ALPHA LEADERSHIP

Renaissance INVESTMENT ADVISORS

March 2023

Dear investors,

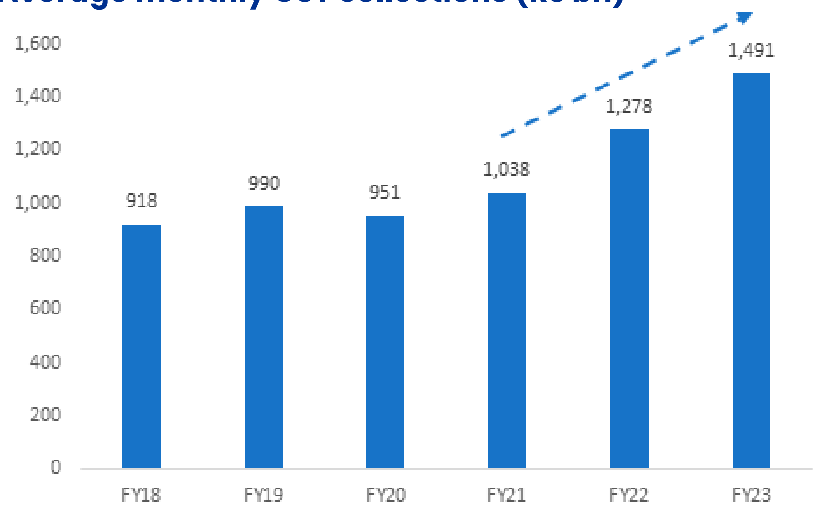
Another volatile JFM quarter

Over the last 3-4 years, JFM (Jan-Feb-Mar) quarter has turned out to be a bad omen for the equity markets. After Covid (multiple waves) and Russia-Ukraine war, JFM in 2023 was jolted by an unexpected banking crisis in the western world. While the world was still fighting a battle against stubborn inflationary pressures, SVB Bank followed by Credit Suisse fallouts drove further uncertainty for the equity markets across the globe. However, the weird part of this story is the 360 degree reversal in the US FED's policy which has moved from quantitative tightening to quantitative easing. After a doom's day scenario getting built in JFM quarter, the rest of the calendar year has been marked by a smart recovery for equity markets in the last 3 years. While we hate to blindly extrapolate historical trends, but a move from quantitative tightening to quantitative easing could potentially be a good reason for equity markets to rally from hereon.

Global banking crisis is unlikely to have any meaningful impact on Indian banking system or the economy. Foreign banks account for less than 1% of the country's total branch network and in terms of banking assets the contribution is ~7%. More importantly, for all foreign banks, contribution from Indian operations is inconsequential in their overall scheme of things. On the other hand, Indian banks have a paltry presence in international geographies and have no dependence on foreign banks for raising deposits/ borrowings. Whichever way one looks, Indian banks are largely immune from the global turmoil. On the contrary, Indian banking system is going through its strongest phase ever in multiple decades. We have spoken about this multiple times in our notes earlier.

The Indian economy is not completely immune global upheaval; however, it certainly remains in a far better position than the world. Gross GST collection for the FY22-23 stood at Rs 18tn, which implies a very strong 22% YoY growth. While the high growth is also partly due to inflation and higher compliance, but ex of these two factors also, the collections are quite robust and reassuring.

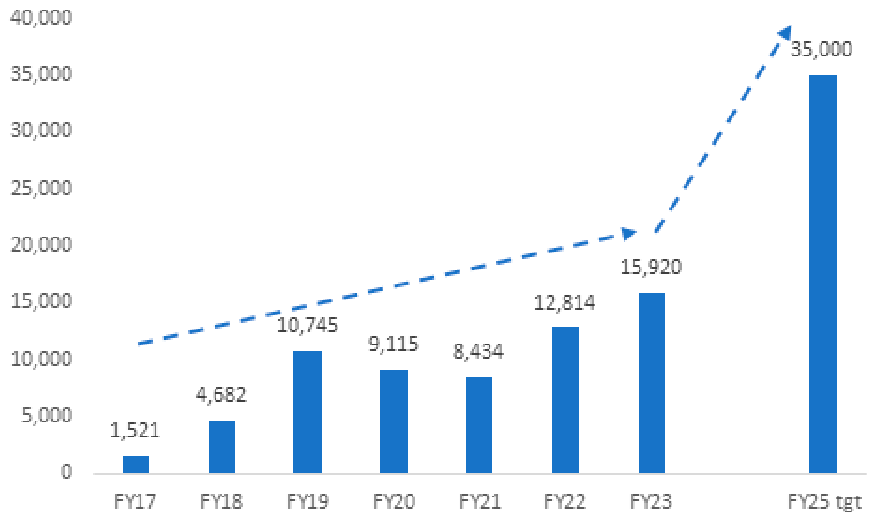
Average monthly GST collections (Rs bn)



Source: Govt of India

Despite the initial setback to the Make in India programme, the Govt of India persisted with its drive to increase the manufacturing footprint in the Indian economy. PLI scheme has undoubtedly been a success. Another green shoot is also visible in the defence manufacturing and exports of the country. Since FY16-17, defence exports have increased 10 times (chart below) to Rs 15,920crs in FY22-23. Given our historical track record, this is massive and really encouraging. More importantly, the Govt has set a target of Rs 35,000cr of defence exports for FY25. This implies more than doubling of exports in just two years. If India can pull this off, this will certainly be a game changing moment for defence industry. Its noteworthy to highlight that defence orders to the tune of Rs 45,000cr were placed in the last week of Mar23. This clearly shows the intent of the government to drive defence manufacturing/ exports in a big way.

India Defence Exports (Rs crs)



Equity markets are amidst a tug-of-war with global uncertainties on one side and domestic opportunities on the other. We believe there are structural tailwinds for the Indian economy emanating from PLI scheme, Make in India, China+1 and capex cycle recovery amongst others. These are structural drivers for the economy which are unlikely to bogged down by intermittent slowdown in demand or EL-Nino kind of events. Consequently, we continue to remain sanguine on the long term growth prospects of the Indian economy.

Happy investing!

Pankaj Murarka
Principal Officer & Investment Advisor

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Alpha Leadership Portfolio invests into high quality companies that are business leaders across various industries. With investment in one single portfolio, the investor gets access to fastest growing bluechip companies that are business leades in their respective sector.

Growth

- Companies which witness strong earnings growth led by sectoral tailwinds

Business Leadership

- Companies which are leaders, have competetive edge and generate superior ROCE

Key Features

BENCHMARK: NIFTY 200

NO OF STOCKS: 20 - 25

RISK: High

TIME FRAME: Medium to Long Term

Advisory Portfolio Performance (%)*

Period	1 Month	6 Months	1 Year	Since Inception CAGR
Alpha Leadership	1.3	0.2	9.2	10.2
Nifty 200	0.5	-1.5	-2.2	-5.3

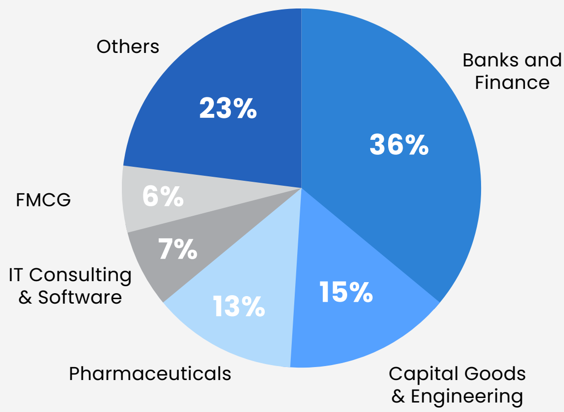
**Performance as on 31st March 2023*
Inception Date : 17th October 2021

TOP 5 STOCKS

1	HDFC BANK LTD	9.1%
2	INFOSYS LTD	7.1%
3	ABB INDIA LTD	7.0%
4	ITC LTD	6.4%
5	BHARTI AIRTEL LTD	6.1%

(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)

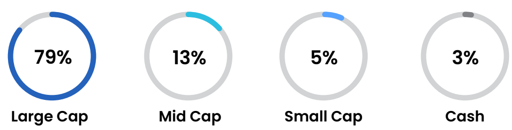
SECTORAL ALLOCATION



WEIGHTED AVERAGE MARKET CAP

2,83,239 cr

MARKET CAPITALIZATION#



#On the basis of AMFI classification

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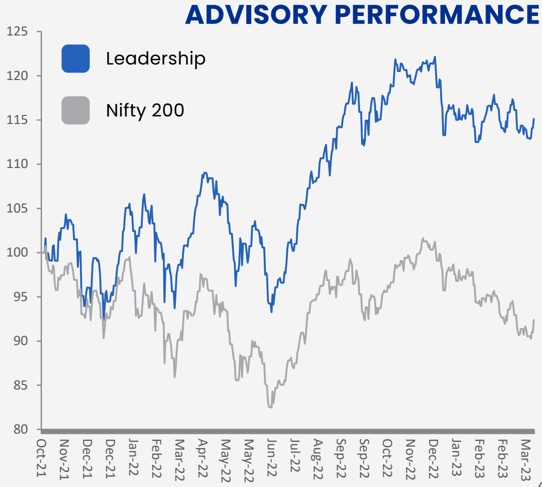
ADVISORY PERFORMANCE*



(Benchmark Source: NSE India)
(Inception Date: : 17th October 2021)

RISK ATTRIBUTES

	Index	Portfolio
SD	14.75%	15.52%
Sharpe Ratio	-0.64	0.13
Beta		0.95
Treynors Ratio		0.02
IR		1.69

(Period: Last 12 months)
(Inception Date: : 17th October 2021)

Core Team

Pankaj Murarka

(Principal Officer & Investment Advisor)

Pankaj is the promoter of Pipal Securities Pvt. Ltd. which is holding company of Renaissance Smart Tech Pvt. LTd. 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. Pankaj is also CIO and Director of Renaissance Investment Managers Pvt. Ltd.

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

Address: C-710, Mittal Commercia Premises, Marol, Andheri East- 400059

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.