

# Monthly Letter

December 2024



*Invest well. Celebrate life.*

We were +2.2% in November vs -0.3% for the NIFTY50 TRI. Notwithstanding the overall subpar earnings season for quarter 2 of this financial year, our holdings had a relatively good earnings season, and this is what is reflecting in our performance data. The intensity of FPI selling reduced during the latter half of November and this too helped the market to recover. The unexpectedly strong showing by the BJP in the Maharashtra elections also gave a fillip to sentiment in the final week of the month, which has carried through to December.

Returns*	NIFTY50 TRI	Prodigy Growth Strategy
1 Year	21.3%	26.8%
3 Years	13.8%	23.5%
5 Years	16.2%	31.3%
Since Inception (1-Mar-12)	13.9%	25.5%

\*Figures are annualised, are as of 30<sup>th</sup> November 2024, 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.

While the GDP data for quarter 2 of this financial year came in well below expectations at 5.4%, we believe that going forward the economy should pick up and quarter 2 may have been the trough. Now that campaigning for state elections is over, the focus is back on governance; we see a rebound in government spending in the second half of this fiscal year (less than 40% of budgeted spending happened in H1). Factors that held the economy back in H1, like the excessive monsoons and lack of labour due to their return home to vote, are also behind us. Inflation should also ease with the excellent Kharif crop, which should come into the market soon, and the good sowing for the Rabi season ahead. Rural demand is seemingly healthy based on management commentary; urban demand, on the other hand, which was hurt by high inflation, should also bounce back. The ceasefire in the Middle East between Israel and Hezbollah is also a positive development.

The statements from the President-Elect of the US, Donald Trump, indicate that there is firm intention to go through with his campaign promises. As of now, India does not appear to be in his crosshairs. However, as expected, the weakness of emerging market currencies is cause for serious concern, and competitive devaluation will hurt everyone, even if it is not a country on which specific tariffs will be applied. Whether the US market can continue to rise, as funds flood back to the US, is a moot point. We will evaluate things as they transpire rather than try to predict anything. Hopefully, the one big positive will be that global conflicts get resolved, one way or another - for better for some and for worse for others.

The wealth creation in our market in the last few years has been exceptional, and valuations have risen to levels considered well above the mean. This valuation change has engendered the generous supply of fresh paper (mainly in the form of IPOs and QIPs), along with heightened selling by promoters and private equity players, to encash a part of their stake. So, it is possible that this period may be one of consolidation and one where the

# Monthly Letter

December 2024



*Invest well. Celebrate life.*

uncertainty arising from the change in the dispensation in the world's most powerful country, results in emerging markets remaining under pressure. However, we believe this period for the Indian market will be a transient one, as the changes happening in this country are transformational, and our market remains in a secular uptrend, which is likely to last for many years. GDP growth is already recovering and should get to 6.5% to 7% by yearend. It is best to remain invested and use any correction to add to one's portfolio for the long term (keep expectations reasonable, no harm in growing rich slowly and sustainably). We can end by saying, that even today we have more ideas than funds, to deploy the same in. This is the tide of our times...

Best wishes and thank you for your support.

RC

Disclaimer: This report is for the personal information of the authorized recipient and does not construe to be any advice to you. Prodigy Investment Management is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any other person in any form.

301-302, Mittal Avenue, Nagindas Master Road, Kala Ghoda, Fort, Mumbai – 400 001. India Tel: +91 22 22875801