

THE PATIENCE PREMIUM

Dear Clients,

Markets move on momentum, not on Monday's headlines. And yet, the temptation to react, to reposition, to retreat is never stronger than when the news feels urgent. This past month offered a reminder of how quickly the backdrop can shift: easing tensions in West Asia softened crude oil prices, the Indian Rupee steadied, and the RBI held its policy rate steady for the third consecutive time; a deliberate signal of confidence in the economy's trajectory, without complacency on inflation.

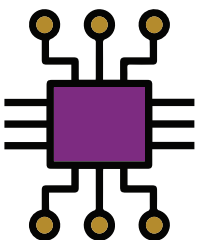


Taken together, these developments point to a more constructive macro environment for Indian markets. The RBI's decision to keep rates unchanged, even as it made modest revisions to its inflation and growth projections, reflects a calibrated approach - watchful, but not reactive. The extension of the FCNR deposit window is expected to attract foreign inflows and provide support to the Rupee. While El Niño and its potential impact on monsoons and food inflation remain key factors to monitor, India's fundamental economic resilience remains intact.

As attention now turns to the Q1 FY27 earnings season, corporate results and management commentary will offer the clearest read on the pace of India's recovery. This is where signal tends to separate from noise.

For investors, the lesson is a familiar one but worth restating. History doesn't reward the most reactive portfolios. It rewards the most patient ones. Volatility is not a warning to exit; it is the price of participation. Wealth is rarely created in straight lines.

Our approach to equity remains anchored in what has always mattered: businesses with strong competitive positioning, disciplined capital allocation, and meaningful exposure to India's long-term structural growth. Short-term uncertainty may cloud sentiment, but it also surfaces opportunity for those willing to look past the headline.



Reflections on the Month Gone By

June was marked by strong contributions from **Syrma SGS Technologies** and **Zydus Wellness**, which emerged as the portfolio's leading performers. On the other hand, **Muthoot Finance** and **Balaji Amines** witnessed a relatively softer month, leading to a period of modest underperformance.

Syrma was a top performer this month, driven by robust revenue growth and record profitability as the company continued executing and scaling in EMS. Its superior ability to pass on costs to customers is particularly valuable in the current macro environment. To monetise the stock's strong performance, we booked a part of our gains while maintaining conviction in the company's long-term prospects.

Strong investor sentiment was driven by **Zydus Wellness's** strategic expansion into Europe and the Middle East through the incorporation of new subsidiaries in Ireland and Dubai. The move is expected to strengthen its international distribution network, enhance market access, and accelerate growth across its nutrition, wellness, and nutraceutical businesses.

Muthoot Finance witnessed a softer month as fluctuations in gold prices and shifting global macroeconomic expectations led to cautious investor sentiment toward the gold financing sector. Nevertheless, the company remains well placed to capitalize on structural growth opportunities, supported by its extensive distribution network and resilient business model.



As part of our ongoing search for tomorrow's wealth creators, we added **Balaji Amines, CarTrade Tech, Carraro India, ITBEES, and Rainbow Children's Hospital** to our investment universe. These companies stood out for their strong fundamentals, differentiated business models, and potential to benefit from long-term structural trends.

With deep roots in pharmaceuticals and agrochemicals, **Balaji Amines** enters our universe backed by a clear strategic pivot, expanding into LPG blending chemicals, a segment offering meaningful growth potential beyond its established markets. June saw the stock remain under pressure amid sector-wide caution, as investors assessed the pace of demand recovery, pricing dynamics, and margin resilience alongside the company's promising long-term trajectory.

Benefiting from the growing shift toward scalable internet platform businesses globally, **CarTrade Tech** has successfully transitioned beyond its cash-burning phase and is now generating positive cash flows. Rising operating leverage and a strengthening network effect position it to create a powerful growth flywheel and unlock significant long-term value.

Carraro India Limited is poised to benefit from increasing 4WD tractor adoption, a trend accelerated by GST-led incentives and supported by its strong market share. Simultaneously, a growing emphasis on construction equipment is expected to enhance margins, diversify revenue streams, and strengthen long-term growth prospects.

As artificial intelligence reshapes the technology landscape, the sector is poised to

witness significant shifts in business models, spending patterns, and value creation. **ITBEES** provides diversified exposure to this transformation at attractive valuations, enabling participation in the long-term growth potential of India's leading IT companies.

Offering a differentiated play on specialty healthcare, **Rainbow Children's Hospital** has built a strong presence across maternity, paediatric, and fertility services. Its ongoing expansion into North and Northeast India is expected to deepen market penetration, expand its addressable opportunity, and provide a robust platform for long-term growth.

Following a strong run supported by elevated aluminium prices amid global supply-side disruptions, the investment thesis for **National Aluminium Company** had largely played out. With supply conditions expected to normalize and commodity tailwinds moderating, we exited the investment, realizing gains and redirecting capital to opportunities that offer a more balance between risk and potential returns.

Note: The stocks mentioned above are part of a broader stock universe of approximately 50 stocks that we actively track. Individual portfolio holdings may vary based on factors such as market conditions, portfolio strategy, and timing of entry. These stocks are highlighted for reference and may not be present in all client portfolios.

The Way Forward

As we enter July, markets may remain influenced by currency movement, commodity prices, monsoon developments, and growth expectations. While near-term volatility is likely, India's structural growth story remains intact. We continue to focus on high-quality businesses with strong fundamentals, using market fluctuations to identify attractive long-term investment opportunities.

Thank you for your continued trust and partnership. We remain committed to creating long-term value through a disciplined and thoughtful investment approach.

Warm regards,
Team Hedge

