

# PERFORMANCE

## MPS PERFORMANCE TABLE to 30<sup>th</sup> April 2020

MPS performance pre 01.11.2018 is simulated using the IBOSS PMS portfolios

Portfolio	Cumulative Performance							Discrete Annual Performance												Rolling 5 year Data						
Outperformance	YTD	February 20th 2020 to Date	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	
Portfolio 0	-3.46	-4.72	-0.23	4.05	12.36	41.95	70.42	14.31	7.20	1.33	7.54	6.60	3.07	2.49	5.01	5.22	-2.45	7.30	0.70	1.02	0.09	0.61	3.90	-6.91	95.75	
IA Benchmark	-2.95	-3.97	-0.17	2.64	8.36	29.71	52.70	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	0.00	0.00	3.62	-6.00	100.00	
Portfolio 1	-4.17	-5.57	-0.63	4.78	15.69	51.85	86.93	14.93	8.25	0.75	8.40	9.04	3.25	3.66	6.08	6.58	-2.78	8.58	1.11	0.85	0.21	0.45	4.65	-8.02	81.11	
IA Benchmark	-4.30	-5.70	-0.53	3.17	11.29	40.14	71.31	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	0.03	0.00	5.20	-8.59	100.00	
Portfolio 2	-5.89	-7.57	-1.61	6.80	20.04	65.26	109.24	13.97	9.85	-0.88	9.48	10.69	5.10	4.49	7.72	9.56	-3.51	11.27	1.78	0.83	0.27	0.80	6.29	-10.53	79.08	
IA Benchmark	-7.94	-9.32	-3.65	1.66	11.87	47.70	84.96	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	0.04	0.00	7.46	-12.89	100.00	
Portfolio 3	-7.04	-8.93	-2.27	7.53	23.28	77.29	142.66	21.41	12.90	-2.83	11.54	12.18	5.44	4.99	9.62	11.97	-4.50	12.97	1.70	0.87	0.30	0.79	7.46	-12.37	82.37	
IA Benchmark	-8.57	-10.22	-3.83	3.17	15.28	57.21	103.73	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	0.10	0.00	8.49	-14.15	100.00	
Portfolio 4	-7.66	-9.60	-2.72	7.79	25.10	83.20	158.24	23.70	14.41	-4.41	12.30	14.29	5.51	5.93	9.88	13.51	-5.19	14.02	1.56	0.84	0.32	0.48	8.18	-13.36	80.67	
IA Benchmark	-9.20	-11.10	-4.01	4.67	18.75	67.13	124.08	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	0.16	0.00	9.58	-15.41	100.00	
Portfolio 5	-8.35	-10.37	-3.15	8.21	27.42	91.75	182.55	27.20	16.24	-6.02	13.73	15.50	5.75	6.38	11.39	15.15	-5.68	14.92	1.77	0.90	0.33	0.75	8.94	-14.44	85.56	
IA Benchmark	-9.30	-11.16	-4.12	4.57	18.58	65.69	126.28	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	0.15	0.00	9.76	-15.47	100.00	
Portfolio 6	-8.70	-10.79	-3.34	8.41	29.32	96.33	201.99	31.08	17.87	-7.27	14.41	16.01	6.01	7.31	12.17	15.49	-5.95	15.73	2.03	0.92	0.35	0.92	9.34	-15.01	87.12	
IA Benchmark	-9.40	-11.23	-4.23	4.47	18.40	64.21	128.38	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	0.14	0.00	9.96	-15.53	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 active 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 performance is produced using the preferred share classes, this may differ from platform to platform.

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

# SUMMARY

Much of April contrasted sharply with the period of market panic from 20th February to the 23rd March in that this was very much a risk on month. High beta and high equity content investments performed well, recovering some of their relative losses, but even the worst-performing IA sector, Global Bonds, was up 2%. The month saw no rotation out of the defensive sectors such as sovereigns and gold which leads us to conclude that the market resurgence may be overplayed. Our gold mining fund, NinetyOne (formerly Investec), is also worthy of note being up 40.21% in April, which is probably the best month for any fund we have ever held.

On the whole, we underperformed the respective benchmarks in April in a range of  $-0.18\%$  to  $-0.77\%$ , which we would expect in what we believe was largely a reprieve based on bottom fishing and apparent avoidance of some worst-case scenarios. The exceptions were Portfolios 0 and 6, which did outperform their benchmarks by  $0.51\%$  and  $0.18\%$  respectively. Technology stocks that benefit from global lockdowns continued to shine, especially in the US, and other highlights were the previously smashed smaller companies of the UK, North America, and Europe.

Given this backdrop, our cash was a drag on performance, as were sovereign and corporate bonds, but as we have already mentioned this was just relative to equity performance; basically nothing lost money in April 2020.

We still do not believe that some countries have factored in the economic slump which, even in the best-case scenarios, will be hard-hitting and sustaining.

Year to date we are roughly in line or ahead of respective benchmarks, with lower drawdowns and less volatility. The coming months will no doubt bring more volatility, but this does not feel to us like a time for maximising risk. In effect, we never really saw a full market capitulation based on the potential economic realities, and the recovery feels to us too fast and far from substantiated. On this basis, although we have made some increases to risk assets, we will remain relatively defensively positioned. If we had outperformed the peer group in April we would have a concern about what it was exactly that we were positioned for.

## 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

IBOSS Asset Management is authorised and regulated by the Financial Conduct Authority. Financial Services Register Number 697866.

Past Performance is no guarantee of future performance. 'The performance of the IBOSS PMS Portfolios is not a guide to the potential performance of the OEIC or the discretionary MPS Portfolios. 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. 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. OEIC Investors should ensure that they have read and understood the Non UCITS Retail Scheme Key Investor Information Document and Supplementary Information Document, which contain important information. A copy of these documents will be available on the website or on request from Margetts Fund Management from launch. 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 Fund. 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 OEIC fund or model portfolio of the discretionary MPS. 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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The active Managed Portfolio Service (MPS) past performance figures include simulated performance to 1st November 2018.

The Passive Managed Portfolio Service (Passive MPS) past performance figures include simulated performance to 1st August 2019.

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