

# MGTS OEIC INVESTMENT PERFORMANCE TABLE to 31<sup>st</sup> October 2019

OEIC	Cumulative Performance									Discrete Annual Performance		3 Year Ratios							
	YTD	1 Month	2 Months	3 Months	6 Months	1 Year	2 Year	3 Year	Since Launch 22/02/2016	2017	2018	Alpha	Beta	Sharpe Ratio	Downside Risk	Volatility	Max Loss	Max DD	Downside Capture
<b>Outperformance</b>																			
MGTS IBOSS 1 R Acc	7.04	-0.83	-0.22	-0.63	2.35	5.39	3.99	8.52	14.28	4.52	-3.46	0.07	0.91	0.32	3.39	3.03	-2.31	-4.49	93.88
IA Benchmark	7.36	-0.70	-0.41	-0.36	2.64	5.88	4.46	8.82	19.26	4.84	-3.35	0.00	1.00	0.41	3.29	2.96	-2.49	-3.85	100.00
MGTS IBOSS 2 R Acc	8.45	-0.71	0.20	-1.10	2.41	6.64	4.47	10.91	20.94	6.68	-4.34	0.15	0.86	0.43	4.79	4.20	-3.28	-6.01	87.85
IA Benchmark	9.19	-0.68	0.01	-0.94	2.19	6.50	4.49	11.68	25.70	7.16	-5.10	0.00	1.00	0.52	5.06	4.42	-3.61	-6.42	100.00
MGTS IBOSS 3 Blend	9.35	-0.78	0.29	-1.45	2.39	7.46	4.48	12.47	24.65	8.62	-5.29	0.09	0.83	0.47	5.64	5.02	-3.97	-7.00	88.10
IA Benchmark Blend	10.55	-0.88	-0.09	-1.48	2.19	7.30	5.35	14.15	30.45	8.56	-5.60	0.00	1.00	0.59	6.11	5.41	-4.33	-7.73	100.00
MGTS IBOSS 4 R Acc	10.22	-0.85	0.37	-1.79	2.36	8.25	4.49	13.98	28.35	10.52	-6.18	0.08	0.80	0.50	6.52	5.81	-4.62	-7.93	83.08
IA Benchmark	11.92	-1.07	-0.18	-2.02	2.19	8.08	6.19	16.64	35.33	9.98	-6.11	0.00	1.00	0.63	7.32	6.43	-5.05	-9.02	100.00
MGTS IBOSS 5 Blend	10.79	-0.93	0.39	-2.05	2.36	8.73	4.68	14.30	29.28	11.06	-6.57	-0.04	0.85	0.49	7.02	6.29	-4.99	-8.51	92.05
IA Benchmark Blend	11.68	-1.03	-0.21	-2.13	2.02	7.88	5.62	16.46	36.42	10.59	-6.41	0.00	1.00	0.61	7.53	6.58	-5.05	-9.18	100.00
MGTS IBOSS 6 R Acc	11.37	-1.00	0.41	-2.30	2.37	9.22	4.87	14.62	30.20	11.61	-6.95	-0.11	0.90	0.48	7.51	6.77	-5.36	-9.08	95.58
IA Benchmark	11.44	-0.98	-0.23	-2.23	1.86	7.68	5.05	16.27	37.51	11.21	-6.72	0.00	1.00	0.59	7.71	6.76	-5.06	-9.34	100.00

Fund	Benchmark
MGTS IBOSS 1	IA Mixed Investment 0%-35% Shares
MGTS IBOSS 2	IA Mixed Investment 20%-60% Shares
MGTS IBOSS 3 Blend	50% IA Mixed Investment 20%-60% Shares/50% IA Mixed Investment 40%-85% Shares
MGTS IBOSS 4	IA Mixed Investment 40%-85% Shares
MGTS IBOSS 5 Blend	50% IA Mixed Investment 40%-85% Shares/50% IA Flexible Investment
MGTS IBOSS 6	IA Flexible Investment

Source of Data:  FE ANALYTICS  
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NB. MGTS IBOSS Figures are calculated on a Total Return basis - Total return shows the total return of the instrument with all income reinvested, assuming income is taxed at basic rates of income tax.

# SUMMARY

October saw negative returns across the range of OEIC funds in absolute terms, driven largely by currency moves and the rise of Sterling. In relative terms there was 0.1% underperformance in OEIC 1 but outperformance of between +0.1 - +0.2 across the rest of the range. Our relative overweight to UK Equities, Fixed Income and Cash and underweights to the US Equities and Emerging Market debt were the biggest drivers of returns.

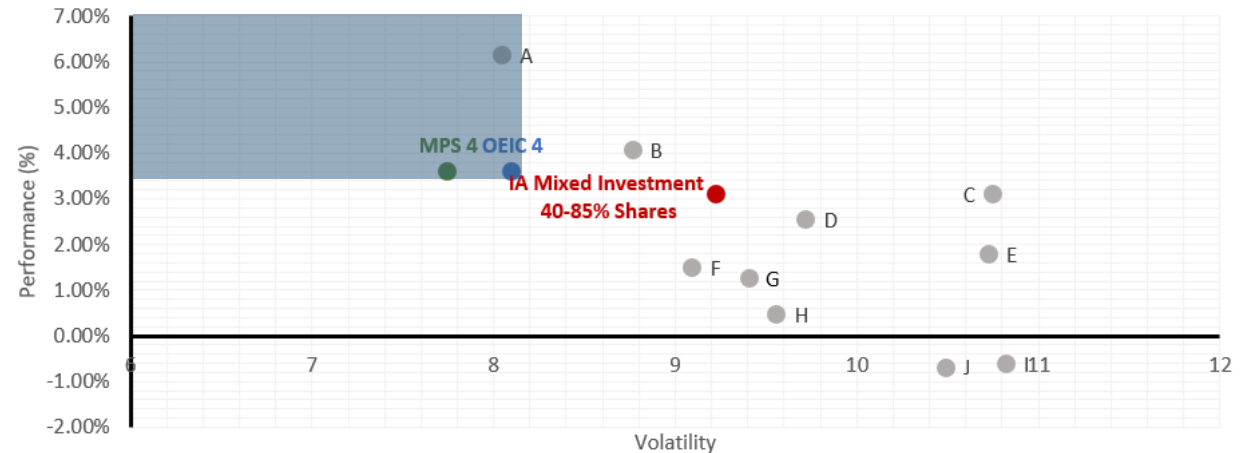
Since the second week of August, we have seen many of the best performing multi-asset funds face increasing headwinds as Sterling strengthened and the US underperformed on a relative basis. As the US broader equity markets are up nearly 3% over this period, we haven't changed our stance on the relative attractiveness of US assets. They are still expensive relative to other parts of the investable world. The US equity market has arguably benefitted most from positive trade war sentiment/noise whilst suffering the least from its actual effects (so far). Their market has also reacted most favourably to central bank accommodativeness given their relatively strong economy. As Q3 earnings would have disappointed without the hastily revised down guidance we see their CAPE Ratio back up over 30, we maintain that this is not a good jumping off point.

In the multi asset we saw the IA 40-85% Shares underperform both the more defensive and adventurous sectors, which once again is explained by the sectoral positioning of the underlying funds. We have highlighted many times how the multi asset sectors no longer move as they did historically, with what many would characterise as a medium risk sector outperforming an adventurous one in predominantly rising equity markets. Once again, the US weighting and the proliferation of passive flows is the key to understanding what's changed over time.

## 1 YEAR RISK/RETURN SCATTER CHART

### MPS/OEIC Vs PEERS

30/09/2018 – 31/10/2019\*

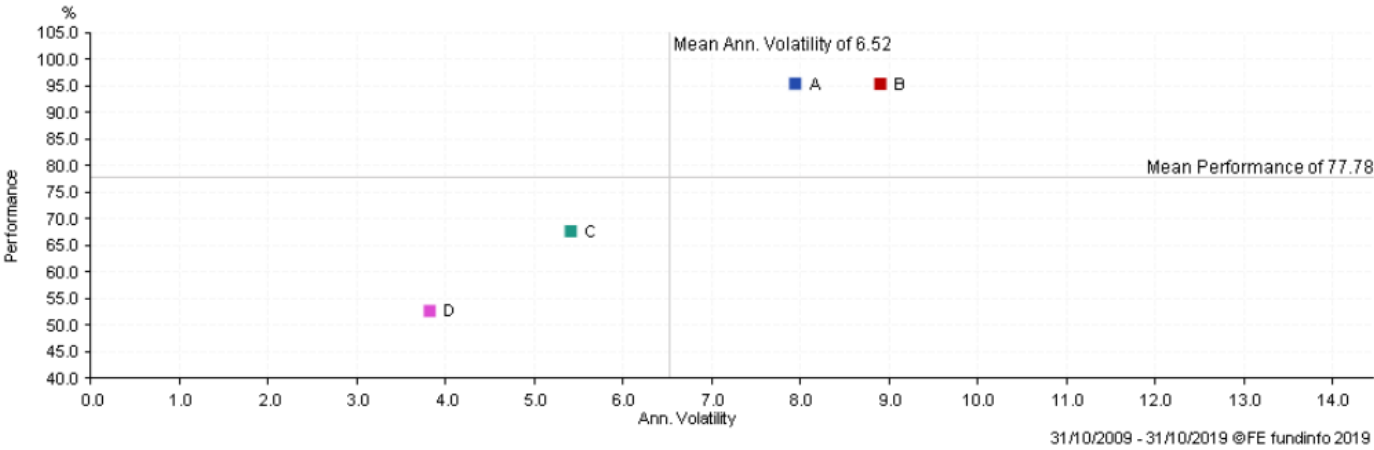


Key	Name	Performance	Annualised Volatility
	MPS 4	3.58%	7.75
	OEIC 4	3.57%	8.10
	IA Mixed Investment 40-85% Shares	3.09%	9.22
A	Vanguard LifeStrategy 60%	6.15%	8.05
B	Jupiter Merlin Balanced Portfolio	4.08%	8.76
C	Standard Life Myfolio Market IV	3.10%	10.75
D	Royal London Governed 4	2.54%	9.72
E	Tatton Blended Active	1.78%	10.73
F	Janus henderson Multi-Managed A	1.48%	9.10
G	Premier Multi Asset Growth and Income	1.25%	9.41
H	Standard Life Myfolio MM IV	0.47%	9.56
I	7IM Moderately Adventurous	-0.62%	10.82
J	Quilter Investors - Cirilium Moderate Portfolio	-0.69%	10.49

\*Data from October 2018, to include Q4 2018

# 10 YEAR RISK/RETURN SCATTER CHART

## IA MULTI ASSET SECTORS



Key	Name	Performance	Annualised Volatility
■ A	IA Mixed Investment 40-85% Shares	95.39	7.94
■ B	IA Flexible Investment	95.32	8.90
■ C	IA Mixed Investment 20-60% Shares	67.67	5.41
■ D	IA Mixed Investment 0-35% Shares	52.75	3.82

## RATIO DEFINITIONS

**Alpha** is a measure of a fund's performance compared to its benchmark. It represents a fund's return when the benchmark is assumed to have a return of zero, thus indicating the extra value that the manager's activities have contributed e.g. if the Alpha is 5, the fund has outperformed its benchmark by 5% and the greater the Alpha, the greater the out performance.

**Beta** is a statistical estimate of a fund's volatility by comparison to that of its benchmark, i.e. how sensitive the fund is to movements in the section of the market that comprises the benchmark. A fund with a Beta close to 1 means that the fund will generally move in line with the benchmark. A Beta of 1.5, indicates the fund will rise or fall 1.5 points for every 1 point of benchmark movement. So, if Alpha indicates better/worse performance compared with the index, Beta shows higher/lower risk.

**Downside Capture** shows the fund's performance in a down market relative to the benchmark. A Downside Capture Ratio that is less than 100% demonstrates that when the market went down the fund caught only a fraction of the losses, and the lower the down capture the better.

**Downside risk** is a measurement which only considers negative returns. It is calculated as a downside deviation of returns below a specified Risk-Free Rate. It represents an estimation of a security's potential to suffer a decline in price in negative market conditions. It could be considered as an estimate of the potential loss on any investment.

**Maximum Drawdown** represents the worst possible return over a period, e.g. buying at the maximum price over the period and selling at the worst.

**Maximum Loss** represents the worst running return over a period e.g. the longest running consecutive loss without making a gain.

**R-Squared** measures how closely correlated a fund is to an index or a benchmark. It can be treated as a percentage, showing what proportion of a fund's movements can be attributed to those of the benchmark. Values for R-Squared range between -1 , 1, with 0 indicating no correlation at all, -1 showing negative correlation and 1, rarely, showing a perfect match. Values upwards of 0.7 suggest that the fund's behaviour is increasingly closely linked to its benchmark. It is a key ratio, as other measures of a fund's performance - such as Alpha and Beta are calculated by reference to its benchmark. The weaker the R-Squared correlation, the more unsuitable the benchmark and the more unreliable these measures will be in assessing the fund.

**Sharpe Ratio** is a commonly used measure which calculates the level of a fund's return over and above the return of a notional risk-free investment, such as cash or Government bonds. The difference in returns is then divided by the fund's standard deviation - its volatility. The outcome is an indication of the amount of excess return generated per unit of risk and its useful, when comparing similar portfolios or instruments. There is no definition of a "good" or "bad" Sharpe ratio, except that a fund with a negative Sharpe would have been better off investing in risk-free government securities. The higher the Sharpe ratio the better: as the ratio increases, so does the risk-adjusted performance.

**Volatility** - Standard deviation is a statistical measurement which, when applied to an investment fund, expresses its volatility, or risk. It shows how widely a range of returns varied from the fund's average return over a particular period. Low volatility reduces the risk of buying into an investment in the upper range of its deviation cycle, then seeing its value head towards the lower extreme. For example, if a fund had an average return of 5%, and its volatility was 15, this would mean that the range of its returns over the period had swung between +20% and -10%. Another fund with the same average return and 5% volatility would return between 10% and nothing, but there would at least be no loss.

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