



RENAISSANCE INVESTMENT MANAGERS

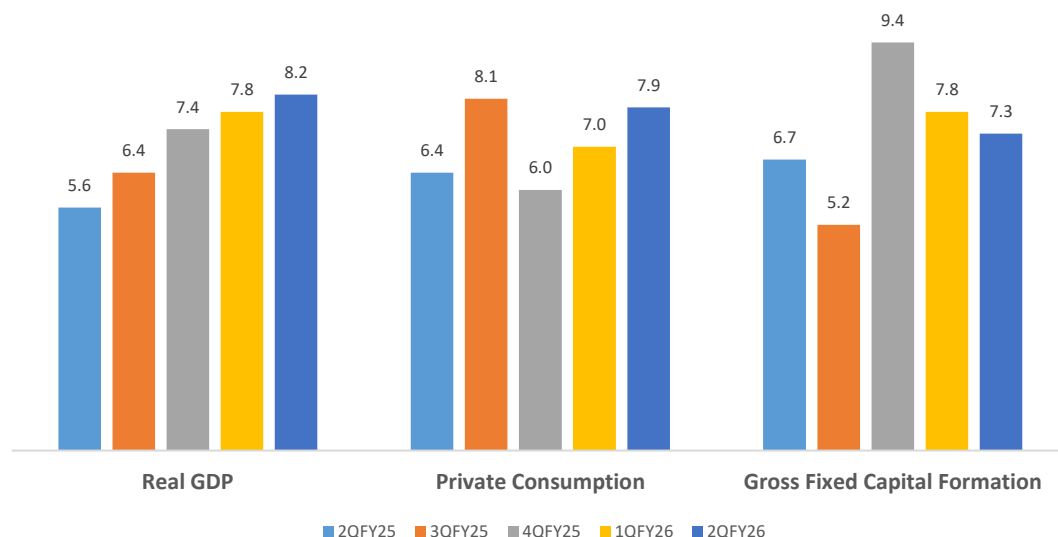
2Q GDP—a positive surprise; private consumption growth recovering, capex moderating

2QFY26 real GDP growth accelerated further to 8.2% yoy from 7.8% in 1Q, hitting a six-quarter high, and surpassing expectations by a wide margin. Growth was partly aided by a favorable base and a soft deflator. While government consumption spend was muted (-2.7% yoy), private consumption growth continued to improve (+7.9%) and surpassed investment growth (GFCF +7.3%) in 2Q. Full year (FY26) GDP growth forecasts have been revised up sharply to around 7.5% from 6.5% level previously.

Looking at the supply side, Real GVA growth was 8.1% in 2Q vs 7.6% in 1Q, thanks to resilient Industrial-output growth notably Manufacturing (+9.1%), as well as robust growth in Services (+9.2%).

We continue to expect another 25 bps of rate cut by RBI in the remainder of FY26, thanks to plummeting inflation and below-par NGDP growth. This should provide additional impetus to bank credit growth, which has already seen a handsome recovery at 11.4% yoy in mid-November, after being range-bound at 9-10% for much of the first half (1HFY26).

Growth in Real GDP, Private Consumption and Investment (% , yoy)



Source: Broker Report

Macros presenting a mixed picture

1. Weak 1H NGDP growth (<9% yoy) is correlated with tepid growth in direct and indirect tax (GST) collections so far. This puts constraints on fiscal expenditure growth; in fact, central government's consumption spending in 2Q declined by 1.4% yoy in nominal terms
2. Headwinds to export-growth from punitive 50% tariff by the US. India's goods trade deficit widened to all-time-high level of US\$41.7bn in Oct'25 (vs US\$30bn expectation), driven by 3x yoy surge in gold imports (~US\$15bn) and a 12% decline in exports. In fact, FYTD (Apr-Oct), goods export growth has been <1% yoy
3. Even as India's FX reserves remain robust at about US\$690bn, rising current account deficit (CAD) and inadequate capital inflows are reflecting in negative BoP-change (-US\$11bn in 2Q)
4. Growing trade deficit, less active currency defense by the RBI, and prospects of further rate cuts have driven a rapid INR depreciation against USD in recent weeks—this itself may emerge as a significant short-term headwind to capital inflows, in our view

Outlook on consumption growth remains favourable; sustained demand growth is key

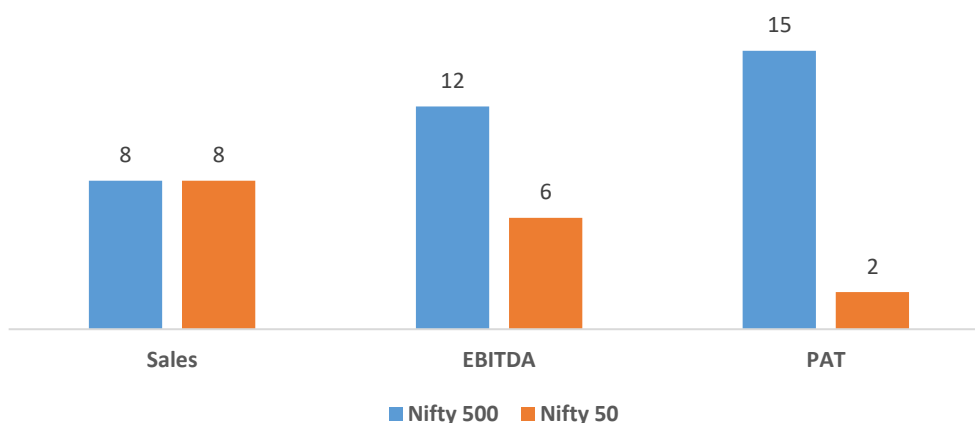
We believe the significant fiscal and monetary stimulus measures taken this year, should drive domestic demand recovery from 2HFY26, overcoming hurdles such as: (1) low wage growth and employment growth; (2) higher household indebtedness relative to history; and (3) export weakness due to punitive US tariffs.

Even the latest episode of INR depreciation should help cushion the blow to India's exports and domestic demand from US tariffs and Chinese overcapacity, albeit at the cost of short-term capital outflows, in our view.

Broad based recovery in earnings growth underway

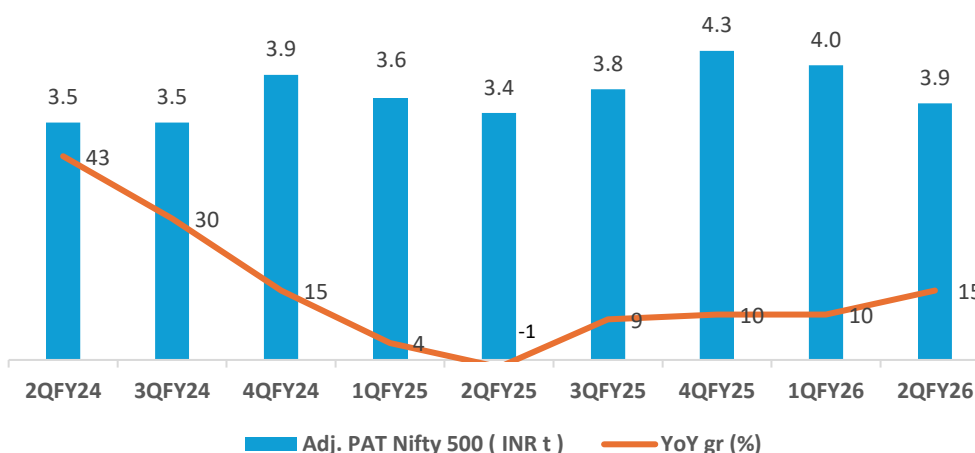
While 2Q aggregate profit growth of Nifty-50 index companies was 2% yoy, this was broadly in line with expectations. Nifty-50 'EPS' for FY26 saw a marginal upgrade, in anticipation of 2H consumption recovery, driven by the GST rate cuts. Looking at the broader market, Nifty-500 companies delivered a healthy double-digit earnings growth in 2QFY26, their highest in five quarters, despite geopolitical headwinds and weak consumption trends. Aggregate earnings of the Nifty-500 Universe grew 15% yoy.

Nifty 500 vs Nifty 50 earnings performance in 2QFY26 YoY growth (%)



Source: Broker Report

Nifty 500 Aggregate PAT growth YoY (%)



Source: Broker Report

All this gives us confidence that the corporate earnings cycle has turned, and Nifty-50 profit growth is set to further accelerate into double digits over the coming 1-2 quarters. Expected pick-up in inflation and NGDP growth next year, should also support corporate earnings, in our view

Markets to remain range-bound near-term; valuation re-rating depends on US trade deal

Nifty EPS forecasts for FY26 and FY27 remain steady at around 1110 and 1280, respectively, implying a 15% growth in FY27. At Nifty-50 index value of 26,000, its valuation at 21.5x 1-yr forward EPS is ahead of the 10-yr average multiple (=20x). Valuations are adequately discounting medium-term earnings trajectory (low-teens CAGR), expected by us. Thus, index returns would largely follow earnings compounding CAGR in our view. Valuation re-rating from here would depend on: (1) better than expected trajectory of earnings growth; (2) a US trade deal and/or removal of 25% Russian penalty; and (3) any fresh reforms aimed further at boosting GDP growth.

Our portfolios remain biased towards credit, consumption, internet and select outsourcing plays

Given the backdrop of improving credit growth, consumption stimulus, we remain positively biased towards private banks and select NBFCs. We believe banks are a solid way to play domestic consumption/industrial demand recovery in India; they also provide proxy exposure to the real estate sector. We also have select exposure to life insurance—secular compounding stories with reasonable valuations. Within Consumption, we own select consumer staple stocks having higher discretionary sales mix and the potential for above-average earnings compounding, driven by double-digit topline growth as well as margin expansion. We are however, significantly more bullish on pure consumer discretionary names having significant moats, in segments like consumer durables, branded apparel retail, alcoholic beverages, and auto OEMs & ancillaries. We also like new age / internet businesses, mainly consumer-tech and select fin-tech plays. These companies have large addressable markets, stellar track record of execution, and sustainable competitive moats.

In summary, our portfolios are skewed towards companies that will likely witness higher earnings acceleration over the next two years, with recovery in credit growth (including consumer proxies), recovery in consumption (across staples, durables and discretionary), and recovery in export/outourcing growth. We continue to maintain our disciplined stock selection process to ensure long term, sustainable returns for our investors.

Happy Investing

Pankaj Murarka
Founder & CIO

Pre-Tax Returns	(As on 30 th SEPTEMBER 2024)			
Fund / Index	1 Year	2 Year	3 Year	5 Year
CRISIL AIF Index – CAT III (INR)	31.6%	23.3%	14.6%	18.9%
RENAISSANCE INDIA NEXT FUND II	51.1%	31.9%	NA	NA
RENAISSANCE INDIA NEXT FUND III	38.6%	NA	NA	NA

N/A – As the respective fund has not completed 2yr, 3yr and 5yr as on 30th September 2024. Returns for more than one year are annualized

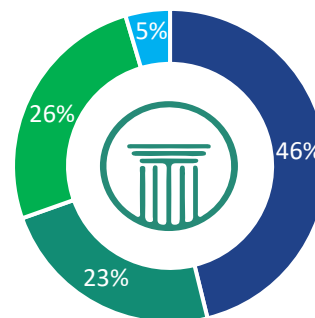
Renaissance India Next Fund – II (Closed Ended Cat III AIF)

Inception Date: 1st January 2022; Data as on 30th November 2025

Investment Strategy

- Theme: Brand, Internet, Technology & Science (BITS)
- A Flexi cap strategy focused to deliver sustainable high returns
- Optimal portfolio construction which strike balance between risk & reward
- Diversified portfolio with no sector bias
- High quality diversified portfolio of 25-30 stocks

Portfolio Capitalization



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Holdings

Company	Weight (%)
HDFC Bank Ltd	8.95
One 97 Communications Ltd	8.58
Reliance Industries Ltd	5.22
Tech Mahindra Ltd	5.05
Infosys Ltd	4.62

Top Sectors

Sector	Weight (%)
BFSI	27.52
Internet	18.80
Consumer Discretionary	15.31
Information Technology	12.62
Auto & Logistics	5.67

Portfolio – Fundamental Attributes[#]

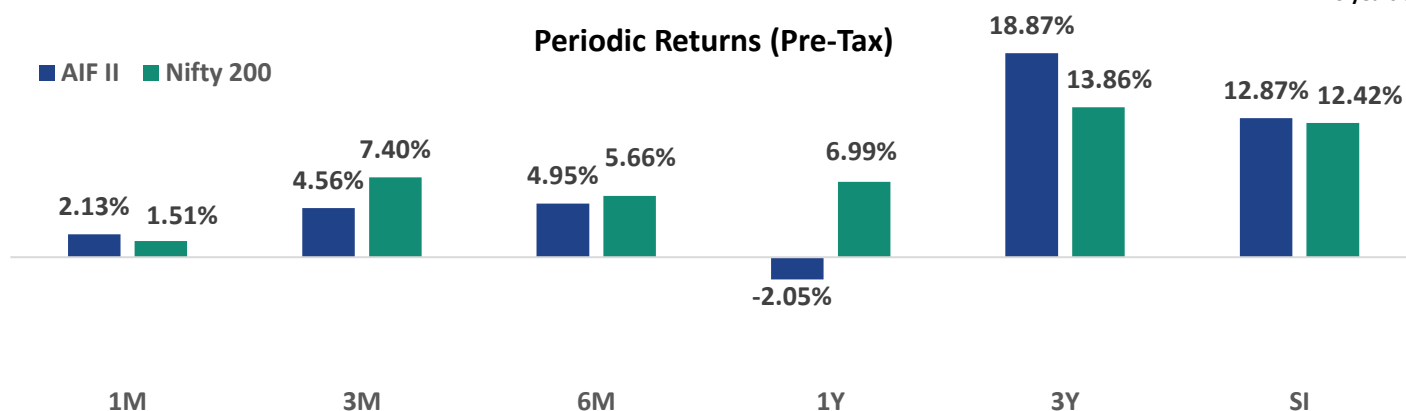
Particular	FY25	FY26E	FY27E
PAT Growth (%)	5.3	11.7	19.1
ROE (%)	12.0	12.2	13.2
P/E	27.6	24.7	20.7
PEG	5.22	2.11	1.08

Portfolio – Risk Attributes^{*}

Particular	AIF II	Nifty 200
Standard Deviation (%)	25.86	22.03
Sharpe Ratio	0.52	0.38
Beta	1.03	1.00
Treynors Ratio (%)	13.00	-
Information Ratio	0.41	-

*3 years data

Periodic Returns (Pre-Tax)



The performance related information provided herein is not verified by SEBI.
Returns for more than one year are annualized

*Please ignore the previously released fundamental attributes, as it had some error
Those errors stand rectified in this factsheet

Sustainable Quality Growth At Reasonable Price (SQGARP)TM



Statutory Details

Renaissance Investment Mangers Private Limited ("RIMPL") is registered under SEBI (Portfolio Managers) Regulations, 1993 as a Portfolio Manager vide Registration No. INP000005455. RIMPL is also an Investment Manager to Renaissance Alternate Investment Fund– Category III which is registered with SEBI as Alternate Investment Fund under SEBI (Alternative Investment Funds) Regulations, 2012 vide Registration No: IN/AIF3/18-19/0549.

Disclaimer

The Fund/strategy returns are of a Model Client. The performance related information provided herein is not verified by SEBI. The performance of the stock across Individual portfolios may vary significantly from the data depicted above. Returns of individual client may differ depending on timing of entry and exit, timing of additional flows and redemptions, individual client mandates, specific portfolio construction characteristics or structural parameters which may have a bearing on individual portfolio performance. 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 RIMPL, nor the Fund/Asset Management Company, its Directors, employees or Sponsors shall in any way be liable for any variation noticed in the returns of individual portfolios. Performance related information provided herein is not verified by SEBI.

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Risk Factors

Investing in securities involves certain risks and considerations associated generally with making investments in securities. The value of the portfolio 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. Consequently, there can be no assurance that the objective of the Portfolio would be achieved. Prospective investors are advised to review the Disclosure Document, PPM and/or, Client Agreement, and other related documents carefully and in its entirety and consult their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of investing under this Portfolio, before making an investment decision. RIMPL is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. This document represents the views of Renaissance Investment Mangers Private Limited and must not be taken as the basis for an investment decision. Neither Renaissance Investment Mangers Private Limited nor its affiliates, its Directors or associates shall be liable for any damages including lost revenue or lost profits that may arise from the use of the information contained herein. No representation or warranty is made as to the accuracy, completeness or fairness of the information and opinions contained herein. RIMPL reserves the right to make modifications and alterations to this statement as may be required from time to time.