

# PERFORMANCE

## MPS PERFORMANCE TABLE to 31<sup>st</sup> January 2020

MPS performance pre 01.11.2018 is simulated using the IBOSS PMS portfolios

Portfolio	Cumulative Performance					Discrete Annual Performance											Rolling 5 year Data							
	1 Year	3 Years	5 Years	10 Years	Since Launch*	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Alpha	Beta	Sharpe Ratio	Info Ratio	Vol	Max DD	Downside Capture	
<b>Outperformance</b>																								
<b>Portfolio 0</b>	5.89	10.18	17.67	52.69	77.25	14.31	7.20	1.33	7.54	6.60	3.07	2.49	5.01	5.22	-2.45	7.30	1.09	0.90	0.52	0.75	2.50	-3.40	84.93	
<b>IA Benchmark</b>	5.37	7.81	12.84	38.89	58.05	9.42	6.25	1.15	5.03	3.46	3.39	0.31	5.95	3.40	-2.23	6.23	0.00	1.00	0.18	0.00	2.49	-3.14	100.00	
<b>Portfolio 1</b>	6.78	12.41	22.33	65.86	95.72	14.93	8.25	0.75	8.40	9.04	3.25	3.66	6.08	6.58	-2.78	8.58	1.49	0.77	0.68	0.43	3.12	-3.94	72.20	
<b>IA Benchmark</b>	7.48	10.76	18.01	53.68	80.10	11.71	7.77	1.38	6.22	4.20	4.84	0.38	8.47	4.84	-3.35	8.72	0.00	1.00	0.39	0.00	3.55	-4.49	100.00	
<b>Portfolio 2</b>	8.46	16.71	29.68	84.92	122.33	13.97	9.85	-0.88	9.48	10.69	5.10	4.49	7.72	9.56	-3.51	11.27	1.59	0.83	0.76	0.62	4.40	-5.37	75.31	
<b>IA Benchmark</b>	8.89	13.38	24.19	68.50	100.87	15.90	8.56	-1.89	8.35	8.85	4.85	1.21	10.32	7.16	-5.10	11.84	0.00	1.00	0.48	0.00	5.10	-6.56	100.00	
<b>Portfolio 3</b>	9.50	19.27	35.32	104.07	160.56	21.41	12.90	-2.83	11.54	12.18	5.44	4.99	9.62	11.97	-4.50	12.97	1.68	0.85	0.80	0.58	5.30	-6.25	77.82	
<b>IA Benchmark</b>	10.32	15.94	29.45	82.72	122.51	18.00	10.43	-3.72	9.16	11.64	4.86	1.94	11.60	8.56	-5.60	13.80	0.00	1.00	0.54	0.00	6.10	-7.62	100.00	
<b>Portfolio 4</b>	10.10	20.82	38.46	114.63	178.86	23.70	14.41	-4.41	12.30	14.29	5.51	5.93	9.88	13.51	-5.19	14.02	1.68	0.81	0.80	0.26	5.93	-7.02	75.48	
<b>IA Benchmark</b>	11.76	18.53	34.87	97.88	146.13	20.12	12.29	-5.51	9.97	14.47	4.87	2.66	12.87	9.98	-6.11	15.78	0.00	1.00	0.59	0.00	7.12	-8.68	100.00	
<b>Portfolio 5</b>	10.74	22.51	42.63	128.42	207.00	27.20	16.24	-6.02	13.73	15.50	5.75	6.38	11.39	15.15	-5.68	14.92	1.90	0.86	0.81	0.57	6.59	-7.40	80.36	
<b>IA Benchmark</b>	11.47	18.36	35.13	97.90	148.54	22.07	13.44	-7.13	10.05	14.51	4.88	2.33	13.34	10.59	-6.41	15.72	0.00	1.00	0.57	0.00	7.39	-9.34	100.00	
<b>Portfolio 6</b>	11.18	23.14	45.48	136.98	228.98	31.08	17.87	-7.27	14.41	16.01	6.01	7.31	12.17	15.49	-5.95	15.73	2.21	0.88	0.83	0.74	6.94	-7.91	81.59	
<b>IA Benchmark</b>	11.17	18.18	35.37	97.82	150.84	24.03	14.57	-8.73	10.13	14.54	4.89	1.99	13.82	11.21	-6.72	15.66	0.00	1.00	0.55	0.00	7.68	-10.00	100.00	

Please find the details for the associated benchmarks at the back of this document.

\*Since Launch: Launch of PMS Portfolio 01/11/2008

Source of Data:  **FE ANALYTICS**  
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The Managed Portfolio Service (MPS) past performance figures include simulated performance to 1st November 2018. Simulated figures are based on the actual performance figures of the Portfolio Management Service provided by IBOSS Limited. The simulated past performance is not a reliable indicator of future performance.

The Managed Portfolio Service (MPS) performance is produced using the preferred share classes, this may differ from platform to platform.

The Managed Portfolio Service (MPS) is shown net of fund fees only, they do not incorporate platform costs, adviser's client fee or DFM service charge.

# SUMMARY

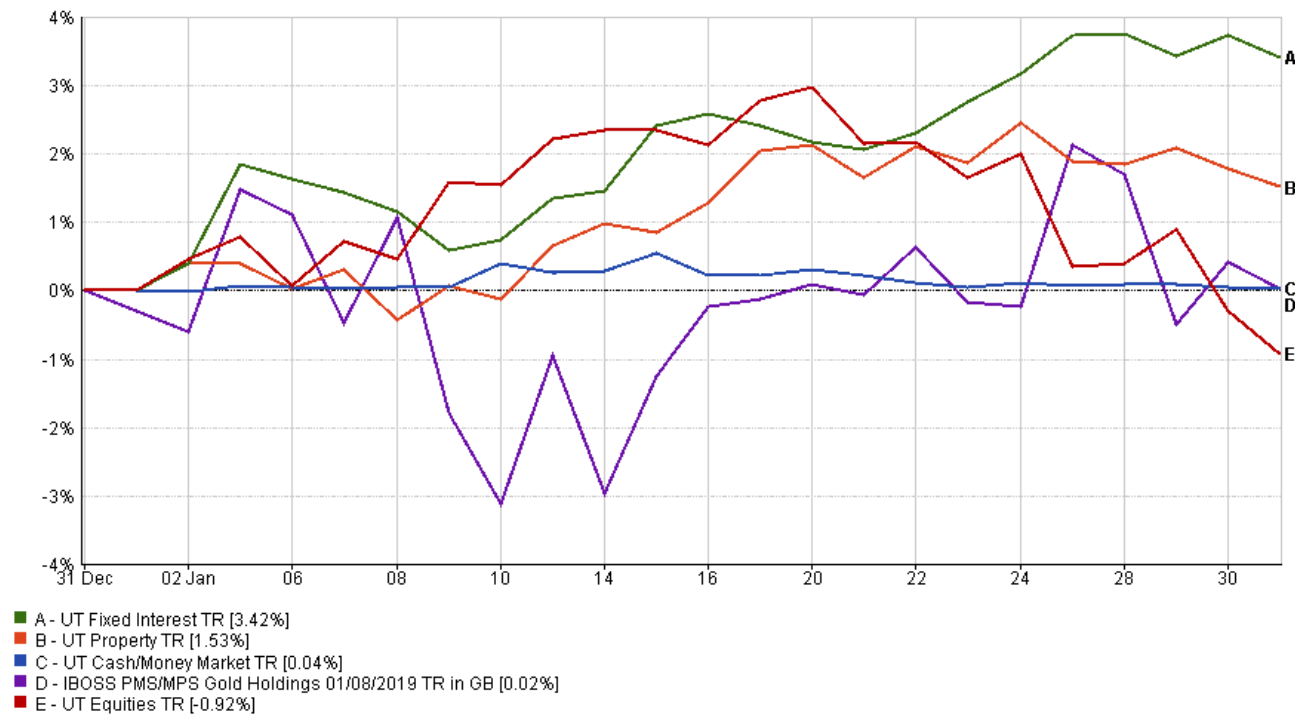
The IBOSS portfolios underperformed their respective benchmarks by between 0.3% and 0.03% in January. The only exception being Portfolio 2 which slightly outperformed its benchmark by 0.01%.

Previously, we have discussed what we see as increasing levels of concentration risk in multi asset portfolios as performance has been driven by a very small number of, primarily US, stocks. 2019 was a great example and it would be fair to say that any fund without Apple or Microsoft is likely to have significantly underperformed. To put this into context, Apple and Microsoft accounted for almost 14.8% of the S&P 500's returns in 2019 and now make up 9.34% of the whole index. This trend has continued, albeit somewhat subdued, into 2020 with US and tech stocks outperforming other equities and producing slightly positive returns against other equity indices, which were either flat or negative.

Rather than the equity position, it was the portfolios' positions in property, fixed income and gold which performed well into the first portion of the year (figure 1). Global economic concerns lifted the price of haven assets and pulled overall yields lower.

## 1 Month Asset Class Performance (figure 1)

31/12/2019 - 31/01/2020

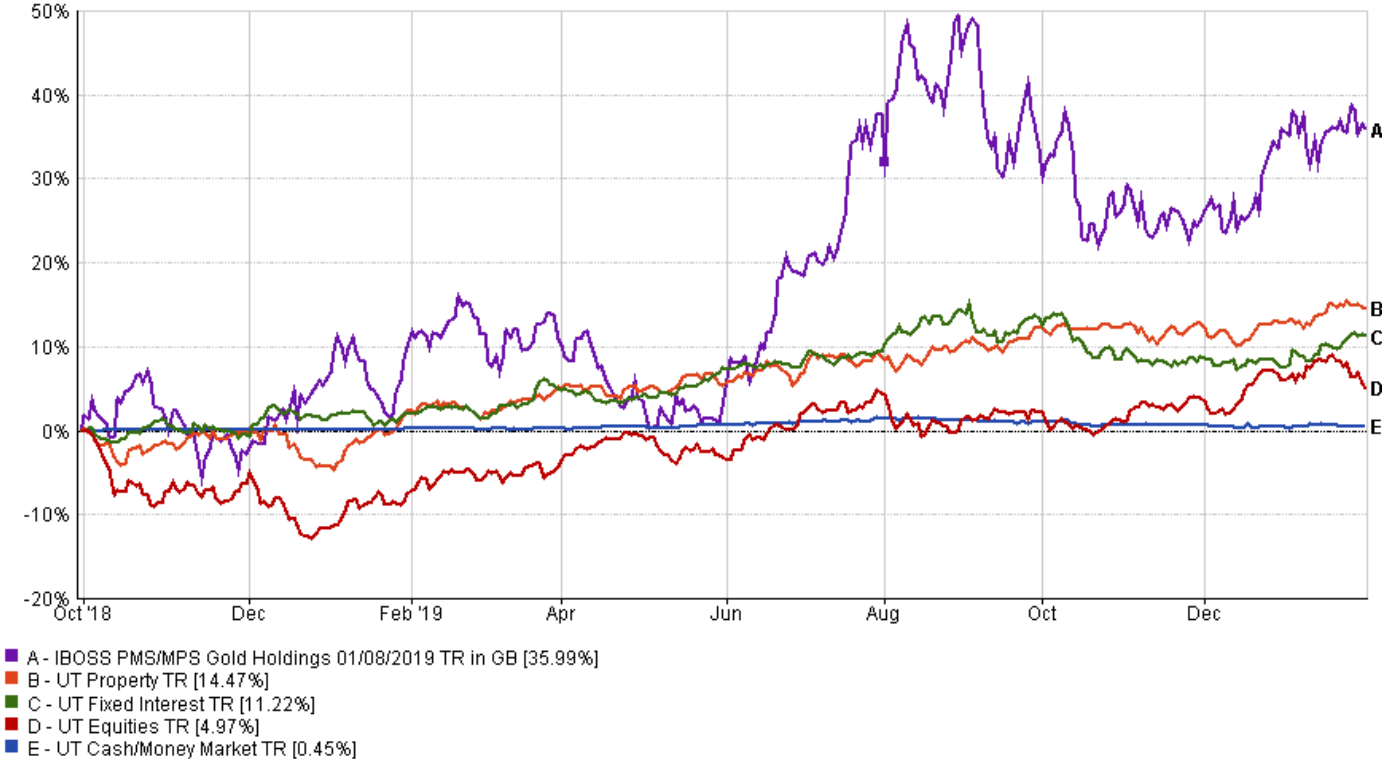


31/12/2019 - 31/01/2020 Data from FE fundinfo2020

It is worth mentioning that it is easy to be led by more recent performance and whilst 2019 was undoubtedly a great time to be invested in many assets – but equities in particular – we still feel that diversification is perhaps more valuable than it has ever been. The chart below (figure 2) demonstrates that much of 2019’s equity returns were a retracement of Q4 2018’s drawdown and an allocation to fixed income, property and gold contributed from both a risk perspective and a total return basis; not just through January but over the, slightly, longer term too.

## Asset Class Performance (figure 2)

28/09/2018 - 31/01/2020



28/09/2018 - 31/01/2020 Data from FE fundinfo2020

## Ratio Definitions

**Alpha** - Alpha is a measure of a fund's performance by comparison to its benchmark. It represents the return of the fund when the benchmark is assumed to have a return of zero and indicates the extra value a manager's activities have contributed: if the Alpha is 5, the fund has outperformed its benchmark by 5%. A further aspect of Alpha emerges when it is taken in conjunction with Beta. If a strong R-Squared correlation exists, the Beta will show how volatile the fund is compared to its benchmark and indicate how much extra risk the manager has taken on in order to get that high-Alpha performance. So, Alpha indicates better/worse performance compared with the index, whilst Beta shows higher/lower risk.

**Beta** - Beta is the estimate of a fund's volatility by comparison to 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. Higher than 1 and the fund is more volatile than the benchmark, so that with a Beta of 1.5, say, the fund will be expected to rise or fall 1.5 points for every 1 point of benchmark movement. It's important to stress that Beta is just an estimate: however, the stronger the R-Squared correlation between fund and benchmark, the more reliable this estimate becomes.

**Downside Risk** - 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.

**Information Ratio** - So called because it assesses the degree to which a manager uses skill and knowledge to enhance returns, this is a versatile and useful risk-adjusted measure of actively managed fund performance. It is calculated by deducting the returns of the fund's benchmark from the fund's overall returns, then dividing the result by its Tracking Error (which is a measure of the volatility of those excess returns). In this way, we arrive at the value, per unit of extra risk assumed, that the manager's decisions have added to what the market would have delivered anyway. The higher the Information Ratio the better. As ever, the R-squared between the fund and its benchmark must be strong if any discrete reliance is to be placed on the Information Ratio.

**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** - The R-Squared measure is an indication of 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 0 and 1, with 0 indicating no correlation at all, 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, whereas the relevance diminishes as R-Squared descends towards 0.5 and starts to disappear altogether below that. R-Squared is a key ratio, in that other measures of a fund's performance - such as Alpha and Beta - will have been calculated by reference to its benchmark. The weaker the R-Squared correlation, the more unsuitable the benchmark is, and the more unreliable these measures will be in assessing the fund.

**Sortino Ratio** - This ratio is similar to the Sharpe Ratio, using downside risk rather than standard deviation as the denominator. Thus, the Sortino Ratio is calculated by subtracting the risk-free rate from the return of the portfolio and then dividing by the downside deviation. The Sortino ratio measures the return to "bad" volatility thereby giving investors a measure to assess risk in a better manner than simply looking at excess returns to total volatility. A large Sortino Ratio indicates a low risk

**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. While volatility is specific to a fund's particular mix of investments, and comparison to other portfolios is difficult, clearly, for those that offer similar returns, the lower-volatility funds are preferable. There is no point in taking on higher risk than necessary in order to achieve the same reward.

# BENCHMARKS

Portfolio	Benchmark
0	70% IA Mixed Investment/0%-35% Shares/ 30% Composite IA Money Market
1	IA Mixed Investment 0%-35% Shares
2	IA Mixed Investment 20%-60% Shares
3	50% IA Mixed Investment 20%-60% Shares/ 50% IA Mixed Investment 40%-85% Shares
4	IA Mixed Investment 40%-85% Shares
5	50% IA Mixed Investment 40%-85% Shares/ 50% IA Flexible Investment
6	IA Flexible Investment
Equity	IA Global

NB. MPU 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.

## IMPORTANT INFORMATION

Past Performance is no guarantee of future performance. The value of an investment and the income from it can fall as well as rise and investors may get back less than they invested. Quoted yields are based on the 12 months distributions by the funds in the portfolios and are not guaranteed. The past performance figures are from the Portfolio Management Service provided by IBOSS Limited. The same data has been used for the IBOSS Asset Management Limited discretionary Managed Portfolio Service, but with different share classes. The simulated past performance data is not a reliable indicator of future performance. Future distributions may differ and will be subject to market factors. Risk factors should be taken into account and understood including (but not limited to) currency movements, market risk, liquidity risk, concentration risk, lack of certainty risk, inflation risk, performance risk, local market risk and credit risk. This communication is designed for Professional Financial Advisers only and not approved for direct marketing with individual clients. It does not purport to be all-inclusive or contain all of the information which a proposed investor may require in order to make a decision as to whether to invest in the portfolio. Nothing in this document constitutes a recommendation suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. It is the responsibility of the Financial Adviser to ensure they are satisfied with the research undertaken by IBOSS Asset Management Limited in relation to the investments included within each portfolio; copies of which are available on written request. Data is provided by Financial Express (FE). Care has been taken to ensure that the information is correct but FE neither warrants, neither represents nor guarantees the contents of the information, nor does it accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein. Please note FE data should only be given to retail clients if the IFA firm has the relevant licence with FE.

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02/11/2018

