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Your Journey to
Prosperity



Ckredence **Wealth**

Your journey to prosperity

DESK OF FUND MANAGER

From the desk of

FUND MANAGER

Dear Investors,

September was a positive month for the Indian stock market, with broad-based gains across key indices. The Sensex and Nifty 50 led the performance, reflecting the favorable macroeconomic conditions and an optimistic sentiment among investors. While the BSE Smallcap and BSE Midcap indices also registered gains, their upward movement was relatively slower. However, large-cap stocks, as seen through the BSE 100 and Nifty 100 indices, stood out as the clear winners, driven by a resurgence in key sectors.

We are pleased to announce the launch of our new ICE Growth Investment Approach, which is built on the foundation of three key economic pillars (ICE)

- I – Investment
- C – Consumption
- E – Exports

The fund's objective is to identify and capture pillar-centric trends in advance, ensuring that investors do not miss out on key opportunities within these segments. The portfolio follows a barbell structure, with 40% allocated to stable compounders, 40% to turnaround names, and 20% to quality cyclicals. ICE Growth is benchmark and market cap agnostic absolute return product. Additionally, the ICE Growth Fund will also participate in Next-Generation Businesses (NGB) such as FinTech, electric vehicles, renewable energy, and AI, aligning with India's transition into a global production and digital hub. We believe this approach positions us well for long-term growth and value creation in the evolving economic landscape.

In our All Weather Portfolio, we are gradually increasing our allocation to consumption and export-oriented sectors. However, this shift is being implemented more conservatively compared to our newly launched ICE Growth fund, as the All Weather Portfolio needs to move in line with its benchmark. The ICE Growth fund, being a benchmark-agnostic product, allows for more aggressive positioning in these sectors.

Our core belief is that the consumer sector should perform well in the coming months. Additionally, we anticipate strong performance from the pharmaceutical sector, particularly in the Contract Development and Manufacturing Organization (CDMO) space within exports. Reflecting this outlook, we currently maintain higher weightages in both the pharmaceutical and IT sectors

Business Cycle approach where we intend to invest in maximum 4-5 sectors across market caps. This investment approach (IA) will scout for under researched, undervalued or under owned names where business cycle turn around can led to significant wealth creation over the period of 3-5 years. We're pleased to report that this strategy has proven particularly successful in the IT and Pharmaceutical sectors, where our investments are significantly outperforming the market. Our early identification of potential turnarounds in these sectors has validated our investment thesis. Notably, we have allocated a substantial 37% of our portfolio to the Pharma sector, reflecting our strong conviction in its growth potential. Importantly, we believe we are still in the middle of the cycle, not yet at the peak. Given this assessment, we intend to maintain our current portfolio narrative and sector allocations, confident in the continued growth potential of these investments.

Risk management remains a key focus in our strategy. We are maintaining portfolio liquidity and are prepared to increase cash levels if market conditions become irrational. We are particularly vigilant about potential risks in overseas markets, such as a possible U.S. recession or election-related uncertainties. Our primary objective is to manage risk effectively, ensuring that our portfolio is well positioned to navigate any market turbulence.

From a domestic perspective, we believe the economic outlook remains favorable. The primary risks we are monitoring predominantly from the Internationale market. We continue to closely watch global developments and their potential impact on our portfolio.

we remain committed to our strategy of balancing growth opportunities with prudent risk management. We believe our current positioning in consumption, pharmaceuticals, and IT sectors, coupled with our focus on maintaining liquidity, will serve our investors well in the current market environment

CKREDENCE WEALTH MANAGEMENT PVT LTD.

KARTIK MEHTA

Chief Investment Officer (CIO)

The investment strategy, approach and the structure of the strategy herein involves risk and there can be no assurance that specific objectives will be met under differing market conditions or cycles. The investment strategy and the composition of the portfolio as stated herein is only indicative in nature and is subject to change within the provisions of the disclosure document and client agreement without any prior notice to investors. Please refer to the disclosure document & client agreement for details and risk factors. Clients are requested to refer the DD before investing. There may be other factors that may be relevant for identification of a contrarian investing opportunity.