WRIGHT RESEARCH

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FACTOR & REGIME COMPASS

June 2026 Monthly Quant Report

Positioning before consensus rotates.

MACRO
Regime & Liquidity

SENTIMENT
Fear & Greed Signals

FACTORS
Trend & Dispersion

RISK
Valuation & Drawdowns

SEBI REGISTERED PORTFOLIO MANAGER & RESEARCH ANALYST • QUANTITATIVE ASSET MANAGEMENT

MARKET COMMENTARY

A bifurcated storm: the crude leg clears, the domestic leg lingers

1 Global risk deflation

The June 14 US–Iran ceasefire and Strait of Hormuz reopening have flushed the crude risk premium out of the system. Crude has retraced from a $120 peak (Mar '26) to ~$80. Wright Fear & Greed has recovered from extreme fear toward neutral.

2 A bifurcated storm

The imported-inflation leg (crude, Hormuz) is resolving. The domestic leg is intact — El Niño (SOI −14.5), a ₹4–5tn subsidy strain, and an RBI on hold with CPI revised to 5.1%. This is selective risk-on, not a broad beta rally.

3 Regime pivot underway

The Wright Regime Composite sits at 51.7 and rising (+1.6 MoM), propped up by Liquidity and Institutional Flow (101.3) even as External Macro (13.1) and Risk Appetite (5.1) keep deteriorating — a domestically-funded bull.

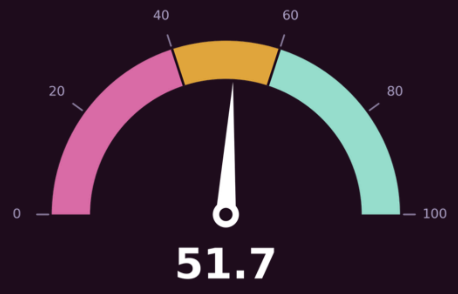
4 Trailing leadership lags the turn

1-year factor data still rewards defensives — Earning Momentum, Price Momentum — and punishes Beta, Volatility and Illiquidity. That is the entry posture into fear, the wrong posture out of it. The edge is anticipating the rotation.

EXECUTIVE READ · JUNE 2026

Bottom line: selective risk-on, positioned for the rotation

REGIME COMPOSITE



Neutral-to-constructive +1.6 vs 1M

WHAT'S WORKING · OVERWEIGHT

Earning Momentum & Valuations, plus long-term and industry-relative momentum — quality-at-a-price and established leaders.

WHAT TO AVOID · UNDERWEIGHT

Beta, Volatility and Illiquidity — high-beta, hard-to-exit names stay toxic while the VIX runs high.

WHAT WE'RE DOING · THE STANCE

Selective risk-on: ride what works now, then rotate into beta and cyclicals on a confirmed volatility normalization.

TRACK RECORD · LIVE PERFORMANCE

Wright Factor Fund has compounded ahead of the BSE 500 — over 1M, 3M, 1Y and since inception.

Live NAV, since inception to June 2026. Past performance is not indicative of future results.

Most investors read the regime late

The static-factor flaw. When markets turn, the instinct is to hide in “safe” defensives. But factor premiums are dynamic — the factor that protected you last cycle can quietly bleed returns in the next.

The edge. Not picking one factor to hold forever, but systematically identifying which factors the market is rewarding right now — and which are about to turn — before consensus shifts.

FOUR LENSES, READ TOGETHER

1. **Macro Regime** Composite of valuation, liquidity & sentiment
2. **Market Sentiment** Wright Fear & Greed and washout signals
3. **Factor Trend & Dispersion** Strategy and momentum exposures
4. **Risk & Valuation** What the market is punishing and avoiding

THE OLD PLAYBOOK vs OUR APPROACH

Static, single-factor bets

Park in defense and hope. One signal, held through every regime — exposed the moment leadership rotates.

Dynamic, four-lens rotation

Four lenses read the regime as it moves and pivot the book toward what is leading now — while front-running the next rotation on a defined trigger.

STRATEGIC STANCE

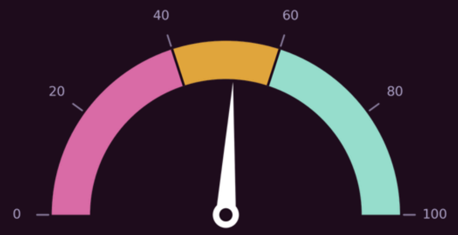
Selective risk-on: ride what works, position for what's next

OVERWEIGHT *Aggressive deployment*	NEUTRAL *Hold / monitor*	UNDERWEIGHT *Aggressive avoidance*
Earning Momentum & Valuations Certainty premium — capital's primary safe harbor.	**Growth** Await macroeconomic clarity.	**Beta & Volatility** Toxic while VIX runs high.
Long-Term Momentum Ride established institutional flows.	**Short-Term Momentum** Too choppy to trade reliably.	**Illiquidity** No tolerance amid high selling intensity.
Industry-Relative Momentum Sector alpha over broad-market beta.		**Efficiency** Anomalous drawdowns; sector-trapped.

Rotation trigger. A sustained volatility normalization post-ceasefire, paired with a pause in Fed/ECB hawkishness, is the green light to rotate back into Beta, Volatility and cyclicals. Until then, the punished factors are the sharpest mean-reverters to watch.

Regime composite turns constructive

REGIME COMPOSITE



51.7

Neutral-to-constructive +1.6 vs 1M

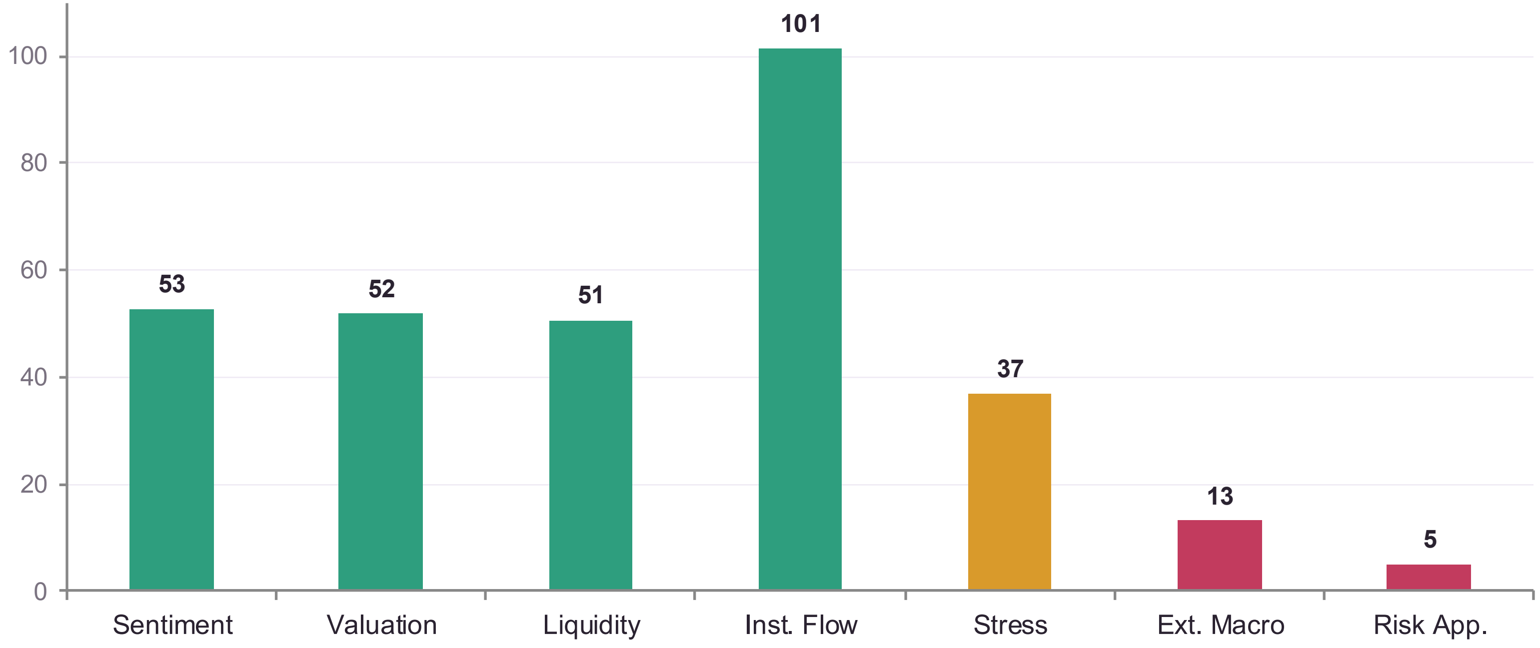
6.6%
GDP (FY26e)

5.1%
CPI (revised)

4.4%
Fiscal deficit

$682bn
FX reserves

STANDALONE INDICES (percentile, 0–100)



Supports: Liquidity, Valuation and Institutional Flow (101). **Drags:** External Macro (13) and Risk Appetite (5) — the bull is domestically funded.

Source: Wright Research Economic Regime Dashboard, Jun 15 2026. FII −$16.5bn FYTD; DII +₹9.8tn FYTD; INR 95.1 (−9.9% FY26).

LENS 02 · MARKET SENTIMENT

Fear unwinding, washout nearly complete

WRIGHT FEAR & GREED

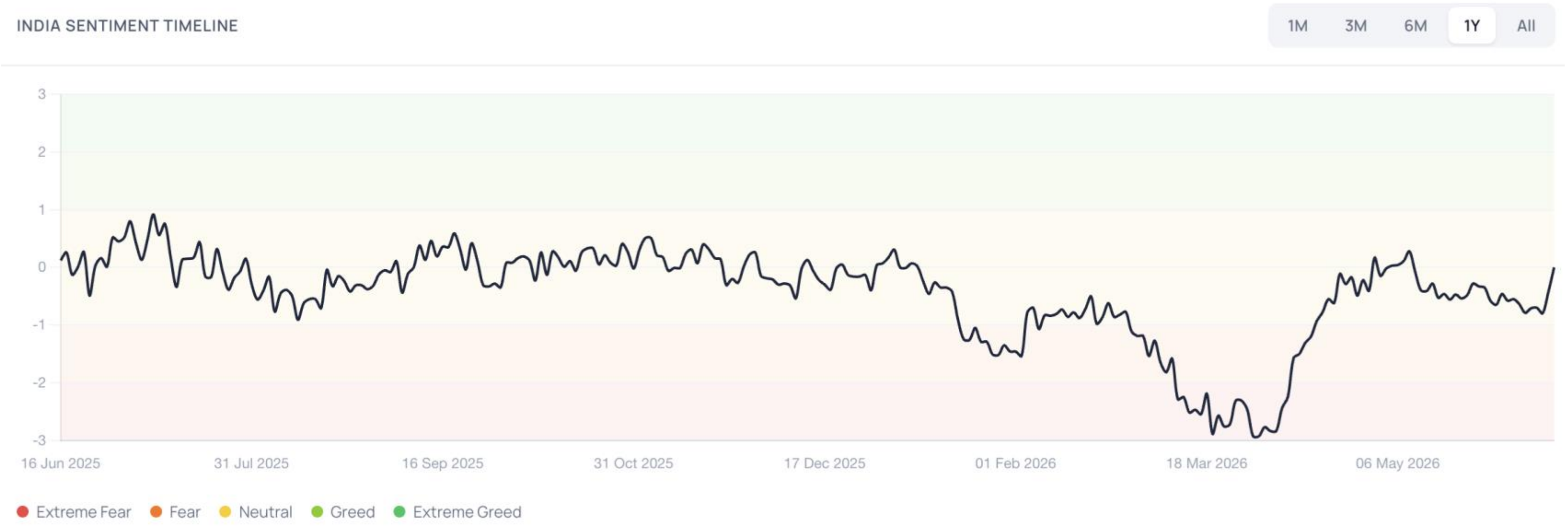
≈0.0

Neutral recovered from −0.43

CONTRARIAN WASHOUT

Selling Intensity −0.49
Euphoria −0.41
Capitulation −0.39
signal deep, washed-out fear — while
Long Buildup +0.37
is the contrarian anomaly. A classic pre-reversal setup.

FEAR & GREED COMPONENTS (standardized z, ±3)

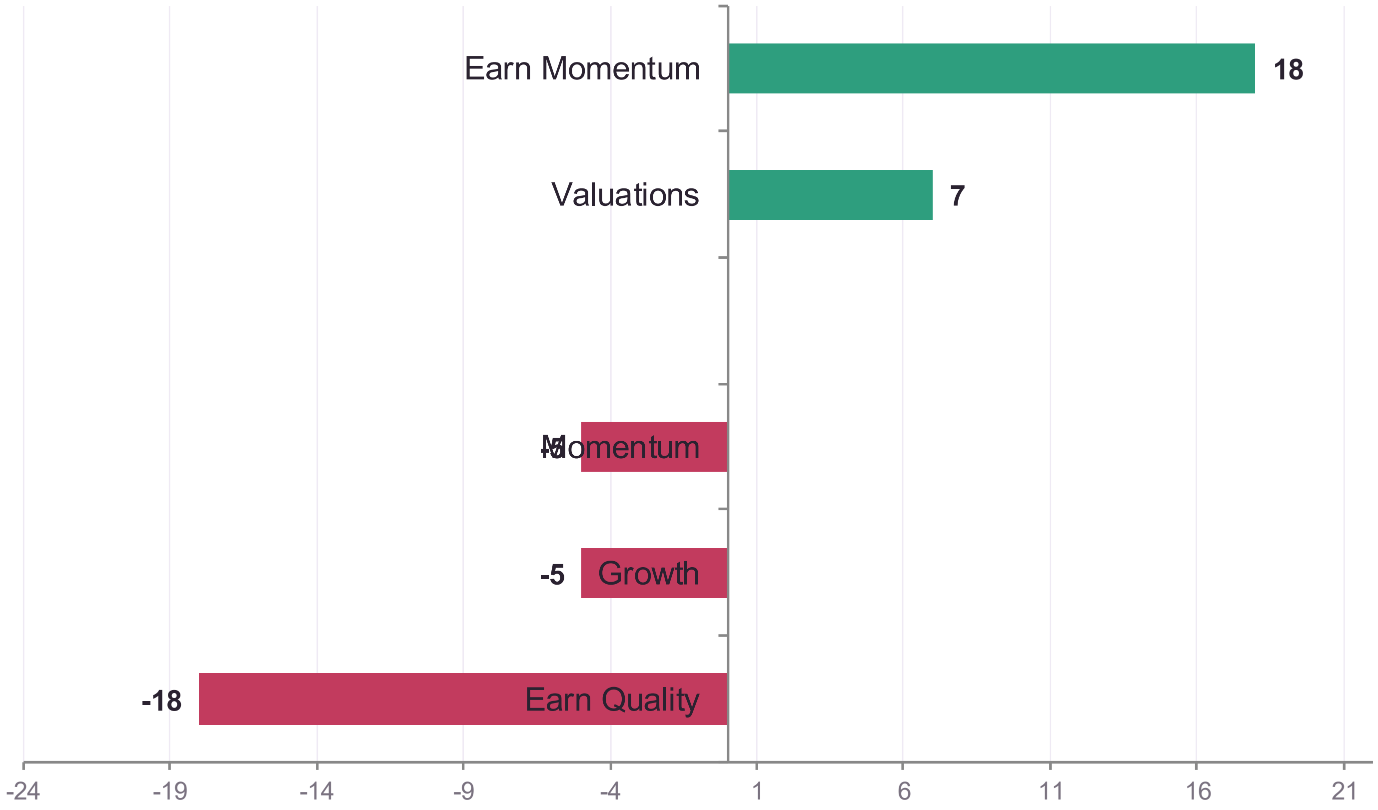


VIX (+1.09) remains the dominant driver of fear; everything else has reverted to neutral — the sentiment is held up by volatility expectations, not by genuine demand.

Source: Wright Research Fear & Greed Index, Jun 15 2026.

A flight to certainty and targets

STRATEGY FACTOR — 1Y RETURN SPREAD (top vs bottom rated, %)



Spread = 1Y return gap between top- and bottom-rated names (long-short), not a fund return. Source: Wright Research strategy exposures, 1Y.

THE WINNERS

Capital is hiding in highly predictable, target-driven assets. The market is demanding valuation certainty over speculative growth — Earning Momentum (+18%) and Valuations (+7%) lead decisively.

THE LOSERS

Traditional quality faces heavy drawdowns (Earn Quality −18%),as risk-aversion overrode fundamentals. Worth testing: this likely decomposes into a Banks/IT sector artifact — if so, it is a contrarian setup, not proof that fundamentals stopped mattering.

Alpha in long-term and industry-relative

MOMENTUM SUB-FACTOR — 1Y RETURN SPREAD (%)

ALPHA GENERATORS

Industry-Relative Momentum (+11%) and Long-Term Momentum (+10%) — sector-specific bets and safety in established trends, reinforced by institutional flow.

ALPHA DESTROYERS

Beta and Volatility (−17% each) — a complete rejection of speculative, short-term momentum. High beta is toxic in this regime.

Rotation watch: when Beta/Volatility spreads flip positive, the cyclical leg has turned.

Spread = 1Y return gap between top- and bottom-rated names (long-short), not a fund return. Source: Wright Research momentum exposures, 1Y.

Extreme aversion to illiquidity

HEAVILY PUNISHED EXPOSURES

−23% — **Illiquidity** The single most penalized factor. Zero tolerance for hard-to-exit assets.

−15% — **Stress** Stressed names systematically sold down.

−11% — **USD sensitivity** Dollar-exposed exposures de-rated.

REWARDED / NEUTRAL EXPOSURES

+6% — **Analyst-backed** Consensus-supported names provide safe harbors.

+6% — **EM / EMEA sales** Diversified revenue rewarded.

+1% — **VIX / Inflation** Functioning as a slight portfolio hedge.

Insight. The penalty on Illiquidity (−23%) and Stress confirms a stealth risk-off beneath a constructive headline regime — and it is the trailing signal that flips first when VIX normalizes. Watch the illiquidity penalty shrink as the rotation confirmation.

Source: Wright Research risk exposures, 1Y.

STRATEGIC SYNTHESIS

The factor × lens signal matrix

Factor	Macro	Sentiment	Trend	Dispersion	Stance
Earning Momentum / Valuations Cheap, profitable, target-beating names	Weak	Fear-favored	Very strong	Very strong	**Overweight**
Momentum Stocks in established uptrends	Neutral	Constructive	Strong	Strong	**Overweight**
Growth High earnings-growth names	Weak	Neutral	Weak	Neutral	**Neutral**
Beta / Volatility High-swing, market-sensitive names	Weak	Punished	Very weak	Very weak	**Underweight**
Illiquidity Thinly traded, hard-to-exit names	Weak	Punished	Very weak	Very weak	**Underweight**
Efficiency / Earn-Quality High return-on-capital quality names	Neutral	Punished	Very weak	Weak	**UW (watch)**

The barbell. Ride what is working now (Earning Momentum, Valuations) while positioning for what works next (LT-Momentum, then Beta and cyclicals on a confirmed VIX normalization).

SECTOR TRANSLATION

Buy structural visibility, sell macro vulnerability

OVERWEIGHT — THE RESILIENT

Pharma & Healthcare

Supply-chain diversification + INR weakness; moving to high-value innovation partners.

Infra & Defence

Sovereign-backed order books, insulated from consumer slowdowns.

Metals & Power

Beneficiaries of the defensive rotation and energy-transition demand.

UNDERWEIGHT — THE VULNERABLE

Banks

Earnings constrained despite credit growth; deposit-cost pressure.

Automobiles

Margin hit from commodity/fuel; rural demand threatened by El Niño.

IT Services

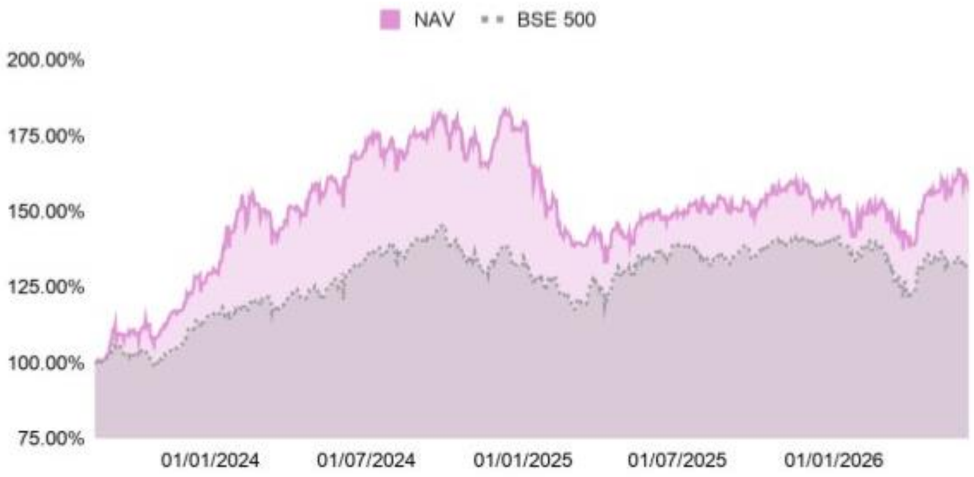
GenAI productivity pressure and stagnant global discretionary spend.

WHERE CAPITAL IS CROWDING — 1-YEAR RETURN BY STYLE

Small Cap	Large & Mid	Focused	Dividend Yield
+15.5%	+14.8%	+10.2%	–3.0%

Source: Wright Research factor heatmap. Size and momentum are outpacing value and yield — capital crowding into mid/small-cap growth.

Compounding ahead of the BSE 500, through the cycle



SINCE INCEPTION

Live NAV has compounded above the BSE 500 since inception — the lead opened through 2024 and held through the 2025 drawdown and the recovery into 2026.

ACROSS EVERY HORIZON

Ahead of the benchmark over 1M, 3M, 1Y and since inception — broad-based outperformance, not a single-window artifact.

Source: Wright Factor Fund live NAV vs BSE 500, since inception to June 2026. Past performance is not indicative of future results.

Wright.

THANK YOU.

READ THE REGIME.
ROTATE WITH CONVICTION.

We help investors anticipate regime shifts
before consensus rotates.

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