



Investors' deck

# buoyant opportunities fund

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May 2024

# Investing through CYCLES





buoyant

# the eight elements that matter



Track record  
**CAGR 22.9%**



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

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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 52-member team



## Investment Research

13 members

**Total experience:** Over 106 years

- Sectoral coverage
- Quantitative research
- Innovative ideation



## Risk and Compliance

2 member + External agency

**Experience:** 6 years

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



## Run the Business

30 members

**Experience:** 90 years

- Covers functions of account opening, operations support and Accounting



## Sales and distribution

7 members

**Experience:** 60 years

- Experienced team for coordination, meetings and client interactions





Everything of consequence operates in **cycles**.

# **buoyant** **strategy** **showcase**

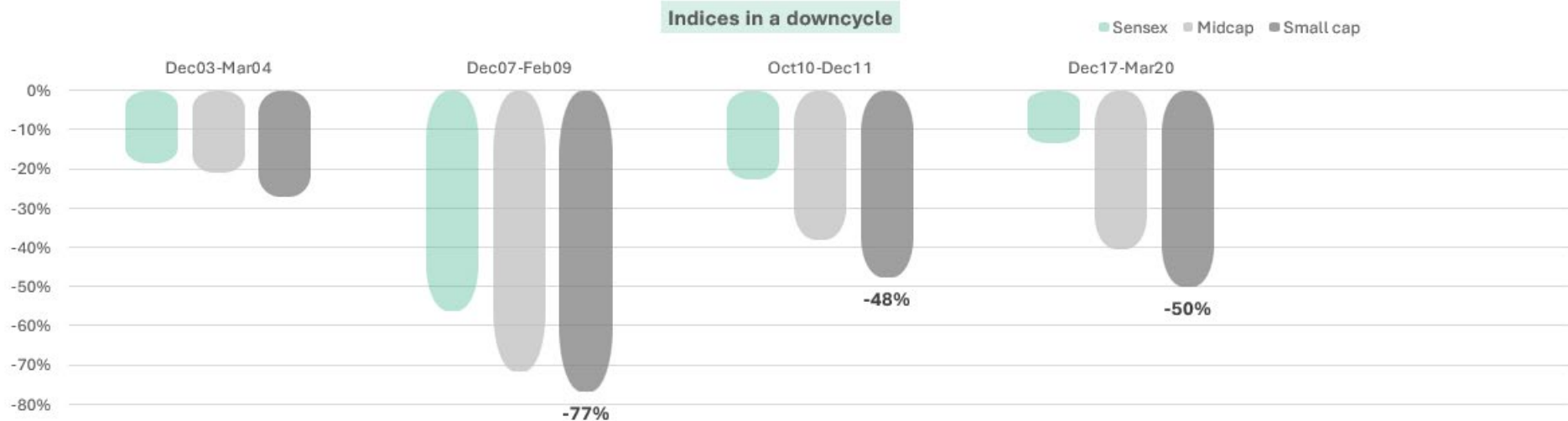
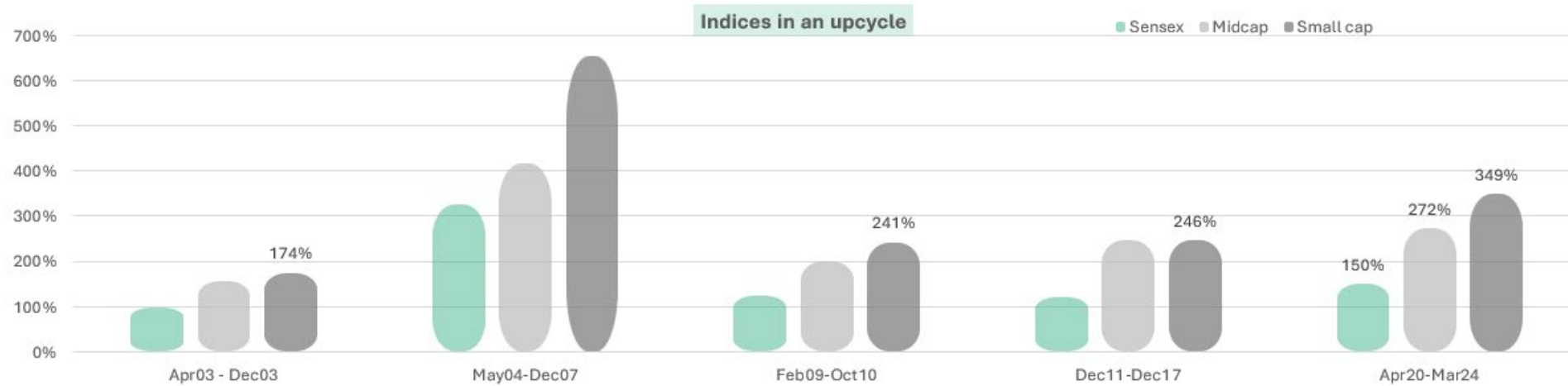
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Cross cycle investing in theory



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

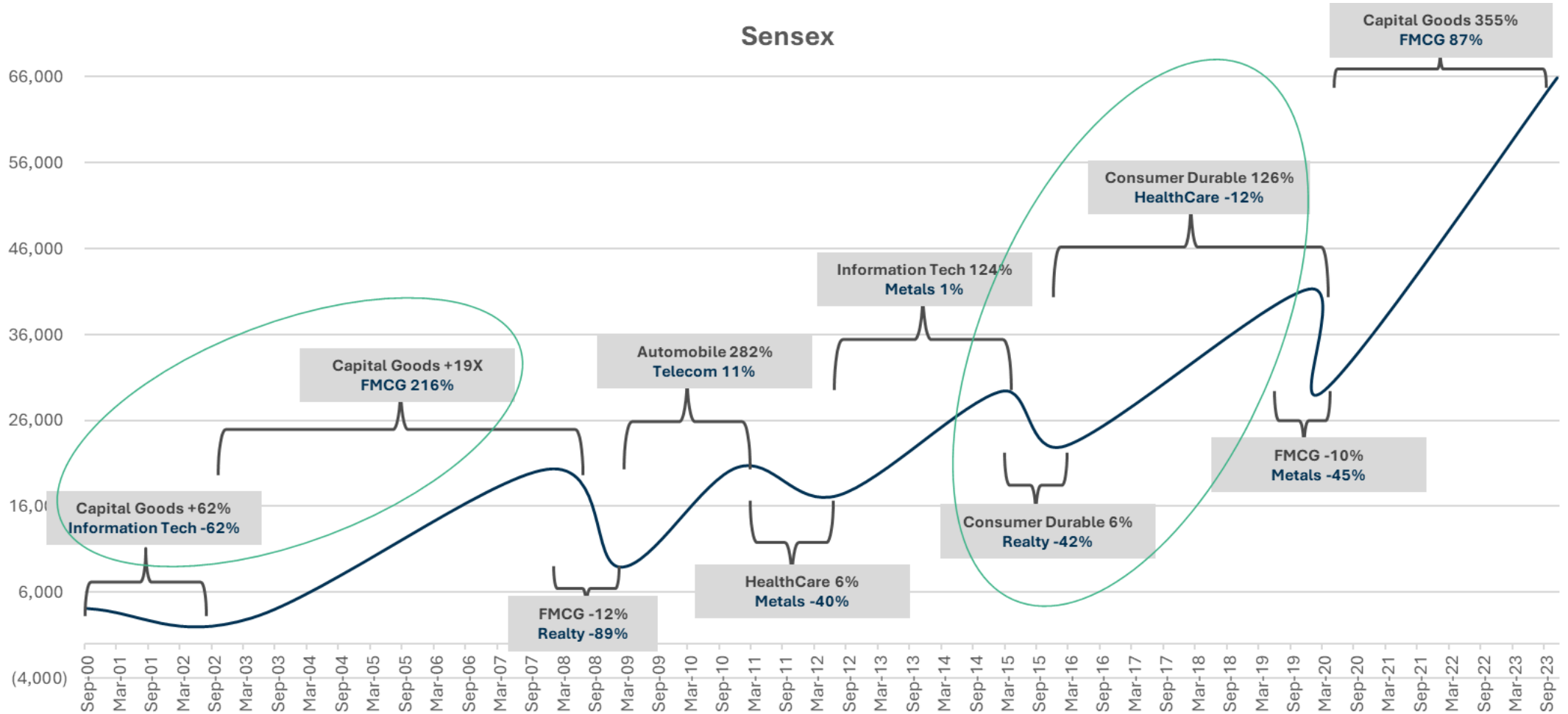
# Market-caps operate in a cycle





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

# sectors operate in a cycle

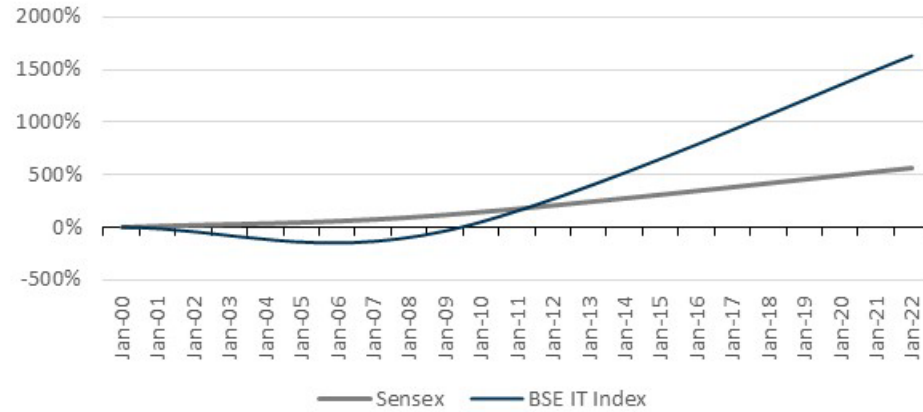




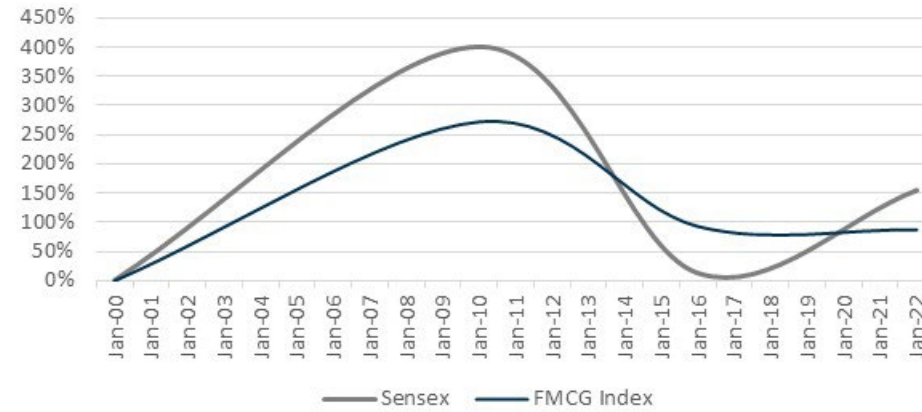
IT, FMCG, and automobiles – all follow cycles

# and not just sectors we know are cyclical

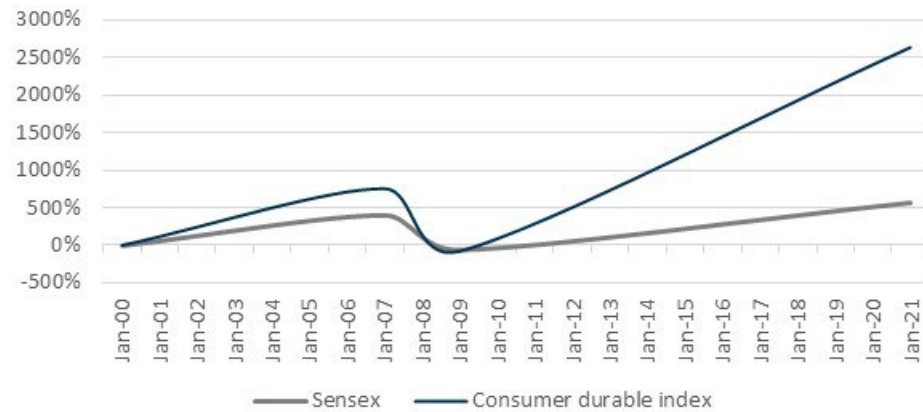
### IT Index normalized performance



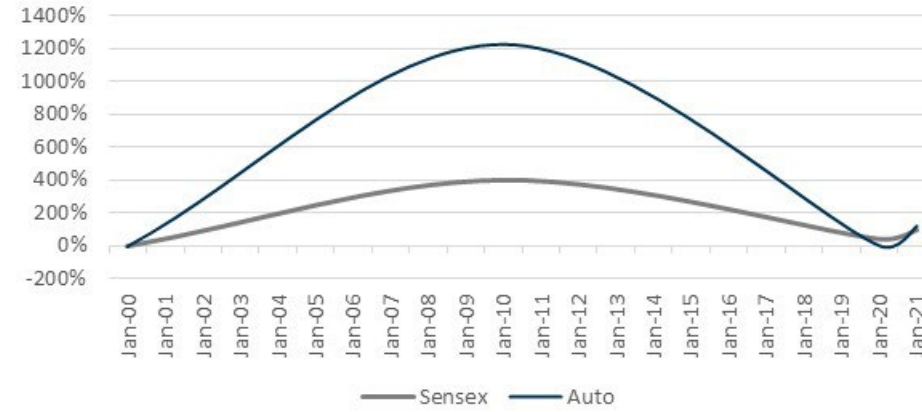
### FMCG Index normalized performance



### Consumer Durables normalized performance



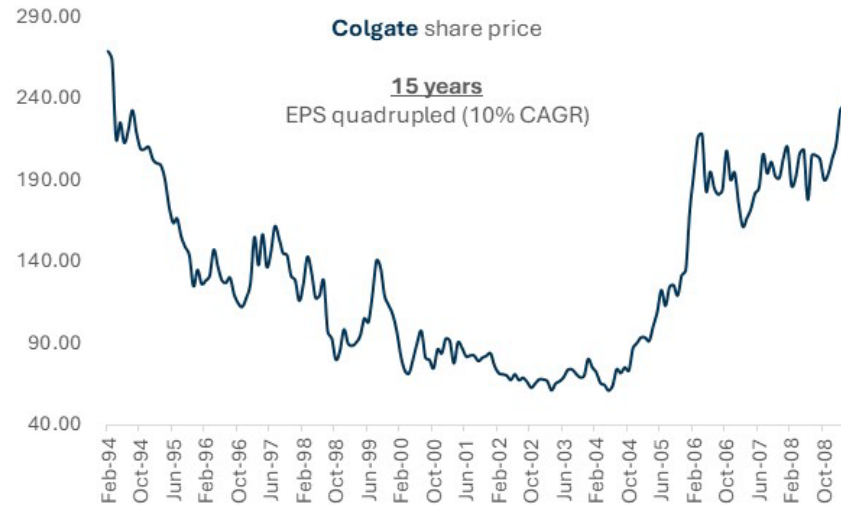
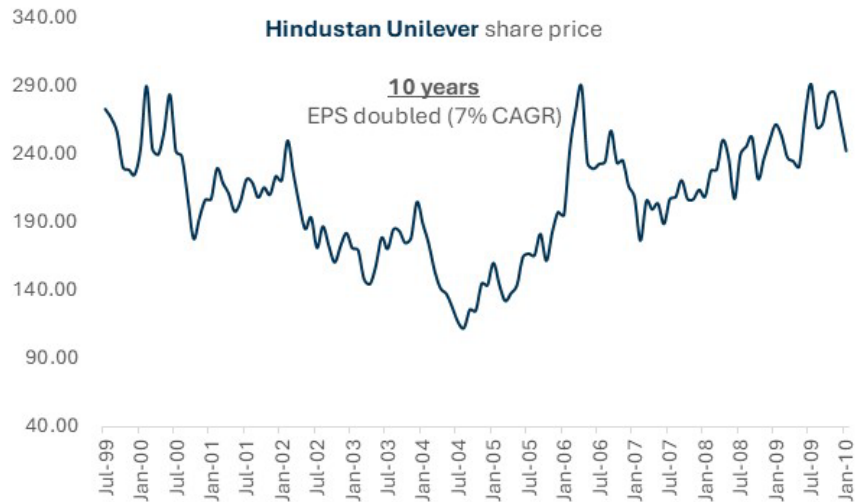
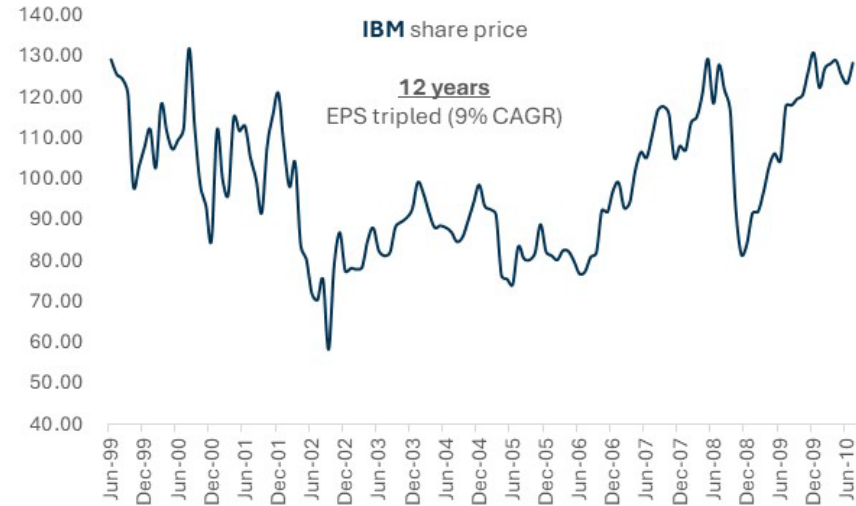
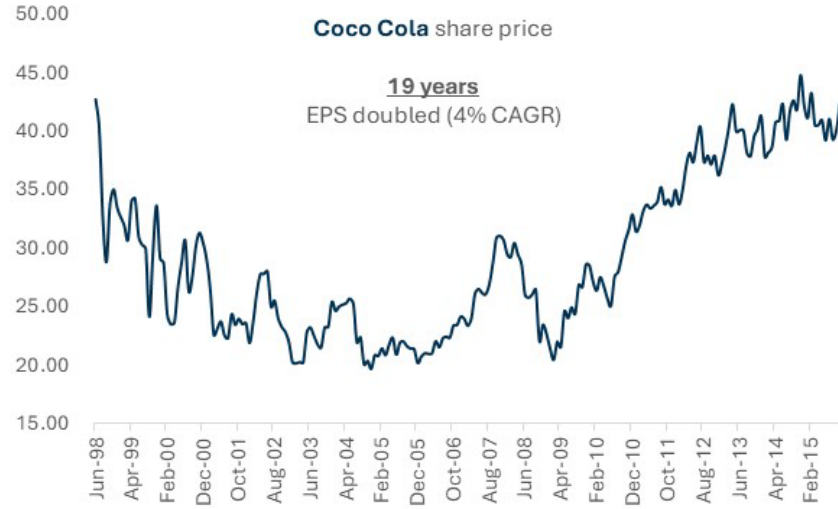
### Automobiles normalized performance





A good company is different from a good investment

# even stocks follow cycles





ned by

Aggressive and Defensive.

# how do we approach It?

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**Aggressive**: endeavor to generate superior returns

**Defensive**: endeavor to protect capital

**Overall**: superior long-term returns



# 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

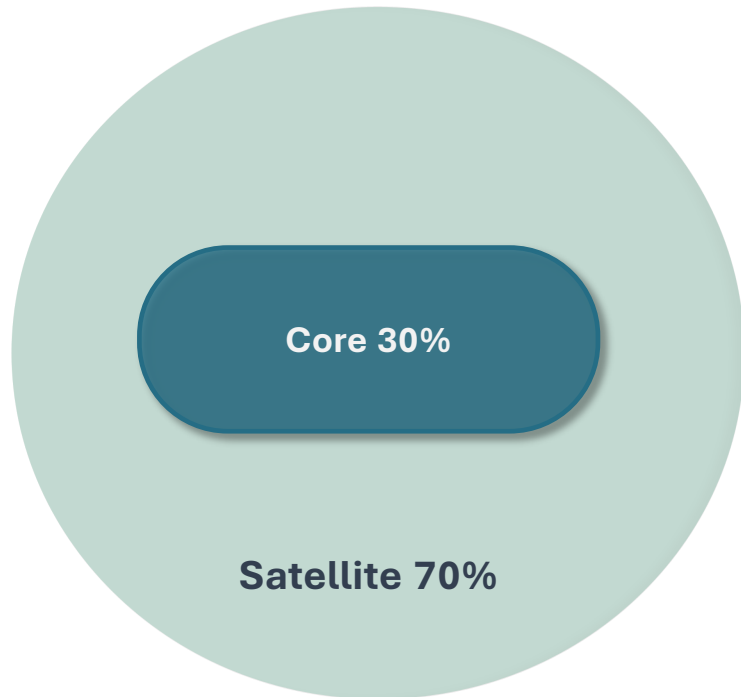




we understand *cycles*

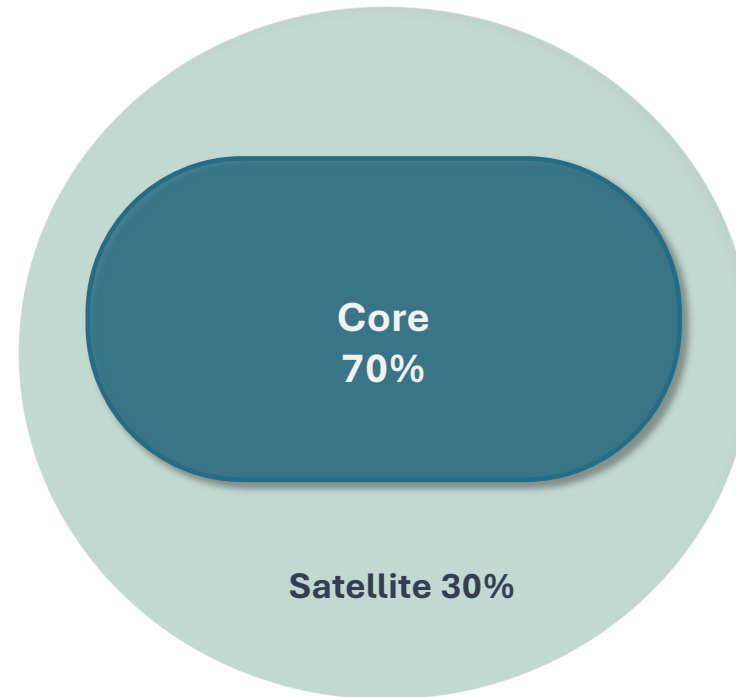
# aggressive and defensive cycles

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





as of 30 April 2024

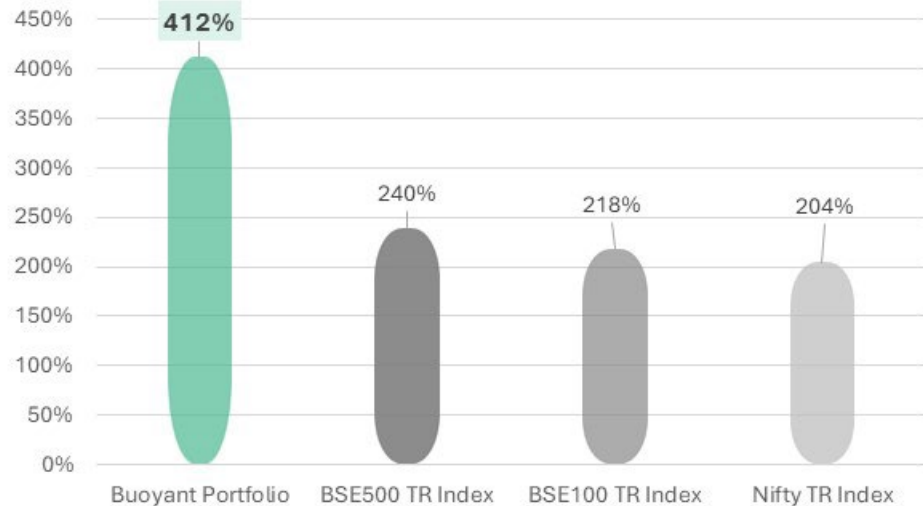
# resulting in superior returns

As of		30-Apr-2024			
Total returns (%)		Buoyant Portfolio*	BSE500 TR Index	BSE100 TR Index	NIFTY TR Index
Annualized	Inception (Jun-16 to date)	22.9%	16.7%	15.7%	15.1%
	Five years	24.6%	18.2%	16.4%	15.3%
	Three years	30.6%	20.5%	18.6%	16.9%
	Two years	25.6%	20.2%	17.9%	16.3%
	One year	40.2%	38.6%	31.4%	26.5%
Abs	One month	6.5%	3.4%	2.0%	1.2%

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

Risk metrics	1-year	2-year	3-year
Sharpe ratio (X)	3.37	1.26	1.55
Jensen's alpha (%)	15.97	6.90	11.30
Information ratio (X)	0.16	0.67	1.04
Standard deviation (%)	9.80	14.54	15.37
R-squared (X)	0.31	0.71	0.60
Beta of portfolio (X)	0.54	0.88	0.91
Sortino ratio (X)	12.35	2.71	3.17

### Since inception returns (%)



### 5-yr rolling-returns frequency distribution since inception

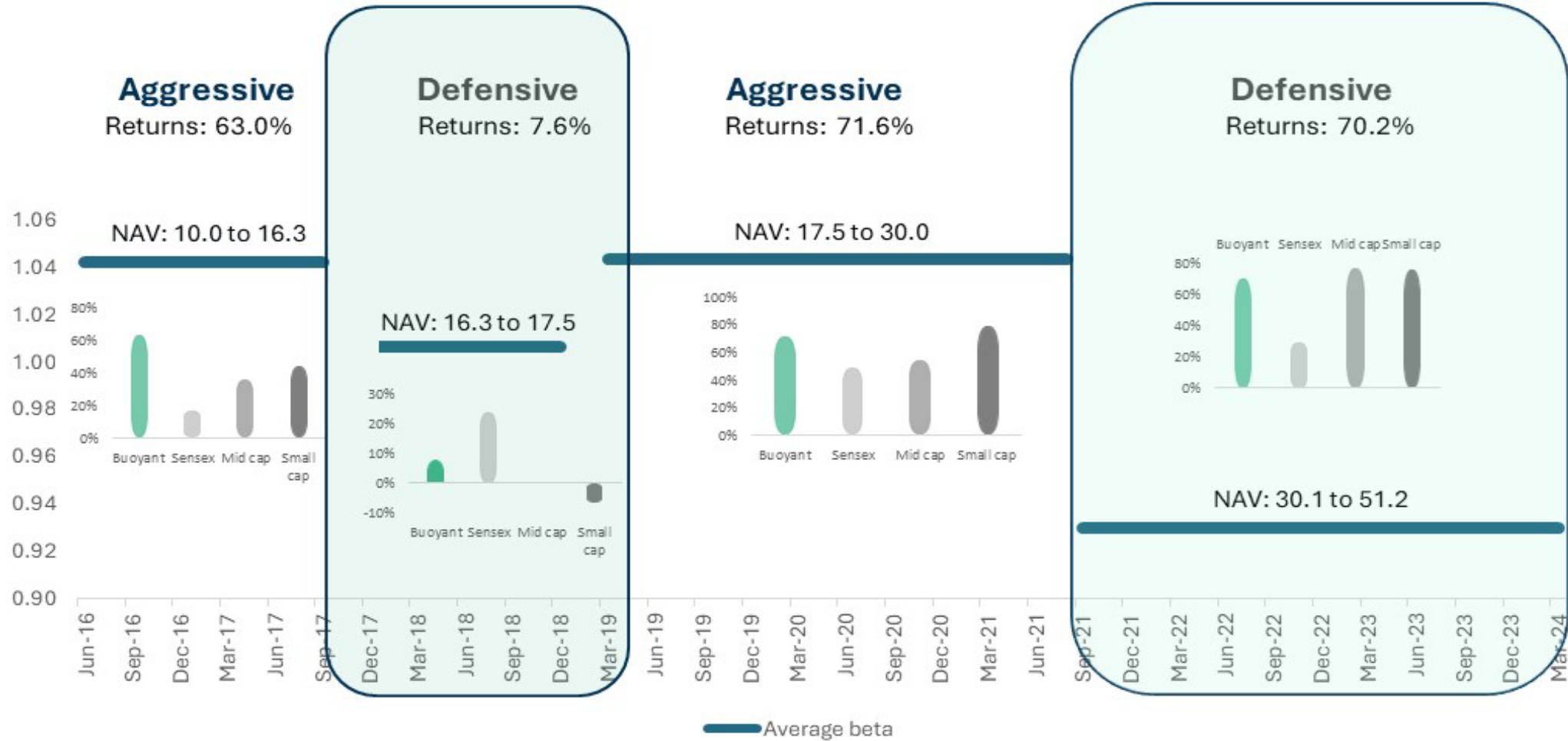






returns breakdown: aggressive vs defensive returns

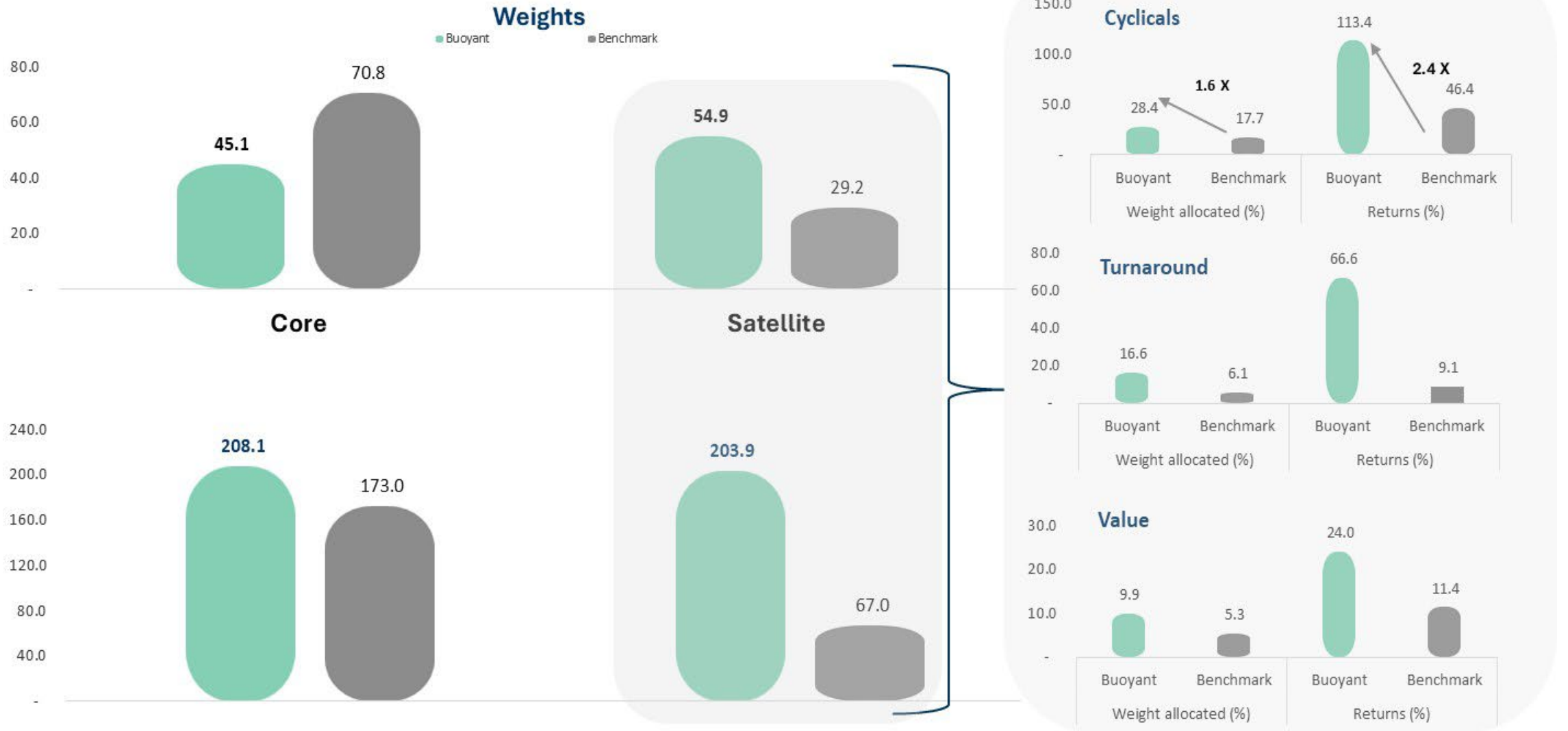
# time-wise returns





returns breakdown relative weights and returns

# strategy-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

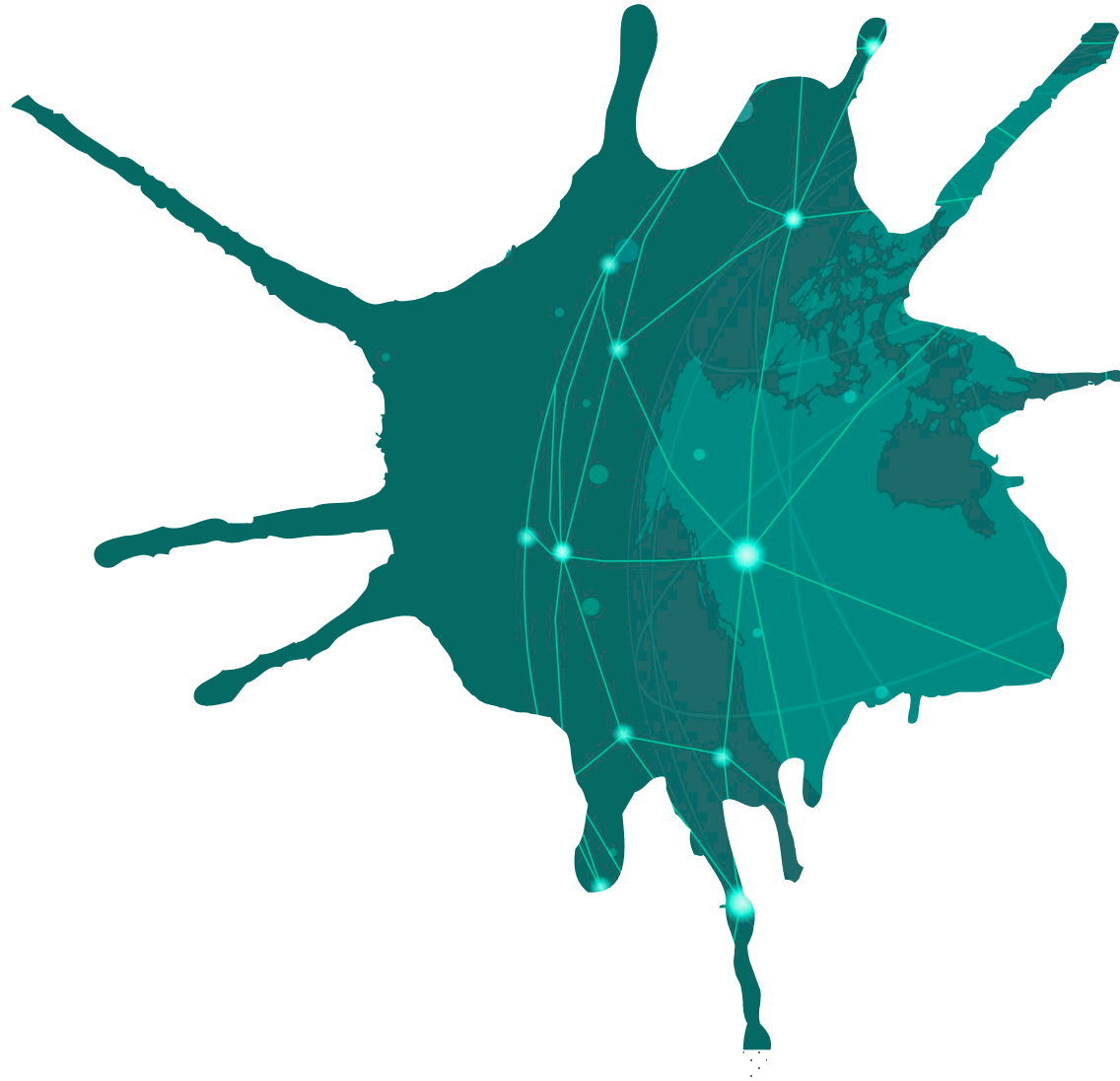
Valuations: don't matter; just buy 'Quality'



Other factors

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





Communication is the **key**.

# **we** **communicate** **effectively**

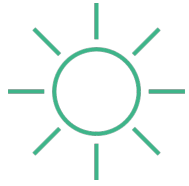
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Reducing the difference between “fund returns” and “investor returns” is a critical part of our endeavor



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

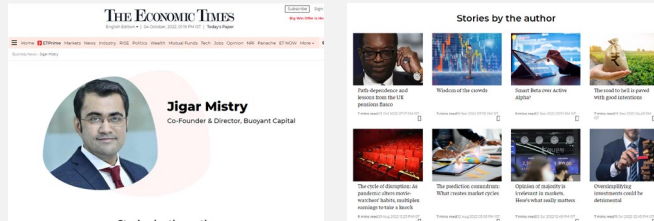
**Quarterly**  
Detailed portfolio  
analysis

**Annual**  
Taxation reports  
Audited reports

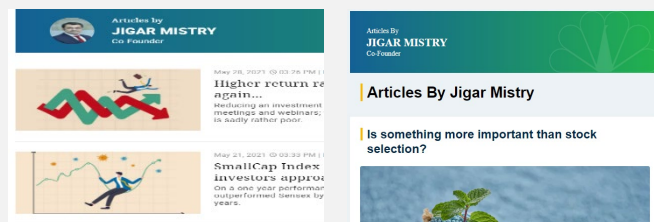


## Published articles

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



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



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

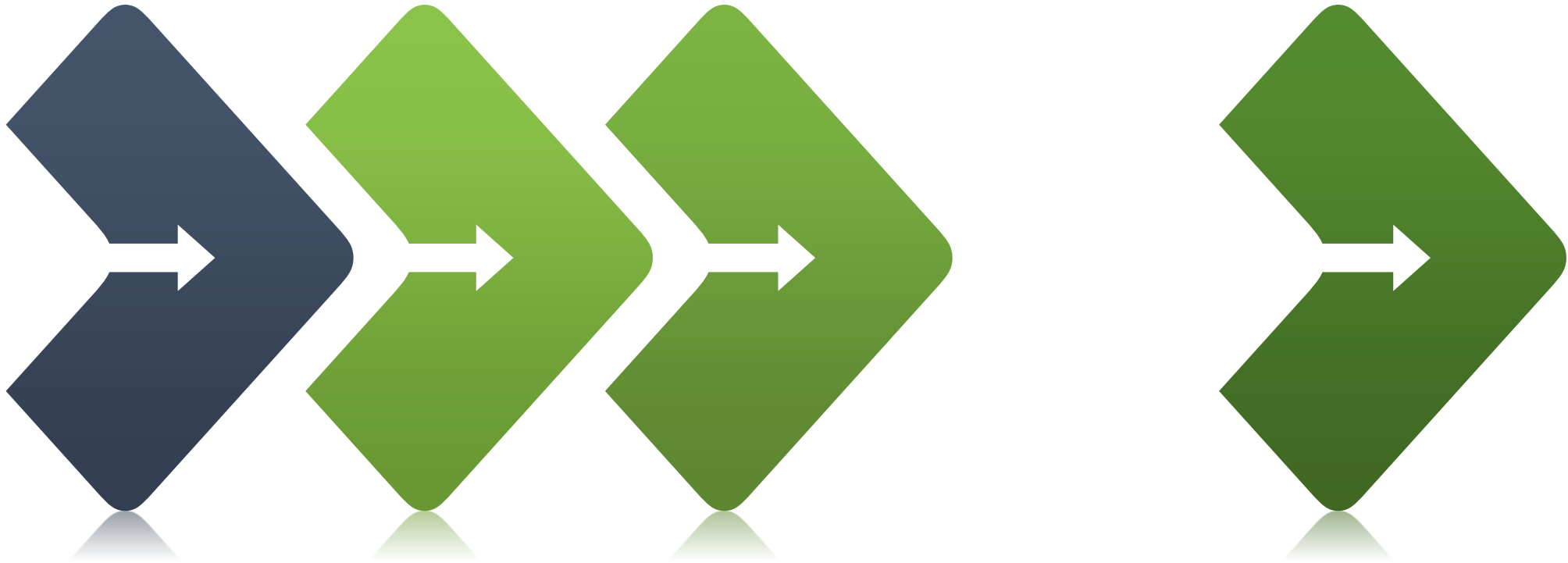
- Appearances on CNBC TV 18
- Appearances on ET Now and ET Now Swadesh
- Appearances on CNBC Bajar





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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Please refer to this presentation with disclaimers

**thank you**

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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/>







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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