



## CAPITAL INVESTMENT ADVISORS

*(a division of Buoyant Capital Pvt Ltd)*

# INVESTOR MEMO : Oct 2024

## *Not a bubble...*

In response to our Sep 2024 Investment Advisory memo (*Beware the bull*), several clients and investors have been asking us whether there is a bubble in Indian stocks. And whether they should **exit all investments** and just sit out on the sidelines till we get a 'meaningful' correction.

Our consistent response to this is : '**do not try to TIME the market**'. Stay invested, but gradually reduce risk on the table at every rise. What does this mean? Simply put, build up your margin of safety as you make more and more returns in today's rising tide. This is the time to be conservative and not aggressive...

Remember that **markets can remain irrational longer than rational investors can remain solvent**. This happens in bull as well as bear phases. Our cross cycle experience calls for getting into lesser risky (relatively safer) parts of the market. While this seems to be a less glamorous choice in today's exciting times, it may be the sensible thing to do even as we lag the momentum a bit.



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*...but drive carefully!*

### PORTFOLIO ACTIONS

Our model portfolio is gradually evolving along similar lines as ***we are now more tilted towards large caps***. Within these, we are heavy on financials where valuation comfort and business stability are both visible.

The Indian investing landscape holds several pieces of a jigsaw that defies a clear picture for now. On the bull side of the argument, we have the persistent and undeniable rise of India in the global economic and political firmament along with the relative decline of China.

### BACKDROP

The prospect of a global monetary easing cycle led by China and the US, pragmatic and bold geopolitical policies of the Govt of India, its business friendly economic policies, infra spend, fiscal discipline provide the perfect macro backdrop for believers.



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### ***Not a bubble, but drive carefully! (cont'd)***

Megatrends such as urbanisation, and the financialisation of savings, persistent belief in equity as reflected in rising domestic fund flows, digitisation of businesses/retail commerce and emerging demographics are driving up corporate/investor optimism and ***belief in the India story.***

However, on the flip side there is clear evidence of domestic political risk, geo-political risk spreading from the Middle East and Ukraine to the China/N Korea axis, fractious US elections just around the corner, a tightening cycle perhaps emerging in Japan and, of course, frothy valuations in the mid- and small-cap segments in India even as earnings growth is clearly slowing down. ***Valuation comfort is shrinking across the market, except for large financials.***

**Meanwhile, our best wishes for  
Navratri, Diwali & the New Year!**

***Happy investing...***



### *Landscape mixed, remain invested...*



India is set for a decade and more of growth



Irrational valuations in some small/mid-caps, 'narrative investing' avoidable



Domestic macros, policy mix, equity flows bode well



Corporate capex cycle, retail confidence holding up



Earnings growth slowing, geo-politics can play truant



Valuations are high, but can remain high

### ***Not a bubble!***

1

Small and mid-cap valuations in froth zone, BUT...

2

Several individual stocks set for multi year growth

3

Large caps more affordable, esp. financials

4

Portfolio construction strictly bottom-up, stock specific

5

Composition reflects preference for large caps

6

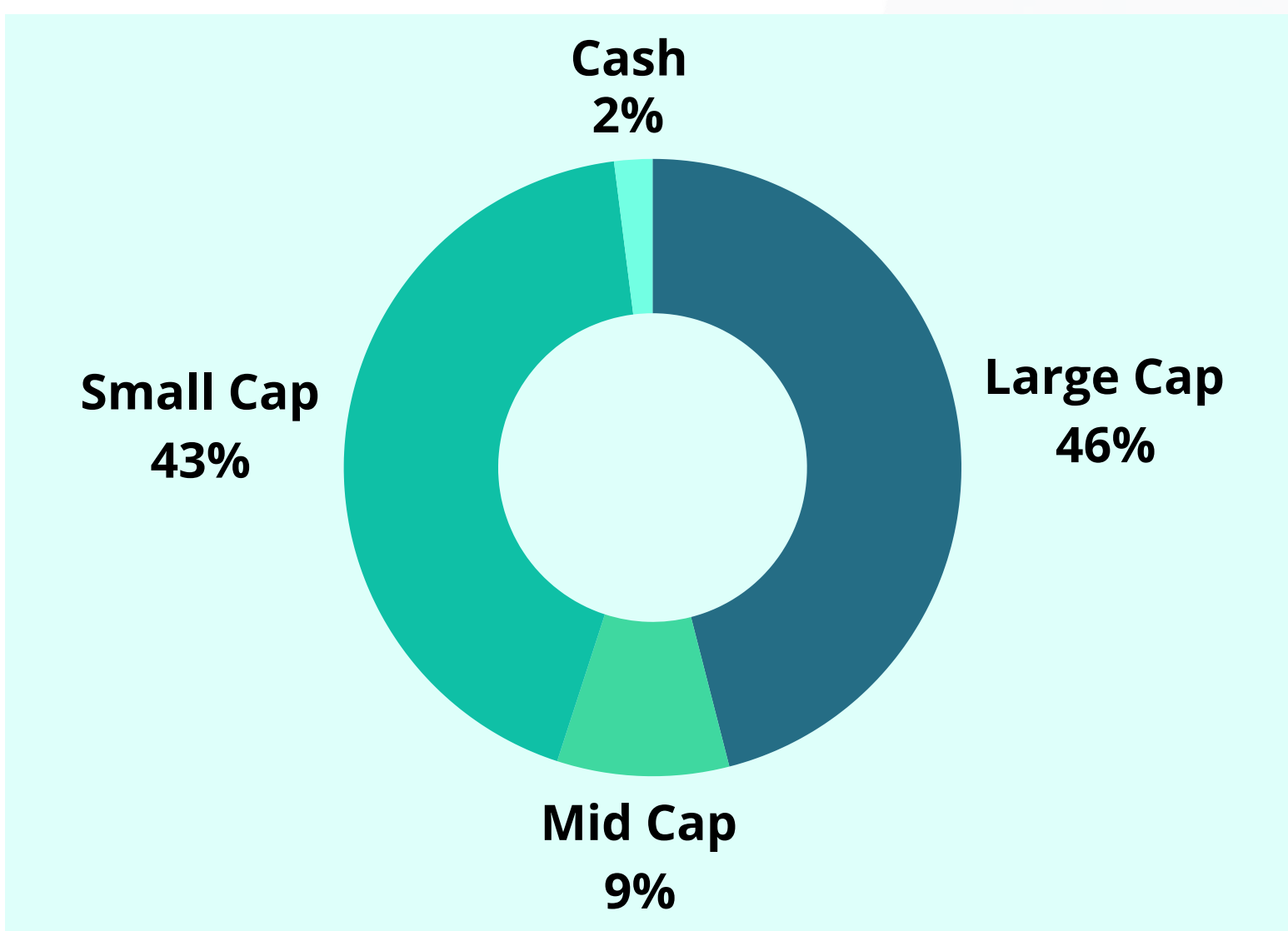
Can't deny India story in a troubled world

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### OPPORTUNITIES PORTFOLIO

### MARKET-CAP ALLOCATION



Source : Buoyant Capital IA

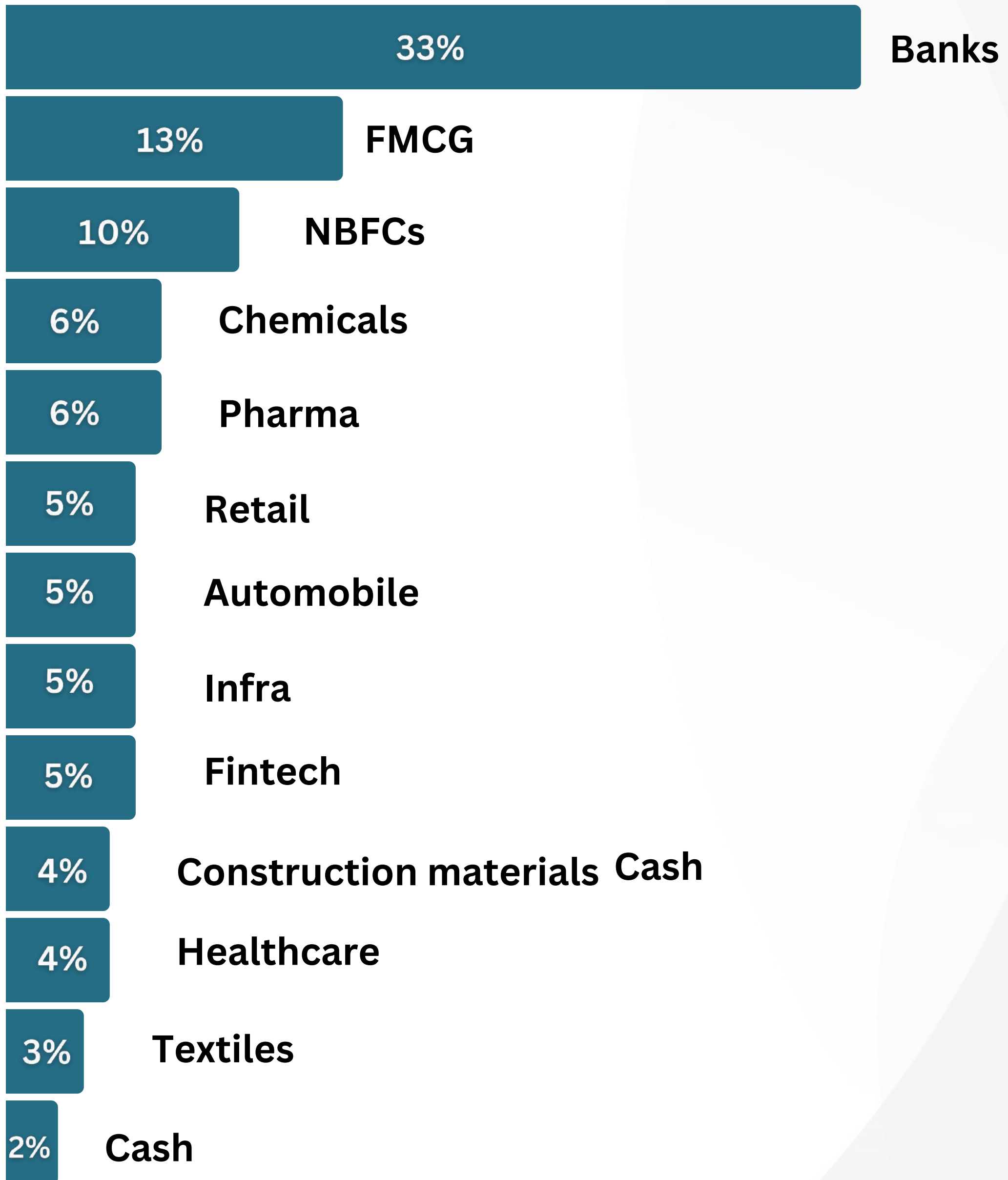
### TOP 5 HOLDINGS\*

ITC Ltd	8%
HDFC Bank Ltd	7%
Divi's Laboratories Ltd	6%
Archean Chemical Industries Ltd	6%
Axis Bank Ltd	6%

Source : Buoyant Capital IA

*\* Holdings may or may not be a part of all client portfolios. The securities quoted are for illustration only and are not recommended. Data as at end-Sept 2024*

# SECTOR ALLOCATION



Data as at end-Sept 2024

Source : Buoyant Capital IA

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### OPPORTUNITIES PORTFOLIO

- A **cross-cycle, flexi-cap, moderately diversified** portfolio of listed stocks benchmarked with a broad market index.
- Model portfolio advisory service by **Buoyant Capital**, a SEBI-licensed Investment Advisor.
- Available via our **digital advisory platform**.



### PORTFOLIO STRATEGY

- Aggressive during good times / favourable cycle, defensive in tough times.
- **Cross cycle investing philosophy** to reduce volatility and manage risks in line with macro, market, market-cap and sector cycles.
- Flexible, bottom-up portfolio construction that is **industry and market cap agnostic**.
- No permanent bias towards market cap (large/mid/small), sector or theme.

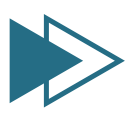


## CAPITAL INVESTMENT ADVISORS

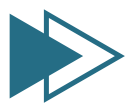
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## DIGITAL, AFFORDABLE & CONVENIENT!



Investor, broker and advisor linked on a digital platform for trade execution with **minimal effort for the investor\***!



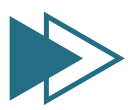
**100% digital sign-up**, risk profiling and onboarding via PAN & Aadhar OTP.



PMS/AIF-like portfolio strategy now available at min. Rs. 2 lacs ticket size with top ups in multiples of Rs. 50K.



## REBALANCING STRATEGY



In line with Advisor's research view on cycles, stocks and sectors.



Churn will also follow a flexible dynamic, with heavy churn when cycles change.



***\*Disclaimer : Right of Execution of Investments remains with the Investor only.***



## **CAPITAL INVESTMENT ADVISORS**

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### **Risk Category**

Aggressive (high risk)

### **Advisor**

Dipen K Sheth

### **Benchmark**

NIFTY 500 TRI

### **Min. investment**

Rs. 2 lacs

### **Advisory fees**

2% p.a. of AUA

### **Fees collection**

Every six months

### **Investment Style**

Cross cycle, Flexicap

### **Recommended Time Horizon**

3-5 Years

### **No of Stocks**

12-18

# OPPORTUNITIES PORTFOLIO

## USP

**A cross-cycle strategy that uses a combination of aggressive or defensive stance depending on the cycle at play.**

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**Flexi-cap portfolio construction across small, mid and large caps to balance risk vs. reward at different points of time in the cycle.**



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### *Contact us*

For more information on our cross cycle investing framework, or to start an advisory relationship with **Buoyant Capital Investment Advisors,**

write to us at

**[advisory@buoyantcap.com](mailto:advisory@buoyantcap.com)**

or WhatsApp us at

**+91-81695-15927**

***Start your Digital Advisory Portfolio today!***



***[ria.buoyantcap.com](http://ria.buoyantcap.com)***





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### ***Disclosures & disclaimers***

**Name of Investment Adviser as registered with SEBI:** Buoyant Capital Private Limited.  
**Type of Registration:** Non-Individual. **SEBI Registration number:** INA000016995.  
**Validity of SEBI registration:** 13th June 2022 - Perpetual. **BASL membership ID:** BASL 1844. **CIN of the IA** U65990MH2014PTC253.  
**Registered office address:** 3501, B- Wing, Kohinoor Square, N C Kelkar Marg, R G Gadkari Chowk, Shivaji Park, Dadar West, Mumbai 400028. INDIA. **Phone:** +91-22-6931-9994. **Separately Identifiable division of IA/Trade name:** Buoyant Capital Investment Advisors (a division of Buoyant Capital Private Limited).

**Standard Warning:** Investments in securities markets are subject to market risks. Read all the related documents carefully before investing.

**Standard Disclaimer:** Registration granted by SEBI, membership of BASL and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

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