



WeekendInvesting

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# Momentum Investing

Mi25 - an Alternate Investing Strategy



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# What do we do?

WeekendInvesting\* provides a scientific and risk managed alternative methodology for Investing in the Indian capital market, namely Mi25.

The growth prospects for Indian markets over the next decade are globally recognized to be one of the best. Growth enables formation of strong trends in any market. Identifying the stock specific strong trends and riding them for optimal periods enhances the efficient use of capital

The advisory runs several algorithmic momentum investing models which provide unambiguous and well-timed investment entries and exits along with appropriate risk management through stock diversification and money management. We invest our own money heavily into our own models. Mi25 is one such model. It is a subscription based service suited for portfolios of INR 5-10 lac size.

The advisory helps you run this strategy in your own account. This is a Tactical Allocation model viz: the allocation between equity and debt is dynamically switched based on market trends.



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# Weekendinvesting Philosophy

**Bhav Bhagwan Che' (Price is God):** The core philosophy consists of an emotionless pursuit of price trends. We believe that the price discounts all factors fundamental & technical and that price is supreme.

**Survival of the fittest:** We apply the theory of natural selection to stocks. We retain only the fittest stocks and ruthlessly exit those that stop performing. Winners are kept running and losers are exited.

**Zero Predictions:** Our decisions are not swayed by external noise. Noise is usually in form of Results/News/Rumours/Expectations/Forecasts etc. We do not try to time or predict the market.

**Defined Exits:** Exiting a trade can only be done efficiently if it is either defined at the time of entry or is a dynamically calculated parameter. We maintain an unambiguously defined exit at all times.

**Money Management/Risk diversification:** Our strategies ensure we take on equal risk per investment diversified over upto 25 stocks in the portfolio. Extreme moves against us in a few stocks is acceptable.



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# Weekendinvesting Philosophy

**15 minute Investing:** The process of investing can be a worry-free and enjoyable process. With the Mi25 strategy, investing can be left to a 5-15 minute job per week.

**Tactical Asset Allocation:** The strategy will automatically allocate exposure to Debt if equity opportunities are not available during periods of market stress. Debt investments are done in market-listed liquid funds ( LIQUIDBEES)

**Master of your own money:** Our method of operation lets you manage your portfolio through your own account. At all times you will have full control over your money and stocks. We provide a complete advisory and checks and balances on your handling of your portfolio.

**Power of Compounding :** Most investors lose the powerful benefits of consistent compounding. We target a CAGR of 20%+ in all our strategies and our strategies are slow but sure compounders.

# Weekendinvesting Philosophy



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**Winning is a pure mathematical game:** Only about half of our investments result in winning trades. However our average winners are several times (4-5x) larger the size of our average losers by design and the end result is a positive portfolio outcome.

**Psychology driven trends:** We believe prices are driven by mass psychology and momentum strategy is to buy high and sell higher vs. the conventional buy low and sell high value strategy. The efficient rotation of capital results in shallow drawdown and better returns.

**Automated Algorithmic approach:** Eliminating scope of emotion based errors in decision making is a result of automation achieved by our self designed proprietary algorithms



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# Weekendinvesting Philosophy

**Boring is good:** We believe wealth creation happens when the process is most slow and boring. These strategies will not suit you if you may be looking for action and an adrenaline rush. The average churn per week could be 1 or 2 transactions in a portfolio of upto 25 stocks.

**Vs. Index performance:** Regulations prevent us from providing return based assurances but our studies over last two decades show that Mi25 has beaten the market benchmarks by a wide margin over the medium and long term periods.

**Tax and Broker fee efficiency :** Our investments usually range from a minimum of a few weeks and months to sometimes over a year. The LTCG (0) and STCG (15%) tax regime in India is very conducive for such investing. We also work with Zerodha.com a leading online brokerage house where NO delivery based broker fee is applicable.

**Simplicity:** We embrace simplicity in all our procedures. Viz :Simple to execute strategy, once a week churn, support 24x7X365 etc



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# How much should you allocate ?

**Overall Asset Allocation:** Overall asset allocation to stocks could be 20-80 pct depending on your age and financial goals. Due to the Tactical Allocation nature of the strategies, one can go for a higher allocation in momentum vs. value investing strategies.

**Diversification benefits:** The returns from momentum investing will be less volatile than conventional buy and hold and hence can provide a better/ stable growth in returns. We do however recommend that you continue your other passive or active investments and reallocate larger amounts over time.

**Strategy Allocation:** Within momentum investing, you can diversify capital further among our various strategies to smoothen overall returns.

**Dry Powder :** Since we can never say if your Day 1 of investing here could be the market high/top for some period to come, always keep some dry powder as reserve to add during sharp draw-downs.



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## How does it work?

**Setup:** We will help you set up your upto 25 stock portfolio in your own account as per our model portfolio allocation. Then henceforth you will only need to spend 5-15 mins every week/month to make the changes (if any) as per the update email once a week.

**Entry and Exit:** Our algorithms scan the NSE market data for suitable entries into or exits from invested stocks at the end of each week. An e-mail advisory alert with the desired stock entry/exit is sent at 3.15 PM on the designated decision day of the week.

**Allocation:** Individual allocation to stocks will be 4% exposure per stock depending on the strategy.

**Cash in Hand:** The strategy will recommend you to hold spare cash in LiquidBees if no suitable allocation is available.

**Performance Guarantee:** We provide a 8% annualized performance guarantee, (an industry first) that if you do not cross this basic hurdle at end of your subscription, then subsequent months subscriptions will be waived until such time that this target has been crossed.

# MI Strategy Performance History



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Parameter	Mi25	Mi50	Mi40
Periodicity	Weekly	Weekly	Monthly
Risk per stock	4%	2%	2.5%
Returns volatility	Medium	Low	Medium
Average stock Churn	1-2 per week	1-2 per week	1-2 per month
CAGR 10 yrs*	32%	29%	21%
Max Drawdown 10yrs*	30%	29%	39%
Stock Filters	All NSE stocks	All NSE stocks	CNX500

\*10 yrs 1/1/2007 to 31/12/2016 simulated model. All costs and transaction taxes are accounted for. \*\*Past performance is no guarantee for future performance

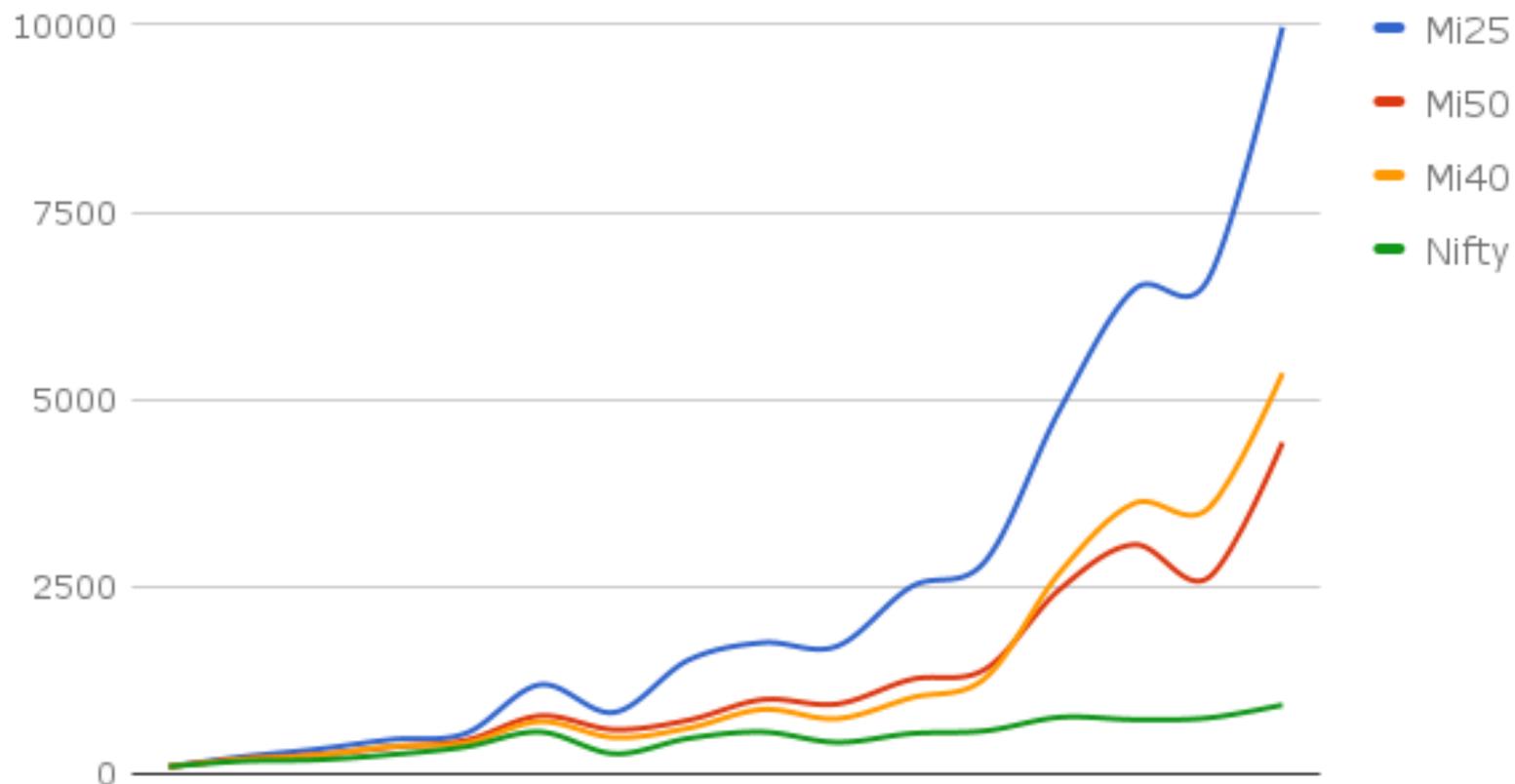
# Power of Compounding and Outperformance vs. Benchmarks



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100 Rs Invested on 1.1.2003 as on 31.07.2017



\*1/1/2003 to 31/07/2017 illustrative simulated model. All costs and transaction taxes are accounted for. \*\*Past performance is no guarantee for future performance

# Strategy Performance



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## Past Performance Mi25-New

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr%
2007	3.4%	-4.6%	-3.3%	3.5%	6.1%	6.3%	7.1%	-1.2%	16.5%	11.1%	12.9%	15.3%	98.8%
2008	-12.4%	-3.1%	-5.1%	-0.0%	2.4%	-4.4%	-2.0%	1.1%	-1.1%	-1.4%	-0.1%	0.1%	-23.9%
2009	0.1%	0.1%	0.1%	0.2%	6.7%	0.7%	8.3%	4.8%	7.3%	-2.8%	6.1%	4.7%	41.7%
2010	-4.6%	1.1%	7.6%	3.6%	-8.0%	5.7%	7.0%	5.0%	4.2%	1.0%	-7.3%	0.0%	14.5%
2011	-3.2%	-3.0%	4.3%	2.6%	4.5%	1.4%	5.0%	-11.2%	1.0%	2.2%	-4.8%	-0.1%	-2.5%
2012	0.5%	2.8%	2.1%	1.8%	-5.2%	2.0%	3.6%	10.9%	9.8%	-0.4%	7.6%	1.2%	42.0%
2013	0.1%	-5.0%	-2.0%	0.0%	0.0%	-1.6%	-1.5%	-4.5%	1.5%	3.3%	8.7%	8.5%	6.6%
2014	-2.6%	4.2%	6.8%	6.6%	17.2%	12.4%	0.3%	2.6%	5.4%	4.2%	8.7%	-0.4%	85.9%
2015	8.1%	-0.5%	-3.2%	0.3%	2.3%	3.0%	21.3%	-11.2%	-3.4%	1.4%	5.4%	5.0%	28.5%
2016	-9.4%	-6.2%	0.9%	2.7%	9.5%	7.0%	16.2%	0.1%	5.7%	15.5%	-13.3%	5.6%	34.2%
2017	6.4%	-0.9%	4.9%	10.5%	3.2%	6.3%	11.8%	-4.9%	2.2%	13.2%	6.1%	4.3%	82.3%

\*Survivorship Bias error may exist \*\*Past performance is no guarantee for future performance

# Strategy Performance



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## Performance – last updated 31/12/2017

Parameter	Mi25-Old	Mi25-New	Mi25-New	Mi25-New
Period	1Apr2016 to 31Dec 2017	1Apr2016 to 31Dec 2017	1Apr2017 to 31Dec 2017	1Apr 2016 to 31 Mar 2017
Returns absolute	242.12%	185.45%	65.00%	73%
Max Drawdown	19.50%	13.30%	4.90%	13.30%
Nifty Same Period	36.09%	36.09%	14.79%	18.56%
CNX500 same period	47.10%	47.10%	18.71%	23.91%

\*\*Past performance is no guarantee for future performance

Mi25 new is the new avatar of the same algorithm of Mi25 original but with superior volume filters.



## Role of Luck

Luck/ chance still plays a role in this strategy despite the strategy automation.

The point of your entry may be the high point for next few years or the strategy may not be able to pick the next 10 bagger due to paucity of cash on that day, is all a play of luck. However, study of last 14 years data provide us enough evidence that good returns are surely possible regardless.

The best place to add to the portfolios is when they are in double digit drawdown and that may happen every year or so. So, be brave and invest or add during those periods and maybe luck will be on your side.

Momentum investing based premium returns have lasted for the last 100 years and there is no reason to believe why it wont be that way going forward!

All the best!



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# Risk Disclaimer

I wish to re emphasize again (and again) that Direct Equity investing is risky and the recent years returns are not the norm. Please carefully assess the amount of your investment vis a vis your risk profile.



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# Steps to be followed for subscription

If you have decided to subscribe please:

1. Go to <https://weekendinvesting.wordpress.com/payments/>

And follow all steps carefully giving your email as reference in the payment.

2. Please await for email confirmation of payment within 24 hrs

3. Please await account set up FAQ and procedures within 48 hrs

4. If there is over subscription we will have Mi25 run on more decision days.

5. Please pardon likely delays in query responses.



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## **Procedure/ instructions after subscription**

A portfolio google sheet will be shared on your gmail

The master portfolio page has the list of stocks that you need to create for your own portfolio in the same proportions.

This google sheet is a view only sheet.

You can copy the format and create a new sheet for yourself

Populate your own sheet with your purchases qty and price

Every week(on your designated day mentioned in your subscription email and google sheet) you will receive an email containing the changes (if any) needed in your portfolio at 3.15PM

Each purchase is done at 4% of portfolio value (current). So if your current portfolio on decision day is 8 lacs (total) then deploy 32000 in the new purchase.



## Steps to be followed after subscription

Sometimes there may be no purchases and you have cash in portfolio. Deploy that in LIQUIDBEES till we can use it.

Sometimes there may be cash which is slightly less than 4% of pf, but more than 3% then we will still go ahead and purchase.

Note that all portfolios because they are purchased at somewhat different rates will have a slight performance difference.

Try to purchase or sell gradually so that the average close price is near your transaction price.

There may be long periods of lull during dull markets, please persevere through that. This is a long term wealth building strategy and can test your patience.

More FAQs will be on the shared google sheet itself.



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## About the founder

An alumnus of IIT Delhi and University of Maryland, **Alok Jain** has been involved in the markets since 1996. He set up and managed a National Stock Exchange brokerage house for two decades servicing institutional, corporate and retail HNI clients before turning a SEBI registered Investment Advisor. His interests lie in mathematical modeling of investing systems and behavioral finance.

These algorithmic strategies were initially created to run his own portfolio. Buoyed by the continuing success of the strategies, they are now a part of the advisory.

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