



Investors' deck

buoyant opportunities fund

February 2024

Investing through CYCLES





buoyant

the eight elements that matter



Track record
CAGR 22.6%



Top rated
across alternatives



Risk adjusted
CRISIL 5-star



Team
mindset "Capital"



Skin-in-the-game
significant



Truly multi-cap
where to invest?



Non-model portfolio
when to invest?



Differentiated strategy
why invest?



No 'star manager' culture

buoyant team

expertise in different sectors

sector weight decisions on a "top-down" basis

stock selection on a 'bottom-up' basis



No 'star fund manager' - eliminate familiarity bias.

investment team



Jigar Mistry

B.Com, ACA, CFA – AIMR, US.

Experience: 22 years

Prior: Director of Research, HSBC

Others: Kotak Goldman Sachs



Sachin Khivasara

B.Com, ACA, CWA.

Experience: 24 years

Prior: Analyst, Nipon Mutual Fund

Others: Edelweiss, Enam



Viral Berawala

B.Com, ACA, PG – IIM-A

Experience: 23 years

Prior: CIO, Reliance Life Ins

Others: Reliance MF, TCS



Dipen Sheth

B.Tech, IIT-K, PG – IIM-C.

Experience: 31 years

Prior: Head - Equities, HDFC Sec

Others: Edelweiss, BRICS



Natasha Lulla

B.A, Eco, LSR, PGDM – MDI

Experience: 16 years

Prior: PM – Aditya Birla AMC

Others: Goldman Sachs





Across business functions

A strong 46-member team



Investment Research

10 members

Total experience: Over 100 years

- Sectoral coverage
- Quantitative research
- Innovative ideation



Risk and Compliance

1 member + External agency

Experience: 5 years

- C.S., LLB leading compliance function
- MC&A act as consultants



Run the Business

29 members

Experience: 90 years

- Covers functions of account opening, operations support and Accounting



Sales and distribution

6 members

Experience: 60 years

- Experienced team for coordination, meetings and client interactions





Everything of consequence operates in **cycles**.

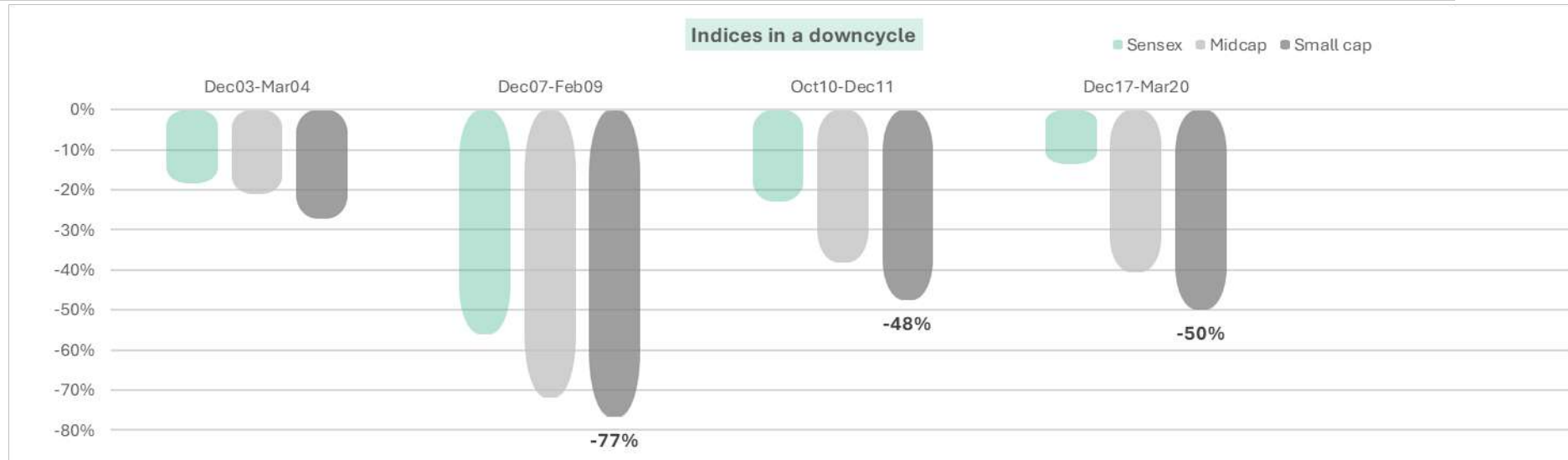
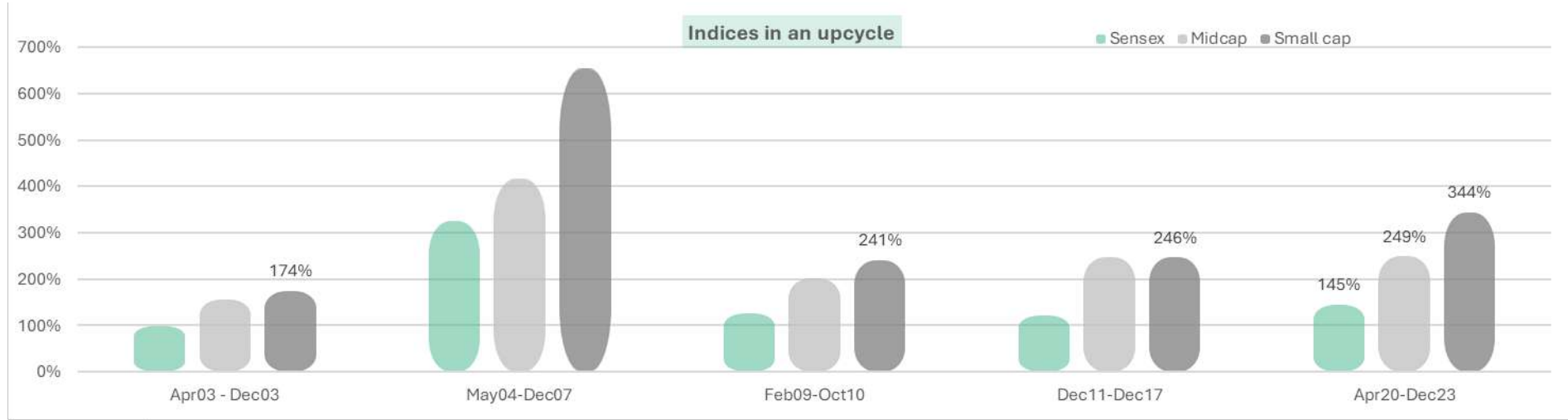
buoyant strategy showcase

Cross cycle investing in theory



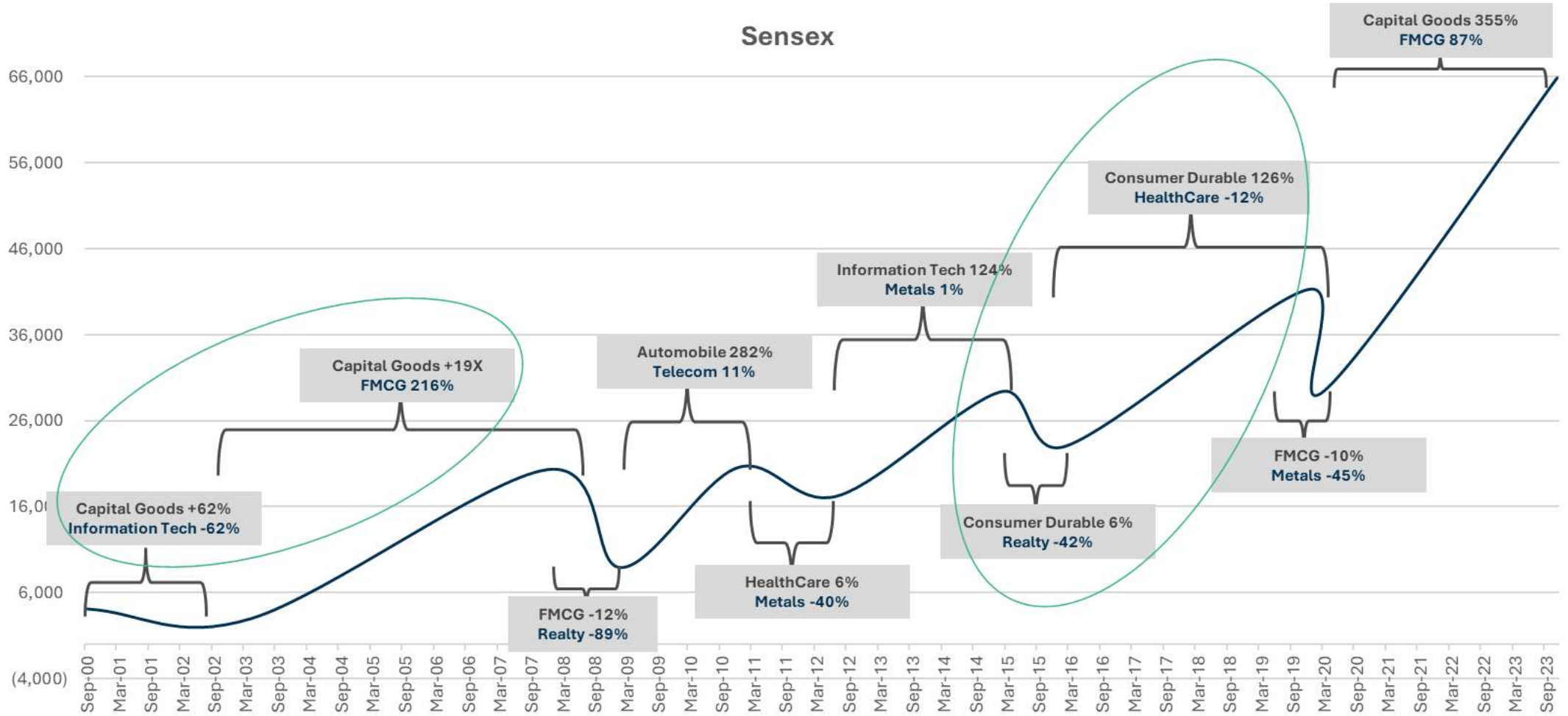
20-year CAGR: Sensex 17%, Small Cap 19%

Market-caps operate in a cycle



“consumption” today is what “capital goods” was yesterday

sectors operate in a cycle

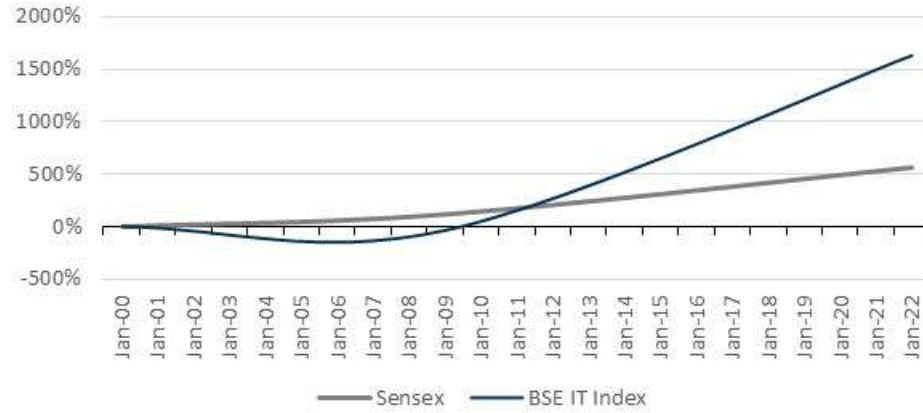




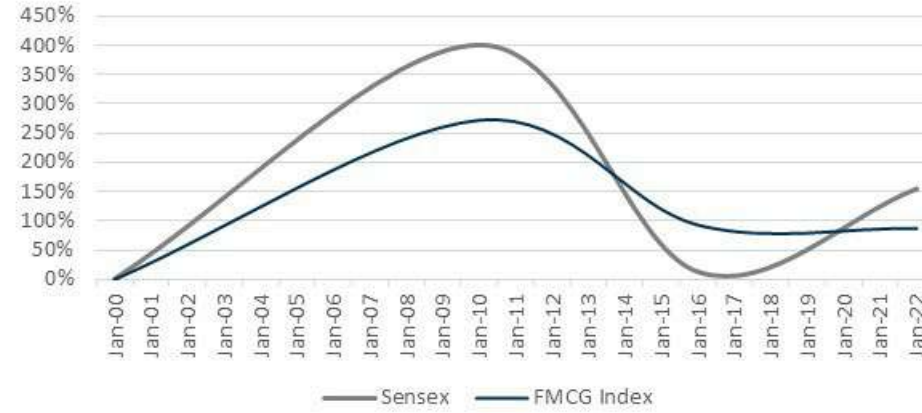
IT, FMCG, and automobiles – all follow cycles

and not just sectors we know are cyclical

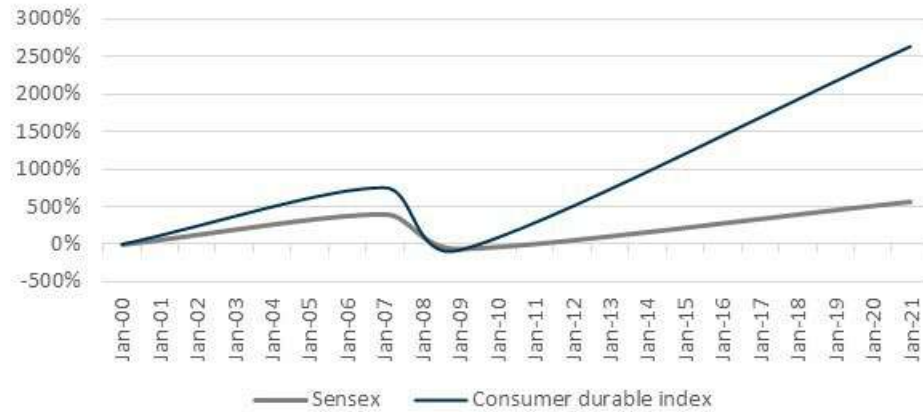
IT Index normalized performance



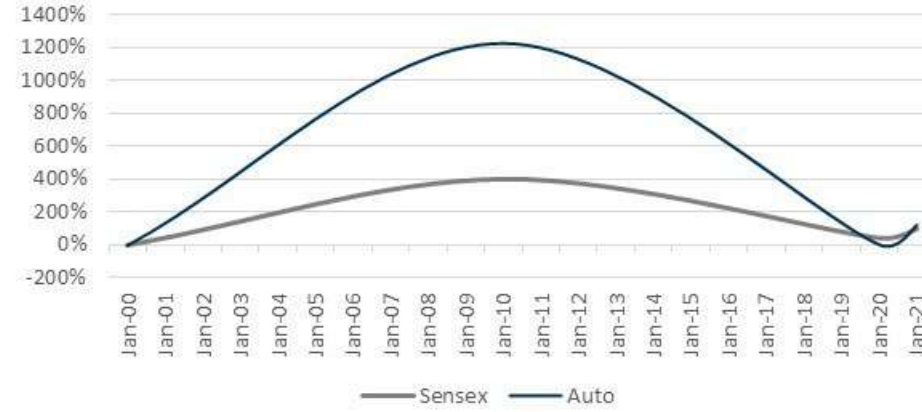
FMCG Index normalized performance



Consumer Durables normalized performance

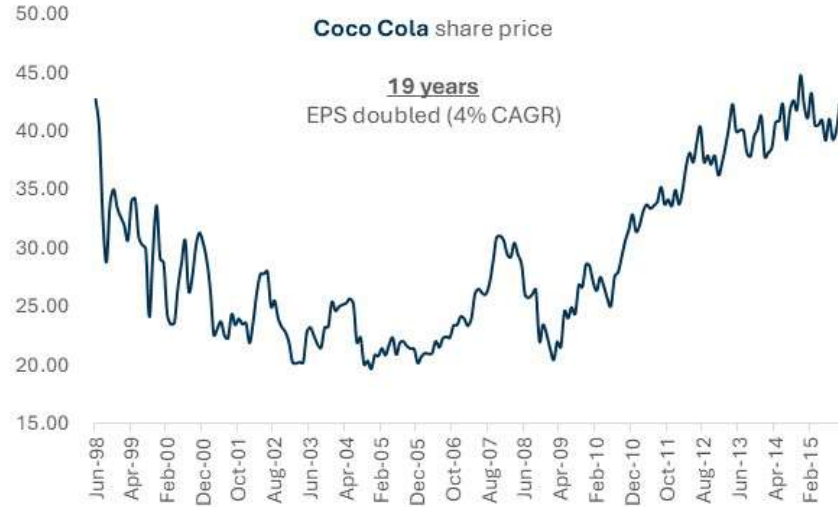


Automobiles normalized performance



A good company is different from a good investment

even stocks follow cycles





Aggressive and Defensive.

how do we approach It?

Aggressive: endeavor to generate superior returns

Defensive: endeavor to protect capital

Overall: superior long-term returns

ned by





core and satellite vertical

Core vertical

Satellite vertical



Cash flows

Prefer predictable versus optional



Cyclicals

Metals, Commercial Vehicles, NBFC



Reinvestment

Prefer dividend yield versus growth



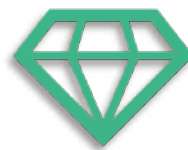
Turnaround

Disruption ending: Bharti Airtel



Leadership

Prefer industry leaders versus challengers



Value

Leader hugely expensive: Max Financial

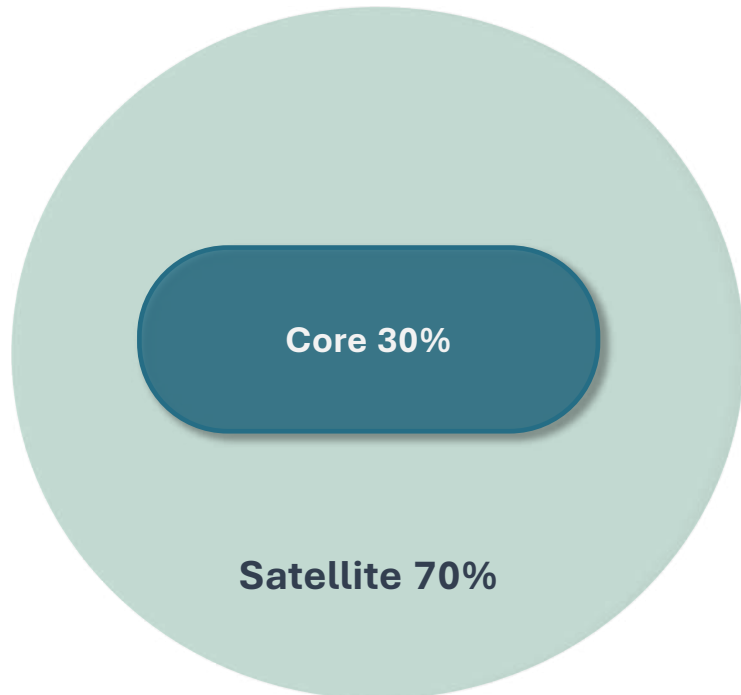




we understand *cycles*

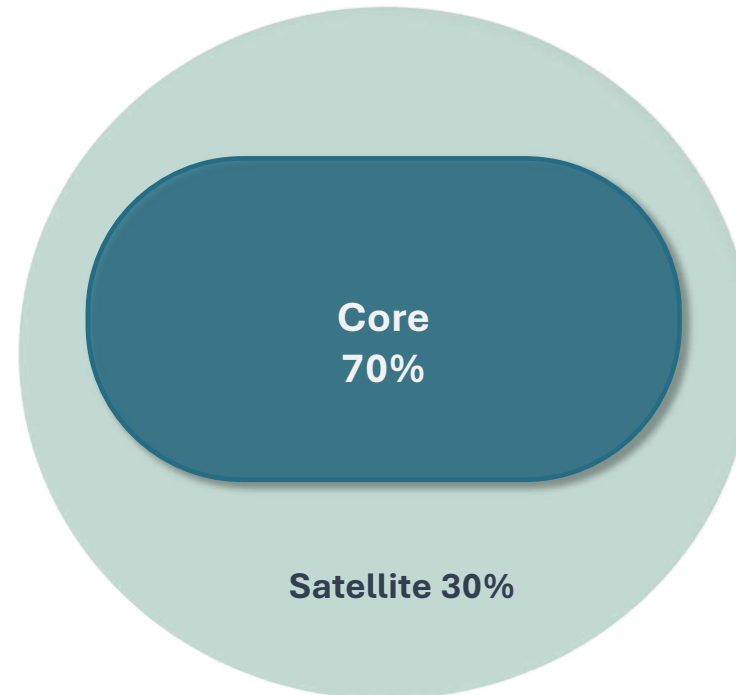
aggressive and defensive cycles

Aggressive cycle stance



- **The end-game**
 - Generate superior returns
- **Execution**
 - Satellite allocation > Core allocation

Defensive cycle stance



- **The end-game**
 - Protect capital
- **Execution**
 - Core allocation > Satellite allocation



Superior risk-adjusted returns.

PMS track record

since June 2016



210.24

209.22

1,218.38

210.74

208.33

456.60

26.42

19.05

2,510.41

95

7,513.08

2,163.02

29,240.68



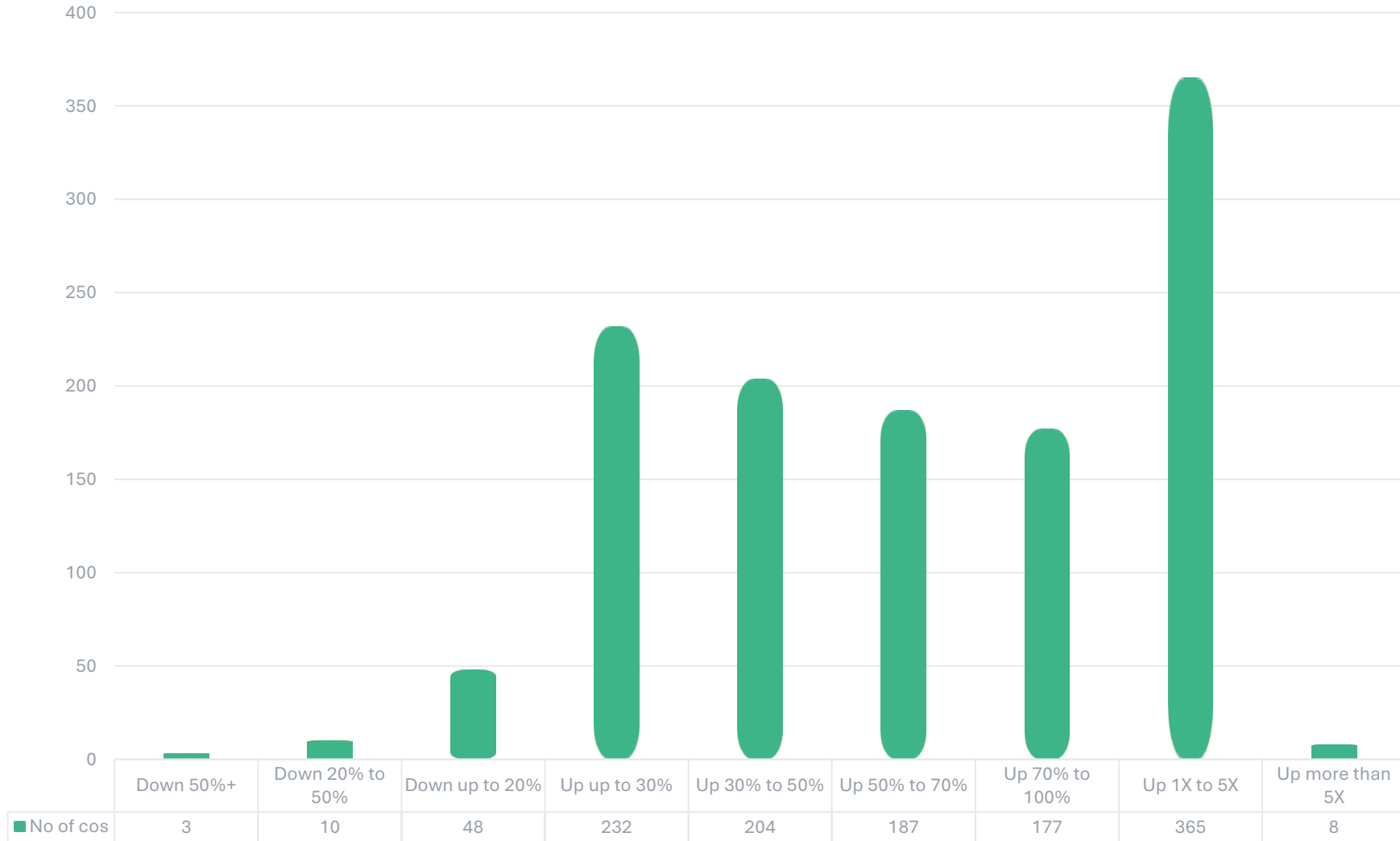
the change in stance





returns breakdown April 2023 and January 2024

a strong bull market

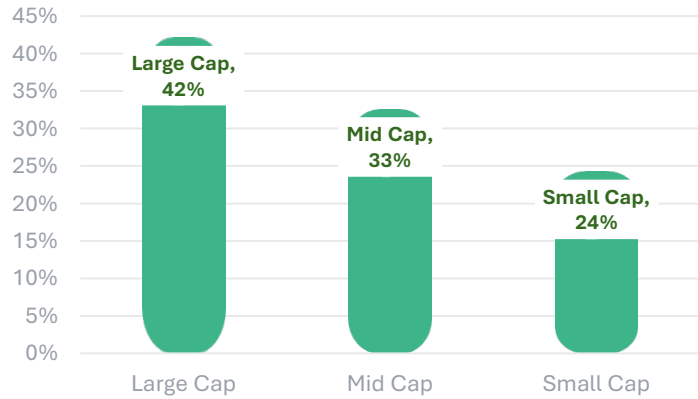




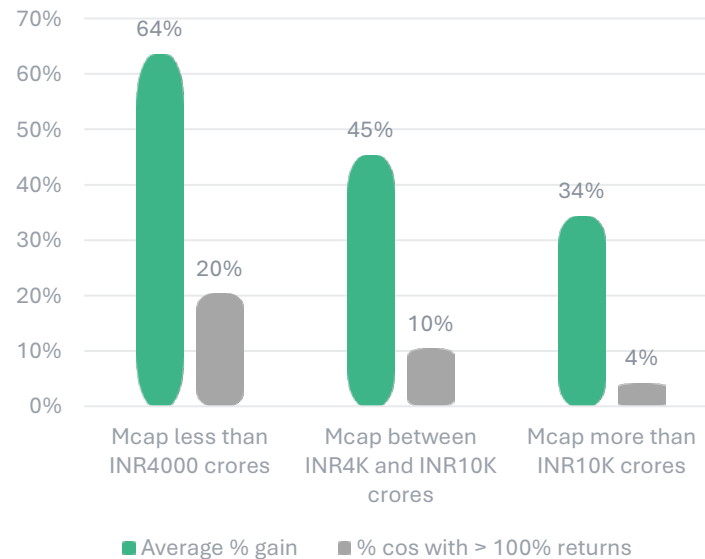
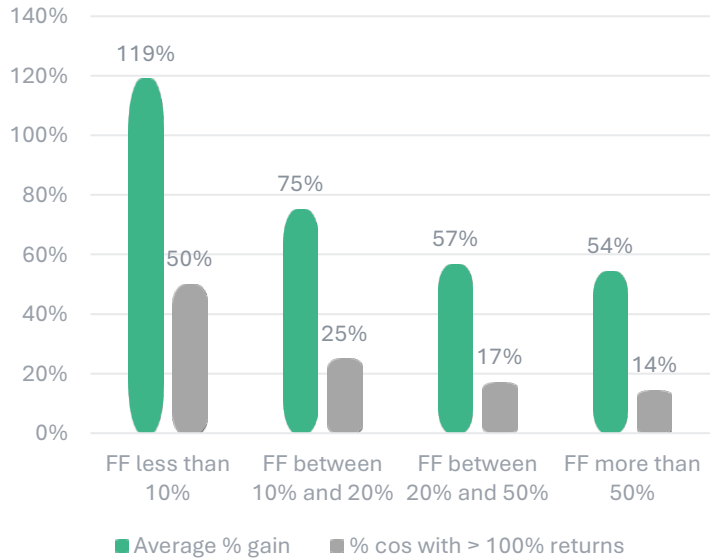
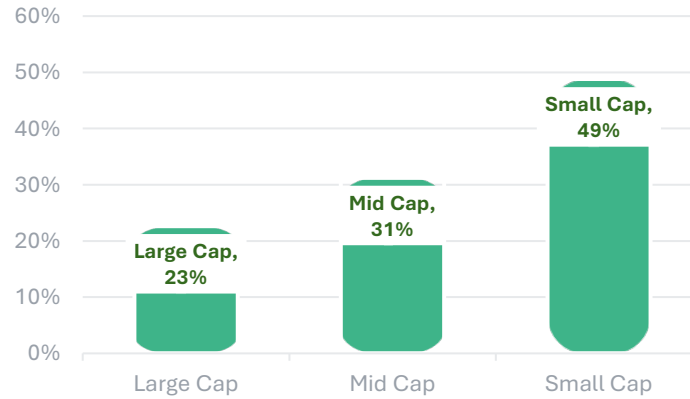
creates a dissonance between

ownership vs. performance

FII ownership in free-float (%)



Retail ownership in free-float (%)





which has historically

not ended well

BSE small cap 3-yr rolling returns



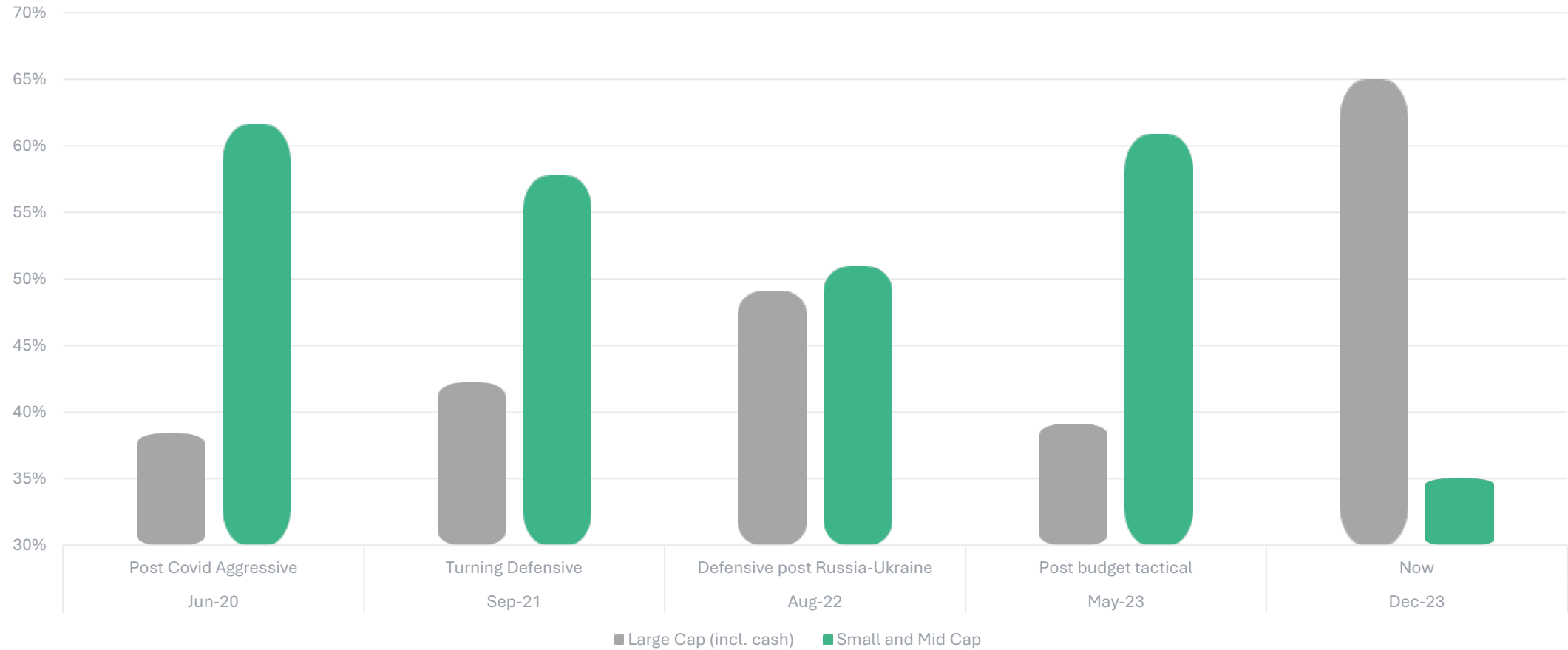
Range	1yr ret	2yr ret
35% 50%	9%	-35%
20% 35%	13%	18%
5% 20%	0%	12%
-10% 5%	23%	50%
-25% to -10%	92%	118%





which is why we have

changed the mix





which is why we are

increasing core positions





resulting in a

low volatility portfolio framework

select numbers to observe



0.68
Beta



11.6
Std dev



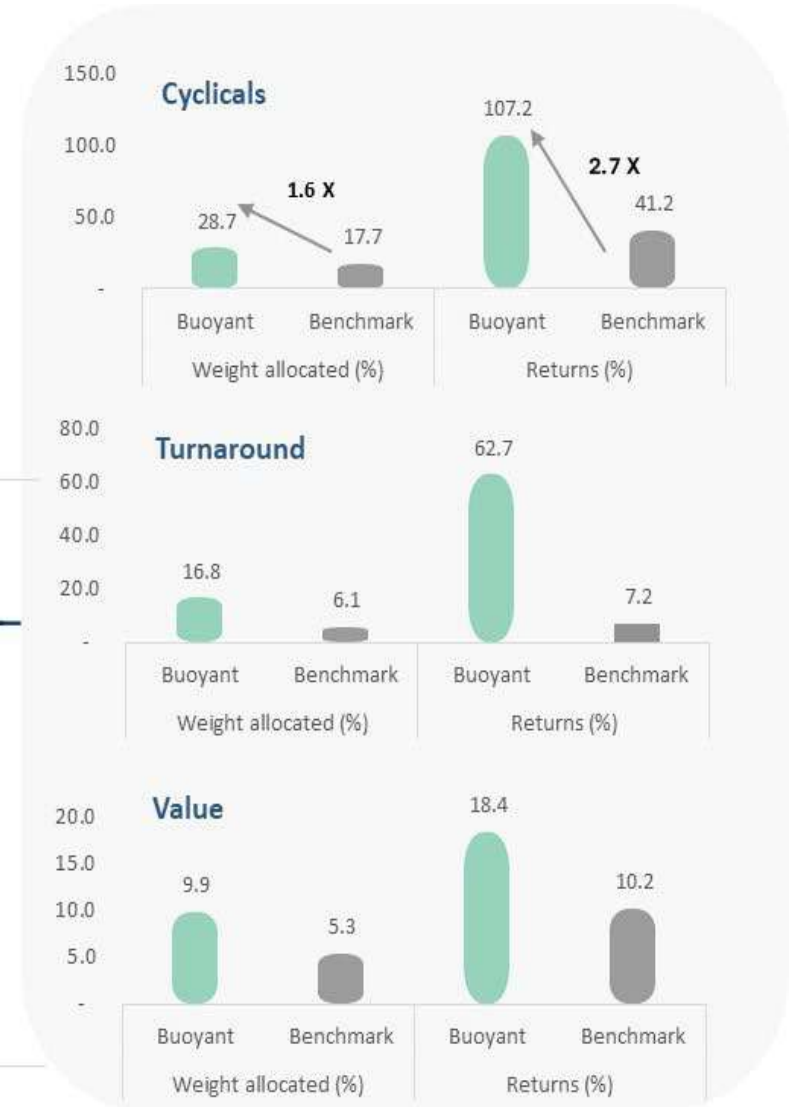
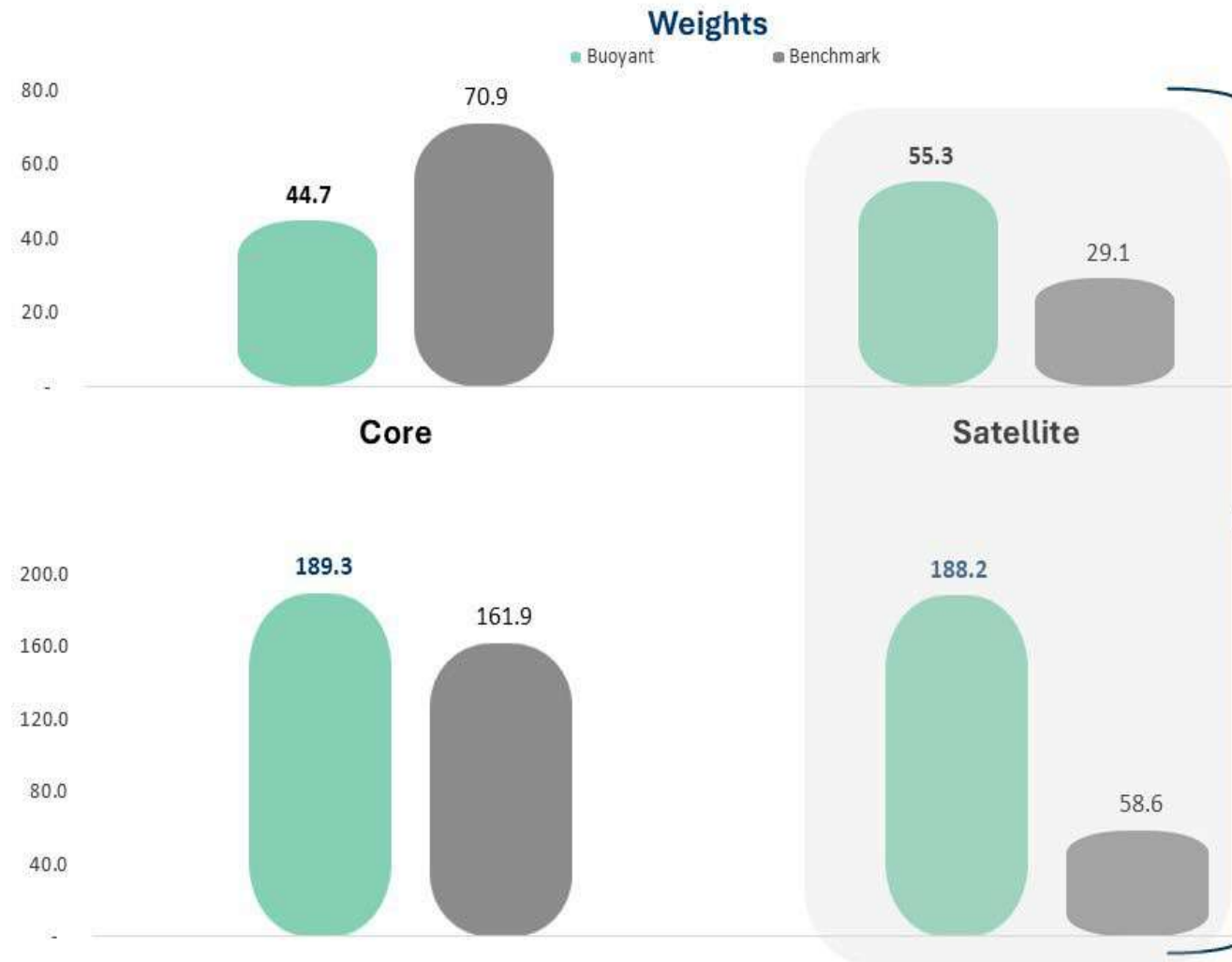
80%
>12.5%





returns breakdown relative weights and returns

strategy-wise returns





returns breakdown: aggressive vs defensive returns

time-wise returns





Changing *cyclical stance*

when aggressive versus defensive

When Defensive?



Reverse DCF

upsides not comfortable for many sectors



Inverted pyramid

Valuations: Small Cap > Mid Cap > Large cap



Other factors

Dramatic increase in stock market interest
Justification moves relative
Alpha generation becomes too easy

When Aggressive?



Reverse DCF

assumes low growth, high cost of capital, low TV



Quality at any price

Valuations: don't matter; just buy 'Quality'



Other factors

Dramatic drop in new offerings
Herd mentality in behaviour
Management throws in the proverbial towel





as of 31 January 2024

resulting in superior returns

As of

31-Jan-2024

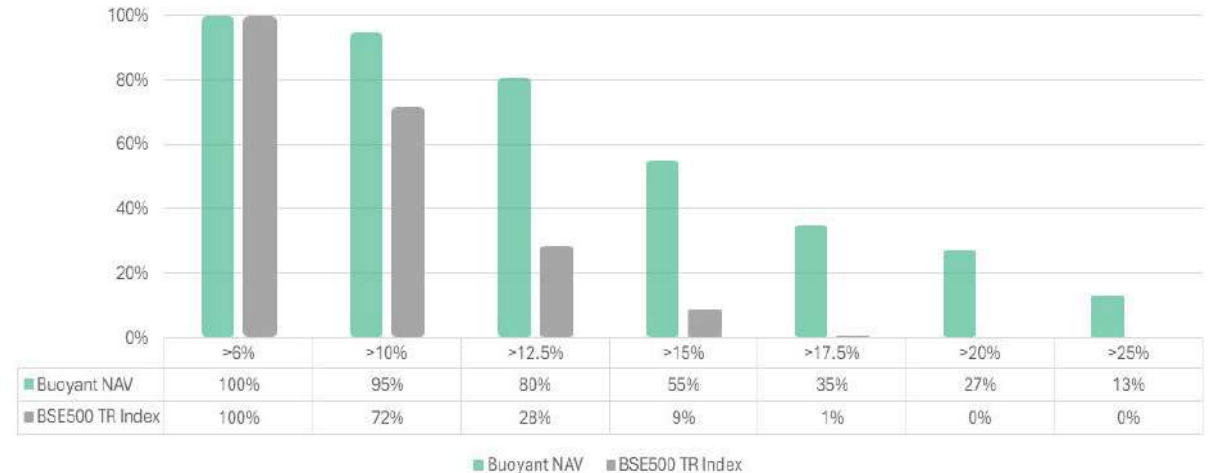
	Total returns (%)	Buoyant Portfolio*	BSE500 TR Index	BSE100 TR Index	NIFTY TR Index
Annualized	Inception (Jun-16 to date)	22.6%	16.4%	15.5%	15.0%
	Five years	24.9%	18.5%	16.8%	16.3%
	Three years	33.1%	21.9%	19.3%	18.2%
	Two years	17.8%	16.5%	14.6%	13.3%
Absolute	One year	37.5%	33.4%	27.3%	24.3%
	Six months	10.8%	16.2%	12.3%	10.5%
	Three months	8.3%	17.9%	15.3%	14.0%
	One month	0.4%	1.9%	0.6%	0.0%

Source: Bloomberg for Indices & Buoyant Portfolio. Buoyant portfolio returns are post-fees and expenses. **More than one year returns are annualized.**

Since inception returns (%)

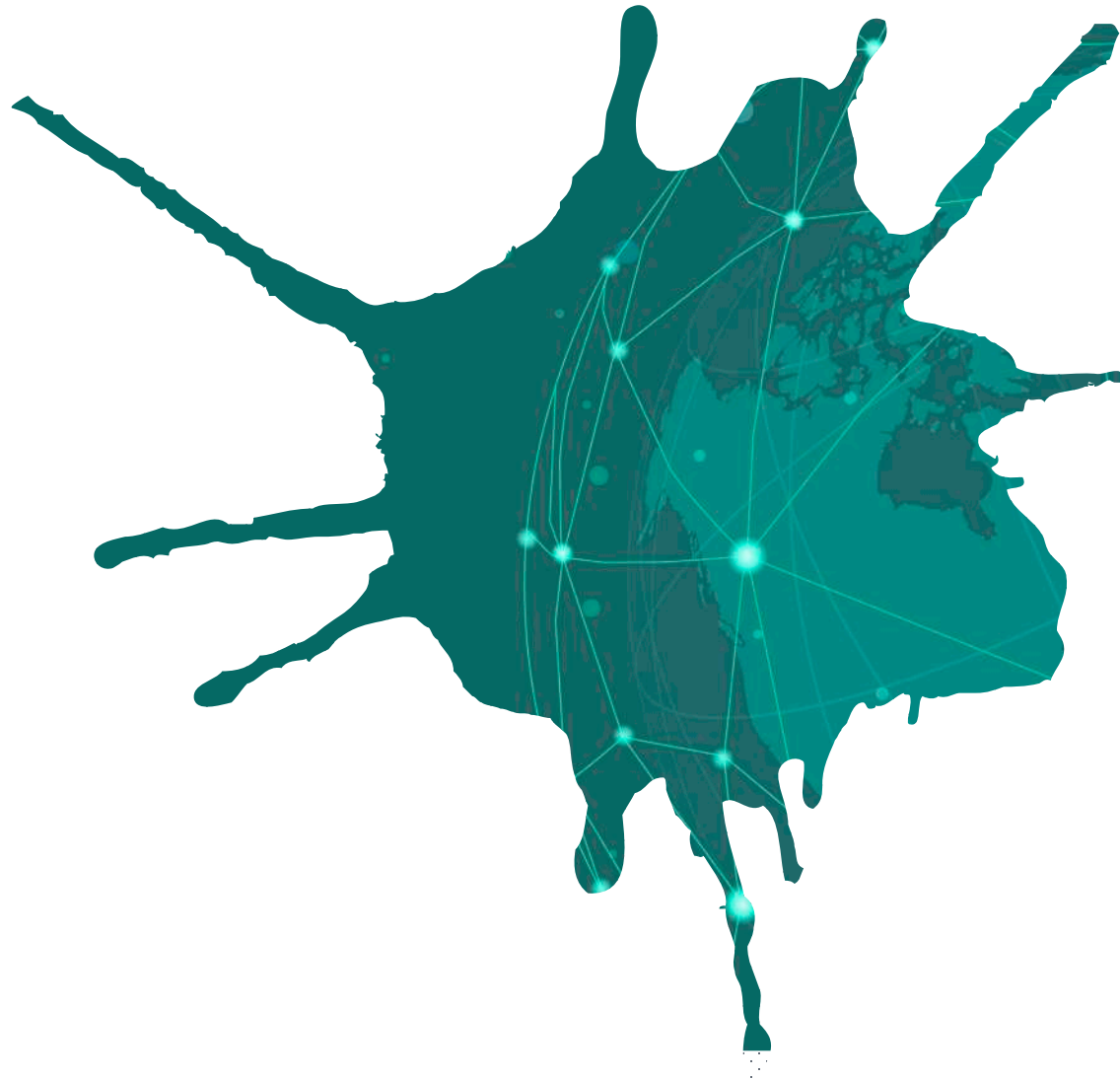


5-yr rolling-returns frequency distribution since inception



Risk metrics	1-year	2-year	3-year
Sharpe ratio (X)	2.62	0.68	1.60
Jensen's alpha (%)	12.38	2.29	11.89
Information ratio (X)	0.44	0.15	1.08
Standard deviation (%)	11.55	15.69	16.55
R-squared (X)	0.47	0.69	0.61
Beta of portfolio (X)	0.68	0.90	0.95
Sortino ratio (X)	8.41	1.23	3.45





Communication is the **key**.

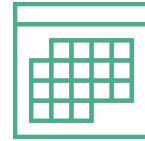
we **communicate** **effectively**

Reducing the difference between “fund returns” and “investor returns” is a critical part of our endeavor



Reduce the difference between **fund returns** and **investor returns**

communication is the key



Daily
Entire portfolio
NAV report

Weekly
Thought-provoking
analysis

Monthly
Detailed portfolio
Factsheet

Quarterly
Detailed portfolio
analysis

Annual
Taxation reports
Audited reports



Published articles

Economic Times [\(click here\)](#)



CNBC [\(click here\)](#)



Media appearances [\(Click here\)](#)

- Appearances on CNBC TV 18
- Appearances on ET Now and ET Now Swadesh
- Appearances on CNBC Bajar





In summary.

why buoyant?



SELECTION

Senior decision-making team



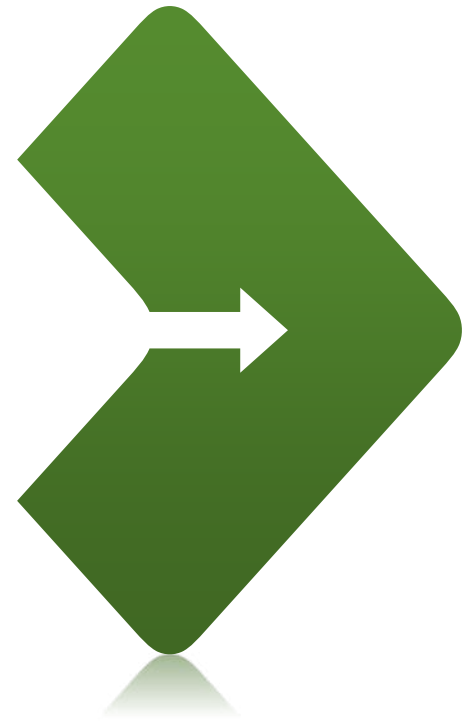
CYCLES

Aggressive vs. Defensive



EXECUTION

Opportunistic deployment



SUPERIOR

Risk-adjusted long-term returns





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thank you

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appendices



Best vehicle to hedge against inflation

why equities in the first place?

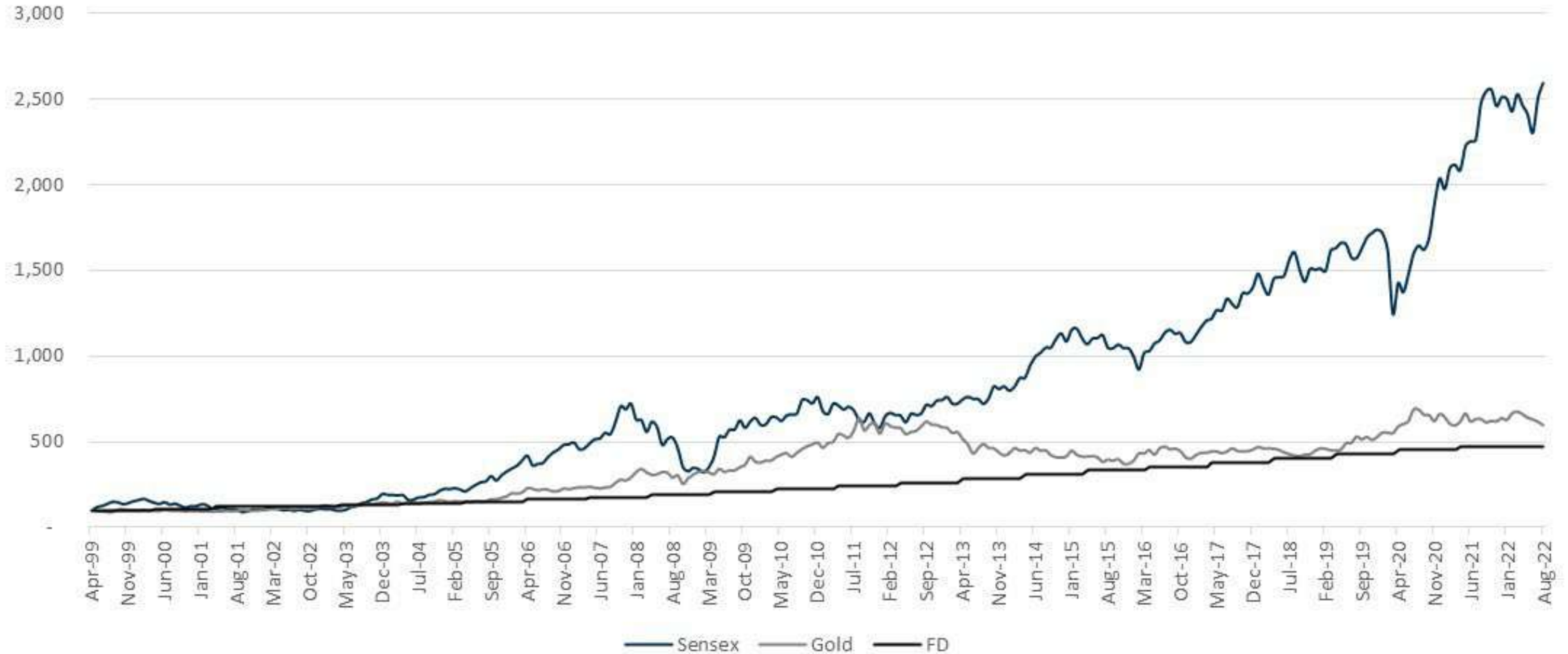
equities have outperformed over long periods
provided we can stomach the drawdowns
which can be sharp on occasion



Bank FD: 5X, Gold: 6X, Equities: 26X

why equities?

Equities has been the best performing asset class over two decades

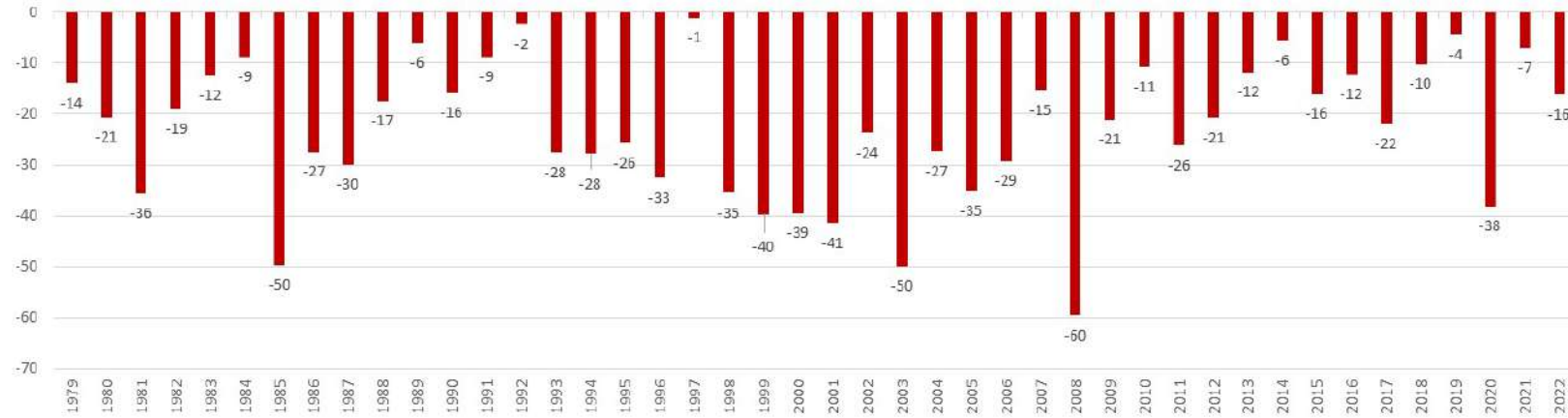




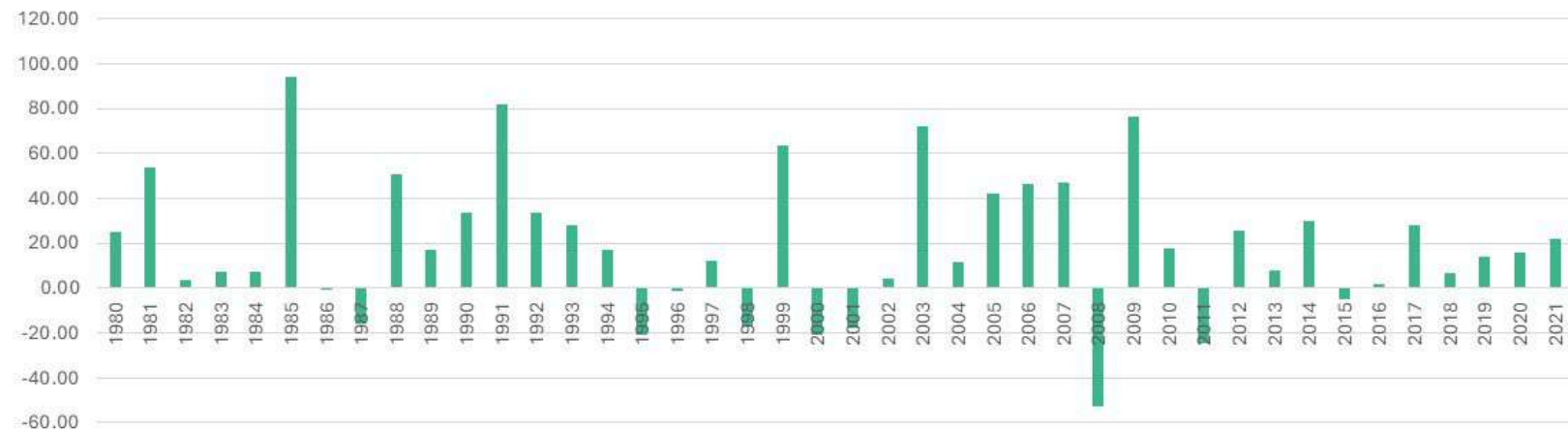
And volatility each year can be large

provided we can stomach the volatility

Drawdown (%)



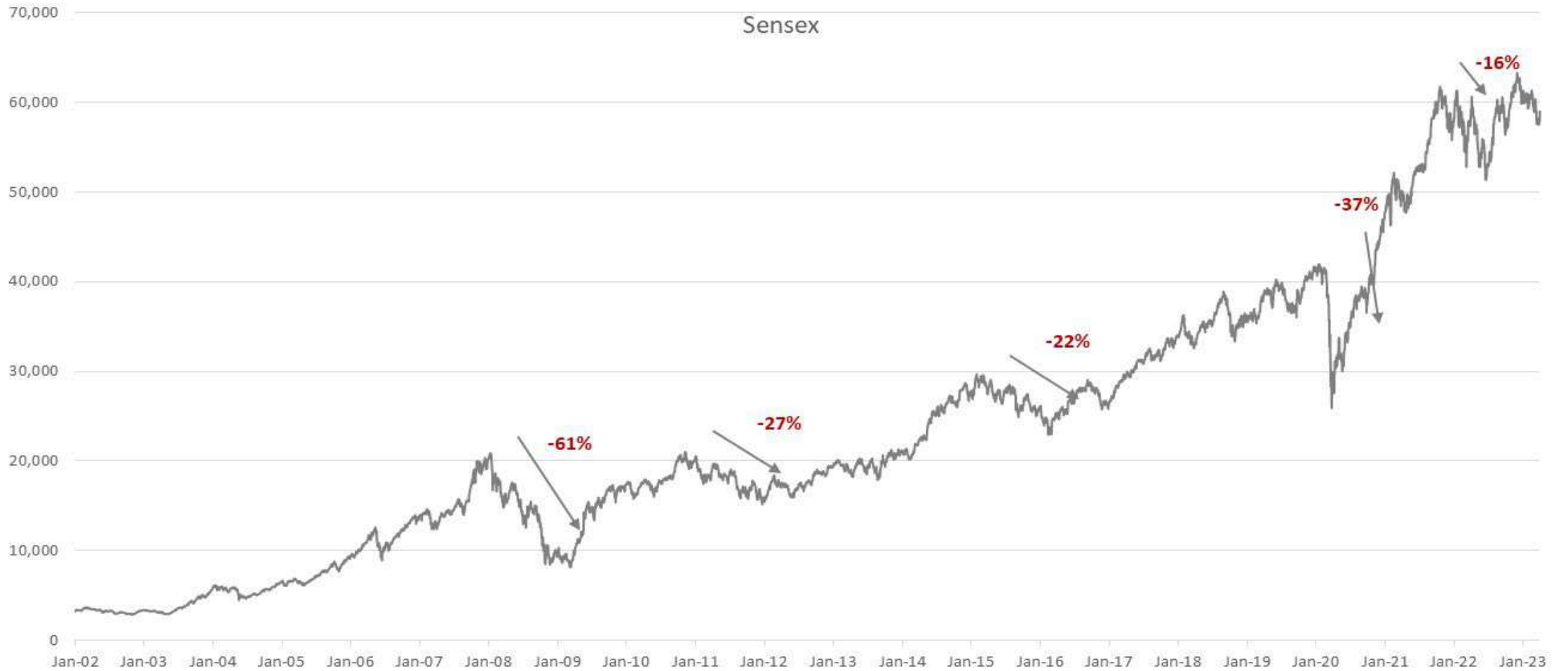
Annual returns (%)





Drawdowns can be large

but returns make up for it





Mint fresh approach

The story behind the logo

Why change the logo?

We have always argued against philosophies that look at the past and create snapshots (using the past) and that is how, they think, the future should comply with their belief system. Such strategies miss the point that "change is consistent", and the fact that those snapshots themselves keep changing. At buoyant, one, our investment philosophy is that "everything operates in cycles" and two, we embrace change. The organization is getting younger, and we must look beyond the traditional red (HDFC, Kotak, ICICI) and adopt a more 'mint fresh' approach (and hence the green).

Why highlight 'a'?

For two reasons. One, it is not so much as we want to highlight 'a', as much as our belief that everything operates in cycles. Within cycles, there is a reversion to mean - and the green within 'B' of buoyant must recur somewhere. It could have been 'y' or 'a' or 'n'. Which character is not as important as our belief that the green must recur.

But we chose 'a' for a specific reason. It separates the word 'ant' which is of particular importance to us. 'Ant colonies' function in a very different way compared to other species. They don't have 'one queen ant' (like beehives do) but many - and the organization functions in a way that it achieves "self-organized criticality". It is the way in which buoyant functions too - we don't have "one" star fund manager, and other teams also function in a way where the "team" is more important than the "individual" (that goes on to strengthen the entire system).

Our love for the 'ant system' is not recent. We had written about how their order impresses us in 2020. Here is the link:

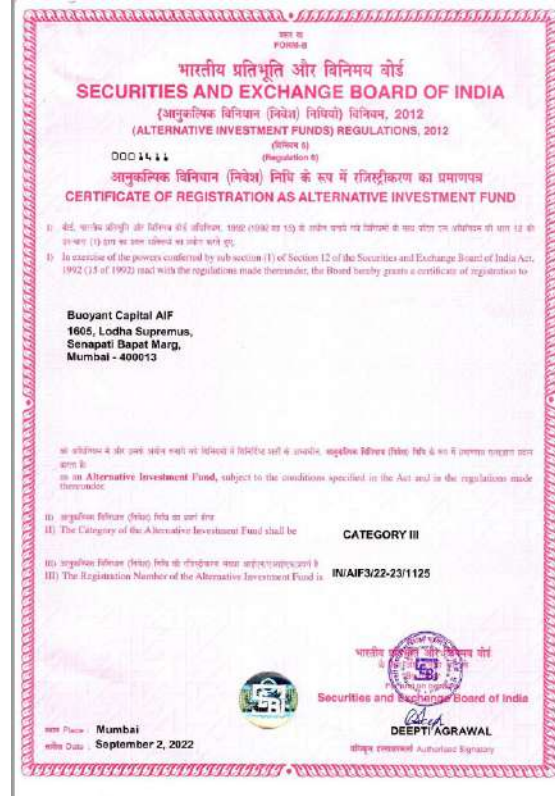
<https://www.buoyantcap.com/ant-colonies-self-organized-criticality-and-small-caps/>





Across alternatives space

buoyant licenses



Portfolio Management Services (PMS)

Registration no: INP000005000
Validity: Perpetual

Registered Investment Advisory (RIA)

Registration no: INA000016995
Validity: Perpetual

Alternative Investment Funds (AIF)

Registration no: IN/AIF3/22-23/1125
Validity: Perpetual





Also see disclosure document on our website

Disclaimers

Average returns are calculated across all the client accounts from underlying data provided to us by our Fund Accounting team. Returns are not audited. Individual returns will differ from the average returns presented in this note depending on the composition of the portfolio, timing of contributions, withdrawals and fee structure specific to each account. Please contact us with any questions about your statement, returns, fees or anything else related to your account.

Portfolio Turnover Ratio is the percentage of a fund's holdings that have changed in a given period. This ratio measures the fund's trading activity, which is computed by taking the higher of purchases or sales and dividing it by the average monthly net assets. The brokerage ratio is the total brokerage paid (excluding securities transaction tax) and dividing it by the average monthly net assets.

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