Monthly Letter

September 2026

prodigy INVESTMENT MANAGEMENT

Invest well. Celebrate life.

We were +8.6% vs -1.1% for the NIFTY50 TRI in August. Our stellar run continued through August, and we are now up roughly 43% during the current fiscal year starting 1st April 2026 (NIFTY50 TRI +8.7% in the same period). However, trees don't grow to the sky, and a healthy dose of conservatism would suggest that it is time for our portfolio to see some consolidation or reversion to the mean after such outperformance. The IPO market is reviving strongly, and the offloading of stakes by promoters and private equity players has also ramped up significantly in August, suggesting that the supply side is once again likely to soak up available investment funds, thus slowing down the broader market upmove.

Returns*	Prodigy Growth Strategy	NIFTY 50 TRI
1 Year	30.4%	-0.4%
3 Years	18.4%	9.0%
5 Years	17.3%	8.3%
Since Inception (1-Mar-12)	23.5%	12.3%

*Figures are annualised, are as of 31st August 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.

The Indian macro environment continues to hold up strongly, notwithstanding global headwinds and the weak monsoon season. Demand remains resilient, and the high-frequency indicators are all coming in strong - automobile sales, GST collections, UPI volumes, power consumption, bank credit; all display robust growth. The positive turn in FPI sentiment and the overwhelming success of the FCNR-B scheme (total inflows of $127 billion) have helped the rupee to stabilise and recover meaningfully. This has coincided with India's credit rating being upgraded by JCR (Japan Credit Rating Agency) to A-; the first time in 35 years that India has an international credit rating in the 'A' category. This is a validation of our fiscal position, macro stability and ultimately the India story. With a 7.8% GDP growth print for quarter one of this fiscal year, ahead of expectations, the domestic economy appears to be in fine fettle, and the festive season holds promise that the positive momentum will continue.

However, the global macroeconomic environment has become increasingly unfavourable. The stalemate in the Gulf, and its effect on energy costs and other commodity costs, has structurally impacted inflation globally. Long-term bond yields in countries like the US are approaching levels last seen almost twenty years ago. In Japan, yields are approaching levels seen almost thirty years ago. A similar trend is playing out in other developed markets such as the UK. This hardening of yields is threatening to derail financial markets. Rising yields are especially bad for emerging market economies, as they are seen as being at the riskiest end of the bond market, and their central banks will have to raise interest rates to shield their currencies. The 10-year Government Bond yield in India is approaching 7% again, and this can hurt all economy-sensitive sectors, which so far have been able to weather the global geopolitical headwinds. The weak monsoons also appear to have had a minimal impact on consumer demand, but if interest rates were to also harden, then consumers may feel the pressure.

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Global bond yields have become a key concern as of now. Our RBI will have no choice but to raise interest rates if this were to persist. The ray of hope in all of this is that rising bond yields remain the one true disciplinarian for the US and Trump, which may force them to abandon their wrecking-ball approach to global matters and pursue rational alternatives.

The broad market has performed remarkably well over the last few months. However, this has come after a hiatus and value catch-up of almost two years from the previous peak in 2024, and has been underpinned by the earnings performance in the latest quarter gone by, confirming fundamental grounding of the rally. Thus, in terms of market cycle stage, we are completing only the initial phase of this new bull market. Yes, there will be ups and downs, but we remain in a broad bull market which we believe will continue after a consolidation period, which we are likely entering now. As always, India remains a stock picker's market, and this time will be no different.

Thank you for your belief in us.

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