

Monthly Letter

March 2026



Invest well. Celebrate life.

We were +3.0% for the month of February vs -0.5% for the NIFTY50 TRI. We had an excellent earnings season for Q3 of this financial year (only two of our holdings missed their earnings estimates meaningfully enough to be panned). However, the conflagration in the Middle East that began at the end of the month has cast a dark shadow on an otherwise good month, and has overnight changed the investment equation across the board. FPIs, who had turned net buyers of ~23k Crore in February after a prolonged hiatus, once again appear to have turned sellers. This is playing out with the rupee hitting a fresh all-time low, which is never good for our market.

Returns*	Prodigy Growth Strategy	NIFTY 50 TRI
1 Year	15.3%	15.1%
3 Years	22.0%	14.6%
5 Years	18.1%	13.0%
Since Inception (1-Mar-12)	22.0%	13.0%

*Figures are annualised, are as of 28th February 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.

While we have been living in an era of elevated uncertainty ever since the new administration in the US returned to power, the last few weeks have seen these levels spike even further. Two things transpired even before the new war in the Middle East started. One was the launch of a new wave of AI capabilities that suddenly made the world realise how many businesses were likely to become redundant or seriously disrupted. IT companies appear to be most impacted, and we have witnessed an unprecedented 20% fall in the NIFTY IT index in February! Many digital marketplaces and aggregators are also viewed to be under threat and have seen significant corrections in their market value. The initial view was that these businesses would be best placed to leverage AI, but now the belief is that they too, will be disrupted. We have been relatively less affected by these corrections, but not entirely.

The second factor, which was actually positive, was the US Supreme Court striking down the new tariff regime imposed by President Trump, ruling it unconstitutional. This once again threw open the entire terms of trade with the US, not only for us, but also for the nations with which we compete in the international market. While the immediate market impact was muted given our recently concluded trade deal with the US, it added to the growing sense that the global rules of engagement remain in constant flux.

India's macro position has been the strongest ever going into a crisis of this nature. Recently, the GDP print for Q3 came in at a healthy 7.8% and expectations for FY27 GDP were raised by 20bps to ~7.2%. So while our macro footing is solid, ultimately it will be the duration, intensity and spread of the war in the Middle East that will decide the real impact on our economy. We know that Iran doesn't have the capability to sustain an all-out long-term war, but its intention may be to just hold out long enough so that the US and its allies begin to find

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the cost in terms of money and human lives unsustainable. With the US midterm elections ahead, Donald Trump will also not want oil prices and poor headlines to further impact his approval ratings. So hopefully these factors will play a role in bringing the hostilities to a close sooner rather than later. But once the dogs of war are loose, predicting how things will play out becomes conjecture. The price of crude oil has already spiked by over 10%, and natural gas supplies are also severely impacted. The prices of many commodities are likely to rise. Thus, if the conflict is not resolved quickly, then a new round of inflation is almost guaranteed, and concomitantly lower levels of economic growth for the entire globe. Our current account will also be impacted by a burgeoning import bill (given our nation essentially survives on imported crude). Thus the 'goldilocks' economy we have enjoyed can turn into a negative spiral, if this conflict does not end quickly.

We have already been in a stagnant market since August 2024. The table below captures the performance of our market in periods following such a dull patch, over the last 20 years. This is important to note, as markets can tire us out when we are passing through a period such as this one. While there are no guarantees, and every situation is different, we believe India is in a strong economic position to recover from the current problematic environment as long as it does not extend indefinitely.

When Nifty stagnated for ~18 months, how did the next 1 and 3 years play out				
Start Date	End Date	18M return	Next 12M Return	Next 36M Return
31-Jul-01	31-Dec-02	1.92%	72%	159%
31-Aug-01	31-Jan-03	-1.13%	74%	188%
31-Oct-01	31-Mar-03	0.65%	81%	248%
31-Jan-07	30-Jun-08	-1.03%	6%	40%
31-Mar-08	31-Aug-09	-1.53%	16%	13%
30-Apr-08	30-Sep-09	-1.59%	19%	12%
28-Feb-11	31-Jul-12	-1.95%	10%	63%
30-Apr-11	30-Sep-12	-0.80%	1%	39%
31-May-11	31-Oct-12	1.07%	12%	44%
31-Dec-14	31-May-16	-1.48%	18%	46%
30-Jun-15	30-Nov-16	-1.72%	24%	47%
30-Sep-21	28-Feb-23	-1.78%	27%	46%
31-Oct-21	31-Mar-23	-1.76%	29%	?
31-Aug-24	31-Jan-26	0.34%	?	?

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

Over my career in the market since 1991, I have witnessed numerous such periods of crisis. Honestly, so many that I have lost count. Some long periods like after the global financial crisis, and some short, like post covid. We have recovered from each of them in time and managed to make our portfolios reach new heights. The India story we are invested in, if anything has only grown stronger over time. The policies of the current Government are extremely progressive, and are showing up in the right ways in consumer

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demand. So, no matter how tough any time patch may appear, we believe we will survive and thrive, because we are built for the fight. There is no finish line for us. We do this because we believe we have value to impart to those who trust us.

Thank you for your faith in us, in difficult times.

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