



Renaissance Investment Managers

Dear Investors,

FED Rate Cuts and Chinese Stimulus fueling global risk-on sentiment

The US Federal Reserve (FED) embarked on the rate cut cycle, with a jumbo 50bps cut, noting progress on disinflation and a softening labor market (4.2% unemployment rate in Aug’24 versus 3.8% in Mar’24). Markets expect another 50bps cut by end-2024, and a 100bps cut in 2025.

Further, China has unveiled its most aggressive stimulus-package since the pandemic to support the flagging property market, counter domestic disinflationary pressures, and boost consumer confidence and demand. The package includes cutting repo rate, easing liquidity, easing capital market financing, cutting interest rate and down-payment requirements on mortgages, and targeted fiscal support to households. These measure have sparked a nearly 25% rally in the CSI-300 index and the Hang Seng index within a week. We note the global risk-on sentiment is also supported by a dovish Bank of Japan (BoJ), after the pushback from newly elected Prime Minister (Ishiba) against further rate hikes.

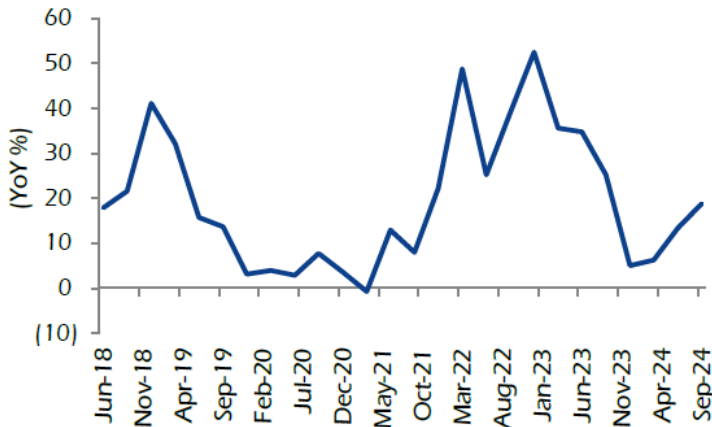
The latest US rate cut cycle is in response to disinflation, unlike the previous three cycles (since 2000) that were a result of either rapid economic-slowdown or crises. This time around, US economic conditions remain broadly stable, and while growth will gradually weaken, we believe a soft-landing remains the most likely outcome for the US economy.

Growth moderation ahead of festive season – likely to be temporary

Despite above-average monsoons (108% of long-period-average), decent Kharif-sowing (2% acreage growth) and good reservoir-levels (+16% yoy; bodes well for Rabi sowing), India’s economic indicators suggest some demand softness in the near-term, probably based on: (1) lack of meaningful pick up in government’s capex post elections—Centre’s capex was down 19% yoy during 5M-FY25; (2) moderation in unsecured (consumption) credit growth; and (3) slowdown in retail sales momentum (premium two-wheelers, PVs, gold jewellery etc.).

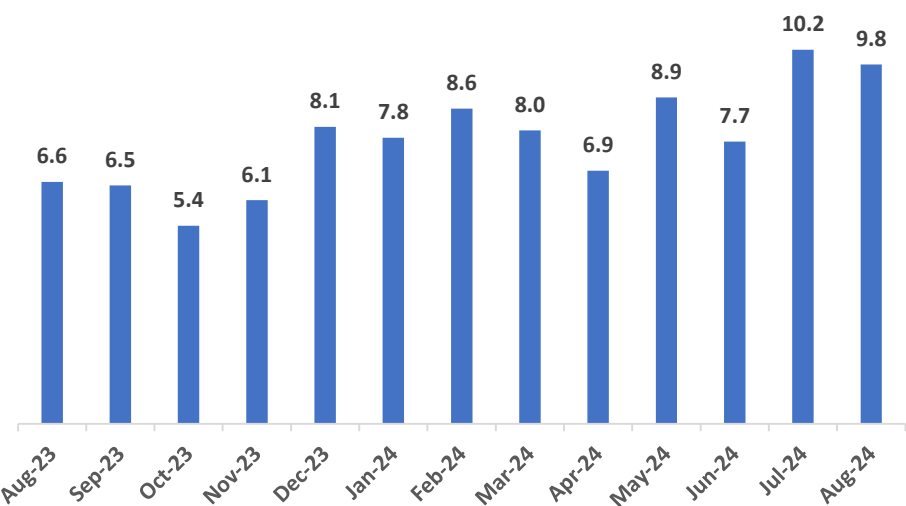
Nonetheless, manufacturing remains in expansionary mode (July PMI of 58.1 vs 58.3 in June as per CMIE) and green shoots are visible in corporate capex that should get further impetus from recent liquidity easing by the RBI and the start of rate cut cycle from December. Capacity utilization of manufacturing companies continues to rise (76.8% in 4QFY24 as per RBI), and new project announcements in private manufacturing sector were up c.19% yoy in 2QFY25 [Source: CMIE]. We therefore, continue to expect a pickup in corporate profit growth from 2HFY25.

New project announcements in private manufacturing sector



Source: Broker Report

Industrial credit growth (% YoY)



Source: Broker Reports

Market valuations, outlook and portfolio positioning

Nifty-50 index is down about 4% or 1000 points from its peak of 26,300. At 25,250 currently, Nifty-50 is priced at a 1-year forward P/E of just under 22x on the consensus earnings estimates, which is about 10% ahead of the last 10-years average valuations (20x).

Broader market may remain range-bound in the very near-term, driven by volatility in FPI flows (China stimulus) and temporary moderation 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.

We remain invested in quality companies, which offer good growth-certainty 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

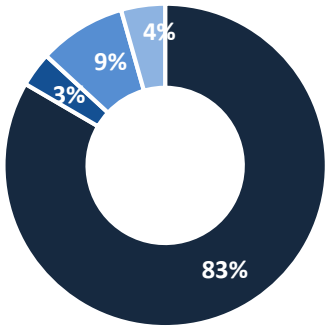
Data as on 30th SEPTEMBER, 2024



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	8.67%
Tech Mahindra Ltd	6.23%
State Bank of India	6.07%
Bharti Airtel Ltd	5.80%
Infosys Ltd	5.74%

Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT Growth (%)	19.5	34.4	25.5
ROE (%)	18.6	18.4	19.9
P/E	53.4	39.9	31.8

Periodic Returns

Period	ROP	Nifty 50 TRI
1M	0.19%	2.28%
3M	7.36%	7.81%
6M	19.76%	16.58%
1Y	38.24%	33.00%
3Y CAGR	22.65%	14.94%
5Y CAGR	23.54%	18.98%

Returns are for all clients on TWRR basis

Top Sectorial Weights

Sector	Weight (%)
BFSI	28.36%
IT & Tech	19.63%
Consumer Discretionary	10.51%
Pharma & Chemicals	10.44%
Industrials	9.76%

Portfolio – Risk Attributes*

Particular	Portfolio	Nifty 50 TRI
Std Dev	26.84%	24.39%
Sharpe Ratio	2.91	1.86
Beta	0.97	1.00
Treynors Ratio	0.80	-
Information Ratio	2.58	-
Up/Down Capture	117%/78%	

Rolling Returns*

Particular	ROP	Nifty 50 TRI
Maximum	39.51%	32.05%
Average	20.43%	17.22%
Minimum	3.59%	8.36%

*3 years data

Renaissance India Next Portfolio (Flexi Cap PMS)

Inception Date: 19th APRIL, 2018

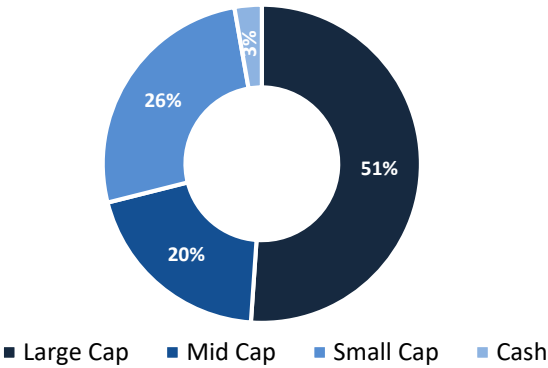
Data as on 30th SEPTEMBER, 2024



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	8.31%
Tech Mahindra Ltd	5.98%
Infosys Ltd	5.53%
Hindustan Petroleum Corporation Ltd	5.43%
PNB Housing Finance Ltd	4.46%

Top Sectorial Weights

Sector	Weight (%)
BFSI	31.45%
IT & Tech	17.75%
Pharma & Chemicals	11.06%
Industrials	10.40%
Consumer Discretionary	6.22%

Portfolio – Fundamental Attributes

Particular	FY24	FY25E	FY26E
PAT Growth (%)	44.6%	25.9%	25.0%
ROE (%)	16.5	16.5	18.5
P/E	48.3	38.4	31.0

Portfolio – Risk Attributes*

Particular	Portfolio	Nifty 200 TRI
Std Dev	28.47%	25.07%
Sharpe Ratio	4.07	2.21
Beta	1.01	1.00
Treynors Ratio	1.14	-
Information Ratio	4.68	-
Up/Down Capture	124%/63%	

Periodic Returns

Period	RINP	Nifty 200 TRI	Nifty 50 TRI
1M	1.24%	2.21%	2.28%
3M	12.67%	7.88%	7.81%
6M	28.34%	19.29%	16.58%
1Y	52.02%	40.41%	33.00%
3Y CAGR	30.52%	17.43%	14.94%
5Y CAGR	29.78%	21.11%	18.98%

Returns are for all clients on TWRR basis

Rolling Returns*

Particular	RINP	Nifty 200 TRI
Maximum	54.43%	32.19%
Average	28.07%	18.46%
Minimum	0.56%	10.40%

*3 years data

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	5.72%
Cummins India Ltd	5.21%
Nuvama Wealth Management Ltd	4.75%
Alembic Pharmaceuticals Ltd	4.68%
Inox Wind Ltd	4.66%

Portfolio – Fundamental Attributes

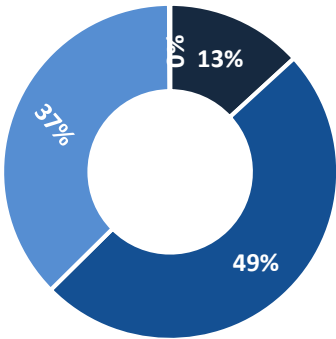
Particular	FY24	FY25E	FY26E
PAT Growth (%)	37.9	27.2	28.2
ROE (%)	12.1	14.0	16.2
P/E	35.1	28.4	24.8

Periodic Returns

Period	RMP	Nifty Midcap 100 TRI	Nifty 50 TRI
1M	1.07%	1.50%	2.28%
3M	11.55%	8.14%	7.81%
6M	25.79%	25.51%	16.58%
1Y	40.64%	49.26%	33.00%
3Y CAGR	28.46%	26.55%	14.94%
5Y CAGR	26.76%	31.37%	18.98%

Returns are for all clients on TWRR basis

Portfolio Capitalization



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Sectorial Weights

Sector	Weight (%)
BFSI	30.84%
Pharma & Chemicals	18.61%
IT & Tech	15.42%
Consumer Discretionary	14.49%
Industrials	9.87%

Portfolio – Risk Attributes*

Particular	Portfolio	Nifty Midcap 100 TRI
Std Dev	32.08%	30.63%
Sharpe Ratio	3.29	3.14
Beta	0.97	1.00
Treynors Ratio	1.09	-
Information Ratio	0.75	-
Up/Down Capture	102%/93%	

Rolling Returns*

Particular	RMP	Nifty Midcap 100 TRI
Maximum	40.25%	40.32%
Average	22.01%	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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