Twitter Thread by Aurum Capital

Aurum Capital
@CapitalAurum

Patience and conviction

At @CapitalAurum our endeavour is to read the cycle of various industries, locate turnarounds and put bets on undervalued stocks. We gather various data points, not necessarily always captured with conventional methods.

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1/n

This has lead us to get into the turnarounds in many companies and industries. In late 2018 and early 2019, one such visible trend was cement cycle when it was not going through the best of the time.

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2/n

We recommended 2 stocks in a span of 3 months in Dec 2018 and Feb 2019 at around Rs 270 and Rs330 levels respectively. We started with 3% allocation in each ie 6% in cement sector.

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3/n

The drawdown happened. We saw a max draw-downs of 31% & 45% resp. during the fall of Mar 2020. This fall was much lower than the overall fall in Mid and Small cap indices in Mar 2020. In a way they outperformed the indices and helped our PF too.

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As time progressed and we continued to get confirmations on our parameters, we increased the allocation in the sector. The current allocation is 12%. The average price of both the stocks remained closer to the initial buy price.

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We always believed in the process and continued to measure our parameters. The draw-downs were an opportunity to accumulate for our subscribers while we stayed put and stocks remained in buy zone.

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We had been asked questions by our subscribers in the paid section of Investor Forum on our portal. It was a healthy communication and led to improving conviction of our subscribers.

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Currently both the stocks are at levels of 700 and are up ~4X from the bottom. This does not include dividends.

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We continue to hold these stocks as we believe that the cement cycle still has some way to go. However, we may remain cautious, as always.

#investing #patience

Disc.: No reco, case study of patience and conviction.

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