

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 market continued its upward trend with Nifty 50 index rising 2.6% in May. Like the previous month, broader market did far better. NSE Midcap 100 index and NSE Smallcap 100 index jumped by 6.2% and 5.1% respectively in the month. Key sectoral leaders in May were Auto (+7.9%), Realty (7.7%) and Consumer Discretionary (+7.2%) and key sectoral laggards were Metals (-2.9%), Oil & Gas (-1.6%) and Utilities (-0.6%).

Like last month, in May too Indian market continued its trend of outperformance in the global context. MSCI India index was up 2.7% (USD) while MSCI world index was down 1.2% (USD) and MSCI EM index was down 1.9% (USD).

Last month, FIIs were buyers of Indian equities (~USD5.0bn) while DIIs were sellers (~USD0.4bn). This is the third consecutive month of FII buying and the quantum of buying was the second highest after August 22.

The strong performance of Indian equity markets over the last couple of months is a reflection of strong relative macro-economic fundamentals of Indian economy in terms of growth, under-control fiscal deficit and improving current account conditions. Moreover, with the overhang of monetary tightening peak behind us, we expect fundamentals to reassert themselves in the equity markets after a long 18-month period (October'21 to March'23) of volatile but flat markets.

In FY23, underlying companies in Nifty 50 index delivered an aggregate EPS growth of 10.8% YoY. Please find in the adjacent table, FY23 operating performance of our portfolio companies. In aggregate our portfolio companies delivered EPS growth of 19.4%. The expected EPS growth of our portfolio over the next 2 years is 17.6%.

We believe that while stock prices may remain volatile, over the medium to long term, portfolio performance will reflect the strong underlying growth in the portfolio businesses. We recommend investors to add to their positions over a period of time to benefit from this growth.

FY 2023 Key Metrics for Portfolio Companies

Company Name		Revenue/NII	EBITDA/PPoP	PAT
Growth		YoY	YoY	YoY
360 One WAM Ltd.	Consolidated	7%	29%	14%
Aarti Pharmed Labs Ltd.	Consolidated	62%	65%	58%
ABB India Ltd.	Parent	24%	73%	93%
Apar Industries Ltd.	Consolidated	54%	124%	148%
Bharti Airtel Ltd.	Consolidated	19%	24%	96%
Blue Dart Express Ltd.	Consolidated	17%	-6%	-3%
Borosil Ltd.	Consolidated	22%	-12%	7%
Canara Bank	Parent	19%	20%	87%
CreditAccess Grameen Ltd.	Consolidated	34%	40%	134%
Cyient Ltd.	Consolidated	33%	23%	-2%
Elecon Engineering Company Ltd.	Consolidated	26%	38%	69%
Equitas Small Finance Bank Ltd.	Parent	25%	35%	104%
Exide Industries Ltd.	Parent	18%	12%	-81%
Five-Star Business Finance Ltd.	Parent	36%	27%	33%
HDFC Bank Ltd.	Parent	21%	10%	19%
Hitachi Energy India Ltd.	Parent	16%	0%	-43%
Indian Bank	Parent	21%	20%	34%
Kirloskar Brothers Ltd.	Consolidated	22%	94%	149%
Landmark Cars Ltd.	Consolidated	14%	36%	29%
Larsen & Toubro Ltd.	Consolidated	17%	11%	21%
Mahindra & Mahindra Ltd.	Parent	47%	49%	34%
NTPC Ltd.	Parent	35%	20%	20%
Power Mech Projects Ltd.	Consolidated	33%	41%	50%
REC Ltd.	Parent	-6%	-13%	10%
Reliance Industries Ltd.	Consolidated	24%	29%	10%
RHI Magnesita India Ltd.	Consolidated	36%	-7%	N/M
Safari Industries (India) Ltd.	Consolidated	72%	256%	459%
State Bank Of India	Parent	20%	11%	59%
Sundram Fasteners Ltd.	Consolidated	16%	6%	8%
Syrma SGS Technology Ltd.	Consolidated	101%	99%	115%
Aggregate		25%	17%	19%

Source: ACE Equity, Internal Research. Figures are rounded off to the nearest decimal. N/M: Not Meaningful
Note: For Financials revenue is considered as Net Interest Income, except for 360 One WAM Ltd.