ALPHA DYNAMIC THEMATIC

Renaissance INVESTMENT ADVISORS
An IA Arm of RSTPL

January 2023

Dear Investors,

India Budget 2023 – Progressive & Prudent

Union Budget 2023 can be summed up as a Progressive and Prudent budget. The finance minister continued its focus on higher capital expenditure, support to rural economy and digitalisation of Indian economy. Key budget estimates like growth in tax collections and disinvestment targets amongst others appear reasonable and the roadmap towards fiscal consolidation is well articulated. Continuity in policy direction and realistic estimate provides much appreciated stable environment for long term investing in the country.

The budget recognizes and acknowledges the emergence of Indian economy as an oasis in the economically challenged global economic environment and the world is looking upon India to step up its role of the fastest growing major economy in the world. The government has taken a pragmatic approach towards this ambitious pursuit.

The finance minister has focused on reinvigorating economic growth; yet done that with long term sustainable approach avoiding falling prey to short term impulses, given that it was supposedly an election budget. The government has laid major emphasis on significantly accelerating capital expenditure as the corner stone for driving growth. As result, the aggregate central government capital expenditure has been increased by 33% to 10.5 trillion. Within infrastructure, the capital outlay on railways is slated to increase by 50% to Rs 2.4tn and 9x when compared to the outlay for FY14. Apart from railways, allocation has increased across sectors like defense, rural housing, other transportation (roads & ports) and urban infrastructure. The capex now stands at an all-time high of 3.3% of GDP. **The budget is focused towards increasing productivity and efficiency by ensuring quality spending.**

To drive the rural & agri economy, the FM made a slew of announcements. Foremost, the food subsidy program has been continued for another financial year. Importantly, the target for agriculture credit has been further increased to Rs 20tn (vs. Rs 18tn last year). In addition to improved availability of credit, the budget proposes a fund to encourage agri-startups by young entrepreneurs. With the view to improve the agri productivity, there have been plenty of announcements to facilitate better quality of seeds, investments in digital infrastructure and skill development. Allocation under Pradhan Mantri Awas Yojana (PMAY) have increased to Rs790bn, which is 66% higher than the Rs 275bn budget allocation made in FY22. This will continue to boost affordable housing segment.

In the post covid era, Digitisation has been at the heart of all new initiatives taken by the government. India's Digital Public Infrastructure is the most advanced globally and even superior to the developed world. The budget further emphasizes on harnessing the power of technology by initiatives like (a) use of PAN as the common identifier for all digital systems (b) setting up 100 labs for developing applications for 5G services (c) expanding the scope of documents that can be shared through Digilocker and many more initiatives so as to make digitisation all pervasive in business and governance.

Given the buoyancy in tax collections, GST revenues for FY23 has been revised upwards by 9.5% to Rs 8.6tn. Similar has been the case for personal and corporate tax collections. In the last budget, government chose to build conservative and realistic estimates to ensure that the fiscal deficit targets also appear credible. The same approach continues for FY24 as well. Total tax revenues are budgeted to increase by 11.7% on back of expected nominal GDP growth of 10.5%. To delight the middle class and offset the impact of rising inflation, personal tax rebates have been increased and there has been reduction in effective personal tax rates. The government has demonstrated fiscal discipline by adhering to Fy2022-23 BE target of 6.4% fiscal deficit and continued the path of fiscal consolidation with a projected fiscal deficit of 5.9% for Fy2023-24.

In the absence of any exogenous shocks, the budget maths is conservative and credible. **Despite being the last budget before central elections, the government has resisted the temptation to be populist and focused on fiscal prudence.** The continuing structural reforms like PLI to facilitate India's emergence as global manufacturing hub, revival of private sector capex cycle and healthy consumer spending will continue to provide growth impetus to the economy.

On the global front, we are most likely reaching towards the end of the rate hike cycle. The US fed chair has acknowledged that the series of rate hikes have started to have the desired disinflationary impact on the economy. While there could be further minor rate hikes going ahead, we believe the bigger question now is how long the high interest rate scenario would continue. The jury is out on when the cycle would reverse. I believe greater clarity would emerge on the same over the next 2 quarters which would then set the tone for rate cuts in India as well.

Equity markets are a volatile beast and volatility could emerge from different corners, sometimes anticipated and most of the time unanticipated. We are going one such volatile times. But India has taken several structural initiatives which are unlikely to be perturbed by short term volatility. A combination of thrust to manufacturing and focus on infrastructure to support manufacturing will go a long way in improving India's global competitiveness. We believe the stage is set for change in long term growth drivers of the economy. We have reconciled with this fundamental shift couple

Happy investing!

Pankaj Murarka
Promoter & Investment Advisor

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It is with the help of Alpha Dynamic Thematic that you will be able to invest in stocks that are part of a specific theme. Selection of the theme is a dynamic process based on the macroeconomic environment and sectoral trends that are taking place in the economy today.

Currently, we are going with the "GROWTH & INCOME" theme. Growth focuses on companies in sectors like Consumer Discretionary, Capital Goods, Financials and IT & Retail whereas Income focuses on sectors like Utilities, Telecom, Pharmaceuticals and Real Estate.

By targeting a specific theme, we focus on quality and financial capabilities and management of the companies we invest in.

After the theme's completion, the fund gradually switches to another theme matching with the current economic cycle.

Key Features

BENCHMARK: NIFTY 200

NO OF STOCKS: 20-25

RISK: Medium

TIME FRAME: Medium to Long Term

Advisory Portfolio Performance (%)*

Period	1 Month	6 Months	1 Year	Since Inception CAGR
Alpha Dynamic Thematic	-2.1	9.9	10.3	27.6
Nifty200	-3.5	1.5	0.5	7.2

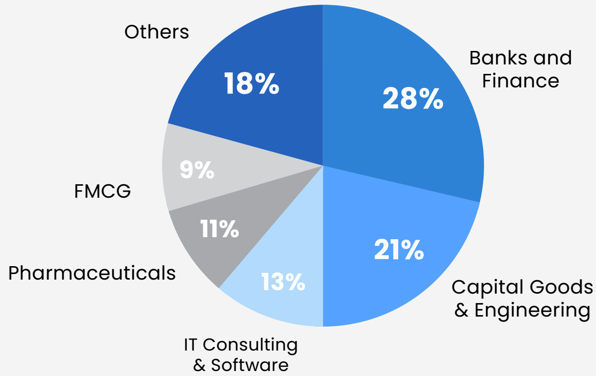
*Performance as on 31st January 2023
Inception Date: : 1st June 2021

TOP 5 STOCKS

1	ITC LTD	8.6%
2	STATE BANK OF INDIA	7.7%
3	ICICI BANK LTD	7.0%
4	HDFC BANK LTD	6.1%
5	SUN PHARMACEUTICAL INDUSTRIES LTD	5.9%

(The current advisory portfolio holdings may or may not be a part of future portfolio holdings and may or may not be part of all client advisory portfolios)

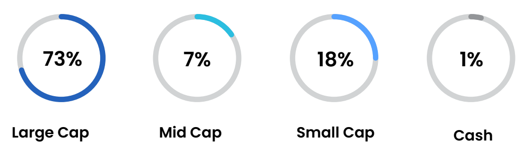
SECTORAL ALLOCATION



WEIGHTED AVERAGE MARKET CAP

3,00,078 cr

MARKET CAPITALIZATION#



#On the basis of AMFI classification

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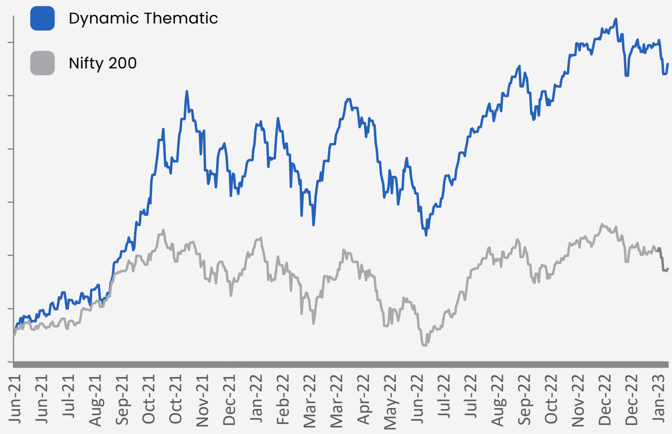
ADVISORY PERFORMANCE*



(Benchmark Source: NSE India)

RISK ATTRIBUTES

	Index	Portfolio
SD	17.08%	18.56%
Sharpe Ratio	-0.38	0.18
Beta		1.00
Treynors Ratio		0.03
IR		1.35

(Period: Last 12 months)

Core Team

Pankaj Murarka
(Promoter & Investment Advisor)

Pankaj is the promoter & IA of Renaissance Smart Tech. He has over 25 years of experience in Fund Management and has several accolades to his credit. He was awarded as Best Fund Manager – Runner up Award for Axis Midcap Fund by Outlook Money in 2014. The fund delivered a CAGR return of 24% (2011-2015) significantly outperforming the benchmark and was a top decile fund for 2012 & 2013. It was ranked the No 1 performing fund in India across all funds in 2014 on 3 year basis. He was also recognized by Outlook Money as a Leading Fund Manager with 5 years of track record of consistent performance in the year 2015. Pankaj was associated with Axis Mutual Fund as the Chief Investment Officer (CIO) managing over $2bn in Indian Equities.

Pawan Parakh
(Director)

Pawan has over 15 years of experience in equity research and fund management. He started his capital markets career as an equity analyst with Edelweiss Securities. He had the privilege of working with marquee organizations like HDFC, HSBC and Deloitte amongst others. As part of his research process, Pawan actively interacts with company managements, industry experts, technocrats and bureaucrats to understand the nuances of businesses. He likes to do field and factory visits to enhance his business understanding. Pawan is a meritorious Chartered Accountant (all India 48th Rank holder). He has also cleared CFA exams from CFA Institute (Virginia, USA).

Renaissance Smart Tech Private Limited
Type of Registration: Non– Individual **Validity of Registration:** Perpetual
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Name of Principal Officer: Mr. Pankaj Murarka
Contact details of Principal Officer: 022– 49711561 **Email ID:** info@renaissanceadvisors.in
Corresponding SEBI regional / local office address: Securities and Exchange Board of India, SEBI Bhavan, Plot No. C4-A, G Block, BKC-Bandra East, Mumbai- 400051

About us :
Renaissance Smart Teach Private Limited ("RSTPL") is registered with SEBI as an Investment Advisor with registration no. NA000016436. Renaissance Investment Managers Private Limited ("RIMPL"), a sister concern of RSTPL is registered with SEBI as an Investment Advisor and Portfolio Manager with registration no. INA000014827 and INP000005455 respectively and is also an Investment Manager to Renaissance Alternate Investment Fund, a Category III Alternative Investment Fund registered with SEBI with registration no. IN/AIF3/18-19/0549.

***Disclaimer :**
The performance / returns of the stock across individual advisory model portfolios may vary significantly from the data provided. No claims may be made or entertained for any variances between the above performance depictions and that of the stock within individual client advisory portfolios neither the Investment Advisor, nor its Directors, employees shall in any way be liable for any variation noticed in the returns of individual portfolios. Performance of RSTPL shall have no bearing on the expected performance of the model advisory portfolio. Past performance of the financial products, instruments and the model advisory portfolio may or may not be sustained in future and should not be used as a basis for comparison with other investments. Till 27th July 2022, the clients were advised by Renaissance Investment Managers Pvt. Ltd. Thereafter, the advise has been given by RSTPL.

Holdings and Disclosure of Interest :
RSTPL or RIMPL or its affiliates or employees/directors or funds managed by RIMPL may have same or contra positions in personal or fiduciary capacity in the securities/stocks advised. Investors should take caution while executing the advice based on their risk/return profile and suitability. Companies/stocks/Sectors advised by RSTPL may or may not be the part of one or more of RIMPL's PMS Investment Approaches, Advisory portfolio universe and/or AIF Schemes.

Risk Factors :
The value of the investments may be affected generally by factors affecting financial markets, such as price and volume, volatility in interest rates, currency exchange rates, changes in regulatory and administrative policies of the Government or any other appropriate authority (including tax laws) or other political and economic developments. RSTPL is not liable or responsible for any loss or shortfall resulting from the operation of the model advisory portfolio.