RENAISSANCE INVESTMENT MANAGERS

RENAISSANCE MIDCAP
PMS FACTSHEET

SEPTEMBER 2025

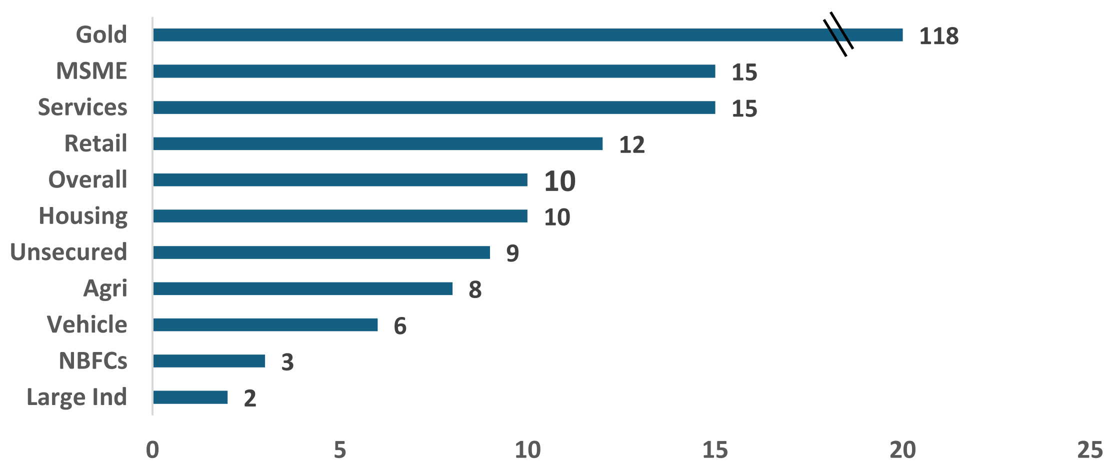
More regulatory easing by the RBI

In its latest (Oct'25) monetary policy decision, RBI kept the repo-rate unchanged at 5.5%, focusing on continued transmission of its front-loaded rate cut cycle. Further, the RBI lowered its FY26 CPI inflation forecast to 2.6% from 3.1% (benign food prices, GST rate cuts), while raising the FY26 GDP growth outlook to 6.8% from 6.5% previously. However, the most significant announcements were about the various proposals for regulatory reforms and credit easing, such as:

1. A more gradual transition to the ECL framework starting April 2027
2. Potentially lower risk weights for MSME and home loans as per Basel-3 approach
3. Shift to risk-based premiums for deposit insurance
4. Relaxation in acquisition financing by banks and in single-borrower exposure norms
5. Easier credit flow to capital markets—higher limits for loans against debt securities and equity shares, and also for IPO financing

Above measures combined with recent GST rate cuts, further support our outlook on credit growth pick up in the coming months, aided by the festive season. Moreover, we see room for an additional 50bps rate cut by the RBI, before end of FY26.

Exhibit 1: Overall banking system loan growth has been sluggish of late (Aug'25, % yoy)



Source : RBI.

Financials, Consumer, Internet—better positioned amid geopolitical and trade headwinds

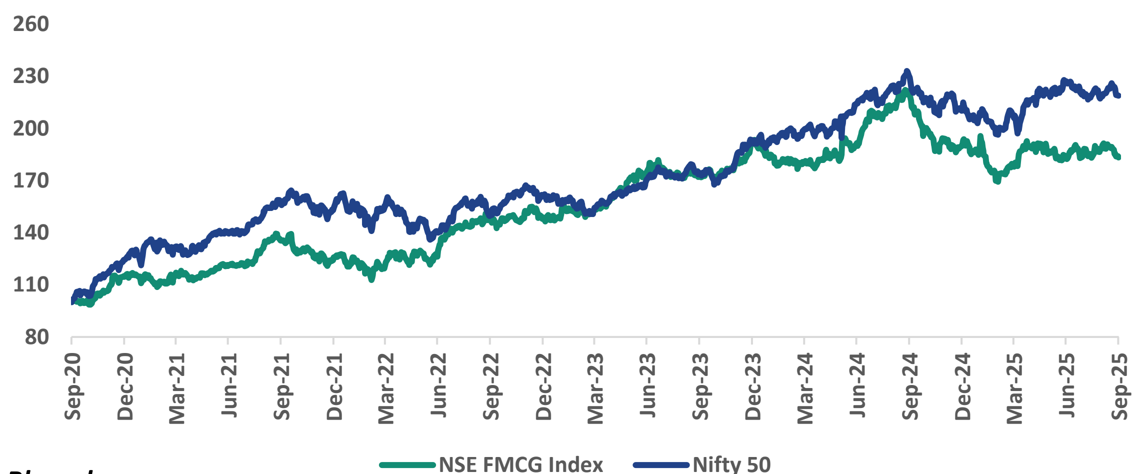
Through measures like income tax cuts, GST rate cuts and interest rate cuts, the government and RBI so far, have provided estimated stimulus of INR 4.3 trillion (= 1.2% of nominal GDP). Adding potential INR 1.8tn boost from the proposed 8th pay commission next year, the combined stimulus may reach over INR 6.0tn (1.7% of GDP). As a result, our portfolios are skewed toward **lending financials and consumer discretionary stocks.**

Stimulus	Amount (Rs lac cr)
Income Tax cut in Union Budget (Feb'25)	1.0
Latest GST rate cuts	1.8
RBI's repo rate cuts (by 100 bps)	1.5 [a]
8th Pay Commission (expected)	1.8
Total stimulus amount	**6.1**

Source: Renaissance Research, PIB GOI, RBI. [a] Estimated Savings on EMI

Our positive view on private banks and select NBFCs is underpinned by an expected pick up in credit growth, and attractive valuations—relative to history and relative to indices. We also own select capital market plays (non-transaction businesses) such as AMCs and Wealth Managers, given robust MFs inflows and likely pick-up in market performance driving operating leverage, and the long-term secular growth opportunity in wealth management business. The income tax cuts would not only drive higher consumption growth, but may also result in higher savings flow into financial assets. 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.

We have turned constructive on the Consumer Sector after a gap of 6 years and for the first time post-covid. The consumer sector growth has been laggard in the 1H of this decade (2020-25) with sharp slowdown in consumption in last 2 years. India's Private Final Consumption Expenditure (PFCE) has grown at a CAGR of 10.4% over the last 6 years since 2018-2024. This is significantly lower than the long term growth trajectory. The NSE FMCG index (15.2% CAGR) has underperformed the broader Nifty Index (18.6% CAGR) over the last 5 years.



Source: Bloomberg

After 5 years of underperformance, we find the valuations in the consumer sector have normalized and the NSE FMCG Index trades at 31x CY26 EPS as compared to a peak valuation of 52x CY23 EPS. Thus, the sector has witnessed significant valuation derating over the last 2 years apart from moderation in earnings growth. With the injection of significant monetary and fiscal stimulus by the government during CY25, we expect cyclical recovery in the consumer sector over the next 8 quarters supported by rising income levels, benign inflation and GST reduction led price cuts. The valuation in the sector has normalized in line with long-term averages. Hence, we have changed our stance and increased our exposure to the sector.

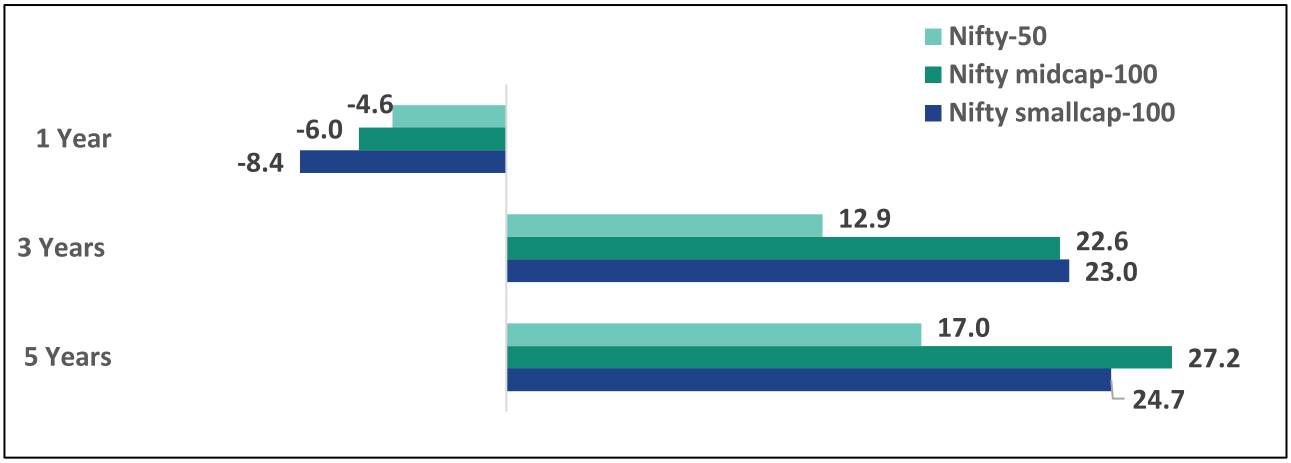
Within Consumption, we own select consumer staple stocks having higher discretionary sales mix and the potential for above-average earnings compounding, driven by double-digit topline growth as well as margin expansion. We are however, significantly more bullish on pure consumer discretionary names having 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.

Markets continue to remain resilient in the face of tariff and trade headwinds

Indian equity markets have been broadly stable in recent months, but have significantly underperformed major emerging markets including China. Nifty-50 is up 4.2% in CY25-TD (Jan-Sep) as significant domestic inflows in equity MFs have been absorbed by large FPI net selling (INR 1.98 trillion) and rising equity supply. Nonetheless, despite headwinds from tariffs, trade and geo-political uncertainties, we expect the markets to be stable, as investor await further recovery in corporate earnings growth. While India's strong macros are not enough to offset its lack of geopolitical leverage, these can be harnessed to attain more rapid progress on atmanirbharta (self-sufficiency) through bolder reforms on the supply side, including ease of doing business.

Exhibit 2: CAGR returns of key indices (%)



Source: NSE.

In line with the cyclical slowdown in the economy, there has been a moderation in Nifty 50 earnings growth. In CY25 Nifty Index will have an earnings growth of 2%, slowest in the last 5 years. The 5-year CAGR earnings growth (CY20-CY25) for Nifty is 17.1%. But we believe the earnings slowdown has bottomed out and we expect acceleration in Nifty earnings growth to 9.7% in CY26 and 14.8% in CY27.

Nifty 50	CY22	CY23	CY24	CY25E	CY26E	CY27E
Earnings	822.2	930.8	1,100.2	1,126.8	1,236.7	1,419.4
P/E (x)	23.1	23.5	22.4	22.6	19.6	17.3

Source: Bloomberg

At Nifty-50 index value of 24,610, valuation at c.20x 1-yr forward EPS is broadly in line with the 10-yr average multiple. Valuations are largely fair in the context of recovering profit growth. As discussed, our portfolios are skewed towards companies that will witness higher earnings acceleration over the next 2 years with recovery in credit growth (including consumer proxies), select consumer plays (across staples, durables and discretionary), and export/outsourcing. We continue to maintain our disciplined stock selection process to ensure long term, sustainable returns for our investors.

Happy Investing

Pankaj Murarka
Founder & CIO

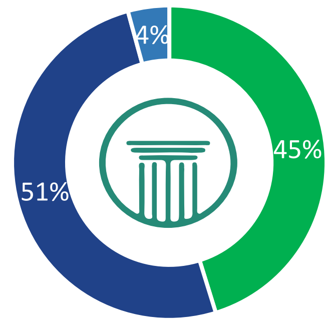
Renaissance Midcap Portfolio

Inception Date: 1st January 2018
Data as on 30th September 2025

Investment Strategy

- Mid cap & small cap strategy
- Identify mid/small cap ideas which can become tomorrow's large/mid cap respectively
- Diversified portfolio of 25 - 30 stocks
- Long term approach to realise the full potential, remain invested during the high growth phase of the business
- High quality portfolio

Portfolio Capitalization



Top Holdings

Company	Weight (%)
Poonawalla Fincorp Ltd	5.91
One 97 Communications Ltd	5.34
Federal Bank Ltd	4.72
Jubilant Foodworks Ltd	4.62
Eclerx Services Ltd	4.58

Top Sectors

Sector	Weight (%)
BFSI	23.27
Consumer Discretionary	19.74
Pharma & Chemicals	18.48
Information Technology	12.96
Internet	9.63

Portfolio – Fundamental Attributes

Particular	FY25	FY26E	FY27E
PAT Growth (%)	6.5	9.5	28.9
ROE (%)	12.6	12.2	13.8
P/E	37.6	34.3	26.6
PEG	5.75	3.59	0.92

Portfolio – Risk Attributes*

Particular	RMP	Nifty Midcap 100 TRI
Standard Deviation (%)	30.08	28.93
Sharpe Ratio	0.36	0.61
Beta	0.95	1.00
Treynors Ratio (%)	11.35	-
Information Ratio	-0.56	-
Up/Down Capture (%)	86/104	-

*3 years data

Periodic Returns

Period	RMP	Nifty Midcap 100 TRI	Nifty 50 TRI
1M	-0.86%	1.47%	0.77%
3M	-3.68%	-5.16%	-3.20%
6M	7.99%	9.80%	5.53%
1Y	-11.67%	-5.51%	-3.45%
3Y CAGR	16.35%	23.32%	14.23%
5Y CAGR	23.86%	28.16%	18.37%

Financial Year Returns

Financial Year	RMP	Nifty Midcap 100 TRI	Nifty 50 TRI
FY25-26 YTD	7.99%	9.80%	5.53%
FY24-25	3.10%	8.01%	6.65%
FY23-24	48.43%	61.17%	30.08%
FY22-23	5.40%	2.01%	0.59%
FY21-22	30.46%	26.65%	20.26%
FY20-21	90.28%	103.91%	72.54%

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

Renaissance
THE SCIENCE OF INVESTING

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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Risk Factors

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