Ready-made Plans

Instrument Selection and Portfolio Construction Methodology

1. Purpose and Objectives

Ready-made Plans aim to provide investors with broadly diversified exposure to global equity and fixed-income markets through the use of large, cost-effective Exchange-Traded Funds (ETFs). The overarching objective is to build robust, scalable portfolios tailored to different risk profiles.

Additionally, the dedicated Dividend Plan focuses specifically on generating income by providing exposure to “Dividend Aristocrats” and globally recognized dividend-paying equities.

2. Portfolio Categories and Target Allocations

The Ready-made Plans offering consists of five distinct portfolios. Four of these plans offer mixed asset allocation (equities and bonds) based on risk tolerance, while one is dedicated exclusively to dividend yield.

The strategic allocation ranges for each plan are defined as follows:

Plan Name	Equity Exposure	Bond Exposure
Growth	90% – 100%	0% – 10%
Dynamic	75% – 85%	15% – 25%
Balanced	55% – 65%	35% – 45%
Conservative	20% – 25%	75% – 80%
Dividend	100%	0%

3. Asset Class Specifics

- Equity ETFs: The primary objective of the equity segment is to provide broad, globally diversified market exposure through standardized model portfolios. Asset allocations across the respective risk profiles strictly follow predefined baseline targets, with no active or discretionary portfolio management.
- Bond ETFs: The fixed-income segment is designed to stabilize the overall portfolio and mitigate volatility. It permits the inclusion of both government and corporate bond ETFs. To strictly manage interest rate risk, the target duration of each individual bond ETF selected for the portfolio must not exceed 3 years.
- Dividend Plan: Instruments selected for the Dividend Plan must have an explicit focus on dividend-paying companies (e.g., Dividend Aristocrats) embedded within their stated investment policy.

4. Portfolio Constraints

To ensure adequate diversification and maintain the structural integrity of the Ready-made Plans, the following rules apply:

- Minimum Component Count: Each Ready-made Plan must consist of at least two ETFs.
- Minimum Weight Threshold: The minimum allocation for any individual ETF within a portfolio is 5%.

5. ETF Selection Methodology

The final composition of the portfolios is determined by the Asset Management Team. Eligible ETFs must meet stringent quantitative and qualitative criteria:

- Minimum Assets Under Management (AUM):
  - Equity ETFs: Minimum 1 billion USD.

- Dividend ETFs: Minimum 1 billion USD.
- Bond ETFs: Minimum 0.75 billion USD.

- Track Record: Each ETF must have a minimum operational history of 5 years.
- Cost and Liquidity: The Asset Management Team prioritizes ETFs with the maximum available AUM, minimum Total Expense Ratio (TER), and minimum bid-ask spread.
- Distribution Policy: There is a strong preference for Accumulating (Acc) share classes across all mixed-asset Ready-made Plans to maximize compounding. The Dividend Plan is the explicit exception, exclusively utilizing Distributing (Dist) share classes.
- Currency Framework: ETFs are selected based on their quoted currency to align with the client's jurisdiction:
  - For clients in the European Union (excluding the UK): EUR-quoted ETFs.
  - For clients in the United Kingdom: GBP-quoted ETFs.
  - For clients in all other countries: USD-quoted ETFs.
  - Fallback Rule: If no ETF meeting the criteria is available in the designated currency, a EUR-quoted ETF is chosen instead. If a EUR option is unavailable, a USD-quoted ETF is selected.

6. Multi-Provider Strategy (Index Duplication)

Ready-made Plans actively permit the inclusion of multiple ETFs tracking the identical underlying index (e.g., multiple MSCI World ETFs). This structural decision is implemented to:

- Average out the tracking error across different asset managers.
- Diversify and mitigate risks tied to varying securities lending policies employed by different ETF issuers.

7. Risk Score Calculation

- The risk level assigned to each Ready-made Plan is based on the official Key Information Documents (KIDs) prepared by the ETF providers.
- The overall risk score for a Ready-made Plan is calculated as a weighted average of the individual KID risk scores (ranging from 1 to 7) of its constituent ETFs, proportionally based on their current weight within the given Plan.