

## 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.

The surge in Indian equity markets over the past few years made it seem like opportunities were abundant. As the saying goes, "a rising tide lifts all boats," and even modest investments were yielding significant returns. However, with market benchmarks recently dipping from their all-time highs, the landscape appears to have shifted. The previously bullish sentiment has given way to a more cautious approach. Over the last 15 years, there have been 5 corrections with the Nifty falling by at least 15%, as seen in the table below. Each correction was unique in terms of duration, extent, and the underlying factors that caused it. Predicting the exact start and end of a correction is nearly impossible. However, analysis of previous market drawdowns suggests that sector leadership often shifts during corrections, and the sectors that performed best prior to the correction do not necessarily lead the recovery. Market returns following corrections are typically healthy, presenting opportunities for growth. Staggering investments during periods of volatility can be an effective strategy to enhance portfolio returns.

| Nifty 50 Drawdowns - Last 15 years |                  |
|------------------------------------|------------------|
| Range                              | No. of Drawdowns |
| -5% to -10%                        | 5                |
| -10% to -15%                       | 2                |
| -15% to -20%                       | 1                |
| More than -20%                     | 2                |

*Note: Above drawdowns are for the period Dec 2009 to Nov 2024  
Drawdowns are absolute and calculated on monthly basis*

At Girik, we believe every market comes with its own set of leading sectors that tend to lead the next bull market. As a strategy that relies upon finding leading sectors and leading stocks "early" in their growth cycle, we are constantly screening on sectors and stocks that show signs of "price strength" (especially in bad markets). We have found that stocks that display early price leadership have a better chance of appreciating quickly when markets start moving in the right direction. Many of these stocks/sectors come with an element of "Newness" or surprise and may not typically be found in common portfolios. (refer to our newsletter dated Sept’24, that talks about "Newness" as a factor.)

We recommend continuing your investments through the *Girik Liquid Strategy*, which incurs no fees and allows your funds to earn interest until deployed into the Girik Multicap Growth Equity Strategy at the fund manager’s discretion. This approach serves as a tool to systematically deploy investor funds at price points deemed optimal for maximizing returns. Any substantial dips in the market are viewed as opportunities by the fund managers to accelerate deployment and capitalize on market volatility.