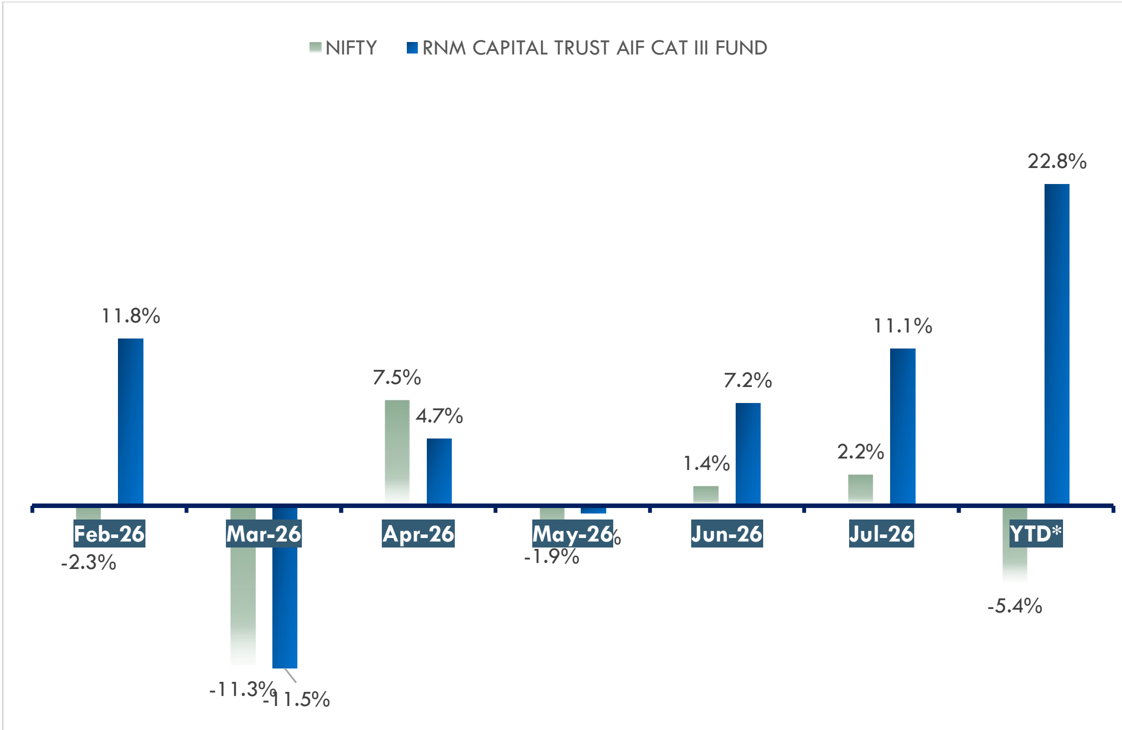
Dear Investors,

The first six months of RNM Capital Trust have been encouraging - not merely because of the returns we have generated, but because they validate the philosophy on which the fund was built. Markets often reward certainty. We believe exceptional returns are earned by identifying **change before it becomes consensus**. The **recent developments in SML Mahindra, discussed later in this letter**, provide a strong example of this philosophy in action and reinforce our conviction-led approach to investing. Whether it is a company entering a new growth cycle, an industry undergoing structural consolidation, or management making capital allocation decisions that fundamentally alter future earnings power, these are the opportunities we seek. The past fortnight provided another reminder that our edge lies not in predicting quarterly earnings, but in identifying businesses whose future is likely to look materially different from their past.

Performance Update

The fund crossed an important milestone during the fortnight. Since inception on **4 February 2026**, **RNM Capital Trust has generated over 20% absolute returns**, materially outperforming the broader market over the same period. While we are pleased with the early performance, we remain focused on what matters most building a portfolio capable of compounding capital over many years rather than maximising short-term returns. Importantly, this outperformance has been driven by **research, stock selection and conviction**, not by taking excessive portfolio risk or relying on favourable market conditions.

Performance	RNM Capital Trust	Nifty 50
Since Inception (4 Feb – 31 Jul 2026)	**23%+**	**-5.4%**
July 2026	**11.1%**	**2.2%**



YTD Performance In INR - 04 Feb 2026 to 31 JULY 2026

India Continues to Build

During every investment cycle, there comes a point when headlines stop reflecting reality. Today's headlines remain dominated by tariffs, geopolitical tensions, central bank meetings and global uncertainty. Yet beneath those headlines, the Indian economy continues to strengthen. Industrial production accelerated to **7.3%** during June, led by manufacturing and electricity generation. Capital goods continued to grow at a healthy pace, indicating that the country's investment cycle remains firmly intact. Public infrastructure spending is increasingly being complemented by private sector capital expenditure a combination that has historically created durable earnings growth across multiple sectors. Perhaps even more encouraging has been the resurgence in corporate credit. Banking system credit growth has accelerated to nearly **18%**, with much of the incremental lending directed toward businesses rather than retail borrowers.

This distinction matters.

Consumption-led credit cycles support near-term growth. Investment-led credit cycles create productive assets, expand manufacturing capacity and generate long-term economic value. We believe India is steadily transitioning into the latter.

The Global Backdrop

Globally, the US Federal Reserve maintained interest rates while continuing to emphasise its commitment to controlling inflation. Higher US Treasury yields and a stronger US Dollar may continue to create intermittent volatility across emerging markets. However, history suggests that such volatility often creates opportunities rather than threats for long-term investors. Businesses do not become less valuable simply because markets become temporarily more emotional.

Portfolio Insight

Conviction Before Consensus – SML Mahindra

One of the most significant developments during the fortnight was Mahindra's decision to consolidate its Commercial Vehicle business under SML Mahindra. While this announcement attracted considerable market attention, for us it represented something more important. It reaffirmed the research process that led us to invest in the company. Our original investment thesis was never based solely on SML's standalone financials. It was based on Mahindra's ability to transform the business.

We believed that Mahindra possessed:

- superior execution capability,
- significant distribution strength,
- stronger engineering resources,
- disciplined capital allocation, and
- the strategic intent to build a larger commercial vehicle franchise.

The **recent transaction validates that thinking**.

Rather than operating multiple commercial vehicle businesses independently, Mahindra is creating **one integrated listed commercial vehicle platform**. This substantially expands SML's addressable market while creating multiple avenues for value creation. More importantly, the market may still be underestimating the long-term operating leverage embedded within this transaction.

Potential benefits include:

- Unified leadership and faster strategic execution.
- Cross-selling across an expanded dealer network.
- Platform sharing across engines, cabins and vehicle architecture.
- Procurement benefits through higher purchasing scale.
- Better manufacturing utilisation and operating leverage.
- Lower development costs through shared R&D.
- Improved profitability through value engineering and common sourcing.

Individually, each synergy appears incremental. Collectively, they have the potential to transform the earnings profile of the business over the next several years.

An Observation from This Earnings Season

As we analyse quarterly results across sectors, one pattern continues to emerge.

- Revenue growth is becoming easier to buy.
- Capital efficiency remains difficult to replicate.

Increasingly, the market is rewarding companies capable of converting incremental revenue into disproportionately higher cash flows and returns on capital. Businesses with improving operating leverage, disciplined working capital management and stronger cash generation continue to command premium valuations. We expect this trend to strengthen as India's investment cycle matures.

What We Are Watching

Over the coming weeks, our research remains focused on five key themes:

- Evidence that private sector capital expenditure continues to broaden.
- Companies benefiting from operating leverage after recent capacity expansions.
- Businesses generating positive earnings revisions rather than merely meeting expectations.
- Management teams demonstrating disciplined capital allocation.
- Structural winners emerging from industry consolidation.

These themes continue to present attractive long-term investment opportunities despite elevated headline valuations.

Closing Thoughts

One of the greatest misconceptions in investing is that superior returns come from predicting markets.

They do not.

Superior returns come from identifying businesses that are becoming structurally stronger while the market remains focused on short-term uncertainty.

That remains our objective.

We will continue to invest patiently, think independently and maintain conviction when our research supports it.

The first six months of the fund provide encouragement that this philosophy is working.

More importantly, we believe many of our portfolio companies are still in the early stages of their value creation journey.

Thank you for your continued trust and partnership.