

ALPHA CORE & SATELLITE

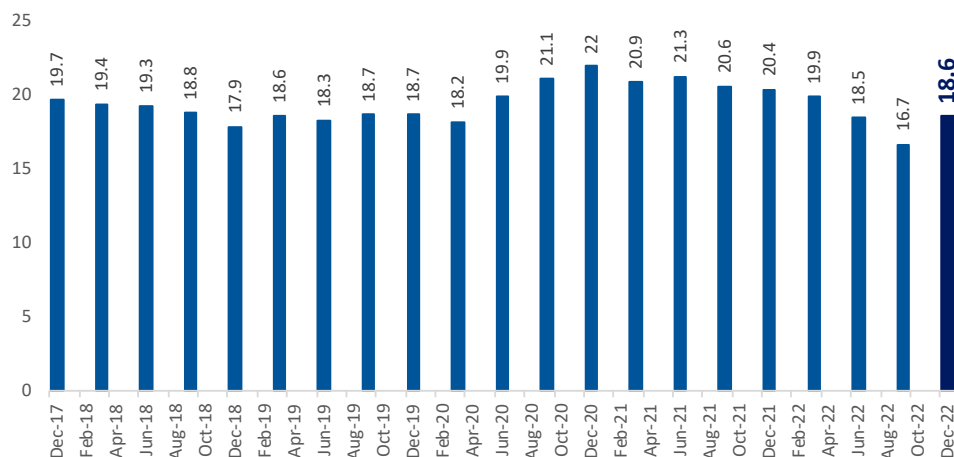
Dear Investors,

Sedate quarterly performance + Global uncertainty

Corporate earnings for Dec-22 quarter was broadly in line with consensus estimates. Nifty50 Index reported a revenue growth of ~19% YoY (~1% QoQ growth), largely driven by strong performance from domestic oriented businesses. On the positive side, Financials continue to remain the bright spot while commodities (Metals, Oil & Gas) were a drag on overall earnings. A common theme across the earning season was the demand slowdown post the festive season. While rural demand was any-ways subdued, urban demand also witnessed some sluggishness. Consequently there has been marginal cut of ~1% in NIFTY EPS estimates over the last 2-3 months.

Post the breakout of Russian Ukraine conflict, commodity prices across the board had spiked up, thereby negatively impacting EBITDA margins of Corporate India. With the cool off in commodity prices, EBITDA margins improved in the Dec-22 quarter (refer chart below). We believe, only part of the benefit was evident in Dec-22 quarter and there are further tailwinds to EBITDA margins that should be visible in Mar-23E quarter.

Nifty EBITDA margin (excluding Financials) contracts 180bp to 18.6% YoY



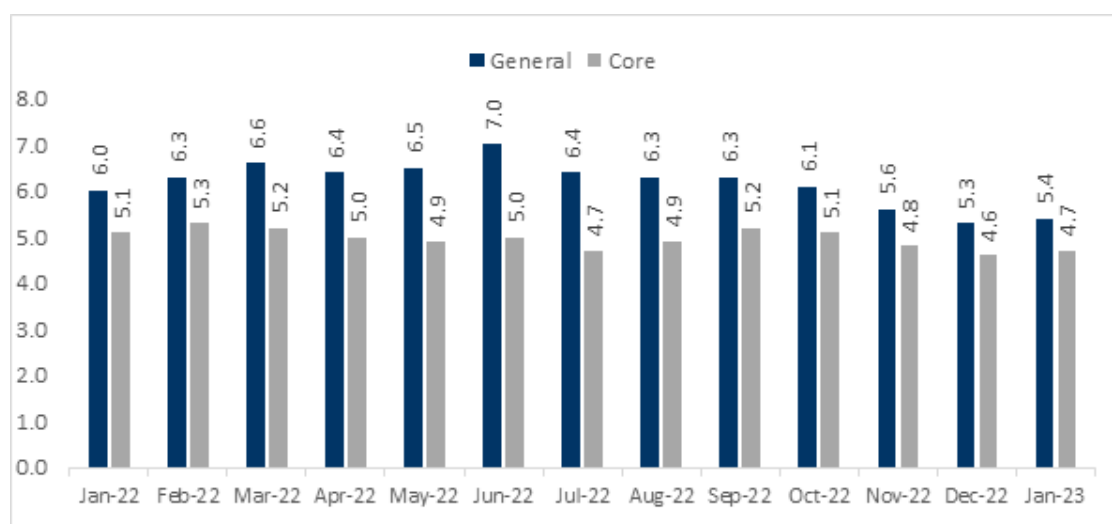
Source: Broker notes

From the global macro standpoint, the recent reading on personal consumption expenditures (PCE) price index has really threw a spanner in the works. While the recent reading of 4.7% is well below the Jun-22 highs, it has been stubbornly stuck at around these levels. Importantly, there has been a month on month increase of ~0.6%. US Fed relies highly on the PCE data. Given US Fed's commitment to price stability and getting inflation back down to 2%, it has no choice but to raise interest rates further. This increases the risk of the so called "hard landing" and hence the markets have been jittery over the last 1 month.

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Increase in interest rates in US could potentially mean higher interest rates in India as widening interest rate differential could cause havoc in the currency markets. RBI being cognizant of this fact, had already proactively increased repo rate in 2022. In this backdrop, it is likely that markets would remain choppy in over the next 2-3 months until greater clarity emerges on the inflation trajectory going ahead.

US PCE (Personal Consumption Expenditure) Price Inflation (%)



Despite the short-term challenges, we feel very confident on the long term growth outlook of our economy. As we have highlighted earlier, we see a recovery in capex cycle led by multiple factors like government infra spend, China+1, and PLI scheme amongst others. The initial green shoots of this are visible in the quarterly results of leading capital goods companies like L&T, Cummins, ABB and Siemens. A manufacturing driven economic recovery is far more secular in nature, as it generates employment opportunities not only for skilled labour but also for semi-skilled/ unskilled labour. This is similar to what we witnessed over the 2003-07 period. Consequently we continue to position our portfolios towards growth oriented businesses and more importantly towards companies which have strong balance sheets and cash flows. During the course of 2023, as inflation concerns abate gradually, we believe growth would be far more pronounced. In this backdrop, we believe our portfolios are well positioned to deliver superior adjusted returns.

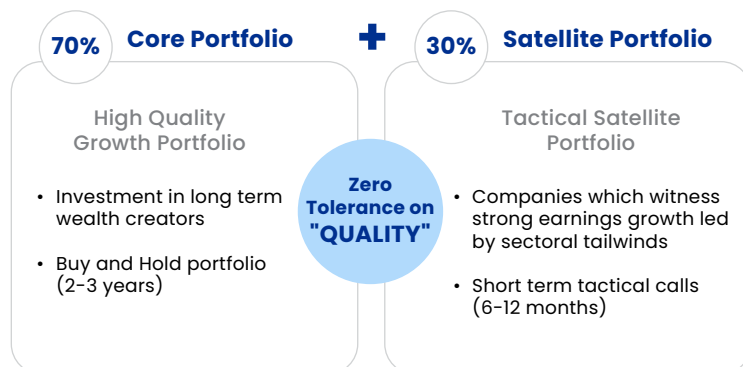
Happy investing!

Pankaj Murarka

Principal Officer & Investment Advisor

ALPHA CORE & SATELLITE

Gain from opportunities in short and long term, with one investment that gives you a perfect blend of both. Core portfolio ensures wealth creation by investing in high-quality businesses for long term and Satellite portfolio seeks to explore profits and rebalancing with businesses that gain from changing economic cycles.



Key Features



BENCHMARK:
NIFTY 200



NO OF STOCKS:
20 - 25



RISK:
High



TIME FRAME:
Medium to Long Term

Advisory Model Portfolio Performance (%)*

| Period | 1 Month | 6 Months | 1 Year | 2 Year CAGR | Since Inception CAGR |
|------------------------|---------|----------|--------|-------------|----------------------|
| Alpha Core & Satellite | 0.0 | -0.2 | 15.3 | 23.4 | 35.1 |
| Nifty 200 | -2.8 | -5.5 | 1.2 | 8.7 | 22.9 |

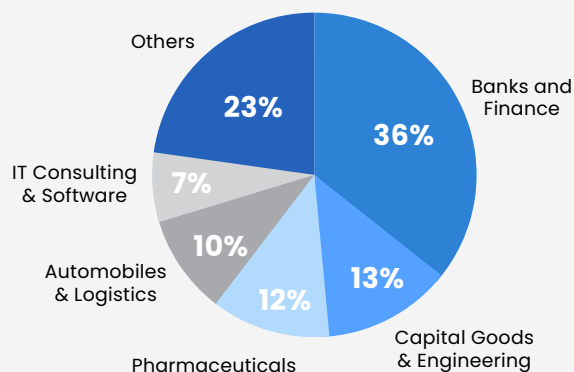
*Performance as on 28th February 2023
Inception Date: : 1st June 2020

TOP 5 STOCKS

| | | |
|---|-------------------|------|
| 1 | HDFC BANK LTD | 9.1% |
| 2 | INFOSYS LTD | 7.4% |
| 3 | ITC LTD | 6.7% |
| 4 | BHARTI AIRTEL LTD | 6.1% |
| 5 | ICICI BANK 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



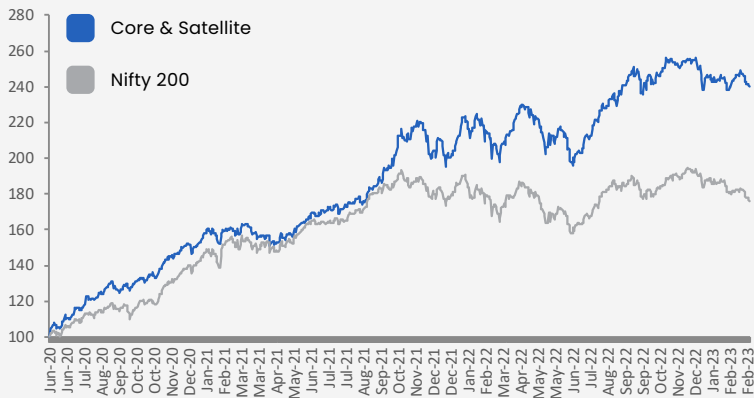
WEIGHTED AVERAGE MARKET CAP
2,94,970 cr

ALPHA CORE & SATELLITE



February 2023

ADVISORY PERFORMANCE*



(Benchmark Source: NSE India)
(Inception Date: : 1st June 2020)

RISK ATTRIBUTES

| | Index | Portfolio |
|-----------------------|--------|-----------|
| SD | 16.65% | 17.67% |
| Sharpe Ratio | -0.34 | 0.47 |
| Beta | | 0.98 |
| Treynors Ratio | | 0.09 |
| IR | | 2.02 |

(Period: Last 12 months)
(Inception Date: : 1st June 2020)

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 Commercial 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 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. The benchmark performance shown is only for illustration purposes and not for any comparison. 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.

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