



Renaissance Investment Managers

Dear Investors,

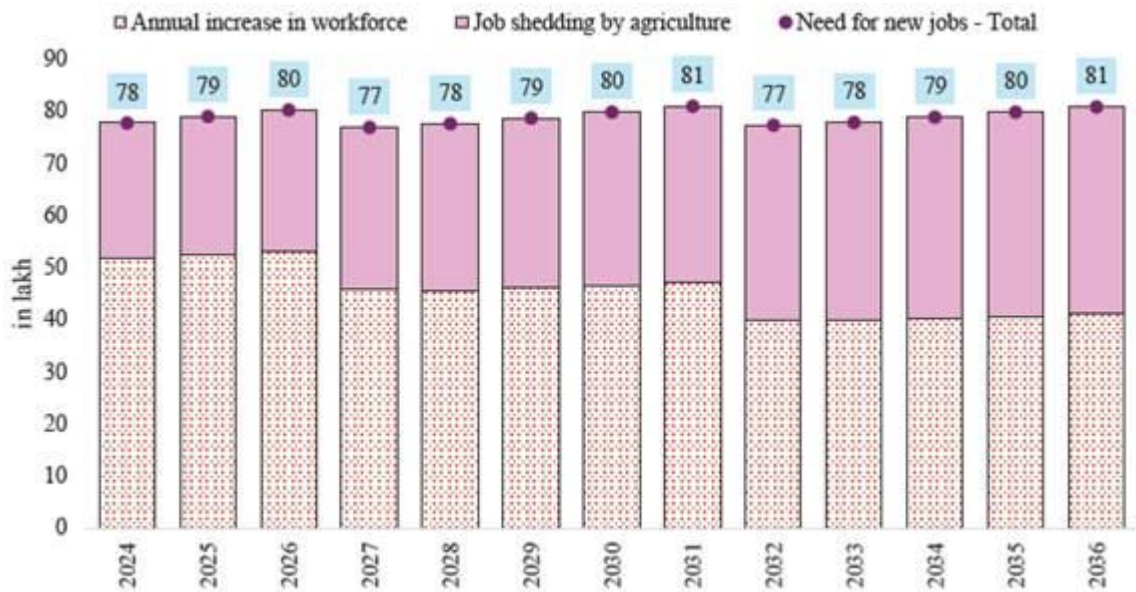
Union Budget – Capex, Employment and Fiscal Consolidation

The FY25 budget delivered a balance across capex-led growth, fiscal-consolidation and enhanced welfarism.

Fiscal Deficit: The government has projected FY25 gross fiscal deficit (GFD) at 4.9% of GDP, which is lower than the 5.1% ratio in the interim budget (Feb’24).

Capital expenditure: FY25BE capex has been maintained at INR 11.1tn (+17% growth), similar to the level in the interim budget (Feb’24).

Revenue expenditure: Revenue expenditure growth (excluding interest payments) has been upped to 2.5% (on FY24RE base) as against a decline of 1.6% expected in FY24RE. More importantly, the government seems to have sharpened its focus on skilling and youth employment generation—Rs100 bn has been budgeted as incentives for FY25BE, toward job creation and skilling, by subsidizing employers who generate fresh jobs. The total amount of incentives is Rs2 tn over a five-year period. Further, Rural Development expenditure is budgeted to grow this year at 4% against a decline of 3% in FY24RE – this should provide some impetus to the rural consumption that has been sluggish post Covid.



Source: The Economic Survey 2023-24

Mixed trends in 1Q FY25 earnings...

The combined revenue of ~1200 listed-companies that have declared their June-quarter results so far, has risen 9.2% yoy, while net profits have been flattish at <1%. For non-financial (non-BFSI) companies, the topline grew by 5.5%, while profits were down 9% [Source: CMIE].

Nonetheless, aggregate profits of 39 Nifty-50 companies that have declared results have seen 5% growth, which is reasonable in the context of elections-impact, heat-waves in several parts of India, high base in terms of margin-comparisons, and RBI-induced deceleration in system credit growth. In terms of sectoral trends: (1) Non-lenders (AMCs, Insurance) have delivered strong 1Q performance; (2) Lenders (Banks, NBFCs) have delivered largely in-line results; (3) IT sector saw stabilization in growth forecasts; and (4) Global cyclical (Oil/Gas, Metals, Chemicals) largely underperformed on earnings vs market expectations.

...but growth outlook remains intact

We believe growth is likely to pick up, as monsoons are now normal (2% surplus till 31st July) and government-spending including capex is likely to come back with a vengeance through the remainder of FY25. We expect 1-2 rate cuts by the RBI in 2HFY25, on back of FED rate cuts (2-3 cuts likely in 2024), subdued crude-oil prices, and a likely decline in food/vegetable inflation post monsoon season.

Market outlook and portfolio positioning

Based on 1Q results declared so far, Nifty-50 'EPS' is expected to see a modest downgrade of around 1% for FY25E and for FY26E. Thus, low-teen EPS growth outlook for Nifty remains intact for FY25, while for FY26 the market currently expects low-to-mid teen EPS growth.

At the 23,900 level, Nifty is priced at 18.6x FY26E consensus earnings estimate, which is in line with the last 10-years mean valuations. 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 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

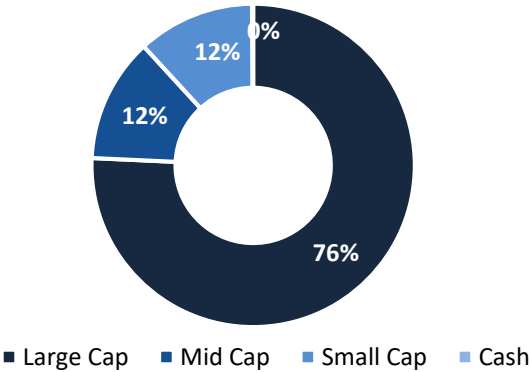
Data as on 31st JULY, 2024



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	6.81%
Tech Mahindra Ltd	6.23%
Bharti Airtel Ltd	5.97%
Infosys Ltd	5.79%
HDFC Bank Ltd	5.43%

Top Sectorial Weights

Sector	Weight (%)
BFSI	22.10%
IT & Tech	19.72%
Pharma & Chemicals	13.29%
Industrials	12.03%
Consumer Discretionary	9.91%

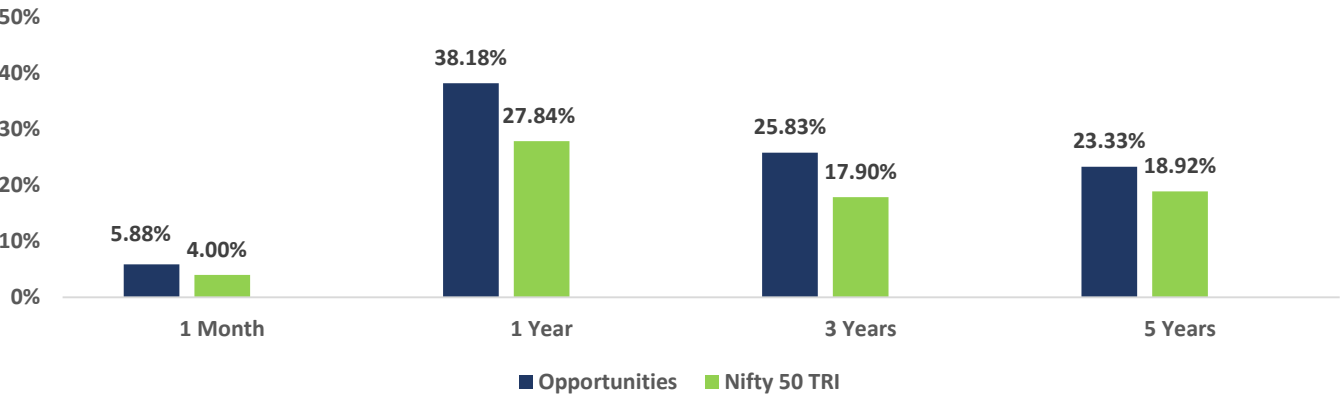
Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT growth (%)	36.6	33.8	20.6
ROE (%)	19.8	19.6	20.4
P/E	50.1	37.1	30.6

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	14.18%	12.61%
Sharpe Ratio	2.21	1.67
Beta	0.99	1.00
Treynors Ratio	0.32	-
Information Ratio	1.54	-
Up/Down Capture	120%/62%	

Returns



* Returns are for all clients on TWRR basis

Renaissance India Next Portfolio

Inception Date: 19th APRIL, 2018

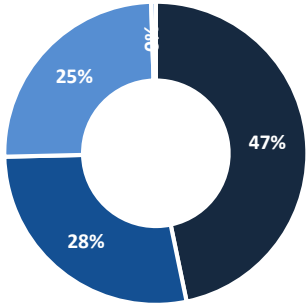
Data as on 31st JULY, 2024



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	7.57%
Tech Mahindra Ltd	6.21%
Infosys Ltd	5.81%
Hindustan Petroleum Corporation Ltd	5.10%
State Bank of India	4.68%

Sectoral Weights

Sector	Weight (%)
BFSI	30.87%
IT & Tech	21.01%
Industrials	11.08%
Pharma & Chemicals	10.40%
Consumer Discretionary	6.42%

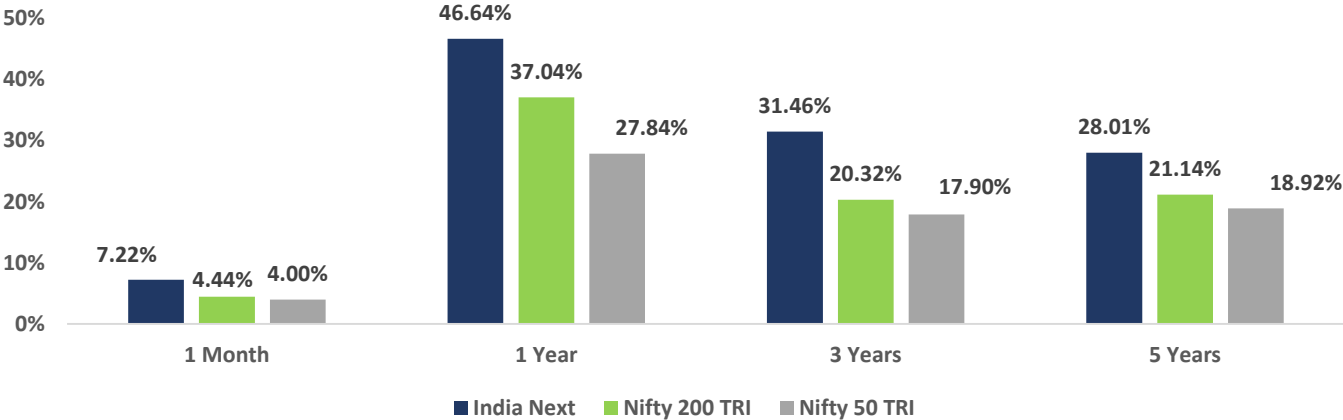
Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT growth (%)	47.1	27.4	21.9
ROE (%)	17.1	17.4	18.6
P/E	48.8	35.8	29.4

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	16.11%	13.50%
Sharpe Ratio	2.47	2.24
Beta	1.08	1.00
Treynors Ratio	0.37	-
Information Ratio	1.37	-
Up/Down Capture	116%/64%	

Returns



* Returns are for all clients on TWRR basis

Renaissance Mid Cap Portfolio

Inception Date: 1st JANUARY, 2018

Data as on 31st JULY, 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

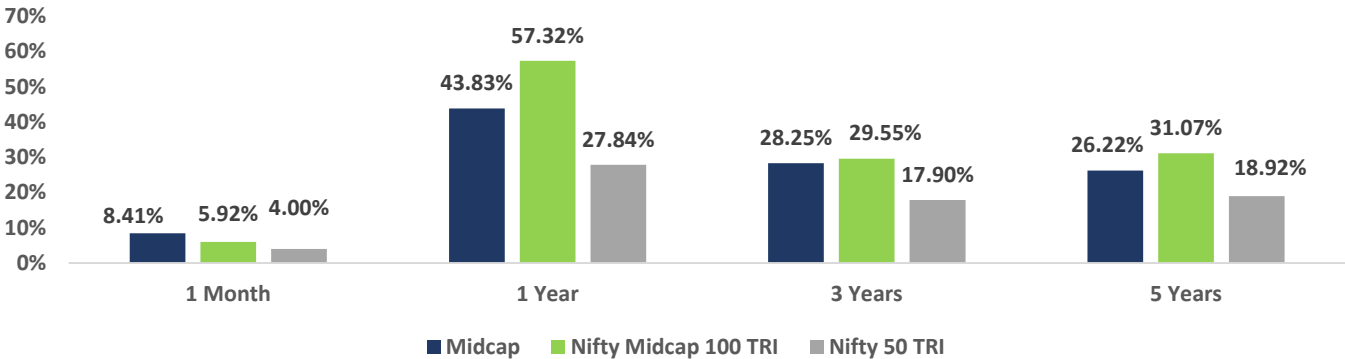
Top Holdings

Company	Weight (%)
Power Finance Corporation Ltd	5.97%
Aditya Birla Fashion & Retail Ltd	5.80%
Hindustan Petroleum Corporation Ltd	5.55%
Cummins India Ltd	5.43%
Alembic Pharmaceuticals Ltd	4.72%

Portfolio – Fundamental Attributes

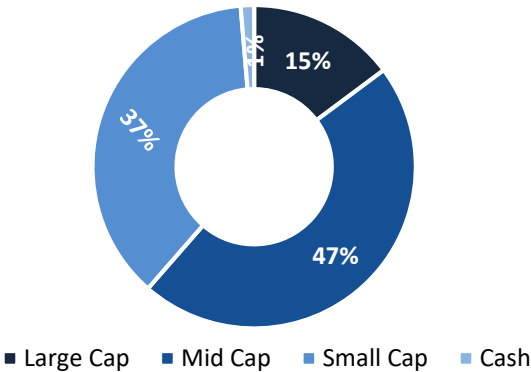
Particulars	FY24	FY25E	FY26E
PAT growth (%)	35.0	46.9	24.6
ROE (%)	13.6	15.8	17.7
P/E	41.2	26.4	22.0

Returns



* Returns are for all clients on TWRR basis

Portfolio Capitalization



Top Sectorial Weights

Sector	Weight (%)
BFSI	26.19%
Pharma & Chemicals	17.18%
IT & Tech	15.44%
Consumer Discretionary	13.58%
Industrials	9.93%

Portfolio – Risk Attributes (Last 12 Months)

	Portfolio	Index
Std Dev	18.94%	17.49%
Sharpe Ratio	1.96	2.89
Beta	0.99	1.00
Treynors Ratio	0.37	-
Information Ratio	-1.79	-
Up/Down Capture	86%/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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