

TRUST Debt PMS Long Term Dynamic Strategy

November 2020



Investment Strategy

- A combination of accrual, duration, credit strategies are employed depending on the prevailing market conditions
- Market variables are continuously monitored to identify mispriced opportunities which aid alpha generation
- Investments are made into instruments having adequate liquidity and limited risk

Total Return

Accrual

Capital Gain

Accrual/Spread Compression

- High coupon bonds generate attractive carry income & act as a yield kicker
- Current spreads remain very high & mean reversion could fetch capital gains

Duration

- Tactical duration exposure could significantly improve portfolio alpha.
- Benign interest rate outlook amid low inflation & attractive real rates.
- Aim would be capture at least 50% of rally on yields on an annual basis.

Indicative Portfolio Construct

GOI/SDLs:	40%
Corporate Bonds:	35%
Tier II Bank Bonds:	25%
YTM:	8.50%
Weighted Average Duration:	3.70

Product Snapshot

Fixed Fees: 0.50% per annum

Redemption: T + 10

Taxation: As per the Income Tax Act 1961

(Assumed tax rate for return calculation: 35%)

Minimum Investment Size: INR 5 crores

Indicative Portfolio Construct & Return Profile

- The portfolio is positioned suitably in order to navigate through market risks
- Investments are made into instruments having adequate liquidity and limited risk
- Potential return of 11.00% for GOI/SDLs is assuming rallies in bonds are captured effectively through interest rate calls
- With spread compression or drop in yields for corporate bonds, this strategy could potentially deliver tax & expense adjusted returns of ~6.50%

Issuer	Weight	Credit Rating	Maturity/Call	Duration	Indicative Yield/Return
GOI/SDLs	40%	Sovereign	2029 & above	6.09	11.00%#
Shriram Transport Finance	20%	AA+	2024	2.60	12.50%
Muthoot Finance	15%	AA	2021	0.58	5.75%
South Indian Bank	15%	A+	2024	2.75	11.00%
Karur Vysya Bank	10%	A	2024	2.48	11.00%
Pre Tax Pre Fee Return	-	-	-	-	10.51%
Post Tax Post Fee Return	-	-	-	-	6.51%*

* Assumed fees & rate of tax: 0.50% & max marginal rate of 35%

Performance comparison

Performance comparison with Debt Mutual Funds

Long Term Dynamic Strategy has outperformed most Debt Mutual Fund categories across time horizons.

Annualized returns as on 31st October 2020

Scheme / Sector Name	1 Month	3 Months	6 Months	1 Year	Since Inception (5th April 2019)
Dynamic Bond Fund Category Average	17.97%	4.44%	9.20%	8.62%	8.52%
Medium Duration Fund Category Average	17.28%	6.18%	11.24%	4.84%	4.13%
Medium to long Duration Fund Category Average	21.85%	4.71%	11.56%	10.01%	10.18%
Short Duration Fund Category Average	14.21%	5.40%	11.51%	8.03%	6.41%
Debt PMS - Long Term Dynamic Strategy	15.04%	9.54%	10.21%	9.61%	13.14%

Source- ICRA MFI explorer, Past Performance is not indicative of future performance

Advantages:

- The Debt PMS strategy does not have exit loads unlike most debt mutual fund schemes.
- Unlike debt mutual funds which have a large number of securities with sectoral and security level limits, the Debt PMS offers flexibility to take concentrated positions in high conviction ideas
- Investors can create customized portfolios in the case of a PMS as opposed to blind pool investing in the case of mutual funds.

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") as a non-individual entity under the SEBI Investment Advisers Regulations 2013 bearing registration code number INA000000557 (validity till 12/12/2023) having registered office at 108, Balarama, Bandra Kurla Complex, Bandra East, Mumbai-51 and correspondence address at 802, Naman Centre, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-51, Telephone no. +91 22 62746000. Principal Officer is Mr. Sameer Kaul, Director. Contact Number 91 22 6274 6078, Email: sameer.kaul@trustplutus.com. SEBI local office address: SEBI Bhavan, Plat Number C4-A, G-Block, Bandra Kurla Complex, Bandra East, Mumbai-400051. 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.