FACTSHEET
NOVEMBER 2023

Renaissance
THE SCIENCE OF INVESTING

Renaissance Investment Managers

Dear Investors,

India growth story – just keeps getting better

India's Q2FY24 GDP growth at 7.6% YoY (post 7.8% in Q1FY24) was significantly ahead of consensus estimates. Given the performance in H1FY24, we believe most economists would upward revise their growth estimates for FY24. As can be seen in the table below, gross fixed capital formation (GFCF) has been the torch bearer of GDP growth for last several quarters. Accelerated pace of government spending coupled with strong growth in private sector and household capex has been the contributor of growth in GFCF.

Quarterly real GDP growth (%)

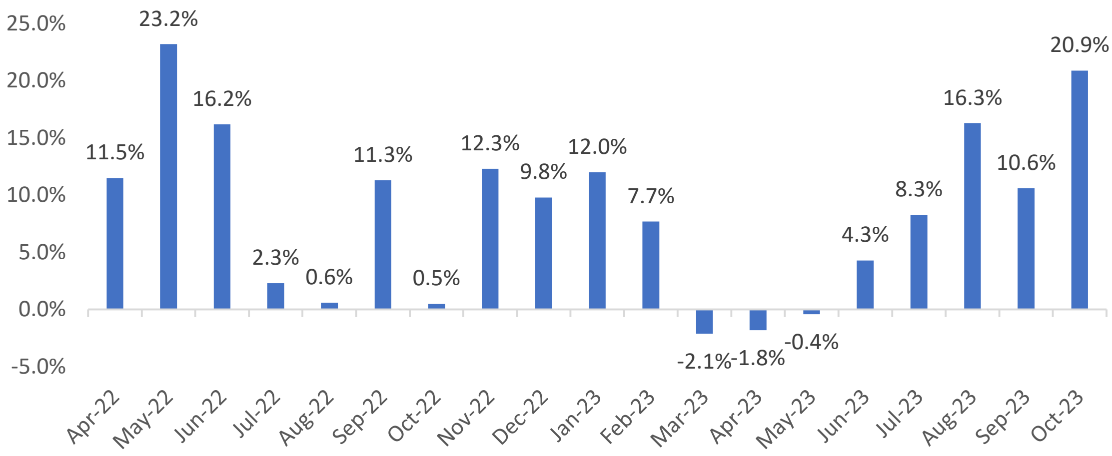
(% YoY)	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23
GDP	**13.1**	**6.2**	**4.5**	**6.1**	**7.8**	**7.6**
Final Consumption Expenditure	16.5	6.6	1.8	2.7	4.9	4.3
Private	19.8	8.3	2.2	2.8	6.0	3.1
Government	1.8	-4.1	-0.6	2.3	-0.7	12.4
Gross Fixed Capital Formation	20.4	9.6	8.0	8.9	8.0	11.0
Change in stocks	7.5	-2.6	-0.1	5.9	3.9	11.6
Valuables	58.7	-19.5	-38.0	-23.4	-21.0	-4.0
Exports of Goods and Services	19.6	12.2	11.1	11.9	-7.7	4.3
Import of Goods and Services	33.6	23.1	10.7	4.9	10.1	16.7
Discrepancies	113.4	-51.8	-52.4	2.9	-190.2	-251.5

Source: CEIC

We believe, India is just in its first phase of capex cycle resumption. Going ahead, we believe the cycle is likely to be far more broad-based thereby driving further momentum over the next couple of years. Our confidence stems from the fact that a sizeable amount of investments under the PLI scheme is yet to trickle in over the next 2-3 years. Additionally, government tax collections continue to remain robust implying a positive outlook on government capex spending. However, one should be cognizant that there could be short term intermittent volatility in the government capex over next 6 months as central elections are due in the country.

More importantly, one of the large capex intensive sector which hitherto was lack lustrous, is now showing signs of sharp revival. The reference is to the Power sector. As can be seen from the chart below, India has seen a sharp jump in electricity demand over the last few months. As manufacturing industry witnesses' strong growth, electricity demand is only going to inch up in future. While India has invested massive amounts of money in adding over 100GW of renewable energy in last 5 years, thermal capacity addition has meagre at ~20GW. The same has led to sharp increase in merchant power prices as well. Going ahead, we expect the thrust to further increase in renewable energy. However, thermal sector cannot be ignored for now. The power minister has urged both Public and private sector utilities to invest in creating new power capacities. Additionally, the government is also working closely to revive stress/ ailing power capacities in the country. We expect new orders of over 120GW/ 50GW of renewable/ thermal capacities over the next 4 years. This would be supplemented with billions of dollars of capex on the T&D side as well.

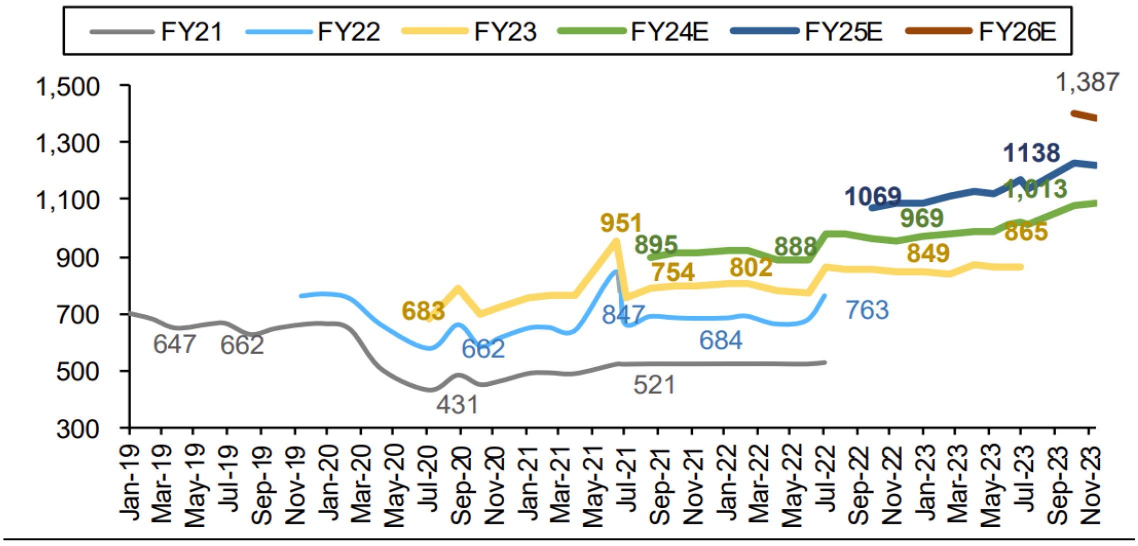
India Power Demand growth (%)



Source: CEA

There seems to be an increasing confidence that the fight against inflation has reached its climax. In fact, contrary to popular opinion that existed 4-6 months ago, there has been some talks of earlier than expected rate cuts as well. We think, this subject will have its own set of new flows and volatility at different points in time. However, there is a no second thought about the fact that India has struck the right balance between growth and inflation over the last 3-4 years. This is also corroborated by the consistent upward revision in earnings estimates for corporate India (refer chart below). In this backdrop, we believe India will receive disproportionately higher share of global flows, as the global economic environment stabilizes.

NIFTY EPS trend



Source: Broker report

We continue to be positive on India's long term growth outlook which is benefitting both from capex cycle recovery and improving consumption spending. Recent auto sales numbers suggest resumption in rural demand as well. Consequently, we have been largely invested into the markets. We have not compromised on quality and will refrain to do so going ahead as well. Our portfolios are positioned in sectors/ stocks which we believe will be the growth leaders over the next 3-5 years.

Happy Investing
Pawan Parakh
Portfolio Manager

Renaissance Opportunities Portfolio

Inception Date: 1st January, 2018

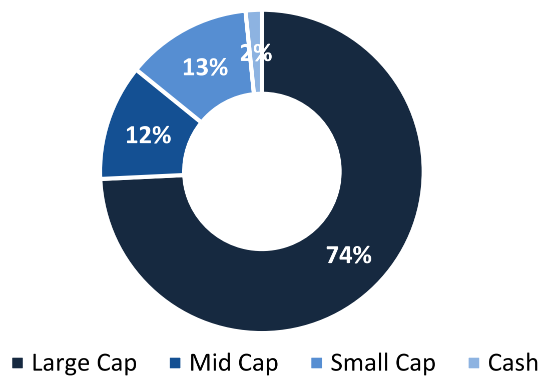
Data as on 30th NOVEMBER 2023

Renaissance THE SCIENCE OF INVESTING

Investment Strategy

- **Large Cap Strategy**
- **Blend of Growth & Quality**
- **Focused portfolio of 20 - 25 stocks**
- **High Conviction Ideas**
- **Investing across businesses which are at different stages of their business lifecycle**

Portfolio Capitalization



Top Holdings

Company	Weight (%)
Tech Mahindra Ltd	6.53%
Bharti Airtel Ltd	6.32%
Sun Pharmaceutical Industries Ltd	6.27%
One 97 Communications Ltd	6.02%
United Spirits Ltd	5.11%

Top Sectorial Weights

Sector	Weight (%)
BFSI	19.76%
Pharma & Chemicals	15.74%
Industrials	13.94%
IT & Tech	13.49%
Auto & Logistics	13.14%

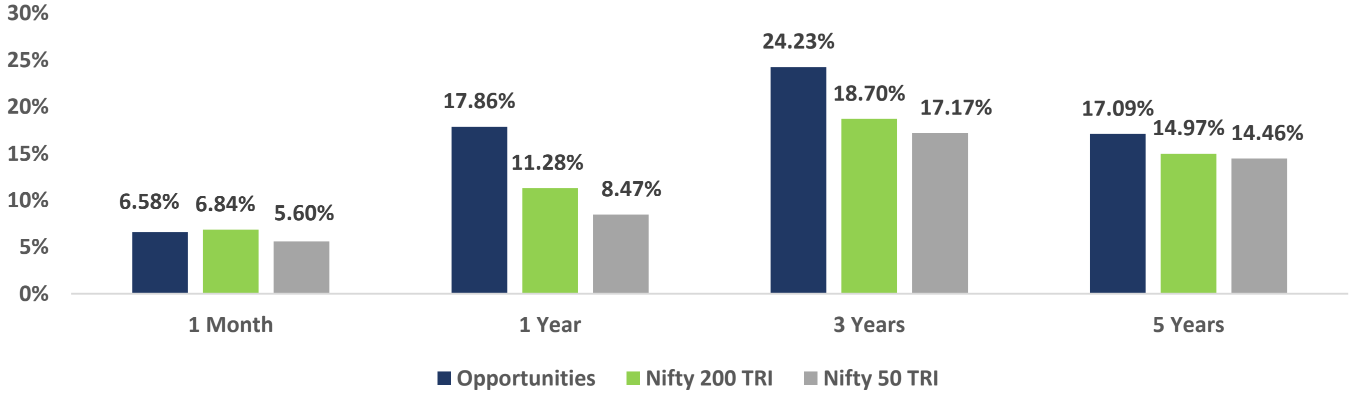
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E
PAT growth (%)	20.4%	24.2%
ROE (%)	17.3%	18.3%
P/E	30.9	24.6

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	9.46%	9.76%
Information Ratio	1.42	0.00
Sharpe Ratio	1.13	0.42
Beta	0.86	1.00
Treynors Ratio	0.12	0.00
Up/Down Capture	107%/66%	

Returns



* Returns are for all clients on TWRR basis

Renaissance Mid Cap Portfolio

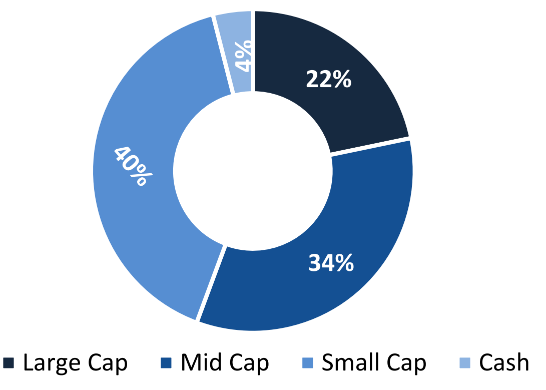
Inception Date: 1st January, 2018

Data as on 30th NOVEMBER 2023

Investment Strategy

- <u>Mid Cap & Small Cap Strategy</u>
- **Identify Mid Cap / Small Cap ideas which can become tomorrow's Large Cap / Mid Cap respectively**
- **Long term approach to realise the full potential. Remain invested during the high growth phase of the business.**
- **Focused approach – Around 25 stocks**
- **Small Caps max 50% of portfolio to manage risk**

Portfolio Capitalization



Top Holdings

Company	Weight (%)
Cummins India Ltd	5.81%
Birlasoft Ltd	5.21%
Power Finance Corporation Ltd	4.73%
IDFC First Bank Ltd	4.46%
Varroc Engineering Ltd	4.37%

Top Sectorial Weights

Sector	Weight (%)
BFSI	28.95%
Consumer Discretionary	15.45%
Industrials	13.14%
Auto & Logistics	11.12%
IT & Tech	7.33%

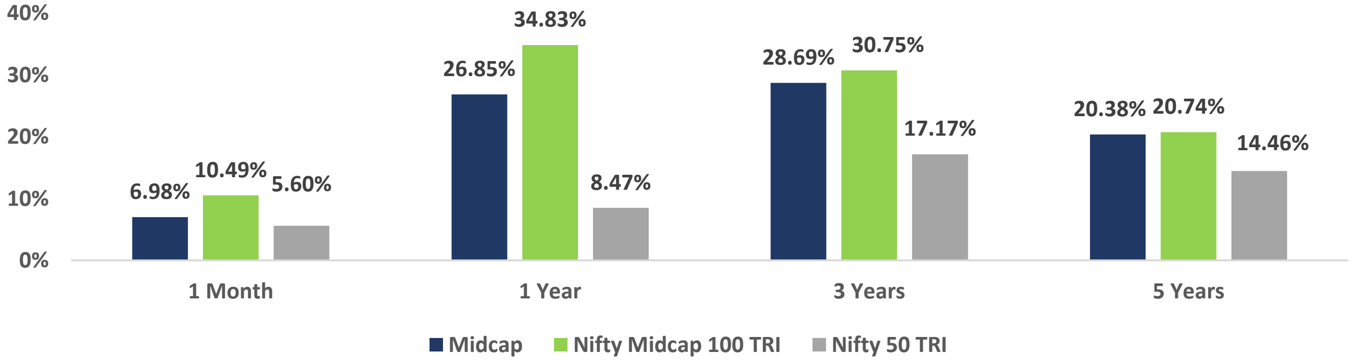
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E
PAT growth (%)	26.8%	28.1%
ROE (%)	14.8%	17.5%
P/E	28.6	23.5

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	12.69%	12.30%
Information Ratio	-1.29	0.00
Sharpe Ratio	1.55	2.25
Beta	0.91	1.00
Treynors Ratio	0.22	0.00
Up/Down Capture	88%/108%	

Returns



* Returns are for all clients on TWRR basis

Renaissance India Next Portfolio - PMS

Inception Date: 19th April, 2018

Data as on 30th NOVEMBER 2023

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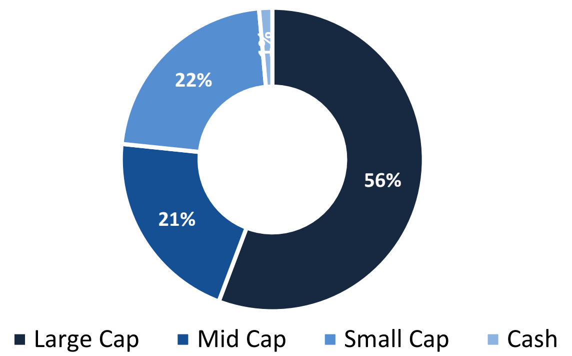
Investment Strategy

- **<u>Flexi Cap Strategy</u>**
- **Allocation across different market caps, considering the current economic cycle, with an objective to maximise return**
- **Targeting superior risk adjusted returns.**
- **Blend of Top-down and Bottoms up approach**
- **Focused portfolio of 20-25 stocks.**

Portfolio Capitalization



Top Holdings

Company	Weight (%)
HDFC AMC Ltd	5.79%
Motilal Oswal Financial Services Ltd	5.41%
PNB Housing Finance Ltd	5.20%
Infosys Ltd	5.18%
Birlasoft Ltd	4.89%

Sectoral Weights

Sector	Weight (%)
BFSI	21.26%
IT & Tech	19.29%
Industrials	14.10%
Pharma & Chemicals	13.41%
Auto & Logistics	6.30%

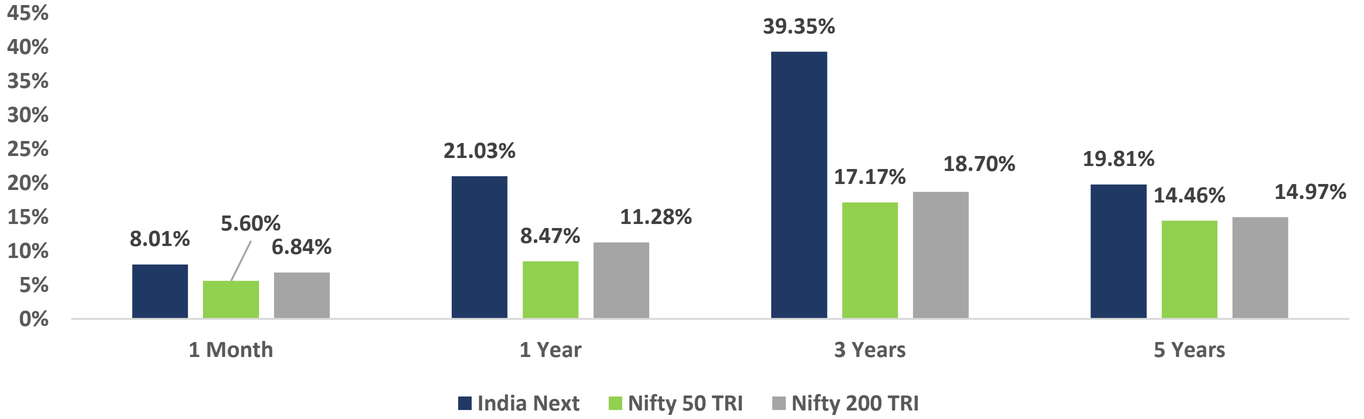
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E
PAT growth (%)	24.4%	23.3%
ROE (%)	17.2%	18.5%
P/E	29.4	24.1

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	10.11%	9.63%
Information Ratio	2.25	0.00
Sharpe Ratio	1.37	0.14
Beta	0.88	1.00
Treynors Ratio	0.16	0.00
Up/ Down Capture	131%/57%	

Returns



* Returns are for all clients on TWRR basis

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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.