

1. Fund Manager's Commentary

The Girik Multicap Growth Equity Strategy is inspired by the CANSLIM philosophy of stock picking developed by American investor William J. O'Neil. The goal of this strategy is to identify leading companies from leading industry groups that show sharp acceleration in earnings, newness in products or change in management and suggests buying them at the right price with enough margin of safety ahead of the company's major stock price advance.

In this month's newsletter, we focus on the 'M' aspect of CANSLIM, i.e, Market Direction. Market direction is one of the most critical factors influencing investment outcomes. Even strong companies that show accelerating earnings, price strength, industry leadership, and favourable supply-demand dynamics tend to underperform when the broader market trend is unfavourable. Conversely, when markets enter an uptrend, leading companies with these traits tend to move first and fastest, resulting in being disproportionately rewarded.

William O'Neil's research on the same shows that approximately 3 out of every 4 stocks move in the same direction as the broader market, irrespective of individual fundamentals. The most successful rallies in leading stocks typically begin only after markets exit a correction phase and confirm an uptrend, not before. While company-specific strength matters, aligning portfolio positioning with the prevailing market trend helps avoid fighting macroeconomic forces. Recognizing market direction ensures that the other important aspects of CANSLIM, namely earnings acceleration, relative price strength, industry leadership, and limited float, work in harmony with the market, not against it.

The market has been in a sideways to 'downtrend' for the last 14 or so months. As an example, NIFTY made a peak of 26,216 on the 26th of September 2024, and has only recently regained new highs, nearing 26,203 as on 28th of November 2025. The illustration below highlights the dominance of market direction as a factor of performance, even for fundamentally strong companies. Over this period, **only 26.5% of the top 1000 companies delivered positive returns**, while **73.5% declined or remained flat**, with the **median drawdown of the top 1000 companies being -5.56%**. The data reinforces a core CANSLIM principle, a majority of stocks move with the market, and aligning with the broader trend is essential for successful stock selection.

Return Category	Number of Companies	% Of Companies
Greater than 0%	265	26.5%
Lesser than or equal to 0%	735	73.5%

Source: NSE and Bloomberg data as on 28th November 2025

The above data pertains to the returns of the top 1000 companies in decreasing order of market capitalization in the NIFTY

The period of performance considered in the above illustration is from 26th September 2024 to 28th November 2025