

1st March 2023

Dear Investor,

Greetings from KRIIS Portfolio.

Markets continued to be volatile in February with lot of uncertainties globally. After the strong budget, markets have been rattled by the Adani issue and have failed to recover from it. The Nifty benchmark reversed touched 17400 levels and closed near the month low with the volatile global market sentiments. FPI continued their selling spree during the month, with other emerging markets looking attractive investment destination. We expect the trend to continue for a quarter till the balancing of portfolio happens. The recent chain of events led by the Adani-Hindenburg issue, George Soros's speech and Putin's speech have all put increased downward pressure on the markets.

While the markets may take some time to adjust to current global macro events like high interest rates, inflation, war and geopolitical uncertainties etc. we thought, it will be worthwhile to focus on investment strategies over-long term. Here we will discuss and recall some of the timeless strategies of the great living investment guru Warren Buffet on investment philosophy.

Warren Buffett's Investment Strategy

If you want to invest like Warren Buffett, you don't need to do anything extraordinary. In fact, many new investors are surprised at the uncomplicated investment style of the Oracle of Omaha. Buffett invests in great businesses trading for less than their intrinsic values, and then he holds the investments for as long as they remain great businesses.

Warren Buffett's investing philosophy in 9 steps. Much of Buffett's investment process is proprietary, so we don't know how he researches investments. But here are some of the most important Buffett investing principles that one can incorporate into investing strategies:

1. Look for a margin of safety.
2. Focus on quality.
3. Don't follow the crowd.
4. Don't fear market crashes and corrections.
5. Approach your investments with a long-term mindset.
6. Don't be afraid to sell if the scenario changes.
7. Learn the basics of value investing.
8. Understand compounding.
9. Research and reflect.

Here let us discuss the two most relevant principles of investment for current volatile times while we may take up the other strategies latter.

Don't fear market crashes and corrections.

The obvious goal of stock investing is to buy low and sell high, but human nature can compel us to do the exact opposite. When we see all our friends making money, that's when we feel like we should try to make money, too. And when stock markets crash, it's our nature to get out before prices drop any further.

Buffett loves it when stock prices drop since it creates opportunities to buy at a discount, which explains why 2022 has been a particularly active year. If you were shopping at your favorite store and suddenly learned that the entire store's prices were 20% lower, would you panic and run away? Of course not. Buffett embraces discounts on his favorite stocks and says, "Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble."

Approach your investments with a long-term mindset.

One of the most important Warren Buffett quotes on investing that you can take in is, "If you aren't willing to own a stock for 10 years, don't even think about owning it for 10 minutes."

He doesn't choose stocks just because he thinks their prices are going to rise this week, this month, or even this year. Buffett buys stocks because he wants to own those businesses for the long term. He still sells stocks frequently and for a variety of reasons, but he approaches most of his investments with the mindset of owning them forever. And, if you can't get into a "forever" mentality with your stocks, Buffett argues one of the best investments most people can make is a set-it-and-forget-it investment such as an S&P 500 index fund.

Valuations

The beauty of Equities is that it throws up surprises when you least expect it both on the upside and downside. Further upside from hereon will be a function of stability in global and local macros and continued earnings delivery v/s near-term expectations. We could thus see time correction in our markets rather than a price correction.

Thanks with Regards,

CA Rakesh Doshi

Principal Officer & Fund Manager

KRIIS – The Portfolio Management Company