FUND RETURN (3M)	NIFTY 50 TRI (3M)	OUTPERFORMANCE
+12.27%	+7.40%	+4.87%

Dear Investor,

The second quarter of CY2026 was an eventful one with markets going through consolidation in India. The rate of change of outflows out of the equity markets improved marginally driven by strong corporate earnings with robust numbers across a range of sectors. The sentiment was driven specifically by companies across the manufacturing sectors investing heavily in capex on the back of strong cash flows and order book seen by both the domestic and the export market.

Globally, the one market that continues to attract inflows remains the US. The quarter gone by reflected very strong numbers driven by hardware and chip manufacturing companies (currently the bottleneck in the supply chain) which continue to attract investor attention. With oil prices stabilizing post the agreements between Iran and the US, the macro event provides global stability to investor sentiment.

IN THIS LETTER

1. The current positioning of the fund
2. The earnings of the portfolio and what we are seeing
3. India Inc.'s profit cycle and what it means on a forward basis
4. A compendium of frequently asked questions from investors

PERFORMANCE

Fund Performance

As of June 30, 2026. Returns represented in INR, post fees and expenses. Inception: January 2017.

PERIOD	FUND	NIFTY 50 TRI	OUTPERFORMANCE
CUMULATIVE RETURNS			
1 Month	+0.47%	+1.67%	**-1.20%**
3 Months	+12.27%	+7.40%	**+4.87%**
6 Months	+0.64%	-8.10%	**+8.74%**
1 Year	+4.81%	-5.42%	**+10.23%**
ANNUALIZED RETURNS (CAGR)			
2 Years	+3.30%	+0.85%	**+2.45%**
3 Years	+11.53%	+8.80%	**+2.73%**
5 Years	+10.40%	+9.99%	**+0.41%**
Since Inception	+17.17%	+13.30%	**+3.87%**

An investment of INR 1 crore at inception would be worth approximately INR 4.51 crore (Fund) vs. INR 3.27 crore (Benchmark).

PORTFOLIO POSITIONING

Portfolio Positioning

The book remains anchored in large caps — 45.8% of the portfolio — with a deliberate 46% focused in mid and small caps where we see growth.

By sector, four clusters account for over 40% of the portfolio: Banks (12.0% - with an underweight position), Mining & Minerals (12.0% - where we are actively trimming), Healthcare (9.1% - where we continue to selectively add), and Chemicals (9.0%). This is not a narrow bet — it is a set of largely uncorrelated growth drivers: banks for balance-sheet-led credit growth, mining & minerals for a mix of commodity and capex, chemicals for specialty and export-linked manufacturing, and healthcare for domestic, non-discretionary demand.

MARKET CAP MIX	WEIGHT	TOP SECTORS
Large Cap	45.8%	Ports & Logistics
Mid Cap	31.7%	Consumer Discretionary
Small Cap	14.6%	Healthcare
Cash	Single digits	Residual

The real test of this positioning isn't the allocation itself — it's whether the companies we own are converting that positioning into earnings. That's where we turn next.

PORTFOLIO EARNINGS

Portfolio Earnings

As of the quarter ended March 31, 2026, the most recent reported period across the portfolio and both indices.

On every measure that matters, the portfolio's underlying businesses are growing faster and more profitably than the market:

METRIC	ITUS PORTFOLIO	NIFTY 50	NIFTY 500	VS. NIFTY 50	VS. NIFTY 500
TTM Revenue Growth	**26.6%**	14.6%	15.7%	**+12.0pp**	**+10.9pp**
TTM PAT Growth	**40.7%**	21.7%	28.2%	**+19.0pp**	**+12.5pp**
Gross Margins	**63.4%**	52.5%	53.9%	**+10.9pp**	**+9.5pp**

> *One honest caveat on the PAT number before we lean on it: 40.7% includes JSW Steel, a position coming off a depressed prior-year base, which alone contributes roughly 5.5 percentage points to that figure. Strip it out and portfolio PAT growth is 35.2%, still comfortably ahead of both benchmarks, and the more representative number to carry forward.*

The growth is broad, not borrowed from one or two names, which is important from a risk perspective. Put together: the portfolio isn't just outperforming the index on price, the underlying businesses are compounding revenue and profit meaningfully faster, at structurally higher margins, than the market it's benchmarked against. Whether that's a portfolio-specific outcome or the leading edge of a broader turn in India Inc's earnings cycle is the question the next section takes up.

MARKET ANALYSIS

India Inc.'s Profit Cycle

The numbers in the previous section are backward-looking — a record of what the portfolio's earnings have already done. What they are going to look like from here depends on where India Inc.'s profit engine goes next, and that engine is running low on the fuel that has powered it so far.

Corporate profit-to-GDP for the Nifty-500 reached 5.2% in FY26, an all-time high, with aggregate profits of about ₹18.1 trillion — roughly double the level of four years ago. The natural reading of a record is a triumphant one. We read records differently: as a statement about where we sit in a cycle, not where we are headed. We have stood at exactly 5.2% once before — in FY08 — and over the twelve years that followed, the ratio more than halved to 2.0%. That precedent is the spine of how we are thinking about this market.

Key takeaways:

1. Records, but cyclically flattered. Profit-to-GDP hit an all-time high, yet profits grew ~16% on revenue growth of under 2%. The entire gain came from margins — and largely from below the operating line: a trough in bank credit costs and a commodity windfall, not volume-driven operating leverage.
2. The same level as 2008, a different engine. The last 5.2% peak was a commodity, real-estate and capex top that then halved. Today's peak is financials-led — banking and lending are ~37% of the entire ratio — healthier in parts, but by construction it rests on credit costs at a cyclical low.
3. From here, earnings must be earned. With margins largely spent and the biggest lever (credit costs) able only to normalise upward, future profit growth depends on revenue growth, which has been scarce.
4. Returns have run on two engines. Over two decades the market compounded higher than the nominal GDP — the gap being a rising profit share and an expanding multiple. For the first time, both are near their limits at once, so forward returns must lean on the slowest lever: revenue.
5. The average hides the opportunity. A record aggregate masks very wide dispersion — several sectors sit well below their own historical norms. That, security by security, is where value is found, provided one separates a genuine cyclical low from the fraction of a bygone bubble.

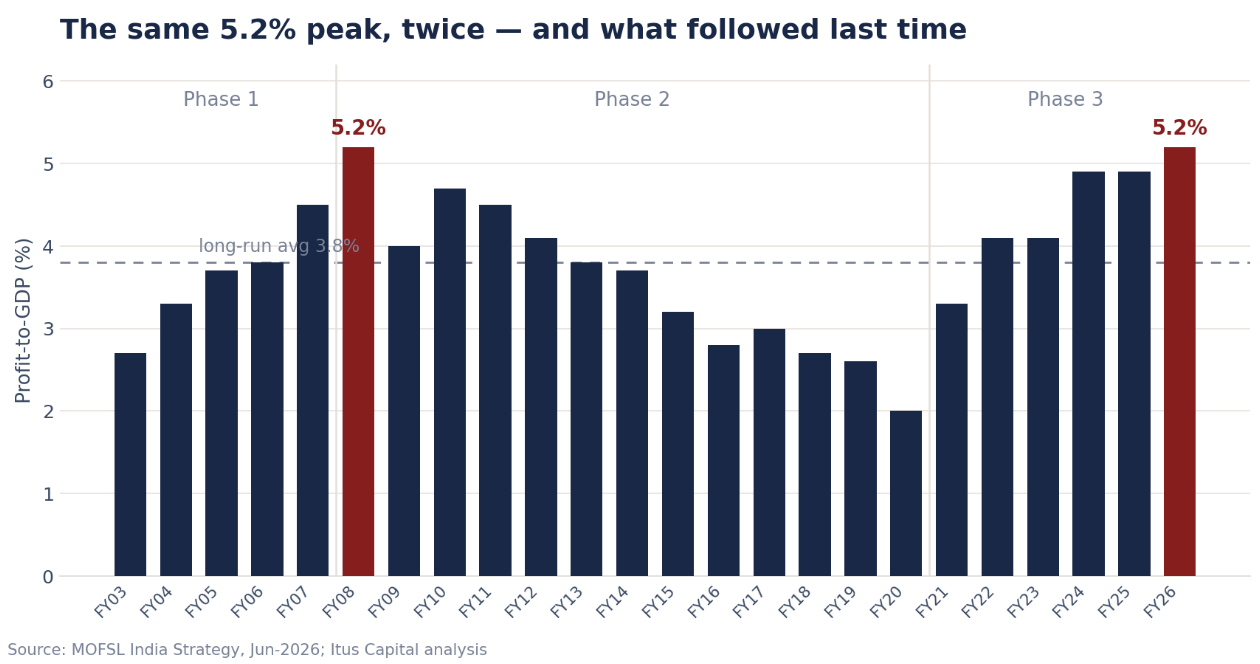


FIG 1 — Nifty-500 corporate profit-to-GDP, FY03–FY26. The ratio has touched 5.2% only twice.

What the record is made of

The first thing to understand is that this is a margin story, not a revenue story. Aggregate revenue grew under 2% in FY26 while profits rose about 16%; the whole of that gap is margin. And within margins, the gains sit below the operating line — lower credit costs at banks, lower interest, lower tax — rather than in operating leverage, which requires the volume growth the system did not have. A peak built this way is resting on a trough in credit costs, not on a step-change in the underlying fundamentals. FY08 was a commodity, real-estate and capital-goods boom. FY26 is led by financials: banking and lending alone account for roughly 37% of the entire profit-to-GDP ratio. Part of that is genuine structural deepening — the formalisation of the economy and the financialisation of savings. But a financials-led peak is, by definition, a credit-cost-trough peak, and troughs do not last.

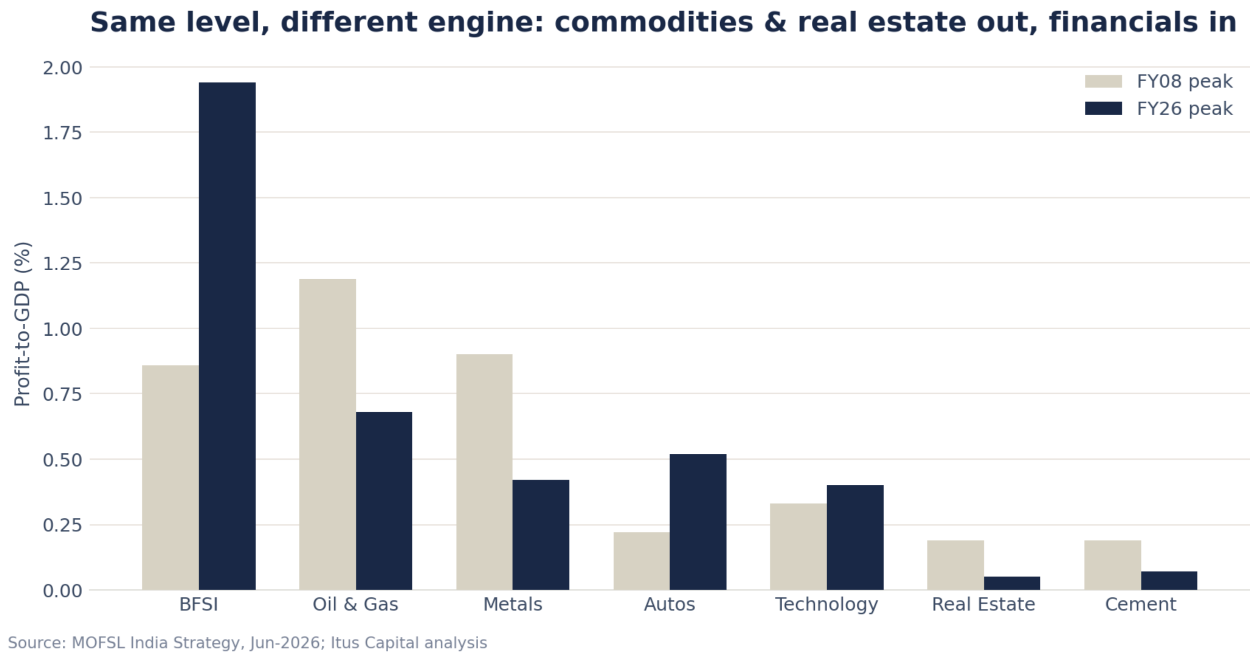


FIG 2 — Sector profit-to-GDP, FY08 versus FY26. The engine has shifted from commodities and real estate to financials.

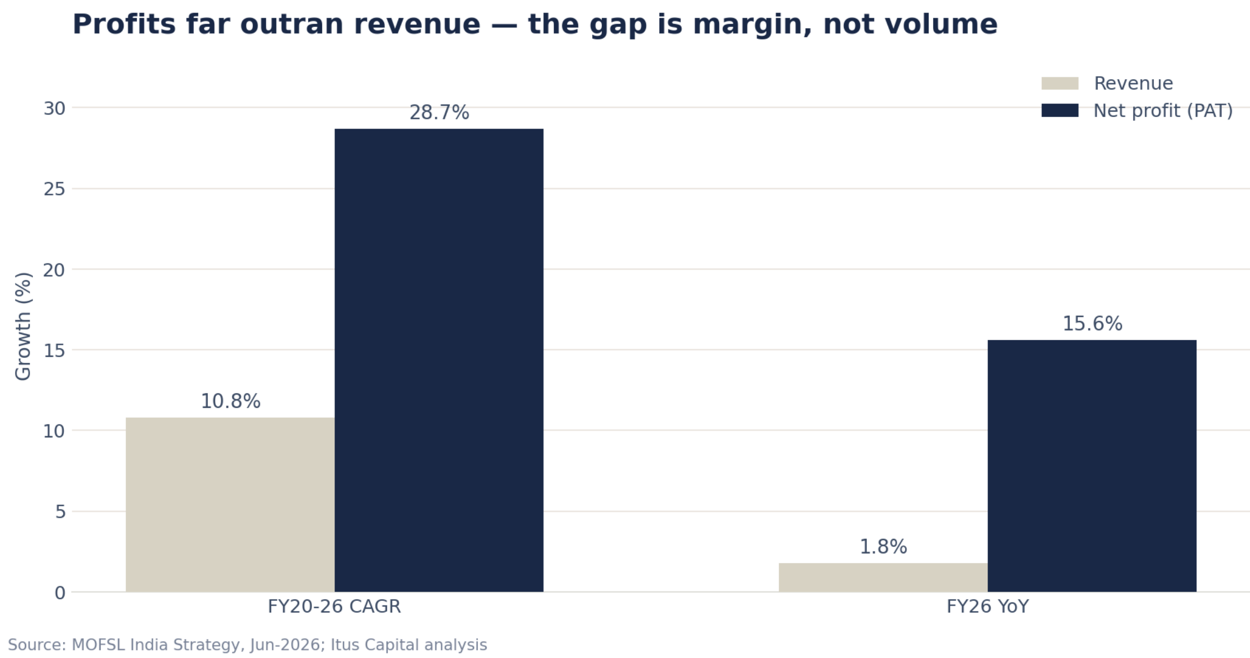


FIG 3 — Revenue versus profit growth. Profits far outran revenue, both over the cycle and in FY26 — the wedge is margin.

Why the next leg is harder

If the margin engine did the work of the last few years, the problem is that it cannot easily repeat. Operating margins are near their highs, and the single largest contributor — bank credit costs — can only normalise upward from a cyclical low. From here, earnings growth has to come from revenue, and revenue growth has been the scarce ingredient.

The market appears to understand this. The index trades around 18x forward earnings against a long-run average near 21x, even as profits print records. We do not read that discount as cheapness; we read it as the market sensibly refusing to capitalise peak earnings at peak multiples. With the re-rating tailwind gone, returns from here will track earnings, and earnings will track revenue.

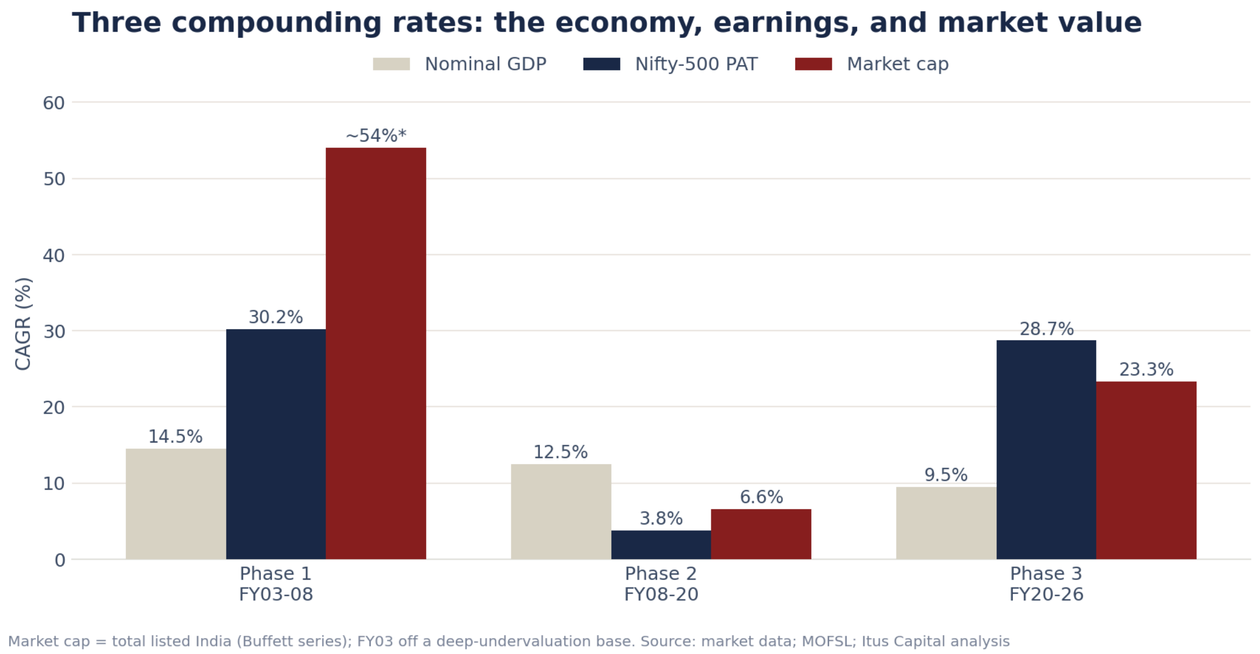


FIG 4 — Compounding by phase: nominal GDP, Nifty-500 earnings, and market capitalisation.

The two phases since 2008 are mirror images. Through FY08–20, corporate earnings were essentially flat (under 4% a year), yet the index still compounded faster than earnings — those returns came almost entirely from an expanding multiple, not from the businesses underneath. Through FY20–26 the reverse held: earnings compounded at nearly 29%, but market value compounded more slowly, because the multiple de-rated as earnings caught up to price. In each phase, one lever did the work while the other lay dormant. The implied multiple makes the alternation plain:

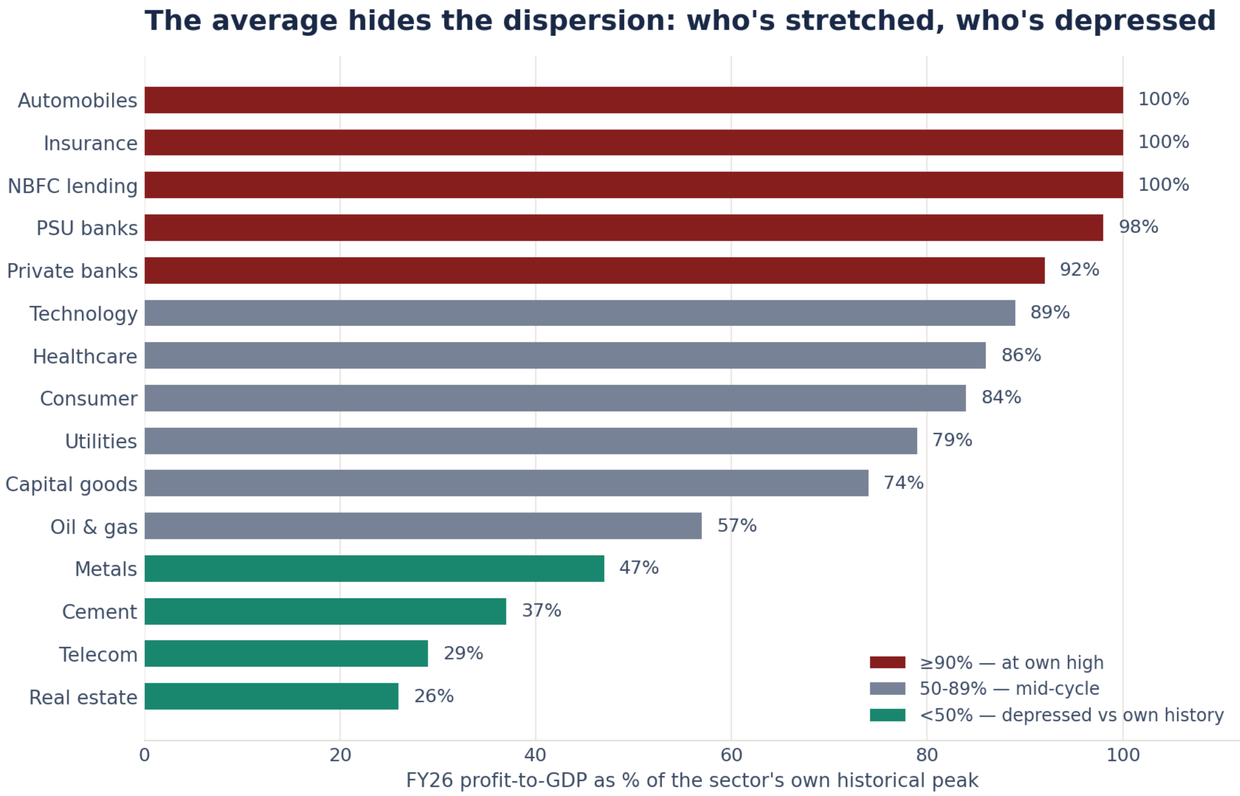
FISCAL YEAR-END	MARKET CAP / GDP	PROFIT / GDP	IMPLIED P/E
FY03 (Mar-03)	~24%*	2.7%	~8x*
FY08 (Mar-08)	~108%*	5.2%	~18x
FY20 (Mar-20)	56%	2.0%	~25x
FY26 (today)	~115%	5.2%	~19–20x

**Estimate; the FY03/FY08 fiscal-year-end points are less precise than FY20 and today. Market cap = total listed India; the Nifty-500 is ~88% of it and compounds at a near-identical rate. Implied P/E ≈ (0.88 × market cap/GDP) ÷ profit-to-GDP. Source: Buffett-indicator data; MOFSL; Itus Capital analysis.*

> The two engines that drove roughly 20% market-cap compounding for twenty years are, together, close to spent. That leaves the slowest lever — nominal GDP, and the revenue growth beneath it — to carry returns from here.

Where the opportunity is — and how we are positioned

The 5.2% is an average over very wide dispersion. Several sectors are at their own highs for cyclical reasons; several others sit well below their own historical norms. The interesting names are not at the extremes but in between — franchises trading below their own normal earnings power for cyclical, recoverable reasons, with their competitive position intact. Two cautions we hold firmly: a low reading is only an opportunity if the prior peak can be crossed and this entire framework measures where earnings sit in their cycle — not what one pays for them.



Source: MOFSL India Strategy, Jun-2026; Itus Capital analysis

FIG 5 — Each sector's FY26 profit-to-GDP as a share of its own historical peak. The aggregate record conceals sectors near a high and others near a low.

For the portfolio, the implication is straightforward. This is, in our view, not a moment to reach for index exposure. The discipline the data demands is the one we already apply to every holding: to separate businesses whose record profits reflect a widening, durable return on capital from those whose record profits are borrowed from a sector cycle. We are willing to own the first through a normalisation, and to exit the second even when its current numbers look strong — because a healthy operating signal sitting on a stretched cycle is not, for us, a reason to stay.

We would rather own the right businesses through the reversion than own the aggregate at its peak. Records invite complacency; our task is to read them as the cycle statements they are.

INVESTOR Q&A

Compendium of Frequently Asked Questions from Investors

1. The Indian market has not generated returns over the last 20 months. How do you view this?

The Indian markets have not been the most favoured market over the last 20 months. However, this has created two conditions:

a) A bond-equity yield correction which has made Indian equities attractive today

b) Measures by the RBI to bring inflows and ensure stability in the currency.

We expect this to provide a more favourable market for Indian equities over the next year.

2. FIIs continue to sell into India and this is concerning. Does that not worry you and how will this reverse?

It is true that FIIs have sold 2.73L cr of Indian equities in the first half of CY26. While this is staggering and unprecedented, what is giving us confidence is underneath this, we have seen an inflow of 23,000 cr in India through the primary market. We expect this to increase significantly in the second half. This should provide a change in sentiment around the narrative and headlines.

3. Should I be adding capital at current levels, or is it better to wait?

We are not in a position to offer personalised investment advice, as allocation decisions depend on individual circumstances, risk tolerance, and time horizon. However, two things we notice on the ground:

a) Earnings growth being strong across select pockets

b) Valuations being attractive

This has caused us to continue to reduce our cash balance and incrementally increase our equity exposure.

4. What about the fact that India not having AI exposure?

The productivity gains from AI are real, but the returns to AI capital in the US are, in our view, starting to look incrementally linear rather than non-linear — output is no longer compounding disproportionately to the capital being deployed, even as capex intensity keeps rising. If that is the trajectory, then not being heavily exposed to the AI trade does not put Indian equities at the disadvantage it is often framed as; the marginal opportunity being missed is itself shrinking.

That said, we are invested behind India's own data centre buildout, which we see as a structural, multi-year theme in its own right. Any correction in US AI valuations would still be a sentiment headwind globally, and we are watching return-on-capital questions closely as markets move into the second half of the year — but the absence of AI exposure is not, on its own, a reason to be underweight India.

☎ We look forward to speaking with you on our call at 9:30 AM on the 18th July 2026. Thank you for your continued trust and partnership.

Naveen Chandramohan
naveenc@ituscapital.com

ANNEXURE

Portfolio Holdings

Portfolio as of June 2026. Our portfolio across all clients is shown below, grouped by positioning relative to the benchmark.

NAME	SECTOR	POSITION	WEIGHT	COMMENTS
OVERWEIGHT POSITIONS				
Coal India Ltd. Hindustan Copper Ltd. JSW Steel Ltd. Vedanta Aluminium Metal Ltd.	Mining & Minerals	Overweight	12.0%	Tailwinds around energy security and commodity price support in a supply-disrupted environment.
Eris Lifesciences Ltd. Glenmark Pharmaceuticals Ltd. Lupin Ltd. Piramal Pharma Ltd. Torrent Pharmaceuticals Ltd.	Healthcare	Overweight	9.1%	Strong growth outlook benefitting from low-cost manufacturing; lower price erosion in US pharma.
Aether Industries Ltd. Navin Fluorine International Ltd. SRF Ltd.	Chemicals	Overweight	9.0%	Benefit from low cost of production and exports; China policy as medium-term catalyst.
Eternal Ltd. International Gemmological Institute (India) Ltd. Titan Company Ltd.	Consumer Discretionary	Overweight	7.2%	Growth in discretionary consumption of jewellery in gold and LGD categories.
ABB India Ltd. CG Power and Industrial Solutions Ltd. Schaeffler India Ltd.	Capital Goods	Overweight	5.7%	Bottom-up bet on capex with digitisation of grid acting as tailwinds.
ICICI Lombard General Insurance Company Ltd. Star Health and Allied Insurance Company Ltd.	Insurance	Overweight	5.1%	Strong underwriting along with normalisation in growth.
Adani Ports and Special Economic Zone Ltd.	Logistics & Ports	Overweight	4.7%	Proxy for GDP growth; multiple levers for margin expansion from international business.
One97 Communications Ltd. PB Fintech Ltd.	Financial Services	Overweight	3.6%	Growing financialisation in the country.
Le Travenues Technology Ltd. The Indian Hotels Company Ltd.	Hotels & Travel	Overweight	3.0%	Global rebound in tourism; rising consumer demand for experiences over goods.

ANNEXURE (CONT'D)

Portfolio Holdings

Portfolio as of June 2026 (continued).

NAME	SECTOR	POSITION	WEIGHT	COMMENTS
UNDERWEIGHT POSITIONS				
ICICI Bank Ltd. HDFC Bank Ltd. City Union Bank Ltd. State Bank Of India	Banks	Underweight	12.0%	Pick-up in credit growth and private capex; selective bottom-up stock picking.
Eicher Motors Ltd. TVS Motor Company Ltd.	Auto & Auto Components	Underweight	1.8%	Strong OEM volume growth in 2Ws.
KPIT Technologies Ltd.	IT	Underweight	1.4%	Orderbook growth slowdown balanced by valuation comfort.
NEUTRAL POSITIONS				
Gillette India Ltd. Marico Ltd. Varun Beverages Ltd.	FMCG	Neutral	6.4%	Positioned for pockets of volume growth.
Siemens Energy India Ltd. Torrent Power Ltd.	Power	Neutral	3.5%	Power capex to continue to benefit.
Max Healthcare Institute Ltd.	Hospitals & Diagnostics	Neutral	2.8%	Bed capacity addition; relatively peak occupancy.
Solar Industries India Ltd.	Defence	Neutral	2.3%	Positioned for the best Return on Capital.
Ultratech Cement Ltd.	Construction Materials	Neutral	1.8%	Cement volume growth on the back of private and public spending.
Adani Enterprises Ltd.	Trading	Neutral	1.0%	The theme of hard assets ownership.

Note: The sum of above weights would not total up to 100% due to rounding; remaining is cash & residual holdings.

Risks Foreseen

The equity investments could witness price fluctuations in line with market movements. There could be a delay in the earnings growth which may cause price fluctuations versus our expectations. Performance Risk could arise due to delay in portfolio manager's views playing out.

Disclosures, Risk Factors & Investor Grievance

REGISTRATION

- Portfolio Manager: Itus Capital Advisors Private Limited
- SEBI PMS Registration No.: INP000006341
- Regulated under SEBI (Portfolio Managers) Regulations, 2020 & Master Circular dated July 16, 2025
- Clients may onboard directly with the Portfolio Manager, without intermediation of any distributor

PERFORMANCE DISCLOSURE

- Returns are computed on a Time-Weighted Rate of Return (TWRR) basis, net of all fees, expenses and taxes
- Benchmark: Nifty 50 TRI
- For relative performance of a particular Investment Approach to other Portfolio Managers within the selected strategy, please refer APMI website (Click here)
- THE PERFORMANCE RELATED INFORMATION IS NOT VERIFIED BY SEBI
- Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments
- Stocks referenced may be part of the existing Itus Capital portfolio, may or may not be bought for new clients, and the strategy may or may not hold them in future. Companies named are mentioned only to explain the approach and are not recommendations; some stocks may carry an exposure above 10% owing to gains accrued on the investments.

Risk Factors

- **Market Risk —** Investments are subject to price and volume volatility, interest-rate, currency and policy changes; the investment objective may not be achieved.
- **Concentration Risk —** A high-conviction, concentrated strategy means adverse developments in a single issuer or sector can disproportionately affect portfolio value.
- **Liquidity Risk —** Limited trading volumes or an underdeveloped secondary market may restrict the ability to buy or sell securities and affect realisations.
- **Performance Risk —** No guaranteed or assured returns. Performance may be affected by delays in earnings growth of portfolio companies or in the manager's views playing out.
- **Regulatory & Tax Risk —** Changes in regulatory frameworks or tax laws may adversely impact returns. Investors should consult their own tax advisors.
- **Key Person Risk —** Performance depends on the key investment professionals at Itus Capital; their departure or unavailability could adversely affect performance.

DISCLAIMER & INVESTOR GRIEVANCE

STATUTORY DISCLAIMER

- Investment in securities market are subject to market risks; read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance or assure returns.
- Individual client returns may vary from the performance shown, due to the timing of inflows and outflows and differences in portfolio composition arising from restrictions and other constraints.
- This material is for information only and is not an offer or solicitation. It may contain forward-looking statements; actual results may differ. Investors are not offered any guaranteed or assured returns and should consult their own advisors.

INVESTOR GRIEVANCE REDRESSAL

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- **SEBI SCORES:** scores.sebi.gov.in | **ODR Portal:** smartodr.in/login
- If unresolved within 21 calendar days, escalate to the Principal Officer, Naveen Chandramohan (naveec@ituscapital.com), and thereafter to APMI (Designated Body) and SEBI.