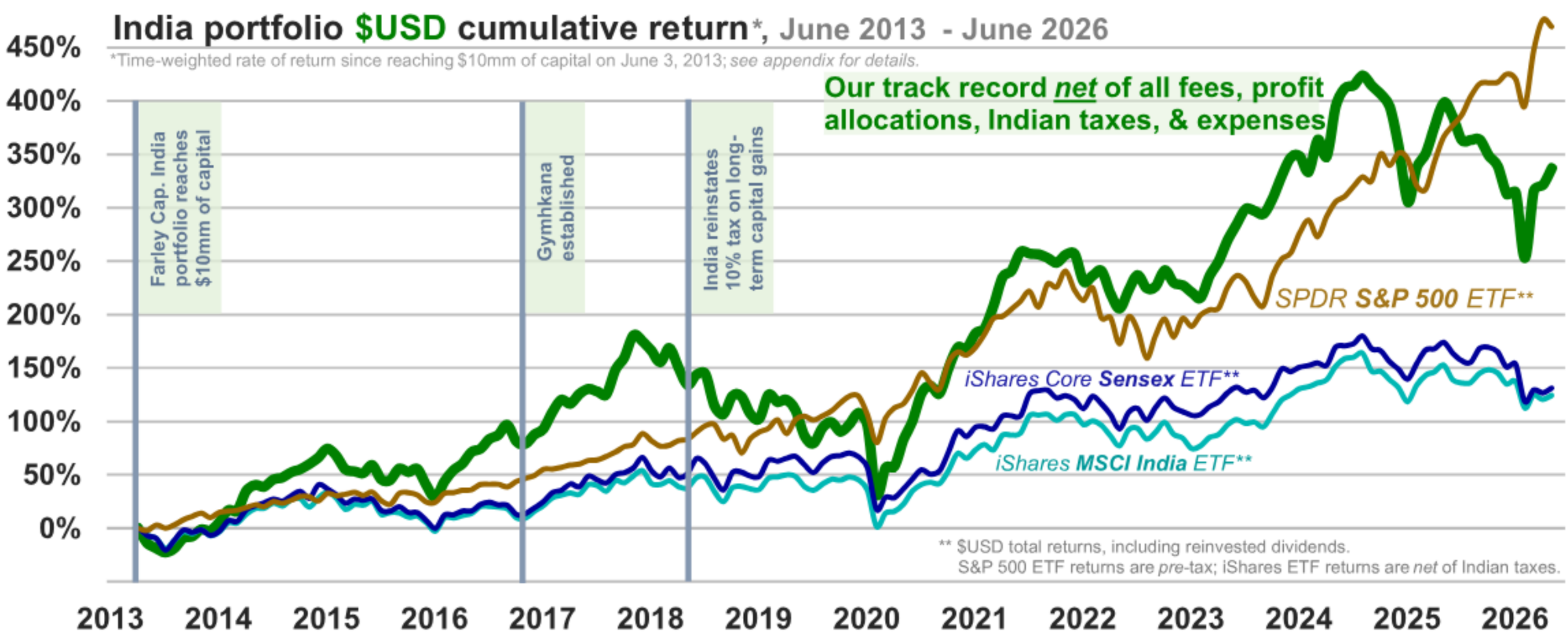
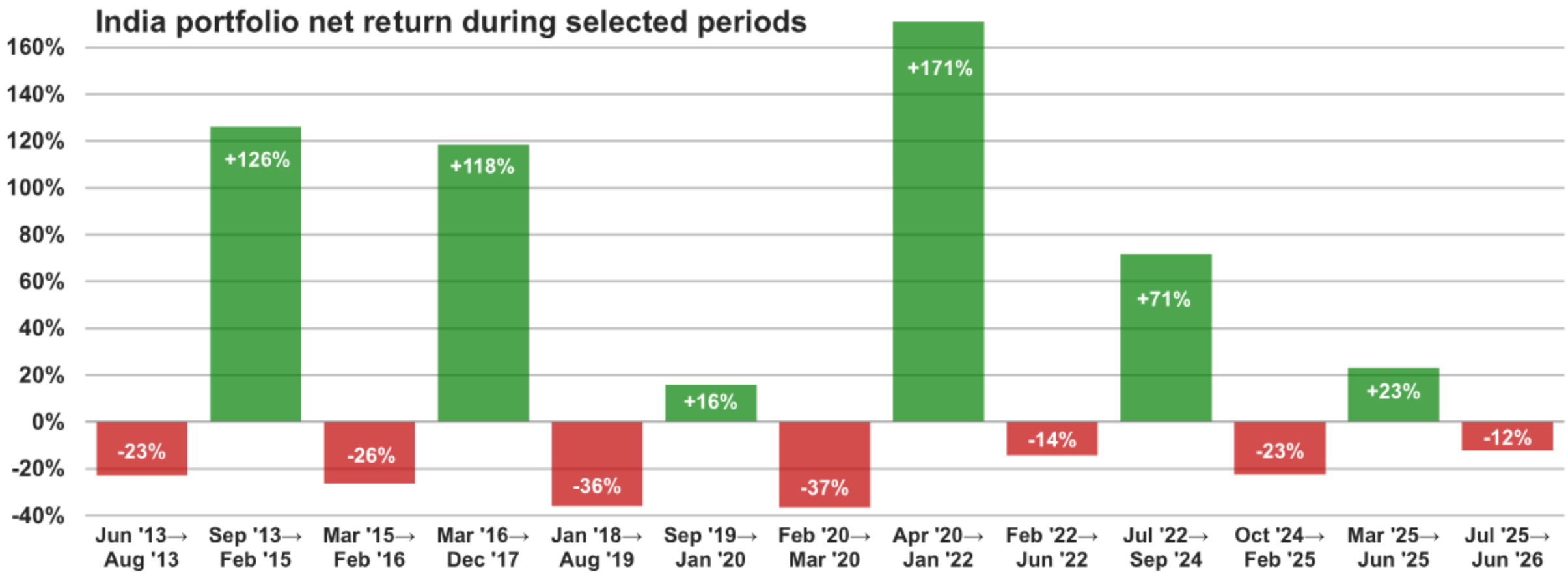
Gymkhana Partners outperformed major Indian equity benchmarks during the first half of calendar 2026. While the **BSE Sensex** and **MSCI India** indices declined roughly **-13%** and **-9%** (respectively) in U.S. dollars year-to-date (**YTD**) through June 30, Gymkhana was relatively unchanged at **-0.6%** in U.S. dollar terms over that same period.[1]

Gymkhana's favorable performance relative to Indian equity indices during the first half of 2026 is consistent with the long-term track record our firm has built in India over the past 13 years. From mid-2013 through June 30, 2026, our investments in India generated a cumulative U.S. dollar return of approximately **+336%**, for a compound annual rate of **+11.9%**, net of everything (all Indian taxes paid or accrued, management fees, and allocation of profits to the general partner). Our 11.9% compound annual return exceeds the compound annual return over the same period of ETFs tracking both the **BSE Sensex** and **MSCI India** indices (**+6.6%** and **+6.4%**, respectively), as well as the Bloomberg-reported annualized net return of *all* 56 U.S. dollar-denominated India-dedicated mutual funds and ETFs listed in our latest investor presentation, both over the same period as well as since each fund's inception.[2]



[1] Estimated YTD return as of June 30, 2026 *net* of management fees, Indian taxes paid by Gymkhana on *realized* capital gains and dividends, and the net change in Gymkhana's accrual for deferred Indian taxes on its net *unrealized* capital gains, as well as custody, accounting, audit, and other administrative fees.

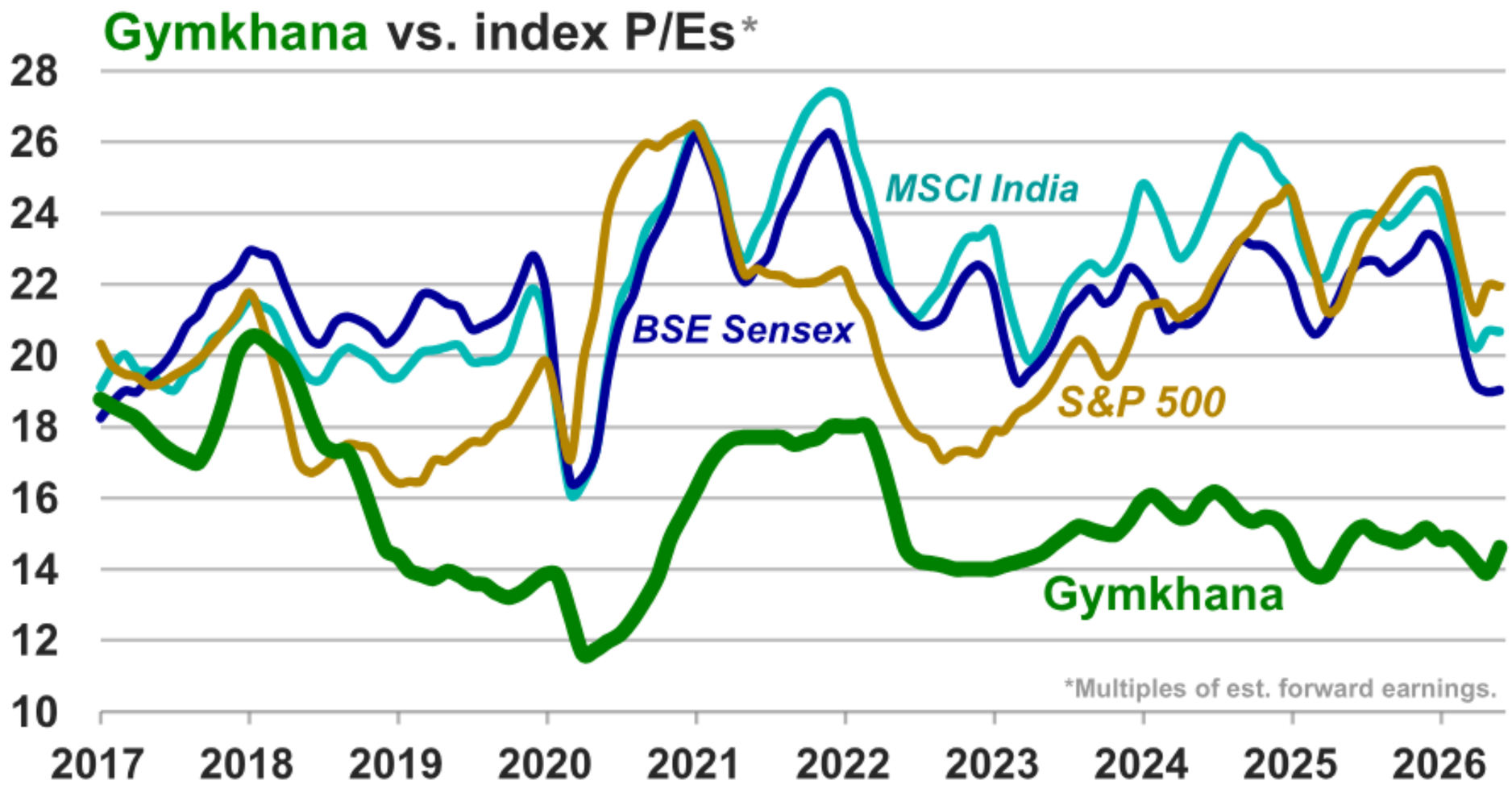
[2] Estimated long-term return as of June 30, 2026 *net* of all applicable Indian taxes paid or accrued, as well as the management fee and allocation of profits to the general partner that would have been applicable to Class 3 limited partners, on the aggregate capital invested in Indian securities since mid-2013 by partnerships managed by Farley Capital L.P.; for more detail, please refer to the appendix.



Gymkhana is down approximately -12% over the past 12 months, and down roughly -17% from its all-time high in September 2024 *(see chart above).* Relentless foreign selling has driven Indian companies' share of global equity indices substantially below their share of those indices' underlying earnings. Yet even as overseas institutions' holdings of Indian equities sank to 14-year low, domestic Indian investors have remained enthusiastic buyers of their nation's stocks. We believe Indian investors see what we see: high-quality, rapidly-growing businesses selling at bargain prices, and we are confident that Gymkhana's portfolio companies will continue to deliver robust growth in earnings – the ultimate driver of long-term equity returns.

Since we last wrote to you, Steve and/or Andrei held meetings in New York with auto and aerospace components supplier **Belrise Industries**, as well as with railway logistics company **Container Corp. of India**. Our hardworking India-based analyst **Nireeksha Makam** has been busy conducting ongoing due diligence on some of our existing portfolio holdings, including life sciences software provider **Indegene**, health insurance plan administrator **Medi Assist Healthcare Services**, and desalination specialist **VA Tech Wabag**, while also visiting with the managements of other interesting businesses including printed circuit board designer **Avalon Technologies** and solar equipment supplier **Emmvee Photovoltaic Power**.

Portfolio update



Gymkhana's holdings continue to sell at (in our view) very substantial discounts to their intrinsic values. At roughly **15** times what we expect our portfolio companies to earn in the coming twelve months, Gymkhana's position size-weighted price/earnings (**P/E**) ratio is significantly lower than the P/E of every U.S. and Indian equity index mentioned in this report *(see chart above)* – even though each of those indices' underlying earnings are growing at a slower rate than those of Gymkhana's portfolio companies.[3]

Given our stocks' attractive valuations, we remain virtually fully invested. During the past quarter, we pared a handful of positions in stocks following rallies that, in our view, outpaced improvements in underlying business fundamentals. Our recent **selling** activity included:

- Fully exiting our investment in **RPSG Ventures**, a holding company with stakes in businesses ranging from IT services to professional cricket franchises, following a near-doubling of that stock in an (in our view) overexuberant reaction to transactions implying >$1 billion valuations for rival Indian Premier League (IPL) cricket teams.
- Trimming our positions in specialty chemicals producer **Atul**, specialty petroleum processor **Panama Petrochem**, staffing agency **Spectrum Talent Management**, and

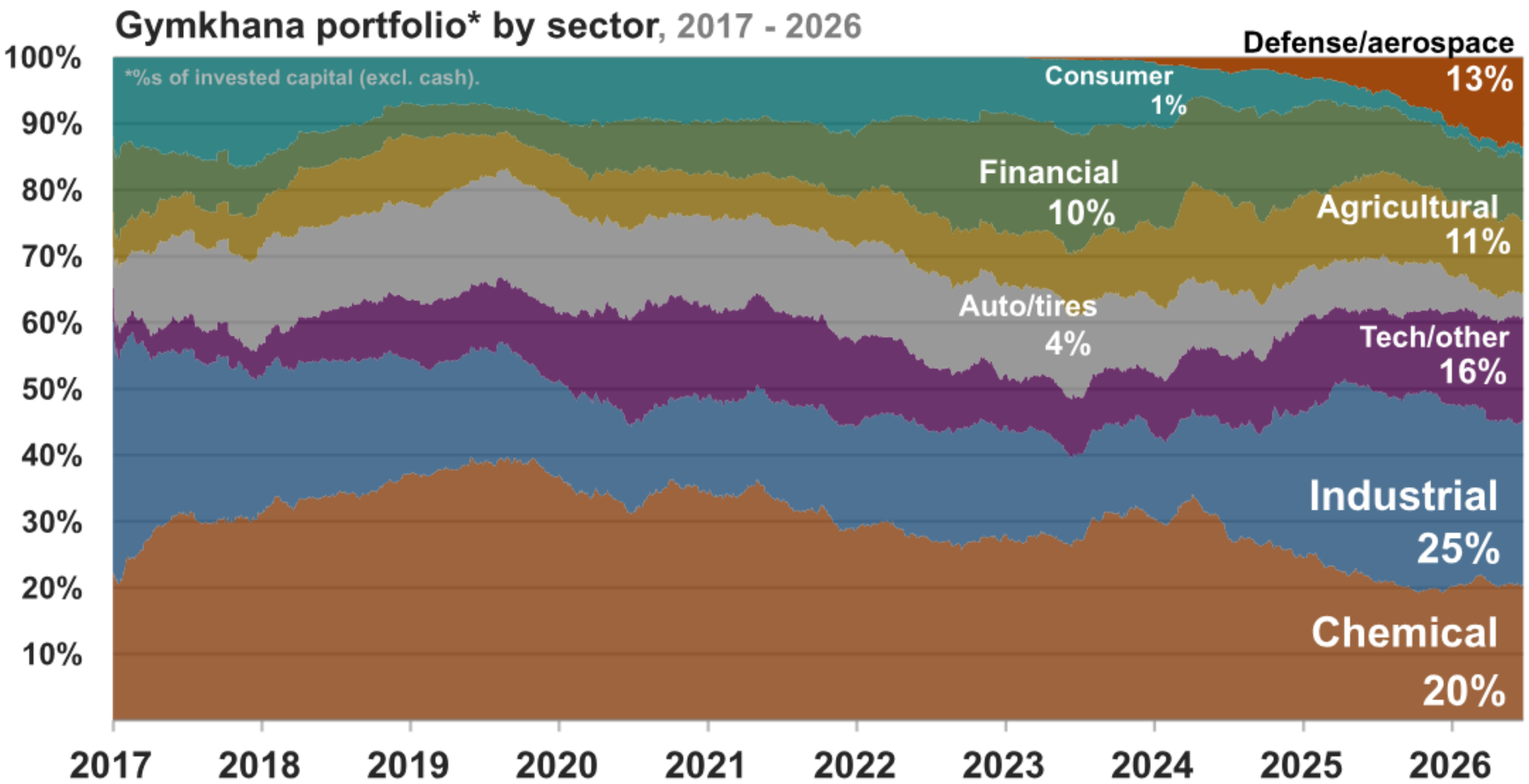
[3] Position size-weighted multiple of forward earnings per Bloomberg or, for stocks not covered by sell-side analysts, as est. by Farley Capital on the basis of recent reporting periods' growth rates and margins.

fastener/springs manufacturer **Gala Precision Engineering**. In addition, in recent weeks we pared slightly our position in **Supriya Lifesciences** (the pharmaceutical ingredient manufacturer in which we had bought additional shares as recently as April 2026) after that stock surged roughly +80% in the space of two months.

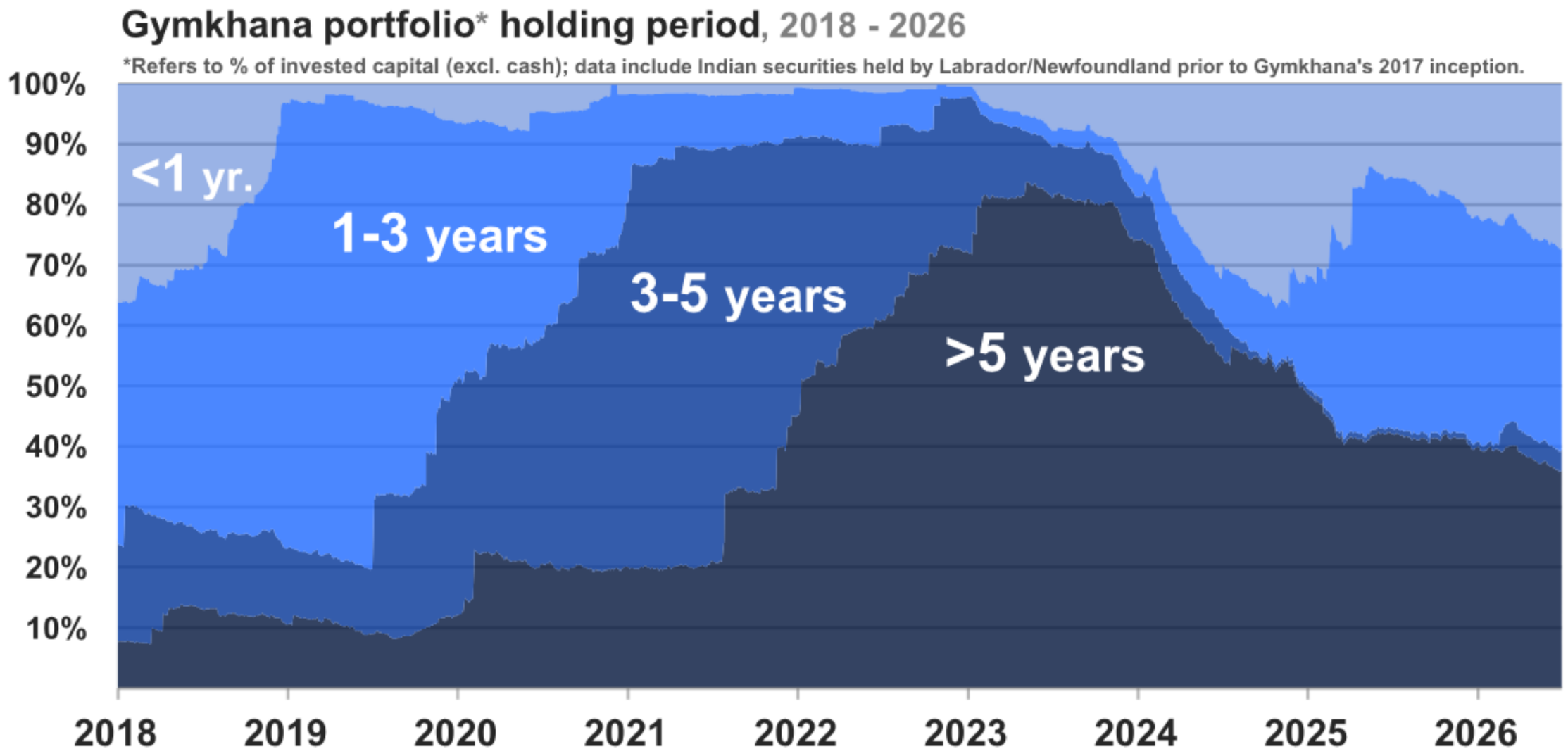
We used the proceeds from these sales to add to our positions in comparatively cheaper stocks. Our **buying** activity during the past quarter included:

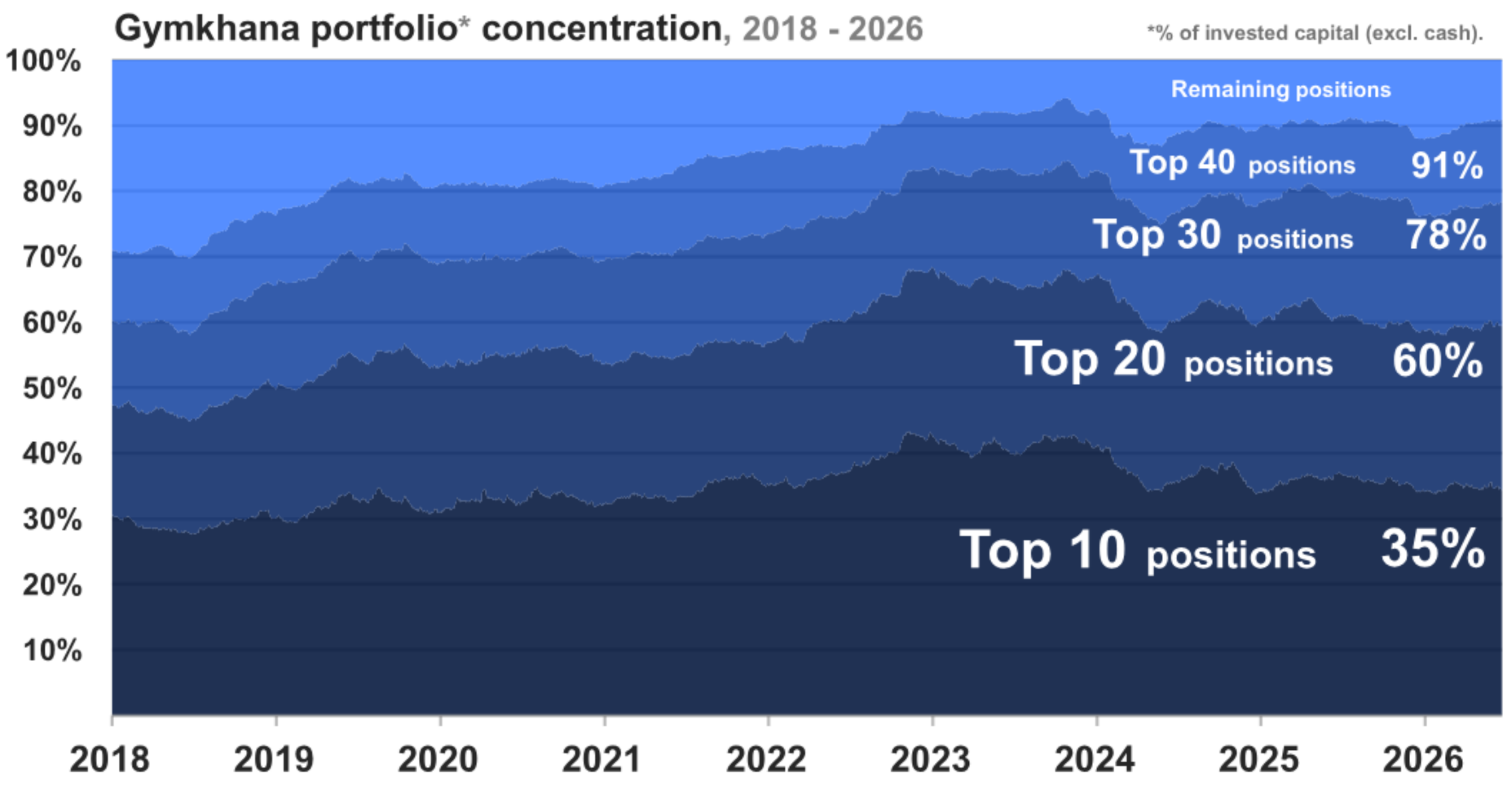
- Substantially adding to our relatively new investments in life sciences technology solutions provider **Indegene**, as well as in healthcare plan administrator **Medi Assist Healthcare Services**.
- Purchasing additional shares in longer-held portfolio companies including PVC pipes/fittings manufacturer **Finolex Industries** and pigments/surfactants producer **Ultramarine and Pigments**. In addition, in June 2026 we initiated a position in **Elgi Equipments**, an air compressor manufacturer in which we first invested back in 2013 before selling our shares at a profit in 2016.

Our recent purchases and sales have increased slightly Gymkhana's overall allocation to **industrial** and **defense/aerospace** companies, while decreasing somewhat our aggregate holdings of **chemical** and **agricultural** stocks *(see chart below).*



Positions initiated within the past year account for 27% of Gymkhana's invested capital; those initiated within the past one-to-three years account for another 33%. Virtually all of the remaining 40% is attributable to stocks held longer than five years. The 60% share of our invested capital allocated to our 20 largest positions remains roughly unchanged from the recent past *(see charts below).*





Macro update

Brent crude's recent drop back down to its prewar price of around $72/barrel has eased pressure on India's energy import bill, helped stabilize foreign investor flows into Indian securities, and contributed to a partial reversal of the Indian rupee's YTD depreciation against the U.S. dollar. We claim no ability to forecast how or when simmering hostilities in the Middle East might at last be resolved, nor to predict the timing of an eventual full normalization of shipping traffic through the Strait of Hormuz. We continue to believe, however, that even a prolonged Middle East crisis/energy shock would at worst exert a manageable drag on India's world-leading GDP growth.[4]

In May, Narendra Modi's Bharatiya Janata Party (BJP) won legislative elections in West Bengal for the first time – a landmark victory in a state mismanaged for decades by a succession of self-described communists and, more recently, by the increasingly corrupt Trinamool Congress (TMC), whose domineering leader Mamata Banerjee lost her own legislative seat.[5] Voters also tossed out complacent incumbents in the southern states of Kerala and Tamil Nadu.

We are hopeful that Indians' implicit endorsement of the Modi government's pro-economic development agenda will provide fresh momentum for the next leg of the past decade's admirable track record of transformative reforms to taxation, bankruptcy proceedings, labor laws, securities regulations, and state-owned enterprises, as well as a series of recently-concluded free trade agreements with major partners including Australia, Britain, and the European Union.[6] It would be particularly significant if the government were to reinvigorate its repeatedly-stalled efforts at liberalizing land acquisition and, relatedly, at clearing out the thicket of highly distortive subsidies and price controls (each enacted in a misguided attempt to counteract the scarcities and

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[4] Indian officials recently stated that geopolitical stabilization, in combination with ongoing liberalizing reforms, should enable a re-acceleration in India's GDP growth from <7% to 8%.

[5] West Bengal's poor governance was perhaps most notoriously exemplified in 2008, when Mamata Banerjee's TMC was a relatively small opposition party in the state legislature. Banerjee's (ultimately successful) strategy for bringing the TMC back from the political wilderness included personally leading farmer protests against a planned new Tata Motors auto factory in Singur, West Bengal. Those protests ultimately turned violent and, in 2008, led Tata to abandon its partially-built Singur plant in favor of an alternative site in Gujarat – the pro-business western state then governed by (now-PM) Narendra Modi.

[6] Recent events indicate a significant thawing in India's relations with the United States. In May, Australia, India, Japan, and the U.S. agreed to jointly build a port in Fiji, as well as to collaborate on securing critical mineral supply chains. At June's G7 summit in France, President Trump held a cordial meeting with Prime Minister Modi, promised to visit India, and said the two countries were close to finalizing a trade deal.

distortions wrought by the others) that have resulted in Indian agriculture being bypassed by the rest of the economy's post-1991 liberalization.

As detailed in our latest blog post **India bears: missing the AI forest for the trees**, we suspect that the biggest long-term AI winners may be neither the firms pouring the most capital into cutting-edge R&D nor even "first-order" beneficiaries of data center capital expenditures (e.g., chipmakers and other suppliers of server hardware). Rather, AI's greatest long-term gains will likely flow to "second-order" beneficiaries – businesses that utilize the technology to shorten product development timelines, optimize supply chains, streamline regulatory compliance, etc. More broadly, we see AI's "third-order" effects boosting India's overall economic growth by speeding up improvements in agricultural productivity, hastening shifts of workers toward larger, formal-sector firms, accelerating the financialization of household savings, and expanding the number of creditworthy, growing enterprises capable of productively investing those savings.

India's world-leading growth engine is underpinned by highly durable, long-term advantages including youthful demographics, accelerating urbanization, innovative digital infrastructure, and prudent macroeconomic governance. We believe that the embedding of AI into India's economy will *further* accelerate the earnings compounding that has historically driven Indian equities' robust long-term returns. Accordingly, we are as bullish as ever with respect to Gymkhana's portfolio companies, and believe today represents an opportune entry point for long-term-minded investors seeking to participate in India's powerful growth story.

Mumbai headquarters of India's National Stock Exchange:



Administrative update

As a reminder, our macro commentary and investor communications (including the letter you are now reading) are all accessible on our website at www.**gymkhanapartners**.com.

As communicated in our Q1 letter, we upgraded Farley Capital's talent pool earlier this year with the hiring of **Anthony Massaro** and **Anne Jarek**. Under the expert oversight of Evelyn Allende and Giselle Michel, Anthony and Anne are shouldering an increasing share of our firm's administrative and compliance workload.

Thanks

As always, we close with profound appreciation for our limited partners. We expect to share our next quarterly update with you circa October 2026.

Sincerely,



Andrei Stetsenko

June 30, 2026



Stephen Farley

June 30, 2026

Legal information and disclosures

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Our research for this report is based on current public information that we consider reliable, but we do not represent that the research or the report is accurate or complete, and it should not be relied on as such. The views and opinions expressed in this report are current as of the date of this report and are subject to change. Past performance is no guarantee of future results. Certain statements contained herein are forward looking. There is no guarantee such forward-looking statements will materialize, and results may differ entirely from what is described.

None of the information contained herein constitutes investment advice, nor should it be construed as an offer to buy or sell any financial product or service. We do not provide tax, legal, insurance, or accounting advice. Clients should understand that investing is inherently risky and comes with the potential for principal loss. Performance cannot be guaranteed; there is no guarantee that a client's objectives will be met, and past results are no guarantee of future performance.

Any market index or index-tracking exchange-traded fund referred to in this report has been selected for purposes of comparing the performance of investments with a well-known, broad-based equity benchmark. The nature of such indices differs from that of any investment portfolio discussed. The statistical data regarding any such index has been obtained from sources believed to be reliable. There are no restrictions requiring investment in those securities that comprise any such index; investment performance may or may not correlate to any such index and should not be considered a proxy for any such index.

Appendix

<u>Taxes paid directly by Gymkhana to Indian tax authorities</u>:

In contrast to partnerships investing in U.S. securities (which do not pay taxes themselves, and instead merely pass taxable income through to their partners), Gymkhana is *itself* responsible for paying taxes on its net realized capital gains directly to Indian tax authorities. This fact gained greater relevance following the Indian government's decision, in 2018, to hike its tax rate on long-term capital gains from 0% to 10% (11.65% inclusive of applicable surcharges).

- Effective July 23, 2024, the Indian government hiked its tax rate on long-term capital gains from 10% to 12.5% (from 11.65% to 14.56% inclusive of applicable surcharges) and hiked its tax rate on short-term capital gains from 15% to 20% (from 17.47% to 23.30% inclusive of applicable surcharges).

Furthermore, all returns referenced in this report (both with respect to Gymkhana and our firm's long-term track record in India) are *net* of both (1) Indian taxes paid by Gymkhana on its net *realized* gains and dividends as well as (2) Gymkhana's accrual for the deferred (i.e., future) taxes associated with its *unrealized* capital gains. Accordingly, Gymkhana's returns before accruing for capital gains taxes are higher than the returns referenced in this report. This accrual is calculated as the sum of:

- 14.56% (the current long-term rate inclusive of surcharges) multiplied by Gymkhana's net unrealized gain on shares held for longer than one year, and
- 23.30% (the current short-term rate inclusive of surcharges) multiplied by Gymkhana's net unrealized gain on shares held for one year or less.

<u>Our firm's long-term India track record</u>:

Our India portfolio's annualized long-term return refers to the compound annual return net of pro forma fees and expenses, on the aggregate capital that Labrador and Newfoundland have had invested in Indian securities since June 3, 2013 – whether directly or, since 2017, via Gymkhana Partners.

- Pro forma net return calculations referenced in this report are calculated based on an estimated 0.6% annual expense ratio, and the fee structure applicable to Class 3 limited partners, who commit capital to Gymkhana for at least 36 months: an annual management fee of 0.75%, and an incentive allocation to the general partner of 15%.

  Time-weighted rate of return (TWRR) is the preferred methodology for calculating investment returns,[7] and we believe it is the most accurate way of measuring our India portfolio's performance.

  - The TWRR of our India portfolio for any given time period is simply the product of its daily returns for that period. In other words, each day's performance is equally weighted in the overall TWRR for a given time period.
  - Because the TWRR approach (in contrast to the internal rate of return, or "money-weighted" method) is agnostic to the timing of cash flows, it has clear limitations in terms of evaluating the performance of a time period featuring substantial capital contributions. To mitigate this, we've set the starting point for our TWRR calculation at 5 months after inception: June 3, 2013, the date on which our India portfolio reached $10 million of capital.

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[7] CFA Institute, Guidance Statement on Calculation Methodology.