ALL SEASONS ETF MODEL PORTFOLIO

Introduction to Model Portfolios
The purpose of Yadnya's Model portfolios, is to make investing, simple! Our Model Portfolios use asset allocation approach that we firmly believe in, practice and preach. We follow the same strategy while handling our HNI clients as well. The pillar of this Model Portfolio are our research based products,

- fund–o-meter
- stock-o-meter

The idea is to utilize quantitative and qualitative factors based on our extensive research, for suggesting model portfolios that make sense for individual investors like you.

What are ETFs & Why ETFs?
An exchange traded fund or ETF is a fund that is listed and traded on the stock exchange. ETFs are similar to index mutual funds but they trade just like stocks. ETFs can contain stocks, bonds, commodities, foreign stocks, money market instruments, or any other security. An ETF can be a stock market index such as a Nifty ETF or a commodity index such as a gold ETF or a bond market ETF. An Index ETF is mainly a passive fund that allows investors to purchase a pool of securities in a single transaction. ETFs are launched by asset management companies just like other mutual fund schemes. An ETF is a passively managed fund and hence has a lower fund management fee as compared to an actively managed mutual fund scheme. An investor must have a demat account with a depository participant as well as a trading account with a stock broker or sub-broker to invest in ETFs. To understand the concept better, do check this video -
https://www.youtube.com/watch?v=JeWgKg9k_X4

ETFs are becoming popular in India with ETFs of many new indices and new methodologies are being launched. Most of the new NFOs by AMCs are in the form of ETFs. There are AMCs like Navi which have plans to only launch ETFs and Index Funds.
Biggest advantages of ETFs are that they come at a very low cost and have no fund manager specific risk. They just follow an index which has a rule based stock or asset selection methodology and almost negligible human intervention.

Key Risk in investing in ETF vis-à-vis Index Funds **–** Some ETFs sometime face liquidity issue due to low volumes and hence trade at premium or lower than their underlying asset NAVs.
SEBI is bringing in more and more measures to increase the liquidity and transparency in ETFs and therefore we believe the ETFs liquidity will improve even further in future. Do check this video on steps taken by SEBI on improving ETF liquidity - https://www.youtube.com/watch?v=YXErIdHpkiQ

Type of ETFs included
Equity ETFs are passive investing funds that are linked to an underlying benchmark index and provides a low-cost alternative for taking exposures in the Stock market. These help in easy diversification across stocks.

Gold & Debt ETFS are less volatile in nature than Indian Equity, help as a cushion from an allocation perspective and by investing in a different asset class, we are diversifying our portfolio risk. These funds and asset classes are also very good hedge against Indian Stock market and have very low correlation.

International ETFs for geographical diversification as well as allocation in sectors & themes not available in India. Many International ETFs have high Tracking Error and we are closely watching them and accordingly will adjust their allocations.

We have utilized our proprietary fund selection tool fund-o-meter for shortlisting and adding equity, debt and gold ETFs in this 'All seasons Model Portfolio'.

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Investment Objective
As the name suggests, it is an all seasons portfolio, irrespective of whether market is up or down you can enter and exit this portfolio after holding it for the suggested period as it follows a fixed asset allocation strategy. The aim is to generate good growth from Equity based portfolio with reduced downside risk from debt and gold. While creating this portfolio, we have used some good risk hedging mechanism by creating a multi-cap, multi-asset growth-oriented portfolio.
Portfolio objective is to beat a typical performance of Aggressive Hybrid Fund category average and we have taken an internal benchmark on those lines as Yadnya 70-30 TRI where 70% is Equity and 30% is Debt.

Is this model portfolio for you?
If you are a believer in low cost investing and have similar thoughts like mentioned below by Warren Buffett, then this portfolio is for you.

"A low-cost index fund is the most sensible equity investment for the great majority of investors," Buffett told Bogle in his book "The Little Book of Common Sense Investing." "By periodically investing in an index fund, the know-nothing investor can actually out-perform most investment professionals," Buffett said.

This portfolio is for long term buy & forget investors. The portfolio is useful for below profiles –

1. Young Moderate risk investors looking for a core Portfolio for their life goals like Retirement, Child Education, Marriage etc.
2. 50+ Years aggressive investors looking for a core portfolio for their Retirement goal.
3. Retired investors with Aggressive risk profile looking to invest their Retirement Corpus in an ETF portfolio & take regular income from it.
4. This portfolio can also be used for Wealth Creation goal by moderate investors looking to improve their lifestyle in future and which can give cushion over their major life goals.

The All Seasons Model Portfolio plans for the extra savings one has (monthly or lumpsum) with a medium to slightly higher risk tolerance and a time horizon longer than eight years. We have also tried to reduce the downside risk by hedging the portfolio with Gold, Debt & International ETFs.

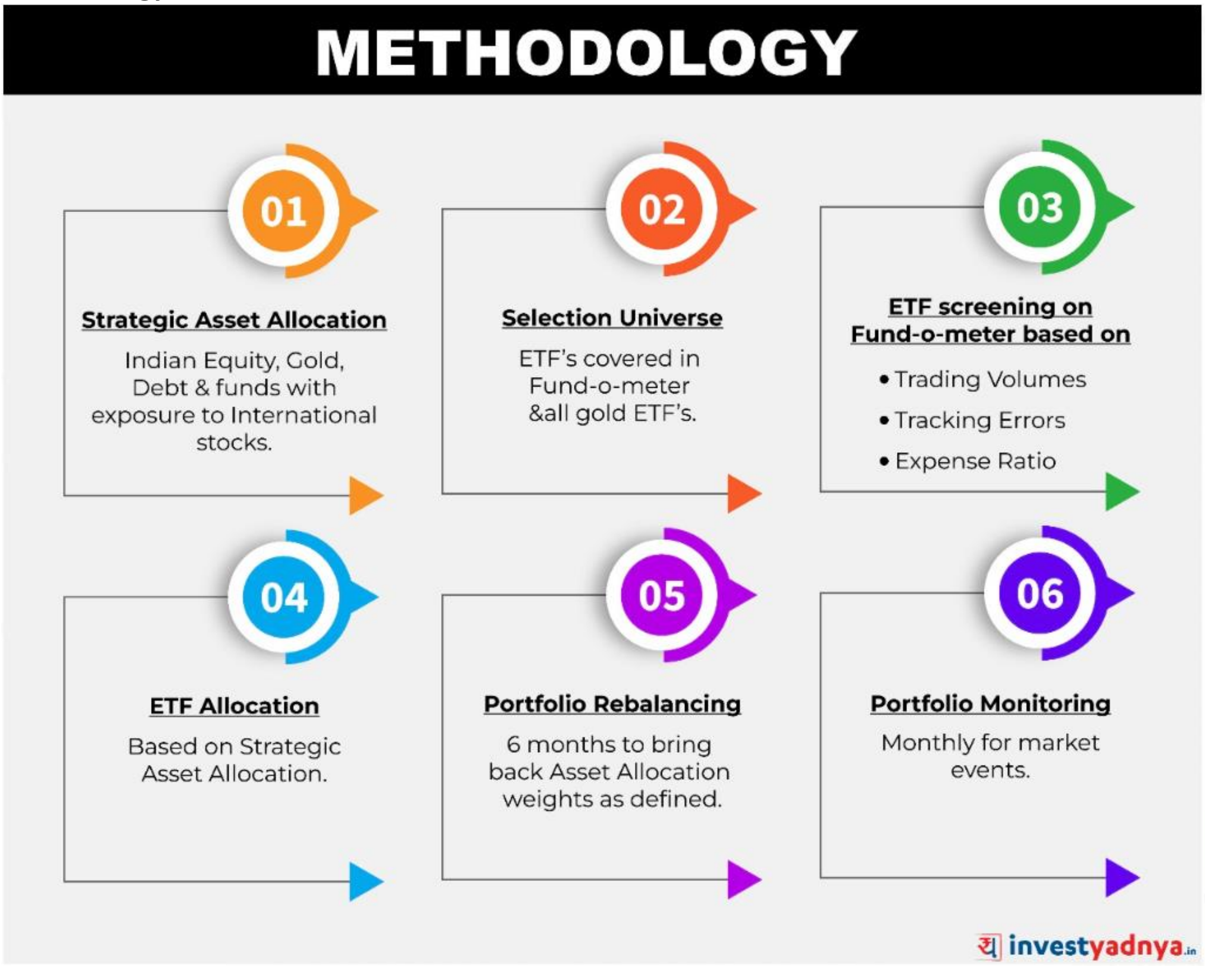
This portfolio might get an average annualized return of 9-11%. Its best yearly gain might be 18-20% and its biggest decline in a year may range from 9-15%.

Specific Portfolio Allocations
Rationale for the portfolio is to have excellent diversification across asset classes – Equity, Debt & Gold, diversification in investment philosophy - Value & momentum, diversification in market cap too – Large & midcap and diversification across geographies too – Indian Equity & US Equity.

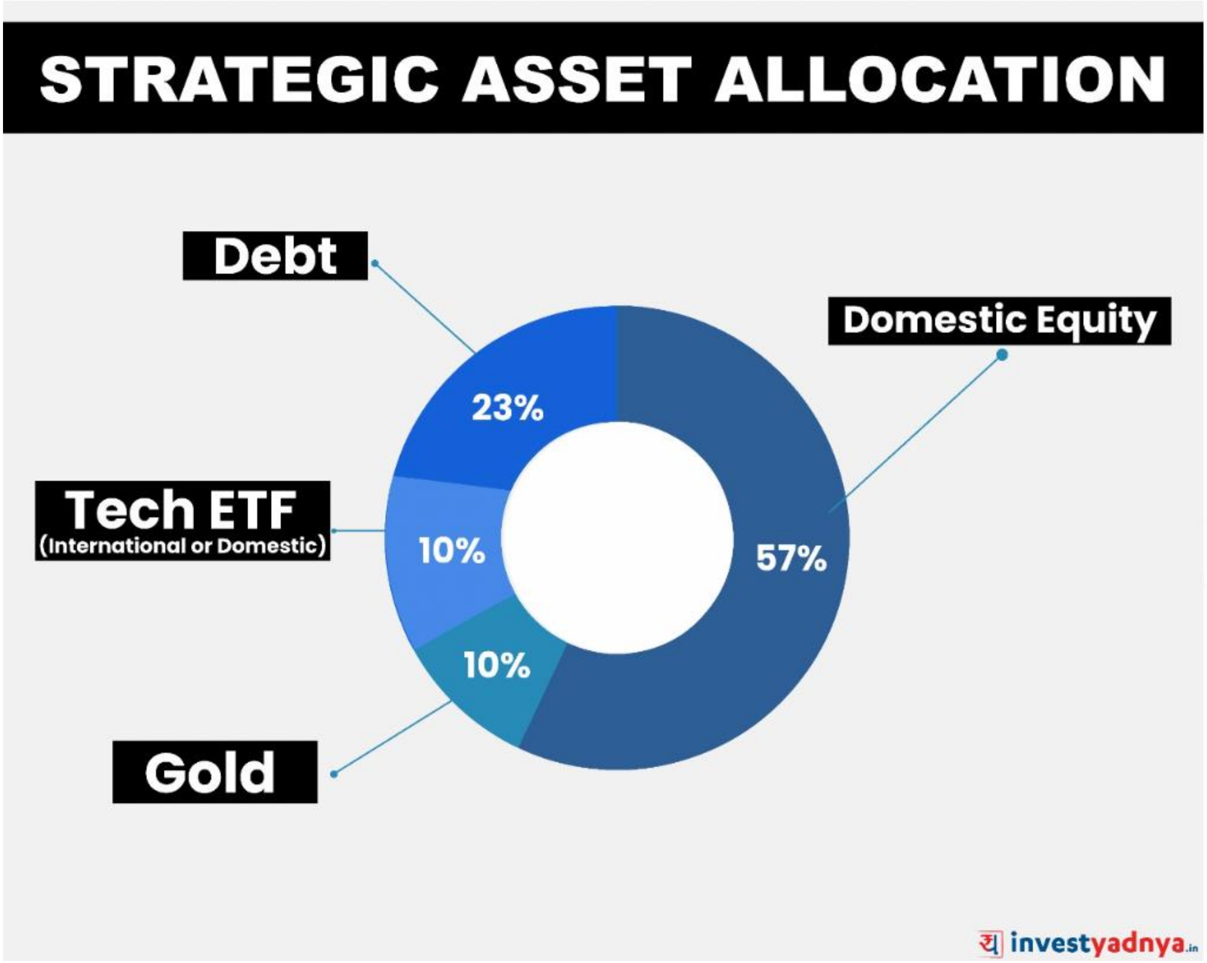
Idea of the portfolio is to perform in all type of market conditions and reduce the downside risk.

For meeting the investment objective of such a portfolio, looking at the long-term expected returns and risk levels of each asset class based on our long-term view of Indian economy and Gold markets, we suggest a strategic allocation of 2/3rd in Equity based ETFs, 10% in Gold and 23% in Medium term Debt ETFs.

Methodology



Strategic Allocation by Asset Class



Important Information
Time Horizon – Min. 8 years
Benchmark – Yadnya 70-30 TRI
Rebalancing – 6 Monthly

Important Dates
Launch Date – August 15th, 2022

Last Bi-Annual Rebalancing on – NA

Next Bi-Annual Rebalancing on – December 15th, 2022

Performance (11th August, 2022)

	1 month	1 year	3 year	5 year
All Seasons ETF Portfolio*	6.50%	4.00%	17.60%	14.50%
Yadnya 70-30 TRI	6.41%	7.45%	14.19%	12.56%
Aggressive Hybrid Category Average	6.39%	6.86%	16.64%	11.32%

*Portfolio Returns are Back tested results of underlying Index and not the ETFs. Many of the ETFs are new and hence long term returns are not available.

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