



RENAISSANCE INVESTMENT MANAGERS

The Core Thesis: Staying the Course Amid a High-Stakes Macro Tug-of-War

Dear Investors,

If April was defined by the transition of the US-Iran conflict into a prolonged Hormuz blockade, May 2026 has been the month where the secondary macro-waves of that conflict truly collided with domestic data points.

A sharp final-week correction in Indian equities has understandably heightened anxiety. However, our fundamental core thesis remains intact: near-term asset price volatility must not be confused with structural economic deterioration.

The market is currently digesting three distinct macro headwinds simultaneously: Brent Crude spiking past \$114/bbl following Iranian missile strikes on the Fujairah oil hub, the India Meteorological Department (IMD) projecting a "sub-normal" monsoon at 90% of the Long Period Average (LPA), and a relentless Foreign Institutional Investor (FII) sell-off that saw Rs.34,000 crore exit domestic equities in May'26. Cumulatively, FII's have YTD sold \$24bn from Indian equities. Until, Hormuz is opened, Oil prices will stay at elevated levels due to supply disruption, though underlying global demand continues to remain weak.

Just as we correctly anticipated in April that oil infrastructure resets quicker than the consensus believes, we view the current confluence of events as a transient earnings speed-bump rather than a cyclical derailment.

The "Wall of Worry" looks formidable from near term perspective and will impact India's macro-economic fundamentals in FY27, but given the healthy balance sheets across corporate, banking and household sector coupled with healthy medium term to long term economic growth prospects, we believe the current headwinds are cyclical in nature.

Q4FY26 Corporate Results

Adj.PAT growth	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
BSE 500	15.8%	3.9%	-1.6%	8.3%	7.7%	10.7%	16.7%	14.1%	13.8%
Nifty 50	20.9%	6.0%	5.5%	4.1%	2.6%	7.4%	2.3%	6.3%	4.3%

Source: Capitaline

India's growth momentum has remained resilient despite global uncertainty, supported by robust domestic consumption and sustained public investment. However, the conflict in West Asia poses risks through higher inflation, slower growth and potential pressure on remittances from Gulf economies. These risks are amplified by possible disruptions to the supply of crude oil, natural gas and LPG, a significant portion of which transits through Strait of Hormuz. The duration of the conflict will be critical, as the key impact on key macroeconomic variables could become increasingly severe and non-linear if disruptions persist.

While FY27 has started on a cautious note with earnings headwinds due to US-Iran war, corporate balance sheets are in healthy shape and underlying demand is resilient. The government has started taking policy initiatives to stabilise the macro-economic fundamentals and provide support to the economy. Consequently, we remain sanguine about healthy earnings in 2HFY27. The consensus expectations are for Nifty 50 earnings growth of 13% for FY27.

Market Valuation & Sectoral Positioning

Following the May correction, valuations have turned remarkably reasonable. Nifty is currently trading at ~19.6x FY27 consensus earnings (EPS of ~₹1,232), placing the broader market exactly in line with its 5-year long-term historical average. The premium has been thoroughly baked out of the market, offering a attractive entry point for long-term compounders.

Portfolio Strategy: Where We Are Deploying "Dry Powder"

Our investment allocations remain strictly anchored in high-conviction, domestic-cyclical themes with clean balance sheets and pricing power

Financials: Credit growth for entire banking system stood at 16% YoY as on 15 May 2026 and momentum is expected to sustain. Currently, large banks are not seeing any stress w.r.t asset quality due to West Asia conflict and banks remain vigilant. NBFCs are also not highlighting any stress and have enough levers to continue their growth momentum. The balance sheets remain well capitalized to bear any unforeseen stress for large banks and NBFCs.

Power, Utilities & Capital Goods: The structural capital expenditure cycle in India's energy transition and grid modernization is completely secular and independent of transient global oil spikes. Organic power demand growth, renewable power shift and investment in new industries like semiconductors, data centres and batteries is driving incremental capex in power ecosystem.

Conclusion: Volatility is the Price of Alpha

In conclusion, we urge our investors to look past the ephemeral noise of the daily ticker tape. The structural pillars of the Indian economy—de-leveraged corporate balance sheets, an investment-led capex cycle, policy predictability, and adequate domestic liquidity—are cleaner than they have been in any previous global crisis.

The transition from a globalized cost-taking economy to a domestic-led manufacturing and consumption powerhouse is bound to create intermediate friction. We view the current May-driven correction not as a signal to retreat, but as a textbook, generational opportunity to build concentrated positions in market leaders at reasonable valuations.

Happy Investing

Pankaj Murarka
Founder & CIO

Renaissance Opportunities Portfolio

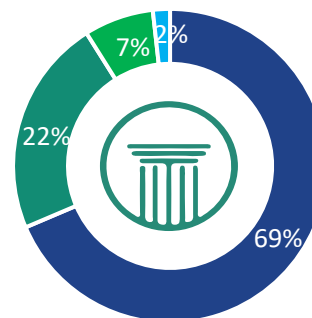
Inception Date: 1st January 2018

Data as on 31st May 2026

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



■ Large Cap ■ Mid Cap ■ Small Cap ■ Cash

Top Holdings

Company	Weight (%)
HDFC Bank Ltd	8.98
Power Finance Corporation Ltd	6.44
ICICI Bank Ltd	5.85
Kotak Mahindra Bank Ltd	5.03
United Spirits Ltd	4.35

Top Sectors

Sector	Weight (%)
BFSI	34.21
FMCG	10.85
Internet	9.18
Information Technology	9.09
Power	7.83

Portfolio – Fundamental Attributes

Particular	FY26	FY27E	FY28E
PAT Growth (%)	8.7	13.8	16.1
ROE (%)	13.9	14.1	14.7
P/E	19.3	16.9	14.6
PEG	2.22	1.22	0.91

Portfolio – Risk Attributes*

Particular	ROP	Nifty 50 TRI
Standard Deviation (%)	23.76	22.36
Sharpe Ratio	0.17	0.16
Beta	0.97	1.00
Treynors Ratio (%)	4.26	-
Information Ratio	0.07	-

*3 years data

Financial Year Returns

Financial Year	ROP	Nifty 50 TRI
FY26-27 YTD	6.61%	5.64%
FY25-26	-8.10%	-3.99%
FY24-25	9.87%	6.65%
FY23-24	38.03%	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	-1.27%	-1.72%
3M	-5.16%	-6.30%
1Y	-6.78%	-3.84%
3Y	10.10%	9.53%
5Y	13.42%	9.87%
7Y	13.43%	11.51%

Sustainable Quality Growth At Reasonable Price (SQGARP)TM

 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 valuation, focus on economic value of business.
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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.

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