



**Renaissance Investment Managers**

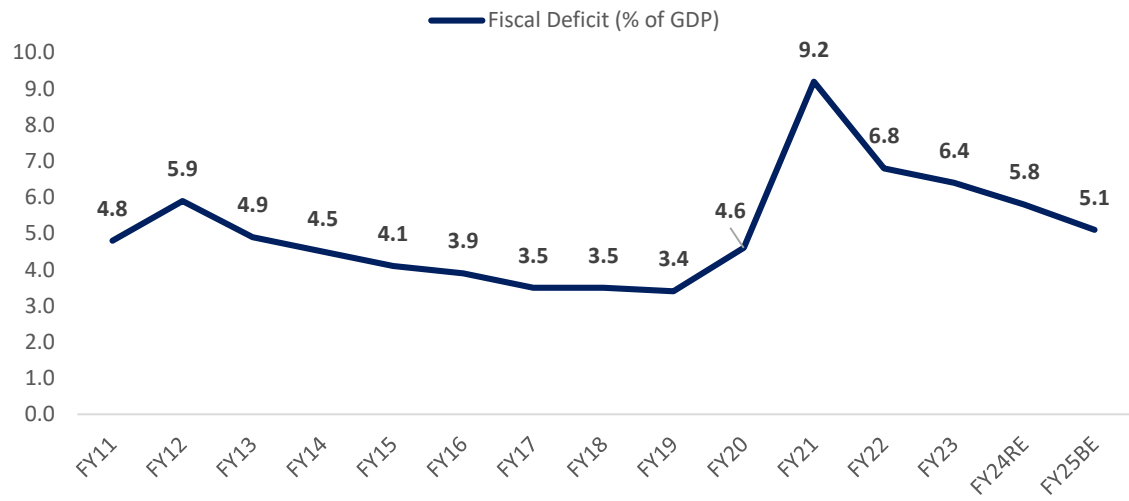
Dear Investors,

Thumbs up to Fiscal prudence

In the Interim budget 2024, the Finance Minister surprised the street with better than expected fiscal deficit target of 5.1% (consensus expectation of 5.3-5.4%). In fact, the fiscal deficit for FY23-24, in absolute terms, has also been revised downwards from Rs 17.35tn from the earlier budgeted number of Rs 17.87tn. In the last one year, India has surprised positively on the growth side (better than expected GDP growth), while keeping inflation and fiscal deficit under control. This makes a great recipe for a long and enduring bull market for Indian equities.

In the run-up to central elections, the government has abstained for announcing any populist budget. While most people observe that the budget had no big-bang announcements, we believe the contrary. Honestly, the current government hasn't been shy of making important announcements outside the budget. The intent of the government to drive growth capital expenditure (across infrastructure, renewables, R&D etc.) with fiscal consolidation itself is a big announcement, in our opinion. Importantly, these calculations are based out of a very conservative revenue estimates, which have a potential to surprise on the upside. The net market borrowing is targeted to be lower than last year. Post this announcement, 10yr GSEC yields corrected thereby implying an indirect rate cut. The fiscal consolidation will help the Indian government to make a stronger case for a higher sovereign credit rating in the future, which would further lower risk premiums/ interest rates for corporate India.

Gradual decline in fiscal deficit post covid



Source – NSE, BSE

In terms of quarterly earnings, Corporate India has generally done well. Lending businesses continue to witness strong growth and muted NPAs. There has been some challenge in terms of garnering CASA flows, but we believe the same should be addressed in next 2-3 quarters. IT services have surprised on the positive. While companies continue to witness decline in headcounts, most managements appear to be cautiously optimistic on the growth going ahead. Infrastructure companies continue to report strong order inflows. Consumer demand continues to be a mixed bag with Auto & Real estate performing well but several other categories remaining a little subdued. Overall, the earnings season has been in line with our expectations. Rural recovery is an elephant in the room for the India growth story. If the government can drive recovery in rural economy, we believe FY24-25 will be another year of better than expected GDP growth for the country.

From the fund perspective, we continue to remain optimistic about the growth in core sectors of the economy viz. Manufacturing, Infrastructure, Power and technology amongst others. These sectors have a long runway of growth. Overall, we believe Indian economy is in a good health and impending political outcomes are unlikely to surprise. A confluence of strong growth and stable political regime, sets the stage well for a promising CY25. Bull markets have a tendency to create bubble and we can see some bubble forming up in select stocks/ sectors. Investors need to resist the temptation in investing in those names. We continue to maintain our disciplined stock selection process to ensure long term sustained returns for investors.

Happy Investing.

**Pawan Parakh**  
Portfolio Manager

Renaissance Opportunities Portfolio

Inception Date: 1<sup>st</sup> January, 2018

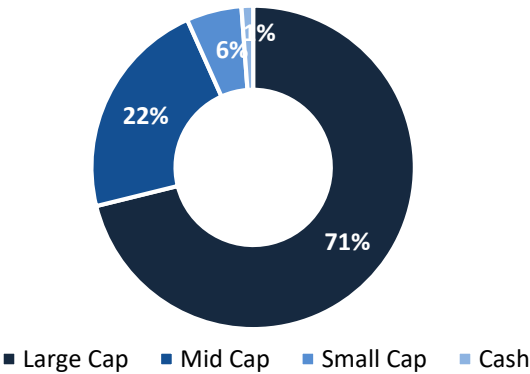
Data as on 31<sup>st</sup> JANUARY 2024



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 (%)
Bharti Airtel Ltd	6.61%
Sun Pharmaceutical Industries Ltd	6.58%
Tech Mahindra Ltd	6.47%
HDFC AMC Ltd	5.21%
State Bank of India	5.05%

Top Sectorial Weights

Sector	Weight (%)
BFSI	26.95%
IT & Tech	16.91%
Pharma & Chemicals	13.54%
Industrials	10.68%
Auto & Logistics	10.51%

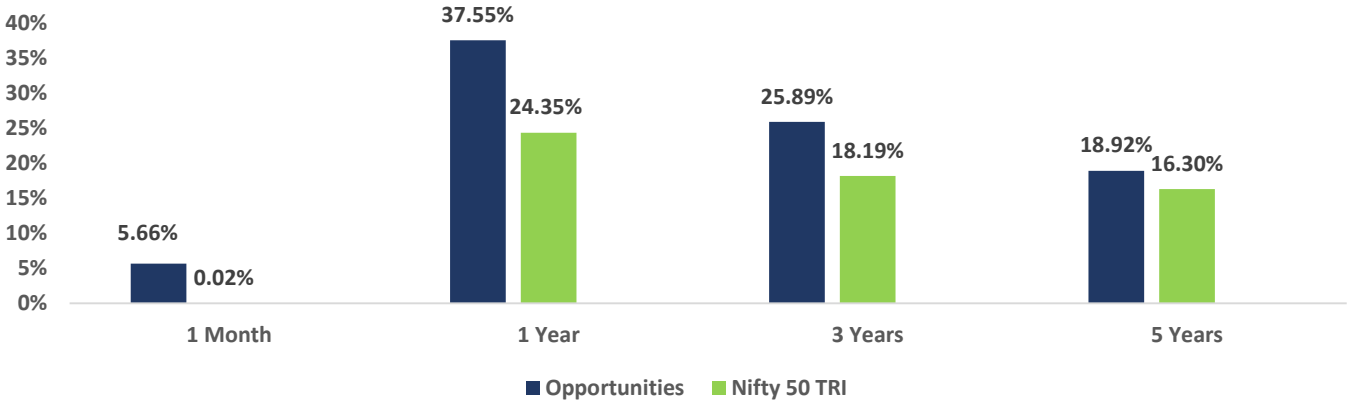
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E
PAT growth (%)	19.9%	23.3%
ROE (%)	18.2	19.5
P/E	28.8	27.7

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	9.71%	10.00%
Information Ratio	2.26	0.00
Sharpe Ratio	3.13	1.72
Beta	0.80	1.00
Treynors Ratio	0.38	0.00
Up/Down Capture	124%/56%	

Returns



\* Returns are for all clients on TWRR basis

# Renaissance Mid Cap Portfolio

Inception Date: 1<sup>st</sup> January, 2018

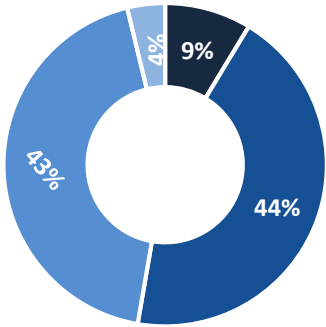
Data as on 31<sup>st</sup> JANUARY 2024



## Investment Strategy

- Mid Cap & Small Cap Strategy
- 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



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

## Top Holdings

Company	Weight (%)
Inox Wind Ltd	5.75%
Power Finance Corporation Ltd	5.57%
Cummins India Ltd	5.14%
Hindustan Petroleum Corporation Ltd	5.12%
One 97 Communications Ltd	5.03%

## Top Sectorial Weights

Sector	Weight (%)
BFSI	27.17%
Industrials	14.10%
Consumer Discretionary	13.13%
IT & Tech	9.92%
Auto & Logistics	9.86%

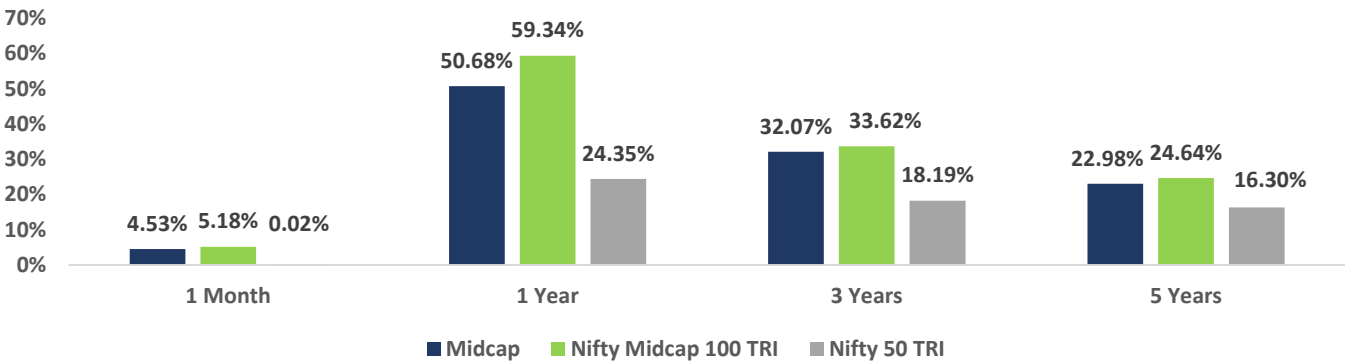
## Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E
PAT growth (%)	23.7%	29.5%
ROE (%)	14.5	18.2
P/E	28.8	23.8

## Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	12.64%	12.26%
Information Ratio	-1.42	0.00
Sharpe Ratio	3.45	4.26
Beta	0.91	1.00
Treynors Ratio	0.48	0.00
Up/Down Capture	88%/91%	

## Returns



\* Returns are for all clients on TWRR basis

Renaissance India Next Portfolio - PMS

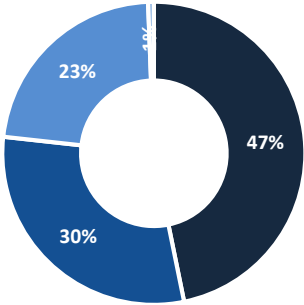
Inception Date: 19<sup>th</sup> April, 2018  
Data as on 31<sup>st</sup> JANUARY 2024



Investment Strategy

- Flexi Cap Strategy
- 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



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Holdings

Company	Weight (%)
Motilal Oswal Financial Services Ltd	6.96%
HDFC AMC Ltd	6.05%
Birlasoft Ltd	5.69%
Infosys Ltd	5.11%
Hindustan Petroleum Corporation Ltd	4.83%

Sectoral Weights

Sector	Weight (%)
BFSI	25.56%
IT & Tech	23.09%
Pharma & Chemicals	10.87%
Industrials	9.83%
Real Estate & Building Materials	6.63%

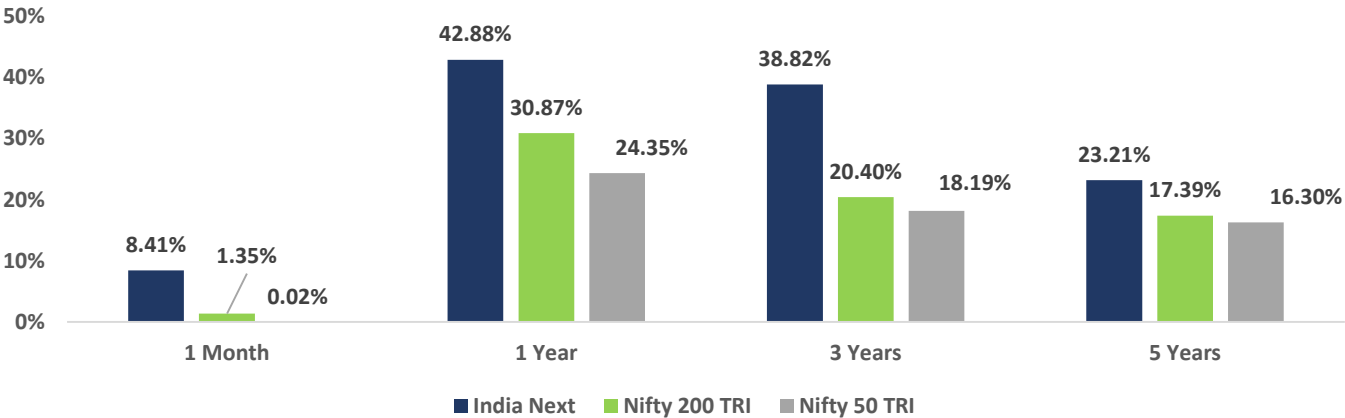
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E
PAT growth (%)	28.7%	26.9%
ROE (%)	17.1	19.1
P/E	32.9	26.5

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	10.26%	9.90%
Information Ratio	2.27	0.00
Sharpe Ratio	3.48	2.40
Beta	0.90	1.00
Treynors Ratio	0.40	0.00
Up/ Down Capture	115%/47%	

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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