



Renaissance Investment Managers

Dear investors,

Set for good times!

Markets globally have been buoyant as inflation pressures recede and FII flows move towards growth assets. India has also benefitted from foreign flows with net inflow of over Rs 500bn over the last 2 months. From a macro-economic standpoint, India remains in a sweet spot with meagre inflation and strong growth outlook. In this backdrop its hard to fathom why India would not attract global flows, save from a global crisis.

RBI recently released its Financial Stability Report (FSR). The KTAs from the report are:

- Despite multiple global headwinds, the Indian economy has showed stability and resilience and positioned to be among the fastest growing major economies.
- Overall system credit remains buoyant and grew at 15.4% YoY in FY23. The share of large borrowers in the gross advances of SCBs has consistently decreased. It dropped from 51.1% in Mar-20 to 46.4% in Mar-23
- The asset quality has been improving and was at a 10-yr low in FY23. Gross and net NPA ratios have fallen from a high of 11.5% and 6.1% in Mar-18 to 3.9% and 1.0% in Mar-23 respectively.
- Under the baseline scenario, GNPA's may further dip to 3.6% (-30bps from 3.9% in Mar-23) and may marginally rise to 4.1/5.1% (+20/120bps from Mar-23 levels) under the medium/stress scenario by Mar-24. Even under the RBI's severe scenario, the asset quality deterioration remains well within the acceptable levels, which we believe is encouraging.
- The banking system remains well capitalized to support the growth uptick.

In nutshell, as per RBI, Indian economy is in comfortably placed to chart on to its growth trajectory. The key risk highlighted in the report is global volatility, which could further delay our growth aspirations.

RBI FSR – Banking Sector Soundness Indicator



Generally, in India, monsoons start from the southern coast around the first week of June and thereafter cover the entire country in a month thereafter. However, in current year, monsoons are delayed on back of cyclone Biparjoy in the Arabian Sea. Over last few months, concerns led by El-nino have also been raised in the recent past. We believe, sectoral and temporal flow rains are more important for the Agri-economy, the impact of which would be known over the next 1-2 months. Even in case of a slightly lower than normal monsoon, we expect to see revival in rural economy primarily on account of moderation of inflation which would provide sentimental positive impact on consumption demand. Unseasonal rain or any such other natural disaster is the only caveat here.

Over last several months, we have been highlighting that manufacturing and capex cycle revival are additional growth levers for the Indian economy (apart from consumption). In this backdrop, we are undergoing through a phase of sectoral rotation in favour of sectors/ companies linked to the core economy. We believe, our portfolios are well placed to benefit from these growth under-currents of the economy. Our performance has been resilient, and we expect the same to continue going ahead as well.

Happy investing!

Pawan Parakh

Portfolio Manager

Renaissance Opportunities Portfolio

Inception Date: 1st January, 2018

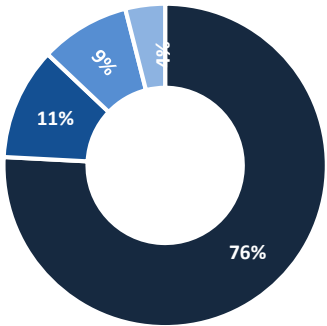
Data as on 30th JUNE 2023



Investment Strategy

- Focused portfolio of 20 - 25 stocks
- High Conviction Ideas
- Investing across businesses which are at different states of their business lifecycle
- Capable of delivering sustainable, market-leading growth
- Reasonable Valuation

Portfolio Capitalization



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Holdings

Company	Weight (%)
ICICI Bank	7.47%
HDFC Bank	7.21%
ITC	6.24%
Bharti Airtel	5.91%
Sun Pharmaceutical	5.82%

Top Sectorial Weights

Sector	Weight (%)
Banks & Finance	29.74%
Capital Goods & Engineering	16.38%
FMCG	13.53%
Pharmaceuticals	12.82%
Automobiles & Logistics	7.73%

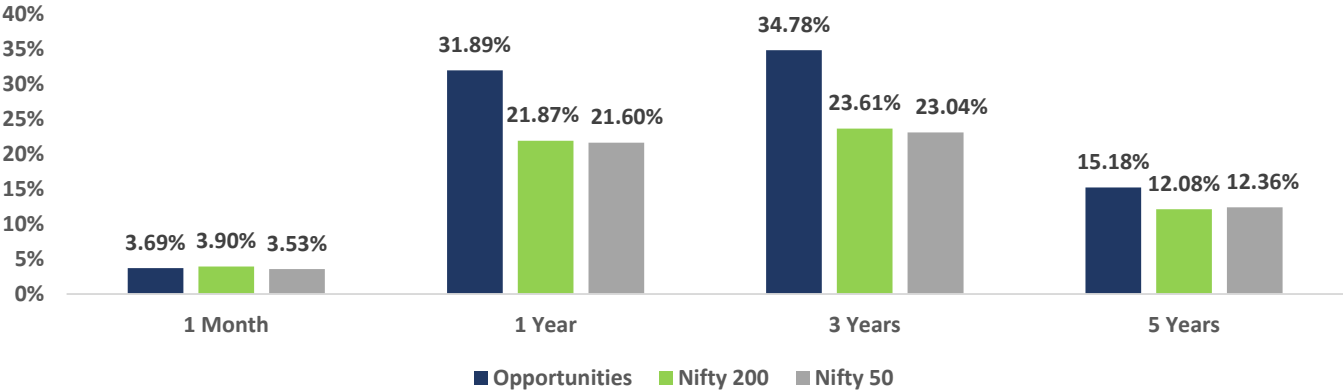
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E
PAT growth (%)	18.1%	16.1%
ROE (%)	16.9%	17.3%
P/E	26.7	21.6

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	10.99	11.59
Information Ratio	2.03	0.00
Sharpe Ratio	2.28	1.29
Beta	0.86	1.00
Treynors Ratio	0.29	0.00

Returns



* Returns are for all clients on TWRR basis

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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