

**Dear Investors,**

## **Simplicity is about subtracting the obvious and adding the meaningful**

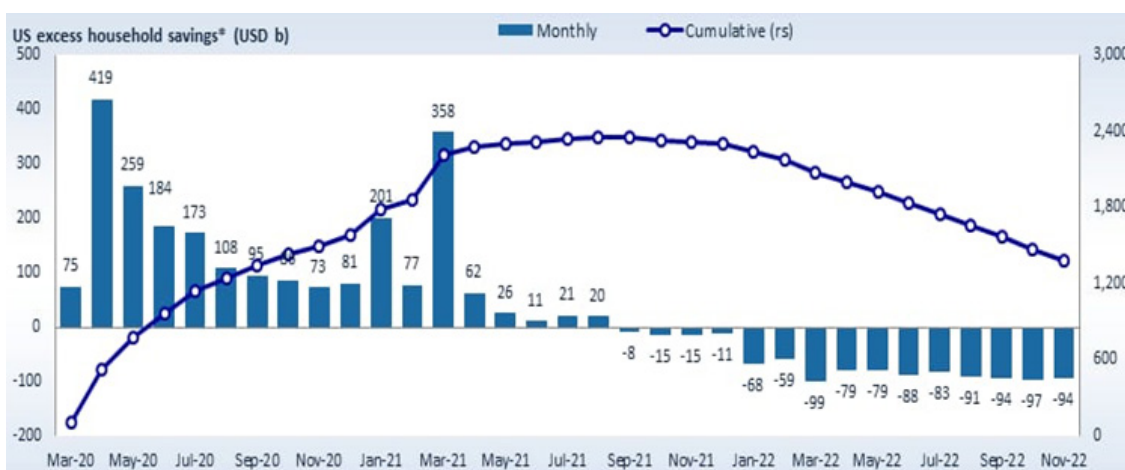
Capital markets are a volatile beast and the same will never change. What makes capital markets volatile is the reaction to consistent stream of news flows which by themselves are uncertain and live by every day, every week, every month. Such events can affect the imminent future but may or may not affect us much in the long term.

In this backdrop, let's consider the year which went by. Circa 2022 began with the threat of the Omicron variant but it died down in just few days. We were on the cusp of Russia-Ukraine conflict which most thought won't happen or if it were to happen, it would last for just few days. We are already more than 10 months into the war and still there is no visibility of the end. With so much of uncertainty around health and finance, any prediction of a positive return in 2022 would have been snubbed. But the reality is that we ended 2022 with a +4% return on Nifty 50!

Likewise, we are beginning the new calendar year with new sets of uncertainties/ challenges around risk of recession in US and risk of new covid wave post unlocking in China amongst few others. While we would discuss these key concerns in the note below, the key thing to note is that these events are unlikely to alter some of significant economic developments (like pick up in manufacturing and recovery in capex cycle) that has started in India over the last 2-3 years.

The biggest conundrum with respect to the US economy has been that of inflation vs. tight labour market. Below is an interesting chart depicting US excess personal savings over last 2-3 years. Personal savings saw a sharp increase post the massive quantitative easing during covid. However, the same is now declining gradually. The cumulative excess savings are now down to \$1.38t, from its peak of \$2.35t in 3QCY21. At this pace, excess savings will likely disappear entirely by early-CY24. This possibly implies an increase in labour supply from mid-CY23 onwards. This should also help in easing inflation substantially in US. Whether it would imply a deep recession in US or not is not very clear but it will certainly end of the FED's rate hiking.

## **Excess household savings in US (an estimate)**



Source: US Bureau of Economic Analysis

# ALPHA DYNAMIC THEMATIC

December 2022

On Covid, another wave across the globe cannot be ruled out as the Chinese people travel across the world in huge numbers. However, unlike China, most parts of the world have an advantage of natural immunity and reliable vaccination. India had an extremely sore second wave of covid and also massive vaccination drive, which should help in having a modest wave with low death ratio this time around. In the event of covid wave, businesses have the learnings of previous waves to deal with both the health and economic situation. Importantly the practice of partial work for home is still prevalent in India across several offices.

While the inflation problem has been relatively mild in India, the impact of the same has been visible on rural consumption. Rural demand has continued to remain subdued for the entire of CY22. However, we believe, this is set to change for positive in CY23. Our optimistic view on revival in the rural economy stems on moderating consumer price inflation, sustained economic growth, expected budgetary push, and migration of the rural population back to urban areas (which would increase remittances from urban to rural India). Considering 2024 is a general election year, we are optimistic about the government spending in rural India, which would augur well for rural recovery.

India cannot remain immune from a global crisis but unlike the past India has the advantage of strong banking system, a nascent recovery in capex cycle, formalization of the economy and entrepreneurial drive to leverage on China+1 global theme. Most corporates have been busy deleveraging over the 2012-2020 period. Now the theme has shifted to capacity creation, while maintaining balance sheet discipline. This is secular trend across multiple sectors like Electronics manufacturing, Renewables, Data centres, Chemicals, Auto, Metals and several others. These investments are committed with a real long-term view and are unlikely to be perturbed in short to medium term challenges. If one was to subtract the short-term volatility and add the long-term opportunities, we believe investing would appear relatively simple for CY23.

Happy investing!

**Pankaj Murarka**

Promoter & Investment Advisor

# ALPHA DYNAMIC THEMATIC

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	-1.3	24.2	18.8	31.0
Nifty200	-3.3	15.2	3.6	10.1

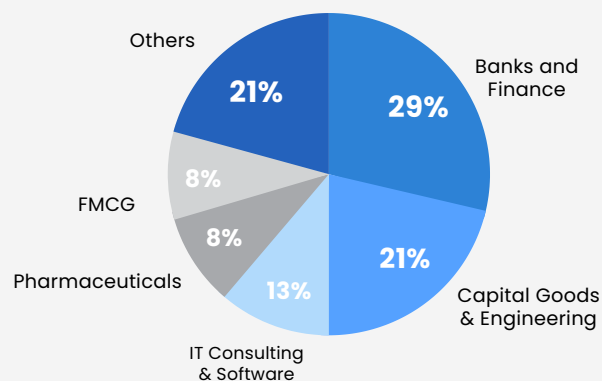
Performance as on 31<sup>st</sup> December 2022  
Inception Date: 1<sup>st</sup> June 2021

### TOP 5 STOCKS

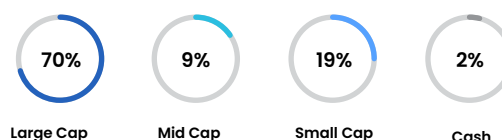
1	STATE BANK OF INDIA	8.3%
2	ITC LTD	7.9%
3	ICICI BANK LTD	7.3%
4	HDFC BANK LTD	6.0%
5	SUN PHARMACEUTICAL INDUSTRIES LTD	5.5%

(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



### MARKET CAPITALIZATION#



#On the basis of AMFI classification

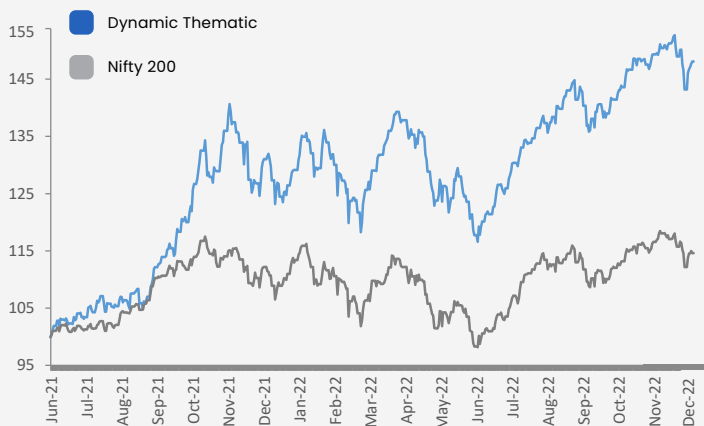


### WEIGHTED AVERAGE MARKET CAP

2,91,928 cr

# ALPHA DYNAMIC THEMATIC

## ADVISORY PERFORMANCE\*



(Benchmark Source: NSE India)

## RISK ATTRIBUTES

	Index	Portfolio
<b>SD</b>	17.35%	19.10%
<b>Sharpe Ratio</b>	-0.19	0.62
<b>Beta</b>		1.01
<b>Treynors Ratio</b>		0.12
<b>IR</b>		2.00

(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

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

Name of Principal Officer: Mr. Pankaj Murarka

Contact details of Principal Officer: 022- 49711561 Email ID: info@alphaportfolios.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 Tech 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 27<sup>th</sup> 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.