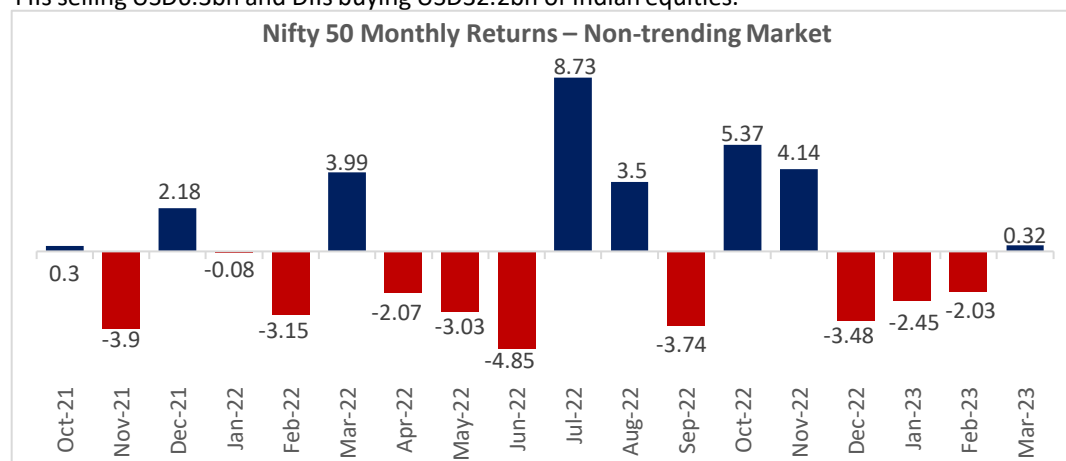


1. Fund Manager’s Commentary

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.

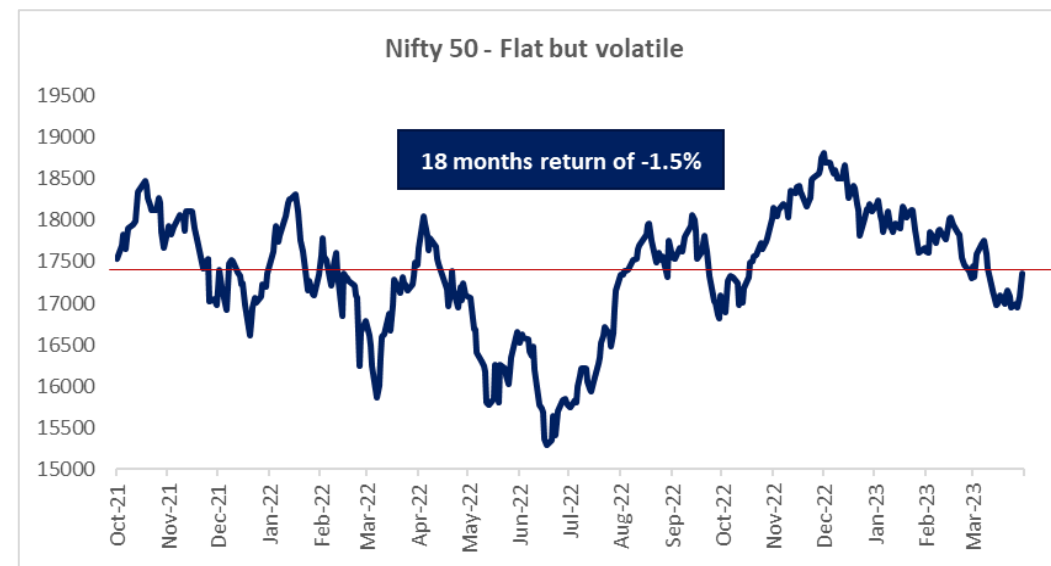
After three consecutive months of negative returns, Nifty 50 index was marginally up by 0.3% in March. However, Nifty midcap 100 and Nifty smallcap 100 indices remained in the red for the fourth consecutive month, down by 0.3% and 1.8% respectively. In March, Utilities (+10%), Oil & Gas (+2.8%) and FMCG (2.0%) sectors were the key leaders while Telecom (-3.7%), Autos (-3.3%) and IT (-3.1%) sectors were the key laggards. In the global context, India underperformed with MSCI India index up 1.2% (in USD) as compared with MSCI World index (up 2.8%) and MSCI Emerging Markets index (up 2.7%). In March, both FIIs (USD1.5bn) and DIIs (USD3.7bn) were buyers of Indian equities. However, excluding GQG/Adani deal, FII numbers would have been negative for the fourth consecutive month.

For FY23 as a whole, Nifty 50 index was down marginally by 0.6%. Nifty midcap 100 index was up 1.2% while Nifty smallcap 100 index was down sharply by 13.8%. For FY23 as a whole India’s performance was mixed with MSCI India index down 12.7% (in USD), better than MSCI Emerging Markets index (down 13.3%) but worse than MSCI World index (down 8.6%). FY23 as a whole saw FIIs selling USD6.3bn and DIIs buying USD32.2bn of Indian equities.



Source: Bloomberg

From Oct 2021 to March 2023, Nifty 50 index was down marginally by 1.5% with 10 months of negative returns and 8 months of positive returns. This period of flat but very volatile markets has been a challenging period to navigate as there was hardly any discernible and sustainable trend. In this period, while the Indian economy and corporate sector have done relatively well; equity markets were nevertheless impacted by the global fight for taming inflation by raising policy rates and tightening monetary conditions.



Source: Bloomberg

The turmoil in the banking sector in the US and Europe in recent times has made the job of central bankers even tougher as they have to not only keep fighting inflation but also have to ensure that banking accidents do not lead to contagion at the system level. It is clear from the recent actions of the ECB and the US Fed that inflation remains a bigger challenge. Overall, this increases the chances of economic slowdown with implications for corporate earnings growth. It is possible that the overall macro-economic situation may remain challenging for the next several months. Any signs of a pause in rate hike cycle and signalling of a future reversal of policy may act as triggers for the equity markets. We believe that for patient long term investors this is a good time to consider increasing their equity allocation in a gradual manner.