



Alpha / India

Estee Advisors

Quant based approach to Investment Management in
March 2025

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Agenda

▶ Introduction to Estee

- ▶ Overview
- ▶ Management Team
- ▶ Board of Directors & Advisory Board
- ▶ Quant Approach
- ▶ Capabilities

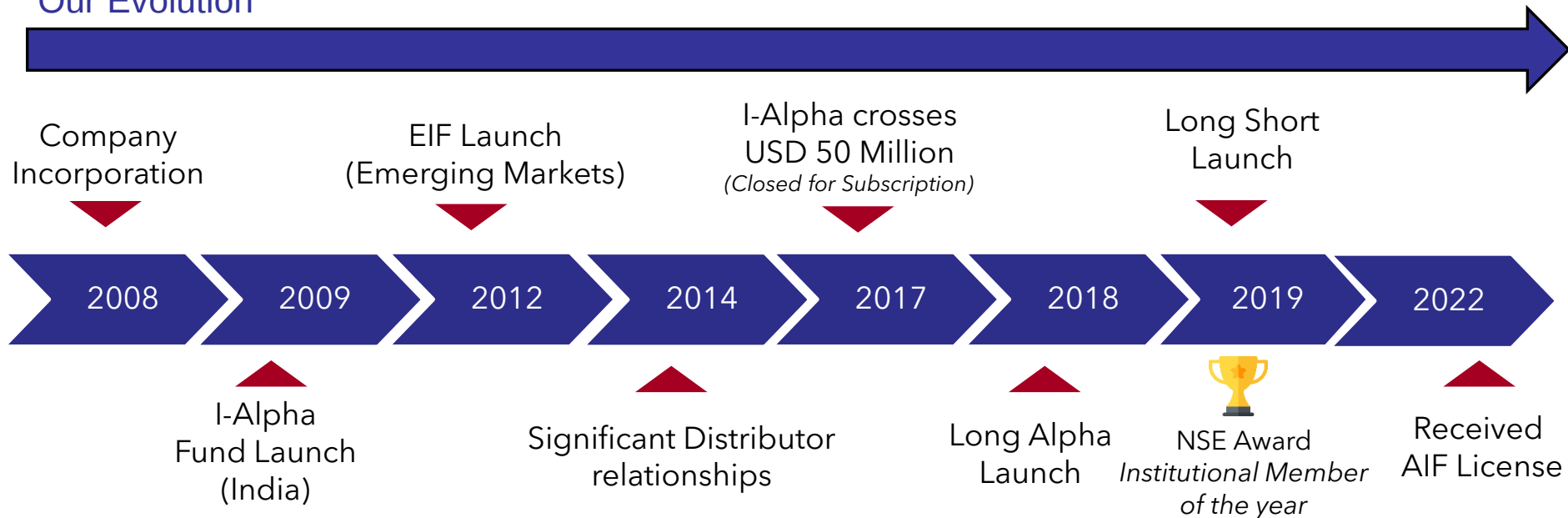
▶ Product Overview: I-Alpha

- ▶ I-Alpha Overview
- ▶ Live Trade Examples
- ▶ Risk Management
- ▶ Historical Performance
- ▶ Product Structure
- ▶ Fee Plans
- ▶ Reporting Overview
- ▶ Points of Contact

Overview

- ▶ Estee Advisors is a quant and analytics driven firm that was started in 2008 when algorithmic trading was permitted by SEBI in India. Estee is present across three lines of business - Asset Management, Proprietary Trading, and Execution Services
- ▶ Estee Capital (US affiliate of Estee Advisors) is the sponsor of Estee India Fund, a SEBI-registered, Mauritius-domiciled FII Sub-account
- ▶ Today Estee employs 80+ quantitative professionals and runs one of the largest arbitrage funds in the country, does significant volumes as a market-maker on NSE/BSE/MCX/MSEI and has one of the fastest high-frequency execution platforms in the country

Our Evolution



Management Team



Sandeep Tyagi – Founder and Chairman

He is a B.Tech from IIT Delhi and a MBA from Columbia Business School. He is also a CQF from London. Sandeep Tyagi is the Chairman and Managing Director of Estee Advisors. He is responsible for setting the firm's direction, sustaining a winning culture and developing profitable investment strategies. Prior to Estee, Mr. Tyagi was CEO of Inductis, a consulting and analytics firm that he founded in 2000. The firm served the largest financial services companies of the world including the asset management, credit card, insurance and lending companies in the areas of investment optimization, target marketing and risk management. Mr. Tyagi is a board member of the IIT Delhi Excellence Foundation and a Charter Member of TiE. He is also a board member of the Young Presidents Organization (YPO), Delhi Chapter. He has received numerous awards including 40 under 40 for New Jersey and the Distinguished Alumni Service Award from IIT Delhi.

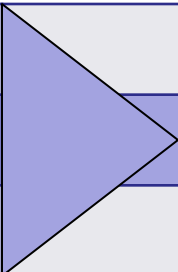
Key People	Qualification & Experience
Gaurav Sahni SVP, Business Development & Asset Management	Gaurav leads Business Strategy & Development and drives key strategic initiatives at Estee. He has previously worked with Inductis and Genpact, providing Investment Advisory services to Private Equity firms and Hedge Funds. Gaurav is an MBA from IIFT and a commerce graduate.
Umesh Kumar SVP, Finance, Risk and Operations	Umesh is responsible for Finance, Compliance and Operations. He has rich experience of more than 30 years in running operations at brokerage houses, including Agroy, Wegmans, Angel and RK group of Companies. Umesh is a qualified Chartered Accountant.
Shalabh Rakyan, Sr. Vice President Technology, Execution, Clearing & Advisory Services	Shalabh heads the Execution Services business and manages corporate business development for Estee along with leading key strategic initiatives. Shalabh has previously worked with PwC & EXL Service and has an MBA from the Indian School of Business, Hyderabad.
Aniket Batra VP, Strategy	MBA, IIM Bangalore B.Tech from IIT Guwahati Aniket leads the Strategy team at Estee. He has previously worked in Credit Suisse and P&G

Board of Directors & Advisory Board

Board of Directors	Qualification & Experience
Rakesh Kaul	MBA Univ of Chicago (1976), B-Tech, IIT Delhi. Senior Advisor to Carlyle Group for Consumer & Retail. He serves on the Board of Oriental Trading Co and as Senior Advisor to Life Line Screening Co. He is Chairman of Spherenomics LLC. Rakesh was previously Vice-Chairman of Fingerhut and founded Metris Credit Card Company.
Muralidhara Kadaba	MBA XLRI, BE, SJCE Mysore. Founder & CMD of Moonbeam Capital, an Advisory & Investment Firm. Murli served as President & CEO of Financial Services vertical at Reliance Retail Ltd. Prior to Reliance, Murli was the Country Manager for American Express India. Murli was Vice President and Head of Investment Products at Citibank-India.
Michael Richter	Director and Chairman of the Audit Committee of BATS Global Markets Inc. Co-founder, CFO and Chief Compliance Officer of Lime Brokerage, and CFO of Tower Research Capital, a global proprietary trading firm

Advisory Board	Qualification & Experience
Vijay Parekh	Vijay served as the COO, Temasek, Singapore, from 2005 to 2009. Prior to Temasek, Vijay was the President of American Express International (excluding US). He was previously the Chief Risk Officer for American Express.
Tony Elavia	Ph.D. and M.A. in Economics, University of Houston. Ex CEO, Madison Square Investors. Tony was Managing Director and Senior Portfolio Manager at Putnam Investments, managing \$25 billion in assets. Tony has worked at Voyageur Asset Management, TES Partners and Piper Capital Management.
Rohit Kapoor	Rohit is the co-founder, President and CEO of EXL. Prior to EXL, Mr. Kapoor served as a business head of Deutsche Bank, and in various capacities at Bank of America in US and Asia.
Dushyant Pandit	MBA, Finance at Wharton. MD of Dorchester Advisors. He was MD at Tocqueville Asset Management and at Merrill Lynch. He has served in senior positions in KPMG, Gruntal & Co, PNC Financial, and Hay Group's.

Quant Approach

Opportunities evaluated		5000+ per second
Number of securities scanned		1000+ per second
Number of orders		10+ per second

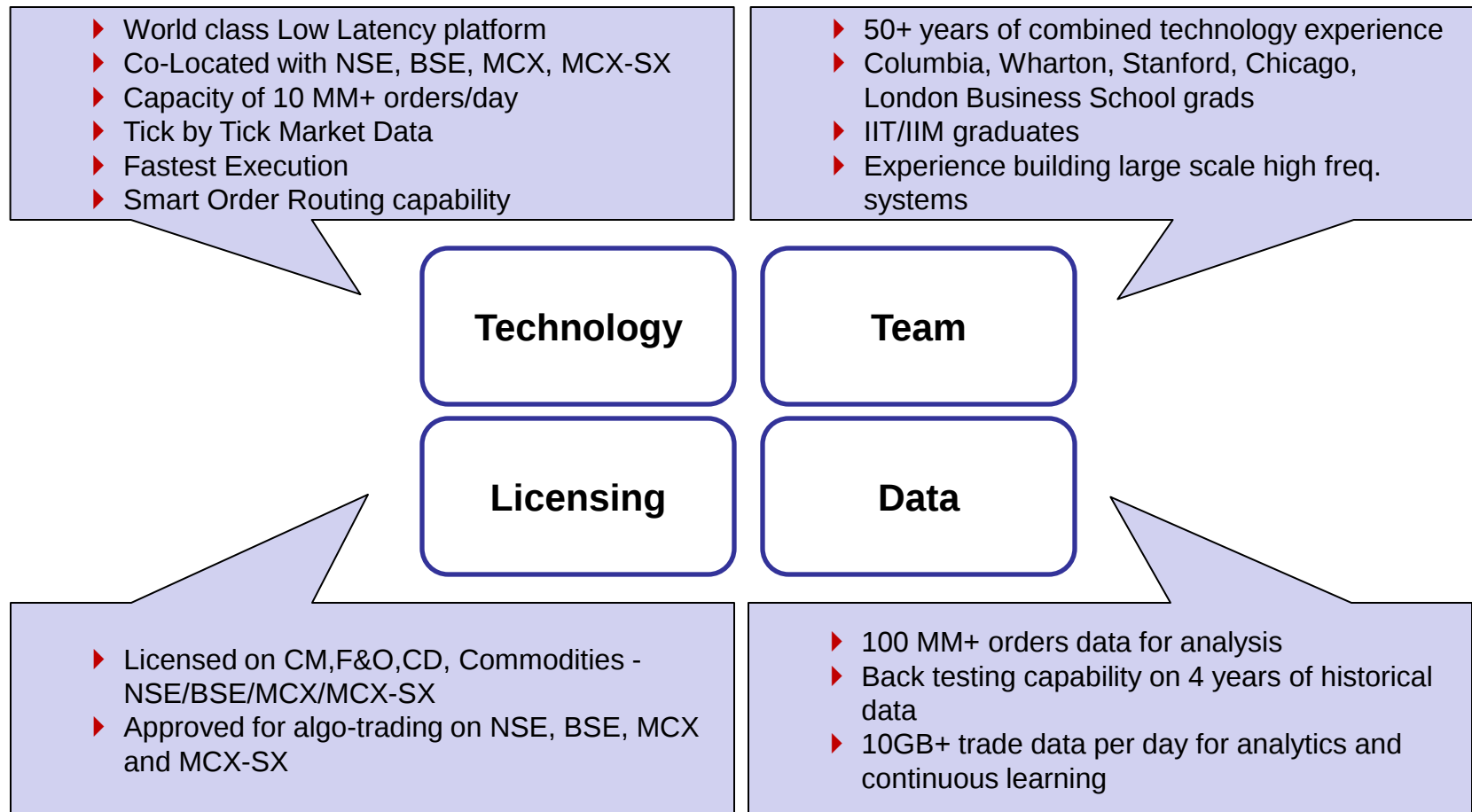
► Statistical advantage

- Sophisticated models identify investment opportunity
- High speed; e.g. latency in single digit millisecond
- Robust back testing to establish signal; out of sample validation
- Consistent process to maintain an edge

► Reducing risks

- Minimal to no human intervention
- Objective variable based criteria rather than human discretion
- Manage risks real-time
- Complete transparency

Capabilities



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▶ Product Overview: I-Alpha

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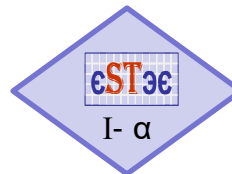
Product Overview: I-Alpha

Fund Summary

I-Alpha is Estee's market neutral arbitrage product which aims to deliver consistent returns while maintaining nearly zero market exposure. The algorithm identifies mispricing between various market instruments at any given point of time and takes hedged positions to capture the pricing differences. Our positions are hedged using equivalent risks (e.g. index futures against its components). In most cases, we can create a perfect hedge however, in certain cases we are not able to create a perfect hedge as the equivalent instruments may not have the liquidity or listed products to take the required positions. In such cases, we construct the hedge with equivalent securities with as close a hedge as possible. In simple terms, this is an arbitrage product that does not take any directional bets. All the trades captured by this fund are balanced at the time of execution locking in a pricing gap opportunity. Price movement typically has minimal impact on our portfolio and underlying risk is typically expected to be the same, but there may be marginal price / venue risk as different sides of the arbitrage trade could be taken in different exchanges / markets.

Return

Since its inception in 2009, I-Alpha has delivered average monthly return of 0.93% post fees and expenses. I-Alpha has not had a single negative return month till date.



Risk

I-Alpha fund returns have had an annualized standard deviation of 1.69% since inception to date while delivering a Sharpe ratio of 2.17 over the same period

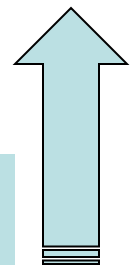
Live Example – Index Arbitrage

- ▶ The algorithm identified a mispricing between present value of the BANKNIFTY future and the sum of the present values of all the individual components of the BANKNIFTY (weighted in the proportion in which they comprise the index)
- ▶ For efficient markets, the value of an index future should be same as the sum of the future values of all its individual components weighted in the same proportion as they comprise the index (referred to as the basket). If there is a divergence, there exists an arbitrage opportunity.
- ▶ To exploit this mispricing, an automated trade comprising a buy order on the basket and a sell order on the BANKNIFTY is executed
- ▶ By executing this transaction, we have locked in a profit, irrespective of the values of the basket as well as the BANKNIFTY at maturity

	Stocks	Weights	Price	Value
Buy	ICICI Bank	3.21	783.25	2,517.68
	HDFC Bank	5.03	506.20	2,544.52
	SBI	0.72	2,056.05	1,478.30
	Axis Bank	0.72	970.95	698.89
	Bank Of Baroda	0.52	688.75	360.84
	Kotak Mahindra	1.04	563.50	583.34
	PNB	0.37	755.50	280.37
	IndusInd Bank	0.97	298.40	288.52
	Canara Bank	0.40	402.10	160.36
	Yes Bank	0.68	329.85	224.23
	Union Bank of India	0.63	201.65	126.62
	Bank of India	0.52	340.85	177.38
	Total			9,441.03
Sell	BANKNIFTY	1.00	9,441.50	9,441.50
Locked-in profit	PNL			0.47

Immediate profit lock-in, irrespective of price at maturity

Estee is able to exploit small spreads (as it is a broker dealer) by minimizing transaction costs, higher lot sizes, and greater leverage



Applying Quant to Investment Management

Historical Performance

Gross Return Series

	JAN	FEB	MAR	APRIL	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	Calendar Year
2009										4.13%	0.65%	1.58%	6.46%
2010	1.40%	1.28%	0.16%	0.47%	1.02%	0.61%	1.34%	0.57%	0.37%	1.13%	1.52%	0.91%	11.32%
2011	1.07%	1.88%	1.83%	2.23%	2.15%	1.02%	1.25%	1.97%	1.39%	1.49%	1.03%	1.25%	20.21%
2012	1.23%	1.11%	1.34%	0.61%	0.90%	0.90%	1.48%	0.85%	1.27%	1.55%	1.00%	1.07%	14.15%
2013	0.96%	1.26%	1.13%	1.50%	1.35%	1.00%	1.21%	1.13%	1.39%	1.18%	1.16%	1.13%	15.39%
2014	1.11%	1.01%	1.48%	1.09%	1.63%	1.57%	1.20%	1.05%	1.12%	0.94%	0.85%	1.19%	15.20%
2015	1.09%	1.06%	1.76%	1.13%	0.94%	1.55%	1.15%	1.36%	1.24%	1.06%	0.69%	0.85%	14.79%
2016	0.92%	1.26%	0.93%	1.19%	0.81%	0.85%	0.88%	0.13%	2.16%	0.42%	0.84%	0.89%	11.88%
2017	1.00%	1.13%	1.31%	1.18%	0.92%	1.63%	1.14%	0.71%	0.81%	1.34%	1.04%	0.76%	13.77%
2018	1.48%	1.03%	0.85%	1.04%	0.03%	1.54%	0.87%	0.93%	0.75%	1.06%	0.67%	0.57%	11.36%
2019	0.81%	0.68%	1.00%	1.29%	0.81%	0.71%	2.05%	0.97%	1.56%	0.79%	0.83%	1.13%	13.38%
2020	1.31%	1.12%	1.64%	1.22%	1.12%	0.93%	1.03%	0.82%	0.82%	0.71%	0.61%	0.79%	12.82%
2021	0.89%	0.83%	0.93%	0.68%	0.46%	0.70%	0.57%	0.53%	0.86%	1.16%	0.68%	0.70%	9.35%
2022	0.62%	0.59%	0.89%	0.86%	0.93%	0.81%	0.83%	0.70%	0.41%	1.08%	1.05%	0.78%	9.98%
2023	0.68%	0.78%	0.70%	0.73%	0.79%	0.61%	1.24%	0.70%	1.82%	1.59%	1.49%	1.72%	13.62%
2024	1.69%	1.22%	1.37%	1.20%	0.71%	1.97%	0.42%	2.27%	1.15%	0.98%	1.35%	0.84%	16.26%
2025	1.03%	0.94%	1.15%										3.15%

Fund Performance (Return) Vs. Competition

Funds	Since Inception (24 Sep '09)	1 Year	6 Months	3 Months	March 2025
Aditya Birla Arbitrage Fund	159.56%	7.24%	3.58%	1.79%	0.71%
Axis Enhanced Arbitrage Fund - Reg. Plan	-	7.21%	3.53%	1.76%	0.69%
Edelweiss Arbitrage Fund - Regular Plan	-	7.35%	3.66%	1.81%	0.69%
ICICI Prudential Equity Arbitrage Fund	170.71%	7.35%	3.65%	1.82%	0.70%
JM Arbitrage Advantage Growth	152.72%	6.76%	3.35%	1.62%	0.57%
Kotak Equity Arbitrage Growth	175.10%	7.51%	3.71%	1.83%	0.70%
L&T Arbitrage Opportunities Fund - Reg. Plan	-	7.05%	3.43%	1.73%	0.66%
Sundaram Arbitrage Fund - Regular Plan	-	6.97%	3.35%	1.73%	0.59%
Nippon India Arbitrage Advantage	-	7.15%	3.50%	1.73%	0.66%
Religare Arbitrage Fund Growth	164.20%	7.38%	3.62%	1.81%	0.68%
SBI Arbitrage Opportunities Fund Growth	167.87%	7.32%	3.62%	1.81%	0.70%
UTI Arbitrage Fund - Regular Plan	161.22%	7.47%	3.67%	1.83%	0.72%
Estee I-Alpha Net Return*	459.72%	11.58%	5.08%	2.48%	0.53%

Risk / Volatility Metrics

Measure	Since Inception	Last 12 months	Last 6 months	Last 3 months	March 2025
Annualized Net Return	11.75%	11.58%	10.42%	10.31%	6.44%
Excess Return Over Risk Free Rate	4.70%	4.39%	3.44%	3.34%	-0.27%
Excess Return Over Crisil Composite Bond Fund Index	3.66%	2.55%	2.30%	-0.11%	-2.55%
Standard Deviation	1.69%	1.94%	1.43%	0.90%	1.94%
Sharpe Ratio(Based on Crisil Composite Bond Fund Index)	2.17	1.31	1.62	-0.12	-1.31

Risk Management

3-Tier Risk Management System	
Fund Level	▶ In-built thresholds of risk limits in the algorithm controlling the parameters ▶ No explicit leverage but may take implicit leverage (utilizing inherent leverage in derivative contracts).
Strategy Level	▶ Explicit market exposure budget by strategy ▶ Explicit daily stop loss budget for each strategy
Operational Level	▶ Ensure daily position and fund reconciliation across internal, broker & custodian reports ▶ Ensure exception monitoring and logging to the management team daily ▶ Reporting on intraday and end of day market exposure and P&L

Product Structure

▶ Deposit

- ▶ We place 99% of client's money with our clearing member and instruct it to create an FD with an empaneled bank or park the money with its treasury against which a line of trading margin is made available. As a discretionary PMS manager, we make that decision basis the liquidity/risk-return profile of the available options.
- ▶ Remaining 1% of assets are held as cash to meet daily MTM margin obligations
- ▶ Approximately 50%-60% of return comes from interest income and the remaining comes from arbitrage trading

▶ Subscription / Redemption

- ▶ Close-ended; can be subscribed to only once every month
- ▶ Minimum investment: 2.5 Cr for corporates and 1 Cr for individuals
- ▶ Maximum investment: 20 Cr
- ▶ Redemption notice by 20th of month for end of month payout (by 5th working day of next month)

▶ Pool Level Trading

- ▶ All client assets are pooled by Estee PMS and the broker and clearing member recognize only Estee PMS and not individual clients that have invested into Estee PMS
- ▶ Exchange only recognizes the clearing member, which in this case is Globe Capital
- ▶ Trading is done in equity F&O which are marked-to-market every day and profits/losses are allocated to client accounts at the end of each trading day
- ▶ Contract notes are issued by the broker in the name of Estee PMS
- ▶ No depository accounts are needed as I-Alpha trades only in equity F&O

Fee Plans and Charges

	Option 1	Option 2
Fixed Fees	1.00% per annum (charged quarterly)	2.50% per annum (charged quarterly)
Hurdle	RBI Policy Repo Rate	Not applicable
Estee's Performance Share above Hurdle	35%	NIL

- ▶ No entry or exit load
- ▶ Both fixed and performance fees is charged quarterly and debited directly in client's account
- ▶ The RBI Policy Rate may change once every quarter. This is subject to a maximum cap of 6.5% p.a. The hurdle shall be picked up at close of business on the last calendar day of each quarter and shall apply to the next quarter.
- ▶ 10-15 bps is charged to clients annually for fund accounting and audit charges. The applicable quarterly amount is debited in client accounts every quarter.
- ▶ Deposit pre-mature breakage charges and differential interest rate may apply in case of early redemption
- ▶ STT and other statutory trade charges are on actuals

Reporting Overview

- ▶ Fund accounting is done independently by a third party fund accountant which calculates investor returns and sends monthly performance reports directly to clients
- ▶ Clients are provided with the following:
 - Monthly Portfolio P/L Statement: This is provided to each client individually by the fund accountant by the third business day following the close of each month.
 - Client Ledger: This statement contains details of each debit and credit in the client's account, including interest income, trading profits/losses, TDS on interest earned, and fees. This is provided on request to our back office.
 - TDS Certificate for tax deducted on the interest income from the fixed / term deposit & is provided to the clients 20 days post the calendar quarter ends
- ▶ Pool Level audit: I-Alpha's track record is audited by Grant Thornton and a report is published annually
- ▶ Client-level audit: These are prepared by our auditor and are shared with the client once the financial year closes

Points of Contact

Function	Contact	Escalation
Business Development	Vivek Sharma VP– Business Development Phone: +91 124 489 6828 Cell: +91 9818356732 Email: vivek.sharma@esteeadvisors.com	Gaurav Sahni Head - Asset Management and Global Bus. Dev. & Ops Cell: +1 347 274 4174 Email: gaurav.sahni@esteeadvisors.com
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