

1. Fund Manager’s Commentary

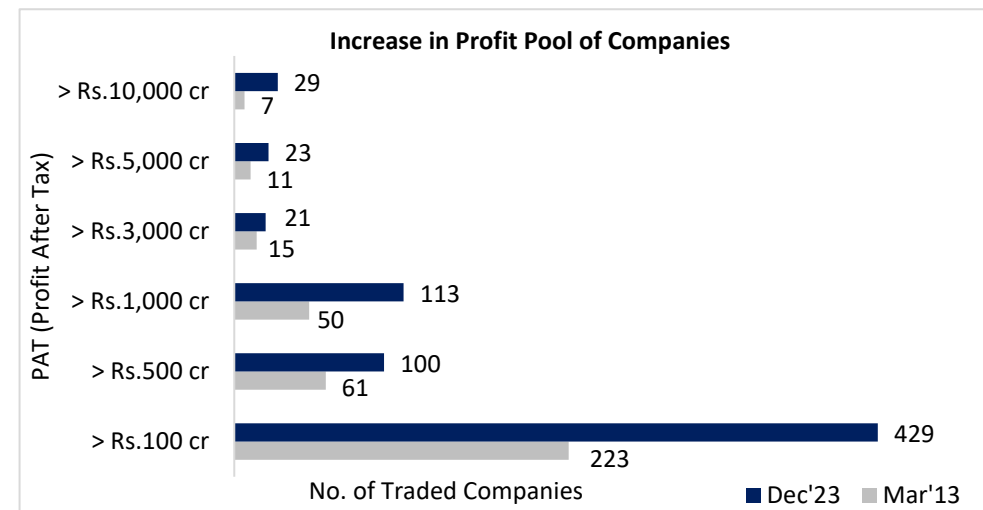
The Girik Multicap Growth Equity Strategy is inspired by the CANSLIM philosophy of stock picking developed by American investor William J. O’Neil. The goal of this strategy is to identify leading companies from leading industry groups that show sharp acceleration in earnings, newness in products or change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

Market sentiment has been buoyant due to strong domestic macroeconomic indicators. At Girik, we closed the year with FYTD returns of 66.44%, compared to the Nifty 50 TRI 30.08%. However, since October, the sharp rally coupled with the ongoing anticipated pre-election rally, suggests that valuations in the domestic market could be slightly overheated. The Indian equity market is trading at a relatively premium valuation to its global peers as seen in the table below.

Despite elevated valuations, we continue to remain optimistic over the long term. The Indian earnings expansion story has delivered over the last decade. There has been a notable increase in the number of companies generating PAT (Profit After Tax) of more than Rs.10,000 crore, which grew from 7 companies in March 2013 to 29 as of December 2023! In addition, the number of companies clocking in profits of more than Rs.100 crore increased from 367 in March 2013 to 715 in December 2023! Due to this expansion in the earnings pool/number of companies making profits of >Rs.100 crore per year, there is an expansion in the number of companies that have become investible, from a size and liquidity perspective.

Index	P/E
Nifty 50 P/E	23.11x
MSCI – Emerging Markets P/E	15.10x
MSCI – World P/E	21.56x

Source: Bloomberg. Note: P/E is as on 31-Mar-2024 & on TTM basis



Source: Ace Equity

Despite concerns over the possibility of volatility in the short-term, we continue to focus on identifying emerging investment opportunities amidst the expanding earnings pool. We remain confident that the Indian earnings growth story over the next 10 years will continue to surprise and will justify today’s premium valuations.