

# Monthly Letter

July 2026



*Invest well. Celebrate life.*

We were up 8.4% in June vs 1.7% for the NIFTY50 TRI. For the quarter ended June 30th we were up 30.9% vs 7.4% against the same. This is the single best quarter performance for us ever, and it has come at a time when our economy was passing through a period of extreme stress, a reminder that predicting markets is a fool's game. This signifies that our processes and execution are working well. The focus on building our research team over the past few years is paying off, and we will continue to strengthen the team further. Knowing what to do (process) and actually doing so (execution), is the discipline that sets the professional investor apart from the crowd. Our unique investment philosophy of Reverse Research is the secret sauce of our significant outperformance since inception.

Returns*	Prodigy Growth Strategy	NIFTY 50 TRI
1 Year	20.7%	-5.4%
3 Years	21.5%	8.8%
5 Years	17.6%	10.0%
Since Inception (1-Mar-12)	23.0%	12.3%

\*Figures are annualised, are as of 30<sup>th</sup> June 2026, and are not verified by SEBI. The portfolio returns are post-fixed and performance fees. In line with SEBI guidelines, all the portfolio and benchmark returns are calculated using the TWRR method.

All the high frequency indicators for June — vehicle sales, GST collections, UPI transaction growth, etc — have come in strong. This suggests the economy has not lost momentum on the demand side, notwithstanding the Gulf War and the expectation of a below normal monsoon. While the results season for quarter one of this financial year is likely to be affected by commodity inflation due to the Gulf War, the market appears to be looking beyond the same. Following the ceasefire, commodity costs are well off their highs and reverting to pre-war levels slowly.

Credit goes to the Indian government and RBI for the measures taken to encourage foreign inflows into the bond market — notably the removal of capital-gains and interest-income tax for foreign investors in select bonds — and to attract NRI remittances under the new FCNR(B) scheme. As a result, FPI inflows into eligible Indian bonds this month crossed the ₹40k crore mark, a record, largely offsetting FPI outflows in the equity market. With the help of these measures, the Indian rupee seems to have found a floor. The reopening of the Strait of Hormuz has brought crude oil prices back to pre-war levels, and the macro pain points on the economy have in turn softened. The 10-year bond rate, which crossed the 7% level, has now come back to 6.7%, a sign that the worst of the fiscal stress is behind us. The pressure cooker effect of all the negatives weighing on our economy has eased, which has enabled the market to rebound strongly. As one set of concerns dissipates, another set comes up, which is the nature of the world. The weak monsoon in June and the expectation of it remaining so in July is one such new issue. Fingers crossed the deficit will remain within manageable levels.

Relative valuations, currency weakness, trade barriers, supply-side constraints, lack of artificial intelligence plays, dilution in fiscal gains, FPI selling; the numerous headwinds that resulted in our market significantly

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underperforming other markets, emerging and developed, over the last eighteen months, have taken their full toll and are now slowly easing up. In our [May Monthly Letter](#), we wrote that the market appeared to have bottomed out, and now we can say with stronger conviction that indeed the uptrend is secular in nature. The first flush of returns is always the strongest; however, we see further gains ahead, albeit of a more moderate nature. We are in a risk-on environment again. The IPO market, which was forced to scale back over the last few quarters, is also reviving strongly and will absorb liquidity. Counterbalancing factors to any trend will always emerge. Nothing will be one-way.

All in all, notwithstanding any fresh shocks to the system, we believe the year should be a good one.

Thank you, as always, for your support.

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MIV Investment Services Private Limited | 301-302, Mittal Avenue, Nagindas Master Road, Kala Ghoda, Fort, Mumbai – 400 001. India Tel: +91 22 35220644 | SEBI Registration No: INP000001413