

LONG-TERM NIFTY ETF + COVERED CALL STRATEGY PLAN (UPDATED)

Objective

Build a long-term portfolio using NIFTYBEES ETF equal to one NIFTY index lot and generate monthly income using covered call options while continuing wealth compounding.

Current Market Parameters

NIFTY 50 Spot Price: 25,683

Current Lot Size: 65 units

Target Notional Value (1 Lot): ₹16,69,395 (~₹16.7 Lakhs)

Phase 1: ETF Accumulation

Instrument: NIFTYBEES ETF

Timeframe: Daily

Entry Rules

- Market falls ≥ 3% from last 20-day swing high
- RSI(14) < 40

Capital Deployment Rules

- Maximum deployment: 70% of total capital
- 30% capital maintained as dry powder
- Staggered buying during market corrections

Accumulation Ladder

- 3% drawdown: 15% capital
- 5% drawdown: 20% capital
- 7% drawdown: 25% capital
- 10% drawdown: 10% capital
- Monthly SIP: 10% capital

Phase 2: Target Achievement

Covered call strategy activation begins once ETF portfolio value reaches approximately ₹16.7 Lakhs, equivalent to one NIFTY lot (65 units).

Phase 3: Covered Call Execution

Instrument: NIFTY Index Options

Lot Size: 65

Frequency: Monthly

Strike Selection: 3–5% Out-of-the-Money (OTM)

Delta Range: 0.20 – 0.30

Entry Timing: First 1–2 trading days of the month

Exit: Hold till expiry

Expected Returns

Average Monthly Option Income: ■18,000 – ■30,000

Annual Option Income: ■2.2L – ■3.2L

ETF Long-term CAGR Expectation: 11% – 12%

Combined Portfolio CAGR Expectation: 14% – 16%

Risk Management

- Avoid selling calls during strong bullish breakouts
- Avoid event-heavy periods (Budget, Elections)
- Covered calls only in sideways or mildly bullish markets
- ETF holdings ensure assignment safety

Reinvestment & Compounding

- Reinvest 100% of option premium into NIFTYBEEES ETF
- Accelerates accumulation toward additional lots

Conclusion

This updated strategy combines disciplined ETF accumulation with systematic option income generation, aligned with current NIFTY contract specifications. It is designed for long-term wealth creation with controlled risk and predictable cash flows.