

Dear Investors,

Global conditions turned increasingly uncertain during the month, driven by escalating tensions in the Middle East. The prolonged US-Iran conflict has led to a sharp rise in crude oil prices, reintroducing inflationary risks and tightening global financial conditions.

The US Federal Reserve maintained a cautious stance, signaling that elevated inflation-partly driven by energy-remains a key concern. This has effectively pushed out expectations of rate cuts and kept liquidity conditions tight.

For India, the impact is largely transmitted through **higher crude prices and weaker currency dynamics**, rather than any deterioration in domestic fundamentals. The Reserve Bank of India remains constrained, balancing inflation risks against growth, and has adopted a measured “**wait-and-watch**” approach.

Currency & Markets - The Oil Link

The Indian rupee continues to face pressure despite stable domestic indicators. This divergence is primarily driven by two external factors:

- **Sustained high crude oil prices**, increasing India’s import bill and dollar demand
- **Muted foreign portfolio flows**, limiting capital support to the currency

India’s structural dependence on imported energy-particularly via the Strait of Hormuz-remains a key vulnerability. As long as geopolitical uncertainty persists, **currency volatility and inflation risks are likely to remain elevated**.

Equity markets have reflected this uncertainty:

- **NIFTY: -6.9% YTD**, despite a sharp rebound in April
- Valuations remain near long-term averages, with limited margin of safety if oil prices remain elevated

Portfolio Positioning - Domestic Growth with Resilience

Our portfolio remains aligned with India's structural growth drivers:

- ✓ **Consumption recovery**
- ✓ **Import substitution**
- ✓ **Infrastructure and capital goods cycle**

This positioning provides relative insulation from global volatility, while allowing participation in long-term domestic growth.

On-Ground Validation - Consumption Holding Firm

Recent earnings commentary from Hindustan Unilever and Nestlé India provides useful on-ground signals on the state of domestic demand.

Both companies reported **healthy volume growth and stable operating trends**, indicating that consumption momentum remains resilient despite a volatile macro backdrop. Importantly, management commentary suggests **confidence in navigating near-term uncertainties through strong execution and operational agility**.

Forward-looking indicators are equally constructive. Early expectations point towards **improved demand conditions in FY27 relative to FY26**, with limited concern around weather-related disruptions. Adequate reservoir levels and the likelihood of regionally dispersed rainfall reduce the risk of a broad-based rural slowdown.

In addition, **rural demand continues to find support from improving income dynamics**, aided by higher MSPs and sustained government interventions.

Taken together, these insights reinforce our view that **India's consumption cycle remains structurally intact**, providing a strong foundation for earnings resilience even as external headwinds persist.

Fund Performance:

The fund continues to deliver strong relative performance, with **YTD returns of ~10.4%**, significantly outperforming the broader market (**NIFTY: -6.9%**). This highlights the effectiveness of our **bottom-up stock selection and portfolio construction** through volatile periods.

In April, the fund generated a **moderate return of ~4.7%**, trailing the broader market rally (**NIFTY: +7.5%**). This was largely due to our **disciplined positioning**, with a focus on high-quality businesses rather than participating in momentum-driven segments of the market, it remains central to our approach of **delivering superior risk-adjusted returns over time**.

	Feb-26	Mar-26	Apr-26	YTD*
NIFTY	-2.3%	-11.3%	7.5%	-6.9%
RNM CAPITAL TRUST AIF CAT III FUND	11.8%	-11.5%	4.7%	10.4%

**YTD - 04 Feb 2026 to 30 April 2026*

