

# Select Moderate

## Risk Profile

The portfolio is designed for an investor who is concerned about both risk and return. The investor is willing to accept a fall in the capital value of their portfolio over the medium term in order to achieve long term growth. In order to achieve this growth the investor is prepared to invest their capital over a reasonable period of time, normally in excess of five years. Whilst capital preservation is a consideration for the investor they understand that in order to achieve growth their portfolio will hold a mix of domestic and international equities. Although the portfolio will typically hold more equities than bonds, should certain market conditions arise the portfolio may hold a greater proportion of its assets in bonds. The portfolio will be constructed using a high proportion of low cost index funds to track specific asset classes at a low cost to the investor.

## Portfolio Strategy - Strategy Expense Ratio : 0.25% (estimated)

The portfolio uses a mix of UK and developed international equity indices that are held in proportions aimed at meeting the requirements of a balanced investor. The portfolio will consist of three elements; (1) a fixed asset allocation to a number of equity assets, (2) a fixed allocation to an absolute return strategy, (3) a risk on and risk off approach to UK large cap equities and UK government bonds. The risk on and risk off approach is designed to add a degree of risk management to the portfolio by increasing and decreasing the allocation to UK equities and UK government bonds depending on their recent performance. If UK equities are performing poorly and trending negatively, they will be classified as Risk Off and the allocation reduced. If UK equities are trending positively then they will be classified as Risk On and they will receive their maximum allocation limit. The same process is applied to the portfolio's bond content.

## Risk On / Risk Off allocations

Asset	UK Equities	UK Gov Bonds	UK Equities	UK Gov Bonds	UK Equities	UK Gov Bonds	UK Equities	UK Gov Bonds
	Risk On	Risk On	Risk On	Risk Off	Risk Off	Risk On	Risk Off	Risk Off
UK Government Bonds		16%	11%		21%		11%	
UK Equities	22%		27%		17%		17%	
Cash		2%	2%		2%		12%	

## Fixed asset allocations

Asset	Fixed allocation %
UK Government Inflation Linked Bonds	6%
UK Corporate Bonds	16%
Developed World Equities	23%
Emerging Market Equities	0%
Absolute Return	15%
Managed Liquidity	0%

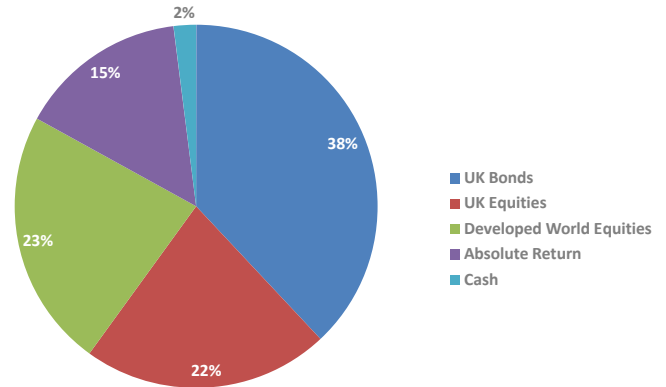
Asset allocations are subject to market movements and will be rebalanced periodically.

UK equities as at 30/09/2016 are :

**RISK ON**

UK bonds as at 30/09/2016 are :

**RISK ON**



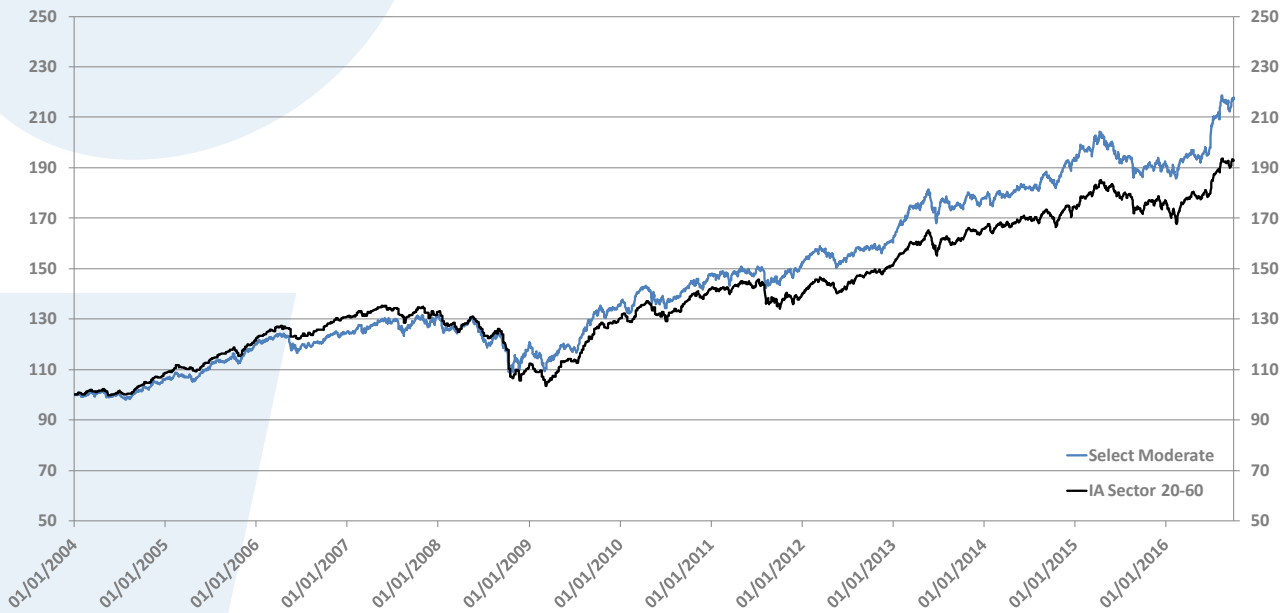
## Simulated Performance - 30/09/2016

Portfolio & IA Sector	10 year return	10 year volatility	5 year return	5 year volatility	3 year return	3 year volatility	Max annual loss	Max annual gain	Drawdown
Select Moderate	5.9% p.a.	7.0% p.a.	8.5% p.a.	5.9% p.a.	7.6% p.a.	6.0% p.a.	-13.8%	24.0%	-18.0%
IA Sector 20-60	4.3% p.a.	7.1% p.a.	7.3% p.a.	5.5% p.a.	6.3% p.a.	5.3% p.a.	-19.9%	28.1%	-23.6%

**Performance Notes :** Simulated past performance is not a reliable guide to future performance. Performance for the Select portfolio has been generated by iFunds Asset Management using indices which have sufficient price histories in order to provide portfolio simulations over a period greater than 10 years. Performance for the Select portfolio includes a 1% drag per annum to cover the estimated costs (Total Expense Ratio) of holding the investments, bargain charges and estimated spreads and iFunds' management fee. Performance for the iFunds Select Portfolio has been calculated using daily data and is a representation of what would have been experienced by an investor had the weightings and risk on and risk off rules of the portfolio been followed. IMA Sector data is only available on a weekly basis up until November 2010 and as a consequence the draw down and volatility figures calculated for the IMA Sector are likely to mask some of what was actually experienced. For further information on IMA sectors visit [www.investmentfunds.org.uk](http://www.investmentfunds.org.uk). Data has been supplied by iFunds Asset Management, ShareScope and other third party data providers.

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Simulated Performance Index - 01/01/2004 to 30/09/2016



### Statistic Guide

- **Annualised Return** - Average return per annum.
- **Volatility** - The standard deviation of the portfolios returns used to measure risk - the higher the figure the greater the risk.
- **Maximum Annual Loss** - The maximum negative return over a 12 month period.
- **Maximum Annual Gain** - The maximum positive return over a 12 month period.
- **Drawdown** - The worst loss an investor would have suffered had they bought at the top and sold at the bottom.

### Additional Information

**Asset Selection** - Access to the assets listed below is done so via a combination of passive Exchange Traded Funds (ETFs), index funds and unit trusts.

UK Government Bonds (All Stocks & Short Dated)  
 UK Equities (Large Cap)  
 UK Equities (Multi Cap)  
 Global Developed Equities  
 iFunds Spectrum Green Fund (Absolute Return)  
 UK Inflation-Linked Gilts  
 UK Short-Term Investment Grade Corporate Bonds  
 UK Investment Grade Corporate Bonds

**Strategy Expense Ratio** - The estimated annual cost of the strategy excluding management and platform fees. It has been calculated using the costs of holding the underlying investment vehicles of the strategy in the fixed proportions stated. As at 30th September 2016 the estimated expense ratio of the strategy is 0.25%.

**Benchmark** - The portfolio does not have a specific benchmark. However, for comparison purposes, we have used the IA 20-60 Sector due to the comparable performance between this sector and the Select Moderate portfolio.

### About iFunds Asset Management

iFunds develop and implement quantitative investment processes with the aim of delivering robust risk based portfolio solutions. Due to the quantitative and rules based nature of their investment strategies they are able to simulate the performance of a strategy and back test it over long periods that encompass different market cycles and periods of high market volatility and uncertainty. Back testing like this is not a forecasting method but it does allow investors to see what would have happened had they followed the strategy in question and whether the returns, volatility and drawdowns experienced are in line with their expectations and tolerances.

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