1. Fund Managers 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.

War in Europe and escalating sanctions on Russia dominated the market narrative last month. While the unfolding humanitarian crisis is tragic, the supply shock caused by these events is equally painful for the global economy. Given that the warring countries are big global suppliers of oil & gas, metals and agricultural commodities, shortages and consequent high prices are causing 'cost of living' worries all across. With no obvious signs of early resolution to the military conflict; the cost to the global economy in terms of 'higher for longer' prices may prove to be very high.

Even before the war broke out, the central bankers were faced with an unenviable & a delicate task of effecting a regime change in monetary policy. Their challenge is to tighten the financial conditions so as to control the spectre of inflation but without sacrificing too much of economic growth momentum. With the supply shock caused by the war, the task of ensuring a soft landing has become much tougher. We expect the central bankers to be key protagonists in the unfolding drama this year.

Despite the unnerving news flow, Indian equity markets remained resilient- outperforming emerging markets by a wide margin last month and also in the fiscal year gone by. Nifty returned around 4% in March and 18.9% in FY22. Midcaps and small cap indices outperformed large caps. Media and metal sectors were key outperformers while private banks and autos were key underperformers.

Over the last few years, domestic investors (both through institutional vehicles like mutual funds as well as direct) have emerged as a big force to reckon with, absorbing almost USD15bn of FII selling in Jan-March quarter. We believe growing salience of domestic investors is a healthy structural positive for Indian market.

At Girik, we firmly believe that in any kind of a market, there are always winners and losers. No matter how noisy the markets, our research effort is focused on identifying and buying the potential winners and avoiding the likely losers. Our time tested risk mitigation framework helps us in navigating these challenging markets and generating returns for our investors.

In turbulent times like these, it is natural for investors to feel uneasy given the constant bombardment of scary news flow. However, at times like these it is important to examine historical facts to get an idea about base rate probabilities. Over 42 years of history, Sensex has delivered positive returns in 32 years (76% of times). Also, it has given more than 30% returns in 12 calendar years and worse than 30% negative returns just once in 2008. In these 42 years, India has seen all possible negative events such as wars, terrorist attacks, political instability, international sanctions, economic crises, natural and manmade disasters and more. So, we urge investors not to lose sight of the overwhelmingly positive skew in Indian equity returns while dealing with current anxieties.