




PORTFOLIO FACTSHEET

May 2024



More of the same The battle between 362 and 293 seats gripped the market, causing wild swings between despair and euphoria within a week! The Nifty 50 Index soared 3.3% with exit poll data, plunged nearly 6% on election day, and has since surged to all-time highs. A two-thirds majority of 362 seats would have empowered BJP to implement bold reforms, but even with 293 seats and allied support, India is set for stable governance. Despite fears, a lack of absolute majority doesn't mean fiscal recklessness. BJP's fiscal prudence since the Vajpayee era suggests continued discipline. While political stasis might mean steady market sentiment, expensive sectors could remain inflated until the next crisis. We maintain a balanced portfolio of large and small/midcaps, focusing on reasonably valued sectors and adjusted exposures.

362 versus 293

What does 362 offer that 293 does not? Markets grappled with this question, oscillating between despair and jubilation within a single week.

The Nifty 50 Index initially rose 3.3% with exit poll data, fell nearly 6% on election day, and has since climbed to all-time highs.

While a two-thirds majority of 362 seats would have empowered the BJP to implement sweeping reforms such as the Uniform Civil Code, One Nation, One Election, and crucial land, power, and agricultural reforms, a comfortable majority of 293 seats, bolstered by allied parties,

ensures stable governance for the next five years.

Does the absence of an absolute majority imply fiscal imprudence? We think not. FRBM was implemented during the Vajpayee era, and the BJP has consistently maintained fiscal prudence.

While no change in political systems may be good, it may also imply no change in market sentiment – and thereby sectors that are expensive may continue to remain so until the next crisis.

We maintain a balanced portfolio, equally split between large and small/midcaps. This letter highlights sectors with balanced valuations and details our adjusted exposures.

What a brute majority could have given us

A brute majority (over 362 seats or a two-thirds majority) would have allowed the BJP to implement broader changes. While some reforms may not require a constitutional amendment, such power would ease the passage of many bills. The table below distinguishes possible reforms from improbable ones.

Exhibit 1: Potential reforms

Reform Category	Details
Ongoing Reforms	- Direct Benefit Transfer (DBT) reforms to improve subsidy delivery systems
	- Free Trade Agreement (FTA) negotiations aimed at boosting international trade opportunities
	- Expanding debt markets to provide more financing options for businesses and governments
	- Streamlining tax laws to simplify the tax code and reduce compliance burdens
	- Correcting inverted duty structures to ensure a balanced and fair tax system
Challenging Reforms - Potential Resistance	- Political reforms: Implementing a Uniform Civil Code and conducting elections under the One Nation One Election policy
	- Energy reforms: Enacting a new Electricity Act and privatizing power distribution companies (Discoms)
	- Agricultural reforms including updating land acquisition laws to facilitate better land use and investment
	- Implementing labor laws to improve worker rights and modernize labor practices
	- Broadening GST coverage to include more goods and services under the Goods and Services Tax regime

A week is a long time in politics, but given the arithmetic, investors can reasonably assume that India will have a stable government for the next five years.

Exhibits 2 and 3: lower and higher house of Indian parliament

Parties	LS seats	Current NDA parties	RS Seats
Current NDA	293	BJP	97
o/w TDP	16	JD(U)	4
o/w JDU	12	JD(S)	1
Ex-TDP/JDU	265	SHS	1
		RLD	1
Majority mark	272	PMK	1
To reach majority	7	AGP	1
		TMC(M)	1
Potential options	20	NPP	1
Independents	7	RPI(A)	1
SHSUBT	9	UPPL	1
YSRCP	4	IND	2
		Others	7
		NDA Total	119
		Total Rajya Sabha	245
		% of total	49%

Does fiscal consolidation go for a toss?

To do good, one must be in power. To gain power, one might have to do whatever it takes, even if not all actions are good. It's a circular logic of sorts. Consequently, does a lower majority for BJP imply fiscal irresponsibility?

We do not think so. People do not change, and neither do parties. The FRBM Bill and Act were both introduced during the Vajpayee era (BJP), and the current government has demonstrated reasonably good fiscal responsibility.

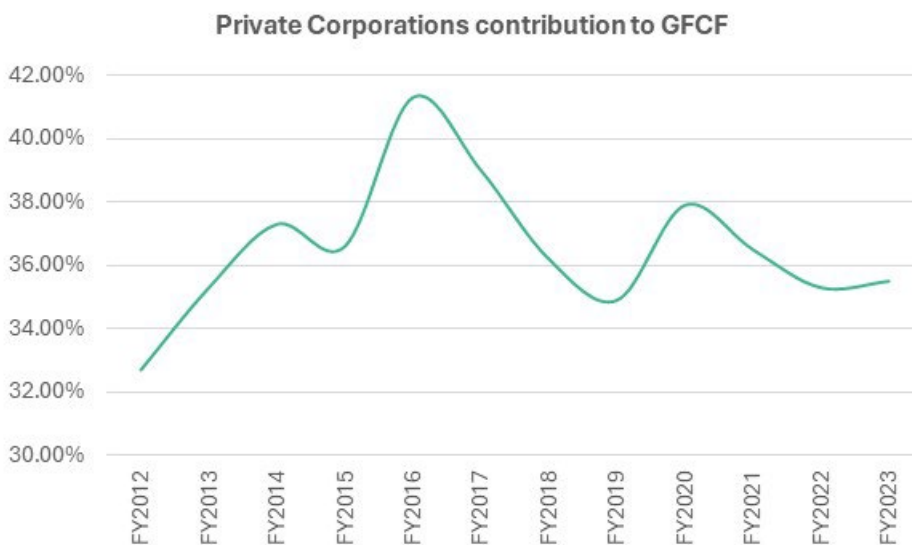
Doles, once given, cannot be retracted, as the BJP knows with its ration distribution to nearly a billion people. Fiscal irresponsibility now would be hard to recover from. Therefore, expect allocation tweaks rather than significant changes.

So, nothing changes, is it?

If the exit poll data had held true, BJP's gains in the South and East, along with continued dominance in the North and West, would have implied a mandate for 10 years, despite the explicit five-year term.

For private capital spending, a ten-year confirmation is more favorable than a five-year certainty. The chart below could have shown greater gains had the exit poll data held true.

Exhibit 4: Private Corporation Contribution to GFCF



Not all “no change” is good

Given the exuberance in certain sectors, their valuations now exceed historical averages and future earnings growth. The exhibits below provide details.

Exhibits 5 and 6: Sectoral summary

Sector	12m Fwd PE Rerating (x)		EPS CAGR (%)			FY25 EPS
	Current vs 5Yr Avg on Dec 19	FY17-20	FY22-24	FY24-26	Chg (%) YTD	
Technology	1.78	13.3	26.9	20.8	(5.8)	
Private Banks	0.66	1.9	59.0	16.9	(3.8)	
FMCG	1.36	15.4	16.8	25.5	(4.8)	
Conglomerate	1.93	11.2	8.9	17.0	(3.7)	
Automobiles	1.44	(0.2)	54.9	19.3	4.9	
Metals & Mining	1.99	2.2	(12.7)	31.8	11.1	
Pharma	1.41	12.8	23.1	20.0	(0.1)	
NBFC	0.94	19.4	28.2	15.7	2.2	
PSU Banks	0.91	(25.6)	45.3	18.9	10.5	
Cap Goods	1.92	10.9	21.9	25.0	1.0	
Retail	1.43	22.5	77.4	35.7	(9.9)	
Utilities	2.30	24.2	14.6	16.9	2.2	
Telecommunications	0.73	19.4	(2.8)	11.1	11.2	
Cement	1.39	18.0	(6.2)	27.0	(5.2)	
Real Estate	2.45	4.5	62.5	68.4	(2.0)	
Chemicals	1.97	40.9	(5.3)	39.9	(14.5)	
Construction	1.46	15.1	25.6	28.3	(2.4)	
Financial Services	1.46	3.7	18.8	40.3	12.0	
Insurance	1.29	(2.1)	(0.4)	22.4	(3.5)	
Upstream O&G	1.10	(5.4)	9.3	9.6	7.4	
OMCs	1.25	(26.2)	48.9	(21.6)	18.7	
Defense	3.92	8.8	19.7	25.5	7.8	
Logistics	1.37	(5.2)	24.7	21.0	7.3	
Auto Ancillaries	1.53	0.7	33.3	23.1	(0.1)	
Paints	1.00	9.7	46.0	(1.4)	(11.4)	
Health Care	1.04	(1.2)	(5.1)	41.4	(8.1)	
Gas Utilities	1.41	49.6	(0.5)	5.4	(6.3)	
Consumer Electricals	1.42	9.2	(6.6)	44.1	(2.9)	
Travel & Leisure	0.91	67.2	NA	32.7	(6.9)	
Building Materials	1.64	4.7	2.0	25.3	(10.2)	
Tyres	1.56	(1.3)	80.9	13.8	(0.5)	
Consumer Goods	2.07	27.2	13.7	65.2	(1.5)	
Internet Companies	1.01	(5.0)	(39.4)	19.0	4.8	
Agriculture	1.65	14.3	5.2	17.9	(9.6)	
Textiles	1.84	6.8	(9.4)	27.8	(4.1)	
EMS	2.33	30.9	38.4	56.7	13.7	
Media	0.69	(3.2)	(24.3)	67.3	(16.3)	
Consumer Discretionary	1.04	41.2	167.6	20.0	(6.6)	
Business Services	0.58	6.8	8.7	37.7	(5.6)	
NSE500 Aggregate	1.46	10.8	23.5	25.9	(1.4)	
NSE500 Ex-Financials	1.55	12.1	21.7	26.8	(2.2)	
NSE500 Ex-Fin & Commodities	1.54	13.3	23.3	27.4	(3.3)	

Source: Bloomberg, Note: Based on 235 NSE500 cos. for which more than 5 analysts' estimates and historical data for FY17-20 EPS are available.

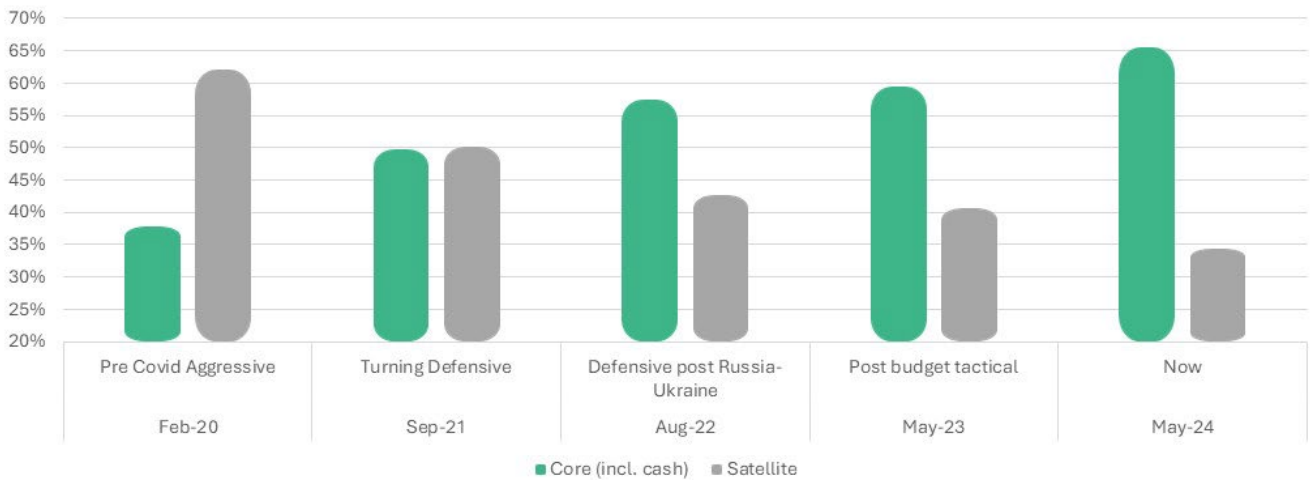
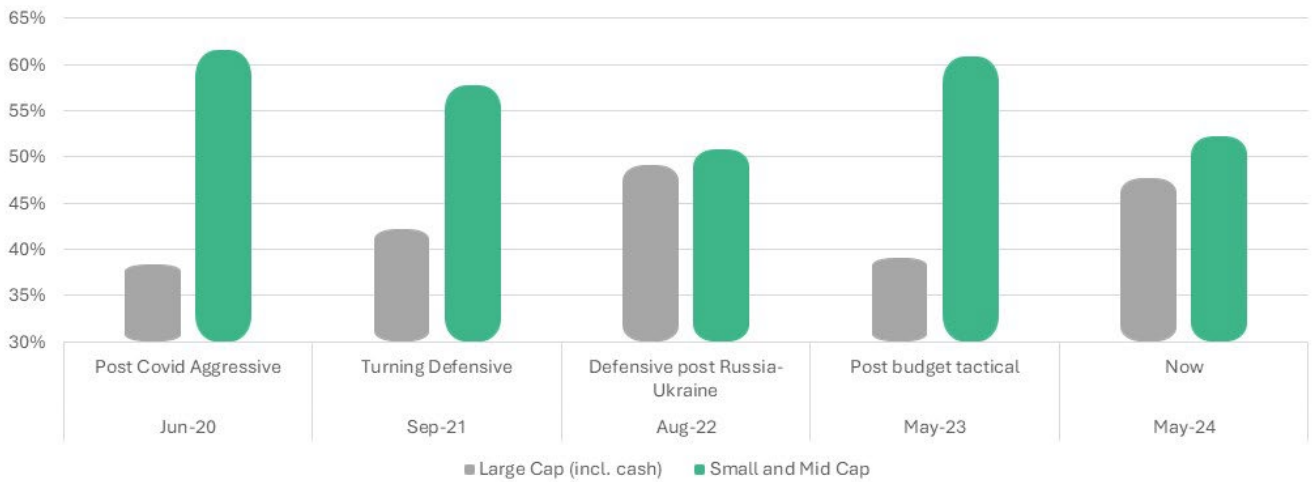
Credit: ISEC research

So, how are we approaching it?

We continue to run a balanced portfolio, with similar weights to SMID as large caps, and a largely core focused portfolio.

Over the last quarter, we have increased weights to Information Technology, FMCG and Automobiles sectors, and reduced weights in Insurance and Chemicals sectors. We had significantly deployed cash in the run-up to the elections.

Exhibit 7



Sectoral allocation

Banking	30%
Automobile	9%
Insurance	7%
HealthCare	7%
Industrials	6%
Information Technology	5%
Telecom	5%
Building materials	5%
Chemicals	3%
NBFC	3%
FMCG	3%
Materials	3%
Media	2%
Retail	2%
Textiles	1%
Cash and equivalents	7%

Core vs. Satellite / Market-cap

Core (incl. cash)	66%
Satellite	34%
<i>Cyclicals</i>	11%
<i>Turnaround</i>	9%
<i>Value</i>	14%
Large Cap and cash	48%
Mid Cap	23%
Small Cap	29%

Returns

For the month of May 2024, the Buoyant portfolio returned a zero return compared to the BSE 500 Total Returns Index of 0.8%. In compliance with SEBI regulations, Buoyant returns are calculated post fees and expenses. The performance chart is presented below.

External publications rate the Buoyant portfolio as a top quartile fund across longer periods (3 years, 5 years and 7 years). However, our primary objective is not to generate the highest possible returns. We rather seek to generate superior risk-adjusted returns across market cycles. One part of that product promise is risk-adjusted returns, and as is evident from the table below, as the markets have risen, we have reduced the risk in the portfolio (to 0.8X as measured by beta). The second part of the product promise is across market cycles. The Buoyant portfolio outperformed when the markets have risen sharply post-COVID. We intend to keep this up should the markets correct in the ensuing cycle.

Performance consistency

%	1-yr rolling returns		3-yr rolling returns		5-yr rolling returns		7-yr rolling returns	
	Buoyant portfolio	BSE 500 TRI	Buoyant portfolio	BSE 500 TRI	Buoyant portfolio	BSE 500 TRI	Buoyant portfolio	BSE 500 TRI
Count (#)	2,558		1,828		1,097		367	
Average returns	27.7	16.9	20.3	15.0	19.5	14.8	22.2	15.3
Median	19.6	12.8	21.6	16.1	20.8	14.7	22.1	15.5
Maximum	133.4	102.1	52.7	33.9	28.6	19.7	25.6	17.6
Minimum	-42.7	-33.3	-7.9	-6.3	10.1	10.2	19.8	13.5
Outperformance against benchmark (% no of obs)	60%		75%		94%		100%	

Relative performance

31-May-24	1 month	6 months	1 year	2 years	3 years	5 years	Since Inception
CAGR (%)							
Buoyant Portfolio	0.0%	9.9%	31.9%	29.6%	26.6%	24.0%	22.7%
BSE-500 TR Index	0.8%	17.7%	34.7%	23.3%	18.1%	18.0%	16.7%
Absolute (%)							
Buoyant Portfolio				68%	103%	193%	413%
BSE-500 TR Index				52%	65%	129%	242%

Source: Bloomberg for Indices. Buoyant portfolio returns are post-fees and expenses. Returns are for Buoyant Opportunities Scheme - Discretionary portfolio. More than one year returns are annualized.

Risk metrics

Risk metrics	1-year	2-year	3-year
Sharpe ratio (X)	2.7	1.7	1.3
Jensen's alpha (%)	10.0	9.3	9.9
Information ratio (X)	-0.3	0.8	0.9
Standard deviation (%)	9.3	13.2	14.7
Standard deviation - benchmark (%)	10.1	13.2	12.6
R-squared (X)	0.3	0.7	0.6
Beta of portfolio (X)	0.8	0.9	1.0
Sortino ratio (X)	9.6	4.3	2.6

Blogs and Media

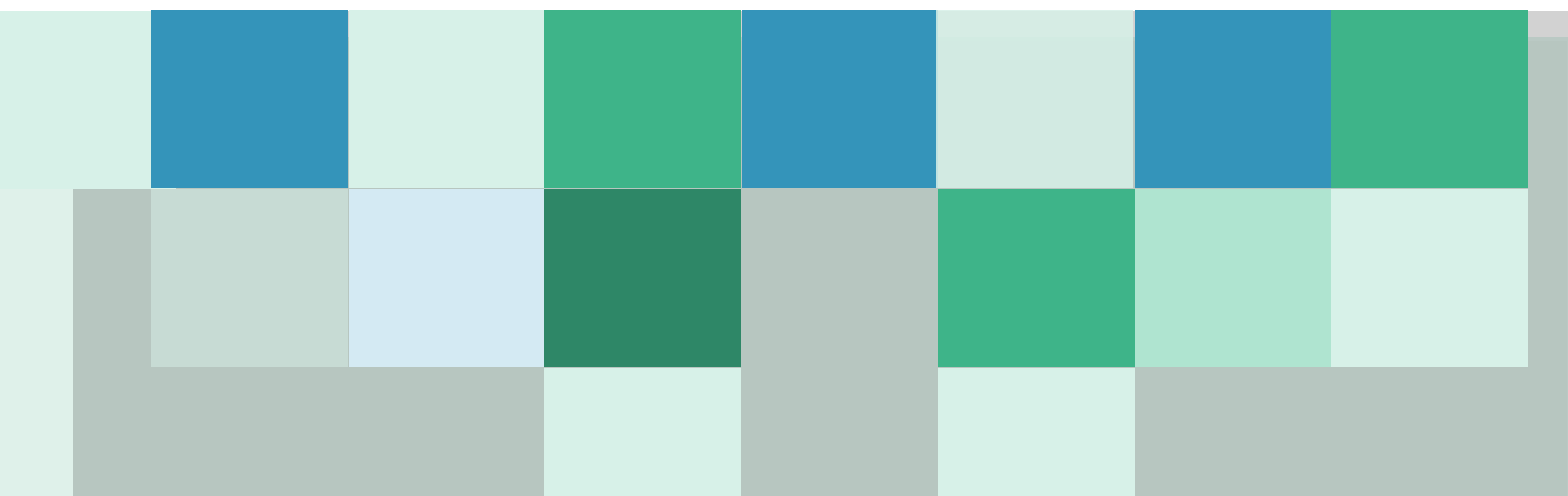
Our recent blogs and media appearances

Blogs

- [Doing nothing could be the riskiest option – The Economic Times](#) 14 May 2024
- [Ten-billion-dollar lesson – The Economic Times](#) 22 February 2024
- [Habit loop – Moneycontrol](#) 15 January 2024
- [Small cap cycles – Moneycontrol](#) 15 November 2023
- [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

- [Jigar Mistry \(CNBC TV18\)](#) 18 May 2024
- [Jigar Mistry \(CNBC TV18\)](#) 24 April 2024
- [Jigar Mistry \(ET Now\)](#) 21 April 2024
- [Jigar Mistry \(CNBC TV18\)](#) 13 March 2024
- [Jigar Mistry \(CNBC TV18\)](#) 2 March 2024
- [Jigar Mistry \(ET Now\)](#) 1 March 2024
- [Jigar Mistry \(CNBC TV18\)](#) 29 February 2024
- [Jigar Mistry \(ET Now\)](#) 28 February 2024
- [Jigar Mistry \(CNBC TV18\)](#) 11 December 2023
- [Jigar Mistry \(CNBC TV18\)](#) 16 November 2023
- [Jigar Mistry \(CNBC TV18\)](#) 8 November 2023
- [Jigar Mistry \(ET Now\)](#) 9 October 2023
- [Jigar Mistry \(CNBC TV18\)](#) 29 September 2023



Buoyant Capital Pvt Ltd

3501 Kohinoor Square, N C Kelkar Marg
Dadar (West), Mumbai 400028. INDIA

buoyantcap.com

Compliance/Grievances:

Mayuri Jangid
Email: compliance@buoyantcap.com
Phone: +91-22-6931-9912

Queries/Customer Care:

Gayatri Kadam
Email: care@buoyantcap.com
Phone: +91-22-6931-9963

ABOUT US

Buoyant Capital Pvt Ltd ("the PM") is registered as a Portfolio Manager with SEBI under SEBI (Portfolio Managers) Regulations, 2020 as amended from time to time and the Circulars and Guidelines issued there under from time to time, vide SEBI Reg. No.: INP000005000 and as an Investment Advisor under SEBI (Investment Advisors) Regulations, 2013 as amended from time to time and the Circulars and Guidelines issued there under from time to time vide SEBI Reg. No.: INA000016995 and as the Sponsor and Manager of the Buoyant Capital AIF (a Category III AIF) under SEBI (Alternative Investment Funds) Regulations, 2012 as amended from time to time and the Circulars and Guidelines issued there under from time to time vide SEBI Reg. No.: INAIF322231125.

DISCLAIMER & DISCLOSURES

This document confidential and is intended only for the personal use of the prospective investors/contributors (herein after referred as the Clients) to whom it is addressed or delivered and must not be reproduced or redistributed in any form to any other person without prior written consent of the PM. This document does not purport to be all-inclusive, nor does it contain all of the information which a prospective investor may desire. This document is neither approved, certified nor are its contents verified by SEBI. The PM retains all the rights in relation to all information contained in the document(s) and to update the same periodically (or otherwise) from time to time. The document is provided on a personal/confidential and Private Placement basis. The document is neither a general offer nor solicitation to avail any service offered by the PM (a SEBI Registered Intermediary) nor is it an offer to sell or a generally solicit an offer to become an investor in the services offered by the PM. The delivery of this document at any time does not imply that the information herein is correct as of any time subsequent to its date of publishing. The contents of this document are provisional and may be subject to change. In the preparation of the material contained in this document, the PM has used information that is publicly available, certain research reports including information developed in-house. The PM warrants that the contents of this document are true to the best of its knowledge. However, the PM assumes no liability for the relevance, accuracy or completeness of the contents herein.

The PM declares that the data and analysis provided shall be for informational purposes. The information

contained in the analysis shall be obtained from various sources and reasonable care would be taken to ensure sources of data to be accurate and reliable. The PM will not be responsible for any error or omission in the data or for any losses suffered on account of information contained in the analysis. While the PM will take due care to ensure that all information provided is accurate, the PM neither guarantees/warrants the sequence, accuracy, completeness, or timeliness of the report. Neither the PM nor its affiliates or their partners, directors, employees, agents, or representatives, shall be responsible or liable in any manner, directly or indirectly, for views or opinions expressed in this analysis or the contents or any systemic errors or discrepancies or for any decisions or actions taken in reliance on the analysis.

The PM does not take any responsibility for any clerical, computational, systemic, or other errors in comparison analysis. There can be no assurance that future results, performance, or events will be consistent with the information provided in this document and the past performance of the Portfolio Strategies described herein, if any, is not a guarantee or assurance for future performance. Any decision or action taken by the recipient of the document based on this information shall be solely and entirely at the risk of the recipient of the document. The distribution of this information in some jurisdictions may be restricted and/or prohibited by law, and persons into whose possession this information comes should inform themselves about such restriction and/or prohibition and observe any such restrictions and/or prohibition. Unauthorized disclosure, use, publication, dissemination or copying (either whole or partial) of this information, is prohibited.

The PM shall not treat the recipient/user of this document as a client by virtue of his receiving/using the contents of the document in full or part. Neither the PM nor its affiliates, directors, partners, employees, agents, or representatives, shall be responsible or liable in any manner, directly or indirectly, for the contents or any errors or discrepancies herein or for any decisions or actions taken in reliance on the information in the document.

The person accessing this information specifically agrees to exempt/absolve the PM or any of its affiliates or employees from, any and all responsibility/ liability arising from such misuse/improper/ illegal use and agrees not to hold the PM or any of its affiliates or employees responsible for any such misuse/improper/illegal use

and further agrees to hold the PM or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The PM (including its affiliates) and any of its Partners, officers, employees, and other personnel will not accept any liability, loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this document or any information in any manner whatsoever.

This document may include certain forward-looking words, statements and scenario which contain words or phrases such as "believe", "expect", "anticipate", "estimate", "intend", "plan", "objective", "goal", "project", "endeavor" and similar expressions or variations of such expressions that are forward-looking statements, words, and scenario. Actual outcomes may differ materially from those suggested by the forward-looking statements due to risks, uncertainties, or assumptions.

The PM takes no responsibility for updating any data/information. This document cannot be copied, reproduced, in whole or in part or otherwise distributed without prior written approval of the PM. Prospective investors/clients are advised to review this Document, the Private Placement Memorandum / Disclosure Document, the Contribution Agreement / Client Agreement, representations and presentation(s) and other related documents carefully and in its entirety and seek clarification wherever required from the SEBI Registered Intermediary/PM.

Prospective investors should make an independent assessment, consult their own counsel, business advisor and tax advisor as to legal, business and tax related matters concerning this document and other related documents before investing with/through the PM.

The information contained in this document has been prepared for general guidance and does not constitute a professional advice/assurance and no person should act upon any information contained herein without obtaining specific professional advice/Assurance. Neither the PM nor its Affiliates or advisors would be held responsible for any reliance

placed on the content of this document or for any decision based on it.

Each existing/prospective client, by accepting delivery of this document, agrees to the foregoing. The Investment portfolio is subject to several risk factors including but not limited to political, legal, social, economic, and overall market risks. The recipient alone shall be fully responsible/ are liable for any decision taken based on this document.

The PM, its partners, employees, PMS clients, AIF schemes, Advisory clients may have existing exposure to the stocks that form part of the PMS portfolio/Advisory portfolio. Further, in view of the investment objective/strategy of the PMS/Advisory there may be situations where the PM may be selling a stock which is part of the PMS portfolio/Advisory portfolio scheme/AIF Portfolio scheme, as the case may be. The PM (including its affiliates) may offer services in nature of advisory, consultancy, portfolio management, sponsorship of funds, investment management of funds which may conflict with each other.

The PM operates from within India and is subject to Indian laws and any dispute shall be resolved in the courts of Mumbai, Maharashtra only.

In the United Kingdom this document is only made available to, and directed at, (a) investment professionals falling within Article 19(1) of the United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), (b) high net worth entities falling within Article 49(1) of the Order, and (c) other persons to whom it may otherwise lawfully be communicated.

Buoyant Capital Private Limited ("BCPL") is also an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC") under Section 203 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Our CRD number is 327612 and SEC File number is 801-129223. The regulatory disclosures and brochure are available at <https://adviserinfo.sec.gov/firm/summary/327612>

SEBI-related regulatory disclosures & disclaimers are available [here](#).



3501 / 3704 Kohinoor Square
Dadar West, Mumbai



Tel: +91 22 6931 9999



info@buoyantcap.com