

## PERFORMANCE

For Feb-23, the Buoyant Opportunities Strategy delivered -3.0% (vs -2.2% for the BSE-100, our benchmark). Returns are computed post fees and expenses. HDFC Bank and Kotak Mahindra Bank are our custodians. Given the current drift in markets, our PMS clients may consider our **zero-fee Liquid Strategy, enabling them to stagger their investments (at their discretion or via Systematic Transfer Plans)** into the equity-based Opportunities Strategy. Our latest [Disclosure Document](#) contains statutory details of the Liquid Strategy. [Contact Sakshi](#), our chatbot, to learn more about (and to sign up) for the Buoyant Liquid Strategy.

## MARKET VIEW – uninspiring

February marked three consecutive declining months in Indian stock markets. Indices initially picked up from the Jan-23 lows, but starting mid-month lost more ground to close ~2% lower by month-end. Softening India GDP data for the Dec-22 quarter (4.4%) was released at the fag end. The US Fed guided on further rate hikes to fight sticky inflation which eased, but not enough at 6.4% for Jan-23. Recession is now about ‘when’ and not ‘if’. FPIs continue to sell Indian equities, having sold in 10 of the 12 trailing months. Closer home, earnings downgrades continue and deposit rates have hardened a wee bit.

Sector classification	Weight (%)
Banking	29.3%
<b>CASH</b>	<b>14.5%</b>
Info Tech	13.6%
Industrials	8.9%
HealthCare	6.1%
Chemicals	5.9%
Insurance	4.6%
Automobile	3.8%
Misc	3.7%
Materials	2.5%
Staffing	2.0%
NBFC	1.7%
Textiles	1.5%
Media	1.3%
Building Materials	0.3%
Retail	0.1%
Oil & Gas	0.0%
FMCG	0.0%
<b>Total</b>	<b>100.0%</b>

Meanwhile, broader markets in India are in a much more painful zone than what popular or headline indices suggest, as explained in our recent blog in the Economic Times : [Headlines hide the investors’ pain](#). Several reasonably good small-cap businesses have fallen way below intrinsic value, either owing to investor apathy or weakness in near term business performance.

## PORTFOLIO – still defensive...

**So how do we drive from here?** Our belief is that markets will remain volatile/weak given geopolitical and macro uncertainty, but still be range bound (if over a broader band) till an unexpected trigger kicks in for a significant move either way. Hence the higher diversification and 14.5% (aggregate) cash position in the Buoyant Opportunities Strategy, which continues its DEFENSIVE stance with (Core + Cash) persistently at ~60%.

On market cap classification, we’ve booked some profits in large caps (29.4%, down 700 bps in 4m). We believe that we **cannot** time a perfect entry (at the bottom) for good quality small cap businesses and hence continue to accumulate some of them at every fall. This has kept small caps’ share in the portfolio at steadily over 45%, something that may otherwise seem at loggerheads with our cautious stance on markets.

## SECTORAL DECISIONS – in the pipe

Sector wise, we are almost unchanged barring the impact of price volatility. However, we are getting constructive around select Industrial names and will add to our IT position at what we believe are appropriately safe entry levels.

## VALUATION – positioned well

The Buoyant Opportunities portfolio was valued at 21.5x FY23E (positive) earnings as at end-Feb 2023. This is at par with the BSE-100 (positive) P/E of 21.7x. On FY24E basis we are somewhat higher at 17.8x (vs 16.1x for BSE-100). **We are gradually and selectively positioning for risk, and will move swiftly when we see the opportunity.**

Market cap category	Weight (%)
Large Cap %	29.4%
Mid Cap %	9.5%
Small Cap %	46.6%
Cash	14.5%
<b>Total</b>	<b>100.0%</b>

Core / satellite breakup	Weight (%)
Core	45.0%
Satellite	40.5%
<i>Cyclical</i>	13.0%
<i>Turnaround</i>	13.3%
<i>Value</i>	14.2%
Cash	14.5%
<b>Total</b>	<b>100.0%</b>

## INVESTMENT RETURNS

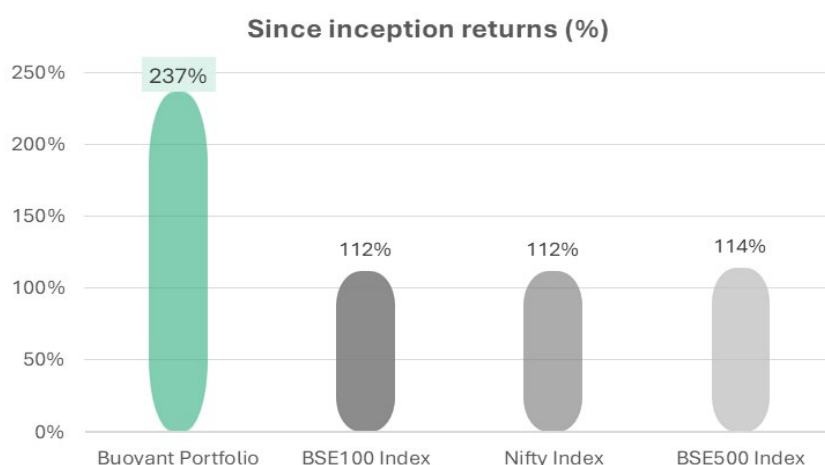
We have outperformed our benchmark (BSE-100) since inception of the Buoyant Opportunities Strategy in June-2016. We prefer not to get distracted by our short-term performance metrics, whether we are ahead of (or behind) our benchmark, the BSE-100 Index.

**We continue to sharpen what we believe is a durable cross-cycle investing framework and strategy.** This framework enables us to offer a SINGLE PMS scheme/strategy for investors wherein we take the allocation decisions across market caps, sectors and themes flexibly over time, thus sparing investors the confusion of having to choose (and allocate sporadically) across various schemes. We see our cumulative returns since inception as reasonable evidence of the robustness of this investment framework, even as we recognise that we will inevitably have to navigate new challenges in order to deliver outperformance hereon.

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Since inception (1 Jun 2016 to 31 Jan 2023)	<b>19.7%</b>	<b>11.8%</b>	<b>11.8%</b>	<b>12.0%</b>
Last five years	11.3%	10.1%	10.5%	9.5%
Last two years	21.3%	9.1%	9.1%	9.2%
Last one year	7.0%	2.9%	3.0%	1.5%
Last month	-3.0%	-2.2%	-2.0%	-2.9%

Source: Bloomberg for BSE 100 Index, Nifty Index and BSE 500 Index. Buoyant Portfolio returns are post fees and expenses. More than one-year returns are annualised.

Risk metrics	1-year	3-year
Sharpe ratio (X)	-0.02	0.51
Jensen's alpha (%)	3.79	5.56
Information ratio (X)	0.57	0.54
Standard deviation (%)	15.80	32.90
R-squared (X)	0.80	0.80
Beta of portfolio (X)	0.93	1.35
Sortino ratio (X)	-0.03	0.76



## BLOGS & MEDIA

### Blogs

- [Headlines hide investors' pains – The Economic Times](#) on 28 Feb 2023
- [Banking sector in four simplified cycles – The Economic Times](#) on 21 Feb 2023
- [The IN34 trillion find : Lithium, India and EVs – The Economic Times](#) on 14 Feb 2023

### Media Appearances

- [Jigar Mistry \(ET Now Swadesh\)](#) on 24 Feb 2023
- [Jigar Mistry \(Jagran Business\)](#) on 21 Feb 2023
- [Jigar Mistry \(ET Now Swadesh\)](#) on 16 Feb 2023
- [Viral Berawala \(ET Now\)](#) on 15 Feb 2023
- [Viral Berawala \(CNBC Bajar\)](#) on 10 Feb 2023
- [Jigar Mistry \(BQ Prime\)](#) on 9 Feb 2023
- [Viral Berawala \(CNBC Bajar\)](#) on 1 Feb 2023

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