SENTIMENT
TRADING MODEL

INDIA-NSE NIFTY 200 STOCKS PORTFOLIO INVESTMENT MODEL

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NIFTY 200 STOCKS PORTFOLIO INVESTMENT MODEL

STRATEGY DESCRIPTION

This strategy is the long only Investment model for NSE NIFTY 200 Stocks Portfolio. Normalizing the underlying stock movements by its standard deviation and the recent momentum in the sentiment score parameters are used to filter the eligible stocks from the portfolio and decide the entry and exit points. Top 10 stocks among the list of eligible stocks from the portfolio will be selected for an investment purely based on average sentiment score for recent n-period by weekly rebalancing approach. The positions are kept open until its own exit condition met on each rebalancing date. Simple compounding with equal weightage is considered as a trade size for each new entries on rebalancing date. The notional value of the net portfolio open positions will never exceeds the portfolio equity at any point of time.

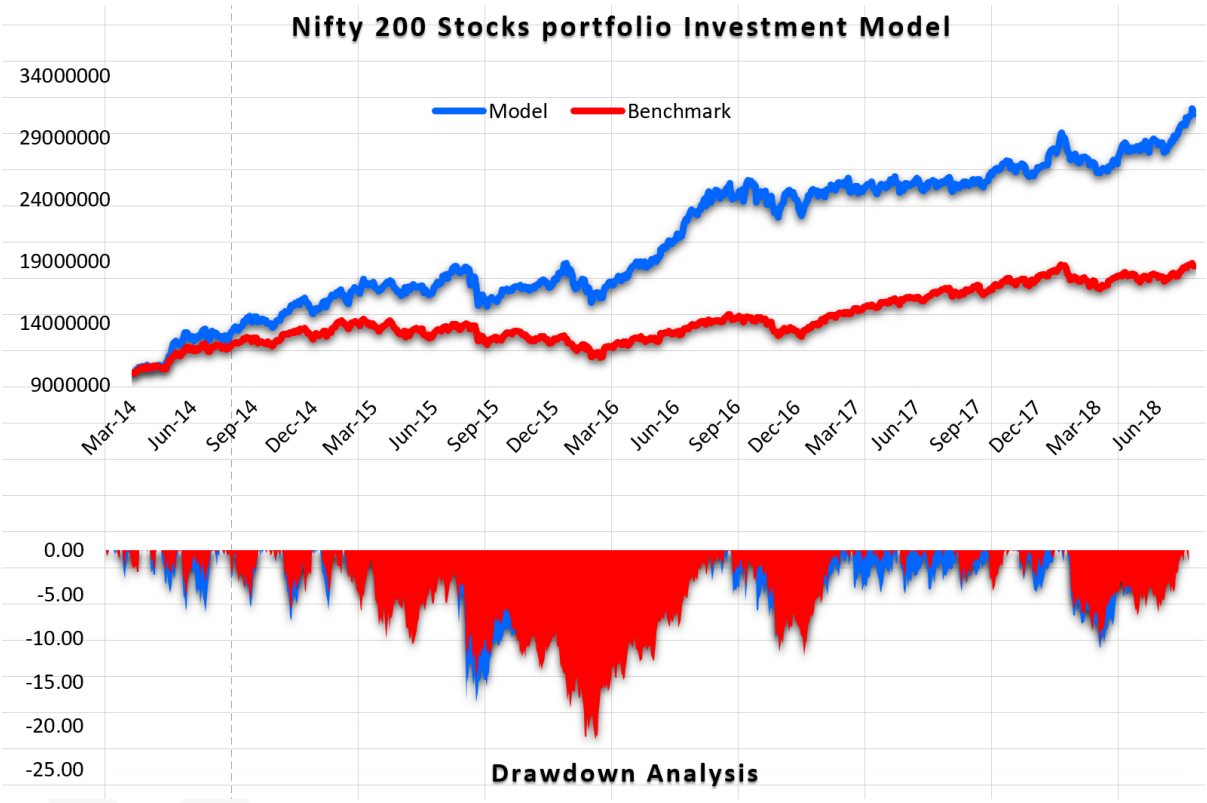
DETAILS

Asset Class	Commodity
Reference Data	InfoTrie NSE 200 stocks Sentiment
Style	Quantitative, Investment model
Frequency	Low
Exposure	Long Only, Weekly Rebalancing
Time Frame	Daily
Session	NSE(INDIA) stocks regular session
Leverage	0 to 1 leverage
Tickers	INDIA NSE 200 STOCKS PORTFOLIO
Contract Size	1
Contract	Equity
Exchange	National Stock exchange-India

PERFORMANCE METRICS *

Statistics	Strategy	Benchmark
Ann. Return	**29.19%**	**15.15%**
Ann. Volatility	17.65%	13.96%
Year-Date Return	15.66%	3.77%
Last 1Yr Return	25.43%	15.35%
Last 3Yr Return	21.87%	11.19%
Max. Drawdown	17.35%	21.52%
Sharpe Ratio	**1.65**	**1.09**
Sortino Ratio	2.10	1.43
Return/MaxDD	1.68	0.70
MaxDD Time Recovery	0.32	0.51
% Positive Months	67%	62%
% in Market	100%	100%

PERFORMANCE CHART *



MONTHLY RETURNS

Model

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2014				0.27%	16.95%	7.20%	-1.40%	5.30%	5.24%	3.26%	6.89%	-1.85%	55.32%
2015	4.72%	2.80%	0.23%	-3.01%	4.66%	2.46%	4.80%	-10.86%	2.55%	0.87%	3.91%	5.32%	18.67%
2016	-4.81%	-8.53%	11.08%	4.84%	7.87%	7.19%	9.30%	4.11%	-1.27%	0.36%	-1.03%	-3.05%	26.85%
2017	3.60%	4.66%	-1.83%	0.84%	-0.35%	-0.35%	1.72%	0.29%	-0.25%	6.17%	-1.43%	0.73%	14.35%
2018	6.32%	-3.59%	-3.18%	7.83%	0.35%	-1.97%	7.68%						

BenchMark- Nifty 200 Index

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2014				0.24%	9.62%	5.96%	0.57%	2.77%	0.50%	4.42%	3.61%	-2.39%	32.24%
2015	6.04%	0.51%	-3.42%	-3.38%	3.28%	-0.97%	2.60%	-6.23%	-0.42%	1.43%	-1.23%	0.48%	-1.90%
2016	-5.54%	-7.79%	10.69%	1.86%	3.43%	2.12%	5.03%	2.14%	-1.45%	0.95%	-5.21%	-1.19%	3.70%
2017	5.43%	4.33%	3.39%	2.53%	1.83%	-0.50%	5.74%	-1.22%	-1.21%	6.14%	-0.36%	3.47%	33.43%
2018	2.84%	-4.68%	-3.51%	6.60%	-1.53%	-1.03%	5.59%						

12 MONTH ROLLING RETURNS

** Trade executions can be affected by market conditions, system performance, delay in quotes and other factors. We cannot be held responsible for losses from issues by using third party software signal generation systems or third-party order execution systems.*

APPENDIX

DEFINITIONS

12 Month Rolling Return: Yearly return of the strategy on a daily basis. For instance, on 05-Feb-2014 the value would be the return from 06-Feb-2013 to 05-Feb-2014; on 06-Feb-2014 the value would be the return from 07-Feb-2013 to 06-Feb-2014, and so on.

Annualized Volatility: is measured as the standard deviation (amount of variation from the average) of daily returns and multiplying it by a factor to annualize it.

Annualized Volatility $= \frac{\sqrt{\sum_0^N (x - average(x))\text{^}2}}{\sqrt{N}} * \sqrt{252}$ **where, x is the daily returns and number of trading days assumed is 252**

Benchmark: Is an index used to compare the strategy's performance. The benchmark used can be seen on the performance chart of the strategy.

Correlation: is a measure of how the returns of one series (strategy) moves with respect to the other (benchmark). A correlation of 100% (one extreme) means that the returns of both series always move in the dame direction and a correlation of -100% (other extreme) implies that the returns of both series always move in the opposite direction.

Drawdown: is the peak-to-trough decline during a certain period in the strategy. A drawdown is quoted as the percentage decline from the peak to the trough. Maximum drawdown (MaxDD) is the worst drawdown of the strategy/index.

Exposure: Long (L), short (S) or both long & short (L/S) positions are taken in the strategy.

Frequency: The frequency with which a strategy trades. The frequency definitions are:

***High Frequency*: 250 or more trades in a year**

***Medium Frequency*: 50 to 250 trades in a year**

***Low Frequency*: Less than 50 trades per year**

Last 1 Yr/3Yr/5Yr Return: is the 1Yr/3Yr/5Yr return from the last day of strategy/index performance.

Return/MaxDD: Also known as Calmar ratio, it is the ratio of annualized return to maximum drawdown of the strategy/index. Higher the Calmar ratio, better the strategy/index has performed on a risk-adjusted basis and vice-versa.

Sharpe Ratio: is the ratio of annualized returns (after deducting risk-free rate) to the annualized volatility and is a measure of risk-adjusted performance. It measures the returns produced by one unit of volatility. The measure of volatility used is standard deviation of daily returns. The risk-free rate considered is 0%.

Sharpe Ratio $= \frac{\text{annualized returns} - \text{riskfree rate}}{\text{annualized volatility}}$

Sortino Ratio: is similar to Sharpe Ratio but the volatility used is the downside volatility – standard deviation of the negative returns from the strategy. The risk-free rate considered is 0%.

Sortino Ratio $= \frac{\text{annualized returns} - \text{riskfree rate}}{\text{annualized downside volatility}}$

Style: Refers to strategy style – techniques used to develop a strategy. The style could be quantitative (includes pattern recognition, technical indicators, and quantitative concepts used for strategy development) OR fundamental (where economic, sector, market, and/or asset class factors are used to generate strategy signals).

Systematic Strategy: is a way of developing a trading/investment strategy where entry/exit, exposure management, and risk control rules are defined and the execution happens automatically through algorithms. The techniques based on which these rules are developed can be quantitative or fundamental in nature.

% in Market: Percentage of days the strategy has taken a position to the total number of days considered. If a strategy is active on each day of the performance assessment period, it will be 100% in the market.

% Positive Months: The percentage of months the strategy/index has shown positive returns.