

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.

In today’s newsletter we would like to highlight how we at Girik place importance on being invested in leading “industry groups” or “sectors”. **The majority of leading stocks are usually in leading industries.** Bulk of a stock’s move is tied to the industry group that it is part of (a rising tide tends to lift all boats). Be on the right side of a trend since this is where you’ll make the money!

Specific groups lead each market cycle, from 2010 to 2020 it was consumer stocks and private banks and in the present market cycle, it has been everything tied to capital goods/power/manufacturing – worthy to note that consumer stocks and private banks have been rank underperformers in this present cycle and have delivered poor returns since 2020.

It’s important not to be swayed by what’s worked in the past, and to be able to adjust your portfolio and invest in the right industry groups. Identifying these industry trends/new sectors early could mean the difference between superior and mediocre results.

Below is a recent instance of a change in industry leadership:

Oct-21 to Jun-22 (Nifty down by 17%)

