

SHANKAR SHARMA ACE INVESTOR

ABOUT SHANKAR SHARMA

Tell us about your first multibagger?

- **HFCL & Global Tele** in the Indian tech boom. I made probably 20-30x in each within 2 years. It was mad bull market! The maddest ever!
- **Amazon and Apple** came next in early 2000s: risky bets, but turnaround was visible. But the interesting thing is: **I was right on both but for the wrong reasons:** Amazon was bought because of e-commerce business was turning around. But the ultimate growth story for Amazon came from AWS, a few years later, which was not even on the radar when I bought it in 2001! Apple was bought for iPod in 2002. But the real growth story started because of the iPhone which came 3 years later! And it was not even within Steve Jobs' mind in 2002!

How does GQ FinXray help investors make better investment decisions?

I made GQ FinXray for myself: a crisp, concise, easy to understand tool that laid out in front of me the entire world: equity, fixed income,

yields, currencies, macro news.

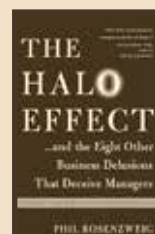
Once it got to a point my friends started asking me for it and that's when I realised that this is valuable to a very very large group of people which is in millions. Today we have 10 of thousands of subscribers who give us 98% positive feedback! Using GQ FinXray, you can track the entire Indian market landscape in a very easy to digest format. And then you can track the entire world in all its aspects. Mutual fund investors can simply upload their mutual fund Holdings into GQ FinXray and they get amazing analytics on their fund Holdings which is still easy to understand. The entire IPO pipeline is covered by us so if you are interested in any IPO, you just click on the alert and you get the business analysis, risk factors, financials everything in a again very easy to understand format.

How much of your portfolio is invested globally?

Around 80-90% is internationally invested, the rest is in India. In 2024, India allocation was bigger.



YOUR BOOK(S) RECOMMENDATION



THE HALO EFFECT
PHIL ROSENZWEIG



TECHNICAL ANALYSIS
CONSTANCE M. BROWN



THE FOUNTAINHEAD
AYN RAND

ABOUT THE BROAD MARKET

Are you really against SIPs, or is there a bigger message you're trying to convey?

I am not against SIPs. I am against equity Mutual funds: they simply don't work for low-income countries like India. They neither give you return of capital or return on capital, in any predictable way. Equity investing is for the rich who have patience and maturity to deal with long periods of sub par or negative returns.

MFs cater to very small investors and it's been my belief for decades that small investors stand almost no chance of making anything worthwhile from equities, after adjusting for risk and taxes.

Are modern investors better informed, or just more overconfident?

Information has always been there. The real skill in investing is interpreting the information better than the rest. For example, people believe that insider information is very important in making money. It is but only for a very small list of companies because nobody can have insider information on 500 companies or on every company that is going up.

So ultimately you will get only what is available to pretty much the entire market so the genuine skill you will

bring to the table will be to analyse it better than the market. Everybody gets the same balance sheet and the same announcements. Yet some people buy on that and some people Sell on that and that is what creates the market. So, the very same information will be interpreted completely differently by buyers and sellers and eventually only one is going to be right. And that is exactly where the skill lies. And that will come with deep understanding of all the tools of the trade plus decades of experience. You might know all the tools today but if you do not have decades of context the tools will be rendered useless by the markets. It is like in cricket: there are only a limited number of shots the batsman can play and pretty much all good batsman know the shots. But when to play what shot, comes with experience.

Over the next five years, would you bet on commodities or Global equities?

I never take five-year views. My maximum time horizon is 1 year. AI did not exist 5 years back. And now it is the biggest theme. I like to remain reasonably short term because that keeps me very nimble and flexible. The more long term your view the more difficult it is for you to change. I am a hare, I believe in changing direction quickly if things change. That is my strategy and that is worked very well for me.



ABOUT THE GLOBAL MARKETS

How do global market P/E valuations look outside the US?

I never look at aggregate market PE. because that is absurd. I do not understand why people waste the time looking at aggregate market multiples. It makes no sense.

If a global investor wants exposure to India, how much should they allocate?

India is around 3% of global market cap so if you are very bullish you can go to 5% but if you are a very large size investors that will become a very bet . Most people will allocate pretty much around 3 to 5% at the maximum to India unless something changes dramatically for the better.

How do global investors differ from Indian investors mindset?

They are completely and totally different from domestic Indian investors and I say this after having dealt with foreign investors for 25 years as well as with local Indian investors. On the intellectual basis foreign investors of far superior simply because the job involves understanding many many complicated moving parts of the world financial system. It involves knowing fundamentals of dozens of businesses is across the world as well as macroeconomic numbers of similar dozens of countries. That is

why I called them uncaged capital! Indian fund managers are domestic hence, have only Caged Capital. When you manage this kind of capital your mind also becomes caged capital.

In my institutional broking days, we would make fantastic reports and presentations on other emerging economies. These presentations would be a massive hit with global fund managers but with Indian fund managers, they would be looking at their mobile or leaving the meeting rather quickly! Such complex topics are simply not of interest to domestic fund managers because there mandate is only India and the final denominator of conversation always becomes " All this is well and fine , but lena kya hai".

Has investing globally changed the way you think about Indian opportunities?

It absolutely has. For one I am less passionate about India simply because I have a lot more options. Therefore lessening of passion makes me a far better investor, much less emotional. When you have wider options your attachment to anyone particular option decreases and that is always a very good thing for investors.

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