

Plutus Nifty ETF Plus

June 2021



Investment Objective:

Enhance the returns profile of the Nifty 50 ETF by generating absolute returns over and above the returns of the Nifty 50 ETF.

Overview

The Nifty 50 index is a diversified 50 stock index accounting for 13 sectors of the economy. The Nifty 50 over years has successfully become the 'stock of the nation' helping investors gauge the pulse of Indian capital market. It is the most liquid index, which trades in high volumes over the exchange.

Our strategy entails investing into a Nifty 50 ETF and using our proprietary derivatives strategies to further enhance the overall yields of this large cap ETF. Our strategy seeks to improve the yields of the ETF on a monthly basis.

Advantages:

- Generate Alpha for the client over the returns of the Nifty50 ETF on a monthly basis
- The underlying being a liquid portfolio can be exited at a short notice

May 2021 Performance

Strategy Total Returns	Nifty50 TRI
7.02%	6.69%

May commentary

The Nifty50 TRI posted a return of 6.69% for the month of May 2021, outperforming most of the emerging market indices despite a ravaging pandemic. A broad global recovery complemented by ample liquidity and healthy domestic corporate and bank balance sheets were some of the contributing factors to the outperformance of Nifty for the month of May. In FY21, Nifty has reported more than 20% earnings growth, which is the highest in a decade, despite the worst economic slowdown. As India's forex reserves cross the \$600 billion-mark, there are indications that the ample liquidity, both globally and in the domestic space might continue to drive the Indian stock markets. The equity markets have received a net FPI inflow of Rs 2.8 lakh crore in 2020-21. The average daily turnover in NSE was ~Rs 79,000 crore in May 2021 as against Rs 65,000 crore in 2020 and only Rs 36,000 crore in 2019. Retail investments are spiking which is further fuelling the boom in the Indian equity markets.

The RBI recently warned about a possible stock market bubble in its annual report for FY21. The central bank highlighted that the amount of liquidity that has been injected to aid global economic recovery could have "unintended consequences" in form of inflationary asset prices. "Given the fact that liquidity support cannot be expected to be unrestrained and indefinite; and may require calibrated unwinding once the pandemic waves are flattened and the real economy is firmly on recovery path.," the RBI said.

For the month of May 2021, our strategy generated a total return of 7.02%

Inception Date:
1st June 2020

Minimum Investment:
1 Cr.

Benchmark:
Nifty50 TRI

Fees:
Fixed Fee: 0.50% p.a

Exit Option:
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)

Performance Comparison (31st May 2021)

Strategy/Index	1 month	3 month	6 month	1 year	Since Inception (12 months)
Plutus Nifty ETF Plus	7.02%	9.59%	25.16%	70.05%	70.05%
Nifty50 TRI	6.69%	7.55%	20.71%	64.41%	64.41%

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

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