



WeekendInvesting

POWER of MOMENTUM

Momentum Investing
an Alternate Investing Strategy

What do we do?



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

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 these stock-specific 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.

The advisory helps you to run these strategies in your own account. All our models are Tactical Allocation models viz: the allocation between equity and debt is dynamically switched based on market trends which provides an additional cushion during periods of extreme stress.

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 25 to 50 stocks in the portfolios. Extreme moves against us in a few stocks is acceptable.

Weekend Investing Philosophy



5 minute Investing: The process of investing can be a worry-free and enjoyable process. With our strategies, investing can be left to a 5 minute job per week

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

Master of your own money: Our method of operation lets you manage your portfolio through your own brokerage 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 portfolio.

Power of Compounding : Most investors lose the powerful benefits of consistent compounding. We target a gross CAGR of 20%+ in all our strategies. Once you have more confidence you can add capital to your existing strategies easily.

Weekendinvesting Philosophy



Winning is a pure mathematical game: Only about half of our investments result in winning trades. However our average winners are several times 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 draw-downs 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

Genuine Capacity of the models: The capacity of existing models has been tested to be efficient enough to absorb several hundred crores of investment. We may cap the investment accounts in the same at INR 250 crores. We are currently using approx 30% of the capacity.

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 50 stocks.

Vs. Index performance: Regulations prevent us from providing return based assurances but our studies over last two decades show that our strategies have 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 a few years. The LTCG (10%) 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 ZERO delivery based broker fee is applicable.

Simplicity: We embrace simplicity in all our procedures. Viz :Simple to execute strategies, once a week churn, support 24x7X365, paperless quarterly billing and e-signed advisory agreements.

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. conventional 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 to these strategies

Strategy Allocation: Within momentum investing, you can diversify capital further among our various strategies to smoothen overall returns. We recommend a overall portfolio size of minimum INR 1cr.

Dry Powder : Since we can never say if your Year 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 although that is not necessary.



How does it work?

Setup: On signing up, we will help you set up your core portfolio in your own account as per our model portfolio allocation on that date. Then henceforth you will only need to spend 5mins every week to make the changes (if any) as per the update email that will come to your mailbox.

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 each Friday.

Allocation: Individual allocation to stocks will range from 2 to 4% of portfolio value, depending on the strategy.

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

Billing: We shall bill you at the end of each quarter based on a High Watermark value (explained later in detail).

Fee & High Watermark



Our fee structures are very simple. There are 2 options

Option A

We will raise a High Watermark (HW) based advisory bill every quarter. Fee payable is 20% (plus GST) of net profits (before capital gains tax).

High Value Watermark Example: The bill is raised only in the quarter if the end capital exceeds the previous High Watermark.

End of Qtr	Start Capital	Gross Gain	End Capital	Carry fwd loss to next Qtr	Fees Payable @20% of Net Gain	High Water Mark (HW) for next Qtr
1	1,00,00,000	5,00,000	1,05,00,000	0	1,00,000	1,05,00,000
2	1,05,00,000	-10,00,000	95,00,000	-10,00,000	0	1,05,00,000
3	95,00,000	0	95,00,000	0	0	1,05,00,000
4	95,00,000	25,00,000	1,20,00,000	0	3,00,000	1,20,00,000

*Fee is paid from non portfolio funds. Else if needed profits may be liquidated proportionately.

Fee & High Watermark



Option B

0.50% Fixed fees at the end of each qtr based on prv qtr portfolio value PLUS 10% of profit share for all profits above a minimum 2.5% quarterly hurdle with high watermark

End of Qtr	Start Capital	Gross Gain	End Capital	Carry fwd loss to next Qtr	Fixed Fees Payable @0.50%	Variable fees above 2.5%	High Water Mark (HW) for next Qtr
1	1,00,00,000	5,00,000	1,05,00,000	0	50,000	25,000	1,05,00,000
2	1,05,00,000	-10,00,000	95,00,000	-10,00,000	52,500	0	1,05,00,000
3	95,00,000	0	95,00,000	0	47,500	0	1,05,00,000
4	95,00,000	25,00,000	1,20,00,000	0	47,500	1,50,000	1,20,00,000

In Option A, total fee paid is 4,00,000.00 and In Option B, total fee paid is 3,72,500.00. In years of underperformance Option B will be more than Option A. We prefer the simpler Option A

*Fee assumed paid from non portfolio funds. Else if needed profits may be liquidated proportionately.

Strategy Comparison



	Mi25	Mi30	Mi50	Mi40
Strategy Type	Small Cap Fast Momentum	CNX500 Fast Momentum	All Cap Slow Momentum	CNX500 Slow Momentum
Risk / stock	4%	3%	2%	2.5%
Weekly avg Churn	2-3	1-2	1-2	1-2
Historical CAGR% *	>25%	>20%	>20%	>20%
Max Drawdown*	33%	30%	30%	39%
Decision Days	Monday-Friday	Friday	Friday	Friday
Fee Type	Subscription	Subscription OR Fee Structure based	Fee Structure based	Fee Structure based
Suits PF size	5-15 lacs	5-25 lacs for subscr/ >25L if fee	>50L	>100L

*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 ***Survivorship bias estimate

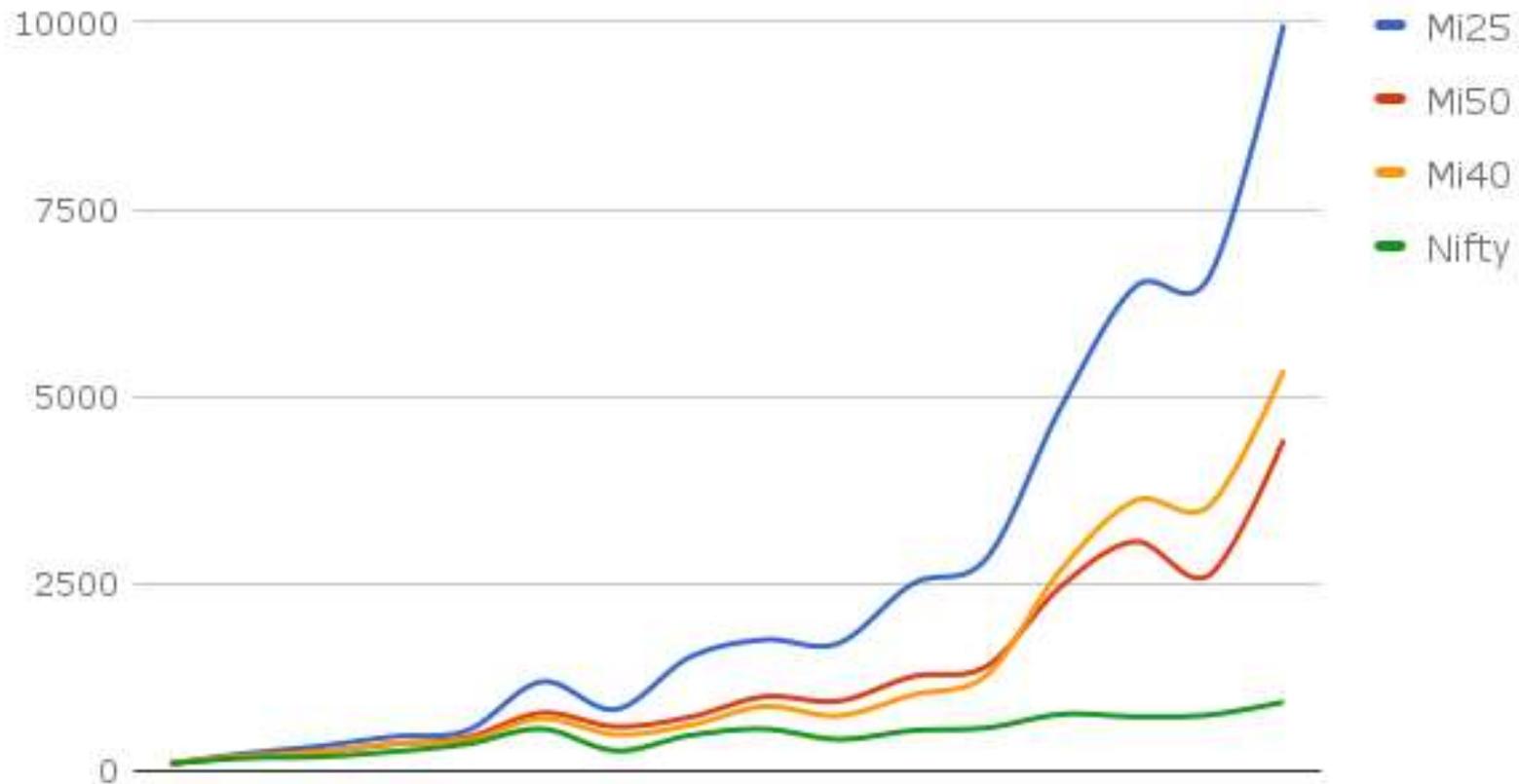
Power of Compounding and Outperformance vs. Benchmarks



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100 Rs Invested on 1.1.2003 as on 31.07.2017



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

Sample Strategy Performance



Past Performance Mi25

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr%
2003	0.1%	0.9%	-0.8%	0.2%	15.2%	8.6%	7.3%	17.5%	3.9%	18.9%	1.3%	17.0%	131.7%
2004	-3.3%	3.5%	-0.6%	3.3%	-12.9%	-1.7%	1.3%	0.7%	6.2%	11.6%	11.8%	20.3%	43.2%
2005	3.2%	5.7%	-3.2%	0.6%	3.2%	2.0%	7.9%	9.5%	6.4%	-11.6%	4.5%	6.8%	38.7%
2006	11.0%	1.2%	13.0%	2.3%	-13.5%	-7.4%	-0.7%	1.8%	1.6%	6.0%	0.3%	4.1%	18.2%
2007	4.0%	-8.9%	-3.0%	2.4%	9.4%	10.1%	5.4%	3.9%	20.0%	20.0%	8.2%	13.3%	119.3%
2008	-16.4%	-2.0%	-3.9%	0.2%	1.6%	-7.2%	-2.1%	-0.3%	-1.4%	-4.2%	0.2%	0.5%	-31.0%
2009	0.4%	0.6%	-0.1%	2.8%	12.3%	5.8%	18.5%	3.2%	5.6%	1.1%	7.9%	6.6%	85.1%
2010	-2.9%	-0.1%	3.8%	2.7%	-6.4%	8.0%	3.0%	5.0%	6.3%	1.3%	-6.9%	1.5%	15.1%
2011	-8.5%	-1.6%	1.6%	1.6%	-0.6%	1.8%	8.7%	-1.8%	1.2%	2.4%	-4.6%	-2.1%	-2.7%
2012	2.1%	4.5%	5.4%	3.2%	-2.9%	2.4%	1.9%	6.8%	7.8%	1.1%	7.9%	-0.7%	46.6%
2013	-4.0%	-4.5%	-1.1%	0.2%	6.1%	-5.9%	3.3%	-4.7%	3.4%	6.4%	9.6%	5.8%	13.8%
2014	-0.9%	2.7%	3.3%	3.7%	15.4%	11.6%	0.5%	4.5%	0.5%	7.1%	7.4%	0.3%	70.9%
2015	5.7%	2.6%	-0.2%	0.9%	3.7%	1.4%	20.1%	-6.6%	-4.2%	-1.7%	2.5%	6.9%	33.0%
2016	-10.4%	-7.7%	1.4%	3.2%	1.3%	3.6%	11.7%	-0.6%	2.5%	11.8%	-16.4%	5.5%	2.1%
2017	9.5%	1.0%	2.4%	11.7%	2.1%	5.8%	10.3%	N/A	N/A	N/A	N/A	N/A	50.9%

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

Strategy Performance



Performance – last updated 31/03/2018

Parameter	Mi25*	Mi30	Mi50*	Mi40
Period	1Apr2016 to 31Mar 2018			
Returns absolute	179.27%	78.57%	85.59%	68.21%
Max Drawdown	22.85%	15.58%	15.60%	16.00%
Nifty Same Period	30.71%	30.71%	30.71%	30.71%
CNX500 same period	38.13%	38.13%	38.13%	38.13%
Small Cap 250	56.13%	56.13%	56.13%	56.13%

*Actual results in live performance **Past performance is no guarantee for future performance

Case Study-Mi50



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Mi50 closed its first year of live performance on Mar 31 2017. Its first year report can be seen [here](#). It closed the year with a +54.02% gain. In 12 months, there were 120 investments. #Winners were 65% and #losers 35% . The average gainer was nearly up +35% and the average loser was down -7%. So regardless of the "stock names" if one keeps doing this mechanically, the math automatically keeps the portfolio positive. In short the strategy is to Buy high, keep shedding losers and let winners run. And if there is no momentum, buy Debt.

Mi50 absolute performance vs Nifty50 and CNX500
FY1617



mi50 - Peak with Drawdown (%) starting Apr 1 2016



Sample Case Study-Top winners & losers of Mi50



Stock	Entry	Exit	Gain	Stock	Entry	Exit	Loss
HAVELLS	4.3	24.8	478%	SHILPI CABLES	220	96	55%
CEAT	162	795	391%	WELSPUN	97	49	49%
HOTEL LEELA	12.9	62.6	384%	HOCL	62	33	47%
AJANTA PHARMA	304	1429	369%	SHREERAMA NEWS	49	27	44%
CG POWER	5.2	24.4	365%	GOLDIAM	171	101	41%
KRBL	37	168	351%	KWALITY	153	90	41%
JSPL	86	379	340%	MICROSEC	40	24	40%

*Study from 1/1/2003 to 31/7/2017 945 TRADES/ 53% WINS/ AVG WIN +55%/ AVG LOSS -13%

**Past performance is no guarantee for future performance



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Role of Luck

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

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 2 decades of 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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Service Guarantee

For subscription products we provide a service guarantee of 8% annualized. What this means is that at the end of your yearly term if the model portfolio has not achieved even 8% returns from your date of entry, we will roll your subscription each month thereafter at no cost to you till a minimum 8% annualized returns are achieved from your start date.

For fee structure based products, we provide a High watermark fee concept in Option A (refer to fee page) where you only pay the fees post the performance. In Option B you can pay a fixed fees plus a variable high watermarked fees.

About the founder



An alumnus of IIT Delhi and University of Maryland, **Alok Jain** has been 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 this advisory.

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Where to start - Steps

If you have any more questions, please write to alok@weekendinvesting.com

If you are ready to subscribe then

1. Register at <https://goo.gl/forms/MIVOp1cezwDzyH5q2>
2. Go to <https://weekendinvesting.wordpress.com/about-mi25/> or <https://weekendinvesting.wordpress.com/mi30/> and make the payment and send a screenshot to above email

If you would like to run your strategy under the Fee Structure model

1. Register as above
2. Send an email as above with your product interest and wait for the online fee and service contract

Post these initial steps a model portfolio will be shared on a googlesheet and once you are set up you are ready to go !