

INVESTOR MEMO : Jan 2025

New Year, New Challenges!

- ✓ 2024 saw markets run up exuberantly, only to crack over the last quarter.

- ✓ REASONS : rising geo-political tensions, US/India election jitters, US interest rate cut reversal risk, cyclical slowdown in Indian macros and corporate profit growth deceleration.

- ✓ What next ? 2025 may see sporadic trade wars, more geo-political tensions as Trump plays mediator in Ukraine/Gaza and external challenges for the Rupee and domestic interest rate easing cycle.

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✓ Meanwhile, select parts of our market (small caps, narrative-driven sectors like defence, realty, niche/hi-tech mfg and consumer discretionary) look expensive and over-valued.

✓ On the other hand, under-valued sectors continue to drift. Examples : pvt sector banks, financial services and select commodities like cement.

✓ FPIs continue to be net sellers even as domestic flows look strong. Capital raising and issuances are at a record high and show no sign of slowing.

Where do we go from here?

Corporate earnings slowdown implies a big challenge for stock picking.



Coupled with strong over-valuation in small caps and meme stocks, this can open up a significant opportunity for alpha in actively managed portfolios.

Persistent under-performance in many large cap stocks (and some sectors) implies that a mean-reversal might hit us sometime soon. Patience is a virtue in such situations.



The rising risk from global trade wars may turn out to be a boon for India, if the Trump administration is relatively harsher on China. His recent noises around H1Bs are actually constructive, so a softer stance on trade is possible.



Where do we go from here?

Government spending is likely to pick up, since the fiscal situation has improved over the last decade or so. This can push up domestic consumption and market sentiment.

The long-term India story is intact, despite the current mid-cycle sag that has visibly slowed earnings growth. India's rich corporate RoE profile + revival of profit growth should bring back FPI inflows over time.

Infrastructure creation, digitisation, financialisation, formalisation and the rising ease of doing business will drive India's march. It is the fastest growing large economy in the world.

Portfolio positioning

1

We continue to hold large caps, esp. private banks in the Opportunities portfolio despite their recent under-performance. They have very strong deposit franchise, are well capitalised and poised to benefit from the ongoing corporate capex cycle.

2

Diversification will persist at the upper end of the typical 12-18 stock range for the Opportunities Portfolio.

3

We will continue to hold high single digit cash (or even in the low teens) to capitalise on volatility.

Portfolio positioning

4

Our small-cap positions correspond to stock specific stories that we continue to retain faith in. This part of the portfolio will remain volatile but can deliver significant alpha if our theses play out.

5

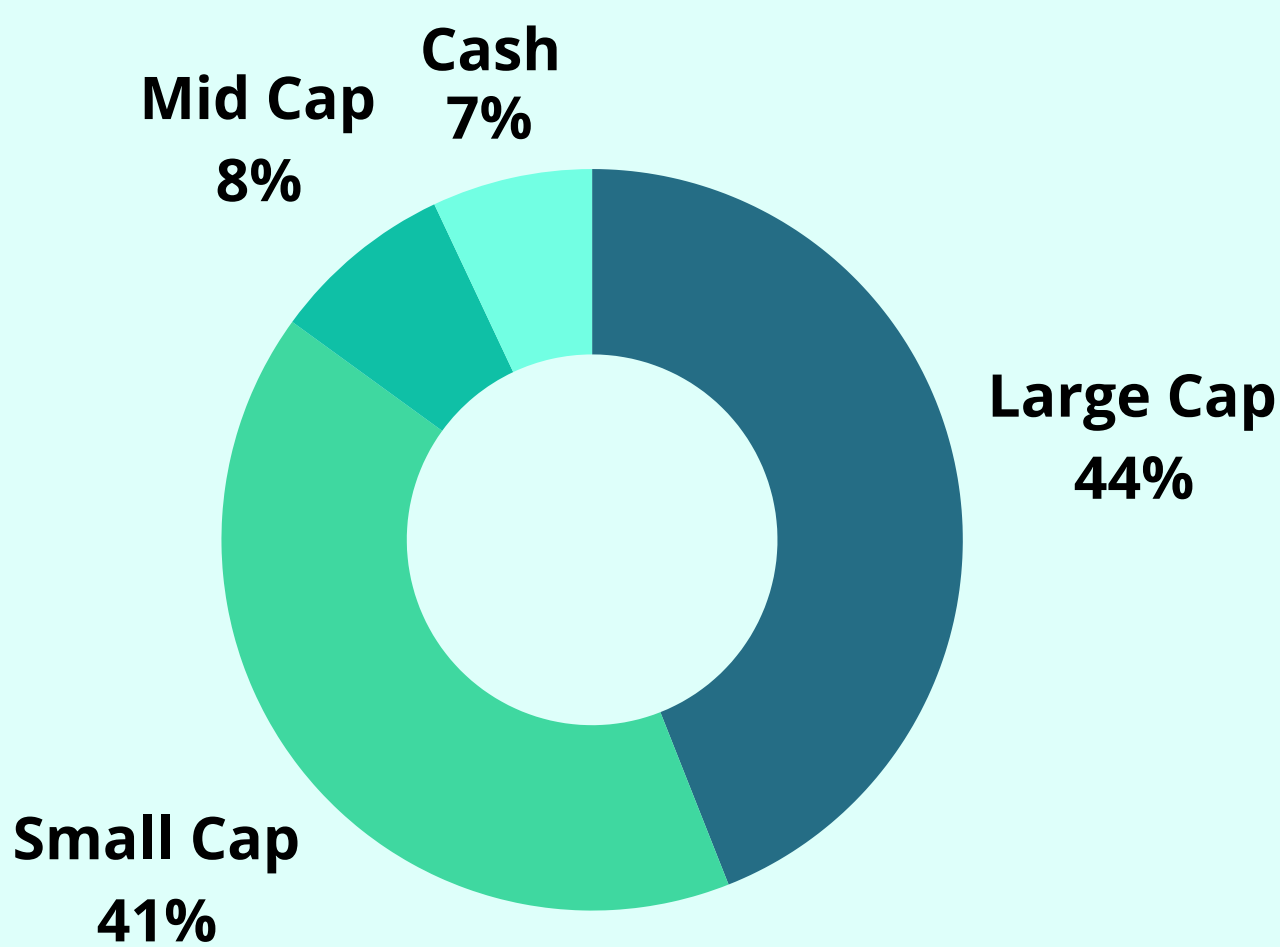
Churn will follow outcomes, driven by possible profit booking if our small cap bets pay off, as also by our anticipation of cyclical change in broad market, sector or market-caps.

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OPPORTUNITIES PORTFOLIO

MARKET-CAP ALLOCATION



Source : Buoyant Capital IA
Data as at end-Dec 2024

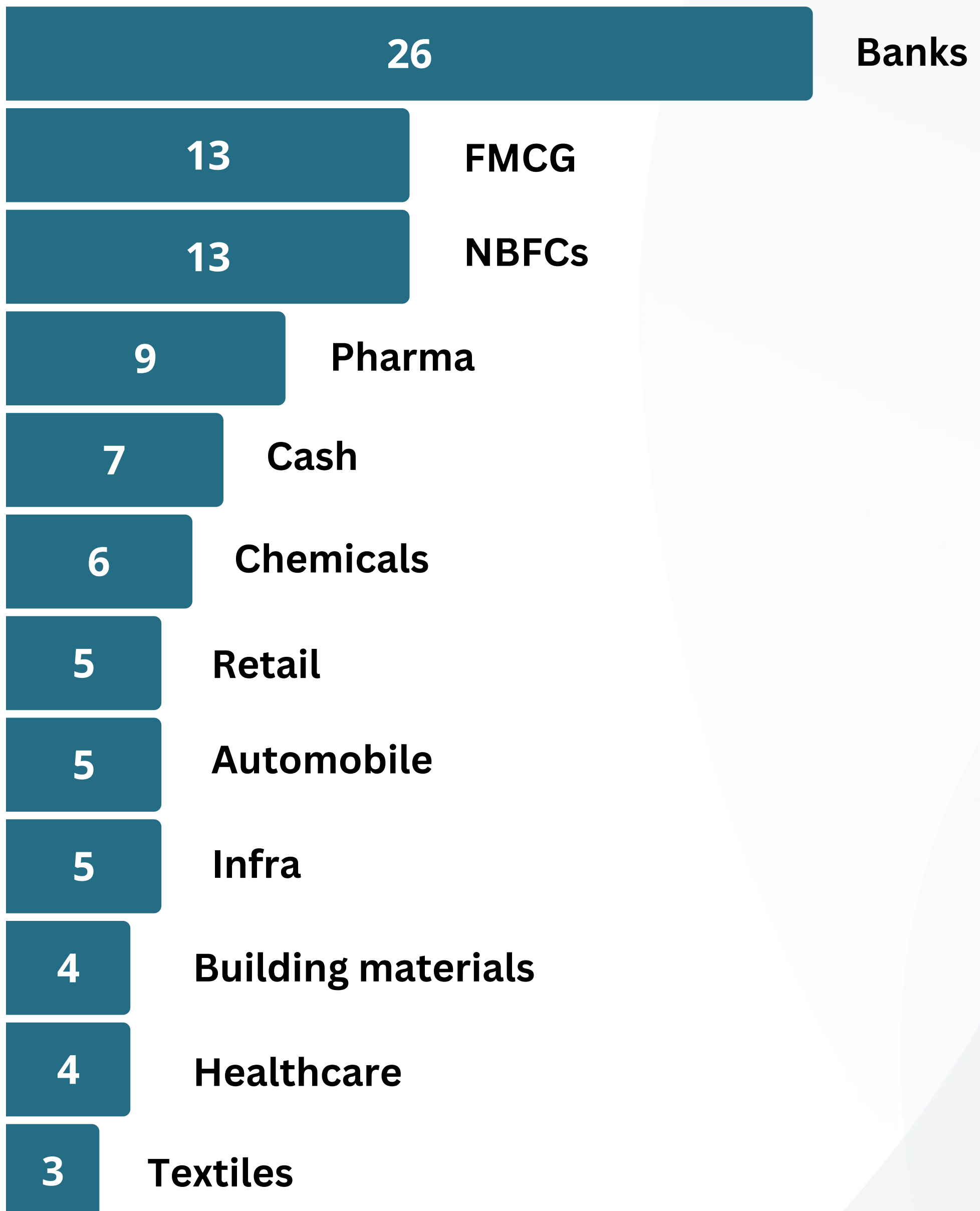
TOP 5 HOLDINGS*

ITC Ltd	8%
HDFC Bank Ltd	7%
Cash	7%
State bank of India	7%
ICICI 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-Dec 2024

SECTOR ALLOCATION



Data as at end-Dec 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

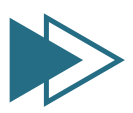
- Aggressive during good times / favourable cycle, defensive in tough times.
- **Cross cycle investing philosophy** to reduce volatility and manage risks in line with macro, market, market-cap and sector cycles.
- Flexible, bottom-up portfolio construction that is **industry and market cap agnostic**.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

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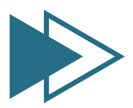
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DIGITAL, AFFORDABLE & CONVENIENT!



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.



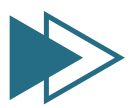
PMS/AIF-like portfolio strategy now available at min. Rs. 2 lacs ticket size with top ups in multiples of Rs. 50K.



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 K Sheth

Benchmark

NIFTY 500 TRI

Min. investment

Rs. 2 lacs

Advisory fees

2% p.a. of AUA + GST

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

+91-81695-15927

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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.

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