

PERFORMANCE

For Nov-22, the Buoyant Opportunities Strategy returned 3.4% (vs 3.7% for the BSE-100, our benchmark). Returns are calculated post fees and expenses.

During the month, we also achieved initial closure of the **Buoyant Opportunities Scheme under the (Category III) Buoyant Capital AIF**. This marks our foray into the AIF space. This scheme will follow the same investing framework as the Buoyant Opportunities Strategy currently offered as our solo PMS offering. Buoyant Capital Pvt Ltd is the designated Sponsor and Manager of the AIF.

MARKET VIEW

Global macros are sluggish, with inflation probably having peaked out, but it may not cool off soon. Central bankers will most likely remain hawkish on action and dovish on commentary! Our near-term macro view remains cautious, even as we recognise that India is uniquely placed to benefit from geo-political and domestic structural changes. With some easing of supply chains and inflation, most global indices posted good gains in November, and so did NIFTY. *Over the last five years, the Indian lead index has delivered almost double the index returns of the Dow and has even beaten the NASDAQ.*

Sector classification	Weight (%)
Banking	30.4%
Info Tech	10.6%
Industrials	8.7%
HealthCare	6.1%
Chemicals	5.0%
Insurance	4.8%
Automobiles	4.6%
Misc	2.9%
Media	2.6%
Materials	2.2%
Textiles	2.1%
Staffing	2.0%
NBFC	1.8%
FMCG	1.8%
Building Materials	1.7%
Retail	0.5%
Oil & Gas	0.0%
Cash	12.3%
Total	100.0%
Market cap category	Weight (%)
Large Cap %	33.6%
Mid Cap %	11.0%
Small Cap %	43.1%
Cash	12.3%
Total	100.0%
Core / satellite breakup	Weight (%)
Core	49.3%
Satellite	38.4%
<i>Cyclical</i>	<i>12.8%</i>
<i>Turnaround</i>	<i>13.5%</i>
<i>Value</i>	<i>12.1%</i>
Cash	12.3%
Total	100.0%

During this five-year period, Nifty-50 returns are about 76% more than the Nifty Small Cap 100. *In the trailing 12m period, the Small Cap index has fallen 6.7%*, while several decent small cap stocks have slipped 25% or more. This would make sense if small caps had delivered bad results. But here's the rub: out of 500 top listed cos (ex-financials), 1QFY23 EBITDA growth (YoY as also 3-year CAGR) was far better for the bottom 250 listed cos in India vs. the top 100!

We thus see the makings of a compelling case for small caps. Our guess is that the bulk of the recent institutional flows from FPIs has chased large caps in classic top-down fashion, adding to the divergence.

SECTORAL DECISIONS

Sector allocations are mostly unchanged, barring the impact of market movements. The notable increase is in the allocation to Industrials and Chemicals, where we have added fresh positions in two newly listed small caps. Banking, tech and industrials now form over half the portfolio by value.

PORTFOLIO CONSTRUCTION

Each of our three SATELLITE slices (Cyclicals, Turnaround and Value) is currently in the low teens, adding up to a bit over 38%. Our DEFENSIVE tilt is intact, which can change if (and when) we use up more cash towards these slices. CORE + Cash is currently high at ~61%, with cash at ~12%.

Large caps are being clipped at every rise and have fallen by almost 300 bps in the mix in a month (despite the large cap rally!). This reduction in large caps weight has almost entirely flowed into small caps, which are now at 43% of the portfolio.

Interestingly, the increase in small caps is NOT eating into the CORE allocation (which has actually risen by over 100 bps)... **This implies that we are not (yet) chasing risk even as we increase small cap weight!**

VALUATION

The Buoyant Opportunities portfolio is at 22.5x FY23E (positive) earnings as at end-November, roughly at par with the BSE-100, our benchmark index.

INVESTMENT RETURNS

We have outperformed our benchmark (BSE-100) over the long term. We prefer not to get distracted by our short-term performance metrics and **continue to sharpen what we believe is a durable cross-cycle framework and investment strategy**. Right now, we can sense upcoming change, in the form of a small cap rally. Hence, we are **gradually** tweaking the portfolio in anticipation.

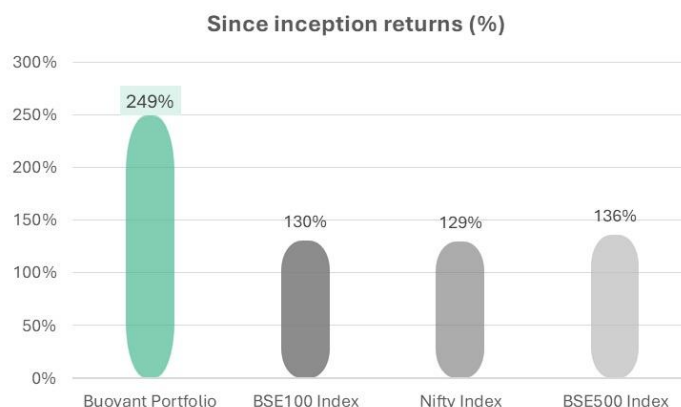
Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Since inception (1st June 2016 to date)	21.2%	13.7%	13.7%	14.1%
Last five years	12.1%	12.3%	12.9%	11.9%
Last two years	38.1%	20.9%	20.3%	22.3%
Last one year	10.1%	10.2%	10.5%	9.2%
Last month	3.4%	3.7%	4.1%	3.3%

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	
Sharpe Ratio	0.56
Jensen Alpha	3.16
Information Ratio	0.21
Standard Deviation	18.57
R-Squared	0.70
Beta	1.00
Sortino	0.51



BLOGS & MEDIA APPEARANCES

Blogs

- [Fallacies of past performance – The Economic Times](#) on 22 Nov 2022
- [What creates a market cycle – The Economic Times](#) on 19 Nov 2022
- [Lessons from the Crypto collapse – The Economic Times](#) on 14 Nov 2022
- [Once a disruptor – The Economic Times](#) on 1 Nov 2022

Media Appearances

- [Jigar Mistry \(CNBC TV18\)](#) on 2 Dec 2022
- [Viral Berawala \(ET Now Swadesh\)](#) on 1 Dec 2022
- [Jigar Mistry \(CNBC TV18\)](#) on 21 Nov 2022
- [Jigar Mistry \(in conversation with Raamdeo Agarwal at PMS Bazaar 5.0\)](#) on 21 Nov 2022
- [Viral Berawala \(CNBC Bajar\)](#) on 18 Nov 2022
- [Jigar Mistry \(CNBC Bajar\)](#) on 17 Nov 2022
- [Viral Berawala \(ET Now\)](#) on 14 Nov 2022
- [Viral Berawala \(CNBC Bajar\)](#) on 11 Nov 2022
- [Viral Berawala \(ET Now\)](#) on 9 Nov 2022

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