



CAPITAL INVESTMENT ADVISORS

(a division of Buoyant Capital Pvt Ltd)

INVESTOR MEMO : Sept 2024

Beware the bull!

There's no doubt that the Indian stock market is running away like a ***raging bull***. Every 'expert' as well as non-expert has a positive view on the terrific future of the Indian economy (and hence its markets) over the next decade and more. Meanwhile, valuations (that real measure of exactly how attractively a stock is priced) are steadily rising into the higher layers of the stratosphere, especially in many ***small and mid caps***. It is at times like this that the worst errors are made by investors (and advisors)...

To be sure, India has ***ticked all the right boxes*** and continues to make economic, policy and strategic progress in ways it has never done before in its history as a free nation. With massive investments in infrastructure, better governance and driven by the twin forces of financialisation and digitisation, India and its private sector entrepreneurs are sprinting ahead just at the time that China seems to have peaked out in the global growth opportunity race.

However, just as a great company may not always be a great investment idea, it is also true that the ***stock market may not move perfectly in sync with the economy***. Rising liquidity, newly cultivated mass-interest of first time retail investors in stock markets and the India story are combining to drive several stocks in the mid and small cap space into super-premium valuations that leave little room for safety in the days to come.



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Beware the bull... (cont'd)

In such a situation, our Portfolio composition avoids such **'narrative' and hype-driven stories** and attempts to find fundamentally meritorious stocks where we see medium to long-term value. We have 27% exposure to Banks, a sector that has underperformed in these frothful times as well as 23% to secular sectors like FMCG and Pharma. Almost half the portfolio comprises large caps and cash. A bull on the rampage is exciting, but also calls for caution.

We don't anticipate a crash; ***it's just that we want to avoid getting carried away by the 'narrative' heavy market.***



BUOYANT OPPORTUNITIES PORTFOLIO

A bull market, surely!

Trailing 1 yr returns : Nifty +31%,
Nifty Midcap 100 +52%,
BSE Small Cap +50%

1

2

Most experts (and non experts) are extolling the virtues of investing in Indian markets

India is the world's next super-power and wonder economy.
In short, *achchhe din!*

3

4

Valuations (for many small and mid-caps) are scarily high...

India has merit, but stock market is frothy



No denying India's strong economic, policy and strategic progress



India's infra, governance, digitisation and financialisation creating the China+1 story



Economy and stock markets do not always move in sync



Parts of today's bull market are driven by 'narrative' and hype stocks



Caution advised, no merit in chasing momentum blindly

Portfolio positioning

1

Avoids 'narrative' or hype-led stocks

2

Seeks fundamental merit at an affordable price point or valuation

3

27% exposure to Banks (under-performing despite merit)

4

23% exposure to FMCG and Pharma (secular sectors with no hype)

5

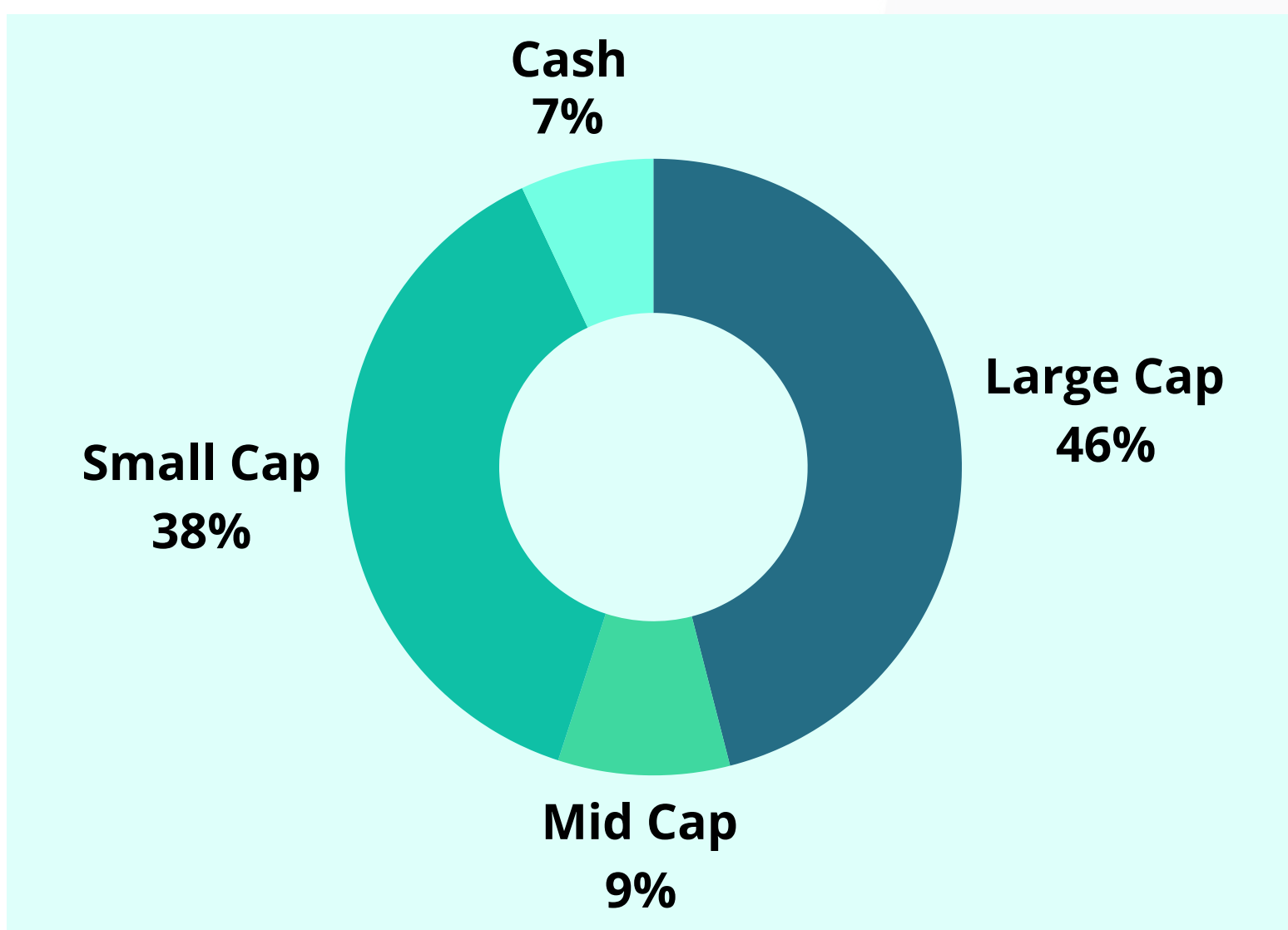
We are NOT bearish! Just being careful not to get swayed by stories...

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OPPORTUNITIES PORTFOLIO

MARKET-CAP ALLOCATION



Source : Buoyant Capital IA

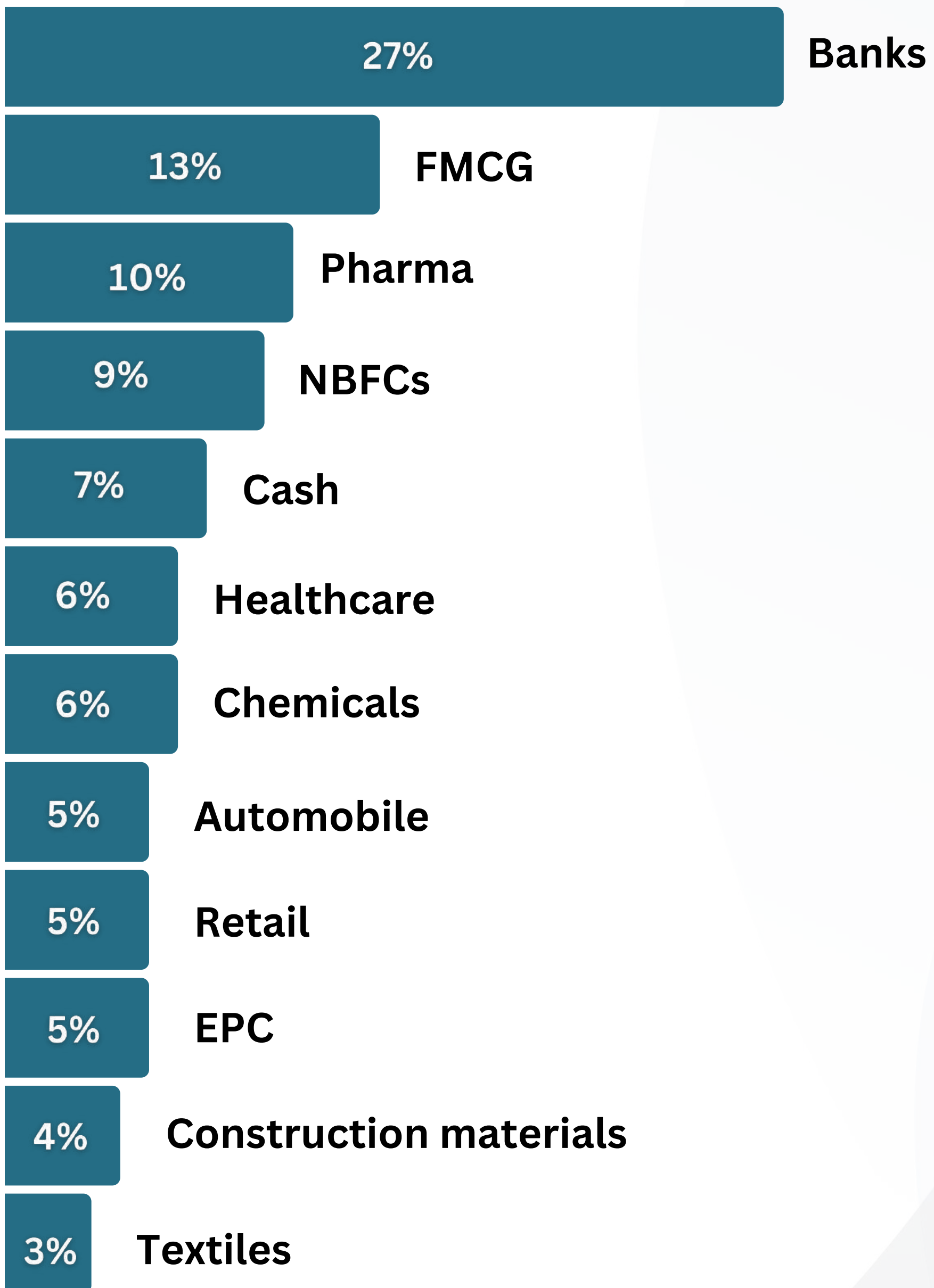
TOP 5 HOLDINGS*

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-Aug 2024*

SECTOR ALLOCATION



Data as at end-Aug 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

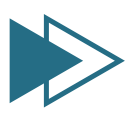
- ▶ Aggressive during good times / favourable cycle, defensive in tough times.
- ▶ **Cross cycle investing philosophy** to reduce volatility and manage risks in line with macro, market, market-cap and sector cycles.
- ▶ Flexible, bottom-up portfolio construction that is **industry and market cap agnostic**.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

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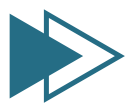
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DIGITAL, AFFORDABLE & CONVENIENT!



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



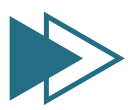
100% digital sign-up, risk profiling and onboarding via PAN & Aadhar OTP.



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.***



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Risk Category

Aggressive (high risk)

Advisor

Dipen Sheth

Benchmark

NIFTY 500 TRI

Subscription fees

2% p.a. of AUA (Charged half yearly)

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.

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

or WhatsApp us at

+91-99307-35364

Start your Digital Advisory Portfolio today!



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. **BSE IA Enlistment Number (BASL membership ID)-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, enlistment as IA with Exchange and certification from National Institute of Securities Markets (NISM) in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

BASL Advertisement Approval No: 15907