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INDIA

 **EDELWEISS**  
MUTUAL FUND

AUthentic & Ageless

Presenting

# Edelweiss Gold and Silver ETF Fund of Fund

(An open-ended fund of funds scheme investing in units of Gold ETF and Silver ETF.)

Add the glitter of **Gold & Silver** to your investments

**NFO Period: 24<sup>th</sup> Aug - 7<sup>th</sup> Sep 2022**

# Gold and Silver – Eternal



**Earliest History:  
Decoration &  
Worship**



**Ancient Civilization:  
The Invention of  
Currency**  
Coin made from a natural  
alloy of gold and silver  
called electrum



**Middle Ages:  
The Rise of the Silver  
Coin**  
By the 8<sup>th</sup> century, silver had  
become the standard  
currency across most of  
Europe



**Modernity:  
Paper Money and  
the Gold Standard**  
Currencies were  
pegged to the Metal.  
Countries kept enough  
bullion reserves to  
back-up their paper  
money.



**Today:  
Precious Metals as an  
Investment Vehicle**  
Popular investment tool and a  
safe haven against stock  
market volatility and inflation.  
Silver now has industrial  
demand



# Features of Gold and Silver



## Gold

## Silver

01

Jewellery and investment purposes

01

Usage

Majorly used in heavy industries and new-age technologies

01

02

Generally performs well during equity market down-cycle

02

Relationship with Broader Market

Outperforms during precious metal bull rallies

02

03

Proven to be good hedge against inflation

03

Inflation Hedge

Proven to be good hedge against inflation

03

04

Has low correlation with Equity market

04

Diversifier

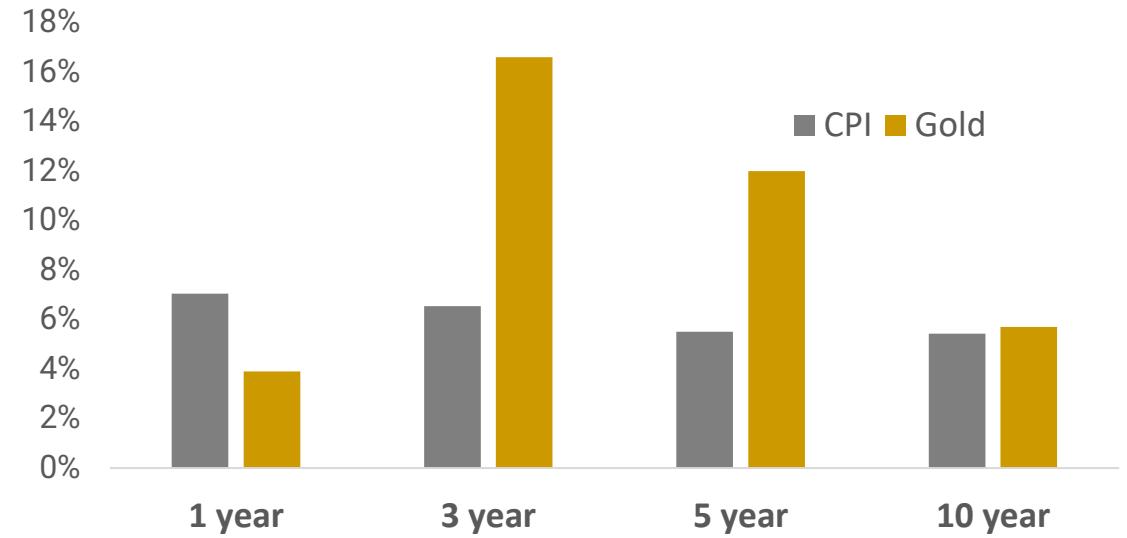
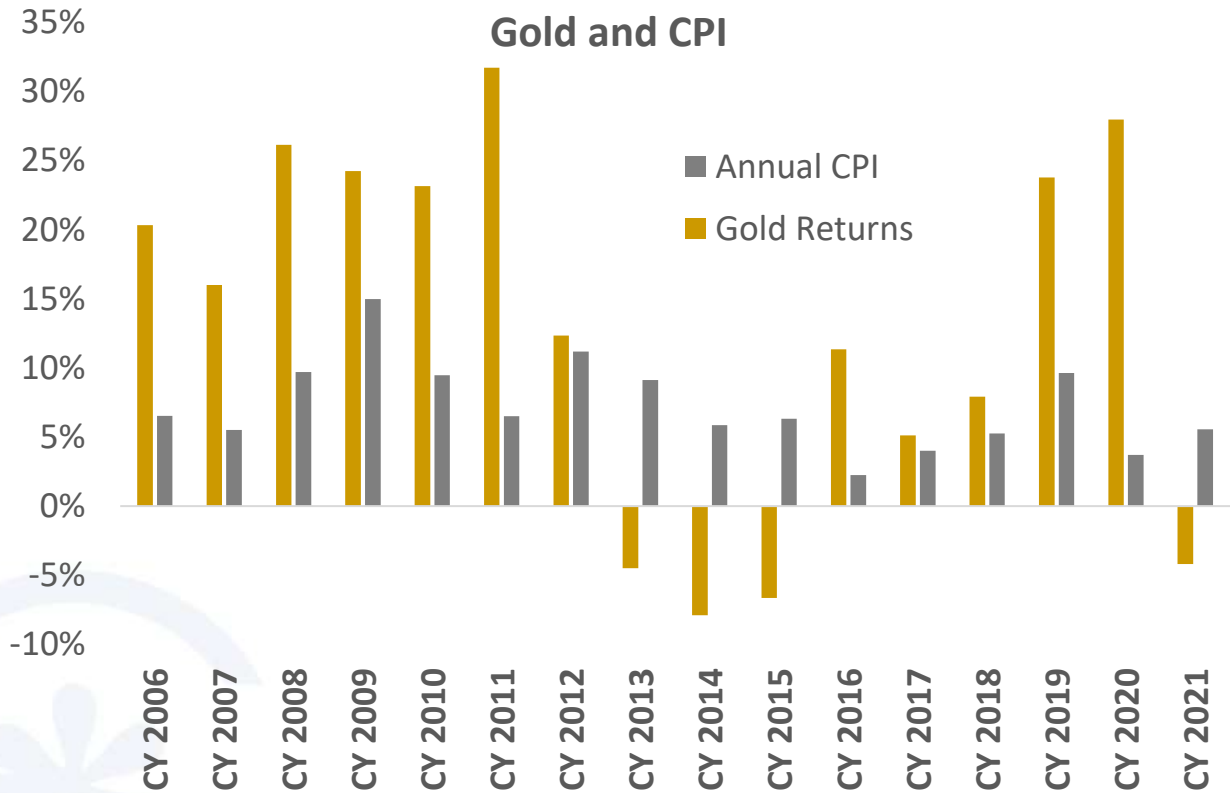
Has even lower correlation than gold with Equity market

04

# Gold is a hedge against Inflation



## Gold beat Inflation In a Long Term



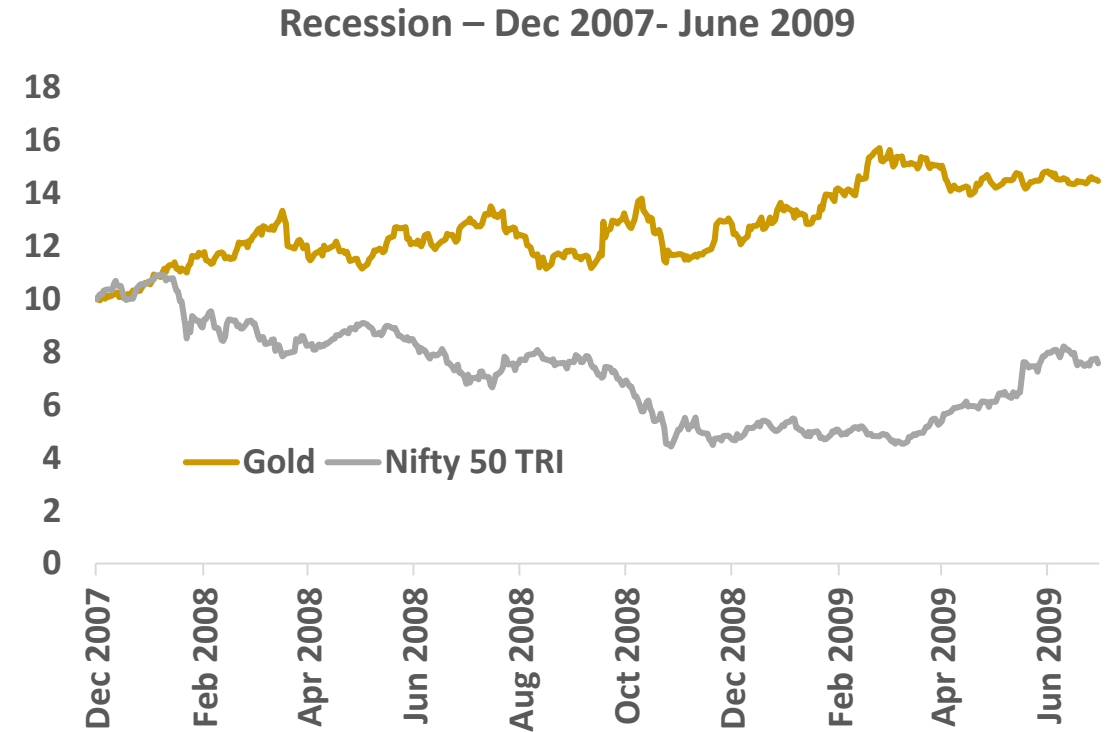
Data as of 31<sup>st</sup> May 2022

# Gold is a hedge against Recession and Equity Market Down-cycles



Calendar Year	CY 2008	CY 2011	CY 2016	CYTD 2022
Nifty 50 TRI	-51.30%	-23.80%	4.40%	-0.2%
Gold	26.1%	31.7%	11.3%	7.10%

## Gold performs during recession

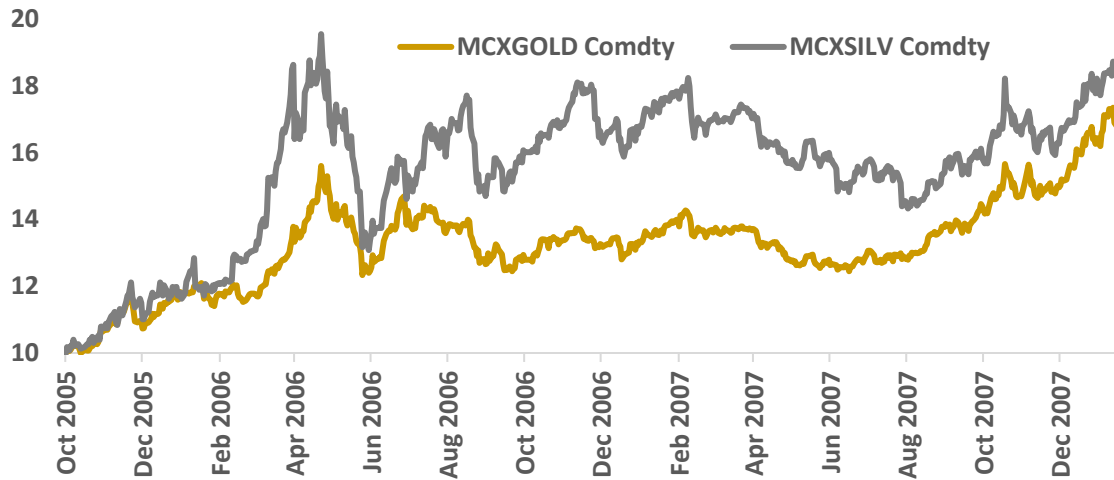


# Silver is gold on steroid

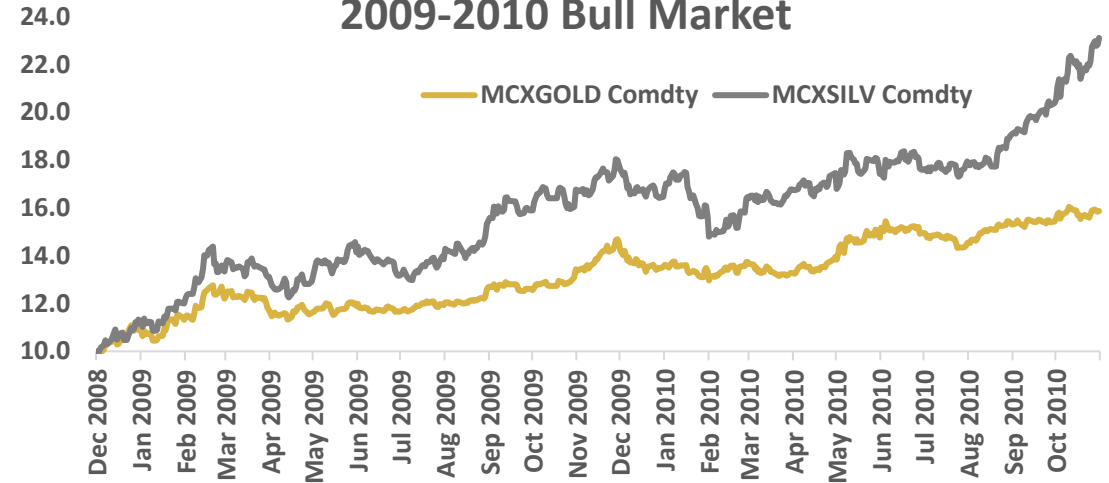


## Silver Outperform Gold In Bull Market

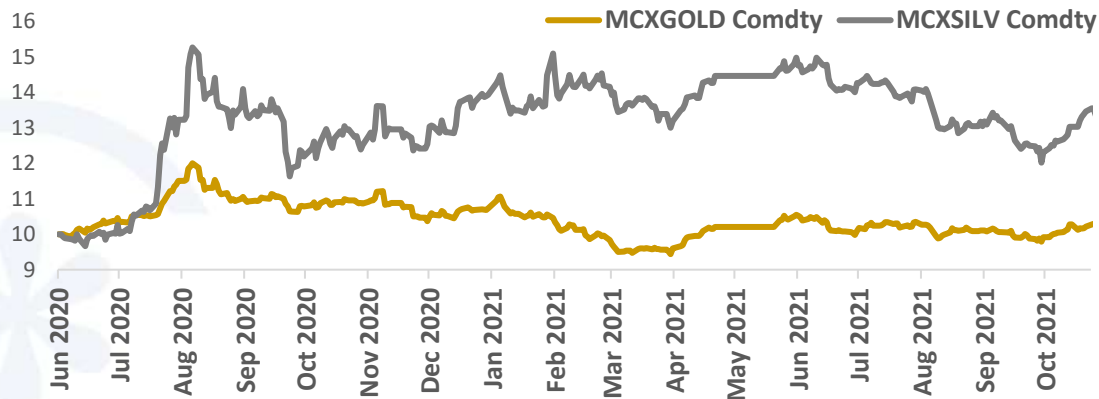
### 2005-2008 Bull Market



### 2009-2010 Bull Market



### 2020-2021 Bull Market

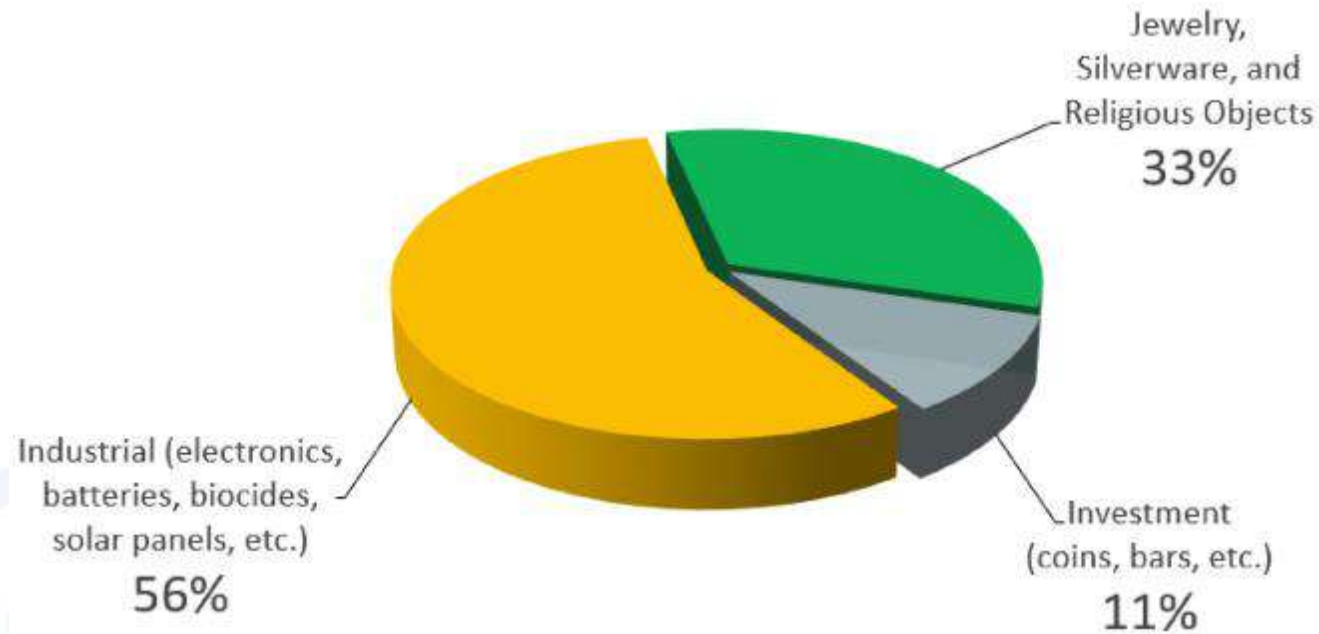


- During Bull markets, silver has soared much further and faster than gold.
- Silver has outperformed Gold during Bull markets due to higher industrial demand during that period.

# Rising demand for Silver...



## Rising Demand from New-age Technologies



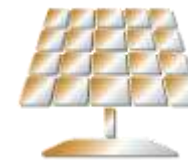
### Smart Phones

The average cell phone contains 0.3 grams of silver. With 1.39 bn. smartphones sold in 2021 demand for silver is rising very fast



### Electric vehicles

The average electric vehicle uses between 25-50g of silver. With rise of electric vehicle sales, demand for silver will rise multi-fold



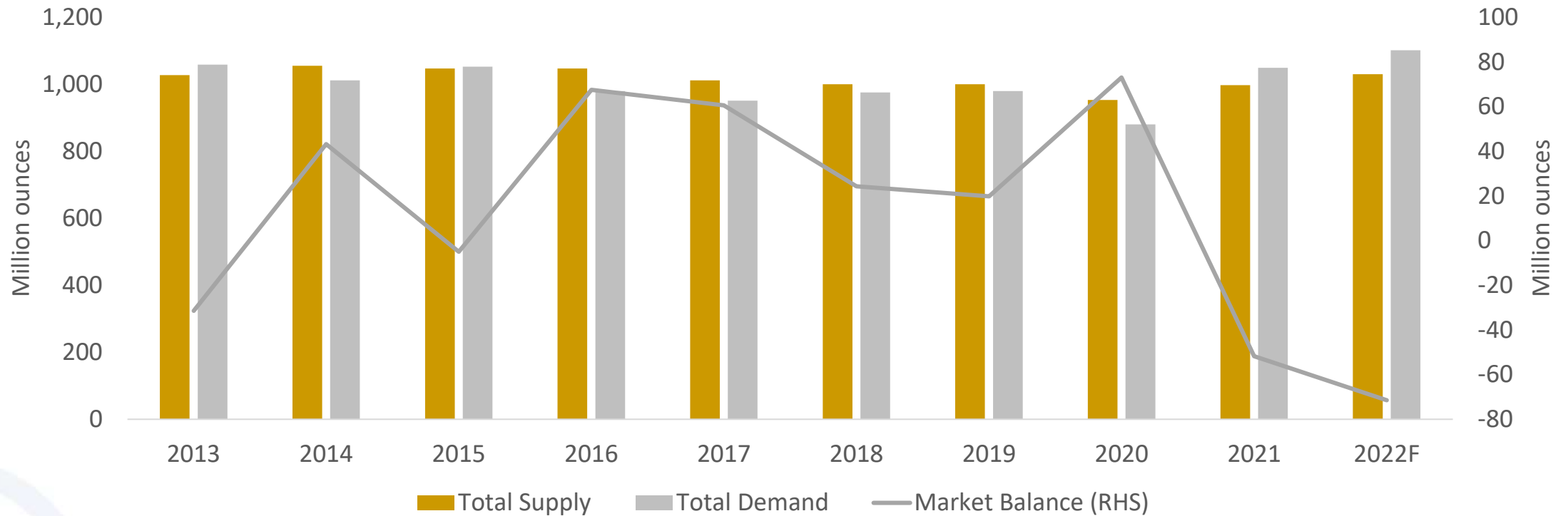
### Solar Panels

Main Component of solar panels. With the rising need for alternative energy, solar panel demand is on rise.

# ...but supply is limited



## Silver Supply and Demand (YoY)

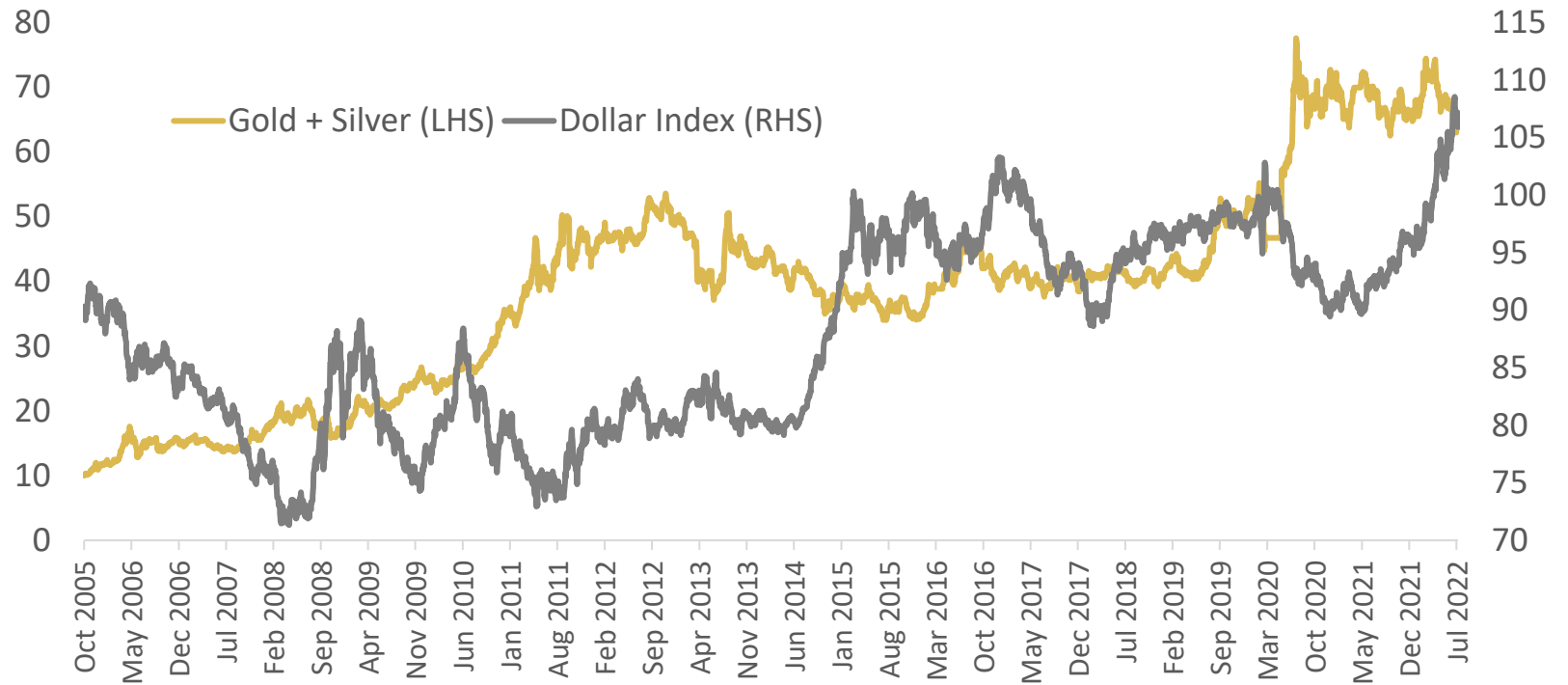


- \* On the back of the silver price rise in 2020, silver mining rebounded in 2021, but to a lesser degree than forecasted.
- \* Mine Production was up 5% in 2021 from 2020 levels.
- \* Silver supplies have dropped into a deficit since last year, and analysts predict another sizeable deficit of 72 million ounces in 2022



# Dollar index hinting towards a rally in precious metals

- \* Dollar index has an inverse correlation with precious metals.
- \* With US economy weakening and rate hike cycle nearing its end, Dollar index is likely to weaken.
- \* This can lift prices of precious metals in coming time.



*Presenting*

# Edelweiss Gold & Silver ETF Fund of Fund

Add the glitter of **Gold** & **Silver** to your investments



# How do we invest?



**We will invest in a mix of Gold ETF & Silver ETF.**

**We will aim to maintain equal allocation between Gold ETF & Silver ETF & rebalance it periodically**

**ETFs will be selected based on liquidity on the exchange, tracking error, & other relevant factors.**

**The Fund of Funds will be priced based on the closing price of the underlying ETFs on the exchange.**

# Why mix of **Gold** and Silver?



Gold performs well during the recession while Silver outperforms during precious metal bull rallies

Both provide a good hedge against inflation in the long run

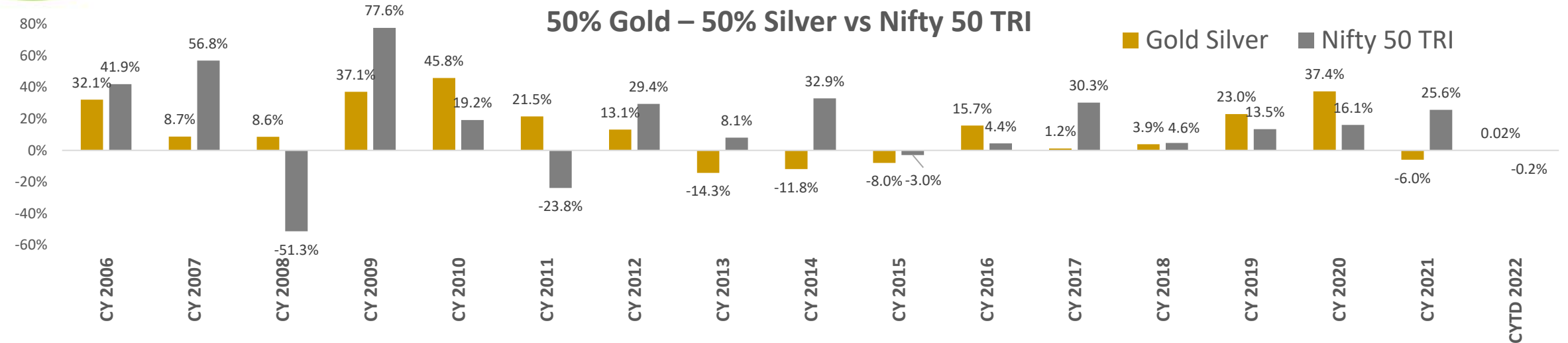
Both have a low correlation with equities

Both precious metals have limited supply and demand is rising very fast.

Silver will benefit from rising new-age technology demands from Electric vehicles, smartphones, solar panels, etc..

Both metals have performed poorly in recent times, which points toward a good entry point

# Gold + Silver Performance



Calendar Year	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CYTD 2022
Gold Silver(50:50)	32.10%	8.70%	8.60%	37.10%	45.80%	21.50%	13.10%	-14.30%	-11.80%	-8.00%	15.70%	1.20%	3.90%	23.00%	37.40%	-6.00%	0.02%
Nifty 50 TRI	41.90%	56.80%	-51.30%	77.60%	19.20%	-23.80%	29.40%	8.10%	32.90%	-3.00%	4.40%	30.30%	4.60%	13.50%	16.10%	25.60%	-0.2%
100% Gold	20.3%	16.0%	26.1%	24.2%	23.2%	31.7%	12.3%	-4.5%	-7.9%	-6.6%	11.3%	5.1%	7.9%	23.8%	28.0%	-4.2%	7.10%
100% Silver	42.7%	1.5%	-7.3%	50.6%	71.4%	8.6%	13.4%	-23.5%	-15.9%	-9.7%	19.6%	-2.8%	-0.2%	21.8%	44.4%	-8.2%	-6.93%

**Adding Gold + Silver to your portfolio may limit the downside during the Equity downfall**



# Trailing Returns

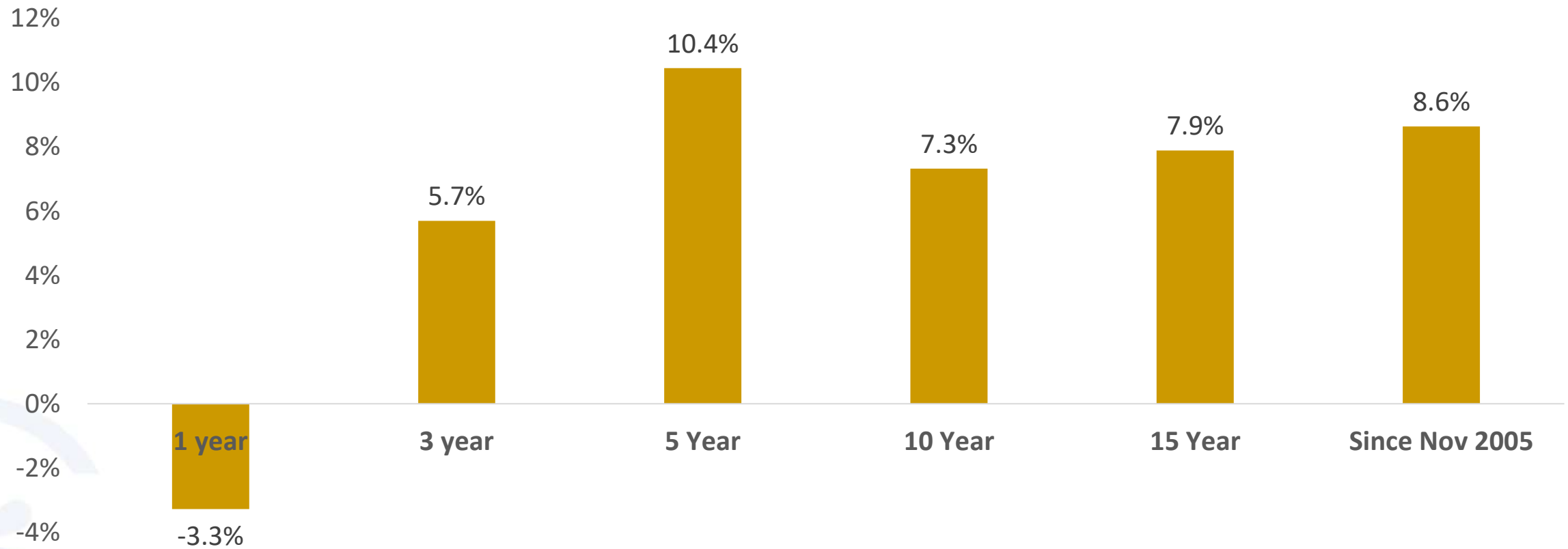


	1 Year	3 Years	5 Years	10 Years	15 Years
<b>50% Gold: 50% Silver Returns</b>	<b>-5.0%</b>	<b>13.5%</b>	<b>10.9%</b>	<b>3.4%</b>	<b>10.8%</b>
Nifty 50 TRI	10.2%	17.0%	12.6%	14.0%	10.6%
100% Gold	6.3%	13.8%	12.5%	5.5%	12.5%
100% Silver	-15.5%	12.0%	8.5%	0.7%	8.3%

# SIP Returns



## SIP Performance (50% Gold + 50 % Silver)



# Rolling Returns



### 3 Years Rolling returns



### 5 year rolling retruns



### 3 Years Rolling returns

	50% Gold: 50% Silver	Nifty 50 TRI	100% Gold	100% Silver
Average	12%	11%	13%	10%
Max	45%	30%	35%	53%
Min	-13%	-6%	-8%	-19%

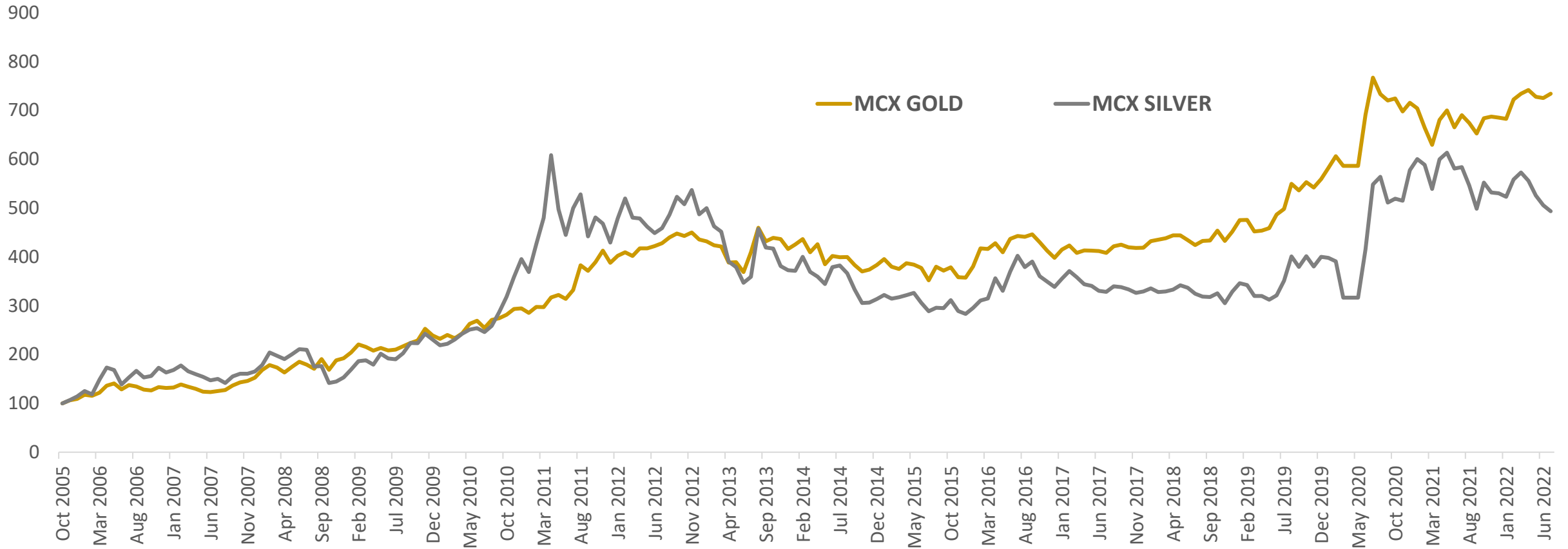
### 5 Years Rolling returns

	50% Gold: 50% Silver	Nifty 50 TRI	100% Gold	100% Silver
Average	10%	11%	11%	8%
Max	30%	23%	29%	32%
Min	-6%	-1%	-2%	-12%

# Gold and Silver Prices



Gold and Silver Prices (Normalised) over period of time



# Correlation with Equity & Debt



3 Years Period					
Commodity/Index Name	Gold + Silver	Nifty 50 TR	Silver	Gold	Debt
Gold + Silver	1.00	0.06	0.98	0.92	0.04
Nifty 50 TR		1.00	0.11	-0.05	0.13
Silver			1.00	0.84	0.04
Gold				1.00	0.04
Debt					1.00

5 Years Period					
Commodity/Index Name	Gold + Silver	Nifty 50 TR	Silver	Gold	Debt
Gold + Silver	1.00	0.04	0.98	0.91	0.03
Nifty 50 TR		1.00	0.09	-0.08	0.10
Silver			1.00	0.82	0.03
Gold				1.00	0.03
Debt					1.00



# Why invest in this scheme?



**Gold & Silver compliments each other and it provides a good balance to the portfolio**

**Gold and Silver have shown a low correlation with equities and hence, offer better diversification.**

**While Gold has huge household demand, silver has huge industrial demand & is used in products like smartphones, solar panels, electric vehicles, etc.**

**Fund of Funds structure offers more convenience, affordability, & liquidity as compared to physical Gold & Silver.**

**Equal allocation & periodic rebalance will capture any possible divergence between gold & silver performance.**

# Fund Features





<b>Scheme Type</b>	An open-ended fund of funds scheme investing in units of Gold ETF and Silver ETF.		
<b>Investment objective</b>	<p>The investment objective of the scheme is to generate returns by investing in units of Gold ETFs and Silver ETFs. However, the performance of the scheme may differ from that of the underlying gold and silver due to tracking error of the underlying exchange traded funds.</p> <p>There can be no assurance or guarantee that the investment objective of the plan will be achieved.</p>		
<b>Asset Allocation</b>	<b>Type of Security</b>	<b>Indicative allocation (% of total assets)</b>	
	A. Units of Gold and Silver ETFs	95%-100%	
	A1. Of which Units of Gold ETFs	35% - 65%	
	A2. Of which Units of Silver ETFs	35% - 65%	
	B. Money Market Instruments, cash and cash equivalent and/or units of Liquid scheme	0%-5%	
<b>Fund Managers</b>	Mr. Bhavesh Jain and Mr. Bharat Lahoti		
<b>Exit Load</b>	<ul style="list-style-type: none"> <li>• 1% up to 365 days</li> <li>• NIL after completion of 365 days</li> </ul>		
<b>Benchmark</b>	LBMA Prices		

\*For detailed asset allocation details refer to the scheme SID/KIM

# Disclaimers



Risk-o-meter of the Scheme #	Risk-o-meter of the Benchmark (LBMA Prices)
	
<p align="center"><b>Investors understand that their principal will be at Very High Risk.</b></p>	
<p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>● Long term capital appreciation</li> <li>● To invest in an open-ended fund of funds scheme investing in units of Gold ETFs and Silver ETFs.</li> </ul> <p><small>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</small></p>	

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Note- The investors will bear the recurring expenses of the scheme, in addition to the expenses of the underlying scheme

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

Know more, [www.edelweissmf.com](http://www.edelweissmf.com)

