Renaissance

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PMS FACTSHEET

DECEMBER 2025

2025 in rear view—moderating equity returns; large caps lead

Indian equity market saw further moderation in returns in 2025—Nifty 500 index was up c.7% in 2025, vs c.15% in 2024 and c.26% in 2023. Large caps outperformed both mid-cap and small-cap indices. In fact, Nifty Smallcap 100 was down 5.6% in 2025, after a stellar 24% appreciation in 2024. Nifty-50 returned a moderate 10.5% in 2025 vs. 8.8% in 2024, with trailing 3-yr CAGR of 13%. Nonetheless, from the lows seen in late Feb / early March, all three indices were up strongly by Dec-end: Nifty midcap 100 was up 26% followed by Nifty smallcap index 21%, while Nifty 50 up 18%.

Performance of Indian equity indices—calendar year returns (%)

	2021	2022	2023	2024	2025	1H25	2H25	From 2025 lows
Nifty-50	24.1	4.3	20.0	8.8	**10.5**	**7.9**	**2.4**	**18.3**
Nifty Midcap 100	46.1	3.5	46.6	23.9	**5.7**	**4.4**	**1.2**	**26.2**
Nifty Smallcap 100	59.3	(13.8)	55.6	23.9	**(5.6)**	**1.6**	**(7.1)**	**20.8**
Nifty 500	30.2	3.0	25.8	15.2	**6.7**	**5.6**	**1.1**	**20.1**

Source: Index values taken from the NSE Website

Returns from each of the major indices were front-loaded in 2025, with flattish to negative returns in the second-half, as markets grappled with high tariffs by US on Indian imports, surge in new equity supply, and rising FPI equity outflows—partly driven by a steep 4.8% INR depreciation vs USD in 2H.

For the full year 2025:

1. Net domestic flows into active equity MFs were robust at US$41bn (11M annualized) (2024: US$46bn)
2. Net FPI outflows in 2025 were highest-ever at US$18.8bn (2024: US$0.8bn outflow)
3. New equity supply [IPO + QIP + OFS] was US$33bn (2024: US$42bn). The decline was mainly because of lower QIP volumes (down 47% yoy). Nonetheless, IPO supply remained robust at around US$22bn in 2025 (similar to 2024 level)

New equity supply in 2025 (INR bn)

	CY24	CY25 [a]	Comments
IPO	1,899	**1,945**	*94% on Mainboard vs 94.8% in 2024*
QIP	1,363	**718**	*SBI, Swiggy accounted for c.49% in 2025*
OFS	305	**204**	
Total	**3,567**	**2,867**	
Total in US$ bn	42	**33**	

Source: Broker reports. [a] Note: Rights issues and Preferential allotments are not captured above.

India underperformed global markets in 2025; Gold and Silver stole the limelight

MSCI-India TR Index had its worst year of underperformance relative to the MSCI-EM TR index, at 30% in 2025 (in USD-terms). Korea, China, Brazil, Mexico and Japan were among the best performing markets, with their USD-returns ranging 25-75% for the year.

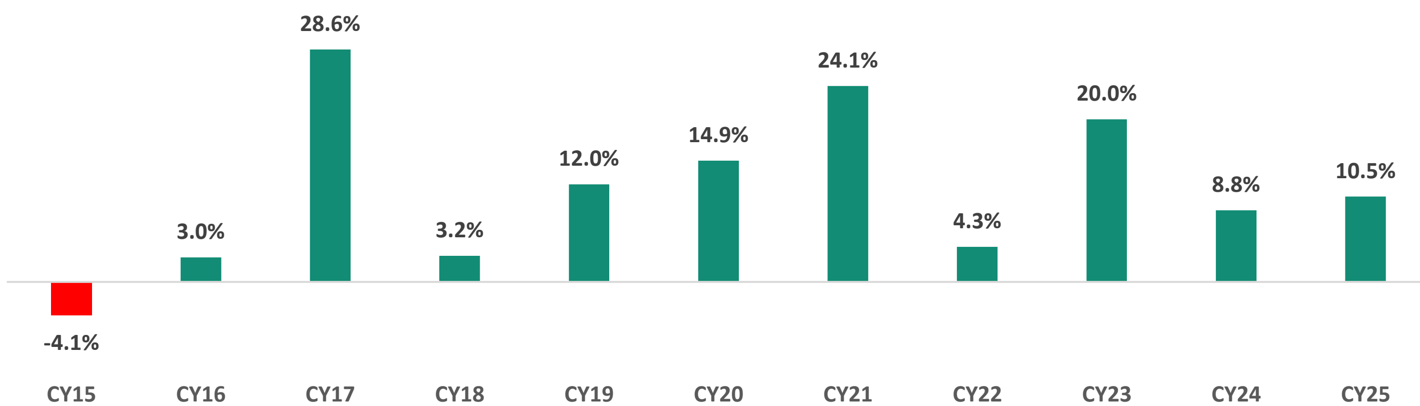
However, precious metals outshined the equity markets in 2025, as Gold, Silver and Platinum returned 65%, 140% and 120%, respectively, in USD terms in 2025.

Tenth straight year of positive returns from Nifty-50—anti fragile India?

The year 2025 is the 10th straight year of positive return from Nifty-50 index. That this has been achieved in spite of episodic shocks like Demonitisation, GST introduction, ILFS crisis, Covid, Geopolitical upheavals, tough neighborhood, short border conflicts, punitive US tariffs, speaks to the resilience of the Indian economy and business models, and to the maturity of domestic equity investors.

In 2025, Nifty 50 returned 10.5% and touched a new high, despite significant headwinds in the form of large IPO supply, FPI outflows triggered by US tariffs and INR depreciation, and lack of exposure to the 'AI trade'.

Nifty 50 annual returns from CY15 to CY25 (%)



Source: Index values taken from the NSE Website.

Year of stimulus—consumption growth to recover in 2026

The government and the RBI have been all-guns blazing this year, in a bid to reverse the GDP growth slowdown witnessed through much of 2024. Most of the stimulus has been aimed at boosting consumption growth and providing relief to households.

Consumption boosting measures taken by the government this year are: (1) personal income tax cuts—no income tax payable for annual taxable income of up to INR 1.2mn; (2) GST reforms and GST rate cuts aimed at boosting both supply side and demand side; and (3) Ban on online real money gaming from Oct'25, which may help divert estimated savings of at least US$3-4bn, potentially towards more consumption. Additionally, the 8th Pay Commission may transfer INR 4-5 trillion annually to 30mn government employees (40% pensioners) from next fiscal (FY27). The share of Central Government alone could be around 40% or INR 1.6-2.0tn, translating to a stimulus of 0.4-0.6% of GDP.

RBI has acted almost in tandem by providing substantial monetary stimulus, comprising: (1) 125bps of interest rate cuts since Feb'25; (2) CRR cut of 100bps aimed at boosting liquidity and lowering the cost of funds; (3) injecting liquidity into the banking system to compensate for capital outflows; and (4) cutting risk weights / easing lending norms, on certain types of loans.

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 real wage growth; (2) higher household indebtedness relative to history; and (3) export weakness due to punitive US tariffs.

We expect one more 25bps repo rate cut by RBI in the current cycle, before end of FY26, thanks to plummeting inflation and below-par Nominal GDP growth. This should provide additional impetus to bank credit growth, which has already seen a handsome recovery at 11.7% yoy as of mid-December, after being range-bound at 9.5-10.0% for much of the first half (1HFY26).

Market returns to be earnings driven from hereon; valuation re-rating depends on US trade deal

In our view, earnings cycle, credit cycle and macro cycles remain favorable at current juncture, while sentiment remains weak because of delays in US trade deal, above-average market valuations and continued FPI outflows. FPI ownership of Indian equities was 16.9% in Sep'25, a 15-year low.

At Nifty-50 index value of 26,130, its valuation at 21.4x 1-yr forward EPS is ahead of the 10-yr average multiple (=20x). Valuations are adequately discounting medium-term earnings trajectory (low-to-mid teens CAGR), expected by us. Thus, index returns would largely follow earnings compounding in our view. Valuation re-rating from here would depend on: (1) better than expected trajectory of earnings growth; and (2) a US trade deal and/or removal of 25% Russian penalty.

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

Given the backdrop of improving credit growth and 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, a lot 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 greater earnings acceleration over the next two years, fueled by recovery in credit growth (including consumer proxies), recovery in consumption (across staples, durables and discretionary), and recovery in export/outsourcing 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

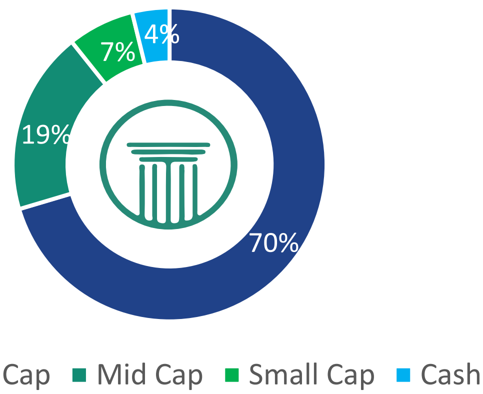
Renaissance Opportunities Portfolio

Inception Date: 1st January 2018
Data as on 31st December 2025

Investment Strategy

- Large cap strategy
- Blend of growth & quality
- Diversified portfolio of 25 - 30 stocks
- High conviction ideas
- Investing across businesses which are at different stages of their business lifecycle

Portfolio Capitalization



Top Holdings

Company	Weight (%)
HDFC Bank Ltd	9.74
Reliance Industries Ltd	7.65
State Bank of India	6.04
Infosys Ltd	5.56
Tech Mahindra Ltd	5.33

Top Sectors

Sector	Weight (%)
BFSI	33.68
Information Technology	16.79
Consumer Discretionary	13.40
Diversified	7.65
Internet	5.45

Portfolio – Fundamental Attributes

Particular	FY25	FY26E	FY27E
PAT Growth (%)	9.5	10.5	16.5
ROE (%)	13.8	13.6	14.3
P/E	24.8	22.4	19.2
PEG	2.60	2.14	1.17

Portfolio – Risk Attributes*

Particular	ROP	Nifty 50 TRI
Standard Deviation (%)	21.82	20.54
Sharpe Ratio	0.53	0.43
Beta	0.95	1.00
Treynors Ratio (%)	12.17	-
Information Ratio	0.29	-
Up/Down Capture (%)	108/92	-

*3 years data

Financial Year Returns

Financial Year	ROP	Nifty 50 TRI
FY25-26 YTD	8.20%	12.21%
FY24-25	9.88%	6.65%
FY23-24	38.02%	30.08%
FY22-23	3.80%	0.59%
FY21-22	30.77%	20.26%
FY20-21	83.53%	72.54%

Periodic Returns

Period	ROP	Nifty 50 TRI
1M	0.93%	-0.28%
3M	6.59%	6.33%
1Y	1.64%	11.88%
2Y CAGR	12.55%	10.98%
3Y CAGR	17.20%	14.32%
5Y CAGR	19.28%	14.68%
7Y CAGR	16.65%	14.71%

The performance related information provided herein is not verified by SEBI.
Returns are for all clients on TWRR basis

Sustainable Quality Growth At Reasonable Price (SQGARP)™

Sustainability

Companies with sustainable and Durable business models.

Quality

Superior quality businesses as demonstrated by Competitive edge, Pricing power ,ROE, FCF. Good quality and competent quality and competent Management teams.

Growth

Business that can deliver Superior growth over Medium term to long term

Price

Ability to invest at reasonable valuations. Fair value approach to violation, focus on economic value of business.

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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