KRIIS
PORTFOLIO PRIVATE LIMITED

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Dear Investor,

The broader market remained lacklustre during August 2026 with US taking an aggressive stand on Iran and the resultant spike in the oil prices. The benchmark remained slightly subdued Nifty closing at 24080. While the crude prices firmed up to around $93/barrel causing US yields to go up due to inflation worries.

Macro continues to be resilient

India's economic growth continues to be surprisingly resilient to external shocks. Gross domestic product grew 7.8% in the June quarter, well above the 7.3% estimated in a poll of economists conducted last week. Government spending, domestic investment, and services activity helped sustain growth despite the West Asia war and elevated energy prices.

· GST collection in August rises by 14.8% YoY reflecting continued growth in tax revenues. This reflects that the domestic consumption demand continues to be strong. This was supported by good GDP growth of 7.8%.

· Recent measures to attract foreign capital could bring nearly $100 billion into India, according to RBI estimates. While total mobilisation through FCNR-B deposits, overseas foreign currency borrowings and external commercial borrowings has touched $127 billion. The central bank's measures helped arrest the rupee's decline and build confidence in currency markets.

US bond yields spike to 4.8%

The turmoil in the US bond market brings into focus the question of who will finance US $40 trillion-plus debt pile, and what return they will demand for doing so. The efforts to suppress long-term Treasury yields could shift the pressure to the dollar, potentially pushing investors towards gold and other assets. If the intervention succeeds in bringing down yields and the dollar weakens, the environment could become more supportive for the Indian economy, but for foreign portfolio flows, the dollar's direction and US interest rates matter far more. However, the increase in bond yields has had a ripple effect on the other major financial economies of the world.

Return of foreign money in equities:

Foreign investors are showing renewed confidence in Indian markets as they turned net buyers in July and early August after four consecutive months of selling. It is the highest monthly buying since June 2025 as the AI driven rally in the US markets loses steam. But the bond price and rise in yields may have bearing on the future flows. The uncertain macroeconomic outlook, alongside improving company fundamentals, makes this a good phase to accumulate stocks.

Companies report strong performance:

The Q1 2027 performance has been better than expected post the calming down of the conflict, with the intensity of earnings cuts moderating. Further, the beat-miss ratio the several Index participants with most exceeding the estimates. Over the past two years, the Indian market has experienced a phase of heightened volatility, prolonged consolidation, and time correction, driven by uncertainties related to the US trade tariff war, evolving domestic policy dynamics, energy price shocks, and supply disruptions stemming from the West Asia conflict.

Outlook and Valuations:

With so much global volatility in Tech stocks and with investors questioning the return on such massive investments. This can involve diversion of capital into India going forward. With better earnings outlook and reasonable valuations, India looks attractive post 2 years of consolidation. Patient investing is the key.

Thanks with Regards,

CA Rakesh Doshi

Principal Officer & Fund Manager

KRIIS – The Portfolio Management Company