

# Fund Fact Sheet

## Asset allocation workshop

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24/09/2021

### Market Overview

- **Evergrande Crisis**  
This week started with a big tumble of the risky assets around the globe caused by the fear of a collapse in China's Evergrande group. According to the rating agency S&P the Chinese Colossus is likely to default as data shows that it has over 670M \$ bond interest due by end year and it has already missed two payments. [[Bloomberg Market and Finance](#)]
- **Commodities**  
Bloomberg reveals that oil had his best week since early July, and MPS capital services reports that many Russian disposability of gas TTF is insufficient and many European areas may run out of stock in case of a harsh winter. [[MPS Capital Services](#)]
- **FED & Inflation** On date 17/09 inflation in the US is still high at 4.7% and on the 22th the Fed announced that it will *soon* start tapering. [[MPS Capital Services](#)]

### Fund Strategy

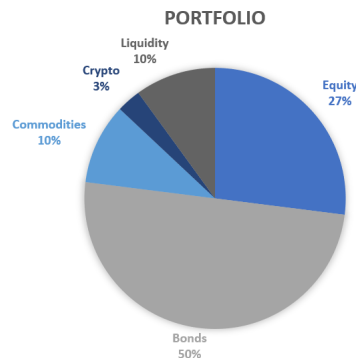
Despite the global stock rout sparked by investor angst over China's real-estate sector with U.S. stocks falling the most in almost a year, we believe that the stock market is safe from collapse as reassured by Wall's Street, at least in the short term. However since S&P rating agency reports that, without support a collapse of Evergrande is likely to happen we consider wise to mitigate the risk by diversificating the portfolio in multiple sectors in the stock market while also keeping a major percentage of our portfolio in liquidity and safer bond funds. Moreover we chose to add a small exposure to the crypto market by investing in Ethereum which is a promising asset and, more importantly,

is highly uncorrelated with the rest of the market ([Notes of Fintech Course]); therefore it can be used for hedging purposes. We also decided to put a significant percentage of our liquidity in commodities funds since they are regarded as “safe heaven assets”. As far as the choice of weights of the particular funds, we adopted the Markowitz model of the Efficient frontier. To compute the expected return and variance, we used data of 1 year corresponding approximately to the period when the post-pandemic growth has started.

## Fund Type

As said before, our fund is conservative with the following composition:

- **Equity funds** 27%
- **Bonds funds** 50%
- **Commodities funds** 10%
- **Crypto** 3%
- **Liquidity** 10%



## Benchmark

Given our portfolio composition we chose to use as benchmark a weighted average of the MSCI (30%) and MIGAX (70 %), which are a standard equity and bond benchmarks respectively.

## References

[Bloomberg Market and Finance] <https://www.youtube.com/watch?v=3-GBc4N7fw8>

[MPS Capital Services] Daily market strategy 21 settembre 2021  
<https://www.mpscapitalservices.it/static/upload/dai/0001/daily20210921.pdf>

[[MPS Capital Services](#)] Daily market strategy 23 settembre 2021  
*[https : //www.mpscapital services.it/static/upload/dai/0001/daily20210921.pdf](https://www.mpscapital services.it/static/upload/dai/0001/daily20210921.pdf)*

[[Notes of Fintech Course](#)] Daniele Marazzina - *Cryptocurrencies and Asset Allocation*