



YIN

YOUTH
INVESTMENT
NETWORK

Investment Strategy FY2026-FY2027

Executive Summary

This document outlines the investment strategy for the Youth Investment Network's simulated portfolio, managed by students of the organisation. Our mandate is to deliver disciplined, growth-oriented returns while providing members with authentic, hands-on exposure to real-world investment analysis, portfolio construction, and risk management.

The portfolio is structured around three distinct sleeves designed to balance long-term stability with targeted growth opportunities. The 50% Base ETF & Commodity Sleeve anchors the portfolio through broad, low-cost diversification and inflation protection. The 25% Mid-Cap Equity Sleeve captures asymmetric upside from high-conviction long-term growth themes. The 25% Tactical Opportunities Sleeve enables active, research-driven positioning in shorter-term market dislocations.

TOTAL SIMULATED CAPITAL	TARGET ANNUAL RETURN	MAX PORTFOLIO DRAWDOWN	BASE SLEEVE ALLOCATION
\$100,000	10-14%	-15%	50%

Investment Philosophy

We are long-term, fundamentals-driven investors who believe that macro awareness, disciplined stock selection, and rigorous risk management are the foundations of sustained outperformance. We do not speculate, every position must be supported by a clearly articulated thesis, defined entry and exit criteria, and a risk budget.

Our simulated portfolio begins at \$100,000 notional capital, with each sleeve governed by its own allocation rules, weighting methodology, and review cadence. All members are expected to contribute to research, participate in investment committee discussions, and track performance against defined benchmarks.

1. Macroeconomic Context

Understanding the macro environment is the single most important input to portfolio construction. Our current assessment is predominantly grounded in data from the Congressional Budget Office (CBO), Vanguard Economic Research, Goldman Sachs Global Investment Research, and J.P. Morgan Global Research.

1.1 Growth & Activity

The U.S. economy remains resilient heading into 2026. Real GDP is projected to grow approximately 1.8–2.5% (Q4/Q4), supported by robust AI-related capital expenditure, strong household consumption, and the stimulus effects of the 2025 reconciliation act. Business investment, particularly in data centres and semiconductors, continues to be a primary engine, with AI-related physical capex growing an estimated 26% in real terms over the past four quarters.

1.2 Inflation & Monetary Policy

Core PCE inflation is projected to ease toward ~2.6% by year-end 2026, down from ~3% at end-2025. Tariff pass-through has been more gradual than feared, and housing disinflation continues to provide relief. The Federal Reserve is expected to deliver one to two additional rate cuts in 2026, bringing the federal funds target range to approximately 3.0–3.5%, before pausing. This gradual easing backdrop is constructive for risk assets, particularly small/mid-cap equities which are sensitive to the cost of capital.

1.3 Key Macro Risks

Risk Factor	Assesment	Impact on Portfolio
Tarrif / Trade Policy	Ongoing USMCA renegotiation; elevated uncertainty	Moderate
Sticky Inflation	Core PCE above 2% target until late 2026	Positive for commodities
AI Capex Slowdown	Capex growth expected to halve in 2026	Monitor tech positioning
Fiscal Deficit	\$23.1T projected over 10 years; debt rising	Long-term bond risk
FED Leadership Change	New chair in Q2 2026 — policy uncertainty	Maintain duration caution

Source: CBO (Jan 2026), Vanguard Economic Research (Mar 2026), Goldman Sachs GIR, J.P. Morgan Global Research.

2. Portfolio Structure & Allocation

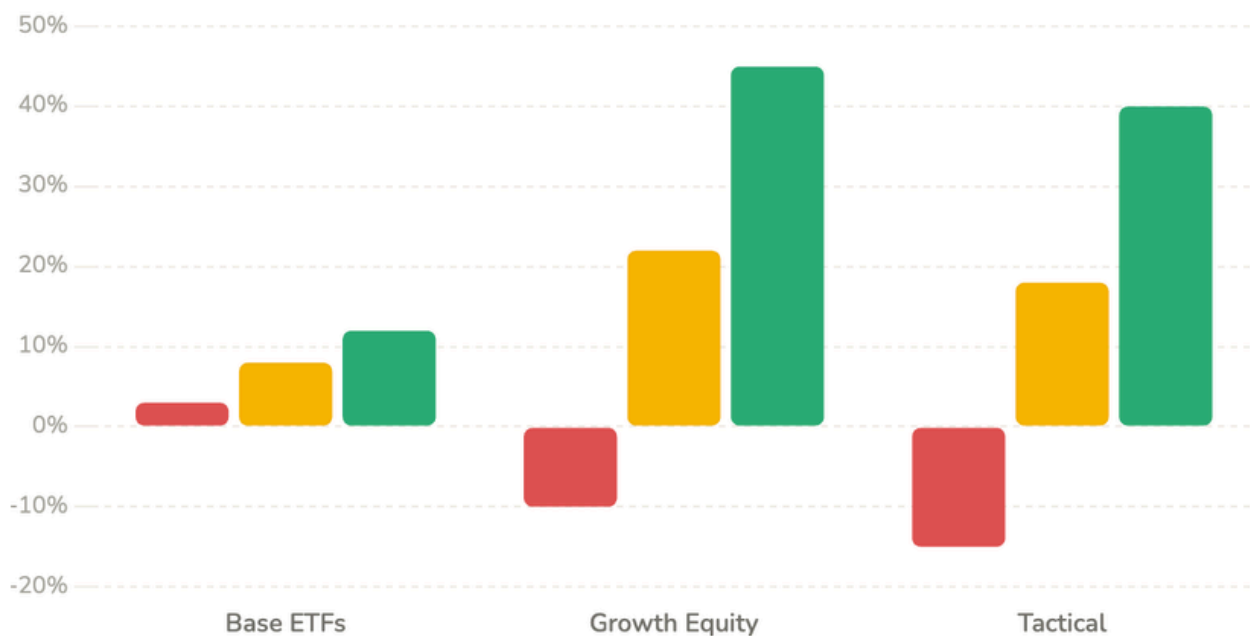
The total simulated portfolio is set at \$100,000 notional. Capital is divided across three sleeves, each with a distinct mandate, risk profile, and governance framework. The allocation is fixed at the outset and rebalanced annually or when drift exceeds ± 3 percentage points from target weights.

Sleeve	Allocation	Notional (\$)	Primary Objective	Benchmark
Base ETFs	50%	\$50,000	Stability	MSCI World
Mid-Cap Equity	25%	\$25,000	Long-term growth	Russel 2500 Index
Thematic Opportunities	25%	\$25,000	Active market opportunities	S&P 500 (SPY)

Return Scenario Analysis

Case by Sleeve

■ Bear ■ Base ■ Bull



3. Sleeve 1 - Base ETFs

Allocation	Notional	Benchmark	Hold Period
50%	\$50,000	MSCI World / Bloomberg Commodity	6-12 months

Investment Rationale

The Base Sleeve is the portfolio's anchor. Its purpose is to generate broad market participation and maintain low volatility to offset the higher-risk sleeves. This sleeve should never feel 'exciting', its value lies in consistency, low fees, and correlation benefits.

In the current macro environment, with core inflation running above 2%, gradual Fed rate cuts, and resilient U.S. growth, a blend of broad equity index ETFs and diversified commodity funds is particularly appropriate. Commodity ETFs such as gold and diversified baskets provide a natural hedge against tariff-driven price pressures and USD weakness scenarios. The commodity sleeve also benefits from the ongoing industrial demand tied to the AI infrastructure buildout (copper, silver) and geopolitical supply constraints (energy).

Initial Holdings

Ticker	Fund	Type	Weight	Exp. Ratio
VOO	Vanguard S&P 500 ETF	US Equity	20%	0.03%
VXUS	Vanguard Total International ETF	International	10%	0.07%
GLDM	SPDR Gold Minishare Trust	Precious Metal	7%	1.10%
IGPT	Invesco AI and Next Gen Software ETF	AI	7%	0.56%
DTCR	Global X Data Center & Digital Infrastructure	Infrastructure	3%	0.50%
VDE	Vanguard Energy Index Fund ETF	Energy	3%	0.09%

Weighting Methodology

Within the Base Sleeve, weights are assigned using a risk-budget approach: equity ETFs receive higher weights for their long-run return premium, while commodities are sized to provide meaningful inflation protection without dominating volatility. Rebalancing occurs annually or when any position drifts more than ± 3 percentage points from its target.

4. Sleeve 2 - Mid-Cap Equity

Allocation	Notional	Benchmark	Hold Period
25%	\$25,000	Russell 2500 Index	6-12 months

Investment Rationale

Conditions entering 2026 are uniquely favourable for small and mid-cap equities. According to Seeking Alpha's quantitative strategy team, small-caps are trading at discounted valuations relative to large-caps and stand to benefit from the Fed's easing cycle, broadening earnings growth beyond mega-cap tech, and cooling trade tensions. Mid-caps have historically outperformed both small and large caps over longer time horizons.

Our screening criteria emphasise durable competitive advantages, profitable operations, and exposure to structural growth themes, particularly AI infrastructure, and energy transition. We target companies with at least 15% revenue growth, positive or improving margins, and market caps between \$2B and \$50B.

Screening Criteria

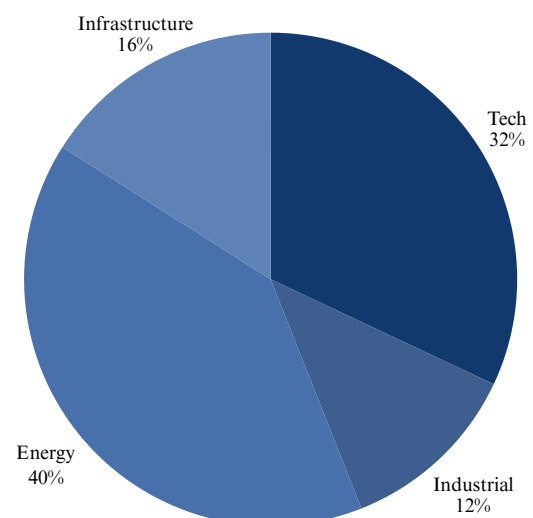
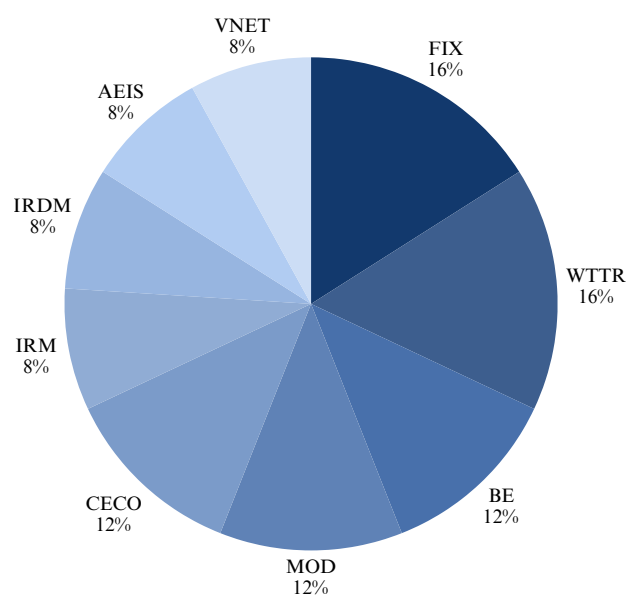
Criterion	Threshold	Rationale
Market Cap	\$2B – \$50B	Avoids nano-cap risk, mid-cap sweet spot
Revenue Growth (YoY)	>15%	Filters for genuine growth
Gross Margin	>40% (software / tech)	Higher margins = pricing power and moat
Net Debt / EBITDA	<3.0x	Protects against rate-sensitivity risk
Sector Diversity	Max 3 stocks per sector	Prevents sleeve becoming a sector bet.

Initial Holdings

Ticker	Company	Market Cap (\$)	Sector	Weight
FIX	Comfort Systems USA	\$50,55B	Tech	4%
WTTR	Select Water Solutions Inc.	\$2,07B	Energy	4%
BE	Bloom Energy Corp	\$40,1B	Energy	3%
MOD	Modine Manufacturing Co.	\$11,77B	Energy	3%
CECO	Ceco Environment Corp	\$4,33B	Industrial	3%
IRM	Iron Mountain Inc.	\$29,81B	Infrastructure	2%
IRDM	Iridium Communications Inc.	\$2,81B	Tech	2%
AEIS	Advanced Energy Industries Inc.	\$1,2B	Tech	2%
VNET	VNET Group, Inc.	\$2,37B	Infrastructure	2%

Weighting Methodology

Each stock's weighting is determined by its projected growth potential and the scale of its industry opportunity. Allocations are expressed as a percentage of the overall portfolio and are reviewed on a monthly basis, and rebalanced when any position drifts more than ± 3 percentage points from its target. This sleeve may see more changes and will also include positions from the top 3 of our International School Stock Pitch Competition.



5. Sleeve 3 - Tactical Opportunities

Allocation	Notional	Benchmark	Hold Period
25%	\$25,000	S&P 500 (SPY)	0.5-2 months

Investment Rationale

The Tactical Sleeve is the portfolio's active expression. Unlike the Base Sleeve, which is near-static and designed to compound quietly, the Tactical Sleeve is where we exercise our macro views, rotate across sectors, and capitalise on identifiable market dislocations. Every position here will have a price target, and an explicit exit trigger.

Positions may include sector ETFs, thematic ETFs, individual large-cap equities, or ETFs that express a specific macro view (e.g. banking sector, solar energy, semiconductor ETFs). No position in this sleeve will exceed 10% of total portfolio value (\$10,000 notional), and the sleeve will maintain at least 3 separate ideas to avoid concentration risk.

Governance Rules

Max Single Position Size	10% of total portfolio (\$10,000)
Minimum Ideas Held	3 distinct positions at all times
Positive Review Cadence	Weekly - thesis re-confirmed or position exited
Stop Loss Guidance	Exit any position down >15% from cost unless thesis is intact
Profit Taking Guidance	Trim by 50% when position is up >25% unless conviction re-affirmed
Cash Reserve	Keep 5% of sleeve (\$1,250) for opportunistic entries

Current Macro Themes

1. Middle East Conflict & Strait of Hormuz

The 2026 Iran conflict disrupted tanker traffic through the Strait of Hormuz, the chokepoint for ~20% of global oil supply. Energy stocks gained 5% on March 2 alone. Gold is trading near multi-year highs as safe-haven demand accelerates. This is the dominant risk-on/risk-off lever in Q1 2026. Thesis: Sustained conflict keeps energy prices elevated and gold bids strong.

2. 15% Universal Tariff & US Onshoring

The 15% universal tariff enacted on Feb 24 has created a sharp rotation to domestic-focused small and mid-caps. The Russell 2000 outperformed the Nasdaq by nearly 9% over 30 days. China faces effective tariff rates of 54–145%. Thesis: Tariff regime rewards companies with 100% US revenue and penalises import-dependent businesses.

3. Fed Rate Path & Value Rotation

On March 23 the 10-year fell to 4.37% as geopolitical tensions eased. Fed holds at 3.50–3.75%. 1–2 additional cuts priced for H2 2026. Mega-cap tech is underperforming YTD in 2026 as rotation to value accelerates. VTV (Vanguard Value ETF) trades at P/E 21.7× vs S&P 500 at elevated multiples. Thesis: Gradual yield decline unlocks re-rating of value and duration-sensitive assets. TLT gains as yields fall.

4. Ai Infrastructure Capex Supercycle

Magnificent Seven AI capex will exceed \$430B in 2026. Worldwide data centre capex forecast to reach \$1.2 trillion by 2029. The bottleneck has shifted from chips to power and cooling. BofA projects 30% YoY global semiconductor revenue growth in 2026. FTXL offers clean semiconductor exposure. Thesis: Infrastructure enablers outperform the AI companies themselves as the investment cycle matures. Focus on power, cooling, connectivity, and critical minerals.

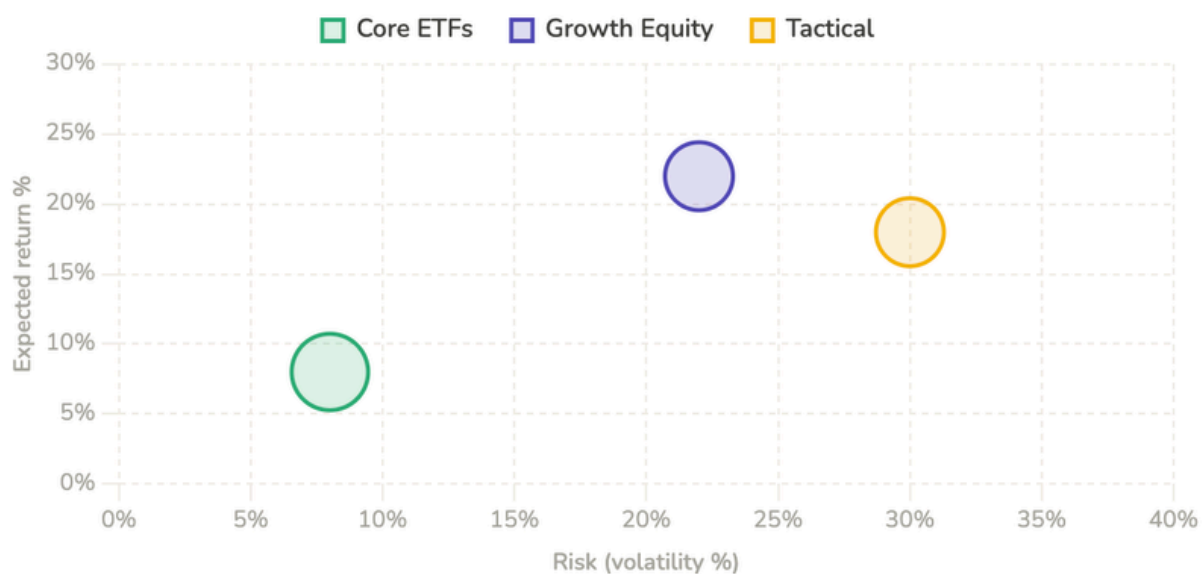
6. Risk Management Framework

Risk management is a core discipline embedded at every stage of our investment process. We assess risk across four dimensions: market risk, idiosyncratic risk, macro and regulatory risk, and liquidity risk. These risks are deliberately distributed across different sleeves of the portfolio, allowing us to engage with varying risk profiles to maximize learning opportunities.

6.1 Portfolio Risk Limits

Metric	Limit	Monitoring Frequency
Maximum Portfolio Drawdown	-15% from NAV high-water mark	Weekly
Maximum Single-Stock Exposure	10% of total portfolio	Daily
Maximum Sector Exposure	25% of total portfolio	Monthly
Tactical Sleeve Max Position	10% of total portfolio	Daily
Minimum Base Sleeve Allocation	45% (5% rebalance band)	Quarterly

Risk Return Map Sleeves compared



7. Final Notes

Sleeve	Allocation	Notional	Target Return	Max. Drawdown	Benchmark
Base ETFs	50%	\$50,000	6-9% p.a	-8%	MSCI World
Mid-Cap Equities	25%	\$25,000	12-20% p.a	-20%	Russell 2500
Tactical Opportunities	25%	\$25,000	10-15% p.a	-15%	S&P 500 (SPY)
TOTAL	100%	\$100,000	10-14% p.a	-15%	Blended

From the Youth Investment Network, we are proud to launch the inaugural strategy for our simulated portfolio, a milestone that marks the beginning of what we hope will be a rigorous, rewarding, and genuinely educational journey for every member of our community.

This portfolio has been built from the ground up: researched, debated, and constructed by students who are serious about understanding how markets work. Through this process, we aim to help our members develop real skills in fundamental analysis, macroeconomic thinking, portfolio construction, and risk management, the same foundations that underpin a career in investment management.

This is not a static document. Our strategy and initial holdings will evolve throughout the financial year, adapting to new market developments, shifting macro conditions, and the lessons we learn along the way.

We believe that the best way to become a future investment professional is to start thinking like one today.



Lucas Lafontaine
Chief Portfolio Manager



Louis Durand
Co-Founder & Vice-President



Simon Durand
Co-Founder & President

DISCLAIMER: This investment strategy has been prepared by student members of the Youth Investment Network for educational purposes only as part of a simulated portfolio exercise. No actual capital is at risk. All securities mentioned are for illustrative and research purposes and do not constitute investment advice. Past performance, projected returns, and scenario analyses are not indicative of future results. This document is intended solely for internal club use and should not be distributed externally.