



Investment Thesis & Rating Methodology

How we build your plan. How we grade every fund.

MARKET-AWARE · EVIDENCE-BASED · TRANSPARENT

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NYVO Investment Advisors (Part of NYVO Technology Private Limited)

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PART I

Investment Thesis

How we think about building a portfolio for you.

Purpose & Guiding Principles

NYVO Investment Advisors framework has two halves. The Investment Thesis explains how we build a goal-based portfolio for you. The Rating Methodology explains how we grade every mutual fund the plan can hold. Both are governed by the same three principles.

01

Market-Aware

Funds and portfolios are read in the context of the current market regime – the same fund is judged on the yardstick that matters most for the environment it's actually operating in.

02

Evidence-Based

Built from 10+ years of return and risk data, refreshed periodically. No anecdote, no AMC narrative – every tier change traces back to a measurable shift in the fund's own evidence.

03

Transparent

The methodology is published. No fund pays for placement. Tier changes are always explainable through the underlying sub-metrics.

How We Build Your Plan

NYVO evaluate all your goals based on their priority, tenure, and the risk you can undertake during the process of achieving them.

Taking all these factors into account, we suggest a single optimized portfolio allocation across different asset classes so that your money generates better returns for long-term goals while also preventing you from taking too much risk for short-term goals.

Map your goals

1

Every plan starts with what you actually want - an emergency cushion, kids' education, retirement, a holiday, a home. Each goal gets a target amount (inflation-adjusted) and a target year. Without a destination, investing is just hoping.

Pick the right mix for each goal

2

A goal 25 years away can take equity risk; one in 2 years cannot. We choose the asset mix per goal based on its tenure and type - more cash and debt as it gets closer, more equity when it's far.

Combine into one portfolio

3

You can't open a separate account for every goal, so we sum per-goal allocations into one portfolio. Each class plays a specific role:

- **Cash / FD / PF** – safety net for near-term goals. **Large Cap** – core equity, India's top 100 companies. **Flexi Cap** – active managers chase alpha across market caps.
- **Mid / Small Cap** – highest risk and return, for long horizons or surplus. **Gold & International** – diversifies away from a single market.

Each class is sized for your goals – not a generic model portfolio.

Review what you already own

4

We grade every fund you hold - Healthy, Stable, Watch, Critical - and score how each one has performed. This tells us what's pulling its weight and what's quietly leaking returns.

Recommend the smallest changes possible

5

The goal isn't a fresh portfolio - it's getting you to the target with the least disruption. Sell the underperformers first, keep the winners, rebalance only what's needed.

Two Special Buckets – Emergency & Lifestyle

Two buckets sit outside the standard goal-allocation flow. Both have their own logic.

The Emergency Fund = 4× your monthly expenses

Why emergency fund is required? This provides a safety net in case of any emergency - job loss, health scare or any urgent requirement where you need money immediately.

Why expenses, not income? It needs to cover what you actually spend - rent, EMIs, groceries - not your salary.

Why liquid and low-risk? You need this money the day you need it, not next quarter. Equity might be down 30% on the worst day. FDs lock you in. Cash, liquid funds and sweep accounts give you both safety and same-day access.

Think of it as insurance, not an investment.

Lifestyle Funds – For You, Not for the Goals

The trip you've been planning, the bike, the camera, a sabbatical, the watch – spending on yourself matters as much as saving for retirement.

Lifestyle Funds is the bucket we keep separate for exactly that. Because it sits outside your long-term goals, you can invest it in higher-alpha assets where the upside is larger. You take more risk here – knowing your main goals and corpus stay untouched.

PART II

Rating Methodology

How every fund the plan can hold is graded.

How the Ratings are Built

The Pillars

Every fund is scored on a category-specific mix of pillars. Each pillar rolls up to sub-metrics, percentile-ranked within the cohort.

The Composite Formula

Pillar scores roll up into a single 0–100 Composite Score. Each category gets its own weighting recipe - active equity differs from passive or debt.

Market Regime Overlay

Pillar weights rotate with the market regime. Stressed regimes weight Downside Risk and Recency; normal regimes weight long-term Skill – Market-Aware, not one-size-fits-all.



Pillar	What it captures
Skill	Rolling excess returns vs cohort
Downside Risk	Annualised std. dev. of negative monthly returns
Recency	Trailing 3- and 6-month relative returns
Credit Quality	(Debt) AAA / SOV / Cash share vs mandate
Drift Penalty	(Hybrid) Distance from SEBI equity band
Tracking Precision	(Passive) How tightly fund tracks index
Cost	(Passive + Arbitrage) Net TER

Weight Framework by Fund Category

Every fund category uses its own pillar mix. Weights below are the NORMAL-regime composite shares (sum to 100% within each category).

Active Equity	Skill (55%) – win-rate of rolling 36M excess returns vs cohort + median excess CAGR; Downside Risk (30%) – annualised deviation of negative monthly returns; Recency (15%) – 3M and 6M relative returns vs cohort
Hybrid Funds	Skill (50%) – 36M win-rate + excess CAGR vs cohort; Downside Risk (25%) – downside deviation; Recency (15%) – 3M + 6M relative returns · Drift Penalty (10%) – distance from SEBI mandate equity band
Debt Funds	Skill (35%) – 36M win-rate + excess CAGR vs cohort; Downside Risk (20%) – downside deviation, MAR = SBI weekly FD rate; Recency (20%) – 3M + 6M relative returns; Credit Quality (10%) – share of AAA / SOV / Cash holdings vs mandate; Debt Advanced (15%) – duration gap, rate beta, issuer concentration, liquidity, credit migration
Index / Passive / ETF	Tracking Precision (60%) – Tracking error; Cost (40%) – absolute-band score on net Total Expense Ratio (TER)
Arbitrage Funds	Skill (20%) – win-rate of rolling 36M excess returns vs cohort + median excess CAGR; Downside Risk (25%) – downside deviation; Information Ratio (30%) – 3-year Information Ratio vs benchmark Cost (25%) – absolute-band score on net TER

Tier Assignment

Active Equity & Hybrid funds are graded on a four-condition evidence test + composite range. Debt & Passive funds use fixed composite thresholds.

Tier	Equity & Hybrid – Composite range + evidence test	Debt & Passive – Composite range	What it means
Healthy	Beats peers on 12-month returns · beats peers on long-term skill · sits in the top 40% on downside protection · clears a composite of 55.	Composite \geq 65	This fund has better performance vs its category peers, with risk well under control. Suitable for SIPs and core long-term holding.
Stable	Composite \geq 50, but doesn't meet the Healthy bar – and isn't failing either.	Composite 50 – 65	A dependable performer that's tracking its category, just not leading it. Fine to continue holding, but a Healthy fund may be a better choice for new SIPs.
Watch	Composite is below 50, but doesn't meet Healthy or Critical.	Composite 35 – 50	Recent performance or risk metrics have deteriorated. Stay invested, but wait for the next refresh before adding more.
Critical	Loses to peers on 12-month returns · loses on long-term skill · sits in the bottom 40% on downside protection · composite below 50.	Composite $<$ 35	The fund is meaningfully behind its peers or carrying more risk than expected. Consider switching.

ELIGIBILITY: Tiers are assigned only to funds meeting our filter (size, vintage, category cohort, data completeness); sectoral/thematic funds are judged against same-theme peers.

EXPERT OVERLAYS: Ratings are adjusted by qualitative checks around manager tenure, maximum drawdown, downside protection and other risk factors before publication.

Update Cycle & Governance



Expert validation

Every refresh is reviewed and signed off by our investment team before publication. Engine outputs are never released unchecked.



Rating refresh

Ratings are refreshed quarterly, after the validation cycle is complete.



Stability buffer

Tier changes require a clear margin, not a marginal move. This prevents Healthy funds from flipping to Stable on insignificant noise – roughly half of otherwise-observed tier changes would be noise, not signal.



Audit trail

Every rating carries the full logic and data backing it, so any assignment can be traced and explained.



Methodology review

Pillar weights, eligibility minimums, and tier thresholds are reviewed periodically and updated as evidence warrants.

Limitations & Responsible Use

WHAT RATINGS CAN'T DO

- They are tools, not guarantees of future performance – past performance is not indicative of future results.
- They don't account for your tax situation or goals you haven't shared with the app.
- They cannot replace professional advice for material financial decisions.

COVERAGE LIMITS

- Ratings are at the fund category level – individual fund outcomes can differ from the category signal.
- Funds below our eligibility floor (track record, AUM, peer count) are not rated. Ratings refresh monthly – figures can be up to ~30 days old.

Mutual fund investments are subject to market risks. Read all scheme-related documents carefully.

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