

NETRA

Early Signals Through Charts

February 2026



Some Respite From Tariffs, But How Far Are We From Pre-Trump Era?

Tariff relief, not normalization

Feb'26 is a step-down from very high tariff of 2025. Peak US tariffs seen in Jul'25 (often 35% to 64%) have eased, but most key rates are still at 15% to 18%. We are still far from the “pre-Trump” rates and the question remains whether we reach there or not.

Versus 2023, tariffs remain meaningfully higher: Manufactured goods 15% vs 3%, Agri 18% vs 2%, Gems & jewellery 18% vs 2%.

The US export basket is \$83.6 bn, and manufactured goods alone are ~\$61 bn, now facing a mid-teens tariff wall. The relative gap is the real story. India's US-facing competitiveness still looks challenged with most competitors at similar tariffs but with scale advantage.

So what? Unless tariffs normalise further, expect margin pressure, price pass-through attempts, and export diversion away from the US, especially in labour-heavy categories (textiles, garments, leather, gems). More progress is needed on tariffs.

	India Merchandise Exports					
	To USA				To Rest of the World	
	2026	2023	2025		2025	
			\$83.6 Bn		\$438 Bn	
Export Product	Tariff (Feb'26)*	Tariff (2023)	Tariff (Jul'25)	Export Revenue (2024)**	Tariff (2024)^	Export Revenue (2024)
Petroleum products	0%	0%	1%	3	1%	60
Agricultural & allied products	18%	2%	36%	4	4%	47
Ores & minerals	0%	0%	40%	0	1%	5
Manufactured goods	15%	3%	35%	61	3%	251
Leather & leather manufactures	18%	8%	56%	0	3%	4
Chemicals & related products	18%	1%	24%	16	2%	46
Engineering goods	18%	1%	36%	17	3%	93
Electronic goods	0%	0%	16%	11	2%	30
Textiles (ex readymade garments)	18%	7%	56%	5	4%	14
Readymade garments	18%	12%	64%	4	6%	12
Other manufactured goods	18%	3%	51%	7	3%	23
Gems & jewellery	18%	2%	52%	11	2%	18
Other commodities	--	0%	34%	4	1%	3

Source: Nuvama, WTO, Global Trade Alert, WITs, CMIE, DSP. Data as of 3rd Feb 2026.

*Preliminary estimates, as the full deal text is not yet available.

**Breakdown of Export Revenue adds to \$83.6Bn. The remaining \$3.3Bn is unclassified and can be counted under others . ^Based on top 10 export partners

India Valuations: From Re-rating To De-rating?

India's Valuation Premium Versus EM Has Narrowed

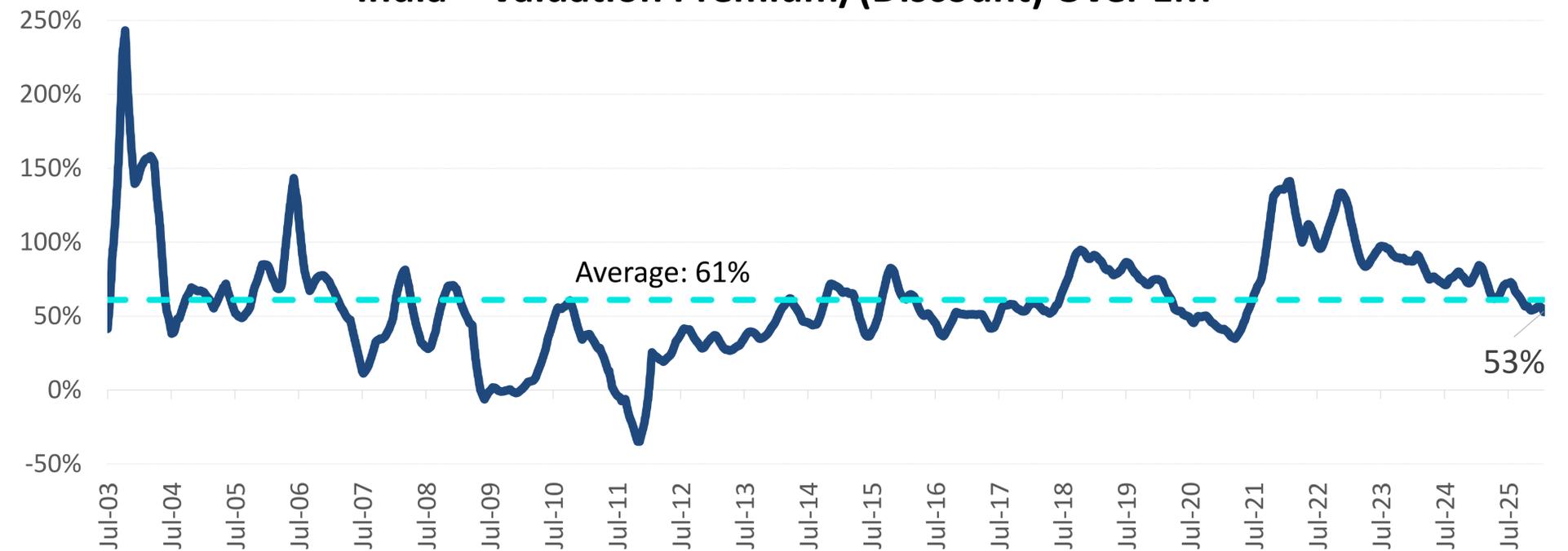
India's valuation premium over the Emerging Markets (EM) expanded to ~140% in 2021-22. This was driven by two factors: rerating of Indian equities during the post-Covid recovery and market correction across major EM countries such as China.

However, this trend has seen a reversal in the past year. The MSCI Emerging Markets Index rose 34% in 2025 supported by strong performance of top EM weights such as China, Taiwan, South Korea and Brazil. Indian equities, on the other hand, have struggled since Sep 2024. In fact, in 2025, India was the 5th worst performing market among 24 EM countries.

The silver lining is that India's valuation premium over emerging markets has corrected meaningfully and has even fallen below its long-term average.

Will this improvement in relative valuations help India regain favour with foreign institutional investors? A correction in absolute valuations could be a meaningful support.

India – Valuation Premium/(Discount) Over EM



Emerging Markets - CY2025 Return by Country

Country	Return	Country	Return	Country	Return
Colombia	116%	Peru	74%	Malaysia	15%
Korea	101%	Mexico	57%	Qatar	8%
Greece	83%	Egypt	55%	Thailand	7%
Hungary	79%	Brazil	50%	India	4%
South Africa	79%	Taiwan	40%	Philippines	1%
Poland	76%	China	31%	Indonesia	-2%
Czech Rep.	74%	UAE	27%	Turkey	-2%
Chile	74%	Kuwait	23%	Saudi Arabia	-5%

SMID Valuations Have Begun To Normalize From An Expensive Zone

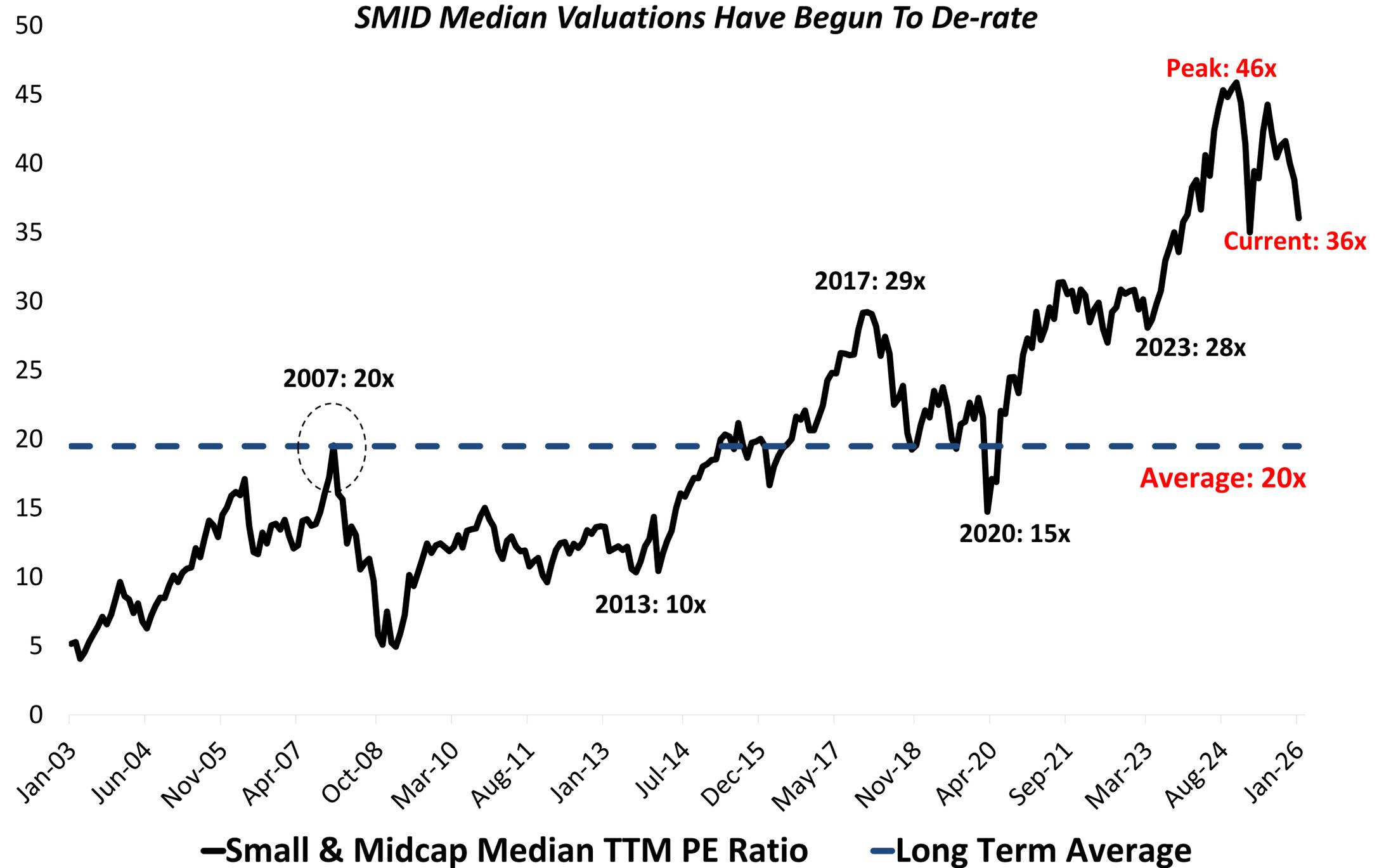
In future, it will be clear in hindsight that SMIDs had a period of de-rating after nearly a decade of re-rerating. Did it begin in 2024?

The median earnings multiple for Small & Midcap stocks craters during bear markets. In the past bear markets, the median SMID multiple has declined to low-to-mid single digits where SMIDs became exceptional opportunities for long term investors.

The re-rating for SMIDs which began post COVID has caused the median multiple to rise to unprecedented levels. (On a side note, this is another instance which shows that market keeps surprising investors).

The long-term median multiple for SMID universe now stands at 20x. If an investor were looking at this multiple in 2007, it would have appeared highly inflated but is now just the average.

If the market undergoes a capitulation event, rising earnings and panic selling brings these multiples to levels at which SMIDs become bargain buys. Watch out!



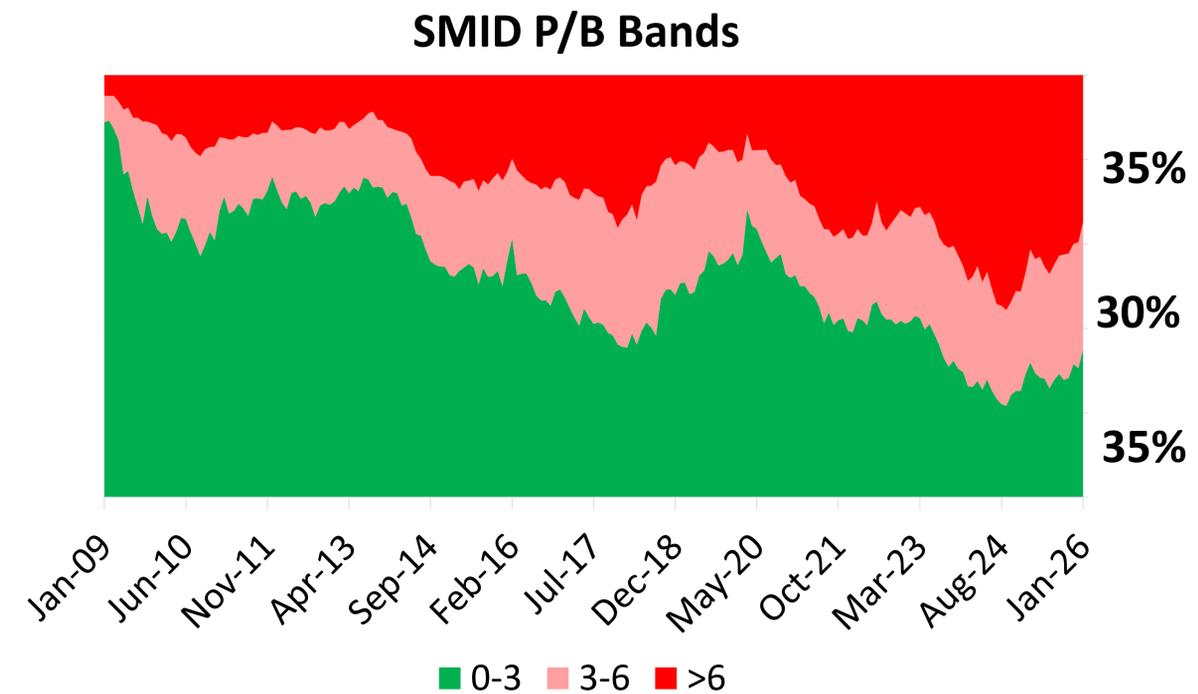
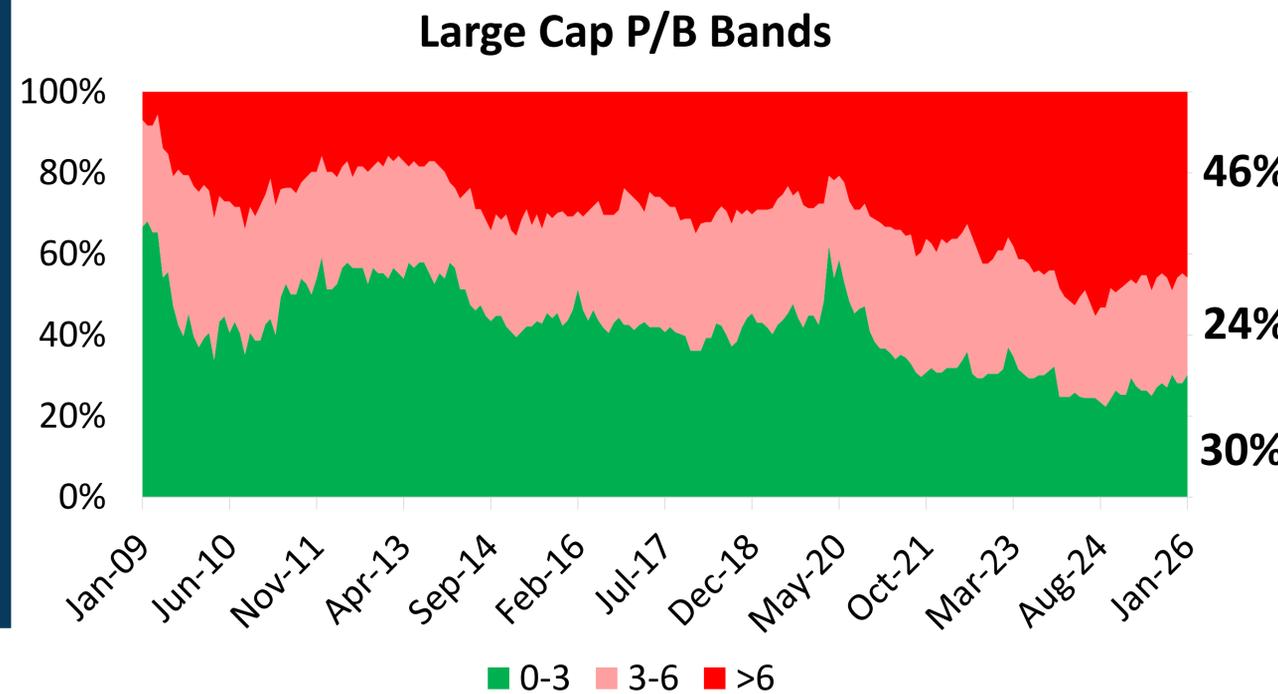
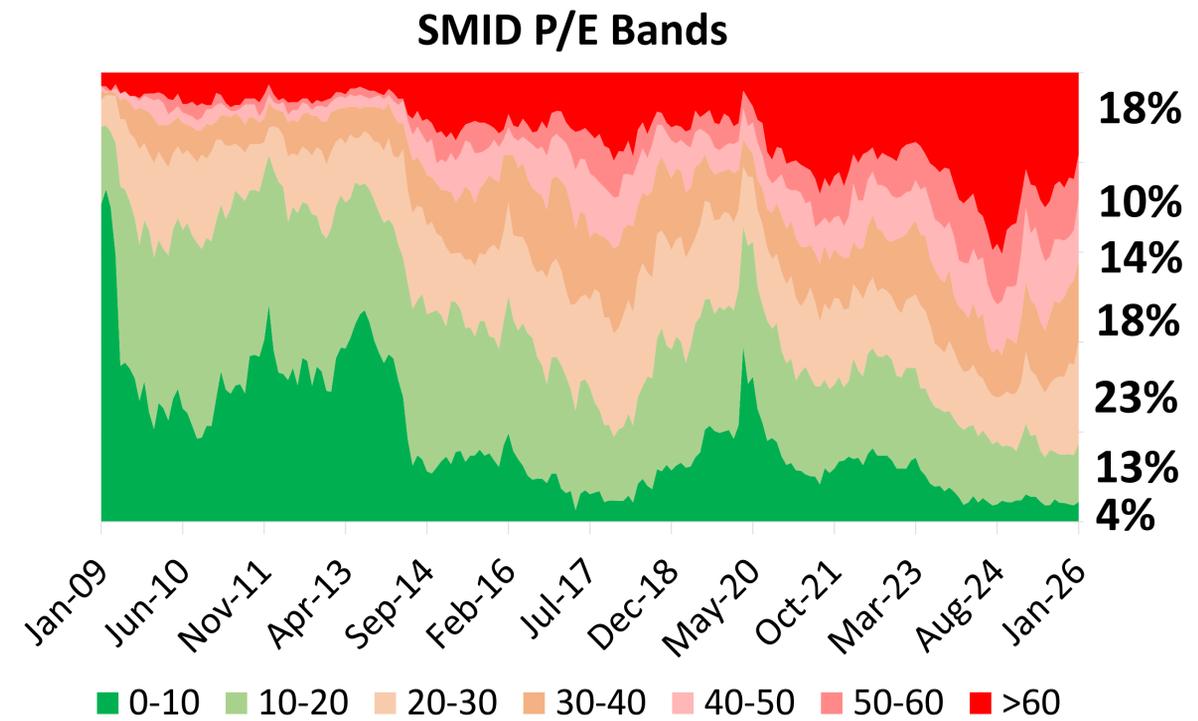
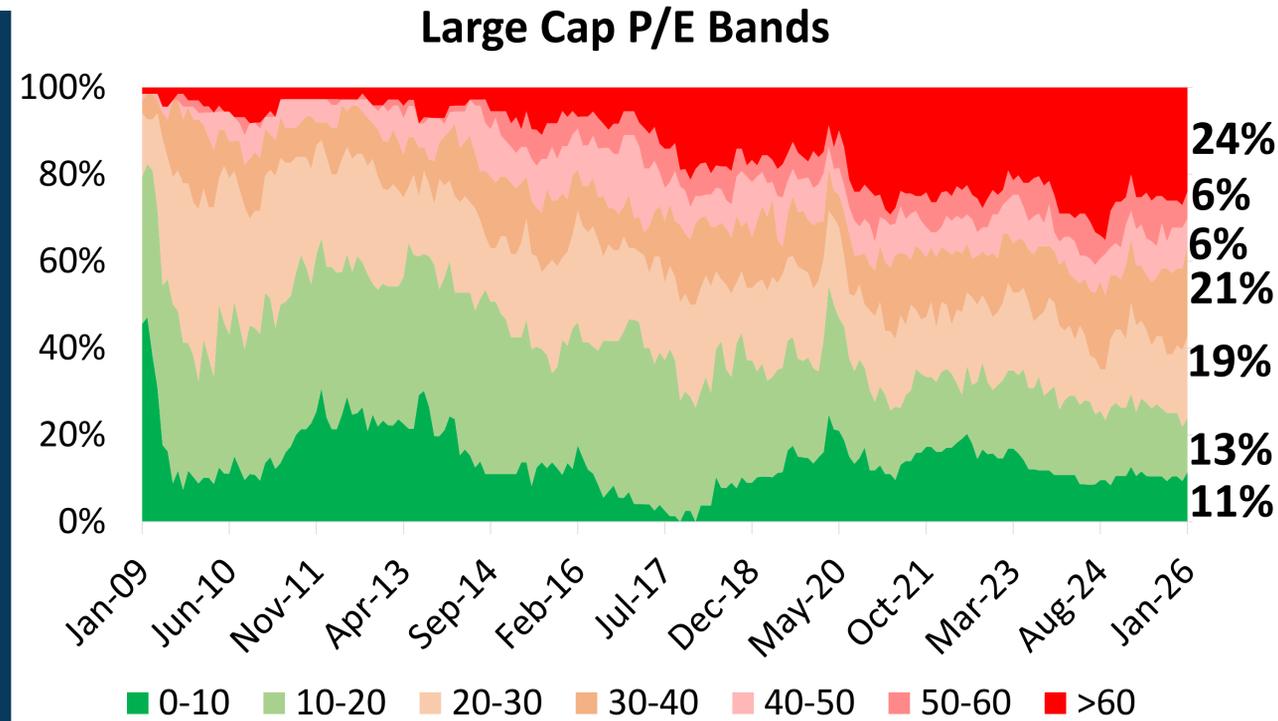
'Margin of Safety' Could Return If Stock Prices Correct Further. Not There Yet!

Within the NSE 500, the percentage of stocks trading below 3 times their book value has decreased from 70% during the COVID period to just 23% when we last highlighted it in Aug 2024. Currently that number stands at 34%.

SMIDs in particular have seen some period of muted performance however still the valuations are not in the attractive zone. Currently 35% of SMIDs are trading below 3 times book value which was at 22% when we last highlighted in Aug 2024.

The large-cap space faces a similar challenge, although there are still areas where margin of safety exists.

The number of companies trading below 3 times their book value has seen some pickup after touching an all-time low in Sep 2024, indicating a need for a more focused, bottom-up approach to identify new investment opportunities.



Selective Opportunities In High Quality Sectors Is Beginning To Appear

FMCG, IT, Auto, O&G, and Consumer Durables are among India's most consistent high-ROE sectors. A core high-ROE cohort of FMCG, IT, O&G (ex RIL), and Consumer Durables makes up over one third of market cap and earns ROEs about 50% above the rest. This is the source of India's premium valuation over the long term.

But since the pandemic, cyclicals such as metals, mining, and construction materials have rerated sharply despite weaker long-term ROEs. Meanwhile, earnings momentum in the high-ROE cohort has cooled: revenue growth is slowing, and margins look late cycle. The source of India's premium valuation in this cycle is the weak ROE cohort, not the high-quality names. Yet the market still trades at an overall premium, buoyed by cyclicals and lower-quality names.

Bargains have started to appear, in patches, in the high quality (high ROE) cohort when valuations cool. The high multiples for low quality businesses present a challenge for the broader market.

This is a constructive setup for value investors who stay focused on quality.

Sector Name	Weight as per Total Market Cap	Average ROE	Average ROE since GFC	Average PE	Average PE since GFC	Avg PE premium / discount	Average 3 Year EPS CAGR
Fast Moving Consumer Goods [#]	7%	35%	45%	59.42	46.52	23%	9%
Information Technology	14%	27%	29%	25.46	21.10	21%	3%
Automobile and Auto Components [@]	8%	22%	23%	26.99	27.47	-2%	40%
Oil, Gas & Consumable Fuels	12%	19%	22%	13.76	13.91	-1%	8%
Financial Services	29%	13%	14%	36.62	36.34	1%	20%
Healthcare	3%	18%	15%	33.39	50.56	-34%	26%
Consumer Services [*]	2%	16%	7%	83.11	131.23	-37%	84%
Services	2%	19%	20%	26.24	27.80	-6%	27%
Telecommunication	6%	23%	12%	37.01	103.70	-64%	83%
Power	3%	15%	14%	14.83	13.62	9%	6%
Construction	3%	17%	16%	32.42	26.23	24%	23%
Consumer Durables	3%	26%	31%	73.77	61.14	21%	12%
Metals & Mining	5%	8%	10%	43.50	32.00	36%	-3%
Construction Materials	3%	7%	13%	46.38	24.81	87%	-13%

Heavy weights
Cyclicals
Defensive
Sensitive

Average ROE and PE Skewed by HUL acquisition of Glaxosmithkline Consumer
@ Base effect is causing high EPS growth

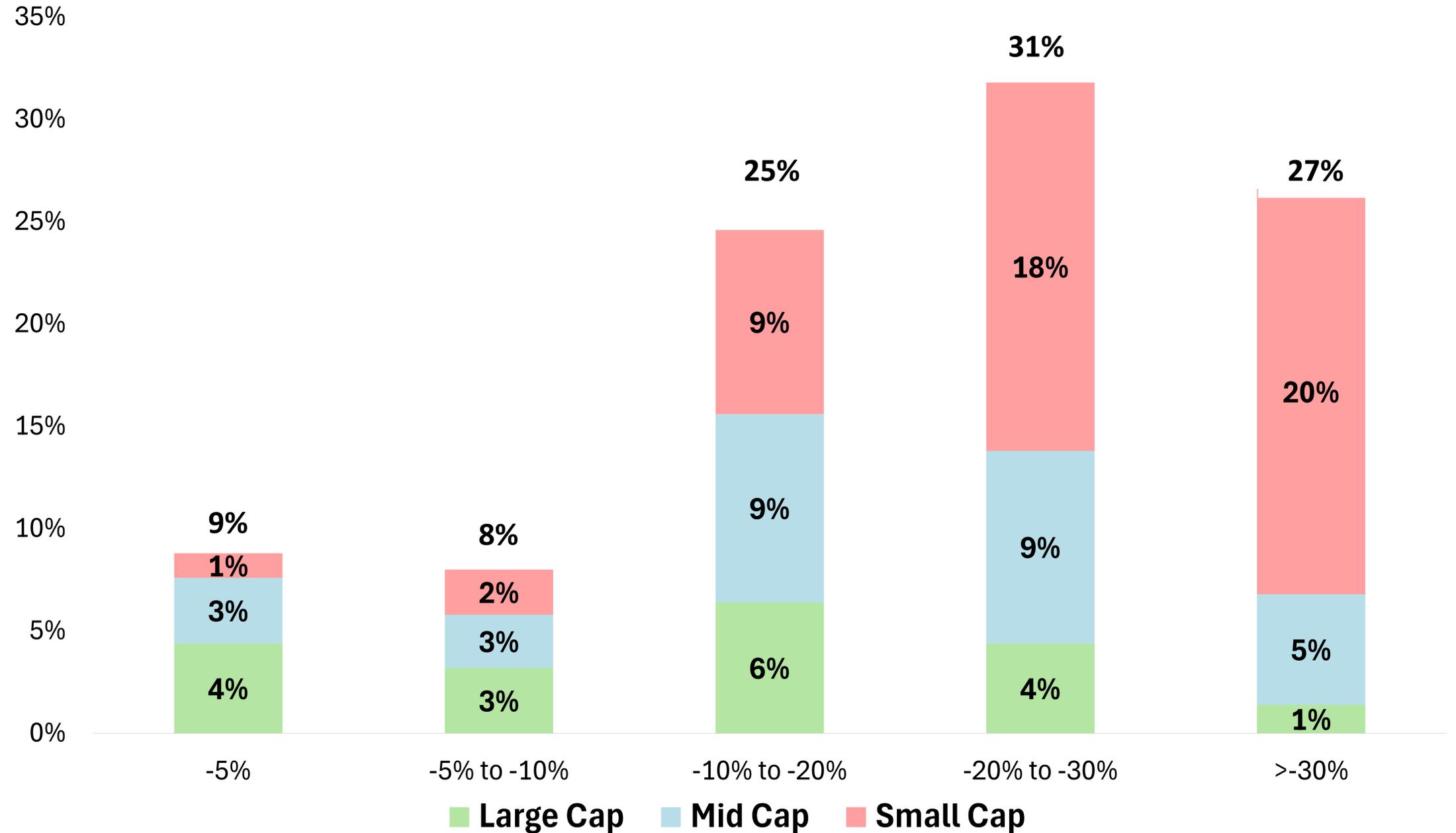
January 2026 Brought Price Damage To Smaller Firms

Market breadth has weakened meaningfully, with sharp price declines across small and mid-capitalisation stocks. This break-up illustrates how these declines are distributed across different market-cap segments.

A common belief around small and midcaps is that they outperform large caps over the long term. What is often overlooked, however, is the significant interim pain investors endure. During bull markets, SMIDs are re-rated aggressively, as if they are the sole drivers of growth. When the cycle turns, valuations fail to justify these expectations and stocks are swiftly re-priced, often as if their business models are no longer sustainable.

Over the past nearly eighteen months, midcap and smallcap indices have delivered weak performance. Importantly, the damage at the stock level has been far more severe than what the indices suggest. While the prevailing narrative is that the sharp correction has created value-buying opportunities, it maybe premature to draw that conclusion. Despite the decline from 52-week highs, median valuations remain well above long-term averages and are yet to enter a clearly attractive zone.

% of NSE500 Stocks, Fall from 52W High



The Asset Class Conundrum

Past returns (weaker the better) and Valuations (lower the better) are often useful parameters when looking out for potential investment opportunities.

Over the last few years, most asset classes have all run up significantly. Despite some correction/normalization over the last few months, the 5-year returns and valuations of Nifty 500 & SMID indices continue to sit in the 70th-90th percentile of their own historical range. Global equities also appear extended with elevated valuations and high trailing returns vs history. Gold & Silver look even more stretched, with 5-year returns in the 99th percentile (despite the ~15% fall on 30-Jan-26) - indicating historical extremity.

The asset classes that seem to offer some comfort are *the much-ignored* debt (looks attractive relative to equities) and, to some extent, domestic large cap equities.

So how should one navigate this environment? We believe multi-asset strategies with agility to quickly adjust across different asset classes can be a sensible option!

Where are we in terms of returns?

Index	Current 5Y CAGR	Median 5Y CAGR	Current - Percentile vs History
Nifty 50	13.5%	13.1%	55.4%
Nifty 100	13.8%	13.6%	51.5%
Nifty Midcap 150	22.4%	16.2%	76.3%
Nifty Smallcap 250	21.2%	13.5%	75.2%
Nifty 500	15.6%	13.6%	64.8%
MSCI ACWI	16.8%	13.4%	87.1%
MSCI EM	9.7%	7.8%	70.4%
Gold	28.2%	12.0%	99.8%
Silver	34.5%	11.1%	99.7%
Nifty Short Duration Debt Index	6.1%	8.1%	1.4%
CRISIL Dynamic Gilt Index	6.0%	7.5%	7.2%

Where are we in terms of valuations?

Metric	Index	Current	Median	Current - Percentile vs History
P/E	Nifty 50	23.4	20.0	81.9%
	Nifty 500	25.4	21.5	72.6%
	MSCI ACWI	23.5	16.9	94.7%
	MSCI EM	18.6	13.8	89.2%
P/B	Nifty 50	3.4	3.1	72.1%
	Nifty 500	3.5	3.1	70.6%
	MSCI ACWI	3.7	2.3	99.9%
	MSCI EM	2.3	1.7	87.6%
Bond Yield to Earnings Yield		1.5	1.7	25.7%

The Unsettling Calm – Is It Unravelling?

10 Years Of Calm – Equity Drawdowns Are A Rarity

BSE Sensex Index has now gone for 10 years without a bear market.

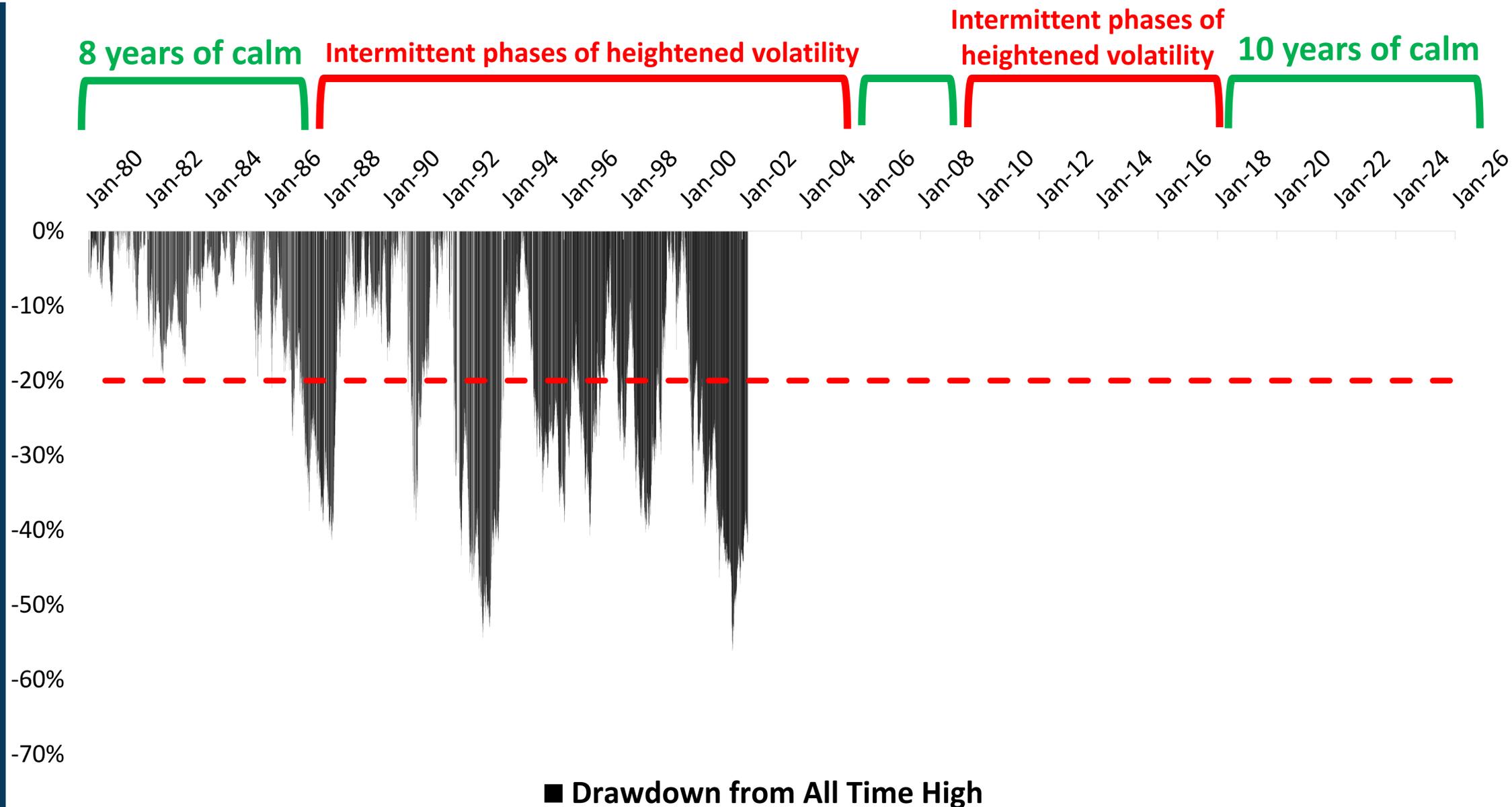
Defining a bear market:

One of the ways to define a bear market is a decline of more than 20% and a time period of more than one year to regain previous highs.

COVID decline was much deeper, but the markets recovered in about 9 months to reclaim all time highs. This made sure that participants avoided the long-drawn periods of pain when stocks don't deliver returns.

The previous period of such a stable and smooth market was way back in 1980s. Volatility moves in clusters and current cluster of low volatility would likely give way to higher volatility.

We don't know when or why, though. But history tends to rhyme more often. As investors we should be prepared for higher volatility and drawdowns. Most new investors aren't.



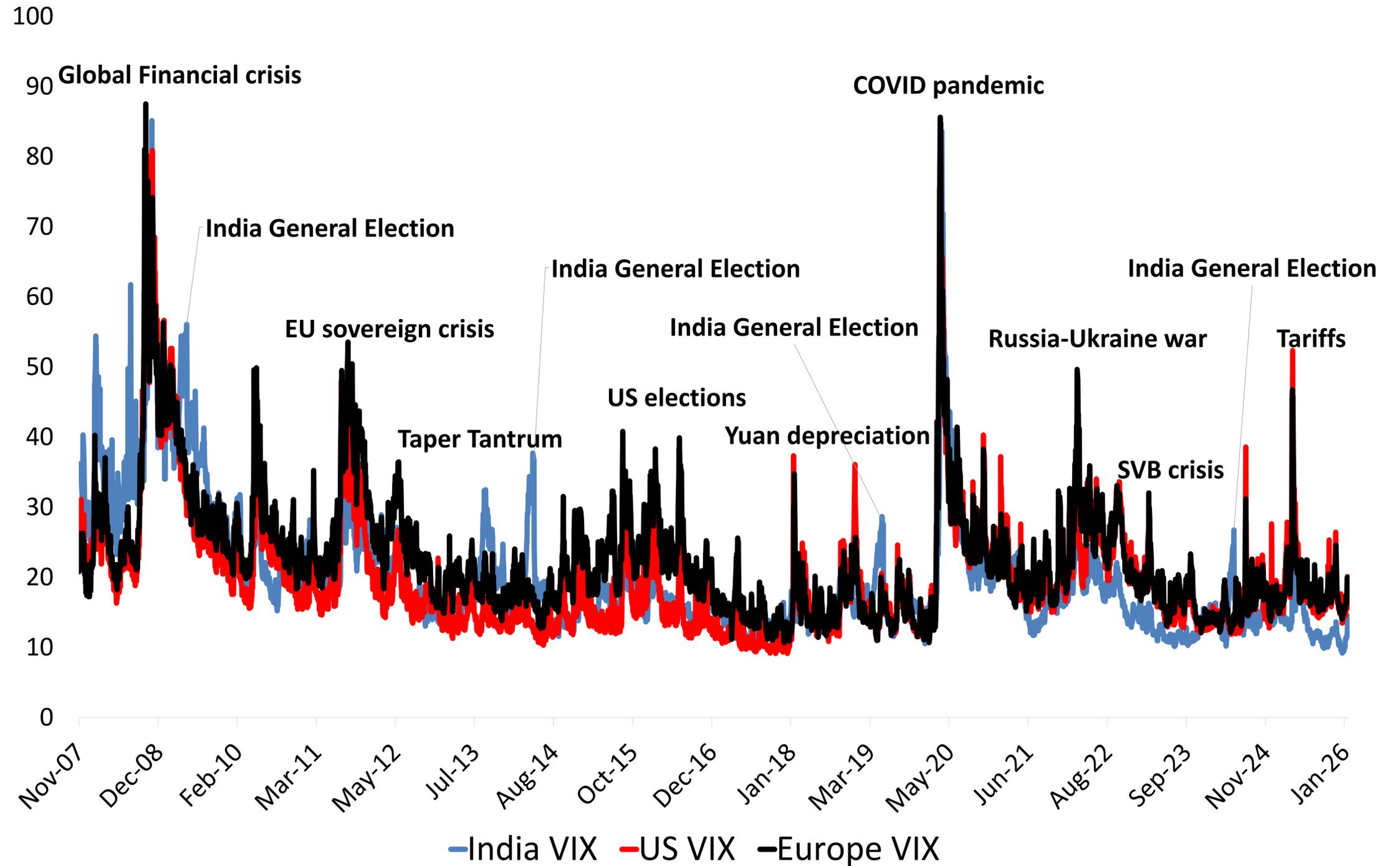
One of the ways to define a bear market is a decline of more than 20% and a period of more than one year to regain previous highs. It's been eight years that we've been in a relatively shallow drawdown phase.

Global Equity Volatility Is In Hibernation

The world is paying a massive “geopolitical and policy uncertainty” premium for gold. The global financial media is rife with ever-changing headlines and “never-seen-before” actions from the US administration. Yet stock market volatility the world over is at rock bottom. In fact, just a few weeks back, India VIX recorded a multi-year low.

Stocks moving more than 1% in a single day has become a rarity. Deep drawdowns, especially in developed markets, have been few and far between.

There is statistical calmness. This is not a sign of any impending disaster, but a sign that market participants aren't prepared for one.



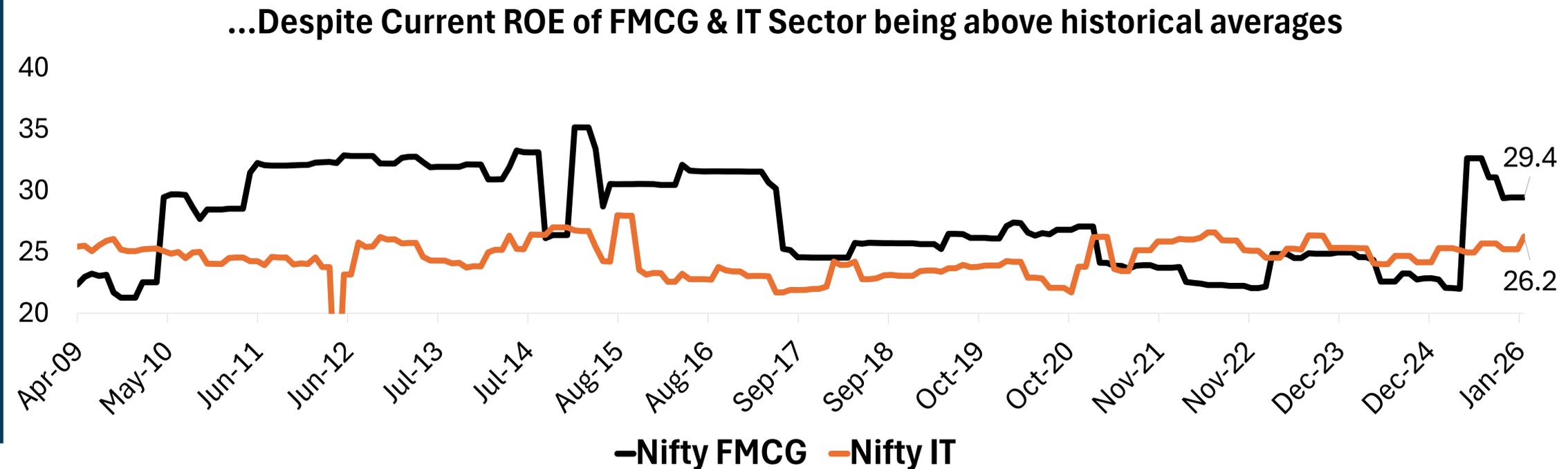
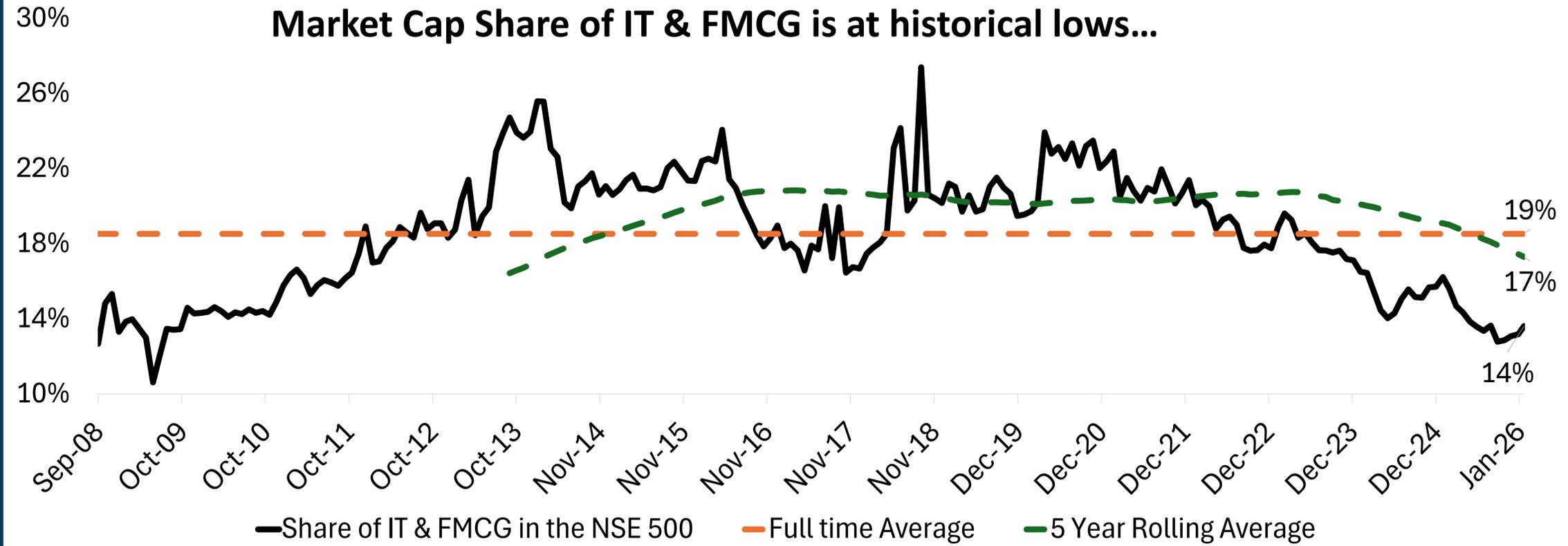
Early Signals

Forgotten Favorites?

Two of the most underperforming sectors during the current bull market have been IT and FMCG, both of which are largely ignored by the market. The reason: A slowdown in earnings growth for these two sectors and low visibility of earnings recovery.

The IT sector witnessed a strong post-COVID rally until early 2022, after which performance turned largely range-bound. Even today, the sector is trading close to levels seen nearly four years ago. This is despite companies continuing to deliver stable return ratios. Stock performance, however, has remained subdued, partly due to the sector's limited participation in the recent "AI-led" enthusiasm that has driven market leadership elsewhere.

FMCG, traditionally viewed as a defensive sector given its exposure to essential consumption, has also seen a significant decline in market relevance. The sector's weight in the broader market has fallen from ~12% during the COVID period to around 6% currently, levels last witnessed nearly 15 years ago in 2011. This has occurred despite FMCG companies maintaining strong and stable ROEs, supported by well-established business models. The market's increasing preference for high-growth themes has led to a sharp reduction in allocation to such quality, cash-generating businesses, pushing their market representation to multi-decadal lows.



A Few Industry Segments Are Beginning To Throw Opportunities

Buying assets when they are cheaper relative to their own history partly compensates for a lack of high intellect. A margin of safety is an antidote to stupidity.

Broader markets are not at cheap or average valuations for new money to enter. However, there are some niche segments where a margin of safety is beginning to appear. Some of the major industries highlighted are BFSI, IT, and Oil & Gas sectors.

However, it is important to consider where these companies are in their business cycle, as lower valuations may also be influenced by recent profitability and business cycle challenges.

There are market-wide opportunities when panic selling occurs, sector-wide opportunities every few years due to business cycle changes, and stock-level opportunities due to specific reasons. Patient investors can benefit from these opportunities if they focus on buying assets for less than what they are worth.

Basic Industries	Total Companies	Companies trading below 33rd percentile	% of Companies trading below 33rd percentile
General Insurance	6	5	83%
LPG/CNG/PNG/LNG Supplier	5	4	80%
Housing Finance Company	9	7	78%
Hotels & Resorts	8	6	75%
IT Enabled Services	7	5	71%
Life Insurance	5	3	60%
Industrial Products	5	3	60%
Private Sector Bank	14	6	43%
Investment Company	5	2	40%
Residential, Commercial Projects	10	4	40%
Power Generation	11	4	36%
Heavy Electrical Equipment	14	5	36%

Basic Industries	Total Companies	Companies trading below 33rd percentile	% of Companies trading below 33rd percentile
Household Appliances	6	2	33%
Hospital	9	3	33%
Cement & Cement Products	10	3	30%
Personal Care	7	2	29%
Pharmaceuticals	37	10	27%
Telecom - Cellular & Fixed line services	5	1	20%
Financial Institution	6	1	17%
Civil Construction	12	2	17%
Refineries & Marketing	6	1	17%
Aerospace & Defense	6	1	17%
Iron & Steel Products	7	1	14%
Non-Banking Financial Company	15	2	13%
Computers - Software & Consulting	19	2	11%
Specialty Chemicals	10	1	10%
Auto Components & Equipments	19	1	5%
Integrated Power Utilities	5	0	0%
Passenger Cars & Utility Vehicles	6	0	0%
Compressors, Pumps & Diesel Engines	5	0	0%
Public Sector Bank	11	0	0%
2/3 Wheelers	6	0	0%
Iron & Steel	7	0	0%
Other Textile Products	5	0	0%
Tyres & Rubber Products	5	0	0%

Patchy Growth Is Making Bonds Attractive, Especially of Longer Duration

Patchy growth and fiscal discipline are creating an opportunity for Indian government bonds, especially at the 10-year and longer maturity point.

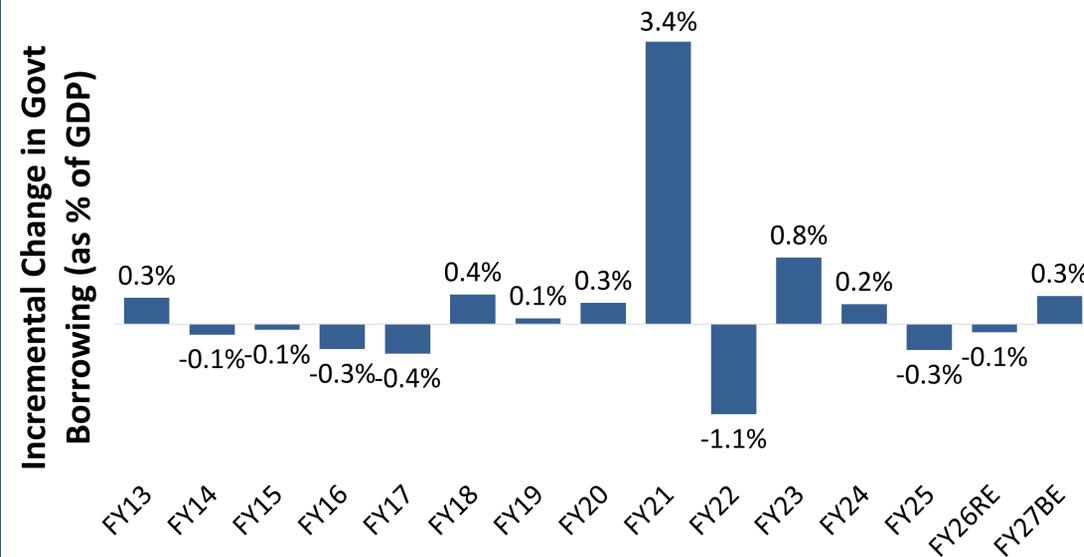
Central government gross market borrowing has stabilised as a share of GDP, so net G-Sec supply is rising more slowly than the economy, limiting supply of bonds. Budget FY27 has shown a slight increase in borrowing, which would be manageable as the year progresses.

At the same time, CPI inflation is in the slow lane much below the RBI's 4% target. In fact, CPI inflation is currently at 5-decade low in India. Liquidity conditions are also doing some of the heavy lifting. Duration works best when liquidity is stable, although at this time liquidity management is a challenge.

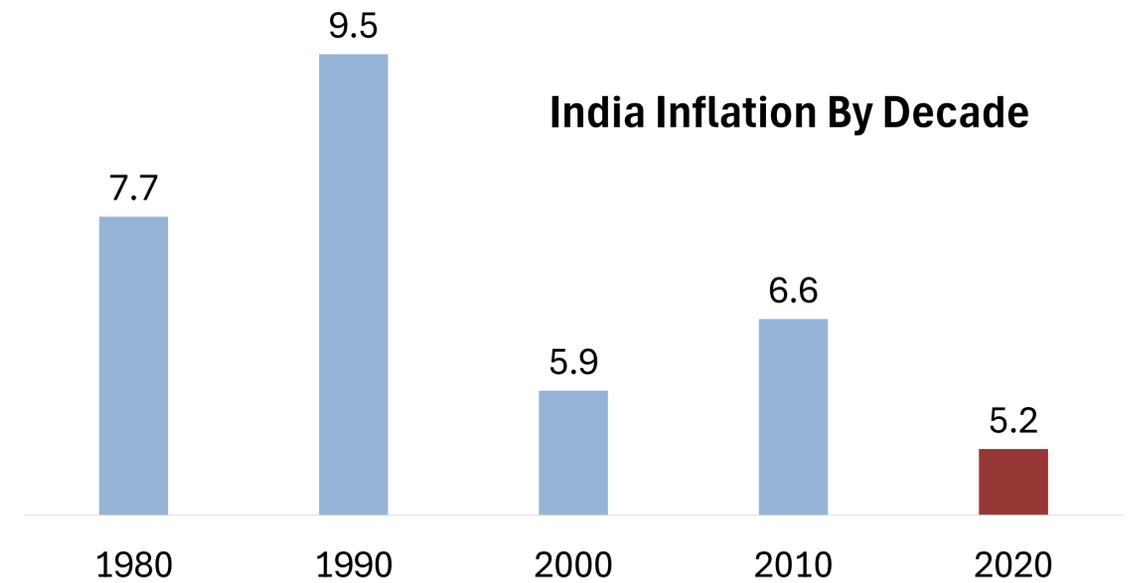
The spread between the repo rate and the 10-year G-Sec yield remains comfortably wide at around 100 basis points. Long-term bonds are offering noticeably higher returns than short-term rates right now. That means investors don't have to rush or time the market perfectly. They earn a decent return just by holding these bonds. And if growth stays weak or interest rates eventually come down, bond prices can rise, adding to those returns.

With bond supply under control, inflation behaving well, liquidity stable, and long-term yields offering decent compensation, current yield (6.77%) on the 10-year G-Sec looks like a sensible entry point for investors willing to extend duration.

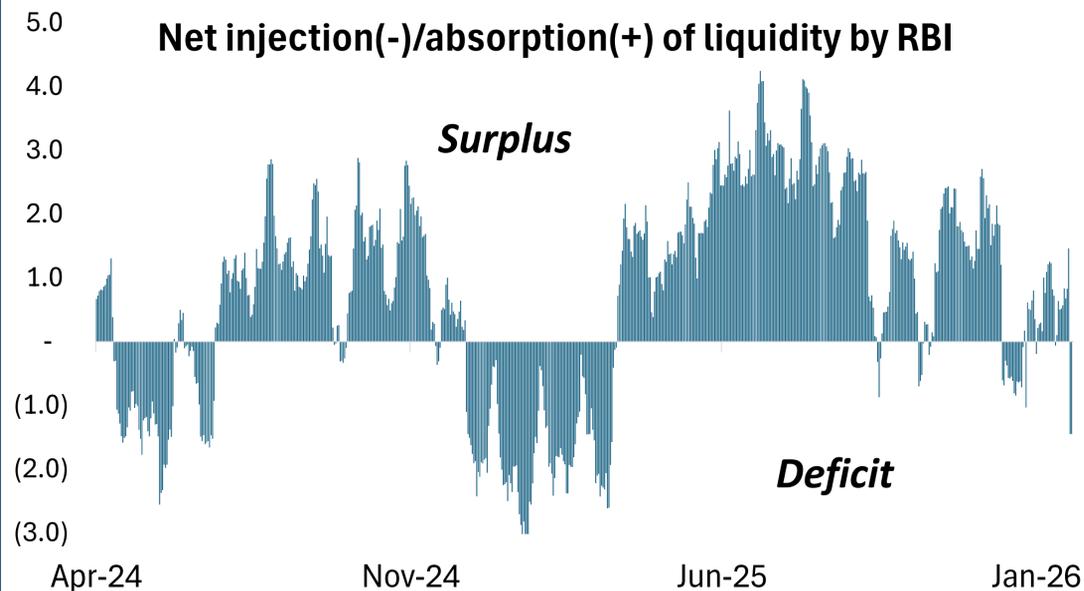
The Central Govt Isn't Borrowing Too Much, Limiting The Supply Of Bonds



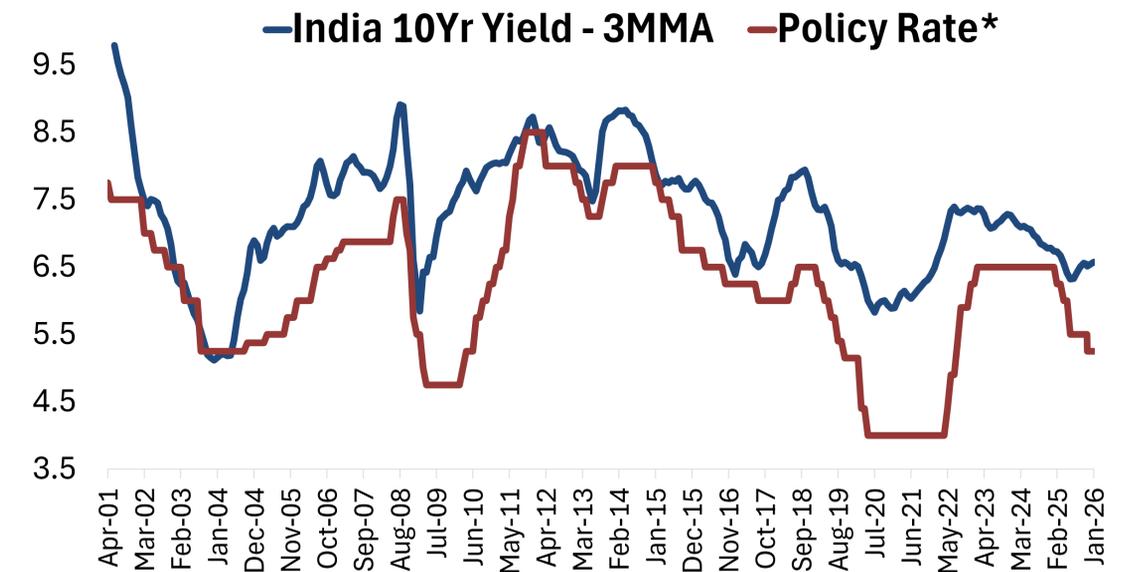
Inflation Is In The Slow Lane, Making Fixed Income Attractive



Interbank Liquidity Remains Comfortable
Net injection(-)/absorption(+) of liquidity by RBI



The Spread Between Repo Rates And 10 Yr Gsec Yield Is Comfortably Wide



What To Think When You Think About Gold & Silver

The first three slides of this section were written on 29th Jan 2026. Gold & Silver prices moved violently the next day. These three slides are presented to showcase the thoughts at the time of writing. Slide five is the most recent update, after the price decline. All slides are timestamped for context in footnotes.

Gold & Silver Are Over & Above Their Theoretical Value

How To Value Gold

Total mined Gold (above-ground stock in tonnes) <i>(Dec 2025 estimate)</i>	1	2,19,865
Total mined Gold (Bn troy ounce)	2	7.07
US M2 Money Supply (USD Bn)	3	22,411.0
Value of total mined Gold per troy ounce w.r.t US M2	$4 = 3 \div 2$	3170
Additional EU Money Supply (taken at 50% of total) (USD Bn)	5	9603
Value of total mined Gold per troy ounce w.r.t EU M2	$6 = 5 \div 2$	1358
Final Value of total mined Gold per troy ounce	$7 = 6 + 4$	4529
Current Price (\$5517) Premium To Theoretical Price		21.8%

Source: DSPNetra, Metals Focus, Refinitiv GFMS, US Geological Survey, World Gold Council

How To Value Silver

Current Gold Silver Ratio (GSR)	1	47
Historical Gold to Silver Ratio	2	
The Roman Empire		12:1
Medival Europe		9.4:1
US Coinage Act of 1792		15:1
US Decision To Raise Gold price to \$35 in 1939		98:1
Abandonment of Gold standard & aftermath		97.5:1
Average Gold to Silver Ratio in 21st Century		69:1
Assuming a Gold to Silver Ratio of 60:1	3	
Lower band		53
Upper band		75
Derived price range for silver based on GSR of 60	4	\$53 to \$75
Current Price (\$117.8) Premium To Theoretical Price		56.1%

Source: DSPNetra, Metals Focus, Refinitiv GFMS, US Geological Survey, World Gold Council

How To Approach Gold & Silver

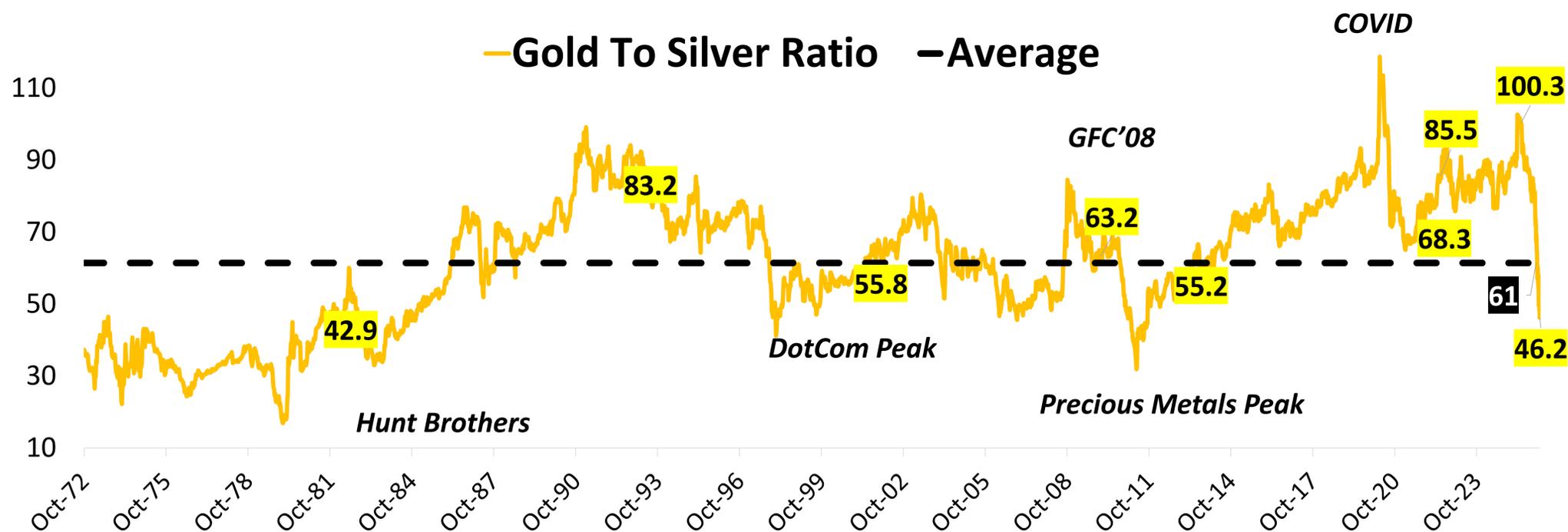
Gold prices (\$5517) have shown one of the largest moves in modern history. Investors and traders who had a fixed allocation to the metal may have benefitted fully from this move, while others, who would have used ANY framework to make sense of the prices, would have taken partial or complete profits over the last 6 months. This includes our framework.

Since, these assets are hard to value, they do not have an upper limit when they rally. Commodities create panic tops and have highest real-time consensus optimism. At the top, there is absolutely no data whatsoever to believe that prices could head lower anytime soon.

What do we know today?

1. Gold prices have rallied far and beyond monetary considerations. A large part of monetary debasement is in the price, as per our calculations.
2. Today we are in the 5th year of Central bank purchases. We highlighted this as a big price lever back in 2022 for the first time. This is now street chatter, and 'in-the-price'
3. Global consensus against the USD is absolute judging by the share of global reserve assets in UST vs Gold. Recently Gold took over US Treasury as a reserve asset due to its MTM gains and Central Bank purchases. How much of a non-yield asset would Central Banks hold is now questionable.
4. Real rates remain high; inflation remains benign which makes the backdrop for Gold prices unfavourable.
5. With Gold to Silver (\$117.8) ratio at 46.2 (a low of 44), the upside in Silver based on Gold is limited.

Gold's 5yr and 10yr CAGR now exceeds that of Stocks. A red flag.



Start Date	End Date	Period (Yrs)	CAGR Returns			5 Year CAGR*			10 Year CAGR*		
			Gold Returns	S&P 500 Returns	US Treasury Returns	Gold Returns	S&P 500 Returns	US Treasury Returns	Gold Returns	S&P 500 Returns	US Treasury Returns
Aug-76	Jan-80	3.4	85%	7%	5%	37%	15%	6%	-	-	-
Feb-85	Dec-87	2.8	22%	16%	12%	2%	17%	12%	12%	15%	11%
Sep-99	Mar-08	8.5	17%	1%	7%	24%	11%	5%	13%	4%	6%
Nov-08	Sep-11	2.8	42%	15%	6%	24%	0%	7%	21%	2%	6%
Dec-15	Aug-20	4.6	16%	14%	4%	14%	12%	4%	6%	14%	3%
Sep-22	Sep-25	3.0	42%	20%	3%	25%	17%	-1%	17%	16%	1%

How To Think About Allocation To Gold & Silver: Don't Be Overweight

How should investors approach Gold & Silver?

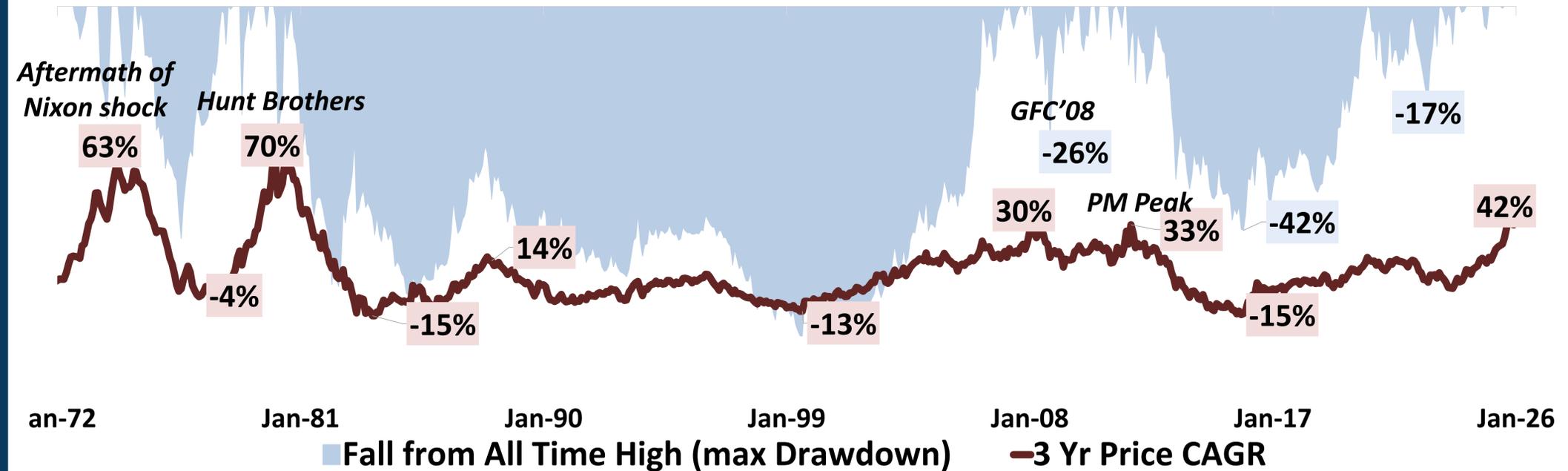
1. At this price, it is not possible to calculate risk-reward for precious metals. Leave it to smarter investors to do it. Find other one-foot hurdles to cross.
2. If you had no allocation to precious metals prior to 2024, this is not the price to experiment with a new asset class. If you bought over the past year and a half, this is the time to take profits and be a fence sitter.
3. New investors should not enter with large weights or allocate fresh funds at this time. At best, to avoid FOMO, start a token SIP, if you can't control your urge to participate. Make sure the position doesn't hurt your portfolio if precious metal prices see a drawdown.
4. Precious metals, as we have noted over the years, is an important asset class. They continue to give opportunities to enter and benefit from them. All assets are cyclical. There will be opportunities to buy Gold & Silver again, it is not available now.
5. This is time to be neutral on these assets, not overweight.

As investors, the most important behavioural edge is to avoid conspiracy theories and world changing narratives. Remember that at \$2000 or lower, no one told you that Gold is currency, although Central Banks had already started buying it.

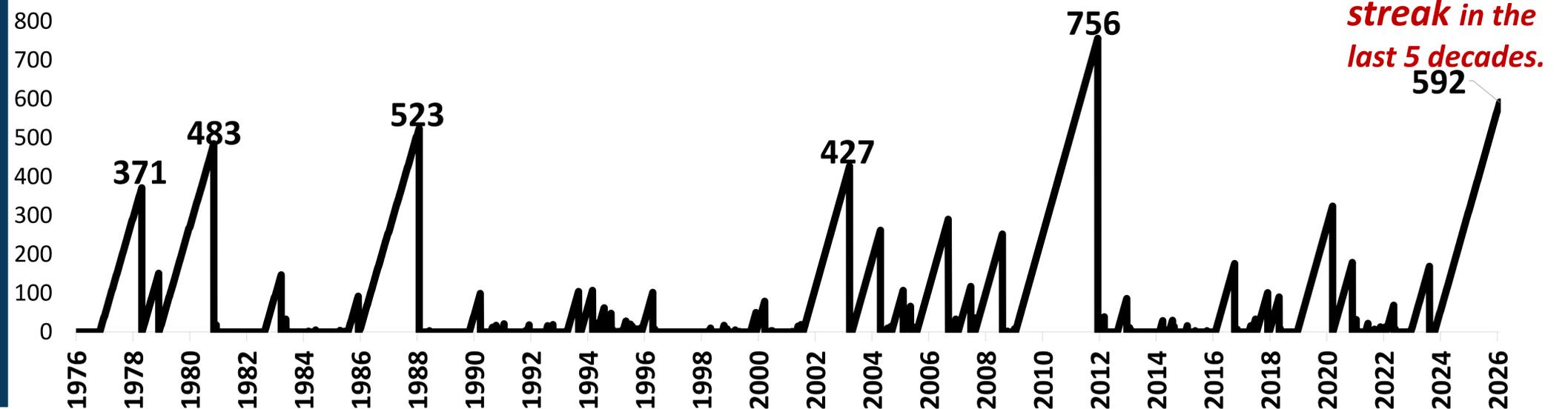
The best opportunities of the future are hiding in places where value has started to emerge. Hence, look elsewhere.

Price makes the news.

**Gold Prices See Large Drawdowns Even During Bull Markets.
Since Nov'22 the max drawdown has been less than 8%**



No. of Days Gold has spent above 200DMA



2nd longest streak in the last 5 decades.

Central Bank Are Stepping Back, While Momentum Chasers Chase Gold

Flows follow returns.

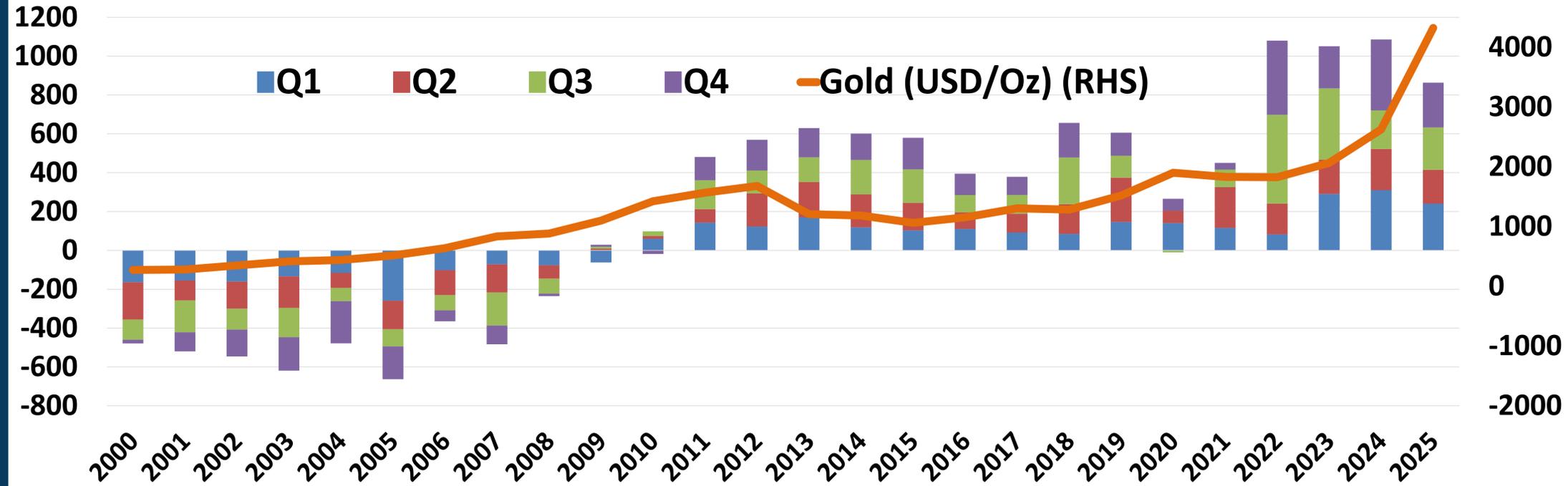
Global ETFs and similar products tracking Gold were net sellers of Gold for 2021 to 2024. During the COVID surge in Gold when prices surged nearly 50%, ETFs bought 1000 tons of Gold in 9 months. From Q42020 to Q22024, global ETFs witnessed net sales of nearly 800 tons of Gold.

From June 2025, Gold ETFs saw renewed buying AFTER gold prices had already doubled over the past year. In the H2 of 2025, ETFs bought 400 tons of Gold.

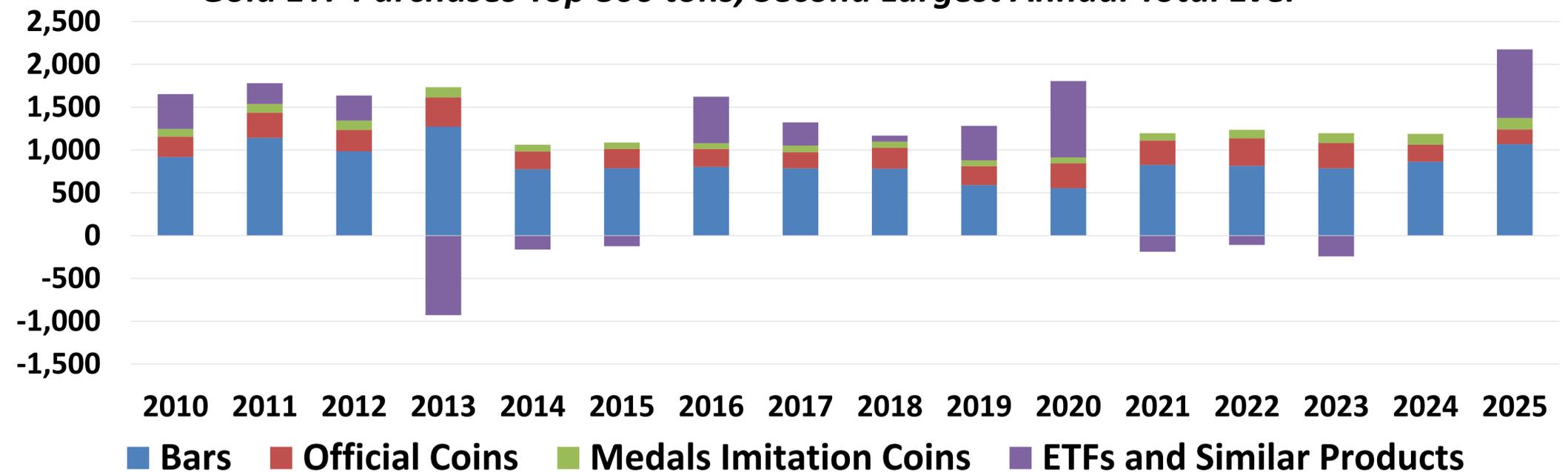
All this while Central Bank purchases, which have been the primary driver of this bull market began decelerating. In 2025, Central Bank Gold purchases fell 21% recording the first year since 2022 with sub 1000 tons of Gold purchases.

With this change in the largest buyers, the Gold bull market leadership has sifted from CBs to ETFs. ETFs are momentum chasers, in the sense that most of the demand comes when recent returns look attractive. The total investment demand for Gold in the form of Bars, Coins, Medals & ETFs surged 84% in 2025. It is notable that such large increase in investment demand are seldom repeated in the following year. Price volatility causes most of these investment purchases to turn into net sales. This weakens the case for continued momentum in Gold prices.

Central Bank Gold Purchases Fell 21% in 2025



Gold ETF Purchases Top 800 tons, Second Largest Annual Total Ever



Updated- How To Think About Allocation To Gold & Silver: When To Allocate

Gold & Silver (\$5060, \$87.6) continue to trade above the upper range of their theoretical prices. A large segment of investors are hugely overweight on these metals along with institutional investors. Even central banks' gold exposure has now reached a level where, based on the mark-to-market gains, has made their dated US Treasury Holdings smaller than the value of the Gold holdings.

Central banks were the key driver of this bull market in Gold. They were later joined by investors through ETFs and Gold bullion. It remains to be seen whether investors on their own can driver prices higher or not.

For Gold, it would be prudent to wait for some margin of safety to emerge. A discount to the theoretical price (\$4520 as of now) and some upside that can be mathematically calculated (howsoever inexact) is required. The risk reward at current prices of over \$5000 remains unattractive.

For Silver, as we have repeatedly noted, an overweight stance makes sense at a Gold Silver Ratio (GSR) of between 80 to 100, and not at 45 to 60. The recent price correction has caused the overvaluation to shrink dramatically but it is still hard to ascertain a suitable risk-reward. *(compare to table on slide 17 for context)*

The bottom line is investors should wait for better price levels to add exposure to precious metals or let time work its way through to bring down median returns. In short, wait patiently.

How To Value Gold		
Total mined Gold (above-ground stock in tonnes) <i>(Dec 2025 estimate)</i>	1	2,19,865
Total mined Gold (Bn troy ounce)	2	7.07
US M2 Money Supply (USD Bn)	3	22,411.0
Value of total mined Gold per troy ounce w.r.t US M2	$4 = 3 \div 2$	3170
Additional EU Money Supply (taken at 50% of total) (USD Bn)	5	9499
Value of total mined Gold per troy ounce w.r.t EU M2	$6 = 5 \div 2$	1344
Final Value of total mined Gold per troy ounce	$7 = 6 + 4$	4514
Current Price Premium To Theoretical Price		12.1%

Source: DSPNetra, Metals Focus, Refinitiv GFMS, US Geological Survey, World Gold Council

How To Value Silver		
Current Gold Silver Ratio (GSR)	1	58
Historical Gold to Silver Ratio	2	
The Roman Empire		12:1
Medival Europe		9.4:1
US Coinage Act of 1792		15:1
US Decision To Raise Gold price to \$35 in 1939		98:1
Abandonment of Gold standard & aftermath		97.5:1
Average Gold to Silver Ratio in 21st Century		69:1
Assuming a Gold to Silver Ratio of 60:1	3	
Lower band		53
Upper band		75
Derived price range for silver based on GSR of 60	4	\$53 to \$75
Current Price Premium To Theoretical Price		16.4%

Source: DSPNetra, Metals Focus, Refinitiv GFMS, US Geological Survey, World Gold Council

Margin of Safety

"In the old legend the wise men finally boiled down the history of mortal affairs into the single phrase, "This too will pass." Confronted with a like challenge to distil the secret of sound investment into three words, we venture the motto - Margin of Safety."

- Benjamin Graham

"When you build a bridge, you insist it can carry 30,000 pounds, but you only drive 10,000 pound trucks across it. And that same principle works in investing."

- Warren Buffett





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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.