Algorithm

For Long Term Wealth Creation

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Market Stats In 2010

- Market Volume per day

  ₹5 Lakh Crore

  - Trader Volume per day

    ₹5000 Crore

    - % of market volume

      1%

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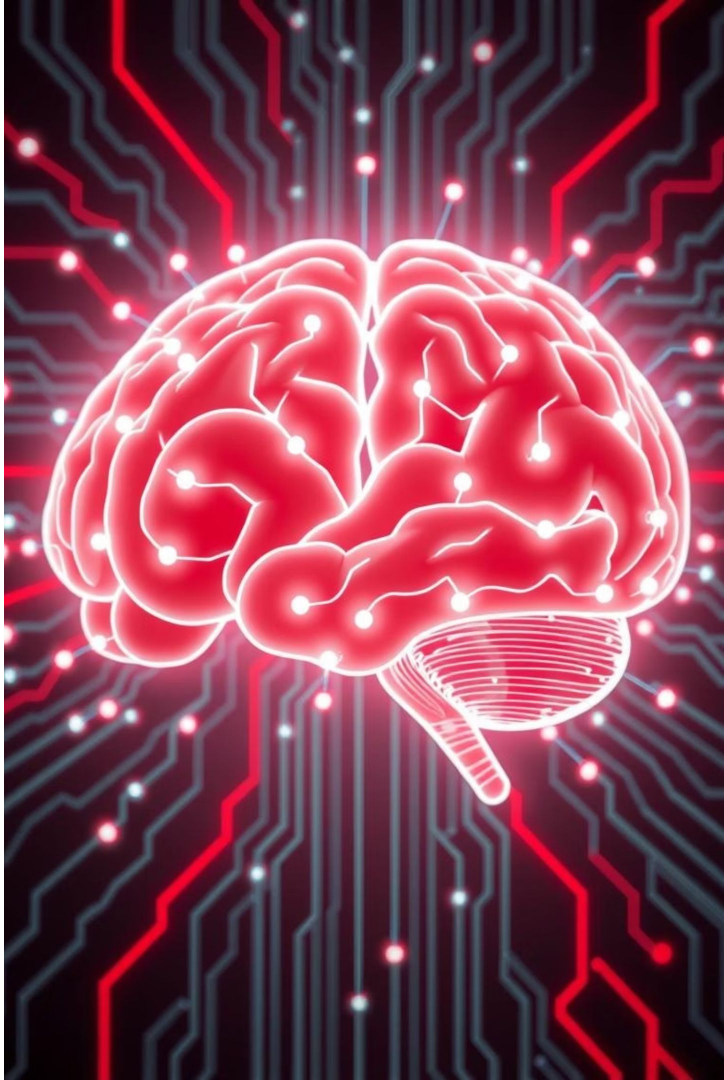
Power of Algorithms

“Big things are only possible through systems.”



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Being Proactive

- Defined Strategy
- Live Delta Management
- Max Loss Defined
- Easy to Track Position
- Predefined Risk Management Limits

Think Big – Execute Big

Simulation Testing

1,00,000 qty

Eye Set

- Figures
- Profit and Loss
- Greeks

Quantity Freeze

50 quantity	200 lots	10,000 qty

Takeaway

- Structured Way
- Learned to Plan Thoroughly in Advance
- Deep Planning
- Big Scale Execution
- Importance of Risk Management
- Remove Emotions

What Went Wrong

Over Leverage	Slippages and Transaction Cost
Difference between Theoretical vs Practical Risk Management	Change

Theoretical Risk vs Practical Risk

- **Theoretical Risk:** Strategy risk is starting after spot price reach to X level
- **Solution in Mind:** We will shift the position to next strike
- **Practical Risk: At X level…**
  - Options we hold become illiquid.
  - Cash requirement for shifting the position

What we decided on

- Take Fixed Leverage
- Control the Volume
- Hedge Properly

What Do We Do Now?

Long Term Wealth Creation with Technology

- Long Index
- Fully Hedged
- Interest Arbitrage

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Index

- Average of Top 50 Stocks
  - **Can’t become Zero**
- Linked with Market Capitalization
  - **Sooner or Later – It will rise**

“Equity + Safety = Prosperity”

Buy Safety / Put Options

Buy Nifty Shares = Rs.10,000

1 Year – **5%** = Rs. **500**

Total Cost = Rs. 10,500

Rs. 1 Crore – 95 lakhs

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Note: This slide is just for illustration purpose. The figures may change time to time.

Worst Case Scenario illustration

Year	0	1	2	3	4
Nifty	10,000	12,000	8,000	12,000	10,000
Fund Value	1 Crore	1.20 Crore	80 Lakhs	1.80 Crore	1.80 Crore
Safety (Rs.)	- 5 lakhs	- 6 lakhs	40 Lakhs	- 9 lakhs	-26 lakhs

Market remains same but we Grow

1.54 Crore

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Note: The word "safety" does not guarantee the security of funds OR risk-free investments/returns. It represents hedging with options, which protects the funds during a market fall with the charge of some premium amount. This slide is just for illustration purpose.The figures may change time to time.

Risk Return profile

Instrument	Strategy
Returns	Unlimited
Risk	Calculated / Limited

High Risk = High Returns ✗ ✗

Smart Calculation = High Returns ✓ ✓

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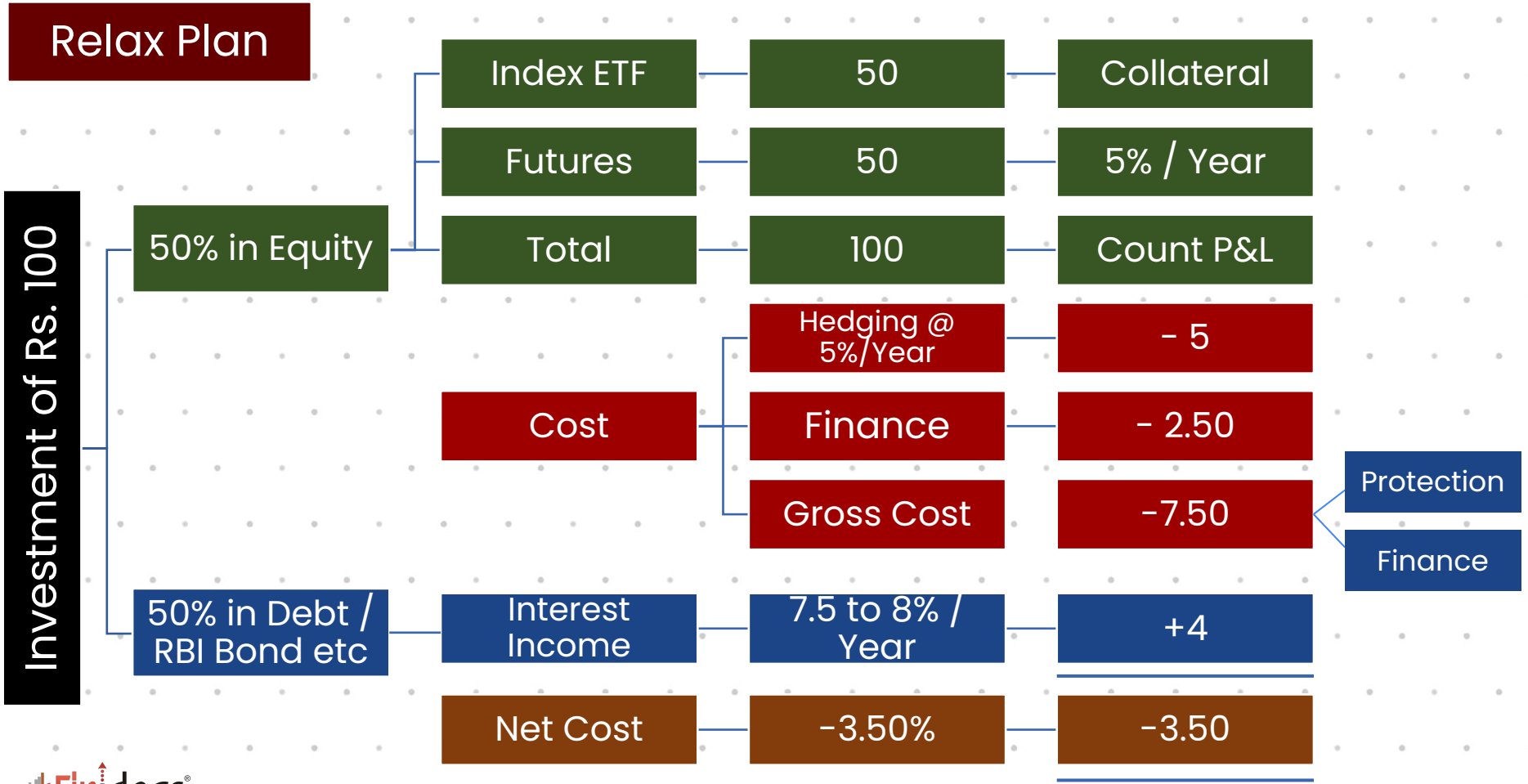
Relax Plan



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Index Long Term Strategy of Rs. 1 Crore (Relax Plan)

Note: The above results has been arrived on the basis of past data testing. We took the data from the website of NSE. We assumed the interest rate at 9%, annual Put options cost at 5% per annum, Future forwarding cost at 5% per annum and Advisory fees at 1.25% per annum.

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Date	Index	Investment (Rs. In Lakhs)	Relax NLV (Rs. In Lakhs)	Relax P&L (Rs. In Lakhs)	Strategy (%)
12/31/2002	1,100	-100	100	0	
12/31/2003	1,880	0	168	68	68%
12/31/2004	2,081	0	180	12	7%
12/30/2005	2,837	0	239	59	33%
12/29/2006	3,966	0	327	87	37%
12/31/2007	6,139	0	495	168	51%
12/31/2008	2,959	0	479	-16	-3%
12/31/2009	5,201	0	829	350	73%
12/31/2010	6,135	0	951	122	15%
12/30/2011	4,624	0	920	-31	-3%
12/31/2012	5,905	0	1,147	227	25%
12/31/2013	6,304	0	1,187	40	3%
12/31/2014	8,283	0	1,520	333	28%
12/31/2015	7,946	0	1,470	-50	-3%
12/30/2016	8,186	0	1,466	-4	0%
12/29/2017	10,531	0	1,838	372	25%
12/31/2018	10,780	0	1,821	-17	-1%
12/31/2019	12,168	0	1,995	174	10%
12/31/2020	13,982	0	2,227	231	12%
12/31/2021	17,354	0	2,690	463	21%
12/31/2022	18,191	0	2,731	41	2%
12/31/2023	21,731	0	3,172	441	16%
12/31/2024	23,750	0	3,362	190	6%
		-100	**3,362**	**3,262**	

Risk Return Profile – Relax Plan

Particulars	Relax Plan
Returns	17.31%
Max Drawdown	- 4%
Invested in 2002	1 Crore
Fund Value on 2024	33.6 Crores

Note: The above results has been arrived on the basis of past data testing. We took the data from the website of NSE. We assumed the interest rate at 9%, annual Put options cost at 5% per annum, Future forwarding cost at 5% per annum and Advisory fees at 1.25% per annum.

How Algorithm helps us

Major Benefits

- Broad vision
- Disciplined
- Mental Peace
- Scalable Strategy

Minor Benefits

- From Onboarding to Execution – Automation
- 1000s of clients can be tracked as per their position
- Risk Alerts
- Leverage Alerts
- APIs Execution
- Compliance Alerts

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