

Plutus Alpha Strategy

April 2020



Investment Objective:

Generate income of 5-6% p.a. (gross) over and above the underlying returns from a portfolio of stocks/bonds/mutual funds.

Overview

- The strategy aims to generate income on an existing portfolio for investors.
- The Plutus Alpha strategy is a proprietary derivatives strategy developed by TrustPlutus Wealth Managers. The strategy intends to generate income by selling options with the Nifty50 as the underlying and earn premium.

Advantages:

- Our endeavour is to generate income for the client without the need for him/her to make any additional investments (Except for the already held underlying portfolio)
- Risk is limited since the maximum drawdown is capped at ~4%.
- It is not mandatory either for us or the client to take a position every month.

Inception Date:

1st Jan 2019

Minimum Investment:

5 Cr.

Fees: 20% profit share

Exit Options:

Monthly exit option available upon communication from the client before the 22nd day of every month. Funds will be redeemed post expiry of F&O trades for the month (Last Thursday of every month)

Process

The existing portfolio of the investor is used as margin to run the Plutus Alpha strategy.

March commentary

The month of March will be talked about for many decades to come. There have been three events in March – Yes Bank, Crude Oil and Covid-19. Any one of them was enough to roil the market; all three together have been catastrophic. These events have made the world markets an unpredictable place for some time and volatility is expected to remain at elevated levels. The measures adopted by the Indian establishment, though necessary, are tough and will leave scars on the economy.

After a successful month in February, we came into March expecting markets to correct, which they did. By 6th March, the Nifty had fallen below 11,000, which was 6% below the previous settlement. This gave us an opportunity to exercise our strategy and we collected an income of Rs 61.06 lakhs against a margin of Rs.100 crore worth of securities. However, since the Nifty closed below our stop loss level on expiry (down by 26% in a single settlement) we had to take full loss of 4% in March.

Performance (31st March 2020)

Fund	1 month	3 month	6 month	1 year	Since Inception
Plutus Alpha	-3.99%	-3.14%	-1.79%	0.11%	1.97%

The above returns are absolute and are gross of fees and taxes; Past performance is not an indicator of future returns

DISCLAIMER: TrustPlutus Wealth Managers (India) Private Limited & TrustPlutus Family Office & Investment Advisers (India) Private Limited (hereinafter referred as TrustPlutus) declare that this document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Nothing in this document should be construed as investment or financial advice, and nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. The recipient of this document should make such investigations as is deemed necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. The data and analysis provided herein is provided for informational purposes. The information contained in this analysis has been obtained from various sources and reasonable care has been taken to ensure sources of data to be accurate and reliable. TrustPlutus is not responsible for any error or omission in the data or for any losses suffered on account of information contained in this analysis. While TrustPlutus has taken due care to ensure that all information provided is accurate however the company neither guarantees/warrants the sequence, accuracy, completeness, or timeliness of the aforesaid report. Neither TrustPlutus nor its affiliates or their 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 herein or for any decisions or actions taken in reliance on the analysis. TrustPlutus does not take any responsibility for any clerical, computational, systemic or other errors in comparison analysis. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly to any other person or published, copied, in whole or in part, for any purpose. TrustPlutus Family Office & Investment Advisers (I) Pvt Ltd is registered with the Securities and Exchange Board of India ("SEBI") under the SEBI Investment Advisers Regulations 2013 bearing registration code number INA000000557. The Advisory Services are being provided under the said license. The consent of the investor is mandatory before execution of any transaction.

Please do write to us in case you need any further information.