

Smart Portfolio AI - Expiry Alpha Star

- **What is the trading philosophy of Smart Portfolio Ai - Expiry Alpha Star?**

At Smart Portfolio AI we believe that wealth creation in the stock market is a result of identifying, buying and holding onto consistent outperformers coupled with delta neutral options strategies to generate daily or weekly cash flow. This cash is again deployed into buying more shares thus feeding into a loop of cash generation and asset building.

Expiry Alpha Star is a delta neutral strategy which tries to capture the index (NIFTY & FINNIFTY) in a range on an intraday basis for index expiry. The strategy aims to target a return of 3% to 4% on a monthly basis. The strategy is designed in such a manner that it makes adjustments for the following things:

1. Trade Initiation only if market indicates range bound movement for that day.
2. Book losses in case the market tries to make a directional move.
3. Manage intraday volatility by ensuring the legs remain balanced.

Three words that define the philosophy of this strategy are Peace of Mind, Medium Risk Consistent Performer (MRCP), and Alternative Income.

- **What are the strategy returns for the year 2023?**

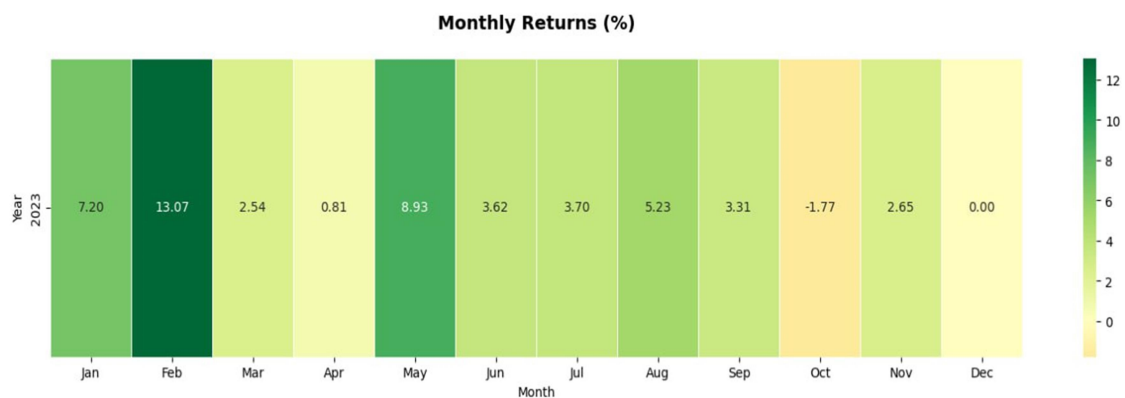
Portfolio Growth (Equity Curve)



The strategy has delivered around 50% returns including brokerage and slippage expenses for the year of 2023. We earlier talked about the strategy philosophy which can be seen in the consistent performance of the Equity Curve.

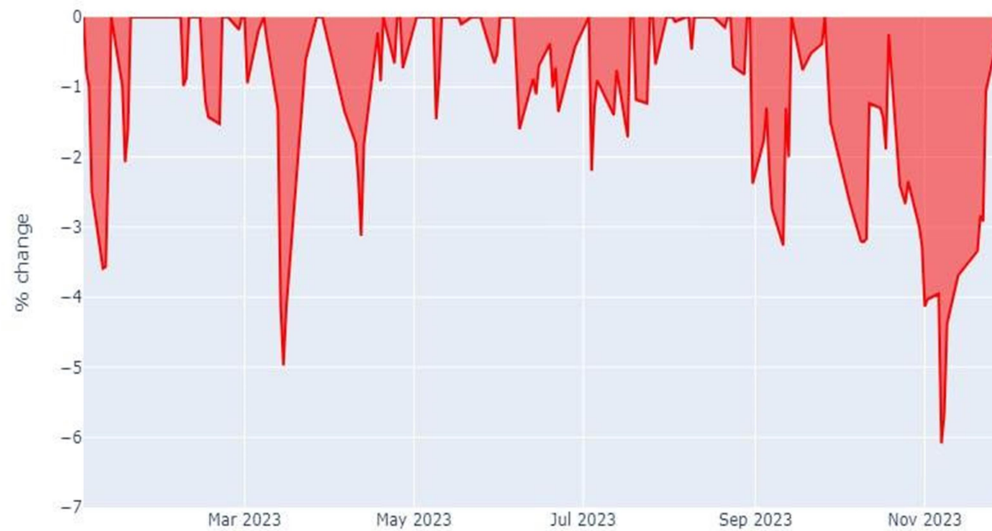
DISCLAIMER: Past performance of the strategy does not indicate the future performance of the strategy.

Figure below shows the monthly breakup of the returns.



- What are the max drawdowns and daily volatility for Expiry Alpha Star?

Portfolio Falls (Drawdowns)



Portfolio Volatility (Daily)



The strategy witnessed a max drawdown of less than 6% and a daily volatility ranging from +4.5% to -3%. Max loss in a losing day is well within the risk limit of 5% in an extremely volatile year with lower VIX.

Some additional performance metrics are mentioned below:

Monthly Return: 4.5 % (Aim = 4-5%)

Winning streak: 7

Losing streak: 4

Win Rate: 61%

Loss Rate: 39%

Max loss in a day: 2.8 %

Max Profit in a day: 4.5%

Max Pain / Drawdown: 6 %

Sharpe Ratio: 4.11

Sortino Ratio: 7.63

Calmars Ratio: 10.15

Risk Free Return considered 7%

One of the important metrics to discuss here is the Sharpe Ratio, which helps us understand the returns on an investment by the amount of risk taken in order to achieve it. In the financial industry, a Sharpe ratio of greater than 3 is considered to be excellent for any strategy. Expiry Alpha Star has a Sharpe Ratio of 4.11 which makes it a supreme strategy.

- **What is the minimum portfolio size required for this strategy?**

Minimum capital required to execute 1 combination of this strategy is 1.3L. We propose to run 2 combinations of Nifty Consistent Compounder and 1 combination of Expiry Alpha Star at a portfolio level. This combination would require a minimum capital of 4.5L.

We do not use margin benefit by adding OTM options as it increases position size thereby increasing the risk on capital and also means more brokerage expenses.

- **What is the fee structure for Nifty Consistent Compounder?**

Structure 1: 0 Fees if you open an account with our partners IIFL/Alice Blue (To be decided).

Structure 2: 2,999 subscriptions per month. No hidden charges.

DISCLAIMER: We are not SEBI registered investment advisors. We only provide the technological assistance in setting up algo trading strategies and will not be held responsible for any losses.