

FACTSHEET

August 2022



Renaissance Investment Managers

Dear Investors,

India's Resilience in a slowing World

Given the indication by flash PMIs for Aug'22, both manufacturing and services activity in US and Europe seems to be facing setbacks in the wake of elevated prices. While in US CPI remains sticky, they remain a concern in the Eurozone and UK. Looming energy crisis and fast approaching winter season can add to the woes of Europe. In the US, impact of aggressive rate hikes by the Fed is set to hamper growth.

Fed Chair, Powell, in his speech at the Jackson Hole admitted that there will be consequences of high interest rates on labour market and economic growth. He also reiterated that Fed remains committed to bringing inflation substantially down, thus signalling continued rate hikes by the central bank in the upcoming meetings, despite running the risk of recession. Further, ECB official also indicated that the bank will have to hike rates even if it leads to a recession. ECB officials have also signalled that a 75bps rate hike should be discussed in the Sep'22 meeting.

Chances of growth slowdown in Eurozone are significantly higher as an ongoing energy crisis is already pinching on the pockets of consumers and businesses. Inflation in the Eurozone climbed up to a fresh record high at 9.1% in Aug'22 from 8.9% in Jul'22, driven by gas prices and a drought. Even China runs the risk of growth slowdown as key macro-economic indicators continue to exhibit weakness. Industrial production in Jul'22 rose by 3.8%, down by 3.9% in Jul'22 and est.: 4.3%.

India's Growth Resilience

India's real GDP rose by 13.5% in Q1FY23, fastest pace compared to the last three quarters, despite an elevated base (20.1% in Q1FY22). While GVA rose by 12.7% in Q1FY23 against 3.9% in Q4FY22 and compared to 18.1% in Q1FY22. Sector wise, services outperformed.

CPI came in slightly lower at 6.7% in Jul'22, down from 7% in Jun'22. Food inflation moderated further, supported by softening prices of vegetables, meat and fish, oils & fats, and milk & milk products. Core inflation edged down by 30bps to 5.7% in Jul'22 on account of sharp dip in transport and communication. We believe RBI will hike rates by another 50bps during the year.

Corporate Performance in 1QFy2022-23

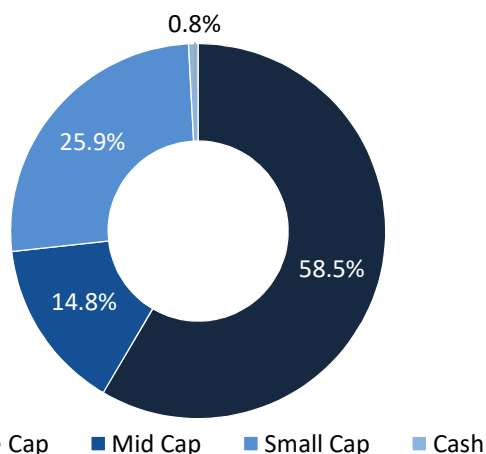
India Inc. presented a very positive performance in the first quarter of the financial year. Sales of a sample of 2,598 companies covering 38 sectors witnessed growth of 39.8% in net sales compared with 43.1% last year. This does sound impressive considering that barring mining, all sectors witnessed positive growth this quarter. It must however be pointed out that interpretation of data must be qualified as the preceding two years witnessed unusual lockdowns- in 2020 there was a total lockdown for two months while in 2021 the first quarter was subject to different lockdowns imposed by various states which impeded performance. CAGR in sales was 13.3% per annum for the sample companies between 2019 and 2022, which is still reasonably healthy and Net profit of these sample companies increased from Rs 1.73 lakh crore in 2021 to Rs 2.04 lakh crore in 2022.

We believe the underlying demand trend remains strong in India as India is poised to experience, first, normalised festive season post the pandemic. At margin, the \$20 fall in crude prices will boost domestic savings by \$25bn. Corporate and Bank Balance sheets are healthy and private sector is accelerating its capital expenditures. Thus, India remains in a sweet spot in a slowing world.

Happy investing!

Pankaj Murarka
CIO & Founder

Investment Strategy



Portfolio Highlights

Portfolio Date: 31/08/2022

Particulars	FY23E	FY24E
PAT growth (%)	34.2%	35.4%
ROE (%)	13.9%	17.0%
P/E	23.4	28.2

Top Holdings

Portfolio Date: 31/08/2022

Company	Weight(%)
ITC	9.50%
ICICI Bank	8.76%
Aditya Birla Fashion And Retail	7.55%
State Bank of India	7.00%
Kotak Mahindra Bank	6.31%

Renaissance India Next Fund - Risk

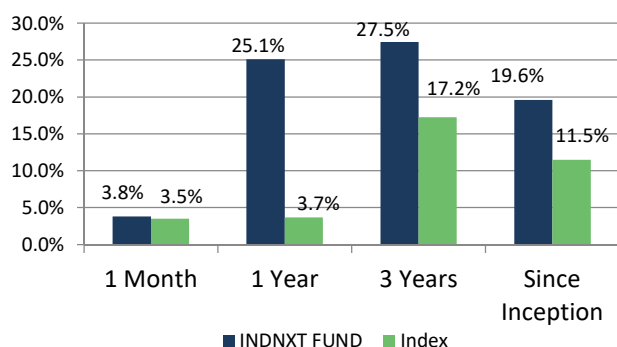
Time Period: 13/08/2018 to 31/08/2022

Calculation Benchmark: IISL Nifty 50

	Portfolio	Index
Return (Annualised)	19.59	11.49
Std Dev (Annualised)	29.58	20.28
Excess Return (Annualised)	8.1	0.0
Sharpe Ratio	0.8	0.6
R2	0.7	1.0
Beta	1.2	1.0

Returns

Calculation Benchmark: IISL Nifty 50



Sectoral Weights

Portfolio Date: 31/08/2022

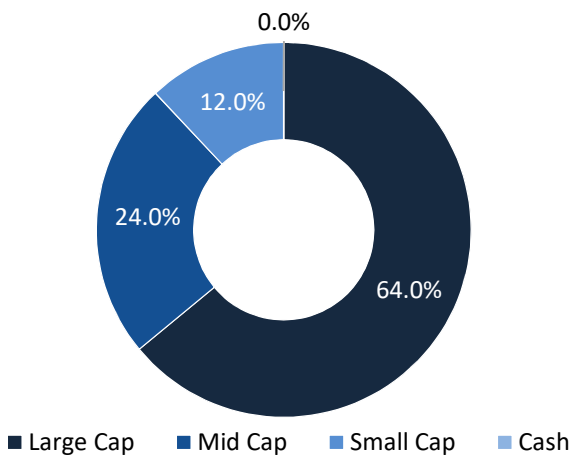
Sector	Weight(%)
Banks & Finance	31.02%
FMCG	17.05%
Media & Publication	9.22%
Utilities	8.88%
Automobiles & Logistics	7.33%

Funds Returns are after tax*. And Benchmarks Returns are Pre Tax

*To the extent profit booked.

Theme: Brand, Internet, Technology & Science (BITS)

Investment Strategy



Portfolio Highlights

Portfolio Date: 31/08/2022

Particulars	FY23E	FY24E
PAT growth (%)	35.10%	26.00%
ROE (%)	12.20%	16.80%
P/E	31.4	29.6

Top Holdings

Portfolio Date: 31/08/2022

Company	Weight(%)
ICICI Bank	8.27%
Kotak Mahindra Bank	7.77%
Syngene International	6.96%
ABB India	6.80%
Aditya Birla Fashion	6.38%

Renaissance India Next Fund - Risk

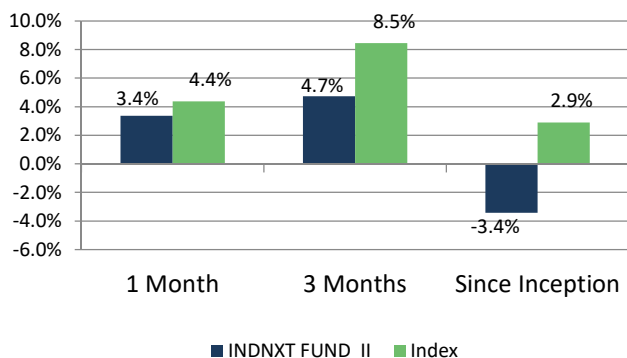
Time Period: 01/01/2022 to 31/08/2022

Calculation Benchmark: IISL Nifty 200

	Portfolio	Index
Return	-3.41	2.90
Std Dev	18.45	16.58
Excess Return	-6.31	0.0
Sharpe Ratio	-0.19	0.34
R2	0.96	1.0
Beta	1.09	1.0

Returns

Calculation Benchmark: IISL Nifty 200



Sectoral Weights

Portfolio Date: 31/08/2022





Portfolio Allocation	Weight(%)
Brand	20.08%
Internet & Telecom	33.36%
Technology	32.53%
Science	14.03%

Funds Returns are after tax*. And Benchmarks Returns are Pre Tax

*To the extent profit booked.

Investment Philosophy

Sustainable Quality Growth At Reasonable Price (SQGARP)

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

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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