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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,

As discussed in our last quarterly webinar, we tried to de-risk our portfolio positioning ahead of general elections, which we have partially reversed subsequently post elections by way of deploying cash, taking exposure to beta names and cyclicals. We had 10%+ cash levels as on May ending, which is reduced considerably now. Our portfolio is well diversified across 35 stocks and across sectors such as BFSI, Metals, Oil & Gas, Pharma, Auto etc. PSU basket in total stands at ~20% with major focus towards metal and Oil & Gas.

Gold & Silver ETF together forms ~8.5% of portfolio. Given its low volatility nature, we consider it as a proxy for cash. We would like to hold on to them for some time.

We have recently launched new product namely 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 lead to significant wealth creation over the period of 3-5 years. Thus, this IA is benchmark agnostic, absolute return product. However, portfolio for this product is up and running successfully with initial signs of decent alpha generation.

4QFY25 numbers have come by and large in line or better with very few disappointments. However, Nifty 50 earnings growth for FY24-25 is looking moderate on high base and global macroeconomic uncertainty. We are very conservative compared to street for forecasting earning growth of 9-10% for FY25 - FY26. Thus, Nifty is currently trading at 21.7x FY25E and 19.4x FY26E EPS respectively. Based upon that, risk: reward ratio from current Nifty levels of 22520 stands meagre at +1.35% (Base case) vs. -17% (Bear case) for next 12 months. However, market always looks forward beyond 12 months, so, from 2QFY25 onwards market will start discounting FY26 numbers aggressively. Based upon that, from 18 months prospective, risk: reward ratio stands at +13.5% vs. -7%. Also, we need to focus on political stability, policy sustenance (Current account and fiscal discipline), controlled inflation and healthy GDP growth and stable corporate profitability. These factors make India a much better investable market for the long run.

However, from here on, we believe it will be stock pickers market where index movement is relatively less important. Our portfolio has demonstrated significant outperformance ever since we have launched our product. We have fallen much lesser than markets in falling markets and we have participated much better upside during rising markets. That said, for long term investors, market timing is futile and it does not make any sense to map investment levels.

We have calculated risk analysis attributes of our portfolio. These risk attributes provide valuable insights into how your portfolio is performing relative to its volatility, market movements, and riskadjusted returns. They help you make informed decisions about your investments and assess whether your portfolio aligns with your financial goals and risk tolerance.

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.