



Buoyant Opportunities Portfolio

Factsheet for the month of November 2021

Overall performance commentary

For the month of November 2021, Buoyant Opportunities Strategy returned negative 2.6% vs. negative 3.4% for BSE-100 (the benchmark). Returns are post fees and expenses as computed by Kotak Mahindra Bank.

What to look forward to from the markets?

It appears that we are poised for an interesting end to the CY2021. Markets have changed gears every 8 to 12 weeks during 2021 - initially being range-bound between February to April, then rallying close to 1,000 points in May. They took a breather until August then, only to rally again in the run up to mid-October 2021. Since then, markets have corrected only about 8%, but it appears deeper, arguably for the fact that 36% of listed stocks in BSE all-cap index are down over 25% from their 52-week highs.

While the FIIs have sold more in October and November 2021 (combined) than during the Covid peak in March 2020, their absence towards the end of December might indicate decent probability of a 'Santa rally'.

Allocation decision

We had created decent levels of cash in the run up to towards the end of November 2021, which we deployed in the last three days of market correction in November.

Since peaking in August, the Nifty Smallcap Index has under-performed the main board. There are pockets within smaller cap stocks where valuations now offer absolute upsides over the medium term. We have increased the weight of small caps at the pool level to 46%. We continue to avoid stocks where valuations assume very high growth for long periods of time.

Weighted average market cap now at over INR2.2 trillion. For the near term, we plan to be nimble and continue investing on market declines.

Sectoral decision

During the month, we have increased portfolio weights in Financials by 5%, as we believe that the recent correction in share price of banking stocks is more a reflection of demand-supply (FII selling) rather than fundamentals. This increase was funded by reducing weights in the Materials sector. We have also marginally added weights to Healthcare and Information Technology during the month.

In terms of portfolio characteristics, the forward PE of the portfolio for FY23 is 23.1X. The Bloomberg estimated 1 year forward Nifty PE for Mar 2023 is at 19.5X.

Investment returns

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	23.3%	14.4%	14.2%	15.0%
Five years	25.1%	15.4%	15.6%	15.8%
Two years	34.4%	19.4%	18.7%	22.3%
One year	73.4%	32.7%	31.0%	37.0%
Six months	26.3%	10.5%	10.0%	11.5%
Three months	6.4%	0.8%	0.3%	1.6%
One month	-2.6%	-3.4%	-3.9%	-3.0%

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%
Chemicals	10%
Info Tech	9%
Automobile	8%
Industrials	5%
Oil & Gas	5%
HealthCare	5%
Materials	4%
Insurance	4%
Misc	4%
Textiles	4%
NBFC	3%
Retail	3%
Building Materi:	3%
Telecom	2%
Staffing	2%
Cash	6%
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	46%
Cyclical	14%
Turnaround	20%
Value	13%
Cash	6%
Total	100%

Market-cap classification

Large Caps	30%
Mid Caps	18%
Small Caps	46%
Cash	6%
Total	100%

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