

Dear Investors,

## World is not a safe place, but India is better placed

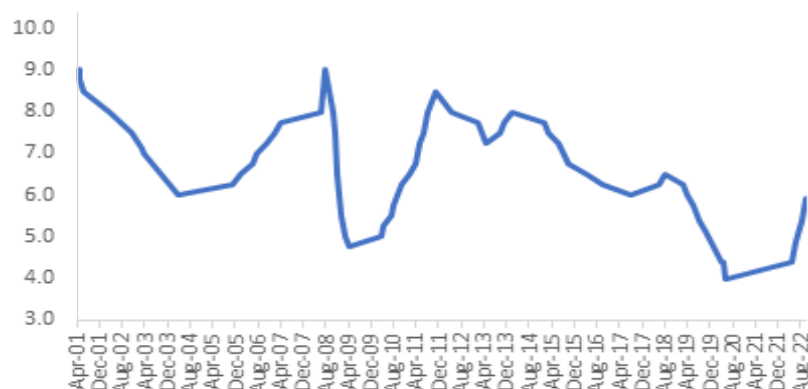
Sep-22 month saw all the global concerns resurfacing back to the fore. It started with red hot inflation reading from the US, followed by interest rate hikes, some political induced economic turmoil, and concerns on the financial health of leading financial institutions. Equity markets across the board saw a sharp correction as so much of it happened in just about 15-20 days. Policy rates across the world were increased in the range of 0.25% to 1.25%, over the last one month. In many cases, the policy rates are higher than the previous peaks in last 10-15 years. On the contrary, current interest rates in India are significantly lower than the peaks seen in last 10-15 years. While India is not completely immune to the developments in the western world in the short term, we discuss in this note as to why our long-term growth outlook of Indian economy remains upbeat.

### Global bond yield crossed its previous peak of last 15 years



Source: Bloomberg

### India Interest rates way below its previous peaks in last 15 years



Source: RBI

# ALPHA DYNAMIC THEMATIC

India economic condition remains for more robust driven by multiple parameters like (a) moderate inflationary pressures, (b) strong GDP growth and (c) resilient investment climate. Despite the tough global environment, government tax revenues now stand at 20% above FY20 levels. Tax buoyancy is witnessed across both direct and indirect tax collections. Non-oil imports continue to remain robust. Demand for real estate continues to remain sanguine, despite the hike in interest rates. This is all indicative of a strong underlying growth fundamentals of the Indian economy. On the flip side, we do have short term problems of high current account deficit, which is further intensified by INR depreciation. However, one should be cognizant of the fact that compared to other emerging markets (and even several developed markets), INR depreciation has been considerably lower.

In the current environment, recovery in India's capex cycle has been looked upon with skepticism. However, we tend to differ. We firmly believe that capex cycle is essentially a function of capacity utilization and underlying demand, as these factors determine the viability of a new investment. Over the last 15 years, there have been several instances of benign interest rate environment. However lower interest rates by itself haven't been able to kick start the investment cycle environment in the country. We believe that capex cycle will be a key theme in India for at least next 4-5 years and is unlikely to be perturbed by hikes in interest rates. Despite the sharp increase in repo rates in India over the last 3 months, credit growth has seen a multi month high in the month of Sep-22.

We are watchful of the economic and geopolitical events unfolding on the global front. While a correction in the developed markets will certainly have a cascading impact on Indian markets as well. We believe these are unlikely to dislocate the growth fundamentals of India economy. Over the next 5 years growth in Indian economy is a function of both consumption and investment, which hasn't been the case for last 10-12 years. Global upheaval can at best cause a deferral in the desired level of growth, in our opinion. We expect our portfolio performance to remain robust on the back of strong growth prospects of our portfolio companies. Most of our portfolio companies have moderate to low debt, which enables them to withstand the current global economic storm better than its peers.

Happy investing!

**Pawan Parakh**  
Portfolio Manager

# ALPHA DYNAMIC THEMATIC

September 2022

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



**TIMEFRAME:**  
Medium to Long Term



**EXPECTED CAGR:**  
15-20%

## Portfolio Performance (%) as on 30<sup>th</sup> September 2022

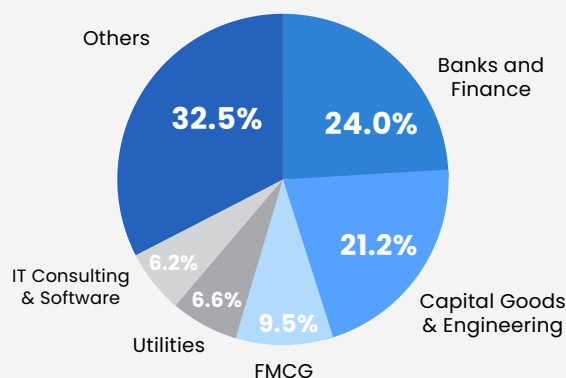
Period	1 Month	6 Months	1 Year	Since Inception CAGR
Alpha Dynamic Thematic	-1.7	2.7	15.7	30.2
Nifty200	-3.6	-0.6	-1.8	8.5

#Portfolio Inception Date: 1<sup>st</sup> June 2021

### TOP 5 HOLDINGS

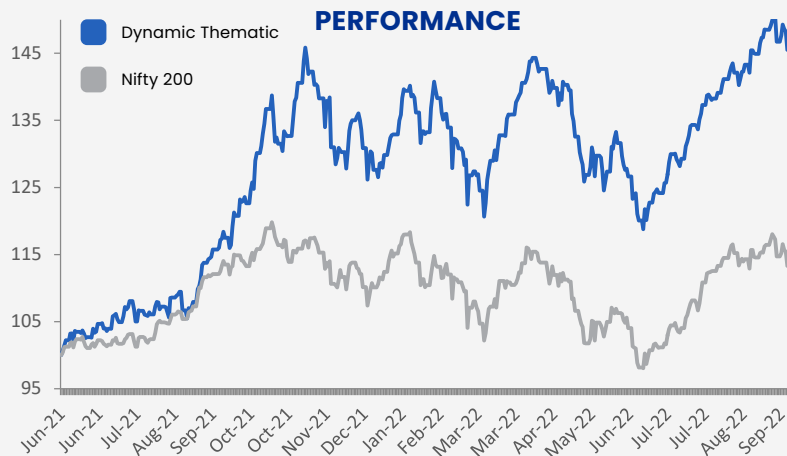
1	ITC LTD	9.5%
2	STATE BANK OF INDIA	7.8%
3	ICICI BANK LTD	7.6%
4	ABB INDIA LTD	5.9%
5	SUN PHARMACEUTICAL INDUSTRIES LTD	5.7%

### SECTORAL ALLOCATION



# ALPHA DYNAMIC THEMATIC

September 2022



## WEIGHTED AVERAGE MARKET CAP

2,69,512 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.