

# Mirae Asset Equity Allocator Fund of Fund

An open ended fund of fund scheme predominantly investing in units of domestic equity ETFs

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# Asset Allocation: Why and How ?

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# Asset allocation decisions

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01

Where to do  
allocation within  
equity?

02

How to determine  
allocation ?

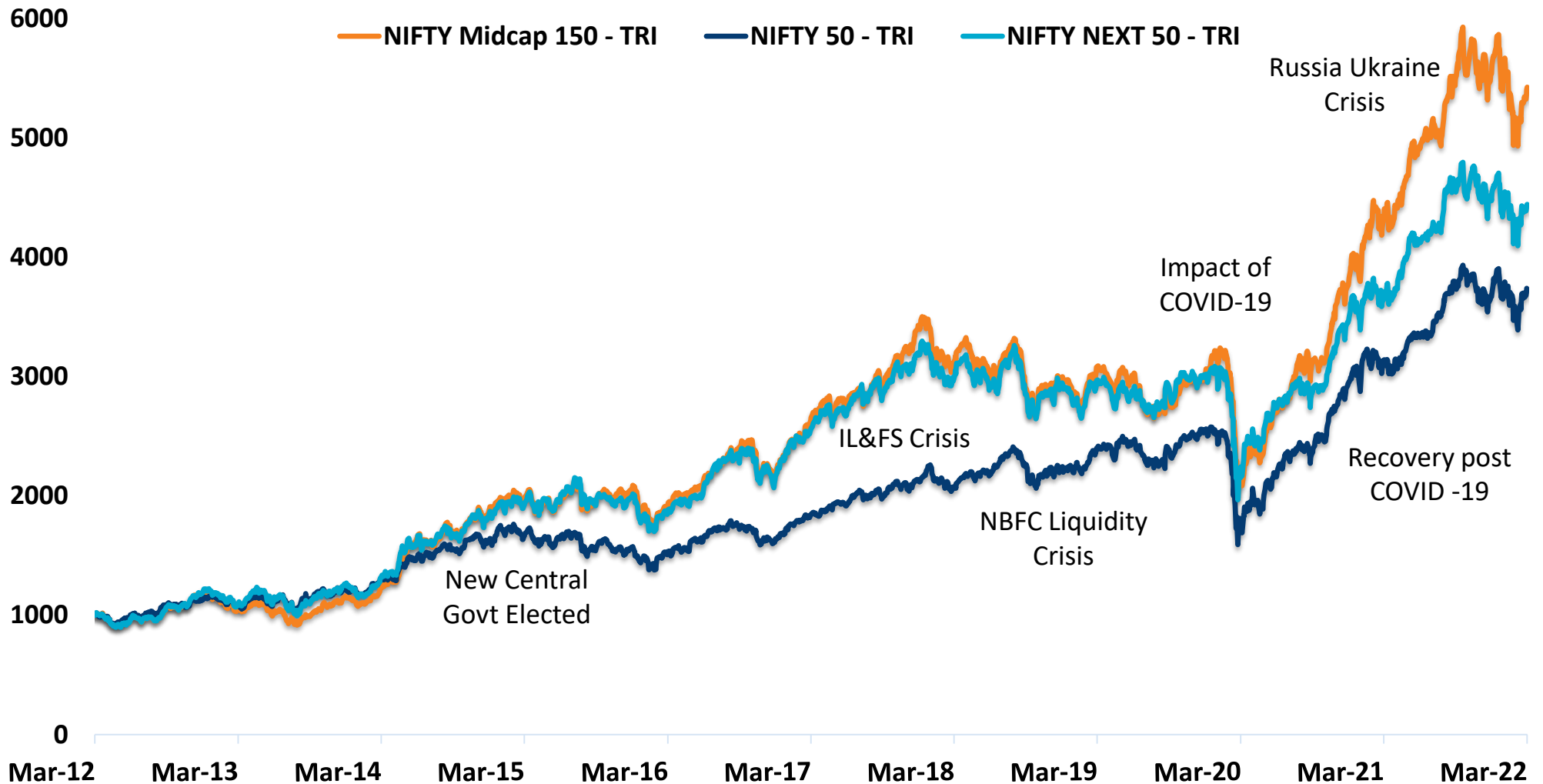
03

Allocation  
using Exchange  
Traded Funds (ETFs)  
without demat



**Mirae Asset Equity Allocator**  
**Fund of Fund**

# Different segments perform in different market cycles



**Avoid getting trapped in wrong market cap segment using asset allocation**

Source: ACE MF. NSE as on Mar 31, 2022 Past performance may or may not sustain in future. The above is performance of the index and does not in any manner indicate the performance of any individual scheme of Mutual Fund.

Mirae Asset Mutual Fund

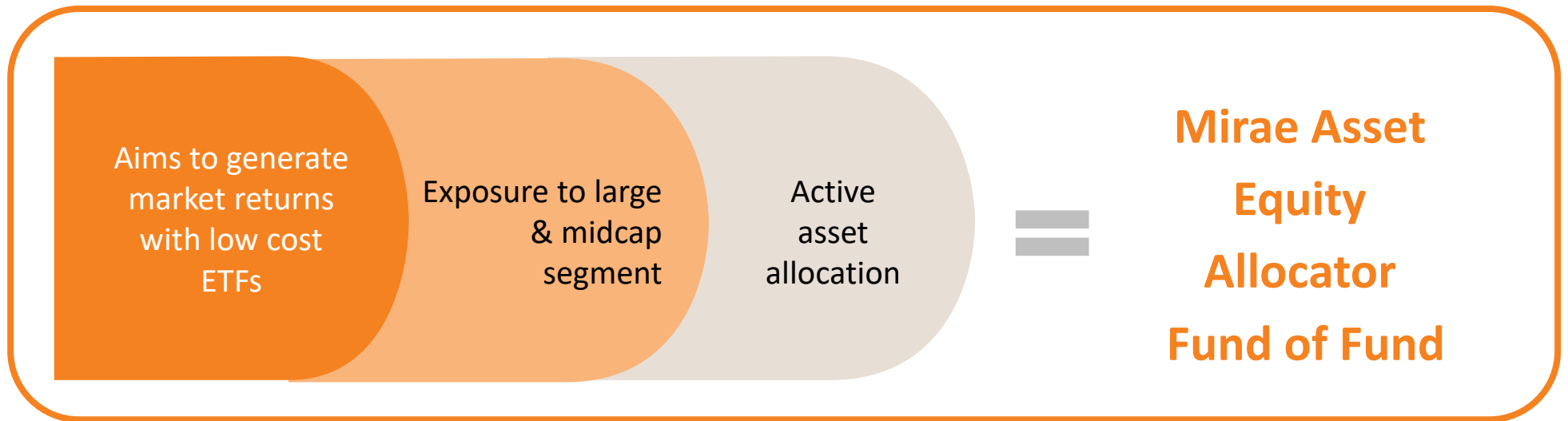
# Mirae Asset Equity Allocator Fund of Fund

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# Mirae Asset Equity Allocator Fund of Fund

Mirae Asset Equity Allocator Fund of Fund invests in domestic equity Exchange Traded Funds. The aim of the fund is to provide investor -

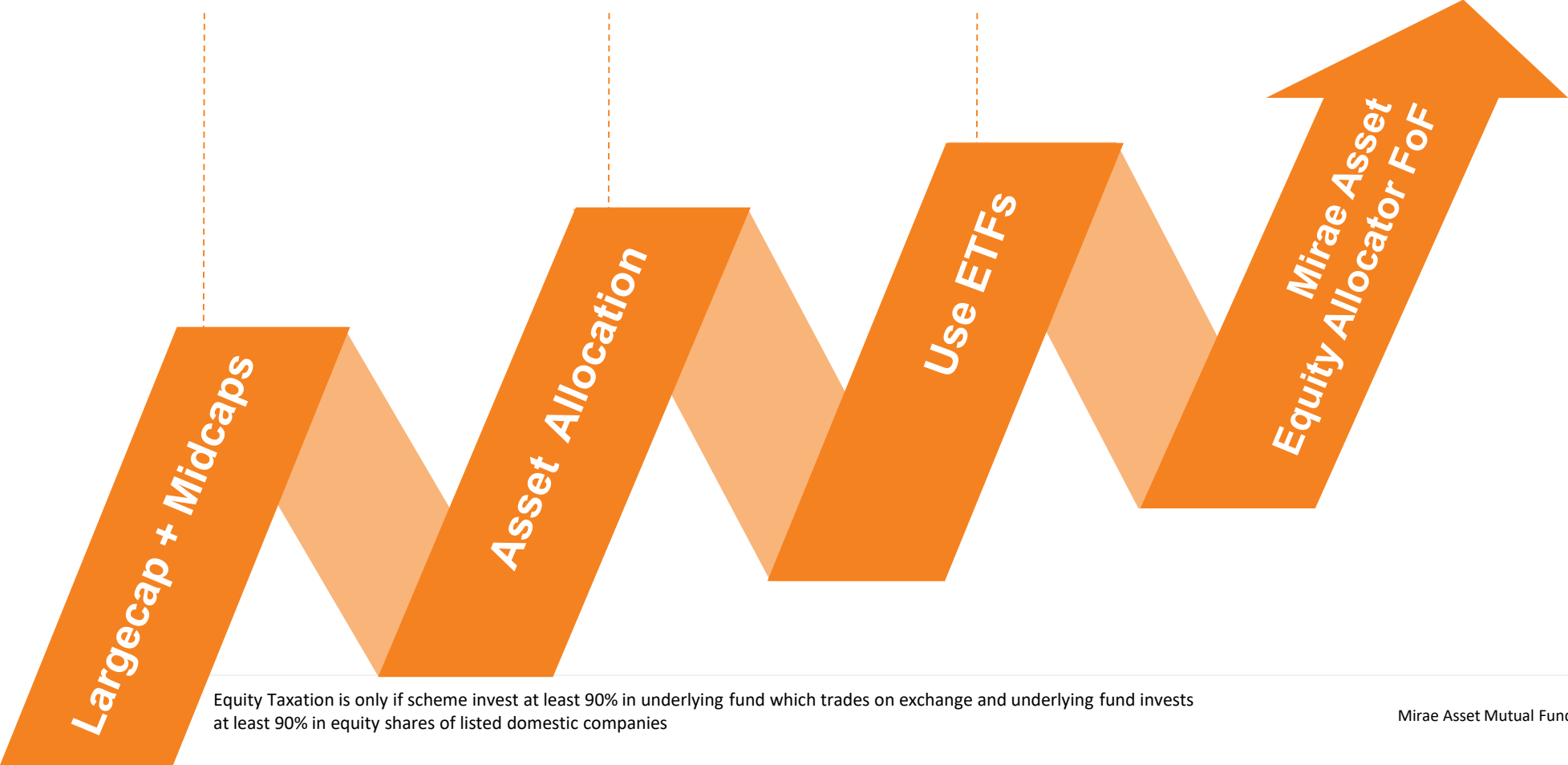
- Passive exposure to large and midcap segment
- Use low cost ETFs with an aim to generate market returns
- Use active asset allocation with an aim to generate nominal alpha
- Provide convenience of mutual fund for investing in ETF



Note: Large cap companies are 1-100<sup>th</sup> and midcap companies are 101<sup>th</sup> – 250<sup>th</sup> as per the AMFI categorization

# Overview of Mirae Equity Asset Allocator FoF

- Combined exposure
- Aims to generate returns similar to market
- Aims to Determine optimal allocation
- Aims to generate nominal alpha
- Relatively low cost exposure
- Tracks the index better
- Lower transaction cost
- Access to ETF without demat
- Benefit of equity taxation\*<sup>1</sup>



Equity Taxation is only if scheme invest at least 90% in underlying fund which trades on exchange and underlying fund invests at least 90% in equity shares of listed domestic companies

# Seek convenience using Mirae Asset Equity Allocator Fund of Fund

Which segment of market should I get exposure ?

What should be my allocation ?

How many Funds do I need to invest in ?

Are funds chosen well-diversified ?

When do I rebalance my allocation ?

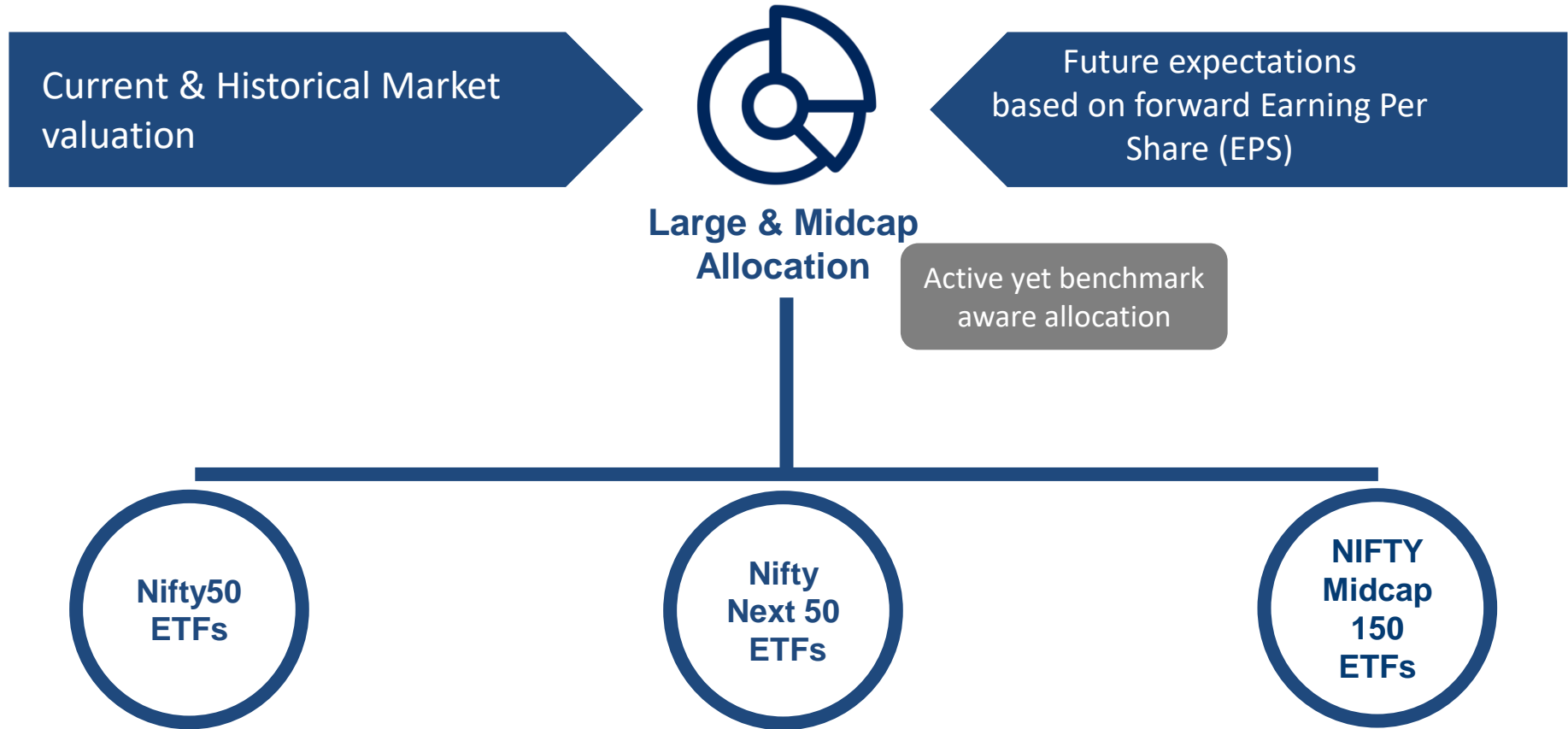
How do I buy or sell ETF ?

## Mirae Asset Equity Allocator Fund of Fund

Mirae Asset Equity Allocator FoF offers convenience to investor by providing **one stop solution** to address his various questions on asset allocation



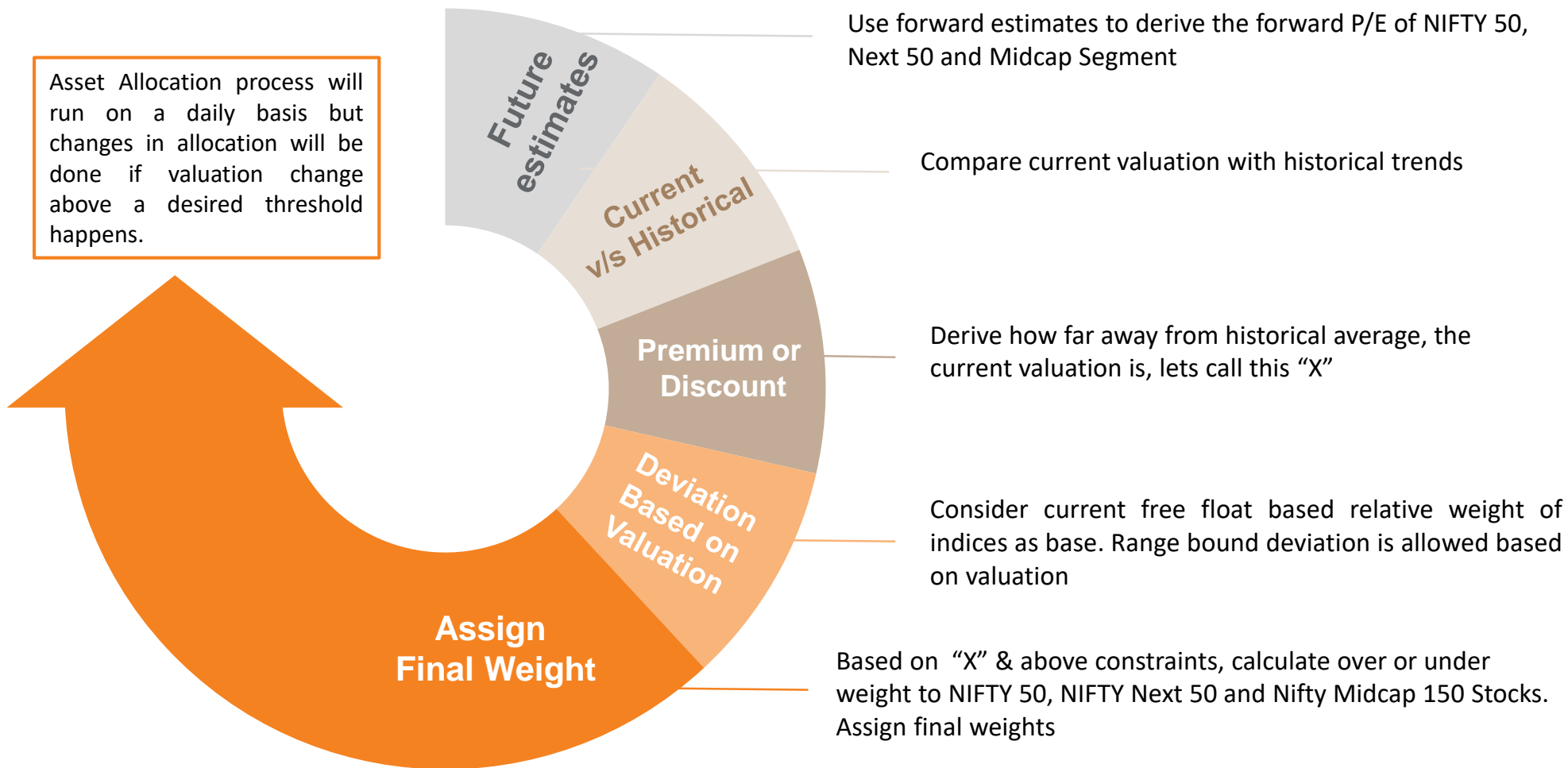
# How is allocation done in Mirae Asset Equity Allocator FoF ?



\*An in-house process has been illustrated for understanding purpose only. The process may undergo change in future depending on various scenarios. The process may incorporate allocation in other ETFs in future. The allocation in selected ETFs at all-time shall be reflective of the market condition. The allocation at no time shall change much from the current M-cap based weightage of the market cap segment/ ETF. In future, the scheme may invest in other ETFs based on various size bucket, style and strategies with predominant exposure to large and midcap segment

# Asset Allocation: Process

Asset Allocation process will run on a daily basis but changes in allocation will be done if valuation change above a desired threshold happens.



\*An in-house model has been illustrated for understanding purpose only. The allocation process may undergo change in future depending on various scenarios. In future, the scheme may invest in other ETFs based on various size bucket, style and strategies with predominant exposure to large and midcap segment

# Illustration: Working of the Equity Allocator Model

## Step 1: Decide the allocation range

Index Name	Allocation Range		
	Base	Range	Upper Bound
NIFTY 50 Index	75%	7.5%	82.5%
Nifty Next 50 Index	10%	3.0%	13.0%
Nifty Midcap 150 Index	15%	4.5%	19.5%

*Base allocation is the free float M-cap based representation of indices. Asset Allocation will happen around this base*

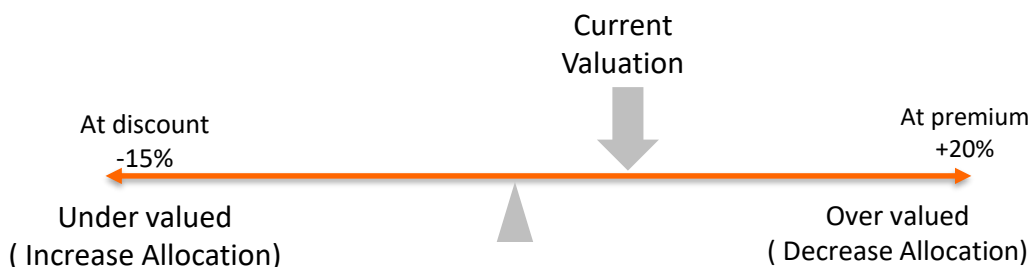
## Step 2: Calculate the 12-Month Forward P/E

1 Year forward P/E	
Forward P/E	Current
Nifty 50 Index	20
Nifty Next 50 Index	22
Nifty Midcap 150 Index	18

## Step 3: Calculating Premium/ Discount over Nifty 50 Index

Premium/Discount over Nifty 50 Index			
Current	Historical		
T Day	Average	Lower bound	Upper bound
10%	5%	-15%	20%

## Step 4: Decide the over / under allocation as per the valuation



## Step 5: Normalize and allocate accordingly

Final Allocation		
Index Name	Movement	Final Allocation
Nifty Next 50 Index	-1.00%	9.00%
Nifty Midcap 150 Index	2.25%	17.50%
NIFTY 50 Index	-1.25%	73.50%

For Illustration purpose only. The allocation represented in the aforesaid illustration are hypothetical and in any manner do not represent data as on particular date. Actual model may perform differently

# Allocation in Mirae Asset Equity Allocator Fund of Fund

Parameters	Nifty50 Index	Nifty Next 50 Index	Nifty Midcap150 Index
ALGO Weight (#)	72.17%	11.17%	16.66%
Free-float market cap in Nifty500 Index	71.58%	11.76%	16.66%
Overweight/(Under weight)	0.59%	-0.59%	0.0%

Parameters	Nifty50 Index	Nifty Next 50 Index	Nifty Midcap150 Index
12 Month Forward P/E	18.87	20.17	16.75
Historical Forward P/E (**)	17.55	17.10	14.84

Fund Type	Large Cap	Midcap	Small Cap	Other	Total
Average allocation of Actively managed Large Cap Funds	86.5	7.9	4.3	1.2	100
Mirae Asset Equity Allocator Fund of Fund	84.3	15.4	-	0.3	100

- The 12 month forward P/Es of all three indices are trading at a premium.
- Nifty 50 Index is comparatively trading at lower premium than historical valuations vis-à-vis Nifty Next 50 Index and Nifty Midcap 150 Index, as result of which excess weight has been allocated to Nifty50.
- The model runs on daily basis, however change in actual allocation is made only in case of material deviation to avoid cost associated with portfolio turnover and churn.
- Mirae Asset Equity Allocator Fund of Fund offers similar large cap exposure compared to actively managed large cap schemes

\*Data as on Mar 31, 2022. Source: NSE, Mirae Asset Mutual Fund. Returns are based on total return index value and actual allocation represents market value of total investment.# Since Inception is considered from 30<sup>th</sup> April 2006; # Algo is an internally developed model which does the asset allocation based on the historical valuations \*\* P/E: Price to Earnings Ratio

# Sectoral Exposure: Mirae Asset Equity Allocator Fund of Fund v/s Large Cap Funds

Top 15 Sector/Industry	Mirae Asset Equity Allocator Fund of Fund	Actively Managed Large Cap Schemes
Banks	19.9	25.3
Software	14.7	15.2
Finance	10.8	8.7
Consumer Non-Durables	9.0	5.7
Petroleum Products	8.9	6.9
Pharmaceuticals	4.5	4.2
Auto	4.2	5.0
Power	2.9	2.2
Cement	2.4	3.0
Construction Project	2.5	4.0
Consumer Durables	2.1	2.1
Telecom - Services	1.8	2.9
Ferrous Metals	2.0	1.3
Chemicals	1.3	1.0
Non - Ferrous Metals	1.5	1.9

**Mirae Asset Equity Allocator Fund of Fund offers similar large cap exposure at lower cost**

*Source: ACE MF: Data as on 28 Feb 2022 .Past performance may or may not sustain in future. The exposure shown are the average exposure of the Mutual Fund category and does not in any way indicate the exposure of a particular scheme of mutual fund. The Large cap category is considered as per the SEBI Circular on categorization. 31 large cap funds have been considered in calculating the combined exposure. Large cap funds are defined as minimum investment in equity & equity related instruments of large cap companies-80% of total assets Past performance may or may not sustain in future. The sector(s)/stock(s)/issuer(s) mentioned in this presentation do not constitute any research report/recommendation of the same*

# Mirae Asset Equity Allocator Fund of Fund – Performance Comparison

## Return comparison Mirae Asset Equity Allocator Fund of Fund (Regular Plan)

Return Comparison	3 Months	6 Months	1 Year	Since Inception
Mirae Asset Equity Allocator Fund of Fund Regular Plan (Growth)	-0.7%	-1.4%	19.7%	34.7%
Average Actively Managed Large Cap – Fund	-1.7%	-2.3%	17.8%	31.8%
No. of Funds underperforming Mirae Asset Equity Allocator	25	19	22	19
Total Active Funds Considered	31	31	30	28
% of Funds underperforming Mirae Asset Equity Allocator	80.6%	61.3%	73.3%	67.9%

## Return comparison Mirae Asset Equity Allocator Fund of Fund (Direct Plan)

Return Comparison	3 Months	6 Months	1 Year	Since Inception
Mirae Asset Equity Allocator Fund of Fund-Direct Plan (Growth)	-0.6%	-1.3 %	19.8%	34.9%
Average Actively Managed Large Cap – Fund	-1.4%	-1.7%	19.1%	33.2%
No. of Funds underperforming Mirae Asset Equity Allocator	21	16	17	18
Total Active Funds Considered	31	31	30	28
% of Funds underperforming Mirae Asset Equity Allocator	67.7%	51.6%	56.7%	64.3%

\* Funds having history of greater than 1 Year are only considered. Source: ACE MF: Data as on March 31, 2022. # Based on 31 Large cap, funds (Regular: Growth). Large Cap Mutual funds based on the SEBI circular on categorization and rationalization of Mutual Fund Scheme. Large cap funds are defined as -minimum investment -in- equity -& equity-related instruments- of large cap companies- 80% of total assets Past performance may or may not sustain in future; Index Funds invest in the securities in the same weightage comprising of an index. Fund Manager : Bharti Sawant managing the scheme since inception

# Mirae Asset Equity Allocator Fund of Fund – SEBI Approved Format

Mirae Asset Equity Allocator Fund of Fund – Regular Plan (Growth)		Returns	
Period	Scheme	Scheme Benchmark	Additional Benchmark
Last 1 Year	19.65	21.37	19.50
Since Inception	34.69	36.21	33.86
Value of Rs. 10,000 invested in (Rs.) Since Inception	15,762	16,034	15,012
NAV as on March 31, 2022	15.762		
Index Value as on March 31, 2022	Index Value of Benchmark is 11,810.19 and of S&P SE Sensex (TRI) is 87,545.23		
Date of Allotment	21st September 2020		
Scheme Benchmark	Nifty 200 Index (TRI)		
Additional Benchmark	S&P BSE Sensex (TRI)		

Mirae Asset Equity Allocator Fund of Fund has generated an overall return of 34.7% since inception.

# Why invest in Mirae Asset Equity Allocator Fund of Fund ?

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- ✓ Aim to get low cost exposure to mid-caps and large-caps
- ✓ Rules-based optimal asset allocation
- ✓ Reduces and absorbs the cost and tax associated with portfolio rebalancing directly by the investor
- ✓ Get exposure to ETFs without need of opening demat
- ✓ Use active asset allocation with an aim to generate nominal alpha
- ✓ Rebalance the allocation as and when market dynamics changes
- ✓ Get the benefit of equity taxation<sup>\*1</sup> while investing in FoF based on equity ETFs

\*1 Equity Taxation is only if scheme invest at least 90% in underlying fund which trades on exchange and underlying fund invests at least 90% in equity shares of listed domestic companies



# Mirae Asset Equity Allocator Fund of Fund

- Opportunity to take low cost, rule based, passive exposure in the entire large cap and midcap segment.
- Provides the advantage of investing in Exchange Traded Funds through Mutual Fund Route



**Benchmark:**  
Nifty 200 TRI



**Expense Ratio:**  
Direct: 8 bps  
Regular: 15 bps  
(# Excluding the cost of Underlying ETF)



**Plan & Options Available:**  
Regular & Direct Plan.  
Growth & IDCW (Payout and Reinvestment Option)



**Minimum Investment Amount:**  
₹ 5,000/- and in multiples of ₹ 1/- thereafter



**Allotment Date:**  
21<sup>st</sup> Sep 2020



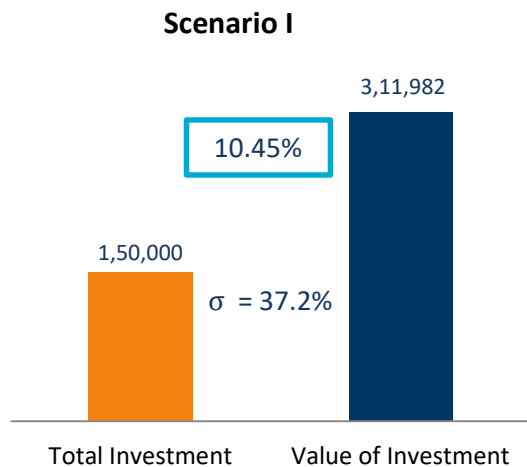
**Exit Load:**  
If redeemed within 5 calendar days from the date of allotment: 0.05%  
If redeemed or switched out after 5 days from date of allotment: NIL

# Annexure

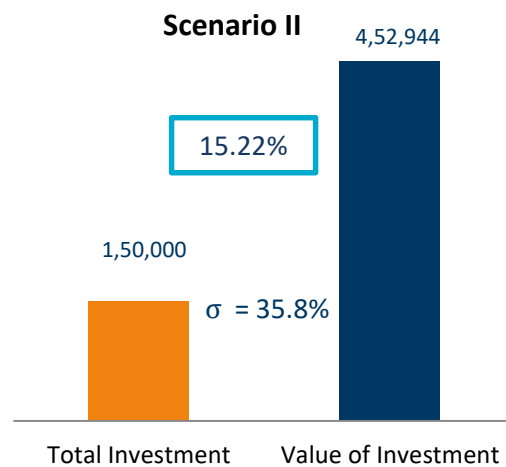
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# Asset allocation curbs the urge of timing the market

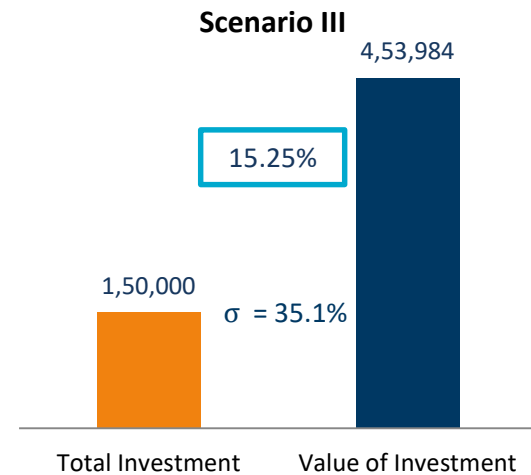
Investor invests in M-cap segment that has provided highest return in the last calendar year (Buying the winners)



Investor invests 70% in large-caps, 25% in midcaps and 5% in small caps.



Investor invests 75% in large-caps, 25% in midcaps. No Exposure to small-caps

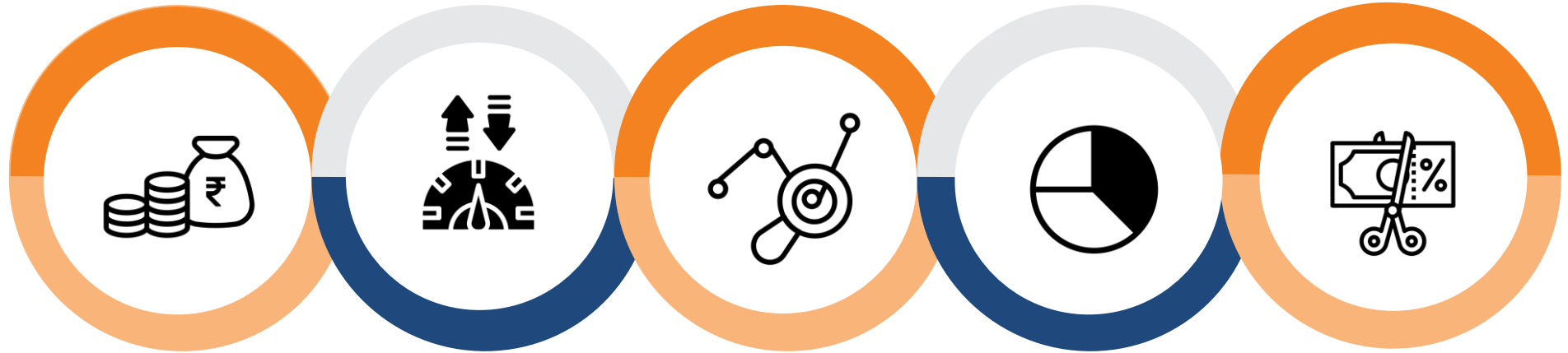


**Diversified exposure in market cap segment may give you better returns with lower risk**

Performance of portfolio based on annual investment of Rs. 10,000 made at the end of each year between 31-12-2005 to 31-12-2020

Rate of Return is annualized and is CAGR. Volatility is the standard deviation of annual return on investment. Large-caps, mid-caps and small-caps returns are based on total return index value of Nifty100, Nifty Midcap150 and Nifty Small cap 250. The table above is for illustrative purpose only and it is vital to note that an particular asset allocation strategy is not superior to another allocation strategy. Past performance may or may not sustain in future. The above is performance of the category and does not in any manner indicate the performance of any individual scheme of Mutual Fund.

# Asset allocation using ETFs



## Cost

Aims to provide market segment returns at low cost.

## Risk

Avoids under performance risk of active mutual funds

## Tracking Error

ETFs usually have lower cost and tracking error

## Rebalancing

Less rebalancing usually results in lower trading cost impact

## Tax

Equity Taxation, only if underlying is in listed equity securities

**ETF aims to provide market exposure usually at low cost and no active risk**

# Fund of Fund: Powerful tool for asset allocation

Fund of Fund (FoF) is an investment fund which invests in the units of other mutual funds including but not limited to index funds and ETFs.

## Fund Of Fund

01

**Diversifies the exposure and risk by spreading investment across multiple funds/ETFs**

02

**Access to range of size and style within same asset class via single product**

03

**Can be used to provide mutual fund route for investing in ETFs.**

04

**Fund of Fund investing more than 90% in domestic equity ETFs (which invest at least 90% in equity securities) are taxed as equity oriented scheme**

# Benefit of Asset Allocation

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## Possible benefits of asset allocation

**Reduces the Risk**

**Decreases the need of  
hasty decision**

**Opportunity to earn potential  
return**

**May be Suitable for long-term  
investment goals**

# Performance of other schemes managed by the Fund Manager

Mirae Asset Equity Savings Fund Regular Plan (Growth)		Returns	
Period	Scheme	Scheme Benchmark	Additional Benchmark
Last 1 Year	10.99%	9.95%	1.08%
Since Inception	12.17%	10.33%	6.27%
Value of Rs. 10,000 invested in (Rs.) Since Inception	14,588	13,816	12,212
NAV as on 31 <sup>st</sup> March, 2022	14.588		
Index Value as on 31 <sup>st</sup> March, 2022	Index Value of Benchmark is 4,692.84 and of CRISIL 10 Year Gilt Index is 4,059.727		
Date of Allotment	18 <sup>th</sup> Dec 2018		
Scheme Benchmark	Nifty Equity Savings Index (TRI)		
Additional Benchmark	CRISIL 10 Year Gilt Index		

**Past Performance may or may not be sustained in future.**

\$ For computation of since inception returns (%) the allotment NAV has been taken as Rs. 10.00 for all other Schemes. In case, the start / end date of the concerned period is a non-business date (NBD), the NAV of the previous date is considered for computation of returns.

Returns (%) for less than 1 year calculated on simple annualized basis.

The calculations of returns shall assume reinvestment of all payouts at the then prevailing NAV. CAGR - Compounded Annualized Growth returns. NAV (per unit) is at the end of the period. oad is not considered for computation of return

Source: AMFI; Data as on March 31, 2022 1. Different Plans under the scheme has different expense structure. The reference and details provided here in are of Regular Plan - Growth Option 2. Fund managers : Mr. Harshad Borawake (since October 12, 2019), Mr. Vrijesh Kasera (since October 12, 2019), Ms. Bharti Sawant (since December 28, 2020) and Mr. Mahendra Jajoo (Debt Portion) (since December 18, 2018)

**THANK YOU**

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# Disclaimers

**Statutory Details:** Trustee: Mirae Asset Trustee Company Private Limited; Investment Manager: Mirae Asset Investment Managers (India) Private Limited (AMC); Sponsor: Mirae Asset Global Investments Company Limited.

The information contained in this document is compiled from third party and publically available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The statements contained herein are based on current views and involve known and unknown risks and uncertainties. Whilst Mirae Asset Investment Managers (India) Private Limited (the AMC) shall have no responsibility/liability whatsoever for the accuracy or any use or reliance thereof of such information. The AMC, its associate or sponsors or group companies, its Directors or employees accepts no liability for any loss or damage of any kind resulting out of the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. Any reliance on the accuracy or use of such information shall be done only after consultation to the financial consultant to understand the specific legal, tax or financial implications.

**Mutual fund investments are subject to market risks, read all scheme related documents carefully.**

For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC:

[www.miraeassetmf.co.in](http://www.miraeassetmf.co.in)

**Please consult your financial advisor or Mutual Fund Distributor before investing**

# Riskometer

## PRODUCT LABELLING

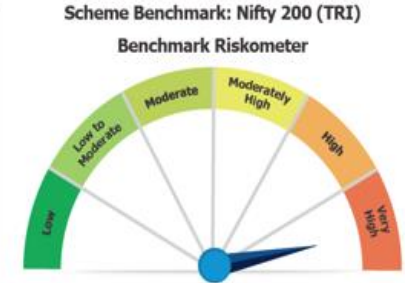
Mirae Asset Equity Allocator Fund of Fund is suitable for investors who are seeking\*

- To generate long term capital appreciation/income
- Investments predominantly in units of equity Exchange Traded Funds

\*Investors should consult their financial advisers, if they are not clear about the suitability of the product.



Investors understand that their principal will be at Very High Risk



The Benchmark is at Very High Risk

## PRODUCT LABELLING

Mirae Asset Equity Savings Fund is suitable for investors who are seeking\*

- Capital appreciation and income distribution
- Investment in equity and equity related instruments, arbitrage opportunities and debt & money market instruments

\*Investors should consult their financial advisers, if they are not clear about the suitability of the product.



Investors understand that their principal will be at Low to Moderate Risk



The Benchmark is at Moderate Risk