



Renaissance Investment Managers

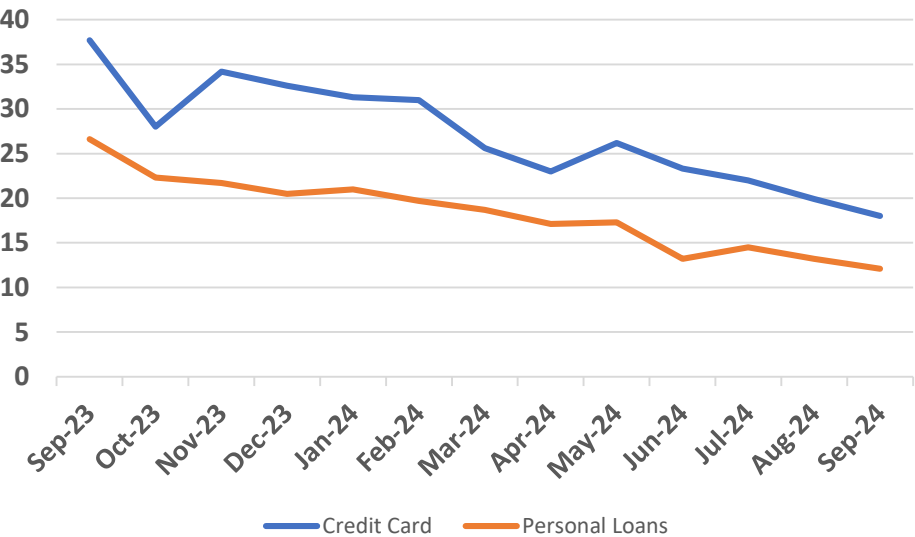
Dear Investors,

Hitting a softer growth patch

India’s economic indicators have been pointing to growth moderation in recent months. The widespread demand softness is primarily caused by lower government capex spending and credit tightening in the retail unsecured (consumption) segment. In 1HFY25, central government’s capex was down 15% yoy, merely 37% of the annual budget vs. 52% in 1HFY24.

Nonetheless, we believe this slowdown is temporary, and a pick-up is likely in 2HFY25, even as the government might undershoot its FY25 capex budget of INR 11.1 trillion. The required monthly capex spending for 2H is INR 1.16tn, compared to INR 0.69tn per month incurred in 1H. Further, banking-sector liquidity has eased since July/August, and overall credit and deposit growth rates remain healthy. Finally, the real estate sector is likely to witness a surge in pre-sales in 2HFY25.

Growth in outstanding Credit Card and Personal Loans (% YoY)



Source: Broker Report

Weak 2Q earnings season so far, led by commodities and consumer companies

While the market appeared nonchalant about earnings slowdown post 1QFY25, the 2Q earnings season has made it sit up and take notice. For the 1150+ listed companies that have reported 2Q so far, the aggregate topline growth is 7.5% yoy, but the profits are down 5.2% [Source: CMIE]. Furthermore, aggregate Revenue/PAT growth of 34 Nifty-50 companies was 5%/0% yoy in 2Q, dragged down by Oil & Gas, Metals, Cement, and FMCG sectors. Nonetheless, earnings from the BFSI, IT and Pharma sectors have broadly met the expectations. Overall, FY25 consensus estimates of Nifty-50 EPS have seen 1-2% downgrades so far, and now the expected EPS growth is around 6-7% this year.

Markets to remain in consolidation-mode in the near term

All major stock indices (Nifty-50, Nifty-100, Nifty-200 and Nifty-500) are now down 8-9% from their peaks seen in late September. A slowdown in India's macros and earnings has come at a time, when market valuations were somewhat punchy (10% above historical average) and China has unleashed massive monetary and fiscal stimulus. Further: (1) India is seeing rising equity supply (IPOs, QIPs); and (2) 10-year bond yields in the US have moved up sharply, causing dollar to strengthen. All these factors have combined to drive significant FPI outflows from India. Net FPI equity outflows in October were INR 940bn (US\$11.2bn), highest ever in a month, well ahead of the INR 610bn outflows seen in March 2020. Nonetheless, domestic equity inflows remain robust (>INR 340bn in September) and supportive of markets.

Market valuations and outlook

At roughly 24,000 level currently, Nifty-50 index is priced at a 1-year forward P/E of around 21x on the consensus earnings estimates, which is about 5% ahead of the last 10-year average valuations (20x). Broader market may remain range-bound in the near-term, driven by volatility in FPI flows (China stimulus) and temporary moderation in corporate earnings growth. Nonetheless, we remain bullish from a medium-to-long term perspective, and believe that markets now primarily offer a compounding opportunity, driven by earnings growth. Our outlook of 13-15% Nifty EPS growth for FY26 remains intact.

Mid-cycle correction in a bull market—time to be selective

A side-ways market with narrowing breadth, aligns favorably with our investment approach of building focused portfolios of quality companies that can deliver sustainable growth over the medium to long term. We are invested in pockets having attractive valuations (e.g. private sector financials, housing NBFCs, select PSUs), as well as pockets that we expect would deliver higher amount and/or longevity of earnings growth at reasonable prices (such as IT, Pharma, Industrials & Capital Goods, Telecoms, Capital Markets etc.). This should protect our portfolio in the events of any intermittent corrections. We continue to maintain our disciplined and stock selection process to ensure long term, sustainable returns for our investors.

Happy Investing

Pankaj Murarka
Founder & CIO

Renaissance Opportunities Portfolio (Large Cap PMS)

Inception Date: 1st JANUARY, 2018

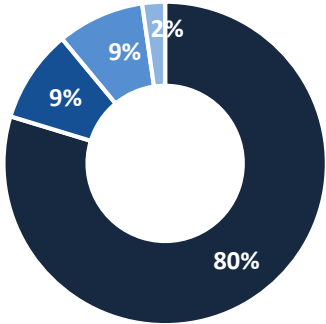
Data as on 31st OCTOBER, 2024



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



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Holdings

Company	Weight (%)
HDFC Bank Ltd	10.16%
Tech Mahindra Ltd	6.64%
State Bank of India	6.59%
Infosys Ltd	5.61%
ICICI Bank Ltd	5.39%

Top Sectorial Weights

Sector	Weight (%)
BFSI	34.54%
IT & Tech	19.85%
Pharma & Chemicals	10.47%
Consumer Discretionary	9.83%
Industrials	9.62%

Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT Growth (%)	20.4	32.2	24.8
ROE (%)	17.6	17.9	19.3
P/E	49.2	36.7	29.3

Portfolio – Risk Attributes*

Particular	Portfolio	Nifty 50 TRI
Std Dev	26.44%	24.39%
Sharpe Ratio	2.15	1.45
Beta	0.97	1.00
Treynors Ratio	0.59	-
Information Ratio	1.78	-
Up/Down Capture	107%/76%	

Periodic Returns

Period	ROP	Nifty 50 TRI
1M	-4.13%	-6.12%
3M	-2.81%	-2.67%
6M	11.35%	8.10%
1Y	36.13%	28.39%
3Y CAGR	17.86%	12.39%
5Y CAGR	21.06%	16.63%

Returns are for all clients on TWRR basis

Rolling Returns*

Particular	ROP	Nifty 50 TRI
Maximum	39.51%	32.05%
Average	20.42%	17.12%
Minimum	3.59%	8.36%

*3 years data

Renaissance India Next Portfolio (Flexi Cap PMS)

Inception Date: 19th APRIL, 2018

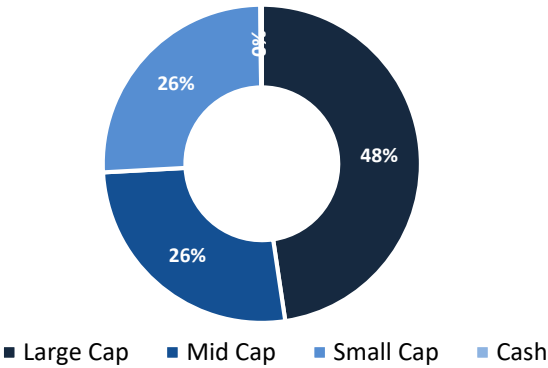
Data as on 31st OCTOBER, 2024



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



Top Holdings

Company	Weight (%)
Motilal Oswal Financial Services Ltd	10.42%
Tech Mahindra Ltd	6.21%
Infosys Ltd	5.28%
Hindustan Petroleum Corporation Ltd	4.79%
PNB Housing Finance Ltd	4.48%

Top Sectorial Weights

Sector	Weight (%)
BFSI	36.67%
IT & Tech	17.39%
Pharma & Chemicals	11.16%
Industrials	9.97%
Consumer Discretionary	5.65%

Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT Growth (%)	33.2	27.4	25.8
ROE (%)	15.8	16.2	18.1
P/E	46.0	36.2	29.2

Portfolio – Risk Attributes*

Particular	Portfolio	Nifty 200 TRI
Std Dev	28.59%	25.15%
Sharpe Ratio	3.28	1.75
Beta	1.02	1.00
Treynors Ratio	0.92	-
Information Ratio	3.89	-
Up/Down Capture	115%/58%	

Periodic Returns

Period	RINP	Nifty 200 TRI	Nifty 50 TRI
1M	-2.07%	-6.72%	-6.12%
3M	2.91%	-3.65%	-2.67%
6M	17.85%	8.26%	8.10%
1Y	52.19%	34.88%	28.39%
3Y CAGR	26.16%	14.62%	12.39%
5Y CAGR	28.42%	18.52%	16.63%

Returns are for all clients on TWRR basis

Rolling Returns*

Particular	RINP	Nifty 200 TRI
Maximum	54.43%	32.19%
Average	28.07%	18.38%
Minimum	0.56%	10.40%

*3 years data

Renaissance Midcap Portfolio (Mid Cap PMS)

Inception Date: 1st JANUARY, 2018

Data as on 31st OCTOBER, 2024



Investment Strategy

- Mid Cap & Small Cap Strategy
- Identify Mid Cap / Small Cap ideas which can become tomorrow's Large Cap / Mid Cap respectively. Good Quality Companies
- Long term approach to realise the full potential. Remain invested during the high growth phase of the business.
- Focused approach – Around 25 stocks

Top Holdings

Company	Weight (%)
Aditya Birla Fashion & Retail Ltd	5.34%
Nuvama Wealth Management Ltd	5.19%
Strides Pharma Science Ltd	5.01%
One 97 Communications Ltd	4.70%
INOX Wind Ltd	4.65%

Portfolio – Fundamental Attributes

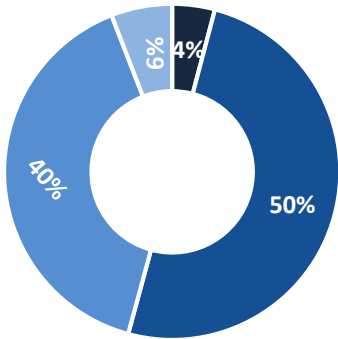
Particular	FY24	FY25E	FY26E
PAT Growth (%)	36.9	28.8	28.4
ROE (%)	11.0	13.7	16.0
P/E	32.6	26.2	23.6

Periodic Returns

Period	RMP	Nifty Midcap 100 TRI	Nifty 50 TRI
1M	-5.43%	-6.71%	-6.12%
3M	-2.71%	-4.76%	-2.67%
6M	11.47%	10.66%	8.10%
1Y	36.01%	45.18%	28.39%
3Y CAGR	24.69%	23.53%	12.39%
5Y CAGR	25.13%	28.31%	16.63%

Returns are for all clients on TWRR basis

Portfolio Capitalization



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Sectorial Weights

Sector	Weight (%)
BFSI	29.34%
Pharma & Chemicals	19.49%
IT & Tech	13.73%
Consumer Discretionary	13.59%
Industrials	8.75%

Portfolio – Risk Attributes*

Particular	Portfolio	Nifty Midcap 100 TRI
Std Dev	32.39%	30.69%
Sharpe Ratio	2.68	2.67
Beta	0.97	1.00
Treynors Ratio	0.89	-
Information Ratio	0.38	-
Up/Down Capture	100%/91%	

Rolling Returns*

Particular	RMP	Nifty Midcap 100 TRI
Maximum	40.25%	40.32%
Average	22.07%	23.82%
Minimum	0.80%	0.22%

*3 years data

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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