

Plutus High Yield Convertible



September 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

August 2021 Performance

Strategy Total Returns	CRISIL Liquid Fund Index
1.16%	0.31%

August commentary

The uptrend in the Indian equity markets continued with the Nifty50 TRI delivering a return of ~8.74% for the month of August 2021.

Federal Reserve Chair Jerome Powell said that central bank could begin reducing its monthly bond purchases this year, though it will not be in a hurry to begin raising interest rates thereafter. The economy has now met the test of "substantial further progress" toward the Fed's inflation objective that Powell and his colleagues said would be a precondition for tapering the bond-buying, while the labor market has also made "clear progress," the Fed chief said in a virtual speech to the Kansas City Fed's annual Jackson Hole symposium.

The Indian economy grew at a record pace of 20.1% in April-June 2021 compared with the corresponding period last year. Data released by the National Statistical Office, however, shows that the economy continues to limp towards recovery. The GDP in absolute terms at Rs 32.38 lakh crore (constant prices) in the first quarter is still 9.2% lower than the GDP in the same period during the pre-Covid year 2019-20. Amongst sectors, manufacturing and construction imparted a significant push to the economy in April-June, growing 49.63% and 68.3% respectively, over April-June 2020. Services, especially contact-intensive sectors, however, continued to lag. In terms of expenditure, Private Final Consumption Expenditure, a measure of consumer spending, grew 19.34%, and Gross Fixed Capital Formation, a measure of private investment, jumped 55.26%.

Under the High Yield Convertible strategy, we were long on Energy, IT, Consumer Staples, Financials and Communication Services for the month of August 2021. Our strategy delivered an absolute return of 1.16% for the month of August and has delivered an absolute return of 21.45% 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 August 2021)

Strategy/Index	1 month	3 month	6 month	1 year	Since Inception (16 months)
Plutus High Yield Convertible	1.16%	3.65%	7.98%	14.54%	21.45%
CRISIL Liquid Fund Index	0.31%	0.90%	1.81%	3.64%	5.20%

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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