Sensex (-0.51%)	Nifty (-0.48%)	Nifty Midcap (0.28%)	Nifty Smallcap (1.15%)	Nifty Bank (-0.06%)	Nifty IT (-1.17%)	Heatmap
84666.28 -436.41	25835.95 -124.60	59655.95 + 167.85	8444.00 + 95.90	59205.30 -33.25	38138.85 -451.85	

'2026 offers a strong case for foreign investor sentiment revival'

After significant outflows around $8 billion overall and $17 billion from equities, FII holdings are at multi-year lows, said Ankur Jhaveri of JM Financial Institutional Securities

Ankur Jhaveri, MD & CEO, Institutional Equities, JM Financial Institutional Securities

Puneet Wadhwa | New Delhi

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With Indian stock markets ruling near all-time highs, valuations, said **Ankur Jhaveri**, MD & CEO, Institutional Equities, JM Financial Institutional Securities in an email interview with **Puneet Wadhwa,** stand at around 21x one-year forward price-earnings (PE), which is roughly one standard-deviation above the long-term mean. At these levels, he said, the market cannot be considered excessively priced or disconnected from fundamentals. Edited excerpts:

What's your market strategy for 2026?

Our strategy for 2026 remains anchored in earnings visibility and balance-sheet strength. Q2-FY26 was strong, and we expect H2FY26 to be dominated by large-cap performance, given their resilience and higher proportion of earnings upgrades. In contrast, small caps have seen more EPS misses, which reinforces our preference for stability in the near-term.

That said, we anticipate a broadening of earnings momentum as the cycle matures. While large caps will continue to be the core of our allocation, we see selective opportunities in mid-caps, particularly companies that are market leaders with a large addressable market and strong fundamentals.

Overall, our approach is to stay constructive on domestic demand plays while maintaining exposure to information technology (IT) as a direct beneficiary of US economic trends. A disciplined, quality-focused strategy will remain key as global uncertainties persist.

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