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DESK OF FUND MANAGER

From the desk of

FUND MANAGER

Dear Investors,

The Nifty 50 concluded October with a notable drop of 6.22% to 24,205, marking its largest monthly decline since March 2020, when it plummeted 23.25% amid the COVID-19 pandemic. This sell-off has led the index to correct 8% from its peak of 26,277, reached in late September.

The disappointing earnings reported by Indian companies for the September quarter so far served as a significant catalyst behind the market's worst performance. After a relentless rise in Indian stocks during the first three quarters of the calendar year, valuations had climbed to levels that are comparatively high on a global scale.

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.

Given the current market conditions, we are approaching the deployment of the ICE Growth Fund with caution and prudence. Initially, we are investing 20-25% of the fund's capital, with the remainder being parked in a liquid fund. This approach allows us to remain nimble and responsive to market fluctuations while gradually deploying funds into high-conviction opportunities.

In the current market environment, our strategy remains focused on sectors with robust earnings visibility and defensive characteristics. Accordingly, we have allocated higher weightage to IT, Consumer, and Pharma sectors, which demonstrate strong earnings performance and align with our quality-driven

approach. At the same time, we maintain a cautious stance on segments where high valuations are not supported by earnings growth. As such, we have reduced exposure to banking, industrials, and capital goods due to concerns over stretched valuations and potential volatility.

To further safeguard the portfolio and maintain flexibility, we have strategically increased cash levels across our portfolios. The All-Weather Portfolio currently holds 14.33% in cash, while the Diversified Fund has 18.98%. Depending on market conditions, we are prepared to raise cash levels further as part of our risk management framework and to capitalize on future opportunities.

The portfolios showcased strong resilience in October 2024, significantly outperforming their respective benchmarks in a challenging market environment. The All-Weather Portfolio declined by -0.70%, compared to the BSE 500 TRI's steep drop of -6.45%, reflecting its defensive positioning. Similarly, the Diversified Portfolio recorded a modest decline of -3.01%, substantially better than the BSE 500 TRI's performance. The BCF Portfolio stood out with a 0.21% gain, outperforming the Nifty 50 TRI, which fell sharply by -6.12%. These results underscore the robustness of our strategy and our focus on preserving wealth during periods of market volatility.

Business Cycle Fund which focuses on identifying and investing in 4-5 carefully selected sectors across various market capitalizations. This strategy is designed to target under-researched, undervalued, or under-owned companies poised for significant growth due to a favorable turn in the business cycle. Our goal is to create substantial wealth over a 3-5 year period by capturing these inflection points early. Over the past year, our fund has generated an impressive 37.51% return, significantly outperforming the market. The strategy has delivered 12% alpha, reflecting the added value of our sector-specific insights and timely investment decisions. We have allocated 41% of our portfolio to the Pharmaceutical sector, reflecting our strong conviction in the sector's long-term growth potential. This allocation continues to be a core component of our strategy as we believe the Pharma sector is still in the middle of its growth cycle, not yet at its peak.

Our focus remains on long-term growth and value creation, and we are optimistic about India's potential to drive both economic and technological advancements in the years to come.

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.