

# PERFORMANCE

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

Passive MPS performance pre 01/08/2019 is simulated using the IBOSS PMS strategic asset allocation.

Portfolio	Cumulative Performance				Discrete Annual Performance				Rolling 3 year Data						
	YTD	1 Year	3 Years	Since Launch*	2017	2018	2019	2020	Alpha	Beta	Sharpe Ratio	Info Ratio	Vol	Max DD	Downside Capture
<b>Outperformance</b>															
Portfolio 0	-0.16	0.13	8.07	12.31	3.64	-1.62	8.16	-0.16	0.92	1.04	0.14	0.82	4.31	-5.96	109.31
IA Benchmark	-0.01	0.42	4.98	8.55	3.40	-2.23	6.23	-0.01	0.00	1.00	0.00	0.00	4.00	-6.00	100.00
Portfolio 1	-0.41	0.08	8.62	14.53	4.87	-2.21	9.36	-0.41	0.97	0.85	0.16	0.39	5.08	-7.09	92.08
IA Benchmark	-0.21	0.35	6.48	11.61	4.84	-3.35	8.70	-0.21	0.00	1.00	0.02	0.00	5.75	-8.59	100.00
Portfolio 2	-1.24	-0.28	9.74	18.27	6.47	-3.06	11.82	-1.24	1.64	0.80	0.16	0.56	6.99	-9.93	81.32
IA Benchmark	-2.86	-1.19	5.45	14.20	7.16	-5.10	11.84	-2.86	0.00	1.00	0.00	0.00	8.49	-12.89	100.00
Portfolio 3	-1.99	-0.79	10.17	20.72	8.14	-3.85	13.45	-1.99	1.11	0.86	0.15	0.42	8.35	-12.02	85.10
IA Benchmark	-2.66	-0.69	7.51	18.18	8.56	-5.60	13.80	-2.66	0.00	1.00	0.05	0.00	9.62	-14.15	100.00
Portfolio 4	-2.40	-1.07	10.16	22.40	9.27	-4.39	14.32	-2.40	0.62	0.83	0.14	0.08	9.10	-13.14	84.53
IA Benchmark	-2.48	-0.19	9.56	22.24	9.98	-6.11	15.78	-2.48	0.00	1.00	0.10	0.00	10.81	-15.41	100.00
Portfolio 5	-2.97	-1.44	10.22	23.72	10.32	-4.61	14.97	-2.97	0.46	0.89	0.13	0.09	9.84	-14.43	89.03
IA Benchmark	-2.16	0.34	9.66	23.24	10.59	-6.41	15.72	-2.16	0.00	1.00	0.10	0.00	10.90	-15.47	100.00
Portfolio 6	-3.15	-1.51	10.35	24.69	10.73	-5.08	15.86	-3.15	0.38	0.93	0.13	0.10	10.34	-15.16	92.52
IA Benchmark	-1.84	0.88	9.75	24.24	11.21	-6.72	15.66	-1.84	0.00	1.00	0.10	0.00	11.00	-15.53	100.00

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

\*Since Launch: Start of Simulated Performance of PMS Asset Allocation 31/07/2016.

Source of Data: **FE fundinfo** 

The Passive Managed Portfolio Service (Passive MPS) past performance figures include simulated performance to 1st August 2019. Simulated figures are based on the Strategic asset allocation 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.

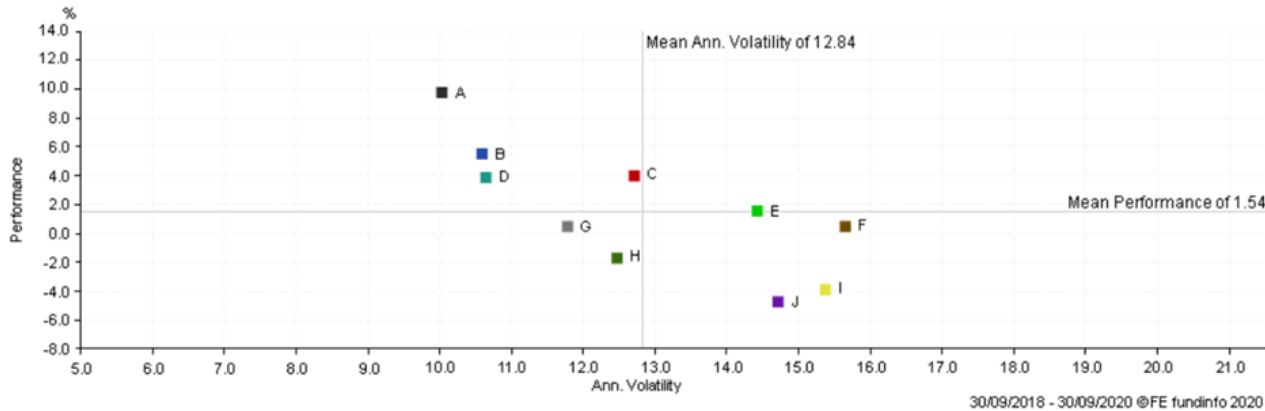
The Managed Portfolio Service is shown net of fund fees only, they do not incorporate platform costs, adviser's client fee or DFM service charge

# SUMMARY

We view two-year data to have increased significance considering it now includes two of the largest drawdowns and recoveries in recent years. Firstly, the now infamous “Powell pivot” of Q4 2018, where Powell talked about such outdated concepts as normalisation and balance sheet run off before capitulating to the demands of the equity markets and perhaps even one high profile politician. Secondly, a situation which unfortunately is very much still unfolding, the market reaction to the COVID-19 pandemic.

We have stated for many years now that markets can only fall if events are perceived to be outside the reaction function of central banks; in particular, the Fed. We can now add assorted government stimulus and EU emergency aid as additional backstops to risk assets. The markets collectively took the EU stimulus package as a decisive breakthrough on the journey towards collectivised EU debt. It is worth noting that this was originally touted as simply emergency aid and was therefore nothing for the more frugal member states to worry about. We remain sceptical that this was the breakthrough many were hoping for. The data coming out of Europe continues to deteriorate, particularly the Spanish and Italian data, and as such it is very hard to argue that stimulus is not required.

## 2 Year Risk/Return Chart to 30th September

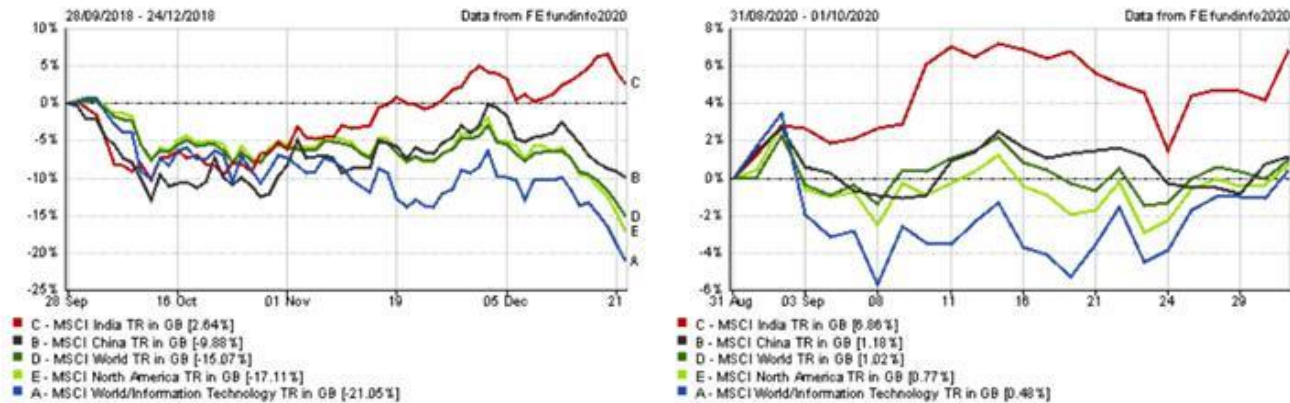


Key	Name	Performance	Annualised Volatility
A	Vanguard - LifeStrategy 60% Equity	9.76	10.03
B	Passive MPS 4	5.53	10.59
C	IA Mixed Investment 40-85% Shares	4.00	12.71
D	Jupiter - Merlin Balanced Portfolio	3.87	10.64
E	7IM - Moderately Adventurous	1.56	14.42
F	VT - Tatton Blended Active	0.48	15.65
G	Janus Henderson - Multi-Manager Managed	0.47	11.78
H	Royal London - Governed Portfolio 4	-1.69	12.47
I	Premier - Multi-Asset Growth & Income	-3.89	15.37
J	Standard Life MyFolio MM IV	-4.74	14.71

Information displayed is short term in nature to demonstrate performance over a specific time period. Please contact IBOSS for long term data, including since launch and/or 5 years.

## September saw a repeat of Q4 2018 albeit on a much smaller scale.

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



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The seemingly endless supportive interventionist policies that various institutions around the globe are undertaking has led to reduced risk/return characteristics for many investments. We feel those areas which have risen most are, potentially, the most vulnerable should the prevailing narrative falter.

Given the way markets moved in September, relative to our positioning, we expected to perform well relative to the respective benchmarks and we achieved this in portfolios 0 through to 4. September, like Q4 2018, reminds us that US markets and tech stocks can lag their peers and lose money on both an absolute and a relative basis. We expect the coming quarter, with the trifecta of the US election, individual countries response to the pandemic and Brexit, to throw up some very good medium-term investment opportunities. That said, we expect the day to day market movements to be potentially the most volatile since February/March, with sentiment getting whipsawed by both headlines and speculation. This only usually matters if you have short term investment horizons, but it is hard to remind yourself of that when you are bombarded remorselessly by doomsday headlines. Here within the IBOSS investment team we limit our intake of mainstream media misery, which is probably why we are renowned for our sunny disposition.

## 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	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

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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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 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. 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 model portfolio of the discretionary MPS. 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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IBOSS Limited (Portfolio Management Service) is a non-regulated organisation and provides model portfolio research and outsourced white labelling administration service to support IFA firms, it is owned by the same Group, METNOR Group Holding Limited who own IBOSS Asset Management Limited.

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