalued
THE LENS	Macro to micro — macro parameters drilled down into actionable micro themes
THE PREFERENCE	Growth at a reasonable price over quality at any price — GARP rather than QAAP
THE DILIGENCE	360-degree channel checks across management, competitors, dealers and distributors
BENCHMARK	BSE 500 TRI · quasi-private-equity holding periods

THE FUND

Temporary pain, not structural pain. That single distinction is what the whole process is built to test.

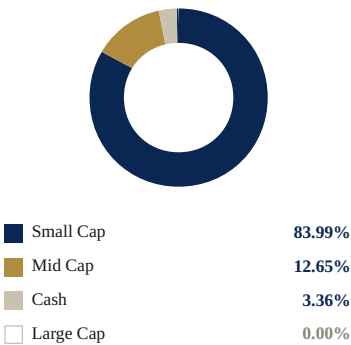
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FUND VITALS	+17.93% SINCE INCEPTION	+13.59% BSE 500 TRI	+6.75% AUGUST	₹1,237 Cr AUM	₹50 L MIN. TICKET
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Where the book actually sits.

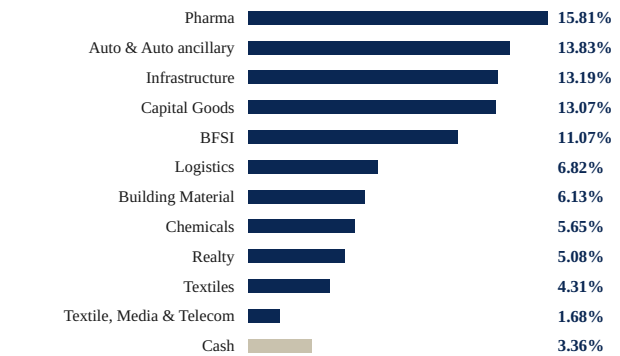
Portfolio breakdown as of 31 August 2026. This is a small-cap fund in the literal sense — not a multi-cap fund with a small-cap tilt.

MARKET-CAP ALLOCATION



No large-cap holding at all. Whatever this fund returns, it will not be because the index did it.

SECTOR ALLOCATION



As submitted by the AMC; weights sum to 100% including cash.

KEY INVESTMENT THEMES · AS SUBMITTED BY THE AMC

01 CAPEX & INFRASTRUCTURE REVIVAL

Driven by two things. Government stimulus, with the fiscal deficit at elevated levels and the capex budget still rising; and corporate capex following as utilisation levels climb.

HOW WE PLAY IT

Capital goods · Cement · Government water spend · Financial lenders

03 THE RETURN OF INDIAN MANUFACTURING

China-plus-one, lower corporate tax rates and the PLI scheme together revive the domestic manufacturing base — the thesis behind the book's heaviest sector weights.

HOW WE PLAY IT

Chemicals & pharma · Auto ancillaries · White goods manufacturing

02 WHAT INDIANS BUY AS THEY GET RICHER

Per capita income can rise 50% over the next five years on the firm's reading. Consumer spending keeps driving growth, but the profile moves up the value chain — from staples toward white goods.

HOW WE PLAY IT

White goods · Luxury residential · Home improvement · Financialisation of savings · Retail lenders

04 DIGITAL TRANSFORMATION

Technology drives structural change in India as it has elsewhere, and the firm expects secular growth to persist across a range of technology-linked businesses rather than a single winner.

HOW WE PLAY IT

Telecom · IT

THE CONSTRUCTION

84% small cap, no large cap, and a sector book led by pharma, autos and infrastructure. The concentration is the strategy, not an accident of it.

BOOK SHAPE	83.99% SMALL CAP	0.00% LARGE CAP	15.81% PHARMA, TOP SECTOR	11 SECTORS HELD	3.36% CASH
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Why it matters now.

The manager's case begins with the June quarter. On Valentis's own reading, Q1 FY27 delivered **35% earnings growth** against a house expectation of roughly 10% — a reaffirmation of a positive small-cap view held through a prolonged stretch of weak earnings, and delivered despite the drag the West Asia conflict placed on corporate profits.

Earnings had lagged in the first quarter of FY26; since then, the firm argues, there has been a pull-back that will sustain, with small-cap earnings outpacing large caps through FY27 and FY28. Two factors are offered in support. First, India has been one of the worst-performing markets this calendar year and last, a position Valentis sees changing from July. Second, foreign portfolio investors turned positive in July with markedly less selling pressure — a shift that did in fact extend into August, when FPIs bought a further ₹29,631 crore.

Against that argument sits the record, which is the more persuasive part of the case. The fund has beaten the BSE 500 TRI over every single period it reports: by 6.84 points in August alone, by 18.89 points over one year, and by 4.34 points a year since inception nine years ago. The three-year margin is the thinnest, at 0.80 points — a reminder that this is a strategy whose edge arrives in bursts rather than evenly.

PERFORMANCE VS BENCHMARK · AS OF 31 AUGUST 2026

PERIOD	VALENTIS RISING STARS	BSE 500 TRI	OUTPERFORMANCE (PP)
1M	+6.75%	-0.09%	+6.84
6M	+25.84%	+1.43%	+24.41
1Y	+23.61%	+4.72%	+18.89
3Y	+12.89%	+12.09%	+0.80
5Y	+15.80%	+10.91%	+4.89
Since Inception	+17.93%	+13.59%	+4.34

Figures as submitted by the AMC, as of 31 August 2026, and independently cross-checked against the APMI record for the same date. Fund returns are net of fees and expenses; 1M and 6M absolute, longer periods annualised. Outperformance is the arithmetic difference between the two columns. The 35% earnings figure above is the manager's own; Wealth1's separately sourced earnings analysis, with each aggregate attributed to a named broker, runs from page 09. Returns are calculated using the TWRR method and provided by the respective AMCs. NA = Not Applicable; returns of the respective benchmark are tabulated above.



THE FUND MANAGER
Jyotivardhan Jaipuria
Founder & Managing Director, Valentis Advisors

- B.Com, Sydenham College; MBA, Indian Institute of Management Ahmedabad
- 40 years in the Indian capital markets — 21 at DSP Merrill Lynch, 8 at ICICI
- Head of Research and India Strategist at Bank of America Merrill Lynch; rated among India's top strategists by leading institutional investors
- Former director of DSP Merrill Lynch, and member of its Asia Pacific Research Executive Committee and India Country Leadership Team

We look for companies witnessing temporary pain — not structural pain.

THE TEST AT THE CENTRE OF THE PROCESS · VALENTIS ADVISORS

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THE RECORD	+6.75% AUGUST, FUND	-0.09% AUGUST, BSE 500 TRI	+23.61% 1Y FUND	+17.93% SINCE INCEPTION	AUG 2016 INCEPTION

Twenty points apart.

For eight months the index and the market have told different stories. Six pages on whether the one that is winning has earned it — and what it now costs to join.

A single number frames this whole section. Put ₹100 into each of three indices on the last day of 2025 and by 31 August 2026 you would be holding ₹92.16 in the Nifty 50, ₹106.18 in the Midcap 100 and ₹112.52 in the Smallcap 100. The spread between the largest and smallest of those is 20.36 percentage points, and it touched 20.94 on 27 August — the widest of this calendar year.

₹100 INVESTED ON 31 DECEMBER 2025, AT 31 AUGUST 2026



Computed from NSE daily index closes. Price returns, not total returns. (Past performance may not continue.)

The money has followed. August saw a record ₹7,973 crore flow into small-cap mutual funds — the largest category for a second consecutive month — while large-cap funds suffered a ₹1,147 crore outflow, their second straight month of redemptions. Domestic institutions bought ₹58,500 crore of equities in total, and SIP contributions hit a record ₹32,297 crore from more than ten crore accounts. Whatever the argument on valuation, the flows are not ambiguous.

Before going further, one mechanical caveat that is easy to miss and materially flattering. HDFC Securities' Nandish Shah points out that roughly 40% of the constituents of the Nifty Midcap and Smallcap indices changed over the last two years, against six changes in the Nifty 50. Companies that do well are promoted into these indices and companies that do badly fall out of them. Some of the outperformance you are looking at belongs to the index construction, not to the companies — and none of it is available to a fund that simply held its positions.

WHAT THIS SECTION DOES

Three tests, in order: are the earnings real, what are you being asked to pay for them, and what do the people who do this professionally actually think.

TEST ONE

P. 10 The earnings. Q1 FY27 produced very different headlines depending on whose universe you use. We print all of them.

TEST TWO

P. 11 The price. Small caps at 31.6 times earnings against the Nifty's 20.4 — and why the verdict flips with the window.

TEST THREE

PP. 12–13 The argument. A full page for the case for, a full page for the case against, both with named sources.

THE DIVERGENCE CY2026	−7.84% NIFTY 50	+6.18% MIDCAP 100	+12.52% SMALLCAP 100	20.36pp THE SPREAD	₹7,973 Cr AUG. SMALL-CAP FUND INFLOW
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ON SOURCES

Every aggregate in the next five pages carries the house that published it. We have done this because the same quarter produces very different headlines depending on whose universe is used, and a number quoted without its source is not usable. Where houses disagree, we print both.

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THEN
The price · p. 11

The earnings, and the asterisk.

The June quarter was genuinely good. It was also narrower than the headline number suggests, and the headline number itself depends entirely on who is counting.

Start with the problem of arithmetic. The same quarter, measured by four respected houses, produces very different stories. Motilal Oswal puts Nifty 50 profit growth at 18% year-on-year, a ten-quarter high against its own estimate of 10%. Kotak Institutional Equities, working on the Nifty 500, reports 10%. JP Morgan has the Smallcap 100 at 39%. None of these is wrong. They are different universes.

Q1 FY27 PROFIT GROWTH, YEAR-ON-YEAR — BY WHOSE COUNT

AGGREGATE	SOURCE	PAT GROWTH	NOTE
Nifty 50	Motilal Oswal	+18%	Ten-quarter high; house estimate was +10%
Nifty 500	Kotak Institutional	+10%	Margins ex-BFSI fell 253 bp YoY
MOFSL universe, 379 cos	Motilal Oswal	+11%	+22% excluding oil marketing companies
— large cap	Motilal Oswal	+21%	89 companies, ex-OMC
— mid cap	Motilal Oswal	+23%	101 companies; eleven-quarter high
— small cap	Motilal Oswal	+31%	186 companies
BSE 500 ex-OMC	Nuvama	+22%	SMID +28% vs large cap +21%
Nifty Smallcap 100	JP Morgan	+39%	Midcap 100 ex-Energy +42%

Aggregates as published by each house for the quarter ended June 2026. Differences reflect universe, weighting and treatment of oil marketing companies, not disagreement about the underlying prints.

“Excluding Financials, Small-caps delivered earnings growth of 12% YoY.”

Motilal Oswal, 1QFY27 interim review — in the same report that put the small-cap headline at 32%.

That single line is the asterisk on the whole section, and it comes from the bulls' own research. The small-cap headline collapses from roughly a third to about a tenth once financials are removed. Motilal Oswal's final report adds two further qualifications: the growth was helped by a very soft base — small-cap profits rose just 1% in the same quarter a year earlier — and five sectors produced around 69% of the entire incremental small-cap profit.

Concentration is not a small-cap problem alone. Five companies — ONGC, Hindalco, Reliance, JSW Steel and Bharti Airtel — accounted for 60% of the whole increase in Nifty earnings. And the Nifty's 18% profit growth sat on EBITDA growth of only 11%, with the operating margin outside financials contracting 90 basis points to 20.3%. Profit grew faster than operations. That is a different quality of earnings from the one the headline implies.

THE FINDING

The recovery is real, and it is narrower than it looks: a soft base, a heavy financials contribution, and profit growing faster than operating profit.

Q1 FY27 THE SAME QUARTER	+18% NIFTY 50 PAT, MOFSL	+10% NIFTY 500, KOTAK	+31% SMALL CAP, MOFSL	+12% SMALL CAP, EX- FINANCIALS	60% OF NIFTY GROWTH FROM 5 STOCKS
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What it costs.

Small caps trade at 31.6 times earnings against the Nifty's 20.4. Whether that is expensive depends, awkwardly, on which ten years you choose to compare it with.

TRAILING P/E AT 31 AUGUST 2026 — AND THE GAP TO THE FIVE-YEAR MEDIAN

Nifty 50		20.36	−9.8%
Nifty 500		22.73	—
Nifty Midcap 100		30.95	+0.8%
Nifty Smallcap 100		31.57	+9.2%
Nifty Smallcap 250		33.90	+20.0%

Trailing price-earnings ratios from the NSE index file for 31 August 2026. Right-hand column is the premium or discount to that index's own five-year median.

The honest answer is that the valuation verdict moves with the window. The Nifty 50, at 20.4 times, sits about 9.8% below its five-year median and about 15% below its ten-year one — on trailing earnings, the large-cap index is not expensive. The Midcap 100 at 30.95 is fractionally above its five-year median, by 0.8%, which sounds benign until you measure it against its full history, where the premium is 33.6%. The Smallcap 100 is 9.2% above its five-year median; the Smallcap 250 is 20% above, and above every window we tested.

Two further cautions on the arithmetic. First, basis matters enormously and is rarely stated: Motilal Oswal's July strategy note put the Midcap 100 and Smallcap 100 at 27.3 and 22.4 times — almost certainly forward earnings — against NSE's trailing 30.95 and 31.57. Those are not the same measurement, and a number quoted without its basis is not usable. Second, medians and averages diverge sharply in indices this volatile. DSP, measuring the mid- and small-cap complex on a median trailing basis, reports 38 times against a since-2003 average of 20.

There is a genuine counterpoint, and it is about dispersion rather than the aggregate. Ambit Capital found in July that 47% of small caps were trading below their own ten-year average valuations, against 31% of mid caps and 27% of large caps — concluding that the balance between risk and reward within the small-cap universe had improved materially. An index at a premium can still contain a great many companies that are not. That is an argument for selection, and against buying the index.

THE AGGREGATE

The Smallcap 250 is above its median on every window we tested. As an asset class, this is not cheap.

THE DISPERSION

Yet 47% of small caps sit below their own ten-year average valuation — roughly twice the proportion of large caps.

THE CONCLUSION

Both can be true. It argues for a manager with a screen, and against an index fund.

THE FINDING

Expensive as an asset class, uneven underneath it. The dispersion is the opportunity, and it is only reachable through selection.

VALUATION 31 AUG 2026	20.36 _x NIFTY 50	30.95 _x MIDCAP 100	31.57 _x SMALLCAP 100	+20.0% SMALLCAP 250 VS 5Y MEDIAN	47% SMALL CAPS BELOW 10Y AVG
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THE BASIS PROBLEM, IN ONE EXAMPLE

Motilal Oswal's July note puts the Smallcap 100 at **22.4 times**. NSE's file for 31 August puts it at **31.57 times**. Both are correct. One is almost certainly forward earnings and the other trailing, and the gap between them is wider than the entire valuation argument being had on top of it. A P/E quoted without its basis is not a number you can use.

PRIOR
The earnings · p. 10

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The price · p. 11

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The case for · p. 12

The case for.

Four arguments, each from someone with money behind the view. The common thread is that this cycle is being paid for by earnings rather than by re-rating.

“This breadth gives us greater confidence in the underlying opportunity, particularly across mid and small caps.”

Sandipan Roy · CIO, Motilal Oswal Private Wealth

Motilal Oswal Private Wealth is running roughly half its equity allocation in mid and small caps. The argument rests on breadth: the June quarter was not a handful of companies carrying an index, but a broad improvement across the mid- and small-cap universe, with 186 small-cap companies in Motilal Oswal's own sample growing profits 31%.

“The outperformance of mid and smallcaps has largely been driven by earnings growth.”

Anand Shah · CIO — PMS & AIF, ICICI Prudential AMC

The distinction that matters most in this debate. A rally driven by multiple expansion borrows from future returns; a rally driven by delivered profit does not. If the outperformance is earnings-led, the valuation premium is being funded rather than assumed — and the exit is far less violent when sentiment turns.

“The balance between risk and reward within the Indian small-cap universe has improved materially.”

Ambit Capital · Institutional research, July 2026

Ambit's finding is about dispersion, not the aggregate: 47% of small caps were trading below their own ten-year average valuations, against 31% of mid caps and 27% of large caps. Roughly twice the proportion of genuinely cheap companies as the large-cap index, inside a segment the headline calls expensive.

AND WHAT THE FORECASTS ASSUME

SOURCE	AGGREGATE	FY27E	FY28E
Motilal Oswal	Nifty 50 EPS	+15.9%	+15.6%
Kotak Institutional Equities	Nifty 500	+13%	+18%
ICICI Securities, cited by Valentis	Nifty Smallcap 100	+25%	+19%
ICICI Securities, cited by Valentis	Nifty 50	+18%	+15%

Consensus estimates as published by each house following the June-quarter results season.

One supporting data point that is easy to overlook: the ratio of earnings upgrades to downgrades after this results season ran at 1.5 times — the best in twenty-two quarters. Analysts have spent most of the last five years cutting numbers. This quarter, for the first time in a long while, they raised them.

THE CASE, IN ONE LINE

If the premium is being paid for with delivered earnings rather than borrowed from future multiples, it is a different and far more durable kind of expensive.

THE BULL NUMBERS	+31% SMALL-CAP PAT, Q1 FY27	1.5x UPGRADES : DOWNGRADES	22 QUARTERS SINCE BETTER	47% SMALL CAPS BELOW 10Y AVG	50% MOPW EQUITY IN MID & SMALL
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PRIOR The price · p. 11	THIS PAGE The case for · p. 12	NEXT The case against · p. 13
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The case against.

The strongest argument here is not that small caps are expensive. It is that the earnings growth everyone is citing is thinner, narrower and more cyclical than the headline number admits.

“From current levels, it will be difficult for SMIDs to continue outperforming.”

DSP · Netra, August 2026

DSP measures the mid- and small-cap complex at a median trailing 38 times earnings, against a since-2003 average of 20. On that basis the segment is not modestly above its history; it is close to double it. The firm's more recent note, on 8 September, puts it more precisely still: small and mid caps have corrected in time, but not sufficiently in valuation.

“Strip the best and worst 2% of companies, and small-cap profit growth falls from 36.8% a year to 24.8%.”

DSP · Outlier study, 28 August 2026

The same study finds small-cap profit margins went from 1.3% in FY17 to 8.4% in the twelve months to June 2026 — this has been margin normalisation, not superior revenue growth. And over FY22 to FY26, small-cap profits compounded at 13.7% a year, below large caps at 15.8%. The ten-year record is flattered by where it starts.

“Most stocks where valuation is high will eventually crack.”

G. Chokkalingam · Founder, Equinomics Research

A blunt version of the mean-reversion argument, and one worth hearing from someone who has watched several of these cycles. Chokkalingam also notes that August's twenty-one mainboard IPOs, raising roughly ₹21,000 crore, are diverting domestic liquidity away from the secondary market that has been holding these valuations up.

AND FOUR NUMBERS THAT COMPLICATE THE BULL CASE

THE FINANCIALS

01 Strip financials from the small-cap aggregate and 32% growth becomes 12% — on Motilal Oswal's own figures.

THE BASE

02 Small-cap profits grew 1% in the June quarter a year earlier. This year's number is measured against almost nothing.

THE HURDLE

03 The Nifty needs roughly 16–17% growth across the remaining nine months of FY27 to meet the full-year forecast.

THE RECONSTITUTION

04 About 40% of Midcap and Smallcap index constituents changed in two years, against six changes in the Nifty 50. Losers leave the index; they do not leave your fund.

Note what the bear case is not. Nobody serious argues that Indian small caps are a bubble, or that the June quarter was fabricated. The argument is narrower and more uncomfortable: that a real but concentrated, margin-driven, softly-based recovery is being extrapolated into a permanent one, at prices that already assume it continues.

THE CASE, IN ONE LINE

A real recovery, priced as though it were a durable one. The disagreement is not about the earnings — it is about the extrapolation.

THE BEAR NUMBERS	38x SMID MEDIAN TTM P/E	20x ITS AVERAGE SINCE 2003	24.8% SMALL-CAP CAGR, EX- OUTLIERS	13.7% SMALL-CAP PAT CAGR, FY22–26	15.8% LARGE CAP, SAME PERIOD
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So what do you do with this?

Wealth1 is a distributor, not a portfolio manager, and this is not advice. But five things follow from the preceding five pages, and they are worth saying plainly.

- 01 **THE QUESTION IS NOT WHETHER. IT IS HOW MUCH.**
Almost nobody in this debate says avoid small caps entirely, and almost nobody says load up. The earnings recovery is real; it is also narrower and more cyclical than the headline. That combination argues for a considered allocation held through a cycle — not for a decision taken on the strength of one very good calendar year.
- 02 **KNOW WHAT YOU ACTUALLY OWN.**
This month's featured fund holds 83.99% in small caps and nothing at all in large caps. A multi-cap fund with a small-cap tilt might hold 20%. Both will be described to you as having small-cap exposure. Look at the market-cap table in the factsheet, not the label on the front — the difference between those two funds in a drawdown is not marginal.
- 03 **ASK ABOUT THE DRAWDOWN, NOT JUST THE RETURN.**
A small-cap strategy's return tells you what happened in the good years. What you need to know before you buy one is what happened in 2018, in March 2020, and in the correction earlier this calendar year — how far it fell, and how long it took to recover. Any manager worth allocating to will give you that without being chased.
- 04 **THE THREE-YEAR COLUMN IS USUALLY THE HONEST ONE.**
One-month and one-year numbers in this segment are dominated by whichever way the cycle happened to be pointing. Since-inception numbers are flattered by when the fund launched. The three-year figure spans enough of a cycle to be informative and is short enough to reflect the current team and process. It is also, frequently, the least impressive column on the page.
- 05 **THE INDEX IS NOT YOUR PORTFOLIO.**
Roughly 40% of the small-cap index turned over in two years. The index quietly drops its failures and adds other people's successes. Your fund does neither — it holds what the manager bought. When you compare a fund to the small-cap index, you are comparing a real portfolio to a survivorship-adjusted one.

Both cases in this section are argued by serious people with capital behind their views. We have printed them at equal length on purpose.

THE WEALTH1 VIEW

Sources for this section: NSE daily index files and index P/E data for 31 August 2026; Motilal Oswal India Strategy 1QFY27 Review and 1QFY27 interim review; Kotak Institutional Equities; Nuvama; JP Morgan; DSP Netra, August 2026 and DSP research, 27–28 August and 8 September 2026; Ambit Capital, July 2026; AMFI monthly data for August 2026; NSDL FPI data. Figures are as published by each house and are not Wealth1 estimates. This section is commentary, not a recommendation.

NEXT

The month's performance tables — top-10 PMS strategies across five horizons, as of 31 August 2026, from p. 15.

Top Performers.

BASED ON 1-MONTH RETURNS

AMC	FUND	AUM (CR)	1M	6M	1Y	3Y	5Y	SI
Dalal & Broacha Stock Broking Pvt. Ltd.	Aggressive Long Term Capital Appreciation	₹247.95	+21.59	+37.12	+67.62	+31.78	+27.51	+22.35
Ohm Portfolio Equi Research Pvt. Ltd.	Ohm Absolute	₹58.67	+19.91	+38.69	+26.76	+20.00	+20.31	+18.59
Sahasrar Capital Pvt. Ltd.	Sahasrar Concentrated Growth Portfolio	₹1983.43	+19.37	+51.39	+56.84	+43.60	NA	+33.71
KRIIS Portfolio Pvt. Ltd.	KRIIS High Growth Strategy	₹152.11	+14.29	+52.64	+51.17	NA	NA	+43.42
Hem Securities Limited	India Rising SME Stars	₹87.51	+13.08	+39.75	+15.14	+13.51	NA	+26.22
Wryght Research and Capital Pvt. Ltd.	Wright Factor Fund	₹233.40	+10.96	+14.84	+16.93	+19.84	NA	+20.33
Solidarity Advisors Pvt. Ltd.	Emerging Leaders	₹134.44	+10.90	+52.10	+44.54	+17.79	NA	+20.57
Girik Wealth Advisors Pvt. Ltd.	Girik PMS BluFIN X Equity Strategy	₹166.11	+10.53	+19.49	+18.64	NA	NA	+2.23
Samvitti Capital Pvt. Ltd.	PMS Aggressive	₹466.13	+10.24	+31.65	+26.47	+18.72	+16.28	+14.51
Samvitti Capital Pvt. Ltd.	ActiveAlpha MC	₹540.97	+10.15	+31.39	+26.01	+19.28	+23.67	+28.23

Only funds considered with AUM > Rs 50 Cr.

BASED ON 1-YEAR RETURNS

AMC	FUND	AUM (CR)	1M	6M	1Y	3Y	5Y	SI
Dalal & Broacha Stock Broking Pvt. Ltd.	Aggressive Long Term Capital Appreciation	₹247.95	+21.59	+37.12	+67.62	+31.78	+27.51	+22.35
Xponent Tribe LLP	Xponent Tribe Long-Term Equity Portfolio	₹254.74	+6.90	+49.04	+61.57	NA	NA	+41.88
Sahasrar Capital Pvt. Ltd.	Sahasrar Concentrated Growth Portfolio	₹1983.43	+19.37	+51.39	+56.84	+43.60	NA	+33.71
Sundaram Alternate Assets Limited	Rising Star	₹156.22	+7.03	+31.10	+52.47	+17.74	+16.39	+15.58
KRIIS Portfolio Pvt. Ltd.	KRIIS High Growth Strategy	₹152.11	+14.29	+52.64	+51.17	NA	NA	+43.42
Sundaram Alternate Assets Limited	S.E.L.F	₹1117.97	+7.67	+27.70	+47.52	+23.98	+15.87	+18.55
AlfAccurate Advisors Pvt. Ltd.	AAA Couture PMS	₹481.95	+7.93	+43.59	+46.18	NA	NA	+25.81
Solidarity Advisors Pvt. Ltd.	Emerging Leaders	₹134.44	+10.90	+52.10	+44.54	+17.79	NA	+20.57
Dwaith Advisory Pvt. Ltd.	Concentrated Growth Portfolio	₹223.43	+9.47	+22.18	+44.34	NA	NA	+18.05
KRIIS Portfolio Pvt. Ltd.	KRIIS Multicap Fund Strategy	₹420.63	+10.08	+43.89	+40.62	+29.34	+20.43	+24.99

Only funds considered with AUM > Rs 100 Cr.

AMC Data. Returns are as of 31 August 2026. Returns up to 1 year are absolute; periods greater than 1 year are annualised. Returns are calculated using the TWRR method and provided by the respective AMCs. NA = Not Applicable. Past performance may or may not be sustained in the future.

AT A GLANCE	+21.59% TOP 1M RETURN	+67.62% TOP 1Y RETURN	10 FUNDS PER TABLE	₹50 Cr 1M AUM FLOOR	₹100 Cr 1Y AUM FLOOR
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The Compounders.

BASED ON 3-YEAR RETURNS

AMC	FUND	AUM (CR)	1M	6M	1Y	3Y	5Y	SI
Sahasrar Capital Pvt. Ltd.	Sahasrar Concentrated Growth Portfolio	₹1983.43	+19.37	+51.39	+56.84	+43.60	NA	+33.71
Astute Investment Management Pvt. Ltd.	Multiplier	₹220.83	+8.08	+50.06	+33.18	+38.10	+28.99	+22.04
Stallion Asset Pvt. Ltd.	Stallion Asset Core Fund	₹9547.04	+3.93	+25.32	+18.21	+32.70	+23.63	+28.38
Dalal & Broacha Stock Broking Pvt. Ltd.	Aggressive Long Term Capital Appreciation	₹247.95	+21.59	+37.12	+67.62	+31.78	+27.51	+22.35
Wallfort Fund Management LLP	Diversified	₹631.28	+0.44	+24.87	+7.81	+29.92	+26.50	+23.67
KRIIS Portfolio Pvt. Ltd.	KRIIS Multicap Fund Strategy	₹420.63	+10.08	+43.89	+40.62	+29.34	+20.43	+24.99
Green Lantern Capital LLP	GLC Growth Fund	₹1952.41	+1.81	+9.83	+13.53	+28.65	+30.15	+22.72
Aequitas Investment Consultancy Pvt. Ltd.	Aequitas India Opportunities Product	₹2380.44	+5.66	-5.56	+34.70	+27.41	+32.51	+32.15
ValueQuest Investment Advisors Pvt. Ltd.	ValueQuest Vision	₹1116.14	+4.22	+14.56	+13.26	+27.41	+27.37	+29.44
White Pine Investment Management Pvt. Ltd.	White Pine India Emerging Stars Approach	₹538.19	+0.30	+26.99	+26.29	+27.01	NA	+35.84

Only funds considered with AUM > Rs 200 Cr.

BASED ON 5-YEAR RETURNS

AMC	FUND	AUM (CR)	1M	6M	1Y	3Y	5Y	SI
Aequitas Investment Consultancy Pvt. Ltd.	Aequitas India Opportunities Product	₹2380.44	+5.66	-5.56	+34.70	+27.41	+32.51	+32.15
Green Lantern Capital LLP	GLC Growth Fund	₹1952.41	+1.81	+9.83	+13.53	+28.65	+30.15	+22.72
Counter Cyclical Investments Pvt. Ltd.	Diversified Long Term Value	₹1086.85	+4.89	+26.09	+14.74	+18.63	+29.18	+45.31
Seers Fund Management Pvt. Ltd.	Seers Enduring Portfolio	₹422.40	+4.48	+24.46	+17.31	+18.87	+28.63	+22.12
Molecule Ventures LLP	Growth	₹1063.74	+7.84	+30.67	+30.19	+23.17	+28.14	+27.56
ValueQuest Investment Advisors Pvt. Ltd.	ValueQuest Vision	₹1116.14	+4.22	+14.56	+13.26	+27.41	+27.37	+29.44
Wallfort Fund Management LLP	Diversified	₹631.28	+0.44	+24.87	+7.81	+29.92	+26.50	+23.67
Samvitti Capital Pvt. Ltd.	ActiveAlpha MC	₹540.97	+10.15	+31.39	+26.01	+19.28	+23.67	+28.23
Stallion Asset Pvt. Ltd.	Stallion Asset Core Fund	₹9547.04	+3.93	+25.32	+18.21	+32.70	+23.63	+28.38
Savvy Capital Advisors LLP	Savvy Default	₹958.06	+6.43	+43.05	+23.14	+18.51	+23.28	+24.83

Only funds considered with AUM > Rs 250 Cr.

AMC Data. Returns are as of 31 August 2026. Returns up to 1 year are absolute; periods greater than 1 year are annualised. Returns are calculated using the TWRR method and provided by the respective AMCs. NA = Not Applicable. Past performance may or may not be sustained in the future.

AT A GLANCE	+43.60% TOP 3Y RETURN	+32.51% TOP 5Y RETURN	10 FUNDS PER TABLE	₹200 Cr 3Y AUM FLOOR	₹250 Cr 5Y AUM FLOOR
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PRIOR 1-month & 1-year · p. 15	THIS PAGE 3-year & 5-year · p. 16	NEXT Since inception · p. 17
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The Long Run.

BASED ON SINCE-INCEPTION RETURNS

AMC	FUND	AUM (CR)	1M	6M	1Y	3Y	5Y	SI
360 ONE Asset Management Limited	360 ONE Large Value Strategy PMS	₹863.44	+1.68	+1.13	-8.96	NA	NA	+55.03
Counter Cyclical Investments Pvt. Ltd.	Diversified Long Term Value	₹1086.85	+4.89	+26.09	+14.74	+18.63	+29.18	+45.31
Abakkus Investment Managers Pvt. Ltd.	Abakkus Personalised Opportunity Specific Strategy	₹2000.61	+5.86	+28.53	+25.39	+18.70	+20.41	+37.98
White Pine Investment Management Pvt. Ltd.	White Pine India Emerging Stars Approach	₹538.19	+0.30	+26.99	+26.29	+27.01	NA	+35.84
Sahasrar Capital Pvt. Ltd.	Sahasrar Concentrated Growth Portfolio	₹1983.43	+19.37	+51.39	+56.84	+43.60	NA	+33.71
SBI Funds Management Limited	SBI Alpha Edge	₹1003.72	+2.57	+32.58	NA	NA	NA	+33.36
Carnelian Asset Management & Advisors Pvt. Ltd.	Carnelian Shift Strategy	₹6333.01	+4.38	+19.54	+15.57	+20.09	+21.80	+32.36
Aequitas Investment Consultancy Pvt. Ltd.	Aequitas India Opportunities Product	₹2380.44	+5.66	-5.56	+34.70	+27.41	+32.51	+32.15
Mittal Analytics Pvt. Ltd.	MAPL Value Investing Fund	₹471.16	+3.39	+21.41	+21.47	+18.85	+21.98	+30.33
Electrum Portfolio Managers Pvt. Ltd.	Electrum Laureate Portfolio	₹693.00	+2.93	+27.08	+22.70	+18.13	+21.00	+30.05

Only funds considered with AUM > Rs 350 Cr.

AMC Data. Returns are as of 31 August 2026. Returns up to 1 year are absolute; periods greater than 1 year are annualised. Returns are calculated using the TWRR method and provided by the respective AMCs. NA = Not Applicable. Past performance may or may not be sustained in the future.

HOW TO READ THESE THREE PAGES

01

ONE COLUMN AT A TIME IS THE WRONG WAY

Each table ranks on a single period because that is how the industry reports. A fund that tops the 1-month table may sit mid-pack over three years. Read the columns across, not down.

02

THE AUM FLOOR CHANGES THE FIELD

Each ranking applies a different minimum AUM — ₹50 crore for one month, rising to ₹350 crore since inception. A fund absent from one table may simply sit below that table's floor.

03

SINCE-INCEPTION FLATTERS THE YOUNG

A strategy launched into a strong run will show a high annualised number over a short life. Check the inception date before reading the last column as a track record.

AND ONE MORE TIME, BECAUSE IT MATTERS

The three-year column is usually the most informative one on these pages. It spans enough of a cycle to mean something, and it is short enough to reflect the team and process running the fund today. It is also, frequently, the least flattering number in the row. The reasoning is set out on page 14.

PRIOR 3-year & 5-year · p. 16	THIS PAGE Since inception · p. 17	NEXT Wealth1 · p. 18
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AT A GLANCE	+55.03% TOP SI RETURN	₹350 Cr SI AUM FLOOR	10 FUNDS LISTED	5 RANKING HORIZONS	31 AUG DATA AS OF, 2026
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WEALTH1

PMS & AIF INVESTMENTS

*The difficult part is never
finding a fund.
It is knowing which
one is yours.*

India has 515 registered portfolio managers and several hundred investment approaches between them. Leaderboards will tell you which ones did well last month. They will not tell you which one fits the money you have, the horizon you are working to, or the drawdown you can actually live through. That is the question we exist to answer.

01

CURATION

A shortlist drawn from the full PMS and AIF universe, matched to your risk profile, your horizon and your tax position.

02

COMPARISON

Like-for-like benchmarking across strategies, vintages, drawdowns and consistency windows — not one-month league tables.

03

COVERAGE

Quarterly reviews, direct access to the managers you are invested with, and one point of contact who knows your file.

A newsletter is a leaderboard. An advisor is a filter.

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PURPOSE

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INFORMATION SOURCE

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Past performance of PMS and AIF strategies may or may not be sustained in the future and should not be considered indicative of future returns. Past performance may not continue. All investments in PMS and AIF products are subject to market risks, including possible loss of capital. Investors are advised to carefully read all scheme-related documents, disclosure statements, and consult their financial advisor before making any investment decisions.

THIRD-PARTY RESEARCH & ATTRIBUTED VIEWS

The long read on pages 09–14 cites research published by Motilal Oswal, Kotak Institutional Equities, Nuvama, JP Morgan, DSP and Ambit Capital, and index data published by NSE. Those figures are as published by each house and are not Wealth1 estimates. Views attributed to named individuals or firms, including those in the fund feature, are their own and not those of Wealth1. That section is commentary, not a recommendation.

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WEALTH1 STANDS BY

We publish what we believe is worth your attention — with the numbers visible, the framing honest, and the risk caveats explicit.

BEFORE YOU INVEST

01 Read all scheme-related documents and disclosure statements carefully.

BEFORE YOU INVEST

02 Consult your financial advisor before making any investment decisions.

BEFORE YOU INVEST

03 Past performance may or may not be sustained in the future.

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Investments

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ABOUT THIS PUBLICATION

PERFORMANCE DATA

All fund returns published here are AMC Data, stated as of 31 August 2026. Returns up to one year are absolute; longer periods are annualised and calculated using the TWRR method.

EDITORIAL

Written and produced in-house. Third-party research is attributed to the house that published it. Views attributed to named firms or individuals are their own.

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NEXT ISSUE

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