

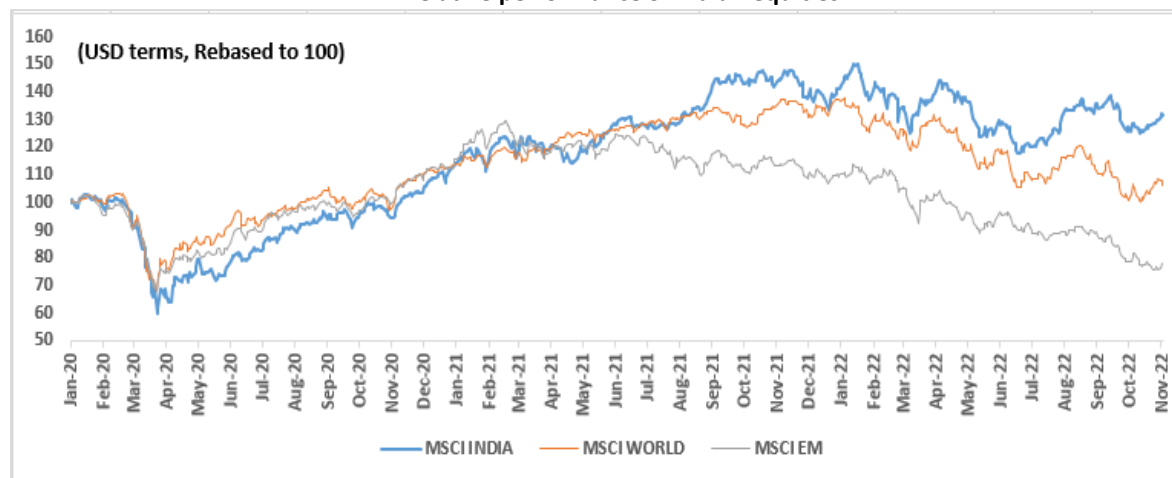
1. Fund Manager’s Commentary

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 October, Indian equities more than recouped losses suffered the previous month. NSE Nifty 50 index gained 5.4%, doing better than midcap and smallcap indices. NSE Midcap 100 index was up 2.5% while NSE Smallcap 100 index was up 2.6%. Most sector indices were in the green in October with banking, energy and capital goods as the top 3 leaders while FMCG, consumer durables and telecom as laggards. Last 12 months have been marked with heightened volatility in equities, primarily driven by global macroeconomic news flow about central bankers fighting high inflation and geopolitical tensions. Even then, Indian markets have done rather well with NSE Nifty 50 index up 1.9% over 12m. NSE Midcap 100 index is up 3.2% and NSE Smallcap 100 index is down 10% in the same period.

After a long time, in October MSCI World Index (up 7.1%) outperformed MSCI India Index (up 2.5%) in USD. This was primarily driven by rebound in the US markets and a few European markets perhaps due to expectations of dovish message from the central bankers. MSCI Emerging Markets Index was down 3.2%, continuing its under-performance.

Relative performance of Indian equities



Source: Bloomberg

For the past 12 months India has substantially outperformed global and emerging market peers. Over last year, MSCI India Index is down 7.6% in USD compared to MSCI World Index which is down 19.8% and MSCI Emerging Markets Index which is down 32.9%.

In the midst of turmoil in most of the world, Indian economy has done relatively better thanks to the prudent fiscal and monetary policies pursued during the pandemic years. While Europe and the US are staring at potential recession, growth in India remains relatively robust. This is also reflected in the health of Indian corporate sector. Please see the accompanying table of relative earnings growth expectations of India versus other parts of the world. We believe the superior performance of Indian equities is a reflection of its strong relative fundamentals. Moreover, solid domestic flows into equities have made Indian markets more resilient.

Relative EPS growth of Indian corporates

	EPS Growth (CY23/CY22)	EPS Growth (CY24/CY23)
MSCI INDIA	18.6	13.5
MSCI WORLD	5.3	7.0
MSCI EM	2.4	11.8
MSCI USA	6.9	8.6
MSCI UK	-2.0	1.3
MSCI EUROPE	2.0	5.8
MSCI BRAZIL	-10.5	-1.9
MSCI JAPAN	2.5	6.3
MSCI CHINA	14.5	14.5

Source: Bloomberg

At Girik, as always, we remain focused on capturing emerging opportunities from sectoral leadership changes. We believe automobiles, capital goods/industrials and banking are likely to be the new leading sectors. Accordingly, we have made changes to the portfolio over the last several months by investing in leading companies in these sectors. Many of these companies are expected to exhibit strong business momentum and earnings growth which should help our investors’ portfolios to outperform.