



# Commodities Absolute Returns (CAR)

SEPTMBER 2025

# Disclaimer

---



This presentation has been prepared solely as reference material for prospective clients considering availing advisory services and does not constitute an offer, solicitation or invitation to avail the advisory services.

The information set forth in this presentation is strictly confidential, receipt and acceptance of this presentation shall constitute an agreement by the recipient that this presentation shall not be reproduced or used for any other purpose other than in connection with the recipient's evaluation of availing the advisory services. This presentation and the information contained herein may not be provided to others who are not directly concerned with the prospective investor's decision regarding availing the advisory services, except with our prior written consent.

Certain information contained in this presentation may be "forward-looking" in nature. Due to various risks and uncertainties, actual events or results or the actual performance of underlying securities comprising the track record may differ materially from those reflected or contemplated in such forward-looking information. As such, undue reliance should not be placed on such information.

# Strategy Overview

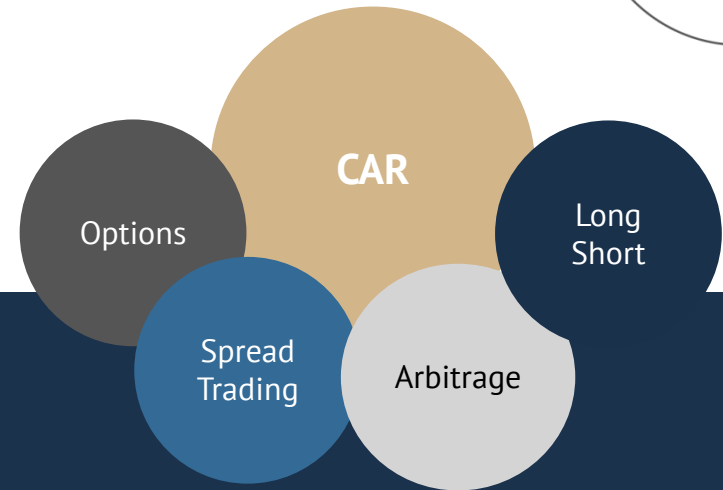


# Absolute Return focused product investing in commodity strategies ...



## Product

- A combination of active, non-directional and directional strategies, investing in commodities derivative markets, aiming to achieve consistent absolute returns across different market conditions
- Target of 18% Gross IRR



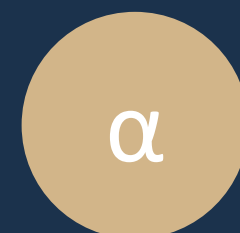
## This Combination Aims To:



Deliver superior alpha while maintaining a medium risk profile



Have low correlation to the market

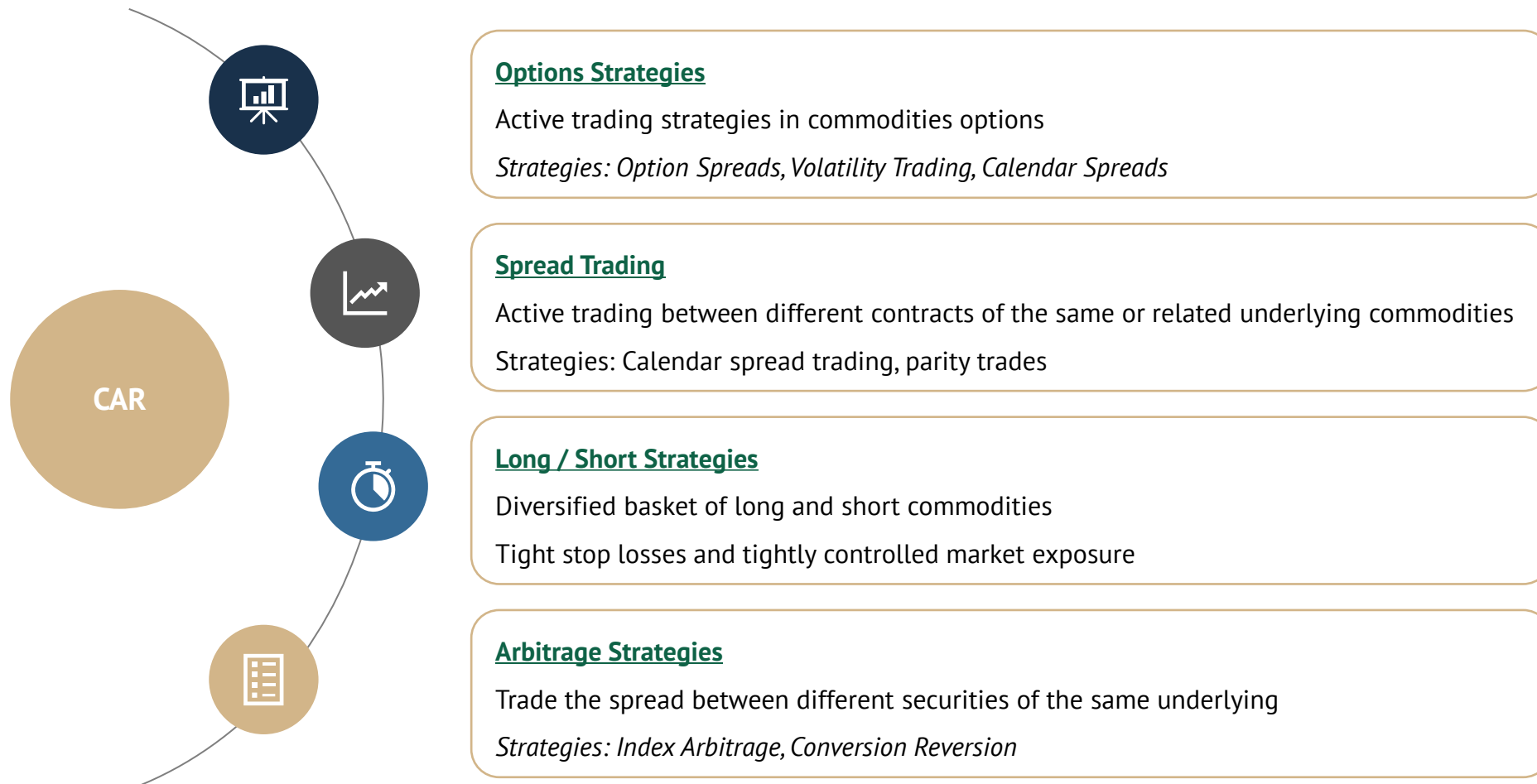


Maintain High Liquidity

# ... generating returns through a multi strategy approach



Dynamic allocation of capital and risk with the majority allocation dedicated to non-directional strategies



# Performance



# Consistent Annual Track Record with no Negative Quarters



## Live track record of CAR book at Alpha Alternatives

	Quarter 1 (Apr-Jun)	Quarter 2 (Jul-Sep)	Quarter 3 (Oct-Dec)	Quarter 4 (Jan-Mar)	Annualized*#
<b>FY 2021-22</b>	10.6%	5.7%	5.0%	1.9%	<b>25.0%</b>
<b>FY 2022-23</b>	4.7%	3.3%	3.2%	4.1%	<b>16.2%</b>
<b>FY 2023-24</b>	3.6%	5.5%	5.2%	3.8%	<b>19.3%</b>
<b>FY 2024-25</b>	2.7%	4.2%	4.1%	4.4%	<b>16.3%</b>
<b>FY 2025-26</b>	2.2%	3.3%*			<b>14.0%</b>

<b>CAGR</b>	<b>18.6%</b>
<b>Annualized Volatility</b>	<b>3.8%</b>
<b>Risk-free rate</b>	<b>6.1%</b>
<b>Sharpe Ratio</b>	<b>3.3</b>
<b>Max Drawdown</b>	<b>NA</b>
<b>Worst Quarter</b>	<b>1.9%</b>
<b>Best Quarter</b>	<b>10.6%</b>

*\*Returns for Q2 FY26 are till August end.*

*Gross Returns pre-fees, pre-tax*

*# Returns Annualized for less than 12 months*

# Risk Management





# Risk Overview



	Risk	Description	Mitigants
Market Risk	Market Direction Risk	Underlying commodity market movement	<ul style="list-style-type: none"> <li>Fully Hedged in the arbitrage and option strategies</li> <li>Well defined risk framework to reduce extreme impacts</li> <li>Risk caps on net long and net short exposure, sector wise exposure caps, diversification across multiple commodities and strategies</li> </ul>
	Gap Risk	Gap opening of the underlying market	<ul style="list-style-type: none"> <li>Option trading strategies are exposed to “gap” risks</li> <li>This risk is relatively low in most of the commodities as markets are on for 15 hours which covers major exchanges trading hours across globe</li> <li>Extreme “gap” risks are closely monitored. If required, partially covered by buying deep out of-the-money options</li> </ul>
	Bad Mark	Temporary mispricing at month-end	<ul style="list-style-type: none"> <li>Temporary risk which should reverse in the following month</li> </ul>
Process Risk	MTM Risk	MTM payment on futures price increase	<ul style="list-style-type: none"> <li>Adequate buffer is maintained</li> <li>Diversification of portfolio</li> </ul>
	Settlement Risk	Unable to honor exchange settlement commitments	<ul style="list-style-type: none"> <li>Day to day tracking of margin levels and margin requirements</li> </ul>
Liquidity Risk			

# Alpha Alternatives Overview



# Asset Managers NOT Asset Accumulators ...

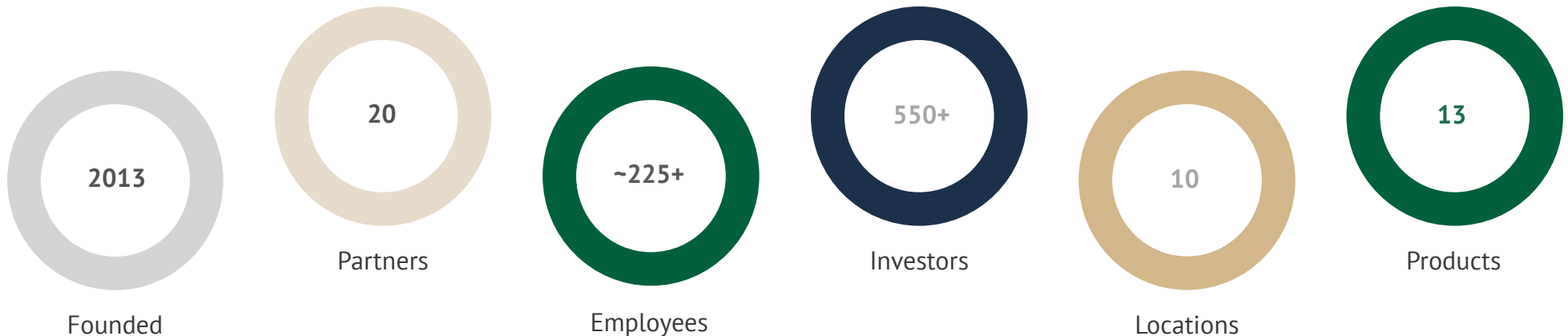


A Multi Asset Class, Proprietary Capital investing, and Asset Management **platform driven** by Alpha Generation and Partnerships

## We exist to...

...change the Asset Management industry from being “**AUM**” led and charged to being “**Performance**” led and charged”

...be a platform for **people** and **ideas** to succeed.



... with a proven superior track record ...



## Overview

- We offer a diverse array of alternative investment solutions encompassing Liquid, Illiquid, and Beta ++.
- We concentrate on a broad spectrum of asset classes, ranging from Commodities, Equities, Credit, Fixed Income, Quant, Infrastructure, Real Estate, and more.
- Our primary objective is to generate alpha rather than to passively seek it.

Product Category	Product Name	Gross Target Returns	CAGR (Gross)	Track Record	Risk Profile	Liquidity
Liquid Alternatives	Multi-Strategy Absolute Return (MSAR)	12%	12.3%	6 Years	Low	Monthly
	Commodity Absolute Return (CAR)	18%	18.6%	4 Years	Low	Monthly
	Equity Absolute Return (EQAR)	18%	22.1%	8 Years	Low	Monthly
	Quant	20-24%	20.6%	3 Years	Low	Monthly
Illiquid Alternatives	Structured Credit	20-30%	20.7%+	6 Years	Moderate	12-36 Months
	Infrastructure	23-27%	-	-	Moderate	24-36 Months
	Real Estate	30%	-	-	Moderate-High	18-36 Months
Beta++	Protostar	5-10% over benchmark	17.3%	6 Years	High	Quarterly
	Systematic Equity (SE)	5-7% over benchmark	21.5%	12 Years	High	Monthly
	Global Fixed Income (GFIF)	7-10% USD	6.0% USD	2 Years	Low	Monthly
	Fixed Income Edge	8-10%	10.0%	1 Years	Low	Monthly
	Alpha Unique Structured Product (AuSP)	Linked to Gold Prices	-	-	Moderate	12-36 Months
	Equity Structured Products	Linked to NIFTY 50	-	-	Moderate	36 Months

Gross Returns as of 31st August 2025

# ... by reimagining investing ...



## Creating alpha vs Seeking alpha

**Seeking Alpha** - Exploiting market inefficiencies by:

- Active Management
- Complex & advanced trading strategies

**Creating Alpha** – Generating Positive, sustainable returns through:

- IP creation and operational efforts
- Using leverage
- Structuring asymmetrical payoffs
- Identifying white spaces between asset classes

## 5-50 / 500 / 5000 investment model

Scale through **5-50 / 500 / 5000** model

- **5 – 50 Units – Proprietary and Anchor Capital**  
Seed capital proves concept.  
Anchor capital validates strategy and extends track record to 12-18 months
- **500 Units – External AUM**  
Raise external capital and implement strategy to deliver returns to investors
- **5000 Units – Significant Scale**  
Driven by wide distribution to domestic and if relevant international investors

## Zero fixed fee option

**Aggressive “alpha” driven fee model for Investors**

- Zero Fixed fees
- Hurdle = benchmark index / equivalent
- Carry = Fair share of the alpha

## Partnership model – Internal & External

### **Internal Partnership**

- Platform Partners drive business functions, enabling our “Entrepreneur partners” to focus solely on their investment expertise and alpha generation

### **External Partnership**

- Our Distributors buy into our philosophy and work on a profit-sharing basis rather than making money off our investors’ capital

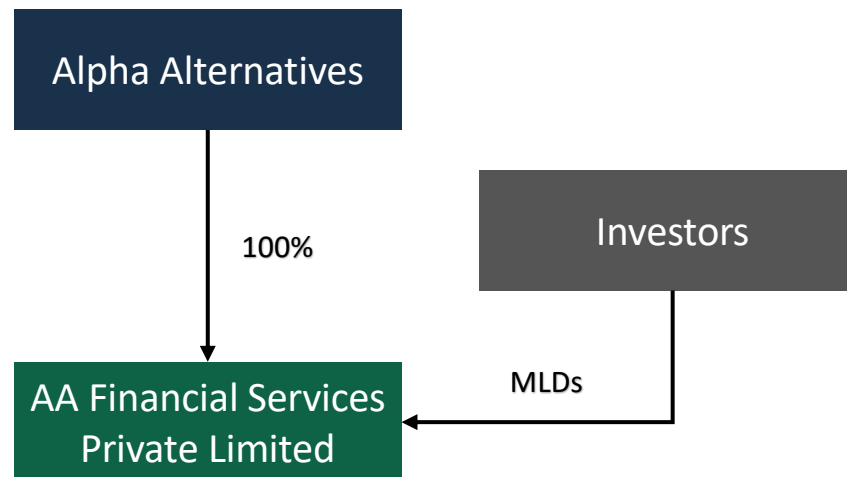
# Structure



# Efficient MLD structure ...



- Alpha Alternatives ('AA') owns 100% equity in Alpha Alternatives Financial Services Private Limited (Formerly known as Provincial Finance and Leasing Co Private Limited)
- Alpha Alternatives Financial Services Private Limited is a systemically important non-deposit taking NBFC
  - Meets compliance requirements laid down under RBI Regulations
- Alpha Alternatives Financial Services Private Limited to issue Market Linked Debentures ('MLD') to Investors
  - Issuance in compliance with SEBI Regulations
  - MLDs would be listed on the Indian Stock Exchanges



## ... with well-planned MLD Terms ...



Parameter	Description
<b>Issue Price &amp; Frequency</b>	At 18% premium; quarterly on the full issue price
<b>Coupon Rate</b>	Linked to the performance / profit of the underlying CAR Strategy
<b>Coupon</b>	<p>Coupon to be paid at the time of redemption on the investment amount. Determination of Coupon to be as per the below formula:</p> <p>(a) In case Profits are less than or equal to 10%* of Assets, the entire amount of such Profit;</p> <p>(b) In case Profits are greater than 10% of Assets, 10% of Assets plus 50% of return in excess of 10% of Assets;</p> <p>Where Assets are defined as funds raised through issuance of MLDs.</p>
<b>Security</b>	Exclusive Charge on assets managed under CAR

Parameter	Description
<b>Tenor</b>	3 years and 15 days from the date of issuance; extendable by mutual consent
<b>Liquidity</b>	Can be bought and sold on the stock exchange
<b>Liquidity Mechanism on MLDs</b>	Monthly redemption (at the option of the Investor) of MLDs after 12 months from the date of allotment
<b>Redemption Notice</b>	30 days
<b>Minimum Subscription Amount</b>	200 debentures & multiples of 1 debenture there after (each at a face value of INR 1,00,000 and a premium of INR 18,000) #
<b>Redemption Amount</b>	<p>In case of Profit – @ NAV (including premium) In case of loss:</p> <p>Where loss is less than premium on issue - @ NAV (including Residual premium)</p> <p>Where loss is equal to/ more than premium on issue - @ Face Value (excluding premium)</p>

\*Annualized # Minimum investment of INR 2.36 crores



## ... Making it an efficient way of investing in derivatives

- Income from redemption/transfer of MLDs will be taxable as STCG (taxable @25.17%\*)
- Issuer Company to deduct TDS @10% on interest income at the end of each financial year
- The post tax returns to the Investors are as under:

Particulars	Gross return – 20%
	Sale > 12m
Issue price	118.0
Gross Return (Profits)	23.6
Return accrued to investor (as per MLD terms)	17.7
Sale price	135.7
Capital gains	17.7
STCG @ MMR applicable to entity (25.17%)	4.5
Post Tax Returns to Investors	13.2
<b>Post Tax Returns to Investors (%)</b>	<b>11.2%</b>

*\*All tax rates are assuming that the Investor is a Company opting for the new regime  
Investors are advised to consult their tax advisors on taxability of income arising on MLDs*

# Annexure – CAR Strategies



- Taking advantage of the relative volatility pricing between the option securities and the underlying market, and the relative pricing between different option securities
- The market directional risk (delta) is always hedged out; however, there is a residual “gap” risk if the market opens sharply up or down

## Option Implied Volatility vs Market Volatility

- Trade between the implied volatility priced in the options v/s expected market volatility
- Buy/ sell options and continuously hedge the delta as the underlying market moves
- Normally, trade both the call & put options, so that a one-way move doesn't hurt

### Trade Example

**Crude** Futures trading @  
9000

**Sell** 8900 & 9000 puts  
**Sell** 9000 & 9100 calls  
**Buy** 9500 calls & 8500 puts

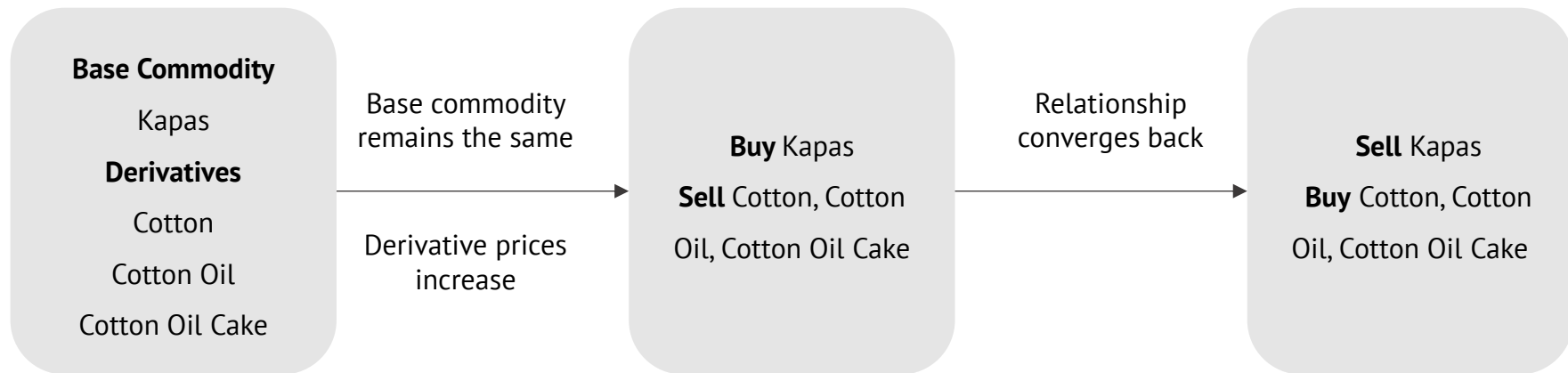
**Hedge** any residual Delta  
continuously as Crude  
moves

# Spread Trading



- Calendar spreads on commodities are taken with a view on Contango/Backwardation by analyzing the fundamental data
- Parity trades are taken when the price relationship between base commodity and its by-products diverge from its mean level.
- Ratio trading on fundamentally linked commodities with respect to current market demand and supply data

## Parity Trades



- Taking advantage of the spread between different securities of the same underlying:
  - **Index Arbitrage** : Arbitrage between the index futures and the basket of commodities futures; e.g., Bullion index futures vs basket of constituents
  - **Conversion Arbitrage** : Conversion arbitrage attempts to profit from relative mispricing between call and put options of the same strike and in the same underlying security.
- Conversion arbitrage is a risk-free strategy, whereby a traders buy (sell) a Put and sell (buy) a Call option with identical strike prices and expiration dates along with long (short) future. Thereby creating a flat payoff structure
- This strategy is completely hedged with '0' Delta, Gamma, Vega and Theta exposure

## Conversion Arbitrage Trade

**Buy** 9000 put  
**Sell** 9000 Call

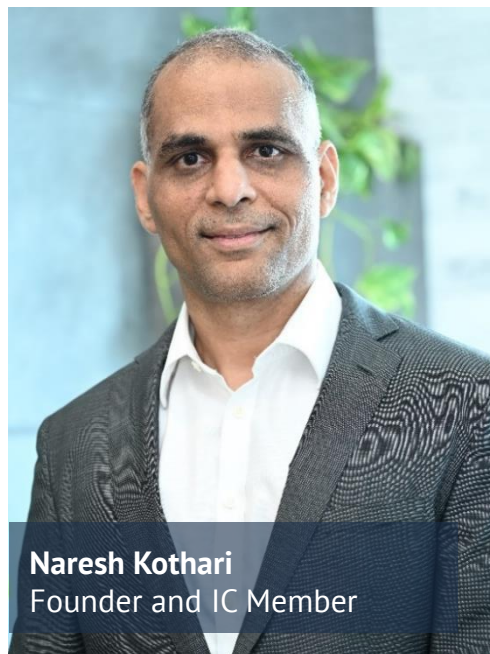
**Buy** Future equivalent to  
number of either Calls or Puts

**No** residual Delta  
(100% Hedged)

# Team Profile



# Fund Managers and Investment Committee Members



**Naresh Kothari**  
Founder and IC Member

- 30+ years of experience across building and scaling up multiple businesses including Asset management, Investment banking, Equities and institutional relations across corporate India
- Previously President at Edelweiss Financial Services Ltd
- Prior management roles at ICICI Securities Limited
- MBA, IIM Ahmedabad (1995); B.E. (Computer Science)



**Mudit Singhania**  
Partner, Commodity

- Leads the commodity business at Alpha Alternatives and is responsible for portfolio allocation and risk management
- Associated with the commodity industry for 17+ years and has developed deep insights into commodity markets
- Conceptualized and built the largest advisory platform for commodities investing in India
- Mudit previously worked at Edelweiss where he setup and managed the agri-commodity business

# Thank you



## GET IN TOUCH:

---

+91-22-6145-8900

[AAInvestorRelations@alt-alpha.com](mailto:AAInvestorRelations@alt-alpha.com)

[www.alt-alpha.com](http://www.alt-alpha.com)

## ADDRESS:

---

34th Floor, Sunshine Tower, Senapati  
Bapat Marg, Dadar West, Mumbai  
400013

## SOCIAL:

---

