

Dear Investors,

India's macroeconomic architecture has been strengthened with the introduction of a new GDP base year (FY2022-23). The updated methodology incorporates improved data capture, greater formalisation effects, GST-linked datasets, and refined deflation techniques. Importantly, while the statistical framework has evolved, the core growth narrative remains intact.

Under the revised series:

- **FY2025-26 real GDP growth is estimated at 7.6%**, marginally higher than earlier estimates under the old base.
- **Q3FY26 growth stood at 7.8% YoY**, moderating sequentially but firmly within a resilient expansion range.
- Manufacturing and services continue to drive aggregate GVA strength.
- The **gross savings rate has risen sharply**, improving domestic capital formation capacity and reducing reliance on foreign savings.

Private consumption and investment remain the principal engines of expansion. While farm sector growth is moderating, the non-farm economy is demonstrating structural resilience. The revised series presents a smoother growth trajectory, reinforcing macro stability rather than challenging it.

Escalating U.S. - Iran Conflict: Energy Shock and Market Repricing

Escalation in military tensions involving the United States and Iran has injected significant uncertainty into energy markets. The Strait of Hormuz through which roughly one-fifth of global oil supply flows remains the most critical energy chokepoint globally. Crude prices have reacted sharply as risk premiums rise amid fears of supply disruption. Shipping flows have slowed, freight rates have spiked, and LNG markets face heightened vulnerability. If sustained, elevated oil prices could reintroduce inflationary pressures globally and compress growth expectations. For India, the implications are direct:

- Pressure on the current account deficit
- Inflationary pass-through risks
- Currency volatility
- Margin headwinds for oil-sensitive sectors

External sector risks therefore remain elevated; even as domestic demand conditions stay constructive. Private consumption and public capex continue to anchor internal growth momentum, providing a counterbalance to global turbulence.

RNM Capital Trust AIF Category III: Portfolio Positioning - Built for Dispersion

In an environment where macro volatility coexists with structural earnings resilience, **dispersion widens**. Index direction becomes secondary; stock selection becomes decisive.

RNM Capital Trust AIF Category III remains anchored to:

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

Our portfolio emphasizes:

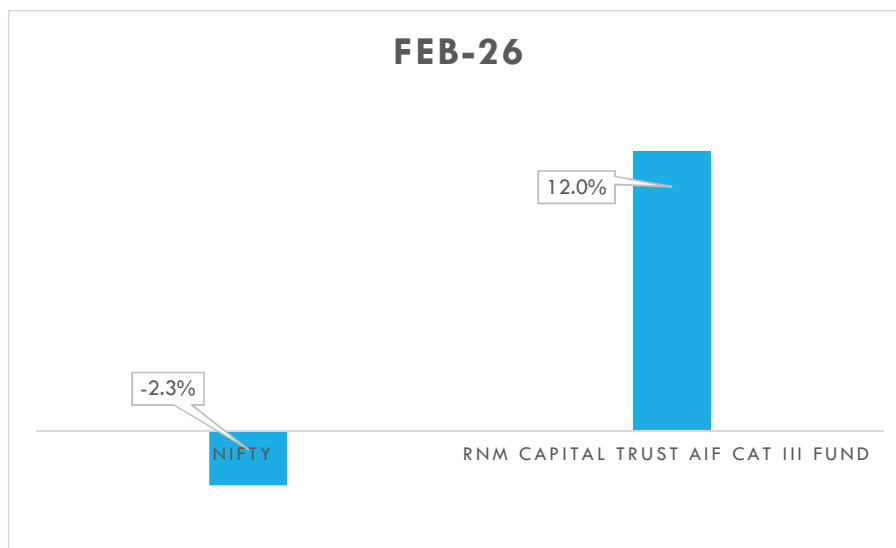
- Structural earnings compounders
- Businesses benefiting from digital transformation
- Balance sheet resilience
- Sustainable competitive moats

Rather than reacting to short-term volatility, we have leaned into high-quality franchises demonstrating durable cash flow generation and capital discipline. Since inception, performance has been earnings-led not liquidity-driven or momentum-driven.

As earnings visibility improves across sectors, we expect **greater divergence between quality businesses and leverage-dependent models**. This widening gap is precisely the environment our strategy is designed for.

Navigating a Transitional Phase

The current market phase marks a shift from liquidity-led rallies to earnings-led differentiation. While geopolitical uncertainty may elevate near-term volatility, India's domestic macro foundations remain stable. Structural growth drivers are intact, savings are strengthening, and investment momentum continues. We remain disciplined, selective, and conviction-driven focused on compounding capital through businesses that can sustain performance across cycles.



In uncertain environments, quality endures.