

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.

We are delighted to announce that ‘Girik Multicap Growth Equity Strategy’ has been recognized as **“Best PMS on 10-year Performance across all categories - Rank 2”** by PMS AIF World - Crystal Gazing Summit & Awards 2024. While its great to get recognition for work done, its not without the faith and trust of our patient investors who have stood by us through times, good and bad.

In today's newsletter, we would like to highlight how we at Girik place importance on "cutting losers and riding winners." At Girik, we firmly believe that the ultimate determinant of investment success or failure lies in how one approaches risk. While stock picking is just one aspect of the process, it may not be the most crucial. We have developed a risk management framework that helps us navigate through the vagaries of the market. Each stage of investing, from screening new stock ideas to exit strategies, has been crafted with a risk-first mindset. Our systems are designed to alert us when a stock indicates signs of underperformance, allowing us to proactively ‘cut the losers’ to protect capital. We try to mitigate losses by choosing our stocks carefully, optimizing position sizes, and promptly eliminating losers before they can significantly impact the portfolio.

The NIFTY 50 index, which manages 100’s of billions of dollars is a great example of how cutting losers helps generate consistent returns. The index has seen dramatic shifts in some of its major holdings since 2007, weeding out its losers and adding new winners.

Exits/Decrease in Weightage from Nifty 50	Nifty Weightage (Dec’07)	Nifty Weightage (Dec’23)*
ONGC Ltd	7.5%	0.8%
Reliance Communication Ltd	4.3%	-
BHEL	3.6%	-
SAIL	3.3%	-
Unitech Ltd	2.2%	-

* 2023 Weightage % is calculated on the basis of Free Float ; 2007 is on the basis of Market Capitalization

New Additions / Increase in Weightage in Nifty 50	Nifty Weightage (Dec’07)	Nifty Weightage (Dec’23)*
Infosys Ltd	2.9%	5.8%
Axis Bank Ltd	-	3.2%
Kotak Mahindra Bank Ltd	-	2.9%
Bajaj Finance	-	2.1%
Asian Paints	-	1.6%

* 2023 Weightage % is calculated on the basis of Free Float ; 2007 is on the basis of Market Capitalization

In conclusion, quoting the legendary investor William J. O’Neil, “The whole secret to winning big in the stock market is not to be right all the time, but to lose the least amount possible when you’re wrong.”