

PERFORMANCE

PMS OLD MUTUAL WEALTH PERFORMANCE TABLE to 31st August 2020

Portfolio	Cumulative Performance						Discrete Annual Performance													Rolling 5 year Data						
	YTD	1 Year	3 Years	5 Years	10 Years	Since Launch 01/11/2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Alpha	Beta	Sharpe Ratio	Info Ratio	Vol	Max DD	Downside Capture	
Outperformance																										
Portfolio 0	-1.24	-0.19	4.53	15.36	42.79	73.15	14.31	7.20	1.33	7.54	6.60	3.07	2.09	4.66	5.21	-2.46	7.36	-1.24	-0.07	1.10	0.22	0.14	4.06	-7.38	105.42	
IA Benchmark	-0.03	0.62	4.32	14.32	33.11	57.29	9.42	6.25	1.15	5.03	3.46	3.39	0.31	5.95	3.40	-2.23	6.23	-0.03	0.00	1.00	0.20	0.00	3.52	-6.00	100.00	
Portfolio 1	-1.23	0.20	5.60	19.24	54.27	90.52	14.93	8.25	0.75	8.40	9.04	3.25	3.06	5.67	6.48	-2.78	8.52	-1.23	0.25	0.90	0.33	-0.08	4.80	-8.49	87.47	
IA Benchmark	-0.24	0.61	5.52	20.05	45.42	78.56	11.71	7.77	1.38	6.22	4.20	4.84	0.38	8.47	4.84	-3.35	8.70	-0.24	0.00	1.00	0.34	0.00	5.06	-8.59	100.00	
Portfolio 2	-0.71	1.44	8.49	29.36	73.96	120.40	13.97	9.85	-0.88	9.48	10.69	5.10	3.99	8.52	9.22	-3.55	11.19	-0.71	1.37	0.87	0.51	0.55	6.43	-11.07	82.54	
IA Benchmark	-2.44	-0.07	5.10	24.18	59.55	96.01	15.90	8.56	-1.89	8.35	8.85	4.85	1.21	10.32	7.16	-5.10	11.84	-2.44	0.00	1.00	0.33	0.00	7.30	-12.89	100.00	
Portfolio 3	-0.71	1.84	9.58	36.25	93.41	159.96	21.41	12.90	-2.83	11.54	12.18	5.44	4.65	10.46	11.86	-4.46	12.87	-0.71	1.45	0.90	0.58	0.65	7.61	-12.95	85.95	
IA Benchmark	-2.25	0.53	7.06	29.86	73.90	117.81	18.00	10.43	-3.72	9.16	11.64	4.86	1.94	11.60	8.56	-5.60	13.80	-2.25	0.00	1.00	0.41	0.00	8.30	-14.15	100.00	
Portfolio 4	-0.64	2.20	10.03	39.87	103.52	178.61	23.70	14.41	-4.41	12.30	14.29	5.51	5.24	11.25	13.21	-5.17	13.94	-0.64	1.37	0.87	0.60	0.30	8.28	-13.81	82.95	
IA Benchmark	-2.08	1.12	9.01	35.73	89.32	141.66	20.12	12.29	-5.51	9.97	14.47	4.87	2.66	12.87	9.98	-6.11	15.78	-2.08	0.00	1.00	0.46	0.00	9.35	-15.41	100.00	
Portfolio 5	-0.65	2.54	10.53	45.09	116.93	207.68	27.20	16.24	-6.02	13.73	15.50	5.75	5.72	12.98	14.87	-5.68	14.82	-0.65	1.57	0.93	0.63	0.64	9.03	-14.92	88.23	
IA Benchmark	-1.75	1.59	9.00	37.07	90.62	145.12	22.07	13.44	-7.13	10.05	14.51	4.88	2.33	13.34	10.59	-6.41	15.72	-1.75	0.00	1.00	0.47	0.00	9.52	-15.47	100.00	
Portfolio 6	-0.40	2.96	11.20	47.67	125.51	230.14	31.08	17.87	-7.27	14.41	16.01	6.01	6.66	13.50	15.18	-6.01	15.68	-0.40	1.62	0.95	0.65	0.72	9.40	-15.41	89.73	
IA Benchmark	-1.42	2.07	8.98	38.42	91.87	148.50	24.03	14.57	-8.73	10.13	14.54	4.89	1.99	13.82	11.21	-6.72	15.66	-1.42	0.00	1.00	0.49	0.00	9.71	-15.53	100.00	

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

*For historic life styled performance please contact a member of the IBOSS team.

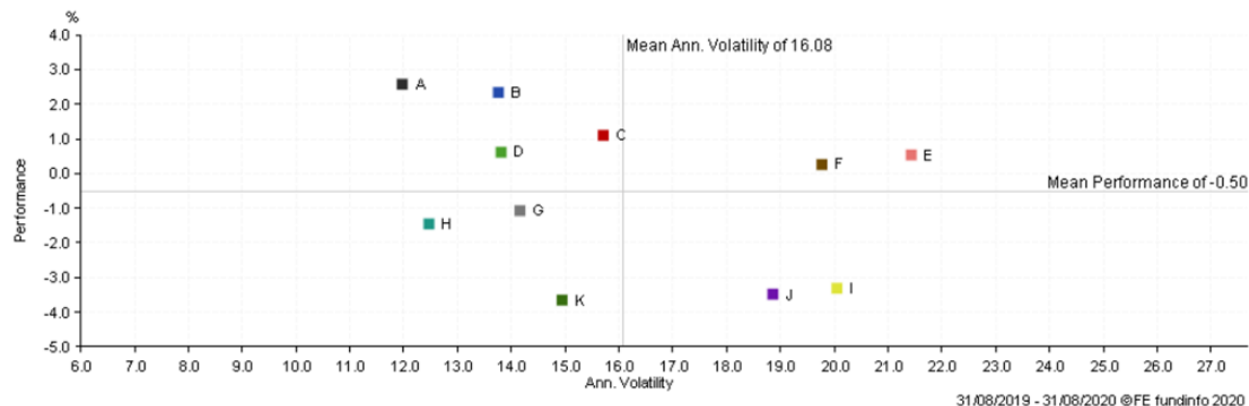
Source of Data: **FE fundinfo** 



SUMMARY

Over a 1-year period we have rarely seen such a wide dispersion of both returns and relative volatility. The month of August was also exceptional with the IA 40-85% Share Sector returning +2.3% which would have been nearer +4% were it not for a stronger pound. It will not have missed anybody's attention that the US market and technology stocks in particular, are hitting new highs on a daily basis. Tesla, Apple and Zoom have gone stratospheric and the comparisons with the tech bubble of 2000 are increasing daily. Similarly, we are all familiar with the counterargument to those who believe the valuations of these companies are insane; the argument goes that these are good companies and therefore the current situation is different to the last. They may well be better companies than those that blew up in 2000 but in our opinion that does not justify endlessly higher valuations. The risk return profile of these stocks and the risks they bring to the wider market are growing. This is not, in our opinion, the moment to be chasing momentum stocks powered by passive vehicles like the new breed of US retail investor who thinks even if markets do fall, it is just another dip buying opportunity. We have spoken several times about the very human concept of recency bias. This is one of the most extreme and concentrated versions of this we have ever seen - except perhaps for the 2000s tech bubble.

1 Year Scatter against peers to 31st August



Key	Name	Performance	Annualised Volatility
A	Vanguard - LifeStrategy 60% Equity A Acc in GB	2.57	11.97
B	PMS Portfolio 4 TR in GB	2.34	13.76
C	IA Mixed Investment 40-85% Shares TR in GB	1.10	15.71
D	L&G - Multi-Index 5 - Aug 13 (J84X) TR in GB	0.62	13.81
E	Quilter Investors - Cirilium Moderate Portfolio R Acc GBP in GB	0.54	21.43
F	VT - Tatton Blended Active A Acc in GB	0.26	19.77
G	Janus Henderson Global Investors Ltd - Multi-Manager Managed A Inc TR in GB	-1.07	14.16
H	Jupiter - Merlin Balanced Portfolio L Acc in GB	-1.45	12.47
I	Premier - Multi-Asset Growth & Income C Inc TR in GB	-3.31	20.05
J	Standard Life MyFolio MM IV TR in GB	-3.48	18.86
K	Royal London - Governed Portfolio 4 Pn - Jan 09 (J8HY) TR in GB	-3.64	14.94

Each of the portfolios have produced positive returns ranging from +0.05% in Portfolio 1 through to +2% in Portfolio 6. The formula for success in August was simple; the more risk and equity content you had the better. To really excel a portfolio needed to be overweight in those areas that had already been working i.e. participating heavily in momentum investing (trading). Against this backdrop our range underperformed the respective benchmarks by circa 0.5%, apart from Portfolio 1 which marginally outperformed its benchmark. The fact that we did not underperform by more leads us to believe that many of our multi-asset peer group are also concerned about the factors driving markets higher and are positioned more defensively than they have been.

Our longer-term performance and risk adjusted numbers remain strong and we continue to benefit from our diversified portfolio make-up. We have already seen what has happened to funds which were too concentrated in dividend focussed stocks. We believe similar but larger concentration risks exist in the funds that have, so far, benefitted from holding stocks which are both growth stocks and the darlings of a lockdown/homeworking world.



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.

Sharpe Ratio - This is a commonly used measure that 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 (volatility). The resulting ratio is an indication of the amount of excess return generated per unit of risk. In general, it is considered that the higher the Sharpe ratio, the better.

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.

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.

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.

The Downside Capture Ratio - 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. E.g. If a fund has a Downside Capture Ratio of 85% this tells us that the fund captured only 85% of the benchmark's negative performance during a down market. The ratio is calculated by taking the funds downside capture returns and dividing it by the benchmark's downside capture returns over the same time period.



BENCHMARKS

Portfolio	Benchmark
0 / A	70% IA Mixed Investment/0%-35% Shares/ 30% Composite IA Money Market
1 / BF	IA Mixed Investment 0%-35% Shares
2 / CGK	IA Mixed Investment 20%-60% Shares
3 / DHLQ	50% IA Mixed Investment 20%-60% Shares/ 50% IA Mixed Investment 40%-85% Shares
4 / EIMRV	IA Mixed Investment 40%-85% Shares
5 / PTX / JNSW	50% IA Mixed Investment 40%-85% Shares/ 50% IA Flexible Investment
6 / UYZ	IA Flexible Investment

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

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