

# Plutus Long Short Strategy

A strategy to generate absolute returns based on fundamental analysis

June 2022



Inception Date	Benchmark	Fees	Minimum Investment	Exit Option
1 <sup>st</sup> October 2021	Nifty 200 TRI	Up-to 2.00% p.a.	₹1 Cr	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)

## Overview

The Plutus Long short strategy aims to generate returns for the client by taking active views on stocks based on fundamental analysis. The strategy is sector agnostic but will seek appropriate diversification to limit idiosyncratic risk through a portfolio construct that contains a broad minimum number of securities that represent a cross sectional sectoral view of the Indian equity market.

No leverage is entailed and the strategy does not carry any “open risk”. Positions will be taken against either available cash and/or stock as margin. The same shall be sufficient to offset any loss on a derivative position.

## Investment Objective

To seek capital appreciation through long and/or short positions in equities and Indices.

## Advantages

- ✓ Can help diversify a portfolio that is long only equities.
- ✓ Can help generate alpha over Index returns.

## May commentary

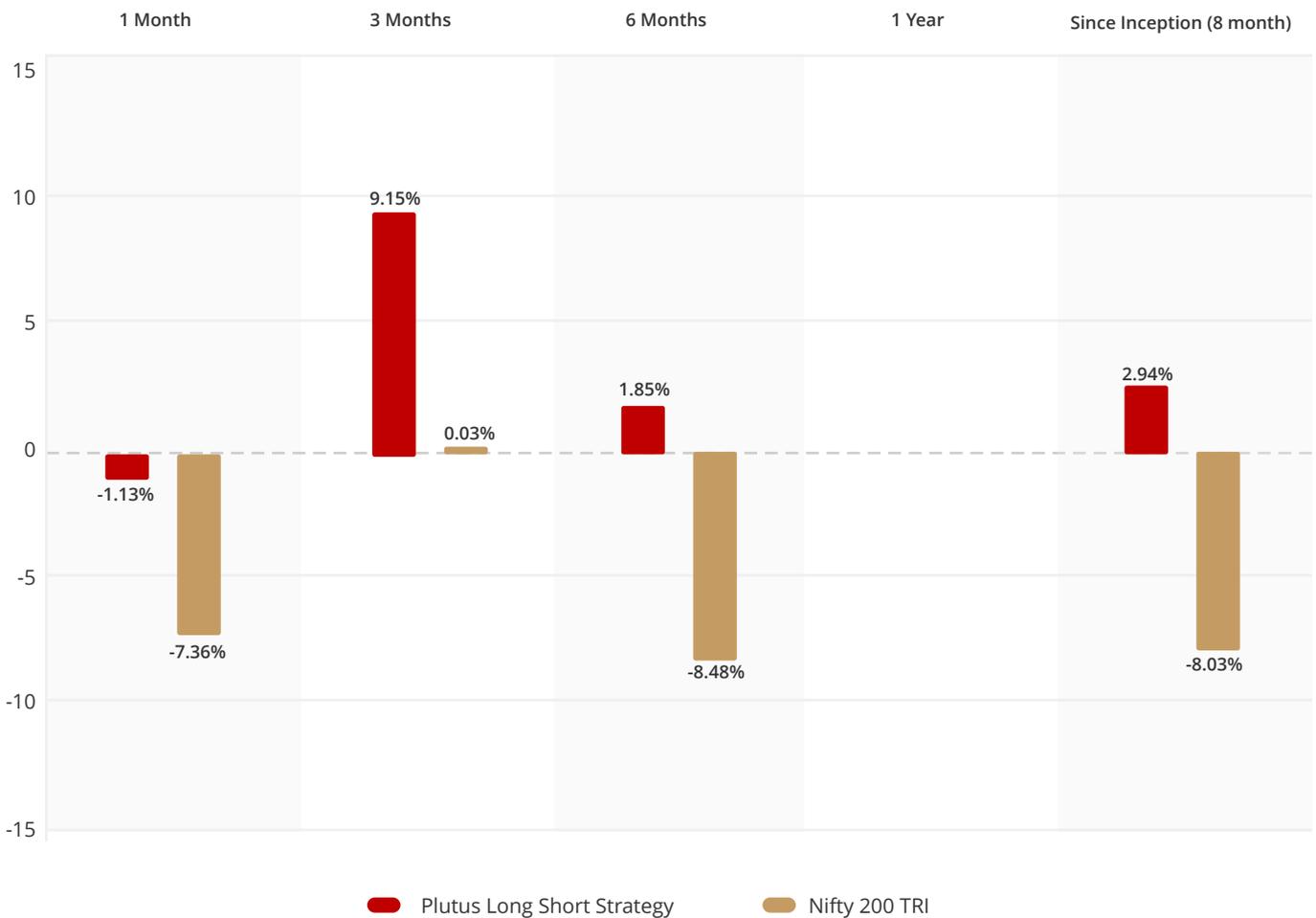
Amidst high inflationary pressure and central bank rate hikes both globally as well as domestically, the Nifty50 index continued to remain volatile for May 2022 with the Nifty 50 TRI delivering returns of -2.64% for the month. FII's continued to be net sellers for the eight month in a row to the tune of ~Rs. 54,292 cr. in May 2022.

The RBI in an unscheduled meeting held on May 4 had hiked the benchmark lending rates by 40 bps, along with a 50 bps hike in the cash reserve ratio (CRR), indicating a hawkish tilt to its policy. This was the first rate action by RBI since May 2020. However, the MPC continued with its accommodative stance, unanimously.

In India, retail inflation surged to a near 8-year high of 7.79% in April, persisting above the Reserve Bank of India's inflation target for the fourth straight month, data released by the National Statistical Office showed. High price levels of fuel and food items, especially of vegetables, spices and oils/fats, along with household services, contributed to the sharp rise in inflation, a level which is seen as being partly responsible for pre-empting the unscheduled

repo rate hike of 40 basis points by the RBI. The food price inflation (combined for rural and urban) surged to a 17-month high of 8.38% in April from 7.68% in March. The Plutus Long Short portfolio was 70% long for the month of May 2022. The strategy delivered an absolute return of -1.13% for the month of May 2022.

## Performance Comparison - 26<sup>th</sup> May 2022



\*Returns are computed based on the closing values of the last Thursday of the month. The above returns are for the model portfolio and may vary from client to client

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

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