FACTSHEET

FEBRUARY 2024

Renaissance

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Renaissance Investment Managers

Dear Investors,

India got Manufacturing right, but need to fix Consumption

India reported yet another quarter of strong GDP growth. Q3FY24 real GDP growth at 8.4% was considerably ahead of estimates of almost all economists. Growth was fuelled by strong manufacturing and steady services. Recovery momentum, so far in FY24, has generally been better than envisaged at the beginning of the year. This has been led by factors like by recovery in capex cycle and front-loaded government spending, which was aided by strong credit growth as well. However private sector consumption still continues to be soft, and it needs to fire if India was to have a far more sustainable and durable long term growth. Within consumption also, it is the rural consumption which has still not recovered well (since post). This is owing to multiple factors viz. covid led impact of rural earnings, high inflation (persisting food inflation) and 2 consecutive years of low/ erratic rainfall. As things stand today, the projections for the upcoming monsoon season appears to be promising and that should be closely watched for signs rural recovery, if any.

Gradual decline in fiscal deficit post covid

YoY, %	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Real GVA	**21.6**	**9.8**	**5.2**	**4.1**	**11.3**	**5.0**	**4.8**	**6.0**	**8.2**	**7.7**	**6.5**
Agriculture and allied	4.5	5.9	3.0	5.8	2.7	2.3	5.2	7.6	3.5	1.6	(0.8)
Industry	53.0	8.5	3.0	0.9	6.8	(2.4)	0.6	3.4	6.0	13.6	10.4
Mining	11.3	10.4	5.3	0.7	6.6	(4.1)	1.4	2.9	7.1	11.1	7.5
Manufacturing	50.4	5.7	0.3	(0.7)	2.2	(7.2)	(4.8)	0.9	5.0	14.4	11.6
Electricity	17.0	11.5	6.6	6.7	15.6	6.4	8.7	7.3	3.2	10.5	9.0
Construction	99.6	14.7	7.3	2.8	14.7	6.9	9.5	7.4	8.5	13.5	9.5
Services	12.9	11.5	7.4	5.7	16.7	9.8	7.2	7.2	10.7	6.0	7.0
Trade, hotel, transport, communication	44.0	15.2	8.9	6.7	22.1	13.2	9.2	7.0	9.7	4.5	6.7
Financial, real estate, professional services	3.5	7.6	5.3	6.4	10.5	8.7	7.7	9.2	12.6	6.2	7.0
Public admin, defence, and others	4.1	14.6	8.6	3.0	23.6	7.3	3.5	4.7	8.2	7.7	7.5
Private sector GVA	**29.5**	**9.7**	**5.2**	**3.9**	**11.3**	**5.1**	**5.0**	**5.9**	**9.1**	**8.7**	**8.4**
Non-agriculture GVA	**25.4**	**10.4**	**5.7**	**3.7**	**12.9**	**5.4**	**4.7**	**5.7**	**9.0**	**8.5**	**8.2**
Real GDP	**23.0**	**9.7**	**5.7**	**4.2**	**12.8**	**5.5**	**4.3**	**6.2**	**8.2**	**8.1**	**8.4**

Source: MOSPI

India has achieved another milestone in its journey to have a strong manufacturing led economy. The Union Cabinet approved the establishment of three semiconductor units – (1) -Tata Electronics will set up a semiconductor fab in partnership with Powerchip Semiconductor Manufacturing Corp (PSMC), Taiwan. This fab will be constructed in Dholera, Gujarat with an investment of Rs 910 bn, (2) Tata Semiconductor Assembly and Test Pvt Ltd will set up a semiconductor unit in Morigaon, Assam. This unit will be set up with an investment of Rs 270 bn. (3) CG Power, in partnership with Renesas Electronics Corporation, Japan and Stars Microelectronics, Thailand will set up a semiconductor unit in Sanand, Gujarat. This unit will be set up with an investment of Rs76 bn. All these three units will start construction within the next 100 days. The total investments committed, so far, is to the tune of ~Rs 1.2tn, which is a considerably large amount to begin with. However, the long term plan of the govt is even bigger. The investment in semi-conductors is contemplated to increase five times (Rs 7.5tn) in the next 4-5 years. The eventual objective is that India will not only be self-sufficient in meeting its domestic demand for semiconductors but will also start exporting them to the world. India has already witnessed initial success as far as manufacturing of electronic products are concerned. If India can pull-off its bet on semi-conductor manufacturing, it will go a long way in making India and strong manufacturing economy.

We are undoubtedly in a huge growth phase and during such phase of economic expansion, it is normal to expect a roaring equity markets. But at the same time, it is the nature of bull markets to create bubbles. Over the last 3-4 months, we have been highlighting our discomfort with the unjustified rise in low quality midcap/ small cap space. Finally, SEBI has also sprung into action with its cautionary statement to the mutual fund industry. How would things shape up going forward is difficult to say. Possibly, this bubble continues or perhaps there is a pause and a rally thereafter. There could be multiple scenarios. However, from our fund perspective, we continue to maintain our disciplined stock selection process to ensure long term sustained returns for investors. We would resist the temptation of investing in low quality names. 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 medium to long term growth outlook.

Happy Investing.

Pawan Parakh
Portfolio Manager

Renaissance Opportunities Portfolio

Inception Date: 1st JANUARY, 2018

Data as on 29th FEBRUARY 2024

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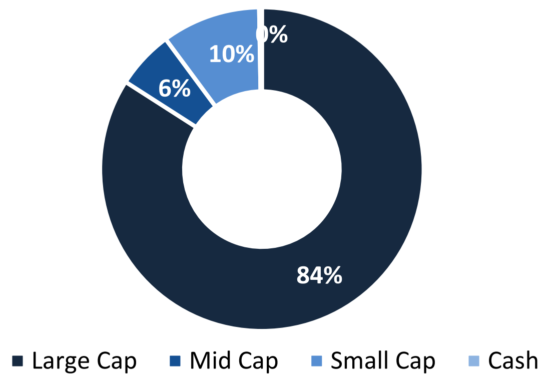
Investment Strategy

- **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 (%)
State Bank of India	7.02%
Bharti Airtel Ltd	6.29%
Sun Pharmaceutical Industries Ltd	6.17%
Tech Mahindra Ltd	6.13%
HDFC AMC Ltd	5.42%

Top Sectorial Weights

Sector	Weight (%)
BFSI	26.42%
IT & Tech	17.23%
Pharma & Chemicals	14.16%
Industrials	11.76%
Auto & Logistics	10.56%

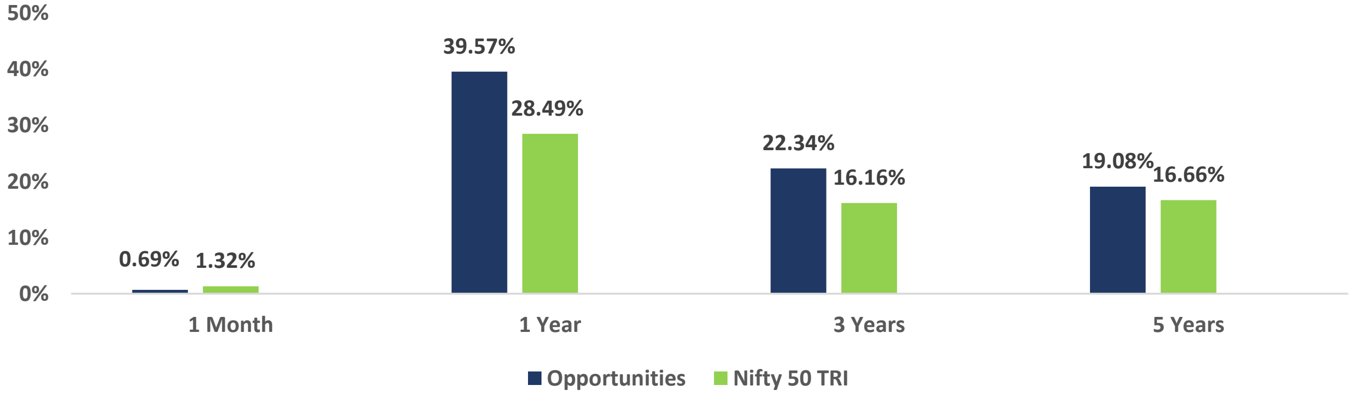
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E	FY26E
PAT growth (%)	22.9%	22.5%	16.1%
ROE (%)	19.3	19.7	20.1
P/E	35.0	35.5	28.6

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	9.96%	9.91%
Information Ratio	1.83	0.00
Sharpe Ratio	3.26	2.16
Beta	0.82	1.00
Treynors Ratio	0.40	0.00
Up/Down Capture	121%/62%	

Returns



* Returns are for all clients on TWRR basis

Renaissance Mid Cap Portfolio

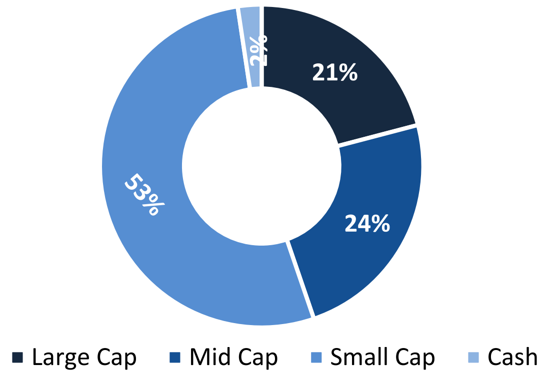
Inception Date: 1st JANUARY, 2018

Data as on 29th FEBRUARY 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



Top Holdings

Company	Weight (%)
Inox Wind Ltd	7.35%
Cummins India Ltd	6.23%
Hindustan Petroleum Corporation Ltd	5.70%
Power Finance Corporation Ltd	5.10%
Birlasoft Ltd	4.65%

Top Sectorial Weights

Sector	Weight (%)
BFSI	24.30%
Industrials	17.01%
Consumer Discretionary	13.66%
Pharma & Chemicals	9.94%
IT & Tech	9.64%

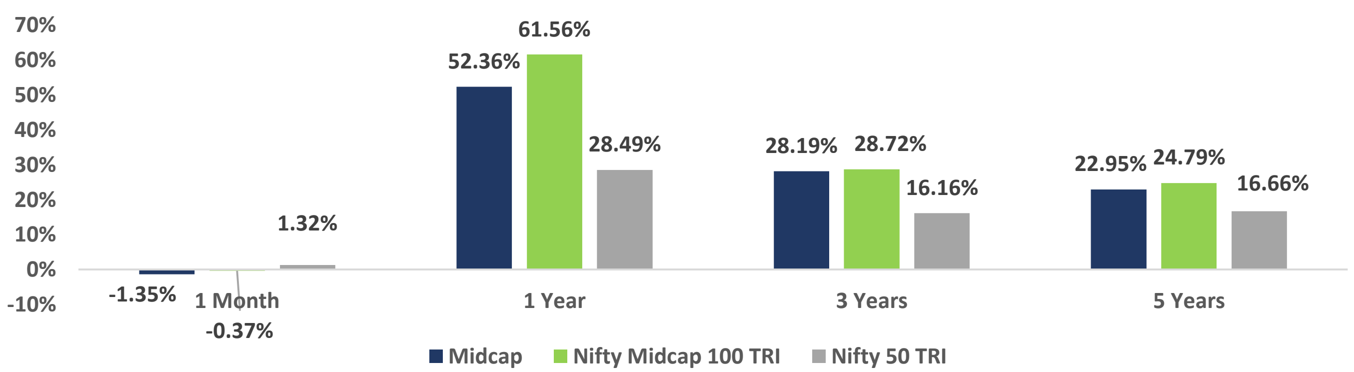
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E	FY26E
PAT growth (%)	25.3%	26.2%	24.4%
ROE (%)	15.2	18.8	20.1
P/E	35.0	31.0	25.9

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	13.37%	12.64%
Information Ratio	-1.46	0.00
Sharpe Ratio	3.38	4.31
Beta	0.94	1.00
Treynors Ratio	0.48	0.00
Up/Down Capture	88%/94%	

Returns



* Returns are for all clients on TWRR basis

Renaissance India Next Portfolio - PMS

Inception Date: 19th April, 2018

Data as on 29th FEBRUARY 2024

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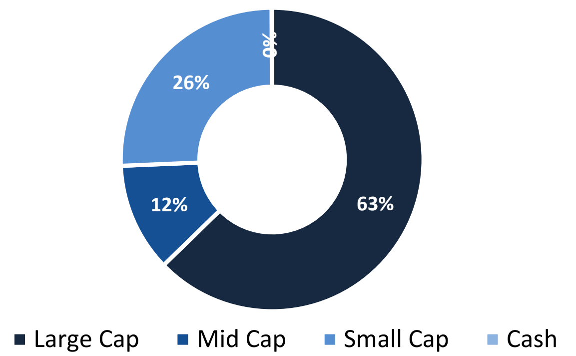
Investment Strategy

- **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	6.50%
HDFC AMC Ltd	6.48%
Hindustan Petroleum Corporation Ltd	5.44%
Birlasoft Ltd	5.32%
Infosys Ltd	5.27%

Sectoral Weights

Sector	Weight (%)
BFSI	24.14%
IT & Tech	21.08%
Pharma & Chemicals	12.51%
Industrials	11.15%
Real Estate & Building Materials	7.28%

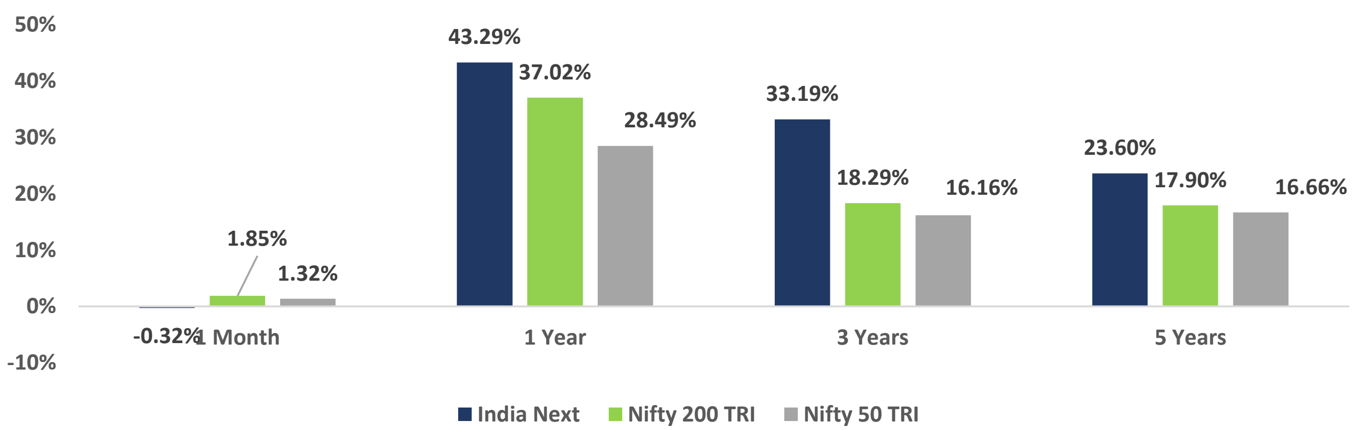
Portfolio – Fundamental Attributes

Particulars	FY24E	FY25E	FY26E
PAT growth (%)	31.6%	20.9%	19.1%
ROE (%)	17.4	18.3	19.5
P/E	50.5	35.5	29.3

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	10.59%	9.92%
Information Ratio	1.15	0.00
Sharpe Ratio	3.42	3.01
Beta	0.92	1.00
Treynors Ratio	0.39	0.00
Up/ Down Capture	115%/70%	

Returns



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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.