

Dear Investors,

Amid geopolitical uncertainty and rising concerns around AI-led disruption in global technology spending, Q3 FY26 earnings have delivered a powerful counter-narrative. Since our launch on **4th February 2026**, RNM Capital Trust AIF Category III Fund has remained anchored to a disciplined and research-led investment framework focused on:

- Earnings visibility
- Strong management quality
- Governance integrity
- Disciplined capital allocation

This strategy has resulted in meaningful outperformance versus the broader market since inception. We are encouraged not only by the performance delta achieved but also by the improving macro and earnings backdrop that positions us to accelerate this outperformance through **CY2026 and FY2027**.

Q3 FY26: An Earnings Inflection Point

Corporate India has delivered one of the strongest earnings prints in recent quarters. CMIE data indicate the highest non-financial corporate sales growth in several quarters, accompanied by healthy profit expansion after adjusting for one-offs.

The earnings cycle has clearly transitioned from hesitation to expansion. Multiple growth drivers are now operating simultaneously:

- Policy stimulus translating into real demand
- Re-acceleration of the capex cycle
- Structural strength in defence and exports
- Financial sector enabling expansion through credit flow
- IT services transitioning rather than contracting

This synchronised improvement marks the beginning of a coordinated expansion phase.

IT Services: Disruption or Reinvention?

Recent weeks saw sharp corrections in IT stocks amid fears that AI tools could structurally reduce demand for traditional IT services. However, Q3 earnings and deal commentary suggest a more nuanced reality. The rebound was led by Infosys following its collaboration with Anthropic, signalling how Indian IT firms are embedding themselves into the AI value chain rather than being displaced by it. Industry data show rising AI infrastructure and data centre spending. While this has temporarily moderated growth in certain legacy services, this is not a zero-sum shift. As enterprises scale AI adoption, demand is accelerating for:

- Application modernisation
- Legacy data migration
- AI foundation layer integration
- Domain-led AI implementation

Deal flows for large IT companies (with selective exceptions) remain healthy on a trailing twelve-month basis, supporting FY27 visibility. While AI may exert near-term pricing pressure, the long-term Total Addressable Market (TAM) is expanding. Companies positioned as transformation partners rather than code factories will emerge structurally stronger.

RNM Capital Trust AIF Cat III: Strategy in Action

Our portfolio positioning anticipated this transition phase. We have maintained exposure to businesses that demonstrate:

- Structural earnings compounding
- Capital allocation discipline
- Competitive moats strengthened by digital transformation
- Balance sheet resilience

Rather than reacting to short-term volatility, we have leaned into high-quality franchises benefiting from the coordinated expansion underway. Since inception, RNM Capital Trust AIF Cat III has delivered meaningful outperformance over benchmark indices. Importantly, this performance has not been driven by speculative positioning but by earnings-led conviction. As earnings visibility improves across sectors, we believe dispersion within markets will widen. Stock selection not index direction will increasingly determine returns. This is precisely the environment our strategy is built for.

Macro View: A Structural Expansion, Not a Tactical Bounce

We believe the current phase reflects:

- The early stages of a new capex cycle
- Stronger corporate balance sheets
- Improved operating leverage
- AI-driven productivity expansion
- Policy alignment with manufacturing and exports

The combination of cyclical recovery and structural reform creates a powerful backdrop for equity returns over the next 18-24 months.

How should capital be positioned within this expansion phase?

Our answer remains consistent:

Focus on quality.

Focus on visibility.

Focus on governance.

Focus on businesses positioned for structural tailwinds.

RNM Capital Trust AIF Category III Fund is designed to capture this phase with disciplined risk management and high-conviction positioning. We remain committed to accelerating outperformance through CY2026 and FY2027. Thank you for your continued trust and partnership.

