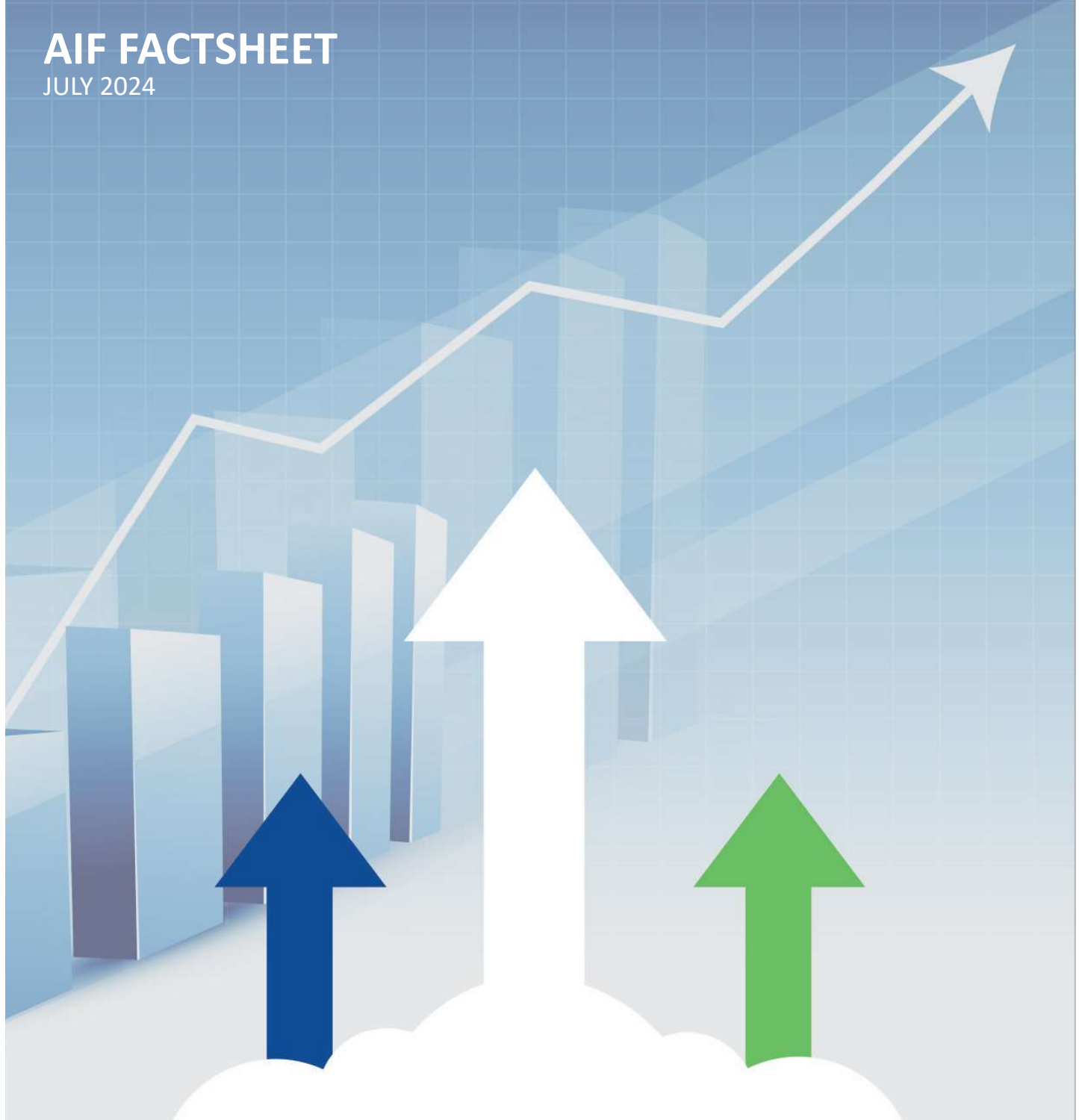


AIF FACTSHEET

JULY 2024



Renaissance Investment Managers

Dear Investors,

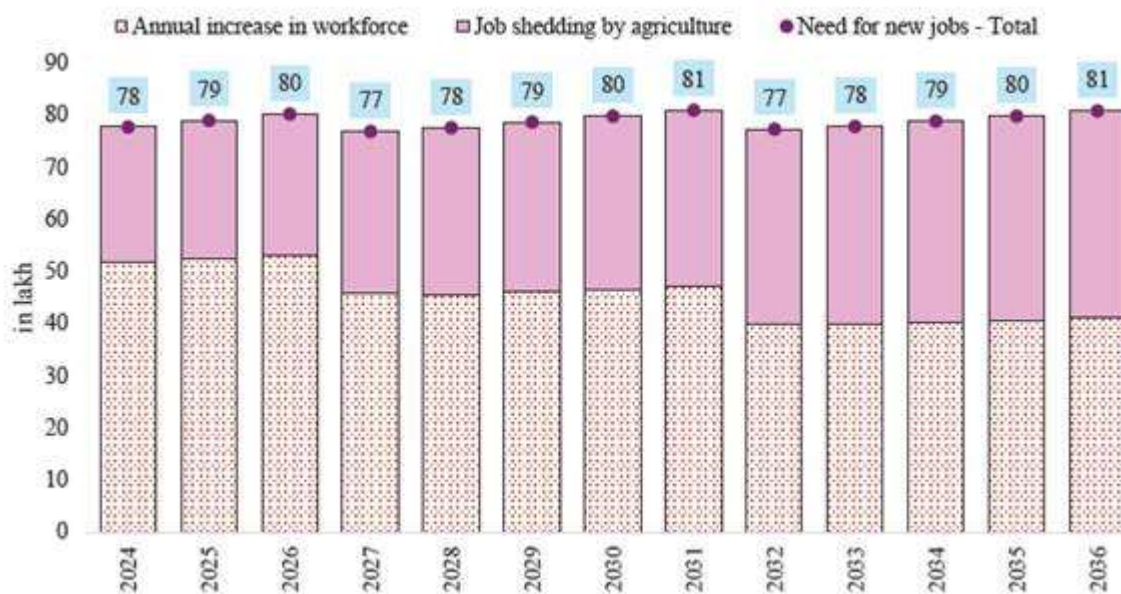
Union Budget – Capex, Employment and Fiscal Consolidation

The FY25 budget delivered a balance across capex-led growth, fiscal-consolidation and enhanced welfarism.

Fiscal Deficit: The government has projected FY25 gross fiscal deficit (GFD) at 4.9% of GDP, which is lower than the 5.1% ratio in the interim budget (Feb’24).

Capital expenditure: FY25BE capex has been maintained at INR 11.1tn (+17% growth), similar to the level in the interim budget (Feb’24).

Revenue expenditure: Revenue expenditure growth (excluding interest payments) has been upped to 2.5% (on FY24RE base) as against a decline of 1.6% expected in FY24RE. More importantly, the government seems to have sharpened its focus on skilling and youth employment generation—Rs100 bn has been budgeted as incentives for FY25BE, toward job creation and skilling, by subsidizing employers who generate fresh jobs. The total amount of incentives is Rs2 tn over a five-year period. Further, Rural Development expenditure is budgeted to grow this year at 4% against a decline of 3% in FY24RE – this should provide some impetus to the rural consumption that has been sluggish post Covid.



Source: The Economic Survey 2023-24

Mixed trends in 1Q FY25 earnings...

The combined revenue of ~1200 listed-companies that have declared their June-quarter results so far, has risen 9.2% yoy, while net profits have been flattish at <1%. For non-financial (non-BFSI) companies, the topline grew by 5.5%, while profits were down 9% [Source: CMIE].

Nonetheless, aggregate profits of 39 Nifty-50 companies that have declared results have seen 5% growth, which is reasonable in the context of elections-impact, heat-waves in several parts of India, high base in terms of margin-comparisons, and RBI-induced deceleration in system credit growth. In terms of sectoral trends: (1) Non-lenders (AMCs, Insurance) have delivered strong 1Q performance; (2) Lenders (Banks, NBFCs) have delivered largely in-line results; (3) IT sector saw stabilization in growth forecasts; and (4) Global cyclicals (Oil/Gas, Metals, Chemicals) largely underperformed on earnings vs market expectations.

...but growth outlook remains intact

We believe growth is likely to pick up, as monsoons are now normal (2% surplus till 31st July) and government-spending including capex is likely to come back with a vengeance through the remainder of FY25. We expect 1-2 rate cuts by the RBI in 2HFY25, on back of FED rate cuts (2-3 cuts likely in 2024), subdued crude-oil prices, and a likely decline in food/vegetable inflation post monsoon season.

Market outlook and portfolio positioning

Based on 1Q results declared so far, Nifty-50 'EPS' is expected to see a modest downgrade of around 1% for FY25E and for FY26E. Thus, low-teen EPS growth outlook for Nifty remains intact for FY25, while for FY26 the market currently expects low-to-mid teen EPS growth.

At the 23,900 level, Nifty is priced at 18.6x FY26E consensus earnings estimate, which is in line with the last 10-years mean valuations. India's GDP growth forecasts have been revised up, from 7.0% to 7.2% by the RBI for FY25E after the blow-out 4QFY24 GDP numbers (+7.8% yoy), and India's medium-term story is unchanged.

We remain invested in quality companies, which enjoy significant growth-tailwinds and have high earnings certainty in sectors such as: capital goods, information technology, private sector financials, telecoms, select PSUs and select real estate stocks. This should protect our portfolio in the events of any intermittent corrections. We continue to maintain our disciplined stock selection process to ensure long term, sustainable returns for our investors.

Happy Investing

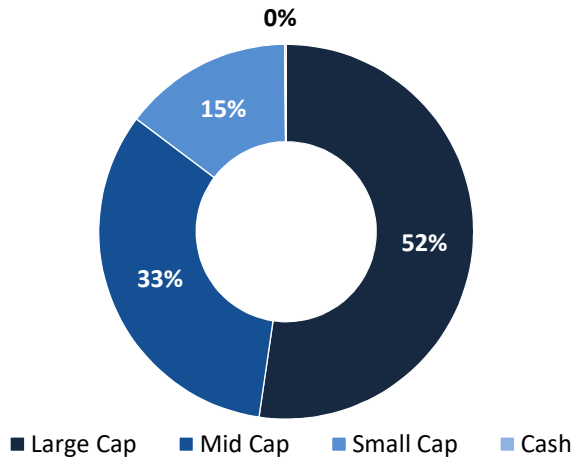
Pankaj Murarka
Founder & CIO

Pre-Tax Returns		(As on 30 th 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	
INDIA NEXT FUND III	N/A	N/A	N/A	N/A	

N/A – As the respective fund has not completed 1yr, 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	FY24	FY25E	FY26E
PAT growth (%)	51.9	36.3	32.5
ROE (%)	15.3	15.7	17.3
P/E	49.0	43.1	35.3

Top Holdings

Company	Weight(%)
Tech Mahindra Ltd	7.85%
Info Edge (India) Ltd	6.98%
Motilal Oswal Financial Services Ltd	5.88%
Infosys Ltd	4.63%
Varroc Engineering Ltd	4.22%

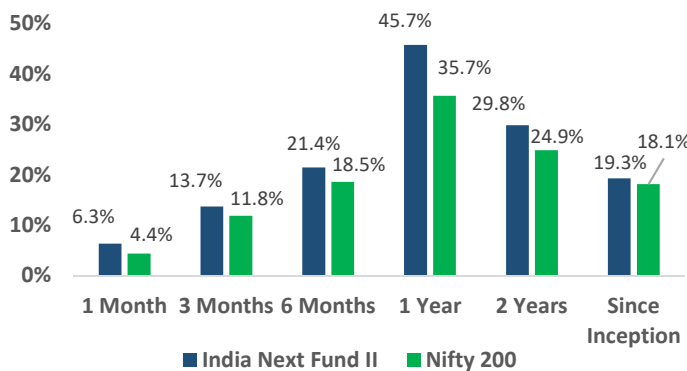
Renaissance India Next Fund II - Risk

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

	Portfolio	Index
Std Dev	16.08%	13.53%
Sharpe Ratio	2.42	2.13
Beta	1.04	1.00
Treynors Ratio	0.38	-
Information Ratio	1.28	-

Returns

Calculation Benchmark: IISL Nifty 200



Sectoral Weights

Sector	Weight(%)
IT & Tech	29.53%
BFSI	18.19%
Consumer Discretionary	13.06%
Pharma & Chemicals	12.15%
Industrials	10.12%

Fund and Benchmarks returns are Pre-tax

Investment Philosophy

Sustainable Quality Growth At Reasonable Price (SQGARP)

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

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.

Disclaimer: The Fund/strategy returns are of a Model Client. The performance related information provided herein is not verified by SEBI. The performance of the stock across individual portfolios may vary significantly from the data depicted above. Returns of individual client may differ depending on timing of entry and exit, timing of additional flows and redemptions, individual client mandates, specific portfolio construction characteristics or structural parameters which may have a bearing on individual portfolio performance. No claims may be made or entertained for any variances between the above performance depictions and that of the stock within individual client portfolios. Neither RIMPL, nor the Fund/Asset Management Company, its Directors, employees or Sponsors shall in any way be liable for any variation noticed in the returns of individual portfolios.

Performance of RIMPL shall have no bearing on the expected performance of the fund/strategy. Past performance of the financial products, instruments and the portfolio may or may not be sustained in future and should not be used as a basis for comparison with other investments. Fund/Strategy returns shown above are post fees & expenses. Clients are not being offered any guaranteed/assured returns. The stocks / sectors mentioned hereinabove should not be construed as an investment advice or a forecast of their expected future performance. These stocks / sectors may or may not form part of the portfolio in future.

Risk Factors: Investing in securities involves certain risks and considerations associated generally with making investments in securities. The value of the portfolio investments may be affected generally by factors affecting financial markets, such as price and volume, volatility in interest rates, currency exchange rates, changes in regulatory and administrative policies of the Government or any other appropriate authority (including tax laws) or other political and economic developments. Consequently, there can be no assurance that the objective of the Portfolio would be achieved. Prospective investors are advised to review the Disclosure Document, PPM and/or, Client Agreement, and other related documents carefully and in its entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under this Portfolio, before making an investment decision. RIMPL is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. This document represents the views of Renaissance Investment Mangers Private Limited and must not be taken as the basis for an investment decision. Neither Renaissance Investment Mangers Private Limited nor its affiliates, its Directors or associates shall be liable for any damages including lost revenue or lost profits that may arise from the use of the information contained herein. No representation or warranty is made as to the accuracy, completeness or fairness of the information and opinions contained herein. RIMPL reserves the right to make modifications and alterations to this statement as may be required from time to time.