



Renaissance Investment Managers

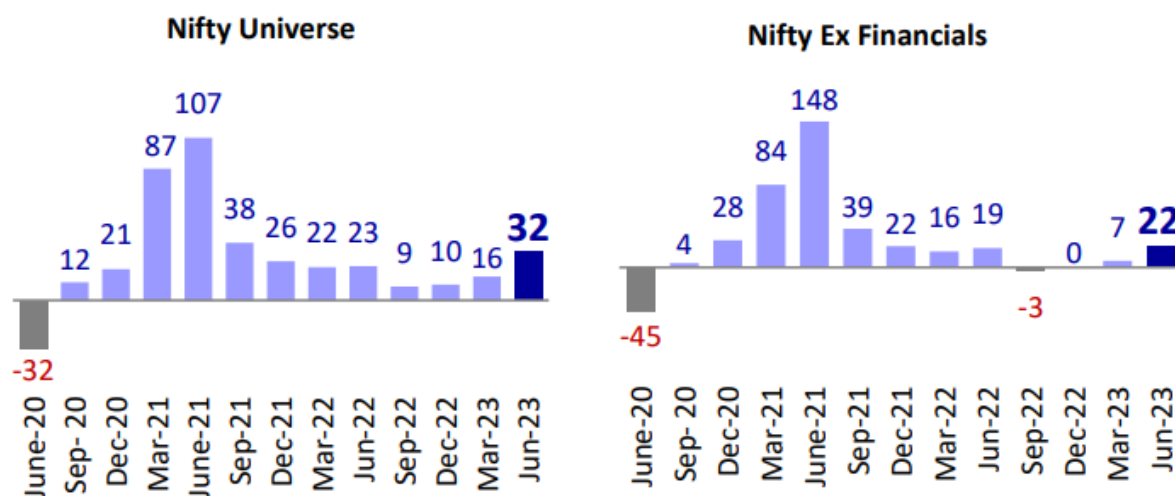
Dear investors,

Better days ahead!

Another quarterly result season ended in the month of Aug-23. At an aggregate basis, corporate earnings were strong with Nifty50 Revenue/ EBITDA/ PAT growth of +5%/+22%/32%. As expected, companies continued to benefit from fall in commodity prices, which led to EBITDA growth being faster than revenue growth. On an overall basis, there were marginally more upgrades than downgrades, which led to 2-3% increase in estimated EPS for Nifty50.

On the positive side, Banks and NBFCs continued their dream run while being growth leaders in Q1FY24 again. Additionally, Q1FY24 results also benefited from muted expectation from several segments like IT services and rural consumer demand. Auto sector also joined the party with moderate revenue growth but sharp margin expansion led strong PAT growth. Over the next 2-3 quarters, we expect earnings growth to moderate for BFSI sector, but the same should be compensated with improved performance from other sectors like IT services, Auto, Pharma and Consumer discretionary amongst others. Overall, we believe earnings momentum would continue going ahead, with expected NIFTY EPS growth 22-25% for FY24.

Nifty PAT Growth



Source: Broker Reports

India GDP growth for Q1FY24 at 7.8% was in line with expectation of most economists. It must be noted that the headline growth numbers look high because of soft base and hence over the coming quarters the growth would moderate. There were two key observations – (a) revival in private consumption and (b) sustained momentum on gross capital formation, implying continued focus on capital expenditure. On the negative side, rural income/ expenditure growth continues to remain a bit subdued. Consequently, the growth is not broad based so far and it is more skewed in favour of urban economy. As inflation has moderated, we expect to see revival in rural economy over the next 3-6 months.

Over the last 3 years, Indian government has been able to pull the right strings as far as manufacturing sector is concerned. This has been done across multiple sectors like electronics manufacturing, defence, chemicals and host of other sectors. In a recent development, India has struck a deal with US for technology transfer and manufacturing of F414 fighter jet engines. This technology transfer is aimed to enhance the operational performance of the Light Combat Aircraft (LCA) MKII. The deal is estimated to be valued at USD 1bn and GE will transfer 80% of its technology to India. This is a big milestone as India wouldn't just do manufacturing but it would get access to new technologies which can indigenised as well. This would go a

long way in making India atmanirbhar as far as defence is concerned.

Apart from manufacturing, real estate also continues to be good stead. It is important to note that Real estate/ Infrastructure is one of the largest employment generator for semi-skilled and unskilled labour, which is very important for Indian economy. Property registrations in Mumbai crossed 10,000 units for the third month running in August. Importantly, housing demand held on strong despite headwinds such as a rise in property prices and higher mortgage rates. According to the government data, this is the best sales recorded in August over the last 10 years. Mumbai is one of the largest real estate market in the country and a similar trend is visible across other key cities as well.

We continue to remain optimistic on the growth prospects of the Indian economy. India is and will continue to remain the fastest growing economy over many years to come. In this backdrop, we expect India to attract a significant share of global money flow in future. This comes at a time when financial penetration in the country is also on the rise. A consequence of strong growth and high money flows, is likely to keep markets buoyant. However, we note that it is important to be placed in the right sectors, in the absence of which returns could be sub-par. Our portfolios are positioned in sectors/ stocks which we believe will be the growth leaders over the next 3-5 years. Our performance has been resilient, and we expect the same to continue going ahead as well.

Happy Investing!

Pawan Parakh
Portfolio Manager

Investment Strategy

Dynamic Thematic Portfolio

PAST THEME

Theme 1
INDIA
ECONOMIC
RECOVERY

Every theme has
finite life cycle

“India Next Portfolio
will change themes
with changes in
Economic cycle”

CURRENT THEME

Theme 2
GROWTH
&
INCOME

TENURE: April '18 to June '22

TENURE: June '22 onwards

Portfolio Capitalization

68% 12% 18% 2%

Large Cap Mid Cap Small Cap Cash

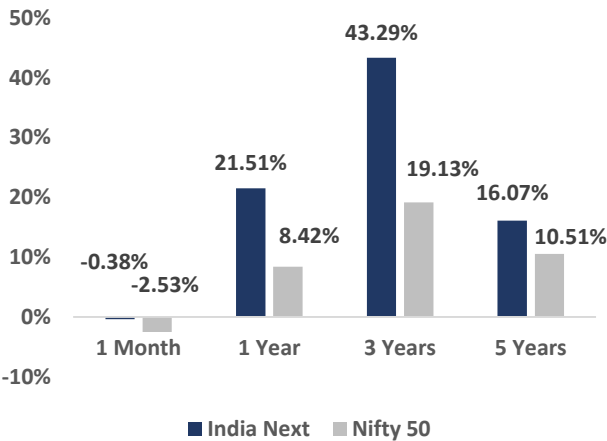
Top Holdings

Company	Weight (%)
ICICI Bank	6.85%
Infosys	5.51%
Sun Pharmaceuticals	5.34%
HDFC AMC	5.31%
HDFC Bank	5.10%

Sectoral Weights

Sector	Weight (%)
BFSI	21.39%
IT & Technology	19.07%
Industrials	15.67%
Pharma & Chemicals	11.61%
Auto & Logistics	7.79%

Returns



Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	10.73	10.73
Information Ratio	2.33	0.00
Sharpe Ratio	1.36	0.14
Beta	0.86	1.00
Treynors Ratio	0.17	0.00
Up/ Down Capture	120%/52%	

* 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.

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 related information provided herein is not verified by SEBI.

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.