

Plutus Alpha Strategy



November 2019

Investment Objective:

Generate a return of 5-6% p.a. over and above the underlying portfolio returns of the client

Overview

- The strategy aims to increase the returns of the existing portfolio of investors.
- The Plutus Alpha strategy is a proprietary derivatives strategy developed by TrustPlutus Wealth Managers. The strategy intends to generate alpha by selling options on the Nifty50 index and earning premium.

Advantages:

- The fund manager intends to generate Alpha 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%.
- The fund manager is not mandated 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 client before 22nd day of every month. Funds would be redeemed post expiry of F&O trades for the month (Last Thursday of every month)

Process

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

October commentary

October was another successful month for our strategy of selling options. During the middle of the month with the Nifty at 11,375, we sold the 11,900 call and covered at 12,100 and also sold the 10,700 put and covered at 10,500. The markets remained well within this range till Diwali, but in the last three days of the settlement, the Nifty gained 325 points on the back of strong FII and retail buying. Therefore, on the clearing day (31st October), we closed out the call positions through the day and made a return of 0.24% for the month.

Performance Comparison (31st October 2019)

Fund	Jan 19	Feb 19	Mar 19	April 19	May 19	June 19	July 19	Aug 19	Sept 19	Oct 19
Plutus Alpha	0.61%	0.82%	0.43%	0.40%	-	0.28%	-0.02%	0.71%	0.52%	0.24%

There was no trade in May, 2019 due to the national election results.

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