

Quarterly Letter – July 2024

Dear Investor Partners,

Nature is not in a hurry, yet everything is accomplished," said Chinese philosopher "Lao Tzu".

In one of his notes **"Quite Compounding"**, Morgan Housel wrote that:

"Giant sequoias, advance organism, towering mountain", Nature builds the most jaw-dropping feature of the universe. And it does so silently, where growth is almost never visible right now but staggering over long period of time.

It is "Quite compounding", and it is a wonder to see.

Compare this with the current expectations from the market. There is a discussion of doubling/tripling money in a year or two. Compounding at a slow pace or quite compounding, what's that? But we are in this time. This quarter has been one of the most happening. As it is said, nothing happens in years, and then everything happens in days. Elections, which started in March, culminated in June when the erstwhile Government led by PM Narendra Modi returned to power but with a coalition mandate. This has its own effect, and the market tanked on the day of the result. But then someone realized, or maybe everyone realized, that the same Government with the same PM is continuing and then started another move, which we have been seeing for the last 2-3 years. And here we are with high expectations of doubling and tripling money.

As an Investment advisors, We try to convey that current returns are on the higher side, and expecting this kind of return is bound to generate disappointment. However, there are a few things that time only unveils.

"Knowing everything" is not necessary, and similarly, "knowing how markets will perform" is not something we boast of; however, we broadly understand the economy's direction and invest based on that in mutual funds or companies in our portfolio.

Paul Krugman (Noble Price Winner in Economics) said in 1998, "The growth of the Internet will slow drastically, as the flaw in 'Metcalf's law' becomes apparent: most people have nothing to say to each other! By 2005, it will become clear that the Internet's impact on the economy has been no greater than the fax machine's" and

We all know where we are in the Internet journey, so prediction is hard, and we are not in the business of short-term prediction.

continued...

Markets and Outlook

With earnings continuing to be on a strong footing, the Market continued its upward journey, and this quarter has not been different. While there may be some froth visible in smaller companies, especially the SME segment, large and mid-level companies have caught up in the last few days, and that is the reason the Market has been continuously increasing and making new highs.

As we said earlier, India is in a sweet spot in terms of growth, demographic advantage, and acceptance in the International business community, and it is expected that India will continue to be a popular destination for business growth.

We strongly believe that we all should be part of India's growth journey by having some exposure to the business world through direct equity or mutual fund routes. Our experience to set market expectations is still not showing any kind of bubble formation as earnings are supporting valuation (23x Nifty PE is less than long term averages). Though the journey may not always be smooth and may come with bumpy rides of ups and downs, in the longer run of 5-10 years, equity investments are bound to reward capital owners with significantly better returns than other alternative options.

Balance between – Error of Omission, Error of commission

These two errors are always present in investing or in life. An “error of commission” occurs when you make a decision but later discover that it is wrong. The result of an error of commission is visible.

“Error of Omission” is something you could have done but didn't, e.g., you could have bought stock x but didn't buy it due to one or other reason. Now, the result of the error of omission is not visible firsthand. You do not know how much you could have made by buying stock x, and normally, one is not going to brag about his/her error of omission. But then these are very costly errors sometimes.

As investment Advisors, we are not immune to these two errors. However, our primary goal is to ensure that our clients do not miss out on reasonable returns, beat the benchmark, and avoid losing capital in the pursuit of quick profits.

Life and Health:

We are happy to add a new section from this quarter where we will share something relating to health spirituality as we feel wealth creation is lovely when we are healthy and wise, so here we go:

A **monk** embarked on a solitary meditation journey. Away from his monastery, he took a boat to the middle of the lake, closed his eyes, and began to meditate. After a few hours of undisturbed silence, he suddenly felt the impact of another boat hitting his. With his eyes still closed, he felt his anger rising. When he opened his eyes, he was ready to shout at the boatman who dared to disturb his meditation. But to his surprise, he saw an empty boat, not tied up, floating in the middle of the lake. In that moment, the monk achieved a profound self-realization. He understood that anger is not caused by external factors, but it resides within him, waiting to be provoked. From that day on, whenever he encountered someone who irritated or provoked his anger, he remembered: the other person is just an empty boat. The anger is within me.

Thich Nhat Hanh – Vietnamese Monk.

continued...

Performance:

While we do not consider a ***period of less than five years as adequate*** for measuring equity investment returns, for the sake of transparency, below are the in general return generated by our advised portfolio Alpha 30 vs Benchmark (in Absolute %):

This information is for our clients. Please contact us if you need any information on this.

* Returns may vary from client to client based on the portfolio recommended, timings and/ or different weightages.

Mutual fund schemes advised by us have given mixed returns in comparison to benchmarks.

We understand that returns in such a short period should not be construed as a skill of an investment adviser, but a significant part of this is because of being strict to the policy of taking the best possible approach at the right time and in interest of our investors. Our CIO, Jitender Kumar, with long experience, leads our Alpha 30 portfolio. While Jitender's long experience and humility are critical to reasonable performance, we expect a patient approach from our investors in case of downside, whenever that happens to come.

Alpha Small Cap Portfolio:

We planned to launch our next portfolio, "Alpha Small Cap" between April and June 2024 however this got delayed a little due to our testing process taking sometime. We hope to complete the preliminary work and launch in quarter 2nd half. We shall keep you posted on this.

Client Engagement:

We have provided online platform access to all the clients where you can log in and see your portfolios. While we do not suggest you frequently log in and see the portfolios, our team will be happy to assist you if you need assistance accessing your investment portfolios.

A Timeless Advice – People with regular investment plans through SIPs should continue investing. And it's always a good idea to have some cash to capitalize on opportunities whenever the same comes up.

continued...

If you have any queries (about your portfolio, our firm, or investing in general), or would like to invest with us, feel free to contact us at 9873485885 or at the coordinates below. We would love to talk or connect via email:

Manoj Sharma	Manoj.sharma@alphasnr.com
Jitender Kumar	ops@alphasnr.com

Thanks & Regards,

Manoj Sharma & Jitender Kumar

19th July 2024

“I am not afraid of making mistakes. But my mistakes were those that I could afford. That's very important: mistakes will happen but you must ensure that you keep them within limits you can afford.”

-Rakesh Jhunjunwala

Phone: +91 11 40239070, **Email:** ops@alphasnr.com

SEBI Registered RIA (Non individual) - INA100016947 | AMFI Registered Mutual Fund Distributor

Disclaimer: “Registration granted by SEBI, membership of BASL (in case of IAs), and certification from NISM in no way guarantee the performance of the intermediary or provide any assurance of returns to investors” The above document expresses our views as the date and such views are subject change without any notice to readers. SNR Investment Advisers has no obligation to update the information contained therein. Further, the firm makes no representations, and it should not be assumed that past investment performance is an indication of future results.

“Investments in the securities market are subject to market risks. Read all the related documents carefully before investing”.

Past performance shown above is nowhere to be considered as any assurance or expectations of future returns. We do not guarantee or expect and positive returns/ gains/ losses in future from any of our recommendations or advise. Clients are advised to do their due diligence before investing.