



Model Portfolios based on Risk Appetite and Time Horizon

An Investor Education and Awareness Initiative
by Franklin Templeton Mutual Fund



Process of Building a Mutual Fund Portfolio

- **Process of Elimination**

- Define Your Filtration Criteria
- Refrain from Investing in Schemes Not Suitable for You
- Limit the Number of Funds in Your Portfolio
- Avoid Duplication
- Eliminate Inconsistent Performers

- **Process of Selection**

- Select Across Market Caps
- Select Across Investment Style
- Select Across Asset Class



Approach to Building a Mutual Fund Portfolio

- **Building Portfolio based on Risk Appetite**
 - Aggressive Risk Appetite
 - Moderate Risk Appetite
 - Conservative Risk Appetite



Approach to Building a Mutual Fund Portfolio (Contd.)



% of portfolio based on Risk Appetite			
Market Cap / Style	Aggressive	Moderate	Conservative
Large-cap Funds	20%	30%	40%
Mid-cap Funds	30%	10%	-
Multi-cap Funds	10%	20%	20%
Flexi-caps / Opportunities	30%	20%	-
Balanced Funds	-	20%	40%
Sector / Thematic Funds	10%	-	-
Portfolio Total	100%	100%	100%

The above table is indicative and for illustration purpose only
 Source: PersonalFN Research

Approach to Building a Mutual Fund Portfolio (Contd.)

- **Building Portfolio based on Strategy**
 - Core Holdings
 - Satellite Holdings



Approach to Building a Mutual Fund Portfolio (Contd.)



% of portfolio based on - Strategy - Risk wise			
Market Cap / Style	Aggressive	Moderate	Conservative
Core	50%	60%	80%
Large-cap Funds	20%	30%	40%
Mid-cap Funds	20%	-	-
Multi-cap Funds	10%	20%	10%
Balanced Funds	-	10%	30%
Satellite	50%	40%	20%
Mid-cap Funds	10%	10%	-
Multi-cap Funds	-	-	10%
Flexi-caps / Opportunities	30%	20%	-
Balanced Funds	-	10%	10%
Sector / Thematic Funds	10%	-	-
Portfolio Total	100%	100%	100%

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Source: PersonalFN Research

Approach to Building a Mutual Fund Portfolio (Contd.)

- **Building Portfolio based on Asset Allocation**
 - Define a Standard Allocation Across Asset Class (i.e. Equity, Debt and Gold)
 - Regularly Monitor and Keep a Proper Track of Your Allocation
 - Timely Rebalance Your Asset Allocation



Approach to Building a Mutual Fund Portfolio (Contd.)

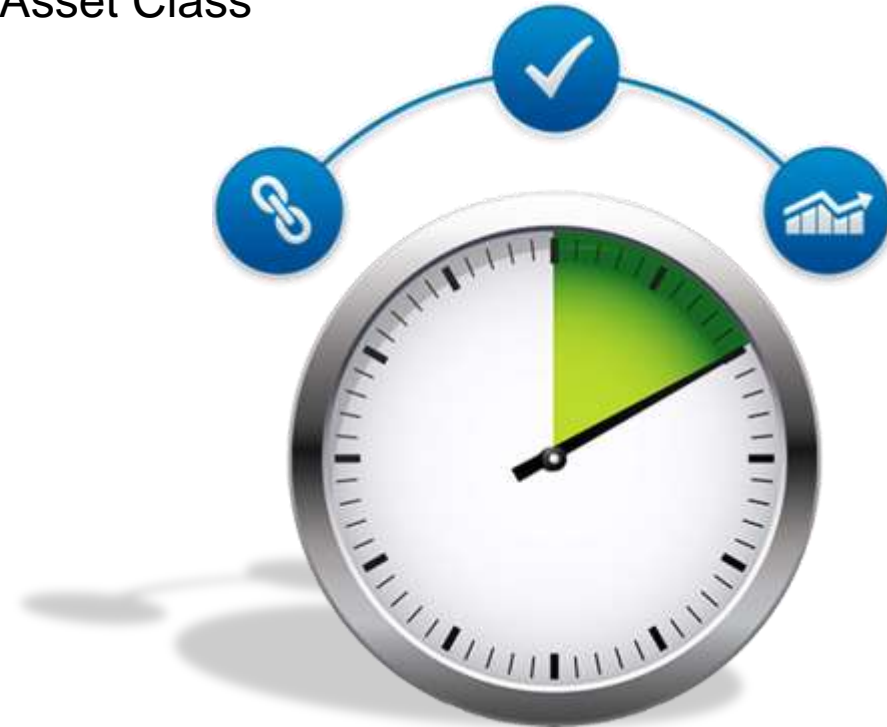


% of portfolio based on - Asset Allocation - Risk wise			
Market Cap / Style	Aggressive	Moderate	Conservative
Equity	80%	60%	30%
Large-cap Funds	20%	30%	40%
Mid-cap Funds	30%	10%	-
Multi-cap Funds	10%	20%	20%
Flexi-caps / Opportunities	30%	20%	-
Balanced Funds	-	20%	40%
Sector / Thematic Funds	10%	-	-
Debt	10%	25%	50%
Long Term Income Funds	40%	30%	20%
Short Term Income Funds	40%	40%	40%
Money Market / Liquid Funds	20%	30%	40%
Gold ETFs / Funds	10%	15%	20%
Portfolio Total	100%	100%	100%

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Source: PersonalFN Research

Approach to Building a Mutual Fund Portfolio (Contd.)

- **Building Portfolio based on Time Horizon**
 - Short Time Horizon – High Exposure to a Low Risk Asset Class
 - Medium Time Horizon – Balanced Exposure Across Asset Class
 - Long Time Horizon – High Exposure to Risky Asset Class



Approach to Building a Mutual Fund Portfolio (Contd.)



% of portfolio based on Time Horizon				
Market Cap / Style	Less than 3 Mths	3 to 12 Mths	1 Yr to 3 Yrs	Above 3 Yrs
Equity	0%	0%	0% to 10%	80%
Equity Mutual Funds	-	-	Allocate across category based on your risk appetite	
Debt	100%	100%	80% to 100%	0% to 20%
Long Term Income Funds	-	-	50%	60%
Short Term Income Funds	-	50%	50%	40%
Money Market / Liquid Funds	100%	50%	-	-
Gold ETFs / Funds	0%	0%	0% to 10%	10% to 20%
Portfolio Total	100%	100%	100%	100%

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 Source: PersonalFN Research

Key Takeaway Points!



- Follow a proper elimination and filtration process while building your mutual fund portfolio
- Limit the number of funds in your portfolio
- Spread your portfolio across investment styles and market caps
- Build your portfolio based on your risk appetite
- As an aggressive investor you can look for high growth funds
- As a conservative investor you would prefer stability and should hold stable funds

Key Takeaway Points!



- As an investor with Moderate risk appetite you should maintain a fair balance between growth and stability
- Optimise the performance of your portfolio by having a proper investment strategy
- Define a standard allocation across asset class and timely rebalance your portfolio
- Your time horizon is a must while building your portfolio

Lets Do A Short Quiz!



**We now invite you to test your learning by taking up this simple quiz
(And Win Exciting Prizes!)**



Thank You For Participating!

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Quick Quiz



- 1) Sector/thematic mutual funds are ideally suitable for investors having
 - A. High Risk Appetite
 - B. Moderate Risk Appetite
 - C. Conservative Risk Appetite
 - D. None of the Above

- 2) _____ invest in well-managed companies that are temporarily undervalued
 - A. Growth style Funds
 - B. Value style Funds
 - C. Hybrid Funds
 - D. Money Market Funds

- 3) A conservative investor would prefer growth over stability
 - A. True
 - B. False

Quick Quiz



- 4) Investors having _____ can have high exposure to risky asset class
- A. Short time horizon
 - B. Medium time horizon
 - C. Long time horizon
 - D. A & B both
- 5) The allocation to each asset class should not deviate from the standard allocation you have set for your portfolio
- A. True
 - B. False



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



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