

## PERFORMANCE

For the month of April 2023, the **Buoyant Opportunities Strategy** returned 8.4% (vs 4.6% for the BSE-500 TRI, our benchmark; changed this month from BSE100 following the SEBI circular to that effect). Returns are computed post fees and expenses. Having managed to preserve capital during FY2023 (up 6.4% when broader markets were negative), we are especially satisfied that the strategy has managed to beat the benchmark (both old and new) in the month that markets moved up sharply. HDFC Bank and Kotak Mahindra Bank continue to remain custodians.

Our latest [Disclosure Document](#) gives more details on our **Liquid Strategy**, an efficient **zero-fee** route for our investors to phase their entry into equity. [Contact Sakshi](#), our chatbot, for more information on all our products, including the Buoyant Capital AIF.

## MARKET VIEW – Not done and dusted yet

Markets have rejoiced at the possibility that the Fed is “one and done now”; implying that the rate hiking cycle has ended. While we believe that the worst may be over in terms of rate hikes, the more pertinent part of the equation is liquidity. The US debt ceiling may limit the Treasury’s continued support to liquidity (via TGA and RR), at a time when Fed will reduce balance sheet size by \$95 billion per month. The RBI has managed the situation well in India so far, with the differential between Fed Funds Target Rate (FFTR) and Repo, at 150 bps, being very close to its 23-year low.

SECTOR CLASSIFICATION	Weight (%)
Banking	31.9%
Information technology	13.0%
<b>Cash</b>	<b>10.3%</b>
Industrials	8.0%
HealthCare	6.7%
Chemicals	5.3%
Automobile	4.3%
Miscellaneous	4.3%
Materials	4.1%
Insurance	4.0%
Media	2.3%
Staffing	2.2%
NBFC	2.0%
Textiles	1.6%
<b>Total</b>	<b>100.0%</b>

But incrementally, RBI’s focus will shift to managing the INR, rather than rates, in our opinion. With historic lows on the differential, \$280 billion short-term forex loans maturing in a few months, and volatile crude and FDI flows, the RBI may be called into action faster than it would like.

Consequently, we retain our “Defensive” stance; there will be opportunities to dial up risk later in the year, in our opinion.

## PORTFOLIO – small-cap opportunity

Since June 2022, the allocation of the portfolio towards small-cap stocks has steadily risen from 35% to now close to 50% - coming at the cost of mid-cap (where we see little value) as well as large-caps (where we have taken some money off in a few businesses). With a strong rally in small-cap stocks, we see the strategy auguring well for returns.

## SECTORAL DECISIONS

Sector-wise, our tilt towards financials (especially large caps), continues. Other than financials, portfolio weights for ‘India plays’ are higher than export-focused themes. It must be noted that our Infotech weight comprises niche plays rather than bread and butter software services players (currently experiencing demand side headwinds, as the US crawls towards a recession).

Also, we have diversified the portfolio to as high as 30 stocks (at 1% or higher in the mix), with the highest position at only 8%. The bottom twenty stocks in this list account for (a relatively high) 41% of portfolio value, a reiteration of our DEFENSIVE stance.

## VALUATION

The **Buoyant Opportunities Portfolio** was valued at 21.4x FY23E (positive) earnings as of end-March 2023. This is only a bit dearer than the BSE-500 (positive) P/E of 20.6x. On an FY24E basis, we are similarly a bit higher at 18.2x (vs 17.3x for BSE-500).

MARKET CAP CATEGORY	Weight (%)
Large Cap	30.6%
Mid Cap	9.4%
Small Cap	49.7%
<b>CASH</b>	<b>10.3%</b>
<b>Total</b>	<b>100.0%</b>

CORE/SATELLITE BREAKUP	Weight (%)
Core	47.2%
Satellite	42.5%
<i>Cyclical</i>	14.3%
<i>Turnaround</i>	13.9%
<i>Value</i>	14.3%
<b>CASH</b>	<b>10.3%</b>
<b>Total</b>	<b>100.0%</b>

## INVESTMENT RETURNS

Since inception, compared to 145% returns for our benchmark (BSE-500 TRI), the Buoyant Opportunities fund has returned 265% returns; an annual outperformance of 6.7% CAGR post fees and expenses. On a 3-year basis, the fund has generated over 17% alpha with only marginally higher statistical risk (portfolio beta at 1.14X).

While the fund's standard deviation is higher than the benchmark, we do not see volatility as a measure of risk. We define risks as two-fold, (a) the possibility of a permanent loss of capital, and (b) opportunity cost. Just because an investment is volatile does not make it riskier for us.

We continue to believe that our cross-cycle investing framework offers the best opportunity to generate long-term risk-adjusted returns. Consequently, we continue to offer a single equity strategy via the PMS route and have recently launched a category 3 open-ended AIF, which is just another vehicle for investors to access the same strategy.

Total returns (%)	Buoyant Portfolio*	BSE500 TR Index	BSE100 TR Index	NIFTY TR Index	Risk metrics	1-year	3-year
<b>Since inception (1 Jun 2016 to 30 Apr 2023)</b>	<b>20.6%</b>	<b>13.9%</b>	<b>13.7%</b>	<b>13.6%</b>	Sharpe ratio (X)	0.29	1.91
Last five years	12.7%	11.4%	11.9%	12.3%	Jensen's alpha (%)	8.44	17.41
Last two years	26.0%	12.3%	12.6%	12.4%	Information ratio (X)	1.33	1.76
Last one year	12.5%	4.2%	5.8%	6.9%	Standard deviation (%)	17.61	20.52
Last month	8.4%	4.6%	4.2%	4.1%	R-squared (X)	0.87	0.70
					Portfolio Beta (X)	1.04	1.14
					Sortino ratio (X)	0.61	4.95

*Source: Bloomberg for BSE 500 TR Index, BSE100 TR Index and Nifty TR Index. Buoyant Portfolio returns are post fees and expenses. More than one-year returns are annualised.*



## BLOGS & MEDIA

### Blogs

- [Anatomy of rate cycles: All may not be hunky dory \(The Economic Times\)](#) 2 May 2023
- [US Generics: Time for a cyclical upturn? \(The Economic Times\)](#) 11 Apr 2023
- [What happened to SVB cannot happen to Indian banks \(The Economic Times\)](#) 4 Apr 2023

### Media Appearances

- [Viral Berawala \(CNBC Bajar\)](#) 25 Apr 2023
- [Jigar Mistry \(ET Now Swadesh\)](#) 21 Apr 2023
- [Viral Berawala \(CNBC Bajar\)](#) 18 Apr 2023
- [Jigar Mistry \(CNBC TV18\)](#) 17 Apr 2023
- [Viral Berawala \(CNBC Bajar\)](#) 12 Apr 2023
- [Viral Berawala \(CNBC Bajar\)](#) 11 Apr 2023

**Buoyant Capital Pvt Ltd**

3501 Kohinoor Square, Shivaji Park

Dadar (West), Mumbai 400028

[buoyantcap.com](http://buoyantcap.com)**Compliance Officer:**

Mayuri Jangid

Email: [mayuri.jangid@buoyantcap.com](mailto:mayuri.jangid@buoyantcap.com)

Call: +91-22-6931-9999

**Queries/Grievances:**Email: [care@buoyantcap.com](mailto:care@buoyantcap.com)

Call: +91-22-6931-9999

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