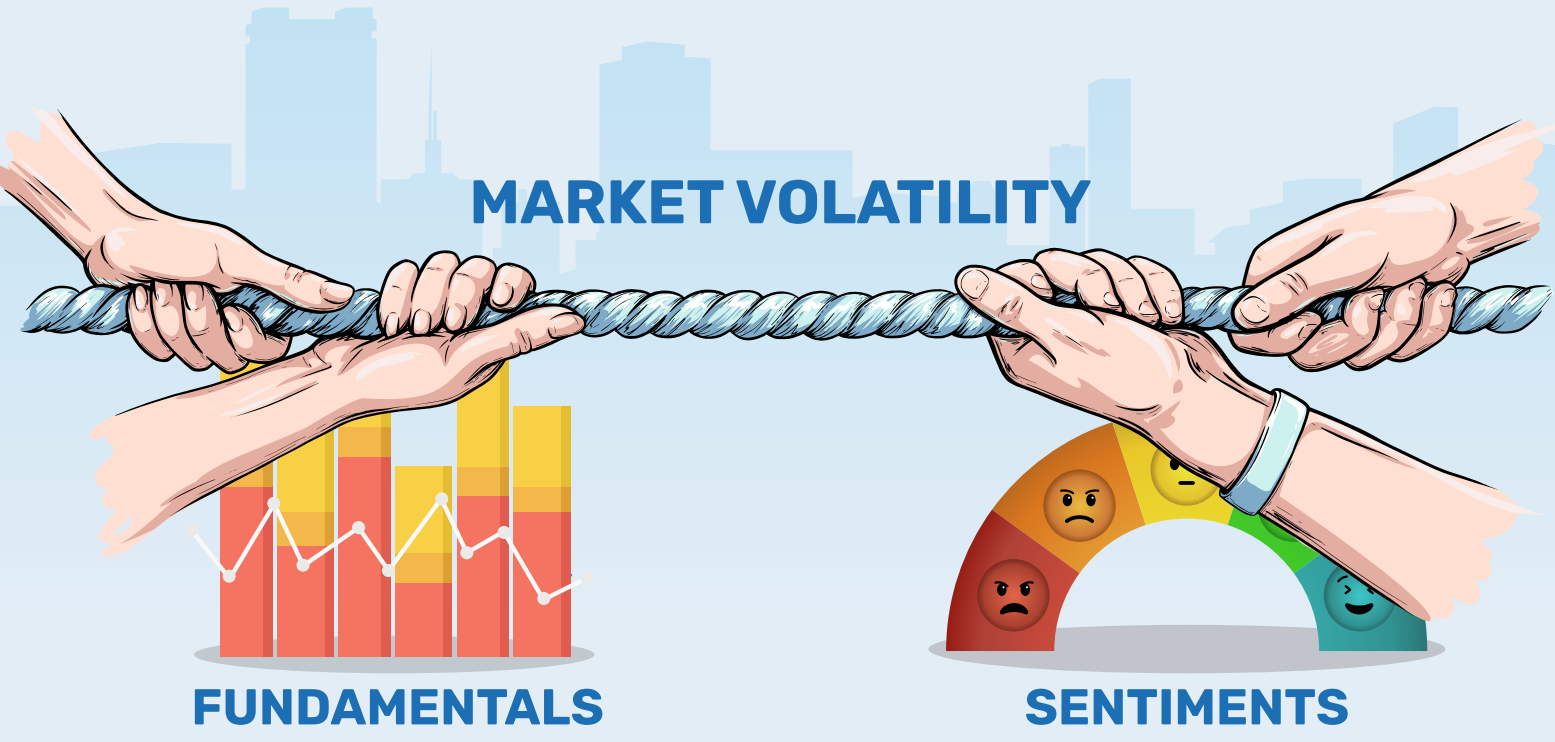
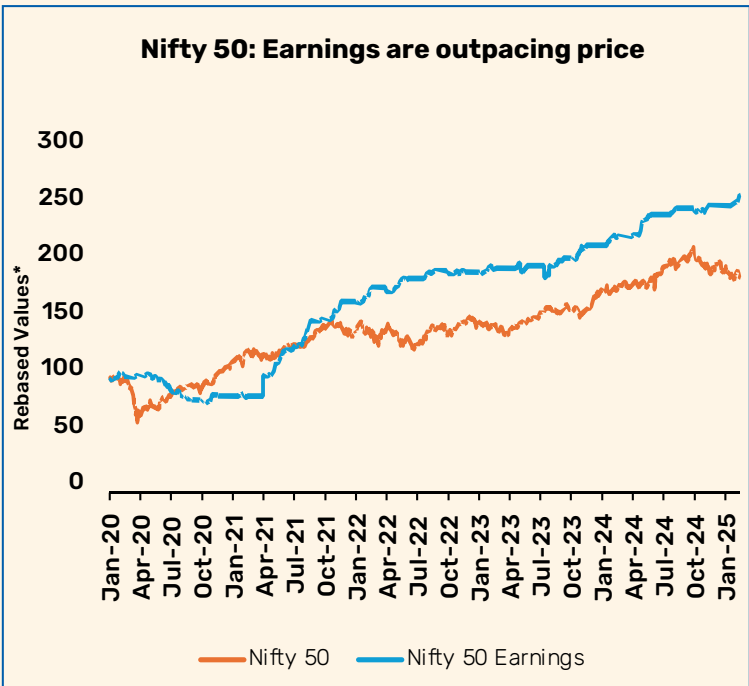
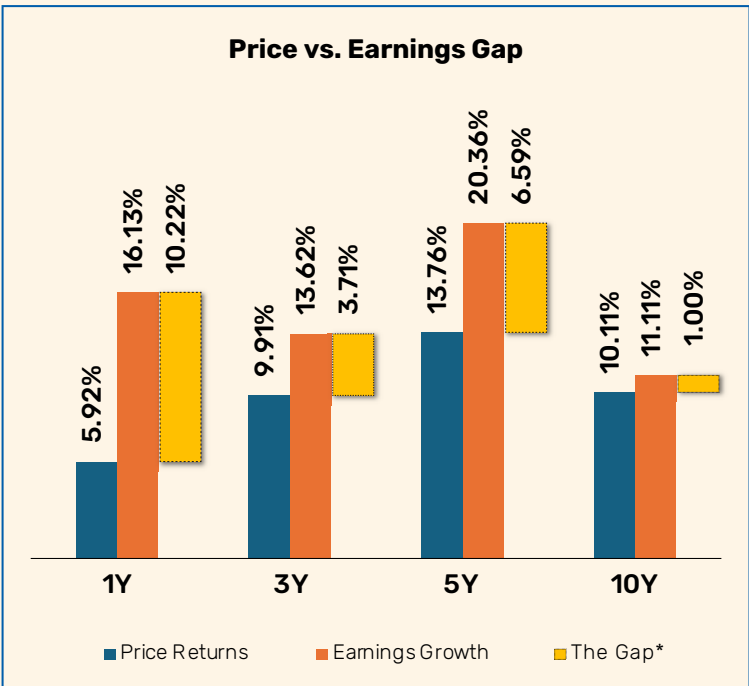


# EMOTIONS VS. FUNDAMENTALS: TUG OF WAR



## THE DISCONNECT THAT CREATES INVESTMENT OPPORTUNITY

### Nifty 50 Trading at a discount: Price vs. Earnings Analysis



Data as on 11<sup>th</sup> February 2025  
 \*The Gap: Difference between Price Returns and Earnings Growth

Data as on 11<sup>th</sup> February 2025  
 \*Nifty 50 & Nifty 50 Earnings values rebased to 100 as on 1<sup>st</sup> Jan 2020

## Key takeaways

- Markets are undervalued, with Nifty 50's 1 year\* returns at 5.92% against earnings growth of 16.13%, creating a **10.22% valuation gap**.
- The shift from September 2024's premium pricing to the current discounted levels **reflects a pessimistic investor sentiment** despite **steady earnings expansion**.
- Short-term volatility is driven by sentiment, but long-term market direction follows fundamentals practicing this can lead to make informed investment decisions.

The recent **correction** has created an opportunity for long-term investors to **invest at discounted price** before the **valuations realign** with fundamentals.

**“Price is what you pay and value is what you get”**  
– Warren Buffett



\*As on 11<sup>th</sup> February 2025 | Source: NSE India, Internal analysis.

Earnings will be subject to change based on the reported numbers by the constituents of the index.

**Past performance may or may not be sustained in future.**

### Disclaimer

This document should not be treated as endorsement of the views/opinions or as an investment advice. This document should not be construed as a research report or a recommendation to buy or sell any security. This document alone is not sufficient and should not be used for the development or implementation of an investment strategy. The recipient should note and understand that the information provided above may not contain all the material aspects relevant for making an investment decision. The decision of the Investment Manager may not always be profitable as such decisions are based on the prevailing market conditions and the understanding of the Investment Manager. Actual market movements may vary from the anticipated trends. Neither Bajaj Finserv Mutual Fund / Bajaj Finserv Mutual Fund Trustee Limited / Bajaj Finserv Asset Management Limited nor its Directors or employees shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. Investors are advised to consult their own investment advisor before making any investment decision in light of their risk appetite, investment goals and horizon. This information is subject to change without any prior notice.

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY**

**BAJAJ FINSERV ASSET MANAGEMENT LIMITED**