Dear Investors,

The investment landscape appears to be entering a potentially constructive phase for Indian equities. Several important macroeconomic developments are aligning simultaneously, creating conditions that have historically supported strong market performance. While uncertainty always remains, the direction of key variables suggests that investors should focus less on forecasting headlines and more on identifying where economic value is likely to accrue as these changes move through the system.

Key Macro Developments

1. FCNR-B Scheme: Potential Surge in Dollar Liquidity

The Reserve Bank of India has introduced measures that effectively reduce the foreign exchange hedge cost for banks mobilizing fresh 3-5 year FCNR-B deposits. Market estimates suggest that Indian banks could potentially attract **USD 35-40 billion** in foreign currency inflows if participation is robust. Such inflows would strengthen India's external position, improve liquidity conditions, and support financial system stability.

2. Expanded Access for Foreign Individuals to Indian Equities

Recent FEMA amendments have broadened access to the Portfolio Investment Scheme beyond NRIs and OCIs, allowing a much larger pool of overseas individuals to invest directly in Indian equities. This creates a potentially meaningful new channel for long-term foreign capital inflows into Indian markets.

3. Iran–US Peace Progress and Lower Oil Prices

Developments toward a potential Iran–US agreement have already contributed to softer crude oil expectations and a stronger rupee. For an energy-importing nation like India, lower oil prices improve macroeconomic stability by reducing import costs, easing inflationary pressures, and strengthening corporate profitability.

Why This Matters

Taken together, these developments create a favorable economic transmission mechanism:

- Increased foreign capital inflows
- Lower cost of capital
- Improved domestic liquidity
- Greater corporate confidence
- Higher capital expenditure activity

- Stronger employment and income growth
- Improved consumer sentiment
- Potential re-rating of equity markets

Historically, India's strongest bull market phases have often emerged when three conditions coexist:

1. Benign oil prices
2. Stable Indian rupee
3. Positive foreign capital flows

Today, all three factors appear to be moving in the right direction.

Risks We Continue to Monitor

US Fiscal and Bond Market Stress

The most important external risk remains the United States fiscal position and bond market.

If:

- US deficits continue widening,
- Treasury yields move sustainably above 5%, and
- The US dollar strengthens materially,

global capital could rotate back toward US assets, reducing the attractiveness of emerging markets and partially offsetting India's positive capital flow story.

Geopolitical Uncertainty

Markets have responded positively to expectations of lower oil prices. However, the Iran–US agreement remains preliminary. Important questions regarding sanctions, nuclear arrangements, and access through the Strait of Hormuz still require resolution. Any setback could quickly reverse recent optimism in energy markets.

Investing Through Economic Transmission Channels

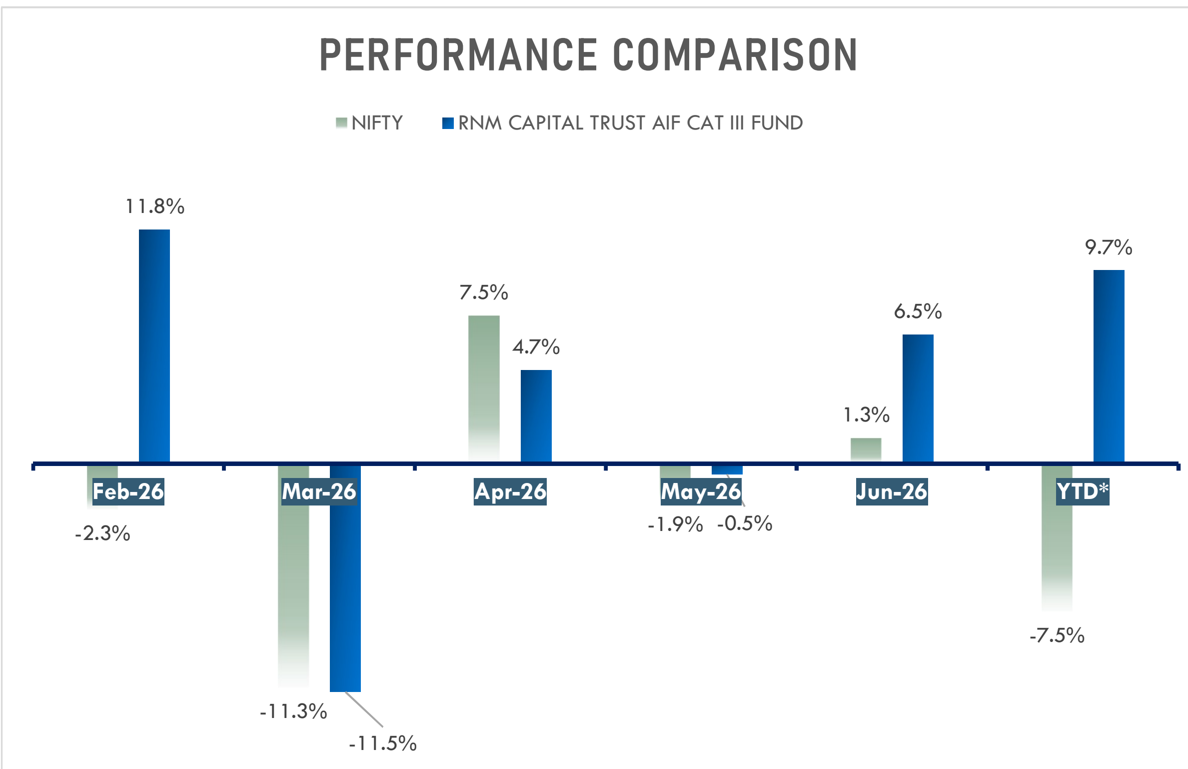
Rather than attempting to predict short-term macroeconomic variables, we remain focused on identifying where economic value is most likely to accumulate as these transmission channels unfold. Long-term wealth creation, however, frequently comes from recognizing less visible beneficiaries before that visibility emerges.

As investors, our objective is not to chase the most exciting stories, but to understand how capital, demand, and profitability move through the economy and position ourselves where the rewards are likely to be greatest.

The Fund has delivered a return of **+6.5% in June (till date)** versus +1.3% for the NIFTY, outperforming by 5.2 percentage points. On a YTD basis (04 February 2026 to 15 June 2026), the Fund has generated **+9.7%, compared to the NIFTY's decline of -7.5%,** resulting in an **outperformance of 17.2%.**

	Feb-26	Mar-26	Apr-26	May-26	Jun-26	YTD*
NIFTY	-2.3%	-11.3%	7.5%	-1.9%	1.3%	-7.5%
RNM CAPITAL TRUST AIF CAT III FUND	11.8%	-11.5%	4.7%	-0.5%	6.5%	9.7%

**YTD - In INR - 04 Feb to 15 JUNE 2026*



Closing Thoughts

The combination of potential foreign capital inflows, improving liquidity conditions, lower energy costs, and a stable currency environment creates a constructive backdrop for Indian equities. While risks remain, particularly from global bond markets and geopolitical developments, the broader setup suggests that investors should focus on identifying businesses that stand to benefit early in the economic transmission cycle.