

PACIFIC ASSET MANAGEMENT

# Enlightening Client Conversations



**Freddie Streeter**  
Head of Global  
Solutions



**Jeremy Krausz**  
Associate Director



# AGENDA

**PAM UPDATE**


**RESOURCES FOR CLIENT  
CONVERASTIONS**

# Our story so far

A management owned business, unencumbered by legacy

**Family Office Heritage  
Pacific Investments**

**Moving Asset Management Forward  
Pacific Asset Management**





- PAM is part of Pacific Investments Group, a UK based private family office established in 1993.
- Pacific Investments is well regarded as founders and incubators of highly successful asset management businesses.

**Expertise Across Asset Classes**

- > Multi-Asset
- > Equity
- > Fixed Income
- > Alternatives
- > Risk Premia
- > Sustainable
- > Thematic

**20+ Dedicated Investment Professionals**



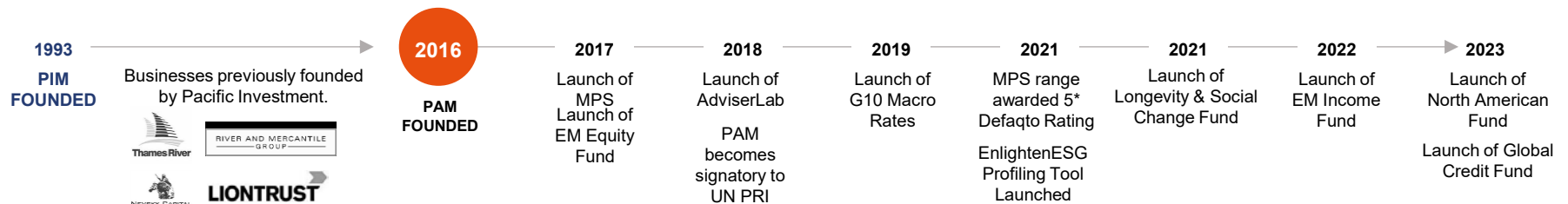


**Global Client Base**

- > Advisers
- > Institutional Pension Funds
- > Wealth Managers
- > DFM's
- > Consultants

**Consistent AUM Growth**

Mar 2020	£1bn
Mar 2021	£2bn
Sep 2022	£3bn
Sep 2023	£4bn
Apr 2024	£5bn
Sep 2024	£8bn



# Modern Model Portfolio Solutions

Utilising institutional infrastructure to power model portfolios

Core	Efficient Passive	Tailored	Sustainable	Income
<ul style="list-style-type: none"> <li>• Defensive</li> <li>• Conservative</li> <li>• Balanced</li> <li>• Adventurous</li> <li>• Aggressive</li> </ul>	<ul style="list-style-type: none"> <li>• Defensive</li> <li>• Conservative</li> <li>• Balanced</li> <li>• Adventurous</li> <li>• Aggressive</li> </ul>	<ul style="list-style-type: none"> <li>• Tailored to meet your firms' requirements</li> <li>• Built <i>with you</i></li> </ul>	<ul style="list-style-type: none"> <li>• Defensive</li> <li>• Conservative</li> <li>• Balanced</li> <li>• Adventurous</li> <li>• Aggressive</li> </ul>	<ul style="list-style-type: none"> <li>• Defensive</li> <li>• Balanced</li> </ul>
<p>CORE GLOBAL</p>	<p>CORE GLOBAL</p>			

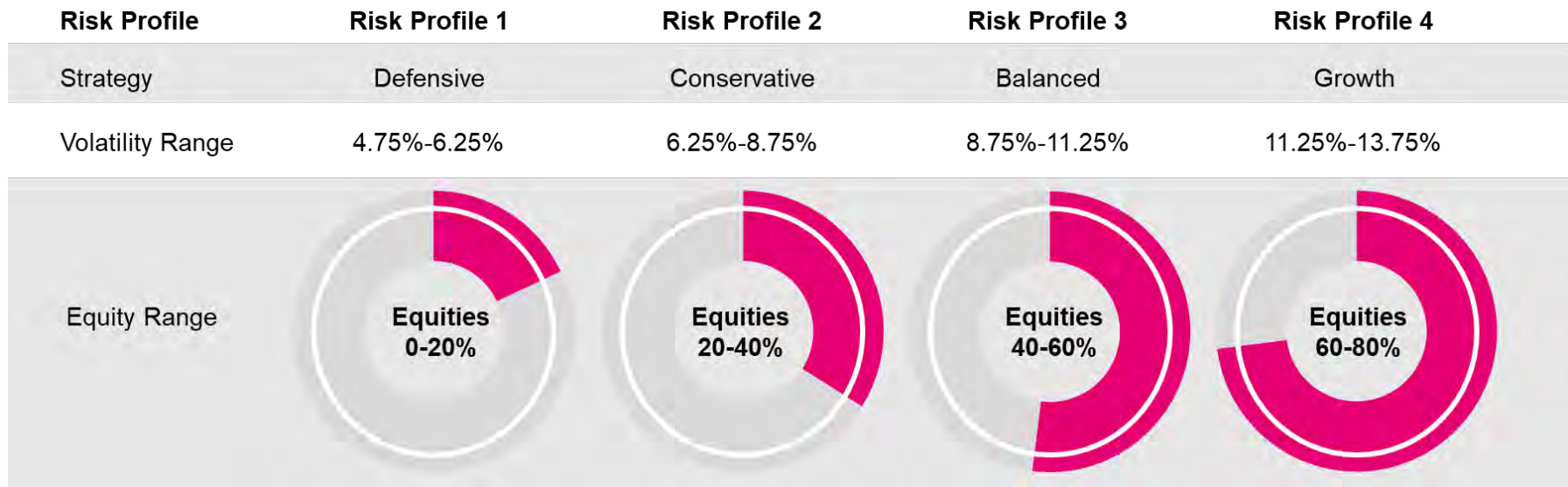


Behavioural Finance. Applied.



# Industrialisation of MPS

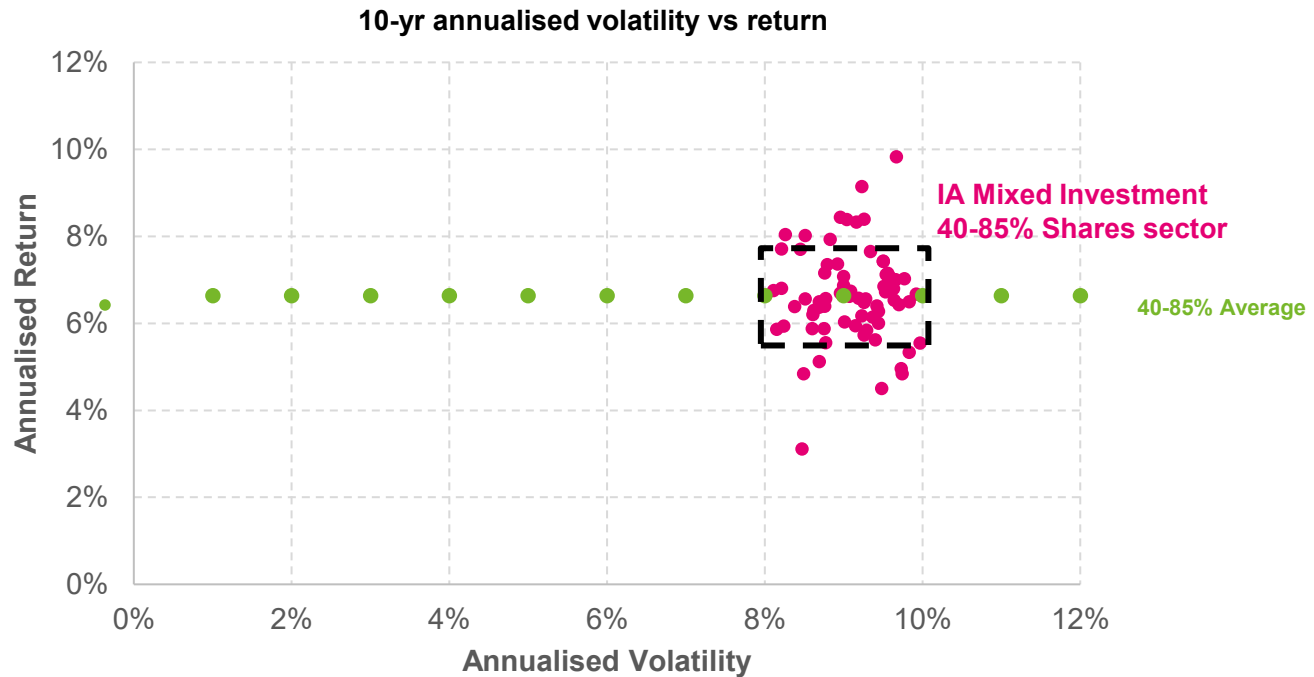
Unintended consequence of risk profiling



**Unintended consequences of client risk profiling is that the deviation between providers is never going to be that different**

# Industrialisation of MPS – **Balanced** Portfolios

Understanding our own limitations

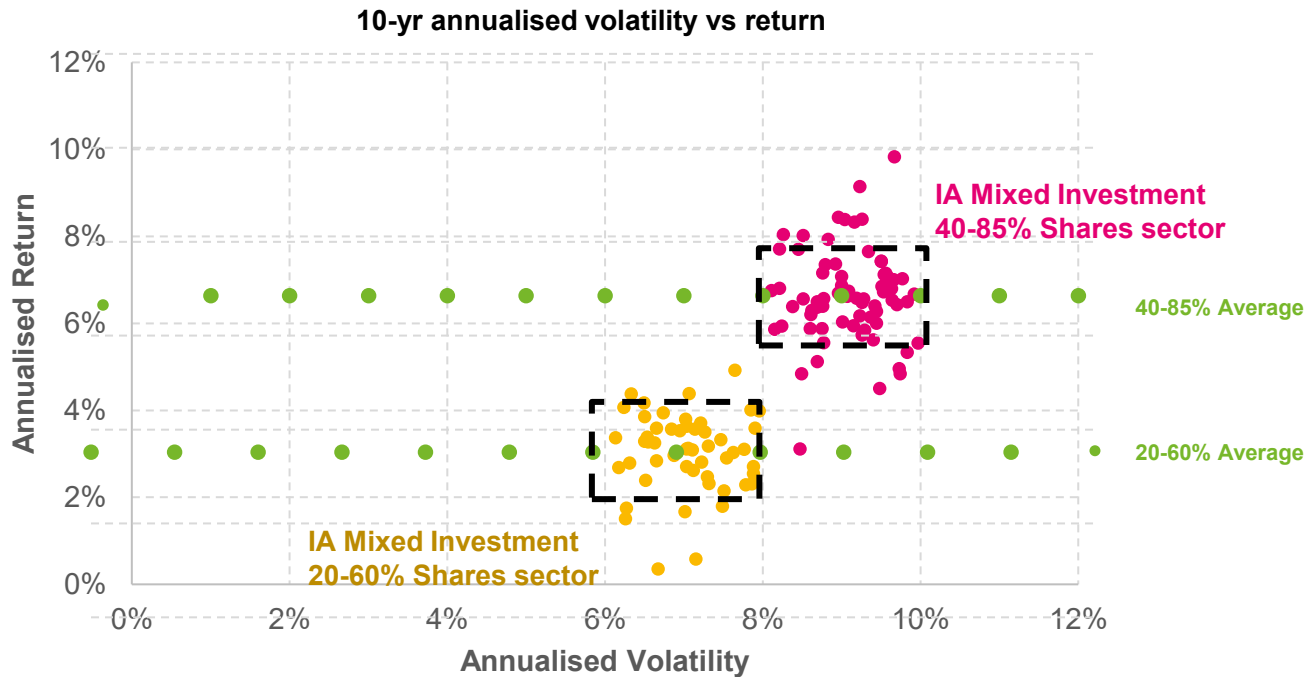


Source: Investment Association as at 31 August 2023.

Scatter of plot of annualised volatility (x-axis) and annualised return (y-axis) of current members of the Investment Association Mixed Investment 40-85% Shares sector with a 10 year track record. Data points have been clustered into 3 distinct cohorts (Average, Outperform, Underperform), using their returns as a feature for the model. The green horizontal line shows the mean annualised return over the 10yr period

# Industrialisation of MPS – **Balanced** Portfolios vs **Cautious** Portfolios

Understanding our own limitations



Source: Investment Association as at 31 August 2023.

Scatter plot of annualised volatility (x-axis) and annualised return (y-axis) of current members of the Investment Association Mixed Investment 40-85% Shares sector with a 10 year track record. Data points have been clustered into 3 distinct cohorts (Average, Outperform, Underperform), using their returns as a feature for the model. The green horizontal line shows the mean annualised return over the 10yr period

# RECOGNISING THE ALPHA

Starting the investment journey

Providing diversification

Navigating the investment cycle

Trying to time the market

Staying Invested

Education for informed decision making

**Investment studies have concluded that behavioural coaching can add up to an average of approximately 200 basis points per year**





HOW CAN WE HELP?

EDUCATIONAL RESOURCE AND  
COMMUNICATION

SAVING YOU TIME AND RESOURCE

# Resource example: Cost of servicing

Client Account £200K

<b>£400</b>	For central management costs and licensing
<b>£200</b>	Office and incidental business costs
<b>£700</b>	Financial planner cost
<b>£200</b>	Review preparation administration costs
<b>£100</b>	Post-review transaction administration costs
<b>£300</b>	Paraplanning cost
<b>£1,900</b>	Total costs

# Adviser Support - Jargon Buster

**PACIFIC**  
ASSET MANAGEMENT

**THE JARGON BUSTER SERIES**

Demystifying the Asset Management Industry

**WHERE THERE IS MYSTERY THERE IS MARGIN**

The Jargon Buster Booklet is not intended to make the reader a financial expert or an investment guru but as a free resource to help demystify the asset management industry.

**FOREWORD - UNDERSTANDING VALUE**

**HOW DO WE TRULY UNDERSTAND THE VALUE THAT THE END INVESTOR IS RECEIVING?**

Value means different things to different people. Performance is often central to customer satisfaction, so it's crucial to understand all the drivers of investment returns.

In the first half of this booklet we provide a refresher on economic fundamentals, such as monetary and fiscal policy, inflation, exchange rates and how the market's future interpretation of these factors affect the various asset classes.

The asset management industry is becoming more industrialised and investors now have more options as to how they access asset classes and investment solutions. Therefore, we also explore the pros and cons of active and passive management, as well the evolution of the asset management industry.

We also explore sustainable investing, what is ESG and what does it mean in terms of investing.

In the second half we outline the drivers and measures which allow investors to fully understand the risks and costs associated with the performance they have received.

Finally, we focus our attention on fees, examining and explaining the different types and the impact they can have on performance.

Ultimately, understanding performance is crucial to understanding the value the end investor is receiving.

**- MATTHEW LAMB**  
CEO, PACIFIC ASSET MANAGEMENT

Jargon Buster 3

**WHILST READING LOOK OUT FOR:**

**CONNECTED CONTENT**  
Follow the location icon to pages with connected content

**TECHNICAL CORNERS**  
Sections of the book with a little more detail

**DID YOU KNOW & INTERESTING FACTS**  
The speech icon for bite size facts

**1. ECONOMIC FUNDAMENTALS**

In this chapter we provide a refresher on economic fundamentals, monetary and fiscal policy, inflation, exchange rates and more.

**THE MACROECONOMY GOVERNMENT OBJECTIVES AND HOW THEY ACHIEVE THEM EXCHANGE RATES**

**HOW IS THE STATE OF THE MACROECONOMY MEASURED?**

**ANSWER: GDP**

Gross Domestic Product (GDP) is one of the measures of the total economic output of a country.

National statistics offices publish GDP figures, usually quarterly.

GDP indicates whether the economy is growing or contracting.

**DID YOU KNOW?**

Microeconomics looks at the behaviour of individual economic units such as companies, industries, or households.

**THE GDP EQUATION**

**$GDP = C + I + G + (X - M)$**

All the above equation states is that GDP is the combination of:

- all consumer expenditure (C)
- all investment by firms (I)
- all spending by governments (G)
- and the difference between exports (X) and imports (M)

So in simpler terms **GDP =**

**CONSUMER SPENDING + INVESTMENT BY FIRMS + GOVERNMENT SPENDING + NET EXPORTS**

Jargon Buster 3

TLA



**AUM**



**OCF**



**GDP**



**TER**



**STD**



**ROI**



**AMC**



**ETF**



**YTD**



**NAV**



**CPI**



**RPI**

# Two Decks

## TODAY

**RECOGNISING THE ALPHA**

- Starting the investment journey
- Providing diversification
- Navigating the investment cycle
- Trying to time the market
- Staying Invested
- Education for informed decision making

Investment studies have concluded that behavioural coaching can add up to an average of approximately 200 basis points per year.

**YTD** **NAV** **CPI** **RPI** **EQUITABLE DISTRIBUTION**

Governments will usually strive for a low and stable rate of inflation, typically around 2%.

To achieve the natural rate of unemployment, the relationship between unemployment and inflation are closely linked.

Sustainable economic growth. A consistent growth is preferred to a volatile boom and bust cycle.

Equitable distribution of income. Provide a fair society without enormous divisions between rich and poor.

Dec 20 Feb 21 Apr 21 Jun 21 Aug 21 Oct 21 Dec 21

## FOLLOW-UP

**RECOGNISING THE ALPHA**

- Starting the investment journey
- Providing diversification
- Navigating the investment cycle
- Trying to time the market
- Staying Invested
- Education for informed decision making

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**GOLDILOCKS ECONOMY**

Not too hot...  
...not too cold

**THE GOLDILOCKS ECONOMY: KEEPING THE BEARS AT BAY**

The idea is that if sustains moderate economic growth, and has low inflation, which allows a market-friendly monetary policy.

The first use of this phrase is credited to David Shuman of Salomon Brothers who wrote

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**YTD** **NAV** **CPI** **RPI** **EQUITABLE DISTRIBUTION**

Dec 20 Feb 21 Apr 21 Jun 21 Aug 21 Oct 21 Dec 21

**Simon KUZNETS**

# Government objectives for the economy

## INFLATION



Governments will usually strive for a low and stable rate of inflation, typically around 2%.

## UNEMPLOYMENT



To achieve the natural rate of unemployment, the relationship between unemployment and inflation are closely linked.

## ECONOMIC GROWTH



Sustainable economic growth. A consistent growth is preferred to a volatile boom and bust cycle.

## EQUITABLE DISTRIBUTION



Equitable distribution of income. Provide a fair society without enormous divisions between rich and poor.



# Inflation

Why target 2%?

Base effects (Disinflation)

CPI vs RPI





# Deflation

The general decline in prices of goods and services.

Detrimental for the economy as consumers and businesses continue to hoard cash.

# Inflation

RPI & CPI: What is the difference?

## RPI

**Current UK rate**  
**2.7%**

The retail prices index

**RPI includes mortgage interest payments:** this means it is “heavily influenced” by house prices and interest rates

**Arithmetic mean is used**

### List of items that are linked to RPI

- Final salary pension payments
- Income from index-linked annuities
- Income from some index-linked bonds
- Train tickets
- Mobile phone tariffs
- Air passenger duty
- Car tax
- Tobacco duty
- Alcohol duty
- Interest on student loans

## CPI

**Current UK rate**  
**1.7%**

The consumer prices index

**CPI takes no account of housing costs:** but factors in all the other goods and services

**The geometric mean is used**

### List of items that are linked to CPI

- State pension
- Public sector pensions
- Lifetime allowance for pensions
- Personal independence payments
- Attendance allowance
- Jobseeker’s allowance
- Universal credit
- Housing benefit
- Income support
- Statutory maternity and paternity pay
- Statutory sick pay



# Causes of Inflation

Cost Push

Demand Pull

# Cost push – Surge in energy prices

UK Gas price from Dec 20 to Dec 21

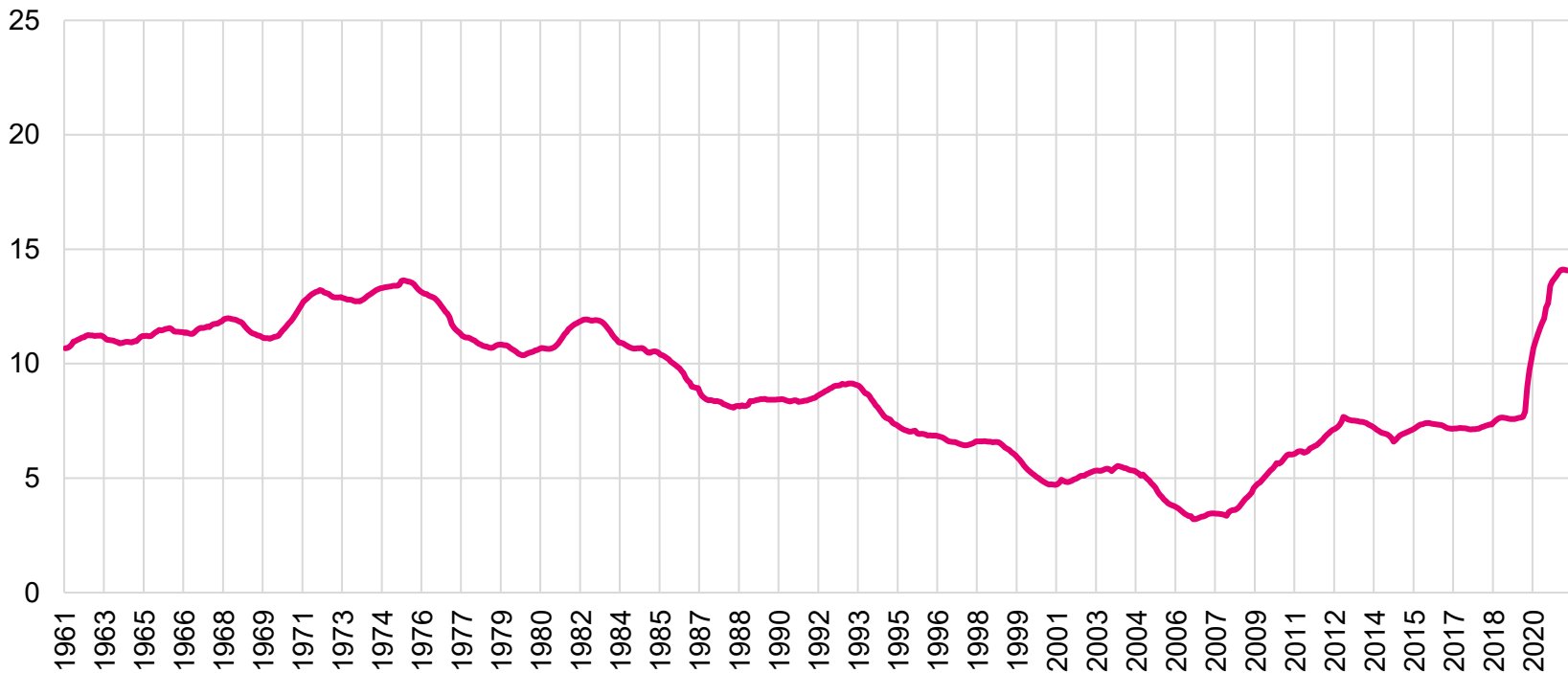


# Demand pull inflation

US personal savings rates remain elevated versus history

This is the demand element of inflation – if this money gets spent demand for goods and services increases – which may cause price rises

**US Personal Savings Rate (%age of Disposable Assets) (2y moving Average)**





# MONEY ILLUSION

The misconception that cash has a fixed value in terms of its purchasing power

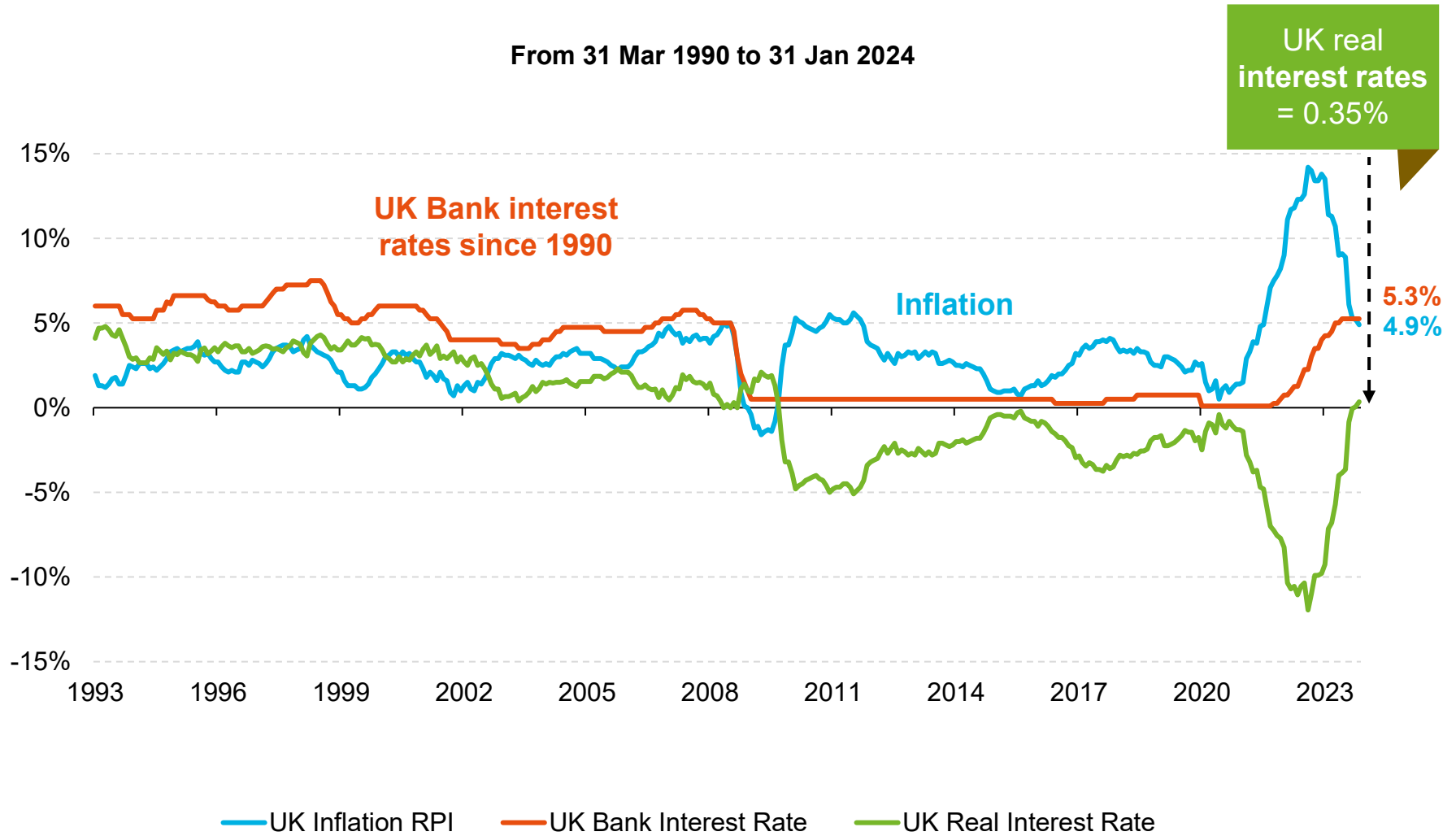
# Shrinkflation



# Real interest rates negative

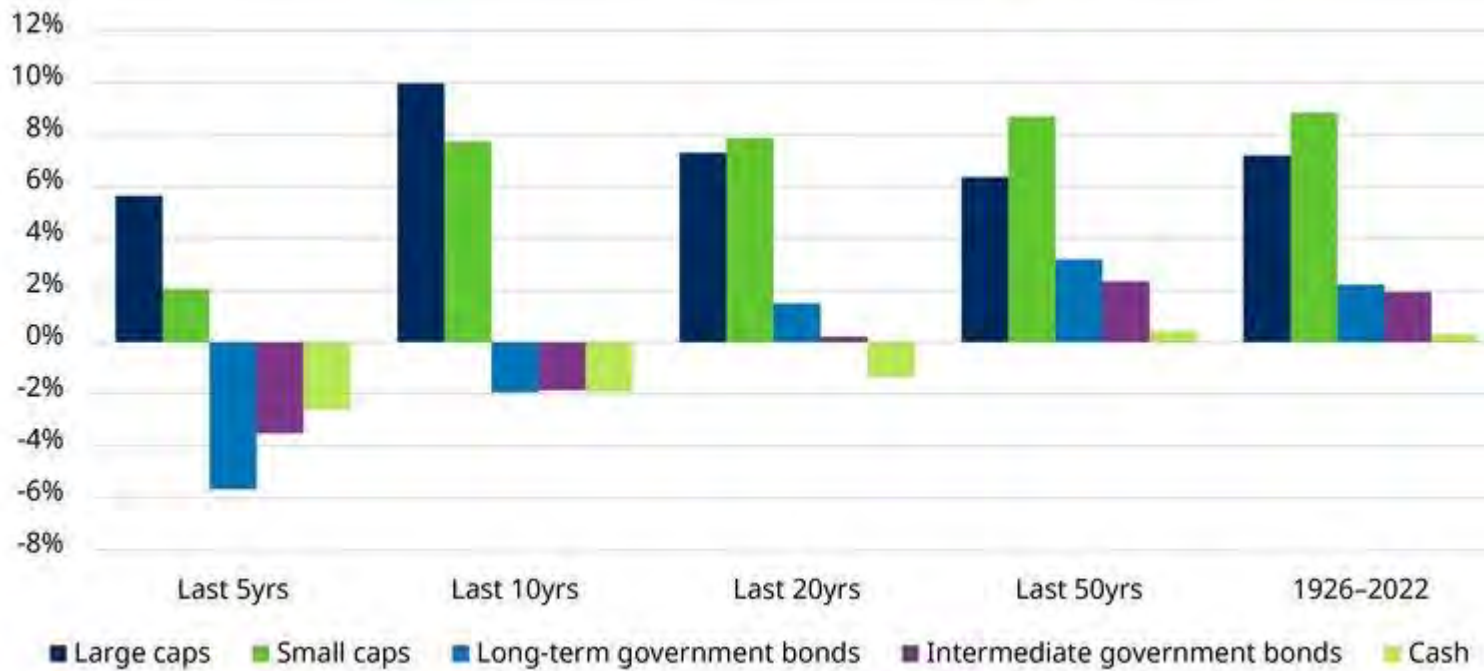
Being invested is key

From 31 Mar 1990 to 31 Jan 2024





# Returns after the impact of inflation since 1926



# UNEMPLOYMENT

## Obvious problems

Not only does high unemployment result in lower tax revenues...  
but also higher unemployment benefits

## HYSTERESIS

The concept of past unemployment affecting future unemployment

If people are made redundant, they may become demotivated and lose the job training

It makes them less employable

Harder to find work

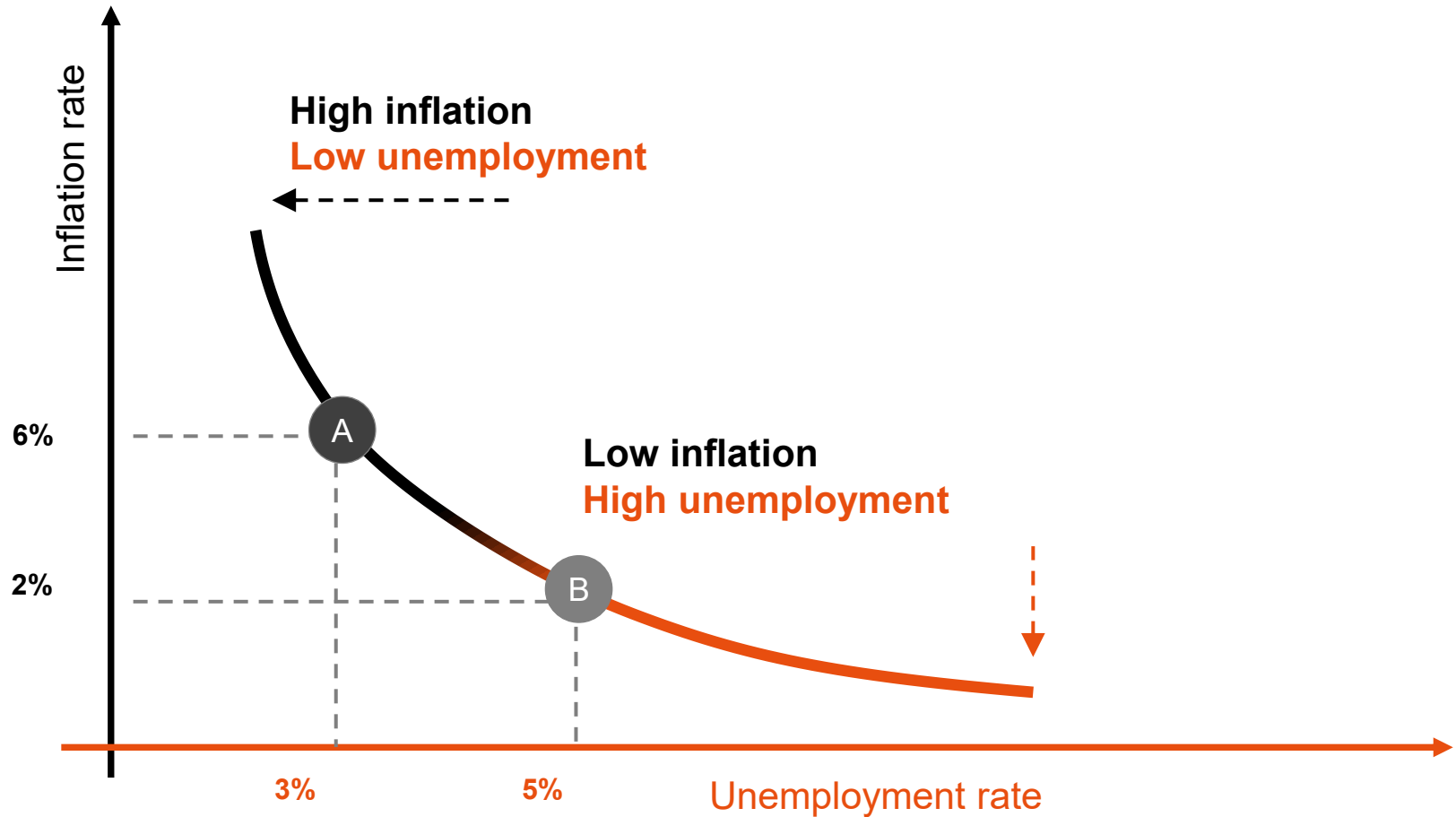
Firms reluctant to hire people who have been unemployed



How does  
**UNEMPLOYMENT...**  
**...affect**  
**INFLATION?**

# The Phillips Curve

Relationship between the level of unemployment and the rate of inflation



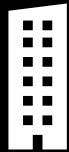
# GROSS DOMESTIC PRODUCT

## The GDP Equation

$$C + I + G + \text{Net Exports} = \text{GDP}$$



Consumer  
Spending



Investment  
by firms



Government  
Spending



---

Simon  
KUZNETS

A large, diverse crowd of people is shown from the chest up, all with their hands raised in a gesture of cheering or celebration. The people are of various ages and ethnicities, and their expressions are joyful. The background is slightly blurred, focusing attention on the individuals in the foreground.

# GOLDILOCKS ECONOMY

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...not too cold

The idea is that it sustains moderate economic growth, and has low inflation, which allows a market-friendly monetary policy.

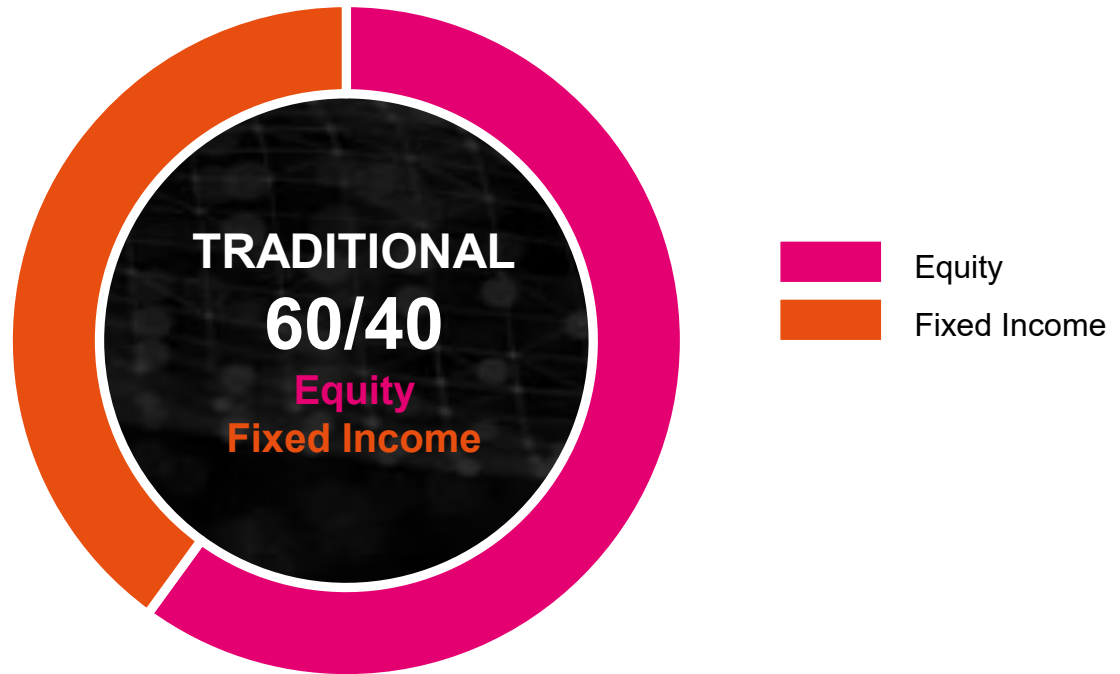
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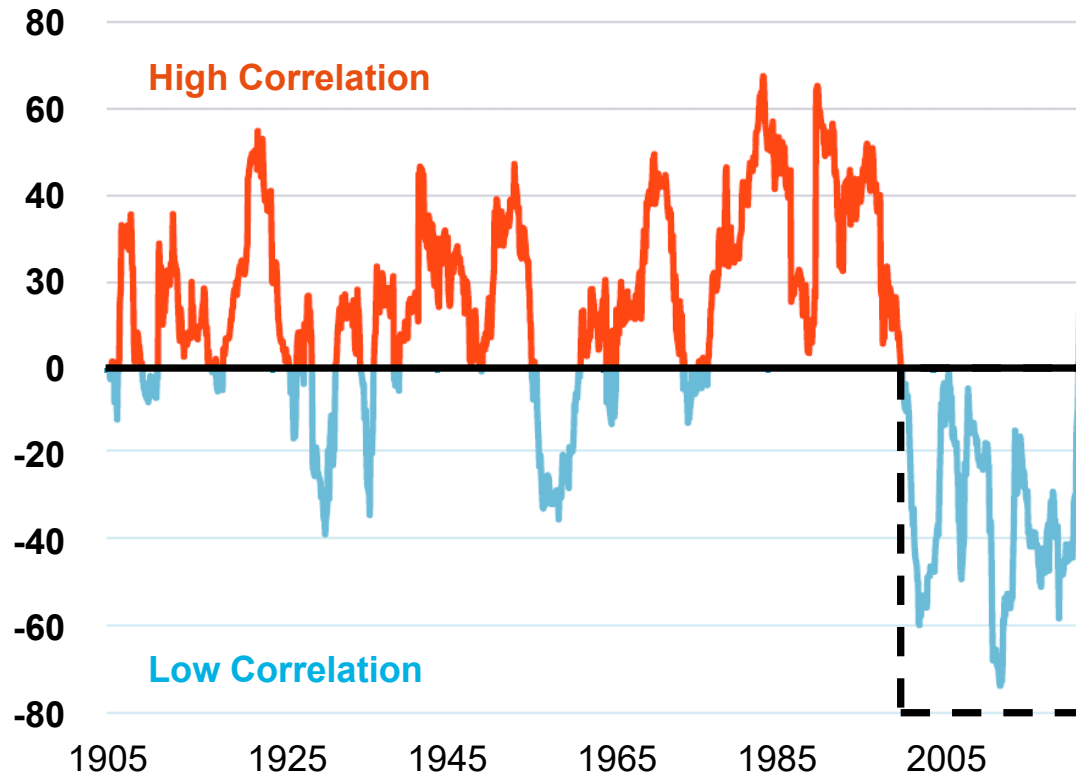
# MULTI-ASSET

# Traditional 60/40 portfolio





# Bonds and Equities correlations 1903 – 2023



Source: BlackRock Investment Institute, with data from LSGE Datastream, December 2023. Notes: The chart shows the correlation of daily us 10 Year Treasury and equity returns over a rolling three-year period. The equity indexes are the Dow Jones industrial average until 1981 and the S&P500 after 1981.

# Bond and equity annual returns

Second worst year for US 60/40 portfolios since 1930s

Year	S&P 500	US 10yr	60/40
1930	-25.12%	4.54%	-13.26%
<b>1931</b>	<b>-43.84%</b>	<b>-2.56%</b>	<b>-27.33%</b>
1932	-8.64%	8.79%	-1.67%
1933	49.98%	1.86%	30.73%
1934	-1.19%	7.96%	2.47%
1935	46.74%	4.47%	29.83%
1936	31.94%	5.02%	21.17%
<b>1937</b>	<b>-35.34%</b>	<b>1.38%</b>	<b>-20.65%</b>
1938	29.28%	4.21%	19.25%
1939	-1.10%	4.41%	1.10%

Year	S&P 500	US 10yr	60/40
1940	-10.67%	5.40%	-4.24%
1941	-12.77%	-2.02%	-8.47%
1942	19.17%	2.29%	12.42%
1943	25.06%	2.49%	16.03%
1944	19.03%	2.58%	12.45%
1945	35.82%	3.80%	23.01%
1946	-8.43%	3.13%	-3.81%
1947	5.20%	0.92%	3.49%
1948	5.70%	1.95%	4.20%
1949	18.30%	4.66%	12.84%

Year	S&P 500	US 10yr	60/40
1950	30.81%	0.43%	18.66%
1951	23.68%	-0.30%	14.09%
1952	18.15%	2.27%	11.80%
1953	-1.21%	4.14%	0.93%
1954	52.56%	3.29%	32.85%
1955	32.60%	-1.34%	19.02%
1956	7.44%	-2.26%	3.56%
1957	-10.46%	6.80%	-3.56%
1958	43.72%	-2.10%	25.39%
1959	12.06%	-2.65%	6.18%

Year	S&P 500	US 10yr	60/40
1960	0.34%	11.64%	4.86%
1961	26.64%	2.06%	16.81%
1962	-8.81%	5.69%	-3.01%
1963	22.61%	1.68%	14.24%
1964	16.42%	3.73%	11.34%
1965	12.40%	0.72%	7.73%
1966	-9.97%	2.91%	-4.82%
1967	23.80%	-1.58%	13.65%
1968	10.81%	3.27%	7.79%
1969	-8.24%	-5.01%	-6.95%

Year	S&P 500	US 10yr	60/40
1970	3.56%	16.75%	8.84%
1971	14.22%	9.79%	12.45%
1972	18.76%	2.82%	12.38%
1973	-14.31%	3.66%	-7.12%
1974	-25.90%	1.99%	-14.74%
1975	37.00%	3.61%	23.64%
1976	23.83%	15.98%	20.69%
1977	-6.98%	1.29%	-3.67%
1978	6.51%	-0.78%	3.59%
1979	18.52%	0.67%	11.38%

Year	S&P 500	US 10yr	60/40
1980	31.74%	-2.99%	17.85%
1981	-4.70%	8.20%	0.46%
1982	20.42%	32.81%	25.38%
1983	22.34%	3.20%	14.68%
1984	6.15%	13.73%	9.18%
1985	31.24%	25.71%	29.03%
1986	18.49%	24.28%	20.81%
1987	5.81%	-4.96%	1.50%
1988	16.54%	8.22%	13.21%
1989	31.48%	17.69%	25.96%

Year	S&P 500	US 10yr	60/40
1990	-3.06%	6.24%	0.66%
1991	30.23%	15.00%	24.14%
1992	7.49%	9.36%	8.24%
1993	9.97%	14.21%	11.67%
1994	1.33%	-8.04%	-2.42%
1995	37.20%	23.48%	31.71%
1996	22.68%	1.43%	14.18%
1997	33.10%	9.94%	23.84%
1998	28.34%	14.92%	22.97%
1999	20.89%	-8.25%	9.23%

Year	S&P 500	US 10yr	60/40
2000	-9.03%	16.66%	1.25%
2001	-11.85%	5.57%	-4.88%
2002	-21.97%	15.12%	-7.13%
2003	28.36%	0.38%	17.17%
2004	10.74%	4.49%	8.24%
2005	4.83%	2.87%	4.05%
2006	15.61%	1.96%	10.15%
2007	5.48%	10.21%	7.37%
2008	-36.55%	20.10%	-13.89%
2009	25.94%	-11.12%	11.12%

Year	S&P 500	US 10yr	60/40
2010	14.82%	8.46%	12.28%
2011	2.10%	16.04%	7.68%
2012	15.89%	2.97%	10.72%
2013	32.15%	-9.10%	15.65%
2014	13.52%	10.75%	12.41%
2015	1.38%	1.28%	1.34%
2016	11.77%	0.69%	7.34%
2017	21.61%	2.80%	14.09%
2018	-4.23%	-0.02%	-2.55%
2019	31.21%	9.64%	22.58%

Year	S&P 500	US 10yr	60/40
2020	18.02%	11.33%	15.34%
2021	28.47%	-4.42%	15.31%
<b>2022</b>	<b>-23.87%</b>	<b>-16.70%</b>	<b>-21.00%</b>



# THE IMPORTANCE OF DIVERSIFICATION

**Investing Essentials**

# Best and worst performing assets each year since 2008

Everyone aims to invest in the top-performing asset class annually. However, predicting the best performer consistently proves challenging for most.

Asset classes – Ranked by Annual PERFORMANCE in GBP

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Global Equities	28%	61%	25%	17%	23%	21%	23%	6%	33%	25%	1%	22%	15%	28%	1%	16%
Emerging Market Equities	12%	57%	23%	8%	19%	20%	15%	3%	31%	13%	1%	19%	13%	20%	1%	13%
UK Equities	8%	30%	20%	7%	18%	12%	12%	2%	29%	13%	1%	18%	9%	18%	0%	10%
Hedge Funds	5%	28%	17%	6%	13%	10%	11%	1%	25%	9%	0%	14%	8%	9%	0%	9%
UK Government Bonds	-4%	25%	16%	3%	13%	7%	9%	1%	20%	8%	-1%	14%	5%	8%	-7%	8%
Global High Yield	-12%	22%	15%	1%	12%	2%	8%	1%	17%	7%	-2%	12%	5%	2%	-9%	8%
Investment Grade Bonds	-16%	22%	14%	-1%	12%	1%	8%	0%	15%	6%	-4%	11%	4%	0%	-11%	7%
Property	-18%	18%	12%	-1%	12%	0%	4%	0%	11%	5%	-4%	9%	4%	-2%	-12%	6%
Global Aggregate Bonds	-21%	11%	11%	-3%	11%	0%	4%	0%	11%	4%	-5%	8%	3%	-2%	-12%	5%
EM Debt - Local	-27%	10%	8%	-3%	8%	-4%	3%	-1%	10%	2%	-5%	7%	0%	-2%	-15%	5%
Cash	-29%	5%	8%	-5%	6%	-5%	1%	-1%	4%	2%	-7%	7%	0%	-3%	-18%	5%
Balanced Portfolio	-30%	1%	5%	-7%	3%	-6%	1%	-10%	1%	2%	-9%	6%	-10%	-5%	-20%	4%
EM Debt - Hard	-37%	-1%	0%	-18%	0%	-10%	0%	-10%	0%	0%	-9%	1%	-11%	-9%	-25%	4%

Best performance assets classes  
↑  
Returns  
↓  
Worst performing asset classes

Source: Pacific Asset Management 2024. For illustration purposes only.

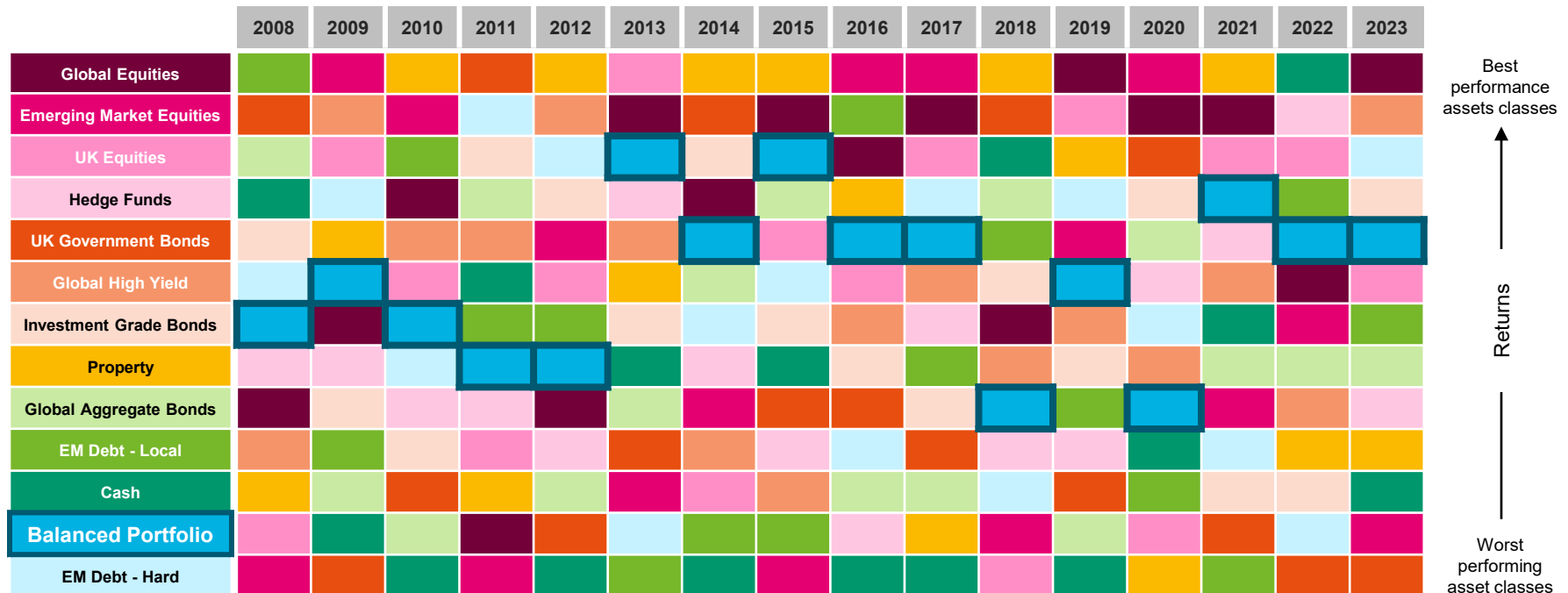
Past performance is not necessarily a guide to future performance. Performance is shown in GBP.

Indices used: MSCI ACWI Net Total Return USD Index; MSCI Emerging Net Total Return USD Index; FTSE All-Share Index Total Return; Credit Suisse Hedge Fund Index – GBP; IBOXX Sterling Gilts Overall Total Return Index; Bloomberg Global High Yield Total Return Index Value Hedged GBP; IBOXX Sterling Non-Gilts Overall Total Return Index; FTSE EPRA NAREIT DEVELOPED Total Return Index USD; Bloomberg Global-Aggregate Total Return Index Value Hedged GBP; J.P. Morgan Government Bond Index Emerging Markets Global 10% Cap 1% Floor; PAM MPS Balanced Growth; J.P. Morgan EMBI Global Core hedged GBP

# Best and worst performing assets each year since 2008

Everyone aims to invest in the top-performing asset class annually. However, predicting the best performer consistently proves challenging for most. **This underscores the importance of diversification.**

Asset classes – Ranked by Annual PERFORMANCE in GBP

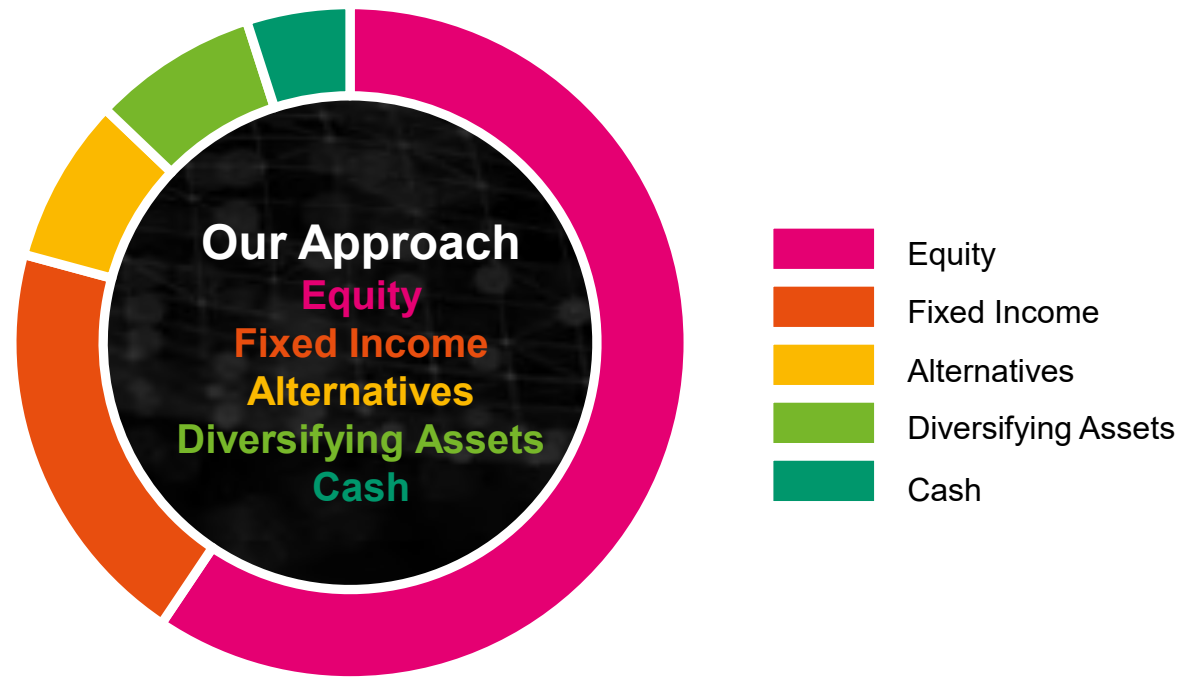


Source: Pacific Asset Management 2024. For illustration purposes only.

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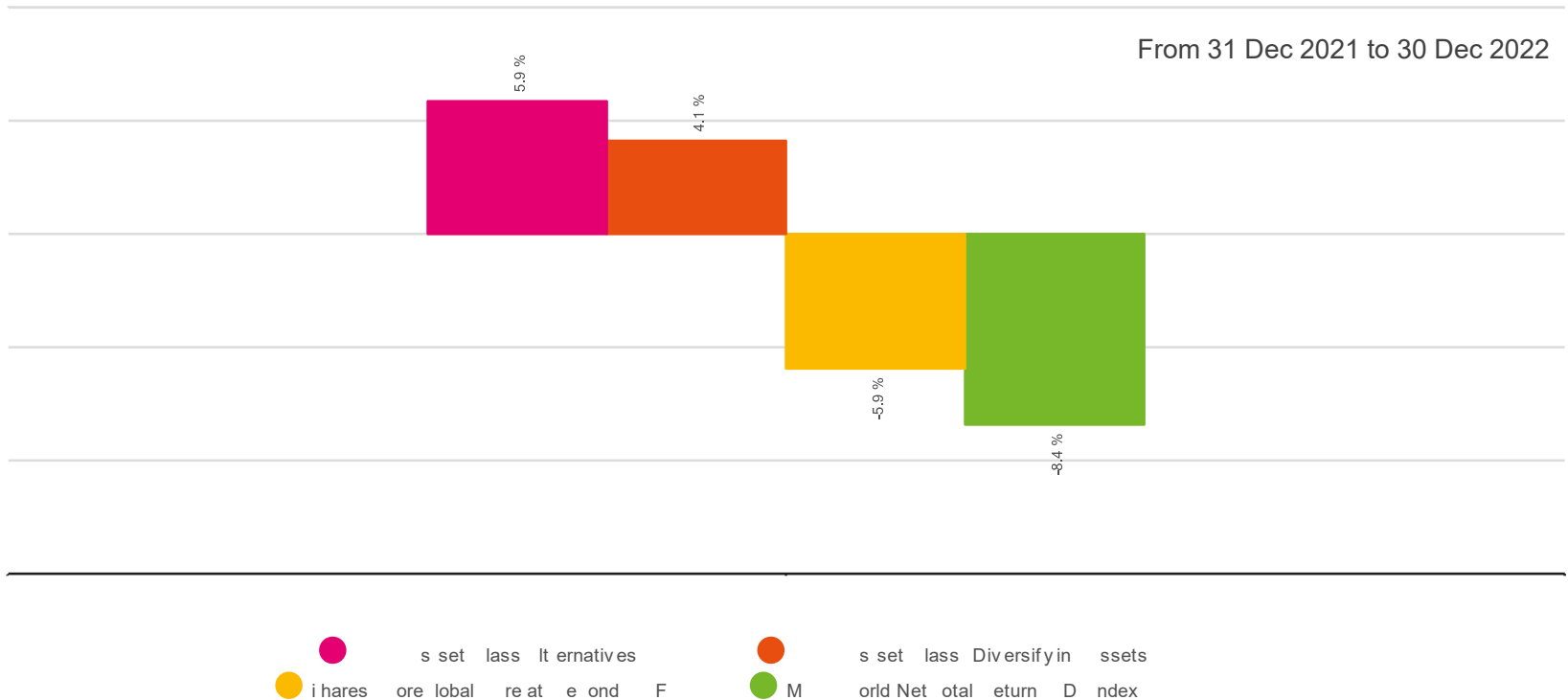
Indices used: MSCI ACWI Net Total Return USD Index; MSCI Emerging Net Total Return USD Index; FTSE All-Share Index Total Return; Credit Suisse Hedge Fund Index – GBP; IBOXX Sterling Gilts Overall Total Return Index; Bloomberg Global High Yield Total Return Index Value Hedged GBP; IBOXX Sterling Non-Gilts Overall Total Return Index; FTSE EPRA NAREIT DEVELOPED Total Return Index USD; Bloomberg Global-Aggregate Total Return Index Value Hedged GBP; J.P. Morgan Government Bond Index Emerging Markets Global 10% Cap 1% Floor; PAM MPS Balanced Growth; J.P. Morgan EMBI Global Core hedged GBP

# Our Approach to Model Portfolios



# Alternatives and Diversifying Assets vs Equities and Bonds

Past performance is not necessarily a guide to future performance and is not guaranteed. Performance is shown net of fees.



Source: Pacific Asset Management, Bloomberg. **Past performance is not necessarily a guide to future performance and is not guaranteed.** Performance is shown net of fees. Performance may contain simulated data and may not represent actual performance or risk characteristics achieved by investors.

# Diversifying Assets and Alternatives

## Diversifying Assets

- Global Macro
- Alternative Risk Premia
- Systematic Trend Followers

Diversifying assets are strategies that are uncorrelated with bonds and equities.



## Alternatives

- Commodities
- Listed Real Estate
- Gold
- Listed Private Equity

Alternative assets have low correlation to traditional asset classes such as bonds and equities.

Whilst correlated to wider economic factors, it is their low correlation to equities and bonds that gives them diversification benefits within multi asset portfolios.

## How we access asset classes





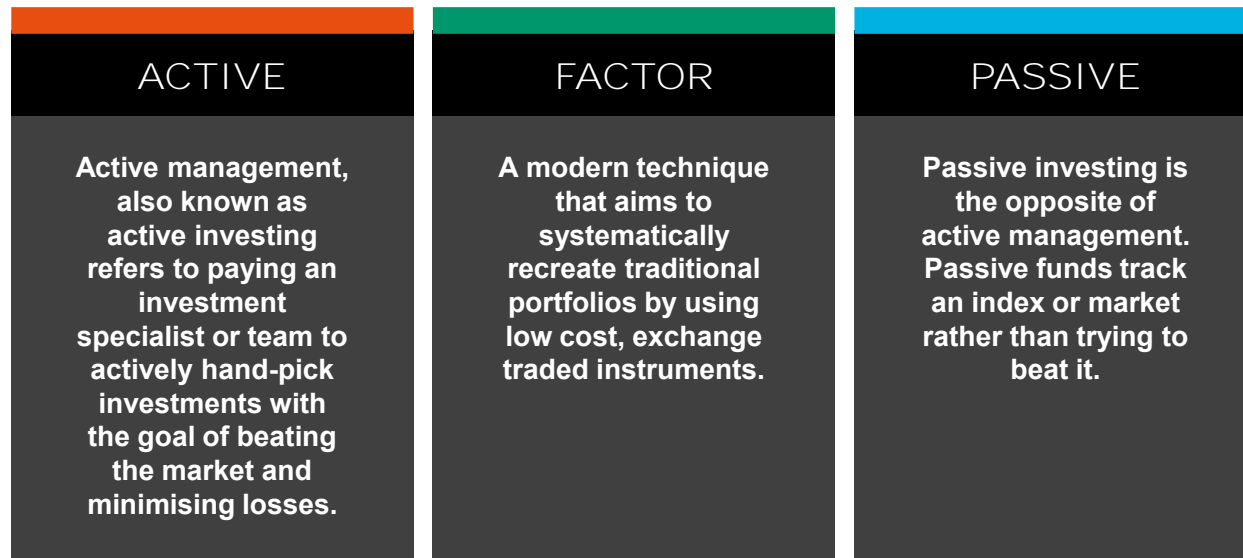
# Access type

It's not about asset classes, it's how you access those asset classes

ACTIVE	PASSIVE
<p>Active management, also known as active investing refers to paying an investment specialist or team to actively hand-pick investments with the goal of beating the market and minimising losses.</p>	<p>Passive investing is the opposite of active management. Passive funds track an index or market rather than trying to beat it.</p>

# Access type

It's not about asset classes, it's how you access those asset classes



# What is Factor Investing?

## Different types of factor investing

### Value

Companies with low valuations

### Quality

Companies with strong balance sheets and consistent earnings

### Dividend Aristocrats

Companies that have continued to pay dividends through the cycle

### Smallcap

Companies with small market capitalisations

### Equal Weight

Companies weighted equally rather than by market cap

# How we access asset classes

Characteristics of different access classes

	ACTIVE	FACTOR	PASSIVE
Can outperform?	✓		
Diversified	~		
Low Cost	✗		
Predictable	~		

# How we access asset classes

Characteristics of different access classes

	ACTIVE	FACTOR	PASSIVE
Can outperform?	✓		✗
Diversified	~		✓
Low Cost	✗		✓
Predictable	~		✓

# How we access asset classes

Characteristics of different access classes

	ACTIVE	FACTOR	PASSIVE
Can outperform?	✓	✓	✗
Diversified	~	✓	✓
Low Cost	✗	✓	✓
Predictable	~	✓	✓

Fidelity conducted a study over a **10-year period**.

Looking at the client accounts that had the **best returns**.

What Fidelity discovered **surprises** most people.

**Best returns belong to people who had died or people who had forgotten they had accounts!**



**WHY?**





TRYING TO TIME THE  
MARKET

# Not timing the market

## The difficulties of trying to time the market

Bank of America looked at the impact of missing the market's best and worst each decade

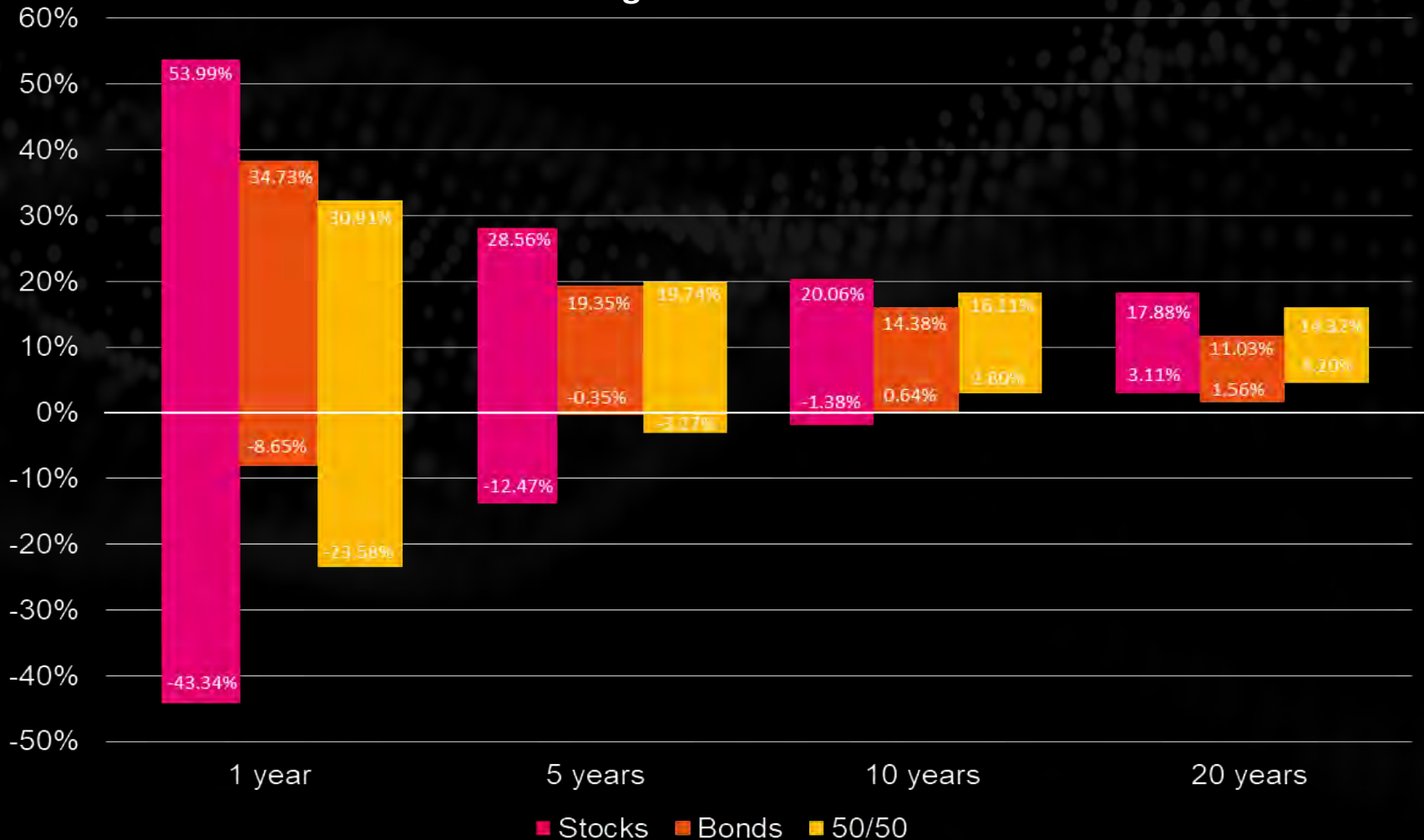
Decade	Price Return	Excluding best 10 days per decade
1930	-42%	-79%
1940	35%	-14%
1950	257%	167%
1960	54%	14%
1970	17%	-20%
1980	227%	108%
1990	316%	186%
2000	-24%	-62%
2010	190%	95%
2020	18%	-33%
<b>Since 1930</b>	<b>17,715%</b>	<b>28%</b>

THE POWER OF STAYING  
INVESTED

# The Power of Staying Invested

Longevity wins over time

## Annualised rolling total returns 1926-2021





HARNESSING  
THE POWER OF  
COMPOUNDING

# Harnessing the power of compounding

Why consistency is key

**Predictable, consistent returns increase the chances of investors staying invested and thus allowing them to participate in investment longevity and so benefit from the power of compounding.**

**1. STAYING INVESTED**  
 In **Scenario 1** an investor's willingness to stay invested can be tested in the first few years, which may see them sell out of investments and miss out on the strong later years of growth.

**2. TIMING**  
 It's important to also remember not everyone invests at the same time. **Scenarios 2 and 3** show a five year period with better total returns than scenario 1, but clients investing in Year 4 in Scenario 2, or Year 2 in Scenario 3 would have started with much lower returns.

**3. CONSISTENCY**  
 Consistent, steady returns are proven to produce a greater total return over time. **Scenarios 4, 5 and 6** show three scenarios of lower returns than seen in earlier examples but total returns are greater. The power of negative compounding is just as strong as positive compounding. So, it is key we look to minimise the negative years.

INCONSISTENT RETURNS		Scenario 1
Initial Investment		100,000
Year 1		-15%
Year 2		-10%
Year 3		10%
Year 4		15%
Year 5		20%
Total Return		116,127

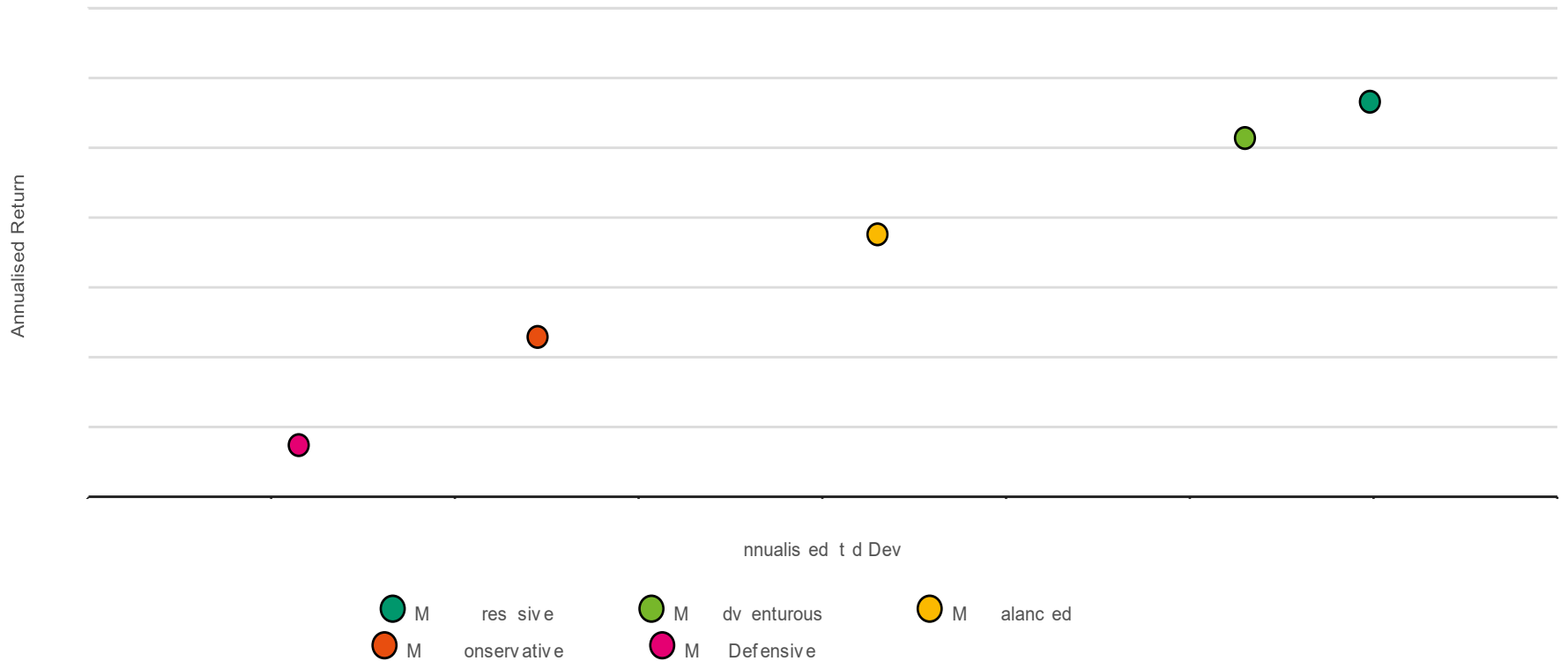
INCONSISTENT RETURNS	Scenario 2	Scenario 3
Initial Investment	100,000	100,000
Year 1	10%	5%
Year 2	10%	-5%
Year 3	10%	10%
Year 4	10%	-10%
Year 5	-20%	20%
Total Return	117,128	118,503

CONSISTENT RETURNS	Scenario 4	Scenario 5	Scenario 6
Initial Investment	100,000	100,000	100,000
Year 1	5%	4%	3.5%
Year 2	5%	4%	3.5%
Year 3	5%	4%	3.5%
Year 4	5%	4%	3.5%
Year 5	5%	4%	3.5%
Total Return	127,628	121,665	118,769

***“Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.”***  
 - Albert Einstein

# Risk return scatter

From 31 Jan 2017 to 21 Oct 2024



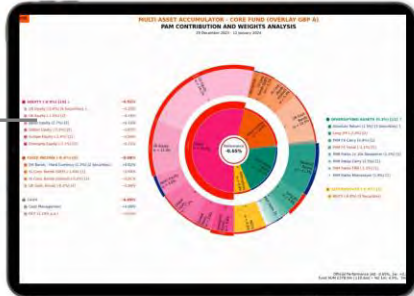
Source: Pacific Asset Management, 2024.

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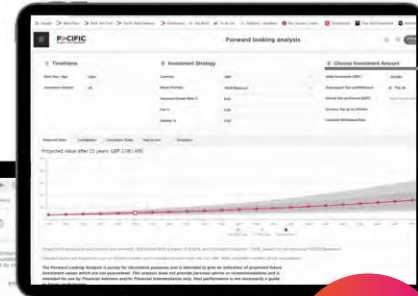
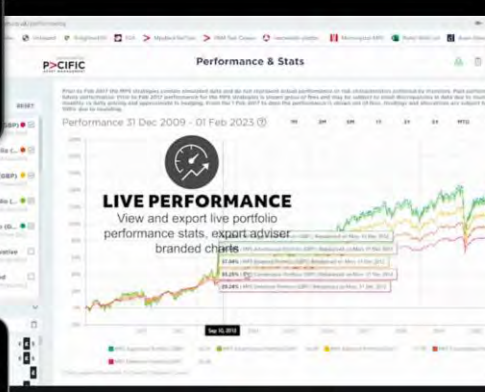
# Adviserlab Technology



**Contribution Analysis**



**Analyst view data**



**Forward looking analysis**



**Live performance and allocation data**



**CIO View**



**ADVISERLAB TECHNOLOGY & UNIQUE SERVICE**





# Starting the Investment Journey

Monte Carlo Scenario Analysis - Assumptions

**Investment Amount:**  
**£6000 per year (increasing with inflation)**

## **SOLUTION**

PAM Balanced

Net return 6.69%

Standard deviation 7.97%

Adviser Fee 1%

Inflation 2%

*Projections assume annual returns are normally distributed with a mean of: 6.69%, and standard deviation: 7.97%, based on the history of Balanced Growth.*

*Shaded bands are based on a run of 10,000 monte-carlo simulations and show the 1st, 10th, 90th and 99th centiles of the simulations.*

***The Forward Looking Analysis is purely for illustration purposes and is intended to give an indication of projected future investment values which are not guaranteed. This analysis does not provide personal advice or recommendations and is intended for use by Financial Advisers and/or Financial Intermediaries only. Past performance is not necessarily a guide to future performance.***

# Starting the investment journey

## Leveraging Technology

### 1 Timeframe

Start Year / Age 20

Investment Horizon 45

### 2 Investment Strategy

Currency GBP

Model Portfolio Balanced Growth

Assumed Growth Rate % 6.69

Fee % 1.00

Inflation % 2.00

### 3 Choose Investment Amount

Initial Investment (GBP) Enter amount here...

Subsequent Top-up/Withdra...  Top-up  Withdrawal

Annual Top-up Amount (GBP) 6,000

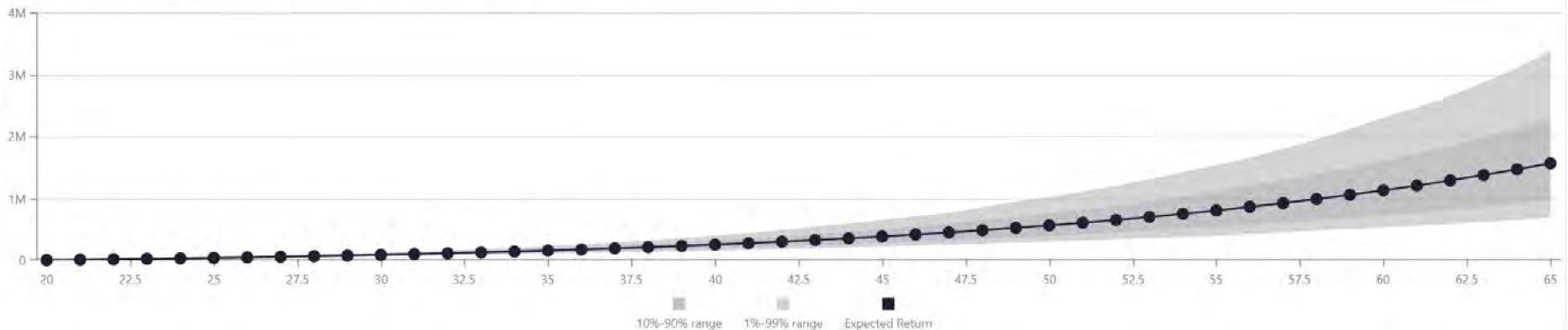
Increase Top-up by Inflation

Calculate Withdrawal Rate

Projected Value Contribution Cumulative Totals Year by year Simulation

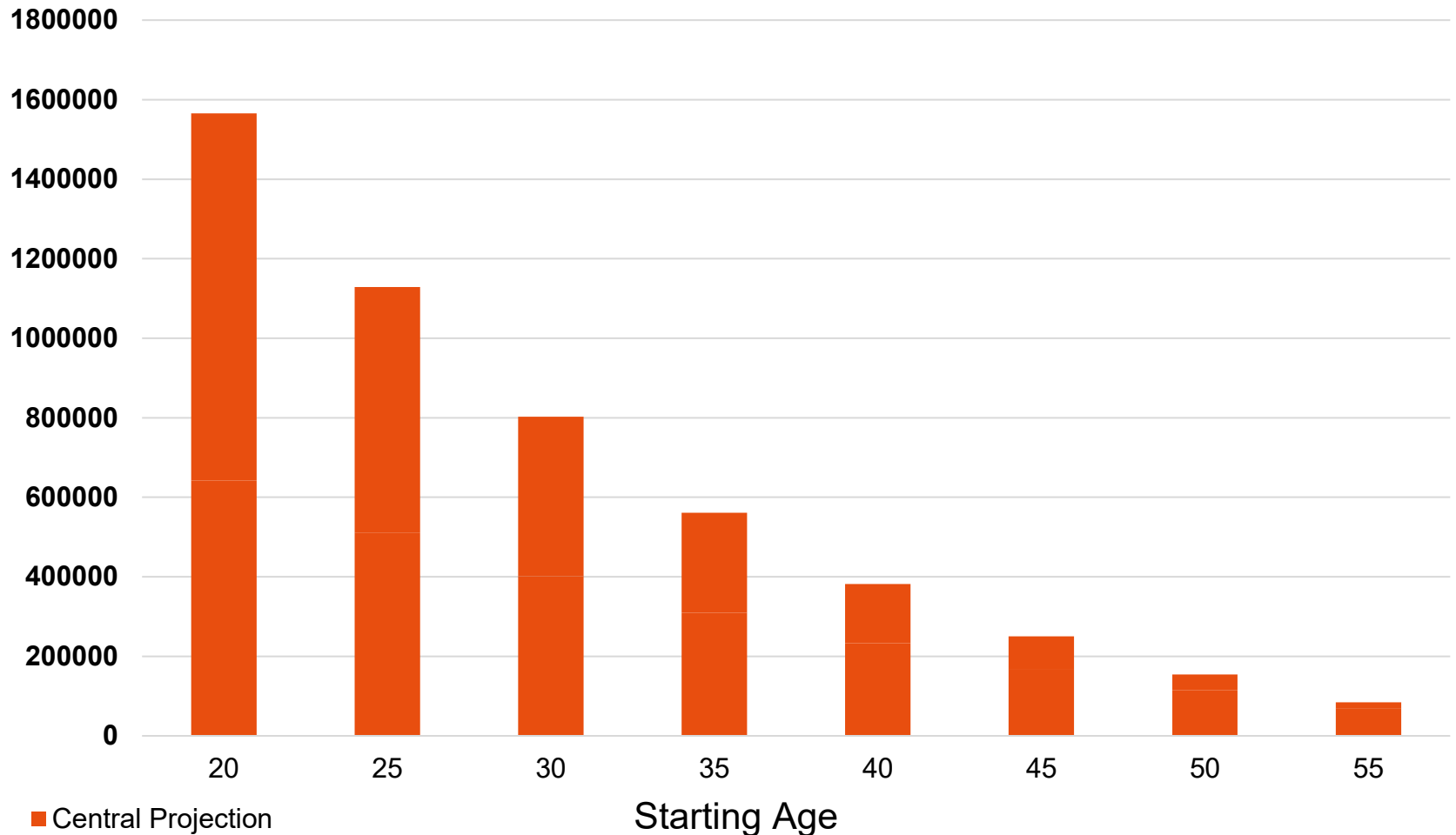
Projected value after 45 years: GBP 1,565,381 - equivalent to 642,114 in real terms

Assumes annual top-ups of: GBP 6,000 increasing with inflation of 2%



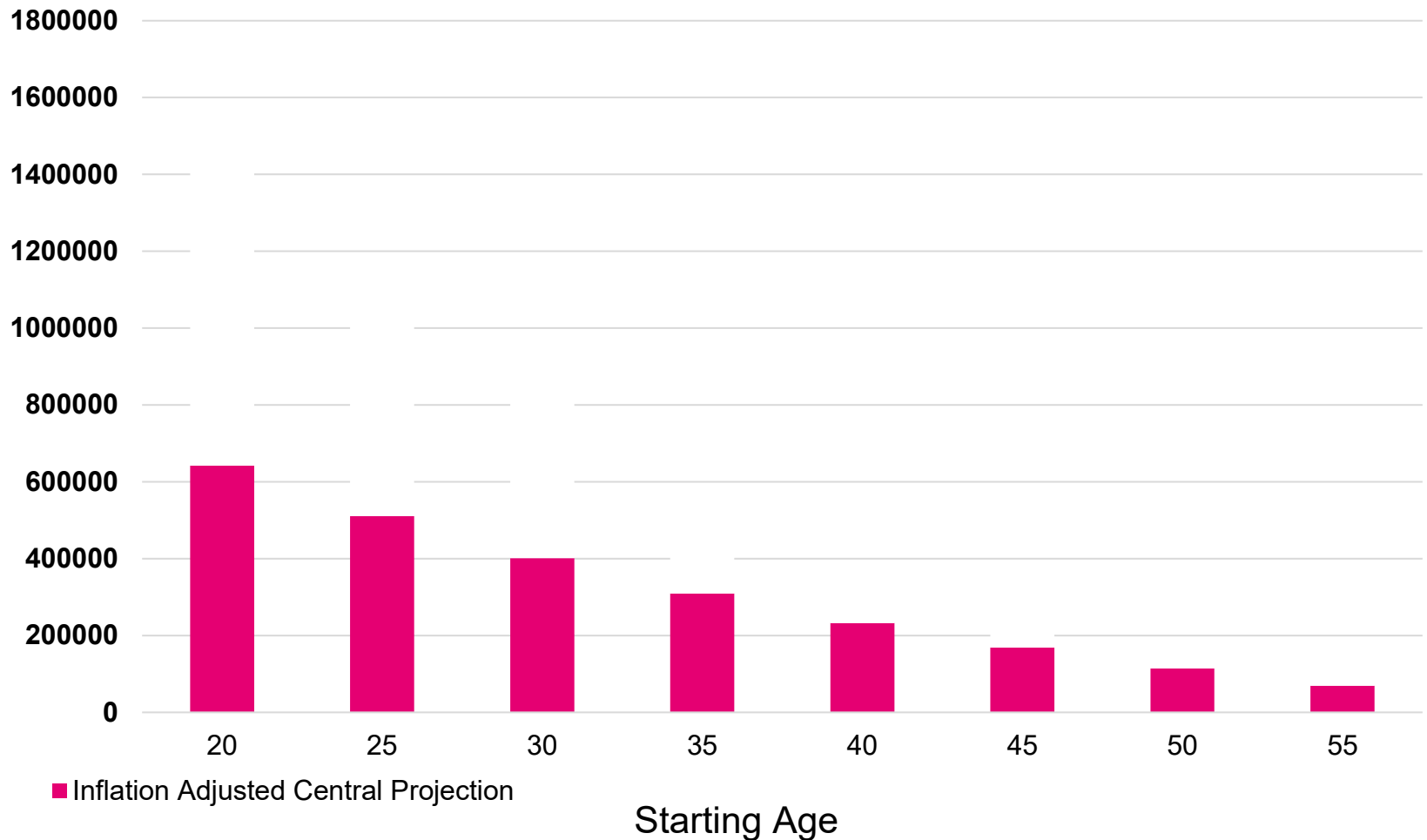
# Starting the investment journey

## Portfolio Growth 6K investment per year starting at different ages



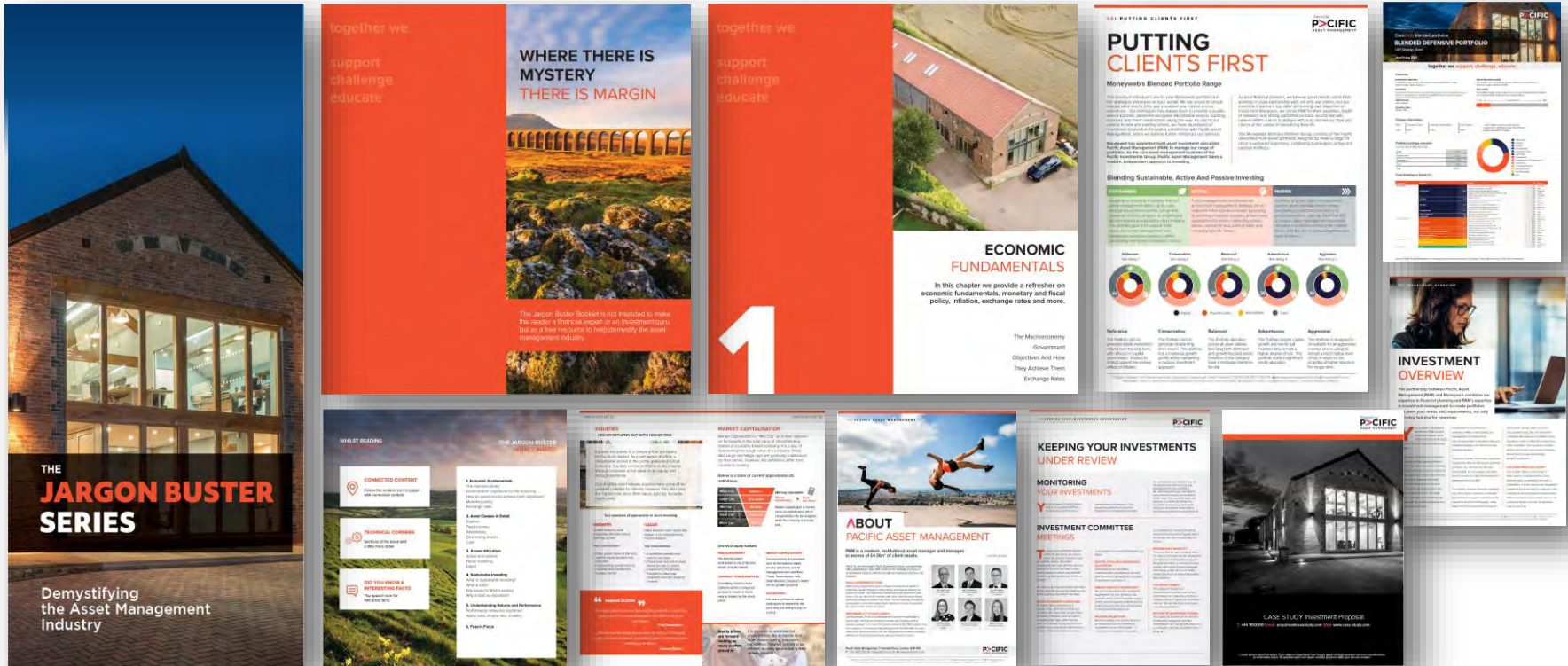
# Starting the investment journey

## Portfolio Growth 6K investment per year starting at different ages



# Bespoke Documents

## Case Study ONE



# Investment team and market updates

Webinars and videos





HOW CAN WE HELP?

EDUCATIONAL RESOURCE AND  
COMMUNICATION

SAVING YOU TIME AND RESOURCE

# Your support team



**FREDDIE STREETER**  
Head of Multi-Asset  
Solutions



**BEN SEARS**  
Partner



**DAVID COCKERTON**  
Director



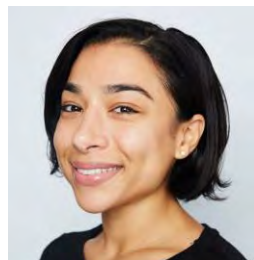
**DAVID BROOKS**  
Director



**ELLIOTT KIBBLE**  
Associate Director



**JEREMY KRAUSZ**  
Associate Director



**ADELLA HIVES**  
Head of Client  
Engagement

## MARKETING



**SIMON LOWANS**  
Chief Marketing Officer



**EMMA CHURCH**  
Senior Marketing Manager



**IVA PISKACOVA**  
Marketing Executive



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