

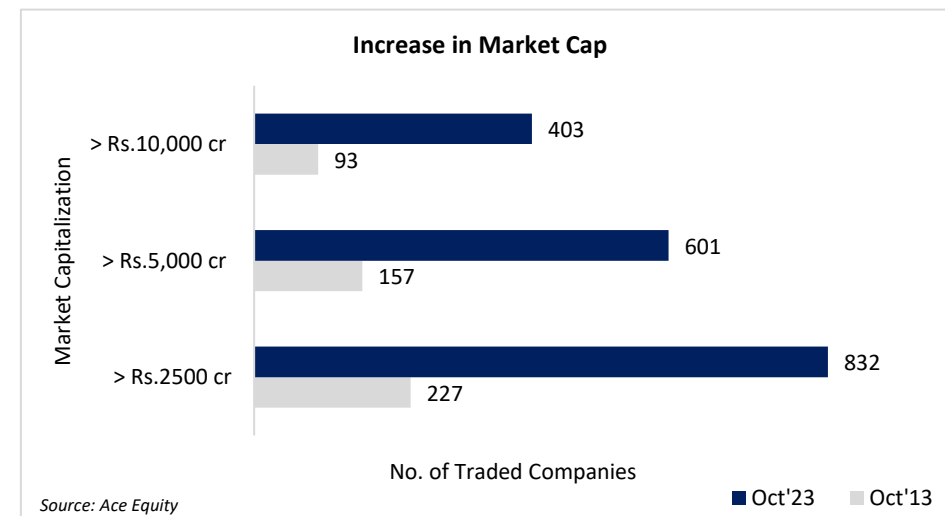
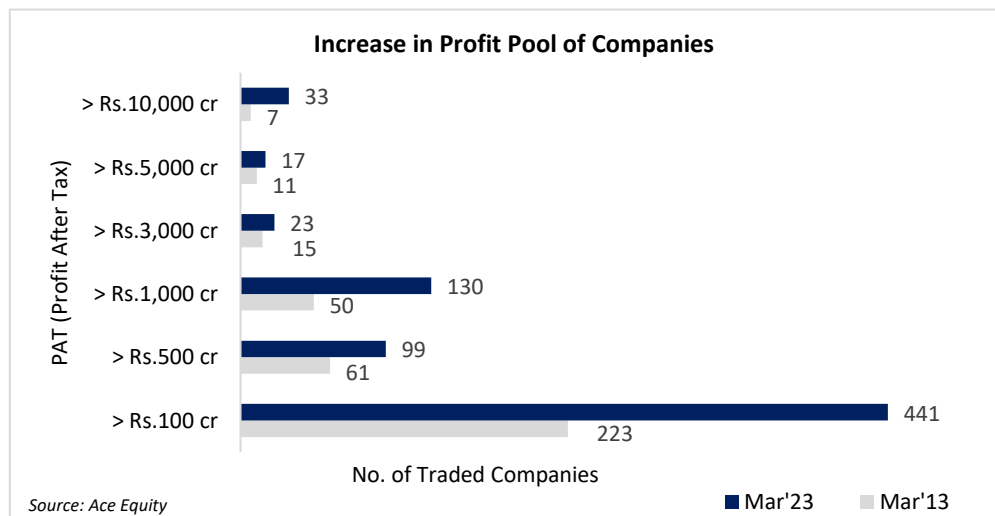
1. Fund Manager’s Commentary

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 will be completing 14 years of track record at the Girik Multicap Growth Equity Strategy later this year! We are proud of what we have achieved as a team, but most thankful to our long-term investors that continue to believe in us. Thank you for your support. We remain energised and continue to work harder than ever on our people, processes and systems, and to try to deliver the best possible results to our investors. As the saying goes, "Success does not come from what you do occasionally but from what you do consistently."

Looking back at the last 14 years since the time of our formation, the most notable change that we have seen in India is the massive growth of earnings that we have witnessed. It is not only the profits of the very large companies that have become gigantic, but also the depth / number of companies that generate sizeable profits today compared to 2009. In this memo, we will talk about this trend and why it gives active managers such as ourselves a better chance of providing solid absolute and relative returns.

Below we highlight an 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 33 as of March 2023! In addition, the number of companies clocking in profits of more than Rs.100 crore increased from 367 in March 2013 to 734 in March 2023! As a result of this earnings growth, the Indian stock market has also seen substantial gains in market capitalization. As seen below, there has been a staggering increase in the number of companies with a market cap of more than Rs.10,000 crore, from 93 companies in October 2013 to 403 in October 2023 and companies with a market cap of more than Rs.2500 crore have increased from 227 in October 2013 to 832 in October 2023!



1. Fund Manager’s Commentary (continued...)

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. These companies are usually not as well tracked or considered investible by many large funds/ Index funds that are only able to invest in them once their market cap crosses a certain threshold minimum. This gives us a serious edge over our larger peers (that seem to be more obsessed with garnering higher AUMs’). In fact, it gives us a definite edge over the larger indices. So long as we are able to find winners early, we should have a relatively better chance of beating the indices.

Period	Strategy	Nifty 50 TRI
1 year	26.37%	7.01%
3 years	24.42%	19.31%
5 years	19.01%	14.28%
10 years	21.36%	13.07%

Note :

1. The above performance data is as on 31-Oct-23, net of fees and expenses & audited till 31-03-2023.

To reiterate, the single most important reason for the above, is our focus on some of the ‘Newest” ideas, where the earnings pool has grown exponentially. As India grows corporate profitability, this opportunity opens up even further. The best is yet to come!

We at Girik wish you and your family a Happy & Prosperous Diwali!