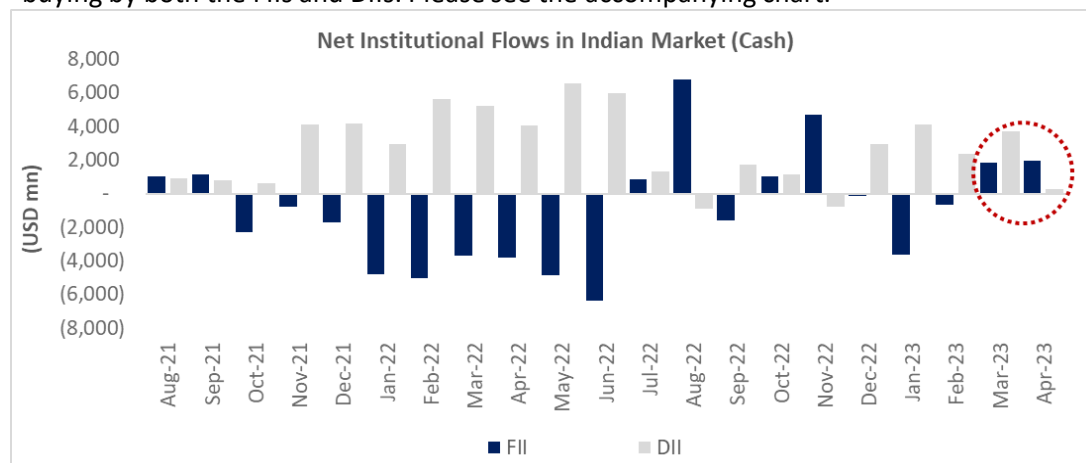


1. Fund Manager's Commentary

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.

Indian equity markets had a strong positive month in April after a long time (October/November of last year). Nifty 50 index rose 4.1% and broader market did better. NSE Midcap 100 index was up 5.9% and NSE Small cap 100 index jumped 7.5% in the month. Key sectoral leaders in April were Realty (+14.8%), Autos (+7.4%) and Industrials (+7.0%) while key sectoral laggards were IT (-3.4%) and Consumer Durables (+2.0). After several months, Indian market was also among the top performers in the global context. MSCI India index was up 4.2% (in USD) in April as compared to MSCI world index (up 1.6% in USD) and MSCI emerging markets index (down 1.3% in USD).

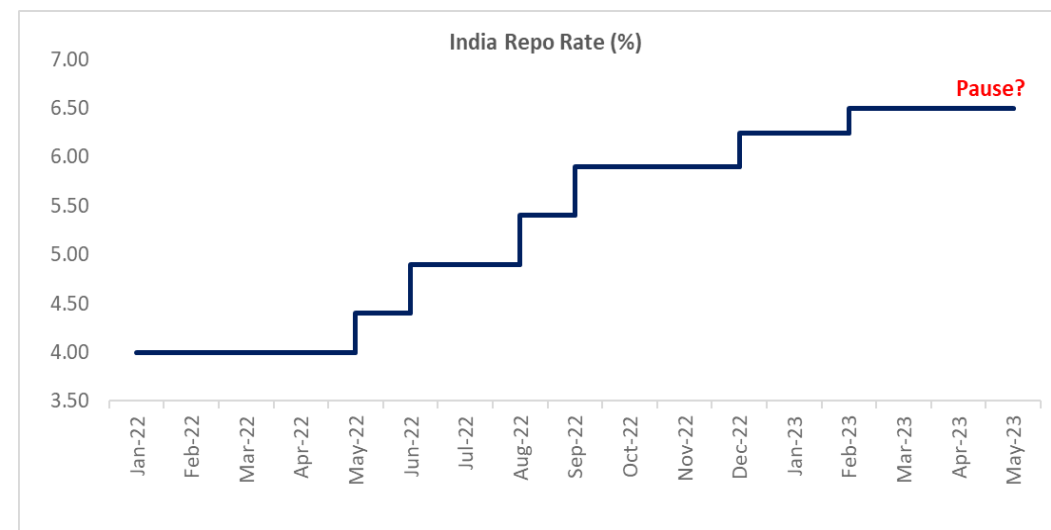
Last month, both FIIs (+1.9bn USD) and DIIs (+0.27bn USD) were buyers of Indian equities in the cash market. After a long time we have seen two consecutive months of buying by both the FIIs and DIIs. Please see the accompanying chart.



Source: NSDL, BSE, NSE, Bloomberg.

We believe that after enduring a tough period of monetary tightening, we may be past its peak. With inflation rates softening at the margin (although still high in absolute terms) central bankers are likely to take a pause from a very aggressive policy rate tightening over the last year or so. Recently, RBI surprised market consensus by taking a pause rather than raising rates by 25bps.

The US Fed has raised policy rates by 25bps, in line with market consensus but has indicated that it will likely pause. The pause taken by the US Fed is being termed as 'hawkish' as inflation fighting remains a priority as of now.



Source: RBI, Bloomberg.

While the central bankers will need more evidence that inflation is being tamed; the focus will now gradually shift to worrying about growth. It may take several months to get more clarity on when the policy rate cycle will start to reverse. Any signalling on this issue will act as a trigger for the equity markets. Long term investors who are under allocated to equity should gradually build positions over the next few months.