



FPS Assets



**THE CIO
DIARIES**



JAN'25 – APR'26

OUR CIO

He brings **20+ years** of experience across leading financial institutions, including **Nippon India Mutual Fund, Fidelity India, Wealth Advisors, L&T Mutual Fund, IIFL Wealth / 360 ONE, and IThought PMS**. He has held senior investment roles such as Head of Research and Co-Fund Manager, with expertise in equity research, portfolio strategy, and wealth management.

At IThought PMS, he managed assets of over ₹1,500 crore and co-managed the flagship PMS strategies Solitaire and TruBlu.

He holds an **MBA in Finance and PGDPM**, combining strong academic grounding with extensive market experience.

A **regular columnist for The Hindu**, Mr. Balaji writes on markets and long-term investing and has **delivered 200+ SEBI and investor association sessions** across India to promote investor education.

He is the **originator** of the EEE Investment Framework and the 4S Framework. **The EEE model** explains markets through **Economy, Earnings, and Expectation** cycles, while the **4S framework** reflects his structured approach to investor behaviour, savings discipline, and long-term investing.

His **investment philosophy** is centred on identifying high-quality businesses, **maintaining discipline** across market cycles, and focusing on sustainable long-term value creation.



G R Balaji
CIO, Co-Founder
FPS Assets

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TIME TO RESET - RETURN EXPECTATIONS



Reset expectations to the **lower double-digit range** - that is where the long-term average sits.

NIFTY 50 | 2000–2024

- Historically, **80% of years saw positive returns**, most frequently falling in the **0–10% or >30%** ranges.
- As **growth and inflation moderate**, the low-volatility era fueled by domestic flows is ending.

[Read the full insight!](#)



2

MARKET DOWNTURN: AVOID THESE MISTAKES

Crucial insights for investors navigating the current market downturn:

- **Fixating solely on stock drawdowns**
- **Seeking value in familiar yet risky areas**
- **Navigation through the noise in the market**
- **Expectation of unrealistic recovery**
- **Overexposure to narrow themes**

[Read the full insight!](#)



3

STABLE, BUT WHERE'S THE SUGAR?



Budget FY 2026–27 | Key Takeaways

The whole picture, coming together - a comprehensive backdrop, review, and market implications:

- **Impact of Trump trade and tariffs**
- **Sell off in Japanese government bonds**
- **Weak US dollar**
- **Impact of low nominal growth on India**
- **Underperformance of INR**
- **Fiscal consolidation by government and more**



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THE ART AND SCIENCE OF VALUATIONS

Value is a function of three critical factors:
Quality · Quantity · Longevity of Growth

- Tailor valuation strategies to specific company contexts and market trends.
- Every business is unique, requiring bespoke approaches to operations and structure.
- Robust valuation demands triangulation through blended methods rather than a single lens.

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MUTED TOPLINE GROWTH FOR LAST 9 QUARTERS



"The primary driver of corporate value creation must be topline - and we are seeing broad-based pressure across large, mid, and small caps."

- **Index giants** (Banking, Auto, IT, FMCG) have slowed to **mid-single-digit growth**.
- Combined with **high valuations**, **returns have stalled** at **1-2%**.
- For **long-term compounding**, investors must stay **disciplined** and **reset expectations**.

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INVESTMENT ACCELERATOR SUBMIT

**Premier Fundamental Investing Conclave at
Goa** - Focused on Applied, Deep-Dive Analysis.

Speaker: Mr. **GR Balaji, CIO**

Topic: **Investing Through the EEE Lens -
Finding Growth in a Slow-Growth Phase.**

In Focus: "We need to choose our spot where the growth is going to get better and priced reasonably, and I refrain saying cheap, given we had long stretch in this current bull market."

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BSE 500 Q1 EARNINGS SNAPSHOT - SLOW START

"With valuations far from cheap, **capital allocators should stay disciplined**, weighing the long-term story against near-term performance."

- Only **15 of 41 companies delivered greater than 10% topline growth**: a clear signal of broad-based slowdown.
- Market sentiment remains upbeat, but the underlying results tell a more measured story.

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HOW TO THINK ABOUT LONG-TERM RETURNS?

With Truly Objective (FPS-way of looking at compounding)

The chart maps every return outcome over 20 years, entering at any point in time.

- **X-axis is your year of entry.**
- **Y-axis is the number of years stayed invested.**

Every intersection tells you what an investor actually earned.

[Read the full insight!](#)



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GOLD TO GOLD - STANDARD



Even our honourable Prime minister Narendra Modi is now advising to not invest in gold for 1 year.

In **October 2025**, we had published an Article in Dalal street, covering:

- Why **sharp rally** in gold
- **Evolving risk-reward** dynamics
- **Path** forward for **disciplined capital allocators**.
- The **gold standard** of investing

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MARKETS IN OCT'25 AND WAY FORWARD

“For capital allocators, this is the environment to selectively move into areas where **the growth outlook is improving and valuations are reasonable**, while keeping **return expectations moderate**, given the market continues to trade at a slight premium to long-term average valuations.”

- The index has delivered 8.79% YTD, with 36 of 50 constituents in positive territory.
- October was a strong month, 4%+ gains, backed by broadly in-line quarterly results.

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NIFTY 50 – RESULT UPDATE

Aggregate Sales of **NIFTY 50** is up **8%** , 20 out of 50 companies reported **growth more than 15%**.

- **Eternal, JIO, and Titan** are the Index's fastest-growing companies.
- High-tier growth is scarce, only one of the **top 10 Index constituents** exceeded **15%** top line growth.
- **Maruti, Bajaj Auto, and M&M** saw healthy growth following GST cuts, with a strong Q4 outlook.

Broad market return expectations should be moderated to low double digits for the next few years.

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INDIA'S

SILENT BULL MARKET

The aggregate trailing **twelve-month profit** of the BSE 500 tells a **compelling story** over the **last six years**.

- Pre-COVID Baseline: **₹4.5 lakh crore**.
- The Crash: **Profits** plummeted **41%** to **₹2.65 lakh crore** during the pandemic.
- The Rebound: A dramatic recovery saw profits nearly triple to **₹7.75 lakh crore** within just four quarters.

The market reflected this in real time: a sharp sell-off at the onset, followed by a **powerful recovery**.

[Read the full insight!](#)



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5 THINGS ON YOUR TO-DO LIST **POST MARKET CRISIS**



- 1. Review my current Individual stock / MF holding very**
- 2. Re-construct the portfolio based on forward returns.**
- 3. Avoid allocating incremental money to PMS / AIF with variable fee.**
- 4. Add some incremental capital to equity assets, In line with risk profile.**
- 5. Create a checklist manual - To update the performance**

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CIO THOUGHTS – ISSUE #1

“The **future** belongs to those **willing** to take **uncomfortable bets** in **volatile** times.”

In this issue, we cover the **impact of the Iran** conflict on our economy, the underlying long-term trends beyond the conflict, return expectations, positive themes worth watching, and what investors should do today.

[Read the full insight!](#)



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FPS WAY OF CAPITAL ALLOCATION



Active Monitoring Across Three Dimensions:
Balance Sheet Quality · Growth · Valuation

As a disciplined investor, capital allocation requires a **minimum of 2 out of 3 indicators** in the green before deployment.

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