

Executive Summary of the 89th Global Investment Advisory Committee (GIAC) Meeting

7th January 2026

Current stance

The committee decided to stick with its current investment mix with no change in asset allocation. The balanced and conservative portfolios are performing well due to their exposure in gold, silver, and other alternative investments. However, the growth portfolios are lagging because of higher exposure to equities and attendant equity market weakness. The committee continues to maintain its positions across large cap equities complimented by gold and silver allocations. About 2.5%–4.5% of investments are allocated to international markets across the three profiles, as most of the emerging markets barring India have done well. Overall, the committee has decided to maintain status quo and keep its investments in equity, alternative assets, REITs, InvITs and SIFs as they are. Future changes in stance will depend on corporate earnings numbers, the status of the overall economy, emerging geopolitical situations, etc.

Key variables to monitor:

- India's economy and corporate profits: It is difficult to predict how corporates will perform. With the Indian currency depreciating, stocks turning over valued, and few foreign investors showing buying interest, which continues to be a key monitorable.
- Foreign investments: Despite other growing emerging markets doing well, global funds are still selling off their Indian investments leading to underperformance of Indian stock markets.
- Large vs. SMIDs (small and mid caps): Large cap stocks continue remain a decent bet on account of liquidity and relative valuation while SMIDs have not performed well on account of de-rating.
- Stock offerings (IPOs QIPs and OFS) vs. existing stock trading: Many new and existing companies are offering fresh stock in the form of IPOs, QIPs and OFS. This supply of paper is soaking up investor funds thus limiting the upside in the secondary market.
- Gold & silver: People are keen on buying but given the paucity of actual supply of these precious metals coupled with central banks' continuing gold buying momentum accompanied by rising industrial demand for silver are leading to the prices maintaining their strength. The gold miners versus the major U.S. stock market indices are at an inflection point accompanied by rising bond market inflation expectations. Within the precious metal space, silver is starting to outperform gold, with the relative performance of the silver miners having broken out against almost every broad stock market index in the world.
- Potential commodity boom: Metals like silver, copper, and gold are also on the rise due to countries stocking up on these real assets whereas their currencies continue to trail lower. Agricultural commodities and related stocks are also starting to rise with several agriculture ETFs and fertilizer stocks having broken out.
- Weak US dollar: The US dollar getting weaker, is also good news for investors in real assets like metals and real estate.

What's changed since our last meeting:

US

Recent labour market data from the US has been slightly more supportive, easing concerns around a sharp slowdown. The unemployment rate edged lower to 4.4%, compared to a revised 4.5% in November, even as job creation remained modest at 50,000 additions, marginally below expectations. The data suggests that while hiring momentum has softened, labour market conditions remain relatively stable. Market participants now increasingly believe that the Federal Reserve's latest rate cut may be the final one under Chair Jerome Powells tenure, with any further policy action likely dependent on the next Fed leadership and evolving economic conditions.

India

India's growth outlook has improved despite elevated global trade risks. First advance estimates indicate that the economy is expected to expand by 7.4% in FY26, up from 6.5% in the previous fiscal year. Inflation, however, has inched higher, with consumer price inflation rising to 0.71% in November 2025 from a record low of 0.25% in October 2025. The reading was broadly in line with expectations, suggesting that while price pressures are firming, currently inflation remains comfortably benign.

Viewpoints

The committee wants to adopt a wait and watch approach with India's equity markets having witnessed a time correction for more than a year and market participants not having enough clarity to take positive positions, as trade talks have stalled, earnings growth continuing to decelerate and continuous selling by foreign portfolio investors. Even though domestic institutional investors continue to be buyers, the committee is of the view that India will not outperform without the support of foreign investors funds flows.



Other emerging markets are hitting new highs, but India's lagging behind, with foreign funds continuing to sell off their Indian investments. Though large caps look relatively attractive due to relative valuations and underlying fundamentals and liquidity, but the rest of the market continues to lag as SMIDs have fallen significantly, primarily due to under performance on the earnings front.

The committee also discussed real assets like metals and real estate in depth and is confident that the world is entering a period where currencies will continue to get weaker due to rising debt in those countries, along with US trade standoff, and other issues arising from a geopolitical standpoint. Alternatively, this could be beneficial for real asset investments like real estate and metals as compared to stocks and bonds. The shift toward hard assets is likely to gain further momentum.

Gold remains a key portfolio allocation call with the GIAC expecting higher prices in the long term. Silver supply continues to be scarce and is playing a more important role because it is a key resource for new energy and renewable industries and central banks have begun to stockpile it. The committee acknowledges that though silver is inherently volatile, the consensus is that it will keep going up in the near term along with gold set to outperform the S&P 500 and other international stock markets.

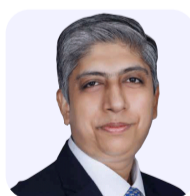
Overall, the committee has a consensus view to maintain existing investment allocations without any change. The GIAC intends to allow current positions to mature while monitoring for more definitive signals, specifically regarding economic shifts, corporate earnings trajectories, and government policy updates. These critical domestic indicators are expected to exhibit more clarity post the announcement of FY27 Union Budget on 1st February 2026.

As we move into 2026, the Indian market is emerging from a rare year of underperformance characterized by a significant de-rating of SMIDs. While equity gains have been exceedingly narrow with it being heavily concentrated in large cap stocks, the breadth across the mid cap and small cap segments remains uneven. Notably, the valuation correction observed over the last 15 months has been primarily price led rather than a result of deteriorating fundamentals. This landscape is further defined by factors such as multi year lows in FII ownership, a weaker INR, and a downward revision in tariff expectations. GIAC would monitor any significant change in these trends to take further calls towards asset allocation.

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President & Head
Institutional Securities



Alok Saigal
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