

# Sefirot

Financial Research

## Portfolio Tiferet

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# Disclaimer

*This document and the accompanying code are intended for backtesting and educational purposes only. The information provided does not constitute investment advice. Past performance is not indicative of future results, and real-world trading involves significant risk. Users should exercise caution and conduct their own research before making any financial decisions. The authors and distributors of this document are not responsible for any gains or losses resulting from the use of the presented strategy.*

## 1 Equally weighted ETFs portfolio performance

Here we analyze the performance of a portfolio created by equally weighting ETFs so that each ETF has the same allocation.

The portfolio's return is then broken down and its components analyzed to understand how to improve it.

Rebalancing is performed every 6 months.

In the following pages, we will examine:

- Return
- Return distribution
- Variance
- Max drawdown

You can find the Python code used by following [this link!](#)

### 1.1 Equally Weighted Portfolio

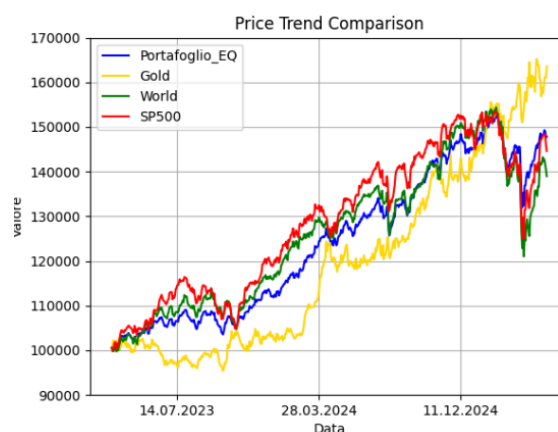


Figure 1: Price trend comparison

The performance of our equally weighted portfolio closely follows that of the equity ETFs, and this represents a concern for us. If the portfolio's performance depends heavily on

the price movement of two out of the three ETFs it includes, then we won't be able to manage risk effectively.

The returns calculated from closing prices recorded between 03/16/2023 and 05/23/2025 do NOT follow a normal distribution. Most of the recorded returns lie between 0% and 1%.

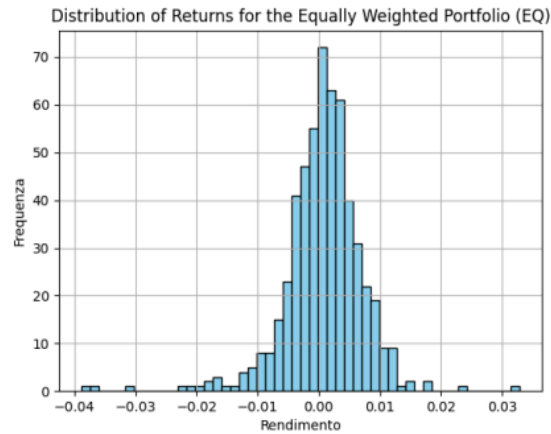


Figure 2: Distribution of returns for the equally weighted portfolio (EQ)

Metric	Value
Value at the end of the simulation*	147.806,12€
Return	47,80%
Average daily return	0,06%
Variance	4,09
Max drawdown	-13,60%

\*Synthetic initial investment on 03/16/2023 equal to €100,000

## 1.2 Observations

By constructing an equally weighted portfolio, the variance of returns is halved. However, the final investment return also decreases.

The max drawdown of the equally weighted portfolio is halved compared to equity ETFs, but it increases compared to the gold ETF.

The equally weighted portfolio behaves as expected: by assigning equal weights, it reduces the overall portfolio variance at the expense of returns. Moreover, this composition allows the portfolio to better withstand market downturns.

The portfolio is overweighted toward equity ETFs, which, due to their strong correlation, tend to move as if they were a single asset. As a result, the equally weighted portfolio fails to properly capture the rise in the price of gold, while still being exposed to the negative performance of the equity ETFs.

This highlights why it's important to check the correlation between the assets we include in our portfolio.

## 2 ETFs variables chosen for the portfolio

Now we analyze the variables of the ETFs that we decided to include in our portfolio. We will examine:

- Return
- Return distribution
- Variance
- Correlation
- Max drawdown

### 2.1 Amundi Physical Gold ETCC (Ticker AGOLD)

The returns obtained from the closing prices recorded in the period between 03/16/2023 and 05/23/2025 do not follow a normal distribution.

Most of the recorded returns fall between 0% and 1%.

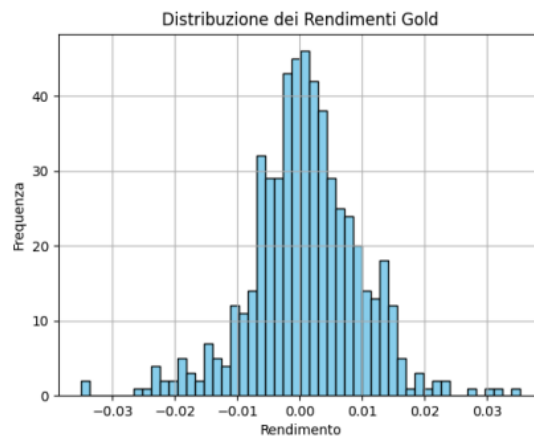


Figure 3: Distribution of returns Gold

Metric	Value
Value at the end of the simulation*	163.545,29€
Return	63,54%
Average daily return	0,09%
Variance	7,82
Max drawdown	-7,36%

\*Synthetic initial investment on 03/16/2023 equal to €100,000

Table 1: Amundi Physical Gold ETC C (Ticker AGOLD)

## 2.2 iShares Core MSCI World UCITS ETF USD (Ticker SWDA)

The returns obtained from the closing prices recorded between 03/16/2023 and 05/23/2025 do not follow a normal distribution.

The majority of the recorded returns fall between 0% and 2%.

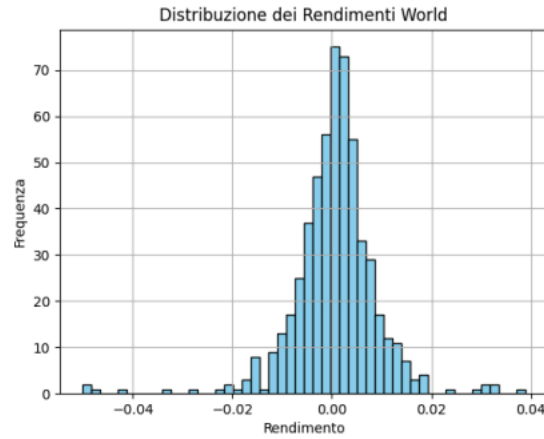


Figure 4: Distribution of World returns

<b>Metric</b>	<b>Value</b>
Value at the end of the simulation*	138.171,81€
Return	38,17%
Average daily return	0,08%
Variance	7,57
Max drawdown	-21,63%

\*Synthetic initial investment on 03/16/2023 equal to €100,000

Table 2: iShares Core MSCI World UCITS ETF USD (Ticker SWDA)

## 2.3 Xtrackers S&P 500 UCITS ETF 1C - EUR Hedged(XDPE)

The returns obtained from the closing prices recorded between 03/16/2023 and 05/23/2025 do not follow a normal distribution.

The majority of the recorded returns fall between 0% and 2%.

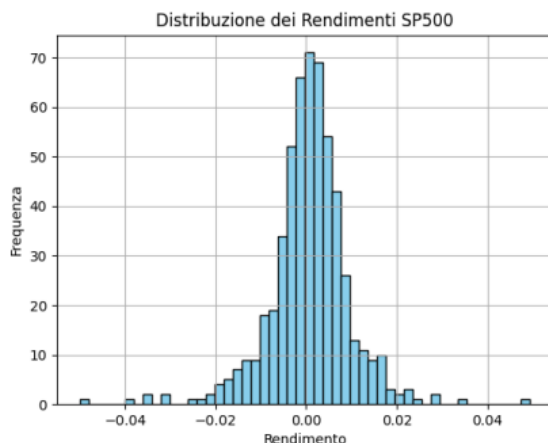


Figure 5: Distribution of S&P500 returns

Metric	Value
Value at the end of the simulation*	144.032,20€
Return	44,03%
Average daily return	0,07%
Variance	8,14
Max drawdown	-21,63%

\*Synthetic initial investment on 03/16/2023 equal to €100,000

Table 3: Xtrackers S&P 500 UCITS ETF 1C - EUR Hedged (Ticker XDPE)

## 2.4 The correlation

When we talk about correlation, we refer to the relationship that may exist between two variables.

In simple terms, correlation helps us understand if, and to what extent, two phenomena move together. For example, we might ask: "When the price of oil rises, does the stock index also increase?" or "When interest rates rise, do bond prices fall?" Correlation answers exactly this type of question, giving us a number that ranges from -1 to +1. A value close to +1 means the two variables move in the same direction (both increase or decrease together), while a value close to -1 indicates they move in opposite directions. A value near 0 indicates that there is no evident relationship between the two phenomena. In the financial context, correlation is a very useful tool. It is used, for example, to construct more efficient portfolios. If I combine assets that are uncorrelated (or negatively correlated), I can reduce the overall risk of my investment. This is because when one decreases, the other may increase, offsetting the losses.

<b>Ticker</b>	<b>AGOLD</b>	<b>SWDA</b>	<b>XDPE</b>
AGOLD	1	0,06	-0,01
SWDA	0,06	1	0,90
XDPE	-0,01	0,90	1

Table 4: Correlation matrix of the selected ETFs

### 3 Composition of Portfolio

Tiferet, the sixth of the ten attributes of God, symbolizes the right hand and is associated with the biblical figure Jacob.

The Tiferet portfolio is composed of only three physically replicated ETFs, listed on the Italian Stock Exchange, which reinvest income rather than distributing it.

The ETFs are:

- Amundi Physical Gold ETC C (Ticker AGOLD)
- Xtrackers S&P 500 UCITS ETF 1C - EUR Hedged (Ticker XDPE)
- iShares Core MSCI World UCITS ETF USD (Ticker SWDA)

<b>Characteristic</b>	<b>AGOLD</b>	<b>XDPE</b>	<b>SWDA</b>
Title	Amundi Physical Gold ETC C	Xtrackers S&P 500 UCITS ETF 1C	iShares Core MSCI World UCITS ETF USD
TER	0,12%	0,20%	0,20%
Issuer	Amundi	Xtrackers	iShares
Listing date	21 May 2019	25 Sep 2009	27 Feb 2015
Distribution	No	No	No
ETF currency	USD	USD	USD
Currency hedging	No	Yes	No
Exchange	Borsa di Milano	Borsa di Milano	Borsa di Milano

Table 5: Characteristics of the ETFs in the Tiferet portfolio

#### 3.1 Vision

The SWDA and XDPE ETFs essentially replicate the same index, as the SWDA ETF is composed of approximately 70% American companies, while the XDPE ETF exclusively tracks U.S. equities.

The manager's strategy involves an overweight in the U.S. market, as it represents the largest market in the world and global economies are strongly influenced by its performance. This view assumes that the U.S. market is the primary driver of global growth, and over the long term, this dominant position may translate into superior returns.

The portfolio also includes an ETF that tracks gold, as it exhibits an inverse correlation with the volatility of returns of the other two indices. The inclusion of the AGOLD ETF therefore serves to diversify the portfolio by adding an asset that is decorrelated relative to the other two.

### 3.2 Amundi Physical Gold ETCC (Ticker AGOLD)

The Amundi Physical Gold ETC C (AGOLD) is a financial instrument designed to provide investors with direct exposure to the price of physical gold, without the need to purchase and store the metal themselves. It is issued by the Irish company Amundi Physical Metals plc and is listed on various European exchanges, including the Italian Stock Exchange. The ETC physically tracks the price of gold by following the LBMA Gold Price PM benchmark, holding gold bars stored at HSBC Bank Plc in segregated and individually identified accounts. This ensures transparency and a high level of security for the investor. From a cost perspective, it is one of the most economical gold ETCs, with an annual fee (TER) of 0.12%. Furthermore, it does not distribute dividends: it automatically reinvests returns within the instrument.

Launched in 2019, it has demonstrated excellent performance in recent years, becoming a popular choice among investors seeking protection from inflation, hedging against market volatility, or simply diversifying a portfolio through a safe-haven asset like gold.

In summary, the Amundi Physical Gold ETC C is an efficient, transparent, and low-cost instrument for investing in physical gold in a simple way through financial markets.

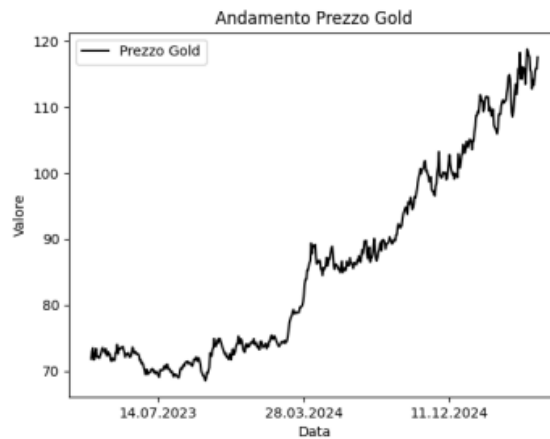


Figure 6: Gold price

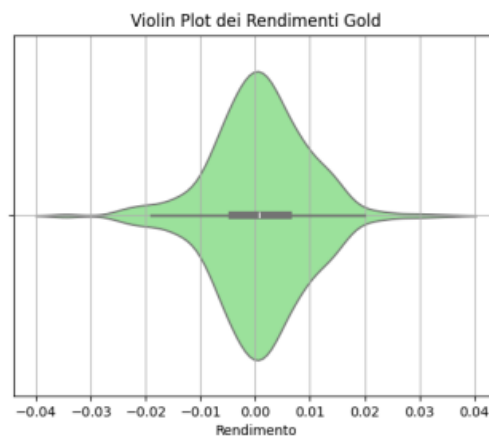


Figure 7: Violin Plot gold returns

### 3.3 iShares Core MSCI World UCITS ETF USD (Ticker SWDA)

The iShares Core MSCI World UCITS ETF USD (Acc), known by the ticker SWDA, is one of the most popular ETFs among European investors seeking simple and diversified exposure to global equity markets.

The ETF uses physical replication via optimized sampling, meaning it does not necessarily purchase all the securities in the index but selects a representative subset to maintain an efficient replication while keeping costs low.

SWDA is a highly efficient solution for those wishing to build a globally diversified portfolio, with low costs and without the need to select individual securities or countries. It is often used as the "core" of a passive portfolio or as a foundation for long-term investment strategies.

<b>Country</b>	<b>Weight</b>
United States	68,24%
Japan	5,37%
United Kingdom	3,68%
Canada	2,82%
Switzerland	2,72%

Table 6: Geographical exposure of the ETF

<b>Company</b>	<b>Weight</b>
Apple	4,88%
NVIDIA Corp.	3,88%
Microsoft Corp.	3,87%
Amazon.com Inc.	2,63%
Meta Platforms	1,84%

Table 7: Top 5 holdings of the ETF



Figure 8: World price

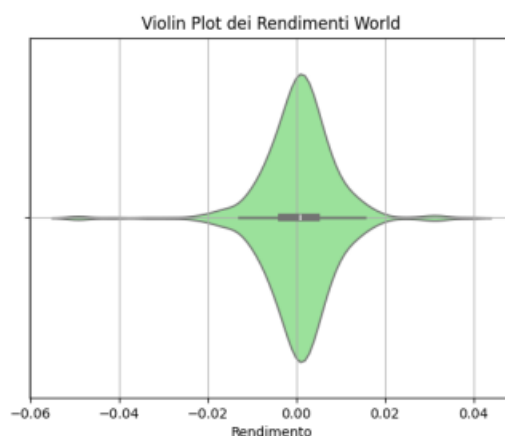


Figure 9: Violin Plot world returns

### 3.4 Xtrackers S&P 500 UCITS ETF 1C - EUR Hedged(XDPE)

The Xtrackers S&P 500 UCITS ETF 1C – EUR Hedged (XDPE) is an ETF that allows investment in the 500 largest U.S. companies, replicating the S&P 500 index, with the added feature of providing euro currency hedging. This means that the investor is protected from fluctuations in the exchange rate between the U.S. dollar and the euro, making this instrument particularly suitable for those seeking exposure to the U.S. equity market without taking on currency risk.

The Xtrackers S&P 500 UCITS ETF 1C – EUR Hedged represents an efficient solution for European investors looking for U.S. equity market exposure while benefiting from protection against exchange rate variations between the dollar and the euro.

Country	Weight
United States	95,88%
Ireland	1,43%
Others	2,69%

Table 8: Geographical exposure of the XDPE ETF

Company	Weight
Apple	6,93%
Microsoft Corp.	5,96%
NVIDIA Corp.	5,68%
Amazon.com Inc.	3,85%
Meta Platforms	2,68%

Table 9: Top 5 holdings of the XDPE ETF



Figure 10: S&P500 price

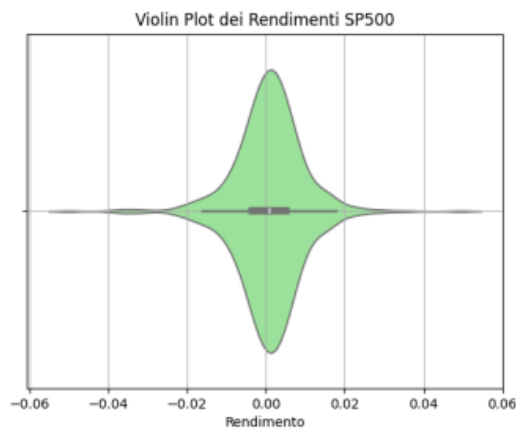


Figure 11: Violin Plot S&P500 returns