



Renaissance Investment Managers

Dear Investors,

Modi 3.0

Indian elections never fail to surprise. Though the consensus expectation from this election was for a clean verdict to BJP with 300+ seats, there was some surprise with BJP losing some ground, yet being able to form what appears to be a stable coalition government. There was some nervousness in stock markets as the initial election results came in, but eventually markets drew comfort from the stable BJP led coalition government and made a new all time high. The bar of expectations is high from the upcoming union budget as it is the third successive term of the government in office.

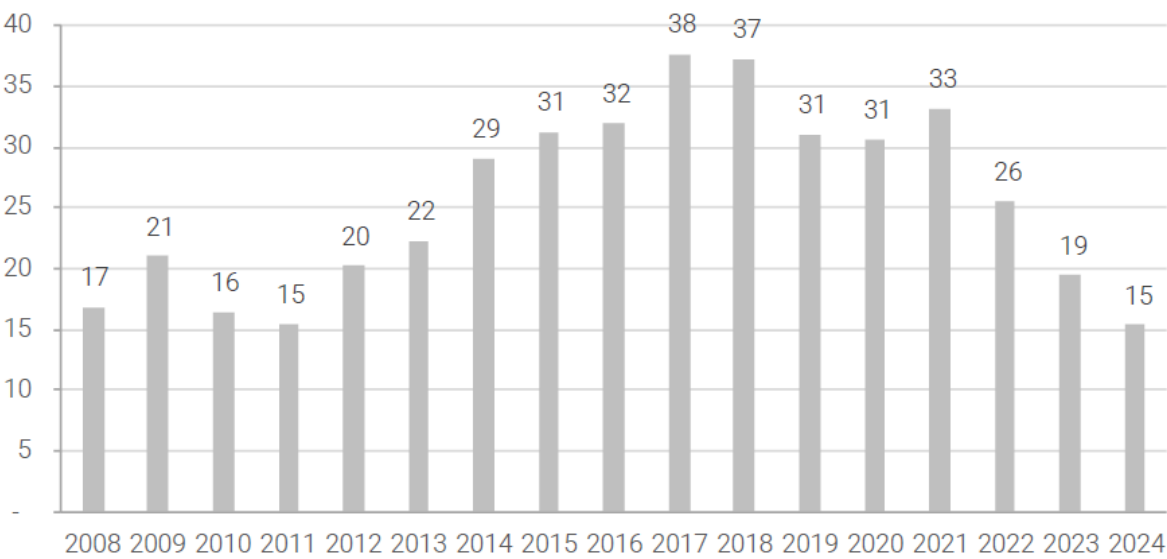
More tailwinds emerging for the capex cycle

Inclusion of Indian Government Bonds [IGBs] in JPM-GBI EM index from end-June is expected to generate potential inflows of US\$25-30bn in a year. Inclusion in other such indices (Bloomberg, Bloomberg-Barclays, FTSE-Russell) is also likely over time. The expected FPI bond inflows this year will also help ease the banking-liquidity situation, which is a positive for Private Sector Financials grappling with high LDRs and shrinking LCR buffers.

These developments, combined with a benign medium-term CPI inflation outlook (4.0-4.5%), should help bring down the risk-free rate, and thus the overall cost of capital in India. Further, with a coalition government taking charge after a minor-setback in general elections, an increase in welfare and more consumption-oriented spends is likely, though not necessarily at the cost of government capex, in our view. All these factors augur well for a further pick up in the private corporate capex.

Additionally, we see scope for a significant enhancement in government-driven, big-ticket PSU capex in areas of electrification, energy security, energy-transition, Railways etc. We also see continued strength in the real estate cycle, which will drive cement and building material sectors, as residential inventories continue to normalize from their cyclical highs.

Exhibit 1: Residential housing inventory levels at 15 months are at their lowest since FY 2011



Source: Broker Report

The much-awaited telecom tariff hikes came through post-elections, led by Reliance Jio this time. The roughly 20% tariff hike is likely to generate INR400bn of incremental telecoms revenues, thus improving RoICs and supporting a 3-player market structure.

Market outlook and portfolio positioning

At the 24,100 level, Nifty is now at 18.6x FY26E consensus earnings estimate, which is in line with the last 10-years mean valuations. Nonetheless, India's GDP growth forecasts have been revised up, from 7.0% to 7.2% by the RBI for FY25E after the blow-out 4QFY24 GDP numbers (+7.8% yoy), and India's medium-term story is unchanged.

We expect the government to sustain the path of fiscal consolidation in the upcoming budget with focus on investments, exports and domestic manufacturing. The RBI dividend of 2 lakhs crores in addition to healthy tax buoyancy will give the government some elbow room for consumer welfare measures for revival of sluggish rural consumption without compromising its fiscal goals. On balance, we expect a growth-oriented budget which shall give further impetus to India's growth and accelerate investments in the economy.

We remain invested in quality companies, which enjoy significant growth-tailwinds and have high earnings certainty in sectors such as: capital goods, information technology, private sector financials, telecoms, select PSUs and select real estate stocks. This should protect our portfolio in the events of any intermittent corrections. We continue to maintain our disciplined stock selection process to ensure long term, sustainable returns for our investors.

Happy Investing

Pankaj Murarka
Founder & CIO

Renaissance Opportunities Portfolio

Inception Date: 1st JANUARY, 2018

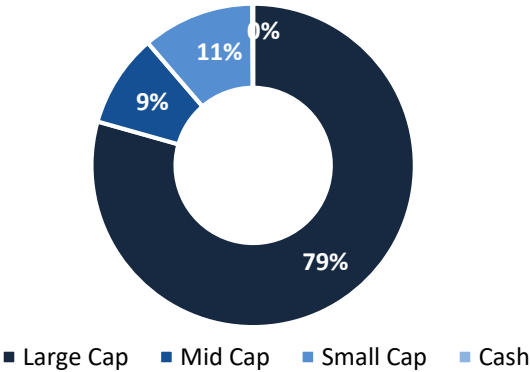
Data as on 30th JUNE, 2024



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 (%)
State Bank of India	7.02%
Bharti Airtel Ltd	6.13%
Tech Mahindra Ltd	6.07%
HDFC Bank Ltd	6.00%
ICICI Bank Ltd	5.15%

Top Sectorial Weights

Sector	Weight (%)
BFSI	23.24%
IT & Tech	19.28%
Industrials	12.90%
Pharma & Chemicals	11.83%
Auto & Logistics	9.83%

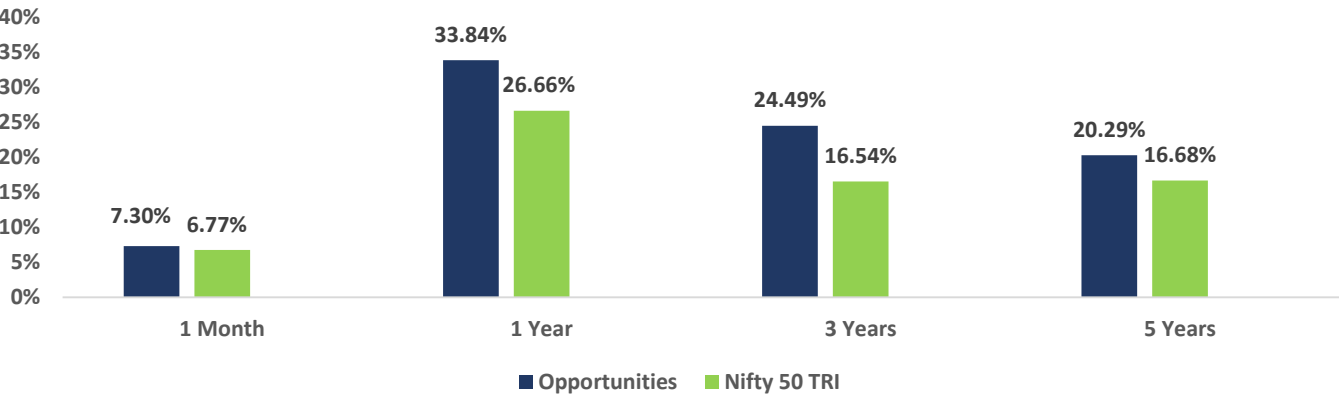
Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT growth (%)	25.7	25.0	20.9
ROE (%)	17.9	19.4	20.2
P/E	45.4	35.9	29.8

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	14.02%	12.59%
Sharpe Ratio	1.94	1.56
Beta	0.98	1.00
Treynors Ratio	0.28	-
Information Ratio	1.11	-
Up/Down Capture	112%/62%	

Returns



* Returns are for all clients on TWRR basis

Renaissance India Next Portfolio

Inception Date: 19th APRIL, 2018

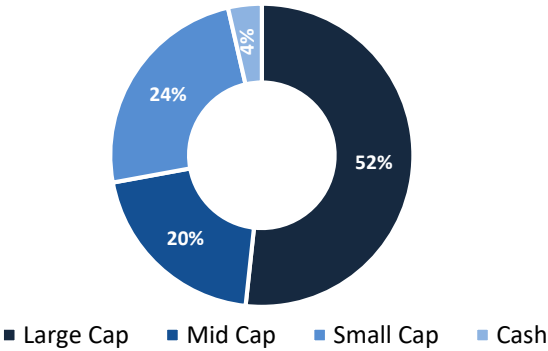
Data as on 30th JUNE, 2024



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	7.60%
Tech Mahindra Ltd	6.15%
Infosys Ltd	5.24%
State Bank of India	4.90%
Cummins India Ltd	4.69%

Sectoral Weights

Sector	Weight (%)
BFSI	31.21%
IT & Tech	20.51%
Industrials	12.07%
Pharma & Chemicals	9.27%
Auto & Logistics	6.20%

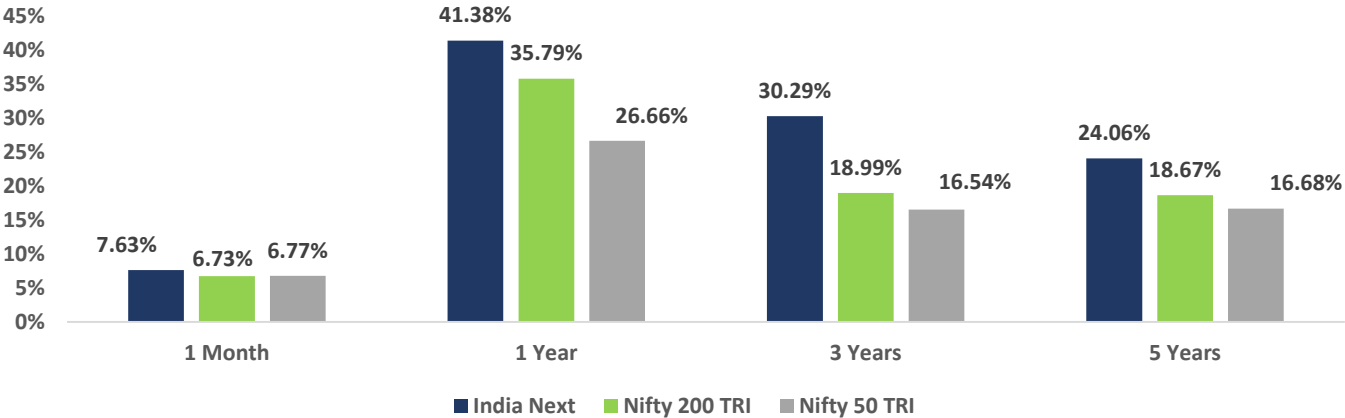
Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT growth (%)	31.8	24.2	22.5
ROE (%)	16.5	16.8	18.2
P/E	38.9	31.5	26.0

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	15.85%	13.42%
Sharpe Ratio	2.19	2.15
Beta	1.07	1.00
Treynors Ratio	0.32	-
Information Ratio	0.88	-
Up/Down Capture	108%/64%	

Returns



* Returns are for all clients on TWRR basis

Renaissance Mid Cap Portfolio

Inception Date: 1st JANUARY, 2018

Data as on 30th JUNE, 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

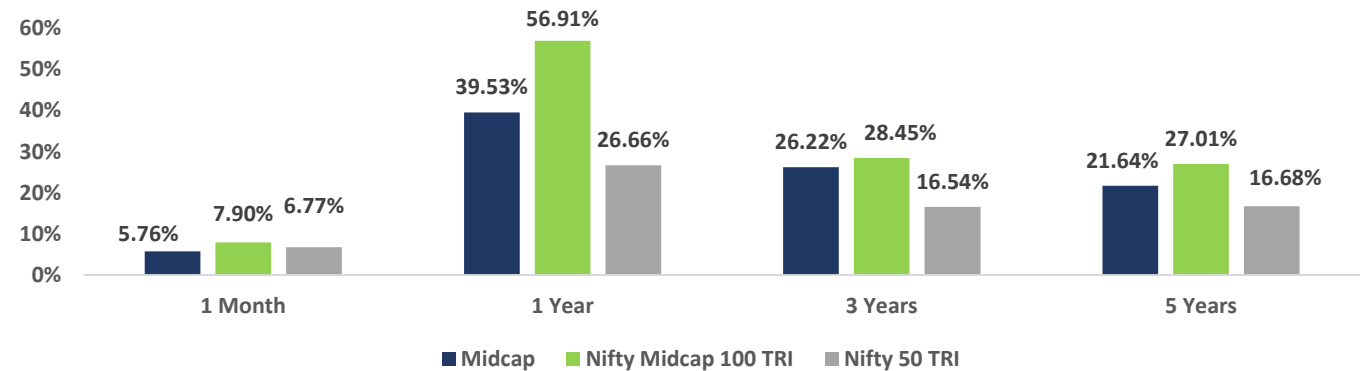
Top Holdings

Company	Weight (%)
Cummins India Ltd	6.06%
Aditya Birla Fashion & Retail Ltd	5.71%
Power Finance Corporation Ltd	5.65%
Hindustan Petroleum Corporation Ltd	5.10%
Vodafone Idea Ltd	4.96%

Portfolio – Fundamental Attributes

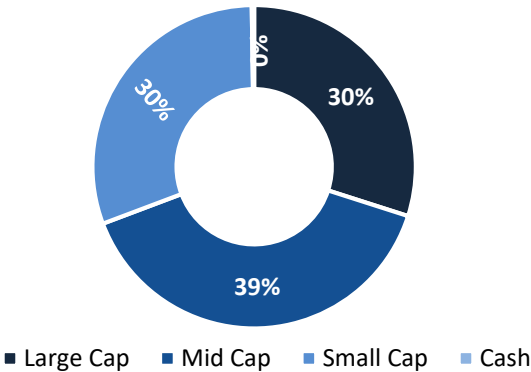
Particulars	FY24	FY25E	FY26E
PAT growth (%)	36.0	31.6	23.8
ROE (%)	12.7	17.1	18.6
P/E	38.6	26.9	22.4

Returns



* Returns are for all clients on TWRR basis

Portfolio Capitalization



Top Sectorial Weights

Sector	Weight (%)
BFSI	24.32%
Consumer Discretionary	17.77%
Pharma & Chemicals	15.56%
IT & Tech	10.55%
Industrials	9.84%

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	18.45%	17.20%
Sharpe Ratio	1.78	2.90
Beta	1.00	1.00
Treynors Ratio	0.33	-
Information Ratio	-2.49	-
Up/Down Capture	80%/138%	

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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