PRAVIA
INVESTMENT ADVISORS

Recapitulating Pravia's Journey so far

29th July, 2026

Note from Abhinav's Desk:

2026 has been a year defined by both chaos and opportunity. From the very inception of Pravia and throughout this year, one guiding phrase has shaped our thinking and communication: **"2026 is the Year of Allocation."**

As a firm, we are deeply excited by the way the global investment paradigm is evolving. Much like the gradual increase in temperature that fundamentally changes the properties of water until it reaches its boiling point, we believe **the global financial system is approaching a similar inflection.** Rising interest rates have steadily altered the investment landscape, created significant volatility while simultaneously reshaped the flow of capital across asset classes.

One of our central themes this year has been that, **in a structurally higher interest-rate environment, traditional Discounted Cash Flow (DCF) models can no longer be relied upon in isolation.** We also believe that **financial repression is likely to limit the ability of traditional "safe" assets to generate meaningful real returns**, compelling investors to increasingly seek opportunities in yielding assets.

This conviction led us to meaningfully tilt portfolios towards real assets – including metals, energy, manufacturing, REITs, and related themes. Many of these opportunities were concentrated within the small-cap universe, resulting in a significant allocation to smaller companies. At the same time, our quantitative models diverged from the prevailing view on precious metals in January. We therefore booked profits and paused fresh allocations, while continuing to believe that precious metals remain an important strategic asset class for this decade.

During the early part of the year, we deliberately stayed away from businesses whose valuations were heavily dependent on DCF assumptions and offered limited downside protection through dividend yields – **notably in information technology, banking, and FMCG**. In recent months, however, **as valuations have become more reasonable** and the margin of safety has improved, we have **selectively rebuilt exposure to sectors such as banking and digital businesses.**

Over the past six months, the Pravia team has communicated with investors frequently. This reflected the unusually complex mix of market signals, rapidly evolving geopolitical developments, and a global investment environment undergoing structural change. More importantly, **it reflected our conviction that many traditional portfolios require meaningful repositioning to remain aligned with the realities of the decade ahead.**

While Pravia aspires to be a strategic asset allocator and a thoughtful steward of our clients' wealth, we also believe that successful investing requires agility and adaptability, without confusing either with unnecessary activity. **Every investment decision we make is grounded in historical precedent, evaluated within today's context, and assessed through a disciplined framework of risk versus expected reward.** This process creates a transparent body of evidence against which our decisions can be objectively evaluated over time.

It is precisely for this reason that Pravia chose to operate as a Registered Investment Adviser. We want investors to have no doubt about our motivations or actions, and to be fully confident in our positioning as a ***trustworthy, agile and capable wealth advisor*****.** We will continue to make an honest effort to navigate portfolios gainfully, always guided by what is rationally right for our investors while remaining vigilant about risk.

Our focus remains on thoughtful ideas, disciplined execution, and prudent risk management. The communications we have shared over the past six months were written with this objective in mind. This document brings together those perspectives into a single consolidated summary. We hope you find it insightful and engaging to read, just as we have found it rewarding to research and prepare.

We look forward to your feedback.

Executive Summary

2026 has been a paradox – uncertainty and clarity at once. Structural themes were reinforced, questioned and broken, often at the same time.

The purpose of this note is to provide clients a peek into the thought process behind our key actions. There has been significant volatility in the markets and geopolitics leaving clients in doubt. We aim to walk our clients through the major events that happened in 2026, how they shaped our thought process, and portfolio actions.

- *This note focuses on key messages; it does not cover every idea. The Advisory team makes sure each client portfolio is customised to their risk allocation.*
- *Returns shown here are from the date of respective note initiation. The Advisory team makes an effort to buy at correct valuations depending on client risk appetites.*
- *Soon, we are going to publish a calendar for NRI Investors to help guide them through volatile markets.*

Quarter wise recap of the 52 notes published · Dec 2025 – Jul 2026

Period	Stocks	Mutual Funds	Thematic	Macro / Strategy	The Crux – What Drove Our Actions
Dec '25	**1**	-	**-**	-	**Inception.** Created the stance: **"2026 is the Year of Allocation."** In a higher-for-longer rate world, DCF alone stops working, so our first conviction call was industrial/real-asset (Thermax).
Jan–Mar '26	**18**	**9**	**4**	**4**	**Deploy hard into real assets.** **Peak equity deployment quarter.** Tilted portfolios to (ICM) metals, energy, manufacturing & consumption – largely via small-caps and thematic funds. Booked silver profits and rotated to Gold. avoided IT, Banks & FMCG.
Pre-war Apr–Jun '26	**-**	**-**	**1**	**3**	**Patience over activity.** **No fresh equity allocated.** Waited for duration play, paused precious-metals allocation, and called a global AI-trade reversal favouring India. **Discipline, not activity.**
Post-war Jun – Jul '26	**4**	**1**	**2**	**5**	**Regime shift – go on offence selectively.** **Turned positive on long-duration**, tactically rebuilt Banking + Digital and large caps on improved margin of safety.
Total	**23**	**10**	**7**	**12**	

Insight: One thesis held all year, ***"2026 is the Year of Allocation".*** We front-loaded real assets when they were investible, stayed patient, and moved decisively when the Iran war reset the regime. **Process over outcome, every quarter.**

Our scorecard:

As the time has gone by, we have tried to analyse the performance of our ideas, since their initiation. However, we continue to hold a long-term investment horizon.

Things that have worked favourably:

A. Higher Upside Capture:

On 30th March 2026 we released our strategy note titled **"Navigating through Turbulent times Part 2"** which highlighted our bullish stance on Indian equity markets with focus on **higher upside capture** via high beta fund managers and the momentum index.

Security Name	Category	Initiating coverage	Abs Return	Benchmark return	Alpha
Mutual Funds					
Recommendations are for clients only	Broad Index	12-Mar-2026	15.4%	5.6%	9.8%
	Active Funds	20-Mar-2026	11.5%	8.4%	3.1%
	Active Funds	20-Mar-2026	19.4%	8.4%	11.0%
	Active Funds	20-Mar-2026	13.6%	8.4%	5.2%
	Active Funds	06-Apr-2026	9.3%	9.1%	0.2%
	Active Funds	23-Feb-2026	11.6%	-1.5%	13.1%
	Active Funds	20-Apr-2026	7.7%	1.1%	6.5%
	Smart Beta	17-Apr-2026	-2.3%	1.1%	-3.4%
Median			**11.5%**	**7.0%**	**5.9%**
Average			**10.8%**	**5.1%**	**5.7%**

B. Preference for Asset-Heavy (Real Assets) over Asset-Light Businesses:

On 21st March 2026 we released a thematic note titled **"The Decade of Real Assets"** which mentions our belief that Real assets are going to be a decadal theme, underpinning a fundamental re-allocation from asset-light models to productive, asset-heavy businesses.

We are capturing the real-asset play via a combination of:

- **Thematic mutual funds –** Nifty Energy, Nifty Metals, Commodities, and Infrastructure
- **Direct equity ideas –** Mining & Exploration companies, logistics & port companies, mining ancillary among others.

Asset heavy

Security Name	Initiating coverage	Abs Return	Benchmark return	Alpha
Mutual Funds				
Recommendations are for clients only	16-Jan-2026	11.9%	-1.6%	13.5%
	16-Jan-2026	11.5%	-1.6%	13.0%
	28-Jan-2026	2.9%	0.1%	2.7%
	28-Jan-2026	-1.4%	0.1%	-1.5%
	14-May-2026	5.7%	2.2%	3.5%
Direct Equity				
Recommendations are for clients only	31-Jan-2026	-3.6%	1.2%	-4.8%
	31-Jan-2026	2.8%	1.2%	1.6%
	09-Feb-2026	44.9%	-2.4%	47.3%
	10-Feb-2026	12.1%	-2.7%	14.8%
	21-Apr-2026	4.2%	0.3%	3.9%
	28-Apr-2026	12.0%	1.5%	10.5%
	04-May-2026	28.1%	1.2%	26.9%
Median		**8.6%**	**0.2%**	**7.2%**
Average		**10.9%**	**0.0%**	**10.9%**

C. Shift from Precious Metals → Towards Nifty:

On 21st January 2026 we released a note titled **"Nifty/Gold Ratio"** which presented our analysis which reflects on Nifty's ability to outperform Gold.

Security Name	Initiating coverage	Abs Return	Benchmark return	Alpha
Precious Metals				
Recommendations are for clients only	21-Jan-2026	-12.2%	1.4%	13.6%
	21-Jan-2026	-31.5%	1.4%	32.9%

Benchmark: Nifty 500 Index; Source: Google Finance

D. Navigation of Duration with Opportune Entry:

On 10th April 2026 we mentioned in our **"RBI April 2026 monetary policy note"** that we want to **wait for the 10Y to reach 7.25%** and the 30Y to reach 8.00% to begin aggressive allocation.

The Indian 10Y made an interim peak & reversed on 18th May 2026 from 7.14%. On 10th June 2026 post **"RBI June 2026 monetary policy"**, we **turned positive on duration** with stance of long duration looking the most attractive among all the durations.

Security Name	Initiating coverage	Abs Return	Days
Avoid Call			
Recommendations are for clients only	10-Apr-2026	1.1%	61
	10-Apr-2026	0.9%	61
Turn Constructive			
Recommendations are for clients only	10-Jun-2026	2.0%	47
	10-Jun-2026	2.6%	47

Performance for avoiding duration is calculated for April to June MPC
Performance for going long duration is calculated from June MPC till date

E. Tactical Shift Towards Large Cap Services:

Based on favourable valuation in the banking and IT sector, we initiated some tactical calls in the last quarter.

Security Name	Initiating coverage	Abs Return	Benchmark return	Alpha
Recommendations are for clients only	19-Jul-2026	-1.7%	-1.0%	-0.7%
	11-May-2026	4.9%	1.4%	3.5%
	08-Jun-2026	7.1%	4.3%	2.8%
Median		**4.9%**	**1.4%**	**2.8%**
Average		**3.4%**	**1.6%**	**1.9%**

Insight: Our emphasis remains firmly on the investment process rather than short-term outcomes. We believe returns are the natural consequence of a disciplined and consistent process, not the objective. While we are pleased with the results delivered, we recognise that periods of outperformance are often followed by consolidation. We therefore treat these outcomes not as rewards, but as valuable feedback that helps us continually improve our process.

What has not worked as per our expectation:

A. The Global AI Trade Reversal:

On 23rd April 2026 we published **"Global AI Trade Reversal and India's Advantage"** which presented a case of a **plausible global AI trade reversal** and shift of some liquidity towards Indian equity markets.

The **reversal has not materialised yet**, with negative alpha since our inception, although alpha turned positive from 22 June 2026 to 27 July 2026. While we continue to monitor the global AI space and overall capital flows, **we maintain our stance on a reversal in the global AI trade** and remain positive on Indian equity markets.

Security Name	Initiating coverage	Abs Return	Since 22nd June 26	Alpha
Global AI Trade				
Nasdaq	23-Apr-2026	5.0%	-7.3%	-3.5%
TAIEX	23-Apr-2026	15.7%	-8.6%	-14.2%
KOSPI	23-Apr-2026	4.3%	-25.9%	-2.8%
Global X Artificial Intelligence & Techı	23-Apr-2026	8.4%	-13.6%	-6.9%
Indian Equity				
NIFTY 50	23-Apr-2026	-0.7%	-0.4%	
NIFTY 500	23-Apr-2026	1.5%	-0.5%	

Alpha is calculated vis-à-vis Nifty 500.

B. Select Direct Equity Ideas

- Our direct equity recommendations have produced a wide dispersion of outcomes. **Several ideas have generated substantial alpha**, **while a handful have underperformed**.
- Our investment decisions are driven by business fundamentals rather than short-term price movements. We continuously reassess each recommendation against our original investment thesis, to assess their reasonability in client portfolios.

We continue to remain positive on our thesis on these investments. However, we remain watchful of risks emerging, if any.

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Conclusion and the Road ahead:

We stick to our disciplined methodology, revert back to our framework in times of crisis. Our key differentiation lies in the continuous focus on improving our research so as it bring agility to adapt with the changing market construct.

Remembering Core principles

- Inversion theory - All I want to know is where I'm going to die, so I'll never go there
- History doesn't repeat itself, but does often rhyme

Reiterating bullishness of India

- It is easy to follow the market's flow (**Pravah**) without the wisdom (**Pragya**) to question it. In 2026, that would have meant turning bearish on India along with the rest of the world
- During uncertain times like these, **we aim to go back to basics**, look at fundamental macro and micro factors and try to determine whether the reaction is overdone

Core thesis

- Dedollarization, an increasingly indebted world, fiscal dominance and AI trade reversal remain the core of our thesis
- We continue to believe this is a decade of Real Assets and Gold
- We continue to believe, an intersection of the right valuation and plausible growth define the returns, we endeavour to achieve the same

Going ahead, we want to remain focused on our core principles, stick to our evaluation framework, reassess our thesis frequently and focus on managing volatility.

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