

PERFORMANCE

For September 2023, the **Buoyant Opportunities Strategy** delivered a negative 0.1% (vs 2.1% for the BSE-500 TRI, our benchmark). Performance computation includes dividends and is on a post-fees and expenses basis. HDFC Bank and Kotak Mahindra Bank are our custodians.

Our **Disclosure Document** contains statutory details of our **Liquid Strategy**. It is 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

The run-up to the long term. There is little doubt in our minds that, in the long term, India presents a unique investing opportunity. Over the next two decades, India's working-age population will increase by 20% (currently 830m). In addition, focus on manufacturing will rise, driven by multiple PLI schemes and partly aided by China plus one. Together (rising labour force participation and productivity gains), these factors will undoubtedly strengthen the fundamental fabric of India's economy.

This, in turn, will attract more capital flows into India. A large fast-growing country (US\$3.7 trillion GDP) with a huge consumption market, a vibrant democracy and a functioning judiciary is a rare find internationally.

SECTOR CLASSIFICATION	Weight
Banking	21.3%
Insurance	7.6%
NBFC	6.6%
Info Tech	6.5%
Industrials	6.4%
Automobile	5.8%
HealthCare	5.5%
Chemicals	4.3%
FMCG	4.0%
Building Materials	3.3%
Materials	2.8%
Textiles	1.5%
Misc	3.4%
Cash	21.1%
Total	100.0%

International flows apart, domestic flows will rise too, as the economy formalises, and savings continue to move to financial assets. Strong fundamentals and rising flows make a definitive case to increase equity allocations. So far, we are with this thesis.

Our fundamental disconnect, however, is emerging from the markets' inclination to price all of it immediately. Over just the past six months, of the 1,260 companies with more than INR 5bn in market capitalisation, some 40% have risen by more than half and some 175 companies have more than doubled. As many as 122 companies below the INR 5bn mcap threshold have more than doubled!

We fear that markets are too eager to price in the positives, and not enough attention is being paid to the negatives (higher-for-longer rates, rising crude prices, historically low India-US interest rate differentials, etc.). To us, this is typically a sign of complacency.

MARKET CAP CATEGORY	Weight
Large Cap	37.2%
Mid Cap	3.9%
Small Cap	37.8%
Cash	21.1%
Total	100.0%

Historically, we have addressed such situations by managing risk in the portfolio. Consequently, we have dialled down the risk in our portfolio down and our 1-year beta now stands at 0.88X. We are also carrying as much as 21% in cash and equivalents. Currently, we are bracing for impact.

PORTFOLIO STANCE

Incrementally, we are turning to larger-cap, low-beta businesses. Core (incl. cash) is up to 67% and we have cut small and mid-cap positions by over 18 percentage points over the past quarter.

CORE/SATELLITE BREAKUP	Weight
Core	45.9%
Satellite	33.0%
<i>Cyclical</i>	18.0%
<i>Turnaround</i>	9.1%
<i>Value</i>	5.9%
Cash	21.1%
Total	100.0%

SECTORAL DECISIONS

We have increased weights in Insurance and large-cap NBFC space. There is no meaningful change in sector allocations otherwise.

VALUATION

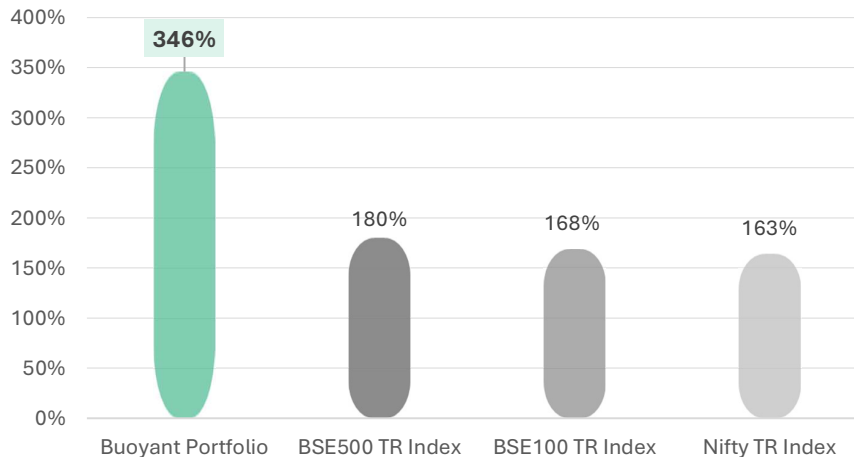
The **Buoyant Opportunities Portfolio** is valued at 19x FY25E (positive) earnings, roughly at par with the BSE-500 (positive) P/E.

BUOYANT CAPITAL’s Opportunities Strategy has appreciably outperformed its benchmark (BSE-500) since its inception in June 2016, over seven years ago.

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.

Total returns	Opportunities Portfolio	BSE 500 TR Index	BSE100 TR Index	Nifty 50 TR Index	Risk metrics	1-year	3-year
Since inception 1-Jun-16 till date	22.6%	15.1%	14.4%	14.2%	Sharpe ratio (X)	2.57	1.87
Past five years	22.5%	15.1%	14.0%	13.8%	Jensen's alpha (%)	20.70	17.00
Past two years	42.7%	24.3%	22.5%	21.9%	Information ratio (X)	2.79	1.87
Past one year	18.6%	8.5%	7.6%	6.8%	Standard deviation (%)	11.50	18.30
Past month	-0.1%	2.1%	1.8%	2.0%	R-squared (X)	0.64	0.71
<i>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.</i>					Portfolio beta (X)	0.88	1.08
					Sortino ratio (X)	7.70	4.71

Since inception returns



BLOGS & MEDIA

Blogs

- [Privileging the hypothesis – Moneycontrol](#) 5 September 2023
- [Credit cards – Moneycontrol](#) 18 July 2023
- [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 \(CNBC TV18\)](#) 29 September 2023
- [Viral Berawala \(ET Now\)](#) 12 September 2023
- [Jigar Mistry \(CNBC TV18\)](#) 1 September 2023
- [Jigar Mistry \(CNBC TV18\)](#) 1 August 2023

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