



# Buoyant Opportunities Portfolio

Factsheet for the month of **January 2022**

## Overall performance commentary

For the month of January-2022, Buoyant Opportunities Strategy returned 3.2% vs. zero for BSE-100 (the benchmark). Returns are post fees and expenses as computed by Kotak Mahindra Bank. Individual portfolio returns will vary across client accounts because of portfolio age differences.

## What to look forward to from the markets?

The past four months have seen heightened levels of volatility across international as well as the Indian markets. For a long-term investor, however, volatility is good as it allows us to get positioned into businesses that we have always wanted at a better price. The budget that was announced earlier this week was conspicuous by the absence of announcements. The tax regime was kept stable, the focus was growth-oriented and capital spending by the government took precedence. All good signs, both for the country, as well as for the markets.

Separately, the third-quarter results season has been mixed so far; financials have reported robust results, but most other sectors have seen margin pressures owing to cost inflation. From management commentary, it appears that we must be prepared for continued margin pressure for a couple of quarters, at least.

## Allocation decision

We increased the allocation to large caps by 5% almost entirely funded by lower exposure to small caps. Thereby, we have now reversed the tactical increase in small-cap exposure that we had taken during the end of Nov and early Dec 2021.

In line with our cross-cycle investing philosophy, we will attempt to balance risk and opportunities in a relatively expensive market. This includes hard limits on individual stock weights, so we may even reduce positions in stocks we otherwise like. Among other things, this also results in higher portfolio diversification.

## Sectoral decision

During the month, we have continued to increased exposure to Financials (now over 28%) and Chemicals to 11%. We see balance sheets improving for Banks in India at a time when the sector appears to be poised for credit growth revival. Contrary to popular perception, a rising interest rate cycle actually helps the stronger lenders, as assets get re-priced faster than liabilities. In Chemicals, we added an agro chem player whose mix is now tilting towards speciality and biologics.

## Investment returns

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	24.3%	14.2%	14.2%	14.9%
Five years	25.8%	14.8%	15.2%	15.3%
Two years	36.2%	20.8%	20.4%	23.1%
One year	69.7%	27.7%	27.2%	31.9%
Six months	17.8%	9.4%	10.0%	9.0%
Three months	5.7%	-1.7%	-1.9%	-1.1%
One month	3.2%	0.0%	-0.1%	-0.4%

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

## Other classifications

Internal classification		Market-cap classification	
Core	49%	Large Caps	37%
Cyclical	16%	Mid Caps	22%
Turnaround	17%	Small Caps	35%
Value	11%	Cash	6%
Cash	6%		
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

## Sectoral classification

Sectoral classification	
Banking	28%
Chemicals	11%
Info Tech	10%
HealthCare	8%
Automobile	6%
Industrials	6%
Cash	6%
Materials	4%
Insurance	4%
Oil & Gas	3%
Textiles	3%
Retail	3%
Misc	1%
Building Materia	2%
Staffing	2%
<b>Total</b>	<b>100%</b>