

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

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

ALPHA DYNAMIC THEMATIC

August 2022

Key Features

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.



BENCHMARK:
NIFTY 200



NO OF STOCKS:
20-25



RISK:
Medium



TIMEFRAME:
Medium to Long Term



EXPECTED CAGR:
15-20%

Portfolio Performance (%) as on 31st August 2022

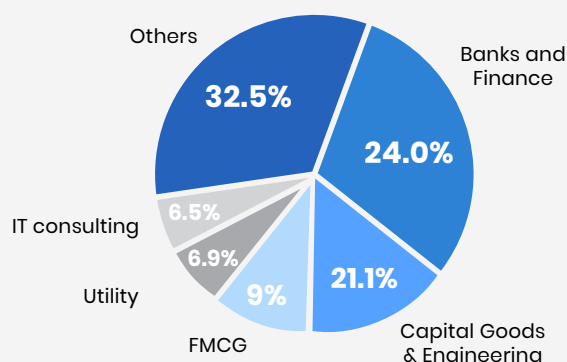
Period	1 Month	6 Months	1 Year	Since Inception CAGR
Alpha Dynamic Thematic	5.9	14.2	33.0	34.3
Nifty200	4.4	7.1	5.1	12.3

#Portfolio Inception Date: 1st June 2021

TOP 5 HOLDINGS

1	ITC LTD	9.0%
2	ICICI BANK LTD	7.7%
3	STATE BANK OF INDIA	7.6%
4	ABB INDIA LTD	6.1%
5	RELIANCE INDUSTRIES LTD	5.7%

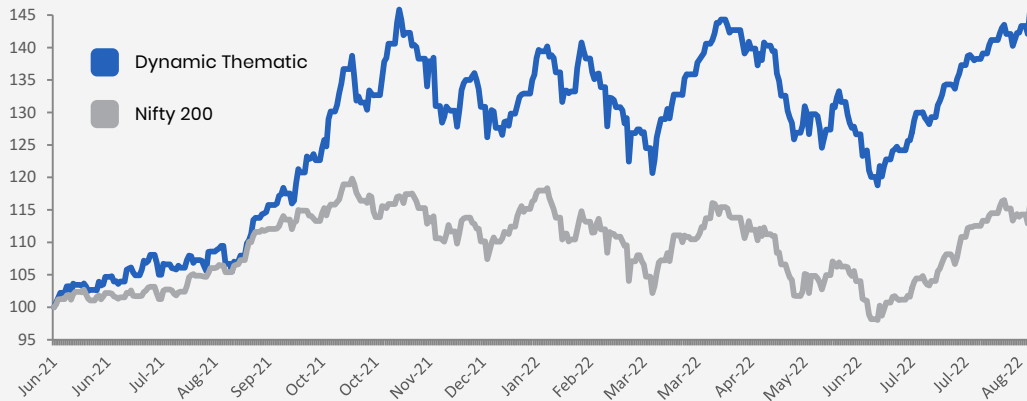
SECTORAL ALLOCATION



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PERFORMANCE



WEIGHTED AVERAGE MARKET CAP

3,62,614 cr

MARKET CAPITALIZATION



Large Cap



Mid Cap



Small Cap



Cash

Investment Core Team



Pankaj Murarka

(Founder & CIO)

Pankaj is the founder of Renaissance Investment Managers. 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

(Portfolio Manager)

Pawan has over 15 years of experience in equity research and fund management. He drives the fund management function at Renaissance. 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).

SEBI Registered Investment Advisor (Reg. No.: INA000016436)

Disclaimer*:

The performance / returns of the stock across individual portfolios may vary significantly from the data depicted above. No claims may be made or entertained for any variances between the above performance depictions and that of the stock within individual client 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 fund. Past performance of the financial products, instruments and the portfolio may or may not be sustained in future and should not be used as a basis for comparison with other investments.

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 fund. This document represents the views of Renaissance Smart Tech Private Limited and must not be taken as the basis for an investment decision.