

Webinar summary

Market summary and portfolio positioning

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Speaker: Jigar Mistry · ~75 minutes

HEADLINE

Buoyant is in its tenth year, with a team of 78 and AUM over **USD 1.4 Bn**. The webinar focused on the investment landscape over the coming quarters and years, set against a macro-driven and politically charged global environment — a review of performance to December 2025, key portfolio changes, current positioning, and a brief outlook on the Union Budget. The underlying call: India is mid-transition from a capex-led to a consumption-driven economy; earnings softness is cyclical rather than structural; risk management and disciplined flows remain central.

STANCE	FUND SIZE	TRACK RECORD	BENCHMARK
CYCLE-AWARE Small/mid-cap exposure at lower end of historical range	USD 1.4 Bn+ As of December 2025 (PMS + Cat-3 AIF)	10Y milestone Single strategy, two vehicles (PMS + AIF)	BSE 500 Risk-adjusted, consistent alpha across cycles

KEY THEMES

Buoyant: overview & philosophy

Launched June 2016, now in its **10th year** with 78 professionals and AUM over **USD 1.4 Bn**. A **single investment strategy** offered through two vehicles — a PMS and an open-ended AIF — both representing the same underlying philosophy and process. The founding team and Buoyant treasury invest alongside clients, ensuring meaningful skin in the game. The objective is risk-adjusted, consistent alpha over benchmark across market cycles.

Investment framework — cycle-aware, not buy-and-hold

Buoyant follows a **cycle-aware investment framework** and is opposed to a static “buy and hold” approach as commonly practiced. While some businesses are held for multiple years, market cycles — across stocks, sectors, and market capitalisations — play a **dominant role** in determining returns. The portfolio alternates between aggressive and defensive stances through dynamic **core and satellite allocations**. The process is primarily top-down, with stock selection a subsequent step; every investment is made with a defined thesis and an explicit exit framework.

Macro environment — trade, currency and growth

Trade and tariff outcomes matter more for India from a **currency and capital-flow** perspective than from a GDP standpoint. US exports are modest relative to GDP, but trade uncertainty exacerbates current-account pressures at a time when capital inflows have weakened. This has contributed to **rupee depreciation despite a weaker dollar globally**, creating a negative feedback loop for foreign portfolio flows. A credible trade resolution was identified as a key factor for stabilising currency and flows.

Fiscal dynamics, capex and earnings

India's recent growth has been driven by government-led capex — but this engine has slowed. State governments are increasingly prioritising social spending over capex, while the central government faces tighter fiscal constraints due to weaker tax buoyancy. Both central and state capex growth have moderated. Since capex has a **higher GDP multiplier** than transfers, the shift has implications for medium-term growth. Corporate earnings have softened during this transition from a capex-led to a consumption-driven economy; the slowdown was described as **cyclical rather than structural**, with earnings expected to improve gradually from **FY26-end** onwards.

Rates, liquidity and market flows

India's rate differential vs the US is near historical lows, limiting the RBI's room to cut rates aggressively. Even where policy rates have eased, transmission to long-term market rates has been constrained by high borrowing requirements — policy focus is likely to remain on **managing flows and liquidity** rather than delivering large rate cuts. Equity supply from FIIs, promoters and corporates has been absorbed almost entirely by domestic investors; household equity allocations have risen meaningfully but still remain below developed-market levels. Sustained domestic flows will depend on improved performance from professional money managers, as recent one-year performance dispersion across funds has been high.

PORTFOLIO STANCE & POSITIONING

Headline indices have remained relatively stable, but significant correction has occurred beneath the surface — particularly in **small- and micro-cap stocks**, where retail ownership is heavily concentrated and return expectations had become elevated. Over longer periods, equity returns remain closely linked to earnings growth; the recent correction reflects a **normalisation of expectations** rather than a breakdown of fundamentals. Buoyant actively adjusted risk across cycles — raising exposure post-COVID, reducing risk ahead of global tightening, turning defensive as froth built in smaller companies. Currently, small- and mid-cap exposure is at the **lower end of historical ranges**; this positioning helped limit drawdowns through the recent corrections.

“Valuation-conscious and prepared to increase risk selectively as opportunities emerge.”

EXECUTION FRAMEWORK

LEVER	WHAT	STATUS
Core — cycle-tilted	Core weight elevated; satellite dynamically adjusted with the cycle; no large cash calls — beta managed via core/satellite balance.	Active
Sector focus	Discretionary consumption, travel, aviation, building materials, select financials. Banking fundamentals supportive: improving loan growth, stable asset quality, reasonable valuations.	Active
Small / mid-cap discipline	Exposure held at the lower end of the historical range; willingness to step up only on valuation-led opportunity, not narrative.	Patient

PERFORMANCE — ALIGNED WITH THE PHILOSOPHY

- **Performance reviewed through December 2025:** risk-adjusted and consistent alpha versus benchmark across cycles.
- **Small/mid-cap drawdown absorbed:** defensive positioning ahead of the correction limited NAV drawdown vs broader indices.
- **Cycle framework validated:** exposure reduced ahead of global tightening; turned defensive as froth built in smaller companies.
- **Structural flow tailwind remains:** rising household equity allocation continues despite still being below developed-market norms.

RECENT PORTFOLIO ACTIONS

- **Added:** selective exposure in **discretionary consumption, travel, aviation, building materials** and **select financials** where value and growth align.
- **Reduced / avoided:** last-cycle leaders (capex-heavy PSUs, defence, railways) where implied growth is demanding.
- **Risk discipline:** core-satellite balance managed actively; predefined exit strategies; continuous re-evaluation against cycle signals.

Q&A HIGHLIGHTS

Long-run return trajectory. Market returns are likely to normalise toward long-term averages rather than recent highs.

Domestic flows — durable?. Domestic flows can continue, but sustaining them depends on continued fund performance; dispersion across managers has been high recently.

Trade and currency. Trade resolution would help stabilise currency and foreign flows; currency fragility is currently the binding constraint on FII return.

Risk management. Risk management and liquidity discipline remain central to portfolio construction — the framework, not any single call, drives outcomes.

Product strategy. Buoyant remains committed to a **single-strategy, cycle-aware** approach rather than expanding into multiple products.

OUTLOOK

As growth shifts toward consumption, relative opportunity sits in **discretionary consumption, travel, aviation, building materials** and **select financials**. Banking fundamentals remain supportive with improving loan growth, stable asset quality and reasonable valuations.

The firm remains valuation-conscious and prepared to increase risk selectively as opportunities emerge. The transition is expected to produce cyclical earnings softness into FY26, gradually improving thereafter.



The medium-term call remains constructive — cycle discipline over narrative, patience over timing, and portfolio beta adjusted via core/satellite rather than by carrying idle cash.

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