



Buoyant Opportunities Portfolio

Factsheet for the month of May 2021

Overall performance commentary

Buoyant Capital Opportunities Strategy completed 5 years! Happy to report 152.4% return over 5 years vs. 91.2% for BSE-100 (the benchmark). This translates to a 5-yr CAGR of 20.3% versus 13.8% for the benchmark. Returns are post fees and expenses as computed by Kotak Mahindra Bank.

What to look forward to from the markets?

Corporate India surprised in the second and third quarter of the last fiscal year with profit growth - driven by expanding margins. They inturn were driven by lower costs (both raw materials and selling costs) as Covid restrictions limited travel. Large listed entities also benefited disproportionately as the non-organized sector found it hard to ramp back to full capacity post Covid. Over the medium term, we reckon that we might have already seen the best of profit growth in 2/3Q, which is also evidenced from subdued 4Q results. Meanwhile, markets have marched on, and the near term risk-reward needs to be calibrated as we go ahead.

Allocation decision

Over the course of past few months, we have trimmed exposure to small and mid cap business in favour of larger and more liquid names. May saw a continuation of that pattern. Secondly, since we do not run a model portfolio, there were a few accounts where the exposure to a few companies (than ran up a lot) was higher. We corrected for that during the month.

Thirdly, the portfolio continues to be tilted towards reopening themes - both domestic as well as global reopening. We expect these businesses to materially outperform once the restrictions are eased, and later lifted. In India, vaccinating the entire population with two doses is a mammoth task - and will likely take a long time. However, economic activity will ramp-up as a majority of adult urban population has atleast one dose and that will likely be achieved in a couple of months.

Lastly, over the last year, we have reduced exposure to 'value' stocks from 15% to 5% as many of those stocks have run up quite a lot.

Sectoral decision

As highlighted above, the portfolio continues to be tilted towards the reopening theme. In addition, we continue to believe that the underperformance seen by the banking stocks (since Dec-2019) will eventually reverse, as has happened on all previous occasions. However, we believe that the leadership will significantly change - and the portfolio is structured in a way to take advantage from this change. We continue to follow a barbell approach to our selection of banking stocks.

In terms of portfolio characteristics - the forward PE of the portfolio for FY22 is 14.2 (We continue to exclude telecom stocks due to historic losses). The Bloomberg estimated 1 year forward Nifty positive PE (Mar 2022) is at 21.7.

Investment returns

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	20.3%	13.8%	13.8%	14.4%
Five years	20.3%	13.8%	13.8%	14.4%
Two years	20.2%	14.6%	14.3%	16.5%
One year	120.6%	63.2%	62.7%	69.6%
Six months	38.0%	21.2%	20.2%	23.9%
Three months	10.2%	7.5%	7.3%	8.7%
One month	9.7%	6.7%	6.5%	6.9%

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	24%
Info Tech	13%
Chemicals	8%
Automobile	7%
Insurance	6%
Industrials	6%
Oil & Gas	5%
Building Mat	3%
Telecom	4%
Retail	4%
Staffing	4%
HealthCare	3%
Media	3%
Cash	4%
Materials	4%
Misc	2%
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

Core	53%
Cyclical	18%
Turnaround	21%
Value	5%
Cash	4%

Market-cap classification

Large Caps	35%
Mid Caps	22%
Small Caps	40%
Cash	4%
Total	100%

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

