Monthly Letter

November 2026

prodigy INVESTMENT MANAGEMENT

Invest well. Celebrate life.

We were -4.5% vs +2.0% for the NIFTY50 TRI in October. As we had highlighted in our last Monthly Letter, we were expecting a reversion to the mean to kick in sooner rather than later, given the extreme outperformance of our holdings from April to September this year. We expect this reversion to the mean to continue to affect our performance for at least one or two more months. We have had a strong earnings season for almost all our stocks, and therefore we prefer to continue to hold onto these structural plays, even though they may underperform in the short run, having already run up ahead of their earnings.

Returns*	Prodigy Growth Strategy	NIFTY 50 TRI
1 Year	17.1%	-9.5%
3 Years	16.7%	7.7%
5 Years	16.6%	6.7%
Since Inception (1-Mar-12)	22.8%	11.8%

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

Two significant developments have transpired over the last few weeks. The first was the outcome of the US midterm elections, wherein the Democrats managed to flip both houses of Congress in their favour, thus creating a bulwark against the unpredictable and extremist policies of the incumbent Republicans. This could mean better trade terms for India in the upcoming finalisation of the long-negotiated trade deal with the US, as well as a more balanced foreign policy from the US going forward. The second was the sell-off and reset in the artificial intelligence (AI) trade globally, which is what was drawing out FPI funds from India over the last many months, and directing the same towards other countries that provided more front-line AI plays. Thus, we have seen the return of FPI money into India starting towards the end of last month and continuing into this month.

The consequential outcome of these two major developments has been that the adverse macro environment India had been experiencing has eased up significantly. High interest rates, high commodity prices, INR depreciation and elevated crude oil prices, were all driving away foreign funds and dogging our market sentiment for a long time. These have all come off significantly from their highs over the last few trading sessions. This has eased the pressure on our fiscal situation and resulted in the economy-sensitive side of the market rebounding sharply. We see this recovery persisting, as otherwise domestic demand has remained robust through the last many months, notwithstanding these factors, or even the weak monsoons. GST collections, Auto sales, E-Way bills and bank credit growth all point to this. In the current earnings season, it is evident that while revenue growth has been very healthy, margins have suffered due to cost factors arising from the fallout of the West Asia conflict and the global supply chain squeeze. This is likely to ease up over the coming months and help businesses return to more normal margin levels. We had created some cash in the portfolio at the end of September; this is now being redeployed as earnings season concludes.

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While the West Asia conflict has not ended and the US President continues to suggest more kinetic actions ahead, we believe his coterie has recognised the hugely negative impact this event has had on the outcome of the midterms, and is thus likely to curb his worst instincts and seek a resolution to the conflict. We believe the worst is behind us as far as global macro for India is concerned. The other factor that left us starved of FPI capital has been our long-term capital gains tax regime for global investors, which made us an outlier in emerging markets and relatively unattractive as a destination for FPIs. This appears to have finally gained the attention of our Finance Minister, and a more favourable regime appears to be on the cards to lure back this money. We have always responded when push comes to shove, and this time appears no different.

Thus, after two years it would appear that there is a good chance of our market recovering from the macro factors that held it back, and now valuations have become more attractive. We continue to find structural opportunities, and a reasonable tailwind will certainly help. We will not be swayed by the rotation to tactical plays, but will honour our process and continue allocating to what we feel are the best structural plays, even if they might underperform in the near term.

Thank you for trusting us.

RC

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