PERFORMANCE

For October 2023, the **Buoyant Opportunities Strategy** delivered -1.1% (vs -2.9% 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

Shorter cycles; over to large caps now. We were bracing for impact in October 2022 and driven by external risks (Fed's cycle and Israel-Hamas conflict); the broader market did give up some of its gains during the month. Meanwhile, the US10Y breached 5%. All risk assets (including emerging markets, and India) saw negative returns.

Sector classification	Weight (%)
Banking	22.0%
Insurance	8.1%
NBFC	6.3%
Automobile	5.8%
Info Tech	5.6%
Industrials	5.0%
HealthCare	4.3%
Chemicals	4.1%
FMCG	3.8%
Building Materials	3.6%
Textiles	2.6%
Materials	2.1%
Misc	1.3%
Staffing	0.9%
Media	0.9%
Retail	0.7%
Oil & Gas	0.1%
Cash & CE	22.9%
Total	**100.0%**

Market cap category	Weight (%)
Large Cap	38.3%
Mid Cap	3.8%
Small Cap	35.1%
Cash	22.9%
Total	**100.0%**

Core vs satellite		Weight (%)
Core		45.0%
Satellite		32.1%
Cyclical	*17.6%*	
Turnaround	*9.1%*	
Value	*5.4%*	
Cash		22.9%
Total		**100.0%**

Since then, the external situation has cooled off a bit: US10Y has retracted back below 4.6% and Brent Oil is now below USD85/bbl (from highs of USD97/bbl in Sep-23). In response, markets have rebounded in joy for now.

We continue to believe that (a) cycles will likely get shorter, and (b) we are decisively not in the 2021-styled rally. Let's look at (b) first: in 2021, globally, the monetary policy was loose, there was a lot of fiscal space and companies gunning to settle scores post-COVID. Today, corporate earnings growth is slowing, government budgets leave little space, and monetary policies are no longer accommodative.

That brings us to (a): i.e., **cycles will likely get shorter**. On the Fed's part, their primary focus (as it appears to us) is to bring Debt-to-GDP lower, in preparation for a multipolar world. In our recent webinar, we discussed at length why this will keep the Fed (and Treasury) on their toes, with an eventual outcome that the rates will likely stay higher for a much longer period than what the market expects.

That will also play out within market-cap cycles in India. Given the small-cap rally post-March (of over 260 companies with Mcap > INR5b that increased 70% plus, 86% were small-caps). In our opinion, the next rally will be driven by large caps, possibly driven by FPI short-covering.

PORTFOLIO STANCE

While deploying cash in newer accounts, we raised cash in older accounts in Oct-23. Given (a) we do **not** follow a model-portfolio approach, and (b) large inflows into our PMS pool, the C&CE looks optically large. This signifies gradual deployment rather than cash calls at our end.

In keeping with our cautious view, Small/Mid cap exposure is down, below 40% now (vs. higher than 60% in Mar/Apr-23). Similarly, the share of Satellite stocks is down below a third of the portfolio.

SECTORAL DECISIONS

Heavier sector allocations remain almost unchanged over the month, with Banks/Insurance/NBFCs/Infotech accounting for 42% of the portfolio. Minor opportunistic tweaks continue, on stock-specific basis.

VALUATION

The **Buoyant Opportunities Portfolio** is valued at 18.5x FY25E (positive), earnings, roughly at par with the BSE-500 (positive) P/E.

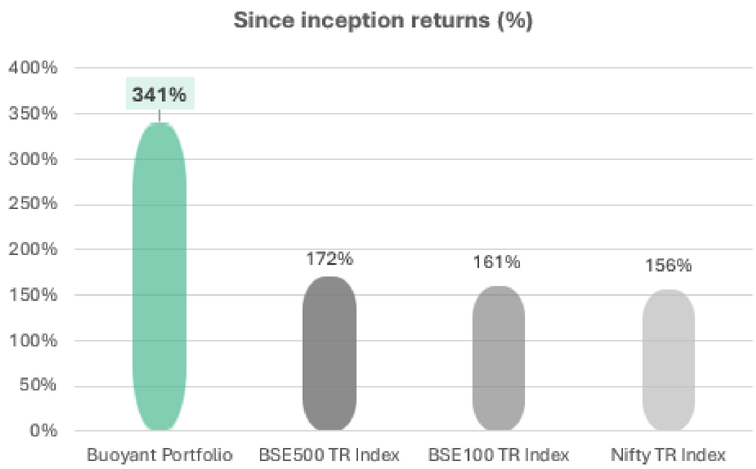
BUOYANT CAPITAL's Opportunities Strategy has appreciably outperformed its benchmark (BSE-500) since its inception in June 2016, over seven years ago.

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 (%)	Buoyant Portfolio*	BSE500 TRI Index	BSE100 TRI Index	NIFTY TRI Index
Since inception (June 2016 to date)	**22.1%**	**14.4%**	**13.8%**	**13.6%**
Last five years	22.4%	15.4%	14.4%	14.3%
Last two years	16.4%	6.7%	5.9%	5.1%
Last one year	30.5%	9.6%	7.7%	7.0%
Last six months	20.7%	10.9%	7.8%	6.5%
Last three months	2.2%	-1.4%	-2.6%	-3.1%
Last month	-1.1%	-2.9%	-2.7%	-2.7%

Source: Bloomberg for BSE 100 Index, Nifty Index and BSE 500 Index.
Buoyant Portfolio returns are post fees and expenses.
More than one year returns are annualised.

Risk metrics	1-year	2-year	3-year
Sharpe ratio (X)	2.23	0.59	1.87
Jensen's alpha (%)	21.14	9.68	17.78
Information ratio (X)	3.87	1.20	1.93
Standard deviation (%)	12.09	15.96	18.45
R-squared (X)	0.68	0.75	0.72
Beta of portfolio (X)	0.94	1.04	1.08
Sortino ratio (X)	5.97	1.08	4.49



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

Media Appearances & Webinars

- Buoyant Capital Webinar 2 November 2023
- Jigar Mistry (ET Now) 9 October 2023
- 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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