Shomesh Kumar - Investment Advisory (IA)

(Investment Philosophy Explained)

Shomesh Kumar is a SEBI registered investment adviser (Individual) with Registration Number INA200015088 and with a BSE Membership as an Investment Adviser (Individual).

We, at Shomesh Kumar – IA, are fully sold on to the concept of Wealth Creation via Long-Term Investments, using any or all of the products allowed under the SEBI Investment Adviser Guidelines, 2013.

We live in a different world now, run more by machines, automated models, High Frequency Trades and less by humans. And therefore, we need to tune/position ourselves in such a way that we make machines & models work for us than we end up working for them.

Here is our Investment Philosophy enumerated (including Equities & Other Risk Asset Classes) with details of why we have adopted them. Please note, **none of the returns are guaranteed and all the investments advised under Shomesh Kumar – IA are subject to market risk.**

1. Our method of investment is based on the concept of GeDeTeF. Ge stands for General Economic Conditions, 3-5 years hence. De stands for Derivatives Data. Though we do NOT trade/recommend in Derivatives (Futures & Options), we try to read indications from Derivatives data. Te stands for Technical parameters which enable us optimizing the entry and exit levels and F, the main component i.e. Fundamentals of the company.

2. We follow the concept of **Discipline & Consistency** to generate desirable returns from the investments. Wealth is NOT created in a hurry or overnight.

3. We do not encourage any subscription to our Investment Advisory Services, unless the investor has investment time horizon of minimum 5 years. This is because data suggests that, there is 7% probability of loss in Equities with 5 years of investment cycle and 0% probability of loss in Equities with 10 years of investment cycle. Please note that these are analyses from past data and it does NOT guarantee any profit/loss or future performance. Equity & Risk Assets are always prone to risk/market risk.

4. We benchmark ourselves against Net ROI from Bank Fixed Deposits and not against any Index. We try to be 3 times better than Bank FD on Net basis over 5-6 years of investment horizon, which is also our performance evaluation time frame post the enrolment. We do NOT encourage any subscription to our services unless this ROI methodology is acceptable to the investor. This is an indicative performance benchmark and does NOT guarantee any return.

5. We are stock pickers and we do not buy the general market. We pick those businesses/stocks which are mostly not the market fancy and have the **potential** to generate and ROI of either about 25% approximately in a year or about 50%+ ROI in 3 years. Therefore, when we buy a stock/business we may hold them up to 3 years or so unless either the fundamentals have deteriorated or we have secured a better alternative to that. If we get a better business at reasonable valuation, then we might decide to switch from the stock. The above potential ROI expectation is an indicative methodology and not a thumb rule.

6. All of the stocks/businesses that we pick may not do well. Also, all of them may not do well together at a time. They will have their own cycle to perform and therefore in any portfolio of stocks, some may seem to be doing well and some may not, at a particular point in time.

7. We do NOT follow the concept of stop loss. Rather we follow the concept of “switch” in case the business is not delivering as per the expectations.

8. We book profits only when either the stock price-based targets are achieved or market (stock market index) based tollgates are achieved.

9. We do NOT get deterred with market volatility. For us, volatility is an opportunity. Corrections/Deep corrections are opportunities for us as Investors than being a threat, as it happens in the case of Trading.

10. For the current decade starting from CY 2021, we have marked this decade as the period of Growth for India and therefore, we see Nifty @ 35000+ and Sensex @ 1,25,000+ by the end of CY2030. And therefore, any fall is an opportunity for us in the larger perspective. Our complete positioning of sector and stocks are in such a way that we are able to benefit from the move that we expect this decade. i.e. even if we keep booking profits at regular intervals, we do not want to lose sight of the bigger picture. Refer to our report “Kaizen Nifty @ 35,000”.

11. With more and more players/machines/algos entering the stock markets with varied risk profile/appetite, extreme volatility is and will remain the new normal throughout the decade.

12. Timing the market has never worked well and will never work well. Timing the market is the job of a genius and we are no genius. We consider ourselves as a Caring Investment Adviser who care for the Brand of the firm as well as for the hard-earned money of the investors. Therefore, I believe in buying stocks with strong fundamentals and with the potential to grow the business in long-term. Good businesses have the potential/ability do well in the long-term, irrespective of the market conditions.

13. We can only prepare ourselves for known/expected risks. We cannot prepare ourselves for unforeseen risks such natural calamity, pandemics etc.

14. We always advise an investor to know the risk appetite before one opts for any of the products under the Investment Advisory Services of Shomesh Kumar.

15. Our trust in India Stock Market growth story is based on the premise that India is a growing economy and stock market is the reflection of growth in the economy. As long as our belief in the above premise is proven right, there are ample opportunities to make money in Indian stock market via. Long-term investment route. PATIENCE is key.

Shomesh Kumar
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