



**Buoyant Capital**

## **Buoyant Opportunities Portfolio**

### **Factsheet for the month of February 2021**

#### **Overall performance commentary**

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For February 2021, the Buoyant Opportunities fund returned 13.1% net of fees (versus 6.7% for BSE-100).

#### **What to look forward to from the markets?**

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Despite a jittery last week, February was a very strong month for Indian equities. The trend of only one or two sectors doing very well for a short time, that started since last March continues. During Feb 2021 Banks out-performed, especially PSU's with SBI up over 38%. Post the budget speech, all domestic sectors also did well - especially infrastructure and capex.

Over the medium term we expect the corporate profit margins to trend higher than it has been averaging over the last decade. Key factors driving this trend are consolidation across industries, shift from unorganized to organized and cost reductions post Covid disruptions.

#### **Allocation decision**

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Over the last 2 months we have exited the media sector. Second, after a strong rally in the Banking sector have marginally reduced the weight to the sector.

Exposure to Info Tech sector has moved up. However all the 4 stocks that are classified as "Info Tech" have an element of reopening. a. The 2 BPO businesses have exposure to media, insurance, financials b. The services company is in ER & D space with a significant exposure to transportation c. Railway ticketing company.

There has been no major change in the proportion of cash at the pool level, newer accounts are running slightly higher cash as we await opportunities to invest.

#### **Sectoral decision**

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The portfolio is positioned towards business moving back to normalcy. Investments in retail, real estate proxies and spirits are straight-forward re-opening trades, our investments in other sectors also have an element of normalization. Given the portfolio construct, in case there are fresh lock-downs, the portfolio will likely fall more than the indices.

In terms of portfolio characteristics – the forward PE of the portfolio for FY22 is 16.5 (We continue to exclude telecom stocks due to historic losses). The Bloomberg estimated 1 year forward Nifty positive PE (Mar 2022) is at 20.7.

## Investment returns

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	19.1%	12.9%	12.9%	13.2%
Two years	20.4%	15.8%	16.0%	16.8%
One year	31.7%	30.4%	29.7%	32.4%
Six months	48.9%	28.2%	27.6%	30.1%
Three months	25.3%	12.8%	12.0%	14.0%
One month	13.1%	6.7%	6.6%	7.8%

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	22%
Info Tech	12%
Chemicals	10%
Insurance	8%
Automobile	7%
Industrials	7%
Telecom	6%
Retail	5%
Materials	5%
Staffing	4%
Cash	4%
Oil & Gas	3%
HealthCare	3%
Building Mat	3%
Misc	1%
Media	0%
<b>Total</b>	<b>100%</b>

### 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

Core	49%
Cyclical	17%
Turnaround	24%
Value	7%
Cash	4%
<b>Total</b>	<b>100%</b>

### Market-cap classification

Large Caps	28%
Mid Caps	26%
Small Caps	42%
Cash	4%
<b>Total</b>	<b>100%</b>

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