



## **Buoyant Opportunities Portfolio**

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

#### **Overall performance commentary**

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For Financial year 2021, Buoyant Opportunities fund returned 112.3% net of fees and expenses (versus 71.5% for BSE-100).

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

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Focus of the market, over the last two days with the new series of extended lockdowns, appears to be shifting back to COVID. There are two ways in which one can get positioned for this. One is to get into defensive names (Staple, Discretionary, Pharmaceuticals etc), and wait out for the lockdowns to end. Another is to use the volatility during the lockdowns to get positioned for the reopening trade, we are taking the latter route. Some companies in consumer space will see a larger impact on profitability with rising inflation, and elevated multiples would make them underperform.

#### **Allocation decision**

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At the start of the month, we had reduced risk in the portfolio and generated cash. During March, we exited 2 small caps investments and increased exposure to large caps. However, after a 10% to 15% pull back in some banking stocks we again added weight to Banking sector. Large Caps are now 33% of the portfolio.

In many of the industries there has been consolidation since 2008, leading to reduced competitive intensity. The pandemic driven liquidity will likely result in inflation, however in many of the sectors the consolidation of the last decade will result in companies being able to take price increases and protect margins. The ability to perform during inflationary periods is one of the criteria we look in our investee companies.

Most accounts are fully deployed while new accounts run slightly higher cash .

#### **Sectoral decision**

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The portfolio is positioned towards the economy re-opening, and businesses moving back to normalcy. Given the enhanced number of Covid-19 cases and possibility of lock-downs the portfolio under-performed in March. We will look to ride out the temporary disruptions and look for opportunities to invest in re-opening trades.

In terms of portfolio characteristics – the forward PE of the portfolio for FY22 is 14.9 (We continue to exclude telecom stocks due to historic losses). The Bloomberg estimated 1 year forward Nifty positive PE (Mar 2022) is at 20.9.

## Investment returns

Total returns (%)	<b>Buoyant Portfolio*</b>	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	<b>17.9%</b>	12.9%	12.9%	13.2%
Two years	<b>12.6%</b>	12.2%	12.4%	13.2%
One year	<b>112.2%</b>	71.5%	70.9%	76.6%
Six months	<b>44.5%</b>	30.5%	30.6%	32.0%
Three months	<b>12.4%</b>	5.4%	5.1%	7.1%
One month	<b>-3.3%</b>	0.9%	1.1%	1.2%

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	21%
Info Tech	13%
Chemicals	8%
Insurance	7%
Automobile	7%
Industrials	6%
Materials	6%
Telecom	6%
Oil & Gas	5%
Retail	5%
Staffing	4%
HealthCare	3%
Cash	3%
Building Mat	3%
Media	3%
Misc	1%
<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	51%
Cyclical	20%
Turnaround	22%
Value	5%
Cash	3%
<b>Total</b>	<b>100%</b>

### Market-cap classification

Large Caps	33%
Mid Caps	27%
Small Caps	38%
Cash	3%
<b>Total</b>	<b>100%</b>

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