

CIO Monthly Memo

January 2026



AXIS SECURITIES

CIO Memo

First of all, wishing all our investors a very happy and a prosperous new year!

December 2025 continued to be a tough month for Indian equities; however, it was relatively a better month for the broader market. Our flagship strategies of Pure Contra and Pure Growth outperformed the broader market marginally. Narrow index NIFTY 50 and the broad-market index NIFTY 500 both closed marginally down for the month. The smallcap index ended CY25 as one of the worst performing asset classes while Gold and Silver emerged as top performer. The smallcap segment struggled throughout the year and underperformed the NIFTY 50 by 16% during the year. While NIFTY 50 delivered positive 10.5% returns in CY25, the smallcap index was in the negative territory.

In terms of broader market breadth, 40% of the stocks are now trading above their 200-days daily moving average. The long-term average is ~53% which indicates favourable risk reward ratio as more stocks are in the oversold zone. Q3FY26 earnings expectations are constructive and 2026 looks to be good year for broader market with expectations of double-digit early teens returns.

PSU Banks, Autos, and Metals—Top-Performing Sectors in 2025

Banks performed well in 2025 but PSU banks performed even better during the year. PSU banks were the top performing sector during the calendar year with the PSU banking index rising by 30%. PSU banks will continue to perform well in 2026 but the returns from the sector are likely to be lower than 2025. The Metals sector also delivered a similar performance, with Aluminum registering strong gains during the year. Aluminum could continue to perform well in 2025; however, it remains to be seen whether ferrous metals also deliver strong returns during the year. The Auto sector also performed well with the industry leader - Maruti reporting one of the strongest years in recent times in terms of stock price performance. Auto sector is likely to perform well into 2026 with focus on Auto Ancillary segment.



Naveen has over 22 years of experience in the Financial Services and Telecom sectors. In his previous role, he was responsible for Institutional and Retail research as Head of Research with Reliance Securities Limited. He also served as Co-Head of Research with Phillip Capital India Private Limited in his 11- year long association with the organization.

Macro Uncertainty Continues

While the domestic situation is improving with earnings trajectory looking up, global macro uncertainty continues. The India-US trade deal continues to remain uncertain, and more importantly, recent announcements by the Trump administration have not been encouraging. Trade deal is critical from the perspective of long-term growth and foreign inflows into the country, which in turn, is critical for the broader market performance. Even as macro uncertainty is likely to persist, earnings growth will help in tiding over the macro uncertainty.

However, tensions are expected to see resolution in 2026 and their timely resolution would result in immense benefits for the equity markets as foreign inflows will increase significantly. In this scenario, the broader market will outperform the narrow market by a significant margin.

Broader Market Gains likely in 2026 but Timing Remains Uncertain

The broader market is well poised for a good year as earnings recovery through the year is quite likely. An earnings recovery would improve visibility for 2027, prompting the market to factor in a stronger earnings growth trajectory and potentially leading to a re-rating. The trigger for the re-rating will depend on market flows especially foreign inflows. Domestic inflows have remained strong and consistent in 2025 but this is likely to sustain well into 2026.

Conclusion

2025 was a tough year for broader market as well as for small stocks. The pain in smallcap stocks could continue in the near term but this provides great opportunity to accumulate quality stocks that will deliver strong returns in the forthcoming quarters. Equity markets are well poised for another year of double-digit returns in 2026 but near-term challenges provide good opportunities for long term investors. The time to invest is now.

Happy Investing!

Naveen Kulkarni

Axis Securities Pure Contra

31st December, 2025

Investment Objective: Axis Securities Pure Contra investment strategy focuses on three primary investment styles – Value, Momentum-Alpha, and Special situations investing. Value, Alpha-Momentum form the core factors while Special Situation investing is employed as a satellite factor.

Cumulative Performance: Returns



Annual Performance (%)

Year	Pure Contra	BSE500 TR
2025(YTD)	-3.4%	7.6%
2024	29.4%	15.8%
2023	38.5%	26.5%
2022	9.7%	4.8%
2021*	37.3%	31.6%

*effective 01 Jan 2021

Portfolio Performance

Particulars	1 month	3 months	6 months	1 year	2 years*	3 years*	4 years*	5 years*	Since inception**
Pure Contra	-0.20%	0.68%	-5.22%	-3.37%	11.79%	20.06%	17.38%	21.12%	21.69%
BSE500 TR	-0.24%	5.02%	1.63%	7.63%	11.64%	16.40%	13.38%	16.82%	18.26%

(*CAGR Returns) (* Net of all charges) (**Since 27th Nov, 2020)

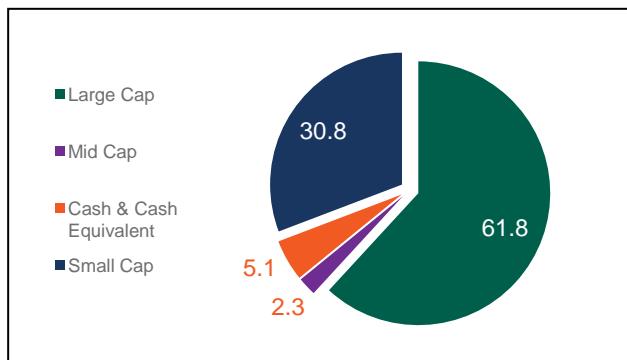
Risk Assessment

	Pure Contra	BSE500 TR
Alpha	3.5%	
Beta	1.04	1.00
Sharpe Ratio	0.92	0.82
Std Deviation	16.4%	14.2%
Upside Deviation	7.9%	
Downside Deviation	8.4%	
Up Capture ratio	116.0	100
Down Capture ratio	100.0	100
Sortino Ratio	0.92	0.85
Information Ratio	0.49	
Max Drawdown	-22.5%	-18.7%
Average Turnover Ratio (Annual)	0.39	

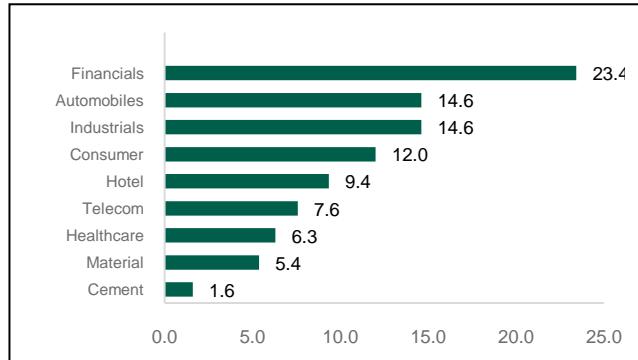
Key Portfolio Ratios

	Pure Contra	BSE500 TR
PE	20.65	25.75
PB	3.62	3.66
ROE	17.50%	15.15%
Dividend Yield	1.18%	1.12%

Market Capitalization



Sector Allocation



MANAGED ACCOUNTS

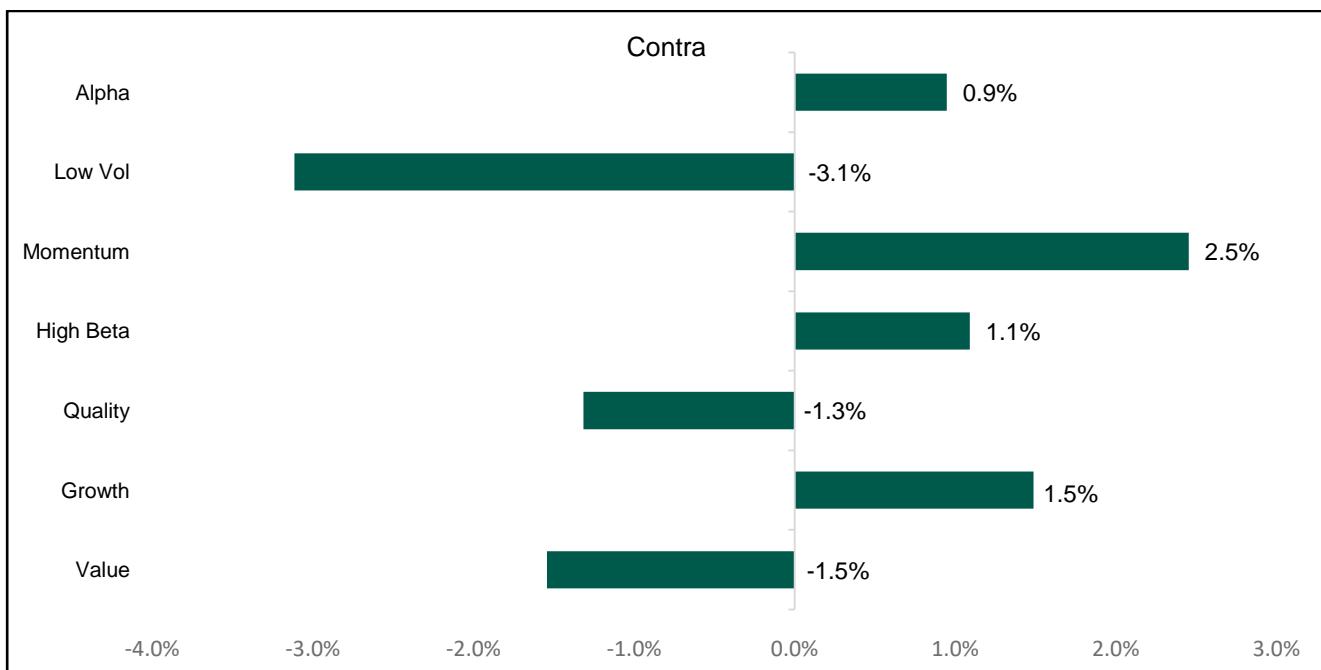
Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
Indus Towers Ltd	1,01,345	7.6%
Mahindra & Mahindra	3,70,174	7.1%
Jio Financial Services	1,82,113	5.7%
Indian Hotels Co Ltd	1,09,583	5.5%
ITC Ltd	5,23,153	5.4%
Motherson Sumi Wiring	25,589	4.6%
Bank of Baroda	1,29,051	4.0%
ICICI Bank Ltd	10,31,031	4.0%
Thomas Cook (India) Ltd	8,120	3.6%
Larsen & Toubro Ltd	5,05,430	3.3%

Portfolio Characteristics

	Pure Contra
Number of constituents	31
Mcap Largest (Cr)	10,31,031
Mcap Smallest (Cr)	3,278
Mcap Average (Cr)	1,69,704
Mcap Median (Cr)	89,392

Factor Box



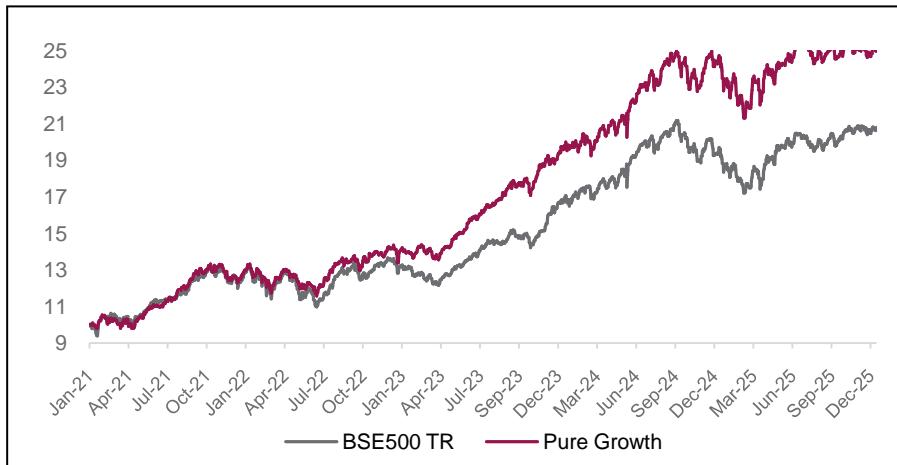
The Factor Box provides relative factor exposure vis-à-vis a given benchmark. For instance, if the Growth factor exposure in a portfolio is 23% and the Growth factor exposure of the Benchmark is 20%, it indicates that your portfolio is "Overweight" on Growth with respect to the benchmark. A positive Value in the above Factor represents that the given portfolio is Overweight in the factor with respect to the benchmark. Similarly, a negative value would represent that the given portfolio is Underweight in the factor with respect to the benchmark.

Axis Securities Pure Growth

31st December, 2025

Investment Objective: Axis Securities Pure Growth strategy focuses on parameters comprising sustainable earnings growth, quality, and low volatility. The core investment styles are growth and quality investing while low volatility and alpha investing are other key styles employed depending on the macroeconomic regime.

Cumulative Performance: Returns



Annual Performance (%)

Year	Pure Growth	BSE500 TR
2025(YTD)	1.0%	7.6%
2024	21.8%	15.8%
2023	35.4%	26.5%
2022	8.7%	4.8%
2021	25.4%	25.8%

*effective 13 Jan 2021

Portfolio Performance

Particulars	1 month	3 months	6 months	1 year	2 years*	3 years*	4 years*	Since inception**
Pure Growth	-0.04%	2.32%	-1.32%	0.98%	10.91%	18.53%	16.00%	17.96%
BSE500 TR	-0.24%	5.02%	1.63%	7.63%	11.64%	16.40%	13.38%	15.85%

(*CAGR Returns) (* Net of all charges) (**Since 13th Jan, 2021)

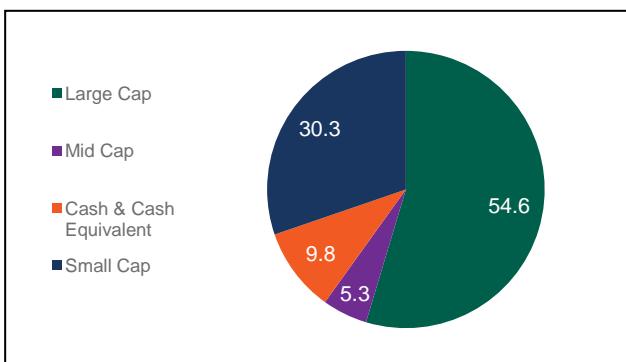
Risk Assessment

	Pure Growth	BSE500 TR
Alpha	2.1%	
Beta	0.84	1.00
Sharpe Ratio	0.83	0.66
Std Deviation	13.7%	14.2%
Upside Deviation	8.1%	
Downside Deviation	8.6%	
Up Capture ratio	55.5	100
Down Capture ratio	97.5	100
Sortino Ratio	0.87	0.69
Information Ratio	0.29	-
Max Drawdown	-14.7%	-18.7%
Average Turnover Ratio (Annual)	0.26	

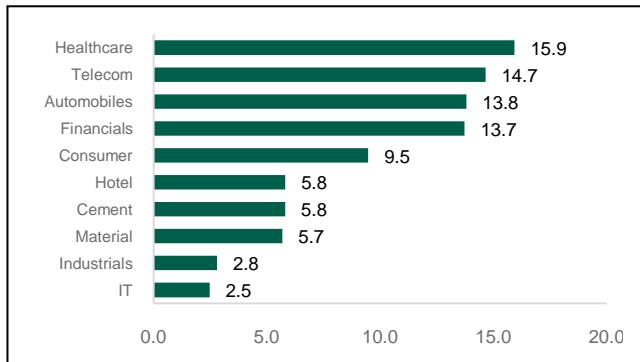
Key Portfolio Ratios

	Pure Growth	BSE500 TR
PE	24.57	25.75
PB	4.69	3.66
ROE	19.08%	15.15%
Dividend Yield	0.84%	1.12%

Market Capitalization



Sector Allocation



MANAGED ACCOUNTS

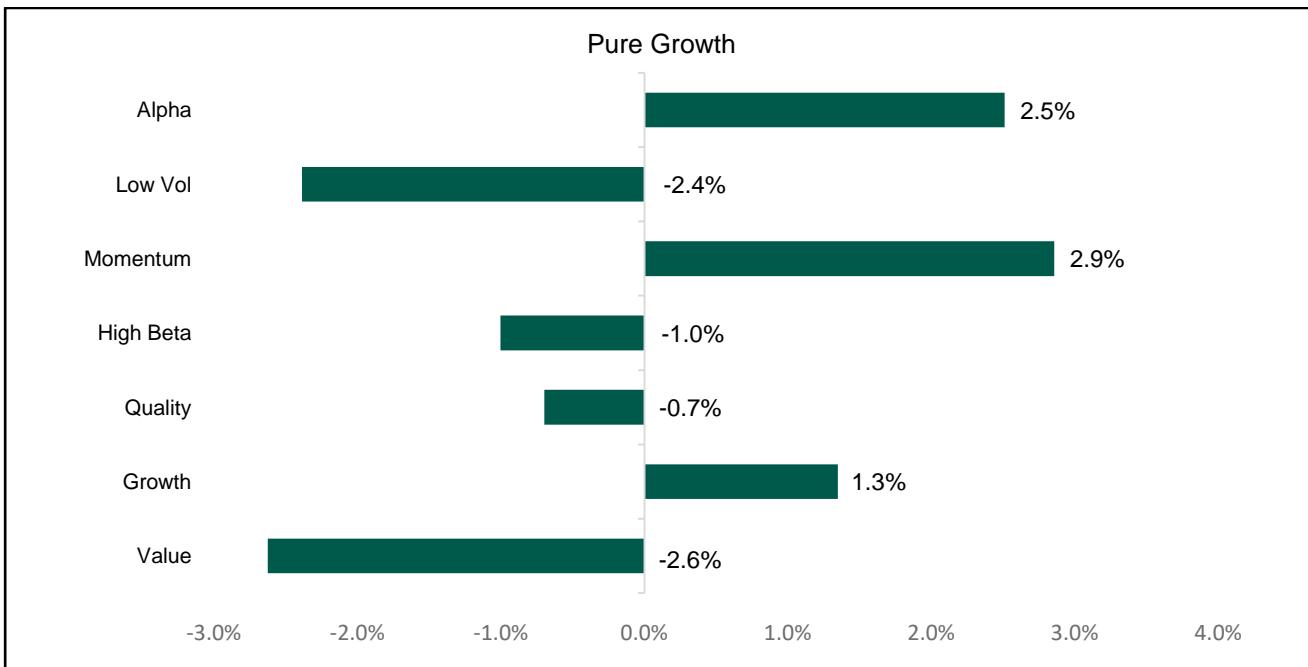
Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
Bharti Airtel Ltd	11,13,416	10.0%
Maruti Suzuki India Ltd	3,87,313	9.3%
ICICI Bank Ltd	10,31,031	6.0%
Indian Hotels Co Ltd	1,09,583	5.8%
Ultratech Cement Ltd	3,30,335	5.8%
Gillette India Ltd	30,705	4.8%
Acutaas Chemicals Ltd	9,630	4.8%
Indus Towers Ltd	1,01,345	4.7%
Wockhardt Ltd	23,808	3.9%
Ajanta Pharma Ltd	31,363	3.8%

Portfolio Characteristics

	Pure Growth
Number of constituents	24
Mcap Largest (Cr)	14,89,415
Mcap Smallest (Cr)	3,278
Mcap Average (Cr)	2,58,343
Mcap Median (Cr)	74,568

Factor Box



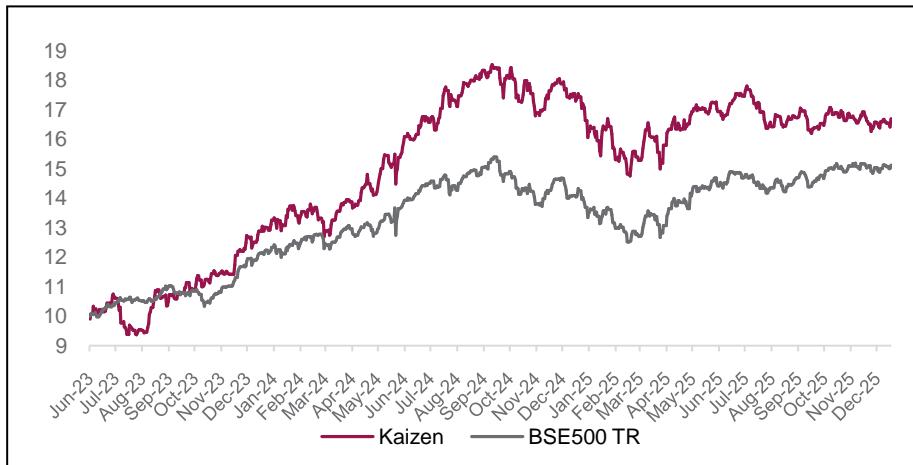
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Axis Securities Kaizen

31st December, 2025

Investment Objective: Axis Securities Kaizen strategy focuses on manufacturing theme with exposure to 11 sectors. The core investment style is quality along with growth, and with a focus on under-represented segments of Indian listed markets.

Cumulative Performance: Returns



Annual Performance (%)

Year	Kaizen	BSE500 TR
2025(YTD)	-6.3%	7.6%
2024	30.0%	15.8%
2023	27.6%	21.3%

*effective 15 June 2023

Portfolio Performance

Particulars	1 month	3 months	6 months	1 Year	2 Years*	Since Inception**
Kaizen	-1.98%	2.39%	-4.86%	-6.32%	10.36%	18.44%
BSE500 TR	-0.24%	5.02%	1.63%	7.63%	11.64%	17.54%

(*CAGR Returns) (* Net of all charges) (**Since 15th June, 2023)

Risk Assessment

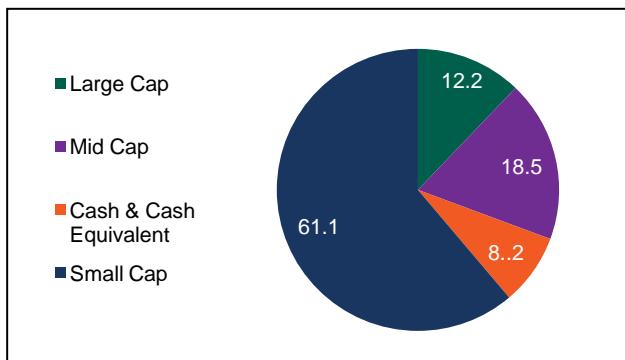
	Kaizen	BSE500 TR
Alpha	1.3%	
Beta	1.00	1.00
Sharpe Ratio	0.68	0.84
Std Deviation	18.1%	13.2%
Upside Deviation	14.7%	
Downside Deviation	14.6%	
Up Capture ratio	101.7	100
Down Capture ratio	99.2	100
Sortino Ratio	0.77	0.85
Information Ratio	0.10	
Max Drawdown	-20.4%	-18.7%
Average Turnover Ratio (Annual)	0.38	

Key Portfolio Ratios

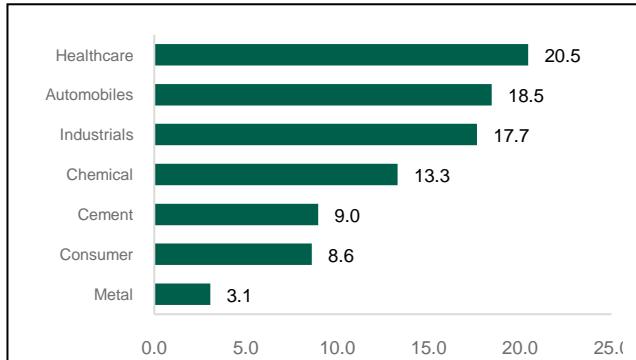
	Kaizen	BSE500 TR
PE*	40.40	25.75
PB	5.21	3.66
ROE*	12.90%	15.15%
Dividend Yield	0.62%	1.12%

*PE and ROE ratios are for profitable companies in the portfolio. PB and Dividend Yield ratios are inclusive of all stocks in the portfolio.

Market Capitalization



Sector Allocation



MANAGED ACCOUNTS

Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
Acutaas Chemicals Ltd	9,630	9.6%
Ultratech Cement Ltd	3,30,335	9.0%
Sansera Engineering Ltd	8,426	8.2%
SRF Ltd	84,807	7.5%
CIE Automotive India Ltd	17,062	6.0%
Jubilant Ingrevia Ltd	11,188	5.8%
Ajanta Pharma Ltd	31,363	5.3%
KPR Mill Ltd	38,505	5.0%
Kirloskar Pneumatic Co	8,137	4.1%
VoltAmp Transformers	8,384	3.9%

Portfolio Characteristics

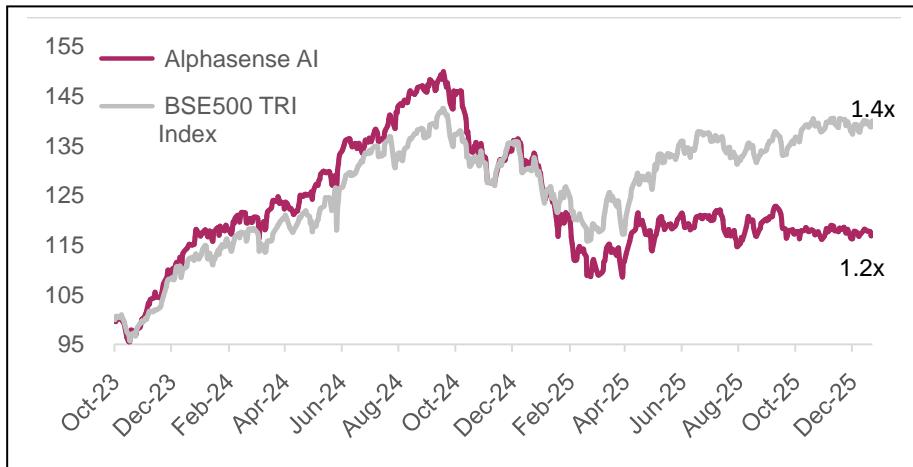
	Kaizen
Number of constituents	20
Mcap Largest (Cr)	3,30,335
Mcap Smallest (Cr)	4,186
Mcap Average (Cr)	43,389
Mcap Median (Cr)	18,480

Axis Securities AlphaSense AI

31st December, 2025

Investment Objective: Stock investment endeavors to achieve consistent outperformance in the long term through diversified investment of 'Winners'. The 'Adaptive Investing' strategy applies a unique approach to deliver alpha by applying equal exposure to 'Core' and 'AlphaSense' factors.

Cumulative Performance: Returns



Annual Performance (%)

Year	AlphaSense AI	BSE500 TR
2023*	15.2%	12.3%
2024	15.0%	15.8%
2025	-11.4%	7.6%

*Inception date 10th Oct 2023

Portfolio Performance

Particulars	1 month	3 months	6 months	1 year	2 year	Since inception**
AlphaSense AI	-0.71%	0.80%	-3.04%	-11.38%	0.94%	7.45%
BSE 500 TRI	-0.24%	5.02%	1.63%	7.63%	11.64%	16.84%
Alpha	-0.47%	-4.22%	-4.67%	-19.01%	-10.70%	-9.39%

(* Net of all charges) (**Since 10th Oct, 2023)

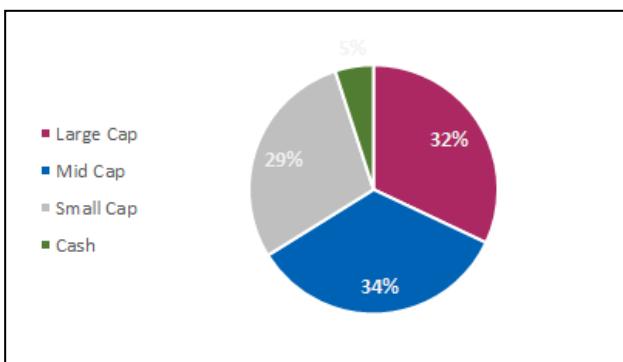
Risk Assessment

	AlphaSense AI	BSE500 TR
Sharpe Ratio	0.03	0.67
Volatility	13.8%	13.9%
Portfolio Beta	0.79	1.00
Max Drawdown	-27.5%	-18.7%
Information Ratio	-0.97	

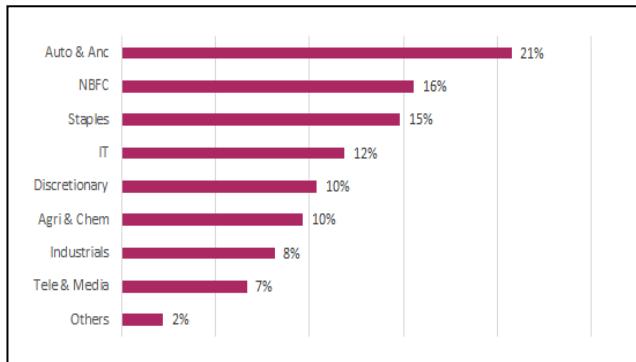
Key Portfolio Ratios

	AlphaSense AI	BSE500 TR
PE	27.05	26.73
PB	7.65	3.59
ROE	28.29%	14.27%
Dividend Yield	1.94%	1.11%

Market Capitalization



Sector Allocation



MANAGED ACCOUNTS

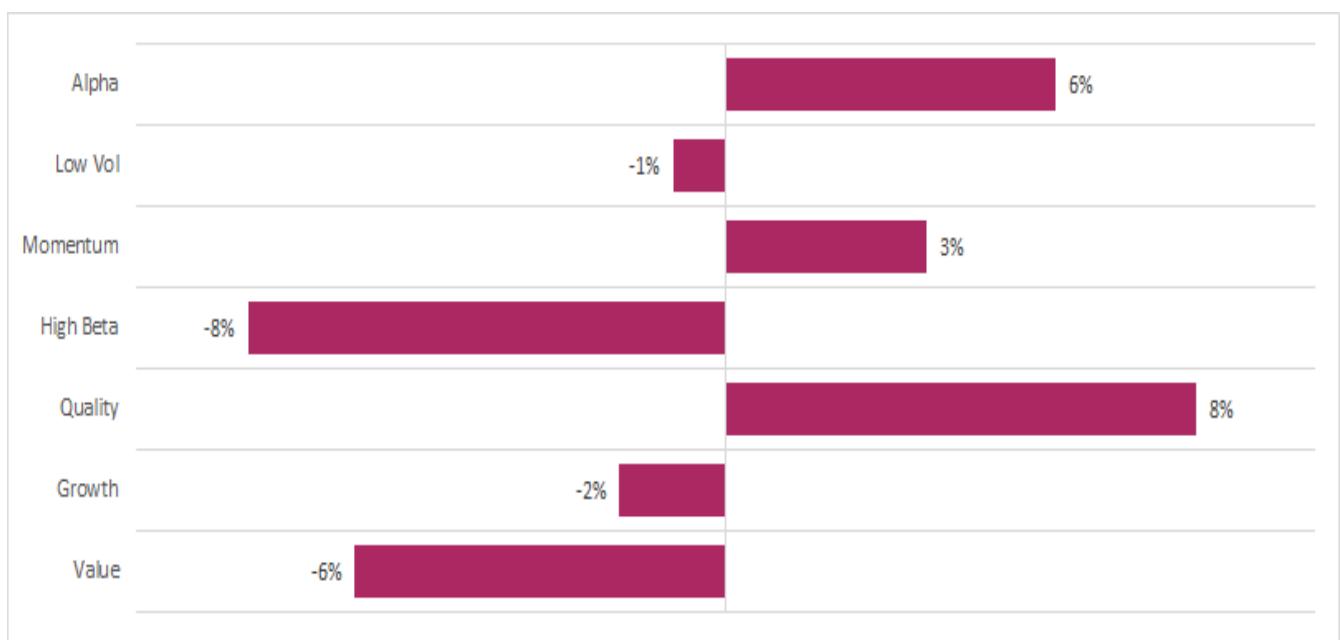
Top 10 Holdings

Scrip Name	Market Cap (Cr)	Weight
MARICO LTD	94,421	8.5%
HCL TECHNOLOGIES LTD	4,56,852	8.1%
ANAND RATHI WEALTH LTD	23,620	7.8%
EICHER MOTORS LTD	1,95,905	7.4%
HERO MOTOCORP LTD	1,23,390	7.0%
INDUS TOWERS LTD	1,06,277	6.7%
HYUNDAI MOTOR INDIA LTD	1,84,853	6.3%
KPR MILL LTD	33,286	5.9%
CASTROL INDIA LTD	18,704	5.6%
HDFC ASSET MANAGEMENT COMPANY LTD	1,09,283	5.2%

Portfolio Characteristics

	AlphaSense AI
Number of constituents	20
Mcap Largest (Cr)	4,45,625
Mcap Smallest (Cr)	18,109
Mcap Average (Cr)	1,18,505
Mcap Median (Cr)	99,226

Factor Box



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