



Equity Outlook (May 2017)

Dear Clients and Investors...----- "THIS TOO SHALL PASS"

We would like to give all of you a glimpse of our investment philosophy this month. We believe that for the bull run in the stock markets there are various different phases and cycles. There are lot of factors that are outside of the stock markets and act as a barometer to gauge the breadth, depth and height of the rally in the stock markets.

Let us try and explain the same in simple aspect. The first is the stock market cycle, it is then followed by the business cycle and lastly comes the cycle of change in the investors psychology. What is this stock market cycle? It is the first phase of the stock market opportunity. Let us go back to the period of 2013-2014. In hindsight, we can go and see this recent history of stock market in 2013, it was full of pessimism, there were scams, there was corruption, there was tepid earnings growth, there was complete apathy towards stock markets. Stocks that were worth a dollar were available for a dime. It is only the smart investor who could see light at the end of the tunnel and the light was saying "THIS TOO SHALL PASS" There is no visibility of any opportunity, the only call is that value is available and as time passes and sentiments change prices start going northwards and value gradually evaporates. This is known as the change in the stock market cycle, few investors – well majority call themselves as investors, but to my mind, it is people who can see beyond the invisible are genuine investors and they were the ones who went whole hog and bought the value available in the markets.

The second phase of the stock markets is the revival of the business cycle. This is a phase when business community starts nibbling on expansion programme and comes out of its hibernation mode. Liquidity in the system is abundant and there are no takers of excess liquidity. Interest rates are low and majority of companies lie in the cautious expansion phase. The ills of the enthusiasm exhibited by the business communities in the previous bull-run, sees signs of getting healed by dosage of time. Confidence and optimism starts creeping in and that sows the seed of revival of corporate earnings. We seem to be passing through one such phase at this point in time.

Last to wake up is change in the cycle of investor's psychology. This is marked by excess euphoria. Even a novice proclaims to have a track record that beats best of the fund managers. Money starts pouring from all quadrants in the markets. **Investor** changes caps to that of **Trader** and then a cap of a **Gambler**. Over leveraged positions are taken – making money in the stock markets in the F & O segment becomes fad of the town. Unheard companies float IPOs that start getting oversubscribed mani-fold and making money in stock markets (one of the most difficult things in the world) becomes a child's play. As was the adage given by wisest of ancestors – let me say " THIS TOO SHALL PASS" We are still some time away from such a phase and so we continue to invest in the businesses we like in the markets. Yes our feet are firm on the ground, our ears are hearing the silent whispers and our eyes are reading the market from a higher altitude.

Rest assured as your partner we are working in the best interest to grow our wealth.

Meanwhile have a happy Summer vacation with your family.....

Bimal Choksi
Portfolio Manager
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A C Choksi Share Brokers Pvt. Ltd.



We are at the cusp of a market Bull run, we would advice Investor's to top-up in their existing portfolio.

We are sharing herewith, performance of actual client Portfolio's which commenced on Different Dates.

All our Clients that have a relationship in PMS with us, albeit entry points at different dates, have beaten our Benchmark BSE 500 2x to 4x.

Adhoc Client	Portfolio Commencement Date	PMS- Return(%)	BSE 500(Benchmark) -Return(%)	Nifty(%)	Sensex(%)
Client 1	21.10.2015	51.72	18.99	13.08	9.97
Client 2	07.05.2016	69.10	26.50	20.80	19.03
Client 3	08.06.2016	63.44	19.44	13.01	11.18
Client 4	08.06.2016	72.58	19.44	13.01	11.18
Client 5	08.11.2016	25.99	12.06	9.95	9.36



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Caution:

Risk of loss in trading can be substantial. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.