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The Longest Bear Market in 25 Years And Why That Is Your Biggest Opportunity

A note from PMS AIF WORLD on why this correction, painful as it has been, is setting up one of the great entry points of the decade for long-horizon investors.

19.6x	-40%	18 Mo.
Nifty P/E 4th %-ile in 10 years	Median stock drawdown from peak	Bear market longest since 2000

Prepared by Product Team · PMS AIF WORLD · April 2026

SECTION ONE

Understanding This Bear Market

Let us be honest with you about what has happened — because clarity is the first step to confidence.

The Indian equity markets peaked in late September 2024. What followed was 18 months of relentless selling — foreign institutions liquidating positions, earnings disappointments piling up, rupee weakness, and the shadow of US tariff policy hanging over every sector with export exposure. The Nifty 50 fell approximately 15% from its peak. That is the headline number. But the headline lies.

The real story is in what happened to the median stock across India's markets. The average listed company — not the Nifty heavyweight, but the typical business that most investors actually own — fell roughly 40% from its peak. That is not a correction. That is a bear market of genuine depth.

In 25 years of Indian market history, every single major bear market has eventually recovered — without exception — and gone on to make new highs. We have been through the dot-com crash, the Global Financial Crisis, demonetisation, the IL&FS; collapse, COVID-19, and multiple global shocks. Each time, the Nifty recovered. Each time, patient investors who stayed the course — or added near the lows — were rewarded.

The current bear market is already 18 months old. The average bear market in India's history lasts approximately 7 to 8 months. We are at more than double that average. The only prior bear market that lasted longer was the dot-com crash of 2000-2001, which ran for 19.3 months — and was followed by a bull run that took the Nifty from approximately 850 points to over 6, 000. A 7x move in six years.

The longer the bear, the stronger the bull that follows. History has not disproved this. We believe what comes next for Indian equities will make this correction look like the greatest buying opportunity of the decade.

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SECTION TWO

How Deep Is This Drawdown, Really?

The question every investor is asking is whether this is "just another correction" or something more serious. The honest answer is both — and that is precisely why the opportunity is so compelling.

At the index level, the Nifty 50 is down roughly 15% from its September 2024 peak. Large-cap stocks are down approximately 18%. That is meaningful but not catastrophic in historical terms — the GFC of 2008 took large caps down more than 60%, and even more recent cycles like 2018 and 2020 produced declines of 22-38% at the index level.

But step down to mid-cap stocks — the heartland of most HNI portfolios — and the damage is approximately 37-40%. Step further into small-caps and you are looking at drawdowns approaching 48%. These are numbers that historically appear at or very near major market bottoms.

> The median stock across India's markets is down approximately **40%** from its peak. In every comparable cycle in Indian market history — 2008, 2010-11, 2013, 2018, 2020, 2022 — a drawdown of this magnitude at the median stock level has marked the boundary between pain and opportunity. We are at that boundary today.

The one scenario that would change this conclusion is a systemic banking crisis of the 2008 variety — where financial institutions themselves were failing. That is not what India faces today. Indian banks are well capitalised. The RBI has been proactive with rate cuts and liquidity support. Corporate balance sheets, while under pressure, are not broken. The fundamentals of the economy remain sound.

This is a valuation-driven correction in a fundamentally healthy economy — not a crisis. Valuation-driven corrections are precisely where the highest-quality long-term returns originate.

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SECTION THREE

The Signals Are Flashing. All of Them.

We study what conditions have historically preceded recoveries — not to predict the future, but to calibrate the probability of outcomes. Right now, multiple independent indicators are pointing in the same direction simultaneously. This convergence is rare. Historically, when it has appeared, strong returns followed.

The Market Has Run Out of Sellers

Across the broader market, only about 18 of every 100 stocks are currently trading above their long-term 200-day moving average — the technical definition of an uptrend. Historically, when this reading falls below 40%, markets have delivered gains exceeding 5% in the subsequent 12 months roughly 80% of the time, with an average return of 27%. We are at 18% today. That is not a warning. That is an invitation.

Panic Selling Is at Its Most Extreme

The number of stocks in genuine panic-selling territory recently reached 261 — a reading exceeded only twice in recent history: February 2025 and the COVID crash of March 2020. In every comparable historical instance, the 12-month return that followed was significantly positive. Panic at this scale marks the transition from fear to opportunity.

Sellers Are Exhausted — Buyers Are Next

When almost no stocks show strong upward momentum, it means the sellers are also finished. The number of stocks with genuine upward momentum in India's NSE 500 has fallen to single digits — near the lowest ever recorded. In 25 historical instances, this exhaustion signal preceded 12-month gains exceeding 5% in 76% of cases.

The Valuation Markers That Have Never Failed

19.6x	< 3.0x	1.37%
Nifty P/E - 4th percentile of last decade (avg: 23.4x)	Nifty P/B — below long-term average, book value intact	Nifty Dividend Yield approaching historical buy zone

SECTION FOUR

The Macro Tailwinds & Smart Money Moving

Markets often fall for reasons that, in retrospect, were temporary — and recover for reasons that, in hindsight, were always obvious. The macro environment surrounding India today is among the strongest it has been in years.

India's economy grew at 8.2% in the September 2025 quarter — the fastest of any major economy. The RBI cut interest rates by a cumulative 125 basis points through 2025, bringing the repo rate to its lowest level since July 2022. Inflation is running at just 2.1% — multi-year lows. The government has committed Rs 6 trillion in capital expenditure. In February 2026, India secured a landmark trade deal with the United States, cutting tariffs on Indian goods from 50% to 18% — followed immediately by a deal with the EU.

High growth. Low inflation. Falling interest rates. Improving trade access to the world's two largest markets simultaneously. The macro story has not just held — it has strengthened precisely while the market was falling. That gap between macro reality and market price is where returns are born.

S. Naren Has Reversed His Position

Sankaran Naren of ICICI Prudential — the most prominent institutional voice to publicly call for reducing equity in 2024, who told investors to sell "lock, stock and barrel" — has now said it is time to increase equity allocation. When India's most cautious institutional investor turns bullish, that signal demands serious attention.

The Market Stopped Falling on Bad News

In a recent trading session, crude oil prices rose over 10% in a single day — typically a strong negative for India given our import dependence. The market shrugged it off and recovered. When markets stop falling on bad news, it is one of the oldest and most reliable signals that seller exhaustion is complete.

Four Consecutive Monthly Declines — Only Seven Times Since the 1990s

The Nifty has now declined for four consecutive months. Looking back through Indian market history since the 1990s, this has occurred only seven times. In each prior instance, the recovery that followed was significant. The base rate of strong returns after four consecutive monthly declines is very high.

Foreign Sellers Are Done

Foreign institutional investors sold over Rs 3 lakh crore of Indian equities in 2025 — the largest annual outflow on record. That capital has left. Domestic investors — SIPs, mutual funds, retail buyers — absorbed the entire outflow without the market collapsing. That structural resilience changes everything.

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SECTION FIVE

What We Believe — And What We Are Telling Our Clients

We want to be transparent with you about our thinking. You deserve honest conviction — not hedged language that protects the advisor more than it serves the investor.

1

We Are Not Calling the Exact Bottom — But We Are Near It.

Anyone who tells you they can call the precise bottom is misleading you. No one can. But investing is about probabilities, not certainties. Markets may go 2-10% lower from here. The upside over 18-24 months is 25-30%+ if history is any guide. That risk-reward ratio is among the most attractive we have seen in five years.

2

This Market Is Not Reacting to Earnings — And That Is the Opportunity.

If you extrapolated 2024's returns into 2025, you were wrong. If you extrapolate 2025's returns into 2026 and 2027, you will be equally wrong — in the opposite direction. Markets that fall more than fundamentals justify create the conditions for returns that exceed what fundamentals alone would predict.

3

The Longer You Wait for Certainty, the More Expensive the Entry Will Be.

Certainty is a luxury markets do not offer. By the time the recovery is "confirmed" by news and consensus, the move will already be substantially complete. The best entry points in market history have always felt uncomfortable. This one feels uncomfortable. That is not a reason to hesitate. That is the reason to act.

4

We Are Allocated to Quality Businesses — Not Nominal Growth Stories.

The PMS strategies we recommend are concentrated in companies with durable competitive advantages, strong balance sheets, and proven management. These businesses fell less in the correction. They will recover faster. And they will compound longer. The spread between quality and the rest is widest at market bottoms — exactly where we sit today.

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This is your cue.

Nifty PE below 20. P/B below 3. And dividend yield above 1.37. Three recovery signals all active simultaneously. India's most cautious institutional voice now bullish. The window is open — and it will not stay open long.

Book a call with our team this week.

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