



Monthly Newsletter

VALTRUST MOMENTUM



Resilience as the True Edge in Investing

One of the common attributes of a successful investor is resilience. Staying true to their beliefs and process. One of the best-known investments of the Late Rakesh Jhunjhunwala was Titan. He bought Titan well before the boom that started in 2003. This took the stock up nearly 45 times from where he had first purchased.

The Great Financial Crisis in the US brought down every stock market around the world and India was no exception. Titan, the stock fell 60% from the peak and yet, Mr. Rakesh Jhunjhunwala did not sell a single share. In hindsight it seems to have been an exceptionally good decision. At the time of his passing away, the stock was 78 times higher than what it was at the bottom of 2008.

On the other hand, most investors fall prey to biases and the majority don't survive a full cycle let alone multiple. Funds suffer when markets go down and yet the majority of the funds actually end up doing well over time.

One of the worst mutual funds in the 2008 crash by the end of 2018 was the best performer across all styles.

The reasons are multiple including the fact that most fund managers have actually survived a cycle or two.

The experience of having seen a crash and the knowledge of what works and what doesn't when the worst is happening ensures stability even though the fund itself may go through a drawdown like the rest of the market.

Corrections in almost all markets are common and yet when looked through the lens of long-term investing have been a glitch in the matrix, not the end. While corrections are painful, it's what we can call a detox - the excesses getting removed.

At Valtrust, our Momentum model doesn't try to predict what is going to happen. Instead we react based on data and adapt. We don't write about our favorite companies because we have no favorites. Our models are based on a philosophy that never gets old. Herd Mentality, Disposition effect are some traits that we as humans are born with and not easy to overcome. Momentum exploits the gaps to generate profits.

Momentum works wonder when the broader market is doing good. So, years like 2023 and 2024 were wonderful years. On the other hand, years such as 2022 and 2025 have been tough for the markets even though the pain is not seen as much in the indices. Everything is cyclic and this too shall pass.

Choose your heroes very carefully and then emulate them. You will never be perfect, but you can always be better. - Warren Buffett