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 this months newsletter we focus on the 'M' (market direction) of CANSLIM. Market direction in CANSLIM is not about predicting an uptrend or downtrend. It instead focuses on interpreting price and volume behaviour to confirm when a real uptrend is underway. O'Neil emphasises that most stocks follow the general market, so being aligned with a confirmed uptrend is critical before deploying capital.

A new uptrend typically begins after a correction, when the market shows clear signs of institutional accumulation. O'Neil refers to this as the early confirmation of a change in market direction, where initial strength is often driven by a limited number of stocks. As the uptrend progresses, more **stocks begin to emerge from sound base patterns and move to new price highs**, indicating that the market is transitioning from a tentative rally to a more confirmed and sustainable uptrend

Importantly, new leaders emerge early in the cycle, **not from the prior set of winners but from companies showing fresh earnings strength and new drivers**. While the bull market that started in 2014 and ended in COVID was clearly led by retail financials and consumer stocks, it is important to note that the Post – COVID to present bull run has been led by a separate set of leaders from sectors that are linked to capex, power/anciliaries, manufacturing, metals and mining etc. The old leaders are now largely laggards with limited returns, since 2020 onwards. It is important to position ones portfolio correctly for the present environment.

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Table 1: Prior Bull Market Leaders (01 – 01 – 2014 – 01-01-2020)

Company	Industry	6 Year CAGR Total Return – 2014 to 2020 Cycle	6 Year CAGR Total Return – 2020 to 2026 Cycle
Avenue Supermarts Ltd	Consumer Retail	35.2%	14.1%
Asian Paints Ltd	FMCG	24.8%	8.1%
Hindustan Unilever Ltd	FMCG	24.6%	2.5%
Havells India	Consumer Durables	27.9%	17.6%

Table 2: Post COVID Leaders, (01-04-2020 to 30 – 04 – 2026)

Company	Industry	6 Year CAGR Total Return – 2014 to 2020 Cycle	6 Year CAGR Total Return – 2020 to 2026 Cycle
CG Power and Industrial Solution	Capital Goods – Electrical	-20.8%	131.9%
GE Vernova T&D India Ltd	Capital Goods – Electrical	-5.0%	102.0%
Hitachi Energy India Ltd	Capital Goods – Electrical	N/A	87.0%
Vedanta Ltd	Metals and Mining	0.5%	72.7%
Lloyds Metals and Energy Ltd	Metals and Mining	8.3%	163.6%

[1] The above data is as of the dates disclosed in the tables; [2] Sources used for the above data include NSE and Bloomberg; [3] The companies in the above tables were the overall leaders in the market in these two cycles. Not all companies mentioned above were in the porfolio. This table is only meant to illustrate price return of leaders over two different market up cycles. Companies marked with N/A in any cycle were not listed at the time of the mentioned cycle.

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