

WealthAlpha Master Guide

Chapter 9: Performance Optimization

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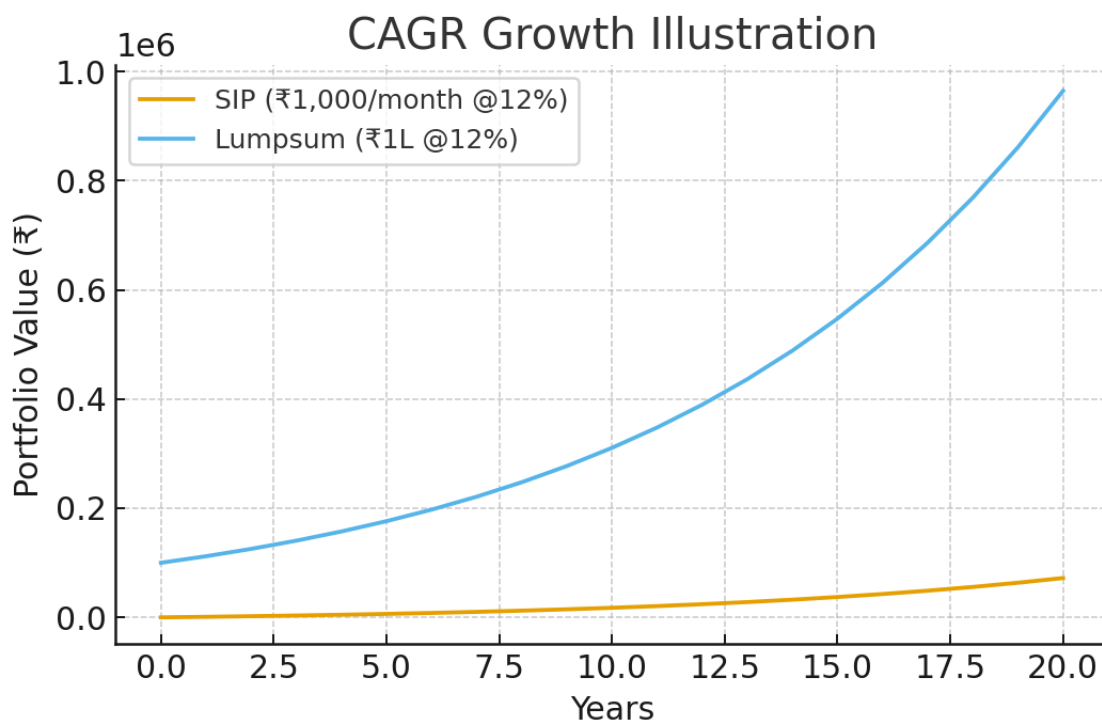
Chapter 9: Performance Optimization

WealthAlpha Advantage: Our platform tracks your CAGR, Sharpe, and drawdown live — with auto-rebalance and alerts to optimize long-term compounding.

Performance optimization ensures your portfolio compounds at the highest sustainable rate. It's not about chasing maximum returns, but maximizing risk-adjusted returns consistently.

1. Tracking Core Metrics

- CAGR: Annualized return over time.
- Sharpe Ratio: Return per unit of volatility.
- Max Drawdown: Largest portfolio fall from peak.
- Hit Ratio: % of profitable trades/investments.



CAGR Illustration: SIPs grow steadily, lumpsum benefits from early compounding.

2. Portfolio Rebalancing

- Rebalance annually or if allocations deviate >5%.
- Shift profits from overheated sectors to undervalued ones.
- Automate rebalancing alerts for discipline.

3. Journaling & Feedback Loops

- Maintain an investment diary: thesis, entry, exit, outcome.
- Review quarterly to identify strengths & weaknesses.
- Build checklists from past mistakes.

4. Continuous Learning

- Update frameworks with new market cycles.
- Study failures (e.g., Yes Bank, DHFL) alongside winners.
- Leverage AI for trend analysis & sentiment tracking.

Case Study: The Power of Consistency

An investor compounding at 12% annually doubles capital every 6 years. Those chasing 30% returns but suffering -50% drawdowns often underperform steady SIP investors.

DIY Action Kit

- Track CAGR, Sharpe, and drawdowns quarterly.
- Rebalance annually across asset classes.
- Maintain a trading journal to refine process.
- Prioritize consistency over extreme bets.