

PMS FACTSHEET

NOVEMBER 2024



Renaissance Investment Managers

Dear Investors,

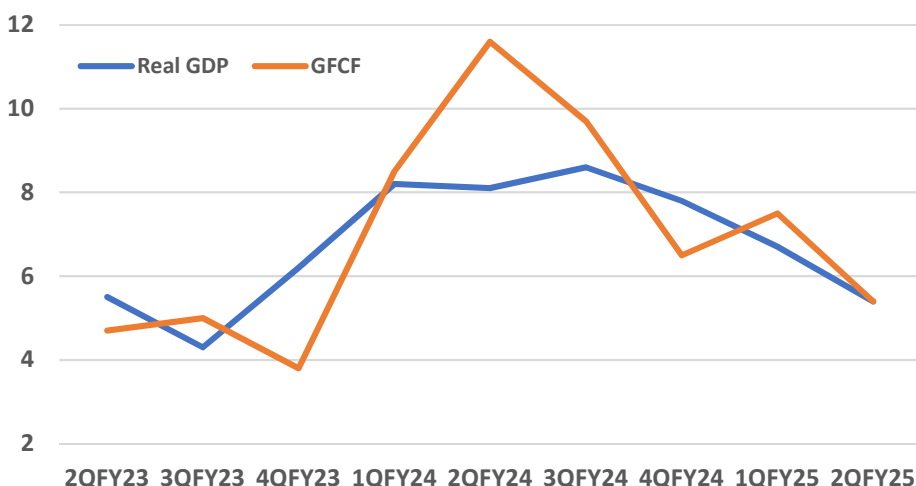
2Q GDP print confirms what was already known – a cyclical slowdown

2QFY25 Real GDP growth of 5.4% yoy, was 100-150bps below market consensus and RBI expectations, led by a sharp slowdown in Capex or GFCF, which was up 5.4% vs 7.5% in 1Q and 11.6% in the base quarter (2QFY24). Private consumption growth decelerated to 6.0% from 7.4% in 1Q, but came ahead of the Capex growth, after lagging behind for seven straight quarters. In terms of Real GVA (supply side), the slowdown came from Industrial segment, which saw sharply lower growth at 3.6% vs 8.3% in 1Q. Within Industrial segment, growth in manufacturing was merely 2.2% (vs 7.0% in 1Q), partly due to the base effect (14.3% growth in 2QFY24).

This cyclical slowdown is primarily an outcome of: (1) lower govt. capex (i.e. fiscal drag); (2) slowdown in credit growth (tightening in unsecured retail credit); (3) higher interest rates (i.e. tight monetary policy); (4) heatwaves and extended monsoon rains.

Weak 2Q GDP print has prompted cuts in the consensus FY25 GDP growth forecasts, to a 6.0-6.5% range from 6.5-7.0% previously. This may suggest that chances of an RBI rate cut have improved in the coming 3-4 months, despite recent uptick in the food inflation. We also expect government-capex to come back with a vengeance in 2H, and consumption growth to pick up based on: (1) improved hiring trends, especially in IT and BFSI sectors; (2) likely decline in inflation; (3) probable rate cuts; and (4) improving outlook on agricultural output and wages.

Growth in Real GDP and in GFCF (%)

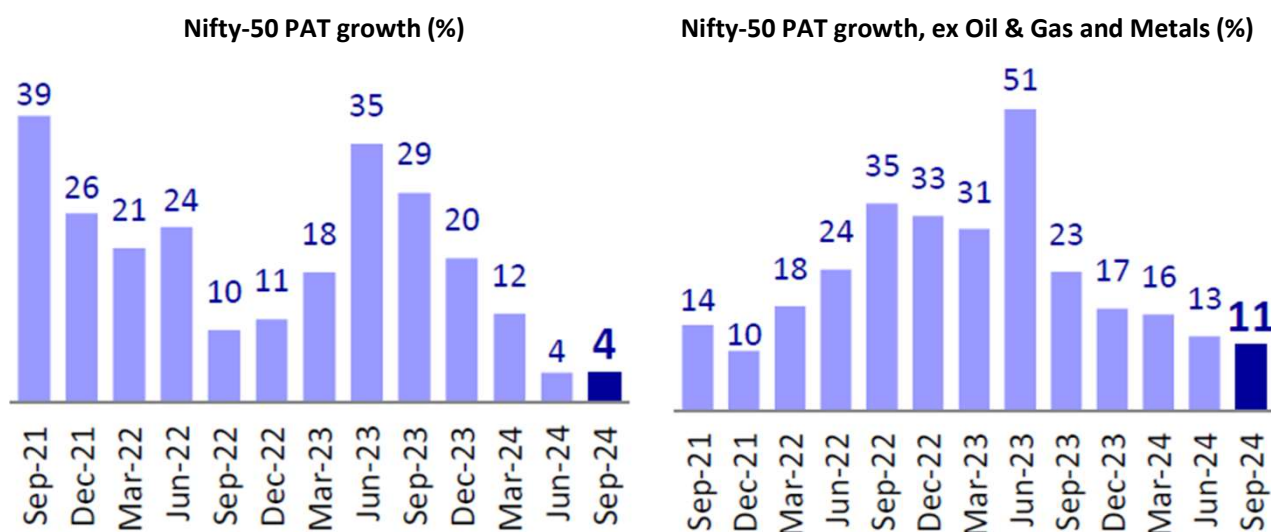


Source: Broker reports

Commodities and Consumption sectors drag down profit growth; expect 2H to be better

In 2QFY25, the combined revenues of ~4400 listed-companies rose 7.3% yoy (vs. 9.4% in 1Q), while PAT growth slowed down to 1.5% (4.5%). For non-financial companies, aggregate topline grew by 4.5%, while profits were down 9% [Source: CMIE]. Corporate profit growth in the non-financial sectors was impacted by weak topline growth and/or margin pressure in Commodities (Oil/Gas, Metal, Chemical and Building-Material) and Consumption sectors (FMCG, Autos). The best results, in terms of profit growth came from Banks, Insurance, Capital Goods and Healthcare/Pharma sectors. Earnings in the IT services sector broadly came in line with expectations.

For the Nifty-50 companies, 1HFY25 EPS growth was 4% (11% excluding Metal/Oil/Gas). FY25 EPS forecasts have seen cuts of 2-3% post 2Q results, and FY25 EPS is now projected to grow at 5-7%. Nonetheless, the FY26 EPS growth expectations remain healthy at over 15%.



Source: Broker reports.

Markets stabilizing as FII selling moderates; near-term consolidation to continue

Unprecedented FPI outflows of INR 940bn (US\$11.2bn) in October pulled down all the major stock indices; Nifty-50, Nifty-100, Nifty MidCap-100 and Nifty SmallCap-100 were down by 3-7% in October, with maximum drawdown of 9-11% seen during November from late-September market peak. However, thanks to strong domestic net-flows into equity mutual funds (INR 420bn in October, +22% vs Sept.), reduced FPI outflows in November (INR 190bn) and Maharashtra state-election results, the markets are showing signs of some stability; major stock indices moved between -0.3% to +0.5% in the month of November.

We expect indices to consolidate in the near-term, as FPI flows may remain negative (volatile at the very least) because of a strong dollar and India's expensive valuations relative to other EMs. Markets also await Trump's inauguration and a fresh outlook on interest rate cuts by the FED and the RBI. Most importantly in our view, markets await a pick-up in India's GDP growth and in corporate earnings growth in 2HFY25.

Valuations and outlook—time to be selective

At roughly 24,400 level currently, Nifty-50 index is priced at a 1-year forward P/E of 21x on consensus earnings estimates, which is marginally ahead of the last 10-year average valuations (20x). We remain constructive from a medium-to-long term perspective, and believe that markets now primarily offer a compounding opportunity, driven by earnings growth. We expect Nifty-50 index to deliver about 10% return over next one year.

A largely 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 in pockets that we expect would deliver a higher amount and/or longevity of earnings growth at reasonable prices (such as IT, Pharma, Industrials & Capital Goods, Telecoms 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

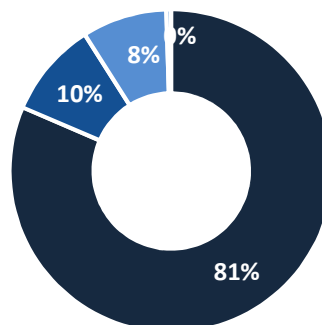
Data as on 30th NOVEMBER, 2024



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	10.30%
Tech Mahindra Ltd	6.92%
State Bank of India	6.61%
Infosys Ltd	5.81%
Info Edge (India) Ltd	5.45%

Top Sectorial Weights

Sector	Weight (%)
BFSI	34.47%
IT & Tech	21.82%
Consumer Discretionary	10.34%
Pharma & Chemicals	9.94%
Industrials	9.52%

Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT Growth (%)	19.4	26.7	27.7
ROE (%)	17.5	17.7	19.3
P/E	50.5	38.3	30.4

Portfolio – Risk Attributes*

Particular	Portfolio	Nifty 50 TRI
Std Dev	25.96%	24.37%
Sharpe Ratio	2.72	1.67
Beta	0.95	1.00
Treynors Ratio	0.74	-
Information Ratio	2.58	-
Up/Down Capture	107%/63%	

Periodic Returns

Period	ROP	Nifty 50 TRI
1M	2.05%	-0.26%
3M	-1.97%	-4.23%
6M	12.69%	7.79%
1Y	30.27%	21.27%
3Y CAGR	20.96%	13.76%
5Y CAGR	21.15%	16.22%

Rolling Returns*

Particular	ROP	Nifty 50 TRI
Maximum	39.51%	32.05%
Average	20.35%	17.01%
Minimum	3.59%	8.36%

Returns are for all clients on TWRR basis.

The performance related information provided herein is not verified by SEBI.

*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.

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 investment approach. 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.