PERFORMANCE

For Jun-23, the **Buoyant Opportunities Strategy** delivered 4.9% (vs 4.3% for the BSE-500 TRI, our benchmark). Performance is computed on total returns basis (including dividends), after deducting fees and expenses. We have beaten our benchmark (BSE-500 TRI) by over 17 percentage points over the trailing year, at 41.1% aggregate portfolio return. Individual portfolio returns will vary. HDFC Bank and Kotak Mahindra Bank are our custodians.

Our latest **Disclosure Document** contains statutory details of our **Liquid Strategy**, an efficient and zero-fee route for our clients to phase their entry into equity investments, while earning liquid fund returns on surplus cash. **Contact Sakshi**, our chatbot, for more information on all our products, including the Buoyant Capital AIF.

MARKET VIEW

Last month, we mentioned that a bull market was probably building up with inflation, interest rate cycles and liquidity driving up stock prices. There is no denying the momentum, which is also being propelled by the recent revival in ETF inflows into India. This is probably because our emerging market peers are at various stages of being **incrementally less attractive** – whether it's China (geo-political discomfort), Russia (the western world's current enemy), Brazil (commodities are softening) or even South Korea (hardly an emerging market any more)!

This strong run up in equity prices thus needs more scrutiny from the fundamental angle. Earnings are set for reasonable growth, but much (or is it more?) is already baked into many stock prices. The recent run up has certainly diminished margin of safety for new entrants in many stocks on our radar. Then again, global macros are not too conducive for Indian exporters, including traditional world beaters like IT services.

That said, we recognise that some level-headed (not euphoric) participation in the current momentum or rally is a feasible ask. Our portfolio thus tilts towards domestic stories, whether it is financials or niche global exporters such as those benefiting from PLI boosters or China-plus-one.

In keeping with our risk management framework, **we've moved even more towards cash** (at 16.8% now). Within this, older client portfolios are at high single digit cash.

SECTOR CLASSIFICATION	Weight (%)
Banking	26.9%
CASH	**16.8%**
Industrials	8.8%
Infotech	8.4%
NBFC	8.3%
Healthcare	5.9%
Automobiles	5.2%
Chemicals	5.0%
Materials	3.7%
Insurance	3.2%
Building Materials	2.2%
Misc.	2.1%
Staffing	1.9%
Textiles	1.7%
Total	**100.0%**

MARKET CAP CATEGORY	Weight (%)
Large Cap	23.7%
Mid Cap	9.1%
Small Cap	50.4%
CASH	**16.8%**
Total	**100.0%**

CORE/SATELLITE BREAKUP		Weight (%)
Core		44.3%
Satellite		38.9%
Cyclical	*16.9%*	
Turnaround	*12.4%*	
Value	*9.5%*	
CASH		**16.8%**
Total		**100.0%**

PORTFOLIO – defensive

We remain DEFENSIVE (Buoyant's philosophy and core/satellite framework is detailed here). Our CORE heavy stance is visible in a steady (CORE + Cash) allocation that has only risen through the rally and is now at 60%+.

Small caps comprise 50.4% of the portfolio. This doesn't unduly worry us, as many of them are niche and profitable players, and qualify as CORE in the portfolio. **Mid-caps remain a challenging space to find investing opportunities in**.

SECTORAL DECISIONS

Financials are at a whopping 38.3% in the portfolio. The top three holdings are large banks, with the top holding at almost 8%, another reiteration of our DEFENSIVE stance. Other than financials, most of our sectoral bets are domestic-themed.

VALUATION

The **Buoyant Opportunities Portfolio** is valued at 21x FY24E (positive) earnings, roughly at par with the BSE-500 (positive) P/E. We believe valuations will incrementally matter more to our investing decisions, especially if (and when) we anticipate earnings downgrades.

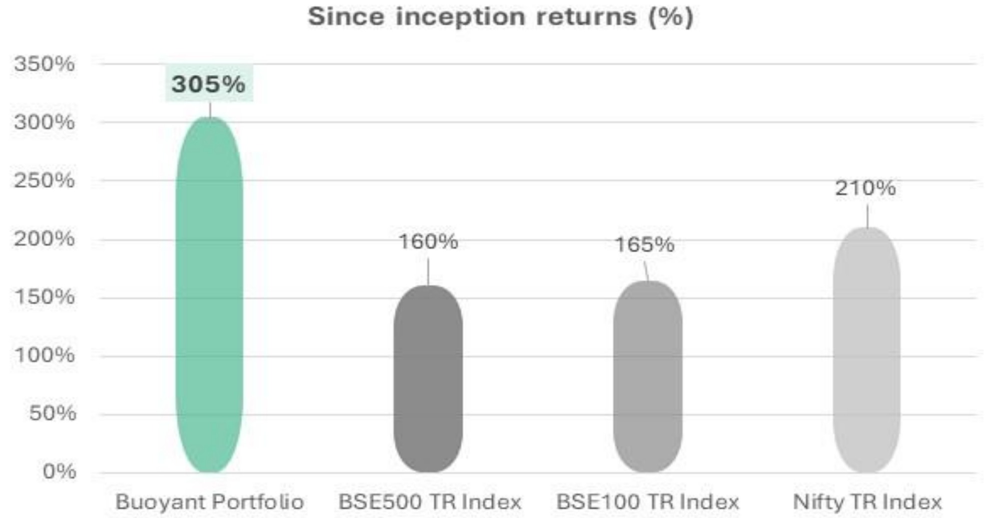
BUOYANT CAPITAL's Opportunities Strategy has appreciably outperformed its benchmark (BSE-500) since inception in June-2016, over seven years ago. We try not to get distracted by our short-term performance metrics, whether we lead (or lag) our benchmark.

We continue to sharpen what we believe is a durable cross-cycle investing framework and philosophy. This framework enables us to offer a SINGLE PMS scheme/strategy for investors wherein we take the allocation decisions across market caps, sectors and themes flexibly over time, thus sparing investors the confusion of having to choose (and allocate sporadically) across various schemes. We see our cumulative returns since inception as reasonable evidence of the robustness of this investment framework, even as we recognise that we will inevitably have to navigate challenges to deliver outperformance hereon.

Total returns (%)	Opportunities Portfolio*	BSE 500 TR Index	BSE100 TR Index	Nifty 50 TR Index
Since inception *1-Jun-16 to 30-Jun-23*	**21.8%**	**14.8%**	**14.5%**	**14.3%**
Last five years	18.6%	13.9%	13.7%	13.7%
Last two years	23.2%	11.7%	12.1%	11.8%
Last one year	41.1%	24.0%	24.0%	22.9%
Last month	4.9%	4.3%	3.7%	3.7%

Source: Bloomberg for BSE 500 TRI, BSE 100 TRI, Nifty 50 TRI. Opportunities Portfolio returns are post fees and expenses. More than one-year returns are annualised.

Risk metrics	1-year	3-year
Sharpe ratio (X)	1.21	2.08
Jensen's alpha (%)	18.22	18.34
Information ratio (X)	3.19	1.83
Standard deviation (%)	14.11	19.29
R-squared (X)	0.86	0.68
Beta of portfolio (X)	0.93	1.09
Sortino ratio (X)	7.82	5.22



BLOGS & MEDIA

Blogs

- Junk bonds and market cycles – The Economic Times 26 Jun 2023
- Network effects: a double edged sword – Moneycontrol 12 Jun 2023
- The new Electricity Act and India's power sector - The Economic Times 22 May 2023
- Indian Equity Markets – Moneycontrol 16 May 2023

Media Appearances

- Jigar Mistry (CNBC TV18) 2 Jun 2023
- Jigar Mistry (ET Now) 5 Jun 2023

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