



Time to Reboot - Sep 2017 Newsletter

Bulls tested, finally

Following a long phase in the markets when returns preceded and exceeded conviction, it finally saw some course correction. It was triggered by a combination of geopolitical risks, weak GDP print and concerns relating to GST implementation and transition, leading to incessant FII outflows. Nifty closed the month with a 4% decline from peak levels. Market cap and sector considerations aside, not much was spared. Banks and Financials suffered a tad more than others as talk of fiscal stimulus led to hardening of rates and weaker INR. Export as well as seasonally dependent consumer discretionary sectors performed better.

Invest during the correction phase

We believe and hope (in that order) that this correction will sustain for the next quarter. Another round of subdued financial results, sustained pipeline of large primary issues and pre-state election jitters could keep markets capped for a while. On the flip side, weak INR could support earnings in some pockets and positive management commentaries (likely following Q2) could provide some cushion. Either way, we advise investors to use this corrective phase in the markets to buy high quality growth stocks in sectors we prefer namely – cyclicals, capex (public) and consumption.

We will be back next quarter

To conclude, we wish to inform all that this will be the final edition of the monthly newsletter which we commenced in April 2016. The next and subsequent editions will be penned once every quarter, mainly to include and address our new investors in the Ampersand Growth Opportunities Fund Scheme I, which is the maiden scheme of Ampersand Capital Trust; a SEBI registered Category III Alternative Investment Fund (AIF). As the name suggest, we will continue to follow our investment philosophy of identifying exciting growth opportunities with sustainable long-term potential. Although markets are close to all time highs, we are not unduly worried, but do wish us luck in this endeavour.

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