

FACTSHEET

SEPTEMBER 2023



Renaissance

THE SCIENCE OF INVESTING

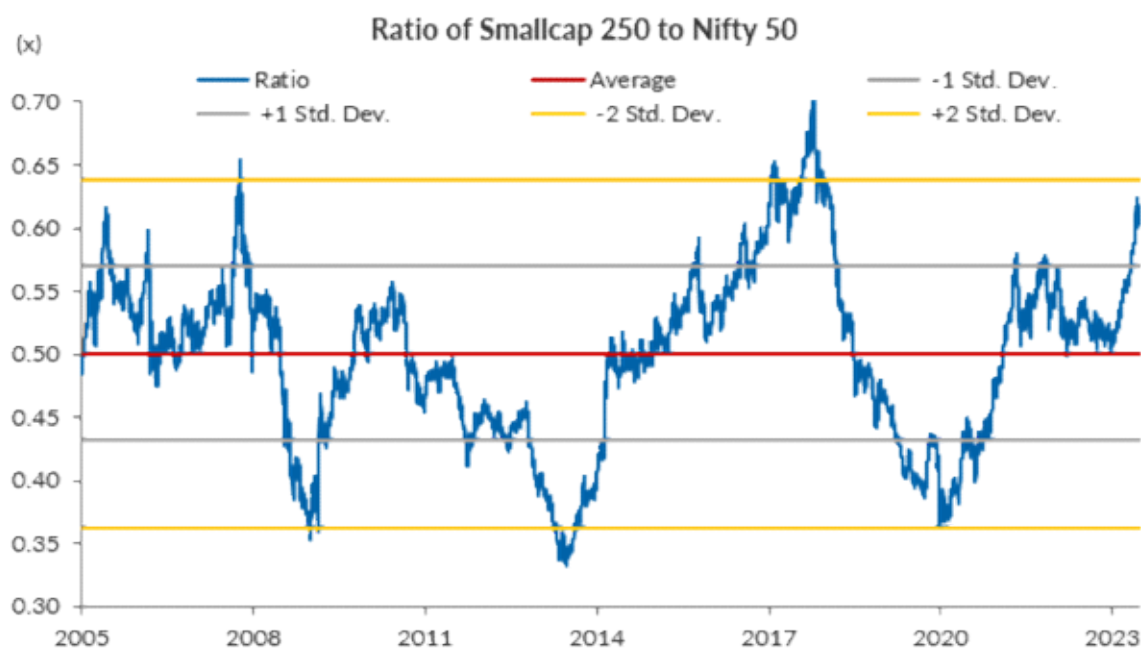
Renaissance Investment Managers

Dear Investors,

Optimism vs. Euphoria

In a recent development, Indian GSEC's have been introduced in the JP Morgan GBI-EM indices, which could provide ~USD 30bn of fresh inflows in the economy. Current FPI ownership of Indian GSEC's is quite low at ~1.6% which can potentially increase by additional 2-3% over the next 18 months. This should help in providing some stability in terms of debt flows. More importantly, it acts as a great balancing factor for INR at a time when global volatility continues unabated. Essentially this also highlights the stability of Indian economy and that it continues to tread well on its growth path. This augurs well for equity markets and makes a compelling case to remain optimistic on Indian equities.

Over last few years, we have continued to express our positive view on the Indian economy and urged investors to remain invested into the markets. However, in the last couple of months, we sense some euphoric momentum in select mid cap/ small cap stocks. As highlighted in chart below, the ratio of Smallcap 250 index to Nifty 50 is moving one side on the way up and is now approaching its 20-year peak. At the same time, these smaller companies have witnessed a substantial increase in the number of investor meetings & plant visits. Fund raise activity & block deals in these stocks also continue to maintain its momentum.



A lot of companies with mediocre business models and not so very great managements have started to look attractive with no meaningful change in their ways of functioning. In our opinion, this is just the time when investors can potential lower their guard and get tempted to chase low quality/ high momentum stocks. At Renaissance, we continue to resist this temptation, even if it comes at the cost of short-term underperformance.

On the fundamental side, India has made some strategic choices in terms of

- (a) Driving the manufacturing economy (Atmanirbhar Bharat)
- (b) Digital push (UPI, DBT etc)
- (c) Increasing infrastructure spend/ improving logistical efficiency and
- (d) formalisation of the economy (rising GST collections) amongst others.

We believe, Indian economy is witnessing a monumental shift in its growth levers, which has a potential to drive India's GDP growth at high single digits (potentially double digit as well) for a long period of time. Some of the lead indicators are already visible viz. success of PLI schemes, robust growth in tax collections and strong growth in bank credit.

In this backdrop, we continue to remain optimistic on the growth prospects of the Indian economy. India is and will continue remain the fastest growing economy over many years to come. We remain focus on companies with sustainable business model and secular growth outlook. There will be bouts of euphoria, as has been witnessed multiple times in the past. However, we believe euphoria is temporary, quality stays permanent. We have not compromised on quality, and we 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. On a medium to long term basis, 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

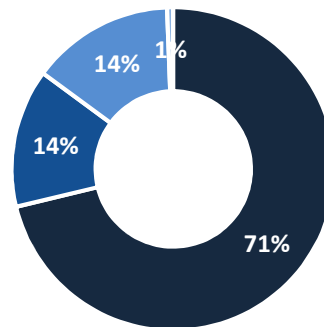
Data as on 30th September 2023



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



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Holdings

Company	Weight (%)
ICICI Bank Ltd	7.31%
Tech Mahindra Ltd	6.80%
Sun Pharmaceutical Industries Ltd	6.16%
Bharti Airtel Ltd	5.99%
Larsen & Toubro Ltd	5.22%

Top Sectorial Weights

Sector	Weight (%)
BFSI	24.71%
Pharma & Chemicals	16.24%
IT & Technology	15.51%
Industrials	14.60%
Auto & Logistics	8.68%

Portfolio – Fundamental Attributes

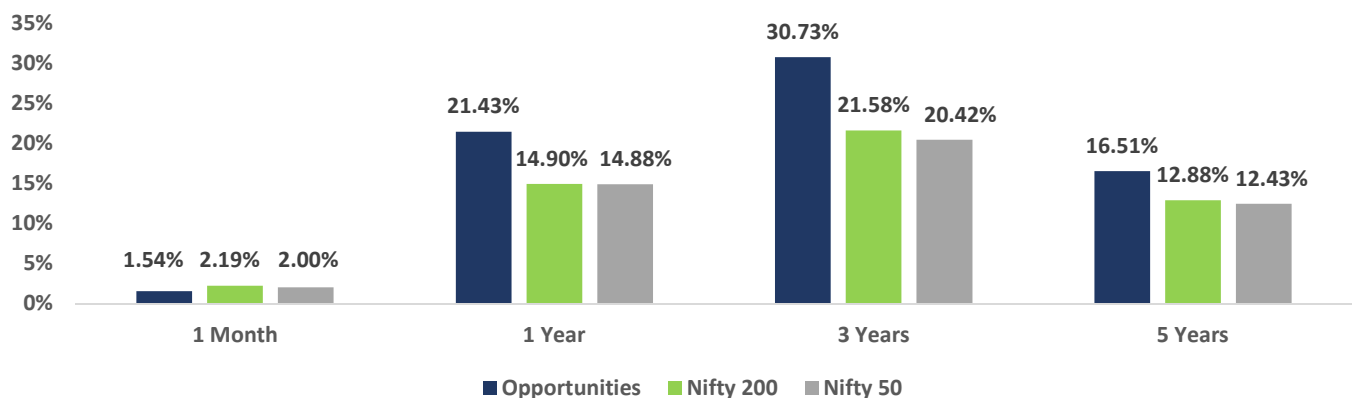
Particulars	FY24E	FY25E
PAT growth (%)	22.2%	16.2%
ROE (%)	18.0%	18.4%
P/E	27.6	23.1

Portfolio – Risk Attributes

(Last 12 Months)

	Portfolio	Index
Std Dev	9.53	10.06
Information Ratio	1.37	0.00
Sharpe Ratio	1.53	0.80
Beta	0.84	1.00
Treynors Ratio	0.17	0.00
Up/ Down Capture	107%/56%	

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.

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