

# RENAISSANCE INVESTMENT MANAGERS



## Geopolitical volatility—Trump announces 25% import tariff plus 25% ‘Russian oil penalty’ on India

Trump announced a 25% import tariff on India, as the two countries failed to reach a bilateral trade agreement (BTA) before the July deadline. Further, on 6th August, the US President announced additional 25% tariff as ‘penalty’ for buying Russian crude oil; this appears to have been done to put indirect pressure on Russia, since US has been unable to stop Russia-Ukraine war. Interestingly, India’s export of refined products (gasoline, diesel) to the US would be exempted from entire 50% tariff.

These tariffs are not final; a BTA may still be secured as talks would resume late August. However, a 50% tariff rate places India at a significant disadvantage versus major export competitors like Vietnam, Cambodia, Philippines and Bangladesh who have tariff rates of 19-20%. The industrial sectors that could see **negative impact are textiles, auto components, engineering goods, gems & jewelry and metals**. Pharma and mobile phone exports, though currently exempted, may see relatively lower impact eventually, as these items tend to have relatively inelastic demand. India’s total goods exports to the US were US\$86bn in FY25 (\$55-60bn excluding exempted sectors), and economists have estimated that overall impact of tariffs on India’s GDP growth is unlikely to be more than 40-50bps.

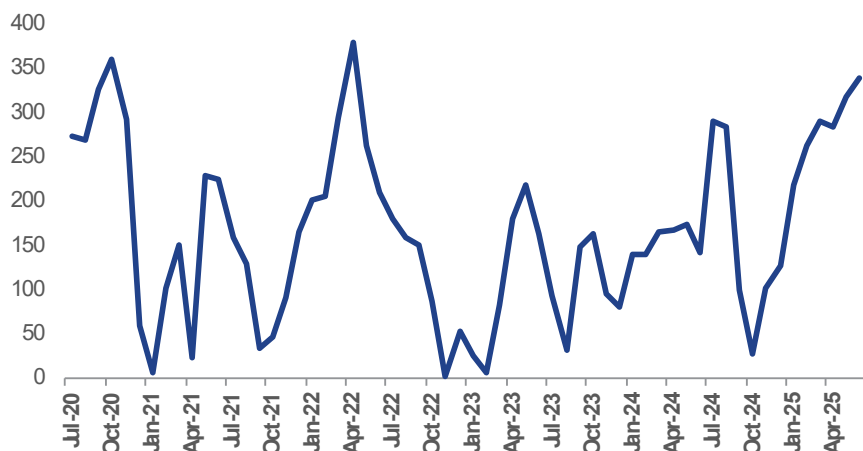
Additionally, we note that EU has announced a ban on sale of refined products from Russian crude oil, starting January 2026. Such developments are not only incrementally negative for India’s trade deficit but would also be negative for the global economy in terms of higher inflation. The rising geopolitical uncertainty is already reflecting in a weaker INR, FPI outflows and in equity market volatility.

## India’s macros broadly stable; credit growth pick up awaited

India’s macro fundamentals remain in good health, even as some of the recent high-frequency indicators are showing mixed trends. Stimulus from income tax cuts and interest rate cuts, has started to flow into the economy. Government capex is seeing resurgence and is on track to reach budgeted target of INR 11.2tn for FY26. Thanks to lower crude oil prices and good monsoons, headline CPI inflation remains benign at 2.1% in Jun’25; this is the lowest since Jan’19, and well below RBI’s 4% target. Banking system liquidity is plentiful (INR 3tn+ surplus) and 10-yr G-Sec yields remain steady around 6.3%. However, INR has sharply depreciated against the USD, and is trading close to all-time lows around 87.8, driven by tariff uncertainties, FPI outflows and a mildly-appreciating US dollar.

On the consumption side, volume growth of FMCG companies remained weak in 1Q, driven by weak urban demand and rising competitive intensity. Further, Vahan data indicates muted trends in auto volume; 2-wheeler retail sales were up 5% yoy in June (+5% in 1Q), while PV sales were up merely 2% in June (2.5% in 1Q). Most importantly, bank credit growth continues to be sluggish, at 9.5% in June (similar to nominal-GDP growth), driven by weakness in large corporates and NBFC segments. Real interest rates continue to be on the higher side (3%+). We therefore don’t rule out further rate cuts by RBI in the coming months, and continue to expect a gradual revival in credit growth driven by: (1) bottoming out of interest rates; (2) rate cut transmission; and (3) festive demand.

## Repo rate less CPI inflation (bps)



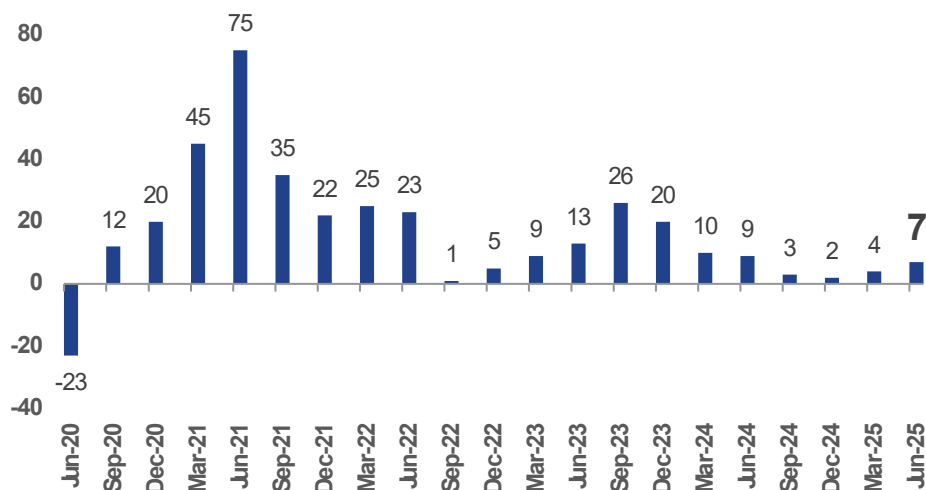
Source: NGEN Markets

## 1Q earnings performance—growth picked up but forward earnings revisions still negative

As per the CMIE, 1QFY26 combined revenues of 1250 listed-companies rose 7.5% yoy, while their aggregate PAT was up 11.3%. For Nifty-50 companies (38 have reported so far), aggregate 1Q revenue was up 5.7%, while PAT was up 7.5%. Thus, mid-cap companies have delivered higher growth (in low-teens) in 1Q, driven by sectors such as IT, Cap Goods, PSU Banks, Healthcare and Cement.

For Nifty-50 companies (that have reported so far), there is a clear pick up in aggregate profit growth to 7.5% in 1QFY26 from 3-4% in 4QFY25. However, even as overall 1Q profits were ahead of forecasts, there is a marginal 1% cut in Nifty-50 EPS for both FY26E and for FY27E, driven by two key factors: (1) muted near-term outlook and guidance, in view of trade/tariff uncertainties and weak credit growth; and (2) a cut in profit forecasts of higher weightage stocks, belonging to IT, Banking and Energy sectors.

### Growth in aggregate quarterly PAT of Nifty-50 companies (% , YoY)



Source: Broker Report. Note: Jun'25 figure is for 38 companies that have reported so far.

### Markets seeing consolidation; profit cycle favourable—debate is around growth trajectory

Indian equity markets have recovered well from their March-lows, but are now facing some headwinds on account of modest earnings cuts, and weakening FPI sentiment due to geopolitical and trade uncertainties. Strong DM performance especially US equity markets (S&P 500 up 2.2% in July) and a mildly appreciating USD (DXY index 3.2%) also appear to have contributed to July FPI net outflows of INR 247bn (US\$ 2.9bn) in July vs net inflows of INR 204bn in June.

Nifty-50 declined 2.9% in July, but CYTD the index is up 4.7%. At 24,600 level (6.2% below all-time-high), Nifty-50 valuation at 20x 1yr forward EPS is in line with its 10-yr average multiple. Even as profit growth is showing early signs of revival, tariff and geopolitical uncertainties would keep a lid on the markets in the near term.

Our portfolios are skewed towards credit growth (including consumer proxies), select consumer plays (across staples, durables and discretionary), and export/outsourcing. We are invested in pockets having attractive valuations (e.g. private sector financials, select NBFCs), as well as in pockets that we expect would deliver a higher amount and/or longevity of earnings growth at reasonable prices (such as Consumer, Pharma, Telecoms, select IT etc.). 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, 2025

## Investment Strategy

- Large Cap Strategy
- Blend of Growth & Quality
- Diversified portfolio of 25-30 stocks
- High Conviction Ideas
- Investing across businesses which are at different stages of their business lifecycle

## Top Stocks

Company	Weight (%)
HDFC Bank Ltd	11.83%
Reliance Industries Ltd	7.01%
State Bank of India	6.41%
ICICI Bank Ltd	6.19%
Tech Mahindra Ltd	6.05%

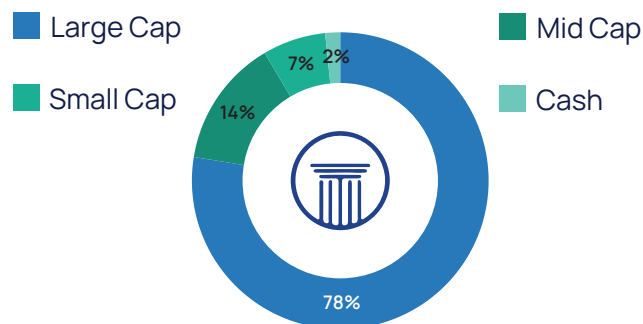
## Portfolio - Fundamental Attributes

Particular	FY25	FY26E	FY27E
PAT Growth (%)	10.7	11.7	18.1
ROE (%)	13.6	13.6	14.4
P/E	22.6	20.2	17.1
PEG	2.10	1.73	0.95

## Periodic Returns

Period	ROP	Nifty 50 TRI
1M	-3.19%	-2.77%
3M	1.37%	2.44%
1Y	-2.66%	0.54%
2Y CAGR	15.71%	13.37%
3Y CAGR	18.25%	14.33%
5Y CAGR	25.80%	18.89%

## Portfolio Capitalization



## Top Sectors

Sector	Weight (%)
BFSI	40.55%
Consumer Discretionary	13.73%
Information Technology	12.47%
Pharma & Chemicals	7.28%
Diversified	7.01%

## Portfolio - Risk Attributes\*

Particular	ROP	Nifty 50 TRI
Std Dev (%)	22.78	21.60
Sharpe Ratio	0.55	0.41
Beta	0.95	1.00
Treynors Ratio (%)	13.34	-
Information Ratio	0.38	-
Up/Down Capture (%)	107/86	-

\*3 years data

## Financial Year Returns

Particular	ROP	Nifty 50 TRI
FY25-26 YTD	4.63%	6.00%
FY24-25	10.00%	6.65%
FY23-24	38.02%	30.08%
FY22-23	3.80%	0.59%
FY21-22	30.77%	20.26%
FY20-21	83.53%	72.54%

# Renaissance India Next Portfolio

Inception Date: 19th April, 2018

Data as on 31st July, 2025

## 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.
- Bottoms up approach
- Diversified portfolio of 25-30 stocks.

## Top Stocks

Company	Weight (%)
HDFC Bank Ltd	9.55%
HDFC AMC Ltd	6.04%
Tech Mahindra Ltd	5.82%
Reliance Industries Ltd	5.38%
Infosys Ltd	4.67%

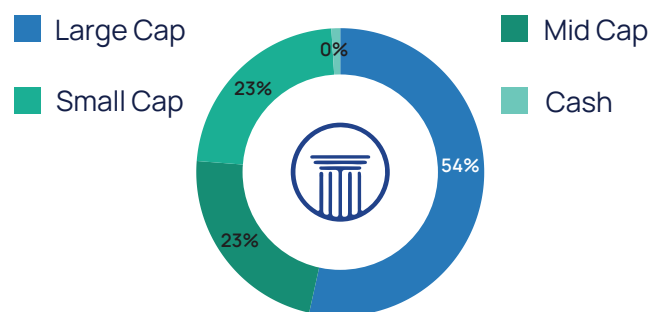
## Portfolio - Fundamental Attributes

Particular	FY25	FY26E	FY27E
PAT Growth (%)	9.8	10.6	18.0
ROE (%)	13.7	13.6	14.3
P/E	22.5	20.4	17.3
PEG	2.30	1.92	0.96

## Periodic Returns

Period	RINP	Nifty 200 TRI	Nifty 50 TRI
1M	-2.52%	-2.93%	-2.77%
3M	4.89%	3.34%	2.44%
1Y	0.14%	-1.46%	0.54%
2Y CAGR	21.06%	16.21%	13.37%
3Y CAGR	23.79%	16.14%	14.33%
5Y CAGR	37.75%	20.59%	18.89%

## Portfolio Capitalization



## Top Sectors

Sector	Weight (%)
BFSI	36.65%
Pharma & Chemicals	12.13%
Consumer Discretionary	11.06%
Information Technology	10.49%
Internet	7.47%

## Portfolio -Risk Attributes\*

Particular	RINP	Nifty 200 TRI
Std Dev (%)	25.65	22.80
Sharpe Ratio	0.71	0.46
Beta	1.02	1.00
Treynors Ratio (%)	17.73	-
Information Ratio	0.70	-
Up/Down Capture (%)	116/83	-

\*3 years data

## Financial Year Returns

Period	RINP	Nifty 200 TRI	Nifty 50 TRI
FY25-26 YTD	8.08%	6.98%	6.00%
FY24-25	13.14%	6.38%	6.65%
FY23-24	41.93%	38.26%	30.08%
FY22-23	12.35%	-1.09%	0.59%
FY21-22	47.95%	21.37%	20.26%
FY20-21	97.22%	74.61%	72.54%

# Renaissance Midcap Portfolio

Inception Date: 1st January, 2018

Data as on 31st July, 2025

## 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.
- Diversified approach – Around 25-30 stocks

## Top Stocks

Company	Weight (%)
One 97 Communications Ltd	6.98%
Federal Bank Ltd	6.11%
Poonawalla Fincorp Ltd	4.92%
Jubilant Foodworks Ltd	4.81%
Nippon life AMC Ltd	4.64%

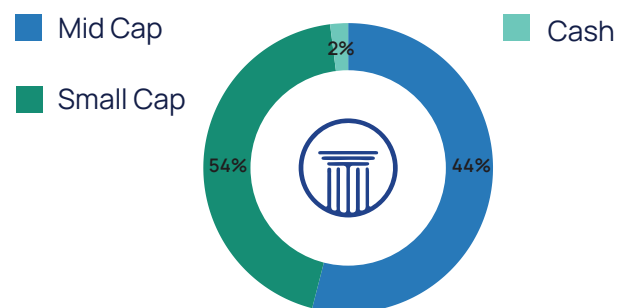
## Portfolio - Fundamental Attributes

Particular	FY25	FY26E	FY27E
PAT Growth (%)	8.7	15.5	24.8
ROE (%)	12.7	13.1	14.4
P/E	33.7	29.2	23.4
PEG	3.86	1.88	0.94

## Periodic Returns

Period	RMP	Nifty Midcap 100 TRI	Nifty 50 TRI
1M	-1.37%	-3.82%	-2.77%
3M	9.34%	6.30%	2.44%
1Y	-6.85%	-2.17%	0.54%
2Y CAGR	15.46%	24.06%	13.37%
3Y CAGR	20.59%	25.42%	14.33%
5Y CAGR	27.63%	30.98%	18.89%

## Portfolio Capitalization



## Top Sectors

Sector	Weight (%)
BFSI	24.46%
Consumer Discretionary	20.25%
Pharma & Chemicals	19.52%
Information Technology	12.93%
Internet	9.91%

## Portfolio -Risk Attributes\*

Particular	RMP	Nifty Midcap 100 TRI
Std Dev (%)	30.62	29.50
Sharpe Ratio	0.49	0.67
Beta	0.94	1.00
Treynors Ratio (%)	15.81	-
Information Ratio	-0.38	-
Up/Down Capture (%)	89/97	-

\*3 years data

## Financial Year Returns

Period	RMP	Nifty Midcap 100 TRI	Nifty 50 TRI
FY25-26 YTD	10.59%	11.36%	6.00%
FY24-25	3.21%	8.01%	6.65%
FY23-24	48.43%	61.17%	30.08%
FY22-23	5.40%	2.01%	0.59%
FY21-22	30.46%	26.65%	20.26%
FY20-21	90.28%	103.91%	72.54%

# Investment Philosophy

## Sustainable Quality Growth At Reasonable Price (SQGARP)

 <h3>Sustainability</h3> <p>Companies with sustainable and durable business models.</p>	 <h3>Quality</h3> <p>Superior quality businesses as demonstrated by Competitive edge, Pricing power, ROE, FCF. Good quality and competent management teams.</p>	 <h3>Growth</h3> <p>Business that can deliver superior growth over medium term to long term.</p>	 <h3>Price</h3> <p>Ability to invest at reasonable valuations. Fair value approach to valuation, focus on economic value of business.</p>
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### Statutory Details

Renaissance Investment Managers 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

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### Risk Factors

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