



Buoyant Opportunities Portfolio

Factsheet for the month of October 2020

Overall performance commentary

For the month of Oct 2020, the Buoyant Opportunities Fund returned 2.6% net of applicable fees (versus 2.9% for BSE-100 and 0.1% of BSE-Small-Cap).

What to look forward to from the markets?

We continue to actively manage the risk in the portfolio. The near term risks have risen due to uncertainties around US elections, the second round of lock-downs in many countries and the continued uncertainty of the timing and efficacy of the vaccine. On the other hand the forward valuations for many sectors continue to remain at 1 to 2 standard deviations higher than the average. We are managing the risk by adding weights to stocks where valuations are not rich, diversifying more than we usually do and allocating more to larger, more liquid stocks.

Allocation decisions

Large caps were 29% of the weight at the end of January, during the market declines we reduced weights in Large cap stocks to 22% in May, to fund higher allocation to mid and small caps which had fallen more. Over the last 5 months as small and mid caps have out-performed the headline indices we have booked gains in those segments and now our large cap allocation is at 40%. Historically, the broader markets perform better during the last quarter of a calendar year and if there are opportunities over the next 2 months we will further modify the portfolio allocation.

Sectoral decisions

The portfolio beta is now at 0.98 versus 1.2 at the end of Feb 2020, indicating (theoretically) that the portfolio should fall/rise slightly lower than the market. In terms of sector allocation during the month we increased allocation to Financials from 29% to 35%. Structurally, we continue to invest in the largest and most well capitalized banks as we think that they will have advantage on the liability side and will continue to take market share from the smaller banks and NBFC's. IT services have delivered excellent results during the Quarter, especially on the -profitability front. However, valuations are full and we are Under-weight the sector. Overall, the portfolio is positioned for a recovery in the domestic economy with 35% weight in Financials and another 33% weight in a combination of Industrials, materials, chemicals and auto ancillaries

Investment returns

Total returns (%)	Buoyant Portfolio*	BSE 100 Index	Nifty 50 Index	BSE 500 Index
Inception (Jun-16 to date)	10.8%	8.2%	8.4%	8.1%
Two years	-1.0%	4.8%	5.9%	4.7%
One year	-8.9%	-2.3%	-2.0%	-1.1%
Six months	31.6%	17.8%	18.1%	19.6%
Three months	16.8%	5.0%	5.1%	6.1%
One month	2.6%	2.9%	3.5%	2.5%

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%
Insurance	10%
Automobile	8%
Industrials	7%
Telecom	7%
HealthCare	7%
Misc	6%
Chemicals	6%
Cash	6%
FMCG	5%
Info Tech	5%
Materials	4%
Media	3%
Real Estate	1%
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	46%
Cyclical	31%
Turnaround	10%
Value	8%
Cash	6%
Total	100%

Market-cap classification	
Large Caps	44%
Mid Caps	17%
Small Caps	33%
Cash	6%
Total	100%

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