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# Quarterly Investment Policy Committee (IPC): Jan-21

## Crowded risk-on trade calls for caution



**January 20, 2021**

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# Quarterly Investment Policy Committee (IPC) – Neutral Equity and Fixed Income; Over/Under weight Hybrid/Commodities



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## **A. 2020 Performance: 2021 Consensus**

1. 2020: a good year for most asset classes
2. Consensus trade favour higher equity
3. Consensus trade show higher risk appetite

## **B. Macro recovery and Covid-19 lessons**

1. GDP growth after recovery to settle ~ 6%
2. ACAI shows more indicators turning green but
3. New cases have spiked in Europe

## **C. Equity Markets – Risk on**

1. Equity market has become easy
2. Smaller and midcap did better in 2020
3. Market concentration normalized
4. Earning hopes have been revived again
5. Earnings have become broad-based but cost saving accounts for much of it
6. Valuations – stretched whichever way looked
7. NPAs to go up before coming down
8. Rising wealth effect with high unemployment
9. Tech weights inching closer to dotcom levels
10. FII flows – High but not unusual

## **C. Fixed Income**

1. Fiscal headroom still exists
2. Union budget for FY22 may surprise the market
3. Inflation – near term softening vs. medium term escalation
4. RBI in sync with other global Central Banks
5. Comfortable external situation

## **E. Investment Outlook**

1. US, India, China ranks at the top
2. US – Regime shift
3. US – potential to grow after interim peak
4. EMs looking more promising than DMs
5. China stands out among EMs
6. Both gold (safe asset) and bitcoin (most risky) rallying
7. Commodities not yet recovered

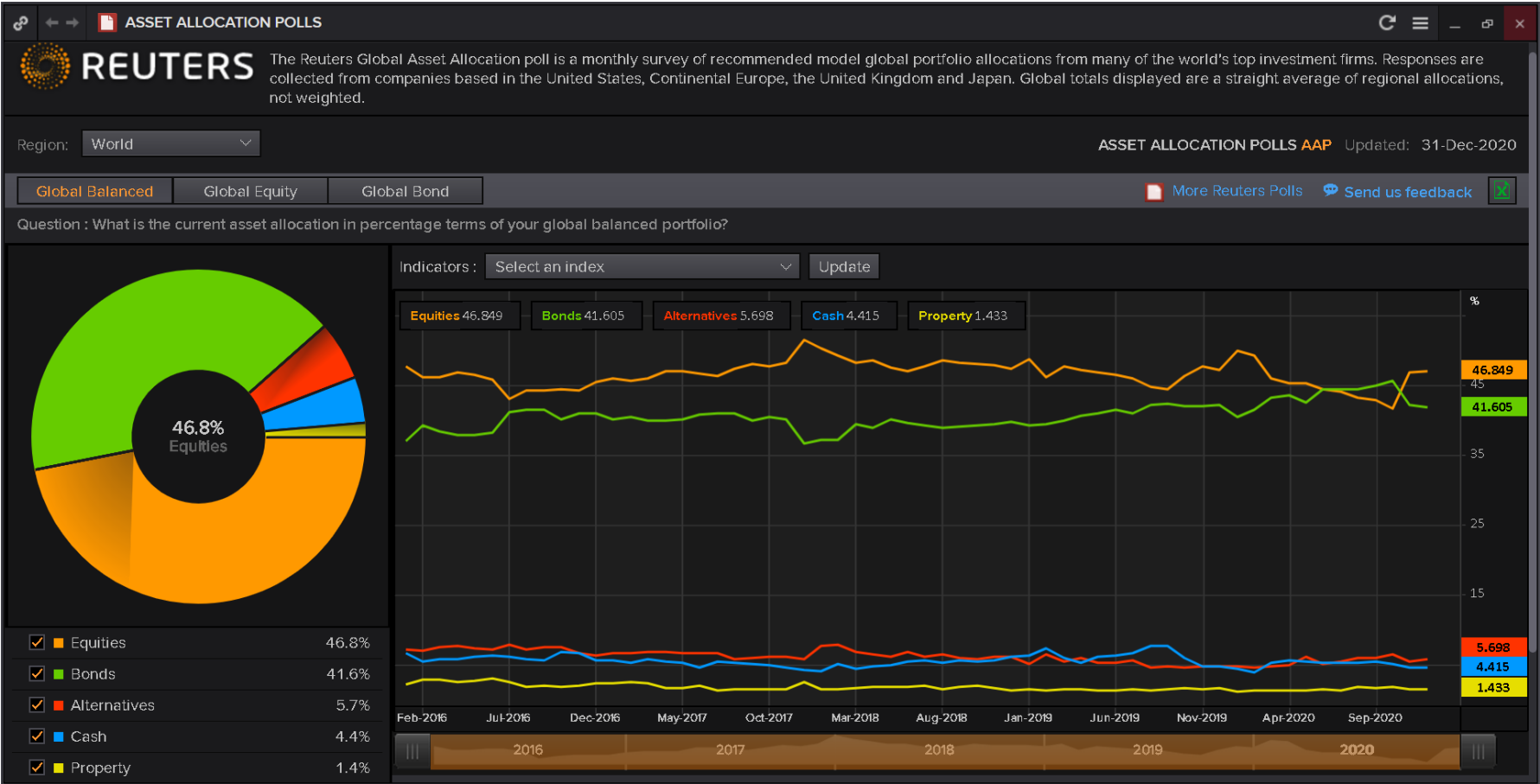
# Summary & conclusion: Stay Neutral on Equities and Fixed Income; Over/Under weight on Hybrid/Commodities

1. The consensus trade clearly favours an equity risk-on strategy with focus on cyclical, mid/small cap and value strategies among others. However, economic activity is yet to reach pre-Covid level, medium term growth prospect for India is likely to settle around 6% level and residual risks of Covid-19 is still playing out.
2. Calendar year 2020 displayed broadbasing of the market momentum across sectors and market cap spectrum. However, valuations have been pushed to historical high in spite of better-than-expected earnings. Expected rise in NPAs and lagged employment continue to weigh. We would **stay neutral on equity** in view of the above factors.
3. On the fixed income side while Government has fiscal space to spend, we expect an earlier than expected return to consolidation path. On the other hand, post the expected softening of vegetable prices pressure from international commodity and food prices along with higher corporate margins have raised inflation expectations. Meanwhile RBI has sizably reduced the extent of its liquidity support. Hence, **we have turned neutral on fixed income space** from overweight earlier.
4. Real estate cycle has seen signs of turning up and a flurry of government initiatives coupled with improvement in urban infrastructure and legal framework is aiding its recovery. We have thus **turned overweight on the Hybrid space comprising REITs/InvITs**. On the other hand, rising US interest rate, increased popularity of bitcoin and somewhat resilient INR prospect have led us to **stay underweight on Gold**.

# 2020 proved to be a good year for most asset classes

Year	Nifty	BSE Midcap	BSE Small cap	BSE 500	Bond (Compbex)	US Equity (S&P 500, INR)	Gold (INR)	Commodities (Bbg, INR)	INR/USD (+ Depr)
2000	-15			-27		-4		33	7
2001	-16			-23		-10		-20	3
2002	3			17		-24	24	23	-1
2003	72			101	8	20	14	17	-5
2004	11	26		17	0	3	0	2	-5
2005	36	47		37	5	7	23	22	4
2006	40	31	28	39	4	11	20	-5	-2
2007	55	69	74	63	7	-8	12	-1	-11
2008	-52	-67	-69	-58	9	-24	26	-22	24
2009	76	108	115	90	4	18	33	13	-5
2010	18	16	17	16	5	9	19	12	-4
2011	-25	-34	-36	-27	7	19	37	3	19
2012	28	39	36	31	9	18	10	3	4
2013	7	-6	-10	3	4	46	-3	2	12
2014	31	55	63	37	14	14	-11	-15	2
2015	-4	7	6	-1	9	4	-5	-21	5
2016	3	8	2	4	13	12	10	14	3
2017	29	48	60	36	5	12	4	-5	-6
2018	3	-13	-24	-3	6	2	9	-5	9
2019	12	-3	-7	8	11	32	22	8	2
2020	15	20	32	17	12	19	30	-1	2
5yr Avgs									
2001 - 2005	21	36		30	4	-1	15	9	-1
2006 - 2010	27	31	33	30	6	1	22	0	1
2011 - 2015	7	12	12	9	9	20	5	-6	8
2016 - 2020	12	12	13	12	9	16	15	2	2
10yr Avgs									
2001 - 2010	24	33	33	30	5	0	19	4	0
2011 - 2020	10	12	12	10	9	18	10	-2	5
21yr Avg									
2020 - 2020	16	21	19	18	7	8	14	3	3

# Consensus trade favour higher equity allocation



# Consensus trade shows higher risk appetite

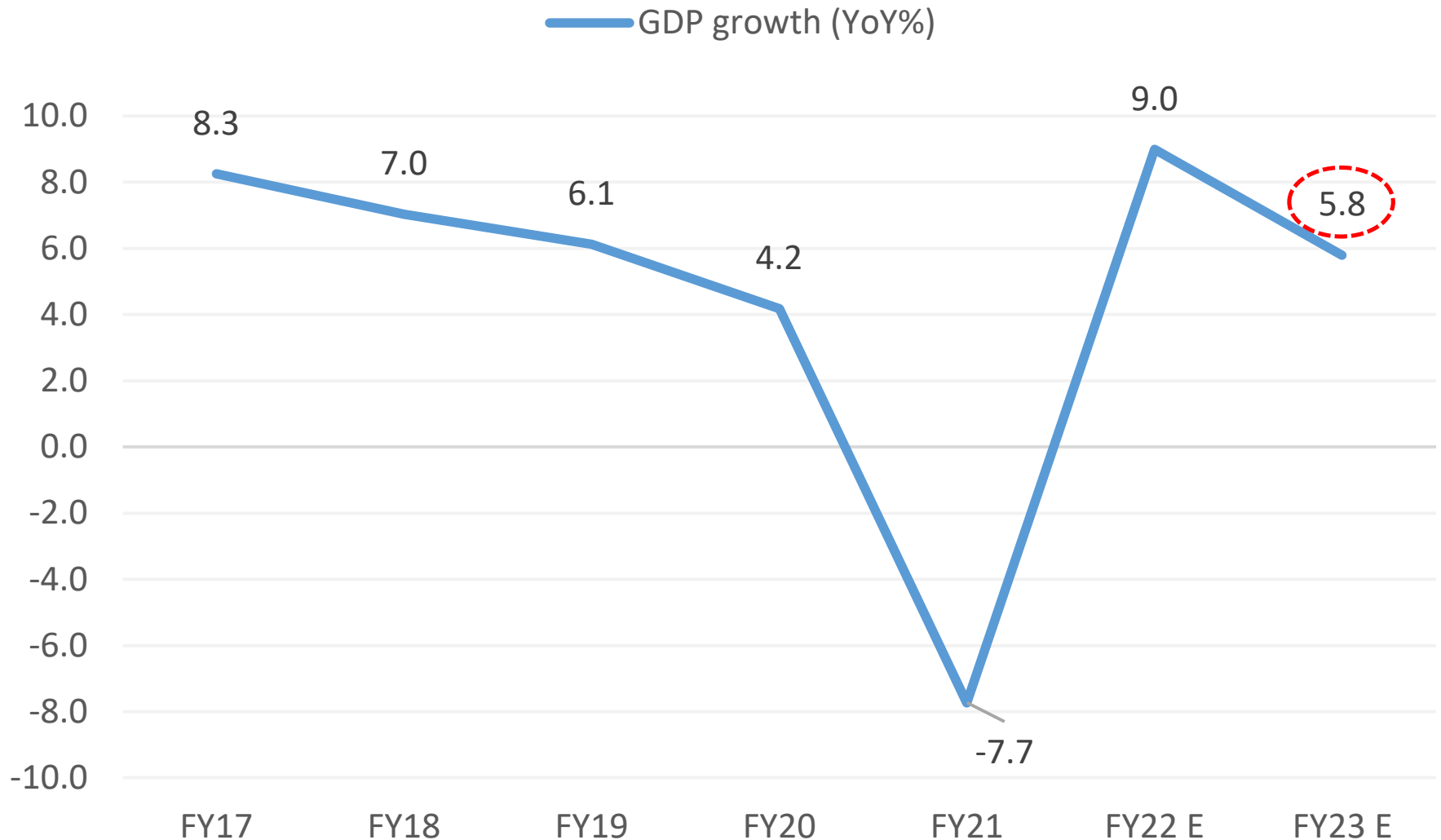
Topic	Consensus views
<b>Economy</b>	Growth well above average, inflation a tad higher but rangebound
<b>Equity</b>	Risk on: Higher equity allocation
	<i>Preferences:</i>
	<i>Large cap over mid cap</i>
	<i>Value over growth</i>
	<i>EMs over US</i>
<b>Bond</b>	Limited downside (Central Bank put) but limited upside due to better economy
<b>Currency</b>	USD to fall; CNY/EUR to gain
<b>Commodities</b>	Gold/oil higher



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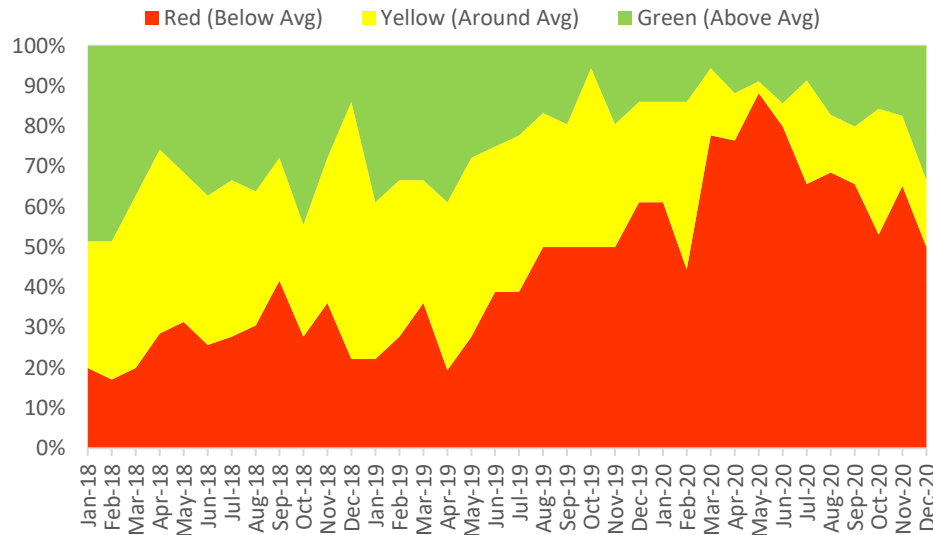
# Macro – Recovery and Covid lessons

# GDP growth after recovery likely to settle around 6%

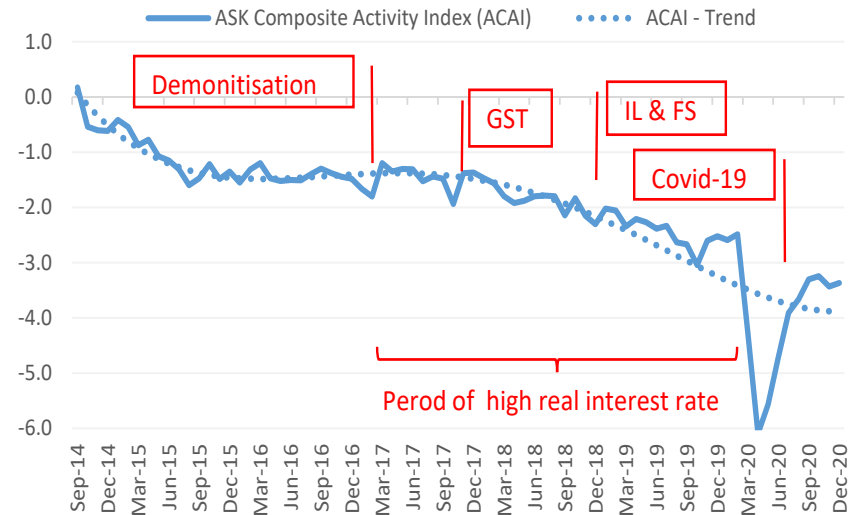


# ACAI shows more indicators turning green but pace of recovery plateaued at some level

Many a indicators have started turning up



ASK Composite Activity Index (ACAI) recovery gathering pace



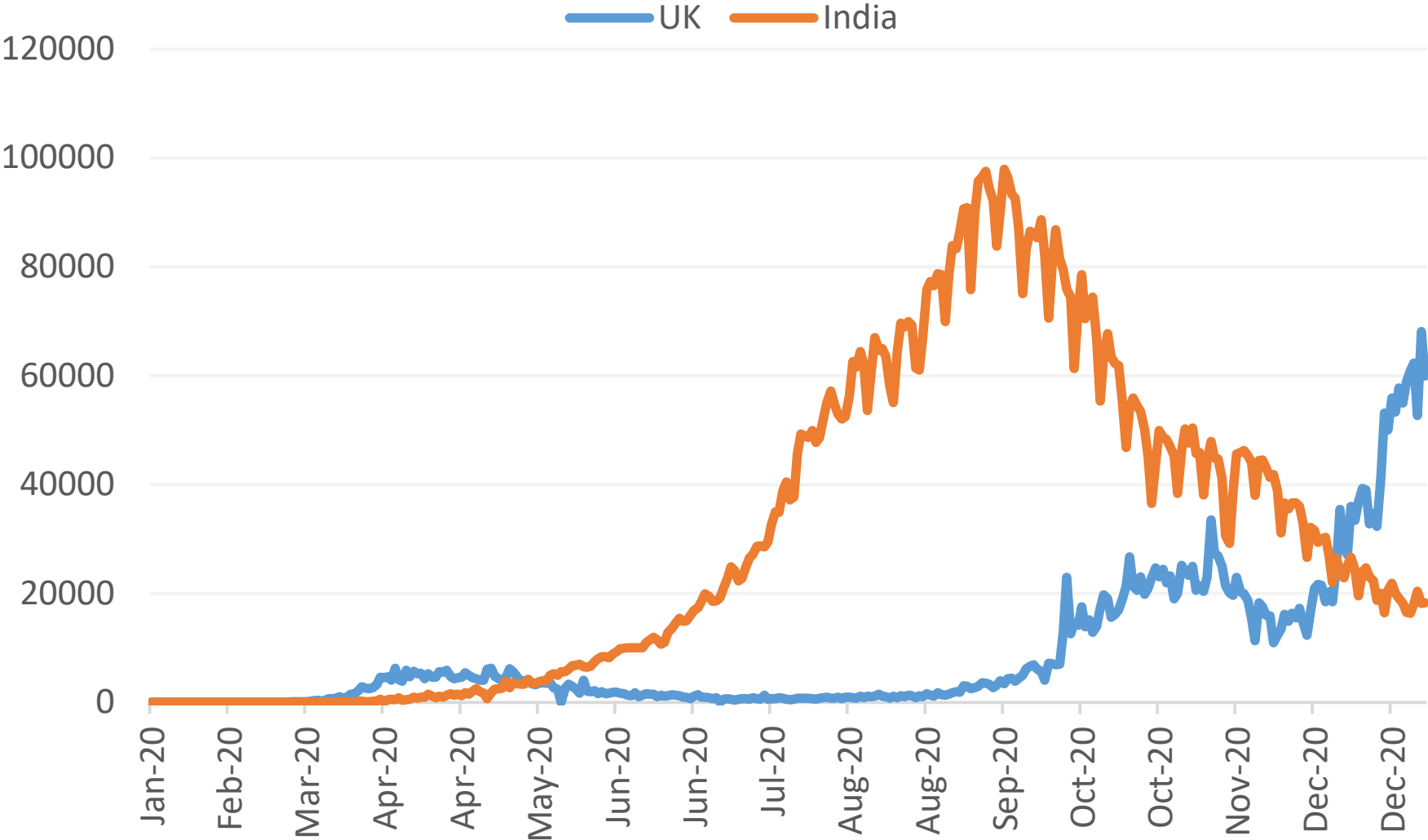
- ACAI shows indication of economy bottoming out in Apr-2020 and after relatively sharp recovery in May-20 and Jun-20 and continued recovery thereafter albeit it seemed to have plateaued at some level.
- New order book and electricity have revived and so has net absorption and inventory in the residential real estate space. Rail freight and air traffic also improved but air traffic both passengers and cargo remained deep in red. However, in the financial sector, except bank deposits, other indicators including that of MFs and Insurance performance stayed or turned poor. However, corporate sector performance improved with rating showing notable improvement although still not out of the weeds. Government collected more tax and its spending saw a spike in Nov-20. Households however, suffered higher inflation and lesser employment.

**Note:** The ASK Composite Activity Indicator (ACAI) is a comprehensive tracker of the economy with a data dashboard of 36 key indicators of the economy covering nearly all aspects of the non-agricultural economy including energy, manufacturing, investments, real estate, infrastructure, foreign trade & investments, transports, financial services, and measures of corporate and government financial health and household well being. The number of variables that are at (yellow), above (green) or below (red) their historical average for the period, provides a good guide to the state of the economy. The aggregate of the 36 indicators into a single index - ACAI incorporates the extent of variation in the variables apart from their direction of change. ACAI is meant to serve as a more recent (nowcasted) and alternative measure of economic activities to be available before the GDP data is released for the quarter

# New cases spiked in Europe even as it came down in India



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Sources – Refinitiv, ASKWA Research



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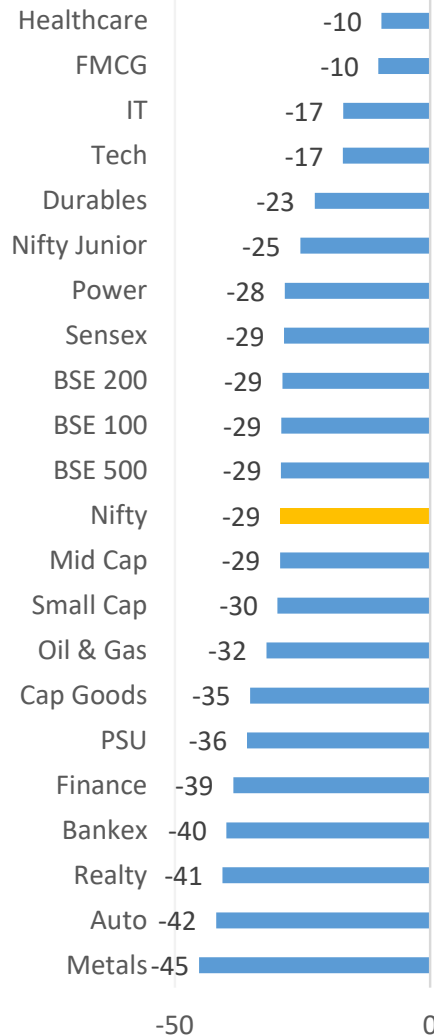


# Equity Markets – Risk on

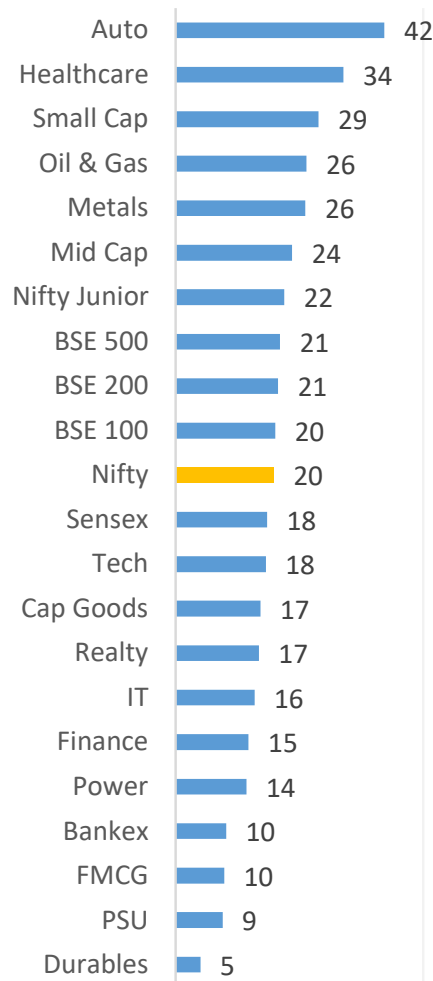


# Equity market has become easy with laggards becoming leaders

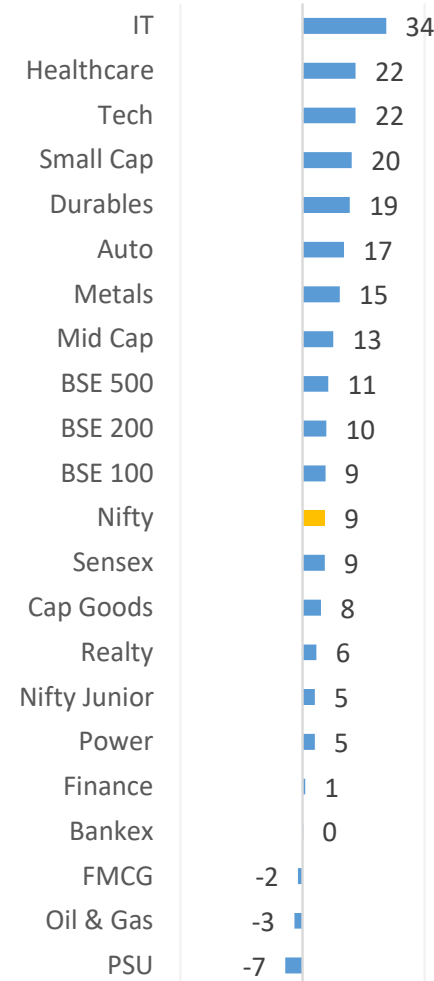
Q1 2020



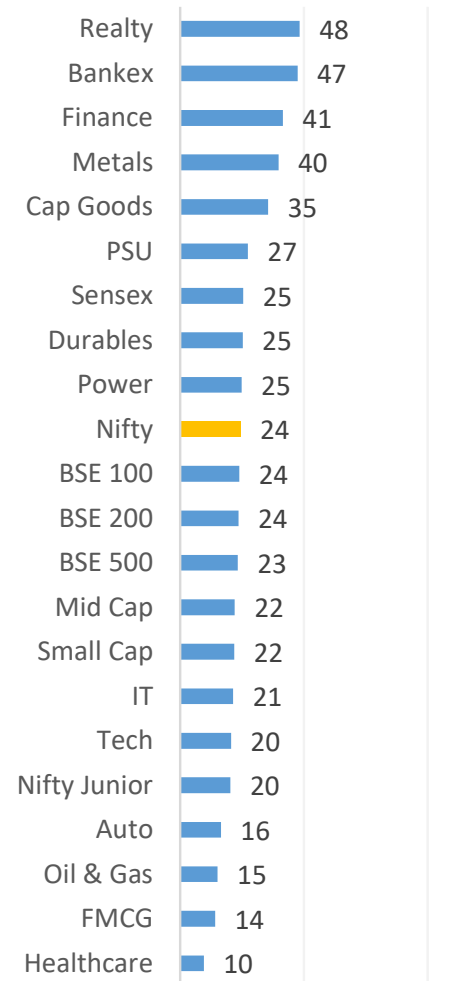
Q2 2020



Q3 2020



Q4 2020



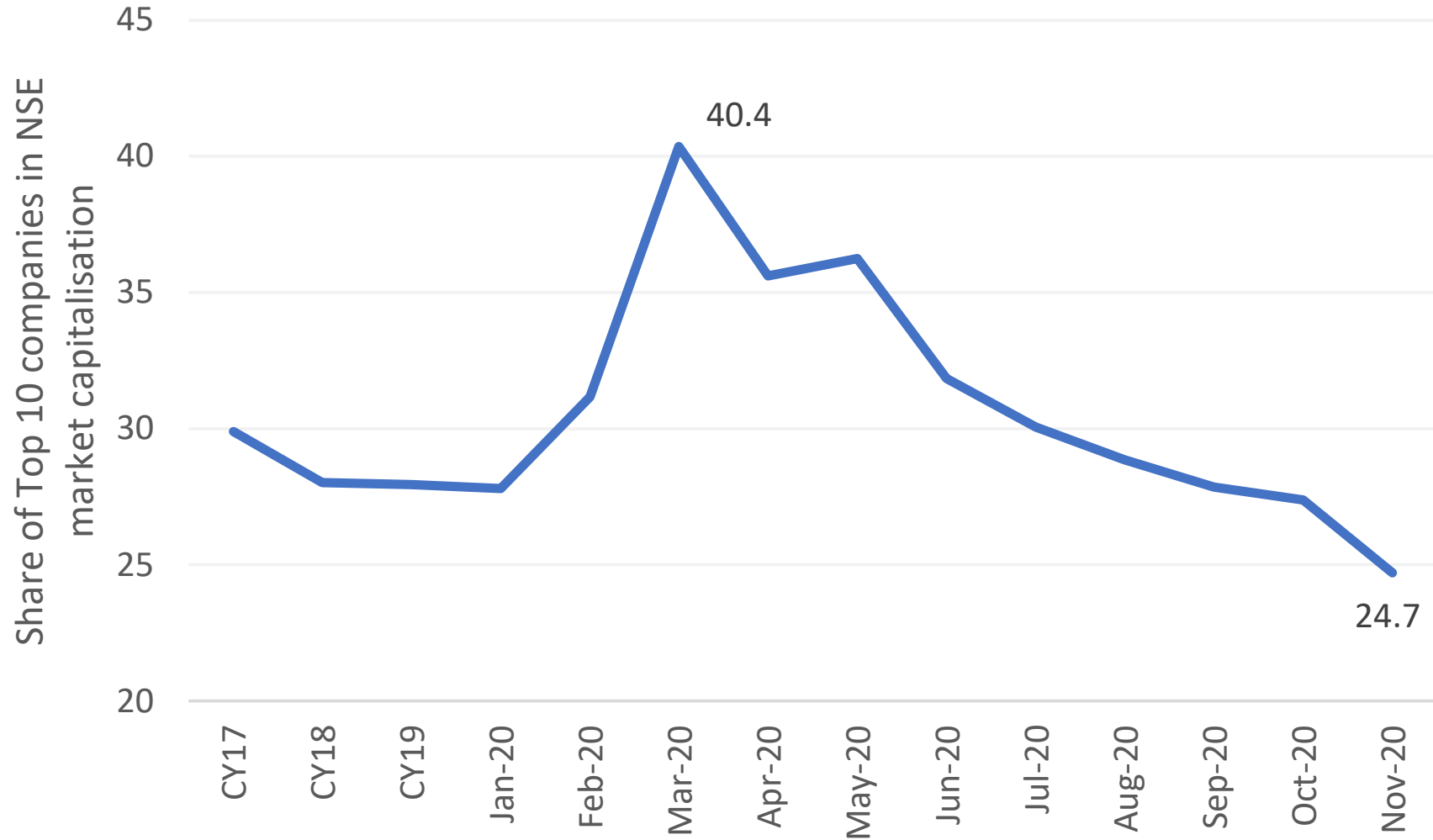
# Smaller and midcap did better in 2020 especially in recovery phase



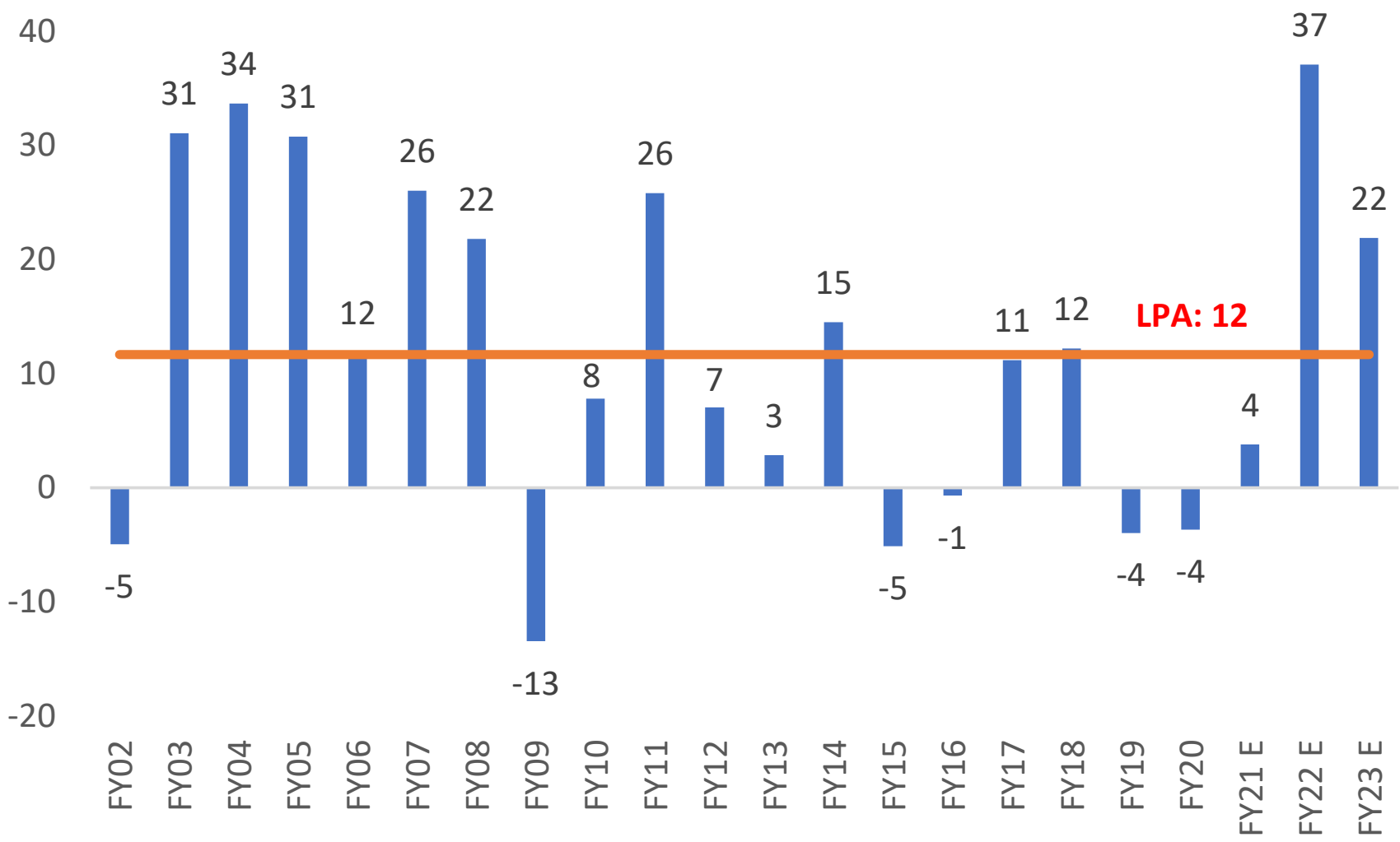
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# Market concentration normalized again after peaking out in Mar-20



# Earning hopes have been revived again



Sources – Bloomberg, NSE, ASKWA Research

# Earnings have become broadbased but cost saving accounts for much of it

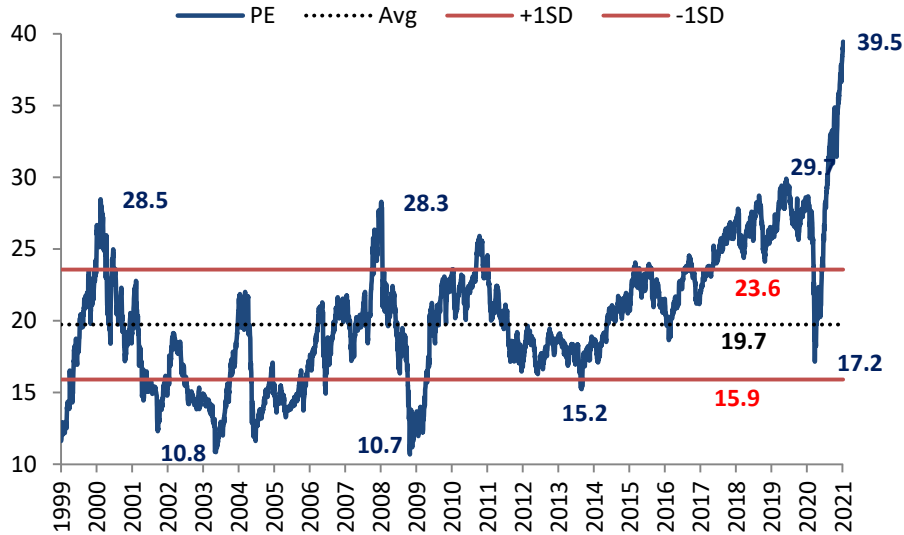


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	Nifty 50 companies					Corporate Sector				
	Dec-19	Mar-20	Jun-20	Sep-20		Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Total income	(3)	(2)	(26)	(10)		(1)	(4)	(27)	(7)	9
Net sales	(2)	(5)	(29)	(9)		(2)	(6)	(29)	(6)	7
Total income net of P&E	(3)	(3)	(27)	(8)		(2)	(5)	(28)	(6)	9
Total expenses	(0)	6	(25)	(15)		(1)	1	(25)	(13)	6
Raw materials, etc & purch of fin gds	(12)	(6)	(52)	(23)		(11)	(9)	(51)	(19)	10
Salaries and wages	7	7	4	5		7	7	2	3	9
Total other expenses	1	3	(19)	(6)		(2)	3	(24)	(9)	(9)
Interest expenses	8	9	4	(3)		8	7	6	(0)	(18)
Depreciation	21	16	5	3		22	19	4	2	13
Total tax provision	(22)	(9)	(52)	9		(17)	(38)	(50)	(1)	28
Profit before tax	(23)	(48)	(43)	38		(22)	(65)	(67)	178	24
Net Profit	(23)	(56)	(40)	45		(25)	(79)	(75)	567	22
PAT net of P&E	(24)	(27)	(24)	9		(11)	(49)	(40)	45	22
Profitability Ratios										
PBT as % of total income	11	6	10	16		7	2	4	12	28
PAT as % of total income	8	5	8	12		5	1	2	9	22
PAT net of P&E as % net sales & othr inc	8	7	10	12		5	2	5	8	22
Count	50	50	50	50		4464	4348	4340	4298	24

# Valuations – stretched whichever way looked at

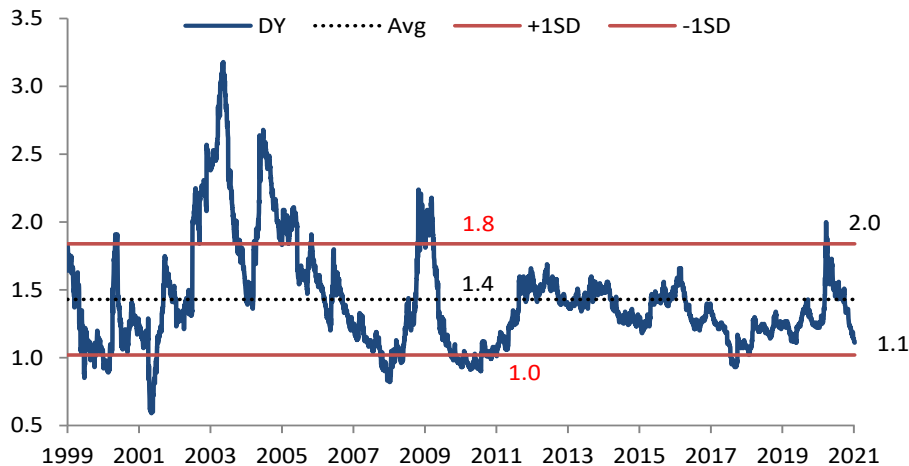
**Trailing PE +5 SD above its historical valuation**



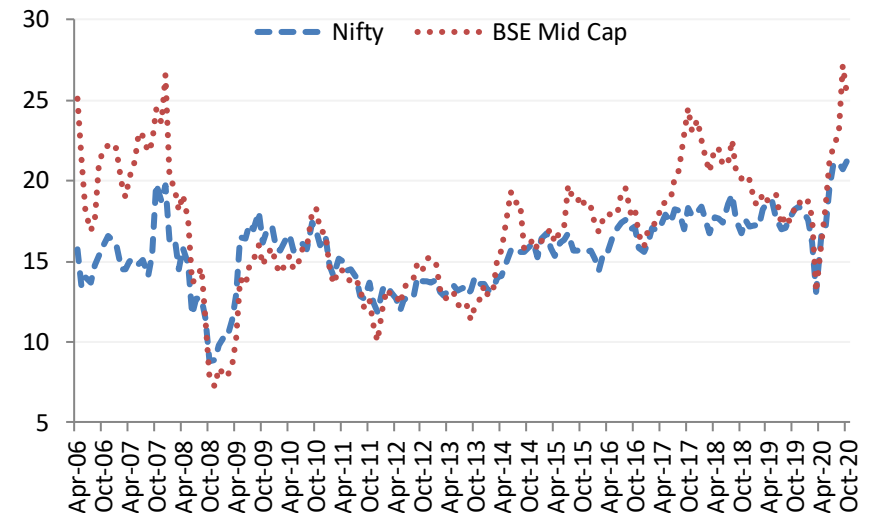
**Trailing PB closer to +1 SD times of LPA**



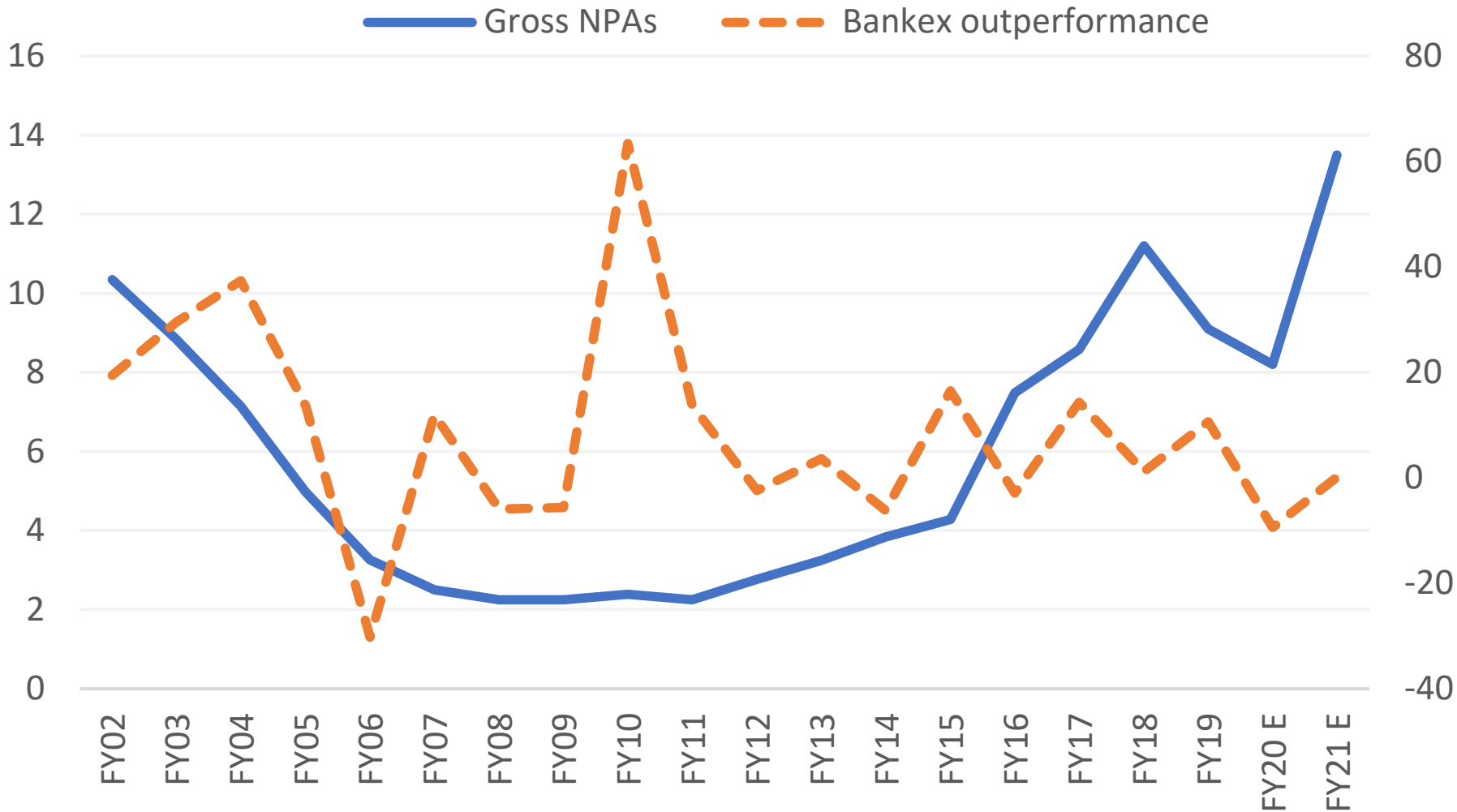
**DY slipped closer to historical lows**



**1yr forward PE at GFC levels**

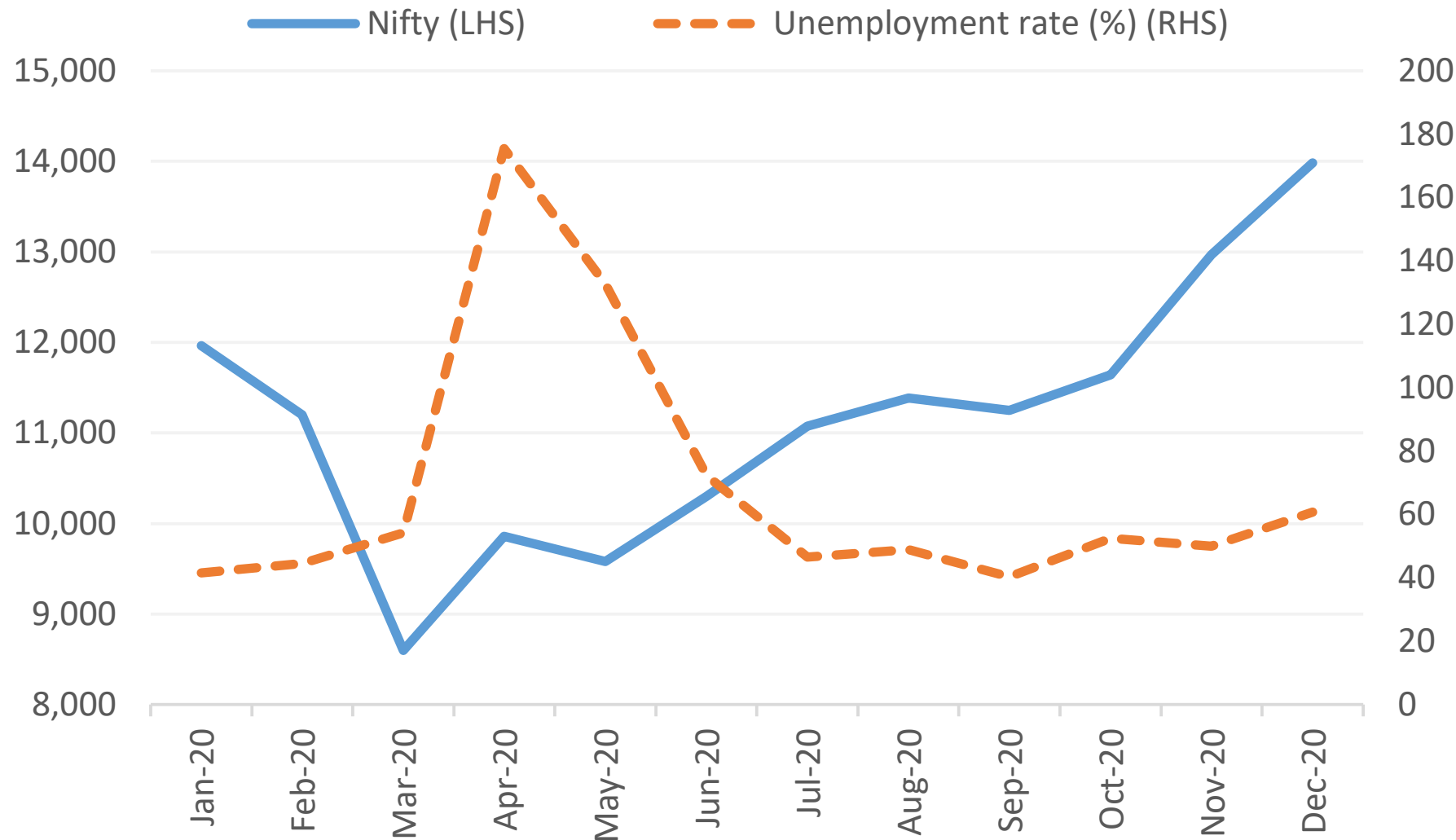


# NPAs to go up before coming down



Sources – CMIE, RBI, Refinitiv, Bloomberg, ASKWA Research

# Rising wealth effect amidst still high unemployment

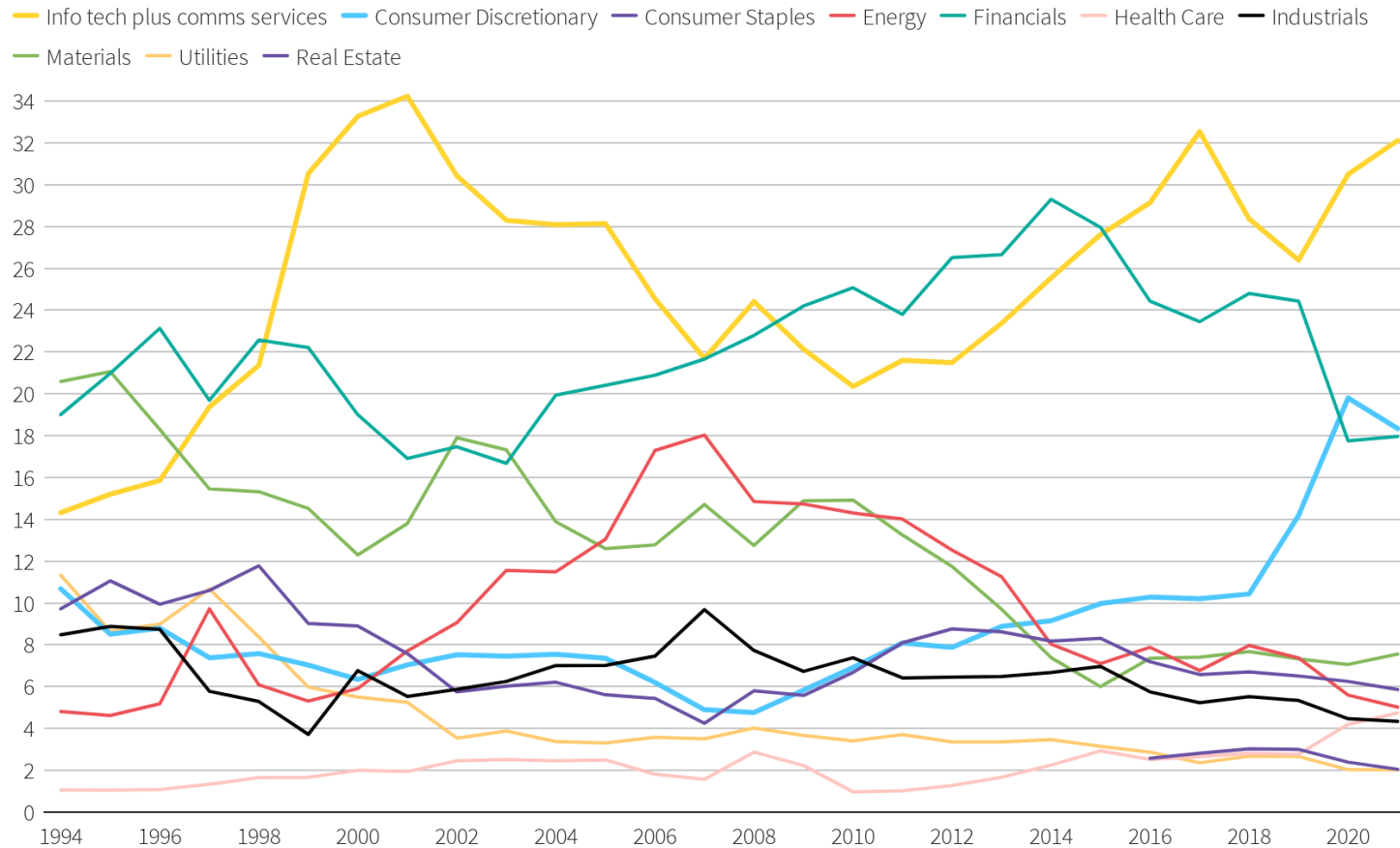


Sources – CMIE, Refinitiv, Bloomberg, ASKWA Research

# Tech weights inching closer to dotcom levels

## MSCI emerging market stocks index sector weightings since 1994

Tech has seen super-charge rise but still not quite at dot.com boom level

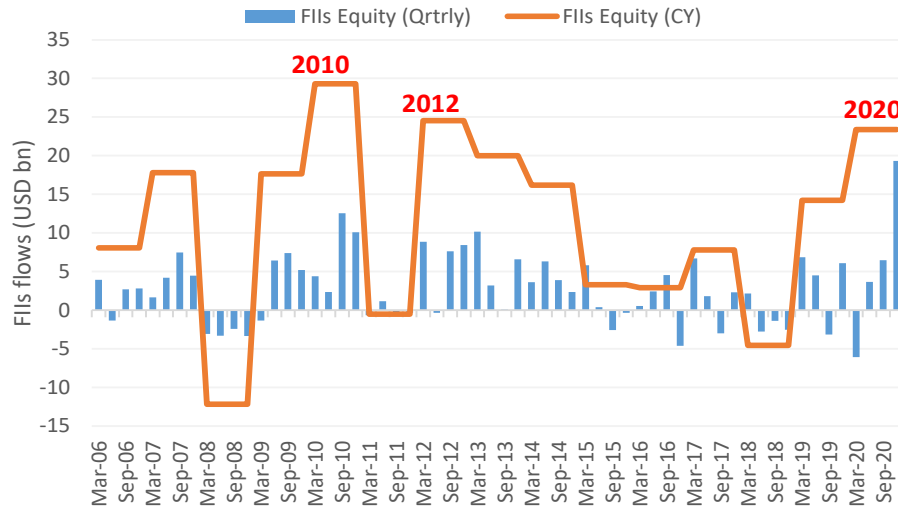


Reuters | Marc Jones @marcjonesrtrs

Source: MSCI

# FII flows – High but not unusual

## Highest ever FII flows during Q4 2020



## India is one of the major recipients of FII flows (USD bn)

	India	Indonesia	Korea	Taiwan	Thailand	Malaysia
2013	20	-2	5	9	-6	1
2014	16	4	6	13	-1	-2
2015	3	-2	3	3	-4	5
2016	3	1	11	11	2	-1
2017	8	-3	6	6	-1	3
2018	-5	-4	-12	-12	-9	-3
2019	14	4	9	9	-2	-3
2020	22	-3	-18	-18	-8	-6

## FII holding is stable at 20% for NSE listed companies

%	Private Indian promoters	Govt.	Foreign promoters	Domestic MFs	Banks, FIs & Insurance	FII's *	Non-promoter corporate	Retail
Dec-17	31.5	10.4	9.4	5.9	5.7	19.8	5.4	9.2
Mar-18	31.3	10.1	9.4	6.1	5.6	20.1	5.6	9.0
Jun-18	31.4	9.5	9.7	6.4	5.7	20.5	5.2	8.7
Sep-18	32.0	9.2	9.5	6.4	5.8	20.4	5.1	8.6
Dec-18	31.3	9.1	10.0	7.0	5.8	20.4	5.0	8.7
Mar-19	31.5	9.2	9.2	7.2	5.5	21.0	5.0	8.6
Jun-19	31.4	9.3	9.3	7.3	5.5	21.3	4.7	8.4
Sep-19	32.2	7.9	10.1	7.7	5.5	21.8	3.6	8.5
Dec-19	32.2	8.2	9.8	7.8	5.4	22.2	3.5	8.4
Mar-20	33.3	6.9	11.1	7.9	5.5	20.8	3.3	8.4
Jun-20	34.1	6.7	10.4	7.8	5.5	20.2	3.2	8.7
Sep-20	35.4	5.6	10.0	7.7	5.2	20.6	2.8	9.0



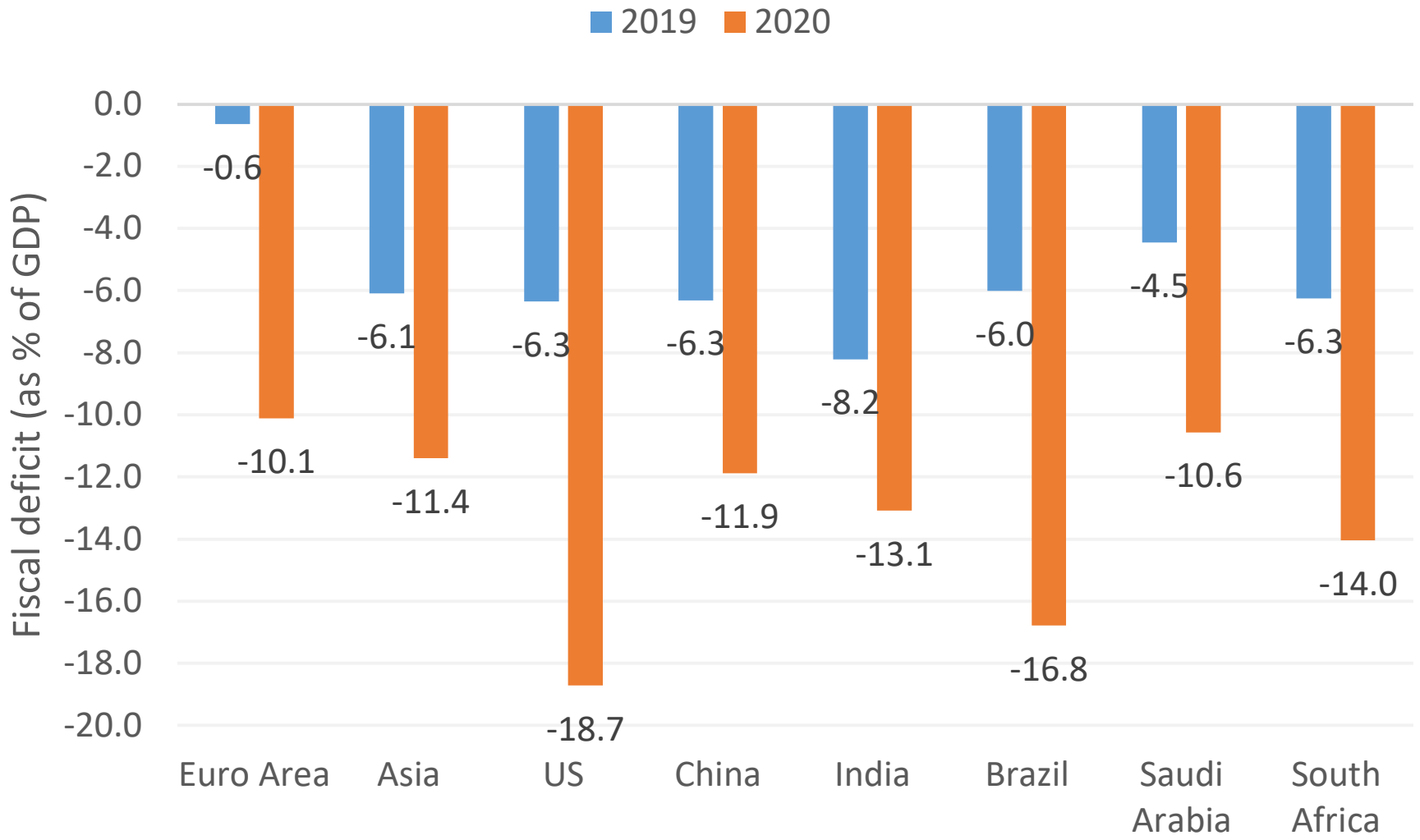
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# Fixed Income



# Fiscal headroom for expansion still exists



Sources – IMF, ASKWA Research

# Union budget for FY22 may surprise the market

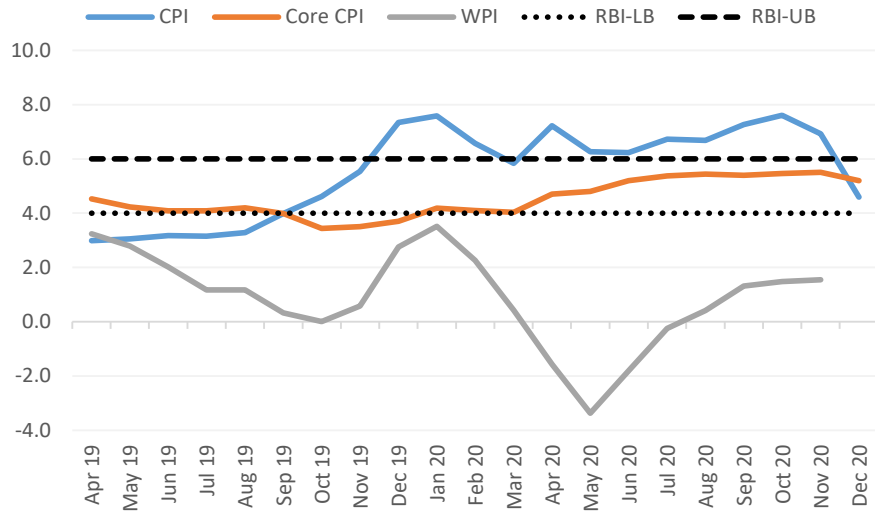
	Fiscal Deficit (as % of GDP)			Borrowing (INR tn)			Nominal GDP (YoY %)
	Centre	State	Total	Centre	State	Total	
FY21 - Pre Covid	3.5	3.2	7	8	5	13	10
FY21 - Post Covid	6.5	5.5	12	13	10	23	-4
FY22 E	4.5	3.5	8	10	8	18	15

## Key expectations:

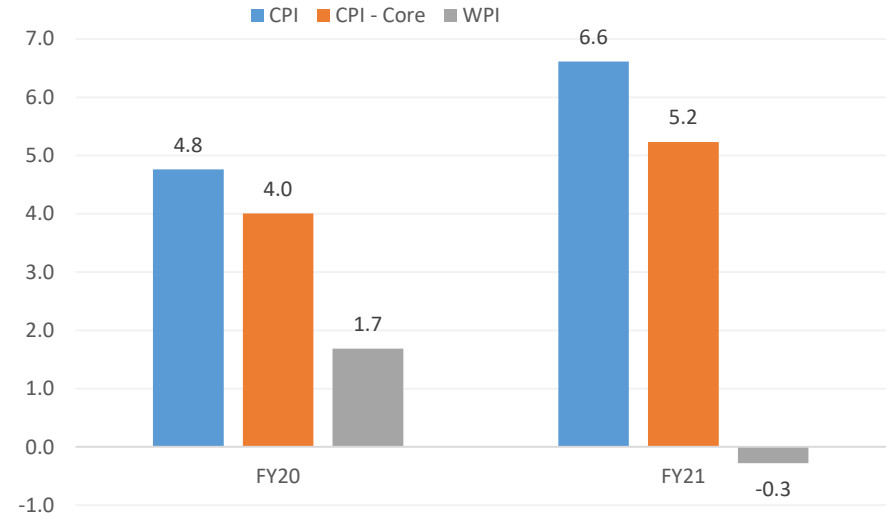
- **Surprise:** Headline deficit and borrowing numbers may be better than market expectations. Expect frontloaded reduction in fiscal consolidation roadmap.
- **Cess:** Revenue projections to be optimistic at the first instance. Cess to fund vaccine a possibility.
- **Nudge:** Nudge theory to be put at maximum work. Many small measures aimed at various sectors. Expect measures like “Cash for Clunkers”.
- **Agri/Infra:** Sizable jump in agri budget to placate the farmers. Infrastructure and affordable housing to receive focus too.
- **Urban NREGA** may be rolled out.

# Inflation – near term softening vs. medium term escalation

**Core CPI remains rangebound**



**There wasn't a case for over-reaction**



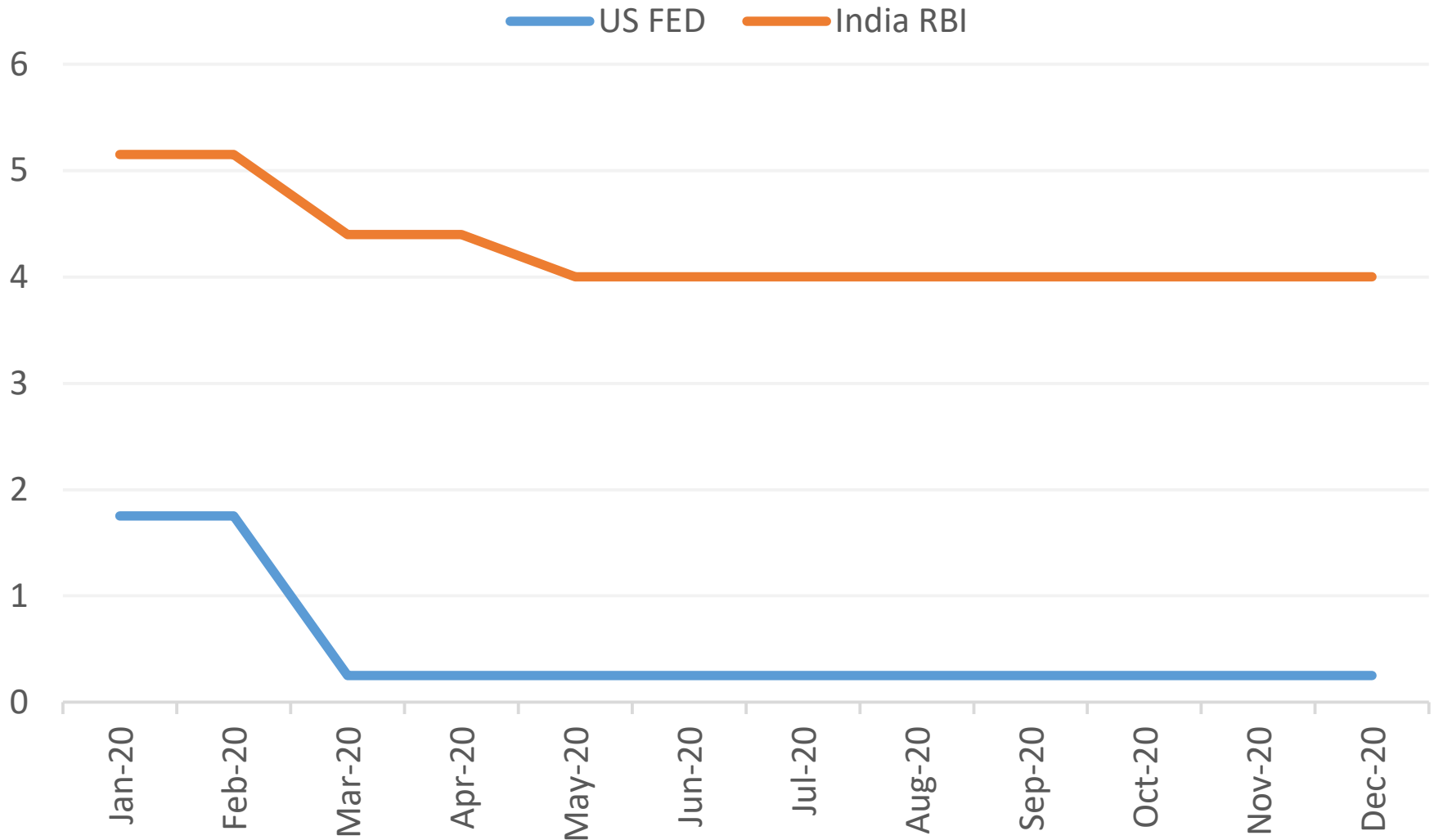
**Global food prices are rising again**



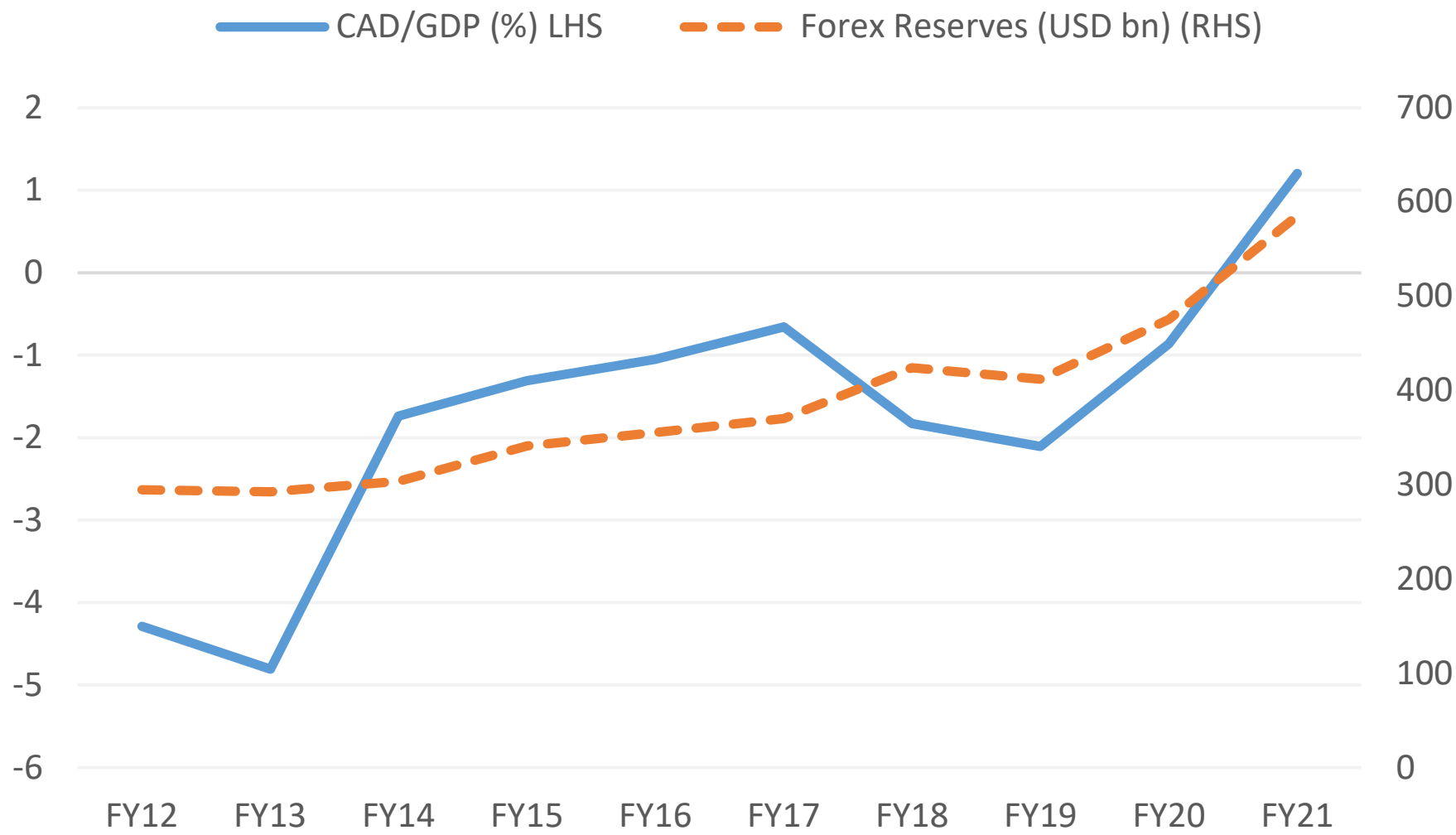
**And so are Oil and commodities**



# RBI in sync with other global Central Banks



# Comfortable external situation



Sources – CMIE, RBI, ASKWA Research



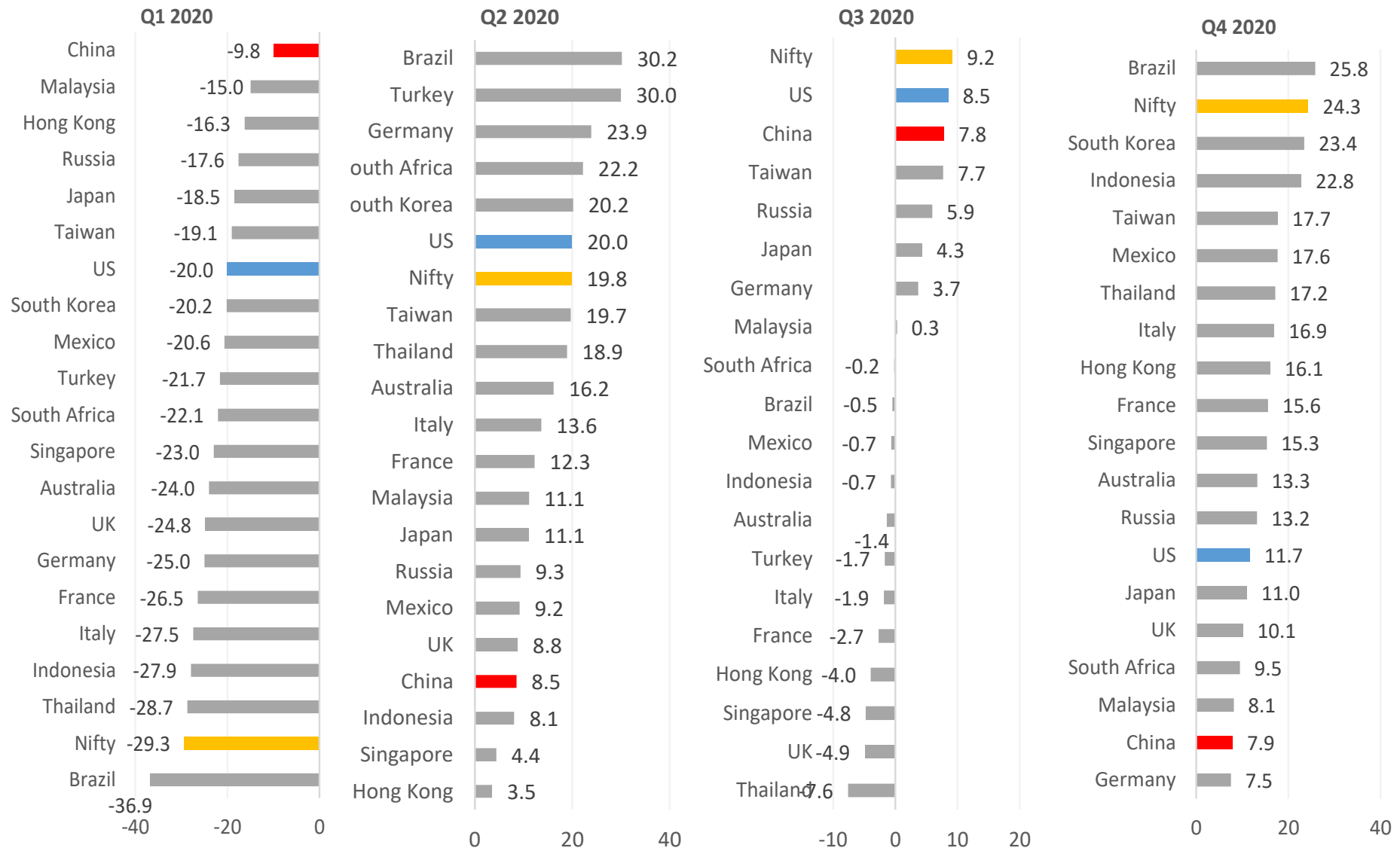
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# Investment Outlook and Strategy



# Indian markets recovered from the Q1 drop; US, India, China ranked high in 2020 performance

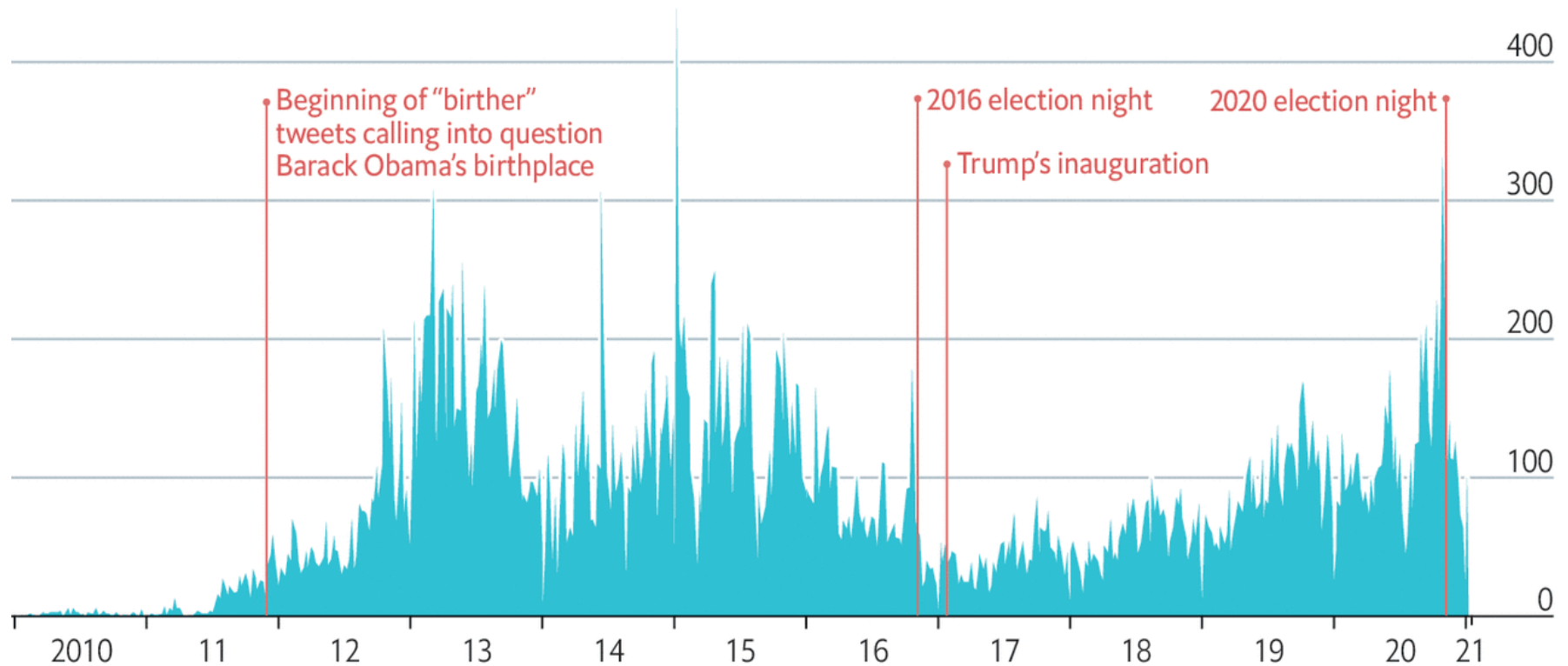


# US – Regime shift to bring in significant policy changes – fiscal boost followed by non-disruptive policy exit expected

## Tweets no more?

### Veni, vidi, vici, peridi

Donald Trump (@realdonaldtrump), tweets per week\*



Source: trumptwitterarchive.com

\*Excludes retweets

The Economist

# US – potential to grow after interim peak

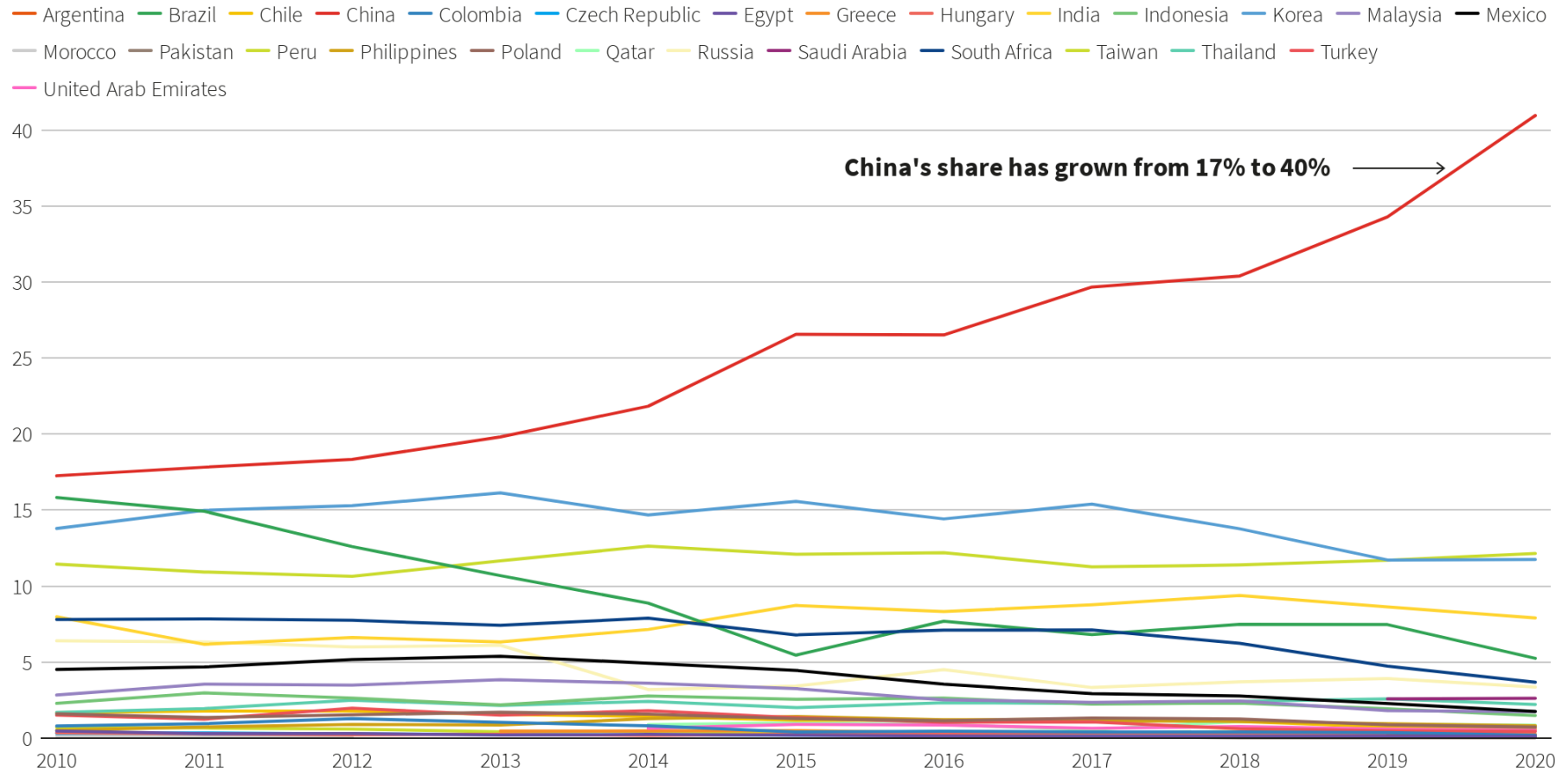
Market Peak	New High	Return - 12M after New	No. of Pullbacks	Maximum Decline
Sep-46	Sep-50	24%	2	-8%
Oct-57	Sep-58	15%	1	-9%
May-62	Sep-63	14%	1	-7%
Aug-66	Apr-67	4%	2	-10%
Jan-70	Mar-72	6%	1	-8%
Nov-73	Jul-80	10%	2	-10%
Feb-82	Nov-82	19%	2	-7%
Oct-87	Jul-89	7%	2	-10%
Oct-90	Feb-91	13%	2	-6%
Jun-01	May-07	-7%	2	-16%
Jul-08	Mar-13	19%	1	-6%
Feb-20	Aug-20			
Average		11%	2	-9%

# EMs looking more promising than DMs



# China stands out among EMs

## China's growing dominance of MSCI's emerging market index



Reuters | Marc Jones @marcjonesrtrs  
Source: MSCI

# Both gold (safe asset) and bitcoin (most risky) rallying



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# Commodities not yet recovered from the low; beginning of a fresh super cycle?



## **Equity:**

- 1) *Equity markets have shown broad-based risk-on strategies being played out. However, economic activity is yet to reach pre-Covid level, medium term growth prospect is likely to settle at near 6%. Residual risks of Covid-19 stay. Valuations have become rich despite better earnings. Persistent challenges including NPAs and unemployment would take time to normalize and may even get worse before improving. Our equity outlook thus remains cautious with continuation of the neutral stance.*
- 2) *Weights should be assigned as per strategic level for global equities within each risk profiles. Despite the prospect of rising interest rate in US, historically it has delivered above average returns during such episodes. EMs particularly China have posited better growth amidst Covid-19 management. EMs hold better potential than DMs at present.*
- 3) *Mid and small caps strategies have rallied more in 2020 which is not entirely on account of valuation but also on healthier corporate profits. Thus, valuation enrichment is of lower order than large cap. We have therefore turned overweight on mid/small cap strategies and underweight on large cap.*
- 4) *Valuations and prospect of credit growth driven margin improvement during FY22 makes a case for banking sector despite challenges. Broader financial sector would continue to benefit from low penetration, better origination capability and diversification of risks.*

***We stay neutral on equities with overweight on mid/small cap and financials.***

# Strategy: Neutral Fixed Income; overweight short-term

## ***Fixed Income market:***

- 1) While there is fiscal space for an expenditure boost, the budget is likely to revert to fiscal consolidation path not fully factored in by the market.
- 2) Government borrowing (Centre + States) is expected to come down by INR5 tn in FY22. Sans a pick-up in credit growth and continued capital inflows this may keep the liquidity situation comfortable.
- 3) Inflation has softened materially on account of a drop in vegetable prices. However, higher food and commodity prices globally is raising inflation expectations.
- 4) RBI has cut back on the extent of liquidity support as part of a measure to normalize the yield curve at the shorter end.
- 5) The external front remains comfortable indicating enhanced policy space for RBI.

While the accommodative stance of RBI is likely to continue for a longer period, it is likely that the extraordinary liquidity support would be rationed somewhat. Fiscal stance of the government and inflation expectation would act as balancing factors. The bond market is therefore likely to remain rangebound for a while before getting any direction. We have thus **turned neutral on fixed income**. A graduated lowering of duration would now be preferable with increased allocation at shorter end. We stay underweight on credit as the credit environment still remains challenging. We would stay neutral on cash as a residual adjustment for other sub-asset classes within fixed income.

# Strategy: Overweight Hybrid (REITs/InvITs) and Underweight Commodities (Gold)



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## **REITs/InvITs:**

- 1) *REITs/InvITs are at a nascent stage of development and is poised to be a major source of funding for India's growing housing and infrastructure sector.*
- 2) *There are incipient signs that the real estate sector is emerging out of the Covid-19 related crisis. This is also reflected in absorption of properties as well as in a reduction in inventories. There is also an increased demand and price pressure on the steel and cement sector.*
- 3) *Government support in the form of tax benefits as well as acceleration of urban and transport infrastructure is facilitating rapid growth of the two avenues.*

*We have **turned overweight on REITs/InvITs** in view of the improved economic and financial prospects of these two emerging channels.*

## **Gold:**

- 1) *Gold has rallied 30% in 2020 benefiting from the Covid-related uncertainties. However, in Q4 of 2020 it showed signs of weakness when equity and other asset classes started rallying on the back of a recovering economy.*
- 2) *The rise in US bond yield comes as a major dampener for further meaningful rally of gold. Emerging alternative like cryptocurrency is another major drag. Relative INR stability also limits translation gains.*

*In view of weakening of the relationship between gold and other financial variables and relative higher valuation we **stay underweight on gold**.*



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# Model Portfolio



# Model portfolio (Dec-20) ...contd...

Asset/Sub-Asset Class	Products	Unconstrained Model Portfolio (UMP)									
		AGGRESSIVE		ASSERTIVE		BALANCED		CAUTIOUS		CONSERVATIVE	
		SAA	TAA	SAA	TAA	SAA	TAA	SAA	TAA	SAA	TAA
<b>Equity Allocation</b>		<b>80.0</b>	<b>80.0</b>	<b>63.8</b>	<b>63.8</b>	<b>47.5</b>	<b>47.5</b>	<b>31.3</b>	<b>31.3</b>	<b>15.0</b>	<b>15.0</b>
<b>Offshore Funds</b>		<b>28.0</b>	<b>32.0</b>	<b>22.3</b>	<b>25.5</b>	<b>16.6</b>	<b>19.0</b>	<b>10.9</b>	<b>12.5</b>	<b>5.3</b>	<b>6.0</b>
<i>US ETFs, FOFs</i>		<b>18.7</b>	<b>21.3</b>	<b>14.9</b>	<b>17.0</b>	<b>11.1</b>	<b>12.7</b>	<b>7.3</b>	<b>8.3</b>	<b>3.5</b>	<b>4.0</b>
	ASK Global Strategies Fund	6.2	7.1	5.0	5.7	3.7	4.2	2.4	2.8	1.2	1.3
	MO NASDAQ ETF	6.2	7.1	5.0	5.7	3.7	4.2	2.4	2.8	1.2	1.3
	Edelweiss US Technology Equity FOF / Frank	6.2	7.1	5.0	5.7	3.7	4.2	2.4	2.8	1.2	1.3
<b>China FOF</b>		<b>9.3</b>	<b>10.7</b>	<b>7.4</b>	<b>8.5</b>	<b>5.5</b>	<b>6.3</b>	<b>3.6</b>	<b>4.2</b>	<b>1.8</b>	<b>2.0</b>
	Edelweiss Greater China Fund	9.3	10.7	7.4	8.5	5.5	6.3	3.6	4.2	1.8	2.0
<b>Domestic Funds</b>		<b>52.0</b>	<b>48.0</b>	<b>41.4</b>	<b>38.3</b>	<b>30.9</b>	<b>28.5</b>	<b>20.3</b>	<b>18.8</b>	<b>9.8</b>	<b>9.0</b>
<b>Large Cap Funds</b>		<b>23.4</b>	<b>22.8</b>	<b>18.6</b>	<b>18.2</b>	<b>13.9</b>	<b>13.5</b>	<b>9.1</b>	<b>8.9</b>	<b>4.4</b>	<b>4.3</b>
	ASK IEP PMS	5.9	5.7	4.7	4.5	3.5	3.4	2.3	2.2	1.1	1.1
	Mirae Asset Large Cap Fund	5.9	5.7	4.7	4.5	3.5	3.4	2.3	2.2	1.1	1.1
	Axis Bluechip Fund(G)	5.9	5.7	4.7	4.5	3.5	3.4	2.3	2.2	1.1	1.1
	UTI-Nifty Next 50 ETF	5.9	5.7	4.7	4.5	3.5	3.4	2.3	2.2	1.1	1.1
<b>Multicap / Focussed Funds</b>		<b>18.2</b>	<b>18.0</b>	<b>14.5</b>	<b>14.3</b>	<b>10.8</b>	<b>10.7</b>	<b>7.1</b>	<b>7.0</b>	<b>3.4</b>	<b>3.4</b>
	ASK Equity PMS - Growth Portfolio	3.0	3.0	2.4	2.4	1.8	1.8	1.2	1.2	0.6	0.6
	White Oak	3.0	3.0	2.4	2.4	1.8	1.8	1.2	1.2	0.6	0.6
	Enam - to be decided	3.0	3.0	2.4	2.4	1.8	1.8	1.2	1.2	0.6	0.6
	Axis Focus 25	3.0	3.0	2.4	2.4	1.8	1.8	1.2	1.2	0.6	0.6
	SBI Focussed Equity Fund	3.0	3.0	2.4	2.4	1.8	1.8	1.2	1.2	0.6	0.6
	Parag Parikh Long Term Equity Fund(G)	3.0	3.0	2.4	2.4	1.8	1.8	1.2	1.2	0.6	0.6
<b>Midcap Funds</b>		<b>7.8</b>	<b>3.6</b>	<b>6.2</b>	<b>2.9</b>	<b>4.6</b>	<b>2.1</b>	<b>3.0</b>	<b>1.4</b>	<b>1.5</b>	<b>0.7</b>
	ASK - EOP	1.3	0.6	1.0	0.5	0.8	0.4	0.5	0.2	0.2	0.1
	Motilal NTDOP	1.3	0.6	1.0	0.5	0.8	0.4	0.5	0.2	0.2	0.1
	Axis Midcap Fund	1.3	0.6	1.0	0.5	0.8	0.4	0.5	0.2	0.2	0.1
	Kotak Emerging	1.3	0.6	1.0	0.5	0.8	0.4	0.5	0.2	0.2	0.1
	Mirae Asset Midcap Fund(G)-Direct Plan	1.3	0.6	1.0	0.5	0.8	0.4	0.5	0.2	0.2	0.1
	Nippon India ETF Nifty Midcap 150	1.3	0.6	1.0	0.5	0.8	0.4	0.5	0.2	0.2	0.1
<b>Thematic/Sectoral/Special Situation</b>		<b>2.6</b>	<b>3.6</b>	<b>2.1</b>	<b>2.9</b>	<b>1.5</b>	<b>2.1</b>	<b>1.0</b>	<b>1.4</b>	<b>0.5</b>	<b>0.7</b>
	ASK FOP	1.3	1.8	1.0	1.4	0.8	1.1	0.5	0.7	0.2	0.3
	SBI Banking and Finance	1.3	1.8	1.0	1.4	0.8	1.1	0.5	0.7	0.2	0.3

# Model portfolio (Dec-20) ...concl'd

Asset/Sub-Asset Class	Products	Unconstrained Model Portfolio (UMP)									
		AGGRESSIVE		ASSERTIVE		BALANCED		CAUTIOUS		CONSERVATIVE	
Fixed Income / Debt Allocation		15.0	16.5	31.3	32.8	47.5	49.0	63.8	65.3	80.0	81.5
Mutual Funds / ETF		10.4	12.4	23.4	25.4	36.4	38.4	49.4	51.4	62.4	64.4
Short / Medium Term High Grade		4.2	4.3	9.4	8.9	14.6	13.4	19.8	18.0	25.0	22.5
	IDFC Banking & PSU Debt Fund	0.8	0.9	1.9	1.8	2.9	2.7	4.0	3.6	5.0	4.5
	Bharat Bond FOF (2025)	0.8	0.9	1.9	1.8	2.9	2.7	4.0	3.6	5.0	4.5
	IDFC Corp Bond Fund(G)-Direct Plan	0.8	0.9	1.9	1.8	2.9	2.7	4.0	3.6	5.0	4.5
	Nippon India (CPSE + SDL) Sep 2024	0.8	0.9	1.9	1.8	2.9	2.7	4.0	3.6	5.0	4.5
	HDFC Corporate	0.8	0.9	1.9	1.8	2.9	2.7	4.0	3.6	5.0	4.5
Long Term High Grade		6.2	8.1	14.0	16.5	21.8	25.0	29.6	33.4	37.4	41.9
	IDFC Dynamic Bond Fund	3.1	4.0	7.0	8.3	10.9	12.5	14.8	16.7	18.7	20.9
	Nippon Dynamic Bond Fund	3.1	4.0	7.0	8.3	10.9	12.5	14.8	16.7	18.7	20.9
Secondary Market Bonds / MLD's / Tax Frees		2.6	3.1	5.9	6.4	9.1	9.6	12.4	12.9	15.6	16.1
	TF1: 8.67 % PFC 2033	0.5	0.6	1.2	1.3	1.8	1.9	2.5	2.6	3.1	3.2
	TF2: 8.46 % REC 2028	0.5	0.6	1.2	1.3	1.8	1.9	2.5	2.6	3.1	3.2
	TF3: 8.50 % NHA1 2029	0.5	0.6	1.2	1.3	1.8	1.9	2.5	2.6	3.1	3.2
	PB1: 7.74 % SBI	0.5	0.6	1.2	1.3	1.8	1.9	2.5	2.6	3.1	3.2
	PB1: 7.74 % SBI	0.5	0.6	1.2	1.3	1.8	1.9	2.5	2.6	3.1	3.2
Cash		2.0	1.0	2.0	1.0	2.0	1.0	2.0	1.0	2.0	1.0
Liquid Funds		1.0	0.5	1.0	0.5	1.0	0.5	1.0	0.5	1.0	0.5
	ICICI Prudential Liquid Fund (G)	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3
	HDFC Ultra Short Term Fund	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3
Arbitrage		1.0	0.5	1.0	0.5	1.0	0.5	1.0	0.5	1.0	0.5
	DSP Enhanced Equity Satcore (Mthly Ret)	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3
	Edelweiss Arbitrage Fund-Reg(G)	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3	0.5	0.3
Hybrid		2.0	2.5	2.0	2.5	2.0	2.5	2.0	2.5	2.0	2.5
REITs		1.3	1.7	1.3	1.7	1.3	1.7	1.3	1.7	1.3	1.7
	Embassy Office Parks REIT	0.4	0.6	0.4	0.6	0.4	0.6	0.4	0.6	0.4	0.6
	Mindspace Business Parks REIT	0.4	0.6	0.4	0.6	0.4	0.6	0.4	0.6	0.4	0.6
	SMDAM REIT	0.4	0.6	0.4	0.6	0.4	0.6	0.4	0.6	0.4	0.6
InvlTs		0.7	0.8	0.7	0.8	0.7	0.8	0.7	0.8	0.7	0.8
	IndiGrid InvIT	0.7	0.8	0.7	0.8	0.7	0.8	0.7	0.8	0.7	0.8
Commodities		3.0	1.0	3.0	1.0	3.0	1.0	3.0	1.0	3.0	1.0
Gold	ETFs	3.0	1.0	3.0	1.0	3.0	1.0	3.0	1.0	3.0	1.0
	Kotak Gold ETF	1.5	0.5	1.5	0.5	1.5	0.5	1.5	0.5	1.5	0.5
	Nippon Gold ETF	1.5	0.5	1.5	0.5	1.5	0.5	1.5	0.5	1.5	0.5
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

# Model portfolio performance: Significant outperformance over longer period

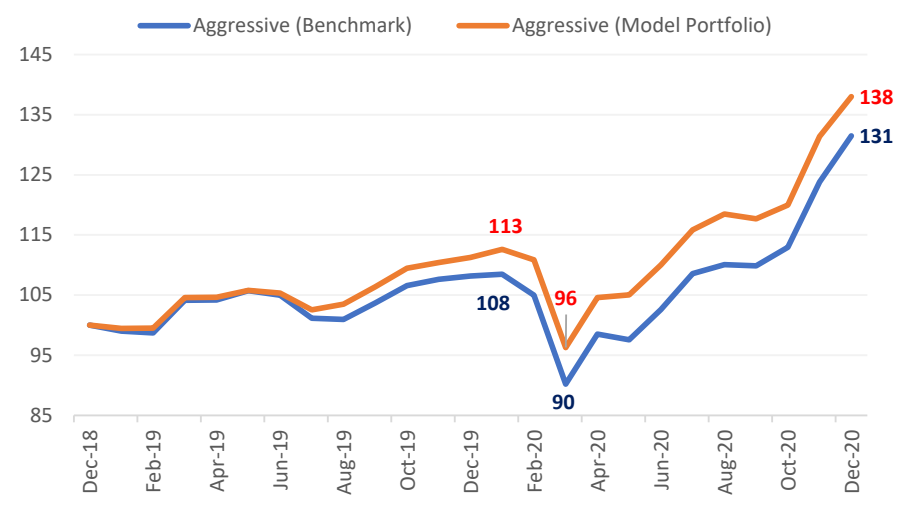
		1m (Dec-20)	3m	6m	1y	2y (CAGR)	2y (PoP)	Since Inception (Jul-17) (CAGR)	Since Inception (Jul-17) (PoP)
Aggressive	BM	6.21	19.7	28.1	21.6	14.7	31.5	10.2	39.3
	MP	5.05	17.3	25.5	24.1	17.5	38.0	10.4	40.0
Assertive	BM	5.03	16.1	23.1	19.8	14.0	30.0	9.9	38.0
	MP	4.15	14.3	21.1	21.7	16.6	35.9	10.2	39.4
Balanced	BM	3.85	12.5	18.3	17.8	13.3	28.5	9.5	36.5
	MP	3.25	11.3	17.1	19.5	15.7	33.9	10.2	39.3
Cautious	BM	2.68	9.1	13.5	15.5	12.4	26.4	9.1	34.5
	MP	2.35	8.4	12.9	16.8	14.6	31.2	10.0	38.5
Conservative	BM	1.50	5.6	8.9	13.1	11.6	24.4	8.6	32.5
	MP	1.45	5.5	8.8	14.0	13.4	28.6	9.7	37.1
Nifty 50	BM	7.81	24.3	35.7	14.9	13.5	28.7	10.1	38.7

Note: BM – Benchmark, MP – Model Portfolio

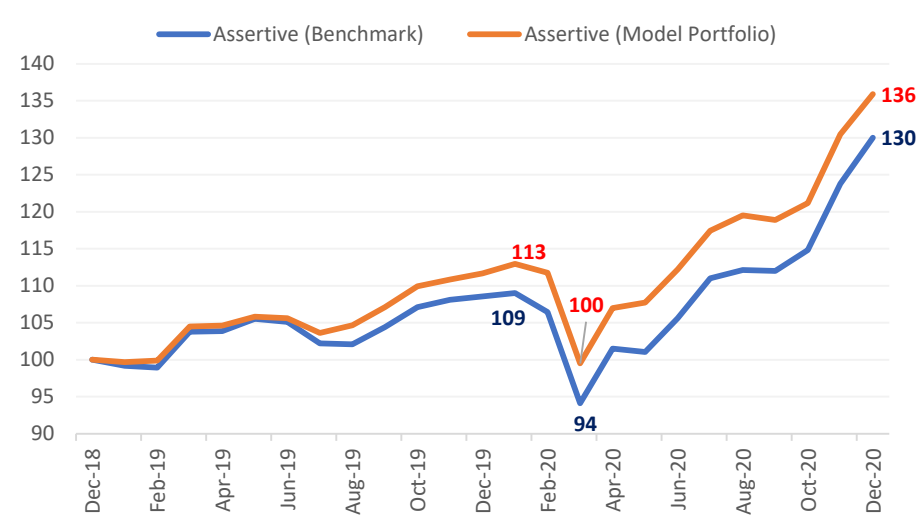
Return for various period (1M, 3M, 6M, 1Y, 2Y and since inception have been computed with Dec-20 as the most recent period.

# Model Portfolios – Maintaining outperformance so far

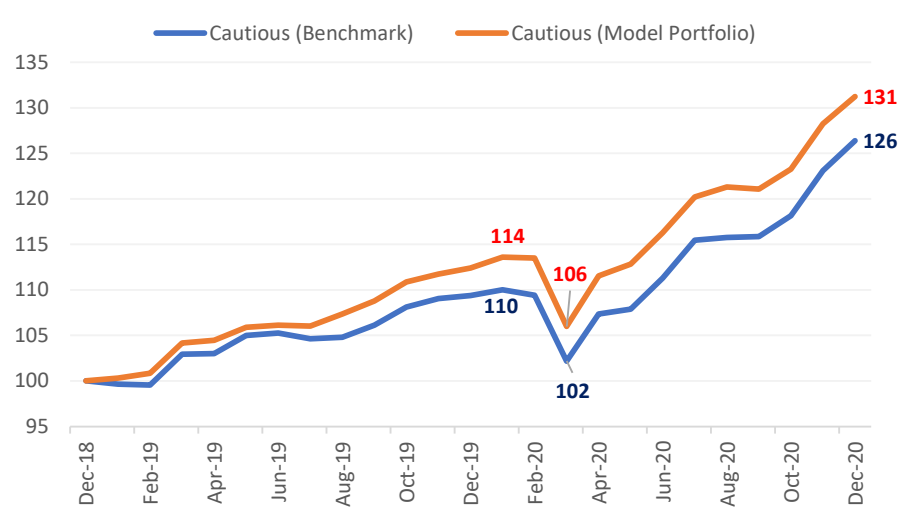
Aggressive



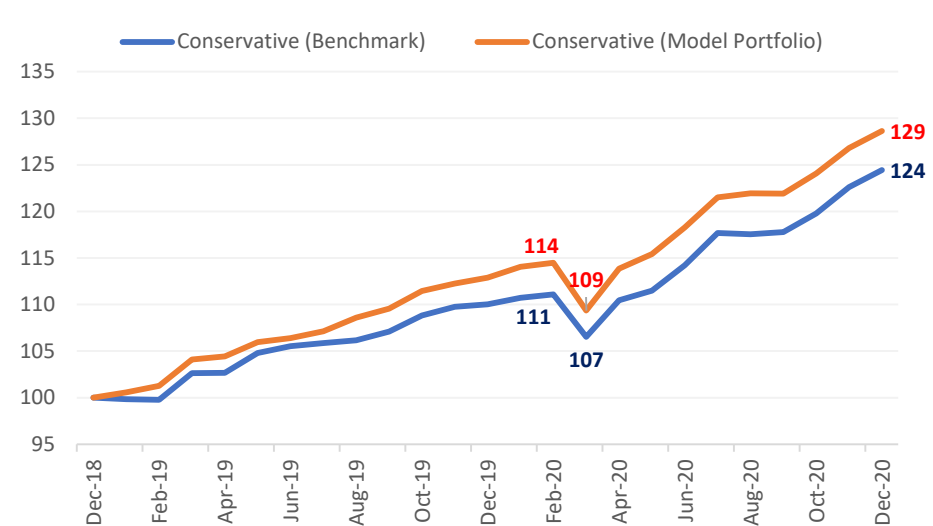
Assertive



Cautious



Conservative



Sources – ACE-MF, Refinitiv, ASKWA Research.

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