



Buoyant Opportunities Portfolio

Factsheet for the month of December 2020

Overall performance commentary

Happy 2021! For December 2020, the Buoyant Opportunities fund returned 7.8% net of fees (versus 8.0% for BSE-100 and 7.2% for BSE Small-Cap). Based on interactions during the month we have included risk metrics and quantitative details of the portfolio in this e-mail.

What to look forward to from the markets?

2020 was like the Charles Dickens novel, A Tale of two cities, "It was the best of times, it was the worst of times...". India ended 2020 as one of the better performing markets for 2020 despite one of the lowest cash stimulus packages and one of the highest GDP declines in the June Quarter. FII's continue to buy into Indian markets and the large cap companies despite the valuations being at highest ever. Contrary to perception, small Cap Index has under-performed over the last 3 months by 2.6%. Domestic institutions were large sellers due to continued very high MF redemptions for Dec. At the same time demat account openings continue to be robust. Our hypothesis is that there is a reversal ie money moving out of institutional investing back to DIY investing.

Allocation decision

We continue to look for value in a market that is trading at 100% percentile (20 years) in terms of both historic and forward multiples ie markets have not traded at these multiples since the last 20 years. We don't believe that "Growth at any price" and "Quality at Any price" will deliver superior returns over the long term. A great company is not necessarily a good investment.

For most of December we were close to fully invested, towards end of the month we increased the cash levels and we are now at over 5% cash. Small and mid caps are now at 65% of the portfolio as there are still pockets of value in this space. Over 90% of FII investments are in Top 100 stocks and the large FII buying over the last Quarter of 2020 has resulted in large caps becoming more expensive. If we get into a risk-off mode, increasing the cash levels is likely to be the preferred mode.

Sectoral decision

During the month we added Oil Marketing Company and added to PSU banks and traded out of a commodity stock. We continue with our stance of positioning the portfolio for a recovery, and towards that we are carrying a much higher absolute weight in domestic themes like Infrastructure, Staffing, Financials, Telecom and Insurance. Energy, Staples and IT services remain the key under-weights.

In terms of portfolio characteristics – the forward PE of the portfolio for FY22 is 16.4 (We continue to exclude Bharti Airtel and Vodafone due to historic losses). The Bloomberg estimated 1 year forward Nifty PE (Dec 2021) is at 28.8.

Investment returns

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	15.9%	12.3%	12.5%	12.3%
Two years	9.3%	12.4%	13.5%	12.2%
One year	11.5%	15.2%	14.9%	16.8%
Six months	53.3%	35.4%	35.7%	36.2%
Three months	28.6%	23.8%	24.3%	23.2%
One month	7.8%	8.0%	7.8%	7.7%

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

Sectoral classification

Banking	25%
Industrials	6%
Insurance	6%
Chemicals	8%
Automobile	8%
Telecom	7%
Oil & Gas	3%
HealthCare	5%
Info Tech	8%
Staffing	5%
Media	6%
Materials	5%
Cash	5%
Building Mat	0%
Misc	1%
Retail	3%
Total	100%

Investment returns

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

BMV	49%
Cyclical	15%
Turnaround	20%
Value	11%
Cash	5%
Total	100%

Market-cap classification

Large Caps	30%
Mid Caps	23%
Small Caps	42%
Cash	5%
Total	100%

Buoyant Capital 1605,
Lodha Supremus
Senapati Bapat Marg,
Lower Parel West,
Mumbai
info@buoyantcap.com

