

Ideal Low-Overlap ETF Pairings & Model Portfolios

Eliminate redundant holding drag and build mathematically differentiated portfolios.

COMMON HIGH-OVERLAP TRAPS (ILLUSION OF DIVERSIFICATION)

VOO + SPY + IVV: 100% Constituent Overlap.

Identical 500 stocks. Stacking fund labels creates zero extra diversification.

VOO + QQQ: 53% Overlap (80% Tech Concentration).

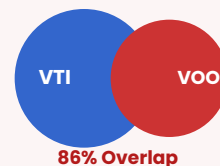
Top 10 holdings drive >40% of both funds, triple-stacking Apple, Microsoft, and Nvidia.

VTI + VOO: 86% Overlap by Market-Cap Weight.

S&P 500 represents 85% of VTI valuation. Holding both creates redundant drag.

SMH + QQQ: Heavy Tech Duplication.

Semiconductor exposure doubles down on QQQ highest weighted sector.



RECOMMENDED LOW-OVERLAP ETF PAIRINGS & MODEL ALLOCATIONS

> The Reddit Trio: VOO (50%) + QQQ (30%) + SCHD (20%)

Balances growth momentum with value and dividend aristocrats while reducing tech concentration.

> The Classic Bogleheads 3-Fund: VTI (60%) + VXUS (30%) + BND (10%)

The gold standard of hands-off allocation with zero redundant overlap across 10,000+ global securities.

> Growth & Value Barbell: VUG (50%) + VTV (50%)

Low constituent overlap (<20%). Balances momentum tech against cash-flow value aristocrats.

> US + International Pure Split: VTI (70%) + VXUS (30%)

0% constituent overlap. True geographical diversification protecting against extended US dollar pullbacks.

> Dividend & Cash Flow Duo: SCHD (50%) + VYM (50%)

Substantial diversification across high-yield defensive consumer staples, financials, and energy.

THE 3 GOLDEN RULES OF ETF PORTFOLIO DESIGN

1. Overlap Score < 30%: Pair funds across different asset classes, market caps, or geographies.
2. Limit Single-Stock Weight < 5%: Check look-through weights so no single company exceeds 5% of net worth.
3. Keep Blended Expense Ratio < 0.15%: Never pay high management fees for passive market-cap index exposure.

Hold-to-Rebalance Principle: Steer fresh incoming contributions to underweight assets to maintain target ratio.

Zero Tax Drag: Avoid selling appreciated taxable shares to rebalance when payroll deposits can naturally realign.

