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# Risk Rating

## IFSL Sinfonia Portfolios



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# Executive Summary

31<sup>st</sup> May 2017

## Ratings

We conclude the following risk ratings for the IFSL Sinfonia Portfolio range:

Income Portfolio	Cautious Managed Portfolio	Income & Growth Portfolio	Balanced Managed Portfolio	Adventurous Growth Portfolio
2	3	5	6	7

## Assessment

Our approach involved using both quantitative and qualitative inputs in order to risk rate a fund using the Defaqto methodology:

- Historic volatility of the fund
- Forecast the fund’s future volatility using Moody’s stochastic model
- Discussion with the fund manager

The method that we use requires us to take the highest of the relevant historic and stochastic volatilities in order to assess the band in which the fund should be rated within. Through discussion, we are able to discount specific data points if they are not appropriate for the rating exercise.

Since our profiles are overlapping and not contiguous, we have some discretion as to whether a fund is rated in the upper or the lower profile of the highest data point.

Our assessment has been considered by our investment committee, and has taken into account some of Sinfonia’s suggestions when arriving at our risk ratings.

## Investment Committee Summary

### Historic

Historic volatilities of up to five years have been used.

### Future

Our analysis has been based on holdings data provided by Sinfonia.

# IFSL Sinfonia Income Portfolio

Risk Rated a **2** on 31<sup>st</sup> May 2017.

## Mandate

- To provide regular income with some potential for capital growth over the long-term.
- The investment objective will be achieved by investing in a diversified portfolio of equities, fixed interest securities, warrants and money market instruments primarily through investment in a portfolio of collective investment schemes. The Sub-Fund will typically be invested in a global portfolio of assets with a focus on UK assets.
- This fund will be invested in a portfolio that is considered to be mainly low and medium risk investments over the long-term.

## Investment Committee Notes

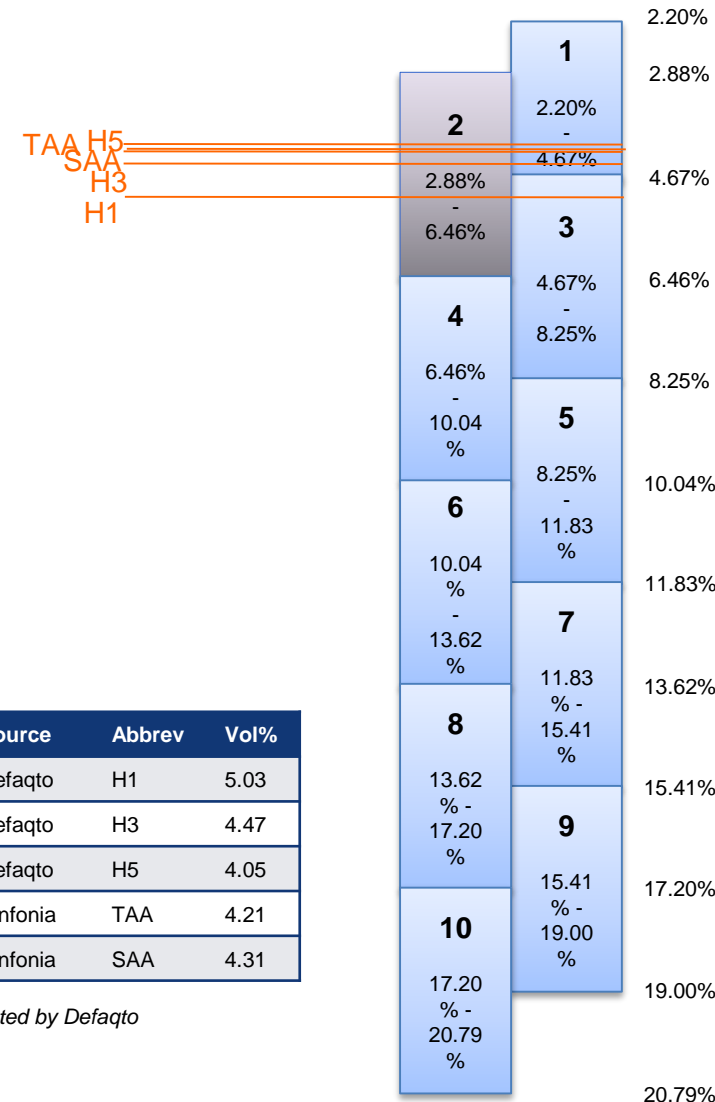
- Fund reviewed on 31<sup>st</sup> May 2017.
- We used fund holdings from IFSL Sinfonia rather than Morningstar to calculate all stochastic measures at their request.
- This fund could either be risk rated as a 2 or 3. Through discussions with Sinfonia in which the Defaqto methodology and their approach were considered, both Defaqto and Sinfonia believe that this fund is most appropriately risk rated as a 2.

## Conclusion

We have given this fund a risk rating of 2.

## Next Review

September 2017



Measure	Source	Abbrev	Vol%
Historic 1 Yr	Defaqto	H1	5.03
Historic 3 Yr	Defaqto	H3	4.47
Historic 5 Yr	Defaqto	H5	4.05
Future TAA	Sinfonia	TAA	4.21
Future SAA	Sinfonia	SAA	4.31

TAA and SAA calculated by Defaqto

# IFSL Sinfonia Cautious Managed Portfolio

Risk Rated a **3** on 31<sup>st</sup> May 2017.

## Mandate

- To provide long-term returns, by a combination of both capital growth and income generation.
- The investment objective will be achieved by investing in a diversified portfolio of equities, fixed interest securities, warrants and money market instruments primarily through investment in a portfolio of collective investment schemes. The Sub-Fund will typically be invested in a global portfolio of assets with a focus on UK assets.
- This fund will be invested in a portfolio that is considered mainly medium risk investments with the intention of generating long-term returns.

## Investment Committee Notes

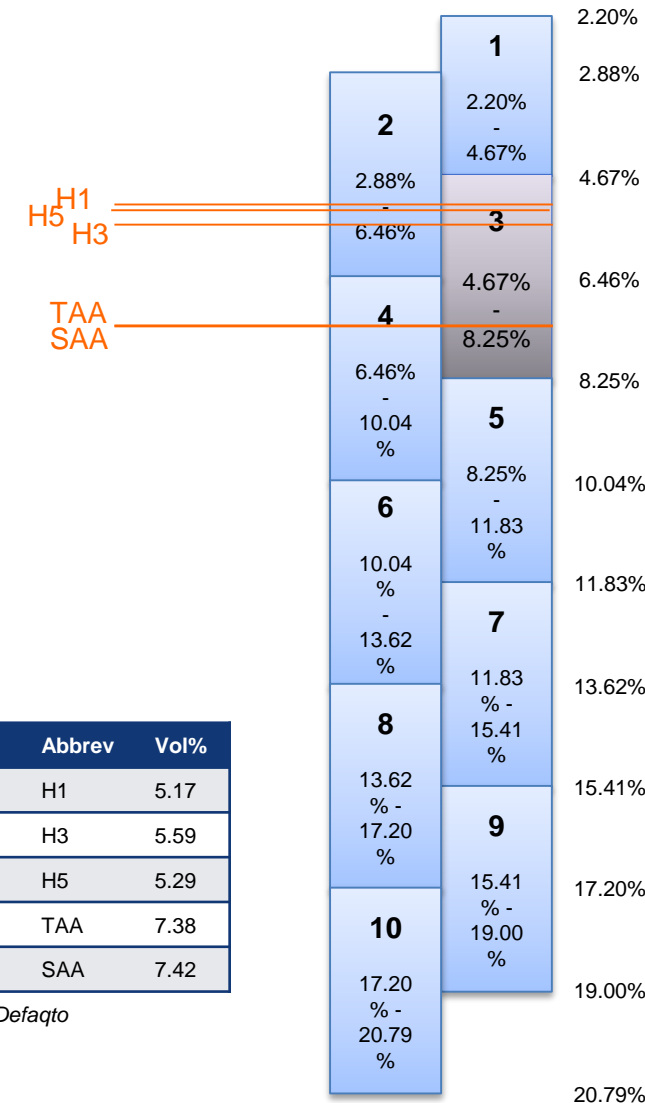
- Fund reviewed on 31<sup>st</sup> May 2017.
- We used fund holdings from IFSL Sinfonia rather than Morningstar to calculate all stochastic measures at their request.
- This fund could either be risk rated as a 3 or 4. Through discussions with Sinfonia in which the Defaqto methodology and their approach were considered, both Defaqto and Sinfonia believe that this fund is most appropriately risk rated as a 3.

## Conclusion

We have given this fund a risk rating of 3.

## Next Review

September 2017



Measure	Source	Abbrev	Vol%
Historic 1 Yr	Defaqto	H1	5.17
Historic 3 Yr	Defaqto	H3	5.59
Historic 5 Yr	Defaqto	H5	5.29
Future TAA	Sinfonia	TAA	7.38
Future SAA	Sinfonia	SAA	7.42

TAA and SAA calculated by Defaqto

# IFSL Sinfonia Income & Growth Portfolio

Risk Rated a 5 on 31<sup>st</sup> May 2017.

## Mandate

- To provide income and capital growth for investors over the long-term.
- The investment objective will be achieved by investing in a diversified portfolio of equities, fixed interest securities, warrants and money market instruments primarily through investment in a portfolio of collective investment schemes. The Sub-Fund will typically be invested in a global portfolio of assets with a focus on UK assets.
- This fund will be invested in a portfolio that is considered to be mainly medium and high risk investments with the intention of generating long term returns.

## Investment Committee Notes

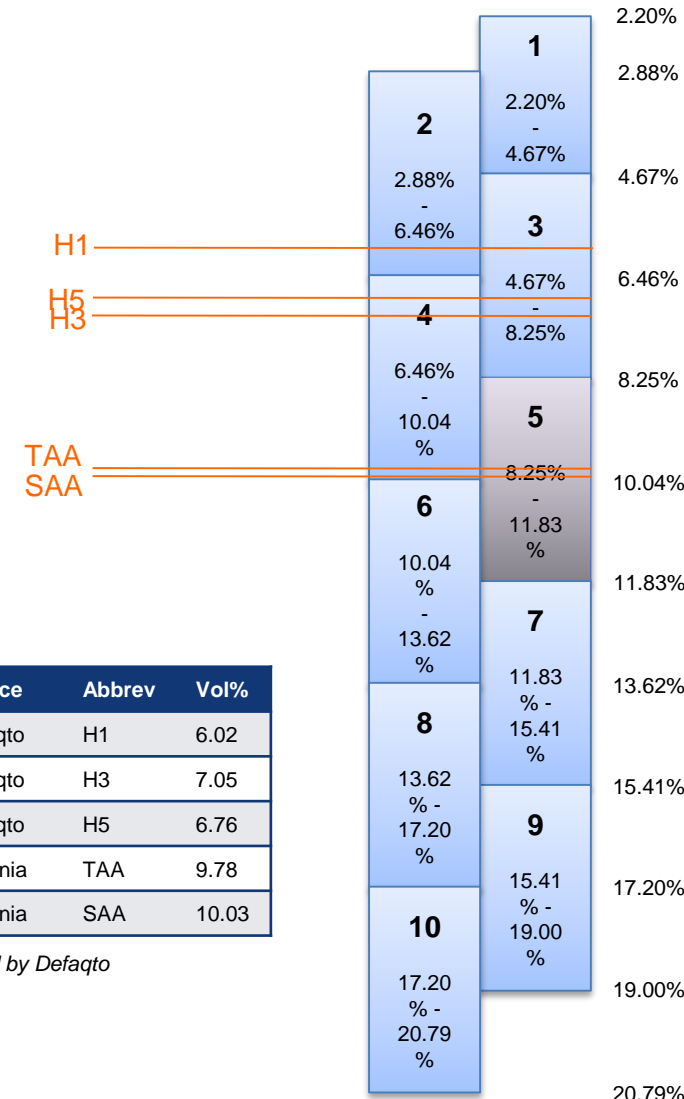
- Fund reviewed on 31<sup>st</sup> May 2017.
- We used fund holdings from IFSL Sinfonia rather than Morningstar to calculate all stochastic measures at their request.
- This fund could either be risk rated as a 4 or 5. Through discussions with Sinfonia in which the Defaqto methodology and their approach were considered, both Defaqto and Sinfonia believe that this fund is most appropriately risk rated as a 5.

## Conclusion

We have given this fund a risk rating of 5.

## Next Review

September 2017



Measure	Source	Abbrev	Vol%
Historic 1 Yr	Defaqto	H1	6.02
Historic 3 Yr	Defaqto	H3	7.05
Historic 5 Yr	Defaqto	H5	6.76
Future TAA	Sinfonia	TAA	9.78
Future SAA	Sinfonia	SAA	10.03

TAA and SAA calculated by Defaqto

# IFSL Sinfonia Balanced Managed Portfolio

Risk Rated a **6** on 31<sup>st</sup> May 2017.

## Mandate

- To provide medium to long-term capital growth.
- The Sub-Fund’s investment objective will be achieved by investing in a diversified portfolio of fixed interest securities and equities, as well as warrants, and money market instruments, primarily through investment in a portfolio of collective investment schemes.
- The Sub-Fund will typically be invested in a global portfolio of assets but may focus on UK and European assets.
- This fund will be invested in a portfolio that is considered to be mainly medium to high risk investments over the long-term.

## Investment Committee Notes

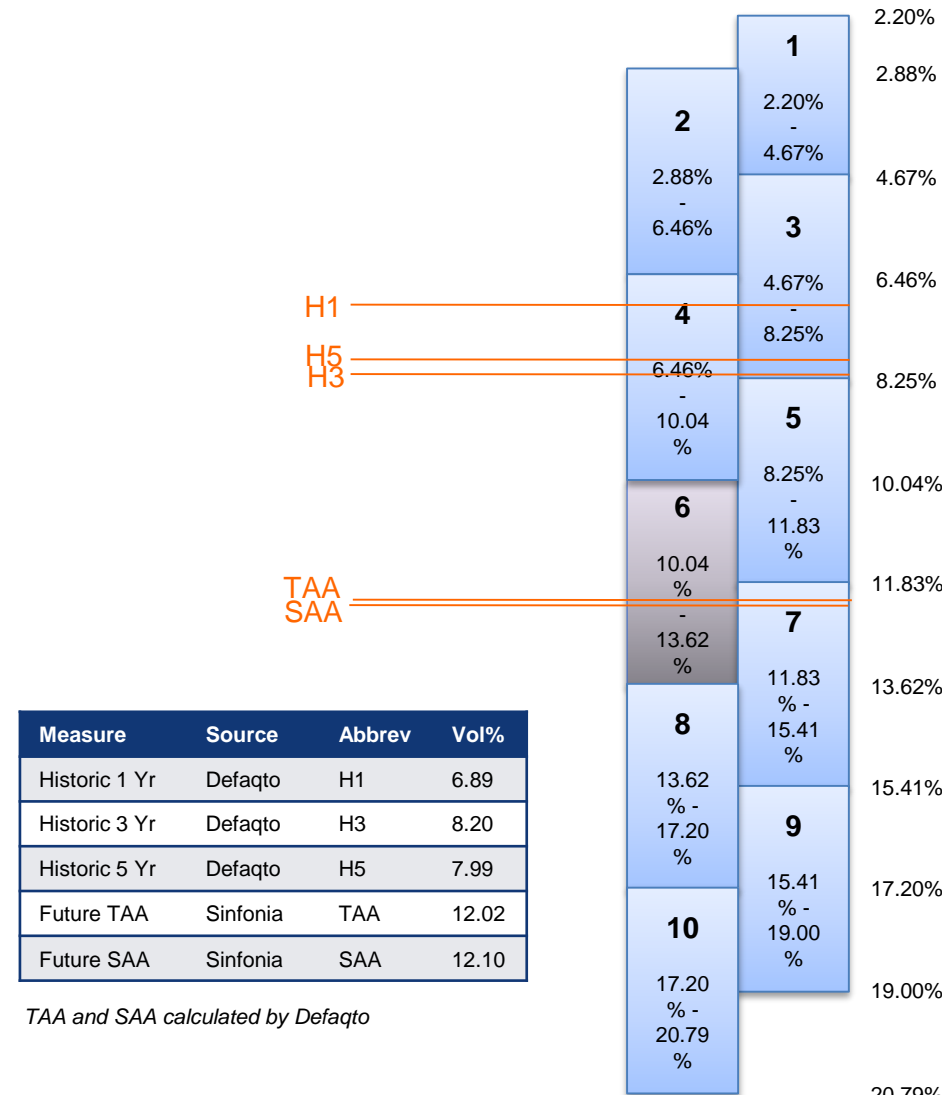
- Fund reviewed on 31<sup>st</sup> May 2017.
- We used fund holdings from IFSL Sinfonia rather than Morningstar to calculate all stochastic measures at their request.
- This fund could either be risk rated as a 6 or 7. Through discussions with Sinfonia in which the Defaqto methodology and their approach were considered, both Defaqto and Sinfonia believe that this fund is most appropriately risk rated as a 6.

## Conclusion

We have given this fund a risk rating of 6.

## Next Review

September 2017



# IFSL Sinfonia Adventurous Growth Portfolio

Risk Rated a **7** on 31<sup>st</sup> May 2017.

## Mandate

- To provide long-term capital growth.
- The Sub-Fund’s investment objective will be achieved by investing in a diversified portfolio of fixed interest securities and equities, as well as warrants, and money market instruments, through investment in a portfolio of collective investment schemes. The Sub-Fund will typically be invested in a global portfolio of assets but may also focus on UK assets.
- This fund will be invested in a portfolio that is considered to be mainly medium to high risk investments over the long-term.

## Investment Committee Notes

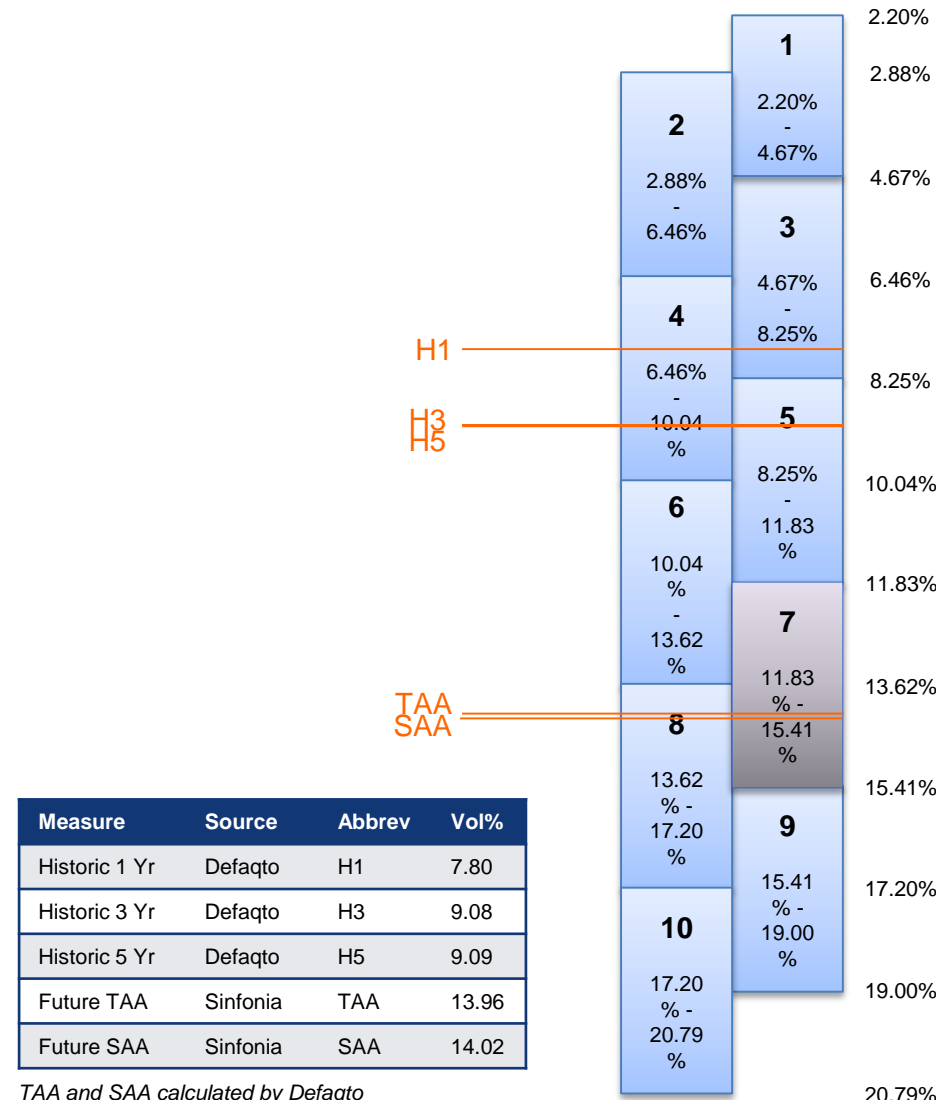
- Fund reviewed on 31<sup>st</sup> May 2017.
- We used fund holdings from IFSL Sinfonia rather than Morningstar to calculate all stochastic measures at their request.
- This fund could either be risk rated as a 7 or 8. Through discussions with Sinfonia in which the Defaqto methodology and their approach were considered, both Defaqto and Sinfonia believe that this fund is most appropriately risk rated as a 7.

## Conclusion

We have given this fund a risk rating of 7.

## Next Review

September 2017



TAA and SAA calculated by Defaqto