

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.

Recent times have seen corrections in Indian equities (global uncertainty combined with relative overvaluation). The following tables highlight the drawdowns of the Nifty since Girik's inception (along with Girik's drawdowns for the relevant period). What this indicates is that drawdowns of this nature are healthy and not atypical. While predicting the exact start and end of a correction is nearly impossible, historical data tell us that after drawdowns, markets generally present substantial opportunities for growth.

Drawdown vs Recovery - NIFTY 50 TRI vs Girik Multicap Growth Equity Strategy					
Period (From)	Period (To)	NIFTY 50 TRI Drawdowns	NIFTY 50 TRI Recovery (Subsequent 3 years)	Girik Drawdowns	Girik Recovery (Subsequent 3 years)
31-Dec-19	31-Mar-20	-30%	109%	-12%	77%
31-Dec-10	31-Dec-11	-24%	86%	-17%	187%
31-Jul-15	29-Feb-16	-18%	61%	-19%	83%
31-Aug-18	31-Oct-18	-11%	76%	-12%	100%
30-Sep-24	28-Feb-25	-11%	?	-13%	?
28-Feb-15	30-Apr-15	-8%	36%	-8%	110%
30-Nov-22	28-Feb-23*	-8%	29%*	-9%	69%*
31-Aug-16	31-Dec-16	-7%	55%	-5%	43%
31-May-19	31-Aug-19	-7%	67%	-7%	87%

Note: * The subsequent recoveries are for 1 year from the drawdown end date. Figures are rounded off to the nearest decimal. All of the above are absolute returns. Above drawdowns are for the period 03-12-2009 to 28-02-2025 and as of month end.

Summary of Drawdowns	
Drawdown Range	NIFTY 50 TRI No. of drawdowns
-5% to -10%	4
-11% to -15%	2
-16% to -20%	1
More than -20%	2

Note: Above drawdowns are for the period 03-12-2009 to 28-02-2025 and as of month end.

1. Fund Manager's Commentary (contd...)

At Girik, our philosophy is to respect the market and recognise that each market cycle will bring with it its own set of “leading” sectors, which often drive the next bull market, and these could be completely different from what led the previous bull market. We have spoken about some of our core principles over several newsletters over the last 10-15 years and would like to use this opportunity to reiterate certain beliefs that are most relevant at present:

- **Industry Group / Industry leaders:** Majority of a stock's price performance is tied to its industry group that it is part of. Being invested in the correct industry group matters. Capital flows from one sector to another; understanding this flow is crucial to anticipating powerful sectoral trends. As mentioned above, we are on the hunt for sectoral leaders and wont hesitate to rotate into new ideas based on new underlying trends
- **Cutting Losers & Identifying Winners:** During drawdowns, losers that once appeared as winners in a bull market come to the surface. In order to generate returns for our investors, we are not shy to "Cut" losers, and move into emerging leaders or potential winners based on our stock selection principles.

In conclusion, quoting the legendary William J. O'Neil, *"A winning stock is one that has strong fundamentals, good price action, and is leading its industry. It is important to buy stocks that are leaders, not laggards."*