



Buoyant Capital

Buoyant Opportunities Portfolio

Factsheet for the month of September 2021

Overall performance commentary

For the month of September 2021, Buoyant Opportunities Strategy generated 5.3% vs. 2.9% for BSE-100 (the benchmark). Returns are post fees and expenses as computed by Kotak Mahindra Bank.

What to look forward to from the markets?

Having stayed within the 15,600 to 15,900 range from May to July 2021, Nifty has been on a tear off late. Indian markets which were among the best performing major market post Covid is up another 13% since last week of July 2021. On an annual basis Nifty is up over 50%, far higher than other good performing markets which are up 20% to 30%. We have good news on macro front - Covid cases lowest in 7 months, first big ticket divestment, during Q2FY22, exports likely exceeded USD100, FDI is at all time highs. But we can't have both good news and good prices (to invest). In the near term markets will likely take a pause as some liquidity flows out of the market due to large IPO's as well as slowing domestic flows (from a high base).

Allocation decision

During a bull market, many of the normally illiquid stocks also trade good volumes giving a false sense of comfort that the liquidity in the portfolio is good. However, if there are a few bad months, the liquidity dries out and any incremental selling leads to steep fall in prices. Liquidity risk is something that we actively manage; and consequently, we have increased the proportion of Large-cap stocks from 29% in February 2021 to 38% to September 2021. Also, in a market where there is little value on offer, we have bumped up our investments in "Turnaround" & "Value" category to over 26%.

Sectoral decision

During September 2021, we exited our positions in Building Materials and added significantly to our weight in Oil & Gas sector. We also added a large position in Textiles. Lastly, we continue to gradually invest in Financials, and though the weights look static over the past few months, that is due to the relative under-performance of the sector. In terms of portfolio characteristics - the forward PE of the portfolio for FY22 is

Investment returns

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	24.1%	15.5%	15.5%	16.2%
Five years	24.4%	15.1%	15.4%	15.4%
Two years	40.2%	24.3%	23.9%	27.1%
One year	106.7%	57.0%	56.6%	61.2%
Six months	43.1%	20.3%	19.9%	22.1%
Three months	18.9%	11.7%	12.1%	11.5%
One month	5.3%	2.9%	2.8%	3.3%

Source: Bloomberg for Indices. Kotak Bank for Buoyant Portfolio. Buoyant portfolio returns are **POST**-fees and expenses. **More than one year returns are annualized.**

Classification

Investment returns

Sectoral classification

Banking	23%
Info Tech	12%
Chemicals	9%
Automobile	9%
Oil & Gas	8%
Materials	7%
Textiles	5%
HealthCare	4%
Misc	4%
Insurance	4%
Industrials	4%
Retail	3%
Staffing	2%
Telecom	2%
FMCG	2%
Building Materials	0%
Cash	3%
Total	100%

Sectoral, Market-cap and Internal

Sectoral: Banking and IT continue to remain our top focus sectors

Internal: We are increasing exposure to Core vertical, and reducing exposure to cyclicals in the run up

Market-cap: Market-cap classification broadly remains unchanged for the past few months. We are increasingly reducing exposure to small and mid-caps and increasing exposure to large caps

Internal classification

Core	49%
Cyclical	22%
Turnaround	19%
Value	7%
Cash	3%
Total	100%

Market-cap classification

Large Caps	37%
Mid Caps	16%
Small Caps	44%
Cash	3%
Total	100%

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