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MD & CEO
April 2026

Crossing the river by feeling the stones

Many investors are grappling with the uncertainty caused by the West Asia conflict. The objectives are unclear and the mixed messaging from the US administration is keeping Iran, as well as the global economy and markets, on tenterhooks.

In reality, markets are unpredictable and the unexpected does happen. However, it may not be unprecedented and that is the true value of studying history. If you don't know history, everything appears unprecedented.

As an investor, the best way to be prepared is to learn from the history of the markets. That is the most reliable teacher of what one can expect during one's own investment journey.

The fall in the Nifty so far is quite normal, as you can observe in the table below. The table lists the 10 largest drawdowns in the Nifty 50 over the past 20 years. The current fall makes it to the list but pales in comparison to the largest declines recorded.

Nifty 50 Drawdowns

Rank	Peak Value (INR)	Peak Date	Trough Value (INR)	Trough Date	Drawdown (%)	Duration
1	6287.85	January 8, 2008	2524.2	October 27, 2008	-59.86%	~9.5 months
2	12362.3	January 14, 2020	7610.25	March 23, 2020	-38.44%	~2 months
3	3754.25	May 10, 2006	2632.8	June 14, 2006	-29.87%	~1 month
4	6312.45	November 5, 2010	4544.2	December 20, 2011	-28.01%	~13.5 months
5	8996.25	March 3, 2015	6970.6	February 25, 2016	-22.52%	~12 months
6	18477.05	October 18, 2021	15293.5	June 17, 2022	-17.23%	~8 months
7	26216.05	September 26, 2024	22082.65	March 4, 2025	-15.77%	~5 months
8	4224.25	February 7, 2007	3576.5	March 5, 2007	-15.33%	~1 month
9	26328.55	January 2, 2026	22331.4	March 30, 2026	-15.18%	~3 months
10	11738.5	August 28, 2018	10030	October 26, 2018	-14.55%	~2 months

Source: Bloomberg, UTI Research

A regional crisis that disrupts supply chains—especially oil—is not that unusual either. We saw the same in 2022 when the conflict between Russia and Ukraine broke out. That conflict still remains unresolved and continues at a lower intensity. How did the markets behave then?

You can see the behaviour of the Nifty 50, Brent crude and the INR/USD exchange rate in the chart and table below.

The chart tracks the percentage change in each of these three over the course of the year.

Performance change from January 3, 2022 till Dec 31, 2022



Source: Bloomberg, UTI Research

As you can see in the chart above, oil spikes nearly 62% higher for the year. At its worst point, the Nifty 50 is down 13% from the start of the year and the currency loses 12% at its weakest point from January 01, 2022. However, the patient investor experienced a different outcome by the end of the year. Oil is up merely ~9% for the year and the Nifty finishes higher for the year by ~2.7%.

You can see the absolute values and the range during the year in the table below.

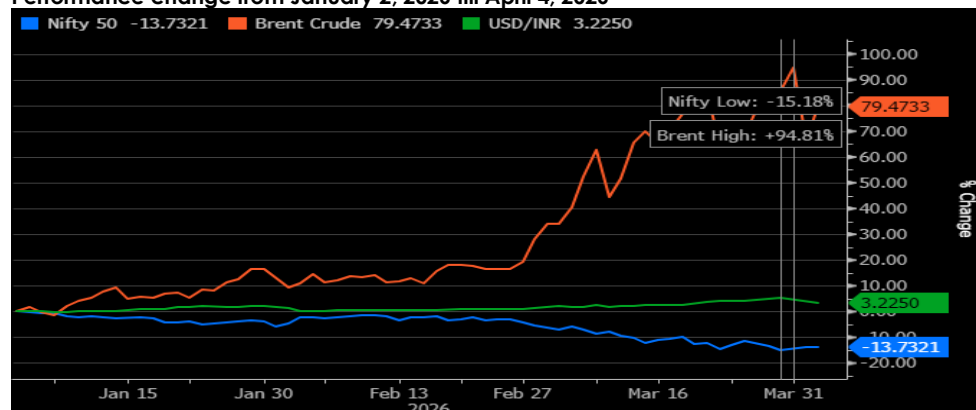
Key Performance Summary (Indexed to 100 on Jan 3, 2022)

Asset	Starting Value	Peak/Trough	Peak/Trough Date	Year-End Value	Full Year Change
Nifty 50	100.0	Low: 86.8	June 17, 2022	102.7	2.7%
Brent Crude Oil	100.0	High: 162.0	March 8, 2022	108.8	8.8%
USD/INR	100.0	High: 111.8	October 19, 2022	111.4	11.4%

Source: Bloomberg, UTI Research

In the context of the above behaviour, the moves so far do look similar, as you can see in the chart below.

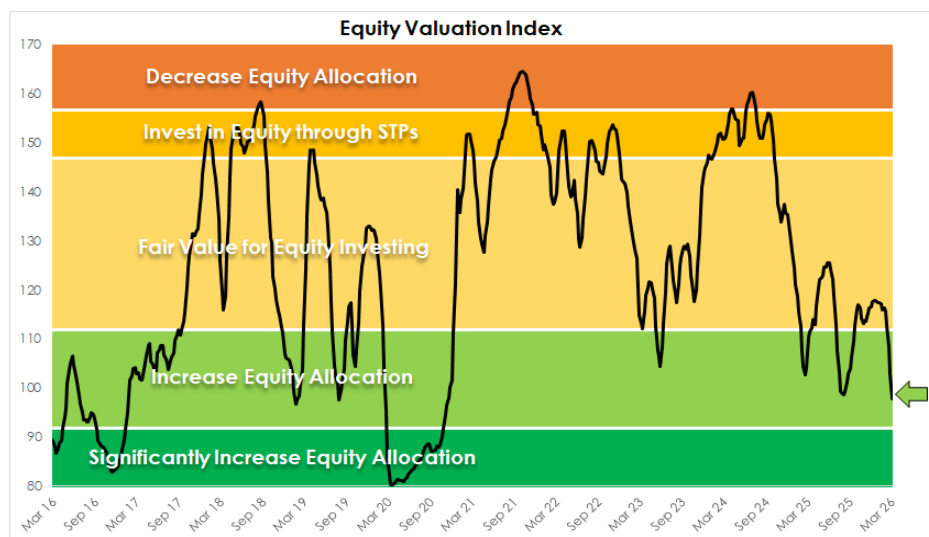
Performance change from January 2, 2026 till April 4, 2026



Source: Bloomberg, UTI Research

We do not yet know how this situation will evolve or reach a resolution of sorts. The world is unlikely to revert to the exact situation that prevailed prior to the geopolitical crisis. But our underlying assumption is that it is in everybody's interest for some degree of normalcy to return, albeit with new frictions and additional costs that the global economy will have to bear.

As investors, it pays to respond to events based on a plan rather than to speculate about likely future paths. Any plan that rests on asset allocation would now look favourably upon equities, given that current valuations appear attractive relative to history. Our Equity Valuation Indicator in the table below is now in the 'green zone'. This indicator is a composite that incorporates Price to Book, 1-year Forward Price to Earnings, Dividend Yield and Yield Gap.



Data as of 31/Mar/2026. Equity Valuation Index is a composite mix of Price to Book (PB), 1-year Forward Price to Earnings (PE), Dividend Yield and Yield Gap. It is a proprietary model of UTI AMC Ltd. used for assessing equity market valuations. This index is derived from analysis of the factors from 1/Jan/2012 onwards on a weekly frequency and does not guarantee the return outcome in future.

At this level, the indicator points to a degree of margin of safety that is now available to equity investors. The indicator is modelled on the Nifty 50, and therefore, the guidance from the model is applicable to large caps.

As for mid-caps and small-cap stocks, our fund managers see bottom-up opportunities in this segment of the market. However, given their aggregate valuations, we don't see the margin of safety that would make us comfortable to make a top-down allocation call.

The table below highlights the risk-reward of investing in the markets (with the Nifty 50 as a proxy) during the differently coloured periods, which reflects the composite equity valuation indicator.

Equity Valuation Index: Returns Analysis (Based on 1-year Forward Returns of Nifty 50 TRI)

Equity Valuation Index	No. / % of observations	Average 1-year Return	Maximum 1-year Return	Minimum 1-year Return	Negative 1-year Return (% Instances)	1-year Return >12% (% Instances)
Decrease Equity Allocation	28 / 4%	3%	10%	-4%	29%	0%
Invest in Equity through STPs	100 / 15%	6%	21%	-23%	13%	17%
Fair Value for Equity Investing	258 / 38%	12%	44%	-31%	18%	52%
Increase Equity Allocation	207 / 30%	14%	52%	-21%	7%	57%
Significantly Increase Equity Allocation	96 / 14%	36%	83%	2%	0%	95%

Data as of 31/Mar/2026. Equity Valuation Index is a composite mix of Price to Book (PB), 1-year Forward Price to Earnings (PE), Dividend Yield and Yield Gap. It is a proprietary model of UTI AMC Ltd. used for assessing equity market valuations. This index is derived from analysis of the factors from 1/Jan/2012 onwards on a weekly frequency and does not guarantee the return outcome in future.

In the green zone -which is where the market is current positioned the history of returns points to a 57% probability of a return >12% over the next year. Historically in this range the probability of a negative return over 1-year is 7%. The average return over the next 1-year is 14%. The range of returns varies from +52% to -21%.

In line with the improved risk-reward scenario the hybrid funds at UTI Mutual Fund that rely on this model have raised their allocation to equities, as can be seen in the table below.

Net Equity Allocation (Unhedged) - %NAV			
	31-Mar-26	28-Feb-26	31-Mar-25
Nifty 50 PRI (INR)	22331	25179	23519
UTI Multi Asset Allocation Fund	70%	65%	62%
UTI Balanced Advantage Fund	69%	70%	68%
UTI Equity Savings Fund	34%	34%	32%

Note: The performance of the internal model does not represent the performance of the scheme. Actual allocation and investing experience may vary. Portfolio will be managed as per the stated investment objective, investment strategy, asset allocation in the scheme information document (SID) and is subject to the changes within the provisions of the SID of the scheme. Past performance may or may not sustain in the future.




The key point which has changed compared to market peak in September 2024 is that the risk-reward is now attractive and investors with a long-term plan must take advantage of the opportunity. “Crossing the river by feeling the stones” is a famous Chinese idiom that feels quite apt in the current situation. It reflects an **incremental and pragmatic approach to navigating unknown and complex situations**. It is time to enter the water.



Authors' profile



Mr. Vetri Subramaniam is the Managing Director and Chief Executive Officer at UTI Asset Management Company Limited. He joined UTI AMC as Head of Equity in January 2017 and assumed the role of Chief Investment Officer from August 2021. Mr. Vetri has over three decades of work experience. Prior to joining UTI in January 2017, he was Chief Investment Officer at Invesco Asset Management Ltd. He was part of the start-up team at Invesco (then Religare Asset Management) in 2008 and helped establish the firm's proprietary investment process and the team. Mr. Vetri started his career at Kotak Mahindra in 1992 after passing out from IIM Bangalore with a PG Diploma in Management. His experience in equity markets & investment roles at various firms from 1994 includes Kotak Mahindra, SSKI & Motilal Oswal. He was also one of the founders of Sharekhan.com (now Mirae Asset Sharekhan) where he led the research & content team. He has also worked as an advisor to a UK Hedge Fund Boyer Allan on its equity investments in India during 2003-2007. He is a frequent contributor to the media and regularly speaks on investing and markets at various forums – including the media & educational institutions.

Scheme Name	This product is suitable for investors who are seeking*	Riskometer#
UTI Multi Asset Allocation Fund (An open ended scheme investing in equity, debt and commodities)	<ul style="list-style-type: none"> Long term capital appreciation Investment in equity, debt and commodities 	
UTI Balanced Advantage Fund (An open ended dynamic asset allocation fund)	<ul style="list-style-type: none"> Long-term capital appreciation and income Investment in a dynamically managed portfolio of equity and debt instruments 	
UTI Equity Savings Fund (An open ended scheme investing in equity, arbitrage and debt)	<ul style="list-style-type: none"> Long term capital appreciation and income Investment in equity & equity related instruments, arbitrage opportunities, and investments in debt and money market opportunities 	

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

#Riskometer as of 31/Mar/2026. The Risk-o-meter of the fund/s is/are evaluated on monthly basis and any changes to Risk-o-meter are disclosed vide addendum on monthly basis, to view the latest addendum on Risk-o-meter, please visit addenda section on <https://www.utimf.com/downloads/addenda-financial-year>

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