

Plutus High Yield Convertible

August 2021



Investment Objective:

To generate absolute returns using single stock derivatives on a monthly basis.

Overview

- Our investment product entails offering the investor a monthly coupon as long as the underlying or a set of underlying trade at, or above a pre-set barrier level (strike price less the premium earned). If the underlying closes below the barrier level, the investor needs to take delivery of a number of shares of the underlying/set of underlying. This product is not capital protected and maximum loss will occur if the value of the underlying/set of underlying shares falls to zero with a full loss of capital for the investor.

Advantages:

- Generate absolute returns on a monthly basis
- The underlying being a liquid portfolio can be exited at a short notice

July 2021 Performance

Strategy Total Returns	CRISIL Liquid Fund Index
1.26%	0.30%

July commentary

The Nifty50 TRI ended flat at 0.44% for the month of July 2021 amidst the declaration of corporate earnings. Overall, the result season has been uneventful as of now and markets remain supported by domestic fund flows. Valuations are stretched and we need to monitor growth in earnings as well as keep a close watch on potential headwinds as a result of a possible third Covid wave, commodity led inflation and volatility around the US Fed taper talk.

The big news emanated from China where the clampdown on the tech sector reverberated across the world. China will engage in a concerted effort over the next six months to police the technology sector over improper antitrust and consumer protection practices. With the frictions between the U.S. and China intensifying in the high-tech sector, Beijing has kept an eye for data leaks into the U.S. The new Data Security Law, which goes into effect in September, will go hand-in-hand with other mandates to safeguard the country's internet security.

The Federal Reserve held interest rates at near-zero, but hinted that the U.S. economic recovery is getting closer to a place where it may not need as much monetary support. The Federal Open Market Committee kept its benchmark interest rate in the range of 0% to 0.25%, but provided an update on its December 2020 commitment to purchasing at least \$120 billion a month in U.S. Treasuries and agency mortgage-backed securities until the recovery looked like it was making "substantial further progress." "Since then, the economy has made progress toward these goals, and the Committee will continue to assess progress in coming meetings," the FOMC statement said. The decision was unanimous.

Under the High Yield Convertible strategy, we were long on Energy, IT, Consumer Staples, Financials and Communication Services sectors for the month of July 2021. Our strategy delivered an absolute return of 1.26% for the month of July and has delivered an absolute return of 20.29% since inception (May 2020).

Inception Date:

1st May 2020

Minimum Investment:

1 Cr.

Benchmark:

CRISIL Liquid Fund Index

Fees:

Fixed Fee: 1.25% 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)

Investment Universe

HDFC Bank	Reliance Industries	Infosys Ltd.	ITC Ltd.	Nestle India
Asian Paints Ltd	Hindustan Unilever Ltd.	Kotak Mahindra Bank	HCL Tech	Larsen & Toubro Ltd.
TCS	HDFC Ltd.	ICICI Bank	Bharti Airtel	Maruti Suzuki Ltd.
Axis Bank	State Bank of India	Bajaj Finance Ltd.	Wipro Ltd.	HDFC Life

Performance Comparison (31st July 2021)

Strategy/Index	1 month	3 month	6 month	1 year	Since Inception (15 months)
Plutus High Yield Convertible	1.26%	3.79%	7.81%	14.87%	20.29%
CRISIL Liquid Fund Index	0.30%	0.89%	1.80%	3.68%	4.88%

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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