Infinity
by Nuvama Private

Executive Summary of the 96th Global Investment Advisory Committee (GIAC) Meeting

21st August 2026

Current stance

The committee has become more constructive on gold and agreed to materially increase its allocation, with the stated objective of moving towards a higher allocation across all profiles. Gold exposure to be increased from 3.7% to 5%, 5% to 7.5% and 7.5% to 10% across Conservative, Balanced and Growth profiles respectively. The increase is to be funded by reducing equity exposure proportionally. The committee remains bullish on gold, citing expectations of a weaker dollar and continued central bank buying. Silver's last complete exit call was taken in April however it continues to remain a potential future buy at lower levels. Commodity related opportunities, including copper miners, uranium and oil services, were also discussed in the GIAC.

On Indian equities, the committee remains bullish for the second half of the year but believes there are several near term challenges. Mid and small cap exposure has worked well and will be retained, although the equity reduction will be made proportionally, with a preference to reduce some large cap exposure. Fixed income remains conservatively positioned toward low duration, while new debt strategy through SIFs is being considered. The offshore portfolio continues to favour diversified global exposure, Japan, European defence, financials, healthcare and selected commodity themes.

Key variables to monitor

- **Gold allocation:** Committee agreed to increase gold allocation across profiles, funded by reducing equity exposure.
- **Gold outlook:** Strong long-term conviction, with a view that gold could move towards 5,000 and subsequently 5,500
- **Silver:** Allocation was exited in April'26 after a profitable trade; potential re-entry was discussed.
- **Equity allocation:** Overall equity exposure to be reduced proportionally, while retaining the overweight stance with mid cap allocation unchanged.
- **Indian equities:** Constructive on the second half, but near term challenges remain around oil, liquidity and political uncertainty.
- **Mid and small caps:** Continue to perform well; the April move from underweight towards neutral/overweight has contributed meaningfully to outperformance.
- **Large caps:** Remain relatively weak and could be the preferred area for partial equity reduction.
- **Fixed income:** Low duration strategy continues; no immediate move towards longer duration bonds.
- **New debt strategy:** A new strategy targeting approximately higher yield is being evaluated to be included within the fixed income portion.
- **Commodity themes:** Copper miners, uranium and US oil services ETFs were also discussed and could be considered going forward.
- **Offshore portfolio:** Japan, European defence, global financials and healthcare remain important themes.
- **REITs:** Within the offshore portfolio Asia-Pacific REIT exposure has been added, with Singapore forming most of the underlying exposure.
- **US allocation:** Offshore portfolio remains around 10-15% below the MSCI World weight in US equities to create room for other markets.
- **Offshore Portfolio construction:** Continued preference for diversified exposure rather than concentrated technology or semiconductor positions.

What's changed since our last meeting

US

US economic growth moderated in the second quarter of 2026, with real GDP expanding at a 1.5% annualised rate versus 2.1% in the first quarter. Consumer spending remained supportive, while investment and exports also contributed, although government spending declined. Inflation remains above the Federal Reserve's 2% target. July CPI rose 3.4% year on year, while core CPI increased 2.5%. The Fed has kept the federal funds rate at 3.50%-3.75%, leaving the rate outlook uncertain as policymakers balance slower growth against persistent inflation and energy related pressures.

India

India's retail inflation rose to 4.45% in July 2026 from 4.38% in June, marking the second consecutive month above the RBI's 4% target. Food inflation increased to 5.52%, while core inflation was estimated at around 3.9%. The RBI kept the repo rate unchanged at 5.25% and lowered its FY'2026-27 inflation forecast to 5%. However, higher crude prices, rupee weakness and rising bond yields remain risks to the macro-outlook. The rupee recently traded around Rs 95.70 per dollar, while the 10-year government bond yield rose to around 6.85%.

Viewpoints

The committee began by reviewing portfolio performance. The previous month's performance was relatively flat at around 0.5% above the benchmark, with the recovery in Nifty and equity markets contributing to returns while debt markets remained relatively flat. Over the one year period, however, alpha has been significantly stronger. The committee attributed much of the longer term outperformance to gold and silver calls, while the more recent recovery was due to the mid cap allocation.

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Gold was the central investment discussion of the meeting. The committee believes the environment remains favourable for gold because of expectations around a weaker US dollar and continued central bank buying. The discussion also focused on the US Treasury's approach to managing the yield curve, with concerns that attempts to control long term yields could ultimately be supportive for gold. The committee noted that gold had already undergone a significant correction from its highs and appeared to have formed a base, with renewed buying visible over the preceding four to five days.

The committee therefore agreed that gold allocation should be increased materially, with the broader objective of moving towards a higher allocation. The increase will be funded by reducing equity exposure rather than fixed income. Specific allocation levels discussed were increase to 5% from 3.75% for conservative portfolios and 7.50% from 5% for balanced portfolios, with a higher allocation of 10% from 7.5% for growth portfolios.

Silver, in contrast, had been completely exited in April'26. The committee noted that the exit was made at a favourable level and that silver had subsequently declined. While silver remains a potential buy, the preferred re-entry level discussed was around lower levels, rather than chasing the recent rally. The committee also remains constructive on commodities more broadly and discussed copper miners, uranium and oil services ETFs as potential opportunities.

On Indian equities, the committee remains bullish for the second half of the year, despite several challenges. Mid and small caps continue to perform well, while large caps remain relatively subdued. The earlier decision to move towards a mid-cap overweight has worked well and is being retained. However, since the committee now wants to reduce overall equity exposure to fund the higher gold allocation, the reduction will be made proportionally, with a preference expressed for taking some reduction from large caps.

The committee also discussed the potential impact of India's IPO pipeline. While upcoming IPOs could provide a positive sentiment boost, members noted that large issues could absorb substantial liquidity from the secondary market. This is one of the reasons the committee is comfortable reducing equity exposure at this stage while retaining its existing mid cap positioning.

Fixed income remains conservatively positioned. The committee has not added duration and continues to prefer short term positioning while the interest rate path remains uncertain. A new debt strategy under SIF was discussed, with a higher targeted yield and limited duration exposure. The committee is looking at this as an opportunity for rather than simply using fixed income as a parking allocation.

The offshore portfolio continues to develop as a diversified global allocation. After the first 60 days of deployment, the allocation mix and exposure limits are now firmly in place. The portfolio has generated around 3% absolute return over the last month and 1.75% over three months, around 100-150 basis points above its benchmark. Equity remains around 60%, while fixed income is kept lower because of uncertainty around the rate path. Commodity exposure is currently around 2.5%, with gold, copper miners and other commodity exposures contributing positively.

The offshore portfolio continues to favour Japan and European defence as core themes, alongside robotics and automation. European defence has generated double digit returns over three months, while Japan has also performed strongly. The committee is also increasing exposure to global financials and healthcare rather than chasing technology. The portfolio remains around 10-15% below the MSCI World's US allocation, creating room for developed markets such as Japan and Europe.

Global REITs have also been added to the offshore portfolio, primarily through an Asia Pacific REIT ETF with a large Singapore exposure and some Hong Kong exposure. The portfolio's effective yield was around 4.2% at the purchase level, with the underlying holdings focused on REITs that have been increasing distributions. The intended holding period is at least 12 months.

On fixed income within the offshore portfolio, the committee continues to avoid longer duration. A duration hedged PIMCO fund, with distribution yield of around 6% and effective duration below one year, has performed well. The portfolio is targeting an average fixed income return of around 6-7% and is in no hurry to add duration simply to increase coupon income.

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