

PERFORMANCE

For November 2023, the **Buoyant Opportunities Strategy** delivered 4.9% (vs 7.1% 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

We witnessed a **strong pull back over November**, with the NIFTY-50 rising 7% and the Smallcap Index zooming ~10%. With Hamas on the backfoot, US support for Israeli aggression, US inflation easing to 3.2% and Brent falling to below \$80, there were renewed hopes for a Fed rate easing cycle to re-emerge. The 10Y bond yield fell 50+ bps over the month to 4.22%. Election results in three significant states in India saw the BJP post significantly better than expected support from voters, driving up investor sentiment even further in the first week of December. There is now broad consensus that the ruling party will return to power in the 2024 national election.

SECTOR CLASSIFICATION	Weight (%)
Banking	22.5%
Insurance	7.8%
Automobile	5.9%
Info Tech	5.4%
Industrials	4.8%
Building Materials	4.1%
Chemicals	3.7%
FMCG	3.6%
NBFC	3.4%
HealthCare	2.7%
Materials	2.6%
Retail	1.4%
Textiles	1.2%
Oil & Gas	1.2%
Misc	4.2%
Cash	25.6%
Total	100.0%

With only good news all around, it may seem strange to most observers that we have lightened positions and are now sitting on over 25% cash (and equivalents). This is driven by our unfashionable view that there is **diminishing margin of safety in the relatively riskier parts of the Indian equity market**. Our Defensive stance is amply displayed in our 36% large cap position and more significantly in the ~70% (core + cash) position as visible in the Core vs. Satellite table (see left below).

PORTFOLIO STANCE

Given our recent preference for safety (capital protection) over returns (appreciation), the Buoyant Opportunities Strategy has lagged its benchmark by over 200 bps during the month gone by. We believe that the Great Indian Smallcap Cycle is close to a top, even as our longer term belief in Indian entrepreneurs and the domestic policy and economic mix remain largely intact. For details, read our view on [small cap cycles](#).

This topping out, and the significant reversal anticipated by us thereafter, will likely be driven by a combination of (a) investor recognition of the unfairly high valuation premium for such stocks, (b) earnings and business developments that call for downgrades, and (c) risk events/shocks - both global and local - concerning geo-politics, sticky inflation, higher than anticipated interest rates or macro sluggishness in large economies which may trigger an exit from the party.

Meanwhile, stock specific stories and merit (earnings growth, available at bargain valuations) have not disappeared altogether. This explains why we hold almost 35% smallcap exposure, which might otherwise seem at loggerheads with our currently Defensive stance.

CORE vs. SATELLITE	Weight (%)
Core	43.5%
Satellite	30.8%
<i>Cyclical</i>	17.6%
<i>Turnaround</i>	8.2%
<i>Value</i>	5.1%
Cash	25.6%
Total	100.0%

SECTORAL DECISIONS

Financials (Banks + Insurance + NBFCs) comprise the single largest exposure, accounting for about a third of the portfolio. We've booked profits in a Healthcare counter and added to our Retail holding. Minor opportunistic tweaks continue, on a stock-specific basis.

VALUATION

The **Buoyant Opportunities Portfolio** is valued at 19.7x FY25E (positive) earnings vs. 18.5x for the BSE-500 on P/E basis.

MARKET CAP CLASSIFICATION	Weight (%)
Large Cap	36.3%
Mid Cap	3.2%
Small Cap	34.9%
Cash	25.6%
Total	100.0%

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

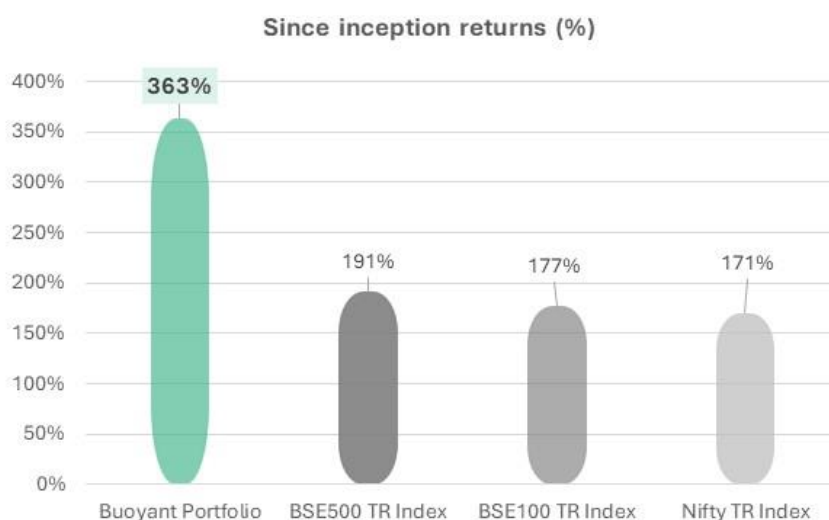
We continue to sharpen what we believe is a durable cross-cycle [investing framework and philosophy](#). This framework enables us to offer a SINGLE PMS scheme/strategy for investors wherein we take the allocation decisions across market caps, sectors and themes flexibly over time, thus sparing investors 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	Risk metrics	1-year	2-year	3-year
Since inception (June 2016 to date)	22.7%	15.3%	14.5%	14.2%	Sharpe ratio (X)	2.08	0.86	1.77
Last five years	23.1%	16.0%	14.8%	14.5%	Jensen's alpha (%)	20.28	8.78	16.05
Last two years	20.8%	12.1%	11.0%	10.2%	Information ratio (X)	2.55	1.05	1.62
Last one year	32.6%	13.4%	10.1%	8.5%	Standard deviation (%)	12.18	15.88	16.77
Last six months	19.8%	14.4%	10.5%	9.3%	R-squared (X) 0.65	0.65	0.73	0.65
Last three months	3.7%	6.2%	5.1%	4.8%	Beta of portfolio (X)	0.81	0.99	1.00
Last month	4.9%	7.1%	6.1%	5.6%	Sortino ratio (X)	6.48	1.58	3.87

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.



BLOGS & MEDIA

Blogs

- [Smallcap cycles – Moneycontrol](#) 15 November 2023
- [Privileging the hypothesis – Moneycontrol](#) 5 September 2023

Media Appearances & Webinars

- [Buoyant Capital Webinar](#) 2 November 2023
- [Jigar Mistry \(CNBC TV18\)](#) 16 November 2023
- [Jigar Mistry \(CNBC TV18\)](#) 8 November 2023

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