

AIF FACTSHEET

APRIL 2025



Renaissance Investment Managers

Global turmoil is not over despite suspension in Trump tariffs

Global equity markets recovered sharply last month after US President Trump suspended high 'reciprocal' tariffs on all countries except China. The 145% import tariff on Chinese goods is effectively an import embargo, to which China has retaliated with a 125% tariff on US goods, while also restricting export of certain rare earth elements and magnets used in the Defence, Energy and Auto sectors. Meanwhile, the 10% baseline import tariff continues to be levied by US on almost all other countries.

Global trade and economic uncertainties are primarily manifesting in reduced business investments, and reduced consumer confidence, leading to fears of a policy-induced global-recession led by the US. Uncertainty is also reflecting through heightened volatility in global bonds and currency markets, specifically seen in the rather counter-intuitive moves in US 10-year treasury yields and in the DXY 'Dollar' index. Thus, it may still be somewhat premature in our view, to assert that peak uncertainty is behind us.

India economy to be resilient in the face of global turmoil

US accounts for 19% of India's goods exports; these in turn account for merely 2% of India's GDP. Further, India can significantly dilute any impact of tariffs, by reaching a bilateral trade agreement (BTA) with the US, which is under discussion and could be announced in the coming months. More importantly, a lower tariff imposed on India vis-à-vis its major rivals exporting to the US, would place India at a relative advantage and open-up possibility of export market share gains. Thus, overall impact would be limited, as Indian economy is well diversified and is driven more by domestic demand.

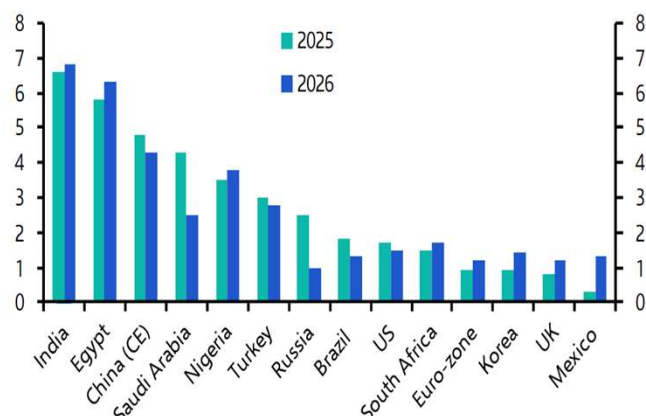
Worst is behind for India; outlook continues to improve

Recent data shows Indian economy is coming out of its soft patch and continues to gain momentum.

1. Record GST collections of INR 2.37 trillion in April, up 12.6% yoy
2. Manufacturing PMI of 58.2 is at a 10-month high, reflecting rising domestic demand and a surge in export orders
3. Forecast of an above-normal monsoon to further boost agricultural output, ease inflation, and create room for additional interest rate cuts, aiding both rural and urban consumption
4. Brent crude hovering at US\$60/bbl is a potential stimulus, although further crude collapse could herald a global recession and may cap the upside for India
5. RBI's easing should drive a revival in credit growth through the course of FY26 in our view; so far, we have seen CRR cut, repo rate cuts, a boost to liquidity (now abundant), lower risk weights on certain loans, and easing of LCR regulations
6. FPI equity outflows appear to be reversing; after selling equities worth c.US\$3.95bn in the first half of April, FPIs purchased US\$4.46bn of equities on a net basis in the second-half of April [Source: NSDL]

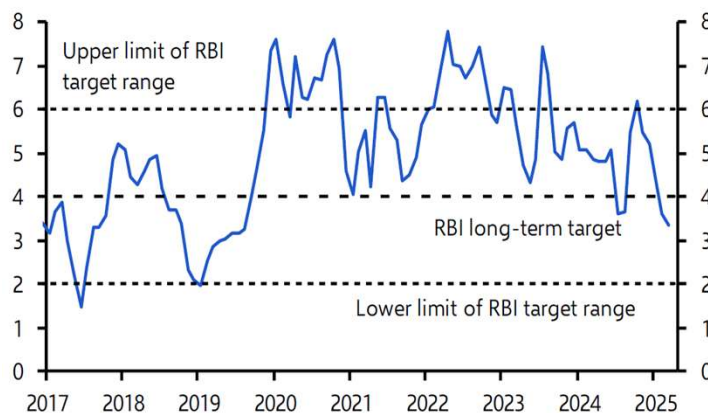
Nonetheless, in addition to global macro uncertainties, the global geopolitical environment remains volatile with hot wars continuing in the Middle East and in Ukraine amid emerging fears of a potential kinetic confrontation between India and Pakistan.

Exhibit 1: GDP growth rates (% , yoy)



Source: Capital Economics

Exhibit 2: Headline CPI change (% , yoy)



Recovery in earnings growth key to further performance

Nifty-50 index bottomed on 4th March 2025, after a 16% draw-down from the Sep'24 peak. The index saw a sharp 6.3% recovery in March, and a further 3.5% in April. Meanwhile, the broader market (Nifty-500) was up 7.3% in March and 3.2% in April.

We expect a pick-up in corporate earnings growth in the coming quarters; however, we believe Nifty-50 valuations are now fair at around 21x 12-month forward EPS, similar to the last 10-year average multiple of 20x. Even as the 10-yr G-Sec yield (risk free rate) is likely to decline further, we expect global uncertainties to keep the equity risk premium elevated, thus constraining further meaningful expansion in market multiples. For the Nifty-50 companies, FY25 EPS is projected to see 5-6% growth, while the FY26 EPS growth expectations remain healthy at around 14-15%.

According to CMIE, over 400+ listed companies have reported their 4QFY25 results so far. The combined revenues of these companies were up 5% yoy, while combined PAT was up 7%.

We remain constructive and selective

We expect the market to remain sideways here, a set-up that aligns favorably with our investment approach of building focused portfolios of quality companies that can deliver sustainable growth over the medium to long term.

We have turned constructive on the consumer sector after a gap of 5 years. While the economic rebound post covid was investment led with significant increase in public investments over the last 5 years, we believe from here on the economic growth would be more balanced and even between investment and consumption. The consumer sector has underperformed in the last 3 years due to expensive valuations and the slowdown in Private Final Consumption Expenditure. However, we believe that the aggregate consumption is near trough and we expect gradual recovery in overall consumer spending over the next 2 years.

As a result, we have added exposure to consumption-driven stories in the wake of: (1) declining rate of inflation and interest rate cuts from RBI; (2) improving rural consumption; (3) recent tax cuts for middle-and-upper income households; and (4) announcement of the 8th Pay Commission with expected incremental allocation of around INR 2 trillion in salaries and pensions from FY27.

Our portfolio is skewed towards credit growth (including consumer proxies), select consumer plays (across staples, durables and discretionary), and export/outsourcing. We are invested in pockets having attractive valuations (e.g. private sector financials, housing NBFCs), as well as in pockets that we expect would deliver a higher amount and/or longevity of earnings growth at reasonable prices (such as Consumer, Pharma, Telecoms, IT etc.). We continue to maintain our disciplined stock selection process to ensure long term, sustainable returns for our investors.

Happy Investing

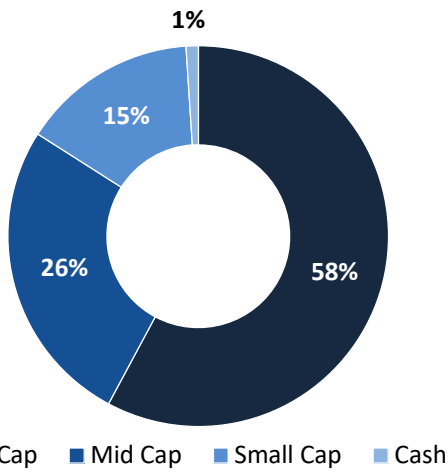
Pankaj Murarka
Founder & CIO

Pre-Tax Returns		(As on 31 st MARCH 2024)		
Fund / Index	1 Year	2 Years	3 Years	5 Years
CRISIL AIF Index – CAT III (INR)	31.1%	13.5%	16.0%	14.9%
INDIA NEXT FUND II	47.9%	15.2%	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 31st MARCH 2024. Returns for more than one year are annualized.

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

Portfolio Capitalization



Portfolio Highlights

Particulars	FY24	FY25E	FY26E	FY27E
PAT Growth (%)	23.4	8.8	14.4	16.4
ROE (%)	14.3	13.2	13.6	14.2
P/E	28.3	26.0	22.8	19.5

Top Holdings

Company	Weight(%)
HDFC Bank Ltd	8.60%
Info Edge (India) Ltd	7.50%
Tech Mahindra Ltd	6.72%
One 97 Communications Ltd	5.88%
Kotak Mahindra Bank Ltd	4.93%

Renaissance India Next Fund II - Risk

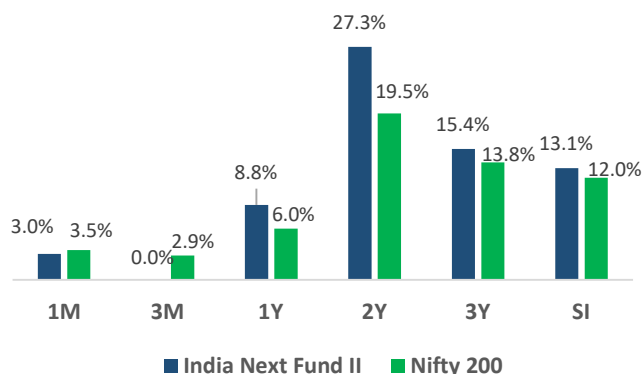
Time Period: Last 3 Years

Calculation Benchmark: Nifty 200

	Portfolio	Nifty 200
Std Dev	27.30%	23.80%
Sharpe Ratio	0.34	0.33
Beta	1.01	1.00
Treynors Ratio	9.23%	-
Information Ratio	0.12	-

Returns

Calculation Benchmark: Nifty 200



Sectoral Weights

Sector	Weight(%)
BFSI	33.73%
Consumer Discretionary	17.83%
Information Technology	15.12%
Pharma & Chemicals	9.66%
Internet	7.50%

Fund and Benchmarks returns are Pre-tax

Returns for more than one year are annualized

The performance related information provided herein is not verified by SEBI.

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.

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 investment approach. 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.