



# Commodities Absolute Returns (CAR)

SEPTEMBER 2025

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# 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



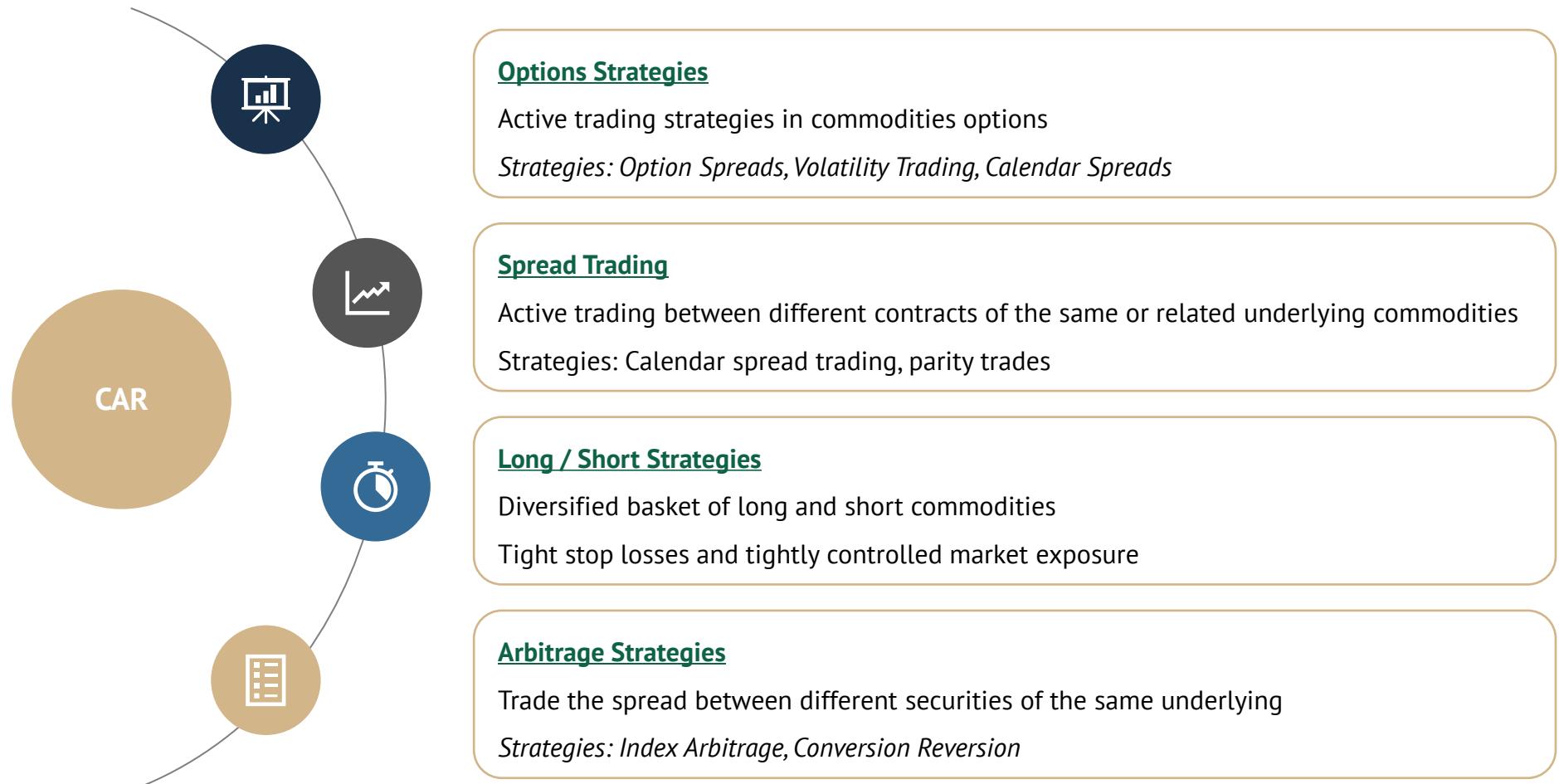
Have low correlation to the market



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



REIMAGINE INVESTING

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

\*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

	<b>Risk</b>	<b>Description</b>	<b>Mitigants</b>
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 open 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>
Liquidity 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>
Process 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	5-50 / 500 / 5000 investment model	Zero fixed fee option	Partnership model – Internal & External
<p><b><u>Seeking Alpha</u></b> - Exploiting market inefficiencies by:</p> <ul style="list-style-type: none"> <li>• Active Management</li> <li>• Complex &amp; advanced trading strategies</li> </ul> <p><b><u>Creating Alpha</u></b> – Generating Positive, sustainable returns through:</p> <ul style="list-style-type: none"> <li>• IP creation and operational efforts</li> <li>• Using leverage</li> <li>• Structuring asymmetrical payoffs</li> <li>• Identifying white spaces between asset classes</li> </ul>	<p>Scale through <b>5-50 / 500 / 5000</b> model</p> <ul style="list-style-type: none"> <li>• <b>5 – 50 Units – Proprietary and Anchor Capital</b> Seed capital proves concept.</li> <li>• <b>500 Units – External AUM</b> Raise external capital and implement strategy to deliver returns to investors</li> <li>• <b>5000 Units – Significant Scale</b> Driven by wide distribution to domestic and if relevant international investors</li> </ul>	<p><b>Aggressive “alpha” driven fee model for Investors</b></p> <ul style="list-style-type: none"> <li>• Zero Fixed fees</li> <li>• Hurdle = benchmark index / equivalent</li> <li>• Carry = Fair share of the alpha</li> </ul>	<p><b><u>Internal Partnership</u></b></p> <ul style="list-style-type: none"> <li>• Platform Partners drive business functions, enabling our “Entrepreneur partners” to focus solely on their investment expertise and alpha generation</li> </ul> <p><b><u>External Partnership</u></b></p> <ul style="list-style-type: none"> <li>• Our Distributors buy into our philosophy and work on a profit-sharing basis rather than making money off our investors’ capital</li> </ul>

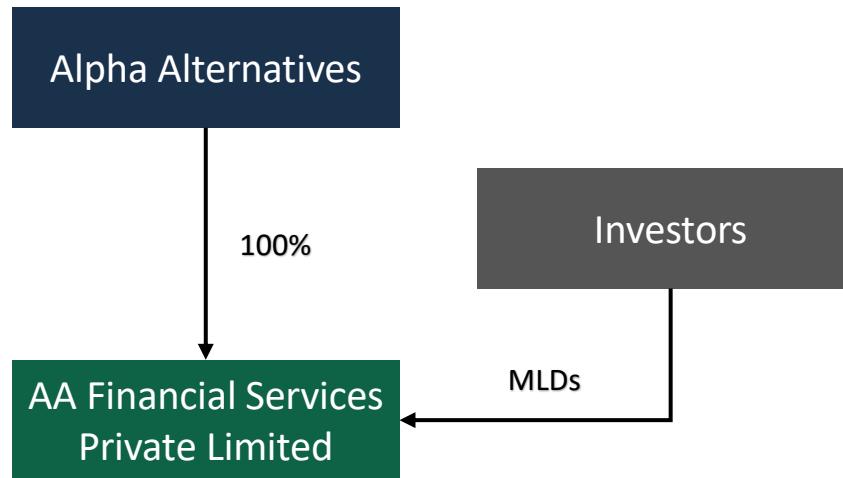
# Structure



# 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.</p> <p>Determination of Coupon to be as per the below formula:</p> <ul style="list-style-type: none"> <li>(a) In case Profits are less than or equal to 10%* of Assets, the entire amount of such Profit;</li> <li>(b) In case Profits are greater than 10% of Assets, 10% of Assets plus 50% of return in excess of 10% of Assets;</li> </ul> <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 thereafter (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)</p> <p>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

# Option 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

## 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

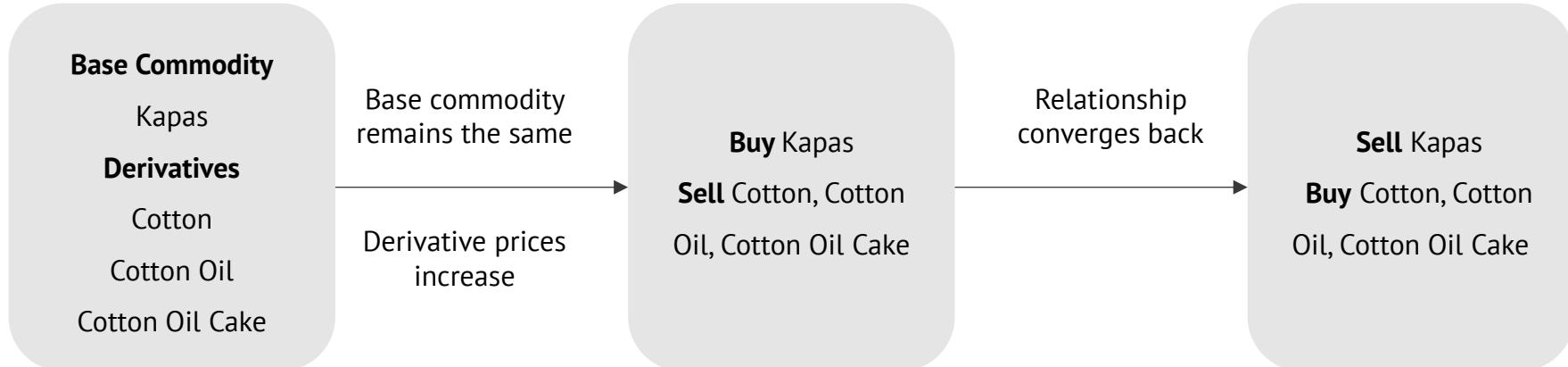
**Hedge** any residual Delta  
continuously as Crude  
moves

# 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

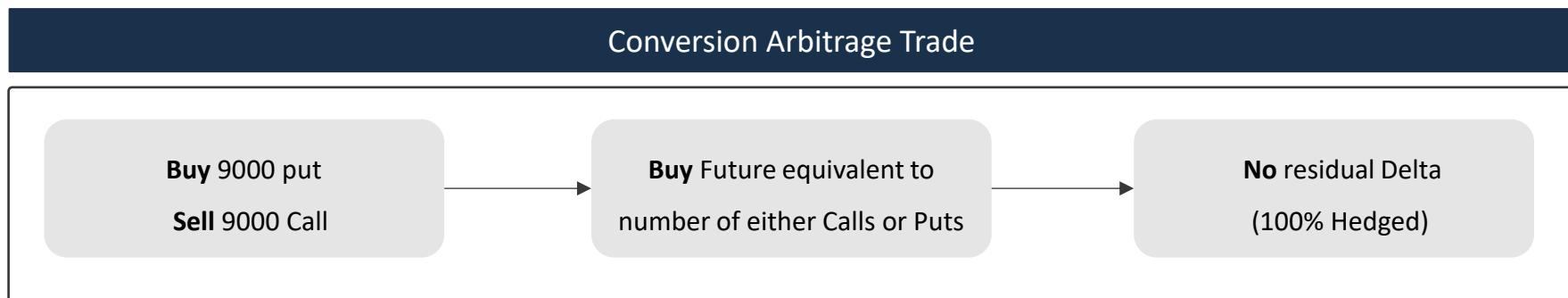
## Parity Trades



# Arbitrage Strategies



- 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



# 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

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