FACTSHEET

APRIL 2024

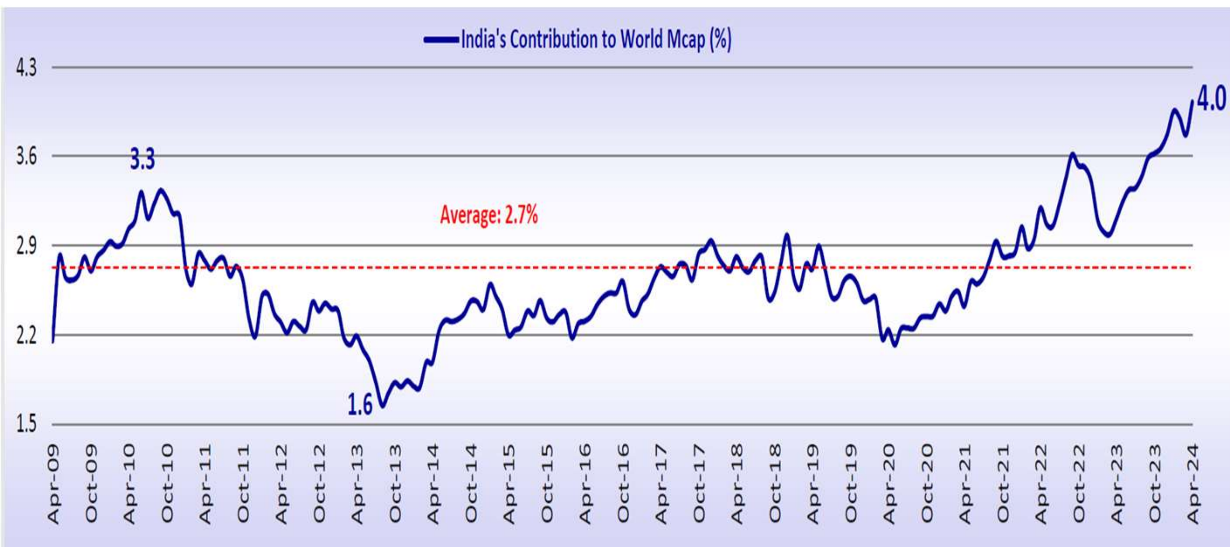
Renaissance Investment Managers

Dear Investors,

The cliché "Cautiously Optimistic" phase for Indian markets

Over the last the couple of years, Indian economy has surprised on the upside. GDP growth has fared better than expected. This comes along with relatively stable inflation scenario, strong tax collections and robust corporate earnings. More importantly a lot of these tailwinds will continue to support the economy in future as well. So obviously, there are all the reasons to be positive on Indian markets. Strong domestic macros have led to sharp jump in India's contribution to world market cap (as highlighted below). However, the massive rally in the equity markets (more so in mid / small caps) have led to a scenario where valuations have little room for upside. On the other hand, there are irritants like fragile geopolitical situation and daily changing expectations on rate cuts by US FED. This brings markets to the classic scenario of being "Cautiously Optimistic".

India's contribution to World market capitalization



Source: broker reports

With Central elections underway, a lot of analysts are using empirical trends to find pre/post-election direction of the markets. Honestly, in our opinion, such analysis doesn't work. Firstly, there is no unanimous trend that visible across all cycles. Secondly, there are always other variables influencing the markets at different point in time, which renders such analysis redundant. In the current scenario, one thing that's important is a stable government and continuity in policy reforms. In the absence of these variables, there are genuine risks to India's growth outlook and more importantly valuations, which are already somewhat demanding. For now, the poll pundits are projecting a 42-52% vote share for NDA as against a vote share of ~45% in 2019 elections. This should imply a similar or slightly better seats for the NDA alliance. A resounding victory for NDA, is undoubtedly sentimentally positive for the markets.

Corporate earnings so far have been in line with estimates, barring a few disappointments in the IT services spaces. We believe, the outlook on long term demand for IT services continues to be very positive. However, the mixed signals from the US economy (the largest market for IT services) has led to corporates going slow on some projects, which should come to fore once the economic scenario improves. On the positive side, most banking companies have fared well on deposits momentum which was the key concern for analysts. Apart from banking sectors, earnings across auto, consumer and cement companies have also been broadly in line with estimates.

Overall, we remain "Cautiously optimistic" on the equity markets. While at the index level, 2024 may not be as exciting, but a bottoms-up portfolio consisting of strong growth stories at reasonable valuations should deliver superior risk adjusted returns for investors. We once reiterate that the global situation is still uncertain and hence investors should be averse to investing in inferior business models & companies with poor managements. At Renaissance, we have further strengthened our risk guardrails to ensure our portfolios remain resilient going ahead. We continue to focus on companies which have inherent strengths to deliver superior growth.

Happy Investing.

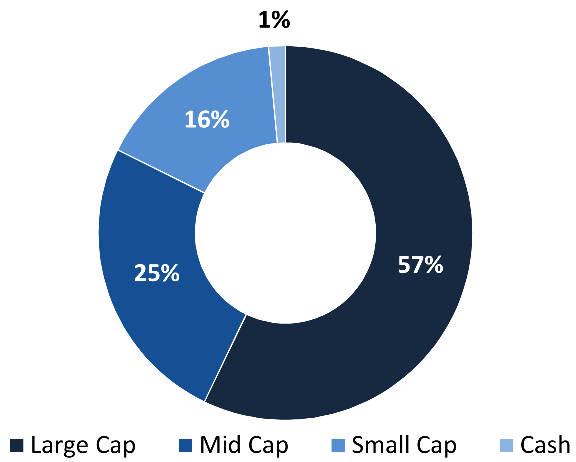
Pre-Tax Returns **(As on 30th September 2023)**

Fund / Index	1 Year	2 Years	3 Years	5 Years
CRISIL AIF Index – CAT III (INR)	15.5%	7.0%	20.6%	13.5%
INDIA NEXT FUND II	15.1%	N/A	N/A	N/A

N/A – As the fund has not completed 2yr, 3yr and 5yr as on 30th September 2023. Returns for more than one year are annualized.

Theme: Brand, Internet, Technology & Science (BITS)

Portfolio Capitalization



Portfolio Highlights

Particulars	FY25E	FY26E
PAT growth (%)	23.0%	21.0%
ROE (%)	17.0	18.3
P/E	40.8	36.5

Top Holdings

Company	Weight(%)
Info Edge (India) Ltd	6.82%
Motilal Oswal Financial Services Ltd	6.03%
Tech Mahindra Ltd	5.70%
ABB India Ltd	4.42%
Birlasoft Ltd	4.32%

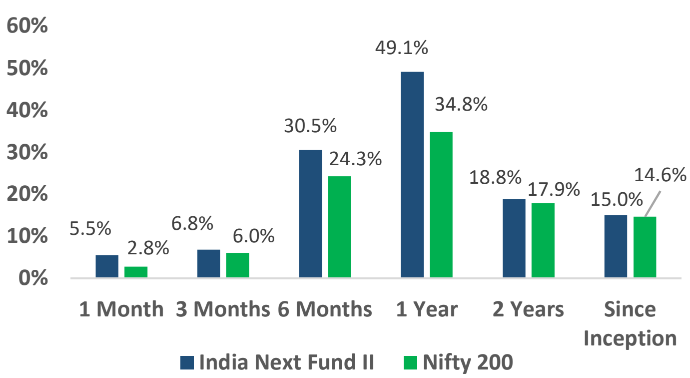
Renaissance India Next Fund II - Risk

Time Period: Last 12 Months
Calculation Benchmark: IISL Nifty 200

	Portfolio	Index
Std Dev	12.95%	10.17%
Sharpe Ratio	3.24	2.72
Beta	1.03	1.00
Treynors Ratio	0.41	0.00
Information Ratio	1.88	0.00

Returns

Calculation Benchmark: IISL Nifty 200



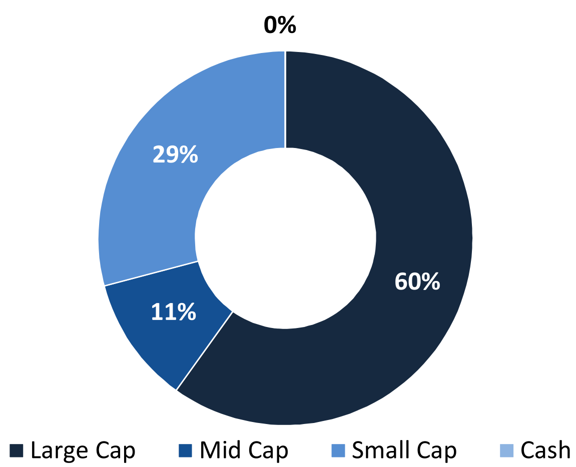
Fund and Benchmarks returns are Pre-tax

Sectoral Weights

Sector	Weight(%)
IT & Tech	27.70%
BFSI	19.11%
Pharma & Chemicals	14.02%
Auto & Logistics	13.25%
Industrials	10.31%

Theme: India Growth 2.0

Portfolio Capitalization



Portfolio Highlights

Particulars	FY25E	FY26E
PAT growth (%)	20.2%	18.1%
ROE (%)	16.3	17.1
P/E	33.4	26.0

Top Holdings

Company	Weight(%)
State Bank of India	6.76%
ICICI Bank Ltd	5.96%
Info Edge (India) Ltd	5.39%
Tech Mahindra Ltd	5.31%
Larsen & Toubro Ltd	5.26%

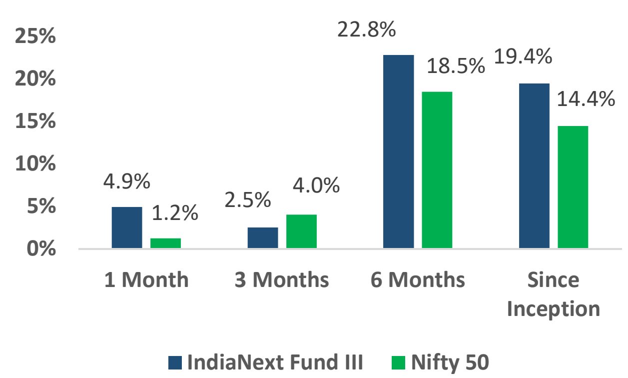
Renaissance India Next Fund III - Risk

Time Period: Last 12 Months
Calculation Benchmark: IISL Nifty 50

	Portfolio	Index
Std Dev	NA	NA
Sharpe Ratio	NA	NA
Beta	NA	NA
Treynors Ratio	NA	NA
Information Ratio	NA	NA

Returns

Calculation Benchmark: IISL Nifty 50



Fund and Benchmarks returns are Pre-tax

Sectoral Weights

Sector	Weight(%)
BFSI	33.34%
IT & Tech	19.36%
Pharma & Chemicals	15.14%
Industrials	9.86%
Auto & Logistics	6.21%

Renaissance

THE SCIENCE OF INVESTING

Investment Philosophy

Sustainable Quality Growth At Reasonable Price (SQGARP)

Sustainability	Companies with sustainable and durable business models.
Quality	Superior quality businesses as demonstrated by Competitive edge, Pricing power, ROE, FCF. Good quality and competent management teams.
Growth	Business that can deliver superior growth over medium term to long term.
Price	Ability to invest at reasonable valuations. Fair value approach to valuations. Focus on economic value of business.

Statutory Details: Renaissance Investment Mangers Private Limited ("RIMPL") is registered under SEBI (Portfolio Managers) Regulations, 1993 as a Portfolio Manager vide Registration No. INP000005455. RIMPL is also an Investment Manager to Renaissance Alternate Investment Fund – Category III which is registered with SEBI as Alternate Investment Fund under SEBI (Alternative Investment Funds) Regulations, 2012 vide Registration No: IN/AIF3/18-19/0549.

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